

NYFOSA

GREEN FINANCE FRAMEWORK
INVESTOR REPORT 2022

1. INTRODUCTION

BUSINESS MODEL – STABLE AND SUSTAINABLE CASH FLOWS

Building stable and sustainable cash flows has always been at the core of Nyfosa's business concept. This is how resilient operations and long-term value are created for the company's shareholders. New business opportunities are evaluated constantly, regardless of geography or property category.

Broad investment strategy

Nyfosa is one of few Swedish listed property companies that has a business model without restrictions in terms of geography or property categories. The overall objective is to create sound and sustainable cash flow growth while constantly evaluating opportunities in the market. Our broad investment strategy means that the company is always ready to capitalize on transactions that arise. The opportunity to make acquisitions that are on the periphery of what other property companies and investors are looking for offers the potential to do good business.

Evaluating many business opportunities

Nyfosa's business model is based on taking an active role in the transaction market, always with our ear to the ground and continuously evaluating a large number of business opportunities. By being perceived as an especially active property company in terms of both acquisitions and divestments, Nyfosa will become a natural and attractive business partner.

Experienced management and business-centric organization

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

Development creates value

Nyfosa manages and develops the properties in close cooperation with the tenants and neighboring community from the perspective that sustainability and profitability are interlinked. As part of efforts to enhance the cash flows and reduce the environmental impact, Nyfosa continuously evaluates how we can best optimize each building, ranging from minor to large-scale actions. This involves a number of different initiatives, from refurbishment of properties and optimization of energy consumption to developing new zoning plans and building rights for projects.

VALUE-CREATING BUSINESS MODEL

Nyfosa's business model is based on taking an active role in the transaction market and continuously evaluating a large number of business opportunities. The property portfolio is managed and developed from the perspective that there is a link between sustainability and profitability. This generates growing cash flows and sustainable development of the operations.



VISION

Nyfosa will be the Swedish property company 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.

RESPONSIBILITY

Nyfosa is to conduct its operations with the aim of generating returns to the shareholders. Focus on profitability does not rule out sustainable business; rather the company feels that it is a prerequisite to make the right decisions when choosing the direction forward. For Nyfosa, sustainability is assuming responsibility in all relationships, as employer, landlord and lender, toward the climate and as manager of the shareholders' capital. This means that sustainability efforts are integrated in the entire organization and every part of the operations.

The CEO has the overriding responsibility for the sustainability agenda and is in charge of follow up at management level. Policies are adopted by the Board and guidelines by Group Management, which are updated regularly and available to all employees via the intranet. The sustainability team—comprised of the Head of Property Management, Head of Finance, Head of Financial Control and Head of Technology/Sustainability—leads strategic sustainability activities in the organization and prepares proposals for new sustainability targets. Reporting of sustainability efforts is made to the CEO, Group Management and the Board.

FOR NYFOSA, SUSTAINABILITY IS ASSUMING RESPONSIBILITY

Toward	How	Governance	Sustainable Development Goals
EMPLOYEES	<ul style="list-style-type: none"> • Employment • Occupational health and safety • Learning and development • Gender equality 	<ul style="list-style-type: none"> • Code of Conduct • Sustainability policy, Whistleblower function 	
TENANTS	<ul style="list-style-type: none"> • Safety in and around buildings • Control of radon, legionella and moisture in buildings 	<ul style="list-style-type: none"> • Code of Conduct • Authority inspections 	
CREDIT AND CAPITAL MARKET	<ul style="list-style-type: none"> • Fulfillment of terms of agreement 	<ul style="list-style-type: none"> • Risk limits • Finance policy 	
STOCK MARKET	<ul style="list-style-type: none"> • Return • Economic performance 	<ul style="list-style-type: none"> • Transparent reporting requirement • Internal control and governance 	
SUPPLIERS	<ul style="list-style-type: none"> • Business ethics and anti-corruption • Employment 	<ul style="list-style-type: none"> • Code of Conduct • Sustainability policy 	
CLIMATE	<ul style="list-style-type: none"> • Reduced energy consumption • Reduced carbon emissions • Climate smart use of materials • Sustainable transportation • Surface water management • Biodiversity 	<ul style="list-style-type: none"> • Environmental policy • Sustainability goals 	

PROPERTY MANAGEMENT – WITH SUSTAINABILITY ADD VALUE TO THE PORTFOLIO

Nyfosa's property management creates value by adding value to a property portfolio, both big and small. The starting point is to optimize every property, satisfy the needs of the tenants and reduce the operation's climate impact.

Nyfosa works in a structured manner to manage, develop and add value to the existing property portfolio in close collaboration with tenants with the aim to increase the properties' cash flow and value. By focusing proactively on the properties, we can meet the tenants' changing needs by finding smart solutions and sustainable investments. The transaction-based business model does not influence an investment decision in management of the portfolio. This means that every property management decision is made from a long-term perspective, regardless of whether the property may be divested.

The business model also means that the organization must periodically manage large influxes of acquired property portfolios. With a high acquisition rate, it is imperative to have an effective process for the intake of new properties so that the properties are quickly transferred to the technical property management where work can begin on optimizing consumption.

Adding value in several ways

Nyfosa's property portfolio offers many different development opportunities that are evaluated continuously—from minor investments to developing zoning plans. Optimization of the properties from a sustainability perspective is central to the task of property management. An investment often generates a lease with a longer lease term and higher rent levels. It is usually a matter of modifying the premises, creating more

modern and functional areas in conjunction with moving in, or extending a lease. At the same time, it presents opportunities for more efficient and sustainable operations. Nyfosa regularly analyzes how every property can be developed through conversion and extensions or by changing the area of use, which sometimes requires modifying zoning plans. A project may originate in the fact that a tenant's business is growing and needs larger premises.

Sustainable property management

For Nyfosa, it is largely a question of adopting a holistic perspective so as to be able to implement the measures that deliver the best value and sustainability effect for each separate building. In 2022, the large-scale project of optimizing the buildings' energy consumption continued. Energy optimization entails controlling the function of all technical installations and then optimizing operations to achieve the right indoor climate using as little energy as possible.

Property management implements large and small initiatives that make a difference on an aggregated level. This also involves making conscientious choices in terms of material for refurbishments and tenant-specific modifications, being able to see improvement potential and protecting the local environment at and around our buildings. In this manner, the conditions are created for sustainable property ownership,

financially and environmentally. These measures are based on Nyfosa's focus areas and the sustainability certifications BREEAM In-Use and Miljöbyggnad i Drift (Green Building In Use) that serve as guidelines and inspiration within the organization to integrate more sustainable solutions at and around our buildings. The measures successively improve the standard of the building and its surroundings.

The newly formed central function Technology/Sustainability resulted in greater focus within the property management organization in terms of energy enhancement projects. Additional investments were made in the digitization of heating, cooling and ventilation control and monitoring, which contributed to both better efficiency and comfort for the tenants and the installation of solar panel facilities and geothermal heating. Read more on the following pages about various implemented measures and development projects.

SUSTAINABILITY GOALS AND OUTCOME

Nyfosa has set sustainability targets for efforts within a number of central areas where the company is considered to have a direct or indirect impact. The targets relate to sustainability certification of buildings, streamlined consumption and minimizing the operation's carbon emissions. Water and material consumption are other key areas in which Nyfosa works actively.

Sustainability certification

During the year, the share of Nyfosa's property portfolio that has sustainability certification increased to 29 percent of the property value. The purpose of sustainability certification is to generate competitive advantages in future leasing operations and to maintain the property portfolio's high credit rating. The review process ahead of a certification results in a well-documented environmental performance of the building, unveils improvement potential and constitutes good supporting material for further investments. The sustainability target sets a clear focus for the organization.

During the year, ten new certifications were secured and, of the acquired properties, five had a sustainability certification on the transfer date. A total of 70 properties with a value of

SEK 11.8 billion had sustainability certification at year-end, corresponding to 29 percent of the total property value. A further 16 certifications are expected following completion of the certification processes in 2022.

16 percent of the property value are Energy Class A and B.

Streamlined consumption

Heating and cooling the premises uses a large amount of energy. Making energy usage more efficient contributes to lower costs and a lower climate footprint. This is achieved through installing new technologies or analyzing technical settings. Nyfosa can follow up and report energy consumption in those properties where Nyfosa is the contract owner, which corresponds to 78 percent of the total area. Energy and environmental audits of the property portfolio are performed regularly in order to identify energy-saving potential. Energy, water and environmental data from the buildings is compiled and followed up via an energy monitoring system.

A review of the properties' technical installations makes it possible to reduce the environmental impact and lower operating expenses. Installations in the properties must function as intended in order to maintain a healthy indoor climate for

tenants with as little environmental impact as possible. Functional testing paired with optimization has positive effects on the environmental impact with relatively little effort. The return on investments to reduce energy consumption comes from lower operating expenses, and also lower carbon emissions. In addition, the environmental impact from the project itself in comparison with the investment's emissions reduction was evaluated. Ahead of every remodeling and tenant conversion, potential to reuse construction materials and products is investigated.

Energy consumption per sqm includes the properties owned during the entire financial year. The outcome for 2022 amounted to 110.9 kWh per sqm. Compared with the properties owned during all of 2020, energy usage was reduced by 6 percent.


Total energy consumption amounted to 281.2 GWh for 2022.

ENERGY CLASS

Property value, Dec 31, MSEK	2022	2021
Energy class A	2,373	1,651
Energy class B	4,248	3,429


SUSTAINABILITY CERTIFICATION

Goal	Outcome 2022
By 2025, properties corresponding to 50 percent of the property value will have sustainability certification and 100 percent by 2030.	70 properties with a value of SEK 11.8 billion had sustainability certification, corresponding to 29 percent of the total property value.




STREAMLINED CONSUMPTION

Goal	Outcome 2022
By 2025, energy consumption per sqm will be reduced by 10 percent compared with 2020.	Energy consumption in the starting portfolio for 2020 was 117.6 kWh per sqm. Energy consumption in 2022 was 110.9kWh per sqm, corresponding to a 6 percent decline for the comparable property portfolio ¹ .



CARBON EMISSIONS

Goal	Outcome 2022
Nyfosa will act to minimize the operation's carbon emissions.	Carbon emissions in the comparable property portfolio ¹ declined 43 percent per sqm compared with 2021. The decline was primarily an effect of investments in renewable energy and greater focus on streamlined consumption.



1) Comparable property portfolio refers to the properties that Nyfosa has owned for an entire financial year. Properties bought and sold during the year are excluded.

2) For accounting principles please see the Annual report 2022 on page 106, www.nyfosa.se

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 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 1,600 green senior unsecured bonds maturing in April 2024 and in January 2025. They are admitted to trading on Nasdaq Stockholm. The majority of these, MSEK 1,000, was issued in April 2021. The remaining MSEK 600 was issued in a subsequent bond of MSEK 100 under the same framework in January 2022, as well as a new bond of MSEK 500 in April 2022. As of 27 April 2022, the entire amount has been allocated in accordance with the Green Finance 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, 2022. 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 area¹⁾.

On December 14, 2022, a bond payment of MSEK 1,600 had been allocated to seven properties with an aggregated market value of MSEK 1,707. 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 Finance Framework. Consequently, as of the reporting date, Nyfosa has no additional dedicated funds to allocate.

1) A-temp refers to heated area in the buildings.

ALLOCATIONS

Property	Property category	Region	Financing or refinancing	Completed	Certification	Level	Energy classification	SEKm ¹⁾		
								Marketvalue ²⁾	Allocation of Green bond	Change in allocation ³⁾
Ohjelmakaari 2&10	Office	Jyväskylä, Finland	Refinanced	2019	BREEAM-in-use	Very good	N/A	306	306	-17
Mattilanniemi 6&8	Office	Jyväskylä, Finland	Refinanced	2019	BREEAM-in-use	Very good	N/A	542	542	51
Gjutformen 1	Logistics/Warehouse	Huddinge, Sweden	Refinanced	2019	N/A	N/A	A	83	83	-1
Björnen 7	Retail	Karlstad, Sweden	Refinanced	2018	N/A	N/A	A	76	76	-7
Barkassen 9	Office	Karlstad, Sweden	Refinanced	2017	BREEAM-in-use	Very good	A	110	110	-8
Nedre Gruvriset 33:278	Logistics/Warehouse	Falun, Sweden	Refinanced	2014	N/A	N/A	A	372	372	372
Bladbaggen 1	Retail	Västerås, Sweden	Refinanced	2019	N/A	N/A	A	218	111	111
Subtotal, allocated								1,707	1,600	500
Dedicated account, unallocated funds									0	
Total									1,600	

1) EUR/SEK 11.128

2) Nyfosa's share as of 31 December 2022 3) Since December 31, 2021.

SELECTION OF PROPERTY MANAGEMENT PROJECTS



KARLSTAD BARKASSEN 9

Barkassen 9 is an office property in Karlstad, Sweden which has a BREEAM-in-use certification at level Very Good. Leasable area is 7,000 sqm 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.



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.

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 Nyfosa's Green Bond Investor Report 2022 ("Report").

The scope of our work was limited to assurance of information on the total amount of Green Bonds issued by Nyfosa as of December 31, 2022 and information on the approved Eligible Assets together with the respective allocation of investments presented on page 7 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 ISQM 1 (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality management 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 21st 2023

KPMG AB

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