



# 1. INTRODUCTION

Nyfosa is a transaction-based and opportunistic property company in which business acumen is in the focus. The company's business concept is based on active participation in the transaction market combined with an investment strategy that can be flexible to the property market. This means it is not limited by property category, geography, 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. These investments may be made 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.

At year-end 2020, the property portfolio comprised 361 properties with a total property value of SEK 29,4 billion and a rental value of MSEK 2,451 with a leasable area of 2,380 thousand sqm. Nyfosa's property portfolio is divided into the following categories (percentage of property value): Office (54%), Logistics/Warehouse (22%), Retail (9%) and Other (15%). Category Other consists mainly of premises for light industry, hotel operations, restaurants and social and healthcare. In addition to the wholly owned property portfolio, Nyfosa owns 50 percent of the property company Söderport, corresponding SEK 6,0 billion.

The risk in Nyfosa's portfolio is limited due to the large number of tenants distributed across 5,805 leases (including

garages and parking spaces) and with no dependence on a single large tenant. On December 31, 2020, the ten largest tenants accounted for about 14 percent of Nyfosa's rental income, divided among 213 leases. The average remaining lease term in the portfolio was 3.7 years.

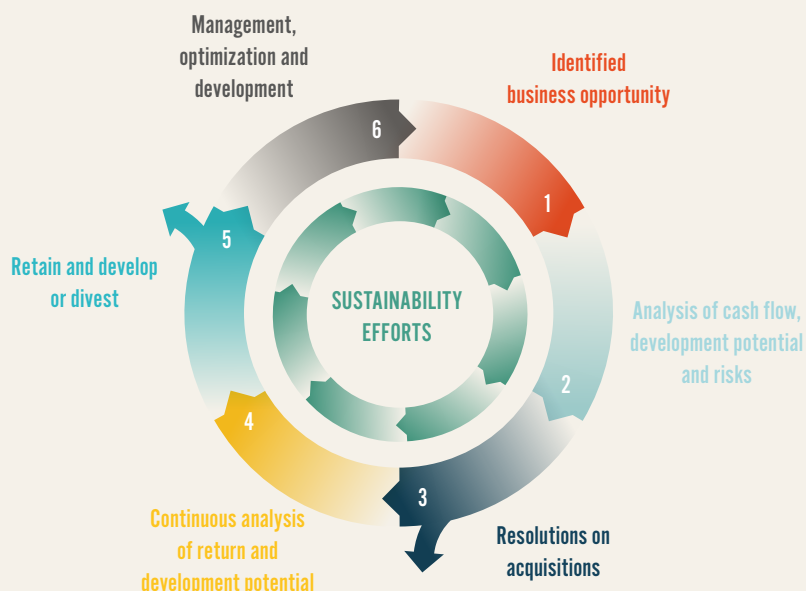
## RESPONSIBILITY

Nyfosa's target is that sustainability issues are to become a natural part of operations and that the work will contribute to the financial targets the company is pursuing. The company is to achieve growth in the distributable cash flow per share of 10 percent per year. Growth will take place in a such a way that the financial risks are kept at a manageable level. This means the company must not assume too much debt relative to the properties' value. Nor must the costs of debt financing become too high in relation to earnings from property management. Investments into the properties shall among others contribute to optimizing operating costs, securing rental income and/or lowering cost of debt by means of raising green financing.

Nyfosa complies with the main rule of the Swedish Companies Act as regards purpose and has therefore not stipulated any purpose in the Articles of Association other than to generate gains to be distributed to shareholders, refer to Chapter 3, Section 3 of the Swedish Companies Act. Nyfosa believes a focus on profitability does not rule out sustainable business. It is rather a prerequisite for taking the right decisions when choosing the direction forward. Nyfosa is responsible in all relationships towards society and towards the climate - as employer, landlord, borrower and as manager of the shareholders' capital.

## BUSINESS MODEL FOR SUSTAINABLE VALUE CREATION

Nyfosa's business model is based on an activeness in the transaction market and to continuously assess a great number of possible deals. We manage and develop the growing portfolio with the perspective that sustainability and profitability are connected. That is how we create growing cashflows and a sustainable development of the business.



## SUSTAINABLY ADDING VALUE

Nyfosa adds value in several ways.

### Renovate and refurbish properties

Nyfosa acquire mostly already produced buildings. The property portfolio generally maintains a high level of quality, although there are some properties in need of modernization. Our assessment is that an upgrade of the existing building is an efficient way of minimizing the climate impact. An investment is often connected to a longer lease term and higher 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, 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 2021, Nyfosa will continue its work, adding more initiatives based on the analysis and regarding optimization of operations.

### 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. A property's attraction is based on how good and accessible the existing commu-

nication to the building is. Therefore, communication is one of the most important parts to assess in the due diligence process. When a city changes over time or new means of communication evolve, what was once an office hotel may be better suited for retail and restaurants, or for a school. Nyfosa may then engage in changing the zoning plans and thereby facilitate such a change.

### 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. One such example is Karlstad where we are working with the municipality on a new zoning plan project to develop building rights for apartments in an area where we own office and warehouse buildings.

### 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. In Värnamo, 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.

# SUSTAINABLE GOALS

Nyfosa has identified 12 global sustainability goals on which the operations have a direct or indirect influence and that will lead sustainability efforts forward. On the basis of these 12 goals, Nyfosa has decided to prioritize two goals where we believe we have particular opportunity to influence: Gender Equality and Climate Action. Nyfosa's focus in 2021 is Equal Opportunity and Climate Action.



## Streamlined consumption

**Goal:** By 2025, energy consumption per sqm will have fallen by 10 percent compared with 2020.

Heating and cooling our premises uses a large amount of energy. We can reduce energy consumption in our properties through the installation of new technology or investments in other measures. The return on investments in reducing energy consumption is through lower operating expenses, and also lower carbon emissions.



## Sustainability certification

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

By using different sustainability certifications in our buildings, we can ensure that sustainability issues are given a distinct focus in the organization. Certification facilitates green financing and provides a detailed documentation of the environmental performance of the building, during the time we own it and as part of a sales process.



## Green appendix leases

**Goal:** In 2021, 100 new leases or renegotiated leases will include a green appendix.

Nyfosa offers a green appendix to its leases. The appendix is based on an agreement template for new and renegotiated leases issued by the Swedish Property Federation. A green appendix represents a way for the tenant and the property owner to work together to achieve more sustainable buildings.



## Gender equality

**Goal:** In the longer term, Nyfosa is to achieve equality in the property management organization with at least 40 percent of women and men in each professional group.

Nyfosa's employee growth is a mixture of acquisition and recruitment. We have been successful in achieving equality in recruitment but must continue to strive to even out gender differences in each professional group. Accordingly, the "Equality in property management" project will be started to enable us to achieve our long-term goal to be gender equal in each professional group in property management.



## Supplier responsibility

**Goal:** In 2021, Nyfosa will adopt a Code of Conduct for Suppliers and obtain confirmation of the Code of Conduct from the largest suppliers.

Nyfosa's suppliers are considered an extension of its own operations. The reason for adopting a Code of Conduct for Suppliers is to ensure that the working conditions at the companies that supply goods and services to the company fulfill Nyfosa's requirements in terms of work environment and ethical standards and that the assignment is conducted in an environmentally conscious manner.



## OVERALL STANDPOINT

Nyfosa works in accordance with Carbon Law and endorses the declaration of Fossil Free Sweden, which aims to halve carbon emissions from the construction and civil engineering sector between 2020 and 2030, halving them again between 2030 and 2040 to finally become climate neutral in 2045. Nyfosa subscribes to Agenda 2030 and the Ten Principles

of the UN Global Compact. The company's efforts are to contribute to sustainable development, both locally and globally. The aim of the 2030 Agenda's 17 Global Sustainable Development Goals is to eradicate extreme poverty, reduce inequality and injustice, promote peace and justice and solve the climate crisis.



The Sustainable Development Goals and the 2030 Agenda 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 Compact for corporate sustainability.



Nyfosa has endorsed the declaration of Fossil Free Sweden and the roadmap for the construction and civil engineering sector.

## CARBON LAW

Nyfosa works in accordance with Carbon Law, which means a 50 percent reduction in carbon emissions every ten years.

## GREEN FINANCE FRAMEWORK

As part of Nyfosa's continued commitment to sustainability, a Green Finance Framework (the "Framework") has been developed. The structure of the Framework is developed to be in line with both the ICMA Green Bond Principles (GBP) 2018, as well as the LMA and APLMA Green Loan Principles (GLP) 2018, and therefore consists of the four key pillars and recommended External Review component.

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting
5. External Review

It is Nyfosa's intention to follow the best practices, in relation to Green Bonds and Loans, as the market standards develop and as the EU classification of environmentally sustainable economic activities the EU Taxonomy enter into force. Therefore, the Framework may be amended and/or updated to reflect the changes in market practice.

## EXCLUSION

Green debt net proceeds will not be allocated to projects encompassing fossil energy production, nuclear energy generation, potentially scarce resource extraction (such as rare-earth elements) or fossil fuels, gambling or tobacco.




















## 2. USE OF PROCEEDS

The net proceeds from Nyfosa's issuances of Green Finance Instruments will finance Eligible Projects (as defined in the table below) in part or in full, that promote environmental benefits as determined by Nyfosa and in line with Nyfosa's sustainability policy. The proceeds raised under the Framework can be applied to financing new assets, acquisitions, projects and to refinance existing projects. The share between new and existing projects will be reported on in the Green Financing Investor Report (as defined below). It is expected that the majority of proceeds will be allocated towards existing projects. All proceeds under the Framework will be used in compliance with the below list of Eligible Projects providing environmental benefits in accordance

with the defined categories. It is expected that the majority of proceeds will be allocated towards the category Green Buildings. Eligible Projects can be owned by Nyfosa directly or indirectly through subsidiaries.

In addition to Green Finance Instruments issued by Nyfosa in the capital market, the Company may have Green Loans provided by lending institutions. Green Loans taken up by Nyfosa shall be provided by lending institutions that finance these by issuing Green Bonds. Nyfosa will report the aggregate amount of Green Loans and specify each Eligible Asset that has been financed by a Green Loan in a separate section of the Green Financing Investor Report.



GBP Categories	Eligible Projects	Core UN SDG Targets	Targeted EU Environmental Objective
<b>CLEAN TRANSPORTATION</b>	Financing of clean transportation solutions such as electric vehicles, charging stations, bicycle garages, pedestrian walkways, bicycle lanes and other investments that support and emphasize the use of clean transportation.	  	Climate change mitigation
<b>ENERGY EFFICIENCY</b>	Financing of investments include energy retrofits such as the installation of more efficient ventilation or heating system and adjusting light controls and light fittings.  The Green Finance Committee will only include investments where a minimum on 30% energy saving is targeted and a minimum negative climate impact and potential rebound effect is achieved.	  	Climate change mitigation
<b>ENVIRONMENTALLY SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES</b>	Financing in green environments that promote, restore and preserve biological diversity such as green roofs, green walls, urban biotopes, flower-beds and trees.	  	Protection and restoration of biodiversity and ecosystems
<b>GREEN BUILDINGS</b>	Financing of development, newly constructed properties and acquired properties that either have or will receive a design stage certification of Miljöbyggnad Silver, BREEAM Very Good, LEED Gold, Green Building or an equivalent level from a certification scheme and that has an energy usage which is at least 20% below the applicable national legislation.  Financing of existing or acquired properties that either have or will receive a certification of Miljöbyggnad Silver, Miljöbyggnad i Drift, BREEAM-in use Very Good, Green Building or an equivalent level from a certification scheme and that achieve at least a 25% increase in energy efficiency or,  financing of properties where refurbishments of existing or acquired buildings are made that lead to a 30% increase in energy efficiency or,  financing of properties with an Energy Performance Certificate (EPC) with energy class A or B.	   	Climate change mitigation
<b>POLLUTION PREVENTION &amp; CONTROL</b>	Financing of the establishment, expansion or upgrades of solutions contributing to the management, reduction and reuse of waste such as systems and technologies contributing to an efficient management of waste, for the purpose of reducing and recycling all types of waste in the management and construction of buildings.	 	Pollution prevention & control
<b>RENEWABLE ENERGY</b>	Financing of generation of renewable energy such as wind power, solar panels, heat pumps, heat exchangers and/or emission-free geothermal heating and cooling installations, as well as related infrastructure investments such as grid connections and electric substations, either on an existing building or as a stand-alone investment.	 	Climate change mitigation

# 3. PROCESS FOR PROJECT SELECTION AND EVALUATION

Nyfosa has established a Green Finance Committee (GFC) to evaluate and select projects that are in line with the criteria set out in the Use of Proceeds section. A decision to allocate net proceeds will require a consensus decision by the GFC. The committee meets at least on an annual basis or when needed. The Green Finance Committee is comprised of:

- Head of Sustainability and Project Development
- Head of Finance
- Head of Property Management
- Head of Financial Control

The Green Finance Committee is responsible for evaluating the compliance of proposed assets with the eligibility criteria outlined in the Use of Proceeds section, to ensure that the pool of Eligible Projects is aligned with the categories and criteria defined therein. Further, GFC will monitor on a regular basis that proceeds from the Framework are allocated to Eligible Projects and that aggregated proceeds do not exceed the aggregated volume of the pool of Eligible Projects. GFC is responsible for replacing investments that no longer meet the eligibility criteria (e.g. following divestment, liquidation, concerns regarding alignment of underlying activity with eligibility criteria etc.) and for, on a best effort basis, reviewing and updating the content of the Framework and managing any future updates of this document to reflect relevant changes in the Company's corporate strategy, technology and market developments (e.g. introduction of the EU Taxonomy).

# 4. MANAGEMENT OF PROCEEDS

An amount equal to the net proceeds of any Green Financing raised will be credited to an earmarked account that will support Nyfosa's lending to Eligible Projects. So long as the Green Financing is outstanding and the earmarked account has a positive balance, funds may be deducted from the earmarked account and added to Nyfosa's lending pool in an amount up to all allocations made from that pool made in respect of the Eligible Projects. The earmarked account will ensure monitoring and tracking of proceeds. The ambition is to use the proceeds within one year and no later than two years from the time of issuance of the Green

Bonds. All Green Finance instruments issued by Nyfosa will be managed on a portfolio level. This means that a Green Finance Instrument will not be linked directly to one (or more) pre-determined Eligible Project(s). The Head of Finance is responsible for the allocation of proceeds from the account. If, for any reason, an Eligible Project ceases to comply with the requirements set out in the Framework, such asset will be removed from the earmarked pool. Proceeds yet to be allocated towards Eligible Projects will be placed in the liquidity reserves and managed as such.



# 5. REPORTING

To enable investors to follow the development and to provide insight into prioritized areas, Nyfosa will provide a Green Financing Investor Report on an annual basis. Nyfosa intends to report on quantitative impact indicators where feasible and where relevant data information is available. The Green Financing Investor Report will include:

## Allocation Reporting

1. A description of the portfolio of Eligible Projects;
2. Type of financing instruments utilized and respective outstanding amounts;
3. Share of unallocated proceeds (if any);
4. Information on the split between new financing and re-financing;
5. A list of Eligible Projects including the amounts allocated per category and geography.

## Investor Reporting

The investor reporting aims to disclose the environmental impact of the Eligible Projects financed under this Framework, based on Nyfosa's financing share of each project. As Nyfosa can finance large and small Eligible Projects in the same project category, investor reporting will, to some extent, be aggregated.

The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best effort basis. E.g. if an energy efficiency project in a building is launched and under implementation but not yet operational, Nyfosa will provide best estimates of future energy performance levels. The impact assessment will, if applicable, be based on the Key Performance Indicators (KPIs) presented in the table below.

GBP & GLP Categories	Examples of impact indicators
<b>CLEAN TRANSPORTATION</b>	The number of installed charging stations for electric vehicles The number of bicycles that a bicycle garage can accommodate
<b>ENERGY EFFICIENCY</b>	Percentage of energy use reduced/avoided Energy efficiency increase (%) Annual GHG emissions reduced/avoided in tCO <sub>2</sub>
<b>ENVIRONMENTALLY SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES</b>	Each yearly report will include at least one example of an investment that has been financed with green net proceeds (if such a project has been financed). Nyfosa will describe the investment and the area of the installation (if applicable), as relevant information metrics.
<b>GREEN BUILDINGS</b>	Environmental certification Energy consumption disclosed by absolute consumption (kWh) and intensity (kWh per square meter) per year Calculated carbon footprint disclosed by absolute emissions (tons) and intensity (kg per square meter) per year.
<b>POLLUTION PREVENTION &amp; CONTROL</b>	Each yearly report will include at least one example (if applicable) of an investment in Pollution prevention & control that have been financed with green net proceeds. KPI's will not be disclosed beforehand in this Framework. Nyfosa will emphasize on carbon savings, where applicable, as relevant performance metrics.
<b>RENEWABLE ENERGY</b>	Each yearly report will include at least one example (if applicable) of a Renewable energy investment that have been financed with green net proceeds. KPI's will not be disclosed beforehand in this Framework. Nyfosa will emphasize on carbon savings, where applicable, as relevant performance metrics.

# 6. EXTERNAL REVIEW

To secure alignment with national and international guidelines, Nyfosa has obtained an external second party opinion on this Green Finance Framework. This second opinion is provided by Cicero and the document is available on Nyfosa's webpage [www.nyfosa.se](http://www.nyfosa.se)

An external independent assurance provider will annually assure Nyfosa's selection process for the financing of Eligible

Projects and the allocation of the proceeds of any Green Financing raised and that such processes and allocations are in accordance with the Nyfosa Green Finance Framework. The opinion of the assurance provider will be made publicly available on Nyfosa's webpage [www.nyfosa.se](http://www.nyfosa.se).

