

# Preliminary results 2015

## Increase in direct result in 2015

### Highlights

#### Update strategy

- Significant improvement in quality of portfolio through asset rotation in 2015:
  - Share of region Randstad increased from 42.5% to 52.5% in office portfolio
  - Share of 'core' properties increased from 54% to 65%
- NSI sold assets for a total volume of €49.4 million (86,500 sqm), partially divested the IOW stake from 50.2% to 15.2% (gross proceeds € 111 million) and acquired high-quality office assets for €168.8 million
- The portfolio increased from €1,056.7 million (ultimo 2014) to €1,203.5 million (ultimo 2015)

#### Financial

- Direct result increased by 4.4% to €50.6 million (2014: €48.5 million); acquisition and costs lower financing costs compensated the lower contribution from the decreased stake in IOW; direct result per share from €0.34 in 2014 to €0.35 in 2015
- Positive total investment result of €63.8 million (2014: € 136.9 million negative)
- On balance a positive revaluation result of €0.4 million, mainly due to a positive revaluation result in the office portfolio
- Average cost of debt decreased significantly from 4.6% as per 31 December 2014 to 3.7% as per 31 December 2015
- The loan-to-value (LTV) was 43.2% as per 31 December 2015 (ultimo 2014: 48.9%)
- Proposal final dividend of €0.14 per share, resulting in a total dividend of €0.27 per share for 2015 (2014: € 0.25)

#### Offices (including HNK)

- Occupancy rate improved from 71.5% ultimo 2014 to 73.6% ultimo 2015, in particular as a result of asset rotation
- Take up /supply ratio of 24.8% in 2015 compared to the market average of 14.7%
- Stable average effective rent level new leases € 135 per sqm over the last 12 months

#### HNK

- Roll-out on schedule; 10 HNK's operational, progressing to 20 HNK's in 2016
- Take up/supply ratio of 45% in 2015 compared to the market average of 14.7% shows strength of proposition
- The like-for-like growth in HNK was 18.6%
- HNK wins National Business Success award in category "Best Dutch office landlord"

#### Retail

- Like-for-like growth of 4.3% in 2015 versus 2014
- The occupancy rate decreased from 88.4% ( 31 December 2014) to 84.8%

Results (x €1,000)	Netherlands 2015	Netherlands 2014	Belgium 2015*	Belgium 2014*	Total 2015**	Total 2014
Gross rental income	90,796	93,333	23,039	40,266	113,835	133,599
Net rental income	68,203	72,053	22,812	37,067	91,324	109,160
Direct investment result	40,048	35,816	10,203	12,592	50,575	48,451
<i>Per share</i>					<i>0.35</i>	<i>0,34</i>
Indirect investment result	10,366	-181,894	2,853	-3,454	13,219	- 185,348
<i>Per share</i>					<i>0.09</i>	<i>- 1,30</i>
Result after taxes	50,414	-146,078	13,056	16,618	63,794	- 136,897
Occupancy rate (in %)	77.3%	77.1%	-	-	77.3%	79,9%
Loan-to-value (in %)					43.2%	48,9%
<i>Dividend per share</i>					<i>0.27</i>	<i>0,25</i>

\*\* NSI decreased its stake in Belgian company IOW from 50.2% to 15.2% on 18 June 2015. Consequently IOW is no longer consolidated in the income statement from Q3 2015 onwards and in the balance sheet as per 30 June 2015.

\*\* Including result from Switzerland

*Johan Buijs, CEO of NSI:*

*“At the half year results, we saw positive revaluations in the offices market for the first time since a long time. The positive revaluations per year end 2015 confirm that the turning point in valuations of the Dutch offices market is reached. That is why, in the second half of the year we explicitly started to focus on acquisitions. We have acquired 8 high quality assets for € 169 million. Together with the disposals earlier in the year we have made an important improvement in the quality of our portfolio. On balance the Dutch portfolio grew by 15%.*

*2015 also showed a tipping point in our direct investment result. The direct result improved, after a period of decreases, from € 0.34 to € 0.35 per share. We improved our result compared to last year, mainly due to improved financing conditions. With a take up of almost 50,000 sqm, we not only performed significantly better than last year but also considerably better than the offices market overall. In particular HNK continues to prove its strength in the market.*

*We have therefore started the year 2016 with confidence, and we will continue on our strategic roadmap. Next to continuously working on the improvement of our portfolio, we will fully focus on the further roll out of HNK and on improving the occupancy rate.”*

*Outlook*

The improved economic conditions in the Netherlands as seen in 2015 are expected to continue. As shown by the high take up in 2015, this has increased the dynamics in the office market. Combined with the improvements that NSI has achieved in the office portfolio through asset rotation and the rollout of HNK, NSI expects to improve the occupancy rate of its office portfolio.

The retail market remains challenging despite increased consumer spending. Thanks to the focus on local shopping centres, NSI expects a stable development in its retail portfolio. On balance, NSI expects to improve the overall occupancy rate of the total portfolio.

In the past few years NSI made important progress in improving the quality of the portfolio. In 2015, the share of offices in the G4 (Amsterdam, Rotterdam, The Hague, Utrecht) and the Randstad rose to 52.5% (previously 42.5%) and the average quality based on the independent ranking of JLL rose to 57.8% (previously 42.5%) . NSI will continue to work on improving the quality and performance of its portfolio in 2016. The focus is on growing organically of the Dutch office portfolio and the continued rollout of the HNK concept to 20 assets by the end of 2016.

*Progress Strategy*

NSI increases the quality of its portfolio through its asset rotation strategy. By divesting assets of which the value has been optimized or when the required investments will not result in the required returns NSI frees up funds to reinvest. NSI's investment focus is on the Dutch offices market, where NSI sees the best opportunities to create value based on its active management strategy, on locations with a fundamentally healthy office market.

In 2015 NSI freed up €49.4 million from the sale of 27 non-strategic assets (86,500 sqm). Furthermore NSI decreased its stake in the Belgian listed company Intervest Offices & Warehouses (“IOW”) from 50.2% to 15.2%, which freed up €111 million of capital.

In 2015 NSI acquired in total 8 office properties for €168.8 million. With these acquisitions NSI delivers on its strategy to grow in Dutch offices in selected regions with high quality assets. As a result of these acquisitions, the office portfolio improved as per 31 December 2015 compared to 31 December 2014:

- the share of the region Randstad in NSI's office portfolio grew from 42.5% to 52.5%, and even doubled in Amsterdam (from 11.8% to 24.7%)
- the share of ‘core’ assets in NSI's office portfolio grew from 54% to 65%, an important step in the realisation of the strategic target of 70% core assets per year-end 2016
- the average quality based on the JLL office ranking increased from 49.3% to 57.8%

The roll out of HNK towards 20 HNKs by year-end 2016 is progressing according to plan. In 2015, three new HNKs were opened (HNK Den Bosch, HNK Ede and HNK Utrecht Central Station), meaning that 10 HNKs were in operation as per year end 2015. The preparatory work for a HNK in Amsterdam South East, Dordrecht and a second one in Rotterdam is in full progress. The HNKs are scheduled for opening in the 1st quarter of 2016.

## Leasing activities

	Offices (ex HNK)		HNK		Offices total		Retail	
	2015	2014	2015	2014	2015	2014	2015	2014
Occupancy rate	76.7%	77.3%	59.6%	56.6%	73.6%	71.5%	84.4%	88.4%
Take up in sqm (leasing out of vacancy)	28,006	18,910	21,139	4,855	49,145	23,764	5,029	10,310
Take up/supply rate	18.5%	10.5%	45.2%	26.2%	24.8%	13.3%	14.7%	41.1%
Organic net change in sqm	-22,261	-39,641					-6,367	558
Effective rent level per sqm new lettings (over 12 months)	€ 107	€ 113	€ 165	€ 169	€135	€ 129	€ 215	€135
Effective rent level per sqm total portfolio	€157	€143	€ 188	€ 160	€ 161	€149	€178	€ 183
Like-for-like growth gross rental income	-11.5%	-4.0%	18.6%	25.5%	-6.9%	-1.7%	4.3%	- 11.0%

### Offices (excluding HNK)

The occupancy rate increased in the 4<sup>th</sup> quarter, from 73.1% as per 30 September to 76.7% per 31 December 2015, mainly as a result of acquisitions. The occupancy rate decreased slightly compared to 31 December 2014 (77.3%).

NSI realised a take up of 28,006 sqm (leasing out of vacancy) in 2015, which is a significant increase compared with 2014. NSI also realised a higher take up/supply ratio with its traditional office portfolio (18.5%) compared with the market average (14.7% on the basis of market data DTZ).

The negative like-for-like growth was largely caused by the expiration of a number of large contracts as per 31 December 2014, including the Central Government Real Estate agency ("Rijksgebouwendienst", 5,000 sqm), ROC Amsterdam (5,000 sqm) and Prorail (9,000 sqm) with a total rental income of €3.2 million.

The property which was vacated by Prorail (Arthur van Schendelstraat in Utrecht) has been successfully transformed in HNK Utrecht Central Station in the meantime. The property which was vacated by ROC Amsterdam (Wilhelminaplein in Amsterdam) has been leased long-term for student-housing. This shows how NSI is able to re-let these larger floorplates with an active strategy.

The effective rent level of new leases in the offices portfolio, including incentives, amounted to € 107 per sqm over the last 12 months, in line with market rents. The effective rent for the overall Dutch office portfolio increased from € 143 per sqm as per 31 December 2014 to €157 per sqm as result of acquisitions.

In 2016 9% of the contracts in the office portfolio can expire.

### HNK

The average occupancy rate increased from to 59.6% as per 31 December 2015 compared with 56.6% as per 31 December 2014 (30 September 2015: 67.6%). The occupancy rate in HNK is continuously being impacted by new HNKs being added to the HNK portfolio, which usually have a low occupancy rate at the start. Therefore the occupancy rate does not indicate the underlying trend. Furthermore, the occupancy rate was impacted by 2 large tenants vacating in the 4th quarter; the bankruptcy of Imtech led to the termination of the lease contract in HNK The Hague (3,695 sqm). In addition, the contract of a government related agency expired (3,855 sqm) in HNK Rotterdam. This government-related agency was already located in the property before it was transformed into HNK Rotterdam and has moved to a newly developed property in which several government-related agencies has been centralised. All other HNKs showed a positive trend in the occupancy rate in the 4th quarter.

The gross rental income increased to €8.0 million in 2015 compared with €5.4 million in 2014. The like-for-like growth was 18.6%. In 2016, 25% of the contracts in HNK can expire.

The roll out to the targeted 20 HNKs by year end 2016 is progressing according to schedule. There are 10 HNKs in operation at present, and another 3 HNKs are scheduled for opening in the 1<sup>st</sup> quarter of 2016 (Dordrecht, Amsterdam Southeast, 2<sup>nd</sup> HNK in Rotterdam).

NSI invested € 9.5 million in HNK in 2015, bringing the total cumulative investments in HNK to € 21.8 million, out of the total 3-year investment plan of € 31.0 million by 2016. For the further roll out to 20 HNKs in 2016 an investment of € 15 million is expected.

HNK recently won the Dutch Business Success award in the category “Best Dutch landlord”.

#### *Retail*

In 2015, consumer confidence was once again positive for the first time in 7.5 years. At the same time purchasing power improved as a result of an increase in real income. This has translated into increased consumer spending by approximately 0.9% in 2015. However, sales volumes continue to be 10.5% lower than eight years ago. Consumer spending currently is 2.7% below pre-crisis levels. Combined with the structurally changed consumer behaviour, the retail market remains challenging. Several nation-wide retail chains went bankrupt in 2015, involving approx. 1,300 retail units. Only 9 units were hit in NSI's portfolio, partly because NSI focuses on the daily shopping segment, which is less vulnerable to both economic circumstances and online sales. The impact for the NSI portfolio was even less because some of the bankrupt retailers restarted their business in the meantime (€ 0.5 million)

The occupancy rate of the retail portfolio decreased to 84.4% (30 September 2015: 86.6%, 31 December 2014: 88.4%), among others due to the expiration of an office space in the retail portfolio and the sale of the fully occupied shopping centre Zevenkampse ring.

In 2016, 7% of the contracts in the retail portfolio can expire.

#### *Other (Industrial and Large Scale Retail)*

The large scale retail segment clearly benefited from the recovery in the residential market. After years of contraction, this sector finally showed growth again. The occupancy rate improved to 90.5% as per 31 December 2015 (30 September 2015: 89.8%, 31 December 2014: 84.5%).

The occupancy rate in the industrial portfolio was 77.1% as per 31 December 2015 (31 December 2014: 76.6%, 30 September 2015: 79.0%). The industrial portfolio is classified as 'held for sale' as per 31 December 2015.

## Financial report

### *Explanation of the effects of the Invest Offices & Warehouses transaction*

On 18 June 2015, NSI partially divested its stake in Belgian Invest Offices & Warehouses ("IOW") from 50.2% to 15.2%. The impact on the presentation of the stake is as follows:

### *Balance sheet*

As per 30 June 2015 IOW is no longer consolidated in the balance sheet of NSI.

As per 18 June 2015, the remaining stake of 15.2% in IOW (2,476,241 shares) is revalued according to the fair value per share (share price IOW: €20.02).

As of 18 June 2015 IOW is treated as "associates" and the equity method is applied. This means that the value of the minority stake will fluctuate with the net asset value of IOW.

This method is in accordance with NSI's accounting policies.

### *Profit and loss account*

In the profit and loss account as per 30 June 2015, the 50.2% stake in IOW is consolidated up to and including 30 June 2015 (€ 7.1 million). After 30 June 2015 the partial stake in IOW is being recognised as 'result from associates' in the results of NSI.

### *Total investment result*

The total investment result, consisting of the sum of the direct and indirect investment results amounted to 63.8 million in 2015 (2014: -€ 136.9 million).

### *Direct investment result*

(x € 1,000)	2015	2014	Netherlands 2015	Netherlands 2014
Gross rental income	113,835	133,599	90,796	93,333
Service costs not recharged to tenants	- 5,796	- 5,828	-5,216	-5,027
Operating costs	- 16,715	- 18,611	-17,377	-16,253
<b>Net rental income</b>	<b>91,324</b>	<b>109,160</b>	<b>68,203</b>	<b>72,053</b>
Financing income	2,541	176	2,540	112
Financing costs	-30,777	- 42,391	-24,694	30,509
Result Minority share	2,337	-	-	-
Administrative costs	-6,914	-7,710	6,018	5,833
<b>Direct investment result before tax</b>	<b>58,510</b>	<b>59,234</b>	<b>40,031</b>	<b>35,832</b>
Corporate income tax	-125	-111	18	-7
<b>Direct investment result after tax</b>	<b>58,385</b>	<b>59,123</b>	<b>40,048</b>	<b>35,816</b>
Direct investment result attributable to minority interest	- 7,811	-10,672	-	-
<b>Direct investment result</b>	<b>50,575</b>	<b>48,451</b>	<b>40,048</b>	<b>35,816</b>

NSI uses the direct investment result (rental income less operating costs, service costs not recharged, administrative costs and financing costs) as a measure for determining its dividend.

The direct investment result in 2015 amounted to € 50.6 million (2014: € 48.5 million), mainly as a result of lower financing costs that compensated the lower contribution from the decreased stake in IOW.

In addition the result was impacted by 2 one-off gains. In Belgium a refurbishment fee (€ 2.5 million) was received. Furthermore NSI received one-off interest income (€2.5 million) resulting from the final settlement with the Belgian tax authority concerning historically paid withholding tax in Belgium which is recorded as financing income. The direct result in The Netherlands increased from € 35.8 million in 2014 to € 40.0 million in 2015.

## Gross rental income 2014 up to 2015

Total gross income decreased in 2015 to € 113.8 million (2014: € 133.6 million), mainly as a result of the partial divestment and associated deconsolidation of the Belgian Intervest Offices & Warehouses (IOW).

x € 1.000	2014	Purchases	Disposals	Organic growth	Transformation HNK/Deconsolidation IOW	2015
<b>The Netherlands</b>						
Offices	45,291	2,591	-1,909	-5,262	1,736	43,077
HNK	8,223	-	-	1,526	-1,736	8,013
Retail	26,772	-	- 67	1,150	-	27,855
Large-scale retail	5,366	-	-	529	-	5,895
Industrial	6,931	-	- 372	- 603	-	5,956
Residential	120	-	- 120	-	-	-
<b>Total</b>	<b>93,333</b>	<b>2,591</b>	<b>- 2,468</b>	<b>- 2,660</b>	<b>-</b>	<b>90,796</b>
<b>Belgium</b>						
Offices	24,740	-	-	-	-12,077	12,663
Industrial	15,526	-	-	-	-5,150	10,376
<b>Total</b>	<b>40,266</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-17,227</b>	<b>23,039</b>
<b>Totaal NSI</b>	<b>133,599</b>	<b>2,591</b>	<b>-2,468</b>	<b>-2,660</b>	<b>-17,227</b>	<b>113.835</b>

In the Dutch offices portfolio the expiration of a number of large contracts as per 31 December 2014 impacts organic (like-for-like) growth in all quarters of 2015. The impact of the expiration of these contracts, including contracts with the Central Government Real Estate agency ("Rijksgebouwendienst", 5,000 sqm), ROC Amsterdam (5,000 sqm) and Prorail (9,000 sqm) amounted to € 3.2 million in 2015.

When the transformation of a property into HNK is completed, it is reported in the organic growth numbers of the HNK portfolio. In case tenants have left the property prior to the transformation, this impact is reported in Offices. In 2015 HNK Utrecht Central Station, HNK Ede and HNK Den Bosch were transformed. Tenants who vacated the property prior to the transformation into HNK represented a total rental income of € 1.7 million.

The positive like-for-like growth in the Dutch retail portfolio is driven by the lease of the Zuiderterras in Rotterdam, after a period of strategic vacancy for the purpose of redevelopment.

## Gross rental income Q3 2015 up to Q4 2015

x € 1.000	Q3 2015	Purchases	Disposals	Organic growth	Q4 2015
<b>The Netherlands</b>					
Offices	10,028	2,591	- 75	-491	12,053
HNK	1,923	-	-	154	2,077
Retail	6,982	-	- 70	- 16	6,896
Large-scale retail	1,430	-	-	- 50	1,380
Industrial	1,457	-	-	3	1,460
Residential	21,820	2,591	-145	- 400	23,866

In October 2015 NSI acquired eight office properties that contributed to the rental income according to expectations. In the fourth quarter, organic growth in the offices portfolio was impacted by the expiration of two large single tenant contracts (approx. 7,000 sqm in total), as reported in the Q3 trading update.

Service costs not recharged to tenants were stable in 2015 at € 5.8 million, but decreased in the second half of 2015 (€ 2.5 million) compared to the first half of 2015 (€ 3.3 million) as a result of the deconsolidation of IOW and the divestment of the non-core portfolio. In addition NSI managed to reduce costs by improving the procurement conditions.

The operating costs decreased from € 18.6 million in 2014 to € 16.7 million in 2015 as a result of one-off received refurbishment fees in Belgium of € 2.5 million in the 1st quarter and the deconsolidation of IOW. The operating costs in the Dutch portfolio increased from € 16.3 million to € 17.4 million as a result of higher maintenance costs and a one-off increase in contribution to association of owners (VVE's).

This leads to total net rental income of € 91.3 million (€ 109.2 million in 2014). Net rental income in The Netherlands was € 68.2 million in 2015, compared to € 72.1 million in 2014.

The administrative costs decreased from € 7.7 million to € 6.9 million as a result of IOW. In The Netherlands administrative costs came in at € 6.0 million (2014: € 5.8 million).

The net financing costs further decreased in 2015 to € 28.2 million, compared to € 42.2 million in 2014, following the refinancing of € 550 million against more beneficial conditions in May 2015 and a further reduction of the net outstanding debt. Furthermore there were changes in the hedging portfolio, increasing the duration of the interest swaps against lower costs. These combined resulted in a significant decrease of 19% of the financing costs in the Dutch portfolio. In addition the financing income increased as a result of one-off income (appr. € 2.5 million) resulting from the final settlement with the Belgian tax authority concerning historically paid withholding tax in Belgium.

#### *Indirect investment result*

The indirect investment result amounted to € 13.2 million positive compared to € 185.3 million negative in 2014. The indirect investment result consists of both realized revaluations (sales results on investments sold) and unrealized revaluations. These unrealized revaluations concern the changes in the market value of the property portfolio (€ 0.4 million), the interest hedging instruments (€ 7.5 million), revaluation other investments (-€2.2 million) and the partial divestment of the stake in IOW (€ 2.9 million). The realised revaluations include the result on sales (€ 5.2 million).

#### *Realised revaluations*

In 2015 the sale of 24 office properties, two industrial properties and 1 retail property was completed, with a total result on sales of € 5.2 million. The total proceeds of the transactions completed in 2015 amounted to € 49.4 million.

#### *Unrealised revaluations*

The revaluation of the total real estate portfolio in 2015 amounted to € 0.4 million positive (2014: € 183.1 million negative). The value of the Dutch real estate portfolio increased by € 1.4 million. This includes a positive revaluation of € 9.1 million in the offices portfolio and € 4.3 million in large-scale retail, and a negative revaluation of the retail portfolio (€ 9.4 million) and the industrial portfolio (€ 2.6 million). The revaluation result in Belgium was €1,0 million in 2015.

In the office portfolio the revaluation was driven by a modest decrease in market yields and market rent. In the retail portfolio the revaluation was mainly driven by increasing yields.

NSI sold 5.7 million shares IOW (representing 35% in IOW) which resulted in a IFRS result on sale of € 2.9 million.

The value of the derivatives increased by € 7.1 million as a result of the increased Euribor-rates. NSI utilizes interest-rate hedging instruments exclusively to limit operational interest rate risks. The total value amounted to - €24.8 million as per 31 December 2015 (31 December 2014: €34.2 million including Belgium). There is no 'over-hedging situation' and NSI is not exposed to margin calls. The value of the financial derivatives automatically reverts to zero at the end of the duration of these instruments.

### Revaluation results of properties (x € 1,000)

The Netherlands	2015	2014	2013	2012	2011*	2010*
Offices	9,082	- 122,519	- 131,658	- 102,090	- 31,400	- 21,435
Retail	- 9,385	- 41,604	- 38,812	- 11,304	- 72	- 668
Large-scale retail	4,283	- 13,645	- 11,284	- 5,120	- 550	- 511
Industrial	- 2,599	- 109	- 11,024	- 6,094	- 1,351	- 2,416
Residential	-	-	-	- 155	135	- 1,747
<b>Total</b>	<b>1,381</b>	<b>- 177,876</b>	<b>- 193,352</b>	<b>- 124,763</b>	<b>- 33,238</b>	<b>- 26,777</b>
Belgium	- 1,005	- 5,198	1,205	- 13,953	- 3,571	
<b>Total</b>	<b>376</b>	<b>- 183,074</b>	<b>- 192,147</b>	<b>- 138,716</b>	<b>- 36,809</b>	<b>- 26,777</b>

\*) In accordance with IFRS the figures prior to the merger with VNOI (over the period 2008-1<sup>st</sup> three quarters of 2011) have not been amended and represent only NSI. As of the 4<sup>th</sup> quarter of 2011 all results of NSI and VNOI are fully consolidated.

### EPRA Yields in % at 31 December 2015 and 31 December 2014

The EPRA Net Initial yield is calculated as annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable operating and service costs, divided by the market value of the property, increased with (estimated) purchasers' costs.

The EPRA Topped-up Net Initial Yield is calculated as an adjustment to the EPRA NIY corrected for eliminated lease incentives.

	EPRA gross yield 31-12-2015	EPRA net initial yield 31-12-2015	EPRA topped up net initial yield 31-12-2015	EPRA Gross yield 31-12-2014	EPRA net initial yield 31-12-2014	EPRA topped up net initial yield 31-12-2014
Offices	7.9	6.2	6.3	8.4	6.3	6.5
Retail	6.8	5.7	5.7	7.0	6.0	6.1
Large-scale retail	7.8	6.7	6.7	7.8	6.0	6.0
Industrial	8.5	7.0	7.0	8.8	7.5	7.5
<b>Total The Netherlands</b>	<b>7.6</b>	<b>6.1</b>	<b>6.2</b>	<b>7.9</b>	<b>6.2</b>	<b>6.4</b>

### Balance sheet and financing

The value of the real estate investments amounted to € 1,203.5 million on 31 December 2015 (ultimo 2014: € 1,668.2 million). This decrease is primarily the result of the deconsolidation of IOW (30 June 2015: € 635.7 million). The value of the Dutch real estate investments increased to € 1,200.2 million as per 31 December 2015 (ultimo 2014: € 1,056.7 million) as a result of purchases (€ 168.8 million), disposals (€43.3 million), investments (€ 16.6 million) and revaluations (€ 0.4 million).

The loan-to-value (Ltv) stood at 43.2% as per 31 December 2015 compared with year-end 2014 (48.9%), mainly as a result of the deconsolidation of IOW and the purchase and disposal of properties. The loan-to-value is calculated as outstanding net debt/ (value of the real estate investments + net asset value of minority interests).

Net outstanding debt to credit institutions amounted to € 542.3 million on 31 December 2015 (ultimo 2014: € 815.5 million), mainly as a result of the deconsolidation of IOW.

### Equity

NSI's equity attributable to shareholders increased by 4.4% to € 660.7 million in 2015 (ultimo 2014: € 632.8 million), mainly as the result of the positive total investment result of € 63.8 million and the final dividend (€ 35.8 million). De waarde van de minderheidsdeelneming van 15,2% in IOW bedroeg per 31 december 2015 € 51.4 million.



The number of outstanding shares remained unchanged in 2015. The net asset value (including deferred tax and the market value of the derivatives) increased by 4.3% to € 4.61 per share on 31 December 2015 (ultimo 2014: € 4.42). If the deferred tax and the value of the derivatives are excluded (the net asset value according to EPRA), the net asset value amounts to € 4.79 per share on 31 December 2015 (ultimo 2014: € 4.69).

### Financial ratios

	Outstanding loans	Swaps (fixed interest)	% Fixed rate/swap	Interest% Swap	Interest% loans	Average Interest%
NL	524,334	346,625	88.5%	3.4%	2.6%	4.9%
BE	268,538	120,000	92.1%	2.0%	3.3%	4.0%
<b>Total 2014</b>	<b>792,872</b>	<b>466,625</b>	<b>89.7%</b>	<b>3.1%</b>	<b>2.8%</b>	<b>4.6%</b>
NL	564,434	414,300	80.4%	1.9%	2.2%	3.7%
<b>Total 2015</b>	<b>564,434</b>	<b>414,300</b>	<b>80.4%</b>	<b>1.9%</b>	<b>2.2%</b>	<b>3.7%</b>

Due to the refinancing completed in May 2015, the average maturity of the loans increased from 2.0 years at 31 December 2014 to 3.9 years at 31 December 2015. The fixed-interest part of the interest bearing debt, including interest rate swaps, decreased from 88.5% to 80.4%.

The average cost of debt of the Dutch loans and derivatives decreased significantly as per 31 December 2015 to 3.7% from 4.9% at year-end 2014 (4.6% including Belgium), as a result of the lower interest rates following the refinancing and the changes in the derivatives portfolio increasing the duration against lower costs.

NSI achieved, partly due the low interest rates, its objective to lower the average cost of debt to below 4.0%, ahead of expectation. NSI has met for two consecutive testing periods the conditions to (partially) release the security on the bank related financing of the syndicated loans. NSI will enter discussions with the banks on this on the short term.

The interest coverage ratio improved to 3.2 as per 31 December 2015 (year-end 2014: 2.6).

### Final dividend 2015

In line with the applicable dividend policy (pay-out of the direct result of at least 75% of the direct result), NSI proposes a final dividend of €0.14 per share in cash. This totals the 2015 dividend to €0.27 per share of which €0.13 has already been distributed as interim dividend.

## Developments in the portfolio

The value of the real estate portfolio stood at € 1.203,5 as per 31 December 2015 (HY 2014: € 1,668.2). This decrease is mainly the result of the deconsolidation of the real estate investments of IOW (30 June 2015: € 635.7 million, 31 December 2014: € 610,8 million).

The value of the Dutch real estate portfolio increased from € 1,056.7 million as per 31 December 2014 to € 1.200,2 million, as a result of the balance of purchases (€ 168.8 million), disposals (€ 43.3 million), investments (€ 16.6 million), and revaluations (€ 1.4 million). The industrial portfolio (€ 61.2 million) is recognized as 'held for sale' as per 31 December 2015.

In 2015 NSI completed the sale of 24 offices properties, including the non-core portfolio of 14 assets, of which the sales agreement was closed in 2014. In 2015 sales agreements were reached regarding two offices properties (Koraalrood in Zoetermeer en Strekkerweg in Amsterdam), which will be transferred in 2016. Furthermore two industrial assets and one retail asset (comprising two units) were sold.

The annual gross rental income of the properties sold in 2015 amounts to € 3.3 million (effect in 2015: € 1.7 million).

NSI continues its asset rotation strategy by divesting assets that strategically no longer fit its portfolio or of which the value potential has been optimized. The focus is now on investments in order to further improve the quality of the portfolio and to realize growth in the Dutch offices portfolio.

The most important investments relate to the further roll-out of HNK (€ 9.5 million).

As at 31 December 2015, the portfolio consisted of 193 commercial properties, spread across:

	in %	x € 1,000
<b>Sector spread</b>		
Offices	59	713,753
Retail	30	356,934
Large-scale retail	6	68,240
Industrial	5	61,228
<b>Total real estate investments</b>	<b>100</b>	<b>1,200,156</b>

Overview properties sold in 2015

Segment	Location	sqm
Offices	Uraniumweg 23, Amersfoort	6,658
Offices	Hettenheuvelweg 12, Amsterdam	2,347
Offices	Hettenheuvelweg 14, Amsterdam	2,367
Offices	Paasheuvelweg 15, Amsterdam	1,929
Offices	Rivium Boulevard 82-100, Capelle a/d IJssel	1,875
Offices	Keulenstraat 6, Deventer	3,571
Offices	Snipperlingsdijk, Deventer	1,208
Offices	Hanzeweg 5, Gouda	5,855
Offices	Adelbert van Scharnlaan 170-180, Maastricht	3,937
Offices	Touwslagerstraat 17, Ridderkerk	1,711
Offices	Volmerlaan 7, Rijswijk	5,499
Offices	Van Houten Industriepark 23, Weesp	1,309
Offices	Zaagmolenlaan 12, Woerden	1,662
Offices	Engelandlaan 270-340, Zoetermeer	2,681
Offices	Montaubanstraat, Zeist	2,143
Offices	Karel du Jardinstraat, Amsterdam	6,107
Offices	Villawal, Nieuwegein	5,783

Offices	Bovendonk, Roosendaal	3,361
Offices	Nieuwe Steen, Hoorn	1,747
Offices	Delflandlaan, Amsterdam	7,440
Offices	Laan Copes van Cattenburch, Den Haag	1,705
Offices	Gildestraat, Heerhugowaard	2,014
Offices	Kanaalweg, Utrecht	970
Offices	Arnhemsestraatweg, Velp	2,155
Industrial	Cairostraat, Rotterdam	2,550
Industrial	Hardwareweg, Amersfoort	5,858
Retail	Zevenkampse Ring	2,075
<b>Total</b>		<b>86,530</b>

### Financial occupancy rate Dutch portfolio

In %	31 December 2015	30 September 2015	31 December 2014
Offices (ex HNK)	76.7	73.1	77.3
HNK	59.6	67.6	56.6
Offices total	73.6	72.1	71.5
Retail	84.4	86.6	88.4
Large-scale retail	90.5	89.8	84.5
Industrial	77.1	79.0	76.6
<b>Total</b>	<b>77.3</b>	<b>77.5</b>	<b>77.1</b>

### The theoretical gross annual rental income per segment in the Netherlands: (x € 1,000)

	2015	2014
Offices (ex HNK)	69,447	60,255
HNK	15,128	13,009
Offices total	84,575	73,264
Retail	31,018	32,140
Large-scale retail	6,627	6,703
Industrial	7,914	8,159
<b>Total</b>	<b>130,194</b>	<b>120,226</b>

The annualized contractual rental income from the real estate portfolio as at 31 December 2015 amounted to €100.6 million (31 December 2014: € 93.5 million).

## Key figures

	2015	2014	2013	2012	2011
<b>Results (x €1,000)</b>					
Gross rental income	113,835	133,599	144,564	160,545	119,964
Net rental income	91,324	109,160	121,791	137,334	101,497
Direct investment result	50,575	48,451	46,272	63,405	56,030
Indirect investment result	13,219	-185,348	-180,345	-166,522	6,675
Result after tax	63,794	-136,897	-134,075	-103,117	62,705
Occupancy rate Dutch portfolio (in %)	77,3	79,9	79,5	81,1	84,1
<b>Balance sheet data (x €1,000)</b>					
Real estate investments	1,203,465	1,668,176	1,808,768	2,106,091	2,321,813
Shareholders' equity	660,720	788,948	932,915	789,788	909,620
Shareholders' equity attributable to NSI shareholders	660,748	632,758	801,159	666,850	781,218
Net debts to credit institutions (excluding other investments)	542,332	815,483	821,854	1,226,432	1,329,166
Loan-to-value (debts to credit institutions/ real estate investments and financial fixed assets in %)	43.2	48.9	45.4	58.2	57,2
<b>Issued share capital (in shares)</b>					
Ordinary shares with a nominal value of €0.46 during period under review	143,201,841	143,201,841	143,201,841	68,201,841	60,282,917
Average number of outstanding ordinary shares during period under review	143,201,841	143,201,841	75,804,581	64,288,818	46,978,800
<b>Data per average outstanding ordinary share (x €1)</b>					
Direct investment result	0.35	0.34	0.61	0.99	1,19
Indirect investment result	0.09	-1.30	-2.38	-2.59	0,14
Total investment result	0.44	-0.96	-1.77	-1.60	1,33
<b>Data per share (x €1)</b>					
(Interim-) dividend	0.27	0.25	0.28	0.86	1,19
Net asset value	4.61	4.41	5.59	9.78	12,96
Net asset value according to EPRA	4.79	4.69	5.85	10.95	14,02
Average stock-exchange turnover (shares per day, without double counting)	251,506	177,660	199,858	92,580	77,675
High price	4.56	5.04	7.00	9.70	15,34
Low price	3.43	3.57	4.51	5.95	8,28
Closing price	3.98	3.68	4.60	6.08	9,45

*The 2015 preliminary results in this press release are unaudited*

## Consolidated direct and indirect investment result (x € 1,000)

	2015		2014
Gross rental income	113,835		133,599
Service costs not recharged to tenants	-	5,796	-
Operating costs	-	16,715	-
<b>Net rental income</b>	<b>91,324</b>		<b>109,160</b>
Financing income	2,541		176
Financing costs	-	30,777	-
Result minority interest	2,337		-
Administrative costs	-	6,914	-
<b>Direct investment result before tax</b>	<b>58,511</b>		<b>59,234</b>
Corporate income tax	-	125	-
<b>Direct investment result after tax</b>	<b>58,386</b>		<b>59,123</b>
Direct investment result attributable to non-controlling interest	-	7,811	-
<b>Direct investment result</b>	<b>50,575</b>		<b>48,451</b>
Revaluation of real estate investments	376		183,075
Revaluation other investments	-	2,153	-
Elimination of rental incentives		921	-
Other income		2,858	-
Minority interest	-	538	-
Net result on sales of real estate investments		5,225	-
Movements in market value of financial derivatives		7,467	-
Exchange-rate differences		502	-
Allocated management costs	-	2,085	-
<b>Indirect investment result before tax</b>	<b>12,573</b>		<b>188,518</b>
Corporate income tax	-	116	-
<b>Indirect investment result after tax</b>	<b>12,457</b>		<b>188,540</b>
Indirect investment result attributable to non-controlling interest		762	-
<b>Indirect investment result</b>	<b>13,219</b>		<b>185,348</b>
<b>Total investment result</b>	<b>63,794</b>		<b>136,897</b>
<b>Data per average outstanding share (x €1)</b>			
Direct investment result	0.35		0.34
Indirect investment result	0.09		1.30
<b>Total investment result</b>	<b>0.44</b>		<b>0.96</b>

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## Consolidated statement of comprehensive income (€ 1,000)

	2015		2014	
Gross rental income		113,835		133,599
Service costs recharged to tenants	19,445		21,104	
Service costs	- 25,241		- 26,932	
Service costs not recharged to tenants	-	5,796	-	5,828
Operating costs	-	16,715	-	18,611
<b>Net rental income</b>		<b>91,324</b>		<b>109,160</b>
Revaluation of investments	-	856	-	183,129
Other proceeds		2,858		-
Proceeds of sales	52,246		14,876	
Book value sales	- 47,021		- 16,234	
Net result on sales of investments		5,225	-	1,358
<b>Total net proceeds from investments</b>		<b>98,551</b>		<b>- 75,327</b>
Administrative costs	-	8,999	-	9,972
Financing income	2,968		244	
Financing costs	- 30,295		- 42,072	
Movements in market value of financial derivatives	7,060		- 2,157	
Net financing result	-	20,267	-	43,985
Minority interest according to "equity"-method		1,799		-
<b>Result before tax</b>		<b>71,084</b>		<b>- 129,284</b>
Corporate income tax	-	241	-	133
<b>Result after tax</b>		<b>70,843</b>		<b>- 129,417</b>
Exchange-rate differences on foreign participations	-	4	-	-
<b>Total non-realised result</b>		<b>- 4</b>		
<b>Total realised and non-realised result</b>		<b>70,839</b>		<b>- 129,417</b>
<b>Result after tax attributable to:</b>				
NSI shareholders		63,794	-	136,897
Non-controlling interest		7,049		7,480
<b>Result after tax</b>		<b>70,843</b>		<b>- 129,417</b>
<b>Total realised and non-realised result attributable to:</b>				
NSI shareholders		63,790	-	136,897
Non-controlling interest		7,049		7,480
<b>Total comprehensive income</b>		<b>70,839</b>		<b>- 129,417</b>
<b>Data per average outstanding share (x €1)</b>				
Diluted as well as non-diluted result after tax		0.44	-	0.96

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## Consolidated statement of financial position

Before proposed profit appropriation 2015

(x € 1,000)

	31-12-2015	31-12-2014
<b>Assets</b>		
Real estate investments	1,134,617	1,645,271
Financial fixed assets	51,405	-
Tangible assets	1,692	1,952
Intangible assets	8,407	8,449
<b>Total fixed assets</b>	<b>1,196,121</b>	<b>1,655,672</b>
Assets held for sale	68,848	22,905
Debtors and other accounts receivable	1,269	11,374
Cash	22,306	10,235
<b>Total current assets</b>	<b>92,423</b>	<b>44,514</b>
<b>Total assets</b>	<b>1,288,544</b>	<b>1,700,186</b>
<b>Shareholders' equity</b>		
Issued share capital	65,872	65,872
Share premium reserve	923,435	923,435
Other reserves	- 392,353	- 219,652
Retained earnings	63,794	136,897
<b>Total shareholders' equity attributable to shareholders</b>	<b>660,748</b>	<b>632,758</b>
Non-controlling interest	- 28	156,190
<b>Total shareholders' equity</b>	<b>660,720</b>	<b>788,948</b>
<b>Liabilities</b>		
Interest-bearing loans	517,571	492,046
Financial derivatives	24,767	37,866
<b>Total long-term liabilities</b>	<b>542,338</b>	<b>529,912</b>
Redemption requirement long-term liabilities	47,047	300,826
Financial derivatives	-	1,430
Debts to credit institutions	20	32,846
Other accounts payable and deferred income	38,419	46,224
<b>Total current liabilities</b>	<b>85,486</b>	<b>381,326</b>
<b>Total liabilities</b>	<b>627,824</b>	<b>911,238</b>
<b>Total shareholders' equity and liabilities</b>	<b>1,288,544</b>	<b>1,700,186</b>

*The 2015 preliminary results in this press release are unaudited*

## Consolidated cash flow statement

(x € 1,000)

	2015		2014	
Result after tax		70,843	-	129,417
Adjusted for:				
Revaluation of real estate investments	-	376	183,075	
Net result on sales of investments	-	5,225	1,358	
Minority interest	-	1,799	-	
Other proceeds	-	2,858	-	
Book profit on divestment tangible fixed assets		-	18	
Net financing expenses		20,267	43,985	
Corporate income tax	-	241	-	133
Depreciation		280	408	
		10,048		228,675
Movements in:				
Debtors and other accounts receivable	-	10,405		2,903
Other liabilities, accrued expenses and deferred income		18,367		1,109
Cash flow from operating activities:				
Financing income		3,043		244
Financing expenses	-	36,162	-	39,773
Tax paid		1,264		465
<b>Cash flow from operations</b>		<b>56,998</b>		<b>64,206</b>
Purchases of real estate and investments in existing properties	-	217,659	-	58,717
Proceeds of sales of real estate investments		52,246		14,876
Proceeds of sale IOW stake (including sales costs and cash and debts to credit institutions)		139,674		-
Investments in tangible fixed assets	-	167	-	185
Divestments of tangible fixed assets		-		774
Investments in intangible fixed assets	-	109	-	33
Divestments of intangible fixed assets		50		-
<b>Cash flow from investment activities</b>	-	<b>25,965</b>	-	<b>43,285</b>
Dividend paid	-	44,270	-	38,415
Share issue				23,865
Unwinding derivatives	-	3,131		-
Drawdown of loans		517,590		115,397
Redemption of loans	-	456,321	-	136,404
<b>Cash flow from financing activities</b>		<b>13,868</b>	-	<b>35,557</b>
<b>Netto kasstroom</b>		<b>44,901</b>	-	<b>14,636</b>
Exchange-rate differences	-	4		-
Cash and debts to credit institutions as of 1 January		22,611		7,975
<b>Cash and debts to credit institutions as of 31 December</b>		<b>22,286</b>	-	<b>22,611</b>



## Condensed consolidated statement of movements in shareholders' equity

(x € 1,000)

The development of the item shareholders' equity over the year 2015 was as follows:

	Issued share capital	Share premium reserve	Other reserves	Retained earnings	Total shareholders' equity attributable to shareholders	Non-controlling interest	Total shareholders' equity
Balance as of 1 January 2015	65,872	923,435	- 219,652	- 136,897	632,758	156,190	788,948
Result FY 2015	-	-	-	63,794	63,794	7,049	70,843
Exchange-rate differences on foreign participations	-	-	4	-	4	-	4
<b>Total realised and non-realised results FY 2015</b>	<b>65,872</b>	<b>923,435</b>	<b>- 219,656</b>	<b>- 73,103</b>	<b>696,548</b>	<b>163,239</b>	<b>859,787</b>
Distributed final dividend 2014	-	-	17,184	-	17,184	8,470	25,654
Profit appropriation 2014	-	-	136,897	136,897	-	-	-
Distributed interim-dividend 2015	-	-	18,616	-	18,616	-	18,616
Deconsolidation IOW stake	-	-	-	-	-	154,797	154,797
<b>Total contributions by and to shareholders</b>	<b>-</b>	<b>-</b>	<b>- 172,697</b>	<b>136,897</b>	<b>- 35,800</b>	<b>- 163,267</b>	<b>- 199,067</b>
Situation as of 31 December 2015	65,872	923,435	- 392,353	63,794	660,748	28	660,720

The development of the item shareholders' equity over year 2014 was as follows:

	Issued share capital	Share premium reserve	Other reserves	Retained earnings	Total shareholders' equity attributable to shareholders	Non-controlling interest	Total shareholders' equity
Balance as of 1 January 2014	65,872	923,435	- 54,073	- 134,075	801,159	131,756	932,915
Result FY 2014	-	-	-	136,897	136,897	7,480	129,417
<b>Total realised and non-realised results FY 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>136,897</b>	<b>136,897</b>	<b>7,480</b>	<b>129,417</b>
Distributed final dividend 2013 in cash	-	-	12,888	-	12,888	6,911	19,799
Profit appropriation 2013	-	-	134,075	134,075	-	-	-
Distributed interim-dividend 2014	-	-	18,616	-	18,616	-	18,616
Share issue	-	-	-	-	-	23,865	23,865
<b>Total contributions by and to shareholders</b>	<b>-</b>	<b>-</b>	<b>165,579</b>	<b>134,075</b>	<b>- 31,504</b>	<b>16,954</b>	<b>- 14,550</b>
Situation as of 31 December 2014	65,872	923,435	- 219,652	- 136,897	632,758	156,190	788,948

*The 2015 preliminary results in this press release are unaudited*

## Conference call & audio webcast for analysts

Today, at 11:00 CET NSI will host a conference call and audio webcast for analysts.

The dial in number for the conference call is:

+31 (0)20 531 5851 (the Netherlands)

+44 (0)203 365 32 10 (UK)

+1866 349 60 93 (US)

180 921 27 94 (Israel)

To register for the audio webcast, please use the following link:

[http://player.companywebcast.com/nsi/20160212\\_1/en/Player](http://player.companywebcast.com/nsi/20160212_1/en/Player)

## About NSI

NSI creates - with and for its customers - inspiring environments to meet, work and do business. NSI realises this by investing in offices and retail in attractive, high-quality locations and to manage its portfolio 'best in class'. NSI is a publicly listed real estate company, and manages invested assets of around €1.2 billion.

Financial calendar	Date
Publication annual report and convocation AGM	18 March 2016
Annual General Meeting of Shareholders	29 April 2016
Publication Q1 2016 trading update	12 May 2016
Publication H1 2016	29 July 2016
Publication Q3 2016 trading update	4 November 2016

  

Dividend distribution 2016	Date
Listing ex-dividend	3 May 2016
Registration date	4 May 2016
Payment 2015 final dividend	12 May 2016