

INTERIM REPORT JANUARY - JUNE 2020

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 2020

FIRST SIX MONTHS OF 2020

- Rental revenue increased 12% to SEK 1,417 M (SEK 1,261 M in the year-earlier period).
- Profit from property management increased 23% to SEK 1,177 M (960).
- Profit from property management per Class A and B share after dilution rose 23% to SEK 3.26 (2.64).
- Revaluation of properties impacted profit by a total of SEK 283 M (633), of which joint ventures accounted for SEK 245 M (174).
- Revaluation of financial instruments impacted profit by a total of SEK –45 M (443), of which joint ventures accounted for SEK –30 M (–37).
- Profit after tax for the period was SEK 1,110 M (1,771).
- Cash flow from operating activities before changes in working capital rose 35% to SEK 1,296 M (957), corresponding to SEK 3.63 (2.63) per Class A and B share after dilution.
- Net investments amounted to SEK 3,523 M (561), of which property acquisitions accounted for SEK 3,218 M (948).

SECOND QUARTER OF 2020

- Rental revenue increased 12% to SEK 715 M (639 for the year-earlier period).
- Profit from property management increased 23% to SEK 612 M (496).
- Profit from property management per Class A and B share after dilution rose 24% to SEK 1.68 (1.36).
- Revaluation of properties impacted profit by a total of SEK –214 M (501), of which joint ventures accounted for SEK 27 M (126).
- Revaluation of financial instruments impacted profit by a total of SEK 83 M (66), of which joint ventures accounted for SEK –15 M (–20).
- Profit after tax for the period amounted to SEK 361 M (917).
- Cash flow from operating activities before changes in working capital rose 38% to SEK 880 M (635), corresponding to SEK 2.52 (1.80) per Class A and B share after dilution.
- Net investments amounted to SEK 293 M, of which property acquisitions accounted for SEK 111 M (269).

ADJUSTED FORECAST FOR 2020

As a result of the COVID-19 pandemic, macroeconomic conditions in the company's markets have deteriorated and uncertainty has increased. Despite the fact that the impact of the pandemic on the company has been limited to date, Sagax's forecast for profit from property management is associated with greater uncertainty than under normal market conditions.

Profit from property management for 2020, meaning profit before revaluations and tax, based on the current property portfolio, announced acquisitions and divestments and current exchange rates, is expected to amount to SEK 2,300 M. The previously submitted forecast was for profit of SEK 2,250-2,300 M and was presented when the January-March 2020 interim report was published.

Selected key performance indicators

	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2015 Jan-Dec
Profit from property management per Class A and B share after dilution, SEK	3.26	2.64	5.51	4.31	3.70	2.98	2.45
Change compared with preceding year, %	23	21	28	16	24	22	31
Earnings per Class A and B share after dilution, SEK	3.04	5.19	12.13	9.24	8.85	7.25	4.93
Dividend per Class A and B share, SEK	–	–	0.65	1.00	0.90	0.72	0.58
Net debt/EBITDA, multiple	6.8	6.9	6.6	7.4	8.1	8.7	9.3
Interest coverage ratio, multiple	6.5	5.2	4.9	4.2	3.7	3.4	2.9
Debt ratio, %	44	44	44	47	50	54	59
Properties' market value, SEK M	36,117	30,518	32,625	29,024	23,771	20,628	16,189
Property yield, %	6.5	6.8	6.4	6.8	6.9	7.1	7.4



The Dr. Nolenslaan 126 property in Sittard, the Netherlands, was acquired in the second quarter. The property encompasses a total of 4,700 square metres of industrial and office premises. The property 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 will 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.

Financing strategy

Sagax's financial structure is designed with a clear focus on operating cash flow and interest coverage ratio. This is expected to create both excellent prerequisites for expansion and an attractive 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.

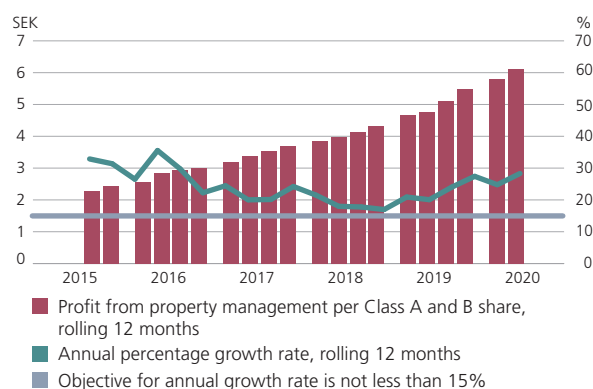
Management strategy

Sagax pursues efficiency and sustainability in its management strategy. The management strategy includes clearly prioritising reputable customers with high credit ratings and obtaining long leases. This is regarded as being advantageous since it reduces the risk of vacancies, while leading to lower costs for

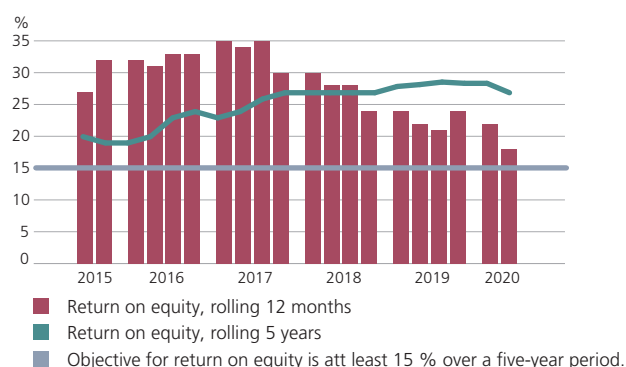
Financial targets

	Outcome rolling 12 months	Five-year average
Return on equity, measured over a five-year period, should not fall below 15% per year	18%	27%
Profit from property management per Class A and B share should increase by a minimum of 15% per year	28%	26%

Profit from property management per Class A and B share



Return on equity



letting premises and adapting premises to tenant needs. The company mainly enters into triple net leases and is 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.

SUSTAINABILITY ACTIVITIES

The aim of Sagax's sustainability activities is to avoid 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 planning, governance and monitoring of sustainability activities follow Sagax's organisational structure with well-defined delegation of responsibilities and authorities. This sustainability work is supported by internal policies, guidelines, overall objectives, external laws, rules and regulations.

Sagax has identified the following focus areas:

Financial sustainability

Sagax's business model is characterised in all areas by a long-term approach. Short-term gains are subordinate to the com-

pany's long-term value creation. Accordingly, sustainability work is integrated into the business model.

Business ethics

Sagax works actively to combat all forms of corruption, and has a whistle-blower function available on the Sagax website and a Code of Conduct for Suppliers.

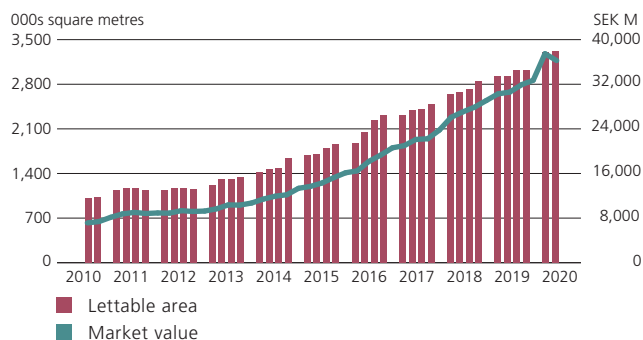
Environmental and resource efficiency

Heating premises and the use of electricity account for the largest share of properties' energy use. Sagax takes regular measures to reduce consumption in a bid to continuously enhance the efficiency of the properties' energy use.

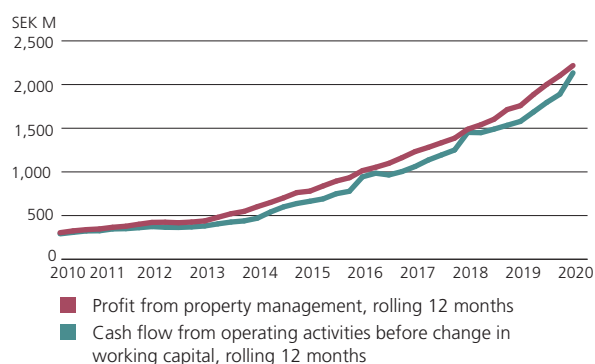
Employment conditions for employees

The development of the company is dependent on highly skilled employees. For this reason, it is important that the company is an attractive employer that can attract and has the ability to retain highly skilled personnel. In exchange, employees are expected to assume responsibility of their work duties and also serve as good representatives of the company's values and culture.

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 2020 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 23% to SEK 1,177 M (960), of which joint ventures and associated companies accounted for SEK 282 M (194). The increase in profit from property management was attributable to property acquisitions and higher profit from property management in joint ventures and associated companies. Profit from property management per Class A and B share after dilution rose 23% to SEK 3.26 (2.64).

Changes in the value of properties increased profit by SEK 38 M (459).

Revaluation of financial instruments had an impact of SEK –15 M (480). The revaluation of listed shares resulted in an unrealised change in value of SEK –61 M (284). The revaluation of financial instruments attributable to joint ventures amounted to SEK 55 M (239) pursuant to IFRS 9, while fixed-income derivatives accounted for SEK –9 M (–44).

Profit after tax for the period was SEK 1,110 M (1,771).

REVENUE

Rental revenue rose 12% to SEK 1,417 M (1,261). Revenue was primarily positively affected by property acquisitions. Sagax has reserved SEK 3 M (0) for confirmed or expected rent losses corresponding to 0.2% of rental revenue for the period.

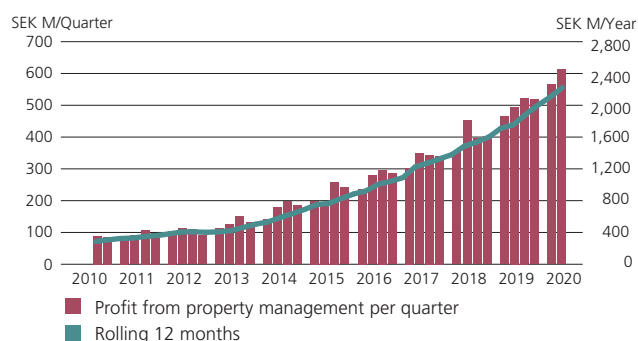
Other revenue amounted to SEK 3 M (23). The previous period was primarily impacted by compensation from tenants who prematurely vacated premises, damages due to inadequate maintenance and insurance compensation.

During the period, rental revenue in comparable portfolios increased 2.4% (2.1) excluding currency effects. The largest increase was found in the market segments of Helsinki 5.6% and the Netherlands 4.5%. In the market segment Finland, university cities, the rental revenues decreased by 3.0%. Other market segments reported revenue increases an average of 2.0% in the existing portfolio.

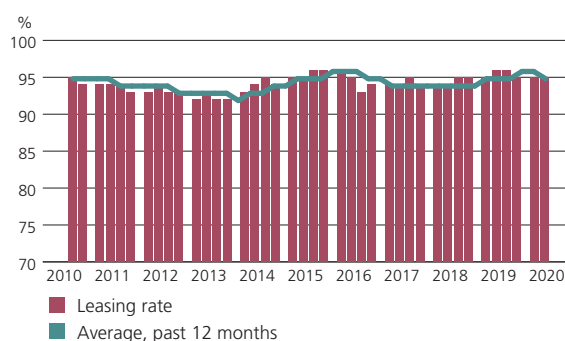
CHANGE IN THE ECONOMIC OCCUPANCY RATE

The economic occupancy rate was unchanged during the period and amounted to 95% (96). During the period, the vacancy value rose SEK 54 M (37) due to tenants vacating premises and declined SEK 47 M (61) due to new lettings. Fixed-term rent discounts for new tenants increased SEK

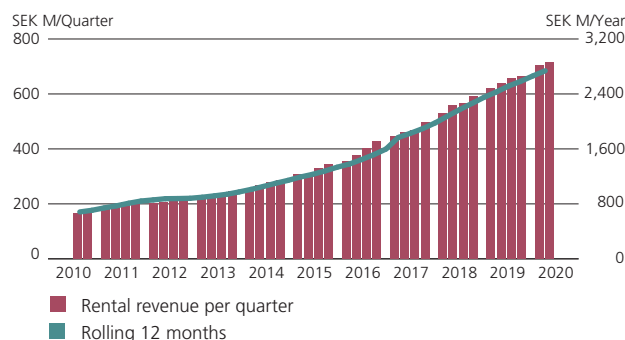
Profit from property management



Economic leasing rate



Rental revenue



4 M (4) to SEK 26 M (22) on an annual basis at the end of the period. Acquisitions and property divestments during the period increased the vacancy value by SEK 8 (16) M. In total, the vacancy value increased SEK 20 M (–14) to SEK 155 M (132) at the end of the period.

FUTURE VACANCY CHANGES

At the end of the period, notice of termination had been served for leases with a rental value of SEK 89 M (65), of which leases with notice of vacating the premises accounted for SEK 88 M (62) and leases with notice of renegotiation for SEK 1 M (3). Of the leases for which notice had been received, vacancies corresponding to SEK 24 M will occur in 2020. Leases for premises that have not yet been occupied reduced the adjusted vacancy value by SEK 13 M (8).

PROPERTY EXPENSES

Operating and maintenance costs amounted to a total of SEK 154 M (159). The decline was primarily due to lower costs for property care-taking and maintenance in the second quarter of 2020 as a result of COVID-19. Expenses for property tax

increased to SEK 67 M (57). Other property expenses rose to SEK 28 M (21). The increase was due primarily to property acquisitions.

CENTRAL ADMINISTRATION

Costs for the Group's central administration amounted to SEK 57 M (50), corresponding to 4.0% (4.0) of rental revenue during the period.

At the end of the period, Sagax had 72 (62) employees. Functions such as property care-taking and on-call operations are outsourced. Sagax has offices in Stockholm, Helsinki, Rotterdam, Paris and Barcelona.

Number of employees

Country	Total
Sweden	32
Finland	22
France	8
Netherlands	7
Spain	3
Total	72

Vacancy changes

Amounts in SEK M	2020 Jan-Jun	2019 Jan-Dec
Opening vacancy for each year	135	132
Vacancies	54	93
New lettings	–47	–98
Change in discounts provided	4	4
Vacancy value, acquired properties	9	23
Vacancy value, sold properties	–1	–7
Adjustment of vacancy value	–	–14
Change in exchange rates	–	1
Closing vacancy value	155	135
Terminated for renegotiation	1	4
Terminated lease, not vacated	88	81
Letting, not occupied	–13	–14
Adjusted closing vacancy value	231	205

Leases terminated for vacancy

Year of vacancy	No. of leases	Rental value, SEK M
2020	47	24
2021	15	49
2022	7	14
2024	1	1
>2024	–	–
Total	70	88

Vacancies, 1 July 2020

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	691	41	6%	634,000	34,000	5%
Helsinki	638	49	8%	577,000	62,000	11%
Netherlands	305	12	4%	371,000	9,000	3%
Paris	318	17	5%	293,000	16,000	5%
Finland, university cities	337	12	4%	356,000	13,000	4%
Madrid & Barcelona ²⁾	118	14	12%	219,000	25,000	12%
Rest of Sweden	146	–	–	261,000	–	–
Rest of Finland	231	2	1%	329,000	5,000	1%
Rest of Europe	238	7	3%	281,000	6,000	2%
Total	3,021	155	5%	3,321,000	171,000	5%

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

2) Madrid & Barcelona, which was previously reported under Rest of Europe, is reported as a separate segment from 1 January.

PROFIT FROM JOINT VENTURES AND ASSOCIATED COMPANIES

Profit of joint ventures and associated companies for the period amounted to SEK 389 M (273), of which profit from property management accounted for SEK 282 M (194), changes in the value of fixed-income derivatives for SEK –30 M (37) and changes in the value of properties for SEK 245 M (174). Profit was charged with deferred tax of SEK 107 M (59). Refer also to page 11 for more information.

NET FINANCIAL ITEMS

Interest-bearing liabilities increased to SEK 19,449 M (16,104) due to financing of property acquisitions.

Financial expenses declined to SEK 225 M (236), despite higher interest-bearing liabilities as a result of lower average interest rate. The average interest rate was 1.9% (2.2) on 30 June 2020 due to refinancing and new borrowing at lower interest rates.

Financial income of SEK 20 M (17) primarily pertained to interest on convertible debentures.

REVALUATION OF PROPERTIES

Sagax value most of its property portfolio every quarter by obtaining value assessments from independent valuation companies. External valuations are based on observable market data. Due to the prevailing circumstances, market activity was lower than normal in the first half of the year. This means that the external market values are associated with greater uncertainty than normal.

The value growth for the properties amounted to SEK 38 M (459), of which unrealised changes in value amounted to SEK 38 M (462).

Unrealised changes in value

Amounts in SEK M	Jan-Jun 2020
New lettings/Renegotiations	186
Vacancies/Renegotiations	–232
General change in market value	84
Total	38

REVALUATION OF FINANCIAL INSTRUMENTS

The change in the value of financial instruments amounted to SEK –44 M (443), of which SEK –30 M (–37) referred to joint ventures.

The change in value attributable to fixed-income derivatives amounted to SEK –39 M (–80), of which SEK –30 M (–16) referred to joint ventures.

Revaluation of listed shares resulted in an unrealized change in value of SEK –61 M (284).

The revaluation of financial instruments attributable to joint ventures amounted to SEK 55 M (239) in accordance with IFRS 9.

TAX

Sagax recognised a current tax expense of SEK 101 M (62). The deferred tax expense amounted to SEK 96 M (146). The Group's deferred tax liabilities at the end of the period amounted to SEK 2,118 M (1,765).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 1,296 M (957). Changes in working capital had an impact of SEK 86 M (31) on cash flow. Investing activities had an impact of SEK –3,634 M (–743) on cash flow, while cash flow from financing activities amounted to SEK 2,206 M (–207). In total, cash and cash equivalents changed SEK –48 M (39) during the period.

PARENT COMPANY

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 amounted to SEK 29 M (27).

Forecast and current earnings capacity

ADJUSTED FORECAST FOR 2020

As a result of the COVID-19 pandemic, macroeconomic conditions in the company's markets have deteriorated and uncertainty has increased. Despite the fact that the impact of the pandemic on the company has been limited to date, Sagax's forecast for profit from property management is associated with greater uncertainty than under normal market conditions.

Profit from property management for 2020, meaning profit before revaluations and tax, based on the current property portfolio, announced acquisitions and divestments and current exchange rates, is expected to amount to SEK 2,300 M. The previously submitted forecast was for profit of SEK 2,250-2,300 M and was presented when the January-March 2020 interim report 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 2020. It is important to note that this capacity cannot be compared with a forecast for the forthcoming 12 months because it does not contain assess-

ments about, for example, future vacancies, the interest rate scenario, currency effects, rent trends or changes in value.

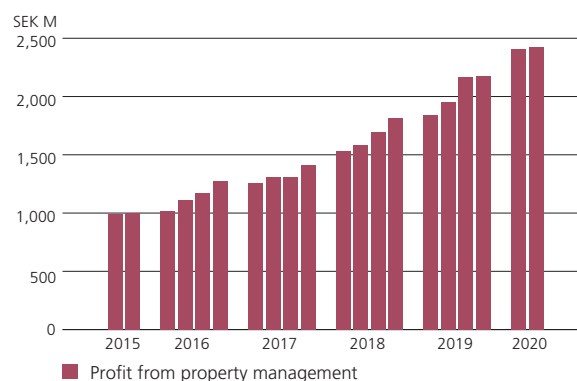
The rental value is based on contractual rental revenue on an annual basis, with supplements for estimated market rents for vacant premises. Property expenses are based on actual outcomes over the past 12 months adjusted for the holding period, less expenses for site leasehold fees. Central administration 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 and associated companies are calculated in accordance with the same assumptions as for Sagax, taking into account the size of the participations.

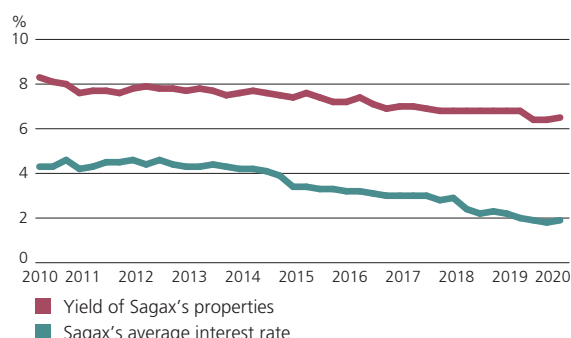
Current earnings capacity

Amounts in SEK M	1 Jul 2020	1 Jan 2020
Rental value	3,021	2,735
Vacancy	-154	-135
Rental revenue	2,863	2,600
Property expenses	-486	-466
Net operating income	2,381	2,134
Central administration	-129	-122
Joint ventures and associated companies	585	539
Net financial items	-387	-352
Lease expenses	-24	-22
Profit from property management	2,426	2,178
Tax	-461	-414
Profit after tax	1,965	1,764
– of which, holders of preference shares	34	34
– of which, holders of Class D shares	252	216
– of which, holders of Class A and B shares	1,680	1,515
Run rate, %	6.5	6.5
Net debt/run rate EBITDA, multiple	6.5	6.6

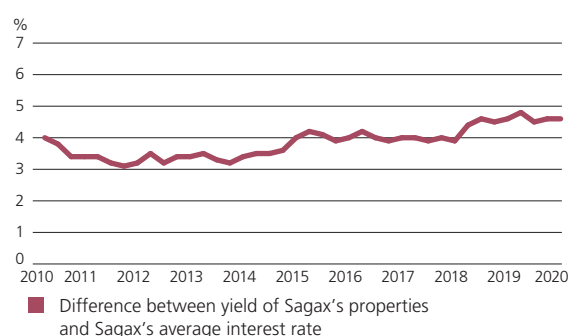
Current earnings capacity before tax



Yield and interest rate



Difference between yield and interest rate



Property portfolio

On 30 June 2020, the property portfolio comprised 657 (527) properties with a lettable area of 3,321,000 square metres (2,931,000). At the end of the period, the rental value and contractual annual rent amounted to SEK 3,021 M (2,655) and SEK 2,866 M (2,537), respectively. This corresponds to an economic occupancy rate of 95% (96).

INVESTMENTS

During the period, Sagax invested SEK 3,541 M (1,297), of which property acquisitions accounted for SEK 3,218 M (948).

A total of 110 properties were acquired with a total lettable area of 306,000 square metres. The largest investment referred to 37 properties in Spain encompassing 172,000 square metres of lettable area and 332,000 square metres of land. The properties are let to MAG which uses the premises for food-stuff wholesale operations for the HORECA segment. MAG generated sales of SEK 11 billion in 2018 and is part of the Bright Food (Group) Co., Ltd.

A total of SEK 324 M (349) was invested in the existing property portfolio. SEK 20 M of the investments for the

period were made against rent supplements, SEK 12 M was invested in conjunction with new lettings, SEK 218 M in conjunction with new production and SEK 74 M pertained to property maintenance.

The Group has agreed to acquire one property in the Netherlands, two properties in Spain and two properties in France for which possession will be taken after the end of the period. The total investment will amount to SEK 153 M.

DIVESTMENTS

During the period, six smaller properties were divested for a total of SEK 17 M. Agreements were signed for the sale of one property in Sweden and two properties in Finland for a total of SEK 287 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 6.5% (6.8).

Summary of property portfolio 1 July 2020

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	77	634,000	34,000	10,103	15,900	692	23%	94%	651	23%
Helsinki	72	577,000	62,000	6,837	11,800	638	21%	92%	589	21%
Netherlands	76	371,000	9,000	3,473	9,400	305	10%	96%	292	10%
Paris	78	293,000	16,000	3,228	11,000	318	10%	95%	301	11%
Finland, university cities	66	356,000	13,000	3,249	9,100	337	11%	96%	325	11%
Madrid & Barcelona	65	219,000	25,000	1,768	8,100	118	4%	88%	103	4%
Rest of Sweden	30	261,000	–	1,815	7,000	146	5%	100%	146	5%
Rest of Finland	135	329,000	5,000	2,620	8,000	231	8%	99%	229	8%
Rest of Europe	58	281,000	6,000	3,025	10,800	238	8%	97%	230	8%
Total	657	3,321,000	171,000	36,117	10,900	3,021	100%	95%	2,866	100%

Property investments January-June 2020

Amounts in SEK M	Property acquisitions	Existing portfolio	Total	Share of total investments	Divestments	Net investments
Stockholm	29	141	170	5%	–	170
Helsinki	32	133	165	5%	–	165
Netherlands	415	23	418	12%	–	418
Paris	396	7	403	11%	–	403
Finland, university cities	95	3	118	3%	–3	115
Madrid & Barcelona	742	–	742	21%	–10	732
Rest of Sweden	–	5	5	0%	–	5
Rest of Finland	–	11	11	0%	–4	7
Rest of Europe	1,508	–	1,508	43%	–	1,508
Total	3,218	324	3,541	100%	–17	3,523

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 annual rent at the end of the period was distributed between 1,766 leases (1,679), with about 1,200 tenants (1,100). The table below presents the size of Sagax's leases in relation to the Group's annual rent at the end of the period. The table shows that 1,755 leases (1,670) each had a rental value of less than 1% of the Group's annual rent. The total rental value for these leases accounted for 80% (83) of Sagax's annual rent. In addition, Sagax is party to seven leases (six) with a rental value corresponding to 1–2% of the Group's annual rent. Combined, these leases total 10% (9) of Sagax's annual rent. Only four (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 11% (8) of the Group's annual rent.

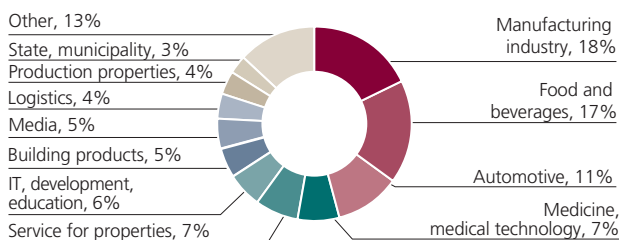
Sagax's tenants operate in a variety of sectors. 18% (19) of rental revenue comes from tenants in the manufacturing industry, 17% (12) from companies with food-related operations and 11% (12) in the automotive-related industry, including sales, service and manufacturing. Diverse tenant industries is considered to lower the risk of vacancies and rent losses. The main sectors 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 55% of the annual rent expire in or after 2024. 11-15% of annual rent expires every year between 2021 and 2023.

Distribution of leases

Share of contractual annual rent	Annual rent		No. of leases	Average annual rent, SEK M	Lease term, years
	SEK M	Share			
>2%	307	11%	4	82	9
1–2 %	275	10%	7	39	5
<1%	2,284	80%	1,755	1	5
Total	2,866	100%	1,766	2	5

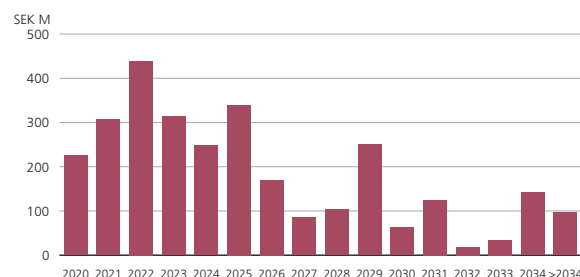
Industry exposure



Lease terms

Year of expiry	Area, sqm	Annual rent	
		SEK M	Share
2020	226,000	227	8%
2021	368,000	307	11%
2022	469,000	439	15%
2023	309,000	313	11%
2024	218,000	248	9%
>2024	1,588,000	1,332	46%
Total	3,149,000	2,866	100%

Year of maturity of annual rent



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.

Sagax value most of its property portfolio every quarter by obtaining value assessments from independent valuation companies. External valuations are based on observable market data. Due to the prevailing circumstances, market activity declined during the period, which is why the valuation companies attached less importance to previous market evidence for assessing the properties' market value. This means that the external market values are associated with greater uncertainty than normal.

On 30 June 2020, the total market value of Sagax's 657 (527) properties was SEK 36,117 M (30,518). Exchange-rate fluctuations during the period resulted in property values abroad declining by SEK 69 M (-471).

The recognised unrealised change in value amounted to SEK 38 M (462) for the period.

VALUATION METHOD AND IMPLEMENTATION

The valuations were carried out in accordance with generally accepted international valuation methods. As of 30 June 2020, 97% of valuation objects were valued by authorised property appraisers from independent valuation companies.

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. For more information, see Sagax's 2019 Annual Report, page 93.

ANALYSIS AND GENERAL CONDITIONS

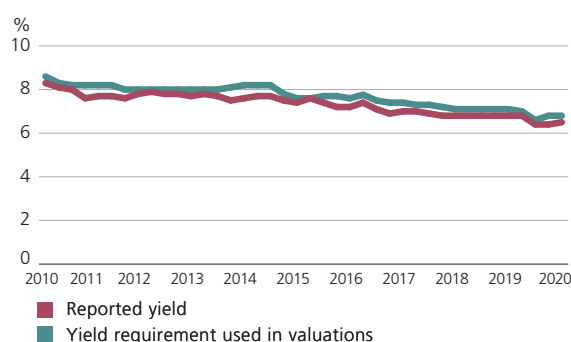
The cost of capital for the present value calculation of cash flows (4.8–16.0%), the cost of capital for the present value calculation of residual values (4.8–16.0%) and the yield requirement for the residual value calculations (4.5–14.0%) are based on analyses of transactions carried out and on individual 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 7.7% (7.9) and 8.0% (8.3), respectively. The weighted yield requirement was 6.8% (7.1) on 30 June 2020. By comparison, the yield reported by Sagax for the period was 6.5% (6.8). A comparison of the yield reported over time and the yield requirement used in valuations is provided below. A sensitivity analysis is found on page 25.

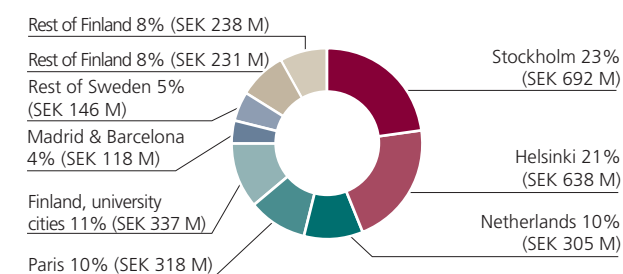
Change in carrying amount of properties

	SEK M	No.
Property portfolio, 31 December 2019	32,625	553
Acquisition of properties	3,218	110
Investments in the current portfolio	324	
Property sales	-17	-6
Translation effect, currencies	-69	
Unrealised changes in value	38	
Property portfolio, 30 June 2020	36,117	657

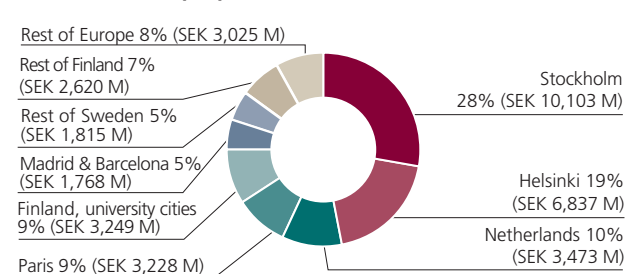
Yield compared with yield requirement



Group's rental value



Market value of properties



Joint ventures and associated companies

Sagax's joint ventures and associated companies contributed a total of SEK 282 M (194) to profit from property management during the period. Sagax's share of changes in the value of properties amounted to SEK 245 M (174) and the share of changes in the value of derivatives was SEK –30 M (–37) for the period. The total value of the commitment related to ownership of joint ventures and associated companies amounted to SEK 5,741 M (3,705).

Sagax owns 50% of Söderport Holding AB, with the remaining share owned by Nyfosa AB. Via Hemsö Intressenter AB, Sagax indirectly owns 15% of Hemsö Fastighets AB, with the remaining share owned by the Third Swedish National Pension Fund. In addition, Sagax owns 20% of the votes and 14% of the capital in NP3 Fastigheter AB and 25% of Fastighetsbolaget Emilshus AB.

SÖDERPORT HOLDING AB

Söderport's operations consist of owning, managing and developing properties in Sweden. Söderport also owns 78.4% of Torslanda Property Investment AB, which is thus included as a subsidiary in Söderport's consolidated financial statements. 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 in Gothenburg.

A corresponding 69% of Söderport's rental value of SEK 857 M was located in Stockholm on 30 June 2020. Söderport's economic vacancies amounted to SEK 45 M (37) at the end of the period, corresponding to a vacancy rate of 5% (5). Of the economic vacancies, SEK 15 M (8) comprised fixed-term rent discounts provided for new lettings. At the end of the period, Stockholm accounted for 89% of the economic vacancies.

HEMSÖ INTRESSENTER AB

Hemsö Fastighets AB conducts operations in Sweden, Germany and Finland. Operations consist of owning, managing and developing public properties. The property portfolio encompasses 383 properties with a total property value of SEK 58 billion on 30 June 2020. 94% of rental revenue derives from tax-financed operations. More information on Hemsö Fastighets AB is available on the company's website, hemso.se.

NP3 FASTIGHETER AB

NP3 Fastigheter AB is a property company focusing on commercial investment properties with high yields mainly in northern Sweden. The company's property portfolio encompassed 372 properties with a total property value of SEK 11.8 billion and a rental value of SEK 1,174 M on 30 June 2020. NP3 Fastigheter AB is listed on Nasdaq Stockholm, Mid Cap. More information on NP3 Fastigheter AB is available on the company's website, np3fastigheter.se.

FASTIGHETSBOLAGET EMILSHUS AB

Emilshus acquires, develops and manages commercial properties in Småland. The property portfolio is situated in growth regions, with a keen focus on local presence and close partnership with tenants. The property portfolio encompassed 54 properties on 30 June 2020. More information on Fastighetsbolaget Emilshus AB is available on the company's website, emilshus.com.

Sagax's joint ventures

	Söderport		Hemsö	
	Jan – Jun 2020	Jan – Jun 2019	Jan – Jun 2020	Jan – Jun 2019
Sagax's participating interest, %	50	50	15	15
Rental revenue, SEK M	403	323	1,608	1,492
Profit from property management, SEK M	227	171	930	877
Profit for the period, SEK M	358	193	879	1,364
Sagax's share of profit from property management, SEK M	106	85	116	109
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
No. of properties	80	86	383	362
Carrying amount of properties, SEK M	11,524	9,401	57,533	51,614
Lettable area, sqm	771,071	759,000	1,923,000	1,831,000
Lease term, years	5.0	4.8	9.9	9.8
Economic vacancy rate, %	5	5	2	2
Interest-bearing liabilities, SEK M	6,360	5,649	38,136	35,638
Loan maturity, years	4.15	4.6	7.1	7.4
Fixed interest, years	2.64	2.1	6.7	5.8
Market value of derivatives, SEK M	–229	–265	–287	–305
Carrying amount, SEK M	1,676	1,409	2,645	2,295

Funding

EQUITY

Consolidated equity amounted to SEK 20,424 M (17,006) on 30 June 2020. Changes in equity during the period were attributable to comprehensive income of SEK 1,139 M, a new issue of Class D common shares of SEK 509 M after transaction costs, a new issue of Class B common shares linked to the incentive plan of SEK 10 M and a share dividend of SEK 491 M.

INTEREST-BEARING LIABILITIES

Sagax's interest-bearing liabilities at the end of the period amounted to SEK 19,449 M (16,104). An amount corresponding to SEK 15,815 M (12,728) of liabilities was raised in EUR.

Net debt amounted to SEK 17,427 M (14,807). Gross interest-bearing debt to banks totalled SEK 3,640 M (4,180). The remaining gross interest-bearing debt comprised listed bond loans of SEK 15,240 M (11,141) and commercial paper of SEK 568 M (783).

On 30 June 2020, secured liabilities comprised 10% (14) of the total assets. Unsecured liabilities corresponded to 35% (31) of the total assets on the same date.

The interest coverage ratio at the end of the period amounted to 646% (515) and the debt ratio to 44% (44). Net interest-bearing debt for the past 12 months was 6.8 (6.9) times EBITDA.

A total of SEK 5,671 M (4,375) in loans was raised, of which SEK 3,309 M (3,127) in the form of bond loans under the framework of Sagax's EMTN programme. Repayments during the period totalled SEK 3,645 M (4,333). Exchange-rate fluctuations reduced interest-bearing liabilities by SEK 97 M (-298).

Allocated borrowing costs of SEK 91 M (89) reduced interest-bearing liabilities in the balance sheet. Interest-bearing liabilities of SEK 19,357 M (16,015) were recognized. The average remaining fixed-interest and loan maturity terms

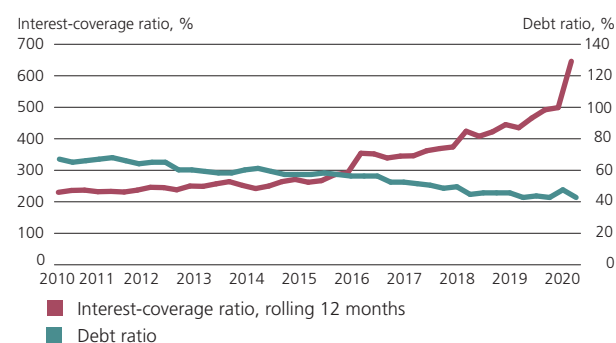
Fixed-interest period and loan maturity 30 June 2020

Year of expiry	Fixed interest			Loan maturity		Interest-rate swaps	
	SEK M	Interest rate	Share	SEK M	Share	SEK M	Interest rate
2020	532	1.7%	3%	49	0%	–	–
2021	1,302	1.7%	7%	984	5%	–	–
2022	1,273	2.0%	7%	1,250	6%	473	0.7%
2023	2,647	1.9%	14%	3,957	20%	710	0.9%
2024	5,466	2.0%	28%	5,240	27%	–	–
>2024	8,228	1.8%	42%	7,967	41%	829	2.2%
Total/average	19,448	1.9%	100%	19,448	100%	2,012	1.4%

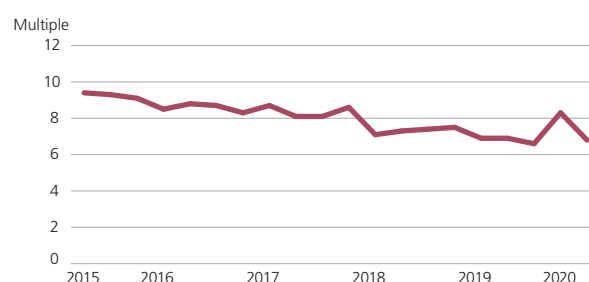
Net debt

Amounts in SEK M	30 Jun 2020	30 Jun 2019
Interest-bearing liabilities	19,448	16,104
Interest-bearing assets	-539	-6
Cash and cash equivalents	-38	-111
Listed shares	-1,444	-1,180
Net debt	17,427	14,807

Debt ratio and interest-coverage ratio



Net debt/EBITDA, rolling 12 month



were 3.8 years (4.0) and 4.0 years (4.0), respectively, at the end of the period. The average interest rate on the company's interest-bearing liabilities was 1.9% (2.2), including the effect of derivatives. The average interest rate decreased as a consequence of new borrowing at lower interest rates and repayment of loans with higher interest rates.

Sagax has SEK 12,890 M (8,446) in loans at fixed interest rates. The company has interest-rate caps and interest-rate swaps with a total nominal value of SEK 6,027 M (6,222),

of which interest-rate swaps with an average interest rate of 1.4% (1.4) accounted for SEK 2,012 M (2,018).

WORKING CAPITAL AND LIQUIDITY

Sagax's working capital, excluding prepaid rental revenue and including listed shares, amounted to SEK –281 M (32) on 30 June 2020. At the same date, unutilised credit facilities amounted to SEK 6,141 M (5,092). No additional collateral needs to be pledged to utilise these credit facilities.

Listed bond loans, 30 June 2020

Maturity	SEK M	Current interest	Interest terms	Maturity date	ISIN code
2017–2021	600	2.31%	Stibor 3M+2.25%	1 Feb 2021	SE0010636274
2017–2022	1,250	2.21%	Stibor 3M+2.15%	15 Feb 2022	SE0010324228
2019–2023	500	0.96%	Stibor 3M+0.90%	16 Jun 2023	XS2093119175
2019–2023 ¹⁾	250	1.13%	1.13%	16 Jun 2023	XS2093119845
Total/average	2,600	1.89%			

Maturity	EUR M	Current interest	Interest terms	Maturity date	ISIN code
2018–2024 ¹⁾	500	2.00%	2.00%	17 Jan 2024	XS1877540465
2019–2025 ¹⁾	300	2.25%	2.25%	13 Mar 2025	XS1962543820
2019–2025 ¹⁾	106 ²⁾	0.87%	2.25% ³⁾	13 Mar 2025	XS1962543820
2020–2027 ¹⁾	300	1.12%	1.12%	30 Jan 2027	XS2112816934
Total/average	1,206	1.75%			

1) Fixed-rate loans

2) The nominal value is EUR 100 M.

3) Coupon rate.

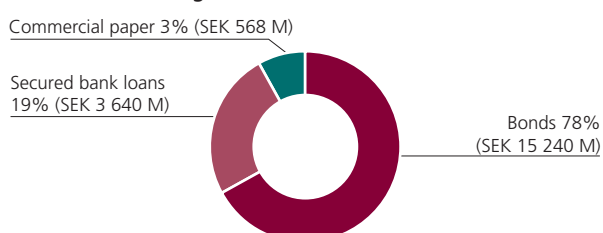
Derivative contracts, 30 June 2020

Amounts in SEK M	Nominal amount	Years to maturity	Market value 30 Jun 2020	Market value 31 Dec 2019	Change for the period
Nominal interest-rate swaps	2,012	3.7	–130	–119	–11
Interest-rate caps	4,014	2.2	1	0	–
Total	6,027	2.7	–129	–119	–11

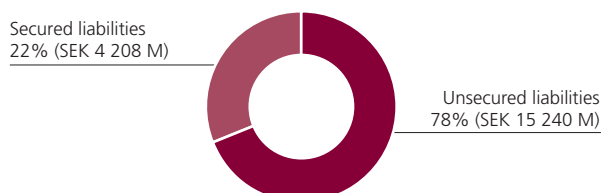
Rating and key performance indicators according to EMTN programme

	Financial covenant in EMTN programme	2020 30 Jun	2019 30 Jun	2019 31 Dec
Rating according to Moody's Investor Services		Baa3, Stable outlook	Baa3, Stable outlook	Baa3, Stable outlook
Net debt/Total assets	<65%	41%	41%	38%
Interest coverage ratio	>1.8x	5.6x	4.9x	5.3x
Secured liabilities/total assets	<45%	10%	14%	14%

Sources of financing



Distribution between secured and unsecured liabilities



Statement of comprehensive income

Amounts in SEK M	2020 Jan-Jun	2019 Jan-Jun	2020 Apr-Jun	2019 Apr-Jun	2019 Jan-Dec	Rolling 12 months
Rental revenue	1,417	1,261	715	639	2,581	2,737
Other revenue	3	23	2	12	27	6
Operating expenses	-118	-121	-50	-51	-222	-218
Maintenance costs	-37	-38	-15	-19	-84	-83
Property tax	-67	-57	-32	-30	-121	-131
Other property expenses	-28	-21	-14	-10	-47	-55
Net operating income	1,170	1,047	605	541	2,133	2,256
Central administration	-57	-50	-28	-23	-122	-129
Profit from joint ventures and associated companies	389	273	127	177	917	1,034
– of which, profit from property management	282	194	149	103	441	528
– of which, changes in value	215	137	13	106	690	768
– of which, tax	-107	-59	-35	-32	-214	-262
Financial income	20	17	10	17	20	23
Financial expenses	-225	-236	-117	-135	-446	-435
Financial expense, interest component of leases	-13	-12	-6	-6	-24	-25
Profit including changes in value of joint ventures and associated companies	1,285	1,039	590	570	2,478	2,723
– of which, profit from property management	1,177	960	612	496	2,001	2,218
<i>Changes in value:</i>						
Properties, realised	–	–3	1	–2	–40	–38
Properties, unrealised	38	462	–243	377	1,301	876
Financial instruments, unrealised	–15	480	98	86	889	394
Profit before tax	1,307	1,978	446	1,031	4,627	3,956
Deferred tax	–96	–146	–1	–87	–416	–366
Current tax	–101	–62	–84	–27	–100	–139
Profit for the period	1,110	1,771	361	917	4,111	3,451
<i>Other comprehensive income</i>						
– items that may be reversed to profit or loss:						
Translation differences for foreign operations	40	369	–839	195	217	–113
Share of other comprehensive income for joint ventures	8	21	–15	12	13	–
Translation differences pertaining to hedge accounting	–18	–213	468	–136	–143	51
Tax on items that may be reversed to profit or loss	–1	1	21	5	3	1
Comprehensive income for the period	1,139	1,950	–4	992	4,201	3,390
Earnings per Class A and B share, SEK	3.05	5.20	0.90	2.70	12.15	9.94
Earnings per Class A and B share after dilution, SEK	3.04	5.19	0.90	2.70	12.13	9.93
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	317.0	316.8	317.0	316.8	316.9	317.0
Average no. of Class A and B shares after dilution, millions	317.6	317.2	317.6	317.2	317.3	317.5
Average number of Class D shares, millions	113.7	103.6	110.7	105.3	105.7	109.2

Condensed statement of financial position

Amounts in SEK M	2020 30 Jun	2019 30 Jun	2019 31 Dec
Investment properties	35,830	30,098	32,333
Investment properties for sale	288	419	292
Leases, right-of-use assets	367	350	346
Joint ventures and associated companies	5,741	3,705	5,693
Interest-bearing non-current receivables	539	0	511
Other fixed assets	53	48	58
Total fixed assets	42,818	34,620	39,233
Cash and bank balances	38	111	86
Listed shares	426	1,180	405
Other current assets	571	535	429
Total current assets	1,036	1,826	921
Total assets	43,854	36,447	40,154
Equity	20,424	17,006	19,257
Non-current interest-bearing liabilities	18,096	15,039	16,052
Deferred tax liabilities	2,118	1,765	2,018
Fixed-income derivatives	130	152	119
Lease liability, right-of-use assets	385	374	370
Other non-current liabilities	116	78	94
Total non-current liabilities	20,845	17,409	18,653
Commercial paper	568	783	1,192
Other current interest-bearing liabilities	693	193	193
Other current liabilities	1,324	1,055	858
Total current liabilities	2,585	2,032	2,243
Total equity and liabilities	43,854	36,447	40,154

Statement of cash flows

Amounts in SEK M	2020 Jan-Jun	2019 Jan-Jun	2020 Apr-Jun	2019 Apr-Jun	2019 Jan-Dec	Rolling 12 months
Profit before tax	1,307	1,978	446	1,032	4,627	3,956
Changes in value of financial instruments	15	-480	-98	-86	-889	-394
Change in value of properties	-38	-459	242	-375	-1,261	-839
Result from ownership of joint ventures and associated companies	-389	-273	-127	-177	-917	-1,034
Dividend from joint ventures and associated companies	405	264	405	264	281	422
Dissolution of allocated borrowing costs	21	22	11	14	42	42
Tax paid	-23	-71	2	-31	-74	-26
Other items not included in cash flow	-2	-24	-1	-6	-14	8
Cash flow from operating activities before changes in working capital	1,296	957	880	635	1,795	2,134
Cash flow from changes in current receivables	10	-66	67	-37	-4	71
Cash flow from changes in current liabilities	76	97	79	45	20	-1
Cash flow from operating activities	1,382	989	1,026	643	1,811	2,205
Acquisition of properties	-3,218	-948	-110	-269	-2,836	-5,106
Property sales	17	732	4	721	1,413	698
Investments in existing properties	-324	-348	-187	-164	-707	-683
Acquisition of listed shares	-82	-23	-	-23	-64	-123
Acquisition of financial instruments	-7	-	-7	-	-503	-509
Acquisition of joint ventures and associated companies	-14	-	-	-	-178	-193
Capital contribution to joint ventures and associated companies	-	-150	-	-	-150	-
Change in other fixed assets	-6	-6	16	-4	-25	-24
Cash flow from investing activities	-3,634	-743	-284	262	-3,051	-5,942
Issue of Class D and B shares	528	209	528	209	209	528
Dividend paid to shareholders	-331	-436	-268	-376	-560	-455
Incentive plan	-9	-2	-9	-2	-2	-9
Borrowings	5,641	4,345	146	1,181	7,322	8,617
Repayment of loans	-3,645	-4,333	-2,836	-2,358	-5,734	-5,046
Deposits from tenants	22	13	-4	4	28	38
Decrease in other non-current liabilities	-	-3	-	-	-11	-8
Cash flow from financing activities	2,206	-207	-2,443	-1,342	1,252	3,665
Cash flow for the period	-46	38	-1,702	-438	12	-72
Exchange rate differences in cash and cash equivalents	-2	1	-3	-	1	-2
Change in cash and cash equivalents	-48	39	-1,704	-437	13	-74
Cash and cash equivalents at beginning of period	86	73	1,742	549	73	112
Cash and cash equivalents at end of period	38	112	38	112	86	38

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 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	–	–	–
Issue of Class B shares, 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
Comprehensive income, July-December 2019	–	–	–89	2,340	2,251
Equity, 31 December 2019	776	3,046	675	14,760	19,257
Issue of Class D shares	32	481	–	–	513
Transaction costs	–	–4	–	–	–4
Issue of Class B shares, incentive plan	1	19	–	–	19
Dividends	–	–	–	–491	–491
Redemption of Incentive Plan	–	–	–	–14	–14
Incentive Plan	–	–	–	5	5
Comprehensive income, January-June 2020	–	–	29	1,110	1,139
Equity, 30 June 2020	808	3,542	704	15,370	20,424

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

Segment information

Profit items per segment	Rental revenue ¹⁾		Net operating income		Changes in value, properties				Total	
					Unrealised		Realised			
	2020 Jan-Jun	2019 Jan-Jun	2020 Jan-Jun	2019 Jan-Jun	2020 Jan-Jun	2019 Jan-Jun	2020 Jan-Jun	2019 Jan-Jun	2020 Jan-Jun	2019 Jan-Jun
Amounts in SEK M										
Stockholm	323	336	270	276	93	225	–	–	363	501
Helsinki	299	281	234	232	–64	–11	–	–	170	221
Netherlands	141	93	140	84	57	160	–	–	197	244
Paris	148	109	121	83	–91	22	–	–	30	105
Finland, university cities	166	155	127	119	–3	24	2	–1	126	142
Madrid & Barcelona ²⁾	46	–	44	–	212	–	–1	–	255	–
Rest of Sweden	73	106	69	100	–18	11	–	–	50	111
Rest of Finland	117	115	105	104	–34	66	–1	–3	71	167
Rest of Europe	104	66	97	60	–115	–34	–	1	–17	27
Non-specified	–	–	–37	–12	–	–	–	–	–37	–12
Total	1.417	1.261	1.170	1.047	38	462	0	–3	1.208	1.506

Asset items per segment	Market value properties		Investment properties		Acquisition properties		Divestment properties	
	2020 30 Jun	2019 30 Jun	2020 Jan-Jun	2019 Jan-Jun	2020 Jan-Jun	2019 Jan-Jun	2020 Jan-Jun	2019 Jan-Jun
Amounts in SEK M								
Stockholm	10,103	9,565	141	168	29	27	–	–673
Helsinki	6,837	6,606	133	56	32	53	–	–
Netherlands	3,473	2,249	23	8	415	212	–	–
Paris	3,228	2,508	7	80	396	400	–	–45
Finland, university cities	3,249	3,032	3	14	95	188	–3	–4
Madrid & Barcelona ²⁾	1,768	–	–	–	742	–	–10	–
Rest of Sweden	1,815	2,403	5	–	–	–	–	–
Rest of Finland	2,620	2,569	11	21	–	43	–4	–2
Rest of Europe	3,025	1,585	–	1	1,508	25	–	–9
Total	36,117	30,518	324	349	3,218	948	–17	–735

1) All rental revenue pertains to external tenants.

2) Madrid & Barcelona, which was previously reported under Rest of Europe, is reported as a separate segment from 1 January.

Key performance indicators

	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2015 Jan-Dec
Property-related key figures							
Yield, %	6.5	6.8	6.4	6.8	6.9	7.1	7.4
Surplus ratio, %	82	83	83	83	83	85	86
Occupancy rate by area, %	95	96	95	95	95	93	97
Economic occupancy rate, %	95	96	95	95	94	94	96
Lettable area at the end of the period, 000 sqm	3,321	2,931	3,022	2,850	2,489	2,312	1,860
No. of properties at the end of the period	657	527	553	512	495	440	225
Financial key figures							
Return on total capital, %	7	7	7	7	7	7	8
Return on equity, %	11	22	24	24	30	33	32
Average interest rate, %	1.9	2.2	1.9	2.2	3.0	3.1	3.3
Fixed-interest period incl. derivatives, years	3.8	4.0	3.5	3.0	2.1	2.7	3.0
Loan maturity, years	4.0	4.0	3.8	3.6	3.1	3.6	4.2
Equity/assets ratio, %	47	47	48	46	42	38	34
Debt ratio, %	44	44	44	47	50	54	59
Net debt/run rate EBITDA, multiple	6.5	6.6	6.6	7.1	7.7	7.8	8.3
Net debt/EBITDA, multiple	6.8	6.9	6.6	7.4	8.1	8.7	9.3
Interest coverage ratio, multiple	6.5	5.2	4.9	4.2	3.7	3.4	2.9
Interest coverage ratio, EMTN programme, multiple	6.4	4.9	5.3	4.3	4.0	3.7	3.3
Data per Class A and B share¹⁾							
Price of Class B share at the end of the period, SEK	126.00	87.50	136.20	65.70	49.10	40.87	35.87
Net asset value, SEK	59.41	49.35	56.77	44.22	35.04	26.89	17.76
Equity, SEK	48.86	40.13	46.86	35.70	27.15	19.61	13.01
Equity after dilution, SEK	48.78	40.10	46.78	35.67	27.13	19.57	12.96
Earnings, SEK	3.05	5.20	12.15	9.24	8.86	7.27	4.94
Earnings after dilution, SEK	3.04	5.19	12.13	9.24	8.85	7.25	4.93
Profit from property management, SEK	3.26	2.64	5.51	4.31	3.71	2.99	2.46
Profit from property management after dilution, SEK	3.26	2.64	5.51	4.31	3.70	2.98	2.45
Cash flow, SEK	3.64	2.63	4.86	3.95	3.27	2.57	2.00
Cash flow after dilution, SEK	3.63	2.63	4.86	3.95	3.26	2.56	2.00
Dividend per share, SEK	–	–	0.65	1.00	0.90	0.72	0.58
No. at end of period, millions	317.3	316.8	317.1	316.8	316.5	316.5	316.5
No. at end of period after dilution, millions	317.8	317.1	317.5	317.1	316.7	317.1	317.5
Average no., millions	317.0	316.8	316.9	316.7	316.5	316.5	316.5
Average no. after dilution, millions	317.6	317.2	317.3	316.9	317.0	317.2	317.6
Data per Class D share							
Share price at the end of period, SEK	29.15	36.00	36.35	31.70	29.92	28.30	–
Equity, SEK	35.00	35.00	35.00	35.00	35.00	35.00	–
Earnings, SEK	1.00	1.00	2.00	2.00	2.00	2.00	–
Dividend per share, SEK	–	–	2.00	2.00	2.00	2.00	–
No. at end of period, millions	125.8	107.8	107.8	101.9	63.6	18.2	–
Average no., millions	113.7	103.6	105.7	83.0	43.1	2.9	–
Data per preference share							
Share price at the end of period, SEK	34.90	36.80	38.40	34.85	33.40	30.40	31.30
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	16.8	58.2	58.2
Average no., millions	16.8	16.8	16.8	16.8	35.5	58.2	57.8

1) Excluding 2,000,000 Class B shares bought back.

Parent Company income statement

Amounts in SEK M	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Net sales	39	35	73
Administration costs	-45	-40	-89
Loss before financial income and expenses	-6	-5	-16
Profit from participations in Group companies	22	254	258
Profit from participations in joint ventures	85	64	64
Financial income	192	363	616
Financial expenses	-176	-400	-673
Profit before tax and appropriations	117	276	249
Appropriations		4	98
Tax	-25	-60	-4
Profit for the period	92	220	343
<i>Other comprehensive income</i>			
Other comprehensive income	-	-	-
Comprehensive income for the period	92	220	343

Condensed Parent Company balance sheet

Amounts in SEK M	2020 30 Jun	2019 30 Jun	2019 31 Dec
Receivables from Group companies	1,821	1,703	1,627
Other financial fixed assets	7,172	6,269	6,778
Total fixed assets	8,993	7,971	8,404
Receivables from Group companies	14,143	10,994	11,497
Other current assets	83	97	59
Total current assets	14,226	11,091	11,556
Total assets	23,219	19,062	19,961
Equity	3,936	3,758	3,821
Untaxed reserves	30	19	30
Non-current interest-bearing liabilities	11,031	11,196	7,868
Liabilities to Group companies	3,576	264	3,423
Deferred tax liabilities	3	3	3
Total non-current liabilities	14,611	11,463	11,294
Current interest-bearing liabilities	568	783	1,295
Liabilities to Group companies	3,617	2,575	3,223
Other current liabilities	458	464	298
Total current liabilities	4,643	3,823	4,815
Total equity, untaxed reserves and liabilities	23,219	19,062	19,961

The Sagax share and shareholders

At the end of the period, Sagax had 18,634 (12,351) shareholders. Sagax's market capitalisation amounted to SEK 44,351 M (32,285). 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.

A total of 461,863,558 shares were outstanding at the end of the period, of which 2,000,000 were Class B treasury shares.

In June, Sagax completed a private placement of 18,000,000 Class D common shares. Moreover, 288,119 Class B common shares were issued due to the exercise of warrants under the 2017/2020 Incentive Plan. In total, the issues generated equity of SEK 532 M for the company.

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 dividend on Class A and B shares, although not more than SEK 2.00 per share annually.

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 2018-2021, 2019-2022 and 2020-2023. 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.

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 6.09 (4.76), which, compared with the share price of the Class B share at the end of the period, corresponded to a multiple of 20.7 (18.4).

EQUITY PER CLASS A AND B SHARE

Equity per Class A and B share after dilution amounted to SEK 48.78 (40.10). Net asset value per Class A and B share amounted to SEK 59.41 (49.35). The share price for the Class B share at the end of the period was 258% (218) of equity per Class B share and 212% (177) of net asset value per Class B share.

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 2020	30 Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Class A shares	130.50	90.00	4	4	0.6	0.3
Class B shares	126.00	87.50	24	12	31.8	8.7
Class D shares	29.15	36.00	68	52	9.0	7.6
Preference shares	34.90	36.80	37	35	0.9	0.9

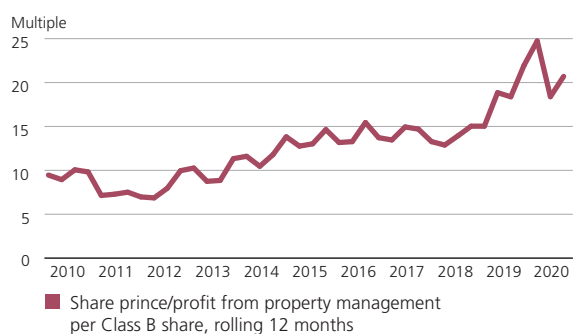
Key performance indicators per Class B share

	2020 30 Jun	2019 30 Jun	2019 31 Dec	2018 31 Dec	2017 31 Dec	2016 31 Dec	2015 31 Dec
Price of Class B share at the end of the period, SEK	126.00	87.50	136.20	64.70	49.10	40.87	35.87
Profit from property management after dilution, SEK ¹⁾	6.09	4.76	5.51	4.30	3.70	2.98	2.45
Cash flow after dilution, SEK ^{1) 2)}	5.83	4.19	4.86	3.94	3.26	2.56	2.00
Equity after dilution, SEK	48.78	40.10	46.78	35.67	27.13	19.57	12.96
Net asset value, SEK	59.41	49.35	56.77	44.22	35.04	26.89	17.76
Price of Class B share/Profit from property management, multiple ¹⁾	20.7	18.4	24.7	15.0	13.3	13.7	14.6
Price of Class B share/Cash flow, multiple ^{1) 2)}	21.6	20.9	28.0	16.4	15.1	16.0	18.0
Price of Class B share/Equity, %	258	218	292	182	181	209	277
Price of Class B share/Net asset value, %	212	177	240	147	140	152	202

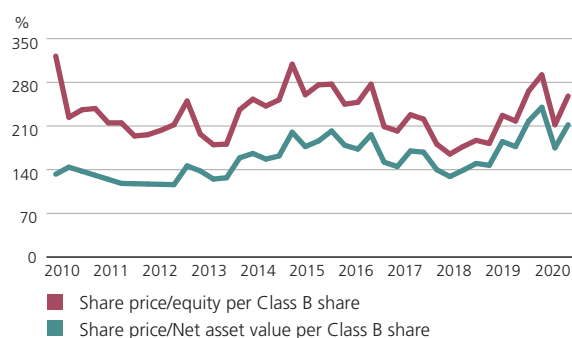
1) Profit from property management and cash flow pertain to a rolling 12 months.

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

Share price/profit from property management per common share



Share price in relation to equity and Net asset value



Ownership structure 30 June 2020¹⁾

No. of shares	No. of shareholders	Shareholder category	No. of share-holders	Share of voting power	Shareholders by country	No. of shareholders	Share of voting power
1–500	11,877	Private individuals residing in Sweden	16,715	9%	Sweden	17,505	89%
501–1,000	1,783				Switzerland	20	3%
1,001–2,000	1,387	Private individuals residing abroad	116	0%	USA	43	2%
2,001–5,000	1,485				Luxembourg	102	2%
5,001–10,000	781	Companies/institutions in Sweden	790	80%	UK	30	1%
10,001–50,000	912				Other	934	4%
50,001–	409	Companies/institutions abroad	1,013	11%			
Total	18,634	Total	18,634	100%	Total	18,634	100%

1) Including shares held by AB Sagax.

Largest shareholders 30 June 2020¹⁾

	No. of shares				Percentage of	
	Class A shares	Class B shares	Class D shares	Preference shares	Share capital	Votes ²⁾
David Mindus and companies	10,548,800	76,291,050	1,192,228	775	19.1%	26.1%
Staffan Salén and companies	4,264,928	34,970,660	95,600	–	8.5%	11.1%
Rutger Arnhult and companies	5,778,141	24,836,508	6,652,150	–	8.1%	12.7%
Fourth Swedish National Pension Fund	5,716	16,771,757	9,180,775	–	5.6%	3.7%
Third Swedish National Pension Fund	–	24,227,658	–	–	5.2%	3.5%
Länsförsäkringar Fonder	–	16,341,956	–	–	3.5%	2.3%
Avanza Pension	48,438	1,136,922	11,981,198	1,402,410	3.2%	2.1%
SEB Fonder	–	13,340,304	147,921	–	2.9%	1.9%
Swedbank Robur Fonder	500,000	9,248,489	–	–	2.1%	2.0%
Erik Selin and companies	1,148,560	4,365,466	1,817,868	–	1.6%	2.5%
Filip Engelbert and companies	241,000	2,119,784	4,200,000	–	1.4%	1.2%
Swedish Foundation for Strategic Research	–	–	5,576,376	–	1.2%	0.8%
ODIN Fonder	–	5,489,960	–	–	1.2%	0.8%
Second Swedish National Pension Fund	–	5,201,050	–	–	1.1%	0.7%
ICA-Handlarnas Förbund	–	–	4,500,000	–	1.0%	0.6%
Handelsbanken Fonder	–	4,309,083	–	–	0.9%	0.6%
Lars Ingvarsson and companies	100,000	3,346,410	100,000	–	0.8%	0.6%
Johan Thorell and companies	203,254	2,032,540	–	–	0.5%	0.6%
Livförsäkringsbolaget Skandia	256,267	1,665,820	24,675	17,412	0.4%	0.6%
T. Ljungberg B.V.	370,000	–	32,066	–	0.1%	0.5%
Total 20 largest shareholders	23,465,104	245,695,417	45,500,857	1,420,597	68.4%	75.2%
Other shareholders	3,368,180	44,750,829	80,299,143	15,363,431	31.1%	24.8%
Sub-total	26,833,284	290,446,246	125,800,000	16,784,028	99.6%	100.0%
Shares held by AB Sagax	–	2,000,000	–	–	0.4%	0.0%
Total	26,833,284	292,446,246	125,800,000	16,784,028	100.0%	100.0%
– of which, Board and employees	15,433,388	119,568,554	5,907,792	923	30.5%	39.9%

1) Ownership structure at 30 June 2020 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 shareholders	Voting rights per share	No. of votes	Proportion of votes	Proportion of share capital
Class A shares	26,833,284	1.00	26,833,284	38%	6%
Class B shares	292,446,246	0.10	29,244,625	42%	63%
Class D shares	125,800,000	0.10	12,580,000	18%	27%
Preference shares	16,784,028	0.10	1,678,403	2%	4%
Total	461,863,558		70,336,311	100%	100%

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. Sagax is also exposed to various risks that may be of significance to the company's future business, earnings and financial position.

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 valuation companies to assess the market value of the majority of the properties as of 30 June 2020. When valuing properties, the constant existence of uncertainties regarding the assumptions made must be taken into account.

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'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. The complete terms and conditions for the bond loans are available at www.sagax.se.

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 2020, assets less liabilities in EUR, amounted to SEK 7,444 M (4,788). 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.

INCREASED UNCERTAINTY DUE TO THE COVID-19 PANDEMIC

The COVID-19 pandemic has resulted in weaker macroeconomic conditions and increased uncertainty. The effect on the company will depend on how quickly and the level at which the economy will stabilise.

Sagax's exposure to particularly vulnerable sectors, such as the hotel, restaurant and tourism sectors, is low. Rental revenue is distributed between 1,766 leases. 80% of revenue was attributable to 1,755 leases, each with a rental value of less than 1% of the company's rental revenue.

Sagax has reserved SEK 3 M (0) for confirmed or expected rent losses corresponding to 0.2% of rental revenue for the period. Sagax's average rent losses have amounted to less than 0.1% of rental revenue for the past ten years. However, the impact of the negative macroeconomic trend on Sagax's tenants is unavoidable.

On 30 June 2020, Sagax's cash and cash equivalents and available credit facilities amounted to SEK 5,573 M, of which SEK 38 M in cash and cash equivalents. Sagax's cash flow from operating activities amounted to SEK 1,296 M in the first six-months of 2020. Rolling 12 months cash flow from operating activities amounted to SEK 2,134 M. Sagax has no bank or bond funding that falls due for payment in 2020.

Sensitivity analysis for property values

	-20%	-10%	0%	+10%	+20%
Value change, SEK M	-7,223	-3,612	-	7,223	3,612
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, %	587	616	646	676	N/A

Sensitivity analysis for property values

	Change	Value change, SEK M
Yield requirement	+/- 0.25% points	-942/+1,016
Cost of capital	+/- 0.25% points	-880/+899
Rental revenue	+/- 5%	+1,394/-1,380
Property expenses	+/- 5%	-236/+240

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. On 2 December 2019, the Administrative Court of Appeal upheld Sagax's appeal of the Administrative Court's ruling and the decision was annulled. The Tax Agency has appealed the Administrative Court of Appeal's ruling. The Supreme Administrative Court ruled on 16 June 2020 to not grant a review permit, meaning that the decision of the Administrative Court of Appeal was upheld. Accordingly, Sagax Bruket Fastigheter AB

was granted permission for its deductions for loss carryforwards and the imposed additional tax was quashed.

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 decision. 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 156 M.

Sagax's other risks are described in the 2019 Annual Report, on pages 46-48.

SENSITIVITY ANALYSIS

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

Sensitivity analysis at 30 June 2020¹⁾

Amounts in SEK M	Change	Effect on profit from property management, annual basis	Effect on profit after tax, annual basis	Effect on equity
Economic occupancy rate	+/-1%	+/-29	+/-23	+/-23
Rental revenue	+/-1%	+/-29	+/-23	+/-23
Property expenses	+/-1%	+/-5	+/-4	+/-4
Interest expenses for liabilities in SEK including fixed-income derivatives	+/-1%	-21/+11	-17/+9	-17/+9
Interest expenses for liabilities in EUR including fixed-income derivatives	+/-1%	-11/-4	-9/-3	-9/-3
Interest expenses for liabilities in SEK excluding fixed-income derivatives	+/-1%	-34/+24	-27/+19	-27/+19
Interest expenses for liabilities in EUR excluding fixed-income derivatives	+/-1%	-19/+3	-15/+3	-15/+3
Change in SEK/EUR exchange rate ²⁾	+/-10%	+/-135	+/-105	+/-744
Changed rent level for contract maturity in 2020	+/-10%	+/-23	+/-19	+/-19

1) Excluding shares in profit of joint ventures and associated companies.

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

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

The company's segment division was changed as of 1 January 2020. The Madrid & Barcelona segment, which was previously reported under Rest of Europe, is reported separately. The company did not own any properties in this segment in the first six-months of 2019, which is why comparative figures were not affected by the change.

In all other respects, the accounting policies and calculation methods applied are essentially unchanged compared with those applied in the 2019 Annual Report.

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, 13 July 2020
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 13 July 2020 at 6:45 p.m. (CEST).*

Financial calendar

Interim Report January-September 2020
Year-end Report 2020

27 October 2020
8 February 2021

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

September 2020

■ Final day for trading including dividend rights	28 September 2020
■ First day for trading excluding dividend rights	29 September 2020
■ Record date for dividend payment	30 September 2020
■ Expected payment date by Euroclear ¹⁾	5 October 2020

December 2020

■ Final day for trading including dividend rights	28 December 2020
■ First day for trading excluding dividend rights	29 December 2020
■ Record date for dividend payment	30 December 2020
■ Expected payment date by Euroclear ¹⁾	7 January 2021

March 2021

■ Final day for trading including dividend rights	29 March 2021
■ First day for trading excluding dividend rights	30 March 2021
■ Record date for dividend payment	31 March 2021
■ Expected payment date by Euroclear ¹⁾	5 April 2021

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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Visit us at www.sagax.se.

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 and associated companies 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.	The 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.	IFRS 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 annually.	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 and associated companies.	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.	The 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 companies whose securities are listed on a regulated market.	Not an alternative performance measure.
Interest coverage ratio	Profit from property management, excluding profit from joint ventures and associated companies 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, EMTN programme	Profit from property management after reversal of financial income and expenses as a percentage of net financial items.	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 ventures	Partnership form whereby several owners have a shared controlling influence.	Not an alternative performance measure.
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 according to EMTN programme	Interest-bearing liabilities less listed securities and cash and cash equivalents.	The key performance indicator shows the Group's indebtedness.
Net debt according to EMTN programme/Total assets	Interest-bearing liabilities less listed securities and cash and cash equivalents in relation to total assets.	The key performance indicator shows financial risk.
Net debt/Total assets	Interest-bearing liabilities less interest-bearing assets, cash and cash equivalents, and listed shares as a percentage of total assets.	The 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.	The 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.	The 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.	The key performance indicator shows the ability to generate earnings on the Group's assets, excluding financing costs.
Run rate EBITDA	Net operating income according to current earnings capacity less central administration costs plus dividends received from joint ventures and associated companies.	Sagax uses EBITDA so that the EBITDA/Net debt, run rate key performance indicator shows financial risk.
Run rate yield	Net operating income (including property administration) according to current earnings capacity with add-back of site leasehold fees, 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.
Secured liabilities/total assets	Liabilities secured with pledged assets as a percentage of total assets.	The 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.

Amounts in SEK M unless otherwise stated	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec	Amounts in SEK M unless otherwise stated	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Return on equity				Corrected equity attributable to Class A and B shares			
Profit after tax	1,110	1,771	4,111		15,501	12,713	14,947
Addition for translation to annual value	1,110	1,771	–	No. of shares	317,279,530	316,792,454	316,991,411
Average equity	19,841	16,211	17,337	No. of shares after dilution	317,782,521	317,068,167	317,506,353
Return on equity	11%	22%	24%	Equity per Class A and B share, SEK	48.86	40.13	46.86
Return on total capital				Equity per Class A and B share after dilution, SEK	48.78	40.10	46.78
Profit from property management	1,177	960	2,001	Economic occupancy rate			
Addition for translation to annual value	1,177	960	–	Contractual annual rent	2,866	2,537	2,600
Financial expenses	238	248	470	Rental value	3,021	2,655	2,735
Addition for translation to annual value	238	248	–	Economic occupancy rate	95%	96%	95%
Profit before financial expenses	2,830	2,416	2,471	Run rate yield			
Average total capital	42,004	35,069	36,922	Net operating income according to current earnings capacity	2,381	2,098	2,134
Return on total capital	7%	7%	7%	Add-back of site leasehold fees	–26	–24	–22
Occupancy rate by area				Adjusted net operating income	2,355	2,074	2,112
Contracted area, 000s of square metres	3,149	2,818	2,868	Carrying amount of properties	36,118	30,518	32,625
Total lettable area, 000s of square metres	3,321	2,931	3,022	Run rate yield	6.5%	6.8%	6.5%
Occupancy rate by area	95%	96%	95%	Run rate EBITDA			
Debt ratio				Net operating income according to current earnings capacity	2,381	2,098	2,134
Interest-bearing liabilities	19,448	16,104	17,519	Central administration	–129	–133	–122
Total assets	43,854	36,447	40,154	Dividends from joint ventures and associated companies	422	264	281
Debt ratio	44%	44%	44%	Run rate EBITDA	2,674	2,229	2,292
Yield				Profit from property management			
Net operating income	1,170	1,047	2,133	Profit after tax	1,110	1,771	4,111
Add-back of site leasehold fees	–13	–12	–24	Tax	304	267	730
Addition for translation to annual value	1,157	1,035	–	Changes in value	–237	–1,076	–2,840
Holding adjustment, acquisitions/divestments	67	–3	10	Profit from property management	1,177	960	2,001
Currency translation to closing rate	–27	8	–19	Profit from property management per Class A and B share after dilution			
Adjusted net operating income	2,354	2,075	2,100	Profit from property management	1,177	960	2,001
Carrying amount of properties	36,118	30,518	32,625	Dividends attributable to preference and Class D shares	–143	–125	–249
Yield	6.5%	6.8%	6.4%	Adjusted profit from property management	1,034	835	1,752
EBITDA rolling 12 months				Profit from property management per Class A and B share after dilution, SEK	3.26	2.64	5.51
Net operating income	2,256	2,012	2,133				
Central administration	–129	–133	–122				
Dividends from joint ventures and associated companies	422	264	281				
EBITDA	2,549	2,143	2,292				
Equity per Class A and B share							
Equity	20,424	17,006	19,257				
Equity attributable to preference and Class D shares	–4,923	–4,293	–4,310				

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

Amounts in SEK M unless otherwise stated	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec	Amounts in SEK M unless otherwise stated	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Cash flow per Class A and B share				Adjusted profit after tax	967	1,646	3,862
Profit before tax	1,307	1,978	4,627	Earnings per Class A and B share after dilution, SEK	3.04	5.19	12.13
Items not affecting cash flow	12	-950	-2,758	Interest coverage ratio			
Tax paid	-23	-71	-74	Profit from property management	1,177	960	2,001
Dividends attributable to preference and Class D shares	-143	-125	-249	Reversal of profit from property management joint ventures and associated companies	-282	-194	-441
Cash flow	1,153	832	1,546	Dividend from joint ventures and associated companies	405	264	281
Cash flow per Class A and B share after dilution, SEK	3.63	2.63	4.86	Financial expenses	238	248	470
Net debt				Corrected profit from property management before financial expenses	1,538	1,278	2,311
Interest-bearing liabilities	19,448	16,104	17,519	Interest coverage ratio	6.5x	5.2x	4.9x
Interest-bearing assets	-539	-6	-511	Interest coverage ratio, EMTN programme			
Cash and cash equiva- lents and listed shares	-1,482	-1,291	-1,776	Profit from property management	1,177	960	2,001
Net debt	17,427	14,807	15,232	Net financial items	218	248	470
Net debt according to EMTN programme				Profit from property management before net financial items	1,395	1,208	2,471
Interest-bearing liabilities	19,448	16,104	17,519	Interest coverage ratio	6.4x	4.9x	5.3x
Cash and cash equiva- lents and listed shares	-1,482	-1,291	-1,776	Equity/assets ratio			
Net debt according to EMTN programme	17,996	14,813	15,743	Equity	20,424	17,006	19,257
Net debt according to EMTN programme/Total assets				Total assets	43,854	36,447	40,154
Net debt according to EMTN programme	17,996	14,813	15,743	Equity/assets ratio	47%	47%	48%
Total assets	43,854	36,447	40,154	Net asset value			
Net debt according to EMTN programme/Total assets	41%	41%	39%	Equity	20,424	17,006	19,257
Net debt/EBITDA				Equity attributable to preference and Class D shares	-4,923	-4,293	-4,310
Net debt	17,427	14,807	15,232	Reversal of derivatives	130	152	119
EBITDA rolling 12 months	2,549	2,143	2,292	Reversal of deferred tax, temporary differences	2,439	2,111	2,333
Net debt/EBITDA	6.8x	6.9x	6.6x	Reversals due to joint ventures	835	676	741
Net debt/run rate EBITDA				Net asset value	18,881	15,652	18,140
Net debt	17,427	14,807	15,232	Net asset value per Class A and B share after dilution, SEK	59.41	49.35	56.77
EBITDA, run rate	2,674	2,229	2,292	Secured liabilities/total assets			
Net debt/ run rate EBITDA	6.5x	6.6x	6.6x	Secured liabilities	4,208	4,963	5,449
Net debt/Total assets				Total assets	43,854	36,447	40,154
Net debt	17,427	14,807	15,232	Secured liabilities/ Total assets	10%	14%	14%
Total assets	43,854	36,447	40,154	Surplus ratio			
Net debt/Total assets	40%	41%	38%	Net operating income	2,256	2,012	2,133
Preference equity				Rental revenue	2,737	2,419	2,581
Equity per preference share, SEK	31.0	31.00	32.00	Surplus ratio	82%	83%	83%
Number of preference shares outstanding	16,784,028	16,784,028	16,784,028	<i>1) IFRS performance measure.</i>			
Preference equity	520	520	537				
Earnings per Class A and B share¹⁾							
Profit after tax	1,110	1,771	4,111				
Dividends attributable to preference and Class D shares	-143	-125	-249				

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 2020 amounted to 3,321,000 square metres, distributed between 657 properties.

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

More information is available at www.sagax.se.

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