

A large, illuminated sign spelling "NYFOSA" in a bold, sans-serif font. The sign is set against a dramatic sunset sky with a bright sun on the left and a dark city skyline in the background. The sign is supported by several vertical poles.

**NYFOSA**

**ADMISSION TO TRADING OF THE SHARES IN  
NYFOSA AB  
ON NASDAQ STOCKHOLM**

**SEB**

Swedbank 

## IMPORTANT INFORMATION

This Prospectus (the "**Prospectus**") has been prepared due to the extraordinary general meeting of Hemfosa Fastigheter AB ("**Hemfosa**") resolving on 13 September 2018 to distribute all of the shares in Nyfosa AB ("**Nyfosa**" or the "**Company**") by way of distribution to the ordinary shareholders of Hemfosa, and due to the board of directors of Nyfosa's application for admission to trading of Nyfosa's shares on Nasdaq Stockholm. For definitions of specific terms used in the Prospectus, refer to the section "*Specific definitions and abbreviations*" on the following page.

The Prospectus is governed by Swedish law. Disputes arising in connection with the Prospectus or any subsequent legal matters are to be settled exclusively by the courts of Sweden. This Prospectus has been prepared in both a Swedish and an English-language version. In the event of discrepancies between the versions, the Swedish version shall prevail. The Swedish version of the Prospectus has been approved and registered by Finansinspektionen (Swedish Financial Supervisory Authority) in accordance with the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (1991:980). Approval and registration does not infer that Finansinspektionen guarantees that the factual information in the Prospectus is accurate or complete.

The Prospectus has only been prepared in connection with an application for admission to trading of the shares in Nyfosa on Nasdaq Stockholm and does not contain an offer to subscribe for or otherwise acquire shares or other financial instruments in the Company either in Sweden or in any other jurisdiction. This Prospectus or other material attributable to the Prospectus may not be distributed or published in any jurisdiction except in accordance with applicable laws and regulations. Recipients of this Prospectus are required to inform themselves about, and comply with these restrictions, and in particular, not publish or distribute the Prospectus in conflict with applicable laws and regulations. Any failure to comply with these restrictions may result in a violation of applicable securities regulations.

An investment in securities is associated with certain risks (refer to the section "*Risk factors*"). When investors make an investment decision, they must rely on their own assessment of Nyfosa, including applicable facts and risks. Prior to making an investment decision, potential investors should engage their own professional advisor and carefully evaluate and give due consideration to the investment decision. Investors may rely only on the information contained in this Prospectus and any supplements to the Prospectus. No person has been authorised to provide any information or make any statements other than those contained in the Prospectus. If this nevertheless takes place, such information and such statements are not to be deemed as approved by Nyfosa and the Company is not responsible for such information or such statements. Neither publication nor distribution of this Prospectus, or any transactions that take place on the basis of the Prospectus, are to be deemed to entail that the information in the Prospectus is correct and valid at any other time than the date of publication or that any changes have been made to Nyfosa's operations after this date. Should any material change occur in the information contained in the Prospectus, such material change will be published in accordance with the provisions on supplements to Prospectuses as stipulated in the Swedish Financial Instruments Trading Act. This Prospectus is available at Nyfosa's office and website, [www.nyfosa.se](http://www.nyfosa.se), and on Swedbank and SEB's websites, [www.swedbank.se/prospectus](http://www.swedbank.se/prospectus) and <https://sebgroupp.com/prospectuses>, respectively.

### Information to investors in the United States

The shares in Nyfosa have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "**U.S. Securities Act**") or the securities legislation of any other state or other jurisdiction in the United States and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the United States except under an available exemption from, or by a transaction not subject to, the registration require-

ments under the U.S. Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States. The transaction is expected to be subject to the exemption from registration under Rule 12g3-2(b) of the United States Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), and accordingly the shares in Nyfosa will not be registered under the U.S. Exchange Act and Nyfosa will not be subject to the reporting requirements of the U.S. Exchange Act. The shares in Nyfosa have neither been approved nor rejected by the United States Securities and Exchange Commission, any state securities authority or any other authority in the United States. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. To assert the contrary is a criminal offence in the United States.

### Forward-looking statements and risk factors

The Prospectus contains certain forward-looking statements that reflect Nyfosa's current views on future events and as well as financial and operational development. Such words as "intends", "assesses", "expects", "can", "plans", "appreciates", "estimates" and other expressions that relate to indications or predictions concerning future development or trends and that do not refer to historical facts constitute forward-looking statements. Forward-looking statements are, by nature, associated with known, as well as unknown, risks and uncertainties, given their dependence on future events and circumstances. Forward-looking statements are no guarantee of future results or trends, and the actual results could differ materially from those contained in the forward-looking statements.

Factors that could result in Nyfosa's future earnings and performance deviating from the content of the forward-looking statements include, but are not limited to, the descriptions in the section "*Risk factors*." Nyfosa makes no undertakings that it will disclose updates or revisions of forward-looking statements due to new information, future events or other such matters above and beyond what is required according to applicable laws.

### Industry and market information

This Prospectus contains industry and market information relating Nyfosa's operations and the market in which the Company operates. Such information is based on the Company's analysis of several different sources. Industry publications or reports generally state that the information reproduced therein has been obtained from sources deemed to be reliable, but the accuracy and completeness of such information cannot be guaranteed. The Company has not independently verified and cannot give any assurances as to the correctness of industry and market information contained in this Prospectus that were extracted or derived from such industry publications or reports. Industry and market information is inherently forward-looking, subject to uncertainty and does not necessarily reflect actual market conditions. Such information is based on market surveys, which in turn are based on selection and subjective assessments, including assessments about the type of products and transactions that should be included in the relevant market, in respect to both those who perform the surveys and the respondents. Information from third parties has been accurately reproduced and, as far as the Company is aware and can ascertain by comparisons with other information published by the relevant third parties, no information has otherwise been omitted that could render the reproduced information inaccurate or misleading.

### Presentation of financial information

Certain financial and other information that is presented in the Prospectus has been rounded to make the information easily comprehensible to the reader. Accordingly, the figures contained in certain columns do not tally exactly with the total amount specified. Except as expressly indicated herein, no information in the Prospectus has been audited or reviewed by the Company's auditors.

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### IMPORTANT DATES

Final date for trading in Hemfosa's ordinary share with the right to distribution of shares in Nyfosa	19 Nov 2018
Hemfosa's ordinary shares are traded excluding the right to distribution of shares in Nyfosa	20 Nov 2018
Record date for receiving shares in Nyfosa	21 Nov 2018
Expected first day of trading in Nyfosa's shares on Nasdaq Stockholm	23 Nov 2018

### OTHER INFORMATION

ISIN code for Nyfosa's shares	SE0011426428
Ticker for Nyfosa's shares on Nasdaq Stockholm	NYF

### FINANCIAL CALENDAR

Year-end report for the period 1 January – 31 December 2018	12 Feb 2019
Interim report for the period 1 January – 31 March 2019	9 May 2019
Annual General Meeting 2019	9 May 2019

### SPECIFIC DEFINITIONS AND ABBREVIATIONS

“**Company**” or “**Nyfosa**” refers, depending on the context, to Nyfosa AB, reg. no. 559131-0833, or the group in which Nyfosa AB is the parent company.

“**Euroclear**” refers to Euroclear Sweden AB.

“**Group**” refers to the group in which Nyfosa AB is the parent company.

“**Hemfosa**” refers, depending on the context, to Hemfosa Fastigheter AB (publ), reg. no. 556917-4377, or the group in which Hemfosa Fastigheter AB is the parent company.

“**Hemfosa Group**” refers to the group in which Hemfosa Fastigheter AB is the parent company.

“**Nasdaq Stockholm**” refers to Nasdaq Stockholm AB's main market.

“**Prospectus**” refers to this prospectus.

“**SEB**” refers to Skandinaviska Enskilda Banken AB (publ).

“**SEK**” refers to Swedish krona, “**SEK million**” refers to millions of Swedish krona and “**SEK billion**” refers to billions of Swedish krona.

“**Sqm**” refers to square meters; “**thousand sqm**” refers to thousands of square meters.

“**Swedbank**” refers to Swedbank AB (publ).

“**Söderport**” refers to property company Söderport Holding AB, reg. no. 556819-2230.

# SUMMARY

This summary contains specific disclosure requirements arranged into paragraphs. The paragraphs are numbered under the sections A–E (A.1–E.7). The summary contains the paragraphs required for a prospectus summary for this type of securities and issuer. Since some items are not applicable for all types of prospectuses, there may be gaps between the numbering in some of the paragraphs. Although the inclusion of a paragraph may be required in this type of prospectus summary, the equivalent information may not always be available. In this case, the paragraph is marked “not applicable” followed by a brief description of the disclosure requirement.

## SECTION A – INTRODUCTION AND WARNINGS

<b>A.1</b>	<i>Introduction and warnings</i>	<ul style="list-style-type: none"><li>■ This summary should be read as an introduction to the Prospectus.</li><li>■ Any decision to invest in Nyfosa should be based on an assessment of the Prospectus in its entirety by the investor.</li><li>■ Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor may, under the national legislation of the member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</li><li>■ Civil liability can be imposed on those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</li></ul>
<b>A.2</b>	<i>Consent and financial intermediaries</i>	Not applicable. Financial intermediaries are not entitled to use the Prospectus for subsequent resale or final placement of securities.

## SECTION B – ISSUER AND ANY UNDERWRITERS

<b>B.1</b>	<i>Legal and commercial name</i>	The Company's legal and commercial name is Nyfosa AB, corporate registration number 559131-0833. The Company's shares will be traded on Nasdaq Stockholm under the ticker NYF.
<b>B.2</b>	<i>Registered office and legal form, etc.</i>	The board of directors has its registered office in the Municipality of Nacka, County of Stockholm. The Company was incorporated in Sweden and is a Swedish public limited liability company governed by the Swedish Companies Act (2005:551) (Sw. <i>aktiebolagslagen</i> ).
<b>B.3</b>	<i>Principle activities</i>	<p>Nyfosa is a transaction-based and opportunistic property company in which business activities are in focus. The Company's business concept is based on active participation in the Swedish transaction market combined with an investment strategy that can be flexible to the property market, meaning it is not limited by property category, region, scope of the transaction or holding period. A flexible investment strategy and an efficient and near-to-market organisation with documented transaction know-how and experience from assessing and evaluating risks provide Nyfosa with a solid foundation for creating and completing investments in properties or property portfolios that are often on the peripheral in terms of the types of investments preferred by other operators.</p> <p>The emphasis is on identifying values, assessing the development potential and leveraging business opportunities that may lead to a portfolio of high-yielding properties, primarily commercial.</p> <p>Nyfosa's property portfolio is divided into the categories of Offices, Logistics/Warehouse and Other. The properties are well diversified geographically and are mainly located in high-growth municipalities and transportation hubs in Sweden. As per 30 September 2018, the property portfolio comprised 176 properties with a total property value of SEK 15.4 billion and a rental value of SEK 1,402 million with a leasable area of 1,537 thousand sqm.</p>



**B.4a Trends** Nyfosa's operations are affected by the situation in the leasing market and transaction market for commercial properties, which is dependent on the general macroeconomic climate. The Company believes that the expansive monetary policy pursued in Sweden has created, and continues to nurture, a favourable climate for investing in and owning properties, with a sustained strong trend and demand in the Swedish property market. The Company believes that interest in property investments is widespread as illustrated by the continued liquid transaction market that featured high transaction volumes in 2017 and 2018. The Company continues to see high demand for premises in the leasing market, which combined with low supply means stable vacancy rates at low levels.

The Company believes that Sweden's economic prospects are favourable. However, the international macroeconomic outlook is more uncertain and the Company cannot disregard the risk of unfavourable external impulses. Market interest rates are at low levels and there is a risk that rates will gradually rise, which could increase property companies' financing costs and result in higher yield requirements and falling property values. Property prices are historically high, which could entail a risk of a counter-reaction and result in declining values.

**B.5 Description of the Group** Nyfosa is the parent company of the Group that, in addition to the Company, comprised a total of 161 directly and indirectly owned subsidiaries as per 30 September 2018.

**B.6 Major shareholders, notifiable individuals** In Sweden, the minimum threshold for notifiable holdings (flagging) is five percent of all shares or of the voting rights for all shares. On the publication date of the Prospectus, Hemfosa owns all of the shares in Nyfosa. Aside from Hemfosa, no other natural or legal persons were deemed notifiable as of the publication date of the Prospectus due to their shareholdings.

Following a resolution by Hemfosa's extraordinary general meeting on 13 September 2018, all shares in Nyfosa will be distributed to Hemfosa's ordinary shareholders in proportion to each individual ordinary shareholder's holding of ordinary shares in Hemfosa (the record date of the distribution is 21 November 2018), which is why Nyfosa's ownership structure on the date of the distribution of the shares to Hemfosa's ordinary shareholders will initially reflect the ownership structure of ordinary shares in Hemfosa. The table below shows the notifiable ordinary shareholders in Hemfosa as per 30 September 2018.

Shareholders	Number of shares	Percentage share	
		Capital	Votes
State Street Bank and Trust Co. W9	11,886,346	7.1%	7.1%
Swedbank Robur Funds	8,950,543	5.3%	5.3%
Kåpan Pensioner Försäkringsförening	8,716,274	5.2%	5.2%
<b>Total</b>	<b>29,553,163</b>	<b>17.6%</b>	<b>17.6%</b>

In addition to the shareholders listed in the table above, Nyfosa has no information concerning additional natural or legal persons in Hemfosa who are deemed notifiable due to their shareholdings.

**B.7 Condensed financial information/ Selected historical financial information** The Hemfosa Group was restructured between December 2017 and May 2018, as part of which the Hemfosa Group was divided into two separate legal structures, a specialised community service property group and a transaction-based, opportunistic group of other properties. Nyfosa became the parent company of the new transaction-based Group. The basis for the financial statements contained in this Prospectus is thus the financial information for a property portfolio comprising commercial properties with office, logistics and warehouse premises as well as a small number of other types of properties, such as retail properties in Hemfosa's consolidated financial statements for each financial year.

The formation of the Group is a transaction under common control. Since the operations have not historically formed a group according to the International Financial Reporting Standards ("IFRS") definition, there are no consolidated financial statements for prior periods. Accordingly, the historical financial information has been prepared as combined financial statements for the reporting unit comprising Nyfosa AB and the units included in the Group according to the current structure. The formation of the Group was concluded on 3 May 2018. Consolidated financial statements have been prepared as of this date.

The condensed financial information below pertaining to the full-year is derived from the Group's audited financial statements for the 2015–2017 financial years, which were prepared in accordance with the IFRS issued by the IASB and adopted by the EU. The consolidated financial statements for the 2015–2017 financial years, which are presented in their entirety in the section "Historical financial information", have been audited by the Company's auditor.

The condensed financial information (and key figures calculated according to IFRS) for the first nine months of 2017 and 2018 is derived from the Group's unaudited interim report for January–September 2018, which was prepared in accordance with IAS 34 Interim Financial Reporting. The interim report was reviewed by the Company's auditors in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

## SUMMARY

B.7 <i>Condensed financial information/ Selected historical financial information, cont.</i>	<b>Condensed consolidated statements of profit/loss</b>					
	<b>SEK million</b>	1 Jan – 30 Sep		1 Jan – 31 Dec		
		2018 <sup>1)</sup>	2017 <sup>1)</sup>	2017 <sup>2)</sup>	2016 <sup>2)</sup>	2015 <sup>2)</sup>
Rental income	744	630	870	824	877	
Other property income	4	154	161	18	4	
<b>Total income</b>	<b>748</b>	<b>784</b>	<b>1,031</b>	<b>842</b>	<b>881</b>	
Property expenses						
Operating expenses	-135	-109	-146	-145	-153	
Maintenance costs	-52	-44	-66	-79	-109	
Property tax	-33	-31	-42	-40	-40	
Property administration	-28	-23	-30	-35	-34	
<b>Net operating income</b>	<b>499</b>	<b>578</b>	<b>746</b>	<b>544</b>	<b>544</b>	
Central administration	-36	-5	-9	-13	-22	
Other operating income and expenses	-10	1	2	1	-11	
Share in profit of joint ventures	305	264	380	287	255	
Financial income and expenses	-91	-72	-106	-97	-127	
<b>Profit from property management</b>	<b>668</b>	<b>765</b>	<b>1,013</b>	<b>722</b>	<b>641</b>	
Changes in value of properties, realised	136	34	28	44	0	
Changes in value of properties, unrealised	654	229	348	347	439	
Changes in value of financial instruments, unrealised	-2	2	6	-1	-9	
<b>Profit before tax for the period</b>	<b>1,456</b>	<b>1,029</b>	<b>1,394</b>	<b>1,112</b>	<b>1,071</b>	
Current tax	-53	-3	-35	-27	10	
Deferred tax	-96	-89	-145	70	-147	
<b>Profit for the period</b>	<b>1,307</b>	<b>937</b>	<b>1,215</b>	<b>1,155</b>	<b>933</b>	

1) Derived from the Group's unaudited condensed interim report on and for the nine-month period ending 30 September 2018, except from current tax and deferred tax which are derived from the Group's internal reporting system.

2) Derived from the Group's audited financial statements for the financial years ending 31 December 2017, 2016 and 2015.

## SUMMARY

B.7 <i>Condensed financial information/ Selected historical financial information, cont.</i>	<b>Condensed consolidated statements of financial position</b>					
	<b>SEK million</b>	<b>30 Sep</b>		<b>31 Dec</b>		
		<b>2018<sup>1)</sup></b>	<b>2017<sup>1)</sup></b>	<b>2017<sup>2)</sup></b>	<b>2016<sup>2)</sup></b>	<b>2015<sup>2)</sup></b>
	<b>ASSETS</b>					
Investment properties	15,417	11,552	12,090	10,017	10,197	
Shares in joint ventures	1,414	1,199	1,315	1,035	856	
Derivatives	2	0	4	0	1	
Other fixed assets	1	1	1	1	1	
<b>Total fixed assets</b>	<b>16,834</b>	<b>12,752</b>	<b>13,410</b>	<b>11,052</b>	<b>11,055</b>	
Rent receivables	13	6	2	14	7	
Current receivables	108	52	59	32	12	
Cash and cash equivalents	316	185	160	253	126	
<b>Total current assets</b>	<b>436</b>	<b>243</b>	<b>222</b>	<b>298</b>	<b>145</b>	
<b>TOTAL ASSETS</b>	<b>17,270</b>	<b>12,996</b>	<b>13,632</b>	<b>11,351</b>	<b>11,199</b>	
	<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
<b>Equity</b>	<b>8,077</b>	<b>3,348</b>	<b>3,479</b>	<b>2,924</b>	<b>2,058</b>	
Non-current interest-bearing liabilities	7,069	3,351	3,617	2,798	4,771	
Other non-current liabilities	11	3	4	4	0	
Derivatives	–	0	–	3	8	
Deferred tax liabilities	478	349	404	261	372	
<b>Total non-current liabilities</b>	<b>7,558</b>	<b>3,703</b>	<b>4,025</b>	<b>3,066</b>	<b>5,151</b>	
Current interest-bearing liabilities	908	2,811	2,965	2,493	995	
Other current liabilities	726	3,134	3,162	2,868	2,995	
<b>Total current liabilities</b>	<b>1,634</b>	<b>5,945</b>	<b>6,128</b>	<b>5,361</b>	<b>3,990</b>	
<b>Total liabilities</b>	<b>9,193</b>	<b>9,648</b>	<b>10,153</b>	<b>8,427</b>	<b>9,142</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,270</b>	<b>12,996</b>	<b>13,632</b>	<b>11,351</b>	<b>11,199</b>	
	1) Derived from the Group's unaudited condensed interim report on and for the nine-month period ending 30 September 2018, except from rent receivables and current receivables which are derived from the Group's internal reporting system. 2) Derived from the Group's audited financial statements for the financial years ending 31 December 2017, 2016 and 2015.					

## SUMMARY

B.7 <i>Condensed financial information/ Selected historical financial information, cont.</i>	<b>Condensed consolidated statements of cash flow</b>					
	<b>SEK million</b>	<b>1 Jan – 30 Sep</b>		<b>1 Jan – 31 Dec</b>		
		<b>2018<sup>1)</sup></b>	<b>2017<sup>1)</sup></b>	<b>2017<sup>2)</sup></b>	<b>2016<sup>2)</sup></b>	<b>2015<sup>2)</sup></b>
	<b>Operating activities</b>					
Profit from property management	668	765	1,013	722	641	
Adjustments for non-cash items	–305	–264	–379	–266	–239	
Income tax paid	–4	5	–5	–2	0	
<b>Subtotal</b>	<b>358</b>	<b>506</b>	<b>629</b>	<b>454</b>	<b>402</b>	
Change in current receivables	–30	–13	–19	–27	–3	
Change in current liabilities	752	30	–133	96	198	
<b>Cash flow from operating activities</b>	<b>1,081</b>	<b>523</b>	<b>477</b>	<b>523</b>	<b>597</b>	
	<b>Investing activities</b>					
Direct and indirect acquisitions of investment properties	–3,654	–1,356	–1,735	–392	–62	
Direct and indirect divestments of investment properties	1,202	268	307	1,175	0	
Investments in existing investment properties	–143	–185	–260	–253	–235	
Dividend from joint ventures	200	100	100	100	50	
Other	6	–2	–3	–6	1	
<b>Cash flow from investing activities</b>	<b>–2,389</b>	<b>–1,175</b>	<b>–1,591</b>	<b>624</b>	<b>–246</b>	
	<b>Financing activities</b>					
New issue	84	–	–	–	–	
Loans raised	3,221	699	1,979	988	594	
Repayment of loans	–1,842	–115	–958	–2,008	–1,059	
<b>Cash flow from financing activities</b>	<b>1,463</b>	<b>584</b>	<b>1,021</b>	<b>–1,020</b>	<b>–464</b>	
<b>Cash flow for the period</b>	<b>155</b>	<b>–68</b>	<b>–93</b>	<b>127</b>	<b>–113</b>	
Cash and cash equivalents at the beginning of the period	160	253	253	126	239	
<b>Cash and cash equivalents at the end of the period</b>	<b>316</b>	<b>185</b>	<b>160</b>	<b>253</b>	<b>126</b>	

1) Derived from the Group's unaudited condensed interim report on and for the nine-month period ending 30 September 2018.

2) Derived from the Group's audited financial statements for the financial years ending 31 December 2017, 2016 and 2015.



## SUMMARY

**B.7** *Condensed financial information/ Selected historical financial information, cont.*

Some of the key financial data below has not been audited or reviewed by the Company's auditor. The Company believes that these key figures are deemed to be useful supplementary measures of earnings performance and financial position. The Company's key figures that are not defined in accordance with IFRS are not necessarily comparable with similar measures presented by other companies and have certain limitations as tools for analysis. Accordingly, they should not be considered separately from, or a replacement for, the Company's financial information as prepared in accordance with IFRS.

### Key figures for the group

#### Key financial data

	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Loan-to-value ratio, properties, % <sup>(2), (4)</sup>	51.7	53.3	54.4	52.8	56.5
Net loan-to-value ratio, properties, % <sup>(2), (4)</sup>	49.7	51.7	53.1	50.3	55.3
Debt/equity ratio, multiple <sup>(2), (4)</sup>	1.0	1.8	1.9	1.8	2.8
Equity/assets ratio, % <sup>(2), (4)</sup>	46.8	25.8	25.5	25.8	18.4
Net asset value (EPRA NAV), SEK million <sup>(2), (4)</sup>	8,993	4,092	4,300	3,592	2,761

	1 Jan – 30 Sep		1 Jan – 31 Dec		
	2018	2017	2017	2016	2015
Return on equity, % <sup>(2), (4), (6)</sup>	27.7	n.a.	37.9	46.4	58.6
Interest-coverage ratio, multiple <sup>(2), (4)</sup>	5.0	8.0	7.0	5.5	4.0

#### Property-related key figures

	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
No. of properties <sup>(1), (5)</sup>	176	125	128	115	109
Rental value, SEK million <sup>(2), (5)</sup>	1,402	1,034	1,099	900	837
Leasable area, 000s sqm <sup>(2), (5)</sup>	1,573	1,122	1,136	1,000	969
Fair value of properties, SEK million <sup>(1)</sup>	15,417	11,552	12,090	10,017	10,197
Property value, SEK per sqm of leasable area <sup>(2), (5)</sup>	9,801	10,296	10,643	10,017	10,523

	1 Jan – 30 Sep		1 Jan – 31 Dec		
	2018	2017	2017	2016	2015
Economic leasing rate, % <sup>(2), (5)</sup>	90.9	90.1	90.6	87.7	86.6
Surplus ratio, % <sup>(2), (4)</sup>	66.8	73.7	72.4 <sup>(7)</sup>	64.6	61.8
Yield, % <sup>(2), (4), (8)</sup>	5.5	n.a.	5.8	n.a.	n.a.

#### Share-related key figures

	1 Jan – 30 Sep		1 Jan – 31 Dec		
	2018	2017	2017	2016	2015
Profit from property management, SEK per share <sup>(2), (4)</sup>	3.98	4.56	6.04	4.30	3.82
Cash flow from operating activities, SEK per share <sup>(2), (4)</sup>	6.44	3.12	2.84	3.12	3.56
Profit for the period, SEK per share <sup>(1), (3)</sup>	7.79	5.59	7.24	6.89	5.56

	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Equity, SEK per share <sup>(2), (4)</sup>	48.15	19.96	20.74	17.43	12.27
Net asset value (EPRA NAV), SEK per share <sup>(2), (4)</sup>	53.61	24.40	25.64	21.42	16.46
Average number of shares, 000s <sup>(1), (5)</sup>	167,728	167,728	167,728	167,728	167,728
Number of shares outstanding, 000s <sup>(1), (5)</sup>	167,728	167,728	167,728	167,728	167,728

1) The information pertaining to 30 September 2018 and 2017 is derived from the Group's unaudited condensed interim report on and the nine-month period ending 30 September 2018 and the information pertaining to 31 December 2017, 2016 and 2015 are derived from the Group's audited financial statements for the financial years ending on these dates.

2) The information pertaining to 30 September 2018 and 2017 is derived from the Group's unaudited condensed interim report on and the nine-month period ending 30 September 2018 and the information pertaining to 31 December 2017, 2016 and 2015 are derived from the Group's internal reporting system for the financial years ending on these dates.

3) Defined according to IFRS.

4) Alternative performance measures according to the European Securities and Markets Authority (ESMA).

5) Non-financial key figures.

6) Based on profit after tax for the most recent 12-month period.

7) Note that key figures are impacted by other property income of SEK 161 million.

8) According to the earnings capacity as per the balance sheet date.

**B.7** Condensed financial information/ Selected historical financial information, cont.

**Definitions of key figures calculated according to IFRS**

**Profit for the period per share**

Profit for the period after tax in relation to weighted average number of shares outstanding.

**Definitions of key figures not defined in accordance with IFRS**

Key figures	Definition
<i>Assessed market rent for vacant floor space, 000s sqm</i>	Assessed market rent for vacant floor space in existing condition
<i>Cash flow from operating activities, SEK per share</i>	Cash flow from operating activities as a percentage of the weighted average number of shares
<i>Debt/equity ratio, multiple</i>	Interest-bearing liabilities as a percentage of equity
<i>Economic leasing rate, %</i>	Holding-adjusted rental income as a percentage of the rental value at the end of the period
<i>Equity/assets ratio, %</i>	Equity as a percentage of total assets
<i>Equity, SEK per share</i>	Equity as a percentage of the number of shares at the end of the period
<i>Fair value of properties, SEK million</i>	The recognised property value according to the statement of financial position at the end of the period
<i>Interest-coverage ratio, multiple</i>	Profit from property management, including reversal of financial income and expenses, as well as depreciation/amortisation and share in profit of joint ventures as a percentage of financial income and expenses
<i>Leasable area, 000s of sqm</i>	The total premises area that can potentially be leased
<i>Loan-to-value ratio, properties, %</i>	Interest-bearing liabilities at the end of the period in relation to the fair value of the properties in the statement of financial position
<i>Net asset value (EPRA NAV), SEK per share</i>	Net asset value (EPRA NAV) in relation to the number of shares at the end of the period
<i>Net asset value (EPRA NAV), SEK million</i>	Recognised equity plus derivatives and deferred tax liabilities according to the statement of financial position
<i>Net loan-to-value ratio, properties, %</i>	The net of interest-bearing liabilities and bank balances at the end of the period in relation to the fair value of the properties in the statement of financial position
<i>No. of properties</i>	Properties held under title or site leasehold
<i>Profit from property management, SEK per share</i>	Profit from property management as a percentage of the average number of shares during the period
<i>Property value, SEK per sqm of leasable area</i>	The recognised property value according to the statement of financial position at the end of the period distributed across the leasable area
<i>Rental value, SEK million</i>	Rental income for the total leasable area
<i>Return on equity, %</i>	Profit/loss for the most recent 12-month period in relation to average equity during the same period (average equity is calculated on opening and closing balance)
<i>Surplus ratio, %</i>	Net operating income for the period as a percentage of total income
<i>Yield, %</i>	Net operating income according to earnings capacity in relation to the fair value of properties as per the balance sheet date

**Significant events after 30 September 2018**

In October 2018, Nyfosa raised a new bank loan of SEK 739 million with a maturity of four years. The loan is conditional upon Nyfosa's share being admitted for trading on Nasdaq Stockholm and will be used to refinance parts of the today fully utilised revolving credit facility of SEK 1,000 million. Except for this, no material changes of Nyfosa's financial position nor market position has taken place since 30 September 2018.

## SUMMARY

### B.8 Selected pro forma financial statements

The purpose of the pro forma financial statements is to provide a general illustration of what the earnings for the Group might have been for the period 1 January – 30 September 2018 if the acquisition of the SveaReal portfolio and the loan financing associated with this transaction had taken place as per 1 January 2018.

The pro forma financial statements are only intended to inform and illustrate the facts. The pro forma financial statements were based on the accounting principles according to IFRS as applied by Nyfosa. Pro forma financial statements are, by their nature, intended to describe a hypothetical situation. Nyfosa presents pro forma financial statements only for illustrative purposes and these pro forma financial statements are not to be regarded as an indication of actual results that would have been generated if the acquisition of the property portfolio had taken place on the date stated above. Nor are the pro forma financial statements to be considered indicative of Nyfosa's future results. The pro forma financial statements do not include any synergies or integration costs.

#### Pro forma statement of profit/loss 1 January – 30 September 2018

SEK million	Nyfosa AB 1 Jan – 30 Sep <sup>1)</sup>	SveaReal- portfolio 1 Jan – 12 Sep <sup>2)</sup>	Pro forma adjustments	Note	Pro forma
Rental income	744	231	-12	5)	963
Other property income	4	0	0		4
<b>Total income</b>	<b>748</b>	<b>231</b>	<b>-12</b>		<b>967</b>
<i>Property expenses</i>					
Operating expenses	-135	-45	3	5)	-177
Maintenance costs	-52	-20	2	5)	-71
Property tax	-33	-8	1	5)	-40
Property administration	-28	-7	0	5)	-34
<b>Net operating income</b>	<b>499</b>	<b>151</b>	<b>-7</b>		<b>644</b>
Central administration	-36	-31	2	5)	-66
Depreciation	-	-29	29	3), 5)	0
Other operating income and expenses	-10	54	-54	4)	-10
Share in profit of joint ventures	305	0	0		305
Financial income and expenses	-91	-4	-30	5), 6), 7), 8)	-125
<b>Profit from property management</b>	<b>668</b>	<b>141</b>	<b>-60</b>		<b>749</b>
Changes in value of properties, realised	136	0	0		136
Changes in value of properties, unrealised	654	0	0		654
Changes in value of financial instruments, unrealised	-2	0	0		-2
<b>Profit before tax for the period</b>	<b>1,456</b>	<b>141</b>	<b>-60</b>		<b>1,537</b>
Tax	-149	-24	2	9)	-171
<b>Profit for the period</b>	<b>1,307</b>	<b>117</b>	<b>-58</b>		<b>1,366</b>

- 1) Based on the interim report as per 30 September 2018 reviewed by Nyfosa's auditors. The statement of profit/loss includes the SveaReal portfolio from 13 September 2018.
- 2) The financial information for the SveaReal portfolio for the period 1 January – 12 September 2018 is based on an aggregation of internal profit/loss reports for SveaReal AB and the 39 subsidiaries referred to under the heading "Background". The internal profit/loss statements have not been audited by the companies' auditors.
- 3) Adjustment for difference in accounting principles regarding add back of depreciations on buildings, building equipment, tenant leasehold improvements, land improvements and reversal of impairment loss reduce depreciations of the remaining properties of SEK 26 million as the financial information for the SveaReal portfolio going forward will be reported at fair value according to IAS 40.
- 4) Add back of capital gain/losses regarding divested properties not pertaining to the SveaReal portfolio and referred to under the heading "Acquisition and divestment of companies and properties" has reduced other operating incomes and operating expenses with SEK 54 million.
- 5) Adjustment related to the divested properties reduces rental incomes with SEK 12 million, operating expenses with SEK 3 million, maintenance costs with SEK 2 million, property tax with SEK 1 million, central administration with SEK 2 million, depreciations with SEK 3 million, and increase financial incomes and costs with SEK 1 million. The adjustments are based on internal profit/loss reports per property.
- 6) Add back of capital gain/losses regarding divested properties not pertaining to the SveaReal portfolio and referred to under the heading "Acquisition and divestment of companies and properties" has reduced financial incomes and expenses with SEK 53 million.
- 7) Financial incomes and expenses of SEK 55 million in the SveaReal portfolio's statement of profit/loss relating to intra-group and external financing have in the pro forma statement of profit/loss been added back in a pro forma adjustment.
- 8) Interest costs relating to the part of the acquisition of shares and repayment of existing loans in the SveaReal portfolio companies have increased the financial costs with SEK 29 million. The interest costs are calculated based on bank loans of SEK 2,125 million with an average interest rate of 1.75 percent. Interest costs for the refinancing of the short term interest free loan from Hemfosa of SEK 395 million have been calculated based on an average interest rate of 1.73 percent. Adjustment relating to loan expenses for bank loans (including expenses for interest cap) allocated to the duration of the loan have increased the financial expenses for the interim period with SEK 4 million.
- 9) Estimated reduced tax cost of pro forma adjustments amounts to SEK 2 million. Tax has been calculated on pro forma adjustments relating to interest incomes and interest costs, capital gain/losses for divested properties, profit from divested properties and depreciations on properties. A tax rate of 22 percent has been used.

## SUMMARY

- B.9 Earnings forecast** Below is the Company's current earnings capacity presented on a 12-month basis as per 30 September 2018. Current earnings capacity is to be considered solely as a hypothetical instantaneous impression and is presented only for illustrative purposes with the aim of presenting 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. The data does not include the possible effects of property transactions. The current earnings capacity must be considered together with other information in the Prospectus.

### Group's earnings capacity as per 30 September 2018

SEK million	30 Sep 2018
Rental income	1,244
Property expenses	-358
Property administration	-32
<b>Net operating income</b>	<b>853</b>
Central administration	-65
Share in profit of joint ventures	145
Financial expenses	-146
<b>Profit from property management</b>	<b>786</b>

- B.10 Remarks in the audit report** Not applicable. There is no remark in the audit report.
- B.11 Working capital** Nyfosa's existing working capital is not sufficient to meet the Group's needs during the forthcoming twelve-month period. Here, sufficient working capital refers to Nyfosa's possibilities to get access to cash and cash equivalents in order to meet its payment obligations as they fall due for payment, and Nyfosa's needs have been based on the existing property portfolio. The fact that the existing working capital is not sufficient to meet the Group's needs during the forthcoming twelve-month period is a consequence of that Nyfosa has bank loans that will fall due for payment in June 2019, whereby a refinancing requirement of approximately SEK 850 million is incurred.
- The Board of Directors of Nyfosa believes that this situation is as expected, that the maturity structure for the Group's bank loans is normal for a company with the type of business Nyfosa operates and that it is normal that refinancing is ongoing. Nyfosa negotiates, as a part of the Company's ongoing operations, continuously with creditors on terms for refinancing of bank loans, but does not consider that there are commercial motives to extend the credit periods for existing loans already before the admission to trading on Nasdaq Stockholm. It is Nyfosa's assessment that the needs for working capital for the forthcoming twelve-month period will be covered by the refinancing of bank loans that are due for payment in an appropriate way, such as via banks and/or by issuing debt or hybrid instruments in the capital market, as well as by the Company's current cash flow. Nyfosa has a strong belief that these refinancing measures will be possible to implement and sufficient. However, should these measures fail, Nyfosa would have to consider alternative financing options, including to seek to raise equity.

## SECTION C – SECURITIES

- C.1 Type of securities admitted to trading** Shares of Nyfosa (ISIN code SE0011426428).
- C.2 Denomination** The shares are denominated in SEK.
- C.3 Total number of shares** On the publication date of the Prospectus, the Company's registered share capital amounted to SEK 83,864,124.50 represented by 167,728,249 shares. All shares are fully paid. Each share has a quotient value of SEK 0.50.



## SUMMARY

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<b>C.4</b>	<i>Rights attached to the securities</i>	Each share entitles the holder to one vote at general meetings of the Company. Each shareholder is entitled to vote for all of the shares in the Company held by the shareholder. All of the shares in the Company carry equal rights to dividends and to the Company's assets and any surpluses in the event of liquidation. Resolutions regarding any dividends are to be made by the general meeting. Shareholders who are registered in the share register maintained by Euroclear on the record date of the distribution determined by the general meeting are entitled to receive dividends. The payment of any dividends will be administered by Euroclear. If Nyfosa issues new shares, warrants or convertibles in a cash or set-off issuance, the shareholders have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issuance. The articles of association do not restrict Nyfosa's ability to issue new shares, warrants or convertibles with deviation from the shareholders' preferential rights under the Swedish Companies Act (2005:551) (Sw. <i>aktiebolagslagen</i> ). Shareholders' rights may only be amended in accordance with the procedures set out in the Swedish Companies Act. It was resolved at Nyfosa's extraordinary general meeting on 21 August 2018 to authorise the board on one or more occasions during the period up until the close of the next annual general meeting, with or without deviation from shareholders' preferential rights, to make decisions concerning the new issue of shares, insofar as such issuance can occur without amending the articles of association.
<b>C.5</b>	<i>Restrictions on free transferability</i>	Not applicable. The shares are not subject to any restrictions on the right to be freely transferred.
<b>C.6</b>	<i>Admission to trading</i>	On 1 November 2018, Nasdaq Stockholm's Listing Committee decided to approve the Company's application for admission to trading of the Company's shares on Nasdaq Stockholm provided that, <i>inter alia</i> , the distribution requirement for the Company's shares is met. The first day of trading is expected to be 23 November 2018.
<b>C.7</b>	<i>Dividend policy</i>	Profits generated will primarily be reinvested to leverage business opportunities and achieve the growth target of a total property value of SEK 25 billion, after which a significant portion of the profit will be distributed to the shareholders in the form of dividend, redemption and/or repurchase of shares.

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## SECTION D – RISKS

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<b>D.1</b>	<i>Key risks that are specific to the issuer or its industry</i>	In this Prospectus, the Company has identified a number of risk factors that could have an adverse effect on the Group's operations, financial position and earnings, affect the Company's prospects, and/or entail a decline in the value of the Company's shares. The risk factors are not listed in order of significance or their potential financial impact on the Company, and there may be additional risk factors of which the Company is not presently aware. The main industry-related and operational risks are summarised below.
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### **Macroeconomic factors have a major impact on the property market**

The property market and Nyfosa are affected to a considerable degree by macroeconomic factors such as the economic climate, interest rates, inflation and possibly deflation, growth, the rate of construction of new housing and commercial premises, and changes to infrastructure and demographics. A negative trend in these factors could have an adverse impact on Nyfosa's operations, financial position and earnings.

### **Lower rental income and/or higher vacancy rates could have a negative impact on Nyfosa's operations, financial position and earnings**

Lower rental income could arise as a result of, for example, weaker growth in the Swedish economy, and also lower growth at the regional and local level where Nyfosa operates, and tenants potentially experiencing payment difficulties. If tenants fail to fully meet their commitments in accordance with the lease, this may also lead to higher vacancy rates with a resulting reduction in property value. Lower rental income and/or higher vacancy rates could have a negative impact on Nyfosa's operations, financial position and earnings.

### **Increased or unforeseen operating and maintenance costs could have a negative impact on Nyfosa's operations, financial position and earnings**

Operating expenses consist primarily of rates-based costs such as costs for electricity, cleaning, water, heat, and snow clearance, while maintenance costs are primarily attributable to measures aimed at upholding a property's standard in the long term or maintaining and/or modernising it. Operating expenses can be affected by external factors that Nyfosa cannot influence, such as weather conditions, while maintenance costs could increase, for example, to meet demands from the market, specific tenant or legal requirements. Increased or unforeseen operating and maintenance costs could have a negative impact on Nyfosa's operations, financial position and earnings.

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<p><b>D.1</b> <i>Key risks that are specific to the issuer or its industry, cont.</i></p>	<p><b>There is a risk that Nyfosa's opportunistic transaction strategy is not successful</b>            In line with its strategy, Nyfosa is to be an opportunistic and transaction-based property company. In order to complete a property acquisition, suitable investment objects must be identified and on the market at reasonable price levels. To be able to leverage complex investment opportunities, the Company must also successfully assess the market, the potential of a property or opportunities in a geographic area where the Company intends to acquire properties. If the Company's strategy cannot be implemented, this could have a negative impact on Nyfosa's operations, financial position and earnings.</p> <p><b>An inability to recruit and retain qualified staff and senior executives could have an adverse impact on Nyfosa's operations</b>            Nyfosa's organisation is relatively small and consists largely of employees with a background in the Hemfosa Group. The Company is, therefore, dependent on these key personnel to a certain degree, particularly as a large share of the Company's transaction operations is based on short decision-making processes, close relationships with different market operators and in-depth knowledge and insight of the property categories and geographic areas in which the Company operates. Should Nyfosa fail to recruit and retain qualified staff and senior executives, this could have a negative impact on Nyfosa's operations, financial position and earnings.</p> <p><b>Nyfosa is exposed to tax-related risks</b>            Tax is a significant cost item for property companies. Changes to the property tax and other taxes such as corporation tax, VAT and other state levies and tax-related contributions could have a negative impact on Nyfosa.            One company in the Group is the object of an ongoing tax case regarding loss carryforwards. A negative outcome in the continued court case could have a negative impact on Nyfosa's operations, financial position and earnings. There is also the risk that changes to tax legislation could have a corresponding negative effect.</p> <p><b>Nyfosa is exposed to financing risk</b>            Nyfosa has loans of SEK 863 million that will be due within a year which means that the Company's existing working capital will not be sufficient to cover the Groups needs during the coming twelve months. There is a risk that Nyfosa will not succeed in refinancing these loans in a, for Nyfosa, satisfying and effective way, which may lead to higher financing costs and that Nyfosa is forced to consider alternative financing possibilities. Further, there is a risk that additional capital in order to meet the Company's future growth ambitions cannot be acquired, or that this cannot be achieved at terms that are advantageous to Nyfosa. Should Nyfosa fail to obtain necessary capital in the future, this could have a negative impact on the Company's operations, financial position and earnings.</p> <p>In addition to the risks described above, the Company is also exposed to a number of financial risks relating to, for example, the Company's liquidity, and interest that could have a negative impact on Nyfosa's operations, financial position and earnings.</p>
<p><b>D.3</b> <i>Key risks that are specific to the securities</i></p>	<p>The key risks related to the Nyfosa share are summarised below.</p> <p><b>Shareholding always involves the assumption of a certain amount of risk and Nyfosa's shares may decrease in value</b>            Because an investment in shares can both increase and decrease in value, there is a risk that investors may not recover the capital invested. The performance of both the stock market in general and specific companies' shares depend on several factors. The price of Nyfosa's shares may also be affected partially or entirely by factors beyond the Company's control, such as competitors' activities and position in the market.</p> <p><b>Future share capital increases could have a negative impact on Nyfosa's share price</b>            Nyfosa could perform share capital increases in the future for various reasons, through preferential rights issues or issue with deviation from the preferential rights, for purposes including financing future acquisitions or conducting other investments. Such share capital increases will lead to dilution of the holdings of shareholders who do not participate in such an issue or who opt not to exercise their right to subscribe for shares. Such dilution could have a negative impact on Nyfosa's share price, earnings per share and net asset value per share.</p> <p><b>Future dividends from the Company may be delayed or not be paid at all to shareholders</b>            Dividends may only be paid if Nyfosa has sufficient distributable funds and is justifiable with respect to the requirements imposed by the nature, scope and risks of Nyfosa's business on the amount of equity as well as Nyfosa's consolidation needs, liquidity and position in general for a certain financial year, whereby the Group's needs must also be taken into account. Many other factors, such as the Company's dividend policy applicable any time, restrictions in credit agreements and a shortage of cash and cash equivalents, could also lead to no dividend being paid by the Company for some time or not being paid at all.</p>

## SECTION E – THE OFFERING

<b>E.1</b>	<i>Issue amount and expenses</i>	<p>Not applicable. No new shares or other securities will be issued by Nyfosa in connection with the preparation of this Prospectus, which is the reason that the Company will not receive any issue proceeds.</p> <p>Hemfosa and Nyfosa have agreed that all costs associated with establishing the administrative structure of Nyfosa are to be borne by Nyfosa. This includes expenses for policy documents, marketing of the new group and IT systems. In addition, Nyfosa will bear the listing costs including, for example, the costs for producing the Prospectus. For its part, Hemfosa will bear the costs of the planned distribution. Transaction costs totalling SEK 11 million were charged to Nyfosa's earnings in 2017 and January – September 2018. Additional transaction costs of approximately SEK 39 million are expected to be charged to Nyfosa's earnings in 2018.</p>
<b>E.2a</b>	<i>Reasons and use of issue proceeds</i>	<p>Not applicable. The Company is not offering any new securities. In the autumn 2017, a demerger of the Hemfosa Group into two listed companies, Nyfosa and Hemfosa, was initiated to continue to develop, increase specialisation and create more favourable conditions for capitalising on business opportunities in both the commercial property market and in the market for community service properties. The boards of directors of Hemfosa and Nyfosa believe that a demerger of the operations and a distribution of Nyfosa will improve the conditions for leveraging the potential of the entire business and thus increase the value for shareholders. A separate listing also allows for current and new shareholders to invest directly in Nyfosa.</p>
<b>E.3</b>	<i>Terms and conditions of the Offering</i>	<p>Not applicable. Shares in Nyfosa will be distributed to Hemfosa's ordinary shareholders in proportion to each individual ordinary shareholder's holding of ordinary shares in Hemfosa on the record date of the distribution, 21 November 2018 as determined by the board of Hemfosa, whereby one share in Nyfosa will be received for each ordinary share in Hemfosa. Preference shares in Hemfosa do not carry entitlement to shares in Nyfosa.</p>
<b>E.4</b>	<i>Material interests and conflicts of interests</i>	<p>Nyfosa's financial advisors in connection with the distribution and the listing on Nasdaq Stockholm are SEB and Swedbank. SEB and Swedbank (and SEB and Swedbank's related companies) have provided, and may in the future provide, various banking, financial, investment, commercial and other services to Nyfosa for which they have received, or may receive, remuneration. SEB and Swedbank (and SEB and Swedbank's related companies) are also lenders and/or brokers of loans granted to Nyfosa.</p>
<b>E.5</b>	<i>Lock-up agreement</i>	<p>Not applicable. There are no lock-up agreements in connection with the Company's shares being admitted to trading.</p>
<b>E.6</b>	<i>Dilution effect</i>	<p>Not applicable. The Company is not offering any new securities.</p>
<b>E.7</b>	<i>Expenses charged to investors</i>	<p>Not applicable. Investors will not incur any costs in connection with the admission to trading of the Company's shares.</p>

# RISK FACTORS

A number of factors may affect Nyfosa's operations. There are risks involving circumstances pertaining to Nyfosa, and risks that have no specific connection with Nyfosa, but that impact the industry and market in which Nyfosa operates. Accordingly, it is important to carefully analyse the material risk factors associated with the future development of the Company and its shares. A description of material risk factors for Nyfosa is provided below, in no particular order. The description below does not claim to be exhaustive and it is not possible to foresee and describe in detail all potential risk factors. In addition to this section, readers should also take into consideration the other information contained in the Prospectus in its entirety. The risks and uncertainty factors presented below may, individually or collectively, have an adverse effect on Nyfosa's operations, financial position and earnings. They may also result in a decrease in the value of Nyfosa's share, which may lead to Nyfosa's shareholders losing all or part of their invested capital. Additional factors that are not currently known to Nyfosa, or which Nyfosa deems not to constitute risks, could also have a corresponding adverse effect.

## **RISKS RELATED TO THE COMPANY'S OPERATIONS AND INDUSTRY**

### **Macroeconomic factors have a major impact on the property market**

The property market in general, and thus Nyfosa, is affected to a considerable degree by macroeconomic factors such as the economic climate, inflation and possibly deflation, growth, the rate of construction of new housing and commercial premises and changes to infrastructure and demographics. Economic growth affects the employment rate, which is an important factor regarding, for example, demand for properties and tenant solvency. An economic downturn leading to lower employment, a sharp rise in inflation or deflation could have a negative impact on Nyfosa's operations, financial position and earnings. Inflation also influences the Company's property expenses. Furthermore, changes in interest rates and inflation impact the required yield and thereby the market value of the properties. Higher vacancy rates, higher interest rates, rising costs and lower rent levels could have a negative impact on Nyfosa's operations, financial position and earnings.

### **Lower rental income and/or higher vacancy rates could have a negative impact on Nyfosa's operations, financial position and earnings**

Both rent levels and vacancies are highly affected by overall growth in the Swedish economy but also growth at regional and local levels where Nyfosa conducts operations. The risk of loss of rent and vacancies is also related to the tenant and contractual structure. For example, a concentration of tenants to a small number of larger parties leads to increased exposure, particularly if Nyfosa does not succeed in signing leases with differentiated lease tenures. In 2017, Nyfosa's ten largest tenants accounted for 19,4 percent of Nyfosa's total rental income. If tenants fail, for example due to bankruptcy, to fully meet their commitments in accordance with the lease, this may also lead to higher vacancy rates with a resulting reduc-

tion in property value. If one or more of Nyfosa's more important tenants does not renew or extend a lease once it has expired, this could result in reduced rental income and/or a higher vacancy rate should Nyfosa be unable to obtain equivalent income from new tenants. The general rent-level risk is attributable to the trend in current market rents. A long-term downward trend in market rents adversely impacts the Company's rental income and a recession increases the risk of large-scale vacancies in the portfolio. When a vacancy occurs, this could entail costs for customising the premises for a new tenant, and a risk that the vacancy will be long-term. These risks could have a negative impact on Nyfosa's operations, financial position and earnings.

### **Increased or unforeseen operating and maintenance costs could have a negative impact on Nyfosa's operations, financial position and earnings**

Operating expenses consist primarily of rates-based costs such as costs for electricity, cleaning, water, heat, and snow clearance. Several of these costs are for goods and services that can only be purchased from one or a small number of entities, which could affect the price. Furthermore, the costs for electricity, heat and snow clearance are dependent on weather conditions. Nyfosa's business, financial position and earnings could be negatively affected insofar as it may not be possible to offset higher operating and maintenance costs by regulating them in the terms of the lease or renegotiating the lease to raise the rent. Unforeseen events, such as extreme weather conditions, could also have a negative impact on Nyfosa's operations, financial position and earnings. For example, the heavy snowfall in parts of Sweden during the winter of 2017/2018 led to higher operating expenses.

Maintenance costs are primarily attributable to measures aimed at upholding a property's standard in the long term or maintaining and/or modernising it. In order to meet demands from the market, specific tenants or legal requirements, such



costs may be substantial and unforeseen, and thereby may, to the extent they are not compensated for by the tenant, have an adverse impact on Nyfosa's operations, financial position and earnings.

### **There is a risk that Nyfosa's opportunistic transaction strategy is not successful**

In line with its strategy, Nyfosa is to be an opportunistic and transaction-based property company. In order to complete a property acquisition, suitable investment objects must be identified and on the market at reasonable price levels. The Company's ability to complete acquisitions is therefore dependent on the prevailing market situation and opportunities could be restricted from time to time by the supply of commercial properties for sale. A shortage of attractive acquisition targets, or greater competition for these, presents a risk that the Company's strategy cannot be fully implemented, which could have a negative impact on Nyfosa's operations, financial position and earnings.

Part of the Company's opportunistic strategy involves leveraging particularly complex investment opportunities and having a short decision-making process, which in certain cases may lead to greater risk-taking. If Nyfosa misjudges, for example, the market, the potential of a property or geographic area, this could result in the failure of the Company's strategy. If the Company's strategy cannot be implemented, this could have a negative impact on Nyfosa's operations, financial position and earnings.

### **An inability to recruit and retain qualified staff and senior executives could have an adverse impact on Nyfosa's operations**

Nyfosa's organisation is relatively small and consists largely of employees with a background in the Hemfosa Group. The key personnel within the organisation have built up an in-depth knowledge of, and good relationships with, the property market. The Company is, therefore, dependent on these key personnel to a certain degree, particularly as a large share of the Company's transaction operations is based on short decision-making processes, close relationships with different market operators and in-depth knowledge and insight of the property categories and geographic areas in which the Company operates. Nyfosa's future development therefore depends to a great extent on the knowledge, experience and commitment of Group management and other key personnel. It is essential that Nyfosa retains and continues to motivate leading employees, as well as being able to recruit, retain and develop other qualified senior executives and key employees. If key personnel leave the Company and suitable and experienced replacements cannot be recruited, this could have a negative impact on Nyfosa's operations, financial position and earnings.

### **Nyfosa is exposed to several risks in connection with the acquisition and disposal of properties**

Property transactions are part of the Company's operating activities and also entail several risks. When acquiring properties, risks may also exist in the operations that are acquired. For example, tenants may vacate, the acquired operation's accounts may be deficient and/or the operation may be the

object of unforeseen environmental or tax claims. Other circumstances may also have an adverse impact on the value of the acquisition target.

Acquisitions may also be associated with risks pertaining to the seller or other operators. A seller may, for example, experience financial difficulties and therefore not have the willingness nor ability to pay compensation in connection with warranty claims. Property agents or other parties acting on someone else's behalf may, for example, act beyond the scope of their mandate or they may provide incorrect information and there are risks of disputes arising concerning the commissions paid to such middlemen.

As part of its property acquisition activity, Nyfosa may also enter into property acquisition agreements without ensuring beforehand that the Company will have sufficient financing for the acquisition. There is a risk associated with these acquisitions that financing cannot be obtained, or is available only at sharply increased costs.

Nyfosa's ability to sell parts of its property portfolio on favourable terms depends on the health of the property and transaction market. If Nyfosa were forced to sell parts of its property portfolio in order to finance its business, there is a risk that Nyfosa will not succeed in completing these sales on favourable terms or at all. Should Nyfosa be forced to sell all or parts of its property portfolio, for example if the Company's creditors were to realise pledged collateral, it is probable that the selling price would be lower than the price Nyfosa would be able to obtain in a future sale.

When engaging in sales, Nyfosa may grant respites for part of the purchase consideration by way of a promissory note. If a buyer against whom Nyfosa has a claim is experiencing or will experience financial difficulties, Nyfosa's chances of being paid may be reduced.

Unrealised changes in value with positive effects on Nyfosa's profit or loss and statement of financial position are created in cases where the fair value of a property is deemed to have risen based on the valuation performed. Such unrealised changes in value are, however, based on assumptions and judgments and the value of the property is only realised when the property in question is sold. There is a risk that the estimated and unrealised value of the properties may not be realised.

If any of the above risks pertaining to the Company's acquisitions or divestments were to materialise, this could have a negative impact on Nyfosa's operations, financial position and earnings.

### **Nyfosa operates in a competitive market**

Nyfosa operates in a competitive industry. Competitors include both major, well-established and well-financed entities and smaller and more niched entities with various competitive advantages and strengths. Competitive factors may include financial resources and capacity to better withstand downturns in the market, greater ability to retain talented employees and to react faster to changes in the needs of tenants, greater focus on specific segments or certain geographic areas where the Company conducts operations, or is planning to conduct operations, or more niched strategies that entail a more distinct profile and greater specialist knowledge. Nyfosa's current and future competitive situation is,

## RISK FACTORS

therefore, dependent on the Company's knowledge of the market, financing situation, ability to remain at the cutting edge and quickly react to the existing and future needs of tenants and ability to attract and retain talented employees. Increased competition could thus have a negative impact on Nyfosa's operations, financial position and earnings.

### **Nyfosa works continuously on developing its property portfolio and major modifications or improvements may lead to elevated credit risk, increased costs and/or decreased income**

Nyfosa implements continuous investments in the existing property portfolio in the form of modifications or improvements. Larger development and improvement projects may involve substantial investments, which may lead to increased credit risk if Nyfosa cannot lease the premises at a reasonable price level or divest the properties at an attractive value. Major construction, refurbishment and renovations may also be delayed and/or become more expensive than originally anticipated, the result of which may be that it is not possible to utilise the premises from the expected date, which could lead to higher costs and/or lower income. This could have a negative impact on Nyfosa's operations, financial position and earnings.

### **The value of Nyfosa's property portfolio may decrease**

Nyfosa's property portfolio is recognised in the statement of financial position at fair value, and the changes in value are recognised in profit or loss. 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 required yield 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 Company's properties to decline, which could have a negative impact on the Nyfosa's operations, financial position and earnings.

### **Nyfosa owns properties through a joint venture company that Nyfosa is unable to independently control**

Nyfosa holds shares in the property company Söderport, whose property portfolio had a value of SEK 7.5 billion as per 30 September 2018. Söderport is owned together with AB Sagax (publ) and the parties each hold a 50-percent stake in the company. The share ownership is regulated by a shareholders' agreement, and accordingly Nyfosa does not have full power of decision over the company and cannot independently control the investments or divestments of properties conducted in the company. The shareholders' agreement and Söderport's articles of association include pre-emption and first refusal clauses entailing that one party, under certain conditions, has a right to acquire the other party's shares in Söderport if, for example, ownership in the other party were to change or if the other party wished to sell its shares in Söderport to a third party. If Söderport develops in a negative manner for Nyfosa, which Nyfosa cannot fully control, this could have a negative impact on Nyfosa's operations, financial position and earnings.

Historically, Söderport has carried out property transactions that its owners at the time, Hemfosa and Sagax, perceived to be attractive but with a slightly higher risk profile and/or otherwise been outside each owners investment strategies. Nyfosa's opportunistic transaction strategy may mean that Nyfosa and Söderport could be interested in conducting the same type of transactions and therefore be considered as competitors. If situations arise where Nyfosa and Söderport have competing interests this could entail that Nyfosa's business opportunities are not harnessed in an optimal manner, which could have a negative impact on Nyfosa's operations, financial position and earnings.

### **Weaknesses in operational safety at Nyfosa, or important suppliers, that may have a negative impact on Nyfosa's operations**

Business operations are associated with the risk of incurring losses due to deficient procedures and/or that irregularities or internal or external events could cause disruptions or damage the business. Nyfosa has decided to have a relatively small organisation. While central functions in the business are managed internally, including consolidation and analysis of financial information, Nyfosa has, *inter alia*, outsourced parts of the day-to-day financial management to an external service provider, including accounting, monthly reports, preparation of quarterly reports and year-end reports and payroll and lease administration. When more important support functions are outsourced to external providers, it is of particular importance that the Company has efficient procedures to ensure the quality of the services that are delivered. Inadequate resources, a lack of internal control and follow-up may entail risks that suppliers do not perform their duties in the desired manner, deliver on time or fulfil other requirements stipulated by Nyfosa in terms of safety, information management and quality. Weaknesses in operational safety, including the provision of services by important suppliers to Nyfosa, could result in increased costs, operational disruption and inaccurate information, which could have a negative impact on Nyfosa's operations, financial position and earnings.

### **Nyfosa is exposed to environmental risks both in connection with the acquisition of properties and in operating activities**

The Group does not currently operate any business that requires a permit according to the Swedish Environmental Code. However, Nyfosa periodically has other tenants who require a permit or are subject to reporting requirements under the Swedish Environmental Code. Such operations were also previously conducted at a number of properties that are now owned by companies within the Group, for example industrial operations, such as the sale of petrol. Nyfosa also owns properties on which it has been established that pollutants or contamination may exist. A small number of properties are also recorded in the database maintained by county administrative boards of potentially contaminated sites (Sw. *EBH-stödet*). This entails greater risk for Nyfosa as property owner as claims in accordance with the Swedish Environmental Code, under certain conditions, could be made against Nyfosa for soil remediation or reclamation relating to the presence or suspicion of contamination in soil, catchment

areas or groundwater. Should the Group be charged for the cost for soil remediation or reclamation, this could have a negative impact on Nyfosa's operations, financial position and earnings.

In conjunction with property investments, there is a risk that the environmental analyses performed by Nyfosa fail to identify or quantify the environmental risks correctly, which could result in unforeseen costs for decontamination or other remediation, which in turn may lead to adverse effects on Nyfosa's operations, financial position and earnings.

### Legal risks

#### *Disputes, claims, inquiries and lawsuits may lead to Nyfosa being compelled to pay damages or other charges*

The Group may become involved in disputes associated with Nyfosa's operations. Disputes could concern claims from or on tenants, suppliers to Nyfosa or be made by authorities against Nyfosa. Disputes may also arise in conjunction with acquisitions or divestments of properties or relate to environmental conditions. Disputes and claims can be time consuming, disrupt operations, involve significant amounts and negatively impact Nyfosa's relationships. The Group is currently involved in a dispute with a contractor that according to the Group has engineered a project and performed sub-standard work at one of the Group's premises in Gothenburg. The Group's claims amount to the costs for correcting these shortcomings. Nyfosa is also involved in other ongoing or potential disputes, refer to the heading above "*Nyfosa is exposed to environmental risks both in connection with the acquisition of properties and in operating activities*" and the heading below "*Ongoing tax proceedings*". There is a risk that current and future disputes could have a negative impact on Nyfosa's operations, financial position and earnings.

#### *Nyfosa is exposed to tax-related risks*

Tax is a significant cost item for property companies. Even if tenants are responsible for their share of the property taxes due at all times in the majority of Nyfosa's leases, changes to the property tax and other taxes such as corporation tax, VAT and other state levies and tax-related contributions could have a negative impact on Nyfosa's operations, financial position and earnings.

From time to time, Nyfosa has cases under review by, and ongoing dialogues with, the Swedish Tax Agency regarding individual taxation matters. The Swedish 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 fields. The regulatory framework is complex, the Swedish 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, which may adversely affect Nyfosa and investors' assessments of Nyfosa. The Swedish Tax Agency's tax rulings as well as court rulings 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

junction. Nyfosa's assessment of prevailing law and practices at the date of filing tax returns, and Nyfosa's assessments and calculations on a tax issue at a reporting date, may therefore need to be revised at a later date.

Nyfosa has tax loss carryforwards from previous years that together with depreciation for tax purposes and deductions for certain property investments entail that current taxes for previous years are only payable by the few subsidiaries for which there were no tax conditions for making group contributions. Loss carryforwards amounted to SEK 1,563 million as per 30 September 2018. As explained below under the heading "Ongoing tax proceedings" one company in the Group is the object of a tax case. In the case of future audits or reviews there is a risk that the Swedish Tax Agency could object to Nyfosa's assessment, for example, with respect to the deductibility of certain costs, opportunities for depreciation for tax purposes or the opportunity to deduct loss carryforwards from previous years. A future change in the tax situation for Nyfosa could have a negative impact on Nyfosa's operations, financial position and earnings.

#### *Ongoing tax proceedings*

The company Nyfosa Norden AB ("**Nyfosa Norden**") was acquired in 2014 and is a subsidiary of Nyfosa. When it was acquired, Nyfosa Norden had loss carryforwards from prior years. The Swedish Tax Agency decided in a review decision in 2018 not to grant the company full deductions for these loss carryforwards. No tax surcharges were levied. Nyfosa Norden and the Swedish Tax Agency do not share the same opinion of how to calculate the purchase consideration paid for assuming a controlling influence of Nyfosa Norden. The calculation affects the amount of the remaining loss carryforwards after the acquisition of Nyfosa Norden. Nyfosa Norden appealed the Swedish Tax Agency's review decision to the administrative court in April 2018. The loss carryforwards that are the subject of these proceedings have, in financial statements, been valued at SEK 250 million, corresponding to 20.6 percent of the total disputed loss carryforwards of SEK 1,215 million. Nyfosa has not reserved this amount since Nyfosa believes that it is overwhelmingly probable that the deduction claimed will be granted following a court ruling. A negative outcome in the continued court case could therefore have a negative impact on Nyfosa's operations, financial position and earnings.

#### *Change in tax legislation*

On 14 June 2018, the Swedish parliament approved the government's proposition on new tax regulations for the business sector. The proposal is based on the OECD's work in the BEPS project and on the EU's anti tax avoidance directive. The new legislation includes changed rules on interest-deduction limitations that, essentially, limit the deductibility of a company's net interest expenses to 30 percent of the company's fiscal EBITDA. The non-deductible portion of interest expenses carry over until the next year, although for no longer than six years. To reduce the administrative burden, a simplified rule was introduced that means a group may deduct up to SEK 5 million in net interest expenses without applying the EBITDA rule. What is covered by the term interest and what should be equated with interest in this respect is expanded.

The changed legislation also entails that corporate tax is reduced to 20.6 percent in two stages until 2021.

The new tax rules for the business sector come into force on 1 January 2019 and may entail higher tax for the property sector. There is a risk that Nyfosa's interest expenses in 2019 or subsequently will exceed 30 percent of fiscal EBITDA and that Nyfosa's tax expenses will rise as a result of the new rules.

On 30 March 2017, the public inquiry *Certain matters involving properties and stamp duty* (Sw. *Vissa frågor inom fastighets- och stämpelskatteområdet*) (SOU 2017:27) presented its proposal for new rules on the sale of shares in property-owning companies. The starting point for the investigator was to try to equate tax on the direct sales of property and sales through "packaging", whereby the properties are sold indirectly through the transfer of shares in a property-owning company, which currently as a rule does not trigger any capital gains tax. The proposals by the investigator included the introduction of "dissolution" (Sw. *avskattning*) for property sales through packaging, which essentially entails that on the cessation of controlling influence over a company whose assets largely comprise properties (property company), the properties owned by the divested company are regarded as fiscally divested and then reacquired at a price corresponding to market value. This means the difference between the tax assessment value and the market value of properties would be taxed on the external sale of property companies.

The investigator also proposed a reduction in stamp duty to 2 percent and that the property company on dissolution also recognise standard revenue equivalent to 7.09 percent of the highest of market value of the properties and the tax assessment value the year preceding the year when the properties are deemed divested. The intention is that the standard revenue should correspond to the stamp duty that would have been paid if the property was sold directly.

As of the date of the Prospectus, there is uncertainty whether the government intends to proceed with the investigator's proposal. If the government were to proceed with the proposal in its current or modified form, it is likely that this would lead to a greater tax burden for Nyfosa in future property sales.

***Nyfosa's operations may be adversely affected by amended legislation, new regulations and other regulatory requirements, as well as their application by the relevant authorities***

The Company's operations rely heavily on decisions and requirements from authorities concerning property ownership, leases, rental amounts, maintenance, operations, safety regulations, environmental standards, sustainability and so forth. New, amended or terminated laws or regulations, or the application of the aforementioned, which are applicable to Nyfosa's or its customers' businesses, could entail increased costs, lower income, restructuring requirements and increased resources, and could thereby have an adverse impact on Nyfosa's operations, financial position and earnings. This is also the case if government authorities were to reach opinions that differ from those of Nyfosa or its customers concerning licensing requirements, the necessity to obtain permits or other business law requirements.

### **Financial risks**

#### ***Nyfosa is exposed to liquidity risk***

Liquidity risk is the risk that the Company is unable to meet its payment obligations when they are due without a significant increase in the cost of obtaining the funds. Nyfosa's available liquidity totalled SEK 316 million in the form of bank deposits as per 30 September 2018. Nyfosa also has overdraft facilities totalling SEK 100 million, whereof the whole amount was unutilised as per 30 September 2018, and a fully utilised revolving credit facility totalling SEK 1,000 million. If Nyfosa's sources of financing prove to be insufficient, this could have a negative impact on Nyfosa's operations, financial position and earnings.

#### ***Nyfosa is exposed to financing risk***

Nyfosa finances its business primarily through borrowing and its own cash flows. As per 30 September 2018, the Group's external interest-bearing liabilities amounted to SEK 8.0 billion, of which SEK 863 million, corresponding to eleven percent, will be due for renegotiation or repayment within a year, and SEK 301 million, corresponding to four percent, will be due within one to two years. All of Nyfosa's interest-bearing liabilities are guaranteed alongside the Company's overdraft facilities. The fact that loans of SEK 863 million will be due within a year means that the Company's existing working capital will not be sufficient to cover the Group's needs during the coming twelve months. There is a risk that Nyfosa will not succeed in refinancing these loans in a, for Nyfosa, satisfying and effective way, which may lead to higher financing costs and that Nyfosa is forced to consider alternative financing possibilities. Further, there is a risk that additional capital in order to meet the Company's future growth ambitions cannot be acquired, or that this cannot be achieved at terms that are advantageous to Nyfosa. Should Nyfosa fail to obtain necessary capital in the future, this could have a negative impact on the Company's operations, financial position and earnings.

#### ***Financial covenants in loan agreements***

As per 30 September 2018, the Group's liabilities consisted of a total of SEK 8.0 billion borrowed from credit institutions. The borrowing from credit institutions is divided primarily among four different institutions against which Nyfosa and relevant subsidiaries have made certain financial covenants, such as maintaining a certain interest-coverage ratio, loan-to-value ratio and total lowest property value in the Group and approved certain restrictions relating to dividend payments in subsidiaries. Should Nyfosa or other relevant subsidiary not fulfil or be in breach of the financial covenants set out in each credit agreement, the credit institutions are entitled to cancel the underlying loans. Should one of the Group companies fail to fulfil one or more of these covenants in any credit agreement, this could result in the loan and other loan agreements (through cross default provisions) being cancelled for immediate repayment or in the collateral being taken over by the credit institution/s concerned. This could have a negative impact on Nyfosa's operations, financial position and earnings.



### *Nyfosa is exposed to interest-rate risk*

Nyfosa is at risk that changes in the level of interest rates impacts Nyfosa's interest expenses, which is one of the Company's largest cost items. In the longer term, changes in interest rates have a material impact on Nyfosa's profit and cash flow. As per 30 September 2018, the average interest rate was 1.7 percent. Based on Nyfosa's annual earnings capacity as per 30 September 2018, a change in the Company's average interest rate (not taking into account derivative agreements, including the contracted interest-rate cap) of +/- one percent would theoretically impact the Company's profit before tax by +/- SEK 80 million. If prevailing interest-rate levels were to change and/or the Company were to fail to pay interest in the future, this could consequently have a negative impact on the Company's operations, financial position and earnings. In some cases, Nyfosa has entered into loan agreements with an interest-rate floor provision, meaning that STIBOR 3-months cannot be negative. These provisions mean that Nyfosa cannot fully capitalise on a negative STIBOR interest. If prevailing interest-rate levels were to change and/or Nyfosa were to fail to pay interest in the future, this could consequently have a negative impact on Nyfosa's operations, financial position and earnings.

### *Risk related to the value of derivatives*

A portion of Nyfosa's loans have a short fixed-rate period. As part of its management of interest-rate risk, the Company utilises fixed-income derivatives, at present primarily interest-rate caps. If, during the term of the derivatives, the variable market interest rate deviates from the contractual fixed interest rate alternatively the contractual upper limit for the floating interest rate for the derivatives, this gives rise to a theoretical surplus or deficit value for the financial instrument. Fixed-income derivatives and interest-rate caps are recognised continuously at fair value in the statement of financial position, while changes in value are recognised in profit or loss. The market value of the derivatives changes as market interest rates change. This could, in turn, have a negative impact on Nyfosa's operations, financial position and earnings.

### *Nyfosa is exposed to counterparty risk*

Nyfosa is exposed to the risk that a counterparty is unable to meet their obligations to pay the contractually agreed rent, purchase consideration or otherwise fulfil their obligations. Existing and potential customers may find themselves in situations, for example due to economic circumstances, which mean they can no longer pay the contractually agreed rents on time or otherwise fulfil their obligations. Furthermore, new development and refurbishment projects could be delayed if suppliers cannot deliver on time or if contractors cannot conclude projects as planned. If Nyfosa's counterparties are not able or willing to fulfil their obligations to Nyfosa it could have a negative impact on Nyfosa's financial position and earnings.

## **RISKS ASSOCIATED WITH THE DISTRIBUTION OF SHARES IN THE COMPANY**

### **The anticipated benefits of the distribution of Nyfosa may not be realised**

The intended objective of the distribution is to provide greater opportunities for the respective operations to successfully realise their strategies. However, there is a risk that the anticipated benefits of the distribution will not be achieved if the assumptions on which the decision to carry out the distribution are based, prove to be incorrect. For example, Nyfosa may, as standalone company, not be able to obtain external financing or other financial services on conditions that are equally as advantageous as those that can be secured by the Hemfosa Group before the distribution. The results of the Company's operations, its financial position and share price could be adversely affected should Nyfosa as an independent company incur additional costs, achieve lower profits or make lower cost savings than expected, and the anticipated benefits from the distribution may not be realised.

### **Nyfosa could be liable for claims that are not attributable to Nyfosa's existing operations**

A demerger agreement was entered into between Hemfosa and Nyfosa in conjunction with the demerger of the Hemfosa Group. According to the demerger agreement, the principle applies that responsibility for a subsidiary or property's historical relationships, both known and unknown, is to lie with each legal entity. This means that Nyfosa in relation to Hemfosa is responsible for claims made by a third party against a subsidiary or property included in the Group, regardless of the grounds or when the claim arose and whether it is related to Nyfosa's current operations. Such claims, that may be unexpected and be considered unjustified in relation to Nyfosa, could have a negative impact on Nyfosa's operations, financial position and earnings.

### **There is a risk that the market will not react positively to the distribution**

There is a risk that the market price of the Nyfosa and Hemfosa shares, as independent companies, will not exceed the share price of the Hemfosa Group in its current form. Investors may have a negative view of Nyfosa's financial position or risk profile, which may have an adverse effect on the pricing of the shares in Nyfosa. There is also a risk that investors may perceive the independent companies as less attractive investment objects than the Hemfosa Group in its current form.

### **Risks relating to small and specialised operations**

The asset pool in Nyfosa as an independent company will be smaller than the total asset pool in its current form, as part of Hemfosa. Accordingly, each risk that currently exists in the Hemfosa Group and that will also exist in one of the two operations (Hemfosa or Nyfosa) after the distribution will be of proportionally greater significance for that specific operation than it would be for the Hemfosa Group in its current form. This may apply to, for example, the capacity to manage unforeseen claims and expenses of material significance. In addition, the more specialised operations that will be conducted by

## RISK FACTORS

Nyfosa will not have same scope to offset the effects of certain business risks that the Hemfosa Group has in its current form, particularly as Hemfosa's focus on community service properties entailed many publicly financed tenants that were stable and creditworthy. These risks could, should they materialise, have a negative impact on Nyfosa's operations, financial position and earnings.

### **Nyfosa's historic financial information in the Prospectus does not necessarily provide the same picture as if Nyfosa historically had been a separate group**

Nyfosa's historic consolidated financial information does not necessarily provide an accurate and complete representation of what Nyfosa's operations, earnings and financial position would have been if the demerger from Hemfosa had been completed by the presented date. Nor should the information be used as a basis for conclusions about Nyfosa's future operations, earnings and financial position. Nyfosa has not historically been a separate group, but rather earnings for operations attributable to commercial properties were consolidated within the framework of Hemfosa's earnings, financial position and cash flow. Consequently, costs attributable to being an independent listed company, such as certain administration expenses, were not charged in full to Nyfosa's earnings. The basis for the historic financial information is financial information for a property portfolio comprising commercial properties with office, logistics and warehouse premises, plus a small number of other types of properties, such as retail properties in Hemfosa's consolidated financial statements for the 2015–2017 financial years (albeit with some adjustments).

### **RISKS ASSOCIATED WITH INVESTING IN THE COMPANY'S SHARES**

#### **Shareholding always involves the assumption of a certain amount of risk and Nyfosa's shares may decrease in value**

Risks and risk-taking are an unavoidable part of share ownership. Because an investment in shares can both increase and decrease in value, there is a risk that investors may not recover the capital invested. The performance of both the stock market in general and specific companies' shares depend on several factors. The price of Nyfosa's shares may also be affected partially or entirely by factors beyond the Company's control, such as competitors' activities and position in the market. Nyfosa cannot say how investors' interest in Nyfosa will develop, and it is not certain that there will be an active and liquid market for trading in Nyfosa's shares. Since it is not possible for an individual company to control all of the factors that can impact its share price, investment decisions involving shares should be preceded by careful analysis.

#### **Future share capital increases could have a negative impact on Nyfosa's share price**

Nyfosa could perform share capital increases in the future for various reasons, through preferential rights issues or issue with deviation from the preferential rights, for purposes including financing future acquisitions or conducting other invest-

ments. Such share capital increases will lead to dilution of the holdings of shareholders who do not participate in such an issue or who opt not to exercise their right to subscribe for shares. Such dilution could have a negative impact on Nyfosa's share price, earnings per share and net asset value per share.

#### **Future dividends from the Company may be delayed or not be paid at all to shareholders**

Dividends may only be paid if Nyfosa has sufficient distributable funds and is justifiable with respect to the requirements imposed by the nature, scope and risks of Nyfosa's business on the amount of equity as well as Nyfosa's consolidation needs, liquidity and position in general for a certain financial year, whereby the Group's needs must also be taken into account. There is thus a risk that distributable funds may not be available in any financial year. Nyfosa's dividend policy is that profits in the Company will primarily be reinvested to leverage business opportunities and achieve the growth target of a total property value of SEK 25 billion. Other factors could lead to Nyfosa being unable or considering it inappropriate to pay dividends to shareholders, such as insufficient liquidity arising from restrictions in credit agreements concerning the subsidiaries' opportunity to distribute earnings to the parent company Nyfosa or that the earnings performance is positive but is largely attributable to unrealised changes in value. Accordingly, there is a risk that no dividend will be paid to shareholders for some time or at all.

#### **Special risks posed to foreign shareholders**

Nyfosa's share is only listed in SEK, and any dividends will be paid in SEK. This means that shareholders outside Sweden may experience a negative impact on the value of their holdings and dividends when they are converted to other currencies if SEK declines in value against the currency in question. If Nyfosa issues new shares with preferential rights for the Company's shareholders in the future, shareholders in some countries may be subject to restrictions that mean that they are unable to participate in such new issues or that their participation is otherwise obstructed or limited. To the extent that shareholders in jurisdictions other than Sweden are unable to subscribe for new shares in any new rights issues, their proportional ownership in Nyfosa will decline.

#### **Nyfosa believes it is probable that it can be classified as a passive foreign investment company ("PFIC") according to US federal income tax rules, which could have negative income tax effects for American investors in the Company**

The Company is of the opinion that it is probable that it will be considered a PFIC during the current year of assessment and for the foreseeable future. If the Company is a PFIC, this could result in negative income tax effects in the US for American investors, such as an expanded or accelerated liability for American federal income tax.

# BACKGROUND AND REASONS

At the extraordinary general meeting of Hemfosa on 13 September 2018, Hemfosa's shareholders resolved in accordance with the board's proposal to distribute all of the shares in the wholly owned subsidiary Nyfosa to the ordinary shareholders of Hemfosa. The intention is to have the Nyfosa share admitted to trading on Nasdaq Stockholm, with the first day of trading as 23 November 2018.

Nyfosa was originally part of Hemfosa and the portfolio of commercial properties that Hemfosa has accumulated alongside the portfolio of community service properties since it was founded. The commercial properties, which had a property value of SEK 15.4 billion as per 30 September 2018, primarily comprise offices in high-growth municipalities and logistics and warehouse premises in transportation hubs across Sweden. A demerger of Hemfosa and a separate listing of Nyfosa is a natural step in order to continue to develop, increase specialisation and create more favourable conditions for capitalising on business opportunities in both the commercial property market and in the market for community service properties.

At the same time as Hemfosa has developed into a more specialised community services property company since it was listed in 2014, many attractive business opportunities outside the community service segment have been continuously identified. The demerger is expected to enable Nyfosa, as a separate company, to be better able to capitalise on attractive business opportunities and create improved conditions for developing and adapting the transaction operations focusing mainly on commercial properties. With a separate, flexible and entrepreneurial organisation, Nyfosa will also gain a stronger platform for acting rapidly and creating operational efficiency and value growth. A demerger is also expected to lead to the Company being better able to leverage the potential of the existing commercial property portfolio through management and improvement measures in collaboration with tenants.

It is also considered that there is potential for creating value by way of continued opportunistic acquisitions, based on Nyfosa's know-how and experience of identifying values, assessing risks and managing complex transactions. The acquisition of a significant property portfolio with a value of SEK 3.6 billion announced by Hemfosa on 6 July 2018 is an example of this type of business opportunity. The boards of directors of Hemfosa and Nyfosa believe that a demerger of the operations and a distribution of Nyfosa will improve the conditions for leveraging the potential of the entire business and thus increase the value for shareholders. A separate listing also allows for current and new shareholders to invest directly in Nyfosa.

*The Prospectus has been prepared by the board of directors of Nyfosa in connection with the admission to trading of shares in Nyfosa on Nasdaq Stockholm. The board of directors of Nyfosa is responsible for the information included in the Prospectus. Assurance is hereby given that all reasonable precautions were taken to ensure that the information in the Prospectus, to the knowledge of the board of directors of Nyfosa, corresponds to the actual circumstances and that no information has been omitted that could affect its meaning.*

Nacka, 6 November 2018

**Nyfosa AB**

*The board of directors*





CEO COMMENTS

# TARGETING THE BEST POSSIBLE TRANSACTIONS

*“Our ambition is to think in new and broad terms and to dare to go against the tide when other operators become more and more niched. When imperfections arise in the property market, Nyfosa is ready to capitalise on opportunities as they appear, regardless of category or region.”*

# CEO COMMENTS

In the autumn of 2017, a demerger of the Hemfosa Group into two listed companies, Nyfosa and Hemfosa, was initiated as a natural next step on the journey that started with the foundation of Hemfosa almost ten years ago. During the spring, Nyfosa developed into an independent company with the expertise and resources to identify and undertake the best property transactions. We start with a strong property portfolio of SEK 15.4 billion consisting of offices in high-growth municipalities and logistics and warehouse premises at transportation hubs across the country – and we are in every way ready to build a new and strong company in the Swedish property market. I am proud to be able to present, for the first time, Nyfosa in its entirety – a transaction-based and opportunistic property company targeting the best possible transactions.

## A PROPERTY COMPANY THAT DARES TO GO AGAINST THE TIDE

One of Nyfosa's main strengths is the ability to identify and conduct acquisitions that are often on the periphery of the focus of other operators or that other operators are unable to undertake. This is thanks to our experience of complex transactions, swift processes and ability to assess potential and risks. Nyfosa's mission is to actively participate in a changing property market and to extract the most from each investment with the aim of achieving high and stable return. Our ambition is to think in new and broad terms and to dare to go against the tide as other operators become increasingly niched. When imperfections arise in the property market, we are poised to capitalise on opportunities as they appear, regardless of category or region.

The major part of Nyfosa's property portfolio currently comprises office and logistics and warehouse premises but through its flexible investment strategy, Nyfosa's property portfolio can change with the property market. For example, the changed conditions in the housing market seen in the past year entail new and interesting opportunities for Nyfosa. With the tendency to overheating in the Swedish property market, increasing numbers of property operators and residential developers, particularly small and unknown operators, are facing difficulties that could result in investment opportunities for Nyfosa. We keep our ears to the ground and will be where the transactions are taking place.

*”We want to grow rapidly and have set ambitious, but realistic, targets for Nyfosa's expansion.”*

## AN EFFICIENT ORGANISATION

Nyfosa is an efficient and entrepreneurial organisation with short decision-making paths combined with a wealth of knowledge about transactions. The Executive Management Team includes immense experience of transactions from Hemfosa, and comprises a number of people who have helped to build Hemfosa's property portfolio, to a value of almost SEK 50 billion, over a relatively short period. Nyfosa's strong team is productive and flexible, with the capacity to conduct both large portfolio transactions and smaller transactions. We work openly and creatively to identify values and see potential that is not always obvious.

## PROSPECTS FOR RAPID GROWTH

We want to grow rapidly and have set ambitious, but realistic, targets for Nyfosa's expansion. The aim is a growth rate that will enable us to achieve a portfolio with a total property value of SEK 25 billion, excluding shares in joint ventures, during 2022. In addition, we wish to achieve a return on equity of at least 15 percent over time, calculated before paid tax.

I am now looking forward to leading Nyfosa into the next phase as a listed company. The time for establishing and listing Nyfosa is favourable, I believe, against the background of the current property market in Sweden. This, together with a strong property portfolio, an experienced team and the right resources, we have the conditions in place to reach our goals.

Nyfosa is a company that is following its own course, ready to identify and complete the best possible transactions. You are welcome to join us on our journey!

Jens Engwall  
CEO, Nyfosa AB





**BOMBARDIER**



# INFORMATION REGARDING DISTRIBUTION

## RESOLUTION REGARDING DISTRIBUTION OF THE SHARES IN NYFOSA

The extraordinary general meeting of Hemfosa on 13 September 2018 resolved in accordance with the board's proposal to distribute all of the shares in the wholly owned subsidiary Nyfosa to the ordinary shareholders of Hemfosa. Shares in Nyfosa will be distributed to Hemfosa's ordinary shareholders in proportion to each individual ordinary shareholder's holding of ordinary shares in Hemfosa on the record date of the distribution, 21 November 2018, whereby one share in Nyfosa will be received for each ordinary share in Hemfosa. Aside from being registered as an ordinary shareholder on the record date of the distribution (directly registered or nominee-registered) no further actions are required in order to receive shares in Nyfosa. The distribution of the shares is expected to fulfil the requirements of the Lex ASEA rules regarding taxation. Refer also to the section "*Certain tax considerations in Sweden.*"

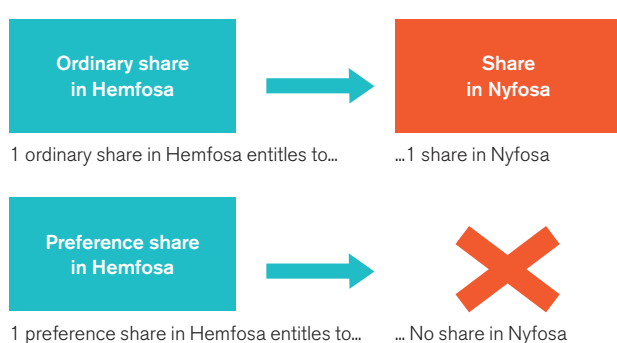
## DISTRIBUTION RATIO

The intention is to distribute the shares in Nyfosa in accordance with the Lex ASEA rules, meaning in proportion to the shareholding in Hemfosa of each individual shareholder on the record date of the distribution. Each ordinary share in Hemfosa carries entitlement to one share in Nyfosa. Preference shares carry no entitlement to distribution of shares in Nyfosa, nor do any ordinary shares held in treasury by Hemfosa on the record date. All of the shares in Nyfosa will be distributed. Each share in Nyfosa carries one vote at general meetings of the Company. For further information, refer to the section "*Shares, share capital and ownership structure.*"

## RECORD DATE

The record date at Euroclear for the right to receive shares in Nyfosa is 21 November 2018. The final date for trading in Hemfosa's ordinary shares including the right to distribution of shares in Nyfosa is 19 November 2018. The ordinary shares in Hemfosa will be traded excluding the right to distribution of shares in Nyfosa from 20 November 2018.

## EXAMPLE – DISTRIBUTION OF SHARES



## RECEIPT OF SHARES

Those entered in the share register, maintained by Euroclear, as ordinary shareholders in Hemfosa on the record date of the distribution will receive shares in Nyfosa without taking any further action. Shares in Nyfosa will be available in the CSD account (Sw. *VP-konto*) of those ordinary shareholders who are entitled to receive the distribution (or the CSD account belonging to the party who is otherwise entitled to receive the distribution) two banking days after the record date. Thereafter, Euroclear will send an account statement containing information on the number of shares registered in the CSD account of the recipient.

## NOMINEE-REGISTERED HOLDINGS

Shareholders whose holdings in Hemfosa are registered with a bank or other nominee will not receive an account statement from Euroclear. Notification and distribution of the shares in Nyfosa will instead take place in accordance with the procedures of each respective nominee.

## LISTING OF THE SHARES IN NYFOSA

The board of directors of Nyfosa has applied for the Company's shares to be admitted to trading on Nasdaq Stockholm. On 1 November 2018, Nasdaq Stockholm's Listing Committee decided to approve Nyfosa's application for admission to trading of the Company's shares on Nasdaq Stockholm provided that, *inter alia*, the distribution requirement for the Company's shares is met. The first day of trading is expected to be 23 November 2018. The Company's ticker on Nasdaq Stockholm will be NYF. The ISIN code for Nyfosa's shares is SE0011426428. Nyfosa does not intend to apply to have the Company's shares admitted to trading on any other exchange or marketplace than Nasdaq Stockholm. Nor does Nyfosa intend to register shares under the U.S. Securities Act or another foreign equivalent, or take any other measures that may entail that Nyfosa is subject to the reporting requirements of the SEC (United States Securities and Exchange Commission).

## RIGHT TO DIVIDENDS

The shares in Nyfosa will carry entitlement to dividends for the first time on the record date for dividends occurring closest after the shares in Nyfosa have been distributed. Any dividends will be paid following a resolution by a general meeting. Refer also to the heading "*Dividend policy*" in the section "*Business overview*" and the heading "*Rights to dividends and surplus in the event of liquidation*" in the section "*Shares, share capital and ownership structure.*"





Tulpanen 3, Mölndal



# MARKET OVERVIEW

The following is an outline of the markets in which Nyfosa operates. Some information has been obtained from third parties, and Nyfosa has accurately reproduced such information in this Prospectus. Unless otherwise stated, the information is based on the Company's own analyses and facts obtained from Newsec, an advisor in the property sector for investors, property owners and premises users. The market information from Newsec has been commissioned by Nyfosa and Nyfosa believes it to be reliable. Although the Company believes the sources used are reliable, no independent verification has been performed and the accuracy or completeness of the information is not therefore guaranteed. As far as the Company is aware and able to ascertain from other information published by the third parties, no information has been omitted that would render the reproduced information inaccurate or misleading.

## THE SWEDISH ECONOMY

### General economic conditions<sup>1)</sup>

The Swedish economy reflects an increasingly strong economic climate and several indicators suggest continued favourable growth over the coming quarters. GDP increased with 1.0 percent during the second quarter of 2018 and with 3.3 percent in total over the four quarters ending 30 June 2018, compared with 2.3 percent in 2017 and 3.2 percent in 2016. The upturn was mainly driven by increased consumption among households and lower import levels. The strong economic growth was largely fuelled by the expansive monetary policy, whereby low interest rates are driving domestic demand while contributing to a relatively weak krona. The weak krona together with a robust growth in markets is expected to contribute towards growth in Swedish exports in the next few years. The hot and dry summer of 2018, with poor harvests, is expected to have a slight constraining effect on GDP growth for the full-year 2018.

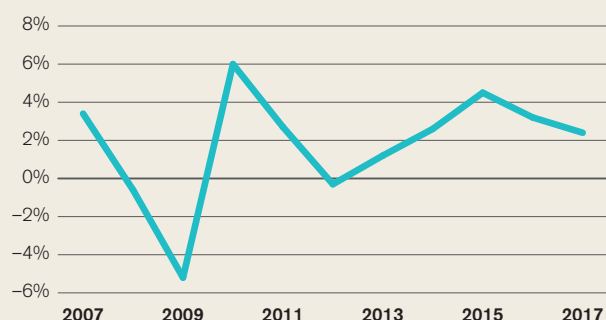
The drop in housing prices at the end of 2017 and early in 2018 is a source of uncertainty, but the price trend is consid-

ered to have stabilised and only entails limited real economic effects. Should prices fall more than forecast, there is a risk of adverse effects on the business cycle. In line with developments in 2018, housing investments are expected to slow down also in 2019, and growth in construction operations will stagnate.

The strong trend in the economic situation is reflected in the labour market in the form of continued job growth. Unemployment remained essentially unchanged at 6.2 percent during the second quarter of 2018, compared with 6.7 percent in 2017 and 6.9 percent in 2016. The rate of wage increases is expected to grow in the next few years due to the strong market, which is exerting greater cost pressure on companies. Disposable income is increasing, partly due to forceful monetary policy measures. Higher disposable income combined with even lower interest rates are expected to stimulate household consumption and thereby provide a steady contribution to GDP growth. Income growth is expected to be more restrained from 2019 in view of fiscal austerity, rising interest rates and weaker employment growth.

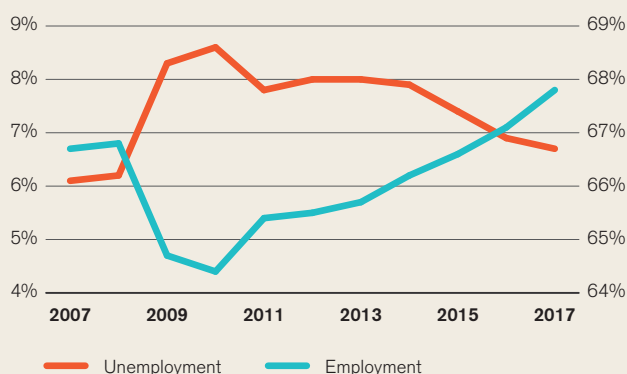
1) Swedish National Institute of Economic Research (General Economic Conditions, June 2018 and Updated Economic Outlook, August 2018).

### GDP GROWTH



Source: SCB

### UNEMPLOYMENT AND EMPLOYMENT



Source: SCB

### Inflation and interest rate trends<sup>1)</sup>

Sweden's CPIF inflation and inflation expectations have gradually risen in recent years and are now close to the Riksbank's target of 2 percent. Key drivers include rising energy prices, a weaker krona and increasing resource utilisation. A continued expansive monetary policy is considered necessary to retain the level of inflation, which explains why the repo rate was left unchanged at the low level of -0.50 percent at the latest monetary policy meeting on 5 September 2018. Gradual increases in the repo rate are expected to begin in December 2018 or February 2019 assuming the economy develops as expected and support from monetary policy can be reduced. Examples of dampening factors in the immediate future include the fact that company prices, salaries and living expenses are only expected to increase to a limited degree.

Sweden's economy is influenced by several macro-economic factors and events in the markets. 2018 was marked by a worsening trade conflict between the US and China during the summer and by risks related to budgetary problems in Italy and several emerging countries with high inflation and political instability. Despite some turbulence in the markets, the Economic Tendency Survey Indicator from the Swedish National Institute of Economics shows a brighter than normal market sentiment in the Swedish economy. The indicator began lower early in 2018 but remains at a high level relative to the 2010s as a whole and the indicator rose every month between June and August 2018. Developments in the financial markets also support this view of an economic strengthening in international markets.

### THE SWEDISH LEASING MARKET FOR COMMERCIAL PROPERTIES

Commercial properties are intended for use in business operations, and include offices, warehouses, restaurants and retail. Nyfosa's portfolio currently comprises mainly offices as well as logistics and warehouse premises, whose markets are described in more detail below.

#### Offices<sup>2)</sup>

Office tenants primarily comprise service firms and a normal lease term is three years. In the case of major modifications or new builds, the lease duration is longer, usually between five and ten years. The rent level for office properties is primarily determined by the property's location, the general market situation and the business structure in the area. A higher proportion of service companies creates a larger market for office premises, thus constituting a rent driver. Rent levels in the office properties category, which are presented in figure 1, mainly fall in the interval SEK 1,650 to SEK 2,275 per sqm for regional capitals and SEK 1,050 to SEK 1,450 per sqm for other cities in high-growth municipalities. Figure 2 shows that rent levels for office properties in both regional capitals and other cities in high-growth municipalities have shown a stable trend with low volatility over time.

The vacancy rate in high-growth municipalities excluding Sweden's three largest cities is less volatile and is not tied to economic conditions in the same way as office vacancies in Stockholm, Gothenburg and Malmö. In many of Sweden's major cities, office properties in the more attractive geographic locations have a low vacancy rate. The reasons for this include limited new builds of office premises in these locations in the past few years. On 30 June 2018, the vacancy rate in the inner city areas of Stockholm was about 3.5 percent, in Gothenburg 4.4 percent, and in Malmö 5.5 percent. Office premises in prime locations in high-growth municipalities have an average vacancy rate of between 4.0 and 8.0 percent.

#### Logistics and warehouses<sup>2)</sup>

The market for logistics and warehouse premises is characterised by a wide distribution of parameters, such as ownership, size, modernity and efficiency. The leases for logistics and warehouse premises are generally longer than in the other property segments and are commonly signed for between five to ten years. The rent level is primarily determined by the property's location and functionality and the proximity to logistics clusters and transportation hubs. Rent levels in the property category, presented in figure 3, have been relatively stable and mainly fall in the interval SEK 360 to SEK 650 per sqm for regional capitals and SEK 300 to SEK 650 per sqm for other cities in high-growth municipalities. In the lower section of the interval, there are mainly older logistics properties that are not as efficient as modern properties as well as properties in less attractive locations. The rent level also depends on factors such as geographic location and the supply of land in the local area. Modern logistics properties generally only have one tenant due to logistics businesses demanding a high degree of customisation. Compared with other property segments, logistics properties are thereby subject to a higher lease renewal risk, whereby the current tenant has a relatively strong negotiating position in relation to the property owner. To limit this lease renewal risk, property owners normally work in the logistics category with several logistics properties at the same time and can thereby effectively spread their risk exposure.

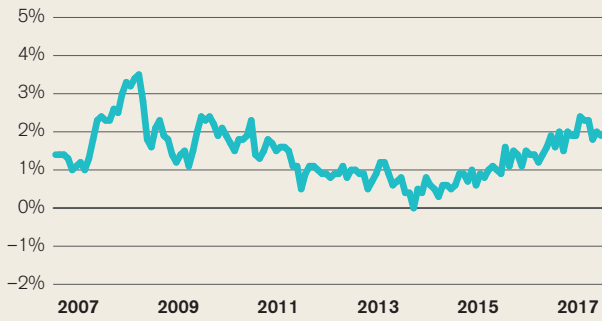
In the most sought-after logistics clusters, such as the Gothenburg area (A location) and Jönköping (B location), the vacancy rate is approximately 2.0 percent and 5.0 percent on average, respectively. For logistics properties located in the less sought-after logistics clusters (B location), such as Växjö, the vacancy rate is 15 percent. However, this is an average vacancy rate where some buildings are fully leased and others are entirely unoccupied.

1) Sveriges Riksbank (Penningpolitisk rapport september 2018).

2) Unless otherwise stated, facts below are from Newsec.

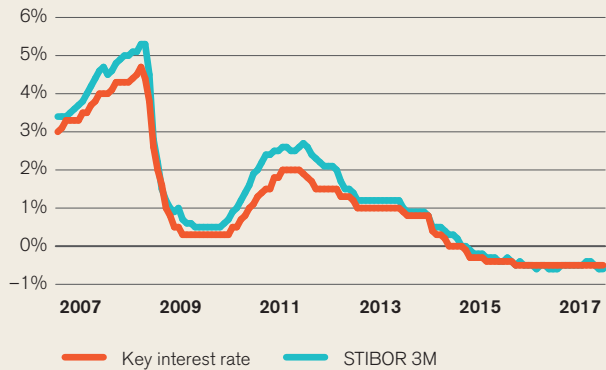
## MARKET OVERVIEW

### CPIF



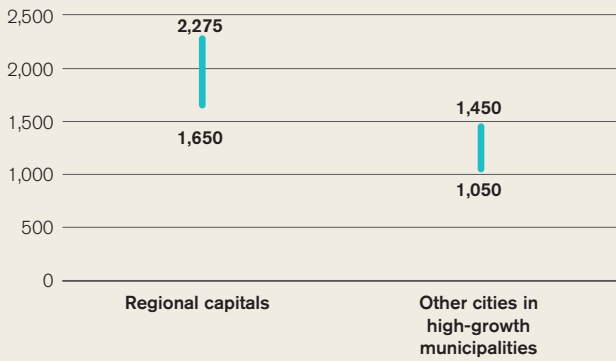
Source: SCB

### INTEREST RATE TRENDS KEY INTEREST RATE AND STIBOR 3M



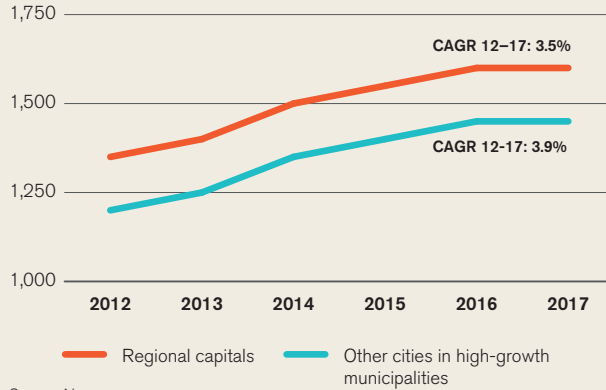
Source: Swedish Riksbank

**FIGURE 1 – RENT LEVELS IN THE OFFICE PROPERTIES CATEGORY (SEK/SQM)<sup>1)</sup>**



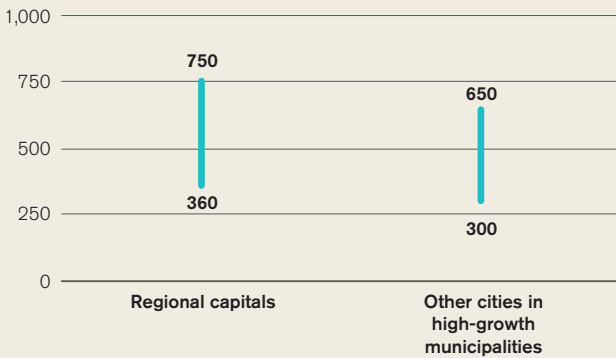
Source: Newsec

**FIGURE 2 – RENTAL TREND FOR OFFICE PROPERTIES IN SWEDEN (SEK/SQM)<sup>1)</sup>**



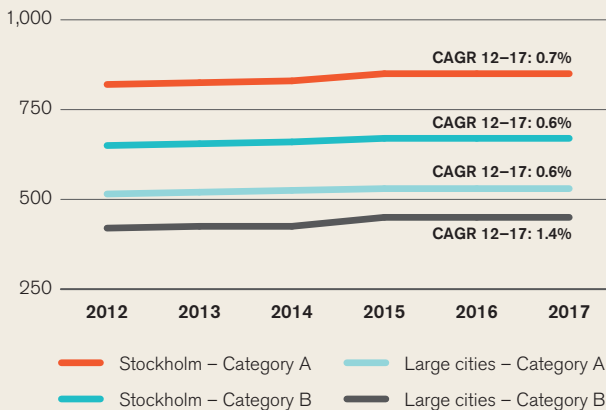
Source: Newsec

**FIGURE 3 – RENT LEVELS IN THE LOGISTICS AND WAREHOUSE PREMISES CATEGORY (SEK/SQM)<sup>1)</sup>**



Source: Newsec

**FIGURE 4 – RENTAL TREND FOR LOGISTICS AND WAREHOUSE PREMISES IN SWEDEN (SEK/SQM)<sup>2)</sup>**



Source: Newsec

1) The regional capitals are Borås, Gävle, Helsingborg, Jönköping, Karlstad, Linköping, Luleå, Norrköping, Sundsvall, Umeå, Uppsala, Västerås, Växjö and Örebro. Examples of cities in high-growth municipalities are Östersund, Eskilstuna, Halmstad, Falun/Borlänge, and the municipalities surrounding Stockholm, Gothenburg and Malmö.  
 2) This diagram pertains to logistics and warehouse premises in the size of 5,000–20,000 sqm with 5–10 year leases. The rent does not include heating and property tax. A location Stockholm area: Rosersberg and Arlandastad. B location Stockholm area: Jordbro and Nykvarn. A location Large cities, Gothenburg area: Arendal Backa and Högby/Sisjön, Malmö area: Helsingborg, Fosie, Norra Hamnen and Bulltofta. B location Large cities, Gothenburg area: Varberg and Borås, Malmö area: outside Malmö and Lund. CAGR refers to annual average growth.

**THE SWEDISH INVESTMENT MARKET FOR PROPERTIES**

**The Swedish property market<sup>1)</sup>**

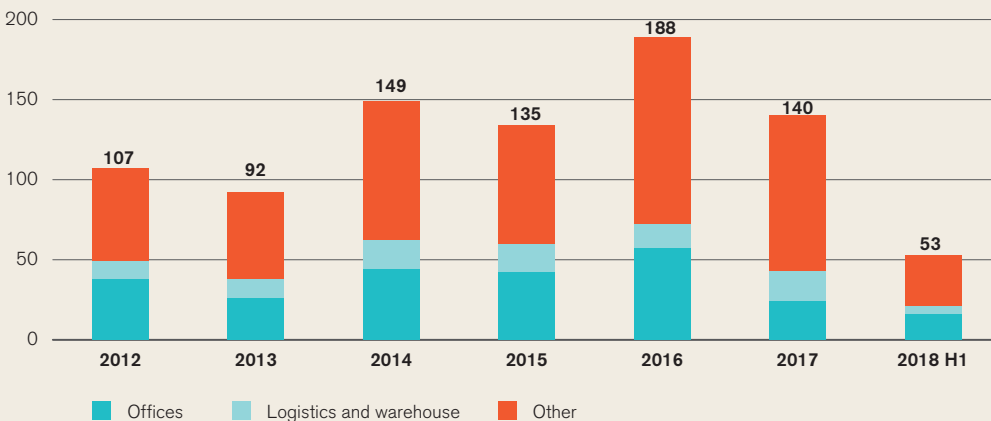
The Swedish property market is the largest in the Nordic region as well as one of the most liquid markets in Europe. The largest property owners in Sweden are institutions, such as Akademiska Hus, AMF Fastigheter and Vasakronan, as well as property companies, such as Balder, Castellum and Faberge. Interest in investing in the Swedish property market has developed favourably in recent years due to several factors, including improved financing terms, low returns from alternative investments and the stable macroeconomic trends compared with the rest of Europe. Investors have been primarily interested in centrally located properties in major cities, a factor that has in turn exerted downward pressure on yield requirements. With the aim of finding better returns, this has resulted in the gradual expansion of the transaction

market over time from primarily encompassing Sweden's three largest cities to increasingly including high-growth municipalities around the country. Due to the declining yield requirements, investors and property owners are increasingly also searching for new production and development projects as a complement to property acquisitions. Property companies have increasingly turned to alternative financing such as borrowing by issuing bonds or preference shares, even though the Swedish credit market is considered to be relatively liquid in comparison with many European credit markets.

Activity in the investment market for properties in Sweden remains high. In 2016, the total transaction volume was SEK 188.5 billion.<sup>2)</sup> The equivalent figure for 2017 was SEK 139.6 billion, corresponding to a reduction of about 26 percent compared with the level in 2016. For the first half of 2018, the total transaction volume was SEK 52.7 billion.<sup>2)</sup>

1) Unless otherwise stated, facts below are from Newsec.  
 2) Based on transactions exceeding SEK 100 million in value.

TOTAL TRANSACTION VOLUME IN THE SWEDISH PROPERTY MARKET IN SEK BILLION BETWEEN 2012 AND 2018 H1 (BY CATEGORY)



Source: Newsec



## MARKET OVERVIEW

### Offices<sup>1)</sup>

Examples of major transactions that in full or in part are included in the offices category

Seller	Buyer	Type	Date	Location	SEK million	Area sqm	SEK/sqm
Hemfosa	Bonnier Fastigheter	Offices	Jun 2018	Uppsala	1,000	24,500	40,800
Midroc	A. Bodin Fastigheter	Offices	Jun 2018	Stockholm	800	6,400	125,900
Mengus	Barings Real Estate	Offices	May 2018	Stockholm	1,100	10,000	110,000
Storebrand	Bonnier Fastigheter	Offices	May 2018	Uppsala	700	12,700	55,100
Skandia Fastigheter	Axfast	Offices	Apr 2018	Stockholm	1,300	35,200	17,500
Fabege	Union Investment RE	Offices	Mar 2018	Stockholm	1,200	17,700	67,800
AMF Fastigheter	Areim Fond III	Offices	Feb 2018	Stockholm	1,700	46,700	36,400

Privately owned property companies are the most dominant players in the transaction market for office properties. In 2018, Anders Bodin Fastigheter, for example, acquired a property in Stockholm from Midroc for approximately SEK 800 million and Areim acquired an office property from AMF Fastigheter in Stockholm for SEK 1,700 million.

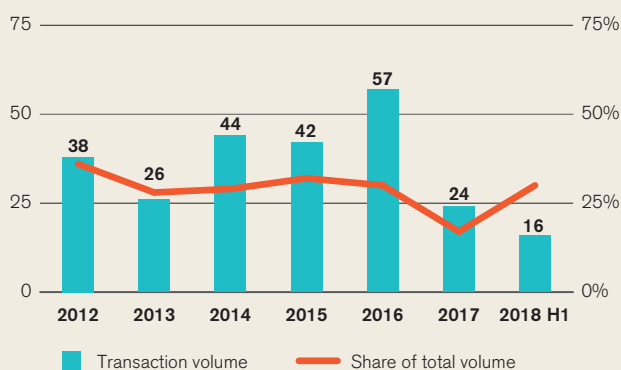
Local players have historically been less active in terms of property divestment and focused instead on growth in the existing property portfolio. Municipalities with stable growth exhibit investment appetite, which is reflected in an increase in the production of new office properties. Examples of cities where this is happening are Karlstad, Linköping, Luleå, Norrköping, Uppsala and Växjö.

In 2017, the total transaction volume in the office properties category in Sweden was approximately SEK 24 billion<sup>2)</sup>, corresponding to a reduction of about 58 percent compared with the level in 2016. As per 30 June 2018, the transaction volume for the year in office properties was SEK 16 billion. The yield requirement in the category, which is presented in figure 6, has moved to lower levels over time in both regional capitals and other cities in high-growth municipalities. The strong rental trend and low vacancy rates can be explained by the stable demand for office premises over a protracted period, due to a consistently stable business sector.

1) Unless otherwise stated, facts below are from Newsec.

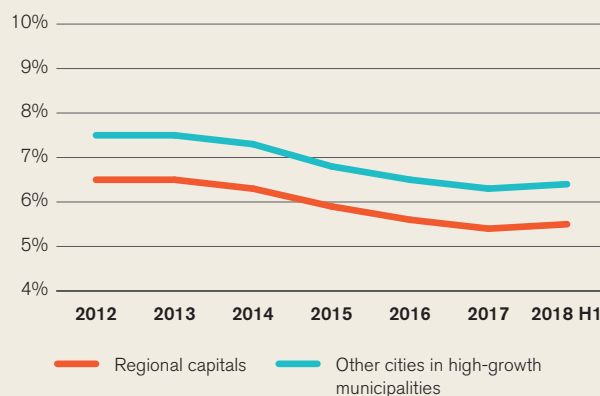
2) Based on transactions exceeding SEK 100 million in value.

FIGURE 5 – TRANSACTION VALUE FOR OFFICE PROPERTIES IN SEK BILLION, PLUS ITS PERCENTAGE SHARE OF TOTAL TRANSACTION VOLUME



Source: Newsec

FIGURE 6 – YIELD REQUIREMENT OVER TIME FOR OFFICE PROPERTIES IN SWEDEN



Source: Newsec

Logistics and warehouses<sup>1)</sup>

Examples of major transactions that in full or in part are included in the logistics and warehouse category

Seller	Buyer	Date	Location	SEK million	Area sqm	SEK/sqm
Private individual	Equinix	Mar 2018	Stockholm	440	16,900	25,900
Kungsleden	Unknown	Feb 2018	Helsingborg	555	62,000	9,000
Kilenkrysset	Catena	Dec 2017	East Sweden	1,104	91,500	12,100
Klövern	Arctic Securities	Dec 2017	Gothenburg	643	39,900	16,100
Kuwait Finance House	Canica & R. Eiendom	Dec 2017	Hallsberg	900	70,300	12,800
Fabege	NP3 Fastigheter	Dec 2017	Sundsvall	514	82,100	6,300
Dahl	Stendörren	Oct 2017	Stockholm	410	40,000	10,300
Klövern	Corem Property Group	Oct 2017	Stockholm	240	34,200	7,000

During 2017, a full 600 thousand sqm of logistics and warehouse properties larger than ten thousand sqm was completed in Sweden, which is an all-time high. The production of new logistics and warehouse buildings was greatest in Gothenburg, with more than 163,500 sqm completed, followed by the Mälardalen region, with 129,500 sqm of logistics and warehouse buildings completed. As for the other property market, trends are continuously changing for the logistics market, leading to new conditions, challenges and opportunities for property owners and tenants. The logistics and warehouse premises' share of the transaction volume amounted to just over 13 percent (SEK 19 billion) in 2017 and 8 percent (SEK 15 billion) in 2016. The equivalent figure for 2018, as per 30 June, was 9 percent (SEK 5 billion). For example, in 2018 an anonymous Swedish property company acquired a property from Kungsleden in Helsingborg for about SEK 555 million and Equinix acquired a logistics property in Stockholm for SEK 440 million from a private individual. Foreign investors accounted for 33 percent of the transaction

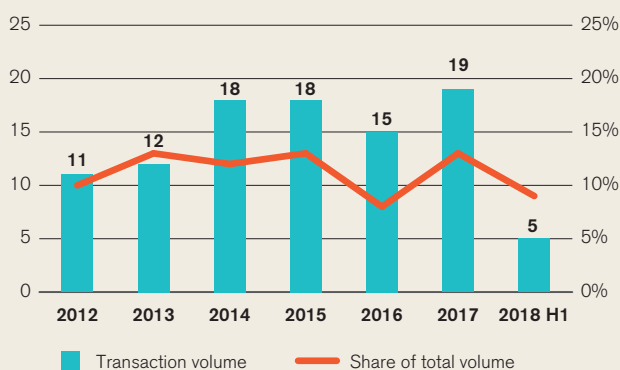
volume in the first half of 2018 with a volume of SEK 16.3 billion for transactions exceeding SEK 100 million. In the logistics and warehouse category, foreign buyers accounted for about 48 percent of property acquisitions, compared with 24 percent in the offices category. The investors' yield requirements, which are presented in figure 8, has stagnated at relatively low levels in the past five years in terms of geographic location.

COMPETITORS

Nyfosa is a property company with a portfolio comprising largely offices as well as logistics and warehouse premises in several locations in Sweden. The Company has various competitors in each property category and region. Other players in the market include international property funds, listed property companies and privately owned property companies. Management is of the opinion that the main players in the market are Catena, Castellum, Corem, Fastpartner, Klöver, Kungsleden, Sagax and Stendörren.

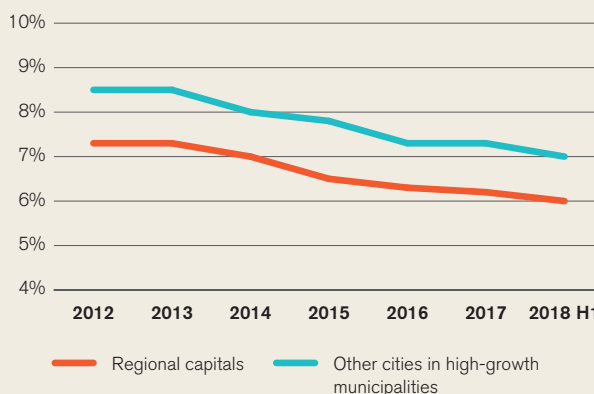
1) Unless otherwise stated, facts below are from Newsec.

FIGURE 7 – TRANSACTION VALUE FOR LOGISTICS AND WAREHOUSE PREMISES IN SEK BILLION, PLUS ITS PERCENTAGE SHARE OF TOTAL TRANSACTION VOLUME



Source: Newsec

FIGURE 8 – YIELD REQUIREMENT OVER TIME FOR LOGISTICS AND WAREHOUSE PREMISES IN SWEDEN



Source: Newsec

# BUSINESS OVERVIEW

## ABOUT NYFOSA

Nyfosa is a transaction-based and opportunistic property Company in which business activities are in focus. The Company's business concept is based on an active participation in the Swedish transaction market combined with an investment strategy that can be flexible to the property market, meaning it is not limited by property category, region, scope of the transaction or holding period. A flexible investment strategy and an efficient and near-to-market organisation with documented transaction know-how and experience from assessing and evaluating risks provide Nyfosa with a solid foundation for creating and completing investments in properties or property portfolios that are often on the peripheral in terms of the types of investments preferred by other operators.

The emphasis is on identifying values, assessing the development potential and leveraging business opportunities that may lead to a portfolio of high-yielding properties, primarily commercial. Nyfosa's method of conducting property transactions and developing and adding value to properties creates

a property portfolio with the potential to generate high and stable return. As per 30 September 2018, the value of Nyfosa's property portfolio corresponded to SEK 15.4 billion, with a leasable area of approximately 1,573 thousand sqm and mainly comprised offices in high-growth municipalities as well as logistics and warehouse properties located at transportation hubs across Sweden. In addition to Nyfosa's wholly owned property portfolio, Nyfosa also owns 50 percent of the shares in the property company Söderport, which on the same date had a property portfolio valued at SEK 7.5 billion, refer also the heading "Söderport" in the section "Property portfolio."

## BUSINESS HISTORY

Nyfosa was originally part of Hemfosa and the property portfolio initially comprised Hemfosa's previous portfolio of commercial properties. Through Hemfosa, the Company has a history of business transactions in commercial properties that began in 2009 and this history is described below using a few milestones and important transactions for the company that is now Nyfosa.

## IMPORTANT DATES

<b>2009</b>	Hemfosa was founded by an experienced team with a solid background from value-generating property companies.
<b>2010</b>	Acquisition of 50 percent of the shares in the property company Söderport. As per 30 September 2018, Söderport owned properties valued at SEK 7.5 billion, focusing on the Stockholm and Gothenburg regions.
<b>2010–2011</b>	Acquisition of a large number of properties at public auction due to the turbulence that prevailed at the time in the property market. The acquisitions included the property where Nyfosa's head office is now located. The acquisitions were made possible by the opportunistic strategy and decentralised and efficient organisation that is now a feature of Nyfosa.
<b>2013</b>	Acquisition of a portfolio of 28 commercial properties with a property value of SEK 1.3 billion. Through active property management, the portfolio has since been divided and 18 of the properties (valued at SEK 723 million) have been gradually divested for a favourable profit.
<b>2014</b>	Hemfosa was listed on Nasdaq Stockholm. The listing offered access to the capital market and resulted in a broader ownership base with both Swedish and international investors. Acquisition of a property portfolio of 54 commercial properties with a property value of SEK 2.0 billion.
<b>2016</b>	The Company signed a ten-year lease for the previously largely vacant floor space with If Skadeförsäkring comprising 11,400 sqm in the Tulpanen 3 property in Mölndal. At that time, it was Hemfosa's largest new lease, and was made possible by the active property management that is now conducted by Nyfosa.
<b>2017</b>	Acquisition of a property portfolio comprising five properties in Örnköldsvik at a property value of SEK 860 million.
<b>2018</b>	Divestment of a property in central Uppsala in June at a property value of SEK 1.0 billion. Acquisition in July of a property portfolio comprising 51 commercial properties with a property value of SEK 3.6 billion. In September, Hemfosa's extraordinary general meeting resolved on the distribution of all shares in Nyfosa to Hemfosa's ordinary shareholders.

## BUSINESS CONCEPT

Nyfosa's mission is to be a transaction-based, opportunistic property Company with strong forward momentum. Nyfosa will change in pace with the property market to always identify the best possible transactions and capitalise on business opportunities when they arise. Nyfosa will generate sustained and high returns and be cash-flow driven with the ambition to grow both its cash flow and property portfolio.

## VISION

Nyfosa will identify and complete the most profitable transactions in a changing property market by identifying and developing values and extract the best from each investment in order to maximise the shareholder value. Furthermore, Nyfosa will generate added value by being the leader in the property industry when it comes to completing complex transactions.

## OBJECTIVES, FINANCIAL RISK LIMITATIONS AND DIVIDEND POLICY

*Nyfosa has adopted a business plan for the period 2018–2022, which has been prepared to realise the Company's objectives below.*

### Overall objective

- Generate long-term high and stable return with a focus on growth.

### Growth and profitability targets<sup>1)</sup>

- Average annual growth in earnings and the property portfolio of at least 20 percent up to a total property value of SEK 25 billion (excluding shares in joint ventures).
- At least 15 percent return on equity over time, before paid tax.

### Financial risk limitations<sup>2)</sup>

- Long term, the equity/assets ratio is to amount to at least 25 percent.
- The loan-to-value ratio should not exceed 65 percent.
- The interest-coverage ratio should not fall below a multiple of two.

### Dividend policy

- Profits generated will primarily be reinvested to leverage business opportunities and achieve the growth target of a total property value of SEK 25 billion, after which a significant portion of the profit will be distributed to the shareholders in the form of dividend, redemption and/or repurchase of shares.

1) Growth and profitability targets should only be viewed as goals and not as forecasts or assumptions about future growth and returns. Nyfosa's business, earnings and financial position, and the macroeconomic situation in which Nyfosa operates, could differ significantly, and be both more negative and more positive than assumed when the targets were prepared. Nyfosa may for other reasons fail to achieve these targets, see also the section "Risk factors."

2) Do not represent financial objectives but rather risk limitations, making it natural for the Company to have a certain margin for these.

## STRATEGY

The Company's long-term strategy, which has been adopted as part of the Company's business plan, comprises five parts described in more detail below.

### Maintain sustained activity in the transaction market and creatively evaluate new business opportunities

Nyfosa's working method is based on active and close contact with the transaction market. To this end, the Company's employees engage in continuous dialogue with a diverse range of players in the market, including transaction advisors, banks, market analysts, consultants and property owners. The Company's analysis of new business opportunities and its continuous evaluation of its existing property portfolio is carried out in close cooperation with its own property management organisation, which has in-depth local knowledge and can help further increase awareness of the needs among existing and potential new tenants and of the local market. The Company's broad contact network and continuous dialogue with other market operators provide Nyfosa with a solid basis on which it can assess the market trend, identify business opportunities at an early stage and make well-founded decisions concerning acquisitions and divestments

of properties or property portfolios. The Company's opportunistic approach to the market, together with the organisation's short and rapid decision-making procedures and well-established processes, mean that a large number of different business opportunities can be assessed and evaluated simultaneously. This gives the Company a greater selection to choose from and enables Nyfosa to implement and finalise transactions quickly.

### Focus on commercial properties in high-growth municipalities in Sweden

With a property portfolio centred on commercial properties in high-growth municipalities in Sweden, Nyfosa can leverage favourable trends, such as a rising population and business activities in these municipalities, regardless of where they are located in Sweden. The Company's flexible approach means that the properties Nyfosa acquires may not necessarily need to belong in the same category or be of the same size or in the same region as its existing properties. Instead, the focus is on identifying development potential and acquiring properties or portfolios that can generate a stable and high return and where the Company can add value through active property management or follow-up transactions.

### **Develop and add value to its property holdings**

By professionally, profitably and sustainably identifying, developing and adding value to its property holdings, Nyfosa can increase the value of its properties and the Company's earnings capacity as well as increase its attractiveness to both existing and potential new tenants. This active approach to property management is carried out in close dialogue with tenants, local property managers and other operators with in-depth knowledge of tenants' wishes as well as local conditions and needs.

### **Be a reliable and receptive partner with a long-term approach and a broad established network**

By being a responsible property owner and a reliable and receptive partner, Nyfosa helps – during its holding period – to build relationships and create value in the markets where the Company is active. A critical part of this is to think in creative ways when developing new solutions, and to have a relatively small and local property management organisation with a large and established contact network to be able to identify and offer tenants what they require in an easily accessible and personal way.

### **Attract the best employees**

By recruiting motivated, creative and experienced employees with solid expertise, business acumen and established contact networks, Nyfosa can develop and retain an effective, well-adapted and market-centric organisation. The structure of the organisation is a key part of the Company's strategy for realising its business concept and capitalising on new business opportunities. Against this background, the Company's ability to attract employees with the above qualities is a priority. Nyfosa therefore works actively to be an employer that offers a creative, open and stimulating work environment with a focus on proximity to business decisions, inclusion in business development and personal development for all employees.

### **STRENGTHS AND COMPETITIVE ADVANTAGES**

Nyfosa's management believes that the Company has the following strengths and competitive advantages that will enable Nyfosa to realise its strategy and achieve its long-term objectives.

### **A transaction-based and opportunistic business model**

The Company's main focus on value generation through transaction-based and opportunistic business operations makes Nyfosa stand out and sets Nyfosa apart from many other listed property companies. Nyfosa's business concept is based on active participation in the transaction market combined with an investment strategy that means Nyfosa is to be flexible to the property market. By being perceived as an especially active property company in the transaction market, in terms of both acquisitions and divestments, Nyfosa will become a natural and attractive business partner for other property owners, transaction advisors and banks, thereby generating further business opportunities.

### **Broad strategy**

Nyfosa can capitalise on business opportunities when they arise, and evaluate and implement numerous different transactions, by being open to doing business irrespective of the property category, region or magnitude of the transaction. The flexibility provides the Company with the conditions to be opportunistic and gives the Company an opportunity to acquire properties that are often outside the main focus or investment strategy of other companies, and are therefore subject to less competition. One of Nyfosa's main strengths is the ability to identify business opportunities or the development potential of a property that other players perceive as too complex or uncertain but where Nyfosa sees an opportunity to take full advantage of the know-how and experience of its employees.

### **Experienced management team with great drive**

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. Furthermore, Nyfosa has a market-centric organisation with short decision-making paths and well-established processes. Most of Nyfosa's employees come from Hemfosa and possess long experience of value-creating property management and development and a tried-and-tested way of working based on the transaction-intensive activities pursued. The organisation's experience and efficient way of working enable it to act quickly to take advantage of attractive business opportunities when they arise. The efficient organisation, together with the Company's broad contact network and close dialogue with tenants, transaction advisors and its own property managers, among others, also allow it to simultaneously evaluate a large number of potential transaction opportunities and thus optimise the opportunities to secure lucrative business. Nyfosa's transaction-intensive and active operations make it easier for the Company to attract employees with expertise and drive who value entrepreneurship and a fast pace.





#### CASE STUDY – TULPANEN 3 IN MÖLNDAL

Tulpanen 3 in Mölndal was acquired in 2011 and as per 30 September 2018 comprised a total of 56,000 sqm distributed between 16 buildings. At the time of acquisition, building 61 in Tulpanen 3 comprised 9,000 sqm and was previously fully leased to business activities within the Saab group. The building contained office and laboratory premises at its centre, where the space was dark and difficult to lease as office units. The building also included two installation storeys for service and various installations.

Towards the end of 2015, IF Skadeförsäkring was searching for premises to co-locate its operations in the Gothenburg region and to enable its growth from 650 to 800 employees. IF Skadeförsäkring chose to move from central Gothenburg to co-locate its operations at Tulpanen 3. In January 2016, IF Skadeförsäkring signed a ten-year lease with an annual rent of about SEK 18 million and total conversion costs of SEK 128 million.

The project involved a complete interior transformation into a modern, flexible floor plan for offices of 11,400 sqm. From 9,000 sqm at the time of acquisition, another 2,400 sqm was created through new joists where the installation storeys were previously located. The tenant wished to create a flagship office in Sweden. New installations, new surfaces and a new floor plan as well as new windows and facades throughout the building meant a profile property was created that was specifically adapted to the wishes of the tenant.

#### CASE STUDY – SÖDER 18:19 IN GÄVLE

Söder 18:19 in Gävle was acquired in 2013 and as per 30 September 2018 comprised 4,869 sqm of offices next to Slottstorget in central Gävle. At the time of acquisition, Länsförsäkringar was the property's largest tenant. Länsförsäkringar vacated its premises of approximately 2,200 sqm in mid-2015. The move was the result of the co-location of several offices to a property in Gävle that the tenant had developed itself. In 2016, a seven-year lease was signed with Sweco concerning office premises of 2,854 sqm at the Söder 18:19 property. At the same time, the Swedish Union of Tenants moved from Söder 18:19 to the adjacent property Norr 35:4, where office premises were refurbished for them to meet their need for larger offices. Refurbishment work began to transform the premises into an office landscape for Sweco. All surfaces, washrooms and toilets, and all technology in the premises were renewed. New internal stairs were installed to link the three storeys. The total investment amounted to SEK 25 million and annual rental income for Sweco to SEK 4.7 million.



**TRANSACTION OPERATIONS AND MANAGEMENT**

**Nyfosa's transaction operations**

Within the scope of Nyfosa's transaction operations, the existing property portfolio is continuously evaluated and restructured to optimise the portfolio and develop its composition concerning levels of risk and yield. The emphasis is on identifying business opportunities that lead to a portfolio of high-yielding properties with development potential. Transaction operations follow an established work model aimed at implementing property transactions in a business-like and efficient manner, and ensuring that Nyfosa is there when and where deals arise.

The Company's business plan and growth targets act as a basis for Nyfosa's investment strategy, market monitoring and market analyses. Using these analyses and Nyfosa's broad contact network, the various business opportunities identified are then assessed. Several alternatives are often assessed in parallel, which makes it possible to process a larger selection and increase the chances of a favourable conclusion. The organisation has the expertise, creativity and resources to identify and realise the business opportunities that arise. Transaction operations are also largely based on a model whereby the Company's transaction department and property management work closely together to create a positive collaboration and optimise opportunities to identify interesting business opportunities. This close contact within the organisation and with the market is also an important component in the continuous evaluation of the existing property portfolio.

Nyfosa has a relatively small, efficient and market-centric organisation that collaborates with external suppliers, who are renowned for their expertise, in various parts of the transaction process, such as advisors in environmental, technical management, legal affairs, finance and tax matters. The consultants, who are chosen with great care and who possess the expertise required for current needs, are linked closely to the organisation to ensure a stability and high degree of transaction know-how in the processes. The organisational structure makes it easier to make risk assessments and transaction decisions relatively quickly, which is a prerequisite for the Company to conduct acquisitions and divestments in an efficient and business-like manner.

Prior to a potential acquisition, the prospective property is always analysed based on its unique potential. Considerable emphasis is placed on assessing its development potential and on identifying, evaluating and managing any associated risks. One particularly important factor given special consideration is the opportunity to add value and work with value-creating measures in property management.

**Nyfosa's management operations**

Nyfosa conducts its management operations using both its own personnel and by purchasing external services. Our own employees mainly work in the core areas of relationships with tenants, project management, technical management and leasing. External resources are mainly used for operations, maintenance and upkeep. Nyfosa's management is focused on developing the existing property portfolio through active

property management, partly through active work with existing tenants, by finding new tenants for vacant premises and by renegotiating existing agreements. Focusing proactively on the properties also involves finding creative solutions and sustainable investments as the needs of tenants change. For example, a tenant could be offered the opportunity to move to another property in the portfolio, the conversion or extension of an existing property or to use land adjoining a property.

For Nyfosa, good property management involves being accessible, providing the service expected at the agreed time and ensuring the quality of maintenance and upkeep. The Company strengthens its position as a landlord in the market by ensuring that tenants are satisfied and feel secure when carrying out operations in the Company's premises, regardless of the type of property, location or use.

**SUSTAINABILITY EFFORTS**

Sustainability work is an important control parameter in Nyfosa's property management and transaction operations, with a focus on healthy financial results, consideration for the environment and social responsibility. The Company continuously assesses how operations can be conducted to contribute towards a sustainable society in order to act as a responsible operator and modern property owner. This work is based on a sustainability policy determined by the board of directors that clarifies and sets out the measures Nyfosa must take in its operations and the targets the organisation should strive towards. The policy contains guidelines concerning environmental responsibility, which includes materials selection, energy consumption and emissions of greenhouse gases as well as guidelines concerning social responsibility, which includes requirements on health and safety, work environment and equal opportunities.

**Environmental responsibility**

Nyfosa impacts the environment through its operations, for example, via energy consumption, waste generated by the Company and the use of materials. Nyfosa continuously strives to further develop its environmental work in these areas in ongoing property management, to meet the requirements of regulations and legislation, but also from a tenant perspective, such as finding solutions that are effective for the user, and from a cost and sustainability perspective. Active work to reduce emissions is also conducted internally in the organisation in respect of the choice of, for example, travel, energy consumption and purchasing. During spring 2018, for example, Nyfosa equipped the property used by the Company as its head office with a solar cell facility that involved the installation of 318 solar panels that will generate an estimated 75,000 kWh per year.

In connection with both new builds and property management, Nyfosa's point of departure is that properties impact the environment throughout their entire lifecycle, which is why Nyfosa only uses renewable energy in the electricity agreements the Company signs. This means that all of the electricity supplied to the property portfolio derives from hydroelectric sources.

**NYFOSA'S ENVIRONMENTAL POLICY:**

- work actively to enhance the energy efficiency of the Company's buildings and premises,
- be aware of the environmental risks and environmental liabilities associated with the properties and, when taking actions, draw up long-term sustainable solutions,
- work with the tenants to achieve a healthy indoor environment,
- implement environmentally compatible conversions and new builds,
- impose environmental and sustainability requirements on suppliers, and
- raise the level of environmental and sustainability expertise and awareness among employees.

In project development, such as refurbishment and redevelopment, regular environmental analyses are performed to evaluate energy-saving measures. In the new-build projects in which Nyfosa is involved, the environmental aspect is generally a key feature of planning, which is partly due to increasing demands from tenants for environmentally compatible premises. While managing and developing its properties, Nyfosa also endeavours to primarily select local suppliers for the provision of, for example, labour, raw materials and products.

In its ongoing property management, Nyfosa takes actions designed to reduce the electricity consumption in the existing property portfolio, such as reviewing operating times for ventilation and installing more energy-efficient heating systems when older systems are replaced. To monitor, reduce and enhance the efficiency of its energy consumption, Nyfosa uses an energy monitoring system in all properties for which it has an agreement with the energy suppliers. On the basis of the information obtained from the system, Nyfosa can identify the sources of deviating usage and measure the trend in energy consumption both in total terms and per square metre.

In its transaction operations, Nyfosa has developed an acquisition and sales process in which the environmental aspect is an important component. In connection with the acquisition of properties, the Company also performs environmental analyses of all properties to identify potential environmental risks and to assess the measures that could be required to reduce the environmental impact.

A few of Nyfosa's properties are currently environmentally certified according to Green Building, an EU initiative for reduced energy consumption. One property in the portfolio is also environmentally certified according to the international environmental certification system BREEAM.

**Social responsibility**

Nyfosa's corporate culture is characterised by entrepreneurship, humanity and involvement. Good business ethics and trusting relationships are important starting points both internally and in contacts with external parties. The sustainability policy and whistleblower function are examples of tools used by Nyfosa to promote good business ethics and counter all forms of corrupt behaviour. Health and safety are crucial areas for employees, tenants and suppliers.

Nyfosa acquires a large amount of materials and services from various suppliers, of which electricity (hydroelectric power), district heating, water, property upkeep, cleaning, painting and repairs of installations account for a large share. In accordance with the industry's code of conduct for suppliers, Nyfosa actively imposes environmental and sustainability requirements on suppliers in connection with procurement. Nyfosa's purchasing and procurement process precedence to suppliers who are affiliated with the industry's code of conduct. To further ensure control over the supply chain, Nyfosa sees an advantage in limiting the number of suppliers and primarily choosing local suppliers.

**ORGANISATION AND EMPLOYEES**

Nyfosa has a decentralised and relatively small organisation, which creates the conditions for efficient and short decision-making paths where all employees have an awareness and understanding of the Company's objectives and strategy. The Company's operational structure takes the form of Group management, Group-wide functions and property management as described below. In order to create flexibility that can be adapted to the Company's development, Nyfosa has a flat organisational structure, in which the most vital functions for the Company are provided in-house. Other more standardised functions are insourced from external service providers.

**Group management**

Nyfosa's Group management has extensive knowledge of the property market and long experience of conducting property transactions and value-creating investments in the property portfolio. It comprises seven people: CEO, COO, Head of Legal, Head of Finance, Head of Financial Control, Head of Property Management and Head of Transactions. Most members of Nyfosa's Group management are persons with a background at Hemfosa.

Group management has overall responsibility for, among other matters, strategy implementation, business development, investments and sales, earnings follow-up, and HR and IR issues. For more information on Group management, see the section "*Board of directors, senior executives and auditors*" under the heading "*Senior executives*."

## BUSINESS OVERVIEW

### Group-wide functions

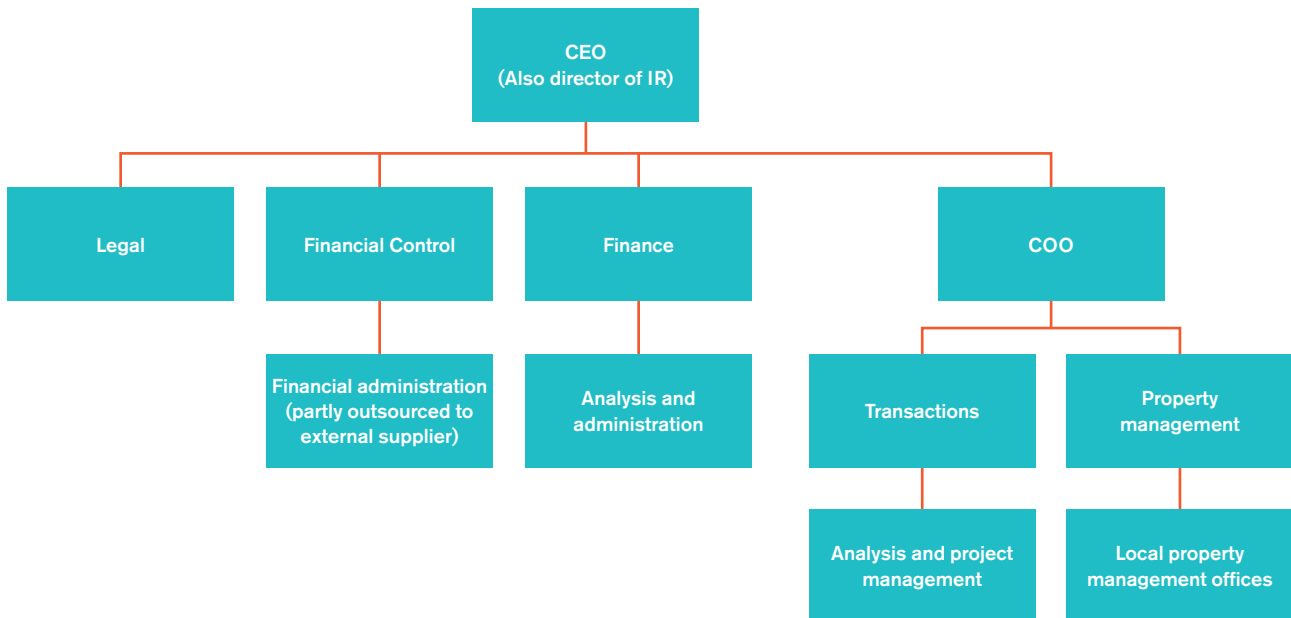
Nyfosa has Group-wide functions for economy, finance, market/communication, legal issues and transactions. As per 30 September 2018, a total of seven employees worked with Group-wide functions (excluding members of Group management).

### Property management

The Company's head office is located in Nacka, Stockholm, with local property management offices in Västerås, Värnamo, Växjö and Gothenburg. A local property management office is to be established in Norrland during 2019. As per 30 September 2018, Nyfosa had twelve persons working with managing the Company's property portfolio (excluding members of Group management). Nyfosa has also entered into a collaboration and service agreement with clear time limits with Hemfosa for sourcing certain property management services which is valid during a transitional period, refer also to the section "Legal considerations and supplementary information" under the heading "Service agreements."

### Operational structure

The illustration below provides an overview of Nyfosa's organisational structure.



### Employees

As per 30 September 2018, there were 24 employees of the Group. The table below shows the average number of employees between 2015 and 2017 and for 1 January–30 September 2018. As per 30 September 2018, women and men accounted for about 46 percent and about 54 percent, respectively. As per 30 September 2018, women and men on the board of directors accounted for about 43 percent and about 57 percent, respectively, and among senior executives about 57 percent and about 43 percent, respectively.

Average number of employees	1 jan – 30 Sep			
	2018	2017 <sup>1)</sup>	2016 <sup>1)</sup>	2015 <sup>1)</sup>
Total	13.0	6.0	10.0	14.0

1) N.B. Between 2015 and 2017, Nyfosa did not employ an Executive Management Team.

# PROPERTY PORTFOLIO

## PORTFOLIO OVERVIEW

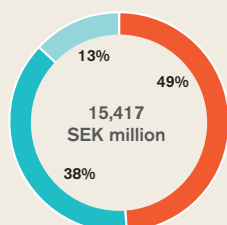
Nyfosa's property portfolio is divided into the categories of Offices, Logistics/Warehouse and Other. The properties are well diversified geographically and are mainly located in high-growth municipalities and transportation hubs in Sweden. As per 30 September 2018, the property portfolio comprised 176 properties with a total property value of SEK 15.4 billion and a rental value of SEK 1,402 million with a leasable area of 1,573 thousand sqm. Nyfosa believes that the property portfolio in general maintains high quality, but several properties have potential for improvement. In the future, the share of properties with such improvement potential may vary due to transactions and investments made in the property portfolio.

Excluding the share of properties with improvement potential in the current portfolio as per 30 September 2018, Nyfosa views the work on developing and adding value to the property portfolio as an important part of its operations and strategy for achieving the Company's objectives.

This entire section pertains to Nyfosa's property portfolio as per 30 September 2018.<sup>1)</sup> In addition to Nyfosa's wholly owned property portfolio, the Company owned 50 percent of the property company Söderport as per 30 September 2018, which is not consolidated in the circle diagrams and tables below and on the following pages. For additional information on Söderport, refer to the heading "Söderport" below.

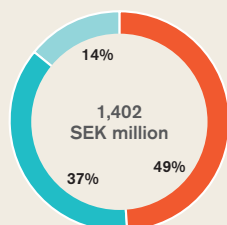
Property category	No. of properties	Property value, SEK million	Leasable area, thousand sqm	Rental value, SEK million	Economic leasing rate, %	Average weighted remaining lease term, years
Offices	68	7,488	570	687	90%	3.46
Logistics/Warehouse	69	5,911	794	514	92%	4.95
Other	39	2,018	209	201	91%	4.45
<b>Total</b>	<b>176</b>	<b>15,417</b>	<b>1,573</b>	<b>1,402</b>	<b>91%</b>	<b>4.15</b>

## PROPERTY VALUE PER CATEGORY



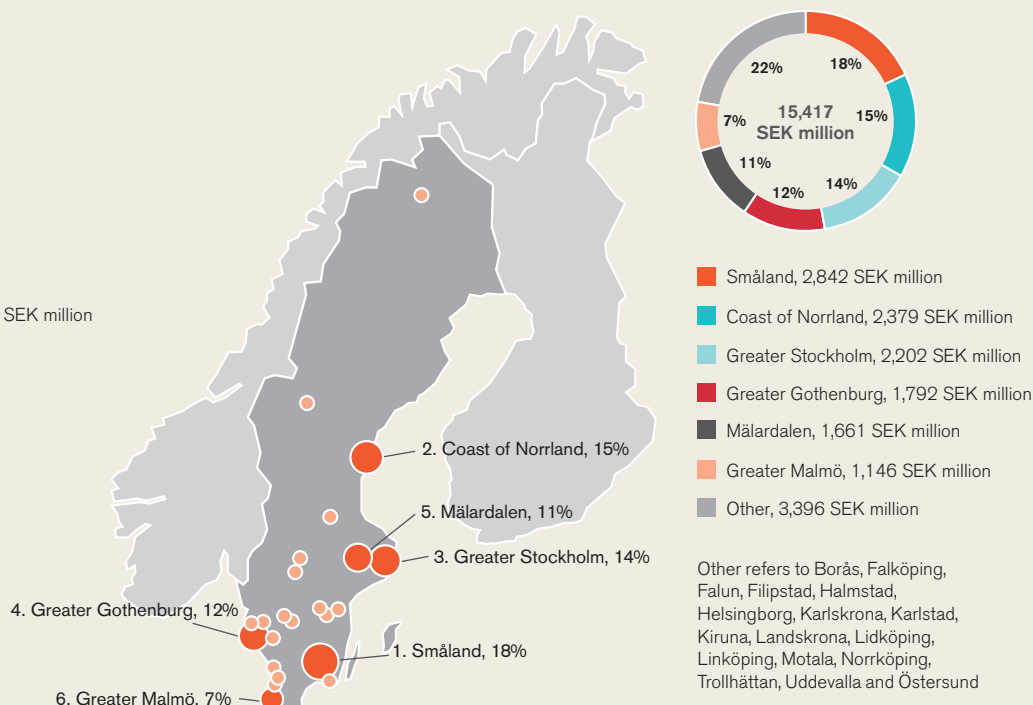
- Offices, 7,488 SEK million
- Logistics/Warehouse, 5,911 SEK million
- Other, 2,018 SEK million

## RENTAL VALUE PER CATEGORY



- Offices, 687 SEK million
- Logistics/Warehouse, 514 SEK million
- Other, 201 SEK million

## PROPERTY VALUE BY REGION<sup>2)</sup>



1) Rental value, rental income, economic leasing rate and average weighted remaining lease term are consistently based on the property portfolio as per 30 September 2018, calculated on an annual basis based on current leases.

2) Greater Stockholm, Greater Gothenburg and Greater Malmö correspond to Statistics Sweden's definitions of Swedish metropolitan regions.



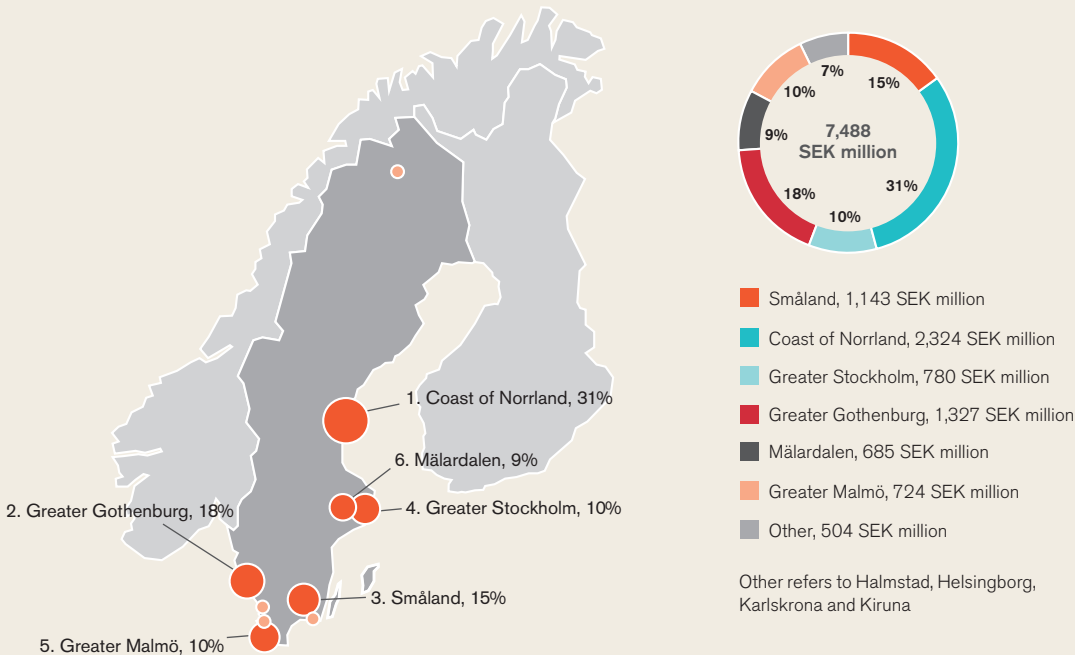
Snödroppen 2, Mölndal

**Offices**

The Company had as per 30 September 2018 office properties for a property value of SEK 7.5 billion, corresponding to 49 percent of Nyfosa's total property value. Nyfosa's office properties are mainly situated in Mölndal, Örnköldsvik, Sundsvall and Växjö. Nyfosa believes that its portfolio of office properties maintains high quality in central locations. These

properties are typically highly marketable, meaning that interest from other players in acquiring this type of property is generally considerable, particularly among local property owners. Nyfosa also sees solid potential for adding value to the property portfolio and increasing the leasing rate.

PROPERTY VALUE BY REGION – OFFICES







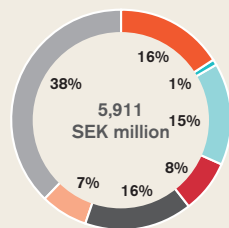
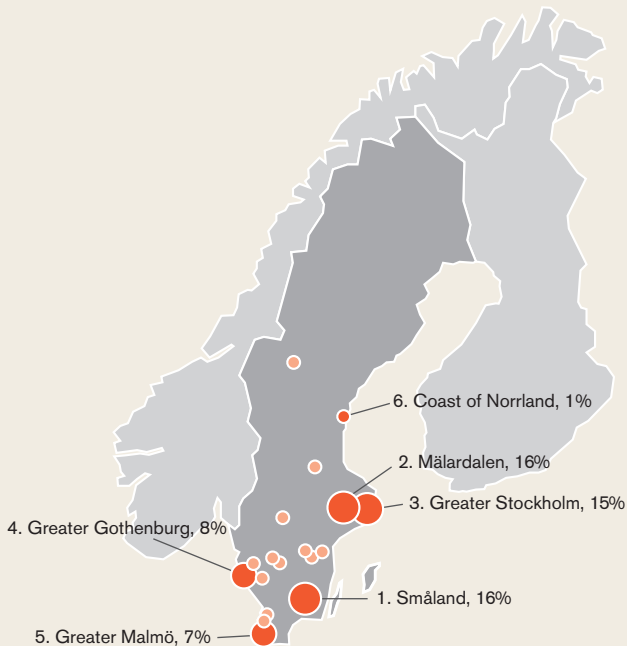
Arendal 1.17, Göteborg

**Logistics/Warehouse**

The Company had as per 30 September 2018 logistics and warehouse premises for a property value of SEK 5.9 billion, corresponding to 38 percent of Nyfosa's total property value. The properties are located in towns that are transportation hubs in Sweden, such as Eskilstuna, Landskrona, Stockholm and Borås. Nyfosa's logistics properties are predominantly modern logistics buildings with a highly flexible range of applications. Modern logistics properties are optimised for its

operations and the factors distinguishing them from older properties include high ceilings, pillar systems that do not restrict operations and flexible loading docks and cargo ports where the height can be adjusted to accommodate different types of goods vehicles. The warehouse properties have a normal standard for the value year, and the Company sees high potential in adding value to the portfolio of warehouse properties.

**PROPERTY VALUE BY REGION – LOGISTICS/WAREHOUSE**



- Småland, 962 SEK million
- Coast of Norrland, 30 SEK million
- Greater Stockholm, 894 SEK million
- Greater Gothenburg, 465 SEK million
- Mälardalen, 920 SEK million
- Greater Malmö, 422 SEK million
- Other, 2,218 SEK million

Other refers to Borås, Falköping, Falun, Helsingborg, Karlstad, Landskrona, Lidköping, Linköping, Motala, Norrköping, Trollhättan and Östersund



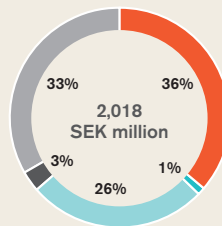
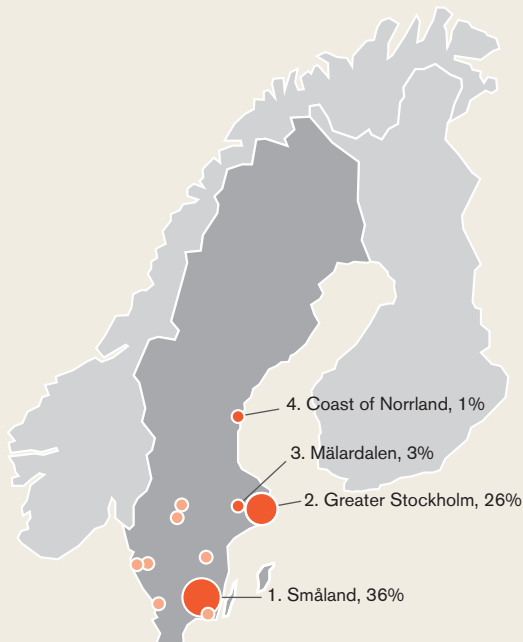
Jungfrun 11, Värnamo

**Other**

Nyfosa's property portfolio also comprises properties that are not categorised as Offices or Logistics/Warehouse but instead as Other. The properties include premises for retail activities, hotel operations and industry in towns such as Värnamo, Uddevalla, Huddinge and Växjö. The property port-

folio in the category of Other had as per 30 September 2018 a property value of SEK 2.0 billion, corresponding to 13 percent of Nyfosa's total property value. The properties in this category are also located in towns where Nyfosa can capitalise on positive population growth.

PROPERTY VALUE BY REGION – OTHER



- Småland, 736 SEK million
- Coast of Norrland, 25 SEK million
- Greater Stockholm, 528 SEK million
- Mälardalen, 56 SEK million
- Other, 673 SEK million

Other refers to Filipstad, Halmstad, Karlskrona, Karlstad, Linköping, Trollhättan and Uddevalla



Bagaren 10, Växjö

### TENANTS AND LEASE STRUCTURE

The Company's business focus entails that commercial leases generate essentially all rental income. Nyfosa had as per 30 September 2018 2,579 commercial leases with a weighted

average remaining lease term for existing tenants of 4.2 years. The ten largest tenants' share of Nyfosa's total rental income as per 30 September 2018 corresponded to 19 percent.

### Nyfosa's lease expiry as per 30 September 2018

Year of expiry	Rental income, SEK million <sup>1)</sup>	Share, %	Number of leases
< 1 year	168	13%	1,072
1–2 years	279	22%	604
2–3 years	214	17%	446
3–4 years	174	14%	279
4–5 years	116	9%	86
> 5 years	324	25%	92
<b>Total</b>	<b>1,275</b>	<b>100%</b>	<b>2,579</b>

1) Rental income before deduction of rental discounts.

### Nyfosa's ten largest tenants as per 30 September 2018

Ten largest tenants	Rental income, SEK million <sup>1)</sup>	Share, %	Number of leases	Average weighted remaining lease term, years
Telia Sverige AB	41	3%	31	3.8
Saab AB	34	3%	6	9.8
Förlagssystem JAL AB	25	2%	1	7.3
IF Skadeförsäkring AB (publ)	21	2%	5	8.4
SKF Sverige AB	21	2%	1	4.9
V-Tab Aröd AB	21	2%	1	22.0
DSV Solutions AB	20	2%	1	9.0
Municipality of Örnköldsvik	19	2%	67	4.2
Västra Götaland County Council	19	1%	8	1.5
Volvo Car Corporation	18	1%	8	0.8
Other	1,034	81%	2,450	3.5
<b>Total</b>	<b>1,275</b>	<b>100%</b>	<b>2,579</b>	<b>4.2</b>

1) Rental income before deduction of rental discounts.

### RENTAL VALUE, RENTAL INCOME AND LEASING RATE

The total rental value of Nyfosa's property portfolio is estimated to amount to SEK 1,402 million as per 30 September 2018. The estimated rental value of vacant premises corresponds to SEK 127 million.

As per 30 September 2018 Nyfosa's contractual rental income, before deduction of rental discounts, totalled SEK 1,275 million, and after deduction of rental discounts, SEK 1,254 million. The rental income normally includes rent supplements, for example, for property tax, heating and electricity costs which are invoiced onward to tenants. The share of contractual rental income connected to the consumer price index (CPI) corresponds to 89 percent of Nyfosa's rental income as per 30 September 2018.

The properties' total leasable area as per 30 September 2018 was 1,573 thousand sqm, of which 1,381 thousand sqm was leased, corresponding to 88 percent. The economic leasing rate on the same date was 91 percent.

### PROPERTY EXPENSES

Nyfosa's largest property expenses include *inter alia* operating expense items that pertain to heating, water, electricity and property upkeep. Other operating expenses pertain *inter alia* to insurance, guard services and garbage collection. The Company works continuously on energy-saving operations and maintenance measures in the property portfolio to both reduce the Company's costs and restrict the impact of Nyfosa's and its tenants' operations on the environment. Another category of property expenses that are charged to Nyfosa's operations is maintenance costs. Planned and ongoing maintenance is carried out continuously to retain the condition and standard of the properties.

Property expenses also comprise the property tax imposed by the government that currently amounts to 1.0 percent of the tax assessment value for non-residential properties and 0.5 percent for industrial properties. The tax assessment value of the property portfolio as per 30 September 2018 amounted to SEK 6,552 million.

The Company's property expenses also include ground rent. As per 30 September 2018, Nyfosa had 16 properties with site leaseholds. Owners of leasehold properties pay annual fees, ground rent, for land conceded on the basis of a usufruct by the landowner, usually the government and municipality. The site leasehold agreements comprise the lease and with IFRS 16 Leases coming into effect on 1 January 2019, these site leasehold agreements will be recognised in the statement of financial position in the form of a usufruct asset and with an interest-bearing liability (finance lease liability). The ground rent previously expensed on an ongoing basis as an operating expense will be replaced by interest expenses for the finance lease liability.

### PROPERTY ADMINISTRATION

Nyfosa's costs for property administration consist primarily of expenses for charging rent, letting, project management and marketing.

### INVESTMENTS

Nyfosa invests continuously in the existing property portfolio in the form of modifications or improvements. The purpose of these investments is to improve the cash flow from Nyfosa's property portfolio and thereby increase the value of the property portfolio. Examples of investments include tenant leasehold improvements and project development. For more detailed information about Nyfosa's investments, refer to the section "*Capital structure and other financial information*" under the heading "*Investments*."



## PROPERTY PORTFOLIO

### SÖDERPORT

In addition to Nyfosa's wholly owned property portfolio, the Group holds shares in the property company Söderport. Söderport is jointly owned with AB Sagax (publ), 50 percent holding each, and the ownership is governed by a long-term shareholders' agreement giving both owners equal power of decision, meaning that neither partner has a controlling influence. Söderport is thus a joint venture and Nyfosa's share in profit of Söderport is recognised in the Company's profit from property management. Söderport does not have its own operational organisation. Instead, Sagax performs property management and financial administration on Söderport's behalf. However, the property management of Söderport's property portfolio in Gothenburg is performed by Nyfosa.

Nyfosa's share in Söderport was acquired by Hemfosa already in 2010. Söderport's property portfolio has historically primarily comprised industrial, warehouse and office properties, representing a suitable supplement to Nyfosa's wholly owned property portfolio.

As per 30 September 2018, Söderport owned 69 properties with a total property value for Nyfosa of SEK 3.7 billion (a total of SEK 7.5 billion). The focal point of Söderport's property portfolio is in the Stockholm and Gothenburg regions.

### Leasing rate

The total rental value of Söderport's property portfolio is estimated to amount to SEK 654 million as per 30 September 2018 and the remaining term of the leases to 4.8 years. The estimated rental value of vacant premises corresponds to SEK 21 million.

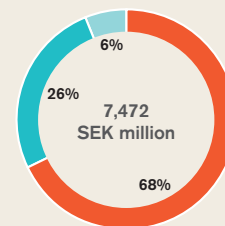
The properties' total leasable area as per 30 September 2018 was 684 thousand sqm, of which 658 thousand sqm was leased, corresponding to 96.1 percent. The economic leasing rate on the same date was 96.8 percent.

#### PROPERTY VALUE, SEK MILLION



Industry, 5,707 SEK million  
Offices, 1,765 SEK million

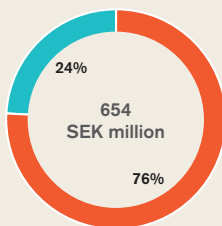
#### PROPERTY VALUE BY REGION<sup>1)</sup>



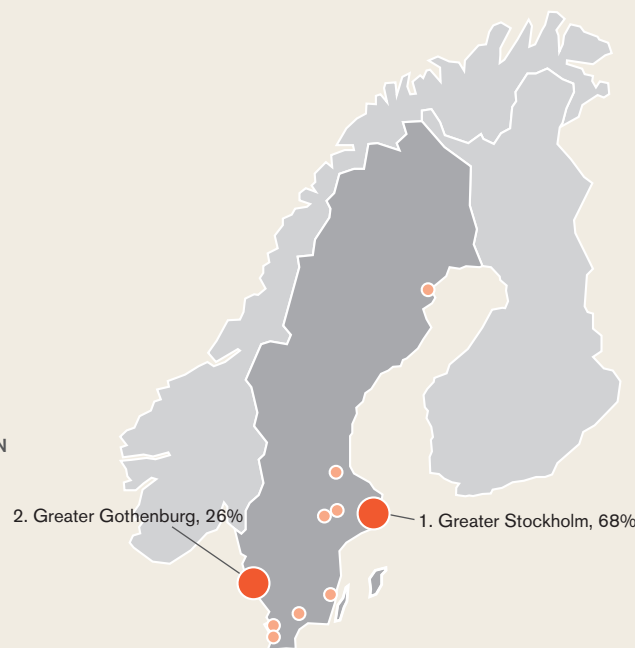
Greater Stockholm, 5,048 SEK million  
Greater Gothenburg, 1,974 SEK million  
Other, 449 SEK million

Other refers to Helsingborg, Kumla, Kungsör, Malmö, Olofström, Oskarshamn, Piteå and Sandviken

#### RENTAL VALUE, SEK MILLION



Industry, 499 SEK million  
Offices, 155 SEK million



#### Lease expiry for Söderport as per 30 September 2018

Year of expiry	Rental income, SEK million <sup>1)</sup>	Share, %	Number of leases
< 1 year	63	10%	600
1–2 year	94	15%	258
2–3 year	126	20%	118
3–4 year	78	12%	71
4–5 year	63	10%	39
> 5 year	209	33%	68
<b>Total</b>	<b>633</b>	<b>100%</b>	<b>1,154</b>

1) Rental income before deduction of rental discounts.

1) The division of the Greater Stockholm and Greater Gothenburg regions follow Statistics Sweden's definitions of Swedish metropolitan regions. Given the limited value of the portfolio, the remaining holding was added to Other.



## PROPERTY PORTFOLIO

### Söderport's ten largest tenants as per 30 September 2018

Ten largest tenants	Rental income, SEK million <sup>1)</sup>	Share, %	Number of leases	Average weighted remaining lease term, years
Volvo Personvagnar AB	145	23%	23	8.0
Volvo Truck Center Sweden AB	26	4%	7	9.8
Bring Cargo International AB	22	3%	2	2.9
Kakelspecialisten i Stockholm AB	17	3%	1	2.3
ABB AB	14	2%	4	3.3
Brand Factory Sverige AB	13	2%	2	0.3
Shiloh Industries AB	12	2%	1	3.7
Opus Bilprovning AB	11	2%	7	2.9
BrandFactory AB	11	2%	93	0.5
K.G.M. Datadistribution AB	10	2%	2	4.2
Other	353	81%	1,012	3.7
<b>Total</b>	<b>633</b>	<b>100%</b>	<b>1,154</b>	<b>4.8</b>

1) Rental income before deduction of rental discounts.



Sörred 7:31, Gothenburg (owned by Söderport)

**VALUATION CERTIFICATE**

The valuation certificate below pertaining to Nyfosa’s properties was issued by independent expert appraisers on behalf of Nyfosa. No material changes have occurred since the valuation certificate was issued.

The valuation certificate was prepared by Newsec Advice AB, which has consented to the valuation certificate being included in the Prospectus. The information from third parties

has been accurately reproduced in the Prospectus and no information has otherwise been omitted in a way that could render the reproduced information inaccurate or misleading.

According to the valuation opinion of Newsec Advice AB, SEK 15,417 million, refer to the valuation certificate below.

Nyfosa’s internal valuation as per 30 September 2018 was SEK 15,417 million.



**Market valuation**

**Purpose/client**

The undersigned company has been assigned by Nyfosa AB, through the agency of Jens Engvall, to assess the market value of Nyfosa’s property portfolio. The assignment comprises a total of 176 subject properties. The date of valuation is September 30, 2018.

The purpose of the valuation is to assess the properties’ market value, meaning the most probable price upon sale in an open and free property market at a certain given point in time.

Of the 176 subject properties, 168 have been inspected in the past three years. The other subject properties, which comprise approximately 1 percent of the total assessed market value, have not been inspected by Newsec in the past three years.

**Financial reporting**

Information on the prevailing rent terms was mainly obtained from the rent invoicing list. In the cases in which the rents were assessed as deviating from market rents, they were adjusted at end of the contract. The long-term vacancy and rent risk varies in terms of the size, nature and location of the subject properties.

The costs for operation and continuous maintenance, as well as provisions for periodic maintenance, were assessed using statistics, data from Nyfosa, contract information and experience. On average, the costs for operation and maintenance are deemed to follow the inflation trend during the estimate period.

**Value assessment**

The basis for all market value assessments are analyses of subjects sold, combined with knowledge of the players’ view of various types of subjects, their way of reasoning and knowledge of market rent levels, etc.

The value of the properties was assessed based on a market-adapted cash-flow estimate in which an analysis was made of the market’s expectations of the subject property, by simulating the calculated future income and expenses (ten years or longer). The yield requirement used in the estimate derives from sales of comparable properties. Significant factors when selecting required returns include an assessment of the subject’s future rent trend, changes in value and any development potential, as well as the maintenance condition of the property and the need for investment.

**Overall assessment**

According to the market value presented in the cash flow for each property, the total market value of the portfolio at the date of valuation **September 30 2018** is estimated at **SEK 15,417,050,000 (fifteen billion fourhundredandseventeen million fifty thousand)**.

Stockholm, October 18, 2018  
Newsec Advice AB

Sofia Törnqvist  
Authorized Property Appraiser

# PRO FORMA FINANCIAL STATEMENTS

## BACKGROUND

On 6 July 2018, Nyfosa signed an agreement with Starwood Capital Group (Starwood) to acquire a property portfolio of 51 properties (the SveaReal portfolio) with a value of SEK 3.6 billion. The transaction was structured so that Nyfosa acquired 100 percent of the shares in SveaReal AB, on the basis of a cash payment, with closing of the transaction taking place on 13 September 2018. The transaction was partly financed by cash and partly by loans.

On the closing date, SveaReal AB owned 100 percent of the shares in 39 different subsidiaries, whereof Cod Property AB was a dormant subsidiary and the other 38 subsidiaries owned the 51 properties included in the transaction. The 38 subsidiaries are the following: Fastighetsaktiebolaget Administratören, Fastighetsaktiebolaget Asienhuset, Antennhuset AB, Axethuset AB, Sveareal Sjöbocka AB, Fastighetsaktiebolaget Bromsregulatorn, Fastighetsaktiebolaget Brudbuketten, Böthuset AB, Fastighetsaktiebolaget Blocket 1, Frukfastigheten AB, Fastighetsaktiebolaget Hantverkaren 1, Holmögaddduset 3 AB, Holmögaddduset 4 AB, Industrihuset 17 AB, i-parken i Lund AB, Jordbrohuset AB, Fastighetsaktiebolaget Krukskärvan, Cementhuset AB, Cementhuset 4 AB, Cementhuset 5 AB, Cementhuset 7 AB, Cementhuset 9 AB, Cementhuset 10 AB, Cementhuset 11 AB, Fastighetsaktiebolaget Rosenbuketten, Rydatterminalen AB, Rydatterminalen III AB, Speditionshuset 1 AB, Fastighetsaktiebolaget Sprintern AB, Smörbollshuset AB, Fastighetsaktiebolaget Storbådan, Sämjehuset AB, Svavelhuset AB, Fastighetsaktiebolaget Träskruven, Fastighetsaktiebolaget Valbrevet AB, Verkstadshuset 6 AB, Vågenhuset AB and BTCS First Shopping AB.

The acquisition of the SveaReal portfolio will have a considerable impact on the Group's future earnings and financial position. Accordingly, a pro forma statement of profit/loss for 1 January – 30 September 2018, as if the acquisition had taken place as per 1 January 2018, is presented below. The properties acquired from Starwood and associated loan financing are included in the Group's statement of financial position as per 30 September 2018. No pro forma statement of financial position has been prepared since the statement of financial position as per 30 September 2018 provides a current view of the Group's financial position.

The pro forma financial statements should be read together with other information in the Prospectus.

Information about the pro forma financial statements has been audited by the Company's auditor, refer to the section "*The auditor's report on pro forma financial information*"

## PURPOSE OF PRO FORMA FINANCIAL STATEMENTS

The purpose of the pro forma financial statements is to provide a general illustration of what the earnings for the Group might have been for the period 1 January – 30 September 2018 if the acquisition of the SveaReal portfolio and the loan financing associated with this transaction had taken place as per 1 January 2018.

The pro forma financial statements are only intended to inform and illustrate the facts. The pro forma financial statements were based on the accounting principles according to IFRS as applied by Nyfosa. Pro forma financial statements are, by their nature, intended to describe a hypothetical situation. Nyfosa presents pro forma financial statements only for illustrative purposes and these pro forma financial statements are not to be regarded as an indication of actual results that would have been generated if the acquisition of the property portfolio had taken place on the date stated above. Nor are the pro forma financial statements to be considered indicative of Nyfosa's future results. The pro forma financial statements do not include any synergies or integration costs.

## BASIS FOR THE PRO FORMA FINANCIAL STATEMENTS

The pro forma statement of profit/loss is based on the Group's financial information according to IFRS for the period 1 January – 30 September 2018 derived from the Company's interim report for the third quarter. The interim report has been subject to a review by the Company's auditor.

The financial information for the SveaReal portfolio for 1 January – 12 September 2018 was based on an aggregation of internal profit/loss reports for SveaReal AB and the above-mentioned 39 subsidiaries.

The internal profit/loss reports have not been audited by the companies' auditors. Earnings from the SveaReal portfolio for 13 September – 30 September 2018 are included in Nyfosa's statement of profit/loss.

Nyfosa applies the accounting principles in accordance with IFRS as adopted by the EU. The financial information for the companies included in the SveaReal portfolio was prepared in accordance with the principles stipulated in RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act (1995:1554) (*Sw. årsredovisningslagen*). The pro forma financial statements have been prepared in accordance with Nyfosa's accounting principles, as described in the section "*Historical financial information*."

Nyfosa considers that the acquisition of the SveaReal portfolio is an asset purchase.

## PRO FORMA ADJUSTMENTS

The pro forma adjustments are described in more detail in the note disclosures of the pro forma statement of profit/loss. The following description is more general.

Pro forma adjustments regarding financing and differences in accounting principles related to add back of depreciations are expected to have a continuing impact while other pro forma adjustments are not expected to have a continuing impact.

## ACCOUNTING PRINCIPLES

The IFRS accounting principles applied by Nyfosa and the RFR 2 accounting principles applied by the SveaReal portfolio were analysed.

Regarding the SveaReal portfolio, the assessment is that no differences exist between the companies' reporting and IFRS that would entail any material effects on the financial information, except for accounting of investment properties. According to IAS 40, investment properties are measured at fair value and when IAS 40 is applied, investment properties are not depreciated, impaired or revalued.

The pro forma statement of profit/loss has been adjusted by adding back the SveaReal portfolio's depreciation of buildings, building equipment, tenant leasehold improvements and land improvements between 1 January and 12 September 2018.

The Company estimates that the fair value of the SveaReal portfolio has not changed substantially between 1 January and 12 September 2018 with reference to the short time horizon and that the market conditions have not changed significantly. The purchase price is the most reliable estimate of the fair value per 31 December 2017. As a result, no unrealised changes in value of the investment properties are recognised pro forma.

## Acquisition and divestment of companies and properties

Between 1 January and 12 September 2018, before Nyfosa acquired the SveaReal portfolio from Starwood, SveaReal AB divested shares in the following companies: Fastighetsbolaget Bågaren 3, Bågarhuset AB, Verkhuset AB, Fastighetsaktiebolaget Åkerby 8, Kista Factory AB, Fastighetsaktiebolaget Rösaberg, Cementhuset 3 AB and Fastighetsaktiebolaget Råfilmen and acquired the shares in BTCS First Shopping AB.

Furthermore, between 1 January and 12 September 2018, Fastighetsaktiebolaget Asienhuset divested the properties Kavalleristen 11 and Springposten 3, Fastighetsaktiebolaget Valbrevet divested the property Dolken 5, Cementhuset 7 AB divested the property Klio 10, i-parken i Lund AB divested the properties Klostergården 2:18 and divested part of Hunnerup 30 by land consolidation and Svavelhuset AB divested the property Svavlet 4. Smörbollshuset AB has divested the property Smörbollen 52 and Verkstadshuset 6 AB has divested land.

Since the capital gains/losses on divested companies and properties are not attributable to the SveaReal portfolio, these capital gains/losses have been adjusted for and are not included in the pro forma statement of profit/loss. Pro forma

adjustments were also made for the profit from property management of the divested properties.

## Financing and other financial expenses

The financing of the initial purchase consideration for the acquisition of the shares in SveaReal AB and the refinancing of debts in the companies included in the SveaReal portfolio was made by way of existing cash in Nyfosa, loans of SEK 2,125 million with banks and a short term interest-free loan from Hemfosa of SEK 395 million that were recognised in Nyfosa's statement of financial position as per 30 September 2018. The short-term interest-free loan will be refinanced on the day of listing via bank loans of SEK 303 million and the remaining SEK 92 million will be refinanced by bank overdraft or cash. In the pro forma statement of profit/loss the interest expense for the SEK 92 million been based on the terms of the bank overdraft.

The payment for the refinancing of debts in companies included in the SveaReal portfolio, which was paid at the time of the acquisition amounted to SEK 1.8 billion. The initial purchase consideration and refinancing will be adjusted based on the outcome in connection with the closing of the transaction according to the agreed pricing mechanism, which means that final consideration will deviate from the consideration on which the pro forma financial statements are based. The interest terms for the bank loan of SEK 2,125 are a base rate of STIBOR 90 days with fixed floor of 0 per cent and with an average mark-up of 1.75 percent.

In the pro forma statement of profit/loss, interest income and interest expenses in the SveaReal portfolio's profit/loss reports were eliminated in a pro forma adjustment. Pro forma adjustments for interest expenses regards acquisition and refinancing. Interest expenses for the loan of SEK 2,125 million have been included calculated based on an average interest rate of 1.75 per cent, based on the interest level on the date of the acquisition of the SveaReal portfolio (13 September 2018). Interest expenses for refinancing the short term interest-free loan from Hemfosa have been calculated based on an average interest rate of 1,73 percent.

As a part of the financing of the acquisition, Nyfosa has entered into an agreement regarding a interest cap for loans amounting to SEK 1,275 million where the interest cap is equivalent to the conditions of existing financing plus 1.5 per cent. The interest cap runs from 1 October 2018.

Borrowing costs relating to bank loans (including costs for interest cap) are recognised by applying the effective interest method and have been allocated over the term of the loans and are recognised as financial expenses in the pro forma profit/loss statement.

## Tax

Tax on pro forma adjustments (pro forma adjustments for interest income and interest costs, capital gains/losses on divested properties, profit from divested properties and depreciations on properties) has been taken into account. A tax rate of 22 percent has been used.

## PRO FORMA FINANCIAL STATEMENTS

### PRO FORMA STATEMENT OF PROFIT/LOSS 1 JANUARY – 30 SEPTEMBER 2018

SEK million	Nyfosa AB Jan–Sep <sup>1)</sup>	SveaReal portfolio Jan – 12 Sep <sup>2)</sup>	Pro forma adjustments	Note	Pro forma
Rental income	744	231	–12	5)	963
Other property income	4	0	0		4
<b>Total income</b>	<b>748</b>	<b>231</b>	<b>–12</b>		<b>967</b>
<i>Property expenses</i>					
Operating expenses	–135	–45	3	5)	–177
Maintenance costs	–52	–20	2	5)	–71
Property tax	–33	–8	1	5)	–40
Property administration	–28	–7	0	5)	–34
<b>Net operating income</b>	<b>499</b>	<b>151</b>	<b>–7</b>		<b>644</b>
Central administration	–36	–31	2	5)	–66
Depreciations	–	–29	29	3), 5)	0
Other operating income and expenses	–10	54	–54	4)	–10
Share in profit of joint ventures	305	0	0		305
Financial income and expenses	–91	–4	–30	5), 6), 7), 8)	–125
<b>Profit from property management</b>	<b>668</b>	<b>141</b>	<b>–60</b>		<b>749</b>
Changes in value of properties, realised	136	0	0		136
Changes in value of properties, unrealised	654	0	0		654
Changes in value of financial instruments, unrealised	–2	0	0		–2
<b>Profit before tax for the period</b>	<b>1,456</b>	<b>141</b>	<b>–60</b>		<b>1,537</b>
Tax	–149	–24	2	9)	–171
<b>Profit for the period</b>	<b>1,307</b>	<b>117</b>	<b>–58</b>		<b>1,366</b>

1) Based on the interim report as per 30 September 2018 reviewed by Nyfosa's auditors. The statement of profit/loss includes the SveaReal portfolio from 13 September 2018.

2) The financial information for the SveaReal portfolio for the period 1 January – 12 September 2018 is based on an aggregation of internal profit/loss reports for SveaReal AB and the 39 subsidiaries referred to under the heading "Background". The internal profit/loss statements have not been audited by the companies' auditors.

3) Adjustment for difference in accounting principles regarding add back of depreciations on buildings, building equipment, tenant leasehold improvements, land improvements and reversal of impairment loss reduce depreciations of the remaining properties of SEK 26 million as the financial information for the SveaReal portfolio going forward will be reported at fair value according to IAS 40.

4) Add back of capital gain/losses regarding divested properties not pertaining to the SveaReal portfolio and referred to under the heading "Acquisition and divestment of companies and properties" above has reduced other operating incomes and operating expenses with SEK 54 million.

5) Adjustment related to the divested properties reduces rental incomes with SEK 12 million, operating expenses with SEK 3 million, maintenance costs with SEK 2 million, property tax with SEK 1 million, central administration with SEK 2 million, depreciations with SEK 3 million, and increase financial incomes and expenses with SEK 1 million. The adjustments are based on internal profit/loss reports per property.

6) Add back of capital gain/losses regarding divested companies not pertaining to the SveaReal portfolio and referred to under the heading "Acquisition and divestment of companies and properties" above has reduced financial incomes and expenses with SEK 53 million.

7) Financial incomes and expenses of SEK 55 million in the SveaReal portfolio's statement of profit/loss relating to intra-group and external financing have in the pro forma of profit/loss been added back in a pro forma adjustment.

8) Interest costs relating to the part of the acquisition of shares and repayment of existing loans in the SveaReal portfolio companies have increased the financial costs with SEK 29 million. The interest costs are calculated based on bank loans of SEK 2,125 million with an average interest rate of 1.75 percent. Interest costs for the refinancing of the short term interest free loan from Hemfosa of SEK 395 million have been calculated based on an average interest rate of 1.73 percent. Adjustment relating to loan expenses for bank loans (including expenses for interest cap) allocated to the duration of the loan have increased the financial expenses for the interim period with SEK 4 million.

9) Estimated reduced tax cost of pro forma adjustments amounts to SEK 2 million. Tax has been calculated on pro forma adjustments relating to interest income and interest costs, capital gain/losses for divested properties, profit from divested properties and depreciations on properties. A tax rate of 22 percent has been used.



# THE AUDITOR'S REPORT ON PRO FORMA FINANCIAL STATEMENTS

*To the Board of Directors in Nyfosa AB, re. no.559131-0833*

## **THE AUDITOR'S REPORT ON PRO FORMA FINANCIAL STATEMENTS**

We have audited the pro forma financial statements set out on pages 49–51 in Nyfosa AB's prospectus dated 6 November 2018.

The pro forma financial statements have been prepared for illustrative purposes only to provide information about how Nyfosa's acquisition of the SveaReal portfolio of asset might have affected the consolidated profit/loss statements of Nyfosa AB for the period 1 January 2018–30 September 2018 if the acquisition and the to the acquisition coupled loan financing had been carried through 1 January 2018.

### **The Board of Directors' and the Managing Director's responsibility**

It is the Board of Directors' and the Managing Director's responsibility to prepare the pro forma financial statements in accordance with the requirements of the Prospectus Regulation (EC) No 809/2004.

### **The auditor's responsibility**

It is my our responsibility to provide an opinion required by Annex II item 7 of Prospectus Regulation 809/2004/EC. We are not responsible for expressing any other opinion on the pro forma financial statements or of any of its constituent elements. In particular, We do not accept any responsibility for any financial information used in the compilation of the pro forma financial statements beyond that responsibility we have for auditor's reports regarding historical financial information issued in the past.

### **Work performed**

We performed our work in accordance with FAR's Recommendation RevR 5 Examination of Prospectuses. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Nyfosa AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the historical information, assessing the evidence supporting the pro forma adjustments and discussing the pro forma financial statements with the management of the company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to obtain reasonable assurance that the pro forma financial statements has been compiled on the basis stated on pages 49–50, and in accordance with the accounting policies applied by the company.

### **Opinion**

In our opinion the pro forma financial statements has been properly compiled on the basis stated on pages 49–50 and in accordance with the accounting policies applied by the company.

Stockholm, 6 November 2018

**KPMG AB**

Björn Flink

*Authorized Public Accountant*

# CURRENT EARNINGS CAPACITY

Below is the Company's current earnings capacity presented on a 12-month basis as per 30 September 2018. Current earnings capacity is to be considered solely as a hypothetical instantaneous impression and is presented only for illustrative purposes with the aim of presenting 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 the trend in rents, vacancy rates, property expenses, interest rates changes in value or other factors impacting earnings. The data does not include the possible effects of property transactions. The current earnings capacity must be considered together with other information in the Prospectus, such as the sensitivity analysis in the section "Capital structure and other financial information" under the heading "Sensitivity analysis." Information about the current earnings capacity has been examined by the Company's auditor, refer to the section "The auditor's report on current earnings capacity." The following information is used as the basis for assessing current earnings capacity:

- annual contractual 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 costs and maintenance measures during a standard year;
- property tax has been calculated on the basis of the current tax assessment value of the properties. Ground rent paid is included in the applicable amounts;
- costs for central administration and marketing have been calculated on the basis of the existing organisation, which will essentially be the same also at the time after the listing of Nyfosa's shares on Nasdaq Stockholm, and the size of the property portfolio;
- Nyfosa's shares of profit from property management from joint ventures before changes in value. Calculated according to the same methodology as for 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 30 September 2018, which was 1.7 percent.

## Group's earnings capacity

SEK million	30 Sep 2018
<b>Rental income</b>	<b>1,244</b>
Property expenses	-358
Property administration	-32
<b>Net operating income</b>	<b>853</b>
Central administration	-65
Share in profit from joint ventures	145
Financial expenses	-146
<b>Profit from property management</b>	<b>786</b>

# THE AUDITOR'S REPORT ON CURRENT EARNINGS CAPACITY

*To the Board of Directors in Nyfosa AB, reg. no. 559131-0833*

## **THE AUDITOR'S REPORT ON CURRENT EARNINGS CAPACITY**

We have audited how the current earnings capacity set out on page 53 in Nyfosa AB's prospectus dated 6 November 2018 has been prepared.

### **The Board of Directors' and the Managing Director's responsibility**

It is the Board of Directors' and the Managing Director's responsibility to prepare the current earnings capacity, together with the material assumptions upon which it is based, in accordance with the requirements of the Prospectus Regulation (EC) No 809/2004.

### **The auditor's responsibility**

It is our responsibility to provide an opinion required by Annex 1 item 13.2 of the Prospectus Regulation (EC) No 809/2004. We are not required to, nor do we, express an opinion on the possibility of achievement of the current earnings capacity or on the assumptions on which the preparation of the current earnings capacity is based. We do not accept any responsibility for any financial information previously reported on and used in the compilation of the current earnings capacity beyond that responsibility we have for auditor's reports regarding historical financial information issued in the past.

### **Work performed**

We performed our work in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses*. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Nyfosa AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Our work included an evaluation of the procedures undertaken by the Board of Directors and the Managing Director in compiling the forecast and the accounting policies used when compiling the current earnings capacity compared to those policies adopted by the company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to obtain reasonable assurance that the current earnings capacity has been compiled based on the basis stated on page 53.

Since the current earnings capacity and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the current earnings capacity. Differences may prove to be material.

### **Opinion**

In our opinion the current earnings capacity has been compiled on the basis stated on page 53 and in accordance with the accounting policies applied by the company.

Stockholm, 6 November 2018

**KPMG AB**

Björn Flink

*Authorized Public Accountant*

# PRESENTATION OF FINANCIAL INFORMATION

The Hemfosa Group was restructured between December 2017 and May 2018, as part of which the Hemfosa Group was divided into two separate legal structures, a specialised community service property group and a transaction-based, opportunistic group of other properties. Nyfosa became the parent company of the new transaction-based Group.

The basis for the financial statements contained in this Prospectus is thus the financial information for a property portfolio comprising commercial properties with office, logistics and warehouse premises, as well as a small number of other types of properties, such as retail properties in Hemfosa's consolidated financial statements for each financial year.

The formation of the Group is a transaction under common control. Since the operations have not historically formed a group according to the IFRS definition, there are no consolidated financial statements for prior periods. Accordingly, the historical financial information has been prepared as combined financial statements for the reporting unit comprising Nyfosa AB and the units included in the Group according to the current structure. The formation of the Group was concluded on 3 May 2018. Consolidated financial statements have been prepared as of this date.

IFRS does not provide specific guidance on how combined financial statements are to be prepared. The combined financial statements, referred to below as "financial statements," are based on historical carrying amounts, as recognised in Hemfosa's consolidated financial statements ("predecessor accounting"). For additional information on how the financial statements were prepared, refer also to the section "*Historical financial information*" under the heading "*Basis of preparation*."

The historical financing of the companies included in the Hemfosa Group formed the basis of preparation for the financial historical information. This means that financial items in the statement of profit/loss are based on the interest-bearing assets and liabilities that have been historically reported by Hemfosa to the extent that they are guaranteed with assets attributable to Nyfosa. Receivables and liabilities as well as interest income and interest expenses vis-à-vis companies in the Hemfosa Group are presented as related-party transactions in the financial statements. These financial statements thus do not reflect the capital structure or net financial items of a separate, listed entity. There are also other expenses that are not reflected, such as costs for Group management and costs for being a listed company, refer also to the section "*Operational and financial overview*" under the heading "*Nyfosa as an independent company*." For more information about Nyfosa's indebtedness, refer to the section "*Capital structure and other financial information*."

Unless otherwise stated, Nyfosa's historical financial information presented in this Prospectus derives from the Group's audited financial statements for the 2015–2017 financial years and the Group's unaudited interim report for the third quarter of 2018.

# SELECTED FINANCIAL INFORMATION

*The condensed financial information below pertaining to the full-year is derived from the Group's audited financial statements for the 2015–2017 financial years, which were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the IASB as adopted by the EU. The consolidated financial statements for the 2015–2017 financial years, which are presented in their entirety in the section "Historical financial information," have been audited by the Company's auditor.*

*The condensed financial information (and key figures calculated according to IFRS) for the first nine months of 2017 and 2018 is derived from the Group's unaudited interim report for January–September 2018, which was prepared in accordance with IAS 34 Interim Financial Reporting. The interim report was reviewed by the Company's auditors in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.*

*The Prospectus also contains certain key figures that have not been defined in accordance with IFRS. This key financial data has not been audited or reviewed by the Company's auditor. The Company believes that these key figures are deemed to be useful supplementary measures of earnings performance and financial position. The Company's key figures that are not defined in accordance with IFRS are not necessarily comparable with similar measures presented by other companies and have certain limitations as tools for analysis. Accordingly, they should not be considered separately from, or a replacement for, the Company's financial information as prepared in accordance with IFRS.*

*The financial information in this section should be read together with the sections "Operational and financial overview," "Capital structure and other financial information" and the Company's financial statements for the 2015–2017 financial years and January–September 2018 (refer to the section "Historical financial information"). Rounding off differences may occur. Except as stated above and with respect to current earnings capacity and pro forma financial statements, no information in the Prospectus has been audited or reviewed by the Company's auditors.*



## SELECTED FINANCIAL INFORMATION

### CONDENSED CONSOLIDATED STATEMENTS OF PROFIT/LOSS

SEK million	1 Jan – 30 Sep		1 Jan – 31 Dec		
	2018 <sup>1)</sup>	2017 <sup>1)</sup>	2017 <sup>2)</sup>	2016 <sup>2)</sup>	2015 <sup>2)</sup>
Rental income	744	630	870	824	877
Other property income	4	154	161	18	4
<b>Total income</b>	<b>748</b>	<b>784</b>	<b>1,031</b>	<b>842</b>	<b>881</b>
Property expenses					
Operating expenses	-135	-109	-146	-145	-153
Maintenance costs	-52	-44	-66	-79	-109
Property tax	-33	-31	-42	-40	-40
Property administration	-28	-23	-30	-35	-34
<b>Net operating income</b>	<b>499</b>	<b>578</b>	<b>746</b>	<b>544</b>	<b>544</b>
Central administration	-36	-5	-9	-13	-22
Other operating income and expenses	-10	1	2	1	-11
Share in profit of joint ventures	305	264	380	287	255
Financial income and expenses	-91	-72	-106	-97	-127
<b>Profit from property management</b>	<b>668</b>	<b>765</b>	<b>1,013</b>	<b>722</b>	<b>641</b>
Changes in value of properties, realised	136	34	28	44	0
Changes in value of properties, unrealised	654	229	348	347	439
Changes in value of financial instruments, unrealised	-2	2	6	-1	-9
<b>Profit before tax for the period</b>	<b>1,456</b>	<b>1,029</b>	<b>1,394</b>	<b>1,112</b>	<b>1,071</b>
Current tax	-53	-3	-35	-27	10
Deferred tax	-96	-89	-145	70	-147
<b>Profit for the period</b>	<b>1,307</b>	<b>937</b>	<b>1,215</b>	<b>1,155</b>	<b>933</b>

1) Derived from the Group's unaudited condensed interim report on and for the nine-month period ending 30 September 2018, except from current tax and deferred tax which are derived from the Group's internal reporting system.

2) Derived from the Group's audited financial statements for the financial years ending 31 December 2017, 2016 and 2015.

## SELECTED FINANCIAL INFORMATION

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEK million	30 Sep		31 Dec		
	2018 <sup>1)</sup>	2017 <sup>1)</sup>	2017 <sup>2)</sup>	2016 <sup>2)</sup>	2015 <sup>2)</sup>
<b>ASSETS</b>					
Investment properties	15,417	11,552	12,090	10,017	10,197
Shares in joint ventures	1,414	1,199	1,315	1,035	856
Derivatives	2	0	4	0	1
Other fixed assets	1	1	1	1	1
<b>Total fixed assets</b>	<b>16,834</b>	<b>12,752</b>	<b>13,410</b>	<b>11,052</b>	<b>11,055</b>
Rent receivables	13	6	2	14	7
Current receivables	108	52	59	32	12
Cash and cash equivalents	316	185	160	253	126
<b>Total current assets</b>	<b>436</b>	<b>243</b>	<b>222</b>	<b>298</b>	<b>145</b>
<b>TOTAL ASSETS</b>	<b>17,270</b>	<b>12,996</b>	<b>13,632</b>	<b>11,351</b>	<b>11,199</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
<b>Equity</b>	<b>8,077</b>	<b>3,348</b>	<b>3,479</b>	<b>2,924</b>	<b>2,058</b>
Non-current interest-bearing liabilities	7,069	3,351	3,617	2,798	4,771
Other non-current liabilities	11	3	4	4	0
Derivatives	–	0	–	3	8
Deferred tax liabilities	478	349	404	261	372
<b>Total non-current liabilities</b>	<b>7,558</b>	<b>3,703</b>	<b>4,025</b>	<b>3,066</b>	<b>5,151</b>
Current interest-bearing liabilities	908	2,811	2,965	2,493	995
Other current liabilities	726	3,134	3,162	2,868	2,995
<b>Total current liabilities</b>	<b>1,634</b>	<b>5,945</b>	<b>6,128</b>	<b>5,361</b>	<b>3,990</b>
<b>Total liabilities</b>	<b>9,193</b>	<b>9,648</b>	<b>10,153</b>	<b>8,427</b>	<b>9,142</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,270</b>	<b>12,996</b>	<b>13,632</b>	<b>11,351</b>	<b>11,199</b>

1) Derived from the Group's unaudited condensed interim report on and for the nine-month period ending 30 September 2018, except from rent receivables and current receivables which are derived from the Group's internal reporting system.

2) Derived from the Group's audited financial statements for the financial years ending 31 December 2017, 2016 and 2015.

## SELECTED FINANCIAL INFORMATION

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

SEK million	1 Jan – 30 Sep		1 Jan – 31 Dec		
	2018 <sup>1)</sup>	2017 <sup>1)</sup>	2017 <sup>2)</sup>	2016 <sup>2)</sup>	2015 <sup>2)</sup>
<b>Operating activities</b>					
Profit from property management	668	765	1,013	722	641
Adjustments for non-cash items	-305	-264	-379	-266	-239
Income tax paid	-4	5	-5	-2	0
<b>Subtotal</b>	<b>358</b>	<b>506</b>	<b>629</b>	<b>454</b>	<b>402</b>
Change in current receivables	-30	-13	-19	-27	-3
Change in current liabilities	752	30	-133	96	198
<b>Cash flow from operating activities</b>	<b>1,081</b>	<b>523</b>	<b>477</b>	<b>523</b>	<b>597</b>
<b>Investing activities</b>					
Direct and indirect acquisitions of investment properties	-3,654	-1,356	-1,735	-392	-62
Direct and indirect divestment of investment properties	1,202	268	307	1,175	0
Investments in existing investment properties	-143	-185	-260	-253	-235
Dividend from joint ventures	200	100	100	100	50
Other	6	-2	-3	-6	1
<b>Cash flow from investing activities</b>	<b>-2,389</b>	<b>-1,175</b>	<b>-1,591</b>	<b>624</b>	<b>-246</b>
<b>Financing activities</b>					
New issue	84	-	-	-	-
Loans raised	3,221	699	1,979	988	594
Repayment of loans	-1,842	-115	-958	-2,008	-1,059
<b>Cash flow from financing activities</b>	<b>1,463</b>	<b>584</b>	<b>1,021</b>	<b>-1,020</b>	<b>-464</b>
<b>Cash flow for the period</b>	<b>155</b>	<b>-68</b>	<b>-93</b>	<b>127</b>	<b>-113</b>
Cash and cash equivalents at the beginning of the period	160	253	253	126	239
<b>Cash and cash equivalents at the end of the period</b>	<b>316</b>	<b>185</b>	<b>160</b>	<b>253</b>	<b>126</b>

1) Derived from the Group's unaudited condensed interim report on and for the nine-month period ending 30 September 2018.

2) Derived from the Group's audited financial statements for the financial years ending 31 December 2017, 2016 and 2015.

## SELECTED FINANCIAL INFORMATION

### KEY FIGURES FOR THE GROUP

If the information in the tables below is derived from audited financial statements, this is explicitly stated in a note. The historical key financial data is impacted by Nyfosa's historical capital structure not reflecting the capital structure for an independent listed company. Nyfosa received a shareholders' contribution of SEK 3.8 billion from Hemfosa in the third quarter of 2018 by settling balances between Hemfosa and Nyfosa.

#### Key financial data

	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Loan-to-value ratio, properties, % <sup>(2), (4)</sup>	51.7	53.3	54.4	52.8	56.5
Net loan-to-value ratio, properties, % <sup>(2), (4)</sup>	49.7	51.7	53.1	50.3	55.3
Debt/equity ratio, multiple <sup>(2), (4)</sup>	1.0	1.8	1.9	1.8	2.8
Equity/assets ratio, % <sup>(2), (4)</sup>	46.8	25.8	25.5	25.8	18.4
Net asset value (EPRA NAV), SEK million <sup>(2), (4)</sup>	8,993	4,092	4,300	3,592	2,761

	1 Jan – 30 Sep		1 Jan – 31 Dec		
	2018	2017	2017	2016	2015
Return on equity, % <sup>(2), (4), (6)</sup>	27.7	n.a.	37.9	46.4	58.6
Interest-coverage ratio, multiple <sup>(2), (4)</sup>	5.0	8.0	7.0	5.5	4.0

#### Property-related key figures

	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
No. of properties <sup>(1), (5)</sup>	176	125	128	115	109
Rental value, SEK million <sup>(2), (5)</sup>	1,402	1,034	1,099	900	837
Leasable area, 000s sqm <sup>(2), (5)</sup>	1,573	1,122	1,136	1,000	969
Fair value of properties, SEK million <sup>(1)</sup>	15,417	11,552	12,090	10,017	10,197
Property value, SEK per sqm of leasable area <sup>(2), (5)</sup>	9,801	10,296	10,643	10,017	10,523

	1 Jan – 30 Sep		1 Jan – 31 Dec		
	2018	2017	2017	2016	2015
Economic leasing rate, % <sup>(2), (5)</sup>	90.9	90.1	90.6	87.7	86.6
Surplus ratio, % <sup>(2), (4)</sup>	66.8	73.7	72.4 <sup>(7)</sup>	64.6	61.8
Yield, % <sup>(2), (4), (8)</sup>	5.5	n.a.	5.8	n.a.	n.a.

#### Share-related key figures

	1 Jan – 30 Sep		1 Jan – 31 Dec		
	2018	2017	2017	2016	2015
Profit from property management, SEK per share <sup>(2), (4)</sup>	3.98	4.56	6.04	4.30	3.82
Cash flow from operating activities, SEK per share <sup>(2), (4)</sup>	6.44	3.12	2.84	3.12	3.56
Profit for the period, SEK per share <sup>(1), (3)</sup>	7.79	5.59	7.24	6.89	5.56

	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Equity, SEK per share <sup>(2), (4)</sup>	48.15	19.96	20.74	17.43	12.27
Net asset value (EPRA NAV), SEK per share <sup>(2), (4)</sup>	53.61	24.40	25.64	21.42	16.46
Average number of shares, 000s <sup>(1), (5)</sup>	167,728	167,728	167,728	167,728	167,728
Number of shares outstanding, 000s <sup>(1), (5)</sup>	167,728	167,728	167,728	167,728	167,728

1) The information pertaining to 30 September 2018 and 2017 is derived from the Group's unaudited condensed interim report on and for the nine-month period ending 30 September 2018 and the information pertaining to 31 December 2017, 2016 and 2015 is derived from the Group's audited financial statements for the financial years ending on these dates.

2) The information pertaining to 30 September 2018 and 2017 is derived from the Group's unaudited condensed interim report on and for the nine-month period ending 30 September 2018 and the information pertaining to 31 December 2017, 2016 and 2015 has been taken from the Group's internal reporting system for the financial years ending on these dates.

3) Defined according to IFRS.

4) Alternative performance measures according to the European Securities and Markets Authority (ESMA).

5) Non-financial key figures.

6) Based on profit after tax for the most recent 12-month period.

7) Note that key figures are impacted by other property income of SEK 161 million.

8) According to the earnings capacity on the balance sheet date.

## SELECTED FINANCIAL INFORMATION

### Deviation tables for alternative performance measures

SEK million (unless otherwise stated)	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Profit after tax for the most recent 12-month period	1,584	n.a.	1,215	1,155	933
Average equity	5,712	n.a.	3,202	2,491	1,591
<b>Return on equity, %</b>	<b>27.7</b>	<b>n.a.</b>	<b>37.9</b>	<b>46.4</b>	<b>58.6</b>

SEK million (unless otherwise stated)	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Interest-bearing liabilities	7,977	6,162	6,583	5,291	5,766
Investment properties	15,417	11,552	12,090	10,017	10,197
<b>Loan-to-value ratio, properties, %</b>	<b>51.7</b>	<b>53.3</b>	<b>54.4</b>	<b>52.8</b>	<b>56.5</b>

SEK million (unless otherwise stated)	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Net operating income according to earnings capacity	853	n.a.	696	n.a.	n.a.
Investment properties	15,417	11,552	12,090	10,017	10,197
<b>Yield, %</b>	<b>5.5</b>	<b>n.a.</b>	<b>5.8</b>	<b>n.a.</b>	<b>n.a.</b>

SEK million (unless otherwise stated)	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Rental income	748	784	1,031	842	881
Adjustments to rental income	527	147	-35	-53	-156
Adjusted rental income	1,275	932	996	789	725
Assessed market rent for vacant floor space	127	102	103	111	112
<b>Rental value</b>	<b>1,402</b>	<b>1,034</b>	<b>1,099</b>	<b>900</b>	<b>837</b>
<b>Economic leasing rate, %</b>	<b>90.9</b>	<b>90.1</b>	<b>90.6</b>	<b>87.7</b>	<b>86.6</b>

SEK million (unless otherwise stated)	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Equity	8,077	3,348	3,479	2,924	2,058
Number of shares outstanding, 000s	167,728	167,728	167,728	167,728	167,728
<b>Equity, SEK per share</b>	<b>48.15</b>	<b>19.96</b>	<b>20.74</b>	<b>17.43</b>	<b>12.27</b>

SEK million (unless otherwise stated)	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Profit from property management	668	765	1,013	722	641
Average number of shares, 000s	167,728	167,728	167,728	167,728	167,728
<b>Profit from property management, SEK per share</b>	<b>3.98</b>	<b>4.56</b>	<b>6.04</b>	<b>4.30</b>	<b>3.82</b>

SEK million (unless otherwise stated)	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Cash flow from operating activities	1,081	523	477	523	597
Average number of shares, 000s	167,728	167,728	167,728	167,728	167,728
<b>Cash flow from operating activities, SEK per share</b>	<b>6.44</b>	<b>3.12</b>	<b>2.84</b>	<b>3.12</b>	<b>3.56</b>

SEK million (unless otherwise stated)	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Cash and cash equivalents	316	185	160	253	126
Interest-bearing liabilities	7,977	6,162	6,583	5,291	5,766
Investment properties	15,417	11,552	12,090	10,017	10,197
<b>Net loan-to-value ratio, properties, %</b>	<b>49.7</b>	<b>51.7</b>	<b>53.1</b>	<b>50.3</b>	<b>55.3</b>



## SELECTED FINANCIAL INFORMATION

SEK million (unless otherwise stated)	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Profit from property management	668	765	1,013	722	641
Share in profit of joint ventures	305	264	380	287	255
Depreciation/amortisation	0	0	0	0	0
Financial income and expenses	-91	-72	-106	-97	-127
<b>Interest-coverage ratio, multiple</b>	<b>5.0</b>	<b>8.0</b>	<b>7.0</b>	<b>5.5</b>	<b>4.0</b>

SEK million (unless otherwise stated)	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Equity	8,077	3,348	3,479	2,924	2,058
Interest-bearing liabilities	7,977	6,162	6,583	5,291	5,766
<b>Debt/equity ratio, multiple</b>	<b>1.0</b>	<b>1.8</b>	<b>1.9</b>	<b>1.8</b>	<b>2.8</b>

SEK million (unless otherwise stated)	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Equity	8,077	3,348	3,479	2,924	2,058
Total assets	17,270	12,996	13,632	11,351	11,199
<b>Equity/assets ratio, %</b>	<b>46.8</b>	<b>25.8</b>	<b>25.5</b>	<b>25.8</b>	<b>18.4</b>

SEK million (unless otherwise stated)	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Equity	8,077	3,348	3,479	2,924	2,058
Deferred tax	478	349	404	261	372
Derivatives	-2	0	-4	3	7
Deferred tax in joint ventures, Nyfosa's share	308	221	257	192	118
Derivatives in joint ventures, Nyfosa's share	132	175	164	212	206
<b>EPRA NAV</b>	<b>8,993</b>	<b>4,092</b>	<b>4,300</b>	<b>3,592</b>	<b>2,761</b>
Number of shares outstanding, 000s	167,728	167,728	167,728	167,728	167,728
<b>EPRA NAV, SEK per share</b>	<b>53.61</b>	<b>24.40</b>	<b>25.64</b>	<b>21.42</b>	<b>16.46</b>

SEK million (unless otherwise stated)	30 Sep		31 Dec		
	2018	2017	2017	2016	2015
Total income	748	784	1,031	842	881
Net operating income	499	578	746	544	544
<b>Surplus ratio, %</b>	<b>66.8</b>	<b>73.7</b>	<b>72.4</b>	<b>64.6</b>	<b>61.8</b>

**DEFINITIONS OF KEY FIGURES CALCULATED ACCORDING TO IFRS**

**Profit for the period per share**

Profit for the period after tax in relation to weighted average number of shares outstanding.

**DEFINITIONS OF KEY FIGURES NOT DEFINED IN ACCORDANCE WITH IFRS**

Key figures	Definition	Purpose
<i>Assessed market rent for vacant floor space, 000s sqm</i>	Assessed market rent for vacant floor space in existing condition	The performance measure facilitates assessment of the potential rental income for vacant floor space
<i>Cash flow from operating activities, SEK per share</i>	Cash flow from operating activities as a percentage of the weighted average number of shares	The performance measure shows the Company's ability to generate cash flow from the operations, expressed in SEK per share
<i>Debt/equity ratio, multiple</i>	Interest-bearing liabilities as a percentage of equity	The performance measure provides an indication of the Company's capital structure and sensitivity to movements in interest rates
<i>Economic leasing rate, %</i>	Holding-adjusted rental income as a percentage of the rental value at the end of the period	The performance measure facilitates the assessment of rental income in relation to the total value of the leased and unleased floor space
<i>Equity/assets ratio, %</i>	Equity as a percentage of total assets	The performance measure shows how large a share of total assets constitutes equity and has been included to enable investors to assess the Company's capital structure
<i>Equity, SEK per share</i>	Equity as a percentage of the number of shares at the end of the period	The performance measure shows how large a share of the Company's recognised equity each share represents
<i>Fair value of properties, SEK million</i>	The recognised property value according to the statement of financial position at the end of the period	The performance measure facilitates better understanding of the value development in the property portfolio and the Company's statement of financial position
<i>Interest-coverage ratio, multiple</i>	Profit from property management, including reversal of financial income and expenses, as well as depreciation/amortisation and share in profit of joint ventures as a percentage of financial income and expenses	The interest-coverage ratio is a financial target that shows how many times the Company can pay its interest charges with its profit from operational activities
<i>Leasable area, 000s of sqm</i>	The total premises area that can potentially be leased	Shows the total area that the Company can potentially lease
<i>Loan-to-value ratio, properties, %</i>	Interest-bearing liabilities at the end of the period in relation to the fair value of the properties in the statement of financial position	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
<i>Net asset value (EPRA NAV), SEK per share</i>	Net asset value (EPRA NAV) in relation to the number of shares at the end of the period	The purpose of this performance measure is to show the fair value of net assets from a long-term perspective
<i>Net asset value (EPRA NAV), SEK million</i>	Recognised equity plus derivatives and deferred tax liabilities according to the statement of financial position	The purpose of this performance measure is 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 realised, such as the fair value of derivatives and deferred taxes, are excluded. The corresponding items in the Company's shares in joint ventures are also excluded from the performance measure

## SELECTED FINANCIAL INFORMATION

Key figures	Definition	Purpose
<i>Net loan-to-value ratio, properties, %</i>	The net of interest-bearing liabilities and bank balances at the end of the period in relation to the fair value of the properties in the statement of financial position	The net loan-to-value ratio is a measure of 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
<i>No. of properties</i>	Properties held under title or site leasehold	The performance measure provides a greater understanding of the development of the property portfolio
<i>Profit from property management, SEK per share</i>	Profit from property management as a percentage of the average number of shares during the period	The performance measure provides a real measurement of the Company's earnings capacity, expressed in SEK per share
<i>Property value, SEK per sqm of leasable area</i>	The recognised property value according to the statement of financial position at the end of the period distributed across the leasable area	The performance measure facilitates better understanding of the value development of the property portfolio's area and the Company's statement of financial position
<i>Rental value, SEK million</i>	Rental income for the total leasable area	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
<i>Return on equity, %</i>	Profit/loss for the most recent 12-month period in relation to average equity during the same period (average equity is calculated on opening and closing balances)	The performance measure shows the return generated on the capital attributable to shareholders
<i>Surplus ratio, %</i>	Net operating income for the period as a percentage of total income	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
<i>Yield, %</i>	Net operating income according to earnings capacity in relation to the fair value of properties as per the balance sheet date	The performance measure indicates the yield from operational activities in relation to the properties' value

# OPERATIONAL AND FINANCIAL OVERVIEW

*The operational and financial overview in this section has been prepared to facilitate understanding and evaluation of trends and factors impacting Nyfosa's earnings and financial position. This section should be read together with the sections "Selected financial information," "Capital structure and other financial information," and "Historical financial information."*

*Unless otherwise stated, the financial information below is derived from the Group's audited financial statements for the 2015–2017 financial years, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the condensed financial information (and key figures calculated according to IFRS) for the first nine months of 2017 and 2018 is derived from the Group's interim report for January–September 2018, which was prepared in accordance with IAS 34 Interim Financial Reporting and was reviewed by the Company's auditor.*

*The information below contains forward-looking statements that are subject to various risks and uncertainties. The Company's actual results could differ significantly from the results forecasts in these forward-looking statements due to a wide range of different factors, including, but not limited to, the factors described in the section "Important information" under the heading "Forward-looking statements and risk factors" and elsewhere in the Prospectus, particularly in the section "Risk factors."*

*Forward-looking information comprises all statements in this Prospectus that do not refer to historical facts and events, and such statements that refer to the future and that contain such words as "believes," "estimates," "anticipates," "expects," "assesses," "assumes," "forecasts," "could," "would," "should," "according to estimates," "may," "plans," "potential," "predicts", "as far as is known," or similar expressions that identify the information as forward-looking. Forward-looking statements are based on current estimates and assumptions. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause the actual results to differ materially from the results expressly or implicitly assumed or described in those statements, or fail to meet expectations expressly or implicitly assumed or described in those statements, or turn out to be less favourable.*

## FACTORS IMPACTING EARNINGS

### Macroeconomic factors

Several macroeconomic factors have an impact on the Company's operations and earnings, including growth, employment levels and inflation. The level of employment forms the basis for supply and demand in the leasing market. These macroeconomic factors combined provide an indication of Sweden's economic situation, impacting such areas as property values, rent levels and leasing rates. The property market is capital-intensive and thus also influenced by changes in interest rates that affect supply and costs for financing. The economic climate in general and changes in interest rates over time specifically, thus have an effect on both the Company's operations and its earnings.

### Rent levels and leasing rate

The combination of rent levels and leasing rate generate the Company's rental income. If these two factors were to decline or increase, the Company's earnings would be impacted negatively and positively, respectively. A high concentration of tenants entails greater sensitivity to fluctuations in vacancies and loss of rental income. As per 30 September 2018, the Company's ten largest tenants represented 19 percent of the contractual rental income and the number of leases totalled 2,579. Tenants paying their rent on time impacts the Company's earnings and financial position. The Company's rental income is also governed by investments in existing properties, acquisitions and divestments.

### Property expenses

Expenses and price variations for maintenance services and property upkeep have a direct impact on the Company's earnings. Maintenance is primarily carried out to maintain the standard of the properties in the long term. Investments and efficient property management can facilitate rent increases and reduce property expenses such as electricity, heating and water.

### Central administration

Central administration includes group-wide expenses that are not directly attributable to property management, such as company management, IT, auditing, board activities and rental costs for premises used by the Company itself.

### Ability and opportunity to carry out value-creating transactions

The management's ability to identify and carry out acquisitions of property portfolios with the potential for value creation is central to the Company's future earnings performance. The strategy includes being open to various acquisitions in different categories including logistics, warehouse, offices, project development and residential units. Activity in the Swedish property market affects the supply of available objects and portfolios and current price levels, which thus has an impact on the Company's ability to create value.

### **Nyfosa as an independent company**

Following the demerger of the Hemfosa Group, Nyfosa is an independent company in relation to Hemfosa, meaning that Nyfosa has its own head office and central functions to manage the Group's operations. This will result in higher administration expenses for Nyfosa as an independent company compared with when it was part of the Hemfosa Group. Nyfosa has also established administrative functions so that as an independent company it can meet the formal and legal requirements entailed by a listing on a regulated market. Nyfosa also incurred expenses for the demerger in addition to the increase in administration expenses. Transaction costs totalling SEK 39 million were charged to Nyfosa's earnings in 2017 and the January to September 2018 period. Additional transaction costs of approximately SEK 11 million are expected to be charged to Nyfosa's earnings in 2018. Nyfosa has also signed new loan agreements, meaning that the historical financial expenses do not necessarily provide a representative view of Nyfosa's future financial expenses. For more information about Nyfosa's new financing, refer to the section "*Capital structure and other financial information*" under the heading "*Financing*."

### **Accounting policies**

For information regarding accounting policies and the new standards IFRS 9 Financial instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases, refer to Note 2 in the section "*Historical financial information*" under the heading "*Notes to the financial statements – Significant accounting policies*". The new accounting standards do not entail any material effects for Nyfosa.

## **COMPARISON BETWEEN PERIODS**

### **Comparison between 1 January – 30 September 2018 and 1 January – 30 September 2017**

#### *Total income*

Total income for 1 January – 30 September 2018 amounted to SEK 748 million, corresponding to a decrease of SEK 37 million compared with the year-earlier period in 2017 when total income amounted to SEK 784 million. Rental income increased with SEK 114 million for 1 January – 30 September 2018 compared with the year-earlier period in 2017, primarily attributable to a larger property portfolio and indexation of lease agreements. Other property incomes amounted to SEK 4 million for 1 January – 30 September 2018 corresponding to a decrease of SEK 150 million compared with the year-earlier period in 2017, explained by the fact that the Company received an insurance compensation in 2017.

#### *Property expenses and property administration*

The Company's property expenses amounted to SEK 220 million for 1 January – 30 September 2018, an increase of SEK 31 million compared with the year-earlier period in 2017 when property expenses amounted to SEK 184 million. The change in property expenses was primarily due to a larger property portfolio. The costs for property administration

amounted to SEK 28 million for 1 January – 30 September 2018, which is SEK 5 million higher than in the year-earlier period in 2017 when these costs amounted to SEK 23 million.

#### *Central administration*

Central administration costs amounted to SEK 36 million for 1 January – 30 September 2018, an increase of SEK 31 million compared with the year-earlier period in 2017 when these costs amounted to SEK 5 million. The change in central administration costs for the full-year was mainly due to Nyfosa establishing a property management department compared to previously only having single employees in property management.

#### *Financial items*

Net financial income and expenses for 1 January – 30 September 2018 amounted to SEK 91 million, corresponding to an increase of SEK 19 million compared with the year-earlier period when financial items amounted to SEK 72 million. The change was primarily attributable to increased interest-bearing liabilities and higher average interest in the loan portfolio.

#### *Share in profit of joint ventures*

Share in profit of joint ventures for 1 January – 30 September 2018 amounted to SEK 305 million, an increase of SEK 41 million compared with 2017 due to changes in the value of properties.

#### *Profit from property management*

Profit from property management, meaning profit excluding changes in the value of investment properties and financial instruments and tax, amounted to SEK 668 million for 1 January – 30 September 2018, a decrease of SEK 97 million compared with the year-earlier period in 2017 when profit from property management amounted to SEK 765 million. The lower profit from property management was primarily attributable to that the Company received an insurance compensation in 2017 and that costs for administration for 1 January – 30 September 2018 have come closer to a normalised level for the Company's size, associated with recruitments of staff in the Group.

#### *Changes in value*

The Company recognised an increase in the value of investment properties of SEK 790 million for 1 January – 30 September 2018, an increase of SEK 527 million compared with the year-earlier period. Of the total change in value between 1 January and 30 September 2018, SEK 136 million pertained to realised changes in the value of property sales. Of the unrealised changes in value of SEK 654 million, SEK 326 million were attributable to properties the Company took possession of in the third quarter. Other changes in value during 1 January - 30 September 2018 were primarily attributable to changed return requirements and completed projects. The Company's financial instruments were measured at market value as per 30 September 2018 with a negative



change in value of SEK 2 million, compared with a positive change in value of SEK 2 million for the same date the foregoing year.

#### *Profit for the period*

Profit after tax for 1 January – 30 September 2018 amounted to SEK 1,307 million, an increase of SEK 370 million compared with the year-earlier period in 2017 when profit for the period after tax amounted to SEK 937 million. The higher earnings were mainly due to unrealised changes in value of the investment properties.

#### *Cash flows*

Cash flow from operating activities before changes in working capital amounted to SEK 358 million for 1 January – 30 September 2018 and SEK 506 million for the year-earlier period. The change was primarily attributable to lower profit from property management. For 1 January – 30 September 2018, the investing activities had a negative impact on cash flow of SEK 2,389 million, compared with a negative impact of SEK 1,175 million in the year-earlier period. The decrease was mainly related to acquisitions of investment properties of SEK 3,609 million compared with SEK 1,356 million in the year-earlier period. Cash flow from financing activities had a positive impact of SEK 1,463 million on Nyfosa for 1 January – 30 September 2018, compared with SEK 584 million in the year-earlier period in 2017. The change was mainly due to raised loans in connection with acquisitions of investment properties. In total, cash and cash equivalents increased with SEK 155 million for 1 January – 30 September 2018, compared with a decrease of SEK 68 million in the year-earlier period in 2017.

#### *Property portfolio*

On 30 September 2018, the property portfolio comprised 176 properties, an increase of 51 properties compared with 30 September 2017 when the property portfolio comprised 125 properties. The properties had a fair value of SEK 15,417 million as per 30 September 2018, compared with SEK 11,552 million as per 30 September 2017. Nyfosa acquired investment properties for SEK 3,609 million and divested investment properties for SEK 1,215 million during the year. Investments in existing investment properties amounted to SEK 143 million and primarily pertained to tenant leasehold improvements. Realised and unrealised changes in value amounted to SEK 790 million.

### **Comparison between 2017 and 2016 financial years**

#### *Total income*

Total income for 1 January – 31 December 2017 amounted to SEK 1,031 million, corresponding to an increase of SEK 189 million compared with the corresponding period in 2016 when total income amounted to SEK 842 million. Of total income, SEK 870 million comprised rental income and SEK 161

million other property income. The higher income for the period was primarily attributable to other property income affecting comparability, related to insurance compensation, and a larger property portfolio due to property acquisitions.

#### *Property expenses and property administration*

The Company's property expenses amounted to SEK 254 million for 1 January – 31 December 2017, a decrease of SEK 10 million compared with the year-earlier period in 2016 when property expenses amounted to SEK 264 million. The change in property expenses was primarily due to lower maintenance costs that decreased from SEK 79 million in 2016 to SEK 66 million in 2017. The lower maintenance costs were primarily attributable to many maintenance works being completed in 2016. The costs for property administration amounted to SEK 30 million for 1 January – 31 December 2017, which is SEK 5 million less than in the year-earlier period in 2016 when these costs amounted to SEK 35 million.

#### *Central administration*

Central administration costs amounted to SEK 9 million for 1 January – 31 December 2017, a decrease of SEK 4 million compared with the year-earlier period in 2016 when these costs amounted to SEK 13 million. The change in central administration costs for the full-year was mainly due to fees charged for central administration services and costs charged by Hemfosa. The lower amount for 2017 was mainly the result of a larger Hemfosa Group that shared these costs.

#### *Financial items*

Net financial incomes and expenses for 1 January – 31 December 2017 amounted to SEK –106 million, corresponding to an increase in expenses of SEK 9 million compared with the year-earlier period when financial expenses amounted to SEK –97 million. The change was primarily attributable to higher interest-bearing liabilities that in turn resulted in higher interest expenses.

#### *Share in profit of joint ventures*

Share in profit of joint ventures for 1 January – 31 December 2017 amounted to SEK 380 million, an increase of SEK 93 million compared with 2016 mainly due to changes in the value of both properties and financial instruments.

#### *Profit from property management*

Profit from property management, meaning profit excluding changes in the value of investment properties and financial instruments and tax, amounted to SEK 1,013 million for 1 January – 31 December 2017, an increase of SEK 291 million compared with the year-earlier period in 2016 when profit from property management amounted to SEK 722 million. The increase in earnings was mainly due to a larger property portfolio compared with the year-earlier period, higher earnings in the joint venture and other property income.

### *Changes in value*

The Company recognised an increase in the value of investment properties of SEK 376 million for the 2017 financial year, a decrease of SEK 15 million compared with the year-earlier period. Of the total change in value in the 2017 financial year, SEK 28 million pertained to realised changes in the value of property sales. The change in value in 2017 otherwise mainly derived from changed yield requirements and completed projects. The Company's financial instruments were measured at market value as per 31 December 2017 with a positive change in value of SEK 6 million, compared with a negative SEK 1 million for 2016.

### *Profit for the period*

Profit after tax for 1 January – 31 December 2017 amounted to SEK 1,215 million, an increase of SEK 60 million compared with the year-earlier period in 2016 when profit for the period after tax amounted to SEK 1,155 million. The higher earnings were primarily the result of a larger wholly owned portfolio and a higher share in profit of joint ventures.

### *Cash flows*

Cash flow from operating activities before changes in working capital amounted to SEK 629 million for 1 January – 31 December 2017 and SEK 454 million for the year-earlier period. The change was primarily attributable to higher profit from property management. In 2017, investing activities impacted cash flow negatively by SEK 1,591 million, but in the preceding year impacted cash flow positively by SEK 624 million. The change primarily related to acquisitions of investment properties of SEK 1,735 million. Cash flow from financing activities made a contribution of SEK 1,021 million to Nyfosa for 1 January – 31 December 2017, compared with an outflow of SEK 1,020 million in the year-earlier period in 2016. The change was mainly attributable to repayment of loans. In total, cash and cash equivalents declined SEK 93 million for 1 January – 31 December 2017, compared with an increase of SEK 127 million in the year-earlier period in 2016.

### *Property portfolio*

On 31 December 2017, the property portfolio comprised 128 properties, an increase of 13 properties compared with 31 December 2016 when the property portfolio comprised 115 properties. The properties had a fair value of SEK 12,090 million as per 31 December 2017, compared with SEK 10,017 million at the start of the year. Nyfosa acquired investment properties for SEK 1,735 million and divested investment properties for SEK 307 million during the year. Investments in existing investment properties amounted to SEK 260 million and mainly pertained to tenant leasehold improvements. Realised and unrealised changes in value amounted to SEK 376 million.

### **Comparison between 2016 and 2015 financial years**

#### *Total income*

Total income for 1 January – 31 December 2016 amounted to SEK 842 million, corresponding to a decrease of SEK 39 million compared with the year-earlier period in 2015 when total income amounted to SEK 881 million. Of total income, SEK 824 million comprised rental income and SEK 18 million other property income. The lower income for the period was primarily due to a smaller property portfolio as a result of divestments.

#### *Property expenses and property administration*

The Company's property expenses amounted to SEK 264 million for 1 January – 31 December 2016, a decrease of SEK 38 million compared with the year-earlier period in 2015 when property expenses amounted to SEK 302 million. The change in property expenses was primarily due to lower maintenance costs that decreased from SEK 109 million in 2015 to SEK 79 million in 2016, mainly driven by a large repair cost charged to earnings for 2015. The costs for property administration amounted to SEK 35 million for 1 January – 31 December 2016, which is SEK 1 million higher than in the year-earlier period in 2015 when these costs amounted to SEK 34 million.

#### *Central administration*

Central administration costs amounted to SEK 13 million for 1 January – 31 December 2016, a decrease of SEK 9 million compared with the year-earlier period in 2015 when these costs amounted to SEK 22 million. The change in central administration costs for the full-year was mainly due to fees charged for central administration services and costs charged by Hemfosa. The lower amount for 2016 was mainly the result of a larger Hemfosa Group that shared these costs.

#### *Financial items*

Net financial incomes and expenses for 1 January – 31 December 2016 amounted to SEK –97 million, corresponding to a decline in expenses of SEK 30 million compared with the year-earlier period when financial expenses amounted to SEK –127 million. The change was primarily attributable to lower loans as a result of divestments during the year.

#### *Share in profit of joint ventures*

Share in profit of joint ventures for 1 January – 31 December 2016 amounted to SEK 287 million, an increase of SEK 32 million compared with 2015 mainly due to changes in the value of the properties.

#### *Profit from property management*

Profit from property management, meaning profit excluding changes in the value of investment properties and financial instruments and tax, amounted to SEK 722 million for

1 January – 31 December 2016, an increase of SEK 81 million compared with the year-earlier period in 2015 when profit from property management amounted to SEK 641 million. The increase in earnings was mainly due to lower financial expenses and a higher share in profit of joint ventures.

### *Changes in value*

The Company recognised an increase in the value of investment properties of SEK 391 million for the 2016 financial year, a decrease of SEK 48 million compared with the year-earlier period. The change in value in the 2016 financial year mainly derived from changed yield requirements and completed projects. The Company's financial instruments were measured at market value as per 31 December 2016 with a negative change in value of SEK 1 million, compared with a negative SEK 9 million for 2015.

### *Profit for the period*

Profit after tax for 1 January – 31 December 2016 amounted to SEK 1,155 million, an increase of SEK 222 million compared with the year-earlier period in 2015 when profit for the period after tax amounted to SEK 933 million. The higher earnings were mainly due to lower property expenses as a result of a large repair cost that was charged to earnings for 2015, a higher share in profit of joint ventures, lower financial expenses and the valuation of loss carryforwards.

### *Cash flows*

Cash flow from operating activities before changes in working capital amounted to SEK 454 million for 1 January – 31 December 2016 and SEK 402 million for the year-earlier period. The change was primarily attributable to higher profit from property management. In 2016, investing activities impacted cash flow positively by SEK 524 million, but in the preceding year impacted cash flow negatively by an outflow of SEK 296 million. The change primarily related to divestments of investment properties of SEK 1,175 million. Cash flow from financing activities had a negative effect of SEK 920 million on Nyfosa for 1 January – 31 December 2016, compared with an outflow of SEK 414 million in the year-earlier period in 2015. The change was mainly due to the repayment of loans. In total, cash and cash equivalents increased with SEK 127 million for 1 January – 31 December 2016, compared with a decrease of SEK 113 million in the year-earlier period in 2015.

### *Property portfolio*

On 31 December 2016, the property portfolio comprised 115 properties, an increase of 6 properties compared with 31 December 2015 when the property portfolio comprised 109 properties. The properties had a fair value of SEK 10,017 million as per 31 December 2016, compared with SEK 10,197 million at the start of the year. Nyfosa acquired investment properties for SEK 392 million and divested investment properties for SEK 1,216 million during the year. Investments in existing investment properties amounted to SEK 253 million and mainly pertained to tenant leasehold improvements. Realised and unrealised changes in value amounted to SEK 391 million.

# CAPITAL STRUCTURE AND OTHER FINANCIAL INFORMATION

## SHAREHOLDERS' EQUITY AND LIABILITIES

The tables below describe Nyfosa's consolidated capital structure as per 30 September 2018. The tables in this section should be read together with the information in the section "Operational and financial overview" and the financial statements with associated notes, which are in the section "Historical financial information." For information about Company's share capital and shares, refer to the section "Shares, share capital and ownership structure."

### Capitalisation

The table below presents Nyfosa's capital structure as per 30 September 2018.

SEK million (unaudited)	30 September 2018
<b>Total current liabilities</b>	<b>908</b>
In relation to sureties <sup>1)</sup>	908
In relation to collateral <sup>1)</sup>	908
Without guarantees/sureties or other collateral	–
<b>Total non-current liabilities</b>	<b>7,069</b>
In relation to sureties <sup>1)</sup>	7,069
In relation to collateral <sup>1)</sup>	7,069
Without guarantees/sureties or other collateral	–
<b>Total current and non-current liabilities</b>	<b>7,977</b>
<b>Total shareholders' equity</b>	<b>8,077</b>
Share capital	84
Statutory reserve	–
Other reserves	7,993

1) Both sureties and other collateral are generally provided to creditors as security for financing the Company's property portfolio. In addition to sureties, the securities provided primarily include pledges of shares in subsidiaries, pledges of properties, entitlement to insurance compensation and internal receivables and pledges of certain bank accounts.

### Indirect indebtedness and contingent liabilities

As per 30 September 2018, Nyfosa has no contingent liabilities and the Company does not otherwise have any indirect indebtedness.

### FINANCING

As per 30 September 2018, Nyfosa had interest-bearing liabilities of SEK 7,977 million, corresponding to a loan-to-value ratio of 51.7 percent. In addition Nyfosa had, at the same date, an intra-group liability to Hemfosa of SEK 395 million (reported as other current liabilities in the balance sheet as per 30 September 2018) which at the latest on the date of listing will be settled by using existing credit facilities and/or by using the Company's cash. The average interest rate on the credit facilities was 1.7 percent. As per 30 September 2018, the average fixed-rate period, including effects of concluded derivative agreements, amounted to 1.8 years. The average loan maturity was 3.4 years. The maturity structure of the loan agreements is presented in the table below. As per 30 September 2018, Nyfosa also had overdraft facilities totalling SEK 100 million, of

### Net debt

The table below presents Nyfosa's net debt as per 30 September 2018.

SEK million (unaudited)	30 September 2018
(A.) Cash	316
(B.) Other cash and cash equivalents	–
(C.) Trading securities	–
<b>(D.) Total liquidity (A) + (B) + (C)</b>	<b>316</b>
<b>(E.) Current financial receivables</b>	<b>–</b>
(F.) Current bank loans	863
(G.) Current share of non-current liabilities	45
(H.) Other current financial liabilities	–
<b>(I.) Total current interest-bearing liabilities (F) + (G) + (H)</b>	<b>908</b>
<b>(J.) Net current financial indebtedness (I) – (E) – (D)</b>	<b>592</b>
(K.) Non-current bank loans	7,069
(L.) Bonds issued	–
(M.) Other non-current loans	–
<b>(N.) Non-current interest-bearing liabilities (K) + (L) + (M)</b>	<b>7,069</b>
<b>(O.) Financial net debt (J) + (N)</b>	<b>7,661</b>

which the whole amount was unutilised as well as a revolving credit facility totalling SEK 1,000 million. Nyfosa makes use of derivative instruments for managing interest-rate risk, at the current time primarily interest-rate caps. Derivatives are continuously measured at fair value in the statement of financial position with changes in value recognised in the item "Changes in value of financial instruments" in profit or loss, without applying hedge accounting. Changes in the value of derivatives arise upon changes in interest rates and do not affect cash flow. If the aforementioned derivatives are not divested during their duration the sum of the market value changes is always SEK 0 at the maturity date, but they have affected earnings with higher or lower interest expenses during the term of the agreement. Nyfosa's loan facilities contain customary guarantees and commitments, such as financial covenants regarding, for example, maintaining a certain interest-coverage ratio, loan-to-value ratio and total lowest property value in the Group. If Nyfosa does not achieve these covenants and guarantees, the banks can cancel the loan facilities and demand repayment. Other loan agreements may also be terminated for immediate

payment, or collateral seizure by the relevant bank through cross default provisions. As of the date of the Prospectus, Hemfosa is still a guarantor in relation to several of Nyfosa's loans. These sureties for liabilities will cease to apply when Nyfosa's shares are admitted to trading, at which point the corresponding sureties for liabilities from Nyfosa will come into effect.

**Interest and loan maturity structure as per 30 September 2018**

År	Fixed-rate period		Loan maturity	
	SEK million	Share, %	SEK million	Share, %
Within one year	4,147	52%	863	11
1–2 years	182	2%	301	4
2–3 years	1,310	16%	2,359	29
3–4 years	1,100	14%	1,269	16
4–5 years	638	8%	3,222	40
> 5 years	638	8%	–	–
<b>Total</b>	<b>8,015</b>	<b>100</b>	<b>8,015<sup>(1), 2)</sup></b>	<b>100</b>

1) Accrued borrowing costs are included in the liability amount in the statement of financial position, explaining the difference between the table and statement of financial position.  
 2) Refers to final maturity of outstanding loan amount at the balance sheet date, regardless of current repayments.

**MORTGAGE DEEDS**

Nyfosa's properties are generally subject to mortgages and the deeds are pledged to the banks and credit institutions that provided the financing to companies within the Group. As per 30 September 2018, total property mortgages on Nyfosa's property portfolio amounted to SEK 10.4 billion.

**STATEMENT REGARDING WORKING CAPITAL**

Nyfosa's existing working capital is not sufficient to meet the Group's needs during the forthcoming twelve-month period. Here, sufficient working capital refers to Nyfosa's possibilities to get access to cash and cash equivalents in order to meet its payment obligations as they fall due for payment, and Nyfosa's needs have been based on the existing property portfolio. The fact that the existing working capital is not sufficient to meet the Group's needs during the forthcoming twelve-month period is a consequence of that Nyfosa has bank loans that will fall due for payment in June 2019, whereby a refinancing requirement of approximately SEK 850 million is incurred.

The Board of Directors of Nyfosa believes that this situation is as expected, that the maturity structure for the Group's bank loans is normal for a company with the type of business Nyfosa operates and that it is normal that refinancing is ongoing. Nyfosa negotiates, as a part of the Company's ongoing operations, continuously with creditors on terms for refinancing of bank loans, but does not consider that there are commercial motives to extend the credit periods for existing loans already before the admission to trading on Nasdaq Stockholm. It is Nyfosa's assessment that the needs for working capital for the forthcoming twelve-month period will be covered by the refinancing of bank loans that are due for payment in an appropriate way, such as via banks and/or by issuing debt or hybrid instruments in the capital market, as

well as by the Company's current cash flow. Nyfosa has a strong belief that these refinancing measures will be possible to implement and sufficient. However, should these measures fail, Nyfosa would have to consider alternative financing options, including to seek to raise equity.

A description of the dates on which outstanding loans fall due for payment is provided under the heading "Financing" above. A description of Nyfosa's financing agreements is provided in the section "Legal considerations and supplementary information" under the heading "Financing agreements."

**INVESTMENTS**

The table below summaries Nyfosa's total property investments between 1 January and 30 September 2017 and 1 January and 30 September 2018 as well as the 2015–2017 financial years. The investments comprise new builds, extensions or conversions of existing properties.

SEK million	1 Jan – 30 Sep		1 Jan – 31 Dec		
	2018	2017	2017	2016	2015
Investments in new builds, extensions or conversions	143	185	260	253	235

**Ongoing and approved investments**

Nyfosa has no significant commitments to carry out repairs and maintenance other than what is pursuant to good property management. However, there are commitments to finish commenced investments in the investment properties. As per 30 September 2018, material project investments and major renovations were under way in two wholly-owned and three partly-owned properties. Future commitments totalled SEK 166 million, which are intended to be financed by bank financing and cash/cash equivalents. No material changes took place in ongoing investments and renovations after 30 September 2018 and no new investments were approved other than those included in standard ongoing property management.

**INVESTMENT PROPERTIES**

Nyfosa's investment properties totalled SEK 15,417 million as per 30 September 2018. Mortgages amounting to SEK 10.0 billion were charged to Nyfosa's investment properties as per 30 September 2018. There were no decisions on future material investments in equipment or new builds, extensions or conversions beyond what is presented above under the heading "Ongoing and approved investments." For more information, refer to Note 13 in the section "Historical financial information" under the heading "Notes to the financial statements – Investment properties."

**Investment properties and tangible assets**

SEK million	30 September 2018
Investment properties	15 417
Machinery and equipment	1
<b>Total</b>	<b>15 418</b>



### SENSITIVITY ANALYSIS

Nyfosa's earnings are affected by a series of external factors. The table below presents the theoretic earnings effect before tax on Nyfosa's current earnings capacity as per 30 September 2018 given a change in seven parameters. This sensitivity analysis should be read together with the information on current earnings capacity in the section "Current earnings capacity."

	Change +/-	Earnings effect +/- before tax (SEK million)
Contractual rental income according to earnings capacity	1%	+/-12
Economic leasing rate according to earnings capacity	1%	+/-12
Property expenses according to earnings capacity	1%	+/-4
Net operating income according to earnings capacity	5%	+/-43
Interest expenses assuming current fixed-interest periods and changed interest rates <sup>1)</sup>	1%	+41/0
Interest expenses assuming change in average interest rate <sup>2)</sup>	1%	+/-80
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	1%	+/-4

1) Taking into account derivative agreements.

2) Average interest per today, taking into account derivative agreements, increased/decreased by 1 percent. 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 pertains to the wholly owned property portfolio and does not claim to be exact. It is merely indicative and aims to show the most relevant, measurable factors in the specific context.

### FINANCIAL RISK MANAGEMENT

Refer to Note 3 in the section "Historical financial information" under the heading "Notes to the financial statements – Financial risks and risk management" for information on financial risk management.

### OTHER INFORMATION

At the present time, Nyfosa is not aware of any issues regarding public, economic, fiscal, monetary or other political actions which, directly or indirectly, could have a material impact on the Company's operations, apart from what is stated in the section "Risk factors."

### TRENDS

Nyfosa's operations are affected by the situation in the leasing market and transaction market for commercial properties, which is dependent on the general macroeconomic climate. The Company believes that the expansive monetary policy pursued in Sweden has created, and continues to nurture, a favourable climate for investing in and owning properties, with a sustained strong trend and demand in the Swedish property market. The Company believes that interest in property investments is widespread as illustrated by the continued liquid transaction market that featured high transaction volumes in 2017 and 2018. The Company continues to see high demand for premises in the leasing market, which combined with low supply means stable vacancy rates at low levels. The Company believes that Sweden's economic prospects are favourable. However, the international macroeconomic outlook is more uncertain and the Company cannot disregard the risk of unfavourable external impulses. Market interest rates are at low levels and there is a risk that rates will gradually rise, which could increase property companies' financing costs and result in higher yield requirements and falling property values. Property prices are historically high, which could entail a risk of a counter-reaction and result in declining values.

### SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2018

In October 2018, Nyfosa raised a new bank loan of SEK 739 million with a maturity of four years. The loan is conditional upon Nyfosa's share being admitted for trading on Nasdaq Stockholm and will be used to refinance parts of the today fully utilised revolving credit facility of SEK 1,000 million. Except for this, no material changes of Nyfosa's financial position nor market position has taken place since 30 September 2018.

# BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITOR

## BOARD OF DIRECTORS

Nyfosa's board of directors currently comprises seven board members elected by the general meeting. All board members elected at the general meeting are elected for the period until the close of the 2019 annual general meeting. The following table presents the board members, their position, when they were first elected to the board and whether they are considered to be independent in relation to the Company and management, and in relation to the Company's major share-

holders.<sup>1)</sup> In accordance with the Swedish Corporate Governance Code (the "Code"), more than half of the board members elected at the general meeting should be independent in relation to the Company and management. At least two of the board members elected at the general meeting which are independent in relation to the Company and management, should also be independent in relation to the Company's major shareholders. These rules do not apply to employee representatives, if any.

Name	Position	Member since	Independent in relation to the Company and management	Independent in relation to major shareholders
Bengt Kjell	Chairman of the board	7 May 2018	Yes	Yes
Marie Bucht Toresäter	Board member	7 May 2018	Yes	Yes
Lisa Dominguez Flodin	Board member	7 May 2018	Yes	Yes
Jens Engwall	Board member, CEO	15 November 2017	No	Yes
Johan Ericsson	Board member	7 May 2018	Yes	Yes
Per Lindblad	Board member	7 May 2018	Yes	Yes
Kristina Sawjani	Board member	7 May 2018	Yes	Yes

More detailed information about the board members, including education, professional experience, ongoing and completed assignments, and shareholdings in the Company, is provided on the next page.



From left: Kristina Sawjani, Per Lindblad, Johan Ericsson, Lisa Dominguez Flodin, Bengt Kjell, Marie Bucht Toresäter and Jens Engwall.

1) Independence refers to the status on the publication date of the Prospectus and immediately after the distribution.

# BOARD OF DIRECTORS



## 1 Bengt Kjell, born 1954

*Chairman of the board*

### Education and professional experience:

Master in Business Administration, Stockholm School of Economics. Previous experience as Acting CEO (2015) and Head of Investment (2002–2010) of AB Industrivärden, CEO of AB Handel och Industri (2009–2015), senior partner and founder of Navet AB (1987–2002), Head of Corporate Finance at Securum AB (1995–1997), CEO of the Independent group (1992–1995), CFO and Deputy CEO of K.G. Knutsson AB (1984–1987) and Authorised Public Accountant at Yngve Lindells Revisionsbyrå AB (1974–1984).

**Other ongoing assignments:** Chairman of the board and co-founder of Hemfosa Fastigheter AB, chairman of the board of SSAB AB, Osby Vitvaror AB and Expassum AB and other board assignments in the Expassum group, deputy chairman of Indutrade AB and Pandox AB, board member of AB Industrivärden, ICA Gruppen AB and Swegon Group AB.

**Previous assignments (completed in the past five years):** CEO and board member of AB Handel och Industri (2009–2015), chairman of the board of Expassum Holding AB (2009–2017) and other board assignments in the Expassum group, Acting CEO of AB Industrivärden (2015) and other board assignments in the Industrivärden group, chairman of the board of Skånska Byggvaror Group AB (2015–2016) and other board assignments in the Byggmax group, chairman of the board of Hemfosa Sverige AB (2009–2014) and Hemfosa Tetis AB (2011–2013) and board member of Swegon Operations AB (2011–2015 and 2016–2017), Plastal Industri AB (2009–2015), Nordic Tankers Holding AB (2011–2015), Helsingborgs Dagblad AB (2004–2014) and Pukslagaren i Helsingborg AB (2001–2014).

**Shareholding in the Company:** 2,405,000 shares.<sup>1)</sup>

*Independent in relation to the Company, Group management and the Company's major shareholders.*



## 2 Marie Bucht Toresäter, born 1967

*Board member*

### Education and professional experience:

Master in Business Administration, Uppsala University. Previous experience from senior positions at Headlight International AB (2015–2017), Skanska ID (2013–2015), NCC Property Development Nordic AB (2012–2013) and Newsec Advice AB (1999–2012).

**Other ongoing assignments:** CEO of Novi Real Estate AB and board member of MVB Holding AB, Holmbyns Vatten Ekonomisk förening and Bostadsrättsföreningen Silvermedaljen.

**Previous assignments (completed in the past five years):** Board member of Svefa Holding AB (publ) (2013–2018), Svefa AB (2013–2018), Buchtab AB (2007–2018), Headlight International Group AB (2016–2017) and Headlight International AB (2016–2017).

**Shareholding in the Company:** –<sup>1)</sup>

*Independent in relation to the Company, Group management and the Company's major shareholders.*

## 3 Lisa Dominguez Flodin, born 1972

*Board member*

### Education and professional experience:

Bachelor's degree in accounting and auditing, Mid Sweden University, Östersund, and Master in Business Administration, San Jose State University. CFO of Grön Bostad AB and previous experience includes senior positions at Oscar Properties AB (2017), Cityhold Property AB (2012–2016) and NBP Group (2011–2012).

**Other ongoing assignments:** Board member of LCF Financial Services AB and Floding Kapital AB.

**Previous assignments (completed in the past five years):** CEO of Cibus Nordic Real Estate AB (publ) and board member of Cibus Sweden Real Estate AB and a number of Finnish companies in the Cibus group (2018–2018), chairman of the board of Seezona AB



(2016–2017), CEO of Cityhold Property AB (2015–2016), board member of Hancap AB (publ) (2017), Mistral Energi AB (2016–2017), NP3 Fastigheter AB (publ) (2014–2017) and of several of the foreign subsidiaries of the Cityhold Property group (2012–2015).

**Shareholding in the Company:** –<sup>1)</sup>

*Independent in relation to the Company, Group management and the Company's major shareholders.*

## 4 Jens Engwall, born 1956

*Board member and CEO*

### Education and professional experience:

Master of Engineering, Royal Institute of Technology, Stockholm. Experience as the founder and CEO of Hemfosa (2009–2018), CEO of Kungsliden AB (1993–2006) and experience from the property sector from, for example, previous positions at Skanska AB.

**Other ongoing assignments:** Chairman of the board of property company Söderport Holding AB and other board assignments in the Söderport group, board member of Bonnier Fastigheter AB, Chengde Intressenter AB, Hemfosa Gård AB, Hemfosa Islandshästar AB and Quanta Fuel AS and associate of Haninge Islandshästcenter Handelsbolag.

**Previous assignments (completed in the past five years):** CEO and board member of Hemfosa Fastigheter AB and several board assignments in the Hemfosa group (2009–2018), board member of several companies in the Söderport group and in Culmen Strängnäs II AB (2010–2018), IKANO S.A. (2010–2017), Villa Culmen Strängnäs 2 Ekonomisk förening (2010–2017), Nordic Service Partners Holding AB (2011–2016), Runsvengruppen AB (2012–2014), Villa Culmen Strängnäs 3 Ekonomisk förening (2010–2014) and chairman of the board of Angel & Engwall AB (2007–2013).

**Shareholding in the Company:** 3,445,275 shares.<sup>1)</sup>

*Not independent in relation to the Company and Group management. Independent in relation to the Company's major shareholders.*

1) All of the board members' shareholdings refer to the members' holdings in Nyfosa assuming that the shares have been distributed to the ordinary shareholders of Hemfosa subject to the condition of one for one as per the record date of 30 September 2018. Holdings include related parties' holdings. Each board member's shareholding in Nyfosa on the first day of trading in shares in Nyfosa, which is expected to be 23 November 2018, could differ from the shareholdings presented above.





**5 Johan Ericsson**, born 1951

*Board member*

**Education and professional experience:** Master in Business Administration, Stockholm School of Economics. Previous experience from senior positions and various roles in the Catella group (1993–2015).

**Other ongoing assignments:** CEO of Logistea AB (publ), Klockarbäcken Property Investment AB (publ) and other companies in the Klockarbäcken group, chairman of the board and partner of SHH Bostad AB (publ), chairman of the board of Aktiebolaget Oscar Robur, Master Training AB, Brasil Development AB, Konstmässan Market i Stockholm AB, Castar Europe AB, Market Art Fair Intressenter AB, Braheberget Holding AB and other companies in the Braheberget group, Emilhus AB and other companies in the Emilhus group, and board member of Torekov By AB, Brinova Fastigheter AB (publ) and SBG Partners AB.

**Previous assignments (completed in the past five years):** CEO of Catella AB (2010–2014) and board assignments in the Catella group. Chairman of the board of Importen Nordic Asset AB (2015–2016), LB Avecklings Operation AB (2013–2015) and Johan Magnusson Fine Wine AB (2007–2014) and board member of ACWSBGP Förvaltning i Stockholm AB (2017–2018) and Bostadsrättsföreningen Furiren nr 7 (2011–2015 and 2016–2017).

**Shareholding in the Company:** –<sup>1)</sup>

*Independent in relation to the Company, Group management and the Company's major shareholders.*



**6 Per Lindblad**, born 1962

*Board member*

**Education and professional experience:** Master of Science in Agriculture Economics, Swedish University of Agricultural Sciences (SLU), Uppsala. Previous experience includes senior positions at SEB (2008–2017).

**Other ongoing assignments:** CEO of Landshypoteket Bank Aktiebolag and chairman of the board of Lyckås Aktiebolag.

**Previous assignments (completed in the past five years):** –

**Shareholding in the Company:** –<sup>1)</sup>

*Independent in relation to the Company, Group management and the Company's major shareholders.*



**7 Kristina Sawjani**, born 1975

*Board member*

**Education and professional experience:** Master of Science in Engineering Surveying, Lund Technical University. Senior Investment Manager at Folksam Fastigheter. Previous experience includes senior positions at AFA Fastigheter and the Catella group.

**Other ongoing assignments:** –

**Previous assignments (completed in the past five years):** Board member of Grön Bostad AB (2011–2015) and other board assignments in the Grön Bostad group and board member of Bostadsrättsföreningen Sigyn 21 (2011–2016).

**Shareholding in the Company:** –<sup>1)</sup>

*Independent in relation to the Company, Group management and the Company's major shareholders.*

1) All of the board members' shareholdings refer to the members' holdings in Nyfosa assuming that the shares have been distributed to the ordinary shareholders of Hemfosa subject to the condition of one for one as per the record date of 30 September 2018. Holdings include related parties' holdings. Each board member's shareholding in Nyfosa on the first day of trading in shares in Nyfosa, which is expected to be 23 November 2018, could differ from the shareholdings presented above.

# SENIOR EXECUTIVES



## SENIOR EXECUTIVES

Nyfosa's senior management comprises centralised group functions. The table below presents the senior executives, their positions and when they became members of Group management.

Name	Position	Member of Nyfosa Group management since	Member of Hemfosa Group management since
Jens Engwall	CEO	7 May 2018	2009
Johan Ejerhed	Head of Finance	20 August 2018	–
Ylva Hult Palmryd	Head of Legal	1 June 2018	2016
Anders Hörnqvist	Head of Property Management	1 October 2018 <sup>1)</sup>	–
Stina Lindh Hök	COO	1 June 2018	2013
Jenny Lindholm	Head of Transactions	1 June 2018	–
Ann-Sofie Lindroth	Head of Financial Control	1 June 2018	2015

1) Anders Hörnqvist has since 21 May 2018 been assigned as acting head of property management on a consultancy basis.

More detailed information about the senior executives, including education, professional experience, ongoing and completed board assignments, and shareholdings in the Company, is provided below.

### 1 Jens Engwall, born 1956

#### CEO and board member

Refer to the detailed information for Jens Engwall in this section "Board of directors, senior executives and auditor", but under the previous heading "Board of directors."

### 2 Johan Ejerhed, born 1976

#### Head of Finance

**Education and professional experience:** Master of Engineering, international industrial economics (finance), Linköping University. Experience of the property sector from senior positions at SEB (2004–2018), *inter alia* as project manager for structured property financing.

**Other ongoing assignments:** –

**Previous assignments (completed in the past five years):** –

**Shareholding in the Company:** –<sup>1)</sup>

### 3 Ylva Hult Palmryd, born 1976

#### Head of Legal

**Education and professional experience:** Bachelor of Law, Uppsala University. Experience as company lawyer and Head of Legal at Hemfosa (2010–2018) and previous experience as a lawyer at law firms Kilpatrick Townsend & Stockton (2009–2010) and Linklaters (2003–2009).

**Other ongoing assignments:** –

**Previous assignments (completed in the past five years):** Board member of Nyfosa Tellus 4 HoldCo AB and Nyfosa Tellus 4 Fastighets AB (2013–2014).

**Shareholding in the Company:** 5,346 shares.<sup>1)</sup>

### 4 Anders Hörnqvist, born 1966

#### Head of Property Management

**Education and professional experience:** Master of Engineering, Royal Institute of Technology, Stockholm. Experience as partner of Corner PP AB and previous positions at companies including The Carlyle Group (2007–2013), Fabege AB (2004–2007) and Wihlborgs AB (1997–2004).

**Other ongoing assignments:** CEO of Värmdöbstäder AB, CEO and board member of Getberget Invest AB and Hattens fastigheter AB, chairman of the board of Corner Project Management AB, board member of Norstone Group AB, IQS Energi Komfort AB, Byggmästare Anders J Ahlström Holding AB (publ) and Byggmästare Anders J Ahlström Fastighets AB (publ) and owner of AH Företagskonsult.

**Previous assignments (completed in the past five years):** CEO and board member of Corner PP AB (2014–2017) and Sundsta Gård Holding AB (2015), chairman of the board of CPP SG66 Holdings AB (2017–2018) and AB Norrlandsinvest (2010–2016) and board member of Fastighets AB Sundstabaeken 10 (2015) and Capensor Capital AB (2011–2015).

**Shareholding in the Company:** –<sup>1)</sup>

1) All of the senior executives' shareholdings refer to the executives' holdings in Nyfosa assuming that the shares have been distributed to the ordinary shareholders of Hemfosa subject to the condition of one for one as per the record date of 30 September 2018. Holdings include related parties' holdings. Each executive's shareholding in Nyfosa on the first day of trading in shares in Nyfosa, which is expected to be 23 November 2018, could differ from the shareholdings presented above.





**5 Stina Lindh Hök**, born 1973

COO

**Education and professional experience:**

Master of Engineering, Royal Institute of Technology, Stockholm. Experience as project manager and Head of Transactions at Hemfosa (2010–2018) and experience from the property sector from senior positions at companies including Atrium Ljungberg AB (2009–2010), Leimdörfer Fastighetsmarknad AB (2006–2008) and Drott AB/Fabege AB (1998–2005).

**Other ongoing assignments:** Limited partner of Lindh & Hök Kommunikation kommanditbolag.

**Previous assignments (completed in the past five years):** CEO and board member of Hemfosa Galladen HoldCo AB (2017–2018) and board member of Nyfosa Tellus 4 HoldCo AB and Nyfosa Tellus 4 Fastighets AB (2016–2018).

**Shareholding in the Company:** 12,210 shares.<sup>1)</sup>

**6 Jenny Lindholm**, born 1978

Head of Transactions

**Education and professional experience:**

Master of Engineering, Royal Institute of Technology, Stockholm. Experience as project manager and Acting Head of Transactions at Hemfosa (2014–2018) and experience from the property sector from senior positions at Catella AB (2004–2008 and 2013–2014), Niam AB (2008–2012) and Skanska AB (2002–2004).

**Other ongoing assignments:** –

**Previous assignments (completed in the past five years):** Limited partner of Grims IV Investments Kommanditbolag (2008–2016).

**Shareholding in the Company:** 2,500 shares.<sup>1)</sup>

**7 Ann-Sofie Lindroth**, born 1976

Head of Financial Control

**Education and professional experience:**

Master in Business Administration, Lund University. Experience as Group Controller and Head of Financial Control at Hemfosa (2012–2018) and former accountant at EY Real Estate (2004–2012).

**Other ongoing assignments:** Board member of property company Söderport Holding AB and subsidiary Söderport Fastigheter AB.

**Previous assignments (completed in the past five years):** –

**Shareholding in the Company:** 6,480 shares.<sup>1)</sup>

1) All of the senior executives' shareholdings refer to the executives' holdings in Nyfosa assuming that the shares have been distributed to the ordinary shareholders of Hemfosa subject to the condition of one for one as per the record date of 30 September 2018. Holdings include related parties' holdings. Each executive's shareholding in Nyfosa on the first day of trading in shares in Nyfosa, which is expected to be 23 November 2018, could differ from the shareholdings presented above.

**OTHER INFORMATION ABOUT THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES**

All board members and senior executives can be contacted through the Company's postal address. The Company is of the opinion that the board fulfils the requirements of the Swedish Corporate Governance Code with respect to independence in relation to the Company, the Group management and the Company's major shareholders. In the past five years, none of the members of Nyfosa's board or Group management have been charged in fraud-related cases or in their capacity as a member of administrative, management or supervisory bodies been involved in any case of bankruptcy, receivership or liquidation (due to insolvency). Except for what is stated below, none of the members of Nyfosa's board of directors or Group management have in the past five years been the object of charges and/or sanctions by authorities (including authorised professional societies) in law or regulations or been imposed with trading prohibition. Lisa Dominquez Flodin was levied a special fine of SEK 1,000 by Finansinspektionen under the Swedish Act concerning Reporting Obligations for Certain Holdings of Financial Instruments (2000:1087) (Sw. anmälningsskyldighetslagen) because Lisa Dominquez Flodin purchased shares on the same day that NP3 Fastigheter AB, of which she was a board member, published its quarterly report.

There are no potential conflicts of interest in relation to any of the members of the board of directors or Group management that entail that their private interests could be considered to conflict with the Company's interests. There are no family ties between the individuals of Nyfosa's board or Group management.

The Company does not believe that the circumstance that Bengt Kjell (chairman of the board) and Jens Engwall (board member and CEO) have been elected chairman and board member of Hemfosa entails any potential conflict of interest in relation to Nyfosa with respect to Nyfosa's and Hemfosa's

different focuses and strategies. The Company and Hemfosa are also not expected to have any balances after Nyfosa's shares have been admitted to trading on Nasdaq Stockholm other than the performance of certain limited services for a transitional period. Furthermore, the circumstance that certain senior executives of Nyfosa may continue to hold warrants in Hemfosa is not deemed to entail any conflict of interest for the same reason.

The presentation of the board members and the senior executives shows that members of the board and Group management will own shares in Nyfosa due to their shareholdings in Hemfosa. No company in the Group has entered into any agreement that would entitle board members or senior executives to post-employment benefits.

No specific agreements have been made with major shareholders, customers, suppliers or other parties that have resulted in any member of the board or Group management having been elected to the board or employed as members of Group management. Remuneration of members of the board and Group management is presented in the section "*Corporate governance*." There are no restrictions prohibiting the board or management from selling their shares in Nyfosa.

**AUDITOR**

At the Company's annual general meeting on 17 January 2018, KPMG AB was elected to serve as auditor until the end of the next annual general meeting. KPMG AB has been Nyfosa's auditor since the Company was founded and has also been Hemfosa's auditor since 2013 and thus been responsible for the audit throughout the period encompassed by the historical financial information. Björn Flink is the auditor-in-charge at the publication date of this Prospectus. Björn Flink was born in 1959 and is an authorised public accountant and member of FAR (institute for the accountancy profession in Sweden).

# CORPORATE GOVERNANCE

Prior to the listing on Nasdaq Stockholm, the corporate governance of Nyfosa, as a subsidiary of Hemfosa, was based on Swedish law and internal rules and guidelines. Once the shares in the Company are admitted to trading on Nasdaq Stockholm, Nyfosa will also comply with Nasdaq Stockholm's Rule Book for Issuers and apply the Code. The Code is based on the "comply or explain" approach. This means that a company that applies the Code may choose to deviate from certain rules, but must then describe its alternative solution and explain the reason for the deviation in its annual corporate governance report. Any deviations from the Code will be reported in the Company's corporate governance report, which will be prepared for the first time for the 2018 financial year. The Company does not intend to deviate from the rules of the Code.

## GENERAL MEETING

Under the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen*), the general meeting is the Company's highest decision-making body, at which the shareholders exercise their voting rights. The Company's annual general meeting is held in Nacka or Stockholm prior to the end of June each calendar year. In addition to the annual general meeting, extraordinary general meetings may be convened as necessary. In accordance with Nyfosa's articles of association, notice to attend a general meeting is issued by publishing the notice on the Company's website and placing an advertisement in *Post- och Inrikes Tidningar* (the Swedish Official Gazette). At the same time, information confirming that official notification has taken place shall be published in *Svenska Dagbladet* or, should the nationwide distribution of *Svenska Dagbladet* be discontinued, in *Dagens Nyheter* instead. Once Nyfosa's shares have been admitted to trading, a press release containing the notice in its entirety will be issued prior to every general meeting. Resolutions of any major significance that are adopted at a general meeting will also be announced after the meeting in a press release, and the minutes from the meeting will be published on the Company's website.

## Right to participate in general meetings

All shareholders who are registered in the share register maintained by Euroclear five weekdays (including Saturdays) prior to a general meeting (the record date), and who have notified the Company of their intention to participate in the general meeting not later than the date indicated in the notice of the general meeting, are entitled to participate in the general meeting and vote for the number of shares held in the Company. In addition to notifying the Company of their intention to participate in the general meeting, shareholders whose shares are registered in the name of a nominee through a

bank or other nominee must request that their shares be temporarily registered in their own names in the share register maintained by Euroclear in order to be entitled to participate in the general meeting. Shareholders should inform their nominees well in advance of the record date. Shareholders may participate in general meetings in person or by proxy and may be accompanied by a maximum of two assistants.

## Shareholder initiatives

A shareholder who wishes to have a matter dealt with at an annual general meeting must submit a written request to that effect to the board of directors. Normally, the request must reach the board not later than seven weeks prior to the general meeting.

## NOMINATION COMMITTEE

The extraordinary general meeting of Nyfosa on 21 May 2018 adopted instructions for the nomination committee's composition and work within the Company. According to these instructions, the nomination committee is to comprise the chairman of the board and four members appointed by the four largest shareholders in the Company in terms of voting rights according to Euroclear's transcript of the share register on 31 August. However, in connection with the nomination committee being established for the first time after the shares of Nyfosa have been admitted to trading on Nasdaq Stockholm, the four largest shareholders in the Company in terms of voting rights on the last calendar day of the month in which the Company's shares were admitted to trading will instead be entitled to appoint members of the nomination committee. If any of the four largest shareholders in terms of voting rights does not exercise their right to appoint a member, this right to appoint such a committee member is transferred to the next largest shareholder who is not already entitled to appoint a member of the nomination committee. The chairman of the nomination committee shall be the member representing the largest shareholder in terms of voting rights, unless the members agree otherwise. However, the chairman of the board may never be the chairman of the nomination committee. The names of the committee members are to be announced as soon as the nomination committee has been appointed, but not later than six months prior to the forthcoming annual general meeting.

According to the instructions, the task of the nomination committee is to issue proposals to the annual general meeting concerning the number of board members and the composition of the board, including the chairman of the board, and proposals concerning board fees, specified by the chairman and the other board members, including any remuneration for committee work. The nomination committee is to present proposals concerning the chairman of the annual general

meetings and election of auditors and their remuneration as well as proposals regarding any new instructions concerning the appointment of the nomination committee and its work. All shareholders are entitled to submit proposals for board members to the nomination committee. The nomination committee's proposals concerning board members, board fees and auditors are presented in the notice to attend the annual general meeting. A statement from the nomination committee explaining its recommendation on the composition of the board is to be published on the Company's website when the notice to attend the annual general meeting is issued.

## BOARD OF DIRECTORS

According to the articles of association, Nyfosa's board of directors is to comprise at least four and not more than ten members, with no deputy members. The members of the board of directors are elected annually by the Company's annual general meeting for the period until the end of the next annual general meeting. All of the members of Nyfosa's board of directors are, and immediately after the distribution will be, independent in relation to the Company's major shareholders. Board member and CEO Jens Engwall is not independent in relation to the Company and the Company's management. For additional information regarding Nyfosa's board members, refer to the section "*Board of directors, senior executives and auditor.*"

The duties of the board of directors are regulated by the Companies Act, the Company's articles of association and the Code. In addition, the work of the board is regulated by the rules of procedure adopted annually by the board. The rules of procedure regulate the distribution of work and responsibilities between the board members, the chairman and the CEO. The board also adopts a delegation of authority and instructions for financial reporting, the CEO and the board's committees. In addition, the board has also established a number of overall policies for the Company's operations. These include an insider policy, finance policy, IT policy, information security policy, sustainability policy, communication policy and a policy on related-party transactions. All of these internal governing documents are reviewed at least once annually and also regularly updated as necessary.

The board's tasks include adopting strategies, business plan, budget, interim reports, year-end reports, proposals for decisions at the annual general meeting (including appropriation of profit) and adopting of policy documents and guidelines. The board is also charged with monitoring financial developments, ensuring the quality of the financial reporting and the internal control and evaluating the operations based on the established objectives and guidelines adopted by the board. Furthermore, the board is to appoint and continuously evaluate the Company's CEO. Finally, the board decides on major investments and changes in the Group's organisation and operations. The chairman is to monitor Nyfosa's performance in close collaboration with the CEO, and chair board meetings. The chairman is also responsible for ensuring that the board members evaluate the board's work each year and continuously receive the information necessary to perform their work effectively.

## Board committees

The board has established two committees from within its ranks; an audit committee and a remuneration committee, which both follow instructions adopted by the board. These committees are sub-committees to the board and do not have any power of decision.

### *Audit committee*

The main tasks of the audit committee are, without otherwise affecting the board's responsibilities and duties, to ensure that a satisfactory level of control over risk management, internal control, accounting and financial reporting exists and ensure that the Company's financial reporting is prepared in accordance with laws, other relevant regulations and applicable accounting standards. The committee is also tasked with reviewing and monitoring the auditor's independence and objectivity, paying particular attention to whether the auditor provides services to the Company outside the scope of his/her audit. The committee also assists the nomination committee by making proposals to the annual general meeting on the appointment of auditors. Furthermore, the committee is to inform the board of the results of the audit, including how the audit has contributed to the reliability of the Company's financial reporting.

The members of the audit committee are appointed by the Company's board and it is to comprise three board members. These members are elected annually at the statutory board meeting held directly after the annual general meeting and the board also appoints the chairman of the committee. The members of the committee may not be employed by the Company. At least one member must have expertise in accountancy or auditing. The current audit committee comprises board members Lisa Dominguez Flodin (chairman), Kristina Sawjani and Marie Bucht Toresäter and the committee is deemed to meet the requirements of the Companies Act on independence and expertise in accountancy and auditing. After it was established in May 2018, the audit committee has held two meetings at which subjects discussed included the Company's internal control and the quarterly reporting.

### *Remuneration committee*

The main tasks of the remuneration committee are to assist the board by presenting proposals, providing advice and preparing matters regarding remuneration of and other terms of employment for the Company's CEO and principles for remuneration of Company management. These duties include preparing the board's proposal for guidelines for the remuneration of senior executives. The guidelines include the relationship between fixed and any variable components of the remuneration as well as the link between performance and remuneration, the principal terms of any bonus and incentive programmes and the general terms for non-monetary benefits, pensions, employment termination and severance pay. However, any share-based incentive programmes are specifically determined by the general meeting. Furthermore, the task of the remuneration committee is to monitor and evaluate the outcome of variable remuneration programmes, and Nyfosa's compliance with the remuneration guidelines adopted by the general meeting.



The members of the remuneration committee are appointed by the Company's board and there must always be at least two members. The chairman of the board will chair the committee. The members are elected annually at the statutory board meeting held directly after the annual general meeting. Under the Code, the members of the remuneration committee are to be independent in relation to the Company and Company management, although no such requirement applies to the chairman of the board. The members of the committee must also possess the necessary know-how and experience in matters relating to remuneration of senior executives. The current remuneration committee comprises board members Johan Eriksson, Per Lindblad and Bengt Kjell (chairman) and the committee is deemed to meet the Code's requirements on independence. After it was established in May 2018, the remuneration committee has held two meetings at which the subjects discussed included remuneration of senior executives including terms of employment for the CEO.

### Remuneration of the board

The extraordinary general meeting on 7 May 2018 resolved that until the next annual general meeting an annual fee of SEK 160,000 was to be paid to each of the board members who are not employed by the Company and SEK 370,000 was to be paid to the chairman of the board. It was also resolved that fees for committee work amounting to SEK 50,000 were to be paid to the chairman of the audit committee and SEK 25,000 to each of the other members of the audit committee. It was resolved that no fees be paid to the members of the remuneration committee.

The table below presents the fees in SEK that are to be paid to the board members elected by the general meeting for the current mandate period and until the 2019 annual general meeting.

Board member	Board fee	Fee for audit committee	Fee for remuneration committee	Total
Bengt Kjell (chairman of the board)	370,000	–	–	370,000
Marie Bucht Toresäter	160,000	25,000	–	185,000
Lisa Dominguez Flodin	160,000	50,000	–	210,000
Jens Engvall	n.a. <sup>1)</sup>	–	–	–
Johan Ericsson	160,000	–	–	160,000
Per Lindblad	160,000	–	–	160,000
Kristina Sawjani	160,000	25,000	–	185,000
<b>Total</b>	<b>1,170,000</b>	<b>100,000</b>	<b>0</b>	<b>1,270,000</b>

1) Jens Engvall is also employed as the CEO of Nyfosa, which is why he receives no board fees.

### CEO AND GROUP MANAGEMENT

The CEO is appointed by the board and is responsible for the daily management of the Company and the Group's activities in accordance with the board's instructions. The division of responsibilities between the CEO and the board is defined in the board's rules of procedure as well as the CEO instructions and delegation of authority established by the board. The CEO functions as chairman of Group management and makes decisions in consultation with other members of Group management. The CEO is also responsible for the preparation of reports and compiling information for board meetings and for presenting such material at board meetings. For additional information regarding the CEO and other senior executives, refer to the section "*Board of directors, senior executives and auditor.*"

### Guidelines for remuneration of senior executives

In accordance with the Companies Act, the board of a listed company is to present motions to the annual general meeting regarding guidelines for remuneration of the CEO and other senior executives. According to the guidelines adopted by the Company's extraordinary general meeting on 21 May 2018, remuneration of senior executives of Nyfosa may comprise a fixed and variable portion. The fixed salary for senior execu-

tives is to be market-aligned and based on expertise, responsibility and performance. The intention of any variable portion is to reward target-related performance and improvements in simple and transparent structures, and is to be capped. An outcome must relate to the fulfilment of set goals with respect to earnings, cash flow, growth, value and individual measurable targets. Variable remuneration of senior executives must not exceed four months' salary and is not to be pensionable. The variable salary may total a maximum of SEK 4 million for the entire team of senior executives in the Group. The Company may pay cash remuneration linked to senior executives acquiring shares or share-based instruments. Such cash remuneration may not normally exceed 15 percent of fixed salary. Senior executives may be offered incentive programmes that are to primarily be share or share-price based as resolved by the general meeting. Pension conditions for senior executives are to be based on defined-contribution pension plans and comply with or correspond to the general pension plan under the ITP plan.

The board may deviate from the guidelines if there are special reasons to do so in an individual case. Any deviations from the guidelines for remuneration of senior executives by the board are to be reported at the next annual general meeting.



## Remuneration of the CEO and senior executives

Nyfosa's CEO and most of the other members of Group management were previously employed by Hemfosa. These employees have signed new employment contracts with Nyfosa due the demerger of the Hemfosa Group.

Executives	Estimated remuneration for 2018 (SEK thousand) <sup>1)</sup>				
	Fixed salary <sup>2)</sup>	Variable salary <sup>3)</sup>	Other remuneration <sup>4)</sup>	Pension costs	Total
Jens Engwall (CEO)	3,600	600	180	960	5,340
Other senior executives (6)	8,400	1,400	434	2,400	12,634

1) Since the CEO and senior executives signed new employment contracts with Nyfosa in 2018, remuneration is presented as if these new employment contracts had applied from 1 January 2018.

2) Fixed salary is presented excluding holiday pay.

3) Variable salary is estimated at 50 percent of the maximum outcome for each individual.

4) Primarily refers to company car, etc.

In order to ensure continuity in Nyfosa, Nyfosa has entered into separate agreements with four of the senior executives (not including the Company's CEO) regarding entitlement to a cash bonus. This bonus totals an amount corresponding to four monthly salaries for each senior executive and is to be paid in connection with the normal pay day in the month after Nyfosa held its annual general meeting in 2019 provided that the senior executives are employed on this date and have not informed the Company that they wish to terminate their employment. Such potential bonus payments are therefore not included in the table on the previous page, as this table solely pertains to remuneration for the 2018 financial year.

## AUDITOR

The annual general meeting elects the external auditor to serve until the end of the next annual general meeting. At the Company's annual general meeting on 17 January 2018, KPMG AB was elected to serve as auditor until the end of the next annual general meeting. Authorised public accountant Björn Flink was appointed auditor-in-charge.

The audit of the Company's and its subsidiaries' financial statements, including the administration by the board and CEO, is performed in accordance with generally accepted auditing standards in Sweden. In conjunction with the audit, the auditors report their observations to Group management and the audit committee. The auditors also participate in the board meeting at which the annual report and consolidated financial statement are addressed, during which they present the observations from their audit followed by discussions with the board without the presence of Nyfosa's CEO and management. The auditors also attend the board meeting held in the autumn during which the Company's interim report for the third quarter is discussed and at the annual general meeting where the auditors normally present their audit.

In addition to the audit assignment, KPMG was engaged for additional services in 2017 and 2018, primarily tax advice and advisory services in connection with acquisitions (financial due diligence) and listing-related matters and organisational issues. Such services were always, and solely, provided insofar as they are consistent with the regulations in the Swedish Auditing Act (1999:1079) (*Sw. revisionslagen*) and FAR's rules of professional conduct pertaining to the objectivity and independence of auditors.

## INTERNAL CONTROL

The board's responsibility for the internal control is governed by the Swedish Companies Act (2005:551) (*Sw. aktiebolagslagen*), the Swedish Annual Accounts Act (1995:1554) (*Sw. årsredovisningslagen*) and the Code. Information about Nyfosa's system for internal control and risk management and the board's measures to monitor the effectiveness of the internal control are to be included in the Company's corporate governance report. The board, which has ultimate responsibility, is to ensure *inter alia* that Nyfosa has effective internal control and formalised procedures to ensure compliance with established principles for financial reporting and internal control. The Group's Head of Financial Control is responsible for implementing and maintaining the formalised procedures.

Nyfosa's procedures and processes for internal control and risk management are based on the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). The process has been designed to ensure adequate risk management, including reliable financial reporting in accordance with IFRS, applicable laws and regulations as well as other requirements to be applied by companies listed on Nasdaq Stockholm. This work involves the board, Group management and other personnel.

## Control environment

Nyfosa's control environment is founded on governing documents, processes and structures that set the basis for establishing internal control in the organisation. The board monitors and ensures the quality of the internal control in accordance with in the board's rules of procedure, the instructions for the CEO and committees and the associated delegation of authority and attestation ordinance. In addition, the board has adopted a risk management policy that includes fundamental guidelines governing risk management and internal control. These guidelines pertain to, for example, risk assessment, risk measures, control activities, action plan, evaluation and reporting. The internal control activities are also presented in other governing documents, such as Nyfosa's accounting manual, sustainability policy and finance policy. These activities include regular checks and follow-ups of outcomes compared with expectations and previous years, and supervision of accounting policies, for example, as applied by Nyfosa. Since the Group's ongoing accounting activities and the preparation of the quarterly and annual accounts, etc. have been partly outsourced to an external service provider (Newsec Asset Management AB), Nyfosa's accounting manual also

addresses the cooperation with this provider. The responsibility for maintaining an effective control environment and the continuous work on risk assessment and internal control regarding the financial reporting is delegated to the CEO. However, the board of directors has ultimate responsibility. The audit committee is responsible for monitoring the efficiency of the Company's internal control and risk management regarding the financial reporting. Group management regularly reports to the board and the audit committee following established procedures. Responsibilities, authorities and governing documents comprise the control environment for Nyfosa, together with laws and regulations. All internal governing documents are regularly updated to include changes in, for example, legislation, accounting standards or listing requirements.

### **Risk assessment**

Every year, Nyfosa's Group management performs a risk evaluation of strategic, financial, operational and compliance risks in connection with the business planning process. The risks identified as the most material are documented in a risk list that is evaluated by Nyfosa's Group management and a risk owner is appointed for every risk to clarify the division of responsibilities and ownership. The risk analysis also includes an assessment of the control activities established throughout the operations to manage risk. Taking into account these existing control activities, the probability of a risk occurring within a defined period of time is evaluated as well as its impact on established targets. The risk assessment provides insight into the consequences for the Group if no action is taken, the risk-reducing measures that are in place and the level of risk that the organisation wants to achieve by taking further action. The outcome of the risk analysis and accompanying action plan is presented to the audit committee and board.

### **Control activities**

Nyfosa's control activities are established based on identified risks, with the aim of ensuring Nyfosa's internal control over the Company's financial reporting. Identified risks are managed by implementing well-defined key processes with integrated control activities, such as dividing and delegating responsibility, cooperation and principles for distribution of responsibility between Nyfosa and Newsec, and a defined decision-making process. Nyfosa's key processes include activities and controls intended to manage and minimise identified risks. In addition to these key processes, Nyfosa's control activities comprise ongoing monitoring of financial results and financial position, company-wide controls and general IT controls.

### **Information and communication**

Nyfosa has built an organisation, procedures and systems for information and communication aimed at providing the market with relevant, reliable, correct and up-to-date information about the Group's performance and financial position and ensuring that the financial reporting is correct and effective.

The internal governing documents clarify who is responsible for what, and the daily interaction between the officers concerned ensures that the necessary information and communication reaches all relevant parties. Every month, Group management receives certain financial information about the Company and its subsidiaries in respect of the development of leasing and other property management work, reviews and monitoring of ongoing and future investments and liquidity planning. The board receives regular financial reports on the Group's financial position and earnings performance. In addition, the board receives a report every year from Group management on consolidated risks for the Group with an accompanying action plan, which in turn is followed up by the board and Group management once per year. For external disclosure of information, a communications policy has been adopted by the board, designed to ensure that the Company complies with the requirements for disseminating correct information to the market at the right time.

### **Monitoring**

The board continuously evaluates the information provided by Group management. Nyfosa's financial position, investments and operating activities are normally discussed at each board meeting and Group management meeting. The board is also responsible for monitoring the internal control. This work includes ensuring that measures are taken to address any shortcomings as well as following up proposals to address issues highlighted in connection with the external audit.

Follow-ups and separate evaluations are continuously carried out at various levels within the Group following an adopted risk management policy and accounting manual. The risk owner appointed in the risk management policy is responsible for the management of a specific risk by regularly analysing developments, monitoring risk measures and providing status reports to management. Approved measures and risk owners are also monitored based on the board's and Group management's annual follow-up of the action plan, at the same time as line managers are given the opportunity to highlight relevant risk information. The risk management process is in turn evaluated once a year to identify opportunities for improvement.

### **Internal audit**

Following an evaluation, the board has not found any reason to date to establish an internal audit function. Instead, the Company's Group-wide controller function has been adapted to also manage the internal control activities. The matter of establishing a separate internal audit function is discussed by the board every year.

# SHARES, SHARE CAPITAL AND OWNERSHIP STRUCTURE

## SHARE INFORMATION

According to Nyfosa's articles of association adopted by the extraordinary general meeting on 21 August 2018, the share capital shall amount to not less than SEK 80,000,000 and not more than SEK 320,000,000, distributed between not fewer than 160,000,000 and not more than 640,000,000 shares. On the publication date of the Prospectus, the Company's registered share capital amounted to SEK 83,864,124.50 represented by 167,728,249 shares. The quotient value per share is SEK 0.50. The number of shares in Nyfosa corresponds to the number of ordinary shares in Hemfosa that carry entitlement to distribution. Nyfosa's shares have been issued in accordance with Swedish law, have been fully paid up and, in connection with the listing of the shares on Nasdaq Stockholm, will be freely transferable. The Company's shares are denominated in SEK. The shares are not the subject of offers submitted due to mandatory bids, redemption rights or redemption obligations. No public takeover offer has been made for the shares in Nyfosa during the current or preceding financial year.

### Certain rights associated with the shares

The rights associated with the shares issued by Nyfosa, including rights under the Company's articles of association, may only be amended in accordance with the procedures set out in the Swedish Companies Act.

### Voting rights

Each share in Nyfosa carries one vote at general meetings and shareholders may vote for the total number of shares they own and represent, with no limitations on voting rights.

### Preferential right to new shares

If Nyfosa issues new shares, warrants or convertibles in a cash or set-off issuance, the shareholders have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issuance. The articles of association do not restrict Nyfosa's ability to issue new shares, warrants or convertibles with deviation from the shareholders'

preferential rights under the Swedish Companies Act (2005:551) (*Sw. aktiebolagslagen*) (refer also the section "Articles of association").

### Rights to dividends and surplus in the event of liquidation

All of the shares in Nyfosa carry equal rights to dividends and to the Company's assets and any surpluses in the event of liquidation. Resolutions regarding any dividends are to be made by the general meeting. Shareholders who are registered in the share register maintained by Euroclear on the record date of the distribution determined by the general meeting are entitled to receive dividends. The payment of any dividends will be administered by Euroclear and, should the shares be nominee-registered, in accordance with the procedures of the individual nominee. Dividends are normally paid to shareholders through Euroclear as a cash amount per share, but may also comprise forms other than cash dividends (distribution in kind). If a shareholder cannot be paid through Euroclear, the shareholder's claim on the Company in respect of the dividend amount remains and is subject to a statutory limitation of ten years. Should the claim become barred by the statute of limitations, the dividend amount is forfeited to the Company. Subject to the existence of possible restrictions imposed by banks or clearing systems in the relevant jurisdiction, there are no restrictions on entitlement to dividends for shareholders resident outside Sweden. However, shareholders who are not tax resident in Sweden are normally subject to Swedish withholding tax. Refer also to the section "Certain tax considerations in Sweden".

### Central securities depository

Nyfosa's shares are registered in a central securities depository register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479) (*Sw. lagen om värdepapperscentraler och kontoföring av finansiella instrument*). This register is maintained by Euroclear. No share certificates have been issued for Nyfosa's shares. The ISIN code for the Company's shares is SE0011426428.

## The Company's share capital trend

Date	Event	Change in share capital (SEK)	Change in number of shares	Share capital after the change, SEK	Number of shares after the change
17 October 2017	New formation	n.a.	n.a.	50,000	500
21 May 2018	Division of shares (1:200)	n.a.	+ 99,500	50,000	100,000
21 May 2018	New share issue	+ 78,814,124.50	+ 157,628,249	78,864,124.50	157,728,249
21 August 2018	New share issue	+ 5,000,000	+ 10,000,000	83,864,124.50	167,728,249

### Convertibles, warrants and other share-based instruments

There are no outstanding warrants, convertibles or other share-based financial instruments issued by Nyfosa. A number of employees of Nyfosa may retain warrants that were previously issued by Hemfosa as part of the warrants program that was established for employees of Hemfosa according to a resolution by the 2017 annual general meeting of Hemfosa. Nyfosa is not part of the warrants program and any future exercise of warrants program will not affect Nyfosa. Under the demerger agreement between Nyfosa and Hemfosa, Nyfosa has undertaken in relation to employees who have transferred to Nyfosa to assume responsibility for paying the subsidy resolved by the general meeting (bonus) to those employees who are participants of Hemfosa's warrants program to cover the option premiums that the participants paid when they initially acquired the options. The bonus is paid on two occasions of 50 percent each under the term of the warrants through one bonus payment after two years (2019) and one after four years (2021). Entitlement to bonus assumes participants remain employed by the Company at the time of payment and that they have not transferred their warrants. Nyfosa's costs for the bonus payments have been reserved and will not exceed SEK 1.0 million.

### Authorisation

It was resolved at Nyfosa's extraordinary general meeting on 21 August 2018, *inter alia*, to authorise the board on one or more occasions during the period up until the close of the next annual general meeting, with or without deviation from shareholders' preferential rights, to make decisions concerning new issue of shares, insofar as such issuance can occur without amending the articles of association. The total number of shares issuable pursuant to this mandate may correspond to no more than ten percent of the total number of Nyfosa shares at the time of exercising the authorisation. New share issues supported by the mandate are to be effected at market price and payment may occur, in addition to cash, in the form of non-cash consideration or by offset.

### OWNERSHIP STRUCTURE

The table below presents Nyfosa's largest shareholders assuming that the shares of Nyfosa have been distributed subject to the condition of one for one ordinary share of Hemfosa, with 30 September 2018 as the record date of the distribution, based on information from Euroclear. The ownership structure will initially be the same as for the ownership structure of the ordinary shares in Hemfosa.

Information on the shareholdings of board members and senior executives under the same assumption as above is shown under the headings "*Board of directors*" and "*Senior executives*" in the section "*Board of directors, senior executives and auditor*" of this Prospectus.

Shareholders	Number of shares	Percentage of	
		Capital	Votes
State street Bank and Trust Co. W9	11,886,346	7.1 %	7.1 %
Swedbank Robur Funds	8,950,543	5.3 %	5.3 %
Kåpan Pensioner Försäkringsförening	8,716,274	5.2 %	5.2 %
Länsförsäkring fondförvaltning AB	8,289,746	4.9 %	4.9 %
Fourth AP Fund	6,454,600	3.8 %	3.8 %
BNY Mellon NA (Former Mellon) W9	5,546,100	3.3 %	3.3 %
JPM Chase NA	5,424,576	3.2 %	3.2 %
SEB Investment Management	5,138,751	3.1 %	3.1 %
CBNY-Norges Bank	4,774,446	2.8 %	2.8 %
Handelsbanken Funds	4,640,000	2.8 %	2.8 %
Other shareholders	97,906,867	58.4 %	58.4 %
<b>Total</b>	<b>167,728,249</b>	<b>100 %</b>	<b>100 %</b>

### SHAREHOLDERS' AGREEMENTS

To the best of the board's knowledge, no shareholders' agreements or other arrangements exist between the Company's shareholders pertaining to joint control over the Company. Nor is the board aware of any agreements or similar undertakings that could lead to changes in control over the Company.

### SHARE-BASED INCENTIVE PROGRAMMES

As per the publication date of the Prospectus, there were no outstanding share-based incentive programmes in Nyfosa. Also, no decisions have been made concerning the establishment of any long-term share-based incentive programmes in the Company.

# ARTICLES OF ASSOCIATION

## § 1 Business name

The company's business name shall be Nyfosa AB. The Company shall be a public limited liability company (publ).

## § 2 Operations

The object of the company's operations is to, directly or indirectly, own and manage properties and property-related assets and engage in associated activities.

## § 3 Registered office

The registered office of the company's board of directors shall be in the Municipality of Nacka, Sweden.

## § 4 Share capital

The company's share capital shall amount to not less than SEK 80,000,000 and not more than SEK 320,000,000.

## § 5 Number of shares

The number of shares in the company may not be fewer than 160,000,000 and not exceed 640,000,000.

## § 6 Board of directors

The board of directors shall comprise not fewer than four, and not more than ten, members, with no deputies. The board members shall be elected annually at the company's annual general meeting for the period until the end of the next annual general meeting.

## § 7 Auditor

The company shall have not less than one and not more than two auditors with not more than two deputy auditors. An authorised public accountant or registered auditing firm shall be appointed as auditor and, where applicable, as deputy auditor. The auditors shall examine the Company's annual report and accounts, and the administration of the board and CEO. If the Company is a parent company, the auditors shall also examine the consolidated financial statements and the relationships between Group companies.

## § 8 Notice of meeting

The general meeting of shareholders shall be convened through a notice in *Post- och Inrikes Tidningar* (Swedish Official Gazette) and on the Company's website. An announcement that notice to attend has been issued shall be published in *Svenska Dagbladet*. Should the nationwide distribution of *Svenska Dagbladet* be discontinued, the announcement shall be published in *Dagens Nyheter* instead. The notice to attend shall be issued within such time stipulated by the Swedish Companies Act (2005:551).

## § 9 Notification of attendance and right to participate in general meeting

Shareholders wishing to participate in the general meeting must be registered in a transcript or some other presentation of the entire share register pertaining to the conditions prevailing five weekdays prior to the meeting, and notify the

Company of their intention to attend not later than the day stated in the notice to attend the meeting. The latter-mentioned day may not fall on a Sunday, public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve, nor may it fall earlier than the fifth weekday prior to the meeting.

At a general meeting, shareholders may be accompanied by one or two assistants, although only if the shareholder has given notification of this as specified in the previous paragraph.

## § 10 General meetings

A general meeting is to be held at the location where the board of directors has its registered office or in Stockholm.

An annual general meeting of shareholders shall be held within six months of the close of each financial year.

At the annual general meeting, the following items shall be addressed:

1. Election of chairman of the meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of one or two persons to verify the minutes.
5. Determination of whether the meeting has been duly convened.
6. Presentation of the annual report and the auditor's report and, if applicable, the consolidated financial statements and the audit report on the consolidated financial statements.
7. Resolutions on
  - a) adoption of the income statement and balance sheet and, where appropriate, consolidated income statement and consolidated balance sheet,
  - b) appropriation of the company's earnings in accordance with the adopted balance sheet, and
  - c) discharge from liability for the members of the board and the CEO.
8. Determination of the number of board members, the number of auditors and, if applicable, the deputy auditors.
9. Determination of fees to be paid to the members of the board and auditors.
10. Election of members of the board and auditors as well as any deputy auditors.
11. Other business to be addressed by the meeting in accordance with the Swedish Companies Act or the articles of association.

## § 11 Financial year

The Company's financial year shall be 1 January – 31 December.

## § 12 Record date provision

The Company's shares shall be registered in a central securities depository register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).

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Adopted at the extraordinary general meeting on 21 August 2018



# LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

## CORPORATE INFORMATION AND LEGAL STRUCTURE

The Company's registered name (and its commercial name) is Nyfosa AB. Nyfosa's corporate registration number is 559131-0833 and the registered office of the board of directors is the Municipality of Nacka, County of Stockholm. The Company was founded in Sweden on 17 October 2017 and registered with the Swedish Companies Registration Office on 27 October 2017. The current company name was registered on 21 November 2017. The Company's form of association is a public limited liability company and its operations are regulated by the Swedish Companies Act. The object of the Company's operations is to, directly or indirectly, own and manage properties and property-related assets and engage in associated activities. The parent company's operations currently comprise owning and managing shares in subsidiaries and providing certain Group-wide functions. Nyfosa's current articles of association were adopted on 21 August 2018. Nyfosa is the parent company of the Group that, in addition to the Company, comprised a total of 161 directly and indirectly owned subsidiaries as per 30 September 2018. Furthermore, Nyfosa owns 50 percent of the shares in the property company Söderport. For a more in-depth description of the companies in the Group, refer to Note 25 in the section "*Historical financial information*" under the heading "*Notes to the financial statements – Companies included in the financial statements*".

## SEPARATION FROM HEMFOSA

### Background

The Group's operations have been separated from the remainder of the Hemfosa Group ahead of the distribution of Nyfosa. The general basis applied is that Hemfosa is to assume responsibility for the community service property operations and the Group is to assume responsibility for the other property operations, which were transferred to the Group (the "**Other Property Operations**"). The Group's operations were previously conducted as an operationally integrated business within the Hemfosa Group but were made up of property portfolios that were essentially separate from Hemfosa's community service property operations. Nyfosa and Hemfosa signed a demerger agreement with several subagreements (the "**Demerger Agreement**") in order to create a legally separate entity and regulate the relationship between the Group and Hemfosa after the demerger.

### Demerger agreement

The Demerger Agreement provides general regulations on (i) transfers of properties and property-owning companies included in the Other Property Operations to the Group and the management of financing structures linked to transferred property portfolios, (ii) transfer of employees, (iii) the manage-

ment of office premises, (iv) licensing intellectual property rights, (v) future provision of historic information and (vi) provision of certain interim services from Hemfosa to the Group.

The Demerger Agreement stipulates as a main rule that previous contractual relationships between the Group and Hemfosa are to be terminated and the agreements found in or expressly referred to in the Demerger Agreement are to apply instead. Also, the responsibility for historical relationships, both known and unknown, is to lie with each legal entity.

### Intellectual property rights

Nyfosa and Hemfosa have signed a licensing agreement for intellectual property rights. Hemfosa has granted the Group the right to use the "Hemfosa" brand. The use of the Hemfosa brand is limited to operations in Sweden and may not be sublicensed outside the Group. The contract period is one year and no remuneration is paid for the right of use. The licensing agreement also encompasses a right of use for a shared image bank that is used both within the Group's operations and within Hemfosa. Hemfosa has granted the Group the right to use the image bank.

### Service agreements

Nyfosa and Hemfosa have signed service agreements based on market terms that comprise part of the Demerger Agreement. These service agreements regulate the provision of various services from Hemfosa to the Group and from the Group to Hemfosa. The services under the service agreement are provided for a transitional period until the Group and Hemfosa have arranged their own internal or external service providers. These transitional services primarily pertain to services in accounting and financial reporting, property management, IT, HR and premises. The services to Nyfosa will not be provided after Nyfosa has been listed, with the main exception that Nyfosa is expected to continue to purchase services in property management from Hemfosa in a geographical area where Nyfosa does not currently have a local presence.

### Employees

The Demerger Agreement regulates the transfer of employees to Nyfosa. Under the Demerger Agreement, Nyfosa has undertaken, *inter alia*, in relation to employees who have been transferred to Nyfosa to assume responsibility for paying bonuses to those employees who are participants of Hemfosa's warrants program and other approved bonuses. Nyfosa and Hemfosa have also undertaken not to recruit employees from each other for a period of one year from the listing of Nyfosa, with standard exceptions for general job advertising.

## MATERIAL AGREEMENTS

A summary of material agreements signed by Nyfosa over the past two years is presented below as well as other agreements signed by the Nyfosa that contain rights or obligations of significance to Nyfosa (in both cases excluding agreements signed in operating activities).

### Agreement on property and business combinations

At the start of July 2018, Nyfosa signed an agreement to acquire a property portfolio comprising office space, warehouses and logistics properties in Sweden for a total value of SEK 3.6 billion. This portfolio, which was transferred on 13 September 2018, comprised 51 properties covering a total of 460,000 sqm situated in cities including Stockholm, Malmö, Västerås, Borås and Lund. Due to this acquisition, Nyfosa prepared a pro forma statement of profit/loss for 1 January 2018 – 30 September 2018 that is presented in the section "*Pro forma financial statements*." At the end of June 2018, Nyfosa entered into an agreement with Bonnier Fastigheter AB for the sale of the property Kungsängen 15:1 in Uppsala for an underlying property value of SEK 1 billion.

### Supplier agreements

Nyfosa has entered into an agreement with Newsec Asset Management AB. The agreement regards the provision of economic and property-administrative services to Nyfosa, such as accounting, financial reporting, handling of purchase ledgers, lease administration, payroll administration and support with property transactions and projects. The agreement expires on 31 August 2023 and Nyfosa has the right to prolong the agreement twice, with one year at a time, by notice six months prior to the expiration of the agreement. Both parties have, with a notice period of 14 days and according to certain prerequisites in the agreement, the right to terminate the agreement partly or fully, if the other party has failed to fulfil certain obligations. If the agreement is terminated, for whatever reason, Nyfosa is entitled to, with a three months' notice before the termination date (or such shorter period that may apply if the agreement is terminated with shorter notice), to prolong the period for fulfilment of the services up to a maximum period of 18 months after the termination date and, under a period between six to 18 months demand that Newsec shall provide certain services to ease a transition to a new service provider. The performance of the services that Newsec provides is particularly important to Nyfosa since the Company has decided to have a relatively small and efficient accounting function that mainly analyses, assures the quality of and compiles financial information.

### Financing agreements

For a description of Nyfosa's financing, refer to the section "*Capital structure and other financial information*" under the heading "*Financing*." Nyfosa has signed several credit agreements with several different banks, including SEB and Swedbank. These credit agreements comprise facilities to implement and finance property acquisitions and various forms of business financing. These credit agreements include standard limitations, commitments and guarantees regarding the companies within the Group and its property and conducting the operations to a varied extent. In connection with these credits, Nyfosa and other companies within the Group have

provided guarantees and indemnification arrangements, signed a subordination agreement and pledged collateral to lenders. Collateral primarily comprises shares in subsidiaries, mortgages in properties and internal receivables. The credit agreements also contain limitations on rights, for example, the right to raise additional loans, to pledge additional collateral and limitations on dividends in Nyfosa's subsidiaries. The majority of the agreements also contain undertakings to meet certain key financial data criteria (such as interest-coverage ratio, loan-to-value ratio and minimum portfolio value). The agreements include provisions on repayments in the event of, for example, sales of properties, accepting insurance compensation, material changes in ownership or if, after the shares of Nyfosa have been admitted to trading on Nasdaq Stockholm, the shares cease to be listed.

### Joint ventures

Nyfosa is part of a shareholder agreement that regulates the ownership of Söderport. The shareholder agreement and Söderport's articles of association include pre-emption and first refusal clauses entailing that one party, under certain conditions, has a right to acquire the other party's shares in Söderport if, for example, ownership in the other party were to change or if the other party wished to sell its shares in Söderport to a third party. The board is to comprise four or five members in addition to any employee representatives. Each of the parties is entitled to appoint two board members. In addition, a fifth independent member may be appointed if so requested by one of the parties. The parties are to reach an agreement on the choice of this independent member. Söderport's board of directors comprises Jens Engwall, Ann-Sofie Lindroth, Johan Hessius and David Mindus.

### INSURANCE

Nyfosa has insurance policies with If Skadeförsäkring and AIG Europe Limited. The latter will not come into effect until the shares in Nyfosa are distributed. These insurance policies include customary business-related and property insurance policies as well as liability policies for board members and the CEO, and cover all of the Group's properties and Nyfosa's board members and the CEO. Acquired properties are included in existing insurance coverage upon notification by Nyfosa. The insurance policies cover a 36-month period of rent losses for buildings that are not residential properties and a 24-month period for buildings that are residential properties.

### DISPUTES

The Group is involved in disputes, claims and administrative proceedings that arise from time to time in Nyfosa's operating activities. Except for those described below, Nyfosa has not, during the past 12 months, been a party to any legal proceedings or arbitration proceedings (including not yet settled matters or such matters that Nyfosa is aware may arise) that have recently had or could have a material impact on Nyfosa or the Group's financial position or profitability.

The Group is involved in a dispute with a contractor that according to the Group has engineered a project and performed sub-standard work at one of the Group's premises in Gothenburg. The Group's claims amount to the costs for correcting these shortcomings. The contractor has contested the Group's claim. The Group has initiated arbitration regard-

ing this claim with the contractor and for the damage suffered by the Group as a result of the shortcomings in the performance of the contractor's work. Söderport is also pursuing legal proceedings against a former operator that polluted one of Söderport's properties to receive compensation for certain costs for remediation of the property.

Furthermore, the Group is involved in an ongoing tax case regarding the subsidiary Nyfosa Norden that was acquired in 2014. When it was acquired, Nyfosa Norden had loss carryforwards from prior years. The Swedish Tax Agency decided in a review decision in 2018 not to grant the company full deductions for these loss carryforwards. No tax surcharges were levied. Nyfosa Norden and the Swedish Tax Agency do not share the same opinion of how to calculate the purchase consideration that was paid for assuming a controlling influence of Nyfosa Norden. The calculation affects the amount of the remaining loss carryforwards after the acquisition of Nyfosa Norden. Nyfosa Norden appealed the Swedish Tax Agency's review decision to the administrative court in April 2018. The loss carryforwards that are the subject of these proceedings have been valued at SEK 250 million, corresponding to 20.6 percent of the total disputed loss carryforwards of SEK 1,215 million. Nyfosa has not reserved this amount since Nyfosa believes that it is overwhelmingly probable that the deduction claimed will be granted following a court ruling.

#### ADVISOR INTERESTS

Nyfosa's financial advisors in connection with the distribution and the listing on Nasdaq Stockholm are SEB and Swedbank. SEB and Swedbank (and SEB and Swedbank's related companies) have provided, and may in the future provide, various banking, financial, investment, commercial and other services to Nyfosa for which they have received, or may receive, remuneration. SEB and Swedbank (and SEB and Swedbank's related companies) are also lenders and/or brokers of loans granted to Nyfosa (refer to the heading "*Financing agreements*" above).

#### RELATED-PARTY TRANSACTIONS

For information on the Group's related-party transactions, refer to Note 21 in the section "*Historical financial information*" under the heading "*Related-party transactions*" (for the 2015–2017 financial years) and Note 9 in the section "*Historical financial information*" under the heading "*Interim report for 1 January – 30 September 2018*" (for the interim period 1 January – 30 September 2018). In addition, the related-party transactions between 1 October 2018 and the date of the Prospectus comprised of property management services by Hemfosa and Corner PP AB (a company controlled by Anders Hörnqvist, Head of Property Management) related to Nyfosa's property portfolio, services by Hemfosa related to framework agreements for lifts as well as management services that have been delivered to Söderport by Nyfosa. The services have been delivered on the basis of market terms and the fees for the services which Hemfosa has delivered to Nyfosa during the period have amounted to approximately SEK 750,000, of which the major part of the remuneration consists of a one-off payment for leasing work. The fees to Corner PP AB amounts

to approximately SEK 200,000 for the period and for services which Nyfosa has delivered to Söderport during the period. Nyfosa's remuneration amounts to approximately SEK 300,000. Nyfosa does not consider that transactions with Hemfosa occurring after the dividend of shares in Nyfosa will constitute related-party transactions.

For more information about remuneration of board members and senior executives, refer to the section "*Corporate governance*" under the headings "*Remuneration of the board*" and "*Remuneration of the CEO and senior executives*."

#### COSTS

Hemfosa has previously communicated that the total costs directly attributable to the transaction will amount to approximately SEK 50 million. Hemfosa and Nyfosa have agreed that all costs associated with establishing the administrative structure of Nyfosa are to be borne by Nyfosa. This includes expenses for policy documents, marketing of the new Group and IT systems. In addition, Nyfosa will bear the listing costs including, for example, the costs for producing the Prospectus. For its part, Hemfosa will bear the costs of the planned distribution. Transaction costs totalling SEK 11 million were charged to Nyfosa's earnings in 2017 and the January to September 2018 period. Additional transaction costs of approximately SEK 39 million are expected to be charged to Nyfosa's earnings in 2018.

#### INFORMATION FROM THIRD PARTIES

The Prospectus contains certain industry and market information from third parties. Certificates on the valuation of Nyfosa's properties have also been obtained from Newsec Advice AB whose address is Stureplan 3, Box 7795, 103 96 Stockholm. Newsec Advice AB has consented to the valuation being reproduced in the Prospectus. None of the individuals who have participated in this work have, as far as Nyfosa is aware, any material interest in the Company. Information from third parties has been accurately reproduced and, as far as the Company is aware and can ascertain by comparisons with other information published by a relevant third party, no information has otherwise been omitted that could render the reproduced information inaccurate or misleading. Even though the information has been accurately reproduced and Nyfosa considers the sources reliable, the information has not been independently verified and, accordingly, no assurances can be provided as to its accuracy and completeness. The information should therefore be read bearing this in mind.

#### DOCUMENTS AVAILABLE FOR INSPECTION

Unless otherwise stated, the following documents will be available for inspection on Nyfosa's website, [www.nyfosa.se](http://www.nyfosa.se), during the validity period of the Prospectus:

- The Company's articles of association;
- All financial information and statements pertaining to the Group that in any part are included, or referred to, in this Prospectus;
- Annual reports and auditor's reports for 2017 and 2016 for all of the Company's subsidiaries<sup>1)</sup>; and
- This Prospectus.

1) The subsidiaries' annual reports will only be available in physical format at the Company's office address.

# CERTAIN TAX CONSIDERATIONS IN SWEDEN

The following is a summary of certain tax consequences and is intended as general information only. The statements concerning Swedish tax laws set forth below are based on the laws and regulations as at today and any changes occurring after that date, may have retroactive effect.

The following is a summary of certain tax consequences that may arise from the distribution of the Nyfosa shares to the ordinary shareholders of Hemfosa, mainly for individuals or limited liability companies tax resident in Sweden. General comments for shareholders who are not tax resident in Sweden are also provided. This description does not deal comprehensively with all tax consequences that may occur in this context. For instance, the summary does not address securities held by partnerships or securities held as current assets in business operations. Moreover, the summary does not address the specific rules on tax-exempt capital gains and dividends (including non-deductibility for capital losses) in the corporate sector that may be applicable when shares are considered to be held for business purposes (*sw. näringsbetingade andelar*). Neither are the specific rules covered that could be applicable to holdings in companies that are, or have previously been, closely-held companies or shares acquired on the basis of so-called qualified shares in such companies. Moreover, the summary does not address shares or other equity-related securities that are held in a so-called investment savings account that are subject to specific rules and are taxed on a notional basis. Specific tax rules apply to certain categories of taxpayers, for example, investment companies and insurance companies. The tax treatment of each individual shareholder depends on each investor's particular circumstances. Each holder of shares should therefore consult a tax advisor for information on the specific implications that may arise in their individual case, including the applicability and effect of foreign rules and tax treaties.

## SHAREHOLDERS WHO ARE TAX RESIDENT IN SWEDEN

### Taxation of the distribution of Nyfosa shares to the ordinary shareholders of Hemfosa

It is expected that the distribution of the Nyfosa shares will be distributed in accordance with the so called Lex ASEA rules. This means that the distribution of the Nyfosa shares to the Hemfosa ordinary shareholders will not trigger any immediate taxation for the shareholders. Instead, the tax basis for the shareholding in Hemfosa will be allocated between existing Hemfosa shares and the received Nyfosa shares.

The allocation of the tax basis will be based on the change in value of the shares in Hemfosa due to the distribution of the shares in Nyfosa. Hemfosa will in this regard request advance ruling from the Swedish Tax Agency.

### Individuals' Taxation of Dividend

For individuals, dividends on listed shares are taxed as income from capital at a rate of 30 percent. A preliminary tax of 30 percent is generally withheld on dividends paid to individuals resident in Sweden. The preliminary tax is withheld by Euroclear or, in the case of nominee-registered shares, by the Swedish nominee.

### Individuals' Taxation of Capital Gains

Upon the sale or other disposal of listed shares, a taxable capital gain or deductible capital loss may arise. Capital gains are taxed as income from capital at a tax rate of 30 percent. The capital gain or loss is calculated as the difference between the sales proceeds, after deducting sales costs, and the tax basis. The tax basis for all shares of the same class and type is calculated together in accordance with the average cost method. The tax basis for listed shares may alternatively be determined as 20 percent of the sales proceeds after deducting sales costs under the "notional rule".

Capital losses on listed shares are fully deductible against taxable capital gains on listed and unlisted shares and on other listed equity-related securities realized during the same year, with the exception of units in securities funds or special funds that consist solely of Swedish receivables ("interest funds"). Up to 70 percent of capital losses on shares that cannot be offset in this way are deductible against other capital income. If there is a net loss in the capital income category, a tax reduction is allowed against municipal and national income tax, as well as against real estate tax and municipal real estate charges. A tax reduction of 30 percent is allowed on the portion of such net loss that does not exceed SEK 100,000 and of 21 percent on any remaining loss. Such net loss cannot be carried forward to future fiscal years.

### Limited Liability Companies' Dividend and Capital Gains Taxation

For a limited liability company, all income, including taxable capital gains and dividends, is taxed as business income at a tax rate of 22 percent, at present. Capital gains and capital losses are calculated in the same manner as set forth above with respect to individuals. Deductible capital losses on shares may only be deducted against taxable capital gains on other securities that are taxed in the same manner as shares. Under certain circumstances such capital losses may also be deducted against capital gains in another company in the



same group, provided that the requirements for exchanging group contributions (sw. *koncernbidragsrätt*) between the companies are met. A capital loss that cannot be utilized during a given year may be carried forward and be set-off against taxable capital gains on shares and other equity-related securities during subsequent fiscal years without any limitation in time.

### **SHAREHOLDERS WHO ARE NOT TAX RESIDENT IN SWEDEN**

#### **Taxation of the distribution of Nyfosa shares to the ordinary shareholders of Hemfosa**

It is expected that Nyfosa's shares will be distributed in accordance with the so called Lex ASEA rules. This means that the distribution of the Nyfosa shares to the Hemfosa ordinary shareholders will not trigger Swedish withholding tax.

#### **Dividend Taxation**

Dividends paid on shares to non-tax resident shareholders in Sweden are generally subject to 30 percent withholding tax.

However, the tax rate is generally reduced for shareholders resident in jurisdictions with which Sweden has entered a tax treaty. The majority of Sweden's tax treaties enable an at-source reduction of the Swedish withholding tax to the tax rate stipulated in the treaty provided that necessary information is made available to Euroclear or the nominee in relation to the person entitled to such dividends. In Sweden, Euroclear, or, in the case of nominee-registered shares, the nominee, generally carries out the deduction of withholding tax. If a 30 percent withholding tax is deducted from a payment to a shareholder entitled to be taxed at a lower rate, or if too much withholding tax has otherwise been withheld, a refund can be claimed from the Swedish Tax Agency prior to the expiry of the fifth calendar year following the dividend distribution.

#### **Capital Gains Taxation**

Non-tax resident shareholders in Sweden who are not operating a business from a permanent establishment in Sweden are generally not liable for Swedish capital gains taxation on the disposal of shares. The shareholders may, however, be subject to taxation in their country of residence. Under a specific tax rule, individual shareholders that are not tax resident in Sweden may, however, be subject to tax in Sweden on the sale of shares if they have been resident or stayed permanently in Sweden at any time during the calendar year of such disposal or during any of the previous ten calendar years. The applicability of this rule may, however, be limited by tax treaties between Sweden and other countries.

# CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of shares of Nyfosa by a U.S. Holder (as defined below)."

This summary only applies to a U.S. Holder that receives Nyfosa shares pursuant to the distribution by Hemfosa of the Nyfosa shares (the "**Distribution**") and that holds its Hemfosa ordinary shares and that will hold its Nyfosa shares, as applicable, as "capital assets" (generally, property held for investment). This summary does not address all of the tax considerations that may be relevant to certain types of U.S. Holders subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers or traders in securities or currencies that use a mark-to-market method of accounting, persons who received Hemfosa ordinary shares from the exercise of employee share options or otherwise as compensation, beneficial owners that hold Hemfosa ordinary shares or will hold Nyfosa shares as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, any entity or arrangement classified as partnership for U.S. federal income tax purposes or beneficial owners therein, beneficial owners that own or will own (directly, indirectly or by attribution) 10 percent or more of the shares of Hemfosa or Nyfosa, beneficial owners that hold Hemfosa ordinary shares, or will hold Nyfosa shares, in connection with a trade or business conducted outside of the United States or U.S. Holders whose functional currency is not the U.S. dollar). This summary also does not describe the consequences of the Medicare tax on net investment income or the alternative minimum tax or any consequences under any U.S. federal non-income (such as the estate or gift tax), state, local, non-U.S. or other tax laws.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing and proposed Treasury regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and Sweden (the "**Treaty**"), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

As used in this discussion, the term "U.S. Holder" means a beneficial owner of Hemfosa ordinary shares or Nyfosa shares, as applicable, that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation, that is created or organised in or under the laws of the

United States, any State thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (B) in the case of a trust that was in existence on August 20, 1996, the trust has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Hemfosa ordinary shares, or that will hold Nyfosa shares, will depend on the status of the partner and the activities of the partnership. Partnerships holding Hemfosa ordinary shares or that will hold Nyfosa shares, and partners in such partnerships should consult their tax advisors concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Nyfosa shares.

THIS SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY. U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF RECEIVING, OWNING AND DISPOSING OF NYFOSA SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

## TAX CONSEQUENCES OF THE DISTRIBUTION

### Distribution of Nyfosa Shares

Hemfosa and Nyfosa intend to take the position that the Distribution should qualify under Section 355 of the Code as a tax-free transaction for U.S. federal income tax purposes. To qualify under Section 355 of the Code several requirements must be satisfied, including requirements that relate to the business reasons for engaging in the Distribution, the conduct of certain business activities by Hemfosa and Nyfosa and certain plans or intentions of Hemfosa and Nyfosa following the Distribution. U.S. Holders should be aware that neither Hemfosa nor Nyfosa has requested or intends to request an opinion of counsel or a ruling from the U.S. Internal Revenue Service (the "**IRS**") with respect to the U.S. federal income tax treatment of the Distribution or any of the statements or conclusions expressed herein. There can be no assurance, that the IRS will not take a contrary position to the views expressed herein or that a court in the event of litigation will not agree with a position of the IRS.

If the Distribution qualifies under Section 355 of the Code, a U.S. Holder of Hemfosa ordinary shares generally should have the following tax consequences:

- such U.S. Holder should recognize no gain or loss, and have no income, upon the receipt of Nyfosa shares in the Distribution;
- the aggregate tax basis of the Hemfosa ordinary shares immediately before the Distribution will be allocated between the Hemfosa ordinary shares and the Nyfosa shares received in the Distribution, in proportion to their relative fair market value at the time of the Distribution; and
- such U.S. Holder's holding period in its Nyfosa shares should include such holder's holding period in its Hemfosa ordinary shares on which the Distribution was made.

U.S. Holders that acquired different blocks of Hemfosa ordinary shares at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate adjusted basis among, and their holding period in, shares of Nyfosa distributed with respect to such blocks of Hemfosa ordinary shares.

If contrary to Hemfosa's and Nyfosa's position the Distribution does not qualify under Section 355 of the Code, the Distribution will be treated as a taxable distribution of Nyfosa shares to U.S. Holders of Hemfosa ordinary shares. The amount of the distribution will be the fair market value of Nyfosa shares at the time of the Distribution (as determined in U.S. dollars), and this amount will be treated as a dividend to U.S. Holders to the extent of Hemfosa's current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). The amount of the distribution in excess of Hemfosa's current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in Hemfosa ordinary shares and thereafter as capital gain. As a non-U.S. corporation, Hemfosa does not maintain calculations of its earnings and profits for U.S. federal income tax purposes. Thus, if the Distribution is a taxable distribution, U.S. Holders therefore should assume that their receipt of Nyfosa shares pursuant to the Distribution will be reported as ordinary dividend income. A U.S. Holder will have a tax basis in the Nyfosa shares equal to the fair market value of the Nyfosa shares at the time of the Distribution (as determined in U.S. dollars). Hemfosa believes that it is likely to be a PFIC for the current taxable year. As a result, the dividend generally will be taxable to a non-corporate U.S. Holder at ordinary tax rates. The dividend generally will constitute non-U.S. source "passive category" income for foreign tax credit limitation purposes.

U.S. Holders are urged to consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of their receipt of Nyfosa shares pursuant to the Distribution.

### **Tax Return Requirements**

Each U.S. Holder that, immediately before the Distribution, owns (i) at least five percent (by vote or value) of the total outstanding shares of Hemfosa or (ii) securities of Hemfosa with an aggregate tax basis of USD \$1,000,000 or more must attach to such holder's U.S. federal income tax return for the year in which the Nyfosa shares are received a statement setting forth certain information related to the Distribution.

### **TAXATION OF NYFOSA SHARES FOLLOWING THE DISTRIBUTION**

#### **Passive Foreign Investment Company Consequences**

A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either (i) at least 75 percent of its gross income is "passive income" or (ii) at least 50 percent of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. A separate determination must be made after the close of each taxable year as to whether Nyfosa was a PFIC for that year.

Rental income is generally considered "passive income" for this purpose, unless it is excluded from passive income as rental income derived in the active conduct of a trade or business. Nyfosa does not expect that the rental income it receives will satisfy the requirements for this exclusion under the applicable Treasury regulations. As a result, Nyfosa believes it is likely to be a PFIC for the current taxable year and for the foreseeable future. If Nyfosa is a PFIC in any year during which a U.S. Holder owns shares and the U.S. Holder has not made certain elections (each as described below), the U.S. Holder generally will be subject to special rules (regardless of whether Nyfosa continues to be a PFIC) with respect to (i) any "excess distribution" (generally, any distributions received by the U.S. Holder on the shares in a taxable year that are greater than 125 percent of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the Nyfosa shares) and (ii) any gain realized on the sale or other disposition of Nyfosa shares. Under these rules (a) the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which Nyfosa is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. If Nyfosa ceases to be a PFIC, a U.S. Holder may make an election (a "deemed sale election") to be treated for U.S. federal income tax purposes as having sold its shares on the last day of the last taxable year of Nyfosa during which it was a PFIC. A U.S. Holder that makes a deemed sale election will cease to be treated as owning stock in a PFIC.

However, gain recognized by a U.S. Holder as a result of making the deemed sale election will be subject to the rules described above.

Furthermore, if Nyfosa is a PFIC with respect to a U.S. Holder for any taxable year, to the extent any of its subsidiaries are also PFICs, the U.S. Holders would be deemed to own shares in such lower-tier PFICs that are directly or indirectly owned by Nyfosa in the proportion to which the value of the shares such U.S. Holder owns bear to the value of all of Nyfosa's shares, and the U.S. Holder may be subject to the tax consequences described above with respect to the shares of such lower-tier PFIC that such U.S. Holder would be deemed to own. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to Nyfosa's subsidiaries.

U.S. Holders can avoid the interest charge on excess distributions or gain relating to the shares by making a mark-to-market election with respect to the shares, provided that the shares are "marketable." Shares will be marketable if they are "regularly traded" on certain U.S. stock exchanges or on a foreign stock exchange that meets certain conditions. For these purposes, the shares generally will be considered regularly traded during any calendar year during which they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Each U.S. Holder should consult its own tax advisor as to whether a mark-to-market election is available or advisable with respect to the Nyfosa shares.

A U.S. Holder that makes a mark-to-market election must include in ordinary income for each year an amount equal to the excess, if any, of the fair market value of the shares at the close of the taxable year over the U.S. Holder's adjusted basis in the shares. An electing holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder's adjusted basis in the shares over the fair market value of the shares at the close of the taxable year, but this deduction is allowable only to the extent of any net mark-to-market gains for prior years.

Gains from an actual sale or other disposition of the shares will be treated as ordinary income, and any losses incurred on a sale or other disposition of the shares will be treated as an ordinary loss to the extent of any net mark-to-market gains for prior years. Once made, the election cannot be revoked without the consent of the IRS unless the shares cease to be marketable.

However, a mark-to-market election generally cannot be made for equity interests in any lower-tier PFICs that Nyfosa owns, unless shares of such lower-tier PFIC are themselves "marketable." Nyfosa owns numerous subsidiaries and it believes that a material number of them will likely be treated as lower-tier PFICs. As a result, even if a U.S. Holder validly makes a mark-to-market election with respect to Nyfosa, the U.S. Holder may continue to be subject to the PFIC rules (described above) with respect to its indirect interest in any investments held by Nyfosa that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. U.S. Holders should consult their tax advisors as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any lower-tier PFICs.

In some cases, a shareholder of a PFIC can avoid the interest charge and the other adverse PFIC consequences described above by making a "qualified electing fund" ("QEF") election to be taxed currently on its share of the PFIC's undistributed income. Nyfosa does not, however, expect to provide to U.S. Holders the information regarding this income that would be necessary in order for a U.S. Holder to make a QEF election with respect to its shares.

A U.S. Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which Nyfosa is classified as a PFIC may be required to file IRS Form 8621. The failure to file such form when required could result in substantial penalties. U.S. Holders should consult their tax advisors regarding any such reporting requirements.

## Distributions

### Generally

Subject to the PFIC rules discussed above, distributions paid by Nyfosa out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), before reduction for any Swedish withholding tax paid by Nyfosa with respect thereto, generally will be taxable to a U.S. Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of Nyfosa's current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Nyfosa shares and thereafter as capital gain. However, Nyfosa does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders therefore should assume that any distribution by Nyfosa with respect to its shares will be reported as ordinary dividend income.

### Foreign Currency Dividends

Dividends paid by Nyfosa in a foreign currency will be included in a U.S. Holder's income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are actually or constructively received by the U.S. Holder regardless of whether the foreign currency is converted into U.S. dollars at that time. If dividends received in a foreign currency are converted into U.S. dollars on the day they are received, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income.

### Effect of Swedish Withholding Taxes

As discussed in the section "*Certain tax considerations in Sweden*," under current law payments of dividends by Nyfosa to non-Swedish holders are subject to Swedish withholding tax. The rate of withholding tax applicable to U.S. Holders that are eligible for benefits under the Treaty may be reduced. A U.S. Holder generally will be entitled, subject to certain limitations, to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Swedish taxes withheld by Nyfosa at the rate applicable to such holder. U.S. Holders that are eligible for benefits under



the Treaty will not be entitled to a foreign tax credit for the amount of any Swedish taxes withheld in excess of the maximum Treaty rate and with respect to which the holder is entitled to obtain a refund from the Swedish taxing authorities. For purposes of the foreign tax credit limitation, dividends paid by Nyfosa generally will constitute foreign source income in the “passive category income” basket.

U.S. Holders should consult their tax advisors concerning the foreign tax credit implications of the payment of Swedish withholding taxes, including the impact of the translation of taxes paid in a foreign currency to U.S. dollars.

**Sale, Exchange or Other Taxable Disposition of Nyfosa Shares**

Subject to the PFIC rules discussed above, upon a sale, exchange or other taxable disposition of Nyfosa shares, a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount realized on the sale or other disposition and the U.S. Holder’s adjusted tax basis in the Nyfosa shares (as initially determined above under the heading – “*Tax Consequences of the Distribution – Distribution of Nyfosa Shares*”). This capital gain or loss will be long-term capital gain or loss if the U.S. Holder’s holding period in the Nyfosa shares exceeds one year. However, if Nyfosa is a PFIC, any such gain will be subject to PFIC rules, as discussed above, rather than being taxed as capital gain. Any disposition gain or loss generally will be U.S. source. The deductibility of capital losses is subject to limitations.

The amount realized on a sale or other taxable disposition of Nyfosa shares for an amount in foreign currency generally will be the U.S. dollar value of this amount on the date of the sale or other taxable disposition. On the settlement date, the U.S. Holder generally will recognize U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of the sale or other taxable disposition and the settlement date. However, in the case of shares traded on an established securities market that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), the amount realized will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognized at that time.

**Disposition of Foreign Currency**

Foreign currency received on the sale or other disposition of a share will have a tax basis equal to its U.S. dollar value on the settlement date. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase shares or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

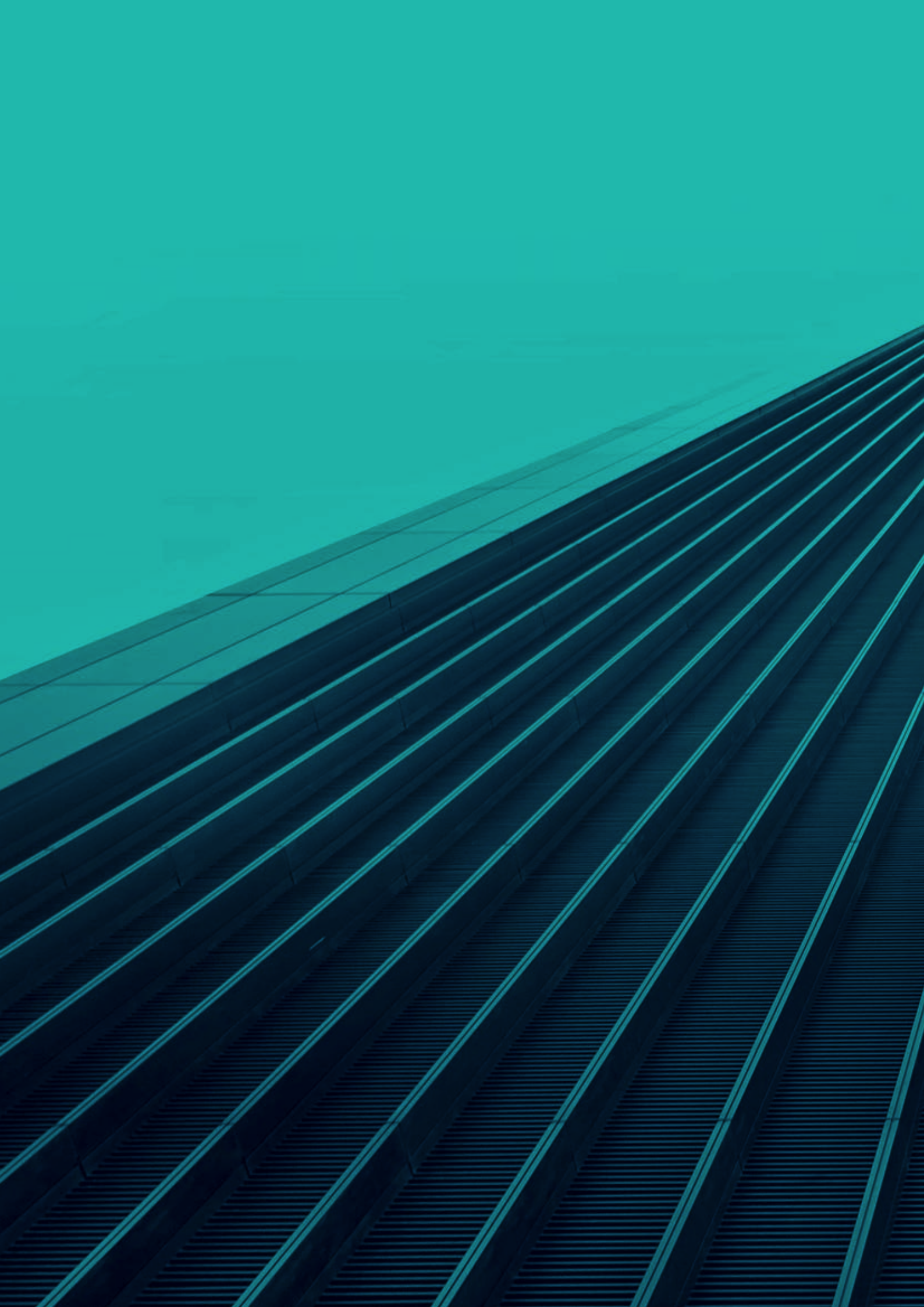
**Information Reporting and Backup Withholding**

Dividend payments with respect to Nyfosa shares and proceeds from a sale, exchange or redemption of Nyfosa shares made within the United States or through certain U.S. related financial intermediaries may be subject to information reporting to the IRS and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder that furnishes a correct taxpayer identification number and makes any other required certification on IRS Form W-9 or that is otherwise exempt from backup withholding. U.S. Holders that are exempt from backup withholding should still complete IRS Form W-9 to avoid possible erroneous backup withholding. Holders of Nyfosa shares should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against such holder’s U.S. federal income tax liability, and such holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS and furnishing any required information in a timely manner.

**Foreign Financial Asset Reporting**

Certain U.S. Holders may be required to comply with certain reporting requirements, including filing IRS Form 8938, with respect to the holding of certain foreign financial assets, including shares of foreign issuers (such as Nyfosa shares), either directly or through certain financial institutions. U.S. Holders who fail to report the required information could be subject to substantial penalties. U.S. Holders should consult their own tax advisors regarding the application of these rules to their ownership of Nyfosa shares.



# HISTORICAL FINANCIAL INFORMATION

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# INTERIM REPORT FOR 1 JANUARY – 30 SEPTEMBER 2018

THIRD QUARTER

# Q3

NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER

# 2018



NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

## JANUARY–SEPTEMBER 2018

Income MSEK	<b>748</b>	(784)
Profit after tax MSEK	<b>1,307</b>	(937)
Profit after tax per share SEK	<b>7.79</b>	(5.59)

## JULY–SEPTEMBER 2018

Income MSEK	<b>261</b>	(234)
Profit after tax MSEK	<b>652</b>	(292)
Profit after tax per share SEK	<b>3.89</b>	(1.74)

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### SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- In September, Nyfosa vacated the Kungsängen 15:1 property in Uppsala, which was divested at an underlying property value of MSEK 1,000.
- Possession was taken of a property portfolio with an underlying property value of MSEK 3,565 in September.
- The Extraordinary General Meeting of Hemfosa Fastigheter AB resolved in September to distribute the subsidiary Nyfosa to existing ordinary shareholders.

NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018



# NYFOSA

Nyfosa is a transaction-based and opportunistic property company in which business activities are in focus. The company's business concept is based on active participation in the Swedish transaction market combined with an investment strategy that can be flexible to the property market, meaning it is not limited by property category, region, scope of the transaction nor holding period. A flexible investment strategy and an efficient and near-to-market organization with documented transaction know-how and experience from assessing and evaluating risks provide Nyfosa with a solid foundation for creating and completing investments in properties or property portfolios that are often on the peripheral in terms of the types of investments preferred by other operators.

## BUSINESS CONCEPT

Nyfosa's mission is to be a transaction-based, opportunistic property company with strong forward momentum. Nyfosa will change in pace with the property market to always identify the best possible transactions and capitalize on business opportunities when they arise.

Furthermore, Nyfosa will generate a sustained and high return and be cash-flow driven with the ambition to grow both its cash flow and property portfolio.

## STRATEGY

- Be constantly active on the transaction market and be creative in evaluating new business opportunities
- Focus on commercial properties in high-growth municipalities<sup>1</sup> in Sweden
- Develop and enhance the existing property portfolio
- Be a reliable and responsive partner with a long-term approach and a large established network
- Attract the best employees

## OBJECTIVES & DIVIDEND POLICY

- Average annual growth in earnings and the property portfolio of at least 20 percent up to a total property value of SEK 25 billion (excluding shares in joint ventures).
- At least 15 percent return on equity over time, before paid tax.
- Profits generated will primarily be reinvested in the company to leverage business opportunities and achieve the growth target of a total property value of SEK 25 billion, after which a significant portion of profit will be paid to shareholders in the form of a dividend, redemption and/or repurchase of shares.

NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

**“Nyfosa’s business is doing business. We acquired properties for SEK 3.6 billion in the third quarter. That means that we now have a property portfolio valued at SEK 15.4 billion, with a current earnings capacity of MSEK 786. Our opinion of the market is that it will remain active for opportunists such as Nyfosa.”**

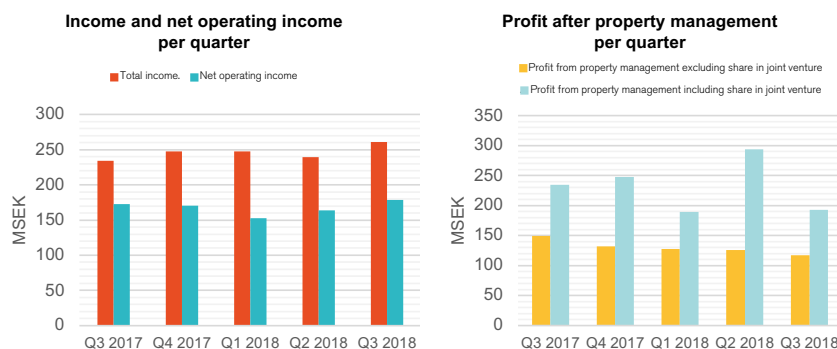
**Jens Engwall, CEO**

## KEY FIGURES

	Jul-Sep		Jan-Sep		Full-year
	2018	2017	2018	2017	2017
Income, MSEK	261	234	748	784	1,031
Net operating income, MSEK	178	173	499	578	748
Surplus ratio, %	68.3	73.7	66.8	73.7	72.6
Profit from property management, MSEK	193	235	668	765	1,013
–per share, SEK	1.15	1.40	3.98	4.56	6.04
Profit after tax, MSEK	652	292	1,307	937	1,215
– per share before and after dilution, SEK	3.89	1.74	7.79	5.59	7.24
Cash flow from operating activities, MSEK	815	192	1,081	523	477
– per share, SEK	4.86	1.14	6.44	3.12	2.84
Return on equity, %			27.7	n/a	37.9
Equity/assets ratio, %			46.8	25.8	25.5
Net asset value, EPRA/NAV, SEK			53.61	24.40	25.64
Loan-to-value ratio, properties, %			51.7	53.3	54.4
Property value, SEK billion			15,417	11,552	12,090
Earnings capacity, MSEK			786	n/a	680

NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

OPERATIONAL DEVELOPMENT JANUARY–SEPTEMBER 2018



The formation of the Nyfosa Group was concluded on May 3, 2018. Consolidated financial statements have thus been prepared as of this date. Since the operations have not historically formed a group according to the IFRS definition, there are no consolidated financial statements for the periods prior to May 3, 2018. Accordingly, the historical financial information for the periods prior to May 3, 2018 have been prepared as combined financial statements. The basis of preparation for the combined financial statements is presented in Note 1 Significant accounting policies in the historical financial information, which is available in the prospectus "Admission to trading of shares in Nyfosa AB on Nasdaq Stockholm."

**JULY 1–SEPTEMBER 30 QUARTER**

Possession was taken of a property portfolio in September with offices in high-growth municipalities and warehouse and logistics properties at transportation hubs for a total value of SEK 3.6 billion and annual rental income before rent discounts of MSEK 318. The acquisition was financed by a bank loan of SEK 2.1 billion and equity. It is a portfolio that contributes favorable earnings and matches Nyfosa's portfolio of commercial properties. In September, Nyfosa also vacated a property in Uppsala that was divested at an underlying property value of SEK 1 billion. The sale frees up capital for investments in attractive property transactions, with the aim of achieving high and stable returns.

During the quarter, Nyfosa refinanced a liability to Hemfosa by utilizing SEK 1.0 billion of a revolving credit facility.

Nyfosa worked during the quarter on shaping the company's organization and recruiting employees as well as preparing for the separation from Hemfosa and planned listing on Nasdaq Stockholm in the fourth quarter of 2018. The larger organization and expenses attributable to the separation and listing is the reason for the higher costs for central administration compared with the year-earlier period. Profit from property management amounted to MSEK 193 (235).

**JANUARY 1–SEPTEMBER 30 INTERIM PERIOD**

**Income**

Income for the January–September 2018 interim period amounted to MSEK 748 (784), of which, rental income totaled MSEK 744 (630). Rental income increased by slightly more than MSEK 100, or 18 percent, compared with the year-earlier period, which was primarily the result of a larger property portfolio and indexation of leases. The total leasable area on September 30, 2018 amounted to 1,573 thousand sqm (1,122) and the economic leasing rate was 91 percent (90).

**Net operating income**

The main property expenses included in net operating income are operating expenses, such as heating, water, electricity and property upkeep. Net operating income also includes costs for maintenance, ground rent and property tax. Total property expenses for the interim period amounted to MSEK 220 (184), meaning a 20-percent increase due to the larger property portfolio.

Nyfosa's costs for property administration consist primarily of expenses for charging rent, letting, project management and marketing. Costs for property administration for the interim period amounted to MSEK 28 (23).

Management of the portfolio resulted in a surplus from net operating income of 66.8 percent (73.7) for the interim period. The lower surplus ratio was primarily due to insurance compensation that the company received in the preceding year.

### NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

#### **Profit from property management**

During the period, Nyfosa established its own organization from previously having had only a small number of employees in its property management business. Nyfosa became a fully fledged organization on June 1, 2018 with its own personnel, which is the reason for the increase in costs for central administration for the interim period. Other income and expenses essentially comprise costs attributable to the ongoing separation and listing process that Nyfosa is currently undergoing.

The share in profit of joint ventures amounted to MSEK 305 (264) for the interim period and pertained to Nyfosa's share in profit after tax in Söderport. Additional disclosures on the share in profit of joint ventures is provided on page 12 of this interim report.

Earnings for the interim period were charged with MSEK 91 (72) in financial expenses. The average interest rate in the loan portfolio on September 30, 2018 amounted to 1.7 percent (1.3).

Profit from property management excluding share in profit of joint ventures amounted to MSEK 365 (501) for the interim period. The lower profit from property management for the interim period was primarily due to the company receiving insurance compensation in 2017 and costs for central administration in 2018 reached a more normalized level for the company's size in connection with the recruitment of personnel to the Group.

#### **Changes in value**

The changes in value of properties in the interim period amounted to MSEK 790 (263), of which unrealized changes in value totaled MSEK 654 (229) and realized changes MSEK 136 (23). Of unrealized changes in value, MSEK 326 comprised changes in value attributable to properties acquired in the third quarter, of which MSEK 182 pertained to income recognition of the price deduction received for deferred tax on acquisition and MSEK 145 to revaluation. Other changes in value were the result of lower yield requirements on certain properties and project gains on investments made in existing properties.

#### **Tax**

The tax expense for the interim period amounted to MSEK 149 (93), of which MSEK 77 (91) pertained to changes in deferred tax liabilities attributable to investment properties. The effective tax rate for the interim report was 10 percent (9). The deviation from the nominal tax rate of 22 percent was mainly due to the share in profit of joint ventures comprising profit after tax, and thus did not constitute taxable income for Nyfosa, but was also due to non-taxable capital gains on the divestment of properties via companies. Refer also to Note 2 regarding the valuation of Nyfosa's loss carryforwards.



NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

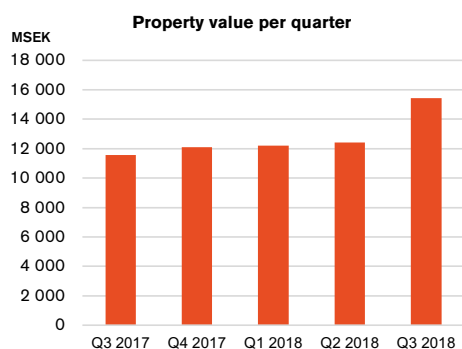
## PROPERTY PORTFOLIO

The property portfolio on September 30, 2018 primarily comprised office properties in growth municipalities and warehouse/logistics properties at transportation hubs in Sweden. The value of the wholly owned portfolio amounted to MSEK 15,417, the rental value was MSEK 1,402 and the leasable area was 1,573 thousand sqm. In addition to the wholly owned property portfolio, Nyfosa owns 50 percent of the property company Söderport Holding AB, which is not consolidated in the tables presented below. For additional information on Söderport, refer to page 12 of this interim report.

### CHANGES IN THE PROPERTY PORTFOLIO

#### Property value

MSEK	Jan 1– Sep 30		Jan 1– Dec 31
	2018	2017	2017
At the beginning of the period	12,090	10,017	10,017
Acquired properties	3,609	1,356	1,745
Investments in existing properties	143	185	260
Divested properties	-1,215	-269	-307
Realized changes in value in profit or loss	136	34	28
Unrealized changes in value in profit or loss	654	229	348
<b>At the end of the period</b>	<b>15,417</b>	<b>11,552</b>	<b>12,090</b>



#### Acquired properties, January–September 2018

Possession was taken of a property portfolio in September with offices in high-growth municipalities and warehouse and logistics properties at transportation hubs in Sweden for a total value of SEK 3.6 billion. The property portfolio comprises 51 properties of a total of 460 thousand sqm with rental income before rent discounts of MSEK 318 and an average remaining lease term of 3.4 years. The properties are located in 17 towns and cities, mainly in central and southern Sweden, including Stockholm, Malmö, Västerås, Borås and Lund. The tenants include Speed Logistics, DHL Nordic, Haldex Brake Products and PostNord Sverige.

A total of 53 properties were acquired with a leasable area of 478 thousand sqm and a total rental value of MSEK 341.

Municipality	Property	Category	Area, 000s of sqm	Rental value, MSEK
Falköping	Eldaren 1	Warehouse	5	4
Södertälje	Tellus 4 <sup>1</sup>	Retail	13	19
"SveaReal portfolio"		Office, warehouse/logistics	460	318 <sup>2</sup>
<b>Total</b>			<b>478</b>	<b>341</b>

1. Previously part-owned through holdings in a joint venture.

2. Rental income before rent discounts.

NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

Investments in existing properties, January–September 2018

Investments of MSEK 143 were made in the existing property portfolio, in which the largest project was the reconstruction of the Tyr 8 property in Uppsala that was damaged by a fire in 2017.

Municipality	Property	Category	Tenant	Area, 000s of sqm	Accrued in the period, MSEK	Estimated investment, MSEK	Scheduled completion, year
Umeå	Tyr 8	Office	Vattenfall	5	57	129	Q2, 2019
Other					86		
<b>Total investment in the period</b>					<b>143</b>		

Divested properties, January–September 2018

Nyfosa divested four properties in the interim period, which reduced the total property value by MSEK 1,215. In September, Nyfosa vacated the Kungsängen 15:1 property in Uppsala at an underlying property value of approximately MSEK 1,000. The property is located in central Uppsala and encompasses a leasable area of 25 thousand sqm consisting of office premises, with Nordea Bank, the Swedish Employment Service and Bjerking AB as the largest tenants.

Municipality	Property	Category	Area, 000s of sqm
Mölndal	Anisen 2	Industrial	6
Mölndal	Gasmätaren 2	Warehouse	14
Växjö	Postiljonen 2	Land	-
Uppsala	Kungsängen 15	Office	25
<b>Total</b>			<b>45</b>

REALISED AND UNREALIZED CHANGES IN VALUE

The four properties divested in the interim period resulted in a realized change in value of MSEK 136. Most of the earnings were attributable to the Kungsängen 15:1 property in Uppsala that was vacated in the third quarter.

Unrealized changes in value for the interim period amounted to MSEK 654 (229) and were primarily the result of the revaluation of acquired properties, of which MSEK 145 pertained to revaluation and MSEK 182 to income recognition of the price deduction received for deferred tax on acquisition.

Changed yield requirements and completed projects also resulted in positive effects on the value trend. The weighted yield requirement on September 30, 2018 amounted to 6.43 percent, whereas the yield requirement when last valued on June 30, 2018 was 6.45 percent. The weighted cost of capital for the present value calculation of cash flows and residual values was 8.33 percent and 8.55 percent, respectively. When last valued on June 30, 2018, the weighted cost of capital for the present value calculation of cash flows and residual values was 8.33 percent and 8.58 percent, respectively. The slightly lower yield requirement was due to lower yield requirements for primarily office properties in attractive metropolitan regions.

Sensitivity analysis – change in value for changes in valuation parameters

	Change, %	Sep 30, 2018, MSEK
Change in net operating income <sup>1</sup>	+/- 5%	512
Change in yield requirement	+/- 0.25%	623
Change in growth assumptions	+/- 0.5%	64
Change in discount rate	+/- 0.25%	477

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

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 Historical financial information, Note 13 in the Nyfosa prospectus.

The market value is assessed every quarter by independent external appraisers.

## NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

### PORTFOLIO OVERVIEW

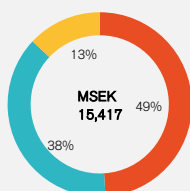
A presentation of the key figures for the wholly owned property portfolio on September 30, 2018 is provided below.

Property value, MSEK	15,417
Rental value, MSEK	1,402
Leasable area, 000s sqm	1,573
No. of properties	176
Economic leasing rate <sup>1</sup> , %	91
Remaining lease term <sup>1</sup> , years	4.2
Surplus ratio <sup>2</sup> , %	68.6

1. Calculated on rental income before rent discounts in relation to the rental value.

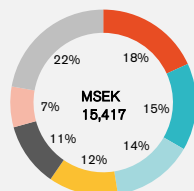
2. According to earnings capacity

Property value by category



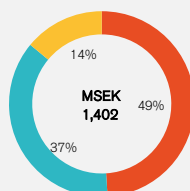
- Offices, MSEK 7,488
- Logistics/Warehouse, MSEK 5,911
- Other, MSEK 2,018

Property value by region<sup>1</sup>



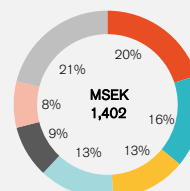
- Småland, 2 842 MSEK
- Coast of Norrland, MSEK 2,379
- Greater Stockholm, MSEK 2,202
- Greater Göteborg, MSEK 1,792
- Mälardalen, MSEK 1,661
- Greater Malmö, MSEK 1,146
- Other, MSEK 3,396

Rental value by category



- Offices, MSEK 687
- Logistics/Warehouse, MSEK 514
- Other, MSEK 201

Rental value by region



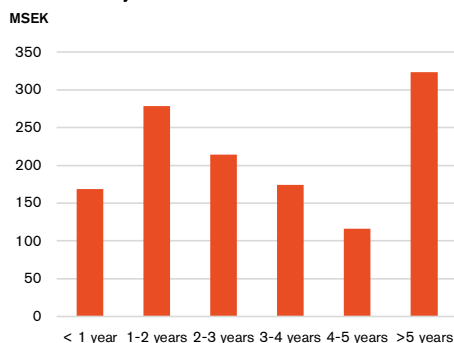
- Småland, MSEK 276
- Coast of Norrland, MSEK 218
- Greater Göteborg, MSEK 178
- Greater Stockholm, MSEK 187
- Mälardalen, MSEK 128
- Greater Malmö, MSEK 114
- Other, MSEK 299

1. The division of the metropolitan regions is consistent with Statistics Sweden's definition

### LEASE STRUCTURE AND TENANTS

The Company's business focus entails that essentially all rental income derives from commercial leases. On September 30, 2018, Nyfosa had 2,579 commercial leases including leases for garages and parking spaces. The weighted average remaining lease term for existing tenants amounted to 4.2 years.

#### Lease maturity structure



NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

Tenants	Rental income, MSEK	Percentage of		Average remaining term, years
		total rental income,	Number	
		% of leases		
Telia Sverige AB	41	3	31	3.8
Saab AB	34	3	6	9.8
Förlagssystem JAL AB	25	2	1	7.3
If Skadeförsäkring AB (publ)	21	2	5	8.4
Skf Sverige AB	21	2	1	4.9
V-Tab Aröd AB	21	2	1	22.0
Dsv Solutions AB	20	2	1	9.0
Municipality of Örnsköldsvik	19	2	67	4.2
Västra Götaland County Council	19	1	8	1.5
Volvo Car Corporation	18	1	8	0.8
Other	1,034	81	2,450	3.5
<b>Total</b>	<b>1,275<sup>1</sup></b>	<b>100</b>	<b>2,579</b>	<b>4.2</b>

1. Rental income before rent discounts.

**RENTAL VALUE, RENTAL INCOME AND LEASING RATE**

On September 30, 2018, the total rental value of the property portfolio was estimated at MSEK 1,402, of which vacancy rent comprised MSEK 127. Nyfosa's rental income before rent discounts amounted to MSEK 1,275 and after rent discounts to MSEK 1,254. The share of rental income connected to the consumer price index (CPI) corresponds to 89 percent of total rental income.

The properties' total leasable area on September 30, 2018 was 1,573 thousand sqm, of which 1,381 thousand sqm was leased, corresponding to 88 percent. The economic leasing rate on the same date was 91 percent.



NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

EARNINGS CAPACITY

	Sep 30
	2018
Rental income	1,244
Property expenses	-358
Property administration	-32
<b>Net operating income</b>	<b>853</b>
Central administration	-65
Share in profit of joint ventures	145
Financial expenses	-146
<b>Profit from property management</b>	<b>786</b>

The company's current earnings capacity on a 12-month basis on September 30, 2018 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. 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; Ground rent paid is included in the amounts;
- costs for central administration and marketing have been calculated on the basis of the existing organization and the current size of the property portfolio;
- Nyfosa's shares of profit from property management from joint ventures before changes in value, calculated using the same method as Nyfosa;
- the assessment of earnings capacity does not assume any financial income; and
- financial expenses have been calculated on the basis of the company's average interest rate on September 30, 2018, which was 1.7 percent.



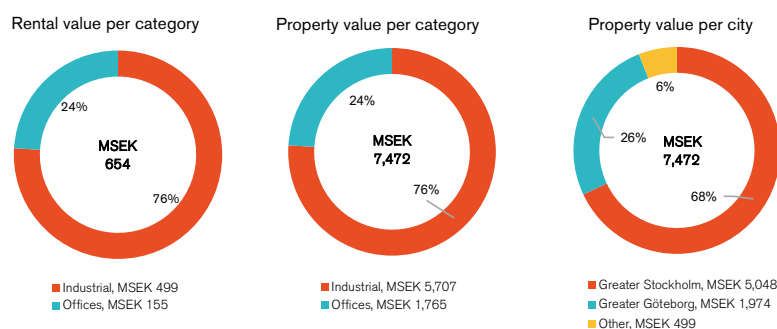
## NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

## SHARES IN JOINT VENTURES

In addition to Nyfosa's wholly owned property portfolio, Nyfosa holds shares in the property company Söderport Holding AB. Söderport is jointly owned with AB Sagax (publ) (50 percent holding each), and ownership is governed by shareholders' agreements giving both owners equal power of decision, meaning that neither partner has a controlling influence. Söderport is thus a joint venture and Nyfosa's share in profit of Söderport is recognized in the Group's profit from property management.

Söderport's property portfolio primarily comprises industrial, warehouse and office properties, presenting a suitable supplement to Nyfosa's wholly owned property portfolio. Söderport owns 69 properties with a total property value of SEK 7.5 billion. The focal point of 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 total rental value for Söderport's property portfolio is estimated to amount to MSEK 654. Leases have an average remaining term of 4.8 years. The total leasable area amounted to 684 thousand sqm, of which 658 thousand sqm was leased, corresponding to 96.1 percent. The economic leasing rate was 96.8 percent.



## Key financial data, Söderport

	Jul-Sep		Jan-Sep		Full-year
	2018	2017	2018	2017	2017
Rental income	147	135	434	413	548
Net operating income	116	107	328	316	419
Net interest income	-41	-41	-120	-122	-162
Changes in value, properties	86	139	492	361	560
Changes in value, derivatives	33	17	64	69	91
Tax	-40	-48	-125	-85	-144
Profit for the period/year	153	173	640	540	769
<i>of which, Nyfosa's share – corresponding to share in profit or loss<sup>1</sup></i>	76	87	320	270	385

<sup>1</sup> Up until June 2018, Nyfosa also owned shares in another joint venture, which is the reason for the deviation between the share in profit from Söderport and Nyfosa's statement of profit/loss.

	Sep 30		Dec 31
	2018	2017	2017
Investment properties	7,472	6,295	6,603
Current assets	176	122	104
Equity	2,827	2,358	2,587
<i>of which, Nyfosa's share – corresponding to the value of the share in the statement of financial position</i>	1,414	1,179	1,294
Non-current liabilities	4,807	4,086	4,144
<i>of which, deferred tax liabilities</i>	615	442	515
<i>of which, derivatives</i>	264	349	328
Current liabilities	228	170	188
No. of properties	69	69	69
Leasable area, 000s of sqm	684	657	657

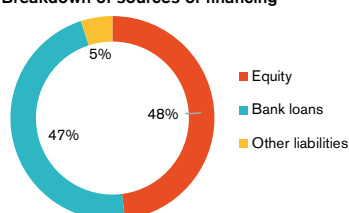
NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

## FINANCING

On September 30, 2018, Nyfosa had interest-bearing liabilities of MSEK 7,977, corresponding to a loan-to-value ratio of 51.7 percent. Nyfosa's interest-bearing liabilities comprise bank loans with an average interest rate of 1.7 percent. The average fixed-rate period on September 30, 2018, including the effects of signed derivative agreements, was 1.8 years. The average loan maturity was 3.4 years. On September 30, 2018, Nyfosa also had overdraft facilities totaling MSEK 100, of which the entire amount was unutilized, and a fully utilized revolving credit facility totaling MSEK 1,000.

During the interim period, Nyfosa received a shareholders' contribution and carried out a new share issue that raised total equity of MSEK 3,844 for the company. Equity amounted to MSEK 8,077 on the balance-sheet date, of which share capital amounted to MSEK 84.

### Breakdown of sources of financing



### FINANCIAL RESTRICTIONS

- Long term, the equity/assets ratio is to amount to at least 25 percent
- The loan-to-value ratio should not exceed 65 percent
- The interest-coverage ratio should not fall below a multiple of two

The key figures above do not represent financial objectives but rather risk limitations, making it natural for Nyfosa to have a certain margin for these.

### Key figures in the loan portfolio

	Sep 30		Dec 31
	2018	2017	2017
Equity/assets ratio, %	46.8	25.8	25.5
Loan-to-value ratio, %	51.7	53.3	54.4
Net loan-to-value ratio, %	49.7	51.7	53.1
Interest-coverage ratio, multiple	5.0	8.0	7.0
Average interest, %	1.7	1.3	1.5
Average remaining fixed-rate period, years	1.8	0.6	1.5
Average remaining loan maturity period, years	3.4	1.2	2.2
Interest-rate hedged portion of liabilities, %	56.0	49.0	50.7
Fair value of derivatives, MSEK	2	0	4

### Change in the loan portfolio

During the third quarter, new bank loans of MSEK 2,125 were raised to finance properties that were acquired during the quarter. In addition, a revolving credit facility of MSEK 1,000 was utilized to repay the corresponding existing debt. A total of MSEK 842 was repaid in connection with vacating properties.

	Jan-Sep		Full-year
	2018	2017	2017
Interest-bearing liabilities at the beginning of the period	6,582	5,291	5,291
Repayment of loans	-1,842	-115	-958
Loans raised	3,255	869	2,205
Change in borrowing fees	-18	117	44
<b>Interest-bearing liabilities at the end of the period</b>	<b>7,977</b>	<b>6,162</b>	<b>6,582</b>

## HISTORICAL FINANCIAL INFORMATION

### NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

#### Maturity structure

Bank loans of MSEK 863 fall due for payment during the first half of 2019. Nyfosa maintains regular dialog with mainly Swedish banks to secure its refinancing requirements. In addition to favorable opportunities for refinancing loan maturity with new bank loans and/or by issuing debt or hybrid instruments on the capital market, the company has an unutilized overdraft facility and healthy cash flows from operating activities.

#### Interest and loan maturity structure, September 30, 2018

Year	Fixed-rate period		Loan maturity	
	MSEK	%	MSEK	%
Within one year	4,147	52	863	11
1-2 years	182	2	301	4
2-3 years	1,310	16	2,359	29
3-4 years	1,100	14	1,269	16
4-5 years	638	8	3,222	40
>5 years	638	8	-	-
<b>Total</b>	<b>8,015</b>	<b>100</b>	<b>8,015<sup>1,2</sup></b>	<b>100</b>

1. The statement of financial position includes allocated borrowing costs in the amount of liabilities, which is the reason for the deviation between the table and the statement financial position.

2. Refers to final payment of outstanding principal loan amounts on the balance-sheet date, not including ongoing repayments.

Available liquidity	Sep 30		Dec 31
	2018	2017	2017
Cash and cash equivalents	316	185	160
Unutilized overdraft facilities	100	-	-
<b>Total</b>	<b>416</b>	<b>185</b>	<b>160</b>

#### Impact of changes in interest rates

Nyfosa largely works with variable interest rates in its loan agreements and manages interest-rate risk by using derivative instruments, primarily interest-rate caps at the current time. Limiting interest-rate risk increases the predictability of Nyfosa's profit from property management and changes in interest-rate levels do not fully impact the Group's interest expenses. In some cases, Nyfosa has entered into loan agreements with an interest-rate floor provision, meaning that STIBOR 3M cannot be negative. These loan agreements mean that Nyfosa cannot fully capitalize the low interest-rate scenario. The nominal volume of Nyfosa's outstanding interest-rate caps on September 30, 2018, including the effects of signed derivative agreements, was SEK 4.5 billion.

#### SENSITIVITY ANALYSIS

Earnings effect of change in average interest rate	Change, %	Sep 30		Dec 31
		2018	2017	2017
Interest expenses assuming current fixed-rate periods and changed interest rates <sup>1</sup>	+/-1%	+41/0	+37/-21	+30/-11
Interest expenses assuming change in average interest rate <sup>2</sup>	+/-1%	+/-80	n/a	n/a
Revaluation of fixed-income derivatives attributable to shift in interest rate curves	+/-1%	+/-4	n/a	n/a

1. Taking into account derivative agreements

2. Today's average rate, taking into account derivative agreements, increases/decreases by 1% In the event of an increase/decrease, any effects on the derivative portfolio are not taken into account.

Each variable in the table above has been addressed individually and on the condition that the other variables remain constant. The analysis refers to 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.

NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

OTHER

**SHARE AND SHAREHOLDERS**

The number of shares in Nyfosa on September 30, 2018 was 167,728,249. The total number of votes amounted to 167,728,249. Each share entitles the holder to one vote.

List of owners	Number of shares	Share of	
		Capital, %	Votes, %
Hemfosa Fastigheter AB (publ.)	167,728,249	100.0	100.0
<b>Total</b>	<b>167,728,249</b>	<b>100.0</b>	<b>100.0</b>

**LISTING AND DEMERGER PROCESS**

The Extraordinary General Meeting of Hemfosa on September 13, 2018 resolved, in accordance with the Board's motion, to distribute all of the shares in the subsidiary Nyfosa AB to the ordinary shareholders. One ordinary share in Hemfosa carries entitlement to one share in Nyfosa. The final date for trading in Hemfosa's ordinary shares including rights to distribution of shares in Nyfosa is November 19, 2018. The record date for participating in the distribution is November 21. Nyfosa is expected to be listed on Nasdaq Stockholm on November 23 of this year.



## NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

### ASSURANCE FROM THE BOARD AND CEO

The Board of Directors and the CEO give their 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, November 7, 2018  
Nyfosa AB  
(Corp. Reg. No. 559131-0833)

Bengt Kjell  
Chairman of the Board

Jens Engwall  
Board member and CEO

Lisa Dominguez Flodin  
Board member

Per Lindblad  
Board member

Marie Bucht Toresäter  
Board member

Johan Ericsson  
Board member

Kristina Sawjani  
Board member

### FINANCIAL CALENDAR

Year-end report 2018	February 12, 2019
Interim report January–March 2019	May 9, 2019
2019 Annual General Meeting	May 9, 2019

### CONTACT INFORMATION

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## HISTORICAL FINANCIAL INFORMATION

### NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

## SUMMARY OF FINANCIAL STATEMENTS

#### STATEMENT OF PROFIT/LOSS

MSEK	Jul-Sep		Jan-Sep		Full-year
	2018	2017	2018	2017	2017
Rental income	260	230	744	630	870
Other property income	1	4	4	154	161
<b>Total income</b>	<b>261</b>	<b>234</b>	<b>748</b>	<b>784</b>	<b>1,031</b>
Property expenses					
Operating expenses	-42	-28	-135	-109	-146
Maintenance costs	-21	-15	-52	-44	-66
Property tax	-11	-10	-33	-31	-42
Property administration	-8	-8	-28	-23	-30
<b>Net operating income</b>	<b>178</b>	<b>173</b>	<b>499</b>	<b>578</b>	<b>746</b>
Central administration	-20	0	-36	-5	-9
Other operating income and expenses	-12	1	-10	1	2
Share in profit of joint ventures	76	86	305	264	380
Financial income and expenses	-30	-24	-91	-72	-106
<b>Profit from property management</b>	<b>193</b>	<b>235</b>	<b>668</b>	<b>765</b>	<b>1,013</b>
Changes in value of properties, realized	137	-3	136	34	28
Changes in value of properties, unrealized	368	112	654	229	348
Changes in value of financial instruments, unrealized	-1	1	-2	2	6
Profit before tax for the period	697	345	1,456	1,029	1,394
Tax	-45	-53	-149	-92	-180
Profit for the period	652	292	1,307	937	1,215
Earnings per share before and after dilution	3.89	1.74	7.79	5.59	7.24

#### STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

Profit for the period	652	292	1,307	937	1,215
Other comprehensive income	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>652</b>	<b>292</b>	<b>1,307</b>	<b>937</b>	<b>1,215</b>

## HISTORICAL FINANCIAL INFORMATION

### NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

#### STATEMENT OF FINANCIAL POSITION

MSEK	Sep 30		Dec 31
	2018	2017	2017
<b>ASSETS</b>			
Investment properties	15,417	11,552	12,090
Shares in joint ventures	1,414	1,199	1,315
Derivatives	2	0	4
Other assets	1	1	1
<b>Total assets</b>	<b>16,833</b>	<b>12,752</b>	<b>13,410</b>
Current receivables	121	58	61
Cash and cash equivalents	316	185	160
<b>Total current assets</b>	<b>436</b>	<b>243</b>	<b>222</b>
<b>TOTAL ASSETS</b>	<b>17,270</b>	<b>12,996</b>	<b>13,632</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to Parent Company shareholders	8,077	3,348	3,479
<b>Equity</b>	<b>8,077</b>	<b>3,348</b>	<b>3,479</b>
Non-current interest-bearing liabilities	7,069	3,351	3,617
Other non-current liabilities	11	3	4
Derivatives	-	0	-
Deferred tax liabilities	478	349	404
<b>Total non-current liabilities</b>	<b>7,558</b>	<b>3,703</b>	<b>4,025</b>
Current interest-bearing liabilities	908	2,811	2,965
Other current liabilities	726	3,134	3,162
<b>Total current liabilities</b>	<b>1,634</b>	<b>5,945</b>	<b>6,128</b>
<b>Total liabilities</b>	<b>9,193</b>	<b>9,648</b>	<b>10,153</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,270</b>	<b>12,996</b>	<b>13,632</b>

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Equity attributable to Parent Company shareholders	
	Jan-Sep 2018	Jan-Sep 2017
Opening equity	3,479	2,924
<b>Transactions with shareholders</b>		
New share issue and shareholders' contributions	3,844	-
Dividends	-530	-370
Other transactions with shareholders	-23	-143
<b>Total transactions with shareholders</b>	<b>3,291</b>	<b>-513</b>
<b>Comprehensive income Jan-Sep</b>	<b>1,307</b>	<b>937</b>
<b>Closing equity</b>	<b>8,077</b>	<b>3,348</b>

## HISTORICAL FINANCIAL INFORMATION

### NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

#### GROUP STATEMENT OF CASH FLOWS

MSEK	Jul-Sep		Jan-Sep		Full-year
	2018	2017	2018	2017	2017
<b>Operating activities</b>					
Profit from property management	193	235	668	765	1,013
Adjustments for non-cash items	-76	-86	-305	-264	-379
Income tax paid	0	0	-4	5	-5
	<b>117</b>	<b>150</b>	<b>358</b>	<b>506</b>	<b>629</b>
Change in operating receivables	253	3	-30	-13	-19
Change in operating liabilities	445	39	752	30	-133
<b>Cash flow from operating activities</b>	<b>815</b>	<b>192</b>	<b>1,081</b>	<b>523</b>	<b>477</b>
<b>Investing activities</b>					
Direct and indirect acquisitions of investment properties	-3,429	-336	-3,654	-1,356	-1,735
Direct and indirect divestments of investment properties	927	-3	1,202	268	307
Investments in existing investment properties	-56	-36	-143	-185	-260
Dividend from holdings in joint ventures	-	-	200	100	100
Other	-	-1	6	-2	-3
<b>Cash flow from investing activities</b>	<b>-2,558</b>	<b>-376</b>	<b>-2,389</b>	<b>-1,175</b>	<b>-1,591</b>
<b>Financing activities</b>					
New share issue	5	-	84	-	-
Loans raised	2,697	733	3,221	699	1,979
Repayment of loans	-1,402	-592	-1,842	-115	-958
<b>Cash flow from financing activities</b>	<b>1,300</b>	<b>141</b>	<b>1,463</b>	<b>584</b>	<b>1,021</b>
<b>Cash flow for the period</b>	<b>-444</b>	<b>-43</b>	<b>155</b>	<b>-69</b>	<b>-93</b>
Cash and cash equivalents at the beginning of the period	759	228	160	253	253
<b>Cash and cash equivalents at the end of the period</b>	<b>316</b>	<b>185</b>	<b>316</b>	<b>185</b>	<b>160</b>
<hr/>					
Interest received	2	-	5	-	-
Interest paid	-27	-24	-86	-72	-96

NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

KEY FIGURES

SHARE-RELATED KEY FIGURES, SHARES<sup>1</sup>

	Jul-Sep		Jan-Sep		Full-year
	2018	2017	2018	2017	2017
Profit from property management per share, SEK	1.15	1.40	3.98	4.56	6.04
Profit after tax per share, SEK	3.89	1.74	7.79	5.59	7.24
Net asset value, EPRA NAV per share, SEK	53.61	24.40	53.61	24.40	25.64
Equity per share, SEK	48.15	19.96	48.15	19.96	20.74
Cash flow from operating activities, per share, SEK	4.86	1.14	6.44	3.12	2.84

1. Share-related key figures are calculated on the number of shares on September 30, 2018, which amounted to 167,728

KEY FINANCIAL DATA

	Sep 30		Dec 31
	2018	2017	2017
Return on equity, %	27.7	n/a	37.9
Equity/assets ratio, %	46.8	25.8	25.5
Loan-to-value ratio, properties, %	51.7	53.3	54.4
Net loan-to-value ratio, properties, %	49.7	51.7	53.1
Debt/equity ratio, multiple	1.0	1.8	1.9
Interest-coverage ratio (Jan 1–Sep 30), multiple	5.0	8.0	7.0

PROPERTY-RELATED KEY FIGURES

	Sep 30		Dec 31
	2018	2017	2017
Rental value, MSEK	1,402	1,058	1,076
Leasable area, 000s sqm	1,573	1,122	1,136
No. of properties	176	125	128
Economic leasing rate, %	91.2	90.1	89.4
Remaining lease term, years	4.2	4.4	4.2
Surplus ratio <sup>1</sup> , %	66.8	73.7	72.4
Yield <sup>1</sup> , %	5.5	n/a	5.8

1. According to earnings capacity

## HISTORICAL FINANCIAL INFORMATION

### NYFOSA AB INTERIM REPORT JANUARY–SEPTEMBER 2018

#### RECONCILIATION OF KEY FIGURES

	Sep 30		Dec 31
	2018	2017	2017
<b>Return on equity</b>			
Profit after tax under for the most recent rolling 12-month period	1,584		1,215
Average equity	5,712		3,202
<b>Return on equity, %</b>	<b>27.7</b>	n/a	<b>37.9</b>

This performance measure is accumulated using profit after tax for the last 12-month period in relation to average equity during the same period.

	Sep 30		Dec 31
	2018	2017	2017
<b>Loan-to-value ratio and net loan-to-value ratio</b>			
Interest-bearing liabilities	7,977	6,162	6,583
Investment properties	15,417	11,552	12,090
<b>Loan-to-value ratio, %</b>	<b>51.7</b>	<b>53.3</b>	<b>54.4</b>
Cash and cash equivalents	316	185	160
<b>Net loan-to-value ratio, %</b>	<b>49.7</b>	<b>51.7</b>	<b>53.1</b>

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 fair value of the properties.

	Jul-Sep		Jan-Sep		Full-year
	2018	2017	2018	2017	2017
<b>Interest-coverage ratio</b>					
Profit from property management	193	235	668	765	1,013
Share in profit of joint ventures	76	86	305	264	380
Depreciation/amortization	0	0	0	0	0
Financial income and expenses	-30	-24	-91	-72	-106
<b>Interest-coverage ratio, multiple</b>	<b>4.9</b>	<b>7.2</b>	<b>5.0</b>	<b>8.0</b>	<b>7.0</b>

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. This profit is then expressed as a percentage of financial income and expenses to calculate the interest-coverage ratio.

	Sep 30		Dec 31
	2018	2017	2017
<b>EPRA NAV</b>			
Equity	8,077	3,348	3,479
Deferred tax	478	349	404
Derivatives	-2	0	-4
Deferred tax in joint ventures, Nyfosa's share	308	221	257
Derivatives in joint ventures, Nyfosa's share	132	175	164
Number of shares, millions	168	168	168
<b>EPRA NAV per share, SEK</b>	<b>53.61</b>	<b>24.40</b>	<b>25.64</b>

Net asset value (EPRA NAV) is calculated based on equity in the statement of financial position. The value of derivatives and deferred tax liabilities, both in Nyfosa's statement of financial position and Nyfosa's share of derivatives and deferred tax in joint ventures in the statement of financial position is then added back. The total provides a value per share in Nyfosa.



NYFOSA INTERIM REPORT JAN-MAR

## QUARTERLY OVERVIEW

MSEK	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Income, MSEK	261	239	230	278
Property expenses				
Operating expenses, MSEK	-42	-38	-48	-46
Maintenance costs, MSEK	-21	-15	-12	-27
Property tax, MSEK	-11	-11	-8	-14
Property administration, MSEK	-8	-11	-1	-19
Net operating income, MSEK	178	164	159	172
Surplus ratio, %	68.3	68.6	69.0	62.1
Economic leasing rate <sup>1</sup> , %	91	91	91	89
Yield <sup>2</sup> , %	5.5	5.6	5.7	5.8
Profit from property management per share, SEK	1.15	1.75	1.13	1.48
Earnings for the quarter per share, SEK	3.89	2.40	1.54	2.26
Property value, MSEK	15,417	12,407	12,193	12,090
Equity, MSEK	8,077	3,661	4,726	3,479
Equity per share, SEK	48.15	21.82	28.17	20.74
EPRA NAV per share, SEK	53.61	31.70	38.10	25.64
Return on equity, %	27.7	33.7	23.5	37.9
Equity/assets ratio, %	46.8	25.1	34.2	25.5
Net loan-to-value ratio, properties, %	48.9	47.0	51.5	52.6
Loan-to-value ratio, properties, %	51.7	53.9	53.4	54.4
Interest-coverage ratio, multiple	4.9	5.4	6.2	5.1
Cash flow from operating activities per share, SEK	4.86	1.40	0.24	-0.27

1. On balance-sheet date

2. According to earnings capacity

## 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 formation of the Nyfosa Group was concluded on May 3, 2018. Consolidated financial statements have thus been prepared as of this date. Since the operations have not historically formed a group according to the IFRS definition, there are no consolidated financial statements for the periods prior to May 3, 2018. Accordingly, the historical financial information for the periods prior to May 3, 2018 have been prepared as combined financial statements. The basis of preparation for the combined financial statements is presented in Note 1 Significant accounting policies in the historical financial information, which is available in the prospectus "Admission to trading of shares in Nyfosa AB on Nasdaq Stockholm."

The formation of Nyfosa is a transaction under common control. This type of transaction is not regulated by IFRS and instead requires that the Group establish policies for this process. The Group has decided to apply the policies described in the basis of preparation of the combined financial statements when these statements were prepared. In brief, this means that the assets and liabilities of entities have been aggregated and recognized based on the carrying amounts that they represent in Hemfosa Fastigheter AB and that the transactions are recognized as if they had taken place at the start of the previously presented period.

### IFRS 9 Financial instruments replaces IAS 39 Financial instruments:

IFRS 9 has led to changes in how financial assets are classified and measured, introduces an impairment model that is based on expected credit losses rather than losses incurred and introduces changes in policies for hedge accounting, in part to simplify and thus increase equivalency with the company's internal risk management strategies. The transition to IFRS 9 did not have any material impact on the Group since the receivables recognized mainly comprised rent receivables in respect of advance payments subject to a very low credit risk and hedge accounting was not applied.

### IFRS 15 Revenue from Contracts with Customers

The Group's revenue essentially comprises rental income recognized according to IAS 17 Leases, which is why IFRS 15 only applies to sales of property management services and media. Nyfosa's income is divided up into two components – Rental income and Service income. The former comprises customary rent including indexing, surpluses charged for investments and property tax, while the latter pertains to all other additional charges in the form of extra services such as heat, cooling, waste, water and snow clearance. Nyfosa has conducted an analysis of whether the company is a principal or an agent for these services and has concluded that the Group, in its capacity as property owner, largely acts as a principal.

### IFRS 16 Leases

Effective 2019, IFRS 16 Leases replaces existing IFRSs related to the recognition of leases, such as IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease and SIC 15 Operating Leases—Incentives. The Group has decided not to implement IFRS 16 prospectively. Nyfosa will apply the modified retrospectively transition method. The new standard encompasses rules for both lessors and lessees. Nyfosa's income is primarily generated from rental income and is thus subject to the IFRS 16 rules for lessors. The rules for lessors are largely unchanged and the classification between operating and finance leases is retained. IFRS 16 materially changes reporting for lessees. The standard changes the previous distribution between finance and operating leases and a finance lease liability and corresponding right-of-use asset is to be recognized for all leases. An expense for depreciation of the asset and an interest expense attributable to the finance lease liability are recognized in profit or loss instead of being continuously expenses as paid leasing fees. Nyfosa primarily has a small number of site leasehold agreements that comprises leases under IFRS 16.

**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. Nyfosa's property portfolio is recognized in the statement of financial position at fair value, and the changes in value are recognized in profit or loss. The fair value is based on internal valuations that are performed continuously and the properties are also valued every quarter by an external independent appraiser. The value of the properties is affected not only by supply and demand in the market but also by a number of other factors, in part property-specific factors such as the leasing rate, rent level and operating expenses, and in part such market-specific factors as the yield requirement and the cost of capital, which are derived from comparable transactions in the property market. Deterioration in either a property or the market could cause the value of the company's properties to decline, which could have a negative impact on the 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 dialogs 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 that are the subject of these proceedings have been valued at MSEK 250 in this report, corresponding to 20.6 percent of the total disputed loss carryforwards of MSEK 1,215. Nyfosa has not reserved this amount since Nyfosa believes that it is overwhelmingly probable that the deduction claimed will be granted following a court ruling.

**Classification of acquisitions**

The IFRS 3 accounting standard states that acquisitions must be classified as business combinations or asset acquisitions. An individual assessment of the character of the acquisition is required for each individual transaction. Nyfosa's corporate acquisitions in 2015-2017 encompass only properties and no material processes, which is why the transactions are deemed to be asset acquisitions.

**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 period was 10.2 percent (9.0). In June 2018, the Swedish parliament decided to reduce corporate tax in two stages to 20.6 percent for financial years beginning on or after January 1, 2021. Nyfosa believes that deferred taxes in the Group will be realized in 2021 or later, which is why restatement took place at a tax rate of 20.6 percent. 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 revaluation of deferred tax assets and liabilities took place on June 30, 2018. The residual value of investment properties for tax purposes totaled MSEK 7,028, which means that temporary differences of MSEK 4,675 were not recognized in the statement of financial position.

**Change in tax legislation**

On June 14, 2018, the Swedish parliament approved the government's proposition on new tax regulations for the business sector. The proposal is based on the OECD's work in the BEPS project and on the EU's tax evasion directive. The new legislation includes changed rules on interest-deduction limitations that, essentially, limit the deductibility of a company's net interest expenses to 30 percent of the company's fiscal EBITDA. The deductible portion of interest expenses carry over until the next year, although not longer than six years. To reduce the administrative burden, a simplified rule was introduced that means a Group may deduct up to MSEK 5 in net interest expenses without applying the EBITDA rule. What is covered by the term interest and what should be equated with interest in this respect is extended. The changed legislation also entails that corporate tax is reduced to 20.6 percent in two stages until 2021.

The new tax rules for the business sector come into force on 1 January 2019 and may entail higher tax for the property sector. There is a risk that Nyfosa's interest expenses in 2019 or subsequently will exceed 30 percent of fiscal EBITDA and that Nyfosa's tax expenses will rise as a result of the new rules. The analysis performed based on interest rates and the financial outcome for 2018 indicates that the new interest-deduction rules will not increase the Group's tax expense in 2019.

**NOTE 5 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 includes rent receivables, derivatives and cash and cash equivalents among assets and interest-bearing liabilities, derivatives and accounts payable among liabilities. The derivatives are measured at fair value according to Level 2. Nyfosa has binding framework agreements for derivative trading (ISDAs), which enable Nyfosa to offset financial liabilities against financial assets in the event of the insolvency of a counterparty of other event, a process known as netting. No offset currently takes place.

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

Fair value, MSEK	Sep 30		Dec 31
	2018	2017	2017
Derivatives with positive values	2	0	4
Derivatives with negative values	-	0	-

**NOTE 6 FINANCING**

For information regarding changes in loans, interest rates and credit terms, refer to pages 13-14 of this interim report.

**NOTE 7 EQUITY**

Two private placements of shares were implemented in the second and third quarter. The total number of shares amounted to 167,728,249.

Date	Event	Change in share capital (SEK)	Change in no. of shares	Share capital after change (SEK)	No. shares after change
October 17, 2017	New formation	-	-	50,000	500
May 21, 2018	Division of shares	-	+ 99,500	50,000	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	+10,000,000	83,864,124.50	167,728,249

**NOTE 8 SIGNIFICANT RISKS AND UNCERTAINTIES**

Nyfosa is continuously exposed to various risks, which could be significant to the company's future operations, earnings and financial position. Financing, organizational structure and work processes are key risk areas for Nyfosa, which continuously works in a structured manner on managing these and other risks and uncertainties. More information about Nyfosa's risks and risk management can be found in Nyfosa's prospectus from November 7, 2018, pages 13-19.

**NOTE 9 RELATED PARTIES**

The Group owns shares in joint ventures, refer to page 12 of this interim report. Söderport is managed by AB Sagax, except for property management in Gothenburg and at seven smaller locations that are managed by Nyfosa. Property management fees are distributed between these two part-owners based on market terms. Nyfosa's fee amounts to MSEK 2 per year. The Group has no receivables from joint ventures on September 30, 2018.

In September, Nyfosa signed an agreement with Corner PP AB (C.P.P. AB) for the purchase of property-management services. Nyfosa's Head of Property Management owns 60 percent of C.P.P. AB. The agreement, which encompasses management of Nyfosa's property portfolio in northern Sweden, was signed based on market terms for MSEK 3 per year. The validity of the agreement is limited, starting on October 15, 2018 and expiring on June 30, 2019, with the option for Nyfosa to extend the agreement if a permanent solution for property management is not in place when the agreement expires.

During the interim period, Nyfosa purchases property-management services and Group-wide services for a total of MSEK 19 from Hemfosa.

**NOTE 10 SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD**

Nyfosa raised a new bank loan of MSEK 739 with a term of four years in October 2018. The loan, the payment of which is conditional on the Nyfosa share being admitted to trading on Nasdaq Stockholm, will be used to refinance parts of the currently fully utilized revolving credit facility of MSEK 1,000.



NYFOSA INTERIM REPORT JANUARY–SEPTEMBER 2018

PARENT COMPANY

STATEMENT OF PROFIT/LOSS

MSEK	Jul-Sep	Jan-Sep	Oct 27–
	2018	2018	Dec 31
Net sales	9	11	-
Other external costs	-26	-29	0
Personnel costs	-9	-13	-
Depreciation/amortization	0	0	-
<b>Operating loss</b>	<b>-26</b>	<b>-31</b>	<b>0</b>
Interest expenses and similar expense items	1	1	-
<b>Loss after financial items</b>	<b>-25</b>	<b>-30</b>	<b>0</b>
Tax	6	7	-
<b>Loss for the year</b>	<b>-20</b>	<b>-23</b>	<b>0</b>

Nyfosa AB is a holding company whose operations comprise owning and managing shares. In 2018, in connection with the establishment of the Nyfosa Group, the Parent Company acquired through its subsidiary Nyfosa Holding AB 122 companies from Hemfosa Fastigheter and its subsidiaries as well as shares in Söderport Holding AB. These acquisitions were financed in the subsidiaries through bank loans and cash and cash equivalents from the Parent Company.

In 2018, Nyfosa AB received capital contributions of MSEK 3,844 from Hemfosa Fastigheter in the form of new share issues and unconditional shareholders' contributions. Refer also to Note 1 for information on the formation of the Nyfosa Group.

The Parent Company has established Group-wide functions for Nyfosa during the year for which the subsidiaries are invoiced with fees for central and property administrative services, which amounted to MSEK 11 (-) for the period. In addition, earnings were charged with expenses totaling MSEK 11 in connection with the demerger process. Loss for the year is the same as comprehensive income for the year.

## HISTORICAL FINANCIAL INFORMATION

### NYFOSA INTERIM REPORT JANUARY–SEPTEMBER 2018

#### STATEMENT OF FINANCIAL POSITION

	Sep 30	Dec 31
	2018	2017
<b>ASSETS</b>		
Participations in Group companies	0	-
Shares in joint ventures	412	0
Receivables from Group companies	90	-
<b>Total assets</b>	<b>502</b>	<b>-</b>
Current receivables from Group companies	3,726	-
Other current receivables	2	-
Cash and bank balances	0	0
<b>Total current assets</b>	<b>3,728</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>4,230</b>	<b>0</b>
<b>EQUITY AND LIABILITIES</b>		
Restricted equity	84	0
Unrestricted equity	3,729	-
<b>Equity</b>	<b>3,813</b>	<b>0</b>
Non-current interest-bearing liabilities	2	-
<b>Total non-current liabilities</b>	<b>2</b>	<b>-</b>
Liabilities to Group companies	395	0
Other current liabilities	20	-
<b>Total current liabilities</b>	<b>415</b>	<b>-</b>
<b>Total liabilities</b>	<b>417</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,230</b>	<b>0</b>

NYFOSA INTERIM REPORT JANUARY–SEPTEMBER 2018

## REVIEW REPORT

Nyfosa AB  
Corp. id. 559131-0833

### INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Nyfosa AB as of 30 September 2018 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### SCOPE OF REVIEW

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

### CONCLUSION

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

Stockholm 7 November, 2018

KPMG AB

Björn Flink  
Authorized Public Accountant

## GLOSSARY

<b>Debt/equity ratio*</b>	Interest-bearing liabilities as a percentage of equity. 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.
<b>Economic leasing rate</b>	Rental income before rent discounts as a percentage of the rental value at the end of the period. Purpose: The performance measure facilitates the assessment of rental income in relation to the total value of the leased and unleased floor space.
<b>Equity per share</b>	Equity in relation to the number of shares at the end of the period. Purpose: The performance measure shows how large a share of the company's recognized equity each share represents.
<b>Equity/assets ratio*</b>	Equity as a percentage of total assets. Purpose: To show how large a share of the company's assets are financed by equity and has been included to enable investors to be able to assess the company's capital structure.
<b>Fair value of properties</b>	The recognized property value according to the statement of financial position at the end of the period. Purpose: The performance measure facilitates better understanding of the value development in the property portfolio and the company's statement of financial position.
<b>Interest-rate cap</b>	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.
<b>Interest-coverage ratio*</b>	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. 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.
<b>Leasable area</b>	The total premises area that can potentially be leased. Purpose: Shows the total area that the company can potentially lease.
<b>Loan-to-value ratio, properties*</b>	Interest-bearing liabilities at the end of the period in relation to the value of the properties in the statement of financial position). 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.
<b>Net asset value (EPRA NAV)*</b>	Equity plus derivatives and deferred tax liabilities according to the statement of financial position. 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 shares in joint ventures are also excluded from the performance measure.
<b>Net loan-to-value ratio, properties*</b>	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. 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.

<b>Net operating income*</b>	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. Purpose: The measure is used to provide comparability with other property companies, but also to illustrate operational performance.
<b>No. of properties</b>	Properties held under title or site leasehold. Purpose: The performance measure provides a greater understanding of the development of the property portfolio.
<b>Profit from property management*</b>	Profit from property management comprises net operating income plus property management and administration expenses as well as financial income and expenses. This earnings measure does not include effects of changes in the value of investment properties and derivatives. These are reported separately in the statement of profit/loss and are not included in distributable profit.
<b>Property</b>	Properties held under title or site leasehold.
<b>Rental income</b>	Rents charged including supplements for heating and property tax.
<b>Rental value</b>	Rental income before rent discounts for leased areas and assessed market rent for the vacant floor space. 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.
<b>Return on equity</b>	Profit/loss for the last 12-month period in relation to average equity during the same period. Purpose: The performance measure shows the return generated on the capital attributable to shareholders.
<b>Surplus ratio*</b>	Net operating income for the period as a percentage of total income. 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.
<b>Vacancy rent</b>	Assessed market rent for vacant floor space. Purpose: The performance measure states the potential rental income when all floor space is fully leased.
<b>Yield*</b>	Net operating income according to earnings capacity in relation to the value of the properties on the balance-sheet date. Purpose: The performance measure indicates the yield from operational activities in relation to the properties' value.

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



# COMBINED FINANCIAL STATEMENTS FOR THE 1 JAN – 31 DEC 2015, 1 JAN – 31 DEC 2016 AND 1 JAN – 31 DEC 2017 FINANCIAL YEARS

## STATEMENT OF PROFIT/LOSS

SEK million	Note	2017	2016	2015
Rental income	5	870	824	877
Other property income	6	161	18	4
<b>Total income</b>		<b>1,031</b>	<b>842</b>	<b>881</b>
Property expenses				
Operating expenses		-146	-145	-153
Maintenance costs		-66	-79	-109
Property tax		-42	-40	-40
Property administration	21	-30	-35	-34
<b>Net operating income</b>	7	<b>746</b>	<b>544</b>	<b>544</b>
Central administration	7, 8, 9, 21	-9	-13	-22
Other operating income and expenses		2	1	-11
Share in profit of joint ventures	14	380	287	255
Financial income	10	0	0	0
Financial expenses	10	-106	-97	-127
<b>Profit from property management</b>		<b>1,013</b>	<b>722</b>	<b>641</b>
Changes in value of properties, realised	13	28	44	0
Changes in value of properties, unrealised	13	348	347	439
Changes in value of financial instruments, unrealised		6	-1	-9
<b>Profit before tax</b>		<b>1,394</b>	<b>1,112</b>	<b>1,071</b>
Current tax	11	-35	-27	10
Deferred tax	11	-145	70	-147
<b>PROFIT FOR THE YEAR</b>		<b>1,215</b>	<b>1,155</b>	<b>933</b>
<b>Statement of profit/loss and other comprehensive income</b>				
<b>Profit for the year</b>		<b>1,215</b>	<b>1,155</b>	<b>933</b>
<b>Other comprehensive income</b>				
Items that have or could be transferred to profit for the year		-	-	-
<b>Comprehensive income for the year</b>		<b>1,215</b>	<b>1,155</b>	<b>933</b>
<b>Profit for the year attributable to:</b>				
Parent company shareholders		1,215	1,155	933
<b>Comprehensive income for the year attributable to:</b>				
Parent company shareholders		1,215	1,155	933
Earnings per share for the year before and after dilution, SEK	12	7.24	6.89	5.56

## STATEMENT OF FINANCIAL POSITION

SEK million	Note	31 Dec 2017	31 Dec 2016	31 Dec 2015
<b>FIXED ASSETS</b>				
Investment properties	13	12,090	10,017	10,197
Shares/participations in joint ventures	14	1,315	1,035	856
Derivatives	3	4	0	1
Other fixed assets		1	1	1
<b>Total fixed assets</b>		<b>13,410</b>	<b>11,052</b>	<b>11,055</b>
<b>Current assets</b>				
Rent receivables		2	14	7
Current receivables	15	59	32	12
Cash and cash equivalents	16	160	253	126
<b>Total current assets</b>		<b>222</b>	<b>298</b>	<b>145</b>
<b>TOTAL ASSETS</b>		<b>13,632</b>	<b>11,351</b>	<b>11,199</b>
<b>Equity</b>				
Share capital	22	0	–	–
Retained earnings including profit for the year		3,479	2,924	2,058
<b>Total equity</b>		<b>3,479</b>	<b>2,924</b>	<b>2,058</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Non-current interest-bearing liabilities	17	3,617	2,798	4,771
Other non-current liabilities		4	4	0
Derivatives	3	0	3	8
Deferred tax liabilities	18	404	261	372
<b>Total non-current liabilities</b>		<b>4,025</b>	<b>3,066</b>	<b>5,151</b>
<b>Current liabilities</b>				
Current interest-bearing liabilities	17, 21	2,965	2,493	995
Other current liabilities	19, 21	3,162	2,868	2,995
<b>Total current liabilities</b>		<b>6,128</b>	<b>5,361</b>	<b>3,990</b>
<b>Total liabilities</b>		<b>10,153</b>	<b>8,427</b>	<b>9,142</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,632</b>	<b>11,351</b>	<b>11,199</b>

## STATEMENT OF CHANGES IN EQUITY

SEK million	Share capital	Retained earnings incl. profit for the year	Total equity
Equity, 1 Jan 2015	–	1,124	1,124
<b>Transactions with the Group's shareholders</b>			
<b>Contributions from and distributions to shareholders</b>			
Other transactions with shareholders	–	1	1
<b>Total transactions with the Group's shareholders</b>			
Profit for the year	–	933	933
Other comprehensive income for the year	–	–	–
<b>Comprehensive income for the year</b>	–	<b>933</b>	<b>933</b>
<b>Equity, 31 Dec 2015</b>	–	<b>2,058</b>	<b>2,058</b>
Equity, 1 Jan 2016	–	2,058	2,058
<b>Transactions with the Group's shareholders</b>			
<b>Contributions from and distributions to shareholders</b>			
Dividends paid	–	–156	–156
Other transactions with shareholders	–	–133	–133
<b>Total transactions with the Group's shareholders</b>	–	<b>–289</b>	<b>–289</b>
Profit for the year	–	1,155	1,155
Other comprehensive income for the year	–	–	–
<b>Comprehensive income for the year</b>	–	<b>1,155</b>	<b>1,155</b>
<b>Equity, 31 Dec 2016</b>	–	<b>2,924</b>	<b>2,924</b>
Equity, 1 Jan 2017	–	2,924	2,924
<b>Transactions with the Group's shareholders</b>			
<b>Contributions from and distributions to shareholders</b>			
Registered share capital	0	–	0
Dividends paid	–	–370	–370
Other transactions with shareholders	–	–290	–290
<b>Total transactions with the Group's shareholders</b>	<b>0</b>	<b>–660</b>	<b>–660</b>
Profit for the year	–	1,215	1,215
Other comprehensive income for the year	–	–	–
<b>Comprehensive income for the year</b>	–	<b>1,215</b>	<b>1,215</b>
<b>Equity, 31 Dec 2017</b>	<b>0</b>	<b>3,479</b>	<b>3,479</b>

## STATEMENT OF CASH FLOW

SEK million	Note	2017	2016	2015
Profit from property management		1,013	722	641
Adjustments for non-cash items	23	-379	-266	-239
Tax paid		-5	-2	0
		<b>629</b>	<b>454</b>	<b>402</b>
Increase (-)/decrease (+) in current receivables		-19	-27	-3
Increase (+)/decrease (-) in current liabilities		-133	96	198
<b>Cash flow from operating activities</b>		<b>477</b>	<b>523</b>	<b>597</b>
Direct and indirect acquisitions of investments properties	23	-1,735	-392	-62
Direct and indirect divestments of investments properties		307	1,175	0
Investments in existing investment properties		-260	-253	-235
Dividend from joint ventures		100	100	50
Other		-3	-6	1
<b>Cash flow from investing activities</b>		<b>-1,591</b>	<b>624</b>	<b>-246</b>
Loans raised	23	1,979	988	594
Repayment of loans	23	-958	-2,008	-1,059
<b>Cash flow from financing activities</b>		<b>1,021</b>	<b>-1,020</b>	<b>-464</b>
<b>Cash flow for the year</b>		<b>-93</b>	<b>127</b>	<b>-113</b>
Cash and cash equivalents at the beginning of the year		253	126	239
<b>Cash and cash equivalents at the end of the year</b>		<b>160</b>	<b>253</b>	<b>126</b>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 GENERAL INFORMATION

Nyfosa AB ("Nyfosa"), corporate registration number 559131-0833, is a public limited liability company with its registered office in Nacka. These combined financial statements (the "financial statements") encompass Nyfosa AB and its subsidiaries. The Nyfosa Group's ("Nyfosa") operations comprise owning and managing properties.

## NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION

In view of the resolution of the board of directors of Hemfosa Fastigheter AB on 20 August 2018 to propose that the extraordinary general meeting resolve to distribute the shares of the subsidiary Nyfosa AB to the shareholders in accordance with the Lex ASEA rules, these financial statements have been prepared for the purpose of compiling a prospectus since Nyfosa AB's shares are to be admitted to trading on a regulated market.

Nyfosa was registered with the Swedish Companies Registration Office on 27 October 2017 and was dormant until December 2017. Nyfosa AB acquired 122 companies (indirectly) at carrying amount from various subsidiaries of Hemfosa Fastigheter AB between December 2017 and May 2018. The acquired companies are primarily property-owning companies, but also holding companies. The historical financial information also includes companies that were externally divested between 2015 and 2017 up until their divestment dates.

The acquired companies were either directly owned subsidiaries or indirectly owned subsidiaries of Hemfosa Fastigheter AB on the divestment date and were thus under "common control" together with Nyfosa, meaning that these companies were subject to the same controlling influence both before and after the internal acquisitions.

Since the operations have not historically formed a group according to the IFRS definition, there are no consolidated financial statements for the periods prior to the aforementioned structuring of Nyfosa. Accordingly, the historical financial information for 2015–2017 has been prepared as combined financial statements for the reporting unit comprising Nyfosa AB and the units included in Nyfosa according to the current structure. Refer to Note 25 for a specification of the units included in the combined financial statements.

Nyfosa has defined the following policies since IFRS does not provide specific guidance on how combined financial statements are to be prepared. The combined financial statements are based on historical carrying amounts, as recognised in Hemfosa Fastigheter AB's consolidated financial statements ("predecessor accounting"). Adjustments have been made to eliminate transactions between the companies included in the combined financial statements, referred to below as "financial statements."

The financial statements for 2015–2017 are Nyfosa AB's first financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has thus been applied. In accordance with IFRS 1, a subsidiary that begins applying IFRS later than its parent company may choose to measure its assets and liabilities at the carrying amounts to be recognised in the parent company accounts based on the parent company's transition to IFRS. Nyfosa has utilised this option, which means that the Group values attributable to Nyfosa entities that were used in Hemfosa Fastigheter AB's consolidated financial statements are also used in Nyfosa AB's financial statements.

### *Intra-Group transactions*

All receivables and liabilities to Hemfosa Fastigheter AB and its subsidiaries are presented as external receivables and liabilities. Transactions with these companies are considered related-party transactions. Refer to Note 21.

### *Transactions with shareholders*

Dividends, group contributions and other transactions between the Hemfosa Fastigheter Group ("Hemfosa") and Nyfosa whereby values have been transferred for no consideration have been recognised as transactions with shareholders.

### *Allocation of expenses*

One condition for the preparation of combined financial statements is that allocations are correctly identified and that a rational basis exists for said allocations. The allocations must also be verifiable and it must be possible to measure them reliably. The Hemfosa Fastigheter Group has applied an internal cost allocation model, which means that expenses pertaining to IT, HR and other group-wide functions are allocated and charged to the individual property based on various allocation keys that vary depending on the type of cost. This means that related costs pertaining to Nyfosa's operations have been included in the financial statements. There are also other expenses that are not reflected, such as costs for Group management and costs for being a listed company.

### *Remuneration of senior executives*

No separate disclosures on remuneration of senior executives are presented since Nyfosa had not appointed a management team during the periods encompassed by these financial statements. No board fees were paid either.

### *Financial expenses and capital structure*

The companies included in Nyfosa historical financing, in Hemfosa formed the basis of preparation for the financial historical information. This means that financial items in the statement of profit/loss are based on the interest-bearing assets and liabilities that have been historically reported by Hemfosa to the extent that they are guaranteed with assets attributable to Nyfosa. Receivables and liabilities as well as interest income and interest expenses vis-à-vis companies in Hemfosa are presented as related-party transactions in the financial statements. Accordingly, these financial statements do not reflect the historical capital structure or net financial items for a separate, listed entity.

### *Taxes*

Tax recognised in the financial statements is based on the recognised current and deferred tax of the entities included. Tax effects attributable to group contributions paid to or received by entities within the remaining Hemfosa that are not included in Nyfosa are recognised together with the underlying transaction as a transaction with owners under equity.

### *Earnings per share*

Nyfosa was registered with the Swedish Companies Registration Office on 27 October 2017 and thus did not have share capital for the entire historical financial periods. Since the number of shares up until 6 November 2018 has risen to 167,728,249 according to a resolution by the general meeting, Nyfosa has chosen to use this number of shares for all periods presented.



#### Cash and cash equivalents

Cash and cash equivalents comprise cash as well as immediately available balances in banks and corresponding institutes. Nyfosa classifies account balances in Hemfosa Fastigheter's central cash pool as a balance with a related party, refer also to Note 20.

#### Compliance with standards and legislation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as adopted by the EU. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied.

#### Functional currency and reporting currency

The functional currency is Swedish kronor (SEK), which is also the reporting currency. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest million.

#### Measurement basis applied to the preparation of the financial statements

Assets and liabilities are recognised at historical cost, except for fixed-income derivative instruments and investment properties that are measured at fair value.

#### Judgements and estimates in the financial statements

The preparation of the financial statements in accordance with IFRS requires that Company management make judgements and estimates, and make assumptions that affect the application of the accounting policies and the amounts of assets, liabilities, income and expenses recognised. The actual outcome may deviate from these judgements and estimates. Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made if the change only affects that period, or in the period in which the change is made and future periods if the change affects the period in question and future periods. Judgements made by Company management in the application of IFRS that have a significant impact on the financial statements and estimates made that may entail significant adjustments in the following year's financial statements are described in more detail in Note 24.

#### New IFRS that have not yet been applied

*IFRS 9 Financial instruments* replaces IAS 39 Financial instruments: Recognition and Measurement as of 2018. The Group has not applied IFRS 9 prospectively. IFRS 9 entails changes in how financial assets are classified and measured, introduces an impairment model that is based on expected credit losses rather than losses incurred and introduces changes in policies for hedge accounting, in part to simplify and thus increase equivalency with the Company's internal risk management strategies. The transition to IFRS 9 has not had any material impact on the Group since the receivables recognised mainly comprise rent receivables in respect of advance payment subject to a very low credit risk and hedge accounting is not applied.

As of 2018, *IFRS 15 Revenue from Contracts with Customers* replaces existing IFRSs governing revenue recognition. The Group's revenue essentially comprises rental income recognised according to IAS 17 Leases, which is why IFRS 15 only applies to sales of property management services and media. The transition to IFRS 15 Revenue from Contracts with Customers will be recognised in accordance with the retroactive method, meaning that comparative figures for 2017 will be presented according to IFRS 15. In connection with the transition to IFRS 15, a review of the Group's total income has been implemented. As a result of the review, Nyfosa identified that components of the Group's debited income were subject to IFRS 15, which is why Nyfosa's income will be divided up into two components – Rental Income and Service Income. The former comprises customary rent including indexing, surpluses charged for investments and property tax, while the latter pertains to all other additional charges in the form of extra service such as heat, cooling, garbage, water and snow clearance. Nyfosa has conducted an analysis of whether Nyfosa is a princi-

pal or an agent for these services and has concluded that the Group, in its capacity as property owner, largely acts as a principal. This means that if a corresponding assessment is made for 2017, the Group would have had rental income of SEK 870 million allocated between Rental Income of SEK 836 million and Service Income of SEK 34 million. Accordingly, the transition to IFRS 15 will not have any material impact on recognised income or earnings.

Effective 2019, *IFRS 16 Leases* replaces existing IFRSs related to recognition of leases, such as IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease and SIC 15 Operating Leases—Incentives. The Group has decided not to implement IFRS 16 prospectively. Nyfosa will apply the modified retrospective transition method.

The new standard encompasses rules for both lessors and lessees. Nyfosa's income is primarily generated from rental income and is thus subject to the IFRS 16 rules for lessors. The rules for lessors are largely unchanged and the classification between operating and finance leases is retained. IFRS 16 materially changes reporting for lessees. The standard changes the previous distribution between finance and operating leases, and a finance lease liability and corresponding right-of-use asset are to be recognised for all leases. An expense for depreciation of the asset and an interest expense attributable to the finance lease liability are recognised in profit or loss instead of being continuously expensed as paid leasing fees. The disclosures provided in Note 7 Ground rent provide an indication of the type and scope of the leases that currently exist.

#### Classification, etc.

Non-current assets and non-current liabilities essentially comprise amounts expected to be recovered or paid more than 12 months after the balance-sheet date. Virtually all significant current assets and current liabilities in the parent company and Group consist of amounts expected to be recovered or paid within 12 months of the balance-sheet date.

#### Operating segment reporting

Nyfosa's operations comprise one operating segment, meaning that 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.

#### Consolidation principles

##### Subsidiaries

Subsidiaries are companies that are under the controlling influence of Nyfosa. Controlling influence is achieved when Nyfosa has control over the investment object, is exposed or entitled to a variable return from its holding in the Company and can exercise control over the investment to influence the return. When assessing whether controlling influence exists, potential vote-carrying shares are taken into account, as is whether the Company has de facto control.

Acquisitions of companies can be classified either as business combinations or as asset purchases according to IFRS 3. This is an individual assessment that is made for each individual acquisition. Should the corporate acquisition essentially only comprise property(ies) and not significant processes, the acquisition is classified as an asset purchase. Other corporate acquisitions are classified as business combinations and thus include strategic processes associated with the operation. In the case of an asset purchase, deferred tax attributable to the property acquisition is not recognised. Instead, a possible discount for non-tax-deductible cost reduces the property's cost. During subsequent measurement of an acquired property at fair value, the tax discount will be replaced in full or in part by a recognised change in value of the property. When selling an asset subject to a tax discount, a negative change in value will arise, which matches in full or in part the tax discount provided. Acquisitions conducted to date have been assessed as constituting asset purchases.

When acquisitions of subsidiaries entail an acquisition of net assets that do not constitute an operation, the cost is allocated to the individual identifiable assets and liabilities based on their fair value on

the acquisition date. Transaction costs are added to the cost of the acquired net assets.

#### Joint ventures

For accounting purposes, joint ventures are defined as companies in which the Group has common control through cooperation agreements with one or more partners, whereby the Group is entitled to the net assets rather than a direct right to assets and commitments pertaining to liabilities. In the consolidated financial statements, holdings in joint ventures are consolidated in accordance with the equity method. The equity method entails that the carrying amount of the share in joint ventures recognised in the consolidated financial statements corresponds to the Group's share of the joint ventures' equity and any other remaining consolidated surpluses or deficits. The Group's share of the profit of joint ventures adjusted for any depreciation/amortisation, impairment and dissolution of acquired surpluses or deficits is recognised in the Group's net profit for the year as "Share in profit of joint ventures." These shares in profit less dividends received from joint ventures comprise the main change in the carrying amount of shares in joint ventures. Any differences arising from the acquisition between the cost of the holding and the owner company's share of the net fair value of the joint venture's identifiable assets and liabilities are recognised in accordance with the same policies as for acquisitions of subsidiaries. The equity method is applied until the date on which the common control ceases.

#### Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expenses, and unrealised gains or losses arising from transactions between Group companies are eliminated in their entirety when the consolidated financial statements are prepared. Unrealised gains arising from transactions with joint ventures are eliminated to an extent corresponding to the Group's participating interest in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only insofar as no impairment is required.

#### Rental income

Rental income encompasses all types of rental income including such additions as property tax, heating, etc. Rental income is recognised straight line in profit or loss based on the conditions of the agreement. The total cost for rent discounts provided is recognised as a decrease in rental income straight line over the leasing term. Leases are classified as operating leases.

#### Other property income

Other property income comprises onward invoice costs, insurance compensation received and damages.

#### Gains/losses from property sales

Gains/losses from the sale of properties and shares and participations in property-owning companies are recognised under the heading "Changes in value of properties, realised" and correspond to the difference between the obtained selling price less selling expenses and the most recent carrying amount, plus investments implemented following the latest value date.

Gains/losses from property sales are recognised on the date of taking possession, unless the risks and benefits have been transferred to the buyer on an earlier occasion. If the risks and benefits have been transferred, the property sale is recognised at the earlier date. In assessing the date of revenue recognition, agreements between the parties governing risks and benefits as well as involvement in ongoing management are taken into account.

Circumstances beyond the control of the seller and/or buyer that could affect completion of the transaction are also taken into consideration. Any provisions for such items as non-invoiced selling expenses or other remaining costs attributable to the transaction conducted are made on the sales date.

#### Other operating income

Other operating income refers to income from secondary activities in the normal business operations such as capital gains on tangible assets, exchange-rate gains on receivables and operating liabilities.

#### Leases

Leases under which the lessor accounts for essentially all risks and benefits associated with ownership are classified as operating leases. All leases attributable to investment properties are to be considered operating leases. Refer to the policy on income for information on recognition of these leases. Expenses attributable to operating leases are recognised in profit or loss straight line over the leasing term. Discounts received when an agreement is signed are recognised in profit or loss as a decrease in leasing fees straight line over the term of the lease. Variable fees are expensed in the periods in which they arise. The Group does not have any finance leases in which the Group is the lessor.

#### Financial income and expenses

Financial income comprises interest income on invested funds. Interest income is recognised at the rate at which it is earned.

Financial expenses refer to interest, fees and other expenses arising when Nyfosa takes up interest-bearing liabilities. Financial expenses are charged to profit or loss for the period to which they are attributable.

Derivatives are utilised to financially hedge the risks of interest-rate exposure to which the Group is exposed. Interest payments regarding fixed-income derivatives are recognised as interest expenses in the period to which they refer. Other changes in the fair value of fixed-income derivatives are recognised on a separate line in profit or loss.

#### Taxes

Income tax comprises current tax and deferred tax. Current tax is tax that is to be paid or received in the current year, with the application of the tax rates that have been decided or are decided in practice on the balance-sheet date. Current tax also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated in accordance with the balance-sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. Temporary differences are not recognised for differences arising on initial reporting of assets and liabilities that are not business combinations that, at the time of the transaction, affect neither recognised nor taxable earnings. Temporary differences attributable to participations in subsidiaries and joint ventures that are not expected to be reversed in the foreseeable future are also not taken into consideration.

The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated with the application of the tax rates and tax rules established or decided in practice on the balance-sheet date. Deferred tax assets on deductible temporary differences and loss carryforwards are only recognised to the extent that it is likely that it will be possible to utilise these. Upon acquisition of an asset, deferred tax is not recognised separately on the date of acquisition; instead the asset is recognised at cost corresponding to the fair value of the asset less any discount for non-tax-deductible cost. During subsequent measurement of an acquired property at fair value, the tax discount will be replaced in full or in part by a recognised change in value of the property. After the acquisition date for asset purchases, deferred tax is only recognised for changes in the carrying amount and changes in the tax-assessment value arising after the acquisition date. Changes in the deferred tax asset/tax liability are recognised in profit or loss as deferred tax. Deferred tax assets and tax liabilities are offset where they relate to income tax levied by the same authority and where the Group intends to settle the tax in a net amount.

### Financial instruments

Financial instruments recognised in the statement of financial position include such assets as cash and cash equivalents, rent and accounts receivables, and derivatives. Liabilities include accounts payable, loans and notes payable, and liabilities to related parties.

#### *Recognition in and derecognition from the statement of financial position*

A financial asset or financial liability is recognised in the statement of financial position when the Company becomes party to it in accordance with the instrument's contractual conditions. A receivable is recognised when the Group has performed and a contractual obligation for the counterparty to pay exists, even if an invoice has not been sent. Accounts receivable are recognised in the statement of financial position when an invoice has been sent. A liability is recognised when the counterparty has performed and a contractual obligation for the Company to pay exists, even if an invoice has not yet been received. Accounts payable are recognised when the invoice has been received. A financial asset is derecognised from the statement of financial position when the rights in the contract are realised, have matured or the Company loses control over them. The same applies to portions of a financial asset. A financial liability is derecognised from the statement of financial position when the obligation in the contract is met or eliminated in another manner. The same applies to a portion of a financial liability. A financial asset and a financial liability are offset and recognised in a net amount in the statement of financial position only when a legal right exists to offset the amounts and there is an intention to settle the item in a net amount or to simultaneously realise the asset and settle the liability. Acquisitions and divestments of financial assets are recognised on the date of transaction, meaning the date on which the Company undertakes to acquire or divest the asset.

#### *Classification and measurement*

Financial instruments, which are not derivatives, are initially recognised at cost, corresponding to the fair value of the instrument plus transaction costs. Derivatives are initially measured at fair value without additions or deductions for transaction costs; transaction costs are recognised in profit or loss. A financial instrument is classified upon initial recognition based on the purpose for which the instrument was acquired. The classification determines how the financial instrument is measured following initial recognition, as described below.

#### *Loan receivables and accounts receivable*

Loan receivables and accounts receivable are financial assets that are not derivatives, that have fixed or fixable payments and that are not listed on an active market. These assets are measured at amortised cost. Amortised cost is determined based on the effective rate calculated on the acquisition date. Loan receivables and accounts receivable are recognised at the amount that is expected to flow in, meaning after deductions for doubtful receivables.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash as well as immediately available balances in banks and corresponding institutes. Recognition is applied in nominal amounts.

#### *Other financial liabilities*

Loans and other financial liabilities, such as accounts payable and liabilities to related parties, are included in this category. Liabilities are recognised at amortised cost.

#### *Derivatives*

Fixed-income derivatives are used to financially hedge the interest-rate risks to which the Group is exposed. Derivatives are classified in the category financial assets/liabilities measured at fair value through profit or loss. The derivatives are measured at fair value according to measurement at Level 2, with changes in value in profit or loss. Hedge accounting is not applied for fixed-income derivatives.

### Tangible assets

Tangible assets comprise equipment that has been recognised at cost less accumulated depreciation and any impairment. Cost includes the purchase price and costs directly attributable to transport the asset to the correct site and to prepare it for the manner intended by the acquisition.

Depreciation takes place straight line over the estimated useful life of the asset. The estimated useful lives are:

Equipment 5–10 years

The asset is depreciated from the acquisition date. The useful life is the period during which the asset is expected to be available for use in the Group.

### Investment properties

Investment properties are properties held for the purpose of receiving rental income or an increase in value or a combination of the two. Properties under construction and conversion intended to be used as investment properties when the work is completed are also classified as investment properties.

#### *Measurement*

Investment properties are initially recognised at cost, which includes expenses directly attributable to the acquisition such as expenses for land registration and taking out mortgage deeds. Investment properties are measured at fair value in the statement of financial position. Additional expenses are capitalized only when it is probable that the Group will receive future financial benefits associated with the asset and the expenses can be reliably determined. Other repair and maintenance costs are expensed in the period in which they occur.

Borrowing costs directly attributable to the purchase, construction or production of assets that take a considerable amount of time to complete for their intended use or sale are included in cost. For the Nyfosa Group, this is mainly the case in conjunction with the construction of, or major conversion projects, for investment properties. Borrowing costs are calculated based on the financial requirements of the project and the Group's borrowing costs. Borrowing costs comprise interest and other expenses arising when a company borrows money.

Both unrealised and realised changes in value are recognised in profit or loss, after profit from property management. Rental income and income from property sales are recognised in accordance with the policies described in the section Gains/losses from property sales.

A description of the measurement method applied, material input data in value measurements and the level in the fair value hierarchy that applies to the various components of the property portfolio is presented in Note 13.

### Impairment

The recognised assets are impairment tested on every balance-sheet date. If there is an indication of an impairment requirement, the recoverable amount of the asset is calculated. Impairment is recognised when the carrying amount of an asset or cash-generating unit (group of units) exceeds the recoverable amount. The recoverable amount is the highest of the fair value less selling expenses and value in use. To calculate value in use, future cash flows are discounted at a discount rate that takes into account risk-free interest and risk related to the specific asset.

A reversal is only performed insofar as the carrying amount of the asset after reversal does not exceed the carrying amount that the asset would have had if impairment had not been recognised.

Exceptions from these impairment principles are made for investment properties, which are measured at fair value, and deferred tax assets, which are measured according to separate rules, as described under the relevant sections of these accounting policies.

### Employee benefits

#### *Defined-contribution pension plans*

Defined-contribution pension plans are those plans in which the Company's obligation is limited to the contributions the Company undertakes to pay. In such cases, the amount of the employee's

pension depends on the contributions that the Company pays to the plan or to an insurance company and the return generated by the contribution. Consequently, it is the employee who bears the actuarial risk (that remuneration can be lower than expected) and the investment risk (that the invested assets may be insufficient for the expected remuneration). The Company's obligations regarding contributions to defined-contribution plans are recognised as an expense in profit and loss at the rate in which they are earned by employees performing services for the Company during a period.

**Short-term remuneration**

Short-term remuneration such as salaries to employees is calculated without discounting and is recognised as an expense when the related services are received. A provision is recognised for the anticipated cost of bonus payments and when the Group has a valid legal or informal duty to make such payments as a result of services received from employees and when the obligation can be reliably calculated.

**Severance pay**

A liability and expenses for severance pay are recognised at the earliest of the following times:

- When the Company can no longer withdraw the offer of such remuneration
- When the Company recognises restructuring expenses that are within the scope of IAS 37 and encompass employee benefits

When remuneration is provided to employees due to the employee having accepted an offer of remuneration in exchange for terminating employment, the time at which the Company can no longer withdraw the offer of remuneration is the earliest of the following times:

- When the employee accepts the offer, meaning signs a contract
- When a limit to the Company's ability to withdraw the offer comes into effect

**Provisions**

A provision differs from other liabilities since there is uncertainty regarding the date of payment and the amount for settling the provision. A provision is recognised in the statement of financial position when there is an existing legal or informal obligation as a result of an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The provision is posted in an amount that represents the best estimate of what will be required to settle the existing obligation on the balance-sheet date. Where the effect of when a payment is made is significant, provisions are calculated through the discounting of the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks related to the liability.

**Contingent liabilities**

A contingent liability is recognised when there is a possible commitment originating from events that have occurred and whose occurrence will be confirmed only by one or several uncertain future events or when there is a commitment that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

**NOTE 3 FINANCIAL RISKS AND RISK MANAGEMENT**

The Group is exposed to various financial risks through its business activities. Financial risks involve market, liquidity and credit risks associated with financial instruments.

Between 2015 and 2017, Nyfosa, as a part of Hemfosa, managed its financial risks in accordance with Hemfosa Fastigheter's finance policy and through Hemfosa's central finance department. Hemfosa's finance policy for managing financial risks has been decided by Hemfosa Fastigheter AB's board and constitutes a framework of guidelines and rules in the form of risk mandates and limits for financing activities. The board of Nyfosa has adopted a finance policy to manage financial risks that applies from 21 May 2018. This policy essentially corresponds with Hemfosa Fastigheter's finance policy. Compliance with the current finance policy is managed by Nyfosa's own finance function. In order to minimise interest-rate and funding risks, the bullet points below act as guidelines for Nyfosa's finance policy:

- The Company's total loan-to-value ratio may not exceed 65 percent (calculated at market value)
- The Company's interest-payment capacity may not be lower than an interest-coverage multiple of 2
- The Company must have at least four main creditors
- Not more than 25 percent of the loan liability may fall due for renegotiation during the same 12-month period

The average term for the loans may not be shorter than 1.5 years. The basis for the Company's choice of strategy for managing interest-rate risk comprises the choice of an interest-rate maturity strategy for the loans combined with a selection of derivative instruments to alter the interest-rate risk.

Follow-up of the financial objectives is conducted continuously via reporting to the board prior to submission of the Company's interim reports.

**Interest-rate risk**

Variations in market interest rates have a material impact on Nyfosa's earnings, meaning that managing interest-rate risk is a key part of the finance department's work.

For Nyfosa, interest-rate risk primarily pertains to the risk of excessively high interest expenses and thus lower earnings due to market interest rates. Interest-rate risk refers to the risk of choosing too high a percentage of fixed interest-rate periods in a scenario of falling rates or sustained low variable rates.

The basis for the Company's choice of strategy for managing interest-rate risk comprises the choice of an interest-rate maturity strategy for the loans combined with a selection of derivative instruments to alter the interest-rate risk.

The maturity structure of the loan portfolio, including derivative instruments, is to be a balance between short and long fixed-rate periods. Expected interest expenses and risks as well as the Company's prospects and financial trend are assessed in order to determine the strategy for managing interest-rate risk. The strategy chosen is to be referred to as the normal portfolio.

The normal portfolio is the maturity structure of the fixed-rate periods that has been chosen as a benchmark, taking into consideration the Company's economic and financial position and risk appetite. The finance function continuously monitors the outcome of the Company's actual loan portfolio in relation to the normal portfolio. The normal portfolio and intervals for maximum deviations and interest-rate risk mandates are stipulated in the finance policy.

**Derivative instruments**

In its risk management, Nyfosa may use derivative instruments linked to the underlying loan portfolio. Derivative instruments is used solely as a tool for risk management.

The derivatives consists primarily of interest rate cap reported at the present value of the expected flows during the remaining maturity of the position. The expected flows are calculated on the strike level as well as forward rates on 3-month Stibor and its volatility. If the forward rates (or volatility) drops, the value of the derivative will decrease.

SEK million	Change	2017	2016	2015
Interest expenses assuming changed interest rates with current fixed-interest periods <sup>1)</sup>	+/-1%	+ 30 /-11	+ 20 /-12	+ 29 /-21

1) Taking into account derivative agreements.



## Note 3 Financial risks and risk management cont.

## Fixed-rate periods

SEK million	31 Dec 2017				31 Dec 2016					31 Dec 2015				
	Overdraft facilities <sup>1)</sup>	Interest-rate cap	Amount	Share, %	Overdraft facilities <sup>1)</sup>	Interest-rate swap	Interest-rate cap	Amount	Share, %	Overdraft facilities <sup>1)</sup>	Interest-rate swap	Interest-rate cap	Amount	Share, %
< 1 year	6,595	-2,242	4,353	66	5,296	-42	-1,379	3,875	73	4,812	-398	-1,291	3,521	61
1-2 years	0	788	788	12	0	42	969	1,011	19	959	314	314	1,273	22
2-3 years	7	0	7	0	0	0	409	409	8	0	83	977	977	17
3-4 years	0	445	445	7	11	0	0	11	0	0	0	0	0	0
>4 years	0	1,009	1,009	15	0	0	0	0	0	14	0	0	14	0
<b>Total</b>	<b>6,602</b>	<b>0</b>	<b>6,602</b>	<b>100</b>	<b>5,308</b>	<b>0</b>	<b>0</b>	<b>5,306</b>	<b>100</b>	<b>5,785</b>	<b>0</b>	<b>0</b>	<b>5,785</b>	<b>100</b>

1) The loans comprise undiscounted amounts. The interest-bearing liabilities in the statement of financial position include arrangement fees. In addition to the interest-bearing liabilities above, Nyfosa has current, non-interest-bearing liabilities to related parties of SEK 2,967 million (2,640, 2,756).

## Liquidity and refinancing risk

Liquidity risk is the risk of not having sufficient payment capacity in the short and the long term to honour the Group's payment obligations. The finance department provides short-term liquidity forecasts on a week-by-week basis and also long-term rolling 12-month liquidity forecasts. The forecasts are updated continuously on a weekly and quarterly basis.

The Group has overdraft facilities to ensure flexible cash management and to effectively deal with peaks and troughs in payment

streams. Surplus liquidity is to be invested in low-risk liquid assets due to the finance policy.

Refinancing risk is the risk that financing or refinancing of the Company's liabilities or operations cannot be obtained to the same extent or can only be obtained at a significantly higher cost. According to the finance policy, existing and prospective financiers are engaged in continuous discussions to ensure that the necessary financing can be obtained in all situations.

## Maturity structure, interest-bearing liabilities

SEK million	31 Dec 2017					31 Dec 2016					31 Dec 2015				
	Loan maturity	Share, %	Interest, loans	Net interest, derivatives	Total interest	Loan maturity	Share, %	Interest, loans	Net interest, derivatives <sup>1)</sup>	Total interest	Loan maturity	Share, %	Interest, loans	Net interest, derivatives <sup>1)</sup>	Total interest
< 1 year	2,901	44	87	-	87	2,450	46	65	3	67	976	17	73	7	80
1-2 years	1,239	19	52	-	52	1,581	30	43	1	44	3,074	53	59	3	62
2-3 years	21	0	42	-	42	1,274	24	45	5	50	1,722	30	26	1	27
3-4 years	981	15	37	-	37	-	-	-	-	-	14	-	1	-	1
>4 years	1,461	22	23	-	23	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6,602</b>	<b>100</b>	<b>240</b>	<b>-</b>	<b>240</b>	<b>5,308</b>	<b>100</b>	<b>153</b>	<b>9</b>	<b>161</b>	<b>5,785</b>	<b>100</b>	<b>159</b>	<b>10</b>	<b>169</b>

1) The net interest rate shown in the Maturity structure tables is attributable to negative value swaps.

## Credit risk

Credit risk is the risk that a counterparty may be unable to fulfil its commitments, thus resulting in a loss. Nyfosa has a large number of leases and manages credit risk by applying the procedure of demand-

ing advance payments from tenants and cash and cash equivalents only being deposited in accounts with Swedish banks and credit institutions that have a credit rating of at least A- (S&P) or A3 (Moody's).

## Items in the statement of financial position corresponding to the amount of credit risk

SEK million	31 Dec 2017	31 Dec 2016	31 Dec 2015
Rent receivables	2	14	7
Current receivables	40	29	4
Cash and cash equivalents	160	253	126
<b>Total</b>	<b>202</b>	<b>296</b>	<b>137</b>

## Offsetting of financial instruments

To limit the counterparty risk, Nyfosa has entered into standardised netting agreements (ISDA agreements) with all derivative counterparties, which entails that in the event of the counterparty becoming

insolvent or another incident arising, Nyfosa can offset outstanding derivatives with positive and negative values.

SEK million	Financial assets			Financial liabilities		
	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2017	31 Dec 2016	31 Dec 2015
Carrying amount in the statement of financial position	4	0	1	0	-3	-8
Amount encompassed by netting	-	-	-1	-	-	1
<b>Amount after netting</b>	<b>4</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-3</b>	<b>-7</b>

## Capital management

Nyfosa has been part of Hemfosa for which the following principles were applied to capital management:

- The Company's total loan-to-value ratio may not exceed 75 percent
- The interest-payment capacity may not be lower than an interest coverage multiple of 2.0
- The equity/assets ratio is to exceed 30 percent, and

- Surplus liquidity is to be invested in low-risk liquid assets until such time as the funds can be used for investments. Liquidity is only to be used for accelerated amortisation if no investments or acquisitions are planned for the foreseeable future.

None of the companies in the Group itself are under any external capital requirements.



## NOTE 4 OPERATING SEGMENTS

Nyfosa's operations comprise one operating segment, meaning that Nyfosa's operations comprise a business that generates income and expenses and whose operating profit is regularly assessed by the Company's management and board as a basis for monitoring earnings and allocating resources. No one tenant accounts for more than 10 percent of rental income.

### Maturity structure of contractual leases

Year of expiry	31 Dec 2017			31 Dec 2016			31 Dec 2015		
	Contractual annual rent	Share, %	Number of leases	Contractual annual rent	Share, %	Number of leases	Contractual annual rent	Share, %	Number of leases
< 1 year	131	14	785	81	10	506	123	14	699
1–2 years	187	19	378	134	16	288	163	19	357
2–3 years	234	24	391	171	21	184	129	15	236
3–4 years	124	13	178	159	20	163	127	15	119
4–5 years	60	6	85	75	9	40	104	12	47
>5 years	225	23	70	195	24	57	221	25	62
<b>Total</b>	<b>961</b>	<b>100</b>	<b>1,887</b>	<b>815</b>	<b>100</b>	<b>1,238</b>	<b>867</b>	<b>100</b>	<b>1,520</b>

### Contractual future rental income from existing leases

SEK million	31 Dec 2017	31 Dec 2016	31 Dec 2015
Contractual income due for payment within one year	929	793	838
Contractual income due for payment between one and five years	1,904	1,813	1,883
Contractual income due for payment after five years	1,143	990	1,020

## NOTE 6 OTHER PROPERTY INCOME

Other property income comprises onward invoice costs, insurance compensation received and damages. Income for 2017 includes a large insurance compensation.

## NOTE 7 OPERATING EXPENSES SPECIFIED BY COST TYPE

SEK million	2017	2016	2015
Operating expenses	146	145	153
Maintenance costs	66	79	109
Property tax	42	40	40
Other external costs	33	40	47
Personnel costs	5	7	10
<b>Total operating expenses</b>	<b>292</b>	<b>311</b>	<b>359</b>

### Ground rent

Ground rent pertains to the annual fee that the owner of a building on municipally owned land has to pay to the municipality. The charge for these leaseholds is currently calculated so that the municipality receives real interest on the estimated market value. The ground rent is allocated

over time and is renegotiated at intervals of ten to 20 years. Nyfosa has six site leasehold agreements, of which one will be renegotiated within the next five years. Ground rent costs in 2017 totalled SEK 2 million (2,0).

### Agreed ground rent

SEK million	2017	2016	2015
Within one year	2	2	0
Between one and five years	9	9	2
Longer than five years	5	7	8
<b>Total</b>	<b>16</b>	<b>18</b>	<b>10</b>

## NOTE 8 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES

No separate disclosures on remuneration of senior executives are presented since Nyfosa had not appointed a management team until 1 June 2018. No board fees were paid.

SEK million	2017	2016	2015
<i>Other employees</i>			
Salaries and other remuneration, etc.	3	4	6
Pension costs, defined-contribution plans	0	0	1
Social security contributions	1	2	3
<b>Total costs for employee benefits</b>	<b>4</b>	<b>6</b>	<b>10</b>

### *Average number of employees*

Average number of employees	2017	2016	2015
Average number of employees	6.0	10.0	14.0
Of whom, women	3.5	4.5	5.5
Percentage of women	58%	45%	39%

## NOTE 9 FEES AND REMUNERATION TO AUDITORS

SEK million	2017	2016	2015
Audit assignment	2	2	3
<b>Total fees and remuneration to auditors</b>	<b>2</b>	<b>2</b>	<b>3</b>

Audit assignments are defined as the statutory auditing of the annual report and consolidated financial statement as well as the administration of the board of directors and the CEO, and the audit and other reviews conducted in accordance with contracts or agreements.

This includes other assignments that are the responsibility of the Company's auditor as well as guidance and assistance occasioned by observations made in conjunction with such reviews or the completion of such other work assignments.

## NOTE 10 FINANCIAL INCOME AND EXPENSES

SEK million	2017	2016	2015
<b>Financial income</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest expenses	-106	-97	-127
Other financial expenses	0	0	0
<b>Financial expenses</b>	<b>-106</b>	<b>-97</b>	<b>-127</b>
<b>Net</b>	<b>-106</b>	<b>-97</b>	<b>-127</b>

## NOTE 11 INCOME TAX

The nominal corporate tax rate in Sweden between 2015 and 2017 was 22 percent. The table below shows the sub-items resulting in the effective tax rate in Nyfosa.

Reconciliation of effective tax	2017	2016	2015
Profit before tax	1,394	1,112	1,071
Tax according to applicable tax rate for parent company	-22.0%	-22.0%	-22.0%
	-307	-245	-236
Non-deductible costs	-0.1%	0	0
	-1	0	0
Tax-exempt income	3.6%	3.8%	1.9%
	50	43	21
Profit from shares in joint ventures	6.0%	5.6%	5.2%
	84	63	56
Capitalisation of loss carryforwards not capitalised in prior years	0.0%	15.6%	0.8%
	0	175	8
Tax attributable to prior years	-0.3%	0.0%	0.2%
	-4	-1	2
Other	-0.1%	0.7%	1.0%
	-2	8	11
<b>Recognised effective tax</b>	<b>-12.9%</b>	<b>3.9%</b>	<b>-12.8%</b>
	<b>-180</b>	<b>43</b>	<b>-137</b>
<b>Current tax expense</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Current tax expense	-31	-26	8
Adjustment of tax attributable to prior years	-4	-1	2
<b>Current tax expense</b>	<b>-35</b>	<b>-27</b>	<b>10</b>

*Note 11 Income tax cont.*

Deferred tax expense	2017	2016	2015
Deferred tax attributable to investment properties	-141	-65	-134
Deferred tax attributable to derivatives	-1	-	-
Deferred tax income attributable to the capitalised tax value of loss carryforwards during the year	0	175	8
Deferred tax expense due to utilisation of previously capitalised loss carryforwards	-3	-40	-21
<b>Total deferred tax expense</b>	<b>-145</b>	<b>70</b>	<b>-147</b>
<b>Total recognised tax</b>	<b>-180</b>	<b>43</b>	<b>-130</b>

**NOTE 12 EARNINGS PER SHARE**

The calculation of earnings per share is based on profit for the year divided by the average number of shares outstanding. Since the number of shares has risen to 167,728,249 in 2018, Nyfosa has chosen to use this number of shares for all reporting periods.

	2017	2016	2015
Profit for the year attributable to parent company shareholders, SEK million	1,215	1,155	933
Average weighted number of ordinary shares, millions	168	168	168
Earnings per share before and after dilution, SEK	7.24	6.89	5.56

**NOTE 13 INVESTMENT PROPERTIES**

Investment properties are recognised according to the fair value method. The table below shows the change in value in each financial year.

*Changes in value of investment properties*

SEK million	Total		
	31 Dec 2017	31 Dec 2016	31 Dec 2015
<b>Fair value at the beginning of the year</b>	<b>10,017</b>	<b>10,197</b>	<b>9,461</b>
Cost of investment properties, asset purchase	1,745	392	62
Investments in existing properties	260	253	235
Divestment of investment properties	-307	-1,216	0
Realised changes in value of divested properties	28	44	0
Unrealised changes in value of properties	348	347	439
<b>Fair value at the end of the year</b>	<b>12,090</b>	<b>10,017</b>	<b>10,197</b>

Realised and unrealised changes in value are recognised after profit from property management in profit or loss. The measurement of fair value for all investment properties is classified at Level 3 of the fair value hierarchy.

*Determining fair value*

The fair value of investment properties has been assessed by external, independent property appraisers, with relevant, professional qualifications and experience in the field as well as in the category of the properties that were appraised. The independent appraisers provide the fair value of the Group's portfolio of investment properties during each quarter.

*Valuation techniques*

The value of the properties has been assessed based on a market-adapted cash-flow estimate. The yield requirement used in the estimate derives from sales of comparable properties. The valuation was performed based on a combined location-price method, using reported benchmark purchases and the yield method, meaning a transaction-based method.

Significant factors when selecting required returns include an assessment of the object's future rent trend, changes in value and any development potential as well as the maintenance condition of the property. Key value parameters are location and rent level as well as vacancy rates. For each property, a cash flow forecast is prepared that extends at least five years into the future. The expected receipts match the terms of prevailing leases. For vacant spaces, an estimate is performed by individually assessing each property. The expected disbursements are estimated on the basis of historical property expenses.

The inflation assumption in the valuation models on 31 December 2017 was 2.0 percent for 2018 and the years ahead. The inflation assumption in the valuation on 31 December 2016 was 1.0 percent for 2017 and 2.0 percent for 2017 and the years ahead. The inflation assumption in the valuation on 31 December 2015 was 1.0 percent for 2016 and 2.0 percent for the years ahead.

The valuation is based on a present-value calculation of the estimated cash flow and the present value of the market value at the end of the calculation period. Ongoing projects have been measured according to the same policy but less the remaining investment.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 13 Investment properties cont.

#### Calculation assumptions per property category

	Fair value, SEK million			Net operating income, SEK million			Yield			Interval, yield requirement			Discount rate for cash flow			Discount rate for residual value		
	31 Dec -17	31 Dec -16	31 Dec -15	31 Dec -17	31 Dec -16	31 Dec -15	31 Dec -17	31 Dec -16	31 Dec -15	31 Dec -17	31 Dec -16	31 Dec -15	31 Dec -17	31 Dec -16	31 Dec -15	31 Dec -17	31 Dec -16	31 Dec -15
Offices	7,098	5,137	4,595	398	289	252	5.6%	5.7%	5.5%	4.8% – 8.0%	5.4% – 10.0%	5.6% – 10.0%	5.0% – 10.2%	6.8% – 12.1%	7.6% – 12.1%	6.8% – 10.2%	7.4% – 12.1%	7.6% – 12.1%
Logistics/Warehouse	3,377	3,256	3,511	212	201	215	6.3%	6.2%	6.1%	5.8% – 8.7%	5.8% – 8.7%	6.0% – 9.9%	5.5% – 10.9%	5.5% – 10.8%	6.0% – 12.0%	7.9% – 10.9%	7.8% – 10.8%	8.0% – 12.0%
Other	1,615	1,553	2,105	86	93	124	5.3%	6.0%	5.9%	5.5% – 8.5%	5.5% – 10.0%	6.5% – 8.8%	7.6% – 10.7%	7.5% – 12.1%	7.8% – 10.8%	7.6% – 10.7%	7.5% – 12.1%	8.5% – 10.8%
<b>Total</b>	<b>12,090</b>	<b>10,017</b>	<b>10,197</b>	<b>696</b>	<b>586</b>	<b>590</b>	<b>5.8%</b>	<b>5.9%</b>	<b>5.8%</b>	<b>6.4%</b>	<b>6.5%</b>	<b>6.6%</b>	<b>8.3%</b>	<b>8.4%</b>	<b>8.4%</b>	<b>8.5%</b>	<b>8.6%</b>	<b>8.6%</b>

#### Sensitivity analysis – impact on fair value

	Change	Earnings effect, SEK million		
		2017	2016	2015
Change in net operating income	+/- 5%	+/- 422	+/- 350	+/- 352
Change in yield requirement	+/- 0.25%	+/- 475	+/- 382	+/- 390
Change in growth assumptions	+/- 0.5%	+/- 53	+/- 44	+/- 44
Change in discount rate	+/- 0.25%	+/- 367	+/- 298	+/- 305

#### Impact on profit for the period apart from changes in value

SEK million	2017	2016	2015
Rental income	870	824	877
Direct costs for investment properties that generated rental income during the period	-230	-233	-263
Direct costs for investment properties that did not generate rental income during the period	-24	-31	-39

## NOTE 14 SHARES IN JOINT VENTURES

In addition to Nyfosa's wholly owned property portfolio, the Group holds two part-owned companies for which ownership is governed by shareholders' agreements giving both owners equal power of decision, meaning that neither partner has a controlling influence. Accordingly, these holdings comprise joint ventures and are recognised in accordance with the equity method.

#### Change in value shares in joint ventures

SEK million	Söderport			Gästgivaregatan			Total		
	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2017	31 Dec 2016	31 Dec 2015
Carrying amount at the beginning of the year	1,009	832	574	26	24	23	1,035	856	597
Dividends received	-100	-100	-50	-	-	-	-100	-100	-50
Share in profit of joint ventures	385	286	253	-5	2	1	380	288	254
Shareholders' contributions	-	-	45	-	0	-	0	0	45
Other	-	-9	10	-	0	-	0	-9	10
<b>Carrying amount at end of the year</b>	<b>1,294</b>	<b>1,009</b>	<b>832</b>	<b>21</b>	<b>26</b>	<b>24</b>	<b>1,315</b>	<b>1,035</b>	<b>856</b>

Shares in joint ventures	Corp. Reg. No.	Registered office	%
Söderport Holding AB	556819-2230	Stockholm	50%
Gästgivaregatan Holding AB	556925-8808	Stockholm	50%

Note 14 Shares in joint ventures cont.

Söderport Holding AB

Nyfosa owns 50 percent of the shares in the property company Söderport Holding AB. AB Sagax owns the remaining 50 percent. The focal point of Söderport's property portfolio is in the Stockholm and Gothenburg regions.

Söderport Holding AB

SEK million	2017	2016	2015
Rental income	548	544	542
Net operating income	419	423	434
Net interest income	-162	-160	-151
Profit from property management	262	246	261
Changes in value, properties	560	477	365
Changes in value, derivatives	91	-12	57
Tax	-144	-160	-147
Profit	769	552	537
<i>of which, Nyfosa's share</i>	385	276	269

	31 Dec 2017	31 Dec 2016	31 Dec 2015
Investment properties	6,603	6,330	5,631
Current assets	104	101	107
Equity	2,587	2,018	1,665
<i>of which, Nyfosa's share</i>	1,294	1,009	832
Non-current liabilities	4,144	4,268	3,915
<i>of which, deferred tax liabilities</i>	515	385	237
<i>of which, derivatives</i>	328	424	412
Current liabilities	188	224	217
No. of properties	69	54	59
Leasable area, 000s of sqm	650	686	670

Gästgivaregatan Holding AB

Nyfosa owns 50 percent of the shares in Gästgivaregatan Holding AB. The remaining shares are owned by Skanska. Gästgivaregatan owns a retail property located in central Södertälje comprising 13,000 sqm with a rental value on 31 December 2017 of SEK 17 million. In June 2018, Nyfosa acquired the remaining shares in Gästgivaregatan, which subsequently became a wholly owned subsidiary of the Nyfosa Group.

NOTE 15 CURRENT RECEIVABLES

SEK million	31 Dec 2017	31 Dec 2016	31 Dec 2015
Current receivables	40	29	4
Prepaid expenses and accrued income	19	3	8
<b>Total current receivables</b>	<b>59</b>	<b>32</b>	<b>12</b>

NOTE 16 CASH AND CASH EQUIVALENTS

SEK million	31 Dec 2017	31 Dec 2016	31 Dec 2015
<i>The following subcomponents are included in cash and cash equivalents:</i>			
Cash and bank balances	160	253	126

NOTE 17 INTEREST-BEARING LIABILITIES

SEK million	31 Dec 2017	31 Dec 2016	31 Dec 2015
Loans from credit institutions	5,150	4,599	5,769
Loans from related parties	1,447	697	-
Vendor's mortgages	7	11	14
<b>Total interest-bearing liabilities</b>	<b>6,604</b>	<b>5,307</b>	<b>5,783</b>
<i>Of which, current interest-bearing liabilities</i>	2,965	2,493	995
Less opening charges for raising new loans	-21	-16	-16
<b>Total interest-bearing liabilities</b>	<b>6,583</b>	<b>5,291</b>	<b>5,767</b>

Nyfosa has pledged assets for all loans in the form of property mortgages. In addition, the majority of the Group's credit agreements with creditors contain covenants concerning either a specific loan-to-value ratio and/or a specific interest-coverage ratio. Certain credit agreements contain covenants that pertain solely to the Company raising the

loan and its subsidiaries, while other credit agreements included covenants linked to the Hemfosa Group's earnings and/or financial position. The Group met the covenants included in the loan agreements for 2017, 2016 and 2015.



*Note 17 Interest-bearing liabilities cont.*

SEK million	31 Dec 2017	31 Dec 2016	31 Dec 2015
Net loan-to-value ratio, %	53.1	50.3	55.3
Remaining fixed-rate period	1.3 years	0.8 years	1.1 years
Remaining term for loans	2.3 years	1.5 years	2.0 years

**NOTE 18 DEFERRED TAX LIABILITIES/ASSETS**

Deferred tax pertains to future tax consequences of events taken into account in the Company's accounting. Nyfosa recognised deferred tax liabilities in 2017 totalling a net SEK 404 million (261, 372). The amount is the net of deferred tax assets attributable to valued tax loss carryforwards and deferred tax liabilities attributable to temporary differences between carrying amounts and taxable values of the investment properties.

Deferred tax is recognised for temporary differences between the tax values and the accounting values. The deferred tax that existed in connection with asset purchases is, however, not to be recognised in the statement of financial position on the acquisition date according to applicable rules, known as the initial recognition exemption.

The residual value of investment properties for tax purposes totalled SEK 5,261 million (5,814, 5,589) on 31 December 2017, which means that temporary differences of SEK 3,784 million (1,794, 2,481) are not recognised in the statement of financial position.

Deferred tax assets	31 Dec 2017	31 Dec 2016	31 Dec 2015
<b>SEK million</b>			
<i>Loss carryforwards</i>			
At the beginning of the year	268	96	100
Recognised in profit or loss	-3	135	-13
Acquired and divested assets	2	37	9
<b>At the end of the year</b>	<b>267</b>	<b>268</b>	<b>96</b>
<i>Derivatives</i>			
At the beginning of the year	1	1	0
Recognised in profit or loss	-1	0	0
<b>At the end of the year</b>	<b>-1</b>	<b>1</b>	<b>0</b>
<b>Deferred tax liabilities</b>			
<i>Properties</i>			
At the beginning of the year	-530	-468	-335
Recognised in profit or loss	-141	-65	-133
Other	1	3	0
<b>At the end of the year</b>	<b>-670</b>	<b>-530</b>	<b>-468</b>
<b>Deferred tax liabilities, net</b>			
At the beginning of the year	-261	-372	-235
Recognised in profit or loss	-145	70	-147
Acquired and divested assets	2	37	10
Other	1	3	0
<b>At the end of the year</b>	<b>-404</b>	<b>-261</b>	<b>-372</b>

**NOTE 19 OTHER CURRENT LIABILITIES**

SEK million	31 Dec 2017	31 Dec 2016	31 Dec 2015
Accrued financial expenses	9	15	23
Prepaid rental income	159	147	157
Other accrued expenses and prepaid income	5	24	12
Accounts payable	22	37	41
Current liabilities to related parties, refer also to Note 21	2,967	2,640	2,756
Other current liabilities	0	5	6
<b>Total other current liabilities</b>	<b>3,162</b>	<b>2,868</b>	<b>2,995</b>

**NOTE 20 FINANCIAL ASSETS AND LIABILITIES – BY CATEGORY AND FAIR VALUE**

SEK million	Financial assets/liabilities measured at fair value via statement of profit/loss			Loan receivables and accounts receivable			Other liabilities			Total carrying amount		
	31 Dec -17	31 Dec -16	31 Dec -15	31 Dec -17	31 Dec -16	31 Dec -15	31 Dec -17	31 Dec -16	31 Dec -15	31 Dec -17	31 Dec -16	31 Dec -15
Derivatives	4	0	1	–	–	–	–	–	–	4	0	1
Rent receivables	–	–	–	2	14	7	–	–	–	2	14	7
Current receivables	–	–	–	23	24	–	–	–	–	23	24	–
Cash and cash equivalents	–	–	–	160	253	126	–	–	–	160	253	126
<b>Total financial assets</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>185</b>	<b>291</b>	<b>133</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>189</b>	<b>291</b>	<b>134</b>
Liabilities to credit institutions	–	–	–	–	–	–	5,150	4,599	5,769	5,150	4,599	5,769
Interest-bearing liabilities to related parties	–	–	–	–	–	–	1,447	697	–	1,447	697	–
Other liabilities to related parties	–	–	–	–	–	–	2,967	2,640	2,756	2,967	2,640	2,756
Derivatives	0	3	8	–	–	–	–	–	–	0	3	8
Accounts payable	–	–	–	–	–	–	22	37	41	22	37	41
Other current liabilities	–	–	–	–	–	–	41	42	43	41	42	43
<b>Total financial liabilities</b>	<b>0</b>	<b>3</b>	<b>8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,627</b>	<b>8,015</b>	<b>8,609</b>	<b>9,627</b>	<b>8,018</b>	<b>8,617</b>

The carrying amount is a reasonable estimate of the fair value. On the balance-sheet date, the level of interest rates, including margins, for the loan matched the terms in the loan agreements. All rent receivables and accounts payable have short terms.

**NOTE 21 RELATED-PARTY TRANSACTIONS**

Nyfosa was part of Hemfosa Fastigheter AB between 2015 and 2017 and had extensive transactions with the rest of Hemfosa during this period, mainly related to financing activities, but also property management operations. The pricing of these transactions followed the principles applied in Hemfosa, which correspond to market-based terms. In 2018, Nyfosa signed an agreement with Hemfosa regarding certain Group-wide services, property management services and IT-related services.

SEK million	2017	2016	2015
<b>Transactions with Hemfosa Fastigheter</b>			
Costs for property administration	11	12	12
Costs for central administration	9	7	7
Financial expenses	16	5	–
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
Current interest-bearing liabilities	–1 447	–697	–
Other current liabilities	–2 967	–2 640	–2 756
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Dividends paid	–370	–156	–
Dividend from joint ventures	–100	–100	–50
Net group contribution	–137	–6	+92
Other	–53	–26	–41

*Transactions with joint ventures*

Nyfosa has carried out property transactions with and sells property management services to Söderport. These transactions always take place on market-based terms. As per 31 December 2017, the Group had receivables from joint ventures of SEK 23 million (–, –) and liabilities to joint ventures of SEK 16 million (–, –). As per 31 December 2017, Nyfosa had sureties of SEK 30 million (50, 50) for the liabilities of joint ventures.

**NOTE 22 SHAREHOLDERS' EQUITY**

	Date	Number of shares	Quotient value, SEK	Change in share capital, SEK million
Paid-in share capital	27 October 2017	500	100	0
<b>At the end of the year, 31 December 2017</b>		<b>500</b>	<b>100</b>	<b>0</b>

*The share*

Each share carries one voting right.

**NOTE 23 SPECIFICATIONS FOR THE STATEMENT OF CASH FLOW**

Group

SEK million	2017	2016	2015
<b>Adjustments for non-cash items for operating activities</b>			
Share in profit of joint ventures	-380	-287	-250
<b>Total non-cash items for operating activities</b>	<b>-380</b>	<b>-287</b>	<b>-250</b>

**Acquisition of subsidiaries**

SEK million	2017
<i>Assets and liabilities acquired</i>	
Investment properties	1,745
Operating receivables	2
Cash and cash equivalents	5
<b>Total assets</b>	<b>1,752</b>
Current operating liabilities	12
<b>Total liabilities</b>	<b>12</b>
Purchase consideration paid	1,740
<b>Impact on cash and cash equivalents</b>	<b>1,735</b>

*Reconciliation of liabilities deriving from financing activities*
**Changes in loan portfolio**

SEK million	2017
Liabilities at the beginning of the period	5,291
Amortisation	-958
Loans raised	2,079
Other <sup>1)</sup>	170
<b>Liabilities at the end of the period</b>	<b>6,582</b>

1) The item of "Other" does not affect cash flow.

**NOTE 24 SIGNIFICANT ESTIMATES AND ASSESSMENTS**
**Measurement of investment properties**

For significant assumptions and assessments affecting the measurement of Nyfosa's investment properties, refer to Note 13.

Nyfosa's property portfolio is recognised in the statement of financial position at fair value, and the changes in value are recognised 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 Company's 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 dialogues with, the Swedish Tax Agency regarding

individual taxation matters. The Swedish 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 Swedish Tax Agency decided in a review decision in 2018 not to grant the company full deductions for these loss carryforwards. The loss carryforwards that are the subject of these proceedings have been valued at SEK 267 million, corresponding to 22 percent of the total disputed loss carryforwards of SEK 1,215 million. Nyfosa has not reserved this amount since Nyfosa believes that it is overwhelmingly probable that the deduction claimed will be granted following a court ruling.

**Classification of acquisitions**

The IFRS 3 accounting standard states that acquisitions must be classified as business combinations or asset purchases. An individual assessment of the character of the acquisition is required for each individual transaction. Nyfosa's corporate acquisitions in 2015–2017 encompass only properties and no material processes, which is why the transactions are deemed to be asset purchases.

**NOTE 25 COMPANIES INCLUDED IN THE FINANCIAL STATEMENTS**

Company name <sup>1)</sup>	Corp. Reg. No.	Registered office	Share, %	x in the Group on 31 Dec		
				2017	2016	2015
Hemfosa Tjockö I AB	556006-7976	Nacka	100		x	x
Hemfosa i Värnamo Fastigheter AB	556101-5107	Stockholm	100	x	x	x
Hemfosa Lagunen Fastigheter AB	556176-1874	Stockholm	100	x	x	x
Hemfosa i Växjö Fastigheter AB	556192-5305	Stockholm	100	x	x	x
Hemfosa Armaturen AB	556372-6933	Stockholm	100	x	x	x
Hemfosa Bataljonsgatan Fastighets AB	556378-6267	Stockholm	100	x	x	x
Hemfosa Kungsgatan 2–8 AB	556519-3108	Nacka	100	x	x	x
Hemfosa Söder 18:19 AB	556545-7024	Nacka	100	x	x	x
Hemfosa Kilbäcksgatan 7 AB	556549-9620	Nacka	100	x	x	x
Hemfosa Malmen Fastighets AB	556561-0788	Stockholm	100	x	x	x
Hemfosa Litografen AB	556578-3262	Stockholm	100		x	x
Hemfosa Västberga Gård 2 AB	556604-0100	Nacka	100	x	x	x
Hemfosa Görväln 2 AB	556616-0114	Nacka	100		x	x
Fastighets AB Klingberget 6 i Halmstad	556616-4447	Nacka	100	x		
Hemfosa Takläggaren Fastighets AB	556625-5658	Stockholm	100	x		x
Hemfosa Norrmalm 4:6 AB	556653-2247	Nacka	100	x	x	x
Hemfosa Märsta 24:4 AB	556661-9671	Nacka	100	x	x	x
Hemfosa Gästrike AB	556663-1676	Nacka	100	x	x	x
Hemfosa Centrum 18:1 AB	556670-3491	Nacka	100		x	x
Hemfosa Enköping AB	556670-3509	Nacka	100	x	x	x
Hemfosa Luleå AB	556672-2632	Stockholm	100	x	x	x
Hemfosa Sundsvall AB	556676-6415	Stockholm	100	x	x	x
Hemfosa Umeå AB	556676-6423	Stockholm	100	x	x	x
Hemfosa Uppsala AB	556676-6431	Stockholm	100	x	x	x
Hemfosa Södertälje AB	556676-6514	Stockholm	100		x	x
Hemfosa Farsta I AB	556678-5530	Nacka	100	x	x	x
Hemfosa MF Eskilstuna AB	556680-4836	Stockholm	100	x	x	x
Hemfosa Källsta AB	556688-8045	Stockholm	100	x	x	x
Hemfosa Uddevalla I AB	556694-7841	Nacka	100	x	x	x
Fastighetsbolaget Hemfosa Örebro Ånsta AB	556704-3368	Stockholm	100	x	x	x
Hemfosa Norden AB	556710-6892	Stockholm	100	x	x	x
Hemfosa Smålandsfastigheter Fastighets AB	556713-1866	Stockholm	100	x	x	x
Hemfosa Arendal AB	556715-8174	Nacka	100	x	x	x
Görban AB	556716-2127	Stockholm	100			x
Hemfosa Vimmerby AB	556720-6510	Stockholm	100	x	x	x
Hemfosa Bagaren Fastighets AB	556738-6270	Stockholm	100	x	x	x
Hemfosa Stockholm AB	556740-9841	Stockholm	100	x	x	x
Hemfosa Matläggaren 1 AB	556743-8022	Stockholm	100	x	x	x
Tryckerivägen i Landvetter AB	556748-0537	Stockholm	100	x	x	x
Hemfosa Växjö Logistikfastigheter AB	556782-8420	Stockholm	100	x	x	x
TBH Logistikfastigheter AB	556796-5909	Stockholm	100	x	x	x
Weibullsholm Östra LF AB	556796-5917	Nacka	100	x	x	x
Hemfosa Solen AB	556796-8408	Stockholm	100	x	x	x
Hemfosa Cityfront Uppsala AB	556803-3525	Stockholm	100	x	x	x
Hemfosa Värnamo AB	556818-4443	Stockholm	100	x	x	x
Hemfosa Växjö AB	556818-4450	Stockholm	100	x	x	x
Hemfosa Vetlanda AB	556818-4476	Stockholm	100		x	x
Hemfosa Småland AB	556818-4666	Stockholm	100	x	x	x
Hemfosa Danvikscenter AB	556822-0684	Stockholm	100	x	x	x
Hemfosa Grönsta 2:52 AB	556822-4983	Stockholm	100	x	x	x
Hemfosa LND Fastighets AB	556827-3493	Stockholm	100	x	x	x
Hemfosa Eken Holding AB	556828-8350	Stockholm	100	x	x	x
Hemfosa Dallas AB	556830-9396	Stockholm	100	x	x	x
Hemfosa Adrian HoldCo AB	556837-4309	Stockholm	100	x		
Hemfosa Tetis AB	556847-5825	Stockholm	100	x	x	x
Hemfosa Riksdalern AB	556858-5458	Stockholm	100	x	x	x
Hemfosa Iput Förvaltning AB	556862-9876	Stockholm	100	x	x	x
Hemfosa Svalöv Teti AB	556866-2844	Stockholm	100		x	x
Hemfosa Malmö Teti AB	556866-2927	Stockholm	100		x	x
Hemfosa Gävle 4:3 Teti AB	556866-3768	Stockholm	100		x	x
Hemfosa Gävle 12:5 Teti AB	556866-3776	Stockholm	100	x	x	x
Hemfosa Kryss 8 Teti AB	556866-3800	Stockholm	100			x
Hemfosa Göteborg 2:5 Teti AB	556866-3859	Stockholm	100	x	x	x
Hemfosa Göteborg 2:8 Teti AB	556866-3842	Stockholm	100	x	x	x
Hemfosa Filipstad Teti AB	556866-3909	Stockholm	100	x	x	x
Hemfosa Tulpanen Teti AB	556866-3917	Stockholm	100	x	x	x
Hemfosa Enen Teti AB	556866-3925	Stockholm	100		x	x

1) The company names in the list may have changed when the company was divested or as part of the separation from the Hemfosa Group.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 25 Companies included in the financial statements cont.

Company name <sup>1)</sup>	Corp. Reg. No.	Registered office	Share, %	x in the Group on 31 Dec		
				2017	2016	2015
Hemfosa Anis Teti AB	556866-3941	Stockholm	100	x	x	x
Hemfosa Gastuben Teti AB	556866-3958	Stockholm	100	x	x	x
Hemfosa Snödroppen Teti AB	556866-3966	Stockholm	100	x	x	x
Hemfosa Gasmätaren Teti AB	556866-3974	Stockholm	100	x	x	x
Hemfosa Försäljaren Teti AB	556866-8072	Stockholm	100	x	x	x
Hemfosa Trollhättan Teti AB	556866-8098	Stockholm	100	x	x	x
Hemfosa Borås Teti AB	556866-8106	Stockholm	100			x
Hemfosa Åkermynatan Teti AB	556866-8114	Stockholm	100	x	x	x
Hemfosa Härryda Teti AB	556866-8122	Stockholm	100	x	x	x
Hemfosa Upplands Väsby Teti AB	556866-8189	Stockholm	100			x
Hemfosa Skruven Teti AB	556866-8312	Stockholm	100	x	x	x
Hemfosa Sigtuna Teti AB	556866-8338	Stockholm	100			x
Hemfosa Husby Teti AB	556866-8346	Stockholm	100		x	x
Hemfosa Hedenstorp AB	556869-5125	Stockholm	100	x	x	x
Hemfosa Blåbäret Holding AB	556874-5011	Stockholm	100	x	x	x
Hemfosa Borås Åkermynatan 5 Teti Fastighets AB	556877-5224	Stockholm	100		x	x
Hemfosa Mölndal Gastuben 4 Teti Fastighets AB	556878-2519	Stockholm	100		x	x
Hemfosa Gillet Fastighets AB	556881-0583	Stockholm	100	x	x	x
Hemfosa Sägklingan 10 AB	556906-5757	Stockholm	100	x	x	x
Hemfosa Vindruvan 22 Fastighets AB	556911-2872	Stockholm	100			x
Hemfosa Unaman 8 Fastighets AB	556911-2906	Stockholm	100	x	x	x
Hemfosa Jungfrun 11 Fastighets AB	556911-2914	Stockholm	100	x	x	x
Hemfosa Nynäshamn AB	556920-3168	Stockholm	100	x	x	x
Hemfosa Gävle Muréngatan AB	556929-8440	Stockholm	100	x	x	x
Hemfosa Kiruna Fastighets AB	556937-3896	Stockholm	100	x	x	x
Hemfosa Tunnan I Trollhättan AB	556938-3994	Stockholm	100	x	x	x
Nyark AB	556942-4640	Nacka	100	x		
Hemfosa VMO Fastighets AB	556942-6413	Stockholm	100	x	x	x
Hemfosa VXJ Fastighets 2 AB	556942-6504	Stockholm	100	x	x	x
Hemfosa Dynamon 5 AB	556949-0716	Nacka	100	x	x	x
Hemfosa Garvaren 5 AB	556949-0732	Nacka	100			x
Hemfosa Kronfastigheter Holding AB	556950-1736	Nacka	100	x	x	x
Hemfosa Kronfastigheter AB	556950-1744	Nacka	100	x	x	x
Fastighets AB Rudan 6	556954-1542	Nacka	100	x		
Hemfosa Tändstickan Fastighets AB	556971-2895	Nacka	100	x	x	x
Hemfosa Jönköping Stensholm 1:754 AB	556971-2929	Nacka	100	x		
Hemfosa Linnea Fastighets AB	556974-7875	Stockholm	100	x	x	x
Hemfosa Valhalla 1:6 HoldCo AB	556983-3626	Stockholm	100	x	x	x
Hemfosa Torlunda 1:278 Kommanditbolag	916624-6232	Stockholm	100	x	x	x
Hemfosa Torlunda 1:278 HoldCo AB	556983-3634	Nacka	100	x	x	x
Hemfosa Falun Fastighets AB	556983-3642	Stockholm	100	x	x	x
Hemfosa Danmarks-Säby 6:11 HoldCo AB	556983-3709	Stockholm	100	x	x	x
Hemfosa Wera AB	556987-3945	Stockholm	100	x	x	x
Kristianstad Hovrätten 20 Fastighets AB	559027-5334	Stockholm	100			x
Fastighets AB Bredmosstorpet 5	559041-1368	Stockholm	100			x
Stockholm Xalma AB	559079-8442	Nacka	100		x	
Stockholm Prästgårdsängen 2 AB	559079-8459	Nacka	100	x	x	
Stockholm Knarrarnäs 8 AB	559079-8509	Nacka	100	x	x	
Gävle 25:5 AB	559080-3234	Nacka	100	x	x	
Ulvsunda Elementär AB	559080-3242	Nacka	100		x	
Stockholm Xalma 3 Holding AB	559083-5996	Nacka	100	x	x	
Stockholm Knarrarnäs 8 Holding AB	559083-6002	Nacka	100	x	x	
Hemfosa Elementär Holding AB	559083-6200	Nacka	100	x	x	
Stockholm Glödlampan 3 AB	559083-6218	Nacka	100		x	
Stockholm Glödlampan 3 Holding AB	559083-6226	Nacka	100	x	x	
Enköping Centrum 12:1 AB	559088-2428	Enköping	100		x	
Enköping Centrum 16:5 AB	559088-2436	Enköping	100		x	
Havsband 1 i Örnsköldsvik AB	559099-8174	Nacka	100	x		
Hemfosa Bromsen 7 Fastighets AB	559110-6140	Nacka	100	x		
Hemfosa Kraften 4 Fastighets AB	559110-6215	Nacka	100	x		
Hemfosa Gjutaren 3 Fastighets AB	559110-6231	Nacka	100	x		
Bryggeritomten AB	559111-6404	Nacka	100	x		
Hemfosa Klingberget 6 HoldCo AB	559122-1501	Nacka	100	x		
Nyfosa AB	559131-0833	Nacka	100	x		
Nyfosa Holding AB	559134-9443	Nacka	100	x		
Nyfosa Sågen 2 AB	559138-8425	Nacka	100	x		
Nyfosa Sågen 6 AB	559138-8433	Nacka	100	x		

1) The company names in the list may have changed when the company was divested or as part of the separation from the Hemfosa Group.



## Note 25 Companies included in the financial statements cont.

Company name <sup>1)</sup>	Corp. Reg. No.	Registered office	Share, %	x in the Group on 31 Dec		
				2017	2016	2015
Nyfosa Verkstaden 8 AB	559138-8441	Nacka	100	x		
Nyfosa Tyska Bryggaregården AB	559138-8458	Nacka	100	x		
Nyfosa Möllebacken 15 AB	559138-8466	Nacka	100	x		
Hemfosa Wera HoldCo 4 AB	559138-8516	Nacka	100	x		
Hemfosa Wera HoldCo 3 AB	559138-8524	Nacka	100	x		
Nyfosa NYAB 5 AB	559138-8532	Nacka	100	x		
Nyfosa NYAB 4 AB	559138-8540	Nacka	100	x		
Hemfosa Wera HoldCo 5 AB	559138-8581	Nacka	100	x		
Nyfosa NYAB 3 AB	559138-8599	Nacka	100	x		
Nyfosa NYAB 2 AB	559138-8607	Nacka	100	x		
Nyfosa NYAB 1 AB	559138-8615	Nacka	100	x		
Svartmunken i Halmstad HB	916552-7582	Nacka	100	x	x	
Hemfosa Brödtorget KB	916585-7682	Stockholm	100			x
Hemfosa Kronfastigheter Gävle Norr KB	969668-4787	Gävle	100		x	x
Project Coast Sundsvall Handelsbolag	969687-0279	Västerås	100	x	x	x

1) The company names in the list may have changed when the company was divested or as part of the separation from the Hemfosa Group.

## NOTE 26 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Nyfosa regularly pledges assets for its external liabilities including pledges of properties, pledges of shares as well as pledges in internal promissory notes.

SEK million	2017	2016	2015
<b>Pledged assets</b>			
Property mortgages	8,132	6,959	8,266
<b>Sureties</b>			
Sureties for liabilities in joint ventures	30	50	50

## NOTE 27 EVENTS AFTER THE BALANCE-SHEET DATE

*Decision regarding amendment to the articles of association and new share issue*

After the balance-sheet date, the articles of association have been amended regarding the limits for the number of shares. At the same time, the number of shares in the Company was increased by splitting each existing share into 200 new shares. The total number of shares increased to 100,000 with a quotient value of SEK 0.50.

Two new share issues have been implemented whereof the first issue increased the number of ordinary shares and votes in the Company by 157,628,249. The other share issue increased the number of votes by 10,000,000. The total number of shares after the share issues amounted to 167,728,249. The Company received a total of SEK 79 million in share capital in connection with the issues.

*Acquisitions*

In September, Nyfosa took over a property portfolio comprising office space, warehouses and logistics properties in high-growth municipalities and transportation hubs in Sweden for a total value of approximately SEK 3.6 billion.

The property portfolio comprises 51 properties totalling approximately 460,000 sqm with a gross rental income (annual rental income including all supplements) of SEK 318 million. The properties are located in 17 towns and cities, mainly in central and southern Sweden, including Stockholm, Malmö, Västerås, Borås and Lund. The tenants include Speed Logistics, DHL Nordic, Haldex Brake Products and PostNord Sverige and the average remaining lease term is 3.4 years.

*Divestments*

In September, Nyfosa divested the Kungsängen 15:1 property in Uppsala, with an underlying property value of approximately SEK 1 billion. The sale freed up capital for investments in attractive property transactions, with the aim of achieving high and stable returns.

The property is located in central Uppsala and encompasses a leasable area of 25,000 sqm consisting of office premises, with Nordea Bank, the Swedish Employment Service and Bjerking AB as the largest tenants.

*External financing of the operations*

Nyfosa's external debt financing comprises bank loans from several banks and loans from Hemfosa that totalled SEK 1,447 million. In September most of the debt was settled. The remaining part of the debt will be regulated in connection with the distribution of Nyfosa.

After the balance-sheet date, non interest-bearing liabilities to Hemfosa of SEK 3,754 million were converted into equity. These liabilities arose due to restructuring to create the Nyfosa Group and on the basis of Hemfosa's financing of operations in the Hemfosa Group.

In October 2018, Nyfosa raised a new bank loan of SEK 739 million with a maturity of four years. The loan is conditional upon Nyfosa's share being admitted for trading on Nasdaq Stockholm and will be used to refinance parts of the today fully utilised revolving credit facility of SEK 1,000 million.

*Change in tax legislation*

On 14 June 2018, the Swedish parliament approved the government's proposition on new tax regulations for the business sector. The proposal is based on the OECD's work in the BEPS project and on the EU's tax evasion directive. The new legislation includes changed rules on interest-deduction limitations that, essentially, limit the deductibility of a company's net interest expenses to 30 percent of the company's fiscal EBITDA. The deductible portion of interest expenses may be carried over until the next year, although not longer than six years. To reduce the administrative burden, a simplified rule was introduced that means a group may deduct up to SEK 5 million in net interest expenses without applying the EBITDA rule. What is covered by the term interest and what should be equated with interest in this respect is extended.

The changed legislation also entails that corporate tax will be reduced to 20.6 percent in two stages by 2021.

The new tax rules for the business sector come into force on 1 January 2019 and may entail higher tax for the property sector. There is a risk that Nyfosa's interest expenses in 2019 or subsequently will exceed 30 percent of fiscal EBITDA and that Nyfosa's tax expenses will rise as a result of the new rules.

# THE AUDITOR'S REPORT ON HISTORICAL FINANCIAL STATEMENTS

To the Board of Directors of Nyfosa AB, reg. no. 559131-0833

## THE AUDITOR'S REPORT ON HISTORICAL FINANCIAL STATEMENTS

We have audited the financial statements for Nyfosa AB on pages F-33–F-53, which comprise the balance sheet as of 31 December 2017, 31 December 2016 and 31 December 2015 and the income statement, cash flow statement and statement of changes in equity for the years then ended, and a description of significant accounting policies and other explanatory notes.

### The Board of Directors' and the Managing Director's responsibility

The Board of Directors and the Managing Director are responsible for the preparation and the fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the Swedish Annual Accounts Act (1995:1554) (Sw. *årsredovisningslagen*) and additional applicable framework. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and appropriately presenting financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the preparation and fair presentation in accordance with the requirements in the Prospectus Regulation (EC) No 809/2004.

### The auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with FAR's Recommendation RevR 5 Examination of Prospectuses. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Nyfosa AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

An audit in accordance with FAR's Recommendation RevR 5 Examination of Prospectuses involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the financial statements. The audit procedures selected depend on our assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements as a basis for designing audit procedures that are applicable under those circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the Board of Directors and the Managing Director and evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion the financial statements give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, the Annual Accounts Act and additional applicable framework of the financial position of Nyfosa AB as of 31 December 2017, 31 December 2016 and 31 December 2015 and its financial performance, statement of changes in equity and cash flows for these years.

Stockholm, 6 November 2018

**KPMG AB**

Björn Flink

*Authorized Public Accountant*

# PROPERTY LISTING

## OFFICES

Property	Subcategory	Address	Municipality	Year built	Conversion year	Leasable area, sqm	Leasehold
Centrum 20:1	Office	Källgatan 6	Enköping	1981	1981	3,947	
Marås 1:12	Office	Maråsliden	Gnosjö	1930, 1964		1,140	
Norr 12:5	Office	Nygatan 13	Gävle	1978	1978	15,848	
Norr 25:5	Office	Drottninggatan 29	Gävle	1929, 1950, 2003		7,717	
Söder 18:19	Office	Källgränd 4	Gävle	1964	1996	4,869	
Gamlestaden 2:8	Office	Hornsgatan 1	Gothenburg	1963	1966	20,882	
Klingberget 6	Office	Brogatan 1	Halmstad	1929/1960	1970/ 1980	10,929	
Rudan 6	Office	Bredgatan 1	Halmstad	1950	1950	820	
Svartmunken 2	Office	Karl Xi:s Väg 61	Halmstad	1986	1986	5,108	
Asien 20	Office	Verkstadsgatan 2	Helsingborg	1972, 1989		2,548	
Köpingetrakten 1	Office	Trintegatan 9	Helsingborg	1990, 2005		905	
Stensholm 1:754	Office	Stensholmsvägen 20	Jönköping	2017	2017	8,500	
Möllebacken 15	Office	Högabergsgatan 3	Karlskrona	1929	1969	7,201	
Tyska Bryggaregården 6	Office	Saltsjöbadsvägen 1a	Karlskrona	1929/2001	1929, 1993, 2001	6,847	
Grävmaskinen 1	Office	Lastvägen 18	Kiruna	1991	1998	3,419	
Skruven 3	Office	Bultgatan 40B	Kungälv	1990	1991	8,041	
Mården 11	Office	Magasinsgatan 6	Luleå	1950	1985	9,735	
Plogan 4	Office	Depåvägen 6Ba	Luleå	1966	2008	3,456	
Hunnerup 1	Office	Sankt Lars Väg 41	Lund	1920		21,840	
Brudbuketten 10	Office	Russgatan 6	Malmö	1988		750	
Brudbuketten 13	Office	Derbyvägen 20	Malmö	1988		1,063	
Bryggeriet 2	Office	Jespersgatan 23	Malmö	1972	1978	25,750	
Böttö 5	Office	Öckerögatan 2	Malmö	1964	1980	11,666	
Rosenbuketten 4	Office	Höjagatan 1	Malmö	1987, 1990		4,322	
Sämjan 2	Office	Rolfsgatan 5	Malmö	1850–1950		9,437	
Vårsången 7	Office	Gånglätsvägen 87	Malmö	1960, 1963		1,544	L
Snödroppen 2	Office	Flöjelbergsgatan 1C	Möln dal	1961	1993	25,939	
Tulpanen 3	Office	Bergfotsgatan 2	Möln dal	1960	1998	56,072	
Sicklaön 358:1	Office	Hästholmsvägen 26	Nacka	1987	1987	16,682	
Glödlampan 3	Office	Ranhammarsvägen 3	Stockholm	2002		2,259	
Knarrarnäs 8	Office	Knarrarnäsgatan 13	Stockholm	1990		3,087	L
Malax 3	Office	Raseborgsgatan 9	Stockholm	1988		6,658	L
Prästgårdsången 2	Office	Solberga Ångsväg 1	Stockholm	1986		6,551	L
Granlo 3:220	Office	Kalmarvägen 48	Sundsvall	1960	1993	539	
Högom 3:178	Office	Mejselvägen 9	Sundsvall	1970	2002	5,148	
Köpstaden 24	Office	Bultgatan 14	Sundsvall	1986	2011	1,420	
Köpstaden 25	Office	Bultgatan 10B	Sundsvall	1975	2002	9,314	
Köpstaden 26	Office	Bultgatan 8	Sundsvall	1965	1998	1,855	
Ljusta 7:2	Office	Antennvägen 2	Sundsvall	1980	2013	9,035	
Norrmalm 4:6	Office	Heffnersvägen 22	Sundsvall	1970	1991	1,974	L
Saturnus 7	Office	Bankgatan 13	Sundsvall	1912	2014	9,202	
Öskaret 10	Office	Skepparegatan 3	Sundsvall	1989	2004	10,440	
Formen 1	Office	Formvägen 5	Umeå	1986	2004	7,513	
Tyr 8	Office	Storgatan 69	Umeå	1997, 2013	2014	8,411	
Bodarna 2	Office	Myntgatan 10	Värnamo	1934, 1991		1,773	
Bokbindaren 20	Office	Västbovägen 56	Värnamo	1975	1991	2,561	
Gamla Gåsen 4	Office	Myntgatan	Värnamo	1907		200	
Gillet 1	Office	Flanaden 3 A	Värnamo	1974	2003	5,228	
Lejonet 11	Office	Lasarettsgatan 1 B	Värnamo	1961, 1987	2005	5,035	
Plattläggaren 1	Office	Silkesvägen 18	Värnamo	1989, 2013		1,798	
Rågen 1	Office	Expovägen 6	Värnamo	1965, 1990	2011	4,828	

## PROPERTY LISTING

Offices cont.

Property	Subcategory	Address	Municipality	Year built	Conversion year	Leasable area, sqm	Leasehold
Vindruvan 15	Office	Storgatsbacken 12	Värnamo	1989		1,990	
Värnamo 14:11	Office	Jönköpingsvägen 41	Värnamo	1917, 1940, 1966	2012	4,030	
Sågen 2	Office	Ängsgårdsgatan 4	Västerås	1992	1992	3,353	
Sågen 6	Office	Ängsgårdsgatan 12	Västerås	1987	1987	5,945	
Sågklingan 10	Office	Ängsgårdsgatan 13	Västerås	1990	1990	1,709	
Verkstaden 6	Office	Glödargränd 1	Västerås	1899	2005–2006	16,420	
Verkstaden 8	Office	Östra Ringvägen 2	Västerås	1936	1951, 1977	20,008	
Bagaren 10	Office	Ljungadalsgatan 2	Växjö	1987	2009–2015	29,928	
Båken 1	Office	Systratorpsvägen 16	Växjö	1983	1983	1,496	
Garvaren 4	Office	Hjalmar Petris Väg 32	Växjö	1981	2010	2,570	
Glasmästaren 1	Office	Arabygatan 80	Växjö	1966	2005	6,199	
Illern 5	Office	Isbjörnsvägen 11	Växjö	1987	2014	2,146	
Plåtslagaren 4	Office	Verkstadsgatan 5	Växjö	1967/1988	2013	5,602	
Sotaren 4	Office	Arabygatan 82	Växjö	1992	1992	2,979	
Svea 8	Office	Lineborgsplan 3	Växjö	1982	2014	2,160	
Unaman 8	Office	Kungsgatan 3	Växjö	1969	2009	5,609	
Ödman 15	Office	Storgatan 29	Växjö	1972	2015	4,321	
Handformaren 2	Office	Sjögatan 4a	Örnsköldsvik	1967/1969	1998	16,596	
Kraften 4	Office	Sjögatan 1a	Örnsköldsvik	1967–1969 and 1958/1965–1967	2008/ 2009, 2016 and 2008–2009	11,716	
Strandkajen 7	Office	Järnvägsgatan 3	Örnsköldsvik	1991, 1993	1991, 1993	28,684	

### WAREHOUSE/LOGISTICS

Property	Subcategory	Address	Municipality	Year built	Conversion year	Leasable area, sqm	Leasehold
Bockasjö 1	Warehouse	Bockasjögatan 12	Borås	1987		23,841	
Rydahög 1	Warehouse	Almenäsvägen 7	Borås	1962	2006	39,652	
Rydaslätt 1	Warehouse	Almenäsvägen 16	Borås	1986		15,682	
Träskruven 1	Warehouse	Sandlidsgatan 6	Borås	1973		15,524	
Hantverkaren 1, Botkyrka	Warehouse	Segersbyvägen	Botkyrka	1974		10,630	L
Grönsta 2:52	Warehouse	Svista Warehouseväg 8	Eskilstuna	2006	2006	13,780	
Källsta 1:5	Warehouse	Bolindervägen 12	Eskilstuna	1999	1999	34,258	
Torlunda 1:278	Warehouse	Abramsons Väg 2	Eskilstuna	1990/2007		15,814	L
Valhalla 1:6	Warehouse	Bredängsgatan 55	Eskilstuna	1976, 1984, 1991, 2009	1976, 1984, 1991, 2009	9,016	
Eldaren 1	Warehouse	Energigatan 6	Falköping	2018		5,148	
Nedre Gruvriset 33:278	Warehouse	Tunavägen 90	Falun	2011	2011	44,312	
Arendal 1:17	Warehouse	Synnerödsvägen 2	Gothenburg	2011	2011	20,548	
Jordbromalm 6:16	Warehouse	Warehousevägen 28	Haninge	1977, 2003		7,186	
Jordbromalm 6:60	Warehouse	Rörvägen 4	Haninge	1983		6,605	
Åby 1:152	Warehouse	Rörvägen 62	Haninge	1989, 1991, 2003		4,255	
Dolken 3	Warehouse	Mörsaregatan 12	Helsingborg	1995		3,845	
Jupiter 12	Warehouse	Grenadsjärgatan 8	Helsingborg	1978		1,442	
Torbornahögen 3	Warehouse	Stenbrovägen 15	Helsingborg	1989		12,839	
Håltås 1:18	Warehouse	Kurirvägen 1	Härryda	2010	2010	13,316	
Hedenstorp 2:1	Warehouse	Mogölsvägen 14	Jönköping	2011	2011	9,000	
Stensholm 1:755	Warehouse	Stensholmsvägen 20	Jönköping	2015		3,100	
Regnvinden 14	Warehouse	Regnvindsgatan 8	Karlstad	1999		9,129	
Försäljaren 9	Warehouse	Filaregatan 19B	Kungälv	1974	1974	8,525	
Bromsregulatorn 1	Warehouse	Instrumentgatan 15	Landskrona	1968		33,524	
Örja 1:21	Warehouse	Österleden	Landskrona	2012		53,663	
Axet 1	Warehouse	Skogsvaktarevägen 2	Lidköping	1962	2000	22,655	
Antennen 10	Warehouse	Alkagatan 2	Linköping	1948		7,375	
Glasberget 5	Warehouse	Roxtorpsvägen 13	Linköping	1974	1985	8,400	
Navhälet 2	Warehouse	Låsblecksgatan 3	Linköping	1991, 1992		7,513	
Eggegrund 6	Warehouse	Hemsögatan 10	Malmö	1983		7,586	
Holmögadd 3	Warehouse	Bjurögatan 26	Malmö	1970	2000, 2009	11,360	
Holmögadd 4	Warehouse	Flintrännegatan 24	Malmö	1970, 1999		14,165	

## PROPERTY LISTING

Warehouse/Logistics cont.

Property	Subcategory	Address	Municipality	Year built	Conversion year	Leasable area, sqm	Leasehold
Krukskärvan 3	Warehouse	Flintyvegatan 10	Malmö	1979		7,585	L
Speditionen 1	Warehouse	Lodgatan 19	Malmö	1993		5,189	L
Storbådan 2	Warehouse	Ulvögatan 10	Malmö	1972, 1992		3,248	
Storbådan 4	Warehouse	Hemsögatan 18	Malmö	1974, 1990, 2011		2,590	
Storbådan 5	Warehouse	Hemsögatan 14	Malmö	1978, 1992		12,606	
Svinbådan 4	Warehouse	Tärnögatan 1	Malmö	1961, 1992	2012	1,597	
Svinbådan 5	Warehouse	Tärnögatan 3	Malmö	1963	2010	2,656	
Vågen 8	Warehouse	Vintergatan 1	Motala	1969		12,194	
Industrien 17	Warehouse	Exportgatan 28	Norrköping	1965		5,863	
Tråden 11	Warehouse	Malmgatan 5	Norrköping	1967		19,772	
Blåbäret 4	Warehouse	Sörviksvägen 11	Oskarshamn	1964	1964	15,234	
Administratören 1	Warehouse	Partihandlarvägen 2	Stockholm	1993		2,961	L
Frukthallen 1	Warehouse	Uppköparvägen 2	Stockholm	1967		7,075	L
Particentralen 1	Warehouse	Brunnbyvägen 15	Stockholm	1962		2,488	L
Particentralen 2	Warehouse	Brunnbyvägen 11	Stockholm	1962		2,766	L
Particentralen 5	Warehouse	Partihandlarvägen 1	Stockholm	1983		1,229	L
Particentralen 6	Warehouse	Brunnbyvägen 7	Stockholm	1962		2,442	L
Partihallen 1	Warehouse	Uppköparvägen 1	Stockholm	1968		20,491	L
Hantverkaren 1	Warehouse	Hantverkarsvägen 1	Södertälje	1974		9,776	L
Tunnan 1	Warehouse	Turbovägen 11	Trollhättan	2002	2002	17,533	
DanLands-Säby 10:2	Warehouse	Åkaregatan 8	Uppsala	2013	2013	9,793	
Plåtslagaren 1	Warehouse	Åläkragatan 4	Vimmerby	2008	2009	10,259	
Armaturen 1	Warehouse	Armaturgatan 2	Värnamo	1987		18,370	
Rödspättan 1	Warehouse	Runemovägen 10	Värnamo	1973		4,705	
Rödspättan 4	Warehouse	Runemovägen 4	Värnamo	1980	2000	2,960	
Sandskäddan 4	Warehouse	Margretelundsvägen 9	Värnamo	1982		2,780	
Sjötungan 3	Warehouse	Margretelundsvägen 6	Värnamo	1989		2,570	
Takläggaren 4	Warehouse	Rörläggarevägen 8	Värnamo	1991	2000	9,067	
Yxan 4	Warehouse	Fabriksgatan 10-12	Värnamo	1975, 2006, 2008		5,595	
Yxan 6	Warehouse	Fabriksgatan 4	Värnamo	1978, 1990, 2009		1,477	
Energin 7	Warehouse	Omformargatan 18	Västerås	1990	2013	3,444	
Snickaren 12	Warehouse	Smedjegatan 10	Växjö	1976/1989	2001	24,010	
Terminalen 1	Warehouse	Öjaby Nylanda 1	Växjö	2010	2010	21,662	
Ånsta 20:262	Warehouse	Lastgatan 2	Örebro	2006	2006	15,976	
Bromsen 7	Warehouse	Bromsvägen 1a	Örnsköldsvik	1971	1971	4,160	
Gjutaren 3	Warehouse	Sjögatan 5a	Örnsköldsvik	1962	1962	5,308	
Sprinten 1	Warehouse	Trådvägen 6	Östersund	1974		2,928	



## PROPERTY LISTING

### OTHER

Property	Subcategory	Address	Municipality	Year built	Conversion year	Leasable area, sqm	Leasehold
Trasten 12	Retail	Stora Torget 4B	Filipstad	1980	1980	1,891	
Filen 5	Retail	Mårtensgatan 23A	Gislaved	1973	1973	1,643	
Pentagonen 1	Retail	Smista Allé 3	Huddinge	2008		11,945	
Hultåsa 1:18	Land	Lindenvägen 1	Hultsfred			0	
Riksdalern 3	Retail	Ullebergsleden 10	Karlstad	2001	2001	6,723	
Dynamon 5	Retail	Nygatan 19	Linköping	1969	1969	4,159	
Valbrevet 1	Retail	Norrmalmsvägen 11	Linköping	1983, 1997		1,650	
Gänget 14	Retail	Fabriksgatan 7	Ljungby	1974	1974	2,639	
Transistorn 1	Industry	Svedjevägen 12	Skellefteå	1968	1985	9,320	
Elementet 8	Retail	Ulvsundavägen 108	Stockholm	1938, 2002		6,876	
Tellus 4	Retail	Köpmangatan 5, Gästgivaregatan 14 etc.	Södertälje	1968, 1998	1968	12,616	
Drivhjulet 3	Industry	Kardanvägen 65	Trollhättan	1989	1999	1,680	
Hjulet 6	Industry	Kardanvägen 12B	Trollhättan	1980	2009	1,710	
Kugghjulet 2	Industry	Kardanvägen 66	Trollhättan	1980	1991	1,500	
Gyldenlöve 16	Retail	Kilbäcksgatan 11	Uddevalla	1953	1985	8,458	
Koch 7	Retail	Kungsgatan 8	Uddevalla	1977	1984	8,980	
Årsta 68:4	Hotel	Fyrislundsgatan 81	Uppsala	1985	1985	3,014	
Almen 9	Retail	Malmövägen 12	Värnamo	1957	2009	12,018	
Bleckslagaren 1	Land	Repslagarevägen 5A	Värnamo			0	
Filen 2	Retail	Fabriksgatan 3	Värnamo	1966, 1997, 2000	1989, 2003	4,915	
Flundran 4	Industry	Runemovägen 1A	Värnamo	1963, 1992, 2008		11,416	
Golvläggaren 2	Retail	Silkesvägen 30	Värnamo	1991, 2008, 2010		11,164	
Jungfrun 11	Retail	Köpmansgatan 3	Värnamo	1950, 2000	2000	4,970	
Karpen 3	Retail	Jönköpingsvägen 105	Värnamo	1956, 1990		2,670	
Linden 1	Retail	Växjövägen 24 A	Värnamo	1960, 1989, 2012		6,319	
Ljuset 8	Retail	Nydalavägen 1	Värnamo	2003		2,600	
Mattläggaren 1	Industry	Silkesvägen 24	Värnamo	1997	2000	2,700	
Mattläggaren 2	Retail	Silkesvägen 26	Värnamo	1991, 2008	2012	3,133	
Posten 4	Industry	Postgatan 3	Värnamo	1929, 1940, 1968	1989, 2015	4,174	
Takläggaren 8	Industry	Silkesvägen 43	Värnamo	1999	2008	6,995	
Vindruvan 4	Retail	Storgatsbacken 16 A	Värnamo	1982	2001	4,001	
Värnamo 14:86	Land	Myntgatan	Värnamo			0	
Fläkten 7	Industry	Lantmannavägen 3	Växjö	1963	1993	8,483	
Isbjörnen 4	Industry	Isbjörnsvägen 6	Växjö	1993	2014	10,933	
Rimfrosten 1	Retail	Solängsvägen 2	Växjö	1972	2008	8,650	
Sjömärket 3	Industry	Annävägen 3	Växjö	1989	2000	9,495	

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