

NYFOSA

ANNUAL REPORT 2019





NYFOSA

IT'S VERY EASY TO DESCRIBE OUR WAY OF WORKING. IT IS ABOUT SEEING THINGS IN A NEW LIGHT. CHANGING PERSPECTIVE, DISCOVERING OPPORTUNITIES AND GETTING THE BEST OUT OF EACH INVESTMENT. IN PRACTICE, IT MEANS THAT WE ACQUIRE, MANAGE, ADD VALUE TO AND SELL PROPERTIES. WE DO THE BUSINESS WE BELIEVE IN, REGARDLESS OF WHERE THE PROPERTIES ARE IN SWEDEN.

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While every care has been taken in the translation of this report, readers are reminded that the original report, signed by the Board of Directors, is in Swedish.

NYFOSA 2019

NYFOSA IS A TRANSACTION-BASED AND OPPORTUNISTIC PROPERTY COMPANY IN WHICH BUSINESS ACTIVITIES ARE IN FOCUS. 2019 WAS MARKED BY HIGH GROWTH AND ESTABLISHING THE ORGANIZATION.

SEK **19.6** billion

PROPERTY VALUE
EXCL. PARTICIPATIONS IN JOINT VENTURES
DECEMBER 31, 2019

SEK **4.5** billion

ACQUIRED
PROPERTIES
2019

MSEK **989**

EARNINGS CAPACITY
PROFIT FROM PROPERTY
MANAGEMENT
DECEMBER 31, 2019

MAJOR ACQUISITIONS 2019

Q4 – A WAREHOUSE PROPERTY FOR MSEK 300

A property located in Örebro with a total area of approximately 47 thousand sqm and an annual rental value of MSEK 22.1.

Q4 – OFFICES AND WAREHOUSE PORTFOLIO FOR SEK 4.2 BILLION

The 79 commercial properties are mainly located in Karlstad, but also in Uppsala, Stockholm, Norrköping and Malmö, and have an annual rental value of approximately MSEK 350. The closing date was March 4, 2020.

Q4 – PROPERTY PORTFOLIO WITH STABLE CASH FLOWS FOR MSEK 826

Eight properties in three separate transactions located in Järfälla, Malmö, Härnösand and Sundsvall that have an annual rental value of MSEK 70.5.

Q4 – FOUR ACQUISITIONS FOR A TOTAL OF MSEK 654

The 16 properties are located throughout Sweden but are mainly in Södertälje and Malmö. Total annual rental value amounts to MSEK 67.8.

Q3 – PROPERTY PORTFOLIO IN MALMÖ FOR MSEK 695

Nine properties in Malmö, mostly warehouse/logistics and the remaining part offices, retail and restaurants that have an annual rental value of MSEK 49.4.

Q3 – RETAIL IN LULEÅ, STORHEDEN FOR MSEK 325

One retail property and an adjacent parking property in Storheden's commercial area that has an annual rental value of MSEK 31.

Q2 – PROPERTY PORTFOLIO IN SOUTHERN SWEDEN FOR APPROXIMATELY SEK 1.6 BILLION

The 21 commercial properties are mainly located in Örebro and have an annual rental value of MSEK 139.5.

Q2 – RETAIL PROPERTIES FOR MSEK 470

Two retail properties in Västerås and Borås with an annual rental value of MSEK 45.

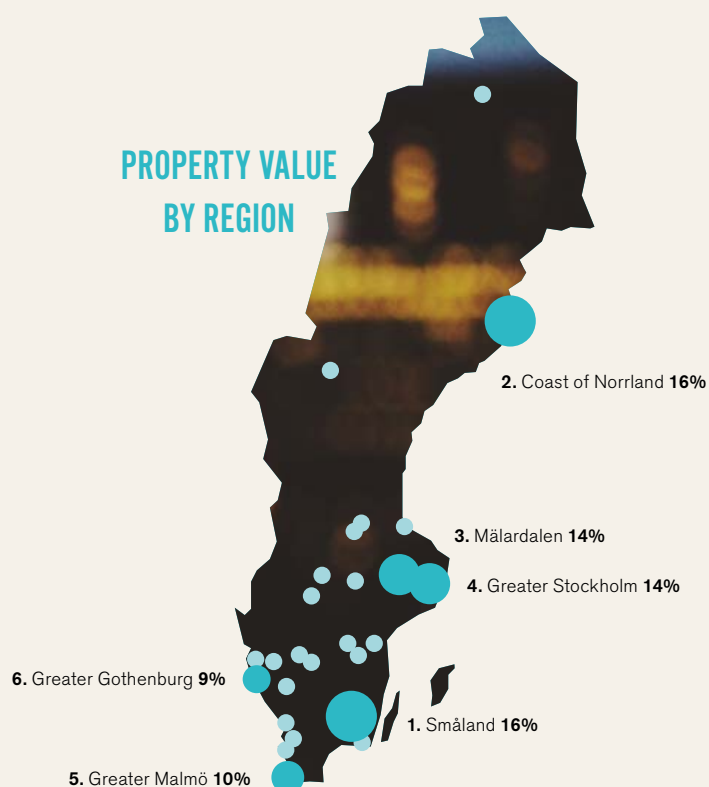
Q2 – WAREHOUSE PORTFOLIO IN SOUTHERN SWEDEN FOR MSEK 176

Six properties in six cities in southern Sweden that have an annual rental value of MSEK 20.

KEY FIGURES

	2019	2018
Income, MSEK	1,370	1,064
Net operating income, MSEK	905	728
Surplus ratio, %	66.0	68.4
Profit from property management, MSEK	1,112	918
– per share, SEK	6.63	5.47
Profit after tax, MSEK	1,382	1,615
– per share before and after dilution, SEK	8.24	9.63
Cash flow from operating activities, MSEK	652	1,207
– per share, SEK	3.89	7.20
Return on equity, %	15.2	27.2
Equity/assets ratio, %	44.1	48.3
Long-term net asset value (EPRA NAV), MSEK	10,965	9,385
– per share, SEK	65.37	55.36
Loan-to-value ratio, properties, %	57.6	52.9

PROPERTY VALUE BY REGION



NYFOSA OWNS PROPERTIES IN HIGH-GROWTH MUNICIPALITIES AND TRANSPORT HUBS IN SWEDEN

Nyfosa's properties are located throughout Sweden, mainly in high-growth municipalities and at transportation hubs. On December 31, 2019, Nyfosa's property portfolio comprised 230 properties with a total property value of SEK 19.6 billion, a rental value of MSEK 1,740 and a leasable area of 1,877 thousand sqm.



“With a new inspiring target in sight we will continue to increase earnings and profits in a creative, smart and sustainable way.”

JENS ENGWALL, CEO

EYES SET ON THE NEXT TARGET

Nyfosa likes to move fast. In 2019 we delivered on our promise—to grow profitably and swiftly. We also added to our highly skilled team, successfully developed our financing and ramped up our sustainability agenda in the business. We are closing in on our target of a property value of SEK 25 billion and we already have our eyes set on the next challenge. With a new inspiring target in sight we will continue to increase earnings and profits in a creative, smart and sustainable way.

Nyfosa's entire first year as a listed company was intensive, successful and a lot of fun. I knew that we had the right idea, the right people and the right resources to accomplish what we set out to do when we founded Nyfosa in the fall of 2018—and growth has gone a little faster than even I believed possible.

One important reason for this is that we have had confidence in our idea and built the company from the ground up. We started by adding the relevant expertise and business acumen to our organization in order to handle a high transaction pace and efficient property management. In the next phase, we devised a financing strategy that fits Nyfosa involving flexible credits and bonds to strengthen our acquisition capacity. We started monitoring interesting transactions from day one and, with a complete team and financing in place, we could accelerate. The outcome was several major transactions and many small ones. In total, during the year we acquired properties for a value of approximately SEK 4.5 billion and also added just over SEK 4 billion on closing in March this year. We reinforced earnings and our profit from property management in 2019 was about SEK 1.1 billion.

Flexible investment strategy

Nyfosa does not stand still. We have an opportunistic investment strategy that means we can develop in line with the fluctuations and conditions in the property and financing markets. This makes us free to pursue the property category, region and transaction size that gives the best return in relation to risks. We consider this to be a modern way of running a business—to continuously reassess and question what the best way forward is, to put in place a readiness to manage various scenarios in a changing world. In 2019, we saw that certain types of retail properties matched our acquisition criteria. This led to a number of transactions in expansive locations in Luleå, Västerås and Borås involving stable tenants in, for example, the grocery sector. It's how we work. Constantly with our ear to the ground and ready for the best transactions.

Another aspect of being a modern opportunistic property company is the ability to think long term while prioritizing sustainability issues in the business. We believe this is vital to ensure future transactions, to be perceived as an attractive business partner and employer, and to positively contribute to a sustainable society. Toward this end, we have taken steps in 2019 to become more agile, structured and goal-oriented even

in our sustainability agenda, with the objective of achieving a 100 percent sustainable business.

Poised to continue to create value

The new year has started equally as transaction based as 2019 ended. In January, we signed a letter of intent with Samhällsbyggnadsbolaget i Norden AB regarding an acquisition, mainly offices in Sweden, with a property value of approximately SEK 8 billion in total. With the realization of our growth target, we are ready for the next phase. Naturally, we will continue to focus on creating value and sustainable cash flows now with our sight on our new objective of 10 percent annual growth measured in cash flow from our operating activities, before changes in working capital. This underscores how important we feel stable cash flows are as the basis for continued acquisitions and investments, and thereby for creating value.

Growth may in future also occur outside our own statement of financial position through associated companies or joint ventures—much like we today are partners in Söderporten with a property portfolio worth more than SEK 10.8 billion. This makes it possible to continue to grow while simultaneously maintaining Nyfosa's relatively streamlined organization.

Our external environment has recently changed with the new coronavirus. At Nyfosa we are continuously monitoring developments and have taken measures to mitigate potential disruptions to our operations. Naturally, the health and safety of our employees, tenants and suppliers are paramount. In these turbulent times, Nyfosa has a solid foundation, with a stable financial position, good liquidity and a strong cash flow. Our property portfolio is well diversified with tenants in a large number of different industries and few dominant tenants. We are ready for the challenges we have ahead, and for transactions when the time is right. Until then, we are following developments closely.

In summary, I can conclude that in just over one year we have created a company that stands out in the property market in terms of its business concept, returns and growth. I want to thank everyone who makes this possible; our fantastic employees, our partners, our tenants and our shareholders. Now let's continue to build Nyfosa, always inquisitive and always ready for the next business transaction.

Jens Engwall, CEO

ACTIVE, AGILE AND GOAL-ORIENTED

Nyfosa is a transaction-based property company that pursues the most profitable transactions, regardless of region or category. What this means is that we look beyond market mainstream and focus on cash flows, limited risks and sustainable management. This business model sets Nyfosa apart in the Swedish property market.

BUSINESS CONCEPT

With its opportunistic approach and its agile, market-centric and bold organization, Nyfosa will create value by accumulating sustainable cash flows and continuously evaluating new business opportunities.

VISION

Nyfosa will be the property company in Sweden that is the best at creating value.

A swift and experienced property company

We view Nyfosa as Sweden's only listed property company with an opportunistic business model without being limited to specific regions, sectors or categories. We can find attractive value at limited risk by identifying and conducting acquisitions that are often on the periphery of what other operators are looking for or are capable of undertaking. Several factors make this a possibility for Nyfosa.

Transaction-oriented business model

Nyfosa's business model is based on taking an active role in the transaction market, combined with a flexible investment strategy adapted to changes in the property market. By being perceived as an especially active property company in terms of both acquisitions and divestments, Nyfosa will become a natural and attractive business partner for other property owners, transaction advisors and banks. These are important relationships in generating new business opportunities.

We can evaluate and implement numerous different transactions simultaneously

A broad strategy that creates freedom of movement

Our broad strategy enables us to capitalize on business opportunities when they arise, and evaluate and implement numerous different transactions. This flexibility also provides us with the conditions to acquire properties that are exposed to less competition. One of our strengths is the ability to identify business opportunities that other operators perceive as too complex or too diversified.

Experienced management and market-centric organization

Nyfosa has a management team with immense experience of transactions that vary in nature and complexity, and is highly skilled in identifying values, assessing potential and weighing risks. Nyfosa also has a market-centric organization with short decision-making paths and well-established processes in which most of the employees have extensive experience of conducting value-creating management and development.



“At Nyfosa, we are always interested in doing business. Proactive and reliable, we are a good partner for banks, advisors, property owners and other players in the industry. There is a lot happening at Nyfosa all around the country and that’s the way we like it since this, in turn, can generate business.”

- KATARINA SONNEVI, HEAD OF TRANSACTIONS

TARGETS, STRATEGIES AND BUSINESS MODEL

After a year of rapid growth, Nyfosa is close to achieving its previous target of a property value of SEK 25 billion. We will start working toward new financial targets and sustainability targets starting March 2020. Our overriding objective is to continue to create growth, value and stable cash flows.

FINANCIAL OBJECTIVES

New targets

- Annual growth in cash flow¹ per share of 10 percent.

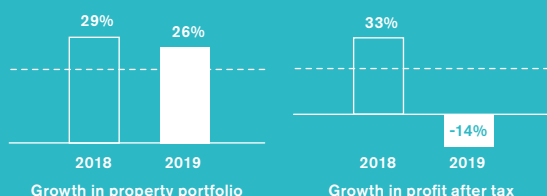
+13%

Growth in cash flow¹ per share, 2019

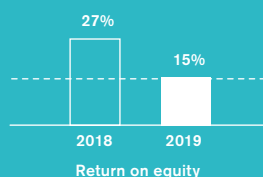
¹ Cash flow from operating activities before changes in working capital.

Previous targets

- 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.



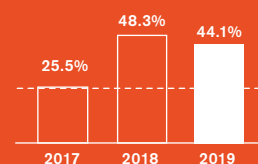
DIVIDEND POLICY

At least 40 percent of cash flow¹ is to be distributed to the owners. Dividends are, on each occasion, to be considered in light of the company's business opportunities and may comprise a distribution in kind, buyback or cash dividend.

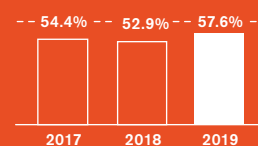
¹ Cash flow from operating activities before changes in working capital.

FINANCIAL RISK LIMITS

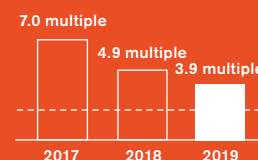
- Equity/assets ratio. At least 25 percent in the long term.



- Loan-to-value ratio. Not to exceed 65 percent.



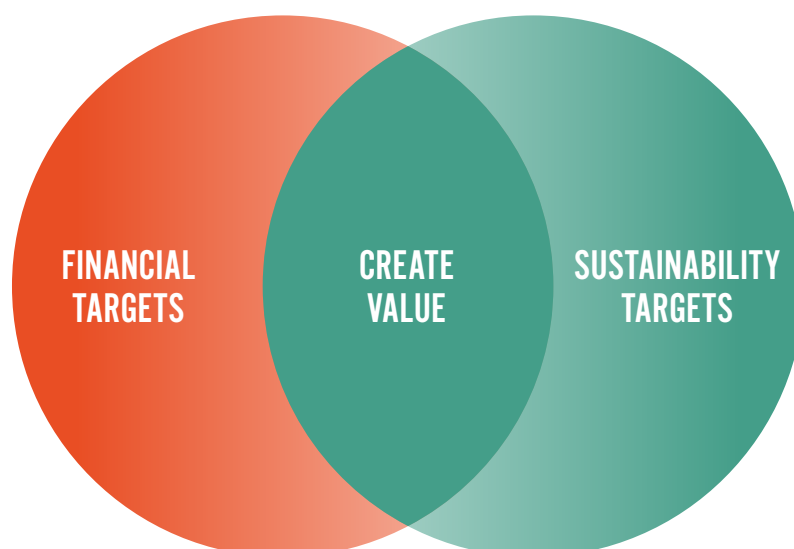
- Interest-coverage ratio. Long term at least a multiple of 2.



SUSTAINABILITY TARGETS

- In 2020, 100 percent of all new leases, excluding parking spaces and garages, will include a green appendix.
- In 2020, 100 percent of properties owned for the entire year will be subject to energy performance audits.
- In 2020, 100 percent of the organization will have received training in occupational health and safety, property owner responsibility and contractor responsibility.
- In 2020, procedures and systems for monitoring the use of materials and choice of materials in tenant-specific modifications, and for remodeling and new-builds, will be developed and implemented.
- By 2021, specific and scientific targets for reducing emissions will be adopted.
- By 2025, 50 percent of properties owned for the entire year will have green certification.
- By 2030, 100 percent of properties owned for the entire year will have green certification.

NYFOSA'S LONG-TERM STRATEGY FOR ACHIEVING THE TARGETS



Nyfosa's strategy is based on its business concept and comprises five parts, all of which work together to achieve the company's targets, both financial and sustainable. Nyfosa's vision is to be the property company in Sweden that is the best at creating value. We believe that taking a long-term and sustainable approach is paramount to realizing our vision.

LONG-TERM STRATEGY

ATTRACT AND DEVELOP THE BEST EMPLOYEES

Solid expertise, business acumen and an established contact network is central to realizing our business concept and targets. By recruiting and developing motivated, creative and experienced employees Nyfosa creates an effective, well-adapted and market-centric organization. The company works actively to be an employer that offers a creative, open and stimulating work environment with a focus on proximity to business decisions, inclusion in business development and personal development for all employees.

ACTIVE IN THE TRANSACTION MARKET

Nyfosa works close to the transaction market to continuously evaluate new business opportunities. Our strong local presence and local knowledge is a key to continued growth. This creates a solid basis on which to assess the market trend, identify business opportunities at an early stage and make well-founded decisions. Combined with short and swift decision-making paths and well-established processes, we are able to simultaneously evaluate a large amount of business opportunities and swiftly complete transactions.

PRIORITIZE COMMERCIAL PROPERTIES IN HIGH-GROWTH MUNICIPALITIES

Nyfosa focuses on cash flow and stable returns at limited risk, where the organization can add value through active management or follow-up transactions. The investment strategy has no restrictions in terms of property category, size or region, but it does have a pronounced priority for commercial properties in high-growth municipalities in Sweden. It is here that Nyfosa can leverage favorable trends such as a growing population and the local business community.

WITH SUSTAINABILITY ADD VALUE TO THE PORTFOLIO

Nyfosa manages, develops and enhances the property portfolio with the aim to increase the value of the properties and earnings capacity. This includes, among other activities, project development, planning, re-negotiations, tenant-specific modifications, leasing and sales. This active approach to property management is carried out professionally, profitably and sustainably in close cooperation between Nyfosa's local organization and the central functions, and in close dialogue with tenants, society and other operators.

ACT LONG TERM AND CLOSE TO THE TENANTS

By being a responsible property owner and a reliable, receptive partner, we help to build relationships and create value in the markets where we are active. A critical part of this is to think creatively when developing new solutions for tenants, and to have a relatively small and local property management organization with a large and established contact network to be able to offer tenants rapid responses, personalized service and optimal conditions for their operations.

MARKET PERFORMANCE AND TRENDS

Through its flexible investment strategy, Nyfosa’s property portfolio can change over time as the property market develops. In 2019 we expanded our portfolio with a number of retail properties in expansive locations, a good complement to our other property categories; commercial offices and logistics and warehouse buildings.

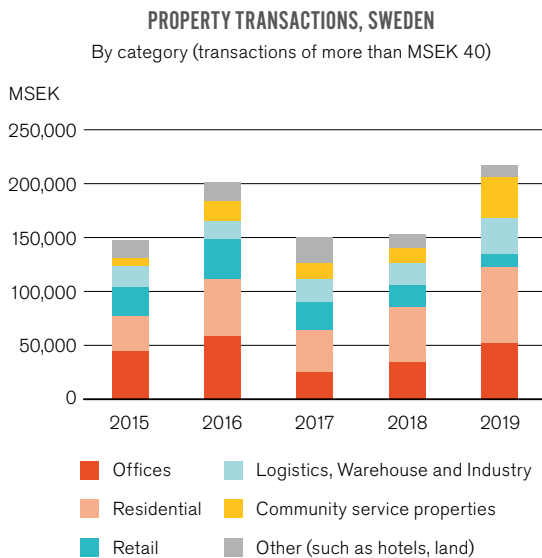
The Swedish property market

In 2019, a large amount of capital was allocated to the Swedish property sector, which is considered to be a relatively risk-free investment in relation to its returns. At the same time, Sweden was still in a historically low interest rate climate, which is not expected to change in the next three years. This resulted in a historically strong transaction market 2019 with a total transaction volume of close to SEK 218 billion, measured in transactions over MSEK 40, which surpassed the previous record year of 2016. A total of 447 property transactions were carried out during the year, corresponding to an average transaction volume of approximately MSEK 490 per transaction.

The transaction volume was driven largely by structure transactions and large individual transactions. During the year, a total of 42 transactions for more than SEK 1 billion were

carried out, a record for the Swedish property market. At the same time, several objects were sold at both peak square meter prices and at record-low yield requirement both within and outside the major cities.

The international investors were highly active in the Swedish property market during the year, representing 30 percent of the total transaction volume. Geographically, Stockholm continued to account for the largest share at 41 percent. Other large cities¹, primarily regional capitals, increased during the year, representing 24 percent of the total transaction volume. Residential properties was the most trade segment during the year ahead of Offices, representing 24 percent of the total transaction volume. Logistics, warehouse and industry continued to increase in transaction volume to 15 percent. Retail properties’ share declined for the second consecutive year, representing 6 percent of the total transaction volume. At the same time, the community service properties segment continued to grow, making up 18 percent of the total transaction volume.



Competitors

With a portfolio comprising largely offices, logistics and warehouse buildings as well as retail properties in several locations in Sweden, Nyfosa faces different competitors in each property category and region. Other operators in the market include international property funds, Swedish listed companies and privately owned property companies.

¹ Other large cities are Borås, Gävle, Helsingborg, Jönköping, Karlstad, Linköping, Luleå, Norrköping, Sundsvall, Umeå, Uppsala, Västerås, Växjö and Örebro.

Market data from Newsec

MARKET

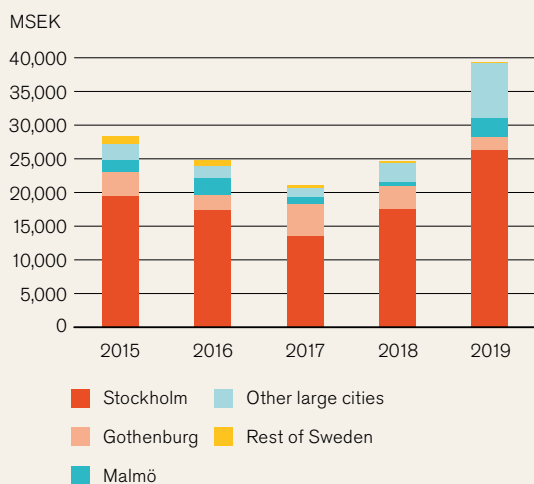
OFFICES

- 24 percent of the total transaction volume in Sweden 2019.
- High demand for office and falling vacancies.
- Limited new builds.

Transactions

In total, the office segment represented about 24 percent of the total transaction volume during the full-year 2019, the equivalent of about SEK 52 billion, and was thereby the property segment that represented the second-largest share of the total transaction volume after residential properties. Office properties are an attractive investment alternative for both domestic and international investors. International investors accounted for some 30 percent of the total transaction volume in 2019. The yield requirement for office properties mainly depends on the location of the property, followed by its condition and the believed development potential for the office premise. Growth cities have experienced a slightly declining yield requirement in recent years and the level varies sharply depending on the property's location and condition. In general, the yield requirement in regional capitals is between 5 and 7 percent. In 2020 and the years to come, office rents are expected to continue to rise, but the growth rate is expected to diminish compared with previous years. The yield requirement is expected to continue to decline, but at a slower pace than previously reported.

PROPERTY TRANSACTIONS – OFFICE
By region (transactions of more than MSEK 40)



Market data from Newsec

Performance and trends in 2019

Office properties performed well in 2019 with declining vacancy rates, high investment appetite and low yield requirements in most areas in Sweden. Service companies are still the main office tenants, with a normal lease term of about three years. Generally, the lease term is longer for new builds and refurbishments, including an interval of five and ten years. At the same time, increasingly more tenants want flexible office solutions and short fixed-term periods in the office market.

The rent level for office properties is primarily determined by the property's location and condition, the office premise's standard, the general market situation, the terms of the lease and the business structure in the area. A higher proportion of service companies creates a larger market for office premises, which in turn drives rent levels. Also, the selection of office premises in the area has a strong impact on the rent level, where a limited selection and high demand drives up the market rent for office premises. During the year, Newsec estimates that rent levels for offices in large and small regional capitals rose by just over 5 percent. Vacancy rates for office premises in Sweden have continued to drop during the year due to the relatively limited new builds of office premises in recent years combined with sustained high demand for offices.



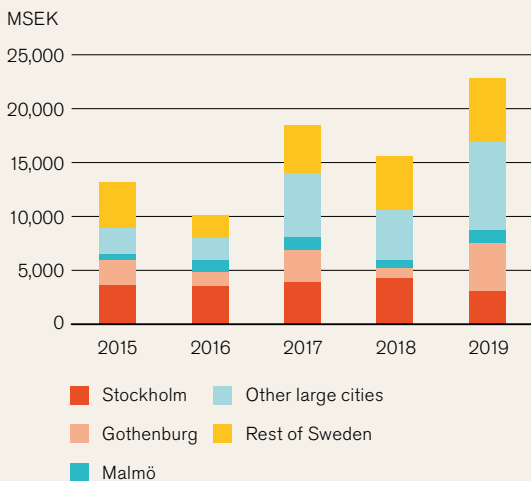
LOGISTICS AND WAREHOUSES

- 15 percent of the total transaction volume in Sweden 2019.
- Stable rent levels and low vacancies.
- Trend toward more digitization and automation.

Transactions

2019 was another strong year for logistics properties in Sweden. The number of speculation developments of logistics projects has been relatively few which has led to very low vacancy rates for the segment. This, combined with an established low interest rate situation and the expanding e-commerce means that the warehouse, logistics and industry segment continue to be an attractive investment alternative. In 2019, the segment accounted for 15 percent of the total transaction volume, an increase compared with 2018. Acquisitions outside the major cities dominated dedicated warehouse, logistics and industry transactions, indicating a high investment appetite for logistics properties spread throughout the country. International investors accounted for a high share of the logistics property transactions at 35 percent of the total volume of dedicated logistics transactions. The yield requirement for the segment continued to drop in 2019 for the most attractive objects. Within Sweden's regional and growth cities, the yield requirement fell heavily during the year and can be found in the 5.00 to 6.50 percent interval.

PROPERTY TRANSACTIONS - WAREHOUSE, LOGISTICS AND INDUSTRY
By region (transactions of more than MSEK 40)



Market data from Newsec

Performance and trends in 2019

Logistics properties are identified as an attractive and long-term investment with tenants with strong credit ratings, long-term leases and sustained high demand. Compared with other property segments, the lease terms are longer, normally within an interval of five to ten years. The rent level for warehouse and logistics buildings is determined by several parameters, including ownership, size, modernity and efficiency. There is also a strong correlation to the property's geographic location and its proximity to logistics clusters and transportation hubs. Rent levels have been very stable in recent years with no major change in rents noted. Vacancies remain at similarly low levels as in previous years.

The robustly growing e-commerce has intensified the competition and shrunk the margins, leading to a greater price awareness concerning rent for premises. The total cost is very important, which is why solutions to minimize transportation and warehouse costs are critical. Furthermore, the total retail sector is not growing at the same rate as e-commerce, thereby limiting demand for additional warehouse space. Increasingly advanced demands are being made for more complex facilities, such as automated sorting and picking systems. Digitization, automation and AI are trends that can enhance the efficiency of warehouse management and thus impact demand for logistics space. The clear trend is that the total floor space will increase as online shopping grows.



MARKET
RETAIL

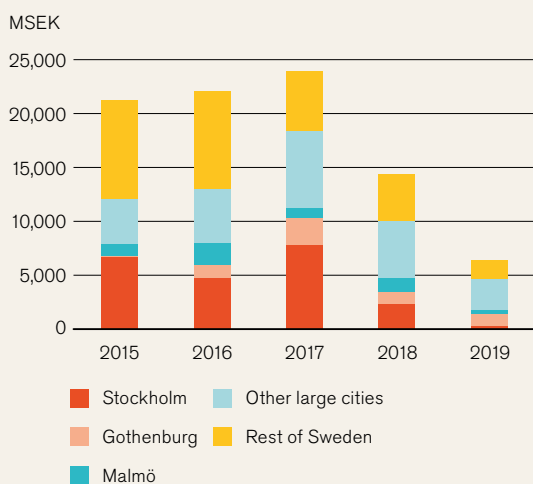
- 6 percent of the total transaction volume in Sweden 2019.
- Two-pronged market—wide distribution in vacancy and rent trend.
- Strong performance in external commercial areas.

Transactions

Retail's halted growth and uncertainty concerning its future development has resulted in a waning interest to invest in the segment. The transaction market for retail properties has shown a decline in volumes since 2016, a trend that also continued in 2019. During the year, only a few dedicated retail transactions were carried out, with most retail transactions partially including other property segments. It is worth noting that investments in shopping malls in Sweden stayed at very low levels. Of the total transaction volume, the retail segment accounted for 6 percent, a considerable downturn compared with earlier years. There is a wide distribution in the yield requirement in Sweden based on the type of retail property and the geographic location. External commercial areas in Sweden experienced falling yield requirements in 2019, while the yield requirement in hypermarkets and shopping malls rose slightly during the year.

PROPERTY TRANSACTIONS – RETAIL

By region (transactions of more than MSEK 40)



Market data from Newsec



Performance and trends in 2019

The physical retail segment has struggled in recent years in connection with major structure changes in the Swedish retail market. Traditional retail has been affected primarily by the strong growth in e-commerce and Swedish retail grew as a whole by 1.2 percent during the year, a slowdown compared with earlier years. The technological shift is tangible in Swedish retail where technical innovations constitute both a threat and an opportunity. In recent years, major progress has been made in many different technical areas and retailers have started to utilize everything from warehouse automation to artificial intelligence.

At the same time, there is a clear division within the retail segment, with vacancy levels for retail properties that vary substantially depending on the property's geographic location. Certain locations, such as external commercial areas, have during the year seen a strong demand for premises and are almost fully leased, while other less attractive areas struggle to both retain and find new tenants, resulting in high vacancy levels. The rent levels are clearly linked to the geographic location of the property and differ also based on the type of retail. In total, rent levels for retail properties showed a negative trend with a 3 percent decrease in 2019, while some retail continues to experience a favorable trend. Retail that has a large catchment area and a lot of people moving around the area, such as certain external commercial areas, have experienced a 5 percent increase in rent levels in 2019.

HIGH-PACED TRANSACTIONS

With a market-centric organization, employees with documented transaction know-how and long experience of assessing risks, Nyfosa can swiftly evaluate and implement a large amount of transactions, as we proved in 2019.

High activity level

Nyfosa's focus is, alongside developing our properties, to implement transactions. We are well equipped to evaluate a large number of potential acquisitions in parallel, thereby facilitating a larger selection and increasing the chances of a positive conclusion. Proactive and reliable, Nyfosa is an attractive partner for property owners, banks, advisors, and other players in the industry. There is a great deal happening at Nyfosa and the market likes that. This in return, can generate business. These are a few of the reasons that Nyfosa stands out in the Swedish property market. Nyfosa has favorable opportunities for flexible financing which benefits us in transaction operations. The strong liquidity and financial position provide a solid platform for us to act quickly in an acquisition situation and the capacity to invest in value-creating projects in the existing portfolio to improve profitability.

Broad strategy that opens up opportunities

We continuously evaluate and restructure Nyfosa's property portfolio to optimize the property portfolio and develop its composition. This creates the optimal levels of risk and yield. Emphasis is on identifying business opportunities that lead to a portfolio of properties that have stable cash flow and development potential with limited risk. Mixed property portfolios comprising different categories of properties or geographic spread suits Nyfosa well. There is generally less competition for such portfolios since few corporate strategies allow for this type of acquisition. Instead, we see the opportunity to find value and stable cash flows at a limited risk.

Local presence generates business

Nyfosa's transaction organization has the expertise, creativity and resources to identify and realize the business opportunities that arise. During the year, the transaction team has been reinforced with several talented employees and thereby tailored to suit the volume of transactions we want to be able

to handle. Transaction operations are also largely based on a model whereby Nyfosa's transaction department and broad nationwide property management organization work closely together to identify interesting business opportunities. We rarely find the best deals in open-market transactions. Instead, many leads are often generated directly through our contacts.

Careful analysis and risk assessment

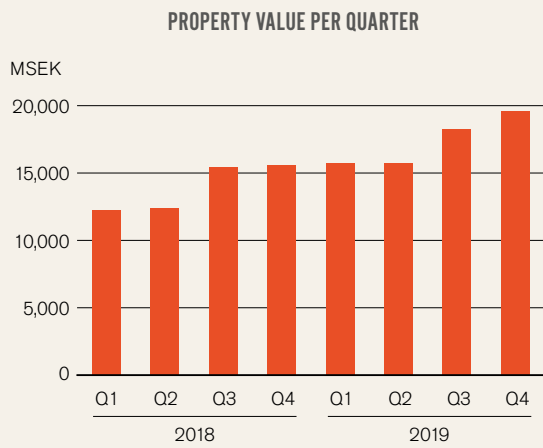
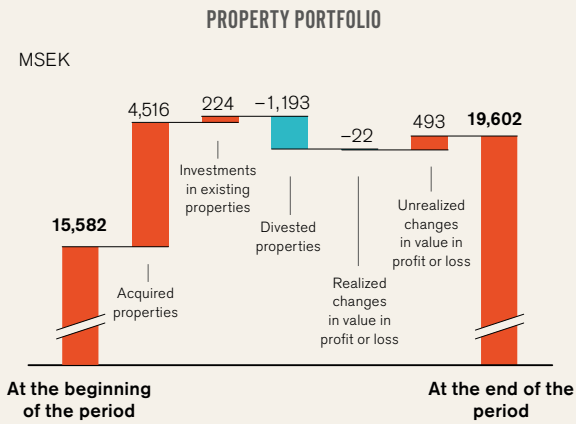
In our operations, we follow a well-established transaction process for implementing property transactions in a business-like and efficient manner, and ensuring that Nyfosa can act when deals arise. A considerable volume of business opportunities is always under review and an acquisition process can take from a few weeks to several years, depending on the complexity and other circumstances. Prior to a potential acquisition, we always analyze the transaction based on its unique potential. Great emphasis is placed on assessing its development potential and on identifying, evaluating and managing any risks associated with the property and the portfolio. One particularly important factor that is given special consideration is the opportunity for Nyfosa to add further value.

Nothing is too big; nothing is too small.

Transactions 2019

2019 was a very transaction-based year. Nyfosa carried out transactions for a value of approximately SEK 5.7 billion in total, of which divestments accounted for approximately SEK 1.2 billion. This means that we increased our net property portfolio by approximately 26 percent since the listing in November 2018. The acquisitions comprise several portfolios and individual acquisitions of properties within various categories. During the year, Nyfosa also established itself in the retail category through the acquisition of retail properties in expansive locations in Luleå, Borås and Västerås.

CHANGES IN THE PROPERTY PORTFOLIO



ACQUIRED PROPERTIES 2019

Municipality	Property	Category	Area, thousand sqm
Borlänge, Malmö, Örebro and others	18	Offices	97
Haninge, Linköping and others	18	Logistics/Warehouse	115
Borås, Luleå, Västerås and others	4	Retail	75
Gothenburg, Helsingborg and others	28	Other	129

DIVESTED PROPERTIES 2019

Municipality	Property	Category	Area, thousand sqm
Gnosjö, Luleå, Malmö and others	4	Offices	14
Malmö, Stockholm	7	Logistics/Warehouse	27
Stockholm, Uddevalla and others	5	Other	27



“Örebro is an example of a market that is growing and developing, which offers exciting opportunities for Nyfosa. Through a portfolio acquisition in 2019, the existing portfolio in Örebro gained an additional 13 properties and we now have a stable platform in the region, both in regard to our property portfolio and our management organization.”

**- HENRIK ANDRÉ,
REGIONAL MANAGER
ÖREBRO**

STOR- HEDEN

—A THRIVING COMMERCIAL AREA

Storheden just outside Luleå is one of Norrland's largest external commercial areas with popular shops and a growing number of visitors. In September 2019, Nyfosa took possession of two retail properties in Storheden, thereby becoming one of the region's largest property owners with established chains as tenants. The vision now is to create an even more attractive and profitable commercial area in the future.

ACQUISITION FACTS

Property value

MSEK 325

Annual rental income

MSEK 30.2

Leasing rate

95%

Area

26,500 sqm

Closing date

September 30, 2019



Storheden is an external commercial area just outside downtown Luleå and one of Norrland's largest retail areas. It serves as a hub for retail in Norrbotten and attracts visitors from more cities than just Luleå. One of the reasons for this is its strategic location close to the E4 highway and a generous selection of attractive shops and chain stores. It is also home to Arcushallen, one of Europe's largest indoor arenas, as well as a number of other nearby attractions.

The two retail properties that Nyfosa acquired in Storheden are centrally located in the commercial area. Tenants include established, popular chains such as Coop Norrbotten, Dollarstore and Clas Ohlson, all of whom have long leases, which is an important aspect for Nyfosa. At the same time, there is vast potential for development in the area.

"We view Storheden as an attractive commercial area in which to own properties. The area stands out competitively and Luleå has a positive trade index in combination with population growth. It is a sound commercial area and the properties give us a good cash flow. We also see exciting opportunities to enhance Storheden and make it an even more attractive venue," says Stina Lindh Hök, COO of Nyfosa.

FLEXIBLE COMMERCE WITH VAST DEVELOPMENT POTENTIAL

As the new property owner of Storheden, it makes sense that Nyfosa is analyzing the area's potential for development from

a long-term perspective. Soon after the closing date at the end of September, Nyfosa initiated the Vision Storheden project together with local players such as municipality officials, the university, residents and other property owners. The starting point was to develop new insight into future commercial areas.

"The commercial areas of tomorrow will probably look different than they do today. It is therefore important that we as operator of Storheden follow the trends and draft a vision for how we can make the area as exciting and as popular in the future," comments Kent Wiklund, Head of Project Development and sustainability issues at Nyfosa.

THE COMMERCIAL AREA OF TOMORROW

Practically speaking, the project is tasked with drafting a vision for how Storheden can evolve within a 2030 time horizon. Retail as a business area is undergoing massive change and Nyfosa has evidence of large-scale potential in physical retail, though it will probably in the future look different than it does today. Sustainability and digitization have changed how we shop, gather information and ultimately, how the entire retail industry functions.

"We are in a constant state of learning, both with our tenants and with current research in, among other areas, urban development. It's about questioning ourselves and ingrained patterns and solutions at every turn. In this way, we can meet tomorrow's challenges early and ensure long-term value for tenants and shareholders," comments Kent Wiklund.

Meetings with the local players and an inventory of the area has also resulted in a development plan for Storheden that includes both large-scale and small initiatives, ranging from repainting pedestrian crossings and sowing grass to the development of sustainability, ecology and digitization.



RETAIL—A GOOD COMPLEMENT

Nyfosa also acquired retail properties in Borås and Västerås during the year. In a time of uncertainty in regard to the potential and future of retail, Nyfosa's acquisition of retail properties has met with a few raised eyebrows and questions as to our reasoning behind the investments. According to Stina Lindh Hök, the answer

is quite simple.

"Nyfosa will acquire properties that have stable cash flows at a limited risk. We can find these among retail properties too—particularly with tenants in, for example, the grocery segment, who are in established locations

with growth and long leases, such as in Storheden.

Nyfosa's ambition is not to become a major retail owner, but we believe that retail properties such as the ones in Storheden are a good complement to our growing property portfolio.

"IT IS A SOUND COMMERCIAL AREA AND THE PROPERTIES GIVE US A GOOD CASH FLOW."



Why retail?

- 1 Good returns at a limited risk
- 2 Positive developments within certain retail
- 3 Low competition



“When it comes to the management organization, Nyfosa has an extremely dynamic team that can quickly shift its focus on categories and geography as needed. We cover large areas and are ready to quickly let go of existing properties or take in new properties in our management when they are acquired.”

**– GUNNAR LARSSON,
REGIONAL MANAGER, STOCKHOLM**

WE DEVELOP PROPERTIES AND RELATIONSHIPS

Nyfosa works in a variety of ways to add value for tenants and to increase the value of the property portfolio. We believe in a creative and opportunity-oriented approach, starting from each individual property's conditions. Our starting point is to take a long-term and sustainable approach.

Nyfosa's management is focused on developing the existing property portfolio in close collaboration with our tenants. By focusing proactively on the properties, we can meet the tenants' changing needs by finding smart solutions and sustainable investments.

Nyfosa's property portfolio offers many, exciting development opportunities that we have taken a collective hold on during the year. The starting point is evaluating how we can contribute to adding long-term value for the tenant and increase the value of the property portfolio. This task includes identifying how we can optimize the properties from a sustainability perspective, which is often closely linked with other value-creating initiatives.

We are close to the tenants

Nyfosa can build long-term relationships with tenants by ensuring that they are satisfied and feel secure in carrying out their operations in Nyfosa's premises, regardless of the type of property, location or use. For us, this involves being

accessible, providing the service expected at the agreed time and ensuring the quality of maintenance and upkeep. It should be easy to reach the property managers and tenants should receive quick and straightforward responses. Nyfosa's property managers have a great deal of personal responsibility and a clear mandate to make decisions. This enables the local organization to make swift decisions within its region, including investments up to a certain limit. This is something we believe leads to greater efficiency, wise decisions and good service for our tenants. Property management also involves actively working close to the market to lease vacant premises.

Nyfosa conducts its management operations using its own personnel in key roles and by purchasing external services as needed. Our own employees mainly work in the core areas of relationships with tenants, technical management and leasing. External resources are mainly used for property operations, maintenance, upkeep and development.

Evaluate each property's unique development potential

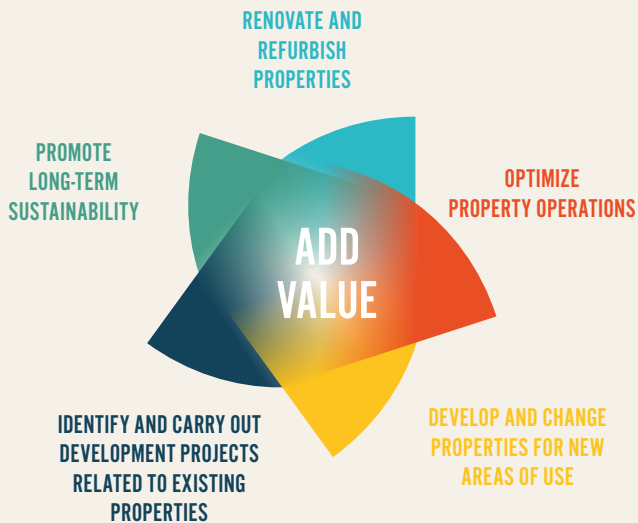
Nyfosa exists throughout the country

Nyfosa has a broad geographic presence in Sweden with properties in 60 municipalities. We have our own property management office—currently nine offices—in key locations with a large property portfolio. During the year, we set up a new office in Sundsvall that is in charge of our northernmost properties, and we took over a property management office in Örebro as part of a large portfolio acquisition. As of March 2020, we also have an office in Karlstad after taking possession

of a property portfolio comprised of properties mainly in the city. With many experienced employees in our property management organization and a structured management process, handling properties in many locations runs smoothly and we have close relationships with our tenants. We have sound knowledge of and a large contact network in many locations where it is represented. This increases the possibility of finding new tenants and areas of use for vacant spaces, or further transactions in the location.



NYFOSA ADDS VALUE IN SEVERAL WAYS



RENOVATE AND REFURBISH PROPERTIES

Nyfosa's property portfolio generally maintains a high level of quality, although there are some properties in need of refurbishment and renovation. There is good potential and clear incentives for us to carry out these investments since it generally means a lease with a long lease term and high rent levels. It is usually a question of modifying the premises to create more modern and functional areas for the tenant in conjunction with moving in or extending a lease. At the same time, it opens opportunities to create more efficient and sustainable operations. One relevant project is the vacant property in central Luleå where we will be renovating office premises for the municipality of Luleå in 2020, which signed a ten-year lease.



OPTIMIZE OPERATIONS

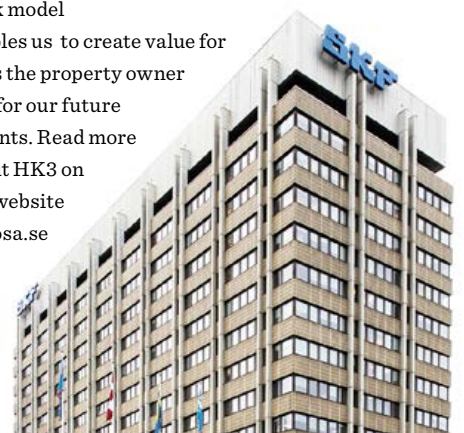
In 2019, Nyfosa embarked on a more systematic analysis of the property portfolio to identify the potential to optimize property operations. Our goal is that all our properties will be evaluated on optimizing operations in regard to the use of energy and water in 2020. Examples of measures to achieve more efficient operations include investing in updated operations and heating systems as well as the installation of solar cell facilities and geothermal heating. In 2019, we carried out a project that involved installing geothermal heating in several properties. This is a cost-efficient source of energy that has no negative climate impact.

PREPARING FOR NEW TENANTS IN GAMLESTADEN, GOTHENBURG



IN 2020 SKF will move from its previous headquarters in Nyfosa's property HK3, located in the district of Gamlestaden just outside central Gothenburg. Nyfosa is developing the property in conjunction with this to meet future needs and tenants in the district, which is morphing into a new, vibrant part of the city. Our ambition is to create a walking town with workplaces and housing paired with a center for retail, service and entertainment. Built in 1967, the building has many well-preserved features, designed by the architect Gustaf Lettström who can rank many famous properties on his list of merits. The building's high-class material makes it an ideal property for tomorrow that requires a minimum of changes to the exterior and public spaces on the ground floor.

Nyfosa has commissioned Wingårdh architect firm to make a study of the building that has a given landmark position in the district. The work model enables us to create value for us as the property owner and for our future tenants. Read more about HK3 on our website Nyfosa.se



DEVELOP AND CHANGE PROPERTIES FOR NEW AREAS OF USE

In its leasing activities, Nyfosa also analyzes the potential to change the properties' areas of use to create the best conditions for attracting new tenants. When a city changes over time or new forms of communication evolve, what was once an office hotel may be better suited for retail and restaurants, or for a school. Nyfosa works to change the zoning plans and thereby facilitate such a change. One project in which we are developing the premises for different types of activities is SKF's former headquarters in Gamlestaden, Gothenburg. For more details, see the previous page.

IDENTIFY AND CARRY OUT DEVELOPMENT PROJECTS RELATED TO EXISTING PROPERTIES

Nyfosa continuously analyzes how each property can be developed, for example by conversion and extensions. A project may originate in the fact that a tenant's business is growing and there is a need for larger and better suited premises. At that point, Nyfosa assesses whether a conversion of the existing property or an extension on adjacent land is an option. Nyfosa also has large projects that involve the development of an entire district, including public spaces and outdoor spaces surrounding the properties. One such large-scale urban development project is currently underway in the Kopparlunden area in Västerås where Nyfosa owns two properties. Read below for more information. These project plans can then be realized by Nyfosa or be included as a value-creating opportunity for the next owner when the property is sold.

PROMOTE LONG-TERM SUSTAINABILITY

Nyfosa focuses on the management and development of properties that have a favorable influence on the immediate environment and community in which we operate, and that contribute to sustainability. We do this because we can see that it adds value at many different levels. In property management we work in vulnerable areas, for example, to find an approach that helps to cultivate safe, secure and attractive areas, such as the BID Model in the Malmö neighborhood Sofielund. Read more on page 41. In Värnåmo, where Nyfosa owns several properties in the center of town, we work to create a vibrant, green oasis that offers housing next to the railway to provide easy access to sustainable travel. We describe in greater detail how Nyfosa works to promote long-term social and environmental sustainability in our Sustainability Report on pages 34–64.



FROM INDUSTRY TO NEW DISTRICT IN KOPPARLUNDEN, VÄSTERÅS

IN THE CENTER OF VÄSTERÅS lies Kopparlunden, a historic industrial area that dates from the late 1800s and can now look forward to a revival. Over the next few years, Kopparlunden will morph into a dense, vibrant and attractive district in which new buildings, streets, parks and yards will be added with

respect to the area. Nyfosa plans to develop the properties Verkstaden 6 and 8. This will include the planned addition to Verkstaden 8 and new districts for housing, buildings in the center and businesses. The area is currently home to a variety of businesses comprised mainly of offices, small busi-

nesses and culture. As of 2018, Kopparlunden is covered by the National Heritage Board's program for cultural environment U24 Västerås. The development project for Nyfosa's properties will be done in collaboration with the architects Ahrbom and Partners.



“Given Nyfosa’s cash flow focus, we see the advantages of a diversified portfolio. Rather smaller properties in different categories with several tenants, high-yield and thus locations outside the city centers of Stockholm, Gothenburg and Malmö.”

– ANDREAS KAVELAND,
REGIONAL MANAGER GOTHENBURG



SPREAD OF RISKS WITH BROAD PRESENCE

Nyfosa acquires, manages, adds value to and sells properties throughout Sweden. The property portfolio, comprised primarily of commercial properties within offices and warehouse/logistics, was supplemented during the year with a small share of retail properties. In addition, Nyfosa owns 50 percent of the property company Söderport that has office and industrial properties in the Stockholm and Gothenburg regions.

Nyfosa's properties are broadly distributed in terms of both geography and different categories of properties. Geographically speaking, most properties are situated in high-growth municipalities and at important transportation hubs in Sweden. A presence in large parts of the country provides us with a broad contact network with potential tenants and property players, and thereby a key platform for identifying and carrying out property transactions. Moreover, the geographic span of the portfolio spreads risks favorably, at the same time as the company's rent and property valuation levels generally remain stable due to the location of most of the properties outside the central areas of the major cities. With a property portfolio

comprising both offices and warehouses/logistics, to which was added a certain degree of retail properties in 2019, Nyfosa has a broad span even in terms of property categories.

Nyfosa's property portfolio

At year-end, the property portfolio comprised 230 properties with a total property value of SEK 19.6 billion and a rental value of MSEK 1,740 with a leasable area of 1,877 thousand sqm. In addition to the wholly owned property portfolio, Nyfosa owns 50 percent of the property company Söderport. Söderport's properties are not included in the tables and diagrams below but are presented separately on pages 30–31.

TOTAL PROPERTY PORTFOLIO

230

NO. OF PROPERTIES

1,877 thousand sqm

TOTAL LEASABLE AREA

SEK 19.6 billion

PROPERTY VALUE

SEK 1.7 billion

RENTAL VALUE

91%

ECONOMIC LEASING RATE

Tenants and lease structure

The risk in Nyfosa's portfolio is limited due to the large number of tenants divided among 3,123 leases, including garages and parking spaces, and with no dependence on a single large tenant. On December 31, 2019, the ten largest tenants accounted for about 16 percent of Nyfosa's rental income, divided among 161 leases. The average remaining lease term in the portfolio was 4.1 years.

Rental income and property expenses

Nyfosa's rental income normally includes rent supplements, for example, for property tax, heating and electricity costs that are invoiced onward to tenants. Nyfosa's largest property expenses include operating expense items that pertain to heating, water, electricity and property upkeep. Other operating expenses mainly pertain to insurance, guard services and waste management. At Nyfosa, we work continuously on energy-saving operations and maintenance measures in the property portfolio to both reduce the costs and restrict the environmental impact of Nyfosa's and its tenants' operations. Another category of property expenses that are charged to operations is maintenance costs. Planned and ongoing maintenance is carried out continuously to retain the condition and standard of the properties. Property expenses also comprise the property tax imposed by the government, which currently amounts to 1.0 percent of the tax assessment value

for non-residential properties and 0.5 percent for industrial properties. Nyfosa's costs for property administration consist primarily of expenses for charging rent, leasing, project management and marketing.

NYFOSA'S LARGEST TENANTS

December 31, 2019

	Rental income, MSEK	Percentage of total rental income, %	Number of leases	Average remaining term, years
Telia Sverige AB	44	3	36	2.6
Saab AB	35	2	8	8.8
Förlagssystem JAL AB	26	2	1	6.0
If Skadeförsäkring AB (publ)	23	1	5	7.1
DSV Solutions AB	22	1	2	7.2
City Gross Sverige AB	22	1	3	5.4
Municipality of Örnsköldsvik	22	1	70	3.6
SKF Sverige AB	22	1	1	0.9
JF Hillebrand Logistics AB	18	1	1	2.8
PostNord Sverige AB	18	1	34	7.3
Other	1,330	84	2,962	3.9
Total	1,581	100	3,123	4.1

3,123

LEASES INCLUDING GARAGES AND PARKING SPACES

16%

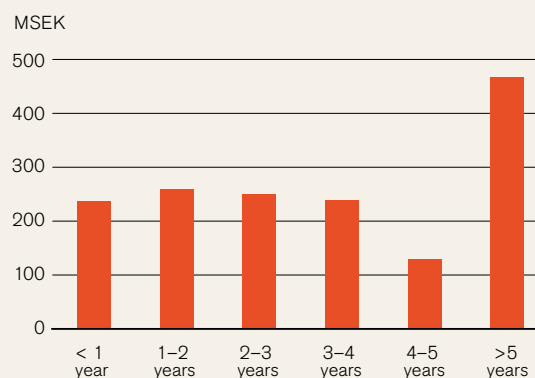
RENTAL INCOME TEN LARGEST TENANTS

4.1 years

AVERAGE REMAINING LEASE TERM

LEASE MATURITY STRUCTURE

December 31, 2019



Earnings capacity

Given the ambition of growing rapidly, the company's earnings capacity is an important measure for presenting Nyfosa's estimated earnings. The earnings capacity is stated for a specific point in time and based on certain assumptions. It must not be confused with a forecast and only serves as a basis for gaining an impression of the company's future earnings based on the existing property portfolio. Nyfosa's expected earnings capacity increased in 2019 from MSEK 834 to MSEK 989.

GROUP'S EARNINGS CAPACITY

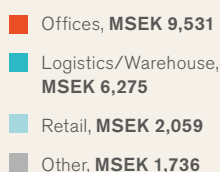
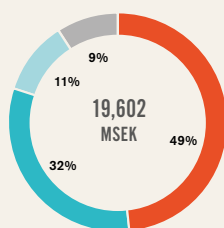
MSEK	Dec 31, 2019	Dec 31, 2018
Rental income	1,563	1,267
Property expenses	-437	-362
Property administration	-39	-32
Net operating income	1,088	872
Central administration	-75	-65
Share in profit of joint ventures	208	180
Financial expenses	-231	-153
Profit from property management	989	834

The company's current earnings capacity on a 12-month basis on December 31, 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,

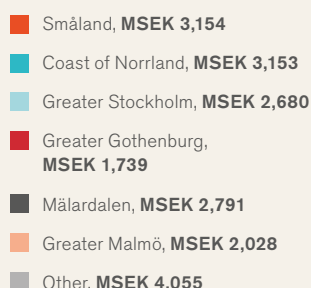
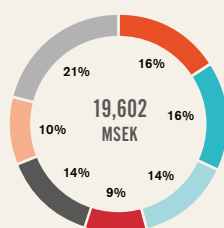
interest rates, changes in value or other factors impacting earnings. The data does not include the possible effects of property transactions. The current earnings capacity must be considered together with other information in the year-end report. The following information is used as the basis for assessing current earnings capacity:

- annual rental income (including supplements and taking rent discounts into account) for leases registered on the balance-sheet date, 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, 2019, including allocated opening charges, a total of 2.0 percent. The item also includes ground rent.

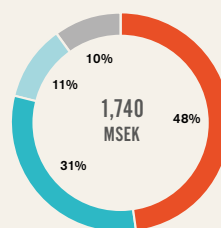
PROPERTY VALUE BY CATEGORY



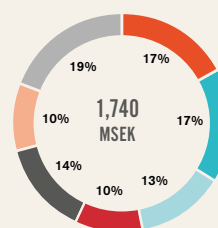
PROPERTY VALUE BY REGION¹



RENTAL VALUE BY CATEGORY



RENTAL VALUE BY REGION¹



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

OFFICES



1. Sicklaön 358:1, Nacka 2. Strandskajen, Övik 3. Snödroppen 2, Gothenburg

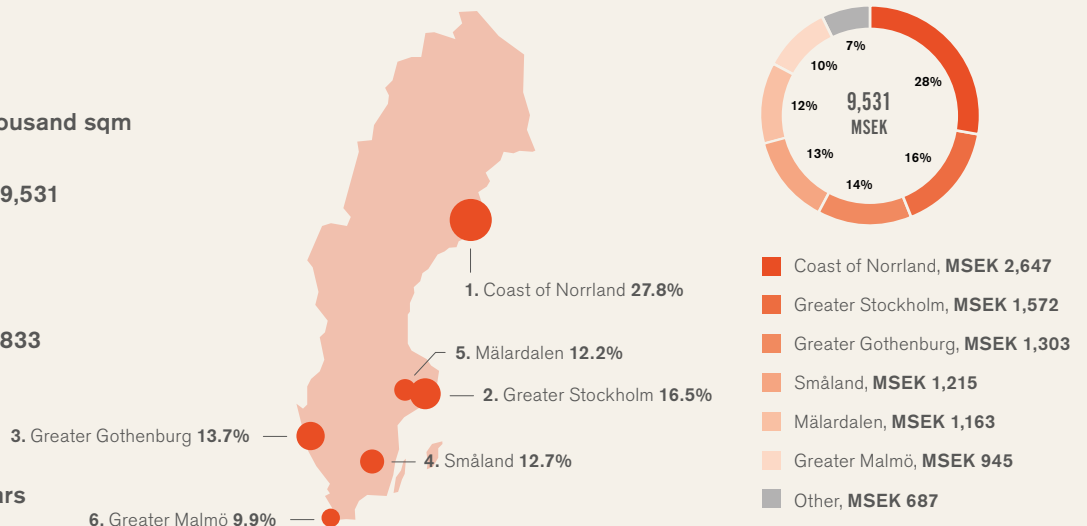
Nyfosa's office properties are mainly situated in Swedish high-growth municipalities such as Mölndal, Örnköldsvik, Sundsvall, Västerås and Växjö. Most of the office properties are of a high quality in central locations in each town with a mix of large complexes and small individual properties. A large share of the tenants are long-term tenants that renew

their leases to a high degree. These office properties are typically highly marketable, meaning that interest from other players in acquiring this type of property is generally considerable, particularly among local property owners. Nyfosa also sees solid potential for adding value to the property portfolio and increasing the leasing rate.

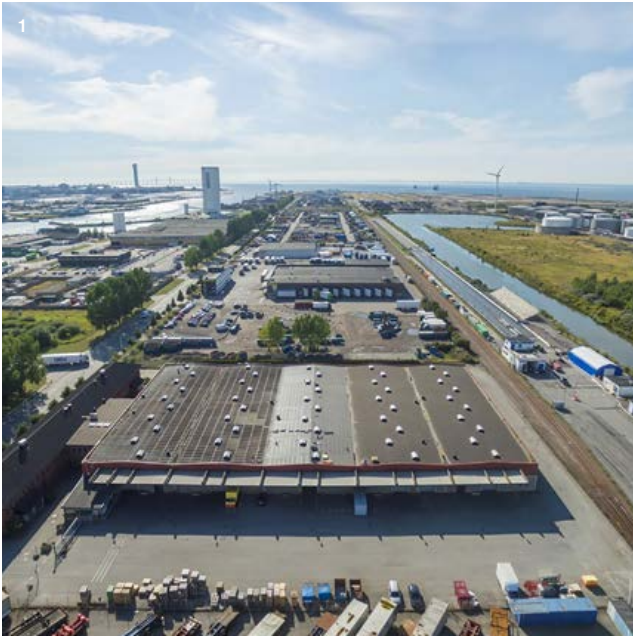
KEY FIGURES FOR OFFICES

No. of properties	88
Total leasable area	667 thousand sqm
Property value	MSEK 9,531
Percentage of total property value	49%
Rental value	MSEK 833
Economic leasing rate	90%
Average remaining lease term	3.2 years

PROPERTY VALUE FOR OFFICES BY REGION



LOGISTICS/WAREHOUSE



1. Eggegrund 6, Malmö 2. Örja 1:21, Landskrona 3. Terminalen 1, Växjö

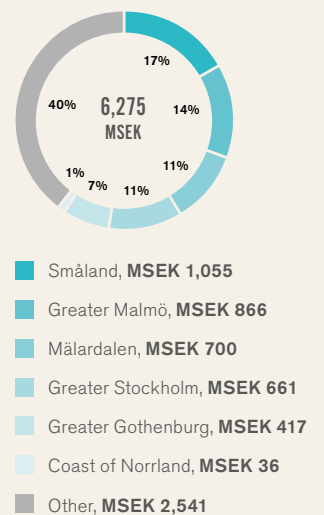
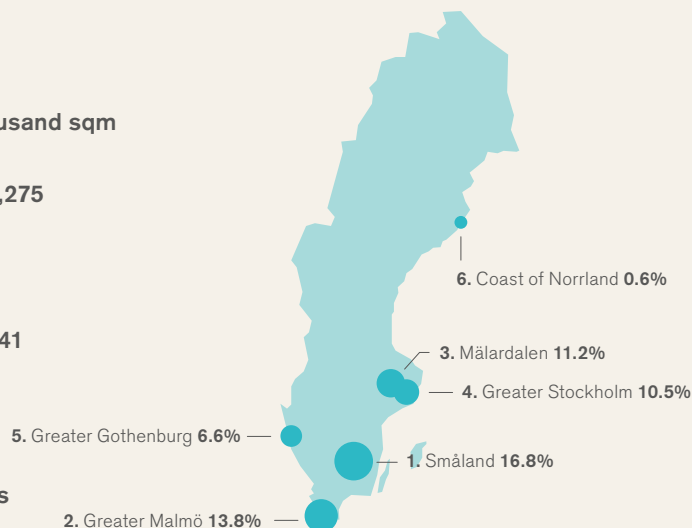
Nyfosa's logistics and warehouse premises are located in towns that are transportation hubs in Sweden, such as Malmö, Landskrona, Haninge, Borås and Växjö. The properties are predominantly modern logistics buildings with a highly flexible range of applications. Modern logistics properties are optimized for logistics operations and the factors distinguishing them from older properties include

high ceilings, pillar systems that do not restrict operations and flexible loading docks and cargo ports where the height can be adjusted to accommodate different types of goods vehicles. The warehouse buildings are of normal standard and Nyfosa sees high potential for adding value to the portfolio of warehouse properties.

KEY FIGURES FOR LOGISTICS/WAREHOUSE

No. of properties	79
Total leasable area	834 thousand sqm
Property value	MSEK 6,275
Percentage of total property value	32%
Rental value	MSEK 541
Economic leasing rate	92%
Average remaining lease term	4.6 years

PROPERTY VALUE FOR LOGISTICS/WAREHOUSE BY REGION



RETAIL



1. Storheden 1:37, Luleå 2. Filtret 6, Borås 3. Golvläggaren 2, Värnamo

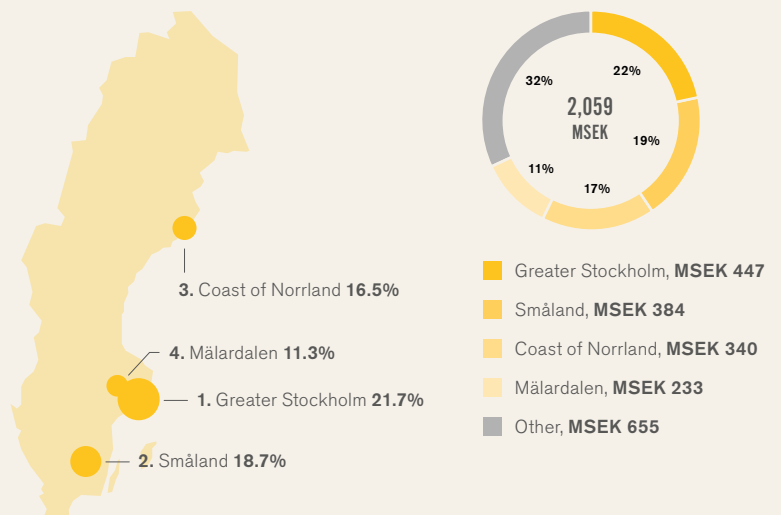
Most of Nyfosa's retail properties are situated in expansive and popular external commercial areas in attractive locations close to public communication. These retail cities are primarily Värnamo, Luleå, Borås, Västerås and Huddinge. Most of retail properties are situated in expansive and popular external commercial areas in attractive locations close to public communication. Tenants include mainly established food, DIY and

gardening chains. Nyfosa views select retail properties to be a good complement to other property categories with return and risk profiles that match Nyfosa's property portfolio. Nyfosa sees good opportunities for adding value to existing retail properties and contributing to the value-adding development of the external commercial areas in which these are located.

KEY FIGURES

No. of properties	21
Total leasable area	171 thousand sqm
Property value	MSEK 2,059
Percentage of total property value	11%
Rental value	MSEK 187
Economic leasing rate	91%
Average remaining lease term	5.2 years

PROPERTY VALUE RETAIL BY REGION



OTHER



1. Bronskragen 4, Malmö 2. Flundran 4, Värnamo 3. Karossen 19, Örebro

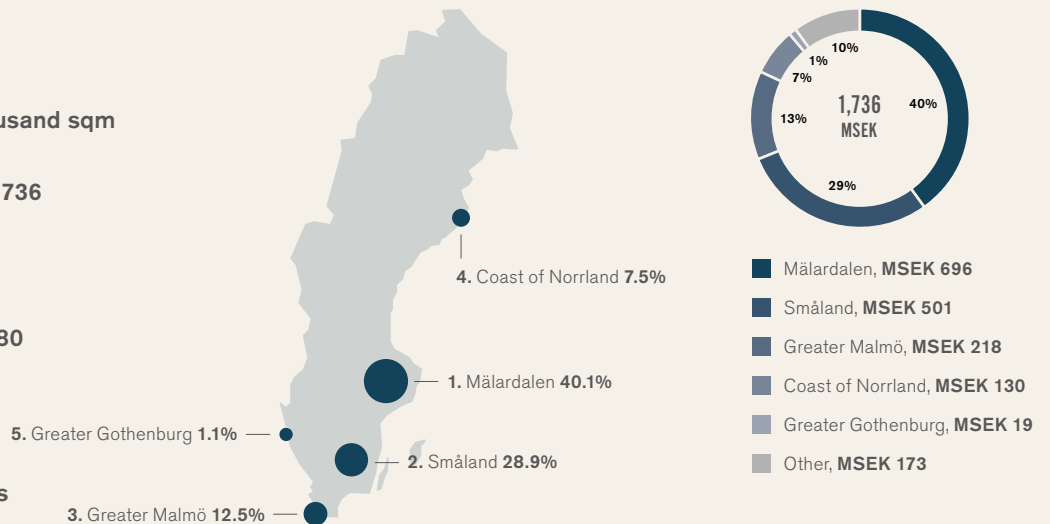
Nyfosa also owns a small number of properties in other categories, such as premises for retail activities, hotel operations and industry in towns including Värnamo, Uddevalla, Huddinge and Växjö. The properties in this category are also located in towns where Nyfosa can capitalize on positive

population growth and a local network of contacts that can generate business for the company. Examples of towns that have properties within the Other category are Örebro, Växjö, Malmö, Värnamo and Uppsala.

KEY FIGURES FOR OTHER

No. of properties	42
Total leasable area	205 thousand sqm
Property value	MSEK 1,736
Percentage of total property value	9%
Rental value	MSEK 180
Economic leasing rate	92%
Average remaining lease term	5.2 years

PROPERTY VALUE FOR OTHER BY REGION



SÖDERPORT – JOINT VENTURE

In addition to the wholly owned property portfolio, Nyfosa holds shares in the property company Söderport Holding AB. Söderport is jointly owned with property company Sagax (50 percent holding each). Ownership is governed by shareholders' agreements giving both owners equal power of decision, meaning that neither partner has a controlling influence. Söderport is thus a joint venture and Nyfosa's share in Söderport's profit 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. 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 and a small part of property management is procured from Nyfosa.

The year's developments

Söderport's property portfolio increased in value by SEK 3.2 billion in total in 2019, amounting to SEK 10.8 billion at the close of the year.

The single largest acquisition during the year was the acquisition of 15 properties for MSEK 1,390 from Nyfosa and Sagax made in the second quarter. The acquisition included nine properties from Nyfosa for MSEK 722 and six properties from Sagax for MSEK 668. The properties, located in Stockholm, comprise a total leasable area of 73 thousand sqm, of

which just over half are in Årsta, Stockholm. Söderport already owns 17 properties in Årsta and Västberga that comprise 225 thousand sqm leasable area. Thus, this transaction lays the ground for more efficient property management. The rental value amounts to MSEK 97. Tenants such as Dagab Inköp och Logistik AB, Clafra AB and Mobility Motors Sweden AB lease space in the properties acquired during the year.

During the year, Söderport divested properties in Torslanda, Gothenburg, valued at SEK 2.3 billion to the part-owned listed one-property company Torslanda Property Investment AB, thus laying the foundation of a new property company. When Torslanda Property Investment paid part of the purchase consideration in the form of newly issued shares, it means that Söderport's participating interest in the company increased from 28.6 percent to 78.4 percent. Accordingly, Torslanda Property Investment has been consolidated as a subsidiary in Söderport's financial statements.

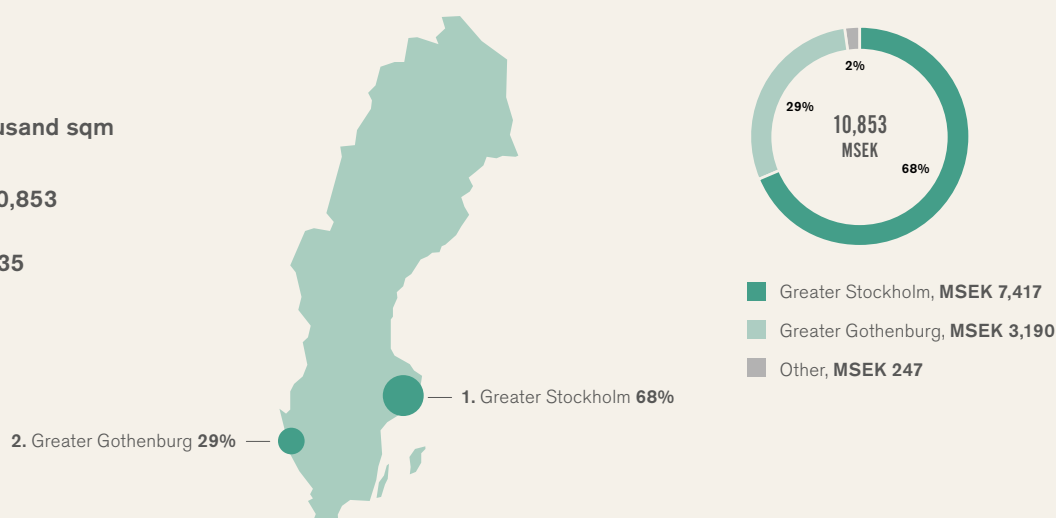
Torslanda Property Investment

Torslanda Property Investment AB is a Swedish property company that owns, manages and leases properties in Gothenburg. The property portfolio, comprising a total of seven properties for a value of SEK 3.0 billion at year-end, is fully leased. The properties have a total leasable area of 194 thousand sqm and primarily comprise office premises with Volvo Cars as the dominant tenant. A CEO of the company was recruited in autumn 2019. Torslanda Property Investment has a management agreement with Sagax and

KEY FIGURES FOR SÖDERPORT

No. of properties:	80
Total leasable area	761 thousand sqm
Property value	MSEK 10,853
Rental value	MSEK 835
Leasing rate	96%

PROPERTY VALUE FOR SÖDERPORT BY REGION



Nyfosa, which are responsible for financial administration and property management.

The Torslanda Property Investment share has been traded on Nasdaq First North Growth Market since January 2015. The last price paid on December 30, 2019 was SEK 191.

SÖDERPORT'S LARGEST TENANTS

December 31, 2019

	Rental income, MSEK ¹	Share, %	Number of leases	Average weighted remaining lease term, years
Volvo Personvagnar AB	207	26	27	6.7
Volvo Truck Center Sweden AB	27	3	7	8.5
Bring Cargo International AB	23	3	2	1.7
Nya BrandFactory AB	19	2	3	6.8
Kakelspecialisten i Stockholm AB	18	2	1	1.1
Bavaria Sverige Bil AB	16	2	2	8.8
Shiloh Industries AB	12	2	1	2.5
Opus Bilprovning AB	12	1	7	1.7
K.G.M. Datadistribution AB	10	1	2	3.0
Strukton Rail AB	9	1	2	4.8
Other	458	56	1,165	3.6
Total	811	100	1,219	4.6

1) Rental income before rent discounts.

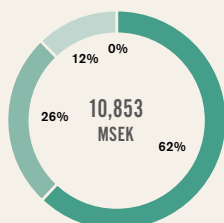


Linjen 1, Huddinge



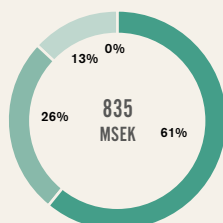
Varubalen 3, Stockholm

PROPERTY VALUE



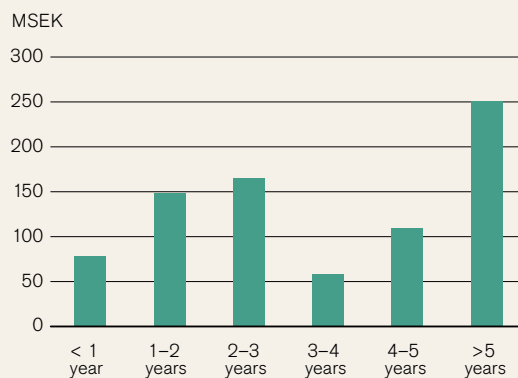
- Warehouse, MSEK 6,716
- Offices, MSEK 2,866
- Industry, MSEK 1,262
- Other, MSEK 10

RENTAL VALUE



- Warehouse, 508 MSEK
- Offices, MSEK 220
- Industry, MSEK 106
- Other, MSEK 1

LEASE EXPIRY FOR SÖDERPORT



NYFOSA TAKES ITS PLACE IN ÖREBRO

Örebro has stepped up as an important city for Nyfosa through a major acquisition in 2019. With our own property management staff in what is a growing municipality, our ambition is both to develop existing properties and continue to grow.

FACTS PORTFOLIO ACQUISITION

Property value
MSEK 1,570

Annual rental income
MSEK 139.5

Area:
Approx. 23,000 sqm

Closing date
August 30, 2019



GEOGRAPHIC SPREAD SUITS NYFOSA

Nyfosa closed one of the year's largest acquisitions—a transaction that in many ways illustrates how Nyfosa conducts its transaction operations—in August. With 21 commercial properties located in several cities in southern Sweden including Örebro, Malmö, Växjö and Haninge, it is a mixed portfolio both geographically and in terms of property categories. The largest part comprises office properties, but warehouse and logistics properties are also part of the portfolio. Not quite as many players are normally interested in this type of broad portfolio, which gives Nyfosa an advantage.

“For Nyfosa, the broad geographic spread was not an issued; on the contrary. It suits us perfectly since we already have properties in several of these cities and we gained a strong platform in Örebro. The fact that we acquired a talented management organization in Örebro was the crowning jewel in this acquisition,” comments Stina Lindh Hök, COO of Nyfosa.

“The acquisition is also a clear example of Nyfosa's flexible strategy of not imposing any restrictions in terms of a certain region or category. Our strategy allows us to find attractive transactions,” Stina Lindh Hök continues.

A CITY OF GROWTH

Örebro is an expansive city that is growing at a record rate and has climbed in ranking to Sweden's sixth largest municipality. While other parts of the country talk about a stunted property market, Örebro's appeal



is not expected to wane. Nyfosa is experiencing high demand in the city.

“It is a dynamic market and high-growth city where it feels great to finally get started for real. Through this acquisition and presence, it will be easier for us to assess individual acquisition in the city,” says Stina Lindh Hök.

Nyfosa already owned four properties in Örebro and added to these through the acquisition of a further 13 properties in the city. At the close of the year, another warehouse was acquired and taken into possession in January 2020. Nyfosa now has a stable platform in Örebro, both in regard to its property portfolio and management organization.

DEVELOPMENT SPURRED BY DEMAND

Nyfosa sees the potential to develop several of the properties in Örebro by finding new areas of use and investments. Kitteln 11 is one of the properties that make up the portfolio in Örebro and that is undergoing a change. Located in the very center of the city and with a past as a Domus department store, the property has gradually been rebuilt from shopping center to offices and community services together with a generous number of restaurants.

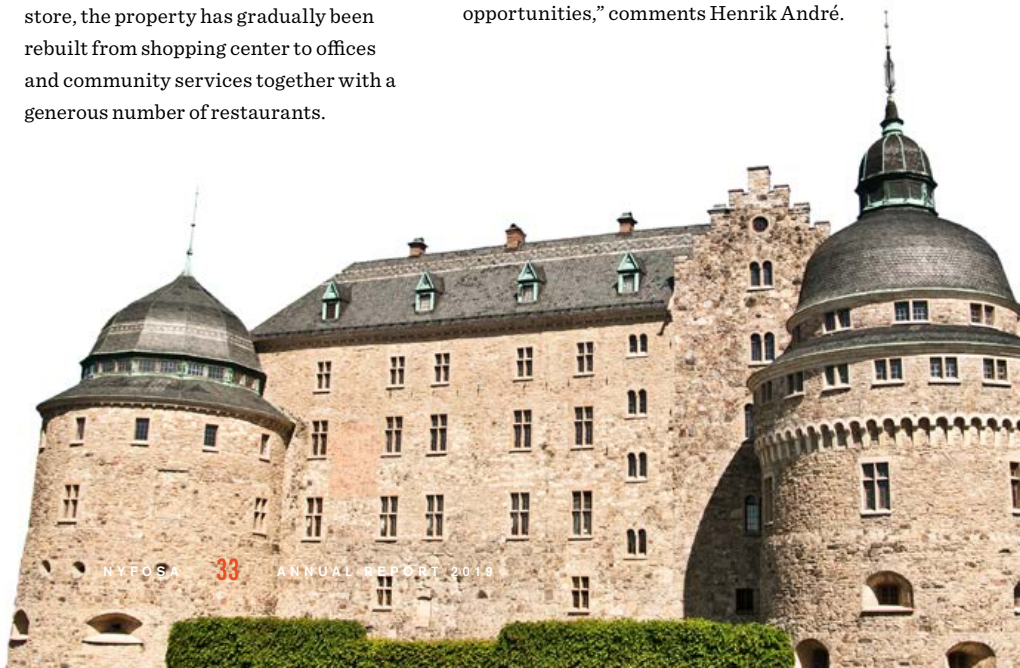
“It is an interesting project that enables us to develop existing spaces in a prime location into, for example, offices for which we see a great demand,” comments Henrik André who became regional manager for Nyfosa's Örebro operation in conjunction with the acquisition.

Another of the newly acquired properties, initially a judge's residence, is today a tastefully renovated historic office building in the heart of Örebro. Nyfosa also owns an attractive portfolio of properties in the northern part of the city next to the highway that is a mix of offices, warehouses and light industry.

Henrik André is optimistic about the future development potential that exists for both Örebro and Nyfosa.

“The process of integrating the management organization in Nyfosa after the acquisition has gone very smoothly. We are well established in Örebro and with our tenants. We also have the necessary resources to provide good and efficient property management. Örebro is a market that is growing and that offers us exciting opportunities,” comments Henrik André.

“THE FACT THAT WE ACQUIRED A TALENTED MANAGEMENT ORGANIZATION IN ÖREBRO WAS THE CROWNING JEWEL IN THIS ACQUISITION.”



NYFOSA

SUSTAINABILITY REPORT 2019

Nyfosa's Sustainability Report is presented on pages 34–64. In addition, our business model is described on pages 6–9 and a risk description is provided on pages 65–68. For information on the Board's diversity policy, refer to the Corporate Governance Report on pages 74–81.

THE FUTURE IS SUSTAINABLE

In 2019 we upshifted our efforts to develop Nyfosa's sustainability agenda. This is important for any number of reasons, not least of which is future-proofing our business. I see a clear correlation between sustainability and profitable business while we simultaneously help reduce the climate impact and assume social responsibility.

Sustainability agenda ensures the transactions of tomorrow

Nyfosa's business concept is to create value by accumulating sustainable cash flows and continuously evaluating new business opportunities. To be competitive, we integrate sustainability into our business model and set clear targets that guide us well. This means that we continuously analyze and develop sustainability aspects in transactions, property management and the development of our properties. We are convinced that we thereby help to both create value in the long term and a more sustainable society.

We have decided to strive for a 100 percent sustainable business. We do so by shouldering our responsibility as employer, business partner, lender, property owner and to our shareholders by, among other things, following Ten Principles of the UN Global Compact for corporate sustainability. As property owner, our ambition is to develop our properties so that their climate footprint is as small as possible. We work together with our tenants and partners to identify innovative

solutions that contribute favorably to the climate while improving the quality of our properties and being financially profitable over time. Through our sustainability efforts we will also become an attractive business partner to other property owners, transaction advisors and creditors.

For me, it is essential that our employees develop, are satisfied and enjoy their work. This is paramount if we are to realize our business concept and capitalize on business opportunities. As an employer, we offer a safe, secure and progressive work environment coupled with a corporate culture in which business acumen, compassion and participation prevail.

Sustainability and profitable business go hand in hand. We will therefore continue to develop our sustainability agenda in 2020 so that we can increase the value of our properties, do good business and contribute productively to a more sustainable society.

Jens Engwall
CEO



“Nyfosa is striving for a 100 percent sustainable business. We do so by shouldering our responsibility as employer, business partner, lender, property owner and to our shareholders.”

– JENS ENGWALL, CEO

RETAIL OF TOMORROW

During the fall of 2019, Nyfosa amassed new knowledge into the commercial areas of tomorrow. Rapid digital advances, modified consumption patterns and a greater consumer awareness are changing the conditions for the retail sector. As part of this work, Storheden City in Luleå has been pinpointed as an exciting place to implement a vision project while creating new insights into retail. The work on Vision Storheden City has been conducted as a co-creation process between the architecture firm Warm in the Winter, researchers from Luleå University of Technology and officials from the municipality of Luleå. During the

project, three visions were defined that describe different approaches for realizing the goals of sustainable retail 2030. These three visions were exhibited at Storheden and visitors were invited to express their opinions and influence the development of the future. The visions were favorably received by the visitors who ideally envisioned a development focused on sustainable commerce and transports, more experiences and a greater mix of functions. The task of further specifying and realizing the plans together with the partners will continue in 2020.



*Drawing from the vision project
Vision Storheden City in Luleå*

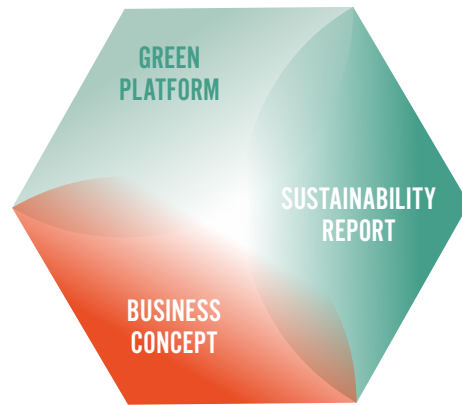
ABOUT NYFOSA SUSTAINABILITY REPORT 2019

Nyfosa has proactively worked throughout 2019 to integrate the sustainability agenda in its business model. It is a result that is visible in this year's Sustainability Report and that will improve further in 2020.

REPORTING

Nyfosa's Sustainability Report follows the guidelines from the international organization Global Reporting Initiative (GRI) and is prepared in accordance with the GRI Standards for the Core option. Consumption data is reported according to the Sustainability Accounting Standards Board (SASB), a nonprofit organization that sets financial reporting standards.

During the year, Nyfosa worked to integrate the sustainability agenda in the entire organization and develop reporting procedures in line with GRI. Nyfosa has also prepared a Green platform that will guide efforts internally towards the overriding vision of a 100 percent sustainable business. In this way Nyfosa works to make sustainability issues a given part of the business model. It explains why the sustainability issues are also integrated in the annual report as of this year. The GRI Index on page 54 contains references to where in the annual report the information can be found.



Nyfosa's Sustainability Report is based on the company's business concept and the Green Platform, refer to page 42. The report accounts for how the company works with sustainability activities and an integrated part of the business with the comprehensive vision of a 100 percent sustainable business.



The Sustainable Development Goals constitute an overriding structure for our sustainability agenda, how we measure our outcomes and what we should measure.



We subscribe to the Ten Principles of the UN Global Compacts for corporate sustainability.



Consumption data is reported according to the Sustainability Accounting Standards Board (SASB), a nonprofit organization that sets financial reporting standards.



Our operational activities are based on SGBC's framework for environmental certification of properties.

SUSTAINABILITY EFFORTS IN THE CONSTRUCTION AND PROPERTY INDUSTRY

The construction and property industry have an important responsibility to drive sustainability issues in society with focus on both people and the environment. It impacts development and management of properties and our responsibility to promote equal opportunities, diversity, safety and security at work.

Climate footprint

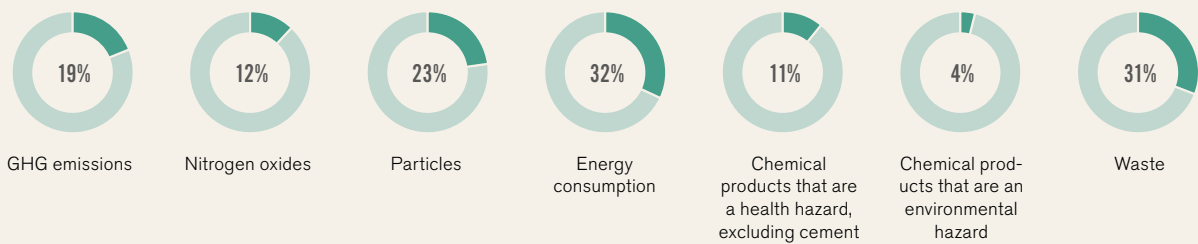
The construction and property industry's environmental impact has increased since previous years of measurement and account for a considerable part of society's total environmental impact. In total, the industry accounts for between 10 and 30 percent of the environmental impact in Sweden within the areas monitored with the National Board of Housing, Building and Planning's environmental indicators¹. In addition, the industry contributes to emissions in other countries

through the import of building and construction products. Players within the construction and property industry have excellent potential to influence climate emissions from buildings from a life cycle perspective through, for example, measures within material production, transport, energy, heating, waste and construction needs.

Nyfosa's sustainability efforts

As a company active in the construction and property industry, Nyfosa's ambition is to actively take part in reversing the negative climate trend and to ensure a socially sustainable working life. To meet these challenges, throughout 2019 Nyfosa focused on setting up organizational and reporting procedures to create structures that will make working with our prioritized sustainability activities easier and more efficient. This work will continue in 2020.

THE CONSTRUCTION AND PROPERTY SECTOR'S SHARE OF SOCIETY'S ENVIRONMENTAL IMPACT



TREND OF SELECT INDICATORS FOR THE CONSTRUCTION AND PROPERTY SECTOR SINCE THE PREVIOUS YEAR, 3-YEAR AVERAGE AND THE START OF THE TIME SERIES IN 2008¹

Indicators	Since 2016, %	3-year average, %	since 2008, %
Greenhouse gases (000 tons CO ₂ equivalents)	2	4	-7
NO _x (000 tons)	2	2	-4
Particles (000 tons)	2	4	-9
Total energy consumption (TWh)	-1	2	9
Environmentally hazardous chemicals (000 tons)	-4	9	98
Chemicals hazardous to health, excluding cement (000 tons)	9	20	-3

¹ The National Board of Housing, Building and Planning's environmental indicators are based on information from Statistics Sweden and all data refers to 2017 (the latest available data from Statistics Sweden) except for waste, where new data is presented every other year (latest data is from 2016). The waste indicator is based on information from the Environmental Protection Agency and deviates from the method for other indicators due to a lack of industry-specific statistics. When both domestic production and import are combined, the latest estimates of the construction and property sector's environmental impact indicates in conclusion a trend of increased emissions and consumption compared with the previous year. The rising trend applies to most of the selected indicators: greenhouse gases, nitrogen oxides, particles and fuel consumption (see the table above). Since 2008, indicator trends show a slight reduction in the emissions of greenhouse gases, nitrogen oxides and particles, while energy consumption and the use of environmentally hazardous chemicals have risen.

Source: The National Board of Housing, Building and Planning/Statistics Sweden

MATERIALITY AND DIALOGUE

Materiality analysis

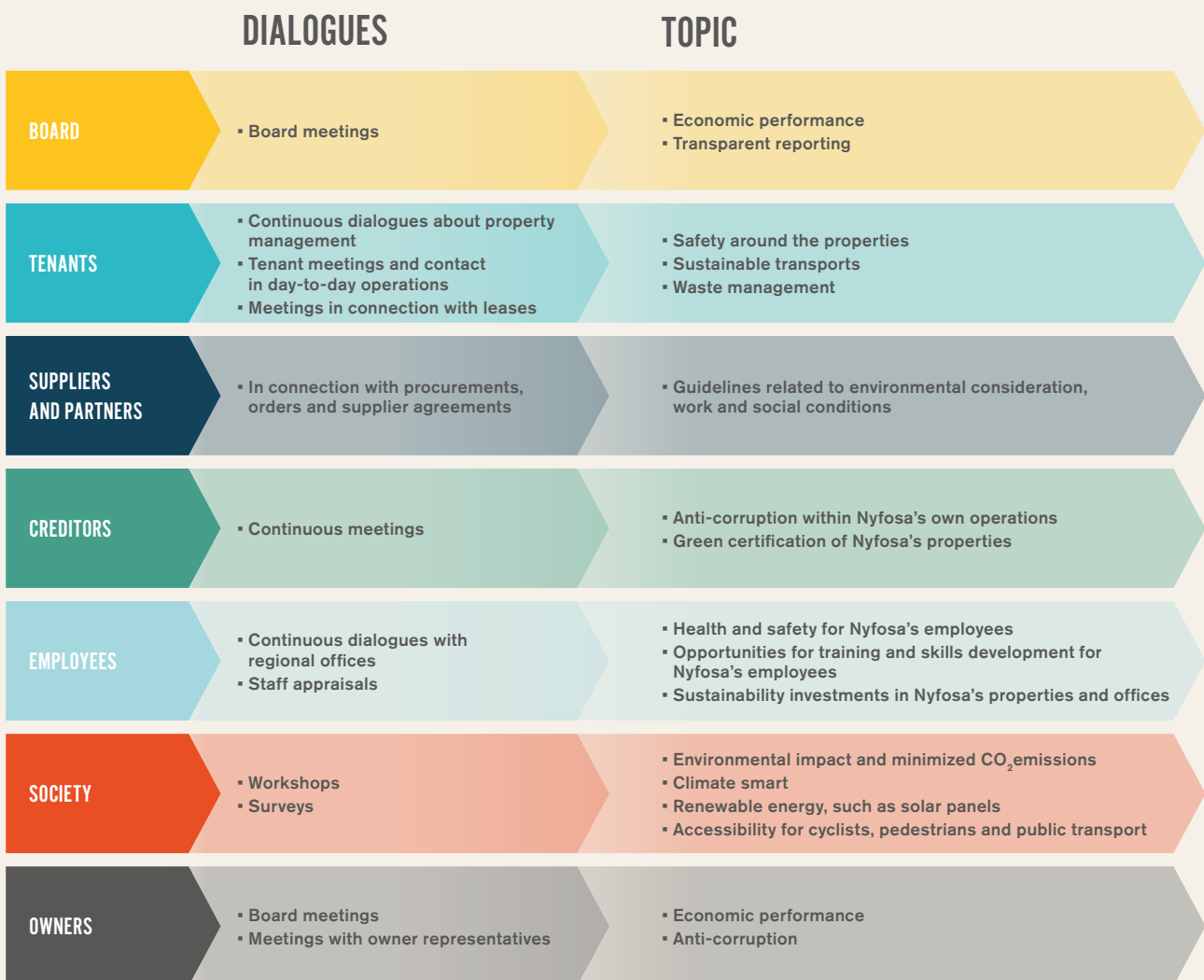
To ensure that Nyfosa works with the sustainability topics that are most important for our operations and our stakeholders, we started making materiality analyses in 2019. Our point of departure has been the 17 UN Sustainable Development Goals and the stakeholder dialogue that applied when the company was a subsidiary within the Hemfosa Fastigheter Group. Nyfosa's Group Management and Head of Project Development have established that the stakeholders are basically the same as earlier, until further notice. Our belief is that the stakeholders' expectations of Nyfosa have not changed to any great extent since the company became independent in November of 2018.

Stakeholder dialogue

To ensure that the sustainability issues are properly integrated in ordinary activities, an internal sustainability team was set up in 2019. One key task involved creating dialogue methods for

the materiality analysis. Stakeholder dialogue-related efforts have focused on taking stock of how the company operationally addresses sustainability topics, identifying conditions related to the current organization's structure and analyzing existing comprehensive targets. Interviews have been held with all regional offices and discussions with the company's management and Board. In turn, the regional offices have an ongoing dialogue with tenants and suppliers in the different regions. The company's management has regular meetings with creditors. In Luleå, a series of workshops and a citizens meeting were carried out in conjunction with a property acquisition in Storheden. Residents, visitors and representatives from the municipality of Luleå and Luleå University of Technology were asked which sustainability issues they expect Nyfosa to work on, which resulted in just over 160 unique responses.

Nyfosa will continue to work on and develop the methods for both the materiality analysis and the stakeholder dialogues in 2020.





SOCIAL SUSTAINABILITY

Nyfosa is a member of Fastighetsägare Sofielund (BID Sofielund) that aims to ensure the Sofielund area in Malmö is distinguished by serious property management. The BID model is based on addressing what researchers typically call the broken-windows theory. By quickly repairing everything that breaks and addressing issues such as littering, the aim is to break the downward spiral that otherwise gives rise to more vandalism, more crime and more exclusion. With BID, it is possible to instead create a neighborhood that is safe, secure and attractive. Those who live and work there can also feel a greater sense of pride and take

more responsibility, which increases the sense of community. One month ago, the Swedish National Council for Crime Prevention announced BID Sofielund the winner of the European Crime Prevention competition at the Swedish level. In December, it was revealed that BID Sofielund also won the European competition and received the first-place award in Helsinki. This accomplishment stems from a strong, resolute local network in which everyone contributed in different ways and the initiatives have resulted in greater stability in the neighborhood and signs of a decline in new recruitment to criminality and narcotics abuse.



Malmö



SIGHT SET ON 100% SUSTAINABLE BUSINESS

Nyfosa’s responsibility for sustainability extends to society in general and our employees and partners. The sustainability agenda is based on the green platform and aims for the vision of a 100 percent sustainable business.

Nyfosa's vision is to be the property company in Sweden that is best at creating value. We believe that taking a long-term and sustainable approach is paramount to achieving this and have therefore set doing 100 percent sustainable business as the vision for our sustainability agenda. For us, this means running operations in a manner that does not jeopardize the generations of today or tomorrow. We want to do this by protecting our nature, reducing our climate emissions and assuming social responsibility, locally and globally, in all our transactions. We are currently mapping our operations to better ascertain what we can influence, how much we can influence and how we most quickly and most efficiently can convert into a 100 percent sustainable business.

Green platform

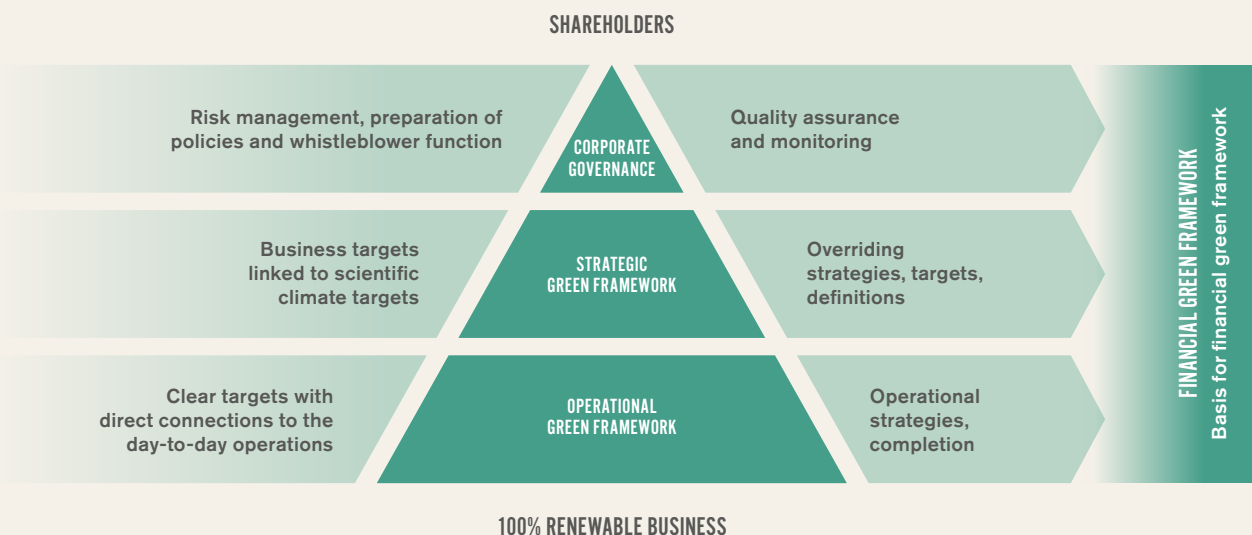
All sustainability efforts within Nyfosa are based on the company’s green platform, which is comprised of three main levels aimed at making it easy to work on sustainability topics. These levels are: an operational green framework, a strategic framework and our corporate governance.

Nyfosa’s responsibility

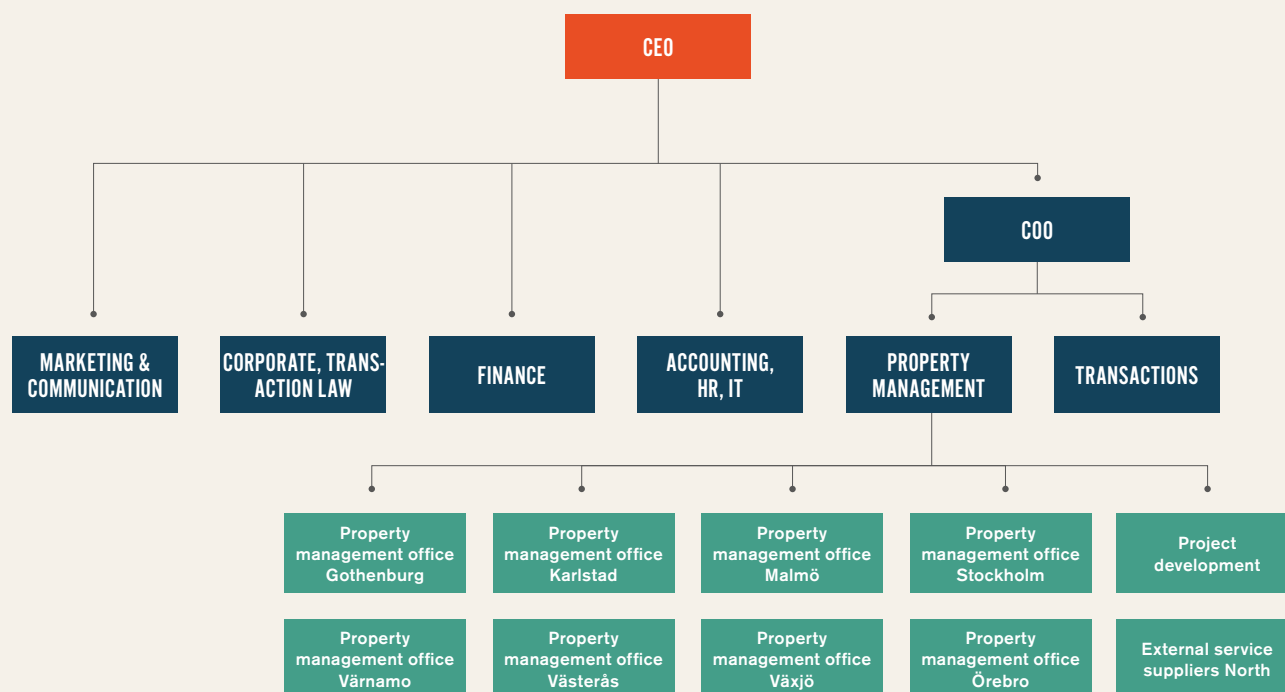
Nyfosa is responsible for being a long-term partner that offers our tenants premises that provide good service and work environment as well as for striving to have as little environmental impact as possible at all levels. We want to develop our properties so that they become even better, both for our tenants and for the environment. We also want our tenants to grow together with us through a joint effort that focuses on quality, the environment and profitability. Nyfosa is responsible for ensuring that our suppliers live up to the company’s sustainability ambitions. A good work environment and good work conditions as well as reduced climate impact in connection with conversions will be ensured at all levels through collaboration and in conjunction with contract signings. Nyfosa’s responsibility as employer and customer means that the company stands for a responsible and ethical entrepreneurship with good employment terms and provides the right conditions for a good work environment.

► More information about Nyfosa’s green platform, sustainability policy and environmental policy can be found on the website, www.nyfosa.se.

GREEN PLATFORM



ORGANIZATION AND RESPONSIBILITIES



A flat organization

Nyfosa has a decentralized and relatively small organization. The flat organization cultivates good conditions for flexibility that can be modified according to the company's market performance. This allows for a highly efficient work method and short decision-making paths that all employees are aware of and understand the company's objectives and strategies. The company's operational structure takes the form of Group Management, Group-wide functions, transactions, property management and project development. In this organization, the most central functions are internal while other functions are provided by external suppliers.

Shared responsibility for sustainability

To ensure proximity to its tenants and suppliers, Nyfosa's properties are divided into nine geographically structured property management offices: Malmö, Växjö, Värnamo,

Gothenburg, Örebro, Stockholm, Västerås, Karlstad and Sundsvall. A local presence makes it easier for Nyfosa to be flexible, fast and efficient and to provide good service to our tenants throughout the country and develop local arguments for the company's sustainability agenda.

Within Nyfosa, each manager and regional manager is responsible for sustainability efforts. Information, work methods and policies are communicated through them to all employees. Nyfosa also has a sustainability team that works generally with both strategic and operational sustainability topics within the company. The team comprises the head of project development, the head of financial control, the head of property management as well as regional managers and technical property manager in Värnamo. Nyfosa's head of project development has the overriding responsibility for the sustainability agenda and the CEO is ultimately responsible.

GOVERNANCE AND POLICIES

Sustainable corporate governance

Nyfosa's corporate governance is based on the Swedish Corporate Governance Code ("the Code"). Through sound corporate governance and transparency, we cultivate a stable relationship to our shareholders and other stakeholders. This also helps to strengthen confidence in our company. In addition to the Code, corporate governance applies Swedish legislation, Nasdaq Stockholm's Rule Book for Issues and other rules and guidelines that apply to the company.

By ensuring compliance with laws and rules, and an open communication in regard to corporate governance, we want to cultivate confidence among our stakeholders, a matter that is of paramount importance to us at Nyfosa.

Policies

Nyfosa will be a responsible company and a modern property owner. Subsequently, the company continuously assesses how our operations can contribute to a sustainable society.

This work is based on eight policies determined by the Board of Directors that clarifies and specifies the measures Nyfosa must take in its operations and the targets the organization should strive toward. A few of the policies are public documents and can be read by all on the company's website. Others are accessible only to the company's employees, Board and accountants via the company's intranet.

Anonymous whistleblower function

Our employees play a key role in alerting us if they suspect someone in our operations of violating our ethical guidelines.

Examples of infractions include:

- Economic irregularities and corruption.
- Serious harassment and discrimination.
- Safety risks at the workplace.
- Environmental crimes.



SUSTAINABILITY INITIATIVE 2019

CITY CENTER DEVELOPMENT

Many small city centers have trouble surviving the competition from external commerce. A trend that often entails more driving as well as less local service. In Värnamo, Nyfosa is therefore working to develop the city center to enhance growth and the local selection of retail and service in the city's center. Nyfosa has worked together with OkiDoki architects to draft an urbanization proposal that includes housing and premises for the central parts of Värnamo called the Järnvägskvarteren. The new district will

be an addition in the city that is based on the people's and environment's conditions. Through the proposal, the center will gain a clearer public space, a larger base of residents and more retail and service premises. At the same time, housing close to the railway will be created to enable sustainable travel. Centrally located land that is infrequently used such as parking spaces can be converted into housing, venues and green areas.

Värnamo



Employees are encouraged to speak with their immediate supervisor first. If they prefer to be anonymous, we offer a safe channel for reporting and dialogue through our whistleblower function.

Environmental responsibility

Nyfosa endeavors to continuously develop our environmental efforts. Subsequently, we have an Environmental Policy that is adopted annually by the Board. Group Management is responsible for ensuring compliance with the policy, which is upheld through daily contact with the property management organization and through a central control function that monitors that all large investments comply with the policy.

Social Responsibility

Nyfosa's corporate culture will be characterized by entrepreneurship, humanity and involvement. By recruiting and developing motivated and experienced employees with solid expertise Nyfosa creates an effective, well-adapted and market-centric organization. Nyfosa also arranges an occupational health and safety course for all people in the organization who are in charge of staff. The focus of the course is on employer responsibility for the work environment.

► You can read more about Nyfosa's governance and policies on the website, www.nyfosa.se



A SUSTAINABLE STRATEGY

Nyfosa applies a long-term strategy that benefits our shareholders and sustainable development. We add value through swift and complex transactions, sound property management and constant property improvements. When we invest in property, we do so to improve it and our living environment. In this way we generate value for our shareholders.



Business opportunity—active in the transaction market

Nyfosa's business model is built on its transaction operations—the heart of the company. To close the most profitable transactions, we need to be fast and sensitive in a fluctuating property market. We also need to weigh sustainability aspects in our transactions to secure long-term profitability in our deals and contribute to a sustainable future. Our working method within transactions is based on active and close contact with the transaction market. We continuously identify business opportunities and make swift decisions based on expertise, experience and analysis. The organization's short and quick decision-making procedures and well-established processes means that a large number of business opportunities can be assessed and evaluated simultaneously, and transactions can be carried out and completed quickly.

The transaction process involves primarily an analysis of cash flow, development potential and risks. Focus is on acquiring properties or portfolios that generate a stable and high yield and where Nyfosa can add further value through active property management, development or follow-up transactions. The objective is that our acquisitions will be both profitable and sustainable over time.

Optimization—act long term and close to the tenants

By working actively with environmental aspects in our property management, Nyfosa contributes to a better environment for our tenants and the world around us while increasing the value of our properties. We create a healthy balance between minimizing the harmful environmental effects of our operations while satisfying our high ambitions in regard to quality and competitiveness. We deliver sustainable property management through good knowledge about our properties and tenants, a high degree of engagement among our operational staff, exchange of knowledge between our regional offices, access to cutting-edge expertise when we need it and an ambition to constantly learn.

To strengthen our sustainability agenda within property management, we work to increase the share of green leases so that we, together with our tenants, can address energy usage, choice of materials and waste management and thereby contribute to reducing the environmental impact. Furthermore, we are devoted to gaining green certification for our properties. Read more on page 50.

Development—sustainably added value to the portfolio

Starting with the transaction process and our property management organization, Nyfosa steadily works to develop the properties. Our focus is on identifying early the development potential within existing or future portfolios, and seeing what others fail to see. Together with architects, zoning officials, engineers and other experts within infrastructure projects, we add value and develop sustainable urban and living environments. Examples of this include enhancing an ecological correlation, reducing energy consumption, highlighting the values of cultural environments, integrating social measures or creating a better and safer work environment. The ideas can be realized by Nyfosa or a future buyer, but the objective is always to create long-term values on the basis of each unique circumstance.

Read about our Green platform on page 42.

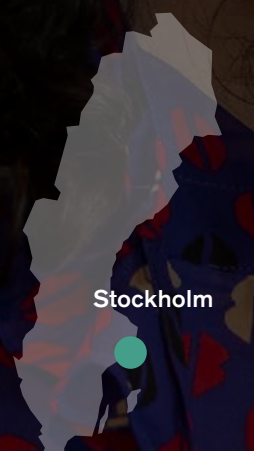


SUSTAINABILITY INITIATIVE 2019

EQUAL OPPORTUNITY

The Allbright Report that monitors gender diversity in the management teams of listed companies in Sweden was published in October 2019. The real estate industry topped the list and was awarded the title of first equal industry. Nyfosa was among the top property companies, which is evidence of the work done within the company in regard to equal opportunity and equal treatment. Nyfosa's ambition is that gender equality efforts will be a natural part of our operations. The conditions, rights and development opportunities of men and women must be equal within the

entire company and not related to gender or origin. To ensure that all of the skills inherent in the organization are utilized optimally and for the employees to feel that they are able to grow and develop, every individual must be judged strictly on their own merits. Skills and knowledge must be the deciding factors if we are to attract the best employees to the company. Nyfosa is dedicated to ensuring that all employees feel that they work in a safe, equal, progressive and productive work environment where everyone is treated equally.

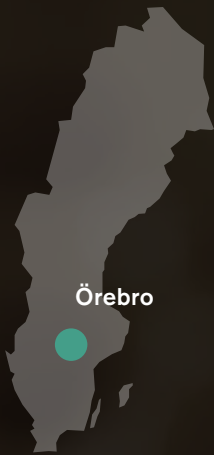


Stockholm

BIODIVERSITY

In Örebro, Nyfosa is working to establish rooftop beekeeping. Bees are particularly important to support biodiversity in the city through the pollination of plants, which is critical to the spread of plant species. By extension, this is related to our food production since we humans are reliant on a strong bee and bumblebee population for our food supply. With increasing construction and more compact spaces in our cities, it is important to compensate for lost green spaces and create new opportunities for animals and plants to thrive. In Sweden today there are 270

species of wild bees and bumblebees. Of these, one-third are on the red list, indicating a vast need to increase the population. The rooftops of our properties have enormous potential to contribute favorably. Rooftop beehives are a popular feature that, in addition to contributing favorably to biodiversity, produces honey. Nyfosa buys honey from the beekeepers and gives it to its tenants. A much-appreciated gesture that not only builds good relationships but also strengthens awareness among both tenants and property owners.



GOALS FOR SUSTAINABLE DEVELOPMENT

In 2019, Nyfosa prepared new goals for its sustainability agenda and pointed out the course for a greater global responsibility. We want to reach further, by linking our operations closer to Agenda 2030 and the Sustainable Development Goals. We have identified which goals we influence through our operations and how we influence them.

Agenda 2030 is the most ambitious agenda for sustainable development ever adopted by the world's countries. The 17 UN Sustainable Development Goals aim to eradicate extreme poverty, reduce inequality and injustice, promote peace and justice and solve the climate crisis.

As a company, Nyfosa subscribes to Agenda 2030 and the Ten Principles of the UN Global Compacts. In so doing, we want to ensure that the company's efforts contribute to

sustainable development, both locally and globally. Based on the materiality analysis and the will to specify the sustainability agenda, Nyfosa has identified 12 Sustainable Development Goals on which the operations have a direct or indirect influence and that will lead sustainability efforts forward.

The identified goals are explained in more detail below. The relevant goals will be brought up and reported every year.



► The Sustainable Development Goals and targets are published on <https://www.un.org/sustainabledevelopment/>

GOALS THAT MAKE IT EASY TO DO THE RIGHT THING

Nyfosa works with clear targets and tools that drive our sustainability agenda forward and that provide good measurability and the potential to monitor and evaluate every year.

Nyfosa's ambition with its sustainability agenda is that it will be easy to do the right thing. The strategic goals will have a correlation to the selected Sustainable Development Goals, refer to page 49, and to evidence-based climate research. Operational goals will be clear and directly linked to the day-to-day operations.

To clearly show the way forward, Nyfosa has identified a number of aspects and concrete targets as described below. What can be done at an operational level within each property is described on the following page.



Green certification

- 50 percent of the properties (LFL) will have green certification in 2025¹.
- 100 percent of the properties (LFL) will have green certification in 2030¹.

¹) Green certification refers to all certification approved by the Sweden Green Building Council (SGBC).

At present, Nyfosa's property portfolio contains four properties that have been granted green certification in conjunction with renovations or refurbishment. Within green certifications, we have defined a goal for our like-for-like properties (LFL), or in other words, properties that have not been acquired or divested during the relevant year.



Green appendix leases

- In 2020, 100 percent of all new leases, excluding parking spaces and garages, will include a green appendix.

In connection with new builds or tenant renegotiations, Nyfosa currently offers green leases, which are based on an agreement template issued by the Swedish Property Federation. Green leases represent a way for the tenant and the property manager to work together to achieve more sustainable properties. Nyfosa will continuously work for and encourage its tenants to sign green leases.



Consumption optimization

- 100 percent of the properties (LFL) will have been evaluated for unique energy consumption in 2020.

Nyfosa exclusively uses renewable electricity (hydropower) through agreements with Vattenfall. This means that the carbon emissions per square meter from electricity consumption of our buildings is low. Heating our premises requires the largest amount of energy and generates the highest level of carbon emissions per square meter. As a buyer, we are not fully able to influence the mix of energy sources used by suppliers for heating. However, we can choose to invest in alternative sources of energy, such as solar power and geothermal heating.



Training

- 100 percent of the organization will have received training in occupational health and safety, property owner responsibility and contractor responsibility in 2020.

For Nyfosa, being able to attract employees who can contribute the right know-how and experience is a priority. Nyfosa therefore works actively to be an employer that offers a creative, open and stimulating work environment with a focus on proximity to business decisions, inclusion in business development and personal development for all employees. Our employees are offered continuous training in occupational health and safety, property owner responsibility and contractor responsibility.





Supplier responsibility

- As of 2021, 100 percent of Nyfosa suppliers will have subscribed to the industry's Code of Conduct.

In accordance with the industry's Code of Conduct for Suppliers, Nyfosa will actively subject suppliers to environmental and sustainability requirements in connection with procurement. Nyfosa aims to implement the Swedish Property Federation's industry-wide Code of Conduct for Suppliers, which means that suppliers must respect the Code of Conduct and do their utmost to satisfy the requirements in their own organization and ensure that their suppliers and sub-suppliers comply with the Code. The Swedish Property Federation's Code of Conduct is based on the assumption that the goods and services that are delivered comply with the UN Global Compact's ten principles on human rights, labor, environment and corruption.



Evidence-based climate targets

- As of 2021, Nyfosa will have adopted specific and scientific targets for reducing emissions in the company's business plan.

The intention is that evidence-based climate targets will help Nyfosa to chart a clear and defined route toward future-proof growth. This is done by specifying how much and how quickly we need to reduce our climate footprint according to current science. In this way, Nyfosa can eventually adopt even more ambitious and scientific targets to reduce emissions.



Material consumption and choice of materials

- In 2020, procedures and systems for monitoring the use of materials and choice of materials in tenant-specific modifications, and for remodeling and new-builds, will be developed and implemented.

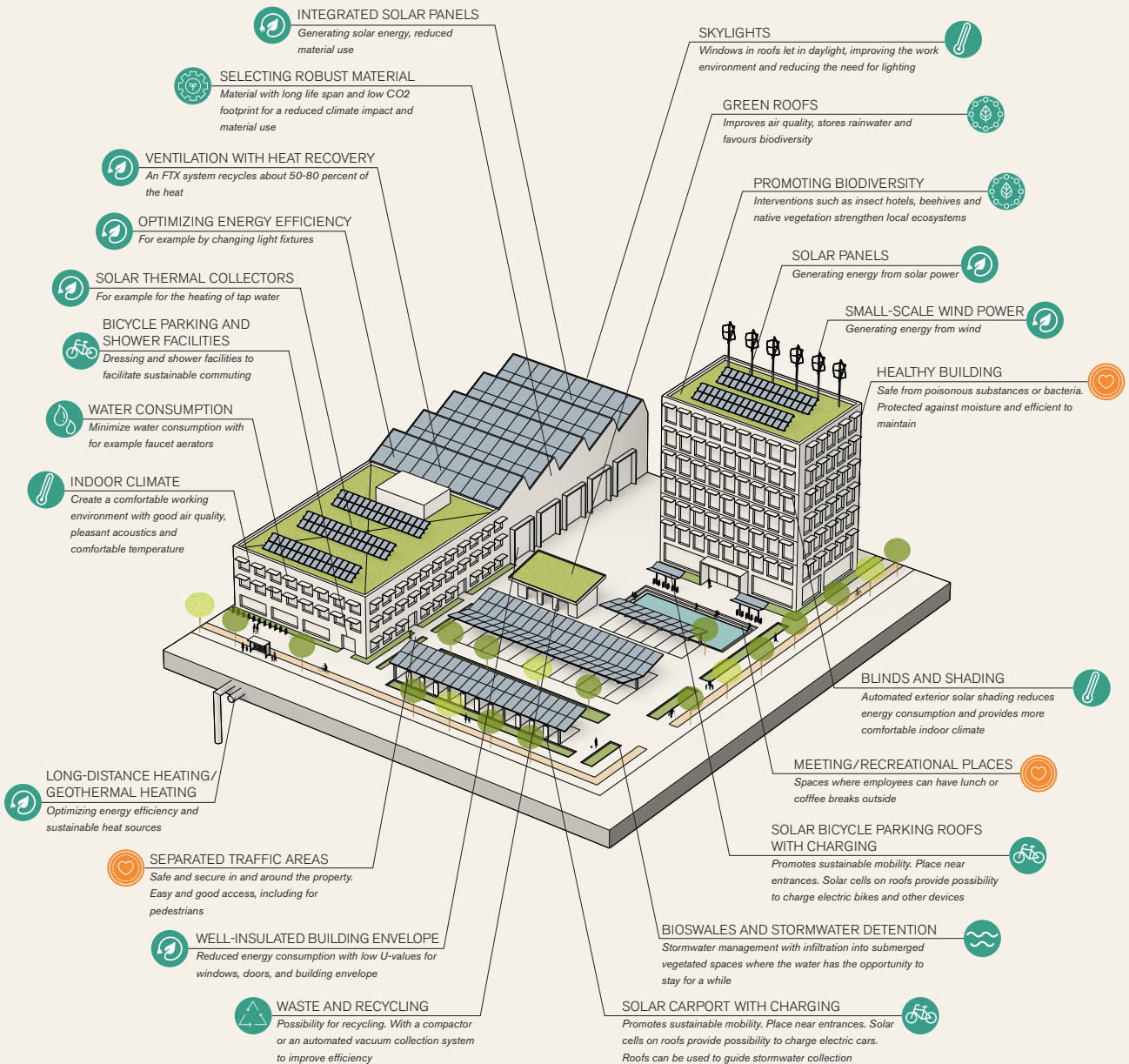
Large amounts of material are used in tenant-specific modifications and for remodeling and new builds that have a major environmental impact. Material consumption is the single-largest cause of carbon dioxide emissions in the construction and property industry. To the greatest possible extent, Nyfosa strives to reuse and recycle materials and products, and to use as much renewable raw material as possible. We also consider sustainability aspects in regard to choice of materials to ensure that the materials used in our properties do not contain hazardous substances that can spread to the ecosystem or create unhealthy indoor environments. At present, Nyfosa has no system for monitoring material consumption and choice of materials. Consequently, this is a priority issue to address in 2020.



OPERATIONAL WORK

Below is an illustration of an imaginary property and the measures that can be address at an operational level within Nyfosa. The content in the image comprises a number of concrete measures that can make our buildings and the surrounding

area more sustainable. These are based on the environmental certifications BREEAM In-Use and Miljöbyggnad i Drift (Green Building In Use) and serve as guidelines and inspiration to integrate more sustainable solutions in our properties.



SUSTAINABLE TRAVEL

In 2019, the regional office in Gothenburg has hosted several parallel events to increase the opportunity for sustainable travel to and from Södra Porten in Mölndal. Acting on suggestions from our tenants, Nyfosa organized the opportunity to sign with a local carpool through Sunfleet. As of December, it has been possible to use shared vehicles that are parked in the center of the area in close proximity to the bus station. To further reinforce this hub for travel, we have initiated discussions with an operator in Gothenburg that offers a bike-sharing program under the concept Styr

& Ställ. We hope to also have a bikepool station in the center of the Södra Porten district in 2020. Nyfosa has also been an active participant in the “Sustainable travel in Mölndal” network to find inspiration and to exert influence. This is a network that highlights and addresses relevant travel issues within the municipality of Mölndal. The tenants already have the option to rent parking spaces that have a charging point for those who wish to commute to work and have an electric or hybrid car.



Gothenburg



GRI CONTENT INDEX

GRI reference	Description	Page	Comments
102	Organizational profile		
102-1	Name of the organization	84, 95	
102-2	Activities, brands, products and services	25-31, 84	
102-3	Location of headquarters	84	
102-4	Location of operations	3, 84	
102-5	Ownership and legal form	95, 106, 110-114	
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102-8	Information on employees and other workers	62, 84	
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102-10	Significant changes to the organization and its supply chain		Expanded supply chain due to the company's growth rate
102-11	Precautionary principle or approach		The precautionary principle is the basis for the design of the environmental agenda
102-12	External initiatives	37, 39, 49	
102-13	Membership of associations		Sweden Green Building Council, UN Global Compact and others
102	Strategy		
102-14	Statement from senior decision-maker	4-5, 35	
102-16	Values, principles, standards and norms of behavior	44-45, 65-67	
102-17	Description of internal and external mechanisms for: i) seeking advice about ethical and lawful behavior and organizational integrity, ii) reporting concerns about unethical or unlawful behavior and organizational integrity.	44-45, 75	
102	Governance		
102-18	Governance structure	43, 74-79	
102	Stakeholder engagement		
102-40	List of stakeholder groups	39	
102-41	Collective bargaining agreements		Nyfosa has no collective bargaining agreements, but has market-based benefits and a pension plan that corresponds to the ITP plan
102-42	Identifying and selecting stakeholders	39	
102-43	Approach to stakeholder engagement	39	
102-44	Key topics and concerns raised	39	
102	Reporting practice		
102-45	Entities included in the consolidated financial statements	95, 106, 110-114	
102-46	Defining report content and topic Boundaries	37, 39	
102-47	List of material topics	39	
102-48	Restatements of information		Expanded reporting due to appointment of sustainability officer
102-49	Changes in reporting		Application of GRI
102-50	Reporting period		2019
102-51	Date of most recent report		Report for 2018 was published in March 2019
102-52	Reporting cycle		Annually in connection with the annual report
102-53	Contact point for questions regarding the report		Kent Wiklund, Head of Project Development
102-54	Claims of reporting in accordance with the GRI Standards	37	
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103	Management approach		
103-1	Explanation of the material topic and its Boundary	3-39, 42	
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GRI reference	Description	Page	SDG target	Comments
Economic responsibility				
201	Economic performance			
201-1	Direct economic value generated and distributed	56	17.1	
205	Anti-corruption			
205-3	Confirmed incidents of corruption and actions taken	56	16.5	
Environmental responsibility				
301	Materials			
301-1	Materials used by weight or volume	57	12.2	No figures available for 2019. A development project was initiated in 2020 to ensure the outcomes for the indicators in future reports. 301-1 has been supplemented with the company's own indicator.
Own indicators	Choice of materials	57	3.9	
302	Energy			
302-1	Energy consumption within the organization	57-58	7.2, 7.3,	
CRE1	Building energy intensity	57-58	7.4	
303	Water			
303-1	Interactions with water as a shared resource	58	6.3, 6.4	
CRE2	Building water intensity	58		
305	Emissions			
305-1	Direct (Scope 1) GHG emissions	59	9.4, 12.2,	No outcome figures for 305-1 and 305-3 for 2019. A development project was initiated in 2020 to ensure the outcomes for the indicators in future reports.
305-2	Indirect (Scope 2) GHG emissions	59	12.6, 13.1,	
305-3	Other indirect (Scope 3) GHG emissions	59	13.3	
CRE3	Greenhouse gas emissions intensity from buildings	59		
306	Waste			
306-2	Total weight of waste by type and disposal method	59	11.6, 12.4, 12.5	No figures available for 2019. A development project was initiated in 2020 to ensure the outcomes for the indicators in future reports.
CRE8	Like-for-Like environmentally-certified buildings			
CRE8	Like-for-like share of properties with green certification	60	12.6	
308	Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	60	12.6	No outcome figures available for 2019. A development project was initiated in 2020 to ensure the outcomes for the indicators in future reports.
Social Responsibility				
403	Occupational health and safety			
Own indicators	Accidents and absence due to illness	61	3.4, 3.6	403-2 has been replaced with the company's own indicator
404	Training and Education			
404-1	Average hours of training per year per employee	61	5.5, 8.5	No figures available for 2019. Nyfosa is a newly formed company in which 60 percent of the employees were recruited the past year and possess the skills we needed. The issue in terms of need and follow-up will be assessed in 2020.
404-3	Percentage of employees receiving regular performance and career development reviews	61		
405	Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	62	5.1, 5.5, 10.3	
406	Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	62	5.1, 5.5, 10	
414	Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	63	12.6	No figures available for 2019. A development project was initiated in 2020 to ensure the results for the indicators in future reports.
416	Customer health and safety			
Own indicators	Measures taken to maintain a high level of safety and security in and around the properties	63	3.4, 3.6, 3.9, 8.8	No figures available for 2019. A development project was initiated in 2020 to ensure the results for the indicators in future reports. 416-1 has been replaced with the company's own indicator.

ECONOMIC RESPONSIBILITY



201-1, DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

The prerequisite for achieving Nyfosa's overriding goal to generate long-term high and stable yields and to meet our stakeholders' economic expectations is that we assume economic responsibility and have sound finances.

Boundaries

Reporting covers the economic value generated within Nyfosa. This includes factors such as the economic situation and interest rates, as well as factors that directly influence value that are within Nyfosa's control.

Responsibility and monitoring

The outcome is evaluated quarterly in connection with the interim reports and annual report. Nyfosa's CEO is ultimately responsible for steering the organization toward the financial targets.

Governance and targets

Nyfosa's target is an 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), and at least 15 percent return on equity over time (before tax paid). In March 2020, Nyfosa presented a new financial target of annual growth in cash flow from operating activities, before changes in working capital, per share of 10 percent.

Outcome

Detailed information regarding Nyfosa's financial position is presented in the Annual Report on pages 82–116. The generated economic value amounted to SEK 562 billion in 2019 and comprises rental income and changes in property value.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

SEK billion	2019	2018
Economic value generated		
Income	1,370	1,064
Economic value distributed		
Operating and supplier expenses	-415	-300
Dividends to shareholders	-	-
Salaries and employee benefits	-57	-27
Interest to creditors	-195	-136
Tax to society	-141	-109
Remaining in the company	562	493



205-3, CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

Nyfosa strives to act credibly, honestly and transparently. We expect that our employees, business partners and others with whom the Group has contact or does business with, and who have serious concerns about fraud, corruption or similar action within the Group's operations, come forward and voice their concerns.

Boundaries

Anti-corruption efforts refer primarily to the company but also suppliers through the industry's Code of Conduct for Suppliers. Reporting will only cover the number of confirmed incidents of corruption and actions taken within Nyfosa.

Responsibility and monitoring

We want to encourage people to come forward and voice their concerns about serious problems within the company without having to contact their immediate manager. We make this possible through our whistleblower function. This service is managed by an external operator, WhistleB. Anonymous reports made via the service are

handled firstly by the Audit Committee's Chair and secondly by the company lawyer. Information about the anonymous whistleblower service is published on the company's intranet. Reported suspicions may either be investigated internally or handed over to the police. All reports are anonymously logged and presented to the Board.

You can read more about the anonymous whistleblower function on Nyfosa's website, www.nyfosa.se.

Governance and targets

Good business ethics and trusting relations are important starting points both internally and in contacts with external parties. Nyfosa's sustainability policy and whistleblower function are examples of tools that we use to promote good business ethics and counter all forms of corrupt behavior.

Outcome

No suspicions of fraud or corruption were reported in 2019.

ENVIRONMENTAL RESPONSIBILITY



301-1, MATERIALS USED BY WEIGHT OR VOLUME

Nyfosa's target is to recycle and reuse as much material as possible in order to benefit from an environmental and economic perspective. Ahead of every remodeling and tenant conversion, we investigate the potential to minimize the undertaking and to reuse construction material and products. In the case of several of Nyfosa's refurbishment projects in 2019, we partnered with the tenants to successfully reuse material and renovate products instead of using newly manufactured products. Nyfosa's ambition is to document and evaluate the material used in our operations for new builds and remodeling after each project is completed. Therefore, we consider this to be a priority topic to be addressed in 2020.

Because there is no evaluation system at present, outcome figures for 2019 are not available. A development project was initiated in 2020 to identify the needs and ensure the outcomes for the indicators in future reports. Our ambition is to design procedures for:

- Evaluating the use and choice of materials in tenant-specific modifications, and for remodeling and new-builds.
- Measuring, reporting and evaluating the climate footprint for existing properties and
- Monitoring and evaluating the supplier chains and climate footprint in relation to delivered benefits.

The results of this project will be reported in the 2020 sustainability report.



OWN INDICATOR, CHOICE OF MATERIALS

The environmental aspect is a central part of the planning process for the construction projects in which Nyfosa is involved. We always consider sustainability aspects in regard to choice of materials to ensure that the materials used in our properties do not contain hazardous substances that can spread to the ecosystem or create unhealthy indoor environments. Because there is no evaluation system at present, outcome figures for 2019 are not available. It is

also imperative that the materials chosen are sustainable from a life-cycle perspective. As part of Nyfosa's efforts to make sustainable material choices, we also examine the requisites for green certification of all of Nyfosa's properties in the equivalent portfolio (like-for-like), see also continued work under the 301-1 indicator. The goal is to design procedures and systems in 2020 that can evaluate and document our material choices.



302-1, ENERGY CONSUMPTION WITHIN THE ORGANIZATION

CRE1, BUILDING ENERGY INTENSITY

In connection with both new builds and property management, Nyfosa's point of departure is that properties' energy consumption has an impact on the environment throughout their entire lifecycle.

Boundaries

Nyfosa can only influence the energy consumption in our properties that goes through our own main subscription. Reporting covers only the comparable portfolios and the main subscriptions that Nyfosa can control, the equivalent of 54 (64) percent of the portfolios in total and including both property energy and operating energy, with a division of properties by use.

Responsibility and monitoring

The regional managers are responsible for energy consumption in projects and property management. Energy consumption can be regularly monitored at property, region and company level via the energy monitoring system Mestro. Mestro is a system that calculates, monitors and visualizes energy, water and environmental data in the properties. Nyfosa started working to ensure data in Mestro in 2019 and this work will continue in 2020. Quality assurance of both reporting and follow-up in the system is part of this work.

Governance and targets

By choosing 100 percent renewable electricity for all our properties, we help to contribute to reducing the demand for electricity from non environment-friendly sources. By offering our tenants 'green leases' we can together lower energy consumption in both the properties and in the tenants' operations. This means, among other things, that we jointly map energy consumption in the premises and property, and use environment-friendly materials for remodeling and cleaning.

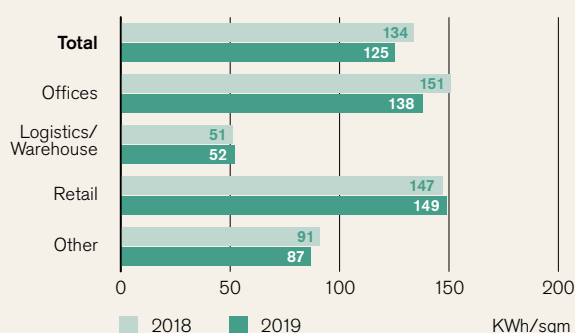
In 2019/2020 Nyfosa will perform an energy and environmental inventory of its property portfolio. The inventory is based on the existing property portfolio and the aim is to identify the energy-saving potential of all properties.

In 2019, an inventory was done for 40 properties and the work will continue in 2020.

Outcome

The estimates below are from the energy monitoring system Mestro. The number of KWh used has risen in 2019, which is explained by the fact that the property portfolio is larger. More investments in operations and heating systems were made during the year, which gave an improved energy performance of 7 percent, the equivalent of 9 kWh per square meter.

ENERGY PERFORMANCE



Source: Mestro

ENERGY CONSUMPTION

GWh	Offices		Logistics/Warehouse		Retail		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Electricity	27.7	29.0	1.3	1.3	3.4	3.3	2.5	2.7	34.9	36.3
District heating	32.2	34.0	4.6	4.8	8.0	7.6	5.1	5.4	49.9	51.8
District cooling (MWh)	1.2	1.7	0.0	0.0	0.6	0.6	0.0	0.0	1.7	2.3
Total	61.1	64.7	5.9	6.0	12.0	11.6	7.5	8.1	86.5	90.3



303-1, INTERACTIONS WITH WATER AS A SHARED RESOURCE CRE2, BUILDING WATER INTENSITY

Nyfosa owns properties throughout Sweden. In several parts of the country, the ground water levels have been low in recent years. Consequently, water consumption has been identified as a priority topic this year.

Boundaries

We at Nyfosa can considerably influence water consumption in our building through investments in technical systems and new water fittings. Reporting covers the total water consumption in all documented properties in the comparable portfolio (Like-for-Like) for 2019 and 2018, which makes up 51 percent (60) of the total portfolio, and with an average per square meter. It does not cover water usage where the tenant is the subscriber.

Responsibility and monitoring

The regional managers have the primary responsibility for water consumption in the properties. Water consumption is monitored on a monthly and annual basis in the energy monitoring system Mestro. Nyfosa started working to ensure data in Mestro in 2019 and this work will continue in 2020. Quality assurance of both reporting and follow-up in the system is part of this work.

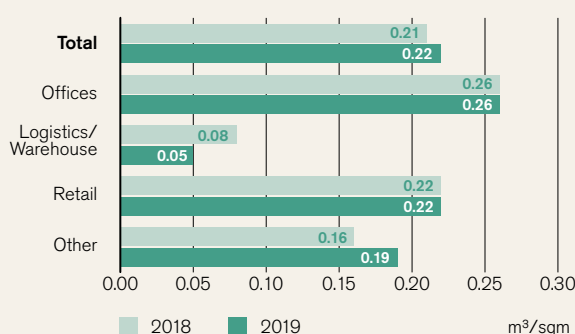
Governance and targets

Nyfosa's ambition is that all properties (Like-for-Like) will have green certification in 2030. Low water consumption is a requisite for environmental certification of the buildings with a high score and will therefore be further prioritized in future. We also offer our tenants 'green leases' so that we can work together to lower water consumption—in both the properties and in the tenants' operations. Our goal is that 100 percent of all new leases will include a green appendix in 2020.

Outcome

The estimates are from the energy monitoring system Mestro. Because the documentation has not included all properties, water consumption has only been calculated using an average for the documented properties in m³/sqm. Water intensity amounted in 2018 to 0.21 m³/sqm and in 2019 to 0.22 m³/sqm.

WATER USAGE BY AREA



Source: Mestro



305-1, DIRECT (SCOPE 1) GHG EMISSIONS

305-2, DIRECT (SCOPE 2) GHG EMISSIONS

305-3, OTHER INDIRECT (SCOPE 3) GHG EMISSIONS

CRE3, GREENHOUSE GAS EMISSIONS INTENSITY FROM BUILDINGS

A large part of Nyfosa's environmental impact stems from emissions of greenhouse gases from heating, cooling and energy usage of leased properties and from hot water.

Boundaries

Reporting focuses on emissions that arise through heating, cooling and hot water in the properties (Scope 2) and renewable electricity (Scope 3). Reporting refers to all documented properties in the total portfolio where Nyfosa has control of the subscription, which corresponds to 76 (65) percent of the total portfolio.

In 2019 we also identified topics about waste, for example, from tenants, transports and material usage within construction projects and business travel (Scope 1 and 3) as priority topics to address. During 2020 we will prepare procedures to evaluate and report greenhouse gas emissions.

Responsibility and monitoring

Evaluations are made by the regional managers who are responsible for heating, cooling, electricity and hot water in our properties. Monitoring takes place a monthly basis, and a summation is performed centrally every year in connection with the sustainability report. All monitoring is performed via the energy monitoring system Mestro. Nyfosa started working to ensure data in Mestro in 2019 and this work will continue in 2020. Quality assurance of both reporting and follow-up in the system is part of this work.

Governance and targets

The task of reducing the company's emissions is governed primarily through the systematic efforts to reduce our energy usage. In 2019 we started investigating how evidence-based climate targets should be a part of the company's 2020 business plan in order

for our operations to be in line with the requirements of the Paris Agreement. Until further notice, we apply the Carbon Law, which shows that to realize the goals in the Paris Agreement requires halving emissions every decade. One initiative to reduce greenhouse gas emissions is that Nyfosa only buys 100 percent eco-labeled, renewable electricity to its property portfolio. As a step in this undertaking, all oil furnaces have been replaced in Nyfosa's properties. We endeavor also to reduce emissions from the tenants' own power subscriptions and from their waste by actively signing green leases in connection with new or renegotiated contracts in 2020. Nyfosa climate compensates for air travel and all travel by car using company cars, even private use.

Outcome

The estimates are from the energy monitoring system Mestro and are based on standard estimates. CO₂ emissions from electricity production is based on Nyfosa's electricity supply contract with Vattenfall, based on the lifecycle for electricity production (8.3g per kWh). CO₂ emissions for district heating are based on the energy companies' own figures, which are compiled annually by the organization Swedenergy and have not been adjusted. When the report is published in the middle of the year, the environmental values for district heating are behind one year and refer to 2017 and 2018 respectively.

The sum of emissions in total has increased by 50 percent, which is explained by the fact that the property portfolio has grown. All emissions intensity (kg/sqm) has increased, 11 percent. All figures in the table below refer to ton of CO₂.

Renewable electricity is reported within Scope 3. Outcomes for Scope 1 and 3 are not available otherwise.

SCOPE 2

Tons	Offices		Logistics/Warehouse		Retail		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Heating	2,256	1,640	755	135	371	355	231	218	3,614	2,347
Cooling	14	20	0	0	7	7	0	0	21	27
Total	2,270	1,660	755	135	378	362	231	218	3,635	2,374

SCOPE 3

Tons	Offices		Logistics/Warehouse		Retail		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Electricity	253	241	74	11	34	28	20	22	382	302
Total	253	241	74	11	34	28	20	22	382	302

Source: Mestro



306-2, TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

Waste that is sent for incineration and to landfills account for a large part of Nyfosa's environmental impact. Remodeling and new-build projects account for a majority of the waste to landfills and the national target for 2020 says that 70 percent of all construction and demolition waste must be reused or material recycled. In 2019, the total weight of waste by type and disposal method has been identified as a priority topic for Nyfosa to address. In 2020 green agreements are being introduced where waste is a parameter with a minimum level and an extended level. A project will begin in 2020 to identify specific waste targets and examine how waste amount for construction projects and tenants should be documented and followed up. See also "Outcome" below.

Because there is no evaluation system at present, outcome figures for 2019 are not available. A development project has begun in 2020 in partnership with RISE to identify the needs and ensure the outcomes for the indicators in future reports. Our ambition is to design procedures for:

- Measuring, reporting and evaluating the climate footprint for existing properties and
- Monitoring and evaluating the supplier chains and climate footprint in relation to delivered benefits.

The results of this project will be reported in the 2020 sustainability report.



CRE8, LIKE-FOR-LIKE ENVIRONMENTALLY-CERTIFIED BUILDINGS

Green certification is a good tool for measuring environmental performance in the property portfolio. It provides a clear and broad framework to address multiple initiatives for more sustainable properties. The share of properties that have green certification influences the opportunities for green financing while sustainability requires from tenants has increased. In all, Nyfosa has identified the share of properties that have green certification as a priority topic.

Boundaries

In 2019 the task began of examining the option of green certification of Nyfosa's properties, which green certification systems are relevant, and at which level certification can be achieved for each property. In 2020 the focus will be on drafting a plan for the portfolio. Reporting will include all properties in the comparable portfolio (like-for-like).

Responsibility and monitoring

Regional managers will be responsible for green certification of our new-build and remodeling projects and the technical property managers will be responsible for existing buildings. The number and type of green certifications will be followed up annually for Like-for-Like properties in the portfolio.

Governance and targets

By 2025, 50 percent of properties owned for the entire year will have green certification, and by 2030, 100 percent of the properties owned for the entire year will have green certification.

Outcome

During 2019 the number of properties with green certification amounted at most to eight within the total portfolio and four within the comparable portfolio (Like-for-Like), the equivalent of 4 percent. Two properties in Sundsvall and Landskrona have Green Building certification, one property in Jönköping has LEED (BD+C) Gold certification and one property in Gävle has Silver level certification from the Sweden Green Building Council. The entire portfolio is included in the current stocktaking to map the properties' environmental impact and opportunities for green certification.



308-1, NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

Nyfosa acquires a large amount of materials and services from various suppliers, of which electricity (hydroelectric power), district heating, water, property upkeep, cleaning, painting and repairs of installations account for a large share. In accordance with the industry's Code of Conduct for Suppliers, Nyfosa will actively subject suppliers to environmental and sustainability requirements in connection with procurement. This is our way of influencing that the goods and service we purchase contribute to a more sustainable society. The environmental requirements are based on the industry-wide code of conduct. This means that suppliers must respect the Code of Conduct and do their utmost to satisfy the requirements in their own organization and ensure that their suppliers and sub-suppliers comply

with the Code. The Swedish Property Federation's Code of Conduct is based on the assumption that the goods and services that are delivered comply with the UN Global Compact's ten principles on human rights, labor, environment and corruption, to which Nyfosa has subscribed. Nyfosa currently lacks a system that monitors the signing of codes of conduct, which is why the outcome figures for 2019 are not available. In 2020 we will address the topic of codes of conduct with suppliers and monitoring systems. The goal is that all suppliers will sign the Code of Conduct by 2021 at the latest and that regular supplier controls are carried out.

SOCIAL RESPONSIBILITY



OWN INDICATORS, ACCIDENTS AND ABSENCE DUE TO ILLNESS

Nyfosa wants to promote good health and create a healthy and secure work environment for all its employees. We believe that good health and a secure work environment adds value for us as an employer and for our employees.

Boundaries

Reporting covers absence due to illness and accidents involving people employed by Nyfosa and the accidents reported at our workplaces. Because the number of employees within the organization is low (46), only total absence due to illness is reported and is not presented according to gender or occupation category.

Responsibility and monitoring

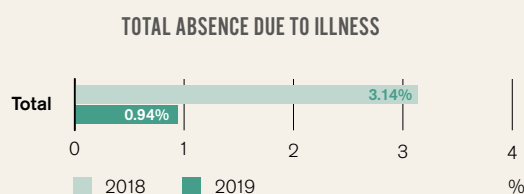
The HR manager is to ensure that employees have access to health-promoting measures and, in the event of illness, the option of rehabilitation. Each manager is responsible for the employees' work situation. Regional managers are responsible for the work environment for those contractors who work in our workplaces. For maintenance and operation contractors, the corresponding responsibility is that of the technical property managers. Monitoring of absence due to illness and long-term absence is performed monthly and over a rolling 12-month period. The number of work accidents is followed up annually.

Governance and targets

We apply current occupational health and safety legislation and other regulations and requirements relevant to the company. Work environment efforts are to be conducted as a natural part of day-to-day work and systematically, with the work environment regularly evaluated and approved measures implemented and reviewed. As part of efforts to prevent ill health, Nyfosa offers a health and fitness benefits package as well as regular medical checkups to all employees, and all of Nyfosa's employees are covered by medical expenses insurance.

Outcome

Total absence due to illness in 2019 amount to 0.94 percent. In 2019, no accidents were reported among Nyfosa's employees. In the projects completed during the year, a total of zero (0) accidents were reported by contractors.



404-1, AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

404-3, PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

Nyfosa works actively to be an employer that offers a creative, open and stimulating work environment with a focus on proximity to business decisions, inclusion in business development and personal development for all employees. To a significant extent, Nyfosa can influence its employees' personal development through, for instance performance reviews and hours of training. Because there is no evaluation system at present, outcome figures for 2019 are not available. In December 2019, an occupational health and safety course was carried out for all people in the organization in charge of staff. The focus of the course was employer responsibility for the work environment—what the statutory rules are and a review of the company's internal roles and responsibility. The course became a

forum for discussions, community and security on issues that can arise concerning employees. The target for 2020 is that 100 percent of the organization will have received training in occupational health and safety, property owner responsibility and contractor responsibility, and had at least one performance review during the year. Nyfosa is a newly formed company in which 60 percent of the employees were recruited the past year and possess the skills we needed. Given the rate of change and development we had the past year, learning on the job has been qualitatively largest and training hours considerably less. The topic of continuously documenting training hours and performance reviews will be addressed in 2020.



405-1, DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

Nyfosa's ambition is that gender equality efforts will be a natural part of our operations. The conditions, rights and development opportunities of men and women must be equal within the entire company and not related to gender or origin.

Boundaries

Influence is exerted within our own organization when recruiting new employees. Reporting covers only people employed at Nyfosa.

Responsibility and monitoring

Nyfosa's Head of HR leads efforts related to diversity and equal treatment. Each manager is responsible for cultivating and maintaining diversity and ensuring that no employee is discriminated. Any cases of discrimination can be reported through one of the following channels: immediate manager, the head of HR, trade union reps and our whistleblower function.

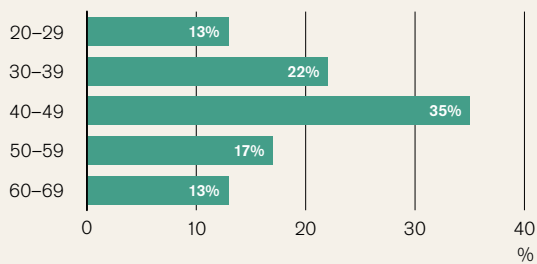
Governance and targets

Nyfosa is dedicated to ensuring that all employees feel that they work in a safe, equal, progressive and productive work environment where everyone is treated equally. We strive for equality in the number of women and men in the workplace and consider gender under-representation in regard to equal merits and make sure that interviews are conducted by both male and female employees. Gradually, Nyfosa aims to map salaries in order to evaluate and take necessary action against salary discrimination.

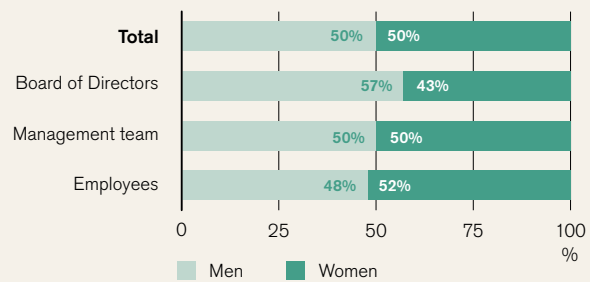
Outcome

In 2019 employees number 46, of whom 100 percent were permanent employees. The number of full-time employees was 45 and the number of part-time employees 1 (woman).

AGE DISTRIBUTION



GENDER DISTRIBUTION



406-1, INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

At Nyfosa, all employees, partners and customers will be treated with respect and no one is to feel violated, discriminated or uncomfortable on the grounds of gender, ethnicity, religion, sexual orientation or age. Nyfosa has zero tolerance for harassment or bullying of any kind.

Boundaries

Nyfosa can influence the impact that occurs internally in the organization. It is incidents that take place within the organization that will be reported. Suppliers are governed by the industry's Code of Conduct, but Nyfosa has no control over discrimination that takes place among tenants and suppliers and such incidents will therefore not be reported.

Responsibility and monitoring

The regional managers and each manager or supervisor are responsible. Incidents can be reported through one of the following channels: employee surveys, immediate supervisors, the head of HR, trade union reps and our whistleblower function.

Governance and targets

Nyfosa has zero tolerance for all forms of discrimination. Anti-discrimination efforts are governed through Nyfosa's whistleblower function, the Code of Conduct against discrimination and harassment and the industry's Code of Conduct for Suppliers.

Outcome

In 2019, no incidents of discrimination were reported.



414-1, NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA

Nyfosa acquires a large amount of materials and services from various suppliers, of which electricity (hydroelectric power), district heating, water, property upkeep, cleaning, painting and repairs of installations account for a large share. In accordance with the industry's Code of Conduct for Suppliers, Nyfosa will actively subject suppliers to occupational and sustainability requirements in connection with procurement. This is our way of influencing that the goods and service we purchase contribute to a more sustainable society. Occupational requirements are based on the industry-wide Code of Conduct. This means that suppliers must respect the Code of Conduct and do their utmost to satisfy the requirements in their own organization and ensure that their suppliers and sub-suppliers comply with the Code. The Swedish Property Federation's Code of

Conduct is based on the assumption that the goods and services that are delivered comply with the UN Global Compact's ten principles on human rights, labor, environment and corruption, to which Nyfosa has subscribed. At present there are no signed Codes of Conduct. Nyfosa currently also lacks a system that monitors the signing of codes of conduct, which is why the figures for 2019 are not available. In 2020 we will address the topic of codes of conduct with suppliers and monitoring systems. The goal is that all suppliers will sign the Code of Conduct by 2021 at the latest and that regular supplier controls are carried out.



OWN INDICATOR, MEASURES TAKEN TO MAINTAIN A HIGH LEVEL OF SAFETY AND SECURITY IN AND AROUND THE PROPERTIES

Nyfosa's tenants must always be able to rely on the fact that Nyfosa's properties offer a work environment that is safe, accessible and healthy. To feel safe and secure is a prerequisite in and around all our properties. Examples of important safety features include handling icicles and snow falling from roofs, fire safety and electricity audits.

Preparing and maintaining efficient procedures and methods for handling safety in and around our buildings is something that Nyfosa

assigns a high priority and works continuously to develop. From our standpoint, this primarily entails conducting continuous and systematic property management work that counters the causes of such problems. Because there is no evaluation system at present, outcome figures for 2019 are not available. Procedures for documentation and follow up of measures will be investigated in 2020.

AUDITOR'S STATEMENT ON THE STATUTORY SUSTAINABILITY REPORT

To the General Meeting of Nyfosa AB, corp. reg. no. 559131-0833

Engagement and responsibility

The Board of Directors is responsible for the Sustainability Report for 2019 on pages 34–63 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

The scope of the audit

Our examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's report on the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A sustainability report has been prepared.

Stockholm, March 26, 2020
KPMG AB

Mattias Johansson
Authorized Public Accountant



“In 2019 we intensified the activity within Nyfosa’s sustainability agenda. We analyze our properties, processes and suppliers to steer toward greater sustainability in all areas of our operations. The point of departure is to benefit both sustainable development and good business.”

**– KENT WIKLUND,
HEAD OF PROJECT DEVELOPMENT**

RISKS AND RISK MANAGEMENT

Nyfosa is continuously exposed to various risks, which could be significant to the company's future operations, earnings and financial position. Nyfosa works systematically and continuously on managing these and other risks and uncertainties. The focus is on preventing risks and evaluating how risk management can be converted into opportunities.

OPERATIONAL AND ORGANIZATIONAL RISKS

CHANGES IN VALUE OF PROPERTIES

Risk description

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 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 Nyfosa's operations, financial position and earnings.

Risk management

- Nyfosa owns a large number of properties that are geographically diverse, which results in a balanced risk profile.
- Nyfosa's focus on commercial properties in high-growth municipalities and transport hubs in Sweden provides opportunities for leveraging favorable trends, such as a rising population and business activities in these municipalities, regardless of where they are located in Sweden.
- The market value of all of Nyfosa's investment properties is assessed every quarter by independent external appraisers. Nyfosa's properties are measured at fair value in the statement of financial position; see Note 13 for information on valuation techniques.

TRANSACTION-RELATED RISKS

Risk description

In line with its strategy, Nyfosa aims to be an opportunistic and transaction-based property company. In order to complete a property acquisition, suitable investment objects must be identified and on the market at reasonable price levels. To be able to leverage complex investment opportunities, the company must also successfully assess the market, the potential of a property or the opportunities in a geographic area where the company intends to acquire properties. Acquisitions may also be associated with risks pertaining to the seller or the acquired operations. Nyfosa's ability to sell parts of its property portfolio on favorable terms depends on, for example, the health of the property and transaction market.

Risk management

- Nyfosa occupies a strong position in the transaction market in Sweden, with extensive experience and excellent knowledge of complex portfolio transactions and risk assessment.
- With its broad geographic presence in Sweden and extensive contact network, the organization is highly knowledgeable of the market's commercial property players, which generates opportunities for acquisitions and divestments of properties.
- There is a well-defined acquisition process and extensive capacity in Nyfosa to evaluate potential business. Both tenants and the condition of the property are assessed in order to support the valuation and decision-making.

PROPERTY DEVELOPMENT

Risk description

Nyfosa invests continuously in the existing property portfolio in the form of modifications or improvements. Larger development projects may involve substantial investments, which may lead to increased credit risk if Nyfosa cannot lease the premises at a reasonable price level or divest the properties at an attractive value. Major construction, refurbishment and renovations may also be delayed and/or become more expensive than originally anticipated.

Risk management

- In connection with tenant-specific modifications, Nyfosa is able to renegotiate leases so that they are adapted to the level of investment. In conjunction with negotiations, the tenant's ability to complete an investment is always assessed.
- The property development projects that Nyfosa is involved in are conducted together with established and experienced suppliers.

EMPLOYEES AND EXPERTISE

Risk description

Nyfosa's organization has been deliberately built up with a relatively small number of people. The company is therefore dependent on these key personnel to a certain degree, particularly as a large share of the transaction operations is based on short decision-making processes, close relationships with different market operators and in-depth knowledge of and insight into the property categories and geographic areas in which the company operates. Should Nyfosa fail to retain qualified staff and senior executives, this could have a negative impact on Nyfosa's operations, financial position and earnings.

Risk management

- Competency needs are evaluated continuously in order to adapt the organization to prevailing requirements, and active work is conducted to promote internal manager sourcing.
- To minimize the dependence on individuals, the company has documented job descriptions and clear process maps.

TAX

Risk description

Tax is a significant cost item for property companies. Even if tenants are responsible for their share of the property taxes due at all times in the majority of Nyfosa's leases, changes to the property tax and other taxes such as corporation tax, VAT and other state levies and tax-related contributions could have a negative impact on Nyfosa's operations, financial position and earnings.

From time to time, Nyfosa has cases under review by, and ongoing dialogues with, the Swedish Tax Agency regarding individual taxation matters. The Swedish 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 fields. The regulatory framework is complex, the Swedish 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, which may adversely affect Nyfosa and investors' assessments of Nyfosa. The Swedish Tax Agency's tax rulings as well as court rulings 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 has tax loss carryforwards from previous years which, taken together with depreciation for tax purposes and deductions for certain property investments, entail that current taxes for previous years are only payable by the few subsidiaries for which there were no tax conditions for making Group contributions.

As explained in Note 23, one company in the Group is a party to a tax case. In the case of future audits or reviews, there is a risk that the Swedish Tax Agency could object to Nyfosa's assessment, for example, with respect to the deductibility of certain costs, opportunities for depreciation for tax purposes or the opportunity to deduct loss carryforwards from previous years. A future change in the tax situation for Nyfosa could have a negative impact on Nyfosa's operations, financial position and earnings.

Risk management

- Nyfosa carefully follows political developments and continuously monitors developments in the regulatory area to identify proposals for regulatory changes at an early stage. This monitoring ensures that Nyfosa understands the effects of any regulatory changes well in advance and that Nyfosa is well prepared should new regulations require an adaptation of internal processes to ensure compliance with the new regulations.
- Nyfosa monitors the taxation laws and practices that are in effect whenever it files tax returns. To further safeguard the quality of both tax returns and financial statements, Nyfosa continuously checks its judgments of complex tax matters with external experts. Nyfosa's assessments and calculations in the tax area are reassessed at the end of each reporting period.
- Within Nyfosa, all functions work together through clear-cut processes to satisfy regulatory requirements for continuous reporting and payment of taxes and to identify and manage tax risks.

INTERNAL PROCESSES AND CONTROLS

Risk description

Nyfosa's business operations are associated with the risk of being negatively impacted by deficient procedures, and/or that irregularities or internal or external events could cause disruptions or damage to the business. Nyfosa has decided to have a relatively small organization. While the central functions of the operations are managed internally, Nyfosa has, inter alia, outsourced parts of the day-to-day financial management to an external service provider. When more important support functions are outsourced to external providers, it is of particular importance that the company has efficient procedures to ensure the quality of the services that are delivered.

Risk management

- Nyfosa complies with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for evaluating a company's internal control over financial reporting, which contains the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.
- Nyfosa has policy documents/handbooks for governing internal processes in various operating areas, such as transactions, property management, accounting and insider trading.
- Processes, procedures and control functions for outsourced operations are stipulated in agreements and governing documents.
- Nyfosa's Code of Conduct contains guidelines for the conduct of employees in certain situations and includes an established whistleblowing procedure.

SUSTAINABILITY RISKS

NEGATIVE ENVIRONMENTAL IMPACT

Risk description

The construction and property industry accounts for a significant share of society's energy consumption and generates large amounts of waste. This means that the industry has a major impact on the environment. The world is undergoing a far-reaching transition to adapt our communities to become more sustainable. This transition impacts Nyfosa by the organization needing to adapt and by players that Nyfosa works together with and interacts with setting higher demands on the organization.

Risk management

- Nyfosa works actively on sustainability throughout the organization. The targets and governance of these sustainability activities are described in the company's Green Platform.
- Inventories of all properties are carried out to enhance knowledge of negative environmental impact and identify potential energy optimization measures.
- The work on establishing specific targets for use of materials and waste will be initiated in 2020.

REPUTATION

Risk description

Nyfosa will be a responsible company and a modern property owner. If the company contravenes laws or regulations or otherwise acts unethically, it could result in damage to Nyfosa's brand.

Risk management

- Nyfosa follows the Swedish Corporate Governance Code.
- The company has internal governing documents and policies that outline procedures and divisions of responsibility.
- The company has an anonymous whistleblower function that can be used to report any improprieties.
- Employees are continuously trained in occupational health and safety, property owner responsibility and contractor responsibility.
- Work is being conducted to ensure compliance with the Swedish Property Federation's Code of Conduct for Suppliers.

CLIMATE ISSUES

Risk description

The climate changes that have partly happened and that scientists predict will happen entail the risk of a negative impact on properties. Extreme weather conditions, rising sea levels and temporary flooding are examples of risks related to climate change. These risks may lead to damage to properties and people, lower property values and higher insurance premiums.

Risk management

- Analyzing risks is part of the acquisition process for new properties.
- Nyfosa works continuously to make an inventory of its property portfolio and takes measures as necessary.
- The company is monitoring developments in expertise to continuously keep this matter relevant and update procedures and work methods as necessary.

WORK ENVIRONMENT

Risk description

A number of significant psychosocial stresses related to working life can be seen in society at large. The construction and property industry in particular is also affected by a high number of work-place accidents. It is Nyfosa's responsibility to ensure a healthy working environment, both physically and psychosocially, for its employees and in its capacity as the client.

Risk management

- Nyfosa applies occupational health and safety legislation and other regulations and requirements relevant to the company.
- A reasonability assessment is performed for tenders submitted in procurement processes for services from suppliers and partners.
- The company regularly monitors sick leave, long-term sick leave and work-place accidents.
- As part of efforts to prevent ill health, Nyfosa offers a health and well-being package and regular medical checkups to all employees, and all of Nyfosa's employees are covered by medical expenses insurance.
- The company has an anonymous whistleblower function that can be used to report any improprieties.

FINANCIAL RISKS

CREDIT RISK

Risk description

The leasing rate and level of rental income are largely dependent on the company's own actions, but are also affected by economic cycles. Lower rental income and/or lower leasing rates could have a negative impact on the operations, financial position and earnings. Both rent levels and the leasing rate are highly affected by overall growth in the Swedish economy but also growth at regional and local levels where Nyfosa conducts operations. The risk of loss of rent and vacancies is also related to the tenant and contractual structure. For example, a concentration of tenants to a small number of larger parties leads to increased exposure. When a vacancy occurs, this could entail costs for customizing the premises for a new tenant, and a risk that the vacancy will be long-term. If tenants fail to fully meet their commitments in accordance with the lease, this may also lead to higher vacancy rates with a resulting reduction in property value.

Risk management

- Nyfosa's property portfolio is geographically diversified, with a large number of tenants with differentiated lease tenures. In 2019, Nyfosa's ten largest tenants accounted for 16 percent of Nyfosa's total rental income, distributed among 161 leases. See the table showing the largest tenants on page 24 of this Annual Report.
- The risk of bad debts is also managed by conducting credit assessments of tenants for all new leases and continuously during the lease term. If necessary, the lease may have to be supplemented with surety, a rental deposit or a bank guarantee. All rents are paid in advance on a quarterly or monthly basis.
- A certain level of vacancies may have a positive effect, since it provides scope in the form of new leases and flexibility in relation to existing tenants.

INTEREST-RATE RISK

Risk description

Interest-rate risk refers to the risk that changes in interest rates could affect interest expenses, which represent the company's single largest cost item. In the longer term, changes in interest rates have a material impact on earnings and cash flow.

Risk management

- Nyfosa mainly works with floating interest rates in its loan agreements. Mainly interest-rate caps are used to reduce interest-rate risk, but occasionally these can be combined with other derivatives such as interest-rate swaps.
- 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.
- Interest-rate caps and swaps are entered into to adapt the company's fixed-rate periods to the decided finance policy and existing loan agreements.

FINANCING AND REFINANCING RISK

Risk description

Nyfosa is growing through acquisitions and the company finances its business primarily through borrowing and its own cash flows.

If raising loans becomes more difficult or more expensive, this would adversely impact the company's potential to acquire properties and implement investments and projects. There is also the risk that financing cannot be obtained or renewed when the loan expires, or only at sharply higher costs. Furthermore, there is a risk that additional capital in order to meet the company's future growth ambitions cannot be acquired, or that this cannot be achieved at terms that are advantageous to Nyfosa.

Risk management

- Nyfosa works in accordance with a finance policy established by the Board, which stipulates, inter alia, general rules for the company's financing and how the risks associated with financing operations are to be limited.
- The company engages in continuous discussions with existing and prospective financiers to ensure that the necessary financing can be obtained in all situations.
- The assessment is that a stable financial position combined with a strong balance sheet and a high credit rating provides continued favorable potential for Nyfosa's ability to secure access to financing.

LIQUIDITY RISK

Risk description

Liquidity risk is the risk that the company is unable to meet its payment obligations when they are due without a significant increase in the cost of obtaining the funds. If Nyfosa's sources of financing prove to be insufficient, this could have a negative impact on the operations, financial position and earnings.

Risk management

- Nyfosa makes use of both short-term liquidity forecasts and long-term liquidity planning to predict and mitigate liquidity risk. The forecasts and the plan are updated continuously on a weekly and quarterly basis.
- In accordance with the finance policy, continuous work on refinancing the long-term loans concerned is conducted. The finance policy also addresses the matter of the investment of surplus liquidity. In addition, the Group has overdraft facilities to ensure more flexible cash management and to effectively deal with peaks and troughs in payment streams.



“We have strong liquidity with low financing costs and solid earnings, which allows us to act quickly as business opportunities arise. We have banks that like our activities and are open to business opportunities. This provides us with flexible financing.”

– EMELE BERGLUND, FINANCE

FINANCING

Nyfosa's operations are financed by a combination of equity and bank loans. The strong liquidity and financial position provide a platform for the company to continue to grow through acquisitions and investments in the existing property portfolio.

Equity

At December 31, 2019, Nyfosa's equity totaled MSEK 9,781 (8,392), of which share capital was MSEK 84, equal to an equity/assets ratio of 44.1 percent (48.3).

Interest-bearing liabilities

Nyfosa's interest-bearing liabilities comprise bank loans with Nordic banks and bond loans issued in the Swedish capital market. Total interest-bearing liabilities on the balance-sheet

date amounted to MSEK 11,282, corresponding to a loan-to-value ratio of 57.6 percent. The average interest rate was 1.8 percent and the fixed-rate period, including the effects of signed derivative agreements, was 1.2 years. The average loan maturity was 2.7 years. On December 31, 2019, Nyfosa also had overdraft facilities totaling MSEK 200, of which MSEK 200 was unutilized, and three revolving credit facilities totaling MSEK 3,880, of which MSEK 1,105 was unutilized.

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.

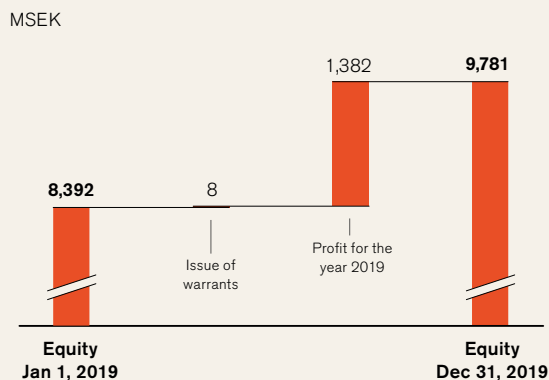
The key figures above do not represent financial objectives but rather risk limits, making it natural for Nyfosa to have a certain margin for these.

KEY FIGURES IN THE LOAN PORTFOLIO

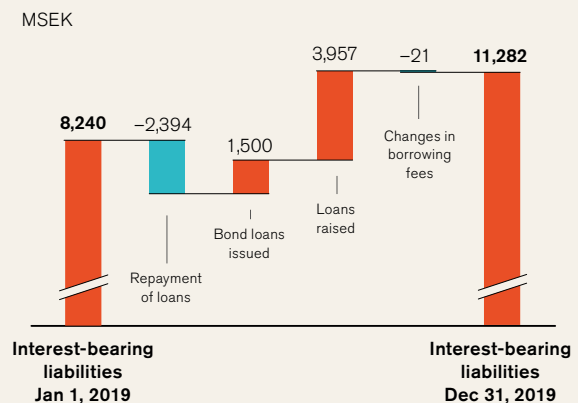
December 31, 2019

	2019	2018
Equity/assets ratio, %	44.1	48.3
Loan-to-value ratio, %	57.6	52.9
Net loan-to-value ratio, %	54.6	51.6
Interest-coverage ratio, multiple	3.9	4.9
Average interest, %	1.8	1.6
Average remaining fixed-rate period, years	1.2	1.6
Average remaining loan maturity period, years	2.7	3.2
Interest-rate hedged portion of liabilities, %	42.9	54.1
Fair value of derivatives, MSEK	2	9

CHANGES IN EQUITY IN 2019



CHANGES IN LOAN PORTFOLIO IN 2019



Change in the loan portfolio

During the year, new bank loans and utilized revolving credit facilities of MSEK 3,957 were raised to finance acquisitions of properties and refinance existing properties. In addition to bank loans, senior unsecured bond loans totaling MSEK 1,500 were issued on two occasions, in May and November, and mature in May 2022.

A total of MSEK 2,394 of the 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 2019 amounted to MSEK 3,042.

Maturity structure

No bank loans fall due for payment in 2020. Nyfosa maintains regular dialogue with mainly Nordic banks to secure its long-term refinancing requirements. In addition to favorable opportunities for refinancing loan maturity with new bank

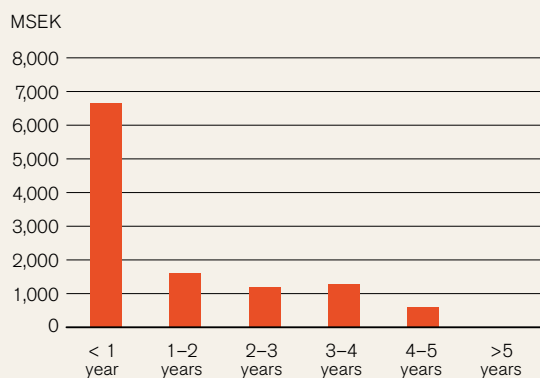
loans and/or by issuing debt or hybrid instruments on the capital market, the company has an unutilized overdraft facility and healthy cash flows from operating activities.

Impact of changes in interest rates

Nyfosa mainly works with floating interest rates in its loan agreements. Exposure to interest-rate risk is managed by making use of derivative instruments, currently exclusively interest-rate caps. The sensitivity analysis below presented the estimated impact on earnings if the market interest rate were to change and of the company's average interest rate were to change. Limiting if interest-rate risk increases the predictability of profit from property management and changes in interest-rate levels in the market do not fully impact the company's interest expenses. The nominal volume of outstanding interest-rate caps amounted to MSEK 4,868, corresponding to 43 percent of interest-bearing liabilities.

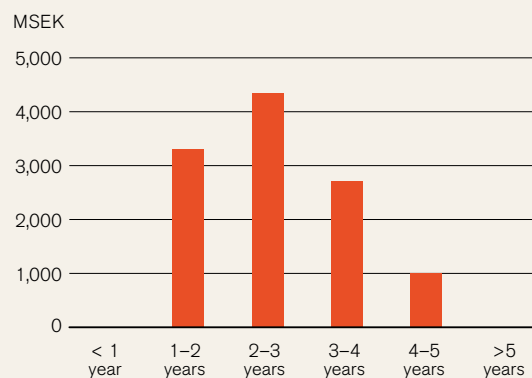
MATURITY STRUCTURE FIXED-RATE PERIODS

December 31, 2019



MATURITY STRUCTURE LOAN MATURITY

December 31, 2019



AVAILABLE LIQUIDITY

December 31, 2019

MSEK	2019	2018
Cash and cash equivalents	588	192
Unutilized revolving credit facility	1,105	439
Unutilized overdraft facilities	200	174
Total	1,893	805

SENSITIVITY ANALYSIS

December 31, 2019

Earnings effect of change in average interest rate	Change, %	2019	2018
Interest expenses assuming current fixed-interest periods and changed interest rates ¹	+/-1%	+100 /-16	+45/0
Interest expenses assuming change in average interest rate ²	+/-1%	+/-114	+/-83
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/-1%	+/-4	+/-11

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 eventual effects of the derivative portfolio.

THE NYFOSA SHARE

The Nyfosa share has been listed on the Large Cap segment of Nasdaq Stockholm since November 23, 2018. After a share price increase of approximately 89.4 percent in 2019, the company's market capitalization amounted to MSEK 13,586 at year-end.

Share price trend and volume of trading

The volume weighted average price on the last day of trading of the year, December 30, 2019, was SEK 81.29. The price of the Nyfosa share increased about 89.4 percent during the year. During the same period, the Nasdaq Stockholm PI index increased 29.5 percent, while the Carnegie Real Estate Index rose 78.9 percent. A total of about 102.9 million Nyfosa shares were traded for a total value of SEK 6.1 billion in 2019. An average of 411,000 million shares were traded on every day of trading.

Share capital

On December 31, 2019, Nyfosa's share capital amounted to MSEK 84, distributed among 167,728,249 shares with a quotient value of SEK 0.50 per share. According to the Articles of Association, the share capital shall amount to not less than MSEK 80 and not more than MSEK 320, distributed among not fewer than 160,000,000 shares and not more than 640,000,000 shares.

Warrants, convertibles or other share-based financial instruments

A long-term incentive program for employees of the Nyfosa Group, based on the issue of warrants, was implemented in accordance with the resolution of the Annual General Meeting on May 9, 2019. The aim of the incentive program is to help Nyfosa to recruit and retain personnel and to create joint objectives for shareholders, management and employees. The program supports the implementation of Nyfosa's growth and value-creation strategy and contributes to the focus of the company's employees. The program, which is targeted to all employees, is designed to reward overachievement. On full new subscription based on all warrants, 1,950,000 new shares may be issued, corresponding to dilution of approximately 1.07 percent of the total number of shares and the total number of votes in the company.

Directed share issue, February 2020

A directed share issue of 6,462,824 shares, based on the authorization granted by the AGM on May 9, 2019, took place at a price of SEK 93 per share after the end of the year, in February 2020, which provided Nyfosa with proceeds of about MSEK 601 before issue costs. The new share issue

entailed that the number of new shares in Nyfosa increased 6,462,824, from 167,728,249 to 174,191,073. Share capital increased SEK 3,231,412 from SEK 83,864,124.50 to SEK 87,095,536.50. The share issue entailed a dilution of approximately 3.7 percent, based on the total amount of shares in Nyfosa after the share issue.

Directed share issue, March 2020

Nyfosa carried out a directed share issue of 10,310,000 shares, based on the authorization granted by the AGM on May 9, 2019, at a price of SEK 71.20 per share in March 2020.

The shares were paid as part of the purchase consideration in connection with the acquisition of a property portfolio for a total value of SEK 4.2 billion.

Dividend policy and dividend proposal

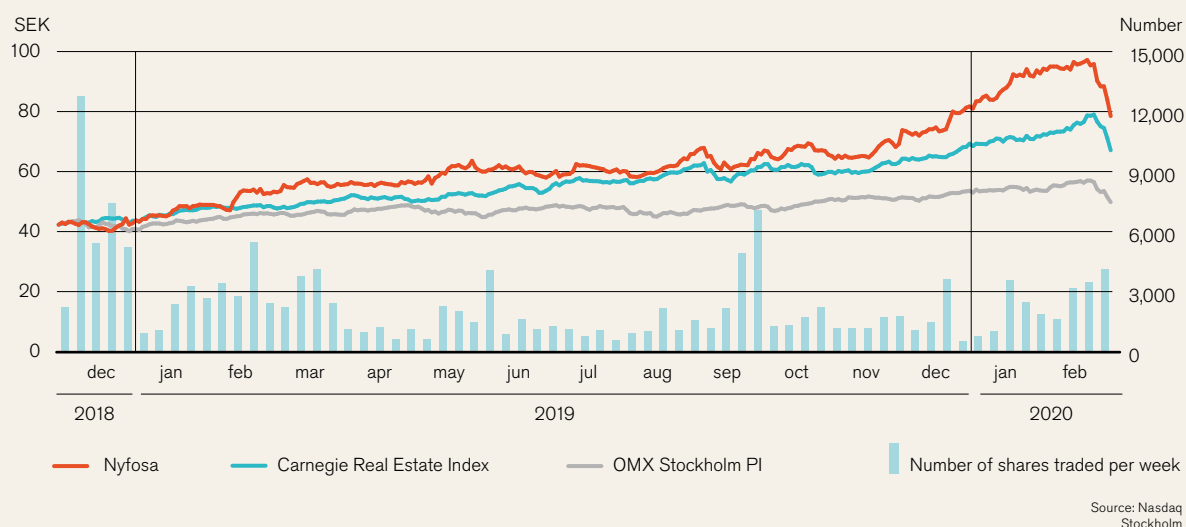
The dividend policy that applied in 2019 stipulated that the profits generated would primarily be reinvested to leverage business opportunities and achieve the growth target of a total property value of SEK 25 billion, after which a significant portion of profit was to be paid to shareholders in the form of a dividend, redemption and/or repurchase of shares.

For the 2019 financial year, the Board proposes that the Annual General Meeting resolve on a distribution in kind of shares in the company Torslanda Property Investment AB (publ.) to Nyfosa's shareholders. It is proposed that every 18 shares in Nyfosa AB confer entitlement to one (1) share in Torslanda Property Investment AB (publ.), following the 10:1 share split of the Torslanda Property Investment AB share. The shares have been traded on Nasdaq First North Growth Market since 2015. More information about the company is available on website www.torslandapropertyinvestment.com.

Shareholder information

On the final day of trading of the year, Nyfosa had 18,492 shareholders, of which Swedish investors, institutions and private individuals owned 69.0 percent of the shares and voting rights, and the remaining shares and votes were owned by foreign shareholders. The ten largest owners jointly controlled 46.1 percent of the share capital and voting rights. The table below presents Nyfosa's largest shareholders on December 31, 2019, based on information from Modular Finance Monitor.

SHARE PERFORMANCE



THE COMPANY'S SHARE CAPITAL TREND

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	n.a.	n.a.	50,000	500
May 21, 2018	Division of shares (1:200)	n.a.	+ 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

SPECIFICATION OF SHAREHOLDERS

December 31, 2019

Shareholders	Number of shares	Percentage share	
		Capital, %	Votes, %
Länsförsäkringar Funds	15,565,560	9.3	9.3
Swedbank Robur Funds	12,708,965	7.6	7.6
Fourth Swedish National Pension Fund	9,566,100	5.7	5.7
ICA-handlarnas Förbund	7,005,000	4.2	4.2
SEB Funds	6,150,184	3.7	3.7
Norges Bank	5,676,289	3.4	3.4
Vanguard	5,631,442	3.4	3.4
Handelsbanken Fonder	5,300,000	3.2	3.2
Kåpan Pensioner			
Försäkringsbolag	4,716,274	2.8	2.8
AB Sagax	4,700,000	2.8	2.8
Total ten largest owners	77,019,814	46.1	46.1
Other shareholders	90,708,435	53.9	53.9
Total	167,728,249	100	100

Source: Modular Finance Monitor

OWNERSHIP STRUCTURE BY SIZE

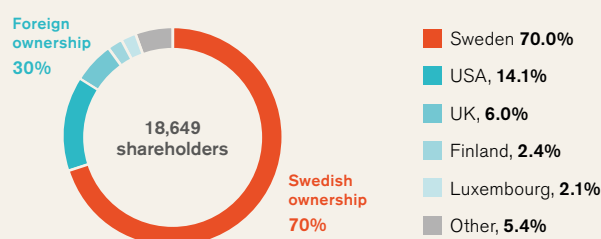
December 31, 2019

Ownership structure	No. of shareholders	Share, %
1 – 500	13,566	72.7
501 – 1,000	2,398	12.9
1,001 – 5,000	2,042	10.9
5,001 – 10,000	223	1.2
10,001 – 15,000	90	0.5
15,001 – 20,000	51	0.3
20,001 –	279	1.5
Total	18,649	100.0

Source: Euroclear

GEOGRAPHIC DISTRIBUTION OF SHAREHOLDING

December 31, 2019



CORPORATE GOVERNANCE REPORT 2019

Corporate governance at Nyfosa is based on Swedish law and other generally accepted good practice in the securities market as well as internal rules and guidelines. Nyfosa also follows the Swedish Corporate Governance Code (“the Code”) and applied it without any deviations in 2019.

General Meetings

The General Meeting is Nyfosa’s highest decision-making body, at which the shareholders exercise their voting rights. The Swedish Companies Act (2005:551) and the Articles of Association prescribe how notice of the Annual General Meeting (AGM) and Extraordinary General Meetings are to take place and who is entitled to participate in and vote at such Meetings. In addition to laws on a shareholder’s right to participate in a General Meeting, Nyfosa’s Articles of Association stipulate that shareholders must notify their intention to attend the General Meeting five weekdays before the Meeting, and also give notification if they intend to be accompanied by an assistant. There are no restrictions on the number of votes that each shareholder may cast at the Meeting. Nyfosa’s General Meetings are held in Nacka or Stockholm. The company does not apply any special arrangements to the function of the General Meeting, either based on the provisions of the Articles of Association or any shareholders’ agreements known to the company. Resolutions adopted at a General Meeting are announced after the Meeting in a press release, and the minutes from the Meeting are published on the company’s website.

The AGM held on May 9, 2019 authorized the Board on one or more occasions for the period until the conclusion of the 2020 AGM, by applying or disapplying shareholders’ preferential rights, to decide to issue new shares in the company, although not more than 10 percent of the total number of shares in Nyfosa on the date of the utilization of the authorization.

NYFOSA’S 2020 ANNUAL GENERAL MEETING

Nyfosa’s 2020 AGM will be held on April 23, 2020 at Vasateatern in Stockholm, Sweden. More information about the AGM (including instructions on how to notify attendance) is available at www.nyfosa.se.

The share and shareholders

Information about Nyfosa shares and major shareholders is provided on pages 72–73 of this Annual Report. No shareholders, directly or indirectly, hold shares that represent one tenth or more of the votes for all shares in the company.

Nomination Committee

The AGM of Nyfosa on May 9, 2019 adopted instructions for the Nomination Committee’s composition and work within the company. According to these instructions, which apply until further notice, the Nomination Committee is to comprise the Chairman of the Board and four members appointed by the four largest shareholders in the company in terms of voting rights on July 31. If any of the four largest shareholders in terms of voting rights does not exercise their right to appoint a member, this right to appoint such a committee member is transferred to the next largest shareholder who is not already entitled to appoint a member of the Nomination Committee. The chairman of the Nomination Committee is to be the member representing the largest shareholder in terms of voting rights, unless the members agree otherwise. The composition of the Nomination Committee is to be announced not later than six months before the AGM. If a Committee member leaves or major changes take place in the ownership structure, the composition of the Nomination Committee may change to reflect this. Such a change will then be announced as soon as possible. The task of the Nomination Committee is to prepare proposals on the election of Board members and auditors, remuneration of the Board members and auditors, the election of the Chairman of the Meeting and any necessary amendments to the instructions for the Nomination Committee. For more information about the current instructions for the Nomination Committee, visit the company’s website.

Nyfosa’s Nomination Committee ahead of the 2020 AGM comprises Johannes Wingborg, Länsförsäkringar Fondförvaltning AB (Chairman of the Nomination Committee), Lennart Francke, Swedbank Robur Funds, Olof Nyström, Fourth

Swedish National Pension Fund, Daniel Klint, SEB Funds and Johan Ericsson, Board Chairman of Nyfosa.

The Nomination Committee applied the Code's rule 4.1 on diversity policy for its work. The aim of the diversity policy is to satisfy the importance of sufficient diversity on the Board of Directors in respect of gender, age and nationality, as well as experience, professional background and lines of business. The Board comprises three women and four men, meaning that the percentage of women is almost 43 percent, which was established to accord with the Swedish Corporate Governance Board's stated objective of about 40 percent for the least represented gender. Additional information is available in the Nomination Committee's reasoned statement regarding the Nomination Committee's proposals to the 2020 AGM.

Board of Directors

According to the Articles of Association, Nyfosa's Board of Directors is to comprise at least four and no more than ten members, with no deputy members. The Articles of Association contain no specific clauses governing the appointment or dismissal of Board members or regarding amendment of the Articles of Association. The members of the Board are elected by the AGM for the period until the end of the next AGM. The AGM held on May 9, 2019 elected Johan Ericsson, Marie Bucht Toresäter, Lisa Dominguez Flodin, Jens Engwall, Per Lindblad, Kristina Sawjani and Mats Andersson as Board members. Johan Ericsson was also elected Chairman of the Board. For more information about Nyfosa's Board members and information about their independence in relation to the company and management, refer to page 77. No Board members are employed in the Group except Jens Engwall (who is the CEO). Information about the company's largest shareholders is provided on pages 72–73.

The Board is the company's highest administrative body and its duties are regulated by the Swedish Companies Act, the Articles of Association and the Code. The Board of Directors is thus responsible for the company's organization and the administration of the company's affairs. The Board is also charged with monitoring financial developments, ensuring the quality of financial reporting and the internal control and evaluating the operations based on the established objectives and guidelines adopted by the Board. Furthermore, the Board decides on significant investments and major changes in the Group's organization and operations. This work is based on rules of procedure adopted by the Board every year that regulate the distribution of work and responsibilities between the Board members and CEO. The Board also adopts a delegation of authority and instructions for financial reporting, the

CEO and the Board's Committees, and decides on a number of general policies for the company's operations. These include an insider policy, finance policy, IT policy, information security policy, sustainability policy, communication policy and policy on related-party transactions. All of these internal governing documents are reviewed at least once annually and also regularly updated as necessary.

The work of the Board of Directors

In addition to the statutory Board meeting, elected held immediately after the AGM, the Board meets at least six times a year (scheduled Board meetings). The dates of meetings and the main standing items on the agenda to be discussed at the scheduled meetings follow a set plan in the Board's rules of procedure. Extra Board meetings can be convened when required. Nyfosa's Board held 15 meetings during the year, one of which was a statutory Board meeting. For information about attendance at these meetings, see the table on page 76. The secretary at the Board meetings is the company's Head of Legal or company lawyer. Prior to each meeting, the Board members receive an agenda and written material for the items to be discussed at the meeting. The agenda ahead of each scheduled Board meeting included a number of standing items: The CEO's review of the operations, acquisitions, divestments and investments as well as financial reporting.

In 2019, besides regular Board matters, including major acquisitions, divestments and investments, the Board addressed issues related to sustainability and building up the organization.

Evaluation of the Board and the CEO

Once annually, in accordance with the Board of Directors' rules of procedure, the Chairman of the Board initiates an evaluation of the Board's work. In 2019, the Chairman had in consultation with the Nomination Committee some separate contact with the members as part of this evaluation. The purpose of the evaluation is to assess the results of the Board's and the Committees' work, the effectiveness of the work method and how it can be improved. The evaluation also aims to identify the type of matters that the Board should be given more scope to address and the areas that could potentially require additional experience and expertise on the Board. The result of the evaluation was discussed by the Board and reported to the Nomination Committee by the Chairman. The Board also continuously evaluates the work of the CEO. An evaluation is carried out at least once a year without the CEO attending.

BOARD OF DIRECTORS



From left: Standing: Per Lindblad, Marie Bucht Toresäter, Jens Engwall, Johan Ericsson
Sitting: Mats Andersson, Kristina Sawjani, Lisa Dominguez Flodin

Board Committees

The Board has established two committees from within its ranks: an Audit Committee and a Remuneration Committee, which both follow instructions adopted by the Board. These committees are sub-committees that prepare matters for the Board and do not have any own power of decision. The matters addressed at committee meetings are minuted and reported as necessary at the next Board meeting.

Audit Committee

The Audit Committee is to assist the Board in completing its supervisory role of audit matters. The Committee's main task is stipulated in the Companies Act. These include overseeing the company's financial reporting, risk management and the effectiveness of internal control and governance as well as maintaining contact with and evaluating the work, qualifications and independence of the external auditor.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Board member	Board meetings	Audit Committee meetings	Remuneration Committee meetings
Johan Ericsson (Chairman of the Board)	15/15	–	5/5
Bengt Kjell	5/15 ¹	–	–
Marie Bucht Toresäter	15/15	6/6	–
Lisa Dominguez Flodin	15/15	6/6	–
Jens Engwall	15/15	–	–
Mats Andersson	10/15 ²	–	5/5
Per Lindblad	15/15	–	5/5
Kristina Sawjani	15/15	6/6	–

1) Bengt Kjell stepped down as Chairman of the Board at the AGM on May 9, 2019.

2) Mats Andersson was elected a Board member at the AGM on May 9, 2019.

Johan Ericsson

Chairman of the Board

Year of birth: 1951

Board member since: May 7, 2018

Education and professional experience: Master in Business Administration, Stockholm School of Economics. FRICS.

Previous experience from senior positions and various roles in the Catella group (1993–2015).

Other ongoing assignments: CEO of Logistea AB (publ) with subsidiaries and Klockarbäcken Property Investment AB (publ) with subsidiaries. Chairman of the board of SHH Bostad AB (publ), Aktiebolaget Oscar Robur, Market Art Fair Intressenter AB and other board assignments in the Group, Castar Europe AB, Braheberget Holding AB and other board assignments in the Group, and Fastighetsbolaget Emilshus AB and other board assignments in the Group, as well as board member of Brinova Fastigheter AB (publ).

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 10,000

Independent in relation to the company, Group Management and the company's major shareholders.

Marie Bucht Toresäter

Board member

Year of birth: 1967

Board member since: May 7, 2018

Education and professional experience: Master in Business Administration, Uppsala University. Previous experience from senior positions at, inter alia, Headlight International AB (2015–2017), Skanska ID (2013–2015), NCC Property Development Nordic AB (2012–2013) and Newsec Advice AB (1999–2012).

Other ongoing assignments: CEO of Novi Real Estate AB and board member of MVB Holding AB.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): –

Independent in relation to the company, Group Management and the company's major shareholders.

Lisa Dominguez Flodin

Board member

Year of birth: 1972

Board member since: May 7, 2018

Education and professional experience: Bachelor's degree in accounting and auditing, Mid Sweden University, Östersund, and MBA, San Jose State University. Previous experience as, inter alia, CEO of Cibus Nordic real Estate AB (publ) (2018) and board member (including member of the audit committee) of NP3 Fastigheter AB (publ) (2014–2017) as well from senior positions at Oscar Properties AB (2017), Cityhold Property AB (2012–2016) and NBP Group (2011–2012).

Other ongoing assignments: CFO of Grön Bostad AB, board member of LCF Financial Services AB and Flodin Kapital AB.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 5,000

Independent in relation to the company, Group Management and the company's major shareholders.

Jens Engwall

Board member and CEO

Year of birth: 1956

Board member since: November 15, 2017

Education and professional experience: Master of Engineering, Royal Institute of Technology, Stockholm. Previous experience as the founder and CEO of Hemfosa Fastigheter AB (2009–2018), CEO of Kungsleden AB (1993–2006) and experience from the property sector through, inter alia, previous positions at Skanska AB.

Other ongoing assignments: Chairman of the board of the property company Söderport Holding AB and other board assignments in the Söderport group, Chairman of the board of Torslanda Property Investment AB (publ), board member of Bonnier Fastigheter AB and Quantafuel AS.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 4,627,311

Not independent in relation to the company and Group Management. Independent in relation to the company's major shareholders.

Mats Andersson

Board member

Year of birth: 1954

Board member since: May 9, 2019

Education and professional experience: Master in Business Administration, Stockholm University. Previous experience from inter alia Fourth Swedish National Pension Fund, where he was CEO for ten years, Third Swedish National Pension Fund as well as senior positions at Skandia Liv, Deutsche Bank, S.G. Warburg and Hägglöf & Ponsbach. Mats has been board member of several listed companies.

Other ongoing assignments: Vice Chairman of The Global Challenges Foundation, board member of Carneio and Försäkringsbolaget PRI Pensionsgaranti, and a couple of advisory assignments.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 10,000

Independent in relation to the company, Group Management and the company's major shareholders.

Per Lindblad

Board member

Year of birth: 1962

Board member since: May 7, 2018

Education and professional experience: Master of Science in Agriculture Economics, Swedish University of Agricultural Sciences (SLU), Uppsala. Previous experience from inter alia senior positions at SEB (2008–2017).

Other ongoing assignments: CEO of Landshypotek Bank Aktiebolag and chairman of the board of Lyckås Aktiebolag.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 5,000

Independent in relation to the company, Group Management and the company's major shareholders.

Kristina Sawjani

Board member

Year of birth: 1975

Board member since: May 7, 2018

Education and professional experience: Master of Science in Engineering Surveying, Lund Technical University. Previous experience includes senior positions at AFA Fastigheter and the Catella group as well as board member of Grön Bostad.

Other ongoing assignments: Head of Transactions at Mengus.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 4,282

Independent in relation to the company, Group Management and the company's major shareholders.

The Committee is also to assist in preparing proposals for the General Meeting to resolve on the election and remuneration of auditors. The results of the Committee's work in the form of observations, recommendations and proposals for decision or action are continuously reported to the Board. The Audit Committee comprises Board members Lisa Dominguez Flodin (Chairman), Kristina Sawjani and Marie Bucht Toresäter. After it was established in May 2019, the Audit Committee held six meetings during the year at which subjects discussed included the company's internal control and quarterly reporting.

Remuneration Committee

The main tasks of the Remuneration Committee are to assist the Board by presenting proposals, providing advice and preparing matters regarding remuneration of and other terms of employment for the company's CEO and principles for remuneration of company management. Furthermore, the task of the committee is to monitor and evaluate the outcome of variable remuneration programs, and Nyfosa's compliance with the remuneration guidelines adopted by the General Meeting.

The Remuneration Committee comprises Board members Johan Eriksson (Chair), Per Lindblad and Mats Andersson. After it was established in May 2019, the Remuneration Committee held five meetings at which subjects discussed included remuneration of senior executives including terms of employment for the CEO, the implementation of the incentive program resolved on by the 2019 AGM and the design of new guidelines for remuneration of senior executives.

Remuneration of Board of Directors

The AGM on May 9, 2019 resolved that until the next AGM an annual fee of SEK 170,000 was to be paid to each of the Board members who are not employed by the company and that SEK 425,000 was to be paid to the Chairman of the Board. It was also resolved that fees for Committee work amounting to SEK 60,000 were to be paid to the Chairman of the Audit Committee and SEK 30,000 to each of the other members of the Audit Committee and that fees of SEK 40,000 were to be paid to the Chairman of the Remuneration Committee and SEK 20,000 to each of the other members of the Remuneration Committee.

SENIOR EXECUTIVES



From left Standing: Ann-Sofie Lindroth, Jens Engwall, Stina Lindh Hök,
Sitting: Katarina Sonnevi, Johan Ejerhed, Anders Hörnqvist

CEO and Group Management

The CEO is appointed by the Board and is responsible for the daily management of the company and the Group's activities in accordance with the Board's instructions. The CEO instruction states that the CEO is responsible for the administration of the Board and Board reporting as well as preparing matters that require a decision by the Board, for example, adopting the interim report and Annual Report, decisions on major acquisitions, sales or investments and raising large loans. The CEO has appointed a Group Management team that is responsible for different parts of the operations. Nyfosa's Group Management comprises the CEO, COO, Head of Financial Control, Head of Transactions, Head of Property Management and Head of Finance. The CEO functions as chairman of Group Management and makes decisions in consultation with other members of Group Management. The work of Group Management follows an annual cycle of eight scheduled meetings. Extra meetings are convened as required.

Guidelines for remuneration of senior executives

The AGM on May 9, 2019 resolved on guidelines for the remuneration of Nyfosa's senior executives for the period until the 2020 AGM. These guidelines include the fact that Nyfosa is to apply market-based and competitive forms of remuneration that are simple, long-term and measurable. Remuneration may comprise a fixed and variable portion. The guidelines include requirements for the structure of remuneration and a cap on variable remuneration. The Board may deviate from the guidelines if there are special reasons to do so in an individual case. Such deviations are to be presented at the next AGM. For the complete guidelines, visit the company's website. The amount of remuneration paid in 2019 is presented in Note 8. The proposed guidelines for remuneration of senior executives are available on the company's website www.nyfosa.se.

Jens Engwall

CEO and Board member

Year of birth: 1956

Education and professional experience:

Master of Engineering, Royal Institute of Technology, Stockholm. Previous experience as founder and CEO of Hemfosa Fastigheter AB (2009–2018), CEO of Kungsleden AB (1993–2006) and experience from various positions at Skanska AB.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 4,627,311

Warrants in the company as of Dec 31, 2019: 250,000 warrants

Johan Ejerhed

Head of Finance

Year of birth: 1976

Education and professional experience:

Master of Science in Engineering, International Industrial Economics (with a specialization in finance), Linköping University. Experience of project manager in structured real estate financing at SEB (2004–2018).

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): –

Warrants in the company as of Dec 31, 2019: 145,000 warrants

Katarina Sonnevi

Head of Transactions

Year of birth: 1977

Education and professional experience:

Master of Science in Engineering, KTH Royal Institute of Technology, Stockholm. Economics at Stockholm University. Experience as Transactions manager at Heimstaden (2016–2019) and of the property sector including at RBS (2015–2016), Tenzing AB (2010–2015), Ericsson (2007–2010), Catella (2005–2007) and NCC property development 2004–2005.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 1,073

Warrants in the company as of Dec 31, 2019: 160,000 warrants

Anders Hörnqvist

Head of Property Management

Year of birth: 1966

Education and professional experience:

Master of Science in Engineering, KTH Royal Institute of Technology, Stockholm. Previous experience as partner of The Carlyle Group (2007–2013), vice president at Fabege AB (2004–2007) and head of property management at Wihlborgs AB (1997–2004).

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): –

Warrants in the company as of Dec 31, 2019: 120,000 warrants

Stina Lindh Hök

COO

Year of birth: 1973

Education and professional experience:

Master of Science in Engineering, KTH Royal Institute of Technology, Stockholm. Experience as Transaction Manager at Hemfosa Fastigheter AB (2010–2018) and of the property sector including at Atrium Ljungberg AB (2009–2010), Leimdörfer Fastighetsmarknad AB (2006–2008) and as head of property management at Fabege AB (2005).

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 23,010

Warrants in the company as of Dec 31, 2019: 120,000 warrants

Ann-Sofie Lindroth

Head of Financial Control

Year of birth: 1976

Education and professional experience:

Master of Science in Business Administration, Lund University. Previous experience as Controller and Head of Finance at Hemfosa Fastigheter AB (2012–2018), auditor at EY Real Estate (2004–2012) at real estate agent at Svensk Fastighetsförmedling (1996–1999).

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 7,400

Warrants in the company as of Dec 31, 2019: 120,000 warrants

AUDITOR

KPMG AB

Auditor-in-Charge Mattias Johansson, born in 1973, is an Authorized Public Accountant, partner of KPMG Sweden and member of FAR (institute for the accountancy profession in Sweden).

Auditor

At the AGM on May 9, 2019, KPMG AB was elected to serve as auditor until the end of the next AGM. Auditor-in-Charge Mattias Johansson was born in 1973 and is an Authorized Public Accountant and member of FAR (institute for the accountancy profession in Sweden).

The auditor examines the Annual Report, accounts and the administration by the Board and CEO. The auditor then reports to the AGM. In addition to the audit assignment, KPMG was engaged for additional services in 2019, primarily tax advice. Such services have always, and solely, been provided insofar as they are consistent with the regulations in the Swedish Auditing Act (1999:1079) and FAR's rules of professional conduct pertaining to the objectivity and independence of auditors.

Internal control and governance

The Board's responsibility for the internal control and governance is regulated by the Companies Act, the Annual Accounts Act (1995:1554) and the Code. Information about Nyfosa's system for internal control, governance, risk management and the Board's measures to monitor the effectiveness of the internal control and governance is to be included in the company's corporate governance report. The Board, which has ultimate responsibility, is to ensure, inter alia, that Nyfosa has effective internal control and formalized procedures to ensure compliance with established principles for financial reporting, internal control and governance. The Group's Head of Financial Control is responsible for implementing and maintaining the formalized procedures.

Nyfosa's procedures and processes for internal control, governance and risk management are based on the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). The process has been designed to ensure adequate risk management, including reliable financial reporting in accordance with IFRS, applicable laws and regulations as well as other requirements to be applied by companies listed on Nasdaq Stockholm. This work involves the Board, Group Management and other personnel.

Control environment

Nyfosa's control environment is founded on governing documents, processes and structures that set the basis for establishing internal control and governance in the organization. The Board monitors and ensures the quality of the internal control and governance in accordance with in the Board's rules of procedure, the instructions for the CEO and the Committees and the associated delegation of authority and attestation ordinance. In addition, the Board has adopted a risk management policy that includes fundamental guidelines governing risk management, internal control and governance. These guidelines pertain to, for example, risk assessment, risk measures, control activities, action plans, evaluation and reporting. The internal control and governance activities are also presented in other governing documents, such as Nyfosa's accounting manual, sustainability policy and finance policy. These activities include regular checks and follow-ups of outcome compared with expectations and previous years, and supervision of, for example, the accounting policies applied by Nyfosa. In addition, Nyfosa provides an anonymous whistleblower function for all employees that is regulated in separate guidelines and monitored by the Chairman of the Audit Committee.

Since the Group's ongoing accounting activities and the preparation of the quarterly and annual accounts, etc. have been partly outsourced to an external service provider (Newsec Asset Management AB), Nyfosa's accounting manual also addresses the cooperation with this provider. The responsibility for maintaining an effective control environment and the continuous work on risk assessment and internal control and governance regarding the financial reporting is delegated to the CEO. However, the Board has ultimate responsibility. The Audit Committee is responsible for monitoring the efficiency of the company's internal control, governance and risk management regarding the financial reporting. Group Management regularly reports to the Board and the Audit Committee following established procedures. Responsibilities, authorities and governing documents comprise the control environment for Nyfosa, together with laws and regulations. All internal governing documents are regularly updated to include changes in, for example, legislation, accounting standards or listing requirements.

Risk assessment

Every year, Nyfosa's Group Management performs a risk evaluation of strategic, financial, operational and compliance risks in connection with the business planning process. The risks identified as the most material are documented in a risk list that is evaluated by Nyfosa's Group Management and a

risk owner is appointed for every risk to clarify the division of responsibilities and ownership. The risk analysis also includes an assessment of the control activities established throughout the operations to manage the risks. Taking into account these existing control activities, the probability of a risk occurring within a defined period of time is evaluated, as is its impact on established targets. The risk assessment provides insight into the consequences for the Group if no action is taken, the risk-reducing measures that are in place and the level of risk that the organization wants to achieve by taking further action. The outcome of the risk analysis and accompanying action plan is presented to the Audit Committee and Board.

Control activities

Nyfosa's control activities are established based on identified risks, with the aim of ensuring Nyfosa's internal control and governance over the company's financial reporting. Identified risks are managed by implementing well-defined key processes with integrated control activities, such as dividing and delegating responsibility, cooperation and principles for distribution of responsibility between Nyfosa and Newsec and a defined decision-making process. Nyfosa's key processes include activities and controls intended to manage and minimize identified risks. In addition to these key processes, Nyfosa's control activities comprise ongoing monitoring of financial results and financial position, company-wide controls and general IT controls.

Information and communication

Nyfosa has built an organization, procedures and systems for information and communication aimed at providing the market with relevant, reliable, correct and up-to-date information about the Group's performance and financial position and ensuring that the financial reporting is correct and effective. The internal governing documents clarify who is responsible for what, and the daily interaction between the officers concerned ensures that the necessary information and communication reaches all relevant parties. Every month, Group Management receives certain financial information about the company and its subsidiaries in respect of the development of leasing and other property management work, reviews and monitoring of ongoing and future investments and liquidity planning. The Board receives regular financial reports on the Group's financial position and earnings performance. In addition, the Board receives a report every year from Group Management on consolidated risks for the Group with an accompanying action plan, which in turn is followed up by the

Board and Group Management once per year. For external disclosure of information, a communications policy has been adopted by the Board, designed to ensure that the company complies with the requirements for disseminating correct information to the market at the right time.

Monitoring

The Board continuously evaluates the information provided by Group Management. Nyfosa's financial position, investments and operating activities are normally discussed at each Board meeting and Group Management meeting. The Board is also responsible for monitoring the internal control and governance. This work includes ensuring that measures are taken to address any shortcomings, and following up proposals to address issues highlighted in connection with the external audit.

Follow-ups and separate evaluations are continuously carried out in accordance with an adopted risk management policy and accounting manual at various levels within the Group. The risk owner appointed in the risk management policy is responsible for the management of a specific risk by regularly analyzing developments, monitoring risk measures and providing status reports to management. Approved measures and risk owners are also monitored based on the Board's and Group Management's annual follow-up of the action plan, at the same time as line managers are given the opportunity to highlight relevant risk information. The risk management process is in turn evaluated once a year to identify opportunities for improvement.

Internal audit

In light of Nyfosa's operations, organizational structure and the organization of the financial reporting, the Board has not found any reason to establish a separate internal audit function. Instead, the company's Group-wide controller function has been adapted to also manage the internal control activities. The matter of establishing a separate internal audit function is discussed by the Board every year.

MULTI-YEAR OVERVIEW AND KEY FIGURES

	2019	2018	2017	2016	2015
Income, MSEK	1,370	1,064	1,031	842	881
<i>Property expenses</i>					
Operating expenses, MSEK	-251	-184	-146	-145	-153
Maintenance costs, MSEK	-99	-71	-66	-79	-109
Property tax, MSEK	-65	-46	-42	-40	-40
Property administration, MSEK	-50	-36	-30	-35	-34
Net operating income, MSEK	905	728	746	544	545
Surplus ratio, %	66.0	68.4	72.4	64.6	61.8
Economic leasing rate ¹ , %	91	92	91	88	87
Yield ² , %	5.5	5.6	5.8	n/a	n/a
Profit from property management per share, SEK	6.63	5.47	6.04	4.30	3.82
Earnings per share, SEK	8.24	9.63	7.24	6.89	5.56
Property value, MSEK	19,602	15,582	12,090	10,017	10,197
Equity, MSEK	9,781	8,392	3,479	2,924	2,058
EPRA NAV per share, SEK	65.37	55.36	25.64	21.42	16.46
Equity per share, SEK	58.32	50.03	20.74	17.43	12.27
Return on equity, %	15.2	27.2	37.9	46.4	58.6
Equity/assets ratio, %	44.1	48.3	25.5	25.8	18.4
Loan-to-value ratio, properties, %	57.6	52.9	54.4	52.8	56.5
Net loan-to-value ratio, properties, %	54.6	51.6	53.1	50.3	55.3
Interest-coverage ratio, multiple	4.2	4.9	7.0	5.5	4.0
Cash flow from operating activities per share, SEK	3.89	7.20	2.84	3.12	3.56

1) On balance-sheet date.

2) According to earnings capacity.

Share-related key figures

	2019	2018
Profit from property management per share, SEK	6.63	5.47
Profit after tax per share, SEK	8.24	9.63
Long-term net asset value (EPRA NAV) per share, SEK	65.37	55.36
Equity per share, SEK	58.22	50.03
Cash flow from operating activities, per share, SEK	3.89	7.20

Property-related key figures

	2019	2018
Rental value, MSEK	1,740	1,404
Leasable area, 000s sqm	1,877	1,577
No. of properties	230	177
Economic leasing rate, %	90.9	91.5
Remaining lease term, years	4.1	4.1
Surplus ratio ¹ , %	69.6	68.9
Yield ¹ , %	5.5	5.6

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

Key financial data

	2019	2018
Return on equity, %	15.2	27.2
Equity/assets ratio, %	44.1	48.3
Loan-to-value ratio, properties, %	57.6	52.9
Net loan-to-value ratio, properties, %	54.6	51.6
Debt/equity ratio, multiple	1.1	1.0
Interest-coverage ratio (Jan 1 – Dec 31), multiple	3.9	4.9

RECONCILIATION OF KEY FIGURES

Long-term net asset value (EPRA NAV)	2019	2018	2017	2016	2015
Equity, MSEK	9,781	8,392	3,479	2,925	2,058
Deferred tax, MSEK	627	452	404	261	372
Derivatives, MSEK	-2	-9	-4	3	7
Deferred tax in joint ventures, 50%, MSEK	454	339	257	192	119
Derivatives in joint ventures, 50%, MSEK	104	111	164	212	206
Number of shares, millions	168	168	168	168	168
Long-term net asset value (EPRA NAV) per share, SEK	65.37	55.36	25.64	21.42	16.46

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	2019	2018	2017	2016	2015
Profit for the year, MSEK	1,382	1,615	1,215	1,155	933
Profit after tax, MSEK	5,366	4,917	3,953	3,135	2,239
Average equity, MSEK	9,087	5,936	3,202	2,492	1,592
Return on equity, %	15.2	27.2	37.9	46.4	58.6

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	2019	2018	2017	2016	2015
Interest-bearing liabilities, MSEK	11,282	8,240	6,583	5,291	5,766
Property value, MSEK	19,602	15,582	12,090	10,017	10,197
Loan-to-value ratio, %	57.6	52.9	54.4	52.8	56.5
Cash and cash equivalents, MSEK	588	192	160	253	126
Net loan-to-value ratio, %	54.6	51.6	53.1	50.3	55.3

The loan-to-value ratio is calculated by using interest-bearing liabilities, excluding liabilities for right-of-use assets, 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	2019	2018	2017	2016	2015
Profit from property management, MSEK	1,112	918	1,013	721	639
Share in profit of joint ventures, MSEK	491	412	380	287	255
Depreciation/amortization, MSEK	0	0	0	0	0
Financial income and expenses, MSEK	-191	-131	-106	-97	-130
Interest-coverage ratio, multiple	4.3	4.9	7.0	5.5	4.0

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. 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.

BOARD OF DIRECTORS' REPORT

The Board of Directors and CEO of Nyfosa AB ("Nyfosa"), postal address Box 4044, SE-131 04 Nacka, Sweden and Corp. Reg. No. 559131-0833, hereby submit the Annual Report and consolidated annual accounts for the 2019 financial year.

Comparative figures presented in parentheses refer to the preceding year. The financial statements are presented in millions of Swedish kronor (MSEK), meaning that rounding differences may occur.

Operations

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. The emphasis is on identifying value and assessing the development potential to leverage business opportunities that may lead to a portfolio of high-yielding properties, primarily commercial. Nyfosa's method of conducting property transactions and developing and adding value to properties creates a property portfolio with the potential to generate high and stable return.

Business concept

With its opportunistic approach and its agile, market-centric and bold organization, Nyfosa will create value by accumulating sustainable cash flows and continuously evaluating new business opportunities.

Vision

Nyfosa will be the property company in Sweden that is the best at creating value.

Organization and employees

Nyfosa has a decentralized and relatively small organization, which creates the conditions for efficient and short decision-making paths where all employees have an awareness and understanding of the company's objectives and strategies. The operational structure takes the form of Group Management, Group-wide functions and property management. In order to create flexibility that can be adapted to Nyfosa's development, the organizational structure is flat, in which the most vital functions are provided in-house. The more standardized functions are insourced from external service providers.

Group Management

Nyfosa's Group Management has extensive knowledge of the property market and long experience of conducting property transactions and value creating investments in the property portfolio. It comprises six people: CEO, COO, Head of Finance, Head of Financial Control, Head of Property Management and Head of Transactions.

Group-wide functions

Nyfosa has Group-wide functions for economy, finance, market/communication, legal issues and transactions. At year-end, a total of nine employees worked in these functions (excl. members of Group Management).

Property management

The company's head office is located in Nacka, Stockholm, with local property management offices in Västerås, Örebro, Värnamo, Växjö, Gothenburg and Malmö. The average number of employees in the property management organization at year-end was 29 (excl. members of Group Management). The properties in Norrland are mainly managed by an external manager.

Employees

The number of employees in Nyfosa at year-end was 46. The percentage of women senior executives was about 50 percent.

The average number of employees in 2019 was 39 (23).

Corporate governance

A separate corporate governance report can be found on pages 74–81 of this Annual Report.

Guidelines for remuneration of and other terms of employment for senior executives

The Board proposes that the AGM resolve to adopt the following guidelines for remuneration of senior executives. Nyfosa announced new financial targets and sustainability targets on March 13, 2020, refer to the company's website. A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability and equality, is that the company is able to recruit and retain qualified personnel. The remuneration shall therefore apply market-based and competitive remuneration levels and employment conditions to recruit and retain highly skilled management team with the capacity to achieve established targets. The types of

remuneration are to motivate senior executives to do their utmost to safeguard shareholders' interests. The types of remuneration are to be simple, long-term and measurable.

Remuneration of senior executives may comprise a fixed and variable portion as well as pension benefits and other benefits. The fixed salary for senior executives is to be market-aligned and based on expertise, responsibility and performance. Variable remuneration is to be paid to senior executives where the Board believes that it encourages the right behaviors and does not jeopardize long-term value creation. The variable remuneration is to reward target-related performance and improvements in simple and transparent structures, and is to be capped. Outcome is to be related to fulfillment of the company's financial targets and other measurable sustainability targets that support long-term shareholder value. Most established targets are to be the same for the senior executives but can, to less of an extent, refer to individual performance. Variable remuneration of senior executives must not exceed four months' salary and is not to be pensionable.

Senior executives may be offered incentive programs that are to primarily be share or share-price based to promote commitment to the development of the company and are to be implemented on market terms. For more information about outstanding incentive programs, visit the company's website.

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. Any derogation from the guidelines for remuneration of senior executives by the Board is to be included in the remuneration report at the next AGM.

Significant risks and uncertainties

All organizations encounter uncertainty and the challenge is to determine how much uncertainty can be accepted in the company's efforts to increase value for its stakeholders. Uncertainty presents both opportunities and risks with the potential to both increase and erode value. Company-wide risk management enables management to efficiently manage uncertainty and related opportunities and risks.

Risk management is an integrated part of the business planning process at Nyfosa. Critical success factors for achieving the growth and return objectives were identified in the company's long-term business plan. The main uncertainty factor is attributable to changes in value in the property portfolio. 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.

For information on financial risks and financial risk management, see Note 3.

Sustainability Report

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Nyfosa has decided to prepare the statutory sustainability report as a separate report from the Annual Report, found on pages 34–63 of this Annual Report.

Commentary on financial performance

Income

Income amounted to MSEK 1,370 (1,064), up MSEK 306 or 29 percent. The change was attributable to the larger portfolio, but also renegotiations and new leases in the comparable portfolio. The total leasable area on December 31, 2019 amounted to 1,877 thousand sqm (1,577) and the economic leasing rate was 90.9 percent (91.5).

Net operating income

Property expenses mainly refer to operating expenses, such as heating, water, electricity and property upkeep and amounted to MSEK 415 (300). Costs for property administration amounted to MSEK 50 (37). Management of the portfolio yielded a surplus ratio of 66 percent (68). The lower surplus ratio was due to a couple of large maintenance projects during the year.

Profit from property management

Costs for central administration amounted to MSEK 89 (52). In 2018, Nyfosa established its own organization but it was not complete. This year the organization has expanded with the necessary Group-wide functions and establishment of new local offices in pace with the growth of the property portfolio.

Profit from participations in joint ventures of MSEK 491 (412) comprised 50 percent of Söderport's profit after tax for the full-year, of which MSEK 197 (170) comprised profit from property management and MSEK 416 (311) changes in value of the property portfolio.

Financial income and expenses, including expenses for right-of-use assets, amounted to MSEK –195 (–131). The average interest rate, excluding allocated opening charges, amounted to 1.8 percent (1.7). The higher financial expense was mainly due to higher net debt.

Profit from property management excluding profit from participations in joint ventures amounted to MSEK 621 (505).

Changes in value

The changes in value of properties amounted to MSEK 472 (800), of which unrealized changes in value totaled MSEK 493 (658). The unrealized changes in value were mainly the result of lower yield requirements and renegotiated leases. The realized changes in value of MSEK –22 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 –195 (–107), of which MSEK –173 (–90) pertained to changes in deferred tax liabilities attributable to investment properties. The effective tax rate was 12 percent (6). The deviation from the nominal tax rate of 21.4 percent was mainly due to the fact that profit from participations 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.

Financing

In 2019, assets were financed through equity, bank loans with Nordic banks and bond loans issued in the Swedish capital market. Equity on the balance-sheet date amounted to MSEK 9,781 (8,392) and interest-bearing liabilities, excluding liabilities attributable to right-of-use assets, to MSEK 11,282 (8,240), of which bank loans with properties as collateral amounted to MSEK 9,782 (8,240) and senior unsecured bond loans to MSEK 1,500 (–). The loan-to-value ratio of the properties was 57.6 percent (52.9).

Interest-bearing liabilities

Interest-bearing liabilities, excluding liabilities attributable to right-of-use assets, increased MSEK 3,042 during the year. Senior unsecured bond loans were issued on two occasions, in May and November, for a total of MSEK 1,500 and maturing in May 2022. Furthermore, bank loans totaling MSEK 3,957 were raised. Repayments for the year and redemption of bank loans in connection with maturity and vacating properties amounted to MSEK 2,394. No interest-bearing liabilities fall due for payment in the next 12 months.

Cash flow

The operating activities contributed a positive cash flow of MSEK 652 (1,207) during the year. Taking possession of and vacating properties, both directly and indirectly via companies, impacted cash flow from investing activities by a net MSEK –3,311 (–2,509). Dividends on participations in joint ventures amounted to MSEK 200 (200). Cash flow from financing activities had a positive contribution of MSEK 3,056 (1,329), primarily due to the bond loans issued during the year.

Parent Company

For 2019, the Parent Company reported profit after tax of MSEK 605 (503). The Parent Company's fees for central and property administrative services from Group companies amounted to MSEK 60 (22). Profit for the year is the same as comprehensive income for the year.

At December 31, 2019, the Parent Company's equity totaled MSEK 4,960 (4,347), of which restricted equity was MSEK 84 (84). Intra-Group liabilities amounted to MSEK 2,483 (2,460) and intra-Group receivables amounted to MSEK 8,241 (6,367).

The share

The Nyfosa share is listed on the Large Cap segment of Nasdaq Stockholm. At year-end, the share capital amounted to MSEK 84 (84). The number of shares on the balance-sheet date amounted to 167,728,249 with a quotient value of SEK 0.50 each (0.50). Each share entitles the holder to one vote. The number of shareholders on the balance-sheet date was 18,491. For a list of the largest shareholders, refer to the section "The share" on pages 72–73 of this Annual Report.

Share capital trend	Date	Change in number of shares	Quotient value, SEK	Share capital after change, MSEK
New formation	October 17, 2017	500	1.00	0
Division of shares	May 21, 2018	99,500	–	0
New share issue	May 21, 2018	157,628,249	0.50	79
New share issue	August 21, 2018	10,000,000	0.50	5
Total		167,728,249	0.50	84

Expectations concerning future development

Nyfosa does not provide a forecast on its future financial performance. In 2020, the company will continue its focused work on creating value by being transaction-based and capitalizing on the business opportunities that arise.

After the end of the year, the new coronavirus impacted not only individuals but also the property market and global economy. Nyfosa is continuously monitoring developments and seeks to protect the health and safety of its employees, tenants and suppliers. The company has taken measures to mitigate potential disruptions to its operations and is following the recommendations of the authorities. Nyfosa believes that in these turbulent times it has a stable financial position, good liquidity and a strong cash flow. The property portfolio is well diversified with properties in a variety of categories, geographies and sizes, and tenants in a large number of different industries and few dominant tenants. At the current time, it is difficult to assess how the company will be affected by the coronavirus in the long term.

The Board's proposed appropriation of profit

The following funds in the Parent Company Nyfosa AB are available for distribution by the Annual General Meeting (amounts in SEK).

Unrestricted equity, SEK	Dec 31, 2019
Share premium reserve	7,617,069
Retained earnings	4,263,363,251
Profit for the year	604,979,925
Total unrestricted equity	4,875,960,245
The following funds are available for distribution by the AGM	
To be carried forward	4,875,960,245
Total	4,875,960,245

For information regarding the company's earnings and financial position, refer to the following financial statements and the accompanying notes to the accounts.

CONSOLIDATED STATEMENT OF PROFIT/LOSS

MSEK	Note	2019	2018
Rental income	5	1,359	1,060
Other property income	6	11	4
Total income		1,370	1,064
Property expenses			
Operating expenses		-251	-184
Maintenance costs		-99	-71
Property tax		-65	-46
Property administration	21	-50	-37
Net operating income	7	905	728
Central administration	7, 8, 9, 21	-89	-52
Other operating income and expenses	7	-1	-39
Share in profit of joint ventures	14	491	412
Financial income	10	0	1
Financial expenses	10	-191	-132
Expenses related to right-of-use assets		-4	-
Profit from property management		1,112	918
Changes in value of properties, realized	13	-22	142
Changes in value of properties, unrealized	13	493	658
Changes in value of financial instruments, unrealized		-7	4
Profit before tax		1,576	1,722
Current tax	11	-22	-26
Deferred tax	11	-172	-81
Profit for the year		1,382	1,615
Statement of profit/loss and other comprehensive income			
Profit for the year		1,382	1,615
Other comprehensive income			
Items that have or could be transferred to profit for the period		-	-
Comprehensive income for the year		1,382	1,615
Profit for the year attributable to:			
Parent Company shareholders		1,382	1,615
Comprehensive income for the year attributable to:			
Parent Company shareholders		1,382	1,615
Earnings per share for the year before and after dilution, SEK	12	8.24	9.63

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	Dec 31, 2019	Dec 31, 2018
ASSETS			
Non-current assets			
Investment properties	13	19,602	15,582
Assets with right-of-use		149	–
Shares/participations in joint ventures	14	1,812	1,520
Derivatives	3	2	9
Other assets		2	1
Total non-current assets		21,566	17,113
Current assets			
Rent receivables		7	15
Current receivables	15	39	35
Cash and cash equivalents	16	588	192
Total current assets		635	242
TOTAL ASSETS		22,201	17,355
EQUITY AND LIABILITIES			
Equity			
Share capital	26	84	84
Other contributed capital		3,760	3,760
Retained earnings including profit for the year		5,937	4,548
Total equity		9,781	8,392
Liabilities			
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	17	11,149	7,305
Liabilities attributable to right-of-use assets		144	–
Other non-current liabilities		16	10
Derivatives	3	–	–
Deferred tax liabilities	18	627	452
<i>Total non-current liabilities</i>		<i>11,937</i>	<i>7,767</i>
<i>Current liabilities</i>			
Current interest-bearing liabilities	17, 21	132	935
Other current liabilities	19, 21	350	262
<i>Total current liabilities</i>		<i>482</i>	<i>1,196</i>
Total liabilities		12,419	8,963
TOTAL EQUITY AND LIABILITIES		22,201	17,355

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Share capital	Other contributed capital	Retained earnings incl. profit for the year	Total equity
Opening equity, Jan 1, 2018	0	–	3,479	3,479
Transactions with the Group's shareholders				
Contributions from and distributions to shareholders				
New share issue and shareholders' contributions	84	3,760	–	3,844
Dividends paid	–	–	–530	–530
Other transactions with shareholders	–	–	–15	–15
Total transactions with the Group's shareholders	84	3,760	–545	3,299
Profit for the year	–	–	1,615	1,615
Other comprehensive income for the year	–	–	–	–
Comprehensive income for the year	–	–	1,615	1,615
Closing equity, Dec 31, 2018	84	3,760	4,548	8,392
Opening equity, Jan 1, 2019	84	3,760	4,548	8,392
Transactions with the Group's shareholders				
Contributions from and distributions to shareholders				
Issue of warrants	–	8	–	8
Total transactions with the Group's shareholders	–	8	–	8
Profit for the year	–	–	1,382	1,382
Other comprehensive income for the year	–	–	–	–
Comprehensive income for the year	–	–	1,382	1,382
Closing equity, Dec 31, 2019	84	3,768	5,929	9,781

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	2019	2018
Operating activities			
Profit from property management		1,112	918
Adjustments for non-cash items	22	-491	-412
Tax paid		-27	-4
Cash flow from operating activities before changes in working capital		593	502
Increase (-)/decrease (+) in operating receivables		27	43
Increase (+)/decrease (-) in operating liabilities		32	662
Cash flow from operating activities		652	1,207
Investing activities			
Direct and indirect acquisitions of investment properties	22	-4,457	-3,721
Direct and indirect divestments of investment properties	22	1,170	1,212
Investments in existing investment properties		-224	-194
Dividend from joint ventures		200	200
Other		0	-1
Cash flow from investing activities		-3,311	-2,504
Financing activities			
New issue of shares/warrants		8	84
Loans raised	22	5,457	3,530
Repayment of loans	22	-2,394	-2,262
Other		-15	-23
Cash flow from financing activities		3,056	1,329
Cash flow for the year		396	32
Cash and cash equivalents at the beginning of the period		192	160
Cash and cash equivalents at the end of the period		588	192

PARENT COMPANY STATEMENT OF PROFIT/LOSS

MSEK	Note	2019	2018
Net sales		60	22
Other external costs	9	-43	-64
Personnel costs	8	-56	-22
Loss before financial income and expenses		-39	-64
Profit from participations in joint ventures		200	-
Profit from participations in Group companies	10	400	500
Interest income and similar income items		2	1
Interest expenses and similar expense items		-24	-1
Profit before appropriations		538	436
Appropriations			
Group contributions paid/received		78	68
Provision to tax allocation reserve		-7	-
Profit before tax		609	504
Current tax	11	-5	-1
Profit for the year		605	503

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

MSEK	Note	Dec 31, 2019	Dec 31, 2018
ASSETS			
Financial non-current assets			
Shares in Group companies	24	0	0
Non-current receivables from Group companies		90	90
Participations in joint ventures	14	412	412
Total financial non-current assets		503	502
Total non-current assets		503	502
Current receivables from Group companies		8,241	6,367
Other current receivables		11	6
Cash and bank balances		236	4
Total current assets		8,488	6,377
TOTAL ASSETS		8,990	6,879
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	26	84	84
Unrestricted equity			
Retained earnings		4,271	3,760
Profit for the year		605	503
Equity		4,960	4,347
Untaxed reserves			
		7	-
Liabilities			
Bond loans		1,486	-
Other non-current liabilities		9	1
Total non-current liabilities		1,495	1
Current liabilities to Group companies		2,483	2,460
Other current liabilities		46	72
Total current liabilities		2,529	2,532
Total liabilities		4,031	2,533
TOTAL EQUITY AND LIABILITIES		8,990	6,879

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

MSEK	Restricted equity	Unrestricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings incl. profit for the year	
Opening equity, Jan 1, 2018	0	–	–	0
Transactions with the company's shareholders				
New share issue	84	–	–	84
Shareholders' contributions	–	–	3,760	3,760
Total transactions with the company's shareholders	84	–	3,760	3,844
Profit for the year Jan–Dec 2018	–	–	503	503
Closing equity, Dec 31, 2018	84	–	4,263	4,347
Opening equity, Jan 1, 2019	84	–	4,263	4,347
Transactions with the company's shareholders				
Issue of warrants	–	8	–	8
Total transactions with the company's shareholders	–	8	–	8
Profit for the year Jan–Dec 2019	–	–	605	605
Closing equity, Dec 31, 2019	84	8	4,868	4,960

PARENT COMPANY STATEMENT OF CASH FLOWS

MSEK	Note	2019	2018
Operating activities			
Profit before appropriations		538	436
Adjustments for non-cash items	22	-400	-500
Income tax paid			-
Cash flow from operating activities before changes in working capital		138	-64
Cash flow from changes in working capital			
Change in operating receivables		-5	-6
Change in operating liabilities		-15	72
Cash flow from operating activities		-118	2
Investing activities			
Acquisition of participations in joint ventures		-	-412
Deposits and lending to Group companies		-1,380	330
Cash flow from investing activities		-1,380	-82
Financing activities			
Paid in share capital		-	-
New issue of shares/warrants		8	84
Issue of bond loans		1,486	
Cash flow from financing activities		1,494	84
Cash flow for the year		232	4
Cash and cash equivalents at the beginning of the year		4	0
Cash and cash equivalents at the end of the year		236	4

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

GENERAL INFORMATION

Nyfosa AB, Corporate Registration Number 559131-0833, is a public limited liability company with its registered office in Nacka. The company's share has been traded on the Large Cap segment of Nasdaq Stockholm since November 23, 2018. The Annual Report and consolidated financial statement were approved for issue by the Board of Directors and the CEO on March 25, 2020. The consolidated statement of profit/loss, statement of profit/loss and other comprehensive income and statement of financial position as well as the Parent Company statement of profit/loss and statement of financial position will be adopted at the Annual General Meeting on April 23, 2020.

NOTE 2

SIGNIFICANT ACCOUNTING POLICIES

Compliance with standards and legislation

The consolidated financial statement have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as adopted by the EU. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied. The Parent Company applies the same accounting policies as the Group except for the cases stated below in the section "Parent Company accounting policies."

Accounting policies for the combined financial statements

Nyfosa AB was registered with the Swedish Companies Registration Office on October 27, 2017 and was dormant until December 2017. Nyfosa AB acquired 122 companies (indirectly) at carrying amount from various subsidiaries of Hemfosa Fastigheter AB between December 2017 and May 2018. The acquired companies are primarily property-owning companies, but also holding companies. 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 2018. Accordingly, the historical financial information for the periods prior to December 31, 2017 have been prepared as combined financial statements for Nyfosa AB and its subsidiaries. The accounting policies for the combined financial statements are presented in Note 2 Significant accounting policies on page F-37 of the prospectus "Admission to trading of the shares in Nyfosa AB on Nasdaq Stockholm."

Measurement basis applied to the preparation of the financial statements

Assets and liabilities are recognized at historical cost, except for fixed-income derivative instruments and investment properties that are measured at fair value.

Functional currency and reporting currency

The functional currency is Swedish kronor (SEK), which is also the reporting currency. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest million.

Judgements and estimates in the financial statements

The preparation of the financial statements in accordance with IFRS requires that company management make judgements 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 judgements and estimates. Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period in which the change is made if the change only affects that period, or in the period in which the change is made and future periods if the change affects the period in question and future periods. Judgements made by company management in the application of IFRS that have a significant impact on the financial statements and estimates made that may entail significant adjustments in the following year's financial statements are described in more detail in Note 23.

Significant accounting policies applied

The accounting policies described below were applied consistently to all periods presented in the consolidated financial statements. The Group's accounting policies were also consistently applied by the Group's companies.

New accounting policies and new revised standards approved by the EU

New standards that came into effect in 2019

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 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 lease liability and corresponding right-of-use asset is to be recognized for all leases.

Leases under which the lessor accounts for essentially all risks and benefits associated with ownership are classified as operating leases. All leases attributable to investment properties are to be considered operating leases. Refer to the policy on income for information on recognition of these leases. Expenses attributable to operating leases are recognized in profit or loss straight line over the leasing term. Discounts received when an agreement is signed are recognized in profit or loss as a decrease in lease payments straight line over the term of the lease. Variable fees are expensed in the periods in which they arise. The Group does not have any finance leases in which the Group is lessor.

The Group decided not to apply IFRS 16 in advance. Nyfosa previously classified its leases as operating leases. Accordingly, these were not recognized as assets and liabilities in the statement of financial position, which also applies for the comparative period.

From January 1, 2019, Nyfosa recognizes right-of-use assets and lease liabilities in accordance with IFRS 16 for most leases, except for leases that are deemed to be immaterial.

New standards and interpretations that come into effect in 2020 and beyond

From 2020, the IASB will introduce an amendment to IFRS 3 that addresses the difference between business combinations and asset purchases, by issuing a new definition of business. In practice, the new definition means that if the purchase consideration for assets in a business acquisition is essentially attributable to the market value of acquired properties, the acquisition comprises an asset acquisition. Simplified, this means that the entire surplus is allocated to properties and thus no goodwill arises.

Other new and amended standards and interpretations from the IFRS Interpretations Committee are not currently deemed to have a material impact on Nyfosa's earnings or financial position.

Classification etc.

Non-current assets and non-current liabilities essentially comprise amounts expected to be recovered or paid more than 12 months after the balance-sheet date. Virtually all significant current assets and current liabilities in the Parent Company and Group consist of amounts expected to be recovered or paid within 12 months of the balance-sheet date.

Operating segment reporting

Nyfosa's operations comprise one operating segment, that is to say, the 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.

Consolidation principles

Subsidiaries

Subsidiaries are companies that are under the controlling influence of Nyfosa. Controlling influence is achieved when Nyfosa has control over the investment object, is exposed or entitled to a variable return from its holding in the company and can exercise control over the investment to influence the return.

When assessing whether controlling influence exists, potential vote-carrying shares are taken into account, as is whether the company has de facto control. Acquisitions of companies can be classified either as business combinations or as asset purchases according to IFRS 3. This is an individual assessment that is made for each individual acquisition. Should the corporate acquisition essentially only comprise property(ies) and not significant processes, the acquisition is classified as an asset purchase. Other corporate acquisitions are classified as business combinations and thus include strategic processes associated with the operation. In the case of an asset purchase, deferred tax attributable to the property acquisition is not recognized. Instead, a possible discount for non-tax-deductible cost reduces the property's cost. During subsequent measurement of an acquired property at fair value, the tax discount will be replaced in full or in part by a recognized change in value of the property. When selling an asset subject to a tax discount, a negative change in value will arise, which matches in full or in part the tax discount provided. Acquisitions conducted to date have been assessed as constituting asset purchases. When acquisitions of subsidiaries entail an acquisition of net assets that do not constitute an operation, the cost is allocated to the individual identifiable assets and liabilities based on their fair value on the acquisition date. Transaction costs are added to the cost of the acquired net assets. Non-controlling interests arise if the acquisition is not for 100 percent of the subsidiary. Non-controlling interests can be recognized in two ways. These two alternatives are recognizing the non-controlling interests' proportionate share of net assets or measuring the non-controlling interests at fair value, meaning that the non-controlling interests have a share of goodwill. The choice between the two options for recognizing non-controlling interests is made on a case-by-case basis.

Acquisitions of non-controlling interests

Acquisitions from non-controlling interests are recognized as a transaction in equity, meaning between the Parent Company shareholders and non-controlling interests. Accordingly, goodwill does not arise in these transactions. Changes in non-controlling interests are based on their proportionate share of net assets.

Sales to non-controlling interests

Sales to non-controlling interests, whereby the controlling influence remains, are recognized as a transaction in equity, meaning between the Parent Company shareholders and non-controlling interests. The difference between the proceeds received and the non-controlling interests' proportionate share of net assets of the acquiree is recognized under retained earnings.

Joint ventures

For accounting purposes, joint ventures are defined as companies in which the Group has common control through cooperation agreements with one or more partners, whereby the Group is entitled to the net assets rather than a direct right to assets and commitments pertaining to liabilities. In the consolidated financial statements, holdings in joint ventures are consolidated in accordance with the equity method. The equity method entails that the carrying amount of the share in joint ventures recognized in the consolidated financial statements corresponds to the Group's share of the joint ventures' equity as well as consolidated goodwill and any other remaining consolidated surpluses or deficits. The Group's share of the profit of joint ventures adjusted for any depreciation/amortization, impairment and dissolution of acquired surpluses or deficits is recognized in the Group's profit for the year as "Share in profit of joint ventures." These shares in profit less dividends received from joint ventures comprise the main change in the carrying amount of participations in joint ventures. The Group's share of other comprehensive income in joint ventures is recognized on a separate line in the Group's other comprehensive income. Any differences arising from the acquisition between the cost of the holding and the owner company's share of the net fair value of the joint venture's identifiable assets and liabilities are recognized in accordance with the same policies as for acquisitions of subsidiaries. Transaction costs that arise are included in cost. When the Group's share of recognized losses in joint ventures exceeds the carrying amount of the participations in the Group, the value of the participations is reduced to zero. Losses are also deducted against non-current financial balances without collateral, which in terms of the economic significance comprise part of the owner company's net investment in joint ventures. Continued losses are not recognized unless the Group has provided guarantees to cover losses arising in joint ventures. The equity method is applied until the date on which the significant influence ceases.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expenses, and unrealized gains or losses arising from transactions between Group companies are eliminated in their entirety when the consolidated financial statements are prepared. Unrealized gains arising from transactions with joint ventures are eliminated to the extent corresponding to the Group's participating interest in the company. Unrealized losses are eliminated in the same manner as unrealized gains, but only insofar as no impairment is required.

Rental income

Rental income encompass all types of rental income including such additions as property tax, heating, etc. Rental income is recognized straight line in profit or loss based on the conditions of the agreement. The total cost for rent discounts provided are recognized as a decrease in rental income straight line over the lease term. Leases are classified as operating leases.

Other property income

Other property income comprises onward invoiced costs, insurance compensation received and damages.

Gains/losses from property sales

Gains/losses from the sale of properties and shares and participations in property-owning companies are recognized under the heading "Changes in value of properties, realized" and correspond to the difference between the obtained selling price less selling expenses and the most recent carrying amount, plus investments implemented following the latest value date. Income from property sales is recognized on the date of taking possession, unless the risks and benefits have been transferred to the buyer on an earlier occasion. If the risks and benefits have been transferred, the property sale is recognized at the earlier date. In assessing the date of revenue recognition, agreements between the parties governing risks and benefits, as well as involvement in ongoing management, are taken into account.

Circumstances beyond the control of the seller and/or buyer that could affect completion of the transaction are also taken into consideration. Any provisions for such items as non-invoiced selling expenses or other remaining costs attributable to the transaction conducted are made on the sales date.

Other operating income

Other operating income refers to income from secondary activities in the normal business operations such as capital gains on tangible assets, exchange-rate gains on receivables and operating liabilities.

Financial income and expenses

Financial income comprises interest income on invested funds. Interest income is recognized at the rate in which it is earned. Financial expenses refer to interest, fees and other expenses arising when Nyfosa takes up interest-bearing liabilities. Financial expenses are charged to profit or loss for the period to which they are attributable. Derivatives are utilized to financially hedge the risks of interest-rate exposure to which the Group is exposed. Interest payments regarding fixed-income derivatives are recognized as interest expenses in the period to which they refer. Other changes in the fair value of fixed-income derivatives are recognized on a separate line in profit or loss.

Taxes

Income tax comprises current tax and deferred tax. Income tax is recognized in profit or loss except when the underlying transaction is recognized in other comprehensive income or in equity.

Current tax is tax that is to be paid or received in the current year, with the application of the tax rates that have been decided or are decided in practice on the balance-sheet date. Current tax also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated in accordance with the balance-sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. Temporary differences are not recognized for differences arising on initial reporting of assets and liabilities that are not business combinations that, at the time of the transaction, affect neither recognized nor taxable earnings. Temporary differences attributable to participations in subsidiaries and joint ventures that are not expected to be reversed in the foreseeable future are also not taken into consideration. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated with the application of the tax rates and tax rules established or decided in practice on the balance-sheet date. Deferred tax assets on deductible temporary differences and loss carryforwards are only recognized to the extent that it is likely that it will be possible to utilize these. Changes in the deferred tax asset/tax liability are recognized in profit or loss as deferred tax. Deferred tax assets and tax liabilities are offset

where they relate to income tax levied by the same authority and where the Group intends to settle the tax in a net amount.

Financial instruments

Financial instruments recognized in the statement of financial position include such assets as cash and cash equivalents, rent and accounts receivables and derivatives. Liabilities include accounts payable, loans and notes payable, as well as derivatives.

Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognized in the statement of financial position when the company becomes party to it in accordance with the instrument's contractual conditions. A receivable is recognized when the Group has performed and a contractual obligation for the counterparty to pay exists, even if an invoice has not been sent. Accounts receivable are recognized in the statement of financial position when an invoice has been sent. A liability is recognized when the counterparty has performed and a contractual obligation for the company to pay exists, even if an invoice has not yet been received. Accounts payable are recognized when the invoice has been received. A financial asset is derecognized from the statement of financial position when the rights in the contract are realized, have matured or the company loses control over them. The same applies to portions of a financial asset. A financial liability is derecognized from the statement of financial position when the obligation in the contract is met or eliminated in another manner. The same applies to a portion of a financial liability. A financial asset and a financial liability are offset and recognized in a net amount in the statement of financial position only when a legal right exists to offset the amounts and there is an intention to settle the item in a net amount or to simultaneously realize the asset and settle the liability. Acquisitions and divestments of financial assets are recognized on the date of transaction, meaning the date on which the company undertakes to acquire or divest the asset.

Classification and measurement

Financial instruments, which are not derivatives, are initially recognized at cost, corresponding to the fair value of the instrument plus transaction costs. Derivatives are initially measured at fair value without additions or deductions for transaction costs; transaction costs are recognized in profit or loss. The Group's financial instruments have been classified and measured as described below.

Financial assets measured at amortized cost

This category primarily includes cash and cash equivalents, rent receivables and other receivables. The business model comprises generating value by receiving contractual payments. Measurement is carried out at amortized cost by applying the effective interest method. The Group's credit loss reserves (loss allowance) are based on the company's expectations of tenants' payment capacity. The loss allowance totals an insignificant amount due to the short terms of the receivables.

Financial liabilities measured at amortized cost

Financial liabilities in this category primarily refer to loans, accounts payable and other liabilities. Other financial liabilities are measured at amortized cost by applying the effective interest method. Interest expenses and exchange-rate gains and losses are recognized in profit or loss.

Financial assets and liabilities measured at fair value through profit or loss

Derivative instruments are measured at fair value through profit or loss. Hedge accounting is not applied to fixed-income derivatives.

Tangible assets

Tangible assets comprise equipment that has been recognized at cost less accumulated depreciation and any impairment. Cost includes the purchase price and costs directly attributable to transport the asset to the correct site and to prepare it for the manner intended by the acquisition. Depreciation takes place straight line over the estimated useful life of the asset. The estimated useful lives are: Equipment 5–10 years. The asset is depreciated from the acquisition date. The useful life is the period during which the asset is expected to be available for use in the Group.

Investment properties

Investment properties are properties held for the purpose of receiving rental income or an increase in value or a combination of the two. Properties under construction and conversion intended to be used as investment properties when the work is completed are also classified as investment properties.

Measurement

Investment properties are initially recognized at cost, which includes expenses directly attributable to the acquisition such as expenses for land registration and taking out mortgage deeds. Investment properties are measured at fair value in the statement of financial position. Fair value is based on the valuations of independent appraisers with recognized qualifications and satisfactory expertise in the valuation of properties of this type and in the relevant locations. All properties are valued every quarter. The properties are also inspected if they have not been visited by the appraisers for the last two years. Fair value is based on market value, which is the amount estimated to be received in a transaction at the time of valuation between knowledgeable parties who are independent of each other and who have an interest in the transaction being carried out after customary marketing in which both parties are assumed to have acted with insight, common sense and without coercion. Additional expenses are capitalized only when it is probable that the Group will receive future financial benefits associated with the asset and the expenses can be reliably determined. Borrowing costs directly attributable to the purchase, construction or production of assets that take a considerable amount of time to complete for their intended use or sale are included in cost. For the Nyfosa Group, this is mainly the case in conjunction with the construction of or major conversion projects for investment properties. Borrowing costs are calculated based on the financial requirements of the project and the Group's borrowing costs. Borrowing costs comprise interest and other expenses arising when a company borrows money. Other repair and maintenance costs are expensed in the period in which they occur. Both unrealized and realized changes in value are recognized in profit or loss, after profit from property management. Rental income and income from property sales are recognized in accordance with the policies described in the section on revenue recognition. A description of the measurement method applied, material input data in value measurements and the level in the fair value hierarchy that applies to the various components of the property portfolio is presented in Note 13.

Dividends

Dividends are recognized as a liability after the Annual General Meeting has approved the dividend.

Earnings per share

The calculation of earnings per share before dilution is based on profit for the year in the Group attributable to the Parent Company's owners in relation to the weighted average number of shares outstanding during the year.

When calculating earnings per share after dilution, the weighted average number of shares is increased if the subscription price of the options in the Group's incentive program during the reporting period have been lower than the average share price for the period. If there is a small difference between the subscription price and the average share price for the period, the dilutive effect is small. If there is a large difference in price, then the effect is greater.

Employee benefits**Defined-contribution pension plans**

The Nyfosa Group has only defined-contribution pension plans. Defined-contribution pension plans are those plans in which the company's obligation is limited to the contributions the company undertakes to pay. In such cases, the amount of the employee's pension depends on the contributions that the company pays to the plan or to an insurance company and the return generated by the contribution. Consequently, it is the employee who bears the actuarial risk (that remuneration can be lower than expected) and the investment risk (that the invested assets may be insufficient for the expected remuneration). The company's obligations regarding contributions to defined-contribution plans are recognized as an expense in profit and loss at the rate in which they are earned by employees performing services for the company during a period.

Short-term remuneration

Short-term remuneration such as salaries to employees is calculated without discounting and is recognized as an expense when the related services are received. A provision is recognized for the anticipated cost of bonus payments and when the Group has a valid legal or informal duty to make such payments as a result of services received from employees and when the obligation can be reliably calculated.

Severance pay

A liability and expenses for severance pay are recognized at the earliest of the following times:

- When the company can no longer withdraw the offer of such remuneration.
- When the company recognizes restructuring expenses that are within the scope of IAS 37 and encompass employee benefits.

When remuneration is provided to employees due to the employee having accepted an offer of remuneration in exchange for terminating employment, the time at which the company can no longer withdraw the offer of remuneration is the earliest of the following times:

- When the employee accepts the offer, meaning signs a contract.
- When a limit to the company's ability to withdraw the offer comes into effect.

Incentive program

Employees have acquired warrants at fair value under the framework of an incentive program. These warrants entitle the holder to purchase shares in Nyfosa at a certain subscription price.

If the holder remains employed at the company two and four years after the start of the program, a bonus is received on each occasion that corresponds to half of the amount paid by the employee. The warrants program itself is deemed to comprise an equity-based, share-based remuneration for which no expenses are recognized since fair value has been paid. Disclosures are provided on the share-based remuneration. Since the bonus amount is not dependent on the value of the share – but instead on the amount paid – an expense is recognized for long-term employee benefits, allocating the expected final amount to be paid over two and four years.

Provisions

A provision differs from other liabilities since there is uncertainty regarding the date of payment and the amount for settling the provision. A provision is recognized in the statement of financial position when there is an existing legal or informal obligation as a result of an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The provision is posted in an amount that represents the best estimate of what will be required to settle the existing obligation on the balance-sheet date. Where the effect of when a payment is made is significant, provisions are calculated through the discounting of the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks related to the liability.

Contingent liabilities

A contingent liability is recognized when there is a possible commitment originating from events that have occurred and whose occurrence will be confirmed only by one or several uncertain future events or when there is a commitment that is not recognized as a liability or provision because it is probable that an outflow of resources will be required.

Parent Company accounting policies

The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The statements issued by the Financial Reporting Board for listed companies were also applied. RFR 2 entails that, in the Annual Report for the legal entity, the Parent Company is to apply all IFRS and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act, the Swedish Pension Obligations Vesting Act and with respect to the relationship between accounting and taxation. The recommendation states the exemptions from and the additions to IFRS that are to be made.

Differences between the Group's and the Parent Company's accounting policies

The differences between the Group's and the Parent Company's accounting policies are described below.

Future changes to accounting policies

Unless otherwise stated below, the Parent Company's accounting policies were changed in 2019 in accordance with what is stated above for the Group.

Classification and measurement of financial instruments

The Parent Company has chosen not to apply IFRS 9 to financial instruments. However, some of the principles in IFRS 9 are applicable, such as impairment, recognition/derecognition and the effective interest method for interest income and interest expenses.

In the Parent Company, financial non-current assets are measured at cost less any impairment and financial current assets according to the lowest value principle. The IFRS 9 impairment rules are applied to financial assets measured at amortized cost. Impairment of unlisted shareholdings that are not holdings in subsidiaries or joint ventures is recognized if the present value of expected future cash flows are lower than the carrying amount. The Parent Company does not have any listed shares.

Classification and presentation format

The Parent Company statement of profit/loss and statement of financial position have been prepared in accordance with the format stated in the Annual Accounts Act, while the consolidated statement of profit/loss, statement of profit/loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences compared with the consolidated financial statements that appear in the Parent Company statement of profit/loss and statement of financial position primarily relate to the recognition of non-current assets and equity.

Subsidiaries

Participations in subsidiaries are recognized in the Parent Company according to the cost method. This means that transaction costs are included in the carrying amount for holdings in subsidiaries. Conditional purchase considerations are measured based on the probability of the purchase consideration being paid. Any changes to the provision/receivable adjust the cost.

Borrowing costs

In the Parent Company, borrowing costs are charged to profit or loss for the period to which they are attributable.

Group contributions

Group contributions that the Parent Company receives from subsidiaries or pays to subsidiaries are recognized as appropriations in the statement of profit/loss.

Financial guarantees

The Parent Company's financial guarantees primarily comprise guarantees for subsidiaries. Financial guarantees entail that the company has a commitment to reimburse the holder of a debt instrument for losses incurred by the holder due to a named debtor not making payment when due according to the contractual terms. The Parent Company applies an exception rule, compared with the IFRS 9 rules, for the recognition of financial guarantees, as approved by the Financial Reporting Board. This exception rule refers to financial guarantees issued for subsidiaries. The Parent Company recognizes financial guarantees as provisions in the statement of financial position when the company has a commitment for which payment will probably be required to settle it.

Leases

The new principles for leases under IFRS 16 that the Group has started to apply are not applied by the Parent Company. The Parent Company applies the exemption in RFR 2, which means that the Parent Company recognizes existing leases in the same manner as in prior years.

Participations in joint ventures

The Parent Company holds participations in joint ventures. The amount in the statement of financial position corresponds to the expense for acquiring the participations. The cost includes expenses that are directly attributable to the acquisition, in addition to the purchase price.

NOTE 3

FINANCIAL RISKS AND RISK MANAGEMENT

The Group is exposed to various financial risks through its business activities. These are market, liquidity and credit risk attributable to financial instruments.

The company's finance policy states the mandate and guidelines for managing financial risks and capital management.

In order to minimize interest-rate and funding risks, the bullet points below act as guidelines for Nyfosa's finance policy:

- The company's total loan-to-value ratio may not exceed 65 percent
- The company's interest-payment capacity may not be lower than an interest-coverage multiple of 2
- The company must have at least four main creditors
- Not more than 25 percent of the loan liability may fall due for renegotiation during the same 12-month period
- The average term for the loans may not be shorter than 1.5 years.

The basis for the company's choice of strategy for managing interest-rate risk comprises the choice of an interest-rate maturity strategy for the loans combined with a selection of derivative instruments to alter the interest-rate risk.

The financial risk limits are continuously monitored by quarterly reports to the Board.

Surplus liquidity is to be invested in low-risk liquid assets until such time as the funds can be used for investments. Liquidity is only to be used for accelerated amortization if no investments or acquisitions are planned for the foreseeable future.

None of the companies in the Group itself are under any external capital requirements.

Interest-rate risk

Variations in market interest rates have a material impact on Nyfosa's earnings, meaning that managing interest-rate risk is a key part of the finance department's work.

For Nyfosa, interest-rate risk primarily pertains to the risk of excessively high interest expenses and thus lower earnings due to market interest rates. Interest-rate risk refers to the risk of choosing too high a percentage of fixed-rate periods in a scenario of falling rates or sustained low variable rates

The basis for the company's choice of strategy for managing interest-rate risk comprises the choice of an interest-rate maturity

strategy for the loans combined with a selection of derivative instruments to alter the interest-rate risk.

The maturity structure of the loan portfolio, including derivative instruments, is to be a balance between short and long fixed-rate periods. Expected interest expenses and risks as well as the company's prospects and financial trend are assessed in order to determine the strategy for managing interest-rate risk. The strategy chosen is to be described in the normal portfolio.

The normal portfolio is the maturity structure of the fixed-rate periods that has been chosen as a benchmark, taking into consideration the company's economic and financial position and risk appetite. The finance function continuously monitors the outcome of the company's actual loan portfolio in relation to the normal portfolio. The normal portfolio and intervals for maximum deviations and interest-rate risk mandates are stipulated in the finance policy.

Derivative instruments

In its risk management, Nyfosa may use derivative instruments linked to the underlying loan portfolio. Derivative instruments are used only as a tool for risk management.

The derivatives comprise interest-rate caps recognized as the present value of the expected flows during the remaining maturity of the position. The estimated flows are calculated by viewing the strike level and forward rates of 3-month STIBOR and their volatility. If the forward rates (or the volatility) decline, the value of the derivative will decrease.

MSEK	Change	2019	2018
Interest expenses assuming changed interest rates with current fixed-rate periods ¹	+/-1%	+100/-16	+45/0
Interest expenses assuming change in average interest rate ²	+/-1%	+/-114	+/-83
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/-1%	+/-4	+/-11

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 eventual effects of the derivative portfolio.

Fixed-rate periods

MSEK	Dec 31, 2019				Dec 31, 2018			
	Overdraft facilities ¹	Interest-rate cap	Amount	Share, %	Overdraft facilities ¹	Interest-rate cap	Amount	Share, %
<1 year	11,352	-4,687	6,666	59	8,290	-3,867	4,423	53
1-2 years	0	1,610	1,610	14	0	182	182	2
2-3 years	0	1,200	1,200	11	0	1,610	1,610	19
3-4 years	0	1,275	1,275	11	0	800	800	10
>4 years	0	602	602	5	0	1,275	1,275	15
Total	11,352	0	11,352	100	8,290	0	8,290	100

¹) The loans comprise undiscounted amounts. The interest-bearing liabilities in the statement of financial position include arrangement fees.

Liquidity and refinancing risk

Liquidity risk is the risk of not having sufficient payment capacity in the short and the long term to honor the Group's payment obligations. The finance department provides short-term liquidity forecasts on a week-by-week basis and also long-term rolling 12-month liquidity forecasts. The forecasts are updated continuously on a weekly and quarterly basis.

The Group has overdraft facilities to ensure flexible cash management and to effectively deal with peaks and troughs in payment streams.

Refinancing risk is the risk that financing or refinancing of the company's liabilities or operations cannot be obtained to the same extent or can only be obtained at a significantly higher cost. According to the finance policy, existing and prospective financiers are engaged in continuous discussions to ensure that the necessary financing can be obtained in all situations.

NOTE 3 cont.**Maturity structure, interest-bearing liabilities**

MSEK	Dec 31, 2019			Dec 31, 2018		
	Loan maturity	Share, %	Interest, loans	Loan maturity	Share, %	Interest, loans
<1 year	0	0	209	858	10	131
1–2 years	3,309	29	176	298	4	122
2–3 years	4,337	38	111	2,616	32	93
3–4 years	2,704	24	51	2,393	29	66
>4 years	1,002	9	9	2,125	26	26
Total	11,352	100	556	8,290	100	439

1) The loans comprise undiscounted amounts. The interest-bearing liabilities in the statement of financial position include arrangement fees.

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

Credit risk

Credit risk is the risk that a counterparty may be unable to fulfill its commitments, thus resulting in a loss. Nyfosa has a wide spread of risks in its contract portfolio based on a large number of leases (3,123). The company's has a small number of dominant tenants, with the ten largest tenants representing 16 percent of total rental income distributed between 161 leases. This means that exposure to the credit risk of individual tenants is very low. Tenants are notified of rents and these are paid in advance, which means that all of Group's rent receivables of MSEK 7 (15) have fallen due for payment.

Cash and cash equivalents are only deposited in accounts with Nordic banks and credit institutions that have a credit rating of at least A- (S&P) or A3 (Moody's).

Items in the statement of financial position corresponding to the amount of credit risk

MSEK	Dec 31, 2019	Dec 31, 2018
Rent receivables	7	15
Current receivables	12	16
Cash and cash equivalents	588	192
Total	607	223

Offsetting of financial instruments

To limit counterparty risk, Nyfosa has entered into standardized netting agreements (ISDA agreements) with all derivative counterparties, which entails that in the event of the counterparty becoming insolvent or another incident arising Nyfosa can offset outstanding derivatives with positive and negative values.

MSEK	Financial assets		Financial liabilities	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Carrying amount in the statement of financial position	2	9	–	–
Amount encompassed by netting	–	–	–	–
Amount after netting	2	9	–	–

NOTE 4**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 management and Board as a basis for monitoring earnings and allocating resources. No one tenant accounts for more than 10 percent of rental income.

NOTE 5

LEASES

The Group as lessor

The total rental value amounted to MSEK 1,740, of which vacancy rent was MSEK 159. The share of rental income connected to the consumer price index (CPI) corresponded to 88 percent of total rental income. On December 31, 2019, Nyfosa had 3,123 leases including a total of 1,095 leases for garages and parking spaces. Nyfosa has only a small number of dominant tenants. The ten largest tenants represent only 16 percent of total rental income and are distributed between 161 leases, when means that Nyfosa's exposure to the credit risk of individual tenants is very low.

Tenants are notified of rents and these are paid in advance, which means that the all of Group's rent receivables of MSEK 7 (15) have fallen due for payment.

Nyfosa leases out its investment properties under operating leases. The average remaining lease term at year-end 2019 was 4.1 years (4.1). Leases expiring during the year ahead are expected to be renegotiated at corresponding rent levels. Contractual rental income expires as shown in the table below.

Maturity structure of contractual leases

Year of expiry	Dec 31, 2019			Dec 31, 2018		
	Contractual annual rent	Share, %	No. of leases	Contractual annual rent	Share, %	No. of leases
<1 year	237	15	1,366	189	15	1,141
1–2 years	258	16	708	279	22	606
2–3 years	250	16	459	226	18	428
3–4 years	239	15	359	149	12	287
4–5 years	129	8	80	124	10	68
>5 years	467	30	151	317	25	82
Total	1,581	100	3,123¹	1,285	100	2,612¹

1) Including a total of 888 leases for garages and parking spaces.

Contractual future rental income from existing leases

MSEK	Dec 31, 2019	Dec 31, 2018
Contractual income due for payment within one year	1,361	1,105
Contractual income due for payment between one and five years	3,218	2,339
Contractual income due for payment after five years	1,334	1,103

The Group's rental income includes service income of MSEK 86 (70), corresponding to 6.4 percent (6.6) of rental income.

The Group as lessee

There are a small number of leases of limited scope in which Nyfosa is the lessee – these mainly comprise passenger cars. Payments made during the lease term are expenses in profit or loss straight-line over the term. On the balance-sheet date, Nyfosa had a lease liability of MSEK 149, based on interest of 3.5 percent. Refer to Note 20 for the maturity of the lease liability.

Ground rent

Ground rent pertains to the annual fee that the owner of a building on municipally owned land has to pay to the municipality. The charge for these leaseholds is currently calculated so that the municipality receives real interest on the estimated market value. The ground rent is allocated over time and is renegotiated at intervals of ten to 20 years. Nyfosa has 16 site leasehold agreements, of which six will be renegotiated within the next five years. Ground rent costs in 2019 totaled MSEK 5 (4).

Agreed ground rent

MSEK	2019	2018
Within 1 year	5	5
Between one and five years	18	20
Longer than five years	10	9
Total	33	34

NOTE 6

OTHER PROPERTY INCOME

Other property income comprises onward invoiced costs, insurance compensation received and damages.

NOTE 7

OPERATING EXPENSES SPECIFIED BY COST TYPE

MSEK	2019	2018
Operating expenses	251	184
Maintenance costs	99	71
Property tax	65	46
Other external costs	82	61
Personnel costs	57	27
Listing costs	1	44
Total operating expenses	555	432

NOTE 8

EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES

<i>Group</i>			<i>Parent Company</i>		
MSEK	2019	2018	MSEK	2019	2018
Management			Management		
Salaries and other remuneration, etc.	16	10	Salaries and other remuneration, etc.	16	10
Pension costs, defined-contribution plans	2	1	Pension costs, defined-contribution plans	2	1
Social security contributions	7	3	Social security contributions	7	3
Of which, CEO			Of which, CEO		
Salaries and other remuneration, etc.	5	2	Salaries and other remuneration, etc.	5	2
Pension costs, defined-contribution plans	1	0	Pension costs, defined-contribution plans	1	0
Social security contributions	2	1	Social security contributions	2	1
Other employees			Other employees		
Salaries and other remuneration, etc.	21	8	Salaries and other remuneration, etc.	21	6
Pension costs, defined-contribution plans	3	1	Pension costs, defined-contribution plans	3	0
Social security contributions	8	3	Social security contributions	8	2
Total costs for employee benefits	56	27	Total costs for employee benefits	56	22
<i>Average number of employees</i>			<i>Average number of employees, Parent Company</i>		
Average number of employees	2019	2018	Average number of employees	2019	2018
Average number of employees	39	23	Average number of employees	39	17
Of whom, women	23	11	Of whom, women	23	9
Percentage, women	60%	48%	Percentage, women	60%	53%

Salaries and other remuneration of senior executives

The 2019 AGM adopted guidelines for the remuneration of senior executives for the period until the 2020 AGM. These guidelines include the fact that market-based and competitive forms of remuneration are to be applied that are simple, long-term and measur-

able. Remuneration may comprise a fixed and variable portion. The guidelines include requirements for the form of remuneration and a cap on variable remuneration. The Board may deviate from the guidelines if there are special reasons to do so in an individual case. Refer to the company's website for complete information.

Parent Company

<i>(SEK thousand)</i>	Basic salary/ Board fee		Variable remuneration		Pension costs		Other remuneration		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Johan Ericsson <i>Chairman of the Board</i>										
Remuneration from Parent Company	368	117	–	–	–	–	–	–	368	117
Bengt Kjell <i>Former Chairman of the Board</i>										
Remuneration from Parent Company	133	267	–	–	–	–	–	–	133	267
Jens Engwall <i>Board member and CEO</i>										
Remuneration from Parent Company	4,121	984	405	1,200	663	369	216	34	5,405	2,587¹
Lisa Dominguez Flodin <i>Board member</i>										
Remuneration from Parent Company	223	140	–	–	–	–	–	–	223	140
Marie Bucht Toresäter <i>Board member</i>										
Remuneration from Parent Company	195	123	–	–	–	–	–	–	195	123
Mats Andersson <i>Board member</i>										
Remuneration from Parent Company	127	–	–	–	–	–	–	–	127	–
Per Lindblad <i>Board member</i>										
Remuneration from Parent Company	185	117	–	–	–	–	–	–	185	117
Kristina Sawjani <i>Board member</i>										
Remuneration from Parent Company	195	123	–	–	–	–	–	–	195	123
Other senior executives <i>(5 (6) individuals)</i>										
Remuneration from Parent Company	8,223	3,639	2,981	2,620	1,435	628	329	170	12,968	7,057²
Total	13,770	5,510	3,386	3,820	2,098	997	545	204	19,799	10,531

1) Remuneration of the CEO refers to remuneration for September 1 – December 31, 2018.

2) Nyfosa's management team was established in 2018 and its members were recruited gradually.

NOTE 9

FEES AND REMUNERATION OF AUDITORS

MSEK	2019	2018
Audit assignment	4	3
Auditing activities in addition to audit assignment	0	1
Tax consultancy	1	2
Other consultancy services	0	7
Total fees and remuneration of auditors	6	13

Audit assignments are defined as the statutory auditing of the annual report and consolidated financial statement, as well as the administration of the Board of Directors and the CEO, and the audit and other review conducted in accordance with contracts or agreements.

This includes other assignments that are the responsibility of the company's auditors, as well as guidance and assistance occasioned by observations made in conjunction with such reviews or the completion of such other work assignments. Other consultancy services refers to consultancy services in connection with the IPO.

NOTE 10

FINANCIAL INCOME AND EXPENSES

Group

MSEK	2019	2018
Financial income	0	1
Interest expenses	-169	-117
Expenses related to site leaseholds	-5	-
Other financial expenses	-22	-15
Financial expenses	-195	-132
Net	-195	-131

Parent Company

MSEK	2019	2018
Dividend from Group companies	400	500
Dividends from participations in joint ventures	200	-
Other	2	1
Financial income	602	501
Interest expenses	-20	-1
Other financial expenses	-4	-
Financial expenses	-24	-1
Net	578	500

Of the Group's interest expenses, MSEK 159 (98) refer to interest attributable to liabilities measured at amortized cost. Other financial expenses primarily refer to borrowing costs allocated over the term of the loan agreement.

The figure for the Parent Company's interest expenses amounted to MSEK 20 (1). Other financial expenses primarily refer to borrowing costs allocated over the term of the loan agreement.

NOTE 11

INCOME TAX

Recognized tax amounted to MSEK 194 (107), of which MSEK 22 (26) was current tax. Current tax is calculated based on a nominal tax rate of 21.4 percent and deferred tax based on the lower tax rate that applies for Sweden from 2021 (20.6). Current tax is based on taxable profit for the year, which is lower than recognized profit. 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.

Swedish accounting legislation does not permit measuring properties at fair value in legal entities, which is why the change in value of properties only takes place at Group level and thus does not impact taxation.

Group

Reconciliation of effective tax, MSEK	2019		2018	
Profit before tax		1,576		1,722
Tax according to applicable tax rate for Parent Company	-21.4%	-337	-22.0%	-379
Non-deductible costs	-0.6%	-9	-0.9%	-15
Tax-exempt income	3.1%	50	6.0%	104
Profit from participations in joint ventures	6.7%	105	5.3%	91
Capitalization of loss carryforwards not capitalized in prior years	0.0%	1	3.1%	54
Tax attributable to prior years	0.7%	11	0.0%	-1
Effect of changed tax rate	0.5%	8	2.1%	36
Other	-1.4%	-22	0.2%	3
Recognized effective tax	-12.3%	194	-6.2%	-107

Current tax expense	2019	2018
Current tax expense	-22	-26
Adjustment of tax attributable to prior years	0	-1
Current tax expense	-22	-26

Deferred tax expense	2019	2018
Deferred tax attributable to investment properties	-174	-137
Effect of changed tax rate for investment properties	-	53
Deferred tax attributable to derivatives	1	-1
Deferred tax income attributable to the capitalized tax value of loss carryforwards during the year	0	65
Deferred tax expense due to utilization of previously capitalized loss carryforwards	0	-43
Effect of changed tax rate for loss carryforwards	-	-17
Total deferred tax expense	-172	-81
Total recognized tax	194	-107

Parent Company

Reconciliation of effective tax	2019		2018	
Profit before tax		609		504
Tax according to applicable tax rate for Parent Company	-21.4	-130	-22.0%	-111
Non-deductible costs	-0.5%	-2	0%	0
Tax-exempt income	21.1%	128	21.8%	110
Recognized effective tax	-0.7%	5	-0.2%	-1

NOTE 12

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.

1,674,300 of the issued warrants were subscribed for, and the remainder are held by a company in the Group. The estimated dilution for the quarter and the year amounted to 0 percent.

	2019	2018
Profit for the year attributable to Parent Company shareholders, MSEK	1,382	1,615
Average weighted number of shares, millions	168	168
Earnings per share before dilution, SEK	8.24	9.63
Earnings per share after dilution, SEK	8.24	9.63

NOTE 13

INVESTMENT PROPERTIES

Investment properties are recognized according to the fair value method. The table below shows the change in value in each financial year.

Changes in value of investment properties

MSEK	Total	
	Dec 31, 2019	Dec 31, 2018
Fair value at the beginning of the year	15,582	12,090
Cost of investment properties, asset purchase	4,516	3,729
Investments in existing properties	224	194
Divestment of investment properties	-1,193	-1,230
Realized changes in value of divested properties	-22	142
Unrealized changes in value of properties	493	658
Fair value at the end of the year	19,602	15,582

Realized and unrealized changes in value are recognized after profit from property management in profit or loss. The measurement of fair value for all investment properties is classified at Level 3 of the fair value hierarchy.

Determining fair value

The fair value of investment properties has been assessed by external, independent property appraisers, with relevant, professional qualifications and experience in the field as well as in the category of the properties that were appraised. The independent appraisers

provide the fair value of the Group's portfolio of investment properties during each quarter. The property is always inspected by appraisers in connection with acquisition valuations. The appraiser must subsequently inspect the property every three years and is responsible for scheduling this inspection itself.

Valuation techniques

The value of the properties has been assessed based on a market-adapted cash-flow estimate. The yield requirement used in the estimate derives from sales of comparable properties. The valuation was performed based on a combined location-price method, using reported benchmark purchases and the yield method, meaning a transaction-based method.

Significant factors when selecting required returns include an assessment of the object's future rent trend, changes in value and any development potential as well as the maintenance condition of the property. Key value parameters are location and rent level, as well as vacancy rates. For each property, a cash flow forecast is prepared that extends at least five years into the future. The expected receipts match the terms of prevailing leases. For vacant spaces, an estimate is performed by individually assessing each property. The expected disbursements are estimated on the basis of historical property expenses. The inflation assumption in the valuation models on December 31, 2019 was 2.0 percent (2.0) for 2020 and the years ahead. The valuation is based on a present-value calculation of the estimated cash flow and the present value of the market value at the end of the calculation period. Ongoing projects have been measured according to the same policy but less the remaining investment.

	Fair value, MSEK		Net operating income, MSEK		Yield, %		Interval, yield requirement, %		Discount rate for cash flow, %		Discount rate for residual value, %	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Offices	9,531	7,603	496	416	5.2	5.5	4.60–8.0	4.65–8.00	4.5–10.1	5.2–10.2	6.7–10.1	6.7–10.2
Logistics/ Warehouse	6,275	6,001	363	353	5.8	5.9	5.25–9.0	5.60–9.00	5.0–11.2	5.5–11.2	7.3–11.2	7.7–11.2
Retail	2,059	–	120	–	5.8	–	5.52–8.5	–	6.3–10.6	–	7.6–10.6	–
Other	1,736	1,978	110	103	6.3	5.2	5.69–8.0	5.48–8.50	5.5–9.8	7.6–10.7	7.8–10.1	7.6–10.7
Total	19,602	15,582	1,088	872	5.6	5.6	6.29	6.35	8.22	8.24	8.39	8.45

NOTE 13 cont.

Sensitivity analysis – impact on fair value

	Change	Earnings effect, MSEK	
		2019	2018
Change in net operating income	+/-5.00%	+/-659	+/- 529
Change in yield requirement	+/-0.25%	+/-812	+/- 639
Change in growth assumptions	+/-0.50%	+/-82	+/- 66
Change in discount rate	+/-0.25%	+/-615	+/- 488

Impact on profit for the period apart from changes in value

	2019	2018
Rental income	1,359	1,060
Direct costs for investment properties that generated rental income during the period	-378	-274
Direct costs for investment properties that did not generate rental income during the period	-37	-26

NOTE 14

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 (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 a joint venture and Nyfosa's share in profit of Söderport is recognized in the Group's profit from property management.

MSEK	Söderport		Gästgivaregatan		Total	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Carrying amount at the beginning of the year	1,520	1,294	-	21	1,520	1,315
Dividends received	-200	-200	-	-	-200	-200
Share in profit of joint ventures	491	426	-	-14	491	412
Classification etc.	-	-	-	-7	-	-7
Carrying amount at end of the year	1,812	1,520	-	0	1,812	1,520

Söderport Holding AB

Söderport is jointly owned with property company Sagax (50 percent holding each). Ownership is governed by shareholders' agreements giving both owners equal power of decision, meaning that neither partner has a controlling influence. Söderport is thus a joint venture and Nyfosa's share in Söderport's profit 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. 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 and a small part of property management is procured from Nyfosa.

During the year, Söderport divested properties in Torslanda, Gothenburg, valued at SEK 2.3 billion to the part-owned listed one-property company Torslanda Property Investment AB, thus laying the foundation for a new property company. When Torslanda Property Investment paid part of the purchase consideration in the form of newly issued shares, it means that Söderport's participating interest in the company increased from 28.6 percent to 78.4 percent.

Torslanda Property Investment

Torslanda Property Investment AB is a Swedish property company that owns, manages and leases properties in Gothenburg. The property portfolio, comprising a total of seven properties for a value of SEK 3.0 billion at year-end, is fully leased. The properties have a total leasable area of 194 thousand sqm and primarily comprise office premises with Volvo Cars as the dominant tenant. A CEO of the company was recruited in autumn 2019. Torslanda Property Investment has a management agreement with Sagax and Nyfosa, which are responsible for financial administration and property management.

Söderport Holding AB

MSEK	2019	2018
Rental income	708	585
Net operating income	566	441
Net interest income	-165	-156
Profit from property management	393	340
Changes in value, properties	819	621
Changes in value, derivatives	12	56
Tax	-237	-164
Profit	989	854
<i>of which, Nyfosa's share</i>	491	427

	Dec 31, 2019	Dec 31, 2018
Investment properties	10,853	7,683
Current assets	327	96
Equity	3,905	3,041
<i>of which, Nyfosa's share</i>	1,812	1,520
Non-current liabilities	7,180	4,823
<i>of which, deferred tax liabilities</i>	909	679
<i>of which, derivatives</i>	208	222
Current liabilities	356	189
No. of properties	80	69
Leasable area, 000s of sqm	761	686

Parent Company

MSEK	Dec 31, 2019	Dec 31, 2018
Accumulated cost	412	-
Acquisitions	-	412
Carrying amount at the end of the year	412	412

NOTE 15

CURRENT RECEIVABLES

MSEK	Dec 31, 2019	Dec 31, 2018
Current receivables	12	16
Prepaid expenses and accrued income	28	20
Total current receivables	39	35

NOTE 16

CASH AND CASH EQUIVALENTS

MSEK	Dec 31, 2019	Dec 31, 2018
<i>The following subcomponents are included in cash and cash equivalents:</i>		
Cash and bank balances	588	192

NOTE 17

LIABILITIES

MSEK	Dec 31, 2019	Dec 31, 2018
Non-interest-bearing liabilities falling due within one year after the balance-sheet date	348	262
Non-interest-bearing loans falling due to more than five years after the balance-sheet date	16	10
Interest-bearing loans falling due within one year after the balance-sheet date	–	858
Between 1-5 years after the balance-sheet date	11,282	5,307
<i>More than 5 years after the balance-sheet date</i>	–	2,125
Total liabilities, excl. deferred tax liabilities and lease liabilities	11,646	8,512

Nyfosa has pledged assets for all loans in the form of property mortgages. In addition, the majority of the Group's credit agreements with creditors contain covenants concerning either a specific loan-to-value ratio and/or a specific interest-coverage ratio. Certain credit agreements contain covenants that pertain solely to the company raising the loan and its subsidiaries, while other credit agreements include covenants linked to the Nyfosa Group's earnings and/or financial position. The Group met the covenants included in the loan agreements for 2019 and 2018.

MSEK	Dec 31, 2019	Dec 31, 2018
Net loan-to-value ratio, %	54.6	51.6
Remaining fixed-rate period	1.2 years	1.6 years
Remaining term for loans	2.7 years	3.2 years

NOTE 18

DEFERRED TAX LIABILITIES/ASSETS

Nyfosa recognized deferred tax liabilities in 2019 totaling a net MSEK 627 (452). The amount is the net of deferred tax assets attributable to valued tax loss carryforwards and deferred tax liabilities attributable to temporary differences between carrying amounts and taxable values of the investment properties.

Deferred tax is recognized for temporary differences between the tax values and the accounting values. The deferred tax that existed in connection with asset purchases is, however, not to be recognized in the statement of financial position on the acquisition date according to applicable rules, known as the initial recognition exemption.

The residual value of investment properties for tax purposes totaled MSEK 8,896 (6,982) on December 31, 2019.

MSEK	Dec 31, 2019	Dec 31, 2018
Deferred tax assets		
<i>Loss carryforwards</i>		
At the beginning of the year	304	267
Recognized in profit or loss	0	11
Acquired and divested assets	0	27
At the end of the year	304	304

<i>Derivatives</i>		
At the beginning of the year	–2	–1
Recognized in profit or loss	2	–1
At the end of the year	0	–2

Deferred tax liabilities		
<i>Properties</i>		
At the beginning of the year	–754	–670
Recognized in profit or loss	–174	–90
Acquired and divested assets	–3	–
Other	–	6
At the end of the year	–931	–754

Deferred tax liabilities, net		
At the beginning of the year	–452	–404
Recognized in profit or loss	–172	–81
Acquired and divested assets	–3	27
Other	–	6
At the end of the year	–627	–452

NOTE 19

OTHER CURRENT LIABILITIES

MSEK	Dec 31, 2019	Dec 31, 2018
Accrued financial expenses	54	20
Prepaid rental income	199	153
Other accrued expenses and prepaid income	19	57
Accounts payable	33	11
Other current liabilities	40	20
Total other current liabilities	343	262

NOTE 20

FINANCIAL ASSETS AND LIABILITIES – BY CATEGORY AND FAIR VALUE

	Financial assets/ liabilities measured at fair value through profit or loss		Financial assets measured at amortized cost		Financial liabilities measured at amortized cost		Total carrying amount	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
MSEK								
Derivatives	2	9	–	–	–	–	2	9
Rent receivables	–	–	7	15	–	–	7	15
Current receivables	–	–	39	35	–	–	39	35
Cash and cash equivalents	–	–	588	192	–	–	588	192
Total financial assets	2	9	635	242	–	–	637	251
Liabilities to credit institutions	–	–	–	–	11,352	8,240	11,352	8,240
Accounts payable	–	–	–	–	33	11	33	11
Other liabilities	–	–	–	–	16	10	16	10
Total financial liabilities	–	–	–	–	11,401	8,261	11,401	8,261

The carrying amount of all financial instruments is a reasonable estimate of the fair value. This is because receivables and liabilities that are interest-bearing have short fixed-rate periods and, on the

balance-sheet date, the level of interest rates, including margins, for the loans matched the terms in the loan agreements. Receivables and liabilities that do not bear interest have short maturities.

NOTE 21

RELATED-PARTY TRANSACTIONS

Related-party transactions

The Group owns participations in joint ventures, refer to Note 14. Söderport is managed by AB Sagax, except for property management which is managed by Nyfosa.

During the year, Söderport divested properties to the company Torslanda Property Investment AB ("TPI"). After the transaction, Söderport owns 78 percent of TPI. TPI decided to procure the same property management services from Nyfosa that Söderport procures.

Property management fees between the companies are based on market terms. Nyfosa's fee totals MSEK 3 per year. The Group has no receivables from joint ventures on December 31, 2019.

The Group also divested properties to Söderport for a value totaling MSEK 722 and acquired properties from Söderport for a value of MSEK 214. The purpose of the transaction was to create more efficient property management portfolios. These transactions took place at the externally assessed market value.

NOTE 22

SPECIFICATIONS FOR THE STATEMENT OF CASH FLOWS

Group

MSEK	2019	2018
Adjustments for non-cash items for operating activities		
Share in profit of joint ventures	-491	-412
Total non-cash items for operating activities	-491	-412

Direct and indirect acquisitions of investment properties

MSEK	2019	2018
<i>Assets and liabilities acquired</i>		
Investment properties	4,409	3,721
Loss carryforwards	-	27
Operating receivables	25	32
Cash and cash equivalents	16	16
Total assets	4,450	3,796
Deferred tax liabilities	3	1
Current operating liabilities	81	59
Total liabilities	84	60
Purchase consideration paid	4,366	3,737
Impact on cash and cash equivalents	4,350	3,721

Direct and indirect divestments of investment properties

MSEK	2019	2018
<i>Assets and liabilities acquired</i>		
Investment properties	1,194	1,230
Operating receivables	2	1
Cash and cash equivalents	0	7
Total assets	1,196	1,237
Deferred tax liabilities	-	0
Current operating liabilities	25	19
Total liabilities	25	19
Purchase consideration received	1,171	1,218
Impact on cash and cash equivalents	1,171	1,212

Reconciliation of liabilities deriving from financing activities

Changes in loan portfolio, MSEK	2019	2018
Liabilities at the beginning of the period	8,240	6,978
Amortization	-2,394	-2,262
Loans raised	5,457	3,516
Other ¹	-21	8
Liabilities at the end of the period	11,282	8,240

1) The item of "Other" does not affect cash flow.

2) In addition to interest-bearing liabilities according to Note 17, this item includes a short-term loan from related parties of 395.

Parent Company

MSEK	2019	2018
Adjustments for non-cash items for operating activities		
Dividend from subsidiaries	400	500
Dividend from joint ventures	200	-
Total non-cash items for operating activities	600	500

NOTE 23

SIGNIFICANT ESTIMATES AND ASSESSMENTS

Measurement of investment properties

For significant assumptions and assessments affecting the measurement of Nyfosa's investment properties, refer to Note 13. 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 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 24

SHARES IN GROUP COMPANIES

SEK thousand	Dec 31, 2019	Dec 31, 2018
Accumulated cost		
At the beginning of the year	50	50
Carrying amount at the end of the year	50	50

Holdings in subsidiaries

Nyfosa AB's directly and indirectly owned subsidiaries are presented below.

Directly owned subsidiaries

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Share, %	Carrying amount, SEK thousand Dec 31, 2019
Nyfosa Holding AB	559134-9443	Nacka	500	100	50

Indirectly owned companies

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Share, %
Nyfosa Antennhuset AB	556742-5946	Nacka	100,000	100
Nyfosa Arendal 1:17 Fastighets AB	556715-8174	Nacka	1,000	100
Nyfosa Armaturen 1 Fastighets AB	556372-6933	Nacka	1,000	100
Nyfosa Armaturen 10 Fastighets AB	559100-8205	Nacka	500	100
Nyfosa Aspen 10 Fastighets AB	559199-3182	Nacka	500	100
Nyfosa Axethuset AB	556742-6027	Nacka	100,000	100
Nyfosa Bagaren 10 Fastighets AB	556738-6270	Nacka	1,000	100
Nyfosa Bandsågen 1 Fastighets AB	559199-3174	Nacka	500	100
Nyfosa Barkenlund Oxbacken Kommanditbolag	969695-6771	Nacka	100	100
Nyfosa Bladbaggen 1 Fastighets AB	556606-3656	Nacka	1,000	100
Nyfosa Blocket 1 AB	556742-5938	Nacka	100,000	100
Nyfosa Blåbäret 4 Fastighets AB	556874-5011	Nacka	50,000	100
Nyfosa Bromsen 7 Fastighets AB	559110-6140	Nacka	500	100
Nyfosa Bromsregulatorn AB	556742-5953	Nacka	100,000	100
Nyfosa Bronskragen 3 Fastighets AB	556851-4441	Nacka	50,000	100
Nyfosa Bronskragen 4 Fastighets AB	556955-4701	Nacka	50,000	100
Nyfosa Brudbuketten 11 Fastighets AB	559176-9798	Nacka	50,000	100
Nyfosa Bryggeriet 2 Fastighets AB	559111-6404	Nacka	500	100
Nyfosa BTCS First Shopping AB	556689-1007	Kungälv	1,000	100
Nyfosa Böthuset AB	556742-3537	Nacka	100,000	100
Nyfosa Cementhuset 10 AB	556742-4576	Nacka	100,000	100
Nyfosa Cementhuset 4 AB	556742-7363	Nacka	100,000	100
Nyfosa Cementhuset 5 AB	556742-5573	Nacka	100,000	100
Nyfosa Cementhuset 7 AB	556742-4642	Nacka	100,000	100
Nyfosa Cementhuset 9 AB	556742-5961	Nacka	100,000	100
Nyfosa Cementhuset AB	556742-3511	Nacka	100,000	100
Nyfosa Centrum 20:1 Fastighets AB	556670-3509	Nacka	1,000	100
Nyfosa Danmarks Säby 10:2 Fastighets AB	556983-3709	Nacka	500	100
Nyfosa Danvikscenter Fastighets AB	556822-0684	Nacka	500	100
Nyfosa Domkraften 5 Fastighets AB	556740-9155	Nacka	1,000	100
Nyfosa Drivhjulet 3 Fastighets AB	556866-8098	Nacka	500	100
Nyfosa Dynamon 5 Fastighets AB	556949-0716	Nacka	50,000	100
Nyfosa Eldaren 1 Fastighets AB	559106-8043	Nacka	500	100
Nyfosa Emelie AB	559196-0975	Nacka	500	100
Nyfosa Emelie HoldCo 1 AB	559168-5762	Nacka	50,000	100
Nyfosa Emelie HoldCo 2 AB	559221-7656	Nacka	50,000	100

NOTE 24 cont.

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Share, %
Nyfosa Falköping Alunskiffern 1 Fastighets AB	556728-7395	Nacka	100	100
Nyfosa Farsta I AB	556678-5530	Nacka	1,000	100
Nyfosa Fastighetsaktiebolaget Asienhuset	556742-5995	Nacka	100,000	100
Nyfosa Fastighetsaktiebolaget Brudbuketten	556742-3495	Nacka	100,000	100
Nyfosa Fastighetsaktiebolaget Gröna Lagret	556490-8191	Nacka	50,000	100
Nyfosa Fastighetsaktiebolaget Sprintern	556742-7736	Nacka	100,000	100
Nyfosa Fastighetsaktiebolaget Storbådan	556742-3479	Nacka	100,000	100
Nyfosa Fastighetsaktiebolaget Träskruven	556742-5532	Nacka	100,000	100
Nyfosa Fastighetsaktiebolaget Valbrevet	556742-6019	Nacka	100,000	100
Nyfosa Filen 2 Fastighets AB	556818-4443	Nacka	500	100
Nyfosa Filtret 6 Fastighets AB	556790-5525	Nacka	1,000	100
Nyfosa Firman 2 Fastighets AB	559200-8592	Nacka	500	100
Nyfosa Firman 4 Fastighets AB	559068-9567	Nacka	500	100
Nyfosa Flundran 4 Fastighets AB	556713-1866	Nacka	1,000	100
Nyfosa Fläkten 7 Fastighets AB	556818-4450	Nacka	500	100
Nyfosa Forskarbyn 2 Fastighets AB	559124-8918	Nacka	50,000	100
Nyfosa Fåraherden 2 Fastighets AB	559124-8884	Nacka	50,000	100
Nyfosa Försäljaren 9 Fastighets AB	556866-8072	Nacka	500	100
Nyfosa Gamlestaden 2:8 Fastighets AB	556866-3842	Nacka	500	100
Nyfosa Getingen 5 Fastighets AB	559148-3291	Nacka	50,000	100
Nyfosa Gillet 1 Fastighets AB	556881-0583	Nacka	500	100
Nyfosa Gjutaren 3 Fastighets AB	559110-6231	Nacka	500	100
Nyfosa Golvläggaren 2 Fastighets AB	556561-0788	Nacka	1,000	100
Nyfosa Grophuset 3 Fastighets AB	556982-0524	Nacka	50,000	100
Nyfosa Grävmaskinen 1 Fastighets AB	556937-3896	Nacka	500	100
Nyfosa Grönsta 2:52 Fastighets AB	556822-4983	Nacka	500	100
Nyfosa Gumsen 45 Fastighets AB	556244-9818	Nacka	1,000	100
Nyfosa Gyllehemmet 1 Fastighets AB	556746-1206	Nacka	100,000	100
Nyfosa Gävle Norr 12:5 Fastighets AB	556866-3776	Nacka	500	100
Nyfosa Halvmånen 3 Fastighets AB	556892-9623	Nacka	1,000	100
Nyfosa Handformaren 2 Fastighets AB	559099-8174	Nacka	50,000	100
Nyfosa Hantverkaren 1 AB	556742-7686	Nacka	100,000	100
Nyfosa Hedenstorp 2:1 Fastighets AB	556869-5125	Nacka	500	100
Nyfosa Holmögadhuset 3 AB	556742-3446	Nacka	100,000	100
Nyfosa Holmögadhuset 4 AB	556742-3453	Nacka	100,000	100
Nyfosa Håltås 1:18 Fastighets AB	556748-0537	Nacka	1,000	100
Nyfosa i Värnamo Fastigheter AB	556101-5107	Nacka	80,000	100
Nyfosa i Växjö Fastigheter AB	556192-5305	Nacka	1,000	100
Nyfosa Importören 2 Fastighets AB	556737-7618	Nacka	1,000	100
Nyfosa Industrihuset 17 AB	556742-7009	Nacka	100,000	100
Nyfosa i-parken i Lund Aktiebolag	556263-8394	Nacka	550,000	100
Nyfosa Iput Förvaltning AB	556862-9876	Nacka	500	100
Nyfosa Jakobsberg 2:2583 Fastighets AB	556637-7320	Nacka	1,000	100
Nyfosa Jordbrohuset AB	556742-5599	Nacka	100,000	100
Nyfosa Jordbromalm Kommanditbolag	969674-9424	Nacka	100	100
Nyfosa Jungfrun 11 Fastighets AB	556911-2914	Nacka	500	100
Nyfosa Karossen 5 Fastighets AB	556992-6230	Nacka	50,000	100
Nyfosa Karossen Fastighets AB	559012-8186	Nacka	500	100
Nyfosa Klingberget 6 Fastighets AB	559122-1501	Nacka	500	100
Nyfosa Knarranäs 8 Fastighets AB	559083-6002	Nacka	500	100
Nyfosa Koch 7 Fastighets AB	556519-3108	Nacka	21,000	100
Nyfosa Kraften 4 Fastighets AB	559110-6215	Nacka	500	100
Nyfosa Kraften 4 HoldCo AB	559138-8532	Nacka	500	100
Nyfosa Kronfastigheter AB	556950-1744	Nacka	50,000	100
Nyfosa Kronfastigheter Holding AB	556950-1736	Nacka	50,000	100
Nyfosa Köpstaden 26 Fastighets AB	559209-4410	Nacka	50,000	100
Nyfosa Lagunen Fastighets AB	556176-1874	Nacka	50,000	100
Nyfosa Lantmannen 2 Kommanditbolag	969651-1998	Nacka	100	100

NOTE 24 cont.

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Share, %
Nyfosa Lejonet 11 Fastighets AB	556942-6413	Nacka	500	100
Nyfosa Lillgrund 5 Fastighets AB	559018-0823	Nacka	50,000	100
Nyfosa Linden 1 Fastighets AB	556827-3493	Nacka	500	100
Nyfosa Ljungby Vagnen 6 Fastighets AB	556790-5962	Nacka	1,000	100
Nyfosa LTIP AB	559168-5820	Nacka	50,000	100
Nyfosa Luleå Fastighets AB	556672-2632	Nacka	1,000	100
Nyfosa Lärkan 21 Fastighets AB	559006-8853	Nacka	500	100
Nyfosa Malax 3 Fastighets AB	559083-5996	Nacka	500	100
Nyfosa Malmö Kamaxeln 7 Fastighets AB	556458-1485	Nacka	1,000	100
Nyfosa Marianne AB	559207-1376	Nacka	50,000	100
Nyfosa Marianne HoldCo 1 AB	559207-1392	Nacka	50,000	100
Nyfosa Marianne HoldCo 2 AB	559207-1400	Nacka	50,000	100
Nyfosa Marianne HoldCo AB	559207-1384	Nacka	50,000	100
Nyfosa Mattläggaren 1 Fastighets AB	556743-8022	Nacka	1,000	100
Nyfosa Mejeriet Fastighets AB	559101-4518	Nacka	500	100
Nyfosa Murängen 2 Fastighets AB	559101-4484	Nacka	500	100
Nyfosa Måseskär 6 Fastighets AB	559168-5770	Nacka	50,000	100
Nyfosa Möllebacken 15 AB	559138-8466	Nacka	500	100
Nyfosa Nedre Gruvriset 33:278 Fastighets AB	556983-3642	Nacka	500	100
Nyfosa Nolby 3:40 Fastighets AB	559062-8474	Nacka	500	100
Nyfosa Nord AB	559196-1163	Nacka	500	100
Nyfosa Nord HoldCo 1 AB	559168-5796	Nacka	50,000	100
Nyfosa Nord HoldCo 2 AB	559209-4386	Nacka	50,000	100
Nyfosa Nord HoldCo 3 AB	559221-7706	Nacka	50,000	100
Nyfosa Nord HoldCo AB	556929-8440	Nacka	500	100
Nyfosa Nord KomD AB	559209-4485	Nacka	50,000	100
Nyfosa Nord TL AB	559221-7698	Nacka	50,000	100
Nyfosa Nord TopCo AB	559221-7714	Nacka	50,000	100
Nyfosa Norden AB	556710-6892	Nacka	5,000,000	100
Nyfosa Norr 25:5 Fastighets AB	559080-3234	Nacka	50,000	100
Nyfosa Norrmalm 4:6 Fastighets AB	556653-2247	Nacka	1,000	100
Nyfosa NYAB 25 AB	559209-4295	Nacka	50,000	100
Nyfosa NYAB 26 AB	559209-4303	Nacka	50,000	100
Nyfosa NYAB 27 AB	559209-4311	Nacka	50,000	100
Nyfosa NYAB 28 AB	559209-4329	Nacka	50,000	100
Nyfosa NYAB 29 AB	559209-4337	Nacka	50,000	100
Nyfosa NYAB 30 AB	559209-4345	Nacka	50,000	100
Nyfosa NYAB 31 AB	559209-4352	Nacka	50,000	100
Nyfosa NYAB 32 AB	559209-4360	Nacka	50,000	100
Nyfosa NYAB 33 AB	559209-4378	Nacka	50,000	100
Nyfosa NYAB 36 AB	559209-4402	Nacka	50,000	100
Nyfosa NYAB 39 AB	559209-4436	Nacka	50,000	100
Nyfosa NYAB 40 AB	559209-4444	Nacka	50,000	100
Nyfosa NYAB 41 AB	559209-4451	Nacka	50,000	100
Nyfosa NYAB 42 AB	559209-4469	Nacka	50,000	100
Nyfosa NYAB 43 AB	559209-4477	Nacka	50,000	100
Nyfosa NYAB 47 AB	559221-7672	Nacka	50,000	100
Nyfosa NYAB 48 AB	559221-7680	Nacka	50,000	100
Nyfosa NYAB 52 AB	559221-7722	Nacka	50,000	100
Nyfosa NYAB 53 AB	559221-7730	Nacka	50,000	100
Nyfosa NYAB 54 AB	559221-7748	Nacka	50,000	100
Nyfosa NYAB 55 AB	559226-9848	Nacka	50,000	100
Nyfosa NYAB 56 AB	559226-9855	Nacka	50,000	100
Nyfosa NYAB 57 AB	559226-9863	Nacka	50,000	100
Nyfosa NYAB 58 AB	559226-9871	Nacka	50,000	100
Nyfosa NYAB 59 AB	559226-9889	Nacka	50,000	100
Nyfosa NYAB 60 AB	559226-9897	Nacka	50,000	100
Nyfosa NYAB 61 AB	559226-9905	Nacka	50,000	100

NOTE 24 cont.

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Share, %
Nyfosa NYAB 62 AB	559226-9913	Nacka	50,000	100
Nyfosa NYAB 63 AB	559226-9921	Nacka	50,000	100
Nyfosa NYAB 64 AB	559226-9939	Nacka	50,000	100
Nyfosa NYAB 8 AB	559168-5804	Nacka	50,000	100
Nyfosa NYAB AB	559138-6775	Nacka	1,000	100
Nyfosa Nyckelharpan 6 Fastighets AB	559199-3166	Nacka	500	100
Nyfosa Pedalen Fastighets Kommanditbolag	969690-3971	Nacka	100	100
Nyfosa Pigan 1 Kommanditbolag	969651-3747	Nacka	100	100
Nyfosa Plögen 4 Fastighets AB	559168-5879	Nacka	50,000	100
Nyfosa Plåtslagaren 1 Fastighets AB	556720-6510	Nacka	1,000	100
Nyfosa Plåtslagaren 6 Fastighets AB	559168-5812	Nacka	50,000	100
Nyfosa Prästgårdsängen 2 Fastighets AB	559079-8459	Nacka	50,000	100
Nyfosa Riksdalern 3 Fastighets AB	556858-5458	Nacka	50,000	100
Nyfosa Rosenbuketten AB	556742-7652	Nacka	100,000	100
Nyfosa Rudan 6 Fastighets AB	556954-1542	Nacka	1,000	100
Nyfosa Rydterminalen AB	556679-8723	Nacka	1,000	100
Nyfosa Rydterminalen III AB	556696-6841	Nacka	1,000	100
Nyfosa Saturnus 7 Handelsbolag	969687-0279	Nacka	1,000	100
Nyfosa Sjöbocka AB	556652-3501	Nacka	1,000	100
Nyfosa Skruven 3 Fastighets AB	556866-8312	Nacka	500	100
Nyfosa Småland Fastighets AB	556818-4666	Nacka	500	100
Nyfosa Smörbollshuset AB	556742-3461	Nacka	100,000	100
Nyfosa Snickaren 12 Fastighets AB	556974-7875	Nacka	500	100
Nyfosa Snickeriet Fastighets AB	559018-0435	Nacka	500	100
Nyfosa Snödroppen 2 Fastighets AB	556866-3966	Nacka	500	100
Nyfosa Speditionshuset 1 AB	556742-4568	Nacka	100,000	100
Nyfosa Spindeln 2 Fastighets AB	556930-8173	Nacka	500	100
Nyfosa Stensholm 1:754 Fastighets AB	556971-2929	Nacka	500	100
Nyfosa Stensholm 1:755 Fastighets AB	556971-2895	Nacka	500	100
Nyfosa Storheden Fastighets AB	559042-3678	Nacka	500	100
Nyfosa Stranden AB	556942-4640	Nacka	100	100
Nyfosa Sunaman 5 Fastighets AB	559124-9056	Nacka	50,000	100
Nyfosa Sundsvall Fastighets AB	556676-6415	Nacka	1,000	100
Nyfosa Sunnanå 6:40 Fastighets AB	556936-1867	Nacka	50,000	100
Nyfosa Svartmunken 2 Handelsbolag	916552-7582	Nacka	1,000	100
Nyfosa Svavelhuset AB	556742-3487	Nacka	100,000	100
Nyfosa Svea Real Holding AB	559168-5911	Nacka	50,000	100
Nyfosa SveaReal AB	556736-5415	Nacka	1,100,000	100
Nyfosa Svedjan 2 Fastighets AB	559028-6935	Nacka	500	100
Nyfosa Sågen 2 AB	559138-8425	Nacka	500	100
Nyfosa Sågen 6 AB	559138-8433	Nacka	500	100
Nyfosa Sågklingen 10 Fastighets AB	556906-5757	Nacka	500	100
Nyfosa Sämjehuset AB	556742-7678	Nacka	100,000	100
Nyfosa Söder 18:19 Fastighets AB	556545-7024	Nacka	1,000	100
Nyfosa Söderarm 11 Fastighets AB	556675-2407	Nacka	1,000	100
Nyfosa Takläggaren 4 Fastighets AB	556378-6267	Nacka	2,000	100
Nyfosa Takläggaren 8 Fastighets AB	556625-5658	Nacka	1,000	100
Nyfosa Tankstället 4 Fastighets AB	556857-6861	Nacka	50,000	100
Nyfosa Tellus 4 Fastighets AB	556925-8741	Nacka	500	100
Nyfosa Tellus 4 HoldCo AB	556925-8808	Nacka	500	100
Nyfosa Terminalen 1 Fastighets AB	556782-8420	Nacka	100,000	100
Nyfosa Tetis AB	556847-5825	Nacka	11,700,000	100
Nyfosa Torbornahögen 3 Fastighets AB	556796-5909	Nacka	1,000	100
Nyfosa Torlunda 1.278 Kommanditbolag	916624-6232	Nacka	500	100
Nyfosa Torlunda 1:278 HoldCo AB	556983-3634	Nacka	1,000	100
Nyfosa Transistorn 1 Fastighets AB	559209-4428	Nacka	50,000	100
Nyfosa Trasten 12 Fastighets AB	556866-3909	Nacka	500	100
Nyfosa Tulpanen 3 Fastighets AB	556866-3917	Nacka	500	100

NOTE 24 cont.

Company name	Corp. Reg. No.	Registered office	Number of shares/ participations	Share, %
Nyfosa Tunnan 1 Fastighets AB	556938-3994	Nacka	500	100
Nyfosa Tuve 85:9 Fastighets Kommanditbolag	916834-9596	Nacka	100	100
Nyfosa Tyska Bryggaregården AB	559138-8458	Nacka	500	100
Nyfosa Uddevalla I AB	556694-7841	Nacka	1,000	100
Nyfosa Umeå Fastighets AB	556676-6423	Nacka	1,000	100
Nyfosa Unaman 8 Fastighets AB	556911-2906	Nacka	500	100
Nyfosa Valhalla 1:6 Fastighets AB	556983-3626	Nacka	500	100
Nyfosa Verkstaden 8 AB	559138-8441	Nacka	500	100
Nyfosa Verkstadshuset 6 AB	556742-7710	Nacka	100,000	100
Nyfosa Vindrutan 1 Fastighets AB	556822-2284	Nacka	500	100
Nyfosa Vindtunneln 1 Fastighets AB	556712-3558	Nacka	1,000	100
Nyfosa Vinga 5 Fastighets AB	556894-7369	Nacka	50,000	100
Nyfosa VXJ HoldCo AB	556942-6504	Nacka	500	100
Nyfosa Vågenhuset AB	556742-7264	Nacka	100,000	100
Nyfosa Wera AB	556987-3945	Nacka	500	100
Nyfosa Wera HoldCo 1 AB	559132-9734	Nacka	500	100
Nyfosa Wera HoldCo 2 AB	559132-9742	Nacka	500	100
Nyfosa Wera HoldCo 3 AB	559138-8524	Nacka	50,000	100
Nyfosa Wera HoldCo 4 AB	559138-8516	Nacka	500	100
Nyfosa Wera HoldCo 5 AB	559138-8581	Nacka	50,000	100
Nyfosa Wera HoldCo 6 AB	559138-8540	Nacka	500	100
Nyfosa Wera Holdco 7 AB	559196-1106	Nacka	500	100
Nyfosa Wera HoldCo 8 AB	559209-4394	Nacka	50,000	100
Nyfosa Wera HoldCo 9 AB	559221-7664	Nacka	50,000	100
Nyfosa Ånsta 20:262 Fastighets AB	556704-3368	Nacka	1,000	100
Nyfosa Årsta 68:4 Fastighets AB	556803-3525	Nacka	500	100
Nyfosa Åttersta 6:28 Fastighets AB	559101-4492	Nacka	500	100
Nyfosa Öjebyn 119:1 Fastighets AB	556846-4928	Nacka	50,000	100
Nyfosa Örebro Kitteln 11 Fastighets AB	556799-6870	Nacka	100,000	100
Nyfosa Örja 1:21 Fastighets AB	556796-5917	Nacka	1,000	100

NOTE 25

PLEGDED ASSETS AND CONTINGENT LIABILITIES

Nyfosa regularly pledges assets for its external liabilities include pledges of properties, pledges of shares as well as pledges in internal promissory notes.

MSEK	2019	2018
Pledged assets		
Property mortgages	12,552	10,132
Participations in Group companies	3,429	2,937
Contingent liabilities		
Sureties for liabilities in joint ventures	–	–

NOTE 26

EQUITY

Share capital trend	Date	Change number of shares	Quotient value, SEK	Change in share capital, MSEK
New formation	October 17, 2017	500	1.00	0
Division of shares	May 21, 2018	99,500	–	0
New share issue	May 21, 2018	157,628,249	0.5	79
New share issue	August 21, 2018	10,000,000	0.5	5
Total		167,728,249	0.5	84

Each share entitles the holder to one vote.

The Board's proposed appropriation of profit

Dividends

The Board proposes that the Annual General Meeting resolve not to pay any dividends for the 2019 financial year.

	Dec 31, 2019
Unrestricted equity, MSEK	
Retained earnings	4,263
Share premium reserve	8
Profit for the year	605
Total unrestricted equity	4,876
The following funds are available for distribution by the AGM	
To be carried forward	4,876
Total	4,876

NOTE 27

SIGNIFICANT EVENTS AFTER THE BALANCE-SHEET DATE

In January 2020, Nyfosa signed a letter of intent with Samhällsbyggnadsbolaget i Norden AB ("SBB") regarding the acquisition of properties with a total value of approximately SEK 8 billion. The properties are mainly offices in Sweden. The parties intend to sign a binding agreement regarding the acquisition in March 2020. Nyfosa will update with further information about the acquisition and its financing at the latest when the terms of the acquisition are finally agreed.

The Board of Nyfosa resolved on 17 February 2020, based on the authorization granted by the AGM on May 9, 2019, on a directed issue of 6,462,824 shares at a price of SEK 93.00 per share. The price was determined through an accelerated book building procedure and corresponds to a discount of approximately 3 percent in relation to the closing price on Nasdaq Stockholm on February 17, 2020. Nyfosa receives around MSEK 601 before transaction costs through the share issue.

In March, Nyfosa acquired a property portfolio for a total value of SEK 4.174 billion. The acquisition consists of a portfolio of 79 commercial properties. As part of the purchase consideration, Nyfosa issued 10,310,000 new shares at a price of SEK 71.20.

After the end of the year, the new coronavirus impacted not only individuals but also the property market and global economy. Nyfosa is continuously monitoring developments and seeks to protect

the health and safety of its employees, tenants and suppliers. The company has taken measures to mitigate potential disruptions to its operations and is following the recommendations of the authorities. Nyfosa believes that in these turbulent times it has a stable financial position, good liquidity and a strong cash flow. The property portfolio is well diversified with properties in a variety of categories, geographies and sizes, and tenants in a large number of different industries and few dominant tenants. At the current time, it is difficult to assess how the company will be affected by the coronavirus in the long term.

In the year-end report for 2019, published on February 13, 2020, Nyfosa announced that the Board of Directors intended to propose a distribution in kind of shares in which every 18 shares in Nyfosa would entitle to one (1) share in Torslanda Property Investment AB ("TPI"), following the 10:1 share split of the TPI share. The Board of Directors intended to present the proposal to the shareholders at Nyfosa's Annual General Meeting on April 23, 2020. In light of the increased uncertainty that has occurred in the stock market as a result of the coronavirus, the Board has decided to postpone the proposal for a distribution in kind. Once the volatility has normalized and if otherwise deemed appropriate, it is the Board's ambition to call an Extraordinary General Meeting to consider the distribution of TPI shares.

THE BOARD'S ASSURANCE

The Board of Directors and CEO give their assurance that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the international accounting standards stipulated in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards.

The Annual Report and the consolidated financial statements provide a true and fair view of the Parent Company's and the Group's financial position and earnings. The Board of Directors' Report for the Parent Company and the Group provides a fair review of the performance of the Parent 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, March 25, 2020
Nyfosa AB
(Corp. Reg. No. 559131-0833)

Johan Ericsson
Chairman of the Board

Marie Bucht Toresäter
Board member

Lisa Dominguez Flodin
Board member

Jens Engwall
Board member and CEO

Mats Andersson
Board member

Per Lindblad
Board member

Kristina Sawjani
Board member

Our audit report was submitted on March 26, 2020

KPMG AB

Mattias Johansson
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Nyfosa AB, corp. id 559131-0833

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Nyfosa AB for the year 2019, except for the corporate governance statement on pages 74–81. The annual accounts and consolidated accounts of the company are included on pages 74–81 and 84–116 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 74–81. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of investment property

See Note 2 Significant accounting policies, Note 13 Investment property and Note 23 Important estimates and judgments on pages 98, 105–106 and 109 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Investment properties are held at fair value in the group's financial statements. The carrying value of these properties is MSEK 19,602 as per 31 December 2019.

The fair value of Investment properties as per 31 December 2019 has been determined based on valuations carried out by independent appraisers.

Given investment properties significant share of the group's total assets and the significant judgment and estimates required in the valuation process, valuation of Investment properties is a Key Audit Matter.

The risk is that the carrying value of Investment properties could be over- or underestimated and that deviations would directly influence profit for the year.

Response in the audit

We have evaluated if the valuation methodology used is reasonable by comparing it to our experience of methods applied by other real estate companies and independent third party appraisers and which assumptions that are normal when valuing comparable objects.

We have assessed the competence and independence of third party appraisers used and we have read the engagement letters of the independent third party appraisers with the aim to evaluate if there were contractual terms that could influence scope or focus of the independent third party appraisers' engagement.

We have tested the controls established by the group to ensure that input data provided to the independent third party appraisers are accurate and complete.

We have, on a sample basis, tested individual valuations. When doing so, we made use of available current market data from external sources, especially for yields, discount rates, rents and vacancies used.

We have checked the accuracy of disclosures on Investment properties given by the group in notes 2, 13 and 23 in the annual accounts and consolidated accounts, especially concerning elements of judgement and applied key assumptions.

Acquisitions and disposals of property

See Note 2 Significant accounting policies, Note 13 Investment property and Note 23 Important estimates and judgments on pages 98, 105–106 and 109 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The group's total investment in properties in 2019 amounted to MSEK 4,741 of which MSEK 4,516 were acquisitions. Disposals amounted to MSEK 1,193.

The risks in relation to acquisitions and disposals primarily relates to the period in which a transaction is recognized, and if specific conditions in the specific transactions have not properly accounted for, which could have significant impact on the group's reported profit and financial position.

Response in the audit

We have evaluated the processes for acquisitions and disposals of properties. For significant transactions, we have examined contracts, evaluating the period of recognition, agreed the purchase price and, where applicable, evaluated that any specific conditions have been accounted for properly.

We have evaluated the accuracy of the disclosures related to transactions given by the group in note 2, 13 and 23 in the annual accounts and consolidated accounts.

Valuation of deferred tax assets

See Note 2 Significant accounting policies, Note 11 Income taxes, Note 18 Deferred tax liabilities/assets and Note 23 Important estimates and judgments on pages 97, 104, 107 and 109 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The group reported deferred tax assets of MSEK 306 related to tax loss carried forwards, expected to offset future profits.

The accounting of deferred tax assets is based on the group's assumptions of the size and timing of future taxable profits as well as interpretation of tax regulations.

The value of the deferred tax assets may vary significantly if other assumptions than those used by the group is applied when forecasting future profits and evaluating the possibility to use the tax loss carry forward.

The risk is that the carrying value of the deferred tax assets are over- or understated and that every adjustment of the value will have a direct impact on the reported profit and effective tax rate.

Response in the audit

Our audit procedures within in this area included evaluation of policies applied and the integrity of the group's model to forecast future taxable profits. We have compared key inputs (such as rental income, operating costs, property management costs and investments) in the calculation to earnings capacity and we have considered the group's ability to previously achieve these plans.

We have involved KPMG's tax specialists when evaluating the group's assessments and interpretations of tax regulations and the reasonableness in the group's assumptions of the ability to offset tax loss carry forwards against future profits.

We have also evaluated if the disclosures in note 18 and 23 fulfill the requisites in related accounting standards.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–73, 82–83 and 121–130. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nyfosa AB for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 74–81 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Nyfosa AB by the general meeting of the shareholders on the 9 May 2019. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2017.

Stockholm 26 March 2020

KPMG AB

Mattias Johansson
Authorized Public Accountant

PROPERTY LISTING

OFFICE

Property	Sub category	Address	Municipality	Year built	Conversion year	Leasable area, sqm	Leasehold
Boktryckaren 17	Office	Bygatan 35	Borlänge	1990		1,829	
Torkel 3	Office	Borganäsvägen 12	Borlänge	1986		2,883	
Centrum 20:1	Office	Källgatan 6, Eriksgatan 23, Kryddgårdsgatan 22-24	Enköping	1981	2008	3,947	
Marås 1:12	Office	Maråsliden 7	Gnosjö	1960		1,140	
Norr 12:5	Office	Nygatan 13	Gävle	1978		15,848	
Norr 25:5	Office	Hattmakargatan. 7-9, Drottninggatan 29-31, Norra Kopparslagargatan. 8-10, Nygatan 30-32	Gävle	1929	1950, 2003	8,910	
Söder 18:19	Office	Slottstorget 3, Västra Islands gatan 2, Källgränd 2	Gävle	1964	2001	4,869	
Gamlestaden 2:8	Office	Hornsgatan 1	Gothenburg	1963	1966	20,882	
Klingberget 6	Office	Brogatan 1	Halmstad	1929	1960, 2003, 2011	10,996	
Rudan 6	Office	Bredgatan 1	Halmstad	1906	2014, 2016	838	
Svartmunken 2	Office	Karl XI:s väg 61	Halmstad	1986	2012, 2015	5,147	
Asien 20	Office	Kvarnstensgatan 11, Verkstadsgatan 2	Helsingborg	1972	1989	2,548	
Köpingetrakten 1	Office	Trintegatan 9	Helsingborg	1990	2005	905	
Lärkan 21	Office	Artillerigatan 2, Tullportsgatan 2	Härnösand	1969	1978	7,062	
Rådmanen 6	Office	Backgränd 9	Härnösand	1981		4,546	
Torsvik 5	Office	Järnvägs gatan 2, Nattviksgatan 6-8	Härnösand	1993		8,586	
Jakobsberg 2:2583	Office	Järfällavägen 100-106	Järfälla	1982		22,168	
Stensholm 1:754	Office	Stensholmsvägen 20	Jönköping	2017		8,500	
Möllebacken 15	Office	Högbergsgatan 3-5 etc.	Karlskrona	1929	1969	7,201	
Tyska Bryggaregården 6	Office	Saltsjöbadsvägen 1A etc.	Karlskrona	1929	1993, 2001	6,847	
Grävmaskinen 1	Office	Lastvägen 18	Kiruna	1991		3,419	
Skruven 3	Office	Bultgatan 40	Kungälv	1990		8,041	
Mården 11	Office	Skeppsbrogatan 21, Magasinsgatan 6	Luleå	1950	1985, 1995	9,735	
Plogen 4	Office	Depåvägen 6	Luleå	1966	2008	5,295	
Hunnerup 1	Office	Sankt Lars Väg 41-55	Lund	1920		19,003	
Brudbuketten 10	Office	Russgatan 6	Malmö	1988		750	
Brudbuketten 11	Office	Derbyvägen 24	Malmö	1988		1,346	
Brudbuketten 13	Office	Derbyvägen 20	Malmö	1988		1,063	
Bryggeriet 2	Office	Jespersgatan 23	Malmö	1950	1978	25,750	
Böttö 5	Office	Kosterögatan 5, Öckerögatan 2	Malmö	1964	1980	11,666	
Domkraften 5	Office	Lockarpsvägen 6A, 6B	Malmö	2019		4,751	
Rosenbuketten 4	Office	Höjagatan 1	Malmö	1987	1990	4,322	
Spindeln 2	Office	Singelgatan 2D	Malmö	1961	2001	7,232	
Sämjan 2	Office	Sofielundsvägen 55, Rolfsgatan 5	Malmö	1850-1950		9,437	
Vårsången 7	Office	Gånglätsvägen 87-89	Malmö	1963		1,544	L
Snödroppen 2	Office	Flöjelbergsgatan 1	Möln dal	1961	1993	25,035	
Tulpanen 3	Office	Bergfotsgatan 2-7	Möln dal	1960	1998	51,608	
Sicklaön 358:1	Office	Hästholmsvägen 26-32	Nacka	1987		16,681	
Snickeriet 14	Office	Förrådsgatan 6	Oskarshamn	1977	2002	2,198	

Property	Sub category	Address	Municipality	Year built	Conversion year	Leasable area, sqm	Leasehold
Knarrarnäs 8	Office	Knarrarnäsgatan 13	Stockholm	1984		3,087	L
Malax 3	Office	Raseborgsgatan 9	Stockholm	1988		6,658	L
Prästgårdsängen 2	Office	Solberga Ångsväg 1-3, Götalandsvägen 216-218	Stockholm	1986		6,595	L
Granlo 3:220	Office	Kalmarvägen 48	Sundsvall	1960	1995	539	
Högom 3:178	Office	Mejselvägen 9-14	Sundsvall	1970	2002	5,264	
Köpstaden 24	Office	Bultgatan 14	Sundsvall	1986	2011	1,420	
Köpstaden 25	Office	Bultgatan 10	Sundsvall	1975	2002	9,713	
Köpstaden 26	Office	Bultgatan 8	Sundsvall	1965	1998	1,855	
Ljusta 7:2	Office	Antennvägen 2	Sundsvall	1980	2013	9,035	
Norrmalm 4:6	Office	Heffnersvägen 22	Sundsvall	1970	1989	1,974	L
Saturnus 7	Office	Bankgatan 13	Sundsvall	1912	2014	9,202	
Öskaret 10	Office	Skepparegatan 3	Sundsvall	1989	2004	11,915	
Halvmånen 3	Office	Morabergsvägen 33 A	Södertälje	2018		10,095	
Formen 1	Office	Formvägen 5	Umeå	1986	2004	7,513	
Tyr 8	Office	Östra Esplanaden 3, Storgatan 69	Umeå	1997	2014, 2019	8,627	
Bodarna 2	Office	Myntgatan 8-10	Värnamo	1934	1991	1,773	
Bokbindaren 20	Office	Västbovägen 56	Värnamo	1975	1991	2,561	
Gamla Gåsen 4	Office	Boagatan 1, Myntgatan	Värnamo	1907		200	
Gillet 1	Office	Flanaden 3-5	Värnamo	1974	2003	5,228	
Lejonet 11	Office	Lasarettsgatan 1-5, Storgatsbacken 23	Värnamo	1961	1987, 2005	5,014	
Plattläggaren 1	Office	Silkesvägen 18	Värnamo	1989	2014	1,798	
Rågen 1	Office	Expovägen 6	Värnamo	1965	1990, 2011	4,828	
Vindruvan 15	Office	Storgatsbacken 12	Värnamo	1989		1,990	
Värnamo 14:11	Office	Jönköpingsvägen 41-43	Värnamo	1917	1940, 1966, 1982, 2012	4,030	
Sågen 2	Office	Ångsgårdsgatan 4	Västerås	1992		3,458	
Sågen 6	Office	Ångsgårdsgatan 12a	Västerås	1987		6,046	
Sågklingan 10	Office	Ångsgårdsgatan 13	Västerås	1990		1,709	
Verkstaden 6	Office	Glödargränd 1-3, Metallverksgatan 2-10, Varmvalsvägen 1-3	Västerås	1866	2006	16,492	
Verkstaden 8	Office	Östra Ringvägen 2	Västerås	1936	1951, 1977	20,008	
Bagaren 10	Office	Ljungadalsgatan 2, Hejaregatan 10	Växjö	1987	2015	29,928	
Båken 1	Office	Systratorpsvägen 16	Växjö	1983		1,496	
Garvaren 4	Office	Hjalmar Petris väg 32	Växjö	1981	2010	2,570	
Glasmästaren 1	Office	Arabygatan 80	Växjö	1966, 1988	2005	6,199	
Illern 5	Office	Isbjörnsvägen 11-13	Växjö	1987	2014	2,146	
Plåtstagaren 4	Office	Verkstadsgatan 5	Växjö	1967, 1988	2013	5,602	
Sotaren 4	Office	Arabygatan 82	Växjö	1992		2,979	
Svea 8	Office	Lineborgsplan 3	Växjö	1982	2014	2,160	
Unaman 8	Office	Klostergatan 6, Kungsgatan 3, Sandgårdsgatan 6-8	Växjö	1969	2009	5,609	
Ödman 15	Office	Storgatan 29	Växjö	1972	2015	4,321	
Barkenlund 11	Office	Vasastrand 11	Örebro	1934	1989	2,819	
Forskarbyn 2	Office	Forskarvägen 1-3	Örebro	1998		5,535	
Fåraherden 1	Office	Riagatan 1-3	Örebro	1992		2,948	
Karossen 5	Office	Bettorpsgatan 12 B-C	Örebro	2004	2009	5,127	
Oxbacken 7	Office	Krontorpsgatan 1	Örebro	1981	1988	2,942	
Pigan 1	Office	Riagatan 53	Örebro	1992		931	
Vindtunneln 1	Office	Skäpplandsgatan 1A-C	Örebro	1989		3,369	
Handformaren 2	Office	Sjögatan 4	Örnsköldsvik	1969	1998	16,596	
Kraften 4	Office	Sjögatan 1	Örnsköldsvik	1958, 1969	2009, 2016	11,830	
Strandkajen 7	Office	Järnvägsgatan 3	Örnsköldsvik	1991	1993, 2003	28,684	

WAREHOUSE/LOGISTICS

Property	Sub category	Address	Municipality	Year built	Conversion year	Leasable area, sqm	Leasehold
Bockasjö 1	Logistics/Warehouse	Bockasjögatan 12	Borås	1987		23,841	
Rydahög 1	Logistics/Warehouse	Almenäsvägen 7, 10	Borås	1962	2006	39,652	
Rydaslätt 1	Logistics/Warehouse	Almenäsvägen 16	Borås	1986		13,767	
Träskruven 1	Logistics/Warehouse	Sandlidsgatan 6	Borås	1973		15,539	
Hantverkaren 1	Logistics/Warehouse	Segersbyvägen 2-4	Botkyrka	1974		9,120	L
Sunnanå 6:40	Logistics/Warehouse	Terminalgatan 5-7	Burlöv	2015		1,401	L
Grönsta 2:52	Logistics/Warehouse	Svista Lagerväg 8	Eskilstuna	2006		13,780	
Torlunda 1:278	Logistics/Warehouse	Abrahamsons Väg 2	Eskilstuna	1990	2007	15,814	L
Valhalla 1:6	Logistics/Warehouse	Bredängsgatan 55-57	Eskilstuna	1976, 1984, 1991, 2009		9,016	
Alunskiffern 1	Logistics/Warehouse	Agnestadsgatan 2	Falköping	2012		12,015	
Eldaren 1	Logistics/Warehouse	Energigatan 6	Falköping	2018		5,148	
Nedre Gruvriset 33:278	Logistics/Warehouse	Tunavägen 90	Falun	2010	2012	44,312	
Arendal 1:17	Logistics/Warehouse	Synnerösvägen 2	Gothenburg	2011		20,548	
Jordbromalm 6:16	Logistics/Warehouse	Lagervägen 28	Haninge	1977	2003	7,121	
Jordbromalm 6:3, 6:20, 6:76	Logistics/Warehouse	Armaturvägen 4	Haninge	1979	1998, 2000	27,620	
Jordbromalm 6:60	Logistics/Warehouse	Rörvägen 4-8	Haninge	1983		6,605	
Åby 1:152	Logistics/Warehouse	Rörvägen 62	Haninge	1989	1991, 2003	4,255	
Dolken 3	Logistics/Warehouse	Mörsaregatan 12	Helsingborg	1995		3,845	
Kniven 9	Logistics/Warehouse	Mörsaregatan 21	Helsingborg	1988	2004, 2015, 2016	7,583	
Revolvern 1	Logistics/Warehouse	Mörsaregatan 25	Helsingborg	1988	2008	3,360	
Torbarnhögen 3	Logistics/Warehouse	Stenbrovägen 15	Helsingborg	1981	1987, 2000	12,839	
Håltås 1:18	Logistics/Warehouse	Kurirvägen 1	Härryda	2010		13,316	
Hedenstorp 2:1	Logistics/Warehouse	Mogölsvägen 14	Jönköping	2011		9,000	
Stensholm 1:755	Logistics/Warehouse	Stensholmsvägen 24	Jönköping	2015		3,100	
Regnvinden 14	Logistics/Warehouse	Regnvindsgatan 8	Karlstad	1991		9,129	
Oxen 11	Logistics/Warehouse	Västra Drottninggatan 40	Kumla	1972		2,451	
Försäljaren 9	Logistics/Warehouse	Filaregatan 17-19	Kungälv	1974		8,525	
Bromsregulatorn 1	Logistics/Warehouse	Instrumentgatan 15, Malmövägen 65	Landskrona	1968		33,524	
Örja 1:21	Logistics/Warehouse	Österleden/Söderleden	Landskrona	2012		53,663	
Axet 1	Logistics/Warehouse	Skogsvaktarevägen 2	Lidköping	1962	2000	22,655	
Antennen 10	Logistics/Warehouse	Alkagatan 2	Linköping	1948		7,375	
Glasberget 5	Logistics/Warehouse	Roxtorpsgatan 13	Linköping	1974	1985	8,400	
Gumsen 45	Logistics/Warehouse	Floragatan 13	Linköping	1946	2005	3,410	
Navhålet 2	Logistics/Warehouse	Låsblecksgatan 3	Linköping	1992		7,513	
Vagnen 6	Logistics/Warehouse	Långgatan 20	Ljungby	1972		2,340	
Eggegrund 6	Logistics/Warehouse	Hemsögatan 10	Malmö	1983		7,586	
Firman 2	Logistics/Warehouse	Firmagatan 2, 4, 6	Malmö	2016		2,263	
Firman 4	Logistics/Warehouse	Firmagatan 8	Malmö	2019		1,090	
Getingen 5	Logistics/Warehouse	Sallerupsvägen 90	Malmö	1962		8,335	
Grophuset 3	Logistics/Warehouse	Långhusgatan 5B	Malmö	2019		3,610	
Holmögadd 3	Logistics/Warehouse	Bjurögatan 26	Malmö	1970	2000, 2009	11,360	
Holmögadd 4	Logistics/Warehouse	Bjurögatan 28, Flintränegatan 24	Malmö	1970	1999	14,165	
Kamaxeln 7	Logistics/Warehouse	Vevaxelgatan 17	Malmö	2006		1,920	
Lillgrund 5	Logistics/Warehouse	Borrgatan 31	Malmö	1952	2005	4,430	
Måseskär 6	Logistics/Warehouse	Kosterögatan 6A-C, Väderögatan 5A-C	Malmö	1964		13,333	
Speditionen 1	Logistics/Warehouse	Lodgatan 19-23	Malmö	1993		5,189	L
Storbådan 2	Logistics/Warehouse	Hemsögatan 22, Ulvögatan 10	Malmö	1972	1992	3,248	
Storbådan 4	Logistics/Warehouse	Hemsögatan 18	Malmö	1974	1990, 2011	2,590	
Storbådan 5	Logistics/Warehouse	Hemsögatan 14-16	Malmö	1978	1992	12,606	
Svinbådan 4	Logistics/Warehouse	Brännögatan 9A-9B, Tärnögatan 1	Malmö	1961	1992, 2012	1,597	
Svinbådan 5	Logistics/Warehouse	Tärnögatan 3, Flintränegatan 10	Malmö	1963	2010	2,656	

Property	Sub category	Address	Municipality	Year built	Conversion year	Leasable area, sqm	Leasehold
Söderarm 11	Logistics/Warehouse	Blidögatan 21-27, Nordkajen 12	Malmö	2016		12,419	
Vågen 8	Logistics/Warehouse	Vintergatan 1, 7	Motala	1960		12,195	
Industrien 17	Logistics/Warehouse	Exportgatan 28-30	Norrköping	1965		5,863	
Tråden 11	Logistics/Warehouse	Malmgatan 5	Norrköping	1967		19,772	
Svedjan 2	Logistics/Warehouse	Svedjegatan 2, Vallgatan 2	Nässjö	1975	1987	6,878	
Blåbäret 4	Logistics/Warehouse	Sörviksvägen 11	Oskarshamn	1964		15,234	
Hantverkaren 1, Södertälje	Logistics/Warehouse	Hantverkarsvägen 1	Södertälje	1977		10,630	L
Tunnan 1	Logistics/Warehouse	Turbovägen 5-11	Trollhättan	2002		17,533	
Danmarks-Säby 10:2	Logistics/Warehouse	Åkaregatan 8-10	Uppsala	2010	2012	10,355	
Plåtslagaren 1	Logistics/Warehouse	Åläragatan 4-6	Vimmerby	2008		10,259	
Armaturen 1	Logistics/Warehouse	Armaturgatan 2	Värnamo	1987		18,370	
Rödspåtten 1	Logistics/Warehouse	Runemovägen 10	Värnamo	1973		4,705	
Rödspåtten 4	Logistics/Warehouse	Runemovägen 4	Värnamo	1980	2000	2,960	
Sandskäddan 4	Logistics/Warehouse	Margretelundsvägen 7-9	Värnamo	1982		2,780	
Sjötungan 3	Logistics/Warehouse	Margretelundsvägen 6	Värnamo	1989		2,570	
Takläggaren 4	Logistics/Warehouse	Rörläggarevägen 8, Silkesvägen 39	Värnamo	1991	2000	9,067	
Yxan 4	Logistics/Warehouse	Fabriksgratan 10-12	Värnamo	1975	2006, 2008	5,595	
Yxan 6	Logistics/Warehouse	Fabriksgratan 4	Värnamo	1978	1990, 2009	1,477	
Energjin 7	Logistics/Warehouse	Omformargatan 18A	Västerås	1990	2013	3,444	
Plåtslagaren 6	Logistics/Warehouse	Mörners väg 116	Växjö	2004		5,592	
Snickaren 12	Logistics/Warehouse	Smedjegatan 10-20	Växjö	1976, 1989	2001	24,010	
Terminalen 1	Logistics/Warehouse	Öjaby Nylanda 1	Växjö	2010		21,662	
Importören 2	Logistics/Warehouse	Skvadronvägen 5	Örebro	1970		2,565	
Karossen 32	Logistics/Warehouse	Bettorpsgratan 10	Örebro	2018		2,530	
Ånsta 20:262	Logistics/Warehouse	Lastgatan 2	Örebro	2006		15,976	
Bromsen 7	Logistics/Warehouse	Bromsvägen 1	Örnsköldsvik	1971		4,160	
Gjutaren 3	Logistics/Warehouse	Sjögratan 5	Örnsköldsvik	1962		5,308	
Sprinten 1	Logistics/Warehouse	Trådvägen 6	Östersund	1974		2,928	

RETAIL

Property	Sub category	Address	Municipality	Year built	Conversion year	Leasable area, sqm	Leasehold
Filtret 6	Retail	Göteborgsvägen 181-187, 181A, 183A	Borås	2011	2013	16,605	
Trasten 12	Retail	Stora Torget 4 B	Filipstad	1980		1,891	
Filen 5	Retail	Mårtensgatan 23a	Gislaved	1973		1,643	
Pentagonen 1	Retail	Gamla Södertäljevägen 216, Smista Allé 3	Huddinge	2008		11,945	
Riksdalern 3	Retail	Ullebergsleden 8-10	Karlstad	2001		6,723	
Dynamon 5	Retail	Nygatan 19	Linköping	1969	2001	4,146	
Valbrevet 1	Retail	Norrmalmsvägen 11	Linköping	1983	1997	1,650	
Gänget 14	Retail	Fabriksgratan 7	Ljungby	1974		2,639	
Storheden 1:102, 1:37	Retail	Storhedsvägen 1-3, Besiktningsvägen 14	Luleå	1975, 1993, 2000, 2017		26,451	
Tellus 4	Retail	Köpmangatan 5, Gästgivaregatan 14, etc.	Södertälje	1968	1999	12,616	
Koch 7	Retail	Kochska Gränden 1-7, Kungsgatan 2-8	Uddevalla	1977	1984, 2008	8,980	
Almen 9	Retail	Malmövägen 12-14	Värnamo	1957	1989, 2009	12,058	
Filen 2	Retail	Fabriksgratan 3	Värnamo	1966	1997, 2003	4,915	
Golvläggaren 2	Retail	Silkesvägen 30	Värnamo	1991	2008, 2010	11,164	
Jungfrun 11	Retail	Köpmangatan 3-7, Luddögatan 1	Värnamo	1982	2001	4,970	
Karpen 3	Retail	Jönköpingsvägen 105-107	Värnamo	1956	1990	2,670	
Linden 1	Retail	Malmövägen 3, Växjövägen 24-26	Värnamo	1961	1975, 1979, 1990, 2012	6,289	
Ljuset 8	Retail	Nydalavägen 1-9	Värnamo	2003		2,600	
Mattläggaren 2	Retail	Silkesvägen 24	Värnamo	1991	2008, 2012	3,133	
Vindruvan 4	Retail	Storgatsbacken 14-16	Värnamo	1982	2001	4,001	
Bladbaggen 1	Retail	Glasvingegatan 3-7, Kranbyggargatan 8-12, Västerås Ringborregatan 11	Västerås	2004		23,774	

OTHER

Property	Sub category	Address	Municipality	Year built	Conversion year	Leasable area, sqm	Leasehold
Gyllehemmet 1	Other	Gyllehemsvägen 10	Borlänge	1930		5,232	
Mekanikern 2	Other	Åkarevägen 12	Falkenberg	1984	2003	764	
Mejeriet 17	Other	Tinghusgatan 10B	Filipstad			0	
Mejeriet 18	Other	Tinghusgatan 10A	Filipstad			0	
Tuve 85:9	Other	Hilledalsgatan 28C	Gothenburg	1976	2017	1,276	
Kuggen 2	Other	Kristinehedsvägen 22-24	Halmstad	1975	2002	1,675	
Bandsågen 1	Other	Depågatan 85	Helsingborg	1986	2012, 2015	883	
Hultåsa 1:18	Other	Lindenvägen 1	Hultsfred			0	
Armaturen 10	Other	Granlidsvägen 3, Kungsgatan 6	Kungsör	1967	2000	11,288	
Aspen 10	Other	Gonäsvägen 8	Ludvika	1987		142	
Bronskragen 3	Other	Bronsåldersgatan 18	Malmö	2014		372	
Bronskragen 4	Other	Bronsåldersgatan 10-16	Malmö	2015, 2017, 2019		3,628	
Tankstället 4	Other	Ollebovägen 2	Malmö	2016		410	
Vinga 5	Other	Brännögatan 2-6, Hanö- gatan 14, Ockerögatan 1-7	Malmö	1950, 2017	1991	7,486	
Nyckelharpan 6	Other	Moa Martinsson gata 34	Norrköping	1995	2000, 2005	3,544	
Ratten 18	Other	Primovägen 1, Väderumsvägen 12	Oskarshamn	1988		1,615	
Snickeriet 4	Other	Be-Ge:s Väg 20, Förrädsgatan 8	Oskarshamn	1976	1982, 2013	5,939	
Öjebyn 119:1	Other	Skylvägen 1	Piteå	1956		19,816	
Murängen 2	Other	Hammarbyvägen 4	Sandviken	1971		9,553	
Åttersta 6:28	Other	Bultvägen 1, Persbackavägen 29, Persbackavägen 33	Sandviken	1953	1970	11,695	
Transistorn 1	Other	Svedjevägen 12	Skellefteå	1968	1985	9,320	
Nolby 3:40	Other	Rönnvägen 10-12	Sundsvall	1950		1,449	
Drivhjulet 3	Other	Kardanvägen 65	Trollhättan	1989	1999	1,680	
Årsta 68:4	Other	Fyrislundsgatan 81	Uppsala	1985		3,014	
Pedalen 2	Other	Motorstigen 3	Varberg	1976	2003	1,018	
Bleckslagaren 1	Other	Repslagarevägen 5	Värnamo	Land		0	
Flundran 4	Other	Runemovägen 1	Värnamo	1963	1992, 2008	11,416	
Mattläggaren 1	Other	Silkesvägen 24	Värnamo	1997	2000	2,700	
Posten 4	Other	Postgatan 3-5	Värnamo	1929	1940, 1968, 1989, 2015	4,174	
Takläggaren 8	Other	Silkesvägen 43	Värnamo	1999	2008	6,995	
Värnamo 14:86	Other	Myntgatan 6	Värnamo	Land		0	
Fläkten 7	Other	Lantmannavägen 3	Växjö	1957, 1959	1963, 1993	7,773	
Isbjörnen 4	Other	Isbjörnsvägen 6	Växjö	1993	2014	10,933	
Sjömärket 3	Other	Annavägen 3	Växjö	1989	2000	9,495	
Sunaman 5	Other	Storgatan 10	Växjö	1965		7,826	
Karossen 15	Other	Bettorpsgatan 16	Örebro	1973	1999, 2005, 2012	1,672	
Karossen 16	Other	Bettorpsgatan 24A	Örebro	1987	1998, 2011, 2014	1,160	
Karossen 19	Other	Bettorpsgatan 10	Örebro	1975	2006	12,760	
Karossen 22	Other	Bettorpsgatan 14B	Örebro	1950	1965, 1977	894	
Kitteln 11	Other	Stortorget 7	Örebro	1965		13,620	
Lantmannen 2	Other	Radiatorvägen 7, Skvadronvägen 2	Örebro	1972	1974	10,480	
Vindrutan 1	Other	Västhagagatan 3	Örebro	1975	1992	1,315	

JOINT VENTURES – JOINTLY OWNED WITH SAGAX

Property	Subcategory	Address	Municipality	Year built	Conversion year	Leasable area, sqm	Leasehold
Vindbryggan 3	Industry	Borgens gata 20	Alingsås	1990		1,439	
Botvidsgymnasiet 3	Warehouse	Fågelviksvägen 9	Botkyrka	1991		56,487	
Bulten 1	Warehouse	Danderydsvägen 142	Danderyd	2015		7,200	
Bulten 10	Warehouse	Ryttarvägen 2	Danderyd	2004	2019	2,800	
Bulten 2	Other	Danderydsvägen 144	Danderyd	1750	2006	850	
Bulten 4	Warehouse	Ryttarvägen 5	Danderyd	1996	2018	1,237	
Bulten 5	Warehouse	Ryttarvägen 4	Danderyd	1973, 2015, 2020	2000	7,910	
Bulten 6	Warehouse	Rinkebyvägen 9	Danderyd	2000	2010	1,700	
Kobbegården 6:249	Industry	Datavägen 27	Gothenburg	1976, 1977, 1985, 2000, 2003		8,283	
Sörred 7:31	Office	Volvo Jakobs väg 17	Gothenburg	2017		41,081	
Sörred 7:32	Industry	Gustaf Larsons väg 12-26	Gothenburg	1966		12,934	
Sörred 7:33	Industry	Assar Gabrielssons väg 6	Gothenburg	1971		2,706	
Sörred 8:10	Industry	Pressvägen	Gothenburg	1964		23,243	
Sörred 8:4	Office	Gustaf Larsons väg 15	Gothenburg	1967-2017		48,908	
Sörred 8:6	Office	Assar Gabrielssons väg, etc.	Gothenburg	1967-2017		87,651	
Östergårde 31:1	Industry	Örnekulans väg 2	Gothenburg	1986		7,175	
Jordbromalm 1:11	Industry	Jordbrotorpsvägen 2	Haninge	1964	1975	900	
Jordbromalm 6:23	Industry	Dåntorpsvägen 11	Haninge	1980	2008	1,776	
Köpingehill 1	Industry	Trintegatan 2	Helsingborg	1991		7,125	
Linjen 1	Office	Pyramidbacken 3	Huddinge	1989		2,150	
Kamaxeln 6	Industry	Truckgatan 20	Kungälv	1976		1,942	
Haken 15	Industry	Vinkelgatan 1	Malmö	1968		7,187	
Görla 8:60	Industry	Görlavägen 1	Norrtälje	2012		2,900	
Görla 9:40	Industry	Abborrvägen 4	Norrtälje	2009	2014	870	
Holje 116:116	Industry	Västra Storgatan 2B	Olofström	1949	1970	51,631	
Lexby 2:25	Warehouse	Brodalsvägen 13 A	Partille	2005		6,646	
Märsta 14:1	Warehouse	Industrigatan 2	Sigtuna	1967	1980	3,261	
Märsta 15:6	Industry	Industrigatan 10	Sigtuna	1972		1,056	
Administratören 1	Warehouse	Partihandlarvägen 2	Stockholm	1993		2,961	
Elementet 8	Warehouse	Ulvsvandavägen 108	Stockholm	1938	2002	6,714	
Filmkameran 3	Industry	Selaövägen 13	Stockholm	1970		3,261	
Frukthallen 1	Warehouse	Brunnbyvägen 10	Stockholm	1967		7,075	
Förrådet 5	Industry	Skattegårdsvägen 122	Stockholm	1970		2,175	
Glödlampan 3	Warehouse	Ranhammarsvägen 3	Stockholm	2002		2,259	
Görvån 2	Warehouse	Bränningevägen 10	Stockholm	1963		7,279	
Hällsättra 4	Warehouse	Stensättravägen 9	Stockholm	1975	1985	13,895	
Lagerhuset 3	Warehouse	Upplagsvägen 21	Stockholm	1929	1954, 1985	10,662	
Lagret 1	Warehouse	Upplagsvägen 13	Stockholm	1969		8,860	
Mörtö 9	Warehouse	Frykdalsbacken 38	Stockholm	1978	1983	3,688	
Nattskiftet 6	Warehouse	Elektravägen 5	Stockholm	1951		5,714	
Ostmästaren 1	Warehouse	Ostmästargränd 2	Stockholm	1980		15,287	
Ostmästaren 3	Warehouse	Ostmästargränd 6	Stockholm	1983		19,676	
Ostmästaren 4	Warehouse	Byängsgränd 4	Stockholm	1983	1985	37,954	
Ostmästaren 5	Office	Ostmästargränd 5	Stockholm	1990		10,265	
Ostmästaren 6	Office	Byängsgränd 22	Stockholm	1991		8,542	
Particentralen 1	Warehouse	Brunnbyvägen 15	Stockholm	1962		2,510	
Particentralen 2	Warehouse	Brunnbyvägen 11	Stockholm	1962		2,768	
Particentralen 5	Warehouse	Partihandlarvägen 1	Stockholm	1983		1,228	
Particentralen 6	Warehouse	Brunnbyvägen 7	Stockholm	1962		2,442	
Partihallen 1	Warehouse	Brunnbyvägen 12	Stockholm	1968		20,636	
Solkraften 17 & 18	Office	Vattenkraftsvägen 8	Stockholm	1989, 1991		2,001	

Property	Subcategory	Address	Municipality	Year built	Conversion year	Leasable area, sqm	Leasehold
Stensåtra 2	Warehouse	Strömsåtravägen 14	Stockholm	1970		5,325	
Tjockö 1	Warehouse	Fryksdalsbacken 40-42	Stockholm	1980		11,675	
Varubalen 3	Warehouse	Upplagsvägen 2-10	Stockholm	1964		10,259	
Varuhissen 1	Warehouse	Upplagsvägen 1	Stockholm	1987	1990	14,992	
Vreten 23	Warehouse	Vretensborgsvägen 8	Stockholm	1984		1,590	
Vreten 24	Warehouse	Vretensborgsvägen 6	Stockholm	1945	1974	1,870	
Västberga Gård 2	Warehouse	Västberga Gårdsväg 36	Stockholm	1970		4,178	
Arbetsbasen 2	Warehouse	Elektravägen 64	Stockholm	1945	1965	1,797	
Asea 3	Warehouse	Västberga allé 60	Stockholm	1929	1980, 1994	64,880	
Dikesrenen 11	Warehouse	Vretensborgsvägen 15	Stockholm	1947	1970	2,004	
Maden 6	Industry	Madenvägen 11	Sundbyberg	2002		1,590	
Grävmaskinen 11	Industry	Morabergsvägen 3	Södertälje	1970		1,711	
Traktorn 1	Industry	Morabergsvägen 21	Södertälje	1971		4,154	
Bagaren 9	Warehouse	Radiovägen 7-11	Tyresö	1984	1990	2,300	
Fotografen 1	Warehouse	Mediavägen 1-5	Tyresö	1976		3,948	
Kopparen 12	Office	Vintervägen 6	Tyresö	1982		1,900	
Kopparen 14	Warehouse	Vintervägen 8-72, 8K	Tyresö	1963	1979, 1980, 1988, 1999	10,630	
Kopparen 15	Warehouse	Vintervägen 2 B	Tyresö	1999	2002	1,238	
Kopparen 8	Warehouse	Vintervägen 4	Tyresö	1970	2001	3,847	
Kopparen 9	Warehouse	Vintervägen 2A, Björkbacksvägen 6	Tyresö	1978		2,382	
Mälaren 1	Warehouse	Studiovägen 6	Tyresö	1990	1995	2,400	
Olhamra 1:82	Industry	Okvistavägen 30	Vallentuna	2005		1,258	
Runö 7:109	Warehouse	Rallarvägen 7	Österåker	1986		1,512	
Runö 7:111	Warehouse	Rallarvägen 10	Österåker	1986		1,435	
Runö 7:124	Warehouse	Rallarvägen 9	Österåker	1990		1,992	
Runö 7:129	Warehouse	Rallarvägen 39	Österåker	2004		410	
Runö 7:133	Warehouse	Rallarvägen 45	Österåker	1989		1,845	
Runö 7:164	Warehouse	Näsvägen 19	Österåker	2008		1,450	

GLOSSARY

Debt/equity ratio, multiple¹

Interest-bearing liabilities as a percentage of equity.

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.

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.

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.

Equity/assets ratio¹

Equity as a percentage of total assets.

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

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.

Interest-coverage ratio¹

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.

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.

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.

Leasable area

The total premises area that can potentially be leased.

Purpose: Shows the total area that the company can potentially lease.

Loan-to-value ratio, properties¹

Interest-bearing liabilities, excluding liabilities for right-of-use assets, 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.

Net asset value (EPRA NAV)¹

Equity plus derivatives and deferred tax liabilities according to the statement of financial position.

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.

Net loan-to-value ratio, properties¹

The net of interest-bearing liabilities, excluding liabilities for right-of-use assets, 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.

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.

Net operating income¹

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.

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.

Profit from property management¹

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.

Property

Properties held under title or site leasehold.

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.

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.

Revolving credit facility

An agreement between a lender and a borrower that gives the borrower the right to use funds for a certain period of time and up to a certain amount, and repay at its own discretion before a certain date.

Surplus ratio¹

Net operating income for the period as a percentage of total income.

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.

Vacancy rent

Assessed market rent for vacant floor space.

Purpose: The performance measure states the potential rental income when all floor space is fully leased.

Yield¹

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.

¹) Refers to an alternative performance measure according to the European Securities and Markets Authority (ESMA).

INFORMATION TO SHAREHOLDERS REGARDING THE ANNUAL GENERAL MEETING

Annual General Meeting

The Annual General Meeting of Nyfosa AB will be held on Thursday April 23, 2020 at 3.00 p.m. at Vasateatern, Vasagatan 19, in Stockholm. Registration begins at 2.45 p.m.

Right to attend and notification to the company

Anyone wishing to attend the meeting must be entered as a shareholder in the share register kept by Euroclear Sweden AB as of Friday, April 17, 2020, give notice to the company of their intention to attend no later than Friday, April 17, 2020.

Notification of attendance may be given in writing to the company at the address Nyfosa AB, 2020 Annual General Meeting, c/o Euroclear Sweden AB, PO Box 191, 101 23 Stockholm, Sweden, by telephone on +46 (0)8 401 43 01 weekdays between 10.00 a.m. and 4.00 p.m. or on the company's website: www.nyfosa.se. When giving notification please state your name or company name, personal ID or company registration number, address and daytime telephone number. The registration procedure described above also applies to registration for any advisors.

Nominee registered shares, proxy and processing of personal data

To be entitled to attend the meeting, holders of nominee registered shares must instruct the nominee to have the shares registered in the holder's own name, so that the holder is entered in the share register kept by Euroclear Sweden AB as of Friday, April 17, 2020. Registration in this way may be temporary. Anyone who does not attend the meeting in person may exercise their right at the meeting via a proxy in

possession of a signed and dated proxy form. Proxy forms are available on the company's website: www.nyfosa.se. The proxy form may also be obtained from the company or be ordered by telephone using the number above. If the proxy is issued by a legal person, a copy of its registration certificate or equivalent document of authorisation must be attached. The proxy must have been issued within the past year unless a longer period of validity is specified on the proxy form, subject to a maximum of five years. To facilitate entry to the meeting, proxy forms, registration certificates and other documents of authorisation must be received by the company in good time before the meeting.

Important information with regard to COVID-19

For shareholders who are worried about the spread of infection due to the new coronavirus, Nyfosa wants to emphasize the possibility of not attending in person at the Annual General Meeting and instead appointing a proxy holder who can vote on their behalf. Nyfosa also recommends such a solution for anyone displaying symptoms of illness, who is considered to be part of a risk group or who has recently traveled to a risk area. The purpose is to avoid further spreading of the infection.

The Annual General Meeting will be kept as efficient and concise as possible by limiting the presentation by the CEO and the time for general questions. No refreshments will be served before or after the meeting. Participation at the meeting by the executive management, the company's Board and other non-shareholders present at the meeting will be limited.

FINANCIAL CALENDAR

Annual General Meeting 2020	April 23, 2020
Interim Report for January 1 – March 31, 2020	April 23, 2020
Interim Report for January 1 – June 30, 2020	July 13, 2020
Interim Report for January 1 – September 30, 2020	October 22, 2020

CONTACT INFORMATION

NYFOSA AB

Street address: Hästholmsvägen 28

Postal address: Box 4044, SE-131 04 Nacka, Sweden

Tel: +46 (0)8 406 64 00

E-mail: info@nyfosa.se

IR CONTACT

Jens Engwall, CEO

Tel: +46 (0)70 690 65 50

E-mail: jens.engwall@nyfosa.se

