

NYFOSA

INTERIM REPORT
JANUARY–SEPTEMBER 2019

Nyfosa grew rapidly and with good profitability in the third quarter. We have acquired properties at a value of SEK 3.1 billion to date this year – solid progress toward the growth target of SEK 25 billion. The diversity of these properties, in terms of geography and category, add to what we consider to be the most important aim – stable cash flows at low risk. One example is the acquisition of retail properties in Luleå in prime locations, with stable tenants, thus supplementing the portfolio well. Nyfosa will continue to go its own way and find values outside the mainstream.

Jens Engwall, CEO

JULY–SEPTEMBER 2019

Income, MSEK	331	(261)
Profit after tax, MSEK	369	(652)
Profit after tax per share, SEK	2.20	(3.89)

JANUARY–SEPTEMBER 2019

Income, MSEK	987	(748)
Profit after tax, MSEK	838	(1,307)
Profit after tax per share, SEK	5.00	(7.79)

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- Possession taken of properties for a value of SEK 2.3 billion in the quarter.
- Recruitment of new Head of Transactions, who will be a member of Group Management.
- Possession was taken of additional properties for MSEK 214 after the end of the quarter. Properties acquired from Söderport.

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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.

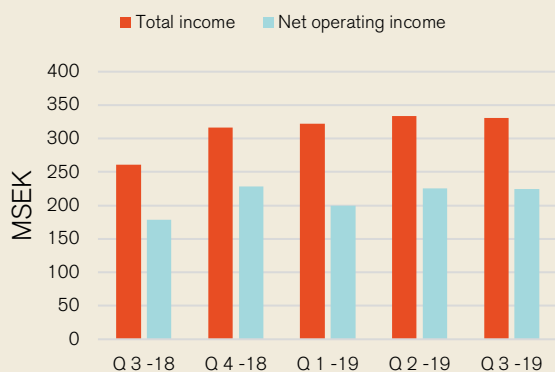
Condensed statement of profit/loss

	Jul-Sep		Jan-Sep		Full-year
MSEK	2019	2018	2019	2018	2018
Rental income	329	260	978	744	1,060
Other property income	2	1	9	4	4
Total income	331	261	987	748	1,064
Property expenses					
Operating expenses	-48	-42	-187	-135	-184
Maintenance costs	-24	-21	-62	-52	-71
Property tax	-21	-11	-47	-33	-46
Property administration	-14	-8	-42	-28	-37
Net operating income	225	178	650	499	728
Central administration	-14	-20	-57	-36	-52
Other operating income and expenses	1	-12	-1	-10	-39
Share in profit of joint ventures	101	76	197	305	412
Financial income and expenses	-49	-30	-134	-91	-131
Expenses related to right-of-use assets	-1	-	-3	-	-
Profit from property management	262	193	652	668	918
Changes in value of properties, realized	1	137	-15	136	142
Changes in value of properties, unrealized	215	368	355	654	658
Changes in value of financial instruments, unrealized	0	-1	-8	-2	4
Profit before tax for the period	477	697	984	1,456	1,722
Tax	-109	-45	-146	-149	-107
Profit for the period	369	652	838	1,307	1,615
Earnings per share before dilution, SEK	2.20	3.89	5.00	7.79	9.63
Earnings per share after dilution, SEK	2.20	3.89	5.00	7.79	9.63

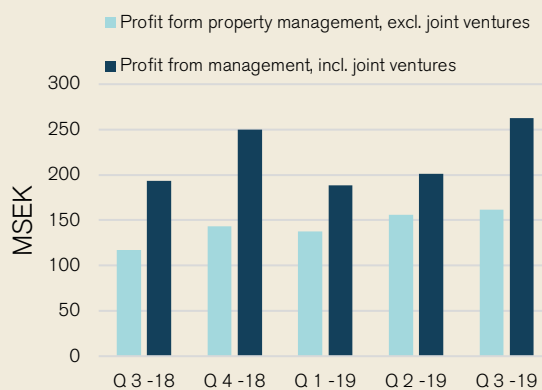
STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

MSEK					
Profit for the period	369	652	838	1,307	1,615
Other comprehensive income	-	-	-	-	-
Comprehensive income for the period	369	652	838	1,307	1,615

INCOME AND NET OPERATING INCOME PER QUARTER



PROFIT FROM PROPERTY MANAGEMENT PER QUARTER



COMMENTS ON THE CONSOLIDATED STATEMENT OF PROFIT/LOSS

JULY–SEPTEMBER 2019 QUARTER

Possession was taken of several properties during the third quarter and several properties were vacated. Possession was taken of properties for a value of SEK 2.3 billion, primarily office properties in the Örebro area, two retail properties in Luleå and a portfolio of warehouse/logistics properties in southern Sweden. Closing took place at the end of the quarter and will thus fully contribute to net operating income in the next quarter. At the end of the second quarter, properties were vacated for a value of MSEK 866, primarily comprising the nine properties in Stockholm that were sold to the joint venture Söderport. Vacating generated a full effect by reducing net operating income and higher share in profit of joint ventures in this quarter.

Profit from shares in joint ventures of MSEK 101 (76) comprised 50 percent of Söderport's earnings for the quarter. At the end of the second quarter, Söderport acquired 15 properties from Nyfosa and Sagax, which strengthened the company's profit from property management to a total of MSEK 57. The revaluation of properties and derivatives had a positive effect of MSEK 71 on share in profit.

Financial income and expenses amounted to MSEK –49 (–30). The increase was due to higher net debt. The tax expense for the quarter amounted to MSEK –109 (–45).

INTERIM PERIOD JANUARY–SEPTEMBER 2019

Income

Income amounted to MSEK 987 (748), up MSEK 239 or 32 percent. The change was primarily the result of a larger property portfolio than in the preceding year. The total leasable area on September 30, 2019 amounted to 1,771 thousand sqm (1,573) and the economic leasing rate was 92 percent (91).

Net operating income

Property expenses mainly refer to operating expenses, such as heating, water, electricity and property upkeep and amounted to MSEK 296 (220). Costs for property administration, such as charging rent, leasing, project management and marketing, amounted to MSEK 42 (28). Management of the portfolio yielded a surplus ratio of 65.8 percent (66.7).

Profit from property management

Costs for central administration amounted to MSEK 57 (36). In the third quarter of 2018, the Nyfosa Group established its own organization but was not complete, which is the reason for the cost increase year-on-year.

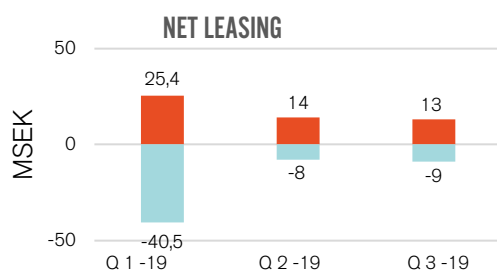
Profit from shares in joint ventures of MSEK 197 (305) comprised 50 percent of Söderport's profit after tax for the interim period. Unrealized changes in the value of the property portfolio in this period were the reason for the higher share in profit in the year-earlier period. Financial income and expenses amounted to MSEK –134 (–91). The increase was due to higher net debt.

Changes in value

The changes in value of properties amounted to MSEK 340 (790), of which unrealized changes in value totaled MSEK 355 (654). 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 two sales in the first quarter of the year. One of the sales was a large transaction that took place in 2018, with the total resulting in positive realized earnings. The second sale was a property with a future vacancy situation that is expected to be difficult to lease.

Tax

The tax expense for the period amounted to MSEK –146 (–149), of which MSEK –133 (–77) pertained to changes in deferred tax liabilities attributable to investment properties. The effective tax rate was 15 percent (10). The deviation from the nominal tax rate of 21.4 percent was mainly due to the fact that profit from shares in joint ventures comprised 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. The higher effective tax for the interim period is also explained by a correction in the quarter regarding deferred tax attributable to earlier periods.



Leases for a rental value of MSEK 13 were signed during the quarter. Net leasing for the quarter amounted to MSEK 4.

CONDENSED STATEMENT OF FINANCIAL POSITION

MSEK	Sep 30		Dec 31
	2019	2018	2018
ASSETS			
Investment properties	18,258	15,417	15,582
Participations in joint ventures	1,518	1,414	1,520
Derivatives	1	2	9
Assets with right-of-use	149	-	-
Other assets	1	1	1
Total non-current assets	19,927	16,833	17,113
Current receivables	64	121	50
Cash and cash equivalents	350	316	192
Total current assets	414	436	242
TOTAL ASSETS	20,341	17,270	17,355
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	9,237	8,077	8,392
Equity	9,237	8,077	8,392
Non-current interest-bearing liabilities	9,885	7,069	7,305
Liabilities attributable to right-of-use assets	144	-	-
Other non-current liabilities	13	11	10
Deferred tax liabilities	584	478	452
Total non-current liabilities	10,626	7,558	7,767
Current interest-bearing liabilities	94	908	935
Other current liabilities	383	726	262
Total current liabilities	477	1,634	1,196
Total liabilities	11,103	9,193	8,963
TOTAL EQUITY AND LIABILITIES	20,341	17,270	17,355

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Jan-Sep		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	-	3,844	3,844
Dividends	-	-530	-530
Other transactions with shareholders	-	-23	-15
Total transactions with shareholders	7	3,291	3,299
Comprehensive income	838	1,307	1,615
Closing equity	9,237	8,077	8,392

INVESTMENT PROPERTIES

The property portfolio on September 30, 2019 primarily comprised office properties in growth municipalities and warehouse/logistics properties at transportation hubs in Sweden, which jointly accounted for 81 percent of the total property value.

In addition to the categories above, retail properties comprised 12 percent of the total property value. The largest properties in terms of area are situated at the Storheden commercial area in Luleå, on Göteborgsvägen in Borås and Pentagonen in Kungens Kurva. The largest tenants in this category are City Gross, Coop and Decathlon. Retail properties, which are essentially external commercial areas, had a rental value of MSEK 214, an occupancy rate of 91 percent and a remaining lease term of 5.4 years.

The remaining properties in the portfolio, which are categorized as Other, primarily generate rental income from industrial, office and warehouse premises. The rental value amounted to MSEK 125, the leasing rate was 93 percent and the remaining lease term was 5.2 years. Kitteln 11 in Örebro and Årsta 68:4 are the two largest properties. Tenants include Pitchers, Hotell Fyrislund and Grant Thornton.

Net leasing for the third quarter amounted to MSEK +4. In Borås, Nacka and Stockholm, new leases were finalized for an annual value of MSEK 6 with a remaining lease term of 3.7 years. Renegotiations took place in Växjö, Mölndal and Umeå for an annual value of MSEK 32 with a remaining lease term of 7.1 years. Leases were renegotiated for a total annual value of MSEK 35.

The total rental value amounted to MSEK 1,610, of which vacancy rent was MSEK 136. The share of rental income connected to the consumer price index (CPI) corresponded to 79 percent of total rental income. On September 30, 2019, Nyfosa had 2,781 leases including a total of 893 leases for garages and parking spaces. Nyfosa has only a small number of dominant tenants. The ten largest tenants represent only 17 percent of total rental income and are distributed between 133 leases. The largest tenants include Telia, Saab and Förlagssystem JAL.

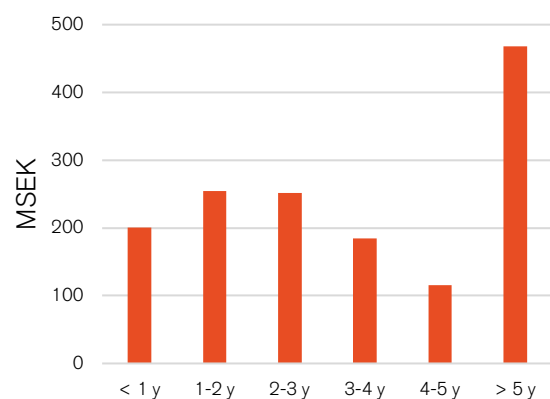
In addition to the wholly owned property portfolio, properties for a value of SEK 9.8 billion are owned through the joint venture Söderport.

KEY FIGURES FOR THE PROPERTY PORTFOLIO

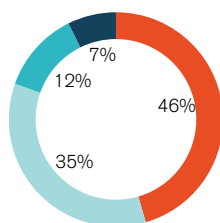
	Sep 30		Dec 31
	2019	2018	2018
Property value, MSEK	18,258	15,417	15,582
Rental value, MSEK	1,610	1,402	1,404
Leasable area, 000s sqm	1,771	1,573	1,577
No. of properties	208	176	177
Economic leasing rate ¹ , %	91.6	91.0	91.5
Remaining lease term, years	4.2	4.2	4.1
Surplus ratio ¹ , %	69.5	68.6	68.9
Yield ¹ , %	5.5	5.5	5.6

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

LEASE MATURITY STRUCTURE

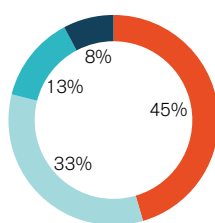


PROPERTY VALUE BY CATEGORY



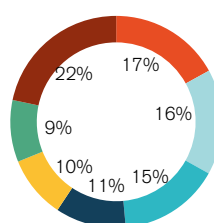
- Offices, 8 310 MSEK
- Logistics/Warehouses, 6 368 MSEK
- Retail, 2 245 MSEK
- Other, 1 335 MSEK

RENTAL VALUE BY CATEGORY



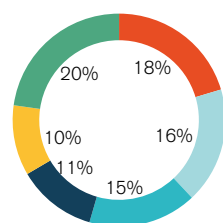
- Offices, 732 MSEK
- Logistics/Warehouses, 539 MSEK
- Retail, 214 MSEK
- Other, 125 MSEK

PROPERTY VALUE BY REGION



- Småland, 3 102 MSEK
- Coast of Norrland, 2 942 MSEK
- Greater Stockholm, 2 823 MSEK
- Greater Göteborg, 1 969 MSEK
- Mälardalen, 1 738 MSEK
- Greater Malmö, 1 723 MSEK
- Other, 3 961 MSEK

RENTAL VALUE BY REGION



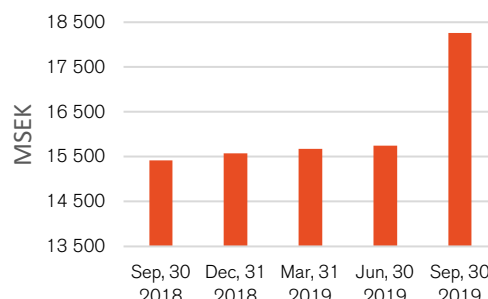
- Småland, 294 MSEK
- Coast of Norrland, 255 MSEK
- Greater Stockholm, 238 MSEK
- Greater Göteborg, 174 MSEK
- Mälardalen, 167 MSEK
- Greater Malmö, 154 MSEK
- Other, 329 MSEK

TREND IN PROPERTY PORTFOLIO

CHANGES IN VALUE

MSEK	Jan 1 – Sep 30		Jan 1 – Dec 31
	2019	2018	2018
At the beginning of the period	15,582	12,090	12,090
Acquired properties	3,077	3,609	3,729
Investments in existing properties	176	143	194
Divested properties	-919	-1,215	-1,230
Realized changes in value	-15	136	142
Unrealized changes in value	355	654	658
At the end of the period	18,258	15,417	15,582

TREND IN PROPERTY PORTFOLIO



TRANSACTIONS AND INVESTMENTS

Acquired properties, January–September 2019

Possession was taken of properties for a value of SEK 2.3 billion in the third quarter. These acquisitions mainly comprise office properties mostly in the Örebro area. In addition to these office premises, possession was taken of two retail properties in Storheden, Luleå and a portfolio of warehouse/logistics properties in southern Sweden.

In previous quarters of 2019, possession was taken of properties for a total value of MSEK 817. These acquisitions were for logistics, industrial and retail properties. Possession has been taken of properties for a total value of SEK 3.1 billion this year.

Municipality	No. of properties	Category	Area, 000s of sqm
Borås, Luleå, Västerås, Växjö	4	Retail	75
Borlänge, Malmö, Örebro	11	Offices	37
Haninge, Linköping, Malmö, Örebro, etc.	14	Logistics/Warehouse	96
Gothenburg, Helsingborg, Malmö, Norrköping, Örebro, etc.	15	Other	57

Investments in existing properties, January–September 2019

Investments of MSEK 55 were made in the existing property portfolio during the quarter and a total of MSEK 176 was invested during the interim period.

An energy-saving project was carried out in the Formen 1 property in Umeå during the quarter, which is expected to generate savings of 45 percent in heating costs. The building will receive Green Building certification

Municipality	Property	Category	Tenant	Area, 000s of sqm	Total accrued, MSEK	Estimated investment, MSEK	Scheduled completion, year
Växjö	Bagaren 10	Offices	SAAB	14	5	18	Q4, 2019
Kungälv	Försäljaren 9	Warehouse	Postnord	3	12	14	Q1, 2020
Umeå	Formen 1	Offices	-	8	3	4	Q4, 2019

Divested properties, January–September 2019

A small property in Helsingborg was vacated in the third quarter.

Individual properties were vacated earlier in the year and a portfolio of nine properties in the Stockholm area was divested to Söderport. Properties for a total value of MSEK 919 were vacated during the year.

Municipality	No. of properties	Category	Area, 000s of sqm
Gnosjö, Luleå, Malmö, Stockholm	4	Offices	14
Malmö, Stockholm	7	Logistics/Warehouse	27
Stockholm, Uddevalla, Hultsfred, Värnamo	4	Other	18

YIELD REQUIREMENT FOR VALUATION OF INVESTMENT PROPERTIES

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

Sensitivity analysis – change in value for changes in valuation parameters

MSEK	%	September 30	
		2019	2018
Change in net operating income ¹	+/- 5	+/- 604	+/- 512
Change in yield requirement	+/- 0.25	+/- 747	+/- 623
Change in growth assumptions	+/-0.5	+/- 76	+/- 64
Change in discount rate	+/-0.25	+/- 567	+/- 477

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

	Sep 30
MSEK	2019
Rental income	1,449
Property expenses	-406
Property administration	-37
Net operating income	1,006
Central administration	-70
Share in profit of joint ventures	216
Financial expenses	-203
Profit from property management	949

The company's current earnings capacity on a 12-month basis on September 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 September 30, 2019, including allocated opening charges, a total of 1.97 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.

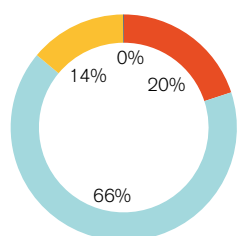
Söderport's property portfolio primarily comprises industrial, warehouse and office properties, presenting a suitable supplement to Nyfosa's wholly owned property portfolio. Söderport owns 88 properties with a total property value of SEK 9.8 billion. The focal point of the property portfolio is in the 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. After the end of the interim period, Söderport vacated six properties in Torslanda outside Gothenburg at a value of SEK 2.3 billion. The buyer was the part-owned company Torslanda Property Investment AB (TPI). Payment was made inter alia in cash through a non-cash issue that increased Söderport's holding in TPI to 78 percent of the votes and capital.

The trend in Söderport's net operating income was strong in the interim period of the year, increasing by slightly more than 25 percent year-on-year. The total rental value for Söderport's property portfolio is estimated to amount to MSEK 802. Leases have an average remaining term of 4.7 years. The total leasable area amounted to 777 thousand sqm, of which 745 thousand sqm was leased, corresponding to 96 percent. The economic leasing rate was approximately 95 percent.

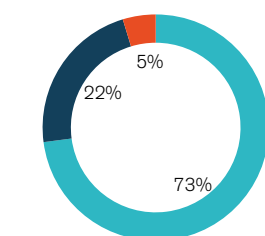
MSEK	Jan-Sep		Full-year	MSEK	Sep 30		Full-year
	2019	2018	2018		2019	2018	2018
Rental income	510	434	585	Investment properties	9,768	7,472	7,683
Net operating income	409	328	441	Current assets	203	176	96
Net interest income	-116	-120	-156	Equity	3,036	2,827	3,041
Changes in value, properties	254	492	621	of which, Nyfosa's share	1,518	1,414	1 520 ¹
Changes in value, derivatives	-51	64	56	Non-current liabilities	6,990	4,807	4,823
Tax	-103	-125	-164	of which, deferred tax liabilities	739	615	679
Profit for the period/year	393	640	854	of which, derivatives	272	264	222
of which, Nyfosa's share	196	320	427 ¹	Current liabilities	300	228	189
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.				No. of properties	88	70	69
				Leasable area, 000s of sqm	777	660	686

PROPERTY VALUE BY CATEGORY



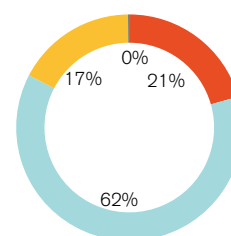
■ Offices, 1 950 MSEK
 ■ Warehouses, 6 456 MSEK
 ■ Industry, 1 353 MSEK
 ■ Other, 9 MSEK

PROPERTY VALUE BY REGION



■ Greater Stockholm, 7 124 MSEK
 ■ Greater Göteborg, 2 184 MSEK
 ■ Other, 459 MSEK

RENTAL VALUE BY CATEGORY



■ Offices, 165 MSEK
 ■ Warehouses, 497 MSEK
 ■ Industry, 138 MSEK
 ■ Other, 1 MSEK

FINANCING

On September 30, 2019, Nyfosa had interest-bearing liabilities of MSEK 9,979, corresponding to a loan-to-value ratio of 54.7 percent. Nyfosa's interest-bearing liabilities comprise bank loans and bond loans with an average interest rate of 1.75 percent. On September 30, 2019, Nyfosa also had overdraft facilities totaling MSEK 200 and a revolving credit facility totaling MSEK 3,880. A total of MSEK 2,644 of the revolving credit facility can be utilized in the existing property portfolio, of which MSEK 599 was unutilized on the balance-sheet date. In order to utilize the remaining MSEK 1,236 under this framework, new properties must first be acquired and included in the credit facilities.

The strong liquidity and financial position provide a solid platform for Nyfosa to continue to grow through acquisitions and investments in the existing property portfolio. This enables Nyfosa to act quickly in an acquisition situation and provides the capacity to invest in optimization projects in the existing portfolio to improve profitability.

Equity amounted to MSEK 9,237 on the balance-sheet date, of which share capital amounted to MSEK 84.

KEY FIGURES IN THE LOAN PORTFOLIO

	Sep 30		Dec 31
	2019	2018	2018
Debt/equity ratio, multiple	1.1	0.9	1.0
Average interest, %	1.75	1.66	1.65
Average remaining fixed-rate period, years	1.2	1.8	1.6
Average remaining loan maturity period, years	2.9	3.4	3.2
Interest-rate hedged portion of liabilities, %	42.5 ¹	56.0	54.1
Fair value of derivatives, MSEK	1	2	9

1. A new interest-rate cap was signed for MSEK 601 after the end of the quarter, which increased the interest-rate-hedged portion to 48.0 percent.

Change in the loan portfolio

The company raised new fixed-term loans totaling MSEK 1,174 in connection with acquisitions during the quarter. Ongoing repayments of MSEK 9.6 were made and repayments attributable to sales amounted to MSEK 337. The revolving credit facilities were also used continuously to carry out acquisitions.

Loans of MSEK 1,153 were refinanced for the entire reporting period by the company raising two new revolving credit facilities that were partially utilized. A MSEK 750 bond within a total framework amount of up to SEK 1,500 billion was issued in May 2019. New bank loans, including utilization of revolving credit facilities, were raised in a total amount of MSEK 2,658. Ongoing repayments of MSEK 41 were made and repayments attributable to sales amounted to MSEK 462.

	Jan-Sep		Full-year
MSEK	2019	2018	2018
Interest-bearing liabilities at the beginning of the period	8,240	6,582	6,978
Repayment of bank loans	-1,656	-1,842	-2,262
Bond loans issued	750	-	-
Bank loans raised	2,658	3,255	3,516
Changes in borrowing fees	-13	-18	8
Interest-bearing liabilities at the end of the period	9,979	7,977	8,240

Available liquidity, September 30

	Sep 30		Dec 31
MSEK	2019	2018	2018
Cash and cash equivalents	350	316	192
Unutilized revolving credit facility	599	0	439
Unutilized overdraft facilities	200	100	174
Total	1,149	416	805

Maturity structure

No bank loans fall due for payment during the next 12 months. After the end of the period, new five-year interest-rate caps were signed for MSEK 601, which is why 48 percent of borrowings is now interest-rate hedged.

Interest and loan maturity structure, September 30, 2019

Year	Fixed-rate period		Loan maturity	
	MSEK	%	MSEK	%
Within 1 year	5,956	59	0	0
1-2 years	1,310	13	3,100	31
2-3 years	1,500	15	2,202	22
3-4 years	638	6	3,738	37
4-5 years	638	6	1,002	10
>5 years	0	0	0	0
Total	10,042	100	10,042	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 September 30, 2019 was MSEK 4,267, corresponding to 43 percent of borrowings.

SENSITIVITY ANALYSIS

Earnings effect of change in average interest rate, MSEK	Change, %	Sep 30	
		2019	2018
Interest expenses assuming current fixed-rate periods and changed interest rates ¹	+/-1%	+79/-7	+41/0
Interest expenses assuming change in average interest rate ²	+/-1%	+/-100	+/-80
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/-1%	+/-2	+/-14

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	Jul-Sep		Jan-Sep		Full-year
	2019	2018	2019	2018	2018
Operating activities					
Profit from property management	262	193	652	668	918
Adjustments for non-cash items	-101	-76	-197	-305	-412
Income tax paid	0	0	-17	-4	-4
Subtotal	161	117	438	358	502
Change in operating receivables	-4	253	-9	-30	43
Change in operating liabilities	69	446	118	752	662
Cash flow from operating activities	227	815	547	1,080	1,207
Investing activities					
Direct and indirect acquisitions of investment properties	-2,246	-3,429	-3,054	-3,654	-3,721
Direct and indirect divestments of investment properties	12	927	898	1,202	1,212
Investments in existing investment properties	-55	-56	-183	-143	-194
Dividend from holdings in joint ventures	0	-	200	200	200
Other	0	-	0	6	-1
Cash flow from investing activities	-2,288	-2,558	-2,139	-2,389	-2,504
Financing activities					
New issue of shares/warrants	0	5	7	84	84
Loans raised	1,510	2,697	3,408	3,221	3,530
Repayment of loans	-347	-1,402	-1,656	-1,842	-2,262
Other	-6	0	-9	0	-23
Cash flow from financing activities	1,157	1,300	1,750	1,463	1,329
Cash flow for the period	-904	759	157	155	32
Cash and cash equivalents at the beginning of the period	1,254	-443	192	160	160
Cash and cash equivalents at the end of the period	350	316	350	316	192
Interest received	0	2	0	5	0
Interest paid	-43	-27	-118	-86	-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 23 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.

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Property-related key figures					
Income, MSEK	331	333	322	317	261
Property expenses, MSEK	-92	-95	-108	-80	-75
Property administration, MSEK	-14	-13	-15	-8	-8
Net operating income, MSEK	225	225	200	229	178
Surplus ratio, %	67.9	67.5	61.9	72.1	68.3
Property value, MSEK	18,258	15,741	15,683	15,582	15,417
Share-related key figures					
Profit from property management per share, SEK	1.56	1.20	1.12	1.49	1.15
Earnings per share for the quarter before dilution, SEK	2.20	1.84	0.96	1.84	3.89
Earnings per share for the quarter after dilution, SEK	2.20	1.84	-	-	-
Equity per share, SEK	55.07	52.87	50.99	50.03	48.15
Long-term net asset value (EPRA NAV) per share, SEK	61.56	58.66	56.55	55.36	53.61
Key financial data					
Return on equity, %	13.2	22.8	24.7	27.2	27.7
Equity/assets ratio, %	45.5	47.7	48.6	48.3	46.8
Net loan-to-value ratio, properties, %	52.7	48.1	50.7	51.6	49.7
Loan-to-value ratio, properties, %	54.7	56.0	52.2	52.9	51.7
Interest-coverage ratio, multiple	4.3	4.3	4.6	4.6	4.9
Cash flow from operating activities per share, SEK	1.35	0.71	1.20	0.75	4.86

RECONCILIATION OF KEY FIGURES

Long-term net asset value (EPRA NAV)	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Equity, MSEK	9,237	8,869	8,552	8,392	8,077
Deferred tax, MSEK	584	488	473	452	478
Derivatives, MSEK	-1	-1	-3	-9	-2
Deferred tax in joint ventures, Nyfosa's share, MSEK	369	351	343	339	308
Derivatives in joint ventures, Nyfosa's share, MSEK	136	132	119	111	132
Number of shares, millions	168	168	168	168	168
Long-term net asset value (EPRA NAV) per share, SEK	61.56	58.66	56.55	55.36	53.61

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	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Profit after tax for the four most recent quarters, MSEK	1,146	1,429	1,516	1,614	1,584
Average equity for the four most recent quarters, MSEK	8,657	6,265	6,139	5,936	5,712
Return on equity, %	13.2	22.8	24.7	27.2	27.7

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	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Interest-bearing liabilities, MSEK	9,979	8,821	8,186	8,240	7,977
Property value, MSEK	18,258	15,741	15,683	15,582	15,417
Loan-to-value ratio, %	54.7	56.0	52.2	52.9	51.7
Cash and cash equivalents, MSEK	350	1,254	240	192	316
Net loan-to-value ratio, %	52.7	48.1	50.7	51.6	49.7

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	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Profit from property management, MSEK	262	201	188	250	193
Share in profit of joint ventures, MSEK	101	45	51	107	76
Depreciation/amortization, MSEK	0	0	0	0	0
Financial income and expenses, MSEK	-49	-47	-38	-40	-30
Interest-coverage ratio, multiple	4.3	4.3	4.6	4.6	4.9

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, September 30, 2019, was SEK 66.69, corresponding to a total market capitalization of MSEK 11,186. Nyfosa had 18,177 shareholders, of which Swedish investors, institutions and private individuals owned 79.5 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	13,766,779	8.2	8.2
Swedbank Robur Funds	12,450,357	7.4	7.4
Fourth Swedish National Pension Fund	8,837,280	5.3	5.3
ICA-handlarnas Förbund	7,505,400	4.5	4.5
Norges Bank	5,676,289	3.4	3.4
SEB Funds	5,528,359	3.3	3.3
Vanguard	5,509,916	3.3	3.3
Kåpan Pensioner Försäkringsförening	4,716,274	2.8	2.8
AB Sagax	4,700,000	2.8	2.8
Jens Engwall	4,627,311	2.8	2.8
Others	94,410,264	56.2	56.2
Total	167,728,249	100.0	100.0

ASSURANCE FROM THE CEO

The CEO gives his 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, October 23, 2019

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

Jens Engwall

Chief Executive Officer

FINANCIAL CALENDAR

Year-end report 2019	February 13, 2020
Interim report January-March 2020	April 23, 2020
Annual General Meeting 2020	April 23, 2020
Interim report January-June 2020	July 13, 2020

CONTACT INFORMATION

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The information is inside information that Nyfosa AB is obligated to disclose in accordance with the EU Market Abuse Regulation. The information was submitted for publication through the agency of the aforementioned contact persons on October 23, 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. Disclosures in accordance with IAS 34.16A are provided not only in the financial statements and the accompanying notes but also elsewhere in this interim report.

IFRS 16 Leases

The Group applies IFRS 16 Leases from January 1, 2019. The Group has applied the modified retrospective approach on transition, meaning that lease liabilities are measured at the present value of the outstanding lease payments on January 1, 2019, which amounted to MSEK 165 on this date. Right-of-use assets are measured at an amount corresponding to the lease liability. The most important leases are site leasehold agreements and, following the introduction of IFRS 16, ground rent is recognized as a financial expense instead of an operating expense as previously.

The Parent Company does not apply IFRS 16 in accordance with the exemption in RFR 2.

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 in question amount to MSEK 1,215. Unutilized loss carryforwards are valued at MSEK 246, corresponding to 20.6 percent. 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 14.8 percent (10.2). 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 8,376, which means that temporary differences of MSEK 5,718 were not recognized in the statement of financial position.

Reconciliation of effective tax, MSEK

Profit before tax		984
Tax according to applicable tax rate for Parent Company	-21.4%	-211
Non-deductible costs and tax-exempt income	0.2%	2
Profit from shares in joint ventures	4.3%	42
Capitalization and utilization of loss carryforwards not capitalized in prior years	0.0%	0
Non-taxable sales of properties	2.4%	23
Tax attributable to prior years	-1.4%	14
Other	0.3%	10
Recognized effective tax	-14.8%	-146

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 percent.

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	Sep 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 has no receivables from joint ventures on September 30, 2019.

In June, the Group divested properties to Söderport for a total value of MSEK 722. Properties were acquired in October for a value of MSEK 214. These transactions took place at the externally assessed market value.

NOTE 10 SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

After the end of the interim period, Nyfosa acquired ten properties from the joint venture Söderport. The transaction, which took place at the externally assessed market value of MSEK 214, encompasses a leasable area of 65 thousand sqm and a rental value of MSEK 34. The properties are located in Filipstad, Kumla, Kungsör, Oskarshamn, Piteå and Sandviken.

PARENT COMPANY

STATEMENT OF PROFIT/LOSS

MSEK	Jul-Sep		Jan-Sep		Full-year
	2019	2018	2019	2018	2018
Net sales	15	9	42	11	22
Personnel costs	-12	-9	-38	-13	-22
Other external costs	-9	-26	-37	-29	-64
Depreciation/amortization	-	-	-	-	0
Loss before financial income and expenses	-6	-26	-34	-31	-64
Profit from participations in Group companies	-	-	-	-	500
Interest income and similar income items	0	1	201	1	1
Interest expenses and similar expense items	-9	0	-13	0	-1
Profit/loss before appropriations	-14	-25	154	-30	436
Appropriations					
Group contributions paid/received	-	-	-	-	68
Profit before tax	-14	-25	154	-30	504
Tax	0	6	0	7	-1
Profit/loss for the period	-14	-20	154	-23	503

STATEMENT OF FINANCIAL POSITION

MSEK	Sep 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	6,843	3,726	6,367
Other current receivables	1	2	6
Cash and bank balances	333	0	4
Total current assets	7,187	3,728	6,377
TOTAL ASSETS	7,689	4,230	6,879
EQUITY AND LIABILITIES			
Restricted equity	84	84	84
Unrestricted equity	4,425	3,729	4,263
Equity	4,509	3,813	4,347
Bond loans	739	-	-
Other non-current liabilities	2	2	1
Total non-current liabilities	741	2	1
Liabilities to Group companies	2,415	395	2,460
Other current liabilities	25	20	72
Total current liabilities	2,440	415	2,532
Total liabilities	3,181	417	2,533
TOTAL EQUITY AND LIABILITIES	7,689	4,230	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.

REVIEW REPORT

To the Board of Directors of Nyfosa AB
Corp. id. 559131-0833

Introduction

We have reviewed the condensed interim financial information (interim report) of Nyfosa AB as of 30 September 2019 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm October 23, 2019
KPMG AB

Mattias Johansson
Authorized public accountant

Translation from the Swedish original

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>

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>
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>
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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