



ANNUAL
REPORT

2022

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ANNUAL REPORT

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DISCLAIMER

This document is only a "website version" and is not the official annual financial reporting, including the audited financial statements thereto pursuant to article 361 of Book 2 of the Dutch Civil Code.

The official annual financial reporting, including the audited financial statements and the independent auditor's report thereto, are included in the single report package which can be found via <https://nsi.nl/news/nsi-publishes-2022-annual-report-remuneration-report/>

In case of any discrepancies between the website version and the official annual financial reporting, the aforementioned official annual financial reporting prevails.

Note that the independent auditor's opinion included in the website version does not relate to the website version but only to the official annual financial reporting.

No rights can be derived from using the website version, including the unofficial copy of the independent auditor's report. Our independent auditors did not determine (nor do they need to) that the website version is identical to the official annual financial reporting.



NSI HIGHLIGHTS

KEY FINANCIAL METRICS

REVENUES AND EARNINGS

	2022	2021	Change
Net rental income	59,325	63,272	-6.2%
Net rental income - like-for-like	54,849	51,050	7.4%
Direct investment result	42,733	46,373	-7.9%
Indirect investment result	-74,103	74,588	-199.3%
Total investment result	-31,370	120,961	-125.9%
EPRA earnings per share (€)	2.15	2.38	-9.6%
Weighted average number of ordinary shares outstanding	19,869,975	19,499,825	1.9%
EPRA cost ratio (excl. direct vacancy costs)	27.8%	26.0%	1.8 pp

BALANCE SHEET

	31 December 2022	31 December 2021	Change
Investment property	1,259,235	1,338,034	-5.9%
Net debt	-365,480	-382,073	-4.3%
Other assets / liabilities	-6,746	-7,504	-10.1%
Equity	887,008	948,457	-6.5%
EPRA NTA per share (€)	44.17	48.23	-8.4%
Number of ordinary shares outstanding	20,054,241	19,698,207	1.8%
Net LTV	28.7%	28.2%	0.5 pp

KEY ESG METRICS (NON-FINANCIAL)

	2022	2021	Change
CRREM building energy intensity (kWh/sqm/year)	131	131 ¹	0.0%
EPC-label (percentage portfolio with label A or better)	88.0%	81.2%	6.8 pp
GRESB score	93	92	1

KEY PORTFOLIO METRICS

	31 December 2022				31 December 2021	Change
	Amsterdam	Other G4	Other NL	TOTAL		
Number of properties	23	14	12	49	52	-5.8%
Market value (€ m) ²	730	342	203	1,275	1,355	-5.9%
Lettable area (sqm k)	178	122	82	382	409	-6.6%
Annualised contractual rent (€ m) ³	40	24	14	78	76	3.1%
ERV (€ m)	47	26	15	88	87	1.5%
EPRA net initial yield	4.4%	4.9%	4.6%	4.6%	4.1%	0.5 pp
Gross initial yield	5.9%	7.2%	7.0%	6.4%	5.9%	0.6 pp
EPRA vacancy	7.0%	6.1%	4.1%	6.2%	5.9%	0.3 pp
Wault	4.1	4.0	3.3	3.9	4.1	-2.9%

1 The previously reported energy intensity for 2021 of 110 kWh/sqm/year was based on GFA including parking garages, not on CRREM sqm.

2 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).

3 Before free rent and other lease incentives.

NSI AT A GLANCE

PROFILE

NSI is a leading Dutch stock-exchange listed commercial property investor with a focus on offices in Amsterdam and selective other growth locations.

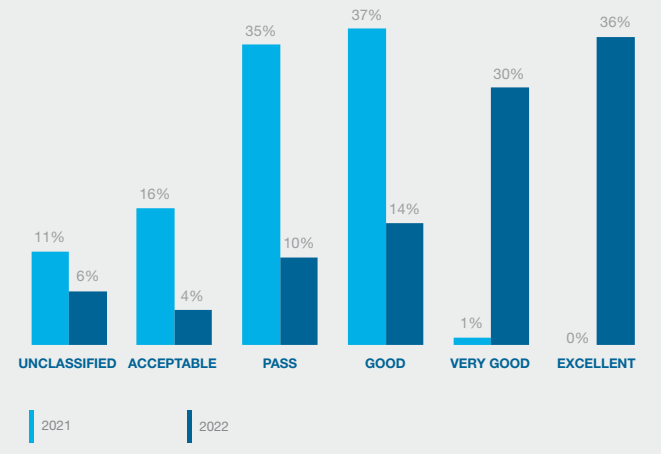
MISSION

NSI enables its 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.

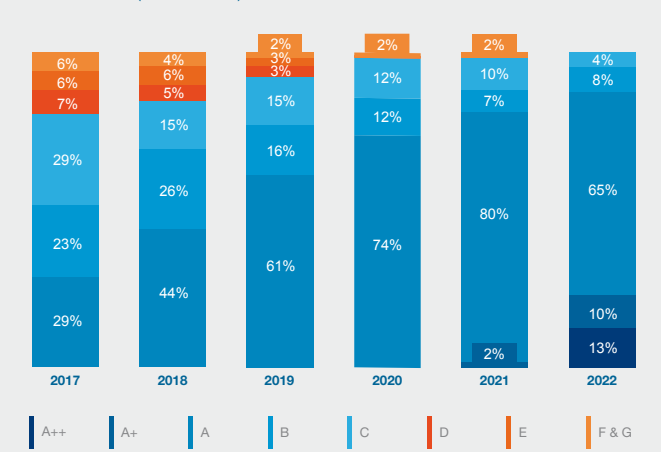
PORTFOLIO BREAKDOWN (YEAR-END 2022)

City	# Assets	Book Value	% of total portfolio	Gross Initial Yield
Amsterdam	23	€ 730m	57.3%	5.9%
Other G4	14	€ 342m	26.8%	7.2%
Other NL	12	€ 203m	15.9%	7.0%
TOTAL	49	€ 1,275m	100%	6.4%

BREEAM



EPC SCORE (BY VALUE)¹



¹ Based on value, excluding (re)developments during development period

HIGHLIGHTS 2022

(LFL) OCCUPANCY

▼ **0.3%**

(LFL) ERV GROWTH

▲ **4.6%**

AVERAGE PORTFOLIO VALUE GROWTH

▼ **5.6%**

AVERAGE YIELD ON COST DEVELOPMENT PROJECTS

5.4%

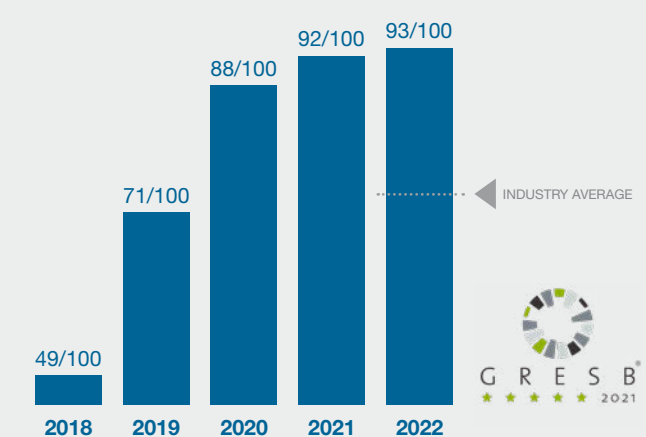
NET PROMOTER SCORE (NPS)

10.3

GRESB SCORE

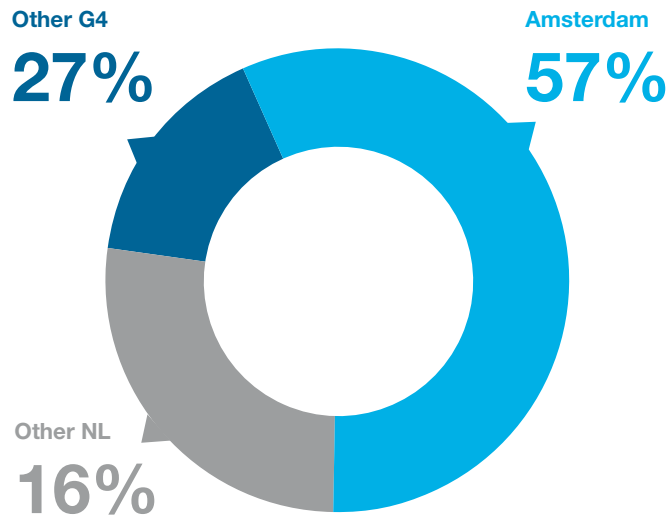


GRESB

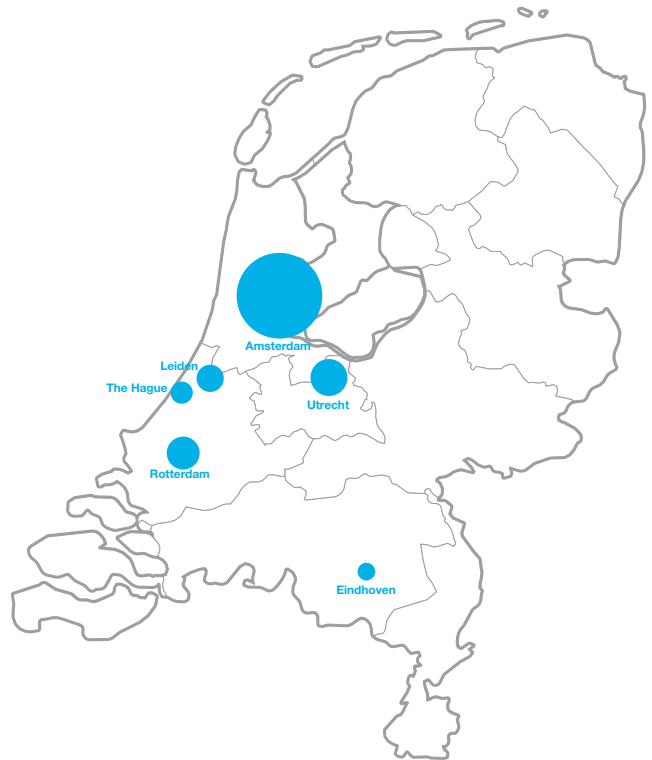


VALUE

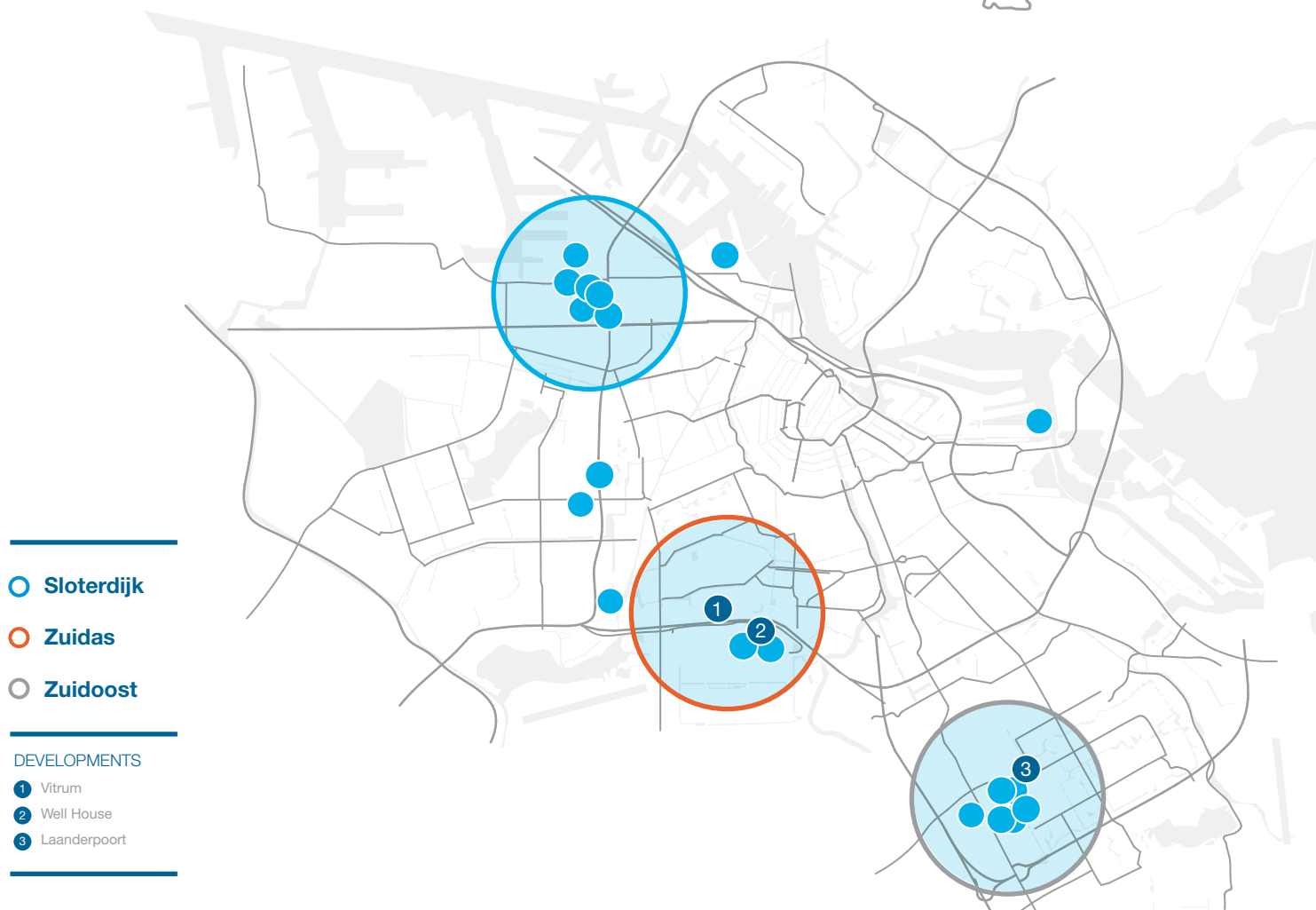
PORTFOLIO BY SEGMENT



NETHERLANDS



AMSTERDAM



CEO COMMENTS

2022 ended up being a remarkable and unpredictable year. The end of covid did not bring an economic recovery as expected, as Russia's invasion of Ukraine resulted in an energy crisis and contributed to already rising inflationary pressures. This in turn has affected business and consumer confidence. To top it all off, Government pre-announced - totally unwarranted, in our view - the abolishment of the Dutch real estate FBI per 2025.

“We have to keep offering the right product, in terms of location, sustainability and services, to stay relevant for our customers. We have a clear strategy and continue to invest in our portfolio.”

Bernd Stahl
CEO



Whilst the long term strategy remains intact (a clear focus on location, sustainability and services, supplemented by selective developments and underpinned by a strong balance sheet), given the uncertainty we accelerated and slowed elements of the strategy as appropriate. In 2022 the emphasis was on leasing, the HNK brand update and our Paris alignment roadmap. In Q4 we chose to dispose of a few remaining non-core locations and decided to postpone the Well House project.

CAPITAL DISCIPLINE

The rapid and material rise in interest rates in H1 forewarned a correction in property values in H2. Values were down by 6.2% in H2 (FY22: -5.6%). This has pushed the gross initial yield on the portfolio now to an attractive 6.5%.

2022 as such was a year to be disciplined, both on acquisitions and developments. No acquisitions were made during the year. In December we sold HNK Hoofddorp and a small asset in The Hague for € 8.2m (a 2% discount to 2021 book values), to end the year with a LTV of 28.7%. Two further assets, HNK Ede and HNK Den Bosch, were sold in January 2023 for a total of € 23.2m (a 12.4% premium to the 2021 book values).

Capital discipline remains key going into 2023. We will have to judge potential acquisitions vs potential developments (and vs our cost of capital), whereby we appreciate that acquisitions of the quality of our development programme may not become available, nor become available at a price that makes sense.

BUSINESS DISCIPLINE

In a period where our clients worry about the impact of WFH (work from home), the economic outlook, high indexation and service charges, more than ever we have maintained an active dialogue with our clients. Customer retention is key. In the end, as a result, the overall vacancy rate was marginally up, at 6.2%.

We have to keep offering the right product, in terms of location, sustainability and services, to stay relevant for our customers. We have a clear strategy and continue to invest in our portfolio. Especially on sustainability we have made great strides, with a clear path to be fully Paris-aligned by 2034, and with improved BREEAM and EPC labels to match, as we discuss in detail in the following section.

DEVELOPMENT

By late Q4 we were fully ready to start the Well House project, but we have - for now - chosen not to, due to higher than expected building costs in combination with increased overall market uncertainty. We will actively revisit the case for Well House in 2023, taking into account construction costs, land values, yield and rent levels.

In 2022 the focus at Vitrum was on getting all stakeholders to agree on the new plans. Getting the municipality, the owner-association and local residents to agree proved a daunting task. All our efforts should result in a fully worked-out plan by early Q2 2023, with the start of the project still foreseen for H2 2023.

In January 2023 ING and NSI jointly approved the final design for the Laanderpoort project. We are still on track to start the project in Q4 2023. In Q1 2023 the tender for the contractor will start, which should confirm the business case for what will be a new, highly sustainable, asset with a 15-year lease to a blue-chip tenant.

OUTLOOK FOR 2023

Whilst the abolishment of the FBI regime by Government has been postponed to January 2025, going into 2023 we have a strong incentive to agree a clear path forward for the business and provide clarity to all stakeholders. We are still lobbying for a reversal, jointly with our listed peers and other stakeholders, but prolonging the current uncertainty is hardly appealing. We continue our work on identifying possible alternative scenarios.

For 2023 we expect inflation to subside yet stay elevated. As a result, interest rates are unlikely to revert back down much. This will probably see institutional capital shift from real estate (now overweight) into bonds (now underweight). Yet, as prime office real estate continues to offer highly attractive inflation-hedging characteristics, for the best, most sustainable, assets, we expect valuation yields may well end up stabilising at levels below interest rates, as it has been in the past.

In late 2022 appraisers have adjusted capital values down a lot more quickly than in the 2009-2014 down cycle. We believe this is a positive, and the speed of adjustment would suggest this time any value declines might well be behind us by end 2023. Yet, if interesting opportunities were to come along earlier, we will not hesitate to act.

EPRA EPS for 2022 is € 2.15. We will propose to the AGM a final dividend of € 1.12, for a total dividend of € 2.16, as promised. Going into 2023 it is too early to provide guidance on EPS as there are too many moving variables. Whilst we expect to capture circa 6% lease indexation in 2023, a delayed effect from 2022, much will also depend on the outcome of our FBI review, and the potential impact of further asset rotation and further movements in interest rates. Rest assured we will continue to work hard to maximise value for all stakeholders.

Bernd Stahl

PURPOSE AND LONG TERM VALUE CREATION

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. We have consistently worked back from the customer's needs to the real estate and services.

The post covid 'return to office' has made very clear what an office should offer: 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, in vibrant locations, with a good mix of workstations, meeting rooms, collaborative space and focus rooms, complemented by a variety of amenities.



LONG TERM VALUE CREATION

Our long term value creation model is based on the above purpose. We strive to become the leading Dutch real estate company, by effectively and efficiently utilising the permanent capital entrusted to us to deliver on our strategy to invest in (and where possible create) vibrant multifunctional urban areas where people want to work, live and play, underpinned by sustainability, well-being and services.

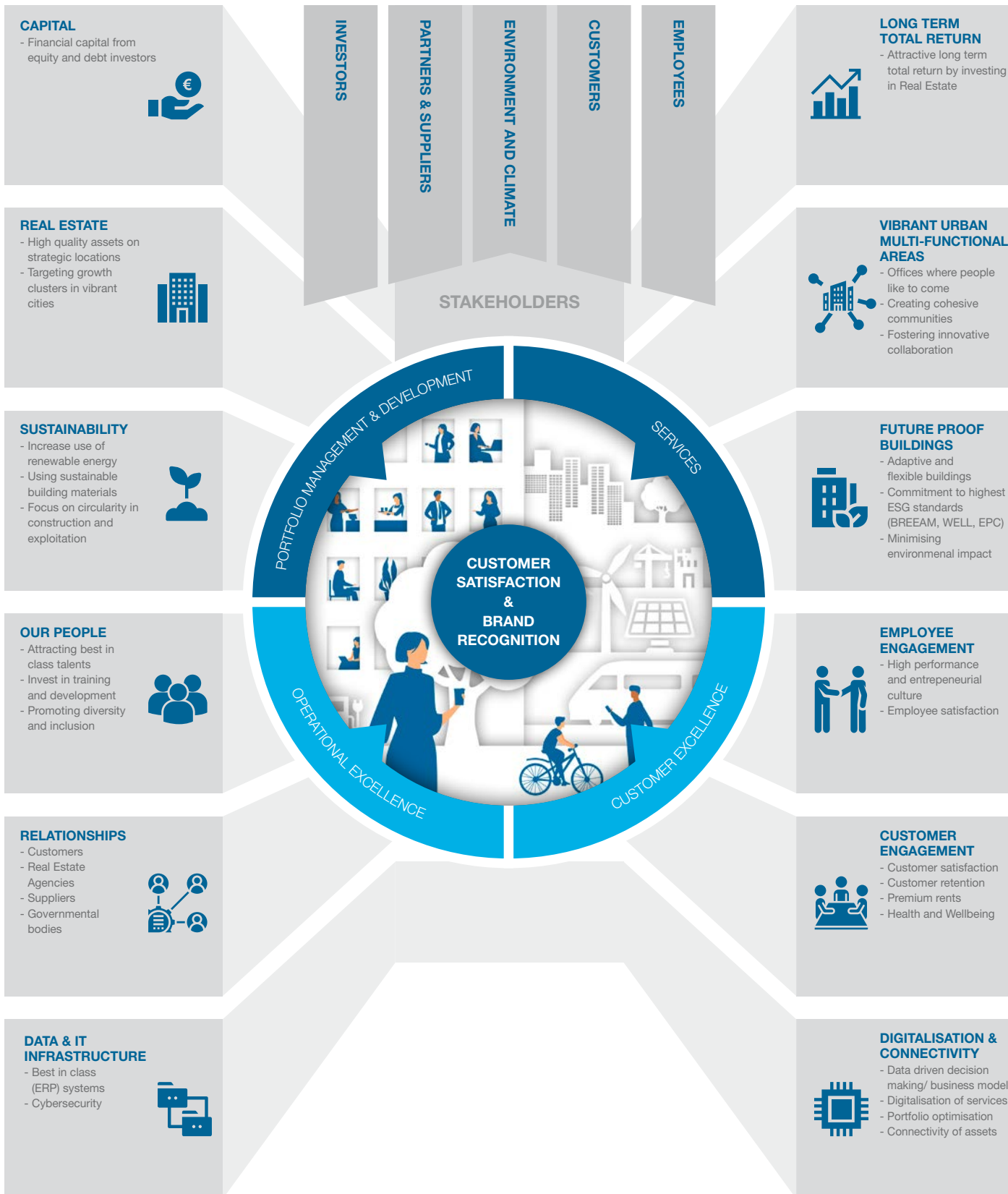
We generate long term attractive returns by investing in real estate in those specific locations, as we see an ongoing trend where tenants are upgrading to better locations, with a clear focus on sustainability, health and well-being and a sufficient level of services. As such, providing the right space in the right location, with services to match, is key to success.

We also genuinely believe that the real estate industry has a role to play in reducing the use of the earth's limited resources and leaving a better world for the next generation, as the industry currently is known to make up over 30% of all CO₂ emissions. To recognise our responsibility here, we have positioned the environment and climate as a pre-eminent (albeit silent) stakeholder in our value creation model. As such, sustainability is deeply rooted in all our decision-making and activities.

We constantly strive to improve the quality of our offering. We can only deliver this with an excellent team of ambitious professionals. We aim to be a great place to work, where our employees feel engaged and connected, and can help to set and exceed our joint ambitions.

INPUT

OUTPUT



PORTFOLIO MANAGEMENT & DEVELOPMENT



PORTFOLIO MANAGEMENT

NSI in its portfolio management pursues a long term total return strategy, through active management, refurbishments, asset repositionings and (re)developments, always with a clear focus on sustainability and underpinned by regular asset rotation. NSI is active in Amsterdam and selected other key cities in The Netherlands, in line with the global trend of urbanisation. We have 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, where people want to work, live and play. We believe that this is where companies want to be, because of the proximity to their wider network and available talent pool.

In addition to location, traditionally the most important driver to real estate returns, we see sustainability taking an increasing role in determining the future attractiveness of assets, and consequently their value. We have now established a Paris-Aligned pathway and the outcome will significantly determine our investment plans and asset rotation from here.

Our focus 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 primary focus will remain location: the future potential and our ability to strengthen the attractiveness of locations. This may go beyond our main office activities, as we have identified several mixed-use and residential development opportunities in our portfolio.

DEVELOPMENT

NSI pursues selective (re-)development opportunities to expand its asset portfolio with the most sustainable, modern, Paris-aligned assets in the best locations, at better risk-adjusted returns relative to acquiring comparable assets in the open market. Development as such can enhance prospective returns and drive shareholder value creation, on a risk-adjusted basis, if managed well. NSI is keen on mitigating development risks by operating an appropriately prudent balance sheet, selecting the right locations, securing pre-letting arrangements and working with reputable partners.

Our development projects enable us to shape our buildings and portfolio around the changing needs of our customers and provides new insights that can be used to improve the attractiveness of our standing assets. In our development vision we anticipate changes in demographics, the way people work, shop and live, and the ever-growing importance of sustainability to ensure a future-proof design. Furthermore, we incorporate services and technology into our developments to create flexible and adaptable workspaces to maximise usability.

SERVICES



Customer behaviour and demands are structurally shifting, with flexibility, hospitality, services and amenities increasingly becoming key considerations in the wider real estate industry. The focus on quality assets in attractive economic growth locations (and the asset rotation in recent years to achieve this) has resulted in a clear change in our tenant profile.

Tenants focus on being able to attract the right talent, productivity, sustainability and well-being, less so on costs. Providing the right mix of attractive spaces and services so that their businesses can thrive are therefore key to our success.

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.

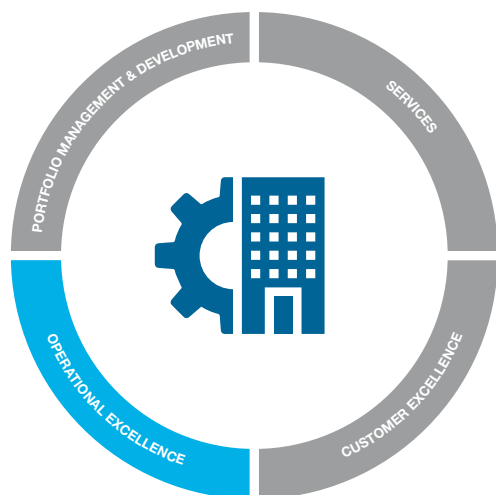
For multi-tenant buildings where a smaller selection of services is deemed appropriate, we aim to start introducing NSI itself as a brand, with a clear promise as owner/operator of the building.

HNK – OUR IN-HOUSED SERVICED OFFICE CONCEPT

HNK is our in-house serviced office concept, currently operating a total of 7 buildings. The upgraded HNK concept, relaunched in 2022, has a strong focus on sustainability, well-being and comfort. The intended customer experience aims to make customers feel welcome, connected, truly supported and energized.

One of our distinguishing strengths is our hospitality approach. Our staff is well trained to deliver the right customer experience. Another distinctive asset is our ability to genuinely incorporate sustainability in all our activities, as we are both operator and owner of the building. We can control all sustainability efforts and can pro-actively meet the increasing demands from our customers – a key differentiating feature that arguably very few other serviced-office operators can offer.

OPERATIONAL EXCELLENCE



In our ambition to become the leading Dutch real estate company, operational excellence is a key enabler. We continuously explore how to make the best use of existing information technology solutions and introduce innovative applications. A best-in-class data warehouse and business intelligence system provides the data-analytics and management information to support multi-functional collaboration and data-driven decisions.

Only with the right team, culture and processes we will be able to deliver outstanding results in an optimal and cost-efficient way. The right team is a diverse team that embraces an inclusive culture of open debates, professionalism, relevant expertise and the will to push boundaries.

CUSTOMER EXCELLENCE



Customer Excellence is about putting the customer's perspective first, gaining a deep understanding of what our customers need to thrive, and how we can best support them. Our tenants' focus is shifting more towards productivity, meaning that providing the right mix of spaces, services and comfort is essential to helping their business grow. The customer journey is central to this.

The customer excellence team constantly strives to develop and innovate on the overall offering to exceed customer expectations, and works with the right partners to further strengthen the service.

We take into account all aspects that determine the intended experience, including the level of service and the layout, but also the personal approach of trained hosts. Results are measured regularly through NPS and customer satisfaction surveys, in our quest to continuously improve the experience we provide.

EXECUTION OF OUR STRATEGY – PROGRESS IN 2022



PORTFOLIO MANAGEMENT & DEVELOPMENT

ASSET ROTATION ACTIVITIES

Following the transformation of our portfolio executed over the past years, our asset rotation activities were quite limited in 2022. No acquisitions were made during the year. We sold two peripheral assets (HNK Hoofddorp and a small asset in The Hague) and two other ones after balance sheet date in January 2023 (HNK Ede and HNK Den Bosch).

(RE)DEVELOPMENT

NSI sees project development as a key way to enhance returns on the overall portfolio, on top of the return of the standing portfolio, on a risk adjusted basis. We have continued to further all our development initiatives in 2022, though we are fully aware of the higher level of building costs, higher funding costs and less favourable economic outlook in general. Discipline is key. We will continue to look at the overall risk/reward profile of the business if and when we start a project, fully cognizant that we may well have to mitigate risks elsewhere.

In this light we decided to revisit the case for Well House in 2023, considering construction costs, land values, yield and rent levels. For Vitrum, we focused on getting all stakeholders aligned on the new plans in 2022. The start of the project is foreseen for the second half of 2023. For Laanderpoort we are still on track to start the project in the fourth quarter of 2023.

IMPROVING SUSTAINABILITY CREDENTIALS

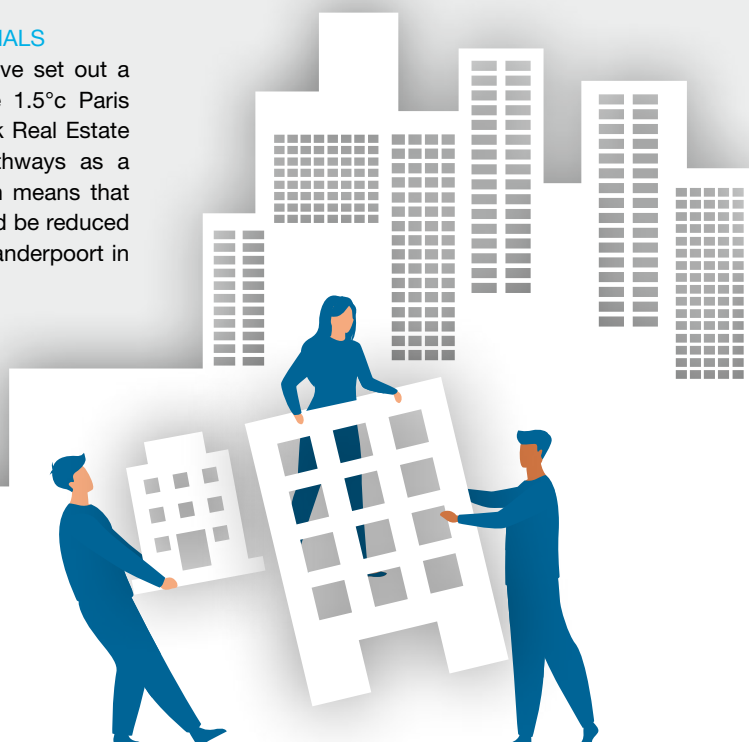
In 2022, as detailed on page 21, we have set out a roadmap to align our portfolio with the 1.5°C Paris Agreement. NSI is using the Carbon Risk Real Estate Monitor's (CRREM) decarbonisation pathways as a point of reference for its portfolio, which means that the energy intensity of the portfolio should be reduced to below 85 kWh/m²/year by 2034. Alexanderpoort in

Rotterdam is expected to be the first asset to be Paris-aligned, with the upgrade expected to be completed in 2024.

Furthermore NSI made significant strides in its BREEAM ambition, with having a 'Very Good' or 'Excellent' label for the majority of its assets. For all new (re) developments, we are still on track to achieve BREEAM "Outstanding", the highest possible BREEAM rating.

As per regulation for the renting out of commercial space, it must have an EPC label of at least C, by 1 Jan 2023. At NSI we are already well ahead of that target (88% at label A, only 4% at label C, no assets below). Our progress in the field of sustainability is also evidenced by achieving, for the first time, EPRA's sBPR Gold rating and maintaining our 5-star rating at GRESB for the third year in a row.

We amended and extended our existing term loan facility (€ 50 million), which now also includes a sustainability-linked interest margin mechanism, in line with the Sustainability-Linked Revolving Credit Facility framework we agreed last year. By also integrating sustainability in our financing, we ensure that sustainability is embedded in all aspects of our strategy, business and operations.





SERVICES

In 2022, HNK's upgraded brand positioning has been launched, building upon the customer insights and pilot testing we did in 2021. The new positioning has a strong focus on sustainability, well-being and comfort, and is truly customer-centric; customers need to feel welcome, connected, truly supported and energised.

The new food & beverage concept "The Social" seamlessly fits the HNK brand promise, offering delicious and healthy menu options.

The launch was also accompanied by a new website, including a new booking system. Furthermore, an HNK App was developed, allowing HNK tenants to book and pay for meeting rooms and services. Another important element in our offering is providing the desired level of services and hospitality, for which our staff receives appropriate training.

HNK also established a new partnership with Nornorm, a fully circular, subscription-based furnishing service.

The new HNK concept will first be implemented in Amsterdam Sloterdijk (Motion building) in 2023.



OPERATIONAL EXCELLENCE

We improved our data warehouse in 2022, allowing us to further optimise dashboards and to make data real-time and easy accessible. For example, NSI has developed a valuation dashboard in which all relevant valuation parameters are summarised including the historical data. As a result the team is able to spend its time on analysis and gain a better understanding of the individual valuations. Next year our business analytics activities will focus on

collecting ESG data as well. This ESG data will play a key role in the execution and tracking of our Paris-alignment roadmap. To achieve this, NSI implemented Scaler in 2022. This is a powerful ESG data tool which allows us to control, organise and automate ESG data collection and visualise the output by providing various dashboards and reports, established for different (external and internal) reporting purposes.



CUSTOMER EXCELLENCE

The scope of the NPS survey was broadened in 2022, making the comparison with previous years less meaningful. The score of 10.3 (2021: 20.3) reveals that NSI's customer base contain more promoters than detractors, though NSI is aiming for a higher score. A deeper analysis of the survey reveals that tenants in buildings that are fully operated and managed by NSI (like the HNKs) do give significantly higher scores, confirming the added value of the services component in NSI's offering.

In 2022, feedback obtained from the previous customer survey has been followed up. Among other things, tenants indicated they would like to get more insight in NSI's sustainability strategy and initiatives. Therefore NSI now (pro)actively communicates about plans and steps taken in this respect, both in direct contacts with tenants and through other communication channels (like narrow casting).

ESG – THE FUTURE IS HERE

Sustainability is an integral part of NSI's long term value creation strategy. Our business model is geared towards decarbonising our portfolio by reducing energy usage, owning and developing flexible and adaptive buildings, and creating inspiring, flexible working environments articulated around the health and well-being of our occupants.

Last year we presented our refreshed sustainability strategy, "The Future is here". We have always acknowledged the ever-changing nature of ESG and the need to respond accordingly. With this in mind, we have further sharpened our strategy this year to present a more precise view of our three pillars and have expanded our third pillar to encompass a broader social component.

We are pleased about our 5-star GRESB rating for a third year running and our first ever EPRA sBPR gold award. We have also mentioned that our ambition goes further than this and it does: this year we have taken a significant step forward in our sustainability journey by creating and costing a roadmap to align our portfolio with the 1.5c Paris Agreement.

We have also performed a thorough analysis of our portfolio to determine its alignment with the EU Taxonomy for sustainable investments which we view as the key guideline for the inevitable alignment of economic and environmental interests.

When we defined 'The Future is here' it was our intention for it to reflect the urgency to act now, our commitment to do what is necessary, and our appreciation for the challenges of today that will shape the industry tomorrow. A year on we are more convinced than ever that a robust, ambitious and comprehensive sustainability strategy will be a key component for our business' long term success.

MATERIALITY MATRIX

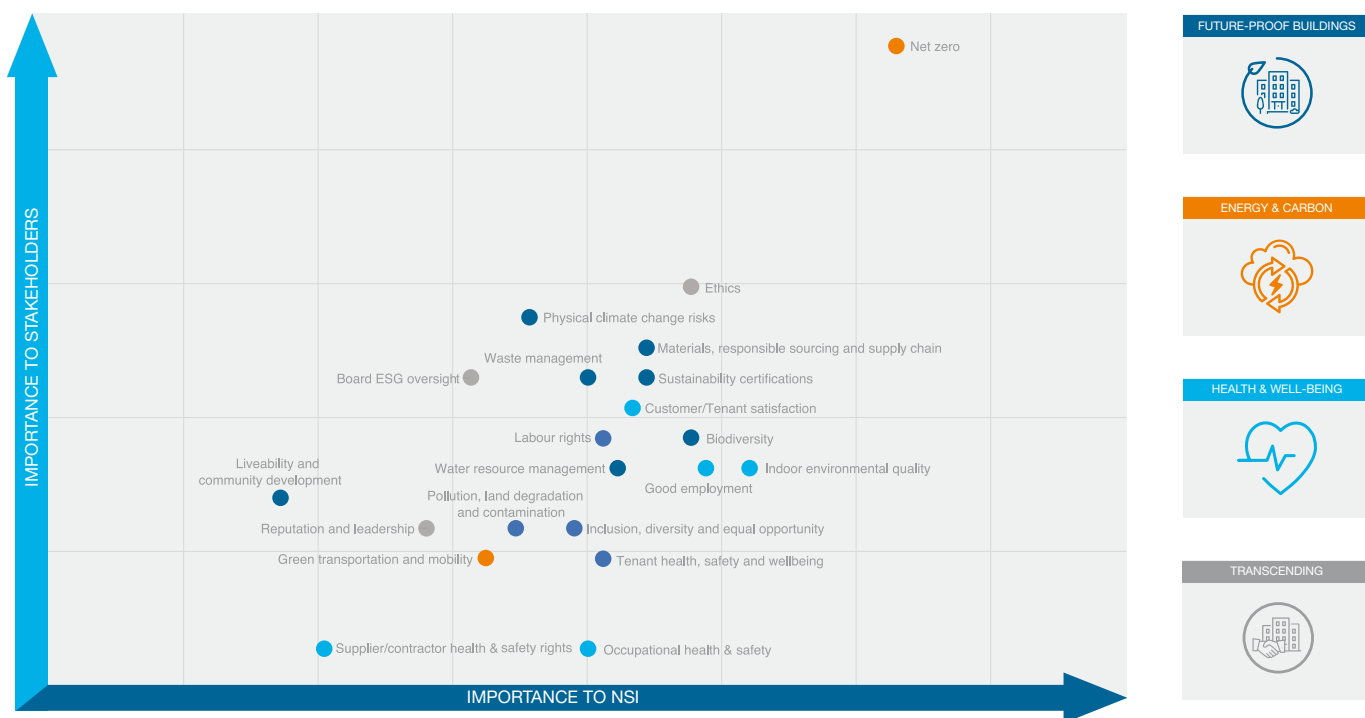
The success of our sustainability strategy and efforts depends on ongoing dialogue and engagement with internal and external stakeholders, through which NSI continuously validates and examines the relevance of the ESG topics on which NSI focuses. The basis for our strategy was an initial extensive assessment performed in 2018, which was recalibrated in 2020. To align with this timeframe, NSI has updated the materiality assessment again in 2022.

The 2022 update of the materiality matrix included a revision of the topics assessed. As the field of climate change is ever-evolving, some topics might have become more urgent or significant to NSI as others. NSI has therefore updated the list of ESG topics in the 2022 revision, to better reflect the topics that are relevant, now and in the future. NSI has performed a CSRD gap analysis and will continue with the implementation of CSRD in 2023, which is expected to become applicable to NSI in 2025.



In the 2022 update, a survey was held amongst investors (external stakeholders, vertical axis) and NSI's management and employees (internal stakeholders, horizontal axis). The resulting materiality matrix indicates the ranking of importance of the ESG topics, comparing the external and internal focus. The top-right corner of the materiality matrix indicates the ESG topics that are most material to both stakeholder groups, and will receive the additional focus from NSI. The assessed topics are categorised following NSI's existing ESG strategy and corresponding themes: Future-proof investments, Energy & Carbon, Health

& Wellbeing, and transcending topics (which focus on issues related to governance). A notable result of the assessment is the high importance of the topic Net Zero Carbon according to both internal and external stakeholders. This underlines the urgency and importance of reducing our carbon footprint and to support the transition to a net zero carbon economy. The materiality matrix also shows a focus on the reduction of the carbon footprint – topics such as material use, our impact on natural systems, as well as climate change related risks, are considered material to both stakeholder groups.



OUR AMBITION

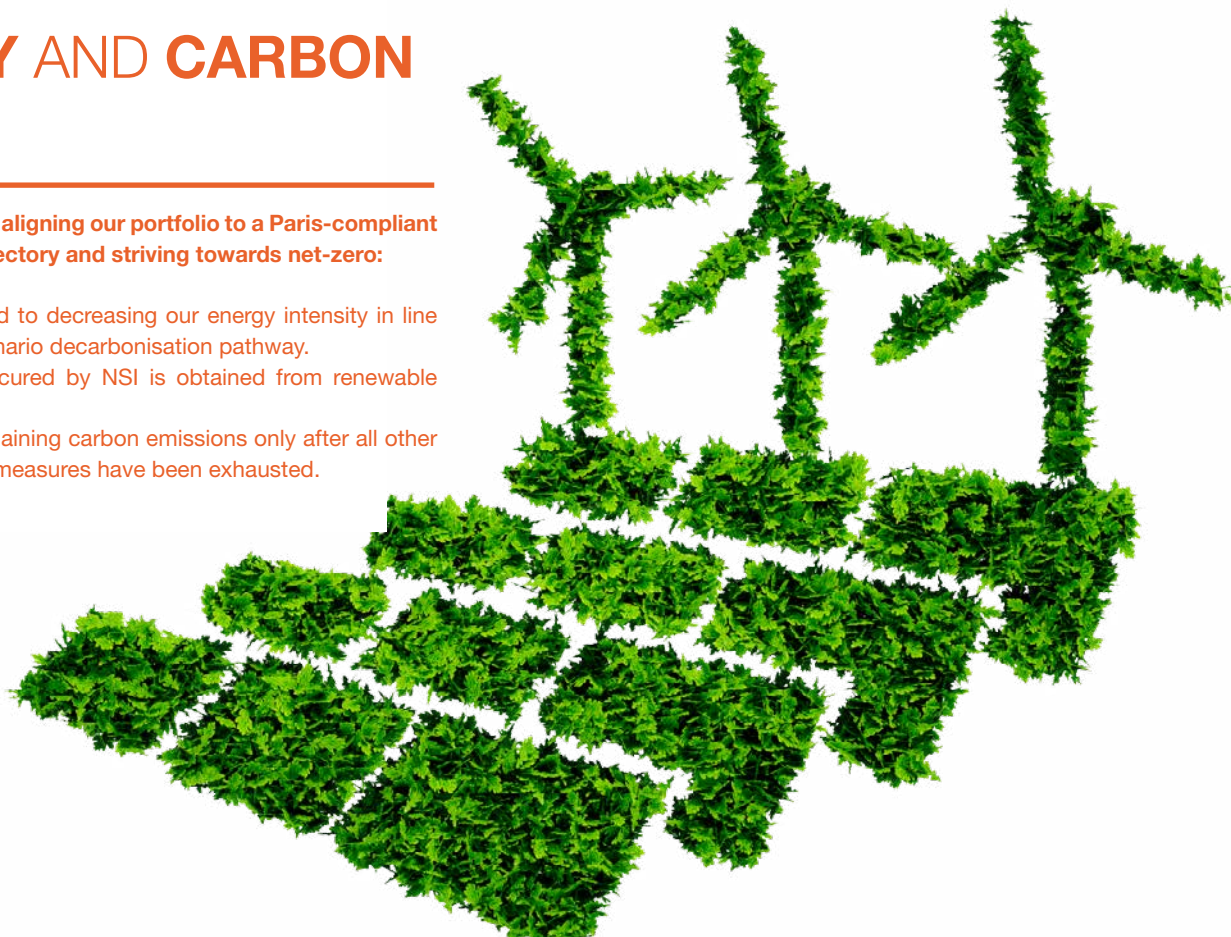
In line with our revisited strategy, we have also sharpened our existing pillars 'Energy and carbon' and 'Future-proof buildings', while we have expanded and renamed our third pillar, 'Social engagement', to encompass a broader social component. This has allowed us to articulate our commitments more concretely:

ENERGY AND CARBON	FUTURE-PROOF BUILDINGS	SOCIAL ENGAGEMENT
<p>We are committed to aligning our portfolio to a Paris-compliant decarbonisation trajectory and striving towards net-zero:</p>	<p>We aim to own buildings that are resilient, adaptative and aligned with the EU Taxonomy, now or in time.</p>	<p>We strive to be a long-term positive influence on our clients, employees and communities.</p>
<p>OUR COMMITMENT</p> <ol style="list-style-type: none"> 1 We are committed to decreasing our energy intensity in line with the 1.5c scenario decarbonisation pathway. 2 100% of procured energy from renewable sources. 3 Offset where not economically viable to reduce emissions through energy efficiency gains / renewable energy procurement. 	<p>OUR COMMITMENT</p> <ol style="list-style-type: none"> 1 Own assets that are aligned with the EU Taxonomy, now or in time. 2 Minimum BREEAM rating for assets is "Very Good". 3 Focus on Climate resilience: physical risk assessment with a mitigation plan for every asset. 4 Incorporate a Biodiversity strategy. 	<p>OUR COMMITMENT</p> <ol style="list-style-type: none"> 1 Make health and wellbeing a priority: <ul style="list-style-type: none"> – for our customers: – for our employees 2 Strive to have a diverse and inclusive workforce. 3 Give back to our communities and respect our surroundings.

ENERGY AND CARBON

We are committed to aligning our portfolio to a Paris-compliant decarbonisation trajectory and striving towards net-zero:

- 1 We are committed to decreasing our energy intensity in line with the 1.5c scenario decarbonisation pathway.
- 2 All electricity procured by NSI is obtained from renewable sources.
- 3 We will offset remaining carbon emissions only after all other financially viable measures have been exhausted.



1 OUR COMMITMENT TO DECARBONISATION:

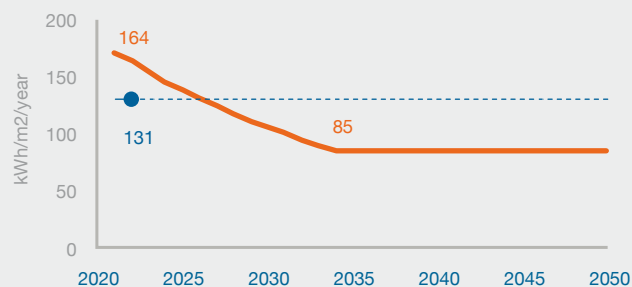
WALKING THE TALK

NSI is using the Carbon Risk Real Estate Monitor's (CRREM) decarbonisation pathways as a point of reference to set energy reduction targets for our portfolio. CRREM is the leading global initiative for operational decarbonisation of real estate assets in order to avoid stranding risk, address transition risk and comply with climate-science and Paris-aligned decarbonisation targets. CRREM establishes country and asset-specific energy and GHG reduction pathways.

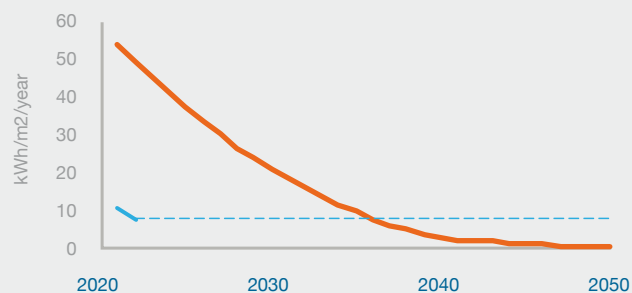
According to CRREM, for Dutch offices to be compliant with the 1.5c Paris scenario, buildings must achieve 85 kWh/m²/year by 2034, as per the pathway below. At year-end 2022 the total (tenant + building-related) average energy consumption of our portfolio was 131 kWh/m²/year. While this is well above the 85 kWh/m²/Dutch office CRREM year target, NSI is far below the Dutch office CRREM target for 2022, of 164 kWh/m²/year. Based on this starting point, if we were to take no further action, NSI's overall intensity would no longer comply with the CRREM pathway by 2026.

In 2023 we will start executing our Paris-alignment investment plan. The total investment for the first 32 assets (ca. 70% of assets by value) is ca. € 58m over the next 10 years. On completion these assets should see their energy intensity reduce significantly, from 116 kWh/m²/year to 80 kWh/m²/year, well below the CRREM target. See the 'NSI roadmap to align with the Paris Agreement' section for more details and substantiation.

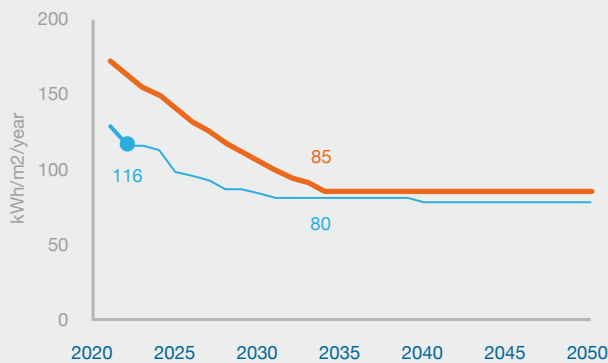
NSI VS. CRREM ENERGY INTENSITY PER YEAR



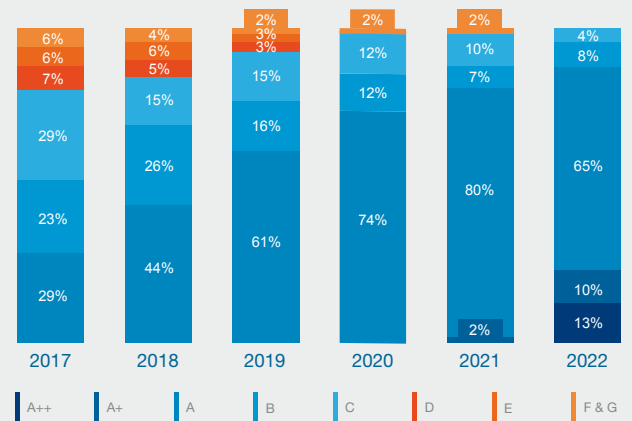
NSI VS. CRREM GREEN HOUSE GAS EMISSIONS PER YEAR



CRREM ENERGY REDUCTION PATHWAY FOR 32 "STRAIGHT FORWARD" ASSETS



EPC LABELS 2022



SCOPE AND METHODOLOGY

- Note that the above trajectory does not take into account the effect of weather. Energy intensity at any given point in time is highly dependent on the weather (cold winters, hot summers). Whilst weather effects will even out over longer periods of time, to measure progress in any given year we will have to adjust the actual energy intensity for degree days to properly measure our short term progress in reducing the energy intensity of the portfolio. We have not yet corrected for this so far.
- Because the majority of NSI's emissions (scope 1, 2, 3) stem from energy usage, we are steering on the energy intensity curves as our main reference and have calculated the resulting GHG emissions using the market-based conversion factors.
- Our focus is on the actual energy intensity of our buildings: both building-related and tenant-driven energy consumption. As the target of 85 kWh/m²/year includes both building-related energy consumption and tenant-driven energy consumption, reaching the target will have to be joint exercise between tenant and landlord.
- The square meters used in our calculations are an approximation. CRREM uses Gross Floor area minus internal garage and outer facade. NSI used to report according to EPRA best practices, i.e. Gross Floor Area. Based on the available floor plans we have estimated the difference between the two measures to be approximately 6%. We have made an adjustment to the 2021 figures to reflect this.
- As we approach higher efficiency levels, the incremental impact of improvements that are sometimes too uneconomic is why we focus on a portfolio average rather than each asset in isolation: in some cases, getting close to the target is not only sufficient but desirable from a cost, energy efficiency and total life cycle assessment of the building.

GOING BEYOND EPC LABELS

Formally the only sustainability regulatory requirement in the Netherlands for the renting out of commercial space is to have an EPC label of at least C as of 1 Jan 2023. At NSI we are already well ahead of that target (88% at label A, only 4% at C, no assets below C) and we consider a more ambitious goal to be necessary both from the perspective of climate urgency as well as from a client demand and regulatory point of view. Indeed, EPC does not sufficiently represent a Paris-aligned solution as it focuses on theoretical versus actual usage. Given the urgency in adopting a science-based solution to climate mitigation plus increased energy costs, we see more benefits in choosing a more complete approach.

2 100% OF PROCURED ELECTRICITY SHOULD COME FROM RENEWABLE SOURCES

All electricity procured by NSI is 100% green, procured from renewable sources (European wind). The total average share of renewable energy used is 57.7% (European wind grid energy + solar panel generation of electricity + geothermal energy).

3 OFFSET REMAINING CARBON

We will offset remaining carbon emissions only after all other financially viable measures have been exhausted.

We aim to reduce our carbon footprint through an increase in energy efficiency and the procurement, where possible, of energy from renewable sources. Offsets are therefore only a measure of last resort, after all other solutions have been exhausted. Currently, natural gas procurement is fully compensated using Gold Standards CO₂.

FUTURE-PROOF BUILDINGS



We aim to own buildings that are resilient, adaptative and aligned with the EU Taxonomy

- 1 Own assets that are aligned with the EU Taxonomy, now or in time
- 2 Minimum BREEAM rating for assets is “Very Good”
- 3 Focus on Climate resilience: physical risk assessment with a mitigation plan for every asset
- 4 Incorporate Biodiversity strategy

1 OWN ASSETS THAT ARE ALIGNED WITH THE EU TAXONOMY OF SUSTAINABLE ACTIVITIES, NOW OR IN TIME

We aim to own assets that are aligned, now or in time, with the EU taxonomy, the classification system that translates the EU’s climate and environmental objectives into criteria for specific economic activities for investment purposes. In order to determine alignment to the EU Taxonomy, the economic activity of the company must first be eligible. If the activity is not defined in the screening criteria, it is not eligible under the EU Taxonomy and therefore, it cannot be considered as environmentally sustainable. Second, once the economic activity has been deemed eligible, it must be determined that it makes a substantial contribution to at least one of the EU’s climate and environmental objectives, while at the same time not significantly harming (DNSH – do no significant harm) any of the other objectives and meeting minimum social safeguards.

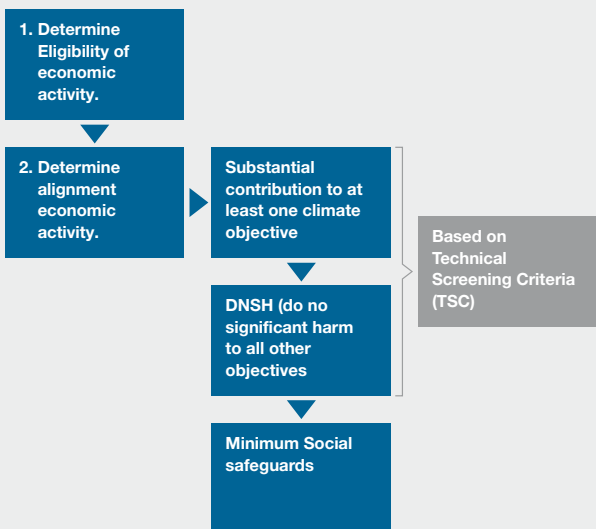
The taxonomy defines 6 environmental objectives.

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystem

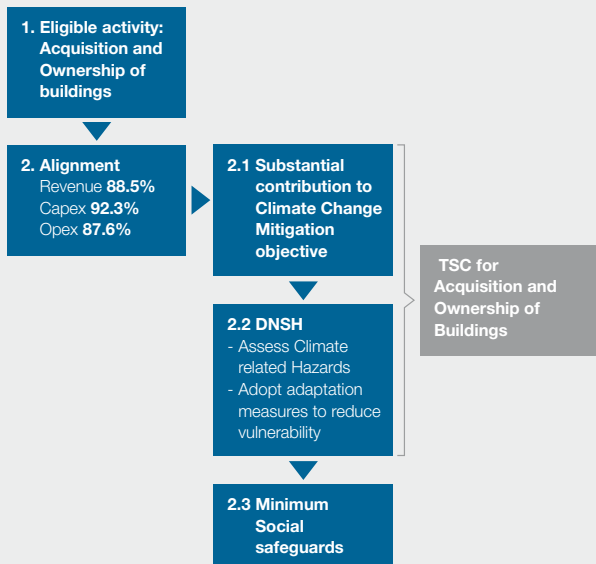
NSI’S TAXONOMY ALIGNMENT

- An analysis was performed on NSI’s portfolio based on the Taxonomy-recognised activity of “Acquisition and Ownership of buildings”. The objective to which this activity contributes is “Climate change mitigation” defined as “contributing to the stabilisation of greenhouse gas emissions by avoiding or reducing them or by enhancing greenhouse gas removals”. To prove this, the activity must comply with specific Technical Screening Criteria (TSC)- a set of conditions specific to this activity.
- The TSC for substantial contribution for the economic activity “Acquisition and ownership of buildings”, largely depend on the type of buildings in scope (residential vs non-residential), the date on which the building was built (different conditions for buildings built before or after 31 December 2020) and on the energy performance.
- In order to ensure that the activity does no significantly harm to the other objectives, it should be verified that adaptation solutions are put in place to tackle the climate risk hazards which have been assessed as “material”.
- The analysis was performed on each individual asset based on the TSC for the Acquisition and ownership of buildings as defined by the EU taxonomy. Through a climate risk hazard and mitigation plan the DNSH condition was assessed.

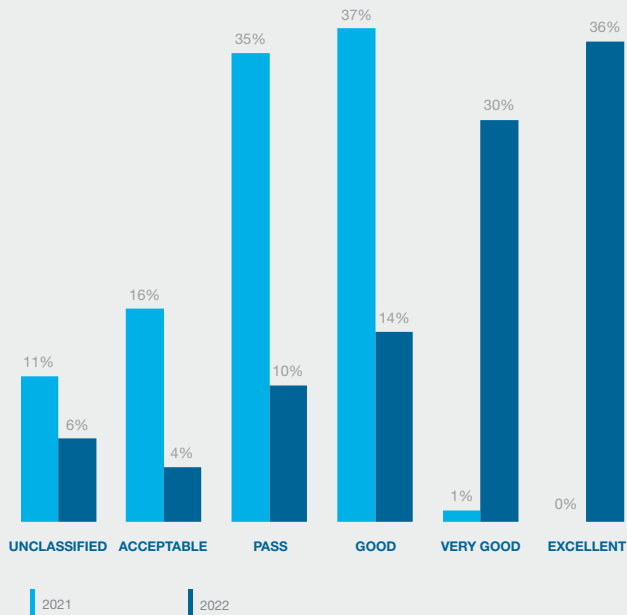
DETERMINING ELIGIBILITY AND ALIGNMENT EU TAXONOMY



ANALYSIS OF NSI'S TAXONOMY-RECOGNISED ACTIVITY
"ACQUISITION AND OWNERSHIP OF BUILDINGS"



BREEAM LABEL AS % OF BOOK VALUE



- In this analysis, all our assets were assessed against the activity "acquisition and ownership of buildings". As a result, investment properties under construction and renovations are not aligned with the EU taxonomy based on this activity. We will explore in 2023 alignment against other EU taxonomy-eligible relevant activities for these buildings.
- Based on the technical assessment (points 2.1 and 2.2 of the chart above) our alignment would be as follows:

Revenue	88.5%
Capex	92.3%
Opex	87.6%

The minimum safeguards analysis (2.3) on company level is still outstanding and will be performed in 2023 to assess alignment with the applicable EU Taxonomy scope.

The extensive EPRA taxonomy eligibility and alignment table against revenue, capex and opex can be found on pages 145-147.

2 MINIMUM BREEAM RATING FOR ASSETS IS "VERY GOOD"

We view sustainability not only as a responsibility but ultimately as a driver of value creation. BREEAM seeks to improve the operational performance of buildings through sustainable improvements. The BREEAM assessment method involves nine areas: management, health, energy, transport, water, materials, waste, land use, ecology and pollution. 96% of the assets in NSI's portfolio now have a BREEAM certificate vs 89% in 2021.

In 2022 NSI's made significant strides in its ambition to obtain an at least "very good" label for its standing assets: a majority of our assets (66%) now have either a Very Good or Excellent Label.

3 FOCUS ON CLIMATE RESILIENCE:

PHYSICAL RISK ASSESSMENT WITH A MITIGATION PLAN FOR EVERY ASSET

Assessing and mitigating climate change and the associated risks are an integral part of our approach towards a future-proof portfolio. A further analysis was not only required in view of complying with the EU taxonomy (DNSH assessment), it also increasingly weighs on investment and portfolio decisions. NSI performed an assessment of the net risks of climate change related heat stress and flooding of its portfolio, also taking individual asset characteristics into consideration. The assessment included which measures can be taken to mitigate these risks.

This assessment identified that from its 49 assets 9 assets are potentially exposed to a higher risk of heat stress and 12 assets to a higher risk of flooding. Measures to mitigate these risks have been integrated in the asset plans, and will be executed in the coming years. More details on climate risk analyses can be found on page 47.

4 INCORPORATE BIODIVERSITY STRATEGY:

In line with sustainability best practices, NSI aims to establish a comprehensive biodiversity strategy in 2023 to accompany our sustainability efforts.

SOCIAL ENGAGEMENT

We strive to be a long-term positive influence on our customers, employees and communities.

- 1 Make health and wellbeing a priority: for our customers and for our employees
- 2 Strive to have a diverse and inclusive workforce
- 3 Give back to our communities and respect our surroundings

1 MAKE HEALTH AND WELLBEING A PRIORITY

FOR OUR CUSTOMERS

NSI actively engages with customers through a yearly customer satisfaction survey. In 2022 NSI achieved a Net Promoter Score (NPS) of + 10.3 from its tenants, down from + 20.3 a year ago. HNK's NPS was 19.9 vs 23.7 in 2021. The NPS measures customer experience and predicts business growth. The NPS is calculated using the answer to a key question, using a 0-10 scale e.g. How likely is it that you would recommend NSI to a friend or colleague?¹ NSI's score of + 10.3 is a positive score which means that there are more promoters than detractors. With sustainability also being a key concern for our clients, we have rolled out a communications program to better engage with our customers on this topic. Initiatives, air quality and improvements are shared through narrow casting screens, the Office App and newsletter.

FOR OUR EMPLOYEES

NSI actively engages with employees through an employee satisfaction survey. NSI currently performs an employee engagement survey every two years. The result is an eNPS (employee Net Promoter Score), which measures staff engagement and involves asking employees "How likely would you be to recommend (score 0-10) us as an employer?". NSI's most recent eNPS score was 29.3 (2021), which qualifies as a high score. Furthermore we performed a Leesman Workplace Survey in 2022. Read more on page 52 (Great Place to Work) about our employee engagement activities.

2 STRIVE TO HAVE A DIVERSE AND INCLUSIVE WORKFORCE

NSI is committed to fostering a fair and inclusive working environment. Our culture is based on the principles of mutual respect and non-discrimination irrespective of nationality, age, disability, gender, religion or sexual orientation. At NSI we currently have 48% male and 52% female workforce. In 2023 NSI will establish a diversity and inclusion policy.

3 GIVING BACK TO OUR COMMUNITIES

Creating a positive socio-economic impact in local communities in and around our assets is important to us. We aim to play an active role in our communities by building lasting relationships with local stakeholders and by supporting organizations with a social purpose.

¹ Respondents are grouped as follows: Promoters (score 9-10) are loyal enthusiasts who will keep buying and refer others, fueling growth; Passives (score 7-8) are satisfied but unenthusiastic customers who are vulnerable to competitive offerings; Detractors (score 0-6) are unhappy customers who can damage your brand and impede growth through negative word-of-mouth.



A non-exhaustive list of initiatives we support include:

URBAN LAND INSTITUTE PROGRAM

The mission of the Urban Land Institute is to 'Shape the future of the built environment for transformative impact in communities worldwide'. One of its programs, UrbanPlan, is supported by NSI. This is an educational program aimed at students between 15 and 18 years old, with the goal of increasing young people's understanding of urban development.

PHILIPS INNOVATION AWARDS | SPONSORSHIP TO STIMULATE INNOVATION AMONG STUDENTS

It is important to NSI to promote innovation and contribute to Dutch society. That is why HNK has been a Gold Partner of the Philips Innovation Award since 2017. The Philips Innovation Award is an entrepreneurship prize awarded to students with an innovative start-up concept.

DONATION TO BREAST CARE FOUNDATION

The Breast Care Foundation raises funds to support patients who have breast cancer or other breast disorders. The foundation focuses on enabling full recovery, including paramedical and additional (after) care, and on promoting awareness and information, prevention, science and paramedical care in a broad sense. NSI has chosen to support this foundation following the loss of a dear colleague due to this devastating disease.

DONATION TO RONALD MCDONALD KINDERFONDS

NSI made a donation to the Ronald McDonald Children's Fund. One of the Ronald McDonald locations, where hospitalised children and their families can be close to each other, is in Amsterdam Southeast.

GREEN BUSINESS CLUB ZUIDAS

NSI participates in the Green Business Club Zuidas. This network organization creates impact by initiating sustainable projects in the Amsterdam Zuidas area and aspires to make the Zuidas the most sustainable, livable and workable area in the Netherlands. The network aims to realize this by collaborating in partnerships and sharing best practices and knowledge.

UPTOWN SLOTERDIJK

NSI participates with nine other parties in UPTown Sloterdijk to help promote the transformation of this area into an attractive urban district. All participants (APG, BPD, CBRE, EDGE, the municipality of Amsterdam, Heijmans, Synchroon and TMG) are actively linked to the area and have an interest in the development of the neighbourhood.

ONDERNEMERSFONDS UTRECHT

NSI made a donation to Ondernemersfonds Utrecht (Entrepreneurs Fund Utrecht). This fund connects local entrepreneurs, various sectors and organizations with the aim of promoting the quality of business in Utrecht.

THE NSI ROADMAP TO ALIGN WITH THE PARIS AGREEMENT

TAKING THE "E" IN ESG TO A NEW STANDARD

At NSI we have been a long standing advocate of sustainability, both at the corporate and at the asset level. We use GRESB at the corporate level to track our progress and success, whilst at the asset level we focus on EPC, BREEAM and more recently on CRREM.

We fully appreciate that the sustainability question is a complex one. There is no single metric or solution to square the circle. GRESB, EPC, BREEAM, CRREM and EU Taxonomy alignment all have a role to play in achieving our sustainability goals.

FROM EPC LABELS TO CRREM ALIGNMENT

The key downside of the EPC labelling system is that it is based on the theoretical energy usage of a building, not on the actual energy usage, and that it ignores the energy consumption by tenants. EPC labels are, however, relevant as a key input for both BREEAM and the EU taxonomy alignment assessment.

Our ambition is to reduce the actual energy intensity of all our buildings, in line with the aims of the Paris agreement as set in 2016. This goes beyond the formal regulatory requirement of EPC label C, which is in place in The Netherlands since January 2023 and with which we fully comply, because 1) we believe it is the right thing to do, 2) tenants will increasingly demand it, and 3) the regulatory requirements are likely to become more stringent in the period ahead.

Given the shortcomings of EPC, we have chosen to use the CRREM (carbon risk real estate monitor) methodology as a tool to track our progress in reducing the energy intensity over time, as CRREM measures the actual energy intensity of buildings, including both the building-related and tenant-driven energy consumption.

CRREM has calculated that for Dutch offices to be aligned with the Paris agreement, the energy intensity should be reduced to below 85 kWh/m²/year by 2034. This is more or less in line with the target for other European office markets. At year-end 2022 the energy intensity of our portfolio was 131 kWh/m²/year (113 kWh/m²/year excluding the Leiden life science assets).

As the objective is to reduce the total energy intensity of our portfolio, both building-related and tenant-driven, meeting the CRREM target will end up being a joint exercise between tenant and landlord. Lease contracts will increasingly have to include language to allow and facilitate for this. Having said that, we recognise the effort will predominantly lie with the owner, as a typical office tenant nowadays only uses 20-25 kWh/m²/year.

During 2022 we established a detailed plan to bring the energy intensity of the portfolio to below 85 kWh/m²/year by 2034. An investment plan has been created for each asset, including time line, to reach this target. Plans at the asset level include a mixture of replacing window frames/glazing, extra insulation,

further upgrades to technical installations, improved sealing, solar panels, etc.

STARTING WITH THE FIRST 32 ASSETS FROM 2023 ONWARDS

In our analysis we exclude the near term development program as Paris-alignment is already part of the project scope and cost. We have also decided to exclude the life science labs in Leiden for now, as these buildings have a much higher energy intensity due to the specialised nature of lab activities, which we cannot influence as a landlord. We have also identified a number of assets which we view as complex and where further analysis is required in the period ahead.

This leaves 32 assets, making up 71% of the portfolio by value, where we are fully comfortable with the analysis and viability of the plans. We will start with these plans from this year onwards.

We will look to fit the timing of our sustainability initiatives with our regular maintenance cycle as much as possible. Over time we will track the actual results versus our model assumptions and adjust the plans where necessary. The prospect of new, cheaper, technical innovations to help reach targets will also see us adjust plans as appropriate.

Portfolio split	# Assets	% of book value	CRREM area (sqm)	Current intensity (kWh/sqm/year)
Straight forward	32	71%	268,123	116
Complex	7	14%	79,705	118
Leiden	5	8%	30,053	367
Development	3	6%	30,511	29
TOTAL¹	47		408,391	129

¹ Excluding assets sold in 2023: HNK Ede and HNK Den Bosch

For the above 32 assets we expect a significant reduction in energy intensity on completion of our investment plans, from 116 kWh/m²/year to 80 kWh/m²/year, below the CRREM target.

This will reduce the energy consumption by 9.8 MWh/year (37 kWh/m²/year on 268k sqm), which based on an electricity price of ca. € 0.2/kWh represents an economic value of € 2.0m.

THE ECONOMICS OF SUSTAINABILITY ARE FAVOURABLE

The estimated investment capex for the 32 assets is € 58m, over a ca. 10 year period. This equates to just over one year of rent for these assets, or ca. 7% of the current asset value.

# Assets	32
Incremental capex (€m)	58
CRREM area ('000 sqm)	268
Current intensity (kWh / sqm / year)	116
Expected 2034 intensity (kWh / sqm/year)	80

ROADMAP TO PARIS ALIGNMENT



2032

The aim is that all NSI buildings are gas-free.



2023

The objective is for all NSI buildings to have an EPC A label*



2035

NSI is Paris-Aligned.



2025

The ambition is for all NSI buildings to have a BREEAM label Very Good, Excellent or Outstanding.



2022

YEARS BEFORE

- establish ESG strategy
- obtained BREEAM certificates
- and improve EPC labels

* Excluding (re)developments

On an investment of € 58m the € 2.0m in actual energy savings represent a return of 'only' 3.5%. This benefit/return largely falls to the tenants, as lower service charges, although undoubtedly some of this will eventually flow back to us, as owner.

Recent research by some leading real estate agents increasingly points to evidence that tenant demand is shifting to the most sustainable buildings, which achieve a ca. 6% rent premium as a result.

Taking into account this possible 6% rent premium, for the 32 assets in our analysis, this would equate to a ca. € 3.2m increase

in annual rent roll. This in turn would represent a value of ca. € 50m, based on the current 6.5% gross yield for the portfolio and this would more or less cover the cost of the entire investment plan. Overall, we expect the economic benefit to be greater still, as we believe energy-efficient, highly sustainable, assets will not only see higher rents, but structurally benefit from lower vacancy and lower yield as well.

This analysis is the first step in a new journey for NSI. We are excited about the journey ahead and expect to learn along the way. We are certain it is a necessary and eventually rewarding journey, for the planet, the business and all our stakeholders.

INCOME, COSTS AND RESULT

INTRODUCTION

EPRA earnings in 2022 amount to € 42.7m compared to € 46.4m in 2021 (- 7.9%). The decrease in EPRA earnings is the result of lower net rental income and higher administrative costs, partly offset by lower financing costs. EPRA EPS is € 2.15, 9.6% lower than last year.

EPRA NTA is down 8.4% or € 4.06 per share compared to the end of 2021, primarily due to the negative revaluation of the investment portfolio in the second half of 2022.

RENTAL INCOME

Compared to last year, gross rental income decreased by € 6.2m (8.0%) to € 71.3m. This decrease is explained by disposals in the past year (- € 8.7m) and the redevelopment of Vitrum as from July 2021 (- € 2.8m). The positive effect of acquisitions amounts to € 1.7m.

On a like-for-like basis gross rental income increased by 5.8%, impacted by lease indexations, higher rent for ING at Laanderpoort, lease renewals and lower vacancy loss.

Non-recoverable service costs are € 0.6m lower than last year, of which € 0.4m is related to disposed objects or objects currently in development.

Operating costs are € 1.7m (13.7%) lower compared to 2021, mainly due to lower maintenance costs (- € 1.6m) and lower municipal taxes (- € 0.3m).

Net rental income amounts to € 59.3m, down € 3.9m (6.2%) versus 2021. The NRI margin is 83.2%, up 1.6 pp vs last year.

Net rental income increased by 7.4% on a like-for-like basis, the result of an increase in Amsterdam and Other G4 (Den Haag, Rotterdam and Utrecht) of respectively 6.0% and 14.7% and a 0.2% decrease in Other Netherlands.

ADMINISTRATIVE COSTS

Administrative expenses are € 0.9m higher compared to 2021, reflecting mainly depreciation costs made in relation to the new headquarter in Amsterdam Zuidoost, consultancy costs, higher travel costs and employee training expenditures.

NET FINANCING COSTS

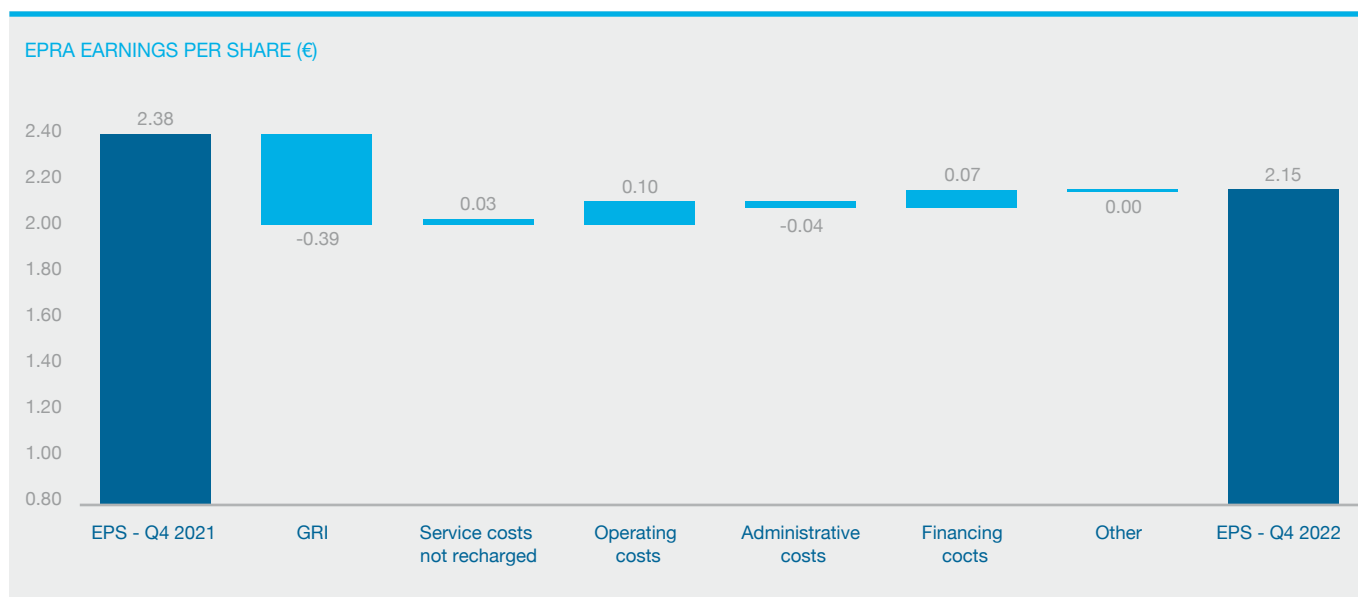
Financing costs are down by 13.6% (€ 1.3m) compared to the same period last year due to lower interest costs (€ 0.3m) and higher interest capitalised on development projects (€ 0.8m).

INDIRECT RESULT

In 2022 the investment portfolio incurred a negative revaluation of € 76.8m (- 5.6% at market value) compared to the valuation in 2021. A positive mark-to-market effect on interest rate swaps (+ € 2.9m) and other indirect costs (- € 0.2m) result in a total indirect result for 2022 of - € 74.1m.

POST-CLOSING EVENTS AND CONTINGENCIES

On January 24 the sale of HNK Ede and HNK Den Bosch was completed for a total of € 23.2m (before transactions costs).



INCOME SEGMENT SPLIT

	2022				TOTAL	2021
	Amsterdam	Other G4	Other Netherlands	Corporate		
Gross rental income	35,855	22,315	13,139		71,309	77,507
Service costs not recharged	-521	-412	-389		-1,322	-1,873
Operating costs	-4,527	-3,774	-2,361		-10,663	-12,362
Net rental income	30,807	18,129	10,389		59,325	63,272
Administrative costs				-8,566	-8,566	-7,612
Earnings before interest and taxes	30,807	18,129	10,389	-8,566	50,759	55,660
Net financing result				-8,024	-8,024	-9,285
Direct investment result before tax	30,807	18,129	10,389	-16,590	42,735	46,375
Corporate income tax				-2	-2	-2
Direct investment result / EPRA earnings	30,807	18,129	10,389	-16,592	42,733	46,373



DUTCH PROPERTY MARKET OVERVIEW

ECONOMIC CONDITIONS

Dutch GDP expanded by 4.6%¹ in 2022. While optically a healthy figure, Q4 showed a significant deceleration. Despite the high economic growth, an ultra-low unemployment rate at 3.5% and a very tight labour market, the economic mood has dampened significantly during the year, with energy security, deteriorating purchasing power, monetary tightening and strong geopolitical tensions dominating the conversation. Going into 2023 all these subjects remain largely unresolved.

In 2022 inflation (CPI) has been a major theme worldwide and the Netherlands was no exception: despite a firm deceleration in the last two months of the year, Dutch CPI was 9.9% in 2022. In the short-term inflation is expected to remain elevated, but is expected to stabilise at nearer 4% towards the end of 2023.

OCCUPATIONAL MARKET²

2022 started relatively upbeat, with the expectation that the end of covid would unleash significant pent up tenant demand. Yet inflation, supply chain disruption and recession fears added an extra layer of uncertainty to potential occupiers who had already been juggling with the fallout from Covid.

The “office vs WFH” debate transitioned into a hybrid working arrangement, with many employers having adopted an official policy of a minimum days back in the office. Be that as it may, the total impact of this behavioural shift on the overall demand for office space will only become visible in the mid to long term, while factors such as labour market shortages, the economic outlook, sustainability credentials of buildings and the scarcity of Grade A space in general all injecting nuance into the debate.

Against this backdrop, Dutch office take up until Q3 2022 was 3% lower compared to the same period in 2021. The vacancy rate for the overall market has remained stable at 8.2%.

Location remains the key variable in the selection of space. With energy and service charges now having a bigger impact on total costs tenants increasingly focus on total rental cost rather than purely on rents, so that sustainability credentials of a building have become much more important. Also, given the continued war for talent and the need to re-attract employees back to the office, the overall mix of location, sustainability and services has become significantly important.

Increased polarisation is more than likely. The limited Grade A supply in prime locations, the slow delivery of new office space, the sustainability requirements and rising inflation are putting further upward pressure on prime office rents.

AMSTERDAM

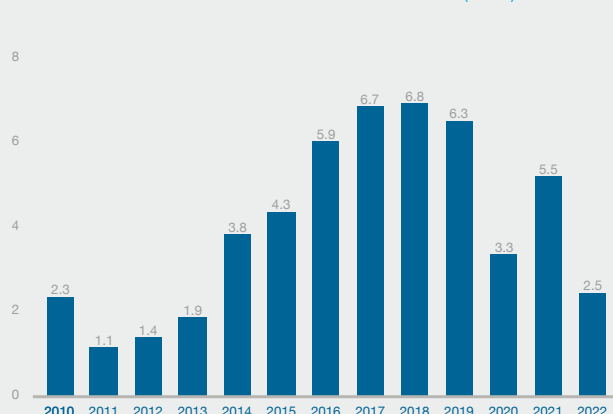
Office take-up in Amsterdam in the first three quarters of 2022 was circa 73.000 sqm (vs same period 2021: 163.000 sqm), owing to both economic uncertainty and limited availability of high-quality office space.

The office vacancy rate in Amsterdam as of Q3 2022 was 7.0%, down 10bps from 2021. The vacancy in the prime South-axis market is up 40bps to 3.2%, Southeast saw the biggest increase at 8.3% (was 5.3% in 2021, surpassing the Dutch average of 8.2%). The vacancy in Sloterdijk is down by 220 bps to 6.4%. In a clear sign of polarisation prime office rents increased to €535/m², even with significant pockets of available space in the wider Amsterdam market.

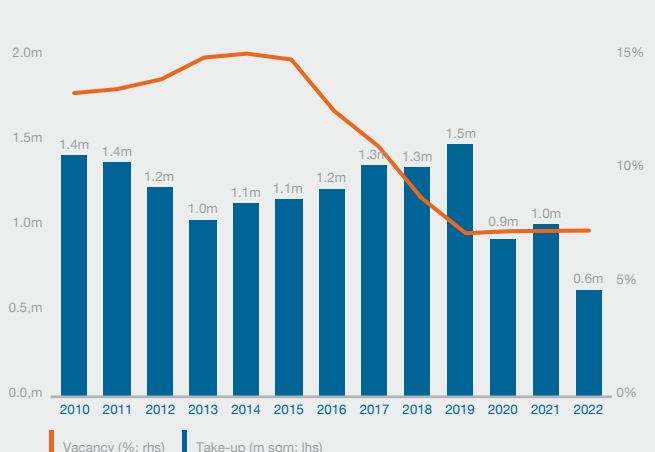
1 Source OECD

2 Source Cushman and Wakefield

INVESTMENT VOLUMES OFFICES NETHERLANDS (€ BN)



VACANCY RATE AND TAKE-UP OFFICES NETHERLANDS



In 2022 some 160,000 m² of new office space was delivered in Amsterdam, while around double that was initially slated for completion. Supply is expected to increase by 1 million m² by 2027, with peak completions expected in 2025 and 2026 as a result of projects currently being postponed due to rising financing and building costs and higher uncertainty. Some 60% of this supply is speculative. With take-up having been on average 280 000 m² per year over the last 5 years, this new supply should be readily absorbed, being on the right side of the polarisation debate.

OTHER G4

In 2022 take-up in Utrecht was soft, in line with 2020 and 2021. Vacancy decreased by 120bps to 5% in 2022, while prime rents increased to €305/m² (€285/m²).

In Rotterdam prime rents increased to €265/m² from €245/m² and the vacancy was markedly down to 7.4% from 8.6% in 2021.

In The Hague, where Government is the largest occupier, the overall vacancy increased by 20bps to 4.5%.

OTHER NETHERLANDS

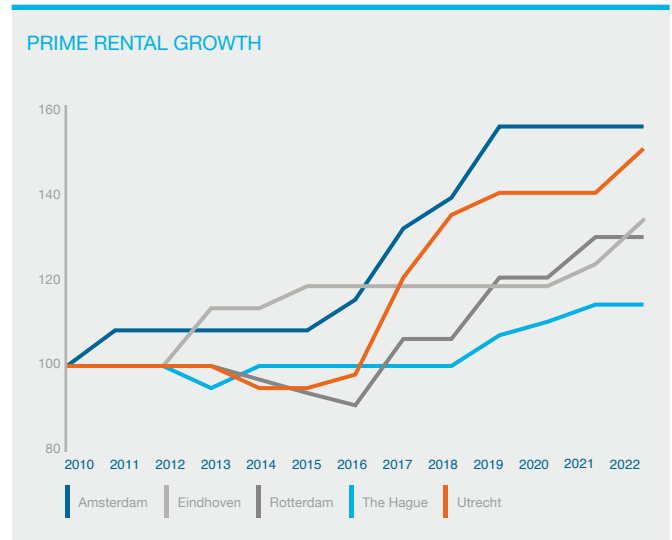
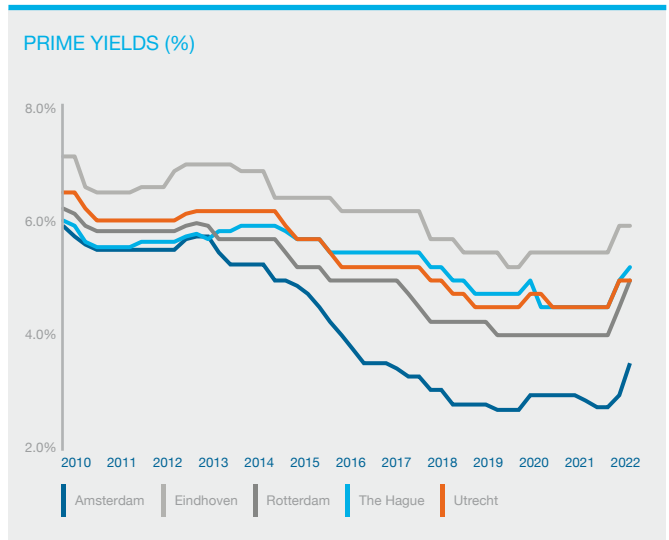
The vacancy rate in Eindhoven decreased to 6.9% from 7.3%, with low take-up levels in 2022 confirming the scarcity of high quality office space in the area.

Vacancy at the Bio Science Park in Leiden remains at 0%.

INVESTMENT MARKET

The end to ultra-low interest rates, which has driven investment markets for years, has significantly impacted transaction levels. Office investment volumes were down circa 30% to €2.5bn in the first 9 months of 2022, as the disconnect between buyer expectations and seller hopes grew wider. Yields have already started to move out from all-time lows to reflect this.

Some price discovery did take place towards the end of the year which suggest that prime yields in Amsterdam have moved out by up to 100bps to circa 4% at year-end. To the extent there is any distress, it appears to be largely limited to development companies with too much land on their books.



REAL ESTATE PORTFOLIO

Three assets were sold during 2022: the shopping centre 't Loon in Heerlen in January, marking the end of our retail disposal program, HNK Hoofddorp and a small asset in the Hague.

The combined proceeds of all disposals were € 17.3m (before transaction costs) reflecting on average a circa 0.8% discount over year-end 2021 book values. There were no acquisitions in 2022.

PORTFOLIO BREAKDOWN – 31 DECEMBER 2022

	# Assets	Market value (€ m)	Market value (%)
Amsterdam	23	730	57%
Other G4	14	342	27%
Other Netherlands	12	203	16%
TOTAL	49	1,275	100%

VACANCY

The EPRA vacancy at the end of 2022 is 6.2%, up from 5.9% at the end of 2021. On a like-for-like basis the increase was 0.6%, mainly due to tenant departures in Amsterdam and Other Netherlands.

The vacancy rate at year-end includes 0.7% strategic vacancy for Alexanderpoort, Rotterdam. Adjusted for this the vacancy rate at year-end of 2022 is 5.5%.

EPRA VACANCY

	Dec. 2021	L-f-l	Other	Dec. 2022
Amsterdam	5.8%	1.2%		7.0%
Other G4	6.8%	-0.8%	0.1%	6.1%
Other Netherlands	4.9%	1.0%	-1.9%	4.1%
TOTAL	5.9%	0.6%	-0.3%	6.2%

RENTS

On a like-for-like basis, gross rents are up by 5.8% in 2022. Split by segment, Amsterdam is up by 6.5%, Other G4 is up by 6.8% and Other Netherlands 2.1%. Indexation accounted for circa 2.6% of the total increase. For Amsterdam, the rest of the increase was largely due to higher rent in Laanderpoort (circa 2.2%), related to the revised development agreement with ING. Net rents increased by 7.4% on a like-for-like basis in 2022 mainly as a result of lower maintenance.

LIKE-FOR-LIKE GROWTH NET RENTAL INCOME (€M)

	2022	2021	L-f-l
Amsterdam	28.1	26.5	6.0%
Other G4	17.5	15.2	14.7%
Other Netherlands	9.3	9.3	-0.2%
TOTAL	54.8	51.1	7.4%

REVERSIONARY POTENTIAL / ERV BRIDGE

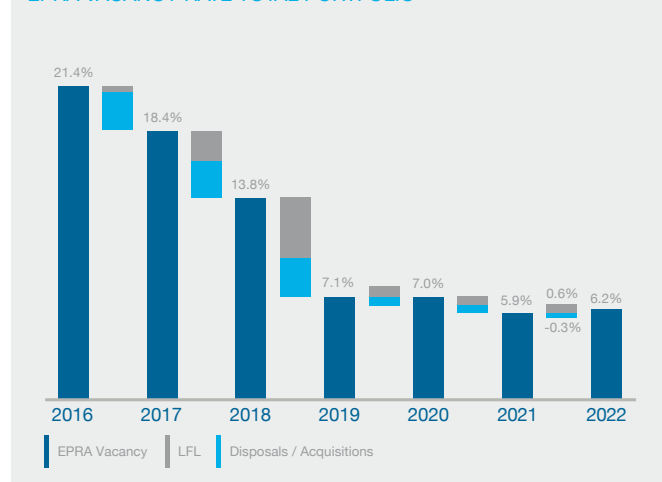
As per 2022 ERVs were up by 4.6%. In Amsterdam the highest increase in ERVs was recorded in Zuidas at 12.2%. In Other NL the increase is in Leiden, at 11.3% and Eindhoven at 8.3%.

LIKE-FOR-LIKE GROWTH ERV (€M)

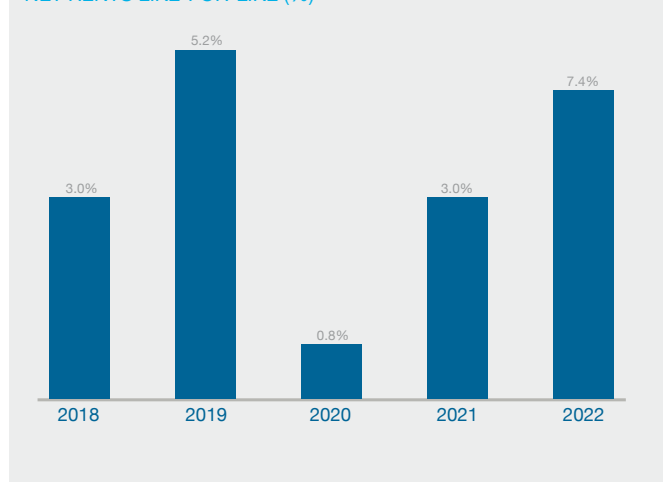
	Dec. 2022	Dec. 2021	L-f-l
Amsterdam	47	45	4.5%
Other G4	26	25	2.8%
Other Netherlands	15	14	8.0%
TOTAL	88	84	4.6%

As per 2022 the investment portfolio is 6.1% reversionary, down from 7.9% at year-end 2021. This is mainly the result of higher rent levels, partially attributable to indexation.

EPRA VACANCY RATE TOTAL PORTFOLIO



NET RENTS LIKE-FOR-LIKE (%)



REVERSIONARY POTENTIAL

	Dec. 2022	Dec. 2021
Amsterdam	11.0%	15.7%
Other G4	-0.6%	1.7%
Other Netherlands	3.6%	-1.4%
TOTAL	6.1%	7.9%

The reversion for lease contracts due for renewal in 2023 is 7.9%, with Amsterdam remaining the most reversionary segment (13.6%).

Contracts were signed on average at approximately 3% above ERV. The total tenant retention rate for 2022 was 69.4%.

The WAULT of the portfolio is 3.9 years. Contracts representing an annualised rental income of € 10.6 m (14% of total annualised contractual rent) are set to expire in 2023. This includes ING's lease at Laanderpoort, which will expire in relation to the development and € 3.5m in flexible lease contracts with maturities of one to three months, which typically are just rolled over.

EPRA YIELDS

The EPRA net initial yield is up by 50bps to 4.6% in 2022. This reflects both yield expansion and the impact of higher rents. The lack of liquidity in the investment market in combination with increased economic uncertainty has resulted in appraisers taking a more cautious stance to valuation yields.

PORTFOLIO YIELDS

	EPRA net initial yield		Gross initial yield		Reversionary yield	
	Dec. 2022	Dec. 2021	Dec. 2022	Dec. 2021	Dec. 2022	Dec. 2021
	Amsterdam	4.4%	3.7%	5.9%	5.0%	7.0%
Other G4	4.9%	4.4%	7.2%	6.6%	7.6%	7.2%
Other NL	4.6%	4.9%	7.0%	7.6%	7.5%	7.9%
TOTAL	4.6%	4.1%	6.4%	5.9%	7.3%	6.7%

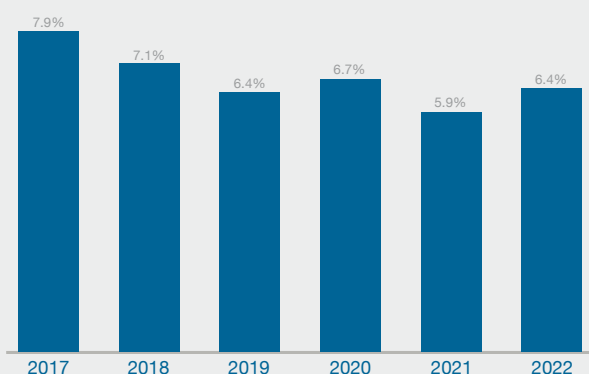
VALUATIONS

The portfolio is appraised externally twice a year. All assets saw a change in external appraiser in H1 2022, in accordance with our standard appraiser rotation process.

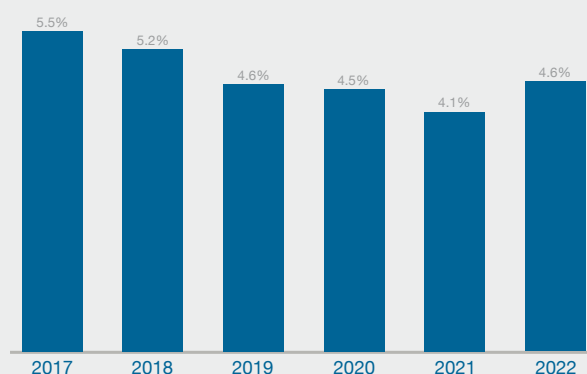
The portfolio valuation is down by 5.6% over the 12-month period. H1 still saw a positive revaluation (+ 0.5%) while in H2 the deteriorated market conditions were acknowledged and reflected in valuations (- 6.2%).

The write-down is almost entirely attributable to yield expansion in response to heightened market uncertainty, higher interest rates and decreased investment volumes. The largest capital value decline was seen in Amsterdam (- 9.2%). The positive revaluation in other NL is related mainly to the Leiden BioScience Park which saw both an increase in ERV's and a decrease in yields, to reflect the continued high desirability of medical offices and lab space even in the face of generally more challenging market conditions.

GROSS INITIAL YIELD



EPRA NET INITIAL YIELD



REVALUATION (€M)

	Market value	Revaluation			%
		Positive	Negative	TOTAL	
Amsterdam	730	11	-84	-74	-9.2%
Other G4	342	15	-28	-12	-3.4%
Other NL	203	15	-4	10	4.9%
TOTAL	1,275	40	-116	-76	-5.6%

CAPITAL EXPENDITURE

Capex is € 12.8m, of which € 2.4m is defensive. The € 10.4m of offensive capex includes € 7.2m of investments in the three major development projects.

CAPITAL EXPENDITURE (€M)

	Offensive	Defensive	TOTAL
Amsterdam	9.5	0.9	10.4
Other G4	0.6	1.2	1.8
Other NL	0.2	0.4	0.6
TOTAL	10.4	2.4	12.8

AMSTERDAM

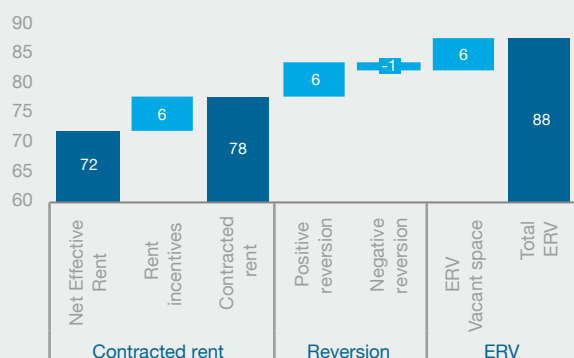
Vacancy increased from 5.8% to 7.0% in 2022, mostly as a result of tenant departures at Centerpoint I and II and Q-Port.

The tenant retention rate during 2022 was 66.5%.

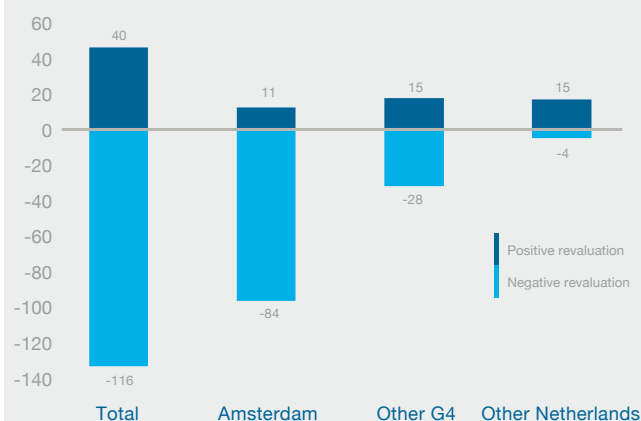
KEY METRICS AMSTERDAM

	2022	2021	Change
Number of properties	23	23	
Market value (€ m)	730	792	-7.8%
Market value asset (€ m)	32	34	-7.8%
Lettable area (sqm k)	178	178	0.0%
Ann. contract rent (€ m)	40	37	7.7%
Average rent / sqm	243	222	9.5%
ERV (€ m)	47	45	4.5%
EPRA vacancy	7.0%	5.8%	1.2 pp
EPRA net initial yield	4.4%	3.7%	0.7 pp
Gross initial yield	5.9%	5.0%	1.0 pp
WAULT	4.1	4.2	-3.1%

BRIDGE CONTRACTED RENT TO ERV - 31 DECEMBER 2022 (€M)



REVALUATIONS TOTAL PORTFOLIO (€M)



OTHER G4

The EPRA vacancy rate for Other G4 is 6.1%, down from 6.8% at year-end 2021, mainly thanks to occupancy gains at HNK Scheepvaartkwartier. 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 2022 amounts to 54.7%.

KEY METRICS OTHER G4

	2022	2021	Change
Number of properties	14	15	-6.7%
Market value (€ m)	342	356	-3.9%
Market value asset (€ m)	24	24	3.0%
Lettable area (sqm k)	122	124	-1.7%
Ann. contract rent (€ m)	24	23	4.7%
Average rent / sqm	213	203	4.6%
ERV (€ m)	26	25	1.4%
EPRA vacancy	6.1%	6.8%	-0.7 pp
EPRA net initial yield	4.9%	4.4%	0.6 pp
Gross initial yield	7.2%	6.6%	0.6 pp
WAULT	4.0	4.4	-8.3%

OTHER NETHERLANDS

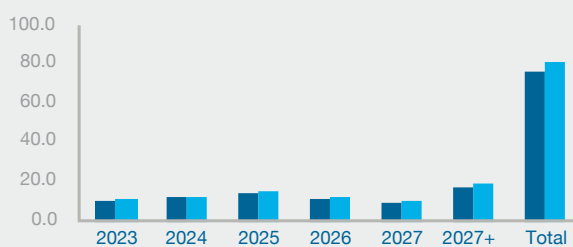
The vacancy rate was 4.1%, down from 4.9% at year-end 2021. The vacancy in our Life Sciences activities in Leiden remains 0%.

The retention rate in this segment is 82.8%.

KEY METRICS OTHER NETHERLANDS

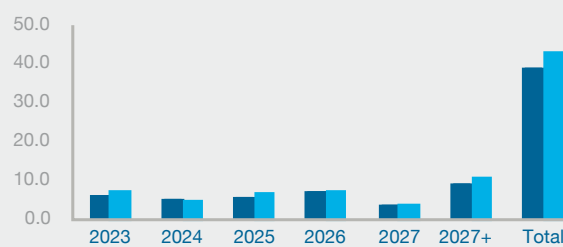
	Dec. 2022	Dec. 2021	Change
Number of properties	12	14	-14.3%
Market value (€ m)	203	207	-2.0%
Market value asset (€ m)	17	15	14.4%
Lettable area (sqm k)	82	107	-23.4%
Ann. contract rent (€ m)	14	16	-10.2%
Average rent / sqm	180	161	11.5%
ERV (€ m)	15	16	-6.8%
EPRA vacancy	4.1%	4.9%	-0.9 pp
EPRA net initial yield	4.6%	4.9%	-0.3 pp
Gross initial yield	7.0%	7.6%	-0.6 pp
WAULT	3.3	3.2	4.1%

ANNUAL EXPIRATIONS AND REVERSIONARY POTENTIAL



# Contracts	296	95	45	59	58	70	644
Rev. Potential	7.9%	0.4%	9.7%	2.7%	5.1%	8.8%	6.1%

ANNUAL EXPIRATIONS AND REVERSIONARY POTENTIAL AMSTERDAM



# Contracts	76	38	28	10	27	26	205
Reversion	13.6%	-0.9%	20.2%	3.3%	6.1%	18.0%	11.0%

DEVELOPMENT AND RENOVATIONS

LAANDERPOORT

The Final Design has been approved by both ING and NSI. The agreement letter with the Municipality was signed in December 2022. Following selection of the contractor, demolition works are scheduled for Q4 2023.

WELL HOUSE

We have made the decision to postpone the Well House project at this stage. We will actively revisit the case for Well House in 2023, taking into account construction costs, land values, yields and rent levels. We already have obtained an irrevocable building permit for this project.

VITRUM

The Final Design phase will be completed in February 2023. Following an additional delay in 2022 due to the approval needed from the owner's association, the technical design should be fully ready Q3 2023, with the start of the project still foreseen for Q4 2023.

Project	New area (LFA sqm k)	Increase area (sqm k)	Expected start / completion	Current phase
Vitrum, Amsterdam	ca. 13.8	ca. 2.2	Q4 2023 / H2 2025	Final Design
Laanderpoort, Amsterdam	ca. 38.8	ca. 26.1	Q4 2023 / H1 2026	Tender
Well House, Amsterdam	ca. 19.2	ca. 19.2	t.b.d	Technical Design
Alexanderhof, Rotterdam	t.b.d.	t.b.d.	t.b.d.	Feasibility

BALANCE SHEET IMPACT OF DEVELOPMENT

At the end of 2022, the balance sheet value of the development activities consists of Vitrum and Alexanderhof, Rotterdam, both transferred in 2021. In addition, the accumulated development costs of Vitrum, Laanderpoort and Well House are also included in investment property under construction.

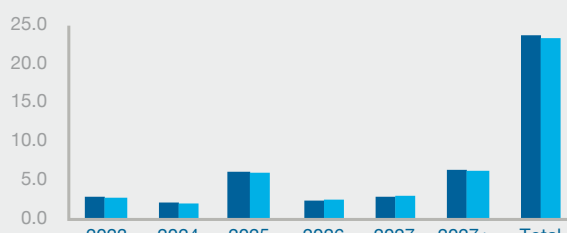
Laanderpoort is currently not part of investment property under construction, as the asset is still leased to ING. It will be transferred once ING vacates the building in Q1 2023.

The negative revaluation in 2022 is mainly related to a decline in the valuation of Vitrum, due to yield expansion and a higher capex adjustment reflecting increased building costs assumed by the appraiser.

MOVEMENT TABLE INVESTMENT PROPERTY UNDER CONSTRUCTION (€M)

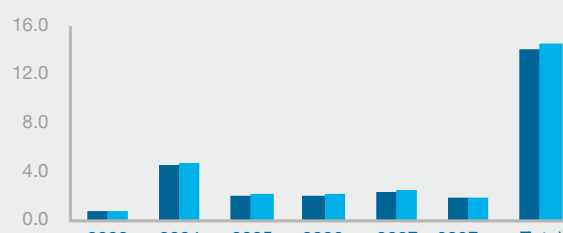
	TOTAL
Balance 1 January 2022	62.0
Capital expenditure (Investments)	7.2
Capitalised interest	1.3
Revaluation	-11.5
Balance 31 December 2022	59.1
Market value 31 December 2022	58.9

ANNUAL EXPIRATIONS AND REVERSIONARY OTHER G4



■ Contract rent (€m)	3.0	2.4	6.1	2.5	3.1	6.5	23.6
■ ERV (€m)	3.0	2.2	6.1	2.6	3.1	6.4	23.4
# Contracts	167	37	34	25	19	26	308
Reversion	-1.9%	-5.5%	0.8%	0.5%	2.3%	-1.1%	-0.6%

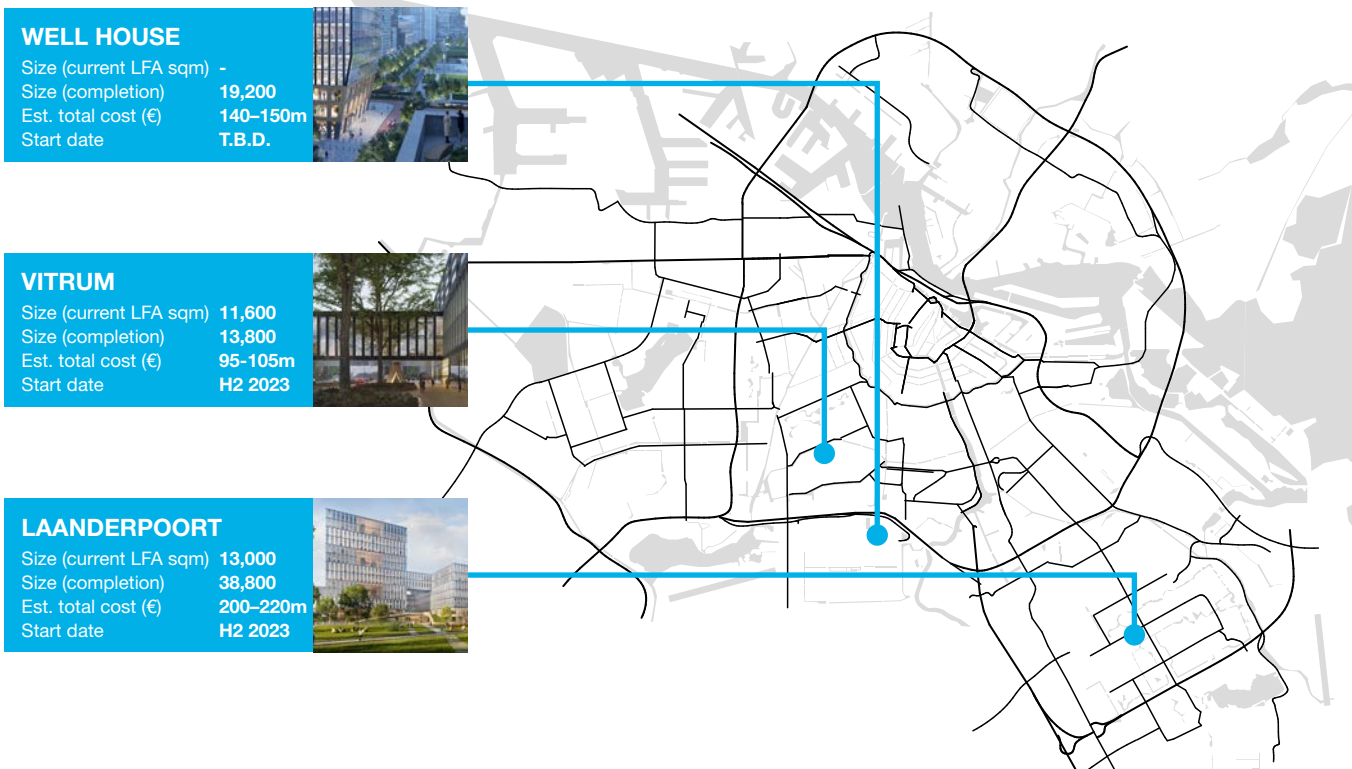
ANNUAL EXPIRATIONS AND REVERSIONARY OTHER NETHERLANDS



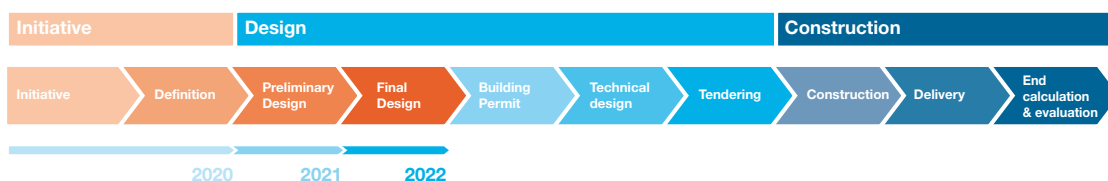
■ Contract rent (€m)	0.9	4.6	2.1	2.1	2.4	2.0	14.0
■ ERV (€m)	0.9	4.8	2.2	2.2	2.6	1.9	14.5
# Contracts	53	20	18	10	12	18	131
Reversion	-1.2%	5.1%	5.1%	3.5%	6.7%	-3.3%	3.6%

DEVELOPMENT PIPELINE OVERVIEW

THREE PROJECTS IN AMSTERDAM

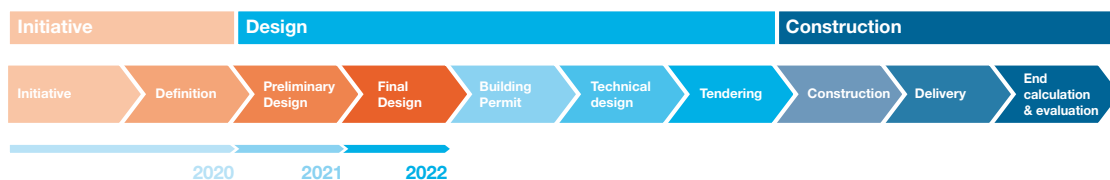


VITRUM

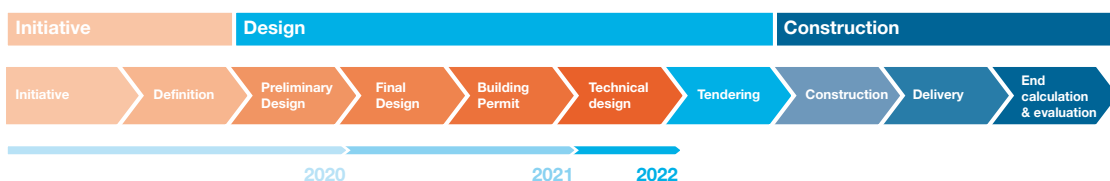




LAANDERPOORT



WELL HOUSE



BALANCE SHEET, NTA AND FINANCING

NET TANGIBLE ASSETS

EPRA NTA per end of December 2022 is € 886m, down 6.8% compared to the end of 2021 (€ 950m), 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 the stock dividend, EPRA NTA per share decreased by 8.4% from € 48.23 at the end of 2021 to € 44.17 at the end of 2022.

FUNDING

At the end of 2022 NSI amended and extended its € 80m Term Loan. The loan has been scaled back to € 50m and the maturity has been extended from its original maturity date in April 2023 to December 2026. Given the interest rate hedging already in place, the overall funding cost in Q4 2022 was not impacted.

Consistent with NSI's strategy to integrate sustainability into all aspects of its business and operations, the amended facility includes a sustainability-linked interest margin mechanism, in line with the revolving credit facility ("RCF").

NET DEBT (€M)

	Dec.2022	Dec. 2021	Change
Debt outstanding	353.2	391.4	-38.2
Amortisation costs	-1.6	-1.6	0.0
Book value of debt	351.6	389.8	-38.2
Cash and cash equivalents	-0.2	-7.7	7.5
Debts to credit institutions	14.0	0.0	14.0
Net debt	365.5	382.1	-16.6

Net debt is down by € 16.6m compared to the end of December 2021. This is primarily due to disposals totalling € 17.2m (net of transaction costs).

At the end of 2022 NSI has circa € 283m of committed undrawn credit facilities at its disposal. The average loan maturity is 4.7 years (December 2021: 4.9 years), with only one loan maturing in 2023 (€ 66m) this ensures sufficient flexibility and capacity to fund the development pipeline and selective acquisitions.

At year-end 81% of debt drawn is unsecured (90% of available debt). The average cost of debt is slightly lower at 2.0% (was 2.2% per the end of 2021) due to lower swap costs and a lower level of utilisation of the RCF.

LEVERAGE AND HEDGING

The LTV is 28.7% at the end of 2022, 0.5 percentage points higher compared to December 2021 (28.2%), driven by negative revaluations of assets in 2022 and partly offset by lower net debt.

The ICR stands at 6.3x at the end December 2022, compared to 6.5x at the end of December 2021. This is the result of lower NRI during 2022, due to disposals, and is partly offset by lower swap costs. The ICR remains firmly above the 2.0x covenant.

COVENANTS

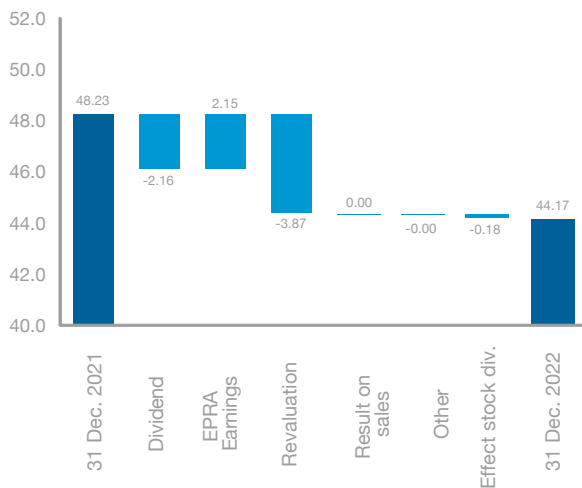
	Covenant	Dec. 18	Dec. 19	Dec. 20	Dec. 21	Dec. 22
LTV	≤ 60.0%	36.9%	27.4%	29.2%	28.2%	28.7%
ICR	≥ 2.0x	5.5x	6.8x	7.2x	6.5x	6.3x

"It's our belief that a more sustainable portfolio is vital to the business."

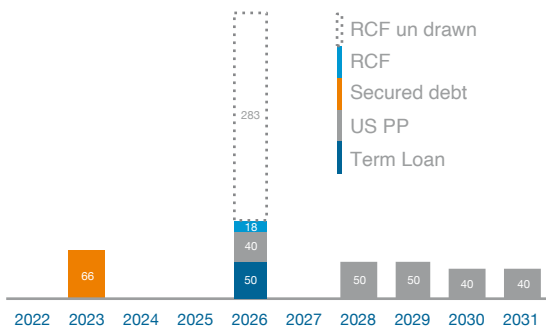
Alianne de Jong
CFO

NSI is using swaps to hedge interest rate risk on variable rate loans. Due to the reduction of the term loan, the volume hedge ratio has temporarily increased to 104% (target range: 70-100%). The weighted average maturity for the derivatives and fixed rate loans is 3.9 years at the end of December 2022. The maturity hedge ratio is 82.1% (target range 70-120%).

BRIDGE EPRA NTA PER SHARE (€)



MATURITY PROFILE



2ND GREEN FINANCING AGREEMENT

NSI is convinced that the pursuit of sustainability in all of its activities and initiatives is critical to the long term viability of NSI as a business.

This is also reflected by the inclusion of a sustainability linked mechanism in the in 2022 amended and extended term loan with ABN Amro, Rabobank, ING and Belfius.

The interest margin of this loan will be adjusted based on the performance on four indicators: an energy intensity reduction target in line with the CRREM1 decarbonisation pathway, the percentage of the portfolio that is aligned with the EU Taxonomy, the average BREEAM score of our portfolio, and our GRESB rating.

Alianne de Jong, CFO: *“The inclusion of the sustainability-linked mechanism aligns with NSI’s belief that a more sustainable portfolio is vital to the business’ long-term financial viability and performance. This is the 2nd green financing arrangement, demonstrating how we place the importance of sustainability at the heart of how we operate.”*



RISK MANAGEMENT AND INTERNAL CONTROL

GOVERNANCE

The Management Board is responsible for the organisation, implementation and functioning of the internal risk management and control systems that are geared to NSI's business activities. NSI has an adequate risk management and internal control system in place. The Board is however aware that risk management and control systems cannot provide an absolute guarantee with respect to achieving the business objectives and preventing significant errors, losses, fraud or the violation of laws or regulations.

The scope of the Supervisory Board's supervision includes the design and operation of the internal risk management and control systems. The Audit Committee supports the Supervisory Board in the performance of this supervision. The Management Board and the Supervisory Board consider effective risk management to be a critical success factor whereby the 'tone at the top' is crucial. Ownership and management of all (identified) risks is assigned to the management board and is managed and monitored during the year in cooperation with senior management.



STRATEGY

NSI has a long-term investment strategy for its real estate investments and monitors the risks associated with its investment policy. Control measures have been implemented with regard to this policy and the monitoring of the ensuing results and effects. A system safeguarding the policy, guidelines, reporting systems and segregation of duties has been set up and put into operation in order to execute these control measures. The organisational structure and corporate strategy are focused on maximising shareholder returns with a conservative risk appetite.

Sustainability is an integral part of NSI's long term value creation strategy. Our business model is geared towards minimising our carbon footprint, offering and developing future-proof buildings and

create healthy, inspiring and flexible working environments for our clients and employees

RISK ACCEPTANCE AND RISK APPETITE

In general, the total risk appetite of NSI is low to medium, in line with the company's objective to generate consistent long-term results for its shareholders and other stakeholders such as its employees, tenants and suppliers.

NSI has a clear strategy aimed at pursuing growth within the G4-cities (Amsterdam, Den Haag, Rotterdam and Utrecht), Eindhoven and Leiden, with a well-defined asset strategy using clear acquisition and divestment criteria. During the past years, NSI has sold its retail portfolio and office assets in non-core cities. As from 2020, NSI started to

increase investments in development of properties, which leads to a change in its risk profile. Inevitably, the implementation of the strategy involves incurring risk.

Within this framework NSI is prepared to accept risks associated with doing business in the currently changing property market environment in a responsible and well-considered way, as well as in line with the interests of its stakeholders. Operational risks must be kept under control as well as possible, and NSI regularly reviews the effectiveness and efficiency of its operational processes for this purpose.

The risk appetite regarding financial risks is low. NSI's financial policy can be described as conservative, as evidenced by the conservative financing objectives stated in the strategy chapter. NSI's policy regarding the hedging of interest rate risk is defensive and does not allow speculative positions. NSI set specific hedging ratios to monitor this risk. With regard to the risks associated with its assets and cash flows, NSI aims to be insured in a conservative way and in line with market practice where possible and financially responsible.

The risk appetite in terms of compliance is zero, meaning that all laws and regulations must be adhered to. This is also a required basic principle linked to NSI's status as a Dutch REIT (fiscale beleggingsinstelling or FBI). NSI and its employees must act with integrity, honesty and in compliance with laws and regulations. NSI has also formulated clear principles for this which are laid down in various codes and regulations.

RISK AND CONTROL FRAMEWORK

The NSI risk and control framework is based on the Enterprise Risk Management (ERM) model and the related COSO framework (developed by the Committee of Sponsoring Organizations of the Treadway Commission). The risk and control framework is assessed regularly in consultation with advisors; changes are made if required.

NSI has an adequate risk management and internal control system in place. An important element of the internal control system is a management structure that enables effective decision-making. Strict procedures are followed for the preparation of monthly, quarterly and annual reporting of results based on the company's accounting principles. Annual and quarterly budgets and forecasts are prepared by the Management Board and approved and set by the Supervisory Board. Based on an integrated ERP system combined with a data warehouse, Business Intelligence tools and Excel applications, the internal management reporting system is designed to track developments in all relevant parts of the financial and operational results, as well as monitoring company performance using key performance indicators.

A back-up and recovery plan is in place, making use of external data centres, to ensure that data is not lost in the event of a calamity or cyberattack.

The Audit Committee discusses the findings of the independent external auditor regarding the company's internal control environment with the Management Board and the independent external auditor, and monitors compliance with recommendations and follow-up action on comments made by the independent external auditor. Throughout the year, the findings of the internal audits were also discussed with the Audit Committee.

In the year under review all important decisions with regard to the acquisition, redevelopment and divestment of properties were discussed and assessed during regular meetings of the Real Estate Committee.

Real estate transactions valued below € 5.0m may be entered into by the Management Board without the prior approval of the Real Estate Committee. Approval of transactions valued at between € 5.0m and € 20.0m is delegated by the Supervisory Board to the Real Estate Committee, which consists of two members of the Supervisory Board with specific expertise in the field of real estate. Transactions valued above € 20.0m need approval from the entire Supervisory Board after receiving the advice of the Real Estate Committee.

In 2022 the full risk and control framework was reviewed by the management board and senior management. Likewise, the completeness of the identified risks was discussed with the Audit Committee.

Based on this review, the sustainability risk under Strategic risk had been split into two separate risks: the Transition risk and the Physical risk of climate change. This is based on the fact that sustainability is more and more important and as such is considered as preconditional for our business. Furthermore, a separate Supply chain risk is added under Operational risks. Other risks have been redefined to better reflect the actual risk.

RISK ASSESSMENT AND MONITORING

NSI measures and assesses risks using tools including scenario analysis models in which the impact of variables can be set. The outcome of these models results in more awareness of the sensitivity of our business model and strategy. In addition, budgets and the periodically updated forecasts are based on the actual state of affairs in order to generate scenarios containing the most up-to-date information. Risks are hedged or minimised where possible.

High-impact risks are risks that could have a material impact on NSI's income statement and / or the balance sheet, the company's financing covenants or its reputation.

Low impact risks have a limited impact on the company's results or financial position. Risks that have an average impact could have a large enough impact to require an explanation should they occur, although not large enough to have a material impact on results.

The likelihood of a risk occurring may be low but the possible impact may be high, as may be the case in the event of a large calamity. For this reason, NSI attaches equal importance to risks that are less and more likely to occur. NSI monitors the high-impact risks more frequent. By monitoring throughout the year, NSI assesses whether the estimated impact of all identified risks is still in line with the actual situation.

RISK MANAGEMENT AND CONTROL IN 2022

INTERNAL AUDIT

The Company has not appointed an internal auditor as specified in best practice provision 1.3.1 of the Dutch Corporate Governance Code.

NSI appointed a third party for a three-year period to assist (co-sourcing) in fulfilling the internal audit function.

At the end of 2021 a new internal audit plan was drawn for the period 2022 to 2024. The plan is based on a high-level risk assessment of NSI's primary and supporting processes. The risk factors applied are based on qualitative factors like sensitivity to fraud, manual input, nature of the process, possible impact and number of transactions. This internal audit plan was discussed with and approved by the Audit Committee.

For key and / or high-risk processes, this was a full scope review, aimed at the effectiveness of the design of the process as well as the effectiveness of the control measures. For a full scope audit, extensive testing of control measures and transactions took place.

For medium or low risk processes a limited scope review was done, with a focus on reviewing the design of the control measures with limited testing of these measures.

Based on the outcome, an action plan was made to make adjustments or improvements to the internal control procedures. Follow-up audits were performed on an annual basis to review whether prior year management actions were indeed taken.

In 2022, the following processes were reviewed:

- Acquisitions and disposals of real estate (full scope);
- Technical management of real estate (limited scope);
- Accounts receivable (debtors) (limited scope);
- Project Development (limited scope).

Overall, no significant findings were found in the audit of the design, implementation and operational effectiveness of the internal controls of the respective processes. Furthermore, a review of fraud risks in relation to the above-mentioned processes is also in scope of these audits. Also, no significant findings came out of this review process.

A follow-up audit on the findings and recommendations of the processes which were reviewed in 2020 and 2021 was also performed. The progress with respect to the follow-up of the prior year audits was: 49% of the recommendations were completed, 25% is in progress, whereas for 26% follow-up still needs to be started. None of the recommendations that are still pending are considered significant.

The results and findings of the audits were discussed with the Audit Committee, after which the outcome was assessed by and shared with the independent external auditor.

FRAUD RISK ASSESSMENT

The management of fraud risks is an integral part of NSI's risk management. In 2022, NSI has conducted a separate fraud risk analysis in order to assess whether potential fraud risks are adequately mitigated or controlled within NSI's internal control environment, to identify if there are any risks that are not (yet) adequately mitigated, and if there are shortcomings for which additional measures should be taken. Amongst others, for the fraud risk analysis, NSI used the information as presented in the publication by IVBN 'Beheersing van frauderisico's in de vastgoedsector' (February 2018).

For each process/activity, the potential fraud risks that could apply, and the control measures that are already in place, were identified. Activities were categorized in three main categories for this purpose;

- General: Culture and Governance
- Primary processes/activities (including acquisitions and dispositions of assets, commercial and technical asset management and development of real estate);
- Supporting activities.

The main potential fraud risks related to our business are: anti-bribery and corruption (e.g. money laundering), transactions with fraudulent

parties, self-enrichment and manipulation risk. This fraud risk analysis shows that adequate mitigating measures are in place with respect to several fraud risks. The deeply implemented separation of duties and the way in which decision-making and power of attorney are embedded in a small organisation like NSI contribute significantly to this. Furthermore, the assignment of external appraisers in the valuation process and the standardisation of processes and formats in general are also important mitigating measures in this regard.

In 2022 BDO performed a review on the fraud risk analysis as prepared by NSI in 2021. The purpose of this review was to assess the way in which the analysis was prepared and to provide feedback on it in order to support NSI in identifying company-specific fraud risks and managing these risks.

The general outcome of this review was that all risks were identified and current controls mitigate the risks defined. Improvement could be made in the field of more explicitly linking risks and mitigating measures. The recommendations of the review have been implemented in the fraud risk analysis of 2022.

The outcome and conclusions of the fraud risk assessment have been discussed in both the management board as the audit committee. As a result of this fraud risk assessment no major issues were observed.

INTEGRITY CODE AND RULES

In 2022, the existing Code of Conduct (based on the Code of Conduct published by the IVBN) was updated.

All new employees receive the Code of Conduct, for which they have to sign-off. All employees need to (re-)confirm the integrity code and rules on an annual basis.

The Code of Conduct of NSI is also applicable to suppliers with respect to chain responsibility. There have been no known incidents in relation to fraud or integrity in 2022.

SUSTAINABILITY, HEALTH AND SAFETY

Sustainability is an integral part of NSI's long term value creation strategy. As a real estate company, our business is exposed to both transition and physical risks and opportunities from climate change. NSI deems that both climate change risks could become more material due to rapidly changing (compliance and reporting) legislation. As part of our risk assessment process these climate risks are fully integrated and NSI has identified the possible mitigating measures to implement to control the climate and financial consequences of those risks.

Our sustainability ambitions are geared towards minimising our carbon footprint, offering and developing future-proof buildings and create healthy, inspiring and flexible working environments for our clients and employees

TRANSITION RISKS

For all objects acquired in the past years, due diligence has shown that the respective buildings comply with applicable laws and regulations. This also applies to all transformation and renovation projects. In each acquisition or investment proposal the level of sustainability of the specific asset has been assessed, including the identification

of further required or desired improvements (including the financial impact) in line with our ambition.

We have improved the BREEAM credentials of our existing assets over the past years; as per yearend 2022 already more than 60% of the portfolio has a BREEAM score of 'Excellent' or 'Very Good'. We aim to achieve at least BREEAM 'Very Good' for all existing assets by 2025 and where viable we will upgrade assets to BREEAM 'Excellent'.

NSI's portfolio is fully compliant with the energy label C obligation which has become effective as from 1 January 2023. As per yearend 2022 88% of NSI's portfolio has energy label A or better.

In 2022, with respect to our net zero carbon ambition per 2035, a Paris Aligned Roadmap has been prepared, including a technical and financial impact analysis for each individual asset.

PHYSICAL RISKS

In 2020 and 2021 we performed a risk assessment, based on the positioning / locations of our individual properties, in relation to the most apparent physical risks due to climate changes in the Netherlands as foreseen by climatologists / experts for the year 2050.

In 2022, based on this investigation a further analysis on individual property level was performed by a third party. In this analysis, the vulnerability without any mitigating measures of each asset was determined. The existing mitigating measures were mapped and measures that are additionally needed to mitigate the risks were determined and prioritised.

Further detailed information on sustainability can be found on pages 138 to 142 on environmental, social and governance performance.

As in 2021, NSI's independent auditor PricewaterhouseCoopers Accountants N.V. has provided a limited assurance opinion on the reported sustainability and non-financial KPIs (pages 133 to 134) for the financial year 2022. This limited assurance is an intermediate step in the transition to an integrated annual report, in which the full sustainability information will be in scope in line with the Corporate Sustainability Reporting Directive (CSRD), which is expected to be applicable for NSI as from 2025.

DATA AND CYBER SECURITY

DATA SECURITY

During 2022 one incident occurred in relation to data security: during a short period of time a number of employees unwittingly obtained certain user access rights within the ERP-system. The involved employees were unaware of their change in access rights.

As soon as the incident was detected, user access rights were corrected and the process for changing user access rights was amended to prevent similar incidents in the future.

Furthermore, a detailed investigation was started to analyse whether improper use of the system lead to data integrity issues. The method of investigation and the results were reviewed by NSI's internal auditor. No breaches in relation to data integrity were detected during this investigation.

CYBER SECURITY

In 2021 an update of the IT Business Continuity Plan was drawn up, including an assessment of the risk of business interruption due to possible vulnerabilities in our key applications as a consequence of data leaks and breaches.

Furthermore, in 2021, the migration of the main ERP system to a private cloud environment was executed and we started the decommissioning of the remaining traditional data center.

In prior year, a third party has performed a penetration test to identify and test the vulnerabilities of NSI's IT Infrastructure and systems. There were no critical particularities detected.

One of the identified risks was a lack of awareness on new methods of phishing with our employees. In February 2022 we organised awareness sessions on this topic for our full staff.

The key applications supporting our business operation activities are SaaS solutions. The outcome of our review is that the risk of business interruption due to system failures is considered as very low. Given the upgrade to a full cloud based IT-environment and the absence of any local servers, the added value to perform a penetration test again is very low.

Therefore, at the end of 2022, NSI selected a SOC / SIEM-provider (Security Information and Event Management / Security Operations Center) as a preventive monitoring control for detecting and reporting any possible ransomware attacks or cyber security breaches.

DUTCH REAL ESTATE TAX REGIME - FBI

In its tax plan for 2023 Government pre-announced plans to abolish the FBI regime per 1 January 2025, at which time NSI is set to become a corporation (NV) subject to a normal 25.8% corporation tax rate, equating to an effective tax rate of circa 10% to 12% on commercial profits. The exact details on the legislation to end the FBI regime in 2025 will only become available in 2023.

In 2022, NSI started an extensive analysis of the potential implications and started mapping potential scenarios to alleviate the impact of losing the FBI-regime. External advisors have been appointed to support this process.

NSI expects that there are several restructuring opportunities available to lower the effective tax rate below the 10% to 12% indicated. Re-domiciling NSI is one of the more extreme options available. The final outcome of the analysis is expected after final agreement on FBI-legislation.

Standing to lose the FBI regime is perhaps not all negative, as it opens up new opportunities for NSI to explore. For example, we could potentially sell development projects; we could set up JVs more easily to manage our overall capital/risk allocation more effectively; we could explore fund management; and we could start to provide more types of services to our customers and potentially offer these directly (and make a margin).

NSI is still lobbying for a reversal, jointly with our listed peers and other stakeholders.

STRATEGIC RISK

Appetite: NSI pursues focus and growth (in defined locations) with a well-defined portfolio strategy by applying clear acquisition and divestment criteria. Within the framework, NSI is prepared to take risk inherent in the chosen strategy in a responsible way and in line with the interests of its stakeholders.

Risk category	Description of risk	Mitigating measure	Assessment	
			Impact	Probability
MACRO-ECONOMIC ENVIRONMENT Executive responsible: <i>Bernd Stahl</i>	<p>The wider macro-economic and geo-political landscape and outlook has structural and cyclical implications for overall business activity. Low business confidence could lead to a reduction in tenant demand, investment demand, or both, impacting property valuations and our ability to acquire or sell assets. It may also impact our cashflow and vacancy position.</p> <p>A structural or temporary imbalance between global supply and demand dynamics at the macro level in general could result in high levels of inflation, with a possible impact on revenues and level of costs.</p>	<p>NSI invests only in the Netherlands, which historically has been politically and economically stable, and within the Netherlands NSI invests mostly in the G4 cities (Amsterdam, Utrecht, Rotterdam and The Hague), Eindhoven and Leiden (life sciences real estate). These cities are seen as most robust in terms of economic outlook and tenant demand and generally have the best levels of transparency and liquidity in the transaction market.</p> <p>Most of NSI's rental contracts include an indexation clause. With respect to expenses NSI has fixed price contracts for electricity and gas.</p> <p>Variable rate loans are typically hedged through interest rate swaps.</p>	Below average	High
MARKET VALUE OF PROPERTIES Executive responsible: <i>Alianne de Jong</i>	<p>The market value of properties is fundamental to a capital intensive business as NSI, in particular in the calculation of NAV. There is an inherent risk that the properties in the portfolio are incorrectly valued, which may result in a misstated equity position, misstated indirect results, reputational damage and the potential for claims due to false expectations being generated among stakeholders.</p> <p>In the markets in which NSI operates property yields are lower as a result of which valuations have become more sensitive to yield shifts.</p> <p>Appraisals currently hardly reflect any transition costs (sustainability capex) to Paris-alignment. The risk is that this will increasingly happen the coming years, which for certain assets may lead to lower valuations.</p>	<p>The NSI property portfolio is externally appraised twice a year (on 30 June and 31 December) in line with the RICS valuation standards. NSI uses only a select number of reputable valuers to appraise its assets.</p> <p>NSI is focusing predominantly on high-quality properties in the G4, Eindhoven and Leiden which are the most liquid markets, so that relevant and up to date comparable transaction evidence generally exists.</p> <p>NSI also ensures its internal asset data information is up to date so that all the relevant data is available to support the valuation process.</p> <p>NSI uses an internal LTV target range of between 35% - 40%, which is lower than the LTV debt covenant of 60%. This ensures that NSI has the capacity to absorb sudden adverse movements in asset valuations.</p> <p>For every asset in its portfolio NSI has calculated the (financial) impact and has set a realistic timeline to stay below the CRREM-pathway. This is incorporated in a long term capex and maintenance plan. The effects are also included in asset business plans and buy/hold decisions as part of regular asset rotation.</p> <p>In the underwriting of potential new property acquisitions, as part of the due diligence, NSI will perform an impact analysis of costs and benefits to upgrade the respective property to Paris aligned.</p>	Above average	High
CHANGE IN TENANT DEMAND Executive responsible: <i>Bernd Stahl</i>	<p>Our clients recognise that in addition to facilitating, where appropriate, working from home, a high quality and healthy workplace environment is key to attracting and retaining talent. As a result, the focus is increasingly on better locations, better services, more flexibility and adherence to the highest ESG standards.</p> <p>Working from home may also result in our clients selectively using less space overall.</p> <p>Furthermore, continued urbanisation will see tenant demand structurally concentrate in fewer locations. Not being able to meet future tenant demand may result in structurally high vacancy levels, resulting in lower financial results and lower valuations of NSI's properties.</p>	<p>NSI is constantly evaluating whether its properties continue to meet the need of (potential) clients and whether changes are needed.</p> <p>NSI is focusing on high-quality, larger, efficient and sustainable properties in vibrant inner-city locations or near transport hubs, mainly in the G4. We believe this is where our potential customers want to be located and can find the relevant talent to run their businesses and where NSI, because of the multi-functional, vibrant location and size of the properties is able to provide relevant services on a profitable basis.</p>	Below average	Above average
COST OF CAPITAL Executive responsible: <i>Bernd Stahl</i>	<p>Any listed company, in particular in real estate, is to a certain extent dependent on its shareholders to provide it with an attractive cost of capital. There is a risk that elements of the business are deemed structurally unattractive, resulting in a structurally high overall cost of capital, which could impair the ability of the business to operate efficiently or profitably.</p>	<p>NSI has a clear strategy focussed on long term value creation for all stakeholders. NSI runs a focussed high quality portfolio on a cost efficient basis that should result in an attractive stable dividend. Furthermore NSI looks to generate value by active asset management, interesting acquisitions and by pursuing , value-add opportunities and a pipeline of profitable (re-) development opportunities to drive growth, to lower its cost of capital.</p>	High	High

Risk category	Description of risk	Mitigating measure	Assessment	
			Impact	Probability
COMPETITION Executive responsible: <i>Bernd Stahl</i>	By focussing on selective high-demand economic growth markets there is a risk that other investors see the same attractiveness of these locations and that competition for assets can be fierce.	NSI has built up an extensive local network in the industry. This, in combination with our execution power and strong financing capacity, means we see most to market opportunities.	Below average	Above average
	NSI offers a mix of space and services in locations where other landlords and serviced office operators are active. The risk is that the space / product of competitors is better, or more attractively priced.	NSI believes property is about location, sustainability and services. We pursue leading positions in all of these, to make sure our product offering is competitive. NSI also pursues a strong relationship with its customers and tracks its NPS score to understand if it still meets customer needs.		
CONCENTRATION Executive responsible: <i>Bernd Stahl</i>	A concentration of assets or activities in one market segment may result in a high correlation in the performance of these assets or activities and so have a significantly adverse impact on the overall business in certain unforeseen circumstances.	NSI takes the view that concentration does not have to be a negative. It is better to be good in a few things in the most promising locations, than being moderate in lots of markets.	Low	Low
		Whilst NSI's portfolio has become more concentrated in recent years, there is still plenty of diversity in terms of locations, micro-locations, tenant profile, lease terms and lease conditions. NSI is focussing on multiple locations in the G4 and pursues a multi-tenant strategy in its portfolio to spread its tenant risk and increase diversification.		
SUSTAINABILITY - TRANSITION Executive responsible: <i>Bernd Stahl</i>	The risk whether a property is and will continue to be aligned to current and future sustainability requirements, in particular EU-taxonomy and the Paris Agreement.	Sustainability is an integral part of our long-term value creation strategy. Our efforts are geared towards minimising our carbon footprint.	Below average	Above average
	NSI will have to be able to anticipate and respond to changing legislation and changing needs and expectations of our stakeholders with regard to sustainability standards.	NSI actively tracks the status of its portfolio with respect to (new) codes and rules in the field of sustainability. For potential acquisitions (and for all new developments), the due diligence process includes an assessment of whether the asset complies with all the relevant codes and rules.		
	Due to a general push to improve the sustainability standards in all aspects of society, there may be a higher risk of scarcity of sustainable raw materials resulting in increasing costs.	We operate all properties in line with our ISO 50001 Energy Management system ensuring we measure, manage and monitor our energy performance.		
	Reporting requirements on ESG are being upped all the time. Due to lack of (timely) available relevant data, NSI may not be able to meet new reporting requirements in time.	NSI has established a roadmap for each individual property, to stay below the Dutch office CREM pathways, to reach our ambition of net zero in 2035.		
	The risk of not being able to meet sustainability requirements could reduce the attractiveness of our properties (and as such the demand for and value of our properties) and impact our reputation, as well as the ability to attract new employees and the attractiveness of NSI's shares to (potential) shareholders. Worst case this could (for specific properties) result in the loss of our 'license to operate'.	NSI uses external parties to set-up and review its ESG reporting requirements. The independent external auditor provides limited assurance on the reported ESG measure.		
SUSTAINABILITY - PHYSICAL RISK OF CLIMATE CHANGE Executive responsible: <i>Bernd Stahl</i>	Due to unfavourable climate changes there is an increasing risk of physical damage to our properties (which cannot be fully covered by insurance) and the inability to offer the required quality and comfort level to the occupiers of the properties.	NSI regularly performs an assessment of the current and future impact of the four relevant physical risks with respect to our real estate portfolio (on an individual asset level) and the health and wellbeing of the occupiers of these properties.	Below average	Below average
	The risk of not being able to meet the climate challenges could reduce the competitiveness and as such the demand for our properties, which could have a negative impact on asset valuations and could result in reputational damage.	These physical risks consist of heavy rainfall and surface level flooding, river flooding and coastal surges, drought and heat stress. Based on this assessment to ensure risk mitigation, we redefine (improve) the building specifications & requirements (like quality of climate systems and water management systems) for both all refurbishments and new developments.		

OPERATIONAL RISK

Appetite:

NSI is actively managing its real estate portfolio, driving returns for shareholders through income generation and the pursuit of long term value-add. This comes in a mix of a stable pool of income-generating assets, in combination with asset rotation and the acquisition of potential (re-)development opportunities to provide potential growth. This implies an average risk appetite.

Risk category	Description of risk	Mitigating measure	Assessment	
			Impact	Probability
QUALITY OF EMPLOYEES Executive responsible: <i>Bernd Stahl</i>	<p>An active real estate company relies on highly skilled employees to execute its strategic objectives. The risk is that NSI is unable to attract and retain talent (in particular key personnel) to further the business, due to the business strategy or wider reputation of NSI, but also due to shortages of qualified employees.</p> <p>A high employee satisfaction level and a good mental health of employees is key to the durable success of NSI.</p>	<p>NSI management recognises recruiting and retaining the right employees is of the utmost importance.</p> <p>Management constantly evaluates the level and composition of staff in light of its strategy and execution thereof and takes action if / when needed.</p> <p>NSI encourages employees to invest in themselves, offering both in-house and external training programs, providing regular feedback on performance, and offering competitive levels of remuneration.</p> <p>On a regular basis, NSI performs an employee satisfaction survey to obtain insight on how employees experience the working environment and culture. Based on the outcomes, actions for improvement are identified and rolled-out.</p> <p>NSI recognises that a healthy work-life balance and having a meaningful role is the basis for having happy and productive employees. NSI recognises that selective work from home can contribute to this.</p>	Above average	Above average
FRAUDULENT TRANSACTIONS Executive responsible: <i>Bernd Stahl</i>	<p>The risk of NSI doing business with parties that are found not to operate in good faith, are fraudulent or have a bad reputation. It also concerns the risk of our employees being part of a fraudulent transaction.</p> <p>Both can have a negative impact on the results and reputation of NSI.</p>	<p>NSI only wishes to do business with parties of good standing and reputation. A KYC check is a fixed element in the due diligence process for acquisitions and divestments, as well as for new lease contracts, new suppliers or for entering into new partnerships.</p> <p>NSI has a Code of Conduct, which periodically has to be signed by each individual employee. Furthermore NSI has a 'whistle-blowers' policy to enable employees to report any activity that he / she considers dishonest or illegal.</p>	High	Low
EXECUTION DEVELOPMENT PROJECTS Executive responsible: <i>Alianne de Jong</i>	<p>This is the risk that NSI may not be able to successfully turn the development plans that exists on paper into profitable, attractive investment assets on completion through inadequate project management, poor timing of activities, unidentified issues (e.g. asbestos and ground conditions) and / or an inappropriate product and service offering to meet evolving occupier needs (including sustainability expectations and requirements).</p> <p>This may result in weak leasing performance, reduced or delayed property returns and reputational damage.</p>	<p>NSI has established an internal development department to ensure adequate project development skills, know-how and experiences.</p> <p>Before any (re-)development project is started, all potential project risks are identified and assessed and - where possible - quantified in a risk budget. This risk assessment is periodically updated at the end of each project phase. External advisors / specialists are consulted as part of this risk assessment.</p> <p>When the return prospect of a project meets the internal hurdle rate, taking into account all costs (including a risk provision) and planning timelines, a project will receive approval for proceeding to the next phase. NSI could also decide to pause or to terminate a project before construction start based on the risk assessment.</p> <p>For each phase, NSI is evaluating whether the planning has to be adjusted and what the consequences may be on quality, timing, execution and profitability of the project. During construction, NSI will use an external party for construction management to monitor timing, quality and costs of the development project against the planning. Finally, NSI regularly reviews the medium and long term development pipeline and prioritises planning and execution of potential projects based on potential profitability, complexity and current market circumstances.</p>	Below average	Below average
MAINTENANCE Executive responsible: <i>Bernd Stahl</i>	<p>Real estate requires regular maintenance and needs to be kept up to modern standards to remain attractive for potential tenants or buyers.</p> <p>Potentially there is a trade-off between delaying maintenance to drive short term profits and long term value creation at a short term cost to results, with the risk that necessary maintenance is delayed.</p>	<p>NSI prepares a multi-year maintenance planning for all assets. This is based on the input of tenants, suppliers, inspections (by third parties) and NSI's own technical department, taking into account NSI's sustainability ambitions.</p> <p>A minimum precondition is that all properties have to comply with all prevailing laws and regulations. NSI complies with the minimum C-label EPC requirement as per January 2023.</p> <p>NSI is using suppliers with a good reputation in order to safeguard the quality and reliability of the building works.</p>	Below average	Below average

Risk category	Description of risk	Mitigating measure	Assessment	
			Impact	Probability
SUPPLY CHAIN Executive responsible: <i>Bernd Stahl</i>	<p>During execution of development and maintenance activities, unexpected circumstances in the supply chain may occur like scarcity of materials, lack of resources (e.g. labour, advisors and contractors) and increasing market prices.</p> <p>Supply chain disruption may also result in the default of financially weaker (sub)contractors.</p> <p>This may have a negative consequence in terms of timing and profitability of these activities.</p>	<p>External advisors / specialists are regularly consulted to monitor (changing) market conditions.</p> <p>The financial standing and quality of references of contractors and subcontractors is reviewed prior to awarding contract(s).</p> <p>Within reason NSI aims to build in sufficient margin to absorb possible price changes or delays in projects or maintenance.</p>	Above average	High
TENANT SATISFACTION Executive responsible: <i>Bernd Stahl</i>	<p>The risk that rental income is impacted as a result of tenants not extending their contracts upon expiry, or by not signing leases to begin with, as a result of a low tenant satisfaction score that is widely acknowledged in the industry, increasing the vacancy ratio.</p>	<p>To mitigate vacancy risk, NSI pursues a multi-tenant strategy, aiming for long term contracts and a staggering of lease maturities to reduce vacancy risk.</p> <p>NSI is actively engaging with its customers and timely anticipates maturing lease contracts, whilst regularly monitoring tenant satisfaction. NSI is investing in its assets and its services in order to attract, retain and satisfy clients.</p> <p>When tenants do not renew their lease contract, NSI aims to have exit interviews to get valuable insights in the reasons why tenants are leaving.</p>	Below average	Above average
DATA AND CYBER SECURITY Executive responsible: <i>Alianne de Jong</i>	<p>Professionally managing and controlling risks associated with the continuity, availability, functioning and security (including compliance with prevailing privacy legislation) of the internal and external IT infrastructure and applications is of vital importance to NSI.</p> <p>The implication of not fully controlling IT risks (such as disruptions due to cybercrime) is that systems supporting the primary business processes may not be available and lead to the loss of relevant information or unauthorised access to information by third parties, with damage to reputation and image as a consequence. One consequence is that NSI may not be able to report internally or externally in a timely or correct way, which may have a negative impact on the decision-making process.</p>	<p>NSI focuses extensively on the security, continuity, quality, availability and transparency of its data and other information, and is advised by external parties.</p> <p>In the unlikely event of a calamity, there are procedures in place outlining regularly tested fallback and recovery scenarios, minimising the impact of disruption on the organisation.</p>	Below average	Below average
CALAMITIES Executive responsible: <i>Bernd Stahl</i>	<p>The risk of a calamity giving rise to extensive damage to one or more properties or to personal injury of people in the property, resulting in the potential loss of rental income, a lower direct and indirect result, and claims and legal proceedings by tenants. Reputational damage is also a risk.</p>	<p>Internal processes and procedures have been set up by NSI which are firstly aimed at preventing calamities.</p> <p>Regular checks of the processes and procedures by internal and external experts ensure constant improvement and reducing the probability of calamities.</p> <p>Fire protection and access / security procedures are in place in all of our properties.</p> <p>Furthermore NSI is insured against damage to its real estate, liability and loss of rent during periods of reconstruction and rental lease terms common in the industry. Coverage against terrorism, floods and earthquakes is limited due to current market practice.</p> <p>The cover of risks is compared against the premium cost on an annual basis. Local insurance policies on a property are covered by an overall uniform umbrella insurance policy.</p>	Below Average	Low
PANDEMIC DISEASES Executive responsible: <i>Bernd Stahl</i>	<p>Pandemic diseases, such as the Covid-19 outbreak, could lead to economic recession and affects both people and assets.</p> <p>The above risk can threaten the safe operation of NSI's properties, cause disruption of business activities and impact the well-being of our tenants as well as our staff. This may negatively impact the demand for office space, or the ability of our tenants to meet their rental obligations and may also result in a delay in the execution of development projects.</p> <p>As such the risk can have a material adverse effect on our earnings, cash flow and financial condition.</p>	<p>We seek to obtain the best possible information to enable us to assess the impact of such threats and risks.</p> <p>We conduct assessments for all our properties and activities, and implement appropriate measures to avoid, detect and respond to such risks.</p>	Below average	Above average

COMPLIANCE RISK

Appetite: NSI strives to fully comply with laws and regulations, meaning the risk appetite is zero.

Risk category	Description of risk	Mitigating measure	Assessment	
			Impact	Probability
INTEGRITY CODE AND RULES Executive responsible: <i>Bernd Stahl</i>	Unethical behaviour and breaches of applicable legislation and regulations, both by NSI staff as well as in NSI's supply chain, could result in reputational damage, claims and legal proceedings, leading to higher costs and a lower result.	NSI has a general Code of Conduct and related regulations in place. NSI complies with the Dutch Corporate Governance Code and the Financial Supervision Act (Wet op het financieel toezicht). The Internal codes are updated regularly in line with new legislation or other relevant changes in the market place. All employees are regularly trained in the applicable rules, including the Code of Conduct, the Compliance Code, the regulations applying to the Management Board and the regulations applying to the Supervisory Board and its committees. Procedures have been set up to ensure compliance, including signing an attestation by all employees on an annual basis.	Below average	Low
SUSTAINABILITY / HEALTH AND SAFETY LEGISLATION Executive responsible: <i>Bernd Stahl</i>	The risk that the portfolio does not comply with prevailing laws and regulations in the field of Sustainability and Health and Safety. This could result in a situation in which properties can no longer be used (occupied) and/or fines are imposed resulting in a negative impact on the value and marketability of the real estate properties. It could also result in reputational damage.	NSI is continuously checking the status of its current property portfolio with respect to (new) codes and rules in the field of Sustainability and Health and Safety. In the case of new acquisitions or developments, the due diligence process also includes an assessment of whether the asset complies with all the relevant codes and rules. NSI includes a standard provision in its lease contracts that tenants must obtain owner's approval before embarking on internal renovations (so that NSI can assess if the plans allow it to meet its own obligations such as fire safety). Lease contracts also stipulate that the tenant is responsible for any consequences as a result of these renovation works.	Below average	Below average
FISCAL REGULATIONS Executive responsible: <i>Alianne de Jong</i>	NSI has the status of a Dutch REIT (known in The Netherlands as an FBI) in accordance with section 28 of the Dutch Corporate Income Tax Act 1969 (Wet op de Venootschapsbelasting 1969). This means that NSI is subject to corporate income tax at a rate of 0%, provided that certain conditions are met. Failure to meet these requirements or a material change in the FBI regime could have a significant adverse effect on NSI, its results or financial position. In its tax plan for 2023 Government pre-announced plans to abolish the FBI regime per 1 January 2025, at which time NSI is set to become a regular corporation (NV) subject to a normal 25.8% corporation tax rate. The exact details on the legislation to end the FBI regime in 2025 will only become available in 2023.	Meeting the requirements of the FBI regime has been a continuous area of focus for the Management Board. NSI monitors the main risks relating to its tax position, including an 'activity test' for HNK and project development, the dividend distribution requirement, the composition of its shareholder base and the debt financing limits. NSI facilitates internal knowledge sharing, raising employee awareness and enabling them to identify relevant signals and where necessary obtain relevant (external) advice. Twice a year NSI and its independent external auditor determine whether the FBI requirements have been met. All this prevents NSI from being exposed to the risk of non-compliance with tax legislation. The high level of uncertainty over how the pre-announced plans to abolish the FBI regime in 2025 will take effect (and its ultimate implications for NSI), have required the management board to start an extensive, highly detailed, analysis of the potential implications, and start mapping potential scenarios to alleviate the negative implications of losing the FBI regime benefits (loss of competitive playing field vs non-listed operators). Tax optimisation strategies and potential new business lines that were previously prohibited under the FBI regime are part of this review. External advisors have been appointed to support this process.	High	Very high

FINANCIAL RISK

Appetite:

NSI has a conservative financial policy, meaning the risk appetite is low.

Risk category	Description of risk	Mitigating measure	Assessment	
			Impact	Probability
REPORTING Executive responsible: <i>Alianne de Jong</i>	<p>The reporting risk relates to the impact of incorrect, incomplete or untimely available information (internal and external), amongst others caused by constantly evolving requirement and legislation, which may impact decision making or lead to reputational damage and potential claims due to late or misleading statements to stakeholders.</p>	<p>NSI prepares and monitors a budget, investment budget and liquidity forecast, all of which are compared and updated with actual results on a quarterly basis. Reports are reviewed by management, as well as by finance and operational teams. Systems have been devised in such a way that checks can be performed on the data to safeguard the consistency and reliability of information.</p> <p>The half-year results are assessed by an independent external auditor prior and the full annual accounts are audited by the independent auditor.</p> <p>NSI employees regularly attend courses and meetings to be informed of all relevant laws and regulations so that all information produced by NSI complies with prevailing laws and regulations.</p>	Low	Below average
LIQUIDITY Executive responsible: <i>Alianne de Jong</i>	<p>Debt financing carries refinancing risks. The risk is that there is insufficient liquidity in place to meet the company's obligations at the moment of interest payment or repayment, meaning that the company suffers reputational damage or is subject to potential additional financing costs, which may lead to a lower direct result. In the worst case, such a situation may lead to the default of one or more loans, or bankruptcy of the company.</p> <p>The risk is also a lack of (re)financing availability due to increased ESG-requirements as a condition for providing funding by our financing partners, which NSI may not be able to meet.</p> <p>Furthermore the limited depth of the local Dutch financial industry in terms of number of actors in connection with NSI's own relatively small size potentially limits the possibility to attract new unsecured funding.</p>	<p>To limit liquidity risk, NSI has a strategy to diversify its external financing in terms of loan types, types of lenders, the maturity profile of its loans and repayment dates. NSI also has access to a flexible revolving credit facility (under which penalty-free redemption and draw-down of funds to agreed amounts are permitted). NSI addresses upcoming (re)financing maturities timely in order to decrease the risk associated with (re)financing and maintains a good and transparent working relationship with its financiers.</p> <p>NSI prepares a liquidity forecast at least on a quarterly basis, in which it performs stress tests and uses scenario analyses to closely monitor its performance and financial indicators in relation to its financial and non-financial covenants and reports on this by means of compliance certificates. In extreme cases additional equity may be issued to deal with impending liquidity issues.</p>	Below average	Below average
Interest rate volatility Executive responsible: <i>Alianne de Jong</i>	<p>Interest rate risks result from fluctuations in market interest rates. These fluctuations could potentially affect the interest expense in its financial reports and the market value of its derivative financial instruments.</p>	<p>NSI, as a long term investor in real estate, is aiming to secure debt financing on similarly long maturities. NSI is using hedging instruments to manage the interest rate risks on variable rate debt. NSI does not intend to speculate on interest rates.</p>	Above average	Above average
Credit / counterparty Executive responsible: <i>Alianne de Jong</i>	<p>Credit/counterparty risk exists when parties which have a debt to NSI are unable to meet their obligations to the company.</p>	<p>In general, the risk is mitigated by the fact that NSI has a large number of tenants throughout a variety of sectors.</p> <p>For every tenant NSI performs a creditworthiness check before entering into a lease. NSI is pro-actively monitoring its current tenant roster based on external information, on a regular basis, to assess whether changing circumstances have an impact on the overall tenant risk profile.</p> <p>NSI is pro-actively managing its debtor outstanding balances.</p> <p>In the case of financial counterparty risk, NSI only works with reputable financial institutions for its funding and hedging.</p> <p>In the case of suppliers a credit check is done in advance and furthermore NSI only works with reputable partners.</p>	Low	Below average

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In accordance with European and Dutch laws and regulations NSI has prepared its financial statements for the 2022 financial year based on EU-IFRS. The EU-IFRS result after tax includes unrealised movements in the value of real estate as well as changes in the fair value of derivatives.

NSI has decided to continue to report both its direct and indirect investment results in addition to its EU-IFRS result as it believes that these figures provide an important distinction.

In the view of the Management Board the direct investment result is relevant information for investors and shareholders which provides a better insight into structural, underlying results than the EU-IFRS result which also includes unrealised movements. Furthermore, NSI reports figures and indicators based on the guidelines published by the European Public Listed Real Estate Association (EPRA). These results are included in the overview that is not a part of the EU-IFRS statements.

MANAGEMENT STATEMENT

The effectiveness and functioning of the internal risk management and control systems are discussed each year with the Audit Committee and the Supervisory Board. Taking into account the aforementioned risks and the measures designed to manage

them, and in accordance with the best practice provision I.4.3. of the Dutch Corporate Governance Code, the Executive Board declares that to the best of its knowledge:

- the report provides sufficient insights in the effectiveness of the internal risk management and control systems and into any failings thereof;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- the section on risk management in the report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report."

With reference to Section 5.25c(2c) of the Financial Supervision Act (Wft), the Management Board declares that to the best of its knowledge:

- the financial statements give a true and fair view of the assets, liabilities, financial position and profit of NSI and the companies included in the consolidation;
- the management report gives a true and fair view of the situation on 31 December 2022, the state of affairs at NSI and its affiliated companies during 2022, the details of which are presented in the financial statements, and that the management report describes the fundamental risks facing the company.



CLIMATE RISKS

Both physical- and transition risk analyses provide additional insight into the overall risk profile of NSI's portfolio.

We are using *Carbon Risk Real Estate Monitor (CRREM)* for assessing and addressing transitional risk. More details about our plans to decrease our energy intensity in line with the 1.5c scenario decarbonisation pathway can be found on page 21.

A detailed climate risk assessment was undertaken in recent years, focusing on the most apparent climate-related physical risks in the Netherlands (pluvial flooding, flooding, drought and heat) as well as taking socio-economic consequences and transitional risks (related to the transition to a low-carbon economy) into account.



CLIMATE RISKS ANALYSIS

DROUGHT

Drought is measured according to the potential lack of rainfall over a longer period. As our climate changes, the Netherlands is expected to experience longer periods of warmer weather and a lack of precipitation.

While increased droughts can greatly affect the Dutch ecosystem and the agricultural sector, buildings can also be severely affected through land subsidence and rotting of wooden pile foundations as groundwater levels decrease.

HEAT

Heat stress is commonly defined as a physiological condition provoked by extreme heat, causing humans and animals to be unable to shed their heat and thereby overheating. There are several methods to approximate heat stress using geographic modelling. One such method is describing heat using the number of tropical days ($\geq 30^{\circ}\text{C}$) experienced per year. By 2050, the Netherlands is likely to experience temperatures higher than 35°C at least once or twice a year. Since people spend on average 90% of their time indoors, managing the impact of these heatwaves on the indoor environment and a building's ability to retain a productive working climate and temperature will be crucial.

The analysis was enriched in 2022 with more granular data about the buildings. The results of the risk analysis indicate that 7 assets have potentially a high risk and 2 assets score very high (out of a total of 49 assets).

PLUVIAL FLOODING (HEAVY RAINFALL)

It is expected that the amount of rainfall and the intensity of rainfall events in the Netherlands will increase significantly in the coming 30 years. Increase in heavy rainfall increases the risk of pluvial flooding. Pluvial flooding causes risks because of inflow of water to buildings as well as potential problems with accessibility of buildings.

It is expected that the amount of rainfall and the intensity of rainfall events in the Netherlands will increase significantly in the coming 30 years. Increase in heavy rainfall increases the risk of pluvial flooding. Pluvial flooding causes risks because of inflow of water to buildings as well as potential problems with accessibility of buildings.

The results of the risk analysis performed in 2022 indicate that 12 assets have potentially a high risk (out of a total of 49 assets). There were no assets that scored 'very high'.

SOCIO-ECONOMIC RISKS

The physical hazards that result from climate change, can and will continue to have a significant effect on the quality of human life. In addition to the physical hazards which could potentially affect the resilience and accessibility of assets, there are related socio-economic issues that need to be taken into consideration which could have an impact on an asset's value.

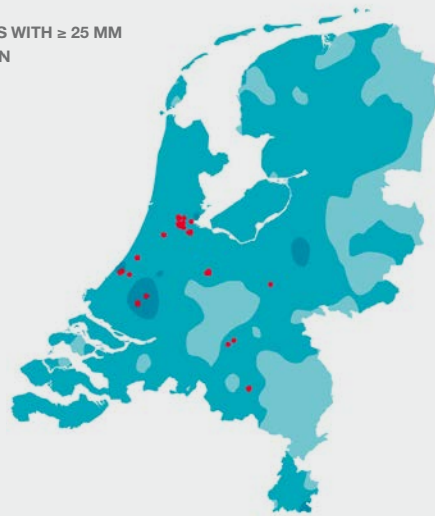
NSI can mitigate and adapt to these impacts through ensuring their assets are well connected and surrounded by green (space) and blue infrastructure (water elements). These measures can not only enhance the workability and usability of their assets but can also help reduce their vulnerability to the physical impacts of climate change. These measures should be taken in cooperation with local governments whenever possible.

PHYSICAL CLIMATE RISKS IN MORE DETAIL

NUISANCE BY PRECIPITATION 2022

AMOUNT OF DAYS WITH ≥ 25 MM OF PRECIPITATION

- 1 - 2
- 2 - 3
- 3 - 4
- 4 - 5
- 5 - 6



NUISANCE BY PRECIPITATION 2050

AMOUNT OF DAYS WITH ≥ 25 MM OF PRECIPITATION

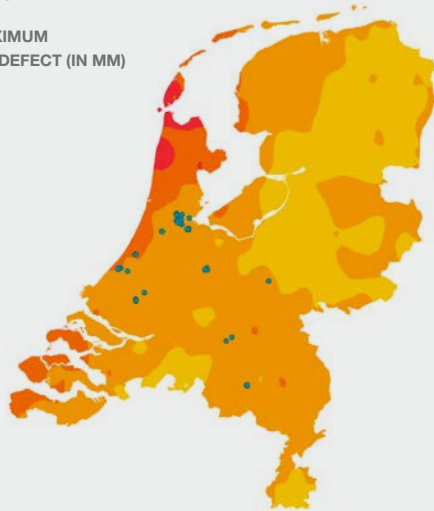
- 1 - 2
- 2 - 3
- 3 - 4
- 4 - 5
- 5 - 6



DROUGHT 2022

POTENTIAL MAXIMUM PRECIPITATION DEFECT (IN MM)

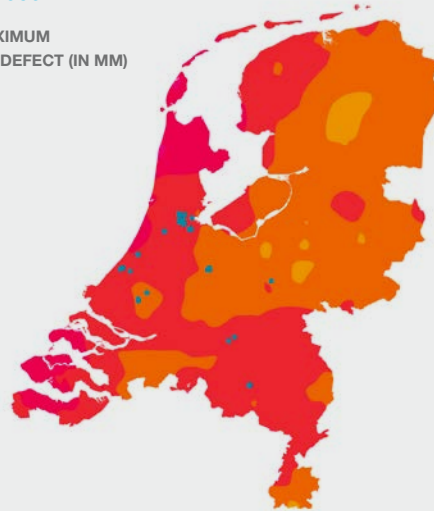
- 120 - 150
- 150 - 180
- 180 - 210
- 210 - 240
- 240 - 270
- 270 - 300



DROUGHT 2050

POTENTIAL MAXIMUM PRECIPITATION DEFECT (IN MM)

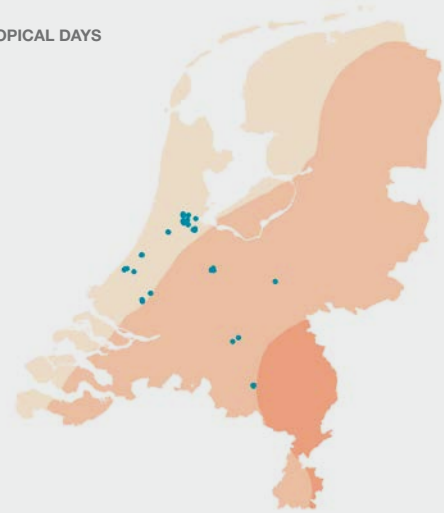
- 120 - 150
- 150 - 180
- 180 - 210
- 210 - 240
- 240 - 270
- 270 - 300



HEAT 2022

AMOUNT OF TROPICAL DAYS (MAX ≥ 30 °C)

- 0 - 3
- 3 - 6
- 6 - 9
- 9 - 12
- 12 - 15
- 15 - 18
- > 18



HEAT 2050

AMOUNT OF TROPICAL DAYS (MAX ≥ 30 °C)

- 0 - 3
- 3 - 6
- 6 - 9
- 9 - 12
- 12 - 15
- 15 - 18
- > 18



PROGRESSING ON OUR WAY TO PARIS ALIGNMENT

It NSI's ambition to reduce the actual energy intensity of all our buildings, in line with the aims of the Paris Agreement. In 2022, NSI established a detailed plan (see page 21 for more details), including an investment plan for each asset, including time line, to reach this target.

In two of its assets, HNK The Hague and Q-Port in Amsterdam, NSI has made big steps in 2022.



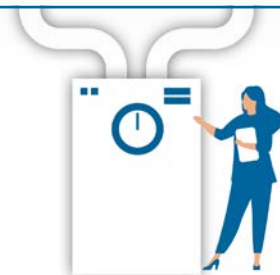
REDUCING 22% ENERGY INTENSITY AT HNK THE HAGUE

In HNK The Hague, cooling units have been replaced by heat pumps. Heating can now be done (partially) electrical, using green electricity, leading to significant reduction of gas usage (72%) and GHG emissions.



7

Placement additional EV charging stations



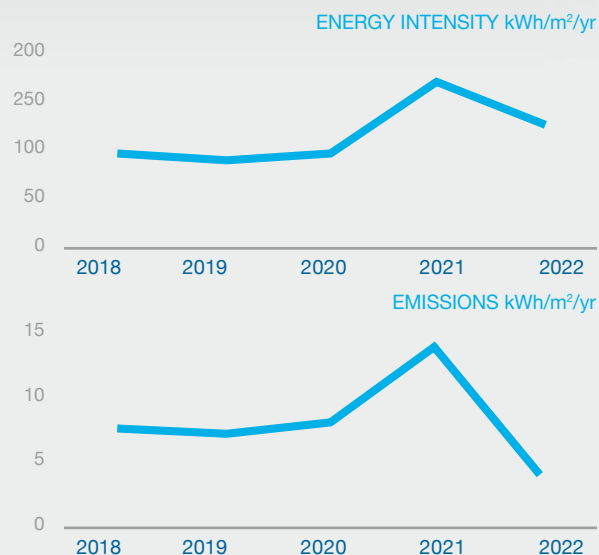
10

Installation of heatpumps as replacement of cooling units (end of life cycle)

CA. €820K
CAPEX

72% reduction in gas use and increasing electricity use by only 18%

➔ Significant reduction in GHG emissions



THE SUSTAINABLE OFFICE



ENERGY EFFICIENCY

- 1 Solar panels
- 2 Roof and facade insulation
- 3 Automatic blinds
- 4 Sensor controlled LED-lighting
- 5 Insulating and solar control glass
- 6 Energy-efficient equipment
- 7 Charging for electric cars and e-bikes
- 8 Procurement European wind
- 9 Energy-saving installations / ATEs or air heat pump
- 10 Gas free
- 11 Ground floor insulation

WATER EFFICIENCY

- 1 Water-saving sanitary
- 2 Reuse of rainwater
- 3 Water buffertank

WASTE MANAGEMENT

- 1 Sustainable sourcing and materials
- 2 Informing tenants
- 3 Recycling waste
- 4 Separate waste collection
- 5 Reduce, reuse, recycle
- 6 Monitoring waste

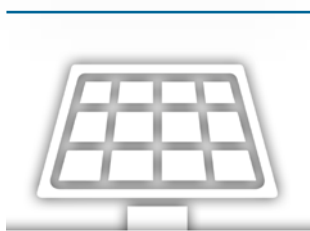
HEALTH AND WELLBEING

- 1 Active work stations
- 2 Greening
- 3 Measuring quality of indoor climate
- 4 Green roofs
- 5 Adaptable lighting and climate systems
- 6 Healthy food & beverage
- 7 AEDs
- 8 Optimising daylight
- 9 Centrally located staircase
- 10 Access to public transport
- 11 Bicycle facilities

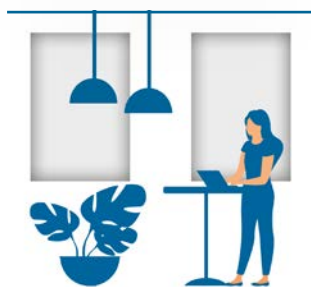


REDUCING 32% ENERGY INTENSITY AT Q-PORT AMSTERDAM

Also in Q-port NSI invested in the installations, including the installation of a heat pump and solar panels. Much sustainability gain is achieved through the installation of a variable air volume system. This allows to cool or heat based on what is required given the office occupancy and the outside temperature.



1
Placement of Solar panels



4
Placement LED lighting



7
Placement additional EV charging stations



10
Installation of heatpumps
Installation of variable air volume system

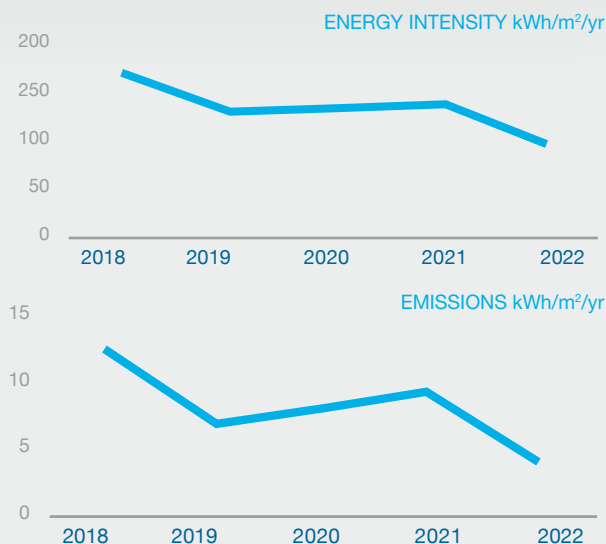
CA. €2M
CAPEX

57% reduction in use of additional district heating

9% reduction in electricity consumption

32% reduction in energy intensity (from 134 to 91 kWh/m²/year)

➔ Significant reduction in GHG emissions



A GREAT PLACE TO WORK



NSI aspires to be a great place to work. We want our people to enjoy the best work environment, excellent training, fulfilling and diverse career opportunities, and all the support they need to develop to their full potential.

NSI CULTURE AND MINDSET

NSI has an open and inclusive culture in which diversity is considered to be an added value. NSI aims to be a transparent, disciplined, responsible organisation that thinks in terms of opportunities. Furthermore, we like to keep it simple. We have clearly defined our core values, as can be found on page 53.

NSI incorporates these core values into its organisation and processes by hiring the best talent and by holding itself to the highest standards in an atmosphere of dedicated hard work, team spirit and fun.

NSI encourages its employees to give feedback and urges the whole organisation to actively contribute to our ambition of becoming the leading Dutch real estate company.

Safeguarding our corporate culture has management's ongoing attention and is consistently a significant point of attention in

internal meetings. Our ability to live up to these core values is included in our assessment and appraisal methodology and discussed in regular and year-end reviews. Moreover, our core values are integrated in job descriptions and NSI has an onboarding programme in place to familiarise new hires with the company's cultural values.

HEALTHY WORKPLACE

The health and well-being of our employees and tenants is also an element of an important pillar of NSI's sustainability strategy. NSI's efforts and ambitions in this respect are reported in more detail in the ESG chapter 'The future is here' (on page 14).

The sickness rate at NSI was stable at 3.5% in 2022 (2021: 3.5%). Sadly one of our colleagues passed away in 2022.

NSI's culture and mindset, in which employees are used to having a great deal of flexibility with regard to how they perform their tasks and taking on responsibilities, is proving to be supportive in the health and well-being of our employees.

NSI's culture and its commitment to providing a healthy and inspiring working environment to its employees are reflected in

OUR VALUES

We believe that a clear set of values creates a common feeling of identity. Our values set out the common behaviours that support our purpose and define our culture:

WE ARE TRANSPARENT

We recognise that mutual trust can only really exist in an environment of openness, clear communication and consistent actions. Our success as a long-term investor hinges on us gaining and maintaining the trust of all stakeholders and we constantly focus on this.

WE ARE DISCIPLINED

Our internal and external procedures are befitting of a small and flexible organisation. The procedures provide clarity on how we act and operate. We only make promises we can keep.

WE TAKE RESPONSIBILITY

Our intrinsic motivation at NSI is to always do the right thing. We recognise and fully embrace the high level of responsibility that rests upon our shoulders as a publicly-listed company. As employees we are fully aware of the need to support our customers, colleagues and other stakeholders and we treat them with the utmost respect. We acknowledge and correct any mistakes we make and we learn from them.

WE THINK IN TERMS OF OPPORTUNITIES

We have a positive mindset and are always seeking solutions and new opportunities. This makes us versatile and enables us to add value for our customers, whilst we continue to develop ourselves. We will always address the risks associated with an opportunity to come up with well-considered solutions.

WE LIKE TO KEEP IT SIMPLE

Complexity often confuses, creates uncertainty, a fuzzy demarcation of responsibilities and generally results in slowdowns and delays which in turn lead to inefficiency and high costs. We take decisions after thorough and substantiated deliberation, making sure our choice of structure, process and responsibilities are as clear and concise as possible for us and our stakeholders.

WE ARE HERE TO STAY

Our focus at NSI is on sustainability and the long term, both when it comes to the relationship with our customer, the perspective of the building, the location and the ever changing needs of users, and, but also with regard to the structure of our organisation and the interests of our shareholders. We are fully aware of short-term interests but will always favour the long term.



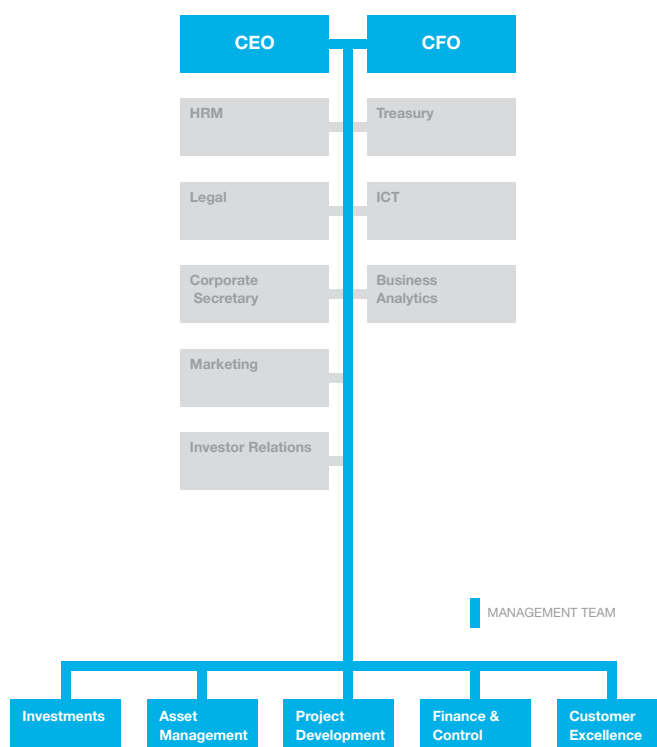
ORGANISATION STRUCTURE

NSI has a lean and mean organisation in place, aligned with its focused strategy.

The organisation is headed by a board consisting of the CEO and CFO and is supported by a management team. The disciplines represented in the management team are Asset Management, Investment Management, Development, Customer Excellence and Finance & Control.

NSI is characterised by decentralised responsibilities, allowing the organisation to operate efficiently and empowering individuals to develop in their role, supported by a robust IT infrastructure and effective management information systems.

The number of employees (headcount) increased to 65 (NSI 48, HNK 17) at 31 December 2022 (2021: 60). In 2022, the organisation has been strengthened in particular in the areas of Development and Business Analytics. For the company's legal structure please refer to 'The principles for consolidation' on page 89:



NSI's head office; offering a modern, healthy, flexible interior that perfectly matches the experience we want to offer to our tenants, including our employees.

A Leesman survey was conducted in 2022 to measure how supportive and effective the working environment in the new head office is experienced by all employees. The results were extremely good; the score was around 30% higher (Lmi of 83.2) compared to the average benchmark (64.4).

EMPLOYEE ENGAGEMENT

Employee surveys are a strong tool used to track the actual and perceived well-being of employees, which is being conducted every two years. The latest survey ran in 2021 showed that employees generally feel engaged and connected, which was confirmed by a very high eNPS score (29.3). These surveys will be conducted again in 2023.

To keep employees informed and engaged, the Management Board regularly hosts sessions to inform the staff on the company's performance and to highlight specific topics and projects. These sessions are being held after each quarter to elaborate on the quarterly results, and every mid-quarter to discuss other subjects. In 2022, specific attention was paid to the macro-economical and political environment and what this meant to NSI.

With a view to team building and knowledge sharing, NSI invited all employees for an inspirational trip to Stockholm in 2022. The program consisted of several presentations and property tours of leading property companies and property developers in Stockholm, combined with an informal program.

A 'family and friends' day was organised to present the new NSI head office. Pianist Aleksandr Zavyalov from Ukraine performed a concert during this day. After fleeing his country he is giving concerts to raise money for humanitarian aid in Ukraine. The foundation "Get together for Ukraine" is sponsored by NSI.

TRAINING AND DEVELOPMENT

Each individual employee is expected to make, supported by HR and their manager, a personal development plan, to guide training needs and career perspectives.

NSI provides ample training and development opportunities for all our employees. Employees are encouraged to take externally recognised courses by granting annual individual training budgets.

In 2022 NSI started to offer all employees the possibility to strengthen their, mainly soft skills, by means of an online training platform. In total employees spent 73 hours on this platform in 2022. This will be continued in 2023, and employees are being encouraged to further exploit the training opportunities and to increase the hours of training.

Throughout 2022 several awareness sessions related to sustainability were organised for all employees to attend. Topics included Timber Construction and Biobased Materials. One of the awareness trainings dealt with Cyber Security.

The training program that was specifically developed for the HNK team was implemented in 2022. The team was trained in how to embody the four defined and desired HNK experiences: I feel welcome, I feel connected, I feel truly supported, I feel energized.

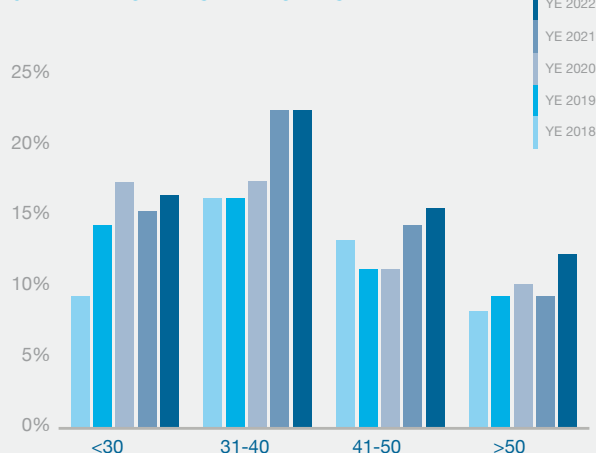
The entire team of NSI, including the Supervisory Board, was invited for a Profile Dynamics® analysis. Profile Dynamics® provides insight into the values and drives of individuals in teams and organizations. Value systems largely determine people's thinking and behavior. The analysis is a tool to assess if the profile match the type of work of an individual or (the composition of) a team, and can serve as starting point for coaching. NSI will use it to further develop teams into even more effective teams. The Profile Dynamics® tool will also be used as a reference point in future appointments.

GENDER BREAKDOWN NSI AT 31 DECEMBER 2022



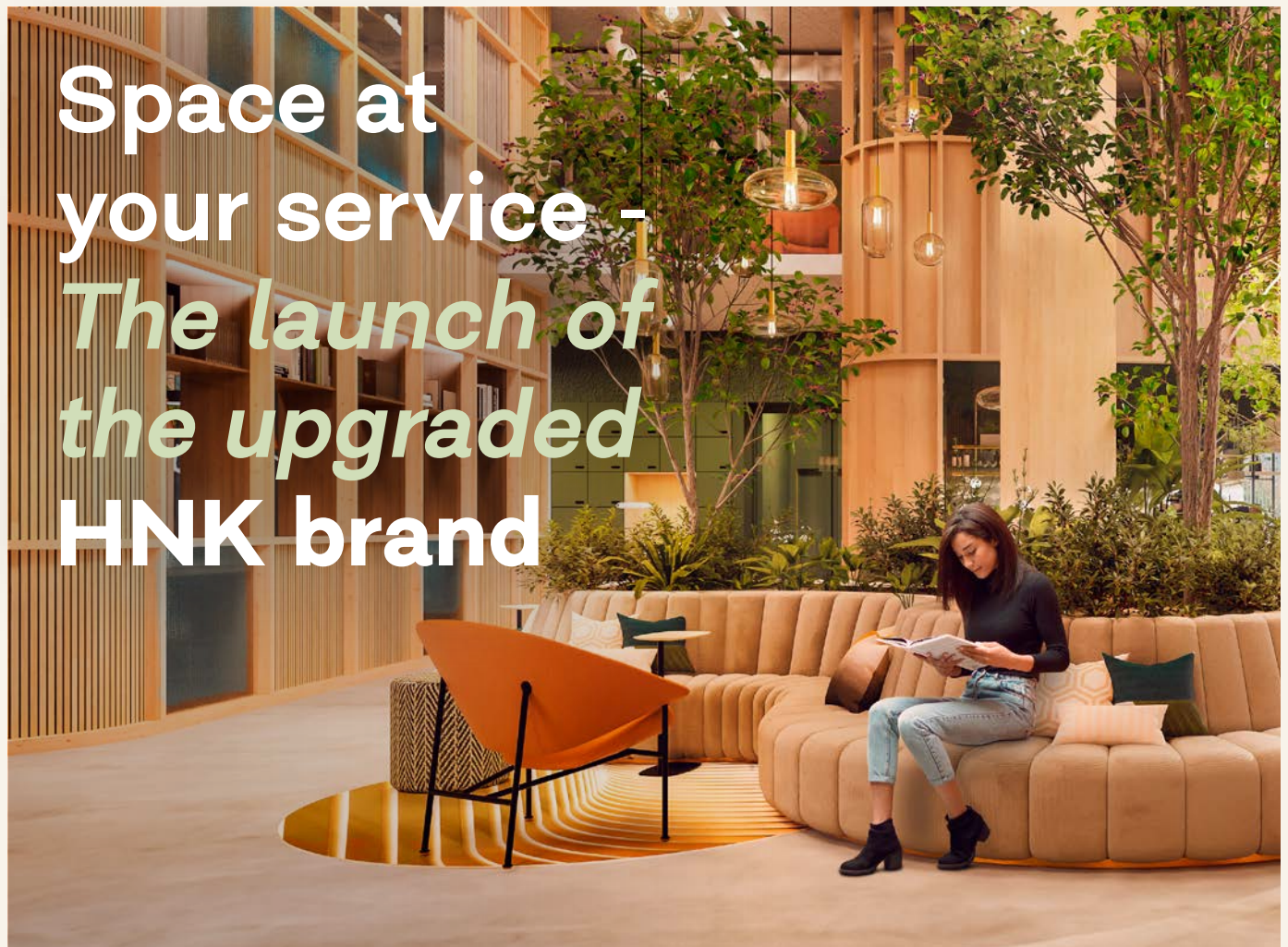
	Female		Male	
	#	%	#	%
Management Board	1	50.0%	1	50.0%
Senior Management	3	27.3%	8	72.7%
Operations	23	65.7%	12	34.3%
Support Staff	7	41.2%	10	58.8%
TOTAL	34	52.3%	31	47.7%
Supervisory Board	2	40.0%	3	60.0%

AGE BREAKDOWN NSI EMPLOYEES



NSI TEAM





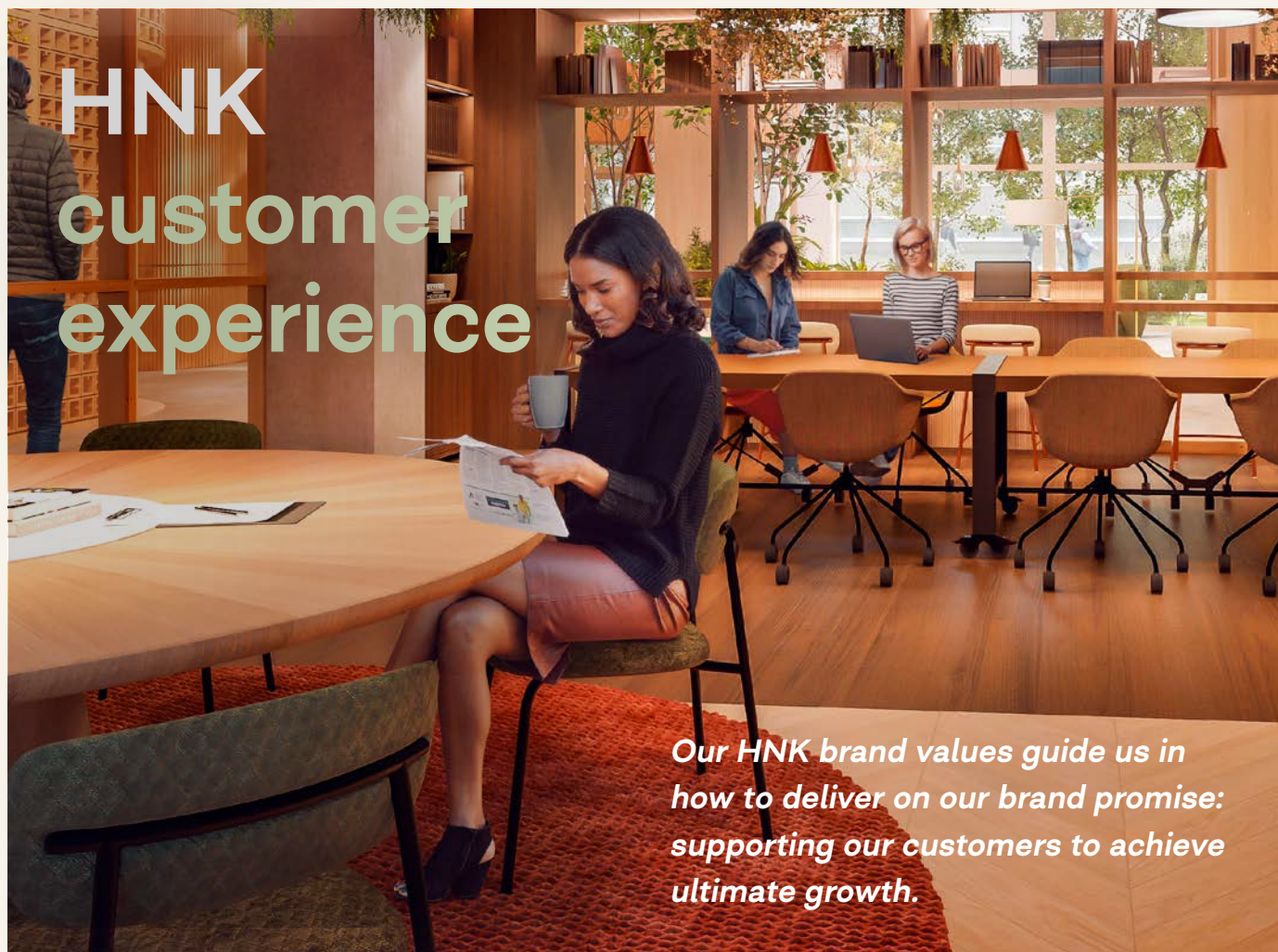
Space at your service, desks on demand, and a host that knows you by name.

In 2022, HNK's new brand positioning was launched. Building on the strength that HNK has developed over the past 10 years, the upgraded concept is distinctive in many aspects. The central theme is "You're welcome", underpinned by our brand values and translated into our distinctive hospitality approach. The wide range of

services can all be arranged via the HNK app. Because we own our buildings, we are able to go the extra mile for our guests, and place sustainability top of mind. Sustainability is guiding our choices; in exterior and interior design, and in the way we operate.

The new concept will be implemented in full in two HNK's in 2023; in HNK Scheepvaartkwartier (Rotterdam) and in the new HNK Amsterdam Sloterdijk (former Motion building). Another new HNK, HNK Rotterdam Alexander, will be opened in 2024.





HNK

customer experience

Our HNK brand values guide us in how to deliver on our brand promise: supporting our customers to achieve ultimate growth.

I feel welcome

By really being there for our customers, we make them feel truly welcome through a personal approach by qualified personnel.



I feel connected

Being there for our customers also means taking the initiative to connect with them. By reaching out to them pro-actively and thinking alongside them.



I feel truly supported

By active listening and asking questions, we aim to find out what really matters to our customers. We aim to be one step ahead. We see every question, suggestion or complaint as an opportunity to learn and to make a difference.



I feel energised

We aim to energise our customers in many ways. We prioritise Health & Well-being in the way we work, including serving healthy food options.



A fresh distinctive design

The look and feel has completely changed, starting with the logo, The interior of the HNK locations will also be refreshed in line with this new design.

The design guidelines ensure that the physical environment reflects the HNK identity, embodies the brand positioning and design pillars, and empowers people.

The use of colour is fundamental for creating a unique physical environment which evokes comfort, approachability, serenity and friendliness to the spaces.



Embedding sustainability in everything we do

As an operator who also owns the buildings, our distinctive strength is our ability to genuinely incorporate sustainability in all our activities.

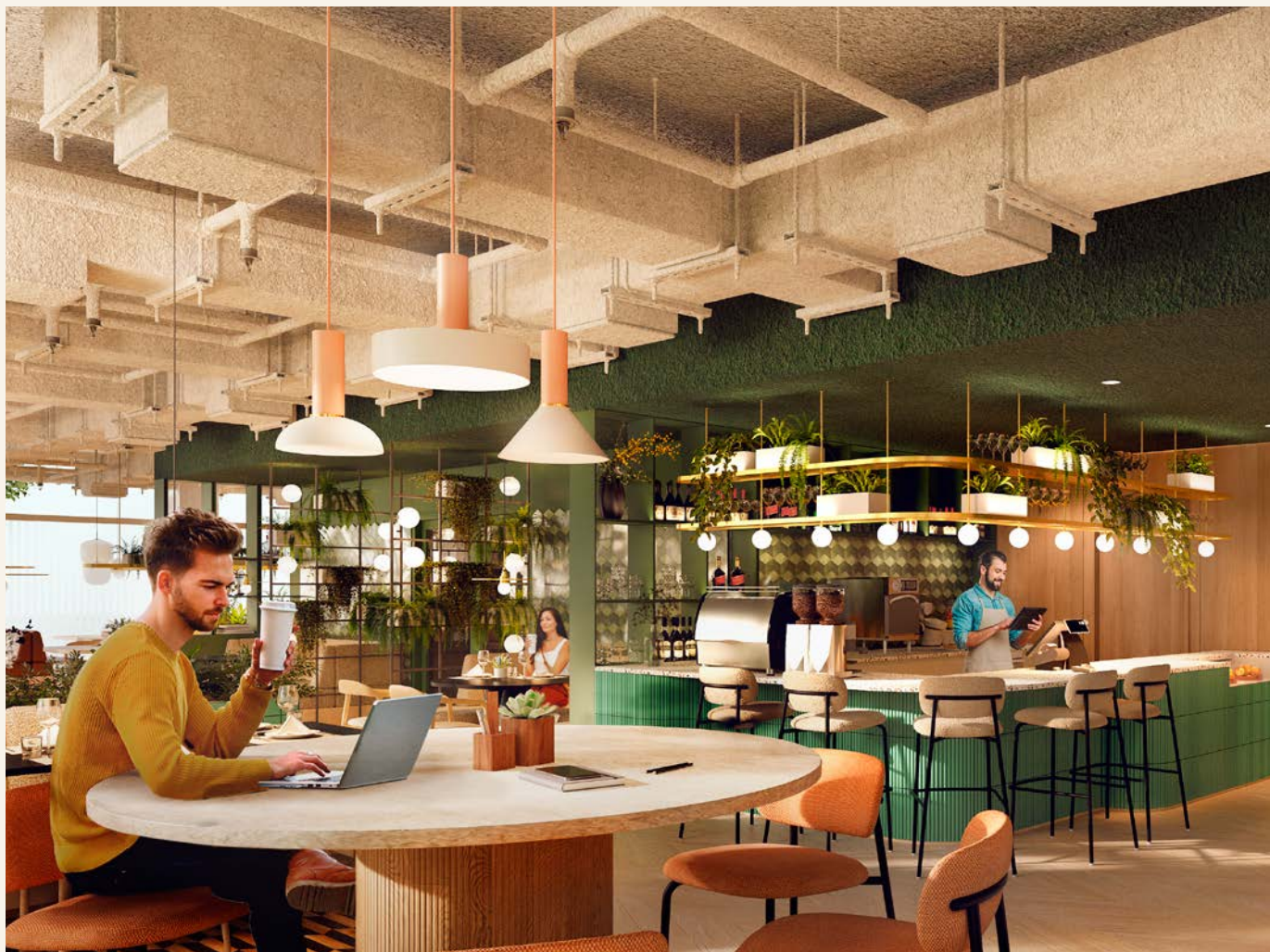
As we control all sustainability efforts, HNK can proactively meet the increasing demands from its customers – a key differentiating feature that arguably very few other serviced-office operators can offer or promise.

We also see health and well-being as a fundamental pillar to sustainability, which should already be embedded in the design. Our design approach is people-centered to ensure our buildings and spaces not only support office activities, but also the well-being of its users allowing people to thrive. In addition to our design



choices, like optimising natural light, acoustic quality and advanced indoor climate systems, we also use music and scents to foster a sensation of well-being.





The new food & beverage concept: The Social

All brand values of HNK come together in ‘The Social’, the new food & beverage concept, offering great hospitality with a focus on sustainability, well-being and convenience

Together with catering partner Vermaat, a tailor-made food concept has been developed. At The Social you can relax, nourish body and mind and have informal meetings. The guiding principles for the concept are (being) Sustainable, Surprising and Superpowers. For example, at least 70% of the products used consist of plant-based food, sourced from local suppliers as much as possible to reduce the CO2 footprint. Florine Evers, Marketing Manager of HNK adds: “The Social perfectly fits the HNK concept and contributes to the customer experience we want to offer. The Social offers a delicious menu,

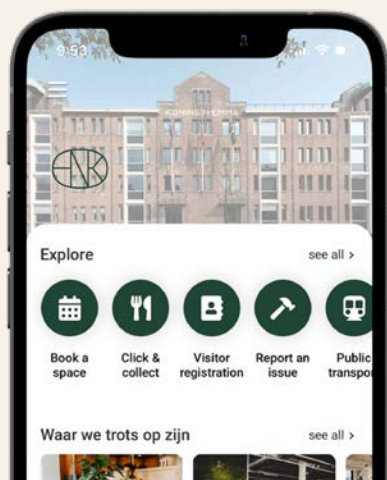
the best coffee from freshly ground beans and healthy snacks to keep you going all day. Tenants can easily order and pay for food and drinks via the HNK app. They can order their coffee from the train and it will be ready when they arrive.”





HNK-app: convenience at the palm of your hands

HNK offers its customers a wide range of services, all of which can be easily arranged through the revamped app, like registering guests. Meeting rooms, catering or various services can be reserved, ordered and paid for via the app.



HNK Podcast

To engage stakeholders in the new HNK story, a podcast (in Dutch) has been launched, covering relevant topics in twelve episodes, highlighting all aspects of the new HNK experience. Each episode features one of the HNK business partners as a guest to share their expertise and views. Listen to Het Nieuwe Kantoor via Spotify or Apple podcast.

For your ears only

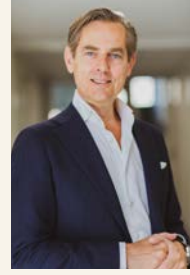
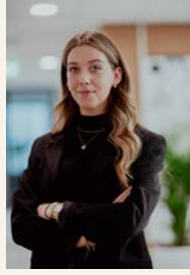
De podcast **Het Nieuwe Kantoor** is live

Luister nu

Een podcast van



HNK team



CORPORATE GOVERNANCE

INTRODUCTION

In this section NSI sets out a broad outline of the company's corporate governance and publishes detailed information about the matters specified in Article 10 section 1 a- k of the EU Takeover Directive.

CORPORATE GOVERNANCE CODE

As a public limited liability company in the Netherlands, NSI is subject to the Dutch Corporate Governance Code. The current (actualised) Code was published on December 20th, 2022.

A detailed overview of the manner in which NSI complies with the provisions of the Dutch Corporate Governance Code and an explanation why or where NSI derogates from best practice provisions is published on the company website. NSI complies with all best practice provisions of the Dutch Corporate Governance Code, apart from best practice provision 1.3.1.

The following section gives a broad outline of the company's corporate governance following the principles stated in the Dutch Corporate Governance Code.

OUTLINE OF NSI'S CORPORATE GOVERNANCE

NSI N.V. is a Dutch public limited liability company listed on Euronext Amsterdam and has its registered seat in Amsterdam, the Netherlands. NSI has a two-tier structure, with a Management Board and a non-executive Supervisory Board. The company's highest authority is the General Meeting of Shareholders which is held at least once a year.

1. LONG-TERM VALUE CREATION

1.1 LONG-TERM VALUE CREATION

The management board is responsible for the continuity of the company and its affiliated enterprise and for sustainable long-term value creation by the company and its affiliated enterprise. The management board takes into account the impact the actions of the company and its affiliated enterprise have on people and the environment and to that end weighs the stakeholder interests that are relevant in this context. The supervisory board monitors the management board in this regard.

In the management report, the management board gives a more detailed explanation of its view on sustainable long-term value creation and the strategy for its realisation, as well as describing which contributions were made to sustainable long-term value creation in the past financial year.

1.2 RISK MANAGEMENT

The company has adequate internal risk management and control systems in place which are described in more detail in the chapter Risk management and control. The Management Board is responsible for complying with relevant laws and regulations, for identifying and managing the risks associated with the company's strategy and activities and for financing the company.

The Management Board reports to the Supervisory Board and the General meeting of Shareholders.

1.3 INTERNAL AUDIT FUNCTION

The task of the internal audit function is to assess the design and the operation of the internal risk management and control systems. The management board is responsible for the internal audit function. The supervisory board oversees the internal audit function and maintains regular contact with the persons fulfilling this function.

As is the case with many small, listed companies in the Netherlands, NSI has no separate department for the internal auditor function as specified in best practice provision 1.3.1. The Supervisory Board assesses annually whether adequate alternative measures have been taken, partly on the basis of a recommendation issued by the audit committee and considers whether it is necessary to establish an internal audit department and includes the conclusions, along with any resulting recommendations and alternative measures, in the report of the Supervisory Board. In practice NSI has a comprehensive Internal Audit program and yearly executes several Internal Audits that are conducted by BDO accountants and reported to and discussed with the Audit committee.

1.4 RISK MANAGEMENT ACCOUNTABILITY

The management board discusses the effectiveness of the design and operation of the internal risk management and control systems with the Audit committee and renders account of this to the supervisory board.

1.5 ROLE OF THE SUPERVISORY BOARD

The primary duty of the Supervisory Board is to supervise the management exercised by the Management Board and the general developments at the company and its affiliated enterprise, as well as to advise the Management Board. In the performance of its duties, the Supervisory Board focuses on the interests of the company and its affiliated enterprise and on the effectiveness of the company's internal risk management and control systems and the integrity and quality of the financial reporting.

1.6 APPOINTMENT AND ASSESSMENT OF THE FUNCTIONING OF THE INDEPENDENT EXTERNAL AUDITOR

The independent external auditor is appointed by the General Meeting of Shareholders and attends the meeting of the Supervisory Board at which the financial statements are discussed and adopted in the presence of the Management Board. NSI publishes audited annual figures and reviewed semi-annual figures. NSI publishes a trading update for the first and third quarters, neither of which is reviewed or audited by the independent external auditor. PricewaterhouseCoopers Accountants N.V. was appointed as NSI's independent external auditor in 2016.

1.7 PERFORMANCE OF THE INDEPENDENT EXTERNAL AUDITOR'S WORK

The audit committee and the independent external auditor discuss the audit plan and the findings of the independent external auditor based on the work the independent external auditor has undertaken. The management board and the supervisory board maintain regular contact with the independent external auditor.

2. EFFECTIVE MANAGEMENT AND SUPERVISION

2.0 DIVERSITY

The diversity policy for the composition of the management board aims at a balanced gender breakdown. With a management board

that was 50% female and 50% male in the past financial year this policy is fully implemented.

The diversity policy for the composition of the Supervisory Board aims at a supervisory board that is at least 33,3% female and 33,3% male. With a supervisory board that was 40% female and 60% male in the past financial year this policy is fully implemented. The diversity policy for the composition of the Supervisory Board is included in the profile of the Supervisory Board which specifies the size, diversity and independence of the board and the desired expertise and background of the Supervisory Board members and which competencies should be represented in the Board. The profile is published on the company's website. The Supervisory Board strives to achieve a situation in which the experience and expertise of its members are appropriate in relation to the strategy and business activities of NSI, and cover specific areas of expertise, like financial management, sustainability and IT. The experience and expertise of the individual Supervisory Board members is detailed on page 81 and 82 of this annual report.

2.1 MANAGEMENT BOARD COMPOSITION, SIZE AND DIVISION OF DUTIES

The Management Board consists of two directors: a CEO and a CFO.

Directors are appointed by the General Meeting.

The procedure for appointment and reappointment is specified in section (h) below.

The division of duties within the Management Board as well as the Board's operating procedures are set out in the Articles of Association and the Management Board regulations which are made available on the company's website. The functioning of the Management Board as a collective and the functioning of individual members is evaluated yearly.

2.2 SUPERVISORY BOARD COMPOSITION AND SIZE

In accordance with the company's Articles of Association, the Supervisory Board consists of at least three members. Members are appointed by the General Meeting of Shareholders. The Supervisory Board currently comprises five members. The procedure for appointment and reappointment is specified in section (h) below.

The Supervisory Board is composed in such a way that its members can operate independently and critically with regard to each other, the Management Board and any interest group. All Supervisory Board members are currently independent within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code. A supervisory director is considered to be independent if the dependence criteria stated in the Code do not apply. One of the members of the Supervisory Board is a shareholder in ICAMAP Investments SARL, which is holding over 10% of NSI shares as per 31 December 2022. This company has invested in NSI with a view to a long-term commitment and the respective Supervisory Board member actively ensures that no transactions in NSI shares take place during the closed periods and during periods when the member of the Supervisory Board has inside information at its disposal which has not yet been made public by the company.

2.3 SUPERVISORY BOARD ORGANISATION AND DIVISION OF DUTIES

The division of duties within the Supervisory Board as well as its operating procedures are laid down in the company's Articles of Association and the Supervisory Board regulations, both of which are made available on the company's website. The Supervisory Board has appointed an Audit Committee, a Remuneration Committee, a Selection and Appointment Committee, and a Real Estate Committee from within its ranks. The regulations of these committees can also be accessed via the website.

2.4 DECISION-MAKING AND FUNCTIONING

In its monitoring, the Supervisory Board focuses on the strategy for realizing sustainable long-term value creation which has been established for this purpose, as well as on the targets derived from this strategy. The Supervisory Board also monitors the process of acquiring, divesting, and investing in real estate, the financial reporting process, and compliance with laws and regulations.

The Supervisory Board monitors the internal control structure and procedures and the assessment of the risks faced by the company and its subsidiaries. During 2022 the systems and procedures functioned in accordance with their intended purpose and there were no issues that raised doubt as to whether the internal control structure and procedures functioned adequately.

The Supervisory Board reports to the General meeting of Shareholders.

The functioning of the Supervisory Board as a collective and the functioning of individual members is evaluated yearly.

2.5 CULTURE

NSI has a mature, open culture that encourages employees to speak up. The culture is aimed at sustainable long-term value creation for the company and its affiliated enterprise.

The NSI Code of Conduct outlines the core values, the main integrity risks NSI may encounter in its business and the way it wishes to deal with these risks. The Code of conduct is published on the company's website.

2.6 COMPLIANCE

The Code of Conduct contains a procedure for reporting actual or suspicion of misconduct or irregularities. The management board monitors the effectiveness and compliance with the Code and reports about this in every meeting with the Audit Committee.

2.7 PREVENTING CONFLICTS OF INTEREST

In accordance with its regulations, the Supervisory Board is responsible for decision-making in dealing with existing or potential conflicts of interest between Management Board members, Supervisory Board members and the independent external auditor, on the one hand, and the company, on the other. Under the provisions of the Dutch Financial Supervision Act (Wet op het financieel toezicht or Wft) and EU-IFRS, the item 'related parties' in the annual financial statements specifies transactions between the company and related parties, including members of the Management Board

and the Supervisory Board, as well as transactions involving one or more related parties. The item also states to what extent such transactions were entered into at market conditions. No such transactions between the company and related parties took place in the 2022 financial year.

3. REMUNERATION

3.1 REMUNERATION POLICY – MANAGEMENT BOARD

The General Meeting determines the remuneration policy for the Management Board, in accordance with the relevant statutory provisions. The Supervisory Board makes a proposal to that end. The remuneration policy focusses on sustainable long-term value creation for the company and its affiliated enterprise and takes into account the internal pay ratios within the enterprise. The 'Remuneration Policy for Members of the Management Board of NSI' is published on the website.

3.2 DETERMINATION OF MANAGEMENT BOARD REMUNERATION

The Supervisory Board establishes the remuneration and other terms of service for members of the Management Board in accordance with the remuneration policy for the Management Board.

3.3 REMUNERATION – SUPERVISORY BOARD

The Supervisory Board members receive a remuneration in accordance with the 'Remuneration Policy for Members of the Supervisory Board of NSI' which is published on the company's website. The General Meeting determines the remuneration policy for the Supervisory Board, in accordance with the relevant statutory provisions.

3.4 ACCOUNTABILITY FOR IMPLEMENTATION OF REMUNERATION POLICY

In the remuneration report, the Supervisory Board renders account of the implementation of the remuneration policy. The report is posted on the company's website.

4. THE GENERAL MEETING

At least one General Meeting is held every year within six months of the end of the company's financial year. General Meetings of Shareholders are convened by the Management Board or the Supervisory Board. A legal term of at least 42 days applies between the convocation date of a General Meeting of Shareholders and the actual date of the meeting. The agenda of the general meeting shall list which items are up for discussion and which items are to be voted on. Listed items that are mentioned in best practice provision 4.1.3 of the Governance Code shall be dealt with as separate agenda items. The topics mentioned in article 23 section 3 of the Articles of Association are discussed when applicable.

Extraordinary General Meetings are held as often as the Management Board or the Supervisory Board deems necessary. Extraordinary General Meetings will also be held if the Management Board or the Supervisory Board is requested to that effect in writing by one or more holders of shares individually or jointly representing one-tenth or more of the issued capital, specifying in detail the subjects to be discussed.

The 2022 Annual General Meeting of Shareholders took place on 15 April. The agenda's specifying the topics addressed by this meeting, the explanatory notes and the minutes of this meeting are published on the company's website.

INFORMATION SPECIFIED IN ARTICLE 10 SECTION 1 A - K OF THE EU TAKEOVER DIRECTIVE

EU Directive 2004/25/EC of 21 April 2004 (Takeover Directive) requires that companies the securities of which are admitted to trading on a regulated market publish detailed information in their annual report about the matters listed in paragraph 1 of Article 10 of the Directive. The following section contains this information about NSI.

a Capital structure, classes of shares, rights and obligations attached to shares

The authorised capital of the company is € 99,568,556.64 and is divided into 27,056,673 ordinary shares, each with a nominal value of € 3.68). At 31 December 2022, 20,054,241 shares were issued and fully paid up. The capital does not include securities which are not admitted to trading on a regulated market in a Member State.

Classes of shares

There are no different classes of shares. All shares have equal entitlement to the company's profit and reserves. Shareholders have the right to cast one vote for each ordinary share held;

Rights attached to shares

The rights vested in the shares are laid down in the Company's Articles of Association, which may be inspected on NSI's website.

All shareholders shall be authorised – either in person or through a person with a written proxy – to attend the General Meeting, speak at the meeting and vote at the meeting.

Shareholders who individually or jointly represent at least three percent (3%) of the company's issued share capital may request that items be added to the agenda of the General Meeting of Shareholders. Such a request is granted if it is received in writing at least 60 days before the meeting, stating the reasons for said request.

Obligations attached to shares

Unless the provisions of article 2:80 of the Dutch Civil Code apply, the nominal amount shall be paid on a share when subscribing for that share, as well as the difference between the nominal amount and a higher amount if the share is subscribed for that higher amount.

Payments on shares must be made in cash unless an alternative contribution has been agreed upon. Payments in another currency than in which the nominal value of the shares is denominated can only be made upon approval by the company.

b Restrictions on the transfer of shares

NSI has not placed any restrictions on the transfer of its shares.

c Significant shareholdings

Notifications pursuant to the Dutch Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions Act were

received from holders of ordinary shares representing more than 3% of the company's capital. According to the most recent notifications, these interests were as follows:

	31 December 2022	31 December 2021
ICAMAP Investments SARL	10.0%	10.0%
BlackRock, Inc.	5.8%	5.8%
Ameriprise Financial	5.0%	< 3.0%
APG Asset Management N.V.	-	3.2%
Clearance Capital Ltd.	3.1%	3.1%

d Securities with special control rights

No securities with special control rights have been issued

e The system of control of employee share schemes

There is no employee share scheme granting rights to employees to acquire shares in the company or any of its subsidiaries.

f Restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;

Shareholders may cast their votes in person or by proxy. All resolutions of the General Meeting of Shareholders are passed with an absolute majority of the votes cast, unless a larger majority is required by law or under the Articles of Association.

Deadlines for attending and exercising voting rights in General Meetings of Shareholders

Shareholders – and those deriving their right to attend or to attend and vote from shares for other reasons – shall notify the Management Board of their intention to attend no later than the date stated in the notice convening the meeting and in the manner stated in that notice in order to be allowed to attend the General Meeting and (to the extent that they have a vote) to be allowed to participate in voting.

The notice convening the meeting shall state the date by which the Management Board must have received the notification and the manner in which this notification must be given; this date may not be earlier than on the seventh day before the day of the General Meeting.

NSI does not cooperate with the issuance of depositary receipts for its shares.

g Shareholder agreements resulting in transfer or voting restrictions

The company is not aware of any agreements between shareholders that may result in restrictions on the transfer of shares or restrictions on the exercise of voting rights within the meaning of Directive 2001/34/EC.

h the rules governing the appointment and replacement of board members and the amendment of the articles of association;

Appointment and replacement of management board members

The company is managed by a Management Board consisting of two members.

The General Meeting shall appoint and dismiss the members of the Management Board. Each member of the Management Board will be appointed for a term of not more than four (4) years, and shall be eligible for re-election.

The General Meeting may suspend or dismiss a member of the Management Board at any time, providing the resolution to that effect is passed with a majority of at least two thirds of the votes cast that also represents more than half of the issued capital.

The Supervisory Board shall be authorised to suspend any member of the Management Board at any time.

Appointment and replacement of supervisory board members

The members of the Supervisory Board shall be appointed by the General Meeting. A supervisory board member is appointed for a period of four years and may then be reappointed once for another four-year period. The supervisory board member may then be reappointed again for a period of two years, which appointment may be extended by at most two years.

At the General Meeting only candidates whose names are stated on the agenda of the meeting can be voted on for appointment as member of the Supervisory Board.

Each member of the Supervisory Board can at all times be suspended or removed from office by the General Meeting. A resolution to suspend or remove a member of the Supervisory Board requires a majority of two thirds of the votes cast, representing more than one half of the issued capital of the company.

Amendment of the articles of association

If a proposal to amend the Articles of Association is put to the General Meeting, that proposal shall always be stated in the notice convening the General Meeting.

The shareholders shall be given the opportunity to obtain a copy of the proposal, from the day when the proposal is filed at the company's offices until the day of the General Meeting. These copies shall be provided free of charge.

A resolution to amend the Articles of Association may only be passed by a simple majority of the votes cast at a General Meeting.

i The powers of board members, and in particular the power to issue or buy back shares

The Management Board is tasked with managing the company, in accordance with the law and the articles of association which may require the management board to obtain prior approval of the general meeting or of the Supervisory Board before making a

decision or perform legal actions. The Management Board shall represent the company, unless Dutch law provides otherwise.

Issuing of shares in general

Shares can only be issued pursuant to a resolution of the General Meeting if the General Meeting has not designated this authority to another corporate body of the company for a period not exceeding five years. Unless otherwise decided, the designation cannot be revoked. The designation may be extended from time to time, for periods not exceeding five years. A resolution of the General Meeting to issue shares or to designate another corporate body of the company authorised to do so can only take place at the proposal of the Management Board and after prior approval of the Supervisory Board.

The resolution to issue shares shall stipulate the price and further conditions of the issue of the relevant shares.

Upon the issue of shares, each holder of shares shall have a preferential right to subscribe for shares being issued in proportion to the aggregate nominal amount of his existing shares, unless such right is withheld by mandatory provisions of the law.

The preferential right can be limited or excluded by the General Meeting subject to the formalities prescribed by law or by the corporate body of the company authorised to issue shares if it has been given this authority.

Buyback of shares in general

The company may acquire shares in its own share capital for no consideration. The company may also acquire shares in its own share capital for valuable consideration if and in so far as:

- a its shareholders equity less the purchase price for these shares is not less than the aggregate amount of the paid up and called up capital and the reserves which must be maintained pursuant to the law;
- b the aggregate par value of the shares in its capital which the company acquires, already holds or on which it holds a right of pledge, or which are held by a subsidiary company, amounts to no more than one-tenth of the aggregate par value of the issued share capital; and
- c the General Meeting has authorized the Management Board to acquire such shares, which authorization may be given for no more than eighteen months on each occasion,

Any acquisition by the company of partly paid-up shares in its own capital or depositary receipts for those shares shall be null and void, notwithstanding the provisions of article 2:98 paragraph 6 of the Dutch Civil Code.

Powers of board members, to issue or buy back shares

In the General Meeting of Shareholders of 15 April 2022 the Management Board was authorized to:

- issue ordinary shares including the granting of rights to acquire ordinary shares after having obtained approval from the Supervisory Board limited to a maximum of 10% of the outstanding number of shares on the date of issue. This authorisation was limited to a period of 18 months, which period can be extended

at a meeting of shareholders at the request of the Management Board and Supervisory Board. the Management Board was also designated as the body authorised to limit or exclude the preemptive rights that take effect upon the issue of ordinary shares or granting of rights to acquire ordinary shares (after having obtained approval to do so from the Supervisory Board).

- To issue ordinary shares including the granting of rights to acquire ordinary shares after having obtained approval from the Supervisory Board limited to a maximum of 10% of the outstanding number of shares on the date of issue, in excess of the 10% referred to in the previous paragraph. This authorisation may be used by the Management Board only in case of the following specific circumstances: the distribution of a stock dividend, the implementation of a merger or a takeover, and/or the acquisition of property assets or property portfolios or the refinancing thereof. This authorisation was limited to a period of 18 months, which period can be extended at a meeting of shareholders at the request of the Management Board and Supervisory Board.
- buy back the company's own shares on the stock market or otherwise, up to a maximum of 10% of the outstanding number of shares, on condition that the company may not hold more than 10% of the issued capital (after having obtained approval for this from the Supervisory Board). Ordinary shares can be acquired for a price that lies between the nominal value of a share and 10% above the average closing price of the share calculated over five trading days prior to the day of purchase. This authorisation was limited to a period of 18 months, which period can be extended at a meeting of shareholders at the request of the Management Board and Supervisory Board.

j Change of control agreements

The agreements that NSI has with its financiers include the provision that in the event of a change in the control of NSI, the financiers have the possibility of demanding that the loans be redeemed early. This could for instance come into effect after a successful public offer for the NSI shares.

NSI and its subsidiaries have entered into an important agreement that contains a clause that in the event of a change of control the other party has the right to terminate the agreement and receive substantial reimbursements for investments in the fit out of an office. This clause aims to prevent and would come into effect in case of a transfer of the control over NSI to a party that is mentioned on the Specially Designated Nationals and Blocked Persons List, as from time to time published by the US Office of Foreign Assets Control (OFAC), or to a party who is otherwise subject to economic or financial sanctions by the relevant authorities of the US, the EU or The Netherlands.

k Agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

The Company has made no agreements with members of the Executive Board or employees that provide for remuneration upon termination of employment resulting from a public bid within the meaning of Article 5:70 of the Financial Supervision Act.

ESG – GOVERNANCE

The oversight of ESG matters is crucial. ESG is overseen principally by the Management Board.

The strategy and targets for energy consumption and carbon emissions are set and monitored by the Management Board. The responsibility for overseeing day-to-day management is delegated to the management team. NSI has formed a dedicated ESG committee who meets twice a month to address targets, implementation and reporting of our ESG objectives. We have created an ESG coordinator role which is entrusted to the Investor Relations officer. Both members of the Management Board are part of this committee as well as key personnel from different disciplines in (technical) asset management, finance and reporting.

For 2022 the focus of the ESG committee was:

- Sharpen ESG strategy and pillars, monitor progress and improve where necessary
- Establish roadmap to a Paris aligned portfolio on an asset and portfolio level
- Define the non-financial KPI's
- ESG accounting manual
- ESG data collection and warehousing
- EU taxonomy analysis and implementation
- Organising internal awareness and knowledge sessions

ALIGNMENT OF PERFORMANCE TARGETS



Personal and corporate sustainability targets are embedded into the annual performance goals of each employee at NSI. The Management Board also have annual performance ESG goals.

NSI also encourages employees to contribute and share knowledge through specific knowledge sharing events. This is done predominately through the Sustainability Committee who take ESG responsibility for each of NSI's commitments.

DISCLOSURE AND REPORTING

Progress on sustainability is disclosed to all stakeholders in the Annual Report and online in our sustainability report. NSI's non-financial performance is reported and communicated considering the following standards and benchmarking tools:

- GHG Protocol Corporate Standard
- GRI Standards
- EPRA
- GRESB methodology
- CRREM
- EU Taxonomy methodology

NSI aims to continuously improve its internal ESG governance. For this purpose NSI started the ISO14001 certification process. This standard will help NSI implement a holistic environmental management system and improve its general sustainability performance.

ESG ASSURANCE

NSI's independent auditor PricewaterhouseCoopers Accountants N.V. has provided limited assurance on a selection of reported sustainability and non-financial KPIs for financial year 2022. In scope are 18 KPI's in the field of Energy, Water, Waste, Greenhouse Gas Emissions, Certification and Social (full list outlined in the glossary on page 152-153) and the green financing agreement. This limited assurance is an intermediate step in the transition to an integrated annual report, in which the full sustainability information will be in scope in line with the Corporate Sustainability Reporting Directive (CSRD), which will come into effect for NSI on 1 January 2025. NSI has performed a CSRD gap analysis and will continue with the implementation of CSRD in 2023, which is expected to become applicable to NSI in 2025.

OTHER NON-FINANCIAL DISCLOSURE

DIVERSITY AND INCLUSION

NSI is committed to fostering a fair and inclusive working environment. NSI aims to foster a culture where people are respected and appreciated, and perceive equality and fairness of opportunities in their workplace. NSI recognises the benefits of diversity and inclusion, and is fully committed to providing equal opportunities and treatment when it comes to recruitment and selection, training and development, performance reviews and promotion. Our culture is based on the principles of mutual respect and non-discrimination irrespective of nationality, age, disability, gender, religion or sexual orientation.

NSI aims for a balanced gender distribution and is committed to provide equal pay for equal work. The current gender pay gap ratio is largely driven by the structure of our workforce, including the higher representation of men in senior management roles and a higher representation of women in operations (HNK hosts), varieties in tenure, job level and specific expertise. NSI aims to improve the gender balance at all levels of the organisation, and the related gender pay ratio, and explicitly takes this into account when filling vacancies.

	Female		Male		Gender pay ratio*
	#	%	#	%	
Management Board	1	50.0%	1	50.0%	1.23
Senior Management	3	27.3%	8	72.7%	1.36
Operations	23	65.7%	12	34.3%	2.07
Support Staff	7	41.2%	10	58.8%	1.00
TOTAL	34	52.3%	31	47.7%	1.74
Supervisory Board	2	40.0%	3	60.0%	

* male average pay / female average pay

COGNITIVE DIVERSITY

NSI welcomes diverse talents and is keen on including multiple perspectives, thereby leveraging inclusion on a cognitive level. NSI strongly believes that collaboration between people with different thinking styles, habits and perspectives brings about better results. In 2022, NSI measured how different perspectives, competences and value systems are represented in the organization by using the ‘Profile Dynamics’ methodology. This provided insight into whether the profile and composition of a team reflect the desired balance in terms of cognitive diversity and inclusion. The Profile Dynamics® tool will also be used as a reference point in future appointments.

HUMAN RIGHTS

NSI supports the principles laid down in the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. We believe that human rights, as defined by the United Nations in its Universal Declaration of Human Rights, are a common standard that all employers should uphold, and we encourage our employees as well as our contractors and suppliers to respect these rights by committing to our Code of Conduct and business integrity principles as part of our general terms and conditions.

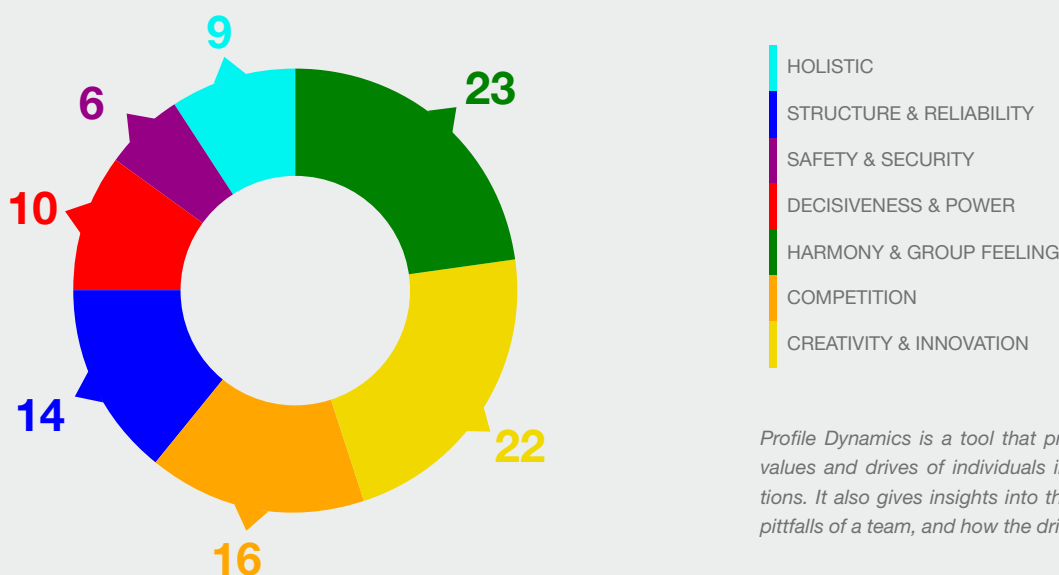
No issues involving human rights were reported in 2022.

ANTI-CORRUPTION

NSI and its employees must act with integrity, honesty and in compliance with the laws, as stipulated in the company’s Code of Conduct. The Code of Conduct also defines how employees should act when presented with gifts and provides guidance on how to prevent conflicts of interest. The code of conduct also provides a protocol on how to act in case of undesirable behaviour.

The Code of Conduct is available on the company website. The code of conduct is signed annually by NSI employees. In 2022 NSI contracted an external counselor as part of its whistle-blower procedure, allowing employees to report suspected irregularities of various kinds within NSI without jeopardising their position. There were no issues reported in 2022.

PROFILE DYNAMIC CHART NSI TEAM



Profile Dynamics is a tool that provides insight into the values and drives of individuals in teams and organisations. It also gives insights into the strength and the pitfalls of a team, and how the drives fit the team’s tasks.

DETAILS MANAGEMENT BOARD



Mr B.A. Stahli (1971)

CEO of NSI

Nationality Dutch

Previous positions Head of European Real Estate and member of the Management Team at Kempen & Co Securities, Head of European Real Estate Research at Merrill Lynch London, Head of Global Real Estate Securities Fund at Aegon, Analyst US and Portfolio Manager Asia Real Estate Securities at APG

Education Economics at the Vrije University Amsterdam, CFA Charterholder, CFA Institute

First appointment 1 September 2016

Current term To 31 August 2024



Mrs A.A. de Jong (1975)

CFO of NSI

Nationality Dutch

Previous positions Several management positions at Schiphol Real Estate, a subsidiary of Schiphol Group, including Manager Portfolio Management, Business Area Controller and Senior Business Controller. Audit Manager at international business unit of Audit & Assurance at PricewaterhouseCoopers Accountants N.V.

Education Business Administration for the Financial Sector at the Vrije University Amsterdam, Chartered Accounting at the Vrije University Amsterdam

First appointment 15 September 2017

Current term To 15 september 2025

NSI'S EXPOSURE TO ATTRACTIVE EVOLVING CLUSTER AREAS

NSI focuses on a number of key growth clusters in the Netherlands, including Amsterdam Zuidoost, Amsterdam Sloterdijk, Amsterdam Zuidas and Leiden Bio Science Park. These cluster areas are well-connected, vibrant, urban mixed use locations, where people want to work, live and play.



AMSTERDAM ZUIDOOST TRANSFORMING INTO A LIVELY PLACE TO LIVE, WORK AND RELAX

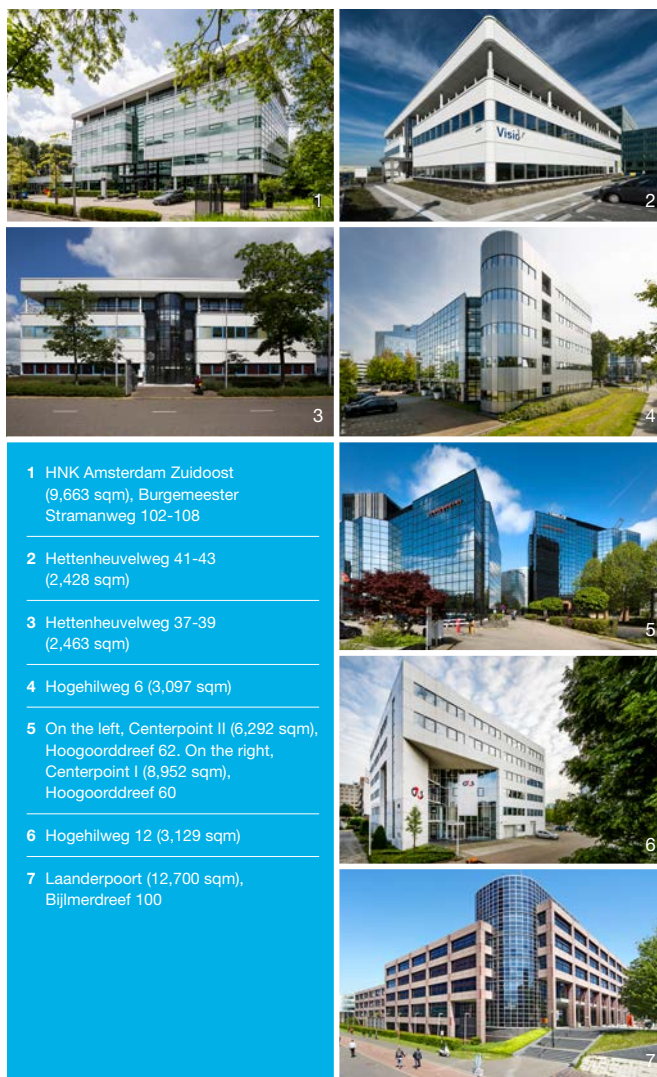
In the 1990s, a plan was set in motion to enhance the quality of the living environment in Amsterdam Zuidoost, also to achieve a better balance in the population composition. Many of the high-rise buildings were demolished and replaced by smaller-scale housing, including many owner-occupied units. The remaining flats were thoroughly renovated. New recreational facilities were added to the area, such as the Football stadium for Amsterdam-based Ajax, music venues and a shopping center. Also excellent public transportation facilities were developed.

LARGE SCALE RENOVATION AND GENTRIFICATION

The upgrade of the several subareas is set to continue, like ArenaPoort which is set to densify and turn into a lively place to live, work and relax. To the south of Arenapoort, the area is also being upgraded and redeveloped. Obsolete offices will make way for an extensive city park with 5,000 new homes, all sorts of facilities and modern work-places. With all these redevelopment plans, Amsterdam-Zuidoost is growing from a city district to a city within the city, including all the facilities that a vibrant city should offer, with a potential population of 200,000. NSI's cluster in Zuidoost.

NSI has a prominent presence in the Amsterdam Zuidoost and is actively involved in the future plans for this area. NSI's own head office is located in the heart of this new transformative area. NSI owns six office buildings in the area, for a total of 47,000 sqm.

NSI is currently working on a redevelopment project for ING at Laanderpoort, with medium term plans to redevelop most of the other assets in the area, including some residential units. A total of 80,000 m² of office space (an additional 40,000 m²) and 650 homes can be developed, allowing NSI to further strengthen its cluster in the area.



1 HNK Amsterdam Zuidoost
(9,663 sqm), Burgemeester
Stramanweg 102-108

2 Hettenheувelweg 41-43
(2,428 sqm)

3 Hettenheувelweg 37-39
(2,463 sqm)

4 Hogehilweg 6 (3,097 sqm)

5 On the left, Centerpoint II (6,292 sqm),
Hoogoorddreef 62. On the right,
Centerpoint I (8,952 sqm),
Hoogoorddreef 60

6 Hogehilweg 12 (3,129 sqm)

7 Laanderpoort (12,700 sqm),
Bijlmerdreef 100

AMSTERDAM SLOTERDIJK FROM OFFICE AREA TO URBAN CITY DISTRICT

NSI strongly believes in the value of Sloterdijk. The office district of Amsterdam Sloterdijk is gradually changing from a mono-functional working area into a unique urban neighbourhood.

NEW DISTRICT STRATEGY FUELLED TRANSFORMATION

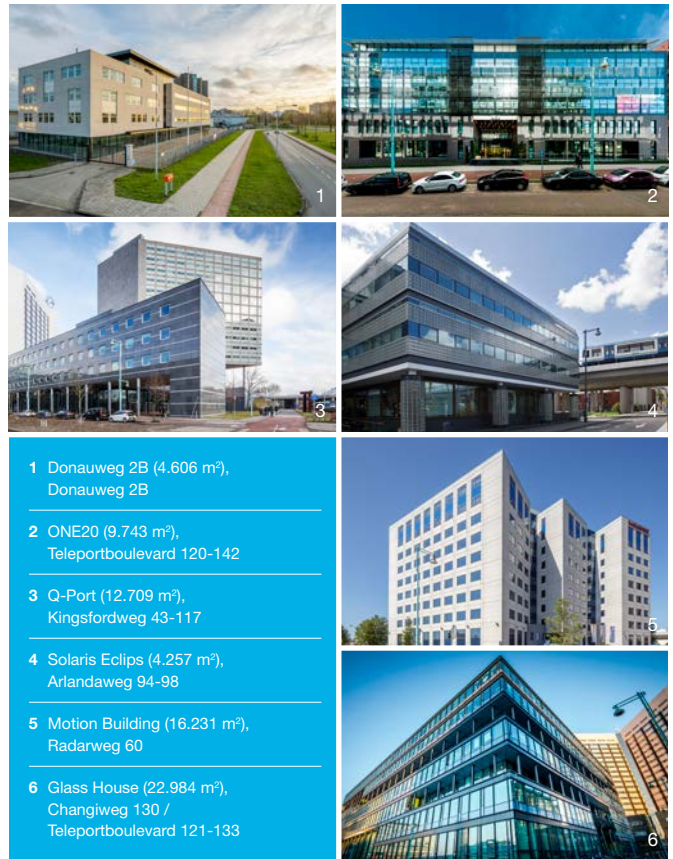
The transformation of Sloterdijk started in 2008, when a new district strategy was established to combat the high vacancy rates in this mono-functional office area. Opportunities were created for the transformation of outdated offices into hotels, catering establishments and homes. Sustainable office buildings are combined with unusual hotels and striking residential buildings, adding new life to Sloterdijk.

ADDING MORE RESIDENTIAL SPACE

The number of residents is expected to reach 15,000 (currently 900) in the next 20 years, with a diverse housing offer in the best tradition of the city: high end to affordable housing. There will also be extra attention for green space and biodiversity, like the bee-friendly garden park that has been landscaped. To reduce the shortage of affordable housing in Amsterdam, the municipality wants to speed up housing construction under the name of Haven-Stad, comprising twelve subareas, including Sloterdijk. Haven-Stad will be highly urban, mixing living and working everywhere.

NSI'S CLUSTER IN SLOTERDIJK

NSI's cluster in Sloterdijk of six modern, high-quality and sustainable office buildings has high potential. It is located in an area that is becoming increasingly attractive to tenants, residents and visitors. Additionally, the cluster is strategically located on a number of crucial transport routes. Important motorways, railways, waterways and Schiphol Airport are all located nearby. Plans have been made to invest substantially in the train station in the coming



1 Donauweg 2B (4.606 m²),
Donauweg 2B

2 ONE20 (9.743 m²),
Teleportboulevard 120-142

3 Q-Port (12.709 m²),
Kingsfordweg 43-117

4 Solaris Eclips (4.257 m²),
Arlandaweg 94-98

5 Motion Building (16.231 m²),
Radarweg 60

6 Glass House (22.984 m²),
Changiweg 130 /
Teleportboulevard 121-133

years, with a new metro connection being considered. Sustainable office buildings continue to be an important part of Sloterdijk. All assets (Solaris Eclips, Motion Building, Donauweg, Q-Port, ONE20 and Glass House, comprising a total of 70,500 sqm) have energy label A and a BREEAM Good label or higher. NSI actively participates in UPtown Sloterdijk, a coalition established to promote and further develop the area.

AMSTERDAM ZUIDAS

TRANSFORMATION INTO A LEADING OFFICE LOCATION

Amsterdam Zuidas has rapidly developed into a high-quality international knowledge and business centre that is also one of the most important office locations in the Netherlands. As of today, there are 2,645 companies located on the Zuidas, including the World Trade Center (WTC Amsterdam). Additionally, Zuidas is home to striking residential buildings, a high level of amenities and a research university.

RESIDENTIAL DEVELOPMENTS

The municipality of Amsterdam aims for a mixed residential area, where social rent properties, student accommodation, owner-occupied and rental apartments in the middle and luxury segments can all be found. Around 2,700 houses have been developed and this number is expected to reach 7,000 by 2030. As more and more residents are welcomed on the Zuidas, new facilities are also being added. Nowadays, the Zuidas features many catering establishments and shops, as well as cultural, sporting and healthcare facilities.

IMPROVING THE ACCESSIBILITY WITH ZUIDASDOK

Since over one million square metres of offices, housing and facilities are planned to be developed on the Zuidas until 2030, more people will be travelling to and from the district or passing through the area in transit. To better connect both strips and maintain the accessibility of the Zuidas, the Zuidasdok is being realised. This includes the refurbishment and expansion of Amsterdam Zuid station, the widening and partial tunnelling of the A10 South motorway and the redesign of the public space in the station area.

NSI'S PRESENCE ON THE ZUIDAS

NSI strongly believes in the Zuidas. Office vacancy rates are traditionally low, and rents are at a relatively high level for the Nether-



1 Render of Well House

2 Vitrum (11,600 sqm),
Parnassusweg 101-103

3 Vivaldi I (9,600 sqm),
Barbara Strozziilaan 201-229

4 Vivaldi II (8,700 sqm),
Barbara Strozziilaan 101-125

lands. The area is favourably located near Amsterdam city centre and Schiphol Airport and is easily accessible by both public transport and car. Moreover, the Zuidas is known for its sustainable office buildings, excellent digital infrastructure, large-scale concentration of business service providers, and high level of amenities. With the addition of new residential developments and recreational facilities, the Zuidas has evolved into a vibrant mixed-use area that continues to hold a strong national and international position as a high-end business centre. NSI owns three office buildings on the Zuidas: Vitrum (11,600 sqm), Vivaldi I (9,600 sqm), and Vivaldi II (8,700 sqm). In addition, NSI is working on its plans to redevelop Vitrum and develop Well House (22,000 sqm). With a height of 86 metres, Well House will be one of the tallest wooden office buildings in the world.





LEIDEN BIO SCIENCE PARK FROM OFFICE AREA TO URBAN CITY DISTRICT

Leiden Bio Science Park (LBSP) has developed from a conventional business park into an attractive bio-tech focused campus with housing and meeting spots for students, scientists and entrepreneurs. Nowadays, the park is internationally known for its strong biotech ecosystem and is gaining increasing economic importance in the Netherlands.

FIRST THEMED BUSINESS PARK

LBSP was one of the first themed business parks in the Netherlands in the mid-1980s. Although its development was not without a struggle - among other things due to a critical social attitude towards biotech and genetic manipulation in particular, the business area has now developed into one of the most important centres for biotechnology in the world. Easy access to university research, support of the national government for new companies, and willingness of the municipality to offer land to the business community also contributed to its appeal.

LBSP now hosts multiple educational and research buildings of Leiden University, the Leiden University Medical Centre and a large number of small start-ups and internationally established names, such as Janssen and Galapagos.

NSI'S CLUSTER IN LBSP

NSI's owns five adjacent assets in this area, making up circa 7% of the overall NSI portfolio.



1



2



3

1 Archimedesweg 6 (7,239 sqm),
Archimedesweg 6

2 Archimedesweg 30 (2,686 sqm),
Archimedesweg 30

3 Archimedesweg 17 (2,526 sqm),
Archimedesweg 17

4 Mendelweg 30 (6,234 sqm),
Mendelweg 30

5 Newtonweg 1 (9,421 sqm),
Newtonweg 1



4



5

REPORT OF THE SUPERVISORY BOARD

TO THE GENERAL MEETING OF SHAREHOLDERS

We, the Supervisory Board of NSI N.V. (NSI), hereby present you with the annual report prepared by the Management Board for the 2022 financial year. PricewaterhouseCoopers Accountants N.V. has audited the financial statements and has issued an unqualified opinion (page 125-132). We will recommend that the financial statements be adopted at the General Meeting of Shareholders on Friday 21 April 2023. The discharge of the Management Board in respect of the policy pursued in 2022 and of the Supervisory Board from the supervision it provided in 2022 will be addressed as separate agenda items at this General Meeting of Shareholders.

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board currently consists of five members.

RESIGNATION ROTA FOR SUPERVISORY BOARD MEMBERS

	First appointment	End of current term	End of Ultimate term
Jan Willem de Geus	2021	2025	2033
Karin Koks- Van der Sluijs	2016	2024	2028
Harm Meijer	2016	2024	2028
Margreet Haandrikman	2017	2025	2029
Jan Willem Dockheer	2020	2024	2032

DUTIES AND INDEPENDENCE

The role and responsibilities of the Supervisory Board, its composition and how it carries out its duties are specified in the Supervisory Board regulations which are posted on the company's website. A summary of the duties of the Supervisory Board can be found in the Corporate Governance section (pages 64-68).

In the opinion of the Supervisory Board the independence requirements referred to in best practice provisions 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code have been fulfilled. In relation to best practice provision 2.1.8.vi it is noted that Mr. Meijer is a shareholder in ICAMAP Investments SARL, which is holding more than 10% of the shares in NSI (as per 31 December 2022). As of the date of publication of this report, Mr. Meijer himself held no shares in NSI.

MEETINGS AND ATTENDANCE

The Supervisory Board met on 15 occasions during the year under review. The attendance (rate) at these meetings was as follows:

Full year 2022	De Geus	Koks	Haandrikman	Meijer	Dockheer
100%	86,6%	80%	93,3%	93,3%	100%
(15/15)	(13/15)	(12/15)	(14/15)	(14/15)	(15/15)

The attendance rate at the committee meetings was 100%.

REPORT OF THE ACTIVITIES OF THE SUPERVISORY BOARD

Seven meetings were regular Supervisory Board meetings which commenced with a preparatory meeting held without the Management Board being present, after which the members of the Management

Board attend the rest of the meeting. During these regular meetings the general state of affairs and the company's financial position were discussed. Furthermore, there were discussions with the Management Board on various occasions regarding the implementation of the long-term value creation strategy, the implementation of the business plan, the budget and targets, shareholder relations, proposals for acquisitions and disposals, development projects and the main risks associated with the company and the mitigating measures taken in this regard. Developments in the real estate markets and the effects on the composition of the real estate portfolio as well as the occupancy rate were frequently discussed and assessed. Matters including the value of real estate and the valuation methodology, the system of internal controls and risk control procedures, and corporate governance also had the Supervisory Board's constant attention.

In the meetings of 24 January, 12 and 15 April, 11 July and 11 October and during calls on 13 July and 12 October, the Supervisory Board met to monitor the implementation of the company's strategy, approve the quarterly, half year or full year results and (interim) dividends and to discuss the pertaining press releases, making sure our shareholders and the market at large are adequately informed about the state of affairs and financial position of the company and about its outlook.

The Supervisory Board was involved in the preparation of the Capital Markets Day that took place on 14 April 2022 and which was attended by the chairman of the Supervisory Board.

On 17 June and 27 September, the Supervisory Board met with the Management Board to brainstorm about political and economic trends and developments in society, and the implications thereof for our long term sustainable value creation model and our strategy.

On Budget Day 20 September 2022 the Government announced the intent to exclude Real Estate from the Dutch Investment Trust regime (FBI) as per 1 January 2024, a date later postponed to 1 January 2025. In all our meetings following this announcement, we have discussed with management the probability, timing, modalities and implications of its possible execution and the best course of action for the business and its stakeholders going forward.

On 25 November the Supervisory Board discussed a draft five-year Business plan (period 2023-2027) and the Budget for the following year (2023) put forward by management. In this meeting and the subsequent discussions about the strategy the Board focussed on the implementation of the strategy and feasibility of different scenarios, the company's operational, financial and ESG goals and their impact on NSI's future position in the real estate market, the interests of stakeholders and other aspects important to the company, such as sustainability and integrity.

These discussions led to an update and finetuning of the Business plan and Budget which were discussed and approved in their final form in the meeting of 12 December of the Supervisory Board. The 2023 – 2027 Business plan is based on a total return and cost efficiency approach, focusing on the "as-is" real estate portfolio, on the (re)-Development of existing locations and on the implementation of the Paris Aligned investment roadmap. The budget for 2023 is in accordance with this plan.

RISK MANAGEMENT, INTERNAL AND EXTERNAL AUDITING

Throughout 2022 the Supervisory Board maintained regular contact with the independent external auditor, primarily during the meetings of the Audit Committee.

In the meeting of 12 December 2022, the Audit Committee reported on the draft 2022 management letter of the independent external auditor and the Risk-and control framework of the company, in particular the analysis of the identified risks associated with the strategy and activities of the company, the risk appetite and the mitigating measures that have been put in place in order to counter the risks.

In the same meeting the audit committee reported on the functioning of, and the developments in the relationship with the independent external auditor. The discussion of the effectiveness of the internal risk management and control systems during the year was postponed and took place on 24 January 2023.

INTERNAL AUDIT FUNCTION

The Internal Audit Function is established by, and positioned independently under, the Management Board. The Internal Audit Function is part of the portfolio of the Chief Financial Officer, the execution of the Internal Audit Function is outsourced to a qualified service provider. The Management Board reviews the services provided by the external service provider and appoints the external service provider after obtaining advice from the Audit Committee.

The Chief Financial Officer is the delegated principal for the Internal Audit Function on behalf of the Management Board. The Internal Audit Function (external service provider as executor of the Internal Audit Function) has a functional (escalation) reporting line towards the Audit Committee.

NSI has no separate department to perform the internal audit function. The Supervisory Board assesses annually whether adequate alternative measures have been taken and whether it is necessary to establish an internal audit department. In the Supervisory Board meeting of 12 December 2022, the Audit Committee reported about the effectiveness of the internal and external audit function. In line with a recommendation by the Audit Committee issued in consultation with the independent external auditor and the Management Board, the Supervisory Board has considered that NSI has a compact organization, no activities outside the Netherlands, and operates in a very limited number of market segments. Given the fact that NSI uses external expertise to conduct internal audits based on an internal audit plan that is composed in consultation with the Audit Committee, the Supervisory Board is of the opinion that adequate alternative measures have been taken and that there is therefore no need to establish an internal audit department for this purpose. In accordance with an internal audit plan approved by the Supervisory Board a number of internal audits will be conducted under the supervision of the CFO in 2023.

PRIOR APPROVAL OF DECISIONS BY THE MANAGEMENT BOARD

Important decisions above a certain threshold require prior approval from the Supervisory Board. Decisions on acquisitions, investments and disposals up to a threshold of €5 million are made solely by the

Management Board, decisions above this threshold require approval of the Real Estate Committee and decisions above a threshold of €20 million require an advice by the Real Estate Committee and a subsequent approval by the full Supervisory Board. The Real Estate Committee is involved at an early stage in all material decisions concerning the company's real estate portfolio. This mechanism functions well and contributes to the execution power and efficiency of the company.

During the approval process the Supervisory Board assesses whether the proposed decision contributes to the implementation of the strategy including the ESG ambitions and criteria. In various meetings during the year the Supervisory Board dealt with acquisitions or acquisition opportunities of offices and with various development and redevelopment opportunities.

DEVELOPMENT

In 2022 the development projects moved further towards realisation and towards the phase of building permit applications, tendering and contracting. The financial risks of Project Development are greater than those of traditional asset management. Therefore the supervisory board has evaluated and subsequently intensified its supervision of the Development projects during 2022.

The Supervisory Board was involved in defining the scope of the Audit that BDO performed regarding the Development activities.

The demarcation of the supervisory duties of the Audit Committee, the Real Estate Committee and the full board Regarding the Development projects was evaluated. The Audit Committee will continue to focus on the risk & control and audit related aspects of the projects. The other aspects of the development projects are discussed in the Real Estate Committee. Both committees report to the full Supervisory Board who discusses in each regular meeting to what extent the projects are progressing in accordance with time schedule, cost budget, expected profit on cost and the biggest risks per project based on a written update of the current projects including a financial update of the overall business case (currently Laanderpoort, Well House and Vitrum) prepared by the Management Board.

When applicable "phase"-documents prepared by /the Development department are submitted for discussion and approval of the budgets by the Supervisory Board, which will be the basis for entering into the next phase of the specific Development project.

Several additional supervisory board meetings were held this year that focussed exclusively on the Development projects to allow a broader, more holistic reflection and control. These concerned both the construction cost and land price development of the projects themselves and the consequences of general market developments (e.g. yields and rent levels) for the total risk for the company.

EVALUATIONS

On 24 January 2022 the Supervisory Board discussed the functioning of the Management Board as a whole and of the individual members of the Management Board. The conclusions of these evaluations were shared with the Management Board. These were also

used to decide on the performance on the personal targets under the Short-Term Incentive for the CEO and CFO and as input for the target setting for the Management Board for 2022 under the Short-Term Incentive plan.

On 24 January 2022 the Supervisory Board also discussed the functioning of the Supervisory Board as a whole and of the individual members of the Board.

The evaluation of the Supervisory Board, the various committees and the individual supervisory board members had been carried out by means of a self-assessment based on a list of questions. The answers were bundled and subsequently discussed.

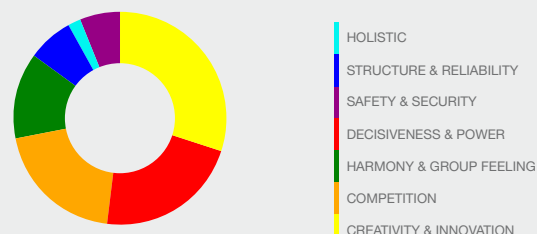
The supervisory board concluded:

- That the mutual interaction and the interaction with the Management Board is based on content, respectful and to the point.
- That the self-assessment by the Board members indicated that for each competence one or more supervisory directors have sufficient knowledge and experience and that the competences of the existing profile are currently sufficiently represented in the Supervisory Board.
- Provision of information about the development projects should be structured in a way that not only the members of the Real Estate Committee but all members of the Supervisory Board have sufficient information to be able to make informed decisions about Phase Documents.
- To discuss a demarcation with the aim of framing to what extent the Supervisory Board wishes to discuss the development projects in the full Board and which parts can be delegated to the Audit Committee and the Real Estate Committee.

The evaluation of the functioning of the committees confirmed the conclusions of last year's evaluation. The Committees play an important role in the preparation of the meetings and decisions of the Supervisory Board. The focus of the Audit Committee is on fulfilling the critical constructive supervisory role of the Board, whereas the Real Estate Committee also plays an important advisory role and functions as a sounding board for the Management Board. The Heads of the Asset Management, Development and of the Investments departments regularly participate in the Real Estate Committee meetings, and the Head of Finance regularly participates in the Audit Committee meeting giving the Supervisory Board direct contact to middle management.

At the meeting of 12 December 2022 the Supervisory Board evaluated its own functioning under the supervision of an external expert and measured how different perspectives and drivers were represented by using the "profile Dynamics" methodology. This provided insight in the cognitive diversity of the Board. The high scores on creativity, decisiveness and competition represent a tendency to easily speak up and put things on the table which was generally regarded positively in view of the complicated themes that NSI is currently dealing with. The functional scores on group feeling, structure and holistic views balance the individualistic tendencies and allow for different views to be put forward. The scores of the Supervisory Board were also compared with the scores of the Management Board and the entire organisation.

PROFILE DYNAMICS CHART SUPERVISORY BOARD



Find more information about the tool Profile Dynamics on page 70.

At the meeting of 12 December 2022, the Supervisory Board discussed any other positions held by the members of the Management Board and Supervisory Board.

EDUCATION

On 12 April the Supervisory Board attended a presentation of external tax advisers and lawyers about various topics of company and tax law.

On 17 June presentations of external and internal speakers about geopolitical and economic developments, customer excellence, client surveys, portfolio optimization and sustainability were attended.

During 2022 the members of the Supervisory Board have also attended individual trainings in the context of their permanent education on matters such as governance, finance, and real estate.

DIVIDEND POLICY

The current dividend policy, adopted by the General Meeting of Shareholders in 2014, stipulates that:

- at least 75% of the direct result is distributed.
- for practical reasons a dividend is distributed twice a year: an interim dividend after the first six months and a final dividend following adoption by the General Meeting of Shareholders.

On 12 April 2022 the Supervisory Board authorised the issuance of shares for those shareholders who opted for distribution of the final dividend for 2021 in shares. The General Meeting of Shareholders approved the issuance on 15 April 2022.

On 11 July 2022 the Supervisory Board approved the interim dividend for 2022 and authorised the issuance of shares for those shareholders who opted for distribution of the interim dividend for 2022 in shares.

2022 FINAL DIVIDEND PROPOSAL

In line with the applicable dividend policy (i.e. a pay-out of at least 75% of the direct result), NSI is proposing a final dividend for 2022 of € 1.12 per share. That brings the total dividend for 2022 to € 2.16 per share, of which € 1.04 per share was distributed as an interim dividend on 4 August 2022.

NSI is offering shareholders the option to receive the final dividend in cash and/or fully or partly in shares. The voluntary nature of this

option provides more possibilities for shareholders while enabling NSI to retain liquidity in the company. This cash can then be used for investment or loan repayment purposes. Provided that the General Meeting of Shareholders approves this dividend proposal, the final dividend will be payable on 16 May 2023.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board has four committees in place to optimise the operation of the Board: a Remuneration Committee, a Selection and Appointment Committee, an Audit Committee and a Real Estate Committee.

REMUNERATION COMMITTEE

From 1 January to 31 December 2022 the Committee consisted of Jan Willem Dockheer (Chair) and Jan Willem de Geus (member).

The role and responsibilities of the Remuneration Committee, its composition and how it carries out its duties are specified in the Remuneration Committee regulations which are posted on the company's website.

The Remuneration Committee had one joint meeting with the Selection and Appointment Committee in the year under review to discuss the performance of the members of the Management Board with respect to their individual targets for 2021 under the Short-Term Incentive for the CEO and CFO.

The Remuneration Committee had one joint meeting with the Selection and Appointment Committee in the year under review to discuss the establishment of collective and individual targets for 2022 linked to the Short-Term Incentive of the members of the Management Board. The applicable performance measures were set to foster short-term results needed for sustainable value creation with respect to the most important achievement areas of the company. The targets and the performance levels were based on the business plan and budget and included a mix of financial and nonfinancial KPI's including ESG related targets. The targets were aligned with the targets set for the employees and fixed after scenario planning's had been carried out to ensure a proper relation between performance and remuneration levels.

REMUNERATION POLICY

The Remuneration Committee had two joint meetings with the Selection and Appointment Committee to review the Remuneration Policy of the Management Board.

Following the implementation of the EU SRD-2 Directive into Dutch law, companies are required to submit their remuneration policy for a binding vote at least every four years. The current Policy was proposed to and adopted by the General Meeting of Shareholders of 24 April 2020. This means the Policy is set for a renewal of the binding vote in the 2024 AGM.

During 2022 the Remuneration Committee started the review of the policy and has looked into the (definition of) the Reference Group for the base fee, the peer group and the vesting level for the Long Term Incentive, the target areas and metrics set for the Short Term

Incentive and Long Term Incentive, including forward-looking performance measures for the latter and the question how to give sustainability targets and performance a more prominent role in the Policy. The Remuneration Committee conducted a study of relevant best practices and of practices among peers and has discussed the initial results of the review with the Supervisory Board. The Supervisory Board has identified certain areas where the policy can be optimized. The Supervisory Board has considered that in general the policy is currently functioning properly and that there is no urgency to adjust it. Therefore no amendments will be put forward in the 2023 AGM. The Supervisory Board will report on its findings in the 2023 AGM.

REMUNERATION REPORT

For a detailed overview of the Remuneration Policy and the way this has been executed in the year under review please refer to the separate Remuneration Report 2022.

The remuneration report (dated 10 March 2022) is posted on the company's website. The report will be presented to the AGM of 21 April 2023 for an advisory vote.

SELECTION AND APPOINTMENT COMMITTEE

From 1 January to 31 December 2022 the Committee consisted of Jan Willem Dockheer (Chair) and Jan Willem de Geus (member).

The role and responsibilities of the Selection and Appointment Committee, its composition and how it carries out its duties are specified in the Selection and Appointment Committee regulations which are posted on the company's website.

The Selection and Appointment Committee had four meetings with the Remuneration Committee in the year under review. During these meetings the committees discussed the Remuneration Policy of the Management Board, the achievement of the 2021 individual targets of the members of the Management Board linked to their Long-Term Incentive and Short-Term Incentive Plan, the establishment of the 2022 individual targets for the members of the Management Board linked to their Long-Term Incentive and Short-Term Incentive and a revision of the Remuneration Policy of the Management Board.

The Selection and Appointment Committee had a separate meeting with the CEO and CFO to discuss the set-up of the organisation of the company and the profile, composition, competencies and experience of the management team and of other key personnel.

AUDIT COMMITTEE

During 2022 the Audit Committee consisted of Margreet Haandrikman (Chair) and Karin Koks-Van der Sluijs (member). The Audit Committee met on five occasions in the year under review.

The role and responsibilities of the Audit Committee, its composition and how it carries out its duties are specified in the Audit Committee regulations which are posted on the company's website.

Audit Committee meetings pay special attention to the opportunities and risks that the company faces.

The Audit Committee regularly conferred with the independent external auditor, of which once without the presence of the Management Board.

The Audit Committee made a recommendation to the Supervisory Board to enable the supervisory board to assess – as there is no separate department for the internal audit function- whether adequate alternative measures have been taken and whether it is necessary to establish an internal audit department.

In 2022 the Audit Committee discussed and was particularly involved in the assessment and/or monitoring of:

- A the operation and effectiveness of the internal risk management and control systems, as well as the probability and impact of certain risks;
- B risk and reporting requirements in relation to development activities;
- C the fraud risk analysis
- D compliance with relevant legislation and regulations as well as compliance with the internal regulations;
- E the provision of financial information by the company, including the discussion of position papers on the proper application of accounting standards;
- F ESG reporting, in particular reporting on Sustainability KPI's and the preparation of the implementation of the CSRD;
- G the yearly evaluation of the internal audit charter, the internal audit plan for 2022 and internal audit findings; in 2022 the internal audits focussed on Technical Asset management, Accounts receivable, Project Development and the process for acquisitions and disposals (divestures);
- H evaluation of the functioning of the external accountant and the relationship with the independent external auditor, reporting the results of the evaluation to the Supervisory Board and informing the independent external auditor about the main topics of the evaluation;
- I discussions with the independent external auditor about the 2022 audit plan, the audit report and the management letter of the independent external auditor, compliance with recommendations from and the follow-up of remarks by the independent external auditor, also with regard to ICT systems;
- J the application of information and communication technology and measures to improve cybersecurity;
- K the renewal of the Term Loan based on a Sustainability Linked margin mechanism (Green Financing).

REAL ESTATE COMMITTEE

From 1 January to 3 March 2022 the Real Estate Committee consisted of Harm Meijer (Chair) and Karin Koks-Van der Sluijs (member). From 3 March to 31 December 2022 the Real Estate Committee consisted of Harm Meijer (Chair) Karin Koks-Van der Sluijs (member) and Jan Willem de Geus (member).

The role and responsibilities of the Real Estate Committee, its composition and how it carries out its duties are specified in the Real Estate Committee regulations which are posted on the company's website. Real Estate Committee meetings pay special attention to the feasibility of the strategy, the implementation of the business model, and the real estate market.

The regulations of the Real Estate Committee delegate Supervisory Board decisions about divestments, acquisitions and investments

with a value between €5mio and €20mio to the Real Estate Committee. During the execution of the asset rotation programme that started in 2017 and was successfully completed at the end of 2021 an important part of the Real Estate Committees activities consisted in evaluating and approving numerous divestment and reinvestment decisions. Going into 2022 the focal point of the committees agenda has shifted more towards the advisory role on large scale development projects and on NSI's strategy, especially with regards to the composition of the portfolio and the transformation thereof to become fully aligned with the Paris Agreement in 2035.

In view of these development the Supervisory Board has decided to extend the size of the Real Estate Committee and on 3 march appointed the chairman of the Supervisory Board as an additional member.

The Real Estate Committee had three regular meetings with the Management Board.

In 2022 the Real Estate Committee was particularly involved in:

- A meeting with management to discuss the portfolio strategy, hold/sell analyses, market updates, occupancy, retention and new leases;
- B evaluating proposed management decisions, specifically with regard to real estate transactions (acquisitions, disposals and investments);
- C deciding on or advising the Supervisory Board on real estate transactions and Development projects
- D discussing the status and progress of the Development projects, in particular the Laanderpoort development in Amsterdam South East and the Vitrum and Well House developments in the Amsterdam Southaxis area;
- E assessing asset business plans for all major offices including HNKS; and discussing the analysis (financial and qualitative) of the assets on portfolio level
- F improvement of the portfolio with regard to sustainability, in particular the establishment of a Paris Aligned Roadmap and the identification and validation of the related benefits and cost;
- G discussing the transformation potential within the portfolio and holding discussions with management with regard to the HNK strategy and product offering towards the HNK brand update in November 2022

IN CONCLUSION

During 2022 several geopolitical political and economic developments have set new challenges for the Management Board and employees of NSI requiring creativity, hard work and resilience. The Supervisory Board wishes to express its gratitude for the efforts the entire team has made and the successes they realised in the year under review.

Amsterdam, 9 March 2023

The Supervisory Board,

Jan Willem de Geus, *Chair*
 Karin Koks-Van der Sluijs, *Vice Chair*
 Harm Meijer
 Margreet Haandrikman
 Jan Willem Dockheer

DETAILS OF THE SUPERVISORY BOARD



Mr J.W.A. de Geus (1966)

Chairman

Nationality Dutch

Current position Senior Advisor Proprium Capital Partners

Additional positions Non-Executive Board member of YAYS Group, Non-Executive Board member of AVID Property Group, member of the Board of the Asian Association for Investors in Non-listed Real Estate Vehicles (ANREV)

First appointment 2021

Current term To 2025



Mrs K.M. Koks - Van der Sluijs (1968)

Vice Chairman

Nationality Dutch

Current position Managing Director, Portfolio Management Greystar Europe

Additional positions Member of the Supervisory Board of Annexum - Super Winkel Fonds NV.

First appointment 2016

Current term To 2024



Mr J.W. Dockheer (1973)

Nationality Dutch

Current position CEO Delhaize Serbia, at Ahold Delhaize

Additional positions Member of the Supervisory Board of 2theLoo

First appointment 2020

Current term To 2024



Mr H.M.M. Meijer (1975)

Nationality Dutch

Current position Founding partner of ICAMAP, Board Member and Managing Director at ICAMAP Advisory

Additional positions Non-executive Chairman of easyHotel plc

First appointment 2016

Current term To 2024



Mrs G.M. Haandrikman (1965)

Nationality Dutch

Current position Independent supervisory board member and advisor

Additional positions Chair of the Supervisory Board of Onderlinge van 1719 UA, Chair of the Supervisory Board of Lemonade NV., Member of the Supervisory Board Centramed, Member of the Supervisory Board Monuta Holding and Monuta Verzekeringen NV, Member of the Supervisory Board Stichting Pensioenfondsen Huisartsen, Member of the Supervisory Board and chair of the Audit Committee Stichting RADAR Inc, Member of the Board Stichting for the holding and administration of shares under the RDS employee shareplans.

First appointment 2017

Current term To 2025

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

(x € 1,000)

	Note	2022	2021
Gross rental income	2	71,309	77,507
Service costs recharged to tenants		11,020	12,659
Service costs		-12,343	-14,532
Service costs not recharged	2	-1,322	-1,873
Operating costs	2, 3	-10,663	-12,362
Net rental income		59,325	63,272
Revaluation of investment property	4	-76,826	63,149
Net result on sale of investment property	5	32	10,207
Net result from investments		-17,470	136,628
Administrative costs	6	-8,566	-7,612
Other income and costs	7	-210	-170
Financing income		278	45
Financing costs		-8,302	-9,330
Movement in market value of financial derivatives		2,902	1,401
Net financing result	8	-5,122	-7,884
Result before tax		-31,368	120,962
Corporate income tax	9	-2	-2
Total result for the year		-31,370	120,961
Other comprehensive income / expense			
Total comprehensive income / expense for the year		-31,370	120,961
Total comprehensive income / expense attributable to:			
Shareholders		-31,370	120,961
Total comprehensive income / expense for the year		-31,370	120,961
Data per average outstanding share:			
Diluted as well as non-diluted result after tax (€)	16	-1.58	6.20

The notes on pages 88 to 117 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2022

(x € 1,000)

	Note	31 December 2022	31 December 2021
Assets			
Investment property	10	1,259,235	1,338,034
Intangible fixed assets	11	72	134
Tangible fixed assets	12	4,063	5,165
Financial fixed assets		0	0
Other non-current assets	13	13,659	13,148
Non-current assets		1,277,027	1,356,481
Debtors and other receivables	14	1,403	4,015
Derivative financial instruments	21	1,163	
Cash and cash equivalents	15	196	7,729
Current assets		2,763	11,744
Total assets		1,279,790	1,368,225
Shareholders' equity			
Issued share capital	16	73,800	72,489
Share premium reserve	16	915,447	916,768
Other reserves	16	-70,868	-161,762
Total result for the year		-31,370	120,961
Shareholders' equity		887,008	948,457
Liabilities			
Interest bearing loans	17	285,984	389,096
Derivative financial instruments	21		1,739
Other non-current liabilities	18	3,744	3,742
Non-current liabilities		289,727	394,577
Redemption requirement interest bearing loans	17	65,656	700
Debts to credit institutions	19	14,037	7
Creditors and other payables	20	23,361	24,485
Current liabilities		103,054	25,192
Total liabilities		392,782	419,769
Total shareholders' equity and liabilities		1,279,790	1,368,225

The notes on pages 88 to 117 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

(x € 1,000)

	Notes	2022	2021
Result from operations after tax		-31,370	120,961
Adjusted for:			
Revaluation of investment property	4	76,826	-63,149
Net result on sale of investment property	5	-32	-10,207
Net financing result	8	5,122	7,884
Corporate income tax	9	2	2
Depreciation and amortisation	6	739	477
		82,658	-64,994
Movements in working capital:			
Debtors and other receivables		1,667	-3,427
Creditors and other payables		-1,894	-5,527
		-228	-8,954
Cash flow from operations		51,061	47,013
Financing income received		278	45
Financing costs paid		-8,545	-10,135
Tax paid		6	12
Cash flow from operating activities		42,800	36,935
Purchases of investment property and subsequent expenditure	10	-12,682	-128,696
Proceeds from sale of investment property	10	17,067	103,879
Investments in intangible fixed assets	11	-31	-33
Investments in tangible fixed assets	12	-104	-743
Disinvestments in tangible fixed assets	12	4	
Cash flow from investment activities		4,255	-25,593
Dividend paid to the company's shareholders	16	-30,078	-26,942
Proceeds from interest bearing loans	17	5,000	140,000
Transaction costs interest bearing loans paid		-339	-744
Repayment of interest bearing loans	17	-43,200	-115,700
Cash flow from financing activities		-68,617	-3,386
Net cash flow		-21,563	7,957
Cash and cash equivalents and debts to credit institutions - balance as per 1 January		7,723	-234
Cash and cash equivalents and debts to credit institutions - balance as per 31 December		-13,840	7,723

The notes on pages 88 to 117 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

(x € 1,000)

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				-31,370	-31,370
Total comprehensive income / expense for the year				-31,370	-31,370
Profit appropriation - 2021			120,961	-120,961	
Distribution final dividend - 2021	398	-403	-17,464		-17,470
Interim dividend - 2022	913	-918	-12,603		-12,608
Contributions from and to shareholders	1,310	-1,321	90,894	-120,961	-30,078
Balance as per 31 December 2022	73,800	915,447	-70,868	-31,370	887,008

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

The notes on pages 88 to 117 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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

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 2021.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Reporting Standards (IFRS), as endorsed by the European Union (EU-IFRS) and with Title 9 of Book 2 of the Dutch Civil Code.

The financial statements were prepared by the Company's Management and approved by the Supervisory Board on 9 March 2023. The financial statements will be submitted to the General Meeting of Shareholders on 21 April 2023 for adoption.

Unless stated otherwise, all amounts in the financial statements 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 off differences between in the figures presented.

The statement of comprehensive income, the statement of financial position, the cash flow statement and the statement of changes in shareholders' equity make reference to the notes in the financial statements to provide more information. The financial year of NSI presents the period from 1 January until 31 December.

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 2021. 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 four 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 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 2022 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 (reference is made to note 21). Therefore, these financial statements are drawn up based on a going concern.

MEASUREMENT AT FAIR VALUE

A number of accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.

Significant valuation issues are reported to the company's audit committee.

In measuring the fair value of an asset or a liability, the company uses observable market data as much as possible. Fair value measurements are categorized into different levels of a fair value hierarchy based on the inputs applied to the valuation techniques.

The different levels are defined as follows:

- Level 1: valuation on the basis of 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.

If the input parameters used to measure the fair value of an asset or a liability may be categorised into different levels of the fair value hierarchy, the fair value measurement is categorised entirely in the level of the lowest level input that is significant to the entire measurement.

The company recognises reclassifications between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The company has established a control framework with regard to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation process is supervised by the Management Board.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third-party information is used to measure fair value, NSI assesses and documents the third-party data to verify that the valuations and their classification into different levels of the fair value hierarchy comply with IFRS, including their level in the fair value hierarchy.

Further information about the assumptions made in measuring fair value is included in the following notes:

- Note 10 - Investment property;
- Note 21 - Financial instruments;
- Note 22 - Remuneration Management Board

MAIN PRINCIPLES FOR FINANCIAL REPORTING

PRINCIPLES FOR CONSOLIDATION

SUBSIDIARIES

Subsidiaries are entities over which NSI has decisive control. There is a situation of control if the company's involvement in the entity exposes or entitles it to variable returns and the company has the ability to influence such returns using its control in the entity.

The results of subsidiaries are included in the consolidated financial statements from the date of commencement of control until the date on which the control ends.

The following companies are included in the consolidated financial statements:

		31 December 2022	31 December 2021
NSI N.V.	Amsterdam, The Netherlands		
NSI Real Estate B.V.	Amsterdam, The Netherlands	100.0%	100.0%
NSI Kantoren B.V.	Amsterdam, The Netherlands	100.0%	100.0%
NSI Vastgoed B.V.	Amsterdam, The Netherlands	100.0%	100.0%
NSI Flexoffices B.V.	Amsterdam, The Netherlands	100.0%	100.0%
HNK Vastgoed B.V.	Amsterdam, The Netherlands	100.0%	100.0%
HNK Services B.V.	Amsterdam, The Netherlands	100.0%	100.0%
NSI Development B.V.	Amsterdam, The Netherlands	100.0%	100.0%

ELIMINATION OF INTRAGROUP TRANSACTIONS

Intragroup balances and transactions as well as any unrealised profits and losses on intragroup transactions are eliminated, except where there are indications for impairment.

FOREIGN CURRENCY

FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currency are converted into euros using the exchange rate prevailing on the balance sheet date. Transactions in foreign currency are converted into euros at the exchange rate prevailing on the transaction date. Exchange rate differences arising from conversion are recognised in the consolidated statement of comprehensive income.

INVESTMENT PROPERTY

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

INVESTMENT PROPERTY IN OPERATION

Investment property in operation consists of real estate that is held to generate rental income or value, or a combination of both, but that is not intended for sale in the ordinary course of business.

Investment property is initially recognised as from the date of transfer of the legal title at cost (including all costs relating to the

purchase, such as legal costs, transfer tax, estate agent fees, costs of due diligence and other transaction costs). Subsequent measurement of investment property is at fair value.

The fair value of the right of use of leasehold is added to the fair value of the investment property and as such included in the balance sheet value of investment property in operation. Future leasehold obligations are valued at net present value of the future lease payments.

For all properties in the portfolio the fair value of the investment property is appraised by external registered appraisers twice a year. In principle, valuations may only be performed and provided by appraisers registered with the Dutch register of property appraisers (Nederlands Register van Vastgoed Taxateurs). Valuations are performed on the basis of the guidance of the RICS Red Book. NSI works with at least two valuation firms. The valuation firms for individual properties are changed every three years in accordance with the RICS guidelines. The valuations are assessed and analysed by the Management Board and by asset management considering the methods and assumptions applied, as well as the outcome.

The fair value is based on the market value (adjusted for purchase costs such as transfer tax). This means that the estimated price on the date of valuation at which a property could be traded

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REPORTING ENTITY

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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

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 2021.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Reporting Standards (IFRS), as endorsed by the European Union (EU-IFRS) and with Title 9 of Book 2 of the Dutch Civil Code.

The financial statements were prepared by the Company's Management and approved by the Supervisory Board on 9 March 2023. The financial statements will be submitted to the General Meeting of Shareholders on 21 April 2023 for adoption.

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The statement of comprehensive income, the statement of financial position, the cash flow statement and the statement of changes in shareholders' equity make reference to the notes in the financial statements to provide more information. The financial year of NSI presents the period from 1 January until 31 December.

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 2021. 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 four 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 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 2022 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 (reference is made to note 21). Therefore, these financial statements are drawn up based on a going concern.

MEASUREMENT AT FAIR VALUE

A number of accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.

Significant valuation issues are reported to the company's audit committee.

In measuring the fair value of an asset or a liability, the company uses observable market data as much as possible. Fair value measurements are categorized into different levels of a fair value hierarchy based on the inputs applied to the valuation techniques.

The different levels are defined as follows:

- Level 1: valuation on the basis of quoted prices in active markets for identical assets or liabilities;
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If the input parameters used to measure the fair value of an asset or a liability may be categorised into different levels of the fair value hierarchy, the fair value measurement is categorised entirely in the level of the lowest level input that is significant to the entire measurement.

The company recognises reclassifications between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The company has established a control framework with regard to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation process is supervised by the Management Board.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third-party information is used to measure fair value, NSI assesses and documents the third-party data to verify that the valuations and their classification into different levels of the fair value hierarchy comply with IFRS, including their level in the fair value hierarchy.

Further information about the assumptions made in measuring fair value is included in the following notes:

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PRINCIPLES FOR CONSOLIDATION

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Subsidiaries are entities over which NSI has decisive control. There is a situation of control if the company's involvement in the entity exposes or entitles it to variable returns and the company has the ability to influence such returns using its control in the entity.

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HNK Services B.V.	Amsterdam, The Netherlands	100.0%	100.0%
NSI Development B.V.	Amsterdam, The Netherlands	100.0%	100.0%

ELIMINATION OF INTRAGROUP TRANSACTIONS

Intragroup balances and transactions as well as any unrealised profits and losses on intragroup transactions are eliminated, except where there are indications for impairment.

FOREIGN CURRENCY

FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currency are converted into euros using the exchange rate prevailing on the balance sheet date. Transactions in foreign currency are converted into euros at the exchange rate prevailing on the transaction date. Exchange rate differences arising from conversion are recognised in the consolidated statement of comprehensive income.

INVESTMENT PROPERTY

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

INVESTMENT PROPERTY IN OPERATION

Investment property in operation consists of real estate that is held to generate rental income or value, or a combination of both, but that is not intended for sale in the ordinary course of business.

Investment property is initially recognised as from the date of transfer of the legal title at cost (including all costs relating to the

purchase, such as legal costs, transfer tax, estate agent fees, costs of due diligence and other transaction costs). Subsequent measurement of investment property is at fair value.

The fair value of the right of use of leasehold is added to the fair value of the investment property and as such included in the balance sheet value of investment property in operation. Future leasehold obligations are valued at net present value of the future lease payments.

For all properties in the portfolio the fair value of the investment property is appraised by external registered appraisers twice a year. In principle, valuations may only be performed and provided by appraisers registered with the Dutch register of property appraisers (Nederlands Register van Vastgoed Taxateurs). Valuations are performed on the basis of the guidance of the RICS Red Book. NSI works with at least two valuation firms. The valuation firms for individual properties are changed every three years in accordance with the RICS guidelines. The valuations are assessed and analysed by the Management Board and by asset management considering the methods and assumptions applied, as well as the outcome.

The fair value is based on the market value (adjusted for purchase costs such as transfer tax). This means that the estimated price on the date of valuation at which a property could 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 fair value is calculated using primarily the 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 DCF calculation method, based on the present value of the future cash flows for the next ten year 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 property type, location, maintenance condition and letting potential of each property, and are based on comparable transactions, along with market-specific and property-specific data.

Key assumptions in the valuations are yields. Market rent, future capital expenditure (investments), ground lease and maintenance assumptions are also taken into account in the valuations. Further, assumptions are made for each tenant and for each vacant unit with regard to the probability of letting and (re)letting, the number of months of vacancy, incentives and letting costs. Adjustments are made to the present value of differences between the market rent prices and the rent price contractually agreed. The valuation is made after deduction of transaction expenses borne by buyers.

Subsequent expenditures are only included in the value of the property if it is probable that future economic benefits related to these investments or expenses would benefit the company. All other costs of maintenance and repairs are recognised as costs at the moment that they are incurred. No depreciation is made on investment properties, given that they are recognised at fair value.

Changes to the fair value of investment properties are included in the consolidated statement of comprehensive income in the period in which they occur.

Profits or losses on the sale of an investment property are recognised in the period in which the sale occurs as the difference between the net sales proceeds and the fair value most recently determined by NSI. If an investment property is sold, the cumulative positive revaluation, if any, is transferred from the revaluation reserve to retained earnings. Investment property is derecognised when it has been sold and control has been transferred.

If the use of a property becomes owner occupied and a reclassification as a tangible fixed asset is required, the fair value at the date of reclassification becomes the cost price for administrative processing purposes.

INVESTMENT PROPERTY UNDER CONSTRUCTION

Investment property under construction is referred to as 'investment property under construction' for the purpose of future lease activity. A property is considered as investment property under construction either if NSI is developing a new property or if NSI considers that for continued future use of an existing property a major (re-)development is required and the property is no longer available for letting. At that moment the investment property in operation is transferred to investment property under construction.

Capitalisation of costs related to the development project commences as soon as it is probable that future economic benefits associated with the development of the property will flow to the entity and the cost of the project can be measured reliably.

The costs associated with investment property under construction consists of all the directly attributable costs required to complete the project, including internal costs of employee benefits arising directly from the development project and borrowing costs. The borrowing costs concern capitalised interest and the financing component of leasehold agreements, which are charged as from the date capitalisation of costs commences until the date of delivery, and is calculated based on the average cost of debt of NSI. The cost of debt includes interest and all other costs associated with NSI raising funds.

If the fair value can be measured reliable, investment property under construction is valued at fair value. In order to evaluate whether the fair value of a property under construction can be measured reliably, management considers amongst others the following criteria:

- The status of the required construction;
- The status of the construction contract;
- Level of reliability of cash inflows after completion.

If the fair value cannot be measured reliable, investment property under construction is valued at cost, including capitalised interest. At the date of delivery the investment property under construction is transferred to investment property in operation.

INTANGIBLE FIXED ASSETS

Intangible assets only consist of software.

Development and implementation costs relating to purchased and/or developed software are capitalised based on the costs of acquiring the software and taking it into operation. The capitalised costs are reduced by cumulative amortisation and cumulative impairment losses.

Amortisation is calculated to write off the costs of intangible fixed assets less their estimated residual value on a straight-lined basis over their estimated useful life. Amortisation is recognised in the statement of comprehensive income. The estimated useful economic lives of capitalised software is 3 years.

TANGIBLE FIXED ASSETS

Tangible fixed assets consist of real estate (office building) fully or partly used by the company, its furniture and fixtures and office equipment (hardware). These assets are valued at cost, less cumulative depreciation and any cumulative impairment losses.

Furthermore, the value of the right of use of lease cars is included under tangible fixed assets following the IFRS 16 standard. The right of use of car leases are valued at net present value of the future lease payments at the time of capitalisation, less cumulative depreciation.

If a property used by the company changes into an investment property, the property is revalued on the basis of fair value and reclassified as an investment property. Any gain arising from this

revaluation is recognised in the result insofar as the gain results in a reversal of a previously recognised impairment loss for that specific property. Any residual gain is recognised in the unrealised results and is reported in the revaluation reserve. Any loss is recognised in the result.

Depreciation of tangible fixed assets is charged to the consolidated statement of comprehensive income under administrative costs and is calculated using the straight-line method based on the estimated useful life and residual value of the asset concerned. Land is not depreciated.

The estimated useful life is as follows:

- Real estate in own use: 25 years;
- Furniture and fixtures: 4 years;
- Hardware: 3 years.

Depreciation of right of use lease cars is calculated using the straight-line method over the contractual lease period of the asset concerned.

The applied methodology of calculating depreciation, useful life and residual value is assessed at the end of every book year and adjusted if necessary.

IMPAIRMENT NON-FINANCIAL FIXED ASSETS

The carrying value of the non-financial assets of the Group, excluding the market value of investment properties corrected for lease incentives, are reviewed at each reporting date to determine whether there are indications for impairment. If any such indication exists, an estimate is made of the recoverable amount of the asset.

The recoverable amount of an asset or cash-generating unit is the highest of the value in use or the fair value less costs of disposal. In assessing value in use, the present value of the estimated future cash flows is calculated using a pre-tax discount rate that reflects current market assessments of the time value of money as well as the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the book value of the asset or cash-generating unit to which the asset belongs is higher than the estimated recoverable value.

Impairment losses are recognised in profit or loss. They are deducted on a pro rata basis from the book value of each asset in the cash-generating unit.

Impairment losses are reversed only to the extent that the asset's book value does not exceed its book value, net of any depreciation or amortisation that would have been determined had no impairment loss been recognised.

FINANCIAL INSTRUMENTS

NSI classifies non-derivative financial assets in the categories:

- Tenant loans (non-current);
- Debtors and other receivables;
- Cash and cash equivalents.

NSI has the following non-derivative financial liabilities:

- Interest bearing loans;
- Creditors and other payables;
- Amounts owed to credit institutions.

NON-DERIVATIVE FINANCIAL ASSETS AND LIABILITIES - RECOGNITION

NSI initially recognises financial assets and financial liabilities at the transaction date.

NSI no longer recognises a financial asset in the balance sheet if the contractual rights to the cash flows from the asset expire, or if NSI transfers the contractual rights to receive cash flows from the financial asset through a transaction in which substantially all the risks and benefits related to the ownership of the asset are transferred, or if NSI neither transfers or retains the risks and benefits related to ownership of the asset, nor has control over the transferred asset. If NSI retains or creates an interest in the transferred financial assets, the interest is recognised as a separate asset or liability.

NSI no longer recognises a financial liability in the balance sheet if the contractual obligations are waived or cancelled or have expired.

Financial assets and liabilities are only offset and the resulting net amount is only presented in the balance sheet if NSI has a legally enforceable right to offset and if it intends to offset on a net basis or to realise the asset and the liability simultaneously.

NON-DERIVATIVE FINANCIAL ASSETS – MEASUREMENT

LOANS AND DEBTORS AND OTHER RECEIVABLES

Loans and debtors and other receivables, excluding taxes and prepayments, are measured at initial recognition at fair value plus any directly attributable transaction costs. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method.

For loans and debtors and other receivables the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised and subsequently valued at amortised costs and consist of cash and bank balances. Current account overdrafts that are payable on demand and which form an integral part of NSI's cash management are included in cash and cash equivalents and amounts owed to credit institutions in the consolidated statement of financial position and the consolidated cash flow statement.

NON-DERIVATIVE FINANCIAL LIABILITIES - MEASUREMENT

INTEREST BEARING LOANS

Interest-bearing loans are initially recognised at fair value, after deduction of attributable transaction costs. After initial recognition, the interest-bearing loans are measured at amortised cost using the effective interest method.

Interest-bearing loans include both fixed-rate and variable-rate loans. In principle, the fair value of the variable-rate loans is equal to their amortised cost. Part of the interest risk on the variable-rate loans is hedged through interest-rate swaps.

In principle, the fair value of the fixed-rate loans is not equal to their amortised cost. The fair value of the fixed-rate loans is calculated using the net present value method at the market interest rates prevailing on 31 December 2022 (including margin).

Any redemption of interest-bearing debt within one year is recognised as current liabilities.

An interest-bearing debt is derecognised from the balance sheet when the interest-bearing debt is settled, annulled or cancelled.

If an existing interest-bearing debt is exchanged by another from the same lender at substantially different terms or the terms of an existing interest-bearing debt substantially change, this will be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying book value of the financial liability extinguished and the consideration paid is then recognised in the profit and loss account.

If the conditions of the interest-bearing debts are adjusted, but this does not result in the annulment of the interest-bearing debt, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

CREDITORS AND OTHER PAYABLES

Creditors and other payables, excluding taxes and deferred income, are at initial recognition measured at fair value plus any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

DERIVATIVE FINANCIAL INSTRUMENTS

NSI uses derivative financial instruments to hedge (in full or in part) the interest rate risks associated with its finance activities. These derivatives are not held or issued for trading purposes.

Derivatives are initially recognised at cost, after which they are recognised at fair value. Profits or losses arising from changes in the fair value of derivative financial instruments are immediately recognised in the consolidated statement of comprehensive income. Hedge accounting is not applied.

The fair value of the financial instruments is the amount the Group would expect to pay or receive if the financial derivative were to be liquidated at balance sheet date, taking into account the interest rate on the balance sheet date and the current credit risk of the counterparties concerned as well as the credit risk of the Group. The interest payable on derivatives is incorporated in other payables. A derivative financial instrument is reported as a current asset or current liability if its remaining term to maturity is less

than one year or if it is expected that it will be liquidated or settled within one year.

PREPAYMENTS AND DEFERRED INCOME

Prepayments and deferred income are measured at costs.

EQUITY

Ordinary shares are classified as shareholders' equity. External costs that can be attributed directly to the issuance of new shares are deducted from the earnings reserve.

The increase in the paid-up and called-up capital relating to a stock dividend programme is deducted from the share premium reserve as well as the expenses relating to the stock dividend.

When repurchasing NSI shares, the amount of the consideration paid including directly attributable costs, is recognised as a change in shareholders' equity. Cash dividends are deducted from the other reserves in the period in which the dividends are set.

INCOME

RENTAL INCOME

The rental income from investment property let on the basis of operating lease agreements is recognised in the consolidated statement of comprehensive income on a straight-line basis for the duration of the lease agreement.

Rent-free periods, rent reductions and other lease incentives are reported as an integral part of total net rental income. These lease incentives are allocated over the term of the lease agreement until the first moment at which the lease agreement may be terminated. The resulting accrued income is included in the fair value of the respective investment properties by the external appraisers and is separated in the balance sheet for reporting purposes.

Compensations received or paid for leases terminated early are immediately recognised in the consolidated statement of comprehensive income in the period in which the contractual requirements are met.

SERVICE COSTS RECHARGED TO TENANTS

Service costs can be charged on to the tenants. These charges mainly relate to gas, water, electricity, cleaning and security, etc., costs which can be recharged to tenants based on the lease agreement. NSI acts as principal with respect to service costs, whereby the costs incurred are recharged to the tenants, including an administrative fee.

NET RESULT ON SALE OF INVESTMENT PROPERTY

Proceeds from the sale of investment properties are recognised when the control of the property is transferred to the purchaser.

The profits or losses on the sale of investment properties are identified as the difference between the net proceeds of the sale and the carrying value of the investment properties in NSI's most recently published (interim) balance sheet.

COSTS

SERVICE COSTS NOT RECHARGED

Service costs not recharged to tenants mainly relate to vacant properties, in which situation these costs cannot be recharged to tenants and / or to other irrecoverable service costs as a result of contractual limitations or service costs.

OPERATING COSTS

Operating costs consist of costs directly related to the operation of the investment properties, such as property management, municipal taxes, insurance premiums, maintenance costs, letting costs and other business expenses.

Except for letting fees, these costs are charged to the result when they occur. Letting fees are straight-lined over the remaining lease term of the related contract until the first possible moment of termination by the tenant. The resulting accrued income is included in the fair value of the respective investment properties by the external appraisers and is separated in the balance sheet for reporting purposes.

ADMINISTRATIVE COSTS

Administrative expenses include staff costs, office expenses, consultancy fees, remuneration of Supervisory Board members and the costs of fund management.

Costs relating to the commercial, technical and administrative management of investment properties are included in the operating costs. Costs relating to the supervision and monitoring of investment projects are capitalised on the basis of hours spent.

FINANCING INCOME AND COSTS

Financing income and expenses consist of interest expenses on loans and debts, and interest income on outstanding loans and receivables attributable to the period, including interest income and expenses based on interest rate swaps and dividends received. As a result of the valuation of interest-bearing debt based on amortised cost, financing expenses also include interest accrued on the interest-bearing debt.

Financing expenses directly attributable to the purchase, renovation or expansion of an investment property are capitalised as part of the integral cost of the property involved. The interest applied is the average interest paid by the Group in the respective currency.

Net financing income and expenses also include the profits and losses arising from changes in the fair value of the derivative financial instruments.

EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PENSION PLAN

Liabilities relating to contributions to defined contribution pension plans are recognised as costs in the period in which they occur. Prepayments are recognised as an asset insofar as a cash refund or a reduction in future payments is available. The pension arrangements are insured externally.

MANAGEMENT BOARD VARIABLE REMUNERATION

The variable remuneration component for the Management Board consists of a long-term incentive (LTI) and a short-term incentive (STI).

The LTI is based on 2020 to 2023 and is capped at 90% of the base salary for the CEO and at 45% of the base salary for the CFO, whereas the STI is based on 2022 only and is capped at 24% of the base salary for the CEO and at 36% of the base salary for the CFO.

At the end of 2022, the total obligation was calculated and recognised as an expense with a corresponding increase in liabilities.

SHAREHOLDING REQUIREMENT

To further stimulate long-term value creation, NSI applies a shareholding requirement to align the interests of the members of the Management Board with the interests of the company's shareholders. The CEO is required to hold NSI shares with a value of at least 125% of the applicable annual (gross) base salary; a requirement of at least 75% of the applicable annual (gross) base salary applies to the CFO.

The Board members are required to invest respectively one-third and two-thirds of the net payments resulting from the short-term and long-term incentive schemes to acquire NSI shares until the shareholding requirement has been met. Before reaching the required value in shares, members of the Management Board are not allowed to sell any of the NSI shares they have acquired by investing these net payments. This shareholding requirement continues to be applicable during one year after the end of the membership of the Management Board of NSI. The Supervisory Board will evaluate at the end of each financial year the extent to which the shareholding requirement is met.

TAX ON PROFITS

TAX STATUS

NSI has the status of a fiscal investment institution within the context of Article 28 of the Dutch Corporate Income Tax Act 1969 (Wet op de Vennootschapsbelasting 1969). This means no corporate income tax is owed under certain conditions. The main conditions relate to the investment requirement, the distribution of taxable earnings as dividend, limitations on the financing of investments with debt capital and the composition of the shareholder base. Profits from the disposal of investments and fair value adjustment results on investment property are not included in the distributable earnings.

In addition, there are legal restrictions on the activities that may be undertaken by a Dutch Real Estate Investment Trust (FBI). Since 1 January 2014, 'associated business activities' attributable to the main task of letting and managing of investment properties may be performed, within certain limits, by a normal taxable subsidiary.

To the best of the Management Board's knowledge the Group meets the legal requirements. As long as the Group continues to meet the conditions and therefore maintains the status of fiscal

investment institution, corporate income tax will not be taken into account in the determination of profit or the reserves.

Corporate income tax may be payable on the fiscal results of the Dutch subsidiaries (NSI Development B.V., HNK Services B.V., NSI Services HNK B.V.) which do not have the status of a fiscal investment institution.

CORPORATE INCOME TAX

Corporate income tax consists of payable tax liabilities, and is reported in the statement of comprehensive income. The tax payable consists of the sum of the expected tax payable or receivable on the taxable results for the year, taking into account earnings elements exempt from tax and non-deductible costs whereby the tax rates applied are those prevailing on the balance sheet date or changed tax rates already known on the balance sheet date. The tax payable also includes any changes to tax payments made in previous years.

CASH FLOW STATEMENT

Operating cash flows are reported on the basis of the indirect method. Cash and cash equivalents and debts to credit institutions also include overdraft facilities which are part of NSI's cash management policy.

SEGMENT INFORMATION

All operating results of an operating segment are assessed periodically by the Management Board in order to decide on the allocation of resources to the segment and to assess performance, based on the confidential financial information available.

The Management considers the business from the nature of the investment property and assesses performance for "Amsterdam", "Other G4", and "Other Netherlands". A segment consists of assets and activities with specific risks and results, differing from other sectors.

NEW AND AMENDED STANDARDS NOT APPLIED

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022. These standards and amendments did not have an impact on these consolidated financial statements:

- Annual Improvements to IFRS Standards 2018 - 2020:
 - IFRS 1 "First time adopter of IFRS";
 - IFRS 9 "Fees in the '10 per cent' test for derecognition of financial";
 - IFRS 16 "The amendment to Illustrative Example 13";
 - IAS 41 "Agriculture";
- Amendments to IFRS 3 "Reference to the conceptual framework";
- Amendments to IAS 16, "Proceeds before intended use";
- Amendments to IAS 37, "Cost of fulfilling a contract".

There are no IFRS or IFRIC interpretations that are not yet effective which are expected to have a significant impact financial statements of NSI.

1. SEGMENT INFORMATION

As from 2022, 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.

2022

STATEMENT OF COMPREHENSIVE INCOME

	Amsterdam	Other G4	Other NL	Corporate	TOTAL
Gross rental income	35,855	22,315	13,139		71,309
Service costs recharged to tenants	4,667	4,129	2,225		11,020
Service costs	-5,188	-4,541	-2,613		-12,343
Service costs not recharged	-521	-412	-389		-1,322
Operating costs	-4,527	-3,774	-2,361		-10,663
Net rental income	30,807	18,129	10,389		59,325
Revaluation of investment property	-74,631	-12,105	9,909		-76,826
Net result on sale of investment property		1,187	-1,156		32
Net result from investment	-43,824	7,211	19,143		-17,470
Administrative costs				-8,566	-8,566
Other income and costs				-210	-210
Net financing result				-5,122	-5,122
Result before tax	-43,824	7,211	19,143	-13,898	-31,368
Corporate income tax				-2	-2
Total result for the year	-43,824	7,211	19,143	-13,900	-31,370
Other comprehensive income / expense					
Total comprehensive income / expense for the year	-43,824	7,211	19,143	-13,900	-31,370
Attributable to shareholders	-43,824	7,211	19,143	-13,900	-31,370

STATEMENT OF FINANCIAL POSITION AS PER 31 DECEMBER

	Amsterdam	Other G4	Other NL	Corporate	TOTAL
Investment property	721,552	336,766	200,917		1,259,235
Other assets	6,589	5,284	1,786	6,897	20,556
Total assets	728,140	342,050	202,703	6,897	1,279,790
Non-current liabilities	2,411	820	361	286,135	289,727
Current liabilities	2,458	785	575	99,235	103,054
Total liabilities	4,870	1,606	936	385,370	392,782
Purchases of investment property and subsequent expenditures	10,543	1,561	578		12,682

2021

STATEMENT OF COMPREHENSIVE INCOME

	Amsterdam	Other G4	Other NL	Corporate	TOTAL
Gross rental income	35,982	26,284	15,241		77,507
Service costs recharged to tenants	4,475	5,030	3,154		12,659
Service costs	-4,965	-5,801	-3,766		-14,532
Service costs not recharged	-490	-771	-612		-1,873
Operating costs	-4,019	-5,284	-3,059		-12,362
Net rental income	31,473	20,230	11,569		63,272
Revaluation of investment property	43,437	8,662	11,050		63,149
Net result on sale of investment property		937	9,270		10,207
Net result from investment	74,910	29,828	31,890		136,628
Administrative costs				-7,612	-7,612
Other income and costs				-170	-170
Net financing result				-7,884	-7,884
Result before tax	74,910	29,828	31,890	-15,666	120,962
Corporate income tax				-2	-2
Total result for the year	74,910	29,828	31,890	-15,667	120,961
Other comprehensive income / expense					
Total comprehensive income / expense for the year	74,910	29,828	31,890	-15,667	120,961
Attributable to shareholders	74,910	29,828	31,890	-15,667	120,961

STATEMENT OF FINANCIAL POSITION AS PER 31 DECEMBER

	Amsterdam	Other G4	Other NL	Corporate	TOTAL
Investment property	784,223	350,374	203,436		1,338,034
Other assets	5,662	5,491	1,995	17,043	30,192
Total assets	789,885	355,865	205,432	17,043	1,368,225
Non-current liabilities	2,160	792	403	391,223	394,577
Current liabilities	3,345	813	1,507	19,526	25,192
Total liabilities	5,505	1,605	1,910	410,749	419,769
Purchases of investment property and subsequent expenditures	82,212	21,323	25,162		128,696

2. NET RENTAL INCOME

	Gross rental income		Service costs not recharged		Operating costs		Net rental income	
	2022	2021	2022	2021	2022	2021	2022	2021
Amsterdam	35,855	35,982	-521	-490	-4,527	-4,019	30,807	31,473
Other G4	22,315	26,284	-412	-771	-3,774	-5,284	18,129	20,230
Other Netherlands	13,139	15,241	-389	-612	-2,361	-3,059	10,389	11,569
Net rental income	71,309	77,507	-1,322	-1,873	-10,663	-12,362	59,325	63,272

Gross rental income can be specified in the following components:

	2022	2021
Gross rental income - offices / HNK / other	70,501	75,956
Turnover rent	173	136
Indemnities received	153	1,002
HNK - meeting rooms	521	436
HNK - hospitality services	84	65
Other rental income / loss	-123	-89
Other gross rental income / loss	808	1,551
Gross rental income	71,309	77,507

Gross rental income includes an amount of € 6.6m (2021: € 6.7m) for lease incentives.

NSI leases its investment properties on the basis of operating leases with various maturities. Each lease contract specifies the space, rent and rights and obligations of the landlord and the tenant, including notice periods, options to extend the rental period and provisions related to service costs. In general, the rent is indexed during the life of the rental agreement on an annual basis. The total annual rent to be received from operating lease agreements, until the first moment the tenant can cancel the rental agreement, is specified as follows:

	31 December 2022	31 December 2021
First year	69,434	68,336
Second to fourth year	148,675	150,407
As of fifth year	82,632	88,593

3. OPERATING COSTS

	2022	2021
Leasehold	-3	0
Municipal taxes	-2,770	-3,141
Insurance premiums	-602	-559
Maintenance costs	-1,784	-3,385
Property management costs	-3,489	-3,598
Letting costs	-1,184	-1,082
Contribution to owner association	-109	-209
Doubtful debt costs	19	-19
Other operating costs	-740	-368
Operating costs	-10,663	-12,362

Property management costs include administrative costs charged to operations for an amount of € 3.2m (2021: € 3.3m). Letting costs includes an amount of - € 0.1m (2021: - € 0.1m) for straight-lined letting investments and commissions.

An amount of € 0.3m (2021: € 0.2m) relates to operating costs of fully vacant properties.

4. REVALUATION OF INVESTMENT PROPERTY

	2022			2021		
	Positive	Negative	Total	Positive	Negative	Total
Investment property in operation	40,453	-104,803	-64,350	81,129	-13,505	67,624
Investment property under construction		-11,515	-11,515	350	-1,490	-1,140
Revaluation - market value	40,453	-116,318	-75,865	81,479	-14,995	66,484
Movement in right of use leasehold			-66			-52
Movement in lease incentives			-896			-3,283
Revaluation of investment property			-76,826			63,149

Further details on revaluation can be found in note 10.

5. NET RESULT ON SALE OF INVESTMENT PROPERTY

	2022	2021
Proceeds on sale of investment property	17,145	105,017
Transaction costs on sale of investment property	-78	-1,138
Sale of investment property	17,067	103,879
Book value at the time of sale (excl. right of use leasehold)	-17,036	-93,672
Net result on sale of investment property	32	10,207

During 2022 3 properties have been sold of which 1 in 'Other G4' and 2 in the segment 'Other NL' (2021: 5 properties in the segment 'Other G4' and 7 properties in the segment 'Other Netherlands').

The net result on sale of investment property includes an amount of - € 0.1m (2021: - € 0.1m) related to prior years' sales.

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

6. ADMINISTRATIVE COSTS

	2022	2021
Salaries and wages	-5,648	-5,663
Social security	-704	-594
Pensions	-365	-332
Depreciation right of use tangible fixed assets	-295	-283
Other staff costs	-1,217	-1,093
Staff costs	-8,229	-7,965
Compensation supervisory board	-251	-273
Depreciation and amortisation	-445	-194
Other office costs	-1,476	-1,408
Office costs	-1,920	-1,602
Audit, consultancy and valuation costs	-1,269	-1,029
Other administrative costs	-1,333	-838
Administrative costs	-13,002	-11,707
Allocated administrative costs	4,436	4,096
Administrative costs	-8,566	-7,612

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 (€ 0.6m, 2021: € 0.5m). Furthermore, part of the reception staff of HNK is included in the payroll of NSI. The costs concerned (€ 0.6m, 2021: € 0.3m) are part of service costs and as such are allocated to the respective properties. The total of these costs is reported as "Allocated administrative costs".

EMPLOYEES

On average 61 employees (57 FTE), including the Management Board, were employed by NSI during the reporting year (2021: 56 employees (52 FTE)).

As per 31 December 2022 the number of employees amounted to 65 (60 FTE).

All employees are working in the Netherlands.

7. OTHER INCOME AND COSTS

	2022	2021
Other costs	-210	-170
Other income and costs	-210	-170

Other costs in 2022 concern feasibility costs for projects (mainly related to Centerpoint, Amsterdam and Alexanderhof, Rotterdam) and costs of cancelled projects.

Other costs in 2021 mainly concern of cancelled projects, mainly relating to redevelopment of shopping center 't Loon, Heerlen, and feasibility costs for projects (amongst others Vivaldi II and Centerpoint in Amsterdam and Alexanderhof in Rotterdam).

8. NET FINANCING RESULT

	2022	2021
Interest income	278	45
Interest costs	-9,118	-8,326
Capitalised interest	1,328	524
Bank costs	-63	-1,171
Amortisation costs interest bearing loans	-383	-280
Other financing costs	-66	-78
Financing costs	-8,302	-9,330
Movement in market value of financial derivatives	2,902	1,401
Net financing result	-5,122	-7,884

The borrowing costs for the development projects Laanderpoort, Well House and Vitrum are capitalised. For Vitrum, the financing component for the leasehold agreement is also capitalised. Capitalised interest in connection with developments is based on the weighted average cost of debt. During 2022, the range of weighted average interest rates used was: 2.0% - 2.2% (2021: 2.0% - 2.2%).

9. CORPORATE INCOME TAX

	2022	2021
Current tax	-2	-2
Corporate income tax	-2	-2

NSI has the status of a Dutch real estate investment trust (FBI) within the context of Article 28 of the Dutch Corporate Income Tax Act 1969 (Wet op de Vennootschapsbelasting 1969). This means that no corporate income tax is owed under certain conditions.

The main conditions relate to the investment requirement, the distribution of taxable earnings as dividend, limitations on the financing of investments with debt capital and the composition of the shareholder base. Profits from the disposal of investments are not included in the distributable earnings.

In addition, there are legal restrictions on the activities that may be undertaken by a FBI, as stated under the main principles for financial reporting. Since 1 January 2014, 'associated business activities' attributable to the main task of letting and managing of investment properties may be performed, within certain limits, by a normal taxable subsidiary.

The subsidiaries NSI Development B.V. and HNK Services B.V. are not part of the fiscal real estate investment trust NSI N.V. for tax purposes and are as such liable to pay corporate income tax.

	2022	2021
Result before tax	-31,368	120,962
Tax at Dutch tax rate	25.00% 7,842	25.00% -30,241
Exempt due to fiscal status	-7,846	30,237
Tax of subsidiaries under other tax regime	1	2
Corporate income tax	-2	-2

LTV AND DUTCH REIT-STATUS

A number of requirements must be met to achieve and maintain the status of a Dutch real estate investment trust (FBI). One such requirement relates to the maximum LTV (norm: $\leq 60\%$).

The basis for calculating this LTV differs fundamentally from the basis used for financial institutions. For the latter group NSI uses its commercial figures. The figures for tax purposes are used to calculate the LTV to assess the Dutch FBI status. NSI complied with this requirement in both 2021 and 2022.

10. INVESTMENT PROPERTY

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

	31 December 2022	31 December 2021
Investment property in operation	1,200,153	1,275,988
Investment property under construction	59,082	62,046
Investment property	1,259,235	1,338,034

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 31 December 2022 100% (2021: 100%) of investment property were externally appraised by external appraisers. In 2022 the appraisers are JLL, Colliers and Cushman & Wakefield. In 2021 there were four appraisers: JLL, Colliers, Cushman & Wakefield and CBRE. 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 DCF calculation method, based on the present value of the future cash flows for the next ten year 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 table below summarises both valuation techniques used to determine the fair value of investment property, as well as the significant unobservable inputs used primarily for the capitalisation method. The respective outcomes of both methods are compared:

Valuation technique	Unobservable inputs	Relationship between significant unobservable inputs and the fair value measurement
<i>Capitalisation method and net discounted cash flow calculation.</i>		<i>The estimated fair value increases (decreases) if:</i>
The capitalisation method consists of a net initial yield calculation, whereby the net market rent prices are capitalised by a yield percentage.	Significant: – Gross initial yield / net initial yield	– The gross / net yield is lower (higher)
The DCF valuation method is based on the present value of net future cash flows to be generated by the property, taking into account the expected increases in rent levels, periods of vacancy, costs of letting incentives such as rent free periods and other costs not covered by the tenant and the estimated operating costs and capital expenditure.	Other: – Market rent (Estimated Rental Value) – Rent free periods and other lease incentives and periods of vacancy following expirations of a lease – Operating expenses, capital expenditure and ground lease expenses	– The estimated market rent levels are higher (lower) – The periods of vacancy are shorter (longer) – The rent free periods are shorter (longer) – The operating costs and capital are lower (higher)
The expected net cash flows are discounted using a risk adjusted discount rate. The discount rate is estimated based on factors including the quality and location of the property, the creditworthiness of the tenant and the lease conditions.		

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.

The most important assumptions and input parameters used in the valuations are:

	2022	2021
Average effective contractual rent per sqm (€):		
Amsterdam	243	222
Other G4	213	203
Other Netherlands	180	161
Average market rent per sqm (€):		
Amsterdam	266	255
Other G4	210	204
Other Netherlands	186	153
Average gross initial yield (%):		
Amsterdam	5.9%	5.0%
Other G4	7.2%	6.6%
Other Netherlands	7.0%	7.6%

INVESTMENT PROPERTY IN OPERATION

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

2022

	Amsterdam	Other G4	Other Netherlands	TOTAL
Balance as per 1 January 2022	725,852	346,699	203,436	1,275,988
Acquisitions	124	-228	-3	-107
Investments	3,275	1,789	587	5,651
Revaluation	-63,721	-11,490	9,909	-65,302
Transfer from/ to real estate in own use			573	573
Disposals		-3,064	-13,586	-16,650
Balance as per 31 December 2022	665,530	333,706	200,917	1,200,153
Right of use leasehold as per 31 December 2022	-680		-58	-738
Lease incentives as per 31 December 2022	6,589	5,284	1,786	13,659
Market value as per 31 December 2022	671,439	338,990	202,645	1,213,074

2021

	Amsterdam	Other G4	Other Netherlands	TOTAL
Balance as per 1 January 2021	658,249	387,091	191,896	1,237,237
Acquisitions	73,338	13,531	22,939	109,809
Investments	5,522	7,791	2,224	15,537
Revaluation	44,930	8,312	11,050	64,292
Transfer from / to investment property under construction	-53,025	-3,325		-56,350
Transfer from/ to real estate in own use	-3,162			-3,162
Disposals		-66,702	-24,672	-91,374
Balance as per 31 December 2021	725,852	346,699	203,436	1,275,988
Right of use leasehold as per 31 December 2021	-652		-78	-730
Lease incentives as per 31 December 2021	5,662	5,491	1,995	13,148
Market value as per 31 December 2021	730,863	352,190	205,353	1,288,406

COLLATERAL

On 31 December 2022, properties with a market value of € 230.0m (31 December 2021: € 248.4m) were mortgaged as security for loans drawn and current account overdraft facilities at banks amounting to € 65.7m (31 December 2021: € 66.4m). 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 6.4% (31 December 2021: 5.9%). 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 31 December 2022, 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 8.0% (31 December 2021: 8.9%). In that case NSI's equity would be € 103m (31 December 2021: € 120m) higher due to a higher result for the year. The loan-to-value would then decrease from 28.7% (31 December 2021: 28.2%) to 26.5% (31 December 2021: 25.9%).

If, on 31 December 2022, 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 6.9% (31 December 2021: 7.5%). In that case NSI's equity would be € 88m (31 December 2021: € 102m) lower due to a lower result for the year. The loan-to-value would then increase from 28.7% to 30.8%.

INVESTMENT PROPERTY UNDER CONSTRUCTION

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

2022

	Amsterdam	Other G4	Other Netherlands	TOTAL
Balance as per 1 January 2022	58,371	3,675		62,046
Investments	7,233			7,233
Capitalised interest	1,328			1,328
Revaluation	-10,910	-615		-11,525
Balance as per 31 December 2022	56,022	3,060		59,082
Right of use leasehold as per 31 December 2022	-204			-204
Market value as per 31 December 2022	55,818	3,060		58,878

2021

	Amsterdam	Other G4	Other Netherlands	TOTAL
Balance as per 1 January 2021	2,956			2,956
Investments	3,359			3,359
Capitalised interest	524			524
Revaluation	-1,493	350		-1,143
Transfer from / to investment property in operation	53,025	3,325		56,350
Balance as per 31 December 2021	58,371	3,675		62,046
Right of use leasehold as per 31 December 2021	-182			-182
Market value as per 31 December 2021	58,188	3,675		61,863

As per 31 December 2022 investment property under construction consists of capitalised project costs of Laanderpoort, Well House and Vitrum, all located in Amsterdam and Alexanderhof in Rotterdam.

11. INTANGIBLE FIXED ASSETS

Intangible fixed assets consist of capitalised software.

The movement in intangible fixed assets during 2022 and 2021 was as follows:

	2022	2021
Balance as per 1 January	134	242
Investments	31	33
Amortisation	-93	-142
Balance as per 31 December	72	134
Gross book value	1,316	1,285
Cumulative amortisation	-1,245	-1,152
Intangible fixed assets	72	134

Investments in both 2021 and 2022 concern costs made related to robotic process automation.

12. TANGIBLE FIXED ASSETS

Tangible fixed assets relate to the furniture and office equipment, as well as part of the offices of the company at Hoogoorddreef 62 (Centerpoint) in Amsterdam.

Furthermore, the right of use of lease cars has been included under tangible fixed assets.

As per 31 December 2021, also the previous headquarter of NSI, located at Antareslaan 69-75 (HNK Hoofddorp) in Hoofddorp, The Netherlands, was included under tangible fixed assets. This was transferred to investment property after termination of the lease contract in February 2022.

The movement in tangible fixed assets during 2022 and 2021 was as follows:

	2022	2021
Balance as per 1 January	5,165	1,464
Investments	186	895
Depreciation	-646	-335
Transfer from / to investment property	-573	3,162
Disposals	-70	-21
Balance as per 31 December	4,063	5,165
Gross book value	5,366	6,295
Cumulative depreciation	-1,303	-1,129
Tangible fixed assets	4,063	5,165

13. OTHER NON-CURRENT ASSETS

	31 December 2022	31 December 2021
Lease incentives	13,659	13,148
Other non-current assets	13,659	13,148

Lease incentives are straight-lined over the remaining lease terms until the first possible moment of termination by the tenants. Lease incentives contain an amount of € 2.0m to be settled in 2023 (2021: € 0.3m to be settled in 2022).

14. DEBTORS AND OTHER RECEIVABLES

	31 December 2022	31 December 2021
Gross debtors	904	782
Provision for doubtful debts	-349	-300
Debtors	555	483
Tenant loans	0	28
Taxes	40	89
Prepayments	511	528
Other current receivables	297	2,887
Debtors and other receivables	1,403	4,015

The largest item recognised under debtors and other accounts receivable concerns debtors (€ 0.9m), mainly tenants who 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.

15. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Bank balances	196	7,729
Cash and cash equivalents	196	7,729

The full amount of cash and cash equivalents is freely available.

16. EQUITY ATTRIBUTABLE TO SHAREHOLDERS

ISSUED SHARE CAPITAL

As per 31 December 2021 the authorised share capital consisted of 19,698,207 issued and fully paid shares (€ 72,5m). The issued shares have a par value of € 3.68 each.

In May 2022 108,025 shares were issued as stock dividend, relating to the final dividend distribution for 2021. This resulted in 19,806,232 issued shares (€72,9m). In August 2022 an interim stock dividend of 248,009 shares was issued and distributed. After that date the number of issued and fully paid shares as per 31 December 2022 amounted to 20,054,241 (€ 73.8m).

	2022	2021
Balance as per 1 January	72,489	70,992
Stock dividend - final distribution prior year	398	687
Stock dividend - interim	913	810
Balance as per 31 December	73,800	72,489

The movement in the number of shares issued in 2021 and 2022 was as follows:

	2022	2021
Balance as per 1 January	19,698,207	19,291,415
Stock dividend - final distribution prior year	108,025	186,639
Stock dividend - interim	248,009	220,153
Balance as per 31 December	20,054,241	19,698,207

The holders of ordinary shares are entitled to receive the dividend declared by the company and to exercise one vote per share at the General Meeting of Shareholders.

SHARE PREMIUM RESERVE

	2022	2021
Balance as per 1 January	916,768	918,275
Stock dividend - final distribution prior year	-403	-692
Stock dividend - interim	-918	-815
Balance as per 31 December	915,447	916,768

The share premium reserve consists of the paid-up capital for ordinary shares in excess of the nominal value. The share premium reserve qualifies as fiscally recognised paid-up capital for Dutch tax purposes.

In the movement of the share premium reserve 2022, € 11k transaction costs on the issue of stock dividend is included.

OTHER RESERVES

	2022	2021
Balance as per 1 January	-161,762	-114,416
Profit appropriation	120,961	-20,414
Cash dividend - final distribution prior year	-17,464	-14,917
Cash dividend - interim	-12,603	-12,015
Balance as per 31 December	-70,868	-161,762

DIVIDEND AND EARNINGS PER SHARE

The final dividend for 2022 is to be distributed in the form of cash, shares or a combination of both as proposed by the Management Board and subject to approval by the General Meeting of Shareholders on 21 April 2023. This proposal was not included as a liability in the balance sheet at 31 December 2022.

NUMBER OF SHARES

	31 December 2022	31 December 2021
Weighted average number of ordinary shares	19,869,975	19,499,825
Number of ordinary shares entitled to dividend	20,054,241	19,698,207

DIVIDEND

	2022		2021	
	Per share (€)	Total	Per share (€)	Total
Interim dividend paid	1.04	20,598	1.04	20,257
Proposed final dividend	1.12	22,461	1.12	22,062
Total dividend	2.16	43,059	2.16	42,319

EARNINGS PER SHARE

	2022	2021
Total result (€)	-1.58	6.20

The calculation of earnings per share at 31 December 2022 is based on the result attributable to ordinary shareholders of € 31.4m negative (2021: € 121.0m) and a weighted average number of outstanding ordinary shares during 2022 of 19,869,975 (2021: 19,499,825).

The proposed distribution of the final dividend complies with the fiscal distribution obligation and is in line with the current dividend policy to distribute at least 75% of the direct result.

CAPITAL MANAGEMENT

NSI manages equity attributable to shareholders as its capital. NSI prefers to work with a conservative capital structure to underpin its real estate activities, to secure the group's continuity in the long run. The benefit of a conservative capital structure is that it is possible to keep the overall cost of capital low. The aim is to have at any point in time sufficient balance sheet capacity to pay out dividends, honour all capital commitments and absorb a material fall in appraisal values, be able to fund investment opportunities and stay well within all loan covenants and so not having to resort to asset disposals or equity issue to restore the balance sheet.

NSI prefers to finance itself mostly through unsecured financing to maintain optimal flexibility. It will also look to manage its balance sheet risk in relation to the other risks inherent to the business (economic cycle risk, leasing risk, development risk etc.).

NSI also consistently monitors its fiscal capital base to make sure it meets and continues to meet all the requirements related to its FBI-status.

Management seeks to achieve a balance between a higher return that could be achieved through a higher level of debt capital, on the one hand, and the benefits and security of a healthy financial position, on the other. In addition, management safeguards capital by monitoring the loan-to-value ratio and the debt owed to credit institutions / equity ratio. The ratio of debt owed to credit institutions / property investments was 28.7% on 31 December 2022 (31 December 2021: 28.2%). The ratio of debt owed to credit institutions / equity was 29.2% / 70.8% on 31 December 2022 (31 December 2021: 28.7% / 71.3%).

All bank covenants are monitored proactively and periodically. The key covenants for NSI relate to:

- Loan-to-value;
- The interest coverage ratio;
- Solvency.

Furthermore, loans differ in the use or non-use of security, (public) transferability and other possible characteristics such as convertibility, affiliations with indices and inflation.

LOAN-TO-VALUE

NSI has two covenants relating to loan-to-value (LTV):

- LTV of NSI units regarding independent financing arrangements with specific assets acting as security. The maximum individual LTV relating to this specific security must be below 60%;
- LTV regarding NSI's entire portfolio. The maximum LTV must not exceed 60%.

The following table provides an overview of the LTV at group level:

	LTV (%) as per 31 December		Individual LTV's are compliant	
	2022	2021	2022	2021
NSI - group-level	28.7%	28.2%	Yes	Yes

In 2022 NSI and its subsidiaries complied with the LTV requirements agreed with banks on both an individual and consolidated level.

Furthermore, a number of requirements must be met to achieve and maintain the status of a Dutch real estate investment trust (FBI). One such requirement relates to the maximum LTV (norm: $\leq 60\%$). The basis for calculating this LTV differs fundamentally from the basis used for financial institutions. For the latter group NSI uses its commercial figures. The figures for tax purposes are used to calculate the LTV to assess the Dutch FBI status. NSI complied with this requirement in both 2021 and 2022.

INTEREST COVERAGE RATIO

NSI has two covenants relating to the interest coverage ratio (ICR):

- The interest coverage ratio for independently financed NSI subsidiaries must be at least 2.0;
- Interest coverage ratio for NSI's entire portfolio must be at least 2.0.

The table below shows the interest coverage ratio (ICR):

	ICR as per 31 December		Individual ICR's are compliant	
	2022	2021	2022	2021
NSI - group-level	6.3	6.5	Yes	Yes

In 2022 NSI and its subsidiaries complied with the independent and consolidated interest coverage ratio requirements agreed with the banks.

Based on our ICR debt covenant of 2.0, NSI could absorb a net rental income decline of ca. 70% before breaching this covenant.

SOLVENCY

Based on the covenants, adjusted shareholders' equity at group level must be at least 40%. As per 31 December 2022 this was 69.6% (31 December 2021: 70.0%) in line with the covenants.

Other than the requirements ensuing from its status as a fiscal investment institution, the company nor its subsidiaries are subject to any externally imposed capital requirements.

17. INTEREST BEARING LOANS

The development of the interest bearing loans in 2021 and 2022 was as follows:

	2022	2021
Balance as per 1 January	389,796	365,960
Drawn interest bearing loans	5,000	140,000
Transaction costs paid	-339	-744
Amortisation transaction costs	383	280
Repayment of interest bearing loans	-43,200	-115,700
Balance as per 31 December	351,640	389,796
Redemption requirement interest bearing loans	65,656	700
Balance as per 31 December	285,984	389,096

The maturities of the loans at 31 December 2021 and 31 December 2022 were as follows:

	31 December 2022			31 December 2021		
	Fixed interest	Variable interest	Total	Fixed interest	Variable interest	Total
Up to 1 year		65,656	65,656		700	700
From 1 to 2 years					145,529	145,529
From 2 to 5 years	39,928	66,359	106,287	39,904	24,015	63,919
From 5 to 10 years	179,697		179,697	179,648		179,648
Total	219,624	132,016	351,640	219,552	170,244	389,796
Average interest rate (excl. interest-rate swaps)	2.0%	4.0%		2.0%	1.6%	

In 2023 € 65.7m (2022: € 0.7m) of financing will expire. The amount concerns the amortisation requirement of one loan due and will be covered by retained cash or the available financing facilities.

Loans outstanding have a remaining average maturity of 4.7 years (31 December 2021: 4.9 years) The weighted average annual interest rate on the loans and interest-rate swaps at the end of 2022 was 2.0% (31 December 2021: 2.2%). These include margin, utilisation fees and amortised costs and exclude commitment fees.

	31 December 2022			31 December 2021		
	Secured loans	Unsecured loans	Total	Secured loans	Unsecured loans	Total
Interest bearing loans - nominal value	65,700	287,500	353,200	66,400	325,000	391,400
Amortised costs	-44	-1,516	-1,560	-96	-1,508	-1,604
Total	65,656	285,984	351,640	66,304	323,492	389,796

During 2022 € 0.3m of financing costs were capitalised (2021: € 0.7m). The financing costs are recognised in the profit and loss account using the effective interest method.

As security for loans (up to € 65.7m), mortgages were pledged against investment property valued at € 230.0m (31 December 2021: € 248.4m), combined with pledges on rental income and maximum LTV requirements.

On 31 December 2022 the company's undrawn committed credit facilities totalled € 282.5m (31 December 2021: € 275.0m). Taking into account the cash and cash equivalents and debts to credit institutions, the remaining undrawn committed credit facility is € 268.7m. The fair value of the loans on 31 December 2022 was € 322.1m (31 December 2021: € 393.9m).

18. OTHER NON-CURRENT LIABILITIES

	31 December 2022	31 December 2021
Security deposits	2,764	2,551
Lease liabilities	980	1,191
Other non-current accounts payable	3,744	3,742

The average term of the leases relating to the security deposits is 2.3 years (31 December 2021: 2.4 years).

The net present value of non-current future lease obligations amounts to € 1.1m, consisting of leasehold obligations (€ 0.8m) and car lease obligations (€ 0.2m).

19. DEBTS TO CREDIT INSTITUTIONS

The item Debts to credit institutions concerns cash loans and current account overdrafts with banks. NSI has concluded credit arrangements with a number of banks, of which a part is available as overdraft facility. In the case of cash-pool arrangements, cash and cash equivalents and debts to credit institutions are offset if allowed under IFRS9. The weighted average interest on available credit facilities as per yearend 2022 was 1.3% (yearend 2021: 1.3%) per annum including margin.

	31 December 2022	31 December 2021
Credit facilities	25,000	25,000
Unused	10,963	24,993
Debts to credit institutions	14,037	7

20. CREDITORS AND OTHER PAYABLES

	31 December 2022	31 December 2021
Creditors	3,178	2,627
Taxes	1,918	1,587
Interest	1,357	721
Security deposits	1,994	2,059
Lease liabilities	373	413
Deferred income	6,129	7,848
Accruals	8,254	9,147
Other current payables	158	84
Creditors and other payables	23,361	24,485

As per 31 December 2022, the net present value included for leasehold obligations amounts to € 0.1m and for car lease obligations € 0.3m.

21. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

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.

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 is 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.

	Note	31 December 2022		31 December 2021		
		Fair value level	Amortised cost price	Fair value	Fair value level	Amortised cost price
Financial assets valued at fair value through profit or loss						
Derivative financial instruments		2		1,163	2	
Financial assets valued at amortised cost price						
Financial fixed assets		3	0		2	0
Debtors and other receivables	14	2	852		2	3,398
Cash and cash equivalents	15	1	196		1	7,729
Financial liabilities valued at fair value through profit or loss						
Derivative financial instruments		2			2	1,739
Financial liabilities valued at amortised cost price						
Interest bearing loans	17	2	351,640		2	389,796
Other non-current liabilities	18	2	3,744		2	3,742
Debts to credit institutions	19	1	14,037		2	7
Creditors and other payables	20	2	15,314		2	15,051

FAIR VALUE HIERARCHY

The categories of financial instruments are:

- AC: Amortised Cost;
- FVPL: Fair Value through Profit or Loss;
- FVOCI: Fair Value through Other Comprehensive Income.

The book value of the financial instruments in the balance sheet and the fair values are as follows:

	Note	Category IAS39	31 December 2022		31 December 2021	
			Book value	Fair value	Book value	Fair value
Financial fixed assets		AC	0	0	0	0
Derivative financial instruments		FVPL	1,163	1,163		
Debtors and other receivables	14	AC	852	852	3,398	3,398
Cash and cash equivalents	15	AC	196	196	7,729	7,729
Financial assets			2,211	2,211	11,127	11,127
Interest bearing loans	17	AC	351,640	322,124	389,796	393,853
Derivative financial instruments		FVPL			1,739	1,739
Other non-current liabilities	18	AC	3,744	3,744	3,742	3,742
Debts to credit institutions	19	AC	14,037	14,037	7	7
Creditors and other payables	20	AC	15,314	15,314	15,051	15,051
Financial liabilities			384,735	355,219	410,334	414,392

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

	31 December 2022				31 December 2021			
	# contracts	Nominal value	Fair value assets	Fair value liabilities	# contracts	Nominal value	Fair value assets	Fair value liabilities
Up to 1 year	9	147,500	1,163					
From 1 to 5 years					9	147,500		1,739
Total	9	147,500	1,163		9	147,500		1,739

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 0.73% (2021: -0.11% to 0.73%) and with maturity dates in 2023 (2021: 2023). The weighted average remaining maturity of the derivatives 0.4 years (2021: 1.4 years).

NSI is hedged at a weighted average interest rate of 0.4% (2021: 0.4%), excluding margin, 4.0% of the total outstanding variable interest loans are now over hedged (2021: under hedged 6.1%), 104.0% of the total volume are hedged (2021: 93.9%).

FINANCIAL RISK MANAGEMENT

In the normal conduct of business, the group is subject to liquidity risk, including financing and refinancing risk, market risk and credit risk. Overall risk management is focused on the unpredictability of the financial markets and is designed to minimise any negative effects on the group's business performance. The group closely monitors the financial risks associated with its business and financial instruments. The group is a long-term investor in real estate and therefore applies the principle that the financing of these investments should also be planned for the long term, in accordance with the risk profile of its business.

The policy and monitoring of risks are reviewed regularly and adjusted if necessary to reflect changes in market conditions and the group's operations.

LIQUIDITY RISK

Investing in property is a capital-intensive activity. The property portfolio is financed partly with equity and partly with debt. Funding with debt carries refinancing risks. The potential impact is that there is insufficient liquidity available to meet the company's obligations at the moment of the interest payment or repayment. Liquidity risk involves the risk of the group having problems fulfilling its financial obligations. The basic principle of liquidity risk management is that sufficient resources should be kept available, if possible, for the group to fulfil its current and future financial obligations under normal and difficult circumstances and without incurring unacceptable losses or harming the reputation of the group.

Liquidity risk management involves ensuring the availability of adequate credit facilities. To spread its liquidity risk, the group has funded its operations with various loans and shareholders' equity. Furthermore, measures have been taken to ensure a higher occupancy rate and to prevent financial losses resulting from the bankruptcies of tenants. Fluctuations in the company's liquidity needs are absorbed by undrawn parts of committed credit facilities of € 282.5m (maturity: 3.9 years; 2021: € 275.0m, maturity: 4.9 years).

The interest and repayment obligations were safeguarded for 2022 based on the undrawn parts of committed credit facilities, extensions on loans and lease agreements. Maturity dates are spread over time to minimise liquidity risk. The average remaining maturity of loans is 4.7 years (2021: 4.9 years).

At year-end 2022 NSI had € 25.0m of current account committed credit facilities with banks at its disposal, of which € 14.0m was drawn. The undrawn committed credit facilities of the interest-bearing loans and current account credit facilities amounted to € 293.5m at 31 December 2022. Furthermore, cash and cash equivalents amounted to € 0.2m at 31 December 2022. This brings the total of unused credit facilities and cash and cash equivalents to € 293.7m at 31 December 2022.

The contractual periods of the financial liabilities, including the estimated interest payments are stated below:

2022

	Book value	Contractual cash flow					
		Total	< 6 months	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
Loans	351,640	390,124	69,955	3,232	7,680	123,316	185,941
Other non-current liabilities	3,744	4,154			1,144	1,562	1,448
Debts to credit institutions	14,037	14,037	14,037				
Creditors and other payables	15,314	15,324	14,812	511			
Non-derivative financial liabilities	384,735	423,639	98,804	3,743	8,825	124,878	187,389
Derivative financial instruments							
Total	384,735	423,639	98,804	3,743	8,825	124,878	187,389

2021

	Book value	Contractual cash flow					
		Total	< 6 months	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
Loans	389,796	425,541	3,713	3,731	151,110	77,782	189,205
Other non-current liabilities	3,742	4,311			862	1,785	1,664
Debts to credit institutions	7	7	7				
Creditors and other payables	15,051	15,062	14,439	623			
Non-derivative financial liabilities	408,596	444,920	18,158	4,354	151,972	79,567	190,870
Derivative financial instruments	1,739	2,020	753	765	501		
Derivative financial instruments	1,739	2,020	753	765	501		
Total	410,334	446,940	18,911	5,119	152,473	79,567	190,870

The gross inflow / outflow reflected in these table shows the non-discounted contractual cash flows related to the derivative financial liabilities held for risk management purposes that are generally not terminated before the end of the contractual period. The information shows the net cash flow amounts for derivatives settled net in cash and the gross cash inflows and outflows for derivatives that are simultaneously settled gross in cash.

The interest payments on the loans in the above table with variable interest rates and interest rate swaps used for hedging purposes are based on market interest rates at the end of the reporting period. The amounts may change due to changes in market interest rates. It is not expected that the cash flows assumed in the maturity analysis will occur significantly earlier or with significantly different amounts.

MARKET RISK

Market risk exists because of price changes. The purpose of market risk management is to manage and control market risk exposures within acceptable limits while simultaneously optimising returns. Market risk consists of interest rate risk and foreign currency risk. The group uses derivatives to manage the market risk of volatility of interest rates. Such transactions take place within the guidelines laid down in the treasury policy.

There is no currency risk exposure at the end of December 2022.

INTEREST RATE RISK

NSI must at all times meet its obligations under the loans drawn and the interest coverage ratio shows the company's ability to do so. The interest coverage ratio is calculated as the net rental income divided by the net financing costs. The financing covenants stipulate that the interest coverage ratio may not fall below 2.0.

In addition, NSI must comply with the requirements set in terms of its loan-to-value ratio (debts to credit institutions divided by its investments). The financing covenants stipulate that the total amount of loans drawn may not exceed 60% of the value of the underlying investment property. The applicable interest rates on loans are partly dependent on the loan-to-value ratio at the moment the interest rate is being set. If the loan-to-value ratio increases, the interest costs will therefore rise. The ratios to which the company has committed itself in the loan agreements are monitored on a regular basis, at least once every six months.

If NSI were not able to meet these criteria and were not able to reach an agreement about this with the banks involved, this could result in the financing arrangements being renegotiated, terminated or prematurely repaid. If NSI does not have sufficient cash or alternative funding sources of funding to meet its obligations, any "default" or "cross-default" situation can occur.

At the end of 2022 the interest coverage ratio was 6.3 (31 December 2021: 6.5), which is higher than the level of 2.0 agreed with the banks.

Variable-interest rate loans expose NSI to uncertainty about interest expenses. Derivatives are used to manage interest rate risk. NSI's policy regarding the hedging of interest rate risk is defensive by nature, NSI does not take speculative positions. NSI aims to hedge the majority of the outstanding loans for the medium to long term. On 31 December 2022 NSI held financial derivatives with a nominal value of € 147.5m (31 December 2021: € 147.5m) for the purpose of managing the interest rate risk on its loans.

SENSITIVITY OF INTEREST RATE

If the variable interest rate were to rise 100 basis points compared to 31 December 2022, the theoretical interest expenses for 2022 would decrease by € 0.1m (2021: decrease by € 0.7m), due to the effect of interest rate swaps based on three-months Euribor with no floor against loans with a Euribor floor of zero, assuming no changes to the portfolio or financing (including margins). In case the variable interest rate would be 100 basis points lower, the interest expenses would increase by € 0.1m (2021: increase by € 1.5m). The financial derivatives are discounted (inclusive and exclusive of derivatives) in this calculation, but potential changes to the fair value of the derivatives are not.

ANALYSIS OF EFFECTIVE INTEREST RATES AND INTEREST RATE REVISIONS

The table below shows the effective interest rate (the variable interest rate is based on 3-month Euribor as per 31 December) of financial assets and liabilities for which interest is payable at the balance sheet date, together with the dates when the rates will be reviewed.

2022

	Effective interest	Total	< 1 year	1 - 2 years	2 - 5 years	> 5 years
Fixed interest loans	2.0%	219,624			39,928	179,697
Variable interest loans	4.0%					
Fixed interest as a result of swaps	2.1%	132,016	65,656		66,359	
Total	2.0%	351,640	65,656		106,287	179,697
Redemption obligations		65,656	65,656			
Balance as per 31 December 2022		285,984			106,287	179,697

2021

	Effective interest	Total	< 1 year	1 - 2 years	2 - 5 years	> 5 years
Fixed interest loans	2.0%	219,552			39,904	179,648
Variable interest loans	1.6%	22,744	700	22,044		
Fixed interest as a result of swaps	2.7%	147,500		123,485	24,015	
Total	2.2%	389,796	700	145,529	63,919	179,648
Redemption obligations		700	700			
Balance as per 31 December 2021		389,096		145,529	63,919	179,648

Swaps in the table above for 2022 are to expire in Q2 2023; NSI plans to enter into new swap agreements after this period.

CREDIT RISK

Credit risk is defined as the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet their contractual obligations. Credit risks mainly arise from tenant receivables. The book value of the financial assets represents the maximum exposure to credit risk.

The maximum credit risk on the balance sheet date was as follows:

	31 December 2022	31 December 2021
Financial fixed assets	0	0
Derivative financial instruments	1,163	
Debtors and other receivables	852	3,398
Cash and cash equivalents	196	7,729
Credit risk	2,211	11,127

BANKS

The risks associated with a possible non-performance by counterparties are minimised by entering into transactions for loans and derivative financial instruments and cash management with various reputable banks. These banks have credit ratings of at least AA1 (Moody's) or A- (Standard & Poor's). Management actively monitors the credit ratings.

TENANTS

The creditworthiness of tenants is closely monitored by careful screening the credit scores of tenants in advance and by actively monitoring debtor balances. In addition, rent is generally paid in advance and tenants are required to provide collateral for rent payments for a limited period of three months in the form of guarantee payments or bank guarantees. As the tenant base consists of a large number of different parties, there is no concentration of credit risk.

The maturity of (gross) receivables was as follows:

	31 December 2022	31 December 2021
Up to 1 month expired	254	207
From 1 to 3 months expired	34	40
From 3 months to 1 year expired	135	95
More than 1 year expired	480	441
Gross debtors	904	782

Aside from bank guarantees, security deposits for € 4.8m (2021: € 4.6m) were obtained to cover for potential loss of creditworthiness of tenants with regard to the receivables, of which € 2.0m (2021: € 2.1m) is relating to expiring lease contracts within one year.

Movement in the provision for impairment of doubtful debts was as follows:

	2022	2021
Balance as per 1 January	300	454
Addition to / release of provision	52	-130
Write-off bad debts	-2	-24
Balance as per 31 December	349	300

Impairment losses recognised at 31 December 2022 were related to various tenants who indicated that they would not be able to pay outstanding balances due to the economic circumstances.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared characteristics and the days past due date, adjusted if deemed needed with forward looking information.

On this basis the expected loss rate for trade receivables which are less than 90 days expired is below 3.5% and for trade receivables more than 90 days expired these rates per segment are:

	> 90 days expired
Amsterdam	51.26%
Other G4	73.61%
Other Netherlands	39.74%

22. OFF-BALANCE SHEET ASSETS AND LIABILITIES

OFF- BALANCE SHEET ASSETS

SHOPPING CENTER 'T LOON, HEERLEN - INSURANCE COMPANIES

In the court case initiated by (the insurance company of) a former tenant of shopping mall 't Loon against - amongst others - the association of owners of shopping mall 't Loon, the Dutch Supreme Court presented its judgement on 4 February 2022.

The outcome of the judgement is, amongst others, that the decision of the Amsterdam Court of Appeal dated 10 September 2019, is annulled.

The legal basis for the payment of the association of owners of € 563k to the insurance company of the tenant, made pursuant to the decision of the Amsterdam Court of Appeal of 10 September 2019, is therefore also annulled. This means that the association of owners has a claim of € 563k (to be increased with the statutory interest) against the insurance company of the tenant. NSI, as (former) member of the association owners, is entitled to approximately 60% of this claim.

The Dutch Supreme Court forwarded the court case to the The Hague Court of Appeal for further judgement. The judgment of the The Hague Court of Appeal is expected late 2023, early 2024.

PARK OFFICE, ROTTERDAM - NEW OWNER OF THE BUILDING

In December 2021 NSI sold the Park Office, Rotterdam asset. NSI agreed a conditional additional payment of € 2.5m (earn-out clause relating to transformation potential), to be paid by the new owner or future owner(s), if an irrevocable environmental permit will be obtained by the owner before 2050.

OTHER

The company has entered into investment commitments for an amount of € 1.8m (31 December 2021: € 2.4m) relating to investment properties. For maintenance, technical property management, IT-providers etc. the company has entered into other contractual obligations for € 5.0m (31 December 2021: € 8.6m).

The company has unused credit facilities amounting to € 282.5m (31 December 2021: 275.0m).

23. RELATED PARTIES

The following parties qualify as related parties:

- The company and its group companies;
- Its Supervisory Board members and;
- Management Board members.

NSI defines its statutory Management Board as “key management personnel”.

INTERESTS OF MAJOR INVESTORS

Notifications of shareholdings of more than 3% are disclosed under the Dutch Disclosure of Major Holdings in Listed Companies Act. According to the Dutch Authority for the Financial Markets (AFM) the following shareholders hold a stake of more than 3% on 31 December:

	31 December 2022	31 December 2021
ICAMAP Investments SARL	10.0%	10.0%
BlackRock, Inc.	5.8%	5.8%
Ameriprise Financial	5.0%	< 3.0%
APG Asset Management N.V.	-	3.2%
Clearance Capital Ltd.	3.1%	3.1%

SUPERVISORY BOARD AND MANAGEMENT BOARD MEMBERS

The members of the Supervisory and Management Boards of NSI N.V. have no direct personal interest in the investments made by NSI N.V., nor did they have such an interest at any time in the past year. The company is not aware of any investment property transactions with persons or institutions that could be considered to have a direct relationship with the company in the reporting year.

REMUNERATION OF THE SUPERVISORY BOARD

	2022	2021
Luurt van der Ploeg		32
Jan-Willem de Geus	62	6
Jan-Willem Dockheer	44	44
Margreet Haandrikman	43	43
Karin Koks - Van der Sluis	54	56
Harm Meijer	45	42
Remuneration Supervisory Board	247	222

The schedule above includes the payment the Supervisory Board members receive as a member of the Audit Committee, the Remuneration Committee, the Selection & Appointment Committee and the Real Estate Committee.

The Supervisory Board members did not hold any shares in the company at the end of 2022 (2021: 0), except for Mrs. Koks - van der Sluis who holds 163 shares (2021: 159 shares). Furthermore, Mr. Meijer is one of the shareholders at ICAMAP Investments SARL, holding more than 10% of NSI shares as per 31 December 2022 (31 December 2021: 10.0%).

REMUNERATION OF THE MANAGEMENT BOARD

2022

	Salary	Variable		Social security	Pension	Other	Total	Equity holding # shares
		Long term	Short term					
Bernd Stahl	436	45	91	13	18	-5	598	17,000
Alianne de Jong	341	22	107	13	14	1	499	7,722
Remuneration Management Board	777	68	198	27	32	-4	1,097	24,722

2021

	Salary	Variable		Social security	Pension	Other	Total	Equity holding # shares
		Long term	Short term					
Bernd Stahli	415	72	92	13	17	6	614	17,000
Alianne de Jong	310	53	101	13	14	1	491	6,447
Remuneration Management Board	725	124	193	25	30	7	1,105	23,447

NSI shares held by directors are purchased at their own risk and expense.

The remuneration of the Management Board consists of a base salary, a variable remuneration and secondary employment benefits. The variable component consists of a long-term incentive (LTI) and a short-term incentive (STI).

The LTI concerns a rolling cash incentive plan covering a three-year period. The LTI is capped to 90% of the base salary at the moment of the grant for the CEO and at 45% for the CFO. It is based on the total shareholder return (TSR) during the LTI-period. This TSR takes into account the NSI share price at the beginning and at the end of the period as well as dividends distributed during the period. In addition, NSI's TSR is compared with a benchmark TSR.

The STI concerns an annual performance related cash incentive. The collective performance measures in the STI represent short-term results needed for sustainable value creation with respect to the most important achievement areas of the company. These could include occupancy rate, like-for-like net rental income, EPRA earnings per share, organisational targets like personnel retention rate and sustainability performance. Next to these collective measures the company could also apply individual targets, related to the individual roles of the members and specific short-term achievements needed for NSI.

The STI is capped to 24% of the base salary for the CEO and to 36% of the base salary for the CFO.

The variable remuneration is a cash-settled, share-based payment transaction. Its allocation is paid in cash under the condition that the respective Management Board member uses two-thirds of the net amount of the LTI and one-third of the net amount of the STI to purchase NSI shares until the shareholding requirement has been met.

During 2022, the variable remuneration paid to the CEO amounted to € 203k, consisting of an LTI of € 107k and an STI of € 95k. The variable remuneration of the CFO amounted to € 176k, consisting of an LTI of € 69k and an STI of € 107k.

The provision included in the balance sheet as per end of December 2022 amounts to € 189k. The provisions for the CEO and CFO on 31 December 2022 amount to respectively € 87k (STI) and € 102k (STI); no provisions for LTI are taken.

The variable component in the remuneration overviews consists of the balance of the release of prior year provisions versus the actual payments made to the Management Board and the additional provision taken in the course of 2022.

NO SHARE OPTIONS AND NO LOANS

No members of the Management Board or Supervisory Board hold option rights in NSI N.V.. No loans, advances or guarantees have been provided to members of the Management Board or Supervisory Board by NSI N.V..

24. COST RATIO

Under the Dutch Financial Supervision Act (Wet financieel toezicht) NSI is required to report its ratio of expenses to its net asset value. In 2022 this ratio is 2.3% (2021: 2.4%). This cost ratio is calculated as total expenses (operational costs, non-recharged service costs, administrative expenses and corporate tax) divided by the weighted average net asset value for the latest financial year.

COMPANY BALANCE SHEET (BEFORE PROPOSED PROFIT APPROPRIATION)

FOR THE YEAR ENDED 31 DECEMBER 2022

(x € 1,000)

	Note	31 December 2022	31 December 2021
Assets			
Intangible fixed assets		72	134
Tangible fixed assets		1,035	1,425
Financial fixed assets	1	1,257,092	1,337,336
Non-current assets		1,258,199	1,338,895
Debtors and other receivables		457	456
Derivative financial instruments		1,163	
Cash and cash equivalents		133	7,729
Current assets		1,753	8,185
Total assets		1,259,952	1,347,080
Shareholders' equity			
Issued share capital	2	73,800	72,489
Share premium reserve	2	915,447	916,768
Participations reserve	2	206,861	271,047
Retained earnings	2	-277,729	-432,809
Total result for the year	2	-31,370	120,961
Shareholders' equity		887,008	948,457
Liabilities			
Interest bearing loans		285,984	389,096
Derivative financial instruments			1,739
Other non-current liabilities		151	388
Non-current liabilities		286,135	391,223
Redemption requirement interest bearing loans		65,656	700
Debts to credit institutions		14,037	
Creditors and other payables		7,116	6,701
Current liabilities		86,809	7,401
Total liabilities		372,944	398,623
Total shareholders' equity and liabilities		1,259,952	1,347,080

The notes on pages 120 to 123 form an integral part of these company financial statements.

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

(x € 1,000)

	Note	2022	2021
Administrative costs	3	-8,558	-7,626
Other income and costs		-12	-12
Financing costs	4	-9,574	-9,789
Movement in market value of financial derivatives	4	2,902	1,401
Net financing result		-6,672	-8,388
Corporate result before tax		-15,242	-16,026
Corporate income tax			
Corporate result after tax		-15,242	-16,026
Result from participations		-16,128	136,986
Total result for the year		-31,370	120,961

The notes on pages 120 to 123 form an integral part of these company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

GENERAL

NSI N.V. exclusively performs holding activities. NSI's structure as described in the notes to the consolidated financial statements also applies to the company financial statements.

The company financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code regarding financial reporting. In the preparation of its financial statements, the company has also applied the provisions for the contents of financial reporting by investment institutions pursuant to the Dutch Financial Supervision Act.

PRINCIPLES OF DETERMINATION OF THE RESULT

The company financial statements have been prepared in accordance with Article 362 Paragraph 8 Book 2 of the Dutch Civil Code. This means that the principles for the processing and valuation of assets and liabilities and the determination of the result as described in the disclosure to the consolidated financial statements also apply to the company financial statements, unless stated otherwise. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. For a description of these principles, please refer to pages 86 to 91. If required notes have been incorporated in the consolidated financial statements these notes have not been incorporated here.

FINANCIAL FIXED ASSETS

Shares in group companies are valued at net asset value. In determining the net asset value, all assets, liabilities and profits and losses are subject to the accounting principles used for the consolidated financial statements, in accordance with the provisions of Article 362 Paragraph 8 (final sentence) of Book 2 of the Dutch Civil Code.

All receivables from group companies are considered as an extension of net investments in group companies.

1. FINANCIAL FIXED ASSETS

	31 December 2022	31 December 2021
Balance as per 1 January	1,337,336	1,230,513
Result from participations	-16,128	136,986
Changes in receivables from group companies	-64,116	-30,164
Balance as per 31 December	1,257,092	1,337,336

2. SHAREHOLDERS EQUITY

2022

	Issued share capital	Share premium reserve	(Statutory) participations reserve	Retained earnings	Result for the year	Shareholders' equity
Balance as per 1 January 2022	72,489	916,768	271,047	-432,809	120,961	948,457
Total result for the year					-31,370	-31,370
Other comprehensive income / expense						
Total comprehensive income / expense for the year					-31,370	-31,370
Profit appropriation - 2021				120,961	-120,961	
Distribution final dividend - 2021	398	-403		-17,464		-17,470
Interim dividend - 2022	913	-918		-12,603		-12,608
Subtraction from participations reserve			-64,186	64,186		
Contributions from and to shareholders	1,310	-1,321	-64,186	155,080	-120,961	-30,078
Balance as per 31 December 2022	73,800	915,447	206,861	-277,729	-31,370	887,008

2021

	Issued share capital	Share premium reserve	(Statutory) participations reserve	Retained earnings	Result for the year	Shareholders' equity
Balance as per 1 January 2021	70,992	918,275	211,889	-326,305	-20,414	854,438
Total result for the year					120,961	120,961
Other comprehensive income / expense						
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 - 2020	810	-815		-12,015		-12,020
Addition to participations reserve			59,157	-59,157		
Contributions from and to shareholders	1,497	-1,507	59,157	-106,503	20,414	-26,942
Balance as per 31 December 2021	72,489	916,768	271,047	-432,809	120,961	948,457

Both the retained earnings reserve and the share premium reserve are available for distribution as dividend.

For further details on movements in shareholders' equity, please refer to the consolidated financial statements (see disclosure 16 to the consolidated financial statements).

STATUTORY RESERVES

The statutory reserves in the company balance sheet are reserves which must be retained pursuant to the Dutch Civil Code and consist of the participation reserve and the reserve for foreign currency translation.

PARTICIPATION RESERVE

The participation reserve relates to a revaluation reserve on the investment properties in the subsidiaries and consists of the cumulative positive (unrealised) revaluations of these investments. This statutory reserve is a non-distributable reserve in accordance with the Dutch Civil Code. The revaluation reserve was determined at individual property level in 2021 and 2022, before appropriation of profits.

DIVIDEND

Taking into consideration the interim dividend of € 1.04 per share already distributed (2021: € 1.04; adjusted for stock consolidation), a final dividend of € 1.12 per share has been proposed (2021: € 1.12).

PROPOSED PROFIT APPROPRIATION

The Articles of Association of NSI N.V. stipulate that the allocation of the result after tax for the financial year is determined by the General Meeting of Shareholders. For the 2022 financial year the Management Board, with the approval of the Supervisory Board and in line with the applicable dividend policy (i.e. a pay-out of at least 75% of the direct result), has proposed a final dividend of € 1.12 per share.

This puts the total dividend for 2022 at € 2.16 per share, of which € 1.04 per share was already distributed as an interim dividend in August 2022. Subject to the approval of the General Meeting of Shareholders, NSI will offer shareholders the option to receive the final dividend in cash and/or fully or partly in shares.

Based on the number of outstanding shares eligible for dividend (20,054,241), the total amount of the final dividend is € 22.5m and will be withdrawn from the retained earnings (excluding dividend paid in shares).

Provided that the General Meeting of Shareholders approves this dividend proposal, the final dividend will be made payable from 16 May 2023.

	2022
Total result for the year - 2022	-31,370
Interim dividend - 2022	-20,598
Proposed final dividend - 2022	-22,461
On balance subtracted from the reserves	-74,429

NSI is offering shareholders the option to receive this final dividend in cash and / or partly in shares. In anticipation of a decision on the matter by the General Meeting of Shareholders the non-allocated result after tax for the financial year is accounted for separately in equity as the result for the financial year.

3. ADMINISTRATIVE COSTS

	2022	2021
Salaries and wages	-5,195	-5,463
Social security	-620	-554
Pensions	-336	-324
Depreciation right of use tangible fixed assets	-284	-283
Other staff costs	-1,182	-1,088
Staff costs	-7,618	-7,712
Compensation supervisory board	-251	-273
Depreciation and amortisation	-445	-194
Other office costs	-1,476	-1,408
Office costs	-1,920	-1,602
Audit, consultancy and valuation costs	-1,269	-1,029
Other administrative costs	-1,332	-838
Administrative costs	-12,390	-11,454
Allocated administrative costs	3,833	3,828
Administrative costs	-8,558	-7,626

4. NET FINANCING RESULT

	2022	2021
Interest costs	-9,115	-8,325
Other financing costs	-459	-1,464
Financing costs	-9,574	-9,789
Movement in market value of financial derivatives	2,902	1,401
Net financing result	-6,672	-8,388

5. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

NSI N.V. has issued guarantees for its 100%-owned subsidiary companies in accordance with Article 403, Book 2 of the Dutch Civil Code.

NSI N.V. is part of a tax group for corporate income tax and Dutch sales tax, and is therefore jointly and severally liable for the tax payable by the tax group as a whole.

6. AUDIT FEES

PricewaterhouseCoopers Accountants N.V. charged the following fees to NSI and its subsidiaries:

	2022	2021
Audit financial statements	-172	-263
Other audit related services	-55	-20
Audit fees	-227	-283

In the 2022 financial year, an amount of € 172k of audit fees was charged by PricewaterhouseCoopers Accountants N.V. to the result in accordance with article 382a Title 9 Book 2 of the Dutch Civil Code (2021: € 263k).

7. EVENTS AFTER BALANCE SHEET DATE

The sale of HNK Ede and HNK Den Bosch was completed in January 2023 for a total of € 23.2m (before transactions costs).

Amsterdam, 9 March 2023

The Management Board

Bernd Stahl, *CEO*
Alianne de Jong, *CFO*

The Supervisory Board

Jan-Willem de Geus, *Chairman*
Jan-Willem Dockheer
Margreet Haandrikman
Karin Koks - Van der Sluijs
Harm Meijer



STATUTORY PROVISION IN RESPECT OF PROFIT APPROPRIATION

The provisions in respect of the appropriation of profit are provided for in Article 21 of the Articles of Association of the company. The profit is at the disposal of the General Meeting of Shareholders. The company may only make distributions to shareholders to the extent that shareholders' equity exceeds the amount of paid-up and called-up capital, plus the reserves that must be held by law or in accordance with the Articles of Association. Insofar as possible and justified by law, the company may distribute an interim dividend as proposed by the Management Board and subject to the approval of the Supervisory Board.

INDEPENDENT AUDITOR'S REPORT

To: the general meeting and the supervisory board of NSI N.V.

REPORT ON THE FINANCIAL STATEMENTS 2022

OUR OPINION

In our opinion:

- the consolidated financial statements of NSI N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2022 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of NSI N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

WHAT WE HAVE AUDITED

We have audited the accompanying financial statements 2022 of NSI N.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the following statements for 2022: the consolidated statements of comprehensive income, changes in shareholders' equity and cash flow; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2022;
- the company income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

THE BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of NSI N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

OUR AUDIT APPROACH

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, like our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

OVERVIEW AND CONTEXT

NSI N.V. is a real estate company, primarily focussing on offices. The investment property is held to generate rental income or to benefit from an increase in value, or a combination of both. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

The Group continued to sell some properties of their existing investment property portfolio. No acquisitions took place in 2022. NSI N.V. has classified four project as investment property under construction, which might require significant investments by NSI N.V. The correct accounting of the capital expenditure and sales relating to investment properties have been addressed as part of our audit. Another area of focus, that is not considered as key audit matter, is the rental income which is a key performance indicator for the Group.

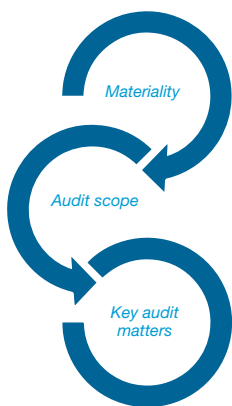
PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands, T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl
'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226368), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At www.pwc.nl more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition climate-related risks. In the section 'Basis for preparation' in the consolidated financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the valuation of investment property, we considered this matter as key audit matter as set out in the section 'Key audit matters' of this report.

The management board assessed the possible effects of climate change on its financial position, refer to the section 'Risk management and internal control' in the management board report where the client disclosed the climate-related risks. We discussed management board's assessment and governance thereof with the management board and evaluated the potential impact on the financial position including underlying assumptions and estimates underlying the valuation of investment property. We addressed climate related risk in evaluating the assumptions underlying the valuation of investment property, but did not identify climate related risks as a separate key audit matter.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a real estate company. We therefore included experts and specialists in the areas of amongst others real estate valuation, sustainability and IT in our team.

The outline of our audit approach was as follows:



Materiality

Overall materiality: €6,600,000
Specific materiality: €2,135,000

Audit scope

We conducted the audit work centrally, given the fact that the group audit team was able to conduct all audit procedures.

Key audit matter

Valuation of investment property.

MATERIALITY

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion. We evaluated our materiality benchmark compared to prior year and determined a change in our materiality by determining an overall materiality and specific materiality based on the best practices of other listed real estate companies.

	Overall materiality	Specific materiality
Materiality level	€6,600,000	€2,135,000
Basis for determining materiality	We used professional judgement to determine overall materiality. We used 0,75% of shareholders' equity as included in the statement of financial position for the year ended 31 December 2022.	We used 5% of the result before tax, adjusted for the net result on the sale of investment property, revaluation of investment property, movement in market value of financial derivatives and other income and costs.
Rationale for benchmark applied	We have applied this benchmark based on our analysis of the common information needs of users of the financial statements. This benchmark best fits the nature of the Company's operations and equity is deemed most relevant for the investors and other users of the financial statements.	We have applied this benchmark as it is an important measure for the financial performance of the Company's investment property portfolio and is therefore deemed relevant for the investors and other users of the financial statements.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €330,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

THE SCOPE OF OUR GROUP AUDIT

NSI N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of NSI N.V.

For NSI N.V. and all its subsidiaries, the group audit team was able to conduct the audit procedures centrally from the head office of NSI N.V. and no use has been made of other auditors. The audit team has determined per financial statement line item which audit procedures needed to be performed in relation to the audit of the consolidated financial statements.

For the ERP system, the management board makes use of an external service provider. As part of our audit procedures, we evaluated the SOC 1 assurance reports that include the scope and the results of the procedures performed rendered by the independent auditor of the external service provider. Furthermore, we assessed the objectivity and competence of the independent auditor of the service organization and we evaluated the design and tested the operating effectiveness of the internal controls in place at NSI N.V. over the outsourced services.

Based on the procedures performed, we conclude that in the context of our audit of the financial statements of NSI N.V., we could rely on the SOC 1 assurance report in combination with our substantive audit procedures performed.

We are of the opinion that we have been able to obtain sufficient and appropriate audit evidence regarding the financial information of the Group as a whole to provide a basis for our opinion on the consolidated financial statements.

AUDIT APPROACH FRAUD RISK

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Group and its environment and the components of the system of internal control, including the risk assessment process and management board's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section "Risk management and internal control" of the management board report for management board's fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operational effectiveness of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present. We identified the following fraud risks and performed the following specific procedures:

IDENTIFIED FRAUD RISK

The risk of management override of controls

The management board is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls, including risks of potential misstatements due to fraud based on an analysis of potential interests of the management board. This includes the risk of bias by the management board when setting assumptions.

In this respect, we gave specific consideration to:

- the appropriateness of journal entries and other adjustments made in the preparation of the financial statements;
- possible management bias in management board's estimates; and
- significant transactions, if any, that are outside the normal course of business for the entity.

The risk of fraudulent financial reporting through overstating rental income

As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue transactions or assertions give rise to the risk of fraud in revenue recognition.

Because rental income is a key performance indicator for the Group, we have identified an inherent risk in overstating revenue by the management board, especially in recognising fictitious rental income or improper accounting of lease incentives.

AUDIT WORK AND OBSERVATIONS

Where relevant to our audit, we evaluated the design of the internal control measures that are intended to mitigate the risk of management override of controls and tested the operational effectiveness of the measures in the processes of generating and processing journal entries, recognition and accounting for estimates. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk.

We have selected journal entries based on risk criteria and conducted specific audit activities for these entries.

In relation to possible management bias in management board's estimates, we paid specific attention to significant assumption in the valuation of investment property, for which we included a Key Audit Matter in this report.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.

Where relevant to our audit, we assessed the design and tested the operational effectiveness of the internal control measures related to revenue reporting and in the processes of generating and processing journal entries related to the rental income. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk.

We have performed analytics on the rental income per property and per month.

We tested a sample of the rental income transactions by tracing the transactions back to the rental contracts and indexation letter to assess if it is recorded accurate and occurred. We also assessed the accounting policy for the accounting of lease incentives, tested for a sample the accuracy and occurrence of the lease incentive amount recognised by tracing the lease incentive back to the rental contracts and recalculated the amount of straight-lined rent recognised in the rental income.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the accuracy and occurrence of the rental income.

IDENTIFIED FRAUD RISK

The risk of kickbacks paid to the management board or employees when selling investment property

As part of our risk assessment, we have identified an inherent risk that kick-backs could be paid to the management board and/or employees in exchanges for unfavourable transaction prices in the purchase or sale of investment properties.

During 2022 only sales took place.

AUDIT WORK AND OBSERVATIONS

Where relevant to our audit, we assessed the design and tested the operational effectiveness of the internal control measures related to sales of investment properties, in which we have paid attention to the third party due diligence process (background checks regarding purchasers of investment properties). We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk.

Furthermore, we performed the following procedures:

- verified for all sales of investment properties that agreements are signed by two employees of NSI N.V., in line with the approved authorization matrix;
- obtained for all transactions the final notary statements and deeds of delivery;
- verified with land registry information if for sales transactions have taken place within one year (or as far as possible within one year) after the sale by NSI N.V.;
- tested a sample of the cost incurred in relation to sales and evaluated the reasonableness of expenses incurred;
- compared the sales price to the book value based on the latest valuation report for financial reporting.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the acquisitions and sales.

The risk that the employees who (unwittingly) had extended user rights, had used the access rights to manipulate data to gain a personal advantage.

As part of our assessment of the extended user access rights, we have identified that these users had the opportunity with these rights to edit all data in the ERP system, including creditor master data.

Therefore, there is a risk of unlawful payments being made as a result of unauthorized adjustments made to creditor master data or payment batches.

We have assessed the follow up performed by the management board because of the identification of these extended access rights. We have concluded that the management board has performed an adequate follow up.

Additionally, we tested for a sample of payments made if the payment was made to the correct creditor and bank account number of that creditor, by comparing the bank account number to which the payment was made to the bank account number as stated on the invoice received from that creditor.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to payments made.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud. We considered available information and made enquiries of relevant executives and the supervisory board. We performed an assessment of matters reported on the Company's whistleblowing and complaints procedures and, when applicable, results of management board's investigation of such matters. This did not lead to indications for fraud potentially resulting in material misstatements.

AUDIT APPROACH GOING CONCERN

The management board prepared the financial statements on the assumption that the entity is a going concern and that it will continue its operations for the foreseeable future. Our procedures to evaluate management board's going concern assessment include, amongst others:

- Considering whether management board's liquidity and solvency assessment includes all relevant information of which we are aware as a result of our audit, such as the expected capital expenditure in the development projects and the (re)financing of external loans on maturity date;
- Inquire with the management board regarding management board's most important assumptions, such as the start date and expected capital expenditure of the development projects and the terms and conditions of (re)financing of external loans, underlying their going concern assessment and considering whether the management board identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks);
- Analysing the financial position per balance sheet date in relation to the financial position per prior year balance sheet date to assess whether events or circumstances exist that may lead to a going concern risk;
- Performing inquiries of the management board as to their knowledge of going concern risks beyond the period of management board's assessment.

Our procedures did not result in outcomes contrary to management's assumptions and judgments used in the application of the going concern assumption.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

As the key audit matter is related to the nature of the operations of NSI N.V. and there are no significant changes in the strategy and business of NSI N.V., we have no changes in the key audit matters to report compared to prior year.

KEY AUDIT MATTER

Significant assumption in the valuation of investment property

[reference to note 10 in the annual report]

The Group's investment property portfolio comprises mainly offices. At 31 December 2022 the carrying value of the Group's investment property portfolio was €1,259 million (2021: €1,338 million).

Investment properties are valued at fair value at reporting date using the income capitalisation approach as the applied valuation method. The fair value of investment properties is on the one hand depending on the data input into the valuation models, such as: rental income, duration of the contract and square meters.

On the other hand, and most important to our audit, given the sensitivity and impact on the outcome, the valuation is depending on a significant assumption, being the capitalisation rate.

Primary factors, which influence this significant assumption, are general market conditions and the individual nature, condition and location of each property.

At the end of each reporting period, the management board determines the fair value of its investment property portfolio in accordance with the requirements of IAS 40 and IFRS 13. All properties are bi-annually externally appraised by an external valuation expert, appointed by the management board.

As the valuation of investment property is inherently judgmental in nature, due to the use of assumptions that are highly sensitive, any change in assumptions may have a significant effect on the outcome given the relative size of the investment property balance. This also effects the revaluation gains that directly impact the statement of comprehensive income. As a result, the valuation of investment property is subject to significant risk of misstatement either through error or management bias (fraud). We therefore considered this area as a key audit matter.

OUR AUDIT WORK AND OBSERVATIONS

For the external valuation experts appointed by the management board, which we have identified as management experts in our audit, we have assessed the competence and capabilities of the external valuation experts by amongst others checking the registration of the qualification of the external valuation experts and checking the membership of a professional association for the external valuation expert organisations.

We furthermore read the terms of engagements and discussed with the external valuation experts the context and environment in which they have worked with the persons within the Group responsible for the valuation process, to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered other engagements, which might exist between the Group and the external valuation experts' organisations.

In relation to the significant assumption in the valuation of investment property we have:

- evaluated that the management board has designed and implemented appropriate internal controls on the valuation process;
- evaluated the valuation methods as applied by the management board and management experts, as included in the valuation reports;
- evaluated the significant assumption made by the management board and the management expert by assessing the movements of the significant assumption in the valuation reports based on the overall shifts in the market conditions in which the group invests, based on the latest public property market data;
- for a risk-based selection of valuation reports, we have challenged the (significant) assumptions used (including the capitalisation rate and market rent levels) against available market data. We have involved our internal real estate valuation experts in these assessments.

Furthermore, we have:

- reconciled the final valuation reports with the fair value in the Group's accounting records;
- checked for each management expert the mathematical accuracy of the valuation model used;
- checked for a sample of leases, that the standing data included in the valuation report such as rental income, the duration of lease contracts and square metres was supported by audit evidence;
- discussed with the management's experts the incorporation of energy labels in their assessment of the market value of the investment properties;
- verified that all investment properties in operation have the minimum required energy label that office buildings need to have per 1 January 2023 to be able to operate; and
- assessed and corroborated the adequacy and appropriateness of the disclosure, including the sensitivity disclosures, made in the consolidated financial statements.

Based on the work performed, we found that investment property related data and the significant assumptions were supported by available evidence.

In addition, we evaluated whether the information received from the management board and the audit evidence obtained, provided indications of management bias. We found no such indication.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all information regarding the management board report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management board report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The management board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

OUR APPOINTMENT

We were appointed as auditors of NSI N.V. on 29 April 2016 following the passing of a resolution by the shareholders at the annual meeting. Our appointment has been renewed annually representing a total period of uninterrupted engagement appointment of seven years.

EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)

NSI N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to Regulatory Technical Standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the (partially) marked-up consolidated financial statements, as included in the reporting package by NSI N.V., complies in all material respects with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements in accordance with the RTS on ESEF, whereby the management board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
 - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
 - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

NO PROHIBITED NON-AUDIT SERVICES

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

SERVICES RENDERED

The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 6 to the company financial statements.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

RESPONSIBILITIES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 9 March 2023

PricewaterhouseCoopers Accountants N.V.

Original version signed by S. Herwig MSc LLM RA MRE MRICS

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2022 OF NSI N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

THE AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.



From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

ASSURANCE REPORT OF THE INDEPENDENT AUDITOR


To: the general meeting and the supervisory board of NSI N.V.

ASSURANCE REPORT ON THE SELECTED NON-FINANCIAL INDICATORS IN THE ANNUAL REPORT 2022

OUR CONCLUSION

We have examined the selected non-financial indicators marked with symbol  in the Annual Report 2022 of NSI N.V. Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected non-financial indicators marked with symbol  in the Annual Report 2022 of NSI N.V. are not prepared in all material respects, in accordance with the NSI N.V.'s reporting criteria.

WHAT WE HAVE EXAMINED

The object of our assurance engagement concerns the selected non-financial indicators marked with symbol  included in the section 'ESG (non-financial) performance measures 2022' in the Annual Report 2022 of NSI N.V. (hereafter: the indicators).

1. Total landlord- and tenant-obtained fuels, including its coverage on properties and applicable sqm.
2. Total landlord- and tenant-obtained heating and cooling, including its coverage on properties and applicable sqm.
3. Total landlord- and tenant-obtained electricity consumption, including its coverage on properties and applicable sqm.
4. (Sum of) annual kWh energy consumption and the building energy intensity.
5. (Sum of) annual GHG emissions, including its coverage on properties and applicable sqm, and the building carbon intensity.
6. Total water consumption, including its coverage on properties and applicable sqm, and building water intensity;
7. Total waste created, including its coverage on properties and applicable sqm.
8. BREEM In-use: Asset Performance, including its coverage on properties and applicable sqm.
9. Diversity – Employee gender diversity
10. Diversity – Gender pay ratio total (not for the individual categories).
11. Employee training and development.
12. Employee performance appraisals.
13. New hires & turnover (headcount).
14. Employee health and safety, absentee rate, injury rate and # of work-related fatalities.
15. Asset health and safety assessments.
16. Asset health and safety compliance.
17. EU taxonomy eligibility: revenue, capex and opex;
18. EU EPC label: meaning the label issued by a certified advisor in accordance with the rules set by the RVO or any other governmental or regulatory authority or similar body measuring energy performance of real estate including the percentage of Dutch real estate portfolio of the Group compared to the total market value of the Group's real estate.
19. GRESB score: meaning the Global Real Estate Sustainability Benchmark measuring environmental, social and governance performance of real estate of NSI.

We have examined the above indicators in the Annual Report of NSI N.V. for 2022. Other information included in the Annual Report 2022 is not in scope of this limited assurance sustainability engagement, including comparatives. We were not engaged to report on or conclude on other information presented within the Annual Report 2022 which is outside our scope.

THE BASIS FOR OUR CONCLUSION

We conducted our examination in accordance with Dutch law, including the Dutch Standard 3000A Assurance engagements, other than audits or reviews of historical financial information (attestation-engagements). This engagement is aimed to provide limited assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the examination' of our report.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

INDEPENDENCE AND QUALITY CONTROL

We are independent of NSI N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

PwC applies the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

APPLICABLE CRITERIA

The indicators need to be read and understood together with the reporting criteria. The reporting criteria used for the preparation of the indicators are the NSI N.V.'s reporting criteria, as included in the section 'Measurement methodology and assumptions ESG (non-financial) performance measures' of the Annual Report 2022. The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

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 'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226368), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At www.pwc.nl more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.

RESPONSIBILITIES FOR THE INDICATORS AND THE EXAMINATION THEREOF

RESPONSIBILITIES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The management board of NSI N.V. is responsible for the preparation of the indicators in accordance with the NSI N.V.'s reporting criteria, including the identification of the intended users and the criteria being applicable for the purpose of these users.

Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the indicators that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's reporting process for the indicators.

OUR RESPONSIBILITIES FOR THE EXAMINATION

Our responsibility is to plan and perform our examination in a manner that allows us to obtain sufficient and appropriate evidence to provide a basis for our conclusion.

Our conclusion aims to provide limited assurance. The procedures performed in this context consisted primarily of making inquiries with officers of the entity and determining the plausibility of the information included in the indicators. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

PROCEDURES PERFORMED

We have exercised professional judgement and have maintained professional scepticism throughout the examination in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our examination consisted, among other things of the following:

- Assessing the suitability of the criteria used, their consistent application and related disclosures to the indicators.
- Obtaining an understanding of the reporting processes for the indicators, including obtaining a general understanding of internal control relevant to our review.
- Identifying areas of the indicators with a higher risk of material misstatement, whether due to fraud or error. Designing and performing assurance procedures aimed at determining the plausibility of the indicators, responsive to this risk analysis. These procedures consisted amongst others of:
 - interviewing management and/or relevant staff at corporate level responsible for the sustainability strategy, policy and results;
 - interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data of the indicators;
 - determining the nature and extent of the review procedures for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive. Our procedures were performed out of head office;
 - obtaining assurance evidence that the indicators reconcile with underlying records of the company;
 - reviewing, on a limited test basis, relevant internal and external documentation;
 - performing an analytical review of the data and trends of the indicators submitted for consolidation at corporate level.
- Reading the information other than the indicators in the Annual Report 2022, which is not included in the scope of our review, to identify material inconsistencies with the indicators.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 9 March 2023

PricewaterhouseCoopers Accountants N.V.

Original version signed by S. Herwig MSc LLM RA MRE MRICS

OTHER DATA

Appraisers

All investment properties in the portfolio have been appraised externally in June and December by qualified international firms Colliers, JLL and Cushman & Wakefield. Appraisal methods are compliant with international standards and guidelines as defined by RICS (Royal Institution of Chartered Surveyors).

	% assets	% value
Colliers	32.7%	35.4%
Cushman & Wakefield	32.7%	34.2%
JLL	34.6%	30.4%
Total	100.0%	100.0%

Top 10 tenants

	# lease contract	% total contracted rent
Government	11	12.4%
Spaces	3	9.7%
KPN	5	6.9%
Janssen Vaccines & Prevention	3	4.9%
WeWork	1	4.1%
ING Bank	3	3.7%
Airbus Defence and Space	1	1.8%
ABN AMRO Bank	1	1.5%
BDO Holding	1	1.0%
Federatie Nederlandse Vakbeweging	1	0.9%
	30	46.9%

NSI SHARE

INVESTOR RELATIONS

NSI strives for a high degree of transparency and continuous communication with existing and potential shareholders, as well as other stakeholders. NSI is committed to providing information through means of road shows, presentations, press releases, quarterly reports, annual reports and other publications, as well as via the Company's website. All relevant publications are placed on the Company's website.

SHARE CAPITAL

At 1 January 2022 NSI had 19,698,207 ordinary shares outstanding. During 2022, in total 356,034 shares have been issued and distributed in relation to the distribution of stock dividend (final 2021 dividend and interim 2022 dividend). At 31 December 2022 NSI had 20,054,241 ordinary shares outstanding.

SHARE LISTING

The NSI share is listed on Euronext (registered under code 29232; ISIN code: NL0000292324; Ticker symbol: NSI). The NSI share has an option listing on Euronext Liffe, the derivatives stock exchange of the Euronext (Ticker symbol: NSI).

MAJOR SHAREHOLDERS

Pursuant to the Dutch Financial Markets Supervision Act (Wet op het Financieel toezicht) the Netherlands Authority Financial Markets (Autoriteit Financiële Markten) was notified of the following statement of interest of 3% or more in NSI up to 31 December 2022.

	31 December 2022
ICAMAP Investments SARL	10.0%
BlackRock, Inc.	5.8%
Ameriprise Financial	5.0%
Clearance Capital Ltd.	3.1%

FINANCIAL CALENDAR

Publication trading update Q1 2023	20 April 2023
Annual General Meeting	21 April 2023
Publication annual half year results 2023	14 July 2023
Publication trading update Q3 2023	13 October 2023

DIVIDEND POLICY AND DIVIDEND DISTRIBUTION

NSI's dividend policy is to distribute at least 75% of the direct result. The dividend is distributed in cash or optional in stock at the discretion of the Management Board. NSI distributes dividend twice a year.

Ex-dividend date (final dividend 2022)	25 April 2023
Record date	26 April 2023
Stock dividend election period	27 April – 11 May 2023
Payment of final dividend	16 May 2023

DUTCH REIT (FBI)

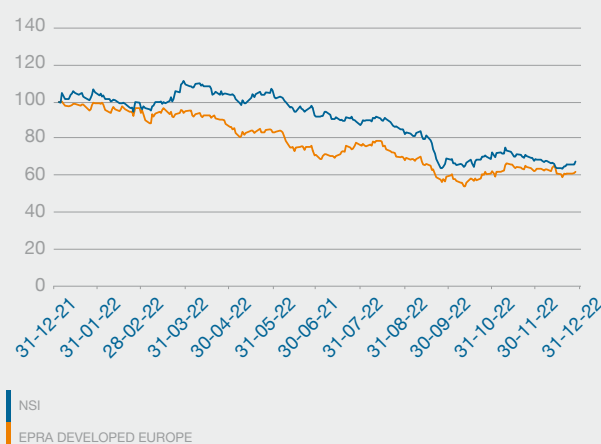
NSI qualifies as a Dutch real estate investment trust (fiscale beleggingsinstelling or FBI) within the context of Article 28 of the Dutch Corporate Income Tax Act 1969 (Wet op de vennootschapsbelasting 1969), which means that NSI is zero-rated for corporate income tax on its investment result. The Act stipulates certain conditions for this, such as the obligation to pay out the total fiscal profit as a dividend.

In its tax plan for 2023 the Dutch Government pre-announced plans to abolish the FBI regime per 1 January 2025, at which time NSI is set to become a regular corporation (NV) subject to a normal 25.8% corporation tax rate. The exact details on the legislation to end the FBI regime in 2025 will only become available in 2023. More information can be found in the Risk Management section on page 39 (Dutch Real Estate Tax Regime – FBI).

PERFORMANCE OF THE NSI SHARE

Share price low	€22.30
Share price high	€39.15
Closing price on 31 December 2022	€23.25
Proposed dividend per share for the 2022 financial year	Total €2.16 Interim €1.04 Final €1.12
# outstanding shares outstanding at 31 December 2022	20,054,241
Market capitalisation at 31 December 2022	€466 million

COMPARATIVE SHARE PRICE DEVELOPMENT



PROPERTY LIST

AMSTERDAM

Property	Property address	City	Form ownership	NEN-area	Year construction / major renovation	Year acquisition	
1	Atlanta Building	Stadhouderskade 5-6	Amsterdam	Freehold	6,542	1928	2021
2	Centerpoint I	Hoogoorddreef 60	Amsterdam	Leasehold	8,952	2007	2015
3	Centerpoint II	Hoogoorddreef 62	Amsterdam	Leasehold	6,292	1988	2015
4	Cruquiusweg	Cruquiusweg 111	Amsterdam	Freehold	3,278	2006	2007
5	Donauweg	Donauweg 2B	Amsterdam	Leasehold	4,613	2020	2001
6	Glasshouse	Changiweg 130, Teleportboulevard 121-133	Amsterdam	Leasehold	22,981	2009	2016
7	Hettenheuvelweg I	Hettenheuvelweg 37-39	Amsterdam	Leasehold	2,474	1987	1997
8	Hettenheuvelweg II	Hettenheuvelweg 41-43	Amsterdam	Leasehold	2,480	1988	1997
9	HNK Amsterdam Houhavens	Van Diemenstraat 20-200	Amsterdam	Leasehold	10,307	2014	1999
10	HNK Amsterdam Schinkel	Anthony Fokkerweg 1	Amsterdam	Freehold	5,386	2018	1997
11	HNK Amsterdam Zuidoost	Burgemeester Stramanweg 102-108	Amsterdam	Freehold	11,468	2016	1997
12	Hogehilweg I	Hogehilweg 6	Amsterdam	Leasehold	3,144	2008	2021
13	Hogehilweg II	Hogehilweg 12	Amsterdam	Leasehold	3,143	1985	1997
14	Koningin Wilhelminaplein	Koningin Wilhelminaplein 18	Amsterdam	Leasehold	5,019	1995	1997
15	Laanderpoort	Bijlmerdreef 100	Amsterdam	Leasehold	12,739	2013	2017
16	Motion Building	Radanweg 60	Amsterdam	Leasehold	15,922	1992	2018
17	One20	Teleportboulevard 120 - 142	Amsterdam	Leasehold	9,743	2001	2020
18	Q-Port	Kingsfordweg 43-117	Amsterdam	Leasehold	12,771	2001	2018
19	Solaris Eclips	Arlandaweg 98	Amsterdam	Leasehold	4,613	2001	2001
20	Trivium	Derkinderenstraat 2-24	Amsterdam	Leasehold	8,315	2000	2019
21	Vitrum	Parnassusweg 101, 103, 126, 128	Amsterdam	Leasehold	11,612	2013	2017
22	Vivaldi Offices I	Barbara Strozilaan 201-229	Amsterdam	Leasehold	9,493	2009	2015
23	Vivaldi Offices II	Barbara Strozilaan 101-125	Amsterdam	Leasehold	8,778	2009	2015

OTHER G4

Property	Property address	City	Form ownership	NEN-area	Year construction / major renovation	Year acquisition	
1	Bentinc Huis	Lange Voorhout 7	Den Haag	Freehold	6,066	2020	2018
2	De Rode Olifant	Zuid-Hollandlaan 7	Den Haag	Freehold	9,993	1993	2007
3	HNK Den Haag	Oude Middenweg 3E, 11-19	Den Haag	Freehold	14,390	2014	2008
4	Alexanderhof	Marten Meesweg 141-145	Rotterdam	Freehold	3,095	1987	2015
5	Alexanderpoort	Marten Meesweg 93-121	Rotterdam	Freehold	9,324	2010	2015
6	HNK Rotterdam Centrum	Westblaak 180	Rotterdam	Leasehold	8,395	2016	2001
7	HNK Rotterdam Scheepvaartkwartier	Vasteland 42-110	Rotterdam	Freehold	21,645	2012	2008
8	Veerhaven	Veerhaven 16-18	Rotterdam	Freehold	1,641	2002	1996
9	Veerkade	Veerkade 1-9C	Rotterdam	Freehold	5,783	1915	2000
10	Westblaak	Westblaak 155-189	Rotterdam	Freehold	6,212	1978	2021
11	HNK Utrecht Centraal Station	Arthur van Schendelstraat 650-698, 700-748	Utrecht	Leasehold	8,884	2015	2006
12	HNK Utrecht West	Weg der Verenigde Naties 1	Utrecht	Leasehold	2,920	2013	2007
13	Jacobsweerd	Sint Jacobsstraat 200-499	Utrecht	Freehold	14,781	1987	2018
14	Uniceflaan	Uniceflaan 1	Utrecht	Leasehold	12,083	1989	2017

OTHER NETHERLANDS

Property	Property address	City	Form ownership	NEN-area	Year construction / major renovation	Year acquisition	
1	Het Binnenhof	Magistratenlaan 156-186	Den Bosch	Freehold	10,436	2005	2015
2	HNK den bosch	Europalaan 28	Den Bosch	Freehold	7,517	2014	1997
2	HNK Ede	Bennekomseweg 41-43	Ede	Freehold	9,326	2014	2007
3	Fellenoord	Fellenoord 310-370	Eindhoven	Freehold	4,183	1987	1996
4	Hooghuisstraat / Keizersgracht	Hooghuisstraat 18-30, Keizersgracht 3-11	Eindhoven	Freehold	10,908	1970	2008
5	Kennedyplein	Kennedyplein 101	Eindhoven	Freehold	6,643	2000	2017
6	Beukenhaghe	Neptunusstraat 15-37	Hoofddorp	Freehold	4,754	1991	1991
7	Archimedesweg	Archimedesweg 17 - 25	Leiden	Leasehold	2,522	2001	2001
8	Archimedesweg I	Archimedesweg 6	Leiden	Leasehold	7,207	2000	2017
9	Archimedesweg II	Archimedesweg 30	Leiden	Leasehold	2,686	1999	2019
10	Mendelweg	Mendelweg 30	Leiden	Leasehold	6,234	2008	2021
11	Newtonweg	Newtonweg 1	Leiden	Leasehold	9,408	1993	2015

ESG (NON-FINANCIAL) PERFORMANCE MEASURES 2022

Impact area	INREV Code	GRI Standard	Units of measure	Indicator	Notes	Absolute performance (Abs)		Like-for-like performance (LfL)			
						2022	2021	2022	2021	% change	
Energy	Fuels-Abs, Fuels-LfL	GRI Standard 302-1	annual kWh	Fuels	Total landlord-obtained fuels	B	7,260,436	12,351,361	6,772,802	9,500,231	-28.7%
					Proportion of landlord-obtained fuels from renewable resources		-	-	-	-	-
					Total tenant-obtained fuels	C	2,882,537	4,833,199	2,405,546	3,108,944	-22.6%
					Proportion of tenant-obtained fuels from renewable resources		-	-	-	-	-
					Total landlord- and tenant-obtained fuels	✓	10,142,973	17,184,560	9,178,348	12,609,175	-27.2%
					Proportion of landlord- and tenant-obtained fuels from renewable resources		-	-	-	-	-
					No. of applicable properties	✓	26 out of 27	36 out of 37	22 out of 22	22 out of 22	-
					Covered applicable sqm	✓	98.7%	98.8%	100.0%	100.0%	0.0%
					%	✓	0%	0%	0%	0%	-
					Proportion of fuels estimated	✓	0%	0%	0%	0%	-
	DH&C-Abs, DH&C-LfL	GRI Standard 302-1/302-2	annual kWh	District heating and cooling	Total landlord-obtained district heating and cooling	C	9,310,975	11,267,407	8,631,489	10,242,121	-15.7%
					Proportion of landlord-obtained heating and cooling from renewable resources		-	-	-	-	-
					Total tenant-obtained heating and cooling	C	4,130,300	3,701,974	3,697,244	3,701,974	-0.1%
					Proportion of tenant-obtained heating and cooling from renewable resources		-	-	-	-	-
					Total landlord- and tenant-obtained heating and cooling	C	13,441,275	14,969,381	12,328,733	13,944,095	-11.6%
					Proportion of landlord- and tenant-obtained heating and cooling from renewable resources		-	-	-	-	-
					No. of applicable properties	✓	22 out of 23	23 out of 27	20 out of 20	20 out of 20	-
					Covered applicable sqm	✓	95.2%	86.9%	100.0%	100.0%	0.0%
					%	✓	0%	0%	0%	0%	-
					Proportion of district heating and cooling estimated	✓	0%	0%	0%	0%	-
Elec-Abs, Elec-LfL	GRI Standard 302-1/302-2	annual kWh	Electricity	Total landlord-obtained electricity	B+C	18,200,793	19,165,121	16,615,291	15,493,680	7.2%	
				Proportion of on-site landlord-obtained electricity from renewable resources		3%	3%	4%	3%	6.4%	
				Proportion of off-site landlord-obtained electricity from renewable resources		96%	96%	96%	97%	-0.5%	

✓ refers to the limited assurance report of the independent auditor only with respect to the 2022 absolute performance figures (see page 133)

A up to and including D refers to Measurement Methodology and Assumptions (see page 143)

Impact area	INREV Code	GRI Standard	Units of measure	Indicator	Notes	Absolute performance (Abs)		Like-for-like performance (LfL)			
						2022	2021	2022	2021	% change	
Energy	Elec-Abs, Elec-LfL	GRI Standard 302-1/302-2	annual kWh	Electricity	Total tenant-obtained electricity	C+D	14,130,181	12,527,823	11,900,235	11,246,794	5.8%
					Proportion of on-site tenant-obtained electricity from renewable resources		0%	0%	0%	0%	-
					Proportion of off-site tenant-obtained electricity from renewable resources		100%	89%	100%	88%	13.1%
					Total landlord- and tenant-obtained electricity consumption	✓	32,330,973	31,692,943	28,515,525	26,740,474	6.6%
					Proportion of on-site landlord- and tenant-obtained electricity from renewable resources		2%	2%	2%	2%	16.3%
					Proportion of off-site landlord- and tenant-obtained electricity from renewable resources		98%	93%	98%	93%	4.9%
					No. of applicable properties	✓	51 out of 51	63 out of 65	42 out of 42	42 out of 42	-
					Covered applicable sqm	✓	100.0%	95.2%	100.0%	100.0%	0.0%
					%	✓	0%	0%	0%	0%	-
					No. of applicable properties		13 out of 14	11 out of 15	13 out of 13	10 out of 10	-
	No. of solar panels		2,678	2,326	2,678	2,256	-				
	Energy-Int (all assets)	GRI Standard 302-3	annual kWh / sqm	Energy Intensity	(sum of) annual kWh energy consumption	✓	55,915,222	63,846,884	50,022,607	53,293,744	-6.1%
	(sum of) floor area (m2) - Energy				A	427,197	493,758	374,527	374,527	0.0%	
	Building energy intensity				✓	131	129	134	142	-6.1%	
	%					57.7%	47.2%	56.9%	47.6%	19.4%	
Green-house gas emissions	GHG-Dir-Abs	GRI Standard 305-1	annual kg CO2e	Direct	Scope 1		1,549,377	2,382,578	1,445,316	1,832,595	-21.1%
	GHG-Indir-Abs	GRI Standard 305-2 and 305-3	annual kg CO2e	Indirect	Scope 2		925,748	1,123,065	860,110	923,839	-6.9%
			annual kg CO2e		Scope 3		1,014,120	2,014,635	870,497	1,682,026	-48.2%
	GHG-Int (all assets)	GRI Standard 305-4	kg CO2e / sqm / year	GHG emissions intensity	(sum of) annual GHG emissions	✓	3,489,246	5,520,277	3,175,923	4,438,460	-28.4%
					(sum of) floor area (m2) - GHG	A	427,197	493,758	374,527	374,527	0.0%
					Building carbon intensity	✓	8	11	8	12	-28.4%
					No. of applicable properties	✓	51 out of 51	64 out of 65	43 out of 43	43 out of 43	-
					Covered applicable sqm	✓	98.9%	94.3%	100.0%	100.0%	0.0%
	%	✓	0%	0%	0%	0%	-				

✓ refers to the limited assurance report of the independent auditor only with respect to the 2022 absolute performance figures (see page 133)

A up to and including D refers to Measurement Methodology and Assumptions (see page 143)

Impact area	INREV Code	GRI Standard	Units of measure	Indicator	Notes	Absolute performance (Abs)		Like-for-like performance (LfL)						
						2022	2021	2022	2021	% change				
Water	Water-Abs, Water-LfL	GRI Standard 303-1	annual cubic metres (m3)	Water	Total landlord-obtained water consumption	B	49,723	52,418	44,630	33,924	31.6%			
					Total tenant-obtained water consumption	C	34,221	29,337	31,265	27,393	14.1%			
					Total water consumption	✓	83,944	81,755	75,895	61,318	23.8%			
	Water-Int (all assets)	GRI standard CRE2	annual m3 / sqm	Water Intensity	(sum of) floor area (m2) - Water	A ✓	420,300	486,272	372,804	372,804	0.0%			
					Building water intensity	✓	0.20	0.17	0.20	0.16	23.8%			
			No. of applicable properties	Water disclosure coverage	✓	50 out of 51	59 out of 65	42 out of 42	42 out of 42	-				
			Covered applicable sqm		✓	97.4%	93.6%	100.0%	100.0%	0.0%				
			%	Proportion of water estimated	✓	-	-	-	-	-				
			Waste	Waste-Abs, Waste-LfL	GRI Standard 306-3 / 306-4 / 306-5	annual tonnes	Waste type	Hazardous waste		-	-	-	-	-
								Non-Hazardous waste		938	891	-	-	-
Total waste created	✓	938						891	-	-	-			
proportion by disposal route (%)	Disposal routes	Landfill (with or without energy recovery)					-	-	-	-	-			
		Incineration (with or without energy recovery)					-	-	-	-	-			
		Diverted (total)					94%	93%	-	-	-			
		Diverted - Reuse					-	-	-	-	-			
		Diverted - Waste to energy					66%	64%	-	-	-			
		Diverted - Recycling					28%	30%	-	-	-			
		Other / Unknown					6%	7%	-	-	-			
No. of applicable properties	Waste disclosure coverage	✓				29 out of 51	34 out of 65	-	-	-				
Covered applicable sqm		✓				79.7%	75.6%	-	-	-				
%	Proportion of waste estimated	✓				-	-	-	-	-				
Certification	Cert-Tot	EU EPC	Covered applicable properties	Certified	✓	49 out of 49	52 out of 52	43 out of 43	43 out of 43					
				Certified		100.0%	100.0%	100%	100%					

✓ refers to the limited assurance report of the independent auditor only with respect to the 2022 absolute performance figures (see page 133)

A up to and including D refers to Measurement Methodology and Assumptions (see page 143)

Impact area	INREV Code	GRI Standard	Units of measure	Indicator	Notes	Absolute performance (Abs)		Like-for-like performance (LfL)			
						2022	2021	2022	2021	% change	
Certification	Cert-Tot	GRI Standard 306-3 / 306-4 / 306-5	EU EPC	Level of certification	A+++++	✓	-	-	-	-	-
					A++++	✓	-	-	-	-	-
					A+++	✓	-	-	-	-	-
					A++	✓	13%	-	16%	16%	
					A+	✓	10%	-	9%	9%	
					A	✓	65%	81%	65%	65%	
					B	✓	8%	7%	7%	7%	
					C	✓	4%	10%	3%	3%	
					D	✓	-	0.0%	-	-	
					E	✓	-	-	-	-	
					F	✓	-	-	-	-	
					G	✓	-	2%	-	-	
					Green Building Certification	Covered applicable properties	Certified by at least one Green Building Certification	✓	46 out of 49	45 out of 52	42 out of 43
			Covered applicable sqm	Certified by at least one Green Building Certification	✓	94%	89%	99%	98%		
			BREEAM In Use - Level of certification	Outstanding	✓	0%	0%	0%	0%		
				Excellent	✓	36%	-	41%	41%		
				Very Good	✓	30%	1%	34%	34%		
				Good	✓	14%	37%	13%	13%		
				Pass	✓	10%	35%	9%	8%		
			Acceptable	✓	4%	16%	2%	2%			
	GRESB Score		✓	93 out of 100	92 out of 100						

✓ refers to the limited assurance report of the independent auditor only with respect to the 2022 absolute performance figures (see page 133)

A up to and including D refers to Measurement Methodology and Assumptions (see page 143)

EU TAXONOMY

	Note	2022 eligibility	2022 alignment*
Revenue	✓	100.0%	88.5%
Capex	✓	100.0%	92.3%
Opex	✓	100.0%	87.6%

SOCIAL PERFORMANCE MEASURES

	Note	2022	2021			
Diversity - Emp	Employee gender diversity	Female	52%	45%	Percentage of employees	
		Male	48%	55%		
Diversity-Pay	Gender pay ratio	Management Board	1.23	1.28	Ratio	
		Senior Management	1.36	1.37		
		Operations	2.07	2.09		
		Support Staff	1.00	1.20		
		Total	✓	1.74		1.63
Emp-Training	Employee training and development	✓	83	70		
Emp-Dev	Employee performance appraisals	✓	100%	100%		
Emp- Turnover	New hires and turnover	New hires	✓	20	15	New hires headcount
			30.8%	25.0%	New hires percentage	
		Leavers	✓	-15	-10	Leavers headcount
			-23.1%	-16.7%	Leavers percentage	
H&S-Emp	Employee health and safety	Absentee rate	✓	3.5%	3.5%	
		Injury rate	✓	0.0%	0.0%	
		Work related fatalities	✓	0	0	
H&S-Asset	Asset health and safety assessments	✓	33 out of 49	33 out of 52		
H&S-Comp	Asset health and safety compliance	✓	2	0		
Comty-Eng	Community engagement, impact assessment and development programs		10 out of 49	11 out of 52	HNK office app in all HNK's	

✓ refers to the limited assurance report of the independent auditor only with respect to the 2022 absolute performance figures and EU-Taxonomy on eligibility (see page 133)

GOVERNANCE PERFORMANCE MEASURES

		2022	2021	
Gov-Board	Composition of the highest governance body	Page 64-68	Page 74-78	See composition and total number
Gov-Selec	Process for nominating and selecting the highest governance body	Page 64-68	Page 74-78	Narrative on process
Gov-Col	Process for managing conflicts of interest	Page 64-68	Page 74-78	Narrative on process

* based on technical criteria 2.1 and 2.2. The minimum safeguards analysis (2.3) will be performed in 2023.

MEASUREMENT METHODOLOGY AND ASSUMPTIONS ESG (NON-FINANCIAL) PERFORMANCE MEASURES

NSI reports environmental, social and governance performance in accordance with the EPRA Sustainability Best Practice Recommendations (sBPR). This reporting is split into several sections consisting of the overarching EPRA recommendations, the environmental performance indicators, the social performance indicators and the governance performance indicators.

REPORTING PERIOD AND ORGANISATIONAL BOUNDARIES

The reporting period for this report is the same as for the annual financial report. NSI includes its ESG performance in its annual report since 2017, and publishes a separate sustainability report since 2020. The analysis includes data of the portfolio as per 31 December 2022. Assets that were acquired or disposed during 2022 were excluded from the Like-for-like performance analysis.

MEASUREMENT SCOPE AND COVERAGE

In 2022, 100% of the total portfolio value belonged to the measurement scope, which corresponds to 51 properties, including the NSI head office. The consumption data were collected using our invoice data, invoice data obtained from tenants, combined with smart meters and data obtained from tenants. In the event of incomplete or missing data, the data was extrapolated in accordance with EPRA guidelines or the asset was excluded.

With regard to the measurement of electricity, the following apply:

- The energy generated by the solar panels has not been deducted from the total electricity consumption
- The consumption of the electric charging stations is excluded in the total electricity consumption.
- The electricity consumption of the tenant is based on renewable energy. The calculation of the 'building energy intensity' is based on all buildings for which data is available for at least 9 months. In case of missing data, the data is extrapolated to a whole year. On page 137 to 140 you can find the EPRA tables with the various performances, including the share of buildings in scope for each of the performance indicators and the extent of data coverage/extrapolation.

ESTIMATION AND EXTRAPOLATION OF CONSUMPTION DATA

At the time of publication of this report, not all data are available for the measurement year 2022 yet. If data for at least ten months is available, it has been extrapolated in accordance with EPRA guidelines. If the data of one of the meters in a building is missing, the square meters of the building will be adjusted pro-rata for

the purpose of determining the energy-, CO₂- and water intensity and calculating the data coverage. The 2021 consumption figures were adjusted compared to the previously reported and audited figures as a result of the final invoices and measurements. In accordance with the EPRA guidelines, a like for like analysis was carried out for several environmental indicators. The analysis enables NSI to observe evolutions in consumption, irrespective of the fact that new assets are added to the scope of measurement.

EXPLANATORY NOTES TO SUSTAINABILITY PERFORMANCE MEASURES

The like for like (LfL) calculation reflects consumption of the portfolio that has been consistently in operation during the most recent two full reporting years, in line with the EPRA sBPR definition. As a result, neither the purchased assets nor the assets sold in the reporting period are included in this calculation.

This means that:

- 7 assets are excluded from Like-for-Like Performance as these assets were not fully operational during the reporting period of 2022.
- 4 assets are excluded from Like-for-Like Performance as these assets were purchased during the reporting period of 2021.

Furthermore, the Notes in the table refer to the following:

- A** Square meters based on CRREM methodology (Gross floor area minus internal parking garage minus outer façade).
- B** Normalization (as a consequence of Acquisitions and Dispositions during the year):
 - When a property is in the portfolio for less than 9 months (< 274 days), the property will be excluded.
 - When a property is in the portfolio for 9 months or longer (>= 274 days), the property will be included. For these properties, the consumption for the remaining part of the year should be estimated/extrapolated and explained in the report.
- C** Reported consumption changes compared with last year due to additional data availability. This results in a higher data coverage.
- D** Data of last year was not accurate due to a double counting. This is corrected.

EPRA KEY PERFORMANCE MEASURES

OVERVIEW KEY PERFORMANCE INDICATORS

	2022		2021	
	€ ' 000	per share (€)	€ ' 000	per share (€)
EPRA earnings	42,733	2.15	46,373	2.38
EPRA cost ratio (incl. direct vacancy costs)	28.8%		28.2%	
EPRA cost ratio (excl. direct vacancy costs)	27.8%		26.0%	
EPRA property related capital expenditure	12,776		128,704	

	31 December 2022		31 December 2021	
	€ ' 000	per share (€)	€ ' 000	per share (€)
EPRA NRV	987,844	49.26	1,058,582	53.74
EPRA NTA	885,774	44.17	950,062	48.23
EPRA NDV	918,162	45.78	945,661	48.01
EPRA LTV	29.3%		28.8%	
EPRA net initial yield (NIY)	4.6%		4.1%	
EPRA topped-up net initial yield	5.0%		4.5%	
EPRA vacancy rate	6.2%		5.9%	

EPRA EARNINGS

	2022	2021
Gross rental income	71,309	77,507
Service costs not recharged	-1,322	-1,873
Operating costs	-10,663	-12,362
Net rental income	59,325	63,272
Administrative costs	-8,566	-7,612
Net financing result	-8,024	-9,285
Direct investment result before tax	42,735	46,375
Corporate income tax	-2	-2
Direct investment result / EPRA earnings	42,733	46,373
Direct investment result / EPRA earnings per share (€)	2.15	2.38

EPRA COST RATIO

	2022	2021
Administrative costs	8,566	7,612
Service costs not recharged	1,322	1,873
Operating costs (adjusted for municipality taxes)	10,663	12,362
Leasehold	-3	0
EPRA costs (including direct vacancy costs)	20,548	21,847
Direct vacancy costs	-753	-1,690
EPRA costs (excluding direct vacancy costs)	19,795	20,157
Gross rental income	71,309	77,507
EPRA gross rental income	71,309	77,507
EPRA cost ratio (incl. direct vacancy costs)	28.8%	28.2%
EPRA cost ratio (excl. direct vacancy costs)	27.8%	26.0%

EPRA PROPERTY RELATED CAPITAL EXPENDITURE

	2022	2021
Acquisitions	-104	109,850
Development	7,233	3,419
Like-for-like portfolio	5,648	10,419
Other	0	5,016
EPRA capital expenditure	12,776	128,704

EPRA NAV

	31 December 2022			31 December 2021		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	887,008	887,008	887,008	948,457	948,457	948,457
Hybrid instruments						
Diluted NAV	887,008	887,008	887,008	948,457	948,457	948,457
Diluted NAV at fair value	887,008	887,008	887,008	948,457	948,457	948,457
Fair value of financial instruments	-1,163	-1,163		1,739	1,739	
Intangibles as per IFRS balance sheet		-72	-72		-134	-134
Fair value of fixed interest rate debt			31,225			-2,662
Real estate transfer tax	101,999			108,387		
NAV	987,844	885,774	918,162	1,058,582	950,062	945,661
Fully diluted number of shares	20,054,241	20,054,241	20,054,241	19,698,207	19,698,207	19,698,207
NAV per share	49.26	44.17	45.78	53.74	48.23	48.01

EPRA YIELD

	31 December 2022	31 December 2021
Investment property including assets held for sale	1,274,988	1,354,840
Developments	-58,878	-61,863
Property investments	1,216,110	1,292,977
Allowance for estimated purchasers' costs	109,450	116,368
Gross up completed property portfolio valuation	1,325,560	1,409,345
Annualised cash passing rental income	72,852	69,744
Annualised property outgoings	-11,951	-11,919
Annualised net rent	60,901	57,825
Notional rent expiration of rent free periods or other lease incentives	5,940	6,121
Topped-up annualised net rent	66,841	63,946
EPRA net initial yield	4.6%	4.1%
EPRA topped-up net initial yield	5.0%	4.5%

EPRA VACANCY

	31 December 2022	31 December 2021
Estimated rental value of vacant space	5,510	5,174
Estimated rental value of the whole portfolio	88,317	87,023
EPRA vacancy	6.2%	5.9%

TAXONOMY ELIGIBILITY AND ALIGNMENT

AGAINST TURNOVER, CAPEX AND OPEX

TABLE 1

Table - Proportion of Turnover from products or services associated with economic activities that qualify as environmentally sustainable - disclosure covering year N

Economic activity	Codes	Absolute [Turnover]	Proportion of [Turnover] - %	Substantial contribution criteria					Do not significant harm criteria					Minimum safeguards	Taxonomy Aligned proportion of [Turnover] year N - %	Taxonomy Aligned proportion of [Turnover] year N-1 - %	Category Enabling activity - %	Category Transitional activity - %	
				Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystem	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy						Pollution
A. Taxonomy Eligible activities (A1 + A2): %																			
A.1 Environmentally sustainable activities (Taxonomy aligned)																			
Activity 1 - Acquisition and ownership of buildings (7.7)	L68		100.0%	88.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			88.7%
A.2 Environmentally sustainable activities (not Taxonomy aligned)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
Total (A.1 + A.2)			100.0%	88.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	88.7%
B. Non-Eligible activities: %																			
Turnover of non-Eligible activities			0.0%																
Total (A + B)			0.0%																

TABLE 2

Table - Proportion of CapEx from products or services associated with economic activities that qualify as environmentally sustainable - disclosure covering year N

Economic activity	Codes	Absolute [CapEx]	Proportion of [CapEx] - %	Substantial contribution criteria						Do not significant harm criteria						Minimum safeguards	Taxonomy Aligned proportion of [CapEx] year N - %	Taxonomy Aligned proportion of [CapEx] year N-1 - %	Category Enabling activity - %	Category Transitional activity - %
				Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystem	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystem					
A. Taxonomy Eligible activities (A1 + A2): %																				
A.1 Environmentally sustainable activities (Taxonomy aligned)																				
Activity 1 - Acquisition and ownership of buildings (7.7)	L68		100.0%	92.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)																92.2%				
A.2 Environmentally sustainable activities (not Taxonomy aligned)																				
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)			100.0%	92.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	92.2%	
B. Non-Eligible activities: %																				
Turnover of non-Eligible activities			0.0%																	
Total (A + B)			100.0%																	

TABLE 3

Table - Proportion of OpEx from products or services associated with economic activities that qualify as environmentally sustainable - disclosure covering year N

Economic activity	Codes	Absolute [OpEx]	Proportion of [OpEx] - %	Substantial contribution criteria						Do not significant harm criteria						Minimum safeguards	Taxonomy Aligned proportion of [OpEx] year N - %	Taxonomy Aligned proportion of [OpEx] year N-1 - %	Category Enabling activity - %	Category Transitional activity - %
				Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystem	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystem					
A. Taxonomy Eligible activities (A1 + A2): %																				
A.1 Environmentally sustainable activities (Taxonomy aligned)																				
Activity 1 - Acquisition and ownership of buildings (7.7)	L68		100.0%	87.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			87.7%	
A.2 Environmentally sustainable activities (not Taxonomy aligned)																				
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)			100.0%	87.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	87.7%	
B. Non-Eligible activities: %																				
Opex of non-Eligible activities			0.0%																	
Total (A + B)			100.0%																	

FIVE YEAR OVERVIEW

KEY FINANCIAL METRICS

REVENUES AND EARNINGS

	2018	2019	2020	2021	2022
Gross rental income	82,721	82,831	76,854	77,507	71,309
Net rental income	69,228	67,227	60,466	63,272	59,325
Direct investment result	48,745	49,439	44,943	46,373	42,733
Indirect investment result	42,780	146,858	-65,357	74,588	-74,103
Total investment result	91,525	196,297	-20,414	120,961	-31,370
Earnings per share	4.95	10.47	-1.07	6.20	-1.58
EPRA earnings per share	2.64	2.64	2.35	2.38	2.15
EPRA cost ratio (incl. direct vacancy costs)	26.5%	28.4%	30.6%	28.2%	28.8%
EPRA cost ratio (excl. direct vacancy costs)	25.0%	26.3%	28.4%	26.0%	27.8%

BALANCE SHEET

	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022
Investment property	1,206,631	1,278,992	1,240,192	1,338,034	1,259,235
Net debt	-447,909	-352,632	-366,194	-382,073	-365,480
Equity	733,283	903,308	854,438	948,457	887,008
IFRS equity per share	39.48	47.75	44.29	48.15	44.23
EPRA NTA per share	40.18	47.95	44.44	48.23	44.17
Net LTV	36.9%	27.4%	29.2%	28.2%	28.7%
Number of shares outstanding	18,574,298	18,917,764	19,291,415	19,698,207	20,054,241
Weighted average number of shares outstanding	18,473,101	18,751,178	19,138,717	19,499,825	19,869,975

KEY PORTFOLIO METRICS

	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022
Number of properties	95	65	60	52	49
Market value (€m)	1,214	1,287	1,253	1,355	1,275
Annual contracted rent (€m)	87	81	84	76	78
ERV (€m)	102	92	93	87	88
Lettable area (sqm k)	603	491	473	409	382
Average rent / sqm (€/p.a.)	179	188	197	201	219
EPRA vacancy	13.8%	7.1%	7.0%	5.9%	6.2%
EPRA net initial yield	5.2%	4.6%	4.5%	4.1%	4.6%
Reversionary yield	8.5%	7.3%	7.5%	6.7%	7.3%
Wault (yrs)	4.4	4.2	4.0	4.1	3.9

GLOSSARY KEY PERFORMANCE MEASURES

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 façade) for the properties in scope.

EPC-LABEL

Energy Performance Certificates (EPCs) tell you how energy efficient a building is and give it 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, Den Haag, Rotterdam, and Utrecht.

GRESB SCORE

The GRESB Score is an overall measure of ESG performance – represented as a percentage (100 percent maximum). The GRESB Score gives quantitative insight into the company's ESG performance in absolute terms, over time and against your 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 adjusted for capitalised interest.

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-to-day 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 (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).

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 (WALT)

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.

GLOSSARY ESG (NON-FINANCIAL) PERFORMANCE MEASURES

ASSET HEALTH AND SAFETY ASSESSMENTS

Asset Health and safety assessments refers to the proportion of assets for which health and safety related assessments have been performed, reviewed or assessed to determine the impact with respect to compliance or further improvement possibilities. Every assessment will be reviewed every three years.

- NSI reports on the following assessments: NEN 2767 Inspections (technical)
- Inspections carried out by the Insurance company (technical, health and safety)
- Fire safety assessments safety

ASSET HEALTH AND SAFETY COMPLIANCE

Asset Health and safety Incidents refers to the amount of incidents of non-compliance with regulations and/or voluntary codes concerning Health and Safety within the reporting period.

NSI reports on the following incidents:

- Incidents of non-compliance with regulations resulting in a fine or penalty;
- Incidents of non-compliance with regulations based on a formal warning of a third party.

CERTIFICATION

The percentage of assets within the portfolio that have formally obtained sustainability certifications, 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 organisation).

DISTRICT HEATING AND COOLING CONSUMPTION

The energy consumed from “District heating and cooling” systems during the reporting period by Landlord (Scope 2) and Tenant (Scope 3).

NSI reports on the following KPI's:

- Total amount of district heating and cooling consumption, split by Landlord obtained and Tenant obtained heating and cooling;
- The proportion of the total consumption that is from renewable resources (calculated as percentage of total annual kWh).

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

ELECTRICITY CONSUMPTION

The electricity consumed during a reporting period. It includes electricity from renewable and non-renewable sources, whether imported or generated on site. This includes the electricity consumed by the EV-charging stations.

NSI reports on the following KPI's:

- Total amount of electricity consumption, split by Landlord (Scope 2) obtained and Tenant (Scope 3) obtained electricity;
- The proportion of the total consumption obtained by Landlord from renewable resources.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

EMPLOYEES

Individuals that are in an employment agreement with NSI, according to national law or its application (i.e. employees). Employees exclude temporary staff (not on payroll NSI)

EMPLOYEE HEALTH AND SAFETY

The occupational health and safety performance of the organisation with relation to its employees.

NSI reports on the following KPI's:

- **Absentee rate:** actual absentee days lost due to illness as a percentage of total number of days scheduled to be worked by all employees;
- **Injury rate:** the frequency of injuries relative to the total time worked by all employees during the reporting period;
- **Work related fatalities:** this refers to the number of death of employees during the reporting period while performing work for the organisation

EMPLOYEE TURNOVER AND RETENTION

The total number and rate of new employee hires and employee turnover during the reporting period.

EMPLOYEE TRAINING AND DEVELOPMENT

The average hours of (external) training, paid for by NSI, that the organisation's employees have undertaken in the reporting period based on the average hours prescribed for the training as indicated by the training provider divided by the average number of employees (head-count) during the reporting period.

ENERGY INTENSITY

The total energy used by renewable and non-renewable resources during a reporting period, normalised by the sum of the gross floor area in square meters for the properties in scope.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

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 façade) for the properties in scope.

FUEL CONSUMPTION

The fuel used from direct (renewable and non-renewable) resources (direct meaning that the fuel is combusted on site) over a reporting period.

NSI reports on the following KPI's:

- Total amount of fuel used from direct resources, split in Landlord obtained and Tenant obtained fuels;
- The proportion of the total consumption that is from renewable resources.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

GENDER DIVERSITY

The percentage of male and female employees in the organisation as per reporting date based on the headcount.

GENDER PAY RATIO

The ratio of the basic annual salary or remuneration, including variable components, of male to female, taking into account the full-time employee equivalent.

GREENHOUSE GAS (GHG) DIRECT EMISSIONS (SCOPE 1)

The total amount of Landlord induced direct greenhouse gas emissions generated during a reporting period.

“Direct” refers to GHG-emissions that are generated on site through combustion of the energy source.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

GREENHOUSE GAS (GHG) INDIRECT EMISSIONS (SCOPE 2)

The total amount of Landlord induced indirect greenhouse gas emissions generated during a reporting period.

“Indirect” refers to GHG-emissions that are not generated on site through combustion of the energy source, but refers to GHG-emissions induced off site. This includes the GHG-emissions caused by “District heating and cooling” and/or consumption of “Non-renewable electricity”.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

GREENHOUSE GAS (GHG) DIRECT & INDIRECT EMISSIONS (SCOPE 3)

The total amount of Tenant induced both direct and indirect greenhouse gas emissions generated during a reporting period.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

GREENHOUSE GAS (GHG) EMISSIONS INTENSITY

The total amount of direct and indirect GHG-emissions (Scope 1, 2 and 3) generated from energy consumption in a building during a reporting period, divided by the sum of the gross floor area in square meters for the properties in scope. This includes only data of buildings if data for all GHG-scopes is available.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

LIKE-FOR-LIKE

Like-for-like refers to the part of the portfolio that has been consistently in operation, and not under development, during the most recent two full reporting periods.

PERCENTAGE EMPLOYEE PERFORMANCE APPRAISALS

The percentage of total employees who received annual performance and career development reviews during the reporting period, including appraisals in the current reporting year over the previous reporting year.

WATER CONSUMPTION

The total amount of water consumed (by Landlord and Tenant) within the portfolio during a reporting period. The amount of water consumption includes a portion of estimate (calculated on an extrapolation based on the average consumption of the specific building) when data was yet not available for the 12 month period.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

WASTE BY DISPOSAL ROUTES

The amount of waste produced and disposed of via various disposal methods routes over a reporting period (*as calculated by Milieuservice NL*).

NSI reports on the following KPI's:

- Total amount of waste produced and disposed of, split in hazardous and non-hazardous waste;
- The proportion of the waste disposed of by disposal route according to type (percentage).

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

WATER INTENSITY

The total amount of water consumed during a reporting period, divided by the sum of the gross floor area in square meters for the properties in scope.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

COLOPHON

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