

FOURTH QUARTER

Q4

NYFOSA AB YEAR-END REPORT JANUARY–DECEMBER

2018

JANUARY–DECEMBER 2018

Income, MSEK	1,064	(1,031)
Profit after tax, MSEK	1,615	(1,215)
Profit after tax per share, SEK	9.63	(7.24)

OCTOBER–DECEMBER 2018

Income, MSEK	317	(247)
Profit after tax, MSEK	308	(279)
Profit after tax per share, SEK	1.84	(1.66)

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SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- Nyfosa was listed on the Nasdaq Stockholm, Large Cap, on November 23
- After the end of the quarter, Nyfosa's joint venture, Söderport, divested a part-owned property in Torslanda
- The Board proposes that the Annual General Meeting resolve that no dividends be paid to shareholders for the 2018 financial year



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

- Be constantly active on the transaction market and be creative in evaluating new business opportunities
- Focus on commercial properties in high-growth municipalities in Sweden
- Develop and enhance the existing property portfolio
- Be a reliable and responsive partner with a long-term approach and a large 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 shares in joint ventures).
- At least 15 percent return on equity over time, before paid tax.
- Profits generated will primarily be reinvested in the company to leverage business opportunities and achieve the growth target of a total property value of SEK 25 billion, after which a significant portion of profit will be paid to shareholders in the form of a dividend, redemption and/or repurchase of shares.

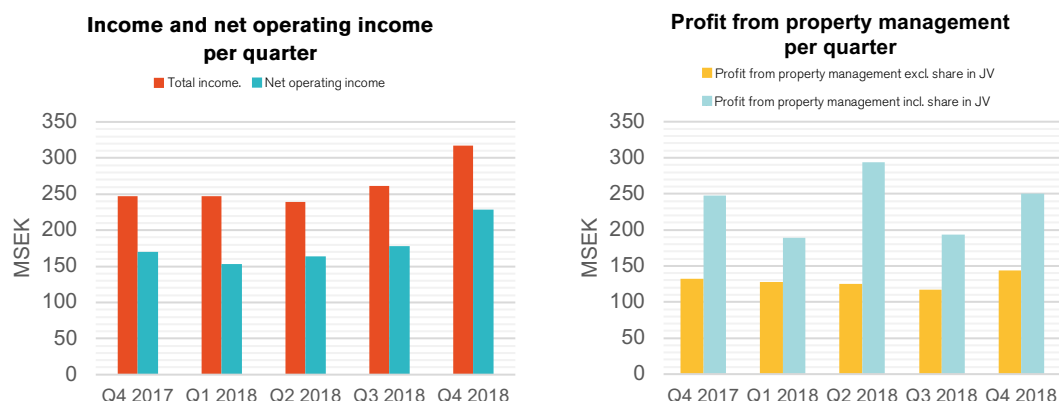
“The listing on Nasdaq Stockholm in November marked the beginning of Nyfosa as an independent company. We have a strong statement of financial position and many opportunities for financing. After having recruited several new employees to key functions in the fourth quarter, we are ready to begin our expansion. We are currently studying several interesting transactions in different sectors. The objective is annual growth of 20 percent in earnings and the property portfolio.”

Jens Engwall, CEO

KEY FIGURES

	Oct-Dec		Jan-Dec	
	2018	2017	2018	2017
Income, MSEK	317	247	1,064	1,031
Net operating income, MSEK	229	170	728	746
Surplus ratio, %	72.2	68.9	68.4	72.4
Profit from property management, MSEK	250	249	918	1,013
– per share, SEK	1.49	1.48	5.47	6.04
Profit after tax, MSEK	308	279	1,615	1,215
– per share before and after dilution, SEK	1.84	1.66	9.63	7.24
Cash flow from operating activities, MSEK	126	-46	1,207	477
– per share, SEK	0.75	-0.27	7.20	2.84
Return on equity, %			27.2	37.9
Equity/assets ratio, %			48.3	25.5
Net asset value, EPRA/NAV, SEK			55.36	25.64
Loan-to-value ratio, properties, %			52.9	54.4
Property value, SEK billion			15,582	12,090
Earnings capacity, MSEK			834	680

OPERATIONAL DEVELOPMENT



The formation of the Nyfosa Group was concluded on May 3, 2018. Consolidated financial statements have thus been prepared as of this date. Since the operations have not historically formed a group according to the IFRS definition, there are no consolidated financial statements for the periods prior to May 3, 2018. Accordingly, the historical financial information for the periods prior to May 3, 2018 have been prepared as combined financial statements. The basis of preparation for the combined financial statements is presented in Note 1 Significant accounting policies in the historical financial information, which is available in the prospectus "Admission to trading of shares in Nyfosa AB on Nasdaq Stockholm" on www.nyfosa.se.

OCTOBER–DECEMBER 2018 QUARTER

Possession was taken of two fully leased properties in Helsingborg during the quarter. These properties encompass 11 thousand sqm of leasable area, of which about 70 percent comprises warehouses.

The property portfolio with offices, warehouse and logistics properties, which possession was taken of in September, contributed MSEK 65 to net operating income in the fourth quarter.

The surplus ratio was 72.2 percent (68.9). The increase was due to lower maintenance costs compared to the previous year.

Since November 23, the Nyfosa share has been traded on the Large Cap segment of Nasdaq Stockholm. Costs associated with the demerger and listing process of MSEK 33 were charged to profit or loss in the quarter. Costs for central administration amounted to MSEK 16 (4) and includes costs attributable to the growing organization.

Profit from shares in joint ventures of MSEK 107 (116) comprised 50 percent of Söderport's earnings for the quarter. During the quarter, Söderport divested a part-owned warehouse and logistics property in Torslanda, Gothenburg, which resulted in a positive effect on earnings.

Financial income and expenses amounted to MSEK -40 (-33). The increase was due to higher net debt.

The tax expenses for the quarter was a positive MSEK 42 (-87), mainly the effect of the valuation of loss carryforwards.

FULL-YEAR 2018

Income

For the full-year 2018, income amounted to MSEK 1,064 (1,031), of which rental income was MSEK 1,060 (870). Rental income increased by MSEK 190, or 22 percent, year-on-year, which was primarily the result of a larger property portfolio and agreed indexation of rents. The total leasable area on December 31, 2018 amounted to 1,577 thousand sqm (1,136) and the economic leasing rate was 92 percent (89).

Net operating income

The main property expenses included in net operating income are operating expenses, such as heating, water, electricity and property upkeep. In addition, costs for maintenance, ground rent and property tax are included. Property expenses amounted to MSEK 300 (254). Costs for property administration, primarily expenses for charging rent, letting, project management and marketing, amounted to MSEK 36 (30). The increase in property portfolio and administration expenses was 19 percent, due to a larger property portfolio.

Management of the portfolio resulted in a surplus from net operating income of 68.4 percent (72.4). The lower surplus ratio was primarily due to insurance compensation that the company received in the preceding year.

Profit from property management

Costs for central administration amounted to MSEK 52 (9). The growing organization was the reason for the increase. Other operating income and expenses essentially comprise costs attributable to the demerger and listing process, a total of MSEK 44.

Profit from shares in joint ventures of MSEK 412 (380) comprised 50 percent of Söderport's net profit for the year.

Financial income and expenses amounted to MSEK -131 (-106). The increase was due to higher net debt. The average interest rate in the loan portfolio on December 31, 2018 amounted to 1.6 percent (1.5).

Profit from property management excluding profit from shares in joint ventures amounted to MSEK 505 (634). The lower profit was mainly the result of the company receiving insurance compensation in 2017 and non-recurring costs during the year for the demerger and listing process and a larger organization.

Changes in value

The changes in value of properties amounted to MSEK 800 (376), of which unrealized changes in value totaled MSEK 658 (348). Of unrealized changes in value, MSEK 190 comprised income recognition of the price deduction received for deferred tax on acquisition. Other changes in value were mainly the result of lower yield requirements and investments made in existing properties.

Tax

The tax expense for the year amounted to MSEK 107 (180), of which MSEK 81 (145) pertained to changes in deferred tax liabilities attributable to investment properties. The effective tax rate amounted to 6 percent (15). The deviation from the nominal tax rate of 22 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 valuation of tax deficits.

PROPERTY PORTFOLIO

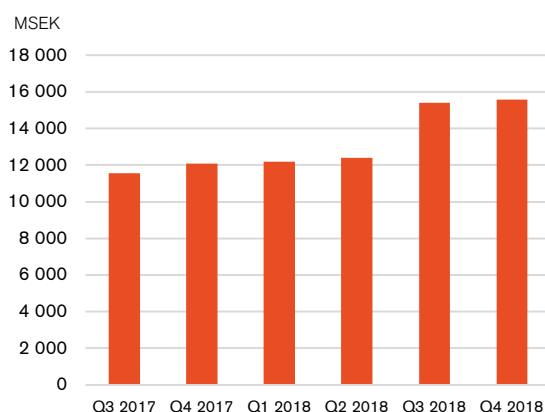
The property portfolio on December 31, 2018 primarily comprised office properties in growth municipalities and warehouse/logistics properties at transportation hubs in Sweden. The value of the wholly owned portfolio amounted to MSEK 15,582, the rental value was MSEK 1,404 and the leasable area was 1,577 thousand sqm. In addition, properties at a value of SEK 3.8 billion are owned via Söderport, a joint venture together with AB Sagax.

CHANGES IN THE PROPERTY PORTFOLIO

Property value

MSEK	Jan 1– Dec 31	
	2018	2017
At the beginning of the period	12,090	10,017
Acquired properties	3,729	1,745
Investments in existing properties	194	260
Divested properties	-1,230	-307
Realized changes in value in profit or loss	142	28
Unrealized changes in value in profit or loss	658	348
At the end of the period	15,582	12,090

Trend in property portfolio



Acquired properties, January–December 2018

The largest acquisition during the year was a property portfolio with offices in high-growth municipalities and warehouse and logistics properties at transportation hubs in Sweden for a total value of SEK 3.6 billion. The property portfolio comprises 51 properties comprising a total of 460 thousand sqm with rental income before rent discounts of MSEK 318 and an average remaining lease term of 3.4 years. The properties are located in 17 towns and cities, mainly in central and southern Sweden, including Stockholm, Malmö, Västerås, Borås and Lund. The tenants include Speed Logistics, DHL Nordic, Haldex Brake Products and PostNord Sverige.

Possession of two properties in Helsingborg was taken in the fourth quarter, mostly comprising warehouse space.

Properties were acquired for a total of SEK 3.7 billion during the year.

Municipality	Property	Category	Area, 000s of sqm	Rental value, MSEK
Falköping	Eldaren 1	Warehouse	5	4
Södertälje	Tellus 4 ¹	Retail	13	19
SveaReal portfolio		Office, warehouse/logistics	460	318 ²
Helsingborg	Kniven 9, Revolvern 1	Warehouse/Logistics	11	9
Total			489	350

1. Previously part-owned through holdings in a joint venture.

2. Rental income before rent discounts.

Investments in existing properties, January–December 2018

Investments of MSEK 194 were made in the existing property portfolio during the year, in which the largest project was the reconstruction of the Tyr 8 property in Uppsala 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	Office	Vattenfall	5	88	129	Q2, 2019
Södertälje	Tellus 4	Other	Åhléns	4	26	45	Q2, 2019

Divested properties, January–December 2018

Nyfosa divested five properties during the year. The largest property vacated was the Kungsängen 15:1 property in Uppsala at an underlying property value of approximately SEK 1 billion.

Municipality	Property	Category	Area, 000s of sqm
Mölnadal	Anisen 2	Industrial	6
Mölnadal	Gasmätaren 2	Warehouse	14
Oskarshamn	Part of Blåbäret 4	Land	-
Växjö	Postiljonen 2	Land	-
Uppsala	Kungsängen 15	Office	25
Trollhättan	Hjulet 6	Retail	2
Total			47

YIELD REQUIREMENT FOR VALUATION OF INVESTMENT PROPERTIES

The weighted yield requirement on December 31, 2018 amounted to 6.35 percent. The weighted cost of capital for the present value calculation of cash flows and residual values was 8.24 percent and 8.45 percent, respectively. When last valued on September 30, 2018, the yield requirement was 6.43 percent and the weighted cost of capital for the present value calculation of cash flows and residual values was 8.33 percent and 8.55 percent, respectively. The slightly lower yield requirement was due to lower yield requirements for primarily office properties in attractive metropolitan regions.

Sensitivity analysis – change in value for changes in valuation parameters

	Change, %	Dec 31, 2018, MSEK
Change in net operating income ¹	+/- 5%	+/- 529
Change in yield requirement	+/- 0.25%	+/- 639
Change in growth assumptions	+/- 0.5%	+/- 66
Change in discount rate	+/- 0.25%	+/- 488

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

VALUATION TECHNIQUES

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

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 in the prospectus "Admission to trading of shares in Nyfosa AB on Nasdaq Stockholm" on www.nyfosa.se.

PORTFOLIO OVERVIEW

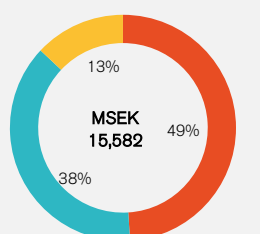
A presentation of the key figures for the wholly owned property portfolio on December 31, 2018 is provided below.

Property value, MSEK	15,582
Rental value, MSEK	1,404
Leasable area, 000s sqm	1,577
No. of properties	177
Economic leasing rate ¹ , %	92
Remaining lease term ¹ , years	4.1
Surplus ratio ² , %	68.9

1. Calculated on rental income before rent discounts in relation to the rental value.

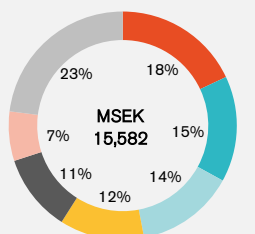
2. According to earnings capacity

Property value by category



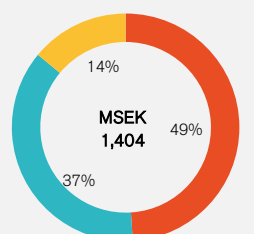
■ Offices, MSEK 7,603
■ Logistics/Warehouse, MSEK 6,001
■ Other, MSEK 1,977

Property value by region¹



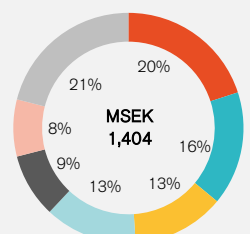
■ Småland, MSEK 2,845
■ Coast of Norrland, MSEK 2,427
■ Greater Stockholm, MSEK 3,515
■ Greater Gothenburg, MSEK 1,762
■ Mälardalen, MSEK 1,654
■ Greater Malmö, MSEK 1,131
■ Other, MSEK 3,515

Rental value by category



■ Offices, MSEK 685
■ Logistics/Warehouse, MSEK 518
■ Other, MSEK 200

Rental value by region¹



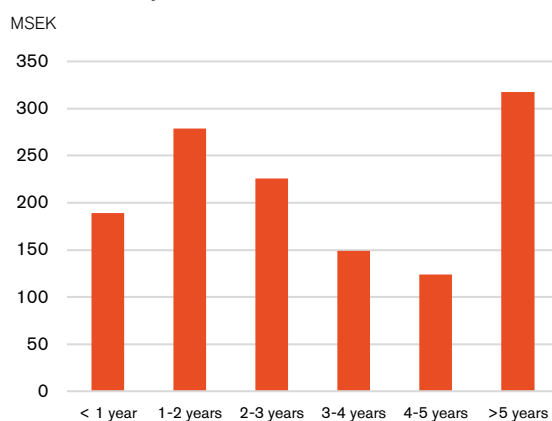
■ Småland, MSEK 276
■ Coast of Norrland, MSEK 219
■ Greater Stockholm, MSEK 305
■ Greater Gothenburg, MSEK 177
■ Mälardalen, MSEK 124
■ Greater Malmö, MSEK 113
■ Other, MSEK 305

1. The division of the metropolitan regions is consistent with Statistics Sweden's definition

LEASE STRUCTURE AND TENANTS

The company's business focus entails that essentially all rental income derives from commercial leases. On December 31, 2018, Nyfosa had 2,612 commercial leases including a total of 888 leases for garages and parking spaces. The weighted average remaining lease term for existing tenants amounted to 4.1 years.

Lease maturity structure



Tenants

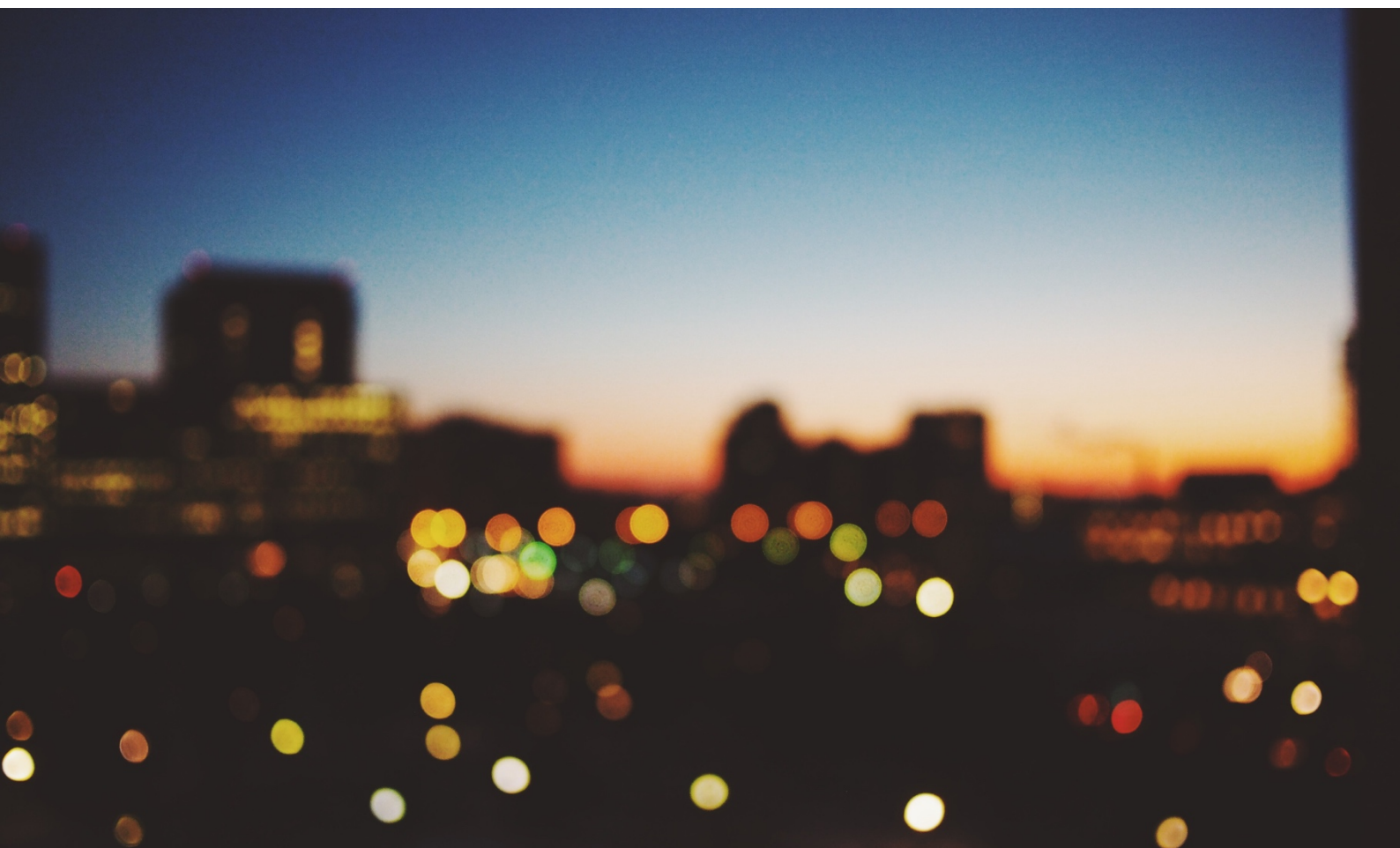
	Rental income, MSEK	Percentage of total rental income, %	Number of leases	Average remaining term, years
Telia Sverige AB	41	3	32	3.5
Saab AB	34	3	6	9.7
Förlagssystem JAL AB	25	2	1	7.0
If Skadeförsäkring AB (publ)	21	2	5	8.1
Skf Sverige AB	21	2	1	4.7
V-Tab Aröd AB	21	2	1	21.8
Dsv Solutions AB	20	2	1	8.8
Municipality of Örnsköldsvik	20	2	69	4.2
Västra Götaland County Council	19	1	8	1.8
Volvo Car Corporation	18	1	8	1.1
Other	1,043	81	2,480	3.4
Total	1,285	100	2,612	4.1

1. Rental income before rent discounts.

RENTAL VALUE, RENTAL INCOME AND LEASING RATE

On December 31, 2018, the total rental value of the property portfolio was estimated at MSEK 1,404, of which vacancy rent comprised MSEK 119. Nyfosa's rental income before rent discounts amounted to MSEK 1,285 and after rent discounts to MSEK 1,263. The share of rental income connected to the consumer price index (CPI) corresponds to 87 percent of total rental income.

The properties' total leasable area on December 31, 2018 was 1,577 thousand sqm, of which 1,389 thousand sqm was leased, corresponding to 88 percent. The economic leasing rate on the same date was 92 percent.



EARNINGS CAPACITY

	Dec 31
MSEK	2018
Rental income	1,267
Property expenses	-362
Property administration	-32
Net operating income	872
Central administration	-65
Share in profit of joint ventures	180
Financial expenses	-153
Profit from property management	834

The company's current earnings capacity on a 12-month basis on December 31, 2018 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. The data does not include the possible effects of property transactions. The current earnings capacity must be considered together with other information in the year-end 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; Ground rent paid is included in the amounts;
- costs for central administration and marketing 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 December 31, 2018, which was 1.6 percent.

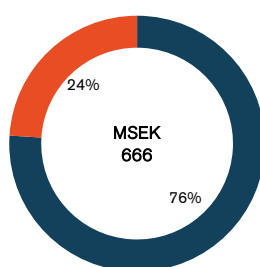
Shares in joint ventures

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 Shares in joint ventures and Nyfosa's share in 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 69 properties with a total property value of SEK 7.7 billion. The focal point of 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.

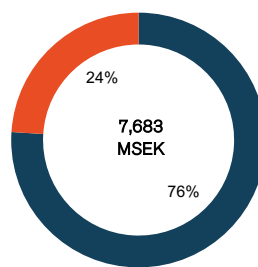
The total rental value for Söderport's property portfolio is estimated to amount to MSEK 666. Leases have an average remaining term of 5.0 years. The total leasable area amounted to 686 thousand sqm, of which 662 thousand sqm was leased, corresponding to 96.5 percent. The economic leasing rate was 97.0 percent.

Rental value per category



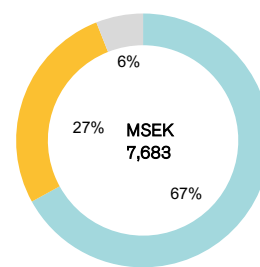
■ Industry, MSEK 504
■ Offices, MSEK 161

Property value per category



■ Industry, MSEK 5,830
■ Offices, MSEK 1,853

Property value per city



■ Greater Stockholm, MSEK 5,172
■ Greater Gothenburg, MSEK 2,063
■ Other, MSEK 448

Key financial data, Söderport

MSEK	Oct-Dec		Jan-Dec	
	2018	2017	2018	2017
Rental income	152	136	585	548
Net operating income	113	103	441	419
Net interest income	-36	-40	-156	-162
Changes in value, properties	130	199	621	560
Changes in value, derivatives	-8	21	56	91
Tax	-40	-59	-164	-144
Profit for the period/year	213	229	854	769
of which, Nyfosa's share – corresponding to share in profit or loss ¹	107	115 ¹	427 ¹	385 ¹

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

MSEK	Dec 31	
	2018	2017
Investment properties	7,683	6,603
Current assets	96	104
Equity	3,041	2,587
of which, Nyfosa's share – corresponding to the value of the share in the statement of financial position	1,520	1,294 ¹
Non-current liabilities	4,823	4,144
of which, deferred tax liabilities	679	515
of which, derivatives	222	328
Current liabilities	189	188
No. of properties	69	69
Leasable area, 000s of sqm	686	657

FINANCING

On December 31, 2018, Nyfosa had interest-bearing liabilities of MSEK 8,240, corresponding to a loan-to-value ratio of 52.9 percent. Nyfosa's interest-bearing liabilities comprise bank loans with an average interest rate of 1.6 percent. The average fixed-rate period on December 31, 2018, including the effects of signed derivative agreements, was 1.6 years. The average loan maturity was 3.2 years. On December 31, 2018, Nyfosa also had overdraft facilities totaling MSEK 200, of which MSEK 26 had been utilized, and a revolving credit facility totaling MSEK 1,000, of which MSEK 561 had been utilized.

Equity amounted to MSEK 8,392 on the balance-sheet date, of which share capital amounted to MSEK 84.

FINANCIAL RESTRICTIONS

- Long term, the equity/assets ratio is to amount to at least 25 percent.
- The loan-to-value ratio should not exceed 65 percent.
- The interest-coverage ratio should not fall below a multiple of two.

The key figures above do not represent financial objectives but rather risk limitations, making it natural for Nyfosa to have a certain margin for these.

Key figures in the loan portfolio

	Dec 31	
	2018	2017
Equity/assets ratio, %	48.3	25.5
Loan-to-value ratio, %	52.9	54.4
Net loan-to-value ratio, %	51.6	53.1
Interest-coverage ratio, multiple	4.9	7.0
Average interest, %	1.6	1.5
Average remaining fixed-rate period, years	1.6	1.5
Average remaining loan maturity period, years	3.2	2.2
Interest-rate hedged portion of liabilities, %	54.1	50.7
Fair value of derivatives, MSEK	9	4

Change in the loan portfolio

During the year, new bank loans of MSEK 3,556 were raised to finance acquisitions of properties and refinance existing properties. A total of MSEK 561 of liabilities were settled during the year in connection with vacating properties, refinancing and making regular contractual repayments. The net increase in the loan portfolio in 2018 amounted to MSEK 1,658.

	Jan-Dec	
	2018	2017
Interest-bearing liabilities at the beginning of the year	6,582	5,291
Repayment of loans	-1,867	-958
Loans raised	3,556	2,205
Change in borrowing fees	-29	44
Interest-bearing liabilities at end of the year	8,240	6,582

Maturity structure

Bank loans of MSEK 858 fall due for payment during the first half of 2019. Nyfosa maintains regular dialog with mainly Nordic banks to secure its refinancing requirements. In addition to favorable opportunities for refinancing loan maturity with new bank loans and/or by issuing debt or hybrid instruments on the capital market, the company has an unutilized overdraft facility and healthy cash flows from operating activities.

Interest and loan maturity structure, December 31, 2018

Year	Fixed-rate period		Loan maturity	
	MSEK	%	MSEK	%
Within one year	4,423	53	858	10
1-2 years	182	2	298	4
2-3 years	1,610	19	2,616	32
3-4 years	800	10	2,393	29
4-5 years	1,275	15	2,125	26
>5 years	-	-	-	-
Total	8,290	100	8,290^{1,2}	100

1. Interest-bearing liabilities in the statement of financial position include 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.

Available liquidity MSEK	Dec 31	
	2018	2017
Cash and cash equivalents	192	160
Unutilized overdraft facilities	174	-
Total	366	160

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 be negative. 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 December 31, 2018, including the effects of signed derivative agreements, was SEK 4.5 billion.

SENSITIVITY ANALYSIS

Earnings effect of change in average interest rate	Change, %	Dec 31	
		2018	2017
Interest expenses assuming current fixed-rate periods and changed interest rates ¹	+/-1%	+45/0	+30/-11
Interest expenses assuming change in average interest rate ²	+/-1%	+/-83	n/a
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/-1%	+/-11	n/a

1. Taking into account derivative agreements

2. Today's average rate, taking into account derivative agreements, increases/decreases by 1% In the event of an increase/decrease, any effects on the derivative portfolio are not taken into account.

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.

OTHER

SHARE AND SHAREHOLDERS

The number of shares in Nyfosa on December 31, 2018 was 167,728,249.

The closing price paid on December 28, 2018 was SEK 42.75 and market capitalization amounted to MSEK 7,170. Nyfosa had 19,578 shareholders, of which Swedish investors, institutions and private individuals owned 60.8 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 Fonder	10,571,826	6.3	6.3
Swedbank Robur Fonder	10,078,819	6.0	6.0
Kåpan Pensioner Försäkringsförening	8,716,274	5.2	5.2
Handelsbanken Fonder	6,520,000	3.9	3.9
Fourth Swedish National Pension Fund	5,730,594	3.4	3.4
Vanguard	5,417,622	3.2	3.2
ICA-handlarnas Förbund	5,153,635	3.1	3.1
Norges Bank	4,774,446	2.8	2.8
AB Sagax	4,700,000	2.8	2.8
Jens Engwall	4,629,300	2.8	2.8
Others	101,435,733	60.5	60.5
Total	167,728,249	100.0	100.0

1. Source: Euroclear

PROPOSED DIVIDENDS

Nyfosa's dividend policy is that profits in the company will primarily be reinvested to leverage business opportunities and achieve the growth target of a total property value of SEK 25 billion, after which a significant portion of profit will be paid to shareholders in the form of a dividend, redemption and/or repurchase of shares.

The Board proposes that the Annual General Meeting resolve that no dividends be paid to shareholders for the 2018 financial year.

LISTING AND DEMERGER PROCESS

Nyfosa AB was listed on Nasdaq Stockholm on November 23, 2018. The shares are traded in the Large Cap segment under the ticker NYF and the ISIN code SE0011426428. The listing marks the beginning of Nyfosa as an independent company after its distribution to ordinary shareholders in Hemfosa.

Hemfosa Fastigheter AB's Extraordinary General Meeting on 13 September 2018 resolved to distribute all shares in the wholly owned subsidiary Nyfosa, consisting of the company's commercial property portfolio, to ordinary shareholders in Hemfosa. The goal of the demerger is for the two independent and specialized companies to create better conditions for leveraging the potential of the entire business and thereby increase shareholder value. Hemfosa's ordinary shareholders received one Nyfosa share for every ordinary share in Hemfosa owned at the record date of the distribution, November 21, 2018.



ASSURANCE FROM THE BOARD AND CEO

The Board of Directors and the CEO give their assurance that this year-end 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, February 12, 2019
Nyfosa AB
(Corp. Reg. No. 559131-0833)

Bengt Kjell
Chairman of the Board

Jens Engwall
Board member and CEO

Lisa Dominguez Flodin
Board member

Per Lindblad
Board member

Marie Bucht Toresäter
Board member

Johan Ericsson
Board member

Kristina Sawjani
Board member

FINANCIAL CALENDAR

Interim report	
January–March 2019	May 9, 2019
2019 Annual General Meeting	May 9, 2019
Interim report	
January–June 2019	15 July, 2019
Interim report	
January–September 2019	October 23, 2019

CONTACT INFORMATION

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This year-end report is unaudited.

The information is inside information that Nyfosa AB (publ) 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 person on February 12, 2019 at 7:30 a.m. CET.

SUMMARY OF FINANCIAL STATEMENTS

STATEMENT OF PROFIT/LOSS

MSEK	Oct-Dec		Jan-Dec	
	2018	2017	2018	2017
Rental income	317	240	1,060	870
Other property income	0	7	4	161
Total income	317	247	1,064	1,031
Property expenses				
Operating expenses	-49	-38	-184	-146
Maintenance costs	-19	-22	-71	-66
Property tax	-12	-11	-46	-42
Property administration	-8	-7	-36	-30
Net operating income	229	170	728	746
Central administration	-16	-4	-52	-9
Other operating income and expenses	-30	-1	-40	2
Share in profit of joint ventures	107	116	412	380
Financial income and expenses	-40	-33	-131	-106
Profit from property management	250	249	918	1,013
Changes in value of properties, realized	6	-6	142	28
Changes in value of properties, unrealized	4	119	658	348
Changes in value of financial instruments, unrealized	7	4	4	6
Profit before tax for the period	266	366	1,722	1,394
Tax	42	-87	-107	-180
Profit for the period	308	279	1,615	1,215
Earnings per share before and after dilution	1.84	1.66	9.63	7.24

STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

Profit for the period	308	279	1,615	1,215
Other comprehensive income	-	-	-	-
Comprehensive income for the period	308	279	1,615	1,215

STATEMENT OF FINANCIAL POSITION

MSEK	Dec 31	
	2018	2017
ASSETS		
Investment properties	15,582	12,090
Shares in joint ventures	1,520	1,315
Derivatives	9	4
Other assets	1	1
Total assets	17,113	13,410
Current receivables	64	61
Cash and cash equivalents	192	160
Total current assets	257	222
TOTAL ASSETS	17,370	13,632
EQUITY AND LIABILITIES		
Equity attributable to Parent Company shareholders	8,392	3,479
Equity	8,392	3,479
Non-current interest-bearing liabilities	7,305	3,617
Other non-current liabilities	10	4
Derivatives	-	-
Deferred tax liabilities	452	404
Total non-current liabilities	7,767	4,025
Current interest-bearing liabilities	935	2,965
Other current liabilities	276	3,162
Total current liabilities	1,211	6,128
Total liabilities	8,978	10,153
TOTAL EQUITY AND LIABILITIES	17,370	13,632

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to Parent Company shareholders

MSEK	Jan-Dec	
	2018	2017
Opening equity	3,479	2,924
Transactions with shareholders		
New share issue and shareholders' contributions	3,844	-
Dividends	-530	-370
Other transactions with shareholders	-15	-290
Total transactions with shareholders	3,299	-660
Comprehensive income Jan-Dec	1,615	1,215
Closing equity	8,392	3,479

GROUP STATEMENT OF CASH FLOWS

MSEK	Oct-Dec		Jan-Dec	
	2018	2017	2018	2017
Operating activities				
Profit from property management	250	249	918	1,013
Adjustments for non-cash items	-107	-116	-412	-380
Income tax paid	0	-10	-4	-5
Subtotal	143	123	502	629
Change in operating receivables	73	-6	43	-19
Change in operating liabilities	-90	-163	662	-133
Cash flow from operating activities	126	-46	1,207	477
Investing activities				
Direct and indirect acquisitions of investment properties	-74	-379	-3,721	-1,735
Direct and indirect divestments of investment properties	10	39	1,212	307
Investments in existing investment properties	-51	-75	-194	-260
Dividend from holdings in joint ventures	-	-	200	100
Other	-1	-1	-1	-3
Cash flow from investing activities	-115	-416	-2,504	-1,591
Financing activities				
New share issue	-	-	84	-
Loans raised	285	1280	3,530	1,979
Repayment of loans	-420	-915	-2,262	-958
Other	-	72	-23	-
Cash flow from financing activities	-134	437	1,329	1,021
Cash flow for the period	-123	-25	32	-93
Cash and cash equivalents at the beginning of the year	315	185	160	253
Cash and cash equivalents at the end of the period	192	160	192	160
Interest received	0	-	0	-
Interest paid	-13	-24	-99	-96

KEY FIGURES

SHARE-RELATED KEY FIGURES, SHARES¹

SEK	Oct-Dec		Jan-Dec	
	2018	2017	2018	2017
Profit from property management per share	1.49	1.48	5.47	6.04
Profit after tax per share	1.84	1.66	9.63	7.24
Net asset value, EPRA NAV, per share	55.36	25.64	55.36	25.64
Equity per share	50.03	20.74	50.03	20.74
Cash flow from operating activities per share	0.75	-0.27	7.20	2.84

1. Share-related key figures are calculated on the number of shares on December 31, 2018, which amounted to 167,728 thousand.

KEY FINANCIAL DATA

	Dec 31	
	2018	2017
Return on equity, %	27.2	37.9
Equity/assets ratio, %	48.3	25.5
Loan-to-value ratio, properties, %	52.9	54.4
Net loan-to-value ratio, properties, %	51.6	53.1
Debt/equity ratio, multiple	1.0	1.9
Interest-coverage ratio (1 Jan – 31 Dec), multiple	4.9	7.0

PROPERTY-RELATED KEY FIGURES

	Dec 31	
	2018	2017
Rental value, MSEK	1,404	1,076
Leasable area, 000s sqm	1,577	1,136
No. of properties	177	128
Economic leasing rate, %	91.5	89.4
Remaining lease term, years	4.1	4.2
Surplus ratio ¹ , %	68.9	72.4
Yield ¹ , %	5.6	5.8

1. According to earnings capacity on balance-sheet date

RECONCILIATION OF KEY FIGURES

	Dec 31	
	2018	2017
Return on equity		
Profit after tax under for the most recent rolling 12-month period	1,615	1,215
Average equity	5,936	3,202
Return on equity, %	27.2	37.9

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.

	Dec 31	
	2018	2017
Loan-to-value ratio and net loan-to-value ratio		
Interest-bearing liabilities	8,240	6,583
Investment properties	15,582	12,090
Loan-to-value ratio, %	52.9	54.4
Cash and cash equivalents	192	160
Net loan-to-value ratio, %	51.6	53.1

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.

	Oct-Dec		Jan-Dec	
	2018	2017	2018	2017
Interest-coverage ratio				
Profit from property management	250	249	918	1,013
Share in profit of joint ventures	107	116	412	380
Depreciation/amortization	0	0	0	0
Financial income and expenses	-40	-33	-131	-106
Interest-coverage ratio, multiple	4.6	5.1	4.9	7.0

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. This profit is then expressed as a percentage of financial income and expenses to calculate the interest-coverage ratio.

	Dec 31	
	2018	2017
EPRA NAV		
Equity	8,392	3,479
Deferred tax	452	404
Derivatives	-9	-4
Deferred tax in joint ventures, Nyfosa's share	339	257
Derivatives in joint ventures, Nyfosa's share	111	164
Number of shares, millions	168	168
EPRA NAV per share, SEK	55.36	25.64

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.

QUARTERLY OVERVIEW

MSEK	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Income, MSEK	317	261	239	247
Property expenses				
Operating expenses, MSEK	-49	-42	-38	-54
Maintenance costs, MSEK	-19	-21	-15	-16
Property tax, MSEK	-12	-11	-11	-11
Property administration, MSEK	-8	-8	-11	-13
Net operating income, MSEK	229	178	164	153
Surplus ratio, %	72.2	68.3	68.6	62.0
Economic leasing rate ¹ , %	92	91	91	91
Direktavkastning ² , %	5.6	5.5	5.6	5.7
Profit from property management per share, SEK	1.49	1.15	1.75	1.13
Earnings for the quarter per share, SEK	1.84	3.89	2.40	1.54
Property value, MSEK	15,582	15,417	12,407	12,193
Equity, MSEK	8,392	8,077	3,661	3,726
Equity per share, SEK	50.03	48.15	21.82	22.20
EPRA NAV per share, SEK	55.36	53.61	31.70	27.40
Return on equity, %	27.2	27.7	33.7	29.9
Equity/assets ratio, %	48.3	46.8	25.1	27.0
Net loan-to-value ratio, properties, %	51.2	48.9	47.0	51.5
Loan-to-value ratio, properties, %	52.9	51.7	53.9	53.4
Interest-coverage ratio, multiple	4.9	4.9	5.4	6.2
Cash flow from operating activities per share, SEK	0.75	4.86	1.40	0.24

1. On balance-sheet date

2. According to earnings capacity

NOTES

NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed year-end report for the Group has been prepared in accordance with IAS 34 Interim Reporting, as well as applicable regulations of the Swedish Annual Accounts Act. The year-end report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Annual Accounts Act.

The formation of the Nyfosa Group was concluded on May 3, 2018. Consolidated financial statements have thus been prepared as of this date. Since the operations have not historically formed a group according to the IFRS definition, there are no consolidated financial statements for the periods prior to May 3, 2018. Accordingly, the historical financial information for the periods prior to May 3, 2018 have been prepared as combined financial statements. The basis of preparation for the combined financial statements is presented in Note 1. Significant accounting policies in the historical financial information, which is available in the prospectus "Admission to trading of shares in Nyfosa AB on Nasdaq Stockholm" on www.nyfosa.se.

The formation of Nyfosa is a transaction under common control. This type of transaction is not regulated by IFRS and instead requires that the Group establish policies for this process. The Group has decided to apply the policies described in the basis of preparation of the combined financial statements when these statements were prepared. In brief, this means that the assets and liabilities of entities have been aggregated and recognized based on the carrying amounts that they represent in Hemfosa Fastigheter AB and that the transactions are recognized as if they had taken place at the start of the previously presented period.

IFRS 9 Financial instruments replaces IAS 39 Financial instruments

IFRS 9 has led to changes in how financial assets are classified and measured, introduces an impairment model that is based on expected credit losses rather than losses incurred and introduces changes in policies for hedge accounting, in part to simplify and thus increase equivalency with the company's internal risk management strategies. The transition to IFRS 9 did not have any material impact on the Group since the receivables recognized mainly comprised rent receivables in respect of advance payments subject to a very low credit risk and hedge accounting was not applied.

IFRS 15 Revenue from Contracts with Customers

The Group's revenue essentially comprises rental income recognized according to IAS 17 Leases, which is why IFRS 15 only applies to sales of property management services and media. Nyfosa's income is divided up into two components – Rental income and Service income. The former comprises customary rent including indexing, surpluses charged for investments and property tax, while the latter pertains to all other additional charges in the form of extra services such as heat, cooling, waste, water and snow clearance. Nyfosa has conducted an analysis of whether the company is a principal or an agent for these services and has concluded that the Group, in its capacity as property owner, largely acts as a principal.

IFRS 16 Leases

Effective 2019, IFRS 16 Leases replaces existing IFRSs related to the recognition of leases, such as IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease and SIC 15 Operating Leases—Incentives. The Group has decided not to implement IFRS 16 prospectively. Nyfosa will apply the modified retrospectively transition method. The new standard encompasses rules for both lessors and lessees. Nyfosa's income is primarily generated from rental income and is thus subject to the IFRS 16 rules for lessors. The rules for lessors are largely unchanged and the classification between operating and finance leases is retained. IFRS 16 materially changes reporting for lessees. The standard changes the previous distribution between finance and operating leases and a finance lease liability and corresponding right-of-use asset is to be recognized for all leases. An expense for depreciation of the asset and an interest expense attributable to the finance lease liability are recognized in profit or loss instead of being continuously expenses as paid leasing fees. Nyfosa primarily has a small number of site leasehold agreements that comprises leases under IFRS 16.

NOTE 2 ESTIMATES AND ASSESSMENTS

The preparation of the year-end 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 in the historical financial information, which is available in the prospectus "Admission to trading of shares in Nyfosa AB on Nasdaq Stockholm" 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 company's properties to decline, which could have a negative impact on the 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 dialogs 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 acquisitions. An individual assessment of the character of the acquisition is required for each individual transaction. Nyfosa's corporate acquisitions in 2018 encompass only properties and no material processes, which is why the transactions are deemed to be asset acquisitions.

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 year was 6.2 percent (12.9). In June 2018, the Swedish parliament decided to reduce corporate tax in two stages to 20.6 percent for financial years beginning on or after January 1, 2021. Nyfosa believes that deferred taxes in the Group will be realized in 2021 or later, which is why restatement took place at a tax rate of 20.6 percent. 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 6,956, which means that temporary differences of MSEK 4,874 were not recognized in the statement of financial position.

Reconciliation of effective tax, MSEK		2018
Profit before tax		1,722
Tax according to applicable tax rate for Parent Company	-22.0%	-379
Profit from shares in joint ventures	5.3%	91
Capitalization and utilization of loss carryforwards not capitalized in prior years	3.3%	57
Non-taxable sales of properties	6.0%	104
Effect of changed tax rate	2.1%	36
Other	-0.9%	-16
Recognized effective tax	-6.2%	-107

Change in tax legislation

The new tax rules include changed rules on interest-deduction limitations that, essentially, limit the deductibility of a company's net interest expenses to 30 percent of the company's fiscal EBITDA. The deductible portion of interest expenses carry over until the next year, although not longer than six years. To reduce the administrative burden, a simplified rule was introduced that means a Group may deduct up to MSEK 5 in net interest expenses without applying the EBITDA rule. What is covered by the term interest and what should be equated with interest in this respect is extended. The new tax rules for the business sector come into force on 1 January 2019 and may entail higher tax for the property sector. There is a risk that Nyfosa's interest expenses in 2019 or subsequently will exceed 30 percent of fiscal EBITDA and that Nyfosa's tax expenses will rise as a result of the new rules. The analysis performed based on interest rates and the financial outcome for 2018 indicates that the new interest-deduction rules will not increase the Group's tax expense in 2019.

NOTE 5 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	Dec 31	
	2018	2017
Derivatives with positive values	9	4
Derivatives with negative values	-	-

NOTE 6 FINANCING

For information regarding changes in loans, interest rates and credit terms, refer to pages 13-14 of this year-end report.

NOTE 7 EQUITY

Two private placements of shares were implemented during the year. The total number of shares amounted to 167,728,249.

Date	Event	Change in share capital (SEK)	Change in no. of shares	Share capital after change (SEK)	No. shares after change
October 17, 2017	New formation	-	-	50,000	500
May 21, 2018	Division of shares	-	99,500	50,000	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	10,000,000	83,864,124.50	167,728,249

NOTE 8 SIGNIFICANT RISKS AND UNCERTAINTIES

Nyfosa is continuously exposed to various risks, which could be significant to the company's future operations, earnings and financial position. Financing, organizational structure and work processes are key risk areas for Nyfosa, which continuously works in a structured manner on managing these and other risks and uncertainties. More information about Nyfosa's risks and risk management can be found in the prospectus "Admission to trading of shares in Nyfosa AB on Nasdaq Stockholm" on www.nyfosa.se.

NOTE 9 RELATED PARTIES

The Group owns shares in joint ventures, refer to page 12 of this year-end 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 December 31, 2018.

In September, Nyfosa signed an agreement with Corner PP AB (C.P.P. AB) for the purchase of property-management services. Nyfosa's Head of Property Management owns 60 percent of C.P.P. AB. The agreement, which encompasses management of Nyfosa's property portfolio in northern Sweden, was signed based on market terms for MSEK 3 per year. The validity of the agreement is limited, starting on October 15, 2018 and expiring on June 30, 2019, with the option for Nyfosa to extend the agreement if a permanent solution for property management is not in place when the agreement expires.

During the year, Nyfosa purchased property-management services and Group-wide services for a net total of MSEK 19 from Hemfosa. There is no related-party relationship between Nyfosa and Hemfosa since November 23, 2018.

NOTE 10 SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

After the end of the quarter, Nyfosa's joint venture, Söderport, divested a part-owned property in Torslanda. The property is expected to be transferred on January 31, 2019. The sale is expected to entail a positive earnings effect of approximately MSEK 50 for Söderport. The liquidity effect is calculated at about MSEK 170.

PARENT COMPANY

STATEMENT OF PROFIT/LOSS

	Oct-Dec	Jan-Dec	Oct 27 – Dec 31
MSEK	2018	2018	2017
Net sales	7	22	-
Other external costs	-32	-65	0
Personnel costs	-9	-22	-
Depreciation/amortization	0	0	-
Loss before financial income and expenses	-35	-65	0
Profit from shares in Group companies	500	500	
Interest expenses and similar expense items	0	1	-
Profit before appropriations	466	436	0
Appropriations			
Group contributions paid/received	68	68	
Profit before tax	534	504	
Tax	-8	-1	-
Profit for the year	526	503	0

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. These acquisitions were financed in the subsidiaries through bank loans and cash and cash equivalents from the Parent Company.

In 2018, Nyfosa AB received capital contributions of MSEK 3,844 from Hemfosa Fastigheter in the form of new share issues and unconditional shareholders' contributions. Refer also to Note 1 for information on the formation of the Nyfosa Group.

The Parent Company has established Group-wide functions for Nyfosa during the year for which the subsidiaries are invoiced with fees for central and property administrative services, which amounted to MSEK 22 (-) for the year. In addition, earnings were charged with expenses totaling MSEK 44 in connection with the demerger process. Profit for the year is the same as comprehensive income for the year. Profit from shares in Group companies pertains to a dividend from subsidiaries.

STATEMENT OF FINANCIAL POSITION

	Dec 31	Dec 31
	2018	2017
ASSETS		
Participations in Group companies	0	-
Shares in joint ventures	412	0
Receivables from Group companies	90	-
Total assets	502	-
Current receivables from Group companies	6,367	-
Other current receivables	6	-
Cash and bank balances	4	0
Total current assets	6,377	0
TOTAL ASSETS	6,879	0
EQUITY AND LIABILITIES		
Restricted equity	3,844	0
Unrestricted equity	503	-
Equity	4,347	0
Non-current interest-bearing liabilities	-	-
Total non-current liabilities		-
Liabilities to Group companies	2,460	0
Other current liabilities	72	-
Total current liabilities	2,532	-
Total liabilities	2,532	-
TOTAL EQUITY AND LIABILITIES	6,879	0

GLOSSARY

No. of properties	Properties held under title or site leasehold. Purpose: The performance measure provides a greater understanding of the development of the property portfolio.
Return on equity	Profit/loss for the most recent 12-month period in relation to average equity during the same period Purpose: The performance measure shows the return generated on the capital attributable to shareholders.
Loan-to-value ratio, properties*	Interest-bearing liabilities at the end of the period in relation to the value of the properties (in the statement of financial position). 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.
Yield*	Net operating income according to earnings capacity in relation to the fair value of the properties on the balance-sheet date. Purpose: The performance measure indicates the yield from operational activities in relation to the properties' value.
Net operating income*	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. Purpose: The measure is used to provide comparability with other property companies, but also to illustrate operational performance.
Equity per share	Equity in relation to the number of shares at the end of the period. Purpose: The performance measure shows how large a share of the company's recognized equity each share represents.
Economic leasing rate	Rental income before rent discounts as a percentage of the rental value at the end of the period. Purpose: The performance measure facilitates the assessment of rental income in relation to the total value of the leased and unleased floor space.
Property	Properties held under title or site leasehold.
Fair value of properties	The recognized property value according to the statement of financial position at the end of the period. Purpose: The performance measure facilitates better understanding of the value development in the property portfolio and the company's statement of financial position.
Profit from property management*	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.
Rental income	Rents charged including supplements for heating and property tax.
Rental value	Rental income before rent discounts for leased areas and assessed market rent for the vacant floor space. 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.

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>
Interest-rate cap	<p>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.</p>
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>
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 shares 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 an alternative performance measure according to the European Securities and Markets Authority (ESMA).