

The image features a dark silhouette of a city skyline against a sunset sky. The sky transitions from a deep orange at the horizon to a pale yellow at the top. The silhouette of a building is prominent, with several rectangular windows. Some windows are filled with the sunset colors, while others are empty. At the top of the building, the letters 'NYFOSA' are displayed in a large, glowing, three-dimensional font. The letters are white with a bright yellow-orange glow around them, making them stand out against the dark background.

NYFOSA

Q3

INTERIM REPORT
JANUARY–SEPTEMBER 2020

Nyfosa took another step in its growth in the third quarter by taking possession of properties for approximately SEK 4.6 billion and a significant increase in cash flow per share – our primary growth metric. By making strategic divestments, we are also paving the way for new acquisitions with a focus on strong, stable cash flows.

We can conclude that Nyfosa has so far coped well with the challenges caused by the pandemic, as has the vast majority of our tenants. With properties throughout Sweden and outside the major city centers, we are also not experiencing any noticeable decline in demand for our office premises. Access to financing has recovered well and we are maintaining a high level of activity with many transactions in the pipeline.

This is my final report as Nyfosa's CEO. I am proud and pleased of how Nyfosa has evolved in less than two years; a stable and growing company that holds its very own and cutting-edge position in the Swedish property market. Nyfosa has strong management and a passionate team that knows how to do good business and develop properties both sustainably and profitably. I feel assured with Stina Lindh Hök at the helm. I am delighted that I will be able to continue to contribute as support to management, as a Board member and shareholder. Nyfosa has only just started on its journey, and it will be exciting to follow what comes next. Hold on tight!

Jens Engwall, CEO

KEY FIGURES

	Jul-Sep		Jan-Sep		Last 4 quarters	Full-year 2019
	2020	2019	2020	2019		
Income, MSEK	554	331	1,477	987	1,860	1,370
Net operating income, MSEK	410	225	1,034	650	1,289	905
Surplus ratio, %	73.9	67.9	70.0	65.8	69.3	66.0
Profit from property management, MSEK	377	262	969	652	1,429	1,112
— per share, SEK	2.04	1.56	5.36	3.89	8.05	6.63
Profit after tax, MSEK	819	369	1,728	838	2,271	1,382
— earnings per share before dilution, SEK	4.44	2.20	9.55	5.00	12.80	8.24
— earnings per share after dilution, SEK	4.44	2.20	9.55	5.00	12.80	8.24
Distributable cash flow, MSEK	287	161	1,000	638	1,155	793
— per share, SEK	1.56	0.96	5.53	3.80	6.51	4.73
Interest-coverage ratio, multiple	4.0	4.2	4.1	4.3	4.0	4.2
Property value on balance sheet date, MSEK			28,587	18,258	28,587	19,602
Equity/assets ratio on balance-sheet date, %			40.5	45.4	40.5	44.1
Long-term net asset value (EPRA NAV) on balance-sheet date, MSEK			14,265	10,326	14,265	10,965
— per share, SEK			77.32	61.56	77.32	65.37
Net loan-to-value ratio of properties on balance-sheet date, %			56.4	52.7	56.4	54.6

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- In July, Nyfosa took possession of the property portfolio comprising a large share of tax-funded tenants that was acquired in the second quarter for a value of SEK 4.9 billion.
- In July, properties were divested for a value of SEK 1.0 billion.
- In August, Stina Lindh Hök was appointed the CEO to Nyfosa AB to succeed Jens Engwall on October 26, who will become an advisor to the company.
- In September, a letter of intent was signed to acquire 90 percent of a property portfolio for a value of SEK 1.1 billion.
- In September, a logistics portfolio was divested for a value of SEK 2.1 billion.

CONTENTS

Condensed statement of profit/loss	5
Comments on the consolidated statement of profit/loss	6
Condensed statement of financial position	8
Consolidated statement of cash flows	9
Investment properties	10
Participations in joint ventures	14
Financing	15
Key figures	17
Other disclosures	19
Notes	21
Parent Company	24
Review report	26

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

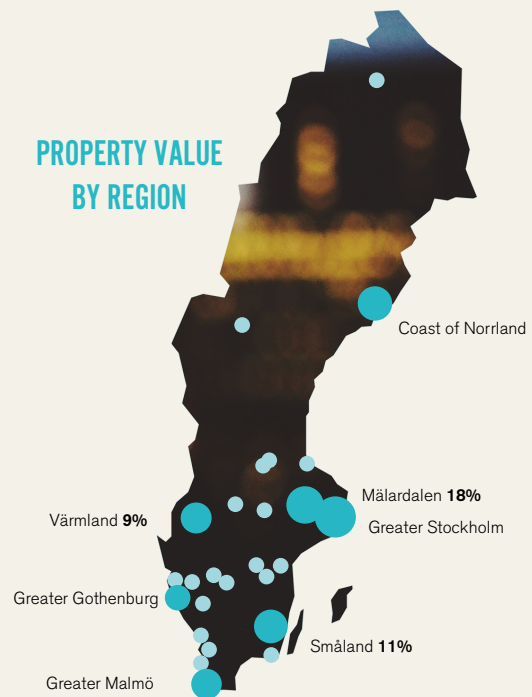
BUSINESS CONCEPT

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.

STRATEGY

- Attract and develop the best employees.
- Be active in the transaction market.
- Prioritize commercial properties in high-growth municipalities.
- Add value to the portfolio through sustainability.
- Act long term and close to the tenants.

PROPERTY VALUE BY REGION



Total property value on September 30, 2020, MSEK 28,587

Nyfosa's properties are located throughout Sweden, mainly in high-growth municipalities and at transportation hubs.

FINANCIAL TARGET

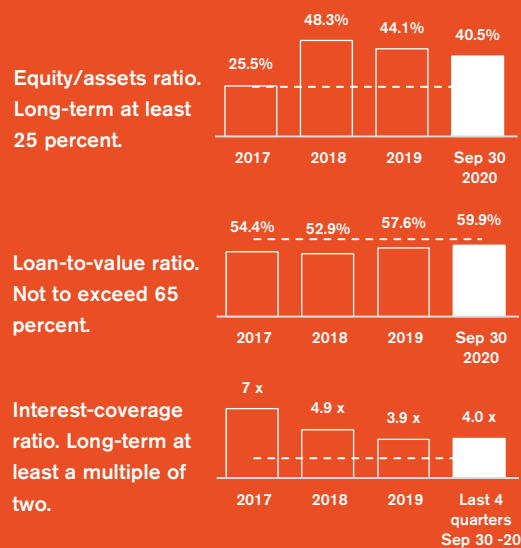
Annual growth in distributable cash flow per share of

+10%

DIVIDEND POLICY

At least 40 percent of the distributable cash flow 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.

FINANCIAL RISK LIMITS



IMPACT OF CORONA PANDEMIC

During the third quarter, the company continued to encourage employees to work from home, which has worked well and operations could be carried out without any disruptions. Discussions are continuing with a small number of our tenants regarding their payment capacity, but overall we see a recovery to more normal operations. Net new leasing was positive for the quarter. Successful property management, the company's low exposure to tenants in the tourism industry and a relatively low overall rent level have provided resilience.

Organization

Nyfosa's organization has coped well with few cases of illness among employees and thus the company has not been vulnerable in terms of its labor force. The local offices have remained open, and employees who were able and wanted to work from home could do so, with flexible working hours and workplace solutions applied where necessary.

Nyfosa has not needed to apply for the government's short-time working allowance, give notice of redundancies or terminate employment. Also, the company has not made use of liquidity reinforcement through its tax account but has received reimbursement for sick pay costs that is available to all employers.

Rent payments

Rents for forthcoming quarters are paid by tenants in advance, which means that rent receivables are normally insignificant amounts. In connection with payments of rents for the second and third quarters, we were engaged in closer dialogue with tenants to discuss any difficulties that had arisen regarding paying rent on time. As per October 20, 2020, most overdue receivables for the second and third quarters have been settled. Unpaid rental income totaled MSEK 12, corresponding to about 0.6 percent of full-year income. Provisions have been made for all of these receivables, which are recognized as rent losses in the statement of profit/loss.

Nyfosa has continued to apply the adopted method of making individual assessments in order to identify the best solution for the specific situation of each tenant. The initial starting point has been to assist tenants by changing quarterly payments to monthly payments or to extend payment plans, as well as providing discounts based on government aid for rental costs. The company applied for compensation of MSEK 2.1 from the state aid package. The aid received from the County Administrative Board, through the National Board of Housing, Building and Planning, will be recognized as income in the quarter in which it is received.

95 percent of rents invoiced for the fourth quarter that fell due on September 30 had been paid at October 20, 2020, which does not deviate from normal quarterly closing.

At an overall level, Nyfosa's highly diversified tenant list has coped with the economic challenges presented by the pandemic in a relatively controlled manner.

Property values

Nyfosa engages two external appraisers that each value a part of the portfolio. All properties are valued every quarter, except for those for which possession was taken during the quarter or a sales agreement has been signed. In these cases, the agreed property value is used. The prevailing uncertain business environment did not have any significant impact on property values. Given low interest rates, properties remain an attractive type of investment and the limited supply of properties on the market means that the yield requirements are unchanged. However, as was the case for the last valuation, more prudent assessments of rent growth, market rents and slightly longer vacancy periods were made for the properties' net operating income. Although the valuation on the balance-sheet date showed a positive value trend for the quarter, the future value trend is uncertain, given the continued spread of COVID-19.

Transactions

During the third quarter, there were signs that both leasing and transaction activities in most property markets have recovered, even though some processes have been more drawn out than before the pandemic.

Financing

Both the credit and capital markets recovered to pre-pandemic levels. The fact that the capital market has picked up presents several financing opportunities for Nyfosa, even though the basis of the company's external financing is comprised of bank loans with Nordic banks.

Future risks

The assessment is that the coronavirus pandemic will impact the company for some time ahead, albeit at a limited level. The risk of doubtful rent receivables will remain higher in the short term, particularly for tenants in the tourism industry that will need time to recover.

A shortage in the labor force due to illness or medical care could impact our operations if the pandemic were to spread again in Sweden.

Lower economic activity in society in the long term could affect demand for the company's premises. This could lead to an increase in long-term vacancies, downward pressure on rent levels and property values and higher long-term financing costs.

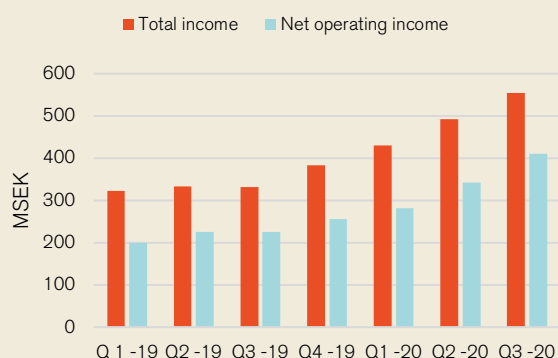
CONDENSED STATEMENT OF PROFIT/LOSS

MSEK	Jul-Sep		Jan-Sep		Last 4 quarters	Full-year 2019
	2020	2019	2020	2019		
Rental income	549	329	1,452	978	1,834	1,359
Other property income	5	2	24	9	26	11
Total income	554	331	1,477	987	1,860	1,370
Property expenses						
Operating expenses	-72	-48	-231	-187	-295	-251
Maintenance costs	-29	-24	-97	-62	-134	-99
Property tax	-27	-21	-68	-47	-87	-65
Property administration	-16	-14	-47	-42	-55	-50
Net operating income	410	225	1,034	650	1,289	905
Central administration	-28	-14	-96	-57	-128	-89
Other operating income and expenses	2	1	4	-1	4	-1
Share in profit of joint ventures	89	101	260	197	554	491
Financial income and expenses	-95	-50	-232	-137	-290	-195
Profit from property management	377	262	969	652	1,429	1,112
Changes in value of properties	450	215	973	340	1,105	472
Changes in value of financial instruments	-1	0	1	-8	2	-7
Profit before tax for the period	826	477	1,943	984	2,536	1,576
Tax	-7	-109	-216	-146	-265	-195
Profit for the period	819	369	1,728	838	2,271	1,382
Earnings per share before dilution, SEK	4.44	2.20	9.55	5.00	12.80	8.24
Earnings per share after dilution, SEK	4.44	2.20	9.55	5.00	12.80	8.24

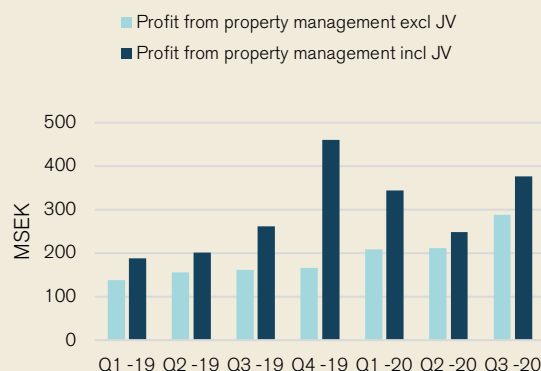
STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

MSEK	2020	2019	2020	2019	2020	2019
Profit for the period	819	369	1,728	838	2,271	1,382
Other comprehensive income	-	-	-	-	-	-
Comprehensive income	819	369	1,728	838	2,271	1,382

INCOME AND NET OPERATING INCOME PER QUARTER



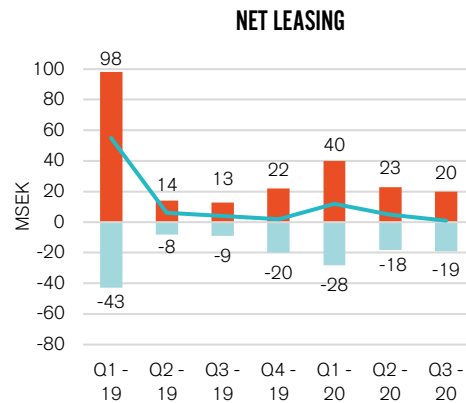
PROFIT FROM PROPERTY MANAGEMENT PER QUARTER



COMMENTS ON THE CONSOLIDATED STATEMENT OF PROFIT/LOSS

JULY–SEPTEMBER 2020 QUARTER

Discussions are continuing with some of our tenants regarding their rental payment capacity, but overall we see a recovery to more normal operations. The net result of renegotiations was a negative MSEK –7, of which the largest notice of termination for renegotiation in terms of value relates to a property that will be vacated in the fourth quarter. Net leasing amounted to MSEK +1. New leases were signed for a total of MSEK 20 while terminations amounted to MSEK 19. Confirmed losses amounted to MSEK 0. Successful property management, the company's low exposure to tenants in the tourism industry and a relatively low overall rent level have provided solid resilience in the portfolio.



Rental income

Income amounted to MSEK 554 (331), up MSEK 223 or 67 percent. The larger portfolio was the main reason for the growth. Net operating income for the quarter amounted to MSEK 410 (225) and the surplus ratio was 73.9 percent (67.9).

Profit from participations in joint ventures

Profit from participations in joint ventures of MSEK 89 (101) comprised Nyfosa's share of Söderport's earnings for the quarter. Söderport's profit from property management amounted to MSEK 60 (57). Revaluations of property values and derivatives had an impact of MSEK 59 (71) on earnings.

Financial income and expenses

Financial income and expenses amounted to MSEK –95 (–50). The increase was due to higher net debt.

Changes in value

Revaluation of properties amounted to MSEK 450 (215). The changes in value mainly comprise revaluations of properties that have been accessed or vacated or for which negotiations for this have been completed. The prevailing uncertain business environment did not have a significant impact on property values. Given the low interest rates, properties remain an attractive type of investment and the limited supply of properties on the market means that the yield requirements are unchanged. However, as was the case for the last valuation, more prudent assessments of rent growth, market rents and slightly longer vacancy periods were made for the properties' net operating income. The property portfolio was valued by external, independent appraisers. Although the valuation on the balance-sheet date showed a positive value trend for the quarter, the future value trend is uncertain, given the continued spread of COVID-19.

Tax

The tax expense for the quarter was MSEK –7 (–109). The low effective tax for the quarter was the result of revaluations of deferred tax liabilities when properties were vacated.

INTERIM PERIOD JANUARY–SEPTEMBER 2020

Rental income

Income amounted to MSEK 1,477 (987), up MSEK 490 or 50 percent. The change was primarily due to the larger portfolio. Damages received and insurance compensation affected the outcome of other property income. The total leasable area on September 30, 2020 amounted to 2,434 thousand sqm (1,771) and the economic leasing rate was 91.9 percent (91.8).

Net operating income

Property expenses mainly refer to operating expenses such as heating, water, electricity and property upkeep and amounted to MSEK 396 (296). Costs for property administration amounted to MSEK 47 (42). Net operating income amounted to MSEK 1,034 (650), up 59 percent, which was primarily due to the larger portfolio. Management of the portfolio yielded a surplus ratio of 70.0 percent (65.8).

Profit from property management

Costs for central administration amounted to MSEK 96 (57). The main reason for the increase was growth in the organization resulting from the larger property portfolio.

Profit from participations in joint ventures of MSEK 260 (197) represented Nyfosa's share of Söderport's earnings for the period, and mainly comprised profit from property management of MSEK 173 (147) and revaluation of properties and derivatives of MSEK 171 (102).

Financial income and expenses amounted to MSEK –232 (–137). The total increase compared with the year-earlier period was due to increased net debt.

Profit from property management amounted to MSEK 969 (652), up 49 percent.

Changes in value

The changes in value of properties amounted to MSEK 973 (340), and mainly comprise revaluations due to negotiations or completion of taking possession of or vacating properties. Refer also to the reasons for changes in value under revaluation effects for the quarter.

Tax

The tax expense for the period amounted to MSEK –216 (–146), of which MSEK –155 (–133) pertained to changes in deferred tax liabilities attributable to investment properties. The effective tax rate was 11 percent (15). The deviation from the nominal tax rate of 21.4 percent was mainly due to revaluation of deferred tax liabilities when properties were vacated and the fact that profit from participations in joint ventures comprised profit after tax, and thus did not constitute taxable income for Nyfosa.

CONDENSED STATEMENT OF FINANCIAL POSITION

MSEK	Sep 30		Dec 31
	2020	2019	2019
ASSETS			
Investment properties	28,587	18,258	19,602
Assets with right-of-use	182	149	149
Participations in joint ventures	1,772	1,518	1,812
Derivatives	3	1	2
Other assets	2	1	2
Total non-current assets	30,545	19,927	21,566
Current receivables	115	64	46
Cash and cash equivalents	1,012	350	588
Total current assets	1,127	414	635
TOTAL ASSETS	31,673	20,341	22,201
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	12,836	9,237	9,781
Non-current interest-bearing liabilities	15,310	9,885	11,149
Liabilities attributable to right-of-use assets	176	144	144
Other non-current liabilities	11	13	16
Deferred tax liabilities	806	584	627
Total non-current liabilities	16,303	10,626	11,937
Current interest-bearing liabilities	1,826	94	132
Other current liabilities	708	383	350
Total current liabilities	2,534	477	482
Total liabilities	18,837	11,103	12,419
TOTAL EQUITY AND LIABILITIES	31,673	20,341	22,201

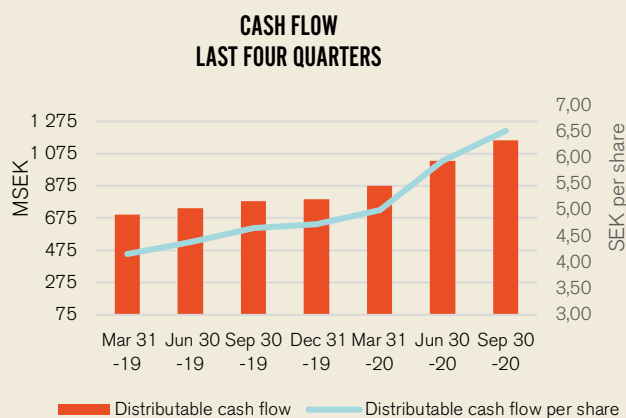
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Jan-Sep		Full-year
	2020	2019	2019
Opening equity	9,781	8,392	8,392
Transactions with shareholders			
Issue/buyback of warrants	0	7	8
New share issue	1,327	-	-
Total transactions with shareholders	1,327	7	8
Comprehensive income	1,728	838	1,382
Closing equity	12,836	9,237	9,781

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Jul-Sep		Jan-Sep		Last 4	Full-year
	2020	2019	2020	2019	quarters	2019
Operating activities						
Profit from property management ¹	377	262	969	652	1,429	1,112
Adjustments for non-cash items	-89	-101	-260	-197	-554	-491
Dividend from holdings in joint ventures	0	0	300	200	300	200
Income tax paid	-1	0	-10	-17	-20	-27
Distributable cash flow¹	287	161	1,000	638	1,155	793
– per share, SEK	1.56	0.96	5.53	3.80	6.51	4.73
Change in operating receivables	7	-4	-11	-9	30	27
Change in operating liabilities	-24	69	144	118	60	17
Cash flow from operating activities	271	227	1,132	747	1,245	837
Investing activities						
Direct and indirect acquisitions of investment properties	-4,436	-2,246	-9,195	-3,054	-10,577	-4,457
Direct and indirect divestments of investment properties	1,347	12	1,482	898	1,733	1,170
Investments in existing investment properties	-72	-55	-176	-177	-224	-224
Other	0	0	0	-6	0	-1
Cash flow from investing activities	-3,161	-2,288	-7,890	-2,339	-9,067	-3,511
Financing activities						
New issue of shares/warrants	-	-	1,327	7	1,327	8
Loans raised	2,768	1,510	6,872	3,408	8,921	5,457
Repayment of loans	-871	-347	-997	-1,656	-1,735	-2,394
Other	-10	-6	-20	-9	-20	-21
Cash flow from financing activities	1,887	1,157	7,181	1,750	8,485	3,070
Cash flow for the period	-1,004	-904	424	157	662	396
Cash and cash equivalents at the beginning of the period	2,016	1,254	588	192	350	192
Cash and cash equivalents at the end of the period	1,012	350	1,012	350	1,012	588
Interest received	0	0	0	0	0	0
Interest paid	-84	-43	-209	-118	-236	-169

¹ Cash flow from operating activities before changes in working capital



The distributable cash flow comprises the company's profit from property management, excluding non-cash items, such as share in profit of joint ventures and depreciation of equipment, including dividends received from holdings in joint ventures and tax paid.

The company's target is to achieve annual growth in cash flow per share of 10 percent.

The blue line in the table shows growth in cash flow per share. Compared with the last four-quarter period on September 30, 2019, growth in cash flow per share amounted to 40 percent.

INVESTMENT PROPERTIES

The property portfolio on September 30, 2020 primarily comprised office properties in high-growth municipalities and warehouse/logistics properties at transportation hubs in Sweden, which jointly accounted for 81 percent of the total property value. During the quarter, the portfolio was supplemented by mainly office properties in connection with the acquisition of a portfolio from SBB i Norden AB for a total value of SEK 4.9 billion. At the end of the quarter, an agreement was signed for the divestment of a portfolio of logistics properties for a total value of SEK 2.1 billion.

In addition to the office and warehouse/logistics properties, retail properties comprised 8 percent of the total property value. The largest properties in terms of area are situated at the Storheden commercial area in Luleå, on Göteborgsvägen in Borås and Pentagonen in Kungens Kurva. The largest tenants in the retail category are City Gross, Coop and Decathlon. Retail properties are essentially external commercial areas. The leasing rate was 93 percent and the remaining lease term was 4.6 years.

The remaining properties in the portfolio, which are categorized as Other, primarily generate rental income from industrial, office and warehouse premises. The leasing rate was 95 percent and the remaining lease term was 4.8 years. Kitteln 11 in Örebro and Årsta 68:4 are two of the largest properties. Tenants include Pitchers, Hotell Fyrislund and Grant Thornton.

Net leasing for the interim period amounted to MSEK +1. New leases were finalized for properties including Bockasjö 1 in Borås, Pinassen 2 in Karlstad and Speditionen 1 in Malmö for a total annual value of MSEK 9. The net result of finalized renegotiations and notices of termination for renegotiation received amounted to MSEK –7, of which a large notice of termination for renegotiation was for a property that will be vacated in the fourth quarter.

The total rental value on the balance-sheet date amounted to MSEK 2,391, of which vacancy rent was MSEK 173. The share of rental income connected to the consumer price index (CPI) corresponded to 75 percent of total rental income. Nyfosa had 5,307 leases including 2,200 leases for garages and parking spaces. Nyfosa has a highly diverse tenant list featuring only a small number of dominant tenants. The ten largest tenants represent 14 percent of total rental income and are distributed between 189 leases. The largest tenants are Telia, the Swedish Transport Agency, Saab, Försäkringskassan and the Swedish Public Employment Service, meaning a large share of companies that conduct tax-funded operations.

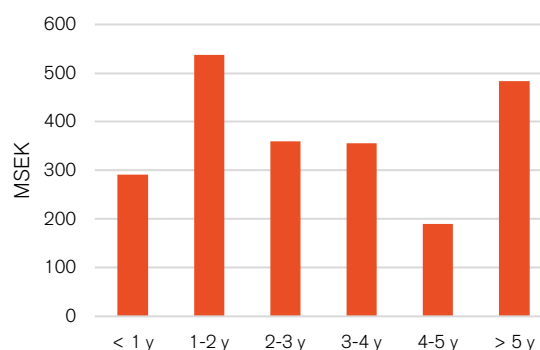
In addition to the wholly owned property portfolio, Nyfosa owns 50 percent of the shares in the property company Söderport, whose property portfolio has a total value of SEK 11.4 billion.

KEY FIGURES FOR THE PROPERTY PORTFOLIO

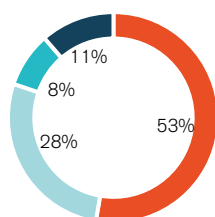
	Sep 30		Dec 31
	2020	2019	2019
Property value, MSEK	28,587	18,258	19,602
Rental value, MSEK	2,391	1,610	1,740
Leasable area, 000s sqm	2,434	1,771	1,877
No. of properties	343	208	230
Economic leasing rate ¹ , %	92.8	91.6	90.9
Remaining lease term, years	3.5	4.2	4.1
Surplus ratio ¹ , %	71.0	69.5	69.6
Yield ¹ , %	5.5	5.5	5.6

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

LEASE MATURITY STRUCTURE

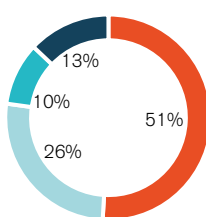


PROPERTY VALUE BY CATEGORY



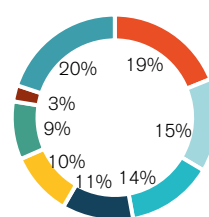
- Offices, MSEK 15,062
- Warehouse/Logistics, MSEK 7,862
- Retail, MSEK 2,410
- Other, MSEK 3,253

RENTAL VALUE BY CATEGORY



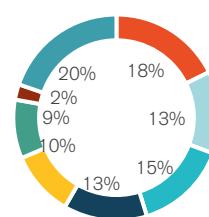
- Offices, MSEK 1,218
- Warehouse/Logistics, MSEK 629
- Retail, MSEK 236
- Other, MSEK 310

PROPERTY VALUE BY REGION



- Mälardalen, MSEK 5,399
- Greater Stockholm, MSEK 4,188
- Coast of Norrland, MSEK 3,891
- Småland, MSEK 3,197
- Greater Malmö, MSEK 2,879
- Värmland, MSEK 2,612
- Greater Gothenburg, MSEK 728
- Other, MSEK 5,691

RENTAL VALUE BY REGION



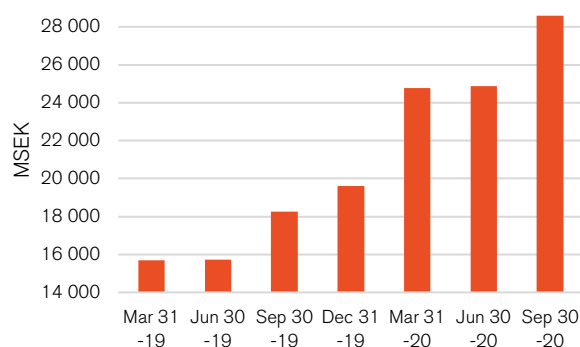
- Mälardalen, MSEK 429
- Greater Stockholm, MSEK 305
- Coast of Norrland, MSEK 354
- Småland, MSEK 306
- Greater Malmö, MSEK 242
- Värmland, MSEK 221
- Greater Gothenburg, MSEK 58
- Other, MSEK 476

TREND IN PROPERTY PORTFOLIO

CHANGES IN VALUE

MSEK	Jan 1–Sep 30		Dec 31
	2020	2019	2019
At the beginning of the period	19,602	15,582	15,582
Acquired properties	9,350	3,077	4,516
Investments in existing properties	176	177	224
Divested properties	-1,515	-919	-1,193
Realized changes in value	158	-15	-22
Unrealized changes in value	816	355	493
At the end of the period	28,587	18,258	19,602

TREND IN PROPERTY PORTFOLIO



TRANSACTIONS AND INVESTMENTS

Acquired properties, January–September 2020

Nyfosa took possession of a property portfolio for a value of SEK 4.9 billion in July. The portfolio comprises an area totaling 303 thousand sqm of mainly office premises, situated in towns including Västerås, Kristianstad, Luleå, Örebro, Karlskrona, Stockholm and Uppsala. The properties have a total annual rental value of approximately MSEK 402, of which 79 percent is from tax-funded operations with the government, county councils, municipalities and other public agencies as tenants, such as the Swedish Transport Agency, the Swedish National Board of Housing, Building and Planning and the Swedish Police Authority. The commercial tenants include Lantmännen, Vattenfall and Dagab. The leasing rate is 97 percent and the average remaining lease term is 2.3 years.

Closing of other properties earlier in the interim period primarily included a portfolio of 79 properties for a value of SEK 4.2 billion, mainly located in Karlstad, but also in Uppsala, Stockholm, Norrköping and Malmö, and largely comprising offices and warehouses. In addition, possession was also taken of a property in Skara comprising 12 thousand sqm of leasable area, about half of which is used by the tenant Coop and its Stora Coop concept. The lease term for the entire property is 8.8 years. A logistics property was acquired in Örebro with a leasable area of 47 thousand sqm, leasing rate of 91 percent and lease term of 4.8 years.

Municipality	No. of properties	Category	Area, 000s of sqm
Karlstad, Västerås, Luleå, etc.	58	Offices	371
Karlstad, Malmö, Huddinge, etc.	20	Warehouse/logistics	135
Karlstad, Skara, Malmö, etc.	11	Retail	39
Uppsala, Karlstad, Malmö, etc.	31	Other	113

Investments in existing properties, January–September 2020

Investments of MSEK 176 were made in the existing property portfolio. The majority of investments were for projects, tenant-specific modifications and improvements related to finalized leases. The largest ongoing investments are presented in the table below. We are constructing a new building for the tenants Byggmax and Skånska Byggarvar in Botkyrka. The premises in Mården 11 in Luleå are undergoing complete renovation and modification for the Municipality of Luleå, which signed a ten-year lease and with occupancy scheduled for 2022. The premises in Norr 12:5 in Gävle are being renovated and modified for the existing tenant Försäkringskassan.

Municipality	Property	Category	Tenant	Area, 000s of sqm	Total accrued, MSEK	Estimated investment, MSEK	Scheduled completion, year
Botkyrka	Genetikern 2	Retail	Byggmax & Skånska Byggarvar	48	10	73	Q3, 2021
Luleå	Mården 11	Offices	Luleå municipality	11	12	68	Q4, 2021
Gävle	Norr 12:5	Offices	Försäkringskassan	6	1	56	Q3, 2021
Växjö	Bagaren 10	Offices	SAAB	13	16	18	Q4, 2020

Divested properties, January–September 2020

An agreement was signed during the quarter for the divestment of a logistics portfolio for a total property value of SEK 2.1 billion comprising eight properties with a leasable area of 203 thousand sqm. The properties will be vacated in the fourth quarter.

Furthermore, two office properties were vacated in Mölndal, with Region Västra Götaland as the largest tenant, and one office property in Gothenburg, which will be vacated at the end of the year when the tenant SKF moves out of the premises.

A retail property in central Linköping was divested earlier in the year for a value of MSEK 139. The property, Dynamon 5, encompasses an area of 4 thousand sqm and has a rental value of MSEK 9.2, of which 60 percent derives from retail, with a remaining lease term of 3.2 years.

YIELD REQUIREMENT FOR VALUATION OF INVESTMENT PROPERTIES

The weighted yield requirement for externally valued properties on September 30, 2020 was 6.11 percent, and the weighted cost of capital for the present value calculation of cash flows and residual values was a nominal 8.00 percent and 8.20 percent, respectively. When last valued on June 30, 2020, the yield requirement was 6.15 percent, and the weighted cost of capital for the present value calculation of cash flows and residual values was 7.70 percent and 7.90 percent, respectively.

Sensitivity analysis – change in value for changes in valuation parameters

September 30, 2020	%	MSEK
Change in net operating income ¹	+/-5.00	+/-970
Change in yield requirement	+/-0.25	+/-1,220
Change in growth assumptions	+/-0.50	+/-121
Change in discount rate	+/-0.25	+/-920

1. According to earnings capacity.

VALUATION TECHNIQUES

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

The yield requirement used in the estimate derives from sales of comparable properties. For additional information on valuation techniques, refer to Note 13 of Nyfosa AB's 2019 Annual Report on www.nyfosa.se.

The company engages external, independent appraisers every quarter to quality assure the fair value measurement of the company's properties. All properties are valued every quarter, except for those properties for which possession was taken during the current quarter or properties for which a sales agreement exists. In these cases, the agreed property value is used. The prevailing uncertain business environment did not have a marked impact on property values. Given the low interest rates, properties remain an attractive type of investment and the limited supply of properties on the market means that the yield requirements are unchanged. However, as was the case for the last valuation, more prudent assessments of rent growth, market rents and slightly longer vacancy periods were made for the properties' net operating income. Although the valuation on the balance-sheet date showed a positive value trend for the quarter, the future value trend is uncertain, given the continued spread of COVID-19.

ENVIRONMENTALLY CERTIFIED BUILDINGS AND SUSTAINABILITY INITIATIVES

The portfolio currently contains 12 properties that have environmental certification. Four properties in Värnamo, Jungfrun 11, Lejonet 11, Vindruvan 4 and Vindruvan 15 received environmental certification under the BREEAM In Use system (with a rating of "good") during the quarter. The Bodarna 2 and Gillet 1 properties in Värnamo were certified under the same system and with the same rating in preceding quarters. The properties of Byrådirektören 3 in Malmö, which has Bronze level certification from the Sweden Green Building Council and Tackan 9 in Sollentuna, with Green Building certification, were added in connection with acquisitions. The portfolio already has a property in Sundsvall and one in Landskrona that have Green Building certification, one property in Jönköping has LEED Gold certification and one property in Gävle has Silver level certification from the Sweden Green Building Council.

The entire property portfolio is part of the stocktaking that the company is carrying out in 2020 to map the properties' energy and environmental impact and opportunities to obtain green certification in the future. An important part of our property management is to review the portfolio from a certification viewpoint. In addition to studying the buildings' certification potential, such analysis provides valuable documentation about the technology in the buildings and evaluates potential energy-saving measures. This information is useful in both the company's own property management since it can result in lower operating expenses, and also when the property is vacated in the future. In ongoing property management activities, a green appendix was added to new leases from the start of the year, which is one of the sustainability targets that was set for the year.

Nyfosa came joint first in Allbright's annual equality survey of Swedish listed companies. Allbright continually identifies the gender balance of business management teams and boards of directors to highlight the issue of representation.

EARNINGS CAPACITY

	<u>Sep 30</u>
MSEK	2020
Rental income	2,201
Property expenses	-576
Property administration	-63
Net operating income	1,562
Central administration	-85
Share in profit of joint ventures	221
Financial expenses	-364
<i>of which ground rent</i>	-6
Profit from property management	1,333
Earnings per share, on balance sheet date, SEK	7.23

1. Earnings capacity includes the logistics portfolio that was divested in the fourth quarter 2020.

The company's current earnings capacity on a 12-month basis on September 30, 2020 is presented above. Current earnings capacity is to be considered solely as a hypothetical instantaneous impression and is presented only for illustrative purposes. The aim is to present annualized income and expenses based on the property portfolio, borrowing costs, capital structure and organization at a given point in time. The earnings capacity does not include an assessment of future periods in respect of rents, vacancy rates, property expenses, interest rates, changes in value or other factors impacting earnings, other than the index-linking found in existing leases. The data does not include the possible effects of property transactions. The current earnings capacity must be considered together with other information in the interim report.

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

- annual rental income (including supplements and taking rent discounts into account), plus other property-related income based on current leases;
- operating and maintenance costs consist of an assessment of operating expenses and maintenance measures during a standard year;
- property tax has been calculated on the basis of the current tax assessment value of the properties;
- costs for central administration have been calculated on the basis of the existing organization and the current size of the property portfolio;
- Nyfosa's shares of profit from property management from joint ventures before changes in value, calculated using the same method as Nyfosa;
- the assessment of earnings capacity does not assume any financial income; and
- financial expenses have been calculated on the basis of the company's average interest rate on September 30, 2020, including allocated opening charges, a total of 2.08 percent. The item also includes ground rent.

PARTICIPATIONS IN JOINT VENTURES

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

Söderport’s property portfolio primarily comprises industrial, warehouse and office properties, which essentially presents a supplement to Nyfosa’s wholly owned property portfolio. Söderport owns 80 properties (85) with a total property value of MSEK 11,430 (9,768). The focal point of the property portfolio is in the Stockholm and Gothenburg regions. Söderport does not have its own operational organization. Instead, it procures property management and financial administration from Sagax. A small part of property management is procured from Nyfosa.

The trend in Söderport’s net operating income remained stable, increasing by 24 percent year-on-year. The impact of the coronavirus pandemic on Söderport’s operations has been limited.

The total rental value for Söderport’s property portfolio amounted to MSEK 865 (780). Leases have an average remaining term of 5.3 years (4.8). The total leasable area amounted to 771 thousand sqm (759). The economic leasing rate was approximately 96 percent (95).

TORSLANDA PROPERTY INVESTMENT AB

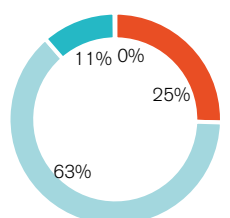
78.4 percent of the company Torslanda Property Investment AB (“TPI”) is owned and is thus consolidated with Söderport’s statement of profit/loss and statement of financial position below. The minority share in TPI, corresponding to 21.6, is the reason that Nyfosa’s participation does not correspond to 50 percent of Söderport’s earnings and equity.

TPI is a Swedish property group that owns and manages seven properties in Torslanda, Gothenburg. The property portfolio, which is valued at SEK 3 billion, encompasses 194 thousand sqm of leasable area that is mainly utilized as office space. The leasing rate is 100 percent, and the primary tenant is Volvo Cars. TPI’s share has been listed on Nasdaq First North Growth Market since January 2015.

KEY FINANCIAL DATA, SÖDERPORT

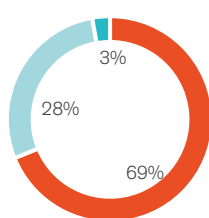
MSEK	Jan–Sep		Full-year	MSEK	Sep 30		Dec 31
	2020	2019	2019		2020	2019	2019
Rental income	607	510	708	Investment properties	11,430	9,768	10,853
Net operating income	507	409	566	Cash and cash equivalents	294	109	242
Net interest income	-139	-116	-164	Other assets	332	342	337
Profit from property management	346	293	393	Equity	3,836	3,036	3,905
Changes in value of properties and derivatives	341	203	832	<i>of which, Nyfosa’s share</i>	<i>1,772</i>	<i>1,518</i>	<i>1,812</i>
Tax	-143	-103	-237	Interest-bearing liabilities	6,337	5,712	5,828
Profit for the period	545	393	989	Deferred tax liabilities, net	1,023	739	909
<i>Of which, Nyfosa’s share</i>	<i>260</i>	<i>196</i>	<i>491</i>	Derivatives, net	229	272	216
				Other liabilities	631	567	583

PROPERTY VALUE BY CATEGORY



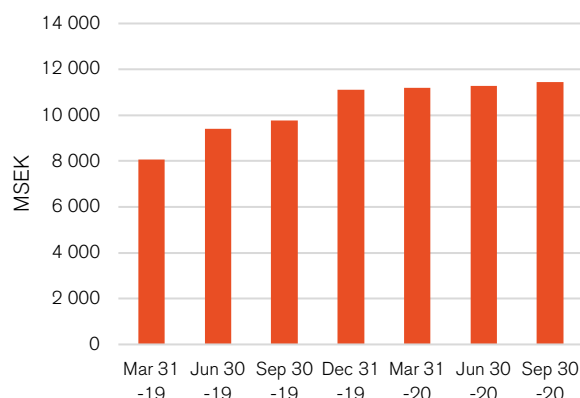
- Offices, MSEK 2912
- Warehouse, MSEK 7220
- Industry, MSEK 1291
- Other, MSEK 10

RENTAL VALUE BY CATEGORY



- Greater Stockholm, MSEK 595
- Greater Gothenburg, MSEK 24
- Other, MSEK 24

PROPERTY VALUE



FINANCING

Both the credit and capital markets recovered to the levels at the start of the year. Stibor has fallen and issuer interest in the capital market has increased, resulting in lower price levels.

Nyfosa finances its assets through equity, bank loans with Nordic banks and bonds issued in the Swedish capital market. Equity on the balance-sheet date amounted to MSEK 12,836 and total interest-bearing liabilities to MSEK 17,136, of which bank loans with properties as collateral amounted to MSEK 15,636 and senior unsecured bond loans to MSEK 1,500.

The total net loan-to-value ratio of the properties was 56.4 percent (52.7). To support growth, the company has three prearranged lines of credit with banks, which have not always been fully utilized. The total scope in these revolving credit facilities can amount to a maximum of MSEK 3,880. This means that, against collateral in existing properties, Nyfosa can rapidly increase its borrowing at fixed terms to, for example, finance new property acquisitions. After having utilized the credit scope, the company has the opportunity to renegotiate credit facilities to a standard bank loan, at which point the unutilized portion of the facilities increases. On the balance-sheet date, the company had utilized MSEK 3,293 of the total amount granted of MSEK 3,493 against collateral in existing properties. To utilize the remaining MSEK 387 under this credit framework, recently acquired properties are firstly used as collateral. In addition to the revolving credit facilities, the company has unutilized overdraft facilities with banks totaling MSEK 200.

Combined, the available liquidity and strong financial position provide a solid platform to continue to grow and resilience to any negative effects from the business world. The company continuously monitors liquidity in the operations so that it can rapidly counter any negative impact.

Available liquidity, September 30

MSEK	Sep 30		Dec 31
	2020	2019	2019
Cash and cash equivalents	1,013	350	588
Unutilized revolving credit facility ¹	200	599	1,105
Unutilized overdraft facilities	200	200	200
Total	1,413	1,149	1,893

1. Unutilized and previously granted loans on the balance-sheet date with existing properties as collateral. The loans are available to the company at short notice.

Revolving credit facilities, September 30, 2020

MSEK	Framework	Amount granted	Amount utilized	Unutilized amount
Total	3,880	3,493	3,293	200

Interest-bearing liabilities

The company raised new fixed-term loans totaling MSEK 5,052 in connection with acquisitions during the period and utilized revolving credit facilities in the amount of MSEK 1,619 with existing properties as collateral. Ongoing repayments of MSEK 96 were made and repayments in connection with divestments amounted to MSEK 701. As a result, the company's fixed-rate periods and loan maturity on the balance-sheet date were as presented in the tables below.

Changes in interest-bearing liabilities for the quarter

MSEK	Jan-Sep		Full-year
	2020	2019	2019
Interest-bearing liabilities at the beginning of the period	11,282	8,240	8,240
Repayment of bank loans	-997	-1,656	-2,394
Bond loans issued	-	750	1,500
Bank loans raised	6,872	2,658	3,957
Changes in borrowing fees	-20	-13	-21
Interest-bearing liabilities at the end of the period	17,136	9,979	11,282

Bank loans of MSEK 1,185, which have collateral in a property portfolio managed and with value added by the company over several years, fall due for payment in the first quarter of 2021. Bank loans of MSEK 484 fall due for

payment at the end of the third quarter of 2021. This property portfolio has also been managed and had value added by the company for several years. There are no indications that it will not be possible to refinance the liabilities with our Nordic relationship banks.

Loan maturity in the table shows the payment of outstanding principal loan amounts on the balance-sheet date, not including ongoing repayments.

Fixed-rate periods and loan maturity structure, September 30, 2020

Year	Fixed-rate period ¹		Loan maturity	
	MSEK	%	MSEK	%
Within 1 year	10,788	63	1,669	10
1–2 years	1,500	9	4,900	28
2–3 years	938	5	3,671	21
3–4 years	2,659	15	4,315	25
4–5 years	1,342	8	2,671	16
>5 years	-	-	-	-
Total	17,227		17,227	

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

Exposure to interest-rate changes

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 if the company's average interest rate were to change. Limiting 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 7,750 on the balance-sheet date, corresponding to 45 percent of interest-bearing liabilities.

Sensitivity analysis

Earnings effect of change in average interest on debt, MSEK	Change	Sep 30	
		2020	2019
Interest expenses assuming current fixed-interest periods and changed interest rates ¹	+/-1% point	+165/-16	+79/-7
Interest expenses assuming change in average interest rate ²	+/-1% point	+/-172	+/-100
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/-1% point	+/-6	+/-2

1. Taking into account derivative agreements

2. Today's average rate increases/decreases by 1 percentage point. Increase/decrease does not take into account eventual effects of the derivative portfolio.

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

Key figures for interest-bearing liabilities, September 30, 2020

	Sep 30		Dec 31
	2020	2019	2019
Debt/equity ratio, multiple	1.3	1.1	1.1
Average interest ¹ , %	1.9	1.8	1.8
Average remaining fixed-rate period, years	1.3	1.2	1.2
Average remaining loan maturity period, years	2.7	2.9	2.7
Interest-rate hedged portion of liabilities, %	45.0	42.5	42.9
Fair value of derivatives, MSEK	3	1	2

1. Interest expense excluding opening charges charged to earnings over the term of the loan.

KEY FIGURES

Presented below are the key figures for a period encompassing the results of the past four quarters that Nyfosa believes provide valuable supplementary information to investors and the company's management in their assessment of the company's performance. The table presents the key figures and performance measures that are not defined by IFRS which is why a reconciliation of key figures is also provided. Definitions can also be found on page 27 of this interim report.

Under the company's new financial target, cash flow from operating activities, before changes in working capital ("Distributable cash flow"), is to present annual growth per share of 10 percent. The financial risk limits are unchanged and stipulate that the company is to report an equity/assets ratio of at least 25 percent, the loan-to-value ratio is not to exceed 65 percent and the interest-coverage ratio is not to fall below a multiple of two.

	Last 4 quarters				
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019
Property-related key figures					
Income, MSEK	1,860	1,637	1,478	1,370	1,304
Property expenses, MSEK	-516	-480	-441	-415	-376
Property administration, MSEK	-55	-53	-50	-50	-50
Net operating income, MSEK	1,289	1,104	988	905	878
Surplus ratio, %	69.3	67.4	66.8	66.0	67.3
Property value on balance-sheet date, MSEK	28,587	24,882	24,782	19,602	18,258
Share-related key figures					
Profit from property management per share, SEK	8.05	7.58	7.49	6.63	5.38
Distributable cash flow per share, SEK	6.51	5.94	5.17	4.73	4.66
Earnings per share before dilution, SEK	12.80	10.50	11.12	8.24	6.84
Earnings per share after dilution, SEK	12.80	10.50	11.12	8.24	6.84
Equity per share on balance-sheet date, SEK	69.57	65.13	63.79	58.32	55.07
Long-term net asset value (EPRA NAV) per share on balance-sheet date, SEK	77.32	72.78	71.18	65.37	61.56
Key financial data					
Return on equity, %	20.6	17.4	18.5	15.2	13.2
Equity/assets ratio on balance-sheet date, %	40.5	41.6	42.0	44.1	45.4
Loan-to-value ratio of properties on balance-sheet date, %	59.9	61.3	59.2	57.6	54.7
Net loan-to-value ratio of properties on balance-sheet date, %	56.4	53.2	55.3	54.6	52.7
Interest-coverage ratio, multiple	4.0	4.1	4.5	4.2	4.4

RECONCILIATION OF KEY FIGURES

	Last 4 quarters				
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019
Distributable cash flow					
Profit from property management last four quarters, MSEK	1,429	1,314	1,267	1,112	902
Depreciation of equipment, last four quarters, MSEK	1	0	0	0	0
Share in profit of joint ventures last four quarters, MSEK	-554	-566	-576	-491	-304
Dividend received from joint ventures last four quarters, MSEK	300	300	200	200	200
Income tax paid last four quarters, MSEK	-20	-18	-17	-27	-17
Average number of shares, millions	177	173	169	168	168
Distributable cash flow per share, SEK	6.51	5.94	5.17	4.73	4.66

The performance measure corresponds to the items in profit from property management that affect cash flow, plus dividends received from holdings in joint ventures and income tax paid. Cash flow is stated in SEK per share.

	On balance-sheet date				
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019
Long-term net asset value (EPRA NAV)					
Equity, MSEK	12,836	12,016	11,769	9,781	9,237
Deferred tax, MSEK	806	813	770	627	584
Derivatives, MSEK	-3	-3	-1	-2	-1
Deferred tax in joint ventures, 50%, MSEK	511	488	484	454	369
Derivatives in joint ventures, 50%, MSEK	115	114	112	104	136
Number of shares, millions	185	185	185	168	168
Long-term net asset value (EPRA NAV) per share, SEK	77.32	72.78	71.18	65.37	61.56

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 is specified as value per share in Nyfosa.

	Last 4 quarters				
	Sep 30, 2020	Mar 31, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019
Return on equity					
Profit after tax last four quarters, MSEK	2,271	1,820	1,881	1,382	1,146
Average equity for last four quarters, MSEK	11,036	10,442	10,161	9,087	8,657
Return on equity, %	20.6	17.4	18.5	15.2	13.2

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.

	On balance-sheet date				
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019
Loan-to-value ratio and net loan-to-value ratio					
Interest-bearing liabilities, MSEK	17,136	15,249	14,667	11,282	9,979
Property value, MSEK	28,587	24,882	24,782	19,602	18,258
Loan-to-value ratio, %	59.9	61.3	59.2	57.6	54.7
Cash and cash equivalents, MSEK	1,012	2,016	966	588	350
Net loan-to-value ratio, %	56.4	53.2	55.3	54.6	52.7

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

	Last 4 quarters				
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019
Interest-coverage ratio					
Profit from property management last four quarters, MSEK	1,429	1,314	1,267	1,112	902
Share in profit of joint ventures last four quarters, MSEK	554	566	576	491	304
Depreciation last four quarters, MSEK	-1	0	0	0	0
Financial income and expenses last four quarters, MSEK	-290	-245	-200	-195	-177
Interest-coverage ratio, multiple	4.0	4.1	4.5	4.2	4.4

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

OTHER DISCLOSURES

SHARE AND SHAREHOLDERS

The volume weighted average price on the interim period's last day of trading, September 30, 2020, was SEK 79.07, corresponding to a total market capitalization of MSEK 14,588. Nyfosa had 20,863 shareholders, of which Swedish investors, institutions and private individuals owned 73.5 percent of the shares and voting rights, and the remaining shares and votes were owned by foreign shareholders.

List of owners	No. of shares	Share of	
		Capital, %	Votes, %
Länsförsäkringar Funds	17,402,325	9.4	9.4
Swedbank Robur Funds	13,404,671	7.3	7.3
Handelsbanken Funds	11,841,532	6.4	6.4
AB Sagax	6,725,000	3.6	3.6
Fourth Swedish National Pension Fund	6,422,650	3.5	3.5
Vanguard	6,074,622	3.3	3.3
SEB Funds	5,927,768	3.2	3.2
Norges Bank	5,866,089	3.2	3.2
BlackRock	5,833,761	3.2	3.2
Jens Engwall	5,243,857	2.8	2.8
Other	99,758,798	54.1	54.1
Total	184,501,073	100.0	100.0

NEW CEO APPOINTED

In August, the Board of Nyfosa appointed Stina Lindh Hök as new CEO of Nyfosa AB. She will succeed Jens Engwall who has been the company's CEO since the spin-off from Hemfosa in autumn 2018. Stina is currently Nyfosa's COO and has solid experience from transaction-based property operations and business development. Stina will take up her position as CEO on October 26, 2020. Jens Engwall will remain as advisor to the company for a period of two years. He will continue to be available as a Board member of Nyfosa, also for re-election at the next Annual General Meeting, and retain a significant shareholding in the company.

NEW FINANCIAL TARGET AND DIVIDEND POLICY

A new financial target and a dividend policy were established in March and the business concept and vision were updated. The basic premise is that the company will create value and generate sustainable cash flows with transaction-based operations and an opportunistic approach. Under Nyfosa's new financial target, the distributable cash flow is to present annual growth per share of 10 percent, with unchanged risk limits. The dividend policy states that at least 40 percent of the distributable cash flow 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.

ASSURANCE FROM THE CEO

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

Nacka, October 22, 2020

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

Jens Engwall

Chief Executive Officer

FINANCIAL CALENDAR

Year-end report January–December 2020	February 15, 2021
Interim report January–March 2021	April 21, 2021
Annual General Meeting	April 21, 2021

CONTACT INFORMATION

Nyfosa AB
Tel: +46 (0)8 406 64 00
Street address: Hästholmsvägen 28
Postal address: Box 4044, SE-131 04 Nacka,
Sweden
www.nyfosa.se

Jens Engwall, CEO

Tel: +46 (0)70 690 65 50
E-mail: jens.engwall@nyfosa.se

Ann-Sofie Lindroth, Head of Financial Control

Tel: +46 (0)70 574 59 25
E-mail: ann-sofie.lindroth@nyfosa.se

The information is inside information that Nyfosa AB is obligated to disclose in accordance with the EU Market Abuse Regulation. The information was submitted for publication through the agency of the aforementioned contact persons on October 22, 2020 at 7:30 a.m. CEST.

NOTES

NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed interim report for the Group has been prepared in accordance with IAS 34 Interim Reporting, as well as the applicable regulations of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Annual Accounts Act. The accounting policies and calculation methods were unchanged compared with 2019 Annual Report. Disclosures in accordance with IAS 34.16A are provided not only in the financial statements and the accompanying notes but also elsewhere in this interim report.

The amendments to IFRS 3 Business Combination are applied from January 1, 2020, which primarily involve the definition of a business combination – whether an acquisition is to be classified as a business or a group of assets. In practice, this means that if the purchase consideration for the shares in a business can essentially be attributed to the market value of acquired properties, the acquisition is to be considered a group of assets. This amendment is deemed to have limited effect on the company's financial reporting.

All amounts in the report are stated in millions of SEK ("MSEK") unless otherwise stated. There may be rounding errors in tables that have combined sums from already rounded amounts. Amounts in parentheses refer to the same period in the preceding financial year. Key figures regarding an earnings or cash flow measure, stated per share, are calculated on a weighted average number of shares during the period referred to. Key figures based on an amount in the statement of financial position, stated per share, are calculated on the number of shares on the balance-sheet date.

NOTE 2 ESTIMATES AND ASSESSMENTS

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

Measurement of investment properties

For significant assumptions and assessments affecting the measurement of Nyfosa's investment properties, refer to Note 13 of the 2019 Annual Report on www.nyfosa.se. Nyfosa's property portfolio is recognized in the statement of financial position at fair value, and the changes in value are recognized in profit or loss. The fair value is based on internal valuations that are performed continuously and the properties are also valued every quarter by an external independent appraiser. The value of the properties is affected not only by supply and demand in the market but also by a number of other factors, in part property-specific factors such as the leasing rate, rent level and operating expenses, and in part such market-specific factors as the yield requirement and the cost of capital, which are derived from comparable transactions in the property market. Deterioration in either a property or the market could cause the value of the properties to decline, which could have a negative impact on Nyfosa's operations, financial position and earnings.

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

Measurement of loss carryforwards

The regulatory framework governing taxation of the type of business operated by Nyfosa is complex and comprehensive in terms of both income tax and VAT/property taxation. Moreover, interpretation and application of these regulations by courts of law can change over time. Changes in these regulations, or in their interpretation by judicial bodies, could impact Nyfosa's earnings and position either positively or negatively. From time to time, Nyfosa has cases under review by, and ongoing dialog with, the Swedish Tax Agency regarding individual taxation matters. The Tax Agency makes tax rulings that can be appealed and reviewed in administrative courts of appeal. The regulations governing the recognition of taxes, and the property sector's application of these accounting regulations, are also complex. The regulatory framework is complex, the Tax Agency's review possibilities are comprehensive and the judicial bodies' interpretation and reviews take place in many stages, which means that it can take a long time to establish the correct application of legislation in complex taxation matters. This may entail that actions taken or completed transactions that were previously considered permissible according to the regulatory framework may need to be reappraised at a later juncture. Nyfosa monitors the taxation laws and practices that are in effect whenever it files tax returns. Nyfosa's assessments and calculations in the tax area, and the accounting of these matters, are reassessed at the end of each reporting period. Nyfosa had loss carryforwards from prior years. The Tax Agency decided in a review decision in 2018 not to grant the company full deductions for these loss carryforwards. The loss carryforwards in question amount to MSEK 1,215. Unutilized loss carryforwards

are valued at MSEK 218, corresponding to 20.6 percent. Nyfosa has not reserved this amount since Nyfosa believes that it is overwhelmingly probable that the deduction claimed will be granted following a court ruling.

Classification of acquisitions

The IFRS 3 accounting standard states that acquisitions must be classified as business combinations or asset purchases. An individual assessment of the character of the acquisition is required for each individual transaction. Nyfosa's corporate acquisitions in 2020 encompass only properties and no material processes, which is why the transactions are deemed to be asset purchases.

NOTE 3 OPERATING SEGMENTS

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

NOTE 4 TAX

The Group's effective tax rate for the interim period was 11.1 percent (14.8). The deviation from the nominal tax rate of 21.4 percent was mainly due to the profit from participations in joint ventures comprising profit after tax, and thus did not constitute taxable income for Nyfosa, but was also due to any non-taxable capital gains on the divestment of properties via companies, and valuations of loss carryforwards.

According to the applicable rules, deferred tax is to include temporary differences on all assets and liabilities, except for temporary differences on properties when assets are acquired. The residual value of investment properties for tax purposes totaled MSEK 12,300, which means that temporary differences of MSEK 11,428 were not recognized in the statement of financial position.

Reconciliation of effective tax, MSEK

Profit before tax for the period		1,943
Tax according to applicable tax rate for Parent Company	-21.4%	-416
Non-deductible costs and tax-exempt income	0.3%	5
Profit from participations in joint ventures	2.9%	56
Capitalization and utilization of loss carryforwards not capitalized in prior years	0.0%	0
Non-taxable sales of properties	7.5%	145
Other	-0.3%	-5
Recognized effective tax	-11.1%	-215

NOTE 5 EARNINGS PER SHARE

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

The subscription price per share is based on the average share price at the time of the issue of the warrants with an increase or decrease calculated according to Carnegie's Real Estate Index (CREX) until September 2022, when it will be finally set. Subscription of shares in accordance with the terms and conditions for the warrants may be exercised during a two-week period from the day following the disclosure of the company's interim report for the period July – September, 2022, the company's year-end report for 2022 and the interim report for the period January – March, 2023, although not later than June 10, 2023. 1,514,300 of the issued warrants were subscribed for, and the remainder are held by a company in the Group.

The average share price during the interim period was slightly higher than the average exercise price of the warrants, which meant a marginal dilution effect of 0.02 percent arose.

New shares were issued on two occasions during the first quarter of the year. On both occasions the subscription price totaled an amount close to the current price of the share. Accordingly, the dilution effect was low and past key figures were not restated.

NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS

Nyfosa measures its financial instruments at fair value or amortized cost in the statement of financial position, depending on the classification of the instrument. Financial instruments include rent receivables, derivatives and cash and cash equivalents among assets and interest-bearing liabilities, derivatives and accounts payable among liabilities. The derivatives are measured at fair value according to Level 2. Nyfosa has binding framework agreements for derivative trading (ISDAs), which enable Nyfosa to offset financial liabilities against financial assets

in the event of the insolvency of a counterparty or other event, a process known as netting. No offset currently takes place.

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

Fair value, MSEK	Sep 30		Dec 31
	2020	2019	2019
Derivatives with positive values	3	1	2
Derivatives with negative values	-	-	-

NOTE 7 FINANCING

For information regarding changes in loans, interest rates and credit terms, refer to pages 15-16 of this interim report.

NOTE 8 SHAREHOLDERS' EQUITY

Date	Event	Change in share capital (SEK)	Change in number of shares	Share capital after change (SEK)	Number of shares after change
October 17, 2017	New formation	-	-	50,000.00	500
May 21, 2018	Division of shares	-	99,500	50,000.00	100,000
May 21, 2018	New share issue	78,814,124.50	157,628,249	78,864,124.50	157,728,249
August 21, 2018	New share issue	5,000,000.00	10,000,000	83,864,124.50	167,728,249
February 17, 2020	New share issue	3,231,412.00	6,462,824	87,095,536.50	174,191,073
March 9, 2020	New share issue	5,155,000.00	10,310,000	92,250,536.50	184,501,073

NOTE 9 RELATED PARTIES

The Group owns participations in joint ventures, refer to page 14 of this interim report. Söderport is managed by AB Sagax, except for property management which is managed by Nyfosa. The company TPI, of which Söderport owns 78.4 percent, also purchases management services from Nyfosa and Sagax.

Property management fees between the companies are based on market terms. Nyfosa's fee totals MSEK 3 per year. The Group had no receivables from joint ventures on September 30, 2020.

NOTE 10 SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

According to the resolution passed at Nyfosa's 2020 Annual General Meeting, the Chairman of the Board convened a Nomination Committee ahead of the 2021 Annual General Meeting in accordance with the instructions for the Nomination Committee. The Nomination Committee comprises:

Johannes Wingborg, appointed by Länsförsäkringar Fondförvaltning AB (Chairman of the Nomination Committee), Lennart Francke, appointed by Swedbank Robur Funds, Suzanne Sandler, appointed by Handelsbanken Funds, Olof Nyström, appointed by the Fourth Swedish National Pension Fund and Johan Ericsson, Board Chairman of Nyfosa.

PARENT COMPANY

Nyfosa AB is a holding company whose operations comprise owning and managing shares. The company owns 50 percent of the participations in Söderport Holding AB, which indirectly owns properties for SEK 11.4 billion. Furthermore, the company owns 100 percent of the participations in Nyfosa Holding AB, which indirectly owns properties for SEK 28.6 billion.

The company's organization comprises 62 people who work with property management, transaction operations, Group-wide administrative services and services specific to the listed company. Relevant services are provided to the subsidiaries in the Nyfosa Group through internal service level agreements.

STATEMENT OF PROFIT/LOSS

MSEK	Jul-Sep		Jan-Sep		Full-year
	2020	2019	2020	2019	2019
Net sales	22	15	59	42	60
Personnel costs	-19	-12	-62	-38	-56
Other external costs	-9	-9	-31	-37	-43
Depreciation/amortization	0	-	0	-	0
Loss before financial income and expenses	-6	-6	-34	-34	-39
Profit from participations in joint ventures	-	-	300	200	200
Profit from participations in Group companies	-	-	-	-	400
Interest income and similar income items	8	0	10	1	2
Interest expenses and similar expense items	-15	-9	-47	-13	-24
Profit before appropriations	-13	-14	229	154	538
Appropriations					
Provision to tax allocation reserve	-	-	7	-	-7
Group contributions paid/received	-	-	-	-	78
Profit before tax for the period	-13	-14	236	154	609
Tax	0	0	0	0	-5
Profit for the period	-13	-14	236	154	605

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

STATEMENT OF FINANCIAL POSITION

MSEK	Sep 30		Dec 31
	2020	2019	2019
ASSETS			
Participations in Group companies	0	0	0
Participations in joint ventures	412	412	412
Receivables from Group companies	1,902	90	90
Total non-current assets	2,314	502	503
Current receivables from Group companies	8,622	6,843	8,241
Other current receivables	18	1	11
Cash and bank balances	710	333	236
Total current assets	9,350	7,187	8,488
TOTAL ASSETS	11,664	7,689	8,990
EQUITY AND LIABILITIES			
Restricted equity	92	84	84
Unrestricted equity	6,428	4,425	4,876
Equity	6,520	4,509	4,960
Untaxed reserves	0	-	7
Bond loans	1,490	739	1,486
Other non-current liabilities	4	2	9
Total non-current liabilities	1,494	741	1,495
Liabilities to Group companies	3,603	2,415	2,483
Other current liabilities	47	25	46
Total current liabilities	3,649	2,440	2,529
Total liabilities	5,143	3,181	4,031
TOTAL EQUITY AND LIABILITIES	11,664	7,689	8,990

REVIEW REPORT

To the Board of Directors of Nyfosa AB

Corp. Reg. No. 559131-0833

Introduction

We have reviewed the condensed interim financial information (interim report) of Nyfosa AB as of September 30, 2020 and the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, October 22, 2020

KPMG AB

Mattias Johansson

Authorized Public Accountant

GLOSSARY

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

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

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

NYFOSA

Tel: +46 (0)8 406 64 00
www.nyfosa.se

Street address: Hästholmsvägen 28
Postal address: Box 4044, SE-131 04 Nacka, Sweden