

INCOME, COSTS AND RESULT

Introduction

EPRA EPS for 2020 is € 2.35, of which € 1.14 in H1 and € 1.21 in H2. The EPRA EPS is lower compared to last year, due to the net disposal of assets during 2019, a rise in operating costs (primarily coronavirus-related) and a larger average number of shares outstanding. Lower rental revenues and higher expenditures entirely related to Coronavirus initiatives have negatively impacted EPRA EPS in 2020 by € 0.08.

The EPRA NTA per share is down € 3.51 or 7.3% per share, primarily as a result of a negative revaluation of the investment portfolio of € 3.39 per share.

Rental income

Gross rental income is down by 7.2% compared to the same period last year, due to net disposals in 2019. On a like-for-like basis gross rental income is up 3.5%, driven by a very strong 5.1% like-for-like growth for the Offices segment, reflecting a fall in the vacancy rate in this segment over the past 12 months.

Net rental income is down 10.1% year-on-year, due to a lower GRI and a lower NRI margin. The NRI margin is down by 2.5 percentage points to 78.7%. On a like-for-like basis net rent is up by 0.8%. In the Offices segment like-for-like net rental growth is 4.7%.

Both revenue and costs are impacted by coronavirus-related events. Excluding € 0.9 million in rent relief given in 2020 would improve like-for-like gross rental growth for the total portfolio to 4.8% and if coronavirus-related costs would also be excluded, the net like-for-like rental growth would improve to 3.5%¹.

Most of the coronavirus-related costs are incurred in the HNK segment, which explains the negative net rental growth of 10.3%. Corrected for these costs like-for-like net rental growth would be +0.6% for HNK.

Service costs

Non-recoverable service charges are up by 11.1% compared to last year. In 2020 higher costs were incurred due to an increased cleaning frequency and expanded fresh air ventilation hours – all with the aim to ensure optimal hygienic conditions in our buildings.

These additional costs have been absorbed by NSI in 2020. Excluding these coronavirus-related costs the non-recoverable service charges are up by 5.1% compared to the same period last year, and this 5.1% increase is mainly due to a positive one-off in Q4 2019.

Operating costs

Operating costs are 4.3% (€ 0.6 million) higher compared to 2019, mostly due to higher maintenance (€ 0.4 million) and higher property management (€ 0.5 million) costs, due to coronavirus-related costs. Letting costs (€ 0.2 million) and contributions to owner associations (€ 0.1 million) were lower compared to the previous year.

Administrative costs

Admin expenses are 10.7% (€ 0.9 million) lower compared to 2019. This is mainly due to the capitalisation of some staff costs in relation to our development projects (€ 0.6 million).

Net financing costs

Financing costs are down 14.2% (€ 1.4 million) compared to last year. This is primarily due to a lower average amount of debt outstanding and the capitalisation of interest costs relating to development projects.

Indirect result

In 2020 the investment portfolio incurred a negative revaluation of circa 4.5% (€ 65.0 million) compared to the end of December 2019.

Including the net result on disposals, a negative mark-to-market effect on interest rate swaps and other indirect costs, the total indirect result for 2020 is € 65.4 million negative (- € 3.42 per share).

Post-closing events and contingencies

On 10 February 2021, NSI sold one office object in Rotterdam for an amount of € 7.6 million.

On 24 February 2021, NSI signed the purchase agreement regarding the acquisition of a portfolio of three assets in our target cities Amsterdam and Rotterdam at an acquisition price of ca. € 80 million. This purchase agreement includes one condition subsequent to be met by seller.

Income segment split 2020

	2020												TOTAL 2019
	Offices				HNK				Other	Corp.	TOTAL		
	A'dam	Other Cities	Target	Other NL	A'dam	Other Cities	Target	Other NL					
Gross rental income	29,389	21,553	1,771	4,673	9,368	3,298	6,803			76,854	82,831		
Service costs not recharged	-166	-278	-74	-181	-480	-445	-153			-1,778	-1,601		
Operating costs	-3,039	-4,509	-184	-999	-2,820	-1,380	-1,679			-14,610	-14,003		
Net rental income	26,184	16,766	1,513	3,493	6,068	1,472	4,970			60,466	67,227		
Administrative costs									-7,096	-7,096	-7,948		
Earnings before interest and taxes	26,184	16,766	1,513	3,493	6,068	1,472	4,970		-7,096	53,370	59,279		
Net financing result									-8,438	-8,438	-9,840		
Direct investment result before tax	26,184	16,766	1,513	3,493	6,068	1,472	4,970		-15,534	44,932	49,439		
Corporate income tax									10	10	-1		
Direct investment result / EPRA earnings	26,184	16,766	1,513	3,493	6,068	1,472	4,970		-15,524	44,943	49,439		

¹ The adjusted calculation is based on an impact on GRI like-for-like growth of € 0.9m (negative) and on NRI like-for-like growth of € 1.6m (negative).