

The image features a dark silhouette of a city skyline against a gradient background transitioning from purple to yellow. A large, glowing neon sign on top of a building reads "NYFOSA". The letters are three-dimensional and emit a bright yellow light. Below the sign, the letters "Q4" are displayed in a large, white, sans-serif font. The building's facade is punctuated by several rectangular windows of varying sizes. These windows show different views of a sunset or sunrise, with colors ranging from deep orange and red to bright yellow and white. The overall composition is modern and professional, suggesting a corporate or financial report.

NYFOSA

Q4

YEAR-END REPORT
JANUARY–DECEMBER 2020

We are closing a strong year for Nyfosa. Completing acquisitions for just over SEK 12 billion and divestments for almost SEK 4 billion in one year is proof that we are passionate about doing business. We constantly strive to improve earnings and to create diversification in the portfolio.

With a positive net leasing during each quarter and a growth of 42 percent in the distributable cash flow per share, I am satisfied with the year. We have coped with the challenges of the pandemic well and our assessment is that we will continue to have good resilience with our breadth in the property portfolio.

I am looking forward to continuing to do good business and develop Nyfosa. We will grow and build cash flows with a healthy balance sheet. For us, our business concept means the freedom to do business where we see opportunities, both in the transaction market and in the property management. And we will do so with an even clearer direction towards sustainability and reduced climate impact.

Stina Lindh Hög, CEO

KEY FIGURES

	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Income, MSEK	559	383	2,035	1,370
Net operating income, MSEK	382	255	1,415	905
Surplus ratio, %	68.3	66.6	69.5	66.0
Profit from property management, MSEK	365	460	1,334	1,112
— per share, SEK	1.98	2.74	7.35	6.63
Profit from property management excluding changes in value and tax in joint ventures, MSEK	275	213	1,145	814
— per share, SEK	1.49	1.27	6.31	4.85
Profit after tax, MSEK	497	543	2,225	1,382
— earnings per share after dilution, SEK	2.70	3.24	12.25	8.24
Distributable cash flow, MSEK	219	157	1,219	793
— per share, SEK	1.19	0.93	6.71	4.73
Interest-coverage ratio, multiple	3.3	3.9	3.8	4.2
Property value on balance-sheet date, MSEK			29,411	19,602
EPRA NRV on balance-sheet date, MSEK			14,744	10,965
— per share, SEK			79.91	65.37
Net loan-to-value ratio of properties on balance-sheet date, %			56.9	54.6

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- In October, a mixed property portfolio with a high proportion of tax-financed tenants in Stockholm, Karlstad and Eskilstuna was acquired for a value of about SEK 2.5 billion.
- In October, a property portfolio of warehouse, industrial and wholesale properties was acquired for about MSEK 870 according to a previous letter of intent.
- In October, Stina Lindh Hög assumed the position as CEO of Nyfosa.
- In December, residential properties were divested for a value of MSEK 445.
- The Board proposes that the Annual General Meeting resolves on an ordinary dividend of SEK 3.00 per share with quarterly payment of SEK 0.75 per share, and an extra dividend of SEK 1.00 per share.

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

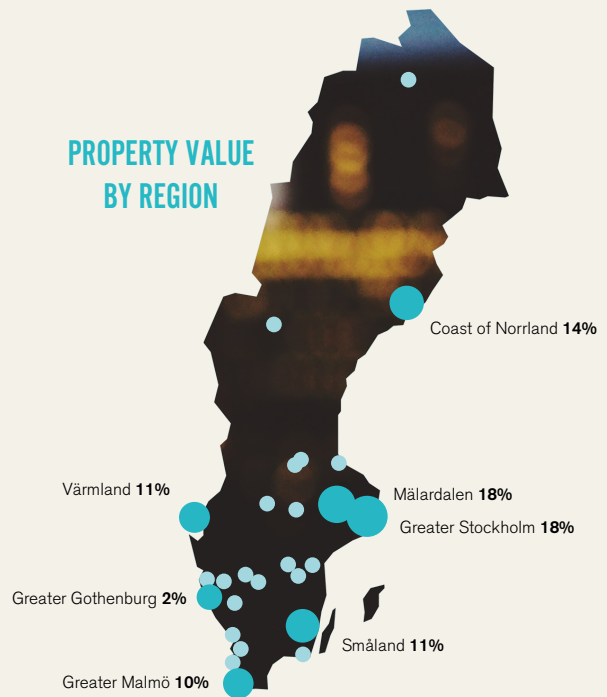
BUSINESS CONCEPT

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 December 31, 2020, MSEK 29,411

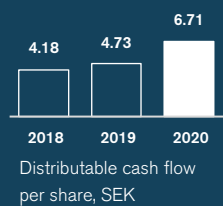
Nyfosa's properties are located throughout Sweden, mainly in high-growth municipalities and at transportation hubs.

FINANCIAL TARGET

Annual growth in distributable cash flow per share of 10 percent.

Outcome 2020:

+42%

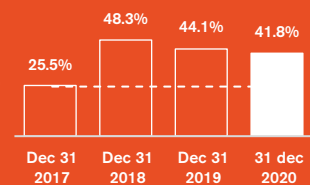


DIVIDEND POLICY

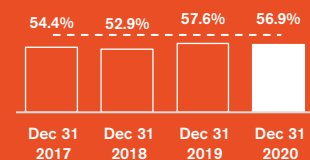
At least 40 percent of the distributable cash flow is to be distributed to the owners. Dividends are, on each occasion, to be considered in light of the company's business opportunities and may comprise a distribution in kind, buyback or cash dividend.

FINANCIAL RISK LIMITS

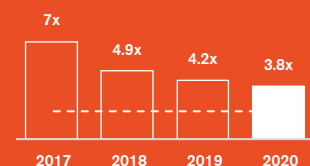
Equity/assets ratio. Long-term at least 25 percent.



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



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



IMPACT OF CORONAVIRUS PANDEMIC

The past year was dominated by the pandemic that severely impacted the global economy with closures, social distancing and a fight to stop the spread of the virus. Nyfosa's diversified lease portfolio of commercial premises throughout Sweden was mainly affected in terms of short-term payment difficulties. Net new leasing was positive for the full-year and we can now see a general slow recovery. The overall low risk in the lease portfolio, based on low exposure to large tenants, geographic diversity in Sweden and a large number of leases with a low average rent level contributed to stable resilience during the pandemic.

Organization

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. During the year, we engaged in closer dialogue with tenants to discuss any difficulties that had arisen regarding paying rent on time.

To manage the situation, the method of making individual assessments was adopted in order to identify the best solution for the specific situation of each tenant. We rearranged quarterly payments to monthly payments or longer plans, established payment plans, renegotiated leases that combined an extended lease term with an initial discount and provided rent discounts based on the government's rental discount aid. Nyfosa applied for total aid of MSEK 2.1 from government assistance, which is recognized as rental income in the statement of profit/loss.

Rent losses for the year were slightly above normal. 98 percent of rents invoiced for the first quarter of 2021 that fell due on December 31, 2020 had been paid at February 10, 2021, which does not deviate significantly 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. The transaction volume at year-end was historically high. 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 have been marginally reduced.

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 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.

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.

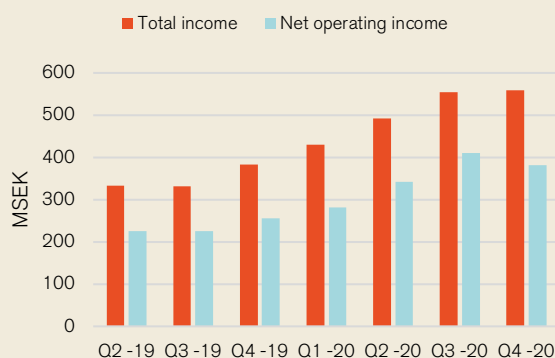
CONDENSED STATEMENT OF PROFIT/LOSS

MSEK	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Rental income	549	382	2,001	1,359
Other property income	10	2	35	11
Total income	559	383	2,035	1,370
Property expenses				
Operating expenses	-93	-64	-324	-251
Maintenance costs	-44	-37	-140	-99
Property tax	-24	-18	-93	-65
Property administration	-16	-9	-63	-50
Net operating income	382	255	1,415	905
Central administration	-37	-32	-132	-89
Other operating income and expenses	-29	0	-26	-1
Share in profit of joint ventures	144	294	404	491
Financial income and expenses	-95	-58	-327	-195
Profit from property management	365	460	1,334	1,112
Profit from property management excluding changes in value and tax in joint ventures	275	213	1,145	814
Changes in value of properties	90	131	1,063	472
Changes in value of financial instruments	0	1	1	-7
Profit before tax for the period	455	592	2,399	1,576
Tax	42	-49	-174	-195
Profit for the period	497	543	2,225	1,382
Earnings per share before dilution, SEK	2.70	3.24	12.25	8.24
Earnings per share after dilution, SEK	2.70	3.24	12.25	8.24

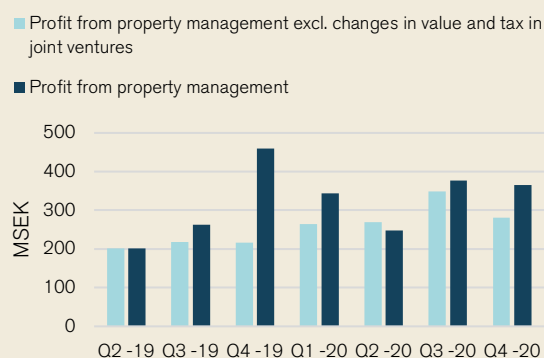
STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

MSEK	2020	2019	2020	2019
Profit for the period	497	543	2,225	1,382
Other comprehensive income	-	-	-	-
Comprehensive income	497	543	2,225	1,382

INCOME AND NET OPERATING INCOME PER QUARTER



PROFIT FROM PROPERTY MANAGEMENT PER QUARTER



COMMENTS ON THE CONSOLIDATED STATEMENT OF PROFIT/LOSS

OCTOBER-DECEMBER 2020 QUARTER

Net leasing amounted to MSEK +2. New leases were signed for a total of MSEK 26 while terminations amounted to MSEK 22. Confirmed bankruptcies amounted to MSEK 2. The net result of renegotiations was MSEK 0. The average remaining lease term increased from 3.5 years to 3.7 years during 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 solid resilience in the portfolio.

Rental income and net operating income

Income amounted to MSEK 559 (383), up MSEK 176 or 46 percent. The larger portfolio was the main reason for the growth. Net operating income for the quarter amounted to MSEK 382 (255) and the surplus ratio was 68.3 percent (66.6).

Profit from property management

Profit from participations in joint ventures of MSEK 144 (294) comprised Nyfosa's share of Söderport's earnings for the quarter. Söderport's profit from property management amounted to MSEK 60 (50). Revaluations of property values and derivatives had an impact of MSEK 127 (313) on earnings.

The arbitral tribunal announced the award at the end of the quarter in the dispute that has been ongoing in one of the Group's subsidiaries since 2018. As described in the Nyfosa's listing prospectus in 2018, the dispute involved a contractor that according to Nyfosa has engineered a project and performed sub-standard work at one of the company's logistics premises in Gothenburg. Nyfosa claimed compensation for the cost of rectifying the sub-standard work and lost rental income. The costs for repairs in the premises and legal expenses were charged to profit in the period in which they arose. The award of the arbitral tribunal was to Nyfosa's disadvantage which means that Nyfosa is fully responsible for paying the counterparty's legal expenses and the arbitration tribunal's fees. The payment amounts to MSEK 30, which was charged to profit for the quarter under Other operating income and expenses. The subsidiary that was Nyfosa's party in this dispute was divested during the quarter. No exposure remains for Nyfosa and there are no other ongoing similar disputes in the Group.

Financial income and expenses amounted to MSEK -95 (-58). The increase was due to higher net debt.

Profit from property management amounted to MSEK 365 (460). Excluding changes in value and tax in joint ventures, profit from property management amounted to MSEK 275 (213).

Changes in value

Revaluation of properties amounted to MSEK 90 (131) and was mainly impacted by the positive net leasing and changed yield requirement. Given continuing low interest rates, properties remain an attractive type of investment and the limited supply of properties on the market means that the yield requirements were marginally adjusted downward.

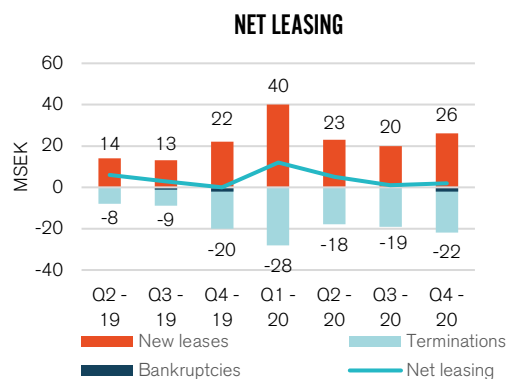
Tax

The tax expense for the quarter was MSEK 42 (-49). 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. After the vacating of a property during the quarter, the temporary differences in the property portfolio declined, whereby previously recognized deferred tax liabilities were reversed in the statement of profit/loss as a positive tax. The effective tax for the quarter was thus a positive 9.3 percent (-8.3).

FULL-YEAR JANUARY-DECEMBER 2020

Rental income

Income amounted to MSEK 2,035 (1,370), up MSEK 665 or 49 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 December 31, 2020 amounted to 2,380 thousand sqm (1,877) and the economic leasing rate for the period was 93.1 percent (91.2).



Net operating income

Property expenses mainly refer to operating expenses such as heating, water, electricity and property upkeep and amounted to MSEK 557 (415). Costs for property administration amounted to MSEK 63 (50). Net operating income amounted to MSEK 1,415 (905), up 56 percent, which was primarily due to the larger portfolio. Management of the portfolio yielded a surplus ratio of 69.5 percent (66.0).

Profit from property management

Costs for central administration amounted to MSEK 132 (89). 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 404 (491) represented Nyfosa's share of Söderport's earnings for the period, and mainly comprised profit from property management of MSEK 233 (197) and revaluation of properties and derivatives of MSEK 297 (416).

Financial income and expenses amounted to MSEK –327 (–195). The total increase compared with the year-earlier period was due to increased net debt.

Profit from property management amounted to MSEK 1,334 (1,112), up 20 percent. Excluding revaluations and tax in joint ventures, profit from property management amounted to MSEK 1,145 (814).

Changes in value

The changes in value of properties amounted to MSEK 1,063 (472), and for the full-year revaluations were mainly attributable to negotiations or completion of taking possession of or vacating properties.

Tax

The tax expense for the period amounted to MSEK –174 (–195), of which MSEK –90 (–171) pertained to changes in deferred tax liabilities attributable to investment properties. The effective tax rate was 7.2 percent (12.3). 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. Deferred tax on temporary differences was valued at 20.6 percent.

CONDENSED STATEMENT OF FINANCIAL POSITION

MSEK	Dec 31	
	2020	2019
ASSETS		
Investment properties	29,411	19,602
Assets with right-of-use	163	149
Participations in joint ventures	1,916	1,812
Derivatives	3	2
Other assets	2	2
Total non-current assets	31,495	21,566
Current receivables	99	46
Cash and cash equivalents	312	588
Total current assets	411	635
TOTAL ASSETS	31,907	22,201
EQUITY AND LIABILITIES		
Equity attributable to Parent Company shareholders	13,333	9,781
Non-current interest-bearing liabilities	16,127	11,149
Liabilities attributable to right-of-use assets	158	144
Other non-current liabilities	19	16
Deferred tax liabilities	760	627
Total non-current liabilities	17,064	11,937
Current interest-bearing liabilities	928	132
Other current liabilities	582	350
Total current liabilities	1,510	482
Total liabilities	18,573	12,419
TOTAL EQUITY AND LIABILITIES	31,907	22,201

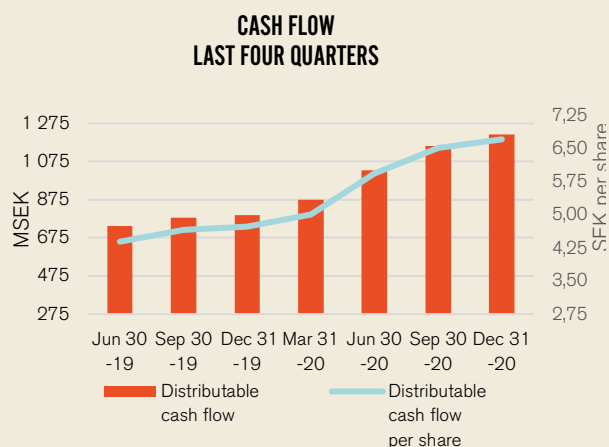
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Jan-Dec	
	2020	2019
Opening equity	9,781	8,392
Transactions with shareholders		
Issue/buyback of warrants	0	8
New share issue	1,327	-
Total transactions with shareholders	1,327	8
Comprehensive income	2,225	1,382
Closing equity	13,333	9,781

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Operating activities				
Profit from property management ¹	365	460	1,334	1,112
Adjustments for non-cash items	-144	-294	-404	-491
Dividend from holdings in joint ventures	0	0	300	200
Income tax paid	-1	-10	-11	-27
Distributable cash flow¹	219	157	1,219	793
– per share, SEK	1.19	0.93	6.71	4.73
Change in operating receivables	3	36	-8	27
Change in operating liabilities	-123	-86	21	32
Cash flow from operating activities	100	106	1,232	852
Investing activities				
Direct and indirect acquisitions of investment properties	-2,830	-1,403	-12,026	-4,457
Direct and indirect divestments of investment properties	2,221	272	3,703	1,170
Investments in existing investment properties	-109	-41	-285	-224
Other	0	0	0	0
Cash flow from investing activities	-718	-1,172	-8,608	-3,511
Financing activities				
New issue of shares/warrants	0	1	1,327	8
Loans raised	3,711	2,049	10,583	5,457
Repayment of loans	-3,784	-738	-4,781	-2,394
Other	-9	-6	-29	-15
Cash flow from financing activities	-82	1,306	7,099	3,056
Cash flow for the period	-700	239	-276	396
Cash and cash equivalents at the beginning of the period	1,012	350	588	192
Cash and cash equivalents at the end of the period	312	588	312	588
Interest received	0	0	0	0
Interest paid	-92	-51	-301	-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 December 31, 2019, growth in cash flow per share amounted to 42 percent.

INVESTMENT PROPERTIES

The property portfolio on December 31, 2020 primarily comprised office properties in high-growth municipalities and warehouse/logistics properties at transportation hubs in Sweden, which jointly accounted for 76 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 Estea AB for a total value of SEK 2.5 billion. A portfolio of logistics properties was divested for a total value of SEK 2.1 billion. One of the eight logistics properties will be vacated in 2022.

In addition to the office and warehouse/logistics properties, retail properties comprised 9 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 95.4 percent and the remaining lease term was 4.4 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 5.2 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 amounted to MSEK +19 during the year, of which tenant bankruptcies comprised MSEK –3. New leases were finalized for properties including Snickaren 12 in Växjö, Blåbäret 4 in Oskarshamn, Mården 11 in Luleå and Bockasjö 1 in Borås, for a total annual value of MSEK 34. The net result of finalized renegotiations and notices of termination for renegotiation received amounted to MSEK –9, of which a large notice of termination for renegotiation was for a property that was vacated in the fourth quarter.

The total rental value on the balance-sheet date amounted to MSEK 2,451, of which vacancy rent was MSEK 169. The share of rental income connected to the consumer price index (CPI) corresponded to 89 percent of total rental income. Nyfosa had 5,805 leases including 2,493 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 only 14 percent of total rental income and are distributed between 213 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. Of total rental income, tax-financed rent contributed 27 percent.

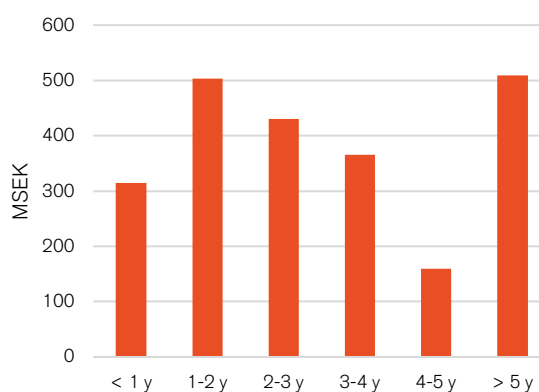
In addition to the wholly owned property portfolio, Nyfosa owns 50 percent of the shares in the property company Söderport, whose property portfolio has a total value of SEK 11.9 billion.

KEY FIGURES FOR THE PROPERTY PORTFOLIO

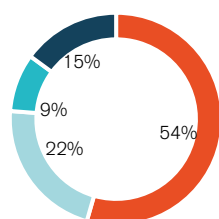
	Dec 31	
	2020	2019
Property value, MSEK	29,411	19,602
Rental value, MSEK	2,451	1,740
Leasable area, 000s sqm	2,380	1,877
No. of properties	361	230
Economic leasing rate, %	93.1	90.9
Remaining lease term, years	3.7	4.1
Surplus ratio ¹ , %	70.5	69.6
Yield ¹ , %	5.4	5.6

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

LEASE MATURITY STRUCTURE

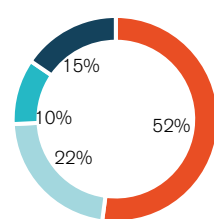


PROPERTY VALUE BY CATEGORY



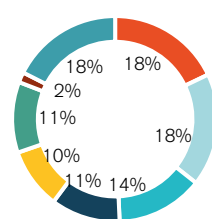
- Offices, MSEK 16,018
- Warehouse/Logistics, MSEK 6,399
- Retail, MSEK 2,602
- Other, MSEK 4,393

RENTAL VALUE BY CATEGORY



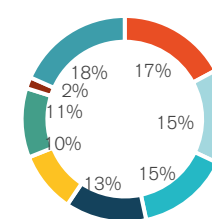
- Offices, MSEK 1,278
- Warehouse/Logistics, MSEK 542
- Retail, MSEK 252
- Other, MSEK 379

PROPERTY VALUE BY REGION



- Mälardalen, MSEK 5,263
- Greater Stockholm, MSEK 5,218
- Coast of Norrland, MSEK 4,021
- Småland, MSEK 3,206
- Greater Malmö, MSEK 2,800
- Värmland, MSEK 3,273
- Greater Gothenburg, MSEK 473
- Other, MSEK 5,158

RENTAL VALUE BY REGION



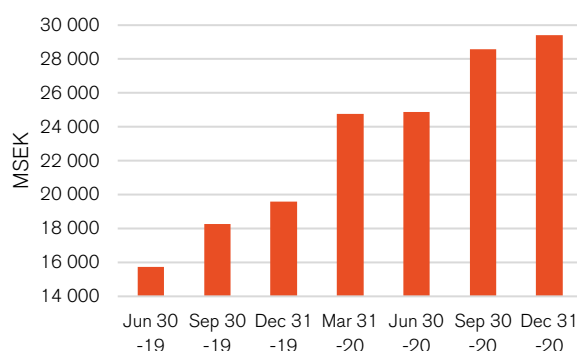
- Mälardalen, MSEK 421
- Greater Stockholm, MSEK 364
- Coast of Norrland, MSEK 359
- Småland, MSEK 312
- Greater Malmö, MSEK 234
- Värmland, MSEK 267
- Greater Gothenburg, MSEK 43
- Other, MSEK 450

TREND IN PROPERTY PORTFOLIO

CHANGES IN VALUE

MSEK	Jan 1–Dec 31	
	2020	2019
At the beginning of the period	19,602	15,582
Acquired properties	12,217	4,516
Investments in existing properties	285	224
Divested properties	-3,756	-1,193
Realized changes in value	327	-22
Unrealized changes in value	737	493
At the end of the period	29,411	19,602

TREND IN PROPERTY PORTFOLIO



TRANSACTIONS AND INVESTMENTS

Acquired properties, January–December 2020

The company's rate of growth during the year was high. The largest acquisitions were three portfolios totaling SEK 11.6 billion. The acquisitions contributed to growth in cash flow, but also a higher share of tax-financed operations among tenants. A full 79 percent of the rental value of the portfolio acquired from SBB i Norden AB was allocated to the government, municipalities or county councils as tenants, such as the Swedish Transport Agency, the Swedish National Board of Housing, Building and Planning and the Swedish Police Authority. The corresponding share of the portfolio acquired from Estea AB was 55 percent of the rental value. Many large companies are found among other tenants, such as Lantmännen, Vattenfall and Dagab.

In addition to the three large portfolios, several smaller transactions were carried out. All of them made very good contributions to continued growth in cash flow with high returns on capital invested. Tenants include Coop and its Stora Coop concept, Nordic Wellness and more.

Municipality	No. of properties	Category	Area, 000s of sqm
Karlstad, Västerås, Luleå, etc.	63	Offices	418
Karlstad, Malmö, Huddinge, etc.	24	Warehouse/logistics	157
Motala, Karlstad, Skara, Malmö, etc.	18	Retail	56
Uppsala, Karlstad, Malmö, etc.	37	Other	155

Investments in existing properties, January–December 2020

Investments of MSEK 285 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. The Blåbäret 4 project in Oskarshamn comprises modifications for the tenant Sizes Works.

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	32	73	Q3, 2021
Luleå	Mården 11	Offices	Luleå municipality	11	13	68	Q4, 2021
Gävle	Norr 12:5	Offices	Försäkringskassan	6	1	69	Q3, 2021
Oskarshamn	Blåbäret 4	Warehouse	Sizes	15	2	15	Q2, 2021

Divested properties, January–December 2020

During the year, properties were divested for a total of SEK 3.8 billion, of which SEK 2.1 billion was attributable to a logistics portfolio of eight properties with a leasable area of 203 thousand sqm.

Two properties, a residential property and a project property in the portfolio acquired from Estea AB were vacated in December for a total value of MSEK 445.

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

A retail property in central Linköping was divested earlier in the year. The property had a rental value of MSEK 9, of which 60 percent derives from retail.

YIELD REQUIREMENT FOR VALUATION OF INVESTMENT PROPERTIES

The weighted yield requirement for externally valued properties on December 31, 2020 was 6.03 percent, and the weighted cost of capital for the present value calculation of cash flows and residual values was a nominal 7.70 percent and 8.02 percent, respectively. When last valued on September 30, 2020, the yield requirement was 6.11 percent, and the weighted cost of capital for the present value calculation of cash flows and residual values was 8.00 percent and 8.20 percent, respectively.

Sensitivity analysis – change in value for changes in valuation parameters

December 31, 2020	%	MSEK
Change in net operating income ¹	+/-5.00	+/-1,020
Change in yield requirement	+/-0.25	+/-1,272
Change in growth assumptions	+/-0.50	+/-127
Change in discount rate	+/-0.25	+/-987

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 any significant impact on Nyfosa's property values, mainly because the portfolio has low exposure to tenants in the tourism industry and other operations that were markedly affected by pandemic.

ENVIRONMENTALLY CERTIFIED BUILDINGS AND SUSTAINABILITY INITIATIVES

In 2020, we conducted a stock-take of most of the energy and environmental impact of the property portfolio and analyzed 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.

The portfolio currently contains 11 properties that have environmental certification. Six properties in Värnamo were certified at the Good level of BREEAM In Use during the year. It is expected that it will be possible for five of these to be upgraded to the Very Good level. The properties were identified as part of a review of environmental and energy potential and subsequently underwent an optimization program. 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 one 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.

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

MSEK	Dec 31
	2020
Rental income	2,233
Property expenses	-595
Property administration	-63
Net operating income	1,575
Central administration	-95
Share in profit of joint ventures	237
Financial expenses	-370
<i>of which ground rent</i>	-5.3
Profit from property management	1,347
Equity per share on balance-sheet date, SEK	7.30

The company's current earnings capacity on a 12-month basis on December 31, 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 December 31, 2020, including allocated opening charges, a total of 2.13 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 82 properties (80) with a total property value of MSEK 11,910 (10,853). 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 20 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 894 (835). Leases have an average remaining term of 4.7 years (4.6). The total leasable area amounted to 778 thousand sqm (761). The economic leasing rate was approximately 94.3 percent (96).

TORSLANDA PROPERTY INVESTMENT AB

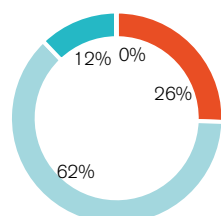
78.4 percent of the company Torslanda Property Investment AB ("TPI") is owned and is thus consolidated with Söderport's statement of profit/loss and statement of financial position below. The minority share in TPI, corresponding to 21.6, is the reason that Nyfosa's participation does not correspond to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

TPI is a Swedish property group that owns and manages eight properties in Torslanda, Gothenburg. The property portfolio, which is valued at MSEK 3,165, encompasses 226 thousand sqm of leasable area that is mainly utilized as office space. The leasing rate is 99.6 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

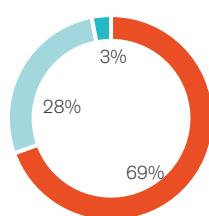
MSEK	Full-year		MSEK	Dec 31	
	2020	2019		2020	2019
Rental income	818	708	Investment properties	11,910	10,853
Net operating income	679	566	Cash and cash equivalents	161	242
Net interest income	-185	-164	Other assets	338	337
Profit from property management	466	393	Equity	4,136	3,905
Changes in value of properties and derivatives	594	832	<i>of which, Nyfosa's share</i>	<i>1,916</i>	<i>1,812</i>
Tax	-217	-237	Interest-bearing liabilities	6,354	5,828
Profit for the period	844	989	Deferred tax liabilities, net	1,087	909
<i>Of which, Nyfosa's share</i>	<i>404</i>	<i>491</i>	Derivatives, net	221	216
			Other liabilities	612	583

PROPERTY VALUE BY CATEGORY



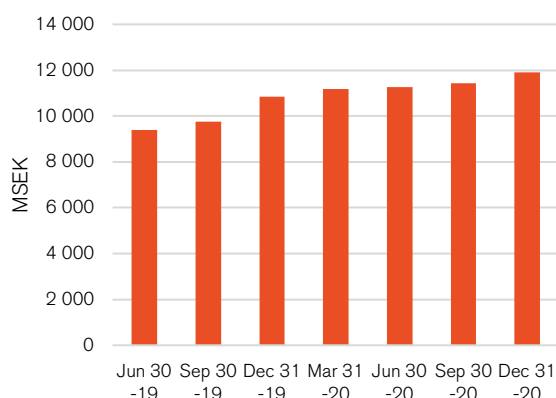
- Offices, MSEK 3,044
- Warehouse, MSEK 7,421
- Industry, MSEK 1,432
- Other, MSEK 12

RENTAL VALUE BY CATEGORY



- Greater Stockholm, MSEK 621
- Greater Gothenburg, MSEK 246
- Other, MSEK 27

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 13,331 and total interest-bearing liabilities to MSEK 17,055, of which bank loans with properties as collateral amounted to MSEK 15,555 and senior unsecured bond loans to MSEK 1,500.

The total net loan-to-value ratio of the properties was 56.9 percent (54.6). 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 1,501 of the total amount granted of MSEK 2,397 against collateral in existing properties. To utilize the remaining MSEK 1,483 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, December 31

MSEK	Dec 31	
	2020	2019
Cash and cash equivalents	312	588
Unutilized revolving credit facility ¹	896	1,105
Unutilized overdraft facilities	200	200
Total	1,408	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, December 31, 2020

MSEK	Framework	Amount granted	Amount utilized	Unutilized amount
Total	3,880	2,397	1,501	896

Interest-bearing liabilities

During the year, the company raised new fixed-term loans totaling MSEK 6,625 in connection with acquisitions and refinanced bank loans of SEK 2,138. The utilization of revolving credit facilities declined by MSEK 172. Ongoing repayments of MSEK 139 were made and repayments in connection with divestments amounted to MSEK 1,464. 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	Full-year	
	2020	2019
Interest-bearing liabilities at the beginning of the period	11,282	8,240
Repayment of bank loans	-4,781	-2,394
Bond loans issued	-	1,500
Bank loans raised	10,583	3,957
Changes in borrowing fees	-29	-21
Interest-bearing liabilities at the end of the period	17,055	11,282

Bank loans of MSEK 695 fall due for payment in 2021. 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, December 31, 2020

Year	Fixed-rate period ¹		Loan maturity	
	MSEK	%	MSEK	%
Within 1 year	9,029	53%	695	4%
1-2 years	1,200	7%	4,948	29%
2-3 years	1,575	9%	2,419	14%
3-4 years	4,008	23%	6,435	38%
4-5 years	1,342	8%	2,658	15%
>5 years	0	0%	0	0%
Total	17,154	100%	17,154	100%

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 8,425 on the balance-sheet date, corresponding to 49 percent of interest-bearing liabilities.

Sensitivity analysis

Earnings effect of change in average interest on debt, MSEK	Change	Dec 31	
		2020	2019
Interest expenses assuming current fixed-interest periods and changed interest rates ¹	+/-1% point	+149/-15	+100/-16
Interest expenses assuming change in average interest rate ²	+/-1% point	+/-172	+/-114
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/-1% point	+/-7	+/-4

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, December 31, 2020

	Dec 31	
	2020	2019
Debt/equity ratio, multiple	1.3	1.1
Average interest ¹ , %	1.9	1.8
Average remaining fixed-rate period, years	1.6	1.2
Average remaining loan maturity period, years	2.9	2.7
Interest-rate hedged portion of liabilities, %	49.0	42.9
Fair value of derivatives, MSEK	3	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 28 of this year-end 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				
	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
Property-related key figures					
Income, MSEK	2,035	1,860	1,637	1,478	1,370
Property expenses, MSEK	-557	-516	-480	-441	-415
Property administration, MSEK	-63	-55	-53	-50	-50
Net operating income, MSEK	1,415	1,289	1,104	988	905
Surplus ratio, %	69.5	69.3	67.4	66.8	66.0
Property value on balance-sheet date, MSEK	29,411	28,587	24,882	24,782	19,602
Share-related key figures					
Profit from property management per share, SEK	7.35	8.05	7.58	7.49	6.63
Profit from property management excluding changes in value and tax in joint ventures, SEK	6.31	6.11	5.52	5.27	4.85
Distributable cash flow per share, SEK	6.71	6.51	5.94	5.17	4.73
Earnings per share before dilution, SEK	12.25	12.80	10.50	11.12	8.24
Earnings per share after dilution, SEK	12.25	12.80	10.50	11.12	8.24
EPRA NRV per share on balance-sheet date, SEK	79.91	77.32	72.78	71.18	65.37
EPRA NTA per share on balance-sheet date, SEK	77.33	72.55	67.57	66.11	60.11
EPRA NDV per share on balance-sheet date, SEK	72.27	69.57	65.13	63.79	58.32
Key financial data					
Return on equity, %	19.3	20.6	17.4	18.5	15.2
Equity/assets ratio on balance-sheet date, %	41.8	40.5	41.6	42.0	44.1
Loan-to-value ratio of properties on balance-sheet date, %	58.0	59.9	61.3	59.2	57.6
Net loan-to-value ratio of properties on balance-sheet date, %	56.9	56.4	53.2	55.3	54.6
Interest-coverage ratio, multiple	3.8	4.0	4.1	4.5	4.2

RECONCILIATION OF KEY FIGURES

	Last 4 quarters				
	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
Distributable cash flow					
Profit from property management last four quarters, MSEK	1,334	1,429	1,314	1,267	1,112
Depreciation of equipment, last four quarters, MSEK	1	1	0	0	0
Share in profit of joint ventures last four quarters, MSEK	-404	-554	-566	-576	-491
Dividend received from joint ventures last four quarters, MSEK	300	300	300	200	200
Income tax paid last four quarters, MSEK	-11	-20	-18	-17	-27
Average number of shares, millions	182	177	173	169	168
Distributable cash flow per share, SEK	6.71	6.51	5.94	5.17	4.73

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				
	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
Net asset value					
Equity, MSEK	13,333	12,836	12,016	11,769	9,781
Deferred tax, MSEK	760	806	813	770	627
Derivatives, MSEK	-3	-3	-3	-1	-2
Deferred tax in joint ventures, 50%, MSEK	544	511	488	484	454
Derivatives in joint ventures, 50%, MSEK	110	115	114	112	104
Number of shares, millions	185	185	185	185	168
EPRA NRV per share, SEK	79.91	77.32	72.78	71.18	65.37
Estimated actual deferred tax, MSEK ¹	-399	-474	-576	-557	-529
Estimated actual deferred tax ¹ in JV, Nyfosa's share, MSEK	-236	-211	-205	-207	-226
EPRA NTA per share, SEK	76.47	73.60	68.55	67.04	60.87
Deferred tax, MSEK	-361	-332	-237	-213	-98
Derivatives, MSEK	3	3	3	1	2
Deferred tax in JV, Nyfosa's share, MSEK	-307	-300	-283	-276	-228
Derivatives in JV, Nyfosa's share, MSEK	-110	-115	-114	-112	-104
EPRA NDV per share, SEK	72.27	69.57	65.13	63.79	58.32

1. Assumptions include that loss carryforwards are expected to be used in the next five years with nominal tax of 20.6 percent. The property portfolio is expected to be realized over 50 years when the entire portfolio will be indirectly sold via companies and the purchaser's deduction for deferred tax is 7 percent. The discount rate amounted to 3 percent.

Net asset value is the total capital that the company manages on behalf of its owners and the value can be calculated in different ways depending on the time perspective and turnover rate in the property portfolio. EPRA NRV (Net Reinvestment Value) is based on the company never selling its assets and aims to reflect the value required for building up the operations again. Equity in the statement of financial position was adjusted for items that do not involve any payment in the near future, such as 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' statement of financial position. EPRA NTA (Net Tangible Assets) assumes that the company will make property transactions and thus be liable to pay certain taxes. The performance measure comprises equity according to the statement of financial position adjusted for the portion of deferred tax, both in Nyfosa's statement of financial position and Nyfosa's share of deferred tax in joint ventures' statement of financial position, measured at market value taking into consideration how the company has carried out property transactions in the past few years. EPRA NDV (Net Disposal Value) comprises equity according to the statement of financial position.

	Last 4 quarters				
	Dec 31, 2020	Sep 30, 2020	Mar 30, 2020	Mar 31, 2020	Dec 31, 2019
Return on equity					
Profit after tax last four quarters, MSEK	2,225	2,271	1,820	1,881	1,382
Average equity for last four quarters, MSEK	11,557	11,036	10,442	10,161	9,087
Return on equity, %	19.3	20.6	17.4	18.5	15.2

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				
	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
Loan-to-value ratio and net loan-to-value ratio					
Interest-bearing liabilities, MSEK	17,055	17,136	15,249	14,667	11,282
Property value, MSEK	29,411	28,587	24,882	24,782	19,602
Loan-to-value ratio, %	58.0	59.9	61.3	59.2	57.6
Cash and cash equivalents, MSEK	312	1,012	2,016	966	588
Net loan-to-value ratio, %	56.9	56.4	53.2	55.3	54.6

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				
	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
Interest-coverage ratio					
Profit from property management last four quarters, MSEK	1,334	1,429	1,314	1,267	1,112
Share in profit of joint ventures last four quarters, MSEK	404	554	566	576	491
Depreciation last four quarters, MSEK	-1	-1	0	0	0
Financial income and expenses last four quarters, MSEK	-327	-290	-245	-200	-195
Interest-coverage ratio, multiple	3.8	4.0	4.1	4.5	4.2

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.

OTHERS DISCLOSURES

SHARE AND SHAREHOLDERS

The volume weighted average price on the interim period's last day of trading, December 30, 2020, was SEK 82.56, corresponding to a total market capitalization of MSEK 15,233. Nyfosa had 19,232 shareholders, of which Swedish investors, institutions and private individuals owned 74.4 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	15,717,792	8.5	8.5
Swedbank Robur Funds	12,424,228	6.7	6.7
Handelsbanken Funds	11,225,131	6.1	6.1
AB Sagax	8,725,000	4.7	4.7
SEB Funds	7,277,991	3.9	3.9
BlackRock	6,060,420	3.3	3.3
Norges Bank	5,970,860	3.2	3.2
Fourth Swedish National Pension Fund	5,968,408	3.2	3.2
Vanguard	5,654,446	3.1	3.1
Jens Engwall	5,243,857	2.8	2.8
Other	100,232,940	54.3	54.3
Total	184,501,073	100.0	100.0

NEW CEO

On October 26, Stina Lindh Hök assumed the position as the new CEO of Nyfosa AB, succeeding Jens Engwall who is continuing to serve the company as advisor.

ANNUAL GENERAL MEETING

Nyfosa's 2021 Annual General Meeting (AGM) will be held in Stockholm on April 21, 2021. Shareholders who wish to have a matter addressed at the AGM are to submit a written motion to Nyfosa AB, Att: Juridik, Box 4044, SE-131 04 Nacka, Sweden. Motions must be received not later than seven weeks prior to the AGM in order for it to be certain that such a motion will be included in the notice of the AGM. Motions received are only included on the agenda of the AGM if they are appropriate to be resolved on by the AGM and have been submitted within the correct time.

More detailed information about the AGM will be announced in connection with the notice of the Meeting. For more information about the AGM, visit www.nyfosa.se.

PROPOSED DIVIDENDS

The Board proposes that the Annual General Meeting resolves on an ordinary dividend of SEK 3.00 per share with quarterly payment of SEK 0.75 per share, and an extra dividend of SEK 1.00 per share.

ASSURANCE FROM THE CEO

The CEO gives her 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, February 15, 2021

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

Stina Lindh Hök

Chief Executive Officer

FINANCIAL CALENDAR

2020 Annual Report	Week beginning March 22, 2021
Interim report January–March 2021	April 21, 2021
Annual General Meeting	
Interim report January–June 2021	April 21, 2021
Interim report January–September 2021	July 13, 2021
	October 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

Stina Lindh Hök, CEO

Tel: +46 (0)70 577 18 85
 E-mail: stina.lindh.hok@nyfosa.se

Ann-Sofie Lindroth, Head of Financial Control

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

This interim report is unaudited.

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 February 15, 2021 at 7:30 a.m. CET.

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, Level 3 according to IFRS 13, 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. Unused loss carryforwards are valued at MSEK 221, corresponding to 20.6 percent in the balance sheet. Nyfosa has not revaluated this value

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 7.2 percent (12.3). The deviation from the nominal tax rate of 21.4 percent was 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 12,720, which means that temporary differences of MSEK 12,280 were not recognized in the statement of financial position.

Reconciliation of effective tax, MSEK	%	
Profit before tax for the period		2,399
Tax according to applicable tax rate for Parent Company	-21.4	-513
Non-deductible costs and tax-exempt income	-0.3	-8
Profit from participations in joint ventures	3.6	87
Capitalization and utilization of loss carryforwards not capitalized in prior years	0.4	10
Non-taxable sales of properties	11.4	274
Other	-1.0	-22
Recognized effective tax	-7.3	-174

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. All derivatives are classified in Level 2 according to IFRS 13 and are measured at their fair value in the statement of financial position. 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	Dec 31	
	2020	2019
Derivatives with positive values	3	2
Derivatives with negative values	-	-

NOTE 7 FINANCING

For information regarding changes in loans, interest rates and credit terms, refer to pages 16–17 of this interim report.

NOTE 8 SHAREHOLDERS' EQUITY

Date	Event	Change in share capital (SEK)	Change 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 15 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 has no receivables from joint ventures on December 31, 2020.

NOTE 10 SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

Nyfosa has signed an agreement to divest a property centrally located in Södertälje at an underlying value of MSEK 220 to Tingsön Fastigheter AB.

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 11.9 billion. Furthermore, the company owns 100 percent of the participations in Nyfosa Holding AB, which indirectly owns properties for SEK 29.4 billion.

The company's organization comprises 67 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	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Net sales	27	18	87	60
Personnel costs	-24	-17	-86	-56
Other external costs	-11	-6	-42	-43
Depreciation/amortization	0	0	0	0
Loss before financial income and expenses	-8	-5	-42	-39
Profit from participations in joint ventures	0	0	300	200
Profit from participations in Group companies	1,850	400	1,850	400
Interest income and similar income items	73	0	82	2
Interest expenses and similar expense items	-15	-11	-62	-24
Profit before appropriations	1,899	384	2,128	538
Appropriations				
Provision to tax allocation reserve	0	-7	7	-7
Group contributions paid/received	35	78	35	78
Profit before tax for the period	1,934	455	2,170	609
Tax	1	-5	1	-5
Profit for the period	1,936	451	2,174	605

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

STATEMENT OF FINANCIAL POSITION

MSEK	Dec 31	
	2020	2019
ASSETS		
Participations in Group companies	0	0
Participations in joint ventures	412	412
Receivables from Group companies	5,377	90
Deferred tax assets	1	
Total non-current assets	5,791	503
Current receivables from Group companies	5,239	8,241
Other current receivables	8	11
Cash and bank balances	145	236
Total current assets	5,391	8,488
TOTAL ASSETS	11,181	8,990
EQUITY AND LIABILITIES		
Restricted equity	92	84
Unrestricted equity	8,365	4,876
Equity	8,458	4,960
Untaxed reserves	0	7
Bonds	1,491	1,486
Other non-current liabilities	4	9
Total non-current liabilities	1,495	1,495
Liabilities to Group companies	1,174	2,483
Other current liabilities	55	46
Total current liabilities	1,229	2,529
Total liabilities	2,724	4,031
TOTAL EQUITY AND LIABILITIES	11,181	8,990

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>
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 wholly owned investment properties and derivatives. These are reported separately in the statement of profit/loss. However, changes in value and tax are included in the share in profit of joint ventures in profit from property management.</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>

EPRA NRV*	<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>
EPRA NTA*	<p>Equity plus derivatives and adjusted for actual deferred tax liabilities instead of nominal deferred tax.</p> <p>Purpose: To show the fair value of net assets from a long-term perspective but under the assumption that assets are traded. Accordingly, assets and liabilities in the statement of financial position that are not adjudged to be realized, such as the fair value of derivatives, are excluded but the market value of deferred tax is included. The corresponding items in the company's participations in joint ventures are also excluded from the performance measure.</p>
EPRA NDV*	<p>Equity according to the statement of financial position.</p> <p>Purpose: The performance measure shows how large a share of the company's recognized equity each share represents.</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	<p>Signed new leases for the period less terminations.</p>
Revolving credit facility	<p>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.</p>
Interest-rate cap	<p>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.</p>
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