



NYFOSA

GREEN FINANCE FRAMEWORK  
INVESTOR REPORT  
2022

# 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, 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.

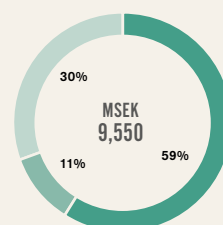
At year-end 2021, the property portfolio had a total value of 37,147 MSEK and a rental value of 3,017 MSEK with a leasable area of 2,780 thousand sqm. Nyfosa's property portfolio comprise of several categories, but foremost Office and Logistics/Warehouse buildings. In addition to the wholly owned property portfolio, Nyfosa owns 50 percent of the

property companies Söderport and Samfosa, corresponding a property value of 6,441 MSEK. Nyfosa is currently active on the Swedish, Finnish and Norwegian markets

The diversity of property categories in combination with a geographically spread and a large number of rental contracts creates a resilient portfolio.

## 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's target 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. To environmentally certify buildings contributes to an increased knowledge of every buildings unique conditions and results in a documented basis for decisions on possible energy reductions.



- Value on properties with a sustainability certification: **MSEK 5,614**
- Value on properties with energy class A: **MSEK 995**
- Value on properties with energy class B: **MSEK 2,896**

## SUSTAINABLY ADDING VALUE

### Renovate and refurbish properties

Nyfosa primarily acquires already constructed buildings. The property portfolio generally maintains a high level of quality, although there are some properties in need of renovation. An investment often generates a lease with a longer lease term and higher rent levels. It is usually a question of modifying the premises, creating more modern and functional areas for the tenant in conjunction with moving in, or extending a lease. At the same time, it presents opportunities for more efficient and sustainable operations. The possibility of reducing climate impact is analyzed when upgrading an existing building.

### Optimize operations

Nyfosa makes a systematic analysis of the property portfolio to identify the potential to optimize building operations. The task of carrying out initiatives started in 2020 and intensified in 2021, leading also to the sustainability certification of a number of properties during the year. Examples of investments aimed at reducing the operation's climate impact and satisfying tenant requests include more efficient operations and heating systems as well as the installation of solar cell facilities and geothermal heating.

### Carry out development projects and identify new areas of use

Nyfosa continuously analyzes how each property can be developed through conversion and extensions or by changing the property's areas of use. 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. When a city changes over time or new forms of communication evolve, what was once an office hotel may be better suited for apartments or for a school. Nyfosa works to change the zoning plans and thereby facilitate such a change. Nyfosa is currently working on such projects in Karlstad and Malmö.

### 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 reducing the climate impact. We do this because we can see that it adds value at many different levels. In property management we work, for example, in vulnerable areas to find an approach that helps to cultivate safe, secure and attractive environments and areas. In Malmö, Nyfosa is developing the Bryggeriet area and one ambition is to make the district more vibrant all day long and, by extension, safer.

## 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.



## SUSTAINABLE GOALS

### Sustainability certification

#### Description

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

#### Goal:

By 2025, properties corresponding to 50 percent of the property value will have sustainability certification and 100 percent by 2030.



### Streamlined consumption

#### Description

Heating and cooling our premises uses a large amount of energy. We can reduce energy consumption in Nyfosa's 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.

#### Goal:

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



### Carbon emissions

#### Description

Carbon emissions have a significant environmental and climate impact. It is critical to minimize emissions to promote the climate and contribute to a good environment for future generations. Nyfosa works actively to reduce carbon emissions from operations through efficient use of resources and evaluating investments in, or purchase of, renewable energy.

#### Goal:

Nyfosa will act to minimize the operation's carbon emissions.



## 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 enters 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. GREEN FINANCE INVESTOR REPORTING

This report 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.

### **External Review**

An external independent assurance provider has reviewed 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 Financing Framework.



# 3. 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.

Green capital outstanding consists of MSEK 1,100 green senior unsecured bonds maturing in April 2024. They are admitted to trading on Nasdaq Stockholm. The majority of these, MSEK 1,000, was issued in April 2021. The remaining MSEK 100 was issued in a subsequent bond under the same framework in January 2022. As of 28 February 2022, the entire amount has been allocated in accordance with the Green Financial Framework, which is well aligned with the

company's stated ambition in the framework to put green capital into work within one to a maximum of two years from the time of borrowing.

## Allocation to eligible assets

This investor report is based on the most recently established valuation of the company's properties as they were reported in the balance sheet as of December 31, 2021. Changes in property value and allocated amount from the first allocation opportunity can have effect both up and down, based on the most recently established value. It does not necessarily have to be linked to an improvement or deterioration of the property's fulfillment of the conditions for green financing.

In the event that energy certificates are issued on one or more, but not all, buildings on a property, the property value is weighted on the basis of the buildings' share of the total A-temp area<sup>1)</sup>.

On February 28, 2022, a bond payment of MSEK 1,100 had been allocated to five properties with an aggregated market value of MSEK 1,122. All allocations have been made in the category of Green buildings where the total value of the property can be financed under Nyfosa's Green Financial Framework. Consequently, as of the reporting date, Nyfosa has no additional dedicated funds to allocate.

<sup>1)</sup> A-temp refers to heated area in the buildings.

## ALLOCATIONS

Property	Property category	Region	Financing or refinancing	Completed	Certification	Level	Energy classification	SEKm*		
								Market-value**	Allocation of Green bond	Change in allocation
Ohjelmakaari 2&10	Office	Jyväskylä, Finland	Refinanced	2019	BREEAM-in-use	Very good	N/A	323	323	9
Mattilanniemi 6&8	Office	Jyväskylä, Finland	Refinanced	2019	BREEAM-in-use	Very good	N/A	491	491	17
Gjutformen 1	Logistics/Warehouse	Huddinge, Sweden	Financed	2019	N/A	N/A	A	84	84	84
Björnen 7	Retail	Karlstad, Sweden	Financed	2018	N/A	N/A	A	83	83	83
Barkassen 9	Office	Karlstad, Sweden	Financed	2017	N/A	N/A	A	140	118	118
<b>Subtotal, allocated</b>								<b>1,122</b>	<b>1,100</b>	<b>312</b>
Dedicated account, unallocated funds									0	
<b>Total</b>									<b>1,100</b>	

\* EUR/SEK 10.44

\*\* Nyfosa's share as of 31 December 2021

## SELECTED PROJECTS



### OHJELMAKAARI 2 & 10

The office property Ohjelmakaari 2 & 10 is located in Jyväskylä, Finland, and has a BREEAM-in-use certification at level Very Good. Leasable area is 10 thousand sqm in two interconnected modern office buildings, completed in 2001 and 2009 respectively. The largest tenant is the City of Jyväskylä. The property has undergone an energy saving project where a geothermal system with energy wells has been installed on the property and a geothermal heat pump and exhaust air heat pump have been installed. Excess heat during cooling operation and heat from the ventilation are handled by the installations, which has resulted in a normal year-adjusted energy outcome decline by 30 percent. The property's annual energy use is 1,982.8 MWh, corresponding to 168.5 kWh/sqm.

### MATTILANNIEMI 6 & 8

The office property Mattilanniemi 6 & 8 is located in Jyväskylä, Finland, and has a BREEAM-in-use certification at level Very Good. Leasable area is 17,000 sqm in three interconnected flexible and modern office buildings, completed in 2000. The largest tenants are Tietoevry and Airbus. The property has undergone an energy saving project where heat pumps have been installed and excess heat during cooling operation is handled. In addition, exhaust air heat pumps, new air flow dampers and energy-efficient lighting were installed. Normal-year-adjusted energy outcome has fallen by 25 percent. The property's annual energy use is 4,409.2 MWh, corresponding to 210.6 kWh/sqm.



### KARLSTAD BARKASSEN 9

Karlstad Barkassen 9 is an office property in Karlstad, Sweden with 7,000 sqm of lettable space with WSP Sweden and the Swedish Migration Board as the largest tenants. The building was built in 1991 and has an energy performance of 63 kWh/sqm per year, which means that the property's energy declaration achieves energy class A. The property's annual energy use is 450,382 kWh.



# AUDITOR'S LIMITED ASSURANCE REPORT

To Nyfosa AB, corp. ID 559131-0833

## Introduction

We have been engaged by the Management of Nyfosa AB ("Nyfosa") to undertake a limited assurance engagement of selected information presented in Nyfosas Green Bond Investor Report 2021 ("Report").

The scope of our work was limited to assurance of information on the total amount of Green Bonds issued by Nyfosa as of February 28, 2022 and information on the approved Eligible Assets together with the respective allocation of investments presented on page 6 of the Report.

## Responsibilities of the Management

The Management is responsible for the preparation of the Impact Report in accordance with the applicable criteria. The criteria are defined in Nyfosa's Green Financing Framework. This responsibility also includes the internal control relevant to the preparation of the Impact Report that is free from material misstatements, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express a conclusion on the selected information specified above based on the limited assurance procedures we have performed. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of financial information (revised). A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the selected information mentioned above and applying analytical and other limited assurance procedures. A limited assurance engagement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Nyfosa AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Management as described above. We consider these criteria suitable for the preparation of the Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

## Conclusion

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the selected information specified above and presented in the Report is not prepared, in all material respects, in accordance with the criteria defined by the Management.

Stockholm, April 21<sup>st</sup> 2022

KPMG AB

Mattias Johansson  
*Authorized Public  
Accountant*

Torbjörn Westman  
*Expert Member of FAR*