ANNUAL REPORT 2021

CONTENT

ANNUAL REPORT

DISCLAIMER
This document is only a "website version" and is not the official annual financial reporting, including the audited financial statements thereto pursuant to article 361 of Book 2 of the Dutch Civil Code.
The official annual financial reporting, including the audited financial statements and the auditor's report thereto, are included in the single report package which can be found via https://nsi.nl/news/nsi-publishes-2021-annual-report--remuneration-report/
In case of any discrepancies between the website version and the official annual financial reporting, the aforementioned official annual financial reporting prevails.
Note that the auditor's opinion included in the website version does not relate to the website version but only to the official annual financial reporting.
No rights can be derived from using the website version, including the unofficial copy of the auditor's report. Our auditors did not determine (nor do they need to) that the website version is identical to the official annual financial reporting.

NSI HIGHLIGHTS

KEY FINANCIAL METRICS

REVENUES AND EARNINGS

	2021	2020	Change
Gross rental income	77,507	76,854	0.8%[1]
Net rental income	63,272	60,466	4.6%[2]
Direct investment result	46,373	44,943	3.2%
Indirect investment result	74,588	-65,357	-214.1%
Total investment result	120,961	-20,414	-692.5%
Earnings per share	6.20	-1.07	-681.6%
EPRA earnings per share	2.38	2.35	1.3%
EPRA cost ratio (incl. direct vacancy costs)	28.2%	30.6%	-2.4 pp
EPRA cost ratio (excl. direct vacancy costs)	26.0%	28.4%	-2.4 pp

BALANCE SHEET

	31 December 2021	31 December 2020	Change
Investment property	1,338,034	1,240,192	7.9%
Net debt	-382,073	-366,194	4.3%
Equity	948,457	854,438	11.0%
IFRS equity per share	48.15	44.29	8.7%
EPRA NTA per share	48.23	44.44	8.5%
Net LTV	28.2%	29.2%	-1.0 pp
Number of ordinary shares outstanding	19,698,207	19,291,415	2.1%
Weighted average number of ordinary shares outstanding	19,499,825	19,138,717	1.9%

KEY PORTFOLIO METRICS

	31 December 2021					
	Offices	HNK	Other	TOTAL	31 December 2020	Change
Number of properties[2]	38	11	3	52	60	-13.3%
Market value[3] (€m)	1,078	249	28	1,355	1,253	8.1%
Annual contracted rent[4] (€m)	55	18	3	76	84	-10.0%
ERV (€m)	63	21	3	87	93	-6.7%
Lettable area (sqm k)	274	103	31	409	473	-13.6%
Average rent / sqm (€/p.a.)	208	204	111	201	197	1.9%
EPRA vacancy	3.9%	11.2%	11.4%	5.9%	7.0%	-1.1 pp
EPRA net initial yield	4.0%	4.6%	4.4%	4.1%	4.5%	-0.4 pp
Reversionary yield	6.2%	8.4%	11.4%	6.7%	7.5%	-0.7 pp
Wault (yrs)	4.6	2.8	2.6	4.1	4.0	2.0%

1 On a like-for-like basis GRI growth is 3.5% and NRI growth is 0.8%
2 Two office assets were reclassified in 2020 to the category “Other” due to usage as community college and student housing complex.
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.

NSI AT A GLANCE

PROFILE

NSI is a leading Dutch stock-exchange listed commercial property investor with a focus on Amsterdam and selective other growth locations.

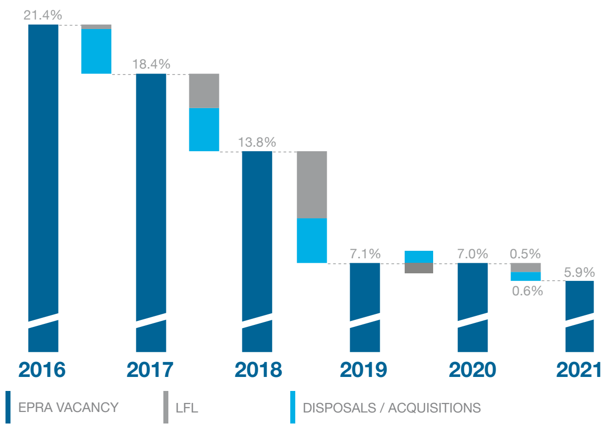
MISSION

NSI enables its customers to achieve maximum productivity and growth, providing best-in-class, flexible, space solutions and an unparalleled level of services in modern, healthy, sustainable buildings in prime locations.

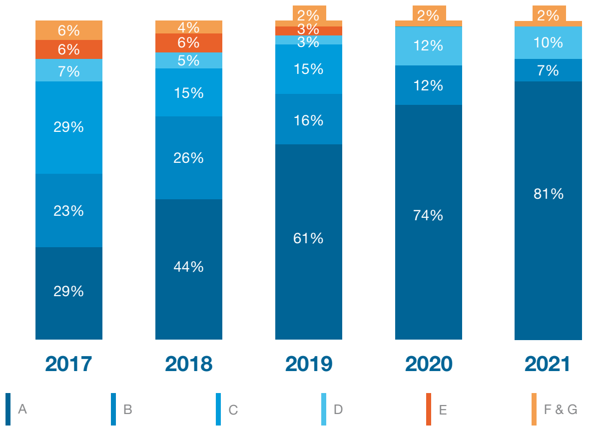
PORTFOLIO BREAKDOWN (YEAR-END 2021)

	# Assets	Market value (€ m)	Market value (%)	Gross Initial Yield
Offices	38	1,078	80%	5.4%
HNK	11	249	18%	7.4%
Other	3	28	2%	9.6%
TOTAL	**52**	**1,355**	**100%**	**5.9%**

EPRA VACANCY RATE



EPC SCORE (BY VALUE)[1]



[1] Based on value, excluding (re)developments during development period

HIGHLIGHTS 2021

(LFL) OCCUPANCY

+ 0.5%

(LFL) ERV GROWTH

+ 4.4%

AVERAGE PORTFOLIO VALUE GROWTH

+ 4.8%

AVERAGE YIELD ON COST DEVELOPMENT PROJECTS

5.5%

NET PROMOTER SCORE (NPS)

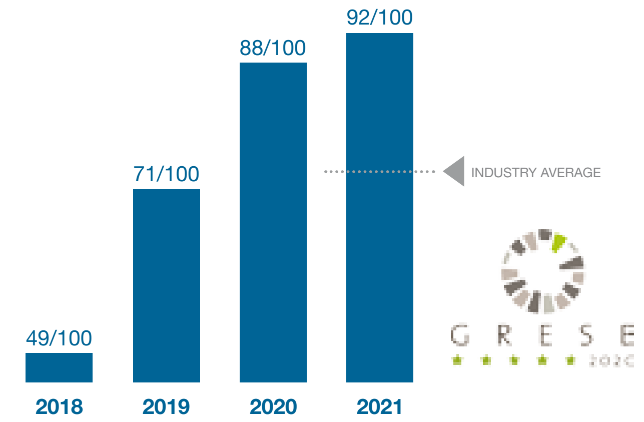
20.3

GRESB SCORE

★ ★ ★ ★ ★

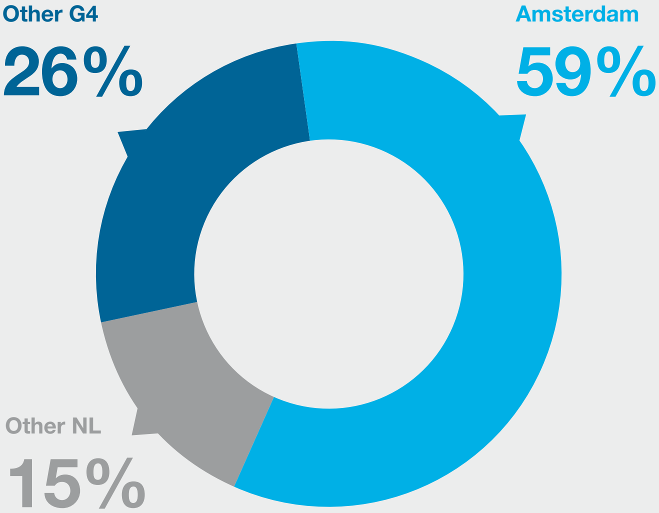
MAXIMUM SCORE IS 5 STARS

GRESB

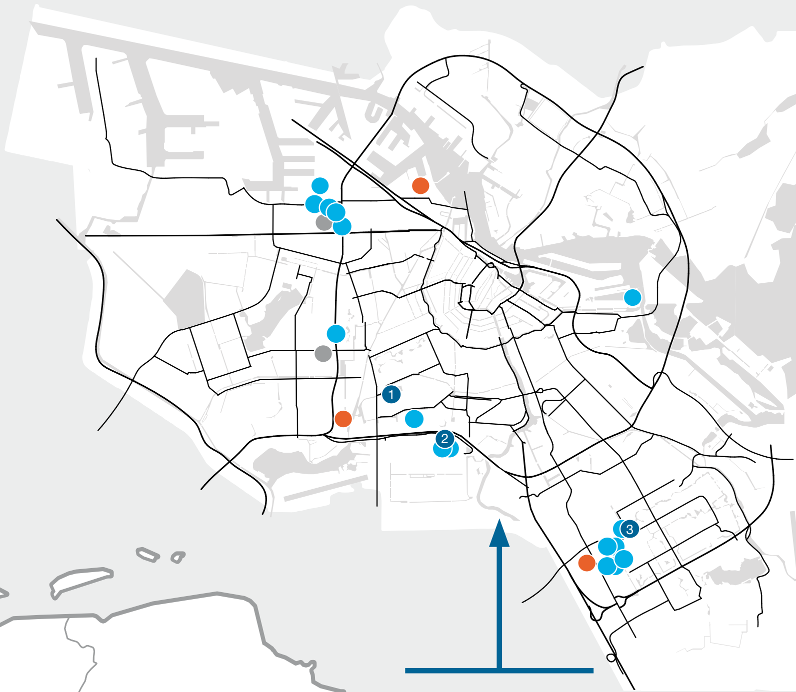


TOTAL PORTFOLIO

Portfolio split on basis of value



AMSTERDAM



- 18 offices
- 3 HNK
- 2 other

DEVELOPMENTS

1. Vitrum
2. Vivaldi III
3. Laanderpoort

- Office
- HNK
- Other

CEO COMMENTS

We have managed to further strengthen the business during 2021, despite the continuing challenges as a result of covid. This is clearly visible in all main KPIs. Going into 2022, having successfully completed the asset rotation programme started in 2017, we enter the next phase of NSI with a high quality, focussed portfolio with strong embedded growth potential, a balance sheet to support the growth, and we have the team and platform to execute our ambitions.

"We enter the next phase of NSI with a high quality, focussed portfolio. We have the team and platform to execute our ambitions"

Bernd Stahli
CEO

SCALABLE PLATFORM FOR ATTRACTIVE RETURNS

The disposal in Q4 of our two remaining retail assets (Zuidplein and Heerlen) and the last of our non-core provincial assets truly marks the end of the substantial portfolio rotation plan that we announced back in 2017.

We now have a focussed, quality portfolio of just over 50 assets in locations where we want to be. Also, all the back-end systems are fully in place so that we are able to expand and scale from here if and when the right opportunity arises.

The LTV at 28.2% at year-end 2021 permits us to do exactly that, even with all the development capex still to come. Still, we remain highly disciplined when considering new acquisitions.

We are not dependent on acquisitions to drive shareholder returns. We estimate a 7-year unlevered forward IRR on the standing portfolio of 5.6%, of which 4.1% income return and 1.5% capital growth. This expected return will be supplemented by potential development profits and value-add initiatives.

WORKING ON A PARIS-PROOF ROADMAP

In recent years we have substantially invested in sustainability, which has once again been recognised with a GRESB five-star rating. We are now working on the next phase of our sustainability ambitions, aiming to bring the portfolio to BREEAM Excellent where possible and by preparing a Paris-proof roadmap.

Achieving Paris-proof (50 kWh/m2 per year) is a daunting task. Our ambition is to achieve this by upgrading the real estate. A substantial effort will be required over a multi-year period, in an active dialogue with our tenants – as it will be a joint effort.

FURTHER PROGRESS IN DEVELOPMENT

We continue to work hard to move all three major development projects (Vivaldi, Laanderpoort and Vitrum) forward. At Vivaldi we have entered the technical design phase, we have selected a contractor and are still scheduled to start in Q3 2022.

At Vitrum we have entered the final design phase and are still aiming for works to start Q4 2022. Unfortunately a variety of external factors have held back progress at Laanderpoort. We are now assuming works to start in Q1 2023.

We estimate an average yield on cost for the three projects of 5.5% per year-end 2021. This includes the latest building costs inflation (8-12%) and expected longer construction periods. As prime yields in Amsterdam remain firmly below 4.5% we believe these projects continue to remain viable and profitable.

OUTLOOK FOR 2022

In Q4 2021 we made the choice to 'take the pain' and lose the rental income from the remaining non-core high yielding assets such as Heerlen, Zuidplein and HNK Apeldoorn. Whilst we are confident that redeploying the proceeds of these disposals will be a positive for shareholders in the long run, it will initially negatively impact our EPRA EPS.

Inflation is now a widely acknowledged phenomenon globally. Positively, almost all of our leases are indexed to CPI and only a small percentage of these have a cap on indexation. We expect indexation of 3-4% in 2022.

The year-end vacancy of 5.9% (or 4.1% if we exclude 't Loon and the strategic vacancy) is far below the level for the wider Dutch office market, at 9%. This befits the quality of the portfolio we now own and, going into 2022, this vacancy rate may well allow us to selectively push rents beyond ERV on lease renewals.

Almost two years into the covid pandemic it is now clear that the WFH debate is only partially about how much space will be required. It is much more about what type of office space will be needed. We are optimistic that, given our portfolio, this will prove more of an opportunity for us than a threat. With a NPS score of +20.3, up from +16.9 a year ago, our customers are increasingly recognising our product and services, whilst we still see plenty of room to further improve this score.

We forecast an EPRA EPS of € 2.05-2.10 per share for 2022. This forecast assumes no further acquisitions. Our intention is to maintain the dividend at € 2.16 as we continue to take the view that a sustainable level of dividend is a function of the long term income generating capacity of the business and not of the level of income in any individual year. A final dividend of € 1.12 per share will be proposed to the AGM.

We currently project a stabilised level of EPRA EPS of € 2.70-2.80 by 2026, based on the standing portfolio and assuming all three projects successfully completed and fully let.

We are organising a Capital Markets Day for investors in April to showcase the strength of the business, the attractive long term characteristics of our focus locations and our approach to providing services. We will also highlight the embedded future growth, including both the existing and potential development pipeline.

Bernd Stahli

LONG TERM VALUE CREATION

INPUT

CAPITAL
- Financial capital from equity and debt investors

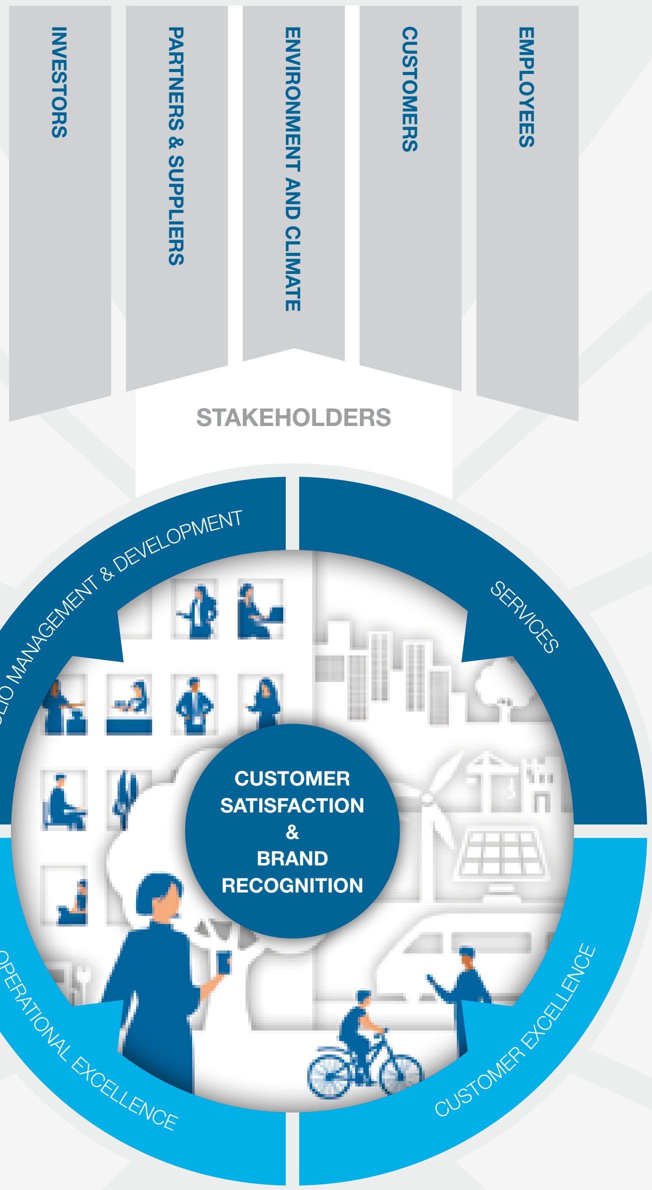
REAL ESTATE
- High quality assets on strategic locations
- Targeting growth clusters in vibrant cities

SUSTAINABILITY
- Increase use of renewable energy
- Using sustainable building materials
- Focus on circularity in construction and exploitation

OUR PEOPLE
- Attracting best in class talents
- Invest in training and development
- Promoting diversity and inclusion

RELATIONSHIPS
- Customers
- Real Estate Agencies
- Suppliers
- Governmental bodies

DATA & IT INFRASTRUCTURE
- Best in class (ERP) systems
- Cybersecurity



OUTPUT

LONG TERM TOTAL RETURN
- Attractive long term total return by investing in Real Estate

VIBRANT URBAN MULTI-FUNCTIONAL AREAS
- Offices where people like to come
- Creating cohesive communities
- Fostering innovative collaboration

FUTURE PROOF BUILDINGS
- Adaptive and flexible buildings
- Commitment to highest ESG standards (BREEAM, WELL, EPC)
- Minimising environmental impact

EMPLOYEE ENGAGEMENT
- High performance and entrepeneurial culture
- Employee satisfaction

CUSTOMER ENGAGEMENT
- Customer satisfaction
- Customer retention
- Premium rents
- Health and Wellbeing

DIGITALISATION & CONNECTIVITY
- Data driven decision making/ business model
- Digitalisation of services
- Portfolio optimisation
- Connectivity of assets

At NSI we aim to enable our customers to achieve maximum productivity and growth, providing best-in-class, flexible space solutions and an unparalleled level of services in modern, healthy, sustainable buildings in prime locations.

Our long term value creation model is based on the above purpose. We strive to become the leading Dutch real estate company, by effectively and efficiently utilising the permanent capital entrusted to us to deliver on our strategy to create vibrant multifunctional urban areas where people want to work, live and play, underpinned by sustainability and well-being.

We generate long term attractive returns through investing in circa 50 high quality assets in strategic locations in the G4 cities, Eindhoven and Leiden Bio Science Park, and provide a variety of services to complement the space we offer to existing and potential customers. We consistently track and monitor customer satisfaction to improve the attractiveness of our offering, in the process strengthening the NSI brand. Both customer satisfaction and brand recognition are prominent in the centre of our long term value creation model, as these are the best way to track whether we succeed in our ambition.

We constantly strive to improve the quality of our offering, and consider sustainability, operational and customer excellence to be key to our long term success. We can only achieve this with an excellent team of ambitious professionals. We aim to be a great place to work, where our employees feel engaged and connected, and can help to set and exceed our joint ambitions. Our best in class IT systems and infrastructure strongly support the team to be productive and genuinely drive sustainability, which is deeply rooted in all our decision-making and activities.

PORTFOLIO MANAGEMENT & DEVELOPMENT

PORTFOLIO MANAGEMENT

Our view is that long-term rental and value growth in real estate can only be achieved in vibrant economic locations, as these offer the basis for strong, enduring, natural demand for space. We focus our activities therefore, in line with the global trend of urbanisation, on Amsterdam and selected other key cities in The Netherlands. In particular we concentrate our investments and developments predominantly in inner city locations and locations at or near the main transport hubs, which are - or are on track to become - vibrant multi-functional locations.

Although we continue to see location as the most important driver to real estate returns, the ability to improve the sustainability of buildings to the Paris-proof standard, and the cost to do so, will increasingly determine the future attractiveness of these buildings, and thereby impact the assessment of their present asset value. We are working towards a Paris-proof pathway, and the outcome will significantly determine our investment plan and asset rotation from here.

Whilst there is a clear economic rationale to focus on sustainability/Paris-proof, as per above, we also genuinely believe that the real estate industry has a role to play in reducing the use of the earth's limited resources and leaving a better world for the next generation, as the industry currently is known to make up over 30% of all CO_2 emissions. To recognise our responsibility here, we have positioned the environment and climate as a pre-eminent (albeit silent) stakeholder in our value creation model.

DEVELOPMENT

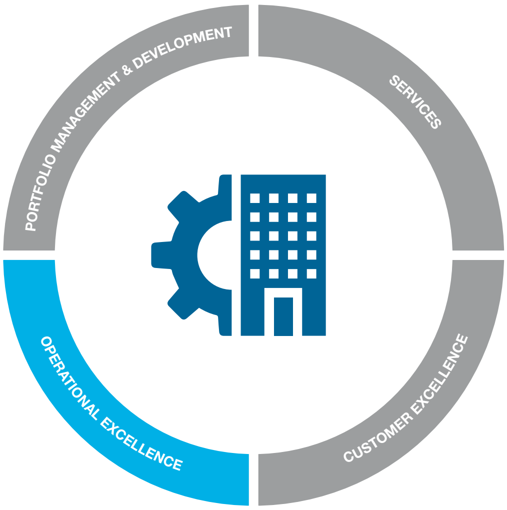
NSI pursues selective (re-)development opportunities to expand its asset portfolio with modern, Paris-proof assets in the best locations, at better risk-adjusted returns relative to acquiring comparable assets in the open market. Development as such can enhance prospective returns and drive shareholder value creation, on a risk-adjusted basis, if managed well. NSI will continue to prudently manage the balance sheet to allow for selective development and is keen on mitigating development risks by selecting the right locations, securing pre-letting arrangements and working with reputable partners.

Our development projects enable us to shape our buildings and portfolio around the changing needs of our customers and provides new insights that can be used to improve the attractiveness of our standing assets. In our development vision we anticipate changes in demographics, the way people work, shop and live, and the ever-growing importance of sustainability to ensure a future-proof design. Furthermore, we incorporate services and technology into our developments to create flexible and adaptable workspaces to maximise usability.

SERVICES

Customer behaviour and demands are structurally shifting, with flexibility, hospitality, services and amenities increasingly becoming key considerations in the wider real estate industry. The focus on attractive economic growth locations (and the asset rotation in recent years to achieve this) has resulted in a clear change in our tenant profile.

Tenants focus on being able to attract the right talent, productivity, sustainability and well-being, less so on costs. Providing the right mix of attractive spaces and services so that their businesses can thrive are therefore key to our success. Not only do we offer space in the locations where the talent pool is greatest, and we have a strong focus on sustainability and well-being, but we also have the capabilities, both in-house and through partnerships, to be able to offer a full range of services.



OPERATIONAL EXCELLENCE

In our ambition to become the leading Dutch real estate company operational excellence is a key enabler. We continuously explore how to make the best use of existing information technology solutions and stimulate the introduction of innovative applications.

A best-in-class data warehouse and business intelligence system provide the data-analytics and management information to support multi-functional collaboration and data-driven decisions.

Only with the right team, culture and processes we will be able to deliver outstanding results in an optimal and cost-efficient way. The right team is a diverse team that embraces an inclusive culture of open debates, professionalism, relevant expertise and the will to push boundaries.

CUSTOMER EXCELLENCE

Customer Excellence is about putting the customer's perspective first, gaining a deep understanding of what our customers need to thrive, and how we can best support them. Our tenants' focus is shifting more towards productivity and less to cost, meaning that providing the right mix of spaces, services and comfort is essential to helping their business grow. The customer journey is central to this.

The customer excellence team constantly strives to develop and innovate on the overall offering to exceed customer expectations, and works with the right partners to further strengthen the service.

We take into account all aspects that determine the intended experience, including the level of service and the layout, but also the personal approach of trained hosts. Results are measured regularly through NPS and customer satisfaction surveys, in our quest to continuously improve the experience we provide.

EXECUTION OF OUR STRATEGY – PROGRESS IN 2021

PORTFOLIO MANAGEMENT & DEVELOPMENT

To strengthen our focus on the most promising, vibrant markets, in line with our strategy, we sold a total of twelve assets (disposal proceeds €105.0m) in 2021, including the last remaining retail and non-core provincial assets. These proceeds were reinvested in 4 assets (2 in Amsterdam, 1 in Rotterdam and 1 in Leiden), representing a total investment volume of €100.8m (excluding acquisition costs).

This asset rotation has improved the overall quality of the portfolio, with more exposure to our focus markets. Whilst the last non-core assets have now been sold, asset rotation will remain an integral part of our activities going forward, as we continue to look for ways to further strengthen our positions in our focus markets thereby enhancing expected long term returns.

(RE)DEVELOPMENT

NSI sees project development as a way to enhance returns on the overall portfolio, on top of the return of the standing portfolio, on a risk adjusted basis. In 2021, the total offensive capex amounted to €15.2m, of which €3.4m was invested in our three major development projects Vivaldi, Vitrum and Laanderpoort. The team has made good progress to bring these projects further, with starts foreseen for at least one of the projects in 2022. One asset, Alexanderhof in Rotterdam has been transferred to the development pipeline in 2021.

IMPROVING SUSTAINABILITY CREDENTIALS

We believe our focus on sustainability is critical as the financial performance and long-term viability of businesses (the licence to operate) becomes increasingly correlated to their efforts on sustainability.

In 2021 we have continued to work on improving the BREEAM credentials of our assets. The aim is to have all standing assets achieve at least BREEAM 'Very Good' by 2025 and where viable we will upgrade to BREEAM 'Excellent'.
For all new (re)developments, we aim to achieve BREEAM "Outstanding", the highest possible BREEAM rating.

The team in 2021 also started to work on the Paris-proof roadmap of NSI, to reduce our carbon emissions on the portfolio. This is proving a larger than expected exercise, which therefor will continue in 2022.

We introduced a Sustainability-Linked Revolving Credit Facility framework as part of our funding, cementing our strategy to fully integrate sustainability not only in our asset portfolio, but into all aspects of its business and operations.

OPERATIONAL EXCELLENCE

In 2021 NSI took further steps to transform data into management information, and improved its capabilities to process data. This has led to more ownership of the data infrastructure, better quality of data and increased accessibility and usability by building clear dashboard functionalities.

For example, NSI has developed a tool that visualises and summarises all operational data of the portfolio on individual building level, even on floor and unit level. This allows asset managers for instance to zoom in on unit level of a specific building and retrieve all relevant information of that individual space when interacting with potential customers or advisors.

As a result, the team spends its time on analysis rather than data collection and management information is real time available to support all operational activities to make better data-driven decisions.

NSI started a partnership with Spectral in 2021. Spectral developed a Smart Building Platform to transform buildings into smart, sustainable assets that are fit for the future. The Smart Building Platform uses self-learning algorithms, based on real-time weather and consumption data, to increase the energy efficiency of buildings, allowing for savings in gas- and electricity usage.

CUSTOMER EXCELLENCE

In 2021, a new brand positioning for HNK was defined, based on the functionalities and experiences our customers want, with a strong focus on sustainability, well-being, and comfort. A brand manual and HNK blueprint were created in which the intended customer experiences are defined and substantiated, including how we should behave and interact with our customers to deliver on our brand promise.

In 2021 we brought new programme requirements and elements into a new design for the upgrade of the common areas in the HNK Scheepvaartkwartier and for the opening of two new HNK locations in 2022, at Amsterdam Sloterdijk (Motion building) and at Rotterdam Alexander (Alexanderpoort building). These HNK's are the first in which the new brand positioning will be implemented in full.

PURPOSE AND POSITIONING OF NSI

PURPOSE

NSI's stated purpose is: "We enable our customers to achieve maximum productivity and growth, providing best-in-class, flexible space solutions and an unparalleled level of services in modern, healthy, sustainable buildings in prime locations".

This purpose has served as a clear guide to all our decisions and initiatives in recent years, both with respect to real estate and services. In everything we have consistently worked back from the customer's needs to the real estate and services.

Two years of covid and WFH have undoubtedly accelerated a host of long existing trends for the office sector. Corporates appreciate even more now what the office is ultimately for: a great place for collaboration, identity and culture, but also, a way to attract talent by way of offering modern, healthy, high quality, sustainable space, preferably in vibrant locations, with a good mix of workstations, meeting rooms, collaborative space and focus rooms, complemented by a variety of amenities.

We see an ongoing trend where larger tenants are upgrading to better locations, with a clear focus on sustainability, health and well-being. Lease flexibility appears to be less of an issue. We also expect owners of office buildings will increasingly have to offer at least a minimum level of services, be it reception services, F&B services, cleaning, booking systems, furniture etc.

As such, providing the right space in the right location, with services to match, remains the key to success. With this in mind, our purpose should continue to serve us well and sets out a clear path for the years ahead in terms of how we need to position the business and approach real estate and services.

REAL ESTATE POSITIONING

In recent years we have acquired assets in only a select number of locations. In our view the right location is a well-connected, vibrant, diverse, location, where people want to work, live and play. This is where both corporates and start-ups want to be, because of the proximity to their wider network and available talent pool. We exited a variety of provincial assets, smaller assets and monofunctional locations, which did not fit this view.

This has left NSI to be a focussed real estate investor/developer, only active in Amsterdam and selected other key cities in The Netherlands, with a strong emphasis on inner city locations and locations at or near the main transport hubs, which are - or will become - vibrant multi-functional locations.

We pursue a long term total return strategy, through active asset management, large scale refurbs, asset repositioning and (re) development, always with a clear focus on sustainability and underpinned - where appropriate - by regular asset rotation.

The portfolio at present centres almost entirely on offices. Our focus in offices is on highly sustainable and adaptable buildings, with sufficient scale to be able to offer services on a profitable basis, but we may also own or acquire assets that in time can be redeveloped to offer all this (or can profitably be converted to alternative use).

Going forward the focus will be much more on the location, the future potential of that location and our ability to strengthen the attractiveness of these locations. We therefore no longer restrict ourselves solely to offices. As part of our Capital Markets Day in April we will highlight several mixed-use and residential development opportunities already embedded in our portfolio.

SERVICE POSITIONING

Our in-house team regularly reviews for every individual asset what level of services is appropriate and how these should be organised, based on location, size, (potential) tenant profile and market dynamics. This will range from the full package, typically offered via a serviced-office operator, to just basic cleaning.

We have the in-house team and partnerships to be able to offer the full package, if appropriate. If a building fits the profile, we could decide to provide this service package ourselves, by using our in-house HNK serviced-office operator brand, or it may be that contracting a third party serviced-office operator such as, say, WeWork, Spaces or Scalehub is better suited for a building.

For multi-tenant buildings where a smaller selection of services is deemed appropriate, we aim to start introducing NSI itself as a brand, with a clear brand promise as owner/operator of the building.

HNK

HNK is our in-house serviced office concept, currently operating a total of 11 buildings in the NSI portfolio. HNK offers a variety of workspaces, including workstations, meeting rooms with full AV equipment, managed offices (up to 20 work stations) and custom offices (20 workstations or more). Managed offices can be leased on a flexible basis and come with a number of services included, such as furniture, greenery, a personal WiFi network, unlimited coffee and tea, cleaning services, and access to the HNK Office App. Custom offices have a minimum lease term of 12 months and come with an extensive menu card for tailor-made services, such as furniture, F&B services, cleaning services, and IT facilities.

HNK's distinctive strength as operator is the ability to genuinely incorporate sustainability in all its activities, by virtue of owning the buildings it operates. As we control all sustainability efforts, HNK can pro-actively meet the increasing demands from its customers – a key differentiating feature that arguably very few other serviced-office operators can offer or promise.

In 2021 we defined a new brand positioning for HNK, based on the functionalities and experiences our customers want, with a strong focus on sustainability, well-being, and comfort. As part of the new brand positioning the Customer Excellence team has re-mapped the ultimate customer journey, established a brand manual and set the intended customer experiences: customers need to feel welcome, connected, truly supported and energized. This is the core of HNK culture.

In 2021 HNK also established a new program of requirements, with clear central design principles and standards for locations, spaces, fit-out, technology, systems and connectivity. This has been translated in a new service and product design, which we intend to launch in 2022 at HNK Scheepsvaartkwartier and at a new to open HNK at Amsterdam Sloterdijk (Motion building). By operating an HNK we typically achieve higher overall rents. Over the past two years we sold three unprofitable HNKs: HNK Dordrecht, HNK Apeldoorn and HNK Groningen. In 2022 we are opening new HNKs near transport hubs at Amsterdam Sloterdijk and Rotterdam Alexander. We are also looking at opening a HNK at Eindhoven CS in 2023 (Kennedyplein).

MOVING TO A NEW SEGMENTATION IN Q1 2022

Having completed our asset rotation in full, with the disposal of our last retail and non-core provincial assets, we consider it appropriate to adjust our segment reporting, to better reflect the positioning of NSI and how the business will evolve over the period ahead.

An HNK is in our view not materially different from any other multi-tenanted building. Perhaps HNK operates with a slightly shorter WAULT, but this does not capture how long tenants generally tend to stay (our existing MO tenants have already been tenants on average for 4 years), and with a vacancy rate more or less in line with our other multi-tenanted buildings it is increasingly difficult to argue HNK has a distinctly different risk-return profile.

As such, as per the next quarter, Q1 2022, we will be switching to a new segmentation. We will no longer report Office, HNK and Other, but instead will switch to Amsterdam, Other G4 and Other Netherlands. For transparency reasons, we already show what the new segments would look like per31 December 2021 below.

	A'dam	Other G4	Other NL	TOTAL
Number pf properties	23	15	14	52
Market value (€ m)	792	356	207	1,355
Ann. contract rent (€ m)	37	23	16	76
Lettable area (sqm k)	177	124	107	409

We will provide relevant supplemental vacancy information on HNK for reason of transparency, for the remainder of this year.

HNK BRAND

HNK defined a new brand positioning in 2021, which will be launched in 2022. As part of the new brand positioning, a brand and experience manual was created in which the intended customer experiences are defined and substantiated: customers need to feel welcome, connected, truly supported and energized. This is the core of HNK culture.

The HNK blueprint serves as our compass to guide us in how we should behave and interact with our customers in order to deliver on our brand promise. Ensuring that everyone knows essentially how we do what we do, being consistent at every level of our organisation, at every HNK.

I FEEL WELCOME

By really being there for our customers, we make them feel truly welcome. Not by mandating standardized scripts, but with a personal touch and by empowering our staff how they can best make this happen.

I FEEL CONNECTED

Being there for our customers also means taking the initiative to engage. By reaching out to them pro-actively, thinking along with them and giving them sincere attention, recognition and acknowledgement.

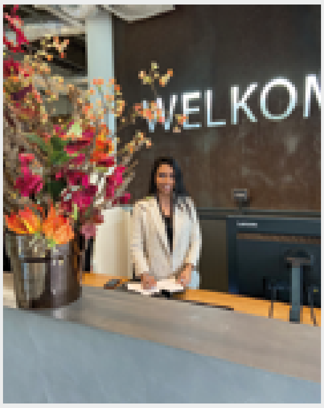
I FEEL TRULY SUPPORTED

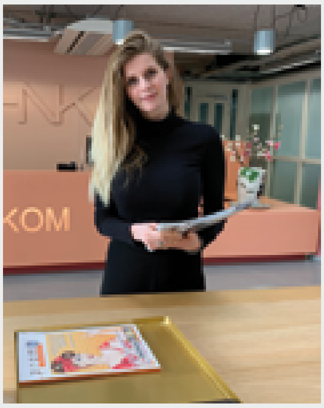
By active listening and asking questions, we figure out what is really important to our customers. We aim to be one step ahead. We consider every question, suggestion or complaint as an opportunity to learn and to make a difference.

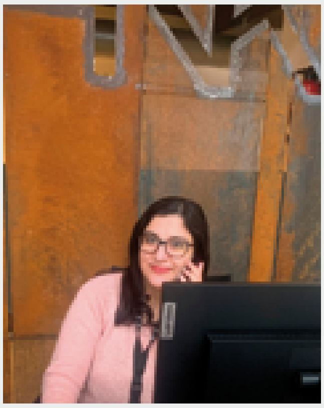
I FEEL ENERGISED

We aim to make our customers feel energised in many ways. By prioritizing Health & Wellbeing in our total approach, including serving healthy food options. But most of all, by leveraging the positive energy of the HNK team and our tenants.

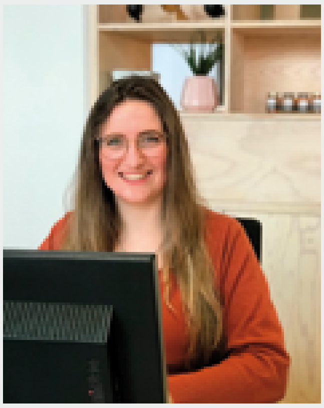
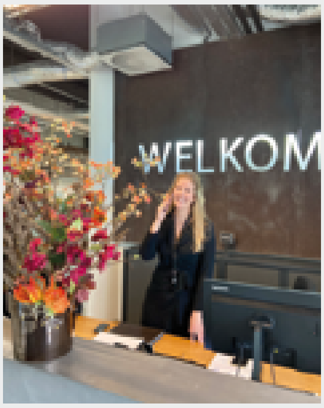
HNK TEAM

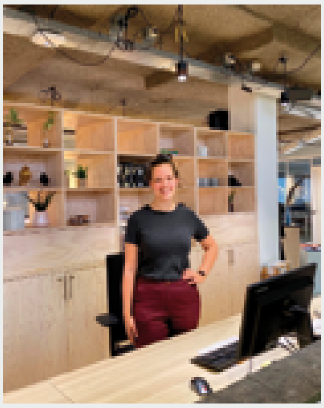
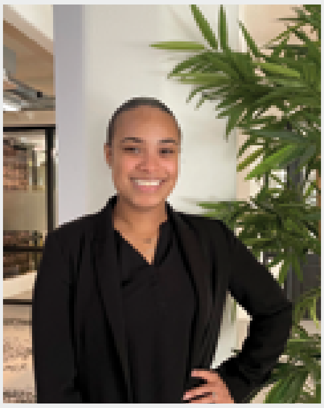







INCOME, COSTS AND RESULT

INTRODUCTION
EPRA earnings in 2021 amount to € 46.4m compared to € 44.9m in 2020 (+ 3.2%). The increase in EPRA earnings is fully explained by higher net rental income. EPRA EPS is € 2.38, 1.3% higher than last year. The fact that the increase in EPS is smaller than the increase in EPRA earnings reflects the higher average number of shares in 2021.

EPRA NTA is up 8.5% or € 3.76 per share compared to the end of 2020, primarily due to positive revaluation of the investment portfolio and a strong positive result on sales.

RENTAL INCOME
Compared to last year, gross rental income (GRI) increased by € 0.7m (0.8%) to € 77.5m. This growth is fully driven by acquisitions in the past two years, resulting in an additional GRI of € 4.1m in 2021. The negative effect of disposals in GRI amounts to € 3.4m, whereas on a like-for-like basis gross rental income is the same as in 2020. Adjusting for the 'half rent' arrangement with ING on Laanderpoort, as part of the overall agreement with ING for the redevelopment for this asset, the like-for-like GRI is up 2.2%.

Non-recoverable service costs are € 0.1m higher than last year, whereas operating costs are € 2.2m (15.4%) lower compared to 2020. These lower operating costs are the net effect of lower maintenance (€1.0m), lower letting fees (€0.4m) and lower property management costs (€0.9m), given exceptional costs incurred in 2020 related to covid , partly offset by higher municipal taxes (€0.3m).

Net rental income amounts to € 63.3m, up € 2.8m (4.6%) versus 2020. The NRI margin is 81.6%, up 2.9 bps vs last year. On a like-for-like basis NRI is up by 3.0%, the result of an increase in Offices and HNK of respectively 0.5% and 13.4% and a 10.6% decrease in Other. Adjusting for Laanderpoort like-for-like NRI growth improves to 5.9% for the entire portfolio and 4.3% for Offices.

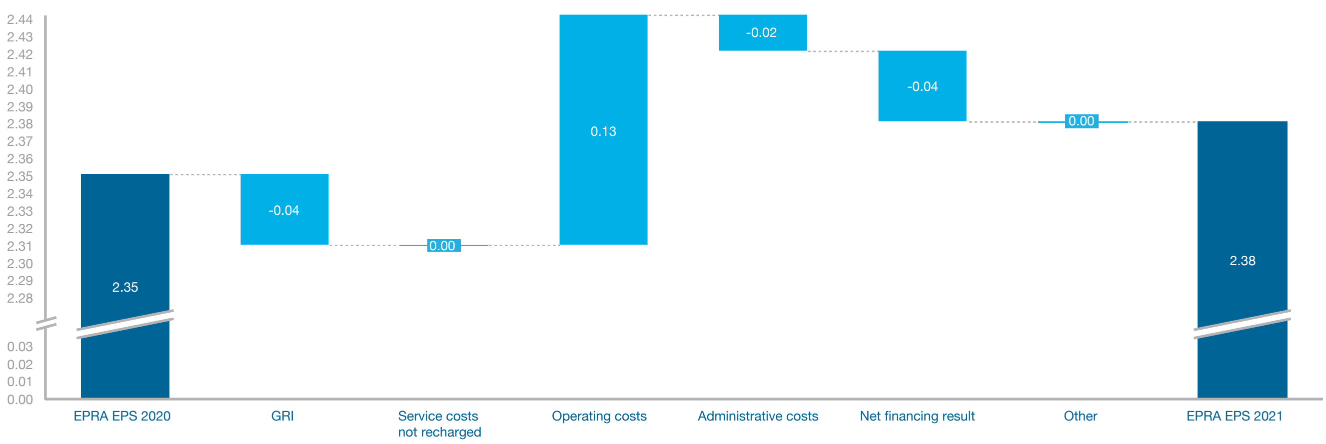
ADMINISTRATIVE COSTS
Administrative expenses are € 0.5m higher compared to 2020, reflecting an increase in staff costs and costs made in relation to the move to a new headquarter.

NET FINANCING COSTS
Financing costs are up by 10.0% (€ 0.8m) compared to the same period last year. This is primarily driven by a higher average amount of debt outstanding during the period.

INDIRECT RESULT
In 2021 the investment portfolio incurred a positive revaluation of € 63.1m (+4.8% at market value) compared to the valuation in 2020. In addition, properties were sold with a profit on disposal of € 10.2m. A positive mark-to-market effect on interest rate swaps and other indirect costs bring the total indirect result for 2021 to € 74.6m.

POST-CLOSING EVENTS AND CONTINGENCIES
In December 2021 NSI signed an unconditional agreement for the disposal of shopping centre 't Loon in Heerlen. Transfer of the asset took place on 21 January 2022.

EPRA EARNINGS



INCOME SEGMENT SPLIT

	2021							TOTAL
	Offices		HNK					
In (€'000)	A'dam	Other NL	A'dam	Other NL	Other	Corporate	TOTAL	2020
Gross rental income	30,362	23,231	4,456	12,900	6,557		77,507	76,854
Service costs not recharged	-206	-356	-238	-815	-259		-1,873	-1,778
Operating costs	-2,974	-4,315	-783	-2,659	-1,632		-12,362	-14,610
Net rental income	**27,183**	**18,561**	**3,435**	**9,427**	**4,666**		**63,272**	**60,466**
Administrative costs						-7,612	-7,612	-7,096
Earnings before interest and taxes	**27,183**	**18,561**	**3,435**	**9,427**	**4,666**	**-7,612**	**55,660**	**53,370**
Net financing result						-9,285	-9,285	-8,438
Direct investment result before tax	**27,183**	**18,561**	**3,435**	**9,427**	**4,666**	**-16,897**	**46,375**	**44,932**
Corporate income tax						-2	-2	10
Direct investment result / EPRA earnings	**27,183**	**18,561**	**3,435**	**9,427**	**4,666**	**-16,899**	**46,373**	**44,943**

DUTCH PROPERTY MARKET OVERVIEW

ECONOMIC CONDITIONS

Dutch GDP contracted by -3.8% in 2020, but rebounded by 4.5% in 2021. The Dutch economy has marginally outperformed the wider eurozone economy over the past two years, mostly due to higher household spending.

The economic recovery is very uneven so far. The hospitality and culture sector continue to struggle, due to ongoing covid- related restrictions, with Dutch Government stimulus directed to businesses facing a major fall in turnover and to the labour market, amongst others. As a result, the labour markets remain surprisingly tight, with an unemployment rate of only 2.7%.

Dutch CPI inflation increased in the second half of 2021, ending up at 2.7% for the year. In the short term inflation is expected to remain elevated. Going into 2022 economic conditions are expected to continue on the same trajectory as in 2021, but this is subject to further covid-related uncertainty.

OCCUPATIONAL MARKET

2021 started with sluggish take-up and delayed relocation and extension decisions by corporates. Post summer we saw more tenant inquiries, but actual leasing activity really only picked up in earnest towards the end of Q3 and in Q4.

Dutch office take up in 2021 was circa 1m sqm, 9% higher than in 2020, according to Cushman & Wakefield. Net absorption was negative as the vacancy rate increased 80bps to 9%. The "office vs WFH" debate became more nuanced in 2021 with evidence both of tenants giving back space (especially in more fringe locations) while other tenants have taken up more space to better accommodate hybrid and more collaborative work.

We see that tenant requirements for office space have changed over the past two years and now focus more on sustainability, wellbeing and collaboration. As such, the debate on the future of the office has shifted away from how much office space will be given back, to whether the office fits the new way of working in terms being able to offer the right mix of spaces. On balance this may not necessarily translate into a shortage of office space per se but will certainly highlight the relative scarcity of Grade A office space in top locations and increase polarisation with respect to not only location but also to sustainability, layout and services.

AMSTERDAM

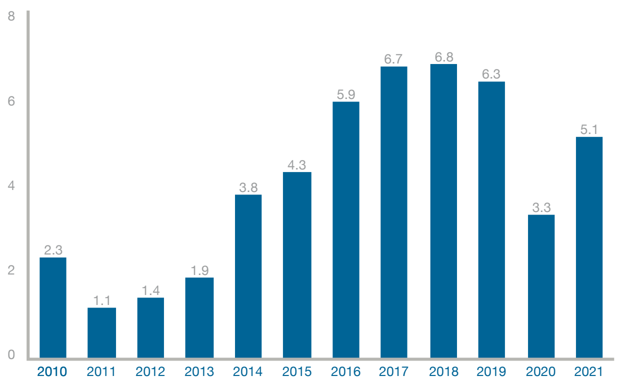
Office take-up in Amsterdam in 2021 was circa 222.000 sqm (vs 2020: 167.000 sqm), accounting for nearly a quarter of all take-up in the Netherlands.

The office vacancy rate in Amsterdam ended 2021 at 7.7%, up 2.5pp from 2020. The vacancy in the prime South-axis market is up 1.2 pp to 3.9%, Southeast is up 0.8 pp to 4.2% and Sloterdijk is up 2.5pp to 8.4%. These main submarkets which concentrate 50% of supply account for 25% of the rise in vacancy, whilst the lion's share of the increase was led by other more secondary submarkets.

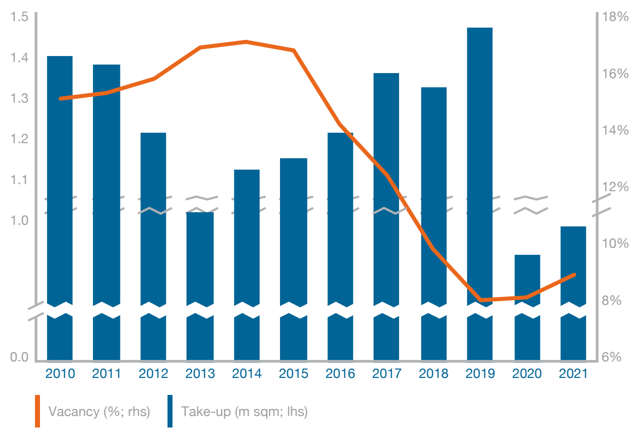
Despite the increase in vacancy in 2021, rent levels are back to 2019 levels. Incentives, which temporarily increased to as much as 10-15% during the height of the covid pandemic, even for prime South Axis space , have come back to 7% on average.

In 2022, 400,000 sqm of new office completions are expected in Amsterdam (circa 6% of total stock), most of which is currently speculative. Whilst availability is likely to rise, polarisation will also increase as all the new developments will put pressure on the existing more outdated stock.

INVESTMENT VOLUMES OFFICES NETHERLANDS (€ BN)



VACANCY RATE AND TAKE-UP OFFICES NETHERLANDS



OTHER MARKETS

Utrecht was remarkably soft in 2021. Take up remained below long-term average levels and the vacancy increased from 4.9% in 2020 to 6.2% by year end 2021, mainly due to the delivery of new supply in the prime Central Station area. Prime rents and incentive levels remained stable and are respectively at all time highs and near record low levels.

In 2021 Rotterdam benefitted from good take-up levels (+23%) in the CBD and city center. Prime rents increased slightly, while incentives remained at historically low levels. The vacancy was basically stable at 8.6% per year end 2021, suggesting that also here the market has polarised in favour of better locations.

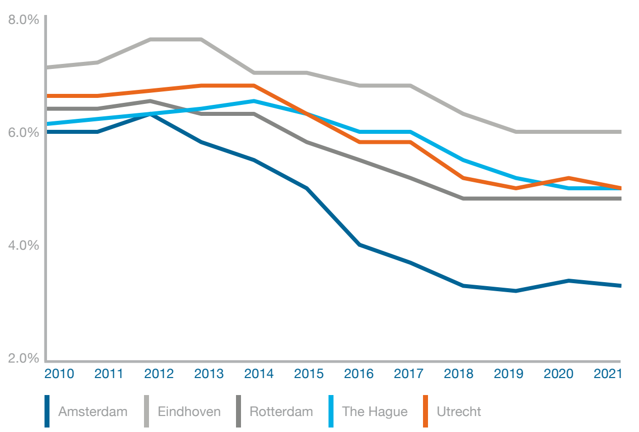
The vacancy rate in Eindhoven decreased slightly to 7.3%, with low take-up levels in 2021 confirming the scarcity of high quality office space in the area. In The Hague, where the Government is the largest occupier, the vacancy increased by 1 pp to 5.3%. At the Bio Science Park in Leiden 1.3% of office space is vacant.

INVESTMENT MARKET

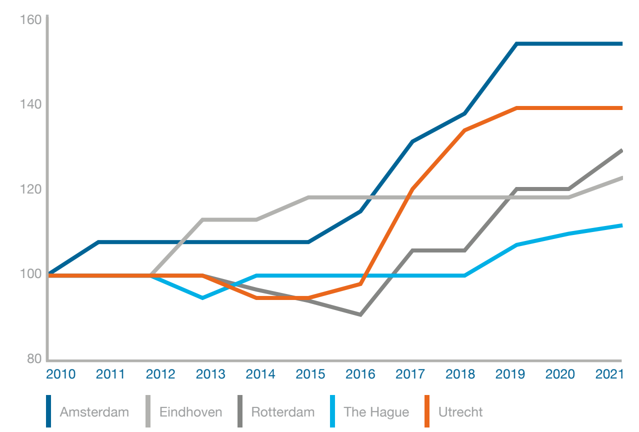
The investment market in 2021 confirmed that prime yields are back to their pre-pandemic levels for the most part (Amsterdam is now at 3.3% vs 3.2% at the end of 2020). Investment volumes were up 55% yoy to € 5.1 billion, mostly due to two major deals.

The return of liquidity was mixed in terms of pricing, with some deals closing at asking price or above, whilst other transactions were withdrawn due to sellers not meeting expectations. Indeed, the bulk of demand was for prime, well-let, modern assets, which are least likely to be affected by the uncertainty brought on by the pandemic and its effects on office space requirements.

PRIME YIELDS (%)



PRIME RENTAL GROWTH



OUR PORTFOLIO EVOLUTION

PURSUING OUR STRINGENT INVESTMENT FOCUS

NSI is working diligently to become the leading property investor/developer. NSI continues to invest in high quality assets, with a focus on the key growth clusters in the Netherlands. In 2021, NSI added 4 assets to its portfolio, strengthening the clusters NSI has in these specific markets in Amsterdam, Rotterdam and Leiden (Bioscience park), and completed its substantial portfolio rotation plan.

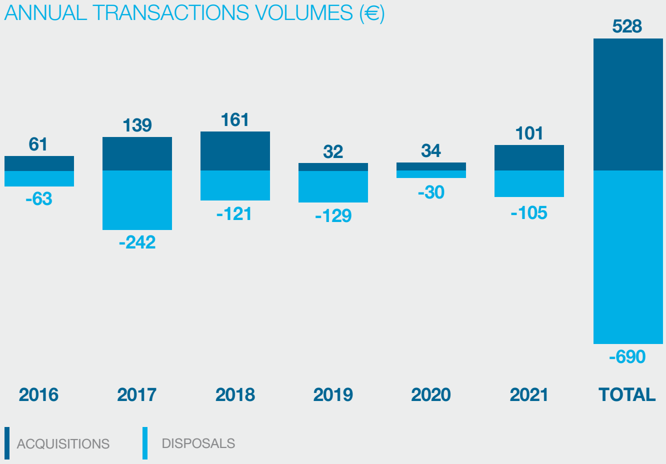
OUR DISCIPLINED JOURNEY TOWARDS A MORE FOCUSSED QUALITY PORTFOLIO

In recent years NSI only acquired assets in a select number of locations. In our view the right location is a well-connected, vibrant, urban mixed use location, where people want to work, live and play. At the same time, NSI exited provincial and smaller type of assets in mono-functional locations that did not meet our investmentscriteria.

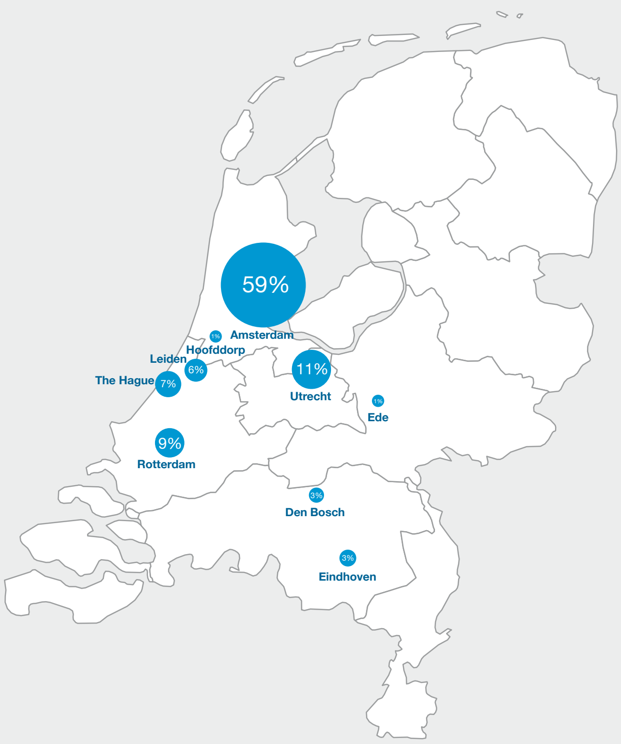
The portfolio transformed from 165 assets in 72 cities, with a 21% vacancy rate and average asset value of € 7 million, to a targeted portfolio comprising 51 assets, with average asset value of € 25 million, and a vacancy of 5.9%.

This has left NSI to be a focussed real estate investor/developer, only active in Amsterdam and selected other key cities in The Netherlands, with a strong emphasis on inner city locations and locations at or near transport hubs, which are - or will become - vibrant multi-functional locations.

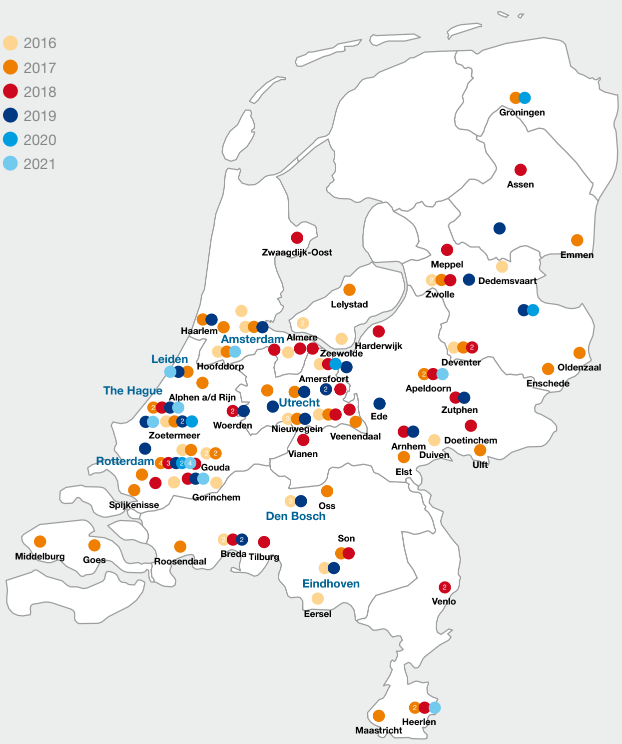
ANNUAL TRANSACTIONS VOLUMES (€)



TOTAL PORTFOLIO END 2021



DISPOSALS 2016-2021



STADHOUDERSKADE 5-6, AMSTERDAM

Atlanta Building is an iconic brick building constructed in 1928 in the city centre of Amsterdam. The 11 storey building, a listed monument held in freehold, has been renovated in 2020 and is fully let to WeWork. The ground floor, once used as a showroom for the latest Chevrolets models, now offers a spacious lobby and event space.

YEAR	LFA IN SQM	ENERGY LABEL	WAULT	OCCUPANCY
1928	6,542	A	14.3 Y	100%

HOGEHILWEG 6, AMSTERDAM

This five storey multi-tenant office building is located in Amsterdam South East. NSI considers Amsterdam South East as an attractive submarket, strategically located and with good connections to public transport. This area is developing into a lively mixed-use area. Next to benefiting from the overall improvement of the area, the property offers strong redevelopment potential. Amsterdam South East now represents 11.4% of NSIs portfolio.

YEAR	LFA IN SQM	ENERGY LABEL	WAULT	OCCUPANCY
1987	3,097	B	2.7 Y	100%

WESTBLAAK 155, ROTTERDAM

The 7 storey multi-tenant office building situated in the city centre of Rotterdam, in very close proximity to the main business district (Weena) and the shopping areas, is improving the overall quality of NSIs portfolio in Rotterdam, now representing 8.7% of the portfolio.

YEAR	LFA IN SQM	ENERGY LABEL	WAULT	OCCUPANCY
1978	6,202	A	3.7Y	88%

MENDELWEG 30, LEIDEN

Leiden Bio Science Park is one of Europe's main Life Science clusters and is on its way to becoming a multi-functional innovation hub. Rapidly accelerating growth in science and innovation fields makes Life Sciences an attractive asset class. NSI's exposure to this cluster comprises five adjacent assets, all 100% occupied, which make up circa 7% of the overall portfolio.
In addition to the strong underlying fundamentals, this property offers interesting future value-add opportunities.

YEAR	LFA IN SQM	ENERGY LABEL	WAULT	OCCUPANCY
2009	6,234	A+	3.7Y	100%

REAL ESTATE PORTFOLIO

In 2021 NSI acquired four assets and sold twelve assets. The acquisitions are two assets in Amsterdam, one in Rotterdam and one in Leiden, for a combined price of € 100.8m (excluding acquisition costs). Disposal proceeds in 2021 were € 105.0m and reflected, on average, a circa 13% premium to 31 December 2020 book values.

The above disposal data excludes the sale of ‘t Loon in Heerlen, with the actual transfer of this asset in January 2022. Following the sale of Heerlen and the sale of Zuidplein in 2021, NSI has no remaining retail exposure and has fully completed the non-core disposal program initiated in 2017.

PORTFOLIO BREAKDOWN - 31 DECEMBER 2021

	# Assets	Market value (€ m)	Market value (%)
Offices	38	1,078	80%
HNK	11	249	18%
Other	3	28	2%
TOTAL	**52**	**1,355**	**100%**

VACANCY

The EPRA vacancy at the end of 2021 is 5.9%, markedly down from 7.0% at YE 2020. Occupancy improvements at both HNK Houthavens in Amsterdam and HNK Scheepvaartkwartier in Rotterdam have had the biggest positive impact on the vacancy. Conversely, HNK Southeast, having seen one building vacated for refurbishment in 2021, had the largest negative impact.

The 5.9% vacancy rate at year-end includes 0.3% vacancy from ‘t Loon and a 1.5% strategic vacancy from HNK Amsterdam South-east and Alexanderpoort. Adjusted for these the vacancy rate at year-end 2021 is 4.1%. HNK’s vacancy rate in 2021 was reduced to 11.2%, from 14.9% at 31 December 2020.

EPRA VACANCY

	Dec. 2020	L-f-l	Other	Dec. 2021
Offices	4.2%	0.2%	-0.5%	3.9%
HNK	14.9%	-2.3%	-1.3%	11.2%
Other	6.9%	0.6%	3.9%	11.4%
TOTAL	**7.0%**	**-0.5%**	**-0.6%**	**5.9%**

	EPRA vacancy		
	Real	Strategic	TOTAL
Offices	3.0%	0.9%	3.9%
HNK	7.5%	3.7%	11.2%
Other	11.4%		11.4%
TOTAL	**4.4%**	**1.5%**	**5.9%**

RENTS

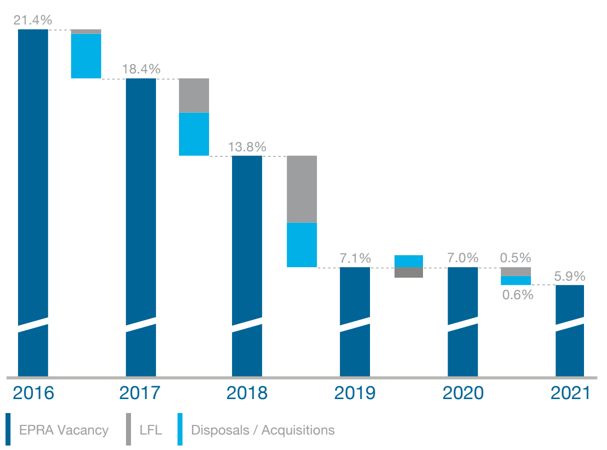
Gross rents are flat on a like-for-like basis in 2021, or up by 2.2% excluding the impact of the lower contractual rent agreement for Laanderpoort (half rent) ahead of the redevelopment of this asset. Split by segment, Offices are down by -1.2% (up by 1.8% adjusting for LdP). HNK’s 3.1% increase is directly related to occupancy improvement. Other is up by 1.5% vs the same period last year.

Net rents increased by 3% on a like-for-like basis in 2021, or by 5.9% adjusting for Laanderpoort. The office segment’s like-for-like net rents are up 0.5%, or 4.3% excluding Laanderpoort.

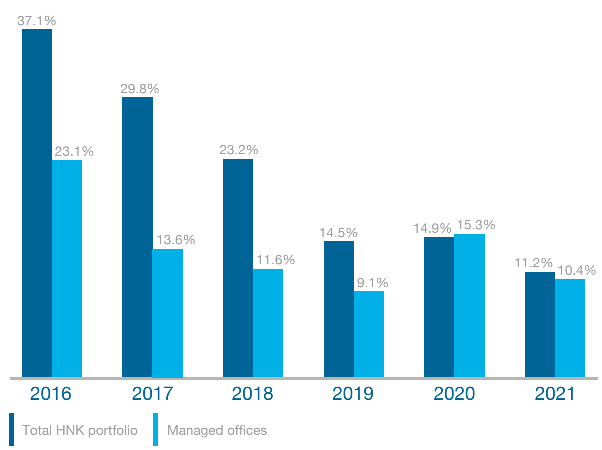
Like-for-like net rents at HNK are up 13.4%, as net rents in 2020 were negatively impacted by a variety of covid-related measures and costs.

Net rents in the segment ‘Other’ are down by –10.6% mainly as a result of higher vacancy and straight-lining of covid-related incentives given in 2020 and 2021 to retail tenants.

EPRA VACANCY RATE TOTAL PORTFOLIO



EPRA VACANCY RATE HNK



LIKE-FOR-LIKE GROWTH NET RENTAL INCOME

	2021	2020	L-f-l
Offices	36.6	36.4	0.5%
HNK	12.0	10.6	13.4%
Other	1.4	1.5	-10.6%
TOTAL	50.0	48.6	3.0%

REVERSIONARY POTENTIAL / ERV BRIDGE

As per 2021 the investment portfolio is 7.9% reversionary, up from 2.8% at 31 December 2020. However, adjusting for Laanderpoort, the reversion for the portfolio is a more limited 5%.

The reversion for lease contracts due for renewal in 2022 is 22%, which is also heavily impacted by Laanderpoort. Adjusted for this asset the reversion is 8.5%.

REVERSIONARY POTENTIAL

	Dec. 2021	Dec. 2020
Offices	10.7%	4.8%
HNK	0.1%	0.4%
Other	4.6%	-7.0%
TOTAL	**7.9%**	**2.8%**

LIKE-FOR-LIKE GROWTH ERV (€ M)

	Dec. 2021	Dec. 2020	L-f-l
Offices	57	54	5.9%
HNK	21	21	1.1%
Other	3	3	0.8%
TOTAL	**81**	**78**	**4.4%**

The ERV's of Vitrum and Alexanderhof which have now moved to the development pipeline are not included in the graph below.

EPRA YIELDS

The EPRA net initial yield is down by 40bps to 4.1% in 2021. This reflects both yield compression and the impact of disposals at relatively higher yields. A return of liquidity to the investment market in combination with dissipating uncertainty over future demand for offices in a post-pandemic world have provided appraisers with more comfort to apply lower valuation yields.

PORTFOLIO YIELDS

	EPRA net initial yield		Gross initial yield		Reversionary yield	
	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020
Offices	4.0%	4.4%	5.4%	6.2%	6.2%	6.8%
HNK	4.6%	4.3%	7.4%	7.8%	8.4%	9.2%
Other	4.4%	6.1%	9.6%	9.6%	11.4%	9.6%
TOTAL	**4.1%**	**4.5%**	**5.9%**	**6.7%**	**6.7%**	**7.5%**

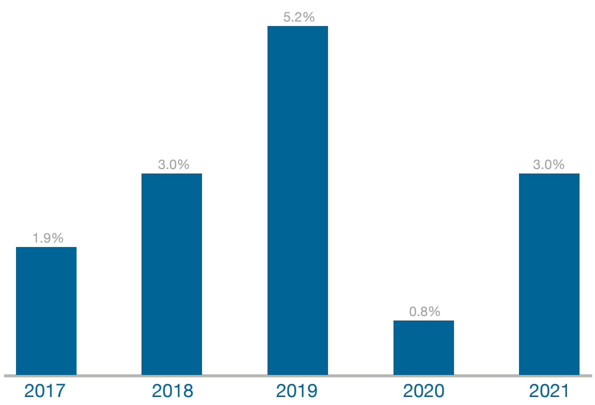
VALUATIONS

The portfolio valuation is up by 4.8% over the 12-month period (+0.8% in H1 and +4.9% in H2)[1]. Capital values for Offices are up by 6.1% and are now above pre-pandemic valuation levels despite the negative impact of the increased transfer tax (from 6% to 8% in January 2021).

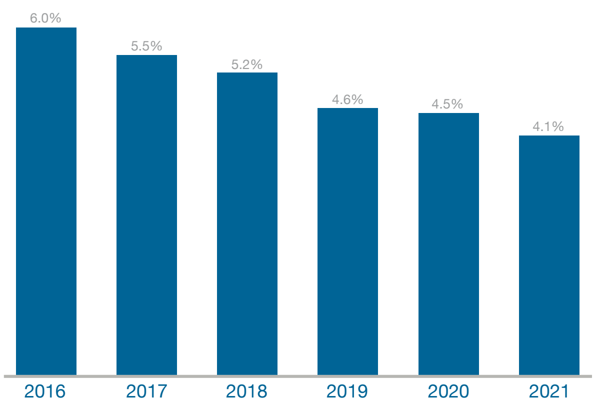
The strongest positive revaluations were seen in Amsterdam Sloterdijk, driven by higher ERVs, and in Amsterdam city centre and Leiden, both of which saw substantial yield compression. The continued investor interest in well-let prime assets as well as the increased desirability of medical offices and lab space were the main drivers behind these positive revaluations.

1 Not like-for-like figures

NET RENTS LIKE-FOR-LIKE (%)



EPRA NIY (%) REFLECT INCREASED QUALITY PORFOLIO



HNK's positive revaluation reflects mostly occupancy gains and higher ERVs, whilst yield compression also contributed.

REVALUATION

	Market value (€ m)	Revaluation Positive	Negative	TOTAL	%
Offices	1,078	71	-7	64	6.1%
HNK	249	10	-3	7	2.6%
Other	28	1	-5	-4	-5.4%
TOTAL	**1,355**	**81**	**-15**	**66**	**4.8%**

CAPITAL EXPENDITURE

Capex in 2021 is €18.9m, of which €3.7m is deemed defensive. The €15.2m in offensive capex includes €3.4m of investments in our three major development projects.

CAPITAL EXPENDITURE

	Offensive	Defensive	TOTAL
Offices	6.8	1.7	8.5
HNK	4.2	1.6	5.9
Other	4.2	0.3	4.5
TOTAL	**15.2**	**3.7**	**18.9**

OFFICES

In 2021 the office vacancy rate decreased to 3.9% (2020: 4.2%), of which 0.9% is strategic vacancy relating to Alexanderpoort, where several floors are intentionally held vacant as part of a major refurbishment and repositioning of the asset.

KEY OFFICE METRICS - BREAKDOWN BY SEGMENT

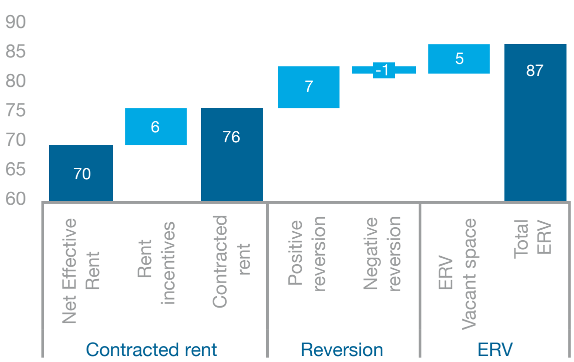
	Dec. 2021 A'dam	Other NL	TOTAL	Dec. 2020
Number of properties	18	20	38	43
Market value (€ m)	681	397	1,078	931
Market value asset (€ m)	38	20	28	22
Market value / sqm	4,829	2,989	3,937	3,142
Ann. contract rent (€ m)	30	24	55	58
Average rent / sqm	225	189	208	206
Reversionary potential	16.3%	3.8%	10.7%	4.8%
Lettable area (sqm k)	141	133	274	296
Market rent (€ m)	37	26	63	63
EPRA vacancy	4.3%	3.4%	3.9%	4.2%
EPRA net initial yield	3.7%	4.4%	4.0%	4.4%
Gross initial yield	4.9%	6.2%	5.4%	6.2%
Reversionary yield	5.9%	6.6%	6.2%	6.8%
Wault	4.7	4.4	4.6	4.1

During 2021 leases were signed on average 3.9% ahead of ERV. The tenant retention rate was also strong 76.0%.

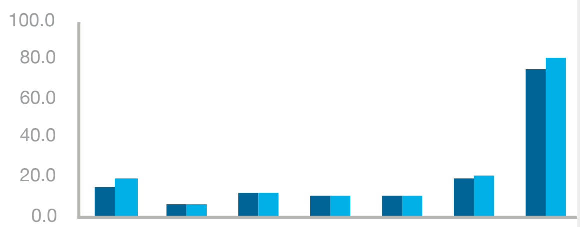
HNK

The EPRA vacancy rate for HNK is 11.2% at year-end, down from 14.9% the previous year, and includes 3.7% in strategic vacancy

BRIDGE CONTRACTED RENT TO ERV - 31 DECEMBER 2021 (€ M)



ANNUAL EXPIRATIONS AND REVERSIONARY POTENTIAL



	2022	2023	2024	2025	2026	2026+	Total
Contract rent	15.8	6.2	11.6	11.2	11.0	20.0	75.8
ERV	19.3	6.4	12.0	11.4	11.0	21.8	81.8
# Contracts	339	62	79	59	41	71	651
Rev. Potential	22.2%	2.0%	2.9%	1.9%	0.5%	8.8%	7.9%

pertaining to HNK Amsterdam Southeast of which one building is undergoing refurbishment.

The vacancy in Managed Offices is 10.4% (2020: 15.3%). Net new take-up was up circa 30% by number of contracts (78 new contracts since YE 2020 vs 60 same period last year) and 78% by contracted rent. The overall HNK tenant retention rate in 2021 is high at 78.2%.

KEY HNK METRICS - BREAKDOWN BY SEGMENT

	Dec. 2021			
	A'dam	Other NL	TOTAL	Dec. 2020
Number of properties	3	8	11	13
Market value (€ m)	92	157	249	249
Market value asset (€ m)	31	20	23	19
Market value / sqm	3,392	2,056	2,407	2,011
Ann. contract rent (€ m)	5	13	18	19
Average rent / sqm	241	192	204	190
Reversionary potential	8.1%	-3.4%	0.1%	0.4%
Lettable area (sqm k)	27	76	103	124
Market rent (€ m)	7	14	21	23
EPRA vacancy	15.5%	9.1%	11.2%	14.9%
EPRA net initial yield	3.7%	5.1%	4.6%	4.3%
Gross initial yield	5.8%	8.4%	7.4%	7.8%
Reversionary yield	7.4%	8.9%	8.4%	9.2%
Wault	2.1	3.0	2.8	3.2

DEVELOPMENT AND RENOVATIONS

At the end of 2021 we have updated the business cases for all development projects. We estimate the yield on cost for the three main projects in the development pipeline (Vitrum, Vivaldi III and Laanderpoort) to be circa 5.5%. This incorporates the latest building cost inflation (8%-12%) and expected longer construction periods.

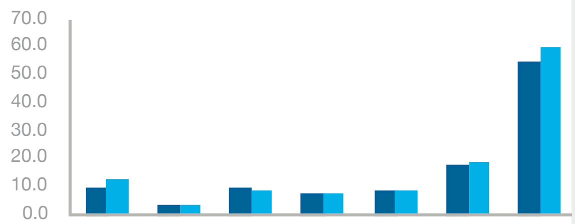
RENOVATION AND DEVELOPMENT

Project	New area (sqm k)	Increase area (sqm k)	Expected start / completion	Current phase
Vitrum, Amsterdam	ca. 13.4	ca. 1.8	Q4 2022 / H2 2024	Design
Laanderpoort, Amsterdam	ca. 39.0	ca. 26.0	Q1 2023 / H2 2025	Design
Vivaldi III, Amsterdam	ca. 19.0	ca. 19.0	Q3 2022 / H2 2025	Design
Alexanderhof, Rotterdam	t.b.d.	t.b.d	t.b.d.	Definition

VITRUM

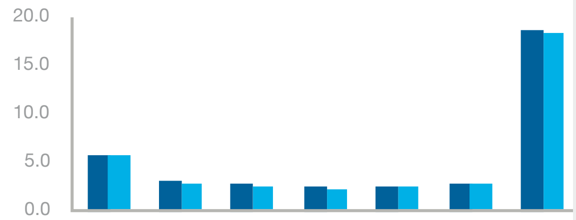
At Vitrum the Municipality of Amsterdam expressed in 2021 its desire to include an upgrade of the surrounding public space as part of the redevelopment of the asset. This resulted in a delay of the project as we needed to (re-)define the scope and the next steps of this request, before being able to integrate this in our project timeline. We expect to finalise these conditions in the agreement letter with the Municipality in the course of Q1 2022. Construction is expected to start in Q4 2022.

ANNUAL EXPIRATIONS AND REVERSIONARY POTENTIAL OFFICES



	2022	2023	2024	2025	2026	2026+	Total
Contract rent	9.5	3.2	8.6	7.5	8.5	17.3	54.7
ERV	12.6	3.5	9.1	7.9	8.6	18.9	60.5
# Contracts	43	22	35	27	22	41	190
Reversion	33.0%	6.7%	5.3%	5.3%	0.4%	9.3%	10.7%

ANNUAL EXPIRATIONS AND REVERSIONARY POTENTIAL HNK



	2022	2023	2024	2025	2026	2026+	Total
Contract rent	5.7	2.8	2.6	2.2	2.4	2.7	18.4
ERV	5.7	2.8	2.5	2.2	2.5	2.8	18.5
# Contracts	290	37	40	25	19	27	438
Reversion	0.8%	-1.9%	-2.6%	-0.2%	0.9%	3.1%	0.1%

LAANDERPOORT

For Laanderpoort we faced a delay during the design phase, mainly due to capacity problems within the municipality of Amsterdam for the approval of the sketch design and the preparation of the agreement letter. We have agreement with ING on the preliminary design and have started the final design phase. We have received the approval from the Municipality on the preliminary design in February 2022.

VIVALDI III

For Vivaldi III the Municipality has formally approved the final design and the zoning plan has become irrevocable. As a result of our tender process, we have selected a contractor to enter the technical design phase and are still scheduled to start construction in Q3 2022.

ALEXANDERHOF

In late 2021 we transferred Alexanderhof in Rotterdam to the development pipeline. We are currently already upgrading the adjacent Alexanderpoort and have noted strong interest. We therefore decided that Alexanderhof, which is a relatively small, old and vacant building, is better off being redeveloped than renovated. We will use 2022 to work out our plans for this asset.

BALANCE SHEET IMPACT OF DEVELOPMENTS

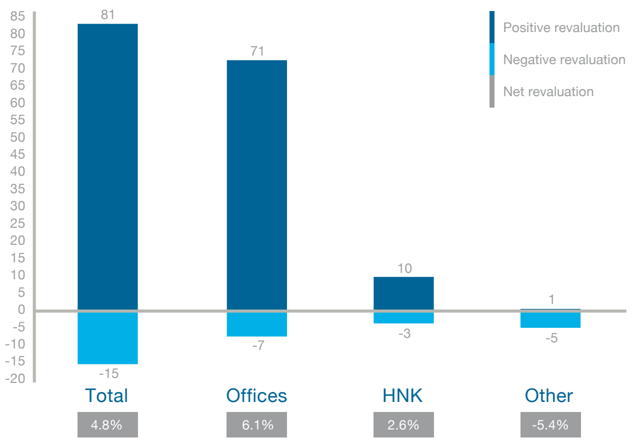
The size of our development programme is starting to show in the balance sheet. In July 2021, when the building was vacated, Vitrum transferred to investment property under construction.
In December 2021 Alexanderhof also transferred to investment property under construction. The revaluation is related to the transfer of these two properties.

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

MOVEMENT TABLE INVESTMENT PROPERTY UNDER CONSTRUCTION 2021

	TOTAL
Balance 1 January 2021	**2.9**
Capital expenditure (Investments)	3.4
Capitalised interest	0.5
Revaluation	-1.1
Transfer from / to inv. property in operation	56.2
Balance 31 December 2021	**62.0**
Market value 31 December 2021	61.9

REVUATIONS TOTAL PORTFOLIO

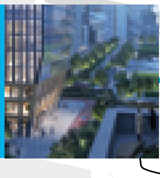


DEVELOPMENT PIPELINE OVERVIEW

THREE PROJECTS IN AMSTERDAM

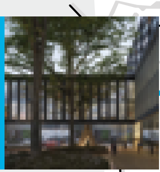
VIVALDI III

Current size 0
Future size 19.000



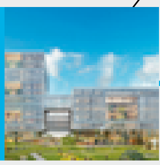
VITRUM

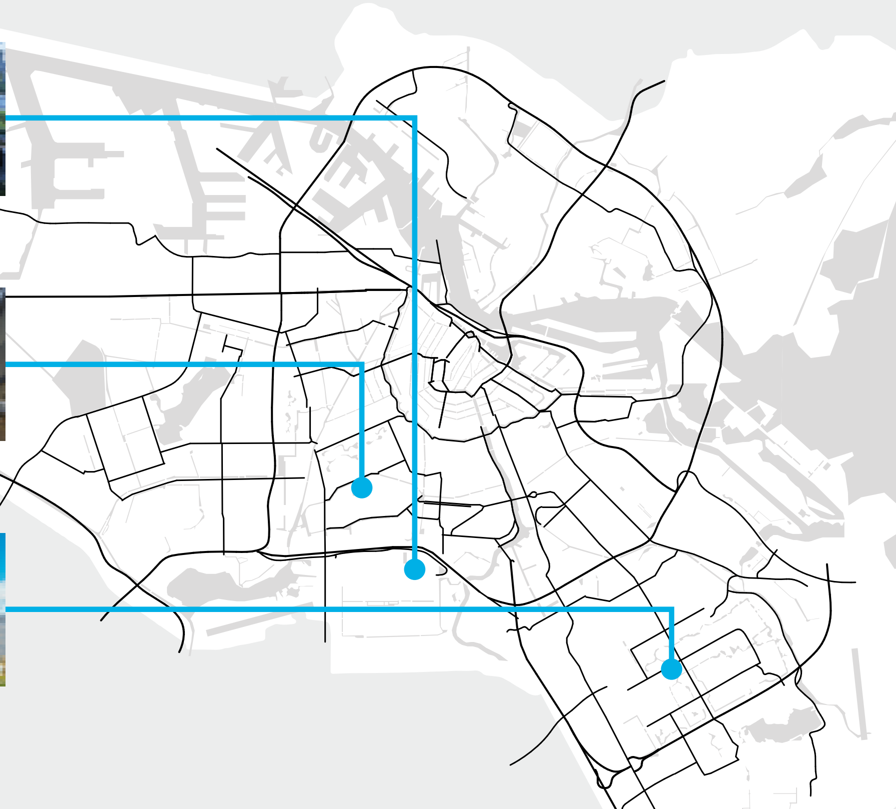
Current size 11,600
Future size 13,400



LAANDERPOORT

Current size 13,000
Future size 39,000





VITRUM

2019	Q2 2020	Q4 2020	Q2 2021	Q4 2021	Q4 2022	H2 2024
Start project	Completion of Sketch Design	Start nego-tiations with Municipality	Completion of Preliminary Design (VO)		Expected start construction	Expected completion

LAANDERPOORT

2018	Q4 2019	Q4 2020	Q2 2021	Q1 2022		Q1 2023		H2 2025
Start discussions with ING on redevelopment	Signed co-operation agreement with ING	Signed Letter of Intent (LOI) with Municipality	Sketch Design (SO) agreed by the Municipality	Sketch Design (SO) agreed by the Municipality	Further Design process, Tender and Permits	Expected start construction		Expected completion

VIVALDI III

2019	Q3 2020	Q4 2020	Q2 2021	Q4 2021		Q3 2022		H2 2025
Start project	Agreement Letter with Municipality (Afsprakenbrief)	Approval preliminary design (VO) by Municipality	Final design (DO) approved by the Municipality and zoning plan irrevocable			Expected start construction		Expected completion

BALANCE SHEET, NTA AND FINANCING

"Green financing is a logical step that places the importance of sustainability even more at the heart of how we operate."

Alianne de Jong
CFO

NET TANGIBLE ASSETS

EPRA NTA per 31 December 2021 is € 950m, up 10.8% compared to 31 December 2020 (€ 857m), largely as a result of a positive 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 increased by 8.5% from € 44.44 at year-end 2020 to € 48.23 at year-end 2021.

FUNDING

In June 2021 NSI issued € 50m of 8-year unsecured notes with a fixed coupon of 1.4%, reflecting the confidence in NSI's long-term strategy and prospects by our financial investors.

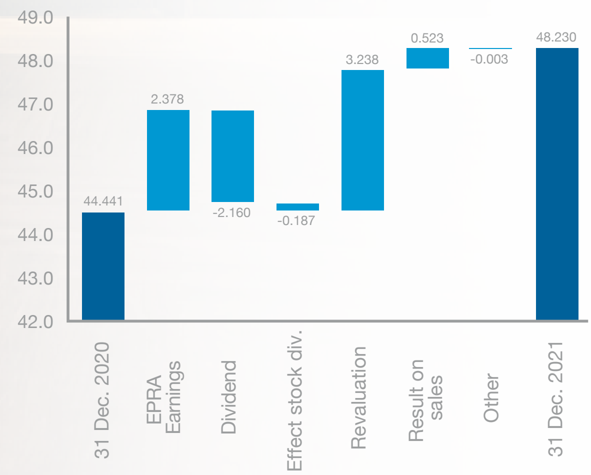
At the end of the year NSI amended and extended its € 300m Revolving Credit Facility ("RCF"). The RCF's maturity is set for a new 5 year term, in effect extending it from its original maturity date in 2024 to now December 2026, including two extension options of one year. Consistent with NSI's strategy to integrate sustainability into all aspects of its business and operations, the amended facility is now 'Green' and includes a sustainability-linked interest margin mechanism.

NET DEBT

	Dec. 2021	Dec. 2020	Change
Debt outstanding	391.4	367.1	24.3
Amortisation costs	-1.6	-1.1	-0.5
Book value of debt	**389.8**	**366.0**	**23.8**
Cash and cash equivalents	-7.7	-0.2	-7.6
Debts to credit institutions	0.0	0.4	-0.4
Net debt	**382.1**	**366.2**	**15.9**

Net debt is up by € 15.9m compared to 31 December 2020. This is primarily due to the acquisitions totalling € 100.8m (excluding transaction costs), dividend distribution and capital expenditures, and is partially offset by disposals (€ 103.9m) and retained earnings.

BRIDGE EPRA NTA PER SHARE (IN €)



At the end of 2021 NSI has circa € 283m of cash and committed undrawn credit facilities at its disposal. The average loan maturity is 4.9 years (December 2020: 5.2 years) with no loans maturing until 2023. This ensures sufficient flexibility and capacity to fund the development pipeline and selective further acquisitions.

At year-end 83% of debt drawn is unsecured (89% of available debt). The average cost of debt is slightly higher at 2.2% (was 2.1% per the end of 2020) due to higher swap costs and a lower level of utilisation of the – relatively lower margin - RCF.

LEVERAGE AND HEDGING

The LTV is 28.2% at 31 December 2021, 1.0 percentage point lower compared to 31 December 2020 (29.2%), driven by the positive revaluation of assets in 2021.

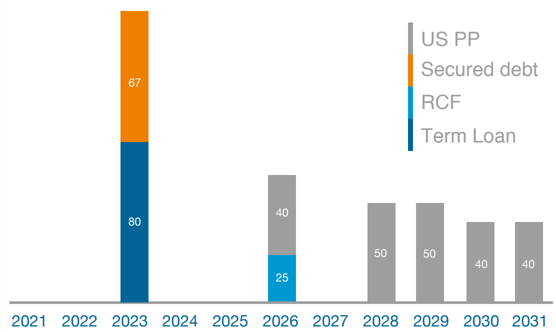
The ICR stands at 6.8x at 31 December 2021, compared to 7.2x at 31 December 2020. This is the result of higher interest costs due to the timing of acquisitions at the start of the year and dispositions skewed towards the end of 2021. The ICR remains firmly above the 2.0x covenant.

Covenants

	Covenant	Dec. 17	Dec. 18	Dec. 19	Dec. 20	Dec. 21
LTV	≤ 60.0%	36.9%	36.9%	27.4%	29.2%	28.2%
ICR	≥ 2.0x	4.7x	5.5x	6.8x	7.2x	6.8x

NSI is using swaps to hedge interest rate risk on variable rate loans. Due to the lower utilisation of the RCF, the volume hedge ratio at the end of 2021 increased to 94% (target range: 70-100%). The weighted average maturity of both the derivatives and the fixed rate debt is 4.9 years at the end of December 2021. The maturity hedge ratio is 100% (target range 70-120%).

MATURITY PROFILE

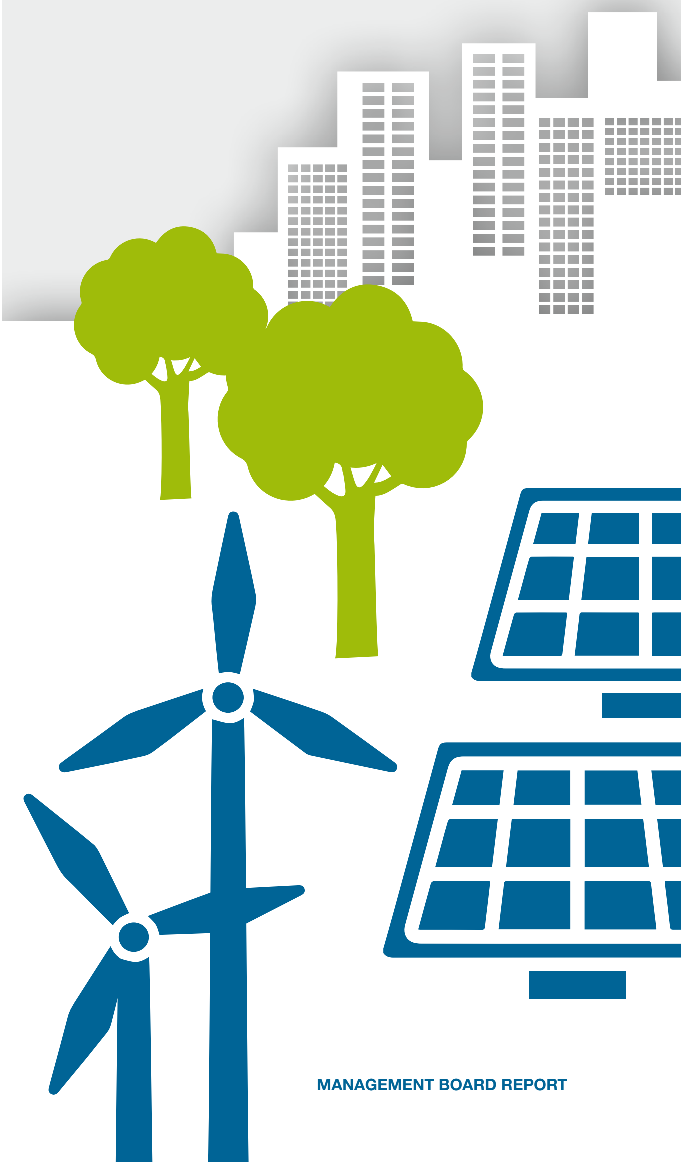


GREEN FINANCING

We are convinced that the pursuit of sustainability in all of our activities and initiatives is critical to the long term viability of NSI as a business.

This is also reflected by the inclusion of a sustainability linked mechanism in its revolving credit agreement (RCF), which was extended in 2021. The interest margin will be a function of our performance on a number of sustainability indicators: (1) percentage of assets labelled BREEAM "Very good" or better, (2) percentage of buildings with EPC A energy label, (3) sustainable investments as a percentage of capex, and (4) the company's GRESB rating. NSI reports its performance on all these indicators in our ESG chapter on page 52.

This green financing is a logical step that places the importance of sustainability even more at the heart of how we operate, as we are convinced that the financial performance and long-term viability of assets are increasingly correlated with their sustainability credentials.



RISK MANAGEMENT AND INTERNAL CONTROL

GOVERNANCE

The Management Board is responsible for the organisation, implementation and functioning of the internal risk management and control systems that are geared to NSI's business activities. NSI has an adequate risk management and internal control system in place. The Board is however aware that risk management and control systems cannot provide an absolute guarantee with respect to achieving the business objectives and preventing significant errors, losses, fraud or the violation of laws or regulations.

The scope of the Supervisory Board's supervision includes the design and operation of the internal risk management and control systems. The Audit Committee supports the Supervisory Board in the performance of this supervision. The Management Board and the Supervisory Board consider effective risk management to be a critical success factor whereby the 'tone at the top' is crucial.

Ownership and management of all (identified) risks is assigned to the management board and is managed and monitored during the year in cooperation with senior management

STRATEGY

NSI has a long-term investment strategy for its real estate investments and monitors the risks associated with its investment policy. Control measures have been implemented with regard to this policy and the monitoring of the ensuing results and effects. A system safeguarding the policy, guidelines, reporting systems and segregation of duties has been set up and put into operation in order to execute these control measures. The organisational structure and corporate strategy are focused on maximising shareholder returns with a conservative risk appetite.

Sustainability is an integral part of NSI's long term value creation strategy. Our business model is geared towards minimising our carbon footprint, offering and developing future-proof buildings and create healthy, inspiring and flexible working environments for our clients and employees

RISK ACCEPTANCE AND RISK APPETITE

In general, the total risk appetite of NSI is low to medium, in line with the company's objective to generate consistent long-term results for its shareholders and other stakeholders such as its employees, tenants and suppliers.

NSI has a clear strategy aimed at pursuing growth within the Office and HNK segment within its target cities, with a well-defined asset strategy using clear acquisition and divestment criteria. During the past years, NSI has sold its retail portfolio and office assets in non-core cities. As from 2020, NSI started to increase investments in development of properties, which leads to a change in its risk profile. Inevitably, the implementation of the strategy involves incurring risk.

Within this framework NSI is prepared to accept risks associated with doing business in the currently changing property market environment in a responsible and well-considered way, as well as in line with the interests of its stakeholders. Operational risks must be kept under control as well as possible, and NSI regularly reviews the effectiveness and efficiency of its operational processes for this purpose.

The risk appetite regarding financial risks is low. NSI's financial policy can be described as conservative, as evidenced by the conservative financing objectives stated in the strategy chapter. NSI's policy regarding the hedging of interest rate risk is defensive and does not allow speculative positions. NSI set specific hedging ratios to monitor this risk. With regard to the risks associated with its assets and cash flows, NSI aims to be insured in a conservative way and in line with market practice where possible and financially responsible.

The risk appetite in terms of compliance is zero, meaning that all laws and regulations must be adhered to. This is also a required basic principle linked to NSI's status as a Dutch REIT (fiscale beleggingsinstelling or FBI). NSI and its employees must act with integrity, honesty and in compliance with laws and regulations. NSI has also formulated clear principles for this which are laid down in various codes and regulations.

RISK AND CONTROL FRAMEWORK

The NSI risk and control framework is based on the Enterprise Risk Management (ERM) model and the related COSO framework (developed by the Committee of Sponsoring Organizations of the Treadway Commission). The risk and control framework is assessed regularly in consultation with advisors; changes are made if required.

NSI has an adequate risk management and internal control system In place. An important element of the internal control system is a management structure that enables effective decision-making. Strict procedures are followed for the preparation of monthly, quarterly and annual reporting of results based on the company's accounting principles. Annual and quarterly budgets and forecasts are prepared by the Management Board and approved and set by the Supervisory Board.

Based on an integrated ERP system combined with a data warehouse, Business Intelligence tools and Excel applications, the internal management reporting system is designed to track developments in all relevant parts of the financial and operational results, as well as monitoring company performance using key performance indicators. A back-up and recovery plan is in place, making use of external data centres, to ensure that data is not lost in the event of a calamity or cyberattack.

The Audit Committee discusses the findings of the external auditor regarding the company's internal control environment with the Management Board and the external auditor, and monitors compliance with recommendations and follow-up action on comments made by the external auditor. Throughout the year, the findings of the internal audits were also discussed with the Audit Committee.

In the year under review all important decisions with regard to the acquisition, redevelopment and divestment of properties were discussed and assessed during regular meetings of the Real Estate Committee. Real estate transactions valued below € 5.0m may be entered into by the Management Board without the prior approval of the Real Estate Committee. Approval of transactions valued at between € 5.0m and € 20.0m is delegated by the Supervisory Board to the Real Estate Committee, which consists of two members of the Supervisory Board with specific expertise in the field of real estate. Transactions valued above € 20.0m need approval from the entire Supervisory Board after receiving the advice of the Real Estate Committee.

In 2021 the full risk and control framework was reviewed by the management board and senior management. Likewise, the completeness of the identified risks was discussed with the Audit Committee.

Based on this review, the sustainability risk under Strategic risk had been split into two separate risks: the Transition risk and the Physical risk of climate change. This is based on the fact that sustainability is more and more important and as such is considered as preconditional for our business. Furthermore, a separate Supply chain risk is added under Operational risks. Other risks have been redefined to better reflect the actual risk.

RISK ASSESSMENT AND MONITORING

NSI measures and assesses risks using tools including scenario analysis models in which the impact of variables can be set. The outcome of these models results in more awareness of the sensitivity of our business model and strategy. In addition, budgets and the periodically updated forecasts are based on the actual state of affairs in order to generate scenarios containing the most up-to-date information. Risks are hedged or minimised where possible.

High-impact risks are risks that could have a material impact on NSI's income statement and / or the balance sheet, the company's financing covenants or its reputation.

Low impact risks have a limited impact on the company's results or financial position. Risks that have an average impact could have a large enough impact to require an explanation should they occur, although not large enough to have a material impact on results.

The likelihood of a risk occurring may be low but the possible impact may be high, as may be the case in the event of a large calamity. For this reason, NSI attaches equal importance to risks that are less and more likely to occur. NSI monitors the high-impact risks more frequent. By monitoring throughout the year, NSI assesses whether the estimated impact of all identified risks is still in line with the actual situation.

RISK MANAGEMENT AND CONTROL IN 2021

COVID-19

Covid-19 still played a role in 2021. As we entered into the second year of Covid-19 related measures, we were well prepared and could benefit from the investments and experiences gained in 2020.

There were again several restrictive periods in 2021, including periods of partial and even a full lockdown. As in 2020, NSI continued its efforts to ensure the safety of its buildings for both tenants and its own staff.
Also the policy to work from home as much as possible to minimize the risk of spreading the virus was maintained for its staff. Management closely monitored the wellbeing of its employees, including the work-life balance, to take appropriate action if needed.

Also the increased focus on rent collection was maintained, through intensified monitoring of the actual rent collection situation and assessing (changed) credit ratings of our tenants. Our rent collection percentage of 98.6% has returned to pre-Covid-19 levels. Now that the retail assets have been sold, the risk of defaults due to Covid-19 has been further reduced.

No major outbreaks of Covid-19 have been detected in any of our office buildings and the fact that staff has been working from home for a significant part of 2021 did not have an impact on the administrative organization and functioning of the internal controls.

INTERNAL AUDIT

The Company has not appointed an internal auditor as specified in best practice provision 1.3.1 of the Dutch Corporate Governance Code.

NSI appointed a third party for a three-year period to assist (co-sourcing) in fulfilling the internal audit function.

In 2019, an internal audit plan was drawn for the period 2019-2021. The plan is based on a high-level risk assessment of NSI's primary and supporting processes. The risk factors applied are based on qualitative factors like sensitivity to fraud, manual input, nature of the process, possible impact and number of transactions. This internal audit plan was discussed with and approved by the Audit Committee.

For high-risk processes, this was be a full scope review, aimed at the effectiveness of the design of the process as well as the effectiveness of the control measures. For a full scope audit, extensive testing of control measures and transactions took place.

For medium or low risk processes a limited scope review was done, with a focus on reviewing the design of the control measures with limited testing of these measures.

Based on the outcome, an action plan was made to make adjustments or improvements to the internal control procedures. Follow-up audits were performed on an annual basis to review whether prior year management actions were indeed taken.

In 2021, the following processes were reviewed:
- Procurement to payment (full scope);
- Human resources (limited scope);
- Taxes (limited scope);
- Project development (full scope).

Overall, no significant findings were found in the audit of the design, implementation and operational effectiveness of the internal controls of the respective processes. Furthermore, a review of fraud risks in relation to the above-mentioned processes is also in scope of these audits. Also, no significant findings came out of this review process.

A follow-up audit on the processes which were reviewed in 2020 was also performed, The progress with respect to the follow-up of the prior year audits was: 64% of the recommendations were completed in 2021, 27% is in progress, whereas for 9% follow-up is still to be started. None of the recommendations that are still pending are considered significant.

Furthermore, an audit on compliance with GDPR legislation was performed. Although no breaches were identified, NSI aims to raise the awareness regarding GDPR compliance, among others by organising a GDPR refreshment course for all staff, and embedding GDPR awareness in the onboarding program of new staff.

Besides, NSI continuously assesses and monitors the effectiveness of its controls of primary processes. In 2021, extra attention was paid to the adherence to the quotation rules in the procurement policy, for which a standard form and procedure apply. Whenever an employee wants to deviate from this procedure, the reason needs to substantiated and submitted to the management board for approval. This process has been reviewed and no irregularities were found.

Furthermore, a physical vacancy check by visiting the buildings for 54% of the EPRA vacancy as per 30 September 2021 has been performed. This audit, in which our auditor PwC also participated, did not reveal any inexplicable deviations.

The results and findings of the audits were discussed with the Audit Committee, after which the outcome was assessed by and shared with the external auditor.

A new internal audit plan has been drawn for the coming three years 2022-2024 and has been approved by the Audit Committee in January 2022. This includes the regular follow-up audits on prior year recommendations.

FRAUD RISK ASSESSMENT

The management of fraud risks is an integral part of NSI's risk management. In 2021, NSI has conducted a separate fraud risk analysis in order to assess whether potential fraud risks are adequately mitigated or controlled within NSI's internal control environment, to identify if there are any risks that are not (yet) adequately mitigated, and if there are shortcomings for which additional measures should be taken. Amongst others, for the fraud risk analysis, NSI used the information as presented in the publication by IVBN "Beheersing van frauderisico's in de vastgoedsector" (February 2018).

For each process/activity, the potential fraud risks that could apply, and the control measures that are already in place, were identified. Activities were categorized in three main categories for this purpose;

- General:Culture and Governance
- Primary processes/activities (including acquisitions and dispositions of assets, commercial and technical asset management and development of real estate);
- Supporting activities.

The main potential fraud risks related to our business are: anti-bribary and corruption, transactions with fraudulent parties, self-enrichment and manipulation risk. This fraud risk analysis shows that adequate mitigating measures are in place with respect to several fraud risks. The deeply implemented separation of duties and the way in which decision-making and power of attorney are embedded in a small organisation like NSI contribute significantly to this. Furthermore, the assignment of external appraisers in the valuation process and the standardisation of processes and formats in general are also important mitigating measures in this regard.

The fraud risk assessment has been discussed with both the Management Board and the Audit Committee.

INTEGRITY CODE AND RULES

The existing Code of Conduct was updated in 2018, based on the Code of Conduct published by the IVBN. All new employees receive the Code of Conduct, for which they have to sign-off. All employees need to (re-)confirm these integrity code and rules on an annual basis.

The Code of Conduct of NSI is also applicable to suppliers with a view to chain responsibility.

There have been no incidents in relation to fraud or integrity in 2021.

SUSTAINABILITY, HEALTH AND SAFETY

Sustainability is an integral part of NSI's long term value creation strategy. As a real estate company, our business is exposed to both physical and transition risks and opportunities from climate change. NSI deems that both climate change risks could become more material due to rapidly changing (compliance and reporting) legislation. As part of our risk assessment process these climate risks are fully integrated and NSI has identified the possible mitigating measures to implement to control the climate and financial consequences of those risks.

Our business model is geared towards minimising our carbon footprint, offering and developing future-proof buildings and create healthy, inspiring and flexible working environments for our clients and employees

For all objects acquired in the past years, due diligence has shown that the respective buildings comply with applicable laws and regulations. This also applies to all transformation and renovation projects. In 2021, as part of the decision making process of each acquisition or investment proposal the level of sustainability of the specific asset has been assessed, including the identification of further required or desired improvements (including the financial impact) in line with our ambition.

We have improved the BREEAM credentials of our existing assets over the past years and have now raised our ambition level. We aim to achieve at least BREEAM 'Very Good' for all existing assets by 2025 and where viable we will upgrade assets to BREEAM 'Excellent'. We estimate the cost of upgrading to 'Excellent' to be in the range of € 5m - € 6m over the coming years.

Since 2020 a new software system for technical management is in place. In 2022, NSI will start using a specific module of this system supporting as well in registering the specific required (safety and health) certificates and providing insights in if and when certificates are set to expire, allowing for taking adequate action to maintain the certificates

Further detailed information on sustainability can be found on pages 52 to 69 on environmental, social and governance performance.

NSI's auditor PwC has for the first time provided a limited assurance opinion on the reported sustainability and non-financial KPIs (pages 148-151) for the financial year 2021. This limited assurance is an intermediate step in the transition to an integrated annual report, in which the full sustainability information will be in scope in line with the Corporate Sustainability Reporting Directive (CSRD), which is expected to be applicable as from 2023.

DATA AND CYBER SECURITY

During 2021, the migration of the main ERP system to a private cloud environment was executed and we started the decommissioning of the remaining traditional data centers.

In 2021 an update of the IT Business Continuity Plan was drawn up, including an assessment of the risk of business interruption due to possible vulnerabilities in our key applications as a consequence of data leaks and breaches.

The key applications supporting our business operation activities are SaaS solutions. The outcome of our review is that the risk of business interruption due to system failures is considered as very low. In fact, the level of services provided by the third-party SaaS providers is higher as NSI's internal requirements.

During 2021, a third party has performed a penetration test to identify and test the current vulnerabilities of NSI's IT Infrastructure and systems. There were no critical particularities detected.

One of the particularities was the risk of a lack of awareness on new methods of phishing with our employees. In February 2022 we organised awareness sessions on this topic for our full staff.

GOING CONCERN BASIS

Based on the current operating performance and liquidity position, including an analysis of our expected future performance, based on the assumptions in our business plan, we believe that the cash provided from operating activities, the available cash balances and the remaining committed undrawn credit facility, will be sufficient for working capital, capital expenditures, interest payments and scheduled debt repayments for the next twelve months and the foreseeable future.

STRATEGIC RISK

Appetite: NSI pursues focus and growth (in defined locations) with a well-defined portfolio strategy by applying clear acquisition and divestment criteria. Within the framework, NSI is prepared to take risk inherent in the chosen strategy in a responsible way and in line with the interests of its stakeholders.

Risk category	Description of risk	Mitigating measure	Assessment: Impact	Assessment: Probability
MACRO-ECONOMIC ENVIRONMENT Executive responsible: *Bernd Stahli*	Economic and political uncertainty could lead to a reduction in tenant demand, and could result in a reduction in activity in the transaction market, impacting property valuations and our ability to acquire or sell assets. It may also impact our cashflow and vacancy position.	NSI invests only in the Netherlands, which historically has been politically and economically stable, and within the Netherlands NSI invests mostly in the G4 cities (Amsterdam, Utrecht, Rotterdam and The Hague) and Eindhoven and Leiden (Bio-science Park). These cities are seen as most robust in terms of economic outlook and tenant demand and generally have the best levels of transparency and liquidity in the transaction market.	**Below average**	**Above average**
	A structural or temporary imbalance between global supply and demand dynamics at the macro level in general (such as energy supply and building materials) could result in high levels of inflation, with a possible impact on our revenues and level of costs.	Most of NSI's rental contracts include an indexation clause. With respect to expenses NSI has entered into long term contracts for energy and gas. Concerning funding, variable loans have been secured by interest rate swaps.		
MARKET VALUE OF PROPERTIES Executive responsible: *Alianne de Jong*	The market value of properties is fundamental to a capital intensive business as NSI, in particular in the calculation of NAV. There is an inherent risk that the properties in the portfolio are incorrectly valued, which may result in misstated equity position, misstated indirect results, reputational damage and the potential for claims due to false expectations being generated among stakeholders.	The NSI property portfolio is externally appraised twice a year (on 30 June and 31 December) in line with the RICS valuation standards. NSI uses only a select number of reputable valuers to appraise its assets. NSI is focusing predominantly on high-quality properties in the G4, Eindhoven and Leiden which are the most liquid markets, so that relevant and up to date comparable transaction evidence generally exists. NSI also ensures it has its internal asset data information up to date so that all the relevant data is available to support the valuation process.	**Below average**	**Above average**
	In the markets in which NSI operates property yields are lower as a result of which valuations have become more sensitive to yield shifts.	NSI uses an internal LTV target range of between 35% - 40%, which is lower than the LTV debt covenant of 60%. This ensures that NSI has the capacity to absorb sudden adverse movements in asset valuations.		
	Asset valuations currently hardly reflect transition costs to Paris-proof. The risk is that this will increasingly happen the coming years, which for specific assets may lead to lower valuations.	For every individual asset NSI will investigate and determine the (financial) impact of the pathway to Paris-proof, based on which the transition can be incorporated in optimal long term capex and maintenance planning. The pathway will also be included in the asset business plans and the buy/hold decisions as part of regular asset rotation. For acquisition of new properties, as part of the due diligence, NSI will perform an impact analysis of the transition to Paris proof.		
STRUCTURAL CHANGES IN DEMAND FOR OFFICE SPACE Executive responsible: *Bernd Stahli*	The workplace environment is key to attracting and retaining talent. Our clients recognise this and therefore increasingly focus on better locations, better services, more flexibility and adherence to the highest ESG standards. Furthermore, continued urbanisation will see future tenant demand structurally concentrate in fewer locations. Not being able to meet future tenant demand may result in structurally high vacancy levels, resulting in lower financial results and lower valuations of NSI's properties.	NSI is constantly evaluating whether its properties continue to meet the need of (potential) clients and whether changes are needed. NSI is focusing on high-quality, larger, efficient and sustainable properties in vibrant inner city locations or near transport hubs, mainly in the G4. We believe this is where our potential customers want to be located and can find the relevant talent to run their businesses and where NSI, because of the multi-functional, vibrant location and size of the properties is able to provide relevant services on a profitable basis.	**Below average**	**Above average**
COST OF CAPITAL Executive responsible: *Bernd Stahli*	Any listed company, in particular in real estate, is to a certain extent dependent on its shareholders to provide it with an attractive cost of capital. There is a risk that elements of the business are deemed structurally unattractive, resulting in a structurally high overall cost of capital, which could impair the ability of the business to operate efficiently or profitably.	NSI has a clear strategy focussed on long term value creation for all stakeholders. NSI runs a focussed high quality portfolio on a cost efficient basis that should result in an attractive stable dividend. Furthermore NSI looks to generate value by active asset management, acquisitions and by pursuing value-add opportunities and a pipeline of profitable (re-) development opportunities to drive growth, to lower its cost of capital.	**Above average**	**Below average**

Risk category	Description of risk	Mitigating measure	Assessment: Impact	Assessment: Probability
COMPETITION Executive responsible: *Bernd Stahli*	By focussing on selective high-demand economic growth markets there is a risk that other investors see the same attractiveness of these locations and that competition for assets can be fierce.	NSI has built up an extensive local network in the industry to be able to identify and respond to market opportunities effectively. NSI has strict acquisition and investment criteria, allowing it to act in a disciplined way and consistent with its strategic objectives. If the right properties (in terms of location and return prospects) are not available, NSI will decide against purchasing new properties. Furthermore, NSI always aims to have (timely) access to (sufficient) funds to take on new investment opportunities.	**Below average**	**High**
	NSI offers a mix of space and services in locations where other landlords and serviced office operators are active. The risk is that the space / product of competitors is better, or more attractively priced.	NSI continues to invest in its assets and has established a customer excellence team to make sure our product offering is competitive. NSI also pursues a strong relationship with its customers and tracks its NPS score to understand if it still meets the customer needs.		
CONCENTRATION Executive responsible: *Bernd Stahli*	A concentration of assets or activities in one market segment may result in a high correlation in the performance of these assets or activities and so have a significantly adverse impact on the overall business in certain unforeseen circumstances.	NSI takes the view that concentration does not have to be a negative. it is better to be good in a few things in the most promising locations, than being moderate in lots of markets. Whilst NSI's portfolio has become more concentrated in recent years, there is still plenty of diversity in terms of locations, micro-locations, tenant profile, lease terms and lease conditions. NSI is focussing on multiple locations in the G4 and pursues a multi-tenant strategy in its portfolio to spread its tenant risk and increase diversification.	**Low**	**Low**
SUSTAINABILITY - TRANSITION Executive responsible: *Bernd Stahli*	The risk whether a property is and will continue to be aligned to the current and future sustainability requirements (e.g. Paris-proof agreement). As an organisation we need to be able to anticipate and respond to changing legislation and changing needs of our customers, shareholders, partners and employees with regard to sustainability. Due to new sustainability requirements there may be a higher risk of scarcity of sustainable raw materials resulting in increasing costs. To increase transparency for all stakeholders on the of ESG-ambitions, reporting requirements are changing as well. Due to lack of (timely) availability of relevant data, NSI may not be able to meet all new/additional reporting requirements in time. The risk of not being able to meet the sustainability requirements could reduce the attractiveness and as such the demand for our properties (and value of our properties) and impact our reputation, as well as the ability to attract new employees and the attractiveness of NSI's shares to (potential) shareholders. Worst case this could (for specific properties) result in the loss of our license to operate.	Sustainability is an integral part of NSI's long-term value creation strategy. Our business model is geared towards minimising our carbon footprint, offering and developing future-proof buildings and create healthy, inspiring and flexible working environments for our clients and our employees. NSI is continuously checking the status of its current property portfolio with respect to (new) codes and rules in the field of sustainability. Also in case of new acquisitions or developments, the due diligence process also includes an assessment of whether the asset complies with all the relevant codes and rules. We operate all our properties in line with our ISO 50001 Energy Management system ensuring we measure, manage and monitor our energy performance. NSI is establishing a Paris-proof roadmap for each individual property that aims to outline the steps necessary to achieve our ambition of net zero carbon in 2035 . NSI uses external parties to set-up and review its ESG reporting requirements. The external auditor provides limited assurance on the reported ESG data.	**Above average**	**Above average**
SUSTAINABILITY - PHYSICAL RISK OF CLIMATE CHANGE Executive responsible: *Bernd Stahli*	Due to unfavourable climate changes there is an increasing risk of physical damage to our properties (which cannot be fully covered by insurance) and the inability to offer the required quality and comfort level to the occupiers of the properties. The risk of not being able to meet the climate challenges could reduce the competitiveness and as such the demand for our properties, which could have a negative impact on asset valuations and could result in reputational damage.	NSI regularly performs an assessment of the current and future impact of the four relevant physical risks with respect to our real estate portfolio (on an individual asset level) and the health and wellbeing of the occupiers of these properties. These physical risks consist of heavy rainfall and surface level flooding, river flooding and coastal surges, drought and heat stress. Based on this assessment to ensure risk mitigation, we redefine (improve) the building specifications and requirements (like quality of climate systems and water management systems) for both all refurbishments and new developments.	**Below average**	**Below average**

OPERATIONAL RISK

Appetite:	NSI is actively managing its real estate portfolio, driving returns for shareholders through income generation and the pursuit of long term value-add. This comes in a mix of a stable pool of income-generating assets, in combination with asset rotation and the acquisition of potential (re-)development opportunities to provide potential growth. This implies an average risk appetite.

Risk category	Description of risk	Mitigating measure	Assessment	
			Impact	Probability
QUALITY OF EMPLOYEES Executive responsible: *Bernd Stahli*	An active real estate company relies on highly skilled employees to execute its strategic objectives. The risk is that NSI is unable to attract and retain talent (in particular key personnel) to further the business, due to the business strategy or wider reputation of NSI, but also due to tightness of the labour market or other shortages of qualified employees.	NSI management recognises that recruiting and retaining the right employees is of the utmost importance. Management constantly evaluates whether the current level and composition of staff enables the execution of the strategy of NSI and takes action if / when needed. NSI encourages its employees to develop themselves, offering career development through training programmes, providing regular feedback on performance, and offering competitive levels of remuneration. On a regular basis, NSI performs an employee satisfaction survey to obtain insight on how our employees experience the working environment and culture. Based on the outcomes, actions for improvement are identified and rolled-out.	**Above average**	**Above average**
FRAUDULENT TRANSACTIONS Executive responsible: *Bernd Stahli*	The risk of NSI doing business with parties that are found not to operate in good faith, are fraudulent or have a bad reputation. It also concerns the risk of our employees being part of a fraudulent transaction. Both can have a negative impact on the results and reputation of NSI.	NSI only wishes to do business with parties of good standing and reputation. A KYC check is a fixed element in the due diligence process for acquisitions and divestments, as well as for new lease contracts, new suppliers or for entering into new partnerships. NSI has a Code of Conduct, which periodically has to be signed by each individual employee. Furthermore NSI has a whistle-blowers' policy to enable employees to report any activity that he / she considers dishonest or illegal.	**High**	**Low**
EXECUTION DEVELOPMENT PROJECTS Executive responsible: *Alianne de Jong*	This is the risk that NSI may not be able to successfully turn the development plans that exists on paper into profitable, attractive investment assets on completion through inadequate project management, poor timing of activities, unidentified issues (e.g. asbestos and ground conditions) and / or an inappropriate product and service offering to meet evolving occupier needs (including sustainability expectations and requirements). This may result in weak leasing performance, reduced or delayed property returns and reputational damage.	NSI has established an internal development department to ensure adequate project development skills, know-how and experiences. Before any (re-)development project is started, all potential project risks are identified and assessed and - where possible - quantified in a risk budget. This risk assessment is periodically updated at the end of each project phase. External advisors / specialists are consulted as part of this risk assessment. When the return prospect of a project meets the internal hurdle rate, taking into account all costs (including a risk provision) and planning timelines, a project will receive approval for proceeding to the next phase. NSI could also decide to pause or to terminate a project before construction start based on the risk assessment. For each phase, NSI is evaluating whether the planning has to be adjusted and what the consequences may be on quality, timing, execution and profitability of the project. During construction, NSI will use an external party for construction management to monitor timing, quality and costs of the development project against the planning. Finally, NSI regularly reviews the medium and long term development pipeline and prioritises planning and execution of potential projects based on potential profitability, complexity and current market circumstances.	**Below average**	**Below average**
MAINTENANCE Executive responsible: *Bernd Stahli*	Real estate requires regular maintenance and needs to be kept up to modern standards to remain attractive for potential tenants or buyers. Potentially there is a trade-off between delaying maintenance to drive short term profits and long term value creation at a short term cost to results, with the risk that necessary maintenance is delayed.	NSI prepares a multi-year maintenance planning for all assets. This is based on the input of tenants, suppliers, inspections (by third parties) and NSI's own technical department, taking into account NSI's sustainability ambitions. A minimum precondition is that all properties have to comply with all prevailing laws and regulations. NSI is using suppliers with a good reputation in order to safeguard the quality and reliability of the building works.	**Below average**	**Below average**

Risk category	Description of risk	Mitigating measure	Assessment: Impact	Assessment: Probability
SUPPLY CHAIN Executive responsible: *Bernd Stahli*	During execution of development projects and maintenance activities, unexpected circumstances in the supply chain may occur like scarcity of materials, lack of resources (e.g. labour, advisors and contractors) and increasing market prices. Supply chain disruption may also result in the default of financially weaker (sub)contractors. This may have a negative consequence in terms of timing and profitability of these activities.	External advisors / specialists are regularly consulted to monitor (changing) market conditions. The financial standing and quality of references of contractors and subcontractors is reviewed prior to awarding contract(s). Within reason NSI aims to build in sufficient margin to absorb possible price changes or delays in projects or maintenance.	**Below average**	**Below average**
TENANT SATISFACTION Executive responsible: *Bernd Stahli*	The risk that rental income is impacted as a result of tenants not extending their contracts upon expiry, or by not signing leases to begin with, as a result of a low tenant satisfaction score that is widely acknowledged in the industry, increasing the vacancy ratio.	To mitigate vacancy risk, NSI pursues a multi-tenant strategy, aiming for long term contracts and a staggering of lease maturities to reduce vacancy risk. NSI is actively engaging with its customers and timely anticipates maturing lease contracts, whilst regularly monitoring tenant satisfaction. NSI is investing in its assets and its services in order to attract, retain and satisfy clients. When tenants do not renew their lease contract, NSI aims to have exit interviews to get valuable insights in the reasons why tenants are leaving.	**Below average**	**Below average**
DATA AND CYBER SECURITY Executive responsible: *Alianne de Jong*	Professionally managing and controlling risks associated with the continuity, availability, functioning and security (including compliance with prevailing privacy legislation) of the internal and external IT infrastructure and applications is of vital importance to NSI. The implication of not fully controlling IT risks (such as disruptions due to cybercrime) is that systems supporting the primary business processes may not be available and lead to the loss of relevant information or unauthorised access to information by third parties, with damage to reputation and image as a consequence. Another consequence may be that NSI will not be able to report internally or externally in a timely or correct way, which may have a negative impact on the decision-making process.	NSI focuses extensively on the security, continuity, quality, availability and transparency of its data and other information, and is advised by external parties. In the unlikely event of a calamity, there are procedures in place outlining regularly tested fallback and recovery scenarios, minimising the impact of disruption on the organisation.	**Below average**	**Below average**
CALAMITIES Executive responsible: *Bernd Stahli*	The risk of a calamity giving rise to extensive damage to one or more properties or to personal injury or to safety of people in the property, resulting in the potential loss of rental income, a lower direct and indirect result, and claims and legal proceedings by tenants or visitors. Reputational damage is also a risk.	Internal processes and procedures have been set up by NSI which are firstly aimed at preventing calamities. Regular checks of the processes and procedures by internal and external experts ensure constant improvement and reducing the probability of calamities. Fire protection and access / security procedures are in place in all of our properties. Furthermore NSI is insured against damage to its real estate, liability and loss of rent during periods of reconstruction and rental lease terms common in the industry. Coverage against terrorism, floods and earthquakes is limited due to current market practice. The cover of risks is compared against the premium cost on an annual basis. Local insurance policies on a property are covered by an overall uniform umbrella insurance policy.	**Below Average**	**Low**
PANDEMIC DISEASES Executive responsible: *Bernd Stahli*	Pandemic diseases, such as the Covid-19 outbreak, could lead to economic recession and affects both people and assets. The above risk can threaten the safe operation of NSI's properties, cause disruption of business activities and impact the well-being of our tenants as well as our staff. This may negatively impact the demand for office space, or the ability of our tenants to meet their rental obligations and may also result in a delay in the execution of development projects. As such the risk can have a material adverse effect on our earnings, cash flow and financial condition.	We seek to obtain the best possible information to enable us to assess the impact of such threats and risks. We conduct assessments for all our properties and activities, and implement appropriate measures to avoid, detect and respond to such risks.	**Below average**	**High**

COMPLIANCE RISK

Appetite: NSI strives to fully comply with laws and regulations, meaning the risk appetite is zero.

Risk category	Description of risk	Mitigating measure	Assessment	
			Impact	Probability
INTEGRITY CODE AND RULES Executive responsible: *Bernd Stahli*	Unethical behaviour and breaches of applicable legislation and regulations, both by NSI staff as well as in NSI's supply chain, could result in reputational damage, claims and legal proceedings, leading to higher costs and a lower result.	NSI has a general Code of Conduct and related regulations in place, including a whistleblowers policy. NSI complies with the Dutch Corporate Governance Code and the Financial Supervision Act (Wet op het financieel toezicht). The Internal codes are updated regularly in line with new legislation or other relevant changes in the market place. All employees are regularly trained in the applicable rules, including the Code of Conduct, the Compliance Code, the regulations applying to the Management Board and the regulations applying to the Supervisory Board and its committees. Procedures have been set up to ensure compliance, including signing an attestation by all employees on an annual basis.	**Below average**	**Low**
SUSTAINABILITY / HEALTH AND SAFETY LEGISLATION Executive responsible: *Bernd Stahli*	The risk that the portfolio does not comply with prevailing laws and regulations in the field of Sustainability and Health and safety. This could result in a situation in which properties can no longer be used (occupied) and/or fines are imposed resulting in a negative impact on the value and marketability of the real estate properties. It could also result in reputational damage.	NSI is continuously checking the status of its current property portfolio with respect to (new) codes and rules in the field of Sustainability and Health and Safety. In the case of new acquisitions or developments, the due diligence process also includes an assessment of whether the asset complies with all the relevant codes and rules. NSI includes a standard provision in its lease contracts that tenants must obtain owner's approval before embarking on internal renovations (so that NSI can assess if the plans allow it to meet its own obligations such as fire safety). Lease contracts also stipulate that the tenant is responsible for any consequences as a result of these renovation works.	**Below average**	**Below average**
FISCAL REGULATIONS Executive responsible: *Alianne de Jong*	NSI has the status of a Dutch REIT (known in The Netherlands as an FBI) in accordance with section 28 of the Dutch Corporate Income Tax Act 1969 (Wet op de Vennootschapsbelasting 1969). This means that NSI is subject to corporate income tax at a rate of 0%, provided that certain conditions are met. Failure to meet these requirements or a material change in the FBI regime could have a significant adverse effect on NSI, its results or financial position.	Retaining the FBI status is a continuous area of focus for the Management Board. NSI constantly monitors the main risks relating to its tax position, including the distribution requirement for taxable income, the composition of the shareholder base and the debt financing limits. In addition, there are legal restrictions on the activities that may be undertaken by an FBI, the so-called 'activities test'. The ability to perform 'real estate associated activities' has been incorporated in Dutch law since 1 January 2015. As there is no Dutch case law on the subject NSI is in regular discussions with the Dutch tax authorities to make sure NSI complies with the law, in particular as it relates to HNK and project development. NSI is responsible for internal knowledge sharing with regard to (changing) tax regulations in order to ensure employee awareness, enabling them to identify relevant signals and obtain the necessary advice. Twice a year NSI and the external auditor determine whether the FBI requirements have been met. This prevents NSI from being exposed to the risk of non-compliance with tax legislation.	**Above average**	**Low**

FINANCIAL RISK

Appetite:	NSI has a conservative financial policy, meaning the risk appetite is low.

Risk category	Description of risk	Mitigating measure	Assessment: Impact	Assessment: Probability
REPORTING Executive responsible: *Alianne de Jong*	The reporting risk relates to the impact of incorrect, incomplete or untimely available information (internal and external), amongst others caused by constantly evolving requirement and legislation, which may impact decision making or lead to reputational damage and potential claims due to late or misleading statements to stakeholders.	NSI prepares and monitors a budget, investment budget and liquidity forecast, all of which are compared and updated with actual results on a quarterly basis. Reports are reviewed by management, as well as by finance and operational teams. Systems have been devised in such a way that checks can be performed on the data to safeguard the consistency and reliability of information. The half-year results are assessed by an external auditor prior and the full annual accounts are audited by the independent auditor. NSI employees regularly attend courses and meetings to be informed of all relevant laws and regulations so that all information produced by NSI complies with prevailing laws and regulations.	**Low**	**Low**
LIQUIDITY Executive responsible: *Alianne de Jong*	Debt financing carries refinancing risks. The risk is that there is insufficient liquidity in place to meet the company's obligations at the moment of interest payment or repayment, meaning that the company suffers reputational damage or is subject to potential additional financing costs, which may lead to a lower direct result. In the worst case, such a situation may lead to the default of one or more loans, or bankruptcy of the company. The risk is also a lack of (re)financing availability due to increased ESG-requirements as a condition for providing funding by our financing partners, which NSI may not be able to meet. Furthermore the limited depth of the local Dutch financial industry in terms of number of actors in connection with NSI's own relatively small size potentially limits the possibility to attract new unsecured funding.	To limit liquidity risk, NSI has a strategy to diversify its external financing in terms of loan types, types of lenders, the maturity profile of its loans and repayment dates. NSI also has access to a flexible revolving credit facility (under which penalty-free redemption and drawdown of funds to agreed amounts are permitted). NSI addresses upcoming (re)financing maturities timely in order to decrease the risk associated with (re)financing and maintains a good and transparent working relationship with its financiers. NSI prepares a liquidity forecast at least on a quarterly basis, in which it performs stress tests and uses scenario analyses to closely monitor its performance and financial indicators in relation to its financial and non-financial covenants and reports on this by means of compliance certificates. In extreme cases additional equity may be issued to deal with impending liquidity issues.	**Above average**	**Low**
INTEREST RATE VOLATILITY Executive responsible: *Alianne de Jong*	Interest rate risks result from fluctuations in market interest rates. These fluctuations could potentially affect the interest expense in its financial reports and the market value of its derivative financial instruments.	NSI, as a long term investor in real estate, is aiming to secure debt financing on similarly long maturities. NSI is using hedging instruments to manage the interest rate risks on variable rate debt. NSI does not intend to speculate on interest rates.	**Below average**	**Below average**
CREDIT / COUNTERPARTY Executive responsible: *Alianne de Jong*	Credit/counterparty risk exists when parties which have a debt to NSI are unable to meet their obligations to the company.	In general, the risk is mitigated by the fact that NSI has a large number of tenants throughout a variety of sectors. For every tenant NSI performs a creditworthiness check before entering into a lease. NSI is pro-actively monitoring its current tenant roster based on external information, on a regular basis, to assess whether changing circumstances have an impact on the overall tenant risk profile. NSI is pro-actively managing its debtor outstanding balances. In the case of financial counterparty risk, NSI only works with reputable financial institutions for its funding and hedging. In the case of suppliers a credit check is done in advance and furthermore NSI only works with reputable partners.	**Low**	**Below average**

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In accordance with European and Dutch laws and regulations NSI has prepared its financial statements for the 2020 financial year based on EU-IFRS. The EU-IFRS result after tax includes unrealised movements in the value of real estate as well as changes in the fair value of derivatives.

NSI has decided to continue to report both its direct and indirect investment results in addition to its EU-IFRS result as it believes that these figures provide an important distinction.

In the view of the Management Board the direct investment result is relevant information for investors and shareholders which provides a better insight into structural, underlying results than the EU-IFRS result which also includes unrealised movements. Furthermore, NSI reports figures and indicators based on the guidelines published by the European Public Listed Real Estate Association (EPRA). These results are included in the overview that is not a part of the EU-IFRS statements.

MANAGEMENT STATEMENT

The effectiveness and functioning of the internal risk management and control systems are discussed each year with the Audit Committee and the Supervisory Board. Taking into account the aforementioned risks and the measures designed to manage them, and in accordance with the best practice provision I.4.3. of the Dutch Corporate Governance Code, the Executive Board declares that to the best of its knowledge:

- the report provides sufficient insights in the effectiveness of the internal risk management and control systems and into any failings thereof;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- there is a reasonable expectation that NSI will be able to continue its operations and meet its liabilities for at least twelve months, therefore, it is justified that the financial reporting is prepared on a going concern basis; and
- the section on risk management in the report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report."

With reference to Section 5.25c(2c) of the Financial Supervision Act (Wft), the Management Board declares that to the best of its knowledge:

- the financial statements give a true and fair view of the assets, liabilities, financial position and profit of NSI and the companies included in the consolidation;
- the management report gives a true and fair view of the situation on 31 December 2021, the state of affairs at NSI and its affiliated companies during 2021, the details of which are presented in the financial statements, and that the management report describes the fundamental risks facing the company.

NSI HEAD OFFICE
PRACTICE WHAT YOU PREACH

NSI has a clear purpose: enabling its customers to achieve maximum productivity and growth, providing best-in-class, flexible space solutions and an unparalleled level of services in modern, healthy, sustainable buildings in prime locations. This purpose is a clear guide in all decisions, and it certainly was in defining the requirements for the new head office.

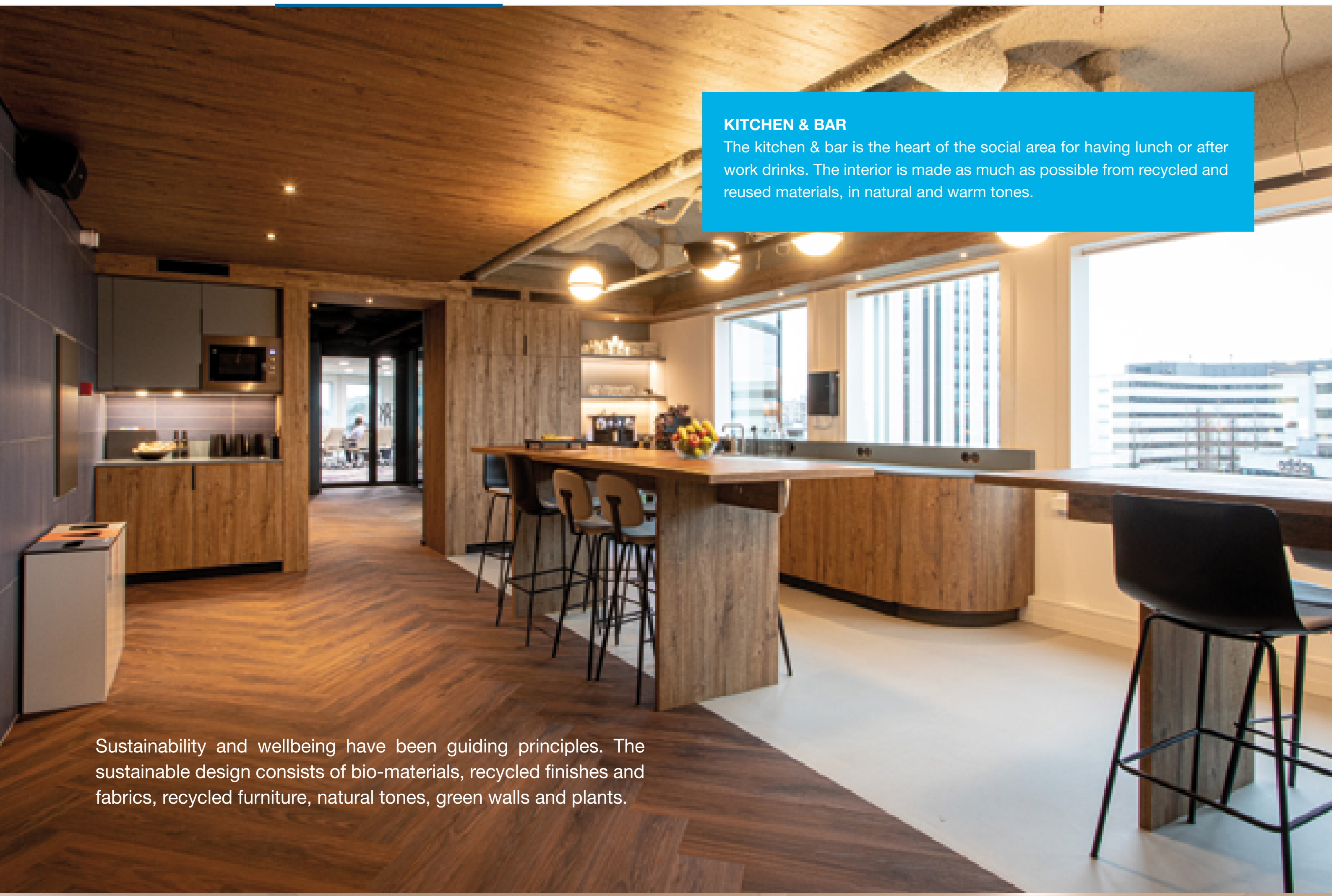
CENTRAL HALL
As soon as you step out of the lift, you enter the world of NSI; an inviting spacious central hall, with a green wall from floor to ceiling, conveying NSI's focus on sustainability and health & wellbeing while the lighting layers the space with natural light. All elements come together to create a "wow" effect and make you feel welcome.

CEO Bernd Stahli: *"Our own office should showcase what we stand for. The new office offers a modern, healthy, flexible layout that perfectly matches the experience we want to offer our employees and customers in a changing, more hybrid environment. It also provides us the opportunity to test and further develop new ideas and concepts before deploying them more broadly in the portfolio. Amsterdam Southeast is poised to become a vibrant urban area in the coming years and we are excited to be a part of it by relocating to the heart of this district."*

The new head office is slightly larger than the former head office, to accommodate a wider variety of multi-functional spaces. NSI's head office is designed as a healthy, inspiring environment, which fosters collaboration and interaction as a key activity. Thanks to top-of-the-line digitialisation and IT, the office lends itself perfectly to hybrid collaboration. The office consists of different zones in which employees can work flexibly. In addition to a limited number of fixed workstations, there are specific spaces aimed at meeting, brainstorming and collaborating. This includes a living room for informal meetings and a library for silent work. All elements are geared at facilitating a new and inspiring way of working.

LIBRARY

The library is an area to take a breath, focus and concentrate. Accommodating a good place to do focus work proves to be another important reason for people to come to the office. The library is fully equipped for this, including a number of workstations with screens and comfortable chairs to read in.



KITCHEN & BAR
The kitchen & bar is the heart of the social area for having lunch or after work drinks. The interior is made as much as possible from recycled and reused materials, in natural and warm tones.

Sustainability and wellbeing have been guiding principles. The sustainable design consists of bio-materials, recycled finishes and fabrics, recycled furniture, natural tones, green walls and plants.

COLLABORATION
The collaboration area has a flexible, layered living room. It is a casual comfortable area, that can be a space for both creative brainstorming meetings and for informal gatherings.

In some areas music is played that match the mood of the time of day and scents are subtly present to complete the experience. Research has proven a strong neurological link between smell receptors and the limbic system (amygdala and hippocampus in the brain). Scents can therefore be used to influence emotions, mood and learning ability.

A GREAT PLACE TO WORK

NSI aspires to be a great place to work. We want our people to enjoy the best work environment, excellent training, fulfilling and diverse career opportunities, and all the support they need to develop to their full potential.

NSI CULTURE AND MINDSET

NSI has an open and inclusive culture in which diversity is considered to be an added value.

NSI aims to be a transparent, disciplined, responsible organisation that thinks in terms of opportunities. Furthermore, we like to keep it simple. We have clearly defined our core values, as can be found on page 49.

Adhering to these core values will help NSI realise the full potential of its employees, shareholder investments and assets it acquires and operates. NSI incorporates these core values into its organisation and processes by hiring the best talent and by holding itself to the highest standards in an atmosphere of dedicated hard work, team spirit and fun.

NSI encourages its employees to give feedback and urges the whole organisation to actively contribute to our ambition of becoming the leading Dutch real estate company.

Safeguarding our corporate culture has management's ongoing attention and is consistently a significant point of attention in internal meetings. Our ability to live up to these core values is included in our assessment and appraisal methodology and discussed in regular and year-end reviews. Moreover, our core values are integrated in job descriptions and NSI has an onboarding programme in place to familiarise new hires with the company's cultural values.

NEW HEAD OFFICE

NSI's culture and its commitment to providing a healthy and inspiring working environment to its employees are reflected in NSI's new head office. NSI moved offices from Hoofddorp to Amsterdam South East in December 2021.

The new head office offers a modern, healthy, flexible interior that perfectly matches the experience we want to offer to our tenants, including our employees. The variety in spaces allows each employee to choose the space suiting the tasks and activities to be performed, including quiet spaces for focused working, insulated spaces for confidential telephone calls and informal sitting areas to catch up with others. Please read more about NSI's new head office on page 45.

OUR VALUES

NSI is a progressive Dutch real estate company always on the look-out for opportunities in a competitive and changing environment. We embrace change because our strong culture and core values provide us with a stable foundation that instils confidence in the future.

WE ARE TRANSPARENT
We recognise that mutual trust can only really exist in an environment of openness, clear communication and consistent actions. Our success as a long-term investor hinges on us gaining and maintaining the trust of all stakeholders and we constantly focus on this.

WE ARE DISCIPLINED
Our internal and external procedures are befitting of a small and flexible organisation. The procedures provide clarity on how we act and operate. We only make promises we can keep.

WE TAKE RESPONSIBILITY
Our intrinsic motivation at NSI is to always do the right thing. We recognise and fully embrace the high level of responsibility that rests upon our shoulders as a publicly-listed company. As employees we are fully aware of the need to support our customers, colleagues and other stakeholders and we treat them with the utmost respect. We acknowledge and correct any mistakes we make and we learn from them.

WE THINK IN TERMS OF OPPORTUNITIES
We have a positive mindset and are always seeking solutions and new opportunities. This makes us versatile and enables us to add value for our customers, whilst we continue to develop ourselves. We will always address the risks associated with an opportunity to come up with well-considered solutions.

WE LIKE TO KEEP IT SIMPLE
Complexity often confuses, creates uncertainty, a fuzzy demarcation of responsibilities and generally results in slowdowns and delays which in turn lead to inefficiency and high costs. We take decisions after thorough and substantiated deliberation, making sure our choice of structure, process and responsibilities are as clear and concise as possible for us and our stakeholders.

WE ARE HERE TO STAY
Our focus at NSI is on sustainability and the long term, both when it comes to the relationship with our customer, the perspective of the building, the location and the ever changing needs of users, and, but also with regard to the structure of our organisation and the interests of our shareholders. We are fully aware of short-term interests but will always favour the long term.

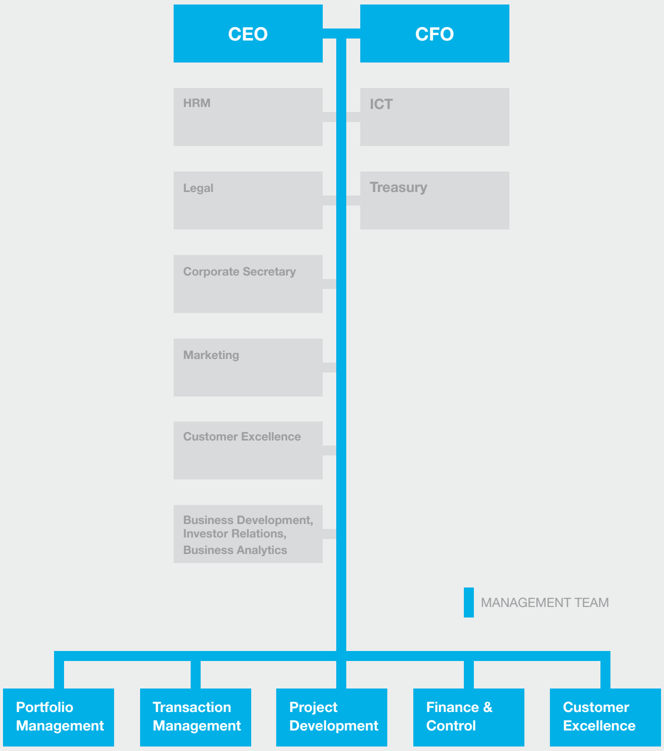
ORGANISATION STRUCTURE

NSI has a lean and mean organisation in place, aligned with its focused strategy.

The organisation is headed by a board consisting of the CEO and CFO and supported by a management team. The disciplines represented in the management team are Portfolio Management, Transaction Management, Development, Customer Excellence/HNK and Finance & Control. Furthermore, the heads of Investor Relations, Marketing, HR, IT, Legal and Business Analytics departments join the Management Board meeting once a month, to also properly include the perspectives and input from all staff departments.

NSI is characterised by decentralised responsibilities, allowing the organisation to operate efficiently and empowering individuals to develop in their role, supported by a robust IT infrastructure and effective management information systems.

The number of employees (headcount) increased to 60 at 31 December 2021 (2020: 55). In 2021, the organisation has been strengthened in particular in the areas of Development and Business Analytics. For the company's legal structure please refer to 'The principles of consolidation' on page 97:



HEALTHY WORKPLACE

The health and well-being of our employees and tenants is also one of the important pillars of NSI's sustainability strategy. The sickness rate at NSI slightly increased to 3.5% in 2021 (2020: 3.1%).

NSI's efforts and ambitions in this respect are reported in more detail in the ESG chapter on page 52.

The year 2021 was still very much impacted by Covid-19, still mandating to work from home for several periods during the year. The investments made by NSI in 2020 in working-from-home facilities, both in terms of office equipment at home and robust IT solutions, paid off. The organisation proved to be well equipped and flawlessly switched from office to home working when required.

The Management Board and Management Team continued its extra levels of communication via frequent video meetings, emails and regular telephone and video conferences ensuring that every employee had some form of regular daily interaction with others. Also, coaching sessions held outdoors for those who appreciated face-to-face meetings were continued.

Special attention was paid to monitoring work-life balance of staff, as many employees had to juggle home-schooling and work commitments when the schools and nurseries were closed. NSI's culture and mindset, in which employees are used to having a great deal of flexibility with regard to how they perform their tasks and taking on responsibilities, is proving to be of great value in dealing with these unprecedented times.

EMPLOYEE ENGAGEMENT

Employee surveys are a strong tool used to track the actual and perceived well-being of employees, which is being conducted annually. The 2021 employee survey showed that employees generally feel engaged and connected. Employees appreciate in particular the corporate culture. Internal communications was revealed as an area for improvement, largely related to the working from home situation due to covid-19. This internal communication has therefor been intensified in 2021. The survey also revealed a wish for more training opportunities. This will be addressed in 2022 by further improving the online training platform.

Furthermore, NSI performed an eNPS survey (employee Net Promotor Score) for the very first time. The eNPS is a metric to measure staff engagement and involves asking employees "How likely would you be to recommend us as an employer?". Employees respond by choosing a number from 0–10, with 0 being not at all likely to recommend the company, and 10 being extremely likely. The eNPS score is calculated by subtracting the percentage of 'detractors' from the percentage of 'promoters'. NSI's eNPS score was 29.3, which qualifies as a high score.

TRAINING AND DEVELOPMENT

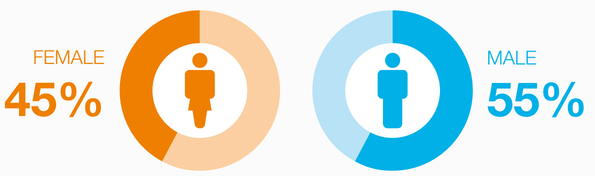
Each individual employee is expected to develop, supported by HR and their manager, their personal development plan, to guide training needs and career perspectives.

NSI provides ample training and development opportunities for all our employees. Employees are encouraged to take externally recognised courses by granting annual individual training budgets.

A dedicated training for the HNK team is being developed, to train the team in, and make them aware of, their behaviour in relation to customer and guest experience. They will be trained in how to embody our four defined and desired HNK experiences: I feel welcome, I feel connected, I feel truly supported, I feel energized.

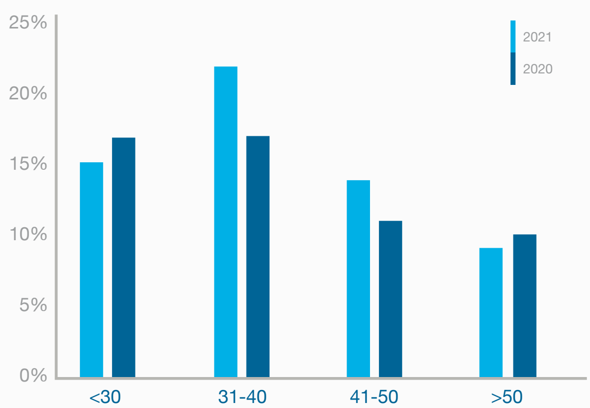
Knowledge sharing through expert sessions is considered part of the regular learning and development cycle. In 2021, among others, topics of expert sessions included Biophylic design and Smart Buildings.

GENDER BREAKDOWN NSI AT 31 DECEMBER 2021



	FEMALE	MALE
Management Board	50.0%	50.0%
Senior Management	30.8%	69.2%
Operations	56.7%	43.3%
Support Staff	33.3%	66.7%
TOTAL	**45.0%**	**55.0%**

AGE BREAKDOWN NSI EMPLOYEES



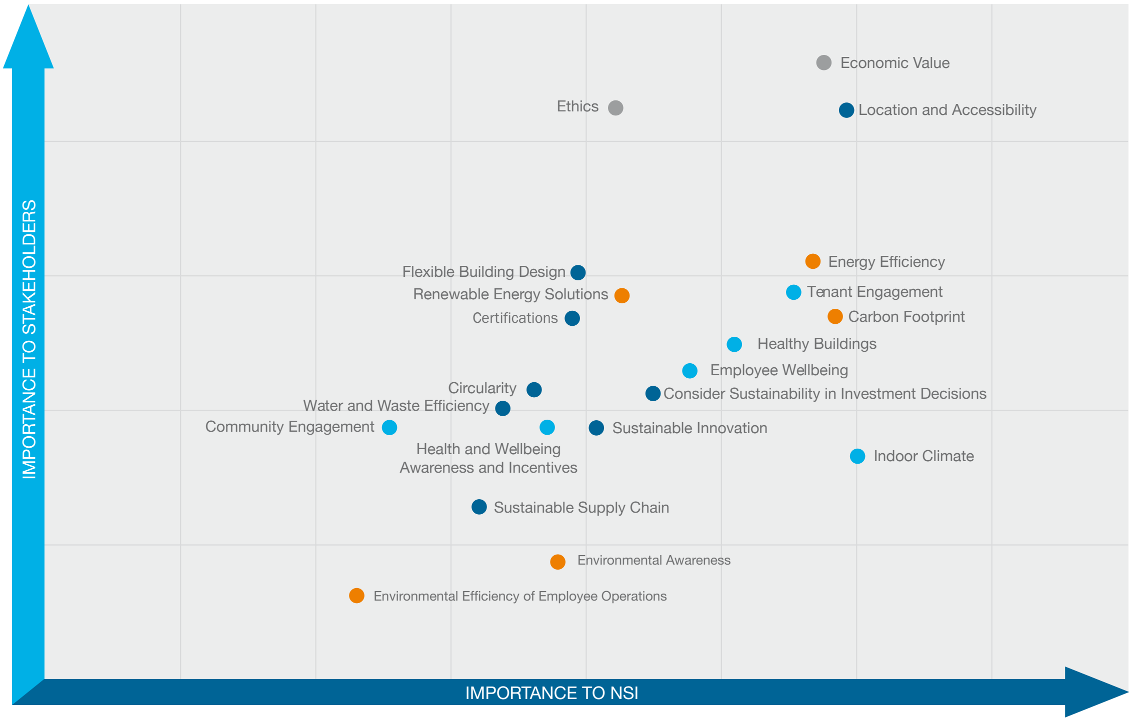
NSI TEAM

ESG – BUILDING TODAY FOR TOMORROW

Sustainability is an integral part of NSI's value creation strategy. Our business model is geared towards decarbonising our portfolio, owning and developing flexible and adaptive buildings, and creating inspiring, flexible working environments articulated around the health and well-being of our occupants.

We recognise that our industry significantly contributes to the global carbon footprint, and we are committed to reducing our impact on the environment. By making spaces more efficient and developing new buildings sustainably we deliver on our ESG targets while continuing to prioritise our customers' evolving needs.

NSI has stepped up its ESG efforts over the past years considerably, as reflected by our GRESB journey and the achievement of the maximum 5-star rating for a second year in a row as well as our highest score to date. But our ambition goes further than this. We are cognisant that ESG is an ever- evolving field and we must respond accordingly and preferably lead by example. With this in mind, we have refreshed our Sustainability strategy 'The Future is here', to reflect the urgency to act now, our commitment to do what is necessary, and our appreciation for the challenges of today that will shape the industry tomorrow.



OUR MATERIALITY MATRIX

Our strategy and efforts in the field of ESG has become an integrated topic in our external reporting, whereby NSI continuously validates its materiality assessment in an ongoing dialogue and engagement with stakeholders. The basis for our strategy was an initial extensive assessment performed in 2018, which was recalibrated in 2020.

ESG has been on the agenda during our regular and ongoing meetings with shareholders. A customer engagement survey evaluated tenants' views in general, which revealed the increasing value that our tenants attach to sustainability. An employee engagement survey also provided for identifying what social and environmental topics matters most to them.

The feedback collected during all these sessions did not result in an adjustment in the materiality matrix in 2021. The increased awareness of health-related topics as consequence of the Covid-19 pandemic was already reflected in last year's assessment and proves to be still valid.

In 2022, NSI will once again re-examine the materiality matrix.

SUSTAINABLE DEVELOPMENT GOALS

The following SDGs are currently most relevant to our ESG strategy and are reflected in our overarching priorities:

THE FUTURE IS HERE – OUR AMBITION

Our refreshed Sustainability strategy 'The Future is here' continues to be built around the three focus areas on which NSI has worked diligently since the launch of its ESG strategy in 2018, which are articulated in our ambition statement, commitments and targets as stated below.

THE FUTURE IS HERE

ENERGY AND CARBON	FUTURE-PROOF BUILDINGS	HEALTH AND WELLBEING
We are committed to becoming Paris Proof by 2035 and will decarbonise our buildings towards Net Zero	We aim to own buildings that are flexible and adaptative	We will prioritise the health and wellbeing of our customers and employees

ENERGY & CARBON

We are committed to becoming Paris Proof by 2035 and will decarbonise our buildings towards Net Zero

In a world where climate action is becoming increasingly important, NSI is committed to reducing energy consumption and moving towards a net zero real estate portfolio. With the understanding that the built environment and real estate sector accounts for around 36% of global final energy consumption and nearly 40% of total CO_2 emissions *(source: International Energy Agency)*, the Paris Climate Agreement signed in 2015 is a clear guide for NSI to contribute by focusing continuously on reducing the CO_2 impact of both individual assets and our total real estate portfolio.

APPROACH TO PARIS PROOF AND NET ZERO

We approach the decarbonisation of our buildings using both Paris Proof as an energy efficiency norm, and Net Zero as a greenhouse gas emissions norm, as they work well in combination. First, the buildings themselves need to be brought to Paris Proof standards (50 kWh/m2/year) for energy efficiency and on-site energy production (following guidance from the Dutch Green Building Council). This building transformation also involves eliminating building dependence on fossil fuels. Subsequently, the portfolio will transition to Net Zero (based on the latest climate science) by procuring sustainable energy and offsetting residual emissions if absolutely necessary.

PARIS PROOF ROADMAP

We look to achieve Paris-proof through energy efficiency improvements and renewable energy use. In order to ensure a realistic implementation plan, we are thoroughly identifying and weighing possibilities in relation to impact, and in what order our actions will contribute most optimally to achieving our goals. We have started outlining our roadmap and we will publish it, including the interim milestones, in 2022.

NET ZERO – OUR CLIMATE SCIENCE BASED APPROACH

To translate Paris-Proof energy efficiency into a reduction in carbon emissions, with the aim to achieve Net Zero, we are exploring the different possibilities available to us.

STARTED | ON TRACK | ACHIEVED | ONGOING

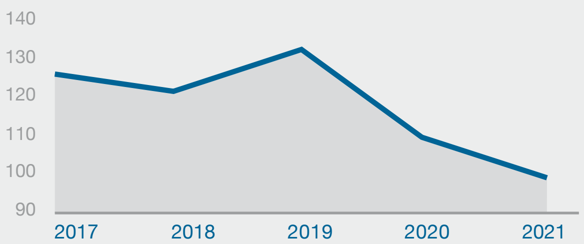
Targets	*Progress*	*Status*	*Focus next years*
WE AIM TO DECARBONISE OUR BUILDINGS TO BECOME PARIS PROOF BY 2035 AND AIM TO ACHIEVE NET-ZERO			
Energy Efficiency: To meet an average Energy Use Intensity target of 50 kWh/m2/year by 2035	ENERGY-USE INTENSITY – 2021 energy-use intensity of the portfolio is: 107 kWh/m2/year (2020: 114 kWh/m2/year) – Installed heat pumps in 4 assets	ON TRACK	– 100% of the portfolio Paris Proof for 2035 – Remove gas connections in portfolio by 2032 – Lowering energy-use intensity during renovations according to the Paris Proof roadmap.
	ENERGY LABEL A – 81% of portfolio is now Energy Label A. (from 74% in 2020)		– 100% of portfolio is energy label A
	DATA COVERAGE – Every floor in multi-tenant buildings has a submeter in order to manage and monitor operational energy use per tenant. – Every tenant and property manager in multi-tenant buildings has access to an energy dashboard through narrowcasting screens		– Smart meters and energy dashboards for single tenant buildings - propose this and implement where the tenant is open to this. – Continue to closely monitor energy use
Renewable Energy: 100% of available roof space (space not needed for other purposes) has solar panels.	– 25% of the portfolio value has solar panels (based on total asset value) (up from 22.7% in 2020)	ON TRACK	Increase of on-site renewable energy generation by maximising implementation of solar panels on roofs of buildings
Renewable Energy - to procure 100% renewable energy by 2035	– All electricity procured by NSI is procured from renewable sources (European wind) – Currently, natural gas procurement is fully compensated using Gold Standards CO_2 offsets – Tenants were asked to share their electricity procurement information - all tenants have shared this information in 2021; procurement is 100% green electricity – The total average share of renewable energy used is 30,9% (European wind grid energy + solar panel generation of electricity + geothermal energy). – If we include all district heating in this equation, the share of renewable energy used is 53%	ON TRACK	– Engage tenants and stimulate to (continue to) procure renewable energy – Minimising offsetting by removing connections to natural gas

Targets	*Progress*	*Status*	*Focus next years*
MANAGE AND MONITOR EMBODIED AND OPERATIONAL CARBON			
Carbon Emissions: To meet a net zero Carbon Intensity target	– We set a net zero greenhouse gas emissions target		– Set the goal year for the net zero target – Set up corporate emissions monitoring to complete carbon footprint monitoring. – Our Net Zero goal includes supplier emissions. We want to engage with suppliers of district heating to activate them on emission reductions. – The Paris Proof and Net Zero plans will include the assumption that tenants reduce emissions to net zero as well
To reduce operational waste production	– Monitoring of waste production. Currently at 57% data coverage (2020: 57%)		– Establish a baseline for waste – Increase data coverage – Set a SMART target for reduction – Continue monitoring operational waste production
To monitor embodied carbon for new developments and reconstructions, and introduce a carbon intensity target	– 2 life cycle assessments (Laanderpoort &Vivaldi III) were completed for new developments to gauge embodied carbon footprints.		– Introduce a new development embodied carbon target – Initiate an embodied carbon monitoring system
TO IMPROVE WATER EFFICIENCY OF STANDING INVESTMENTS			
To follow and implement "Do No Significant Harm" criteria from the EU taxonomy on operational water usage for reconstructions and new developments	– Continued monitoring of water usage by implementing digital water meters in all multi-tenant properties		– Develop a baseline – Set a target for operational water usage if deemed applicable and necessary in the (to be published) EU taxonomy threshold. – Monitor operational water use against baseline and target
To install smart water meters across tenant-controlled spaces in the portfolio	– In 2021, two acquired landlord-controlled multi-tenant buildings have been outfitted with a smart meter. – All landlord-controlled buildings have a smart meter to monitor water usage (2020).		– Develop a baseline – Engage single tenants to place smart water meters and reduce operational water use. – Implement water-saving measures in renovations
TO INTRODUCE GREEN LEASES IN ALL NEW LEASE CONTRACTS			
All new lease contracts have green leases	– Started implementing green leases as the standard lease contract		– Set up a monitoring system for green leases – Implement green lease clauses in majority new contracts and renewals

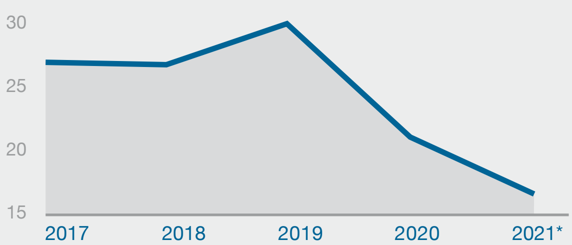
NSI ENERGY AND CARBON INTENSITY IN 2021

Improving the energy efficiency of our assets to reach the 'Paris proof' maximum of 50 kWh/m2 well before 2050 will require a multi-year effort. In 2021 we saw an Energy intensity decrease to 99 kWh/m2 (vs 109 kWh/m2 in 2020) and a Carbon intensity decrease to 16.5 kgCO2/m²* (versus 22 kgCO2/m² in 2020), both mostly attributable to a specific tenant in Leiden Bioscience park. The increase in 2021 is also explained by the on average colder temperatures in 2021 (vs 2020).

NSI ENERGY INTENSITY (KWH/M2)



NSI CARBON INTENSITY (KGCO2/M2)



* The basis for calculating the 2021 figure has been updated to better reflect the actual emissions for 2021. The comparative figures have not been updated for this change in measurement.

SAVING ENERGY THROUGH SMART ENERGY SYSTEMS

NSI started a partnership with Spectral in 2021. Spectral developed a Smart Building Platform that uses self-learning algorithms, based on real-time weather and consumption data, to increase the energy efficiency of buildings. We expect to be able to save 20% of gas usage and 3% of electricity usage in buildings where the platform is implemented. The initial target of onboarding 26 NSI buildings to the Smart Building Platform was achieved in December 2021. NSI will decide on further roll out after the evaluation of the effectiveness of the platform.

EXPANDING ELECTRIC CAR CHARGING STATIONS TO 77% OF ASSET LOCATIONS

NSI has strengthened its partnership with Vattenfall over the last year. Vattenfall is one of Europe's largest producers and retailers of electricity and heat. NSI has partnered up with Vattenfall to further drive electrification and e-mobility solutions at NSI's properties. In doing so, Vattenfall and NSI are committed to meet the growing demand of NSI tenants for electric car charging stations and to reduce CO2 emissions. In 2021, Vattenfall placed a further 72 electric car charging stations at our assets, resulting in 77% of NSI's asset locations now providing electric charging facilities (2020: 10%).

NSI RECEIVES ISO 50001 CERTIFICATE FOR ENERGY MANAGEMENT

In 2021, NSI obtained an ISO 50001 certification. The ISO 50001 is an international energy management standard that ensures a systematic approach to energy management, ISO 50001 is a proven energy saving method with robust measurement to support energy reduction. NSI is eager to further its energy management, in which the ISO 50001 can play an important role.

FUTURE-PROOF BUILDINGS

We aim to own buildings that are flexible and adaptative

Expanding the total lifespan of assets has been identified as a key element in driving long-term ESG performance. Adaptive and innovative buildings are resilient to market and demographics changes as well as to the impacts of climate change. They also anticipate market trends, offer a fluid mix of spaces, deploy new technology, have great accessibility, and are located in cities and urban communities with a positive economic outlook. The locations are, or transforming into, vibrant multifunctional areas with excellent (public) transport connections to guarantee long-term tenant demand. Our buildings are designed to have a positive impact on their community and a minimal impact on the environment.

Our buildings should be designed for future-proof exploitation and ESG should be prioritised in all operational processes. ESG will also be the driver or play a significant role in acquisition and disposition decisions.

That's why NSI works closely with its tenants to understand the different challenges and needs and is committed to providing state of the art working environments. NSI appreciates that the office environment is ever changing, in part due to societal trends and external influences like Covid-19 and climate change. The social benefits of the office environment – collaboration, creativity, work companionship - are considered to be essential in the envisioned working environment.

STARTED | ON TRACK | ACHIEVED | ONGOING

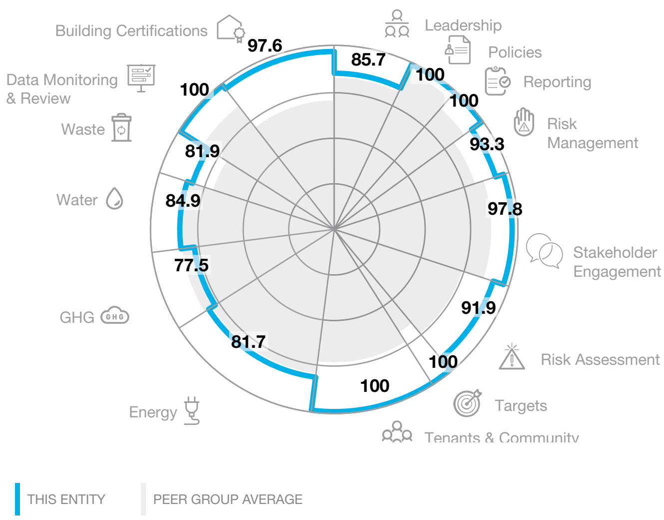
Targets	*Progress*	*Status*	*Focus next years*
ASSESSMENTS			
To perform a physical climate risk assessment on the portfolio every three years	– Physical risk assessment measuring exposure was done end 2020 / beginning 2021 – Climate risk maps are refreshed 2021/beginning 2022	On track	– Increase our insight in our vulnerability to physical climate risk assessments through adding building characteristics to the analysis (2022)
To undertake BREEAM assessments on each asset once every three years	– BREEAM assessments have been performed for the entire portfolio, except for the newly acquired assets, development projects and one residential asset	On track	– Ongoing building assessments when BREEAM assessments expire or for new acquisitions
TO ELECTRIFY ACTIVITIES UNDER DIRECT CONTROL			
Standing portfolio: To ensure 25% of the parking spots in the standing portfolio has an electric car parking point.	– Target fully achieved in 2020 Annual Report: "Electric car charging facilities at all parking spots in portfolio" was completed	2020 target completed Achieved	– Increase amount of electric car parking points
New developments: To ensure 50% of the parking spots have an electric car parking point	– Planned new developments exceed this target – Vivaldi III will become 100% electric, Laanderpoort 50% planned	On track	– Make electric car parking spot-ready (ensuring infrastructure is available)
TO INTEGRATE AND PRIORITISE ESG IN ALL ACQUISITION AND DISPOSAL DECISIONS			
Location-based criteria: To ensure a majority of assets is located close to public transportation in dynamic and/or rapidly-transforming, multi-functional environments.	– Disposal programme is completed – New acquisitions are in line with new strategic goals – Strengthened existing locations (responding to the criteria) through acquisitions during the year 2021 100% in line with policy to include ESG criteria.	Ongoing	– Continue implementing strategy

Targets	*Progress*	*Status*	*Focus next years*
Environmental criteria: To integrate and prioritise environmental sustainability in all acquisition decisions	– EPC label was used as part of the acquisition criteria and underwriting assumptions, 100% target achieved		– Develop a more complete framework in 2022 further integrating sustainability in acquisition decisions
Social Criteria: To integrate and prioritise social aspects in all acquisition decisions	– New goal will be defined in 2022		– Expand on the existing framework in 2022 to focus on integrating social aspects when making acquisition decisions
TO ACHIEVE BUILDING CERTIFICATIONS FOR THE ENTIRE PORTFOLIO			
Standing portfolio: To ensure all assets (32 out of 52 buildings) will be at BREEAM In Use Excellent	– 88% of the portfolio (based on sqm) had a BREEAM label in 2021(see graph page 59)		– Upgrading BREEAM label during renovations – In 2022 target is to upgrade 8 assets to BREEAM Excellent
New developments: To ensure all assets will be minimal BREEAM New Construction Outstanding	– Integrated in requirements and plans, developments are still under construction		– Further implementing BREEAM requirements in the development requirements
TO CREATE AND DESIGN FLEXIBLE BUILDINGS			
To include sustainability improvement opportunities in all CAPEX	– Sustainability measures are included in all long-term maintenance plans and asset business plans		– Set measurable targets if needed. This goal will be aligned to the requirements under the EU Sustainable Finance Action Plan (i.e. EU taxonomy)
Support flexible and hybrid working spaces	– New goal will be defined in 2022		– Set targets to facilitate new ways of working

NSI RETAINS FIVE-STAR RATING IN 2021 GRESB REAL ESTATE ASSESSMENT

NSI obtained a GRESB score of 92 points (out of 100) in 2021, a further improvement of the 2020 score of 88 points, most notably in the field of Building Certifications and Water. This resulted once again in being awarded with a 5-star rating, the highest rating available. The significant improvement from our initial score of 49 points (in 2018) reflects NSI's journey and ongoing commitment to sustainability, responsible leadership and well-being.

GRESB is an independent organization that has established itself as the global benchmark assessing the ESG performance of real assets. NSI's score compares favourably to a peer average of 78 points and an average score of 72 points for the wider listed property sector.



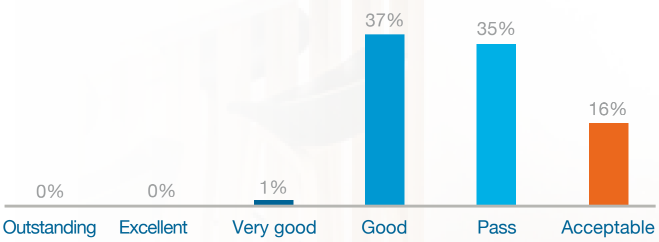
CONSISTENTLY IMPROVING OUR BREEAM CREDENTIALS

BREEAM-NL In-Use is an environmental assessment that is instrumental in driving sustainable improvements in the operational performance of buildings, ultimately driving value creation. The BREEAM assessment method involves nine areas: management, health, energy, transport, water, materials, waste, land use & ecology and pollution. 88% of the assets in NSI's portfolio have a BREEAM certificate. NSI has significantly improved the sustainability credentials of its portfolio over the last years, in which using the BREEAM assessment has been instrumental. In 2021 we have continued to work on improving the BREEAM credentials of our assets.

The aim is to achieve at least BREEAM 'Very Good' for all current assets by 2025, and where viable we will upgrade assets to BREEAM 'Excellent'. We estimate the cost of upgrading to "Excellent" to be in the range of € 5m – € 6m. This excludes the upgrade costs for circa 18 assets; assets where we may explore potential redevelopment opportunities and where the cost of upgrading will be part of any such redevelopment.

For all our new developments, such as Laanderpoort and Vivaldi III, as well as our redevelopment at Vitrum, we aim to achieve BREEAM Outstanding, the highest possible BREEAM score.

BREEAM SCORE (BY SQM)*



* Applicable to assets having a BREEAM certificate

INCREASING ENERGY EFFICIENCY AT Q-PORT BUILDING

Q-Port building has become more energy efficient and sustainable by upgrading its air volume system and adding heat pumps. The original thermal heating in the Amsterdam based building, when acquired in 2018, contained an imbalance in the warm and cold reserves of the thermal heating. This issue has been solved by installing heat pumps. Moreover, the installation of a constant air volume (CAV) system provides additional sustainability gains. CAV is a type of heating, ventilating, and air-conditioning system. The system ensures that the supply of air flow is constant, while the desired indoor conditions are reached by adjusting the air supply temperature. Additionally, through sensors and valves, CAV makes it possible to only deliver air to rooms that are actually in use. This does not only deliver great sustainability benefits, but also convenience for tenants.

LARGE-SCALE RENOVATION TO MAKE LONDEN BUILDING IN HNK AMSTERDAM SOUTHEAST FIT FOR THE FUTURE

NSI started a large-scale renovation of its 3.850 sqm Londen building in 2021. Londen building is one of three buildings of HNK Amsterdam South East. The renovation involves an upgrade of the complete interior of the building, including a new central hall with seating areas and greenery. Furthermore, the renovation includes several major sustainability related investments to reduce the building's energy consumption. For example, solar panels, heat pumps, climate ceilings, and LED lights with sensors are being installed. Once the renovation is completed, the investments will result in a BREEAM Excellent certificate and an A++ energy label. The full renovation of Londen building is expected to be completed by March 2022.

INCLUDING BIODIVERSITY IN ADVANCING BREEAM SCORE

Ecology is one of the areas included in the BREEAM assessment. In its quest to advance the BREEAM score of its portfolio, NSI has conducted research on the biodiversity surrounding its buildings. In doing so, NSI has identified several opportunities to stimulate biodiversity. In 2021, NSI placed bee-friendly plants on and around several of its properties to support bee colonies. Additionally, other valuable greenery was planted to host different plant and animal species, creating further opportunities for biodiversity in urban areas. Moreover, NSI added bat boxes on several of its buildings to retain bats' protected habitat. Lastly, NSI has set up nesting boxes for birds on numerous properties to create breeding areas for local bird species.

VIRTUAL REALITY INNOVATION DOME AT HNK ROTTERDAM SCHEEPVAARTKWARTIER

In April 2021, we launched a genuine novelty in the Dutch office market: we opened a pop-up Virtual Reality Innovation dome at HNK Rotterdam Scheepvaartkwartier, powered by Igloo Vision. Igloo Vision designs, develops and delivers immersive workspaces, using a full suite of software that can engage with any interactive content. In this ultra-modern virtual cylinder of more than six meters in diameter, organizations can visualize their own documents, designs and presentations using the latest interactive VR techniques. Any type of interactive, 360 degree or VR content can be displayed here. As people get inside the immersive virtual space, they can share a unique experience that is ideal for events, collaborative teamwork and trainings.

HEALTH & WELL-BEING

We will prioritise the health and wellbeing of our customers and our employees

NSI aims to create healthy, inspiring and flexible working environments and supports sustainable consumption and wellbeing initiatives. This applies both to its tenants as to NSI's responsibility as an employer.

NSI aims to design spaces conducive to productivity i.e. green, well-ventilated and tech-savvy. Our 'Healthy Office plan' contains guidelines regarding material criteria and technologies that are designed to improve indoor spaces in terms of air quality, comfort, installations, lighting and sound. We design public spaces and stairways in ways that encourage people to walk. Furthermore, the facilities and amenities provided intend to support and promote a healthy lifestyle.

Health & Well-being, which had been gaining in importance in previous years became even more prominent in light of the Covid-19 pandemic. In its responsibility as employer and as a landlord, NSI took multiple actions to safeguard the health, safety and well-being of its staff and tenants as much as possible.

As an employer, NSI promotes a healthy lifestyle by encouraging physical activity, healthy nutrition and a healthy work-life balance.

STARTED | ON TRACK | ACHIEVED | ONGOING

Targets	*Progress*	*Status*	*Focus next years*
TO MONITOR TENANT AND EMPLOYEE SATISFACTION AND ENSURE REGULAR TENANT ENGAGEMENT			
To introduce an annual tenant engagement programme for the (internal) community	– In 2021 a tenant engagement programme with Vermaat was introduced starting at HNK locations – Continuous monitoring of engagement and facilitated interaction between tenants	On track	– In 2022 we will execute the tenant engagement plan – Build-out interactions between tenants using the Office App – Organise events around the subject of personal growth and connection
Tenant communication: Provide and share progress and advise on sustainable actions.	– Continue to use 'hello energy' to inform tenants via narrow casting screens. Outcome from tenant satisfaction survey revealed that tenants are not informed enough about NSI's sustainability strategy, measures and progress.	Started	– Develop a communication plan on more extensively sharing sustainability progress and providing advice to tenants – Make use of the available measures to inform tenants: narrow casting screens, the Office App and newsletters
Tenant Satisfaction: Achieve an annual rating of at least 7.5 (out of 10) and yearly improvement of NPS	– Tenant satisfaction survey has been performed with an overall score of 7.8/10 – The Net Promotor Score (NPS) was +20,3, up from +16.9 in 2020	Ongoing	– Process results in asset and experience improvement plans – Carry out actions aimed at reaching even more respondents – Improve NPS in 2022 and turn passives into promotors of NSI
Employee satisfaction: Achieve an annual overall and individual rating of at least 8 (out of 10). In next years: measure eNPS	– Employee Satisfaction Survey has been performed. – The Employee Net Promotor Score (NPS) was +29.3. This was the first eNPS result from NSI. – Most important results: wish to improve internal communication and training possibilities and maintain high involvement and culture.	Ongoing	– Follow up on all feedback and ideas from employees. – Improve eNPS and turn passives into promotors of NSI – Release new online training program to stimulate personal growth

Targets	*Progress*	*Status*	*Focus next years*
TO INTRODUCE A HEALTHY OFFICES PLAN ACROSS ALL STANDING INVESTMENTS			
To improve the indoor climate quality of each asset in line with WELL standard To monitor the CO2, temperature, ventilation and humidity (where possible also measure: lux, sound, and VOC) levels in each asset.	– Materials and measures identified that are conducive to improving indoor air quality – 28 buildings (of which 25 in the current portfolio) were outfitted with CO_2 sensors		– Gain further insight in current requirements in line with WELL standard – Set up a monitoring strategy
All new developments to be at minimum WELL Gold standard ready	– The target set is set in 2021: minimum WELL Gold for all new development. We aim to achieve WELL Platinum.		– Implement standards in requirements developments
To identify and work with external partners to meet Healthy Offices Plan goals	– New partners 2021: Contract with Vermaat for healthy food initiatives and to encourage tenants to eat healthy. – Partnered up with Greenstories for greenery in the buildings, NorNorm for flexible furniture, MyPup for sustainable package handling and our regular cleaning partners to improve cleanliness of the buildings.		– Continue selecting new partners, expand sustainable activities with current partners
Facilities for (e-)bicycle storage and (e-)bike sharing for assets >8000m²	– Target achieved for all HNK locations		– Further implementation in other buildings
To ensure AEDs installed at all assets	– Target fully achieved in 2020 already, implemented in acquired buildings in 2021,		– Collaborate with Hartstichting (Dutch Heart foundation) to identify necessary outdoor AED locations and install AEDs where necessary
To increase the biodiversity level	– Expanded insight in current biodiversity baseline – For 42 assets ecological surveys were conducted		– Define the baseline – Define the baseline for biodiversity – Follow up on ecological survey results
TO ENSURE REGULAR COMMUNITY ENGAGEMENT			
To organise annual events with the external community	– Sponsorship Philips innovation awards to stimulate innovation and contribute to Dutch society (Continued) Participation in regional coalitions (examples include: Green Businessclub Zuidas, and Uptown Sloterdijk)		– Continue active participation in regional coalitions. – Participate in additional regional coalitions
TO OPERATE ACCORDING TO THE HIGHEST ENVIRONMENTAL STANDARDS			
To ensure NSI Environmental Management System is ISO14001 certified	– Phase 1 ISO 14001 has started		– Implementing ISO14001, finish phase 1 and start phase 2 in 2022

PARTNERING WITH THE PHILIPS INNOVATION AWARDS

It is important to NSI to promote innovation and contribute to Dutch society. That is why HNK has been a Gold Partner of the Philips Innovation Award since 2017. The Philips Innovation Award is an entrepreneurship prize awarded to students with an innovative start-up concept. Each participant benefits from the feedback of experts, workshops and training courses. The yearly pitch takes place at HNK Rotterdam Scheepvaartkwartier.

NSI is involved in the jury panel and offers the winners office space for one year in an HNK of choice: the winner of the Innovator Award is entitled to use a Managed Office and the winners of the Philips Innovation Rough Diamond Award receive a HNK Business Membership.

Florine Evers, Marketing Manager at NSI, was a member of the jury in 2021: “It is overwhelming to feel the energy of these young entrepreneurs, pitching their inspiring and innovative ideas and business plans. NSI believes start-ups benefit from a creative, inspiring and productive environment like we offer in HNK. A place where they can meet and interact with other ambitious entrepreneurs, and with the support of the right services and facilities to take their business to the next level. We are proud to host these great creative minds in our HNKs.”

JOINING THE GREEN BUSINESS CLUB ZUIDAS

NSI joined the Green Business Club Zuidas in 2021. This network organization creates impact by initiating sustainable projects in the Amsterdam Zuidas area. The 55 participants of the Green Business Club Zuidas are companies with interests in the area and the joint ambition to make the Zuidas the most sustainable, liveable and workable area in the Netherlands. The network aims to realize this by collaborating in partnerships and sharing best practices and knowledge.

At present, NSI has three office buildings in the Amsterdam Zuidas area: Vitrum, Vivaldi I, and Vivaldi II. A fourth building, Vivaldi III, is being developed. This is why NSI attaches great value to the development of the area into a sustainable mixed use urban area, while seeking collaboration with other parties to accelerate this transition. On March 29, 2021, Bernd Stahli, together with 54 CEOs, signed the 2021-2025 ambition statement to join forces on driving sustainability.

Four clear themes have been defined on which the efforts of the network will be focused: Energy, Mobility & Logistics, Water & Green and Waste & Circularity.

PROMOTING HEALTHIER FOOD CHOICES IN OUR RESTAURANTS

HNK works in close collaboration with Vermaat catering services to encourage tenants to make healthier food choices. HNK selected Vermaat as partner in catering services on the basis of their view on health and sustainability. In 2021, Vermaat and HNK jointly developed a new catering concept that will be rolled out in 2022.

Vermaat collects and monitors what is being ordered per location in order to gain insights into tenants' food habits and preferences. In its attempts to further promote healthier options, Vermaat keeps a dashboard on the healthiness of the total food consumption at HNK locations, including suggestions for even healthier options.

Furthermore, the collaboration with Vermaat supports food circularity and reducing food waste in our restaurants. Vermaat adheres to a zero waste philosophy and aims to reduce its food waste with 10% per year. Leftover food is sold via Too Good To Go, a flexible app that allows businesses to sell their excess meals and products. Moreover, Vermaat is composting coffee grounds to grow mushrooms .

A GYM, YOGA ROOM AND GAMING ROOM IN HNK AMSTERDAM HOUTHAVENS

NSI has opened a gym, a yoga room and a gaming room in HNK Amsterdam Houthavens in 2021, to promote tenants' health and well-being. The facilities are located in the basement of the building, bringing new life to spaces that were often unused before. Both the idea and the implementation of the facilities were co-created with tenants. This predominantly re-used equipment includes gym machines, a pool table and two table tennis tables. The newly created leisure areas are highly appreciated by tenants.

PLANTS FROM OLD HEAD OFFICE DONATED TO PRIMARY SCHOOL

NSI moved its head office from Hoofddorp to Amsterdam in December 2021. As the relocation came with a complete restyling, the indoor plants from the Hoofddorp office became superfluous. NSI decided to donate the plants to a primary school in Diemen: Basisschool De Ark. Plants convert CO2 into oxygen and a green environment is considered to have a positive effect on cognition. De Ark, which was keen to make the school greener, happily accepted the plants.

ESG – GOVERNANCE

Personal and corporate sustainability targets are embedded into the annual performance goals of each employee at NSI. The board of directors also have these annual performance ESG goals.

Some of the sustainability goals include further improvement of ESG knowledge of our employees. This is provided for through annual sustainability training sessions. NSI also encourages employees to contribute and share knowledge through specific knowledge sharing events. This is done predominately through the sustainability leads who take responsibility for each of NSI's commitments.

Progress on sustainability is fully disclosed to all stakeholders in the Annual Report and online in our sustainability report. NSI's non-financial performance is measured and communicated considering the following standards and benchmarking tools:
- GHG Protocol Corporate Standard
- GRI Standards
- EPRA
- GRESB methodology

NSI aims to continuously improve our internal sustainability governance. For this purpose we started the ISO14001 certification process in 2021.

This standard will help NSI implement a holistic environmental management system and improve our general sustainability performance.

ESG ASSURANCE

NSI's auditor PwC has provided a limited assurance on a selection of the reported sustainability and non-financial KPIs for the financial year 2021. In scope are 18 KPI's in the field of Energy, Water, Waste, Greenhouse Gas Emissions, Certification and Social (full list outlined in the glossary on page 158). This limited assurance is an intermediate step in the transition to an integrated annual report, in which the full sustainability information will be in scope in line with the Corporate Sustainability Reporting Directive (CSRD), which is expected to be applicable as from January 1st, 2023.

CLIMATE RISKS

Climate change and the associated risks are increasingly weighing on investment and portfolio decisions, and are an integral part of our approach towards a future-proof portfolio. Currently, NSI is taking the first steps to limit the impact of climate change risks on the portfolio, based on the current science based forecasting climate models. Steps taken include considering transition risk during acquisitions and, for example, taking future heat stress into consideration when implementing new installations during renovations.

CLIMATE RISK ANALYSES

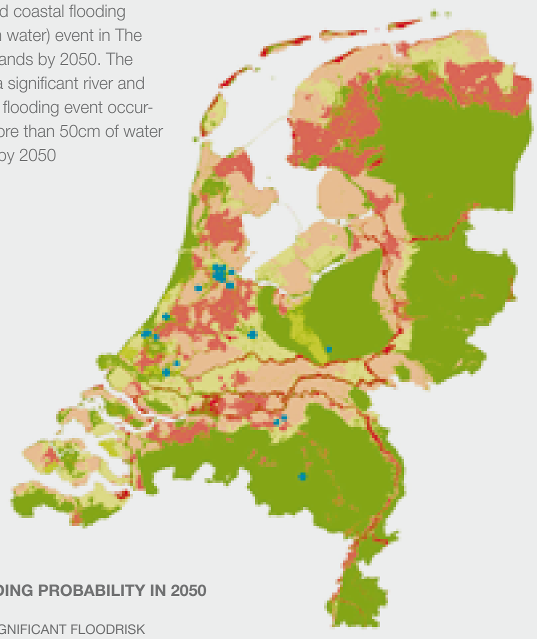
The results of both the physical and transition risk analyses provide insight in the risk profile of NSIs portfolio. In both 2020 and 2021 a detailed climate risk assessment was undertaken which focused on the most apparent climate-related physical risks in the Netherlands (pluvial flooding, flooding, drought and heat) as well as taking socio-economic consequences and transitional risks (related to the transition to a low-carbon economy) into account. Insight in and management of climate risks will be key in the next few years. The results of these climate assessments will be used to help guide a mitigation and adaptation approach as part of NSIs Paris Proof portfolio roadmap that aims to outline the steps necessary to achieve Paris Proof by 2035.

TRANSITIONAL RISK ASSESSMENT

The transitional risk assessment was refreshed in 2021 using operational energy-use data. Transition risks were calculated using the Carbon Risk Real Estate Monitor (CRREM). This assessment showed that some of NSIs assets are currently not operating in line with the Paris agreement, and that there is a risk of becoming carbon stranded by 2030/2035. Transition risk is identified by whether an asset is and will continue to be aligned to the Paris Agreement based on its energy performance. The Paris Pathway that was chosen to reflect policy changes was changed from the original 2°C pathway (in the 2020 assessment) to a 1,5°C pathway. This decision was made because of the increased ambitions communicated at the United Climate Change Conference (COP26) in Glasgow.
Improving the operational energy performance of the assets that will strand according to CRREM will be addressed in the asset-level Paris Proof plans. Asset-level Paris Proof plans aim to outline the steps each asset needs to take to become Paris Proof by 2035. The Paris Proof and Net Zero strategy ensures alignment to the Paris Pathways and minimization of transitional risk.

FLOOD RISK

The probability of a significant river and coastal flooding (>50cm water) event in The Netherlands by 2050. The risk of a significant river and coastal flooding event occurring (more than 50cm of water depth) by 2050



FLOODING PROBABILITY IN 2050

- NO SIGNIFICANT FLOODRISK
- EXTREME SMAL CHANCE : < 1/30,000 PER YEAR
- VERY SMAL CHANCE : < 1/3,000 PER YEAR - 1/30,000 PER YEAR
- SMALL CHANCE : < 1/300 PER YEAR - 1/3,000 PER YEAR
- MEDIUM PROBABILITY : < 1/30 PER YEAR - 1/300 PER YEAR
- GREAT CHANCE : < 1/30 PER YEAR

PHYSICAL CLIMATE RISK ASSESSMENT

The physical climate risk assessment will be enriched in 2022 with more granular data about the buildings on an individual property level. The same climate risk data will be used to show exposure of assets to physical climate risks, but the vulnerability of NSI's assets will be clarified through this building-specific data.

Physical climate risk type	Scope	Assets 2021 exposed to risk (category, if applicable)
Drought (expressed as wooden pile foundation decay)	2050 High scenario	5
Heat (Urban Heat Island index)	2021	22 (1,5 -2 °C) 13 (>2 °C)
Heat (physiological equivalent temperature)	2050 High scenario	7 (> 50 °C)
Pluvial flooding (heavy rainfall) (expressed as exposure to a depth of water within 1 meter of the building)	2021	31 (>20cm)
Riverine flooding (expressed as 50cm water depth, in an event occurring 1/30 years – 1/300 years in 2050)	2050 High scenario	0 (high risk, 50 cm, 1/30 per year probability) 4 (moderate-high risk, 50cm, 1/30 to 1/300 per year probability)

DROUGHT

Drought is measured according to the potential lack of rainfall over a longer period. As our climate changes, the Netherlands is expected to experience longer periods of warmer weather and a lack of precipitation. While increased droughts can greatly affect the Dutch ecosystem and the agricultural sector, buildings can also be severely affected through land subsidence and rotting of wooden pile foundations as groundwater levels decrease.

For the 2021 analysis we used an updated risk dataset in which we identified five assets being potentially at risk of drought by 2050. Three assets overlap with the 2020 results and were checked and approved as resilient, while the other two assets are either acquired last year or is now being qualified as high risk due to the updated risk allocation in the dataset.

HEAT

Heat stress is commonly defined as a physiological condition provoked by extreme heat, causing humans and animals to be unable to shed their heat and thereby overheating. There are several methods to approximate heat stress using geographic modelling. One such method is describing heat using the number of tropical days (≥ 30°C) experienced per year. By 2050, the Netherlands is likely to experience temperatures higher than 35°C at least once or twice a year. Since people spend on average 90% of their time indoors, managing the impact of these heatwaves on the indoor environment and a building's ability to retain a productive working climate and temperature will be crucial.

To identify assets at risk of being exposed to heat stress, the Urban Heat Index was used in both the analyses of 2020 and 2021. This index shows the temperature difference between urban and rural areas. In the 2021 analysis 13 assets are located in areas predicted to experience a difference of over 2°C and most of NSIs other assets (22) are identified as vulnerable to heat stress i.e. a difference of 1.5°C and 2°C.

The 2020 analysis showed 8 assets in the 2°C difference-category (very vulnerable), and 24 assets in the 1.5°C and 2°C category (vulnerable)[1]. This temperature increase in 2050 will have a direct impact on the cooling demands of a building but also the occupants' comfort and productivity. Studies have shown a 6% reduction in performance at warmer temperatures. NSI already factors in the increased cooling demand needed for the existing portfolio and as part of determining the design criteria for development projects.

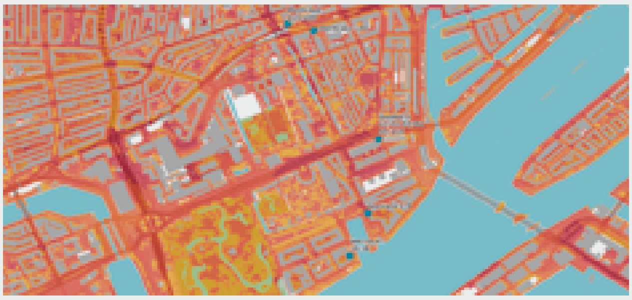
Apart from the Urban Heat Island Index, we have added an additional heat stress indicator being the Physiological Equivalent Temperature (PET) index for 2021. The Local physiological equivalent temperatures were plotted in 2021 to gauge the impact of urban heat stress on buildings and the environment. This index indicates the experienced temperature (in a cold-temperature context referred to as "wind chill) compared to the measured temperature providing a good indicator of the impact of temperature. This is an improvement over the method in the 2020 analysis as PET models actual temperatures as opposed to only the urban heat island effect. Seven assets were shown to experience a possible maximum PET of more than 50°C in a 2050 high climate-change scenario. The remaining assets showed a maximum PET between 40 – 50 °C during a modelled 2050 heat wave.

1 These numbers have been updated to reflect an accurate 2020 Climate Risk Assessment and therefore deviate from what was reported in the 2020 Annual Report.

EXAMPLE OF PET ASSESSMENT RESULTS IN ROTTERDAM

27 - 33 °C | 33 - 38 °C | 38 - 43 °C | 43 - 48 °C | 48 - 53 °C

The temperatures on the map represent the impact of heat stress on the well-being of urban residents, modelled on a 2050 high climate change scenario. The assessment shows that 2 of the 7 assets in Rotterdam fall into the highest category of heat stress.



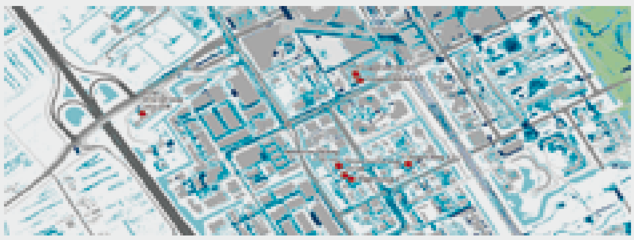
PLUVIAL FLOODING (HEAVY RAINFALL)

It is expected that the amount of rainfall and the intensity of rainfall events in the Netherlands will increase significantly in the coming 30 years. Increase in heavy rainfall increases the risk of pluvial flooding. Pluvial flooding causes risks because of inflow of water to buildings as well as potential problems with accessibility of buildings. The 2021 pluvial flood risk analysis used a more advanced and accurate approach to measure exposure to pluvial flooding than the 2020 approach, explaining the year-on-year differences in at-risk assets.

EXAMPLE OF PLUVIAL FLOOD RISK ASSESSMENT RESULTS IN AMSTERDAM SOUTH EAST IN 2021

5 - 10 CM | 10 - 15 CM | 15 - 20 CM | 20 - 30 CM | > 30 CM

This map shows the modelled pluvial flooding due to intense rainfall (70 mm of rainfall in two hours, expected once every 100 years under the current climate conditions). This map shows where and how deep the water will be after such rainfall in Amsterdam South East, 3 assets fall in the second highest category of impact.



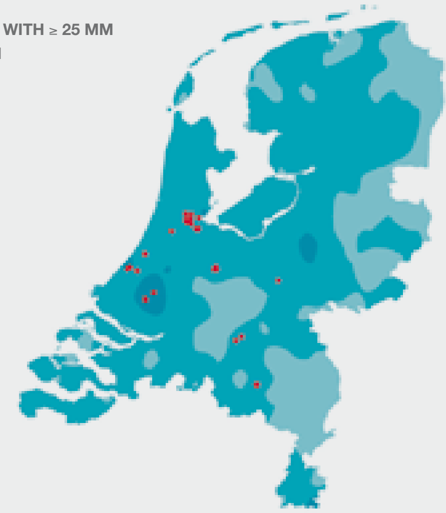
The results of the risk analysis indicate that there are 31 NSI assets in areas which could experience over 20 cm of surface level flooding during a heavy rainfall event (70mm in two hours, expected once every 100 years under the current climate conditions and expected to occur more frequently in 2050). This is an increase from the number of assets reported in 2020: 20 assets. This increase is due to the improved methodology of using the geometry of the asset. The vulnerability of NSIs assets will however depend on their design and construction and therefore their ability to cope with surface water floods. These assessments will be included in the mitigation and adaptation approach in 2022 in order to define an action plan.

PHYSICAL CLIMATE RISKS IN MORE DETAIL

NUISANCE BY PRECIPITATION **2021**

AMOUNT OF DAYS WITH ≥ 25 MM OF PRECIPITATION

- 1 - 2
- 2 - 3
- 3 - 4
- 4 - 5
- 5 - 6



NUISANCE BY PRECIPITATION **2050**

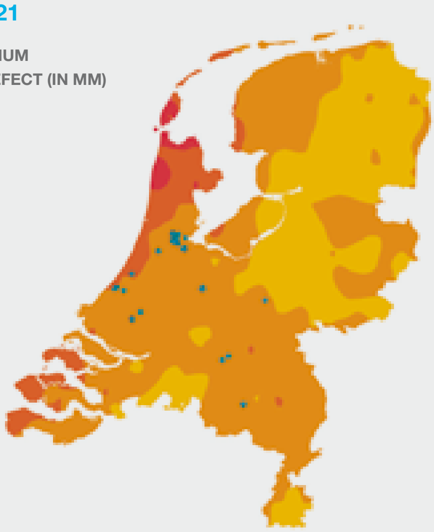
AMOUNT OF DAYS WITH ≥ 25 MM OF PRECIPITATION

- 1 - 2
- 2 - 3
- 3 - 4
- 4 - 5
- 5 - 6

DROUGHT **2021**

POTENTIAL MAXIMUM PRECIPITATION DEFECT (IN MM)

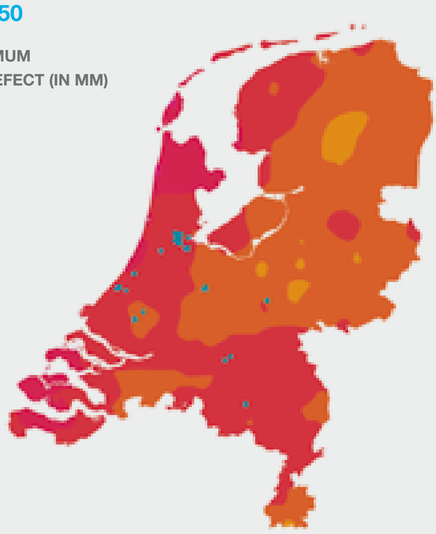
- 120 - 150
- 150 - 180
- 180 - 210
- 210 - 240
- 240 - 270
- 270 - 300



DROUGHT **2050**

POTENTIAL MAXIMUM PRECIPITATION DEFECT (IN MM)

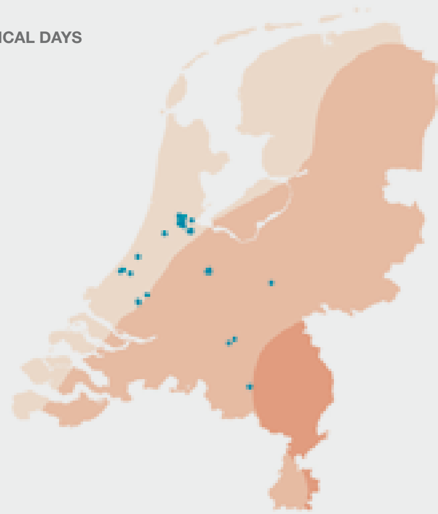
- 120 - 150
- 150 - 180
- 180 - 210
- 210 - 240
- 240 - 270
- 270 - 300



HEAT **2021**

AMOUNT OF TROPICAL DAYS (MAX ≥ 30 °C)

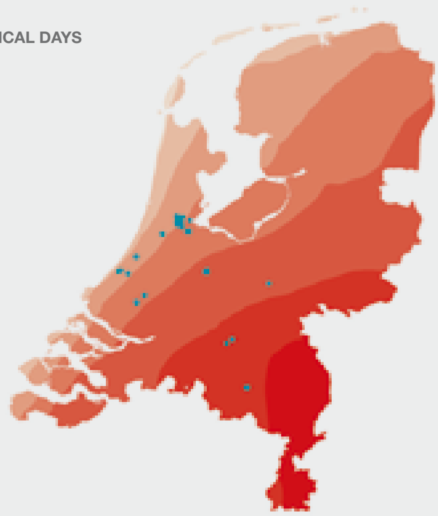
- 0 - 3
- 3 - 6
- 6 - 9
- 9 - 12
- 12 - 15
- 15 - 18
- > 18



HEAT **2050**

AMOUNT OF TROPICAL DAYS (MAX ≥ 30 °C)

- 0 - 3
- 3 - 6
- 6 - 9
- 9 - 12
- 12 - 15
- 15 - 18
- > 18



OTHER NON-FINANCIAL DISCLOSURE

DIVERSITY AND INCLUSION

NSI is committed to fostering a fair and inclusive working environment. NSI recognises the benefits of diversity and inclusion, and is fully committed to providing equal opportunities and treatment when it comes to recruitment and selection, training and development, performance reviews and promotion. Our culture is based on the principles of mutual respect and non- discrimination irrespective of nationality, age, disability, gender, religion or sexual orientation.

NSI aims for a balanced gender breakdown and is committed to provide equal pay for equal work. The current gender pay gap is largely driven by the structure of our workforce, including the higher representation of men in senior management roles and a higher representation of women in operations (HNK hosts), varieties in tenure, job level and specific expertise. NSI aims to improve the gender balance at all levels of the organisation, and the related gender pay ratio, and explicitly takes this into account when filling vacancies.

	Female		Male		Gender
	#	%	#	%	pay ratio*
Management Board	1	50.0%	1	50.0%	-21.6%
Senior Management	4	30.8%	9	69.2%	-27.2%
Operations	17	56.7%	13	43.3%	-52.1%
Support Staff	5	33.3%	10	66.7%	-16.7%
TOTAL	**27**	**45.0%**	**33**	**55.0%**	**-38.5%**
Supervisory Board	2	40.0%	3	60.0%	

* (Female average pay - Male average pay)/ Male average pay

NSI welcomes diverse talents and is keen on including multiple perspectives, thereby leveraging inclusion on a cognitive level. NSI strongly believes that collaboration between people with different thinking styles, habits and perspectives brings about better outcomes. In 2021, NSI measured how different perspectives, competences and value systems are represented at different levels in the organization by using the 'Profile Dynamics' methodology. This provided insight into whether the profile and composition of the Management Team reflect the desired balance in terms of cognitive diversity and inclusion, which was confirmed by the results. In 2022, this will be done for the entire organisation.

NSI aims to foster a culture where people are respected and appreciated, and perceive equality and fairness of opportunities in their workplace. The extent to which NSI succeeds in this is explicitly tested in the annual employee engagement surveys, including the extent to which employees feel heard by management.

HUMAN RIGHTS

NSI supports the principles laid down in the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. We believe that human rights, as defined by the United Nations in its Universal Declaration of Human Rights, are a common standard that all employers should uphold, and we encourage our employees as well as our contractors and suppliers to respect these rights by committing to our Code of Conduct and business integrity principles as part of our general terms and conditions.

No issues involving human rights were reported in 2021.

ANTI-CORRUPTION

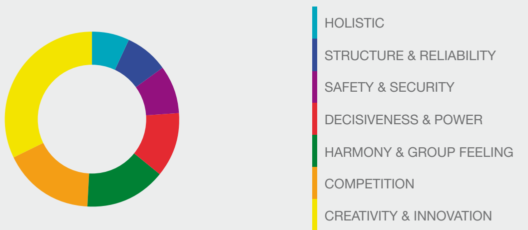
NSI and its employees must act with integrity, honesty and in compliance with the laws, as stipulated in the company's Code of Conduct. The Code of Conduct also defines how employees should act when presented with gifts and provides guidance on how to prevent conflicts of interest.

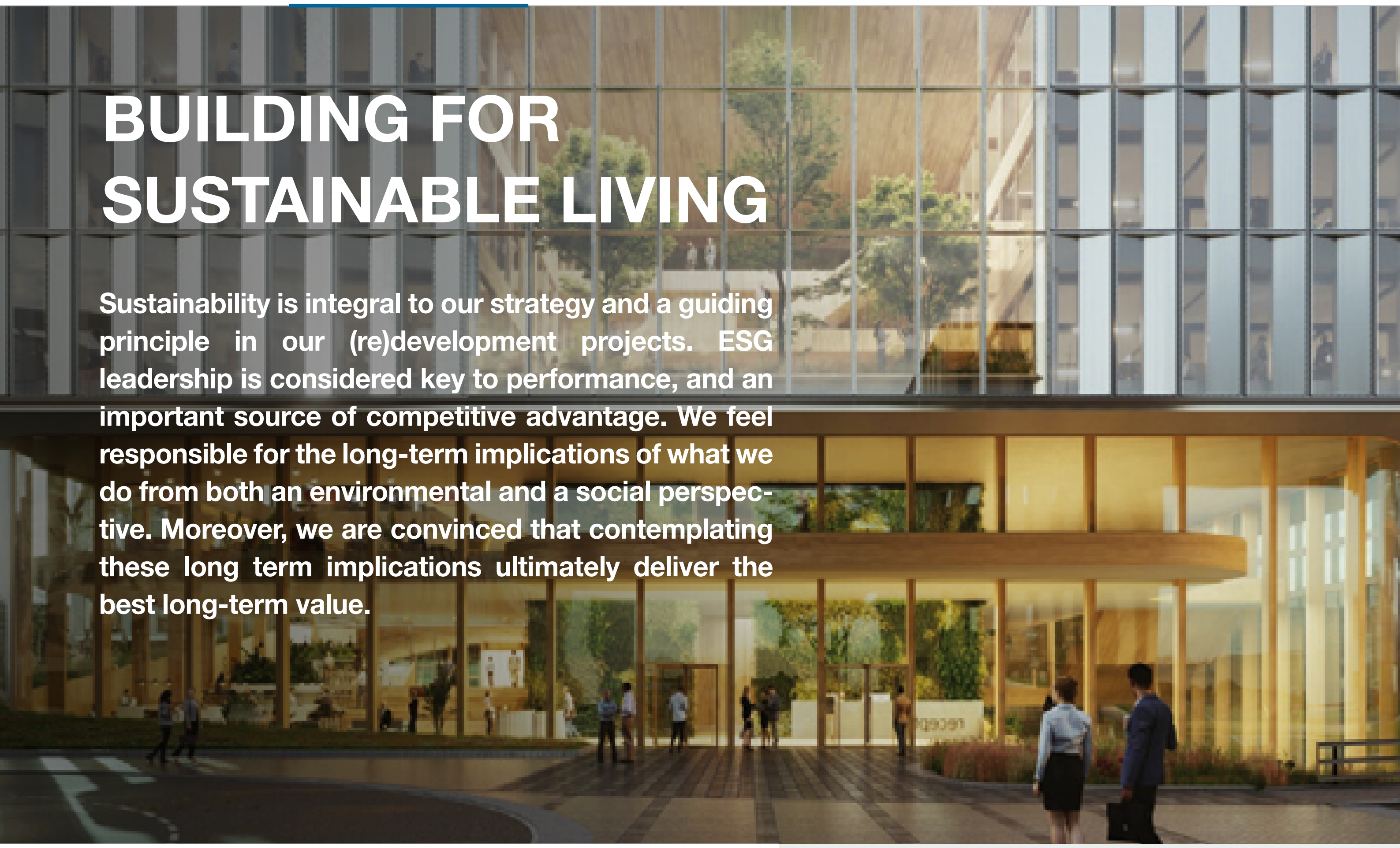
The Code of Conduct is available on the company website.

NSI's whistle-blower procedure allows employees to report suspected irregularities of various kinds within NSI without jeopardising their employment. There were no issues reported in 2021.

PROFILE DYNAMICS CHART MANAGEMENT NSI

The combined Profile Dynamics chart of NSI's management team shows a balanced representation of underlying value systems and perspectives, with a dominance on creativity (yellow), competition (orange) and social cohesion (green).





BUILDING FOR SUSTAINABLE LIVING

Sustainability is integral to our strategy and a guiding principle in our (re)development projects. ESG leadership is considered key to performance, and an important source of competitive advantage. We feel responsible for the long-term implications of what we do from both an environmental and a social perspective. Moreover, we are convinced that contemplating these long term implications ultimately deliver the best long-term value.

FOSTERING TENANTS’ WELL-BEING

Well-being relates to the health and happiness of tenants, which ultimately results in higher productivity, and is therefore an important guiding principle in NSI's (re)development projects. It is the starting point of the design of both the exterior and the interior of the building. For example, by making optimal use of daylight.

A good example of such a feature, is optimising the use of daylight. In our Laanderpoort project, the transparent facades and the 11 spacious atria in the building will allow through a significant amount of natural daylight on the office floors, which is essential to how people feel and how productive they are. . Furthermore, the centrally located and aesthetically pleasing staircases are a constant invitation to forego the elevator and take the stairs more often.

Furthermore, NSI will install state of the art air treatment systems in all of its development projects. The systems monitor temperature, CO2 levels and humidity to optimize the thermal comfort and quality of the air. Through the buildings’ active and SMART climate ceilings, tenants are able to individually set the temperature and lighting they prefer at any given time. The lay-out and interior is designed to improve the state of mind of people by using bio-based materials and natural colours according to biophilic design principles. Greenery inside and around the building contribute to capture CO2 and improve the well-being of tenants.

In the Laanderpoort project these elements are combined with an extensive public indoor sport facility to provide an integral well-being offer.

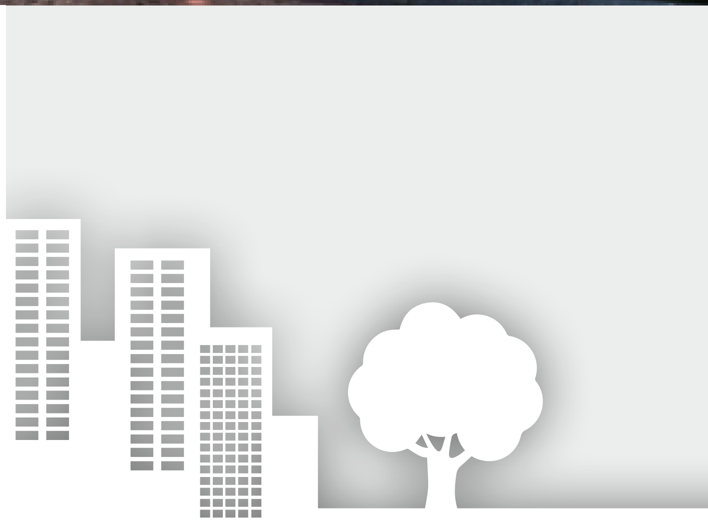
USING SUSTAINABLE AND BIO-BASED BUILDING MATERIALS

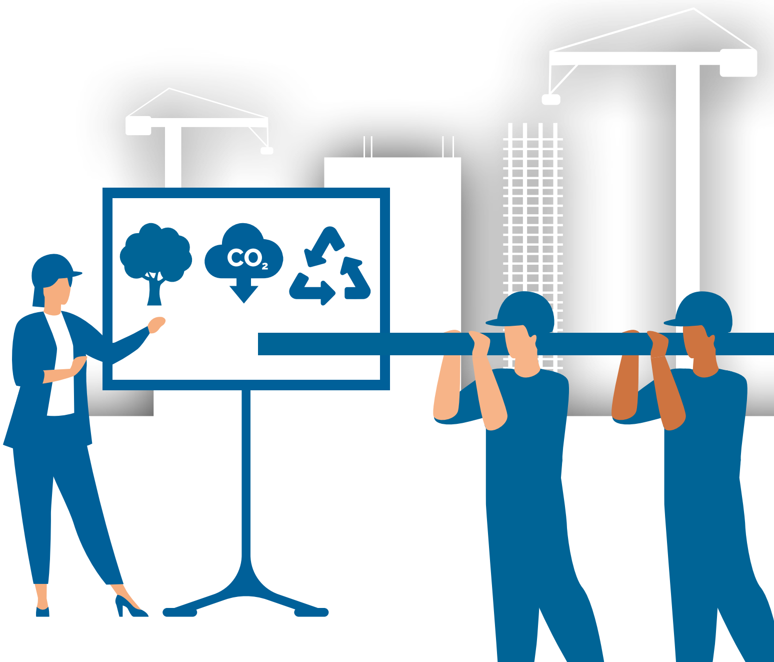
Buildings represent a significant proportion of energy consumption and carbon emissions. Using sustainable and bio-based building materials are key to mitigate environmental damage. With its development activities NSI aims to minimise emissions in the built environment.

For the development project Vivaldi III, a 86-metre high office tower, NSI is using timber as the main building material for the structure of the building-a novelty in the Dutch office market at this scale -, having significant impact on both the sustainability credentials of the building and the well-being of its occupants.

The use of certified timber from European forests is preferable to other traditional materials like steel and concrete (so-called abiotic materials). The total CO_2 benefit of using timber instead of abiotic materials is based on the CO_2s captured by the timber added with the CO_2 avoided by not building with abiotic materials. Trees take CO_2 out of the air and convert it into other carbon compounds. Around 0.75 tonnes of CO_2 are pulled from the air for each m^3 of wood. The Vivaldi III project contains approximately 4.610 m^3 of timber storing 3.480 tonnes of CO_2 that will not contribute to the greenhouse effect during the lifespan of the building and the additional lifetime of the timber being used.

The use of timber also lowers the embodied carbon footprint by avoiding the production of steel and concrete using high energy consumption and related CO_2 emissions.





CREATING COMMUNITIES

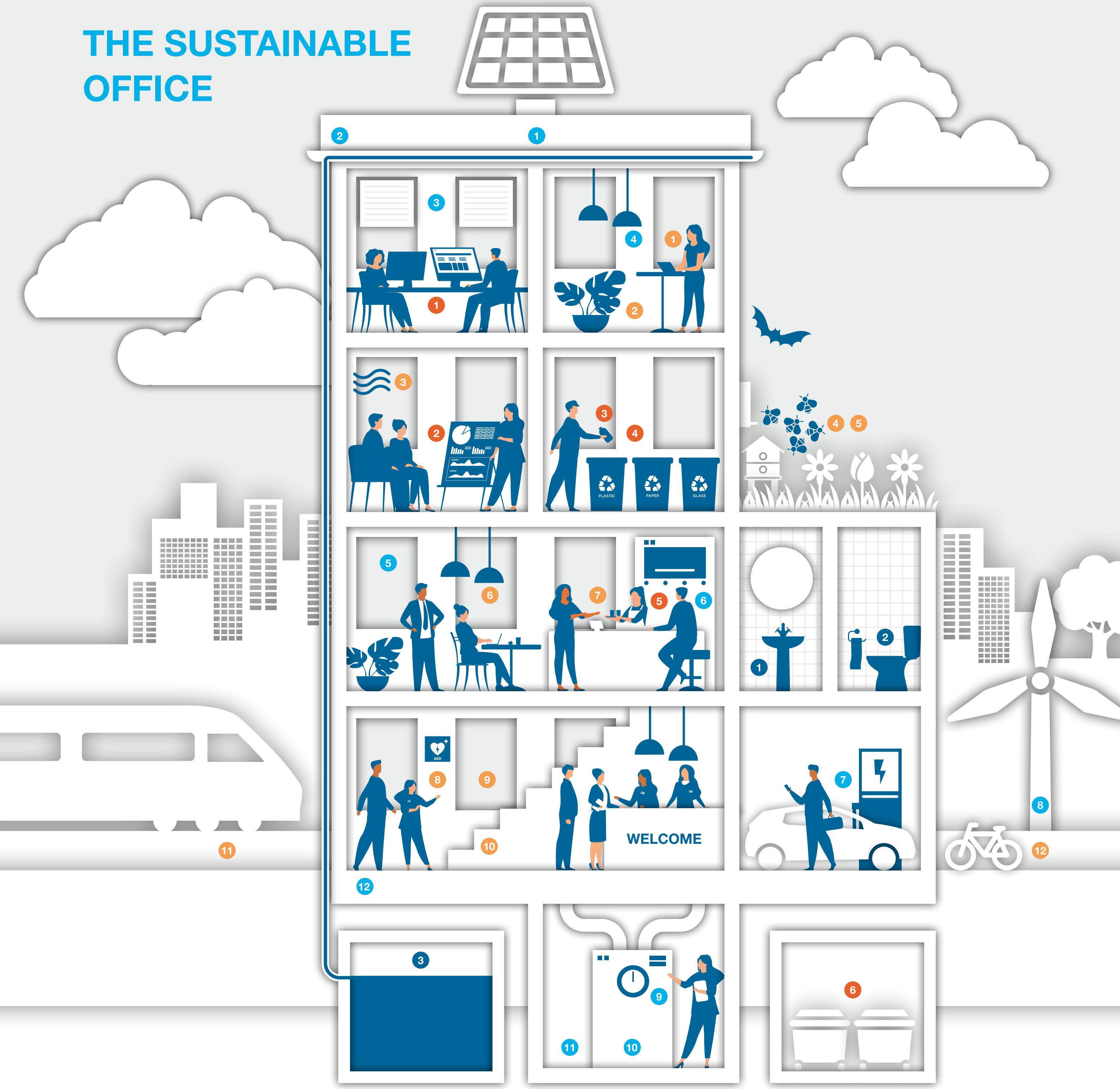
NSI strongly believes vibrant multifunctional and accessible urban areas will be the preferred future office location. This refers to not only the location itself but also the quality of the surroundings, safety and the facilities and services being offered. NSI has become a major stakeholder in some of the most attractive and growing urban areas in its target cities, allowing the company to play a role in the transformation of these districts.

Amsterdam Sloterdijk and Amsterdam Zuidoost are clear examples of up and coming locations undergoing rapid transformation. With multiple assets at these locations, NSI can take an active role in the development of these areas and is engaging with stakeholders to transform these areas into vibrant urban districts, where people not only work but also live and play. Mobility and accessibility are a key aspects in creating such environments. Optimal infrastructure for cyclists, pedestrians and a good public transport network are crucial.

At the asset level, NSI aims to have a strong connection from the outside to the inside of its buildings. Entrances are inviting, warm and publicly accessible, creating a lively atmosphere.

We aim to create vibrant multifunctional urban areas where people want to work, live and play

THE SUSTAINABLE OFFICE



ENERGY EFFICIENCY

1. Solar panels
2. Roof and facade insulation
3. Automatic blinds
4. Sensor controlled LED-lighting
5. Insulating and solar control glass
6. Energy-efficient equipment
7. Charging for electric cars and e-bikes
8. Procurement European wind
9. Monitoring energy consumption
10. Energy-saving installations / ATES or air heat pump
11. Gas free
12. Ground floor insulation

WATER EFFICIENCY

1. Water-saving sanitary
2. Reuse of rainwater
3. Retention roof and water buffertank

HEALTH AND WELLBEING

1. Active work stations
2. Greenery
3. Measuring quality of indoor climate
4. Improving biodiversity: bat boxes and bee hives
5. Improving biodiversity: green roofs
6. Adaptable lighting and climate systems
7. Healthy food & beverage
8. AEDs
9. Optimising daylight
10. Centrally located staircase
11. Access to public transport
12. Bicycle facilities

WASTE MANAGEMENT

1. Sustainable sourcing and materials
2. Informing tenants
3. Recycling waste
4. Seperate waste collection
5. Reduce, reuse, recycle
6. Monitoring waste

CORPORATE GOVERNANCE

INTRODUCTION

In this section NSI sets out a broad outline of the company's corporate governance and publishes detailed information about the matters specified in Article 10 section 1 a- k of the EU Take-over Directive.

CORPORATE GOVERNANCE CODE

As a public limited liability company in the Netherlands, NSI is subject to the Dutch Corporate Governance Code. The current Code was published on December 8th, 2016.
A detailed overview of the manner in which NSI complies with the provisions of the Dutch Corporate Governance Code and an explanation why or where NSI derogates from best practice provisions is published on the company website. NSI complies with all best practice provisions of the Dutch Corporate Governance Code, apart from best practice provision 1.3.1.

The following section gives a broad outline of the company's corporate governance following the principles stated in the Dutch Corporate Governance Code.

OUTLINE OF NSI'S CORPORATE GOVERNANCE

NSI N.V. is a Dutch public limited liability company listed on Euronext Amsterdam and has its registered seat in Amsterdam, the Netherlands. NSI has a two-tier structure, with a Management Board and a non-executive Supervisory Board. The company's highest authority is the General Meeting of Shareholders which is held at least once a year.

1. LONG-TERM VALUE CREATION

1.1 LONG-TERM VALUE CREATION

The management board is responsible for the continuity of the company and its affiliated enterprise. The management board focuses on long-term value creation for the company and its affiliated enterprise and takes into account the stakeholder interests that are relevant in this context. The supervisory board monitors the management board in this.

In the management report, the management board gives a more detailed explanation of its view on long-term value creation and the strategy for its realisation, as well as describing which contributions were made to long-term value creation in the past financial year.

1.2 RISK MANAGEMENT

The company has adequate internal risk management and control systems in place which are described in more detail in the chapter Risk management and control. The Management Board is responsible for complying with relevant laws and regulations, for identifying and managing the risks associated with the company's strategy and activities and for financing the company.

The Management Board reports to the Supervisory Board and the General meeting of Shareholders.

1.3 INTERNAL AUDIT FUNCTION

The duty of the internal audit function is to assess the design and the operation of the internal risk management and control systems. The management board is responsible for the internal audit function. The supervisory board oversees the internal audit function and maintains regular contact with the person fulfilling this function.

As is the case with many small, listed companies in the Netherlands, NSI has not appointed an internal auditor as specified in best practice provision 1.3.1. The Supervisory Board assesses annually whether adequate alternative measures have been taken, partly on the basis of a recommendation issued by the audit committee and considers whether it is necessary to establish an internal audit department and includes the conclusions, along with any resulting recommendations and alternative measures, in the report of the Supervisory Board. In practice NSI has a comprehensive Internal Audit program and yearly executes several Internal Audits that are conducted by BDO accountants and reported to and discussed with the Audit committee.

1.4 RISK MANAGEMENT ACCOUNTABILITY

The management board discusses the effectiveness of the design and operation of the internal risk management and control systems with the Audit committee and renders account of this to the supervisory board.

1.5 ROLE OF THE SUPERVISORY BOARD

The primary duty of the Supervisory Board is to supervise the management exercised by the Management Board and the general developments at the company and its affiliated enterprise, as well as to advise the Management Board. In the performance of its duties, the Supervisory Board focuses on the interests of the company and its affiliated enterprise and on the effectiveness of the company's internal risk management and control systems and the integrity and quality of the financial reporting.

1.6 APPOINTMENT AND ASSESSMENT OF THE FUNCTIONING OF THE EXTERNAL AUDITOR

The external auditor is appointed by the General Meeting of Shareholders and attends the meeting of the Supervisory Board at which the financial statements are discussed and adopted in the presence of the Management Board. NSI publishes audited annual figures and reviewed semi- annual figures. NSI publishes a trading update for the first and third quarters, neither of which is reviewed or audited by the external auditor.
PricewaterhouseCoopers Accountants N.V. was appointed as NSI's external auditor in 2016.

1.7 PERFORMANCE OF THE EXTERNAL AUDITOR'S WORK

The audit committee and the external auditor discuss the audit plan and the findings of the external auditor based on the work the external auditor has undertaken. The management board and the supervisory board maintain regular contact with the external auditor.

2. EFFECTIVE MANAGEMENT AND SUPERVISION

2.1 MANAGEMENT BOARD COMPOSITION, SIZE AND DIVISION OF DUTIES

The Management Board consists of two directors: a CEO and a CFO. Directors are appointed by the General Meeting. The procedure for appointment and reappointment is specified in section (h) below.

The division of duties within the Management Board as well as the Board's operating procedures are set out in the Articles of Association and the Management Board regulations which are made available on the company's website. The functioning of the Management Board as a collective and the functioning of individual members is evaluated yearly.

2.2 SUPERVISORY BOARD COMPOSITION AND SIZE

In accordance with the company's Articles of Association, the Supervisory Board consists of at least three members who are appointed by the General Meeting of Shareholders. The Supervisory Board currently comprises five members. The procedure for appointment and reappointment is specified in section (h) below.

The profile of the Supervisory Board specifies the size, diversity and independence of the board and the desired expertise and background of the Supervisory Board members and which competencies should be represented in the Board. The profile is published on the company's website. The Supervisory Board strives to achieve a situation in which the experience and expertise of its members are appropriate in relation to the strategy and business activities of NSI, and cover specific areas of expertise, like financial management, sustainability and IT. The experience and expertise of the individual Supervisory Board members is detailed on page 89 and 90 of this annual report.

The Supervisory Board is composed in such a way that its members can operate independently and critically with regard to each other, the Management Board and any interest group. All Supervisory Board members are currently independent within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code. A supervisory director is considered to be independent if the dependence criteria stated in the Code do not apply. One of the members of the Supervisory Board is a shareholder in ICAMAP Investments SARL, which is holding over 10.0% of NSI shares as per 31 December 2021. This company has invested in NSI with a view to a long-term commitment and the respective Supervisory Board member actively ensures that no transactions in NSI shares take place during the closed periods and during periods when the member of the Supervisory Board has inside information at its disposal which has not yet been made public by the company.

2.3 SUPERVISORY BOARD ORGANISATION AND DIVISION OF DUTIES

The division of duties within the Supervisory Board as well as its operating procedures are laid down in the company's Articles of Association and the Supervisory Board regulations, both of which are made available on the company's website. The Supervisory Board has appointed an Audit Committee, a Remuneration Committee, a Selection and Appointment Committee, and a Real Estate Committee from within its ranks. The regulations of these committees can also be accessed via the website.

2.4 DECISION-MAKING AND FUNCTIONING

In its monitoring, the Supervisory Board focuses on the strategy for realizing long-term value creation which has been established for this purpose, as well as on the targets derived from this strategy. The Supervisory Board also monitors the process of acquiring, divesting, and investing in real estate, the financial reporting process, and compliance with laws and regulations.

The Supervisory Board monitors the internal control structure and procedures and the assessment of the risks faced by the company and its subsidiaries. During 2021 the systems and procedures functioned in accordance with their intended purpose and there were no issues that raised doubt as to whether the internal control structure and procedures functioned adequately.

The Supervisory Board reports to the General meeting of Shareholders. The functioning of the supervisory board as a collective and the functioning of individual members is evaluated yearly.

2.5 CULTURE

NSI has a mature, open culture that encourages employees to speak up.

The NSI Code of Conduct outlines the main integrity risks NSI may encounter in its business and the way it wishes to deal with these risks. The Code of conduct is published on the company's website.

2.6 COMPLIANCE

The Code of Conduct contains a procedure for reporting actual or suspicion of misconduct or irregularities. The management board monitors the effectiveness and compliance with the Code and reports about this in every meeting with the Audit Committee.

2.7 PREVENTING CONFLICTS OF INTEREST

In accordance with its regulations, the Supervisory Board is responsible for decision-making in dealing with existing or potential conflicts of interest between Management Board members, Supervisory Board members and the external auditor, on the one hand, and the company, on the other. Under the provisions of the Dutch Financial Supervision Act (Wet op het financieel toezicht or Wft) and EU-IFRS, the item 'related parties' in the annual financial statements specifies transactions between the company and related parties, including members of the Management Board and the Supervisory Board, as well as transactions involving one or more related parties. The item also states to what extent such transactions were entered into at market conditions. No such transactions between the company and related parties took place in the 2021 financial year.

3. REMUNERATION

3.1 REMUNERATION POLICY – MANAGEMENT BOARD

The General Meeting determines the remuneration policy for the Management Board, in accordance with the relevant statutory provisions. The Supervisory Board makes a proposal to that end. The remuneration policy focusses on long-term value creation for the company and its affiliated enterprise and takes into account the internal pay ratios within the enterprise. The 'Remuneration Policy for Members of the Management Board of NSI' is published on the website.

3.2 DETERMINATION OF MANAGEMENT BOARD REMUNERATION
The Supervisory Board establishes the remuneration and other terms of service for members of the Management Board in accordance with the remuneration policy for the Management Board.

3.3 REMUNERATION – SUPERVISORY BOARD
The Supervisory Board members receive a remuneration in accordance with the 'Remuneration Policy for Members of the Supervisory Board of NSI' which is published on the company's website. The General Meeting determines the remuneration policy for the Supervisory Board, in accordance with the relevant statutory provisions.

3.4 ACCOUNTABILITY FOR IMPLEMENTATION OF REMUNERATION POLICY
In the remuneration report, the Supervisory Board renders account of the implementation of the remuneration policy. The report is posted on the company's website.

4. THE GENERAL MEETING
At least one General Meeting is held every year within six months of the end of the company's financial year. General Meetings of Shareholders are convened by the Management Board or the Supervisory Board. A legal term of at least 42 days applies between the convocation date of a General Meeting of Shareholders and the actual date of the meeting. The agenda of the general meeting shall list which items are up for discussion and which items are to be voted on. Listed items that are mentioned in best practice provision 4.1.3 of the Governance Code shall be dealt with as separate agenda items. The topics mentioned in article 23 section 3 of the Articles of Association are discussed when applicable.

Extraordinary General Meetings are held as often as the Management Board or the Supervisory Board deems necessary. Extraordinary General Meetings will also be held if the Management Board or the Supervisory Board is requested to that effect in writing by one or more holders of shares individually or jointly representing one-tenth or more of the issued capital, specifying in detail the subjects to be discussed.

The 2021 Annual General Meeting of Shareholders took place on 21 April. An extraordinary General meeting was held on 25 November 2021. The agenda's specifying the topics addressed by these meetings, the explanatory notes and the minutes of these meeting are published on the company's website.

INFORMATION SPECIFIED IN ARTICLE 10 SECTION 1
a - k of the EU Takeover Directive
EU Directive 2004/25/EC of 21 April 2004 (Takeover Directive) requires that companies the securities of which are admitted to trading on a regulated market publish detailed information in their annual report about the matters listed in paragraph 1 of Article 10 of the Directive. The following section contains this information about NSI.

a Capital structure, classes of shares, rights and obligations attached to shares
The authorised capital of the company is EUR 99,568,556.46 and is divided into 27,056,673 ordinary shares, each with a nominal value of EUR 3.68). At 31 December 2021, 19,698,207 shares were issued and fully paid up. The capital does not include securities which are not admitted to trading on a regulated market in a Member State.

Classes of shares
There are no different classes of shares. All shares have equal entitlement to the company's profit and reserves. Shareholders have the right to cast one vote for each ordinary share held;

Rights attached to shares
The rights vested in the shares are laid down in the Company's Articles of Association, which may be inspected on NSI's website. All shareholders shall be authorised – either in person or through a person with a written proxy – to attend the General Meeting, speak at the meeting and vote at the meeting.
Shareholders who individually or jointly represent at least three percent (3%) of the company's issued share capital may request that items be added to the agenda of the General Meeting of Shareholders. Such a request is granted if it is received in writing at least 60 days before the meeting, stating the reasons for said request.

Obligations attached to shares
Unless the provisions of article 2:80 of the Dutch Civil Code apply, the nominal amount shall be paid on a share when subscribing for that share, as well as the difference between the nominal amount and a higher amount if the share is subscribed for that higher amount.

Payments on shares must be made in cash unless an alternative contribution has been agreed upon. Payments in another currency than in which the nominal value of the shares is denominated can only be made upon approval by the company.

b Restrictions on the transfer of shares
NSI has not placed any restrictions on the transfer of its shares.

c Significant shareholdings
Notifications pursuant to the Dutch Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions Act were received from holders of ordinary shares representing more than 3% of the company's capital. According to the most recent notifications, these interests were as follows:

	31 December 2021	31 December 2020
ICAMAP Investments SARL	>10%	>10%
BlackRock, Inc.	5.7%	5.0%
Phoenix Insurance Company Ltd.	-	3.7%
Vanguard Group, Inc.	3.2%	< 3.0%
APG Asset Management N.V.	3.2%	3.3%
Clearance Capital Ltd.	3.1%	3.2%
Norges Bank	< 3.0%	4.2%

d securities with special control rights

No securities with special control rights have been issued

e The system of control of employee share schemes

There is no employee share scheme granting rights to employees to acquire shares in the company or any of its subsidiaries.

f Restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities

Shareholders may cast their votes in person or by proxy. All resolutions of the General Meeting of Shareholders are passed with an absolute majority of the votes cast, unless a larger majority is required by law or under the Articles of Association.

Deadlines for attending and exercising voting rights in General Meetings of Shareholders

Shareholders – and those deriving their right to attend or to attend and vote from shares for other reasons – shall notify the Management Board of their intention to attend no later than the date stated in the notice convening the meeting and in the manner stated in that notice in order to be allowed to attend the General Meeting and (to the extent that they have a vote) to be allowed to participate in voting.

The notice convening the meeting shall state the date by which the Management Board must have received the notification and the manner in which this notification must be given; this date may not be earlier than on the seventh day before the day of the General Meeting.

NSI does not cooperate with the issuance of depositary receipts for its shares.

g Shareholder agreements resulting in transfer or voting restrictions

The company is not aware of any agreements between shareholders that may result in restrictions on the transfer of shares or restrictions on the exercise of voting rights within the meaning of Directive 2001/34/EC.

h The rules governing the appointment and replacement of board members and the amendment of the articles of association

Appointment and replacement of management board members

The company is managed by a Management Board consisting of two members. The General Meeting shall appoint and dismiss the members of the Management Board. Each member of the Management Board will be appointed for a term of not more than four (4) years, and shall be eligible for re-election.

The General Meeting may suspend or dismiss a member of the Management Board at any time, providing the resolution to that effect is passed with a majority of at least two thirds of the votes cast that also represents more than half of the issued capital.

The Supervisory Board shall be authorised to suspend any member of the Management Board at any time.

Appointment and replacement of supervisory board members

The members of the Supervisory Board shall be appointed by the General Meeting. Each member of the Supervisory Board will be appointed for a term of not more than four (4) years. A member can be reappointed once for a term of not more than four (4) years. After this a member can be reappointed for a term of not more than two (2) years, with the possibility of reappointment for a term of not more than two (2) years for each reappointment.

At the General Meeting only candidates whose names are stated on the agenda of the meeting can be voted on for appointment as member of the Supervisory Board.

Each member of the Supervisory Board can at all times be suspended or removed from office by the General Meeting. A resolution to suspend or remove a member of the Supervisory Board requires a majority of two thirds of the votes cast, representing more than one half of the issued capital of the company.

Amendment of the articles of association

If a proposal to amend the Articles of Association is put to the General Meeting, that proposal shall always be stated in the notice convening the General Meeting.

The shareholders shall be given the opportunity to obtain a copy of the proposal, from the day when the proposal is filed at the company's offices until the day of the General Meeting. These copies shall be provided free of charge.

A resolution to amend the Articles of Association may only be passed by a simple majority of the votes cast at a General Meeting.

i The powers of board members, and in particular the power to issue or buy back shares

The Management Board is tasked with managing the company, in accordance with the law and the articles of association which may require the management board to obtain prior approval of the general meeting or of the Supervisory Board before making a decision or perform legal actions. The Management Board shall represent the company, unless Dutch law provides otherwise.

Issuing of shares in general

Shares can only be issued pursuant to a resolution of the General Meeting if the General Meeting has not designated this authority to another corporate body of the company for a period not exceeding five years. Unless otherwise decided, the designation cannot be revoked. The designation may be extended from time to time, for periods not exceeding five years. A resolution of the General Meeting to issue shares or to designate another corporate body of the company authorised to do so can only take place at the proposal of the Management Board and after prior approval of the Supervisory Board.

The resolution to issue shares shall stipulate the price and further conditions of the issue of the relevant shares.

Upon the issue of shares, each holder of shares shall have a preferential right to subscribe for shares being issued in proportion to the aggregate nominal amount of his existing shares, unless such right is withheld by mandatory provisions of the law.

The preferential right can be limited or excluded by the General Meeting subject to the formalities prescribed by law or by the corporate body of the company authorised to issue shares if it has been given this authority.

Buyback of shares in general

The company may acquire shares in its own share capital for no consideration. The company may also acquire shares in its own share capital for valuable consideration if and in so far as:

a its shareholders equity less the purchase price for these shares is not less than the aggregate amount of the paid up and called up capital and the reserves which must be maintained pursuant to the law;
b the aggregate par value of the shares in its capital which the company acquires, already holds or on which it holds a right of pledge, or which are held by a subsidiary company, amounts to no more than one-tenth of the aggregate par value of the issued share capital; and
c the General Meeting has authorized the Management Board to acquire such shares, which authorization may be given for no more than eighteen months on each occasion,

Any acquisition by the company of partly paid-up shares in its own capital or depositary receipts for those shares shall be null and void, notwithstanding the provisions of article 2:98 paragraph 6 of the Dutch Civil Code.

Powers of board members, to issue or buy back shares

In the General Meeting of Shareholders of 21 April 2021 the Management Board was authorized to:

- issue ordinary shares including the granting of rights to acquire ordinary shares after having obtained approval from the Supervisory Board limited to a maximum of 10% of the outstanding number of shares on the date of issue. This authorisation was limited to a period of 18 months, which period can be extended at a meeting of shareholders at the request of the Management Board and Supervisory Board. the Management Board was also designated as the body authorised to limit or exclude the pre-emptive rights that take effect upon the issue of ordinary shares or granting of rights to acquire ordinary shares (after having obtained approval to do so from the Supervisory Board).
- issue ordinary shares including the granting of rights to acquire ordinary shares after having obtained approval from the Supervisory Board limited to a maximum of 10% of the outstanding number of shares on the date of issue, in excess of the 10% referred to in the previous paragraph. This authorisation may be used by the Management Board only in case of the following specific circumstances: the distribution of a stock dividend, the implementation of a merger or a takeover, and/or the acquisition of property assets or property portfolios or the refinancing thereof.
- This authorisation was limited to a period of 18 months, which period can be extended at a meeting of shareholders at the request of the Management Board and Supervisory Board.
- buy back the company's own shares on the stock market or otherwise, up to a maximum of 10% of the outstanding number of shares, on condition that the company may not hold more than 10% of the issued capital (after having obtained approval for this from the Supervisory Board). Ordinary shares can be acquired for a price that lies between the nominal value of a share and 10% above the average closing price of the share calculated over five trading days prior to the day of purchase. This authorisation was limited to a period of 18 months, which period can be extended at a meeting of shareholders at the request of the Management Board and Supervisory Board.

j Change of control agreements

The agreements that NSI has with its financiers include the provision that in the event of a change in the control of NSI, the financiers have the possibility of demanding that the loans be redeemed early. This could for instance come into effect after a successful public offer for the NSI shares.

NSI and its subsidiaries have entered into an important agreement that contains a clause that in the event of a change of control the other party has the right to terminate the agreement and receive substantial reimbursements for investments in the fit out of an office. This clause aims to prevent and would come into effect in case of a transfer of the control over NSI to a party that is mentioned on the Specially Designated Nationals and Blocked Persons List, as from time to time published by the US Office of Foreign Assets Control (OFAC), or to a party who is otherwise subject to economic or financial sanctions by the relevant authorities of the US, the EU or The Netherlands.

k Agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

The Company has made no agreements with members of the Executive Board or employees that provide for remuneration upon termination of employment resulting from a public bid within the meaning of Article 5:70 of the Financial Supervision Act.

DETAILS MANAGEMENT BOARD

Mr B.A. Stahli (1971)
CEO of NSI

Nationality Dutch

Previous positions Head of European Real Estate and member of the Management Team at Kempen & Co Securities, Head of European Real Estate Research at Merrill Lynch London, Head of Global Real Estate Securities Fund at Aegon, Analyst US and Portfolio Manager Asia Real Estate Securities at APG

Education Economics at the Vrije University Amsterdam, CFA Charterholder, CFA Institute

First appointment 1 September 2016

Current term To 31 August 2024

Mrs A.A. de Jong (1975)
CFO of NSI

Nationality Dutch

Previous positions Several management positions at Schiphol Real Estate, a subsidiary of Schiphol Group, including Manager Portfolio Management, Business Area Controller and Senior Business Controller. Audit Manager at international business unit of Audit & Assurance at PricewaterhouseCoopers Accountants N.V.

Education Business Administration for the Financial Sector at the Vrije University Amsterdam, Chartered Accounting at the Vrije University Amsterdam

First appointment 15 September 2017

Current term To 15 september 2025

HONOURING THE PAST
EMBRACING THE FUTURE

For NSI taking care of cultural heritage is part of its corporate responsibility. NSI has four buildings classified as monuments in its portfolio, in which it invests to ensure that they meet today's requirements, while respecting their historical character. This way, the beauty of these monumental buildings, and the story they tell about the past, will be preserved for future generations.

VEERKADE IN SCHEEPVAARTKWARTIER
HISTORICAL BUILDINGS IN ROTTERDAM

Centrally located between the Maas Tunnel and the Erasmus Bridge, Scheepvaartkwartier district is a historical building in the centre of Rotterdam that was spared from the bombardments of WW2.

With 97 listed buildings, more than any other district of Rotterdam, this is a truly unique part of Rotterdam. NSI's 5.785 sqm buildings at Veerkade 1-9 in Rotterdam look out onto the historic Veerhaven harbour and the impressive Kop van Zuid docklands.

At present the buildings at Veerkade 1-9 are fully let. Tenants praise the historic character of the building, the location with its views over Veerhaven and its situation directly on the banks of the river Meuse. Consequently they are prepared to pay higher levels of rent than in other parts of the city. NSI continues to invest in these buildings by modernising and optimising the communal spaces and creating roof terraces for the tenants.

Veerkade 1-9 still has a lot of potential. If the buildings were ever to be restored to their original residential purpose it is reasonable to assume that they would rise sharply in value. Luxury apartments and penthouses in similar monumental buildings in the Scheepvaart-kwartier district command an asking price of around 7,500 euros per square metre. Veerkade 1-9 is currently valued at 2,900 euro per sqm.


1


3


2

1 Home of Marten Mees until 1908.

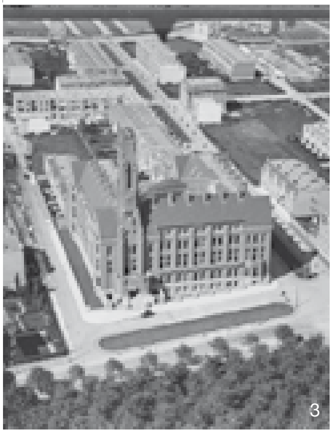
2 Painting dating from the period 1852-1862.

3 Picture taken from Veerhaven in around 1915.

DE RODE OLIFANT
ICONIC BUILDING IN THE HAGUE

The Rode Olifant ('the Red Elephant') is one of most iconic buildings in The Hague. Covering over 10,000 sqm, The Red Elephant is an imposing building built in the Amsterdam School style, an architectural style known for its use of brick for structure, a rounded appearance, decorative masonry, and 'ladder' windows.

It is strategically located along the access route from the highway to the city centre. The prestigious building that was being built by the American Petroleum Company, had to be taller than that of rival Shell, which was located close by on the other side of the Malieveld grass field, resulting in a tower of 56 metre height. The building owes its name to a sculpture of an elephant's head in the towerand thered-brown colour of the 3.5 million bricks used in the building.
As a result of the acquisition of Vastned Office/Industrial, NSI became the owner of the Rode Olifant in 2011. At the time the building had a lot of overdue maintenance, and it was not suitable for multi-tenant use. In 2012, NSI restored this monumental building to its original state by reinstating the original height of the spaces, repairing the coffered ceilings and concrete structure, restoring the natural stone stairs and walls, and reinstating the atrium's layout. The massive renovation also included installations and related systems, improving the energy label from G to A. Also was the building now equipped for multi-tenant use, meaning that it now suited to the concept of Spaces, which has been the single tenant since 2012.



1 American Petroleum Company / Esso 1981.

2 Atrium 1920s from above.

3 Aerial photograph of The Hague, The Netherlands - 1920 - 1940

THE ATLANTA BUILDING

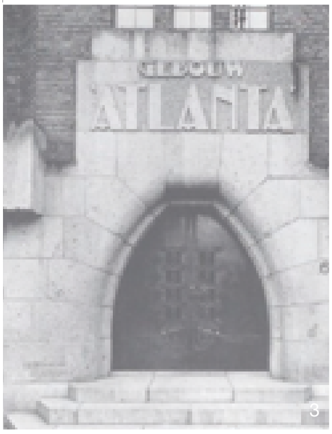
BRICK BUILDING IN AMSTERDAM'S CENTRE

The circa 6,500 sqm Atlanta building at Stadhouderskade 5-6 in the city centre of Amsterdam was completed in 1929 and acquired by NSI in 2021.

Whilst the asset is in an excellent central location nowadays, as the city has sprawled over the years, it was a far from ideal office location at the time: outside the historic city centre and far from the stock exchange area, where most economic activity was concentrated.

The previous owner started a major renovation, adding new elevators and focussing on improving the sustainability of the building. The rear façade has been insulated, window frames were replaced and a heat pump was installed, improving the energy label from F to A. In 2018, the building was classified as a municipal monument by the city of Amsterdam.

The architect F.A. Warners was far ahead of his time: the property was built on an almost square plot with a concrete structure. This ensured that a flexible layout was possible so that tenants could organise their space according to their own requirements. Very beneficial to its current use, as it is now being leased to flexible office operator WeWork.



1 Atlanta building in 1931.

2 Atlanta building in 1950.

3 Main entrance Atlanta in 1932.

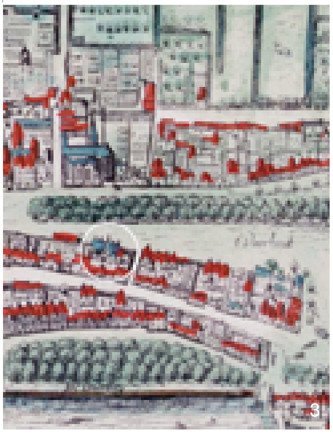
BENTINCKHUIS

ICONIC BUILDING WITH A RICH HISTORY

Bentinck Huis is an iconic building located at Lange Voorhout 7, one of the most beautiful and best-known streets of The Hague. This national monument has a rich history that stretches to well over six hundred years.

The first mention of a property at Lange Voorhout 7 dates back to 1415. The timeline of Bentinck Huis, which for centuries housed many important politicians, is closely linked to the development of the nearby houses of parliament 'Binnenhof' and Lange Voorhout, the pre-eminent avenue in The Hague. The building owes its name to own its previous owners back in 1700, Count Hans Willem Bentinck.

NSI acquired Bentinck Huis in 2018, and subsequently transformed it to a highly sustainable building, including the latest technologies, whilst fully respecting its historical grandeur. The building, now having an energy label A and a BREEAM-NL In-Use Excellent certificate, is fully let to the Dutch Central Government Real Estate Agency (Rijks-vastgoedbedrijf).



1 Bentinck Huis, 1751, Paulus Constantijn la Fargue, 1751 – 1757.

2 Ministry of the Navy in The Hague during the fire in 1844.

3 Map drawn in 1617 by A. Hierat & A. Hogenberg.

REPORT OF THE SUPERVISORY BOARD

TO THE GENERAL MEETING OF SHAREHOLDERS

We, the Supervisory Board of NSI N.V. (NSI), hereby present you with the annual report prepared by the Management Board for the 2021 financial year. PricewaterhouseCoopers Accountants N.V. has audited the financial statements and has issued an unqualified opinion (page 135-142). We will recommend that the financial statements be adopted at the General Meeting of Shareholders on Friday 15 April 2022. The discharge of the Management Board in respect of the policy pursued in 2021 and of the Supervisory Board from the supervision it provided in 2021 will be addressed as separate agenda items at this General Meeting of Shareholders.

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board currently consists of five members.

In May 2021 Luurt Van der Ploeg decided to step down both as Chairman and as member of the Supervisory Board effective 1 August, as he foresaw a potential conflict of interest given his position as member of the Board of Directors at a company that could potentially tender to provide a variety of services in relation to NSI's development activities. The Supervisory Board is very grateful for Luurt van de Ploegs professional and positive leadership during the past years and for the many contributions he has made to the transformation of NSI.

A search for a new member and chair was initiated which resulted in the appointment of Jan Willem de Geus, by the EGM of 25 November 2021. From 1 August until 25 November Karin Koks – Van der Sluijs temporarily acted as chair and Jan Willem Dockheer temporarily acted as vicechair of the Supervisory Board.

RESIGNATION ROTA FOR SUPERVISORY BOARD MEMBERS

	First appointment	End of current term	End of Ultimate term
Jan Willem de Geus	2021	2025	2033
Karin Koks- Van der Sluijs	2016	2024	2028
Harm Meijer	2016	2024	2028
Margreet Haandrikman	2017	2025	2029
Jan Willem Dockheer	2020	2024	2032

DUTIES AND INDEPENDENCE

The role and responsibilities of the Supervisory Board, its composition and how it carries out its duties are specified in the Supervisory Board regulations which are posted on the company's website. A summary of the duties of the Supervisory Board can be found in the Corporate Governance section (pages 74-78).
In the opinion of the Supervisory Board the independence requirements referred to in best practice provisions 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code have been fulfilled. In relation to best practice provision 2.1.8.vi it is noted that Mr. Meijer is a shareholder in ICAMAP Investments SARL, which is holding more than 10% of the shares in NSI. As of the date of publication of this report, Mr. Meijer himself held no shares in NSI.

MEETINGS AND ATTENDANCE

The Supervisory Board met on twelve occasions during the year under review. The attendance (rate) at these meetings was as follows

Full year 2021	Vd Ploeg	Koks	Haandrikman	Meijer	Dockheer	De Geus
	100%	100%	100%	80%	100%	100%
25 Jan	present	present	present	present	present	No member
4 March	present	present	present	present	present	No member
14 April	present	present	present	present	present	No member
15 April	present	present	present	present	present	No member
9 June	present	present	present	present	present	No member
12 July	present	present	present	absent	present	No member
30 Sept	No member	present	present	present	present	As guest
13 Oct	No member	present	present	present	present	As guest
24 Nov	No member	present	present	present	present	As guest
15 Dec	No member	present	present	absent	present	present

The attendance rate at the committee meetings was 100%.

REPORT OF THE ACTIVITIES OF THE SUPERVISORY BOARD

Seven meetings were regular Supervisory Board meetings which commence with a preparatory meeting which is held without the Management Board being present, after which the members of the Management Board attend the rest of the meeting. During these regular meetings the general state of affairs and the company's financial position were discussed. Furthermore, there were discussions with the Management Board on various occasions regarding the implementation of the long-term value creation strategy, the implementation of the business plan, the budget and targets, shareholder relations, acquisitions and disposals, development projects and the main risks associated with the company and the mitigating measures taken in this regard. Developments in the real estate markets and the effects on the composition of the real estate portfolio as well as the occupancy rate were frequently discussed and assessed. Matters including the value of real estate and the valuation methodology, the system of internal controls and risk control procedures, and corporate governance also had the Supervisory Board's constant attention.

LONG TERM VALUE CREATION AND STRATEGY

In the meetings of 25 January, 14 and 15 April, 12 July and 13 October and during a call on 13 July, the Supervisory Board met to monitor the implementation of the company's strategy, approve the quarterly, half year or full year results and (interim)dividends and to discuss the pertaining press releases, making sure our shareholders and the market at large are adequately informed about the state of affairs and financial position of the company and about its outlook.

On 12 January the Board held a call to discuss the acquisition of two assets in Amsterdam and one in Rotterdam.

On 9 June and 30 September, the Supervisory Board brainstormed with the Management Board about trends and developments in society, and the implications thereof for our long term value creation model and strategy.

On 24 November the Supervisory Board discussed a draft five-year Business plan (period 2022-2026) and the Budget for the following year (2022) put forward by management. In this meeting and the subsequent discussions about the strategy the Board focussed on the strategy's implementation and feasibility, the company's operational, financial and ESG goals and their impact on NSI's future position in the real estate market, the interests of stakeholders and other aspects important to the company, such as sustainability and integrity.

These discussions lead to an update and finetuning of the Business plan and Budget which were discussed and approved in their final form in the meeting of 15 December of the Supervisory Board. The 2022 – 2026 Business plan is based on a total return and cost efficiency approach, focusing on the "as-is" real estate portfolio and on the Development of existing locations. The budget for 2022 is in accordance with this plan.

RISK MANAGEMENT, INTERNAL AND EXTERNAL AUDITING

Throughout 2021 the Supervisory Board maintained regular contact with the external auditor, primarily during the meetings of the Audit Committee. The external auditor attended the meeting of 4 March 2021 at which the report of the external auditor on the audit of the financial statements 2020 was discussed as well as the comments of the external auditor on the Management Report and the Remuneration report.

In the meeting of 15 December 2021, the Audit Committee reported on the draft 2021 management letter of the external auditor and the Risk and control framework of the company, in particular the analysis of the identified risks associated with the strategy and activities of the company, the risk appetite and the mitigating measures that have been put in place in order to counter the risks.

In the same meeting the audit committee reported on the functioning of, and the developments in, the relationship with the external auditor. The discussion of the effectiveness of the internal risk management and control systems during the year was postponed and took place in February 2022.

INTERNAL AUDIT FUNCTION

NSI has no separate department to perform the internal audit function. The Supervisory Board assesses annually whether adequate alternative measures have been taken and whether it is necessary to establish an internal audit department. In the meeting of 15 December 2021, the Supervisory Board discussed the report of the Audit Committee about the effectiveness of the internal and external audit function. In line with a recommendation by the Audit Committee issued in consultation with the external auditor and the Management Board, the Supervisory Board has considered that NSI has only circa 50 FTEs, no activities outside the Netherlands, and operates in a very limited number of market segments. Given the fact that NSI uses external expertise to conduct internal audits based on an internal audit plan that is composed in consultation with the Audit Committee, the Supervisory Board is of the opinion that adequate alternative measures have been taken and that there is therefore no need to establish an internal audit department for this purpose. In accordance with an internal audit plan approved by the Supervisory Board a number of internal audits will be conducted under the supervision of the CFO in 2022.

PRIOR APPROVAL OF DECISIONS BY THE MANAGEMENT BOARD

Important decisions above a certain threshold require prior approval from the Supervisory Board. Decisions on acquisitions, investments and disposals up to a threshold of €5 million are made solely by the Management Board, decisions above this threshold require approval of the Real estate Committee and decisions above a threshold of €20 million require an advice by the Real Estate Committee and a subsequent approval by the full Supervisory Board. The Real Estate Committee is involved at an early stage in all material decisions concerning the company's real estate portfolio. This mechanism functions well and contributes to the execution power and efficiency of the company.

During the approval process the Supervisory Board assesses whether the proposed decision contributes to the implementation of the strategy including the ESG ambitions. In various meetings during the year the Supervisory Board dealt with acquisitions or acquisition opportunities of offices and with various development and redevelopment opportunities.

DEVELOPMENT

During 2021 NSI's development capacities were further strengthened. In several meetings the Supervisory Board discussed the organisational requirements, additional risks, mitigating measures and the internal control framework related to the Development activities. At several meetings the Board discussed and approved budgets for Development plans and projects and monitored the progress of the projects and the related costs. The Supervisory Board also discussed the demarcation of the various aspects of supervision of these projects between the Audit Committee, the Real Estate Committee and the full Supervisory Board and the safeguards for timely and sufficient information of all Supervisory Board members about the status of the projects.

EVALUATIONS

On 4 March 2021 the Supervisory Board discussed the functioning of the Management Board as a whole and of the individual members of the Management Board. The conclusions of these evaluations were shared with the Management Board. These were also used to decide on the performance on the personal targets under the Short-Term Incentive for the CEO and CFO and as input for the target setting for the Management Board for 2021 under the Short-Term Incentive plan.

On 15 December 2021 the Supervisory Board conducted an evaluation of its own functioning of that of its committees and of the individual members by means of a self-assessment based on a list of questions.

The evaluation of the functioning of the committees confirmed the conclusions of last year's evaluation. The Committees play an important role in the preparation of the meetings and decisions of the Supervisory Board. The focus of the Audit Committee is on fulfilling the critical constructive supervisory role of the Board, whereas the Real Estate Committee also plays an important advisory role and functions as a sounding board for the Management Board. The Heads of the Portfolio Management, Development, Transactions departments regularly participate in the Real Estate Committee meetings, and the Head of Finance regularly participates in the Audit Committee meeting giving the Supervisory Board direct contact to middle management.

At the meeting of 15 December 2021, the Supervisory Board discussed any other positions held by the members of the Management Board and Supervisory Board.

EDUCATION

On 15 April the Supervisory Board attended a presentation about various topics of company and securities law.

On 9 June presentations about customer excellence, client surveys, marketing and about technical innovations were attended in relation to Sustainability, Smart Buildings and Developments and a site visit to the recently acquired Atlanta office at the Stadhouderskade in Amsterdam was made to study the flex concept of our tenant WeWork and discuss it with their management.
On 30 September the Supervisory Board attended presentations about demographic developments in the Netherlands and their consequences for work and office locations as well as about trends in the real estate market, especially in Amsterdam.
During 2021 the members of the Supervisory Board have also attended individual trainings in the context of their permanent education on matters such as governance, finance, and real estate.

DIVIDEND POLICY

The current dividend policy, adopted by the General Meeting of Shareholders in 2014, stipulates that:

- at least 75% of the direct result is distributed.
- for practical reasons a dividend is distributed twice a year: an interim divided after the first six months and a final dividend following adoption by the General Meeting of Shareholders.

On 15 April 2021 the Supervisory Board authorised the issuance of shares for those shareholders who opted for distribution of the final dividend for 2020 in shares. The General Meeting of Shareholders approved the issuance on 21 April 2021.

On 12 July 2021 the Supervisory Board approved the interim dividend for 2021 and authorised the issuance of shares for those shareholders who opted for distribution of the interim dividend for 2021 in shares.

2021 FINAL DIVIDEND PROPOSAL

In line with the applicable dividend policy (i.e. a pay-out of at least 75% of the direct result), NSI is proposing a final dividend for 2021 of € 1.12 per share. That brings the total dividend for 2020 to € 2.16 per share, of which € 1.04 per share was distributed as an interim dividend on 6 August 2021.
NSI is offering shareholders the option to receive the final dividend in cash and/or fully or partly in shares. The voluntary nature of this option provides more possibilities for shareholders while enabling NSI to retain liquidity in the company. This cash can then be used for investment or loan repayment purposes. Provided that the General Meeting of Shareholders approves this dividend proposal, the final dividend will be payable on 10 May 2021.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board has four committees in place to optimise the operation of the Board: the Remuneration Committee, the Selection and Appointment Committee, the Audit Committee and the Real Estate Committee.

REMUNERATION COMMITTEE

From 1 January to 1 Augustus 2021 the Remuneration Committee consisted of Jan Willem Dockheer (Chair) and Luurt van der Ploeg (member).

From 1 August to 25 November 2021 the Committee consisted of Jan Willem Dockheer (Chair) and Karin Koks-Van der Sluijs (member).
From 25 November to 31 December 2021 the Committee consisted of Jan Willem Dockheer (Chair) and Jan Willem de Geus (member).

The role and responsibilities of the Remuneration Committee, its composition and how it carries out its duties are specified in the Remuneration Committee regulations which are posted on the company's website.

The Remuneration Committee had one joint meeting with the Selection and Appointment Committee in the year under review to discuss the performance of the members of the Management Board with respect to their individual targets for 2020 under the Short-Term Incentive for the CEO and CFO.

The Remuneration Committee had one joint meeting with the Selection and Appointment Committee in the year under review to discuss the establishment of collective and individual targets for 2021 linked to the Short-Term Incentive of the members of the Management Board. The applicable performance measures were set to foster short-term results needed for sustainable value creation with respect to the most important achievement areas of the company. The targets and the performance levels were based on the business plan and budget and included a mix of financial and nonfinancial KPI's including ESG related targets. The targets were aligned with the targets set for the employees and fixed after scenario planning's had been carried out to ensure a proper relation between performance and remuneration levels.

REMUNERATION POLICY AND REPORT

For a detailed overview of the Remuneration Policy and the way this has been executed in the year under review please refer to the separate Remuneration Report 2021.
The remuneration report (dated 3 March 2022) is posted on the company's website. The report will be presented to the AGM of 15 April 2022 for an advisory vote.

SELECTION AND APPOINTMENT COMMITTEE

From 1 January to 1 Augustus 2021 the Selection and Appointment Committee consisted of of Jan Willem Dockheer (Chair) and Luurt van der Ploeg (member).
From 1 August to 25 November 2021 the Committee consisted of Jan Willem Dockheer (Chair) and Karin Koks-Van der Sluijs (member).
From 25 November to 31 December 2021 the Committee consisted of Jan Willem Dockheer (Chair) and Jan Willem de Geus (member).

The role and responsibilities of the Selection and Appointment Committee, its composition and how it carries out its duties are specified in the Selection and Appointment Committee regulations which are posted on the company's website.

The Selection and Appointment Committee had two meetings with the Remuneration Committee in the year under review to discuss the achievement of the 2020 individual targets of the members of the Management Board linked to their Long-Term Incentive and Short-Term Incentive Plan and the establishment of the 2021 individual targets for the members of the Management Board linked to their Long-Term Incentive and Short-Term Incentive and target pay out (for the CIO) and

The Selection and Appointment Committee met several times and had several calls with the Supervisory Board in relation to the search for and appointment of Jan Willem de Geus as a new member and chairman of the Supervisory Board and of the evaluation and reappointment of Alianne de Jong as CFO and of Margreet Haandrikman as member of the Supervisory Board.

AUDIT COMMITTEE

During 2021 the Audit Committee consisted of Margreet Haandrikman (Chair) and Karin Koks-Van der Sluijs (member). The Audit Committee met on five occasions in the year under review. The role and responsibilities of the Audit Committee, its composition and how it carries out its duties are specified in the Audit Committee regulations which are posted on the company's website.

Audit Committee meetings pay special attention to the opportunities and risks that the company faces.
The Audit Committee regularly conferred with the external auditor, of which once without the presence of the Management Board.
The Audit Committee made a recommendation to the Supervisory Board to enable the supervisory board to assess – as there is no separate department for the internal audit function- whether adequate alternative measures have been taken and whether it is necessary to establish an internal audit department.

In 2021 the Audit Committee discussed and was particularly involved in the assessment and/or monitoring of:

A the operation and effectiveness of the internal risk management and control systems, as well as the probability and impact of certain risks, in particular risk and reporting requirements in relation to development activities;
B compliance with relevant legislation and regulations as well as compliance with the internal regulations;
C the provision of financial information by the company, including the discussion of position papers on the proper application of IFRS standards;
D ESG reporting;
E the yearly evaluation of the internal audit charter, the internal audit plan for 2021 and internal audit findings; in 2021 the internal audits focussed on HRM, Project Development, Taxes, Procurement, and the implementation of the General Data Protection Regulation;
F evaluation of the functioning of the external accountant and the relationship with the external auditor, reporting the results of the evaluation to the Supervisory Board and informing the external auditor about the main topics of the evaluation;

G discussions with the external auditor about the 2021 audit plan, the audit report and the management letter of the external auditor, compliance with recommendations from and the follow-up of remarks by the external auditor, also with regard to ICT systems;
H the application of information and communication technology and measures to improve cybersecurity;
I the description or improvement of internal processes such as the process for development projects;
J the evaluation of the Bentinckhuis redevelopment project with a view to lessons learned for future Capex budgets and for monitoring the progress of development projects in general and
K a renewal of the RCF, with an introduction of Green Financing.

REAL ESTATE COMMITTEE

During 2021 the Real Estate Committee consisted of Harm Meijer (Chair) and Karin Koks-Van der Sluijs (member).

The role and responsibilities of the Real Estate Committee, its composition and how it carries out its duties are specified in the Real Estate Committee regulations which are posted on the company's website. Real Estate Committee meetings pay special attention to the feasibility of the strategy, the implementation of the business model, and the real estate market.

The Real Estate Committee had five regular meetings with the Management Board and had several additional conference calls between meetings.

In 2021 the Real Estate Committee was particularly involved in:
A meeting regularly with management to discuss the portfolio strategy, hold/sell analyses, market updates, occupancy, retention and new leases;
B evaluating proposed management decisions, specifically with regard to real estate transactions (acquisitions, disposals and investments);
C discussing the acquisition policy and advising the Supervisory Board on several acquisition opportunities and on the acquisition of two assets in Amsterdam and one in Rotterdam.
D discussing and approving the disposal of a number of non-core assets;
E discussing the status of the Development organisation and projects, in particular the Laanderpoort development in Amsterdam South East and the Vitrum and Vivaldi III developments in the Amsterdam Southaxis area;
F assessing asset business plans for all major offices including HNKs; and discussing the analysis (financial and qualitative) of the assets on portfolio level and improvements with regard to sustainability;
G discussing the transformation potential within the portfolio and
H holding discussions with management with regard to the HNK strategy, positioning, product offering, ESG ambition, organisation, cost structure and returns.

IN CONCLUSION

2021 was a year of several divestments en route to a concentrated office portfolio and a full exit from shopping centres at year end. Major strides were set towards the start of the three large Development projects. The challenges set by Covid-19 and the work from home situation required hard work and resilience from the Management Board and employees alike. The Supervisory Board wishes to express its gratitude for the efforts they made and successes they realised in the year under review.

Hoofddorp, 3 March 2022

The Supervisory Board,

Jan Willem de Geus, *Chair*
Karin Koks-Van der Sluijs, *Vice Chair*
Harm Meijer
Margreet Haandrikman
Jan Willem Dockheer

DETAILS OF THE SUPERVISORY BOARD

Mr J.W. de Geus (1966)
Chairman

Nationality Dutch

Current position Senior Advisor Proprium Capital Partners

Additional positions Non-Executive Board member of YAYS Group, Non-Executive Board member of AVID Property Group, Chairman of the Board of the Asian Association for Investors in Non-listed Real Estate Vehicles (ANREV)

First appointment 2021

Current term To 2025

Mrs K.M. Koks - Van der Sluijs (1968)
Vice Chairman

Nationality Dutch

Current position Managing Director, Portfolio Management Greystar Europe

Additional positions None

First appointment 2016

Current term To 2024

Mr J.W. Dockheer (1973)

Nationality Dutch

Current position CEO Delhaize Serbia, at Ahold Delhaize

Additional positions None

First appointment 2020

Current term To 2024

Mr H.M.M. Meijer (1975)

Nationality Dutch

Current position Founding partner of ICAMAP, Board Member and Managing Director at ICAMAP Advisory

Additional positions Non-executive Chairman of easyHotel plc

First appointment 2016

Current term To 2024

Mrs G.M. Haandrikman (1965)

Nationality Dutch

Current position Independent supervisory board member and advisor

Additional positions Chair of the Supervisory Board De Bos, Onderlinge van 1719 UA, Chair of the Supervisory Board of Lemonade NV., Member of the Supervisory Board Centramed, Member of the Supervisory Board Monuta Holding and Monuta Verzekeringen NV, Member of the Board of Monuta Stichting, Member of the Supervisory Board Stichting Pensioenfondsen Huisartsen, Member of the Supervisory Board and chair of the Audit Committee Stichting RADAR Inc, Member of the Board Stichting for the holding and administration of shares under the RDS employee shareplans.

First appointment 2017

Current term To 2025

CONTENT

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

(x € 1,000)

	Note		2021		2020
Gross rental income	2		77,507		76,854
Service costs recharged to tenants		12,659		12,612	
Service costs		-14,532		-14,390	
Service costs not recharged	2		-1,873		-1,778
Operating costs	2, 3		-12,362		-14,610
Net rental income			**63,272**		**60,466**
Revaluation of investment property	4		63,149		-64,965
Net result on sale of investment property	5		10,207		720
Net result from investments			**136,628**		**-3,778**
Administrative costs	6		-7,612		-7,096
Other income and costs	7		-170		-747
Financing income		45		1	
Financing costs		-9,330		-8,439	
Movement in market value of financial derivatives		1,401		-365	
Net financing result	8		-7,884		-8,803
Result before tax			**120,962**		**-20,424**
Corporate income tax	9		-2		10
Total result for the year			**120,961**		**-20,414**
Other comprehensive income / expense					
Total comprehensive income / expense for the year			**120,961**		**-20,414**
Total comprehensive income / expense attributable to:					
Shareholders			120,961		-20,414
Total comprehensive income / expense for the year			**120,961**		**-20,414**
Data per average outstanding share:					
Diluted as well as non-diluted result after tax (€)	17		6.20		-1.07

The notes on pages 96 to 127 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2021

(x € 1,000)

	Note	31 December 2021	31 December 2020
Assets			
Investment property	10	1,338,034	1,240,192
Financial fixed assets	11	0	1,659
Tangible fixed assets	12	5,165	1,464
Intangible fixed assets	13	134	242
Other non-current assets	14	13,148	12,164
Non-current assets		**1,356,481**	**1,255,721**
Debtors and other receivables	15	4,015	2,226
Cash and cash equivalents	16	7,729	155
Current assets		**11,744**	**2,382**
Total assets		**1,368,225**	**1,258,103**
Shareholders' equity			
Issued share capital	17	72,489	70,992
Share premium reserve	17	916,768	918,275
Other reserves	17	-161,762	-114,416
Total result for the year		120,961	-20,414
Shareholders' equity		**948,457**	**854,438**
Liabilities			
Interest bearing loans	18	389,096	365,260
Derivative financial instruments	21	1,739	2,920
Other non-current liabilities	20	3,742	3,960
Non-current liabilities		**394,577**	**372,140**
Redemption requirement interest bearing loans	18	700	700
Derivative financial instruments	19		220
Creditors and other payables	21	24,485	30,216
Debts to credit institutions	22	7	390
Current liabilities		**25,192**	**31,525**
Total liabilities		**419,769**	**403,665**
Total shareholders' equity and liabilities		**1,368,225**	**1,258,103**

The notes on pages 96 to 127 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

(x € 1,000)

	Notes	2021		2020	
Result from operations after tax			120,961		-20,414
Adjusted for:					
Revaluation of investment property	4	-63,149		64,965	
Net result on sale of investment property	5	-10,207		-720	
Net financing result	8	7,884		8,803	
Corporate income tax	9	2		-10	
Depreciation and amortisation	6	477		546	
			-64,994		73,583
Movements in working capital:					
Debtors and other receivables		-3,427		-7,351	
Creditors and other payables		-5,527		4,545	
			-8,954		-2,807
Cash flow from operations			**47,013**		**50,362**
Financing income received			45		1
Financing costs paid			-10,135		-8,925
Settlement of derivatives					-1,411
Tax paid			12		-8
Cash flow from operating activities			**36,935**		**40,020**
Purchases of investment property and subsequent expenditure	10		-128,696		-54,276
Proceeds from sale of investment property	10		103,879		29,511
Investments in tangible fixed assets	12		-743		-7
Investments in intangible fixed assets	13		-33		-83
Cash flow from investment activities			**-25,593**		**-24,856**
Dividend paid to the company's shareholders			-26,942		-28,456
Proceeds from interest bearing loans	18		140,000		85,125
Transaction costs interest bearing loans paid			-744		-75
Repayment of interest bearing loans	18		-115,700		-60,850
Cash flow from financing activities			**-3,386**		**-4,255**
Net cash flow			**7,957**		**10,909**
Cash and cash equivalents and debts to credit institutions - balance as per 1 January			**-234**		**-11,143**
Cash and cash equivalents and debts to credit institutions - balance as per 31 December			**7,723**		**-234**

The notes on pages 96 to 127 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

(x € 1,000)

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**

2020

	Issued share capital	Share premium reserve	Other reserves	Result for the year	Shareholders' equity
Balance as per 1 January 2020	**69,617**	**919,661**	**-282,266**	**196,297**	**903,308**
Total result for the year				-20,414	-20,414
Total comprehensive income / expense for the year				**-20,414**	**-20,414**
Profit appropriation - 2019			196,297	-196,297	
Distribution final dividend - 2019	1,186	-1,192	-10,357		-10,362
Interim dividend - 2020	189	-194	-18,089		-18,094
Contributions from and to shareholders	**1,375**	**-1,385**	**167,851**	**-196,297**	**-28,456**
Balance as per 31 December 2020	**70,992**	**918,275**	**-114,416**	**-20,414**	**854,438**

The notes on pages 96 to 127 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REPORTING ENTITY

NSI N.V. (registration number Chamber of Commerce: 36040044; hereinafter 'NSI', or the 'company'), with its principal place of business in Hoogoorddreef 62, 1101 BE Amsterdam, the Netherlands and its registered office in Amsterdam, the Netherlands is a real estate company, primarily focussing on offices.

These consolidated financial statements are presented for the company and its subsidiaries (together referred to as the 'Group').

The company is licensed pursuant to the Dutch Financial Supervision Act (Wet op het financiële toezicht). NSI N.V. is listed on Euronext Amsterdam.

BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Reporting Standards (IFRS), as endorsed by the European Union (EU-IFRS) and with Title 9 of Book 2 of the Dutch Civil Code.

The financial statements were prepared by the Company's Management and approved by the Supervisory Board on 3 March 2022. The financial statements will be submitted to the General Meeting of Shareholders on 15 April 2022 for adoption.

Unless stated otherwise, all amounts in the financial statements are in thousands of euros, the euro being the company's functional currency, and are rounded off to the nearest thousand. There could be minor rounding off differences between in the figures presented.

The statement of comprehensive income, the statement of financial position, the cash flow statement and the statement of changes in shareholders' equity make reference to the notes in the financial statements to provide more information. The financial year of NSI presents the period from 1 January until 31 December.

ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

The preparation of the financial statements requires that the Management Board forms opinions, estimates and assumptions that affect the application of accounting principles and reported figures for assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020. The most significant assumption relates to the unobservable information used in the valuation of the investment property. Other judgements are made relating to the claims for shopping center 't Loon, the feasibility of the four investment properties under construction and timing of capitalisation of interest for the development projects, determination of ground lease terms and principle versus agent considerations for services provided to tenants.

VALUATION PRINCIPLES

The financial statements have been prepared on the basis of historical cost except for investment property, investment property under construction and assets held for sale and derivative financial instruments, which are subsequently measured at fair value.

The accounting principles applied to the valuation of assets and liabilities and the determination of results in financial statements are based on the assumption of continuity (going concern) of the company.

At the end of 2021 NSI had a negative working capital position. However, this does not impact the assumption of continuity as NSI still has a remaining committed undrawn credit facility amply exceeding this negative working capital (reference is made to note 19).

MEASUREMENT AT FAIR VALUE

A number of accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.
Significant valuation issues are reported to the company's audit committee.

In measuring the fair value of an asset or a liability, the company uses observable market data as much as possible. Fair value measurements are categorized into different levels of a fair value hierarchy based on the inputs applied to the valuation techniques. The different levels are defined as follows:
- Level 1: valuation on the basis of quoted prices in active markets for identical assets or liabilities;
- Level 2: valuation of assets or liabilities based on (external) observable information;
- Level 3: valuation of assets or liabilities based wholly or partially on (external) unobservable information.

If the input parameters used to measure the fair value of an asset or a liability may be categorised into different levels of the fair value hierarchy, the fair value measurement is categorised entirely in the level of the lowest level input that is significant to the entire measurement.

The company recognises reclassifications between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The company has established a control framework with regard to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation process is supervised by the Management Board.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third-party information is used to measure fair value, NSI assesses and documents the third-party data to verify that the valuations and their classification into different levels of the fair value hierarchy comply with IFRS, including their level in the fair value hierarchy.

Further information about the assumptions made in measuring fair value is included in the following notes:
- Note 10 - Investment property;
- Note 18 - Financial instruments;
- Note 23 - Remuneration Management Board.

COMPARATIVE FIGURES

As from 1 January 2021, NSI distinguishes security deposits in the balance sheet in short term and long term deposits rather than only reporting those under non-current liabilities. Short term security deposits are reported under creditors and other payables. Comparative figures for 2020 in the amount of € 1.9m have been adjusted accordingly.

IMPLICATIONS OF COVID-19

RENTAL INCOME AND DEBTORS

NSI is closely monitoring the payment behaviour of its tenants. Up to 31 December 2021, most part of the rents have been received, though individual arrangements, e.g. delay in payment or additional lease incentives, have been made with several tenants. In case additional lease incentives (either discount or free rent) were given, these incentives are straightlined over the term of the lease agreement, in accordance with NSI's main principles for financial reporting, rather than recognising the past due rent as a credit loss under IFRS 9.

LIQUIDITY

NSI has drawn up a liquidity forecast and performed stress tests for loan-to-value, solvency and debt covenants. Based on the assumptions currently used in forecasting, no additional financing will be required in 2022 and 2023. Also loan-to-value, solvency and ICR will remain well within the covenants.

Further information on the outcome of the stress tests can be found under note 10 and 19. Based on the outcome, the Management of the company concludes that it is not expected that the company's ability to continue as a going concern will be affected.

MAIN PRINCIPLES FOR FINANCIAL REPORTING

PRINCIPLES FOR CONSOLIDATION

SUBSIDIARIES

Subsidiaries are entities over which NSI has decisive control. There is a situation of control if the company's involvement in the entity exposes or entitles it to variable returns and the company has the ability to influence such returns using its control in the entity.

The results of subsidiaries are included in the consolidated financial statements from the date of commencement of control until the date on which the control ends.

The following companies are included in the consolidated financial statements:

		31 December 2021	31 December 2020
NSI N.V.	Amsterdam, The Netherlands		
NSI Real Estate B.V.	Amsterdam, The Netherlands	100.0%	100.0%
NSI Kantoren B.V.	Amsterdam, The Netherlands	100.0%	100.0%
NSI Vastgoed B.V.	Amsterdam, The Netherlands	100.0%	100.0%
NSI Flexoffices B.V.	Amsterdam, The Netherlands	100.0%	100.0%
HNK Vastgoed B.V.	Amsterdam, The Netherlands	100.0%	100.0%
HNK Services B.V.	Amsterdam, The Netherlands	100.0%	100.0%
NSI Development B.V.	Amsterdam, The Netherlands	100.0%	100.0%

ELIMINATION OF INTRAGROUP TRANSACTIONS

Intragroup balances and transactions as well as any unrealised profits and losses on intragroup transactions are eliminated, except where there are indications for impairment.

FOREIGN CURRENCY

FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currency are converted into euros using the exchange rate prevailing on the balance sheet date. Transactions in foreign currency are converted into euros at the exchange rate prevailing on the transaction date.

Exchange rate differences arising from conversion are recognised in the consolidated statement of comprehensive income.

INVESTMENT PROPERTY

Investment property consists of investment property in operation and investment property under construction.

INVESTMENT PROPERTY IN OPERATION

Investment property in operation consists of real estate that is held to generate rental income or value, or a combination of both, but that is not intended for sale in the ordinary course of business.

Investment property is initially recognised as from the date of transfer of the legal title at cost (including all costs relating to the purchase, such as legal costs, transfer tax, estate agent fees, costs of due diligence and other transaction costs). Subsequent measurement of investment property is at fair value.

The fair value of the right of use of leasehold is added to the fair value of the investment property and as such included in the balance sheet value of investment property in operation. Future leasehold obligations are valued at net present value of the future lease payments.

For all properties in the portfolio the fair value of the investment property is appraised by external registered appraisers twice a year. In principle, valuations may only be performed and provided by appraisers registered with the Dutch register of property appraisers (Nederlands Register van Vastgoed Taxateurs). Valuations are performed on the basis of the guidance of the RICS Red Book. NSI works with at least two valuation firms. The valuation firms for individual properties are changed every three years in accordance with the RICS guidelines. The valuations are assessed and analysed by the Management Board and by asset management considering the methods and assumptions applied, as well as the outcome.

The fair value is based on the market value (adjusted for purchase costs such as transfer tax). This means that the estimated price on the date of valuation at which a property could be traded between a seller and a purchaser willing to enter into an objective, arm's length transaction preceded by sound negotiations between both well- informed parties.

The fair value is calculated using primarily the capitalisation method, on the basis of a gross initial yield and therefrom derived net initial yield calculation, whereby the net market rent prices are capitalised, and is subsequently validated by the DCF calculation method, based on the present value of the future cash flows for the next ten year including an exit value at the end of the tenth year. The respective outcomes of both methods are compared. The returns applied are specified for the property type, location, maintenance condition and letting potential of each property, and are based on comparable transactions, along with market-specific and property-specific data.

Key assumptions in the valuations are yields. Market rent, future capital expenditure (investments) and maintenance assumptions are also taken into account in the valuations. Further, assumptions are made for each tenant and for each vacant unit with regard to the probability of letting and (re)letting, the number of months of vacancy, incentives and letting costs. Adjustments are made to the present value of differences between the market rent prices and the rent price contractually agreed. The valuation is made after deduction of transaction expenses borne by buyers.

Subsequent expenditures are only included in the value of the property if it is probable that future economic benefits related to these investments or expenses would benefit the company. All other costs of maintenance and repairs are recognised as costs at the moment that they are incurred. No depreciation is made on investment properties, given that they are recognised at fair value.

Changes to the fair value of investment properties are included in the consolidated statement of comprehensive income in the period in which they occur.

Profits or losses on the sale of an investment property are recognised in the period in which the sale occurs as the difference between the net sales proceeds and the fair value most recently determined by NSI. If an investment property is sold, the cumulative positive revaluation, if any, is transferred from the revaluation reserve to retained earnings. Investment property is derecognised when it has been sold and control has been transferred.

If the use of a property becomes owner occupied and a reclassification as a tangible fixed asset is required, the fair value at the date of reclassification becomes the cost price for administrative processing purposes.

INVESTMENT PROPERTY UNDER CONSTRUCTION

Investment property under construction is referred to as 'investment property under construction' for the purpose of future lease activity. A property is considered as investment property under construction either if NSI is developing a new property or if NSI considers that for continued future use of an existing property a major (re-)development is required and the property is no longer available for letting. At that moment the investment property in operation is transferred to investment property under construction.

Capitalisation of costs related to the development project commences as soon as it is probable that future economic benefits associated with the development of the property will flow to the entity and the cost of the project can be measured reliably.

The costs associated with investment property under construction consists of all the directly attributable costs required to complete the project, including internal costs of employee benefits arising directly from the development project and financing costs. The finance costs concern capitalised interest and the financing component of leasehold agreements, which are charged as from the date capitalisation of costs commences until the date of delivery, and is calculated based on the average cost of debt of NSI. The cost of debt includes interest and all other costs associated with NSI raising funds.

If the fair value can be measured reliable, investment property under construction is valued at fair value. In order to evaluate whether the fair value of a property under construction can be measured reliably, management considers amongst others the following criteria:

- The status of the required construction;
- The status of the construction contract;
- Level of reliability of cash inflows after completion.

If the fair value cannot be measured reliable, investment property under construction is valued at cost, including capitalised interest.

At the date of delivery the investment property under construction is transferred to investment property in operation.

TANGIBLE FIXED ASSETS

Tangible fixed assets consist of real estate (office building) fully or partly used by the company, its furniture and fixtures and office equipment (hardware). These assets are valued at cost, less cumulative depreciation and any cumulative impairment losses.
Furthermore, the value of the right of use of lease cars is included under tangible fixed assets following the IFRS 16 standard. The right of use of car leases are valued at net present value of the future lease payments at the time of capitalisation, less cumulative depreciation.
If a property used by the company changes into an investment property, the property is revalued on the basis of fair value and reclassified as an investment property. Any gain arising from this revaluation is recognised in the result insofar as the gain results in a reversal of a previously recognised impairment loss for that specific property. Any residual gain is recognised in the unrealised results and is reported in the revaluation reserve. Any loss is recognised in the result.

Depreciation of tangible fixed assets is charged to the consolidated statement of comprehensive income under administrative costs and is calculated using the straight-line method based on the estimated useful life and residual value of the asset concerned. Land is not depreciated.

The estimated useful life is as follows:
- Real estate in own use: 25 years;
- Furniture and fixtures: 4 years;
- Hardware: 3 years.

Depreciation of right of use lease cars is calculated using the straight-line method over the contractual lease period of the asset concerned.

The applied methodology of calculating depreciation, useful life and residual value is assessed at the end of every book year and adjusted if necessary.

INTANGIBLE FIXED ASSETS

Intangible assets only consist of software.

Development and implementation costs relating to purchased and/or developed software are capitalised based on the costs of acquiring the software and taking it into operation. The capitalised costs are reduced by cumulative amortisation and cumulative impairment losses.

Amortisation is calculated to write off the costs of intangible fixed assets less their estimated residual value on a straight-lined basis over their estimated useful life. Amortisation is recognised in the statement of comprehensive income. The estimated useful economic lives of capitalised software is 3 years.

IMPAIRMENT NON-FINANCIAL FIXED ASSETS

The carrying value of the non-financial assets of the Group, excluding the market value of investment properties corrected for lease incentives, are reviewed at each reporting date to determine whether there are indications for impairment. If any such indication exists, an estimate is made of the recoverable amount of the asset.

The recoverable amount of an asset or cash-generating unit is the highest of the value in use or the fair value less costs of disposal. In assessing value in use, the present value of the estimated future cash flows is calculated using a pre-tax discount rate that reflects current market assessments of the time value of money as well as the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the book value of the asset or cash-generating unit to which the asset belongs is higher than the estimated recoverable value.

Impairment losses are recognised in profit or loss. They are deducted on a pro rata basis from the book value of each asset in the cash-generating unit.

Impairment losses are reversed only to the extent that the asset's book value does not exceed its book value, net of any depreciation or amortisation that would have been determined had no impairment loss been recognised.

FINANCIAL INSTRUMENTS

NSI classifies non-derivative financial assets in the categories:
- Tenant loans (non-current);
- Debtors and other receivables;
- Cash and cash equivalents.

NSI has the following non-derivative financial liabilities:
- Interest bearing loans;
- Creditors and other payables;
- Amounts owed to credit institutions.

NON-DERIVATIVE FINANCIAL ASSETS AND LIABILITIES - RECOGNITION

NSI initially recognises financial assets and financial liabilities at the transaction date.

NSI no longer recognises a financial asset in the balance sheet if the contractual rights to the cash flows from the asset expire, or if NSI transfers the contractual rights to receive cash flows from the financial asset through a transaction in which substantially all the risks and benefits related to the ownership of the asset are transferred, or if NSI neither transfers or retains the risks and benefits related to ownership of the asset, nor has control over the transferred asset. If NSI retains or creates an interest in the transferred financial assets, the interest is recognised as a separate asset or liability.

NSI no longer recognises a financial liability in the balance sheet if the contractual obligations are waived or cancelled or have expired.

Financial assets and liabilities are only offset and the resulting net amount is only presented in the balance sheet if NSI has a legally enforceable right to offset and if it intends to offset on a net basis or to realise the asset and the liability simultaneously.

NON-DERIVATIVE FINANCIAL ASSETS - MEASUREMENT

LOANS AND DEBTORS AND OTHER RECEIVABLES

Loans and debtors and other receivables, excluding taxes and prepayments, are measured at initial recognition at fair value plus any directly attributable transaction costs. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method.

For loans and debtors and other receivables the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised and subsequently valued at amortised costs and consist of cash and bank balances. Current account overdrafts that are payable on demand and which form an integral part of NSI's cash management are included in cash and cash equivalents and amounts owed to credit institutions in the consolidated statement of financial position and the consolidated cash flow statement.

NON-DERIVATIVE FINANCIAL LIABILITIES - MEASUREMENT

INTEREST BEARING LOANS

Interest-bearing loans are initially recognised at fair value, after deduction of attributable transaction costs. After initial recognition, the interest-bearing loans are measured at amortised cost using the effective interest method.

Interest-bearing loans include both fixed-rate and variable-rate loans. In principle, the fair value of the variable-rate loans is equal to their amortised cost. Part of the interest risk on the variable-rate loans is hedged through interest-rate swaps.

In principle, the fair value of the fixed-rate loans is not equal to their amortised cost. The fair value of the fixed-rate loans is calculated using the net present value method at the market interest rates prevailing on 31 December 2021 (including margin).

Any redemption of interest-bearing debt within one year is recognised as current liabilities.

An interest-bearing debt is derecognised from the balance sheet when the interest-bearing debt is settled, annulled or cancelled.

If an existing interest-bearing debt is exchanged by another from the same lender at substantially different terms or the terms of an existing interest-bearing debt substantially change, this will be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying book value of the financial liability extinguished and the consideration paid is then recognised in the profit and loss account.

If the conditions of the interest-bearing debts are adjusted, but this does not result in the annulment of the interest-bearing debt, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

CREDITORS AND OTHER PAYABLES

Creditors and other payables, excluding taxes and deferred income, are at initial recognition measured at fair value plus any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

DERIVATIVE FINANCIAL INSTRUMENTS

NSI uses derivative financial instruments to hedge (in full or in part) the interest rate risks associated with its finance activities. These derivatives are not held or issued for trading purposes.

Derivatives are initially recognised at cost, after which they are recognised at fair value. Profits or losses arising from changes in the fair value of derivative financial instruments are immediately recognised in the consolidated statement of comprehensive income. Hedge accounting is not applied.

The fair value of the financial instruments is the amount the Group would expect to pay or receive if the financial derivative were to be liquidated at balance sheet date, taking into account the interest rate on the balance sheet date and the current credit risk of the counterparties concerned as well as the credit risk of the Group. The interest payable on derivatives is incorporated in other payables. A derivative financial instrument is reported as a current asset or current liability if its remaining term to maturity is less than one year or if it is expected that it will be liquidated or settled within one year.

PREPAYMENTS AND DEFERRED INCOME

Prepayments and deferred income are measured at costs.

EQUITY

Ordinary shares are classified as shareholders' equity. External costs that can be attributed directly to the issuance of new shares are deducted from the earnings reserve.

The increase in the paid-up and called-up capital relating to a stock dividend programme is deducted from the share premium reserve as well as the expenses relating to the stock dividend.

When repurchasing NSI shares, the amount of the consideration paid including directly attributable costs, is recognised as a change in shareholders' equity. Cash dividends are deducted from the other reserves in the period in which the dividends are set.

INCOME

RENTAL INCOME

The rental income from investment property let on the basis of operating lease agreements is recognised in the consolidated statement of comprehensive income on a straight-line basis for the duration of the lease agreement.

Rent-free periods, rent reductions and other rent incentives are reported as an integral part of total net rental income. These rent incentives are allocated over the term of the lease agreement until the first moment at which the lease agreement may be terminated. The resulting accrued income is included in the fair value of the respective investment properties by the external appraisers and is separated in the balance sheet for reporting purposes.

Compensations received or paid for leases terminated early are immediately recognised in the consolidated statement of comprehensive income in the period in which the contractual requirements are met.

SERVICE COSTS RECHARGED TO TENANTS
Service costs can be charged on to the tenants. These charges mainly relate to gas, water, electricity, cleaning and security, etc., costs which can be recharged to tenants based on the lease agreement. NSI acts as principal with respect to service costs, whereby the costs incurred are recharged to the tenants, including an administrative fee.

NET RESULT ON SALE OF INVESTMENT PROPERTY
Proceeds from the sale of investment properties are recognised when the control of the property is transferred to the purchaser.

The profits or losses on the sale of investment properties are identified as the difference between the net proceeds of the sale and the carrying value of the investment properties in NSI's most recently published (interim) balance sheet.

COSTS
SERVICE COSTS NOT RECHARGED
Service costs not recharged to tenants mainly relate to vacant properties, in which situation these costs cannot be recharged to tenants and / or to other irrecoverable service costs as a result of contractual limitations or service costs.

OPERATING COSTS
Operating costs consist of costs directly related to the operation of the investment properties, such as property management, municipal taxes, insurance premiums, maintenance costs, letting costs and other business expenses.

Except for letting fees, these costs are charged to the result when they occur. Letting fees are straight-lined over the remaining lease term of the related contract until the first possible moment of termination by the tenant. The resulting accrued income is included in the fair value of the respective investment properties by the external appraisers and is separated in the balance sheet for reporting purposes.

ADMINISTRATIVE COSTS
Administrative expenses include staff costs, office expenses, consultancy fees, remuneration of Supervisory Board members and the costs of fund management.

Costs relating to the commercial, technical and administrative management of investment properties are included in the operating costs. Costs relating to the supervision and monitoring of investment projects are capitalised on the basis of hours spent.

FINANCING INCOME AND COSTS
Financing income and expenses consist of interest expenses on loans and debts, and interest income on outstanding loans and receivables attributable to the period, including interest income and expenses based on interest rate swaps and dividends received. As a result of the valuation of interest-bearing debt based on amortised cost, financing expenses also include interest accrued on the interest-bearing debt.

Financing expenses directly attributable to the purchase, renovation or expansion of an investment property are capitalised as part of the integral cost of the property involved. The interest applied is the average interest paid by the Group in the respective currency.

Net financing income and expenses also include the profits and losses arising from changes in the fair value of the derivative financial instruments.

EMPLOYEE BENEFITS
DEFINED CONTRIBUTION PENSION PLAN
Liabilities relating to contributions to defined contribution pension plans are recognised as costs in the period in which they occur. Prepayments are recognised as an asset insofar as a cash refund or a reduction in future payments is available. The pension arrangements are insured externally.

MANAGEMENT BOARD VARIABLE REMUNERATION
The variable remuneration component for the Management Board consists of a long-term incentive (LTI) and a short-term incentive (STI) after adoption of the new remuneration policy.

The new policy was adopted in 2019 for the CFO; the LTI 2021 is based on 2019 to 2021 and is capped at 45% of the base salary whereas the STI is based on 2021 only and capped at 36% of the base salary.

For the CEO this policy was implemented in 2020; the LTI is based on 2020 and 2021and the STI are based on 2021 only. The LTI is capped at 90% of the base salary and the STI is capped at 24% of the base salary.

At the end of 2021, the total obligation was calculated and recognised as an expense with a corresponding increase in liabilities.

SHAREHOLDING REQUIREMENT
To further stimulate long-term value creation, NSI applies a shareholding requirement to align the interests of the members of the Management Board with the interests of the company's shareholders. The CEO is required to hold NSI shares with a value of at least 125% of the applicable annual (gross) base salary; a requirement of at least 75% of the applicable annual (gross) base salary applies to the CFO.

The Board members are required to invest respectively one-third and two-thirds of the net payments resulting from the short-term and long-term incentive schemes to acquire NSI shares until the shareholding requirement has been met. Before reaching the required value in shares, members of the Management Board are not allowed to sell any of the NSI shares they have acquired by investing these net payments. This shareholding requirement continues to be applicable during one year after the end of the membership of the Management Board of NSI. The Supervisory Board will evaluate at the end of each financial year the extent to which the shareholding requirement is met.

TAX ON PROFITS

TAX STATUS

NSI has the status of a fiscal investment institution within the context of Article 28 of the Dutch Corporate Income Tax Act 1969 (Wet op de Vennootschapsbelasting 1969). This means no corporate income tax is owed under certain conditions. The main conditions relate to the investment requirement, the distribution of taxable earnings as dividend, limitations on the financing of investments with debt capital and the composition of the shareholder base. Profits from the disposal of investments and fair value adjustment results on investment property are not included in the distributable earnings.

In addition, there are legal restrictions on the activities that may be undertaken by a Dutch Real Estate Investment Trust (FBI). Since 1 January 2014, 'associated business activities' attributable to the main task of letting and managing of investment properties may be performed, within certain limits, by a normal taxable subsidiary.

To the best of the Management Board's knowledge the Group meets the legal requirements. As long as the Group continues to meet the conditions and therefore maintains the status of fiscal investment institution, corporate income tax will not be taken into account in the determination of profit or the reserves.

Corporate income tax may be payable on the fiscal results of the Dutch subsidiaries (NSI Development B.V., HNK Services B.V., NSI Services HNK B.V.) which do not have the status of a fiscal investment institution.

CORPORATE INCOME TAX

Corporate income tax consists of payable tax liabilities, and is reported in the statement of comprehensive income. The tax payable consists of the sum of the expected tax payable or receivable on the taxable results for the year, taking into account earnings elements exempt from tax and non-deductible costs whereby the tax rates applied are those prevailing on the balance sheet date or changed tax rates already known on the balance sheet date. The tax payable also includes any changes to tax payments made in previous years.

CASH FLOW STATEMENT

Operating cash flows are reported on the basis of the indirect method. Cash and cash equivalents and debts to credit institutions also include overdraft facilities which are part of NSI's cash management policy.

SEGMENT INFORMATION

All operating results of an operating segment are assessed periodically by the Management Board in order to decide on the allocation of resources to the segment and to assess performance, based on the confidential financial information available.

The Management considers the business from the nature of the investment property and assesses performance for "Offices", "HNK", both with a geographical sub-segmentation in Amsterdam and other Netherlands, and "Other" (retail and industrial) and "Corporate".

A segment consists of assets and activities with specific risks and results, differing from other sectors.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for 2020, except for assets held for sale.
Assets held for sale are presented as part of investment property in operation, as disposal of individual assets is currently considered as part of ongoing business.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

AMENDMENT TO IFRS 16 - LEASES

As a result of the Covid-19 pandemic, rent concessions have been granted to tenants. In case additional lease incentives (either discount or free rent) were given, these incentives are straightlined over the term of the lease agreement, in accordance with NSI's main principles for financial reporting. The impact on the results are limited.

NEW AND AMENDED STANDARDS NOT APPLIED

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021. These standards and amendments did not have an impact on these consolidated financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest rate benchmark reform;
- Amendments to IFRS 17 and IFRS 4, "Insurance contracts";
- Narrow scope amendments to IFRS 3, "Business combinations", IAS 16, "Property, plant and equipment" and IAS 37 "Provisions, contingent liabilities and contingent assets";
- Amendments to IAS 1, "Presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors".

There are no IFRS or IFRIC interpretations that are not yet effective which are expected to have a significant impact financial statements of NSI.

1. SEGMENT INFORMATION

As from 2021, the former sub-segments “Other target cities” and “Other Netherlands” for both offices and HNK have been combined into one sub-segment, “Other Netherlands”, reflecting the strategic choices made by the management in recent years. Comparative figures have been adjusted accordingly.

2021

STATEMENT OF COMPREHENSIVE INCOME

	Offices		HNK				
	Amsterdam	Other NL	Amsterdam	Other NL	Other	Corporate	TOTAL
Gross rental income	30,362	23,231	4,456	12,900	6,557		77,507
Service costs recharged to tenants	3,440	3,308	923	3,635	1,354		12,659
Service costs	-3,646	-3,663	-1,161	-4,449	-1,613		-14,532
Service costs not recharged	-206	-356	-238	-815	-259		-1,873
Operating costs	-2,974	-4,315	-783	-2,659	-1,632		-12,362
Net rental income	**27,183**	**18,561**	**3,435**	**9,427**	**4,666**		**63,272**
Revaluation of investment property	43,150	18,006	-325	7,012	-4,694		63,149
Net result on sale of investment property		13,753		911	-4,457		10,207
Net result from investment	**70,332**	**50,320**	**3,111**	**17,350**	**-4,484**		**136,628**
Administrative costs						-7,612	-7,612
Other income and costs						-170	-170
Net financing result						-7,884	-7,884
Result before tax	**70,332**	**50,320**	**3,111**	**17,350**	**-4,484**	**-15,666**	**120,962**
Corporate income tax						-2	-2
Total result for the year	**70,332**	**50,320**	**3,111**	**17,350**	**-4,484**	**-15,667**	**120,961**
Other comprehensive income							
Total comprehensive income for the year	**70,332**	**50,320**	**3,111**	**17,350**	**-4,484**	**-15,667**	**120,961**
Attributable to shareholders	70,332	50,320	3,111	17,350	-4,484	-15,667	120,961

STATEMENT OF FINANCIAL POSITION AS PER 31 DECEMBER

	Offices		HNK				
	Amsterdam	Other NL	Amsterdam	Other NL	Other	Corporate	TOTAL
Investment property	672,706	391,561	91,933	153,568	28,265		1,338,034
Other assets	5,088	5,222	544	1,873	422	17,043	30,192
Total assets	**677,794**	**396,783**	**92,476**	**155,441**	**28,687**	**17,043**	**1,368,225**
Non-current liabilities	1,097	429	793	766	270	391,223	394,577
Current liabilities	2,494	1,046	660	1,140	326	19,526	25,192
Total liabilities	**3,591**	**1,475**	**1,452**	**1,906**	**596**	**410,749**	**419,769**
Purchases of investment property and subsequent expenditures	79,319	39,009	2,870	2,997	4,501		128,696

2020

STATEMENT OF COMPREHENSIVE INCOME

	Offices		HNK				
	Amsterdam	Other NL	Amsterdam	Other NL	Other	Corporate	TOTAL
Gross rental income	29,389	23,324	4,673	12,666	6,803		76,854
Service costs recharged to tenants	3,223	3,324	992	3,723	1,350		12,612
Service costs	-3,390	-3,676	-1,173	-4,648	-1,503		-14,390
Service costs not recharged	-166	-352	-181	-925	-153		-1,778
Operating costs	-3,039	-4,693	-999	-4,200	-1,679		-14,610
Net rental income	**26,184**	**18,279**	**3,493**	**7,540**	**4,970**		**60,466**
Revaluation of investment property	-33,154	-9,299	-5,782	-9,497	-7,233		-64,965
Net result on sale of investment property		-613		1,446	-113		720
Net result from investment	**-6,970**	**8,368**	**-2,289**	**-512**	**-2,375**		**-3,778**
Administrative costs						-7,096	-7,096
Other income and costs						-747	-747
Net financing result						-8,803	-8,803
Result before tax	**-6,970**	**8,368**	**-2,289**	**-512**	**-2,375**	**-16,646**	**-20,424**
Corporate income tax						10	10
Total result for the year	**-6,970**	**8,368**	**-2,289**	**-512**	**-2,375**	**-16,636**	**-20,414**
Other comprehensive income							
Total comprehensive income for the year	**-6,970**	**8,368**	**-2,289**	**-512**	**-2,375**	**-16,636**	**-20,414**
Attributable to shareholders	-6,970	8,368	-2,289	-512	-2,375	-16,636	-20,414

STATEMENT OF FINANCIAL POSITION AS PER 31 DECEMBER

	Offices		HNK				
	Amsterdam	Other NL	Amsterdam	Other NL	Other	Corporate	TOTAL
Investment property	552,876	369,883	89,380	155,045	73,008		1,240,192
Other assets	2,377	5,717	519	2,850	701	5,747	17,911
Total assets	**555,253**	**375,601**	**89,898**	**157,895**	**73,709**	**5,747**	**1,258,103**
Non-current liabilities	1,075	502	812	613	405	368,733	372,140
Current liabilities	3,161	2,690	880	1,937	447	22,411	31,525
Total liabilities	**4,236**	**3,192**	**1,692**	**2,550**	**852**	**391,144**	**403,665**
Purchases of investment property and subsequent expenditures	44,209	6,334	1,163	2,053	518		54,276

2. NET RENTAL INCOME

	Gross rental income		Service costs not recharged		Operating costs		Net rental income	
	2021	2020	2021	2020	2021	2020	2021	2020
Amsterdam	30,362	29,389	-206	-166	-2,974	-3,039	27,183	26,184
Other Netherlands	23,231	23,324	-356	-352	-4,315	-4,693	18,561	18,279
Offices	53,594	52,713	-561	-518	-7,289	-7,731	45,743	44,463
Amsterdam	4,456	4,673	-238	-181	-783	-999	3,435	3,493
Other Netherlands	12,900	12,666	-815	-925	-2,659	-4,200	9,427	7,540
HNK	17,356	17,338	-1,053	-1,106	-3,442	-5,199	12,862	11,033
Other	6,557	6,803	-259	-153	-1,632	-1,679	4,666	4,970
Net rental income	**77,507**	**76,854**	**-1,873**	**-1,778**	**-12,362**	**-14,610**	**63,272**	**60,466**

Gross rental income includes the effect of waived rental income for an amount of € 0.0m (2020: € 0.9m) related to the COVID-19 outbreak, primarily related to short term contract in HNK properties.

Gross rental income can be specified in the following components:

		2021		2020
Gross rental income - offices / HNK / other		75,956		76,038
Turnover rent	136		51	
Indemnities received	1,002		62	
HNK - meeting rooms	436		358	
HNK - hospitality services	65			
Other rental income / loss	-89		346	
Other gross rental income / loss		1,551		816
Gross rental income		**77,507**		**76,854**

Gross rental income includes an amount of € 6.7m (2020: € 6.3m) for lease incentives.

NSI leases its investment properties on the basis of operating leases with various maturities. Each lease contract specifies the space, rent and rights and obligations of the landlord and the tenant, including notice periods, options to extend the rental period and provisions related to service costs. In general, the rent is indexed during the life of the rental agreement on an annual basis. The total annual rent to be received from operating lease agreements, until the first moment the tenant can cancel the rental agreement, is specified as follows:

	31 December 2021	31 December 2020
First year	68,336	76,573
Second to fourth year	150,407	148,202
As of fifth year	88,593	80,559

3. OPERATING COSTS

	2021	2020
Leasehold	0	44
Municipal taxes	-3,141	-2,837
Insurance premiums	-559	-551
Maintenance costs	-3,385	-4,442
Property management costs	-3,598	-4,475
Letting costs	-1,082	-1,438
Contribution to owner association	-209	-406
Doubtful debt costs	-19	-123
Other operating costs	-368	-382
Operating costs	**-12,362**	**-14,610**

Operating costs include an amount of € 0.0m (2020: € 0.5m) related to health and safety measures taken as an effect of Covid-19, which are reported as property management costs.

Property management costs include administrative costs charged to operations for an amount of € 3.3m (2020: € 4.2m). Letting costs includes an amount of -€ 0.1m (2020: € 0.5m) for straight-lined letting investments and commissions.

An amount of € 0.2m (2020: € 0.1m) relates to operating costs of fully vacant properties.

4. REVALUATION OF INVESTMENT PROPERTY

	2021			2020		
	Positive	Negative	Total	Positive	Negative	Total
Investment property in operation	81,129	-13,505	67,624	8,489	-69,155	-60,666
Investment property under construction	350	-1,490	-1,140	1,155	-814	341
Revaluation - market value	**81,479**	**-14,995**	**66,484**	**9,644**	**-69,969**	**-60,325**
Movement in right of use leasehold			-52			-60
Movement in lease incentives			-3,283			-4,580
Revaluation of investment property			**63,149**			**-64,965**

Further details on revaluation can be found in note 10.

5. NET RESULT ON SALE OF INVESTMENT PROPERTY

	2021	2020
Proceeds on sale of investment property	105,017	30,109
Transaction costs on sale of investment property	-1,138	-598
Sale of investment property	**103,879**	**29,511**
Book value at the time of sale (excl. right of use leasehold)	-93,672	-28,791
Net result on sale of investment property	**10,207**	**720**

During 2021 9 office properties (2020: 4 properties), 2 HNK property (2020: 1 property) and 1 retail property (2020: 1 property) have been sold.

The net result on sale of investment property includes an amount of - € 0.1m (2020: € 0.7m) related to prior years' sales.

The result on the right of use leasehold at the moment of disposal amounts to € 0.0m (2020: € 0.0m).

Transaction costs on sale include the costs of real estate agents and legal fees.

6. ADMINISTRATIVE COSTS

		2021		2020
Salaries and wages	-5,663		-5,124	
Social security	-594		-567	
Pensions	-332		-310	
Depreciation right of use tangible fixed assets	-283		-274	
Other staff costs	-1,093		-1,492	
Staff costs		-7,965		-7,766
Compensation supervisory board		-273		-254
Depreciation and amortisation	-194		-272	
Other office costs	-1,408		-1,804	
Office costs		-1,602		-2,076
Audit, consultancy and valuation costs		-1,029		-1,168
Other administrative costs		-838		-789
Administrative costs		**-11,707**		**-12,053**
Allocated administrative costs		**4,096**		**4,957**
Administrative costs		**-7,612**		**-7,096**

Administrative costs directly related to the operation of the investment property portfolio are recharged to the operating costs. Directly attributable costs related to development project are capitalised as part of the respective project (€ 0.5m, 2020: € 0.6m). Furthermore, part of the reception staff of HNK is included in the payroll of NSI. The costs concerned (€ 0.3m, 2020: € 0.2m) are part of service costs and as such are allocated to the respective properties. The total of these costs is reported as “Allocated administrative costs”.

Administrative costs include an amount of € 0.0m (2020: € 0.5m) related to health and safety measures COVID-19, reported under “Office costs”. These costs are charged to the property operating expenses and as such included under “Allocated administrative costs”.

EMPLOYEES

On average 56 employees (52 FTE), including the Management Board, were employed by NSI during the reporting year (2020: 54 employees (50 FTE)).

As per 31 December 2021 the number of employees amounted to 60 (56 FTE).

All employees are working in the Netherlands.

7. OTHER INCOME AND COSTS

	2021	2020
Other costs	-170	-747
Other income and costs	**-170**	**-747**

Other costs in 2021 concern costs of cancelled projects, mainly relating to redevelopment of shopping center ‘t Loon, Heerlen, and feasibility costs for projects (amongst others Vivaldi II and Centerpoint in Amsterdam and Alexanderhof in Rotterdam)

Other costs in 2020 mainly concern feasibility costs for projects (amongst others Laanderpoort, Vitrum, Vivaldi III, Centerpoint and Motion, all located in Amsterdam).

8. NET FINANCING RESULT

	2021	2020
Interest income	45	1
Financing income	**45**	**1**
Interest costs	-8,326	-7,415
Capitalised interest	524	554
Bank costs	-1,171	-1,231
Amortisation costs interest bearing loans	-280	-270
Other financing costs	-78	-77
Financing costs	**-9,330**	**-8,439**
Movement in market value of financial derivatives	**1,401**	**-365**
Net financing result	**-7,884**	**-8,803**

As from 2020, the borrowing costs for the development projects Laanderpoort, Vivaldi III and Vitrum are capitalised. Capitalised interest in connection with developments is based on the weighted average cost of debt. During 2021, the range of weighted average interest rates used was 2.0% - 2.2% (2020: 2.0% - 2.1%).

As from H2 2021, also the financing component for the leasehold agreement of Vitrum is capitalised, after the transfer of the property to "Investment property under construction".

In 2020, the movement in market value of financial derivatives include an amount of € 1.4m negative related to the unwinding of swaps in May 2020. No swaps were unwind in 2021.

9. CORPORATE INCOME TAX

	2021	2020
Current tax	-2	10
Corporate income tax	**-2**	**10**

NSI has the status of a Dutch real estate investment trust (FBI) within the context of Article 28 of the Dutch Corporate Income Tax Act 1969 (Wet op de Vennootschapsbelasting 1969). This means that no corporate income tax is owed under certain conditions.

The main conditions relate to the investment requirement, the distribution of taxable earnings as dividend, limitations on the financing of investments with debt capital and the composition of the shareholder base. Profits from the disposal of investments are not included in the distributable earnings.

In addition, there are legal restrictions on the activities that may be undertaken by a FBI, as stated under the main principles for financial reporting. Since 1 January 2014, 'associated business activities' attributable to the main task of letting and managing of investment properties may be performed, within certain limits, by a normal taxable subsidiary.

The subsidiaries NSI Development B.V. and HNK Services B.V. are not part of the fiscal real estate investment trust NSI N.V. for tax purposes and are as such liable to pay corporate income tax.

		2021		2020
Result before tax		120,962		-20,424
Tax at Dutch tax rate	25.00%	-30,241	25.00%	5,106
Exempt due to fiscal status		30,237		-5,111
Tax of subsidiaries under other tax regime		2		15
Corporate income tax		**-2**		**10**

LTV AND DUTCH REIT-STATUS

A number of requirements must be met to achieve and maintain the status of a Dutch real estate investment trust (FBI). One such requirement relates to the maximum LTV (norm: ≤ 60%).

The basis for calculating this LTV differs fundamentally from the basis used for financial institutions. For the latter group NSI uses its commercial figures. The figures for tax purposes are used to calculate the LTV to assess the Dutch FBI status. NSI complied with this requirement in both 2020 and 2021.

10. INVESTMENT PROPERTY

Investment property consists of investment property in operation and investment property under construction:

	31 December 2021	31 December 2020
Investment property in operation	1,275,988	1,237,237
Investment property under construction	62,046	2,956
Investment property	**1,338,034**	**1,240,192**

Investment property in operation and investment property under construction are recognised at fair value. The fair value is determined on the basis of level 3 of the fair value hierarchy.

At 31 December 2021 100% (2020: 100%) of investment property were externally appraised by external appraisers. Both in 2020 and 2021 the appraisers were JLL, Colliers, Cushman & Wakefield and CBRE. The fair value is based on the market value (including buyer's costs, i.e. adjusted for purchase costs such as transfer tax). That means the estimated price on the date of valuation at which a property can be traded between a seller and a purchaser willing to enter into an objective, arm's length transaction preceded by sound negotiations between both well-informed parties.

The valuations are determined on the basis of a capitalisation method, whereby the net market rents are capitalised, and the discounted cash flow method, based on the present value of the future cash flows for the next ten year including an exit value at the end of the tenth year. The respective outcomes of both methods are compared. The returns applied are specified for the type of investment property, location, maintenance condition and letting potential of each property, and are based on comparable transactions, along with market-specific and property-specific knowledge.

The table below summarises the both valuation techniques used to determine the fair value of investment property, as well as the significant unobservable inputs used primarily for the capitalisation method. The respective outcomes of both methods are compared:

Valuation technique	Unobservable inputs	Relationship between significant unobservable inputs and the fair value measurement
Capitalisation method and net discounted cash flow calculation.		*The estimated fair value increases (decreases) if:*
The capitalisation method consists of a net initial yield calculation, whereby the net market rent prices are capitalised by a yield percentage.	Significant: – Gross initial yield / net initial yield	– The gross / net yield is lower (higher)
The DCF valuation method is based on the present value of net future cash flows to be generated by the property, taking into account the expected increases in rent levels, periods of vacancy, costs of letting incentives such as rent free periods and other costs not covered by the tenant and the estimated operating costs and capital expenditure.	Other: – Market rent (Estimated Rental Value) – Rent free periods and other lease incentives and periods of vacancy following expirations of a lease – Operating costs and capital expenditure	– The estimated market rent levels are higher (lower) – The periods of vacancy are shorter (longer) – The rent free periods are shorter (longer) – The operating costs and capital are lower (higher)
The expected net cash flows are discounted using a risk adjusted discount rate. The discount rate is estimated based on factors including the quality and location of the property, the creditworthiness of the tenant and the lease conditions.		

The fair value is the outcome of the (theoretical) rent divided by the net initial yield (expressed as a percentage) of the investment property. The yields applied are specific to the type of property, location, maintenance condition and letting potential of each asset. The yields are determined based on comparable transactions, as well as on market and asset-specific knowledge.

Assumptions are made for each property, tenant and vacant unit based on the likelihood of letting (and reletting), the expected duration of vacancy (in months), incentives, capital expenditure and operating costs.

The most important assumptions and input parameters used in the valuations are:

	2021	2020
Average effective contractual rent per sqm (€):		
Offices	208	206
HNK	204	190
Other	111	153
Average market rent per sqm (€):		
Offices	230	214
HNK	201	185
Other	103	132
Average gross initial yield (%):		
Offices	5.4%	6.2%
HNK	7.4%	7.8%
Other	9.6%	9.6%

CHANGE TRANSFER TAX RATE

As per 1 January 2021, the transfer tax rate on real estate transactions in The Netherlands has been raised from 6% to 8%. In the valuations as per 31 December 2020, this raise was not yet taken into account. The change of the transfer tax rate was taken into account for the first time in 2021 and negatively affected the valuations.

INVESTMENT PROPERTY IN OPERATION

The movement in investment property in operation per segment was as follows:

2021

	Offices		HNK			
	A'dam	Other NL	A'dam	Other NL	Other	TOTAL
Balance as per 1 January 2021	**549,920**	**369,883**	**89,380**	**155,045**	**73,008**	**1,237,237**
Acquisitions	73,338	36,471	8			109,817
Investments	2,622	2,539	2,870	2,997	4,501	15,529
Revaluation	44,642	17,656	-325	7,012	-4,694	64,292
Transfer from / to investment property under construction	-53,025	-3,325				-56,350
Transfer from / to real estate in own use	-3,162					-3,162
Disposals		-35,338		-11,486	-44,550	-91,374
Balance as per 31 December 2021	**614,336**	**387,886**	**91,933**	**153,568**	**28,265**	**1,275,988**
Right of use leasehold as per 31 December 2021		-78	-356		-295	-730
Lease incentives as per 31 December 2021[1]	5,088	5,222	544	1,873	422	13,148
Market value as per 31 December 2021	619,423	393,030	92,120	155,441	28,392	1,288,406

1 Lease incentives are reported under "Other non-current assets".

2020

	Offices		HNK		Other	TOTAL
	A'dam	Other NL	A'dam	Other NL		
Balance as per 1 January 2020	**534,446**	**359,262**	**93,999**	**165,009**	**79,723**	**1,232,439**
Acquisitions	36,313					36,313
Investments	1,788	4,235	1,163	2,053	518	9,757
Revaluation	-32,340	-10,446	-5,782	-9,497	-7,233	-65,298
Transfer from / to investment property under construction	9,713	27,083				36,797
Disposals		-10,250		-2,520		-12,770
Balance as per 31 December 2020	**549,920**	**369,883**	**89,380**	**155,045**	**73,008**	**1,237,237**
Right of use leasehold as per 31 December 2020	-188		-363		-304	-856
Lease incentives as per 31 December 2020[1]	2,377	5,717	519	2,850	701	12,164
Market value as per 31 December 2020	552,109	375,601	89,535	157,895	73,405	1,248,544

COLLATERAL
On 31 December 2021, properties with a market value of € 248.4m (31 December 2020: € 237.4m) were mortgaged as security for loans drawn and current account overdraft facilities at banks amounting to € 66.4m (31 December 2020: € 67.1m). The level of security can vary within the financing facilities, enabling NSI to create additional loan capacity within the existing facilities or to allocate part of the security to another financing facility.

SENSITIVITIES TO YIELD FLUCTUATIONS
The value of investment property implies an average gross initial yield of 5.9% (31 December 2020: 6.7%). Valuations can be affected by the general macro-economic and market environment, but also by local factors. For this reason NSI has performed a sensitivity analysis.

If, on 31 December 2021, the yields applied for the valuation of investment property had been 50 basis points lower than the yields currently applied, the value of investment property would increase by 8.9% (31 December 2020: 8.0%). In that case NSI's equity would be € 120m (31 December 2020: € 100m) higher due to a higher result for the year. The loan-to-value would then decrease from 28.2% (31 December 2020: 29.2%) to 25.9% (31 December 2020: 27.1%).

If, on 31 December 2021, the yields applied for the valuation of investment property had been 50 basis points higher than those currently applied, the value of investment property would decrease by 7.5% (31 December 2020: -6.9%). In that case NSI's equity would be € 102m (31 December 2020: € 86m) lower due to a lower result for the year. The loan-to-value would then increase from 28.2% to 30.5%.

INVESTMENT PROPERTY UNDER CONSTRUCTION
The movement in investment property under construction per segment was as follows:

2021

	Offices		HNK		Other	TOTAL
	A'dam	Other NL	A'dam	Other NL		
Balance as per 1 January 2021	**2,956**					**2,956**
Investments	3,359					3,359
Capitalised interest	524					524
Revaluation	-1,493	350				-1,143
Transfer from / to investment property in operation	53,025	3,325				56,350
Balance as per 31 December 2021	**58,371**	**3,675**				**62,046**
Right of use leasehold as per 31 December 2021	-182					-182
Market value as per 31 December 2021	58,188	3,675				61,863

2020

	Offices		HNK			
	A'dam	Other NL	A'dam	Other NL	Other	TOTAL
Balance as per 1 January 2020	**7,250**	**23,400**				**30,650**
Investments	6,108	2,099				8,207
Capitalised interest	125	429				554
Revaluation	-814	1,155				341
Transfer from / to investment property in operation	-9,713	-27,083				-36,797
Balance as per 31 December 2020	**2,956**					**2,956**
Market value as per 31 December 2020	2,956					2,956

As per 31 December 2021 investment property under construction consists of capitalised project costs of Laanderpoort, Vivaldi III and Vitrum, all located in Amsterdam. Furthermore, as per 1 July 2021 the book value of the existing property Vitrum, Amsterdam was transferred from investment property in operation after expiration of the contracts. Currently the object is not available for letting
At the end of Q4 2021, Alexanderhof in Rotterdam was transferred to investment property under construction as it is no longer available for letting and the decision has been made to re-develop this property.

The projects that were classified as under construction as per 1 January 2020 (Donauweg, Amsterdam and Bentinck Huis, The Hague) were transferred to property in operation in the fourth quarter of 2020.

11. FINANCIAL FIXED ASSETS

	31 December 2021	31 December 2020
Participations in third parties	0	0
Other financial fixed assets		1,659
Financial fixed assets	**0**	**1,659**

Other financial fixed assets as per 31 December 2020 consists of a non-current receivable due by a tenant, which will be settled in 2022. As a result, the amount as per 31 December 2021 is presented under trade and other receivables.

12. TANGIBLE FIXED ASSETS

Tangible fixed assets relate to the furniture and office equipment, as well as part of the offices of the company at Hoogoorddreef 62 (Centerpoint) in Amsterdam, which was occupied during December 2021, and at Antareslaan 69-75 (HNK Hoofddorp) in Hoofddorp, The Netherlands.

Furthermore, the right of use of lease cars has been included under tangible fixed assets.

The movement in tangible fixed assets during 2021 and 2020 was as follows:

	2021	2020
Balance as per 1 January	**1,464**	**1,531**
Investments	895	344
Depreciation	-335	-339
Transfer from / to investment property	3,162	
Disposals	-21	-72
Balance as per 31 December	**5,165**	**1,464**
Gross book value	6,295	2,304
Cumulative depreciation	-1,129	-839
Tangible fixed assets	**5,165**	**1,464**

13. INTANGIBLE FIXED ASSETS

Intangible fixed assets consist of capitalised software.
The movement in intangible fixed assets during 2021 and 2020 was as follows:

	2021	2020
Balance as per 1 January	**242**	**366**
Investments	33	83
Amortisation	-142	-207
Balance as per 31 December	**134**	**242**
Gross book value	1,285	1,252
Cumulative amortisation	-1,152	-1,010
Intangible fixed assets	**134**	**242**

Investments during 2020 concern the purchase of an HNK Office App, whereas 2021 investments concern the initial costs made related to robotic process automation, which is work in progress as per 31 December 2021.

14. OTHER NON-CURRENT ASSETS

	31 December 2021	31 December 2020
Lease incentives	13,148	12,164
Other non-current assets	**13,148**	**12,164**

Lease incentives are straight-lined over the remaining lease terms until the first possible moment of termination by the tenants.

Lease incentives contain an amount of € 0.3m to be settled in 2022 (2020: € 1.1m to be settled in 2021).

15. DEBTORS AND OTHER RECEIVABLES

	31 December 2021		31 December 2020	
Gross debtors	782		1,062	
Provision for doubtful debts	-300		-454	
Debtors		483		608
Tenant loans		28		37
Taxes		89		103
Prepayments and accrued income		528		397
Other current receivables		2,887		1,082
Debtors and other receivables		**4,015**		**2,226**

The largest item recognised under debtors and other accounts receivable concerns debtors (€ 0.8m), mainly tenants who are overdue, which are reported after deduction of a provision for expected credit losses over the term of the receivables.

The provision for doubtful debts has been determined based on IFRS 9 guidelines, in line with prior year's calculations.

16. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Bank balances	7,729	155
Cash and cash equivalents	**7,729**	**155**

The full amount of cash and cash equivalents is freely available.

17. EQUITY ATTRIBUTABLE TO SHAREHOLDERS

ISSUED SHARE CAPITAL

As per 31 December 2020 the authorised share capital consisted of 19,291,415 issued and fully paid shares (€ 71.0m). The issued shares have a par value of € 3.68 each.

In May 2021 186,639 shares were issued as stock dividend, relating to the final dividend distribution for 2020. This resulted in 19,478,054 issued shares (€ 71.7m). In August 2021 an interim stock dividend of 220,153 shares was issued and distributed. After that date the number of issued and fully paid shares as per 31 December 2021 amounted to 19,698,207 (€ 72.5m).

	2021	2020
Balance as per 1 January	**70,992**	**69,617**
Stock dividend - final distribution prior year	687	1,186
Stock dividend - interim	810	189
Balance as per 31 December	**72,489**	**70,992**

The movement in the number of shares issued in 2020 and 2021 was as follows:

	2021	2020
Balance as per 1 January	**19,291,415**	**18,917,764**
Stock dividend - final distribution prior year	186,639	322,352
Stock dividend - interim	220,153	51,299
Balance as per 31 December	**19,698,207**	**19,291,415**

The holders of ordinary shares are entitled to receive the dividend declared by the company and to exercise one vote per share at the General Meeting of Shareholders.

SHARE PREMIUM RESERVE

	2021	2020
Balance as per 1 January	**918,275**	**919,661**
Stock dividend - final distribution prior year	-692	-1,192
Stock dividend - interim	-815	-194
Balance as per 31 December	**916,768**	**918,275**

The share premium reserve consists of the paid-up capital for ordinary shares in excess of the nominal value. The share premium reserve qualifies as fiscally recognised paid-up capital for Dutch tax purposes.

In the movement of the share premium reserve 2021, € 10k transaction costs on the issue of stock dividend is included.

OTHER RESERVES

	2021	2020
Balance as per 1 January	**-114,416**	**-282,266**
Profit appropriation	-20,414	196,297
Cash dividend - final distribution prior year	-14,917	-10,357
Cash dividend - interim	-12,015	-18,089
Balance as per 31 December	**-161,762**	**-114,416**

DIVIDEND AND EARNINGS PER SHARE

The final dividend for 2021 is to be distributed in the form of cash, shares or a combination of both as proposed by the Management Board and subject to approval by the General Meeting of Shareholders on 15 April 2022. This proposal was not included as a liability in the balance sheet at 31 December 2021.

NUMBER OF SHARES

	31 December 2021	31 December 2020
Weighted average number of ordinary shares	**19,499,825**	**19,138,717**
Number of ordinary shares entitled to dividend	**19,698,207**	**19,291,415**

DIVIDEND

	2021		2020	
	Per share (€)	Total	Per share (€)	Total
Interim dividend paid	1.04	20,257	1.04	20,010
Proposed final dividend	1.12	22,062	1.12	21,606
Total dividend	**2.16**	**42,319**	**2.16**	**41,616**

EARNINGS PER SHARE

	2021	2020
Total result (€)	**6.20**	**-1.07**

The calculation of earnings per share at 31 December 2021 is based on the result attributable to ordinary shareholders of € 121.0m (2020: € 20.4m negative) and a weighted average number of outstanding ordinary shares during 2021 of 19,499,825 (2020: 19,138,717).

The proposed distribution of the final dividend complies with the fiscal distribution obligation and is in line with the current dividend policy to distribute at least 75% of the direct result.

CAPITAL MANAGEMENT

NSI prefers to work with a conservative capital structure to underpin its real estate activities, to secure the group's continuity in the long run. The benefit of a conservative capital structure is that it is possible to keep the overall cost of capital low. The aim is to have at any point in time sufficient balance sheet capacity to pay out dividends, honour all capital commitments and absorb a material fall in appraisal values, be able to fund investment opportunities and stay well within all loan covenants and so not having to resort to asset disposals or equity issue to restore the balance sheet.

NSI prefers to finance itself mostly through unsecured financing to maintain optimal flexibility. It will also look to manage its balance sheet risk in relation to the other risks inherent to the business (economic cycle risk, leasing risk, development risk etc.).

NSI also consistently monitors its fiscal capital base to make sure it meets and continues to meet all the requirements related to its FBI-status.

Management seeks to achieve a balance between a higher return that could be achieved through a higher level of debt capital, on the one hand, and the benefits and security of a healthy financial position, on the other. In addition, management safeguards capital by monitoring the loan-to- value ratio and the debt owed to credit institutions / equity ratio. The ratio of debt owed to credit institutions / property investments was 28.2% on 31 December 2021 (31 December 2020: 29.2%). The ratio of debt owed to credit institutions / equity was 28.7% / 71.3% on 31 December 2021 (31 December 2020: 30.0% / 70.0%).

All bank covenants are monitored proactively and periodically. The key covenants for NSI relate to:
- Loan-to-value;
- The interest coverage ratio;
- Solvency.

Furthermore, loans differ in the use or non-use of security, (public) transferability and other possible characteristics such as convertibility, affiliations with indices and inflation.

LOAN-TO-VALUE

NSI has two covenants relating to loan-to-value (LTV):
- LTV of NSI units regarding independent financing arrangements with specific assets acting as security. The maximum individual LTV relating to this specific security must be below 60%;
- LTV regarding NSI's entire portfolio. The maximum LTV must not exceed 60%.

The following table provides an overview of the LTV at group level:

	LTV (%) as per 31 December		Individual LTV's are compliant	
	2021	2020	2021	2020
NSI - group-level	28.2%	29.2%	Yes	Yes

In 2021 NSI and its subsidiaries complied with the LTV requirements agreed with banks on both an individual and consolidated level.

Furthermore, a number of requirements must be met to achieve and maintain the status of a Dutch real estate investment trust (FBI). One such requirement relates to the maximum LTV (norm: ≤ 60%). The basis for calculating this LTV differs fundamentally from the basis used for financial institutions. For the latter group NSI uses its commercial figures. The figures for tax purposes are used to calculate the LTV to assess the Dutch FBI status. NSI complied with this requirement in both 2020 and 2021.

INTEREST COVERAGE RATIO

NSI has two covenants relating to the interest coverage ratio (ICR):
- The interest coverage ratio for independently financed NSI subsidiaries must be at least 2.0;
- Interest coverage ratio for NSI's entire portfolio must be at least 2.0.

The table below shows the interest coverage ratio (ICR):

	ICR as per 31 December		Individual ICR's are compliant	
	2021	2020	2021	2020
NSI - group-level	6.8	7.2	Yes	Yes

In 2021 NSI and its subsidiaries complied with the independent and consolidated interest coverage ratio requirements agreed with the banks. Based on our ICR debt covenant of 2.0, NSI could absorb a net rental income decline of ca. 70% before breaching this covenant.

SOLVENCY

Based on the covenants, adjusted shareholders' equity at group level must be at least 40%. As per 31 December 2021 this was 70.0% (31 December 2020: 68.2%) in line with the covenants.

Other than the requirements ensuing from its status as a fiscal investment institution, the company nor its subsidiaries are subject to any externally imposed capital requirements.

18. INTEREST BEARING LOANS

The development of the interest bearing loans in 2020 and 2021 was as follows:

	2021	2020
Balance as per 1 January	**365,960**	**341,490**
Drawn interest bearing loans	140,000	85,125
Transaction costs paid	-744	-75
Amortisation transaction costs	280	270
Repayment of interest bearing loans	-115,700	-60,850
Balance as per 31 December	**389,796**	**365,960**
Redemption requirement interest bearing loans	700	700
Balance as per 31 December	**389,096**	**365,260**

In December 2021, NSI concluded the refinancing of the existing revolving credit factility of € 300.0m. Under IFRS 9, this refinancing was qualified as a modification; as such, the fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The remaining maturities of the loans at 31 December 2020 and 31 December 2021 were as follows:

	31 December 2021			31 December 2020		
	Fixed interest	Variable interest	Total	Fixed interest	Variable interest	Total
Up to 1 year		700	700		700	700
From 1 to 2 years		145,529	145,529		700	700
From 2 to 5 years	39,904	24,015	63,919		195,052	195,052
From 5 to 10 years	179,648		179,648	129,535		129,535
More than 10 years				39,974		39,974
Total	**219,552**	**170,244**	**389,796**	**169,508**	**196,452**	**365,960**
Average interest rate (excl. Interest-rate swaps)	2.0%	1.6%		2.1%	1.5%	

In 2022 € 0.7m (2021: € 0.7m) of financing will expire. The amount concerns the amortisation requirement of one loan due and will be covered by retained cash or the available financing facilities.

Loans outstanding have a remaining average maturity of 4.9 years (31 December 2020: 5.2 years) The weighted average annual interest rate on the loans and interest-rate swaps at the end of 2021 was 2.2% (31 December 2020: 2.1%). These include margin, utilisation fees and amortised costs and exclude commitment fees.

	31 December 2021			31 December 2020		
	Secured loans	Unsecured loans	Total	Secured loans	Unsecured loans	Total
Interest bearing loans - nominal value	66,400	325,000	391,400	67,100	300,000	367,100
Amortised costs	-96	-1,508	-1,604	-148	-992	-1,140
Total	**66,304**	**323,492**	**389,796**	**66,952**	**299,008**	**365,960**

During 2021 € 0.7m of financing costs were capitalised (2020: € 0.1m). The financing costs are recognised in the profit and loss account using the effective interest method.

As security for loans (up to € 66.4m), mortgages were pledged against investment property valued at € 248.4m (31 December 2020: € 237.4m), combined with pledges on rental income and maximum LTV requirements.

On 31 December 2021 the company's undrawn committed credit facilities totalled € 275.0m (31 December 2020: € 250.0m). Taking into account the cash and cash equivalents and debts to credit institutions, the remaining undrawn committed credit facility is € 282.7m. The fair value of the loans on 31 December 2021 was € 393.9m (31 December 2020: € 367.2m).

19. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

RECOGNITION CATEGORIES AND FAIR VALUES

The table on the next page summarises the book values and fair values of financial assets and liabilities, as well as their applicable level within the fair value hierarchy.

FAIR VALUE HIERARCHY

Fair value measurements are categorised into different levels in the fair value hierarchy depending on the input that formed the basis of the valuation techniques applied.

The different levels are defined as follows:
- Level 1: valuation based on quoted prices in active markets for identical assets or liabilities;
- Level 2: valuation of assets or liabilities based on (external) observable information;
- Level 3: valuation of assets or liabilities based wholly or partially on (external) unobservable information.

Level 2 applies to all financial instruments; a model in which fair value is determined based on directly or indirectly observable market data. In level 2 fair values for over-the-counter derivatives is calculated as the present value of the estimated future cash flows based on observable yield curves obtained by external data sources (e.g. Bloomberg) and valuation statements received from our counterparties These quotes are regularly tested for adequacy by discounting cash flows using the market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments that take into account the credit risk of the group entity and the counterparty, when appropriate.

	Note	31 December 2021 Fair value level	Amortised cost price	Fair value	31 December 2020 Fair value level	Amortised cost price	Fair value
Financial assets valued at amortised cost price							
Financial fixed assets	11	2	0		2	1,659	
Debtors and other receivables	15	2	3,398		2	1,727	
Cash and cash equivalents	16	1	7,729		1	155	
Financial liabilities valued at fair value through profit or loss							
Derivative financial instruments		2		1,739	2		3,140
Financial liabilities valued at amortised cost price							
Interest bearing loans	18	2	389,796		2	365,960	
Other non-current liabilities	20	2	3,742		2	3,960	
Creditors and other payables	21	2	15,051		2	15,058	
Debts to credit institutions	22	1	7		1	390	

FAIR VALUE HIERARCHY

The categories of financial instruments are:

- AC: Amortised Cost;
- FVPL: Fair Value through Profit or Loss;
- FVOCI: Fair Value through Other Comprehensive Income.

The book value of the financial instruments in the balance sheet and the fair values are as follows:

	Note	Category IFRS39	31 December 2021 Book value	Fair value	31 December 2020 Book value	Fair value
Financial fixed assets	11	AC	0	0	1,659	1,659
Debtors and other receivables	14	AC	3,398	3,398	1,727	1,727
Cash and cash equivalents	15	AC	7,729	7,729	155	155
Financial assets			**11,127**	**11,127**	**3,540**	**3,540**
Derivative financial instruments		FVPL	1,739	1,739	3,140	3,140
Interest bearing loans	18	AC	389,796	393,853	365,960	367,170
Other non-current liabilities	20	AC	3,742	3,742	3,960	3,960
Creditors and other payables	21	AC	15,051	15,051	15,058	15,058
Debts to credit institutions	22	AC	7	7	390	390
Financial liabilities			**410,334**	**414,392**	**388,507**	**389,717**

On the balance sheet date the derivative financial instruments had the following maturity:

	31 December 2021 # contracts	Nominal value	Fair value assets	Fair value liabilities	31 December 2020 # contracts	Nominal value	Fair value assets	Fair value liabilities
Up to 1 year					2			220
From 1 to 5 years	9	147,500		1,739	9	147,500		2,920
Total	**9**	**147,500**		**1,739**	**11**	**147,500**		**3,140**

NSI minimises its interest rate risk by swapping the variable interest it pays on the majority of its loans for a fixed interest rate by means of contracts with fixed interest rates varying from -0.11x% to 0.73% (2020: -0.11% to 0.73%) and with maturity dates in 2023 (2020: between 2021 and 2023). The weighted average remaining maturity of the derivatives is 1.4 years (2020: 2.4 years).

NSI is hedged at a weighted average interest rate of 0.4% (2020: 0.3%), excluding margin, 6.1% of the total outstanding variable interest loans (2020: 13.5%) are not hedged (volume hedge of 93.9%).

FINANCIAL RISK MANAGEMENT

In the normal conduct of business, the group is subject to liquidity risk, including financing and refinancing risk, market risk and credit risk. Overall risk management is focused on the unpredictability of the financial markets and is designed to minimise any negative effects on the group's business performance. The group closely monitors the financial risks associated with its business and financial instruments. The group is a long-term investor in real estate and therefore applies the principle that the financing of these investments should also be planned for the long term, in accordance with the risk profile of its business.

The policy and monitoring of risks are reviewed regularly and adjusted if necessary to reflect changes in market conditions and the group's operations.

LIQUIDITY RISK

Investing in property is a capital-intensive activity. The property portfolio is financed partly with equity and partly with debt. Funding with debt carries refinancing risks. The potential impact is that there is insufficient liquidity available to meet the company's obligations at the moment of the interest payment or repayment. Liquidity risk involves the risk of the group having problems fulfilling its financial obligations. The basic principle of liquidity risk management is that sufficient resources should be kept available, if possible, for the group to fulfil its current and future financial obligations under normal and difficult circumstances and without incurring unacceptable losses or harming the reputation of the group.

Liquidity risk management involves ensuring the availability of adequate credit facilities. To spread its liquidity risk, the group has funded its operations with various loans and shareholders' equity. Furthermore, measures have been taken to ensure a higher occupancy rate and to prevent financial losses resulting from the bankruptcies of tenants. Fluctuations in the company's liquidity needs are absorbed by undrawn parts of committed credit facilities of € 275.0m (2020: € 250.0m).

The interest and repayment obligations were safeguarded for 2021 based on the undrawn parts of committed credit facilities, extensions on loans and lease agreements. Maturity dates are spread over time to minimise liquidity risk. The average remaining maturity of loans is 4.9 years (2020: 5.2 years).

At year-end 2021 NSI had € 25.0m of current account committed credit facilities with banks at its disposal, of which € 0.0m was drawn. The undrawn committed credit facilities of the interest-bearing loans and current account credit facilities amounted to € 275.0m at 31 December 2021 with a maturity of 4.9 years. Furthermore, cash and cash equivalents amounted to € 7.7m at 31 December 2021. This brings the total of unused credit facilities and cash and cash equivalents to € 282.7m at 31 December 2021.

The contractual periods of the financial liabilities, including the estimated interest payments are stated below:

2021

		Contractual cash flow					
		Total	< 6 months	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
	Book value						
Loans	389,796	425,541	3,713	3,731	151,110	77,782	189,205
Other non-current liabilities	3,742	4,311			862	1,785	1,664
Creditors and other payables	15,051	15,062	14,439	623			
Debts to credit institutions	7	7	7				
Non-derivative financial liabilities	**408,596**	**444,920**	**18,158**	**4,354**	**151,972**	**79,567**	**190,870**
Derivative financial instruments	1,739	2,020	753	765	501		
Derivative financial instruments	**1,739**	**2,020**	**753**	**765**	**501**		
Total	**410,334**	**446,940**	**18,911**	**5,119**	**152,473**	**79,567**	**190,870**

2020

		Contractual cash flow					
	Book value	Total	< 6 months	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
Loans	365,960	404,165	3,886	3,936	7,812	208,294	180,237
Other non-current liabilities	3,960	4,518			734	2,081	1,703
Creditors and other payables	15,058	15,068	14,638	430			
Debts to credit institutions	390	390	390				
Non-derivative financial liabilities	**385,367**	**424,140**	**18,914**	**4,366**	**8,546**	**210,375**	**181,940**
Derivative financial instruments	3,140	3,165	591	609	1,478	487	
Derivative financial instruments	**3,140**	**3,165**	**591**	**609**	**1,478**	**487**	
Total	**388,507**	**427,305**	**19,505**	**4,975**	**10,024**	**210,861**	**181,940**

The gross inflow / outflow reflected in these table shows the non-discounted contractual cash flows related to the derivative financial liabilities held for risk management purposes that are generally not terminated before the end of the contractual period. The information shows the net cash flow amounts for derivatives settled net in cash and the gross cash inflows and outflows for derivatives that are simultaneously settled gross in cash.

The interest payments on the loans in the above table with variable interest rates and interest rate swaps used for hedging purposes are based on market interest rates at the end of the reporting period. The amounts may change due to changes in market interest rates. It is not expected that the cash flows assumed in the maturity analysis will occur significantly earlier or with significantly different amounts.

MARKET RISK

Market risk exists because of price changes. The purpose of market risk management is to manage and control market risk exposures within acceptable limits while simultaneously optimising returns. Market risk consists of interest rate risk and foreign currency risk. The group uses derivatives to manage the market risk of volatility of interest rates. Such transactions take place within the guidelines laid down in the treasury policy.

There is no currency risk exposure at the end of December 2021.

INTEREST RATE RISK

NSI must at all times meet its obligations under the loans drawn and the interest coverage ratio shows the company's ability to do so. The interest coverage ratio is calculated as the net rental income divided by the net financing costs. The financing covenants stipulate that the interest coverage ratio may not fall below 2.0.

In addition, NSI must comply with the requirements set in terms of its loan-to-value ratio (debts to credit institutions divided by its investments). The financing covenants stipulate that the total amount of loans drawn may not exceed 60% of the value of the underlying investment property. The applicable interest rates on loans are partly dependent on the loan-to-value ratio at the moment the interest rate is being set. If the loan-to-value ratio increases, the interest costs will therefore rise. The ratios to which the company has committed itself in the loan agreements are monitored on a regular basis, at least once every six months.

If NSI were not able to meet these criteria and were not able to reach an agreement about this with the banks involved, this could result in the financing arrangements being renegotiated, terminated or prematurely repaid. If NSI does not have sufficient cash or alternative funding sources of funding to meet its obligations, any "default" or "cross-default" situation can occur.

At the end of 2021 the interest coverage ratio was 6.8 (31 December 2020: 7.2), which is higher than the level of 2.0 agreed with the banks.

Variable-interest rate loans expose NSI to uncertainty about interest expenses. Derivatives are used to manage interest rate risk. NSI's policy regarding the hedging of interest rate risk is defensive by nature, NSI does not take speculative positions. NSI aims to hedge the majority of the outstanding loans for the medium to long term. On 31 December 2021 NSI held financial derivatives with a nominal value of € 147.5m (31 December 2020: € 147.5m) for the purpose of managing the interest rate risk on its loans.

SENSITIVITY OF INTEREST RATE

If the variable interest rate were to rise 100 basis points compared to 31 December 2021, the theoretical interest expenses for 2022 would decrease by € 0.7m (2020: decrease by € 0.6m), due to the effect of interest rate swaps based on three-months Euribor with no floor against loans with a Euribor floor of zero, assuming no changes to the portfolio or financing (including margins). In case the variable interest rate would be 100 basis points lower, the interest expenses would increase by € 1.5m (2020: increase by € 1.5m). The financial derivatives are discounted (inclusive and exclusive of derivatives) in this calculation, but potential changes to the fair value of the derivatives are not.

ANALYSIS OF EFFECTIVE INTEREST RATES AND INTEREST RATE REVISIONS

The table below shows the effective interest rate (the variable interest rate is based on 3-month Euribor as per 31 December) of financial assets and liabilities for which interest is payable at the balance sheet date, together with the dates when the rates will be reviewed.

2021

	Effective interest	Total	< 1 year	1 - 2 years	2 - 5 years	> 5 years
Fixed interest loans	2.0%	219,552			39,904	179,648
Variable interest loans	1.6%	22,744	700	-1,971	24,015	
Fixed interest as a result of swaps	2.7%	147,500		147,500		
Total	**2.2%**	**389,796**	**700**	**145,529**	**63,919**	**179,648**
Redemption obligations		700	700			
Balance as per 31 December 2020		**389,096**		**145,529**	**63,919**	**179,648**

2020

	Effective interest	Total	< 1 year	1 - 2 years	2 - 5 years	> 5 years
Fixed interest loans	2.1%	169,508				169,508
Variable interest loans	1.5%	48,952	700	700	47,552	
Fixed interest as a result of swaps	2.3%	147,500			147,500	
Total	**2.1%**	**365,960**	**700**	**700**	**195,052**	**169,508**
Redemption obligations		700	700			
Balance as per 31 December 2020		**365,260**		**700**	**195,052**	**169,508**

CREDIT RISK

Credit risk is defined as the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet their contractual obligations. Credit risks mainly arise from tenant receivables. The book value of the financial assets represents the maximum exposure to credit risk.

The maximum credit risk on the balance sheet date was as follows:

	31 December 2021	31 December 2020
Financial fixed assets	0	1,659
Debtors and other receivables	3,398	1,727
Cash and cash equivalents	7,729	155
Credit risk	**11,127**	**3,540**

BANKS

The risks associated with a possible non-performance by counterparties are minimised by entering into transactions for loans and derivative financial instruments and cash management with various reputable banks. These banks have credit ratings of at least A2 (Moody's) or A- (Standard & Poor's). Management actively monitors the credit ratings.

TENANTS

The creditworthiness of tenants is closely monitored by careful screening the credit scores of tenants in advance and by actively monitoring debtor balances. In addition, rent is generally paid in advance and tenants are required to provide collateral for rent payments for a limited period of three months in the form of guarantee payments or bank guarantees. As the tenant base consists of a large number of different parties, there is no concentration of credit risk.

The maturity of (gross) receivables was as follows:

	31 December 2021	31 December 2020
Up to 1 month expired	207	170
From 1 to 3 months expired	40	72
From 3 months to 1 year expired	95	492
More than 1 year expired	441	328
Gross debtors	**782**	**1,062**

Aside from bank guarantees, security deposits for € 4.6m (2020: € 4.5m) were obtained to cover for potential loss of creditworthiness of tenants with regard to the receivables, of which € 2.1m (2020: € 1.6m) is relating to expiring lease contracts within one year.

Movement in the provision for impairment of doubtful debts was as follows:

	2021	2020
Balance as per 1 January	**454**	**745**
Addition to / release of provision	-130	207
Write-off bad debts	-24	-498
Balance as per 31 December	**300**	**454**

Impairment losses recognised at 31 December 2021 were related to various tenants who indicated that they would not be able to pay outstanding balances due to the economic circumstances.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared characteristics and the days past due date, adjusted if deemed needed with forward looking information.

On this basis the expected loss rate for trade receivables which are less than 90 days expired is below 3.5% and for trade receivables more than 90 days expired these rates per segment are:

	> 90 days expired
Offices	60.60%
HNK	67.01%
Other	67.66%

20. OTHER NON-CURRENT LIABILITIES

	31 December 2021	31 December 2020
Security deposits	2,551	2,559
Lease liabilities	1,191	1,401
Other non-current accounts payable	**3,742**	**3,960**

As from 2021 short term security deposits are now included under “creditors and other payables”; short term security deposits amount to € 2.1m as per 31 December 2021. Comparative figures for 2020 in the amount of € 1.9m have been adjusted accordingly.

The average term of the leases relating to the security deposits is 2.4 years (31 December 2020: 2.3 years).

The net present value of non-current future lease obligations amounts to € 1.2m, consisting of leasehold obligations (€ 0.8m) and car lease obligations (€ 0.4m).

21. CREDITORS AND OTHER PAYABLES

	31 December 2021	31 December 2020
Creditors	2,627	1,988
Taxes	1,587	3,553
Interest	721	1,360
Security deposits	2,059	1,898
Lease liabilities	413	398
Deferred income and accruals	16,994	20,649
Other current payables	84	371
Creditors and other payables	**24,485**	**30,216**

As from 2021, short term security deposits are included under “creditors and other payables, rather than under “other non-current liabilities. Comparative figures have been adjusted accordingly.

As per 31 December 2021, the net present value included for leasehold obligations amounts to € 0.1m and for car lease obligations € 0.3m.

22. DEBTS TO CREDIT INSTITUTIONS

The item Debts to credit institutions concerns cash loans and current account overdrafts with banks. NSI has concluded credit arrangements with a number of banks, of which a part is available as overdraft facility. In the case of cash-pool arrangements, cash and cash equivalents and debts to credit institutions are offset if allowed under IFRS9. The weighted average interest on available credit facilities as per yearend 2021 was 1.3% (yearend 2020: 1.3%) per annum including margin.

	31 December 2021	31 December 2020
Credit facilities	25,000	25,000
Unused	24,993	24,610
Debts to credit institutions	**7**	**390**

23. OFF-BALANCE SHEET ASSETS AND LIABILITIES

OFF- BALANCE SHEET ASSETS

SHOPPING CENTER ‘T LOON, HEERLEN - INSURANCE COMPANIES

In the court case initiated by (the insurance company of) a former tenant of shopping mall ‘t Loon against – amongst others - the association of owners of shopping mall ‘t Loon, the Dutch Supreme Court presented its judgement on 4 February 2022.

The outcome of the judgement is, amongst others, that the decision of the Amsterdam Court of Appeal dated 10 September 2019, is annulled. The court case is forwarded to the The Hague Court of Appeal for further judgement.

The legal basis for the payment of the association of owners of € 563k to the insurance company of the tenant, made pursuant to the decision of the Amsterdam Court of Appeal of 10 September 2019, is therefore also annulled. This means that the association of owners has a due and payable claim of € 563k (to be increased with the statutory interest) against the insurance company of the tenant. NSI, as (former) member of the association owners, is entitled to approximately 60% of this claim.

PARK OFFICE, ROTTERDAM – NEW OWNER OF THE BUILDING

In December 2021 NSI sold the Park Office, Rotterdam asset. NSI agreed a conditional additional payment of €2.5m (earn-out clause relating to transformation potential), to be paid by the new owner or future owner(s), if an irrevocable environmental permit will be obtained by the owner before 2050.

OFF- BALANCE SHEET LIABILITIES

SHOPPING CENTER 'T LOON, HEERLEN - FORMER TENANT

On 24 April 2020 a former tenant issued a writ of summons against the VvE and two of its members, including NSI, claiming an advance payment of € 100,000 and damages for loss of revenue.

By final decision of the District Court dated 26 January 2022, the claims of the former tenant have been denied in full. Please note that the former tenant is allowed to file an appeal against the decision of the District Court until 26 April 2022.

OTHER

The company has entered into investment commitments for an amount of € 2.4m (31 December 2020: € 7.1m) relating to investment properties. For maintenance, technical property management, IT-providers etc. the company has entered into other contractual obligations for € 8.6m (31 December 2020: € 12.8m).

The company has unused credit facilities amounting to € 275.0m (31 December 2020: € 249.6m).

24. RELATED PARTIES

The following parties qualify as related parties:
- The company and its group companies;
- Its Supervisory Board members and;
- Management Board members.

NSI defines its statutory Management Board as "key management personnel".

INTERESTS OF MAJOR INVESTORS

Notifications of shareholdings of more than 3% are disclosed under the Dutch Disclosure of Major Holdings in Listed Companies Act. According to the Dutch Authority for the Financial Markets (AFM) the following shareholders hold a stake of more than 3% on 31 December:

	31 December 2021	31 December 2020
ICAMAP Investments SARL	>10%	>10%
BlackRock, Inc.	5.7%	5.0%
Vanguard Group, Inc.	3.2%	< 3.0%
APG Asset Management N.V.	3.2%	3.3%
Clearance Capital Ltd.	3.1%	3.2%
Norges Bank	< 3.0%	4.2%
Phoenix Insurance Company Ltd.	0.0%	3.7%

SUPERVISORY BOARD AND MANAGEMENT BOARD MEMBERS

The members of the Supervisory and Management Boards of NSI N.V. have no direct personal interest in the investments made by NSI N.V., nor did they have such an interest at any time in the past year. The company is not aware of any investment property transactions with persons or institutions that could be considered to have a direct relationship with the company in the reporting year.

REMUNERATION OF THE SUPERVISORY BOARD

	2021	2020
Luurt van der Ploeg (up to 1 August 2021)	32	54
Jan-Willem de Geus (as from 25 November 2021)	6	
Jan-Willem Dockheer (as from 24 April 2020)	44	26
Margreet Haandrikman	43	41
Karin Koks - Van der Sluis	56	58
Harm Meijer	42	42
Remuneration Supervisory Board	**222**	**221**

The schedule above includes the payment the Supervisory Board members receive as a member of the Audit Committee, the Remuneration Committee, the Selection & Appointment Committee and the Real Estate Committee.

The Supervisory Board members did not hold any shares in the company at the end of 2021 (2020: 0), except for Mrs. Koks - van der Sluis who holds 159 shares (2020: 159 shares). Furthermore, Mr. Meijer is one of the shareholders at ICAMAP Investments SARL, holding 10.0% of NSI shares as per 31 December 2021 (31 December 2020: 10.0%).

REMUNERATION OF THE MANAGEMENT BOARD

2021

	Salary	Variable		Social	Pension	Other	Total	Equity
		Long term	Short term	security				holding # shares
Bernd Stahli	415	72	92	13	17	6	614	17,000
Alianne de Jong	310	53	101	13	14	1	491	6,447
Remuneration Management Board	**725**	**124**	**193**	**25**	**30**	**7**	**1,105**	**23,447**

2020

	Salary	Variable		Social	Pension	Other	Total	Equity
		Long term	Short term	security				holding # shares
Bernd Stahli	415	73	62	10	14	3	577	14,646
Alianne de Jong	298	42	78	13	13	3	446	4,055
Anne de Jong	132	0	5	3	5	-7	139	NA[1]
Remuneration Management Board	**846**	**114**	**145**	**26**	**32**	**-1**	**1,161**	**18,701**

NSI shares held by directors are purchased at their own risk and expense.

The current remuneration policy with respect to the members of the Management Board was adopted at the General Meeting of Shareholders (AGM) on 24 April 2020. The full text of the remuneration policy can be viewed on NSI's website.

The remuneration of the Management Board consists of a base salary, a variable remuneration and secondary employment benefits.

The variable component consists of a long-term incentive (LTI) and a short-term incentive (STI).

1 As of 1 May 2020 Anne de Jong is no longer a Management Board member of NSI and as such the shareholding requirement of the remuneration policy for the Management Board does no longer apply.

The LTI concerns a rolling cash incentive plan covering a three-year period. The LTI is capped to 90% of the base salary at the moment of the grant for the CEO and at 45% for the CFO. It is based on the total shareholder return (TSR) during the LTI-period. This TSR takes into account the NSI share price at the beginning and at the end of the period as well as dividends distributed during the period. In addition, NSI's TSR is compared with a benchmark TSR.

As the new remuneration policy was adopted for the CEO only in 2020, the 2021 LTI for the CEO will be based on two years (2020 / 2021).

The STI concerns an annual performance related cash incentive. The collective performance measures in the STI represent short-term results needed for sustainable value creation with respect to the most important achievement areas of the company. These could include occupancy rate, like-for-like net rental income, EPRA earnings per share, organisational targets like personnel retention rate and sustainability performance. Next to these collective measures the company could also apply individual targets, related to the individual roles of the members and specific short-term achievements needed for NSI.

The STI is capped to 24% of the base salary for the CEO and to 36% of the base salary for the CFO.

The variable remuneration is a cash-settled, share-based payment transaction. Its allocation is paid in cash under the condition that the respective Management Board member uses two-thirds of the net amount of the LTI and one-third of the net amount of the STI to purchase NSI shares until the shareholding requirement has been met.

During 2021, the variable remuneration paid to the CEO amounted to € 135k, consisting of an LTI of € 72k and an STI of € 63k. The variable remuneration of the CFO amounted to € 121k, consisting of an LTI of € 53k and an STI of € 68k.

The provision included in the balance sheet as per end of December 2021 amounts to € 303k. The provisions for the CEO and CFO on 31 December 2021 amount to respectively € 154k (LTI of € 62k and STI of € 91k) and € 149k (LTI of € 47k and STI of € 102k).

The variable component in the remuneration overviews consists of the balance of the release of prior year provisions versus the actual payments made to the Management Board and the additional provision taken in the course of 2021.

NO SHARE OPTIONS AND NO LOANS

No members of the Management Board or Supervisory Board hold option rights in NSI N.V.. No loans, advances or guarantees have been provided to members of the Management Board or Supervisory Board by NSI N.V..

25. COST RATIO

Under the Dutch Financial Supervision Act (Wet financieel toezicht) NSI is required to report its ratio of expenses to its net asset value. In 2021 this ratio is 2.4% (2020: 2.8%). This cost ratio is calculated as total expenses (operational costs, non-recharged service costs, administrative expenses and corporate tax) divided by the weighted average net asset value for the latest financial year.

COMPANY BALANCE SHEET (BEFORE PROPOSED PROFIT APPROPRIATION)

FOR THE YEAR ENDED 31 DECEMBER 2021

(x € 1,000)

	Note	31 December 2021	31 December 2020
Assets			
Financial fixed assets	1	1,337,336	1,230,513
Tangible fixed assets		1,425	845
Intangible fixed assets		134	242
Non-current assets		**1,338,895**	**1,231,601**
Debtors and other receivables		456	342
Cash and cash equivalents		7,729	10
Current assets		**8,185**	**352**
Total assets		**1,347,080**	**1,231,953**
Shareholders' equity			
Issued share capital	2	72,489	70,992
Share premium reserve	2	916,768	918,275
Participations reserve	2	271,047	211,889
Retained earnings	2	-432,809	-326,305
Total result for the year	2	120,961	-20,414
Shareholders' equity		**948,457**	**854,438**
Liabilities			
Interest bearing loans		389,096	365,260
Derivative financial instruments		1,739	2,920
Other non-current liabilities		388	553
Non-current liabilities		**391,223**	**368,733**
Redemption requirement interest bearing loans		700	700
Derivative financial instruments			220
Creditors and other payables		6,701	7,473
Debts to credit institutions			390
Current liabilities		**7,401**	**8,783**
Total liabilities		**398,623**	**377,515**
Total shareholders' equity and liabilities		**1,347,080**	**1,231,953**

The notes on pages 130 to 133 form an integral part of these company financial statements.

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

(x € 1,000)

	Note		2021		2020
Administrative costs	3		-7,626		-7,116
Other income and costs			-12		-101
Financing income	4				
Financing costs	4	-9,789		-8,937	
Movement in market value of financial derivatives	4	1,401		-365	
Net financing result			-8,388		-9,302
Corporate result before tax			**-16,026**		**-16,519**
Corporate income tax					3
Corporate result after tax			**-16,026**		**-16,516**
Result from participations			136,986		-3,898
Total result for the year			**120,961**		**-20,414**

The notes on pages 130 to 133 form an integral part of these company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

GENERAL
NSI N.V. exclusively performs holding activities. NSI's structure as described in the notes to the consolidated financial statements also applies to the company financial statements.

The company financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code regarding financial reporting. In the preparation of its financial statements, the company has also applied the provisions for the contents of financial reporting by investment institutions pursuant to the Dutch Financial Super- vision Act.

PRINCIPLES OF DETERMINATION OF THE RESULT
The company financial statements have been prepared in accordance with Article 362 Paragraph 8 Book 2 of the Dutch Civil Code. This means that the principles for the processing and valuation of assets and liabilities and the determination of the result as described in the disclosure to the consolidated financial statements also apply to the company financial statements, unless stated otherwise. For a description of these principles, please refer to pages 86 to 91. If required notes have been incorporated in the consolidated financial statements these notes have not been incorporated here.

FINANCIAL FIXED ASSETS
Shares in group companies are valued at net asset value. In determining the net asset value, all assets, liabilities and profits and losses are subject to the accounting principles used for the consolidated financial statements, in accordance with the provisions of Article 362 Paragraph 8 (final sentence) of Book 2 of the Dutch Civil Code.

All receivables from group companies are considered as an extension of net investments in group companies.

1. FINANCIAL FIXED ASSETS

	31 December 2021	31 December 2020
Balance as per 1 January	**1,230,513**	**1,267,150**
Result from participations	136,986	-3,898
Changes in receivables from group companies	-30,164	-32,739
Balance as per 31 December	**1,337,336**	**1,230,513**

2. SHAREHOLDERS EQUITY

2021

	Issued share capital	Share premium reserve	(Statutory) participations reserve	Retained earnings	Result for the year	Shareholders' equity
Balance as per 1 January 2021	**70,992**	**918,275**	**211,889**	**-326,305**	**-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
Addition to participations reserve			59,157	-59,157		
Contributions from and to shareholders	**1,497**	**-1,507**	**59,157**	**-106,503**	**20,414**	**-26,942**
Balance as per 31 December 2021	**72,489**	**916,768**	**271,047**	**-432,809**	**120,961**	**948,457**

2020

	Issued share capital	Share premium reserve	(Statutory) participations reserve	Retained earnings	Result for the year	Shareholders' equity
Balance as per 1 January 2020	**69,617**	**919,661**	**246,051**	**-528,318**	**196,297**	**903,308**
Total result for the year					-20,414	-20,414
Total comprehensive income / expense for the year					**-20,414**	**-20,414**
Profit appropriation - 2019				196,297	-196,297	
Distribution final dividend - 2019	1,186	-1,192		-10,357		-10,362
Interim dividend - 2020	189	-194		-18,089		-18,094
Realised revaluation			-1,129	1,129		
Addition to participations reserve			-33,033	33,033		
Contributions from and to shareholders	**1,375**	**-1,385**	**-34,162**	**202,013**	**-196,297**	**-28,456**
Balance as per 31 December 2020	**70,992**	**918,275**	**211,889**	**-326,305**	**-20,414**	**854,438**

Both the retained earnings reserve and the share premium reserve are available for distribution as dividend.

For further details on movements in shareholders' equity, please refer to the consolidated financial statements (see disclosure 17 to the consolidated financial statements).

STATUTORY RESERVES
The statutory reserves in the company balance sheet are reserves which must be retained pursuant to the Dutch Civil Code and consist of the participation reserve and the reserve for foreign currency translation.

PARTICIPATION RESERVE
The participation reserve relates to a revaluation reserve on the investment properties in the subsidiaries and consists of the cumulative positive (unrealised) revaluations of these investments. This statutory reserve is a non-distributable reserve in accordance with the Dutch Civil Code. The revaluation reserve was determined at individual property level in 2020 and 2021, before appropriation of profits.

DIVIDEND
Taking into consideration the interim dividend of € 1.04 per share already distributed (2020: € 1.04; adjusted for stock consolidation), a final dividend of € 1.12 per share has been proposed (2020: € 1.12).

PROPOSED PROFIT APPROPRIATION
The Articles of Association of NSI N.V. stipulate that the allocation of the result after tax for the financial year is determined by the General Meeting of Shareholders. For the 2021 financial year the Management Board, with the approval of the Supervisory Board and in line with the applicable dividend policy (i.e. a pay-out of at least 75% of the direct result), has proposed a final dividend of € 1.12 per share.

This puts the total dividend for 2021 at € 2.16 per share, of which € 1.04 per share was already distributed as an interim dividend in August 2021. Subject to the approval of the General Meeting of Shareholders, NSI will offer shareholders the option to receive the final dividend in cash and/or fully or partly in shares.

Based on the number of outstanding shares eligible for dividend (19,698,207), the total amount of the final dividend is € 22.0m and will be withdrawn from the retained earnings (excluding dividend paid in shares).

Provided that the General Meeting of Shareholders approves this dividend proposal, the final dividend will be made payable from 10 May 2022.

	2021
Total result for the year - 2021	120,961
Interim dividend - 2021	-20,257
Proposed final dividend - 2021	-22,062
On balance added to the reserves	**78,642**

NSI is offering shareholders the option to receive this final dividend in cash and / or partly in shares. In anticipation of a decision on the matter by the General Meeting of Shareholders the non-allocated result after tax for the financial year is accounted for separately in equity as the result for the financial year.

3. ADMINISTRATIVE COSTS

		2021		2020
Salaries and wages	-5,463		-4,941	
Social security	-554		-529	
Pensions	-324		-301	
Depreciation right of use tangible fixed assets	-283		-274	
Other staff costs	-1,088		-1,487	
Staff costs		-7,712		-7,532
Compensation supervisory board		-273		-254
Depreciation and amortisation	-194		-272	
Other office costs	-1,408		-1,804	
Office costs		-1,602		-2,076
Audit, consultancy and valuation costs		-1,029		-1,168
Other administrative costs		-838		-789
Administrative costs		**-11,454**		**-11,819**
Allocated administrative costs		**3,828**		**4,704**
Administrative costs		**-7,626**		**-7,116**

4. NET FINANCING RESULT

	2021	2020
Interest costs	-8,325	-7,415
Other financing costs	-1,464	-1,522
Financing costs	**-9,789**	**-8,937**
Movement in market value of financial derivatives	**1,401**	**-365**
Net financing result	**-8,388**	**-9,302**

5. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

NSI N.V. has issued guarantees for its 100%-owned subsidiary companies in accordance with Article 403, Book 2 of the Dutch Civil Code.

NSI N.V. is part of a tax group for corporate income tax and Dutch sales tax, and is therefore jointly and severally liable for the tax payable by the tax group as a whole.

6. AUDIT FEES

PricewaterhouseCoopers Accountants N.V. charged the following fees to NSI and its subsidiaries:

	2021	2020
Audit financial statements	-263	-218
Other (audit) related services	-20	-23
Audit fees	**-283**	**-240**

In the 2021 financial year, an amount of € 263k of audit fees was charged by PricewaterhouseCoopers Accountants N.V. to the result in accordance with article 382a Title 9 Book 2 of the Dutch Civil Code (2020: € 218k).

7. EVENTS AFTER BALANCE SHEET DATE

In December 2021 NSI signed an unconditional agreement for the disposal of shopping centre 't Loon in Heerlen. Transfer of the asset took place on 21 January 2022.

Pursuant to the SPA, the risks, but also possible benefits, related to existing and / or new claims as a consequence of the sink hole that occurred in 2011 under the shopping mall, remain with NSI. The further outcome of the court case that is forwarded to the The Hague Court of Appel (see note 23 to the consolidated statements), is also a risk that remains with NSI after transfer of the property.

Amsterdam, 3 March 2022

The Management Board

Bernd Stahli, *CEO*
Alianne de Jong, *CFO*

The Supervisory Board

Jan-Willem de Geus, *Chairman*
Jan-Willem Dockheer
Margreet Haandrikman
Karin Koks - Van der Sluijs
Harm Meijer

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 2021

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 2021 and of its result and 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 2021 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 2021 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 2021;
- the following statements for 2021: the consolidated statements of comprehensive income, changes in shareholders' equity and cash flow; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2021;
- the company income statement for the year then ended; and
- 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 assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

OUR AUDIT APPROACH

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, like our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

OVERVIEW AND CONTEXT

NSI N.V. is an investor in commercial real estate, mainly in the offices segment. 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 Group continued to sell some assets of their existing investment property portfolio, in total twelve investment properties and they acquired four new office buildings. In 2021 the Group completed their substantial rotation plan which was announced in 2017. NSI N.V. is in the process of (re)development of four 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. Another area of focus, that is not considered as key audit matter, is the rental income which is a key performance indicator for the Group.

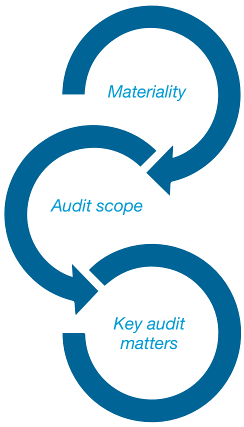
PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands, T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

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. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition climate-related risks. In the section 'Basis of preparation' in the consolidated 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 property, we considered this matter as key audit matter as set out in the section 'Key audit matters' of this report.

The management board assessed the possible effects of climate change on its financial position, refer to the section 'Risk management and internal control' in the management board report where the client disclosed the climate-related risks. We discussed management board's assessment and governance thereof with the management board and evaluated the potential impact on the financial position including underlying assumptions and estimates underlying the valuation of investment property. We addressed climate related risk in evaluating the assumptions underlying the valuation of investment property, but did not identify climate related risks as a separate key audit matter.

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 experts and specialists in the areas of amongst others real estate valuation, sustainability and IT in our team.

The outline of our audit approach was as follows:



Materiality
- Overall materiality: €2.300.000

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
- 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. We evaluated our materiality benchmark compared to prior year and determined a change in our materiality by determining an overall materiality and specific materiality based on the best practices of other listed real estate companies.

Overall group materiality	€2,300,000 (2020: €2,200,000)
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 €115,000 (2020: €110,000) 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 the independent auditor of the external service provider. Furthermore, we assessed the objectivity and competence of the independent auditor of the service organization 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.

AUDIT APPROACH ON THE RISK OF FRAUD

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Group and its environment and the components of the system of internal control, including the risk assessment process and management board's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section "Risk management and internal control" of the management board report for management board's fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operational effectiveness of internal controls designed to mitigate fraud risks.

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 whether these factors indicate that a risk of material misstatement due to fraud is present. We identified the following fraud risks and performed the following specific procedures:

IDENTIFIED FRAUD RISK	AUDIT WORK AND OBSERVATIONS
The risk of management override of controls The management board is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls, including risks of potential misstatements due to fraud based on an analysis of potential interests of the management board. This includes the risk of bias by the management board when setting assumptions. In this respect, we gave specific consideration to: – the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; – possible management bias in management board's estimates; and – significant transactions, if any, that are outside the normal course of business for the entity.	Where relevant to our audit, we evaluated the design of the internal control measures that are intended to mitigate the risk of management override of controls and tested the operational effectiveness of the measures in the processes of generating and processing journal entries, recognition and accounting for estimates. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk. We have selected journal entries based on risk criteria and conducted specific audit activities for these entries. In relation to possible management bias in management board's estimates, we paid specific attention to significant assumption in the valuation of investment property, for which we included a Key Audit Matter is this report. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.
The risk of fraudulent financial reporting through overstating rental income As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue transactions or assertions give rise to the risk of fraud in revenue recognition. Because rental income is a key performance indicator for the Group, we have identified an inherent risk by the management board in overstating revenue, especially in recognising fictious rental income or improper accounting of lease incentives.	Where relevant to our audit, we assessed the design and tested the operational effectiveness of the internal control measures related to revenue reporting and in the processes for generating and processing journal entries related to the rental income. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk. We have tested a sample of the rental income transactions by tracing the transactions back to the rental contracts and rental invoices to assess if it is recorded accurate and occurred. We have also assessed the accounting policy for the accounting of lease incentives, tested for a sample the accuracy and occurrence of the lease incentive amount recognised by tracing the lease incentive back to the rental contracts and recalculated the amount of straight-lined rent recognised in the rental income. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the accuracy and occurrence of the rental income.

IDENTIFIED FRAUD RISK	AUDIT WORK AND OBSERVATIONS
The risk of kickbacks paid to the management board or employees when buying or selling investment property As part of our risk assessment, we have identified an inherent risk that kickbacks could be paid to the management board and/or employees in exchanges for unfavourable transaction prices in the purchase or sale of investment properties.	Where relevant to our audit, we assessed the design and tested the operational effectiveness of the internal control measures related to acquisitions and sales of investment properties, in which we have paid attention to the third-party due diligence process (background checks regarding sellers and purchasers of investment properties). We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk. Furthermore, we performed the following procedures: – verified for all acquisitions and sales of investment properties that agreements are signed by two employees of NSI N.V., in line with the approved authorisation matrix; – obtained for all transactions the final notary statements and deeds of delivery; – verified with cadastre information that for acquisitions no transaction has taken place in the period preceding the acquisition by NSI N.V.; – verified with cadastre information that for sales no transactions have taken within one year (or as far as possible within one year) after the sale by NSI N.V.; – tested a sample of the cost made in relation to the acquisitions and sales and evaluated the reasonableness of expenses made; – compared the sales price to the book value based on the latest valuation report for financial reporting. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the acquisitions and sales.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud. We considered available information and made enquiries of relevant executives and the supervisory board. We performed an assessment of matters reported on the Company's whistleblowing and complaints procedures and, when applicable, results of management board's investigation of such matters.

This did not lead to indications for fraud potentially resulting in material misstatements.

AUDIT APPROACH GOING CONCERN

The management board prepared the financial statements on the assumption that the entity is a going concern and that it will continue its operations for the foreseeable future. Our procedures to evaluate management board's going concern assessment include, amongst others:

- Considering whether management board's liquidity and solvency assessment includes all relevant information of which we are aware as a result of our audit, such as the expected capital expenditure in the development projects and the (re)financing of external loans on maturity date;
- Inquire with the management board regarding management board's most important assumptions, such as the start date and expected capital expenditure of the development projects and the terms and conditions of (re)financing of external loans, underlying their going concern assessment and considering whether the management board identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks);
- Analysing the financial position per balance sheet date in relation to the financial position per prior year balance sheet date to assess whether events or circumstances exist that may lead to a going concern risk;
- Performing inquiries of the management board as to their knowledge of going concern risks beyond the period of management board's assessment.

Our procedures did not result in outcomes contrary to management board's assumptions and judgments used in the application of the going concern assumption.

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 matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

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

Significant assumption in the valuation of investment property

[reference to notes 10 in the annual report]

The Group's investment property portfolio comprises mainly offices. At 31 December 2021 the carrying value of the Group's investment property portfolio was €1.338 million (2020: €1.240 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 data input 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 a significant assumption, being the capitalisation rate.

Primary factors, which influence this significant assumption, 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.

OUR AUDIT WORK AND OBSERVATIONS

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.

In relation to the significant assumption in the valuation of investment property we have:

- evaluated that the management board has designed and implemented appropriate internal controls on the valuation process;
- evaluated the valuation methods as applied by the management board and management experts, as included in the valuation reports;
- evaluated the significant assumption made by the management board and the management experts by assessing the movements of the significant assumption 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 risk-based selection of 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.

Furthermore, we have:

- reconciled the final valuation reports with the fair value in the Group's accounting records;
- checked for each management expert the mathematical accuracy of the valuation model used;
- 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;
- discuss with the management's experts the incorporation of energy labels in their assessment of the market value of the investment properties;
- verified whether a capital expenditure adjustment has been made in the valuation report for the investments to be made to comply with the minimum requirements of energy labels the office buildings need to have per 1 January 2023; and
- assessed and corroborated the adequacy and appropriateness of the disclosure, including the sensitivity disclosures, made in the consolidated financial statements.

We evaluated whether the information received from the management board and the audit evidence obtained, provided indications of management bias. We found no such indication.

Based on the work performed, we found that investment property related data and the significant assumption were supported by available evidence.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

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 all information regarding the management board report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by 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. The management board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

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 six years.

EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)

NSI N.V. has prepared the annual report, including the financial statements, in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the partially marked-up consolidated financial statements as included in the reporting package by NSI N.V., complies, in all material respects, with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the management board combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion on whether the annual report in this reporting package, complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (Royal Netherlands Institute of Chartered Accountants), included amongst others:
- Obtaining an understanding of the Group's financial reporting process, including the preparation of the reporting package.
- Obtaining the reporting package and performing validations to determine whether the reporting package, containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared, in all material respects, in accordance with the technical specifications as included in the RTS on ESEF.
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

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, 3 March 2022

PricewaterhouseCoopers Accountants N.V.

Original version signed by S. Herwig MSc LLM RA MRE MRICS

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2021 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 actions taken to eliminate threats or safeguards applied.

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.

ASSURANCE REPORT OF THE INDEPENDENT AUDITOR

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

ASSURANCE REPORT ON THE SELECTED FINANCIAL AND NON-FINANCIAL INDICATORS IN THE ANNUAL REPORT 2021

OUR CONCLUSION

We have examined the selected financial and non-financial indicators marked with symbol ✓ in the annual report 2021 of NSI N.V. Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected financial and non-financial indicators marked with symbol ✓ in the annual report 2021 of NSI N.V. are not prepared in all material respects, in accordance with the NSI N.V.'s reporting criteria.

WHAT WE HAVE EXAMINED

The object of our assurance engagement concerns the selected financial and non-financial indicators marked with symbol ✓ included in the section 'Sustainability performance measures' in the annual report 2021 of NSI N.V. (hereafter: the indicators).

1. Total landlord- and tenant-obtained fuels, including its coverage on properties and applicable sqm.
2. Total landlord- and tenant-obtained heating and cooling, including its coverage on properties and applicable sqm.
3. Total landlord- and tenant-obtained electricity consumption, including its coverage on properties and applicable sqm.
4. (Sum of) annual kWh energy consumption and the building energy intensity.
5. Sum of) annual GHG emissions, including its coverage on properties and applicable sqm, and the building carbon intensity.
6. Total water consumption, including its coverage on properties and applicable sqm.
7. Total waste created, including its coverage on properties and applicable sqm.
8. BREEAM In-use: Asset Performance, including its coverage on properties and applicable sqm.
9. Diversity - Employees.
10. Diversity - Pay for all categories except for 'Gender pay ratio'.
11. Employee training and development.
12. Employee performance appraisals.
13. New hires & turnover (headcount).
14. Employee health and safety, absentee rate, injury rate and # of work-related fatalities.
15. Asset health and safety assessments.
16. Asset health and safety compliance.
17. Energy Label: meaning the label issued by a certified advisor in accordance with the rules set by the RVO or any other governmental or regulatory authority or similar body measuring energy performance of real estate including the percentage of Dutch real estate portfolio of the Group compared to the total market value of the Group's real estate.
18. GRESB score: meaning the Global Real Estate Sustainability Benchmark measuring environmental, social and governance performance of real estate of NSI.

We have examined the above indicators in the annual report of NSI N.V. for 2021. Other information included in the annual report 2021 is not in scope of this limited assurance sustainability engagement, including comparatives. We were not engaged to report on or conclude on other information presented within the annual report 2021 which is outside our scope.

THE BASIS FOR OUR CONCLUSION

We conducted our examination in accordance with Dutch law, including the Dutch Standard 3000A Assurance engagements, other than audits or reviews of historical financial information (attestation-engagements). This engagement is aimed to provide limited assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the examination' of our report.
We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

INDEPENDENCE AND QUALITY CONTROL

We are independent of NSI N.V. in accordance with 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, Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

APPLICABLE CRITERIA

The indicators need to be read and understood together with the reporting criteria. The reporting criteria used for the preparation of the indicators are the NSI N.V.'s reporting criteria, as included in the section 'Measurement methodology and assumptions non-financial indicators' of the annual report 2021. The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

RESPONSIBILITIES FOR THE INDICATORS AND THE EXAMINATION THEREOF

RESPONSIBILITIES OF MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The management board of NSI N.V. is responsible for selecting the criteria, taking into account applicable law and regulations related to reporting, and the preparation of the indicators in accordance with the NSI N.V.'s reporting criteria, including the identification of the intended users and the criteria being applicable for the purpose of these users.

Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the indicators that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's reporting process for the indicators.

OUR RESPONSIBILITIES FOR THE EXAMINATION

Our responsibility is to plan and perform our examination in a manner that allows us to obtain sufficient and appropriate evidence to provide a basis for our conclusion.

Our conclusion aims to provide limited assurance. The procedures performed in this context consisted primarily of making inquiries with officers of the entity and determining the plausibility of the information included in the indicators. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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 decisions of users taken on the basis of the indicators. Materiality affects the nature, timing and extent of our assurance procedures and the evaluation of the effect of identified misstatements on our conclusion.

PROCEDURES PERFORMED

We have exercised professional judgement and have maintained professional scepticism throughout the examination in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our examination consisted, among other things of the following:

- Assessing the suitability of the criteria used, their consistent application and related disclosures to the indicators.
- Obtaining an understanding of the reporting processes for the indicators, including obtaining a general understanding of internal control relevant to our review.
- Identifying areas of the indicators with a higher risk of material misstatement, whether due to fraud or error. Designing and performing assurance procedures aimed at determining the plausibility of the indicators, responsive to this risk analysis. These procedures consisted amongst others of:
  - interviewing management and/or relevant staff at corporate level responsible for the sustainability strategy, policy and results;
  - interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data of the indicators;
  - determining the nature and extent of the review procedures for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive. Our procedures were performed out of head office;
  - obtaining assurance evidence that the indicators reconcile with underlying records of the company;
  - reviewing, on a limited test basis, relevant internal and external documentation;
  - performing an analytical review of the data and trends of the indicators submitted for consolidation at corporate level.
- Reconciling the financial indicators with the financial statements.
- Reading the information other than the indicators in the annual report 2021, which is not included in the scope of our review, to identify material inconsistencies with the indicators.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 3 March 2022

PricewaterhouseCoopers Accountants N.V.

Original version signed by S. Herwig MSc LLM RA MRE MRICS

OTHER DATA

APPRAISERS

All investment properties in the portfolio have been appraised externally in June and December by qualified international firms Colliers, JLL, CBRE an Cushman & Wakefield. Appraisal methods are compliant with international standards and guidelines as defined by RICS (Royal Institution of Chartered Surveyors).

	% assets	% value
CBRE	34.6%	39.4%
Colliers	28.8%	23.5%
Cushman & Wakefield	1.9%	0.7%
JLL	34.6%	36.4%
Total	**100.0%**	**100.0%**

TOP 10 TENANTS

	# lease contract	% total contracted rent
Government	21	14.0%
Spaces	3	9.8%
KPN	3	6.9%
Janssen Vaccines & Prevention	3	5.1%
WeWork	1	4.1%
ING Bank	2	1.8%
Airbus Defense and Space	1	1.6%
ABN AMRO Bank	1	1.4%
Ahold Real Estate	5	1.0%
Federatie Nederlandse Vakbeweging	1	0.9%
Total	41	46.6%

NSI SHARE

INVESTOR RELATIONS

NSI strives for a high degree of transparency and continuous communication with existing and potential shareholders, as well as other stakeholders. NSI is committed to providing information through means of road shows, presentations, press releases, quarterly reports, annual reports and other publications, as well as via the Company's website. All relevant publications are placed on the Company's website.

SHARE CAPITAL

At 1 January 2021 NSI had 19,291,415 ordinary shares outstanding. During 2021, in total 406,792 shares have been issued and distributed in relation the distribution of stock dividend (final 2020 dividend and interim 2021 dividend). At 31 December 2021 NSI had 19,698,207 ordinary shares outstanding.

SHARE LISTING

The NSI share is listed on Euronext (registered under code 29232; ISIN code: NL0000292324; Ticker symbol: NSI). The NSI share has an option listing on Euronext Liffe, the derivatives stock exchange of the Euronext (Ticker symbol: NSI).

MAJOR SHAREHOLDERS

Pursuant to the Dutch Financial Markets Supervision Act (Wet op het Financieel toezicht) the Netherlands Authority Financial Markets (Autoriteit Financiële Markten) was notified of the following statement of interest of 3% or more in NSI up to 31 December 2021.

	31 December 2021
ICAMAP Investments SARL	>10%
BlackRock, Inc.	5.7%
Vanguard Group, Inc.	3.2%
APG Asset Management N.V.	3.2%
Clearance Capital	3.2%
Degroof Petercam Asset Management N.V.	3.1%
Norges Bank	< 3.0%

FINANCIAL CALENDAR

Publication trading update Q1 2022	14 April 2022
Annual General Meeting	15 April 2022
Publication annual half year results 2021	13 July 2022
Publication trading update Q3 2021	13 October 2022

DIVIDEND POLICY AND DIVIDEND DISTRIBUTION

NSI's dividend policy is to distributes at least 75% of the direct result. The dividend is distributed in cash or optional in stock at the discretion of the Management Board. NSI distributes dividend twice a year.

Ex-dividend date (final dividend 2021)	20 April 2022
Record date	21 April 2022
Stock dividend election period	22 April – 05 May 2022
Payment of final dividend	10 May 2022

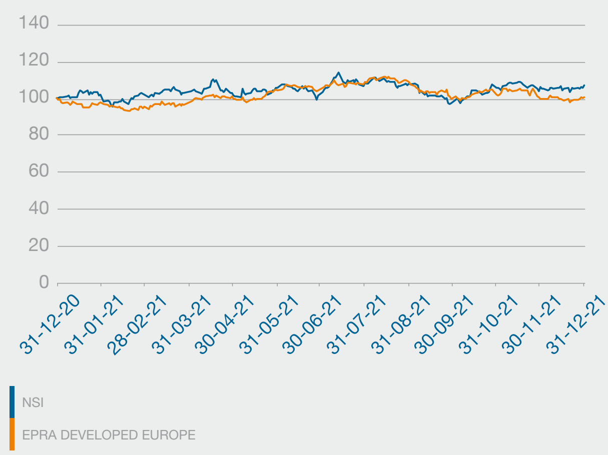
DUTCH REIT (FBI)

NSI qualifies as a Dutch real estate investment trust (fiscale beleggingsinstelling or FBI) within the context of Article 28 of the Dutch Corporate Income Tax Act 1969 (Wet op de vennootschapsbelasting 1969), which means that NSI is zero-rated for corporate income tax on its investment result. The Act stipulates certain conditions for this, such as the obligation to pay out the total fiscal profit as a dividend.

PERFORMANCE OF THE NSI SHARE

Share price low		€26.80
Share price high		€35.75
Closing price on 31 December 2021		€35.00
Proposed dividend per share for	Total	€2.16
the 2021 financial year	*Interim*	*€1.04*
	Final	*€1.12*
# outstanding shares outstanding at 31 December 2021		19,698,207
Market capitalisation at 31 December 2021		€689 million

SHARE PRICE DEVELOPMENT



PROPERTY LIST

OFFICES

	Property	Property adress	City	Form ownership	NEN-area	Year construction / major renovation	Year acquisition
1	Atlanta Building	Stadhouderskade 5-6	Amsterdam	Freehold	6,542	1928	2021
2	Centerpoint I	Hoogoorddreef 60	Amsterdam	Leasehold	8,952	2007	2015
3	Centerpoint II	Hoogoorddreef 62	Amsterdam	Leasehold	6,292	1988	2015
4	Cruquiusweg	Cruquiusweg 111	Amsterdam	Freehold	3,278	2006	2007
5	Donauweg	Donauweg 2B	Amsterdam	Leasehold	4,613	2020	2001
6	Glasshouse	Changiweg 130, Teleportboulevard 121-133	Amsterdam	Leasehold	22,981	2009	2016
7	Hettenheuvelweg I	Hettenheuvelweg 37-39	Amsterdam	Leasehold	2,474	1987	1997
8	Hettenheuvelweg II	Hettenheuvelweg 41-43	Amsterdam	Leasehold	2,480	1988	1997
9	Hogehilweg I	Hogehilweg 6	Amsterdam	Leasehold	3,144	2008	2021
10	Hogehilweg II	Hogehilweg 12	Amsterdam	Leasehold	3,143	1985	1997
11	Laanderpoort	Bijlmerdreef 100	Amsterdam	Leasehold	12,739	2013	2017
12	Motion Building	Radarweg 60	Amsterdam	Leasehold	15,233	1992	2018
13	ONE20	Teleportboulevard 120 - 142	Amsterdam	Leasehold	9,743	2001	2020
14	Q-Port	Kingsfordweg 43-117	Amsterdam	Leasehold	12,771	2001	2018
15	Trivium	Derkinderenstraat 2-24	Amsterdam	Leasehold	8,315	2000	2019
16	Vitrum	Parnassusweg 101, 103, 126, 128	Amsterdam	Leasehold	11,612	2013	2017
17	Vivaldi Offices I	Barbara Strozzilaan 201-229	Amsterdam	Leasehold	9,493	2009	2015
18	Vivaldi Offices II	Barbara Strozzilaan 101-125	Amsterdam	Leasehold	8,778	2009	2015
19	Het Binnenhof	Magistratenlaan 156-186	Den Bosch	Freehold	10,436	2005	2015
20	Bentinck Huis	Lange Voorhout 7	Den Haag	Freehold	6,066	2020	2018
21	Bezuidenhoutseweg	Bezuidenhoutseweg 2	Den Haag	Freehold	1,876	1986	1996
22	De Rode Olifant	Zuid-Hollandlaan 7	Den Haag	Freehold	9,993	1993	2007
23	Fellenoord	Fellenoord 310-370	Eindhoven	Freehold	4,183	1987	1996
24	Hooghuisstraat / Keizersgracht	Hooghuisstraat 18-30, Keizersgracht 3-11	Eindhoven	Freehold	10,908	1970	2008
25	Kennedyplein	Kennedyplein 101	Eindhoven	Freehold	6,643	2000	2017
26	Beukenhaghe	Neptunusstraat 15-37	Hoofddorp	Freehold	4,754	1991	1991
27	Archimedes	Archimedesweg 17-25	Leiden	Leasehold	2,522	2001	2001
28	Archimedesweg I	Archimedesweg 6	Leiden	Leasehold	7,207	2000	2017
29	Archimedesweg II	Archimedesweg 30	Leiden	Leasehold	2,686	1999	2019
30	Mendelweg	Mendelweg 30	Leiden	Leasehold	6,234	2008	2021
31	Newtonweg	Newtonweg 1	Leiden	Leasehold	9,408	1993	2015
32	Alexanderhof	Marten Meesweg 141-145	Rotterdam	Freehold	3,095	1987	2015
33	Alexanderpoort	Marten Meesweg 93-121	Rotterdam	Freehold	9,324	2010	2015
34	Veerhaven	Veerhaven 16-18	Rotterdam	Freehold	1,641	2002	1996
35	Veerkade	Veerkade 1-9C	Rotterdam	Freehold	5,783	1915	2000
36	Westblaak	Westblaak 155-189	Rotterdam	Freehold	6,212	1978	2021
37	Jacobsweerd	Sint Jacobsstraat 200-499	Utrecht	Freehold	14,781	1987	2018
38	Uniceflaan	Uniceflaan 1	Utrecht	Leasehold	12,083	1989	2017

HNK

	Property	Property adress	City	Form ownership	NEN-area	Year construction / major renovation	Year acquisition
1	HNK Amsterdam Houthavens	Van Diemenstraat 20-200	Amsterdam	Leasehold	10,307	2014	1999
2	HNK Amsterdam Schinkel	Anthony Fokkerweg 1	Amsterdam	Freehold	5,386	2018	1997
3	HNK Amsterdam Zuidoost	Burgemeester Stramanweg 102-108	Amsterdam	Freehold	11,468	2016	1997
4	HNK Den Bosch	Europalaan 28	Den Bosch	Freehold	7,517	2014	1997
5	HNK Den Haag	Oude Middenweg 3E, 11-19	Den Haag	Freehold	14,390	2014	2008
6	HNK Ede	Bennekomseweg 41-43	Ede	Freehold	9,326	2014	2007
7	HNK Hoofddorp	Antareslaan 65-81	Hoofddorp	Freehold	3,195	2013	1998
8	HNK Rotterdam Centrum	Westblaak 180	Rotterdam	Leasehold	8,395	2016	2001
9	HNK Rotterdam Scheepvaartkwartier	Vasteland 42-110	Rotterdam	Freehold	21,645	2012	2008
10	HNK Utrecht Centraal Station	Arthur van Schendelstraat 650-698, 700-748	Utrecht	Leasehold	8,884	2015	2006
11	HNK Utrecht West	Weg der Verenigde Naties 1	Utrecht	Leasehold	2,920	2013	2007

OTHER

	Property	Property adress	City	Form ownership	NEN-area	Year construction / major renovation	Year acquisition
1	Koningin Wilhelminaplein	Koningin Wilhelminaplein 18	Amsterdam	Leasehold	5,019	1995	1997
2	Solaris Eclips	Arlandaweg 98	Amsterdam	Leasehold	4,151	2001	2001
3	't Loon	Apollolaan 22-31, 154, Homeruspassage 1-17	Heerlen	Freehold	22,228	2003	2002

SUSTAINABILITY PERFORMANCE MEASURES

ENERGY

EPRA Code	GRI standard	Units of measure	Indicator		Notes	Absolute performance 2021	Absolute performance 2020	Like for like performance 2021	Like for like performance 2020	Δ
Fuel Abs Fuel LfL	302-1	Annual kWh	Fuels	Total landlord-obtained fuels		12,351,361	12,489,723	10,109,556	9,273,273	9.0%
				Proportion of fuels consumption from purchased and self-generated renewable sources		0%	0%	0%	0%	-
				Total tenant-obtained fuels		4,397,125	4,498,772	4,328,768	4,270,027	1.4%
				Total landlord- and tenant-obtained fuels	✓	16,748,486	16,988,496	14,438,324	13,543,300	6.6%
		Covered applicable properties		Fuels disclosure coverage	✓ A	34 out of 36	36 out of 36	23 out of 26	23 out of 36	-
		Covered applicable sqm			✓	96.1%	100%	92.9%	74.4%	24.8%
		%		Proportion of fuels estimated	✓	0%	0%	0%	0%	-
DH&C Abs DH&C LfL	302-1/ 302-2	Annual kWh	District heating and cooling	Total landlord-obtained district heating and cooling		10,702,902	13,278,162	9,677,616	8,878,404	9.0%
				Proportion of landlord-obtained heating and cooling from renewable resources		8.8%	7.6%	9.8%	11.3%	-13.5%
				Total tenant-obtained heating and cooling	B	1,232,510	4,229,910	1,232,510	1,350,289	-8.7%
				Total landlord- and tenant-obtained heating and cooling	✓	11,935,412	17,508,072	10,910,126	10,228,693	6.7%
		Covered applicable properties		District heating and cooling disclosure coverage	✓ B	19 out of 27	24 out of 26	16 out of 23	16 out of 26	
		Covered applicable sqm			✓	72.3%	95.9%	71.6%	68.6%	4.3%
		%		Proportion of district heating and cooling estimated	✓	0%	0%	0%	0%	
Elec Abs Elec LfL	302-1/ 302-2	Annual kWh	Electricity	Total landlord-obtained electricity		18,926,548	20,747,615	15,386,967	16,268,107	-5.4%
				Proportion of landlord-obtained electricity from renewable resources		100%	100%	100%	100%	0%
				Total tenant-obtained electricity		13,089,666	14,942,730	12,965,686	10,166,713	27.5%
				Total landlord- and tenant-obtained electricity consumption	✓	32,016,215	35,690,345	28,352,653	26,434,820	7.3%
		Covered applicable properties		Electricity disclosure coverage	✓ A	61 out of 66	65 out of 65	43 out of 52	43 out of 65	
		Covered applicable sqm			✓	94.2%	100%	88.0%	77.7%	13.1%
		%		Proportion of electricity estimated	✓	0%	0%	0%	0%	-
Energy-Int	302-3	Annual kWh / sqm	Energy intensity	(Sum of) annual kWh energy consumption	✓	60,700,113	70,186,913	53,701,103	50,206,813	-7.0%
				(Sum of) floor area (sqm)	✓ D	614,522	624,855	496,159	496,159	0%
				Building energy intensity	✓	98.8	112.3	108.2	101.2	7.0%

✓ refers to the limited assurance report of the independent auditor only with respect to the 2021 absolute performance figures (see page 143)

GREENHOUSE GAS EMISSIONS

EPRA Code	GRI standard	Units of measure	Indicator		Note	Absolute performance 2021	Absolute performance 2020	Like for like performance 2021	Like for like performance 2020	Δ
GHG-Dir-Abs	305-1	Annual kg CO2e	Direct	Scope 1		2,497,934	2,408,458	2,158,669	1,789,303	20.6%
GHG-Indir - Abs	305-2/ 305-3	Annual kg CO2e	Indirect	Scope 2		1,385,929	1,719,402	1,253,164	1,652,030	-24.1%
		Annual kg CO2e	Direct and Indirect	Scope 3		4,959,187	9,357,077	8,305,552	9,090,653	-8.6%
GHG-Int	305-4	Kg CO2e / sqm / year	GHG emission intensity	(Sum of) annual GHG emissions	✓ E	8,843,050	13,484,937	11,717,385	12,531,986	-6.5%
				(Sum of) floor area (sqm)	✓	537,492	613,404	453,111	453,111	0%
				Building carbon intensity	✓ E	16.5	22.0	25.9	27.7	-7.0%
		Covered applicable properties		Energy and associated GHG disclosure coverage	✓ A & E	54 out of 66	63 out of 65	40 out of 52	40 out of 65	-
		Covered applicable sqm			✓	83.9%	98.2%	82.1%	70.7%	16.1%
		%		Proportion of energy and associated GHG estimated	✓	0%	0%	0%	0%	-

WATER

EPRA Code	GRI Standard	Units of measure	Indicator		Note	Absolute performance 2021	Absolute performance 2020	Like for like performance 2021	Like for like performance 2020	Δ
Water-Abs Water-LFl	303-1	Annual cubic metres (m^3)	Water	Total water consumption *(source: 100% municipality water)*	✓	64,212	100,119	48,880	60,678	-19.4%
Water-Int	303-1	Annual cubic metres (m^3)/ sqm	Water intensity	(Sum of) floor area (sqm)	✓ D	535,943	609,626	442,676	442,676	0%
				Building water intensity	✓	0.120	0.164	0.110	0.137	-19.4%
		Covered applicable properties		Water disclosure coverage	✓ A	53 out of 66	63 out of 65	40 out of 52	40 out of 65	-
		Covered applicable sqm			✓	84.0%	97.6%	81.0%	71.0%	14.0%
		%		Proportion of water estimated	✓	15.4%	0%	17.7%	0%	-

✓ refers to the limited assurance report of the independent auditor only with respect to the 2021 absolute performance figures (see page 143)

WASTE

EPRA code	GRI Standard	Units of measure	Indicator		Note	Absolute performance 2021	Absolute performance 2020	Like for like performance 2021	Like for like performance 2020	Like for like performance Δ
Waste-Abd Waste-LfL	306-3/ 306-4	Annual tonnes	Waste type	Hazardous waste		0	0	0	0	-
				Non-hazardous waste		900.6	899.2	813.3	782.1	4.0%
				Total waste	✔	900.6	899.2	813.3	782.1	4.0%
		Proportion by disposal route (%)	Disposal routes - hazardous	Re-use		0%	0%	0%	0%	-
				Recycling		0%	0%	0%	0%	-
				Incineration (with or without energy recovery)		0%	0%	0%	0%	-
				Landfill (with or without energy recovery)		0%	0%	0%	0%	-
			Disposal routes - non-hazardous	Re-use		0%	0%	0%	0%	-
				Recycling		29.5%	26.8%	30.2%	28%	7.9%
				Incineration (with or without energy recovery)		63.9%	66.7%	63.0%	65.1%	-3.2%
				Landfill (with or without energy recovery)		0%	0%	0%	0%	-
				Biodiesel production		0%	0%	0%	0%	-
				Other		6.6%	6.5%	6.9%	7.0	-1.4%
		Covered applicable properties		Waste disclosure coverage	✔ C	35 out of 66	35 out of 65	27 out of 52	27 out of 65	-
		Covered applicable sqm			✔	56.9%	57.1%	55.9%	49.4%	13.2%
		%		Proportion of waste estimated	✔	0%	0%	0%	0%	-

CERTIFICATION

EPRA Code	Units of measure	Indicator		Notes	Absolute performance 2021	Absolute performance 2020	Like for like performance 2021	Like for like performance 2020	Like for like performance Δ
Cert-Tot	Level of certification	BREEAM in-use: asset performance	Outstanding	✔	0%	0%	0%	0.0%	-
			Excellent	✔	0%	0%	0%	0.0%	-
			Very Good	✔	1%	1%	1%	1%	0%
			Good	✔	37%	36%	37%	38%	-2.6%
			Pass	✔	35%	42%	35%	37%	-5.4%
			Acceptable	✔	16%	16%	16%	16%	0%
	Covered applicable properties			✔ A	45 out of 52	62 out of 65	45 out of 52	45 out of 65	-
Cert-Tot	Level of certification	EPC-label	A	✔	81%	74%			
			B	✔	7%	12%			
			C	✔	10%	0%			
			D	✔	0%	12%			
			E,F &G	✔	2%	2%			
	Covered applicable properties			✔	52 out of 52	59 out of 60			
Cert-Tot	GRESB Score			✔	92 out of 100	88 out of 100			

✔ refers to the limited assurance report of the independent auditor only with respect to the 2021 absolute performance figures (see page 143)

SOCIAL PERFORMANCE MEASURES

			Note	2021	2020	Explanation
Diversity - Emp	Employee gender diversity	Female	✓	45%	30%	Percentage of employees
		Male	✓	55%	70%	
Diversity-Pay	Gender pay ratio	Management Board		-22%	-24%	Ratio
		Senior Management		-27%	-16%	
		Operations		-52%	-49%	
		Support Staff		-17%	-7%	
		Total	✓	-38%	-38%	
Emp-Training	Employee training and development		✓	70	42	
Emp-Dev	Employee performance appraisals		✓	100%	100	
Emp- Turnover	New hires and turnover	New hires	✓	15	18	New hires headcount
				27%	38%	New hires percentage
		Leavers	✓	-10	-10	Leavers headcount
				-18%	-21%	Leavers percentage
H&S-Emp	Employee health and safety	Absentee rate	✓	3.5%	3.1%	
		Injury rate	✓	0%	0%	
		Work related fatalaties	✓	0	0	
H&S-Asset	Asset health and safety assessments		✓	33 out of 52	38 out of 60	
H&S-Comp	Asset health and safety compliance	Number of incidents	✓	0	0	
Comty-Eng	Community engagement, impact assessment and development programs			11 out of 52	13 out of 60	HNK office app in all HNKs

GOVERNANCE PERFORMANCE MEASURES

		2021	2020	Explanation
Gov-Board	Composition of the highest governance body	Page 74-78	Page 70-73	See composition and total number
Gov-Selec	Process for nominating and selecting the highest governance body	Page 74-78	Page 70-73	See narrative on process
Gov-Col	Process for managing conflicts of interest	Page 74-78	Page 70-73	See narrative on process

✓ refers to the limited assurance report of the independent auditor only with respect to the 2021 absolute performance figures (see page 143)

MEASUREMENT METHODOLOGY AND ASSUMPTIONS NON-FINANCIAL INDICATORS

NSI reports environmental, social and governance performance in accordance with the EPRA Sustainability Best Practice Recommendations (sBPR). This reporting is split into several sections consisting of the overarching EPRA recommendations, the environmental performance indicators, the social performance indicators and the governance performance indicators.

REPORTING PERIOD AND ORGANISATIONAL BOUNDARIES

The reporting period for this report is the same as for the annual financial report. NSI includes its ESG performance in its annual report since 2017, and publishes a separate sustainability report since 2020. The analysis includes data of the portfolio as per 31 December 2021. Assets that were acquired or disposed during 2021 were excluded from the Like-for-like performance analysis.

MEASUREMENT SCOPE AND COVERAGE

In 2021, 100% of the total portfolio value belonged to the measurement scope, which corresponds to 52 properties, including the NSI head office. The consumption data were collected using our invoice data, invoice data obtained from tenants, combined with smart meters and data obtained from tenants. In the event of incomplete or missing data, the data was extrapolated in accordance with EPRA guidelines or the asset was excluded.

With regard to the measurement of electricity, the following apply:

- The energy generated by the solar panels has not been deducted from the total electricity consumption
- The consumption of the electric charging stations is included in the total electricity consumption.
- The electricity consumption of the tenant is based on non-renewable energy mix.

The calculation of the ‘building energy intensity’ is based on all buildings for which data is available, regardless of whether these buildings were in operation for the full year, also including acquisitions and disposals.

On page 148 to 151 you can find the EPRA tables with the various performances, including the share of buildings in scope for each of the performance indicators and the extent of data coverage/ extrapolation.

ESTIMATION AND EXTRAPOLATION OF CONSUMPTION DATA

At the time of publication of this report, not all data are available for the measurement year 2021 yet. If data for at least ten months is available, it has been extrapolated in accordance with EPRA guidelines. The 2020 consumption figures were not adjusted compared to the previously reported and audited figures as a result of the final invoices and measurements, as deviations were minimal. In accordance with the EPRA guidelines, a like for like analysis was carried out for several environmental indicators. The analysis enables NSI to observe evolutions in consumption, irrespective of the fact that new assets are added to the scope of measurement.

EXPLANATORY NOTES TO SUSTAINABILITY PERFORMANCE MEASURES

The like for like (LfL) calculation reflects consumption of the portfolio that has been consistently in operation during the most recent two full reporting years, in line with the EPRA sBPR definition. As a result, neither the purchased assets nor the assets sold in the reporting period are included in this calculation. This means that:

- 7 assets are excluded from Like-for-Like Performance as these assets were not fully operational during the reporting period of 2021.
- 4 assets are excluded from Like-for-Like Performance as these assets were purchased during the reporting period of 2021.

Furthermore, the Notes in the table refer to the following:

A some assets operated as one asset had multiple administrative codes and therefore were counted as multiple assets, which has been adjusted to reconcile with the actual number of properties. This adjustment is made for the 2020 figures accordingly for comparison reasons.

B improved methodology revealed double counting for two assets in which Heat and Cold Storage was installed; consumption was included in both electricity and district heating. This is now only being included in electricity and adjusted in the 2020 figures accordingly for comparison reasons

C more detailed breakdown of waste sources provided by third party. The 2020 figures have been adjusted accordingly for comparison reasons.

D A more accurate measurement of sqms based on final NENsqm-certificates. For comparison reasons the 2020 figures have been adjusted accordingly.

E The basis for calculating the 2021 figure has been updated to better reflect the actual emissions for 2021. The comparative figures have not been updated for this change in measurement.

EPRA KEY PERFORMANCE MEASURES

OVERVIEW KEY PERFORMANCE INDICATORS

	2021		2020	
	€ ' 000	per share (€)	€ ' 000	per share (€)
EPRA earnings	46,373	2.38	44,943	2.35
EPRA cost ratio (incl. direct vacancy costs)	28.2%		30.6%	
EPRA cost ratio (excl. direct vacancy costs)	26.0%		28.4%	
EPRA property related capital expenditure	128,704		50,643	

	31 December 2021		31 December 2020	
	€ ' 000	per share (€)	€ ' 000	per share (€)
EPRA NRV	1,058,582	53.74	932,755	48.35
EPRA NTA	950,062	48.23	857,335	44.44
EPRA NDV	945,661	48.01	854,035	44.27
EPRA net initial yield (NIY)	4.1%		4.5%	
EPRA topped-up net initial yield	4.5%		4.9%	
EPRA vacancy rate	5.9%		7.0%	

EPRA EARNINGS

	2021	2020
Gross rental income	77,507	76,854
Service costs not recharged	-1,873	-1,778
Operating costs	-12,362	-14,610
Net rental income	**63,272**	**60,466**
Administrative costs	-7,612	-7,096
Net financing result	-9,285	-8,438
Direct investment result before tax	**46,375**	**44,932**
Corporate income tax	-2	10
Direct investment result / EPRA earnings	**46,373**	**44,943**
Direct investment result / EPRA earnings per share	2.38	2.35

EPRA COST RATIO

	2021	2020
Administrative costs	7,612	7,096
Service costs not recharged	1,873	1,778
Operating costs (adjusted for municipality taxes)	12,362	14,610
Leasehold	0	44
EPRA costs (including direct vacancy costs)	**21,847**	**23,528**
Direct vacancy costs	-1,690	-1,674
EPRA costs (excluding direct vacancy costs)	**20,157**	**21,854**
Gross rental income	77,507	76,854
EPRA gross rental income	**77,507**	**76,854**
EPRA cost ratio (incl. direct vacancy costs)	28.2%	30.6%
EPRA cost ratio (excl. direct vacancy costs)	26.0%	28.4%

EPRA PROPERTY RELATED CAPITAL EXPENDITURE

	2021	2020
Acquisitions	109,850	36,704
Development	3,419	8,207
Like-for-like portfolio	10,419	8,323
Other	5,016	1,042
EPRA capital expenditure	**128,704**	**54,276**

EPRA NRV / NTA / NDV

	31 December 2021			31 December 2020		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	**948,457**	**948,457**	**948,457**	**854,438**	**854,438**	**854,438**
Hybrid instruments						
Diluted NAV	**948,457**	**948,457**	**948,457**	**854,438**	**854,438**	**854,438**
Diluted NAV at fair value	**948,457**	**948,457**	**948,457**	**854,438**	**854,438**	**854,438**
Fair value of financial instruments	1,739	1,739		3,140	3,140	
Intangibles as per IFRS balance sheet		-134	-134		-242	-242
Fair value of fixed interest rate debt			-2,662			-161
Real estate transfer tax	108,387			75,178		
NAV	**1,058,582**	**950,062**	**945,661**	**932,755**	**857,335**	**854,035**
Fully diluted number of shares	19,698,207	19,698,207	19,698,207	19,291,415	19,291,415	19,291,415
NAV per share	**53.74**	**48.23**	**48.01**	**48.35**	**44.44**	**44.27**

EPRA YIELD

	31 December 2021	31 December 2020
Investment property	1,354,840	1,252,959
Developments	-61,863	-2,956
Property investments	**1,292,977**	**1,250,004**
Allowance for estimated purchasers' costs	116,368	87,500
Gross up completed property portfolio valuation	**1,409,345**	**1,337,504**
Annualised cash passing rental income	69,744	78,833
Annualised property outgoings	-11,919	-18,909
Annualised net rent	**57,825**	**59,924**
Notional rent expiration of rent free periods or other lease incentives	6,121	5,479
Topped-up annualised net rent	**63,946**	**65,403**
EPRA net initial yield	4.1%	4.5%
EPRA topped-up net initial yield	4.5%	4.9%

EPRA VACANCY

	31 December 2021	31 December 2020
Estimated rental value of vacant space	5,174	6,536
Estimated rental value of the whole portfolio	87,023	93,224
EPRA vacancy	5.9%	7.0%

FIVE YEAR OVERVIEW

KEY FINANCIAL METRICS

REVENUES AND EARNINGS

	2017	2018	2019	2020	2021
Gross rental income	89,000	82,721	82,831	76,854	77,507
Net rental income	74,468	69,228	67,227	60,466	63,272
Direct investment result	49,365	48,745	49,439	44,943	46,373
Indirect investment result	42,337	42,780	146,858	-65,357	74,588
Total investment result	91,602	91,525	196,297	-20,414	120,961
Earnings per share	5.05	4.95	10.47	-1.07	6.20
EPRA earnings per share	2,72	2.64	2.64	2.35	2.38
EPRA cost ratio (incl. direct vacancy costs)	26.5%	26.5%	28.4%	30.6%	28.2%
EPRA cost ratio (excl. direct vacancy costs)	24.3%	25.0%	26.3%	28.4%	26.0%

BALANCE SHEET

	31 Dec. 2017	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021
Investment property	1,100,871	1,206,631	1,278,992	1,240,192	1,338,034
Net debt	-408,453	-447,909	-352,632	-366,194	-382,073
Equity	672,688	733,283	903,308	854,438	948,457
IFRS equity per share	36.63	39.48	47.75	44.29	48.15
EPRA NTA per share	36.63	40.18	47.95	44.44	48.23
Net LTV	36.9%	36.9%	27.4%	29.2%	28.2%
Number of shares outstanding	18,364,998	18,574,298	18,917,764	19,291,415	19,698,207
Weighted average number of shares outstanding	18,133,178	18,473,101	18,751,178	19,138,717	19,499,825

KEY PORTFOLIO METRICS

	31 Dec. 2017	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021
Number of properties	126	95	65	60	52
Market value (€m)	1,108	1,214	1,287	1,253	1,355
Annual contracted rent (€m)	87	87	81	84	76
ERV (€m)	102	102	92	93	87
Lettable area (sqm k)	676	603	491	473	409
Average rent / sqm (€/p.a.)	169	179	188	197	201
EPRA vacancy	18.4%	13.8%	7.1%	7.0%	5.9%
EPRA net initial yield	5.5%	5.2%	4.6%	4.5%	4.1%
Reversionary yield	9.5%	8.5%	7.3%	7.5%	6.7%
Wault (yrs)	4.7	4.4	4.2	4.0	4.1

GLOSSARY KEY PERFOMANCE MEASURES

AVERAGE RENT PER SQM
The total annual contracted rent divided by the total leased square meters.

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.

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.

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.

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-today 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-onyear 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 scenario's.

- 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).

TARGET CITIES

Target cities refers to the locations Amsterdam, The Hague, Rotterdam, Utrecht, Eindhoven, Den Bosch and Leiden, being the focus cities of NSI in the Netherlands.

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.

GLOSSARY SUSTAINABILITY PERFORMANCE MEASURES

ASSET HEALTH AND SAFETY ASSESSMENTS

Asset Health and safety assessments refers to the proportion of assets for which health and safety related assessments have been performed, reviewed or assessed to determine the impact with respect to compliance or further improvement possibilities. Every assessment will be reviewed every three years.

NSI reports on the following assessments:
- NEN 2767 Inspections (technical)
- Inspections carried out by the Insurance company (technical, health and safety)
- Fire safety assessments (safety)

ASSET HEALTH AND SAFETY COMPLIANCE

Asset Health and Safety Incidents refers to the amount of incidents of non-compliance with regulations and/or voluntary codes concerning Health and Safety within the reporting period.

NSI reports on the following incidents:
- Incidents of non-compliance with regulations resulting in a fine or penalty;
- Incidents of non-compliance with regulations based on a formal warning of a third party.

CERTIFICATION

The percentage of assets within the portfolio that have formally obtained sustainability certifications, 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 organisation).

DISTRICT HEATING AND COOLING CONSUMPTION

The energy consumed from “District heating and cooling” systems during the reporting period by Landlord (Scope 2) and Tenant (Scope 3).

NSI reports on the following KPI’s:
- Total amount of district heating and cooling consumption, split by Landlord obtained and Tenant obtained heating and cooling;
- The proportion of the total consumption that is from renewable resources (calculated as percentage of total annual kWh).

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

ELECTRICITY CONSUMPTION

The electricity consumed during a reporting period. It includes electricity from renewable and non-renewable sources, whether imported or generated on site. This includes the electricity consumed by the EV-charging stations.

NSI reports on the following KPI’s:
- Total amount of electricity consumption, split by Landlord (Scope 2) obtained and Tenant (Scope 3) obtained electricity;
- The proportion of the total consumption obtained by Landlord from renewable resources.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

EMPLOYEES

Individuals that are in an employment agreement with NSI, according to national law or its application (i.e. employees). Employees exclude temporary staff (not on payroll NSI)

EMPLOYEE HEALTH AND SAFETY

The occupational health and safety performance of the organisation with relation to its employees.

NSI reports on the following KPI’s:
- **Absentee rate:** actual absentee days lost due to illness as a percentage of total number of days scheduled to be worked by all employees;
- **Injury rate:** the frequency of injuries relative to the total time worked by all employees during the reporting period;
- **Work related fatalities:** this refers to the number of death of employees during the reporting period while performing work for the organisation

EMPLOYEE TURNOVER AND RETENTION

The total number and rate of new employee hires and employee turnover during the reporting period.

EMPLOYEE TRAINING AND DEVELOPMENT

The average hours of (external) training, paid for by NSI, that the organisation’s employees have undertaken in the reporting period based on the average hours prescribed for the training as indicated by the training provider divided by the average number of employees (headcount) during the reporting period.

ENERGY INTENSITY

The total energy used by renewable and non-renewable resources during a reporting period, normalised by the sum of the gross floor area in square meters for the properties in scope.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

FUEL CONSUMPTION

The fuel used from direct (renewable and non-renewable) resources (direct meaning that the fuel is combusted on site) over a reporting period.

NSI reports on the following KPI's:
- Total amount of fuel used from direct resources, split in Landlord obtained and Tenant obtained fuels;
- The proportion of the total consumption that is from renewable resources.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported

GENDER DIVERSITY

The percentage of male and female employees in the organisation as per reporting date based on the headcount.

GENDER PAY RATIO

The ratio of the basic annual salary or remuneration, including variable components, of male to female, taking into account the full-time employee equivalent.

GREENHOUSE GAS (GHG) DIRECT EMISSIONS (SCOPE 1)

The total amount of Landlord induced direct greenhouse gas emissions generated during a reporting period.

"Direct" refers to GHG-emissions that are generated on site through combustion of the energy source.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

GREENHOUSE GAS (GHG) INDIRECT EMISSIONS (SCOPE 2)

The total amount of Landlord induced indirect greenhouse gas emissions generated during a reporting period.

"Indirect" refers to GHG-emissions that are not generated on site through combustion of the energy source, but refers to GHG-emissions induced off site. This includes the GHG-emissions caused by "District heating and cooling" and/or consumption of "Non-renewable electricity".

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

GREENHOUSE GAS (GHG) DIRECT & INDIRECT EMISSIONS (SCOPE 3)

The total amount of Tenant induced both direct and indirect greenhouse gas emissions generated during a reporting period.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

GREENHOUSE GAS (GHG) EMISSIONS INTENSITY

The total amount of direct and indirect GHG-emissions (Scope 1, 2 and 3) generated from energy consumption in a building during a reporting period, divided by the sum of the gross floor area in square meters for the properties in scope. This includes only data of buildings if data for all GHG-scopes is available.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

LIKE-FOR-LIKE

Like-for-like refers to the part of the portfolio that has been consistently in operation, and not under development, during the most recent two full reporting periods.

PERCENTAGE EMPLOYEE PERFORMANCE APPRAISALS

The percentage of total employees who received annual performance and career development reviews during the reporting period, including appraisals in the current reporting year over the previous reporting year.

WATER CONSUMPTION

The total amount of water consumed (by Landlord and Tenant) within the portfolio during a reporting period. The amount of water consumption includes a portion of estimate (calculated on an extrapolation based on the average consumption of the specific building) when data was yet not available for the 12 month period.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

WASTE BY DISPOSAL ROUTES

The amount of waste produced and disposed of via various disposal methods routes over a reporting period.

NSI reports on the following KPI's:
- Total amount of waste produced and disposed of, split in hazardous and non-hazardous waste;
- The proportion of the waste disposed of by disposal route according to type (percentage).

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

WATER INTENSITY

The total amount of water consumed during a reporting period, divided by the sum of the gross floor area in square meters for the properties in scope.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

COLOPHON

This annual report is a publication by NSI.

NSI
Hoogoorddreef 62
1101 BE Amsterdam

T 020 76 30 300
F 020 25 81 123
E info@nsi.nl
www.nsi.nl

Editing and texts
NSI
Lindner & van Maaren

Design and layout
Monter, Amsterdam

Photography
Michiel Poodt

Hoogoorddreef 62
1101 BE Amsterdam

T 020 76 30 300
F 020 25 81 123
www.nsi.nl