

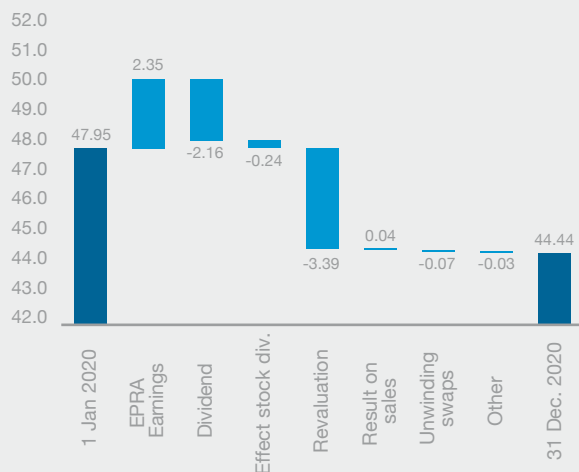
# BALANCE SHEET, NTA AND FINANCING

## Net tangible assets

EPRA, the European Public Real Estate Association, introduced three new 'NAV' metrics to replace EPRA NAV and EPRA NNNAV. The new metrics are EPRA NRV, EPRA NTA and EPRA NDV. The EPRA NTA metric mostly resembles the old EPRA NAV.

EPRA NTA per December 2020 is € 857 million, down 5.5% compared to the end of 2019 (€ 907 million), largely as a result of the negative revaluation of the investment portfolio. Due to a small rise in the number of shares following the issuance of stock dividend in 2020, EPRA NTA per share decreased by 7.3% from € 47.95 at the end of 2019 to € 44.44 at the end of 2020.

EPRA NTA per share bridge (€)



**“Our LTV is 29.2%, a very comfortable level”**



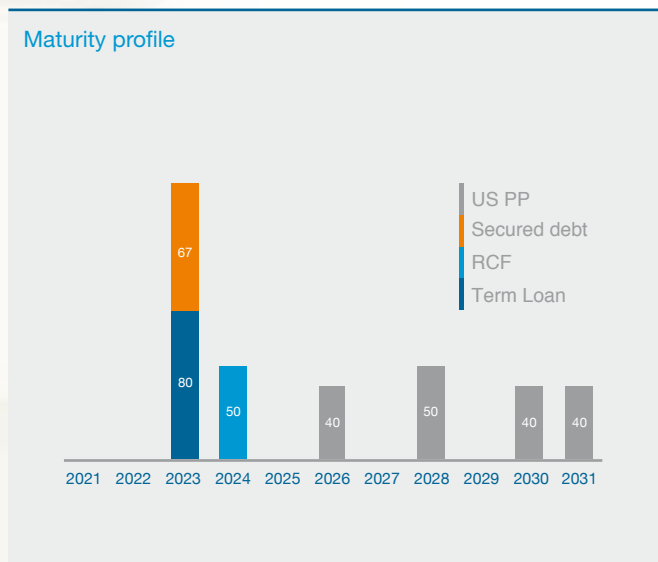
## Funding

Pricing and availability of funding in financing markets were significantly impacted in Q1 and Q2, due to uncertainty amongst lenders over the near/medium term effects of the coronavirus pandemic.

Increased ECB support in 2020 has kept short time interest rates low, and with lenders now seeing increasing transactional evidence on how the coronavirus pandemic is impacting property valuations, available tenures are lengthening again and pricing levels are returning to levels seen in 2019.

In March 2020 NSI issued € 40 million of 10-year unsecured notes to clients of Metlife Investment Management. The notes are euro denominated and have a fixed coupon of 1.6%.

In July 2020, at maturity, NSI repaid a € 25 million secured facility, drawing down on the RCF. At the end of December 2020 the average loan maturity is 5.2 years (December 2019: 5.4 years) with no further loans maturing until 2023. At year-end 82% of debt drawn is unsecured, with an average cost of debt of 2.1%.



## Net debt

	31 Dec. 2020	31 Dec. 2019	Δ
Debt outstanding	367.1	342.8	24.3
Amortisation costs	-1.1	-1.3	0.2
<b>Book value of debt</b>	<b>366.0</b>	<b>341.5</b>	<b>24.5</b>
Cash and cash equivalents	-0.2	-1.4	1.3
Debts to credit institutions	0.4	12.6	-12.2
<b>Net debt</b>	<b>366.2</b>	<b>352.6</b>	<b>13.6</b>

Net debt is up by € 13.6 million compared to the end of December 2019. This is due to dividends paid, the acquisition of ONE20 and capital expenditures and is partially offset by disposals and retained earnings.

Taking into account debts to credit institutions at the end of December 2020, NSI has circa € 250 million of cash and remaining committed undrawn credit facilities at its disposal. This ensures sufficient flexibility and capacity to fund the development pipeline and selective acquisitions.

## Leverage and hedging

The LTV is 29.2% at the end of December 2020, up 1.8 percentage point compared to December 2019 (27.4%), primarily driven by the negative revaluation of the portfolio in 2020 and the increase of net debt over the period.

The modest LTV per year-end 2020: 1) provides capacity to finance the future development programme, 2) offers peace of mind to focus on the operational business in difficult times, and 3) allows acquisitions and additional investments throughout the cycle.

The ICR improved to 7.2x at the end of December 2020 compared to 6.8x at the end of December 2019, largely due to lower financing costs, and remains well above the 2.0x covenant.

## Covenants

	Covenant	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020
LTV	≤ 60.0%	44.1%	36.9%	36.9%	27.4%	29.2%
ICR	≥ 2.0x	3.8x	4.7x	5.5x	6.8x	7.2x

NSI is using swaps to hedge its interest rate risk on variable rate loans. Repayment of the fixed rate secured facility in July by drawing on the RCF has resulted in a volume hedge ratio at the end of December 2020 of 86% (target range: 70-100%). The maturity of derivatives and fixed rate debt is 5.5 years at the end of December 2020 and the subsequent maturity hedge ratio is 105% (target range 70-120%).