STATUTORY PROVISION IN RESPECT OF PROFIT APPROPRIATION

The provisions in respect of the appropriation of profit are provided for in Article 21 of the Articles of Association of the company. The profit is at the disposal of the General Meeting of Shareholders. The company may only make distributions to shareholders to the extent that shareholders' equity exceeds the amount of paid-up and called-up capital, plus the reserves that must be held by law or in accordance with the Articles of Association. Insofar as possible and justified by law, the company may distribute an interim dividend as proposed by the Management Board and subject to the approval of the Supervisory Board.

INDEPENDENT AUDITOR'S REPORT

To: the general meeting and the supervisory board of NSI N.V.

REPORT ON THE FINANCIAL STATEMENTS 2020

Our opinion

In our opinion:

- the consolidated financial statements of NSI N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2020, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of NSI N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of NSI N.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the following statements for 2020: the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement;
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2020;
- the company income statement for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of NSI N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

NSI N.V. is an investor in commercial real estate, mainly in the segment offices. The commercial real estate is held to generate rental income or to benefit from an increase in value, or a combination of both. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

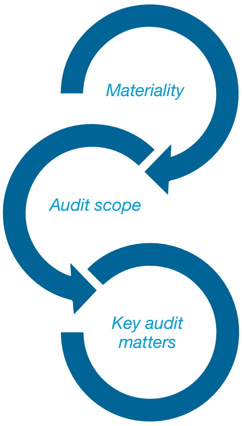
There were no significant changes in the strategy and business of NSI. The company continued to sell some assets of their existing investment property portfolio, in total six investment properties and they acquired one new office building. NSI N.V. reviewed its potential development programme and decided to start the design phases, regarding three (re)development projects, which will require significant investments by NSI N.V. in the near future. The correct accounting of the investments, purchases and sales relating to investment properties have been addressed as part of our audit. Given the nature of the business of the Group, we also gave appropriate consideration to rental income in our audit. In addition, we gave consideration in our audit on the impact of COVID-19 on the internal controls of NSI N.V. and the accounting treatment of lease incentives given to tenants due to COVID-19. However, we did not consider these items as key audit matters.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. On page 86 of the financial statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the valuation of investment properties, we considered this matter as key audit matter as set out in the section 'Key audit matters' of this report.

We also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the management board that may represent a risk of material misstatement due to fraud.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a real estate company. We therefore included real estate valuation experts, IT- specialists and financial instruments specialists in our team.

The outline of our audit approach was as follows:



Materiality
- Overall materiality: € 2.200.000.

Audit scope
- We conducted the audit work centrally, given the fact that the group audit team was able to conduct all audit procedures.

Key audit matters
- Significant assumptions in the valuation of investment property

Materiality
The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€ 2.200.000 (2019: € 2.400.000).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 5% of the result before tax, adjusted for the net result on the sale of investment property, revaluation of investment property and movement in market value of financial derivatives.
Rationale for benchmark applied	We have applied this benchmark based on our analysis of the common information needs of users of the financial statements, as the benchmark is an important basis for determining the mandatory dividend distribution for the Company given the status of and the requirements for a Dutch 'Fiscale Beleggingsinstelling'. On this basis, we believe that this is an important indicator for the financial performance of the Company.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.
We agreed with the supervisory board that we would report to them misstatements identified during our audit above € 110.000 (2019: € 120.000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit
NSI N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of NSI N.V.

For NSI N.V. and all its subsidiaries, the group audit team was able to conduct the audit procedures centrally from the head office of NSI N.V. and no use has been made of other auditors. The audit team has determined per financial statement line item which audit procedures needed to be performed in relation to the audit of the consolidated financial statements.

For the real estate and financial administration application, the management board makes use of an external service provider. As part of our audit procedures, we evaluated the SOC 1 assurance reports that include the scope and the results of the procedures performed rendered by independent auditors. Furthermore, we assessed the objectivity and competence of the independent auditors of the service organizations and we evaluated the design and tested the operating effectiveness of the internal controls in place at NSI N.V. over the outsourced services.

Based on the procedures performed, we conclude that in the context of our audit of the financial statements of NSI N.V., we could rely on the SOC 1 assurance report in combination with our substantive audit procedures performed.

We are of the opinion that we have been able to obtain sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Our focus on the risk of fraud

Our objectives

The objectives of our audit in respect to fraud are:
- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

The primary responsibility for the prevention and detection of fraud lies with the management board with the oversight of the supervisory board. We refer to section risk management and internal control of the annual report where the management board included their fraud risk assessment.

Our risk assessment

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated the fraud risk factors to consider whether those factors indicated risks of material misstatement due to fraud. We considered real estate transactions, fictitious rental income and management bias in the valuation of investment property as fraud risks.

We addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. We refer to the key audit matter, that is an example of our approach related to an area of higher risk due to accounting estimates where the management board makes significant judgments.

Our response to the risks identified

In particular, our procedures consisted of analyzing the results of whistleblowing and complaints procedures with the compliance officer, performing data analysis of high-risk journal entries relating to rental income and testing these entries back to source information, testing for fictitious rental income by tracing the rental income journal entries back to the signed lease contracts and evaluation of significant assumptions and judgements made by the management board (including retrospective reviews of prior year's estimates), mainly in the area of the valuation of investment property. We implemented audit procedures in relation to the risk of fraudulent transactions with respect to the purchases and sales of investment property. We also incorporated an element of unpredictability in our audit.

We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our procedures did not indicate instances of fraud or management bias.

Our focus on the risk of non-compliance with laws and regulations

Our objectives

The objectives in respect to non-compliance with laws and regulations are:
- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of non-compliance with laws and regulations lies with the management board with the oversight of the supervisory board.

Our risk assessment

We performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable for the group. We identified provisions of those laws and regulations, generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements such as the financial reporting framework and tax. We considered, as part of our audit, the risk of non-compliance with the requirements of the 'Fiscale Beleggingsinstelling'.

Our response to the risks identified

We obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements, specifically compliance with the requirements of the 'Fiscale Beleggingsinstelling' ('FBI').

As to the other laws and regulations, we inquired with management and/or those in charge with governance as to whether the entity is in compliance with such laws and regulations and inspected correspondence, if any, with relevant licensing and regulatory authorities. Furthermore, we have read the minutes of management board meetings and meetings of those in charge with governance and we have read the responses in the confirmations received from the lawyers.

Our procedures did not indicate instances of non-compliance with laws and regulations.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matter to the supervisory board. The key audit matter is not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matter and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matter in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on this matter or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context. As the key audit matter is related to the nature of the operations of NSI N.V. and there are no significant changes in the strategy and business of NSI N.V., we have no changes in the key audit matters to report compared to prior year.

Key audit matter	*Our audit work and observations*

Significant assumptions in the valuation of investment property
[reference to notes 10 and 17 in the annual report]
The Group's investment property portfolio comprises mainly offices. At 31 December 2020 the carrying value of the Group's investment property portfolio was €1,240 million of which €nil million is presented as assets held for sale (2019: €1,279 million, respectively €16 million).

Investment properties are valued at fair value at reporting date using the income capitalisation approach as the applied valuation method. The fair value of investment properties is on the one hand depending on the inputs into the valuation models, such as: rental income, duration of the contract and square meters.
On the other hand, and most important to our audit, given the sensitivity and impact on the outcome, the valuation is depending on significant assumptions, such as the capitalisation rate and market rent levels.

Primary factors, which influence these significant assumptions, are general market conditions and the individual nature, condition and location of each property.

At the end of each reporting period, the management board determines the fair value of its investment property portfolio in accordance with the requirements of IAS 40 and IFRS 13. All properties are bi-annually externally appraised by an external valuation expert, appointed by the management board.

As the valuation of investment property is inherently judgmental in nature, due to the use of assumptions that are highly sensitive, any change in assumptions may have a significant effect on the outcome given the relative size of the investment property balance. This also effects the revaluation gains that directly impact the statement of comprehensive income. As a result, the valuation of investment property is subject to significant risk of misstatement either through error or management bias (fraud). We therefore considered this area as a key audit matter.

For the external valuation experts appointed by the management board, which we have identified as management experts in our audit, we have assessed the competence and capabilities of the external valuation experts by amongst others checking the registration of the qualification of the external valuation experts and checking the membership of a professional association for the external valuation expert organisations.

We furthermore read the terms of engagements and discussed with the external valuation experts the context and environment in which they have worked with the persons within the Group responsible for the valuation process, to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered other engagements, which might exist between the Group and the external valuation experts' organisations.

We considered the external valuation experts appropriately qualified and we found no evidence suggesting that the objectivity of the appraisal firm was compromised. We therefore considered the valuation reports prepared by the external valuation experts and adopted by the management board to be appropriate to use as part of our audit evidence.

In relation to the significant assumptions in the valuation of investment property we have:
- determined that the management board designed and implemented appropriate internal controls on the valuation process;
- determined that the valuation methods as applied by the management board, as included in the valuation reports, are appropriate;
- evaluated the reasonableness of the estimates made by the management board by performing back-testing and assessed the movements of the assumptions in the valuation reports based on the overall shifts in the market conditions in which the group invests, based on the latest public property market data;
- for a sample of the valuation reports, we have challenged the significant assumptions used (including the capitalisation rate and market rent levels) against available market data. We have involved our internal real estate valuation experts in these assessments.

We found that, with the significant assumptions used in the valuation reports, the valuation of the investment property is valued within an acceptable range.

Furthermore, we have:
- reconciled the final valuation reports with the fair value in the Group's accounting records;
- checked for a sample of leases, that the standing data included in the valuation report such as rental income, the duration of lease contracts and square metres was supported by audit evidence via the lease contract; and
- assessed and corroborated the adequacy and appropriateness of the disclosure, including the sensitivity disclosures, made in the consolidated financial statements.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- introduction
- management board report;
- governance, including the remuneration report 2020 dated 4 March 2021;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- supplementary information.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 and the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management board report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Our appointment

We were appointed as auditors of NSI N.V. on 29 April 2016 following the passing of a resolution by the shareholders at the annual meeting. Our appointment has been renewed annually representing a total period of uninterrupted engagement appointment of five years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 6 to the Company financial statements.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 4 March 2021
PricewaterhouseCoopers Accountants N.V.

S. Herwig MSc. LLM. RA MRE MRICS

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2020 OF NSI N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.