



ANNUAL
REPORT
2023

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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 auditor's report thereto, are included in the single report package which can be found via <https://nsi.nl/news/nsi-publishes-2023-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 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 auditor's report. Our 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

	2023	2022	Change
Net rental income	58,421	59,325	-1.5%
Net rental income - like-for-like	58,014	55,461	4.6%
Direct investment result	40,402	42,733	-5.5%
Indirect investment result	-182,772	-74,103	146.6%
Total investment result	-142,370	-31,370	353.8%
EPRA earnings per share	2.01	2.15	-6.6%
Weighted average number of ordinary shares outstanding	20,117,872	19,869,975	1.2%
EPRA cost ratio (excl. direct vacancy costs)	29.1%	27.8%	1.3 pp

BALANCE SHEET

	31 December 2023	31 December 2022	Change
Investment property	1,028,801	1,259,235	-18.3%
Net debt	-344,443	-365,480	-5.8%
Other assets and liabilities	25,524	-6,746	-478.4%
Equity	709,882	887,008	-20.0%
EPRA NTA per share	35.30	44.17	-20.1%
Number of ordinary shares outstanding	20,155,221	20,054,240	0.5%
Net LTV	33.0%	28.7%	4.4 pp

KEY ESG METRICS (NON-FINANCIAL)

	2023	2022	Change
CRREM building energy intensity (kWh/sqm/year) ¹	130	136	-4.4%
EPC-label (percentage operational portfolio with label A or better)	95.3%	88.0%	7.3 pp
GRESB score	94	93	1

KEY PORTFOLIO METRICS

	31 December 2023				31 December 2022	Change
	Amsterdam	Other G4	Other NL	TOTAL		
Number of properties	22	14	10	46	49	-6.1%
Market value (€ m) ²	588	301	154	1,043	1,275	-18.2%
Lettable area (sqm k)	160.7	125.0	64.9	350.7	382.1	-8.2%
Annualised contractual rent (€ m) ³	39	26	12	77	78	-0.9%
Estimated rental value (€ m)	44	27	13	84	88	-5.4%
EPRA net initial yield	5.2%	5.7%	5.0%	5.3%	4.6%	0.8 pp
Gross initial yield	7.4%	8.6%	8.1%	7.9%	6.4%	1.5 pp
EPRA vacancy	5.8%	6.0%	1.5%	5.2%	6.2%	-1.1 pp

1 2022 figure has been restated to reflect accurate number of square meters. This figure excludes sold assets and developments.

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.

HIGHLIGHTS 2023

(LFL) OCCUPANCY

▲ 0.3%

(LFL) ERV GROWTH

▲ 1.9%

AVERAGE PORTFOLIO VALUE GROWTH

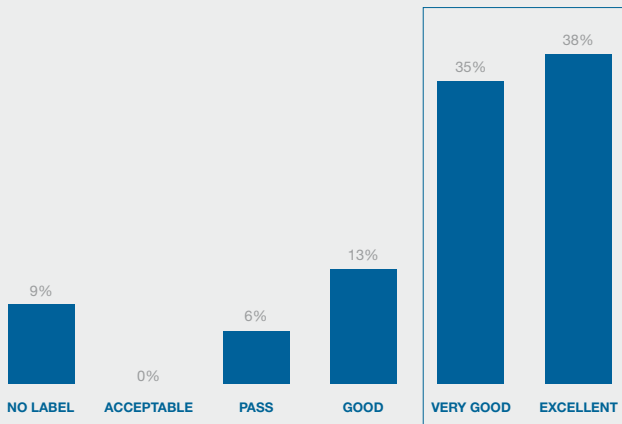
▼ 17.6%

PORTFOLIO BY SEGMENT

City	# Assets	Book Value	% of total portfolio	Gross Initial Yield
Amsterdam	22	€ 588m	56%	7.4%
Other G4	14	€ 301m	29%	8.6%
Other NL	10	€ 154m	15%	8.1%
TOTAL	46	€ 1,043m	100%	7.9%

BREEAM BY SQM¹

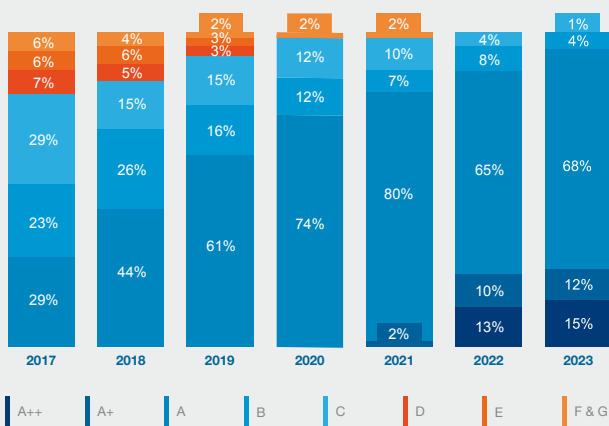
73%



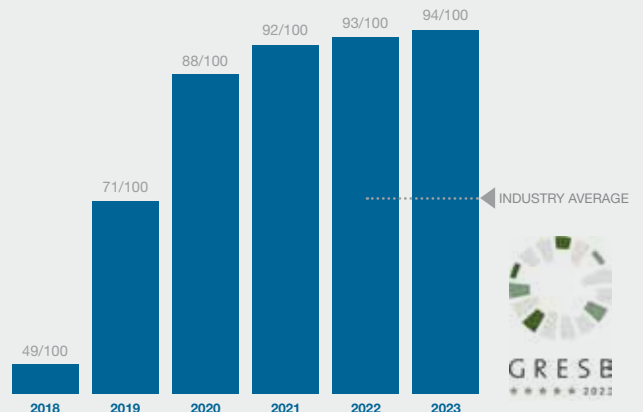
GRESB SCORE



EPC ENERGY PERFORMANCE CERTIFICATES BY VALUE²



GRESB



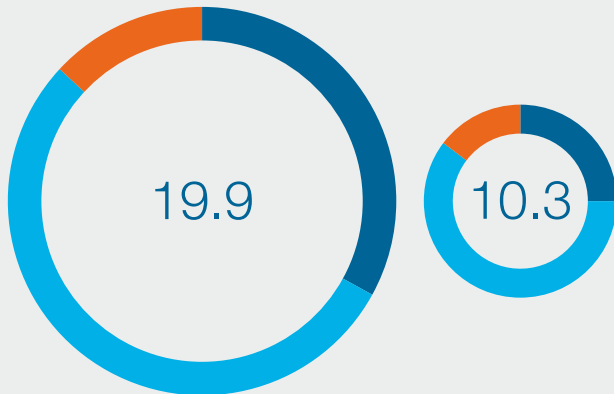
¹ Excluding development

² Based on value, excluding (re)developments during development period

NET PROMOTOR SCORE

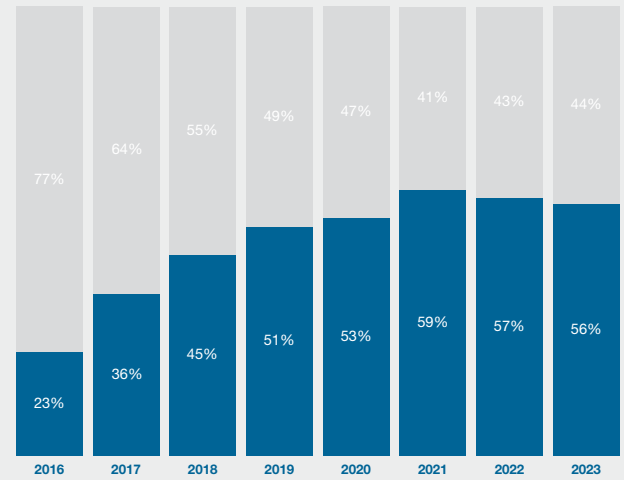
2023

2022



PROMOTERS (9+) | PASSIVES (7 - 8) | DETRACTORS (6 OR LOWER)

AMSTERDAM AS A PERCENTAGE OF MARKET VALUE

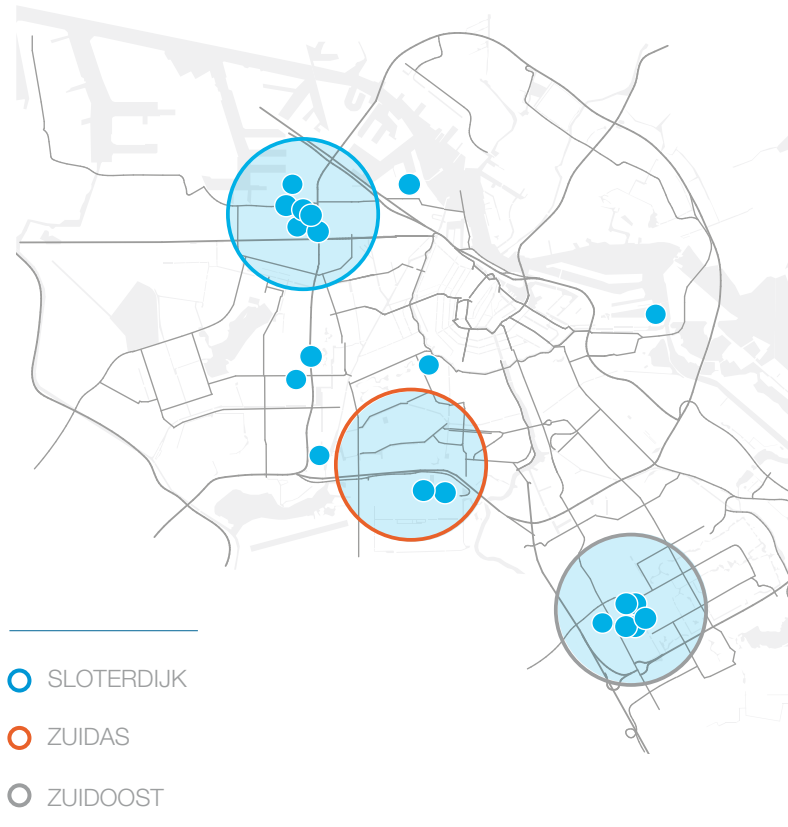


AMSTERDAM | NON-AMSTERDAM

NETHERLANDS



AMSTERDAM



CEO COMMENTS

FROM CHALLENGES TO OPPORTUNITIES

At the end of 2023 NSI, with a modest 5.2% vacancy rate, 95% of the portfolio EPC label A or better, a LTV of 31.5% (pro forma), an undemanding gross yield of 7.9%, no capital commitments, a portfolio still full of opportunities and an excellent team ready to drive performance, is very well placed.

2023 proved a robust year operationally, with healthy leasing activity driving record occupancy, like-for-like rental growth of 7.4% and new leases signed on average 2% ahead of ERV. Given the still muted economic outlook for 2024, we will first and foremost have to make sure that the portfolio continues to perform. Further asset pruning, to increase the focus on Amsterdam, will help drive the overall performance, as will additional targeted investments in sustainability and services.

SUCCESSFUL SALE OF LAANDERPOORT PROJECT

Following a period of intensive discussions, in January 2024 NSI agreed the sale of the existing Laanderpoort building, together with the plans, permits and agreements for its redevelopment, to ING for a total amount of €24m.

We are pleased with this transaction. Not only is it testament to the quality of the development team (delivering a 'ready to start' project to ING), but it also has released NSI of a sizeable commitment, thereby allowing the pursuit of more profitable investment opportunities elsewhere.

Given the sale of Laanderpoort in combination with the strong balance sheet position, we now feel comfortable to allocate €20m to a share buy-back programme.

RESTRUCTURING TO PREPARE FOR FBI LEGISLATIVE CHANGES

Legislation has now been passed such that as of 2025 FBI's can no longer directly invest in Dutch real estate. NSI NV intends to remain an FBI at least up to the end of 2024. Yet, in 2023 NSI has executed the necessary restructuring to limit the negative impact of this legislative change.

As a result of the restructuring NSI will start to pay some tax in 2023 (ca 2%) and in 2024 (ca 5-7%). The tax rate beyond 2024 may be higher, dependent on likely further changes to the tax law on interest deductibility for tax purposes, which are expected later this year. At the same time, as a result of the restructuring, a €38.7m deferred tax asset has been accounted for per December 2023.

Meanwhile, we fully support the preliminary discussions by the Dutch Government to establish a new REIT regime, but as we say in Dutch: 'flowers only at the finishing line'.

BACK ON THE FRONT FOOT

The past four years have generally been challenging for office investors everywhere. Headwinds as Covid, WFH, rising interest rates, lower valuations, high construction costs, environmental requirements and a consolidating, yet much more demanding, customer base have severely altered the business prospects for any office investor compared to the start of this decade.



2023 proved a robust year operationally, with healthy leasing activity driving record occupancy

Bernd Stahl

For NSI – and our shareholders in particular – this has also been a painful reset period, given the changes to the FBI tax regime as well. That being said, we are confident that all of the elements are now in place for NSI to be back on the front foot.

The continued asset pruning and deleveraging in recent years, in combination with a strong focus on sustainability and services, whilst scaling back the development pipeline for now, coupled with the strategic review of the entire business in 2023, provide a sound basis for 2024 and beyond.

OUTLOOK 2024

We continue to see the long term investment case for high quality, sustainable and amenitised offices in growth locations.

The wider office market reset will increasingly drive new opportunities as not all owner/operators have the stamina, knowledge, time or money to once again get ahead of the curve. This is particularly so for the brown-to-green conversions that are bound to be necessary to keep up with the rising trend in demand for the best product.

There is a moment to put the balance sheet to work and we are coming nearer that point. Dutch office capital values are down substantially from the peak, with NSI's own capital values down 21% over the same period, and we are starting to see deals emerge that exceed our implied cost of capital. Having said that, given prevailing market conditions we are in no rush to deploy capital at this stage.

Whilst we have scaled back development in 2023, it remains a core competency to the business. The team will continue to explore opportunities still embedded in the portfolio but, as the sale of Laanderpoort shows, we are and will remain flexible in how these opportunities are eventually monetised.

Whilst we appreciate liquidity in the market is limited at this stage, we expect the year 2024 to bring new opportunities for further asset rotation. We will also explore in more detail the possibilities to use private/JV capital for this purpose.

In line with previous guidance, we will propose to the AGM a full year dividend of €1.52 per share, equating to a final dividend of €0.77 per share. This dividend will be payable in May.

We forecast a post-tax EPRA EPS of € 1.85-2.00 per share for the full year 2024, subject to further asset rotation.

MANAGEMENT BOARD REPORT

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PURPOSE AND SUSTAINABLE 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.

Two years into the post-pandemic 'return to office' the features of the new workplace have become increasingly clear: : whilst the necessity for a physical office is no longer unquestioned, the desire for the right one remains undiminished. The workplace of the present and future is a 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.

SUSTAINABLE 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. Our approach aligns with the prevailing trend of tenants upgrading to superior locations, placing a pronounced emphasis on sustainability, health, well-being, and a robust array of services. Success hinges on delivering the ideal space in precisely the right location, complemented by services that seamlessly meet the needs of our discerning tenants.

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 acknowledge 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


CAPITAL
- Financial capital from equity and debt investors




REAL ESTATE
- High quality assets on strategic locations
- Targeting growth clusters in vibrant cities



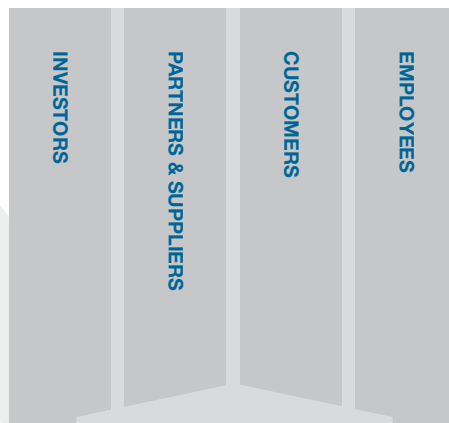
MATERIALS & ENERGY
- Increase use of renewable energy
- Using sustainable building materials
- Focus on circularity in construction and exploitation



OUR PEOPLE
- Attracting best in class talents
- Invest in training and development
- Promoting diversity and inclusion



RELATIONSHIPS
- Customers
- Real Estate Agencies
- Suppliers
- Governmental bodies

STAKEHOLDERS



STAKEHOLDERS

SOCIETY AND CLIMATE

OUTPUT

LONG TERM TOTAL RETURN
- Attractive long term total return by investing in Real Estate



VIBRANT URBAN MULTI-FUNCTIONAL AREAS
- Offices where people like to come
- Creating cohesive communities
- Fostering innovative collaboration



FUTURE PROOF BUILDINGS
- Adaptive and flexible buildings
- Commitment to highest ESG standards (BREEAM, WELL, EPC)
- Minimising environmental impact



EMPLOYEE ENGAGEMENT
- High performance and entrepreneurial culture
- Employee satisfaction



CUSTOMER ENGAGEMENT
- Customer satisfaction
- Customer retention
- Premium rents
- Health and Wellbeing



PORTFOLIO MANAGEMENT & (RE)DEVELOPMENT



PORTFOLIO MANAGEMENT

With its portfolio management, NSI 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 high-growth Dutch locations in selected key cities in the Netherlands, with its primary focus on Amsterdam, 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 increasingly prevalent 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.

(RE)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.

Our (re)development projects enable us to shape our buildings and portfolio around the changing needs of our customers. We anticipate changes in the way people work and the ever-growing importance of sustainability to ensure a future-proof design. Furthermore, we incorporate services and technology to create flexible and adaptable workspaces to maximise usability.

PROGRESS 2023

In 2023, NSI performed an integral strategic review of its portfolio and activities. The strategic review clarified that in light of the change in market conditions, a revision of the strategy was warranted. Covid has been the great accelerator of a series of secular trends for offices: location remains vital, but sustainability, well-being, and services are now paramount to asset class success. Key outcomes of the review include a sharpened focus on Amsterdam and an increased commitment to sustainability. A new €150m disposal programme was announced (depending on market conditions) to further align the portfolio with these strategic priorities.

The liquidity in the market was severely restricted in 2023. Three assets were sold and no acquisitions were made in 2023.

NSI is convinced that sustainability is increasingly becoming a driver of polarisation. Only those buildings with the right credentials in the right locations will be able to remain occupied and generate rental growth. Only in those locations where rent and capital value levels are sufficiently high enough, the economics for the necessary investments in sustainability will be favorable. Everywhere else there is a clear risk of stranding. As such, sustainability will also remain a key criterion in defining our asset rotation / disposal strategy. The share of NSI's portfolio with Label A Energy Performance certificates increased to 95%, from 88% in 2023. The percentage Breeam 'Very Good' and 'Excellent' labels increased to 73% from 66% in 2023.

In line with the prevailing difficult overall market conditions, NSI has revisited the risk/return prospects of its developments and decided to scale back its near-term initiatives. Laanderpoort was sold to ING in January 2024 inclusive of plans, permits, and redevelopment agreements.

However, development remains a core competency to the business and the team will continue to explore opportunities still embedded in the portfolio. The sale of Laanderpoort in combination with the strong balance sheet position, has enabled NSI to allocate €20m to a share buy-back programme.

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 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-HOUSE SERVICED OFFICE CONCEPT

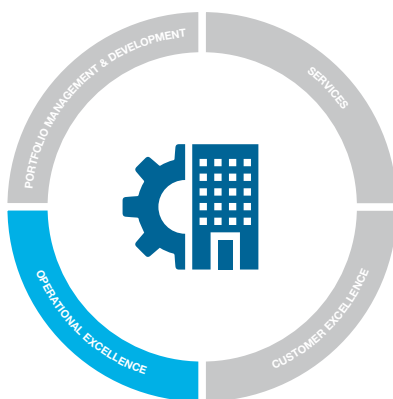
HNK is our in-house serviced office concept, currently operating a total of 7 buildings. The upgraded HNK concept, relaunched in 2022, has a strong focus on sustainability, well-being and comfort. The intended customer experience aims to make customers feel welcome, connected, truly supported and energized.

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 proactively meet the increasing demands from our customers – a key differentiating feature that arguably very few other serviced-office operators can offer.

PROGRESS IN 2023

Providing the right services is a key element in the recent rebranding strategy of HNK. Accessibility (location), sustainability, smart solutions, and hotel-like amenities and aesthetics are key. We opened HNK Sloterdijk in the fourth quarter of 2023, in which the HNK rebranding is fully implemented. The proposition already proves its success; HNK Sloterdijk already reached an occupancy level of 96% as per year-end 2023. HNK Sloterdijk serves as a blueprint not only for our next HNK upgrades but also for the rollout of services to our wider multi-tenant portfolio, which should in turn be a driver to broader ERV growth.

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 data-analytics and management information to support multi-functional collaboration and data-

driven decisions. Furthermore, we have strong inhouse asset management and technical asset management teams being able to act closely to our customers and assets. Only with the right teams, 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.

PROGRESS IN 2023

Our 2023 results show solid operational performance, showing healthy leasing activity driving record occupancy, solid like-for-like rental growth and new leases signed ahead of ERV.

Being In control of our energy and waste data through the rollout of our sustainability data warehouse has been pivotal in monitoring and improving our non-financial performance. NSI remains committed to staying below the CRREM reduction pathway for Dutch Offices. In 2023 NSI remained well below the Dutch average and reduced its energy intensity by ca 4% vs. 2022.

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 consider 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.

PROGRESS IN 2023

NSI achieved a significant improvement in its Net Promoter Score (NPS) in 2023. This substantial improvement was the result of actively addressing feedback obtained from previous surveys. Sustainability emerged as a key concern among our tenants, prompting us to enhance our level of communication in this area. Moreover, we also improved our communication and follow-up procedures regarding technical issues and other customer reports.

SUSTAINABILITY



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.

We are pleased about our 5-star GRESB rating, for a fourth year running, and our second EPRA sBPR gold award. 2023 marked the first year in our journey towards aligning our portfolio with the 1.5c Paris Agreement and we are satisfied with our reduction in energy intensity over the year.

We have also performed an 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.

'The Future is here' encapsulates our sustainability strategy which reflects 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. In light of the secular changes brought on by the last couple of years, more convinced than ever that a robust, ambitious and comprehensive sustainability strategy will be a key differentiator 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.

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.

In 2023 NSI started its CSRD readiness process. A double materiality matrix assessment has been initiated and its findings are expected to be published in the 2024 Annual Report.



OUR AMBITION

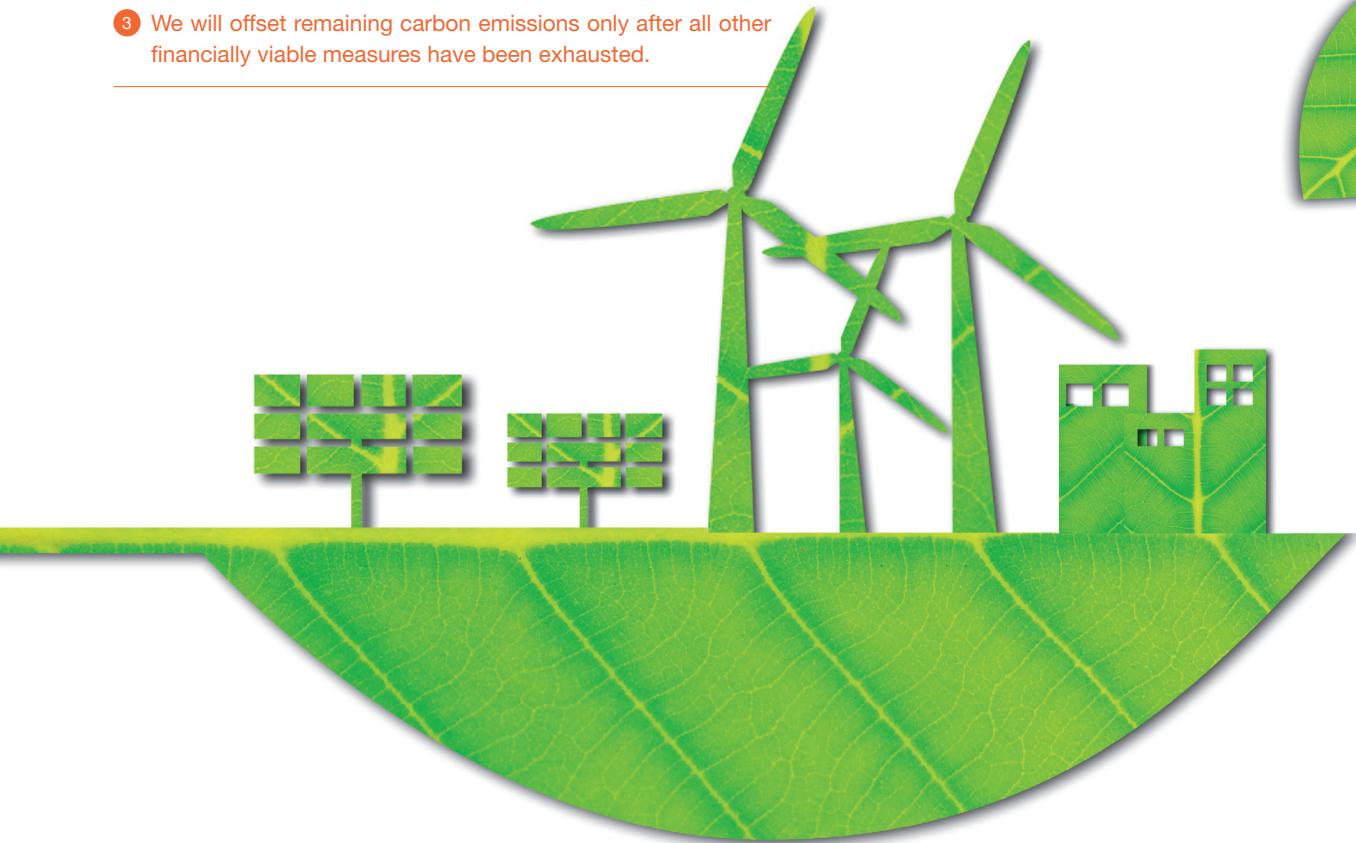
In line with our revisited strategy, we have also sharpened our existing pillars ‘Energy and carbon’ and ‘Future-proof buildings’, while we have expanded and renamed our third pillar, ‘Social engagement’, to encompass a broader social component. This has allowed us to articulate our commitments more 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 Strive for a minimum BREEAM rating for assets is “Very Good”. 3 Focus on Climate resilience: physical risk assessment with a mitigation plan for every asset. 	<p>OUR COMMITMENT</p> <ol style="list-style-type: none"> 1 Make health and wellbeing a priority: for our employees: and for our clients 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 (as per the CRREM methodology)
- 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 PORTFOLIO DECARBONISATION

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.

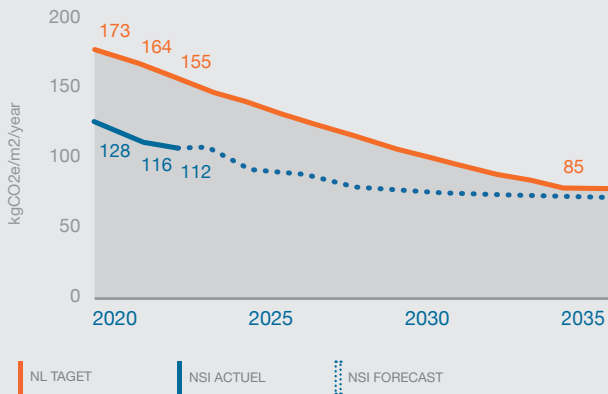
According to CRREM, for Dutch offices to be compliant with the 1.5c Paris scenario, buildings must achieve 85 kWh/m²/year by 2034, as per the pathway below.

¹ This figure excludes the Leiden Biopark lab and lab adjacent offices, which have a much higher consumption profile, given the nature of the activities carried out there. Including these, the energy intensity was 131 kWh/m²/year down from 137 kWh/m²/year. Given that our CRREM references is Dutch Offices, it is coherent to exclude non-office assets.

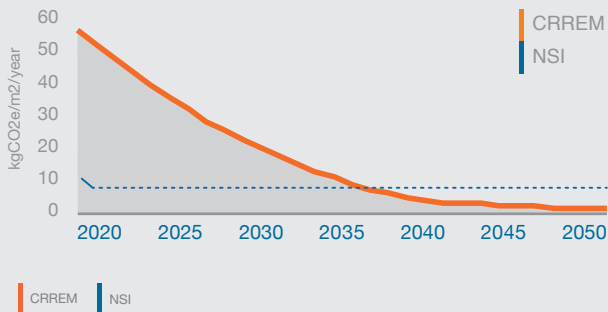
In 2023 we unveiled our roadmap to decarbonising our portfolio. While the decarbonisation process is unlikely to be linear, as incremental impact of improvements declines at higher efficiency levels, we aim to remain below the CRREM Dutch office average. The graph below shows NSI already is and is set to remain significantly below the sector and country target.

2023 marked the first year of the implementation and monitoring of our Paris-alignment investment plan, which has already translated into a decrease in energy usage: At year-end 2023 the total (tenant + building-related) average energy consumption of our portfolio was 113kWh/m² for 2023, down from 117 kWh/m²¹ in 2022. For 2024, the planned sustainability CAPEX totals circa €8m.

NSI VS. CRREM ENERGY INTENSITY PER YEAR²

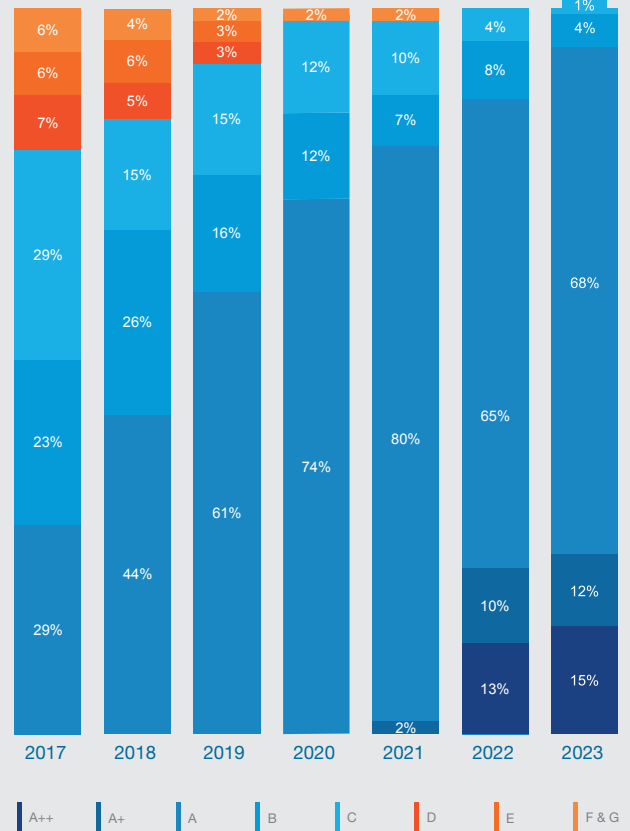


NSI VS. CRREM GREEN HOUSE GAS EMISSIONS PER YEAR²



2 Excluding development, sold assets and Leiden Bio Science Park

EPC LABELS 2023³



3 Excluding development

GOING BEYOND EPC LABELS

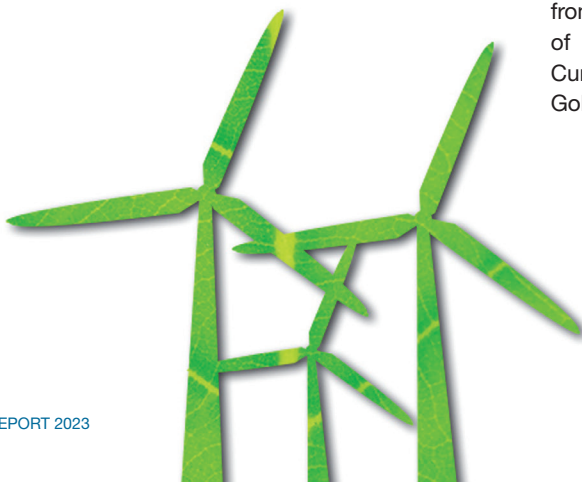
Formally the only sustainability regulatory requirement in the Netherlands for the renting out of commercial space is to have an EPC label of at least C as of 1 Jan 2023. At NSI we are already well ahead of that target (95% at label A, only 1% at C, no assets below C) and we consider a more ambitious goal to be necessary both from the perspective of climate urgency as well as from a client demand and, eventually, a 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. That said, the evolution of NSI's portfolio accurately depicts part of NSI's multi-year journey to sustainability.

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 58.9% (European wind grid energy + solar panel generation of electricity + geothermal energy).

3 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 Strive for a Minimum BREEAM "Very Good" rating for assets is
- 3 Focus on Climate resilience: physical risk assessment with a mitigation plan for every asset.



1 AIM TO 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

Of the 6 environmental objectives, EPRA's analysis indicates that only the objectives of the 'Climate Change Mitigation', 'Climate Change Adaptation' and 'Transition to a Circular Economy' have a focus on the Real Estate sector. Only Climate change mitigation and Climate Change adaptation have been in force since 2022. The other four remaining objectives were adopted by Commission Delegated Regulation (not in force until publication in the Official Journal) of 27 June 2023 of the European Parliament and are in force since 2024.

NSI'S TAXONOMY ELIGIBILITY AND ALIGNMENT

- Eligibility: An analysis was performed on NSI's portfolio based on the Taxonomy-recognised activity of "Acquisition and Ownership of buildings" as defined by the EU taxonomy of sustainable activities.
- 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 in which the building was built (different conditions for buildings built before or after 31 December 2020) and on the energy performance certificates.
- 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. The Do No Significant Harm (DNSH) criteria were evaluated through two assessments. This examination involved a comprehensive assessment of climate risk and vulnerability at the asset level. Based on these outcomes, a tailored climate adaptation strategy was developed to mitigate each asset identified as being at risk. Implementation of the adaptation plans is scheduled to be executed over the next five years.
- 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 2024 alignment against other EU taxonomy-eligible relevant activities for these buildings.
- NSI adheres to international standards for human rights as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
- Based on this, the proportion of the portfolio would be EU taxonomy aligned based on the Climate Change Mitigator:

	2023 eligibility	2023 alignment	2023 alignment ⁴
Turnover	100%	0%	93.3%
Capex	100%	0%	95.5%
Opex	100%	0%	90.4%

The EU Taxonomy guidelines expect a bundle of coherent processes aimed at identifying negative impacts on the four pillars of minimum social safeguards (human rights & labour rights, bribery and corruption, taxation and fair competition), identifying how these can be prevented or reduced, the implementation of these actions, the monitoring of the results and the method of communicating how negative impacts are addressed in relation to the company's own operations, the value chain and other business relationships. NSI does not have all these process steps in place to meet the requirements of the minimum social safeguards. Additional efforts will be made in 2024 and beyond to ensure to meet these conditions for alignment.

NSI made subsequent progress on EU Taxonomy alignment throughout 2023. Alignment based on the technical assessment points increased compared to last year on Revenue, Capex and Opex. Progress was also realized with respect to minimum social safeguard requirements including the adoption of relevant policies.

⁴ Alignment if minimal social safeguards would have been fully met. See page 132 for more information

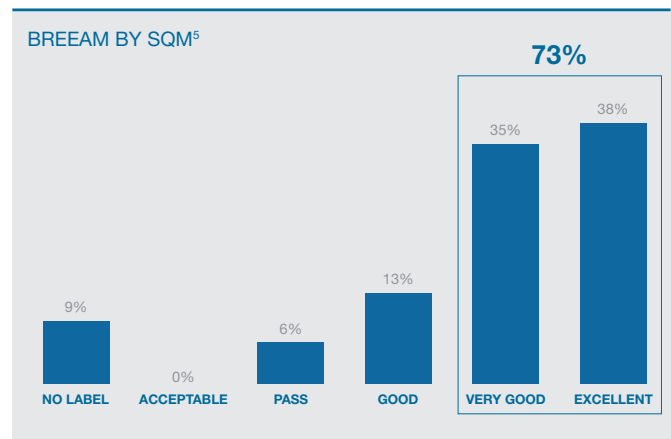
Additional steps will be made in 2024 and beyond to ensure compliance with the minimum social safeguard requirements can be verified.

The extensive EPRA taxonomy eligibility and alignment analysis and the associated table can be found on page 132-137.

2 STRIVE FOR A MINIMUM BREEAM “VERY GOOD” RATING FOR ASSETS

We value BREEAM's multifaceted contribution to the definition of sustainability and consider the label to be a recognizable sign of validation in terms of sustainability. BREEAM seeks to improve the operational performance of buildings through sustainable improvements, which should ultimately help drive value at the asset level. The BREEAM assessment method involves nine areas: management, health, energy, transport, water, materials, waste, land use, ecology and pollution.

In 2023 NSI continued to make progress in its ambition to obtain an at least “Very good” label for its standing assets: a majority of our assets (73%, up from 66% in 2022) now have either a Very Good or Excellent Label.



⁵ Excluding development

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 was performed in 2022 and it identified that from NSI's 49 assets at the times 9 assets are potentially exposed to a higher risk of heat stress and 12 assets to a higher risk of flooding. Following disposals, of the 46 assets owned at end 2023 9 assets are potentially exposed to higher risk of heat stress and 11 to higher flooding risks. Measures to mitigate these risks have been integrated in the asset plans and will be executed in the coming 4 years. More details on climate risk analyses can be found on page 18-19.

CLIMATE RISKS

Both physical- and transitional 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 14 -15.

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.

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.

SOCIO-ECONOMIC RISKS

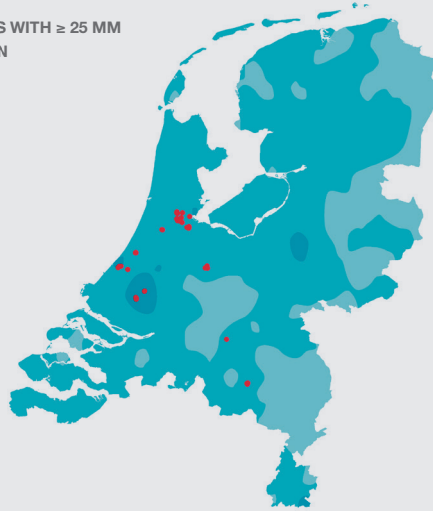
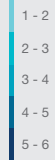
The physical hazards that result from climate change, can and will continue to have a significant effect on the quality of human life. In addition to the physical hazards which could potentially affect the resilience and accessibility of assets, there are related socio-economic issues that need to be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

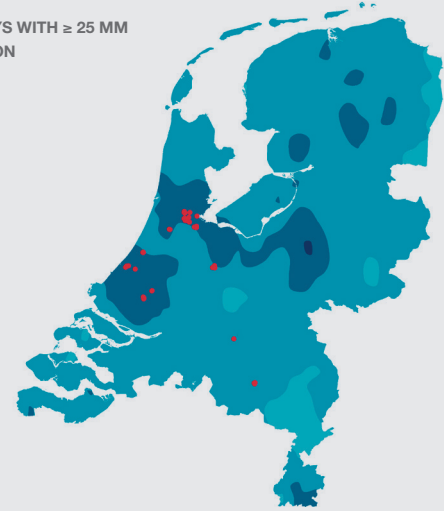
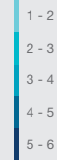
NUISANCE BY PRECIPITATION 2023

AMOUNT OF DAYS WITH ≥ 25 MM OF PRECIPITATION



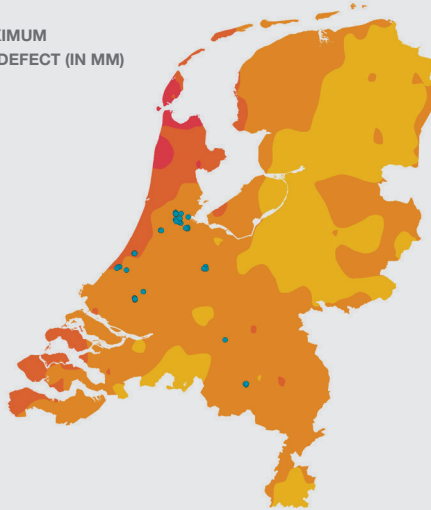
NUISANCE BY PRECIPITATION 2050

AMOUNT OF DAYS WITH ≥ 25 MM OF PRECIPITATION



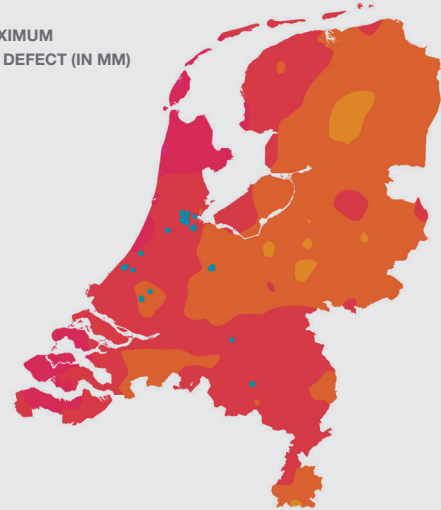
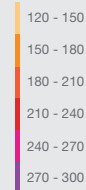
DROUGHT 2023

POTENTIAL MAXIMUM PRECIPITATION DEFECT (IN MM)



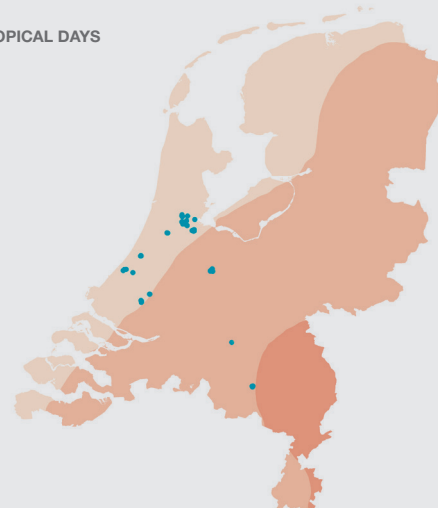
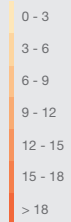
DROUGHT 2050

POTENTIAL MAXIMUM PRECIPITATION DEFECT (IN MM)



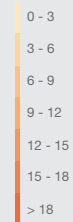
HEAT 2023

AMOUNT OF TROPICAL DAYS (MAX ≥ 30 °C)



HEAT 2050

AMOUNT OF TROPICAL DAYS (MAX ≥ 30 °C)



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

SOCIAL ENGAGEMENT

We strive to have a long-term positive influence on our clients, 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.



1A MAKE HEALTH AND WELLBEING A PRIORITY FOR OUR EMPLOYEES

We believe that the well-being of our employees plays a critical role in fostering a productive and thriving work environment. We provide a nutritious and healthy lunch for our employees and offer fresh fruit throughout the day. In addition, we actively encourage our employees to participate in sports events and adopt a lifestyle that promotes fitness.

Read more on page 45-46 (Great Place to Work) about our employee engagement activities.

1B MAKE HEALTH AND WELLBEING A PRIORITY FOR OUR CUSTOMERS

ENGAGE ACTIVELY WITH CUSTOMERS THROUGH A YEARLY CUSTOMER SATISFACTION SURVEY

In 2023 NSI achieved a Net Promoter Score (NPS) of + 19.9 from its tenants, significantly up from + 10.3 a year ago. HNK's NPS was

23.9 vs 19.9 in 2022. 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?⁶

In NSI's case + 19.9 is a positive score which means more promoters than detractors.

This significant improvement was achieved by following up the feedback from previous surveys. Sustainability appeared to be an important topic to our clients as well and we have intensified our communication on this by creating a brochure per asset in which we explain general and asset-specific sustainability initiatives. In addition, we have improved the communication and follow-up regarding technical issues or other customer reports. Furthermore, we addressed some of the general customer feedback, like increasing greenery and adding charging stations.

⁶ 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.

2 STRIVE TO HAVE A DIVERSE AND INCLUSIVE WORKFORCE

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.

At NSI we currently have 42% male and 58% female workforce. NSI established a Diversity and Inclusion policy in 2023 (see page 56 for more information). NSI has set diversity targets for the Management Board, the Supervisory Board and Senior Management (see page 56 for more information in Corporate Governance). These target were met in 2023 (or did not apply due to vacancy).

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.

A non-exhaustive list of initiatives we support include:

JINC

Jinc is an organisation that aims to give children a better starting position in the labour market. They particularly focus on children growing up in an environment with high levels of poverty and unemployment. NSI supports this initiative, among other things by giving lectures and offering insight into what working in different areas of expertise in real estate entails.

WELCOMING HIGH SCHOOL STUDENTS

NSI welcomed second grade students from Open School Community Bijlmer in 2023, a high school located in the immediate vicinity of NSI's headquarters, for company visit. NSI employees gave tours and master classes on working in the field and asset- and leasing management, and the importance of sustainability and safety in property management.

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 is a 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 RONALD MCDONALD KINDERFONDS

NSI made a donation to the Ronald McDonald Children's Fund. One of the Ronald Mc Donald locations, where hospitalised children and their families can be close to each other, is in Amsterdam Southeast, close to NSI's head office. NSI donates one euro for every completed survey of the customer satisfaction survey.

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.

ZUIDAS BUSINESS RIDE

The Zuidas Businessride consists of several bicycle racing distances, with the start and finish of the ride at the business district Zuidas (South Axis). The ride is organized by WereldOuders, non-profit organization aimed at breaking the cycle of poverty in Latin America. In 2023, proceeds from this event went to healthy food for families living in poverty. A team of NSI participated in this race and raised money for this charity.

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, Synchron and TMG) are actively linked to the area and have an interest in the development of the neighbourhood.

One of the initiatives worked on in 2023 is placemaking; strengthening the connections between people and places. For example, promoting routes through greenery or suggesting a route passing retail or cafes.

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.



INCOME, COSTS AND RESULT

INTRODUCTION

EPRA earnings in 2023 amount to € 40.4m compared to € 42.7m in 2022 (- 5.5%). The decrease in EPRA earnings is the result of lower net rental income, higher administrative and financing costs, and corporate income tax as a result of the restructuring in preparation of the legislative changes in the FBI regime as from 2025. EPRA EPS is € 2.01, 6.6% lower than last year.

EPRA NTA is at € 35.30, down 20.1% or € 8.87 per share compared to the end of 2022, primarily due to the negative revaluation of the investment portfolio in 2023.

RENTAL INCOME

Compared to last year gross rental income is flat, at € 71.2m. The positive effect of indexation was offset by the effect of disposals in the past two years (- € 2.7m) and the transfer of Laanderpoort to the development portfolio in February 2023 (- € 2.2m). On a like-for-like basis gross rental income increased by € 4.9m (7.4%), mainly due to lease indexation in H2 2022 and 2023.

Non-recoverable service costs are € 0.6m higher than in the same period last year, which is the result of higher vacancy in the first half of 2023 and of caps on charges to some tenants.

Operating costs are € 0.2m (1.8%) higher compared to 2022, with lower letting costs (- € 0.2m) and lower costs for technical consultancy (- € 0.4m) being offset by higher property taxes (+ € 0.2m) and maintenance (+ € 0.5m) costs.

Net rental income amounts to € 58.4m, down € 0.9m (- 1.8%) versus 2022. The NRI margin is 82.1%, down 1.1 bps versus last year.

Net rental income increased by 4.6% on a like-for-like basis; the increases in Amsterdam, Other G4 and Other Netherlands were respectively 3.8%, 6.0% and 4.3%.

ADMINISTRATIVE COSTS

Administrative expenses are € 0.6m higher compared to 2022, entirely due to one-off costs in relation to the announced change in tax regime.

NET FINANCING COSTS

The direct net financing costs increased by 4.0% (€ 0.3m) compared to last year, caused by higher interest costs (€ 1.3m), reflecting higher interest rates, and higher capitalised interest related to development projects (€ 1.0m).

INDIRECT RESULT

The investment portfolio incurred a negative revaluation of € 224.0m (- 17.4% at market value) compared to the end of 2022. The result on sales concluded in 2023 amounts to € 5.4m. A negative mark-to-market effect on interest rate swaps (- € 2.8m) and other indirect costs (- € 0.1m) result in an indirect result before tax of - € 226.7m.

CORPORATE INCOME TAX

To limit the negative impact of the changes to the FBI-regime per 2025, NSI has restructured the business in 2023. As a result € 0.6m in tax will be paid on the direct result of 2023.

The tax on the indirect result amounts to € 38.7m, which has been added to deferred tax assets in the balance sheet. The total indirect result amounts to € 182.8m negative.

POST-CLOSING EVENTS

On 24 January the sale and transfer of Laanderpoort to ING was completed, for a total amount of € 24.0m. This is in line with the year-end valuation of the asset.

INCOME SEGMENT SPLIT

	2023				TOTAL	2022
	Amsterdam	Other G4	Other Netherlands	Corporate		
Gross rental income	35,600	24,185	11,415		71,199	71,309
Service costs not recharged	-1,083	-864	21		-1,926	-1,322
Operating costs	-5,182	-3,966	-1,704		-10,852	-10,663
Net rental income	29,335	19,355	9,731		58,421	59,325
Administrative costs				-9,120	-9,120	-8,566
Earnings before interest and taxes	29,335	19,355	9,731	-9,120	49,301	50,759
Net financing result				-8,349	-8,349	-8,024
Direct investment result before tax	29,335	19,355	9,731	-17,469	40,953	42,735
Corporate income tax				-550	-550	-2
Direct investment result / EPRA earnings	29,335	19,355	9,731	-18,019	40,402	42,733

DUTCH PROPERTY MARKET OVERVIEW

ECONOMIC CONDITIONS

Following two years of strong growth (6.2 % in 2021 and 4.3 percent in 2022), Dutch GDP growth was flat at 0.1% in 2023.

Following a frantic 12 months in 2022, Dutch inflation (CPI) stabilised at 3.8% (6.5% excluding energy) in 2023 and is expected to decrease in 2024 and 2025. Whilst in 2022 inflation was mainly led by an increase in energy prices, in 2023, the lion's share of inflation was owed to another essential good, food, resulting in further ramifications on households and a dent on consumer confidence.

While unemployment remains at close to historical lows at 3.6%, the marked deterioration in purchasing power, tighter credit conditions and the ongoing geopolitical tensions have contributed to a subdued but still resilient economic climate.

OCCUPATIONAL MARKET

Two years into the post-pandemic era the "office vs WFH" debate has fully transitioned into a hybrid working model, the consequences of which are slowly becoming visible. While factors such as labour market shortages, the economic outlook, sustainability credentials of buildings and the scarcity of Grade A space, in general, inject nuance into the debate, the reality is that in 2023, take-up of office space for the overall market was around half of the volume of the pre-pandemic years 2018 and 2019.

Having said that, bifurcation is now a confirmed reality: due to the tight market situation in prime office locations, prime rents are rising for the best space, especially in Amsterdam, whilst secondary assets in secondary locations are increasingly falling by the wayside.

Dutch office take-up in 2023 was 24% lower compared to the same period in 2022, confirming the adjustment. The vacancy rate for the overall market has remained stable at 8.4% (2022: 8.2%).

Though this trend could lead to reduced office occupancy rates in certain cities, the broader national outlook would rather suggest a shift in demand towards specific types of offices: high-quality, sustainable buildings in prime city center locations, with a strong emphasis on amenities and well-being. It goes beyond a space-reducing exercise; there is also a focus on utilising that space differently and concentrating on better locations.

AMSTERDAM

Office take-up in Amsterdam in 2023 was circa 211.000 m² (vs same period 2022: 234.000 m²), confirming the trend of limited grade A space availability and a sluggish economy.

The office vacancy rate in Amsterdam as of Q4 2023 was 8.3%, up 120bps from 2022. The vacancy in the prime South-axis market is up 70bps to 3.2%, Southeast saw the biggest increase at 10.6% (was 8.4% in 2022, surpassing the Dutch average of 8.4%). The vacancy in Sloterdijk is up by 160 bps to 8.0%. The bifurcation is clearly visible, with prime office rents on the South-axis reaching a new record at €555/m², even with significant availability in the wider Amsterdam market.

OTHER G4

In 2022 take-up in Utrecht was flat at around 60.000 m², in line with the period 2020 - 2022. Vacancy decreased by 30bps to 4.7% in 2023, while prime rents increased to €325/m² (2022: €305/m²).

In Rotterdam prime rents remained flat at 300/m² and the vacancy was flat at 7.6% (2022: 7.4%).

In The Hague, where Government is the largest occupier, the overall vacancy remains 4.5% (2022: 4.5%).

OTHER NETHERLANDS

The vacancy rate in Eindhoven increased to 8.0% from 6.6%. Take up decreased by 9.1% from 2022.

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

INVESTMENT MARKET

The magnitude of the interest rate hikes has dramatically impacted market valuations, as the investment market effectively came to a standstill.

According to CBRE, the total transacted of €1.3 billion marks a decrease of c70% compared to 2022. They cite a 40% average decline in values since the peak. The move has been swift and severe as appraisers take a conservative stance to the rise in rates and heightened economic uncertainty. They expect 2024 to be another difficult investment year for office real estate, with an expected volume of €1.6 billion.

That said, opportunities may be present as anticipated forced sales finally occur. Fund redemptions brought on by pressure on return requirements and the more stringent credit conditions have yet to materialise. CBRE estimates that out of some 100 properties transacted between 2017 and 2020, of over €20m, circa 10-15 of these may encounter challenges. This is likely to bring €500 to €750 million worth of office real estate to the market in 2024.

REAL ESTATE PORTFOLIO

Three assets were sold during 2023: HNK Den Bosch, HNK Ede and Donauweg, Amsterdam. The combined proceeds of these disposals were € 33.9m (before transaction costs) reflecting on average a 19.8% premium over December 2022 book values. No acquisitions were made in 2023.

PORTFOLIO BREAKDOWN – 31 DECEMBER 2023

	# Assets	Market value (€ m)	Market value (%)
Amsterdam	22	588	56%
Other G4	14	301	29%
Other Netherlands	10	154	15%
TOTAL	46	1,043	100%

VACANCY

The EPRA vacancy at the end of 2023 is 5.2%, down from 6.2% at the end of 2022. On a like-for-like basis the vacancy decrease was -0.3%.

The vacancy rate at year-end includes 0.7% strategic vacancy for Alexanderpoort, Rotterdam, part of which is being kept vacant ahead of a refurbishment. Adjusted for this, the vacancy rate at year-end of 2023 is 4.5%.

The total tenant retention rate for 2023 was lower than usual, at circa 57%.

EPRA VACANCY

	31 Dec. 2022	L-f-l	Other	31 Dec. 2023
Amsterdam	7.0%	0.1%	-1.3%	5.8%
Other G4	6.1%	-0.2%	0.0%	6.0%
Other Netherlands	4.1%	-2.0%	-0.5%	1.5%
TOTAL	6.2%	-0.3%	-0.7%	5.2%

RENTS

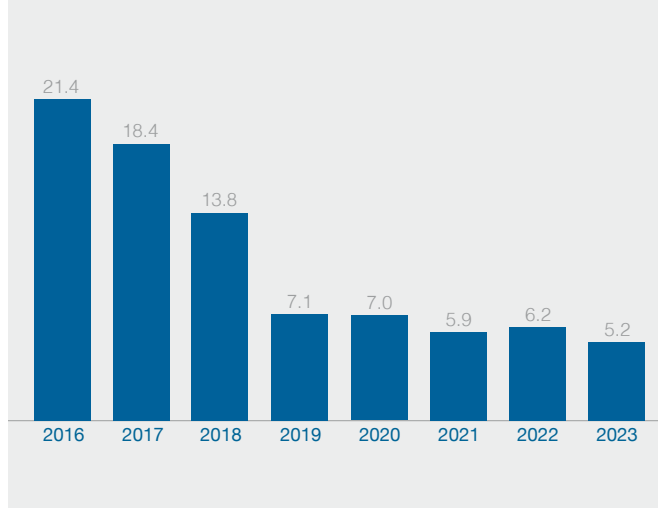
On a like-for-like basis, gross rents are up by 7.4% in 2023. Indexation accounted for most of the increase (6.4%).

LIKE-FOR-LIKE GROWTH GROSS RENTAL INCOME

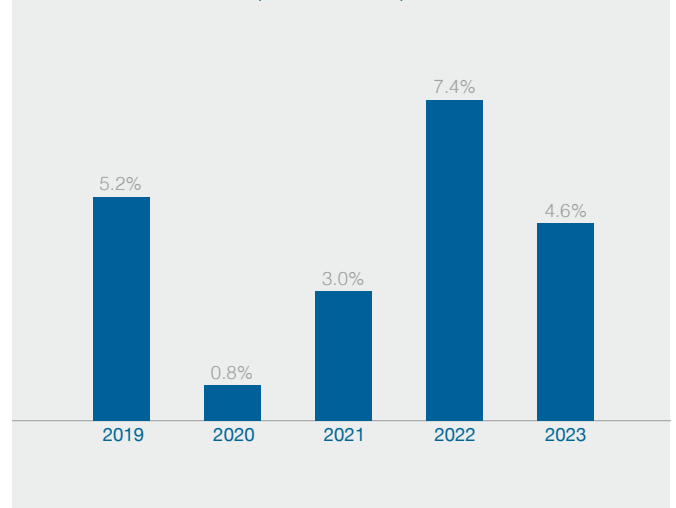
	2023	2022	L-f-l
Amsterdam	35.5	33.3	6.8%
Other G4	24.0	22.1	8.3%
Other Netherlands	11.3	10.5	7.2%
TOTAL	70.8	65.9	7.4%

Net rents increased by 4.6% on a like-for-like basis in 2023. The more limited increase was mainly a result of higher scheduled maintenance costs in 2023.

EPRA VACANCY RATE TOTAL PORTFOLIO



CHANGE IN NET RENTS (LIKE-FOR-LIKE)



LIKE-FOR-LIKE GROWTH NET RENTAL INCOME

	2023	2022	L-f-l
Amsterdam	29.8	28.7	3.8%
Other G4	19.0	17.9	6.0%
Other Netherlands	9.2	8.8	4.3%
TOTAL	58.0	55.5	4.6%

REVERSIONARY POTENTIAL / ERV BRIDGE

In 2023 ERVs increased by 1.9%. In Amsterdam the highest increase in ERVs was recorded in the more inner city locations (2.5%). In Other G4, Utrecht had the highest increase with 2.5% and in Other NL, Leiden ERV's were up most at 5%.

LIKE-FOR-LIKE GROWTH ERV (€M)

	31 Dec. 2023	31 Dec. 2022	L-f-l
Amsterdam	44	43	1.4%
Other G4	26	26	2.1%
Other NL	13	13	3.2%
TOTAL	83	81	1.9%

As per 2023 the investment portfolio is 2.4% reversionary, down from 6.1% at year-end 2022. This is mainly the result of higher contract rent levels, mostly attributable to indexation. Amsterdam remains the most reversionary segment (5.2%).

New lease contracts were signed on average at approximately 2% above ERV in 2023.

REVERSIONARY POTENTIAL

	31 Dec. 2023	31 Dec. 2022
Amsterdam	5.2%	11.0%
Other G4	-3.0%	-0.6%
Other NL	4.1%	3.6%
TOTAL	2.4%	6.1%

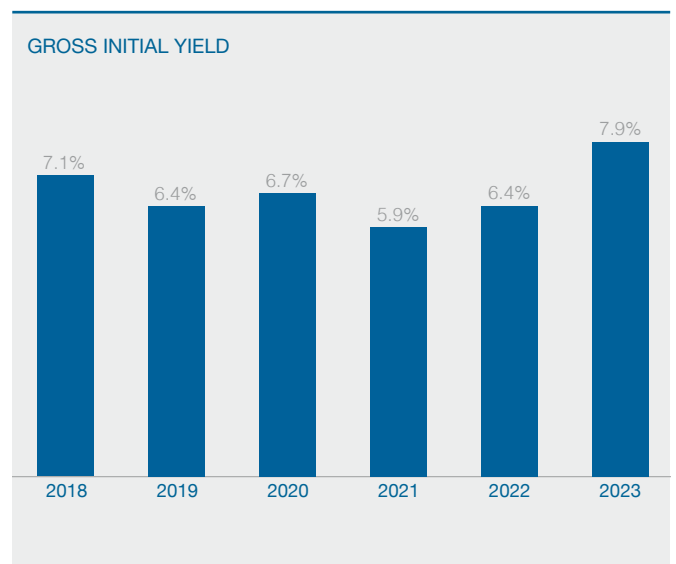
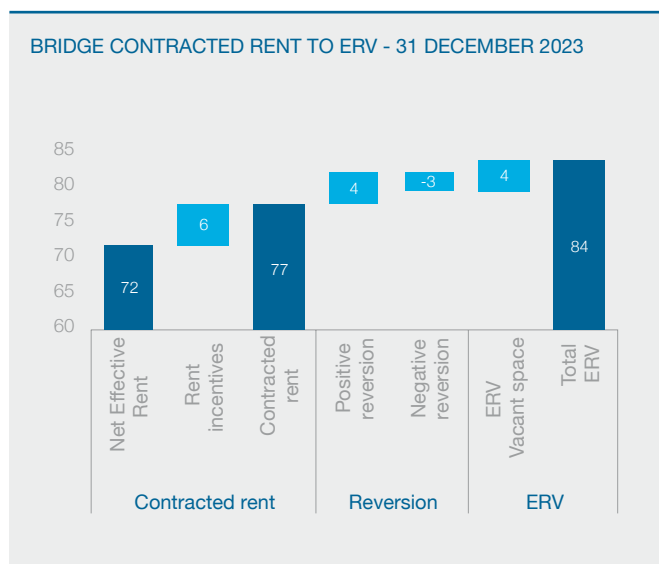
The WAULT of the portfolio is 3.7 years. Contracts representing an annualised rental income of € 12.2m (16% of total annualised rental income) are set to expire in 2024. This includes €3.8m in flexible lease contracts with maturities of one to three months, which typically are just rolled over.

EPRA YIELDS

The EPRA net initial yield is up by 70bps to 5.3% in 2023. This reflects both yield expansion and the impact of higher rents. The higher interest rate environment has resulted in a dearth of liquidity in the investment market prompting appraisers to take a more conservative stance to reflect this.

PORTFOLIO YIELDS

	EPRA net initial yield		Gross initial yield		Reversionary yield	
	Dec. 2023	Dec. 2022	Dec. 2023	Dec. 2022	Dec. 2023	Dec. 2022
	Amsterdam	5.2%	4.4%	7.4%	5.9%	8.3%
Other G4	5.7%	4.9%	8.6%	7.2%	8.9%	7.6%
Other NL	5.0%	4.6%	8.1%	7.0%	8.6%	7.5%
TOTAL	5.3%	4.6%	7.9%	6.4%	8.5%	7.3%



VALUATIONS

The portfolio valuation is down by 17.4% over the 12-month period (-16.9% excluding development properties.). H1 saw a revaluation of -9.1%, with H2 seeing the remainder of the decline to reflect deteriorated market conditions and continued lack of liquidity.

The valuation decline is almost entirely attributable to yield expansion as a result of higher interest rates and the collapse in investment volumes. The largest capital value decline was seen in Amsterdam (-20.7%), given the lower starting yields.

The weakness in the investment market extends beyond offices, as our Leiden Bio-Science Park assets contributed most to the valuation decline in "Other G4", with a 13% decline in capital values in 2023.

REVALUATION

	Market value (€ m)	Revaluation			%
		Positive	Negative	TOTAL	
Amsterdam	588		-154	-154	-20.7%
Other G4	301		-45	-45	-13.1%
Other NL	154		-26	-26	-12.8%
TOTAL	1,043		-225	-225	-17.4%

CAPITAL EXPENDITURE

Capex is € 19.5m of which € 2.4m is defensive. The € 15m of offensive capex includes € 5.5m for the development projects.

CAPITAL EXPENDITURE

	Offensive	Defensive	TOTAL
Amsterdam	12.3	2.7	15.1
Other G4	3.1	1.0	4.1
Other NL	0.2	0.2	0.3
TOTAL	15.6	3.8	19.5

AMSTERDAM

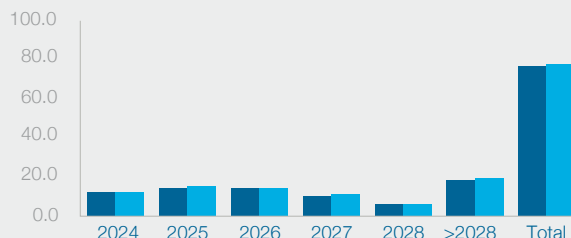
Vacancy decreased from 7.0% to 5.8% as a result of the disposal of Donauweg in Q3 2023, which was entirely vacant, as well as occupancy gains in HNK Zuidooost and Centerpoint II.

The tenant retention rate during 2023 was 57%.

KEY METRICS AMSTERDAM

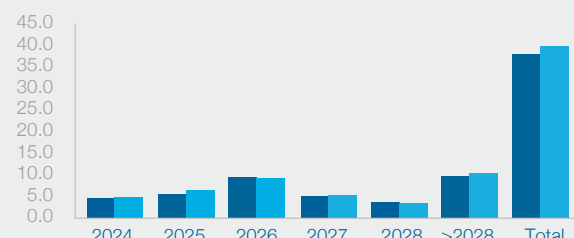
	2023	2022	Change
Number of properties	22	23	-4.3%
Market value (€ m)	588	730	-19.5%
Market value asset (€ m)	27	32	-15.9%
Lettable area (sqm k)	161	178	-9.7%
Ann. contract rent (€ m)	39	40	-1.7%
Average rent / sqm	259	243	6.7%
ERV (€ m)	44	47	-8.1%
EPRA vacancy	5.8%	7.0%	-1.2 pp
EPRA net initial yield	5.2%	4.4%	0.8 pp
Gross initial yield	7.4%	6.0%	1.5 pp
WAULT	4.1	4.1	-0,5 pp

ANNUAL EXPIRATIONS AND REVERSIONARY POTENTIAL TOTAL PORTFOLIO



# Contracts	239	63	60	76	45	56	539
Rev. Potential	1.4%	5.4%	-0.1%	2.0%	-0.7%	3.7%	2.4%

ANNUAL EXPIRATIONS AND REVERSIONARY POTENTIAL AMSTERDAM



# Contracts	68	19	20	40	19	25	191
Reversion	-0.8%	16.2%	-1.1%	4.8%	1.3%	9.4%	5.2%

OTHER G4

The EPRA vacancy rate for Other G4 is 6.0%, down from 6.1% at year-end 2022. The vacancy includes 2.2% in strategic vacancy for Alexanderpoort, where several floors are being held vacant as part of a major refurbishment.

Alexanderhof was let to the Rotterdam Municipality in 2023 and is now reclassified as investment property.

The retention rate for 2023 amounts to 42.7%.

KEY METRICS OTHER G4

	2023	2022	Change
Number of properties	14	14	
Market value (€ m)	301	342	-12.0%
Market value asset (€ m)	21	24	-12.0%
Lettable area (sqm k)	125	122	2.6%
Ann. contract rent (€ m)	26	24	6.9%
Average rent / sqm	220	213	3.6%
ERV (€ m)	27	26	4.4%
EPRA vacancy	6.0%	6.1%	-0.1 pp
EPRA net initial yield	5.7%	4.9%	0.8 pp
Gross initial yield	8.6%	7.2%	1.5 pp
WAULT	3.5	4.0	-13.5%

OTHER NETHERLANDS

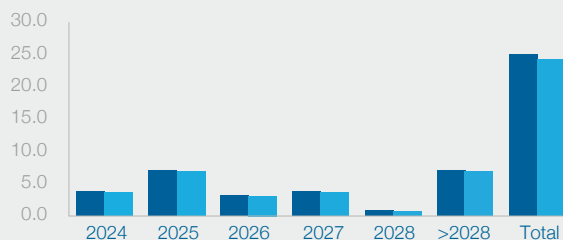
The vacancy rate was 1.5%, down from 4.1% at year-end 2022. The vacancy in Life Sciences assets in Leiden remains 0%.

The retention rate in this segment is 83.7%.

KEY METRICS OTHER NETHERLANDS

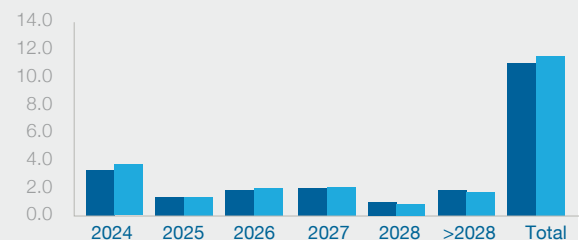
	Dec. 2023	Dec. 2022	Change
Number of properties	10	12	-16.7%
Market value (€ m)	154	203	-24.1%
Market value asset (€ m)	15	17	-8.9%
Lettable area (sqm k)	65	82	-21.0%
Ann. contract rent (€ m)	12	14	-11.9%
Average rent / sqm	195	180	8.6%
ERV (€ m)	13	15	-13.7%
EPRA vacancy	1.5%	4.1%	-2.5 pp
EPRA net initial yield	5.0%	4.6%	0.4 pp
Gross initial yield	8.1%	7.0%	1.1 pp
WAULT	2.9	3.3	-11.5%

ANNUAL EXPIRATIONS AND REVERSIONARY POTENTIAL OTHER G4



	2024	2025	2026	2027	2028	>2028	Total
Contract rent	3.7	7.0	3.1	3.6	0.8	6.9	25.1
ERV	3.5	6.8	3.0	3.5	0.7	6.8	24.3
# Contracts	161	36	33	28	11	22	291
Reversion	-5.3%	-2.6%	-2.9%	-3.2%	-4.6%	-1.8%	-3.0%

ANNUAL EXPIRATIONS AND REVERSIONARY POTENTIAL OTHER NL



	2024	2025	2026	2027	2028	>2028	Total
Contract rent	3.7	1.5	2.0	2.2	1.0	2.0	12.4
ERV	4.1	1.5	2.1	2.3	1.0	1.9	12.9
# Contracts	10	8	7	8	15	9	57
Reversion	10.7%	0.1%	9.1%	4.1%	-5.0%	-5.4%	4.1%

DEVELOPMENT AND RENOVATIONS

In line with the prevailing difficult overall market conditions, NSI has revisited the risk/return prospects of its developments and decided to scale back its near-term initiatives.

Laanderpoort was sold to ING in January 2024 for € 24m, which is the price for the existing Laanderpoort buildings, along with the plans, permits and agreements for its redevelopment.

Vitrum has been leased on a flexible basis to generate some rental income, whilst the legal process to obtain permits for the redevelopment continues to be pursued.

The decision to postpone the Well House project was made in late 2022 and the project remains suspended until further notice. At year-end 2023 both the Laanderpoort and Vitrum assets were included in IPUC, as well as the accumulated capitalised costs for Well House.

MOVEMENT TABLE INVESTMENT PROPERTY UNDER CONSTRUCTION

	TOTAL
Balance 1 January 2023	59.1
Capital expenditure (Investments)	5.5
Capitalised interest	2.4
Revaluation	-31.2
Transfer from / to operation	23.5
Balance 31 December 2023	59.2
Market value 31 December 2023	59.0

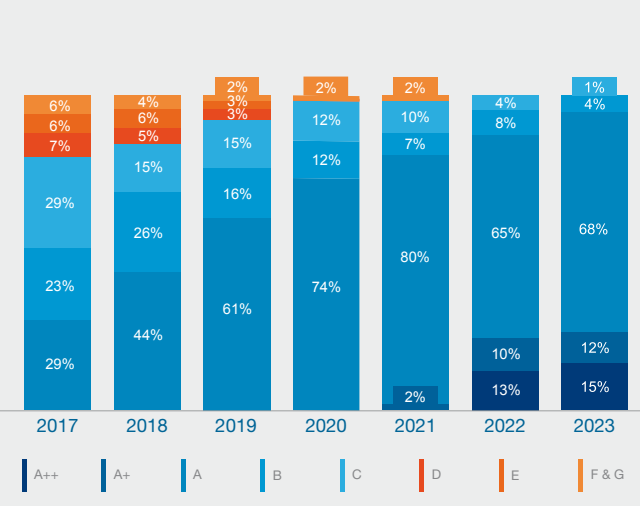
SUSTAINABILITY

The share of Label A Energy Performance certificates increased to 95%, from 88% in 2023. The percentage Breeam ‘Very Good’ and ‘Excellent’ labels increased to 73% from 66% in 2023.

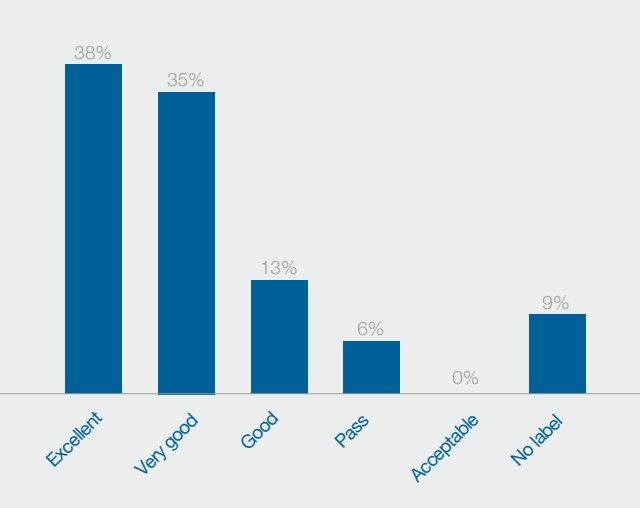
NSI was awarded 5 stars in the GRESB sustainability assessment for the third year running and achieved 94 points, its best score to date, making it ‘sector leader at the Global and Regional levels’. NSI also obtained EPRA’s sBPR Gold award.

NSI remains committed to staying below the CRREM reduction pathway for Dutch Offices. In 2023 NSI remained well below the Dutch average and reduced its energy intensity by ca 3% vs. 2022. As higher levels of efficiency are approached, marginal reductions become more difficult to achieve.

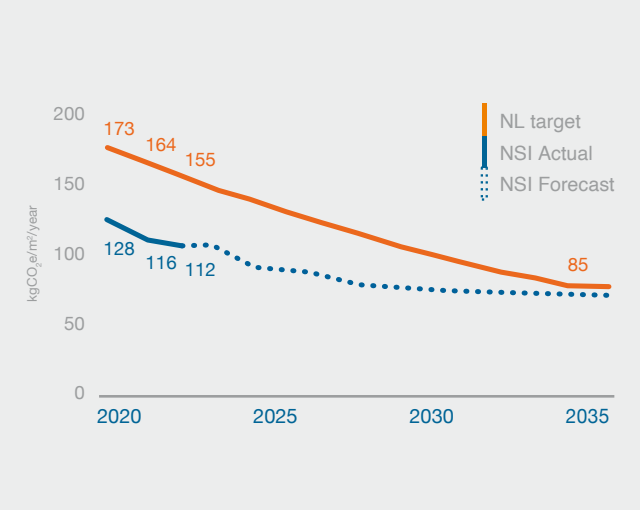
EPC ENERGY PERFORMANCE CERTIFICATES BY VALUE



BREEAM BY SQM



STAYING BELOW THE CRREM PATHWAY 85 KWH/M2/YEAR BY 2035



BALANCE SHEET, NTA AND FINANCING

In 2023 NSI has executed a necessary restructuring to limit the negative impact of the forthcoming changes in the applicable corporate tax legislation in 2025. As a result NSI has transferred assets into (wholly-owned) separate legal entities in order to operate a model whereby NSI NV acts as an FBI with indirect investments in property.

The various property owning subsidiaries are subject to normal corporation tax as per 2023. The capital structures of the subsidiaries are comparable with the financing structure of the group. Moreover, following IFRS guidelines, the balance sheet now includes a €38.7m deferred tax asset reflecting temporary differences between the book value of assets and liabilities and their values for tax purposes.

NET TANGIBLE ASSETS

EPRA NTA per end of December 2023 is € 711m, down 19.7% compared to the end of 2022 (€ 886m), 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 20.1% from € 44.17 at the end of 2022 to € 35.30 at the end of 2023.

FUNDING

During the first half of 2023, NSI renewed its secured loan with Berlin Hyp for an amount of € 55m, whereby the maturity has been extended by four years from June 2023 to June 2027. An interest rate swap matching the maturity and outstanding amount on the loan has been closed at 3.3%, impacting the cost of debt.

NET DEBT

	31 Dec 2023	31 Dec. 2022	Change
Debt outstanding	335.0	353.2	-18.2
Amortisation costs	-1.4	-1.6	0.2
Book value of debt	333.6	351.6	-18.0
Cash and cash equivalents	-0.2	-0.2	0.0
Debts to credit institutions	11.0	14.0	-3.0
Net debt	344.4	365.5	-21.0

Net debt is down by € 21.0m compared to the end of December 2022. This is primarily due to disposals totalling € 33.9m (net of transaction costs) and partly offset by investments totalling € 19.5m. At the end of 2023 NSI has circa € 290m of committed undrawn credit facilities at its disposal. The average loan maturity is 4.5 years (December 2022: 4.7 years), with no loans maturing until 2026. This ensures sufficient flexibility and capacity.

At year-end 83.6% of debt drawn is unsecured (91.2% of available debt) due to a repayment of ca € 10m at the extension of the secured loan in June (from € 65m to € 55m). The average cost of debt has increased from 2.0% to 3.2% in 2023 due to the expiration of swaps and the closing of new swap contracts, and increased (short term) interest rates.

LEVERAGE AND HEDGING

The LTV is 33.0% at the end of 2023, 4.3 percentage points higher compared to December 2022 (28.7%), driven by negative revaluations of assets in 2023 and partly offset by lower net debt.

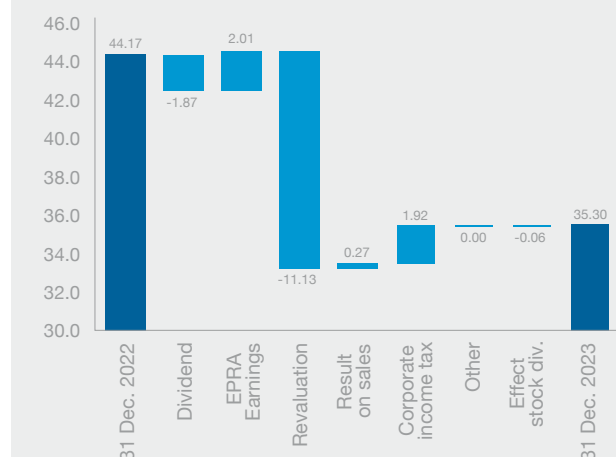
The ICR stands at 5.5x at the end December 2023, compared to 6.3x at the end of December 2022. This is the result of higher net financing expenses and a slightly lower NRI during 2023, due to disposals. The ICR remains firmly above the 2.0x covenant.

COVENANTS

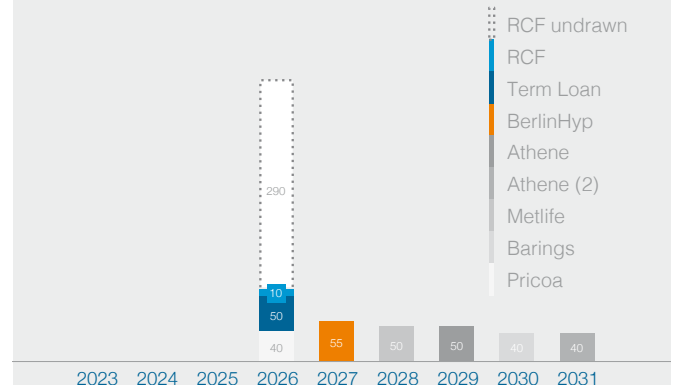
	Covenant	Dec. 19	Dec. 20	Dec. 21	Dec. 22	Dec. 23
LTV	≤ 60.0%	27.4%	29.2%	28.2%	28.7%	33.0%
ICR	≥ 2.0x	6.8x	7.2x	6.5x	6.3x	5.5x

NSI is using swaps to hedge interest rate risk on variable rate loans. Due to the expiration of € 148m of swaps and closing only € 55m of new swaps, the volume hedge ratio has decreased to 82.1% (target range: 70-100%) from 104.0% in December 2022. The weighted average maturity for the derivatives and fixed rate loans is 4.9 years at the end of December 2023. The maturity hedge ratio is 107.7% (target range 70-120%)

BRIDGE EPRA NTA PER SHARE (IN €)



GROSS INITIAL YIELD



CREATING A LANDMARK BUILDING TOGETHER WITH ITS FUTURE OCCUPIER

Over the past years, NSI has worked closely with ING to design a future-proof office that meets the changing needs and demands of their organisation and its employees. The current Laanderpoort building will be redeveloped into a new, state-of-the-art and sustainable multi-purpose building, as part of an increasingly vibrant mixed-use submarket of Amsterdam. From the initial collaboration and lease agreements to the ultimate sale of the building, the entire process has been marked by a spirit of cooperation and innovation between the parties involved.

Towards the end of 2019 NSI signed a cooperation agreement and lease agreement with ING for the redevelopment of Laanderpoort in Amsterdam Southeast.. Positioned adjacent to ING's recently established headquarters and strategically located near the Amsterdam

Bijlmer Arena train station, Laanderpoort forms an integral part of the Amsterdam South East area—an emerging collaborative innovation district with ambitious growth prospects in the years ahead.

BREEAM AND WELL AS BUILDING BLOCKS FOR THE DESIGN

The design for the building emerged from an integrated design process, with NSI overseeing a multidisciplinary team responsible for the overall design. From the early start, there was an ambitious aim to create a highly sustainable building. Guided by the principles of BREEAM and WELL, these frameworks not only provided direction but also served as a wellspring of inspiration. The focus extended beyond mere energy efficiency, encompassing the broader spectrum of the building's technical excellence, the well-being of its eventual occupants, and the construction process.



EMBEDDING SUSTAINABILITY AND FUTURE-PROOF FACILITIES

The outcome is a structure that achieves Paris-Proof status, demonstrating resilience to climate challenges while adhering to the most stringent sustainability standards in its design. It will have an energy label A++++, BREEAM Outstanding label, Combined Heat and Power installation (CHP), climate ceiling, climate class A, and PV panels. To collect rainwater, retention crates have been placed on the site, linked to an irrigation system. This also helps in capturing large amounts of water during large rainfall events to be climate resilient and better cope with changing weather conditions.

The building will feature an accessible, transparent plinth with a restaurant and sports facility. The facilities can be visited by ING employees, local residents and students from neighbouring schools. In addition, much attention has been paid to the public space. The surrounding park will be extended from ING's head office Cedar and decorated with special planting to enhance biodiversity in the area.

CLOSE COOPERATION LED TO RESULTS

In close collaboration with ING and the Municipality of Amsterdam, NSI has obtained the irrevocable building permit, finalised the leasehold agreement and successfully concluded the tender phase for construction in 2023. With this, NSI has completed the development phase and prepared the building for the construction phase. Sustainable demolition and construction choices, like circular demolition of the current building, were made in the process to minimise the negative impact of the works on the environment.



SALE OF BUILDING

Early 2024, NSI announced the sale of the current building, inclusive of plans, permits, and redevelopment agreements, to ING for a total consideration of €24 million. This transaction ensures the construction of this iconic building by its future occupier

The redevelopment of Laanderpoort attests to the soundness of NSI's development vision, wherein development initiatives provide exceptional opportunities to enhance office quality for our clients. The delivery of a 'ready to start' project, not only underscores the

credentials of NSI's development team but also aligns seamlessly with NSI's commitment to capital discipline.

Whilst NSI has scaled back development in response to the distinctive and challenging circumstances that unfolded in 2023 development remains a core competency to the business. The team will continue to explore opportunities still embedded in the portfolio to add value and increase the overall quality and attractiveness of the NSI portfolio.



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 whereby it is active in high-growth Dutch locations in selected key cities in The Netherlands, with its primary focus on Amsterdam, in line with the global trend of urbanisation, with a well-defined asset strategy using clear acquisition and divestment criteria. During the past years, NSI increased investments in development of properties, which lead 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. 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. 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; 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 and set by the Management Board and approved by the Supervisory Board. Based on an integrated ERP system combined with a data warehouse, Business Intelligence tools and other 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 external auditor regarding the company's internal control environment with the Management Board and the external auditor, and monitors compliance with recommendations and follow-up action on comments made by the 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 Supervisory Board. Real estate transactions valued below € 20.0m may be entered into by the Management Board without the prior approval of the Supervisory Board. Transactions valued above € 20.0m require approval from the Supervisory Board.

In 2023 the risk and control framework was reviewed by the Management Board. Based on this review, the assessment of impact and likelihood was adjusted in some instances. Other risks have been redefined to better reflect the actual risk. The completeness of the identified risks was discussed with the Audit Committee.

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.

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 2023

As a result of changed market conditions and lack of liquidity in the market, the valuation of NSI's properties was significantly adjusted downwards in 2023. At the same time, borrowing costs went up.

Balance sheet management is however well installed. In 2023 NSI scaled back developments by pausing the Well House project. After closing date, in January 2024, the development project Laanderpoort, Amsterdam, was sold to ING.

In June 2023, NSI renewed its secured loan with BerlinHyp, whereby maturity has been extended to June 2027. The first loan set to expire is now in January 2026, the average loan maturity is 4.5 years at 31 December 2023.

At the end of 2023 NSI reported an LTV of 33.0% (31.5% after the sale of Laanderpoort in 2024) and an ICR of 5.5x, well within the covenants of respectively maximum 60.0% for LTV and higher than 2.0x for ICR.

In 2023 a strategic review was done, of which the outcome was presented in the H1 results.

Key elements of the revised strategy were:

- Increased focus on the Amsterdam market;
- Increased commitment to sustainability
- A disposal programme to support further concentration of our capital where it can work best for shareholders;
- Exploring partnerships where beneficial; and
- Utilising retained earnings as a balance sheet management tool.

During 2024 this strategy will be further rolled-out.

INTERNAL AUDIT

NSI appointed a third party for a three-year period to assist (co-sourcing) in fulfilling the internal audit function. The Company has not appointed an internal auditor as specified in best practice provision 1.3.1 of the Dutch Corporate Governance Code.

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 2023, the following processes were reviewed:

- Real estate rental (full scope);
- IT (full scope);
- Valuation of investment property (limited scope);
- Financing and liquidity management (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 2021 and 2022 was also performed. The progress with respect to the follow-up of the prior year audits was: 74% of the recommendations were completed, 18% is in progress, whereas for 8% 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 external auditor.

FRAUD RISK ASSESSMENT

The management of fraud risks is an integral part of NSI's risk management. In 2023, 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, to the best of our knowledge, 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.

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 2023.

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 related to 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 each individual asset the level of sustainability has been assessed, including the identification of further required improvements (including the financial impact) in line with our ambition. This also applies to all transformation and renovation projects.

We have improved the BREEAM credentials of our existing assets over the past years; as per yearend 2023 already more than 73% 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 2023 95% of NSI's portfolio has energy label A or better.

PHYSICAL RISKS

Based on the risk assessment on property level done in prior years, existing mitigating measures were mapped and measures that are needed additionally to mitigate the risks were determined and prioritised. Additional costs needed are included in the financial planning for the coming years.

Further detailed information on sustainability can be found on pages 12 to 17 on environmental, social and governance performance.

REPORTING

Similar to in 2021 and 2022, NSI's auditor PwC has provided a limited assurance opinion (page 120-121) on the reported sustainability and non-financial KPIs (pages 126 to 130) for the financial year 2023. 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 applicable for NSI as from reporting year 2025.

After having performed a high level gap analysis on CSRD readiness in 2022, NSI started with the double materiality assessment to determine its material ESG-topics in 2023. During 2024 this process is expected to be finalised, after which an in detail gap analysis will be performed and a planning will be made to close the gaps. Further details of the outcome of this analysis will be published in the 2024 annual report.

DATA AND CYBER SECURITY

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. In 2023 no major issues were reported.

DUTCH REAL ESTATE TAX REGIME - FBI

Legislation has now been passed such that as of 2025 FBI's can no longer directly invest in Dutch real estate. In 2023 NSI has executed a necessary restructuring to limit the negative impact of this change.

NSI N.V. is set to remain an FBI up to the end of 2024, yet as a result of the restructuring the group will already start to pay tax in 2023 and in 2024. At the same time, a deferred tax asset has been accounted for as per December 2023.

Throughout 2024 the implementation of the restructuring has to be completed by a.o. completing the transfer pricing framework, strengthening corporate housekeeping. NSI will keep in contact with tax authorities on further implementation and fiscal regulations.

Losing 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).

Currently, preliminary discussions by the Dutch Government to establish a new REIT regime are ongoing. NSI will closely monitor further developments in 2024 in relation to this subject.

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: CEO	<p>The wider macro-economic and geo-political landscape and outlook has structural and cyclical implications for overall business activity in the country. Real estate is a cyclical industry that is impacted by these changes in business activity, potentially impacting tenant demand and investment demand.</p> <p>In turn this may impact property valuations and so our balance sheet. It may also impact our occupancy rates and thereby also our earnings and cashflow position. 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. Most of NSI's rental contracts include an indexation clause. With respect to expenses NSI has fixed price contracts for electricity and gas.</p>	Below average	High
Market value of properties Executive responsible: CFO	<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-proof. 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 proof.</p>	Above average	High
Change in tenant demand Executive responsible: CEO	<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.</p> <p>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 / stock exchange listing Executive responsible: CEO	<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 or that any small cap discount might be applicable resulting in a structurally high overall cost of capital, which could impair the ability of the business to be further developed.</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. Furthermore, NSI follows an active Investor Relations strategy and focuses to provide transparency to contribute to an optimized cost of capital.</p>	High	High

Risk category	Description of risk	Mitigating measure	Assessment	
			Impact	Probability
Competition Executive responsible: CEO	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	Below average	Above average
Concentration Executive responsible: CEO	<p>A concentration of assets or activities in one market segment may result in a high correlation in the performance of these assets or activities.</p>	<p>Whilst concentration can 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 and develop regional market knowledge than being moderate in lots of markets.</p> <p>Whilst NSI's portfolio has become more concentrated in terms of location in recent years, there is still plenty of diversity in terms of micro-locations, tenant profile, size, lease terms and lease conditions.</p>	Low	Low
Sustainability - Transition Executive responsible: CEO	<p>The risk whether a property is and will continue to be aligned to current and future sustainability requirements, be it customer-led or regulatory-led.</p> <p>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, although these have not yet crystallised out.</p> <p>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'.</p>	<p>The cost of sustainability and the transition to Paris proof is not solely a risk to the business, it is as much an opportunity. We identified this opportunity some time ago and sustainability has since been an integral part of our long-term value creation strategy. Sustainability is an opportunity for NSI as not all investors will have the knowledge, team or the capital to successfully transition their assets to Paris-aligned, in a way that we have prepared for this.</p> <p>Sustainability has many perspectives. Our efforts are geared towards minimising the energy intensity of our portfolio and our carbon footprint.</p> <p>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.</p> <p>We operate all properties in line with our ISO 50001 Energy Management system ensuring we measure, manage and monitor our energy performance.</p> <p>NSI has established a roadmap for each individual property, to stay below the Dutch office CRREM pathways, to reach our ambition of being Paris-aligned by 2035.</p> <p>NSI uses external parties to set-up and review its ESG reporting requirements. The external auditor provides limited assurance on the reported ESG data.</p>	High	High
Sustainability - Physical risk of climate change Executive responsible: CEO	<p>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.</p> <p>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.</p>	<p>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.</p> <p>These physical risks consist of heavy rainfall and surface level flooding, river flooding and coastal surges, drought and heat stress.</p> <p>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.</p>	Below average	Below average

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: CEO	<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. 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 to having happy and productive employees. NSI recognises that selective work from home can contribute to this.</p>	Above average	Above average
Supply chain / project sourcing Executive responsible: CEO	<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	Below average
Execution development projects Executive responsible: CFO	<p>This is the risk that NSI may not be able to successfully turn the development plans into profitable, attractive investment assets on completion related to factors like project management, stakeholder management, timing of activities, unidentified issues and / or 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 below target asset values at completion.</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.</p> <p>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>	Above average	Below average

Risk category	Description of risk	Mitigating measure	Assessment	
			Impact	Probability
Maintenance Executive responsible: CEO	<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
Tenant satisfaction Executive responsible: CEO	<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	Below average
Data integrity / cyber security Executive responsible: CFO	<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, and availability of its information systems and data whereby it 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. Business continuity and security are further supported by all core applications being cloud based.</p>	Below average	Below average
Calamities Executive responsible: CEO	<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. 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: CEO	<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: CEO	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
Fraudulent transactions Executive responsible: CEO	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. Both can have a negative impact on the results and reputation of NSI.	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. 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.	High	Low
Sustainability / health and safety legislation Executive responsible: CEO	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.	Above average	Below average
Fiscal regulations Executive responsible: CFO	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 Vennootschapsbelasting 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 September 2023 Government published draft legislation to abolish the FBI regime for direct investments in real estate per 1 January 2025. If this draft legislation becomes law NSI's real estate assets would become subject to a normal corporate income tax rate.	Meeting the requirements of the FBI regime has been a continuous area of focus for the Management Board over the years. In 2023 the FBI focus shifted towards pro-actively analysing, optimising and preparing a variety of measures to be as ready as possible for 2025. This resulted in a significant internal restructuring in Q4 2023, with external advisors supporting this process. Pending the outcome of the final legislation or potential mitigating measures that may still be enacted in 2024, NSI will continue to monitor the situation and use the flexibility as provided by the Q4 2023 restructuring to adjust where necessary in its pursuit of an optimal business and fiscal model as per 2025. It is possible that NSI may exit the FBI regime early if it is deemed in the best interest of the company and its shareholders. That said, it is also still a possibility that NSI NV, the listed holding company, can and will remain an FBI per 2025 if that is deemed best and appropriate.	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: CFO	<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 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: CFO	<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>Risks related to not meeting financial covenants applicable to the various debt arrangements.</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: CFO	<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: CFO	<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. 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 2023 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 Management 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 2023, the state of affairs at NSI and its affiliated companies during 2023, the details of which are presented in the financial statements, and that the management report describes the fundamental risks facing the company.



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.

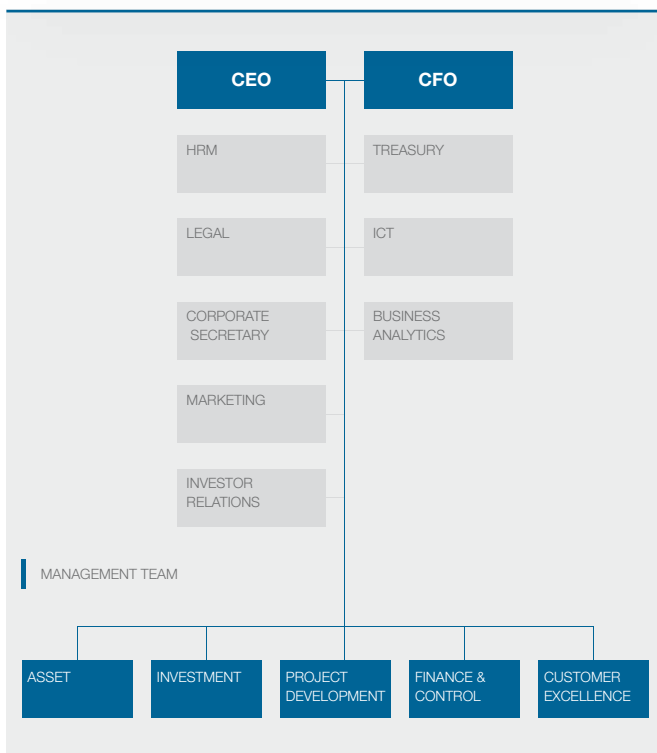
NSI CULTURE AND MINDSET

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 45.

Adhering to these core values will help NSI realise the full potential of its employees, shareholder investments and assets it acquires and operates. 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.



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 (vacancy) and supported by a management team. The disciplines represented in the management team are Asset Management, Investment Management, Development, Customer Excellence/HNK 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 67 at 31 December 2023 (NSI: 43, HNK: 24, 2022: 65, NSI: 48, HNK:17). For the company's legal structure please refer to 'The principles of consolidation' on page 77:

HEALTHY WORKPLACE

The health and well-being of our employees and tenants is also one of the important pillars of NSI's sustainability strategy. NSI's efforts and ambitions in this respect are reported in more detail in the Sustainability chapter 'The future is here' (on page 12).

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. The sickness rate at NSI was 4.2% in 2023 (2022: 3.5%).

NSI's culture and its commitment to providing a healthy and inspiring working environment to its employees are reflected in 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 workplace risk analysis was carried out in 2023. Based on this, improvements were made in lighting, office chairs and in adding more greenery.

How to increase employee's health and promote healthy habits in the workplace will be a key theme in 2024.

EMPLOYEE ENGAGEMENT

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 2023, specific attention was paid to "Shape your office space sustainable", "Cybersecurity Awareness" and "AI & Real Estate".

Internal communications is supported by an active use of the intranet, where weekly new articles are being released and new employees are being introduced.

TRAINING AND DEVELOPMENT

Each individual employee is expected to develop, supported by HR and their manager, their 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.

NSI offers an online training platform offering all employees the possibility to strengthen their, mainly soft skills. In total employees spent 55 hours on this platform in 2023 (2022: 83). Employees are being encouraged to further exploit the training opportunities and to increase the hours of training. A campaign to highlight the importance of self-development will be launched in 2024.

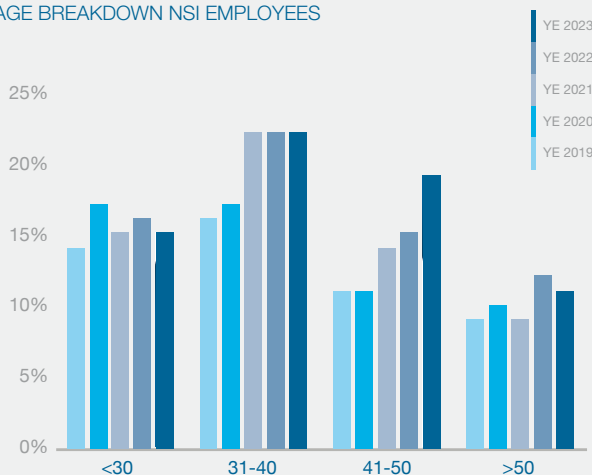
NSI uses the methodology of Profile Dynamics® to further develop teams into even more effective teams. The analysis is a tool to assess if the profile match the type of work of an individual or (the composition of) a team, and can serve as starting point for coaching. A Profile Dynamics® chart is also part of the onboarding tool kit for new employees.

GENDER BREAKDOWN NSI AT 31 DECEMBER 2023



	Female		Male	
	#	%	#	%
Management Board			1	100.0%
Senior Management	4	33.3%	8	66.7%
Operations	29	74.4%	10	25.6%
Support Staff	6	40.0%	9	60.0%
TOTAL	39	58.2%	28	41.8%
Supervisory Board	2	50.0%	2	50.0%

AGE BREAKDOWN NSI EMPLOYEES



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.

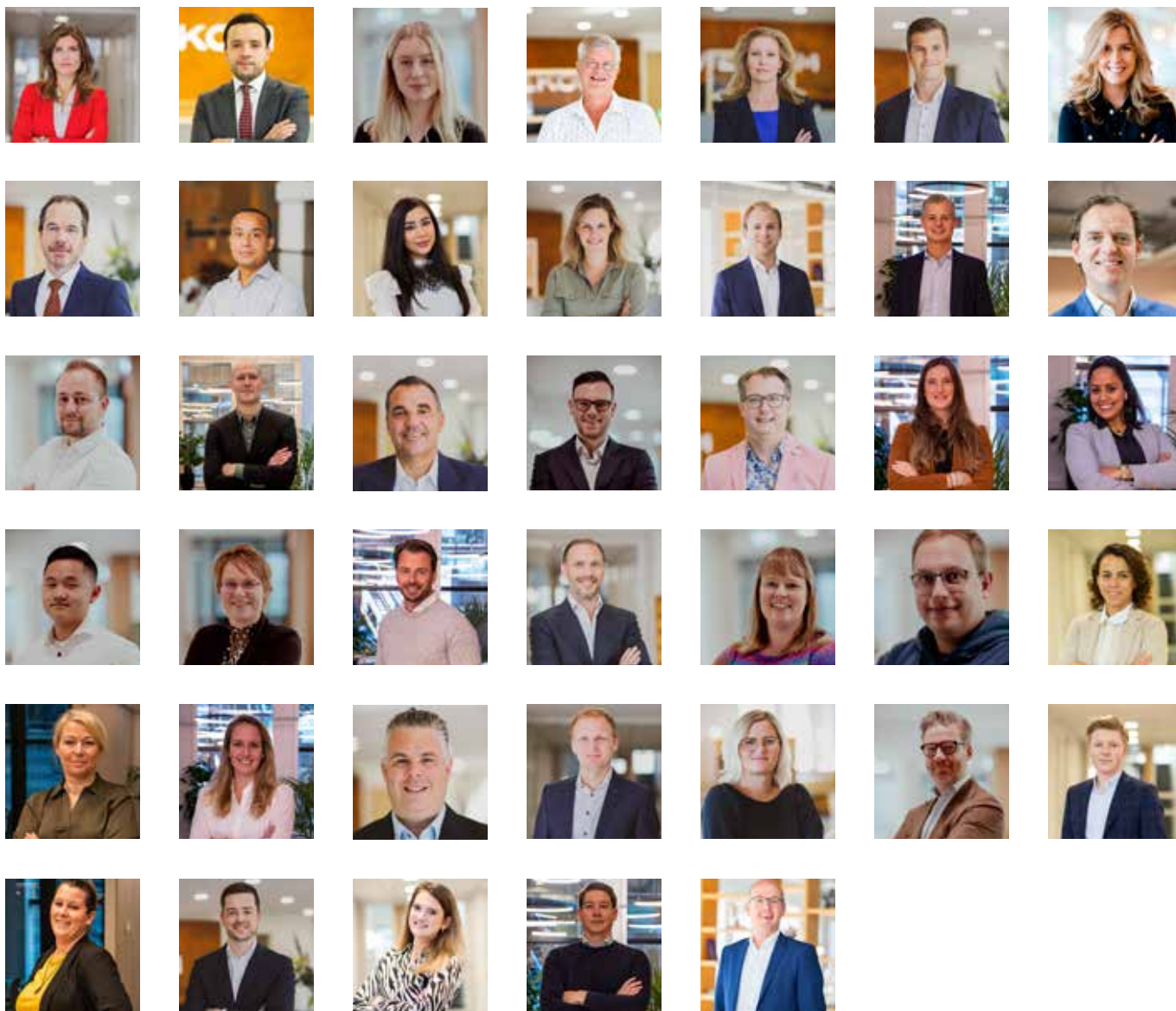
WE LIKE TO KEEP IT SIMPLE

Complexity often confuses, creates uncertainty, a fuzzy demarcation of responsibilities and generally results in slow-downs 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.

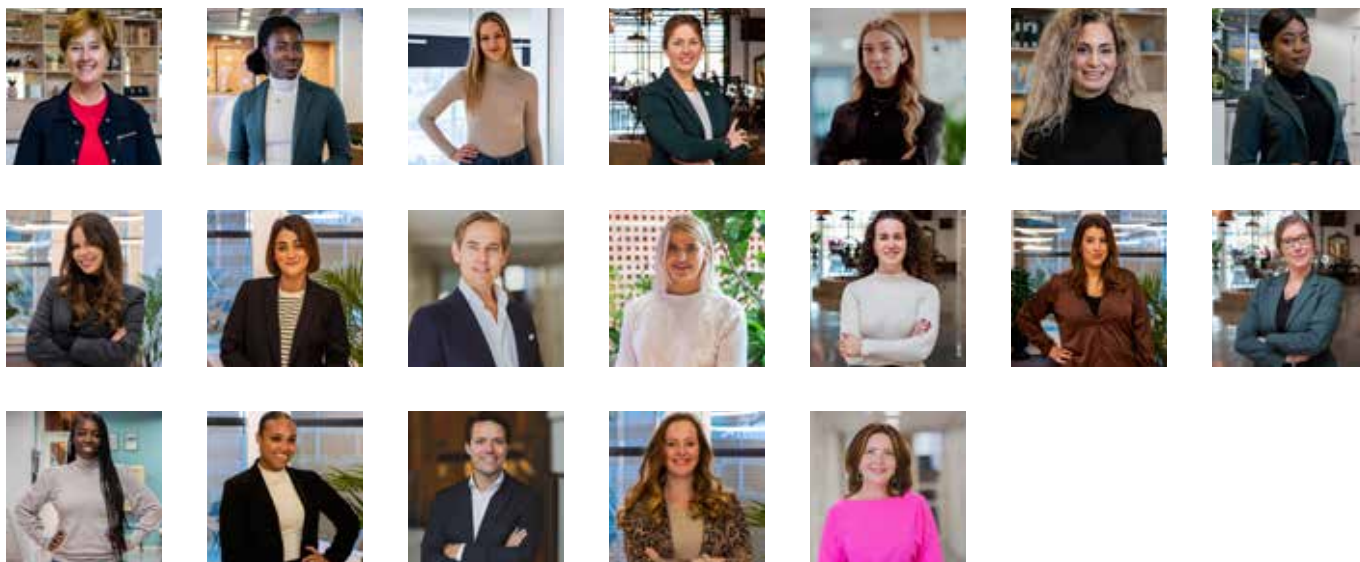
WE ARE HERE TO STAY

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.

NSI TEAM



HNK TEAM



You're Welcome to a new way of working

Successful grand opening of
HNK Amsterdam Sloterdijk



In September 2023, HNK Amsterdam Sloterdijk was unveiled, marking the inaugural HNK location that embodies NSI's refreshed vision for the flexible office concept. Centered on principles of hospitality, sustainability, well-being, and convenience, it sets the standard for the workspace of the present and future.



Space at your service

This new location has been developed in line with HNK's renewed vision: crafting workspaces singularly dedicated to fostering optimal growth for individuals and organizations. At the core of HNK's philosophy is the belief that enhanced well-being translates into improved work performance. This principle is reflected in the interior design of this location, where sustainability and comfort take centre stage.



Robert Sparreboom, Head of HNK: 'The landscape of the office market has undergone a profound transformation in recent years. In a time when you can work anywhere, the expectations placed upon a workplace have evolved significantly. Elements such as sustainability, flexibility, and individual preferences have assumed greater significance for employees, while organizations are avidly striving to maintain consistently engaged, motivated, and productive workforce. In today's environment, we might not need an office, but that doesn't mean we don't want one. It is crucial to cultivate a demand that transcends the conventional, and in doing so, provide a level of hospitality that transcends expectations, delivering an experience that is truly unforgettable.'

In response to these discerning insights, we proudly introduce HNK Amsterdam Sloterdijk – a location that integrates all the elements we deem essential and aligns perfectly with the evolving needs of forward-thinking organizations. It is a place where you instantly feel welcome and can work in a way that suits you. By facilitating all forms of work and interaction, HNK Sloterdijk establishes itself as an ideal flexible framework for modern organisations!

Enhancements have been made to facilitate and promote diverse working styles, including the introduction of a co-working space equipped with curved screens and revamped Herman Miller chairs, a library featuring a fireplace, a dedicated podcast studio, a wellness area, and a comprehensive restaurant with a bar. The meeting rooms are thoughtfully designed to cater to various purposes, whether it's a creative brainstorm, a board meeting, or an unforgettable event.



The focal point of the office is the lush greenery-filled lobby, reminiscent of a hotel entrance adorned with a towering 5-meter-high tree. The design, featuring natural and organic shapes, provides tenants and their guests with inviting spaces for both casual gatherings and quiet retreats. By contrasting the zones in a soft and colourful manner, the design provides an intuitive experience. The concept is activity-based, with each zone possessing its own identity.

In 2023, new leases at HNK Amsterdam Sloterdijk were signed 13% above ERV. The building is now 96% let. In March 2024, the very first HNK location, dating back to 2012, HNK Rotterdam Scheepvaartkwartier, will be delivered to the new blueprint, following a comprehensive interior redesign, integrating all additional facilities that align with HNK's innovative vision.





Our design approach is people-centered to ensure our buildings and spaces not only support office activities, but also support the well-being of its users and allow people to thrive.

The meeting rooms are thoughtfully designed to cater to various purposes, whether it's a creative brainstorm, a board meeting, or an unforgettable event.



In all HNK locations, music is played to suit the space and time of day, and a special fragrance has been developed to fit the HNK brand. Music stimulates our brain, including areas associated with emotions, it reduces stress and induces a feeling of relaxation. It has been demonstrated that the subtle presence of music has a positive impact on creativity and productivity. Smell has a significant impact on the perception and memory of a place.

This is because smell is the only sense directly connected to the limbic system, the part of the brain responsible for motivation, emotion, and long-term memory. Scent can enhance productivity and creativity while reducing absenteeism. It is not wonder that scent marketing which has been increasingly utilised by hotels, in retail has found its way to the office industry.



The focal point of the office is the lush greenery-filled lobby, reminiscent of a hotel entrance adorned with a towering 5-meter-high tree.

Let's get social

The food & beverage concept 'The Social' is offering great hospitality with a focus on sustainability, well-being and comfort.





GOVERNANCE

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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 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. SUSTAINABLE LONG-TERM VALUE CREATION

1.1 SUSTAINABLE 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.

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. 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 the alternative set up and measures that have been taken by the Company are adequate, 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.

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 policies carried out by the management board and the general affairs of 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 EXTERNAL AUDITOR

The 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. With respect to the financial year 2023 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 external auditor.

PricewaterhouseCoopers Accountants N.V. was appointed as NSI's external auditor in 2016.

1.7 PERFORMANCE OF THE EXTERNAL AUDITOR'S WORK

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

2. EFFECTIVE MANAGEMENT AND SUPERVISION

2.0 POLICY ON DIVERSITY & INCLUSION (D&I)

The company has a D&I policy for the enterprise. The D&I policy sets targets in order to achieve a good balance in gender diversity and the other D&I aspects of relevance to the company with regard to the composition of the management board, the supervisory board, and senior management.

For the degree of diversity in gender and gender identity in the Management Board, NSI applies a target of 50%. The target is that at least 50% of the Management Board consists of women or persons who identify themselves as women in terms of gender and that at least 50% of the Management Board consists of men or persons who identify themselves as men in terms of gender.

This target is based on the current target size of the Executive Board of two people.

In the event of a vacancy in the Management Board, when the Management Board consists of one person, the target figure does not apply.

From January 1st, 2023, until November 15th, 2023, the target was achieved because the management board was 50% female and 50% male. As from November 15th, 2023, there is a vacancy for the CFO position and the Management Board consists of one member only. Therefore the target figure currently does not apply. During the search process the Supervisory Board has been specifically looking for female candidates for the CFO position with the aim of again achieving the target in the first half year of 2024.

For the degree of diversity in gender and gender identity in the Supervisory Board, NSI applies a target of 33.3%. The target is that at least 33.3% of the Supervisory Board consists of women or persons who identify themselves as women in terms of gender and that at least 33.3% of the Supervisory Board consists of men or persons who identify themselves as men in terms of gender.

This target is achieved. From January 1st, 2023, until June 16th, 2023, the supervisory board was 40% female and 60% male. Since June 19th, 2023, the supervisory board is 50% female and 50% male.

For the degree of diversity in gender and gender identity in Senior Management, NSI applies a target of 25%. The target is that at least 25% of Senior Management consists of women or persons who identify themselves as women in terms of gender and that at least 25% of Senior Management consists of men or persons who identify themselves as men in terms of gender. This target is achieved. As per 31st December 2023 Senior management was 33.3% female and 66.6% male.

2.1 MANAGEMENT BOARD COMPOSITION, SIZE AND DIVISION OF DUTIES

The Management Board consists of two directors: a CEO and a CFO. Since 15 November 2023 there is a vacancy for the CFO position.

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

The profile of the Supervisory Board 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 pages 69 and 70 of this annual report.

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 interests involved. All Supervisory Board members are currently independent within the meaning of best practice provisions 2.1.7 and 2.1.8 of the Dutch Corporate Governance Code.

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 and a Selection and Appointment 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 2023 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 the 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 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 2023 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 2023 Annual General Meeting of Shareholders took place on 21 April. The agenda 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 EUR 99,568,556.46 and is divided into 27,056,673 ordinary shares, each with a nominal value of EUR 3.68). At 31 December 2023, 20,155,221 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 2023	31 December 2022
ICAMAP Investments SARL	10.0%	10.0%
BlackRock, Inc.	5.6%	5.8%
Clearance Capital Ltd.	5.1%	3.1%
Ameriprise Financial	< 3.0%	5.1%

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 21 April 2023 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).
- 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.

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 critical. ESG is overseen principally by the Management Board.

Our strategy and targets for energy consumption and carbon emissions are set and monitored by the Management Board. The responsibility for overseeing the day-to-day management is delegated to the management team. NSI has formed a dedicated sustainability committee who meets twice a month to address targets, implementation and reporting of our ESG strategy. 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 2023 the focus of the ESG committee was:

- Monitor progress ESG strategy and improve where necessary
- Monitor the implementation of the Paris aligned investment plan
- Completing ESG accounting manual
- Monitoring non-Financial KPIs
- EU taxonomy analysis and implementation
- Advancing readiness for implementation CSRD

ALIGNMENT OF PERFORMANCE TARGETS



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

Some of the sustainability goals include further improvement of ESG knowledge of our employees. NSI also encourages employees to contribute and share knowledge through specific knowledge sharing events.

DISCLOSURE AND REPORTING

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

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

NSI aims to continuously improve our internal sustainability governance. This standard will help NSI implement a holistic environmental management system and improve our general sustainability performance.

ESG ASSURANCE

NSI's independent auditor PricewaterhouseCoopers Accountants N.V. has provided a limited assurance on a selection of the reported sustainability and non-financial KPIs for the financial year 2023. In scope are 19 KPI's in the field of Energy, Water, Waste, Greenhouse Gas Emissions, Certification and Social (full list outlined in the glossary on page 143-144). 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 started with the CSRD double materiality assessment in 2023, which will be finalised in 2024. Based on the outcome, a gap analysis will be performed and further actions will be planned in preparation to implementation during 2025.

OTHER NON-FINANCIAL DISCLOSURE

DIVERSITY AND INCLUSION

NSI established a diversity and inclusion policy in 2023. See page 57 for more information.

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 outcomes. NSI has incorporated the 'Profile Dynamics' methodology to measure how different perspectives, competences and value systems are represented in the organization. The Profile Dynamics® tool is also being used as a reference point in appointments and recruitment activities.

EQUAL PAY

NSI aims for a balanced gender breakdown and is committed to provide equal pay for equal work. The current gender pay gap 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	100.0%	1.18
Senior Management	4	33.3%	8	66.7%	1.33
Operations	29	74.4%	10	25.6%	2.44
Support Staff	6	40.0%	9	60.0%	1.17
TOTAL	39	58.2%	28	41.8%	2.03
Supervisory Board	2	50.0%	2	50.0%	

* Male average pay/ Female average pay

The gender split is calculated as per year end. The gender pay ratio is based on all employees who were employed at NSI for more than 6 months in the reporting period.

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 2023.

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 is available on the company website.

NSI's whistle-blower procedure allows employees to report suspected irregularities of various kinds within NSI without jeopardising their employment. There were no issues reported in 2023.



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 (until 15 November 2023)

First appointment 15 September 2017

Current term Mrs de Jong resigned as per 15 November 2023

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 2023 financial year. PricewaterhouseCoopers Accountants N.V. has audited the financial statements and has issued an unqualified opinion (page 113-119). We will recommend that the financial statements be adopted at the General Meeting of Shareholders on Friday 19 April 2024. The discharge of the Management Board in respect of the policy pursued in 2023 and of the Supervisory Board from the supervision it provided in 2023 will be addressed as separate agenda items at this General Meeting of Shareholders.

COMPOSITION OF THE SUPERVISORY BOARD

At the start of 2023 the Supervisory Board consisted of five members.

On June 19th 2023 Mr Harm Meijer has stepped back from his position as Supervisory Board member.

The Supervisory Board is very grateful for Mr. Meijer's support and for the many contributions he has made to the transformation of NSI since 2016.

From 19th June until 31 December 2023 the Supervisory Board consisted of four members.

A search for a new member was initiated which has resulted in the appointment of Mrs. Marlies Janssen in the EGM of 28 February 2024.

From 28 February until 19 April 2024 the Supervisory Board will temporarily consist of five members.

At the AGM of that day Mrs. Karin Koks will have served two terms as member of the Supervisory Board and will rotate off as member of the Supervisory Board.

The Supervisory Board intends to propose to the AGM of 19 April 2024 to decrease the number of members of the Supervisory Board from five to four.

INDEPENDENCE

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. Mr. Meijer has decided to step back from his position as Supervisory Board member as per June 19th 2023 to ensure that his positions as Supervisory Board member of NSI and managing director of NSI's largest shareholder would not give cause for any potential or perceived conflict of interest.

RESIGNATION ROTA FOR SUPERVISORY BOARD MEMBERS

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

DUTIES

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 55-59).

MEETINGS AND ATTENDANCE

The Supervisory Board physically met on ten occasions during the year under review and held four calls. The attendance (rate) at these meetings and calls was as follows:

Attendance during 2023	De Geus	Koks	Haandrikman	Meijer*	Dockheer
Supervisory Board meetings	88,1%	88,1%	100%	100%	97,6%
Committee meetings	100%	100%	100%	100%	100%

*The 2023 Attendance percentage of Mr Meijer was calculated on the basis of the meetings during which he was a member.

REPORT OF THE ACTIVITIES OF THE SUPERVISORY BOARD

Ten meetings were regular Supervisory Board meetings which commence with a preparatory meeting which is 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.

STRATEGY

The Supervisory Board engaged on several occasions in discussions with the Management Board regarding the implementation of the sustainable long-term value creation strategy. These discussions encompassed various aspects, such as the ambition to reduce the actual energy intensity of all our buildings in line with the aims of the Paris agreement, 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 measures taken to mitigate them. Market developments 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 valuation methodologies, the system of internal controls and risk control procedures, and corporate governance also had the Supervisory Board's constant attention.

During meetings on 24 January, 17 and 18 April, 12 July and 11 October as well as during calls on 25 January, 19 April, 13 July and 12 October, the Supervisory Board convened to monitor the implementation of the company's strategy, to 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 broader market were adequately informed about the state of affairs and financial position of the company and about its outlook.

STRATEGIC REVIEW

The Supervisory Board has been closely involved in the strategic review process that was initiated in Q4 2022 in view of the potentially significant implications of the likely forthcoming FBI abolishment and of several other important changes in the market conditions.

A range of strategic options that had been identified by the Management Board as well as the outcome of feasibility studies and expert advice about the various options have been presented to the Supervisory Board and subsequently discussed in various meetings during the year.

The Supervisory Board appreciates the careful process that the management Board has followed during this review in which major investors and other important stakeholders were given the opportunity to give their view.

The revised strategy that has been developed for realising sustainable long-term value creation has our full support.

EVALUATIONS; CONCLUSIONS AND ACTIONS

On 24 January 2023 the Supervisory Board convened to discuss the functioning of the Management Board as a whole and of the individual members of the Management Board. The conclusions drawn from these evaluations were shared with the Management Board, used to assess the attainment of personal targets under the Short-Term Incentive for the CEO and CFO and used as input for setting targets for the Management Board for 2023 under the Short-Term Incentive plan.

On 10 October the Supervisory Board evaluated the functioning of the management board as a whole and that of the individual management board members in light of the succession planning of the Management Board and the search for a new CFO.

On 12 July the Supervisory Board conducted an evaluation of its own performance, along with the functioning of the various committees of the Supervisory Board, in particular the supervision of Real Estate matters and the functioning of the Real Estate Committee.

The following points were taken into consideration:

- Historically – especially during the execution of the asset rotation programme between 2017 and 2021 - a significant portion of the Real Estate Committees activities consisted in evaluating and approving numerous small and medium sized divestment and reinvestment decisions.
- The regulations of the Real Estate Committee delegated Supervisory Board decisions about divestments, acquisitions

and investments with a value between €5mio and €20mio to the Real Estate Committee.

- Moving into 2022 the committee's agenda 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.
- Consequently, in March 2022 the Supervisory Board had already decided to extend the size of the Real Estate Committee from two to three persons by appointing the chairman of the Supervisory Board as an additional member.
- Throughout the remainder of 2022 and the first HY of 2023, there were hardly any small (<€20 million) purchase and sale transactions that fell within the delegated jurisdiction of the Real Estate Committee.
- During this period, it became increasingly clear that not only Real Estate Committee members needed continuous access to the state of affairs of the portfolio and the large and complex Development projects but other Supervisory Members also needed this information on a continuous basis to fulfill their supervisory responsibilities effectively. On 8 June 2023 the Meetings of the Real Estate Committee and the Supervisory Board had already been combined for this reason.

The Supervisory Board concluded that following the resignation of Harm Meijer as a member of the Supervisory Board and as chair of the Real Estate Committee in June merely filling his vacancy would not be adequate but that in fact the size of the Real Estate Committee would have to be increased further to the size of the entire Supervisory Board.

Instead, to reduce complexity, the Supervisory Board has decided to dissolve the Real Estate Committee and let the tasks of the Real Estate Committee flow back to the (full) Supervisory Board. This also allowed for a decrease in remuneration fees for separate Committee memberships.

The regulations of the Real Estate Committee further charged this Committee with annually discussing a portfolio strategy and investment plan submitted by Management Board based on the Asset Business Plans for each asset, as a preparation for the Business Plan and Budget. This task has been taken up by the Supervisory Board.

To properly redistribute the role and responsibilities of the Real Estate Committee to the Supervisory Board and the Management Board the Supervisory Board meeting of 29 September adopted revised Regulations thereby increasing the mandate of the Management Board for individual transactions and investments.

The annual discussion of the Asset Business Plans, portfolio strategy and investment plan with the Management Board now takes place in the Supervisory Board, with the participation of the relevant members of the Asset Management, Development and Investment Teams. In this meeting, the Management Board discusses and agrees with the Supervisory Board on plans for the investment portfolio including preferred investments in sustainability, required maintenance and options for property divestments.

On 3 November 2023 a separate Supervisory Board meeting was held for this purpose.

In its meeting of 12 July, the Supervisory Board also looked into its succession planning in view of current and future vacancies and evaluated the existing and required composition, competencies expertise, experience and diversity of the Board as defined in its profile. Based upon this evaluation a profile for a new Supervisory Board member was drawn up that would allow the Supervisory Board to propose to the AGM of 19 April 2024 to decrease the number of members of the Supervisory Board from currently five to four.

At the meeting of 8 December 2023, the Supervisory Board discussed any other positions held by the members of the Management Board and Supervisory Board.

DUTCH CORPORATE GOVERNANCE CODE 2022

The Supervisory Board and the Management Board have discussed the new Dutch Corporate Governance Code 2022 and assessed where, compared with the Code adopted in 2016, the principles and best practice provisions in the new Code required changes to rules, regulations, procedures or other written records.

On 8 December 2023 the Supervisory Board adopted revised regulations specifying the role and responsibilities of the Supervisory Board, the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee.

On 8 December 2023 the Supervisory Board and the Management Board jointly adopted an updated Diversity & Inclusion Policy for the Company.

On 8 December 2023 the Supervisory Board approved, and the Management Board adopted a revised regulation specifying the role and responsibilities of the Management Board.

All regulations are posted on the company's website.

In accordance with the recommendation of the Monitoring Committee Corporate Governance Code the chapter in the Report of the Management Board broadly outlining the corporate governance structure and compliance with this Code (see pages 55-59) will be submitted as a separate agenda item to the General Meeting of Shareholders of 19 April 2024.

FBI & CORPORATE RESTRUCTURING

On several occasions the Supervisory Board has discussed with management the announced intent of Government to exclude Real Estate from the Dutch Investment Trust regime (FBI) as per 1 January 2025.

Given the uncertainty surrounding the implementation of this measure the discussions centred on both management's efforts to lobby for a reversal, and on preparations in case the exclusion would materialize. Meanwhile legislation has been enacted such that, as of 2025, FBI's can no longer directly invest in Dutch real estate. The Management Board has executed the necessary restructuring to mitigate the negative impact of this legislative change with the approval of the Supervisory Board. As a result, the number of subsidiaries has substantially increased as each asset is now owned by a separate legal entity.

BUSINESS PLAN & BUDGET

On 3 November the Supervisory Board discussed the Asset Business Plans of the Company, and the Portfolio Strategy put forward by management.

These discussions lead to an update of the five-year Business plan (period 2024-2028) and the Budget for the following year (2024) which were discussed in the meeting of 8 December of the Supervisory Board.

In these discussions about the strategy the Board focussed on the implementation of the strategy and feasibility of different scenario's, 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.

In the meeting of 8 December of the Supervisory Board has approved the 2024 – 2028 Business plan and the Budget 2024. The 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 2024 is in accordance with this plan.

RISK MANAGEMENT, INTERNAL AND EXTERNAL AUDITING

Throughout 2023 the Supervisory Board maintained regular contact with the external auditor, primarily during the meetings of the Audit Committee.

In the meeting of 8 December 2023, the Audit Committee reported on the draft 2023 management letter of the 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 to manage the risks.

In the same meeting the audit committee reported on the functioning of, and the developments in the relationship with the external auditor. The discussion of the effectiveness of the internal risk management and control systems during the year was postponed and took place on 22 January 2024.

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 8 December 2023, 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 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 2024.

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 €20 million are made solely by the Management Board.

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 acquisition opportunities of offices and with various development and redevelopment opportunities.

DEVELOPMENT

In 2023 the Development projects moved further towards realisation and entered the phase of building permit applications, tendering and contract negotiations.

Several Supervisory Board meetings this year 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, the impact of general market developments (e.g. yields and rent levels) and consequences for the balance sheet and effective leverage.

"Phase"-documents prepared by the Development department were submitted for discussion and approval of the budgets by the Supervisory Board, and functioned as a basis for entering into the next phase of the specific Development project.

LAANDERPOORT

The status and progress of the Laanderpoort project has been extensively discussed during several Supervisory Board meetings during the year.

In the meeting of 24 January, the Supervisory Board gave approval to the DO design and the financial business case, as well as the budget for the application of a building permit and the selection of a contractor.

In the meeting of 8 March, the Supervisory Board was briefed on the status of the selection process.

During meetings in June and July the Management Board and Supervisory Board reviewed the business case of the project and

ways for optimization in view of declining end of project valuation due to yield expansion.

In all our meetings during the second HY the Supervisory Board has discussed the progress of the project towards final design and realisation as well as the status of the efforts to optimize and derisk the project. These efforts have ultimately led to a sale of the project to ING in January 2024.

VITRUM

The status and progress of the Vitrum project has also been extensively discussed during several Supervisory Board meetings during the year, especially after the The Dutch High Court ruled in Q1 – in a case not related to Vitrum - that owner-associations need a 100% vote in favour to ratify certain decisions also relevant for the Vitrum project. During the remainder of 2023 the Supervisory Board has discussed on several occasions how to deal with the new situation and have evaluated together with Management several possible measures and alternatives.

The Supervisory Board supported the decision of the Management Board to partner temporarily with a dedicated operator to generate income for the asset until all the approvals are obtained and the project is deemed economically feasible.

EDUCATION

In a number of meetings during the year the Supervisory Board has been instructed about the new Corporate Governance Code. On 29 September the Supervisory Board attended a presentation about various topics of company law. During 2023 the members of the Supervisory Board further 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 19 April 2023 the Supervisory Board authorised the issuance of shares for those shareholders who opted for distribution of the final dividend for 2022 in shares.

The General Meeting of Shareholders approved the final dividend for 2022 on 21 April 2023.

On 12 July 2023 the Supervisory Board approved the interim dividend for 2023.

2023 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 2023 of € 0.77 per share. That brings the total dividend for 2023 to € 1.52 per share, of which € 0.75 per share was distributed as an interim dividend in August 2023.

Provided that the General Meeting of Shareholders approves this dividend proposal, the final dividend will be payable in May 2024.

SUPERVISORY BOARD COMMITTEES

From 1 January to until 12 July 2023 the Supervisory Board had 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. The Real Estate Committee was abolished on 12 July 2023.

REMUNERATION COMMITTEE

During 2023 the Remuneration 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 2022 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 2023 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 2023 the Remuneration Committee has continued the review of the policy. This has led to a number of changes that will be put forward in the 2024 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 2023.

The remuneration report (dated 7 March 2024) is posted on the company's website. The report will be presented to the AGM of 19 April 2024 for an advisory vote.

SELECTION AND APPOINTMENT COMMITTEE

During 2023 the Selection and Appointment 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 joint 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 2022 individual targets of the members of the Management Board linked to their Long-Term Incentive and Short-Term Incentive Plan, the establishment of the 2023 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.

On 13 July 2023 it was announced that Alianne de Jong had tendered her resignation as CFO and as Board Member of NSI NV to take up a new role. The Supervisory Board is very grateful for the many contributions Alianne de Jong has made to the further professionalization of the Company and its Finance function since she joined the Management Board in 2017. She has stayed on until 15 November to facilitate a smooth transition of her responsibilities. Per 23 October 2023 the services of an interim CFO were secured.

During 2023 the Selection and Appointment Committee had several selection meetings and calls.

The main topics discussed during these meetings and on separate conference calls were drafting a profile for the recruitment and selection procedure of a new Supervisory Board member, the progress made in the recruitment and selection process with regard to the longlist and shortlist of candidates drafted by the executive search firm and speaking to individual candidates. The focus here was on finding a candidate who could help maintain the company's level of diversity and complement the existing members of the Supervisory Board. This search has resulted in the appointment of Marlies Janssen by the EGM of 28 February 2024.

The Selection and Appointment Committee further discussed the profile for the recruitment and selection for a new CFO, discussing the progress made in the recruitment and selection procedure and with regard to the longlist and shortlist of candidates drafted by the executive search firm, and spoke to individual candidates. The focus here too was on finding a candidate who could help maintain the company's level of diversity and complement the existing member of the Management Board. This search has resulted in the selection of a candidate that will be proposed for appointment in the AGM of 19 April 2024. . We refer to the Agenda and Explanatory Notes of this AGM for further details.

AUDIT COMMITTEE

During 2023 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 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 2023 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 evaluation of the internal audit plan for 2023 which was approved in the Supervisory Board meeting of 8 March 2023 and the internal audit findings; in 2023 the internal audits focussed on IT and Treasury;
- h evaluation of the functioning of the external accountant and the relationship with the external auditor, reporting the results of the evaluation to the Supervisory Board and informing the external auditor about the main topics of the evaluation;
- i the selection of a new partner of PWC to lead the audit engagement team. As a result, Anke Meijer has succeeded Sidney Herwig who had reached the end of the maximum allowed term;
- j discussions with the external auditor about the 2023 audit plan, the audit report and the management letter of the external auditor, compliance with recommendations from and the follow-up of remarks by the external auditor, also with regard to ICT systems;
- k the application of information and communication technology and measures to improve cybersecurity;
- l the extension of the secured Financing with BerlinHyp for a 4-year period.

REAL ESTATE COMMITTEE

From 1 January to 19 June 2023 the Real Estate Committee consisted of Harm Meijer (Chair), Jan Willem de Geus (member) and Karin Koks-Van der Sluijs (member).

From 19 June to 12 July 2023 the Real Estate Committee consisted of Willem de Geus (member) and Karin Koks-Van der Sluijs (member).

On 12 July the Supervisory Board dissolved the Real Estate Committee. The reasoning for this decision is detailed in the section about Evaluations.

The role and responsibilities of the Real Estate Committee, its composition and how it carries out its duties were specified in the Real Estate Committee regulations. Real Estate Committee meetings paid special attention to the feasibility of the strategy, the implementation of the business model, and the real estate market.

In 2023 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 development in the Amsterdam Southaxis area;
- e improvement of the portfolio with regard to sustainability.

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

During the first meeting which took place in April 2023 the Real Estate Committee discussed the status and a detailed action Plan for the Vitrum project, the status of the other development projects, the sustainability of the Portfolio and a reporting tool for energy intensity and other sustainability KPI's and attended a presentation by the Investment Department about the Life Science Real Estate Asset Class.

The second meeting took place in June. This was a joint meeting with the full Supervisory Board.

IN CONCLUSION

2023 was in many ways a challenging year 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, 7 March 2024

The Supervisory Board

Jan Willem de Geus, *Chair*

Karin Koks-Van der Sluijs, *Vice Chair*

Margreet Haandrikman

Jan Willem Dockheer

Marlies Janssen

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 AVID Property Group

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 Managing Director BMN Groep Netherlands

Additional positions Member of the Supervisory Board of 2theLoo

First appointment 2020

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 NV Schade, Member of the Supervisory Board Monuta Holding and Monuta Verzekeringen NV, 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, External member of the audit committee of the Dutch Ministry of Justice and Security.

First appointment 2017

Current term To 2025



Mrs M. Janssen (1973)*

Nationality Dutch

Current position Director Finance & Control at Royal Van Oord

Additional positions Member of the Supervisory Board of Erasmus Q Intelligence BV

First appointment 2024

Current term To 2028

* Appointed in the EGM of 28 February 2024

FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

(x € 1,000)

	Note	2023	2022
Gross rental income	2	71,199	71,309
Service costs recharged to tenants		13,475	11,020
Service costs		-15,402	-12,343
Service costs not recharged	2	-1,926	-1,322
Operating costs	2, 3	-10,852	-10,663
Net rental income		58,421	59,325
Revaluation of investment property	4	-223,959	-76,826
Net result on sale of investment property	5	5,388	32
Net result from investments		-160,150	-17,470
Administrative costs	6	-9,120	-8,566
Other income and costs	7	-81	-210
Financing income		37	278
Financing costs		-8,385	-8,302
Movement in market value of financial derivatives		-2,771	2,902
Net financing result	8	-11,120	-5,122
Result before tax		-180,471	-31,368
Corporate income tax	9	38,101	-2
Total result for the year		-142,370	-31,370
Other comprehensive income / expense			0
Total comprehensive income / expense for the year		-142,370	-31,370
Total comprehensive income / expense attributable to:			
Shareholders		-142,370	-31,370
Total comprehensive income / expense for the year		-142,370	-31,370
Data per average outstanding share:			
Diluted as well as non-diluted result after tax (€)	17	-7.08	-1.58

The notes on pages 76 to 104 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2023

(x € 1,000)

	Note	31 December 2023	31 December 2022
Assets			
Investment property	10	1,028,801	1,259,235
Intangible fixed assets	11	32	72
Tangible fixed assets	12	3,835	4,063
Financial fixed assets		0	0
Deferred tax assets	13	38,654	
Other non-current assets	14	12,069	13,659
Non-current assets		1,083,389	1,277,027
Debtors and other receivables	15	3,963	1,403
Derivative financial instruments	22		1,163
Deferred tax assets	13	70	
Cash and cash equivalents	16	202	196
Current assets		4,235	2,763
Total assets		1,087,625	1,279,790
Shareholders' equity			
Issued share capital	17	74,171	73,800
Share premium reserve	17	915,068	915,447
Other reserves	17	-136,988	-70,868
Total result for the year		-142,370	-31,370
Shareholders' equity		709,882	887,008
Liabilities			
Interest bearing loans	18	333,632	285,984
Derivative financial instruments	22	1,608	0
Deferred tax liabilities	13	2	
Other non-current liabilities	19	4,533	3,744
Non-current liabilities		339,775	289,727
Redemption requirement interest bearing loans	18		65,656
Debts to credit institutions	20	11,012	14,037
Creditors and other payables	21	26,956	23,361
Current liabilities		37,968	103,054
Total liabilities		377,743	392,782
Total shareholders' equity and liabilities		1,087,625	1,279,790

The notes on pages 76 to 104 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

(x € 1,000)

	Notes	2023	2022
Result from operations after tax		-142,370	-31,370
Adjusted for:			
Revaluation of investment property	4	223,959	76,826
Net result on sale of investment property	5	-5,388	-32
Net financing result	8	11,120	5,122
Corporate income tax	9	-38,101	2
Depreciation and amortisation	6	638	739
		192,228	82,658
Movements in working capital:			
Debtors and other receivables		-626	1,667
Creditors and other payables		3,403	-1,894
		2,777	-228
Cash flow from operations		52,635	51,061
Financing income received		37	278
Financing costs paid		-11,012	-8,545
Tax paid		-15	6
Cash flow from operating activities		41,645	42,800
Purchases of investment property and subsequent expenditure	10	-19,469	-12,682
Proceeds from sale of investment property	10	34,052	17,067
Investments in intangible fixed assets	11	0	-31
Investments in tangible fixed assets	12		-104
Disinvestments in tangible fixed assets	12		4
Cash flow from investment activities		14,583	4,255
Dividend paid to the company's shareholders	17	-34,757	-30,078
Proceeds from interest bearing loans	18	10,000	5,000
Transaction costs interest bearing loans paid		-242	-339
Repayment of interest bearing loans	18	-28,200	-43,200
Cash flow from financing activities		-53,199	-68,617
Net cash flow		3,030	-21,563
Cash and cash equivalents and debts to credit institutions - balance as per 1 January		-13,840	7,723
Cash and cash equivalents and debts to credit institutions - balance as per 31 December		-10,810	-13,840

The notes on pages 76 to 104 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

(x € 1,000)

2023

	Issued share capital	Share premium reserve	Other reserves	Result for the year	Shareholders' equity
Balance as per 1 January 2023	73,800	915,447	-70,868	-31,370	887,008
Total result for the year				-142,370	-142,370
Total comprehensive income / expense for the year				-142,370	-142,370
Profit appropriation - 2022			-31,370	31,370	
Distribution final dividend - 2022	372	-379	-19,633		-19,640
Interim dividend - 2023			-15,116		-15,116
Contributions from and to shareholders	372	-379	-66,120	31,370	-34,757
Balance as per 31 December 2023	74,171	915,068	-136,988	-142,370	709,882

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

The notes on pages 76 to 104 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 2022.

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 7 March 2024. The financial statements will be submitted to the General Meeting of Shareholders on 19 April 2024 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 2022. The most significant assumption relates to the

unobservable information used in the valuation of the investment property. Other judgements are made relating to the deferred tax assets, the feasibility of the 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.

These financial statements are drawn up based on a going concern whereby the assumption of continuity is, amongst others, based upon the overall financial position, the cashflow forecast and the availability of funding under the committed credit facility (reference is made to note 17 and 22).

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 22 - Financial instruments;
- Note 24 - 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.

In 2023 the legal structure of NSI was adjusted in order to limit the effects of the forthcoming abolishment of the corporate tax regime for fiscal investment funds in 2025. As a result NSI has transferred its properties into separate legal entities whereby NSI N.V. acts as an FBI with indirect investments in property.

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.

A full list of subsidiaries included in the consolidated financial statements can be found in note 25.

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 2023 (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 immedi-

ately recognised in the consolidated statement of comprehensive income. In 2022 and 2023 hedge accounting has not been 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.

CORPORATE INCOME TAX

TAX STATUS

Up to end of 2022, NSI and most of its subsidiaries had the status of a fiscal investment institution within the context of Article 28 of the Dutch Corporate Income Tax Act 1969 (Wet op de Venootschapsbelasting 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.

Due to a change in legislation, as from 2025 FBI's can no longer directly invest in Dutch real estate. In 2023, NSI has undergone a restructuring in which most of the properties are now in separate entities, which are subject to corporate income tax. NSI N.V. intends to remain an FBI at least to the end of 2024.

CORPORATE INCOME TAX

Corporate income tax consists of taxes currently payable and receivable and movements in deferred tax assets and deferred tax liabilities.

Current tax 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.

Deferred tax assets are recognised as income tax to be reclaimed in future periods relating to offsetable temporary differences between book value and the fiscal value of assets and liabilities. They also relate to the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable benefits will be available against which unused tax losses and tax credits can be utilised. Deferred tax assets are only recognised if it is likely that the temporary differences will be settled in the near future and sufficient taxable profit will be available for settlement.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax liabilities are recognised for income tax payable in future periods on taxable temporary differences between the book value of assets and liabilities and their fiscal book value. Deferred tax recognised in the statement of comprehensive income is the movement in deferred tax assets and deferred tax liabilities during the period.

Deferred tax assets and liabilities are netted if there is a legally enforceable right to offset the tax assets and liabilities and when the deferred assets and liabilities concern the same tax regime.

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).

At the end of 2023, 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.

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 2023. These standards and amendments did not have an impact on these consolidated financial statements:

- Amendments to IFRS 17, "Insurance Contracts";
- Amendments to IAS 1 and IFRS practice statement 2, "Disclosure of accounting policies";

- Amendments to IAS 8 "Definition of accounting estimates";
- Amendments to IAS 12, "Deferred tax related to assets and liabilities arising from a single transaction".

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

2023

STATEMENT OF COMPREHENSIVE INCOME

	Amsterdam	Other G4	Other NL	Corporate	TOTAL
Gross rental income	35,600	24,185	11,415		71,199
Service costs recharged to tenants	5,706	5,782	1,987		13,475
Service costs	-6,789	-6,646	-1,966		-15,402
Service costs not recharged	-1,083	-864	21		-1,926
Operating costs	-5,182	-3,966	-1,704		-10,852
Net rental income	29,335	19,355	9,731		58,421
Revaluation of investment property	-153,754	-44,623	-25,583		-223,959
Net result on sale of investment property	5,282	-1	106		5,388
Net result from investment	-119,136	-25,269	-15,745		-160,150
Administrative costs				-9,120	-9,120
Other income and costs				-81	-81
Net financing result				-11,120	-11,120
Result before tax	-119,136	-25,269	-15,745	-20,321	-180,471
Corporate income tax				38,101	38,101
Total result for the year	-119,136	-25,269	-15,745	17,780	-142,370
Other comprehensive income / expense					
Total comprehensive income / expense for the year	-119,136	-25,269	-15,745	17,780	-142,370
Attributable to shareholders	-119,136	-25,269	-15,745	17,780	-142,370

STATEMENT OF FINANCIAL POSITION AS PER 31 DECEMBER

	Amsterdam	Other G4	Other NL	Corporate	TOTAL
Investment property	579,683	296,245	152,873		1,028,801
Other assets	6,461	4,615	992	46,756	58,824
Total assets	586,144	300,860	153,865	46,756	1,087,625
Non-current liabilities	3,128	932	198	335,517	339,775
Current liabilities	1,781	1,461	724	34,002	37,968
Total liabilities	4,908	2,393	922	369,520	377,743
Purchases of investment property and subsequent expenditures	15,056	4,102	311		19,469

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

2. NET RENTAL INCOME

	Gross rental income		Service costs not recharged		Operating costs		Net rental income	
	2023	2022	2023	2022	2023	2022	2023	2022
Amsterdam	35,600	35,855	-1,083	-521	-5,182	-4,527	29,335	30,807
Other G4	24,185	22,315	-864	-412	-3,966	-3,774	19,355	18,129
Other Netherlands	11,415	13,139	21	-389	-1,704	-2,361	9,731	10,389
Net rental income	71,199	71,309	-1,926	-1,322	-10,852	-10,663	58,421	59,325

Gross rental income can be specified in the following components:

	2023	2022
Gross rental income - offices / HNK / other	69,852	70,501
Turnover rent / variable parking income	524	173
Indemnities received	524	153
HNK - meeting rooms	563	521
HNK - hospitality services	91	84
Other rental income / loss	-356	-123
Other gross rental income / loss	1,347	808
Gross rental income	71,199	71,309

Gross rental income includes an amount of € 6.2m (2022: € 6.6m) 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 2023	31 December 2022
First year	63,709	69,434
Second to fourth year	120,892	148,675
As of fifth year	68,131	82,632

3. OPERATING COSTS

	2023	2022
Leasehold	0	-3
Municipal taxes	-2,960	-2,770
Insurance premiums	-741	-602
Maintenance costs	-2,254	-1,784
Property management costs	-3,473	-3,489
Letting costs	-1,018	-1,184
Contribution to owner association	-114	-109
Doubtful debt costs	-19	19
Other operating costs	-273	-740
Operating costs	-10,852	-10,663

Property management costs include administrative costs charged to operations for an amount of € 3.0m (2022: € 3.2m). Letting costs includes an amount of - € 0.1m (2022: - € 0.1m) for straight-lined letting investments and commissions.

An amount of € 0.0m (2022: € 0.3m) relates to operating costs of fully vacant properties.

4. REVALUATION OF INVESTMENT PROPERTY

	2023			2022		
	Positive	Negative	Total	Positive	Negative	Total
Investment property in operation		-193,937	-193,937	40,453	-104,803	-64,350
Investment property under construction		-31,147	-31,147		-11,515	-11,515
Revaluation - market value		-225,084	-225,084	40,453	-116,318	-75,865
Movement in right of use leasehold			-68			-66
Movement in lease incentives			1,192			-896
Revaluation of investment property			-223,959			-76,826

Further details on revaluation can be found in note 10.

5. NET RESULT ON SALE OF INVESTMENT PROPERTY

	2023	2022
Proceeds on sale of investment property	34,164	17,145
Transaction costs on sale of investment property	-112	-78
Sale of investment property	34,052	17,067
Book value at the time of sale (excl. right of use leasehold)	-28,665	-17,036
Net result on sale of investment property	5,388	32

During 2023 3 properties have been sold of which one in Amsterdam, one in Den Bosch and one in Ede (last two segment 'Other Netherlands'); 2022: three properties have been sold of which one in the segment 'Other G4' and two in the segment 'Other Netherlands'.

The net result on sale of investment property includes an amount of -€ 0.2m (2022: - € 0.1m) related to prior years' sales. Transaction costs on sale include the costs of real estate agents and legal fees.

6. ADMINISTRATIVE COSTS

	2023	2022
Salaries and wages	-6,011	-5,648
Social security	-771	-704
Pensions	-413	-365
Depreciation right of use tangible fixed assets	-290	-295
Other staff costs	-1,327	-1,217
Staff costs	-8,813	-8,229
Compensation supervisory board	-252	-251
Depreciation and amortisation	-348	-445
Other office costs	-1,373	-1,476
Office costs	-1,721	-1,920
Audit, consultancy and valuation costs	-1,818	-1,269
Other administrative costs	-1,057	-1,333
Administrative costs	-13,661	-13,002
Allocated administrative costs	4,541	4,436
Administrative costs	-9,120	-8,566

Administrative costs directly related to the operation of the investment property portfolio (€ 3.0m; 2022: € 3.2m) are recharged to operating costs. Directly attributable costs related to development project are capitalised as part of the respective project (€ 0.7m; 2022: € 0.6m). The staff costs concerning the daily operation of the HNK-properties (€ 0.8m; 2022: € 0.6m) 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 67 employees (61 FTE), including the appointed Management Board, were employed by NSI and HNK during the reporting year (2022: 61 employees (57 FTE)).

As per 31 December 2023 the number of employees amounted to 67 (61 FTE).

All employees are working in the Netherlands.

7. OTHER INCOME AND COSTS

	2023	2022
Other costs	-81	-210
Other income and costs	-81	-210

Other costs in 2023 concern feasibility costs for projects, mainly related to Bio Science Park, Leiden.

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

8. NET FINANCING RESULT

	2023	2022
Interest income	37	278
Financing income	37	278
Interest costs	-10,211	-9,118
Capitalised interest	2,368	1,328
Bank costs	-46	-63
Amortisation costs interest bearing loans	-434	-383
Other financing costs	-62	-66
Financing costs	-8,385	-8,302
Movement in market value of financial derivatives	-2,771	2,902
Net financing result	-11,120	-5,122

During 2023, borrowing costs for the development projects Laanderpoort and Vitrum are capitalised. In 2022 this was also the case for Well House, which is paused for the moment. 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 2023, the range of weighted average interest rates used was: 1.9% - 3.2% (2022: 2.0% - 2.2%).

9. CORPORATE INCOME TAX

	2023	2022
Current tax	-621	-2
Deferred tax	38,722	
Corporate income tax	38,101	-2

After the restructuring in 2023, only NSI N.V., NSI Real Estate B.V., NSI Kantoren B.V., NSI Vastgoed B.V., NSI Flexoffices B.V. and HNK Vastgoed B.V. have 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.

All other subsidiaries are not part of the fiscal real estate investment trust for tax purposes and are as such liable to pay corporate income tax as from 2023.

	2023		2022	
Result before tax		-180,471		-31,368
Tax at Dutch tax rate (high rate)	25.8%	46,562	25.80%	8,093
Exempt due to fiscal status		-1,978		-8,097
Differences IFRS - fiscal result		1,898		
Non-deductible expenses		-2,094		
Different tax rate (low rate - 19.0%)		-6,285		
Other		-1		2
Corporate income tax	21.1%	38,101	-0.0%	-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 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 2022 and 2023.

10. INVESTMENT PROPERTY

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

	31 December 2023	31 December 2022
Investment property in operation	969,591	1,200,153
Investment property under construction	59,210	59,082
Investment property	1,028,801	1,259,235

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

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

The valuations are determined on the basis of a capitalisation method, on the basis of a gross initial yield and the therefrom derived net initial yield calculation, whereby the net market rent prices are capitalised, and is subsequently validated by the 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: <ul style="list-style-type: none"> Gross initial yield / net initial yield 	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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:

	2023	2022
<i>Average effective contractual rent per sqm (€):</i>		
Amsterdam	259	243
Other G4	220	213
Other Netherlands	195	180
<i>Average market rent per sqm (€):</i>		
Amsterdam	271	266
Other G4	214	210
Other Netherlands	203	186
<i>Average gross initial yield (%):</i>		
Amsterdam	7.4%	5.9%
Other G4	8.6%	7.2%
Other Netherlands	8.1%	7.0%

INVESTMENT PROPERTY IN OPERATION

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

2023

	Amsterdam	Other G4	Other Netherlands	TOTAL
Balance as per 1 January 2023	665,530	333,706	200,917	1,200,153
Acquisitions				
Investments	9,546	4,102	311	13,959
Revaluation	-122,598	-44,623	-25,583	-192,804
Transfer from/ to real estate in own use	-26,510	3,060		-23,450
Disposals	-5,494		-22,772	-28,267
Balance as per 31 December 2023	520,474	296,245	152,873	969,591
Right of use leasehold as per 31 December 2023	-620		-30	-649
Lease incentives as per 31 December 2023	6,461	4,615	992	12,069
Market value as per 31 December 2023	526,315	300,860	153,835	981,010

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

COLLATERAL

On 31 December 2023, properties with a market value of € 172.4m (31 December 2022: € 230.0m) were mortgaged as security for loans drawn at banks amounting to € 55.0m (31 December 2022: € 65.7m).

SENSITIVITIES TO YIELD FLUCTUATIONS

The value of investment property implies an average gross initial yield of 7.9% (31 December 2022: 6.4%). Valuations can be affected by the general macro-economic and market environment, but also by local factors. For this reason NSI has performed a sensitivity analysis. If, on 31 December 2023, the yields applied for the valuation of investment property had been 50 basis points lower than the yields currently applied, the value of investment property would increase by 6.4% (31 December 2022: 8.0%). In that case NSI's equity would be € 66m (31 December 2022: € 103m) higher due to a higher result for the year. The loan-to-value would then decrease from 33.0% (31 December 2022: 28.7%) to 31.1% (31 December 2022: 26.5%).

If, on 31 December 2023, the yields applied for the valuation of investment property had been 50 basis points higher than those currently applied, the value of investment property would decrease by 5.6% (31 December 2022: 6.9%). In that case NSI's equity would be € 58m (31 December 2022: € 88m) lower due to a lower result for the year. The loan-to-value would then increase from 33.0% to 35.0%.

INVESTMENT PROPERTY UNDER CONSTRUCTION

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

2023

	Amsterdam	Other G4	Other Netherlands	TOTAL
Balance as per 1 January 2023	56,022	3,060		59,082
Investments	5,466			5,466
Capitalised interest	2,368			2,368
Revaluation	-31,155			-31,155
Transfer from / to inv. property in operation	26,510	-3,060		23,450
Balance as per 31 December 2023	59,210			59,210
Right of use leasehold as per 31 December 2023	-179			-179
Market value as per 31 December 2023	59,030			59,030

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

As per 31 December 2023 investment property under construction consists of Laanderpoort and Vitrum and capitalised project costs of Well House, all located in Amsterdam.

11. INTANGIBLE FIXED ASSETS

Intangible fixed assets consist of capitalised software.

The movement in intangible fixed assets during 2023 and 2022 was as follows:

	2023	2022
Balance as per 1 January	72	134
Investments		31
Amortisation	-40	-93
Balance as per 31 December	32	72
Gross book value		1,316
Cumulative amortisation		-1,285
Intangible fixed assets	32	72

Investments in 2022 concern costs made related to robotic process automation. No investments were done in 2023.

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. The movement in tangible fixed assets during 2023 and 2022 was as follows:

	2023	2022
Balance as per 1 January	4,063	5,165
Investments	429	186
Depreciation	-598	-646
Transfer from / to investment property		-573
Disposals	-59	-70
Balance as per 31 December	3,835	4,063
Gross book value	5,263	5,366
Cumulative depreciation	-1,428	-1,303
Tangible fixed assets	3,835	4,063

13. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are attributable to the following items in 2023:

	1 January 2023	Movement profit and loss account	31 December 2023
Investment property	38,654		38,654
Other temporary differences	70		70
Deferred tax assets	38,724		38,724

Deferred tax liabilities are attributable to the following items in 2023:

	1 January 2023	Movement profit and loss account	31 December 2023
Investment property	-2		-2
Deferred tax liabilities	-2		-2

All deferred tax assets and liabilities relate to the newly founded entities as part of the restructuring undergone in 2023. These entities are no longer part of the fiscal real estate investment trust for tax purposes and are as such liable to pay corporate income tax as from 2023.

14. OTHER NON-CURRENT ASSETS

	31 December 2023	31 December 2022
Lease incentives	12,069	13,659
Other non-current assets	12,069	13,659

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 € 2.1m to be settled in 2024 (2022: € 2.0m to be settled in 2023).

15. DEBTORS AND OTHER RECEIVABLES

	31 December 2023	31 December 2022
Gross debtors	1,734	904
Provision for doubtful debts	-353	-349
Debtors	1,381	555
Tenant loans	0	0
Taxes	781	40
Prepayments	1,295	511
Other current receivables	506	297
Debtors and other receivables	3,963	1,403

The largest item recognised under debtors and other accounts receivable concerns debtors (€ 1.7m), 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.

16. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Bank balances	202	196
Cash and cash equivalents	202	196

The full amount of cash and cash equivalents is freely available.

17. EQUITY ATTRIBUTABLE TO SHAREHOLDERS

ISSUED SHARE CAPITAL

As per 31 December 2022 the authorised share capital consisted of 20,054,240 issued and fully paid shares (€ 73.8m). The issued shares have a par value of € 3.68 each.

In May 2023 100,981 shares were issued as stock dividend, relating to the final dividend distribution for 2022. This resulted in 20,155,221 issued shares (€74,2m) as per 31 December 2023.

	2023	2022
Balance as per 1 January	73,800	72,489
Stock dividend - final distribution prior year	372	398
Stock dividend - interim		913
Balance as per 31 December	74,171	73,800

The movement in the number of shares issued in 2022 and 2023 was as follows:

	2023	2022
Balance as per 1 January	20,054,240	19,698,207
Stock dividend - final distribution prior year	100,981	108,025
Stock dividend - interim		248,008
Balance as per 31 December	20,155,221	20,054,240

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

	2023	2022
Balance as per 1 January	915,447	916,768
Stock dividend - final distribution prior year	-379	-403
Stock dividend - interim		-918
Balance as per 31 December	915,068	915,447

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 2023, € 7k transaction costs on the issue of stock dividend is included.

OTHER RESERVES

	2023	2022
Balance as per 1 January	-70,868	-161,762
Profit appropriation	-31,370	120,961
Cash dividend - final distribution prior year	-19,633	-17,464
Cash dividend - interim	-15,116	-12,603
Balance as per 31 December	-136,988	-70,868

DIVIDEND AND EARNINGS PER SHARE

The final dividend for 2023 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 19 April 2024. This proposal was not included as a liability in the balance sheet at 31 December 2023.

NUMBER OF SHARES

	31 December 2023	31 December 2022
Weighted average number of ordinary shares	20,117,872	19,869,975
Number of ordinary shares entitled to dividend	20,155,221	20,054,241

DIVIDEND

	2023		2022	
	Per share (€)	Total	Per share (€)	Total
Interim dividend paid	0.75	15,116	1.04	20,598
Proposed final dividend	0.77	15,520	1.12	22,461
Total dividend	1.52	30,636	2.16	43,059

EARNINGS PER SHARE

	2023	2022
Total result (€)	-7.08	-1.58

The calculation of earnings per share at 31 December 2023 is based on the result attributable to ordinary shareholders of € 142.4m negative (2022: € 31.4m negative) and a weighted average number of outstanding ordinary shares during 2023 of 20,117,872 (2022: 19,869,975).

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 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 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 33.0% on 31 December 2023 (31 December 2022: 28.7%). The ratio of debt owed to credit institutions / equity was 32.7% / 67.3% on 31 December 2023 (31 December 2022: 29.2% / 70.8%).

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 a pool of NSI's properties regarding a secured financing arrangement. 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	
	2023	2022	2023	2022
NSI - group-level	33.0%	28.7%	Yes	Yes

In 2023 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 2022.

INTEREST COVERAGE RATIO

NSI has two covenants relating to the interest coverage ratio (ICR):

- The interest coverage ratio for the abovementioned secured pool of properties 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	
	2023	2022	2023	2022
NSI - group-level	5.5	6.3	Yes	Yes

In 2023 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. 63% before breaching this covenant.

SOLVENCY

Based on the covenants, adjusted shareholders' equity at group level must be at least 40%. As per 31 December 2023 this was 68.1% (31 December 2022: 69.6%) 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.

18. INTEREST BEARING LOANS

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

	2023	2022
Balance as per 1 January	351,640	389,796
Drawn interest bearing loans	10,000	5,000
Transaction costs paid	-242	-339
Amortisation transaction costs	434	383
Repayment of interest bearing loans	-28,200	-43,200
Balance as per 31 December	333,632	351,640
Redemption requirement interest bearing loans		65,656
Balance as per 31 December	333,632	285,984

The maturities of the loans at 31 December 2022 and 31 December 2023 were as follows:

	31 December 2023			31 December 2022		
	Fixed interest	Variable interest	TOTAL	Fixed interest	Variable interest	TOTAL
Up to 1 year					65,656	65,656
From 1 to 2 years						
From 2 to 5 years	89,781	113,935	203,717	39,928	66,359	106,287
From 5 to 10 years	129,916		129,916	179,697		179,697
Total	219,697	113,935	333,632	219,624	132,016	351,640
Average interest rate (excl. interest-rate swaps)	2.0%	5.7%		2.0%	4.0%	

In 2023 € 65.7m of financing expired and an amended secured loan agreement for a new four year term was agreed. No financing will expire in 2024.

Loans outstanding have a remaining average maturity of 4.5 years (31 December 2022: 4.7 years) The weighted average annual interest rate on the loans and interest-rate swaps at the end of 2023 was 3.2% (31 December 2022: 2.0%). These include margin, utilisation fees and amortised costs and exclude commitment fees.

	31 December 2023			31 December 2022		
	Secured loans	Unsecured loans	TOTAL	Secured loans	Unsecured loans	TOTAL
Interest bearing loans - nominal value	55,000	280,000	335,000	65,700	287,500	353,200
Amortised costs	-213	-1,155	-1,368	-44	-1,516	-1,560
Total	54,787	278,845	333,632	65,656	285,984	351,640

During 2023 € 0.2m of financing costs were capitalised (2022: € 0.3m). The financing costs are recognised in the profit and loss account using the effective interest method.

As security for loans (up to € 55.0m), mortgages were pledged against investment property valued at € 172.4m (31 December 2022: € 230.0m), combined with pledges on rental income and maximum LTV requirements.

On 31 December 2023 loans and borrowings include a drawn amount of € 10.0m of a € 300.0m revolving credit facility (31 December 2022: € 17.5m of € 300.0m drawn).

The fair value of the loans on 31 December 2023 was € 311.0m (31 December 2022: € 322.1m).

19. OTHER NON-CURRENT LIABILITIES

	31 December 2023	31 December 2022
Security deposits	3,540	2,764
Lease liabilities	992	980
Other non-current accounts payable	4,533	3,744

The average term of the leases relating to the security deposits is 2.0 years (31 December 2022: 2.3 years).

The net present value of non-current future lease obligations amounts to € 1.0m, consisting of leasehold obligations (€ 0.7m) and car lease obligations (€ 0.3m).

20. 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 2023 was 1.3% (yearend 2022: 1.3%) per annum including margin.

	31 December 2023	31 December 2022
Credit facilities	25,000	25,000
Unused	13,988	10,963
Debts to credit institutions	11,012	14,037

21. CREDITORS AND OTHER PAYABLES

	2023	2022
Creditors	3,971	3,178
Taxes	3,074	1,918
Interest	603	1,357
Security deposits	1,770	1,994
Lease liabilities	325	373
Deferred income	7,158	6,129
Accruals	10,020	8,254
Other current payables	35	158
Creditors and other payables	26,956	23,361

As per 31 December 2023, the net present value included for leasehold obligations amounts to € 0.1m and for car lease obligations € 0.2m.

22. 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 2023		31 December 2022		
		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			2	1,163
Financial assets valued at amortised cost price						
Financial fixed assets		3	0		3	0
Debtors and other receivables	15	2	1,887		2	852
Cash and cash equivalents	16	1	202		1	196
Financial liabilities valued at fair value through profit or loss						
Derivative financial instruments		2		1,608	2	
Financial liabilities valued at amortised cost price						
Interest bearing loans	18	2	333,632		2	351,640
Other non-current liabilities	19	2	4,533		2	3,744
Debts to credit institutions	20	1	11,012		1	14,037
Creditors and other payables	21	2	16,724		2	15,314

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 2023		31 December 2022	
			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	15	AC	1,887	1,887	852	852
Cash and cash equivalents	16	AC	202	202	196	196
Financial assets			2,089	2,089	2,211	2,211
Interest bearing loans	18	AC	333,632	310,986	351,640	322,124
Derivative financial instruments		FVPL	1,608	1,608		
Other non-current liabilities	19	AC	4,533	4,533	3,744	3,744
Debts to credit institutions	20	AC	11,012	11,012	14,037	14,037
Creditors and other payables	21	AC	16,724	16,724	15,314	15,314
Financial liabilities			367,509	344,863	384,735	355,219

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

	31 December 2023				31 December 2022			
	# contracts	Nominal value	Fair value assets	Fair value liabilities	# contracts	Nominal value	Fair value assets	Fair value liabilities
Up to 1 year					9	147,500	1,163	
From 1 to 5 years	1	55,000		1,608				
Total	1	55,000		1,608	9	147,500	1,163	

NSI minimises its interest rate risk by swapping the variable interest it pays on part of its loans for a fixed interest rate by means of a contract with a fixed interest rate of 3.31% (2022: nine contracts with an interest rate varying from -0.11% to 0.73%) with a maturity date in 2027 (2022: 2023). The remaining maturity of the derivative is 3.5 years (2022: 0.4 years).

NSI is hedged at an interest rate of 3.3% (2022: 0.4%), excluding margin, 17.9% of the total outstanding variable interest loans are now under hedged (2022: over hedged 4.0%), 82.1% of the total volume is hedged (2022: 104.0%).

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 € 290.0m (maturity: 2.9 years; 2022: € 282.5m, maturity: 3.9 years).

The interest and repayment obligations were safeguarded for 2023 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 4.5 years (2022: 4.7 years).

At year-end 2023 NSI had € 25.0m of current account committed credit facilities with banks at its disposal, which is part of a total committed credit facility of € 300.0m. Of the current account committed credit facility € 11.0m was drawn on 31 December 2023 (31 December 2022: € 14.5m of € 25.0m drawn).

The total undrawn committed credit facilities of the interest-bearing loans and current account credit facilities amounted to € 279.0m at 31 December 2023. Furthermore, cash and cash equivalents amounted to € 0.2m at 31 December 2023. This brings the total of unused credit facilities and cash and cash equivalents to € 279.2m at 31 December 2023.

The contractual periods of the financial liabilities, including the estimated interest payments are stated below:

2023

	Book value	Contractual cash flow					
		TOTAL	< 6 months	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
Loans	333,632	376,124	5,233	5,291	10,525	222,181	132,894
Other non-current liabilities	4,533	4,946			689	2,835	1,422
Debts to credit institutions	11,012	11,012	11,012				
Creditors and other payables	16,724	16,733	16,276	457			
Non-derivative financial liabilities	365,901	408,816	32,522	5,748	11,213	225,016	134,317
Derivative financial instruments	1,608	1,249	178	180	357	534	
Total	367,509	410,064	32,700	5,928	11,570	225,550	134,317

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

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 2023.

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 2023 the interest coverage ratio was 5.5 (31 December 2022: 6.3), 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 2023 NSI held financial derivatives with a nominal value of € 55m (31 December 2022: € 147.5m) for the purpose of managing the interest rate risk on its loans.

SENSITIVITY OF INTEREST RATE

If the three-month variable interest rate were to rise 100 basis points compared to 31 December 2023, the theoretical interest expenses for 2024 would increase by € 0.6m (2022: decrease by € 0.1m), due to a 17.9% exposure on loans to variable interest rates, 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 decrease by € 0.6m (2022: increase by € 0.1m). 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.

2023

	Effective interest	TOTAL	< 1 year	1 - 2 years	2 - 5 years	> 5 years
Fixed interest loans	2.0%	219,697			89,781	129,916
Variable interest loans	5.7%	59,148			59,148	
Fixed interest as a result of swaps	5.2%	54,787			54,787	
Total	3.2%	333,632			203,717	129,916
Redemption obligations						
Balance as per 31 December 2023		333,632			203,717	129,916

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

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 2023	31 December 2022
Financial fixed assets	0	0
Derivative financial instruments		1,163
Debtors and other receivables	1,887	852
Cash and cash equivalents	202	196
Credit risk	2,089	2,211

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 A1 (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 2023	31 December 2022
Up to 1 month expired	901	254
From 1 to 3 months expired	216	34
From 3 months to 1 year expired	231	135
More than 1 year expired	386	480
Gross debtors	1,734	904

Aside from bank guarantees, security deposits for € 5.3m (2022: € 4.8m) were obtained to cover for potential loss of creditworthiness of tenants with regard to the receivables, of which € 1.8m (2022: € 2.0m) is relating to expiring lease contracts within one year.

Movement in the provision for impairment of doubtful debts was as follows:

	2023	2022
Balance as per 1 January	349	300
Addition to / release of provision	10	52
Write-off bad debts	-6	-2
Balance as per 31 December	353	349

Impairment losses recognised at 31 December 2023 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%

23. OFF-BALANCE SHEET ASSETS AND LIABILITIES

OFF- BALANCE SHEET ASSETS

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.

SHOPPING CENTER 'T LOON, HEERLEN - INSURANCE COMPANIES

Following the judgement of the The Hague Court of Appeal dated 21 November 2023, the association of owners of shopping mall 't Loon filed a claim with its general liability insurers to compensate the legal fees of the association of owners incurred as a consequence of the legal proceedings connected to the sinkhole in 2011. A first calculation of the legal fees incurred amount up to € 0.5m. NSI, as (former) member of the association owners, is entitled to approximately 60% of this claim.

OTHER

The company has entered into investment commitments for an amount of € 5.4m (31 December 2022: € 1.8m) relating to investment properties. For maintenance, technical property management, IT-providers etc. the company has entered into other contractual obligations for € 6.6m (31 December 2022: € 5.0m).

24. RELATED PARTIES

The following parties qualify as related parties:

- The company and its subsidiaries;
- 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 2023	31 December 2022
ICAMAP Investments SARL	10.0%	10.0%
BlackRock, Inc.	5.6%	5.8%
Clearance Capital Ltd.	5.1%	3.1%
Ameriprise Financial	< 3.0%	5.1%

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

	2023	2022
Jan-Willem de Geus	59	62
Jan-Willem Dockheer	44	44
Margreet Haandrikman	44	43
Karin Koks - Van der Sluis	48	54
Harm Meijer (up to 19 June 2023)	20	45
Remuneration Supervisory Board	215	247

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 2023 (2022: 0), except for Mrs. Koks - van der Sluis who holds 163 shares (2022: 163 shares). Furthermore, Mr. Meijer, who resigned from the Supervisory Board on 19 June 2023, is one of the shareholders at ICAMAP Investments SARL, holding 10.0% of the shares as per 31 December 2023 (2022: 10.0%).

REMUNERATION OF THE MANAGEMENT BOARD

2023

	Salary	Variable		Social security	Pension	Other	TOTAL	Equity holding # shares
		Long term	Short term					
Bernd Stahl	436		82	15	20	2	554	17,700
Alianne de Jong (up to 15 November 2023)	295		96	13	14	-9	409	8,522
Remuneration Management Board	730		178	28	34	-7	963	26,222

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

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 2023, no LTI remuneration was paid; the variable remuneration paid to the CEO amounted to € 82k (STI) and for the CFO to € 96k (STI).

The provision included in the balance sheet as per end of December 2023 amounts to € 189k. The provisions for the CEO and CFO on 31 December 2023 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 2023.

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..

25. SUBSIDIARIES

The following subsidiaries are included in the consolidated financial statements:

		31 December 2023	31 December 2022
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 I B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed IV B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed V B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed VI B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed VII B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed VIII B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed IX B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed X B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XI B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed X IIB.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XIII B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XIV B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XV B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XVI B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XVII B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XVIII B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XIX B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XX B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXI B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXII B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXIII B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXIV B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXV B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXVI B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXVII B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXVIII B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXIX B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXX B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXXI B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXXII B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXXIII B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXXIV B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXXXI B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXXXII B.V.	Amsterdam, The Netherlands	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%
NSI Vastgoed II B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed III B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXXV B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXXVI B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXXVII B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXXVIII B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXXIX B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXXX B.V.	Amsterdam, The Netherlands	100.0%	
NSI Vastgoed XXXXIII B.V.	Amsterdam, The Netherlands	100.0%	
HNK Services B.V.	Amsterdam, The Netherlands	100.0%	100.0%
NSI Development B.V.	Amsterdam, The Netherlands	100.0%	100.0%
NSI Projects I B.V.	Amsterdam, The Netherlands	100.0%	
NSI Projects II B.V.	Amsterdam, The Netherlands	100.0%	
NSI Projects III B.V.	Amsterdam, The Netherlands	100.0%	

COMPANY BALANCE SHEET (BEFORE PROPOSED PROFIT APPROPRIATION)

FOR THE YEAR ENDED 31 DECEMBER 2023

(x € 1,000)

	Note	31 December 2023	31 December 2022
Assets			
Intangible fixed assets		32	72
Tangible fixed assets		904	1,035
Financial fixed assets	1	1,053,066	1,257,092
Non-current assets		1,054,001	1,258,199
Current assets			
Debtors and other receivables		7,792	457
Derivative financial instruments			1,163
Cash and cash equivalents		5	133
Current assets		7,797	1,753
Total assets		1,061,798	1,259,952
Shareholders' equity			
Issued share capital	2	74,171	73,800
Share premium reserve	2	915,068	915,447
Participations reserve	2	103,835	206,861
Retained earnings	2	-240,823	-277,729
Total result for the year	2	-142,370	-31,370
Shareholders' equity		709,882	887,008
Liabilities			
Interest bearing loans		333,632	285,984
Derivative financial instruments		1,608	
Other non-current liabilities		275	151
Non-current liabilities		335,515	286,135
Current liabilities			
Redemption requirement interest bearing loans			65,656
Debts to credit institutions		11,012	14,037
Creditors and other payables		5,389	7,116
Current liabilities		16,401	86,809
Total liabilities		351,916	372,944
Total shareholders' equity and liabilities		1,061,798	1,259,952

The notes on pages 107 to 110 form an integral part of these company financial statements.

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

(x € 1,000)

	Note	2023	2022
Administrative costs	3	-4,563	-8,558
Other income and costs			-12
Financing income	4	1,763	
Financing costs	4	-10,703	-9,574
Movement in market value of financial derivatives	4	-2,771	2,902
Net financing result		-11,711	-6,672
Corporate result before tax		-16,273	-15,242
Corporate income tax			
Corporate result after tax		-16,273	-15,242
Result from participations		-126,097	-16,128
Total result for the year		-142,370	-31,370

The notes on pages 107 to 110 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 2023	31 December 2022
Balance as per 1 January	1,257,092	1,337,336
Result from participations	-126,097	-16,128
Changes in receivables from group companies	-77,930	-64,116
Balance as per 31 December	1,053,066	1,257,092

2. SHAREHOLDERS EQUITY

2023

	Issued share capital	Share premium reserve	(Statutory) participations reserve	Retained earnings	Result for the year	Shareholders' equity
Balance as per 1 January 2023	73,800	915,447	206,861	-277,729	-31,370	887,008
Total result for the year					-142,370	-142,370
Other comprehensive income / expense						
Total comprehensive income / expense for the year					-142,370	-142,370
Profit appropriation - 2022				-31,370	31,370	
Distribution final dividend - 2022	372	-379		-19,633		-19,640
Interim dividend - 2023				-15,116		-15,116
Subtraction from participations reserve			-103,026	103,026		
Contributions from and to shareholders	372	-379	-103,026	36,906	31,370	-34,757
Balance as per 31 December 2023	74,171	915,068	103,835	-240,823	-142,370	709,882

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

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 17 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 2022 and 2023, before appropriation of profits.

DIVIDEND

Taking into consideration the interim dividend of € 0.75 per share already distributed (2022: € 1.04; adjusted for stock consolidation), a final dividend of € 0.77 per share has been proposed (2022: € 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 2023 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 € 0.77 per share.

This puts the total dividend for 2023 at € 1.52 per share, of which € 0.75 per share was already distributed as an interim dividend in August 2023.

Based on the number of outstanding shares eligible for dividend (20,155,221), the total amount of the final dividend is € 15.5m 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 in the second quarter of 2024.

	2023
Total result for the year - 2023	-142,370
Interim dividend - 2023	-15,116
Proposed final dividend - 2023	-15,520
On balance subtracted from the reserves	-173,006

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

	2023	2022
Salaries and wages	-5,293	-5,195
Social security	-624	-620
Pensions	-367	-336
Depreciation right of use tangible fixed assets	-267	-284
Other staff costs	-1,274	-1,182
Staff costs	-7,825	-7,618
Compensation supervisory board	-252	-251
Depreciation and amortisation	-348	-445
Other office costs	-1,373	-1,476
Office costs	-1,721	-1,920
Audit, consultancy and valuation costs	-1,772	-1,269
Other administrative costs	-1,053	-1,332
Administrative costs	-12,624	-12,390
Allocated administrative costs	8,061	3,833
Administrative costs	-4,563	-8,558

4. NET FINANCING RESULT

	2023	2022
Interest income	1,763	
Financing income	1,763	
Interest costs	-10,211	-9,115
Other financing costs	-492	-459
Financing costs	-10,703	-9,574
Movement in market value of financial derivatives	-2,771	2,902
Net financing result	-11,711	-6,672

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 Dutch sales tax, and is therefore jointly and severally liable for the tax payable by the sales tax group as a whole.

6. AUDIT FEES

PricewaterhouseCoopers Accountants N.V. charged the following fees to NSI and its subsidiaries:

	2023	2022
Audit financial statements	-356	-172
Other audit related services	-93	-55
Audit fees	-449	-227

In the 2023 financial year, an amount of € 356k for 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 (2022: € 172k).

The audit fees charges in 2023 are related to the audit of 2022 accounts (€ 186k) and the audit of 2023 accounts ((€ 171k). Other audit fees in 2023 consists of ESG-audit fees for 2022 (€ 60k) and 2023 (€ 33k).

7. EVENTS AFTER BALANCE SHEET DATE

The sale of the investment property under construction Laanderpoort, Amsterdam was completed in January 2024 for a total of € 24.0m (before transactions costs).

Amsterdam, 7 March 2024

THE MANAGEMENT BOARD

Bernd Stahli, *CEO*

THE SUPERVISORY BOARD

Jan-Willem de Geus, *Chairman*

Jan-Willem Dockheer

Margreet Haandrikman

Karin Koks - Van der Sluijs

Marlies Janssen



OTHER INFORMATION

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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 2023

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 2023 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 2023 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 2023 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 2023;
- the following statements for 2023: 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 2023;
- 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 2023. NSI N.V. has classified three projects 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.

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 and significant accounting estimates. Refer for further details to our key audit matters. 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.

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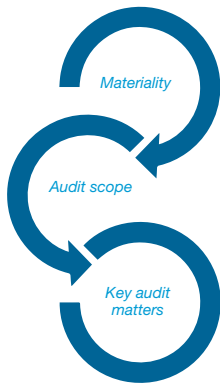
'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber 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.

Due to a change in FBI legislation NSI has undergone a restructuring in which most of the properties are now in separate entities, which are subject to corporate income tax. As result of the restructuring a Deferred tax asset was recognised. The Deferred tax assets are subject to significant risk of misstatement either through error or management bias (fraud). We therefore considered this area as a key audit matter.

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, tax and IT in our team.

The outline of our audit approach was as follows:



Materiality

- Overall materiality: €5,324,000
- Specific materiality: €2,047,000

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;
- Valuation of Deferred tax assets

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	€5,324,000	€2,047,000
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 2023.	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 €266,000 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. In addition to the reliance on the SOC1 report we have performed substantive testing procedures.

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.

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 2023 only sales took place.

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 assumptions 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.

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.

IDENTIFIED FRAUD RISK

AUDIT WORK AND OBSERVATIONS

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 authorisation 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.

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, obtained legal letters and, when applicable, results of management board's investigation of such matters.

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 2023 the carrying value of the Group's investment property portfolio was €1,029 million (2022: €1,259 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.

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.

KEY AUDIT MATTER

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.

Significant assumption in the Deferred tax assets

[reference to note 13 in the annual report]

Due to a change in legislation, as from 2025 FBI's can no longer directly invest in Dutch real estate. In 2023, NSI has undergone a restructuring in which most of the properties are now in separate entities, which are subject to corporate income tax. NSI N.V. intends to remain an FBI at least to the end of 2024. As result of the restructuring a Deferred tax asset was recognised.

Deferred tax assets are recognised as income tax to be reclaimed in future periods relating to offsetable temporary differences between book value and the fiscal value of assets and liabilities.

They also relate to the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable benefits will be available against which unused tax losses and tax credits can be utilised.

Deferred tax assets are only recognised if it is likely that the temporary differences will be settled in the near future and sufficient taxable profit will be available for settlement.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The basis of the deferred tax asset is the differences between the book value ad. €1,005 million and their fiscal book value ad. €1,178 million. Based on the assessment of management a Deferred tax asset has been formed ad. €38.654 million.

This also effects the Corporate income tax that directly impact the statement of comprehensive income. As a result, the Deferred tax assets are 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

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.

In relation to the significant assumption in the deferred tax asset we have:

- evaluated that the management board has designed and implemented appropriate internal controls on the valuation process (book value and fiscal value), refer also to Significant assumption in the valuation of investment property;
- evaluated the calculation methods as applied by the management board;
- evaluated the significant assumption made by the management board by assessing the cashflow forecast of the standalone entities in the deferred tax asset calculation;
- evaluated the applied tax rates for calculating the deferred tax asset.
- for the deferred tax asset calculation, we have challenged the (significant) assumptions used (including the book value, fiscal value and tax rate used) against normal market practice. We have involved our internal tax experts in these assessments.

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 eight 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.

Rotterdam, 7 March 2024

PricewaterhouseCoopers Accountants N.V.

A.A. Meijer MSc RA

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2023 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.

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR


TO: THE GENERAL MEETING AND THE SUPERVISORY BOARD OF NSI N.V.

LIMITED ASSURANCE REPORT ON THE SELECTED NON-FINANCIAL INDICATORS IN THE ANNUAL REPORT 2023

OUR CONCLUSION

We have examined the selected non-financial indicators marked with symbol  in the Annual Report 2023 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 2023 of NSI N.V. over 2023 is not prepared in all material respects, in accordance with 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 2023' in the Annual Report 2023 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. BREEAM 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 & alignment: 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.

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 maintains 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 2023. 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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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 omission, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's reporting process on 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 from the 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 2023, 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.

Rotterdam, 7 March 2024

PricewaterhouseCoopers Accountants N.V.

A.A. Meijer RA
partner

SUPPLEMENTARY INFORMATION

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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	31.8%	35.3%
Cushman & Wakefield	31.8%	34.8%
JLL	36.4%	29.9%
Total	100.0%	100.0%

Top 10 tenants

	# lease contract	% total contracted rent
Government	10	13.8%
Spaces	3	10.2%
KPN	5	7.2%
Janssen Vaccines & Prevention	3	5.3%
WeWork	1	4.5%
Airbus Defence and Space	1	2.0%
ABN AMRO Bank	1	1.6%
Federatie Nederlandse Vakbeweging	1	1.1%
Seres	1	1.0%
BDO Holding	1	1.0%
	27	47.5%

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 2023 NSI had 20,054,240 ordinary shares outstanding. During 2023, in total 100,981 shares have been issued and distributed in relation the distribution of stock dividend (final 2022 dividend and interim 2023 dividend). At 31 December 2023 NSI had 20,155,221 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 2023.

31 December 2023	
ICAMAP Investments SARL	10.0%
BlackRock, Inc.	5.8%
Clearance Capital Ltd.	5.1%
Ameriprise Financial	< 3.0%

FINANCIAL CALENDAR

Publication trading update Q1 2024	14 April
Annual General Meeting	19 April 2024
Publication annual half year results 2024	17 July 2024
Publication trading update Q3 2024	16 October 2024

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 2023)	23 April 2024
Record date	24 April 2024

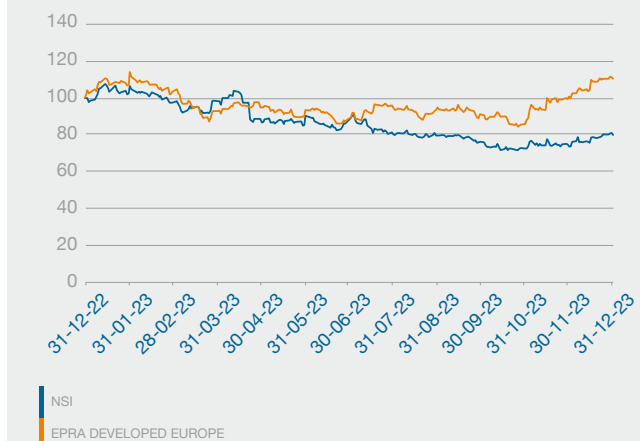
CHANGES TO DUTCH REIT (FBI) REGIME

In its tax plan for 2023 the Dutch Government announced plans to abolish the FBI regime. Legislation has now been passed such that as of 2025 FBI's can no longer directly invest in Dutch real estate. NSI NV intends to remain an FBI at least up to the end of 2024. NSI has executed the necessary restructuring in 2023 to limit the negative impact of this legislative change.

PERFORMANCE OF THE NSI SHARE

Share price low	€16.62
Share price high	€25.50
Closing price on 31 December 2023	€18.76
Proposed dividend per share for the 2023 financial year	Total €1.52 Interim €0.75 Final €0.77
# outstanding shares outstanding at 31 December 2023	20,155,221
Market capitalisation at 31 December 2023	€378 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	6,224	1988	2015
4	Cruquiusweg	Cruquiusweg 111	Amsterdam	Freehold	3,278	2006	2007
5	Glasshouse	Changiweg 130, Teleportboulevard 121-133	Amsterdam	Leasehold	22,981	2009	2016
6	Hettenheувelweg I	Hettenheувelweg 37-39	Amsterdam	Leasehold	2,474	1987	1997
7	Hettenheувelweg II	Hettenheувelweg 41-43	Amsterdam	Leasehold	2,480	1988	1997
8	HNK Amsterdam Houhavens	Van Diemenstraat 20-200	Amsterdam	Leasehold	10,323	2014	1999
9	HNK Amsterdam Schinkel	Anthony Fokkerweg 1	Amsterdam	Freehold	5,373	2018	1997
10	HNK Amsterdam Sloterdijk	Radarweg 60	Amsterdam	Leasehold	16,011	2023	2018
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	5,090	1995	1997
15	Laanderpoort	Bijlmerdreef 100	Amsterdam	Leasehold	12,739	2013	2017
16	One20	Teleportboulevard 120 - 142	Amsterdam	Leasehold	9,743	2001	2020
17	Q-Port	Kingsfordweg 43-117	Amsterdam	Leasehold	12,771	2001	2018
18	Solaris Eclips	Arlandaweg 98	Amsterdam	Leasehold	4,151	2001	2001
19	Trivium	Derkinderenstraat 2-24	Amsterdam	Leasehold	8,315	2000	2019
20	Vitrum	Parnassusweg 101, 103, 126, 128	Amsterdam	Leasehold	11,612	2013	2017
21	Vivaldi Offices I	Barbara Strozziilaan 201-229	Amsterdam	Leasehold	9,493	2009	2015
22	Vivaldi Offices II	Barbara Strozziilaan 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	14,360	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	21,532	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	6,163	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	2,947	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	Fellenoord	Fellenoord 310-370	Eindhoven	Freehold	4,183	1987	1996
3	Hooghuisstraat / Keizersgracht	Hooghuisstraat 18-30, Keizersgracht 3-11	Eindhoven	Freehold	10,908	1970	2008
4	Kennedyplein	Kennedyplein 101	Eindhoven	Freehold	6,643	2000	2017
5	Beukenhaghe	Neptunusstraat 15-37	Hoofddorp	Freehold	4,754	1991	1991
6	Archimedesweg	Archimedesweg 17 - 25	Leiden	Leasehold	2,522	2001	2001
7	Archimedesweg I	Archimedesweg 6	Leiden	Leasehold	7,207	2000	2017
8	Archimedesweg II	Archimedesweg 30	Leiden	Leasehold	2,686	1999	2019
9	Mendelweg	Mendelweg 30	Leiden	Leasehold	6,198	2008	2021
10	Newtonweg	Newtonweg 1	Leiden	Leasehold	9,408	1993	2015

ESG (NON-FINANCIAL) PERFORMANCE MEASURES 2023

Impact area	GRI Standard	INREV Indicator ID	Abbreviation (EPRA)	Units of measure	Indicator	Notes	Absolute performance (Abs)			Like-for-like performance (LfL)							
							2023	2022	% change	2023	2022	% change					
Energy	GRI Standard 302-1	ENV29	Fuels-Abs, Fuels-LfL	annual kWh	Fuels	Total fuels purchased by landlord	B	4,902,028	7,260,436	-32.5%	4,642,211	5,491,965	-15.5%				
						Proportion of fuels purchased by landlord from renewable resources		-	-	-	-	-	-				
		ENV31				Total fuels purchased by tenant	C	2,749,891	2,882,537	-4.6%	2,749,891	2,612,892	5.2%				
						Proportion of fuels purchased by tenant from renewable resources		-	-	-	-	-	-				
		ENV32				Total landlord- and tenant- purchased fuels	✓	7,651,919	10,142,973	-24.6%	7,392,101	8,104,857	-8.8%				
						Proportion of landlord- and tenant- purchased fuels from renewable resources		-	-	-	-	-	-				
		ENV32				No. of applicable properties	✓	22 out of 22	26 out of 27	-	20 out of 20	20 out of 20	-				
						Covered applicable sqm	✓	100.0%	98.7%	1.6%	100.0%	100.0%	0.0%				
						%		-	-	-	-	-	-				
						Proportion of fuels estimated - PCAF		-	-	-	-	-	-				
	GRI Standard 302-1/302-2	ENV33	DH&C-Abs, DH&C-LfL	annual kWh	District heating and cooling	Total district heating and cooling purchased by landlord	C	9,459,150	9,310,981	1.6%	9,241,186	9,300,418	-0.6%				
						Total district heating and cooling purchased by tenant	C	3,673,197	4,130,300	-11.1%	3,673,197	4,130,300	-11.1%				
		ENV35				Total landlord- and tenant- purchased heating and cooling	C	13,132,347	13,441,275	-2.3%	12,914,383	13,430,718	-3.8%				
						No. of applicable properties	✓	22 out of 23	22 out of 23	-	21 out of 21	21 out of 21	-				
		ENV35				Covered applicable sqm	✓	93.7%	95.2%	-1.5%	100.0%	100.0%	0.0%				
						%		-	-	-	-	-	-				
		GRI Standard 302-1/302-2				ENV37	Elec-Abs, Elec-LfL	annual kWh	Electricity	Total electricity purchased by landlord	B+C	16,410,622	18,200,793	-9.8%	16,104,394	16,699,471	-3.6%
										Total generated off-site electricity and purchased by landlord		15,914,219	17,593,480	-9.5%	15,607,991	16,215,815	-3.7%
	ENV8		Generated and consumed on-site electricity purchased by landlord from renewable resources		496,403	607,312				-18.3%	496,403	483,656	2.6%				
			Proportion of on-site landlord-obtained electricity from renewable resources of electricity purchased by landlord		3.0%	3.3%				-9.3%	3.1%	2.9%	6.4%				
	ENV9		Generated on-site and exported by landlord		60,460	-				-	60,460	-	-				
			Proportion of off-site electricity purchased by landlord from renewable resources of electricity purchased by landlord		97.0%	96.4%				0.6%	96.9%	96.8%	0.1%				
	ENV39		Total electricity purchased by tenant	C+D	13,579,246	14,130,181				-3.9%	13,141,985	13,773,211	-4.6%				
			Total generated off-site and purchased by tenant		13,563,446	14,077,305				-3.7%	13,126,185	13,720,335	-4.3%				
	ENV12		Generated and consumed on-site by third party or tenant		15,800	52,876				-70.1%	15,800	52,876	-70.1%				
			Proportion of on-site tenant or third party-obtained electricity from renewable resources of electricity purchased by tenant		0.12%	0.37%				-68.9%	0.1%	0.4%	-68.7%				
	ENV10		Proportion of off-site electricity purchased by tenant from renewable resources of electricity purchased by tenant		99.9%	99.6%				0.3%	99.9%	99.6%	0.3%				
			Total landlord- and tenant- purchased electricity consumption	✓	29,989,867	32,330,973				-7.2%	29,246,379	30,472,682	-4.0%				

✓ Refers to the limited assurance report of the independent auditor (see page 120). The limited assurance applies to the absolute performance only (excluding like for like performance).
A up to and including D refers to Measurement Methodology and Assumptions (see page 131)

Impact area	GRI Standard	INREV Indicator ID	Abbreviation (EPRA)	Units of measure	Indicator	Notes	Absolute performance (Abs)			Like-for-like performance (LFL)						
							2023	2022	% change	2023	2022	% change				
Energy	GRI Standard 302-1/302-2	ENV10	Elec-Abs, Elec-LFL	annual kWh	Electricity	Proportion of on-site landlord- and tenant-purchased electricity from renewable resources of total electricity		1.7%	2.0%	-16.4%	1.8%	1.8%	-0.5%			
						Proportion of off-site landlord- and tenant-electricity from renewable resources of total electricity		98.3%	98%	0.5%	98.2%	98.1%	0.2%			
				No. of applicable properties	Electricity disclosure coverage	✔	46 out of 46	51 out of 51	-	43 out of 43	43 out of 43	-				
				Covered applicable sqm	Electricity disclosure coverage - %	✔	100.0%	100.0%	0.0%	100.0%	100.0%	0.0%				
				%	Proportion of electricity estimated - PCAF		-	-	-	-	-	-				
		Solar panels		On-site solar panels - No.Applicable Assets		12 out of 12	13 out of 14	-	12 out of 12	11 out of 11	-					
					No. of solar panels		2,318	2,678	-13.4%	2,318	2,318	0.0%				
				No. of applicable properties	Energy consumption	Total energy consumption purchased by landlord		30,771,799	34,772,210	-11.5%	29,987,791	31,491,854	-4.8%			
						Total energy consumption purchased by tenant		20,002,334	21,143,018	-5.4%	19,565,073	20,516,403	-4.6%			
						Estimated energy consumption purchased by landlord - PCAF		-	-	-	-	-	-			
	annual kWh / sqm	Energy Intensity	(sum of) annual kWh energy consumption	✔	50,774,133	55,915,222	-9.2%	49,552,864	52,008,257	-4.7%						
			(sum of) floor area (m ²) - Energy	A	406,141	427,197	-4.9%	380,001	380,562	-0.1%						
	GRI Standard 302-3	ENV1, ENV2, ENV3, ENV4	Energy-Int (all assets)	kWh	Energy consumption	Building energy intensity	✔	125	131	-4.5%	130	137	-4.6%			
						No. of applicable properties	Energy and associated GHG disclosure coverage		46 out of 46	52 out of 52	-	43 out of 43	43 out of 43	-		
								Covered applicable sqm	Energy and associated GHG disclosure coverage - %		98.4%	100.0%	-1.6%	99.6%	99.7%	-0.1%
						Covered applicable sqm	Total operational energy and associated GHG data coverage	Common area - Energy coverage		-	-	-	-	-	-	
								Shared Services - Energy coverage		-	-	-	-	-	-	
		Tenant space - Energy coverage			-			-	-	-	-	-				
		%		Proportion of energy estimated - PCAF		-	-	-	-	-	-					
					%	Proportion energy from renewables resources		59.1%	57.7%	2.3%	59.0%	58.5%	0.9%			
		ENV6, ENV7		No. of applicable properties			Energy and associated GHG disclosure coverage	Covered applicable sqm	Whole building - Energy coverage		98.4%	100.0%	-1.6%	99.6%	99.7%	-0.1%
Common area - Renewable Energy coverage						-			-	-	-	-	-			
Shared Services - Renewable Energy coverage			-		-	-			-	-	-					
Tenant space - Renewable Energy coverage			-		-	-			-	-	-					
Whole building - Renewable Energy coverage			100.0%		100.0%	0.0%			100.0%	100.0%	0.0%					
ENV13	Covered applicable sqm	Renewable energy data coverage	Common area - Renewable Energy coverage		-	-	-	-	-	-						
			Shared Services - Renewable Energy coverage		-	-	-	-	-	-						
			Tenant space - Renewable Energy coverage		-	-	-	-	-	-						
			Whole building - Renewable Energy coverage		100.0%	100.0%	0.0%	100.0%	100.0%	0.0%						
			ENV14, ENV17	GHG-Dir-Abs	annual kg CO2e	Direct	LB: Scope 1		897,855	1,329,822	-32.5%	850,267	1,005,908	-15.5%		
							LB: estimated - PCAF emissions Scope 1		-	-	-	-	-	-		
							ENV15, ENV17	GHG-Indir-Abs	Indirect	LB: Scope 2		8,090,807	9,045,782	-10.6%	7,765,329	8,361,441
LB: estimated - PCAF emissions Scope 2		-	-	-	-	-				-						
GRI Standard 305-2 and 305-3	ENV16, ENV17	GHG-Indir-Abs	Indirect	LB: Scope 3		6,006,116	6,618,942	-9.3%	5,857,711	6,428,911	-8.9%					
				LB: estimated - PCAF emissions Scope 3		-	-	-	-	-	-					
				GRI Standard 305-4	ENV18	GHG-Int (all assets)	kg CO2e / sqm / year	GHG emissions intensity	LB: (sum of) annual GHG emissions - Total operational carbon	✔	14,994,778	16,994,546	-11.8%	14,473,307	15,796,260	-8.4%
									LB: (sum of) floor area (m ²) - GHG	A	406,141	427,197	-4.9%	380,001	380,562	-0.1%
ENV20, 21	GHG-Int (all assets)	kg CO2e / sqm / year	GHG emissions intensity	LB: Building operational carbon intensity	✔	37	39	-7.0%	38	42	-8.2%					
				%	LB: Proportion of GHG estimated - PCAF		-	-	-	-	-	-				

✔ Refers to the limited assurance report of the independent auditor (see page 120). The limited assurance applies to the absolute performance only (excluding like for like performance).
A up to and including D refers to Measurement Methodology and Assumptions (see page 131)

Impact area	GRI Standard	INREV Indicator ID	Abbreviation (EPRA)	Units of measure	Indicator	Notes	Absolute performance (Abs)			Like-for-like performance (Lfl)					
							2023	2022	% change	2023	2022	% change			
Green-house gas emissions - PCAF Location Based	GRI Standard 305-4	ENV20, 21	GHG-Int (all assets)	annual kg CO2e	1a	LB: Score 1		-	-	-	-	-	-		
					1b	LB: Score 2		14,827,001	16,767,996	-11.6%	14,473,307	15,796,260	-8.4%		
					2a	LB: Score 3		-	-	-	-	-	-		
					2b	LB: Score 4		-	-	-	-	-	-		
					3	LB: Score 5		-	-	-	-	-	-		
Green-house gas emissions - Market based*	GRI Standard 305-1	ENV14 ENV17	GHG-Dir-Abs	annual kg CO2e	Direct	MB: Scope 1		897,855	1,329,822	-32.5%	850,267	1,005,908	-15.5%		
						MB: estimated - PCAF emissions Scope 1		-	-	-	-	-	-		
	GRI Standard 305-2 and 305-3	ENV15 ENV17 ENV16 ENV17	GHG-Indir-Abs			Indirect	MB: Scope 2		853,215	839,850	1.6%	833,555	838,898	-0.6%	
							MB: estimated - PCAF emissions Scope 2		-	-	-	-	-	-	
							MB: Scope 3		834,992	900,519	-7.3%	834,992	851,130	-1.9%	
							MB: estimated - PCAF emissions Scope 3		-	-	-	-	-	-	
	GRI Standard 305-4	ENV18 ENV20, 21	GHG-Int (all assets)	kg CO2e / sqm / year	GHG emissions intensity		MB: (sum of) annual GHG emissions - Total operational carbon	✔	2,586,063	3,070,191	-15.8%	2,518,815	2,695,936	-6.6%	
							MB: (sum of) floor area (m2) - GHG	✔	406,141	427,197	-4.9%	380,001	380,562	-0.1%	
							MB: Building operational carbon intensity	✔	6	7	-11.4%	7	7	-6.4%	
							MB: Proportion of GHG estimated - PCAF		-	-	-	-	-	-	
Green-house gas emissions - PCAF Market Based				annual kg CO2e		1a	MB: Scope 1		-	-	-	-	-		
						1b	MB: Scope 2		2,586,063	3,070,191	-15.8%	2,518,815	2,695,936	-6.6%	
						2a	MB: Scope 3		-	-	-	-	-	-	
						2b	MB: Scope 4		-	-	-	-	-	-	
						3	MB: Scope 5		-	-	-	-	-	-	
Water	GRI Standard 303-5	ENV24 ENV54 ENV56	Water-Abs, Water-LfL	annual cubic metres (m3)	Water	Total purchased by landlord water consumption	B	55,213	49,723	11.0%	50,981	44,549	14.4%		
						Total purchased by tenant water consumption	C	22,005	34,221	-35.7%	20,590	13,257	55.3%		
						Total water consumption	✔	77,219	83,944	-8.0%	71,571	57,806	23.8%		
		ENV57 ENV59 ENV55	Water-Int (all assets)	annual m3 / sqm	Water Intensity	(sum of) floor area (m ²) - Water	✔	391,469	420,300	-6.9%	353,936	353,936	0.0%		
						Building water intensity	✔	0,20	0,20	-1.2%	0,20	0,16	23.8%		
						No. of applicable properties	✔	43 out of 46	50 out of 51	-	39 out of 39	39 out of 39	-		
						Covered applicable sqm	✔	94,8%	97,4%	-2,7%	100,0%	100,0%	0.0%		
		ENV55	%	Proportion of water estimated - PCAF		-	-	-	-	-	-				
		Waste	GRI Standard 306-3 / 306-4 / 306-5	ENV63 ENV62 ENV25 ENV65	Waste-Abs, Waste-LfL	annual tonnes	Waste type	Hazardous waste		-	-	-	-	-	-
								Non-Hazardous waste		750	938	-20.0%	-	-	-
Total waste created								750	938	-20.0%	-	-	-		
Total landlord controlled waste generated	✔							699	938	-25.5%	-	-	-		
ENV65	proportion by disposal route (%)			Disposal routes	Landfill (with or without energy recovery)		-	-	-	-	-	-			
					Incineration (with or without energy recovery)		0.6%	-	0.6%	-	-	-			
					Diverted (total)		94.2%	94%	0.2%	-	-	-			
					Diverted - Reuse		-	-	-	-	-	-			
					Diverted - Waste to energy		63.3%	66%	-4.1%	-	-	-			
					Diverted - Recycling		30.9%	28%	10.4%	-	-	-			
					Other / Unknown		5.2%	6%	-13.5%	-	-	-			
ENV66	No. of applicable properties			Waste disclosure coverage	✔	29 out of 46	29 out of 51	-	-	-	-				
				Covered applicable sqm	✔	65,7%	79,7%	-17,6%	-	-	-				
ENV61	%	Proportion of waste estimated - PCAF		-	-	-	-	-	-						

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A up to and including D refers to Measurement Methodology and Assumptions (see page 131)

*Absolute data 2022 deviates from last year's annual report due to applying another emission factor.

Impact area	GRI Standard	INREV Indicator ID	Abbreviation (EPRA)	Units of measure	Indicator	Notes	Absolute performance (Abs)			Like-for-like performance (Lfl)							
							2023	2022	% change	2023	2022	% change					
Certification		ENV26	Cert-Tot	% of m2	Percentage of assets with a certificate	Common area - % Certificate		-	-	-	-	-	-				
						Shared Services - % Certificate		-	-	-	-	-					
						Tenant space - % Certificate		-	-	-	-	-					
						Whole building - % Certificate		91.1%	86.7%	5.2%	97.7%	97.7%	0.0%				
				Green Building Certification	Covered applicable properties	Certified by at least one Green Building Certification	✔	42 out of 46	46 out of 49	-	41 out of 46	41 out of 46	-				
						Certified by at least one Green Building Certification - %	✔	91.1%	94.0%	-3.0%	97.7%	97.7%	0.0%				
					BREEAM New Construction - Level of certification	New Construction - Outstanding	New Construction - Outstanding		-	-	-	-	-	-			
							New Construction - Excellent		-	-	-	-	-	-			
							New Construction - Very Good		-	-	-	-	-	-			
							New Construction - Good		-	-	-	-	-	-			
							New Construction - Pass		-	-	-	-	-	-			
							BREEAM In Use - Level of certification	In Use - Outstanding	In Use - Outstanding		-	-	-	-	-	-	
					In Use - Excellent	✔	38%		36%	4.9%	40.8%	40.8%	0.0%				
					In Use - Very Good	✔	35%		30%	15.7%	37.5%	37.5%	0.0%				
					In Use - Good	✔	13%		14%	-6.2%	14.2%	14.2%	0.0%				
					In Use - Pass	✔	6%		10%	-44.8%	5.1%	5.1%	0.0%				
					GPR Gebouw - Level of certification	Design & Construction	Operational		-	-	-	-	-	-			
									-	-	-	-	-	-			
					Energy Ratings	ENV27			% of m2	Percentage of assets with an energy rating	Common area - % Energy Rating		-	-	-	-	-
											Shared Services - % Energy Rating		-	-	-	-	-
Tenant space - % Energy Rating		-	-	-							-	-					
Whole building - % Energy Rating		100.0%	100.0%	0.0%							100.0%	100.0%	0.0%				
EU EPC	Covered applicable properties	Certified EU EPC	✔	46 out of 46					49 out of 49	-	43 out of 46	43 out of 46	-				
		% of asset value	✔	100.0%					100.0%	0.0%	100.0%	100.0%	0.0%				
	Level of certification	A++++	A++++	✔					-	-	-	-	-	-			
			A++++	✔					-	-	-	-	-	-			
			A+++	✔					-	-	-	-	-	-			
			A++	✔					15%	13%	16.3%	16.3%	16.3%	0.0%			
			A+	✔					12%	10%	18.9%	12.9%	12.9%	0.0%			
			A	✔					68%	65%	-9.7%	63.5%	63.5%	0.0%			
			B	✔					4%	8%	5.8%	4.8%	4.8%	0.0%			
			C	✔					1%	4%	45.8%	2.5%	2.5%	0.0%			
			D	✔					-	-	-	-	-	-			
			E	✔					-	-	-	-	-	-			
	GRESB Score			✔					94 out of 100	93 out of 100							

✔ Refers to the limited assurance report of the independent auditor (see page 120). The limited assurance applies to the absolute performance only (excluding like for like performance).
A up to and including D refers to Measurement Methodology and Assumptions (see page 131)

ENVIRONMENTAL SUSTAINABILITY PERFORMANCE MEASURES

EU TAXONOMY

	Note	2023 eligibility	2023 alignment	2023 alignment*
Turnover	✓	100%	0%	93.3%
Capex	✓	100%	0%	95.5%
Opex	✓	100%	0%	90.4%

SOCIAL PERFORMANCE MEASURES

	Note	2023	2022			
Diversity - Emp	Employee gender diversity	Female	58.2%	52.3%	Percentage of employees	
		Male	41.8%	47.7%		
Diversity-Pay	Gender pay ratio	Management Board	1.18	1.23	Ratio	
		Senior Management	1.33	1.36		
		Operations	2.44	2.07		
		Support Staff	1.17	1.00		
		Total	✓	2.03		1.74
Emp-Training	Employee training and development	✓	55	83		
Emp-Dev	Employee performance appraisals	✓	100.0%	100.0%		
Emp- Turnover	New hires and turnover	New hires	✓	15	20	New hires headcount
			22.4%	30.8%	New hires percentage	
		Leavers	✓	-13	-15	Leavers headcount
			-19.4%	-23.1%	Leavers percentage	
H&S-Emp	Employee health and safety	Absentee rate	✓	4.2%	3.5%	
		Injury rate	✓	0.0%	0.0%	
		Work related fatalities	✓	0	0	
H&S-Asset	Asset health and safety assessments	✓	14 out of 46	33 out of 49		
H&S-Comp	Asset health and safety compliance	Number of incidents	✓	3	2	
Comty-Eng	Community engagement, impact assessment and development programs		9 out of 46	10 out of 49	HNK office app in all HNK's	

GOVERNANCE PERFORMANCE MEASURES

		2023	2022	
Gov-Board	Composition of the highest governance body	Page 55-59	Page 64-68	See composition and total number
Gov-Selec	Process for nominating and selecting the highest governance body	Page 55-59	Page 64-68	Narrative on process
Gov-Col	Process for managing conflicts of interest	Page 55-59	Page 64-68	Narrative on process

✓ refers to the limited assurance report of the independent auditor (see page 120)

* Alignment if minimum social safeguards would have been fully met. See page 132 for more information.

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 2023. Assets that were acquired (not applicable in 2023) or disposed during 2023 were excluded from the Like-for-like performance analysis.

MEASUREMENT SCOPE AND COVERAGE

In 2023, 100% of the total portfolio value belonged to the measurement scope, which corresponds to 46 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 138 to 139 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.

In addition, there has been a change in the methodology and presentation of GreenHouseGas emissions. In the Annual Report 2023, the emissions are presented on a market-based and location-based basis.

Finally, there has been a change in the methodology used to convert energy consumption into CO₂ emissions. The methodology has changed from CO₂emissiefactoren.nl to CRREM (Carbon Risk Real Estate Monitor's) emission factors.

ESTIMATION AND EXTRAPOLATION OF CONSUMPTION DATA

At the time of publication of this report, not all data are available for the measurement year 2023 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. 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, assets sold in the reporting period are not included in this calculation.

This means that:

- 3 assets are excluded from Like-for-Like Performance as these assets were not fully operational during the reporting period of 2023.

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.

EU TAXONOMY

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 description of the EU taxonomy compass, 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

Of the 6 environmental objectives, EPRA's analysis indicates that only the objectives of the 'Climate Change Mitigation', 'Climate Change Adaptation' and 'Transition to a Circular Economy' have a focus on the Real Estate sector. Only Climate change mitigation and Climate Change adaptation have been in force since 2022. The other four remaining objectives were adopted by Commission Delegated Regulation (not in force until publication in the Official Journal) of 27 June 2023 of the European Parliament and are in force since 2023.

KEY ACTIVITIES OF THE TSC FOR CONSTRUCTION AND REAL ESTATE

CONSTRUCTION AND RENOVATION OF BUILDINGS		INSTALLATION, MAINTENANCE AND REPAIR ACTIVITIES				ACQUISITION AND OWNERSHIP OF BUILDINGS
						
STAND-ALONE	TRANSITIONAL	ENABLING	ENABLING	ENABLING	ENABLING	STAND-ALONE
Construction of new buildings	Renovation of existing buildings	Individual renovation measures consisting of installation, maintenance and repair of energy efficiency equipment	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings	Installation, maintenance and repair of renewable energy technologies	Acquisition and ownership of buildings
Note: Development of building projects for residential and non-residential buildings by bringing together financial, technical and physical means to achieve the building projects for a later sale and the construction of complete buildings, on a now-account for sale, on a fee or contract basis.	Note: Construction and civil engineering works or preparation thereof.					Note: Buying real estate and exercising ownership of that real estate.

NSI'S TAXONOMY ELIGIBILITY AND ALIGNMENT

- **Eligibility:** An analysis was performed on NSI's portfolio based on the Taxonomy-recognised activity of "Acquisition and Ownership of buildings" as defined by the EU taxonomy of sustainable activities (see graph on page 132 for the Key activities).
- 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 in which the building was built (different conditions for buildings built before or after 31 December 2020) and on the energy performance certificates. Please see the graph below for a more detailed explanation.
- The CapEx KPI is defined as Taxonomy-aligned CapEx (numerator) divided by our total CapEx (denominator). The allocation of our Capital Expenditures (CapEx) towards assets aligned with the EU Taxonomy offers a transparent insight into NSI's strategic path. Specifically, channelling a significant portion of our overall CapEx into assets that align with the EU Taxonomy demonstrates our commitment to fostering a portfolio that is both sustainable and resilient to climate change. This approach not only guides our transition strategies but also provides the necessary financial support. To ascertain the proportion of our CapEx that aligns with the EU Taxonomy, we calculate this by dividing the CapEx invested in EU Taxonomy-compliant assets by the total CapEx allocated across all assets.
- The proportion of our Operational Expenditure and Turnover that align with EU Taxonomy is calculated in the same way but provides us with different insights. Namely, the proportion of OpEx that is EU Taxonomy aligned, tells us what proportion of Operational Expenditure goes to EU Taxonomy-aligned assets, and it is thus invested in assets that meet the according sustainability criteria.
- Finally, the proportion of turnover from EU Taxonomy-aligned assets provides us with insights into how much turnover comes from activities that meet the sustainability criteria outlined by the EU Taxonomy. All in all, these proportions CapEx, OpEx, and turnover from EU Taxonomy-aligned assets demonstrate how much of our current assets are aligned with the sustainable principles that are required for the EU Taxonomy.
- 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. The Do No Significant Harm (DNSH) criteria were evaluated through two assessments.

Initially, Cushman & Wakefield conducted an analysis to identify climate risks that could significantly affect the financial performance of our assets, in alignment with the DGBC Framework for Climate Adaptive Buildings. Following this analysis, Sweco further examined specific assets flagged for one or more physical climate-related risks. This examination involved a comprehensive assessment of climate risk and vulnerability at the asset level. Based on these outcomes, a tailored climate adaptation strategy was developed to mitigate each asset identified as being at risk. Implementation of the adaptation plans is scheduled to be executed over the next five years.

- 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 2024 alignment against other EU taxonomy-eligible relevant activities for these buildings.
- NSI adheres to international standards for human rights as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
- Based on this, the proportion of the portfolio that would be EU taxonomy aligned based on the Climate Change Mitigation:

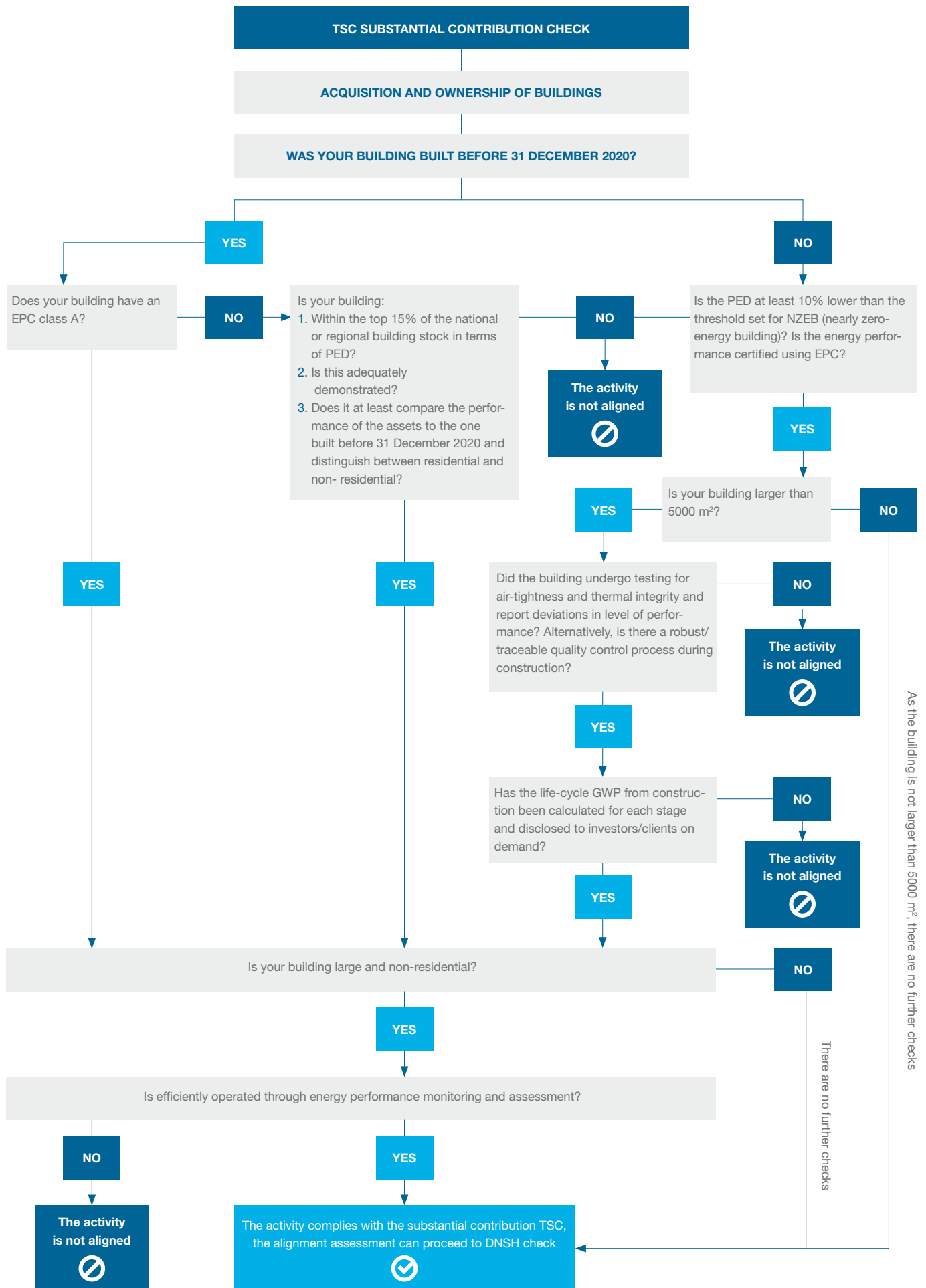
	2023 eligibility	2023 alignment	2023 alignment*
Turnover	100%	0%	93.3%
Capex	100%	0%	95.5%
Opex	100%	0%	90.4%

The EU Taxonomy guidelines expect a bundle of coherent processes aimed at identifying negative impacts on the four pillars of minimum social safeguards (human rights & labour rights, bribery and corruption, taxation and fair competition), identifying how these can be prevented or reduced, the implementation of these actions, the monitoring of the results and the method of communicating how negative impacts are addressed in relation to the company's own operations, the value chain and other business relationships. NSI does not have all these process steps in place to meet the requirements of the minimum social safeguards. Additional efforts will be made in 2024 and beyond to ensure to meet these conditions for alignment.

NSI made subsequent progress on EU Taxonomy alignment throughout 2023. Alignment based on the technical assessment points increased compared to last year on Revenue, Capex and Opex. Progress was also realized with respect to minimum safeguard requirements including the adoption of relevant policies. Additional steps will be made in 2024 and beyond to ensure compliance with the minimum safeguard requirements can be verified.

The extensive EPRA taxonomy eligibility and alignment table against revenue, capex and opex can be found on pages 135 to 137.

* Alignment if minimum social safeguards would have been fully met.



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

The alignment would have been as follows if minimal social safeguards would have been fully met:

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	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	71,46	100,0%	93,3%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	Y	Y	N/A	N/A	N/A	N/A	Y	93,3%	0,0%	N/A	N/A
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			100,0%	93,3%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%							93,3%				
A.2 Environmentally sustainable activities (not Taxonomy aligned)																					
Activity 1 - Acquisition and ownership of buildings (7.7)	L68																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																					
Total (A.1 + A.2)			100,0%	93,3%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%							93,3%				
B. Non-Eligible activities: %																					
Turnover of non-Eligible activities			0,0%																		
Total (A + B)			100,0%																		

TABLE 2

Table - Proportion of CapEx from products or services associated with economic activities that qualify as environmentally sustainable - disclosure covering year N

The alignment would have been as follows if minimal social safeguards would have been fully met:

Economic activity	Codes	Absolute [CapEx]	Proportion of [CapEx] - %	Substantial contribution criteria						Do not significant harm criteria						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					Minimum safeguards											
A. Taxonomy Eligible activities (A1 + A2): %																															
A.1 Environmentally sustainable activities (Taxonomy aligned)																															
Activity 1 - Acquisition and ownership of buildings (7.7)	L68	13,99	100,0%	95,5%	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%	0,0%	Y	Y	N/A	N/A	N/A	N/A	Y	95,5%	0,0%	N/A	N/A
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			100,0%	95,5%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%											95,5%										
A.2 Environmentally sustainable activities (not Taxonomy aligned)																															
Activity 1 - Acquisition and ownership of buildings (7.7)	L68																														
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																															
Total (A.1 + A.2)			100,0%	95,5%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%											95,5%										
B. Non-Eligible activities: %																															
CapEx 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

The alignment would have been as follows if minimal social safeguards would have been fully met:

Economic activity	Codes	Absolute [OpEx]	Proportion of [OpEx] - %	Substantial contribution criteria						Do not significant harm criteria						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					Minimum safeguards	
A. Taxonomy Eligible activities (A1 + A2): %																					
A.1 Environmentally sustainable activities (Taxonomy aligned)																					
Activity 1 - Acquisition and ownership of buildings (7.7)	L68	11,18	100,0%	90,4%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	Y	Y	N/A	N/A	N/A	N/A	Y	90,4%	0,0%	N/A	N/A
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			100,0%	90,4%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%							90,4%				
A.2 Environmentally sustainable activities (not Taxonomy aligned)																					
Activity 1 - Acquisition and ownership of buildings (7.7)	L68																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																					
Total (A.1 + A.2)			100,0%	90,4%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%							90,4%				
B. Non-Eligible activities: %																					
OpEx of non-Eligible activities			0,0%																		
Total (A + B)			100,0%																		

EPRA KEY PERFORMANCE MEASURES

OVERVIEW KEY PERFORMANCE INDICATORS

	2023		2022	
	€ ' 000	per share (€)	€ ' 000	per share (€)
EPRA earnings	40,402	2.01	42,733	2.15
EPRA cost ratio (incl. direct vacancy costs)	30.8%		28.8%	
EPRA cost ratio (excl. direct vacancy costs)	29.1%		27.8%	
EPRA property related capital expenditure	19,425		12,776	

	31 December 2023		31 December 2022	
	€ ' 000	per share (€)	€ ' 000	per share (€)
EPRA NRV	819,913	40.68	987,844	49.26
EPRA NTA	711,460	35.30	885,774	44.17
EPRA NDV	733,561	36.40	918,162	45.78
EPRA LTV	34.4%		29.3%	
EPRA net initial yield (NIY)	5.3%		4.6%	
EPRA topped-up net initial yield	5.8%		5.0%	
EPRA vacancy rate	5.2%		6.2%	

EPRA EARNINGS

	2023	2022
Gross rental income	71,199	71,309
Service costs not recharged	-1,926	-1,322
Operating costs	-10,852	-10,663
Net rental income	58,421	59,325
Administrative costs	-9,120	-8,566
Net financing result	-8,349	-8,024
Direct investment result before tax	40,953	42,735
Corporate income tax	-550	-2
Direct investment result / EPRA earnings	40,402	42,733
Direct investment result / EPRA earnings per share	2.01	2.15

EPRA COST RATIO

	2023	2022
Administrative costs	9,120	8,566
Service costs not recharged	1,926	1,322
Operating costs (adjusted for municipality taxes)	10,852	10,663
Leasehold	0	-3
EPRA costs (including direct vacancy costs)	21,898	20,548
Direct vacancy costs	-1,187	-753
EPRA costs (excluding direct vacancy costs)	20,711	19,795
Gross rental income	71,199	71,309
EPRA gross rental income	71,199	71,309
EPRA cost ratio (incl. direct vacancy costs)	30.8%	28.8%
EPRA cost ratio (excl. direct vacancy costs)	29.1%	27.8%

EPRA PROPERTY RELATED CAPITAL EXPENDITURE

	2023	2022
Acquisitions		-104
Development	5,466	7,233
Like-for-like portfolio	13,244	5,648
Other	715	0
EPRA capital expenditure	19,425	12,776

EPRA NAV

	31 December 2023			31 December 2022		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	709,882	709,882	709,882	887,008	887,008	887,008
Hybrid instruments						
Diluted NAV	709,882	709,882	709,882	887,008	887,008	887,008
Diluted NAV at fair value	709,882	709,882	709,882	887,008	887,008	887,008
Deferred tax in relation to fair value gains of investment property	2	2				
Fair value of financial instruments	1,608	1,608		-1,163	-1,163	
Intangibles as per IFRS balance sheet		-32	-32		-72	-72
Fair value of fixed interest rate debt			23,711			31,225
Real estate transfer tax	108,422			101,999		
NAV	819,913	711,460	733,561	987,844	885,774	918,162
Fully diluted number of shares	20,155,221	20,155,221	20,155,221	20,054,241	20,054,241	20,054,241
NAV per share	40.68	35.30	36.40	49.26	44.17	45.78

EPRA YIELD

	31 December 2023	31 December 2022
Investment property including assets held for sale	1,037,215	1,274,988
Developments	-53,730	-58,878
Property investments	983,485	1,216,110
Allowance for estimated purchasers' costs	110,101	109,450
Gross up completed property portfolio valuation	1,093,586	1,325,560
Annualised cash passing rental income	71,835	72,852
Annualised property outgoings	-13,725	-11,951
Annualised net rent	58,110	60,901
Notional rent expiration of rent free periods or other lease incentives	5,661	5,940
Topped-up annualised net rent	63,771	66,841
EPRA net initial yield	5.3%	4.6%
EPRA topped-up net initial yield	5.8%	5.0%

EPRA VACANCY

	31 December 2023	31 December 2022
Estimated rental value of vacant space	4,320	5,510
Estimated rental value of the whole portfolio	83,516	88,317
EPRA vacancy	5.2%	6.2%

FIVE YEAR OVERVIEW

KEY FINANCIAL METRICS - REVENUES AND EARNINGS

	2019	2020	2021	2022	2023
Net rental income	67,227	60,466	63,272	59,325	58,421
Net rental income - like-for-like growth	5.2%	0.8%	3.0%	7.4%	4.6%
Direct investment result	49,439	44,943	46,373	42,733	40,402
Indirect investment result	146,858	-65,357	74,588	-74,103	-182,772
Total investment result	196,297	-20,414	120,961	-31,370	-142,370
EPRA earnings per share	2.64	2.35	2.38	2.15	2.01
Weighted average number of shares outstanding	18,751,178	19,138,717	19,499,825	19,869,975	20,117,872
EPRA cost ratio (excl. direct vacancy costs)	26.3%	28.4%	26.0%	27.8%	29.1%

KEY FINANCIAL METRICS - BALANCE SHEET

	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023
Investment property	1,278,992	1,240,192	1,338,034	1,259,235	1,028,801
Net debt	-352,632	-366,194	-382,073	-365,480	-344,443
Other assets / liabilities	-23,052	-19,560	-7,504	-6,746	25,524
Equity	903,308	854,438	948,457	887,008	709,882
EPRA NTA per share	47.95	44.44	48.23	44.17	35.30
Number of shares outstanding	18,917,764	19,291,415	19,698,207	20,054,241	20,155,221
Net LTV	27.4%	29.2%	28.2%	28.7%	33.0%

KEY ESG METRICS

	2019	2020	2021	2022	2023
EPC-label (percentage portfolio - label A or better)	61%	74%	81%	88%	95%
GRESB-score	71	88	92	93	94

KEY PORTFOLIO METRICS

	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023
Number of properties	65	60	52	49	46
Market value (€m)	1,287	1,253	1,355	1,275	1,043
Lettable area (sqm k)	491	473	409	382	351
Annual contracted rent (€m)	81	84	76	78	77
ERV (€m)	92	93	87	88	84
EPRA net initial yield	4.6%	4.5%	4.1%	4.6%	5.3%
Gross initial yield	6.4%	6.7%	5.9%	6.4%	7.9%
EPRA vacancy	7.1%	7.0%	5.9%	6.2%	5.2%
Wault (yrs)	4.2	4.0	4.1	3.9	3.7

GLOSSARY

AVERAGE RENT PER SQM

The total annual contracted rent divided by the total leased square meters.

CERTIFICATION

The percentage of assets within the portfolio that have formally obtained sustainability certification, ratings or labelling valid at the end of the reporting period.

NSI reports on the following certificates:

- BREEAM (based on sqm);
- EPC label (based on market value);
- GRESB-score (expressed as an overall score for total NSI).

COST RATIO (EPRA)

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

DUTCH REIT (FBI-REGIME)

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

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

EARNINGS (EPRA)

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

EARNINGS PER SHARE (EPRA)

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

ENERGY INTENSITY (CRREM)

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

- EPRA net reinstatement value (NRV): assumes that entities never sell assets and aims to represent the value required to rebuild the entity;
- EPRA net tangible assets (NTA): assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax;
- EPRA net disposal value (NDV): represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

NET MARGIN

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

NET RESULT ON SALE OF INVESTMENT PROPERTY

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

RENT - EFFECTIVE RENT

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

RENT - GROSS RENTAL INCOME (GRI)

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

RENT - NET RENTAL INCOME (NRI)

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

RENT - PASSING CASH RENT / CONTRACTED RENT

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

REVERSIONARY POTENTIAL

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

REVERSIONARY RATE / RESULT FROM RELETTING AND RENEWAL

The reversionary rate measures the rental gain/loss of a deal as the difference between the new rent (after the deal) and the old rent (before the deal).

STANDING PORTFOLIO

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

VACANCY RATE (EPRA)

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

WEIGHTED AVERAGE UNEXPIRED LEASE TERM (WAULT)

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

YIELD

Yield can generally be defined as the income or profit generated by an investment expressed as a percentage of its costs or the total capital invested.

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

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.

LOCATION-BASED GHG EMISSIONS

Location-based GHG emissions is emissions that are calculated based on the average national energy mix.

MARKET-BASED GHG EMISSIONS

Market-based GHG emissions are emissions that are calculated on the basis of energy purchased by NSI.

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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