

INTERIM REPORT JANUARY – JUNE 2019

AB | SAGAX

AB Sagax is a property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industry segment.

Interim report January – June 2019

FIRST SIX MONTHS OF 2019

- Rental revenue increased 16% to SEK 1,261 M (SEK 1,088 M in the year-earlier period).
- Profit from property management increased 19% to SEK 960 M (806). Profit from property management per Class A and B share after dilution rose 21% to SEK 2.64 (2.18).
- In total, property revaluation affected profit by SEK 633 M (1,059), of which joint ventures accounted for SEK 174 M (320).
- Revaluation of financial instruments impacted profit by a total of SEK 443 M (115), of which joint ventures accounted for SEK –37 M (20).
- Profit after tax for the period was SEK 1,771 M (1,666).
- Cash flow from operating activities before changes in working capital rose 10% to SEK 957 M (870), corresponding to SEK 2.63 (2.38) per Class A and B share after dilution.
- During the period, Sagax invested a net SEK 561 M (1,702), of which property acquisitions accounted for SEK 948 M (1,617), property divestments for SEK 735 M (38) and investments in the existing portfolio for SEK 349 M.
- Sagax issued an unsecured bond loan of EUR 300 M at a fixed interest rate of 2.25% and a maturity until 2025.

SECOND QUARTER OF 2019

- Rental revenue rose 14% to SEK 639 M (559).
- Profit from property management increased 10% to SEK 496 M (452). Profit from property management per Class A and B share after dilution rose 15% to SEK 1.37 (1.19).
- In total, property revaluation affected profit by SEK 501 M (708), of which joint ventures accounted for SEK 126 M (253).
- Revaluation of financial instruments impacted profit by a total of SEK 66 M (–11), of which joint ventures accounted for SEK –20 M (7).
- Profit after tax amounted to SEK 917 M (985).
- Cash flow from operating activities before changes in working capital amounted to SEK 635 M (591), corresponding to SEK 1.80 (1.63) per Class A and B share after dilution.
- Sagax invested a net amount of SEK –291 M (337), of which divestments accounted for SEK 723 M (8) and acquisitions of properties for SEK 269 M (275).
- In the second quarter, Sagax implemented a 1:1 bonus issue with the issue of new Class A and Class B common shares. The bonus issue meant that the share capital was increased through the transfer of SEK 279 M from unrestricted equity.

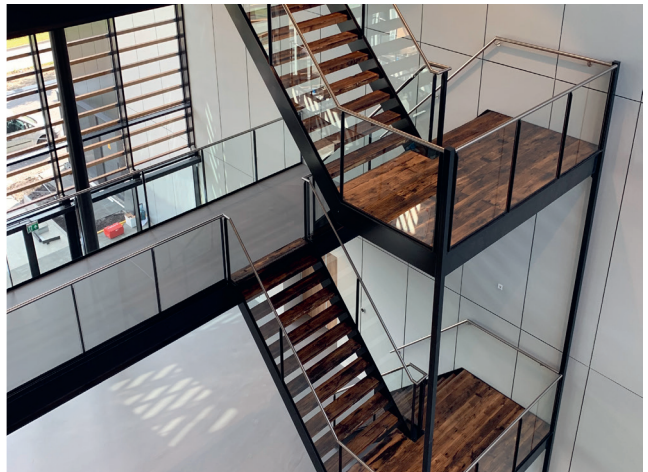
ADJUSTED FORECAST FOR 2019

Profit from property management for 2019, meaning profit before revaluations and tax, based on the current property portfolio and announced acquisitions and divestments, is expected to amount to SEK 1,950 M. The previously submitted forecast was for profit of SEK 1,900 M and was presented when the year-end report for 2018 was published.

Selected key performance indicators

	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec
Profit from property management per Class A and B share after dilution, SEK ¹⁾	2.64	2.18	4.31	3.70	2.98	2.45	1.87
Change compared with preceding year, %	21	21	16	24	22	31	37
Earnings per Class A and B share after dilution, SEK ¹⁾	5.19	4.90	9.24	8.85	7.25	4.93	2.03
Dividend per Class A and B share, SEK ¹⁾	–	–	1.00	0.90	0.72	0.58	0.40
Net debt/EBITDA, multiple	6.9	7.1	7.4	8.1	8.7	9.3	8.8
Interest coverage ratio, multiple	5.2	4.9	4.2	3.7	3.4	2.9	2.6
Debt ratio, %	44	46	47	50	54	59	59
Properties' market value, SEK M	30,518	27,008	29,024	23,771	20,628	16,189	13,428
Property yield, %	6.8	6.8	6.8	6.9	7.1	7.4	7.6

1) Comparative figures have been adjusted for the bonus issue of Class A and B shares in 2019, by multiplying the number of shares by 2. The terms of the bonus issue were 1 Class A and 1 Class B share for each Class A and Class B share. The record date for the bonus issue was 3 June 2019.



In the second quarter, Sagax signed an agreement to acquire a property in Hoofddorp, ten minutes from Amsterdam Schiphol airport. The property encompasses 5,992 square metres of lettable area and is fully let.

Business concept, goals and strategies

BUSINESS CONCEPT

AB Sagax is a property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industry segment.

COMPANY GOALS

The overriding objective is the long-term generation of the maximum possible risk-adjusted return to the company's owners. To achieve this objective, Sagax has set the following business targets:

- Operations must generate a long-term sustainable return and strong cash flows.
- The company is to continue to grow through property acquisitions after taking into account the risk-adjusted return.
- Cash flows from the existing property portfolio are to rise more than inflation.

FINANCIAL TARGETS

The table and charts below illustrate the outcome for the past five years in relation to the financial targets.

STRATEGIES

Investment strategy

Sagax invests primarily in warehouse and industrial properties. Properties designed as warehouses and for light industries are

attractive investment opportunities, since they generate a high yield combined with a low rate of new production and stable occupancy rates. Sagax invests in add-on acquisitions and in existing properties. Property acquisitions and investments in the existing portfolio aim to increase cash flow and diversify rental revenue, thereby reducing the company's operational and financial risks. The chart on page 3 illustrates the trend in the properties' market value and lettable area.

Financing strategy

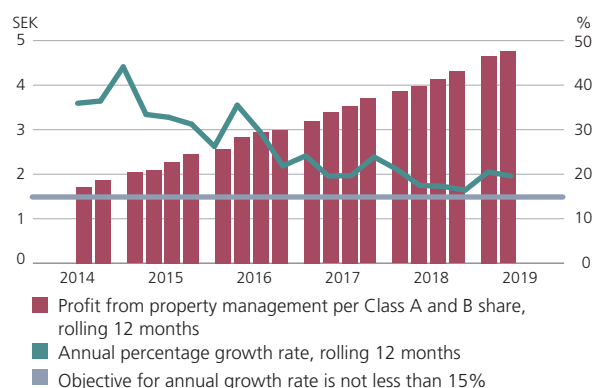
The financial structure of Sagax is designed with a clear focus on operating cash flow and the interest coverage ratio. This is expected to create both excellent prerequisites for expansion and an attractive return on equity. The charts on page 3 show Sagax's profit from property management and cash flow from operating activities. As illustrated, cash flow corresponds closely to profit from property management. The deviation is due mainly to joint ventures for which dividends rather than profit from property management are recognised as cash flow from operating activities.

Sagax endeavours to have well-balanced fixed-interest and debt maturity profiles to secure its operating cash flow. The average fixed-interest period at the end of six months was 4.0 years (2.1) and the average maturity period was 4.0 (2.8) years.

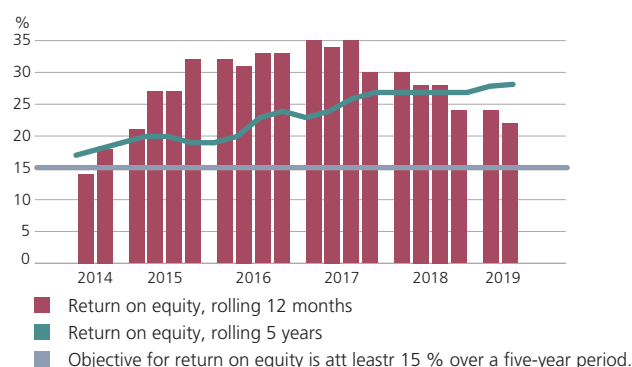
Financial targets

	Outcome Jan-Jun 2019	Five-year average
Return on equity, measured over a five-year period, should not fall below 15% per year	22%	28%
Profit from property management per Class A and B share should increase by a minimum of 15% per year	21%	26%

Profit from property management per Class A and B share



Return on equity



The company has four classes of shares: Class A, B and D common shares, and preference shares. The aim of the Class D shares, like the preference shares, is to attract investor categories that value steady ongoing dividends.

Management strategy

Sagax pursues efficiency and sustainability in its management strategy. The management strategy includes working actively to achieve long leases. This applies equally to new leases and to the management of existing leases. The company's policy is to abstain from maximising rent levels at all points of time in favour of signing leases of a longer duration with solvent tenants. This is regarded as being advantageous since it reduces the risk of vacancies, while leading to lower costs for letting premises and adapting premises to tenant needs.

Strategy for tenants

Sagax endeavours to attract reputable and creditworthy tenants. The company mainly enters into triple net leases and are thus only affected to a limited extent by changes in consumption or changed rates for such utilities as heating, electricity, property tax, water and sewage.

Strategy for the rental market

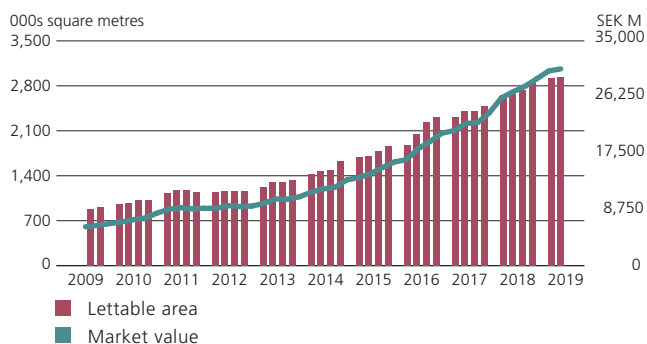
Sagax invests primarily in regions experiencing stable population growth and that have diversified business activities.

Sagax's largest markets are Stockholm and Helsinki, which regarded as offering the favourable conditions for long-term growth. The risk of a decline in the occupancy rate and rent levels due to a weaker rental market is regarded as relatively low due to the stable demographic growth and the diversified business operations in these markets.

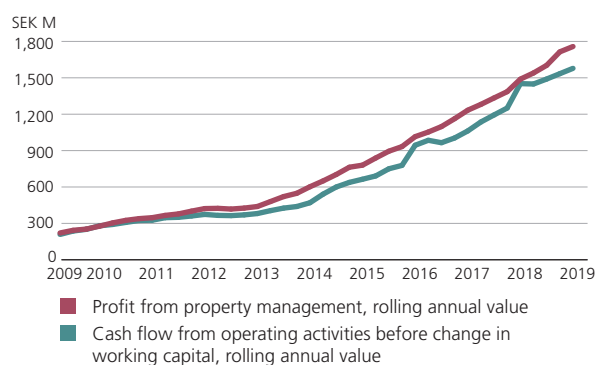
SUSTAINABILITY ACTIVITIES

The focus of Sagax's sustainability activities comprises avoiding short-term gains arising at the expense of negative longer-term consequences, such as in the form of externalities. The company's investing activities, management and funding are conducted to achieve the best possible long-term – meaning sustainable – outcome. The company's property management takes place exclusively in markets that have well-developed legal frameworks. The negative externalities of management primarily comprise the environmental impact from heating premises. As in previous years, it is intended that the carbon footprint of the Sagax organisation, calculated at 252 tonnes of carbon dioxide for 2018, will be compensated. A central theme of Sagax's sustainability activities is compliance with laws, regulations and conventions. Sagax conducts operations or has investments in Sweden, Finland, Denmark, Germany, the Netherlands, France and Spain. Accordingly, the Group is subject to both Swedish and foreign laws and regulations. Read more in Sagax's 2018 Sustainability Report.

Market value and area of properties



Profit from property management and cash flow



Earnings, revenue and expenses

The profit/loss and cash-flow items below refer to the January to June 2019 period. The comparative items refer to the year-earlier period. Amounts for the balance-sheet items and comparative figures refer to the position at the end of the current period and end of the year-earlier period.

EARNINGS

Profit from property management rose 19% to SEK 960 M (806), of which joint ventures accounted for SEK 194 M (151). The increase in profit from property management was attributable to property acquisitions and higher profit from property management in joint ventures. Profit from property management per Class A and B share after dilution rose 21% to SEK 2.64 (2.18).

Changes in the value of properties increased profit by SEK 633 M (1,059), of which the revaluation of joint ventures accounted for SEK 174 M (320).

The revaluation of financial instruments had an impact totalling SEK 443 M (115) on profit. The revaluation of listed shares resulted in an unrealised change in value of SEK 284 M

(53). The revaluation of financial instruments attributable to joint ventures amounted to SEK 239 M (21) pursuant to IFRS 9, while fixed-income derivatives accounted for SEK –80 M (41).

Profit after tax for the period was SEK 1,771 M (1,666).

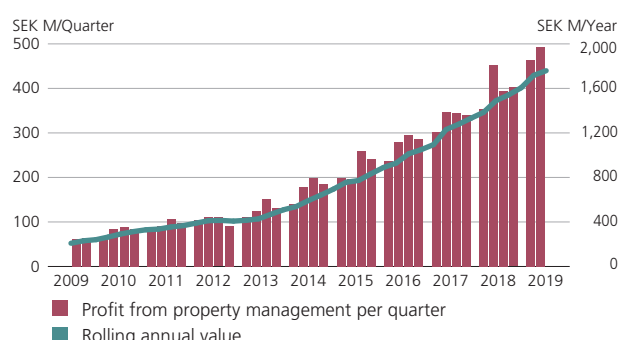
REVENUE

Rental revenue rose 16% to SEK 1,261 M (1,088). Revenue was primarily positively affected by property acquisitions.

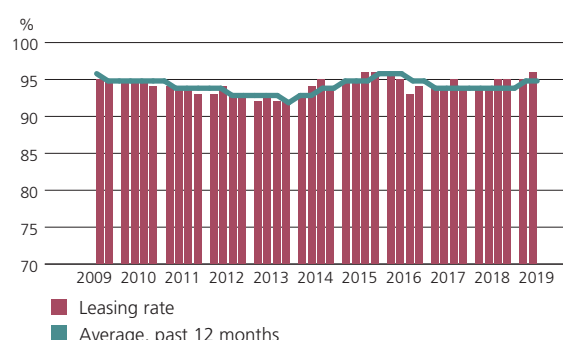
Other revenue of SEK 23 M (24) primarily comprised compensation from tenants who prematurely vacated premises, damages due to inadequate maintenance and insurance compensation.

In the first half of the year, rental revenue in comparable portfolios increased 2.1% excluding currency effects. The largest increase was found in the market segments of Stockholm (5.1%) and the Netherlands (3.0%), mainly due to lower vacancies. Other market segments reported minor revenue increases (an average of 0.5%) in the existing portfolio.

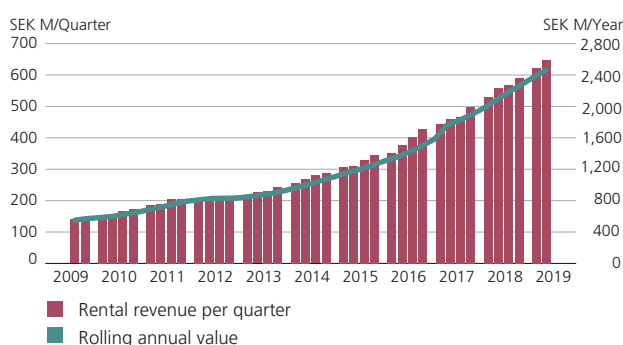
Profit from property management



Economic leasing rate



Rental revenue



CHANGE IN THE ECONOMIC OCCUPANCY RATE

The economic occupancy rate amounted to 96% (94), an increase since year end. During the period, the vacancy value rose SEK 37 M (45) due to tenants vacating premises and declined SEK 61 M (43) due to new lettings. Discounts provided on a fixed-term basis amounted to SEK 22 M (23) on an annual basis at the end of the period, up SEK 4 M (7) during the period. The terms for the discounts are described in the table below. Exchange-rate fluctuations increased the vacancy value by SEK 3 M (5).

In total, the closing vacancy value declined SEK 14 M during the period to SEK 118 M. The closing vacancy value increased SEK 13 M in the year-earlier period and was SEK 135 M at the end of the period.

FUTURE VACANCY CHANGES

Notice of termination had been served for leases with a rental value of SEK 65 M (54) at the end of the period, of which notice of vacating the premises accounted for SEK 62 M (51) and notice of renegotiation of the premises for SEK 3 M (3). Of the leases for which notice had been received, vacancies corresponding to SEK 15 M will occur in 2019. The rate of vacating premises is described in the table below. Leases that have not yet been occupied reduced the adjusted vacancy value by SEK 8 M (37).

The adjusted closing vacancy value was SEK 175 M (151), a net increase of SEK 23 M since year end. The change was due to the vacancy value for lettings that have not yet been occupied declining SEK 21 M in parallel with the vacancy value for terminated leases increasing SEK 16 M.

Vacancy changes

Amounts in SEK M	2019 Jan-Jun	2018 Jan-Dec
Opening vacancy for each year	132	122
Vacancies	37	89
New lettings	-61	-86
Change in discounts provided	4	2
Vacancy value, acquired properties	5	6
Vacancy value, sold properties	-2	-5
Change in exchange rates	3	4
Closing vacancy value	118	132
Terminated for renegotiation	3	5
Terminated lease, not vacated	62	44
Letting, not occupied	-8	-29
Adjusted closing vacancy value	175	152

Terms for discounts provided

Year of expiry	SEK M
2019	17
2020	2
2021	2
2022	0
2023	1
>2023	1
Total	22

Leases terminated for vacancy

Year of vacancy	No. of leases	Rental value, SEK M
2019	27	15
2020	28	12
2021	3	30
2022	1	5
2024	1	1
Total	60	62

Vacancies, 1 July 2019

Area	Rental value, SEK M	Vacancy value, SEK M ¹⁾	Economic vacancy rate ¹⁾	Lettable area, sqm	Vacant area, sqm	Vacancy rate by area
Stockholm	669	32	5%	628,000	24,000	4%
Helsinki	626	52	8%	581,000	49,000	9%
Finland, university cities	319	9	3%	330,000	11,000	3%
Paris	250	10	4%	255,000	9,000	4%
Netherlands	206	8	4%	245,000	5,000	2%
Rest of Sweden	213	2	1%	407,000	3,000	1%
Rest of Finland	233	4	2%	335,000	10,000	3%
Rest of Europe	139	1	1%	150,000	3,000	2%
Total	2,655	118	4%	2,931,000	113,000	4%

1) The vacancy value and vacancy rate both into account both vacancies and discounts provided.

PROPERTY EXPENSES

Operating and maintenance costs rose to a total of SEK 159 M (132). Expenses for property tax and site leasehold fees declined to SEK 57 M (59), due to site leasehold of SEK 12 M being recognised as a financial expense from 1 January 2019 in accordance with IFRS 16. Refer also to the heading Net financial items below. Other property expenses amounted to SEK 21 M (17). All expense increases were primarily due to property acquisitions.

CENTRAL ADMINISTRATION

Costs for the Group's central administration amounted to SEK 50 M (49), corresponding to 4.0% (4.5) of the Group's rental revenue.

The Parent Company, AB Sagax, is responsible for stock market issues, such as financial reporting and stock market information. Services between Group companies are charged on commercial terms and conditions and in accordance with market-based pricing. Intra-Group services comprise management services and internal interest charging. The Parent Company's management fees from Group companies for the period amounted to SEK 27 M (23). The Parent Company's income statement and balance sheet are shown on page 23.

At the end of the period, the Group had 62 (58) employees, of whom four work part-time and two are on parental leave. Functions such as property care-taking and on-call operations are outsourced. The company has offices in Stockholm, Helsinki, Rotterdam, Paris and Barcelona.

Number of employees

Country	Total
Sweden	29
Finland	20
France	7
Netherlands	5
Spain	1
Total	62

PROFIT FROM JOINT VENTURES

Profit from joint ventures pertained to Sagax's shares in the earnings of the company's joint ventures; refer also to page 13 for more information.

Profit for the period amounted to SEK 273 M (433), of which profit from property management accounted for SEK 194 M (151), changes in the value of fixed-income derivatives for SEK -37 M (20) and changes in the value of properties for SEK 174 M (320). Profit was charged with deferred tax of SEK 59 M (58).

NET FINANCIAL ITEMS

Interest-bearing liabilities increased to SEK 16,104 M (14,337) due to financing of property acquisitions.

Financial expenses increased to SEK 248 M (231) despite lower average interest rates as a result of higher interest-bearing liabilities, nonrecurring expenses for premature re-

demption of bonds of SEK 21 M as well as site leasehold fees of SEK 12 M charged to net financial items according to IFRS 16. The average interest rate was 2.2% (2.9) at 30 June 2019. For more information about funding at Sagax, see page 14.

Financial income of SEK 17 M (31) primarily pertained to dividends received from listed shares. The decline was due to NP3 Fastigheter AB, which represents Sagax's largest holding of listed shares, paying dividends on common shares on two occasions in 2019.

REVALUATION OF PROPERTIES

The value growth for the properties amounted to SEK 459 M (739), of which unrealised changes in value accounted for SEK 462 M (756) excluding currency effects. The change in the market value of the property portfolio is also described on page 12.

New lettings and renegotiations of leases increased the market value of the properties by SEK 389 M (423). Vacancies and renegotiations reduced the value by SEK 157 M (127). The general change in market value for the company's properties amounted to SEK 228 M (460).

Unrealised changes in value

Amounts in SEK M	Jan-Jun 2019
New lettings/Renegotiations	389
Vacancies/Renegotiations	-157
General change in market value	228
Total	462

Realised changes in the value of properties amounted to SEK -3 M (-17) for the period, see also page 12.

The weighted yield requirement used in the valuations was 7.1% (7.1). The weighted cost of capital for the present value calculation of cash flows and residual values amounted to 7.9% (7.9) and 8.3% (8.5), respectively. See also the section on analysis and general conditions on page 12.

REVALUATION OF FINANCIAL INSTRUMENTS

The change in the value of financial instruments amounted to SEK 443 M (115) for the period, of which SEK -37 M referred to joint ventures.

The change in value attributable to fixed-income derivatives amounted to SEK -80 M (41). The fixed-income derivatives comprised interest-rate swaps and interest-rate caps. The total market value of Sagax's fixed-income derivatives at the end of the period amounted to SEK -152 M (-400); refer to the section on funding on page 14.

Revaluation of listed shares resulted in an unrealised change in value of SEK 284 M (46). No shares were sold during the period. In the year-earlier period, divestment of shares resulted in a realised change in value of SEK 7 M.

The revaluation of financial instruments attributable to joint ventures amounted to SEK 239 M (21) in accordance with IFRS 9.

TAX

Sagax recognised a current tax expense of SEK 62 M (68). The deferred tax expense for the period amounted to SEK 146 M (187). The deferred tax expense was reduced by SEK 35 M due to the sale of six properties from Sagax to Söderport. The Group's deferred tax liabilities at the end of the period amounted to SEK 1,765 M (1,362).

Deferred tax liabilities by country

Amounts in SEK M	30 June 2019
Sweden	867
Finland	738
Germany	85
Netherlands	71
Denmark	4
Tax liabilities	1,765

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 957 M (870). Changes in working capital had an impact of SEK 31 M (57) on cash flow. Investing activities had an impact of SEK -743 M (-1,835) on cash flow, while cash flow from financing activities contributed SEK -207 M (885) to Sagax. In total, cash and cash equivalents rose SEK 38 M (-23) during the period. See page 19 for the statement of cash flows.

Forecast and current earnings capacity

ADJUSTED FORECAST FOR 2019

Profit from property management for 2019, meaning profit before revaluations and tax, based on the current property portfolio and announced acquisitions and divestments, is expected to amount to SEK 1,950 M. The previously submitted forecast was for profit of SEK 1,900 M and was presented when the year-end report for 2018 was published.

CURRENT EARNINGS CAPACITY

Current earnings capacity is reported in conjunction with interim reports and year-end reports.

The table below shows the company's earnings capacity on a 12-month basis at 1 July 2019. It is important to note that this capacity cannot be compared with a forecast for the forthcoming 12 months because it does not contain assessments about, for example, future vacancies, the interest rate scenario, currency effects, rent trends or changes in value.

The rental value is based on contractual rental revenue on an annual basis, with supplements for estimated market

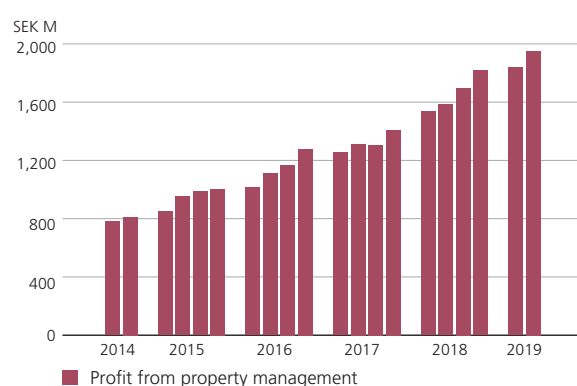
rents for vacant premises. Property expenses are based on actual outcomes over the past 12 months adjusted for the holding period, less expenses for site leasehold fees. Central administration costs are based on actual outcomes over the past 12 months. Net financial items are calculated based on interest-bearing liabilities and assets on the balance sheet date. Expenses for interest-bearing liabilities are based on the Group's estimated average interest rate, plus financing costs allocated over time and costs attributable to credit facilities that were unutilised on the balance sheet date. Lease expenses essentially pertain to site leasehold fees that are based on actual outcomes over the past 12 months adjusted for the holding period. Dividends attributable to the company's holdings of listed shares were not taken into account in the earnings capacity. Tax is calculated at the standard tax rate of 19% (22).

Shares in profit in joint ventures are calculated in accordance with the same assumptions as for Sagax, taking into account the size of the participations.

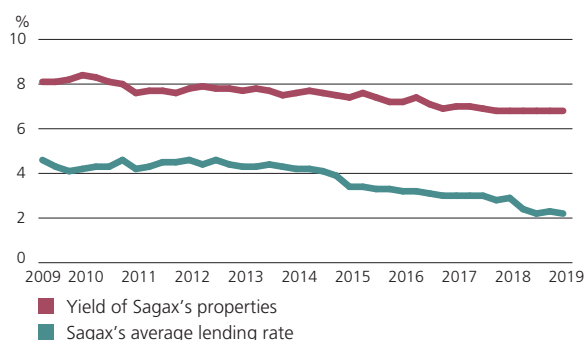
Current earnings capacity

Amounts in SEK M	1 Jul 2019	1 Jan 2019
Rental value	2,655	2,510
Vacancy	-118	-132
Rental revenue	2,534	2,378
Property expenses	-439	-395
Net operating income	2,098	1,983
Central administration	-133	-132
Joint ventures	412	372
Financial expenses	-406	-387
Lease expenses	-21	-20
Profit from property management	1,951	1,816
Tax	-371	-400
Profit after tax	1,580	1,416
– of which, holders of preference shares	34	34
– of which, holders of Class D shares	216	204
– of which, holders of Class A and B shares	1,330	1,178

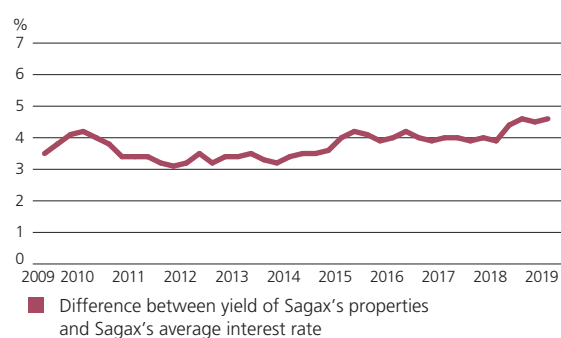
Current earnings capacity before tax



Yield and lending rate



Difference between yield and lending rate



Property portfolio

At 30 June 2019, the property portfolio comprised 527 (498) properties with a lettable area of 2,931,000 square metres (2,670,000). The two largest market areas are Stockholm and Helsinki, where 53% (56) of the market value and 49% (52) of the rental value is concentrated. At the end of the period, the total rental value and contractual annual rent amounted to SEK 2,655 M (2,352) and SEK 2,537 M (2,217), respectively. This corresponds to an economic occupancy rate of 96% (94).

INVESTMENTS

During the period, Sagax invested SEK 1,297 M (1,740), of which property acquisitions accounted for SEK 948 M (1,617).

A total of six properties were acquired with a total lettable area of 34,000 square metres. The largest investment was Caufry in France with a lettable area of 9,600 square metres. Refer also to the list on page 11.

A total of SEK 349 M (123) was invested in the existing property portfolio. SEK 40 M of the investments for the period were made against rent supplements, SEK 46 M was invested in conjunction with new lettings, SEK 201 M in conjunction with new production and SEK 60 M pertained to property maintenance.

The Group has agreed to acquire five properties in the Netherlands, two properties in Paris and one property in Tampere for which possession will be taken in the third quarter. The total investment will amount to SEK 450 M. Refer also to events after the end of the period on page 31.

DIVESTMENTS

During the period, nine properties with a total lettable area of 26,000 square metres were divested for a total of SEK 732 M, of which six to Sagax's joint venture Söderport; refer to the table on page 11. The largest divestment was Bulten 5 in Stockholm, with a lettable area of 7,900 square metres. Agreements were signed for the sale of six properties in Sweden, Finland and France for a total of SEK 419 M which will be vacated after the end of the period.

PROPERTY PORTFOLIO YIELD

The yield for the period in relation to market value amounted to 6.8% (6.8).

Summary of property portfolio 1 July 2019

Segment	No. of properties	Lettable area, sqm	Vacant area, sqm	Market value		Rental value		Economic occupancy rate	Contractual annual rent	
				SEK M	SEK per sqm	SEK M	Share		SEK M	Share
Stockholm	76	628,000	24,000	9,565	15,200	669	25%	95%	638	25%
Helsinki	72	581,000	49,000	6,606	11,400	626	24%	92%	574	23%
Finland, university cities	65	330,000	11,000	3,032	9,200	319	12%	97%	310	12%
Paris	56	255,000	9,000	2,508	9,800	250	9%	96%	240	9%
Netherlands	44	245,000	5,000	2,249	9,200	206	8%	96%	198	8%
Rest of Sweden	47	407,000	3,000	2,403	5,900	213	8%	99%	211	8%
Rest of Finland	145	335,000	10,000	2,569	7,700	233	9%	98%	230	9%
Rest of Europe	22	150,000	3,000	1,585	10,600	139	5%	99%	138	5%
Total	527	2,931,000	113,000	30,518	10,400	2,655	100%	96%	2,537	100%

Property investments January-June 2019

Amounts in SEK M	Property acquisitions	Existing portfolio	Total	Share of total investments	Divestments	Net investments
Stockholm	27	168	195	15%	-673	-479
Helsinki	53	56	109	8%	-	109
Finland, university cities	188	14	203	16%	-4	199
Paris	400	80	480	37%	-45	435
Netherlands	212	8	220	17%	-	220
Rest of Sweden	-	-	-	0%	-	-
Rest of Finland	43	21	64	5%	-2	62
Rest of Europe	25	1	26	2%	-9	16
Total	948	349	1,297	100%	-735	561

LEASE STRUCTURE

Sagax has a diverse lease structure, which better allows the company to maintain an even occupancy rate. To reduce the risk of lower rental revenue, Sagax endeavours to create long-term relationships with the company's existing tenants and to achieve favourable diversification in terms of the length and size of its leases.

Sagax's contractual annual rent at the end of the period was distributed between 1,679 leases, with about 1,100 tenants. The table below presents the size of Sagax's leases in relation to the Group's contractual annual rent at the end of the period. The table shows that 1,670 leases each had a rental value of less than 1% of the Group's contractual annual rent. The total rental value for these leases accounted for 83% of Sagax's contractual annual rent. In addition, Sagax is party to six leases with a rental value corresponding to 1–2% of the Group's contractual annual rent. Combined, these leases total 9% of Sagax's contractual annual rent. Only three of Sagax's

leases had an annual rental value that accounted for more than 2% of the Group's rental revenue. These leases together represented 8% of the Group's contractual annual rent.

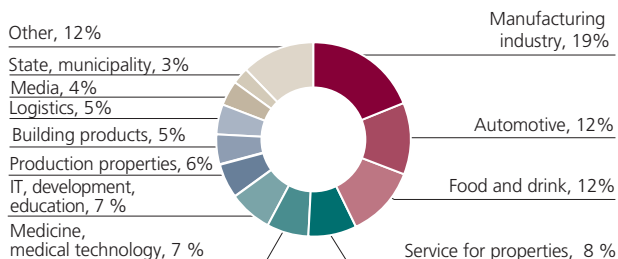
Sagax's tenants operate in a variety of industries. 19% of the contractual rental revenue comes from tenants in the manufacturing industry, 12% in the automotive industry, including sales, service and manufacturing, and 12% from companies with food-related operations. Diverse tenant industries is considered to lower the risk of vacancies and rent losses. The main industries are presented in the pie chart below.

According to Sagax's management strategy, the company strives to secure long-term leases and an even distribution of contract maturities over the years. This is deemed to reduce the risk of significant variations in the Group's occupancy rate. Leases representing 56% of the contractual annual rent expire in or after 2023. 6–14% of contractual annual rent expires every year between 2019 and 2022. The average lease term at 30 June 2019 was 5.6 years (6.5).

Distribution of leases

Share of contractual annual rent	Contractual annual rent		No. of leases	Average contractual annual rent, SEK M	Lease term, years
	SEK M	Share			
> 2%	205	8%	3	68	12
1–2 %	228	9%	6	38	5
< 1%	2,104	83%	1,670	1	5
Total	2,537	100%	1,679	2	6

Industry exposure



Lease terms

Year of expiry	Area, sqm	Contractual annual rent	
		SEK M	Share
2019	160,000	157	6%
2020	297,000	319	13%
2021	321,000	278	11%
2022	364,000	358	14%
2023	228,000	237	9%
> 2023	1,449,000	1,188	47%
Total	2,818,000	2,537	100%

Year of maturity of annual rent



CHANGES IN THE PROPERTY PORTFOLIO

Property acquisitions January-June 2019

Property/address	Municipality	Segment	Lettable area, sqm
Grossisten 1	Stockholm	Stockholm	1,913
Pakkasraitti 14	Tuusula	Helsinki	5,149
Postikatu 3	Turku	Finland, university cities	14,263
Rydöntie 7	Turku	Finland, university cities	3,070
Uhrilähteenkatu 8	Turku	Finland, university cities	3,580
Vanha Vaasantie 3	Ylöjärvi	Finland, university cities	5,305
10 avenue des Tropiques	Les Ulis	Paris	2,112
14 rue des campanules	Lognes	Paris	3,100
16 bis, rue de Paris	Champlan	Paris	650
2 rue de la Borne Blanche	Combs-La-Ville	Paris	7,417
39 Boulevard Général Delambre	Bezons	Paris	1,350
7-12 avenue des Tropiques	Les Ulis	Paris	5,956
Bijsterhuisen 2511	Wijchen	Netherlands	4,076
David Ricardostraat 5	Hengelo	Netherlands	915
De Witbogt 22	Eindhoven	Netherlands	1,923
Driemansteeweg 66	Rotterdam	Netherlands	1,296
Gotenburgweg 38	Groningen	Netherlands	1,270
Jan Frederik Vlekkeweg 10	Tilburg	Netherlands	695
Liebrugweg 1	Haarlemmermeer	Netherlands	1,410
Minervum 7147	Breda	Netherlands	1,249
Noorderpoort 4	Venlo	Netherlands	1,790
Roelofshoevevweg 19	Duiven	Netherlands	2,195
Karhunkierros 1	Nurmijärvi	Rest of Finland	1,531
First quarter			72,215
1-5 rue de la Sablière	Sucy-en-Brie	Paris	3,056
28-48 rue Valdimir Jankelevitch	Emerainville	Paris	4,680
65 avenue Georges Politzer	Trappes	Paris	5,998
73 à 79 avenue du 14 juillet	Bondy	Paris	5,196
Veluwezoom 15	Almere	Netherlands	5,383
2 route de Laigneville	Caufry, France	Rest of Europe	9,600
Second quarter			33,913
Total			106,128

Property divested January-June 2019

Property/address	Municipality	Segment	Lettable area, sqm
Keskustie 8	Hausjärvi	Rest of Finland	1,246
Pankakoskentie 3	Liekka	Rest of Finland	307
Savontie 42	Varkaus	Rest of Finland	302
Seppälän puistotie 7	Mänttä-Vilppula	Rest of Finland	2,135
Valtatie 23	Muhos	Rest of Finland	653
Rue de Vertuquet	Neuville-en-Ferrain	Rest of Europe	–
First quarter			4,643
Bulten 1	Danderyd	Stockholm	7,200
Bulten 2	Danderyd	Stockholm	850
Bulten 4	Danderyd	Stockholm	1,237
Bulten 5	Danderyd	Stockholm	7,910
Bulten 6	Danderyd	Stockholm	1,700
Bulten 10	Danderyd	Stockholm	2,800
232 avenue du Général de Gaulle	Champigny-sur-Marne	Paris	3,236
Nummenpuistonkatu 2	Turku	Finland, university cities	200
Myllytie 2	Salla	Rest of Finland	1,349
Second quarter			26,482
Total			31,125

Market value of property portfolio

Sagax prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The company has chosen to recognise its properties at fair value in accordance with the Fair Value Method.

At 30 June 2019, the total market value of Sagax's 527 (498) properties was SEK 30,518 M (27,008). The depreciation of the SEK against the EUR during the period led to property values abroad increasing SEK 471 M (779).

The total unrealised change in value recognised during the period was SEK 462 M (756). Refer also to the table "Unrealised changes in value" on page 6.

VALUATION METHOD AND IMPLEMENTATION

The valuations were carried out in accordance with generally accepted international valuation methods. As of 30 June 2019, all valuation objects were valued separately by authorised property appraisers from independent valuation companies, except for the five German properties which, as a result of high valuation costs in Germany, were most recently externally valued at year end. Six properties, for which a divestment agreement has been signed, have been valued at an agreed sales price.

The principle method of appraisal used was cash flow calculations in which the present value of net operating income, investments and residual values was calculated. The calculation period was adjusted to the remaining term of existing leases

and varies between five and 20 years. As a rule, the calculation period is ten years. All properties, except for two small properties in Denmark, have been inspected over the past three-year period. These inspections include public areas and a selection of premises with specific emphasis on major tenants and vacant premises. The purpose of the inspections is to assess the properties' overall standard, maintenance requirements, market position and the attractiveness of the premises.

ANALYSIS AND GENERAL CONDITIONS

The cost of capital for the present value calculation of cash flows (4.9–16.0%), the cost of capital for the present value calculation of residual values (4.9–16.0%) and the yield requirement for the residual value calculations (4.5–15.0%) are based on analyses of transactions carried out and on individual assessments of the risk level and market position of each property.

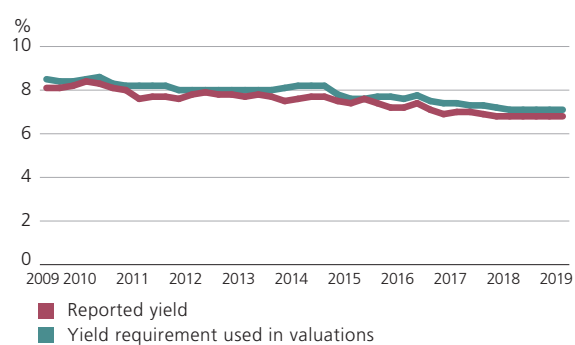
The weighted cost of capital for the present value calculation of cash flows and residual values for the property portfolio was 7.9% (7.9) and 8.3% (8.5), respectively. The weighted yield requirement was 7.1% (7.1) at 30 June 2019. By comparison, the yield reported by Sagax for the period was 6.8% (6.8). A comparison of the yield reported over time and the yield requirement used in valuations is provided below.

A sensitivity analysis for changes in assumptions in property valuations is presented on page 29.

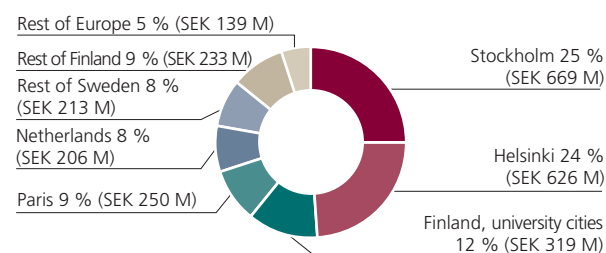
Change in carrying amount of properties

	SEK M	Number
Property portfolio, 31 December 2018	29,024	512
Acquisition of properties	948	29
Investments in the current portfolio	349	
Property sales	-735	-15
Subdivisions, property	-	1
Translation effect, currencies	471	
Unrealised changes in value	462	
Property portfolio, 30 June 2019	30,518	527

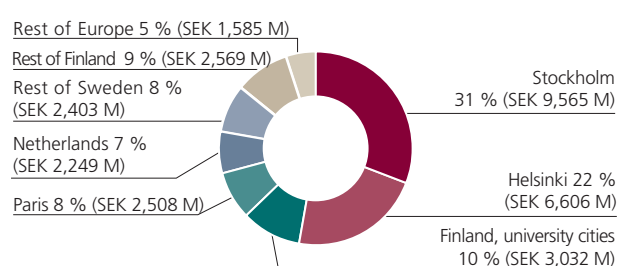
Yield compared with yield requirement



Group's rental value



Market value of properties



Joint ventures

Sagax's joint ventures contributed a total of SEK 194 M (151) to profit from property management during the period. Sagax's share of changes in the value of properties amounted to SEK 174 M (320) and the share of changes in the value of fixed-income derivatives was SEK -37 M (20) for the period. The total value of the commitment associated with ownership of joint ventures amounted to SEK 3,705 M (2,836).

Sagax owns 50% of Söderport Holding AB, with the remaining share owned by the Nyfosa Group. Via Hemsö Intressenter AB, Sagax indirectly owns 15% of Hemsö Fastighets AB, with the remaining share owned by the Third Swedish National Pension Fund.

SÖDERPORT HOLDING AB

Söderport's operations consist of owning, managing and developing properties in Sweden. On behalf of Söderport, Sagax handles the financial administration and most of the property management of the Söderport Group. Nyfosa is responsible for property management at certain locations.

A corresponding 69% of Söderport's rental value of SEK 780 M was located in Stockholm as of 30 June 2019. Söderport's economic vacancies amounted to SEK 37 M (23) at the end of the period, corresponding to a vacancy rate of 5% (4). Of the economic vacancies, SEK 8 M (7) comprised fixed-term rent discounts provided for new lettings. At the end of the period, Stockholm accounted for 93% of the economic vacancies.

During the period, 16 properties were acquired in Stockholm for SEK 1,390 M, of which nine from Nyfosa and six from Sagax. The acquired properties have a total lettable area of 73,000 square metres and the rental value amounts to SEK 97 M.

After the end of the period Söderport agreed to divest six properties in Torslanda to Torslanda Property Investment AB (TPI). The properties to be divested primarily comprise office properties situated adjacent to TPI's existing property and encompass a lettable area of 145,000 square metres. The rental value is SEK 170 M. TPI is to pay SEK 965 M of the purchase consideration in the form of newly issued TPI shares. Based on the issue, Söderport's participating interest in TPI will increase from 28.6% to 78.4%, refer also to page 31. In addition, two properties in Stockholm and one property in Gothenburg were acquired with a total lettable area of 11,000 square metres.

HEMSÖ INTRESSETER AB

Hemsö Fastighets AB conducts operations in Sweden, Germany and Finland. Operations consist of owning, managing and developing public properties. The company's property portfolio encompasses 362 properties with a total property value of SEK 51.6 billion at 30 June 2019. Of the total property value, Sweden accounts for 67%, Germany 15% and Finland 18%. A corresponding 83% of the property value comprises properties located in metropolitan regions and large cities in Sweden, Germany and Finland.

Of Hemsö's properties, 183 are residences for the elderly, 104 school premises, 59 healthcare premises and 16 properties for the justice and legal sector. Of Hemsö's contractual rents, 62% derives from municipalities, county councils or the state. An average remaining lease term of 9.8 years (9.1) combined with financially stable tenants and a low vacancy rate ensure stable rental revenue. 94% of rental revenue derives from tax-financed operations. More information on Hemsö Fastighets AB is available on the company's website, hemso.se.

Sagax's joint ventures

	Söderport		Hemsö	
	2019 30 Jun	2018 30 Jun	2019 30 Jun	2018 30 Jun
Sagax's participating interest, %	50	50	15	15
Rental revenue, SEK M	323	286	1,492	1,280
Profit from property management, SEK M	171	134	877	716
Profit for the period, SEK M	193	487	1,364	1,455
Sagax's share of profit from property management, SEK M	85	67	109	84
No. of properties	86	70	362	349
Rental value, SEK M	780	617	3,106	2,604
Carrying amount of properties	9,401	7,307	51,614	41,597
Lettable area, sqm	759,000	659,000	1,831,000	1,651,000
Lease term, years	4.8	4.6	9.8	9.1
Economic vacancy rate, %	5	4	2	2
Interest-bearing liabilities, SEK M	5,649	3,890	35,638	27,786
Loan maturity, years	4.6	2.0	7.4	5.3
Fixed interest, years	2.1	2.1	5.8	5.1
Market value of fixed-income derivatives, SEK M	-265	-296	-305	-512

Funding

EQUITY

Consolidated equity amounted to SEK 17,006 M (13,846) at 30 June 2019. Changes in equity during the period were attributable to comprehensive income for the period of SEK 1,950 M, a new issue of Class D common shares of SEK 206 M after transaction costs and a share dividend of SEK 566 M.

INTEREST-BEARING LIABILITIES

Sagax's interest-bearing liabilities at the end of the period amounted to SEK 16,104 M (14,337). An amount corresponding to SEK 12,728 M (6,612) of liabilities was recognised in EUR.

Net debt amounted to SEK 14,807 M (13,673). Gross interest-bearing debt to banks totalled SEK 4,180 M (7,885). The remaining gross interest-bearing debt comprised listed bond loans of SEK 11,141 M (4,772) and commercial paper of SEK 783 M (1,680). The main covenants for bond loans are presented on page 15.

At 30 June 2019, secured liabilities comprised 14% (31) of the total assets. Unsecured liabilities corresponded to 31% (15) of the total assets on the same date.

The chart below shows how the debt ratio has decreased successively over time at the same time as financial expenses have declined in relation to the Group's profit before financial items. The debt ratio at the end of the period amounted to 44% (46) and the interest coverage ratio to 515% (494). Interest-bearing net debt for the past 12 months has averaged 6.9 (7.1) times EBITDA; see chart below.

A total of SEK 4,375 M (1,503) in loans was raised, of which SEK 3,127 M in the form of issued bond loans under the framework of Sagax's EMTN programme. Repayments during the period totalled SEK 4,333 M (1,208). Interest-bearing liabilities rose SEK 298 M (351) due to exchange-rate fluctuations.

In accordance with IFRS 9, allocated borrowing costs of SEK 89 M (75) reduced interest-bearing liabilities in the

Fixed-interest period and debt maturity 30 June 2019¹⁾

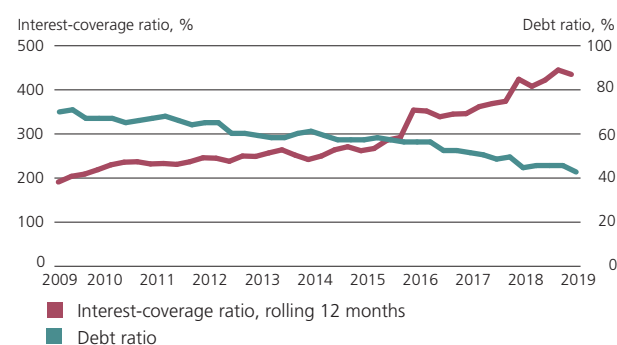
Year of expiry	Fixed interest			Debt maturity		Interest-rate swaps	
	SEK M	Interest rate	Share	SEK M	Share	SEK M	Interest rate
2019	1,583	1.5%	10%	171	1%	–	–
2020	400	2.4%	2%	893	6%	–	–
2021	1,310	2.4%	8%	1,688	10%	–	–
2022	1,276	2.7%	8%	1,275	8%	476	0.7%
2023	2,259	2.7%	14%	3,631	23%	713	0.9%
> 2023	9,275	2.3%	58%	8,446	52%	829	2.2%
Total/average	16,104	2.2%	100%	16,104	100%	2,018	1.4%

1) The table does not include an interest-rate cap at a nominal amount of EUR 45 M with a maturity of April 2022 to October 2023, which replaces an interest-rate swap.

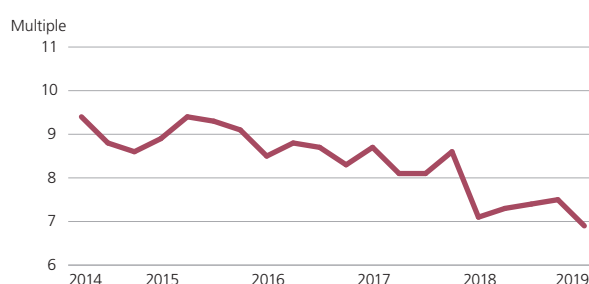
Net debt

	30 June 2019	30 June 2018
Interest-bearing liabilities	16,104	14,337
Interest-bearing assets	–6	–7
Cash and cash equivalents	–111	–37
Listed shares	–1,180	–620
Net debt	14,807	13,673

Debt ratio and interest-coverage ratio



Net debt/EBITDA, rolling 12 month



balance sheet. Interest-bearing liabilities of SEK 16,015 M (14,261) were recognised. The average remaining fixed-interest and debt maturity terms were 4.0 years (2.1) and 4.0 years (2.8), respectively, at the end of the period. The average interest rate on the company's interest-bearing liabilities was 2.2% (2.9), including the effect of derivatives. The average interest rate decreased as a consequence of new borrowing at lower interest rates, repayment of loans with higher interest rates and early redemption of interest-rate swaps. Sagax has prematurely redeemed three bond loans and requested early redemption of an additional bond loan. Redemption costs and the costs for the temporary surplus liquidity are expected to amount to approximately SEK 40 M for 2019.

Sagax has SEK 8,446 M (–) in loans at fixed interest rates. To limit interest-rate risk of loans with floating interest rates

and increase the predictability of the company's profit from property management, interest-rate caps and interest-rate swaps are utilised with a total nominal value of SEK 6,222 M (8,338), of which interest-rate swaps with an average interest rate of 1.4% (2.2) accounted for SEK 2,018 M (5,173); see table on page 14. In addition, the Group has an interest-rate cap of SEK 4,204 M (3,165) in an underlying nominal amount.

The reserve for the market value of fixed-income derivatives rose by SEK 34 M (21) during the period. The total market value of Sagax's fixed-income derivatives was SEK –152 M (–400). The reserve will be gradually dissolved and recognised in profit and loss by the expiry date of the derivative contracts, regardless of the interest rate scenario.

Listed bond loans, 30 June 2019

Maturity	SEK M	Current interest	Interest terms	Base interest rates floor ¹⁾	Maturity date	ISIN code
2017-2021	600	2.22%	Stibor 3M+2.25%	No	1 Feb 2021	SE0010636274
2017-2022	1,250	2.13%	Stibor 3M+2.15%	No	15 Feb 2022	SE0010324228
Total/average	1,850	2.16%				

Maturity	EUR M	Current interest	Interest terms	Base interest rates floor ¹⁾	Maturity date	ISIN code
2015-2020	80	3.50%	Euribor 6M+3.50%	Yes	9 Sep 2020	SE0007490883 ²⁾
2018-2024	500	2.00%	2.00%	N/A	17 Jan 2024	XS1877540465
2019-2025	300	2.25%	2.25%	N/A	13 Mar 2025	XS1962543820
Total/average	880	2.22%				

1) Stibor and Euribor are not to fall below 0% when calculating interest.

2) Early redemption requested after the end of the period. Redemption takes place at an amount corresponding to 101% of the nominal amount.

Derivative contracts, 30 June 2019¹⁾

Amounts in SEK M	Nominal amount	Years to maturity	Market value 30 Jun 2019	Market value 31 Dec 2018	Change for the period
Nominal interest-rate swaps	2,018	4.7	–152	–122	–30
Interest-rate caps	4,204	2.7	0	4	–4
Total	6,222	3.3	–152	–117	–34

1) The table does not include an interest-rate cap at a nominal amount of EUR 45 M with a maturity of April 2022 to October 2023, which replaces an interest-rate swap.

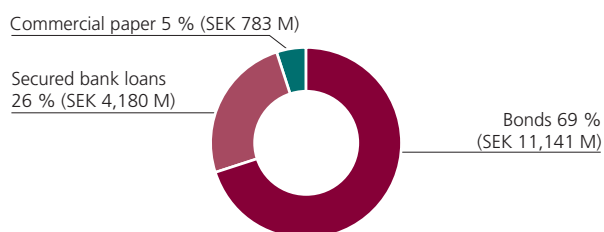
WORKING CAPITAL AND LIQUIDITY

Sagax's working capital, excluding prepaid rental revenue, amounted to SEK 32 M (–3,327) at 30 June 2019. At the same date, unutilised credit facilities amounted to SEK 5,092 M (3,077). No additional collateral needs to be pledged to utilise these credit facilities.

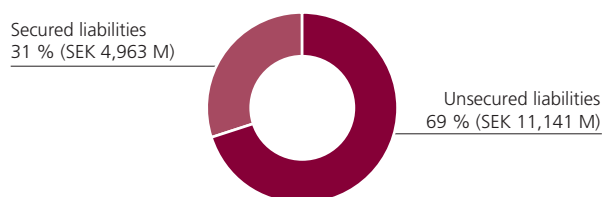
Key performance indicators according to EMTN programme

	Financial covenant in EMTN programme	2019 30 Jun	2018 30 Jun	2018 31 Dec
Net debt/Total assets	< 65%	41%	44%	44%
Interest coverage ratio	>1.8 x	4.9x	4.5x	4.3x
Secured liabilities/total assets	< 45%	14%	31%	21%
Rating according to Moody's Investor Services		Baa3, Stable outlook	Ba1, Positive outlook	Baa3, Stable outlook

Sources of financing



Distribution between secured and unsecured liabilities



Statement of comprehensive income

Amounts in SEK M	2019 Jan-Jun	2018 Jan-Jun	2019 Apr-Jun	2018 Apr-Jun	2018 Jan-Dec	Rolling 12 months
Rental revenue	1,261	1,088	639	559	2,247	2,419
Other revenue	23	24	12	20	30	29
Operating expenses	-121	-101	-51	-42	-197	-217
Maintenance costs	-38	-31	-19	-17	-59	-67
Site leasehold fees	-	-11	-	-6	-22	-11
Property tax	-57	-48	-30	-25	-93	-102
Other property expenses	-21	-17	-10	-9	-37	-41
Net operating income	1,047	904	541	480	1,869	2,012
Central administration	-50	-49	-23	-22	-132	-133
Profit from joint ventures	273	433	177	306	830	669
– of which, profit from property management	194	151	103	80	312	355
– of which, changes in value	137	340	106	261	677	474
– of which, tax	-59	-58	-32	-34	-160	-161
Financial income	17	31	17	30	35	22
Financial expenses	-236	-231	-135	-117	-481	-486
Financial expense, interest component of leases	-12	-	-6	-	-	-12
Profit including changes in value of joint ventures	1,039	1,088	570	678	2,121	2,072
– of which, profit from property management	960	806	496	452	1,603	1,758
Changes in value:						
Properties, realised	-3	-17	-2	-7	-22	-8
Properties, unrealised	462	756	377	462	1,265	971
Financial instruments, realised	-	7	-	-	36	29
Financial instruments, unrealised	480	88	86	-18	211	603
Profit before tax	1,978	1,921	1,031	1,114	3,611	3,667
Deferred tax	-146	-187	-87	-84	-435	-393
Current tax	-62	-68	-27	-45	-10	-4
Profit for the period	1,771	1,666	917	985	3,166	3,270
Other comprehensive income						
– items that may be reversed to profit or loss:						
Translation differences for foreign operations	369	571	195	135	363	161
Share of other comprehensive income for joint ventures	21	5	12	1	3	20
Translation differences pertaining to hedge accounting	-213	-180	-136	-39	-49	-81
Tax on items that may be reversed to profit or loss	1	-19	5	3	-29	-9
Comprehensive income for the period	1,950	2,043	992	1,084	3,454	3,361
Earnings per Class A and B share, SEK ¹⁾	5.20	4.91	2.70	2.88	9.24	9.54
Earnings per Class A and B share after dilution, SEK ¹⁾	5.19	4.90	2.70	2.88	9.24	9.53
Earnings per Class D share, SEK	1.00	1.00	0.50	0.50	2.00	2.00
Average no. of Class A and B shares, millions ¹⁾	316.8	316.6	316.8	316.6	316.7	316.8
Average no. of Class A and B shares after dilution, millions ¹⁾	317.2	316.8	317.2	316.8	316.9	317.1
Average number of Class D shares, millions	103.6	66.9	105.3	70.1	83.0	101.1

1) Comparative figures have been adjusted for the bonus issue of Class A and B shares in 2019, by multiplying the number of shares by 2. The terms of the bonus issue were 1 Class A and 1 Class B share for each Class A and Class B share. The record date for the bonus issue was 3 June 2019.

Condensed statement of financial position

Amounts in SEK M	2019 30 Jun	2018 30 Jun	2018 31 Dec
Investment properties	30,098	27,008	28,769
Investment properties for sale	419	–	255
Leases, right-of-use assets	350	–	–
Joint ventures	3,705	2,837	3,286
Fixed-income derivatives	0	1	4
Other fixed assets	48	12	14
Total fixed assets	34,620	29,858	32,328
Cash and bank balances	111	37	73
Listed shares	1,180	620	872
Other current assets	535	343	417
Total current assets	1,826	1,000	1,362
Total assets	36,447	30,858	33,690
Equity	17,006	13,846	15,416
Non-current interest-bearing liabilities	15,039	10,643	13,866
Deferred tax liabilities	1,765	1,362	1,599
Fixed-income derivatives	152	401	122
Other non-current liabilities	452	65	67
Total non-current liabilities	17,409	12,471	15,654
Commercial paper	783	1,680	1,505
Other current interest-bearing liabilities	193	1,938	312
Other current liabilities	1,055	923	803
Total current liabilities	2,032	4,541	2,620
Total equity and liabilities	36,447	30,858	33,690

Statement of cash flows

Amounts in SEK M	2019 Jan-Jun	2018 Jan-Jun	2019 Apr-Jun	2018 Apr-Jun	2018 Jan-Dec	Rolling 12 months
Profit before tax	1,978	1,921	1,032	1,114	3,611	3,667
Changes in value of financial instruments	-480	-95	-86	18	-247	-632
Change in value of properties	-459	-739	-375	-455	-1,244	-964
Result from ownership of joint ventures	-273	-433	-177	-306	-830	-669
Dividend from joint ventures	264	254	264	254	254	264
Dissolution of allocated borrowing costs	22	15	14	8	46	53
Tax paid	-71	-45	-31	-36	-87	-112
Other items not included in cash flow	-24	-9	-6	-6	-15	-30
Cash flow from operating activities before changes in working capital	957	870	635	591	1,490	1,578
Cash flow from changes in current receivables	-66	-20	-37	-47	-88	-134
Cash flow from changes in current liabilities	97	77	45	71	188	208
Cash flow from operating activities	989	927	643	615	1,590	1,651
Acquisition of properties	-948	-1,617	-269	-275	-3,026	-2,357
Property sales	732	21	721	2	24	734
Investments in existing properties	-348	-123	-164	-70	-456	-681
Acquisition of listed shares	-23	-197	-23	-	-450	-276
Sales of listed shares	-	73	-	13	129	57
Capital contribution to joint ventures	-150	-	-	-	-	-150
Change in other fixed assets	-6	9	-4	15	8	-7
Cash flow from investing activities	-743	-1,835	262	-316	-3,771	-2,679
Issue of Class D and B shares	198	961	198	961	1,125	362
Dividend paid to shareholders	-436	-365	-376	-325	-479	-550
Incentive Plan	9	-1	9	-1	-2	9
Borrowings	4,345	1,487	1,181	195	8,487	11,345
Repayment of loans	-4,333	-1,208	-2,358	-1,178	-6,707	-9,832
Early redemption of financial derivatives	-	-	-	-	-242	-242
Deposits from tenants	13	12	4	-8	14	15
Change in other non-current liabilities	-3	-	-	-	-2	-4
Cash flow from financing activities	-207	885	-1,342	-357	2,195	1,103
Cash flow for the period	38	-23	-438	-57	14	74
Exchange rate differences in cash and cash equivalents	1	-	-	-	-1	-
Change in cash and cash equivalents	39	-23	-437	-57	13	75
Cash and cash equivalents at beginning of period	73	60	549	94	60	37
Cash and cash equivalents at end of period	112	37	112	37	73	112

Statement of changes in equity

Amounts in SEK M	Share capital	Other contributed capital	Reserves, translation differences	Profit earned incl. net profit for the period	Total equity ¹⁾
Equity, 31 December 2017	419	2,069	297	8,570	11,356
Issue of Class D shares	59	899	–	–	958
Transaction costs	–	–7	–	–	–7
Issue of Class B shares, Incentive Plan	0	10	–	–	10
Dividends	–	–	–	–512	–512
Redemption of Incentive Plan	–	–	–	–4	–4
Incentive Plan	–	–	–	3	3
Comprehensive income, January-June 2018	–	–	377	1,666	2,043
Equity, 30 June 2018	478	2,971	674	9,723	13,846
Issue of Class D shares	9	156	–	–	165
Transaction costs	–	–1	–	–	–1
Dividends	–	–	–	–5	–5
Comprehensive income, July-December 2018	–	–	–89	1,500	1,411
Equity, 31 December 2018	487	3,126	585	11,218	15,416
Issue of Class D shares	10	191	–	–	201
Transaction costs	–	–3	–	–	–3
Bonus issue	279	–279	–	–	–
Ongoing issue, Incentive Plan	0	11	–	–	11
Dividends	–	–	–	–566	–566
Redemption of Incentive Plan	–	–	–	–7	–7
Incentive Plan	–	–	–	4	4
Comprehensive income, January-June 2019	–	–	179	1,771	1,950
Equity, 30 June 2019	776	3,046	764	12,420	17,006

1) Equity is attributable in its entirety to the Parent Company's shareholders.

Segment information

Profit items per segment	Rental revenue ¹⁾		Profit from property management		Changes in value, properties				Income before tax	
					Unrealised		Realised			
	2019 Jan-Jun	2018 Jan-Jun	2019 Jan-Jun	2018 Jan-Jun	2019 Jan-Jun	2018 Jan-Jun	2019 Jan-Jun	2018 Jan-Jun	2019 Jan-Jun	2018 Jan-Jun
Amounts in SEK M										
Stockholm	336	318	219	152	225	322	–	–	444	474
Helsinki	281	247	191	156	–11	323	–	2	180	482
Finland, university cities	155	113	92	68	24	36	–1	–	116	104
Paris	109	80	65	43	22	11	–	–	87	53
Netherlands	93	54	60	35	160	18	–	–	220	54
Rest of Sweden	106	103	81	79	11	–3	–	–1	92	75
Rest of Finland	115	113	81	88	66	53	–3	–18	143	123
Rest of Europe	66	60	51	45	–34	–4	1	0	18	41
Sub-total	1,261	1,088	840	666	462	756	–3	–17	1,300	1,405
Financial instruments	–	–	–	–	–	–	–	–	480	95
Joint ventures	–	–	194	151	165	317	9	3	273	433
Other, non-specified	–	–	–74	–11	–	–	–	–	–74	–12
Total	1,261	1,088	960	806	627	1,073	6	–14	1,978	1,921

Asset items per segment	Market value properties		Investment properties		Acquisition properties		Divestment properties	
	2019 30 Jun	2018 30 Jun	2019 Jan-Jun	2018 Jan-Jun	2019 Jan-Jun	2018 Jan-Jun	2019 Jan-Jun	2018 Jan-Jun
	Amounts in SEK M							
Stockholm	9,565	9,327	168	67	27	269	–673	–
Helsinki	6,606	5,784	56	49	53	95	–	–
Finland, university cities	3,032	2,301	14	1	188	323	–4	–
Paris	2,508	1,819	80	3	400	331	–45	–
Netherlands	2,249	1,445	8	–	212	514	–	–
Rest of Sweden	2,403	2,428	–	2	–	–	–	–16
Rest of Finland	2,569	2,370	21	–	43	–	–2	–22
Rest of Europe	1,585	1,534	1	–	25	86	–9	–
Total	30,518	27,008	349	123	948	1,617	–735	–38

1) All rental revenue pertains to external tenants.

Key performance indicators

	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec
Property-related key figures							
Yield, %	6.8	6.8	6.8	6.9	7.1	7.4	7.6
Surplus ratio, %	83	83	83	83	85	86	86
Occupancy rate by area, %	96	95	95	95	93	97	95
Economic occupancy rate, %	96	94	95	94	94	96	94
Lease term at the end of the period, years	5.6	6.5	6.0	6.6	7.1	7.4	8.2
Lettable area at the end of the period, 000 sqm	2,931	2,670	2,850	2,489	2,312	1,860	1,634
No. of properties at the end of the period	527	498	512	495	440	225	184
Financial key figures							
Return on total capital, %	7	7	7	7	7	8	8
Return on equity, %	22	26	24	30	33	32	18
Average interest rate, %	2.2	2.9	2.2	3.0	3.1	3.3	4.1
Fixed-interest period incl. derivatives, years	4.0	2.1	3.0	2.1	2.7	3.0	3.0
Loan maturity, years	4.0	2.8	3.6	3.1	3.6	4.2	3.2
Equity/assets ratio, %	47	45	46	42	38	34	32
Debt ratio, %	44	46	47	50	54	59	59
Net debt/EBITDA, multiple	6.9	7.1	7.4	8.1	8.7	9.3	8.8
Interest coverage ratio, multiple	5.2	4.9	4.2	3.7	3.4	2.9	2.6
Interest coverage ratio, covenant in EMTN programme, multiple	4.9	4.5	4.3	4.0	3.7	3.3	2.9
Data per Class A and B share²⁾							
Price of Class B share at the end of the period, SEK	87.50	55.50	65.70	49.10	40.87	35.87	22.00
Net asset value, SEK	49.35	39.94	44.22	35.04	26.89	17.76	13.62
Equity, SEK	40.13	31.35	35.70	27.15	19.61	13.01	8.75
Equity after dilution, SEK	40.10	31.32	35.67	27.13	19.57	12.96	8.72
Earnings, SEK	5.20	4.91	9.24	8.86	7.27	4.94	2.03
Profit after dilution, SEK	5.19	4.90	9.24	8.85	7.25	4.93	2.03
Profit from property management, SEK	2.64	2.18	4.31	3.71	2.99	2.46	1.87
Profit from property management after dilution, SEK	2.64	2.18	4.31	3.70	2.98	2.45	1.87
Cash flow, SEK	2.63	2.38	3.95	3.27	2.57	2.00	1.50
Cash flow after dilution, SEK	2.63	2.38	3.95	3.26	2.56	2.00	1.50
Dividend per share, SEK	–	–	1.00	0.90	0.72	0.58	0.40
No. at end of period, millions	316.8	316.8	316.8	316.5	316.5	316.5	316.5
No. at end of period after dilution, millions	317.1	317.1	317.1	316.7	317.1	317.5	317.4
Average no., millions	316.8	316.6	316.7	316.5	316.5	316.5	316.5
Average no. after dilution, millions	317.2	316.8	316.9	317.0	317.2	317.6	317.3
Data per Class D share							
Share price at the end of period, SEK	36.00	32.60	31.70	29.92	28.30	–	–
Equity, SEK	35.00	35.00	35.00	35.00	35.00	–	–
Earnings, SEK	1.00	1.00	2.00	2.00	2.00	–	–
Dividend per share, SEK	–	–	2.00	2.00	2.00	–	–
No. at end of period, millions	107.8	97.0	101.9	63.6	18.2	–	–
Average no., millions	103.6	66.9	83.0	43.1	2.9	–	–
Data per preference share							
Share price at the end of period, SEK	36.80	35.75	34.85	33.40	30.40	31.30	36.00
Equity, SEK	31.00	31.00	32.00	32.00	32.00	32.00	32.00
Earnings, SEK	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Dividend per share, SEK	–	–	2.00	2.00	2.00	2.00	2.00
No. at end of period, millions	16.8	16.8	16.8	16.8	58.2	58.2	55.5
Average no., millions	16.8	16.8	16.8	35.5	58.2	57.8	52.2

1) Excluding 1,000,000 Class B shares bought back by AB Sagax.

2) Comparative figures have been adjusted for the bonus issue of Class A and B shares in 2019, by multiplying the number of shares by 2.

The terms of the bonus issue were 1 Class A and 1 Class B share for each Class A and Class B share. The record date for the bonus issue was 3 June 2019.

Parent Company income statement

Amounts in SEK M	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Net sales	35	31	62
Administration costs	-40	-42	-107
Loss before financial income and expenses	-5	-11	-45
Profit from participations in Group companies	254	-	145
Profit from participations in joint ventures	64	54	54
Financial income	363	393	460
Financial expenses	-400	-264	-395
Profit before tax and appropriations	276	172	219
Tax allocation fund	4	-	-6
Tax	-60	-26	-5
Profit for the period	220	146	208

Condensed Parent Company balance sheet

Amounts in SEK M	2019 30 Jun	2018 30 Jun	2018 31 Dec
Tangible fixed assets	2	1	2
Receivables from Group companies	1,703	2,029	2,144
Other financial fixed assets	6,267	4,263	5,919
Total fixed assets	7,971	6,294	8,065
Cash and bank balances	10	6	2
Receivables from Group companies	10,994	5,889	9,630
Other current assets	87	46	69
Total current assets	11,091	5,942	9,701
Total assets	19,062	12,236	17,766
Equity	3,758	3,621	3,842
Untaxed reserves	19	17	23
Non-current interest-bearing liabilities	11,196	4,760	9,311
Liabilities to Group companies	264	449	257
Deferred tax liabilities	3	3	3
Total non-current liabilities	11,463	5,212	9,571
Current interest-bearing liabilities	783	1,672	1,505
Liabilities to Group companies	2,575	1,381	2,481
Other current liabilities	464	333	343
Total current liabilities	3,823	3,386	4,330
Total equity, untaxed reserves and liabilities	19,062	12,236	17,766

The Sagax share and shareholders

At the end of the period, Sagax had 12,351 (10,126) shareholders. Sagax's market capitalisation amounted to SEK 32,285 M (21,384). Sagax has four classes of shares: Class A, B and D common shares, and preference shares. The shares are listed on Nasdaq Stockholm, Large Cap.

On 3 June, Sagax implemented a 1:1 bonus issue with the issue of new Class A and Class B common shares. The bonus issue meant that the share capital was increased through the transfer of SEK 279 M from unrestricted equity. The purpose of the bonus issue was to improve liquidity in Sagax's Class A and Class B common shares since the relatively high share prices were deemed to be a disadvantage for trading. The bonus issue reduced the share price of the relevant shares and increased the number of shares outstanding.

A total of 443,376,482 shares were outstanding at the end of the period, of which 2,000,000 were Class B treasury shares. Refer also to the table of voting rights and proportion of share capital for the different classes of shares on page 26.

According to the Articles of Association, each preference share confers a preferential right to SEK 2.00 in annual dividends. Class D shares are entitled to five times the total div-

idend on Class A and B shares, although not more than SEK 2.00 per share. The share price trend and information about share trading are provided below.

WARRANTS

Sagax has three warrant plans for the company's employees. In total, Sagax's employees hold warrants corresponding to 0.6% of the number of Class A and B shares outstanding. The company's CEO and Board Members do not participate in the plans. These plans are valid for three years, and encompass the periods 2017-2020, 2018-2021 and 2019-2022. Warrants entitle the holder to subscribe for Class B shares in June 2020, June 2021 and June 2022, respectively. The subscription price corresponds to the price paid for the Class B share at the start of the warrant plan, converted using the average share price trend for the listed property companies in accordance with Carnegie's property index (CREX) during the corresponding period. Accordingly, the warrants will have a value on condition that the price performance of the Sagax share exceeds the average for the listed property companies during each three-year period.

Trade in the shares on the Nasdaq Stockholm

	Price paid, SEK		Turnover rate on an annual basis, %		Average trading volume per trading day, SEK M	
	30 Jun 2019	30 Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Class A shares	90.00	57.00	4	1	0.3	0.1
Class B shares	87.50	55.50	12	10	8.7	5.8
Class D shares	36.00	32.60	52	25	7.6	3.2
Preference shares	36.80	35.75	35	36	0.9	0.9

PROFIT FROM PROPERTY MANAGEMENT PER COMMON SHARE

Profit from property management per Class B share after dilution on a rolling 12-month basis amounted to SEK 4.19 (3.86), which, compared with the share price of the Class B share at the end of the period, corresponded to a multiple of 18.4 (13.9).

EQUITY PER CLASS A AND B SHARE

Equity per Class A and B share after dilution amounted to SEK 40.10 (31.32). Net asset value per Class A and B share amounted to SEK 49.35 (39.94). For definitions of key performance indicators, see page 34. The share price for the Class B share at the end of the period was 218% (177) of equity per Class B share and 177% (139) of net asset value per Class B share.

Key performance indicators per Class B share⁴⁾

	2019 30 Jun	2018 30 Jun	2018 31 Dec	2017 31 Dec	2016 31 Dec	2015 31 Dec	2014 31 Dec
Price of Class B share at the end of the period, SEK	87.50	55.50	64.70	49.10	40.87	35.87	22.00
Profit from property management after dilution, SEK ¹⁾	4.76	3.98	4.30	3.70	2.98	2.45	1.86
Cash flow after dilution, SEK ^{1) 2)}	4.19	3.86	3.94	3.26	2.56	2.00	1.50
Equity after dilution, SEK	40.10	31.32	35.67	27.13	19.57	12.96	8.72
Net asset value, SEK ³⁾	49.35	39.94	44.22	35.04	26.89	17.76	13.62
Price of Class B share/Profit from property management, multiple ¹⁾	18.4	13.9	15.0	13.3	13.7	14.6	11.8
Price of Class B share/Cash flow, multiple ^{1) 2)}	20.9	14.4	16.4	15.1	16.0	18.0	14.7
Price of Class B share/Equity, %	218	177	182	181	209	277	252
Price of Class B share/Net asset value, %	177	139	147	140	152	202	162

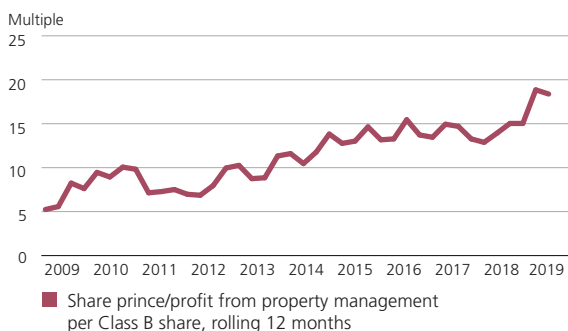
1) Profit from property management and cash flow pertain to a rolling 12 months.

2) Cash flow pertains to cash flow from operating activities before changes in working capital.

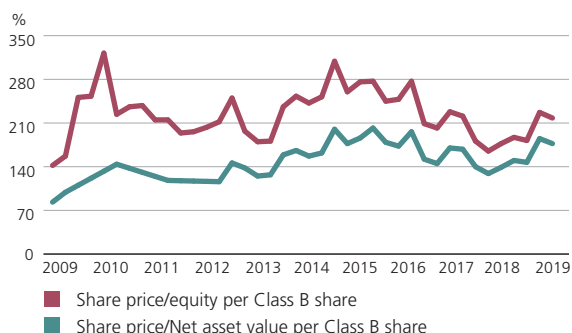
3) See page 35 for definition.

4) Comparative figures have been adjusted for the bonus issue of Class A and B shares in 2019, by multiplying the number of shares by 2. The terms of the bonus issue were 1 Class A and 1 Class B share for each Class A and Class B share. The record date for the bonus issue was 3 June 2019.

Share price/profit from property management per common share



Share price in relation to equity and Net asset value



Ownership structure 30 June 2019¹⁾

No. of shares	No. of share-holders	Shareholder category	No. of share-holders	Share of voting power	Shareholders by country	No. of share-holders	Share of voting power
1–500	6,642	Private individuals residing in Sweden	10,756	8%	Sweden	11,478	90%
501–1 000	1,228				Switzerland	16	3%
1,001–2,000	1,138	Private individuals residing abroad	80	0%	Luxembourg	28	2%
2,001–5,000	1,351				UK	62	2%
5,001–10,000	739	Companies/institutions in Sweden	722	81%	USA	56	1%
10,001–50,000	856				Other	711	3%
50,001–	397	Companies/institutions abroad	793	10%			
Total	12,351	Total	12,351	100%	Total	12,351	100%

1) Including shares held by AB Sagax.

Largest shareholders 30 June 2019¹⁾

	No. of shares				Percentage of	
	Class A shares	Class B shares	Class D shares	Preference shares	Share capital	Votes ²⁾
David Mindus and companies	10,448,800	76,402,050	4,233,539	775	20.5%	27.1%
Rutger Arnhult and companies	5,723,170	34,763,194	4,401,254	3,017	10.1%	14.1%
Staffan Salén and companies	4,264,928	34,970,660	1,962,922	–	9.3%	11.7%
Third Swedish National Pension Fund	–	24,227,658	–	–	5.5%	3.5%
Erik Selin and companies	1,154,759	4,524,419	2,148,868	–	1.8%	2.7%
Länsförsäkringar Fonder	–	17,735,766	–	–	4.0%	2.6%
Fourth Swedish National Pension Fund	5,716	11,635,906	5,741,366	–	3.9%	2.6%
Avanza Pension	49,471	1,065,380	9,092,042	1,597,478	2.7%	1.8%
Swedbank Robur Fonder	500,000	6,750,301	190,216	–	1.7%	1.7%
SEB Fonder	–	11,700,906	51,753	–	2.7%	1.7%
Swedish Foundation for Strategic Research	–	–	5,576,376	–	1.3%	0.8%
Lars Ingvarsson and companies	200,000	3,346,410	200,000	–	0.8%	0.8%
Ilmarinen Mutual Pension Insurance Company	–	–	4,900,000	–	1.1%	0.7%
ICA-Handlarnas Förbund	–	–	4,686,748	–	1.1%	0.7%
Livförsäkringsbolaget Skandia	273,888	1,749,588	23,420	23,550	0.5%	0.7%
Filip Engelbert	241,000	2,119,784	–	–	0.5%	0.7%
Johan Thorell and companies	203,254	2,032,540	–	–	0.5%	0.6%
Tom Ljungberg	370,000	–	32,066	–	0.1%	0.5%
Patrik Brummer	–	–	166,666	3,500,000	0.8%	0.5%
Handelsbanken Fonder	–	3,621,924	–	–	0.8%	0.5%
Total 20 largest shareholders	23,434,986	236,646,486	43,407,236	5,124,820	69.6%	76.1%
Other shareholders	3,398,658	53,312,324	64,392,764	11,659,208	29.9%	23.9%
Sub-total	26,833,644	289,958,810	107,800,000	16,784,028	99.5%	100.0%
Shares held by AB Sagax	–	2,000,000	–	–	0.5%	0.0%
Total	26,833,644	291,958,810	107,800,000	16,784,028	100.0%	100.0%
– of which, Board and employees	15,558,092	121,494,872	6,559,502	923	32.4%	41.5%

1) Ownership structure at 30 June 2019 is based on information from Euroclear Sweden and Modular Finance.

2) Voting rights for treasury shares held by AB Sagax have been excluded.

Voting rights and proportion of share capital

Class of share	No. of shares	Voting rights per share	No. of votes	Proportion of votes	Proportion of share capital
Class A shares	26,833,644	1.00	26,833,644	39%	6%
Class B shares	291,958,810	0.10	29,195,881	43%	66%
Class D shares	107,800,000	0.10	10,780,000	16%	24%
Preference shares	16,784,028	0.10	1,678,403	2%	4%
Total	443,376,482		68,487,928	100%	100%

Annual General Meeting of AB Sagax 2019

The AGM of AB Sagax on May 7, 2019 resolved:

- to adopt the income statements and balance sheets, and the Board's proposed appropriation of profits. The AGM also adopted the Board's proposal regarding a dividend of SEK 2.00 per Class A and Class B common share and the AGM resolved in favour of a dividend of SEK 2.00 per preference share and Class D common share for the 2018 fiscal year, with quarterly payments of SEK 0.50 per preference share and Class D common share. 9 May 2019 was adopted as the record date for payment of dividends on Class A and Class B common shares. Friday 28 June 2019; Monday 30 September 2019; Monday 30 December 2019 and Tuesday 31 March 2020 were adopted as the record dates for the payments of dividends on preference shares and Class D common shares. The dividend is expected to be paid by Euroclear on the third working day after each record date. The AGM also resolved that the new Class D common shares and the new preference shares that may be issued under the authority granted by the AGM are to provide entitlement to dividends from the date on which they are entered into the shareholders' register administered by Euroclear.
- to discharge the Board Members and the CEO from personal liability for the 2018 fiscal year.
- that the number of Board Members amount to six for the period until the next AGM.
- to re-elect the Board Members Johan Cederlund, Filip Engelbert, David Mindus, Staffan Salén, Johan Thorell and Ulrika Werdelin. Staffan Salén was appointed Chairman of the Board.
- to pay fees in the amount of SEK 330,000 to the Board Chairman and SEK 180,000 to each other non-executive Board member elected by the AGM. The fees also include remuneration for committee work.
- to establish principles for the composition of a Nomination Committee for the 2020 AGM.
- to re-elect Ernst & Young Aktiebolag as auditors for the forthcoming one-year period, with Oskar Wall as the auditor-in-charge.
- to adopt the guidelines for remuneration of the company's senior executives.
- to implement the Incentive Plan 2019/2022, based on the issue of a maximum of 400,000 Series 2019/2022 warrants. Disapplying the preferential rights of shareholders, subscription entitlement will accrue to the wholly owned subsidiary, Satrap Kapitalförvaltning AB. The warrants shall be issued free of charge. Each warrant entitles the holder to subscribe in June 2022 for one new Class B common share in AB Sagax. The AGM also resolved to permit Satrap Kapitalförvaltning AB to transfer a maximum of 400,000 warrants in AB Sagax of the 2019/2022 series to employees, or to maintain control over the warrants in some other manner in order to secure obligations pursuant to the Incentive Plan 2019/2022. Each employee is to be offered an opportunity to acquire warrants in an amount corresponding to a maximum of one twelfth (1/12) of the employee's annual salary before income tax. It is estimated that the maximum number of additional Class B common shares will not exceed 400,000, corresponding to approximately 0.27% of the total number of Class B common shares in the company, subject to full subscription and full exercise of all warrants. The increase in share capital in such a case will amount to a maximum of SEK 700,000. The Incentive Plan is targeted at individuals who are or will be employees of AB Sagax or its subsidiaries. The company's Board of Directors and the CEO are not covered by the offer.
- to authorise the Board, within the framework of the applicable Articles of Association, with or without disapplying the shareholders' preferential rights, on one or more occasions prior to the next Annual General Meeting, to make decisions to increase the company's share capital on the basis of a new issue of Class A common shares, Class B common shares, preference shares, Class D common shares, warrants and/or convertibles in the company. The total number of shares encompassed by such new share issues may not exceed 10% of the number of votes in the company, based on the total number of votes in the company on the date when Board first utilises the authorisation. The shares are to be issued at market subscription price, subject to a market issue discount, where applicable, and, in addition to cash payment, payment for the shares in kind or by offsetting debt, or in some other manner that complies with terms and conditions, is to be possible.
- to authorise the Board, on one or more occasions prior to the next Annual General Meeting, to make decisions to acquire a total of as many Class A common shares, Class B common shares, preference shares, Class D common shares, warrants and/or convertibles as necessary so that the company's holdings at any time do not exceed a tenth of the total number of shares in the company. Acquisitions of treasury shares are to take place on Nasdaq Stockholm and may only take place at a price within the price span applicable at any time, meaning the span between the highest bid and lowest offer price, or on the basis of an open takeover bid to all shareholders, whereby the takeover is to take place at a price that on the decision date corresponds to a minimum of the applicable market price and a maximum of 150% of the applicable market price. The acquisition of treasury warrants and/or convertibles is to take place at a price that on the decision date corresponds to a maximum of the market value.
- to authorise the Board, on one or more occasions prior to the next AGM, to make decisions to transfer, with or without disapplying the shareholders' preferential rights, all or portions of the company's holding of treasury Class A

common shares, Class B common shares, preference shares, Class D common shares and/or warrants as payment for acquisitions of properties or property companies, or parts of properties or property companies, at a price corresponding to the market price or, regarding warrants the market value, on the date of sale. Transfer of all or portions of the company's holdings of Class A treasury common shares, Class B common shares, preference shares and/or Class D common shares may also occur, on one or more occasions prior to the next AGM, to finance such acquisitions, for which shares are to be sold on Nasdaq Stockholm at a price that is within the price span applicable at any time.

- on a bonus issue of 13,416,822 new Class A common shares and 145,979,405 new Class B common shares, whereby one (1) existing Class A common share entitles the holder to receive one (1) new Class A common share, and one (1) existing Class B common share entitles the holder to receive one (1) new Class B common share. According to the provisions of the Articles of Association, holdings of Class D common shares and/or holdings of preference shares do not provide

entitlement to new Class A common shares or to new Class B common shares. The decision entails that AB Sagax's share capital increased by a total of SEK 278,943,397.25 due to a transfer from unrestricted equity. The record date for the bonus issue is 3 June 2019. The new Class A and Class B common shares provide entitlement to dividends for the first time on the record date for dividends that falls immediately after the share issue has been registered with the Swedish Companies Registration Office and the common shares have been entered in the shareholders' register at Euroclear Sweden AB. The new Class A common shares are to be encompassed by the share conversion clause stipulated in the company's Articles of Association. On the basis of the bonus issue, both the share capital and the number of Class A and Class B common shares outstanding will increase, with the share capital amounting to SEK 765,583,843.50 distributed between a total of 437,476,482 shares, of which 26,833,644 Class A common shares, 291,958,810 Class B common shares, 101,900,000 Class D common shares and 16,784,028 preference shares. All of the shares have an unchanged quotient value of SEK 1.75 per share.

Risks and uncertainties

To prepare the accounts based on generally accepted accounting policies, company management must make judgements and assumptions that affect asset and liability items, revenue and expense items recognised in the accounts and other information provided. The actual outcome may differ from these judgements.

PROPERTY-RELATED RISKS

The valuation of investment properties can be significantly affected by the judgments and assumptions made by company management. To reduce the risk of incorrect valuations, Sagax has engaged authorised external appraisers to assess the market value of the majority of the properties as of 30 June 2019, see page 12. When valuing properties, the constant existence of uncertainties regarding the assumptions made must be taken into account. A sensitivity analysis for property values in relation to changes in the assumptions on yield requirements, cost of capital, rental revenue and property expenses is presented below.

Sagax prioritises leasing to tenants with a high credit rating and long-term leases, despite these entailing slightly lower immediate earnings. The intention is to reduce the risk of rent losses and the risk of vacancies.

The geographic distribution of Sagax's property portfolio and the industries of its tenants are highly diversified. Sagax's lease structure of many small leases help reduce the risks of vacancies and rent losses.

FINANCIAL RISKS

Sagax's financial expenses comprise the single largest expense for the Group. To reduce Sagax's exposure to rising interest rates, the Group has a significant number of its interest expenses from fixed-rate loans. To limit interest-rate risk for

loans at floating interest rates, interest-rate swaps and interest-rate caps are used. Sagax values all of its fixed-income derivatives externally every quarter. All other things being equal, a simulated parallel upward shift of 1 percentage point in the underlying swap curve would entail a positive revaluation of Sagax's fixed-income derivatives by SEK 96 M. A corresponding downward shift of 1 percentage point would entail a revaluation of SEK -99 M.

Calculated on the existing funding terms for the Group's interest-bearing liabilities on 30 June 2019, a rise in market interest rates of 1 percentage point would have increased Sagax's annualized interest expenses by SEK 27 M (55). A reduction in market interest rates of 1 percentage point would have lowered Sagax's interest expenses by SEK 7 M (-24) on an annual basis.

Sagax's funding primarily comprises equity and interest-bearing liabilities. Sagax endeavours to secure a long, average remaining term of interest-bearing liabilities in a bid to limit its refinancing risk, defined as the risk that refinancing existing debt cannot take place on reasonable terms. The company's long-term funding comprises listed bond loans and bank loans. Both the bond loans and bank loans are subject to covenants, for example, with respect to debt ratio and maintaining an interest coverage ratio. This means that creditors may be entitled to demand repayment of granted credit lines prematurely or request changed conditions if these covenants are not met by the borrower. The complete terms and conditions for the bond loans are available at www.sagax.se. A sensitivity analysis is presented below, showing the effects of a change in properties' occupancy rate on Sagax's interest coverage ratio. A sensitivity analysis is presented below, showing the effects of a change in the properties' market value on Sagax's debt ratio.

Sensitivity analysis for property values

	-20%	-10%	0%	+10%	+20%
Value change, SEK M	-6,173	-3,087	-	3,087	6,173
Debt ratio, %	53	48	44	41	38

Sensitivity analysis for changes in the occupancy rate

	-10%	-5%	0%	+5%	+10%
Occupancy rate, %	86	91	96	100	N/A
Interest coverage ratio, %	464	490	515	541	566

Sensitivity analysis for property values

	Change	Value change, SEK M
Yield requirement	+/- 0.25% points	-796/+850
Cost of capital	+/- 0.25% points	-720/+766
Rental revenue	+/- 5%	+1,164/-1,166
Property expenses	+/- 5%	-215/+216

CURRENCY RISKS

The amounts in the consolidated balance sheet are partly exposed to exchange-rate fluctuations, particularly for the EUR. Net exposure on 30 June 2019, assets less liabilities in EUR, amounted to SEK 4,788 M (7,673). In accordance with IAS 21, the currency effects for foreign operations and hedge accounting are recognised in Other comprehensive income. Other currency effects are recognised in profit or loss.

OTHER RISKS

In a decision of 20 December 2016 pertaining to the 2014 income year, the Swedish Tax Agency denied the group company Sagax Bruket Fastigheter AB deductions for loss carryforwards of SEK 277 M and imposed additional tax of SEK

28 M. In a ruling on 27 February 2018, the Administrative Court upheld the Swedish Tax Agency's claim. In a decision of 7 December 2017 pertaining to the 2015 income year, the Tax Agency also denied the group company Firethorne AB deductions for loss carryforwards of SEK 1,166 M. In a ruling on 7 February 2019, the Administrative Court upheld the Tax Agency's decision. Sagax is of the opinion that the Tax Agency's decisions are incorrect and the companies concerned have appealed the decisions. If the Tax Agency's decisions were to be upheld, Sagax estimates that the negative effect recognised in earnings for the Group would be SEK 85 M and SEK 156 M, respectively.

Sagax's other risks are described in the 2018 Annual Report, on pages 50-53.

SENSITIVITY ANALYSIS

Sagax's exposure to material risks in the company's operations is presented below.

Sensitivity analysis at 30 June 2019¹⁾

Amounts in SEK M	Change	Effect on profit from property management, annual basis	Effect on profit after tax, annual basis ³⁾	Effect on equity ³⁾
Economic occupancy rate	+/-1%	+/-25	+/-21	+/-21
Rental revenue	+/-1%	+/-25	+/-21	+/-21
Property expenses	+/-1%	-/+5	-/+4	-/+4
Interest expenses for liabilities in SEK including fixed-income derivatives	+/-1% point	-15/+7	-12/+6	-12/+6
Interest expenses for liabilities in EUR including fixed-income derivatives	+/-1% point	-11/0	-9/0	-9/0
Interest expenses for liabilities in SEK excluding fixed-income derivatives	+/-1% point	-27/+19	-22/+16	-22/+16
Interest expenses for liabilities in EUR excluding fixed-income derivatives	+/-1% point	-19/+7	-15/+6	-15/+6
Revaluation of fixed-income derivatives in SEK due to shift in interest rate curves	+/-1% point	N/A	+57/-61	+57/-61
Revaluation of fixed-income derivatives in EUR due to shift in interest rate curves	+/-1% point	N/A	+20/-19	+24/-20
Change in SEK/EUR exchange rate ²⁾	+/-10%	+/-103	+/-80	+/-479
Changed rent level for contract maturity in 2019	+/-10%	+/-16	+/-13	+/-13

1) Excluding share in profit of joint ventures.

2) Sagax's net exposure to the SEK/EUR exchange rate comprises assets and liabilities recognized in EUR, in addition to revenue and expenses in EUR.

3) Including standard tax at 19%.

Events after the end of the period

On 3 July, Sagax announced in a press release that its joint venture Söderport had acquired two properties in Stockholm and one in Gothenburg. The total investment amounted to SEK 117 M. The properties encompass 10,900 square metres of lettable area, comprising warehouse and light industry premises. The remaining average lease term is 7.5 years and the annual rental value amounts to SEK 7.3 M. The occupancy rate is 74%.

On 8 July, Sagax announced in a press release that based on four separate transactions it had agreed to acquire two properties in Paris, one property in the Netherlands and one property in Finland. The total investment amounted to SEK 160 M. The properties comprise a lettable area of 22,500 square metres, primarily comprising warehouse and light industry premises. The remaining average lease term is 1.8 years and the annual rental value amounts to SEK 16.5 M. The occupancy rate is 85%. For property acquisitions in France, the relevant municipality has pre-emptive rights to buy the property. This applies to the acquisitions described above. Such a permit is expected to be obtained within two months. Occupancy is scheduled to take place during third quarter of 2019. Sagax also divested an industrial property in Paris for SEK 46 M. The divested property is vacant and encompasses 3,200 square metres of lettable area. The property was handed over in the second quarter of 2019.

On 10 July, Sagax announced in a press release that its joint venture Söderport was to divest six properties in Torslanda to Torslanda Property Investment AB (TPI). The transaction will take place with the property packaged as company and the underlying property value amounts to SEK 2,338 M. TPI is to pay SEK 965 M of the purchase consideration in the form of newly issued TPI shares. Based on the issue, Söderport's participating interest in TPI will increase from 28.6% to 78.4%. The properties to be divested to TPI primarily comprise office properties and encompass a lettable area of 145,000 square metres. The rental value is SEK 170 M. The properties are situated adjacent to TPI's existing property and mainly have the same tenant. Söderport's aim is that TPI will build up its own management organisation to develop into an independent property company. Söderport intends to gradually transfer all or parts of its shareholdings in TPI to Söderport's own shareholders or the shareholders of these shareholders. The transaction is conditional on the approval of an extraordinary meeting of TPI. This extraordinary meeting is expected to take place on 22 August 2019. Provided that the meeting approves the transaction, possession is scheduled to be transferred on 1 October 2019.

Accounting policies

Sagax complies with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). In addition, the consolidated financial statements have been prepared in accordance with Swedish law applying Recommendation RFR 1 Supplementary Accounting Rules for Corporate Groups of the Swedish Financial Reporting Board.

This interim report has been prepared in accordance with International Accounting Standards (IAS) 34.

IFRS 16 Leases entered force on 1 January 2019 and has been applied by Sagax from that date without retrospective restatement. Accounting for lessors is essentially unchanged. Under the new standard, lessees recognise leases in the balance sheet as a right-of-use asset. Sagax analysed the Group's leases and identified site leasehold agreements as the most material. Sagax also has other leases pertaining to offices, vehicles, office equipment and land leases. According to the new standard, site leasehold fees will no longer be recognised

as a property expenses but instead as a financial expense. Lease expenses for other leases are distributed between depreciation and financial expense. The change in recognition has a limited impact on a few KPIs, such as return on total capital, net debt/total assets and the interest coverage ratio.

Aside from the adjustments to IFRS 16, the accounting policies and calculation methods applied in this report are essentially unchanged compared with those applied in the 2018 Annual Report.

The properties were valued in accordance with level 3 of the IFRS fair value hierarchy. The fair value of financial instruments essentially corresponds with the carrying amounts. No changes to the categorisation of financial instruments were made during the period. The derivatives were measured in accordance with level 2 of the fair value hierarchy.

The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities.

Rounding-off differences may occur in this report.

The Board of Directors and CEO give their assurance that this interim report provides a fair overview of the company's and the Group's operations, financial position and earnings and describes significant risks and uncertainties faced by the company and the companies included in the Group.

Stockholm, 12 July 2019
AB SAGAX (publ)
Corporate Registration Number 556520-0028

Staffan Salén
Chairman of the Board

Johan Cederlund
Board member

Filip Engelbert
Board member

David Mindus
CEO and Board member

Johan Thorell
Board member

Ulrika Werdelin
Board member

This interim report has not been reviewed by the company's auditors.

This constitutes information that AB Sagax (publ) is legally obliged to publish under the EU's Market Abuse Regulation. The information was released for publication on 12 July 2019 at 2:00 p.m.

Financial calendar

Interim Report January-September 2019
Year-end Report 2019
Interim Report January-March 2020

24 October 2019
7 February 2020
7 May 2020

SCHEDULE OF DIVIDEND PAYMENTS TO HOLDERS OF CLASS D SHARES AND PREFERENCE SHARES

September 2019

■ Final day for trading including dividend rights	26 September 2019
■ First day for trading excluding dividend rights	27 September 2019
■ Record date for dividend payment	30 September 2019
■ Expected payment date by Euroclear ¹⁾	3 October 2019

December 2019

■ Final day for trading including dividend rights	23 December 2019
■ First day for trading excluding dividend rights	27 December 2019
■ Record date for dividend payment	30 December 2019
■ Expected payment date by Euroclear ¹⁾	7 January 2020

March 2020

■ Final day for trading including dividend rights	27 March 2020
■ First day for trading excluding dividend rights	30 March 2020
■ Record date for dividend payment	31 March 2020
■ Expected payment date by Euroclear ¹⁾	3 April 2020

June 2020

■ Final day for trading including dividend rights	26 June 2020
■ First day for trading excluding dividend rights	29 June 2020
■ Record date for dividend payment	30 June 2020
■ Expected payment date by Euroclear ¹⁾	3 July 2020

1) Payment is made on the third banking day following the record date for Swedish issuers. Sagax is unable to affect this date.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Definitions

Sagax applies the European Securities and Market Authority's (ESMA) Guidelines on the Alternative Performance Measures. Alternative performance measures refer to financial measures of historical or future earnings trends, financial position, financial results or cash flows that are not defined or stated in the applicable rules for financial reporting, which in Sagax's case is IFRS. The basis of the alternative performance measures provided is that they are used by company management to assess the financial performance and thus are considered to provide valuable information to shareholders and other stakeholders.

The table below presents definitions of Sagax's key performance indicators. The calculation of alternative performance measures is described separately on the following pages.

Key performance indicators	Description	Reason for alternative performance measure
Cash flow per Class A and B share	Profit before tax adjusted for items not included in cash flow less tax paid in relation to the average number of Class A and B shares. Dividends on Class D shares and preference shares for the period have also been deducted from profit before tax. Dividends received from joint ventures have been added to profit before tax.	The key performance indicator shows the amount of cash flow for the period that can be considered to be attributable to owners of Class A and Class B shares.
Debt ratio	Interest-bearing liabilities at the end of the period as a percentage of total assets at the end of the period.	This key performance indicator shows financial risk.
Dilution	Dilution due to outstanding warrants has been calculated, in line with IAS 33, as the number of Class A and B shares to be issued to cover the difference between the strike price and market price for all potential Class A and B shares (warrants) outstanding, insofar as it is probable that they will be utilised.	Not an alternative performance measure.
Earnings per Class A and B share	Profit in relation to the average number of Class A and B shares after taking into account the portion of profit for the period represented by dividends on Class D shares and preference shares.	Not an alternative performance measure.
Earnings per Class D share	Class D shares are entitled to five times the total dividend on Class A and B shares, although not more than SEK 2.00 per share.	The key performance indicator shows the shareholders' share of profit.
Earnings per preference share	Each preference share entails a preferential right to SEK 2.00 in annual dividends.	The key performance indicator shows the preference shareholders' share of profit.
EBITDA	Net operating income less central administration costs plus dividends received from joint ventures.	Sagax uses EBITDA so that the EBITDA/Net debt key performance indicator shows financial risk.
Economic occupancy rate	Contractual annual rent directly after the end of the period as a percentage of rental value directly after the end of the period.	The key performance indicator shows the economic degree of utilisation of the Group's properties.
Equity/assets ratio	Equity in relation to total assets.	This key performance indicator shows financial risk.
Equity per Class A and B share	Equity at the end of the period in relation to the number of Class A and B shares at the end of the period after taking into account equity attributable to Class D shares and preference shares.	The key performance indicator shows the owner's share of equity.
Equity per Class D share	Equity at the end of the period in relation to the number of common shares at the end of the period after taking into account equity attributable to preference shares. Equity is restricted to SEK 35.00 per Class D share.	The key performance indicator shows the owner's share of equity.
Equity per preference share	Equity per preference share corresponds to the preferential right of the preference share on liquidation of the company (SEK 30 per preference share) and the share's accumulated preferential right to dividends (SEK 2 per year).	The key performance indicator shows the owner's share of equity.
EURIBOR	EURIBOR, or the Euro Interbank Offered Rate, is a daily reference rate based on the average of the interest rates at which euro interbank term deposits are being offered by one prime bank to another within the EMU zone.	Not an alternative performance measure.
Fixed-income derivatives	Agreements on lending rates that may include the factors of time, inflation and/or maximum interest rates. Usually signed to hedge interest rates for interest-bearing loans.	Not an alternative performance measure.
IFRS	International Financial Reporting Standards. International Financial Reporting Standards (IFRS), to be applied for consolidated financial statements by listed companies within the EU.	Not an alternative performance measure.
Interest coverage ratio	Profit from property management, excluding profit from joint ventures but including dividends from joint ventures, after reversal of financial expenses in relation to financial expenses.	The key performance indicator shows financial risk.
Interest coverage ratio, covenant in EMTN programme	Profit from property management after reversal of financial expenses as a percentage of financial expenses.	The key performance indicator shows financial risk.

Key performance indicators	Description	Reason for alternative performance measure
Interest-rate swaps	An agreement between two parties to swap interest rate conditions on loans in the same currency. The swap entails that one party exchanges its floating interest rate for a fixed rate, while the other party receives a fixed rate in exchange for a floating rate. The purpose of an interest-rate swap is to reduce interest-rate risk.	Not an alternative performance measure.
Joint venture	Partnership form whereby several owners have a shared controlling influence.	Not an alternative performance measure.
Lease term	Remaining term of a lease.	The key performance indicator shows the risk of future vacancies.
Net asset value	Recognised equity according to the balance sheet with reversal of reserves for fixed-income derivatives, deferred tax on temporary differences on property values and deferred tax on reserves for fixed-income derivatives.	An established indicator of the Group's net asset value that facilitates analyses and comparisons.
Net debt	Interest-bearing liabilities less interest-bearing assets, cash and cash equivalents, and listed shares.	The key performance indicator shows the Group's indebtedness.
Net debt/Total assets	Interest-bearing liabilities less interest-bearing assets, cash and cash equivalents, and listed shares as a percentage of total assets.	This key performance indicator shows financial risk.
Occupancy rate by area	Contracted area directly after the end of the period as a percentage of total lettable area directly after the end of the period.	This key performance indicator shows the occupancy situation.
Preference equity	Equity per preference share multiplied by the number of preference shares outstanding.	The key performance indicator shows equity attributable to preference shareholders.
Profit from property management	Profit excluding changes in value and tax.	An indicator of the earnings generation in the operations, excluding changes in value.
Profit from property management per Class A and B share after dilution	Profit from property management for the period reduced by dividends on Class D shares and preference shares, divided by the average number of Class A and B shares after dilution.	An indicator of the earnings generation of the assets, excluding the changes in value accruing to holders of Class A and B shares.
Property	Pertains to properties held under title or site leasehold.	Not an alternative performance measure.
Rental value	The contractual annual rent applicable directly after the end of the period, with supplements for estimated market rents for vacant premises.	The key performance indicator shows the Group's income potential.
Return on equity	Profit for the period, recalculated to 12 months, as a percentage of average equity (opening and closing balances)/2 for the period.	This key performance indicator shows how shareholders' capital yields interest during the period.
Return on total capital	Profit for the period, recalculated to 12 months, after net financial items after reversal of financial expenses as a percentage of average total assets for the period.	This key performance indicator shows the ability to generate earnings on the Group's assets, excluding financing costs.
Secured liabilities/total assets	Liabilities secured with pledged assets as a percentage of total assets.	This key performance indicator shows financial risk for bond holders.
STIBOR	STIBOR, or Stockholm Interbank Offered Rate, a daily reference rate based on the average of the interest rates at which banks offer to lend unsecured funds to other banks in SEK in the Swedish wholesale money market.	Not an alternative performance measure.
Surplus ratio	Net operating income for the period as a percentage of rental revenue for the period.	The key performance indicator shows the profitability of the properties.
Total return on shares	Total of the change in the share price during the period and the dividend paid during the period as a percentage of the share price at the end of the preceding year.	The key performance indicator shows the total return that accrues to shareholders.
Total yield on property	Total of yield and property revaluations during the period as a percentage of the closing property value adjusted for revaluations for the period.	The key performance indicator shows earnings generation and value growth for the properties for a period.
Triple net lease	A type of lease whereby the tenant pays, in addition to the rent, all costs incurred on the property that would normally have been paid by the property owner. These include operating expenses, maintenance, property tax, site leasehold fees, insurance, property care-taking, etc.	Not an alternative performance measure.
Yield	Net operating income for the period (including property administration) with add-back of site leasehold fees, recalculated to 12 months, adjusted for the holding periods of the properties during the period as a percentage of the carrying amounts of the properties at the end of the period.	The key performance indicator shows the earnings generation of the operations before financial expenses and central administration costs are taken into account.

The calculation of alternative performance measures is presented in the tables below.¹⁾

Amounts in SEK M unless otherwise stated	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec	Amounts in SEK M unless otherwise stated	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Return on equity				Equity per Class A and B share			
Profit after tax	1,771	1,666	3,166	Equity	17,006	13,846	15,416
Addition for translation to annual value	1,771	1,666	–	Equity attributable to preference and Class D shares	–4,293	–3,915	–4,104
Average equity	16,211	12,601	13,386	Adjusted equity attributable to Class A and B shares	12,713	9,931	11,312
Return on equity	22%	26%	24%	No. of shares	316,792,454	316,792,454	316,792,454
Return on total capital				No. of shares after dilution	317,068,167	317,062,630	317,083,788
Profit from property management	960	806	1,603	Equity per Class A and B share, SEK	40.13	31.34	35.70
Addition for translation to annual value	960	806	–	Equity per Class A and B share after dilution, SEK	40.10	31.32	35.67
Financial expenses	248	231	481	Economic occupancy rate			
Addition for translation to annual value	248	231	–	Contractual annual rent	2,537	2,217	2,374
Profit before financial expenses	2,416	2,074	2,084	Rental value	2,655	2,352	2,510
Average total capital	35,069	29,049	30,465	Economic occupancy rate	96%	94%	95%
Return on total capital	7%	7%	7%	Profit from property management			
Occupancy rate by area				Profit after tax	1,771	1,666	3,166
Contracted area, 000s of square metres	2,818	2,539	2,708	Tax	267	313	605
Total lettable area, 000s of square metres	2,931	2,670	2,850	Changes in value	–1,076	–1,174	–2,168
Occupancy rate by area	96%	95%	95%	Profit from property management	960	806	1,603
Debt ratio				Profit from property management per Class A and B share after dilution			
Interest-bearing liabilities	16,104	14,337	15,763	Profit from property management	960	806	1,603
Total assets	36,447	30,858	33,690	Dividends attributable to preference and Class D shares	–125	–114	–237
Debt ratio	44%	46%	47%	Adjusted profit from property management	835	692	1,367
Yield				Profit from property man- agement per Class A and B share after dilution, SEK	2.64	2.18	4.31
Net operating income	1,047	904	1,869	Lease term			
Add-back of site leasehold fees	–12	–	–	Contractual future rental revenue	14,293	14,478	14,251
Addition for translation to annual value	1,035	904	–	Contractual annual rent	2,537	2,217	2,374
Holding adjustment, acquisitions/divestments	–3	10	91	Lease term, years	5.6	6.5	6.0
Currency translation to closing rate	8	22	2	Cash flow per Class A and B share			
Adjusted net operating income	2,075	1,840	1,962	Profit before tax	1,978	1,921	3,611
Carrying amount of properties	30,518	27,008	29,024	Items not affecting cash flow	–950	–1,007	–2,035
Yield	6.8%	6.8%	6.8%	Tax paid	–71	–45	–87
EBITDA rolling 12 months				Dividends attributable to preference and Class D shares	–125	–114	–237
Net operating income	2,012	1,714	1,869	Cash flow	832	755	1,252
Central administration	–133	–91	–132	Cash flow per Class A and B share after dilution, SEK	2.63	2.38	3.95
Dividends from joint ventures	264	304	254				
EBITDA	2,143	1,927	1,991				

1) Comparative figures have been adjusted for the bonus issue of Class A and B shares in 2019, by multiplying the number of shares by 2. The terms of the bonus issue were 1 Class A and 1 Class B share for each Class A and Class B share. The record date for the bonus issue was 3 June 2019.

Calculation of alternative performance measures is presented in the tables below, cont'd.

Amounts in SEK M unless otherwise stated	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec	Amounts in SEK M unless otherwise stated	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Net debt				Interest coverage ratio, covenant in EMTN programme			
Interest-bearing liabilities	16,104	14,337	15,763	Profit from property management	960	806	1,603
Interest-bearing assets	-6	-7	-6	Financial expenses	248	231	481
Cash and cash equivalents and listed shares	-1,291	-657	-945	Profit from property management before financial expenses	1,208	1,037	2,084
Net debt	14,807	13,673	14,812	Interest coverage ratio	4.9x	4.5x	4.3x
Net debt/EBITDA				Equity/assets ratio			
Net debt	14,807	13,673	14,812	Equity	17,006	13,846	15,416
EBITDA rolling 12 months	2,143	1,927	1,991	Total assets	36,447	30,858	33,690
Net debt/EBITDA	6.9x	7.1x	7.4x	Equity/assets ratio	47%	45%	46%
Net debt/Total assets				Net asset value			
Net debt	14,807	13,673	14,812	Equity	17,006	13,846	15,416
Total assets	36,447	30,858	33,690	Equity attributable to preference and Class D shares	-4,293	-3,915	-4,104
Net debt/Total assets	41%	44%	44%	Reversal of derivatives	152	400	117
Preference equity				Reversal of deferred tax, other temporary differences	2,111	1,704	1,967
Equity per preference share, SEK	31.00	31.00	32.00	Reversals due to joint ventures	676	630	627
Number of preference shares outstanding	16,784,028	16,784,028	16,784,028	Net asset value	15,652	12,665	14,023
Preference equity	520	520	537	Net asset value per Class A and B share after dilution, SEK	49.35	39.94	44.23
Earnings per Class A and B share¹⁾				Secured liabilities/total assets			
Profit after tax	1,771	1,666	3,166	Secured liabilities	4,963	9,565	7,045
Dividends attributable to preference and Class D shares	-125	-114	-237	Total assets	36,447	30,858	33,690
Adjusted profit after tax	1,646	1,552	2,929	Secured liabilities/total assets	14%	31%	21%
Earnings per Class A and B share after dilution, SEK	5.19	4.90	9.24	Surplus ratio			
Interest coverage ratio				Net operating income	2,012	1,714	1,869
Profit from property management	960	806	1,603	Rental revenue	2,419	2,054	2,247
Add-back of profit from property management JV	-194	-151	-312	Surplus ratio	83%	83%	83%
Dividends from JV	264	254	254				
Financial expenses	248	231	481				
Corrected profit from property management before financial expenses	1,278	1,140	2,026				
Interest coverage ratio	5.2x	4.9x	4.2x				

1) Not an alternative performance measure.

AB Sagax is a property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industry segment. Sagax's property holdings at 30 June 2019 amounted to 2,931,000 square metres, distributed between 527 properties.

AB Sagax (publ) is listed on Nasdaq Stockholm, Large Cap.

More information is available at www.sagax.se.

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This document is an in-house translation of the Swedish Interim report. In the event of discrepancies, the Swedish original will supersede the translation.