# TRADING UPDATE

# Q3 2021

- Office market momentum positive, with new office leases signed on average circa 4% ahead of ERV
- EPRA vacancy rate for Q3 2021 stable at 7.8% (5.6% excluding strategic vacancy)
- Solid balance sheet with LTV at 32.6%, vs 29.2% at December 2020
- EPRA EPS of € 1.78, with net rents up 4.8% ex Laanderpoort on a like-for-like basis
- EPRA EPS guidance confirmed at € 2.30 - € 2.35 for FY 2021

# INDEX



## FINANCIAL CALENDAR

| | |
|---|---|
| Publication preliminary results 2021 | 25 January 2022 |
| Publication annual report 2021 | 4 March 2022 |
| Publication trading update Q1 2022 | 14 April 2022 |
| Publication half year results 2022 | 13 July 2022 |
| Publication trading update Q3 2022 | 13 October 2022 |

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# NSI HIGHLIGHTS

## KEY FINANCIAL METRICS[1]

### REVENUES AND EARNINGS

| | Q3 2021 | Q3 2020 | Change |
|---|---|---|---|
| Gross rental income | 58,893 | 57,325 | 2.7%[2] |
| Net rental income | 47,201 | 44,483 | 6.1%[2] |
| Direct investment result | 34,665 | 33,079 | 4.8% |
| Indirect investment result | 11,672 | -57,856 | -120.2% |
| Total investment result | 46,337 | -24,777 | -287.0% |
| Earnings per share | 2.38 | -1.30 | -283.1% |
| EPRA earnings per share | 1.78 | 1.73 | 2.9% |
| EPRA cost ratio (incl. direct vacancy costs) | 27.7% | 30.2% | -2.5 pp |
| EPRA cost ratio (excl. direct vacancy costs) | 25.6% | 28.2% | -2.6 pp |

### BALANCE SHEET

| | 30 September 2021 | 31 December 2020 | Change |
|---|---|---|---|
| Investment property | 1,319,529 | 1,240,192 | 6.4% |
| Net debt | -435,669 | -366,194 | 19.0% |
| Equity | 873,833 | 854,438 | 2.3% |
| IFRS equity per share | 44.36 | 44.29 | 0.2% |
| EPRA NTA per share | 44.46 | 44.44 | 0.0% |
| Net LTV | 32.6% | 29.2% | 3.4 pp |
| Number of ordinary shares outstanding | 19,698,207 | 19,291,415 | 2.1% |
| Weighted average number of ordinary shares outstanding | 19,432,971 | 19,138,717 | 1.5% |

### KEY PORTFOLIO METRICS

| | 30 September 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Offices | HNK | Other | TOTAL | 31 December 2020 | Change |
| Number of properties | 39 | 12 | 4 | 55 | 60 | -8.3% |
| Market value[3] (€m) | 1,015 | 247 | 75 | 1,337 | 1,253 | 6.7% |
| Annual contracted rent[4] (€m) | 55 | 19 | 7 | 81 | 84 | -4.1% |
| ERV (€m) | 61 | 22 | 7 | 90 | 93 | -3.1% |
| Lettable area (sqm k) | 281 | 118 | 53 | 452 | 473 | -4.5% |
| Average rent / sqm (€/p.a.) | 208 | 198 | 156 | 199 | 197 | 1.3% |
| EPRA vacancy | 5.3% | 15.1% | 7.1% | 7.8% | 7.0% | 0.8 pp |
| EPRA net initial yield | 4.1% | 4.8% | 5.5% | 4.4% | 4.5% | -0.1 pp |
| Reversionary yield | 6.4% | 9.0% | 9.4% | 7.1% | 7.5% | -0.4 pp |
| Wault (yrs) | 4.7 | 2.9 | 4.6 | 4.2 | 4.0 | 7.0% |

1 The trading update is based on unaudited results
2 On a like-for-like basis GRI growth is -0.1% and NRI growth is 2.2%
3 Reported in the balance sheet at book value including right of use leasehold (IFRS 16), excluding lease incentives and part of NSI HQ (own use)
4 Before free rent and other lease incentives

# CEO COMMENTS

In late September, with the vast majority of the Dutch population vaccinated, Government abolished most Covid-related measures. A strong economic recovery was already visible well ahead of this and whilst the outlook remains generally positive the challenges to a further recovery from here appear to be labour market shortages and continued Covid-related supply chain disruptions.

## Actively working on the vacancy

The Q3 2021 vacancy rate is stable at 7.8% (Q2: 7.7%). This includes strategic vacancy of 2.2% related to four office assets: Stationade (vacant; to be sold at a significant premium to book value in Q4), Alexanderpoort (38.3% vacant; major redevelopment of façade, ground and first floor to start in Q1 2022), Alexanderhof (recently vacated; redevelopment plan actively being worked on) and HNK Amsterdam South-East (38.2% vacant; redevelopment to complete in H1 2022).

We expect to report a vacancy rate of below 7.5% at year-end and are optimistic in time this vacancy will be managed even lower, to below 6% once the strategic vacancy is dealt with. This level is below the 8% vacancy for the overall Dutch office market and reflects the much better quality of our portfolio. The quality of our portfolio also shows in our leasing results this year, achieving rents 4% ahead of ERV for offices, and 14% ahead of ERV in Amsterdam.

## From WFH to 'back to office' and hybrid working

The WFH debate is nuanced. The positive out of the covid pandemic is that virtually all businesses have revisited the question of what the office is actually for. The ultimate balance (office, hybrid, WFH) and how the office best serves the occupier will be highly business and company-culture specific. Occupiers will increasingly require customised space solutions and this represents a great opportunity for a highly flexible, creative landlord as NSI.

It was generally expected that post-covid total office demand would shrink. The results are mixed. We see some businesses using WFH as a way to lower the cost base and expect this to disproportionally impact back-office oriented, peripheral, office locations. In fact, the sort of locations we have exited in recent years.

Other corporates use flexibility on WFH as a way to be attractive as an employer given the ongoing war for talent, while simultaneously offering a modern, healthy, high quality, sustainable office, with a good mix of workstations, meeting rooms, collaborative space and more focus space. These corporates often end up using as much space as before and are willing to pay up for it. Rents for prime Amsterdam Zuid-As offices are therefore already back to pre-covid rent levels of € 500 psm.

## BREEAM excellent ambition for entire portfolio

We are under embargo until tomorrow, 15 October, on our GRESB score over 2020. Having said that, we are pleased with the result. The focus from here is to consolidate the result, allowing us more time to focus on other sustainability initiatives.

During Q3 we assessed the total costs to increase the BREEAM label for all our office assets (ex. non-core and potential developments) to BREEAM excellent. The total costs are € 5-7m (circa 0.5% of asset value). We are willing to invest this to further improve the attractiveness of our assets and the wider sustainability credentials of NSI. We will use Q4 to assess a realistic timeline for each of our core standing assets to achieve this goal and to decide how to deal with assets for which we have medium term redevelopment plans.

## Further development milestones achieved

We continue to pursue our value-add development initiatives. We have reached new milestones for our projects at Laanderpoort and Vivaldi III and are still on schedule towards these projects starting in 2022. The Vitrum redevelopment is also progressing, albeit no milestone was reached during Q3.

At Vivaldi III we have completed the definitive design of the building and are now ready to start the technical design phase. We still need to agree on elements of the plan with some of our stakeholders and need to apply for the environmental permit as well. We have started the process to select the building contractor for this project. Whilst we appreciate recent news commentary on cost inflation, we are confident our projects continue to offer an attractive business case.

At Laanderpoort we have agreed the preliminary design and are now ready to move to the definitive design phase. We are still very much working towards a start in Q3 2022.

## Outlook for 2021

The H1 report CEO comments stated: 'Over the past 18 months corporates have seen confirmed what the office is ultimately for: a great place for collaboration, identity and culture, but also a place that helps to attract talent and caters to their well-being'.

At NSI we not only state this, but are also acting on it ourselves. We will be moving our NSI Head Office to Centerpoint in Amsterdam in late November, leaving Hoofddorp, to make a fresh start with the team for the post-Covid period.

The cumulative rent collection rate for Q1-Q3 is 98.4%, with the rate for Offices/HNK at 99.5%. We have agreed customised solutions for some retailers at our two remaining retail assets, acknowledging that covid has disrupted trade, in particular for F&B operators.

We have unconditionally agreed the disposal of Stationade in Leiden and Park Office in Rotterdam, with transfer foreseen in Q4 2021, and we have started the marketing of our two remaining retail assets, in Heerlen and Rotterdam. The aim is to have sold the remaining tail (eight assets; book value of € 95m) by mid/late 2022.

With most of the year behind us we are still very comfortable with an EPRA EPS guidance range of € 2.30-2.35 per share for 2021. This underpins a stable dividend of € 2.16 per share for the full year.

Bernd Stahli

VEERKADE 1-9

# THE HISTORY AND FUTURE OF VEERKADE 1-9 IN ROTTERDAM

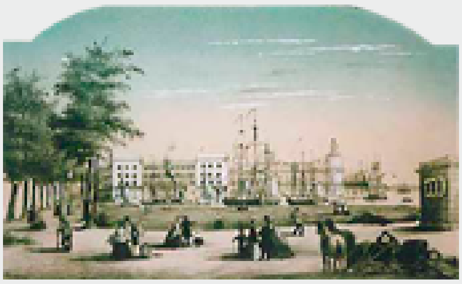
**Our 5.785 sqm buildings at Veerkade 1-9 in Rotterdam are surrounded by over 170 years of Rotterdam history. Looking out onto the historic Veerhaven harbour and the impressive Kop van Zuid docklands area this is a truly unique part of Rotterdam. An ode to these buildings, which obtained National Monument status in 1973, where the allure and atmosphere of the pre-war port city can still clearly be felt.**

The Scheepvaartkwartier district, also known as Het Nieuwe Werk, was designed as a planned urban district by urban architect W.N. Rose. Realised in two stages from 1847, the new district was subject to strict building regulations to ensure a high degree of aesthetic unity. During the 19th century the district was mainly inhabited by affluent Rotterdammers who had their country homes here. The buildings on Veerkade first appeared on a map in 1850.

## Iconic curve in the buildings

According to the historic buildings register the buildings were originally designated as 'dwelling houses partly combined with work'. At that time the buildings were situated on Kleine Veerhaven, a small harbour which had been built in 1827 and extended almost to the buildings at Veerkade 6-9, explaining the iconic curve in the frontage.

Painting dating from the period 1852-1862

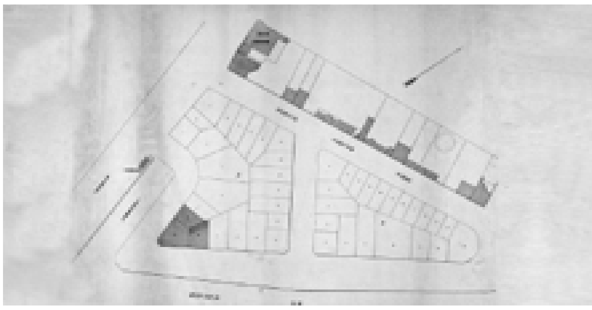


Veerkade in the background – Image dating from around 1910

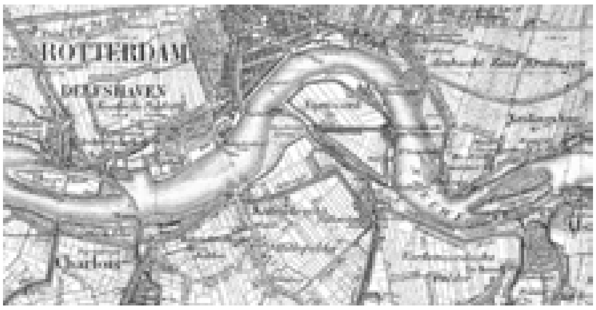
The buildings' exterior is unique and distinctive. House numbers 1 to 5 feature a cornice with a Lombard band beneath, windows with entablature and balconies on consoles with period railings, decorated with neo-Gothic quatrefoil motifs. The houses at Veerkade 6 to 9 have a straight-topped brick façade, and these too have balconies on consoles with a cast-iron balustrade.

## The Caland monument

Calandplein, the square now situated in front of the buildings, was created when Kleine Veerhaven was filled in at the beginning of 1900. In the centre of the square stands an impressive monumental fountain, which is a memorial to engineer Pieter Caland. He designed the direct connection between Rotterdam and the sea and as such was of immense value to the city. The monument was located on a nearby square until 1939 before being moved to Veerkade for traffic reasons. Thanks to this, the monument survived the bombing of Rotterdam.



Plots issued in 1848

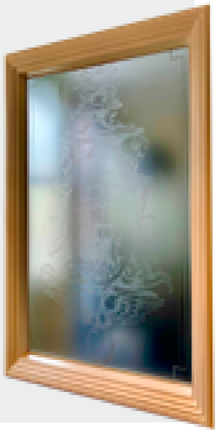



Map of Rotterdam – 1850 (buildings on Veerkade shown for the first time)

Picture taken from Veerhaven in around 1915

## FUN FACTS

- Scheepvaartkwartier contains 97 listed buildings, more than any other district of Rotterdam.
- Veerhaven (‘ferry harbour’), onto which Veerkade fronts, derives its name from the ferry service from Rotterdam to Katendrecht, which started operating in the 15th century. It was the only connection between the north and south bank of the New Meuse river until the Willemsbrug bridge was opened in 1878.
- The office space rented by tenant Veneficus contains one of the most unusual original pieces to be found in the building: a drawing of the VOC ship Batavia on glass.
- Veerkade is designated for use as a bank, in addition to office and residential use. If the police receive an alert they respond in great numbers in case it may be a bank robbery. The basement of the building still contains a few bank safes.



Veerkade in the background – Image dating from around 1900

### Bombing of Rotterdam

14 May 1940 has gone down as a black day in the history of Rotterdam. For five days there had been heavy fighting in Rotterdam with at least 20 air raids carried out on the city. On 14 May the Germans launched a devastating bombing raid on the city to hasten the surrender of the Dutch. The payload dropped destroyed over 30,000 homes and other buildings. An area of more than 350 hectares was wiped out and almost 80,000 citizens lost their homes and belongings. Scheepvaartkwartier, and hence the buildings on Veerkade, was spared any of the bombings which is why this area still breathes the unique pre-war atmosphere and allure of Rotterdam.

### Future

Over the years the area has developed into an urban district for affluent citizens of Rotterdam and many businesses have established their offices here. At present the buildings at Veerkade 1-9 are fully let. The 25 tenants praise the historic character of the building, the location with its views over Veerhaven and its situation directly on the banks of the river Meuse. Consequently they are prepared to pay higher levels of rent than in other parts of the city. Rijndelta Makelaars has been the longest-serving tenant in the building since 1979.

Aerial shot of Rotterdam after the bombing

VEERKADE 1-9

Veerkade 1-9 still has a lot of potential as a real estate investment. NSI continues to invest in the building by modernising and optimising the communal spaces and creating roof terraces for the tenants. If the buildings were ever to be restored to their original residential purpose it is reasonable to assume that they would rise sharply in value. Luxury apartments and penthouses in similar monumental buildings in Scheepvaartkwartier district command an asking price of around 7,500 euros per square metre. Veerkade 1-9 is currently valued, as an office, at 2,900 euro per m².

## Notable former residents

Willem Ruys was the founder of Rotterdamsche Lloyd – from the end of 1947 Royal Rotterdamsche Lloyd – a Dutch shipping company that was headquartered at Veerkade 8 from 1883 to 1909, when the business moved to Veerhaven 8. The origins of the company were laid in 1839 when Willem Ruys started operating sailing ships to the Dutch East Indies and the Far East. Following the opening of the Suez Canal his son Willem Ruys expanded the business with a steamboat service to Batavia (now Jakarta) in 1872. From 1945 to 1967 Royal Rotterdamsche Lloyd played an important part in repatriating people from the Dutch East Indies.

Home of Marten Mees until 1908

Banker Marten Mees belonged to a group of businessmen who developed a great many social initiatives in Rotterdam, such as the establishment of Het Onderling Crediet, which also provided loans to poorer Rotterdammers. Marten Mees was a founder of Rotterdamsche Bank, which would eventually be subsumed into ABN AMRO. Some years later he was also involved with Amsterdamsche Bank, another predecessor of ABN AMRO. A leading player in the foundation of the Holland-America Line, he lived at Veerkade 7 until 1908.

We would like to thank: Nationale Monumentendag (National Monument Day), Rotterdam City Archive, Topotijdreis.nl, Architectuurgids, Stichting Veerhaven Rotterdam, Brandgrens.nl, Scheepvaartkwartier Rotterdam - Drie eeuwen stadsleven aan de Maas - Matthijs Dicke en Annelies van der Zouwen, Stad en Bedrijf, Schaub & Partners

# INCOME, COSTS AND RESULT

## Introduction

EPRA earnings YTD 2021 amount to € 34.7m compared to € 33.1m for the same period last year (+ 4.8%). EPRA EPS is € 1.78, 2.9% higher than last year due to a higher number of shares in 2021. The increase in EPRA earnings is fully explained by higher rental income.

## Rental income

Gross rental income (GRI) increased by € 1.6m (2.7%) to € 58.9m, compared to the same period last year. This growth is driven by the delivery of Bentinck Huis, The Hague, in Q4 2020 and acquisitions in the first half of 2021, with a total effect of € 3.8m in additional GRI. The effect of disposals in GRI amounts to € 2.1m negative, whereas on a like-for-like basis gross rental income is 0.1% down. Adjusting for the' half rent' arrangement with ING on Laanderpoort, as part of the overall agreement with ING for the redevelopment of this asset, the like-for-like GRI is up 1.8%.

Non-recoverable service costs are € 0.1m higher than last year, whereas operating costs are € 1.3m (11.0%) lower compared to the first three quarters of 2020. These lower operating costs are the net effect of lower maintenance and property management costs, given exceptional costs made in 2020 related to covid-19, partly offset by higher municipal taxes.

Net rental income amounts to € 47.2m, up € 2.7m (6.1%) versus YTD 2020. The NRI margin is 80.1%, up 2.5 bps compared to the same period last year due to the beforementioned increase in GRI and lower operating costs.

On a like-for-like basis NRI is up by 2.2%, the result of an 18.3% increase in HNK and a decrease of 1.1% like-for-like in both the segments Offices and Other. Adjusting for Laanderpoort these numbers increase to 4.8% growth for the entire portfolio and 2.2% for Offices only.

## Administrative costs

Administrative expenses are € 0.3m higher compared to the first three quarters of 2020.

## Net financing costs

Financing costs are up by 13.8% (€ 0.9m) compared to the same period last year. This is primarily driven by a higher amount of debt outstanding during the period (€ 0.7m) and due to a lower level of capitalised interest relating to development projects (€ 0.2m).

## Post-closing events and contingencies

The disposal of two assets, one in Rotterdam and one in Leiden, was agreed in Q3 2021. The actual transfer of these properties is foreseen in December this year.

Income segment split

| | Q3 2021 | | | | | | | TOTAL |
|---|---|---|---|---|---|---|---|---|
| | Offices | | HNK | | | | | |
| | A'dam | Other NL | A'dam | Other NL | Other | Corporate | TOTAL | Q3 2020 |
| Gross rental income | 23,434 | 17,447 | 3,348 | 9,610 | 5,054 | | 58,893 | 57,325 |
| Service costs not recharged | -173 | -296 | -191 | -455 | -174 | | -1,290 | -1,162 |
| Operating costs | -2,417 | -3,606 | -637 | -2,136 | -1,605 | | -10,401 | -11,680 |
| **Net rental income** | **20,844** | **13,545** | **2,520** | **7,019** | **3,274** | | **47,201** | **44,483** |
| Administrative costs | | | | | | -5,391 | -5,391 | -5,123 |
| **Earnings before interest and taxes** | **20,844** | **13,545** | **2,520** | **7,019** | **3,274** | **-5,391** | **41,810** | **39,360** |
| Net financing result | | | | | | -7,143 | -7,143 | -6,278 |
| **Direct investment result before tax** | **20,844** | **13,545** | **2,520** | **7,019** | **3,274** | **-12,534** | **34,667** | **33,082** |
| Corporate income tax | | | | | | -2 | -2 | -3 |
| **Direct investment result / EPRA earnings** | **20,844** | **13,545** | **2,520** | **7,019** | **3,274** | **-12,537** | **34,665** | **33,079** |

# REAL ESTATE PORTFOLIO

In Q3 2021 NSI completed two disposals in Hoofddorp for a total of € 7.4m, reflecting a 11% premium to the latest book value. The total disposals for the year so far amount to € 32.2m, on average achieving a 10.5% premium to book value. As there were no new acquisitions in Q3, the total this year is limited to the €80m acquisition of assets in Amsterdam (2) and Rotterdam (1), closed in late Q1.

### Portfolio breakdown - 30 September 2021

| | # Assets | Market value (€ m) | Market value (%) |
|---|---|---|---|
| Offices | 39 | 1,015 | 76% |
| HNK | 12 | 247 | 18% |
| Other | 4 | 75 | 6% |
| **TOTAL** | **55** | **1,337** | **100%** |

## Vacancy

The Q3 vacancy rate is 7.8% (H1: 7.7%), mostly due to the remaining occupied space in Alexanderhof being fully vacated and a slight increase in vacancy in the Motion building. The vacancy includes 2.2% in strategic vacancy spread over four assets (Stationade, HNK Southeast, Alexanderhof and Alexanderport). The HNK vacancy has improved to 15.1% vs 16.2% in H1.

### EPRA vacancy

| | Dec. 2020 | L-f-l | Other | Sep. 2021 |
|---|---|---|---|---|
| Offices | 4.2% | 1.6% | -0.4% | 5.3% |
| HNK | 14.9% | 0.5% | -0.3% | 15.1% |
| Other | 6.9% | 0.2% | | 7.1% |
| **TOTAL** | **7.0%** | **1.3%** | **-0.5%** | **7.8%** |

## Rents

Gross rents are flat (–0.1%) on a like-for-like basis vs the same period last year. Split by segment, Offices are down 1.1%, HNK is up 3.0%, and Other is down 1.1%.

Net rents increased by 2.2% on a like-for-like basis YTD. Offices are down 1.3%. Adjusting these numbers for Laanderpoort's 'half rent' arrangement in 2021, like-for-like net rental growth increases to 4.8%% and 2.2%% respectively.

Like-for-like net rents at HNK are up markedly at 18.3% due to a rent holiday offered to small flex tenants in May last year as well as higher costs in 2020 due to Covid-19 related measures.

Net rents in the segment 'Other' are down by –6.7%, mainly due to higher scheduled maintenance costs in Heerlen.

### Like-for-like growth net rental income

| | Q3 2021 | Q3 2020 | L-f-l |
|---|---|---|---|
| Offices | 27.8 | 28.2 | -1.3% |
| HNK | 9.5 | 8.0 | 18.3% |
| Other | 3.3 | 3.5 | -6.7% |
| **TOTAL** | 40.6 | 39.7 | 2.2% |

## Offices

The office vacancy increased by 30bps to 5.3% vs H1, of which 2.1% is strategic. The increase is mainly attributable to Alexanderhof in Rotterdam. For offices, new leases were signed in 2021 on average at 4% ahead of ERV, with Amsterdam offices 14% and Rotterdam 7% ahead of ERV.

Tenant retention for leases expiring YTD remains high at 74.4%.

### Key office metrics - breakdown by segment

| | Sep. 2021 | | | |
|---|---|---|---|---|
| | A'dam | Other NL | TOTAL | Dec. 2020 |
| Number of properties | 18 | 21 | 39 | 43 |
| Market value (€ m) | 648 | 367 | 1,015 | 931 |
| Market value asset (€ m) | 36 | 17 | 26 | 22 |
| Ann. contract rent (€ m) | 30 | 24 | 55 | 58 |
| Average rent / sqm | 226 | 188 | 208 | 206 |
| Reversionary potential | 10.8% | 0.2% | 6.1% | 4.8% |
| Lettable area (sqm k) | 142 | 139 | 281 | 296 |
| Market rent (€ m) | 35 | 26 | 61 | 63 |
| EPRA vacancy | 4.6% | 6.3% | 5.3% | 4.2% |
| EPRA net initial yield | 3.9% | 4.5% | 4.1% | 4.4% |
| Reversionary yield | 6.0% | 7.0% | 6.4% | 6.8% |
| Wault | 4.8 | 4.5 | 4.7 | 4.1 |

## HNK

The EPRA vacancy rate has improved to 15.1% in Q3 (Q1: 17.6%, Q2: 16.2%). Of this 3.3% is strategic, attributable to HNK Amsterdam Southeast, which is undergoing a major refurbishment and should be delivered in H1 2022. The improvement in Q3 2021 can be attributed mostly to a lower vacancy in HNK Houthavens and HNK Rotterdam Centrum.

The vacancy rate of Managed Offices declined to 11.1%, down from 11.8% in Q2. Net new take-up was up circa 57% by number of contracts (66 new contracts since YE 2020 vs 36 over the same period last year) and up 99% by contracted rent.

The overall HNK tenant retention rate remains high at 75.9%, signalling continued strong interest in the product.

### Key HNK metrics - breakdown by segment

| | Sep. 2021 | | | |
|---|---|---|---|---|
| | A'dam | Other NL | TOTAL | Dec. 2020 |
| Number of properties | 3 | 9 | 12 | 13 |
| Market value (€ m) | 90 | 157 | 247 | 249 |
| Market value asset (€ m) | 30 | 17 | 21 | 19 |
| Ann. contract rent (€ m) | 5 | 14 | 19 | 19 |
| Average rent / sqm | 239 | 186 | 198 | 190 |
| Reversionary potential | 10.0% | -5.2% | -1.6% | 0.4% |
| Lettable area (sqm k) | 27 | 91 | 118 | 124 |
| Market rent (€ m) | 7 | 15 | 22 | 23 |
| EPRA vacancy | 18.0% | 13.8% | 15.1% | 14.9% |
| EPRA net initial yield | 3.6% | 5.5% | 4.8% | 4.3% |
| Reversionary yield | 7.5% | 9.8% | 9.0% | 9.2% |
| Wault | 2.2 | 3.1 | 2.9 | 3.2 |

# BALANCE SHEET, NTA AND FINANCING

## Funding

Net debt is down by € 0.5m compared to the end of June 2021. The distribution of the interim dividend of € 1.04 per share in August saw circa 40% of shareholders opting for stock dividend, with the new shares issued at a price of € 37.44 per ordinary share.

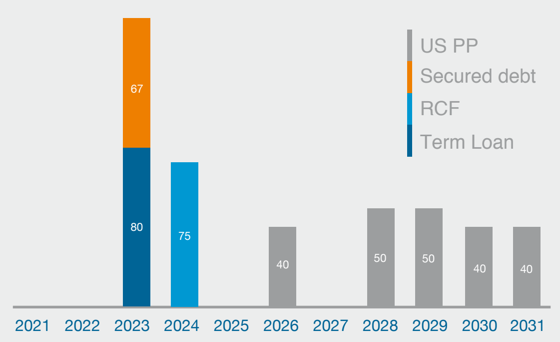
In order to ensure sufficient flexibility and capacity to fund the development pipeline and potential further selective acquisitions, NSI aims to maintain significant headroom on its revolving credit facility at any time. At the end of September 2021, € 75m was drawn on the RCF and as a result NSI still has circa € 230m of cash and committed undrawn credit facilities at its disposal.

### Net debt

| | Sep. 2021 | Dec. 2020 | Change |
|---|---|---|---|
| Debt outstanding | 441.6 | 367.1 | 74.5 |
| Amortisation costs | -1.0 | -1.1 | 0.2 |
| **Book value of debt** | **440.6** | **366.0** | **74.7** |
| Cash and cash equivalents | -4.9 | -0.2 | -4.8 |
| Debts to credit institutions | | 0.4 | -0.4 |
| **Net debt** | **435.7** | **366.2** | **69.5** |

The average loan maturity is 4.7 years (December 2020: 5.2 years) with no loans maturing until 2023. As per the end of September 85% of debt drawn is unsecured (89% of available debt). The average cost of debt remains stable at 2.0%.

### Maturity profile




## Leverage and hedging

The LTV remains at 32.6% at the end of September 2021, up 3.4 percentage point compared to December 2020 (29.2%), driven by the increase of net debt as a result of the net acquisition of assets during the period.

The ICR stands at 6.6x at the end of September 2021 compared to 7.2x at the end of December 2020. As municipal taxes are generally charged in the first quarter, the net operating margin and thus the ICR tends to increase during the year. The ICR remains well above the 2.0x covenant.

### Covenants

| | Covenant | Dec. 17 | Dec. 18 | Dec. 19 | Dec. 20 | Sep. 21 |
|---|---|---|---|---|---|---|
| LTV | ≤ 60.0% | 36.9% | 36.9% | 27.4% | 29.2% | 32.6% |
| ICR | ≥ 2.0x | 4.7x | 5.5x | 6.8x | 7.2x | 6.6x |

NSI is using swaps to hedge interest rate risk on variable rate loans. The volume hedge ratio at the end of September 2021 sits comfortably within our target range at 83% (target range: 70-100%).

The weighted average maturity of both the derivatives and the fixed rate debt is circa 5.1 years at the end of September 2021. The maturity hedge ratio is 109% (target range 70-120%).