



PRELIMINARY RESULTS

FULL YEAR 2022

- Strong focus on operational performance and balance sheet discipline in 2022 provides solid basis for 2023
- Roadmap to align with the Paris Agreement, based on CRREM, underpinned by positive economics
- Strong like-for-like rental growth of 5.8% in 2022, of which ca. 2.6% contribution from indexation
- EPRA vacancy rate, at 6.2% at year-end, only marginally up vs Q4 2021
- EPRA NTA at € 44.17 per share, with capital values down by 6.2% in H2 2022
- Strong balance sheet, with LTV at 28.7% at year-end 2022
- Well House development start postponed for now

INDEX

NSI HIGHLIGHTS	3
CEO COMMENTS	4
THE NSI ROADMAP TO ALIGN WITH THE PARIS AGREEMENT	5
INCOME, COSTS AND RESULT	7
DUTCH PROPERTY MARKET OVERVIEW	8
REAL ESTATE PORTFOLIO	9
ESG	13
BALANCE SHEET, NAV AND FINANCING	14
CONSOLIDATED FINANCIAL INFORMATION	15
EPRA KEY PERFORMANCE MEASURES	21
GLOSSARY	23

FINANCIAL CALENDAR

Publication annual report 2022	10 March 2023
Publication trading update Q1 2023	20 April 2023
Publication trading update H1 2023	14 July 2023
Publication trading update Q3 2023	13 October 2023
AGM	21 April 2023
Ex-dividend date (final dividend 2022)	25 April 2023
Record date	26 April 2023
Stock dividend election period	27 April – 11 May 2023
Payment date	16 May 2023

For additional info please contact:
NSI N.V.
Investor Relations

Laura Gomez Zuleta
T +31 (0)20 763 0300
E ir@nsi.nl

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NSI HIGHLIGHTS

KEY FINANCIAL METRICS¹

REVENUES AND EARNINGS

	2022	2021	Change
Net rental income	59,325	63,272	-6.2%
Net rental income - like-for-like	54,849	51,050	7.4%
Direct investment result	42,733	46,373	-7.9%
Indirect investment result	-74,103	74,588	-199.3%
Total investment result	-31,370	120,961	-125.9%
EPRA earnings per share	2.15	2.38	-9.6%
Weighted average number of ordinary shares outstanding	19,869,975	19,499,825	1.9%
EPRA cost ratio (excl. direct vacancy costs)	27.8%	28.2%	-0.4 pp

BALANCE SHEET

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

KEY ESG METRICS (NON-FINANCIAL)¹

	2022	2021	Change
CRREM building energy intensity (kWh/sqm/year)	131	131 ²	0.0%
EPC-label (percentage portfolio with label A or better)	88.0%	81.2%	6.8 pp
GRESB score	93	92	1

KEY PORTFOLIO METRICS

	31 December 2022				31 December 2021	Change
	Amsterdam	Other G4	Other NL	TOTAL		
Number of properties	23	14	12	49	52	-5.8%
Market value (€ m) ³	730	342	203	1,275	1,355	-5.9%
Lettable area (sqm k)	178	122	82	382	409	-6.6%
Annualised contractual rent (€ m) ⁴	40	24	14	78	76	3.1%
ERV (€ m)	47	26	15	88	87	1.5%
EPRA net initial yield	4.4%	4.9%	4.6%	4.6%	4.1%	0.5 pp
Gross initial yield	5.9%	7.2%	7.0%	6.5%	5.9%	0.6 pp
EPRA vacancy	7.0%	6.1%	4.1%	6.2%	5.9%	0.3 pp
Wault	4.1	4.0	3.3	3.9	4.1	-2.9%

¹ These preliminary results are unaudited.

² For comparison purposes the previously reported energy intensity in 2021 of 110 kWh/sqm/year was based on Gross Floor Area including parking and not on CRREM sqm.

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

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

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

Capital discipline

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

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

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

Business discipline

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

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

Development

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

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

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

Outlook for 2023

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

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

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

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

Bernd Stahli

THE NSI ROADMAP TO ALIGN WITH THE PARIS AGREEMENT

Taking the E in ESG to a new standard

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

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

From EPC labels to CRREM alignment

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

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

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

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

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

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

Starting with the first 32 assets from 2023 onwards

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

This leaves 32 assets, making up 70% of the portfolio by value, where we are fully comfortable with the analysis and viability of the plans. We will start with these plans from this year onwards.

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

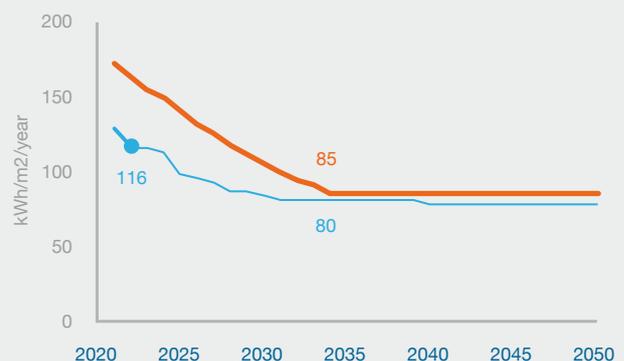
Portfolio split	# Assets	% of book value	CRREM area (sqm)	Current intensity (kWh/sqm year)
Straight forward	32	71%	268,123	116
Complex	7	14%	79,705	118
Leiden	5	8%	30,053	367
Development	3	6%	30,511	29
TOTAL*	47		408,391	129

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

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

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

CRREM energy reduction pathway for 32 “straight forward” assets



The economics of sustainability are favourable

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

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

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

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

Taking into account this possible 6% rent premium, for the 32 assets in our analysis, this would equate to a ca. € 3.2m increase in annual rent roll. This in turn would represent a value of ca. € 50m, based on the current 6.5% gross yield for the portfolio and this would more or less cover the cost of the entire investment plan. Overall, we expect the economic benefit to be greater still, as we believe energy-efficient, highly sustainable, assets will not only see higher rents, but structurally benefit from lower vacancy and lower yield as well.

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

INCOME, COSTS AND RESULT

Introduction

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

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

Rental income

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

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

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

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

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

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

Administrative costs

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

Net financing costs

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

Indirect result

In 2022 the investment portfolio incurred a negative revaluation of € 76.8m (- 5.6% at market value) compared to the valuation in 2021.

A positive mark-to-market effect on interest rate swaps (+ € 2.9m) and other indirect costs (- € 0.2m) result in a total indirect result for 2022 of - € 74.1m.

Post-closing events and contingencies

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

Income segment split

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

DUTCH PROPERTY MARKET OVERVIEW

Economic conditions

Dutch GDP expanded by 4.6%⁵ in 2022. While optically a healthy figure, Q4 showed a significant deceleration. Despite the high economic growth, an ultra-low unemployment rate at 3.5% and a very tight labour market, the economic mood has dampened significantly during the year, with energy security, deteriorating purchasing power, monetary tightening and strong geopolitical tensions dominating the conversation. Going into 2023 all these subjects remain largely unresolved.

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

Occupational market⁶

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

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

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

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

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

Amsterdam

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

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

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

Other G4

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

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

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

Other Netherlands

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

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

Investment market

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

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

⁵ Source OECD

⁶ Source Cushman and Wakefield

REAL ESTATE PORTFOLIO

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

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

Portfolio breakdown – 31 December 2022

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

Vacancy

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

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

EPRA vacancy

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

Rents

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

Net rents increased by 7.4% on a like-for-like basis in 2022 mainly as a result of lower maintenance.

Like-for-like growth net rental income

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

Reversionary potential / ERV bridge

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

Like-for-like growth ERV

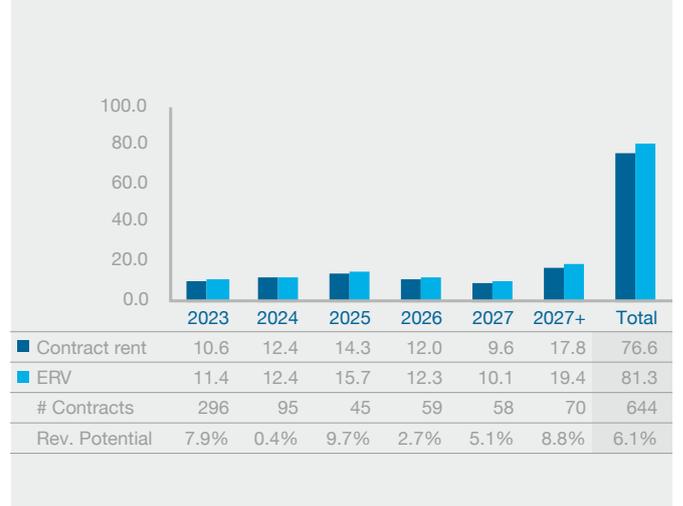
	Dec. 2022	Dec. 2021	L-f-l
Amsterdam	47	45	4.5%
Other G4	26	25	2.8%
Other Netherlands	15	14	8.0%
TOTAL	88	84	4.6%

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

Reversionary potential

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

Annual expirations and reversionary potential

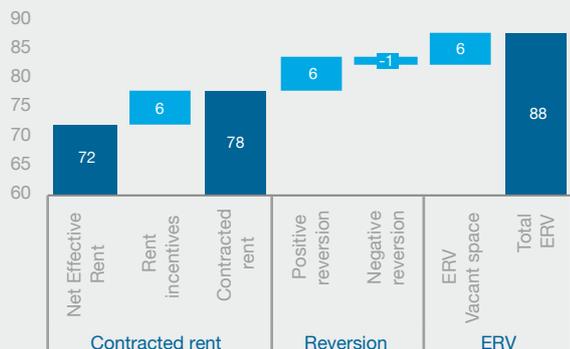


The reversion for lease contracts due for renewal in 2023 is 7.9%, with Amsterdam remaining the most reversionary segment (13.6%).

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

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

Bridge Contracted rent to ERV - 31 December 2022



EPRA yields

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

Portfolio yields

	EPRA net initial yield		Gross initial yield		Reversionary yield	
	Dec. 2022	Dec. 2021	Dec. 2022	Dec. 2021	Dec. 2022	Dec. 2021
	Amsterdam	4.4%	3.7%	6.0%	5.0%	7.0%
Other G4	4.9%	4.4%	7.2%	6.6%	7.6%	7.2%
Other NL	4.6%	4.9%	7.0%	7.6%	7.5%	7.9%
TOTAL	4.6%	4.1%	6.5%	5.9%	7.3%	6.7%

Valuations

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

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

The write-down is almost entirely attributable to yield expansion in response to heightened market uncertainty, higher interest rates and decreased investment volumes. The largest capital value decline was seen in Amsterdam (- 9.2%).

The positive revaluation in other NL is related mainly to the Leiden BioScience Park which saw both an increase in ERV's and a decrease in yields, to reflect the continued high desirability of medical offices and lab space even in the face of generally more challenging market conditions.

Revaluation

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

Capital expenditure

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

Capital expenditure

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

Amsterdam

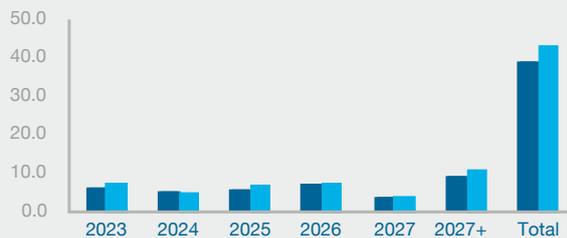
Vacancy increased from 5.8% to 7.0% in 2022, mostly as a result of tenant departures at Centerpoint I and II and Q-Port.

The tenant retention rate during 2022 was 66.5%.

Key metrics Amsterdam

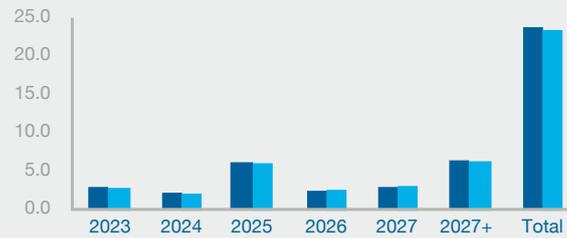
	2022	2021	Change
Number of properties	23	23	
Market value (€ m)	730	792	-7.8%
Market value asset (€ m)	32	34	-7.8%
Lettable area (sqm k)	178	178	0.0%
Ann. contract rent (€ m)	40	37	7.7%
Average rent / sqm	243	222	9.5%
ERV (€ m)	47	45	4.5%
EPRA vacancy	7.0%	5.8%	1.2 pp
EPRA net initial yield	4.4%	3.7%	0.7 pp
Gross initial yield	6.0%	5.0%	1.0 pp
WAULT	4.1	4.2	-3.1%

Annual expirations and reversionary potential



	2023	2024	2025	2026	2027	2027+	Total
Contract rent	6.7	5.4	6.1	7.4	4.1	9.4	39.0
ERV	7.6	5.4	7.3	7.6	4.3	11.1	43.3
# Contracts	76	38	28	10	27	26	205
Reversion	13.6%	-0.9%	20.2%	3.3%	6.1%	18.0%	11.0%

Annual expirations and reversionary potential



	2023	2024	2025	2026	2027	2027+	Total
Contract rent	3.0	2.4	6.1	2.5	3.1	6.5	23.6
ERV	3.0	2.2	6.1	2.6	3.1	6.4	23.4
# Contracts	167	37	34	25	19	26	308
Reversion	-1.9%	-5.5%	0.8%	0.5%	2.3%	-1.1%	-0.6%

Other G4

The EPRA vacancy rate for Other G4 is 6.1%, down from 6.8% at year-end 2021, mainly thanks to occupancy gains at HNK Scheepvaartkwartier. The vacancy includes 2.3% in strategic vacancy for Alexanderpoort, where several floors are being held vacant as part of a major refurbishment.

The retention rate for 2022 amounts to 54.7%.

Key metrics Other G4

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

Other Netherlands

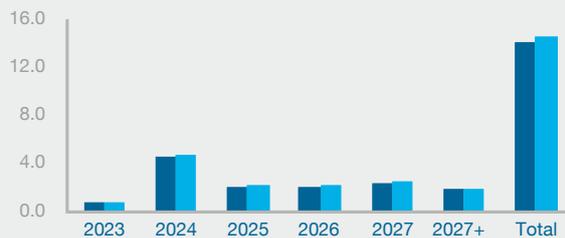
The vacancy rate was 4.1%, down from 4.9% at year-end 2021. The vacancy in our Life Sciences activities in Leiden remains 0%.

The retention rate in this segment is 82.8%.

Key metrics Other Netherlands

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

Annual expirations and reversionary potential



	2023	2024	2025	2026	2027	2027+	Total
Contract rent	0.9	4.6	2.1	2.1	2.4	2.0	14.0
ERV	0.9	4.8	2.2	2.2	2.6	1.9	14.5
# Contracts	53	20	18	10	12	18	131
Reversion	-1.2%	5.1%	5.1%	3.5%	6.7%	-3.3%	3.6%

Development and renovations

Laanderpoort

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

Well House

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

Vitrum

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

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

Balance sheet impact of development

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

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

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

Movement table investment property under construction

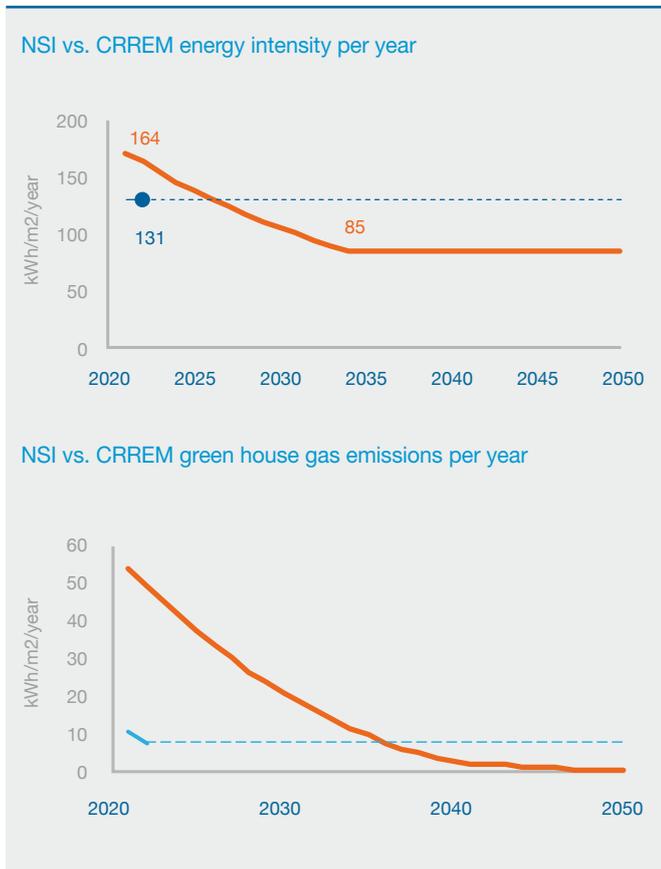
	TOTAL
Balance 1 January 2022	62.0
Capital expenditure (Investments)	7.2
Capitalised interest	1.3
Revaluation	-11.5
Balance 31 December 2022	59.1
Market value 31 December 2022	58.9

ESG

NSI's Roadmap to align with the 1.5c Paris agreement

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

According to CRREM, for Dutch offices to be compliant with the 1.5c Paris scenario, buildings must achieve 85 kWh/m²/year by 2034, as per the pathway below. At year-end 2022 the total (tenant + building-related) average energy consumption of our portfolio was 131 kWh/m²/year. While this is well above the 85 kWh/m²/year target, NSI is far below the Dutch office average for 2022, of 188 kWh/m²/year. Based on this starting point, if we were to take no further action, NSI's overall intensity would no longer comply with the CRREM pathway by 2026.



In 2023 we will start executing our Paris-proof investment plan. The total investment for the first 32 assets (ca. 70% of assets by value) is ca. € 58m. On completion these assets should see their energy intensity reduce significantly, from 116 kWh/m²/year to 80 kWh/m²/year, well below the CRREM target.

The square meters used for the energy intensity calculation, as per the CRREM methodology, is Gross Floor Area minus parking garages and outer façade. The energy intensity of the portfolio for 2021 has been restated to reflect this.

Note that the above trajectory does not take into account the effect of weather. Energy intensity at any given point in time is highly dependent on the weather (cold winters, hot summers). Whilst weather effects will even out over longer periods of time, to measure progress in any given

year we will have to adjust the actual energy intensity for degree days to properly measure our progress in reducing the energy intensity of the portfolio. We have not yet corrected for this so far.

GRESB 5-star rating maintained and EPRA sBPR Gold

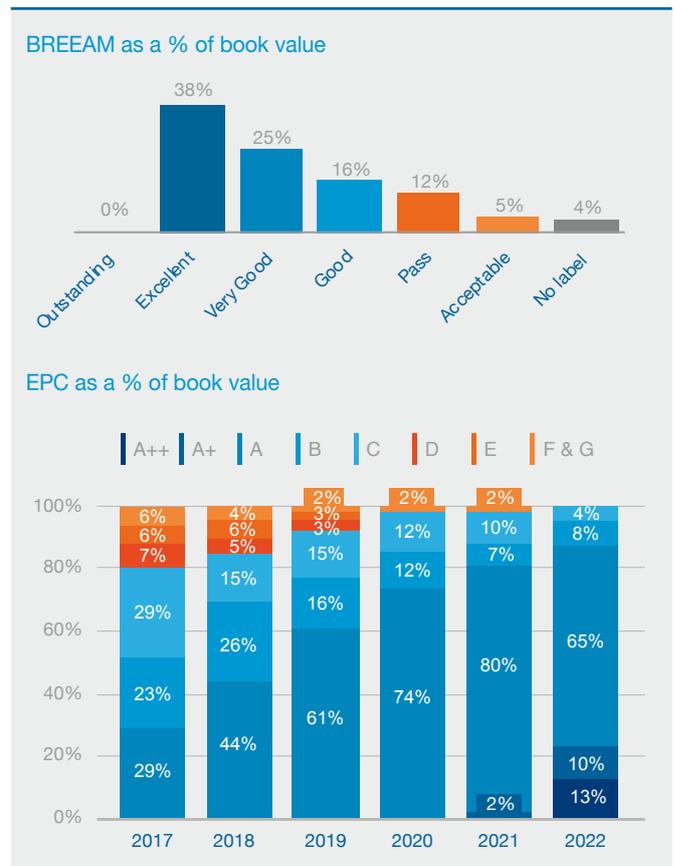
We have scored 93 out of 100 points and maintained our 5-star rating at GRESB, for the third year in a row. In 2022 we have also achieved, for the first time, EPRA's sBPR Gold rating.

New EPC and BREEAM labels

Whilst the focus is on reducing the actual energy intensity of our buildings, it will take years to see the full benefit of this. We appreciate that tenants and prospective tenants may need more direct evidence of sustainability and we believe BREEAM and EPC labels are still the most tangible way to deliver on this.

In 2022 NSI made significant strides in its BREEAM ambition (at least "very good") for its standing assets. A majority of assets (63%) now have either a Very Good or Excellent Label.

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, by 1 Jan 2023. At NSI we are already well ahead of that target (88% at label A, only 4% at label C, no assets below). The lower BREEAM and EPC labels are mostly confined to our potential redevelopment assets.



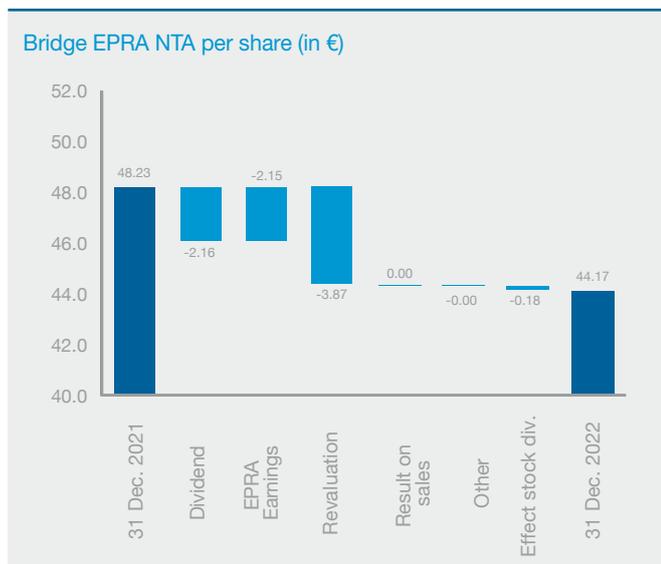
Green Energy procurement

At NSI we are committed to procuring Green Energy. All our procured electricity (for our multi-tenant buildings) is sourced from European Wind. In line with our approach to net-zero, all procured gas (for our multi-tenant buildings) emissions and district heating emissions have once again been fully offset in 2022.

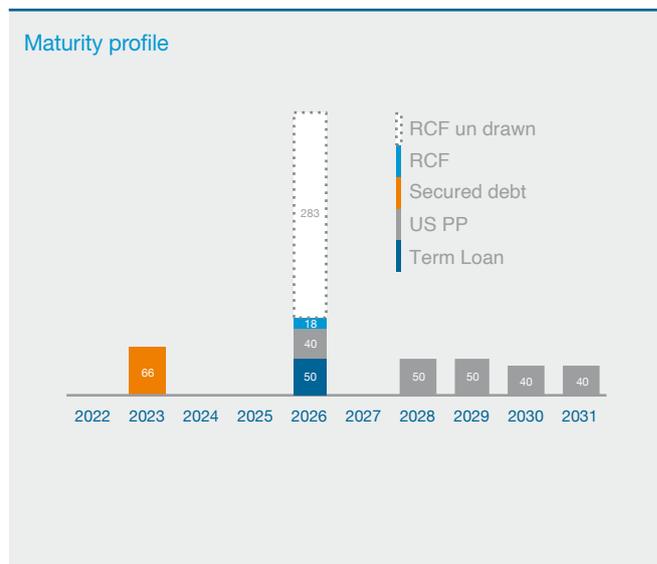
BALANCE SHEET, NTA AND FINANCING

Net tangible assets

EPRA NTA per end of December 2022 is € 886m, down 6.8% compared to the end of 2021 (€ 950m), largely as a result of a negative revaluation of the investment portfolio. Due to a small rise in the number of shares following the issuance of the stock dividend, EPRA NTA per share decreased by 8.4% from € 48.23 at the end of 2021 to € 44.17 at the end of 2022.



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



Funding

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

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

Net debt

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

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

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

Leverage and hedging

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

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

Covenants

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

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

CONSOLIDATED FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

(x € 1,000)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2022

(x € 1,000)

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

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2022

(x € 1,000)

	2022	2021
Result from operations after tax	-31,370	120,961
Adjusted for:		
Revaluation of investment property	76,826	-63,149
Net result on sale of investment property	-32	-10,207
Net financing result	5,122	7,884
Corporate income tax	2	2
Depreciation and amortisation	739	477
	82,658	-64,994
Movements in working capital:		
Debtors and other receivables	1,667	-3,427
Creditors and other payables	-1,894	-5,527
	-228	-8,954
Cash flow from operations	51,061	47,013
Financing income received	278	45
Financing costs paid	-8,545	-10,135
Tax paid	6	12
Cash flow from operating activities	42,800	36,935
Purchases of investment property and subsequent expenditure	-12,682	-128,696
Proceeds from sale of investment property	17,067	103,879
Investments in intangible fixed assets	-31	-33
Investments in tangible fixed assets	-104	-743
Disinvestments in tangible fixed assets	4	
Cash flow from investment activities	4,255	-25,593
Dividend paid to the company's shareholders	-30,078	-26,942
Proceeds from interest bearing loans	17,500	140,000
Transaction costs interest bearing loans paid	-339	-744
Repayment of interest bearing loans	-55,700	-115,700
Cash flow from financing activities	-68,617	-3,386
Net cash flow	-21,563	7,957
Cash and cash equivalents and debts to credit institutions - balance as per 1 January	7,723	-234
Cash and cash equivalents and debts to credit institutions - balance as per 31 December	-13,840	7,723

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2022

(x € 1,000)

2022

	Issued share capital	Share premium reserve	Other reserves	Result for the year	Shareholders' equity
Balance as per 1 January 2022	72,489	916,768	-161,762	120,961	948,457
Total result for the year				-31,370	-31,370
Total comprehensive income / expense for the year				-31,370	-31,370
Profit appropriation - 2021			120,961	-120,961	
Distribution final dividend - 2021	398	-403	-17,464		-17,470
Interim dividend - 2022	913	-918	-12,603		-12,608
Contributions from and to shareholders	1,310	-1,321	90,894	-120,961	-30,078
Balance as per 31 December 2022	73,800	915,447	-70,868	-31,370	887,008

2021

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

SEGMENT INFORMATION

Having completed the asset rotation in full, with the disposal of the last retail and non-core provincial assets, the segment reporting has been adjusted as from 2022, to better reflect the positioning of NSI and how the business will evolve over the period ahead. NSI will no longer report Office, HNK and Other, but instead has switched to Amsterdam, Other G4 and Other Netherlands.

Comparative figures have been adjusted accordingly.

2022

Statement of comprehensive income

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

Statement of financial position as per 31 December

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

2021

Statement of comprehensive income

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

Statement of financial position as per 31 December

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

EPRA KEY PERFORMANCE MEASURES

Overview key performance indicators

	2022		2021	
	€ ' 000	per share (€)	€ ' 000	per share (€)
EPRA earnings	42,733	2.15	46,373	2.38
EPRA cost ratio (incl. direct vacancy costs)	28.8%		28.2%	
EPRA cost ratio (excl. direct vacancy costs)	27.8%		28.2%	
EPRA property related capital expenditure	12,776		128,704	

	31 December 2022		31 December 2021	
	€ ' 000	per share (€)	€ ' 000	per share (€)
EPRA NRV	987,844	49.26	1,058,582	53.74
EPRA NTA	885,774	44.17	950,062	48.23
EPRA NDV	918,162	45.78	945,661	48.01
EPRA LTV	29.3%		28.8%	
EPRA net initial yield (NIY)	4.6%		4.1%	
EPRA topped-up net initial yield	5.0%		4.5%	
EPRA vacancy rate	6.2%		5.9%	

EPRA earnings

	2022	2021
Gross rental income	71,309	77,507
Service costs not recharged	-1,322	-1,873
Operating costs	-10,663	-12,362
Net rental income	59,325	63,272
Administrative costs	-8,566	-7,612
Net financing result	-8,024	-9,285
Direct investment result before tax	42,735	46,375
Corporate income tax	-2	-2
Direct investment result / EPRA earnings	42,733	46,373
Direct investment result / EPRA earnings per share	2.15	2.38

EPRA cost ratio

	2022	2021
Administrative costs	8,566	7,612
Service costs not recharged	1,322	1,873
Operating costs (adjusted for municipality taxes)	10,663	12,362
Leasehold	-3	0
EPRA costs (including direct vacancy costs)	20,548	21,847
Direct vacancy costs	-753	-1,690
EPRA costs (excluding direct vacancy costs)	19,795	20,157
Gross rental income	71,309	77,507
EPRA gross rental income	71,309	77,507
EPRA cost ratio (incl. direct vacancy costs)	28.8%	28.2%
EPRA cost ratio (excl. direct vacancy costs)	27.8%	26.0%

EPRA property related capital expenditure

	2022	2021
Acquisitions	-104	109,850
Development	7,233	3,419
Like-for-like portfolio	5,648	10,419
Other	0	5,016
EPRA capital expenditure	12,776	128,704

EPRA NAV

	31 December 2022			31 December 2021		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	887,008	887,008	887,008	948,457	948,457	948,457
Hybrid instruments						
Diluted NAV	887,008	887,008	887,008	948,457	948,457	948,457
Diluted NAV at fair value	887,008	887,008	887,008	948,457	948,457	948,457
Fair value of financial instruments	-1,163	-1,163		1,739	1,739	
Intangibles as per IFRS balance sheet		-72	-72		-134	-134
Fair value of fixed interest rate debt			31,225			-2,662
Real estate transfer tax	101,999			108,387		
NAV	987,844	885,774	918,162	1,058,582	950,062	945,661
Fully diluted number of shares	20,054,241	20,054,241	20,054,241	19,698,207	19,698,207	19,698,207
NAV per share	49.26	44.17	45.78	53.74	48.23	48.01

EPRA yield

	31 December 2022	31 December 2021
Investment property including assets held for sale	1,274,988	1,354,840
Developments	-58,878	-61,863
Property investments	1,216,110	1,292,977
Allowance for estimated purchasers' costs	109,450	116,368
Gross up completed property portfolio valuation	1,325,560	1,409,345
Annualised cash passing rental income	72,852	69,744
Annualised property outgoings	-11,951	-11,919
Annualised net rent	60,901	57,825
Notional rent expiration of rent free periods or other lease incentives	5,940	6,121
Topped-up annualised net rent	66,841	63,946
EPRA net initial yield	4.6%	4.1%
EPRA topped-up net initial yield	5.0%	4.5%

EPRA vacancy

	31 December 2022	31 December 2021
Estimated rental value of vacant space	5,510	5,174
Estimated rental value of the whole portfolio	88,317	87,023
EPRA vacancy	6.2%	5.9%

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.