

NYFOSA

INTERIM REPORT
JANUARY–JUNE 2019

A high tempo in Nyfosa's acquisition operations in the spring has yielded returns. We signed acquisition agreements for a value of slightly more than SEK 3.3 billion during and after the quarter. These properties have stable cash flows in prime locations, including a large retail property in Luleå. Nyfosa's flexible strategy means that we can go against the tide and, in the current market, retail is a category where we see attractive opportunities in places and locations that we believe in. With a stronger cash position from the bond issue in May, we are continuing to analyze both large and small acquisitions as we continue towards our target property value of SEK 25 billion.

Jens Engwall, CEO

APRIL–JUNE 2019

| | | |
|----------------------------------|-------------|--------|
| Income, MSEK | 333 | (239) |
| Profit after tax, MSEK | 309 | (396) |
| Profit after tax, per share, SEK | 1.84 | (2.36) |

JANUARY–JUNE 2019

| | | |
|----------------------------------|-------------|--------|
| Income, MSEK | 656 | (486) |
| Profit after tax, MSEK | 470 | (655) |
| Profit after tax, per share, SEK | 2.80 | (3.90) |

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- In May, three-year senior unsecured bonds of MSEK 750 within a total framework amount of up to SEK 1.5 billion were issued.
- In June, a property portfolio with 21 properties in southern Sweden was acquired for a value of SEK 1.6 billion.
- In June, Nyfosa's joint venture Söderport acquired 15 properties for SEK 1.4 billion, of which MSEK 722 from Nyfosa.
- In July, a property portfolio with nine properties in Malmö was acquired for a value of MSEK 695.
- In July, Nyfosa's joint venture Söderport divested properties in Torslanda for SEK 2.3 billion.

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NYFOSA

Nyfosa is a transaction-based and opportunistic property company in which business activities are in focus. The company's business concept is based on active participation in the Swedish transaction market combined with an investment strategy that can be flexible to the property market, meaning it is not limited by property category, region, scope of the transaction nor holding period. A flexible investment strategy and an efficient and near-to-market organization with documented transaction know-how and experience from assessing and evaluating risks provide Nyfosa with a solid foundation for creating and completing investments in properties or property portfolios that are often on the peripheral in terms of the types of investments preferred by other operators.

BUSINESS CONCEPT

Nyfosa's mission is to be a transaction-based, opportunistic property company with strong forward momentum. Nyfosa will change in pace with the property market to always identify the best possible transactions and capitalize on business opportunities when they arise.

Furthermore, Nyfosa will generate a sustained and high return and be cash-flow driven with the ambition to grow both its cash flow and property portfolio.

STRATEGY

- Maintain sustained activity in the transaction market and creatively evaluate new business opportunities.
- Focus on commercial properties in high growth municipalities in Sweden.
- Develop and add value to its property holdings.
- Be a reliable and receptive partner with a long term approach and a broad established network.
- Attract the best employees!

OBJECTIVES & DIVIDEND POLICY

- Average annual growth in earnings and the property portfolio of at least 20 percent up to a total property value of SEK 25 billion (excluding participations in joint ventures).
- At least 15 percent return on equity over time, before paid tax.
- Profits will primarily be reinvested to leverage business opportunities and achieve the growth target of a total property value of SEK 25 billion. Thereafter, a significant portion of profit will be paid to shareholders in the form of a dividend, redemption and/or repurchase of shares.

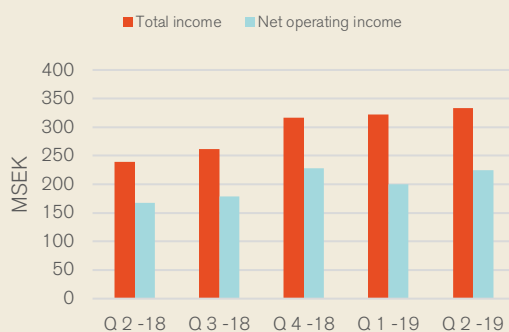
Condensed statement of profit/loss

| | Apr-Jun | | Jan-Jun | | Full-year |
|---|------------|------------|------------|------------|--------------|
| MSEK | 2019 | 2018 | 2019 | 2018 | 2018 |
| Rental income | 330 | 240 | 649 | 484 | 1,060 |
| Other property income | 3 | 0 | 8 | 2 | 4 |
| Total income | 333 | 239 | 656 | 486 | 1,064 |
| Property expenses | | | | | |
| Operating expenses | -63 | -38 | -140 | -93 | -184 |
| Maintenance costs | -20 | -15 | -38 | -31 | -71 |
| Property tax | -13 | -11 | -26 | -22 | -46 |
| Property administration | -13 | -7 | -27 | -20 | -37 |
| Net operating income | 225 | 168 | 425 | 321 | 728 |
| Central administration | -21 | -15 | -43 | -16 | -52 |
| Other operating income and expenses | -1 | 0 | -2 | 2 | -39 |
| Share in profit of joint ventures | 45 | 168 | 96 | 229 | 412 |
| Financial income and expenses | -47 | -36 | -85 | -61 | -131 |
| Expenses related to right-of-use assets | -1 | 0 | -2 | 0 | - |
| Profit from property management | 201 | 285 | 390 | 474 | 918 |
| Changes in value of properties, realized | -2 | 1 | -15 | -1 | 142 |
| Changes in value of properties, unrealized | 127 | 155 | 140 | 286 | 658 |
| Changes in value of financial instruments, unrealized | -2 | 0 | -8 | -1 | 4 |
| Profit before tax for the period | 325 | 441 | 507 | 759 | 1,722 |
| Tax | -16 | -45 | -37 | -104 | -107 |
| Profit for the period | 309 | 396 | 470 | 655 | 1,615 |
| Earnings per share before dilution, SEK | 1.84 | 2.36 | 2.80 | 3.90 | 9.63 |
| Earnings per share after dilution, SEK | 1.84 | 2.36 | 2.80 | 3.90 | 9.63 |

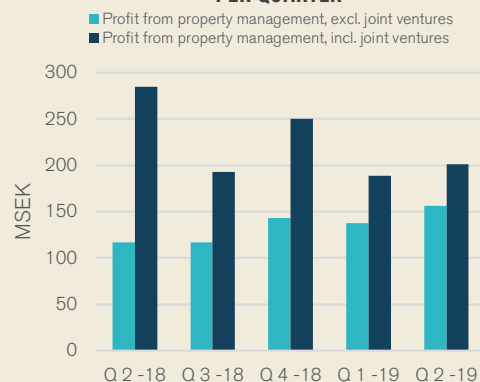
STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

| MSEK | | | | | |
|--|------------|------------|------------|------------|--------------|
| Profit for the period | 309 | 396 | 470 | 655 | 1,615 |
| Other comprehensive income | - | - | - | - | - |
| Comprehensive income for the period | 309 | 396 | 470 | 655 | 1,615 |

INCOME AND NET OPERATING INCOME PER QUARTER



PROFIT FROM PROPERTY MANAGEMENT PER QUARTER



COMMENTS ON THE CONSOLIDATED STATEMENT OF PROFIT/LOSS

APRIL–JUNE 2019 QUARTER

During the second quarter, possession was taken of 15 properties in several different locations, mainly in southern Sweden. These properties encompass 82 thousand sqm of leasable area, mainly comprising logistics, warehouse and retail operations. Possession took place at the end of the quarter and thus fully contributed to earnings for the next quarter.

Profit from shares in joint ventures of MSEK 45 (168) comprised 50 percent of Söderport's earnings for the quarter. The lower share in profit compared with the preceding year was due to unrealized changes in the value of the property portfolio, which were higher in the comparative period. At the end of the second quarter, Söderport acquired properties for SEK 1.4 billion from Nyfosa and Sagax. Financial income and expenses amounted to MSEK -47 (-36). The increase was attributable to higher net debt, due to, for example, the bond loans of MSEK 750 issued during the quarter. The tax expense for the quarter amounted to MSEK -16 (-45).

INTERIM PERIOD JANUARY-JUNE 2019

Income

Income amounted to MSEK 656 (486), up MSEK 170 or 35 percent. The change was primarily the result of a larger property portfolio than in the preceding year and agreed indexation of leases. The total leasable area on June 30, 2019 amounted to 1,600 thousand sqm (1,130) and the economic leasing rate was 91.9 percent (91.0).

Net operating income

Property expenses mainly refer to operating expenses, such as heating, water, electricity and property upkeep and amounted to MSEK 204 (145). Costs for property administration, such as charging rent, leasing, project management and marketing, amounted to MSEK 27 (20). The higher property expenses for the interim period compared with the year-earlier period were mainly the result of a larger property portfolio. Management of the portfolio resulted a surplus ratio of 65.0 percent (66.0).

Profit from property management

Costs for central administration amounted to MSEK 43 (16). In the second quarter of 2018, the Nyfosa Group established its own organization from previously having had only a small number of employees in its property management business, which is the reason for the cost increase year-on-year.

Profit from shares in joint ventures of MSEK 96 (229) comprised 50 percent of Söderport's profit after tax for the period. As for the quarter, unrealized changes in the value of the property portfolio were the reason for the higher share in profit in the preceding year. Financial income and expenses amounted to MSEK -85 (-61). The increase was due to higher net debt. The average interest rate in the loan portfolio on June 30, 2019 was 1.8 percent (1.6).

A new accounting standard for leases (IFRS 16) is applied from January 1, 2019. For more information refer to the 2018 Annual Report. For Nyfosa, the standard mainly entails that right-of-use assets in the form of site leasehold agreements were recognized in the statement of financial position at the estimated present value of future rents. Expenses for the right-of-use assets for the quarter were recognized in profit or loss as a financial expense, as opposed to in net operating income as previously. The application does not entail any impact on comprehensive income and was not applied retrospectively.

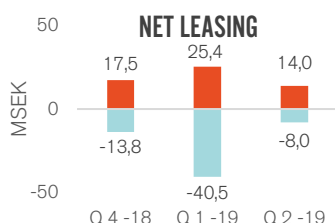
Profit from property management excluding share in profit of joint ventures amounted to MSEK 294 (245), up 20 percent.

Changes in value

The changes in value of properties amounted to MSEK 125 (285), of which unrealized changes in value totaled MSEK 140 (286). The unrealized changes in value were mainly the result of lower yield requirements and renegotiated leases. The realized changes in value of MSEK -15 primarily derived from the sales of two properties in the first quarter of the year.

Tax

The tax expense for the period amounted to MSEK -37 (-104), of which MSEK -43 (-19) pertained to changes in deferred tax liabilities attributable to investment properties. The effective tax rate was 7 percent (14). The deviation from the nominal tax rate of 21.4 percent was mainly due to the profit from shares in joint ventures comprising profit after tax, and thus did not constitute taxable income for Nyfosa, but was also due to non-taxable capital gains on the divestment of properties via companies, and valuations of loss carryforwards.



Leases for a rental value of MSEK 14 were signed during the quarter. Net leasing for the quarter amounted to MSEK 6.

CONDENSED STATEMENT OF FINANCIAL POSITION

| MSEK | Jun 30 | | Dec 31 |
|--|---------------|---------------|---------------|
| | 2019 | 2018 | 2018 |
| ASSETS | | | |
| Investment properties | 15,741 | 12,407 | 15,582 |
| Participations in joint ventures | 1,417 | 1,337 | 1,520 |
| Derivatives | 1 | 2 | 9 |
| Assets with right-of-use | 94 | - | - |
| Other assets | 2 | 1 | 1 |
| Total non-current assets | 17,255 | 13,748 | 17,113 |
| Current receivables | 71 | 97 | 50 |
| Cash and cash equivalents | 1,254 | 759 | 192 |
| Total current assets | 1,325 | 856 | 242 |
| TOTAL ASSETS | 18,579 | 14,602 | 17,355 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to Parent Company shareholders | 8,869 | 3,661 | 8,392 |
| Equity | 8,869 | 3,661 | 8,392 |
| Non-current interest-bearing liabilities | 8,723 | 4,061 | 7,305 |
| Liabilities attributable to right-of-use assets | 91 | - | - |
| Other non-current liabilities | 14 | 4 | 10 |
| Deferred tax liabilities | 488 | 461 | 452 |
| Total non-current liabilities | 9,315 | 4,527 | 7,767 |
| Current interest-bearing liabilities | 99 | 2,628 | 935 |
| Other current liabilities | 297 | 3,787 | 262 |
| Total current liabilities | 396 | 6,415 | 1,196 |
| Total liabilities | 9,711 | 10,942 | 8,963 |
| TOTAL EQUITY AND LIABILITIES | 18,579 | 14,602 | 17,355 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| MSEK | Jan-Jun | | Full-year |
|---|--------------|--------------|--------------|
| | 2019 | 2018 | 2018 |
| Opening equity | 8,392 | 3,479 | 3,479 |
| Transactions with shareholders | | | |
| Issue of warrants | 7 | - | - |
| New share issue and shareholders' contributions | - | 79 | 3,844 |
| Dividends | - | -530 | -530 |
| Other transactions with shareholders | - | -22 | -15 |
| Total transactions with shareholders | 7 | -473 | 3,299 |
| Comprehensive income | 470 | 655 | 1,615 |
| Closing equity | 8,869 | 3,661 | 8,392 |

INVESTMENT PROPERTIES

The property portfolio on June 30, 2019 primarily comprised office properties in growth municipalities and warehouse/logistics properties at transportation hubs in Sweden. The value of the portfolio was MSEK 15,741. In addition, properties for a value of SEK 9.4 billion are owned through the joint venture Söderport.

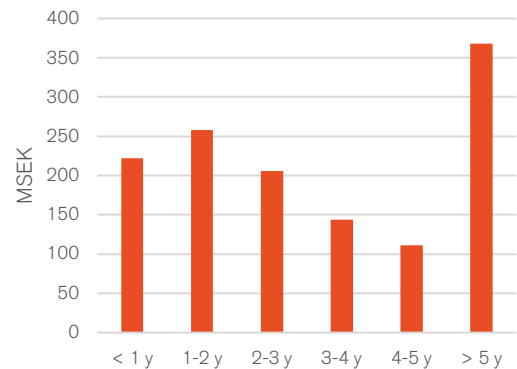
The rental value amounted to MSEK 1,424, of which vacancy rent was MSEK 115. The share of rental income connected to the consumer price index (CPI) corresponded to 84 percent of total rental income. The company's business focus entails that essentially all rental income derives from commercial leases. On June 30, 2019, Nyfosa had 2,410 leases including a total of 785 leases for garages and parking spaces. The weighted average remaining lease term for existing tenants amounted to 3.9 years. Nyfosa is not exposed to a small number of large tenants. The ten largest tenants represent only 19 percent of total rental income and are distributed between 141 leases. The largest tenants include Telia, Saab and Förlagssystem JAL.

KEY FIGURES FOR THE PROPERTY PORTFOLIO

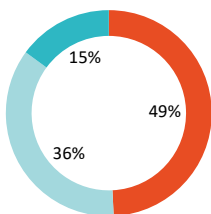
| | Jun 30 | | Dec 31 |
|--|--------|--------|--------|
| | 2019 | 2018 | 2018 |
| Property value, MSEK | 15,741 | 12,407 | 15,582 |
| Rental value, MSEK | 1,424 | 1,100 | 1,404 |
| Leasable area, 000s sqm | 1,600 | 1,130 | 1,577 |
| No. of properties | 183 | 126 | 177 |
| Economic leasing rate ¹ , % | 91.9 | 91.0 | 91.5 |
| Remaining lease term, years | 3.9 | 4.2 | 4.1 |
| Surplus ratio ¹ , % | 69.4 | 70.1 | 68.9 |
| Yield ¹ , % | 5.6 | 5.6 | 5.6 |

1. According to earnings capacity on the balance-sheet date.

LEASE MATURITY STRUCTURE

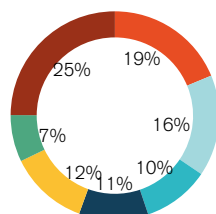


PROPERTY VALUE BY CATEGORY



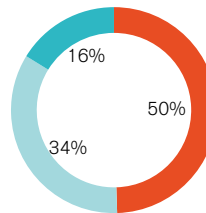
- Offices, MSEK 7 752
- Logistics/Warehouse, MSEK 5 637
- Other, MSEK 2 352

PROPERTY VALUE BY REGION



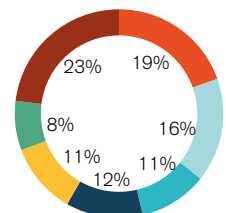
- Småland, MSEK 2 950
- Coast of Norrland, MSEK 2 475
- Greater Stockholm, MSEK 1 630
- Greater Göteborg, MSEK 1 692
- Mälardalen, MSEK 1 930
- Greater Malmö, MSEK 1 142
- Other, MSEK 3 922

RENT VALUE BY CATEGORY



- Offices, MSEK 705
- Logistics/Warehouse, MSEK 488
- Other, MSEK 231

RENT VALUE BY REGION



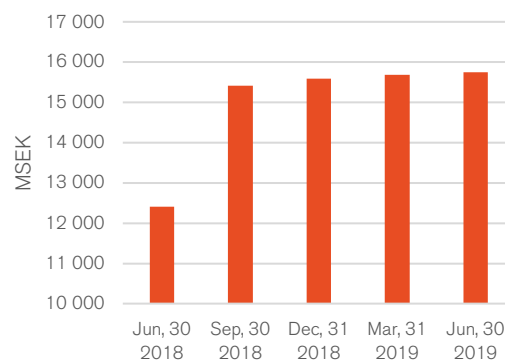
- Småland, MSEK 279
- Coast of Norrland, MSEK 230
- Greater Stockholm, MSEK 151
- Greater Göteborg, MSEK 170
- Mälardalen, MSEK 157
- Greater Malmö, MSEK 109
- Other, MSEK 328

TREND IN PROPERTY PORTFOLIO

CHANGES IN VALUE

| MSEK | Jan 1 – Jun 30 | | Jan 1 – Dec 31 |
|------------------------------------|-------------------|--------|-------------------|
| | 2019 | 2018 | 2018 |
| At the beginning of the period | 15,582 | 12,090 | 12,090 |
| Acquired properties | 817 | 223 | 3,729 |
| Investments in existing properties | 128 | 87 | 194 |
| Divested properties | -911 | -278 | -1,230 |
| Realized changes in value | -15 | -1 | 142 |
| Unrealized changes in value | 140 | 285 | 658 |
| At the end of the period | 15,741 | 12,407 | 15,582 |

PROPERTY VALUE



TRANSACTIONS AND INVESTMENTS

Acquired properties, January-June 2019

In the second quarter, possession was taken of a warehouse/logistics portfolio comprising six properties in southern Sweden, such as Falköping, Nässjö and Växjö. The total leasable area amounts to 32 thousand sqm with an average lease duration of 4.9 years. Possession was also taken of three fully leased properties in Örebro with a leasable area of 4 thousand sqm and a lease duration of 5.4 years. Possession was taken of two retail properties totaling 40 thousand sqm in Hälla in Västerås and Lundaskog in Borås commercial area. The largest tenants include City Gross and XL-Bygg.

Possession was taken of three fully leased properties in Borlänge earlier in the year.

| Municipality | Property | Category | Area, 000s of sqm |
|--|--------------|------------------------------|-------------------|
| Southern Sweden | 6 properties | Logistics, warehouse, retail | 32 |
| Örebro, Helsingborg, Norrköping, Gothenburg, Ludvika | 7 properties | Light industry | 10 |
| Västerås, Borås | 2 properties | Retail | 40 |
| Borlänge | 3 properties | Office, healthcare | 10 |

Investments in existing properties, January–June 2019

Investments of MSEK 128 were made in the existing property portfolio during the quarter, in which the largest project was the reconstruction of the Tyr 8 property in Umeå that was damaged by a fire in 2017.

| Municipality | Property | Category | Tenant | Area, 000s of sqm | Total accrued, MSEK | Estimated investment, MSEK | Scheduled completion, year |
|--------------|----------|----------|------------|-------------------|---------------------|----------------------------|----------------------------|
| Umeå | Tyr 8 | Offices | Vattenfall | 5 | 102 | 129 | Q3, 2019 |
| Södertälje | Tellus 4 | Other | Åhléns | 4 | 43 | 45 | Q3, 2019 |

Divested properties, January–June 2019

Nine properties in the Stockholm area were vacated in the second quarter. Söderport, which is jointly owned by Nyfosa AB and AB Sagax (publ), took possession of properties from Nyfosa for MSEK 722 and an additional six properties from Sagax for MSEK 668.

A small property in Uddevalla was vacated in the second quarter.

Nyfosa divested two properties containing warehouse and light industry operations earlier in the year.

| Municipality | Property | Category | Area, 000s of sqm |
|--------------|---------------|---------------------------|-------------------|
| Stockholm | 9 properties | Logistics, office, retail | 49 |
| Uddevalla | Gyldenlöve 16 | Housing, retail, office | 8 |
| Trollhättan | Kugghjulet 2 | Light industry | 2 |
| Malmö | Krukskärvan 3 | Warehouse, light industry | 8 |

YIELD REQUIREMENT FOR VALUATION OF INVESTMENT PROPERTIES

The weighted yield requirement on June 30, 2019 was 6.36 percent, and the weighted cost of capital for the present value calculation of cash flows and residual values was 8.30 percent and 8.50 percent, respectively. When last valued on March 31, 2019, the yield requirement was 6.35 percent, and the weighted cost of capital for the present value calculation of cash flows and residual values was 8.30 percent and 8.50 percent, respectively.

Sensitivity analysis – change in value for changes in valuation parameters

| MSEK | % | June 30 | |
|---|----------|---------|--------|
| | | 2019 | 2018 |
| Change in net operating income ¹ | +/- 5 | +/-526 | +/-422 |
| Change in yield requirement | +/- 0.25 | +/-644 | +/-491 |
| Change in growth assumptions | +/-0.5 | +/-66 | +/-53 |
| Change in discount rate | +/-0.25 | +/-489 | +/-378 |

1. According to earnings capacity.

VALUATION TECHNIQUES

The value of the properties has been assessed based on a market-adapted cash-flow estimate in which, by simulating the calculated future income and expenses, an analysis has been made of the market's expectations with respect to the subject property.

The yield requirement used in the estimate derives from sales of comparable properties. For additional information on valuation techniques, refer to Note 13 of Nyfosa AB's Annual Report on www.nyfosa.se.

The company engages an external, independent appraiser every quarter to quality assure the fair value measurement of the company's properties.

EARNINGS CAPACITY

| | Jun 30 |
|--|---------------|
| MSEK | 2019 |
| Rental income | 1,266 |
| Property expenses | -354 |
| Property administration | -33 |
| Net operating income | 879 |
| Central administration | -70 |
| Share in profit of joint ventures | 205 |
| Financial expenses | -185 |
| Profit from property management | 829 |

The company's current earnings capacity on a 12-month basis on June 30, 2019 is presented above. Current earnings capacity is to be considered solely as a hypothetical instantaneous impression and is presented only for illustrative purposes. The aim is to present annualized income and expenses based on the property portfolio, borrowing costs, capital structure and organization at a given point in time. The earnings capacity does not include an assessment of future periods in respect of rents, vacancy rates, property expenses, interest rates, changes in value or other factors impacting earnings, other than the index-linking found in existing leases. The data does not include the possible effects of property transactions. The current earnings capacity must be considered together with other information in the interim report.

The following information is used as the basis for assessing current earnings capacity:

- annual rental income (including supplements and taking rent discounts into account), plus other property-related income based on current leases;
- operating and maintenance costs consist of an assessment of operating expenses and maintenance measures during a standard year;
- property tax has been calculated on the basis of the current tax assessment value of the properties;
- costs for central administration have been calculated on the basis of the existing organization and the current size of the property portfolio;
- Nyfosa's shares of profit from property management from joint ventures before changes in value, calculated using the same method as Nyfosa;
- the assessment of earnings capacity does not assume any financial income; and
- financial expenses have been calculated on the basis of the company's average interest rate on June 30, 2019, which was 1.8 percent. The item also includes ground rent.

PARTICIPATIONS IN JOINT VENTURES

Nyfosa owns 50 percent of the shares in the property company Söderport Holding AB. Söderport is jointly owned with AB Sagax (publ) (50 percent holding each), and ownership is governed by shareholders' agreements giving both owners equal power of decision, meaning that neither partner has a controlling influence. The holding is classified as Participations in joint ventures and Nyfosa's share in the profit of Söderport is recognized in the Group's profit from property management.

Söderport's property portfolio primarily comprises industrial, warehouse and office properties, presenting a suitable supplement to Nyfosa's wholly owned property portfolio. Söderport owns 85 properties with a total property value of SEK 9.4 billion. The focal point of the property portfolio is in the Stockholm and Gothenburg regions. Söderport does not have its own operational organization. Instead, it procures property management and financial administration from Sagax. A small part of property management is procured from Nyfosa.

During the second quarter, Söderport acquired nine properties from Nyfosa for MSEK 722 and six properties from Sagax for MSEK 668. The properties are located in Stockholm and comprise a total leasable area of 73 thousand sqm, of which 39 thousand sqm are in Årsta. The tenants include Dagab Inköp och Logistik AB, Clafra AB and Mobility Motors Sweden AB. After the end of the interim period, the company signed an agreement to divest six properties in Torslanda in Gothenburg at a value of SEK 2.3 billion, refer also to Note 10.

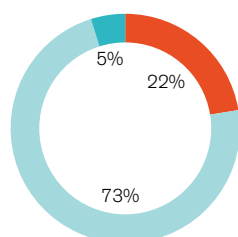
The trend in Söderport's net operating income was strong in the first half of the year, increasing by slightly more than 18 percent year-on-year. The total rental value for Söderport's property portfolio is estimated to amount to MSEK 780. Leases have an average remaining term of 4.8 years. The total leasable area amounted to 759 thousand sqm, of which 727 thousand sqm was leased, corresponding to 95.7 percent. The economic leasing rate was approximately 95 percent.

KEY FINANCIAL DATA, SÖDERPORT

| MSEK | Jan-Jun | | Full-year | MSEK | Jun 30 | | Full-year |
|-------------------------------|---------|------------------|------------------|------------------------------------|--------|--------------------|--------------------|
| | 2019 | 2018 | 2018 | | 2019 | 2018 | 2018 |
| Rental income | 323 | 287 | 585 | Investment properties | 9,401 | 7,308 | 7,683 |
| Net operating income | 251 | 212 | 441 | Current assets | 206 | 126 | 96 |
| Net interest income | -74 | -79 | -156 | Equity | 2,834 | 2,675 | 3,041 |
| Changes in value, properties | 103 | 406 | 621 | of which, Nyfosa's share | 1,417 | 1,337 ¹ | 1,520 ¹ |
| Changes in value, derivatives | -42 | 31 | 56 | Non-current liabilities | 6,852 | 4,784 | 4,823 |
| Tax | -48 | -85 | -164 | of which, deferred tax liabilities | 703 | 584 | 679 |
| Profit for the period/year | 193 | 487 | 854 | of which, derivatives | 264 | 296 | 222 |
| of which, Nyfosa's share | 96 | 244 ¹ | 427 ¹ | Current liabilities | 268 | 187 | 189 |
| | | | | No. of properties | 85 | 69 | 69 |
| | | | | Leasable area, 000s of sqm | 759 | 658 | 686 |

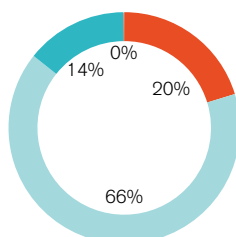
¹ Up until June 2018, Nyfosa also owned participations in another joint venture, which is the reason for the deviation between the share in the profit from Söderport and Nyfosa's statement of profit/loss and Söderport's equity and Nyfosa's share of equity in the statement of financial position.

PROPERTY VALUE BY REGION



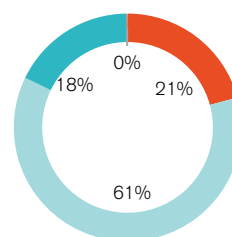
- Greater Göteborg, MSEK 2 110
- Greater Stockholm, MSEK 6 837
- Other, MSEK 455

PROPERTY VALUE BY CATEGORY



- Offices, MSEK 1 906
- Warehouses, MSEK 6 150
- Industry, MSEK 1 337
- Other, MSEK 9

RENT VALUE BY CATEGORY



- Offices, MSEK 162
- Warehouses, MSEK 479
- Industry, MSEK 138
- Other, MSEK 1

FINANCING

On June 30, 2019, Nyfosa had interest-bearing liabilities of MSEK 8,821, corresponding to a loan-to-value ratio of 56 percent. Nyfosa's interest-bearing liabilities comprise bank loans and bond loans with an average interest rate of 1.8 percent. The average fixed-rate period on June 30, 2019, including the effects of signed derivative agreements, was 1.4 years. The average loan maturity was 3.2 years. On June 30, 2019, Nyfosa also had overdraft facilities totaling MSEK 200 and a revolving credit facility totaling MSEK 3,880, of which MSEK 1,709 had been utilized. With a strong financial position and liquidity, Nyfosa has the resources for continued growth through acquisitions and investments. The company's cash position also means that Nyfosa can act quickly when attractive transactions arise.

Equity amounted to MSEK 8,869 on the balance-sheet date, of which share capital amounted to MSEK 84.

KEY FIGURES IN THE LOAN PORTFOLIO

| | Jun 30 | | Dec 31 |
|--|--------|------|--------|
| | 2019 | 2018 | 2018 |
| Debt/equity ratio, multiple | 1.0 | 3.0 | 1.0 |
| Average interest, % | 1.8 | 1.6 | 1.6 |
| Average remaining fixed-rate period, years | 1.4 | 1.4 | 1.6 |
| Average remaining loan maturity period, years | 3.2 | 3.1 | 3.2 |
| Interest-rate hedged portion of liabilities, % | 48.1 | 48.0 | 54.1 |
| Fair value of derivatives, MSEK | 1 | 2 | 9 |

Change in the loan portfolio

Loans of MSEK 1,148 were refinanced during the first half of the year by the company raising two new revolving credit facilities that were partially utilized. In May, the company also issued a bond of MSEK 750 within a total framework amount of up to SEK 1.5 billion. Ongoing repayments of MSEK 32 were made. Repayments attributable to sales amounted to MSEK 124.

| | Jan-Jun | | Full-year |
|--|--------------|--------------|--------------|
| | 2019 | 2018 | 2018 |
| MSEK | | | |
| Interest-bearing liabilities at the beginning of the period | 8,240 | 6,583 | 6,978 |
| Repayment of bank loans | -1,309 | -440 | -2,262 |
| Bond loans issued | 750 | - | - |
| Bank loans raised | 1,148 | 545 | 3,516 |
| Changes in borrowing fees | -7 | 1 | 8 |
| Interest-bearing liabilities at the end of the period | 8,821 | 6,689 | 8,240 |

Available liquidity, June 30

| | Jun 30 | | Dec 31 |
|---------------------------------|--------------|------------|------------|
| | 2019 | 2018 | 2018 |
| MSEK | | | |
| Cash and cash equivalents | 1,254 | 759 | 192 |
| Unutilized overdraft facilities | 200 | - | 174 |
| Total | 1,454 | 759 | 366 |

Maturity structure

Bank loans of MSEK 0 fall due for payment during the next 12 months.

Interest and loan maturity structure, June 30, 2019

| Year | Fixed-rate period | | Loan maturity | |
|---------------|-------------------|------------|-----------------------------|------------|
| | MSEK | % | MSEK | % |
| Within 1 year | 4,793 | 54 | 0 | 0 |
| 1-2 years | 1,310 | 15 | 2,516 | 28 |
| 2-3 years | 1,500 | 17 | 2,453 | 28 |
| 3-4 years | 0 | 0 | 1,820 | 20 |
| 4-5 years | 1,275 | 14 | 2,090 | 24 |
| >5 years | 0 | 0 | 0 | 0 |
| Total | 8,879 | 100 | 8 879^{1, 2} | 100 |

1. Interest-bearing liabilities in the statement of financial position includes allocated arrangement fees, which is the reason for the deviation between the table and the statement of financial position.

2. Refers to final payment of outstanding principal loan amounts on the balance-sheet date, not including ongoing repayments.

Impact of changes in interest rates

Nyfosa largely works with variable interest rates in its loan agreements and manages interest-rate risk by using derivative instruments, primarily interest-rate caps at the current time. Limiting interest-rate risk increases the predictability of Nyfosa's profit from property management and changes in interest-rate levels do not fully impact the Group's interest expenses. In some cases, Nyfosa has entered into loan agreements with an interest-rate floor provision, meaning that STIBOR 3M cannot fall below zero. These loan agreements mean that Nyfosa cannot fully capitalize the low interest-rate scenario. The nominal volume of Nyfosa's outstanding interest-rate caps on June 30, 2019 was SEK 4.3 billion.

SENSITIVITY ANALYSIS

| Earnings effect of change in average interest rate, MSEK | Change, % | Jun 30 | |
|---|-----------|--------|--------|
| | | 2019 | 2018 |
| Interest expenses assuming current fixed-rate periods and changed interest rates ¹ | +/-1% | +81/-8 | +36/-0 |
| Interest expenses assuming change in average interest rate ² | +/-1% | +/-89 | +/-67 |
| Revaluation of fixed-income derivatives attributable to shift in interest rate curves | +/-1% | +/-2 | +/-4 |

1. Taking into account derivative agreements

2. Today's average rate, taking into account derivative agreements, increases/decreases by 1%. Increase/decrease does not take into account potential effects of the derivative portfolio.

Each variable in the table above has been addressed individually and on the condition that the other variables remain constant. The analysis refers to the wholly owned property portfolio and does not pretend to be exact. It is merely indicative and aims to show the most relevant, measurable factors in the specific context.

GROUP STATEMENT OF CASH FLOWS

| MSEK | Apr-Jun | | Jan-Jun | | Full-year |
|---|--------------|------------|--------------|------------|---------------|
| | 2019 | 2018 | 2019 | 2018 | 2018 |
| Operating activities | | | | | |
| Profit from property management | 201 | 285 | 390 | 474 | 918 |
| Adjustments for non-cash items | -45 | -168 | -96 | -229 | -412 |
| Income tax paid | 0 | 0 | -17 | -4 | -4 |
| Subtotal | 156 | 117 | 276 | 241 | 502 |
| Change in operating receivables | 7 | -251 | -5 | -283 | 43 |
| Change in operating liabilities | -44 | 359 | 49 | 307 | 662 |
| Cash flow from operating activities | 118 | 225 | 320 | 265 | 1,207 |
| Investing activities | | | | | |
| Direct and indirect acquisitions of investment properties | -725 | -213 | -809 | -219 | -3,721 |
| Direct and indirect divestments of investment properties | 842 | 208 | 886 | 274 | 1,212 |
| Investments in existing investment properties | -67 | -52 | -128 | -87 | -194 |
| Dividend from holdings in joint ventures | 200 | 200 | 200 | 200 | 200 |
| Other | 0 | 0 | 0 | 0 | -1 |
| Cash flow from investing activities | 249 | 143 | 149 | 168 | -2,504 |
| Financing activities | | | | | |
| New issue of shares/warrants | 7 | 79 | 7 | 79 | 84 |
| Loans raised | 1,898 | 545 | 1,898 | 545 | 3,530 |
| Repayment of loans | -1,253 | -374 | -1,309 | -440 | -2,262 |
| Other | -5 | -7 | -3 | -19 | -23 |
| Cash flow from financing activities | 647 | 243 | 593 | 165 | 1,329 |
| Cash flow for the period | 1,014 | 611 | 1,062 | 598 | 32 |
| Cash and cash equivalents at the beginning of the period | 239 | 148 | 192 | 160 | 160 |
| Cash and cash equivalents at the end of the period | 1,254 | 759 | 1,254 | 759 | 192 |
| Interest received | 0 | 0 | 0 | 0 | 0 |
| Interest paid | -41 | -14 | -34 | -40 | -99 |

KEY FIGURES AND QUARTERLY OVERVIEW

Presented below are the key figures that Nyfosa believes provide valuable supplementary information to investors and the company's management in their assessment of the company's performance. The table presents the key figures and performance measures that are not defined by IFRS which is why a reconciliation of key figures is also provided. Definitions can also be found on page 22 of this interim report.

There is a good margin to the risk limits established by the company. Long term, the equity/assets ratio is to amount to at least 25 percent, the loan-to-value ratio is not to exceed 65 percent and the interest-coverage ratio is not to fall below a multiple of two.

| | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 |
|---|---------|---------|---------|---------|---------|
| Property-related key figures | | | | | |
| Income, MSEK | 333 | 322 | 317 | 261 | 239 |
| Property expenses, MSEK | -95 | -108 | -80 | -75 | -64 |
| Property administration, MSEK | -13 | -15 | -8 | -8 | -7 |
| Net operating income, MSEK | 225 | 200 | 229 | 178 | 168 |
| Surplus ratio, % | 67.5 | 61.9 | 72.1 | 68.3 | 70.1 |
| Property value, MSEK | 15,741 | 15,683 | 15,582 | 15,417 | 12,407 |
| Share-related key figures | | | | | |
| Profit from property management per share, SEK | 1.20 | 1.12 | 1.49 | 1.15 | 1.70 |
| Earnings per share for the quarter before dilution, SEK | 1.84 | 0.96 | 1.84 | 3.89 | 2.36 |
| Earnings per share for the quarter after dilution, SEK | 1.84 | - | - | - | - |
| Equity per share, SEK | 52.87 | 50.99 | 50.03 | 48.15 | 21.82 |
| Long-term net asset value (EPRA NAV) per share, SEK | 58.66 | 56.55 | 55.36 | 53.61 | 27.19 |
| Key financial data | | | | | |
| Return on equity, % | 22.8 | 24.7 | 27.2 | 27.7 | 36.5 |
| Equity/assets ratio, % | 47.7 | 48.6 | 48.3 | 46.8 | 25.1 |
| Net loan-to-value ratio, properties, % | 48.1 | 50.7 | 51.6 | 49.7 | 47.8 |
| Loan-to-value ratio, properties, % | 56.0 | 52.2 | 52.9 | 51.7 | 53.9 |
| Interest-coverage ratio, multiple | 4.3 | 4.6 | 4.6 | 4.9 | 4.3 |
| Cash flow from operating activities per share, SEK | 0.71 | 1.20 | 0.75 | 4.86 | 1.34 |

RECONCILIATION OF KEY FIGURES

| Long-term net asset value (EPRA NAV) | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 |
|--|--------------|--------------|--------------|--------------|--------------|
| Equity, MSEK | 8,869 | 8,552 | 8,392 | 8,077 | 3,661 |
| Deferred tax, MSEK | 488 | 473 | 452 | 478 | 461 |
| Derivatives, MSEK | -1 | -3 | -9 | -2 | -2 |
| Deferred tax in joint ventures, Nyfosa's share, MSEK | 351 | 343 | 339 | 308 | 292 |
| Derivatives in joint ventures, Nyfosa's share, MSEK | 132 | 119 | 111 | 132 | 148 |
| Number of shares, millions | 168 | 168 | 168 | 168 | 168 |
| Long-term net asset value (EPRA NAV) per share, SEK | 58.66 | 56.55 | 55.36 | 53.61 | 27.19 |

Long-term net asset value (EPRA NAV) is calculated based on equity in the statement of financial position. The value of derivatives and deferred tax liabilities, both in Nyfosa's statement of financial position and Nyfosa's share of derivatives and deferred tax in joint ventures in the statement of financial position is then added back. The total provides a value per share in Nyfosa.

| Return on equity | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 |
|--|----------------|----------------|----------------|----------------|----------------|
| Profit after tax for the four most recent quarters, MSEK | 1,429 | 1,516 | 1,614 | 1,584 | 1,224 |
| Average equity for the four most recent quarters, MSEK | 6,265 | 6,139 | 5,936 | 5,712 | 3,357 |
| Return on equity, % | 22.8 | 24.7 | 27.2 | 27.7 | 36.5 |

This performance measure is calculated by using profit after tax for the most recent 12-month period in relation to average equity during the same period.

| Loan-to-value ratio and net loan-to-value ratio | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 |
|--|----------------|----------------|----------------|----------------|----------------|
| Interest-bearing liabilities, MSEK | 8,821 | 8,186 | 8,240 | 7,977 | 6,689 |
| Property value, MSEK | 15,741 | 15,683 | 15,582 | 15,417 | 12,407 |
| Loan-to-value ratio, % | 56.0 | 52.2 | 52.9 | 51.7 | 53.9 |
| Cash and cash equivalents, MSEK | 1,254 | 240 | 192 | 316 | 759 |
| Net loan-to-value ratio, % | 48.1 | 50.7 | 51.6 | 49.7 | 47.8 |

The loan-to-value ratio is calculated by using interest-bearing liabilities as a percentage of the value of the properties according to the statement of financial position. The net loan-to-value ratio is calculated by using net loans, meaning interest-bearing liabilities less cash and cash equivalents, as a percentage of the value of the properties according to the statement of financial position.

| Interest-coverage ratio | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 |
|--|----------------|----------------|----------------|----------------|----------------|
| Profit from property management, MSEK | 201 | 188 | 250 | 193 | 285 |
| Share in profit of joint ventures, MSEK | 45 | 51 | 107 | 76 | 168 |
| Depreciation/amortization, MSEK | 0 | 0 | 0 | 0 | 0 |
| Financial income and expenses, MSEK | -47 | -38 | -40 | -30 | -36 |
| Interest-coverage ratio, multiple | 4.3 | 4.6 | 4.6 | 4.9 | 4.3 |

The interest-coverage ratio is calculated by excluding shares in profit in joint ventures, depreciation/amortization and financial income and expenses from profit from property management. The performance measure treats ground rent as a property expense, similar to previous calculations. This profit is then expressed as a percentage of financial income and expenses to calculate the interest-coverage ratio.

OTHER DISCLOSURES

SHARE AND SHAREHOLDERS

The volume weighted average price on the interim period's last day of trading, June 28, 2019, was SEK 58.25, corresponding to a total market capitalization of MSEK 9,770. Nyfosa had 18,119 shareholders, of which Swedish investors, institutions and private individuals owned 70.0 percent of the shares and voting rights, and the remaining shares and votes were owned by foreign shareholders.

| List of owners | No. of shares | Share of | |
|--------------------------------------|----------------------|-------------------|-----------------|
| | | Capital, % | Votes, % |
| Länsförsäkringar Funds | 14,536,617 | 8.7 | 8.7 |
| Swedbank Robur Funds | 12,150,357 | 7.2 | 7.2 |
| Kåpan Pensioner Försäkringsförening | 8,716,274 | 5.2 | 5.2 |
| ICA-handlarnas Förbund | 7,539,109 | 4.5 | 4.5 |
| Norges Bank | 5,660,108 | 3.4 | 3.4 |
| Vanguard | 5,470,599 | 3.3 | 3.3 |
| SEB Funds | 5,415,409 | 3.2 | 3.2 |
| Fourth Swedish National Pension Fund | 5,232,594 | 3.1 | 3.1 |
| AB Sagax | 4,700,000 | 2.8 | 2.8 |
| Handelsbanken Funds | 4,682,290 | 2.8 | 2.8 |
| Others | 93,624,892 | 55.8 | 55.8 |
| Total | 167,728,249 | 100.0 | 100.0 |

2019 ANNUAL GENERAL MEETING

The Annual General Meeting for shareholders of Nyfosa AB (publ) was held on May 9, 2019 at 3:00 p.m. at Vasateatern, Vasagatan 19 in Stockholm, Sweden.

Dividends

The Meeting resolved that no dividends should be paid to the shareholders for the 2018 financial year and that the funds available for distribution by the Meeting instead should be carried forward.

Employee warrants program

The Meeting resolved to implement a long-term incentive program for employees of the Nyfosa Group. The aim of the incentive program is to help Nyfosa to recruit and retain personnel and to create joint objectives for shareholders, management and employees. The program supports the implementation of Nyfosa's offensive growth and value-creation strategy and hones the focus of the company's employees. The program, which is targeted to all employees, is designed to reward overachievement.

Issue authorization

The Meeting authorized the Board to resolve to issue new shares on one or several occasions during the period up to the next Annual General Meeting, to the extent that such a new issue can be made without amending the Articles of Association.

ASSURANCE FROM THE BOARD AND CEO

The Board of Directors and the CEO give their assurance that this interim report provides a fair review of the company's and the Group's operations, financial position and earnings, and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Nacka, July 15, 2019

Nyfosa AB (Corp. Reg. No. 559131-0833)

Johan Ericsson

Chairman of the Board

Jens Engwall

Board member and CEO

Kristina Sawjani

Board member

Per Lindblad

Board member

Lisa Dominguez Flodin

Board member

Marie Bucht Toresäter

Board member

Mats Andersson

Board member

FINANCIAL CALENDAR

| | |
|-----------------------------|-------------------|
| Interim report | |
| January–September 2019 | October 23, 2019 |
| Year-end report 2019 | February 13, 2020 |
| Annual General Meeting 2020 | April 23, 2020 |

CONTACT INFORMATION

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This interim report is unaudited.

The information is inside information that Nyfosa AB is obligated to disclose in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication through the agency of the aforementioned contact persons on July 15, 2019 at 7:30 a.m. CEST.

NOTES

NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed interim report for the Group has been prepared in accordance with IAS 34 Interim Reporting, as well as the applicable regulations of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Annual Accounts Act. Other than the application of IFRS 16, the accounting policies and calculation methods were unchanged compared with last year's Annual Report.

IFRS 16 Leases

IFRS 16 Leases came into effect on January 1, 2019. The standard was not applied retrospectively. IFRS 16 did not have any material impact on the Group's earnings, financial position or statement of cash flows. Nyfosa performed a detailed review and analysis based on the company as lessee. Site leasehold agreements were identified as the most significant leases. Apart from this, there were only minor, insignificant, leases for vehicles and office equipment, for example. In connection with the application of IFRS 16, the cost for ground rents was recognized as a financial expense, which differs from the previous policy when it was recognized as an operating expense in net operating income. The right-of-use assets in site leasehold agreements, which amounted to MSEK 94 on June 30, 2019, were recognized as an asset and as a liability in the statement of financial position.

An analysis by the Group, in its capacity as lessor, resulted in the conclusion that IFRS 16 will not have any material effect on the Group's recognized rental income.

NOTE 2 ESTIMATES AND ASSESSMENTS

The preparation of the interim report requires that company management make judgments and estimates, and make assumptions that affect the application of the accounting policies and the amounts of assets, liabilities, income and expenses recognized. The actual outcome may deviate from these judgments and estimates.

Measurement of investment properties

For significant assumptions and assessments affecting the measurement of Nyfosa's investment properties, refer to Note 13 of the 2018 Annual Report on www.nyfosa.se. Nyfosa's property portfolio is recognized in the statement of financial position at fair value, and the changes in value are recognized in profit or loss. The fair value is based on internal valuations that are performed continuously and the properties are also valued every quarter by an external independent appraiser. The value of the properties is affected not only by supply and demand in the market but also by a number of other factors, in part property-specific factors such as the leasing rate, rent level and operating expenses, and in part such market-specific factors as the yield requirement and the cost of capital, which are derived from comparable transactions in the property market. Deterioration in either a property or the market could cause the value of the properties to decline, which could have a negative impact on Nyfosa's operations, financial position and earnings.

Valuations require assessments of and assumptions about future cash flows and determination of the discount factor (yield requirement). An uncertainty interval of +/- 5–10 percent is usually applied to property valuations to reflect the uncertainty of assumptions and assessments made.

Measurement of loss carryforwards

The regulatory framework governing taxation of the type of business operated by Nyfosa is complex and comprehensive in terms of both income tax and VAT/property taxation. Moreover, interpretation and application of these regulations by courts of law can change over time. Changes in these regulations, or in their interpretation by judicial bodies, could impact Nyfosa's earnings and position either positively or negatively. From time to time, Nyfosa has cases under review by, and ongoing dialogue with, the Swedish Tax Agency regarding individual taxation matters. The Tax Agency makes tax rulings that can be appealed and reviewed in administrative courts of appeal. The regulations governing the recognition of taxes, and the property sector's application of these accounting regulations, are also complex. The regulatory framework is complex, the Tax Agency's review possibilities are comprehensive and the judicial bodies' interpretation and reviews take place in many stages, which means that it can take a long time to establish the correct application of legislation in complex taxation matters. This may entail that actions taken or completed transactions that were previously considered permissible according to the regulatory framework may need to be reappraised at a later juncture. Nyfosa monitors the taxation laws and practices that are in effect whenever it files tax returns. Nyfosa's assessments and calculations in the tax area, and the accounting of these matters, are reassessed at the end of each reporting period. Nyfosa had loss carryforwards from prior years. The Tax Agency decided in a review decision in 2018 not to grant the company full deductions for these loss carryforwards. The loss carryforwards that are the subject of these proceedings have been valued at

MSEK 250 in this report, corresponding to 20.6 percent of the total disputed loss carryforwards of MSEK 1,215. Nyfosa has not reserved this amount since Nyfosa believes that it is overwhelmingly probable that the deduction claimed will be granted following a court ruling.

Classification of acquisitions

The IFRS 3 accounting standard states that acquisitions must be classified as business combinations or asset purchases. An individual assessment of the character of the acquisition is required for each individual transaction. Nyfosa's corporate acquisitions in 2019 encompass only properties and no material processes, which is why the transactions are deemed to be asset purchases.

NOTE 3 OPERATING SEGMENTS

Nyfosa's operations comprise one operating segment, that is to say, Nyfosa's operations comprise a business that generates income and expenses and whose operating profit is regularly assessed by the company's chief operating decision maker as a basis for monitoring earnings and allocating resources.

NOTE 4 TAX

The Group's effective tax rate for the interim period was 7.3 percent (13.7). The deviation from the nominal tax rate of 21.4 percent was mainly due to the profit from shares in joint ventures comprising profit after tax, and thus did not constitute taxable income for Nyfosa, but was also due to non-taxable capital gains on the divestment of properties via companies, and valuations of loss carryforwards.

According to the applicable rules, deferred tax is to include temporary differences on all assets and liabilities, except for temporary differences on properties when assets are acquired. The residual value of investment properties for tax purposes totaled MSEK 7,179, which means that temporary differences of MSEK 4,566 were not recognized in the statement of financial position.

Reconciliation of effective tax, MSEK

| | | |
|---|--------------|------------|
| Profit before tax | | 507 |
| Tax according to applicable tax rate for Parent Company | -21.4% | -108 |
| Non-deductible costs and tax-exempt income | 1.5% | 8 |
| Profit from shares in joint ventures | 4.1% | 21 |
| Capitalization and utilization of loss carryforwards not capitalized in prior years | 0.1% | 0 |
| Non-taxable sales of properties | 4.7% | 24 |
| Tax attributable to prior years | 2.0% | 10 |
| Other | 1.7% | 8 |
| Recognized effective tax | -7.3% | -37 |

NOTE 5 EARNINGS PER SHARE

A long-term incentive program for employees of the Nyfosa Group was implemented in accordance with the resolution of the Annual General Meeting in May 2019. To establish the program, the Meeting resolved on a directed issue of a maximum of 1,950,000 warrants. Each warrant entitles the holder to subscribe for one new share in Nyfosa AB.

The subscription price per share is based on the average share price at the time of the issue of the warrants with an increase or decrease calculated according to Carnegie's Real Estate Index (CREX) until September 2022, when it will be finally set. Subscription of shares in accordance with the terms and conditions for the warrants may be exercised during a two-week period from the day following the disclosure of the company's interim report for the period July – September, 2022, the company's year-end report for 2022 and the interim report for the period January – March, 2023, although not later than June 10, 2023.

1,409,500 of the issued warrants were subscribed for, and the remainder are held by a company in the Group. The estimated dilution in the quarter amounted to 0.0%.

| MSEK | Apr-Jun | | Jan-Jun | | Full-year |
|---|---------|------|---------|------|-----------|
| | 2019 | 2018 | 2019 | 2018 | 2018 |
| Profit for the period attributable to Parent Company shareholders | 309 | 396 | 470 | 655 | 1,615 |
| Earnings per share before dilution | 1.84 | 2.36 | 2.80 | 3.90 | 9.63 |
| Earnings per share after dilution | 1.84 | 2.36 | 2.80 | 3.90 | 9.63 |
| Average number of shares, millions | 167 | 167 | 167 | 167 | 167 |
| Number of warrants issued, millions | 1 | - | 1 | - | - |
| Estimated dilution, % | 0.0 | - | 0.0 | - | - |

NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS

Nyfosa measures its financial instruments at fair value or amortized cost in the statement of financial position, depending on the classification of the instrument. Financial instruments include rent receivables, derivatives and cash and cash equivalents among assets and interest-bearing liabilities, derivatives and accounts payable among liabilities. The derivatives are measured at fair value according to Level 2. Nyfosa has binding framework agreements for derivative trading (ISDAs), which enable Nyfosa to offset financial liabilities against financial assets in the event of the insolvency of a counterparty of other event, a process known as netting. No offset currently takes place.

The table below presents the fair value of the Group's derivatives, which is reflected in the statement of financial position. The carrying amount of accounts receivable, other receivables, cash and cash equivalents, accounts payable and other liabilities provides a reasonable approximation of the fair value.

| Fair value, MSEK | Jun 30 | | Dec 31 |
|----------------------------------|--------|------|--------|
| | 2019 | 2018 | 2018 |
| Derivatives with positive values | 1 | 2 | 9 |
| Derivatives with negative values | - | - | - |

NOTE 7 FINANCING

For information regarding changes in loans, interest rates and credit terms, refer to pages 12-13 of this interim report.

NOTE 8 SHAREHOLDERS' EQUITY

| Date | Event | Change in share capital (SEK) | Change in number of shares | Share capital after change (SEK) | Number of shares after change |
|------------------|--------------------|-------------------------------|----------------------------|----------------------------------|-------------------------------|
| October 17, 2017 | New formation | - | - | 50,000.00 | 500 |
| May 21, 2018 | Division of shares | - | 99,500 | 50,000.00 | 100,000 |
| May 21, 2018 | New share issue | 78,814,124.50 | 157,628,249 | 78,864,124.50 | 157,728,249 |
| August 21, 2018 | New share issue | 5,000,000.00 | 10,000,000 | 83,864,124.50 | 167,728,249 |

NOTE 9 RELATED PARTIES

The Group owns participations in joint ventures, refer to page 11 of this interim report. Söderport is managed by AB Sagax, except for property management in Gothenburg and at seven smaller locations that are managed by Nyfosa. Property management fees are distributed between these two part-owners based on market terms. Nyfosa's fee amounts to MSEK 2 per year. The Group had no receivables from joint ventures on June 30, 2019.

NOTE 10 SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

After the end of the interim period, Nyfosa signed an agreement to acquire a portfolio of nine properties in Malmö for an underlying property value of MSEK 695. The properties have a leasable area of 38 thousand sqm, of which 68 percent is used as logistics/warehouse and the remaining part is office, retail and restaurant, with annual rental income of MSEK 49. The tenants include Malmö Lastbilscentral AB och Stryker AB. The average remaining lease term for the entire portfolio is 9.2 years and the leasing rate is 97 percent. At three of the properties, construction must be completed to a value of approximately MSEK 270 through the seller's care. With regards to these properties, the transaction is conditional on completion of the contracts and on the tenants moving in and paying rent. Closing date for these properties shall take place no later than August 31, 2020, December 31, 2020, and March 31, 2021. Financial closing date for the remaining properties is on August 31, 2019.

Also, Nyfosa's joint venture Söderport signed an agreement to divest six properties in Torslanda to the listed one-property company Torslanda Property Investment AB ("TPI"). The underlying property value amounts to SEK 2.3 billion, which represents the externally assessed market value. TPI paid MSEK 965 of the purchase price in terms of newly issued TPI shares at an issue price corresponding to TPI's net asset value. Through the issue, Söderport's ownership in TPI increased from 28.6 percent to 78.4 percent. Söderport has applied for and has been granted an exemption from the mandatory bid by the Swedish Securities Council. The properties that are divested to TPI mainly constitute office properties and comprise a leasable area of 145 thousand sqm. The rental value amounts to MSEK 170. The properties are located adjacent to TPI's existing property and have the same main tenant.

PARENT COMPANY

STATEMENT OF PROFIT/LOSS

| MSEK | Apr-Jun | | Jan-Jun | | Full-year |
|--|------------|-----------|------------|-----------|------------|
| | 2019 | 2018 | 2019 | 2018 | 2018 |
| Net sales | 13 | 2 | 27 | 2 | 22 |
| Personnel costs | -15 | -4 | -26 | -4 | -22 |
| Other external costs | -10 | -3 | -28 | -3 | -64 |
| Depreciation/amortization | - | 0 | - | 0 | 0 |
| Loss before financial income and expenses | -12 | -5 | -27 | -5 | -64 |
| Profit from participations in Group companies | - | - | - | - | 500 |
| Interest income and similar income items | 200 | - | 201 | - | 1 |
| Interest expenses and similar expense items | -4 | 0 | -5 | 0 | -1 |
| Profit/loss before appropriations | 184 | -5 | 169 | -5 | 436 |
| Appropriations | | | | | |
| Group contributions paid/received | - | - | - | - | 68 |
| Profit/loss before tax | 184 | -5 | 169 | -5 | 504 |
| Tax | 0 | 1 | 0 | 1 | -1 |
| Profit/loss for the period | 184 | -4 | 169 | -4 | 503 |

STATEMENT OF FINANCIAL POSITION

| MSEK | Jun 30 | | Dec 31 |
|--|--------------|------------|--------------|
| | 2019 | 2018 | 2018 |
| ASSETS | | | |
| Participations in Group companies | 0 | 0 | 0 |
| Participations in joint ventures | 412 | 412 | 412 |
| Receivables from Group companies | 90 | 90 | 90 |
| Total non-current assets | 502 | 502 | 502 |
| Current receivables from Group companies | 6,173 | - | 6,367 |
| Other current receivables | 19 | 2 | 6 |
| Cash and bank balances | 1,014 | 8 | 4 |
| Total current assets | 7,206 | 10 | 6,377 |
| TOTAL ASSETS | 7,708 | 512 | 6,879 |
| EQUITY AND LIABILITIES | | | |
| Restricted equity | 84 | 79 | 84 |
| Unrestricted equity | 4,439 | -4 | 4,263 |
| Equity | 4,523 | 75 | 4,347 |
| Non-current interest-bearing liabilities | 750 | - | - |
| Other non-current liabilities | 8 | 1 | 1 |
| Total non-current liabilities | 758 | 1 | 1 |
| Liabilities to Group companies | 2,410 | 512 | 2,460 |
| Other current liabilities | 17 | 3 | 72 |
| Total current liabilities | 2,427 | 515 | 2,532 |
| Total liabilities | 3,185 | 516 | 2,533 |
| TOTAL EQUITY AND LIABILITIES | 7,708 | 512 | 6,879 |

Nyfosa AB is a holding company whose operations comprise owning and managing shares. In 2018, in connection with the establishment of the Nyfosa Group, the Parent Company acquired through its subsidiary Nyfosa Holding AB 122 companies from Hemfosa Fastigheter and its subsidiaries as well as shares in Söderport Holding AB.

Profit/loss for the period is the same as comprehensive income for the period.

GLOSSARY

| | |
|---|--|
| Return on equity | <p>Profit/loss for the most recent 12-month period in relation to average equity during the same period</p> <p>Purpose: The performance measure shows the return generated on the capital attributable to shareholders.</p> |
| Loan-to-value ratio, properties* | <p>Interest-bearing liabilities at the end of the period in relation to the value of the properties (in the statement of financial position).</p> <p>Purpose: The loan-to-value ratio is a measure of risk that indicates the degree to which the operation is encumbered with interest-bearing liabilities. The performance measure provides comparability with other property companies.</p> |
| Yield* | <p>Net operating income according to earnings capacity in relation to the fair value of the properties on the balance-sheet date.</p> <p>Purpose: The performance measure indicates the yield from operational activities in relation to the properties' value.</p> |
| Net operating income* | <p>Net operating income comprises the income and expense directly connected to the property, meaning rental income and the expenses required to keep the property in operation, such as operating expenses, maintenance costs and personnel costs for those who take care of the property and tenant contacts.</p> <p>Purpose: The measure is used to provide comparability with other property companies, but also to illustrate operational performance.</p> |
| Equity per share | <p>Equity in relation to the number of shares at the end of the period.</p> <p>Purpose: The performance measure shows how large a share of the company's recognized equity each share represents.</p> |
| Economic leasing rate | <p>Rental income before rent discounts as a percentage of the rental value at the end of the period.</p> <p>Purpose: The performance measure facilitates the assessment of rental income in relation to the total value of the leased and unleased floor space.</p> |
| Property | <p>Properties held under title or site leasehold.</p> |
| Fair value of properties | <p>The recognized property value according to the statement of financial position at the end of the period.</p> <p>Purpose: The performance measure facilitates better understanding of the value development in the property portfolio and the company's statement of financial position.</p> |
| Profit from property management* | <p>Profit from property management comprises net operating income plus property management and administration expenses as well as financial income and expenses. This earnings measure does not include effects of changes in the value of investment properties and derivatives. These are reported separately in the statement of profit/loss and are not included in distributable profit.</p> |
| Rental income | <p>Rents charged including supplements for heating and property tax.</p> |
| Rental value | <p>Rental income before rent discounts for leased areas and assessed market rent for the vacant floor space.</p> <p>Purpose: The performance measure facilitates assessment of the total potential rental income since the assessed market rent for vacant floor space is added to the rental income charged.</p> |

| | |
|--|---|
| Net loan-to-value ratio, properties* | <p>The net of interest-bearing liabilities and cash and cash equivalents at the end of the period as a percentage of the fair value of the properties in the statement of financial position.</p> <p>Purpose: The net loan-to-value ratio is a measure of financial risk that indicates the degree to which the operation is encumbered with interest-bearing liabilities, but taking into account bank balances. The performance measure provides comparability with other property companies.</p> |
| Net leasing | Signed new leases for the period less terminations. |
| Interest-rate cap | An interest hedging instrument whereby the lender pays a variable interest up to a predetermined interest-rate level. The aim of interest-rate caps is to reduce interest-rate risk. |
| Interest-coverage ratio* | <p>Profit from property management before financial income and expenses, depreciation/amortization and shares in profit in joint ventures as a percentage of financial income and expenses.</p> <p>Purpose: The interest-coverage ratio is a measure of financial risk that shows how many times the company can pay its interest charges with its profit from operational activities.</p> |
| Debt/equity ratio* | <p>Interest-bearing liabilities as a percentage of equity.</p> <p>Purpose: The debt/equity ratio is a measure of financial risk that shows the company's capital structure and sensitivity to movements in interest rates.</p> |
| Equity/assets ratio* | <p>Equity as a percentage of total assets.</p> <p>Purpose: To show how large a share of the company's assets is financed by equity and has been included to enable investors to be able to assess the company's capital structure</p> |
| Long-term net asset value (EPRA NAV)* | <p>Equity plus derivatives and deferred tax liabilities according to the statement of financial position.</p> <p>Purpose: To show the fair value of net assets from a long-term perspective. Accordingly, assets and liabilities in the statement of financial position that are not adjudged to be realized, such as the fair value of derivatives and deferred taxes, are excluded. The corresponding items in the company's participations in joint ventures are also excluded from the performance measure.</p> |
| Leasable area | <p>The total premises area that can potentially be leased.</p> <p>Purpose: Shows the total area that the company can potentially lease.</p> |
| Vacancy rent | <p>Assessed market rent for vacant floor space.</p> <p>Purpose: The performance measure states the potential rental income when all floor space is fully leased.</p> |
| Surplus ratio* | <p>Net operating income for the period as a percentage of total income.</p> <p>Purpose: The surplus ratio shows the percentage of each Swedish krona earned that the company can keep. The performance measure is an indication of efficiency that is comparable over time and among property companies.</p> |

* Refers to alternative performance measures according to the European Securities and Markets Authority (ESMA).

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