



Press release

October 26, 2023

Nyfosa Interim report January–September 2023

JANUARY–SEPTEMBER 2023

- Income increased 16 percent to MSEK 2,672 (2,304).
- Net operating income increased 20 percent to MSEK 1,812 (1,517) or SEK 9.49 per share (7.94).
- Profit from property management declined 18 percent to MSEK 946 (1,149) or SEK 4.71 per share (5.85).
- Changes in the value of properties had an impact of MSEK –754 (1,052) on earnings.
- Profit for the period amounted to MSEK 49 (2,576). Earnings per share, less interest on hybrid bonds, amounted to SEK 0.01 per share before dilution (13.30) and SEK 0.01 per share after dilution (13.27).
- Distributable cash flow declined 22 percent to MSEK 907 (1,164) or SEK 4.75 per share (6.09).

JULY–SEPTEMBER 2023

- Income increased 11 percent to MSEK 886 (799).
- Net operating income increased 20 percent to MSEK 651 (544) or SEK 3.41 per share (2.84).
- Profit from property management declined 16 percent to MSEK 325 (386) or SEK 1.61 per share (1.96).
- Changes in the value of properties had an impact of MSEK –33 (–161) on earnings.
- Profit for the quarter amounted to MSEK 140 (271). Earnings per share, less interest on hybrid bonds, amounted to SEK 0.70 per share (1.34) before and after dilution.
- Distributable cash flow declined 16 percent to MSEK 273 (326) or SEK 1.43 per share (1.71).

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- In September, it was announced that Johan Ericsson had declined re-election as Board Chairman of Nyfosa AB. Johan Ericsson, who has been a Board member since the company was listed in 2018 and served as Board Chairman since the 2019 Annual General Meeting, will remain as Chairman until the Annual General Meeting on April 23, 2024.
- After the quarter, Nyfosa divested nine properties in Sweden for MSEK 761. The properties have a leasable area of 58 thousand sqm, primarily comprising light-industrial and warehouse premises. The properties are located in Burlöv, Gothenburg, Haninge, Huddinge and Hårryda. The annual rental value was estimated to amount to MSEK 55, of which 25 percent was vacant. The average remaining lease term was 2.8 years. Closing took place on October 11, 2023.

COMMENTS FROM THE CEO

Nyfosa's revenues strengthened in the third quarter, with the company reporting the strongest net operating income in its history. Following the period, we divested properties for MSEK 761, which was above book value and contributed to a unrealized positive change in value of MSEK 44.

Property management

Revenue increased by 11 percent and net operating income rose by 20 percent during the period compared to the same the previous year. We reported negative net leasing of MSEK –17, which was largely due to a significant bankruptcy corresponding to –9 MSEK in rental value at our property in Kungens Kurva. We are pleased to report, however, there was great demand for the premises, which are already leased again. Despite the current economic headwinds, it is positive to see stable demand continues for our premises.

Financing

Following the refinancings carried out in the second and third quarters totaling almost MSEK 5.8, only one bond of MSEK 275 maturing in April 2024 remains to be refinanced over the coming 12 months.

As part of Nyfosa's continual development, we have revised the company's finance policy, including among other things, the reporting of a new key ratio, net debt to EBITDA ratio which was 9.5x on the balance-sheet date. In addition, we have decided to set a more even structure for when capital and fixed interest periods mature. The long-term goal is to reach a level whereby 75 percent of interest-bearing liabilities are hedged, with an even distribution over a period of 4–5 years. During the quarter, we hedged against rising interest rates totaling MSEK 1.5, which resulted in 53 percent of the debt portfolio being hedged at the period end.

The interest expenses with an average interest rate of 5.1 percent on the balance-sheet date, continued to negatively affect both earnings and cash flow. We reported an earnings capacity of SEK 5.44 per share.

Property valuations

The entire property portfolio is valued externally on a quarterly basis. The weighted yield requirement in property valuations continued to rise during the quarter, from 6.59 percent to 6.65 percent. An increase in net operating income, finalized projects, and divestments provided a positive counterweight to the higher yield requirement. Changes in property values during the quarter were marginally negative at MSEK –33.

Market

Following the period end, we divested nine properties in Sweden for MSEK 761. We sold above book value and the divestment provides a unrealized positive change in value of MSEK 44. Even in a cautious market, it is pleasing to see we are able to carry out transactions that create value for both the sellers and buyers, and we are continuing to monitor and evaluate interesting transactions.

The global situation has not become more stable during the quarter, and I have great respect for ongoing developments in the property market, where interest rate changes continue to play a crucial role for the property sector. Nyfosa remains stable with our cash flows. We are continuing to work with and carry out what creates most value for our shareholders.

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The information is inside information that Nyfosa AB is obligated to disclose in accordance with the EU Market Abuse Regulation. The information was submitted for publication through the agency of the aforementioned contact persons on October 26, 2023 at 7:30 a.m. CEST.

About Nyfosa

Nyfosa is a transaction-intensive property company that creates value by building sustainable cash flows and constantly evaluating new business opportunities. With our opportunistic strategy, we invest in properties in different geographies and categories. We are currently active on the Swedish and Finnish markets with a focus on commercial properties in high-growth municipalities. We manage and develop our properties in close collaboration with tenants and the surrounding community, with the perspective that sustainability and profitability go hand in hand. As of September 30, 2023, Nyfosa's property value amounted to SEK 41 billion. Nyfosa's share has been listed on Nasdaq Stockholm Large Cap since 2018. Read more at www.nyfosa.se.

Nyfosa AB

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