



Press release

April 25, 2023

Nyfosa Interim report January–March 2023

JANUARY–MARCH 2023

- Income amounted to MSEK 895 (714), up 25.4 percent.
- Profit from property management amounted to MSEK 303 (360) or SEK 1.51 per share (1.84), down 17.6 percent.
- Distributable cash flow amounted to MSEK 200 (256) or SEK 1.05 per share (1.34), down 21.9 percent.
- Loss for the period amounted to MSEK -333 (1,323) or SEK -1.82 per share before (6.87) and after (6.85) dilution.

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- Acquisition of and closing on a portfolio of 13 properties in Sweden including grocery and discount stores, warehouses and light industrial buildings. The acquisition price amounted to MSEK 706 and the annual rental value is MSEK 62.5.
- After the end of the period, a three-year, green, senior unsecured bond of MSEK 850 with a floating interest rate of three-month STIBOR +550 basis points was issued.
- In connection with the issue of the green bonds, Nyfosa repurchased bonds for MSEK 825 with maturity in April 2024.
- After the end of the period, an agreement was signed to divest ten properties with ware- houses and light industry in Österåker, Malmö, Helsingborg and Jönköping. The selling price amounts to MSEK 555 and the annual rental value is MSEK 40.

COMMENTS FROM THE CEO

It has been a busy first quarter for Nyfosa in terms of both acquiring and selling properties, which were all aimed at strengthening and increasing cash flows in the portfolio. In addition, green bonds were issued, which means we have taken care of the majority of the bond loans maturing in April 2024. This further strengthens our financing. Our feet remain firmly on the ground concerning the ongoing uncertainty on both the markets and interest rate movements, but I can clearly state that we remain well situated to continue being active on the market. As always, there is plenty for Nyfosa to do.

Transactions

The transaction market remains cautious, but if you are in the market, you can always find opportunities. During the quarter, Nyfosa acquired a portfolio consisting of grocery and discount retail, warehousing, and light manufacturing properties in well-established locations in Sweden for MSEK 706. Through this acquisition, we are able to strengthen our cash flow with high-yield properties. After the end of the quarter, we divested properties for MSEK 555 in Österåker, Malmö, Helsingborg, and Jönköping. The properties were sold above book value on the balance sheet date, which gives a realized profit of approximately MSEK 45 in the second quarter.

Property management

Net leasing was positive during the quarter and includes a number of new leases in Finland. Whilst we remain vigilant of developments in the economy, we take the view that our tenants, in general, are

able to absorb the rent increases sufficiently well and that demand continues for our premises. Rental income increased by 25.4 percent while net operating income increased by 23.5 percent compared to the same period the previous year, whereby costs during the quarter were heavily affected by a succession of cold months combined with high electricity prices.

Refinancing

We strengthened our financing during the quarter, which is particularly important given the current market conditions. Through the issue of green bonds of MSEK 850 in combination with redeeming bonds maturing in 2024, we have taken care of 75 percent of the upcoming maturity. As such, only MSEK 275 in bond loans remain to be refinanced next year. The issue was met by a positive response from the market and gives an indication that bond investors are again considering properties as an investment option.

Property valuations

The demand for returns on property valuations continued to rise slightly during the quarter and we note a limited decrease in value in the property portfolio of 0.9 percent. If we look at the development since year-end 2021, yield requirements have moved from 5.8 percent to 6.5 percent today, with the values being affected only to a limited extent, down 1.9 percent, thanks to counterweighting in the form of rent indexation, projects, and renegotiations.

Market

Both Stibor and Euribor have risen by over 3 percentage points since the same period last year. This continues to weigh down earnings capacity, although our interest rate hedge mitigates the impact, whereby 42 percent of the total debt portfolio is hedged. How the policy rates are determined in the future will be critical for how the property market develops. Nyfosa will continue its clear focus on cash flow. We believe it is important that we have demonstrated our ability, despite the turbulent market, to continue to act when sound deals are offered – both in terms of buying and selling – all aimed at growing and strengthening our cash flows over time.

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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 April 25, 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 March 31, 2023, Nyfosa's property value amounted to approximately SEK 41 billion. Nyfosa's share has been listed on Nasdaq Stockholm Large Cap since 2018. Read more at www.nyfosa.se.

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