

ANNUAL REPORT 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





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The year in brief

*Profit from property management increased 19% to SEK 2,389 M.
Cash flow from operating activities before changes in
working capital rose 24% to SEK 2,219 M.*

Revenue increased 12%

Rental revenue increased 12% to SEK 2,898 M (2,581 for 2019). Rental revenue was positively impacted primarily by property acquisitions.

Profit from property management increased 19%

Profit from property management rose 19% to 2,389 M (2,001), of which joint ventures and associated companies accounted for SEK 565 M (441). The increase in profit from property management was primarily 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 20% to SEK 6.62 (5.51).

Revaluation of properties

In total, property revaluations affected profit by SEK 2,003 M (1,956). The market value of Sagax's properties amounted to SEK 37,548 M (32,625) at year end. The yield in 2020 was 6.3% (6.4).

Revaluation of financial instruments

Revaluation of financial instruments amounted to SEK 229 M (889). The changes in value attributable to fixed-income derivatives amounted to SEK -24 M (-15). Financial instruments attributable to joint ventures were revalued in the amount of SEK 156 M (305). Revaluation of listed shares resulted in a change in value of SEK 77 M (594).

Profit after tax for the year

Profit after tax for the year amounted to SEK 3,711 M (4,111), corresponding to SEK 10.78 (12.13) per Class A and B share after dilution.

Net investments amounted to SEK 4,795 M

During the year, Sagax invested SEK 4,795M (2,090), of which net acquisitions accounted for SEK 4,129 M (1,383) and investments in the existing property portfolio for SEK 666 M (707).

Cash flow increased 24%

Cash flow from operating activities before changes in working capital rose 24% to SEK 2,219 M (1,795), corresponding to SEK 6.09 (4.86) per Class A and B share after dilution.

Proposed dividend

The Board of Directors proposes that dividend per Class A and B share be raised to SEK 1.65 (1.30). The Board also proposes a dividend of SEK 2.00 (2.00) per Class D share through a quarterly payment of SEK 0.50. The dividend is in accordance with the company's dividend policy and corresponds to 32.5% (34.9) of profit from property management.

Selected key performance indicators

	2020	2019	2018	2017	2016
Profit from property management per Class A and B share after dilution, SEK	6.62	5.51	4.31	3.70	2.98
Change compared with preceding year, %	20	28	16	24	22
Earnings per Class A and B share after dilution, SEK	10.78	12.13	9.24	8.85	7.25
Dividend per Class A and B share, SEK (2020 proposed)	1.65	1.30	1.00	0.90	0.72
Net debt/EBITDA	6.4	6.6	7.4	8.1	8.7
Interest coverage ratio, multiple	5.7	4.9	4.2	3.7	3.4
Debt ratio, %	43	44	47	50	54
Properties' market value, SEK M	37,548	32,625	29,024	23,771	20,628
Property yield, %	6.3	6.4	6.8	6.9	7.1

Sagax in brief

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 on 31 December 2020 were measured at SEK 37.5 billion, distributed between 673 properties. Sagax is listed on Nasdaq Stockholm, Large Cap.

PROPERTY PORTFOLIO

On 31 December 2020, the property portfolio comprised 673 (553) properties with a lettable area of 3,480,000 square metres (3,022,000). The company owns properties in Sweden, Finland, France, the Netherlands, Germany, Spain and Denmark.

The two largest market areas are Stockholm and Helsinki, where 46% (51) of the market value and 44% (47) of the rental value are concentrated. At year end, the total rental value and contractual annual rent amounted to SEK 3,024 M (2,735) and SEK 2,865 M (2,600), respectively. This corresponds to an economic occupancy rate of 95% (95).

LEASE STRUCTURE

Sagax's contractual annual rent at the end of the period was distributed between 1,813 leases (1,724), with about 1,200 tenants (1,200). 1,802 leases (1,715) had a rental value of less than 1% of the Group's contractual annual rent. The total rental value for these leases accounted for 80% (83) of Sagax's contractual annual rent. Only three (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% (8) of the Group's contractual annual rent.

Sagax's tenants operate in a variety of industries. 16% (18) of Sagax's contractual rental revenue comes from tenants in the manufacturing industry, 16% (13) from companies with food-related operations and 11% (12) from the automotive industry, including sales, service and manufacturing.

FUNDING

Interest-bearing liabilities amounted to SEK 19,904 M (17,519) with an average interest rate of 1.8% (1.9) at year end. The debt ratio amounted to 43% (44) and the interest coverage ratio to 575% (492); refer to the trend chart below. The average fixed-interest and loan maturity periods amounted to 3.4 years (3.5) and 3.4 years (3.8), respectively.

Sagax's financial expenses in 2020 amounted to SEK 481 M (470), corresponding to 43% (44) of the company's total expenses before changes in value and tax.

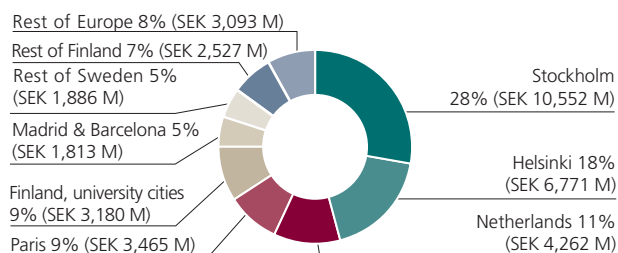
THE SAGAX SHARE

Sagax had four classes of shares at year end: Class A, B and D common shares, and preference shares. All of the classes of shares are listed on Nasdaq Stockholm, Large Cap. At the end of the year, the company had 19,807 (14,830) shareholders. Sagax's market capitalisation amounted to SEK 58,412 M (47,812) on 31 December 2020.

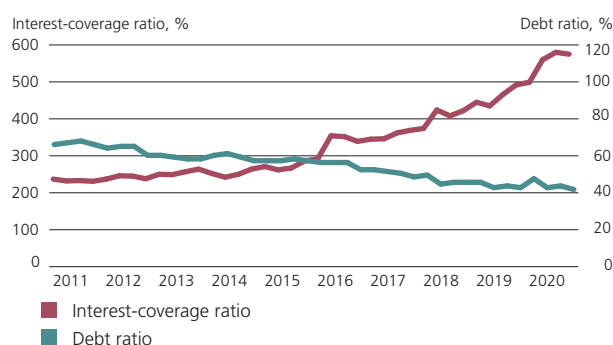
In 2020, profit from property management per Class A and B share after dilution amounted to SEK 6.62 (5.51) which, compared with the year-end share price of the Class B common share, corresponded to a multiple of 25.6 (24.7).

Equity per Class A and B share after dilution amounted to SEK 55.09 (46.78) at year end. Net asset value per Class A and B share amounted to SEK 66.38 (56.77). The share price for the Class B share at year end was SEK 169.60 (136.20), corresponding to 308% (292) of equity and 255% (240) of net asset value per Class B share.

Market value of properties



Debt ratio and interest-coverage ratio





To Sagax's shareholders

OPERATIONS AND BUSINESS MODEL

2020 was an extremely challenging year. Concern for the health of family, friends and colleagues and the responsibility to shareholders and employees for guiding the company through the pandemic has been a continuous and substantial effort. The end of the first quarter and the first part of the second quarter were the most difficult. The worst of the shock then subsided and we were faced with a new normal. For this reason, it is slightly surprising to be able to report that 2020 was Sagax's most successful year to date. Profit from property management increased 19% to SEK 2,389 M, corresponding to a 20% increase per Class B share. Operating cash flow increased 24%. The transaction and the property management teams both performed well. Sagax invested SEK 5.6 billion in 48 different transactions, double the amount in 2019. Sagax's occupancy rate of 95% remained unchanged throughout the year. Sagax signed 553 leases in 2020, corresponding to 2.2 new leases per business day, encompassing a total of 641,000 square metres. This performance can be viewed in the light of Sagax conducting operations in several markets in which curfews were imposed and where potential tenants thus found it difficult to lease premises at different times of the year. Rental revenue in comparable portfolios, meaning the properties we owned in both 2019 and 2020, increased 2.5%. Customer losses remained low at 0.02% of revenues, which was in line with a normal year.

As in prior years, no major changes in the company's operations were implemented during the year, neither when compared to 2019 nor to how operations were conducted a decade ago. The consistent view of risk, opportunities, cash flow and organisational structure remains a strength for the company. Another strength is the simplicity of the business model. Sagax invests in properties that generate stable net operating income and manages them with a long-term perspective. The company focuses on a relatively small segment of the property market, namely, property for warehouse and light industrial uses, which have historically had limited leasing potential yet very stable occupancy. We have been active in this segment for many years and have built up the company from the ground. The business has shown consistent profitability and positive cash flows from the very start. In simplified terms, the operations in 2020 can be described as follows:

The properties in which we have invested the shareholders' equity generated a yield of 6.3%, of which 0.4 of a percentage point was used to cover the company's administration costs. 43% of the business was financed by interest-bearing debt and net interest expense accounted for 1.2 percentage points of the yield. The remaining 4.7 percentage points of the yield, plus joint ventures' and associated companies' profit from property management, correspond to a 12% return on equity. In addition, improved market values and taxes affected the return on equity by 6%, after which the total return on equity amounted to 18%. The operations are no more complex than that. Sagax

is not dependent on gains from property transactions, construction operations or project development to generate an attractive return on equity.

FORECAST AND GROWTH

As published in the year-end report, profit from property management in 2021 is forecasted to amount to SEK 2,550 M based on the current property portfolio, announced acquisitions and divestments, and at current exchange rates. The forecast is weighed down by low indexation of rental revenue and a stronger SEK. Indexation between 2020 and 2021 was only 0.3%, corresponding to SEK 7 M. If indexation were in line with the rate 2019/2020 it would have meant an additional SEK 30 M in profit from property management. The SEK strengthened against the EUR, meaning that Sagax's earnings from properties abroad decline when reported in SEK. The translation effect in the forecast for 2021 in relation to 2020 is SEK 50 M. In total, profit from property management was adversely impacted by approximately SEK 80 M.

The forecast for 2021 corresponds to profit from property management of SEK 7.24 per Class B share, or a 9% increase in profit compared with 2020. This is lower than Sagax's target of 15% per Class B share per share and year. However, profit growth has been high in recent years, at 28% in 2019 and 20% in 2020, and some variation is unavoidable. The financial target of 15% per annum, combined with the current scope of the operations, sets increasingly high demands on the company. For example, to realise this target, the company's profit from property management needs to increase to SEK 14 per share, corresponding to profit from property management of SEK 4.6 billion by 2026 – an increase of 100%. Is this feasible for Sagax? While 100% might not seem possible Sagax reported profit from property management of SEK 2.45 per Class B share five years ago, which can be compared with SEK 6.62 in 2020, in other words an increase of 170%.

VALUATIONS AND RETURNS

Key to Sagax's ability to continue to achieve profitable growth is that we are able re-invest the company's profit at attractive risk-adjusted returns. During 2020, the prices of warehouse and industrial properties rose in all of Sagax's markets. Demand for warehouse and industrial properties was influenced by several factors: Ultra-low interest rates, high valuations in equity markets, growth in e-commerce, uncertainty regarding demand for offices and a generally cautious approach to retail properties. The combination of these factors resulted in more capital being allocated to the residential, public agency leased properties and warehouse and industrial properties segments, leading to increasingly higher valuations. At the same time, Sagax's cost of capital declined faster than the market yield requirement, meaning that the profitability of new investments remains at historically high levels.



In 2020, many new investors, mainly funds managing large amounts of institutional capital, became interested in warehouse and industrial properties. Large investors were willing to consider significantly smaller investments than in the past. This means that one of our best niches, investments in the SEK 25-150 M range, is subject to a considerably more intense competition than previously. Portfolio premiums continue to be paid for larger transactions. The fact that some property companies specialising in warehouse and industrial properties are valued at a premium over their NAV is understood by sophisticated investors, which also affects the pricing in the direct market for warehouse and industrial properties.

My general impression of the property market is that there is an infinite amount of buyers, but few sellers. That is why property companies find it difficult to expand and concurrently maintain profitability. Lower costs are needed in order to grow despite the higher prices. Lower costs are primarily achieved through lower cost of capital, which in turn is a consequence of larger and more diversified balance sheets. At the start of 2021, Sagax issued a bond of EUR 400 M with a term of seven years and a fixed interest rate of 0.82%. Smaller property companies without an investment grade rating can only turn to the banks and the high yield market and thus cannot secure such pricing or terms for their borrowing. Accordingly, it is reasonable to believe that consolidation of listed property companies may be on the agenda for 2021. I am far from certain that Sagax will be involved in such a consolidation, but the company is well prepared to act if attractive opportunities present themselves.

CAPITAL STRUCTURE

The simplicity of Sagax's operations is an advantage in terms of managing risk. The company does not need to keep track of multiple risk factors and can concentrate on just a few issues that could adversely impact the company's earnings capacity or asset values. The probability of an unintentional oversight occurring is therefore low, as are the costs for monitoring these risks. Sagax's greatest risk is that we misjudge our access to funding. We therefore continuously focus our efforts to mitigate the refinancing risk. An important part of these efforts entails strengthening the company's attractiveness to bond investors. Growth increasingly diversifies Sagax's balance sheet and revenue base, which benefits shareholders in terms of increasing profit and diminishing operational risk, as well as lowering financial expenses. The risks associated with net operating income, which I have brought to your attention in earlier years, have continued to diminish thanks to the company's increasingly more diversified revenue base. I will elaborate on this below.

Sagax's rating, which has been Baa3 (Moody's Investors Service) since 2018, is central to our borrowing capacity. My assessment is that the rating agencies were particularly cautious about positive rating changes in 2020 due to the uncertainty caused by the pandemic. However, financially, Sagax was significantly stronger and better diversified in 2020 than 2018, a trend that I believe will continue in 2021.

In 2020, net interest-bearing debt in relation to operating profit (EBITDA) continued to decline to a multiple of 6.4.

Accordingly, at the close of 2020, Sagax had one of the lowest levels of gearing in relation to operating profit among the publicly traded property companies in Sweden. Viewing the company's net debt in relation to operating profit provides a useful indication of a company's financial position, since this ratio is not affected by high property prices which impact the debt ratio and low interest rates which impact the interest-coverage ratio. In respect of the latter, Sagax's interest-coverage and debt ratios reached a multiple of 5.7 and 43%, respectively, in 2020. To put these ratios in perspective: if Sagax's vacancy rate were to increase from the current level of 5% to 15% (twice as high as the vacancy rate has ever been) at the same time as the value of the property portfolio were to decline by 20% and interest expense were to double, the resulting interest coverage ratio would fall to a multiple of 2.5 and the debt ratio would rise to 53%. Although these levels are weaker than today, they would not represent a risk. Our financial position would actually be slightly better than in 2013, which I rate as a successful year for Sagax. The deteriorations described above are improbable, but illustrate that a weaker economic climate, a higher interest rate environment or similar external factors, should not result in financial stress for Sagax.

REVENUE DIVERSIFICATION

During Sagax's early years, lease terms were of great importance to the company's access to capital. Long term leases were a cost-effective way of reducing the operational risk in the Group and thus facilitate our access to capital. As I have stated before, I expect the average maturity of the company's leases to approach the rental market's mean value (possibly slightly adjusted for Sagax's preference for long leases and for renegotiating in advance) and that a satisfactory risk profile would instead be achieved through substantial revenue diversification. Over the past five years, the number of leases has increased from 698 to 1,813 and the number of tenants increased from 500 to 1,200. At the end of 2020, 80% of the rental value was attributable to 1,802 leases whose rental value was less than 1% of the Group's annual rent. Only 11 leases had an annual rent exceeding 1% of the Group's annual rent and these jointly accounted for 20% of annual rent. The revenue diversification further improved as 30% of the company's rental revenue is now derived from new geographic markets such as Paris, the Netherlands, Madrid and Barcelona. Overall, revenue diversification has increased significantly in recent years, whereby individual leases have an increasingly lower impact on the Group's earnings. It may also be noted that every acquisition leads to further diversification. Accordingly, it is probable that the already low revenue concentration will continue to decline.

ORGANISATION

I am convinced that a source of Sagax's relative success is its organisational structure and corporate culture which I would describe as a combination of high customer and shareholder focus, a lack of prestige and a considerable focus on execution. The organisation is growing as Sagax continues leveraging one of its greatest strengths – scalability. However,



this does not come without some level of operational risk as Sagax's original DNA may be diluted. In 2020, it was also not possible for Sagax employees to meet, making it more difficult to build and maintain a shared culture. In this respect, the company is unfortunately under-invested at the current time. Naturally, it was most challenging for our new employees in 2020, but everyone was aware of the context and did their utmost to keep the operations going in the best possible way. As soon as this is possible, we will return to conducting operations on-site at Sagax's various offices. My intention is to also allow employees at these offices to travel, so that they can re-establish the personal relationships that are so vital to cooperation throughout a company.

JOINT VENTURES AND ASSOCIATED COMPANIES

In addition to the directly owned property portfolio, Sagax has long invested in joint ventures and associated companies. These investments amounted to SEK 6.8 billion at year end and contributed SEK 565 M to profit from property management in 2020. Four fifths of our investments consist of Hemsö Fastighets AB (15% participating interest and a carrying amount of SEK 2.3 billion), Söderport Holding AB (50% and SEK 1.9 billion) and NP3 Fastigheter AB (20% and SEK 1.2 billion).

Söderport was founded in 2010 to capitalise on investment opportunities that Sagax did not have the capacity to carry out alone. Söderport does not have its own organisation and instead is managed by Nyfosa AB (Gothenburg) and Sagax (Stockholm). This collaboration remains successful and Söderport contributed SEK 217 M to Sagax's profit from property management in 2020.

The objectives for the investments in Hemsö and NP3 was to reach markets that Sagax does not have the capacity to reach itself, but which are considered attractive. These investments have also been a way for Sagax to gain access to first-rate management teams. Hemsö has evolved from a property portfolio without management to the leading company in the public property sector in Sweden over the last 12 years. Hemsö contributed SEK 223 M to Sagax's profit from property management in 2020. Hemsö now has one of the best management teams in the sector, led by CEO Nils Styf. The company has a well-developed business model that provides premises for important public services, or as Hemsö puts it "*the backbone of society*". Today, Hemsö offers complete solutions from property development to long-term and sustainable management. Hemsö thus fills a value-creating function, not only for customers and shareholders, but also for society at large. I can only see Hemsö continuing to develop positively in the next few years.

NP3 primarily invests in high-yield commercial properties in northern Sweden, a market that Sagax does not serve. NP3's cash-flow focus harmonises well with Sagax's investment preference. We have been one of the largest shareholders in NP3 since 2016. NP3 contributed SEK 104 M to Sagax's profit from property management in 2020. CEO Andreas Wahlén and his colleagues have increased the profit from property management from SEK 4.90 to SEK 9.26 per share since 2016, corresponding to a compounded annual growth rate (CAGR) of 17.3%.

This is a great achievement. In my experience there is seldom a better indicator of how a company will develop than by looking at its past performance – low achievers seldom become high achievers or vice versa. NP3 is a high achiever and has every opportunity to continue to generate significant profit growth.

A BOARD MEMBER'S DNA

Interest in the personal and private lives of Board members became greater than ever in 2020. A few examples: In September California passed a law that at least one Board member must identify themselves as belonging to an under represented ethnic group or as LGBTQ. In Germany, the CDU and SDU agreed that management boards with more than three members must have a least one member of a different gender. In December, Nasdaq submitted a request to the US Securities and Exchange Commission to change the listing rules for its US marketplace so that listed companies are to have, or explain why they do not have, at least two "minority directors"; one who is to identify herself as a woman and the other who is to have at least one non-white parent or identify themselves as LGBTQ+.

Discussions of a similar tone are taking place in Sweden. Since this issue is relevant in relation to my administration of Sagax, I would like, in my capacity as a major shareholder and CEO, to briefly present my opinion here: Discrimination is *unacceptable*. Period. No exceptions. Everyone must be allowed to compete on *one's* merits and on equal basis, regardless of the group to which one happens to belong. Excluding certain individuals from Board assignments or managerial positions, as in the examples above, due to gender, ethnicity or sexual orientation constitutes discrimination and must therefore be condemned.

An argument that is sometimes made to justify discrimination is that the "right doses" of gender, skin colour and sexual orientation in the Boards leads to more successful companies. However, I would argue that the skills and commitment of a Board member are exclusively a matter of individual characteristics that cannot be assessed based on physical attributes or group affiliation. Accordingly, neither gender, skin colour, height nor shoe size provide any information regarding management skills. Another argument that is sometimes put forward to support discrimination is that people unconsciously discriminate and that this must be stopped (with new and different forms of discrimination...). However, systematic and deliberate discrimination cannot be preferred over the risk of involuntary discrimination. Furthermore, as regards the issue of sexual orientation, this belongs, in my opinion, to one's private life and as the term suggests this matter is *no one else's* business, least of all a general meeting's or Board colleagues'.

In my experience, the best Board work is performed by members who have two specific characteristics: (a) a very good business sense, and (b) a genuine commitment to the company. These characteristics cannot be observed by looking at physical attributes, or delving into one's private matters, but are often expressed by the Board member's shareholdings in their companies. The following summary is worth considering: From 2010 to 2019, 89 companies were listed on Nasdaq Stockholm



during the entire period and at some point on Large Cap. The companies in which a *majority* of the Board members in 2019 owned shares of *more* than five times their annual Board fees had an average share-price increase of 26.6% per year from 2010 to 2019. (The majority criterion is appropriate here since Board decisions can as a rule be made with a simple majority). The companies in which the *majority* of the Board members in 2019 owned shares of *less* than five times their annual Board fees had an average share-price increase of 18.2% during the same period, an underperformance of 8.4 percentage-point per year in relation to the first group. The worst performance was noted among the companies in which a *majority* of Board members in 2019 *owned no shares at all*: an average share-price increase of 16.4% per year. To illustrate the effect of these differences, SEK 1,000 invested in the three groups in 2010 would have had the following value ten years later:

■ The majority of the Board members owned shares of <i>more</i> than five times their Board fees:	SEK 10,551
■ The majority of the Board members owned shares of <i>less</i> than five times their Board fees:	SEK 5,337
■ The majority of the Board members owned <i>no shares at all</i> :	SEK 4,566

In summary, if the objective is that companies are to generate prosperity in free societies, rather than be used as political tokens, my impression is that a meaningful shareholding is an appropriate circumstance to consider when electing Board members.

CORPORATE PURPOSE

Much is said about the role of companies in society, and often in grand terms. Sagax's shareholders have not stipulated a so-called specific purpose in the Articles of Association. Accordingly, the company follows the main rule of the Swedish Companies Act: To generate profit for the shareholders. An opinion that is sometimes expressed is that the profit-making purpose stated in the Companies Act is antiquated and that the Board and management should use the shareholders' capital to pursue other (loftier) objectives. What is overlooked is that a company's profit-making obligation provides protection for the minority shareholders, pro-

tection from majority shareholders using the company's (i.e. the shareholders') assets to pursue goals that they set and that the minority owners do not necessarily share but are forced to pay for. Accordingly, the profit-making purpose minimises agency costs thus facilitating the capital-allocating function of the market. Effective capital allocation contributes to economic development and thus creates employment and better standard of living in society, which are undeniably lofty consequences.

In my opinion, the profit-making purpose does not conflict with a responsible and sustainable enterprise. On the contrary. Being a good employer, supplier and customer, while ensuring that the company conducts itself in a responsible manner in society and seeks to minimize its environmental impact are all fundamental prerequisites for Sagax's long-term ability to generate profit for its shareholders.

Sagax's contribution to society, and the company's only *raison d'être*, is the economic value created by the company. During 2020, the economic value generated amounted to SEK 5.7 billion, which is allocated among operating costs (suppliers), employees, taxes, creditors and owners (dividends) in approximately equal portions. 52% of the economic value generated will be retained in the company and be reinvested. Ultimately, I hope that this will lead to increased economic value for all of the company's stakeholders.

THANK YOU

The company's favourable earnings and position for the future are the result of the many extraordinary efforts of highly skilled and dedicated colleagues. Accordingly, on behalf of the Board of Directors and the shareholders, I would like to express my sincere gratitude to all Sagax's employees.

Past performance is no guarantee of future results. That said, my colleagues, the Board and myself will continue to give our very best efforts.

I thank you for your confidence.

Stockholm, April 2021

David Mindus
Chief Executive Officer



Business concept, goals and strategies

Sagax invests primarily in warehouse and industrial properties in regions characterised by stable population growth and a diversified business sector and focuses on achieving a high continuous yield and strong cash flows. The company endeavours to secure long-term customer relationships with reputable and creditworthy tenants.

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

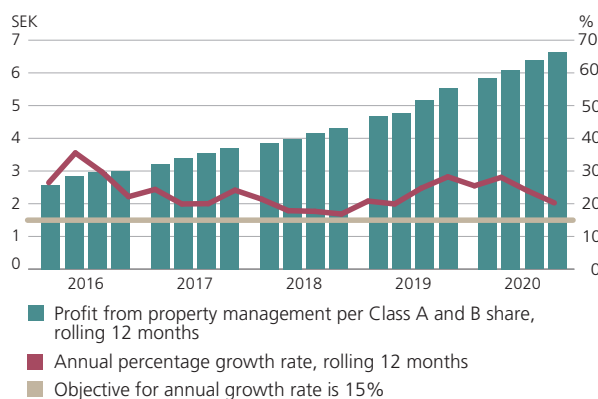
The table below illustrates the outcome for the past five years in relation to the financial targets.

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 8](#) illustrates the trend in the properties' market value and lettable area.

Profit from property management per Class A and B share



Financial targets

	Outcome 2020	Five-year average
Return on equity, measured over a five-year period, should not fall below 15% per year	18%	26%
Profit from property management per Class A and B share should increase by a minimum of 15% per year	20%	23%



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 chart below shows that Sagax's cash flow largely corresponds to its profit from property management. The difference is due mainly to joint ventures and associated companies, where dividends rather than profit from property management are recognised as cash flow from operating activities.

Sagax endeavours to have well-balanced fixed-interest and loan maturity profiles to secure its operating cash flow. The average fixed-interest period was 3.4 years (3.5) at year end. The average loan maturity at year end was 3.4 years (3.8).

The company had four classes of shares on 31 December 2020: Class A, B and D common shares, and preference shares. The aim of the Class D shares is to attract investor categories that value stable, regular dividends.

Management strategy

Sagax pursues efficiency and sustainability in its management strategy. The management strategy includes working actively to secure long-term customer relationships. 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 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.

Strategy for the rental market

Sagax invests primarily in regions experiencing stable population growth and that have diversified business activities. Sagax's largest rental markets are Stockholm and Helsinki, which are regarded as offering 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 low due to the stable population growth and the diversified business operations in these markets.

SUSTAINABILITY ACTIVITIES

Sagax's work with sustainability issues is a natural part of operations and helps to achieve the company's overall goals. To achieve this goal the company operations are consistently conducted with a long-term perspective.

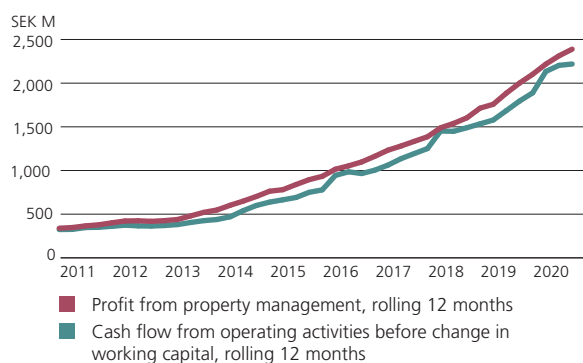
Sagax follows the Swedish Companies Act's main rule as regards purpose and has therefore not stipulated any other purpose in the Articles of Association than to produce a profit for distribution to shareholders, see Chapter 3, Section 3, of the Swedish Companies Act. Sagax's opinion is that the profit objective does not conflict with sustainable enterprise: Being a good employer, a good supplier and a well-liked customer while ensuring that the company conducts itself in a decent manner in society and attempts to limit its environmental impact are all fundamental conditions for Sagax's long-term ability to deliver profits for its shareholders.

To succeed in its sustainability agenda, Sagax has undertaken to generally:

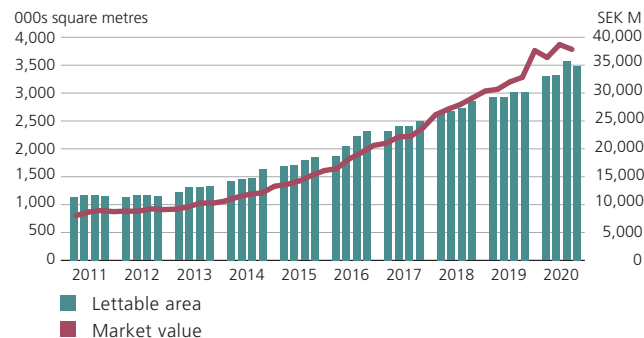
- Conduct operations in line with the UN Sustainable Development Goals that are relevant for Sagax and in line with the Global Compact's ten principles.
- Work to minimise the company's carbon footprint.
- Continuously increase competence in sustainability through training and communication of sustainability issues.
- Regularly follow up, revise and improve sustainability efforts.

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Sagax has decided to prepare a statutory Sustainability Report as a separate report to its Annual Report, see [pages 141-156](#).

Profit from property management and cash flow



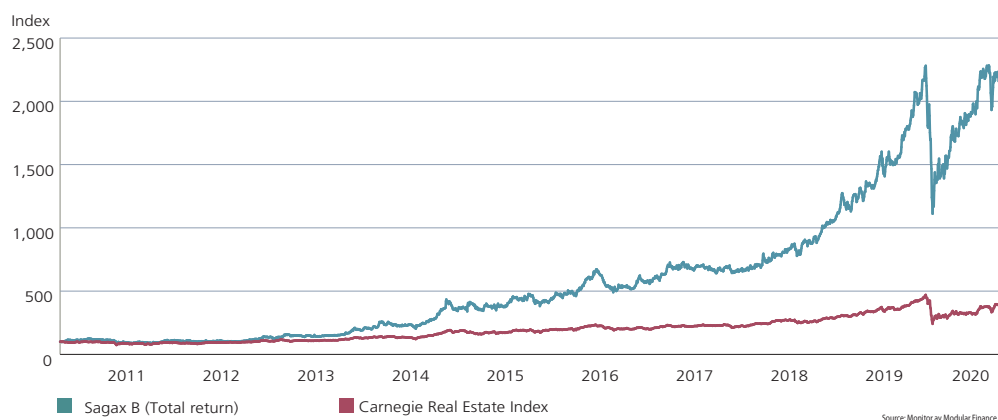
Market value and area of properties





Sagax's performance

Total return on Class B Sagax share during the period 2011-2020¹⁾



1) Sagax's Class B shares were registered for trading on 4 April 2013. The previous share price has been calculated by dividing the previous share price for the Class A share by 11, corresponding to the bonus issue of Class B shares (10 for 1) that was implemented in June 2019.

2011

In January 2011, trading in the Sagax share was moved to the Mid Cap list on NASDAQ OMX Stockholm. Market interest rates again started to fall after having risen during 2010.

2012

During 2012, a loan of SEK 4.2 billion was refinanced prematurely, in parallel with implementation of a new issue of preference shares in an amount of SEK 376 M. Sagax was positioned for continued growth.

2013

During 2013, the company issued its first Class B shares. SEK 1.2 billion was net invested in properties. Sagax acquired 15% of the shares in Hemsö Fastighets AB.

2014

Rental revenue exceeded SEK 1 billion. SEK 1.9 billion was net invested in properties. Sagax opened offices and acquired its first property in Paris. Historically low interest rates were noted.

2015

SEK 2.4 billion was net invested in properties. 43 properties were acquired and two properties divested. It was announced in the year-end report that the forecast profit from property management for 2016 would exceed SEK 1 billion.

2016

SEK 2.8 billion was net invested in properties. A total of SEK 3.7 billion was invested, of which Finland accounted for half. The first properties in the Netherlands were acquired. Class D common shares were issued for the first time.

2017

Net investment in properties amounted to SEK 1.7 billion. Foreign markets accounted for 80% of the investments. The debt ratio declined to 50%. The company was awarded a rating of Ba1 with a positive outlook by Moody's Investors Service, one step below the investment grade.

2018

SEK 3.4 billion was net invested in properties. Moody's Investors Service raised Sagax's rating to Baa3 with a stable outlook. Sagax issued its first bond loan of EUR 500 M in the European capital market within the scope of a new EMTN programme.

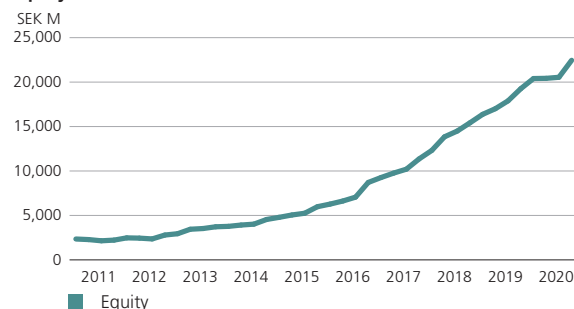
2019

Profit from property management amounted to SEK 2.0 billion. Net investment of SEK 2.1 billion, of which SEK 2.8 billion in property acquisitions. Foreign markets accounted for 97% of the acquisitions. Sagax opened offices and made its first property acquisitions in Spain.

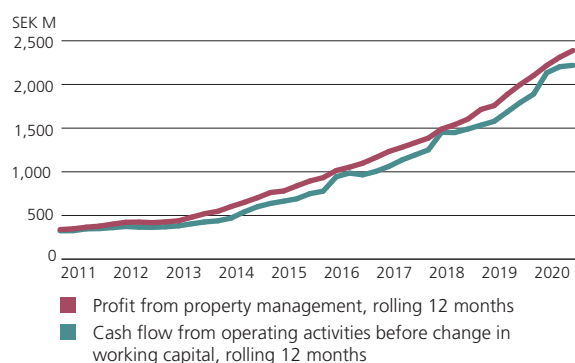
2020

Profit from property management amounted to SEK 2.4 billion. Sagax installed 13 solar power facilities and eight properties were awarded a sustainability rating. A new joint venture together with NP3 Fastigheter AB was established.

Equity



Profit from property management and cash flow



Market overview

Larger regions generally have higher economic, population and employment growth than smaller regions. They also have more developed economies, with a more diversified business sector, which results in a lower risk of long-term vacancies in the property portfolio.

BACKGROUND

As a property company, Sagax is exposed to changes in the commercial leasing market. Because the company has a high economic occupancy rate (95%) and an even rate of lease maturity, exposure to changes in the rental market are balanced in the immediate future. Exposure to the rental market is the greatest in Stockholm and Helsinki, which are among the markets in Europe that have high potential for long-term growth. These regions are characterised by stable population growth and a diversified business sector. Sagax is also exposed to the investment market for the acquisition and sale of properties. The market for property investments is affected to a considerable extent by conditions in the credit market and the general economic outlook.

STRONG FOUNDATION IN SAGAX'S REGION

Sagax's properties showed great resilience in 2020 despite the pandemic that adversely impacted the economy and society. Sagax invests in mature markets with a high gross regional product (GRP) per capita.

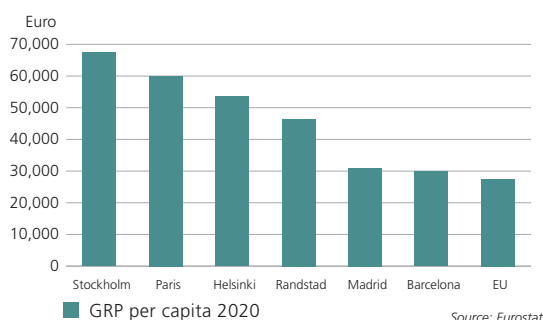
Generally, larger regions have displayed higher economic growth, stronger employment growth and higher population growth than smaller regions. Larger regions have more developed economies with companies in a large number of industries and a wider range of culture, retail and education. There is also a correlation showing that larger regions (measured as GRP) are more affluent (measured as GRP per capita).

All regions that Sagax primarily invests in have a higher GRP per capita than the EU average. In the past, these regions have reported high GRP growth, although the trend was negative in 2020.

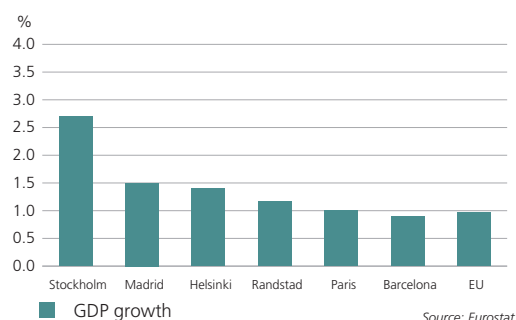
The educational level among the population is an important factor for a region's growth. Access to universities and colleges influences regional growth and regions with a high educational level also tend to display a more varied industry structure, with a more distinct focus on knowledge-intensive sectors. According to Eurostat, 63% of people in the 30–34 age category in Stockholm had university/college education in 2019, a rise of 56% since 2000. In Helsinki, the percentage with university/college education in the same age category was 55%, in Paris 63% and in Randstad 53%, compared with an average of 52% in the EU. In Barcelona, the percentage with university/college education in the 30–34 age category increased from 30% to 51% between 2000 and 2019 and in Madrid the percentage with university/college education was 54%. Randstad is the closely knit metropolitan region of central Netherlands, with the four cities – Amsterdam, the Hague, Rotterdam and Utrecht.

There are many indications of an economic recovery and positive GDP growth in 2021 in connection with large-scale vaccination programmes. The relatively low resource utilization in the economy is expected to contribute to a continued expansive monetary policy with low key interest rates in 2021. The low interest rates combined with good access to capital will boost demand for warehouse and industrial properties.

GRP per capita 2020

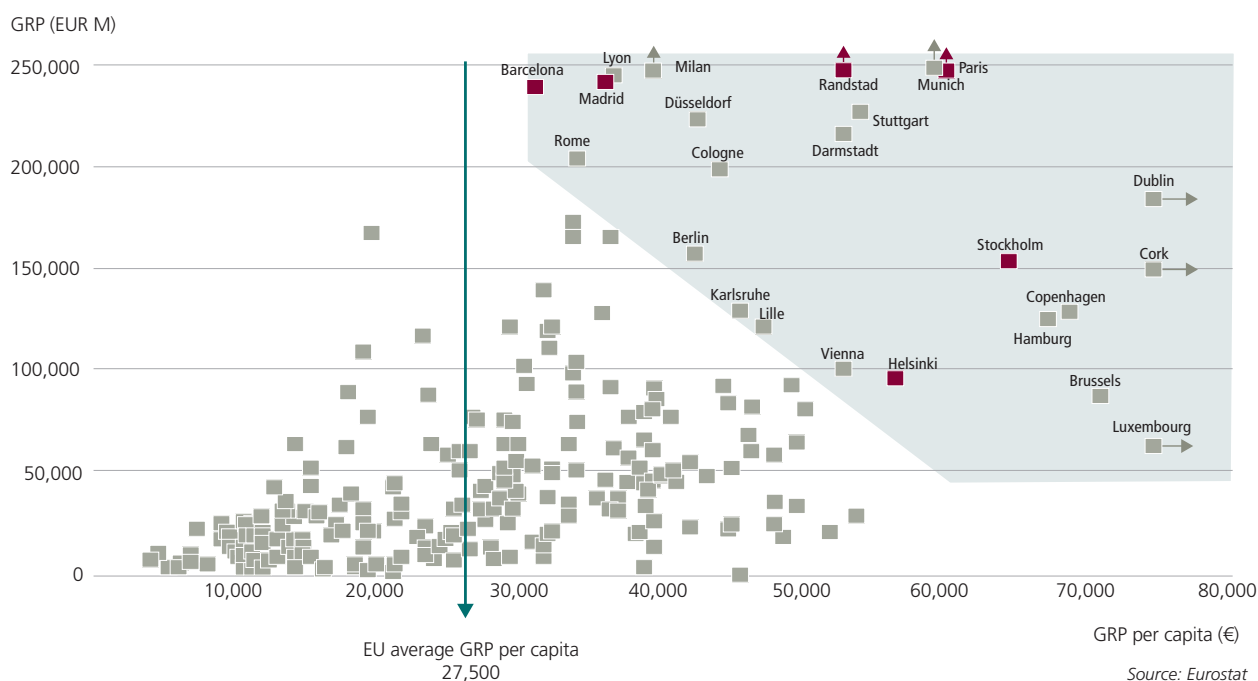


Annual GDP growth 2000–2020 average





GRP and GRP per capita 2019



DRIVING FORCES

A combination of economic growth, high GRP and minor changes in supply benefits the demand for premises in the warehouse and light industry segment. Population growth in Sagax's main markets is above the EU average. The population in Sagax's main markets increased an average of 21% between 2000 and 2020, compared with 4.9% for the entire EU.

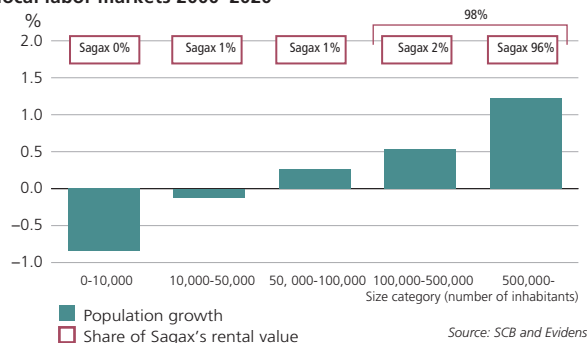
Generally speaking, demand for housing, offices and retail premises increases in line with population growth. This is leading to existing warehouse and industrial properties being used for other purposes. While the supply of existing industrial and warehouse premises is declining, production of new premises of this type is limited.

Region trends 2000–2020

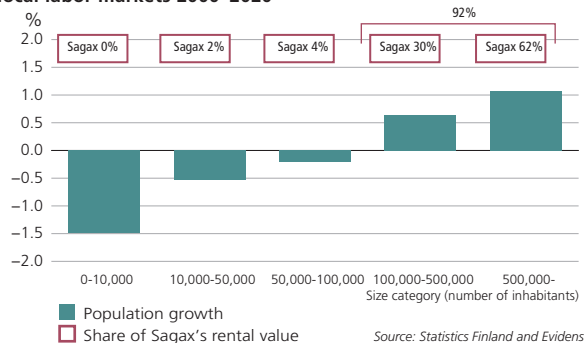
	Annual population growth	Population growth	Population growth, no. of inhabitants	GRP per capita (EUR)	Annual GRP growth	GRP growth
Stockholm	1.4%	32%	584,800	67,400	2.7%	69%
Paris	0.5%	11%	1,203,200	60,000	1.5%	22%
Helsinki	1.0%	22%	300,400	53,500	1.4%	33%
Randstad	0.6%	14%	1,009,300	46,400	1.2%	26%
Madrid	1.1%	25%	1,339,900	31,000	1.0%	35%
Barcelona	0.9%	21%	1,304,900	29,900	0.9%	20%
EU average	0.2%	5%	20,753,400	27,500	1.0%	21%



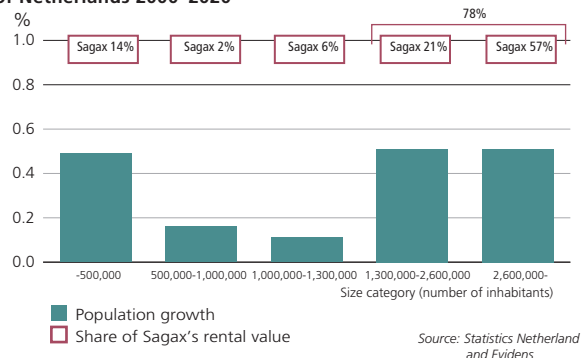
Annual percentage population growth in Sweden local labor markets 2000–2020



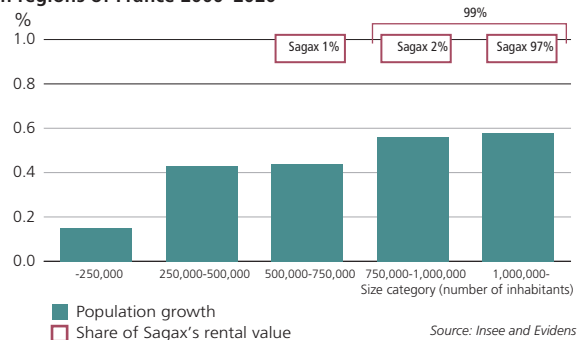
Annual percentage population growth in Finland's local labor markets 2000–2020



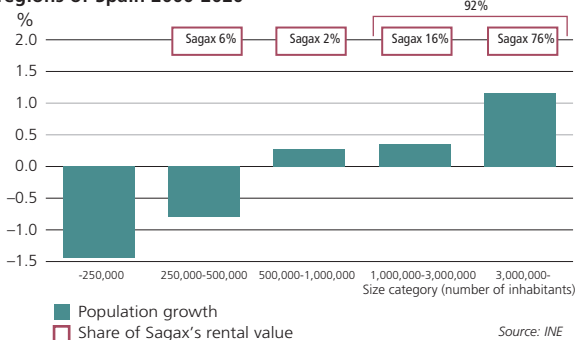
Percentage population growth in regions of Netherlands 2000–2020



Percentage population growth in regions of France 2000–2020



Percentage population growth in regions of Spain 2000–2020





SUPPLY CHANGES

Centrally located industrial zones are undergoing a transformation in many cities. Premises for warehouse and light industry are being converted into residential properties and offices.

For Stockholm, growth and thus the consequential conversion pressure has been analysed on the basis of how these factors affect the supply of warehouse and light industry premises. An equivalent analysis was also previously conducted for Helsinki, the results of which correspond well with the trend in Stockholm.

In Stockholm, 24 business zones with a focus on the property taxation categories of warehouses, light industry and industrial offices were studied during the period 1998–2020. The studied areas have been divided into three sub-markets: central business districts (CBDs), inner suburbs and outer suburbs. Between 1998 and 2020, the supply of warehouse, light industry and industrial offices in Stockholm increased by a total of 5% at the same time as population growth was 30%. The differences in the change of supply have been considerable between the various sub-markets.

CBDs showed a 27% decrease in supply during the period.

The change in supply is particularly clear in Hagalund, where warehouse, light industry and industrial offices have had to make way for homes and office buildings. Similarly, the supply of premises in Globen/Johanneshov is expected to decline when the area known as Söderstaden is developed.

In inner suburbs, the supply of premises for light industry has declined by 42% at the same time as warehouse premises have grown by 23%. In total, floor area has declined 7% in Stockholm's inner suburbs. In the three outer suburbs, supply has grown 123%. The growth is primarily attributable to newly produced logistics and warehouses facilities, primarily in the areas of Jordbro (southern Stockholm) and Rosersberg and Brunnå (northern Stockholm).

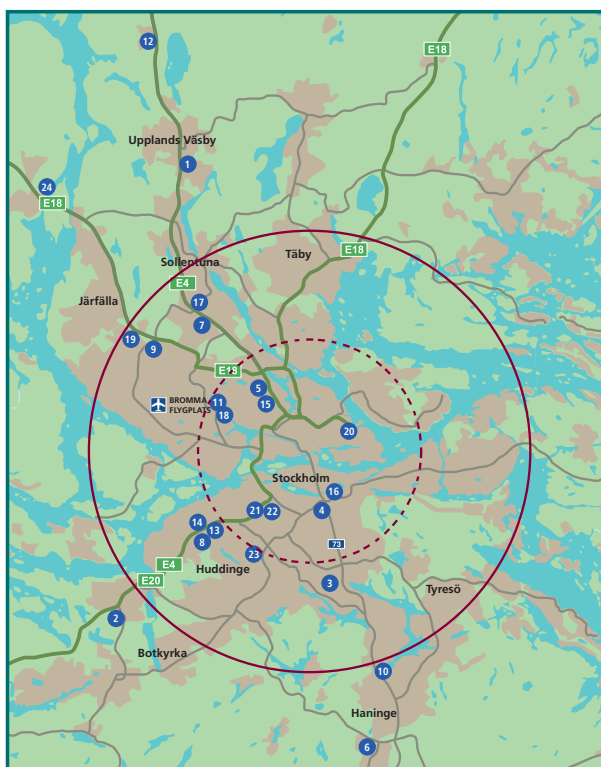
On division of the analysis by type of premises, it becomes apparent that it is primarily premises for light industry being divested or converted for other uses. The supply of premises for light industry in Stockholm has declined a total of 28%. The supply of industrial offices has declined 7%, while the supply of warehouse premises has increased 32%.

The transformation of centrally located industrial zones into residential properties and offices is helping to limit the supply of premises in Sagax's segment. This creates a posi-

- 1 Bredden/InfraCity
- 2 Eriksberg
- 3 Farsta
- 4 Globen/Johanneshov
- 5 Hagalund
- 6 Jordbro
- 7 Kista/Akalla
- 8 Kungens Kurva
- 9 Lunda
- 10 Länna
- 11 Mariefäll
- 12 Rosersberg
- 13 Segeltorp/Sätra
- 14 Skärholmen
- 15 Solna Station
- 16 Södra Hammarbyhamnen
- 17 Tureberg industrial zone
- 18 Ulvsunda
- 19 Veddesta
- 20 Värtan
- 21 Västberga
- 22 Årsta
- 23 Älvsjö
- 24 Brunnå

Central business districts

Inner suburbs



Supply change 1998–2020 in Stockholm (area)

Area	Type of premises			Total
	Warehouse	Light industry	Industrial offices	
Central business districts	–34%	–49%	–36%	–38%
Inner suburbs	23%	–42%	–10%	–7%
Outer suburbs	164%	49%	84%	123%
Total	32%	–28%	–7%	7%

The change in the population during the period was +30%.



tive effect on the rent trend and contributes to minimising vacancies. The conversion trend is continuing across Europe as the population grows, thus creating favourable conditions for Sagax.

INVESTMENT MARKET

Sagax's strategy is to grow through acquisitions of new properties. The acquisitions are aimed at increasing cash flow and diversifying rental revenue. Parameters driving interest in property investments include the general economic climate and access to equity and loan financing. Sweden and Finland account for 66% of Sagax's property value. International investors are highly interested in these two markets.

The total transaction volume for commercial properties in Sweden amounted to SEK 209 billion (221) in 2020, which is the second highest volume measured.

The transaction volume for warehouse and industrial properties in Sweden amounted to SEK 35 billion (32) in 2020, corresponding to 17% of the total transaction volume. The transaction volume of the segment thus surpassed the previous record from 2019. Foreign investors represented 46% of the segment's transaction volume. As consumption patterns change and e-commerce captures market shares, demand for warehouse and industrial properties has increased.

In Finland, the transaction volume amounted to EUR 5.5 billion (6.3), of which warehouse and industrial properties accounted for EUR 530 M (440). In France, the transaction volume amounted to EUR 28.1 billion (42.2), of which warehouse and industrial properties accounted for EUR 3.5 billion (5.6). In Netherlands, the transaction volume amounted to EUR 11.8 billion (19.9), of which warehouse and industrial properties accounted for EUR 3.8 billion (3.0). In Spain, the transaction

volume amounted to EUR 6.6 billion (9.6), of which warehouse and industrial properties accounted for EUR 1.3 billion (1.7).

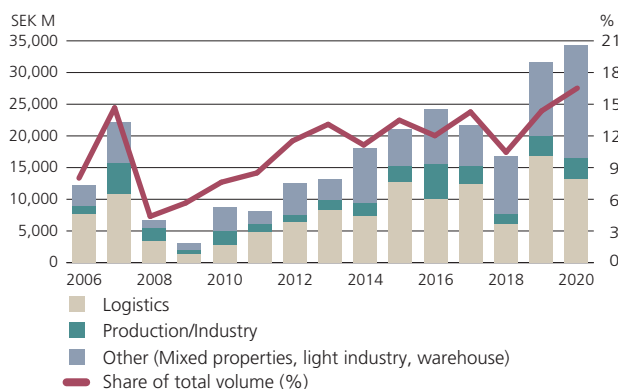
Compared with other property segments, the yield requirement for warehouse and industrial properties between the better and less attractive objects varies considerably. High demand for properties in the segment contributed to the yield requirement continuing to fall during the year to historically low levels. The lowest noted in Sweden were in the range of 4.25–4.75% and refer to new builds or modern facilities in prime logistics locations with tenants that have long leases. The yield requirement for the same type of object was 5.20% in Finland, 4.25% in France, 4.10% in the Netherlands and 4.85% in Spain. The yield requirement for warehouse and industrial properties in Sweden was at levels between 5.00% and 5.50%.

RENTAL MARKET

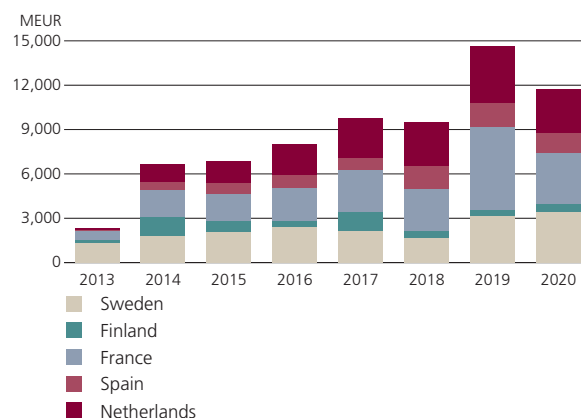
The charts on [page 15](#) illustrate that rent trends for warehouse and industrial properties in Sagax's regions correlate only slightly to rent trends for offices and that the rent level for warehouse and industrial premises has shown low covariance since the start of the measurement period. This applies equally for occupancy rates for warehouse and industrial properties, which generally show less variation over time compared with occupancy rates for offices.

The combination of healthy growth and minor changes in supply benefits the demand for premises in warehouse and light industry segment. Rent trends for warehouse and industrial properties are stable in Stockholm, Helsinki, Paris, Randstad, Madrid and Barcelona. These cities are considered to offer solid potential for long-term growth. The chart shows the rent trend expressed in nominal terms.

Transaction volume warehouse and industrial properties in Sweden



Transaction volume warehouse and industrial properties





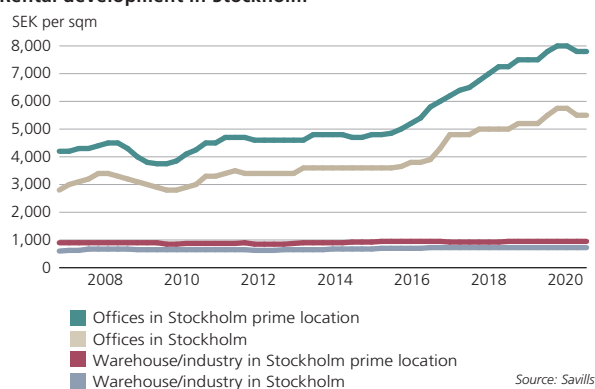
New-build premises

The rent for new-build premises is primarily affected by actual production costs for the building, the cost for land and the developer's profit requirements. Rent levels for new builds and modern premises are generally relatively even in Sweden, except for Stockholm and Gothenburg where the high price of land influences rent levels.

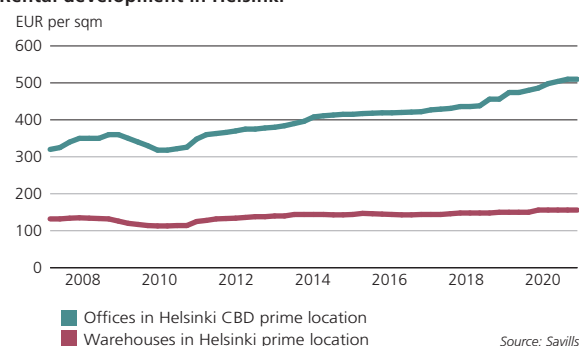
Existing premises

The rent for existing premises is instead determined by supply and demand. This rent can vary considerably between various geographic locations. In areas of high vacancies and large supply of premises, the market rent can be significantly below the rent for new builds. The reverse – market rent exceeds the new-build rent – is almost exclusively found in the centrally located facilities in the large cities where there is no land for development and there is generally a shortage of modern and suitable premises.

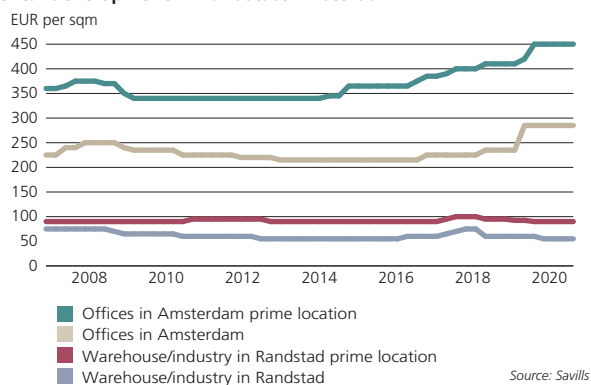
Rental development in Stockholm



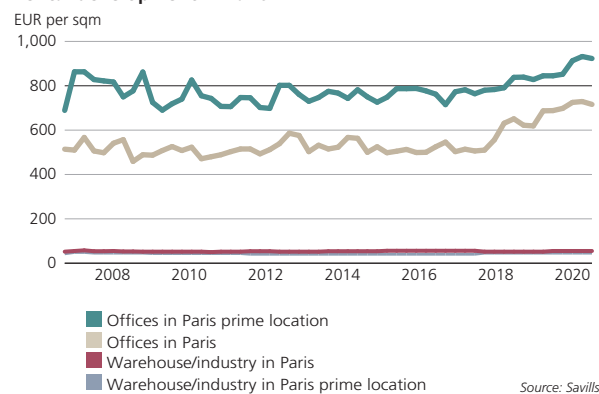
Rental development in Helsinki



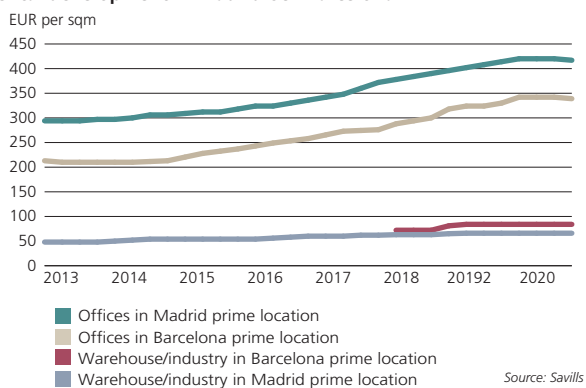
Rental development in Randstad/Amsterdam



Rental development in Paris



Rental development in Madrid och Barcelona



Summary of the Sagax property portfolio

On 31 December 2020, Sagax's property portfolio comprised 673 properties with a total lettable area of 3,480,000 square metres. The annual rental value and contractual annual rent amounted to SEK 3,024 M and SEK 2,865 M, respectively. The economic occupancy rate amounted to 95%.

MARKET SEGMENTS

Sagax's property portfolio is divided into the market segments of Stockholm, Helsinki, the Netherlands, Paris, university cities in Finland, Madrid & Barcelona, Rest of Sweden, Rest of Finland and Rest of Europe. Sagax's largest segment, Stockholm, represents 28% of the total market value and 23% of rental value.

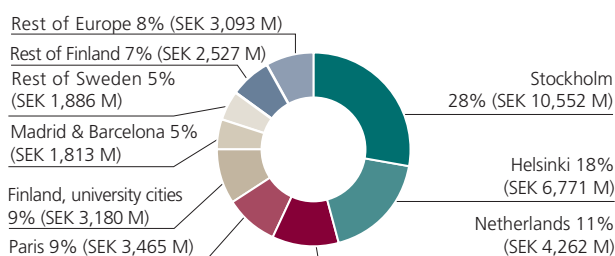
LEASE STRUCTURE

Sagax mainly enters into triple net leases. This means the tenant accounts for the costs of such items as heating, electricity, property tax, water and sewage, in addition to the contractual rent. Accordingly, Sagax is only affected to a limited extent by changed costs due to changes in consumption or changed rates for such utilities as heating and electricity. Outside the large cities, tenants normally manage and defray costs for care-taking and maintenance of the properties, under what

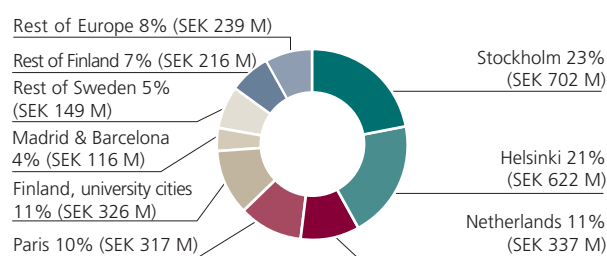
is known as triple net leases. In the portfolios in Stockholm, Helsinki and Paris, the contractual party for the supply of utilities, meaning heating, electricity and water supply and sewer systems, differs from other market segments. Most properties outside Stockholm, Helsinki, the Netherlands, Paris, and Madrid & Barcelona have only one tenant per property. These properties are usually let under long-term triple net leases. The percentage of rental revenue related to leases with rent supplements linked to the Consumer Price Index (CPI) or similar indexes amounted to 100% (100) at year end.

Sagax has a diverse lease structure, which better allows the company to maintain an even occupancy rate. To further 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.

Market value of properties



Group's rental value



Summary of property portfolio

Market segment	No. of prop- erties	Lettable area, sqm	31 Dec 2020					2020					Net operating income, SEK M ¹⁾	Yield ¹⁾
			Market value		Rental value		Economic occupancy rate	Rental revenue, SEK M	Other revenue, SEK M	Property expenses				
			SEK M	SEK per sqm	SEK M	SEK per sqm				SEK M	SEK per sqm ¹⁾			
Stockholm	78	655,000	10,552	16,100	702	1,072	93%	671	1	-108	-164	565	5.2%	
Helsinki	72	577,000	6,771	11,700	622	1,079	92%	593	5	-130	-225	469	6.7%	
Netherlands	89	466,000	4,262	9,100	337	723	96%	291	3	-30	-65	263	7.2%	
Paris	82	305,000	3,465	11,400	317	1,039	96%	299	2	-76	-248	225	7.0%	
Finland, university cities	66	356,000	3,180	8,900	326	915	97%	335	-	-72	-203	263	8.0%	
Madrid & Barcelona	67	235,000	1,813	7,700	116	491	87%	101	-	-14	-61	87	5.0%	
Rest of Sweden	30	261,000	1,886	7,200	149	570	100%	151	-	-7	-28	143	7.3%	
Rest of Finland	129	326,000	2,527	7,800	217	664	99%	231	-	-22	-69	209	7.9%	
Rest of Europe	60	299,000	3,093	10,300	239	800	97%	225	-	-19	-64	206	6.9%	
Sub-total	673	3,480,000	37,548	10,800	3,024	869	95%	2,898	10	-479	-138	2,429	6.3%	
Unallocated	-	-	-	-	-	-	-	-	-	-32	-9	-32	-	
Total	673	3,480,000	37,548	10,800	3,024	869	95%	2,898	10	-512	-147	2,397	6.3%	

1) Expenses for property administration are included in recognised property expenses.



Sagax's contractual annual rent at the end of the period was distributed between 1,813 leases, with about 1,200 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 1,802 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 80% of Sagax's contractual annual rent. In addition, Sagax is party to eight leases with a rental value corresponding to 1–2% of the Group's contractual annual rent. Combined, these leases total 11% 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.

According to Sagax's management strategy, the company strives to secure long-term leases and an even distribution of contract maturities over the years. Sagax works actively to agree in advance on lease extensions. Company policy is to abstain from attempting to maximise rent levels in favour of reaching longer terms. This is deemed to reduce the risk of significant variations in the Group's occupancy rate.

Maturity for leases

Year of expiry	No. of leases	Area, sqm	Contractual annual rent	
			SEK M	Share
2021	719	461,000	390	14%
2022	304	391,000	374	13%
2023	286	360,000	341	12%
2024	136	269,000	288	10%
2025	129	548,000	375	13%
>2025	239	1,282,000	1,098	39%
Total	1,813	3,312,000	2,865	100%

Lease duration

Market segment	No. of properties	No. of leases	Lease term, years
Stockholm	78	407	3.9
Helsinki	72	346	4.3
Netherlands	89	171	5.6
Paris	82	303	4.5
Finland, university cities	66	295	5.3
Madrid & Barcelona	67	64	3.3
Rest of Sweden	30	28	7.4
Rest of Finland	129	157	6.1
Rest of Europe	60	42	9.3
Total/average	673	1,813	5.1

TENANTS

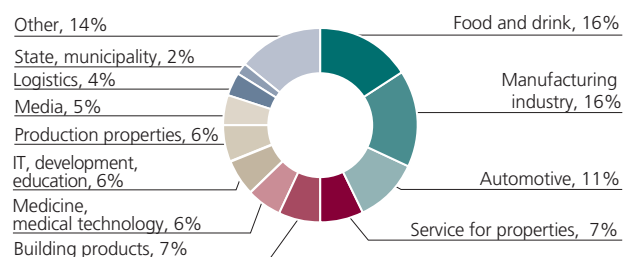
Sagax's tenants operate in a variety of industries. 16% of Sagax's contractual rental revenue comes from companies with food-related operations, 16% from tenants in the manufacturing industry, and 11% from the automotive industry, including sales, service and manufacturing. Diverse tenant industries is considered to lower the risk of vacancies and rent losses. The main industries are presented in the pie chart below.

At year end, the rental value attributable to the ten largest tenants corresponded to 28% of the total contractual rental revenue, distributed among 228 separate leases. The average term for these leases was 7.8 years. The single largest tenant is the US medical products group Baxter. At year end, Baxter accounted for 5.2% of Sagax's contractual rental revenue. An additional five tenants each pay annual rent exceeding 2% of the company's total annual rents. The five largest tenants in alphabetical order are the Baxter Group, Kesko, GMFoodIberica, Nokia and Sanomala.

Distribution of leases

Share of contractual annual rent	Contractual annual rent	Share, %	No. of leases	Average contractual annual rent, SEK M	Lease term, years
>2%	241	8	3	80	10
1–2 %	322	11	8	40	6
<1%	2,302	80	1,802	1	5
	2,865	100	1,813	2	5

Rental revenue industry exposure



YIELD

The yield reported by Sagax on properties was 6.3% (6.4). The chart below illustrates how yield for 2020 was impacted by investments, sales, changes in value and currency effects.

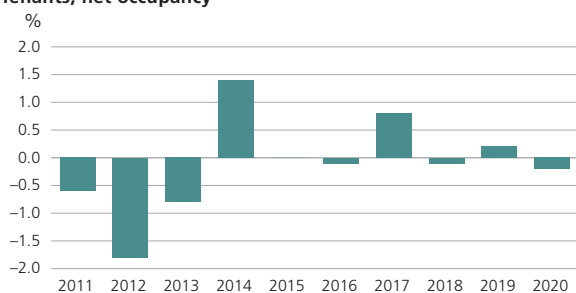
RENT LOSSES

Historically, Sagax has reported low rent losses calculated as unpaid rent receivables; see table below. Rent losses in 2020 amounted to SEK 0.7 M (2.9).

Rental losses

Year	Rent losses, SEK M	Percentage of of sales, %	Economic occupancy rate, %
2011	0.2	0.0	93
2012	2.5	0.3	93
2013	0.0	0.0	92
2014	0.2	0.0	94
2015	0.6	0.0	96
2016	0.1	0.0	94
2017	0.1	0.0	94
2018	1.6	0.1	95
2019	2.9	0.1	95
2020	0.7	0.0	95

Tenants, net occupancy



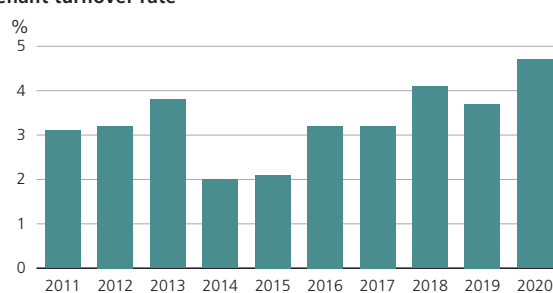
LEASE ACTIVITIES

In 2020, Sagax had a low tenant turnover rate of 4.7% (3.7). The turnover rate was calculated as the contractual annual rent for vacating tenants during the year in relation to average contractual annual rent for the year.

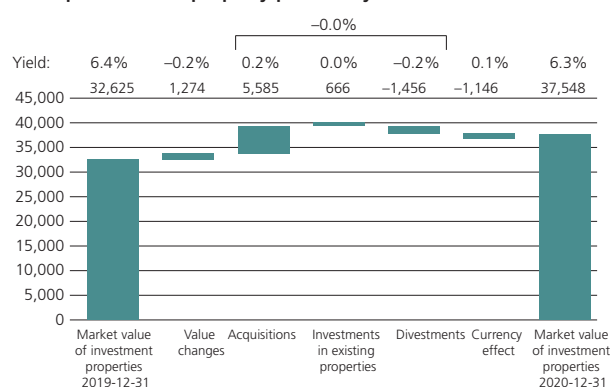
The tenants' net occupancy in 2020 was -0.2% (0.2). Net occupancy was calculated by comparing contractual annual rents for occupying and vacating tenants during the year with the average rental value for the year. The economic occupancy rate amounted to 95% (95).

The occupancy rate between 2011 and 2020 exceeded 92%.

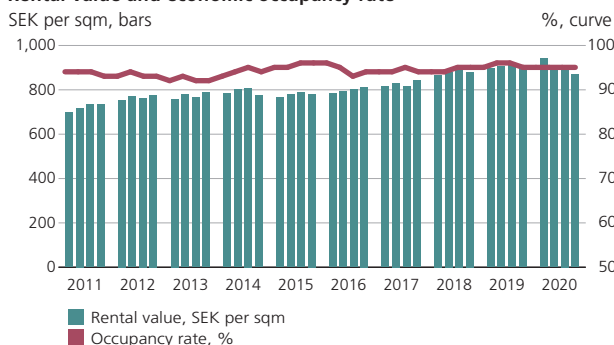
Tenant turnover rate



Development of the property portfolio yield in 2020



Rental value and economic occupancy rate



**VACANCY RATE****Change in economic vacancy rate**

The economic occupancy rate amounted to 95% (95) at year end 2020. During the year, the vacancy value rose SEK 128 M (93) due to tenants vacating premises and declined SEK 123 M (98) due to new lettings. Discounts provided on a fixed-term basis amounted to SEK 35 M (22) on an annual basis at year-end. The terms for the discounts are described in the table below. Stockholm and Helsinki accounted for 66% (63) of the vacancy value. Sagax's properties in Stockholm and Helsinki have shorter average lease terms and the turnover of tenants is higher, thus leading to relocation vacancies.

The closing vacancy value was SEK 159 M (135). The properties with vacancies that were acquired in 2020 increased the vacancy value by SEK 11 M. The closing vacancy value was reduced by SEK 1 M due to property sales.

At year end, the total vacancy rate in the portfolio in terms of area was 5% (5).

Future vacancy changes

At year end, notice of termination had been served for leases with a rental value of SEK 68 M (85), of which notice of renegotiation accounted for SEK 0 M (4) and leases with notice of vacating the premises for SEK 68 M (81). Of the leases for which notice of vacating the premises had been received, vacancies corresponding to SEK 44 M will occur in 2021, SEK 9 M in 2022 and SEK 15 M in 2023 or thereafter.

New lettings for premises that have not yet been occupied reduced the adjusted vacancy value by SEK 17 M (14).

The adjusted closing vacancy value was SEK 210 M (205). SEK 51 M (67) was due to the aforementioned increase in notice of vacating premises, but which have not yet been vacated and new lettings which remain unoccupied.

Vacancies on 1 January 2021

Market segment	No. of properties	Rental value, SEK M	Vacancy value, SEK M ¹⁾	Economic vacancy rate ¹⁾	Lettable area, sqm	Vacant area, sqm	Vacancy rate by area
Stockholm	78	702	48	7%	655,000	37,000	6%
Helsinki	72	622	51	8%	577,000	58,000	10%
Netherlands	89	337	13	4%	466,000	9,000	2%
Paris	82	317	11	4%	305,000	11,000	4%
Finland, university cities	66	326	11	3%	356,000	11,000	3%
Madrid & Barcelona ²⁾	67	116	15	13%	235,000	31,000	13%
Rest of Sweden	30	149	–	–	261,000	–	–
Rest of Finland	129	216	2	1%	326,000	5,000	2%
Rest of Europe	60	239	7	3%	299,000	6,000	2%
Total	673	3,024	159	5%	3,480,000	168,000	5%

1) The vacancy value and vacancy rate take into account vacancies as well as discounts provided to tenants.

2) Madrid & Barcelona, which was previously reported under Rest of Europe, is reported as a separate segment from 2020.

Terms for discounts provided

Year of expiry	SEK M
2021	26
2022	3
2023	4
2024	1
2025	–
>2025	1
Total	35

Leases terminated for vacancy

Year of vacancy	No. of leases	Rental value, SEK M
2021	51	44
2022	6	9
2023	2	11
2024	4	4
2025	–	–
>2025	–	–
Total	63	68

Vacancy changes

Amounts in SEK M	2020	2019
Opening vacancy for each year	135	132
Vacancies	128	93
New lettings	–123	–98
Change in discounts provided	13	4
Vacancy value, acquired properties	11	23
Vacancy value, sold properties	–1	–7
Demolition of buildings	–	–14
Change in exchange rates	–3	1
Closing vacancy value	159	135
Terminated for renegotiation	–	4
Terminated lease, not vacated	68	81
New letting, not occupied	–17	–14
Adjusted closing vacancy value	210	205

**NET INVESTMENTS 2020**

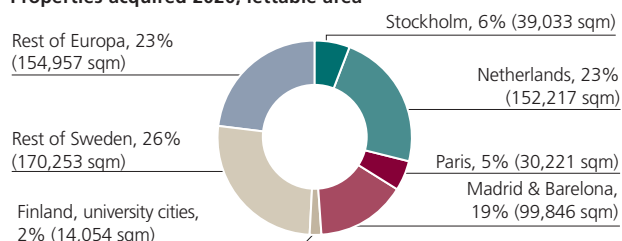
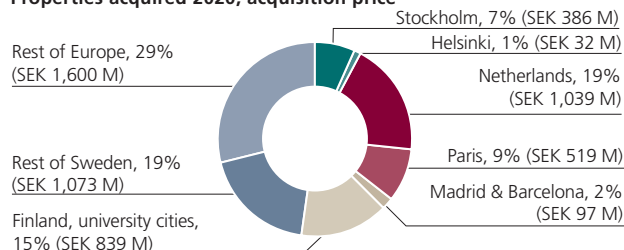
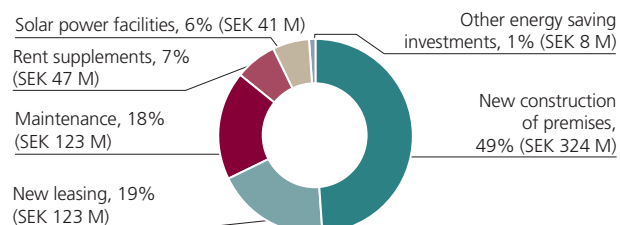
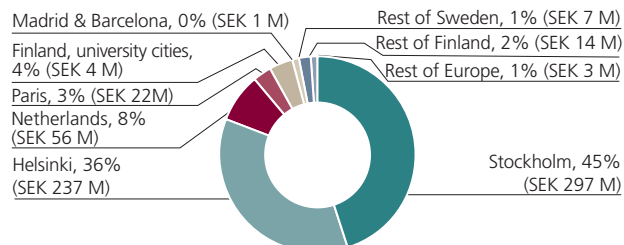
Sagax's net investments in properties in 2020 corresponded to 15% of the opening property value; see chart below. Net investments averaged 12% over the most recent five-year period. Net investments have been calculated as the net of property acquisitions and investments in the current property portfolio, as well as sales of properties.

INVESTMENTS IN EXISTING PORTFOLIO

In 2020, Sagax invested SEK 666 M (707) in the existing property portfolio, of which SEK 297 M (302) was invested in Stockholm and SEK 237 M (206) in Helsinki. Of the investments SEK 47 M (140) pertained to leasehold improve-

ments on behalf of existing tenants in return for compensation in the form of an increased rent level and longer leases. In connection with new lettings, SEK 123 M (71) was invested. During the year, SEK 324 M (360) was invested in new builds and SEK 123 M (137) in periodic maintenance. A total of SEK 41 M (–) was invested in solar power facilities and SEK 8 M (–) was invested in other energy-saving investments. In addition, the cost of regular maintenance in an amount of SEK 79 M (84) was expensed in the consolidated financial statements in 2020.

Sagax has contractual undertakings in a maximum amount of SEK 25 M concerning future tenant improvements.

Properties acquired 2020, lettable area**Properties acquired 2020, acquisition price****Reason for investments in current property portfolio****Investments in current property portfolio per market area**



THE FIVE LARGEST INVESTMENTS IN THE CURRENT PROPERTY PORTFOLIO IN 2020

The five largest investments in the current property portfolio during the year are described below. These five investments totalled SEK 399 M, corresponding to 59% of the total investments in the current property portfolio during the year.

Lumijälki 2 in Vantaa, SEK 160 M

A new build of 10,000 square metres of warehouse and business premises incorporating offices. Construction was started in the first quarter of 2020 and is scheduled to be completed in the second quarter of 2021.

Gjutmästaren 8 in Stockholm, SEK 125 M

A new build of warehouse and business premises with offices and garage. Construction was started in 2018 and was completed in the beginning of 2021. In total, the new build encompasses 19,000 square metres of lettable area and the total investment is estimated at SEK 384 M. The premises are fully let. The property has silver level certification from the Sweden Green Building Council.

Veddesta 2:20 in Stockholm, SEK 71 M

Tenant improvements of 4,500 square metres completed in stages during 2020 and the final stage will be completed in the second quarter of 2021.

Varubilen 1 in Stockholm, SEK 21 M

A new build of a supplementary warehouse building totalling 1,700 square metres. Construction commenced in the fourth quarter of 2019 and was completed in the second quarter of 2020. The property is fully let.

Hyttitie 8 in Helsinki, SEK 13 M

Maintenance and upgrade of the property's heating and ventilation systems, and control and surveillance systems. The investment also included energy-saving projects and was completed at the end of 2020.

ONGOING INVESTMENTS AT YEAR END

At year end, Sagax had eight ongoing investments with a remaining investment volume exceeding SEK 10 M, see below.

At year end, there were ongoing projects with a total estimated investment of SEK 963 M, of which SEK 633 M was invested up to and including 2020.

Sagax's net investments 2016-2020



Ongoing projects

Ongoing projects exceeding SEK 10 M

Property	Municipality	Regarding	Project area, sqm	Estimated investment, SEK M	Remaining investment, SEK M	Estimated year of completion
Veddesta 1:13	Järfälla	Property development (detailed development plan)	50,000	20	10	2021
Gjutmästaren 8	Stockholm	New construction	19,000	365	19	2021
Båtyxan 6	Malmö	Tenant improvements	14,000	15	14	2022
Ansatie 4	Vantaa	New construction	11,000	120	119	2022
Lumijälki 2	Vantaa	New construction	10,000	216	56	2021
Sant Julia 104	Barcelona	New construction	8,000	28	27	2022
Veddesta 2:20	Järfälla	Renovation	6,000	75	2	2021
Rankan 1	Sollentuna	New construction	2,000	31	30	2022
Sub-total			120,000	871	278	
Ongoing projects of less than SEK 10 M				92	52	
Total ongoing projects, 31 December 2020				963	330	



Stockholm

In Stockholm, Sagax's property portfolio comprised 78 properties with 655,000 square metres of lettable area. The rental value was SEK 702 M.

Data in brief

	2020	2019
No. of properties	78	76
Lettable area, sqm	655,000	629,000
Rental value, SEK M	702	685
Economic vacancy rate, %	7	6
No. of leases	407	388
Properties' market value, SEK M	10,552	9,840
Net operating income, SEK M	565	542
Yield on 31 December, %	5.2	5.2

Distribution of leases, market segment

	Contractual annual rent of segment	% of the Group's contractual annual rent	No. of leases	Average contractual annual rent, SEK M
>2% of Sagax's annual rent	–	–	–	–
1–2% of Sagax's annual rent	74	3	2	37
<1% of Sagax's annual rent	577	20	405	1
	651	23	407	2

Segment's share of Sagax



Stockholm is one of Sagax's principal markets. This market accounts for 28% and 23% of the Group's total market value and rental value, respectively. Sagax's property portfolio in the Stockholm area comprises 78 properties covering 655,000 square metres of lettable area. At year end, the number of leases was 407.

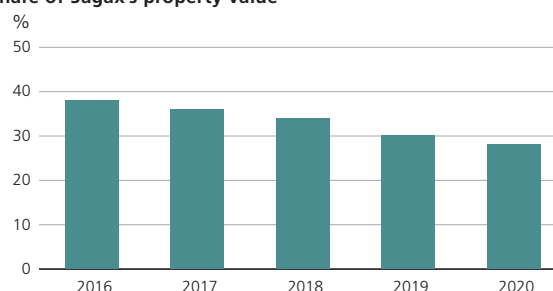
Sagax's properties in Stockholm are located outside central Stockholm, alongside the major highways such as the E4/E20, E18 and Nynäsvägen. Most of the properties are located in established business zones such as Lunda, Ulvsunda and Kista in northern Stockholm as well as in Älvsjö, Segeltorp, Jordbro and Årsta in southern Stockholm.

Vacancy changes, new lettings and renegotiations of existing leases occur continuously and the potential to lease vacant premises is deemed favourable.

PROPERTY MANAGEMENT

Rental revenue amounted to SEK 671 M (657) and net operating income increased 4% to SEK 565 M (542),

Share of Sagax's property value



primarily as a result of lower vacancies. The economic vacancy rate in Stockholm was 7% (6) at year end 2020.

During the year, Sagax signed 47 new leases encompassing a lettable area totalling 44,400 square metres, and 30 leases encompassing a total of 56,400 square metres were extended. During the year, tenants served notice of vacating premises for 14 leases on a total of 19,400 square metres, which means that net leasing amounted to 25,000 square metres.

In 2020, SEK 297 M (302) was invested in the current property portfolio. On [page 21](#), summaries are presented for investments that corresponded to SEK 217 M, 73% of the investments in the segment's existing property portfolio.

ACQUISITIONS AND SALES

In 2020, nine properties were acquired in Stockholm with a total of 39,000 square metres of lettable area. Properties were acquired for a total of SEK 386 M. Six properties encompassing 33,000 square metres lettable area were divested during the year for SEK 295 M.

Gjutmästaren 8



Sagax has commissioned construction of 19,000 square metres of warehouse and business premises at Gjutmästaren 8 in Stockholm. Construction started in 2018 and was completed in the beginning of 2021. The investment amounts to SEK 384 M. The premises are let to the Saint Gobain Group.

The building was constructed in accordance with the silver level of the Sweden Green Building Council's certification system. This sustainability rating means that the environmental activities and the environmental performance of the building are audited by a third party. A total of 16 different factors are measured in Sweden Green Building Council certification and a follow-up of the building is performed every three years. Strict requirements apply, inter alia, to sun protection, noise environment, quality of air and ventilation, indoor environment and energy consumption.

Helsinki

Sagax's property portfolio in Helsinki encompassed 72 properties with 577,000 square metres of lettable area. The rental value was SEK 622 M.

Data in brief

	2020	2019
No. of properties	72	71
Lettable area, sqm	577,000	580,000
Rental value, SEK M	622	613
Economic vacancy rate, %	8	7
No. of leases	346	348
Properties' market value, SEK M	6,771	6,708
Net operating income, SEK M	469	468
Yield on 31 December, %	6.7	6.8

Distribution of leases, market segment

	Contractual annual rent of segment	% of the Group's contractual annual rent	No. of leases	Average contractual annual rent, SEK M
>2% of Sagax's annual rent	–	–	–	–
1–2% of Sagax's annual rent	126	4	3	42
<1% of Sagax's annual rent	446	16	343	1
	572	20	346	2

Segment's share of Sagax



At year end, Sagax's property portfolio in the Helsinki market segment consisted of 72 properties, offering 577,000 square metres of lettable area. Helsinki represents 17% of Sagax's lettable area and 21% of rental value in the Group.

The market segment consists of the municipalities of Espoo, Vantaa, Helsinki and Tuusula. Sagax's properties are strategically located along ring roads and key roadways.

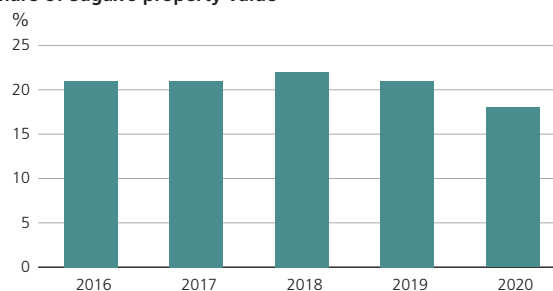
PROPERTY MANAGEMENT

At year end, rental revenue was derived from 346 leases and the average lease term was 4.3 years (4.8). Rental revenue totalled SEK 593 M (581) and net operating income was SEK 469 M (468), mainly due to successful lease activities in the existing portfolio.

In 2020, Sagax invested SEK 237 M (206) in the existing property portfolio. The two investments of a total of SEK 24 M in Helsinki are reported on [page 21](#). In total, the investments accounted for 10% of the investments in the segment's existing property portfolio during 2020.

During the year, Sagax signed new leases encompassing a lettable area totalling 58,000 square metres, and leases of a total of 41,000 square metres were extended. During the year, tenants served notice of vacating premises for a total of 56,000 square metres, resulting in net leasing of 2,000 square metres in 2020.

Share of Sagax's property value



ACQUISITIONS AND SALES

The Lumijälki 2 property was acquired for SEK 32 M in 2020. The property was undeveloped and comprises 24,000 square metres of land, see the image below. In 2019, properties were acquired for SEK 53 M. No properties were divested during 2020.



The Lumijälki 2 property in Helsinki was acquired in the first quarter. Construction is ongoing for new builds encompassing 10,000 square metres of lettable area and is expected to be completed in the second quarter of 2021.

Netherlands

Sagax's property portfolio in the Netherlands comprises 89 properties covering 466,000 square metres of lettable area. The rental value was SEK 337 M.

Data in brief

	2020	2019
No. of properties	89	55
Lettable area, sqm	466,000	321,000
Rental value, SEK M	337	264
Economic vacancy rate, %	4	4
No. of leases	171	130
Properties' market value, SEK M	4,262	2,982
Net operating income, SEK M	281	190
Yield on 31 December, %	7.2	7.4

Distribution of leases, market segment

	Contractual annual rent of segment	% of the Group's contractual annual rent	No. of leases	Average contractual annual rent, SEK M
>2% of Sagax's annual rent	—	—	—	—
1–2% of Sagax's annual rent	—	—	—	—
<1% of Sagax's annual rent	324	11	171	2
	324	11	171	2

Segment's share of Sagax



At year end, Sagax's property portfolio in the Netherlands market segment consisted of 89 properties, offering 466,000 square metres of lettable area. The Netherlands represents 13% of Sagax's lettable area and 11% of rental value.

PROPERTY MANAGEMENT

At year end, the rental value was allocated over 171 leases with an average lease term of 5.6 years (6.3). Rental revenue for the year amounted to SEK 291 M (212) and net operating income increased 48% to SEK 281 M (190), as a result of property acquisitions in 2019 and 2020.

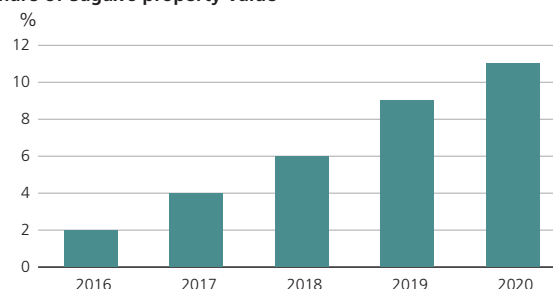
In 2020, Sagax invested SEK 56 M (16) in the existing property portfolio.

During the year, Sagax signed 15 new leases encompassing a lettable area totalling 13,000 square metres, and 15 leases encompassing a total of 23,500 square metres were extended. Six notices of vacating premises were received during the year on a lettable area totalling 17,500 square metres, which means that net leasing amounted to a decline of 4,500 square metres for 2020.

ACQUISITIONS AND SALES

In 2020, 36 properties were acquired in the Netherlands with a total of 152,000 square metres of lettable area. In total,

Share of Sagax's property value



properties for SEK 1,039 M were acquired, corresponding to 17% of Sagax's investments in 2020. Two properties encompassing 2,600 square metres lettable area were divested during the year for SEK 27 M.



The Savannahweg 63–65 property encompassing 3,500 square metres of lettable area was acquired during the second quarter of 2020. The property is fully let to a tenant that manufactures electric bicycles.



Paris

Sagax's Paris property portfolio comprises 82 properties with 305,000 square metres of lettable area. The rental value was SEK 317 M.

Data in brief

	2020	2019
No. of properties	82	61
Lettable area, sqm	305,000	275,000
Rental value, SEK M	317	282
Economic vacancy rate, %	4	5
No. of leases	303	276
Properties' market value, SEK M	3,465	2,919
Net operating income, SEK M	238	181
Yield on 31 December, %	7.0	6.6

Distribution of leases, market segment

	Contractual annual rent of segment	% of the Group's contractual annual rent	No. of leases	Average contractual annual rent, SEK M
>2% of Sagax's annual rent	–	–	–	–
1–2% of Sagax's annual rent	21	1	1	21
<1% of Sagax's annual rent	284	10	302	1
	306	11	303	1

Segment's share of Sagax



At the end of 2020, Sagax owned 82 properties with 305,000 square metres of lettable area in the Paris market segment. The market area represents 9% of the Sagax's lettable area and 10% of the rental value.

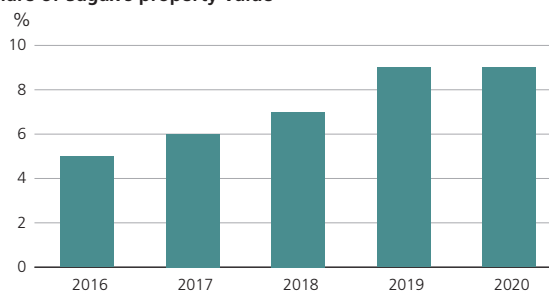
PROPERTY MANAGEMENT

At year end, the segment's rental revenue was derived from 303 leases and the average lease term was 4.5 years (5.1). Rental revenue amounted to SEK 299 M (242) and net operating income increased 31% to SEK 238 M (181), mainly as a result of property acquisitions in 2019 and 2020.

In 2020, Sagax invested SEK 22 M (125) in the existing property portfolio.

During the year, Sagax signed 45 new leases encompassing a lettable area totalling 17,600 square metres, and 17 leases encompassing a total of 12,500 square metres were extended. During the year, tenants served notice of vacating premises for 37 leases on a total of 13,300 square metres, which means that net leasing amounted to 4,300 square metres in 2020.

Share of Sagax's property value



ACQUISITIONS AND SALES

26 properties were acquired in Paris for SEK 519 M in 2020. The premises comprise 33,000 square metres of lettable area.



The Valenton property encompassing 5,200 square metres of lettable area was acquired during the fourth quarter of 2020. The property is situated 15 km from Paris and is fully let.



University cities in Finland

Sagax's property portfolio in university cities in Finland encompassed 66 properties with 356,000 square metres of lettable area. The rental value was SEK 326 M.

Data in brief

	2020	2019
No. of properties	66	67
Lettable area, sqm	356,000	345,000
Rental value, SEK M	326	321
Economic vacancy rate, %	3	3
No. of leases	295	299
Properties' market value, SEK M	3,180	3,148
Net operating income, SEK M	263	249
Yield on 31 December, %	8.0	7.9

Distribution of leases, market segment

	Contractual annual rent of segment	% of the Group's contractual annual rent	No. of leases	Average contractual annual rent, SEK M
>2% of Sagax's annual rent	59	2	1	59
1–2% of Sagax's annual rent	–	–	–	–
<1% of Sagax's annual rent	256	9	294	1
	314	11	295	1

Segment's share of Sagax



At year end, Sagax's property portfolio in the university cities in Finland market segment consisted of 66 properties, offering 356,000 square metres of lettable area. The segment comprised the towns of Jyväskylä, Tampere, Oulu and Turku. The segment represents 10% of Sagax's lettable area and 11% of rental value.

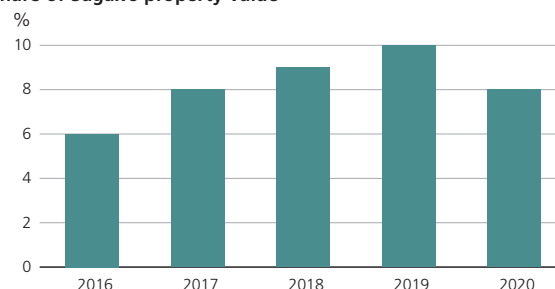
PROPERTY MANAGEMENT

At year end, rental revenue was derived from 295 leases and the average lease term was 5.3 years. Rental revenue amounted to SEK 335 M (317). Net operating income increased 6% to SEK 263 M (249), mainly as a result of property acquisitions in 2019 and 2020.

In 2020, Sagax invested SEK 28 M (23) in the existing property portfolio.

During the year, Sagax has signed new leases encompassing a lettable area totalling 27,600 square metres, while leases of a total of 7,400 square metres were extended. During the year, tenants served notice of vacating premises for a total of 26,800 square metres, which means that net leasing amounted to 800 square metres for 2020.

Share of Sagax's property value



ACQUISITIONS AND SALES

In 2020, the Uurastajankatu 3 was acquired with a total of 14,000 square metres of lettable area. Properties were acquired for SEK 97 M (332).

Two properties with a total lettable area of 1,400 square metres were divested during the year.



The Uurastajankatu 3 property in Tampere was acquired in the first quarter of 2020. The property encompasses 12,000 square metres of lettable area and is fully let.



Madrid & Barcelona

In this market segment, Sagax had a property portfolio comprising 67 properties with 235,000 square metres of lettable area on 31 December 2020. The rental value was SEK 116 M.

Data in brief

	2020	2019
No. of properties	67	35
Lettable area, sqm	235,000	134,000
Rental value, SEK M	116	63
Economic vacancy rate, %	13	18
No. of leases	64	51
Properties' market value, SEK M	1,813	888
Net operating income, SEK M	87	10
Yield on 31 December, %	5.0	3.9

Distribution of leases, market segment

	Contractual annual rent of segment	% of the Group's contractual annual rent	No. of leases	Average contractual annual rent, SEK M
>2% of Sagax's annual rent	–	–	–	–
1–2% of Sagax's annual rent	–	–	–	–
<1% of Sagax's annual rent	101	3	64	2
	101	3	64	2

Segment's share of Sagax



At year end, Sagax's property portfolio in the market segment consisted of 67 properties, offering 235,000 square metres of lettable area. The segment represents 7% of Sagax's total lettable area and 4% of rental value.

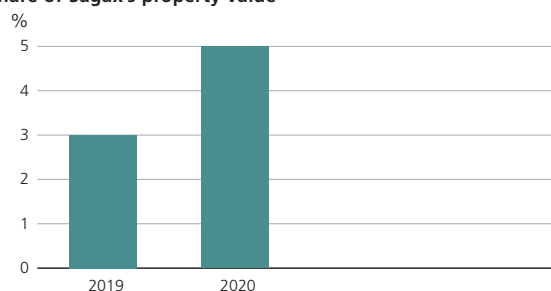
PROPERTY MANAGEMENT

At year end, rental revenue was derived from 64 leases. Rental revenue increased to SEK 101 M (10) and net operating income increased to SEK 87 M (10), primarily as a result of property acquisitions in 2019 and 2020.

During the year, Sagax signed six new leases with a lettable area of 5,000 square metres. Seven leases for 9,800 square metres were terminated for vacating premises and three leases for 9,700 square metres were extended during the year. Net leasing amounted to –4,800 square metres in 2020. The average lease term was 3.3 years (4.3). The vast majority of the properties are let under triple net leases.

In 2020, SEK 1 M was invested in the existing property portfolio.

Share of Sagax's property value



ACQUISITIONS AND SALES

In 2020, 34 properties were acquired with 100,000 square metres of lettable area. Properties were acquired for a total of SEK 839 M.

Two properties encompassing 1,400 square metres lettable area were divested during the year for SEK 10 M.



A property portfolio of 12 industrial properties was acquired in Barcelona in the first quarter of 2020. The property Vinyalets 4, situated 15 km from central Barcelona, can be seen in the picture.



Rest of Sweden

In this market segment, Sagax had a property portfolio comprising 30 properties with 261,000 square metres of lettable area on 31 December 2020. The rental value was SEK 149 M.

Data in brief

	2020	2019
No. of properties	30	30
Lettable area, sqm	261,000	261,000
Rental value, SEK M	149	146
Economic vacancy rate, %	0	0
No. of leases	28	28
Properties' market value, SEK M	1,886	1,828
Net operating income, SEK M	143	185
Yield on 31 December, %	7.3	7.4

Distribution of leases, market segment

	Contractual annual rent of segment	% of the Group's contractual annual rent	No. of leases	Average contractual annual rent, SEK M
>2% of Sagax's annual rent	–	–	–	–
1–2% of Sagax's annual rent	45	2	1	45
<1% of Sagax's annual rent	103	4	27	4
	149	5	28	5

Segment's share of Sagax



At year end, Sagax's property portfolio in Rest of Sweden consisted of 30 properties, offering 261,000 square metres of lettable area. The segment represents 8% of Sagax's total lettable area and 5% of rental value.

PROPERTY MANAGEMENT

At year end, rental revenue was derived from 28 leases. Rental revenue amounted to SEK 151 M (195) and net operating income declined 23% to SEK 143 M (185), primarily as a result of property divestments in 2019.

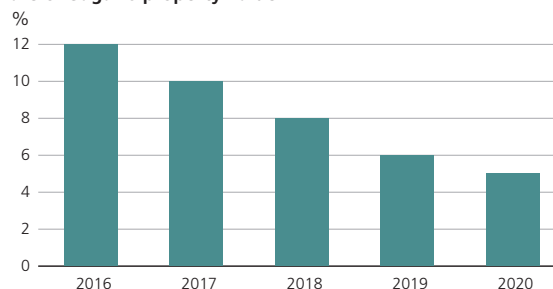
Sagax did not sign any new leases in 2020. Two agreements for 14,300 square metres were terminated for vacating premises and two agreements for 32,200 square metres were extended during the year. The average lease term was 7.4 years (8.3). Most of the market area's properties are let under triple net leases.

In 2020, a total of SEK 7 M (2) was invested in the existing property portfolio.

ACQUISITIONS AND SALES

In 2020, 34 properties were acquired with 170,000 square metres of lettable area that were subsequently divested to a joint venture together with NP3 Fastigheter AB.

Share of Sagax's property value



The Pollaren 1 property in Norrköping encompasses a total of 40,700 square metres of lettable area and is fully let to a tenant that conducts steel wholesale operations.



Rest of Finland

The market segment encompasses 129 properties with 326,000 square metres of lettable area at year end. The rental value was SEK 217 M.

Data in brief

	2020	2019
No. of properties	129	137
Lettable area, sqm	326,000	328,000
Rental value, SEK M	217	223
Economic vacancy rate, %	1	1
No. of leases	157	165
Properties' market value, SEK M	2,527	2,634
Net operating income, SEK M	209	210
Yield on 31 December, %	7.9	7.7

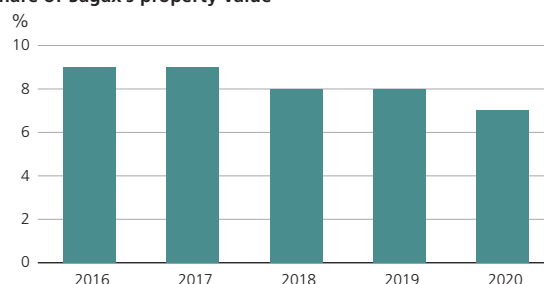
Distribution of leases, market segment

	Contractual annual rent of segment	% of the Group's contractual annual rent	No. of leases	Average contractual annual rent, SEK M
>2% of Sagax's annual rent	–	–	–	–
1–2% of Sagax's annual rent	43	2	1	43
<1% of Sagax's annual rent	172	6	156	1
	215	8	157	1

Segment's share of Sagax



Share of Sagax's property value



The Rest of Finland segment comprised 129 properties with 326,000 square metres of lettable area. The segment represents 9% of Sagax's lettable area and 7% of the rental value.

PROPERTY MANAGEMENT

At year end, rental revenue for the segment was derived from 157 leases. The average lease term was 6.1 years. The vast majority of leases are triple net leases.

Rental revenue amounted to SEK 231 M (233) and net operating income in 2020 declined 1% to SEK 209 M (210), mainly due to property divestments during the year.

In 2020, Sagax signed an agreement for 27,600 square metres, while one lease for 7,400 square metres was extended. Notices of vacating premises for a total of 26,700 square metres were received. As a result, net leasing declined 900 square metres.

In 2020, Sagax invested SEK 14 M (31) in the existing property portfolio.

ACQUISITIONS AND SALES

In 2020, eight properties with a lettable area of a total of 4,000 square metres were divested.



Several investments in the Tarmontie 2-4 property in Hollola were completed in 2020. The property's heating and ventilation systems, and control and surveillance systems were upgraded. The property encompasses 14,400 square metres of lettable area and is fully let.



Rest of Europe

Outside the other market segments, Sagax owned 60 properties with 299,000 square metres of lettable area at year end.

Data in brief

	2020	2019
No. of properties	60	22
Lettable area, sqm	299,000	150,000
Rental value, SEK M	239	139
Economic vacancy rate, %	3	1
No. of leases	42	37
Properties' market value, SEK M	3,093	1,676
Net operating income, SEK M	206	124
Yield on 31 December, %	6.9	7.3

Market segment's property portfolio

Country	No. of properties	Lettable area	Share
Denmark	2	6,500	2%
Germany	5	64,000	21%
France excluding Paris	20	82,800	28%
Spain excluding Madrid & Barcelona	33	145,900	49%
Total	60	299,200	100%

Segment's share of Sagax

8%

Rental value

8%

Properties,
market value

9%

Lettable
area

Sagax's property portfolio in the Rest of Europe segment consists of 60 properties with 299,000 square metres of lettable area. The segment represents 9% of Sagax's lettable area and 8% of the rental value.

The total investments, including property acquisitions, amounted to SEK 1,603 (28) M, corresponding to 26% of the Group's investments in 2020.

PROPERTY MANAGEMENT

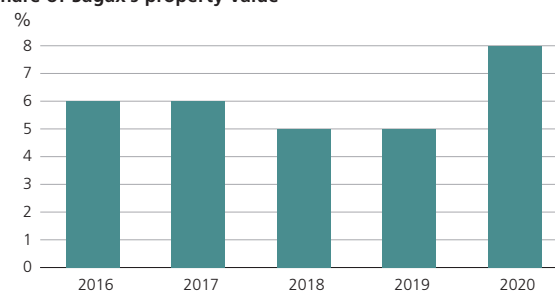
At year end, rental revenue was derived from 42 leases. The average lease term was 9.3 years (10.9). Rental revenue amounted to SEK 225 M (134) and net operating income for 2020 increased 67% to SEK 206 M (124), primarily as a result of property acquisitions in 2019 and 2020.

During the year, Sagax signed three new leases regarding lettable area totalling 5,700 square metres. Tenants served notice of vacating premises for six leases for a total of 7,800 square metres during the year, resulting in net leasing in Rest of Europe of -2,100 square metres during 2020.

Distribution of leases, market segment

	Contractual annual rent of segment	% of the Group's contractual annual rent	No. of leases	Average contractual annual rent, SEK M
>2% of Sagax's annual rent	182	6	2	91
1-2% of Sagax's annual rent	13	0	1	0
<1% of Sagax's annual rent	59	2	39	1
	232	8	42	6

Share of Sagax's property value



ACQUISITIONS AND SALES

39 properties were acquired for a total of SEK 1,550 M in 2020. The premises comprise a total of 155,000 square metres of lettable area. No properties were divested during the year.



A property portfolio consisting of 37 properties in Spain, of which 32 in the Rest of Europe segment, was acquired. The properties are fully let to GMFoodIberica which uses the premises for foodstuff wholesale operations for the HORECA segment. GMFoodIberica generated sales of SEK 11 billion in 2019.



Market value of property portfolio

*On 31 December 2020, the market value of the property portfolio was SEK 37,548 M.
In 2020, Sagax's yield was 6.3% and its weighted yield requirement was 6.5%.*

INTERNATIONAL ACCOUNTING STANDARDS

Sagax prepares its consolidated financial statements according to the EU-approved International Financial Reporting Standards (IFRS).

Sagax has elected to recognise its properties at fair value according to the Fair Value Method, meaning their commercial market value.

MARKET VALUE

The total market value of Sagax's 673 properties (553) was SEK 37,548 M (32,625) on 31 December 2020. The change in the carrying amount of the properties during 2020 is explained below. Property valuation is subject to some uncertainty and frequently based on assumptions regarding future trends for a number of parameters.

Net investments in 2020 amounted to SEK 4,795 M (2,090) or 15% (7) of the opening property value. In addition, translation from foreign currency affected the amount by SEK -1,146 M (209). The value trend of the properties has been positive since 2010. The weighted yield requirement was 6.5% (6.6) on 31 December 2020.

The total recognised unrealised change in value during the year was SEK 1,274 M (1,301).

REVALUATION OF PROPERTIES

The value of the property portfolio rose by SEK 100 M (337) net as a result of lease renegotiations, new lettings and tenants moving out during the year; refer to the table below entitled Unrealised changes in value. The general change in market value affected property values by a total of SEK 1,154 M (965), primarily due to lower yield requirements in the property market. The change in market value corresponds to 3.4% of year-end market value of the properties.

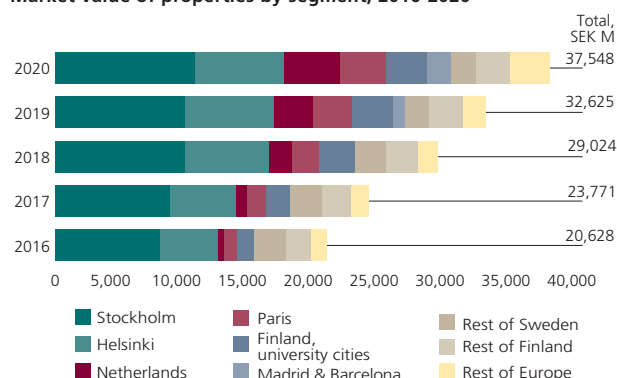
PROPERTIES WITH THE HIGHEST MARKET VALUE

On 31 December 2020, the total market value of Sagax's ten largest properties (in terms of value) was SEK 6.8 billion (6.5). This corresponded to 18% (20) of the property portfolio's total market value. Sagax's ten properties with the highest appraised value, categorised alphabetically, are presented in the table on [page 33](#).

EXTERNAL MARKET VALUATIONS

Sagax has chosen independent valuation companies to assess the fair value of its properties. The external market valuations are undertaken each quarter and encompass the majority of Sagax's properties.

Market value of properties by segment, 2016-2020



Change in carrying amount of properties

	SEK M	No. of
Carrying amount, 31 December 2019	32,625	553
Acquisition of properties	5,585	174
Investments in the current portfolio	666	
Property sales	-1,456	-54
Currency translation effect	-1,146	
Unrealised changes in value	1,274	
Property portfolio, 31 December 2020	37,548	673

Unrealised changes in value

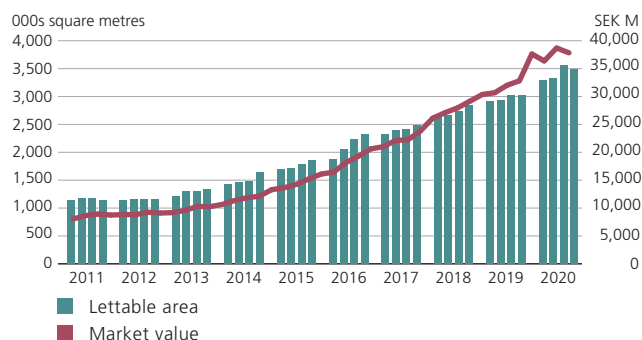
Amounts in SEK M	Jan-Dec 2020
New lettings/Renegotiations	485
Vacancies/Renegotiations	-364
General change in market value	1,154
Total	1,274



Sagax believes that the use of reputable, independent valuation companies creates the optimal long-term conditions for a fair and trustworthy assessment of the properties' market value. The table below on the distribution of appraised

objects shows the valuation companies that were employed at year end and how many properties they appraised. The valuation techniques and analyses are presented on [page 90](#).

Market value and area of properties



Properties with the highest market value, in alphabetical order

Property	Municipality	Lettable area, sqm
Gjutmästaren 8	Stockholm, Sweden	19,200
Holger-Crafoord Strasse 26	Hechingen, Germany	64,000
Inteckningen 5	Lund, Sweden	23,800
Jordbromalm 3:1	Haninge, Sweden	93,700
Jordbromalm 4:3	Haninge, Sweden	51,400
Kaapelitie 4	Oulu, Finland	67,600
Karaportti 8	Espoo, Finland	16,100
Koneenkatu 8	Hyvinkää, Finland	61,900
Martinkyläntie 9 A	Vantaa, Finland	52,800
Tikkurilantie 5	Vantaa, Finland	62,300
Total		512,800

Distribution of valuation objects

Property appraisers	Country	Share of appraisers
Savills Sweden	Sweden	16%
Peltola & Co	Finland	40%
Savills Immobilien	Germany	1%
Jones Lang LaSalle	Netherlands	12%
Cushman & Wakefield RED	Denmark	0%
Savills France	France	15%
Savills Aguirre Newman	Spain	15%
Internal valuation	Netherlands	2%
Total		100%

Funding

Equity amounted to SEK 22,452 M at year end 2020. Interest-bearing liabilities amounted to SEK 19,904 M, corresponding to a debt ratio of 43%. The interest coverage ratio was 575%. The company has a rating of Baa3 with a stable outlook from Moody's Investors Service.

BACKGROUND

Sagax's business is capital-intensive. Access to capital is an essential condition for the development of a successful property business. Assets totalled SEK 46,622 M (40,154) at year end. Operations are funded using a combination of equity, interest-bearing liabilities and other liabilities. Equity and interest-bearing liabilities corresponded to 91% (91) of Sagax's year end funding.

Financial expenses amounted to SEK 481 M (470), including SEK 26 M (24) for the interest component attributable to IFRS 16 Leases, and represented the largest operational expense. In 2020, the interest coverage ratio was 575% (492), while the debt ratio was 43% (44) at year end. The 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.

Sagax endeavours to have well-balanced fixed-interest and loan maturity profiles to secure its operating cash flow. The average fixed-interest period was 3.4 years (3.5) at year end. This fixed-interest period reduces interest-rate sensitivity but leads to a higher average interest rate than a shorter fixed-interest period. At year end, the average loan maturity period was 3.4 (3.8) years, which is viewed as offering a low refinancing risk, considering the company's debt ratio and position in general. In 2021, a total of SEK 770 M (182) is to be repaid, corresponding to 4% (1) of interest-bearing liabilities at year end 2020.

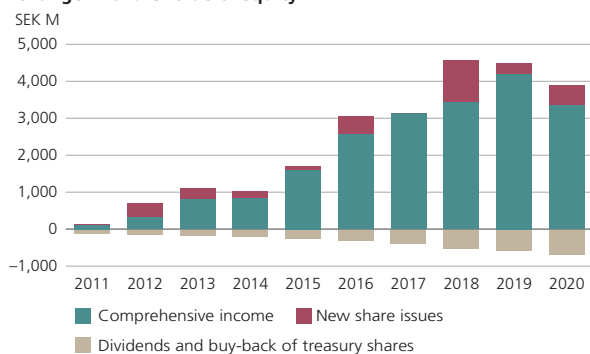
EQUITY

Sagax seeks to gain a balance between an attractive return on equity and an acceptable level of risk. At year end, equity totalled SEK 22,452 M (19,257), corresponding to an equity/assets ratio of 48% (48).

On 31 December 2020, equity was represented by four types of shares: Class A, B and D common shares, and preference shares. The shares are listed on Nasdaq Stockholm, Large Cap. There are a total of 26,832,884 Class A shares, 292,446,646 Class B shares, 125,800,000 Class D shares and 16,784,028 preference shares outstanding. The holding of treasury shares amounted to 2,000,000 Class B shares. The chart below shows the changes in equity since 2011, together with explanations of reasons for the changes.

Equity on 31 December 2020 is calculated as follows. Of equity, SEK 30.00 is distributed per preference share, plus an accumulated but unpaid dividend on preference shares of SEK 2.00 per year. Subsequently, the remaining equity is distributed among Class A, B and D shares, with up to a maximum of SEK 35.00 distributed per Class D share. On 31 December 2020, equity amounted to SEK 55.19 (46.86) per Class A and B share, SEK 35.00 (35.00) per Class D share and SEK 32.00 (32.00) per preference share. Class D common 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.

Change in shareholders' equity





INTEREST-BEARING LIABILITIES

General information on Sagax's interest-bearing liabilities

Interest-bearing liabilities represented 43% (43) of Sagax's funding at year end. Interest-bearing liabilities primarily consist of seven listed unsecured bonds totalling SEK 14,698 M (12,070), of which SEK 12,848 M (10,220) in the form of bonds within the framework of Sagax's EMTN programme, as well as an unsecured commercial paper programme of SEK 1,081 M (1,192). Bank loans have been provided by Deutsche Pfandbriefbank, Nordea, SEB, Swedbank, HSBC, Société Générale, ING and Danske Bank. At year end, interest-bearing liabilities amounted to SEK 19,904 M (17,519), of which SEK 15,403 M (13,557) was denominated in EUR. Interest-bearing liabilities during 2020 increased, primarily as a result of property acquisitions in the Netherlands, Spain and France. Exchange-rate fluctuations reduced interest-bearing liabilities by SEK 750 M in 2020 (increased SEK 124 M for the preceding year). Allocated borrowing expenses of SEK 76 M (82) reduced interest-bearing liabilities in the balance sheet. Accordingly, interest-bearing liabilities are recognised in an amount of SEK 19,828 M (17,437) in the balance sheet.

Net debt in relation to operational earnings can be measured as net debt/EBITDA. Net interest-bearing debt for 2020 averaged 6.4 (6.6) times EBITDA. Net debt amounted to SEK 17,190 M (15,232) and is calculated as interest-bearing liabilities less interest-bearing assets of SEK 550 M (511), cash and cash equivalents of SEK 24 M (86) and listed shares of SEK 2,140 M (1,690). EBITDA totalled SEK 2,689 M (2,292) and was calculated as net operating income of SEK 2,397 M (2,133) less central administration costs of SEK 132 M (122) plus dividends received from joint ventures and associated companies of SEK 424 M (281).

Covenants in loan contracts

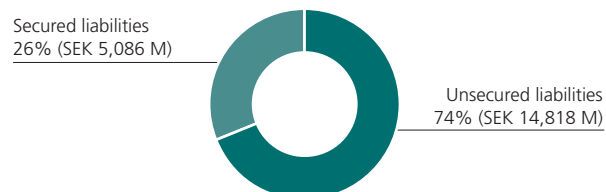
Bond loans

Unsecured bonds corresponded to 39% (37) of the year-end market value of the properties. Bonds amounted to SEK 14,698 M (12,070). Bonds issued within the scope of the company's EMTN programme are registered on Euronext Dublin and other bonds on the private bond list on Nasdaq Stockholm. In 2020, bonds totalling EUR 300 M, corresponding to SEK 3,309 M were issued. Note 17 includes an account of the interest-rate terms for bonds.

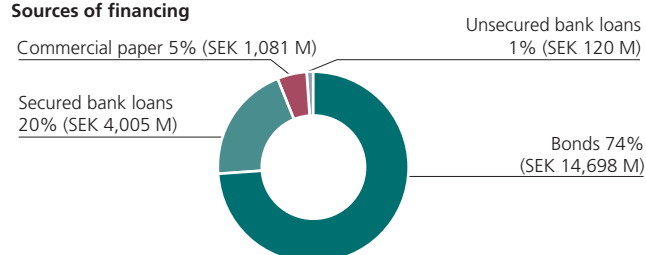
Financial key figures

	Financial covenant in EMTN programme	2020 31 Dec	2019 31 Dec
Net debt/Total assets	<65%	37%	38%
Interest coverage ratio	>1.8x	6.5x	5.3x
Secured liabilities/Total assets	<45%	11%	14%
Rating according to Moody's Investors Services		Baa3, Stable outlook	Baa3, Stable outlook

Distribution between secured and unsecured liabilities



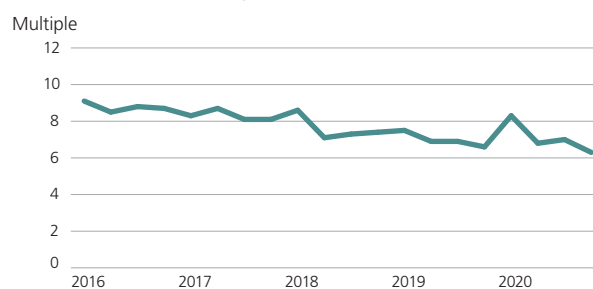
Sources of financing



Change in interest-bearing liabilities

Amounts in SEK M	
Interest-bearing liabilities, 31 December 2019	17,519
Refinancing	7,927
Loan repayment	-4,791
Change in exchange rates	-750
Interest-bearing liabilities, 31 December 2020	19,904
Allocated borrowing expenses	-76
Recognised interest-bearing liabilities, 31 December 2020	19,828

Net debt/EBITDA, rolling 12 months





The bonds registered on Nasdaq Stockholm contain just one financial covenant, which could affect the dividend on common shares. Other covenants include a requirement that the bond be market listed and that the company publish quarterly reports. In the event of a mandatory bid for the shares in Sagax, bondholders are entitled to request early repayment of the loan.

The obligations of Sagax's EMTN programme include that net debt must be less than 65% of total assets, that the interest coverage ratio must exceed 1.8 times and that secured liabilities must be less than 45% of total assets.

Should Moody's Investors Service reduce Sagax's credit rating to below Baa3, the fixed interest coupon on bonds issued under the EMTN programme would rise by 1.25 percentage points.

Bank loans

Bank loans corresponded to 11% (13) of the year-end market value of the properties. Bank loans amounted to SEK 4,125 M (4,257). Bank loans frequently include various types of covenants that must be fulfilled by the debtor. In the event of any breach of the covenants, the bank may request Sagax to repay the loan prematurely. Typically, the covenants consist of certain key performance indicators that must be fulfilled. Examples of undertakings under these covenants include that the debt ratio shall remain below a specific level and that the interest coverage ratio shall exceed a certain level.

The financial covenants in loan contracts are cash-flow based or are related to the debt ratio. Other covenants are that borrowing subsidiaries must be fully owned, that they must not raise further loans, that the lease terms are observed and that creditors are provided with financial information, such as annual reports, in addition to other non-financial covenants.

Should a mandatory bid be made for the shares in Sagax, the banks are entitled, in certain cases, to request the renegotiation of loan contracts and, ultimately, demand early repayment.

Commercial paper

Sagax's commercial paper programmes allow the company to issue in both SEK and EUR. The limits are SEK 1,500 M and EUR 200 M. The maximum term for commercial paper is one year, and at year end, commercial paper outstanding totalled SEK 1,081 M (1,192) and had an average remaining term of 0.1 years (0.2). Commercial paper outstanding corresponded to 3% (4) of the year-end market value of the properties.

Sagax has an obligation to have long-term, unutilised credit facilities available that cover all commercial paper outstanding at any one time.

Financial policy

The financial policy indicates guidelines and rules as to how financial operations in Sagax are to be pursued. The financial policy is adopted by the Board each year and states how the various risks in Sagax's financial operations are to be limited and the risks that Sagax may assume. The aim is that financial management must:

- Ensure the short- and long-term supply of capital.
- Adjust the financial strategy and management of financial risks on the basis of the development of operations to ensure that a long-term stable capital structure is attained and maintained.
- Attain optimal net financial items within the set risk framework.

Green funding

Sagax has had a green funding framework since 2019. A bond of SEK 750 M with a maturity date in June 2023 was issued under the framework, of which SEK 500 M at a floating rate and SEK 250 M at a fixed rate. Funding under the green framework can be used for acquisitions, projects and refunding of existing properties that meet the set sustainability requirements and for investments in energy savings and renewable energy. The properties that Sagax finances under the framework have either BREEAM In-Use Very good or Sweden Green Building Council Silver level certification. The green investments financed under the framework are mainly investments in solar power.

Loan maturity

Sagax's non-current interest-bearing liabilities amounted to SEK 17,977 M (16,052), or 90% (92) of the total interest-bearing liabilities. Recognised, current interest-bearing liabilities amounted to SEK 1,851 M (1,385), or 9% (8) of interest-bearing liabilities, of which SEK 1,081 M (1,192) pertained to commercial paper. Commercial paper may never have a term exceeding 364 days and is thus always recognised as current.

According to the table on [page 37](#), capital tied-up for 2021 amounted to SEK 700 M, corresponding to 4% of interest-bearing liabilities. Commercial paper amounting to SEK 1,081 M with maturity in 2023 and 2025 is recognised in this table since the commercial paper is covered by unutilised long-term revolving credit facilities that mature in 2023 and 2025.

Current interest-bearing liabilities express the funding requirement in the short term and affect the company's refinancing risk. Current repayment and regular bank loans which, contractually, have to be paid within 12 months, represent typical current interest-bearing liabilities in the balance sheet. The current interest-bearing liabilities are repaid via the company's cash flow or through new borrowing for the refinancing of loans that are about to expire.

Sagax seeks to maintain a low share of current interest-bearing funding in an effort to minimise the company's refinancing risk. The company curtails its refinancing risk by agreeing on a predetermined maturity in connection with new borrowing. Sagax also seeks refinancing of the non-current interest-bearing liabilities well in advance. Overall, this working approach is deemed effective in limiting the company's refinancing risk. The average remaining loan maturity period was 3.4 years (3.8) at year end.

Collateral for interest-bearing liabilities

As collateral for the interest-bearing liabilities, deeds totalling SEK 10,824 M (10,511) were mortgaged at year end. In addition, collateral is provided in the form of shares and participations in the property-owning Group companies. The company is of the opinion that the terms of the mortgage deeds are commercial.

Fixed-interest periods

To limit interest-rate risk, defined as the risk of an impact on earnings or cash flow due to changes in market interest rates, and thus increase the predictability in profit from property management, Sagax has a significant portion of fixed-rate loans. To limit interest-rate risk for loans at floating interest rates, the company uses various types of fixed-income derivatives. Overall, fixed-rate loans and fixed-income derivatives amounted to SEK 18,453 M (15,981), or 93% (91) of the company's total interest-bearing liabilities. Fixed-rate loans and fixed-income derivatives in EUR amounted to SEK 15,667 M (12,878) corresponding to 102% (95) of interest-bearing liabilities raised in EUR.

Including fixed-income derivatives, the average fixed-interest period was 3.4 years (3.5) at year end. The company's profit from property management will be impacted only marginally by general changes in interest rates. The longer fixed-interest period reduces interest-rate sensitivity but leads to a higher average interest rate than a shorter interest coverage ratio. Combined with Sagax's high economic occupancy rate (95%) and a low element of property expenses, the company's profit from property management and cash flow are predictable. The cost of fixing interest rates is a consequence of the size of hedging, maturities and the choice of financial derivatives. Changes in STIBOR and EURIBOR interest rates also result in changes in the relative cost of fixing interest rates.

The average interest rate on the company's interest-bearing liabilities was 1.8% (1.9), including the effect of derivatives, at year end. The bar chart below presents the Group's average interest rates and the share that corresponds to loan margins, costs for the underlying STIBOR or EURIBOR interest rates and the cost of fixing interest rates. Compared with the end of the preceding year, the change is that lower costs for fixing interest reduced the interest-rate level by 0.1 of a percentage point, while other factors remained unchanged.

Fixed-interest period and loan maturity, 31 December 2020

Year of expiry	Fixed interest			Loan maturity	
	SEK M	Interest rate	Share	SEK M	Share
2021	2,760	0.3%	14%	700	4%
2022	1,253	3.0%	6%	1,637	8%
2023	2,295	2.8%	12%	4,837	24%
2024	5,235	1.9%	26%	5,019	25%
2025	4,068	1.9%	20%	4,701	24%
>2026	4,294	1.2%	22%	3,011	15%
Total/ average	19,904	1.8%	100%	19,904	100%

Fixed-income derivatives

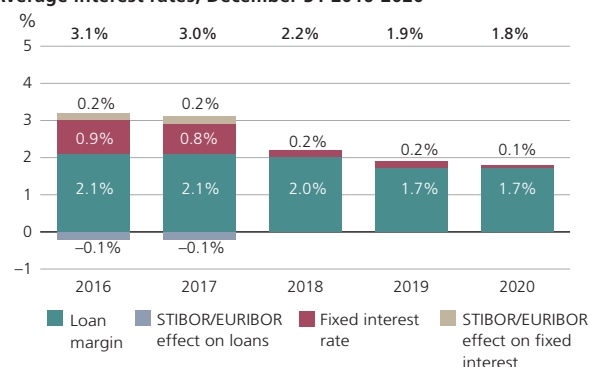
Consequently, Sagax's fixed-income derivatives totalling SEK 6,060 M (6,260), corresponding to 95% (80) of the company's interest-bearing liabilities subject to floating interest rates, curbed the interest-rate risk on 31 December 2020.

Derivatives consist of interest-rate swaps and interest-rate caps. Sagax's counterparties for the derivative contracts were Nordea, SEB, Swedbank, Danske Bank, HSBC, Société Générale, ING and Deutsche Pfandbriefbank. Fixed-income derivatives are denominated in SEK or EUR. The year's changes in the value of financial derivatives is recognised as realised or unrealised changes in value in profit or loss. Unrealised changes in value affect profit for the year but not cash flow or the profit from property management.

Nominal interest-rate swaps

An interest-rate swap is a contract between two parties covering an exchange of interest payments during a specified period. By combining a floating interest rate loan (STIBOR or EURIBOR) and an interest-rate swap, a predetermined interest rate during the term of the interest-rate swap can be ensured. The contract results in Sagax gaining a floating rate of interest (corresponding to the interest rate on the loan contract) at the same time that a fixed interest rate (the swap rate of interest) is paid. When the Stibor and/or Euribor is negative, Sagax's ability to secure a fixed interest rate using swaps could be limited due to potential bank requirements for a zero interest floor in underlying bank loan agreements. A zero interest floor means that the interest rate on the bank loan is not permitted to fall below 0%, meaning that the bank excludes payment of interest to the borrower. In such cases, floating interest flows under loans and swaps cannot be offset and floating interest rates are re-introduced as the difference between the zero interest floor of the loan and the negative market rate of the swap. An interest swap can be completed for various maturities such as for 2, 5 or 10 years. The nominal interest-rate swaps on the closing date had an average term of 4.9 years (4.2). At year end, Sagax's interest-rate swaps consisted of a nominal amount of SEK 2,166 M (2,009), corresponding to 36% (32) of Sagax's fixed-income derivatives. No premium is paid for this type of derivative and the value of the derivative is zero on maturity dates.

Average interest rates, December 31 2016-2020





Interest-rate caps

The interest-rate cap entails that if the interest rate exceeds a predetermined rate (strike rate), the company receives interest that exceeds that level. Sagax pays a premium for this type of derivative contract. The value of the interest-rate cap is zero on the maturity dates. The interest-rate caps comprised a nominal amount of SEK 3,894 M (4,251) at year end. An amount corresponding to SEK 2,724 M (2,681) of the interest-rate cap was denominated in EUR. At year end, Sagax's interest-rate caps had an average maturity of 1.6 years (2.4) and an average strike rate of 1.9% (1.9). For the interest-rate cap in SEK, the average maturity was 0.9 years (1.5) with an average strike rate of 2.4% (2.3), and for the interest-rate cap in EUR 2.0 years (2.9) and 1.7% (1.7), respectively.

Valuation of fixed-income derivatives

In accordance with the accounting rules, fixed-income derivatives must be measured at market value and the change in value recognised in profit or loss. Sagax values all derivatives on a market basis through reconciliation with each counterparty.

The value of derivatives is affected by current interest rates, the rate of interest on the derivatives and the remaining term to maturity.

Other financial expenses

In connection with the raising of new or renegotiated credit facilities, expenses arise that are accrued over the maturity of the particular facility. These expenses may consist of, for example, legal fees, valuation costs and non-recurring agreement fees for the creditor. On 31 December 2020, allocated borrowing expenses amounted to SEK 76 M (82), which were

recognised as a reduction in interest-bearing liabilities in Sagax's balance sheet.

In 2020, a total of SEK 47 M (42) of allocated borrowing expenses were expensed. Other financial expenses also include expenses for loan pledges to credit institutions. Expenses for these lines of credit amounted to SEK 22 M (25).

Other liabilities

Other liabilities amounted to SEK 4,342 M (3,459), corresponding to 9% (9) of the company's total funding. Other liabilities consist mainly of deferred tax liabilities, prepaid income and accrued expenses, as well as lease liabilities in accordance with IFRS 16.

Working capital

Sagax is of the opinion that the existing working capital for the forthcoming 12-month period is sufficient to meet current requirements. In this context, working capital refers to Sagax's potential to gain access to cash and cash equivalents to meet its payment obligations as they fall due. The current operations tie up a limited amount of working capital, since most rental revenue is received in advance, while expenses are paid in arrears.

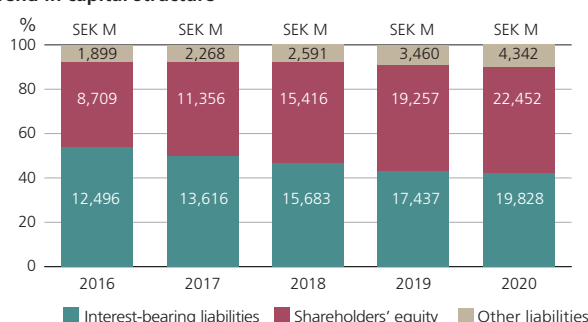
Sagax's working capital, excluding prepaid rental revenue and including listed shares, amounted to SEK -137 M (140) on 31 December 2020. At the same date, unutilised credit facilities including back-up facilities for commercial paper programmes amounted to SEK 5,424 M (4,845). At year end, Sagax had contracts with SEB, Nordea, Danske Bank, Swedbank, ING and Société Générale covering revolving credit facilities totalling SEK 5,061 M (4,984), of which SEK 5,025 M (4,519) was unutilised at year end. Sagax has also reached agreements with SESEB, Nordea, Swedbank, Société Générale and ING covering

Fixed-income derivatives, 31 December 2020

Fixed interest, years	Nominal amount, SEK M	Market value, SEK M	Average interest ¹⁾
2021	1,263	–	1.7%
2022	1,253	–9	1.9%
2023	2,045	–9	1.6%
2024	216	0	0.8%
2025	–	–	–
>2025	1,283	–100	1.3%
Total/average	6,060	–117	1.6%

1) Average strike rate has been used for the interest-rate cap.

Trend in capital structure





short-term credit facilities totalling SEK 400 M (457), of which SEK 323 M (325) was unutilised at year end. No additional collateral needs to be pledged to utilise these lines of credit.

Sagax's holdings of listed shares amounted to SEK 2,140 M (1,690) and mainly comprised shares in NP3 Fastigheter AB and Nyfosa AB.

SAGAX'S CASH FLOW IN 2020

Cash flow from operating activities before changes in working capital amounted to SEK 2,219 M (1,795). Cash flow from operating activities deviates from profit from property management primarily due to profit from joint ventures and associated companies in 2020 partly being reinvested in these operations. Dividends of SEK 424 M (281) were received during the year from joint ventures and associated companies, an amount that is included in recognised cash flow.

Changes in working capital had a net impact of SEK 338 M (44) on cash flow. Investing activities had a negative net impact of SEK -5,543 M (-3,051) on cash flow, and pertained mainly to property acquisitions. Cash flow from financing activities contributed SEK 2,926 M (1,124) net during the year, of which SEK 7,886 M (7,322) as a result of loans raised. A total of SEK 4,791 M (5,734) in capital repayments was charged to cash flow from financing activities and SEK 679 M (560) was paid in dividends to shareholders during the year. In total, cash and cash equivalents increased SEK -62 M (13) in 2020; see the cash-flow statement on [page 72](#).

CREDIT RATING

Sagax has a rating of Baa3 with a stable outlook from Moody's Investor Service. This rating is an investment grade category and is assessed as beneficial for Sagax, since this enables efficient access to the European capital markets, which means in turn lower refinancing risk, lower financing costs and longer tenors.

CURRENCY EXPOSURE

Sagax owns properties in five countries in the eurozone. Net assets in EUR at year end amounted to EUR 844 M (641), see the adjoining table. The market value of the properties in the eurozone amounted to EUR 2,492 M and other assets to EUR 98 M at year end. Currency exposure is lowered when the company raises loans in EUR. Interest-bearing liabilities amounted to EUR 1,532 M. Other liabilities amounted to EUR 215 M. Net assets in EUR totalled EUR 844 M (641), corresponding to 4% of equity.

In 2020, Sagax invested a corresponding SEK 4.3 billion in properties in the Netherlands, France, Spain and Finland. This was financed by increased borrowing in EUR correspond-

Cash and bank balance

SEK 86 M

at beginning of the year



Cash and bank balance



Cash and bank balance

SEK 24 M

at year-end

Additional
SEK 4,319 M
in the form of unutilized lines of credit¹⁾

Disposable liquidity SEK 4,343 M

1) Credit facilities corresponding to a volume of commercial papers outstanding of SEK 1,081 M are not included in available liquidity.

ing to SEK 2.5 billion and reinvested cash flow in EUR from the existing operations corresponding to SEK 1.3 billion. The remaining SEK 0.6 billion was financed by contributions from the cash flow in Sagax's Swedish operations. Since the cash flow in EUR was reinvested, Sagax did not have any material realised earnings effect caused by exchange-rate fluctuations.

Currency exposure

Amounts in EUR M	2020 31 Dec	2019 31 Dec
Investment properties	2,492	1,999
Leases, right-of-use assets	7	5
Other fixed assets	57	50
Cash and bank balances	2	8
Other current assets	32	27
Total assets	2,590	2,088
Interest-bearing liabilities	1,532	1,296
Deferred tax liabilities	131	100
Fixed-income derivatives	2	2
Other liabilities	80	50
Total liabilities	1,746	1,448
Net assets	844	641

Joint ventures and associated companies

Profit from property management in joint ventures and associated companies amounted to SEK 565 M (441). Sagax's share of changes in the value of properties amounted to SEK 759 M (695) and share of changes in the value of derivatives was SEK –18 M (–5). The total share value amounted to SEK 6,833 M (5,693).

Hemsö Intressenter AB

Via Hemsö Intressenter AB, Sagax indirectly owns 15% of Hemsö Fastighets AB, with the remaining 85% owned by the Third Swedish National Pension Fund.

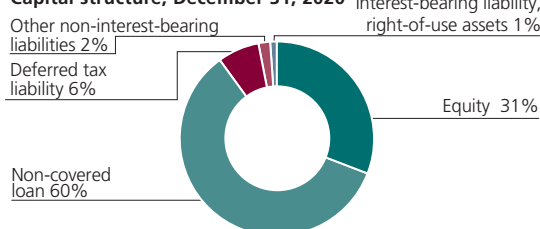
Hemsö contributed SEK 223 M (218) to Sagax's profit from property management during 2020 after profit for Hemsö Intressenter was charged with interest expenses.

Hemsö Fastighets AB conducts operations in Sweden, Germany and Finland. Operations consist of owning, managing and developing public properties. The property portfolio encompasses 392 properties with a total property value of SEK 62 billion at 31 December 2020. 94% of rental revenue derives from tax-financed operations.

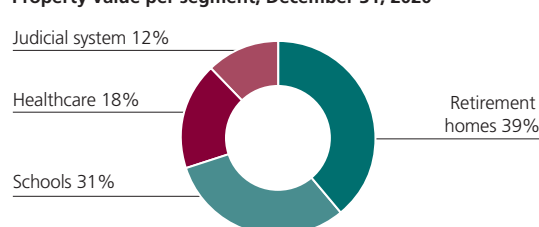
An average remaining lease term of 9.8 years (9.9) combined with financially stable tenants and a low vacancy rate ensure stable rental revenue. The occupancy rate remained high, at 98% (98), at year end. The yield in 2020 was 4.5% (4.7).

In 2020, 32 properties were acquired for SEK 2,483 M and 10 were divested for SEK 124 M. Moreover, SEK 3,255 M was invested in the existing property portfolio, of which SEK 2,601 M pertained to new production and SEK 654 M to new lettings and maintenance.

Capital structure, December 31, 2020



Property value per segment, December 31, 2020



At year end, Hemsö's interest-bearing liabilities totalled SEK 38,652 M (35,542), of which unsecured bonds amounted to SEK 29,227 M (27,042). Sustainable funding amounted to 19% of the interest-bearing liabilities.

The partnership between the Third Swedish National Pension Fund and Sagax is governed by a long-term shareholder agreement. The shareholder agreement regulates, inter alia, the composition of the Board, the focus of operations, profit appropriation and certain funding issues as well as put and call options between the two shareholders regarding Sagax's shareholding in the company.

Hemsö has an A rating from Fitch Ratings and an A- rating from Standard & Poor's. For more information, refer to the company's website, hemso.se.

Hemsö

	2020 Jan-Dec	Jan-Dec 2019
Sagax's participating interest, %	15	15
Rental revenue, SEK M	3,270	3,027
Rental value, SEK M	3,429	3,195
Profit from property management, SEK M	1,810	1,760
Profit for the year, SEK M	3,333	3,111
Sagax's share of comprehensive income for the year, SEK M	431	411
Sagax's share of profit from property management, SEK M	223	218
	2020 31 Dec	31 Dec 2019
No. of properties	392	370
Carrying amount of properties, SEK M	62,240	55,027
Lettable area, sqm	2,005,000	1,884,000
Lease term, years	9.8	9.9
Economic vacancy rate, %	2	2
Interest-bearing liabilities, SEK M	38,652	35,542
Loan maturity, years	6.7	7.4
Fixed interest, years	6.2	6.4
Market value of fixed-income derivatives, SEK M	–231	–211
Sagax's recognised share value, SEK M	2,318	1,821

Summary of property portfolio

Segment	No. of properties	Rental revenue SEK M	Lettable area, sqm	Lease term, years	Economic occupancy rate, %	Property value, SEK M
Retirement homes	192	1,290	891	9.5	99	24,119
Schools	118	1,010	594	11.5	98	19,332
Healthcare	58	558	308	8.7	96	11,267
Judicial system	22	412	212	8.6	96	7,522
Total	392	3,270	2,005	9.9	98	62,240



Söderport Holding AB

Sagax owns 50% of Söderport Holding AB, with the remaining share owned by Nyfosa AB. The partnership between Nyfosa and Sagax is governed by a long-term shareholder agreement, according to which the parties have equally large controlling rights regarding Söderport. The shareholder agreement determines, inter alia, rules for decision making in respect of investments and sales. The shareholder agreement also regulates pre-emption rights and how share sales in Söderport may be conducted.

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 in Gothenburg.

Söderport contributed SEK 217 M (192) to Sagax's profit from property management in 2020.

A corresponding 69% of Söderport's rental value of SEK 899 M was located in Stockholm on 31 December 2020. Söderport's economic vacancies amounted to SEK 51 M (33) at year end, corresponding to a vacancy rate of 6% (4). Of the economic vacancies, SEK 21 M (9) comprised fixed-term rent

discounts provided for new lettings. At year end, Stockholm accounted for 95% of the economic vacancies. Söderport also owns 78.4% of Torslanda Property Investment AB, which is thus included as a subsidiary in Söderport's consolidated financial statements.

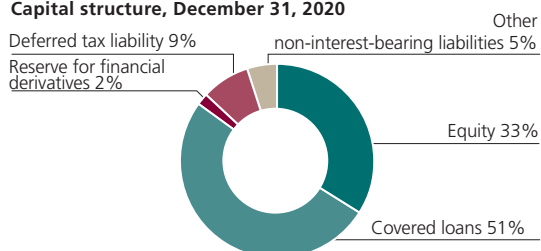
In 2020, 105 new leases were signed with a total lettable area of 56,000 square metres. During the year, tenants served notice of terminating 35 leases on a total of 40,000 square metres. Consequently, net leasing amounted to 16,000 square metres. Agreements were also reached in 2020 regarding extensions of leases corresponding to a total area of 123,000 square metres.

During the year, two properties were acquired for SEK 185 M and no properties were divested. The acquired properties have a lettable area of 6,600 square metres. A total of SEK 271 M was invested in the existing property portfolio during the year.

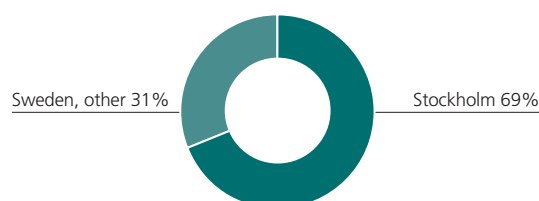
The yield in 2020 was 5.8% (5.9).

Söderport's interest-bearing liabilities at year end amounted to SEK 6,354 M (5,828), with an average weighted loan maturity of 3.5 years (4.5). The average weighted fixed-interest term was 3.1 years (3.1).

Capital structure, December 31, 2020



Property value per segment, December 31, 2020



Söderport

	2020 31 Dec	2019 Jan-Dec
Sagax's participating interest, %	50	50
Rental revenue, SEK M	818	708
Rental value, SEK M	899	835
Profit from property management, SEK M	466	384
Profit for the year, SEK M	844	929
Sagax's share of comprehensive income for the year, SEK M	404	492
Sagax's share of profit from property management, SEK M	217	188

	2020 31 Dec	31 Dec 2019
No. of properties	82	80
Carrying amount of properties, SEK M	11,909	10,853
Lettable area, sqm	778,000	761,000
Lease term, years	4.8	4.6
Economic vacancy rate, %	6	4
Interest-bearing liabilities, SEK M	6,354	5,828
Loan maturity, years	3.5	4.5
Fixed interest, years	3.1	3.1
Market value of fixed-income derivatives, SEK M	-219	-208
Sagax's recognised share value, SEK M	1,909	1,804

Summary of property portfolio

Segment	No. of properties	Rental value, SEK M	Lettable area, sqm	Lease term, years	Economic occupancy rate, %	Property value, SEK M
Stockholm	68	627	471,000	4.5	92	8,355
Rest of Sweden	14	271	307,000	5.6	99	3,554
Total	82	899	778,000	4.8	94	11,909

Fastighetsaktiebolaget Ess-Sierra

Sagax owns 50% of Fastighetsaktiebolaget Ess-Sierra, with the remaining share owned by NP3 Fastigheter AB. Ess-Sierra was founded in December 2020 and its operations entail owning

Ess-Sierra	2020 Jan-Dec	2019 Jan-Dec
Sagax's participating interest, %	50	–
Rental revenue, SEK M	5	–
Rental value, SEK M	91	–
Profit from property management, SEK M	3	–
Profit for the year, SEK M	49	–
Sagax's share of comprehensive income for the year, SEK M	19	–
Sagax's share of profit from property management, SEK M	1	–

and managing 37 properties that are let to Beijer Byggmaterial AB. The lettable area amounts to 203,000 square metres, of which 64% comprises warehouse premises, 27% building materials retail and 9% office premises.

Ess-Sierra	2020 31 Dec	2019 31 Dec
No. of properties	37	–
Carrying amount of properties, SEK M	1,440	–
Lettable area, sqm	203,000	–
Lease term, years	6.8	–
Economic vacancy rate, %	–	–
Interest-bearing liabilities, SEK M	842	–
Loan maturity, years	4.0	–
Fixed interest, years	3.2	–
Market value of fixed-income derivatives, SEK M	–	–
Sagax's recognised share value, SEK M	264	–

ASSOCIATED COMPANIES

NP3 Fastigheter AB

Sagax owned 20% of the votes and 14% of the capital in 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 388 properties with a total property value of SEK 12.6 billion and a rental value of SEK 1,236 M on 31 December 2020. NP3 Fastigheter AB is listed on Nasdaq Stockholm, Mid Cap. For more information, refer to the company's website, np3fastigheter.se.

Fastighetsbolaget Emilshus AB

Sagax owned 25% of Fastighetsbolaget Emilshus AB. Emilshus acquires, develops and manages commercial properties in Småland. The company's property portfolio encompassed 69 properties with a total property value of SEK 2.7 billion and a rental value of SEK 235 M on 31 December 2020. For more information, refer to the company's website, emilshus.com.

Sagax's associated companies	Fastighetsbolaget Emilshus AB		NP3 Fastigheter AB	
	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
Sagax's participating interest, %	25	25	14	14
Rental revenue, SEK M	183	90	1,091	1,006
Rental value, SEK M	235	137	1,236	1,131
Profit from property management, SEK M	86	46	599	494
Profit for the year, SEK M	176	93	660	789
Sagax's share of comprehensive income for the year, SEK M	18	2	146	26
Sagax's share of profit from property management, SEK M	19	2	104	33

	2020 31 Dec	2019 31 Dec	2020 31 Dec	2019 31 Dec
No. of properties	69	44	388	358
Carrying amount of properties, SEK M	2,714	1,543	12,582	11,402
Lettable area, sqm	360,427	215,722	1,436,000	1,350,000
Lease term, years	5.0	5.4	4.2	4.2
Economic vacancy rate, %	3	3	7	7
Interest-bearing liabilities, SEK M	1,731	1,002	7,668	6,984
Loan maturity, years	2.0	2.2	1.9	2.2
Fixed interest, years	N/A	N/A	1.7	2.4
Market value of fixed-income derivatives, SEK M	0	3	–73	–36
Sagax's recognised share value, SEK M	197	179	1,257	1,134



Current earnings capacity

Sagax focuses on the long-term growth of the company's profit from property management. To facilitate assessments of the company's position, Sagax's estimated earnings capacity on an annual basis and a summary of the trend in the earnings capacity at each year end since 2015 are presented below.

CURRENT EARNINGS CAPACITY

The table below shows Sagax's earnings capacity on a 12-month basis on 1 January 2021. 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. Sagax reports its current earnings capacity in conjunction with interim reports and year-end reports.

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 the actual outcome in the past year adjusted for the holding period. Central administration costs are based on actual outcomes over the most recent 12-month period. 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. 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% (19). Sagax's share of profit in joint ventures and associated companies is calculated in accordance with the same assumptions as for Sagax, taking into account the size of the participation.

CHANGE IN CURRENT EARNINGS CAPACITY IN 2020

In the table on the next page, Sagax's reported earnings capacity between 2015 and 2020 and the changes between the

various year ends are reported broken down into changes in the existing property portfolio, property acquisitions, property divestments and currency effects. Data on investments and divestments during the years concerned is also presented in the table. It can be noted that investments in the existing property portfolio can have an impact on the earnings capacity subject to a certain time lag, depending on whether these are still classed as ongoing investments and if, for example, occupancy has occurred.

Property acquisitions in 2020 resulted in an increase of SEK 302 M in rental value and a net increase of SEK 30 M in property expenses. Vacancies in the acquired property portfolio increased the vacancy value by SEK 15 M. Net operating income rose a total of SEK 256 M due to property acquisitions during the year.

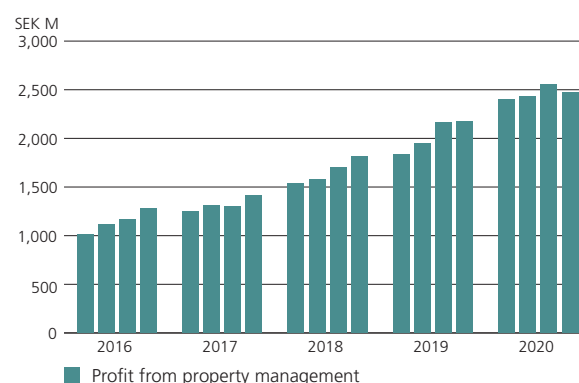
Sales of properties during the year reduced the rental value by SEK 3 M at the same time as property expenses were unchanged. Net operating income decreased by a total of SEK 2 M due to property sales during the year. The EUR price trend resulted in a decrease of SEK 57 M in net operating income.

Net financial items decreased 6% to SEK -372 M mainly due to a rise in interest-bearing liabilities in conjunction with property acquisitions. Profit after standard tax accruing to holders of the Class A and B shares increased 14% (29) to SEK 1,723 M (1,515), corresponding to SEK 5.40 (4.75) per common Class A and B share.

Current earnings capacity

Amounts in SEK M	1 Jan 2021	1 Jan 2020
Rental value	3,024	2,735
Vacancy	-159	-135
Rental revenue	2,865	2,600
Property expenses	-495	-466
Net operating income	2,370	2,134
Central administration	-132	-122
Joint ventures	638	539
Net financial items	-372	-352
Lease expenses	-26	-22
Profit from property management	2,479	2,178
Tax	-471	-414
Profit after tax	2,008	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	1,723	1,515

Current earnings capacity before tax





Trend in current earnings capacity 2015–2020

Amounts in SEK M	2015					2016					2017				
	Change existing portfolio	Currency effect	Property acquisitions	Property divestments	1 Jan 2016	Change existing portfolio	Currency effect	Property acquisitions	Property divestments	1 Jan 2017	Change existing portfolio	Currency effect	Property acquisitions	Property divestments	1 Jan 2018
Rental value	16	-21	200	-9	1,453	32	31	399	-36	1,880	34	30	166	-13	2,099
Vacancy	11	1	-2	5	-59	1	-1	-63	2	-121	16	-1	-22	6	-122
Rental revenue	27	-20	198	-4	1,394	34	30	336	-34	1,759	51	30	144	-7	1,977
Property expenses	-7	0	-19	1	-195	-18	-4	-59	8	-268	-29	-4	-35	3	-333
Net operating income	20	-20	179	-3	1,199	16	26	278	-26	1,491	22	26	110	-4	1,644
Central administration					-57					-68					-77
Share of profit of joint ventures					236					271					290
Net financial items					-371					-418					-448
Profit from property management					1,008					1,277					1,410
Tax					-222					-281					-310
Profit after tax					786					996					1,100
of which, accrues to															
– holders of preference shares					117					117					34
– holders of Class D shares					N/A					37					127
– holders of Class A and B shares					670					843					939
Investments and divestments	-200	-	2,200	36		-252	-	3,477	949		-346	-	1,384	41	

Amounts in SEK M	2018					2019					2020				
	Change existing portfolio	Currency effect	Property acquisitions	Property divestments	1 Jan 2019	Change existing portfolio	Currency effect	Property acquisitions	Property divestments	1 Jan 2020	Change existing portfolio	Currency effect	Property acquisitions	Property divestments	1 Jan 2021
Rental value	53	54	322	-17	2,510	58	25	271	-128	2,735	64	-73	302	-3	3,024
Vacancy	-4	-3	-7	4	-132	14	-1	-21	4	-135	-13	3	-15	1	-159
Rental revenue	49	51	315	-13	2,378	71	23	251	-124	2,600	51	-70	286	-2	2,865
Property expenses	-34	-14	-40	6	-395 ¹⁾	-21	-4	-39	13	-466	-13	13	-30	-	-495
Net operating income	15	37	275	-7	1,983	50	19	212	-111	2,134	38	-57	256	-2	2,370
Central administration					-132					-122					-132
Share of profit from joint ventures and associated companies					372					539					638
Net financial items					-387					-352					-372
Lease expenses					-20					-22					-26
Profit from property management					1,816					2,178					2,479
Tax					-400					-414					-471
Profit after tax					1,416					1,764					2,008
of which, accrues to															
– holders of preference shares					34					34					34
– holders of Class D shares					204					216					252
– holders of Class A and B shares					1,178					1,515					1,723
Investments and divestments	-456	-	3,026	24		-707	-	2,836	1,413		-666	-	5,585 ²⁾	1,456 ²⁾	

1) SEK 30 M was reclassified to lease expenses from 1 January 2019.

2) Includes acquisitions and divestments of a portfolio of 37 properties for which a joint venture was established together with NP3 Fastigheter AB.



Risks and risk management

Sagax is exposed to various risks that may be of significance to the company's future business, earnings and financial position. The company works actively to identify and manage the risks and opportunities that are of importance to the operations.

RENTAL REVENUE AND RENT TRENDS

Sagax's revenue is impacted by long-term demand for premises in the warehouse and light industry segment, the properties' occupancy rate and the rent level received. Rent-level risk is attributable to trends in current market rents.

Risk management

To limit Sagax's exposure to vacancies and rent losses, Sagax endeavours to offer leases with long-term customer relationships and to prioritise tenants with a high credit rating, despite these entailing slightly lower immediate earnings. This is particularly important in relation to major tenants.

Sagax works continuously to renegotiate existing leases with the aim of minimising the short-term risk. Leases with a term in excess of three years normally include a supplement linked to the Consumer Price Index (CPI) in Sweden and to similar indexes in other markets, meaning they are fully or partially inflation indexed. At year end, 100% of Sagax's rental revenues were linked to the CPI or similar indexes.

Credit risk

The primary counterparty risk to which Sagax is exposed is that tenants could fail to make the payments required by their lease contracts.

Risk management

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

In conjunction with acquisitions and leases, counterparty risk assessments are carried out and contracts are supplemented, if necessary, by collateral in the form of deposits, bank guarantees, surety provided by the Parent Company or a similar instrument. Sagax works continuously to monitor and evaluate the financial position of its tenants. Sagax's opinion is that the company's tenants, with a small number of exceptions, stand on solid financial ground. Sagax did not suffer any increases rent losses due to the COVID-19 pandemic during 2020.

OPERATING AND MAINTENANCE COSTS

The most significant operating expenses include electricity and heating costs for the properties and expenses for property tax. If increases in expenses cannot be offset by regulating leases, this may have a negative effect on the company's earnings. In the event of vacancies, the company's profit is not only impacted by lost rental revenue but also by expenses for such items as power, which were previously paid by the tenants.

Risk management

Regarding the rental situation for premises in the warehouse and light industry segment, tenants in this area often assume relatively far-reaching responsibility for operations and maintenance. For the bulk of these expenses, tenants are either charged directly or the expense is passed on by Sagax at cost price. Sagax's exposure to changes in operating expenses is thus relatively limited.

TRANSACTION-RELATED RISKS

Property acquisitions form part of the company's day-to-day operations and are, by their very nature, associated with uncertainty. Risks related to the acquisition of properties include the future loss of tenants, environmental conditions, limitations on right-of-use assets and technical faults. Risks connected with the acquisition of property companies include taxes and legal disputes.

In connection with property divestments, it is common for the seller to provide guarantees regarding the validity of the leases, environmental risks and so forth. When selling a property company, it is also common to provide guarantees that no tax disputes or other legal disputes exist that could impact the company in the future. The guarantees are normally limited in time.

Risk management

Risks are prevented by ensuring that Sagax carries out relevant controls and investigations and that the right skills are found in the organisation or engaged as necessary.

CHANGES IN VALUES OF PROPERTIES

Sagax recognises its property holdings at fair value according to the accounting standard IAS 40 Investment Property, which stipulates that the properties' consolidated carrying amounts match their assessed market value. Accordingly, declining market values for the company's properties will negatively impact the company's income statement and balance sheet. Declining market values may occur due to a weakened economy, rising interest rates or property-specific circumstances, including vacancies, a deterioration in the technical standard or accidents resulting in material damages.

In addition, company management must make judgements and assumptions that affect property valuations as well as asset and liability items, revenue and expense items recognised in the accounts and other information provided. The actual outcome may differ from these judgments.

Risk management

To assess the properties' market value, Sagax engages the services of external valuation companies. The company believes



that the use of reputable, independent valuation companies creates the optimal long-term conditions for a fair and trustworthy assessment of the properties' market value.

The company takes continuous actions to limit its exposure to the events described above through, for example, proactive management, the signing of property insurance agreements and by formulating leases with adequate contractual terms.

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 in Note 13.

FUNDING

Sagax's funding primarily comprises equity and interest-bearing liabilities. The company's long-term funding comprises listed bonds, credit facilities and commercial paper. The counterparties of the credit facilities are Swedish and foreign commercial banks. The conditions on the capital or credit markets can change, which could result in no refinancing of existing liabilities or that refinancing cannot take place on reasonable terms.

Risk management

In a bid to limit its refinancing risk, Sagax endeavours to have a low percentage of current interest-bearing funding and to secure timely refinancing for non-current interest-bearing liabilities. In addition, Sagax strives to use several different sources of funding. Overall, this working approach is deemed to limit the company's refinancing risk.

The table below shows both the debt ratio's sensitivity to changes in property values and the interest coverage ratio's sensitivity to changes in the properties' occupancy rate.

Effect on debt ratio upon change in value of property portfolio on 31 December 2020

Change, %	-20	-10	0	+10	+20
Value change, SEK M	-7,510	-3,755	-	3,755	7,510
Debt ratio, %	51	47	43	39	37

Effect on interest coverage ratio upon change in occupancy rate on 31 December 2020

Change, %	-10	-5	0	+5	+10
Occupancy rate, %	86	90	95	100	N/A
Interest coverage ratio, %	514	544	575	605	N/A

LIQUIDITY RISK

Sagax has positive operating cash flow and will have limited refinancing requirements over the next few years; see Note 17 where the maturity dates for the Group's funding are presented. Sagax's working capital, excluding prepaid rental revenue of SEK 249 M, amounted to SEK -137 M (140). At the same date, unutilised credit facilities amounted to SEK 5,424 M (4,845), including lines of credit corresponding to commercial paper outstanding. No additional collateral needs to be pledged to utilise these credit facilities.

INTEREST-RATE RISK

Interest expenses are the Group's largest current cost item. Interest-rate risk is defined as the risk that changes in the interest rate scenario will affect Sagax's financing cost. The interest-rate risk is attributable to the trend in current interest rates. Conditions in the fixed-income market and in turn the interest rate scenario can change. The Riksbank's monetary policy, expectations of financial trends both internationally and nationally and unexpected events impact market interest rates.

Risk management

To reduce Sagax's exposure to potentially rising interest rates, the Group has a significant part fixed-rate loans. To limit interest-rate risk for loans at floating interest rates, interest-rate swaps and interest-rate caps are used. A rise in market interest rates of 1 percentage point would have increased Sagax's annualised interest expenses by SEK 36 M (46), based on the Group's liabilities on 31 December 2020. A reduction in market interest rates of 1 percentage point would have lowered Sagax's interest expenses by SEK 3 M (4) on an annual basis, since many of Sagax's contracted loan facilities include base-rate clauses that do not permit base rates to drop below zero. Had the company not utilised fixed-income derivatives to mitigate the interest-rate risk, an increase in market interest rates of 1 percentage point would have increased interest expenses by SEK 57 M (66) and a reduction in market interest rates of 1 percentage point would have decreased interest expenses by SEK 25 M (25) on an annual basis.

Taking into account Sagax's derivatives, the average fixed-interest period was 3.4 (3.5) at year end. Accordingly, this entails that Sagax's profit from property management is only impacted to a limited extent in the event of changes in the general interest rate scenario.



CURRENCY RISK

Sagax is exposed to exchange-rate risks due to investments and liabilities in EUR. Sagax's presentation currency is SEK and all balance-sheet items that are in EUR are translated to SEK. Translation differences could have a material effect on the Group's operations, financial position and results of operations in SEK.

At year end, Sagax owned 267 (275) properties in Finland, five (5) properties in Germany, 102 (79) properties in France, 89 (55) properties in the Netherlands and 100 (35) properties in Spain, which entailed exposure to the EUR exchange rate. At the same date, the market value of these properties amounted to SEK 25,014 M (20,853).

The properties are financed with equity and external loans. On 31 December 2020, interest-bearing liabilities denominated in EUR corresponded to SEK 15,403 M (13,577).

Risk management

Currency risk is managed by financing acquisitions of properties through borrowing in EUR. Transaction exposure in the Group is managed by matching revenue and expenses in the same currency.

Exposure

Net exposure on 31 December, assets less liabilities in EUR, amounted to SEK 8,471 M (6,205). In accordance with IAS 21, the currency effects for foreign operations and hedge accounting are recognised under Other comprehensive income. Other currency effects are recognised in profit or loss. A 10% change in the SEK/EUR exchange rate would impact profit from property management by SEK 135 M.

OPERATIONAL RISK

Within the framework of its day-to-day current operations, Sagax could potentially incur losses due to flawed procedures and inadequate control.

Risk management

Well-adapted administrative systems, effective internal control, skills development and access to standardized valuation and risk models provide a sound basis for reducing the operational risks. Sagax works continuously to develop the company's administrative security and controls.

ORGANISATIONAL RISK

Sagax's future development is highly dependent on the expertise, experience and commitment of company management and other key individuals. The company could be negatively impacted should one or more of key individuals terminate their employment.

Risk management

The company's growth has helped to alleviate this risk in recent years. Regular career development talks are held with all personal, as a means of identifying the need for skills development. The employment contracts reached are considered

to be on commercially competitive terms and Sagax has also established annual incentive plans to attract new employees and retain existing ones.

REGULATORY COMPLIANCE AND BUSINESS ETHICS

Shortcomings in regulatory compliance could result in financial losses, sanctions from supervisory authorities, tarnished reputation and delisting. Certain regulations are open to interpretation (IFRS), meaning that a regulatory body and Sagax may have differing opinions. Risks are also found in occupational health and safety, corruption and human rights. Sagax could be impacted by these risks through the conduct of employees or contractors.

Risk management

- Training in policies for all personnel
- The Sagax Code of Conduct for Suppliers is set as a requirement in agreements
- Whistle-blower function

ENVIRONMENTAL RISKS

According to applicable environmental legislation, the operator is ultimately responsible for pollution and other environmental damage. Under the Swedish Environmental Code, Sagax has no operations requiring any special permits. However, there may be tenants who conduct operations requiring special permits under the Environmental Code, meaning that they are regarded as operators as stipulated in the Environmental Code.

If the operator is unable to perform or defray post-treatment of a property, however, the party who acquired the property and who knew of or should have detected the pollution when the property was acquired is to assume responsibility. This means that under certain circumstances, claims may be directed at Sagax for land remediation or post-treatment in the event of the occurrence or suspicion of contamination of land, catchment area or ground water for the purpose of returning the property to the condition required according to the Environmental Code. Such claims could have a negative impact on Sagax.

Risk management

It is crucial that the property owner and the operator cooperate on issues concerning the environmental impact of a particular operation. Sagax performs environmental analyses of the properties that are acquisition candidates.

There are currently no material environmental claims directed at any of the Group companies. Nor has Sagax identified any significant environmental risks.

CLIMATE RISK

Higher sea levels or other changes to the physical environment could entail damage to Sagax's properties. This could mean a greater need for investments in properties in vulnerable areas. Climate change could also entail higher operating expenses. There can also be risks of unprofitable investments



if climate risk is not considered. In addition, environmental-policy decisions could affect Sagax, not least in the form of higher taxes or necessary investments.

Risk management

- Some of Sagax's new builds have sustainability rating
- Sagax is monitoring developments of climate-related laws and regulations
- Environmental analysis of the existing portfolio and in connection with acquisitions of properties to identify environmental and health risks

TAXES AND AMENDED LEGISLATION

In a decision of 7 December 2017 pertaining to the 2015 income year, the Tax Agency 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 has not made any provisions for this risk.

In its financial statements, Sagax has taken into account deferred tax based on the difference between an asset's or liability's carrying amount and its tax-assessment value, which are known as temporary differences; see Note 14. Sagax has also taken into account deferred tax assets regarding accumulated loss carryforwards in its Group companies. The consequence is that Sagax's earnings and equity are exposed to changes in tax legislation in those countries in which the Group conducts operations.

Changes in ownership, which entail a change in the controlling influence over the company, could result in partial or entire restrictions on the ability to utilise losses from previous years. The possibility to utilise the loss carryforwards may also be impacted by amendments to legislation. Other factors that may have negative implications for the company include amendments to legislation or legal practices, including law of tenancy and legislation governing acquisitions and the environment. Sagax's tax expenses are explained in Note 12.

INCREASED UNCERTAINTY DUE TO THE COVID-19 PANDEMIC

The COVID-19 pandemic has resulted in weaker macro-economic 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 1,813 leases. 80% of revenue was attributable to 1,802 leases, each with a rental value of less than 1% of the company's rental revenue.

Sagax's average rent losses have amounted to less than 0.1% of rental revenue for the past ten years and amounted to 0.02% in 2020. However, the impact of the negative macroeconomic trend on Sagax's tenants is unavoidable.

On 31 December 2020, Sagax's cash and cash equivalents and available credit facilities amounted to SEK 4,367 M, of which SEK 24 M in cash and cash equivalents. Sagax's cash flow from operating activities amounted to SEK 2,219 M.

SENSITIVITY ANALYSIS

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

Sensitivity analysis on 31 December 2020¹⁾

Amounts in SEK M	Change	Effect on profit from property management, annual basis	Effect on profit before tax, annual basis	Effect on equity
Economic occupancy rate	+/-1%	+/-28	+/-23	+/-23
Rental revenue	+/-1%	+/-28	+/-23	+/-23
Property expenses	+/-1%	-/+5	-/+4	-/+4
Interest expenses for liabilities in SEK including fixed-income derivatives	+/-1% point	-29/+11	-23/+9	-23/+9
Interest expenses for liabilities in EUR including fixed-income derivatives	+/-1% point	-7/-8	-6/-6	-6/-6
Interest expenses for liabilities in SEK excluding fixed-income derivatives	+/-1% point	-43/+25	-34/+20	-34/+20
Interest expenses for liabilities in EUR excluding fixed-income derivatives	+/-1% point	-14/+0	-12/+0	-12/+0
Change in SEK/EUR exchange rate ²⁾	+/-10%	+/-135	+/-105	+/-847
Changed rent level for contract maturity in 2019	+/-10%	+/-9	+/-7	+/-7

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.

The Sagax share and shareholders

Sagax's shares are listed on Nasdaq Stockholm, Large Cap. The company's market capitalisation on 31 December 2020 amounted to SEK 58 billion.

At the end of the period, Sagax had 19,807 (14,830) shareholders. Sagax's market capitalisation amounted to SEK 58,412 M (47,812). 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.

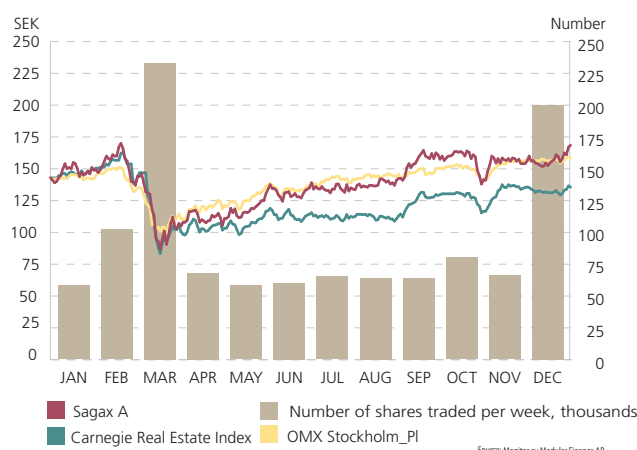
A total of 461,863,558 shares were outstanding at the end of the period, of which 2,000,000 were Class B treasury shares.

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 share price trend and information about share trading are provided below.

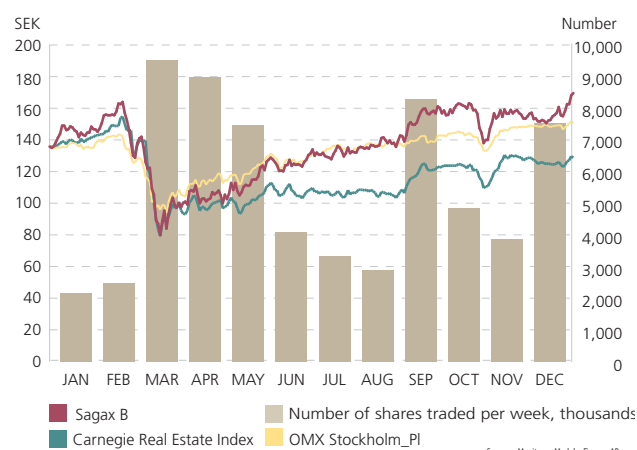
Trading in the shares 2020

	Price paid, SEK		Turnover rate on an annual basis, %		Average trading volume per trading day, SEK M	
	31 Dec 2020	31 Dec 2019	2020	2019	2020	2019
Class A shares	168.50	139.00	4	3	0.5	0.4
Class B shares	169.60	136.20	22	9	33.4	9.5
Class D shares	32.05	36.35	58	62	8.3	9.3
Preference shares	35.70	38.40	30	36	0.7	0.9

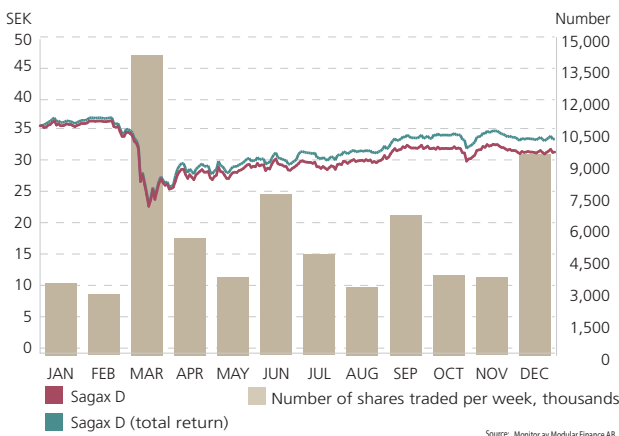
Price performance for Class A share 2020



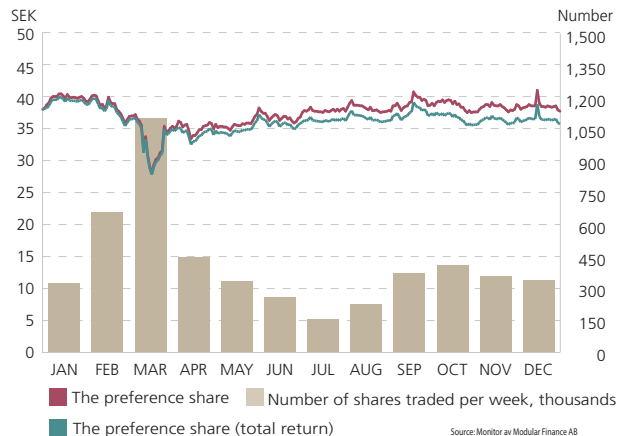
Price performance for Class B share 2020



Price performance for Class D share 2020



Price performance for preference share 2020



SHARE CAPITAL

The share capital in Sagax at year end amounted to SEK 808,261,226 and was distributed among a total of 461,863,558 shares, including 2,000,000 Class B shares held in treasury. The Extraordinary General Meeting held on 19 March 2021 resolved on a reduction of share capital through the compulsory redemption of all 16,784,028 preference shares in accordance with Article 5.6 of Sagax's Articles of Association. The quotient value per share is SEK 1.75.

Each Class A share carries one voting right and each Class B share, Class D share as well as each preference share carries one tenth of a voting right. Each voting member is entitled to vote for the full number of owned and represented shares at the AGM. The Sagax share is subject to trading on Nasdaq Stockholm. The shares are traded on Large Cap.

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.

DIVIDEND POLICY

Sagax's dividend policy is that the total dividend will amount to about one third of profit from property management. The Board is also authorised to propose the distribution of non-recurring profits to shareholders. Each Class D share provides entitlement to a maximum of SEK 2.00 per share.

The Board proposes that the Annual General Meeting resolve to pay a dividend of SEK 1.65 (1.30) per Class A and Class B share. The Board also proposes a dividend of SEK 2.00 (2.00) per Class D share through a quarterly payment of SEK 0.50, in accordance with the Articles of Association. The proposed dividend amounts to a total of SEK 776 M (697), corresponding to 32.5% (34.9) of profit from property management.

INCENTIVE PLANS FOR EMPLOYEES

Sagax has three warrant plans for the company's employees. In total, Sagax's employees hold 1,186,040 warrants, corresponding to 0.6% of the number of Class A and B shares. The company's CEO and Board members do not participate in incentive plans. These plans are valid for three years, and encompass the periods 2018-2021, 2019-2022 and 2020-2023.

Largest shareholders, 31 December 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	10,648,800	68,865,112	1,192,228	775	17.5%	25.2%
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	17,882,616	12,821,678	–	6.6%	4.4%
Third Swedish National Pension Fund	–	24,227,658	–	–	5.2%	3.5%
SEB Fonder	–	15,327,139	139,000	–	3.3%	2.2%
Avanza Pension	45,330	953,171	11,726,480	1,359,742	3.0%	2.1%
Länsförsäkringar Fonder	–	13,340,935	–	–	2.9%	1.9%
Swedbank Robur Fonder	500,000	8,959,127	–	–	2.0%	2.0%
ODIN Fonder	–	8,366,052	–	–	1.8%	1.2%
Erik Selin and companies	1,160,000	4,480,000	2,028,868	–	1.7%	2.6%
Johan Thorell and companies	203,254	6,949,125	–	–	1.5%	1.3%
Filip Engelbert and companies	241,000	2,119,784	4,200,000	–	1.4%	1.2%
Handelsbanken Fonder	–	6,234,678	–	–	1.3%	0.9%
Second Swedish National Pension Fund	–	5,219,916	–	–	1.1%	0.7%
Didner & Gerge Fonder	–	4,660,376	–	–	1.0%	0.7%
ICA-Handlarnas Förbund	–	–	4,400,000	–	1.0%	0.6%
Patrik Brummer and companies	–	–	166,666	3,440,000	0.8%	0.5%
Vanguard	–	–	3,056,555	508,217	0.8%	0.5%
Lars Ingvarsson and companies	–	3,346,410	100,000	–	0.7%	0.5%
Total 20 largest shareholders	22,847,169	250,739,267	46,579,225	5,308,734	70.5%	75.7%
Other shareholders	3,985,715	39,707,379	79,220,775	11,475,294	29.1%	24.3%
Sub-total	26,832,884	290,446,646	125,800,000	16,784,028	99.6%	100.0%
Shares held by AB Sagax	–	2,000,000	–	–	0.4%	0.0%
Total	26,832,884	292,446,646	125,800,000	16,784,028	100.0%	100.0%
– of which, Board and employees	15,533,388	116,926,066	5,908,142	923	30.0%	39.7%

1) Ownership structure on 31 December is based on information from Monitor and Euroclear Sweden.

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



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.

The Sagax Board of Directors has proposed to the AGM on 5 May 2021 that it resolve to approve a corresponding incentive plan providing entitlement to the company's employees, with the exception of the CEO and the Board Members, to subscribe for new common shares in June 2024.

No additional warrants or convertibles are outstanding.

Ownership structure, 31 December 2020¹⁾

No. of shares	No. of share-holders	Shareholder category	No. of shares	Share of voting power	Shareholders by country	No. of shares	Share of voting power
1–500	12,955	Private individuals residing in Sweden	17,825	9%	Sweden	18,618	89%
501–1,000	1,799				Switzerland	19	3%
1,001–2,000	1,424	Private individuals residing abroad	113	0%	USA	35	2%
2,001–5,000	1,538				UK	33	1%
5,001–10,000	759	Companies/institutions in Sweden	793	80%	Luxembourg	61	1%
10,001–50,000	912				Other countries	1,041	4%
50,001–	420	Companies/institutions abroad	1,076	11%			
Total	19,807	Total	19,807	100%	Total	19,807	100%

1) Including shares held by AB Sagax.

Key performance indicators per Class B share

	2020 31 Dec	2019 31 Dec	2018 31 Dec	2017 31 Dec	2016 31 Dec
Share price at year end, SEK	169.60	136.20	64.70	49.10	40.87
Profit from property management after dilution, SEK	6.62	5.51	4.30	3.70	2.98
Cash flow after dilution, SEK ¹⁾	6.09	4.86	3.94	3.26	2.56
Equity after dilution, SEK	55.09	46.78	35.67	27.13	19.57
Net asset value, SEK	66.38	56.77	44.22	35.04	26.89
Share price/Profit from property management, multiple	25.6	24.7	15.0	13.3	13.7
Share price/Cash flow, multiple ¹⁾	27.9	28.0	16.4	15.1	16.0
Share price/Equity, %	308	292	182	181	209
Share price/Net asset value, %	255	240	147	140	152

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

Share price performance and volatility

Performance ^{1,2)}	Sagax Class A share	Sagax Class B share	Sagax Class D share ³⁾	Sagax preference share	Carnegie Real Estate Index	OMX Stockholm PI
1 year	21%	25%	–13%	–7%	–4%	13%
2 years	120%	170%	–1%	1%	46%	25%
3 years	225%	233%	14%	4%	72%	29%
4 years	262%	328%	21%	10%	92%	52%
5 years	368%	410%	N/A	10%	104%	48%
Volatility ¹⁾	Sagax Class A share	Sagax Class B share	Sagax Class D share ³⁾	Sagax preference share	Carnegie Real Estate Index	OMX Stockholm PI
1 year	48%	46%	30%	28%	37%	27%
2 years	40%	24%	12%	15%	15%	14%
3 years	37%	23%	12%	13%	14%	13%
4 years	38%	24%	12%	14%	14%	14%
5 years	39%	26%	N/A	14%	15%	14%

1) Calculated on 31 December 2020.

2) The trend does not include reinvested dividend for Sagax shares or the Carnegie Real Estate Index and OMX Stockholm PI.

3) The Class D shares were listed on 9 November 2016.



LIQUIDITY PROVIDER

Carnegie Investment Bank serves as liquidity provider for the company's Class A and D shares within the framework of Nasdaq Stockholm's liquidity provider system. Under the agreement with Carnegie, the liquidity provider establishes buy and sell prices in the order book for Class A and D Sagax shares, at the same time as a guaranteed volume of shares is provided on the buy and sell pages of the order book. The purpose of the agreement is to promote share liquidity.

SHARE PRICE RELATIVE TO THE COMPANY'S PERFORMANCE

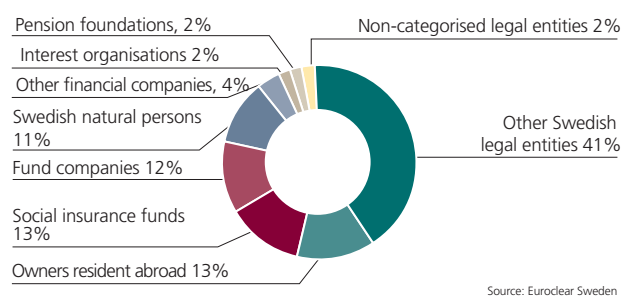
Profit from property management per Class B share after dilution on a rolling 12-month basis amounted to SEK 6.62

(5.51), which, compared with the share price of the Class B share at the end of the period, corresponded to a multiple of 25.5 (24.7).

EQUITY PER CLASS A AND B SHARE

Equity per Class A and B share after dilution amounted to SEK 55.09 (46.78). Net asset value per Class A and B share amounted to SEK 66.38 (56.77). The share price for the Class B share at the end of the period was 307% (292) of equity per Class B share and 255% (240) of net asset value per Class B share.

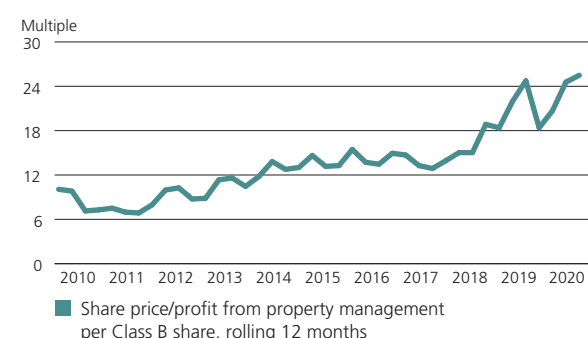
Shareholder category, share of equity



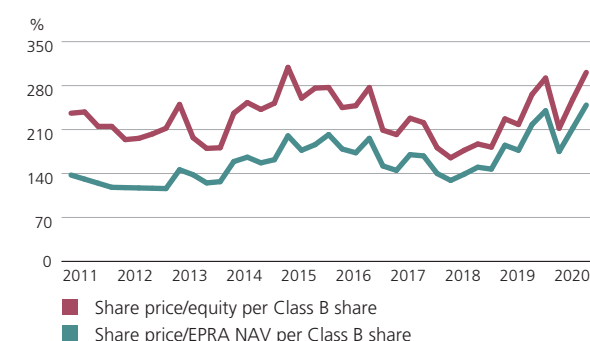
Net asset value, 31 December 2020

	SEK M	Per Class A and B share after dilution, SEK
Equity	22,452	71
Deduction for equity for preference shares	-537	-2
Deduction for equity for Class D shares	-4,403	-14
Reversal of derivatives	118	0
Reversal of temporary differences	2,590	8
Reversals due to joint venture	881	3
Net asset value	21,101	66

Share price/profit from property management per common share



Share price in relation to equity and EPRA NAV



Voting rights and proportion of share capital

Class of share	No. of shares	Voting rights per share	Number of votes	Proportion of voting rights	Proportion of share capital
Class A shares	26,832,884	1.0	26,832,884.00	38%	6%
Class B shares	292,446,646	0.1	29,244,664.60	42%	63%
Class D shares	125,800,000	0.1	12,580,000.00	18%	27%
Preference shares	16,784,028	0.1	1,678,402.80	2%	4%
Total	461,863,558		70,335,951.40	100%	100%



Organisation and employees

For the company to be competitive, it is important for employees to take responsibility and to feel a sense of involvement in the business. A competent organisation is critical to the company's development.

LEGAL STRUCTURE

At year end, the Group consisted of 329 Group companies with domiciles in Sweden, Finland, France, Denmark, the Netherlands and Spain. The properties in Germany are directly owned by five Swedish companies. The Parent Company owned 50% of Söderport Holding AB, Fastighetsaktiebolaget Ess-Sierra and Hemsö Intressenter AB, which in turn owned 30% of Hemsö Fastighets AB. In addition, Sagax owned 25% of Fastighetsbolaget Emilshus AB and 20% of the votes and 14% of the capital in NP3 Fastigheter AB. No properties are owned by the Parent Company.

ORGANISATION

The company's domicile and head office are in Stockholm, where the company's Group functions of accounting, tax, finance and business development are located. In Finland, France, the Netherlands and Spain, the operations are headed by the managing directors of each operation. The CFOs of each

company also report to Sagax's Group CFO. The CFO, Head of Finance and Tax Director in Stockholm have overall responsibility for accounting, financing and tax issues throughout the Group. Sagax has offices in Stockholm, Helsinki, Rotterdam, Paris and Barcelona.

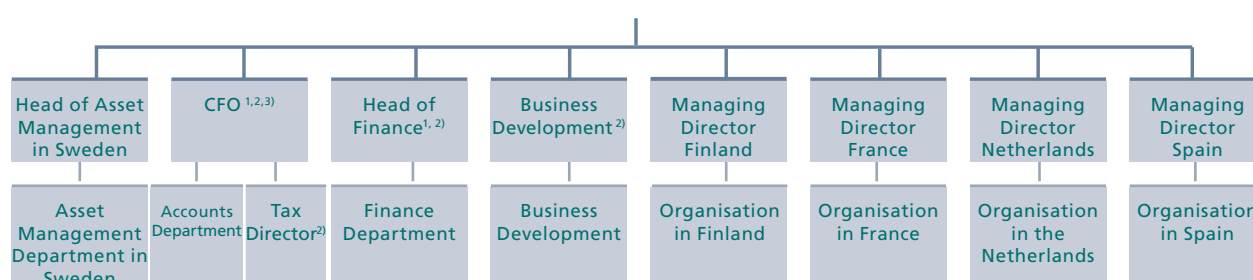
EMPLOYEES

Sagax's long-term development 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 the long term.

Sagax offers a flexible and creative environment where decision paths are short. Skills development is important for Sagax and career development discussions are held annually, in part to provide incentives for the development of each employee. When hiring, great importance is attached to skills and relevant experience as well as personal qualifications and qualities. Recruitment always takes place in competition and

Operating structure

CHIEF EXECUTIVE OFFICER OF SAGAX



1) Company management.

2) Overall Group responsibility for specialist area.

3) The CFOs of each country report to the CFO of the Group as well as the Managing Director of their country.

Number of Group companies

Domicile	No.
Sweden	118
Finland	157
Netherlands	43
France	6
Spain	3
Denmark	2
Total	329

Number of employees

Country	Total
Sweden	35
Finland	24
France	7
Netherlands	7
Spain	4
Total	77



there must always be at least three final candidates. As part of Sagax's recruitment process, the final candidates always meet employees in various parts of the company, and key individuals are also evaluated by the CEO and at least one Board member. Various tests may also be conducted in certain cases.

Sagax usually holds an annual conference attended by all of its employees, where the company's development, challenges and opportunities are discussed for two days. Due to COVID-19, Sagax did not hold a conference in 2020. Instead a virtual conference was arranged aimed at informing employees about Sagax's policies and maintaining a shared knowledge and values foundation for the entire organisation. In addition, quarterly presentations of Sagax's interim reports were held for all employees.

Sagax has managed to remain a relatively small organisation despite its rapid expansion. All 77 of Sagax's employees are permanently employed. The average number of employees during the year was 73. 18 employees were recruited in 2020 – nine in Finland, four in Sweden, two in the Netherlands, two in France and one in Spain. Ten employees left the company during the year.

The guidelines for remuneration of senior executives are presented in the corporate governance section.

INCENTIVE PLANS FOR EMPLOYEES

Sagax has three warrant plans for the company's employees. The plans are for three years and are targeted at all employees. The CEO and the company's Board Members are not included in the incentive plans. Sagax employees held a total of 1,186,040 warrants with the right to subscribe for common shares corresponding to 0.6% of the number of Class A and B shares outstanding.

NON-DISCRIMINATION

Employees are to have the same opportunities and the same rights and obligations regardless of sex, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age. This applies, for example, to salary structure, opportunities for promotion, skills development and the right to good working conditions. These efforts are to be pursued as a partnership between employer and employees. Every employee bears an individual responsibility for actively participating in non-discrimination efforts.

PROPERTY CARE-TAKING

Property care-taking and on-call duties are usually outsourced. Tenants outside the large cities are responsible for property care-taking themselves.





Multi-year summary

Consolidated statement of comprehensive income

Amounts in SEK M	2020	2019	2018	2017	2016
Rental revenue	2,898	2,581	2,247	1,870	1,563
Other revenue	10	27	30	4	10
Operating and maintenance costs	-311	-306	-256	-190	-160
Site leasehold fees	-	-	-22	-19	-18
Property tax	-141	-121	-93	-77	-50
Property administration	-60	-47	-37	-29	-19
Net operating income	2,397	2,133	1,869	1,558	1,326
Central administration	-132	-122	-132	-77	-68
Profit from joint ventures and associated companies	1,033	917	830	727	599
– of which, profit from property management	565	441	312	278	247
– of which, change in the value of properties and financial instruments	741	690	677	606	526
– of which, tax	-272	-214	-160	-157	-174
Financial income	39	20	35	19	3
Financial expenses	-455	-446	-481	-444	-409
Financial expense, interest component of leases	-26	-24	-	-	-
Profit including profit of joint ventures	2,857	2,478	2,121	1,783	1,451
– of which, profit from property management	2,389	2,001	1,603	1,334	1,098
<i>Realised changes in value:</i>					
Properties	-30	-40	-22	1	20
Financial instruments	1	-	36	3	-
<i>Unrealised changes in value:</i>					
Properties	1,274	1,301	1,265	1,113	1,306
Financial instruments	228	889	211	504	-51
Profit before tax	4,330	4,627	3,611	3,405	2,726
Deferred tax	-511	-416	-435	-390	-235
Current tax	-108	-100	-10	-49	-38
Profit for the year	3,711	4,111	3,166	2,965	2,453
Translation differences for foreign operations	-693	217	363	254	196
Share of othercomprehensive income for joint ventures	-13	13	3	5	12
Translation differences pertaining to hedge accounting	355	-143	-49	-84	-64
Tax on items that may be reversed to profit or loss	14	3	-29	-13	-11
Comprehensive income for the year	3,374	4,201	3,454	3,126	2,586



Condensed consolidated statement of financial position

Amounts in SEK M	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016
Investment properties	37,264	32,333	28,769	23,755	20,628
Investment properties for sale	284	292	255	16	–
Site leaseholds, right-of-use assets	368	346	–	–	–
Joint ventures and associated companies	6,833	5,693	3,286	2,632	1,667
Receivables from joint ventures	41	–	–	–	–
Other fixed assets	639	569	18	22	21
Total fixed assets	45,429	39,233	32,328	26,426	22,316
Cash and bank balances	24	86	73	60	283
Other current assets	1,168	834	1,289	754	505
Total current assets	1,193	921	1,362	814	788
Total assets	46,622	40,154	33,690	27,240	23,104
Equity	22,452	19,257	15,416	11,356	8,709
Non-current interest-bearing liabilities	17,977	16,052	13,866	11,938	10,896
Deferred tax liabilities	2,476	2,018	1,599	1,141	739
Other non-current liabilities	657	583	189	475	570
Total non-current liabilities	21,110	18,653	15,654	13,553	12,205
Current interest-bearing liabilities	1,851	1,385	1,817	1,679	1,600
Other current liabilities	1,209	858	803	652	590
Total current liabilities	3,060	2,243	2,620	2,331	2,190
Total liabilities	24,170	20,896	18,274	15,885	14,395
Total equity and liabilities	46,622	40,154	33,690	27,240	23,104



Key performance indicators and data per share

	2020	2019	2018	2017	2016
Property-related key figures					
Yield, %	6.3	6.4	6.8	6.9	7.1
Total yield	10.0	10.7	11.7	12.0	14.6
Surplus ratio, %	83	83	83	83	85
Occupancy rate by area, %	95	95	95	95	93
Economic occupancy rate, %	95	95	95	94	94
Lettable area, 000s of square metres	3,480	3,022	2,850	2,489	2,312
No. of properties	673	553	512	495	440
Financial key figures					
Return on total capital, %	6.6	6.7	6.8	7.1	7.4
Return on equity, %	18	24	24	30	33
Average interest rate, %	1.8	1.9	2.2	3.0	3.1
Fixed-interest period incl. derivatives, years	3.4	3.5	3	2.1	2.7
Loan maturity, years	3.4	3.8	3.6	3.1	3.6
Equity/assets ratio, %	48	48	46	42	38
Debt ratio, %	43	44	47	50	54
Net debt/EBITDA	6.4	6.6	7.4	8.1	8.7
Interest coverage ratio, multiple	5.7	4.9	4.2	3.7	3.4
Interest coverage ratio, EMTN programme, multiple	6.4	5.3	4.3	4.0	3.7
Data per Class A and B share¹⁾					
Price of Class B share at the end of the year, SEK	169.60	136.20	65.70	49.10	40.87
Net asset value, SEK	66.38	56.77	44.22	35.04	26.89
Equity, SEK	55.19	46.86	35.70	27.15	19.61
Equity after dilution, SEK	55.09	46.78	35.67	27.13	19.57
Earnings, SEK	10.80	12.15	9.24	8.86	7.27
Earnings after dilution, SEK	10.78	12.13	9.24	8.85	7.25
Profit from property management, SEK	6.63	5.51	4.31	3.71	2.99
Profit from property management after dilution, SEK	6.62	5.51	4.31	3.70	2.98
Cash flow, SEK	6.10	4.86	3.95	3.27	2.57
Cash flow after dilution, SEK	6.09	4.86	3.95	3.26	2.56
Dividend per share, SEK (proposed for 2020)	1.65	1.30	1.00	0.90	0.72
No. of shares at year end, millions	317.3	317.1	316.8	316.5	316.5
No. of shares at year end after dilution, millions	317.9	317.5	317.1	316.7	317.1
Average no., millions	317.1	316.9	316.7	316.5	316.5
Average no. after dilution, millions	317.7	317.3	316.9	317.0	317.2
Data per Class D share					
Share price at year end, SEK	32.05	36.35	31.70	29.92	28.30
Equity, SEK	35.00	35.00	35.00	35.00	35.00
Earnings, SEK	2.00	2.00	2.00	2.00	2.00
Dividend per share, SEK (proposed for 2020)	2.00	2.00	2.00	2.00	2.00
No. of shares at year end, millions	125.8	107.8	101.9	63.6	18.3
Average no., millions	118.4	105.7	83.0	43.1	2.9
Data per preference share²⁾					
Share price at year end, SEK	35.70	38.40	34.85	33.40	30.40
Equity, SEK	32.00	32.00	32.00	32.00	32.00
Earnings, SEK	2.00	2.00	2.00	2.00	2.00
Dividend per share, SEK (proposed for 2020)	0	2.00	2.00	2.00	2.00
No. of shares at year end, millions	16.8	16.8	16.8	16.8	58.2
Average no., millions	16.8	16.8	16.8	35.5	58.2

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

2) All preference shares were redeemed after the end of the year.



Events after the end of the year

In January 2021, Sagax issued an unsecured bond of EUR 400 M in the European capital market under the framework of its EMTN programme. The bond extends to 26 January 2028. The fixed interest rate amounts to 0.82%. The bond will be used to refinance existing liabilities and the company's operating activities. For further information refer to the press release, [Press release, 19 January 2021](#).

The Extraordinary General Meeting held on 19 March resolved on a reduction of share capital through the compulsory redemption of all outstanding preference shares in Sagax, corresponding to 16,784,028 preference shares in accordance with the redemption clause in Article 5.6 of Sagax's Articles of As-

sociation. In connection with the redemption, cash repayment to holders of preference shares will take place at an amount of SEK 35 per preference share, which totals an amount of SEK 587,440,980. The redemption of preference shares entails a reduction in the company's share capital of a maximum of SEK 29,372,049 (reduction amount), corresponding to the quotient value for the redeemed preference shares. In connection with the redemption, an amount corresponding to the reduction amount of a maximum of SEK 29,372,049 will be transferred from unrestricted equity to the statutory reserve. For further information refer to the press release, [Press release, 19 March 2021](#).

Corporate Governance Report

Sagax's owners govern the company directly and indirectly through various decision-making systems. The important corporate governance systems are discussed below. The corporate governance applied at Sagax meets the requirements stated in the Swedish Companies Act, the Swedish Annual Accounts Act, the Swedish Corporate Governance Code (the Code) and Nasdaq Stockholm's Rule Book for Issuers.

ARTICLES OF ASSOCIATION

According to the Articles of Association, AB Sagax is a public company (publ.). The Board is domiciled in Stockholm, Sweden. The company, directly or through subsidiaries, is to own, manage and operate activities involving real estate trading and to conduct other compatible operations. For further information, see Sagax's website www.sagax.se.

SWEDISH CORPORATE GOVERNANCE CODE

The Swedish Corporate Governance Code came into effect on 1 July 2005. As of 1 July 2008, the Code applies to all companies with shares traded on Nasdaq Stockholm. The Code is intended to serve as one component of self-regulation in the Swedish business sector. It is based on the "comply or explain" principle, meaning that it is not necessary to comply with all of the regulations all of the time, and that it is not wrong to deviate from one or more individual regulations in the Code if there is a reason which is explained. The Code addresses the decision-making systems through which the owners directly or indirectly govern the company. The main emphasis is on the Board in its capacity as the central player in corporate governance. The Code is managed by the Swedish Corporate Governance Board and is available at www.corporategovernanceboard.se. Regulations in the corporate governance area for listed companies can be found in the Swedish Companies Act, the stock exchanges' listing requirements and regulations and opinions from the Swedish Securities Council.

The Board of Directors has chosen to add only two members to the Audit Committee rather than three in accordance with the Code. The reason is that the Board of Directors consists of six members in total, and having two members on these committees is considered appropriate.

The entire Board of Directors has chosen to only meet the company's auditors in the presence of the CEO, which is natural since he is the company's largest shareholder.

The date of birth of Board members and management is not presented as this information is not relevant when assessing expertise and experience. Education, Board assignments and work experience are presented.

ANNUAL GENERAL MEETING (AGM)

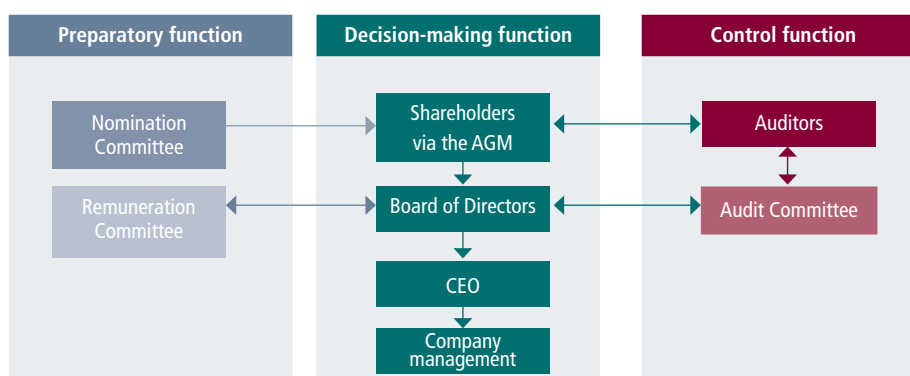
The AGM is the company's highest decision-making body. At the AGM, all shareholders are given the opportunity to exercise influence over the company represented by their respective shareholdings. In addition to the obligatory items stipulated in the Articles of Association, the following resolutions were also made:

Annual General Meeting 6 May 2020

The AGM of Sagax on 6 May 2020 resolved:

- To adopt the Board's adjusted proposed dividend of SEK 0.65 per Class A and Class B common share and SEK 2.00 per preference share and Class D common share for the 2019 financial year, with quarterly distributions of SEK 0.50 per preference share and Class D common share.
- To discharge the Board Members and the CEO from personal liability for the 2019 financial 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.

MANAGEMENT STRUCTURE





- 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 AB as auditors, with Oskar Wall as the auditor-in-charge. Fees to the auditors are to be paid based on approved invoices.
- To establish guidelines for remuneration of senior executives.
- To introduce the Incentive Plan 2020/2023 through the:
 - a) issue of warrants to the subsidiary Satrap Kapitalförvaltning AB and; b) approval of the transfer of the warrants to employees of the Company or its subsidiaries.
- Resolution concerning authorisation of the Board of Directors to increase the share capital through new issues of shares, warrants and/or convertibles.
- To authorise the Board, on one or more occasions prior to the next Annual General Meeting, to make decisions to acquire common shares, preference shares, warrants and/or convertibles. The company's holdings at any time may not exceed a tenth of the total number of shares in the company.

Extraordinary General Meeting, 10 November 2020

The Extraordinary General Meeting of Sagax resolved to pay an extra dividend of SEK 0.65 to holders of Class A and Class B common shares with 12 November 2020 as the record date.

Extraordinary General Meeting, 19 March 2021

The Extraordinary General Meeting of Sagax held resolved on a reduction of share capital through the compulsory redemption of all outstanding preference shares in Sagax with 7 April 2021 as the record date.

Ahead of the Annual General Meeting on 5 May 2021

Due to the continued spread of coronavirus and the instructions/advice of the government authorities to avoid gatherings of people so as to reduce the risk of contagion, the Board has decided that the AGM will be held without the physical attendance of shareholders, proxies or other parties and that voting will take place only by shareholders voting in advance in accordance with the procedures described below. Information about the resolutions passed at the AGM will be published on Wednesday, 5 May 2021 as soon as the final votes have been counted. Shareholders intending to participate in the AGM must:

- Be registered in the shareholders' register maintained by Euroclear Sweden AB ("Euroclear") on Wednesday, 27 April 2021.
- Notify the company of their participation by voting in advance using the special form not later than Tuesday, 4 May 2021. More information is available on the company's website, www.sagax.se. The completed form is to be sent to AB Sagax, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden or by e-mail to GeneralMeeting-Service@euroclear.com. The completed form may also be sent electronically using a BankID signature according to the instructions on <https://anmalan.vpc.se/euroclearproxy>.

Notice to convene the AGM, including resolution proposals, is presented on the company's website, www.sagax.se

NOMINATION COMMITTEE

The 2020 AGM resolved to assign the Chairman of the Board to contact the three largest shareholders or groups of shareholders in terms of votes, pertaining to directly registered shareholders and nominee-registered shareholders, according to Euroclear's transcript of the shareholders' register at 30 September 2020 and ask each to appoint one representative, in addition to the Chairman of the Board, to constitute the Nomination Committee for the period until a new Nomination Committee has been appointed according to authorisation from the next AGM. The majority of the members of the Nomination Committee are to be independent in relation to the company and company management. At least one of the Nomination Committee's members must be independent in relation to the company's largest shareholder or the group of shareholders, in terms of votes, that works together in respect of the administration of the company. The CEO or another member of executive management must not be a member of the Nomination Committee. Board Members may be appointed to the Nomination Committee but are not to constitute a majority of its members. If more than one Board Member is appointed to the Nomination Committee, at least one of them is required to be dependent in relation to the company's major shareholders. The Nomination Committee is to elect its chairman from among its own members. The Chairman of the Board or any other Board member is not to be elected chairman of the Nomination Committee. The composition of the Nomination Committee must be announced no later than six months prior to the 2020 AGM. The Nomination Committee announced on 27 October 2020 has the following composition:

- Björn Alsén, Chairman, representing David Mindus and companies.
- Håkan Engstam, representing Rutger Arnhult and companies.
- Erik Salén, representing the Salén family and companies.
- Staffan Salén, Chairman of the Sagax Board of Directors.

The Nomination Committee has, in accordance with the requirements of the Swedish Annual Accounts Act and the Swedish Corporate Governance Code, decided on a diversity policy for election to the Board. The policy states that "The Board must have an appropriate composition in terms of expertise and experience. It is considered important that members are also shareholders in the company. It is of the utmost importance that the selection of members is non-discriminatory on the grounds of sex, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation and age." The Nomination Committee held one minuted meeting and also maintained contact by telephone and e-mail.

BOARD OF DIRECTORS

According to the Articles of Association, Sagax's Board is to comprise at least three (3) and at most eight (8) members, with no deputies. Sagax's Board of Directors consists of six members, who were elected at the 2020 AGM. The Board comprises Board Members Johan Cederlund, Filip Engelbert, Staffan Salén, Johan Thorell, Ulrika Werdelin and CEO David Mindus. Staffan Salén was appointed Chairman of the Board at the 2020 AGM. The term of all Board Members runs until the end of the next AGM. For further information about the Members of the Board, see [page 65](#).

Board of Directors' work plan

The Board's tasks are governed by Swedish Companies Act and the Articles of Association. The Board's work is also governed by the formal work plan adopted by the Board every year at the statutory Board meeting or the AGM. The formal work plan describes the Board's tasks and the division of responsibility between the Board and the CEO. The directive issued to the CEO and the instructions on financial reporting are adopted at the same time.

- The Board's tasks include deciding on the acquisition and disposal of companies and properties, procurement of loans and guarantees, organisational issues, forecasts and full-year and interim reports.
- According to the formal work plan, the Board must meet at least five times per calendar year in addition to the statutory meeting and strategy meeting.
- The work plan regulates the issues that must always be considered at these five meetings and the statutory meeting.

Chairman of the Board

According to the Board's work plan, it is the Chairman of the Board's responsibility to ensure that the Board performs its work effectively and fulfils its obligations. It is also the responsibility of the Chairman to carry out the assignments instructed by the Annual General Meeting as regards the establishment of the Nomination Committee, participate in its work, and ensure that the Board's work is evaluated once a year. In addition, the Chairman of the Board is to ensure that Board matters are not handled in a way that contravenes the

provisions of the Swedish Companies Act and the Articles of Association, and ensure that Board members are familiar with legislation on insider trading and the company's insider policy.

The Board's work in 2020

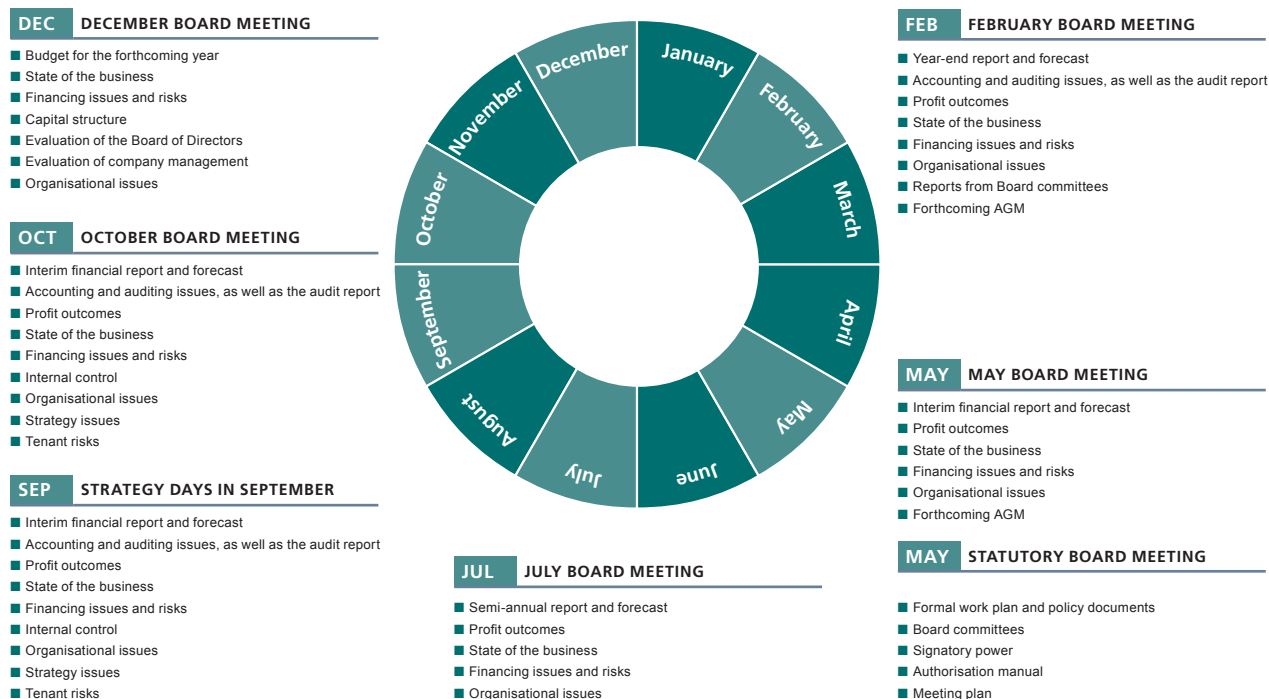
Sagax's Board held 26 minuted meetings in 2020, one of which was a statutory meeting. The main issues at the meetings for the year were acquisition and divestment of properties, funding issues and the adoption of interim reports and forecasts. The Board was also informed of the current state of the business. In addition to the minuted meetings, the Board also met once for a special discussion of the company's future strategies and financial targets. According to its investment strategy, Sagax aims to continue its growth through the acquisition of new properties and investments in existing properties. The company invests in properties that fulfil the Group's requirements for return and risk. Each investment is considered separately when decisions are made. The Chairman of the Board ensured that the Board's work was evaluated and the results then discussed by the Board. The financial targets adopted by the Board were followed up as budget and quarterly reports were adopted.

BOARD COMMITTEES

Remuneration Committee

At its statutory meeting on 6 May 2020, the Board appointed a Remuneration Committee consisting of the Board of Directors. The Board has adopted an instruction concerning the work of the Remuneration Committee. The task of the

FUNDAMENTAL STRUCTURE FOR BOARD WORK AT SAGAX





Remuneration Committee is to prepare issues concerning remuneration and other terms and conditions of employment for company management. The Remuneration Committee held one meeting about remuneration. The Committee's report is available from the Sagax website, www.sagax.se.

Audit Committee

The members of the Audit Committee, which was appointed at the Board's statutory meeting on 6 May 2020, are Johan Thorell and Staffan Salén. The Audit Committee meets the company's auditors on three occasions per year. The Board has adopted an instruction concerning the work of the Audit Committee. The task of the Audit Committee is to maintain and increase the efficiency of contacts with the Group's auditors, exercise supervision over accounting and financial statements procedures, evaluate the auditors' work and monitor the development of accounting policies and requirements. The Audit Committee held three minuted meetings with the auditor in 2020, as well as one minuted meeting in 2021. During these meetings, topics including the auditors' examination of the company's financial reporting and internal controls were presented and discussed. The auditors' observations and opinions were subsequently reported to the Board.

STOCK MARKET INFORMATION

The company is required to provide rapid, correct, relevant and reliable information. The company submits interim reports concerning the business on a quarterly basis, and a year-end report and annual report for the entire financial year. Sagax uses its website to rapidly provide information to the stock market. Significant events are announced through separate press releases.

OTHER DISCLOSURES CONCERNING THE BOARD AND MANAGEMENT

There are no conflicts of interest between the Board or management on the one hand and the company on the other. Board Members Filip Engelbert, Johan Thorell, Ulrika Werdelin and Johan Cederlund are independent in relation to the company, company management and the company's principal owners. The Board Member David Mindus, who is also Sagax's CEO, is dependent in relation to the company. Staffan Salén and David Mindus each represent in excess of 10% of the voting rights and are thus considered to be dependent in relation to the company's principal owners. Independence in relation to the company and its principal owners entails that there are no extensive business connections with the company, and that the Board Members represent less than 10% of the shares or voting rights at year end.

No special agreements have been reached between Sagax and major shareholders, customers, suppliers or other parties that caused any Board members or executive management to be chosen for these posts. There are no restrictions on the rights of Board Members or senior executives to sell their Sagax securities. None of the Group's member companies has entered into agreements that entitle Board Members or members of execu-

tive management to benefits after their respective assignments end. However, members of executive management are entitled to a salary for a certain period when their employment has been terminated by the company; see Note 5.

REMUNERATION OF THE BOARD AND SENIOR EXECUTIVES

The AGM on 6 May 2020 resolved to pay a total of SEK 1,050,000 in director fees, of which SEK 330,000 to the Chairman of the Board and SEK 180,000 to each other non-executive Board member elected by the AGM. The CEO receives no remuneration for his Board assignment in Sagax. Fees to the auditors are to be paid based on approved invoices.

The 2020 Annual General Meeting resolved on guidelines on remuneration of the CEO and other members of Sagax management. Variable cash remuneration encompassed by these guidelines aims to promote Sagax's business strategy and long-term interests. Sagax has long-term share-related incentive plans that were resolved by general meetings and thus are not encompassed by these guidelines. The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The CEO does not receive pension benefits. Fulfilment of the criteria for payment of variable cash remuneration is measured for a period of one year. The variable cash remuneration may amount to a maximum of 50% of the fixed annual salary. The period of notice for termination of employment by Sagax may be a maximum of six months. The period of notice for termination of employment by the senior executive may be a maximum of six months. Severance pay is not paid. For more information about Sagax's guidelines for remuneration of senior executives, see Sagax's website www.sagax.se

AB Sagax has complied with the guidelines resolved by the AGM. For further information about remuneration of company management, see Note 5.

AUDIT

The auditors are required to examine the company's annual report and accounting, as well as the management by the Board and the CEO. The auditors are required to attend, and present a report at, the Board meeting where the decision is made whether to adopt the annual accounts for the preceding financial year. The auditors are required to submit an auditor's report to the AGM after every financial year. The auditor also reviewed the interim report for January-September 2020, and submitted a review report concerning the interim financial information. The auditors are elected by the AGM for a one-year term.

The 2020 AGM elected the authorised accounting firm Ernst & Young AB, with Authorised Public Accountant Oskar Wall as the signing auditor in charge for the period until the 2021 AGM. Oskar Wall has been Sagax's auditor since 2019.

The company's auditor-in-charge attended one Sagax Board meeting in 2020 and one in 2021.

INTERNAL CONTROL

According to the Companies Act and the Swedish Corporate Governance Code, the Board is responsible for internal control. This report on the company's internal control has been prepared in accordance with the Swedish Corporate Governance Code. It concerns the company's financial statements.

Control environment

The basis for internal control consists of the control environment, which as a whole forms the organisational structure, culture and values governing Sagax. The control environment comprises all of Sagax's policies, guidelines, processes, standards and procedures. The company has a relatively small organisation. Property care-taking and on-call services have been outsourced, and in certain cases the tenants are responsible for their own property care-taking. Administrative services have been purchased for the Danish and German operations concerning tax accounting and accounting records. Administrative property management in the various countries is handled by the local offices in each country. Control and follow-up of the business take place locally and from the Stockholm office. Sagax's internal control is based on the



INTERNAL RULES AND POLICIES ADOPTED BY THE SAGAX BOARD

Non-discrimination policy

Sagax's non-discrimination policy aims to clarify that the principle of equal treatment applies at Sagax, meaning that no discrimination or other type of victimisation may occur. These efforts are to be pursued as a partnership between employer and employees.

Anti-corruption policy

The policy aims to clarify the company's views on corruption and to reduce any uncertainty about what can be regarded as corruption. Violation of the policy constitute grounds for dismissal by the company.

Health and safety policy

Sagax's long-term goals are dependent on highly skilled and professional 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 the long term. The Health and safety policy stipulates guidelines for how Sagax continuously follows up operations to prevent ill-health and accidents at work.

Financial policy

The financial policy sets out guidelines and rules as to how financial operations in Sagax are to be pursued and also provides guidance in the daily work of the employees of the financing department. It states how the various risks in the financial operations are to be limited and how to report on Sagax's financial affairs to the Board.

Sustainability policy

The sustainability policy clarifies guidelines for Sagax's long-term sustainability work. Sagax's overriding objective is the generation of the maximum possible risk-adjusted return to the company's owners and to achieve this goal the company operations are consistently conducted with a long-term perspective. Sagax's work with sustainability issues is a natural part of operations and helps to achieve the company's goals.

Information policy

The purpose of Sagax's information policy is to ensure that stock market players receive rapid, simultaneous, accurate, relevant and reliable information about the company. Information to the public is primarily issued in the form of press releases and financial reports.

Insider policy

Sagax's insider policy is intended to reduce the risk that an employee could violate applicable insider laws. The insider policy is a supplement to the insider laws in force and, in some respects, its requirements are stricter than those of the law. The insider policy applies to employees, all people in an insider situation, parties closely related to these insiders and other people who have been informed that the policy applies to them.

Dividend policy

Sagax's dividend policy is intended to allow for continued growth and adequate preparedness to take advantage of business opportunities. The Board also considers it to be of great importance that expansion can occur while preserving freedom of action and financial stability. Accordingly, the Board considers it to be appropriate that the dividend, including the dividend on Class D shares, correspond to one third of profit from property management.



principles of clear divisions of responsibility, limited mandates, well-defined decision-making paths, and regular follow-ups that have been documented and communicated in governing documents such as the Board's formal work plan, financial policy, authorisation manuals and reporting instructions. Internal policies, guidelines and manuals are also important to internal control. Current documents are regularly updated when changes are made to legislation, accounting standards or listing requirements.

Risk assessment

Risk management is built into the company's processes and various methods are used to evaluate and limit risks and to ensure that the risks faced by Sagax are managed in accordance with established policies and guidelines.

In accordance with the formal work plan, the Audit Committee reviews internal control at least once annually with the company's auditors, and the review is presented to the Board at the following Board meeting. Risks are identified, and measures are established to reduce these risks. The significant risks that Sagax has identified related to the financial reporting are misstatements in the accounts and the valuation of properties, taxes and VAT, and the risk of fraud, losses or misappropriation of assets.

Control activities

The identified risks concerning financial reporting are managed via the company's control structures, resulting in several control activities. These activities are intended to prevent, detect and correct errors and discrepancies and include analytical follow-up at several levels of the organisation and comparison of profit/loss items, account reconciliations, follow-up and reconciliation of Board resolutions and policies adopted by the Board, approval and accounting of business transactions, proxy and authority structures, authorised signatories, Group-wide definitions, templates, reporting tools and accounting and valuation principles. Standardised reporting procedures and clear work plans and divisions of responsibility are important parts of Sagax's control activities.

When Sagax's financial reports are prepared, significant income statement and balance sheet items are examined and analysed with extra thoroughness. Risk management concerning these items is the top priority. Regarding the income statement, the main items prioritised are rental revenue, financial items and changes in value, which are partly dependent on judgments. With respect to the balance sheet, the items of investment properties and interest-bearing liabilities are analysed with extra care. System controls, process description and various intra-Group directives are used to ensure that no material misstatements have occurred or could occur.

Property managers have a clear profit responsibility for the properties in their charge. Together with the analysis performed at Group level, their regular analyses of the properties' financial results are an important part of internal controls to ensure that the financial statements is free of material misstatements. Sagax continuously develops its system support for the operation.

Information and communication

The aim of Sagax's information and communications policy is to provide efficient and accurate information about its financial statements. The company's insider and financial policies also address information and communication about the financial statements. Policies and guidelines for financial statements, as well as updates and amendments, are available to the relevant employees, and the executive management team annually reviews the rules and regulations with all employees. The company's rules and regulations are designed according to Swedish law, Nasdaq Stockholm regulations and the Swedish Corporate Governance Code.

Company management presents the quarterly report to all employees after it has been communicated in accordance with the rules and regulations. The Board receives additional information about risk management, internal control and financial statements from the auditors via the Audit Committee, or at Board meetings attended by the auditors.

Governance and follow-up

Profit outcomes are continuously followed up at several levels of the company, i.e. at both the property and Group levels. They are checked against both budget and forecasts. The result is analysed by both the administration and accounts departments and presentations are made to both the CEO and the Board. According to the Board's instruction to the Audit Committee, the company's auditors must report directly to the Audit Committee at least twice annually. The auditors must report their observations from their examination and their assessment of the internal control. Their observations are then presented to the Board at the following Board meeting. Minutes from the Audit Committee meetings are incorporated into Board materials prior to the next Board meeting.

Internal auditing requirements

The effectiveness of internal auditing largely depends on the company's organisational structure and the size of the organisation. Sagax has a relatively small organisation, with the administration of finance, accounting and leases managed from the company's Stockholm, Helsinki, Rotterdam, Paris and Barcelona offices. Profit/loss and the balance sheet are followed up quarterly, by the various functions in the company and by company management. As a result of these considerations, the company does not see a need for a special internal audit unit.

Whistle-blower function

Sagax's whistle-blower function is available on the company's website. This whistle-blower system is a warning system that enables both employees and external stakeholders to anonymously report any deviations from Sagax's ethical guidelines. The service is administered by an external party to ensure anonymity and professionalism.



Board of Directors

STAFFAN SALÉN

Board Member since 2004 and Chairman of the Board since 2016. Member of the Audit and Remuneration Committees.

Education: MSc in Business and Economics from Stockholm University.

Other Board assignments: Chairman of eWork Scandinavia AB, Amapola AB and Westindia AB. Board Member of companies including Strand Kapitalförvaltning AB, Green Landscaping AB and Landauer Ltd.

Current position: President of Salénia AB.

Work experience: Previously Executive Vice President and Communications Director of FöreningsSparbanken AB, Managing Editor of the Finanstidningen financial magazine and financial analyst at Proctor & Gamble.

Dependent in relation to the company and its principal owners.

Holding in Sagax: 4,264,928 Class A shares, 34,970,660 Class B shares and 95,600 Class D shares.

JOHAN CEDERLUND

Board Member since 2010. Member of the Remuneration Committee.

Education: MSc in Business and Economics from the Stockholm School of Economics and Master of Laws from Stockholm University.

Other Board assignments: Including Chairman of the industrial and retail group Lotorp and Chairman and Board Member of other companies in the Lotorp Group.

Work experience: Previously lawyer and partner of the law firm Vinge, with a focus on company acquisitions, financing and the stock market.

Independent in relation to the company and its principal owners.

Holding in Sagax: 154,160 Class B shares and 13,359 Class D shares.

FILIP ENGELBERT

Board Member since 2007. Member of the Remuneration Committee.

Education: Bachelor of Science from Babson College, USA.

Other Board assignments: Board member of Matterhorn AEH AB, and its subsidiaries, Gornergrat Capital AB, IfDelayed AB, Tiptapp AB, Kroppens Hus AB and Stellar Equipment AB.

Work experience: Previously CEO of Avito AB, Kontakt East Holding AB and Remium AB.

Independent in relation to the company and its principal owners.

Holding in Sagax: 241,000 Class A shares and 2,119,784 Class B shares and 4,200,000 Class D shares

DAVID MINDUS

Board Member and CEO since 2004. Member of the Remuneration Committee.

Education: MSc in Business and Economics from Stockholm University.

Other Board assignments: Hemsö Fastighets AB.

Work experience: Previously analyst and business developer in property companies and consulting companies.

Dependent in relation to the company and its principal owners.

Holding in Sagax: 10,648,800 Class A shares, 68,865,112 Class B shares, 1,192,228 Class D shares, 775 preference shares.

JOHAN THORELL

Board Member since 2004. Member of the Audit and Remuneration Committees.

Education: MSc in Business and Economics from the Stockholm School of Economics.

Other Board assignments: Board member of Tagehus Holding AB, Hemsö Fastighets AB, Delarka Holding AB, Storskogen Group AB, Kallebäck Property Investors AB, K2A Knaust & Andersson Fastigheter AB and Nicoccino Holding AB.

Current position: CEO of Gryningskust Holding AB.

Work experience: Active in property management since 1996. Independent in relation to the company and its principal owners.

Holding in Sagax: 203,254 Class A shares, 6,949,125 Class B shares.

ULRIKA WERDELIN

Board Member since 2010. Member of the Remuneration Committee.

Education: MSc in Business and Economics from the Stockholm School of Economics.

Work experience: Previously chief Platform Officer for Accel, a global venture capital firm based in London and Silicon Valley. Before that 25 years within various investment funds and Managing Director of Goldman Sachs International.

Independent in relation to the company and its principal owners.

Holding in Sagax: 49,322 Class A shares, 949,690 Class B shares and 264,513 Class D shares.

The holding includes own holdings, those of related parties and holdings in related companies on 31 December 2020.



Sagax's Board of Directors consists of Johan Cederlund, Staffan Salén, Ulrika Werdelin, David Mindus, Filip Engelbert and Johan Thorell.

Remuneration paid to the Board

Name	Assignment	Elected	Independent ¹⁾	Remuneration, SEK	Participation in total number of Board meetings		
					Board meetings	Remuneration Committee	Audit Committee
Staffan Salén	Chairman	2004	No	330,000	26 of 26	1 of 1	3 of 3
Filip Engelbert	Member	2007	Yes	180,000	25 of 26	1 of 1	
David Mindus	CEO/Member	2004	No	–	26 of 26	1 of 1	
Johan Thorell	Member	2004	Yes	180,000	26 of 26	1 of 1	3 of 3
Ulrika Werdelin	Member	2010	Yes	180,000	25 of 26	1 of 1	
Johan Cederlund	Member	2010	Yes	180,000	26 of 26	1 of 1	

1) Independent in relation to the company and its principal owners means that there are no extensive business connections with the company and that Board Members represented less than 10% of the shares or votes at the end of the year.



Company management

**DAVID MINDUS**

See [page 65](#).

**BJÖRN GARAT**

Head of Finance and Deputy CEO since 2012.

Education: MSc in International Economics and Business at Linköping University.

Work experience: Partner and responsible for Corporate Finance at Remium Nordic AB and financial analyst.

Holding in Sagax: 121,530 Class A shares, 1,867,583 Class B shares, 100,847 Class D shares, 148 preference shares and 71,562 warrants for Class B shares.

**AGNETA SEGERHAMMAR**

CFO of Sagax since 2018.

Education: MSc in Business and Economics from Uppsala University.

Work experience: CFO and Deputy Managing Director of A Group of Retail Assets Sweden AB (Publ), Director of Finance of Steen & Ström, CFO of Areim, Kista Galleria KB and Jones Lang LaSalle.

Previously auditor at PwC.

Holding in Sagax: 62,548 warrants for Class B shares.

Auditor

**OSKAR WALL**

Auditor of the company since 2019.

Authorised Public Accountant at Ernst & Young and member of FAR.

Other audit assignments include Arlandastad Holding AB, Estea AB, Forsmark Kraftgrupp AB, Järntorget Byggintressenter AB, Karolinska Development AB, Stendörren Fastigheter AB, and AB Stockholmshem.

No holding in Sagax on 31 December 2020.

The holding includes own holdings, those of related parties and holdings in related companies on 31 December 2020. Sagax has incentive plans for all employees, which do not include the company's CEO.



Consolidated statement of comprehensive income

Amounts in SEK M	Note	2020	2019
Rental revenue	2	2,898	2,581
Other revenue		10	27
Operating expenses	4	–232	–222
Maintenance costs	4	–79	–84
Property tax	4	–141	–121
Other property expenses	4	–60	–47
Net operating income	3	2,397	2,133
Central administration	5, 6, 21	–132	–122
Profit from joint ventures and associated companies	10	1,033	917
– of which, profit from property management		565	441
– of which, changes in value of properties and financial instruments		741	690
– of which, tax		–272	–214
Financial income	7	39	20
Financial expenses	8	–455	–446
Financial expenses, interest component of leases	8	–26	–24
Profit including profit of joint ventures and associated companies		2,857	2,478
– of which, profit from property management	3	2,389	2,001
Changes in value of properties, realised		–30	–40
Changes in value of properties, unrealised	13, 29	1,274	1,301
Changes in value of financial instruments, realised	18	1	–
Changes in value of financial instruments, unrealised	18, 29	228	889
Profit before tax		4,330	4,627
Deferred tax	12, 14	–511	–416
Current tax	12	–108	–100
Profit for the year¹⁾	3	3,711	4,111
<i>Other comprehensive income – items that may be reversed to profit or loss:</i>			
Translation differences for foreign operations		–693	217
Share of other comprehensive income for joint ventures		–13	13
Translation differences pertaining to hedge accounting in foreign operations		355	–143
Tax on items that may be reversed to profit or loss		14	3
Comprehensive income for the year¹⁾		3,374	4,201
Earnings per Class A and B share, SEK ²⁾	28	10.80	12.15
Earnings per Class A and B share after dilution, SEK ²⁾	28	10.78	12.13
Earnings per Class D share, SEK		2.00	2.00
Average number of common shares, millions ²⁾		317.1	316.9
Average number of common shares after dilution, millions ²⁾		317.7	317.3
Average number of Class D shares, millions		118.4	105.7

1) Profit for the year and comprehensive income are attributable in their entirety to the Parent Company's shareholders.

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.

Comments on the consolidated statement of comprehensive income

REVENUE

Rental revenue rose 12% to SEK 2,898 M (2,581). Revenue was primarily affected by property acquisitions. Other revenue amounted to SEK 10 M (27). The previous year was primarily impacted by compensation from tenants who prematurely vacated premises and by insurance compensation.

PROPERTY EXPENSES

Operating and maintenance costs amounted to a total of SEK 311 M (306). Expenses for property tax increased to SEK 141 M (121). Other property expenses rose to SEK 60 M (47). The increase was due primarily to property acquisitions.

CENTRAL ADMINISTRATION

Costs for the Group's central administration amounted to SEK 132 M (122), corresponding to 4.5% (4.7) of the Group's rental revenue.

Central administration costs in the consolidated income statement comprise expenses for such items as company administration and expenses for maintaining the stock exchange listing. The Parent Company's expenses for items such as Group management, IT, auditing and financial reporting are included in the concept of central administration. Parts of the expenses for Sagax offices in Helsinki, Paris, Rotterdam and Barcelona are also categorised as central administration costs.

PROFIT FROM JOINT VENTURES AND ASSOCIATED COMPANIES

Profit from joint ventures and associated companies pertained to Sagax's shares in the earnings of the company's joint ventures and associated companies; see [page 40](#) for more information.

Profit from joint ventures and associated companies including changes in the value of properties and fixed-income derivatives and after tax amounted to SEK 1,033 M (917), of which profit from property management accounted for SEK 565 M (441), changes in the value of fixed-income derivatives for SEK -18 M (5) and changes in the value of properties for SEK 759 M (695). Profit was charged with deferred tax of SEK 272 M (214), see also Note 23.

FINANCIAL INCOME

Sagax's financial income amounted to SEK 39 M (20) and mainly comprised dividends interest on convertible debentures, see Note 18.

FINANCIAL EXPENSES

Financial expenses amounted to SEK 481 M (470), including SEK 26 M (24) for the interest component for leases. The average interest rate was 1.8% (1.9) on 31 December 2020 due to refinancing and new borrowing at lower interest rates. Interest-bearing liabilities increased to SEK 19,904 M (17,159) due to financing of property acquisitions.

Interest expenses amounted to SEK 408 M (374), amortisation of allocated borrowing expenses to SEK 47 M (42), costs for loan commitments to SEK 22 M (25) and other financial expenses to SEK 4 M (29). For more information about funding at Sagax, see Note 17.

CHANGES IN VALUE

The change in value recognised for investment properties during the year totalled SEK 1,244 M (1,261), of which SEK 1,274 M (1,301) pertained to unrealised changes in value. SEK 1,154 M of the changes in value was due to a general change in market value. SEK 121 M was due to improved earnings, see also Note 13.

The change in the value of financial instruments amounted to SEK 210 M (884) for the period, of which SEK -18 M (-5) referred to joint ventures. The change in value attributable to fixed-income derivatives amounted to SEK -24 M (15), of which -18 M (-5) referred to joint ventures. Revaluation of listed shares resulted in an unrealised change in value of SEK 77 M (594). Financial instruments attributable to joint ventures were revalued in the amount of SEK 134 M (305), see also Note 18.

EARNINGS

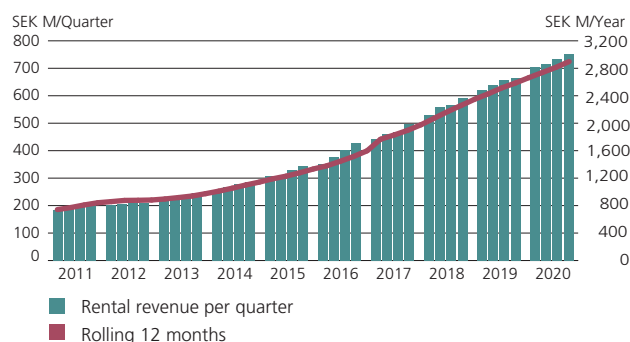
Profit from property management increased 19% to SEK 2,389 M (2,001). The increase in profit from property management was mainly attributable to property acquisitions and higher profit from property management in joint ventures and associated companies. Profit from property management per Class A and B share after dilution rose 20% to SEK 6.62 (5.51).

Profit after tax for the year was SEK 3,711 M (4,111).

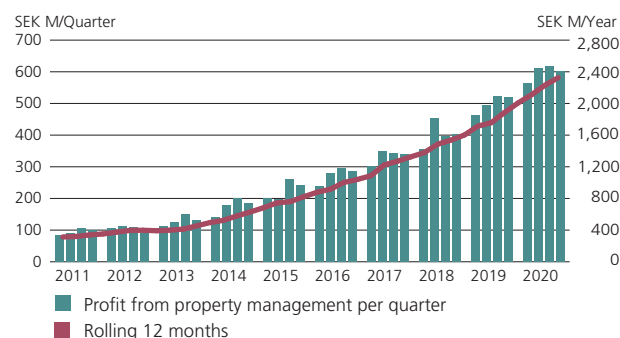
TAX

Sagax recognised a tax expense of SEK 619 M (516). The deferred tax expense for the year amounted to SEK 511 M (416) and the current tax expense to SEK 108 M (100). See also Note 12.

Rental revenue



Profit from property management





Consolidated statement of financial position

Amounts in SEK M	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Fixed assets			
Investment properties	13	37,264	32,333
Investment properties for sale	13	284	292
Right-of-use assets, site leaseholds	13	368	346
Tangible fixed assets	21	26	9
Right-of-use assets, other fixed assets	21	26	24
Participations in joint ventures and associated companies	23	5,945	4,939
Receivables from joint ventures	24	41	–
Financial receivables	15	587	535
Financial instruments	18	888	755
Total fixed assets		45,429	39,233
Current assets			
Rent receivables		123	124
Prepaid costs and accrued income	16	186	159
Other receivables		121	146
Listed shares	18	738	405
Cash and bank balances	31	24	86
Total current assets		1,193	921
TOTAL ASSETS		46,622	40,154
EQUITY AND LIABILITIES			
Equity	28		
Share capital		808	776
Other contributed capital		3,522	3,046
Reserves, translation differences		338	675
Retained earnings including profit for the year		17,785	14,760
Total equity		22,452	19,257
Non-current liabilities			
Interest-bearing liabilities	17, 32	17,977	16,052
Deferred tax liabilities	14	2,476	2,018
Financial derivatives	18	118	119
Leasing liabilities		394	370
Other non-current liabilities	19	145	94
Total non-current liabilities		21,110	18,653
Current liabilities			
Interest-bearing liabilities	17	1,851	1,385
Accounts payable		42	19
Accrued expenses and deferred income	20	737	545
Other liabilities		430	294
Total current liabilities		3,060	2,243
Total liabilities		24,170	20,896
TOTAL EQUITY AND LIABILITIES		46,622	40,154



Comments on the consolidated statement of financial position and cash flows

ASSETS

Fixed assets

On 31 December 2020, the property portfolio comprised 673 (553) properties with a lettable area of 3,480,000 square metres (3,022,000). 98% of valuation objects were market appraised by independent valuation agencies. Other properties were acquired in December 2020, and the acquisition price is thus deemed to correspond to the market value. The change in the carrying amount of the properties is explained in Note 13.

Participations in joint ventures and associated companies totalling SEK 5,945 M (4,939) comprise shares in Hemsö Intressenter AB, Söderport Holding AB, Fastighetsaktiebolaget Ess-Sierra, NP3 Fastigheter AB and Fastighetsbolaget Emilshus AB. Pursuant to the equity method, shares in profit, share of other comprehensive income, capital contributions and dividends received are recognised in this balance item.

Current assets

Prepaid costs and accrued income of SEK 186 M (159) consist mainly of accrual rent discounts.

Other receivables of SEK 121 M (146) consist mainly of receivables pertaining to VAT, income tax and property tax.

Sagax's financial investments amounted to SEK 738 M (405) and primarily comprised listed shares in Nyfosa AB.

Cash and bank balances amounted to SEK 24 M (86) at year end. Sagax also had unutilised lines of credit totalling SEK 4,343 M (3,652) at year end. Total disposable liquidity amounted to SEK 4,367 M (3,738). Credit facilities corresponding to commercial papers outstanding of SEK 1,081 M (1,192) are not included in available liquidity.

EQUITY AND LIABILITIES

Equity

Consolidated equity amounted to SEK 22,452 M (19,257) on 31 December 2020, up SEK 3,195 M in 2020. The change is attributable to comprehensive income in 2020 of SEK 3,374 M, new share issues of SEK 528 M after transaction costs and share dividends and incentive plans for a total SEK -706 M. Changes in equity are presented on [page 73](#).

Non-current liabilities

The Group's interest-bearing liabilities are described in Note 17. Interest-bearing liabilities increased during the year, mainly

because of property investments. The liabilities declined by SEK -750 M (124) due to exchange-rate changes in 2020.

The purpose of recognising deferred tax is to take into account any tax consequences of, for example, future sales of assets or the utilisation of loss carryforwards. Comments on tax are presented in Notes 12 and 14. The debt is recognised net per country as deferred tax liabilities of SEK 2,476 M (2,018) in the balance sheet. Loss carryforwards in the Group amounted to SEK 1,026 M (1,927) at year end.

Sagax's fixed-income derivatives comprise only interest-rate caps and nominal interest-rate swaps. The total market value of the fixed-income derivatives was SEK -118 M (-119) on the balance sheet date. The surplus value and deficit value, respectively, of the fixed-income derivatives are recognised gross in the balance sheet as a receivable of SEK 0 M (0) and a liability of SEK 118 M (119). The quarterly market valuations of derivative contracts affect recognised earnings and equity, but do not impact on the company's cash flow or debt ratio.

Current liabilities

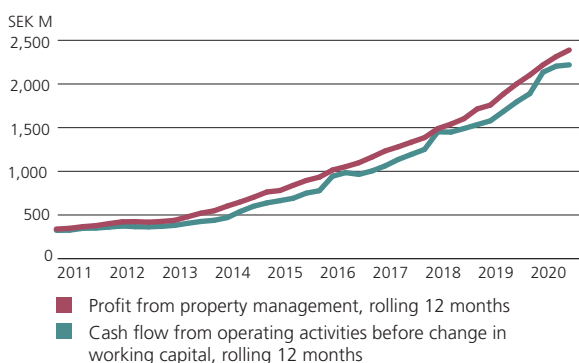
Current interest-bearing liabilities amounted to SEK 1,851 M (1,385), of which SEK 1,081 M (1,192) comprised commercial paper. At year end, accrued expenses and deferred income consisted mainly of prepaid rental revenue and accrued interest expenses.

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 2,219 M (1,795). Cash flow from operating activities deviates from profit from property management primarily due to profit of joint ventures and associated companies in 2020 partly being reinvested in these operations and only dividends received impacting the cash flow.

Changes in working capital had a positive impact of SEK 314 M (16) on cash flow. Investing activities had an impact of -5,543 M (-3,051) on cash flow, and pertained mainly to property acquisitions and investments in the existing property portfolio. Cash flow from financing activities contributed SEK 2,950 M (1,252) to Sagax, of which SEK 3,095 M (1,588) net as a result of the re-financing of investments and repayments. In total, cash and cash equivalents increased SEK -62 M (13); see the cash-flow statement on [page 72](#).

Profit from property management and cash flow





Consolidated statement of cash flows

Amounts in SEK M	Note 31	2020	2019
Profit before tax		4,330	4,627
Changes in value of financial instruments		-228	-889
Change in value of properties		-1,244	-1,261
Result from ownership of joint ventures and associated companies		-1,033	-917
Dividend from joint ventures and associated companies		424	281
Dissolution of allocated borrowing expenses		47	42
Other items not included in cash flow		-21	-14
Tax paid		-55	-74
Cash flow from operating activities before changes in working capital		2,219	1,795
Cash flow from changes in current receivables		77	-4
Cash flow from changes in current liabilities		260	48
Cash flow from operating activities		2,557	1,839
Acquisition of properties		-5,585	-2,836
Property sales		1,426	1,413
Investments in existing properties		-666	-707
Acquisition of listed shares		-256	-64
Acquisition of financial instruments		-7	-503
Acquisition of joint ventures and associated companies		-260	-178
Capital contribution to joint ventures and associated companies		-150	-150
Dividend to joint ventures and associated companies		-41	-
Increase in other fixed assets		-10	-25
Decrease in other fixed assets		6	-
Cash flow from investing activities		-5,543	-3,051
Issue of Class D shares		508	198
Issue of Class B shares, incentive plan		20	11
Dividend paid to shareholders		-679	-560
Incentive plan		-9	-2
Borrowings		7,886	7,322
Repayment of loans		-4,791	-5,734
Early redemption of financial derivatives		-8	-
Increase in other non-current liabilities		1	-
Decrease in other non-current liabilities		-	-11
Cash flow from financing activities		2,926	1,224
Cash flow for the year		-60	12
Exchange rate differences in cash and cash equivalents		-2	1
Change in cash and cash equivalents		-62	13
Cash and cash equivalents at beginning of period		86	73
Cash and cash equivalents at end of period		24	86



Consolidated changes in equity

Amounts in SEK M	Share capital	Other contributed capital	Reserves, translation differences	Profit earned incl. profit for the year	Total equity
Equity, 31 December 2018	487	3,126	585	11,218	15,416
Dividends	–	–	–	–566	–566
Issue of Class D shares	10	191	–	–	201
Transaction costs	–	–3	–	–	–3
Bonus issue of Class A and B shares	279	–279	–	–	–
Issue of Class B shares, incentive plan	0	11	–	–	11
Incentive plan	–	–	–	4	4
Redemption of incentive plan	–	–	–	–7	–7
Comprehensive income, January–December 2019	–	–	90	4,111	4,201
Equity, 31 December 2019	776	3,046	675	14,760	19,257
Dividends	–	–	–	–697	–697
Issue of Class D shares	32	481	–	–	513
Transaction costs	–	–5	–	–	–5
Issue of Class B shares, incentive plan	–	–	–	20	20
Incentive plan	–	–	–	5	5
Redemption of incentive plan	–	–	–	–14	–14
Comprehensive income, January–December 2020	–	–	–337	3,711	3,374
Equity, 31 December 2020¹⁾	808	3,522	338	17,785	22,452

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



Parent Company

Profit after tax for the Parent Company amounted to SEK 589 M (343). During the year, the Parent Company's fees for property and company management from Group companies amounted to SEK 57 M (55) and fees from joint venture to SEK 19 M (18).

The Parent Company's assets primarily comprise shares and participations in subsidiaries or joint ventures, as well as receivables from Group companies. The Parent Company's assets totalled SEK 23,453 M (19,961), of which receivables from Group companies

accounted for SEK 15,323 M (13,124). Cash flow from operating activities before changes in working capital amounted to SEK –121 M (–174). A net of SEK 2,816 M (847) was invested in 2020 as capital contributions and through loans to Group companies and joint ventures. Cash flow from financing activities contributed SEK 2,965 M (941) during the year. The Parent Company's cash-flow statement is presented on [page 76](#).

Parent Company income statement

Amounts in SEK M	Note	2020	2019
Net sales	27	77	73
Administration costs	5, 6, 21	–94	–89
Loss before financial income and expenses		–17	–16
Profit from participations in Group companies	11	511	258
Profit from participations in joint ventures		85	64
Financial income	7	434	616
Financial expenses	8	–475	–673
Profit before appropriations		538	249
Tax allocation fund		0	–7
Group contributions received/paid		52	104
Profit before tax		591	347
Tax on net profit for the year	12	–2	–4
Profit for the year		589	343

Parent Company statement of comprehensive income

Amounts in SEK M	2020	2019
Profit for the year	589	343
Other comprehensive income	0	–
Comprehensive income for the year	589	343



Parent Company balance sheet

Amounts in SEK M	Note	2020 31 Dec	2019 31 Dec
ASSETS			
Fixed assets			
<i>Tangible fixed assets</i>			
Equipment	21	1	2
<i>Financial fixed assets</i>			
Participations in Group companies	22	7,449	6,337
Participations in joint ventures	23	585	435
Receivables from Group companies	25	1,654	1,627
Financial receivables	15	0	4
Total fixed assets		9,690	8,404
Current assets			
Receivables from Group companies	25	13,669	11,497
Prepaid costs and accrued income	16	45	41
Other receivables		48	16
Cash and bank balances	32	0	1
Total current assets		13,762	11,556
TOTAL ASSETS		23,453	19,961
EQUITY AND LIABILITIES			
Equity			
Restricted equity	28		
Share capital		808	776
Statutory reserve		121	121
Total restricted equity		929	897
Unrestricted equity			
Share premium reserve		2,708	2,581
Retained earnings		1	0
Profit for the year		589	343
Total unrestricted equity		3,298	2,924
Total equity		4,227	3,821
Untaxed reserves		30	30
Liabilities			
Non-current interest-bearing liabilities	17	10,673	7,868
Non-current liabilities to Group companies	26	3,554	3,423
Deferred tax liabilities	14	4	3
Current interest-bearing liabilities	17	1,148	1,295
Current liabilities to Group companies	26	3,514	3,223
Accounts payable		1	0
Other liabilities		145	134
Accrued expenses and deferred income	20	157	164
Total liabilities		19,196	16,109
TOTAL EQUITY AND LIABILITIES		23,453	19,961



Parent Company statement of cash flows

Amounts in SEK M	Note 31	2020	2019
Profit before tax		591	347
Items not affecting cash flow			
Profit from participations in Group companies		-511	-252
Intra-Group interest income		-433	-349
Intra-Group interest expenses		172	121
Appropriations		-	7
Unrealised exchange rate differences		50	-16
Other items not included in cash flow		17	-24
Tax paid		-8	-9
Cash flow from operating activities before changes in working capital		-121	-174
Cash flow from changes in current receivables		-23	12
Cash flow from changes in current liabilities		-7	67
Cash flow from operating activities		-151	-95
Participations in Group companies		-601	-393
Receivables from Group companies		-2,069	-303
Capital contribution to joint ventures		-150	-150
Increase in other fixed assets		-	-1
Decrease in other fixed assets		4	-1
Cash flow from investing activities		-2,816	-847
Issue of new shares		527	209
Dividend paid to shareholders		-679	-560
Incentive plan		-14	-6
Borrowings		4,409	1,296
Repayment of loans		-1,401	-3,159
Liabilities to Group companies		131	3,166
Decrease in other non-current liabilities		-8	-4
Cash flow from financing activities		2,965	941
Cash flow for the year		-1	-1
Cash and cash equivalents, 1 January		1	2
Cash and cash equivalents, 31 December		-	1



Parent Company changes in equity

Amounts in SEK M	Note 28	Share capital	Statutory reserve	Unrestricted equity	Total equity
Equity, 31 December 2018		487	121	3,234	3,842
Issue of Class D shares		10	–	191	201
Transaction costs		–	–	–3	–3
Bonus issue of Class A and B shares		279	–	–279	–
Issue of Class B shares, incentive plan		–	–	11	11
Dividends		–	–	–566	–566
Redemption of 2016-2019 Incentive Plan		–	–	–6	–6
Profit for 2019		–	–	343	343
Equity, 31 December 2019		776	121	2,924	3,821
Issue of Class D shares		32	–	481	513
Transaction costs		–	–	–5	–5
Bonus issue of Class A and B shares		–	–	–	–
Issue of Class B shares, incentive plan		–	–	20	20
Dividends		–	–	–697	–697
Redemption of 2017-2020 Incentive Plan		–	–	–14	–14
Profit for 2020		–	–	589	589
Equity, 31 December 2020		808	121	3,298	4,227



Accounting policies and notes

NOTE

1

Accounting policies

INFORMATION ABOUT THE COMPANY

The Annual Report and consolidated financial statements for AB Sagax (publ), Corporate Registration Number 556520-0028, relating to the 2020 financial year have been approved by the Board of Directors for publication on 13 April 2021. The year-end report was presented on 8 February 2021. The Parent Company is a Swedish public limited-liability company with its registered office in Stockholm, Sweden. The company's address is AB Sagax (publ), Engelbrektsplan 1, SE-114 34 Stockholm, Sweden. AB Sagax is a property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industry segment. The company is listed on Nasdaq Stockholm, Large Cap. The Group's operations are described in the Board of Directors' Report. The Annual Report and consolidated financial statements will be proposed for adoption at the Annual General Meeting on 5 May 2021.

BASIC ACCOUNTING PRINCIPLES

General

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), endorsed by the International Accounting Standards Board (IASB). 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.

The functional currency for the Parent Company is SEK, which is also the presentation currency for the Parent Company and the Group. All amounts are in millions of Swedish kronor (SEK M) unless otherwise specified, and refer to the financial year from 1 January to 31 December 2020. Figures in parentheses refer to the corresponding date or period in the preceding year. Rounding-off differences may occur.

In accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates, Sagax regards the EUR as the functional currency of the operations in Finland, Germany, the Netherlands, France and Spain. For the operations in Denmark, the DKK is regarded as the functional currency. In preparing the consolidated financial statements, the balance sheets of the Group's foreign operations are translated from their functional currencies into SEK based on the exchange rates applying at the balance sheet date. Revenue and expense items are translated at the average exchange rate for the year. Any translation differences that arise are recognised in other comprehensive income and as a change of the reserves in consolidated equity. Accumulated translation differences are recognised in profit or loss when foreign operations are divested.

Assets and liabilities are recognised at cost, except for investment properties and some financial assets and liabilities, which are measured at fair value, and deferred tax, which is recognised at the nominal amount.

Group

The consolidated financial statements encompass Sagax and subsidiaries. Subsidiaries are companies in which the Parent Company has a controlling influence, directly or indirectly. Sagax holds, directly or indirectly, 100% of the voting rights in all of its subsidiaries. The consolidated financial statements were prepared in accordance with the acquisition method, whereby acquisitions of a subsidiary are considered a transaction in which the Parent Company indirectly acquires the assets of the subsidiary and assumes its liabilities. The acquired company's revenue and expenses as well as its identifiable assets and liabilities are included in the consolidated financial statements as of the date of the acquisition. Companies that are divested are included in the consolidated financial statements until the Parent Company's controlling influence ceases. Intra-Group transactions and balances are eliminated in their entirety.

Joint arrangements

A joint venture is a joint arrangement through which the parties who have joint controlling interests are entitled to the net assets. Associated companies are companies over which the holding company exercises significant influence and are classified as neither a subsidiary nor a joint venture. Shares in joint ventures and associated companies are recognised according to the equity method, meaning that shares are initially recognised at cost. The carrying amount is subsequently increased or decreased by the Group's share of profit and other comprehensive income after the acquisition date. The Group's share of profit is included in the Group's profit and the Group's share of other comprehensive income is included in the Group's other comprehensive income. Dividends from joint ventures and associated companies are recognised as a decrease in the carrying amount of the investment. If the Group's share of losses in a joint venture or associated company exceed the holding in this company and, where applicable, non-current receivables from the company form part of the Group's net investment, the Group only recognises losses if the Group has committed to obligations or paid payments on the company's behalf.

A joint operation is a joint arrangement through which the parties are entitled to the assets and have obligations for the liabilities pertaining to the arrangement. The Group reports its assets and liabilities including its share of all joint assets and liabilities and its revenue and expenses from the joint operation, as well as its shares of the operations' joint revenue and expenses.

CRITICAL ASSESSMENTS AND ESTIMATES

IFRS requires that Sagax makes assessments and assumptions that affect the Group's reported assets, liabilities, revenue and expenses. These assessments are based on historical experience and other factors deemed appropriate under the prevailing circumstances. The actual outcome may differ from these assess-

NOTE

1 Accounting policies, cont'd.

ments if other assumptions are made or other conditions are present. Additional factors that can affect the assessment of the Group are discussed in Note 32 Financial risk management.

When Sagax acquires a company with one or more properties, the acquisition is classified as an asset acquisition or a business combination. A business combination comprises an input and a substantive process applied to these inputs and that contribute to the ability to create. An acquisition of such an operation is regarded as a business combination, whereby the full amount of deferred tax is recognised on the difference between the assessed property value and the residual value for tax purposes. The acquisition of a property company without the above-mentioned components is to be regarded as an asset acquisition, whereby no deferred tax attributable to the acquisition is recognised. Acquisitions that also satisfy the voluntary concentration test, which involves a simplified assessment of whether the fair value of acquired gross assets is substantially concentrated to an identifiable asset or group of assets, can be classified as an asset acquisition. All of the Group's corporate acquisitions during the year were classified as asset acquisition.

Sagax's operations are focused on growth of the cash flow from the operating activities, meaning growth in profit from property management. As a result, financial targets, forecasts and dividend policies, for example, are based on profit from property management. No target is set for amounts of changes in value and these amounts are not included in the basis for dividends. The statement of comprehensive income has been presented with respect for this in order to provide relevant understanding of the operations. Changes in value (not affecting cash flow) are recognised after items affecting cash flow and a disclosure line, entitled "of which profit from property management," has been added to the statement.

The classification of Sagax's preference shares as equity instruments in accordance with IAS 32 is also a significant assessment made by the Board of Directors. The Board believes that the outstanding preference shares in accordance with IAS 32 comprise an equity instrument since no contractual obligation to pay dividends or repay contributed capital exists. A payment is dependent on a resolution on payment being made by the Annual General Meeting, a resolution that can only be made after the Board has proposed that the Meeting pay dividends. There is also no obligation or contractual financial incentive for the company to redeem the preference shares. Sagax's Class A, B and D common shares have been categorised as equity instruments.

Determining the carrying amounts of certain assets requires estimation of the effect of uncertain future events.

Concerning the valuation of investment properties, the assessments can have a significant influence on the Group's earnings and financial position. The valuation requires an estimate of future cash flow and the establishment of a yield requirement. The valuations are carried out on a quarterly basis by independent valuation companies, except for the German properties, which have only been valued externally at year end for cost reasons, and properties acquired close to the balance sheet date that are measured at cost. The valuations and assumptions made are discussed under Investment properties in Note 13. External valuations of financial instruments, based on observable market data, such as

derivatives are obtained quarterly and provide the basis for unrealised changes in value that, pursuant to IFRS, affect the Group's earnings and financial position.

In the light of the decisions taken by the Swedish Tax Agency concerning the Group company Firethorne AB, the assessment of the value of deferred tax assets linked to loss carryforwards is an assessment conducted by the Board. For further information, see Note 12.

AMENDED REPORTING RULES, IFRS

Amendments to IFRSs with an impact or a potential impact on Sagax's financial statements are presented below.

Amended accounting rules that came into effect in 2020

An amendment to IFRS 3 Business Combinations regarding the definition of a business was endorsed by the EU in 2020. The amendment entails, inter alia, that if the fair value of acquired gross assets is substantially concentrated to an identifiable asset or group of assets (known as a concentration test), then the company can classify this as an asset acquisition without needing to make additional assessments. The definition of a business has also been clarified.

A number of new and amended standards were applied for the first time in 2020 without any material impact on the consolidated financial statements.

New or amended accounting standards and interpretations applicable after 2020

There are no amendments to accounting standards applicable after 2020 that have a material impact on Sagax's reporting.

Amendments to Swedish regulations

Amendments to the Swedish regulations did not have a material impact on Sagax's financial statements and reporting in 2020.

CLASSIFICATION

Fixed assets and non-current liabilities consist exclusively of amounts expected to be recovered or paid after more than twelve months from the balance sheet date. Current assets and current liabilities consist only of amounts expected to be recovered or paid within twelve months of the balance sheet date.

REPORTING FOR SEGMENTS

The company's internal reporting procedures are based primarily on the geographic division of the market, which reflects assessed market risks. The division of segments corresponds to the Group's internal structure for reporting to the company's CEO, who has been identified as the chief operating decision maker.

REVENUE

Revenues consist primarily of rents for the provision of premises. Rental revenue is distributed linearly, in accordance with IFRS 16. Rental revenue, which in an accounting perspective is designated operating lease agreements, is recognised in the period to which it applies. Remuneration for property tax is considered to be an integrated part of the lease and is recognised as rental revenue, which is also the case for remuneration for heating and electricity, for example, since Sagax controls the supplier relation-



NOTE

1 Accounting policies, cont'd.

ship. In cases where rental contracts involve reduced rent during a portion of the lease period that corresponds to a higher rent at a different time, the lower or higher-than-normal rent is distributed over the lease term of the contract.

Rent paid in advance is recognised in the statement of financial position as prepaid rental revenue. Rental revenue from acquired properties are booked as of the occupancy date.

Other revenue primarily comprises remuneration from tenants for prematurely vacating premises or maintenance deficiencies, insurance compensation and remuneration from electricity companies for delivery of in-house produced electricity, all of which are recognised in accordance with IFRS 15. Government grants for solar power generated electricity are also recognised as other revenue in accordance with IAS 20.

EXPENSES

Expenses are charged to earnings for the period in which they arose. Central administration costs in the consolidated income statement comprise expenses for such items as company administration and expenses for maintaining the stock exchange listing. The Parent Company's expenses for items such as Group management, IT, auditing and financial reporting are included in the concept of central administration. Parts of the expenses for Sagax offices in Barcelona, Helsinki, Paris and Rotterdam are also categorised as central administration costs.

FINANCIAL EXPENSES

Financial expenses refers to interest, fees and other expenses that arise when Sagax takes up interest-bearing liabilities. Expenditures for obtaining mortgage deeds are capitalised in the consolidated balance sheet. Financial expenses are charged to earnings for the period to which they refer.

Financial expenses also include expenses for fixed-income derivatives. Payment streams arising from these contracts are recognised as income for the period to which they refer. Unrealised changes in value are recognised under a separate heading in the income statement and do not affect financial income or expenses. Interest expenses during the production periods of large projects involving new construction, additions or renovations are capitalised and do not affect financial expenses.

COMPENSATION TO EMPLOYEES

Compensation to employees, such as wages, salaries and social security expenses, paid vacations and paid sick leave, etc., are recognised as the employees perform services in return for the compensation. Bonuses are paid and expensed as they are granted and pension premiums are paid and expensed on a monthly basis. For a description of incentive plans, refer to equity.

Pensions

The Group's employees are subject to various defined-contribution pension plans. Other than fixed contributions to independent companies, Sagax has no further obligations. Sagax has no other post-employment commitments.

EQUITY

All Class A, B and D common shares and preference shares are recognised as share capital. In connection with the buyback of

treasury shares, equity is reduced by the purchase consideration paid including any transaction costs. If these shares are subsequently divested, the amount received is recognised in equity.

After the Annual General Meeting (AGM) has passed a resolution approving the payment of a dividend, these dividends are recognised as a reduction in equity and as an expense pending payment.

Incentive plan

Payment of option premiums in connection with incentive plans is recognised in the Group as an increase of consolidated equity. Salary payments attributable to incentive plans are recognised in the Group as a reduction of equity and, in the Parent Company, as administration costs. Settlement for any exercise of warrants from outstanding warrant plans is recognised directly against equity.

Earnings per common share

Earnings per Class A and B common share are defined as profit in relation to the average number of Class A and B common shares after taking into account the profit for the period attributable to Class D common shares and preference shares' portion; see also Note 28.

Earnings per Class D common share are defined as a corresponding right to dividends, as determined by the Articles of Association, and may not exceed SEK 2.00 per year.

CASH FLOW

The cash flow statement has been prepared according to the indirect method, meaning that profit or loss before tax is adjusted for non-cash transactions during the year as well as any revenue or expenses associated with the cash flow from investing or financing activities.

INVESTMENT PROPERTIES

All of Sagax's properties are held for the purpose of generating rental revenue, and are referred to as "investment properties" in accordance with IAS 40. Sagax has decided to measure its properties at fair value and applies the principle of commissioning independent valuation agencies to value all of the investment properties that are not acquired close to the closing of the accounts, for which cases the acquisition price is considered to correspond to the fair value, or for properties that are subject to a divestment agreement, which are valued at the contracted amount.

According to IFRS 13, the aim of fair value measurement is to estimate the price of the asset on the measurement date in an orderly transaction between market participants under current market conditions. The highest and best use of the asset is taken into account in this respect. The valuation is carried out in line with Level 3 of the fair value hierarchy in IFRS 13, unobservable inputs. According to accepted theory, the value of a property consists of the discounted present value of the future cash flows that the asset is expected to generate. 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 residual value is calculated by perpetually capitalising the estimated net operating income the year follow-

NOTE

1

Accounting policies, cont'd.

ing the last year of calculation by the assigned yield requirement. The present value of cash flow and residual value is calculated by discounting the cash flow and residual value by the cost of capital. For further information about measurement, see Note 13.

The net gain/loss from property sales is recognised when properties are vacated, unless special provisions have been stipulated in the purchase agreement. If properties have been vacated after the close of a quarter, when the properties are to be measured at market value, they are recognised in the following interim report at a value corresponding to the price agreed between the parties. The changes in the value of these properties are included under the heading unrealised changes in value in the interim report. Consequently, no realised changes in the value are recognised in the quarter in which the properties have been vacated. If Sagax concludes a sales agreement and vacates the properties during the same quarter, the changes in value are recognised as realised changes in value.

TANGIBLE FIXED ASSETS

Tangible fixed assets consist of equipment, machinery and leasehold improvements, which have been recognised at cost, less deductions for accumulated depreciation according to plan and any impairment carried out. Depreciation takes place straight-line to distribute the cost, less the estimated residual value, over the expected useful life. The useful life of machinery and equipment is five years. For improvements to other properties and right-of-use assets, depreciation takes place over the shorter of the useful life or the lease term.

FINANCIAL INSTRUMENTS

Financial instruments on the asset side of the balance sheet encompass cash and cash equivalents, rent receivables, financial investments, loan receivables, derivatives and other instruments and on the liabilities side loan liabilities, derivatives, accounts payable and other liabilities. Financial instruments are initially measured at fair value plus any transaction costs. The exception is the category of financial instruments that is measured at fair value through profit or loss and for which any transaction costs have not been taken into account.

Recognition in and derecognition from the balance sheet

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party in accordance with the contractual terms of the instrument. Rent receivables and accounts receivable are recognised when the invoice is sent and the terms of the company's right to receive compensation have been satisfied. Operating liabilities are recognised when the counterparty has delivered the goods or services, regardless of whether or not an invoice has been received. Accounts payable are recognised when the invoice is received.

Financial assets are derecognised from the balance sheet when the rights to payment from the holdings have been terminated or been transferred and all material rights and risks attributable to ownership have been transferred. Financial liabilities are derecognised from the balance sheet when the obligations resulting from the agreement have been realised or are extinguished in some other manner.

Financial assets measured at amortised cost

Receivables are classified at amortised cost if the contractual terms result solely in payments of principal and interest on the principal amount outstanding. Receivables are initially measured at fair value plus any transaction costs. They are subsequently measured at amortised cost based on the effective interest rate method less loss allowance. A loss allowance for expected losses on receivables, based on past history and assessment of risk of loss, is established when the receivable arises.

Interest income is recognised as it is earned (the calculation being based on the yield on the underlying asset, using the effective interest rate).

Current receivables fall due for payment within one year of the balance sheet date. Because the Group recognises property sales on the date of vacancy, receivables do not normally arise as a result of property sales.

Financial assets measured at fair value through profit or loss

Other financial assets are measured at fair value through profit or loss. This includes fixed-income derivatives, listed shares, convertible debentures and options. The fair value for listed shares is determined using quoted prices in accordance with level 1 of the IFRS 13 fair value hierarchy, using indirect and direct observable inputs in accordance with level 2 for fixed-income derivatives, and using unobservable inputs in accordance with level 3 for convertible debentures and options for Hemsö Intressenter AB.

Sagax's ownership in Hemsö Intressenter AB is governed by a long-term shareholder agreement with the Third Swedish National Pension Fund. The shareholder agreement regulates, inter alia, put and call options between the two shareholders regarding Sagax's shareholding in the company.

Receivables and liabilities in foreign currencies

Transactions in foreign currencies are recognised at the transaction-day rate. Monetary assets and liabilities in foreign currencies are translated at the closing rate, and exchange-rate differences are recognised in profit for the year. Exchange rate differences relating to external Group operating receivables and operating liabilities are recognised in operating profit. Exchange rate differences arising on loans raised in foreign currency in order to currency hedge net investments in foreign operations are recognised in other comprehensive income to the extent that the hedge is effective.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances that are recognised at their nominal value at year end.

Financial liabilities

Loans are initially measured at fair value net after transaction costs. The loans are subsequently measured at amortised cost. If there are differences between the borrowing amount, net after transaction costs, and the repayment amount, these are recognised in profit or loss distributed over the lending period by applying the effective interest rate. Accrued interest is recognised under accrued expenses.

NOTE

1 Accounting policies, cont'd.

Derivatives

Sagax uses fixed-income derivatives to reduce interest-rate risks and achieve the desired fixed-interest term. Borrowing at a floating interest rate is replaced by a fixed interest rate through interest swaps or, alternatively, the interest-rate risk is limited using an interest-rate cap aimed at restricting changes in future cash flows relating to interest payments. The Group does not apply hedge accounting. Instead, it has elected to report changes in value directly in the income statement.

In the statement of financial position, fixed-income derivatives with negative values are recognised as non-current liabilities since the amounts will not be settled in cash.

Derivatives are initially recognised at cost in the statement of financial position on the date of transaction. All derivatives are subsequently measured at fair value in the balance sheet and changes in value are recognised in profit or loss.

The fair value of fixed-income derivatives is based on a discounting of calculated future cash flows in accordance with the contract's terms and due dates, based on market interest rates. To calculate the market value, market interest rates for each term as quoted on the balance sheet date and generally accepted calculation methods are used, entailing that the fair value was established according to observable inputs, meaning Level 2, of the fair value hierarchy according to IFRS 13. Unrealised change in value refers to the change arising during the financial year in the value of the derivatives held by the Group at year end.

INCOME TAX

Income tax refers to current and deferred tax.

Income tax is charged to the consolidated statement of comprehensive income. Deferred tax is recognised in accordance with the balance sheet method. With this method, deferred tax liabilities and assets are reported for all differences between an asset's or liability's carrying amount and its tax value – that is, temporary differences. This implies that a tax liability or tax asset is triggered when the asset or liability is realised. For Sagax, there are temporary differences relating to properties, derivatives and untaxed reserves. Deferred tax assets attributable to loss carryforwards are recognised when it is likely that future tax surpluses will be available that can be applied to loss carryforwards.

Deferred tax assets and tax liabilities are calculated using the tax rates that are expected to apply to the period when the receivables or liabilities are settled, based on the tax legislation in effect on the balance sheet date.

If the acquisition constitutes a business combination, full deferred tax is recognised on the difference between the fair value according to the acquisition analysis and the tax residual value.

If the case of an asset acquisition, no deferred tax on differences according to the above is recognised on the acquisition date. Deferred tax is recognised on differences between the carrying amounts of the properties and their tax residual values arising after the acquisition date.

Deferred tax is recognised at the nominal value, with no discounting. Aside from the time factor, the fact that properties can often be sold in a corporate wrapper is not taken into account. The real tax expense for a property sale can thus differ from the tax liability previously recognised by Sagax in its accounts.

LEASING

Leases attributable to Sagax's investment properties are to be considered as operating leases. The recognition of these contracts is determined by the revenue principle and Note 2.

Leases in which Sagax is the lessee mainly comprise site leaseholds. The Group recognises a lease liability for site leaseholds based on the premise that the leases are perpetual and a corresponding right-of-use asset is recognised as an investment property. Sagax has chosen to recognise right-of-use assets separately in the balance sheet. Site leasehold fees are recognised as financial expenses in profit or loss. Other leases refer to offices, land leases, passenger cars and office machinery. A right-of-use asset and a lease liability based on the term of the lease are recognised for these items. Rent is distributed in profit or loss between depreciation and financial expenses.

PARENT COMPANY

The Parent Company prepares the annual report in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. RFR 2 implies that in the annual report of the legal entity, the Parent Company, must apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act and taking into consideration the connection between accounting and taxation.

Shares in subsidiaries are recognised in the Parent Company according to the cost method. The carrying amount is tested on a continuous basis by reference to the subsidiaries' consolidated equity. In the event the carrying amount is less than the consolidated value of the subsidiaries, an impairment charge is applied and charged to profit or loss. If an earlier impairment is no longer justified, it is reversed.

Receivables in the Parent Company from subsidiaries are recognised at cost. The loss allowance is deemed to be of an insignificant amount.

Dividends from joint ventures and associated companies are recognised as financial income.

NOTE

2 Rental revenue

The Group's rental revenue for 2020 amounted to SEK 2,898 M (2,581). The increased rental revenue was primarily an effect of a larger property portfolio and revenue-increasing investments in the existing property portfolio.

Rental revenue consists of the rental value less the value of premises that were vacant during the year, as well as rent discounts granted. "Rental value" refers to rental revenue received plus the estimated market rent for vacant spaces. Rental value includes additional expenses that are debited, such as surcharges for heating, electricity, property taxes and indexation.

The year of maturity for signed leases is shown in the adjoining table, in which contractual annual rent refers to the annual value of an existing lease. To limit exposure to vacancies and rent losses, Sagax endeavours to secure long-term customer relationships and to prioritise tenants with a high credit rating.

Rent-level risk is attributable to trends in current market rents. Sagax works continuously to renegotiate existing leases with the aim of minimising the short-term risk. The adjoining table shows contractual future rental revenue relating to existing leases. The remaining average lease term was 5.1 years (5.5).

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 achieve high 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 1,813 leases (1,724), with about 1,200 tenants (1,200). The adjoining table presents the size of Sagax's leases in relation to the Group's annual contractual annual rent at year end.

The economic occupancy rate was 95% (95) at year end. The total rental value of unleased premises and rent discounts granted was SEK 159 M (135) at year end.

Year of expiry	Area, sqm	Contractual annual rent	
		SEK M	Share
2021	461,000	390	14%
2022	391,000	374	13%
2023	360,000	341	12%
2024	269,000	288	10%
2024	548,000	375	13%
>2025	1,282,000	1,098	39%
Total	3,312,000	2,865	100%

Contractual future rental revenue	31 Dec 2020	31 Dec 2019
Contractual rental revenue, year 1	2,693	2,477
Contractual rental revenue, years 2–5	7,343	6,754
Contractual rental revenue, after year 5	4,690	5,083
Total	14,726	14,312

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%	241	8%	3	80	10
1–2 %	322	11%	8	40	6
<1%	2,302	80%	1,802	1	5
Total	2,865	100%	1,813	2	5

NOTE 3 Reporting of the Group's market areas

	Stockholm		Helsinki		Netherlands		Paris		Finland university cities	
Revenue	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Rental revenue	671	657	593	581	291	212	299	242	335	317
Other revenue	1	6	5	15	3	–	2	5	–	1
Property expenses	–108	–120	–130	–128	–30	–22	–76	–66	–72	–68
Net operating income	565	542	469	468	263	190	225	181	263	249
Unrealised changes in value ¹⁾	324	362	64	65	411	277	159	223	40	52
Realised changes in value ¹⁾	–3	–	–	–12	–17	–	–	–1	2	–3
Changes in value related to joint ventures										
Tax on joint ventures										
Current tax										
Deferred tax										
Total yield	886	904	532	521	657	467	384	404	305	298
Investment properties	10,552	9,840	6,771	6,708	4,262	2,982	3,465	2,919	3,180	3,148
Cash and cash equivalents	–	–	–	–	–	–	–	–	–	–
<i>Unallocated items:</i>	–	–	–	–	–	–	–	–	–	–
Deferred tax assets	–	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–	–	–
Total assets	10,552	9,840	6,771	6,708	4,262	2,982	3,465	2,919	3,180	3,148
Property loans	–	–	–	–	–	–	–	–	–	–
<i>Unallocated items:</i>	–	–	–	–	–	–	–	–	–	–
Deferred tax liabilities	–	–	–	–	–	–	–	–	–	–
Other liabilities	–	–	–	–	–	–	–	–	–	–
Total liabilities	–	–	–	–	–	–	–	–	–	–
Consolidated equity	–	–	–	–	–	–	–	–	–	–
Total liabilities and equity	–	–	–	–	–	–	–	–	–	–
Other information										
Investments in properties	297	302	237	206	56	16	22	125	28	23
<i>Items not affecting cash flow:</i>										
Unrealised changes in value	324	362	64	65	411	277	159	223	40	52
Profit from joint ventures	–	–	–	–	–	–	–	–	–	–
Deferred tax	–	–	–	–	–	–	–	–	–	–
Total items not affecting cash flow	324	362	64	65	411	277	159	223	40	52

1) Changes in value of financial instruments have not been distributed by market area.

2) Madrid & Barcelona, which was previously reported under Rest of Europe, is reported as a separate segment from 2020. Comparative figures have been restated.

Madrid & Barcelona		Rest of Sweden		Rest of Finland		Rest of Europe		Unallocated items		Total Group	
2019	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
101	10	151	195	231	233	225	134	–	–	2,898	2,581
–	–	–	–	–	–	–	–	–	–	10	27
–14	–	–7	–10	–22	–23	–19	–10	–32	–25	–512	–475
87	10	144	185	209	210	206	124	–32	–25	2,397	2,133
236	54	51	16	–1	179	–9	74	–	–	1,274	1,301
–1	–	–	–14	–11	–13	–	1	–	–	–30	–40
322	63	194	187	196	376	197	199	–32	–25	3,641	3,393
1,813	888	1,886	1,828	2,527	2,634	3,093	1,676	–	–	37,548	32,625
–	–	–	–	–	–	–	–	24	86	24	86
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	9,050	7,442	9,050	7,442
1,813	888	1,886	1,828	2,527	2,634	3,093	1,676	9,074	7,528	46,622	40,154
–	–	–	–	–	–	–	–	19,828	17,437	19,828	17,437
–	–	–	–	–	–	–	–	2,476	2,018	2,476	2,018
–	–	–	–	–	–	–	–	1,866	1,441	1,886	1,441
–	–	–	–	–	–	–	–	24,170	20,896	24,170	20,896
–	–	–	–	–	–	–	–	22,452	19,257	22,452	19,257
–	–	–	–	–	–	–	–	46,622	40,154	46,622	40,154
1	–	7	2	14	31	3	3	–	–	666	707
–	–	–	–	–	–	–	–	–	–	–	–
236	54	51	16	–1	179	–9	74	228	889	1,498	2,190
–	–	–	–	–	–	–	–	1,033	917	1,033	917
–	–	–	–	–	–	–	–	–511	–416	–511	–416
236	54	51	16	–1	179	–9	74	750	1,390	2,020	2,691

The operating segments match Sagax's internal operational monitoring as it is reviewed by the company's CEO.

According to IFRS 8, disclosure must be made if revenue from a single customer exceeds 10%. This was not the case in 2020 and 2019.

NOTE 4 Property expenses

In 2020, property expenses amounted to SEK 512 M (474). This amount includes direct property expenses, such as operation, maintenance and property taxes, as well as indirect expenses for property administration. Most of Sagax's leases state that certain property expenses are to be borne by the tenant. Sagax has also signed triple net leases, meaning the tenant itself is the contractual party and bears all operating and maintenance costs. Properties outside Stockholm, Helsinki and Paris account for the predominant part of the triple net leases.

OPERATING AND MAINTENANCE COSTS

Operating and maintenance costs include expenses for electricity, heating, water, property care-taking, insurance and maintenance. In cases where Sagax signs contracts for operating and maintenance costs, the costs are generally passed on to the tenant in the form of rent surcharges. Operating expenses for 2020 amounted to SEK 232 M (222) and maintenance costs to SEK 79 M (84).

SITE LEASEHOLDS

The site leasehold is the annual fee Sagax pays for the use of the land. At year end, the number of properties held on leasehold amounted to 76 (79). In 2020, site leaseholds including ground rents amounted to SEK 26 M (24) and referred primarily to Sagax's leaseholds in the City of Stockholm.

PROPERTY TAX

In Sweden, the property tax is a state-levied tax paid annually as a percentage of the assessed property tax value. For Sagax, property tax varies between 0.5% and 1.0%, depending on whether the property is classified as warehouse/industrial premises (0.5%) or as office/retail premises (1.0%). Sagax has three properties in Stockholm for which no property tax is paid. In Finland and the Netherlands, property tax is a municipal charge and tax rates vary among the municipalities. For Sagax's properties, the tax in Finland is between 0.41% and 1.9% and in the Netherlands is between 0.15% and 0.57% of the assessed property tax value. German property tax is set locally, and amounted to 1.26% of the property tax value for Sagax. French property tax is set locally and corresponds to an average of 15% of anticipated rental revenue. Spanish property tax is set locally and is between 0.4% and 1.17% of the property values.

In 2020, property tax totalled SEK 141 M (121).

OTHER PROPERTY EXPENSES

Other property expenses include leasing expenses and management expenses. These expenses amounted to SEK 60 M (47) in 2020.

NOTE 5 Employees and HR expenses

	Group		Parent Company	
	2020	2019	2020	2019
Number of employees				
Average number of employees	72.4	63.4	33.2	29.8
– of whom, men	42.3	36.6	16.8	16.8
Wages, salaries and other remuneration				
Board, CEO and other senior executives	10.6	9.0	10.6	9.0
– of which, bonus	2.5	2.5	2.5	2.5
Other employees	68.2	63.9	28.0	28.2
Total	78.8	72.9	38.6	37.2
Social security expenses				
Board, CEO and other senior executives	4.5	4.0	4.5	4.0
– of which, pension expenses	0.8	0.8	0.8	0.8
Other employees	19.8	18.9	11.2	11.6
– of which, pension expenses	8.3	7.8	3.7	3.3
Total	24.3	22.9	15.7	15.6

BOARD OF DIRECTORS AND CEO

In 2020, the Parent Company had six (six) Board members, including one (one) woman. If the CEO is included, the Group and the Parent Company had three (three) senior executives, including one (one) woman. Group management comprises the CEO, the Head of Finance and the CFO.

In 2020, the CEO was paid a salary of SEK 4.3 M (4.2), including benefits of SEK 5,000 (5,000), and SEK 1.1 M (1.1) in bonus for the 2019 financial year. For 2020, contractual remuneration and benefits to the CEO were SEK 3.3 M per year in fixed salary plus a variable remuneration component of a maximum of four monthly salaries, which is payable in relation to individually set targets. In 2021, the CEO will be paid a contractual amount of SEK 1.1 M in bonus for the 2020 financial year.

For 2021, contractual remuneration to the CEO amounts to SEK 3.3 M in fixed salary plus variable remuneration of a maximum of four monthly salaries, which is payable in relation to individually set targets. The CEO does not receive any pension benefits. In the event of termination initiated by the company, the CEO is entitled to three months' salary.

Fees totalling SEK 1.1 M (1.1) were paid to the Board of Directors, in accordance with a resolution passed by the AGM on 6 May 2020. Of this total, the Chairman of the Board received SEK 330,000 (300,000), while each of the other four (four) non-executive members received SEK 180,000 (180,000). The CEO receives no remuneration for his Board assignment in Sagax.

OTHER SENIOR EXECUTIVES

Sagax's Group management – senior executives with Group-wide spheres of responsibility – comprises the Head of Finance and the CFO.

In 2020, the Head of Finance and the CFO were paid a salary of SEK 5.2 M (5.1), including a bonus of SEK 1.4 M (1.4). A total of SEK 0.8 M (0.8) relating to pension insurance was also paid.

Remuneration and benefits will be paid to other senior executives as per contract in the amount of SEK 3.9 M per year in fixed

NOTE 5 Employees and HR expenses, cont'd.

salary plus a variable remuneration component for 2021. The variable remuneration component may not exceed SEK 1.5 M. Pension premiums are paid into defined-contribution pension plans as described in Note 1.

Upon termination initiated by the company, these executives are entitled to four months' salaries or the terms stipulated by current legislation. The period of notice upon termination of employment by the senior executives, excluding the CEO, is four months.

INCENTIVE PLAN

Sagax has three warrant plans for the company's employees. These plans are valid for three years, and encompass the periods 2018-2021, 2019-2022 and 2020-2023. Warrants entitle the holder to subscribe for new Class B common shares in June 2021, June 2022 and June 2023, respectively. The subscription price corresponds to the price paid for the Sagax share at the start of the warrant plans 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. At year end, Sagax employees held a total of 1,186,040 warrants with the right to subscribe for common shares corresponding to 0.6% of the number of Class A and Class B common shares outstanding. The company's CEO and Board Members do not participate in the plans.

In 2020, Sagax issued 288,119 Class B common shares due to the exercise of warrants. In addition, 122,590 warrants were bought back under the 2017-2020 Incentive Plan at the corresponding market value on the buy-back date. Costs for buying back the warrants totalled SEK 14 M.

Employees acquired 601,687 warrants for a total of SEK 5.8 M in 2020. During the three first years, the employees who participate in incentive plans receive a premium subsidy in the form of extra salary in an amount corresponding to one-twelfth of an annual salary, depending on the number of acquired warrants. The subsidy requires that annual salary is less than SEK 0.5 M. This procedure was in line with the resolution of the 2020 AGM.

No additional warrants or convertibles were issued by the company.

SICK LEAVE 2020

Sick leave during 2020 amounted to 0.7% (0.9), of which the proportion of employees on long-term sick leave was 0% (0). Sick leave distributed by age category and gender is shown below.

Age	Sick leave
20-29	0.49%
30-49	0.81%
50>	0.45%
Gender	Sick leave
Men	0.58%
Women	0.92%

NOTE 6 Remuneration of auditors

	Group		Parent Company	
	2020	2019	2020	2019
Ernst & Young AB:				
Remuneration for audit	5.1	3.8	0.5	0.5
Remuneration for audit activity in addition to auditing assignment	0.6	0.3	0.5	0.1
Other consulting services provided by the audit company	0	0.2	0	0.2
Total	5.7	4.3	1.0	0.8

NOTE 7 Financial income

	Group		Parent Company	
	2020	2019	2020	2019
Interest income, subsidiaries	–	–	433	348
Interest income	38	2	–	–
Dividends from listed shares	2	18	–	–
Other financial income	0	–	1	268
Total	39	20	434	616

The Group's interest income derives mainly from interest-bearing convertible debentures and listed bonds. The Parent Company's other financial income in 2019 pertained to exchange-rate gains on receivables.

NOTE 8 Financial expenses

	Group		Parent Company	
	2020	2019	2020	2019
Interest expenses	388	353	204	209
Amortisation of allocated borrowing expenses	47	42	18	24
Unutilised lines of credit	22	25	10	11
Interest expenses to subsidiaries	–	–	172	121
Exchange-rate losses	–	–	68	279
Capitalised interest expenses	–6	–3	–	–
Other financial expenses	4	29	3	28
Total	455	446	475	673

Financial expenses are expenses that arise for interest-bearing loans, financial derivatives and loan commitments.

The Parent Company's interest expenses totalling SEK 204 M (209) included SEK 197 M (202) in the form of direct interest expenses for loans raised.

The Group's interest expenses totalling SEK 388 M (353) included SEK 355 M (317) in the form of direct interest expenses for loans raised, excluding interest expenses pertaining to fixed-income derivatives. The interest component of leases in financial expenses amounted to SEK 26 M (24) and primarily referred to site leasehold fees.

NOTE **9** Lease expenses – site leasehold fees

	Group	
	31 Dec 2020	31 Dec 2019
Fall due for payment within 1 year	21	23
Fall due for payment within 2-5 years	80	77
Fall due for payment in more than 5 years	462	398
Total	563	498

The summary relates to costs for contracted future site leaseholds. Site leaseholds are the fees that an owner of a building on land owned by a municipality pays to the municipality.

Sagax had 76 (79) properties with site leaseholds in Sweden, Finland and the Netherlands at the end of 2020, and the expenses amounted to SEK 23 M (23). Existing site leaseholds expire at a relatively even rate over the next 60 years.

NOTE **10** Profit from participations in joint ventures and associated companies

	Group	
	2020	2019
<i>Profit from property management:</i>		
Fastighetsbolaget Emilshus AB	19	2
Hemsö Intressenter AB	223	218
NP3 Fastigheter AB	104	33
Söderport Holding AB	217	188
Fastighetsaktiebolaget Ess-Sierra	1	–
Total	565	441
<i>Changes in value of properties:</i>		
Fastighetsbolaget Emilshus AB	4	–
Hemsö Intressenter AB	357	279
NP3 Fastigheter AB	78	–
Söderport Holding AB	296	416
Fastighetsaktiebolaget Ess-Sierra	24	–
Total	759	695
<i>Changes in value of financial instruments:</i>		
Fastighetsbolaget Emilshus AB	–	–
Hemsö Intressenter AB	–17	–10
NP3 Fastigheter AB	3	–
Söderport Holding AB	–5	5
Fastighetsaktiebolaget Ess-Sierra	–	–
Total	–18	–5
<i>Tax:</i>		
Fastighetsbolaget Emilshus AB	–4	0
Hemsö Intressenter AB	–119	–89
NP3 Fastigheter AB	–39	–7
Söderport Holding AB	–104	–118
Fastighetsaktiebolaget Ess-Sierra	–7	–
Total	–272	–214

NOTE **11** Profit from participations in Group companies

	Parent Company	
	2020	2019
Shares in profit in limited partnerships	3	4
Profit/loss from divestment of subsidiaries	0	148
Dividends from subsidiaries	508	106
Total	511	258

NOTE **12** Tax expense

Sagax recognises tax expenses in the form of current tax and deferred tax. Current tax is defined as tax to be paid or received relating to taxable profit for the current year. Adjustments of current tax for prior years are also included here.

Deferred tax is defined as the future tax implications of events that have been addressed in the company's accounts or tax returns. Based on the tax-corrected net present value approach, a comparison is made between the carrying amounts and tax bases of assets and liabilities. The difference between these amounts is multiplied by the applicable tax rate and recognised as deferred tax. The intention is to make allowances for the tax implications in connection with, for example, future sales of assets or the utilisation of loss carryforwards. The income tax is allocated in profit or loss to two items; current tax and deferred tax. Current tax is based on the year's taxable income, which may differ from recognised income, with the tax rate for each country. The differences are due to the company's ability to:

- 1) perform tax-related depreciation,
- 2) make direct deductions for certain property-related investments that are capitalised in the company's financial statements, and
- 3) utilise existing loss carryforwards.

Deferred tax was calculated using the tax rate for each country for coming years, as approved on the balance sheet date. Sagax's French operations are classified as part of the SIIC regime by the French tax authorities. Sagax's Spanish operations have applied for classification as SOCIMI. A characteristic of these associations is that no income tax is paid, instead taxation takes place in different ways, such as property tax and tax on dividends. The effect is included in "differences in foreign tax rates" in the table of reconciliation of recognised tax.

In a decision of 7 December 2017 pertaining to the 2015 income year, the Tax Agency 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. Sagax has recognised the entire amount of the loss carryforwards in its accounts. 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.

	Group	Parent Company
Recognised tax expense/tax revenue	2020	2020
Current tax expense:		
Computed tax expense	–108	–2
Tax resulting from changes in tax value	–	–
Total current tax	–108	–2
Deferred tax expense/tax revenue:		
Deferred tax relating to untaxed reserves	–0	–
Deferred tax relating to loss carryforwards	–182	–
Deferred tax relating to temporary differences in financial instruments	–13	–
Deferred tax relating to temporary differences in properties	–317	–
Total deferred tax	–511	–
Total recognised tax expense	–619	–2



NOTE

12 Tax expense, cont'd.

The tax revenue and tax expenses that affected Sagax's recognition of current tax and deferred tax are presented below.

Reconciliation of recognised tax	Group		Parent Company	
	2020	2019	2020	2019
Profit before tax	4,330	4,627	591	249
Reversal of profit of joint ventures ¹⁾	-1,033	-917	-	-
Profit before tax excluding joint ventures	3,297	3,710	591	249
Expected tax expense according to Swedish tax rate of 21.4%	-705	-794	-126	-53
Difference in foreign tax rates	137	85	-	-
Non-deductible expenses	-8	-2	-7	-27
Non-taxable revenue	38	164	127	41
Deductible expenses recognised against equity	1	1	1	1
Dissolution of time-limited loss carryforwards	-120	-10	-	-
Other tax adjustments	28	4	3	32
Tax resulting from changes in tax value	0	2	-	3
Tax in conjunction with property divestments	3	27	-	-
Change in deferred tax resulting from change in tax rate	7	6	-	-
Recognised tax	-619	-516	-2	-4

1) Since the tax expense is already taken into account in profit of joint ventures, this profit has been reversed in the reconciliation.

NOTE

13 Investment properties

The change in the carrying amounts of properties is presented below.

Specification of the year's changes	Group	
	2020	2019
Recognised carrying amount	32,625	29,024
Acquisition of properties	5,585	2,836
Investments in the current portfolio	666	707
Carrying amount of sold properties	-1,456	-1,453
Currency translation effect	-1,146	209
Change in value	1,274	1,301
Carrying amount, 31 December	37,548	32,625

MARKET VALUES

The total market value of Sagax's properties and site leaseholds was SEK 37,548 M (32,625). SEK 129 M (139) M of the property value pertained to 16 (17) properties owned through joint operations in Finland. Currency effects accounted for SEK -1,146 M (209) of the change in value. Amounts have been translated from EUR and DKK at the closing rate: EUR 1 is equivalent to SEK 10.04 (10.43) and DKK 1 is equivalent to SEK 1.35 (1.40). The total recognised unrealised change in value during the year was SEK 1,274 M (1,301). A large number of parameters are taken into account when calculating fair value. 98% of the valuation objects were valued externally on 31 December 2020. Other properties were acquired in December 2020, and the acquisition

price is thus deemed to correspond to the market value. The valuation techniques and general conditions are presented on the following pages. No properties are owned by the Parent Company.

The property yield in 2020 was 6.3% (6.4) in relation to the market value at year end.

In 2020, unrealised changes in value amounted to SEK 1,274 M as follows:

Amounts in SEK M	2020	2019
New lettings/Renegotiations	485	674
Vacancies/Renegotiations	-364	-337
General market value changes	1,154	965
Total	1,274	1,301

Calculation of yield	31 Dec 2020	31 Dec 2019
Net operating income according to statement of comprehensive income	2,397	2,133
Add-back of site leasehold fees	-25	-24
Holding adjustment for acquisitions and divestments	57	10
Currency translation to closing rate	-67	-19
Adjusted net operating income	2,362	2,100
Carrying amount of properties	37,548	32,625
Yield, %	6.3	6.4

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Investment properties, cont'd.

Properties with the highest market value, in alphabetical order

Property	Municipality	Lettable area, sqm
Gjutmästaren 8	Stockholm, Sweden	19,200
Holger-Crafoord Strasse 26	Hechingen, Germany	64,000
Inteckningen 5	Lund, Sweden	23,800
Jordbromalm 3:1	Haninge, Sweden	94,000
Jordbromalm 4:3	Haninge, Sweden	51,400
Kaapelitie 4	Oulu, Finland	67,600
Karaportti 8	Espoo, Finland	16,100
Koneenkatu 8	Hyvinkää, Finland	61,900
Martinkyläntie 9 A	Vantaa, Finland	52,800
Tikkurilantie 5	Vantaa, Finland	62,300
Total		513,100

VALUATION TECHNIQUE

Valuations were performed in Sweden in accordance with RICS and IVSC's recommendations. Each valuation entity is valued individually, without taking into consideration any portfolio effects, by a property appraiser certified by Samhällsbyggarna (Swedish professionals for the built environment). The same applies to Sagax's foreign properties. The principle method of appraisal used was cash flow calculations in which the present value of cash flows and residual values was calculated.

The residual value is calculated by perpetually capitalising the estimated net operating income the year following the last year of calculation by the assigned yield requirement. The present value of cash flow and residual value is calculated by discounting the cash flow and residual value by the cost of capital. The value of any development rights has been added to the present value.

The properties are inspected by the appraisers according to a rolling schedule. These inspections include public areas and a selection of premises with specific emphasis placed on major tenants and vacant premises. The purpose of the inspections is to assess the properties' overall standard and condition, maintenance requirements, market position and the attractiveness of the premises.

ANALYSIS AND GENERAL CONDITIONS

The property valuation is based on observable inputs such as current lease, market rents, actual outcome for operating and maintenance costs, planned investments and current vacancy rates, and non-observable data such as yield requirement and future vacancy levels.

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. Cash flow calculations are based on inflation assumptions made by valuation companies of between 0 and 2.0% per year for the calculation periods with differences between the various countries. Assessments of future net operating income are based on an analysis of current leases and the current rental market. The calculations consider each lease individually. Normally, existing lease agreements are assumed to remain in effect until the end of the lease period. In cases where the rental terms and conditions have been assessed as being on a competitive market level, it has been assumed that the leases can be extended with no change in the terms and conditions or that the premises can be leased to new tenants on comparable terms. In cases where the outgoing rent is not considered to be in line with market-level rent, it has been adjusted to correspond to such a level. The highest and best use of the properties has been assumed when valuing the properties. The market position, rent

level, other use, and non-current vacancy rate is taken into consideration for each property via the cash flow statement.

Operating and maintenance costs are based on an analysis of the historical costs associated with the various properties and on experience and statistics pertaining to similar properties. However, these expenses are of minor importance when valuing Sagax's property portfolio since tenants normally pay these expenses in addition to the agreed rent.

ASSUMED NET OPERATING INCOME IN CONNECTION WITH VALUATION

Net operating income for 2021, as computed by the appraisers, totalled SEK 2,385 M in the valuations. This net operating income can be compared with the net operating income of SEK 2,344 M that Sagax recognises in Current earnings capacity as per 1 January 2021, adjusted for site leasehold fees. The net operating income on which the appraisers based their estimated market value is consequently reasonable in comparison with the current earnings capacity at year end.

Unrealised changes in the value of properties 2011-2020

Year	Change in value ¹⁾		CPI change ²⁾	Actual change in value
2011	SEK 129 M	1.6%	2.6%	-1.0%
2012	SEK 134 M	1.5%	0.7%	0.8%
2013	SEK 136 M	1.3%	0.5%	0.8%
2014	SEK 436 M	3.3%	0.2%	3.1%
2015	SEK 677 M	4.5%	0.0%	4.5%
2016	SEK 1,306 M	7.1%	0.7%	6.4%
2017	SEK 1,113 M	5.0%	1.4%	3.6%
2018	SEK 1,265 M	4.8%	1.6%	3.2%
2019	SEK 1,301 M	4.2%	1.5%	2.8%
2020	SEK 1,274 M	3.6%	0.4%	3.3%

1) Changes in value in excess of investments.

2) Weighted change in CPI or the equivalent in the markets where Sagax owns properties.

Summary of Sagax's property valuations

Fair value	SEK 37,548 M
Independent valuation companies	Savills Sweden, Savills Immobilien, Savills SA, Savills Aguirre Newman, Peltola & Co, Jones Lang LaSalle and Cushman & Wakefield RED
Calculation period	5-20 years
Assumed inflationary trend	0-2.0%
Operating and maintenance costs	Historical costs for the respective properties and experience and statistics from comparable properties.
Cost of capital, cash flow	4.6-16.0%. Weighted average 7.4%
Cost of capital, residual value	4.6-16.0%. Weighted average 7.7%
Yield requirement	4.0-14.0%. Weighted average 6.5%

CHANGES IN VALUE RELATIVE TO INFLATION

The table above shows the actual changes in value of the properties when inflation expressed as a change of the Consumer Price Index (CPI) is taken into account. Changes in value refers to the change in the market value of the property portfolio that exceeds investments.

COST OF CAPITAL AND YIELD REQUIREMENT

The cost of capital represents a nominal yield requirement on total capital. The cost of capital is based on the nominal yield on five-year government bonds, plus a general risk premium for properties

NOTE

13

Investment properties, cont'd.

and an entity-specific additional amount. The yield requirement for the assessment of residual value was selected on the basis of market information from the sub-market in question, and adapted to the property's phase in its economic lifecycle at the end of the calculation period. The cost of capital for the present value calculation of cash flows (4.6–16.0%), the cost of capital for the present value calculation of residual values (4.6–16.0%) and the yield requirement for the residual value calculations (4.0–14.0%) are based on analyses of transactions carried out and on individual assessments of the risk level and market position of each property.

On 31 December 2020, the weighted cost of capital for discounting cash flows and residual values was 7.4% (7.7) and 7.7% (8.1), respectively. The weighted yield requirement was 6.5% (6.6). This means that if Sagax's property portfolio was to be viewed theoretically as one single property, the market value of SEK 37,548 M would correspond to a yield requirement of 6.5%, a cost of capital of 7.4% for cash flow and a cost of capital of 7.7% for discounting the residual value to present value. As the chart below illustrates, the recognised yield for Sagax corresponds well with the yield requirement established in conjunction with property valuations.

The table below presents the recognised property values' sensitivity to changes in assumptions.

Sensitivity analysis for property values

Amounts in SEK M	Change	Change in value	
		2020	2019
Yield requirement	+/- 0.25% points	-979/+1,053	-830/+931
Cost of capital	+/- 0.25% points	-896/+921	-763/+803
Rental revenue	+/- 5%	+1,432/-1,427	+1,207/-1,221
Property expenses	+/- 5%	-234/+235	-216/+206

Cost of capital and yield requirement

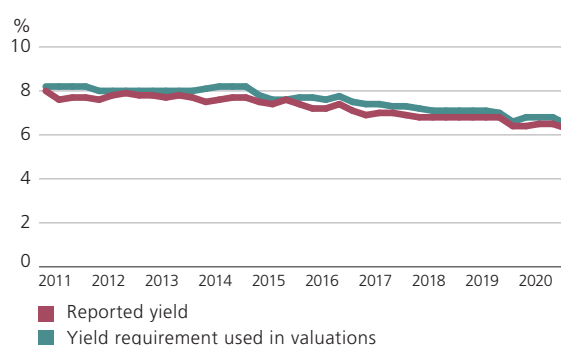
Weighted average	Cost of capital, cash flow		Cost of capital, residual value		Yield requirement	
	2020	2019	2020	2019	2020	2019
Market segment						
Stockholm	7.2%	7.6%	7.2%	7.6%	5.4%	5.7%
Helsinki	8.0%	8.3%	8.4%	8.8%	6.5%	6.8%
Netherlands	6.5%	6.3%	6.5%	6.3%	7.0%	7.1%
Paris	7.5%	8.3%	7.5%	8.3%	6.4%	6.9%
Finland, university cities	8.6%	8.7%	9.4%	9.7%	7.4%	7.7%
Madrid & Barcelona	7.4%	7.6%	7.4%	7.6%	6.3%	6.3%
Rest of Sweden	8.4%	8.7%	8.4%	8.7%	6.6%	6.8%
Rest of Finland	7.3%	7.3%	9.1%	9.2%	7.1%	7.2%
Rest of Europe	6.6%	6.7%	6.8%	6.9%	8.9%	7.2%
Weighted average	7.4%	7.8%	7.7%	8.1%	6.5%	6.6%

Intervals	Cost of capital, cash flow		Cost of capital, residual value		Yield requirement	
	2020	2019	2020	2019	2020	2019
Market segment						
Stockholm	4.6-9.9%	4.9-10.2%	4.6-9.9%	4.9-10.2%	4.9-8.0%	5.0-8.0%
Helsinki	5.5-11.8%	5.5-12.0%	6.9-11.8%	6.9-12.0%	4.9-9.8%	4.9-10.0%
Netherlands	5.1-9.2%	5.1-8.4%	5.1-9.2%	5.1-8.4%	5.8-9.1%	5.8-9.4%
Paris	5.0-11.0%	5.5-12.5%	5.0-11.0%	5.5-12.5%	4.0-7.8%	4.5-9.0%
Finland, university cities	5.5-14.0%	5.5-14.0%	7.9-14.0%	8.0-14.0%	5.9-12.0%	6.0-12.0%
Netherlands	5.1-9.2%	5.1-8.4%	5.1-9.2%	5.1-8.4%	5.8-9.1%	5.8-9.4%
Madrid & Barcelona	6.3-10.0%	7.3-10.0%	6.3-10.0%	7.3-10.0%	5.8-7.0%	6.0-7.0%
Rest of Sweden	7.1-11.3%	7.3-11.4%	7.1-11.3%	7.3-11.4%	5.2-9.3%	5.2-9.3%
Rest of Finland	5.5-16.0%	5.5-16.0%	7.5-16.0%	7.6-16.0%	5.5-14.0%	5.6-14.0%
Rest of Europe	4.8-10.0%	5.3-11.0%	4.8-11.0%	5.3-11.0%	5.8-12.5%	6.0-12.5%
Weighted average	7.4%	7.8%	7.7%	8.1%	6.5%	6.6%

The properties' expected future cash flow during the selected calculation period is measured as follows:

+	Rent payments
-	Operational payments
-	Maintenance
-	Site leasehold fees
=	Net operating income
-	Investments
=	Cash flow

Yield compared with yield requirement



NOTE **13** Investment properties, cont'd.

VALUATION COMPANIES

Savills

Savills appraises the Swedish, French, Spanish and German properties and is one of the world's leading property consultancies, with 39,000 employees in over 600 office in more than 70 countries. The company is listed on the London Stock Exchange. See also www.savills.com

Peltola & Co

Kiinteistötöitä Peltola & Co Oy appraises the value of the Finnish properties and is specialised in the valuation of retail, office, industrial and warehouse properties. Each year, it conducts valuations of approximately 1,200 properties. See also www.kiinteistotaito.fi

Jones Lang LaSalle

Jones Lang LaSalle appraises the value of the Dutch properties and two of the French properties, and is a global property consultancy with 93,000 employees and almost 300 offices in 80 countries. See also www.jll.com.

Cushman & Wakefield | RED

Cushman & Wakefield | RED appraises the value of Sagax's two Danish properties and is a Danish company in partnership with Cushman & Wakefield, a property service company with 51,000 employees and 400 offices in 70 countries. See also www.red.dk.

NOTE **14** Deferred tax liabilities and tax assets

Deferred tax was calculated using the tax rate for each country for coming years, as approved on the balance sheet date, see Note 1 Accounting policies.

The Group's loss carryforwards amounted to SEK 1,026 M (1,927), taking into account earnings for 2020. The opportunity to utilise the loss carryforwards is affected by tax regulations governing time-limited restrictions. There are also the more distant time limits to consider regarding the loss carryforward of SEK 23 M (665).

On 31 December 2020, the Parent Company had no (–) loss carryforwards.

In the consolidated statement of financial position, the deferred tax assets and tax liabilities are netted by country in accordance with the table below.

	Group	
Recognised deferred tax liabilities	2020	2019
Denmark	3	4
Finland	1,017	815
Netherlands	177	110
Spain	13	13
Sweden	1,159	970
Germany	108	106
Total	2,478	2,018

Sagax's total deferred tax asset and tax liability are recognised gross below.

	Group		Parent Company	
Deferred tax assets	2020	2019	2020	2019
Financial instruments	–	–	–	–
Loss carryforwards	211	393	–	–
Total	211	393		
Deferred tax liabilities				
Financial instruments	36	23	–	–
Temporary differences in properties	2,623	2,358	4	3
Untaxed reserves	30	30	–	–
Total	2,689	2,411	4	3
Deferred tax liabilities, net	2,478	2,018	4	3

The residual values for tax purposes of the Group's properties amount to SEK 14,944 M (16,750).

NOTE **15** Financial receivables

	Group	
	31 Dec 2020	31 Dec 2019
Convertible debentures	514	473
Bonds	37	30
Other non-current interest-bearing receivables	0	9
Other non-current receivables	36	24
Total	587	535

See also Note 18.

NOTE **16** Prepaid costs and accrued income

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Allocated borrowing costs	–	–	46	32
Rent discounts distributed over the period and arrangement fees	128	126	–	–
Accrued rental revenue	11	8	–	–
Accrued interest income	0	1	–	7
Other	45	24	2	2
Total	186	159	48	41

The Group does not recognise any allocated borrowing costs in this balance sheet item since, in accordance with IFRS 9, these costs have reduced interest-bearing liabilities by SEK 76 M (82) in the consolidated statement of financial position.

NOTE

17 Interest-bearing liabilities

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Interest-bearing liabilities, non-current portion	17,977	16,052	10,625	7,817
Commercial paper	1,081	1,192	1,081	1,192
Other interest-bearing liabilities, current portion	770	193	70	102
Total	19,828	17,437	11,776	9,111

Interest-bearing liabilities accounted for 43% (43) of the Group's funding on 31 December 2020. Interest-bearing liabilities consist partly of seven unsecured listed bonds, partly of bank loans using the subsidiaries' properties as collateral, and partly of an unsecured commercial paper programme of SEK 1,081 M (1,192). Bank loans have been provided by Deutsche Pfandbriefbank, Nordea, SEB, Swedbank, HSBC, ING, Société Générale and Danske Bank. At year end, interest-bearing liabilities amounted to SEK 19,904 M (17,519), of which the equivalent of SEK 15,403 M (13,557) was denominated in EUR. Interest-bearing liabilities during 2020 increased primarily as a result of property acquisitions. Interest-bearing liabilities fell SEK 750 M (increased SEK 124 M for the preceding year) due to exchange-rate fluctuations during the year.

In accordance with IFRS 9, allocated borrowing expenses of SEK 76 M (82) reduced interest-bearing liabilities in the balance sheet. Consequently, interest-bearing liabilities of SEK 19,828 M (17,437) were recognised. In connection with the raising of new or renegotiated credit facilities, expenses arise that are accrued over the maturity of the particular facility. These expenses may include legal fees, valuation costs and non-recurring agreement fees for the creditor. In 2020, a total of SEK 47 M (42) was recognised as expenses for allocated borrowing expenses.

Sagax's non-current interest-bearing liabilities amounted to SEK 18,053 M (16,134), or 91% (92) of the total interest-bearing liabilities. Less allocated borrowing expenses, non-current interest-bearing liabilities of SEK 17,977 M (16,052) were recognised at year end.

Current interest-bearing liabilities amounted to SEK 1,851 M (1,385), or 9% (8) of Sagax's interest-bearing liabilities. SEK 1,081 M (1,192) in outstanding commercial paper was termed current in the balance sheet since such commercial paper always has a term of less than one year. However, the commercial paper has been recognised as non-current in the table of Sagax's loan maturity at year end on [page 94](#) since the paper's back-up facilities have a term exceeding one year. The commercial paper was issued by the Parent Company. Contractual repayments in 2021 amounted to SEK 41 M. The current interest-bearing liabilities are repaid via the company's cash flow, through extension of loan contracts or through new borrowing for the refinancing of loans that are about to expire. Sagax seeks to maintain a low share of current interest-bearing funding in an effort to minimise the company's refinancing risk. Sagax curtails its refinancing risk by agreeing on a predetermined maturity in connection with new borrowing. Sagax also seeks to refinance its non-current interest-bearing liabilities well in advance. Overall, this working approach is deemed effective in limiting the company's refinancing risk. The average remaining loan maturity period was 3.4 years (3.8) at year end.

At year end, Sagax had listed outstanding bonds totalling SEK 14,698 M (12,070). In 2020, bonds totalling EUR 300 M, corresponding to SEK 3,309 M were issued. Bonds issued within the scope of the company's EMTN programme are registered on Euronext Dublin and other bonds on the private bond list on Nasdaq Stockholm. Bonds issued by Sagax on 31 December 2020 are presented below.

Unsecured bonds

Maturity	Amount	Currency	Interest terms
2017-2021	600	SEK	STIBOR 3 months + 2.25% margin
2017-2022	1,250	SEK	STIBOR 3 months + 2.15% margin
2019-2023	500	SEK	STIBOR 3 months + 0.90% margin
2019-2023	250	SEK	1.128% fixed interest coupon
2018-2024	500	EUR	2.00% fixed interest coupon
2019-2025 ¹⁾	405 ¹⁾	EUR	2.25% fixed interest coupon ²⁾
2020-2027	300	EUR	1.12% fixed interest coupon

1) The nominal amount is EUR 400 M.

2) The effective interest amounts to 1.89%, which is less than the interest coupon because a tap issue of EUR 100 M emission took place with a premium.

At year end, Sagax had available liquidity of SEK 4,343 M (3,738), including unutilised lines of credit totalling SEK 4,319 M (3,652). Credit facilities corresponding to commercial paper outstanding of SEK 1,081 M (1,192) are not included in available liquidity. At year end, the company had contracts with SEB, Nordea, Danske Bank, Swedbank, ING and Société Générale covering revolving credit facilities totalling SEK 5,061 M (4,984) available to Sagax, of which SEK 5,025 M (3,327) was unutilised at year end. Sagax has also reached agreements with SEB, Nordea, Swedbank, HSBC and ING covering short-term credit facilities totalling SEK 300 M (357), of which SEK 223 M (250) was unutilised at year end. Other lines of credit amounted to SEK 100 M (100), of which SEK 100 M (75) was unutilised. Expenses for these lines of credit amounted to SEK 22 M (25) in 2020. No additional collateral needs to be pledged to utilise these lines of credit.

The table below shows the years in which Sagax's interest-bearing liabilities fall due for final payment.

The fixed-interest structure of the loans is described in the table below. Purchased interest-rate swaps have been taken into consideration in view of their contractual interest rates and terms.

Net debt	31 Dec 2020	31 Dec 2019
Interest-bearing liabilities	19,904	17,519
Interest-bearing assets	-550	-511
Liquidity	-24	-86
Listed shares	-2,140	-1,690
Net debt	17,190	15,232

NOTE

17 Interest-bearing liabilities, cont'd.

An interest-rate cap of SEK 3,894 M is recognised in the table at the interest rate applying on the balance sheet date and the year of maturity when the various interest-rate caps expire.

Loan maturity, years	Amount	Share
2021	700	4%
2022	1,637	8%
2023	4,837	24%
2024	5,019	25%
2025	4,701	24%
>2025	3,011	15%
Total	19,904	100%

The average loan maturity was 3.4 years (3.8)

Sagax's bonds are listed. The market value exceeded amortised cost by SEK 466 M (388) on 31 December. Other interest-bearing liabilities primarily have a short fixed-interest period entailing that amortised cost essentially matches the fair value.

Fixed interest, years	Amount	Average interest	Share
2021	2,760	0.3%	14%
2022	1,253	3.0%	6%
2023	2,295	2.8%	12%
2024	5,235	1.9%	26%
2025	4,068	1.9%	20%
>2025	4,294	1.2%	22%
Total/average	19,904	1.8%	100%

The average fixed-interest period was 3.4 years (3.5).

NOTE

18 Financial instruments

Derivatives	Group	
	31 Dec 2020	31 Dec 2019
Surplus values of financial derivatives	0	1
Deficit values of financial derivatives	-118	-119
Total	-118	-119

Changes in value of financial instruments, unrealised	Group	
	2020	2019
Fixed-income derivatives	-6	-10
Listed shares	77	594
Convertible debentures	23	-
Financial instruments attributable to joint ventures	134	305
Total	228	889

Changes in value of financial instruments, realised	Group	
	2020	2019
Fixed-income derivatives	1	-
Listed shares	-	-
Total	1	-

The earnings impact for 2020 amounted to SEK 228 M (889), of which SEK 1 M (0) was a realised change in value.

Listed shares were revalued at the closing price at the balance sheet date with an unrealised earnings impact of SEK 77 M (594). The carrying amount of listed shares amounted to SEK 738 M (405) on 31 December 2020.

Sagax's ownership in Hemsö Intressenter AB is governed by a long-term shareholder agreement with the Third Swedish National Pension Fund. The shareholder agreement regulates, inter alia, put and call options between the two shareholders regarding Sagax's shareholding in the company. In accordance with IFRS 9, financial instruments attributable to Hemsö Intressenter AB were market valued at SEK 888 M (754).

In 2019, Sagax invested in the French property company Groupe BMG through a convertible loan. Groupe BMG is a property company focusing on commercial properties outside Sagax's markets. The term of the loan is five years and Sagax has a right but not an obligation to convert the loan to shares at the earliest after three years. The conversion right will be assigned a value if Groupe BMG's net asset value increases. The revaluation in 2020 amounted to SEK 23 M (0).

Sagax's financial strategy is based on low interest-rate risk, to be achieved through measures such as fixed-income derivatives. According to IFRS, fixed-income derivatives are to be measured on market terms. The valuation principles are stated in Note 1 Accounting Policies. Changes in the value of the fixed-income derivatives portfolio arise, for example, as an effect of changed market interest rates and changes to the remaining lease term. Fixed-income derivatives have been measured at market value in accordance with valuations received from the counterparties. Derivatives consist of nominal interest-rate swaps and an interest-rate cap. Sagax's counterparties for the derivative contracts are Nordea, SEB, Swedbank, Danske Bank, HSBC, Deutsche Pfandbriefbank, ING and Société Générale. Sagax's fixed-income derivatives are denominated in SEK or EUR.

The table on the following page shows the fixed-interest structure of the derivatives. The average interest rates for the derivatives are recognised at the terms applying at year end. On 31 December 2020, the market value of Sagax's fixed-income derivatives portfolio was SEK -118 M (-119).

Sagax's fixed-income derivatives comprised a nominal total of SEK 6,060 M (6,261) at year end. The fixed-income derivatives curbed Sagax's interest-rate risk at year end, corresponding to 95% (80) of the company's interest-bearing liabilities subject to floating interest rates. Derivatives distributed by counterparty are presented on the following page. The weighted average interest rate for fixed-income derivatives was 1.6%, but because none of the interest-rate caps had a strike rate at year end that impacted the weighted average interest rate for the company, it was the interest-rate swaps' average weighted interest rate of 1.4% that impacted the Group's recognised interest rate of 1.8% at year end.

Including fixed-income derivatives, the average fixed-interest period was 3.4 years (3.5) at year end. The company's profit from property management will be impacted only marginally by changes in interest rates.

The year's changes in the value of financial derivatives is recognised as realised or unrealised changes in value in Sagax's profit or loss. Unrealised changes in value affect profit before tax but not cash flow or the profit from property management.

NOTE

18 Financial instruments, cont'd.

Derivative contracts, 31 December 2020

	Number		Nominal amount		Share		Average remaining maturity		Average interest rate		Market value	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Amounts in SEK M												
Nominal interest-rate swaps:												
Nordea Pfandbriefbank	1	1	453	471	7%	8%	1.3	2.3	0.7%	0.7%	-9	-12
Nordea	4	2	838	654	14%	10%	5.2	4.3	0.6%	1.4%	-32	-34
Swedbank	1	1	246	256	4%	4%	2.0	3.0	0.5%	0.5%	-6	-6
SEB	1	1	629	629	10%	10%	7.9	5.9	1.7%	2.2%	-72	-68
Sub-total	7	5	2,166	2,009	36%	32%	4.9	4.2	1.0%	1.4%	-119	-119
Interest-rate cap:												
Deutsche Pfandbriefbank	3	1	912	798	15%	13%	2.8	3.8	2.0%	2.0%	-	-
Danske Bank	1	1	216	224	4%	4%	3.5	4.5	0.8%	0.8%	-	-
ING	1	1	437	454	7%	7%	2.5	3.5	2.0%	2.0%	-	-
HSBC	1	1	371	386	6%	6%	0.7	1.7	1.3%	1.3%	-	-
Nordea	3	4	441	650	7%	10%	0.4	1.1	2.2%	2.0%	-	-
Société Générale	1	1	266	276	4%	4%	2.3	3.3	2.0%	2.0%	-	-
Swedbank	2	3	451	663	7%	11%	0.0	0.9	1.5%	1.9%	-	-
SEB	1	1	800	800	13%	13%	1.1	2.1	2.5%	2.5%	-	-
Sub-total	12	13	3,894	4,251	64%	68%	1.6	2.4	1.9%	1.9%	-	1
Total	20	18	6,060	6,261	100%	100%	2.8	3.0	1.6%	1.8%	-118	-119
-of which contracts in SEK	8	8	2,536	2,853	47%	46%	4.0	3.1	1.8%	2.1%	-100	-102
-of which contracts in EUR	14	10	3,524	3,407	53%	54%	1.9	2.8	1.4%	1.5%	-18	-17

Fixed-income derivatives, 31 December 2020

Fixed interest, years	Nominal amount, SEK M	Market value, SEK M	Average interest ¹⁾
2021	1,263	-	1.7%
2022	1,253	-9	1.9%
2023	2,045	-9	1.6%
2024	216	0	0.8%
2025	-	-	-
>2025	1,283	-100	1.3%
Total/average	6,060	-117	1.6%

1) Average strike rate has been used for the interest-rate cap.

The table above presents the distribution of fixed-income derivatives over time and how average interest rates and market values are allocated per year of expiry.

The liquidity flows attributable to credits are presented below. Assumptions have also been applied to these regarding STIBOR and EURIBOR rates as they were quoted on the balance sheet date. Other liabilities are short term and fall due for payment within one year.

Future liquidity flows for interest-bearing liabilities and fixed-income derivatives, 31 Dec 2019

Year	Opening liabilities	To be repaid	Closing liabilities	Interest payment	Derivative payment	Total payments
2020	17,519	-123	17,396	-317	-29	-470
2021	17,396	-1,796	15,600	-289	-29	-2,114
2022	15,600	-1,250	14,350	-254	-25	-1,529
2023	14,350	-4,879	9,471	-230	-19	-5,128
2024	9,471	-5,217	4,254	-99	-17	-5,333
>2024	4,254	-4,254	-	-19	-17	-4,289
Total	-17,519	-1,207	-136	-18,862		

To calculate the variable component of a fixed-income derivative, STIBOR and EURIBOR rates were used across the entire term of the derivatives as they were quoted on the balance sheet date.

The above assumptions include the combined payment obligation for contractual loans and fixed-income derivatives totalling SEK 21,145 M (18,862) over the remaining term. For comparison, the estimated liquidity flows on 31 December 2020 and 31 December 2019 are recognised.

OTHER FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION

The statement of financial position includes receivables and liabilities to be considered as financial instruments measured at cost. With the exception of listed bonds, amortised cost essentially corresponds to market value at year end, see Note 17.

The table below shows future liquidity flows attributable to fixed-income derivatives, which comprise interest paid minus interest received.

Future liquidity flows for interest-bearing liabilities and fixed-income derivatives, 31 Dec 2020

Year	Opening liabilities	To be repaid	Closing liabilities	Interest payment	Derivative payment	Total payments
2021	19,904	-1,823	18,081	-325	-25	-2,173
2022	18,081	-1,660	16,421	-299	-21	-1,981
2023	16,421	-4,289	12,132	-263	-17	-4,568
2024	12,132	-5,019	7,113	-129	-17	-5,165
2025	7,113	-4,103	3,010	-52	-17	-4,172
>2025	3,010	-3,010	-	-34	-42	-3,086
Total	-19,904	-1,103	-138	-21,145		

NOTE **18** Financial instruments, cont'd.**Categorisation of financial instruments**

	Group 31 Dec 2020		Group 31 Dec 2019	
	Financial assets/ liabilities measured at amortised cost	Financial assets/ liabilities measured at fair value through profit or loss	Financial assets/ liabilities measured at amortised cost	Financial assets/ liabilities measured at fair value through profit or loss
Financial assets				
Fixed-income derivatives	–	0	–	1
Financial instruments attributable to joint ventures	–	888	–	754
Rent receivables	123	–	124	–
Convertible debentures	–	514	–	473
Bonds	37	–	30	–
Listed shares	–	738	–	405
Other receivables	157	–	178	–
Cash and cash equivalents	24	–	86	–
Total	341	2,141	419	1,632
Financial liabilities				
Fixed-income derivatives	–	118	–	119
Interest-bearing liabilities	19,828	–	17,437	–
Accounts payable	41	–	19	–
Other liabilities	191	–	125	–
Accrued expenses and deferred income	737	–	545	–
Total	20,798	118	18,126	119

NOTE **19** Other non-current liabilities

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Deposits from tenants	145	94	–	–
Total	145	94	–	–

NOTE **20** Accrued expenses and deferred income

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Accrued property tax	24	24	–	–
Accrued financial expenses	228	193	138	110
Prepaid rental revenue	370	180	–	–
Other interim liabilities	115	148	19	16
Total	737	545	157	126

NOTE **21** Tangible fixed assets

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Accumulated cost at the beginning of the year	17	11	6	6
Investments during the year	17	6	–	0
Reclassification to properties	–	–	–	–
Total	34	17	6	6
Accumulated depreciation at the beginning of the year	–7	–6	–5	–5
Depreciation for the year	–1	–1	0	0
Total	–8	–7	–5	–5
Carrying amount	26	9	1	1

Tangible fixed assets comprise equipment and adaptations for Sagax's offices in Stockholm, Helsinki, Paris, Rotterdam and Barcelona. A right-of-use asset for offices, cars and office equipment that Sagax leases is recognised in the amount of SEK 26 M (24).

NOTE 22 Participations in Group companies

The Parent Company AB Sagax's directly owned and indirectly owned subsidiaries are shown below. All of the following directly owned subsidiaries in which the participation is less than 100% are owned jointly with other wholly owned Group companies.

Directly owned subsidiaries	Corp. Reg. No.	Domicile	Share	Number of shares/ participations	Carrying amount 31 Dec 2020	Carrying amount 31 Dec 2019
Bilhornet KB	969685-9124	Stockholm	1%	1	3	10
Firethorne AB	556014-2571	Stockholm	100%	14,372,924	661	661
Sagax Alpha AB	556527-1540	Stockholm	100%	1,000	1	1
Sagax Beta AB	556546-4558	Stockholm	100%	1,000	132	132
Sagax Bruket Fastigheter AB	556022-3934	Stockholm	100%	20,000,000	740	740
Sagax EUR AB	559205-4240	Stockholm	100%	1,000	1	0
Sagax Euro MTN AB (publ)	559209-9690	Stockholm	100%	1,000	127	127
Sagax EURO MTN NL B.V.	KVK78311764	Rotterdam	100%	1	0	0
Sagax Europa AB	556715-1914	Stockholm	100%	1,000	713	713
Sagax Fastighet Egah Almur AB	559075-2720	Stockholm	100%	1,000	0	0
Sagax Finland Holding AB	556923-4262	Stockholm	100%	50,000	373	373
Sagax Finland Oy	2104952-4	Helsinki	51%	2,500	27	27
Sagax Invest AB	556640-8547	Stockholm	100%	1,000	30	30
Sagax Jordbro AB	556734-4741	Stockholm	100%	1,000	75	75
Sagax Lund AB	556740-3505	Stockholm	100%	1,000	35	35
Sagax Macrohuset AB	559025-5013	Stockholm	100%	1,000	0	0
Sagax Nederland B.V.	KVK66495202	Rotterdam	100%	1,000	128	128
Sagax Projektutveckling AB	559029-0473	Stockholm	100%	1,000	0	0
Sagax Real Estate SL	B67228676	Barcelona	100%	75,000,000	796	392
Sagax Småland AB	556768-9509	Stockholm	100%	1,000	121	121
Sagax Stockholm 7 AB	556909-6109	Stockholm	100%	1,000	98	0
Sagax Stockholm 8 AB	556909-6091	Stockholm	100%	500	4	4
Sagax Stockholm 12 AB	559019-6897	Stockholm	100%	1,000	14	14
Sagax Stockholm 13 AB	559019-6837	Stockholm	100%	1,000	0	0
Sagax Stockholm 19 AB	559081-6665	Stockholm	100%	1,000	260	260
Sagax Stockholm 25 AB	559128-7916	Stockholm	100%	1,000	15	15
Sagax Stockholm 26 AB	559163-6575	Stockholm	100%	1,000	0	0
Sagax Stockholm 27 AB	559214-7093	Stockholm	100%	1,000	0	0
Sagax Stockholm 28 AB	559235-3634	Stockholm	100%	1,000	0	0
Sagax Stockholm Tio AB	556954-1955	Stockholm	100%	500	265	265
Sagax Stockholm Två AB	556713-4837	Stockholm	100%	500	1,185	1,185
Storstockholms Industrifastigheter AB	556695-9572	Stockholm	100%	1,000	210	50
Svenskasagax Holding SAS	FR808512826	Paris	100%	1,000	888	923
Veddesta Properties AB	556573-9124	Stockholm	100%	1,000	53	53
Total					6,561	6,337

Indirectly owned subsidiaries	Corp. Reg. No.	Country	Domicile	Indirectly owned subsidiaries	Corp. Reg. No.	Country	Domicile
Alpha 1 Oy	2155931-3	Finland	Helsinki	EVAF B-FROST Finland Properties Oy	2115360-4	Finland	Helsinki
As Oy Kuopion Haapaniemenkatu 6 ¹⁾	0214793-8	Finland	Kuopio	Fast AB Erikseger AB	556749-8133	Sweden	Stockholm
Asunto Oy Edelfeltinkatu 3 ¹⁾	0160356-7	Finland	Kotka	Fastighets AB Apicius AB	559015-8902	Sweden	Stockholm
Asunto Oy Leivonhovi ¹⁾	0150230-1	Finland	Lahti	Fastighets AB Microhuset	559016-3159	Sweden	Stockholm
Asunto Oy Porin Santojentie 15 ¹⁾	0217489-9	Finland	Pori	Fastighets AB Råfilmen	556742-6167	Sweden	Stockholm
Asunto Oy Tietola ¹⁾	0128859-5	Finland	Lohja	Fastighetsbolaget Bärebo Gräsanden AB	556737-4151	Sweden	Stockholm
Breidan 4 Fastighets KB	969715-9268	Sweden	Stockholm	Fastighetsbolaget Reglaget AB	556591-6706	Sweden	Stockholm
Cephyr AB	556646-0753	Sweden	Stockholm	Fastighetsförv Skultuna 3 KB	969646-0196	Sweden	Stockholm



NOTE

22 Participations in Group companies, cont'd.

Indirectly owned subsidiaries	Corp. Reg. No.	Country	Domicile	Indirectly owned subsidiaries	Corp. Reg. No.	Country	Domicile
Förvaltningsbolaget Hedenhög i Huddinge AB	556468-6615	Sweden	Stockholm	KOy Kotkan Kisällinkatu 10	2612405-2	Finland	Helsinki
Gammelbackan Palvelukeskus Oy ¹⁾	0214069-9	Finland	Porvoo	KOy Kuopion Lukkosalmenportti	2190203-8	Finland	Kuopio
Grepens KB	916452-1354	Sweden	Lidköping	KOy Kuopion Mestarinkatu 5	2731637-1	Finland	Kuopio
Gila Fastighets AB	556659-0260	Sweden	Stockholm	KOy Lahden Ansiokatu 8	2731639-8	Finland	Lahti
IJA Fastighets AB	556801-3956	Sweden	Stockholm	KOy Lahden Jatkokatu 1	2612409-5	Finland	Helsinki
Huan SL	B-58240185	Spain	Barcelona	KOy Lapuan Metsäkiiventie 4	2119444-9	Finland	Lapua
Jobegu AB	556697-8937	Sweden	Stockholm	KOy Larin Kyöstinkatu 28	2731644-3	Finland	Hämeenlinna
Karkkilan Linja-autoasema Oy ¹⁾	0126992-5	Finland	Karkkila	KOy Liedon Avantintie 20	2612411-6	Finland	Helsinki
KB Kolsva 1	916608-8386	Sweden	Stockholm	KOy Lohjan Ratakatu 26	2731642-7	Finland	Lohja
KB Slänten 17	969667-0604	Sweden	Stockholm	KOy Luomannotko 5	2731645-1	Finland	Espoo
KB Titania	969636-7763	Sweden	Stockholm	KOy Lyhtykulma	2681286-7	Finland	Helsinki
Kiinteistö Oy Aittokulma ¹⁾	0219425-9	Finland	Jyväskylä	KOy Muuramen Punasilta	2097941-2	Finland	Muurame
Kiinteistö Oy Karjalantie 3	0211878-2	Finland	Kotka	KOy Nimismiehenpelto	0658624-1	Finland	Helsinki
Kiinteistö Oy Vantaan Sanomati	2634936-6	Finland	Helsinki	KOy Nollakan Liikekeskus ¹⁾	0548737-2	Finland	Joensuu
Kiinteistö Oy Vesalankeskus ¹⁾	0146223-1	Finland	Hollola	KOy Nurmijärven Karhunkierros 1	2903577-6	Finland	Nurmijärvi
Klingan 3 Fastigheter	556726-7942	Sweden	Stockholm	KOy Nurmon Ostoskeskus ¹⁾	0181183-3	Finland	Seinäjoki
Koskelo Holding Oy	2009577-2	Finland	Espoo	KOy Oulun Johdinkuja 5	2265934-0	Finland	Oulu
KOy Ansakulma	2705230-2	Finland	Vantaa	KOy Oulun Jämsälöntie 17	2731625-9	Finland	Oulu
KOy Denegin Keskikankaantie 9	2059988-2	Finland	Helsinki	KOy Oulun Kaapelitie 4	2303033-3	Finland	Helsinki
KOy Espoon Karaportti 8	2547952-1	Finland	Espoo	KOy Oulun Lumijoentie 2	2878202-4	Finland	Oulu
KOy Espoon Koskelontie 27 A	2691505-7	Finland	Espoo	KOy Oulun Moreenikuja 2	2765012-6	Finland	Oulu
KOy Espoon Mäkimiehentie 4	2886834-6	Finland	Espoo	KOy Pakkasraitti 14	2880525-7	Finland	Tuusula
KOy Espoon Olarinluoma 8	2298118-8	Finland	Helsinki	KOy Peltolamminkatu 40	0804138-4	Finland	Helsinki
KOy Espoon Ruukintie 20	0783679-1	Finland	Espoo	KOy Pirkkalan Lasikaari 1	3004484-8	Finland	Pirkkala
KOy Forssan Koikkurintie 2	2731647-8	Finland	Forssa	KOy Pirkkalan Vesalanportti	2229677-0	Finland	Pirkkala
KOy Gunnarlankatu 5	2128395-1	Finland	Helsinki	KOy Porin Korjaamokatu 1	2612408-7	Finland	Helsinki
KOy Hakamäenkuja 8-10	2541642-4	Finland	Helsinki	KOy Porin Raja-Hiltantie 8	2731631-2	Finland	Pori
KOy Helsingin Konalankuja 5	2702587-3	Finland	Helsinki	KOy Rauman Äyhönjärventie 5	2731635-5	Finland	Rauma
KOy Helsingin Muonakulma	2756538-6	Finland	Helsinki	KOy Ristipellontie 17	2447642-5	Finland	Helsinki
KOy Helsingin Muonamiehenraitti	2809177-6	Finland	Helsinki	KOy Rovaniemen Teollisuustie 28	2731633-9	Finland	Rovaniemi
KOy Helsingin Puusepänkatu 2	1589532-9	Finland	Helsinki	KOy Ruosilankulma	1937007-9	Finland	Helsinki
KOy Helsingin Ristipellonkulma	2773506-6	Finland	Helsinki	KOy Ruosilantie 18	0744708-3	Finland	Helsinki
KOy Helsingin Ruosilantie 14	2773505-8	Finland	Helsinki	KOy Seinäjoen Yrittäjätie 2	2731618-7	Finland	Seinäjoki
KOy Helsingin Ruosilantie 16	2773508-2	Finland	Helsinki	KOy Sähkötie 8	2565951-4	Finland	Vantaa
KOy Helsingin Valokaari 8	2702507-2	Finland	Helsinki	KOy Tampereen Joentaustankatu 3	2731623-2	Finland	Tampere
KOy Hollolan Tarmontie 2-4	2103880-9	Finland	Helsinki	KOy Tampereen Nuutisarankatu 19	2612407-9	Finland	Helsinki
KOy Hyvinkään Hakakallontie 7	2731622-4	Finland	Hyvinkää	KOy Tampereen Patamäenkatu 7	1636010-7	Finland	Tampere
KOy Hämeenlinnan Autotehtaantie 1	2702571-8	Finland	Helsinki	KOy Tampereen Uurastajankatu 3	2028664-0	Finland	Tampere
KOy JKL Metsälehmuksentie 6	2933938-2	Finland	Jyväskylä	KOy Terässammon Yrityskeskus	1740299-7	Finland	Jyväskylä
KOy Joensuun Muuntamontie 3	2832727-5	Finland	Joensuu	KOy TRE Hautalankatu 19-20	2945481-5	Finland	Tampere
KOy Juhanilanmäki	0734652-2	Finland	Helsinki	KOy TRE Hautalankatu 31	2945486-6	Finland	Tampere
KOy Jyväskylän Ahjokatu 26	1994773-9	Finland	Jyväskylä	KOy Turun Postinkatu 3	2955735-5	Finland	Turku
KOy Jyväskylän Metsäraivio 2	2945477-8	Finland	Jyväskylä	KOy Turun Rydöntie 7	2955742-7	Finland	Turku
KOy Jyväskylän Savelankatu 5	2854809-4	Finland	Jyväskylä	KOy Turun Uhrilähteenkatu 8	2955741-9	Finland	Turku
KOy Jyväskylän Yritystie 1	2854808-6	Finland	Jyväskylä	KOy Turun Urusvuorenkatu 3	3088275-3	Finland	Turku
KOy Kankitie	3004485-6	Finland	Jyväskylä	KOy Tuusulan Pakkasraitti 4	2652079-2	Finland	Tuusula
KOy Karkkilan Sähkökiinteistö ¹⁾	1536323-4	Finland	Karkkila	KOy Vantaan Ansatie 4	0598169-6	Finland	Helsinki
KOy Kempeleen Vihikari 10	2878206-7	Finland	Kempele	KOy Vantaan Hakamäenkulma	2696847-4	Finland	Helsinki
KOy Keski-Suomen Talo ¹⁾	0712443-6	Finland	Jyväskylä	KOy Vantaan Honkanummentie 5	1044118-4	Finland	Helsinki
KOy Kiimingin Hallitie 2	2765013-4	Finland	Oulu	KOy Vantaan Juurakkotie 3	2814954-4	Finland	Vantaa
KOy Koivuhaanportti 10	0741876-8	Finland	Helsinki	KOy Vantaan Kiitoradantie 14	1898385-0	Finland	Helsinki
KOy Kokkolan Patamäentie 1	2832725-9	Finland	Kokkola	KOy Vantaan Klinkkerikaari 2	0558383-1	Finland	Vantaa
KOy Konalankuja 2	0119121-6	Finland	Helsinki				
KOy Konekeskus	0825860-4	Finland	Jyväskylä				



NOTE

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Participations in Group companies, cont'd.

Indirectly owned subsidiaries	Corp. Reg. No.	Country	Domicile	Indirectly owned subsidiaries	Corp. Reg. No.	Country	Domicile
KOy Vantaan Kärkikuja	1832321-1	Finland	Helsinki	Sagax Finland Holding 9 Oy	2681285-9	Finland	Helsinki
KOy Vantaan Lumijälki	3089291-9	Finland	Vantaa	Sagax Finland Holding 10 Oy	2709703-3	Finland	Helsinki
KOy Vantaan Martinkyläntie 9	2599495-3	Finland	Vantaa	Sagax Finland Holding 11 Oy	2753789-5	Finland	Helsinki
KOy Vantaan Niittykulma	2756539-4	Finland	Vantaa	Sagax Finland Holding 12 Oy	2807403-6	Finland	Helsinki
KOy Vantaan Niittyvillankuja 2	2731626-7	Finland	Vantaa	Sagax Finland Holding 13 Oy	2913112-7	Finland	Helsinki
KOy Vantaan Nuolentie 20	2825579-3	Finland	Vantaa	Sagax Finland Holding 14 Oy	2913111-9	Finland	Helsinki
KOy Vantaan Porttisuontie 9	2112915-3	Finland	Helsinki	Sagax Finland Holding 15 Oy	2915842-6	Finland	Helsinki
KOy Vantaan Sarkatie 2	1971094-2	Finland	Vantaa	Sagax Finland Holding 16 Oy	2915844-2	Finland	Helsinki
KOy Vantaan Taivaltie 4	0625322-8	Finland	Vantaa	Sagax Finland Holding 17 Oy	2945479-4	Finland	Helsinki
KOy Vantaan Tiilitie 9	2591653-3	Finland	Vantaa	Sagax Finland Holding 18 Oy	3085889-2	Finland	Helsinki
KOy Vantaan Tikkurilantie 146	2702493-4	Finland	Helsinki	Sagax Finland Holding 19 Oy	3105016-6	Finland	Helsinki
KOy Vantaan Tikkurilantie 5	2319111-0	Finland	Helsinki	Sagax Finland Real Estate Oy	2553679-2	Finland	Helsinki
KOy Vantaan Trukkikuja 1	2613719-5	Finland	Helsinki	Sagax Fort AB	559128-7825	Sweden	Stockholm
KOy Vantaan Tulkintie 29	1635180-9	Finland	Helsinki	Sagax Gess AB ¹⁾	559235-3667	Sweden	Stockholm
KOy Vantaanlaaksontie 6	2298116-1	Finland	Helsinki	Sagax Hallenstraat 16 B.V.	KVK66500133	Netherlands	Rotterdam
KOy Virkatie 10	2475125-5	Finland	Helsinki	Sagax Haninge AB	556730-5080	Sweden	Stockholm
KOy Virkatie 7	2565952-2	Finland	Vantaa	Sagax Helsingborg KB	969716-9374	Sweden	Stockholm
KOy Virkatie 8 A	2565960-2	Finland	Vantaa	Sagax HoldCo 1 B.V.	KVK70337136	Netherlands	Rotterdam
KOy Virkatie 8 B	2565956-5	Finland	Vantaa	Sagax HoldCo 2 B.V.	KVK71059679	Netherlands	Rotterdam
KOy Ylivieskan Kiskotie 2	2731628-3	Finland	Ylivieska	Sagax HoldCo 3 B.V.	KVK73374350	Netherlands	Rotterdam
KOy Ylöjärven Teollisuustie 11	2607210-9	Finland	Ylöjärvi	Sagax HoldCo 4 B.V.	KVK75791013	Netherlands	Rotterdam
KOy Ylöjärven Vanha Vaasantie	2607206-1	Finland	Ylöjärvi	Sagax HoldCo 5 B.V.	KVK78137667	Netherlands	Rotterdam
KOy Ylöjärven Vanha Vaasantie 3	2952073-9	Finland	Ylöjärvi	Sagax HoldCo 6 B.V.	KVK80927467	Netherlands	Rotterdam
KOy Yrityspaja	1731678-1	Finland	Jyväskylä	Sagax Holding 1 ApS	35669752	Denmark	Herlev
KOy Ärrävaara	2404395-3	Finland	Vantaa	Sagax Huskvarna AB	556703-0555	Sweden	Stockholm
Leverantören 1 AB	556921-3928	Sweden	Stockholm	Sagax Industrial 1 B.V.	KVK68504691	Netherlands	Rotterdam
Kugghjulet 3 AB	556034-5901	Sweden	Stockholm	Sagax Industrial 2 B.V.	KVK68504802	Netherlands	Rotterdam
Marcato Fastigheter AB	556438-8527	Sweden	Stockholm	Sagax Industrial 3 B.V.	KVK69131589	Netherlands	Rotterdam
Marcato Förvaltnings AB	556248-7982	Sweden	Stockholm	Sagax Industrial 4 B.V.	KVK69131554	Netherlands	Rotterdam
Murarnas Hus AB	556565-2343	Sweden	Stockholm	Sagax Industrial 5 B.V.	KVK69131511	Netherlands	Rotterdam
Panncentralen 1 Fastighets AB	556606-2583	Sweden	Stockholm	Sagax Industrial 6 B.V.	KVK70338744	Netherlands	Rotterdam
Parque Empresarial Butarque SL	B-82308966	Spain	Madrid	Sagax Industrial 7 B.V.	KVK70338833	Netherlands	Rotterdam
Sagax Ackumulatör i Huddinge	556623-1170	Sweden	Stockholm	Sagax Industrial 8 B.V.	KVK70701393	Netherlands	Rotterdam
Sagax Almere 1 B.V.	KVK67193439	Netherlands	Rotterdam	Sagax Industrial 9 B.V.	KVK70697620	Netherlands	Rotterdam
Sagax Alpha KB	969667-5777	Sweden	Stockholm	Sagax Industrial 10 B.V.	KVK71061584	Netherlands	Rotterdam
Sagax Atan AB	559165-0006	Sweden	Stockholm	Sagax Industrial 11 B.V.	KVK71062394	Netherlands	Rotterdam
Sagax Beta KB	969680-2256	Sweden	Stockholm	Sagax Industrial 12 B.V.	KVK71851240	Netherlands	Rotterdam
Sagax Beta Komplementär AB	556646-6891	Sweden	Stockholm	Sagax Industrial 13 B.V.	KVK71851178	Netherlands	Rotterdam
Sagax Bokbindaren 1 AB	556757-8504	Sweden	Stockholm	Sagax Industrial 14 B.V.	KVK71851194	Netherlands	Rotterdam
Sagax Cirkel AB	559276-9755	Sweden	Stockholm	Sagax Industrial 15 B.V.	KVK71851143	Netherlands	Rotterdam
Sagax Dess AB	559235-3659	Sweden	Stockholm	Sagax Industrial 16 B.V.	KVK72572256	Netherlands	Rotterdam
Sagax Diameter AB	559276-9839	Sweden	Stockholm	Sagax Industrial 17 B.V.	KVK72572299	Netherlands	Rotterdam
Sagax Donker				Sagax Industrial 18 B.V.	KVK72572310	Netherlands	Rotterdam
Duyvisweg 301 B.V.	KVK66641276	Netherlands	Rotterdam	Sagax Industrial 19 B.V.	KVK73376884	Netherlands	Rotterdam
Sagax Dur AB	559235-3675	Sweden	Stockholm	Sagax Industrial 20 B.V.	KVK73377007	Netherlands	Rotterdam
Sagax Eindhoven 1 B.V.	KVK67272177	Netherlands	Rotterdam	Sagax Industrial 21 B.V.	KVK73377112	Netherlands	Rotterdam
Sagax Elb AB	559164-9974	Sweden	Stockholm	Sagax Industrial 22 B.V.	KVK75794446	Netherlands	Rotterdam
Sagax Elektra 11 AB	559092-7595	Sweden	Stockholm	Sagax Industrial 23 B.V.	KVK75794462	Netherlands	Rotterdam
Sagax Eng AB	559164-9966	Sweden	Stockholm	Sagax Industrial 24 B.V.	KVK75794497	Netherlands	Rotterdam
Sagax Fastighet Egah Almk AB	559075-2720	Sweden	Stockholm	Sagax Industrial 25 B.V.	KVK17026761	Netherlands	Rotterdam
Sagax Finland AB	556759-7975	Sweden	Stockholm	Sagax Industrial 26 B.V.	KVK80932800	Netherlands	Rotterdam
Sagax Finland Asset Management OY	2513597-2	Finland	Helsinki	Sagax Industrial 27 B.V.	KVK80932525	Netherlands	Rotterdam
Sagax Finland Holding 2 Oy	2547955-6	Finland	Helsinki	Sagax Industrial 28 B.V.	KVK80933076	Netherlands	Rotterdam
Sagax Finland Holding 4 Oy	2590939-2	Finland	Helsinki	Sagax Jönköping KB	969700-5099	Sweden	Stockholm
Sagax Finland Holding 6 Oy	2608825-8	Finland	Helsinki	Sagax Kista AB	556855-5006	Sweden	Stockholm
Sagax Finland Holding 7 Oy	2655160-1	Finland	Helsinki	Sagax Konsumentvägen AB	556717-8305	Sweden	Stockholm
Sagax Finland Holding 8 Oy	2676625-8	Finland	Helsinki	Sagax Korsberga AB	556715-1963	Sweden	Stockholm
				Sagax Kubik AB	559276-9839	Sweden	Stockholm



NOTE 22 Participations in Group companies, cont'd.

Indirectly owned subsidiaries	Corp. Reg. No.	Country	Domicile	Indirectly owned subsidiaries	Corp. Reg. No.	Country	Domicile
Sagax Kvadrat AB	559276-9771	Sweden	Stockholm	Sagax Stockholm Nio AB	556954-1963	Sweden	Stockholm
Sagax Kvm AB	559128-7809	Sweden	Stockholm	Sagax Sättra AB	556930-2085	Sweden	Stockholm
Sagax Lager AB	559128-7791	Sweden	Stockholm	Sagax Tel B.V.	KVK67390382	Netherlands	Rotterdam
Sagax Lillsjö AB	556674-7365	Sweden	Stockholm	Sagax Temple Holding 2 Oy	2111984-4	Finland	Helsinki
Sagax MIX AB	559003-7213	Sweden	Stockholm	Sagax Temple Holding 4 Oy	2111986-0	Finland	Helsinki
Sagax Moll AB	559235-3683	Sweden	Stockholm	Sagax Temple Portfolio 1 Oy	2111959-6	Finland	Helsinki
Sagax NEEAH AB	556715-8521	Sweden	Stockholm	Sagax Temple Portfolio 2 Oy	2111967-6	Finland	Helsinki
Sagax Postflyg AB	556791-5052	Sweden	Stockholm	Sagax Temple Portfolio 3 Oy	2111963-3	Finland	Helsinki
Sagax Real Estate ApS	35669744	Denmark	Herlev	Sagax Temple Portfolio 4 Oy	2111970-5	Finland	Helsinki
Sagax Rek AB	559164-9982	Sweden	Stockholm	Sagax Terneuzen B.V.	KVK68120370	Netherlands	Rotterdam
Sagax Rektangel AB	559276-9763	Sweden	Stockholm	Sagax Tsg AB ¹⁾	559164-9990	Sweden	Stockholm
Sagax Roosendaal 1 B.V.	KVK67470939	Netherlands	Rotterdam	Sagax Tyskland AB	556715-1930	Sweden	Stockholm
Sagax Rosersberg AB	556740-3596	Sweden	Stockholm	Sagax Veddesta 2:42 AB	556804-6436	Sweden	Stockholm
Sagax Sapla 1 AB euro	556740-5187	Sweden	Stockholm	Sagax Yta AB	559128-7908	Sweden	Stockholm
Sagax Sapla 2 AB euro	556740-5294	Sweden	Stockholm	Sagax Åptimera AB	556200-9844	Sweden	Stockholm
Sagax Sapla 3 AB euro	556740-5286	Sweden	Stockholm	Sagax Älvsjö AB	559035-3149	Sweden	Stockholm
Sagax Sapla 4 AB euro	556740-5278	Sweden	Stockholm	Satrap Kapitalförvaltning AB	556748-3309	Sweden	Stockholm
Sagax Sapla 5 AB euro	556683-0377	Sweden	Stockholm	Saunakallion Ostoskeskus Oy ¹⁾	0197158-9	Finland	Järvenpää
Sagax SEK AB	559199-7415	Sweden	Stockholm	SCI Immobiliere BCM	538619891	France	Paris
Sagax Skarphallen AB	556979-4588	Sweden	Stockholm	Sointulan Keskus Oy ¹⁾	0197931-0	Finland	Valkeakoski
Sagax Skarpnäck AB	556852-4531	Sweden	Stockholm	Storstockholms			
Sagax Skruvnyckeln Holding AB	559105-5743	Sweden	Stockholm	Industrifastigheter KB	969695-2648	Sweden	Stockholm
Sagax Solna AB	556073-1407	Sweden	Stockholm	Stubbehagen Fastighets AB	556698-0891	Sweden	Stockholm
Sagax Staffanstorps AB	556805-3762	Sweden	Stockholm	Svenska Sagax 1 SAS	808495303	France	Paris
Sagax Stockholm 15 AB	559037-4962	Sweden	Stockholm	Svenskasagax 2 SAS	822558268	France	Paris
Sagax Stockholm 20 AB	559081-6657	Sweden	Stockholm	Svenskasagax 3 SAS	822558268	France	Paris
Sagax Stockholm 23 AB	559083-1888	Sweden	Stockholm	Svenskasagax 4 SAS	851392084	France	Paris
Sagax Stockholm 24 AB	559083-1896	Sweden	Stockholm	T E Real Estate KB	969712-2852	Sweden	Stockholm
Sagax Stockholm 29 AB	559276-9789	Sweden	Stockholm	Tillverkaren 1 Fastighets AB	556730-4307	Sweden	Stockholm

1) Joint operations.

NOTE 23 Participations in joint ventures and associated companies

Sagax owns 50% of Söderport Holding AB together with Nyfosa AB (publ). Söderport's operations consist of owning, managing and developing properties in Sweden. Söderport owns properties primarily in the warehouse and light industry segments. 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 property management in Stockholm and financial administration of the Söderport Group. Nyfosa is responsible for property management in Gothenburg.

Sagax owns 50% of Hemsö Intressenter AB, which in turn owns 30% of Hemsö Fastighets AB. The remaining shares are owned by the Third Swedish National Pension Fund. More information on Hemsö Fastighets AB can be found on the company's website, www.hemso.se.

In addition, Sagax owns 25% of Fastighetsbolaget Emilshus AB, which is a property company with the business concept of acquiring, developing and managing high-yield commercial properties in Småland. More information can be found on the company's website, www.emilshus.com.

Sagax also owns 20% of the votes and 14% of the capital in NP3 Fastigheter AB, which is a cash-flow oriented property com-

pany focusing on commercial investment properties mainly in northern Sweden. NP3 Fastigheter AB is listed on Nasdaq Stockholm, Mid Cap. More information can be found on the company's website, www.np3fastigheter.se

Sagax owns 50% of Fastighetsaktiebolaget Ess-Sierra, with the remainder owned by NP3 Fastigheter AB. Ess-Sierra was founded in December 2020 and its operations entail owning and managing 37 properties that are let to Beijer Byggmaterial AB. The lettable area amounts to 203,000 square metres.

Sagax recognises shares in profit and participating interests in joint ventures and associated companies according to the equity method. Shares in profit, as well as additional acquisition costs, are recognised across the values of participations in the consolidated financial statements. Consolidated comprehensive income includes the Group's share of comprehensive income in the investment entity. Sagax's shares of profit in the associated companies NP3 and Emilshus are based on financial statements as per 30 September 2020. Profit for the full-year was calculated by assuming that the profit for the fourth quarter is the same as in the third quarter. It is assumed that gains/losses from changes in value are unchanged.



NOTE 23 Participations in joint ventures and associated companies, cont'd.

Carrying amount joint ventures/associated companies

Joint ventures	Corp. Reg. No.	Domicile	Share	Parent Company	
				31 Dec 2020	31 Dec 2019
Hemsö Intressenter AB	556917-4336	Stockholm	50%	585	435
Total				585	435

Joint ventures/associated companies	Corp. Reg. No.	Domicile	Share	Group	
				31 Dec 2020	31 Dec 2019
Fastighetsbolaget Emilshus AB	559164-8752	Vetlanda	25%	197	179
Hemsö Intressenter AB	556917-4336	Stockholm	50%	2,318	1,821
NP3 Fastigheter AB ¹⁾	556749-1963	Sundsvall	20%	1,257	1,134
Söderport Holding AB	556819-2230	Stockholm	50%	1,909	1,804
Fastighetsaktiebolaget Ess-Sierra AB	559235-3667	Stockholm	50%	265	-
Total				5,945	4,939

1) The holding was reclassified to associated companies in 2019.

Sagax's joint venture

	Söderport		Hemsö		Ess-Sierra ¹⁾	
	2020 Jan-Dec	Jan-Dec 2019	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
Sagax's participating interest, %	50	50	15	15	50	-
Rental revenue, SEK M	818	708	3,270	3,027	5	-
Rental value, SEK M	899	835	3,429	3,195	91	-
Profit from property management, SEK M	466	384	1,810	1,760	3	-
Profit for the year, SEK M	844	929	3,333	3,111	49	-
Sagax's share of profit from property management, SEK M	217	188	223	218	1	-

	2020 Jan-Dec	Jan-Dec 2019	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
No. of properties	82	80	392	370	37	-
Carrying amount of properties, SEK M	11,909	10,853	62,240	55,027	1,440	-
Lettable area, sqm	778,000	761,000	2,005,000	1,884,000	203,000	-
Lease term, years	4.8	4.6	9.9	9.9	6.8	-
Economic vacancy rate, %	6	4	2	2	0	-
Interest-bearing liabilities, SEK M	6,354	5,828	38,652	35,542	842	-
Loan maturity, years	3.5	4.5	6.7	7.4	4	-
Fixed interest, years	3.1	3.1	6.2	6.4	3.2	-
Market value of fixed-income derivatives, SEK M	-219	-208	-231	-211	-	-
Sagax's recognised share value, SEK M	1,909	1,804	2,318	1,821	265	-

1) Ess-Sierra became a joint venture on 11 December 2020

Reconciliation of share value, joint venture

	Hemsö Intressenter AB		Söderport Holding AB		Ess-Sierra	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Sagax's share of equity, %	2,318	1,821	1,916	1,812	273	-
Carrying amount for participation	2,318	1,821	1,909	1,804	265	-

	Hemsö Intressenter AB		Söderport Holding AB		Ess-Sierra	
	Group	Parent Company	Group	Parent Company	Group	Parent Company
Opening balance 1 Jan 2020	1,821	435	1,804	-	-	-
Share of comprehensive income	431	-	404	-	19	-
Dividend	-85	-	-300	-	-	-
Capital contribution	150	150	-	-	246	-
Closing balance 31 Dec 2020	2,318	585	1909	-	265	-



NOTE

23 Participations in joint ventures and associated companies, cont'd.**Aggregated income statements, joint venture**

	Hemsö Intressenter AB ¹⁾		Söderport Holding AB		Ess-Sierra	
	2020	2019	2020	2019	2020	2019
Profit from property management	446	436	466	384	3	–
Changes in value, properties	714	558	605	832	62	–
Changes in value, financial instruments	–34	–20	–11	12	–	–
Tax	–238	–178	–216	–240	–16	–
Profit for the year	888	796	844	989	49	–
Other comprehensive income	–26	26	–	–	–	–
Comprehensive income for the year	862	822	844	989	49	–
Profit attributable to non-controlling owners	–	–	36	6	–	–
Sagax's share of comprehensive income for the year	431	411	404	492	19	–

1) Hemsö Intressenter AB owns 30% of Hemsö Fastighets AB.

Aggregated balance sheets, joint ventures

	Hemsö Intressenter AB ¹⁾		Söderport Holding AB		Ess-Sierra	
	2020	2019	2020	2019	2020	2019
Investment properties	–	–	11,909	10,823	1,440	–
Other fixed assets	5,814	5,121	272	291	0	–
Cash and cash equivalents	32	32	161	242	21	–
Other current assets	–	–	67	85	4	–
Total assets	5,846	5,153	12,409	11,441	1,465	–
Equity	4,335	3,642	4,136	3,905	546	–
Interest-bearing non-current liabilities	1,470	1,470	6,303	5,778	842	–
Derivatives	–	–	220	216	–	–
Deferred tax liabilities	–	–	1,087	909	15	–
Other non-current liabilities	–	–	312	276	34	–
Interest-bearing current liabilities	–	–	50	50	–	–
Current liabilities	41	41	301	306	28	–
Total equity and liabilities	5,846	5,153	12,409	11,441	1,465	–

1) Hemsö Intressenter AB owns 30% of Hemsö Fastighets AB.



NOTE 23 Participations in joint ventures and associated companies, cont'd.

Reconciliation of share value, associated companies

	Fastighetsbolaget Emilshus AB	NP3 Fastigheter AB
	31 Dec 2020	31 Dec 2020
Sagax's share of equity, %	237	987
Carrying amount for participation	197	1,257

	Fastighetsbolaget Emilshus AB	NP3 Fastigheter AB
	Group	Group
Opening balance 1 Jan 2020	179	1,134
Acquisition	–	14
Share of comprehensive income	18	147
Dividend	–	–39
Closing balance 31 Dec 2020	197	1,257

Aggregated income statements, associated companies

	Fastighetsbolaget Emilshus AB	NP3 Fastigheter AB
	2020	2020
Profit from property management	86	599
Changes in value, properties	137	263
Changes in value, financial instruments	–3	–38
Tax	–45	–164
Profit for the year	176	660
Other comprehensive income	0	0
Comprehensive income for the year	176	660
Profit attributable to non-controlling owners	0	1
Sagax's share of comprehensive income for the year	18	146

Aggregated balance sheets, associated companies

	Fastighetsbolaget Emilshus AB	NP3 Fastigheter AB
	31 Dec 2020	31 Dec 2020
Investment properties	2,714	12,582
Other fixed assets	1	573
Cash and cash equivalents	79	104
Other current assets	12	92
Total assets	2,806	13,352
Equity	942	4,637
Interest-bearing non-current liabilities	1,486	7,404
Derivatives	1	73
Deferred tax liabilities	60	568
Other non-current liabilities	1	83
Current liabilities	316	587
Total equity and liabilities	2,806	13,352

NOTE 24 Receivables from joint ventures

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Non-current receivables from joint ventures				
Fastighetsaktiebolaget Ess-Sierra	34	–	34	–
Sagax Tsg AB	7	–	–	–
Total	41	–	34	–

NOTE 25 Receivables from Group companies

	Parent Company	
	31 Dec 2020	31 Dec 2019
Group companies		
Current receivables from Group companies		
Billhornet KB	45	–
Cephys AB	5	–
Fastighets AB Råfilmen	–	25
Fastighetsaktiebolaget Apicius	65	63
Gila Fastighets AB	2	–
IJA Fastighet AB	6	–
Jobegu AB	1	–
Klingan Tre Fastigheter AB	1	–
Marcato Fastigheter AB	44	–
Marcato Förvaltning AB	26	–
Murarnas Hus AB	1	18
Panncentralen 1 AB	97	–
Sagax Almere 1 B.V.	305	334
Sagax Alpha AB	112	–
Sagax Atan AB	10	–
Sagax Beta AB	143	21
Sagax Beta Komplementär AB	–	1,606

	Parent Company	
	31 Dec 2020	31 Dec 2019
Group companies		
Sagax Bokbindaren 1 AB	237	–
Sagax Bruket AB	274	–
Sagax Donker Duyvisweg 301 B.V.	56	83
Sagax Eindhoven 1 B.V.	44	39
Sagax Elb AB	17	–
Sagax Eur AB	458	479
Sagax Fastighet Egah Almuk AB	3	6
Sagax Finland Holding 2 Oy	7	–
Sagax Finland Holding 4 Oy	379	454
Sagax Finland Holding 6 Oy	100	124
Sagax Finland Holding 8 Oy	8	–
Sagax Finland Holding 9 Oy	328	407
Sagax Finland Holding 10 Oy	20	117
Sagax Finland Holding 11 Oy	3	–
Sagax Finland Holding 12 Oy	143	156
Sagax Finland Holding 13 Oy	13	119
Sagax Finland Holding 14 Oy	59	100
Sagax Finland Holding 15 Oy	–	154

NOTE 25 Receivables from Group companies, cont'd.

Group companies	Parent Company	
	31 Dec 2020	31 Dec 2019
Sagax Finland Holding 16 Oy	195	208
Sagax Finland Holding 17 Oy	125	131
Sagax Finland Holding 19 Oy	157	–
Sagax Finland Real Estate Oy	182	123
Sagax Hallenstraat 16 B.V.	38	41
Sagax Haninge AB	23	–
Sagax HoldCo 1 B.V.	163	–
Sagax Holding 1 ApS	43	51
Sagax Industrial 1 B.V.	130	71
Sagax Industrial 2 B.V.	73	35
Sagax Industrial 3 B.V.	20	24
Sagax Industrial 4 B.V.	51	52
Sagax Industrial 5 B.V.	181	198
Sagax Industrial 6 B.V.	33	32
Sagax Industrial 7 B.V.	–	140
Sagax Industrial 8 B.V.	40	38
Sagax Industrial 9 B.V.	20	18
Sagax Industrial 10 B.V.	64	58
Sagax Industrial 11 B.V.	24	24
Sagax Industrial 12 B.V.	74	68
Sagax Industrial 13 B.V.	105	112
Sagax Industrial 14 B.V.	32	–
Sagax Industrial 15 B.V.	86	72
Sagax Industrial 16 B.V.	105	91
Sagax Industrial 17 B.V.	68	–
Sagax Industrial 18 B.V.	327	–
Sagax Industrial 19 B.V.	92	96
Sagax Industrial 20 B.V.	50	48
Sagax Industrial 21 B.V.	298	323
Sagax Industrial 22 B.V.	123	–
Sagax Industrial 23 B.V.	130	–
Sagax Industrial 24 B.V.	20	–
Sagax Kista AB	130	–
Sagax Korsberga AB	8	–
Sagax Lund AB	22	50
Sagax Macrohuset AB	30	–
Sagax Mix AB	39	–
Sagax Nederland B.V.	–	1
Sagax Projektutveckling AB	24	0
Sagax Real Estate ApS	1	1
Sagax Real Estate SL	1,990	498
Sagax Resan 1 AB	1	0
Sagax Rosendaal 1 B.V.	30	27
Sagax Rosersberg AB	35	–
Sagax Skarpnäck AB	40	–
Sagax Småland AB	445	459
Sagax Stockholm 7 AB	–	42
Sagax Stockholm 8 AB	92	93
Sagax Stockholm 12 AB	2	2
Sagax Stockholm 13 AB	293	250
Sagax Stockholm 15 AB	4	7
Sagax Stockholm 19 AB	31	–
Sagax Stockholm 20 AB	–	43
Sagax Stockholm 23 AB	265	154
Sagax Stockholm 25 AB	17	35
Sagax Stockholm 26 AB	18	11
Sagax Stockholm Tio AB	65	75
Sagax Stockholm Två AB	2	1
Sagax Sättra AB	11	0
Sagax Tel B.V.	33	36
Sagax Temple Holding 2 Oy	233	252
Sagax Temple Portfolio 1 Oy	335	366
Sagax Temple Portfolio 2 Oy	92	110
Sagax Temple Portfolio 3 Oy	417	488
Sagax Temple Portfolio 4 Oy	315	348

NOTE 25 Receivables from Group companies, cont'd.

Group companies	Parent Company	
	31 Dec 2020	31 Dec 2019
Sagax Terneuzen B.V.	234	244
Sagax Tyskland AB	469	575
Sagax Yta AB	29	–
Storstockholms Industrifastigheter AB	209	–
Svenska Holding SAS	15	8
Svenskasagax 2 SAS	254	128
Svenskasagax 3 SAS	444	514
Svenskasagax 4 SAS	828	291
Tillverkaren 1 Fastighets AB	20	–
Veddesta Properties AB	8	–
Total	13,614	11,496

Group companies	Parent Company	
	31 Dec 2020	31 Dec 2019
Non-current receivables from Group companies		
Fastighets AB Råfilmen	145	145
Sagax Fastighet Egah Almuk AB	39	39
Sagax Finland Holding 2 Oy	265	361
Sagax Finland Holding 7 Oy	–	58
Sagax Finland Holding 8 Oy	263	308
Sagax Finland Holding 10 Oy	285	0
Sagax Finland Holding 11 Oy	90	102
Sagax Jordbro AB	527	527
Sagax Stockholm 7 AB	–	91
Sagax Veddesta AB	–	41
Sagax Veddesta 2:42 AB	40	0
Total	1,654	1,672

NOTE 26 Liabilities to Group companies

Group companies	Parent Company	
	31 Dec 2020	31 Dec 2019
Current liabilities to Group companies		
Firethorne AB	684	666
Sagax Elb AB	–	1
Sagax Euro MTN AB	1,138	1,157
Sagax Europa AB	37	36
Sagax Finland Asset Management Oy	16	6
Sagax Finland Holding 15 Oy	6	–
Sagax Finland Holding 18 Oy	8	–
Sagax Finland Oy	702	570
Sagax Industrial 14 B.V.	–	2
Sagax Invest AB	–	164
Sagax Jordbro AB	218	187
Sagax Projektutveckling AB	–	1
Sagax SEK AB	68	107
Sagax Stockholm 19 AB	–	1
Sagax Stockholm 27 AB	165	161
Sagax Stockholm 28 AB	186	–
Satrap Kapitalförvaltning AB	225	164
Sagax Veddesta 2:42 AB	–	16
Total	3,423	3,223

Group companies	Parent Company	
	31 Dec 2020	31 Dec 2019
Non-current liabilities to Group companies		
Sagax Finland Oy	251	261
Sagax SEK AB	3,162	3,162
Total	3,413	3,423

NOTE 27 Transactions with related parties

BOARD OF DIRECTORS AND SENIOR EXECUTIVES

In 2020, the Parent Company's Accounts Department provided accounting services to the companies that are wholly owned by the CEO, David Mindus. These services are charged at cost price plus a percentage surcharge. Sagax invoiced these companies SEK 44,000 excluding value added tax. The remuneration is deemed to be on market terms. No other transactions took place between Sagax and members of the company's Board, other senior executives or relatives of these in 2020. For remuneration of the Board of Directors and senior executives, see Note 5.

PARENT COMPANY

The Parent Company, AB Sagax, is responsible for stock market issues, such as financial reporting and stock market information.

The Parent Company is also responsible for credit market issues, such as borrowing and financial risk management. Services between Group companies and joint ventures are charged at cost price plus a percentage surcharge. The remuneration is deemed to be on market terms. Intra-Group services comprise management services and internal interest charging. In addition, Sagax has an agreement with Söderport Holding AB, which is a joint venture with Nyfosa AB, and with Torslanda Property Investment AB, which is a subsidiary of Söderport Holding AB, for financial and property management. During the year, the Parent Company's fees for property and company management from Group companies amounted to SEK 57 M (55) and fees from joint venture to SEK 19 M (18).

NOTE 28 Equity

SHARE CAPITAL

The Extraordinary General Meeting held on 19 March 2021 resolved on a reduction of share capital through the redemption of all 16,784,028 preference shares in accordance with Article 5.6 of Sagax's Articles of Association. The number of treasury shares amounted to 2,000,000 Class B shares on 31 December 2020. The shares were repurchased in 2013.

The shares have a quotient value of SEK 1.75 per share. All shares were fully paid up. Voting rights and the proportion of share capital per class of share are presented here.

The share capital trend during the past ten years, as registered by the Swedish Companies Registration Office, is described below.

Voting rights and proportion of share capital

Class of share	Number	Voting rights per share	No. of votes	Proportion of votes	Proportion of share capital
Class A shares	26,832,884	1.0	26,832,884.00	38%	6%
Class B shares	292,446,646	0.1	29,244,664.60	42%	63%
Class D shares	125,800,000	0.1	12,580,000.00	18%	27%
Preference shares	16,784,028	0.1	1,678,402.80	2%	4%
Total	461,863,558		70,335,951.40	100%	100%

Date	Event	Change in share capital	Total share capital	Total number of Class A shares	Total number of Class B shares	Total number of Class D shares	Total number of preference shares	Total number of shares
27 Jan 2011	Warrants	885,625	250,790,930	12,906,164	–	–	37,252,022	50,158,186
1 Mar 2011	Warrants	2,553,290	253,344,220	13,416,822	–	–	37,252,022	50,668,844
21 Dec 2012	Private placement	63,739,890	317,084,110	13,416,822	–	–	50,000,000	63,416,822
26 Mar 2013	Bonus issue ¹⁾	28,689,713	345,773,824	13,416,822	134,168,220	–	50,000,000	197,585,042
26 Mar 2013	Private placement	20,457,342	366,231,166	13,416,822	145,858,130	–	50,000,000	209,274,952
25 Apr 2014	Private placement	5,250,000	371,481,166	13,416,822	145,858,130	–	53,000,000	212,274,952
22 Dec 2014	Private placement	4,375,000	375,856,166	13,416,822	145,858,130	–	55,500,000	214,774,952
24 Mar 2015	Private placement	4,812,500	380,668,666	13,416,822	145,858,130	–	58,250,000	217,524,952
2 Nov 2016	Rights issue	25,261,243	405,929,909	13,416,822	145,858,130	14,434,996	58,250,000	231,959,948
2 Nov 2016	Private placement	6,676,257	412,606,166	13,416,822	145,858,130	18,250,000	58,250,000	235,774,952
6 Jun 2017	Cancellation of shares	-72,565,451	340,040,715	13,416,822	145,858,130	18,250,000	16,784,028	194,308,980
6 Jun 2017	Offset issue	79,928,046	419,338,761	13,416,822	145,858,130	63,563,169	16,784,028	239,622,149
1 Jun 2018	Rights issue	41,758,875	461,097,636	13,416,822	145,858,130	87,425,383	16,784,028	263,484,363
14 Jun 2018	Private placement	16,755,580	477,853,216	13,416,822	145,858,130	97,000,000	16,784,028	273,058,980
19 Jun 2018	Incentive plan ²⁾	212,231	478,065,447	13,416,822	145,979,405	97,000,000	16,784,028	273,180,255
6 Nov 2018	Private placement	8,575,000	486,640,446	13,416,822	145,979,405	101,900,000	16,784,028	278,080,255
10 May 2019	Private placement	10,325,000	496,965,446	13,416,822	145,979,405	107,800,000	16,784,028	283,980,255
3 Jun 2019	Bonus issue	278,973,397	775,908,843	26,833,544	291,958,810	107,800,000	16,784,028	443,376,382
2 Jul 2019	Incentive plan ²⁾	348,175	776,257,018	26,833,544	292,157,867	107,800,000	16,784,028	443,575,439
1 Jun 2020	Private placement	31,500,000	807,757,018	26,833,544	292,157,867	125,800,000	16,784,028	461,575,439
25 Jun 2020	Incentive plan ²⁾	504,208	808,261,226	26,832,884	292,446,646	125,800,000	16,784,028	461,863,558
23 Mar 2021	Conversion of share class	0	808,261,226	26,832,884	292,446,646	126,261,329	16,322,699	461,863,558
7 Apr 2021	Redemption of preference shares	28,564,723	779,696,503	26,832,884	292,446,646	126,261,329	0	445,540,859

1) The quotient value per share was reduced to SEK 1.75 in conjunction with the bonus issue of Class B common shares.

2) New share issues due to the exercise of warrants under the 2015-2018, 2016-2019 and 2017-2020 Incentive Plans.

NOTE

28 Equity, cont'd.

WARRANTS

Sagax has three warrant plans for the company's employees. These plans are valid for three years, and encompass the periods 2018-2021, 2019-2022 and 2020-2023. Warrants entitle the holder to subscribe for new common shares in June 2021, June 2022 and June 2023, respectively. The subscription price corresponds to the price paid for the Sagax share at the start of the warrant plans 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. At year end, Sagax employees held a total of 1,186,040 warrants with the right to subscribe for Class B common shares corresponding to 0.6% of the number of Class A and Class B common shares outstanding. A new share issue of 288,119 Class B common shares was carried out in July 2020 due to the exercise of warrants under the 2017-2020 Incentive Plan. The remainder of employees' warrants for the Incentive Plan 2017-2020 was bought back by AB Sagax for SEK 14 M, which corresponds to the market value on the date of the repurchase. The company's CEO and Board Members do not participate in the plans.

No additional warrants or convertibles are outstanding.

CONSOLIDATED EQUITY

The share capital corresponds to the Parent Company's share capital. Other contributed capital refers to capital contributed by shareholders. Reserves pertain to currency translation differences arising as a result of foreign operations, shares in the other comprehensive income of joint venture and currency translation differences pertaining to hedge accounting from foreign operations. Profit earned relates to profit earned in the Group.

PARENT COMPANY EQUITY

Under the Swedish Companies Act, equity consists of restricted (non dividend-carrying) and non-restricted (dividend-carrying) equity. Distributions to shareholders may not exceed an amount that ensures full coverage of restricted equity following the dividend payment. Moreover, a dividend may only be paid if it is defensible taking into account the requirements arising from the nature, scope and inherent risks of the operations on the size of the equity and the company's and the Group's consolidation needs, cash and cash equivalents and position otherwise. Dividends are proposed by the Board of Directors in accordance with the stipulations of the Companies Act, and are approved by the Annual General Meeting.

DIVIDENDS

Sagax's Board of Directors proposes that the 2021 AGM resolves to pay a dividend of SEK 1.65 (1.30) per Class A and B common share for each Class A and B common share held on the record date. A total of SEK 523.5 M in dividends is proposed to be distributed to holders of Class A and Class B shares.

The Board proposes that the 2021 AGM approve a dividend of SEK 2.00 (2.00) per Class D share to be paid quarterly in the amount of SEK 0.50 per Class D share during the period between the 2020 and 2021 AGMs. A total of SEK 252.5 M in dividends is proposed to holders of the company's Class D shares.

The Extraordinary General Meeting held on 19 March 2021 resolved on the redemption of all 16,784,028 preference shares, and accordingly the Board proposes no dividend per preference

share. The total proposed dividend amounts to SEK 776.0 M. The dividend corresponds to 32.5% (34.8) of consolidated profit from property management for 2020 and 34.9% (38.9) of consolidated cash flow 2020 before changes in working capital.

The dividend policy is intended to allow for continued growth and adequate preparedness to take advantage of business opportunities. The Board is also authorised to propose the distribution of non-recurring profits to shareholders.

EARNINGS PER SHARE

According to the Articles of Association as per 31 December 2020, each preference share confers a preferential right to SEK 2.00 in annual dividends. Each Class D share provides entitlement to a maximum of SEK 2.00 per share. Accordingly, when calculating earnings per Class A and B share, profit for the year was reduced by SEK 2.00 per preference share and Class D share, by a total of SEK 285 M. The calculation is based on the total number of preference and Class D shares at year end, 16,784,028 preference shares and 125,800,000 Class D shares.

When calculating earnings per common Class A and B share after dilution due to the warrants outstanding, in accordance with IAS 33, the dilution has been calculated as the number of Class B shares that must be issued to cover the difference between the strike price and market price of all potential Class B shares (warrants) outstanding, assuming it is probable that they will be exercised.

NOTE

29 Unrealised changes in value

Unrealised changes in value recognised in profit or loss over the past five-year period are presented below, taking into account the deferred tax effect and year.

	2020	2019	2018	2017	2016	Total
Properties	1,274	1,301	1,265	1,113	1,306	6,259
Financial instruments	228	889	211	504	-51	1,781
Deferred tax	-511	-416	-325	-356	-276	-1,884
Total	991	1,774	1,151	1,261	979	6,156

On 31 December 2020, Sagax's closing accumulated and unrealised changes in the value of the property portfolio totalled SEK 7,690 M for the past 11 years. This means that the property portfolio, as assessed by independent valuation companies, is expected to have risen in value by this net amount compared with 2010.

Unrealised changes in value of properties 2010-2020

Year	Recognised unrealised changes in value, SEK M	Divestment of properties with a change of value, SEK M	Accumulated unrealised changes in value, SEK M
2010	175	-7	168
2011	130	-6	292
2012	134	-2	424
2013	136	2	562
2014	436	4	1,002
2015	677	39	1,718
2016	1,306	-180	2,844
2017	1,113	14	3,971
2018	1,265	63	5,299
2019	1,301	-192	6,408
2020	1,274	8	7,690
Total	7,947	-257	7,690

NOTE 30 Pledged assets and contingent liabilities

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Pledged assets for interest-bearing liabilities				
Property mortgages ¹⁾	10,824	10,511	–	–
Pledged bank accounts	0	0	–	–
Pledged participations in subsidiaries ²⁾	490	125	352	254
Pledged participations in joint venture	541	–	–	–
Pledged Group receivables	–	–	751	707
Total	11,855	10,636	1,103	960

1) In Finland, mortgage deeds obtained exceed interest-bearing liabilities by SEK 3,958 M (3,869), in accordance with market practices.

2) Pledged participations in subsidiaries refer to the companies' share of the Group's net assets less a deduction for pledged property mortgages and chattel mortgages.

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Contingent liabilities				
Sureties for subsidiaries' interest-rate swaps	–	–	30	52
Sureties for subsidiaries' credits	–	–	7,708	7,933
Total contingent liabilities	–	–	7,738	7,984

NOTE 31 Cash-flow statements

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Items included in cash and cash equivalents				
Cash and bank balances	24	86	0	1
Total	24	86	0	1

Financial expenses, excluding financial expenses for the interest component of leases, amounted to SEK 455 M (446). The company's average interest rate on 31 December 2020 was 1.8% (1.9). In 2020, interest-bearing liabilities on property acquisitions increased to SEK 19,904 M (17,519), at the same time as interest paid by the Group on interest-bearing liabilities amounted to SEK 388 M (353). Sagax's financial income amounted to SEK 39 M (20).

Working capital, excluding prepaid rental revenue and including listed shares, amounted to SEK –137 M (140) on 31 December 2020. At the same date, unutilised credit facilities amounted to SEK 5,424 M (4,845), including lines of credit corresponding to commercial paper outstanding.

Cash flow from operating activities before changes in working capital amounted to SEK 2,219 M (1,795). Cash flow from operating activities deviates from profit from property management

primarily because a large part of the cash flow in joint ventures and associated companies was reinvested in these operations in 2020. Changes in working capital had a positive impact of SEK 338 M (44) on cash flow.

Investing activities impacted cash flow by SEK –5,543 M (–3,051) and related primarily to net investments of SEK 4,828 M (2,130) in the property business. Investments in new construction, additions and renovations of existing properties amounted to SEK 666 M (707) during the financial year. Property acquisitions impacted consolidated cash flow in the amount of SEK 5,585 M (2,836). Property divestments contributed SEK 1,426 M (1,413) to cash flow.

Cash flow from financing activities contributed a net amount of SEK 2,926 M (1,224) to Sagax. The Group raised SEK 7,886 M (7,322) in new loans and repaid SEK 4,791 M (5,734). A total of SEK 679 M (560) was distributed to shareholders during the year. In total, cash and cash equivalents increased by SEK –62 M (13) to SEK 24 M (86) in 2020.

Non-current deposits were reclassified from financing activities to operating activities. Comparative figures for 2019 were changed.

CHANGES IN LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

	2019					2020				
	31 Dec 2018	Cash flow	Non-cash flow			31 Dec 2019	Cash flow	Non-cash flow		
			Borrowing costs	Change in exchange rates	Reclassification			Borrowing costs	Change in exchange rates	Reclassification
Current interest-bearing liabilities	1,817	–493	–	2	58	1,385	–201	–	42	625
Non-current interest-bearing liabilities	13,866	2,081	42	122	–58	16,052	3,296	46	–793	–625
Total	15,683	1,588	42	124	–	17,437	3,095	46	–750	–

FUNDING

Sagax's funding primarily comprises equity and interest-bearing liabilities. The company's long-term funding comprises listed bonds and credit facilities. The counterparties of the credit facilities are Swedish and foreign commercial banks. In certain cases, the facilities may be subject to special conditions, such as maintaining a specific interest coverage ratio. This means that creditors may be entitled to demand repayment of granted credit lines prematurely or request changed conditions if these special commitments are not met by the borrower. Sagax has financial covenants. The company complies with all of its financial covenants. Sagax is of the opinion that the facilities are on commercial terms.

FINANCIAL POLICY

The financial policy indicates guidelines and rules as to how financial operations in Sagax are to be pursued. It is adopted by the Board and states how to limit various risks in Sagax's financial affairs and the risks that the company may take. It also states how to report on Sagax's financial affairs to the Board. The financial policy establishes the division of responsibility and administrative rules, and must also provide guidance in the daily work of the financing department. The financial policy applies to all Sagax companies.

REFINANCING RISK

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.

Sagax curtails its refinancing risk by agreeing on a certain maturity in connection with new borrowing. Sagax also strives to refinance its non-current interest-bearing liabilities well in advance. Overall, this working approach is deemed effective in limiting the company's refinancing risk.

A sensitivity analysis is presented on [page 109](#) showing the effects of a change in property values on Sagax's debt ratio. A sensitivity analysis is presented there showing the effects of a change in the occupancy rate on Sagax's interest coverage ratio.

CHANGE IN VALUES OF FINANCIAL DERIVATIVES

To limit the interest-rate risk, defined as the risk of an impact on earnings or cash flow due to changes in market interest rates, and thus increase the predictability of profit from property management, Sagax uses nominal interest-rate swaps and interest-rate caps. Sagax's fixed-income derivatives comprised a nominal total of SEK 6,060 M (6,261) at year end, of which interest-rate caps amounted to SEK 3,894 M (4,251) and interest-rate swaps amounted to SEK 2,166 M (2,009).

The financial derivatives are measured at market value each quarter and their value is affected by the financial markets' expectations regarding the development of underlying market interest rates over the term of the derivative. The changes in value are recognised as revenue in profit or loss, but do not affect cash flow. Over time, all other things being equal, the provision in the balance sheet will be gradually reversed and recognised as revenue until the end of the derivative's term.

Sagax's earnings are also affected by the company's shares in the profit of joint venture, which – like Sagax – use fixed-income derivatives to reduce their interest-rate risks and measure their derivatives at market value on a quarterly basis.

LIQUIDITY RISK

Sagax has positive operating cash flow and will have limited refinancing requirements over the next few years; see Note 17 where the maturity dates for the Group's funding are presented. Sagax's working capital, excluding prepaid rental revenue, amounted to SEK –137 M (140). At the same date, unutilised credit facilities amounted to SEK 5,424 M (4,845), including lines of credit corresponding to commercial paper outstanding. No additional collateral needs to be pledged to utilise these credit facilities.

INTEREST-RATE RISK

Interest expenses are the Group's largest current cost item.

Interest-rate risk is defined as the risk that changes in the interest rate scenario will affect Sagax's financing cost. The interest-rate risk is attributable to the trend in current interest rates. 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. Calculated on the existing funding terms for the Group's interest-bearing liabilities on 31 December 2020, a rise in market interest rates of 1 percentage point would have increased Sagax's annualised interest expenses by SEK 36 M (46). A reduction in market interest rates of 1 percentage point would have lowered Sagax's interest expenses by SEK 3 M (4) on an annual basis, since many of Sagax's contracted loan facilities include base-rate clauses that do not permit base rates to drop below zero when setting interest rates for the interest period. Had the company not utilised fixed-income derivatives to mitigate the interest-rate risk, an increase in market interest rates of 1 percentage point would have increased interest expenses by SEK 57 M (66) and a reduction in market interest rates of 1 percentage point would have decreased interest expenses by SEK 25 M (25) on an annual basis. Taking into account Sagax's derivatives, the average fixed-interest period was 3.4 years (3.5) at year end. Accordingly, this entails that Sagax's profit from property management is only impacted to a limited extent in the event of changes in the general interest rate scenario.

COUNTERPARTY RISK

Counterparty risk refers to the risk that is deemed to exist at any time that Sagax's counterparties are unable to fulfil their contractual obligations. Sagax limits its counterparty risk by setting the requirement that its counterparties have a high credit rating. Sagax's counterparties are Swedish or foreign banks with a rating of at least A– (Standard & Poor's) or A3 (Moody's Investment Services).

CURRENCY RISK

At year end, Sagax owned 267 (275) properties in Finland, five (5) properties in Germany, 102 (79) properties in France, 89 (55) properties in the Netherlands and 100 (35) properties in Spain, which entailed exposure to the EUR exchange rate. The properties are financed with equity and external loans. On 31 December 2020, interest-bearing liabilities denominated in EUR corresponded to SEK 15,403 M (13,557). At the same date, the market value of the properties in Finland, Germany, France, the Netherlands and Spain was SEK 25,014 M (20,853). Net exposure on 31 December 2020, assets less liabilities in EUR, amounted to SEK 8,471 M (6,205). Currency translation effects for foreign operations and hedge accounting are recognised in Other comprehensive income. Other currency translation effects are recognised in profit or loss.



NOTE

32 Financial risk management, cont'd.**Effect on debt ratio upon change in value of property portfolio on 31 December 2020**

	-20%	-10%	0%	+10%	+20%
Value change, SEK M	-7,510	-3,755	-	3,755	7,510
Debt ratio, %	51	47	43	39	37

Effect on debt ratio upon change in value of property portfolio on 31 December 2019

	-20%	-10%	0%	+10%	+20%
Value change, SEK M	-6,525	-3,262	-	3,262	6,525
Debt ratio, %	52	48	44	40	38

Effect on interest coverage ratio upon change in occupancy rate on 31 December 2020

	-10%	-5%	0%	+5%	+10%
Occupancy rate, %	86	90	95	100	N/A
Interest coverage ratio, %	514	544	575	605	N/A

Effect on interest coverage ratio upon change in occupancy rate on 31 December 2019

	-10%	-5%	0%	+5%	+10%
Occupancy rate, %	86	91	96	100	N/A
Interest coverage ratio, %	437	464	492	519	N/A

SENSITIVITY ANALYSIS

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

Sensitivity analysis on 31 December 2020¹⁾

Amounts in SEK M	Change	Effect on profit from property management, annual basis	Effect on profit before tax, annual basis	Effect on equity
Economic occupancy rate	+/- 1%	+/- 28	+/- 23	+/- 23
Rental revenue	+/- 1%	+/- 28	+/- 23	+/- 23
Property expenses	+/- 1%	-/+ 5	-/+ 4	-/+ 4
Interest expenses for liabilities in SEK including fixed-income derivatives	+/- 1% point	-29/+11	-23/+9	-23/+9
Interest expenses for liabilities in EUR including fixed-income derivatives	+/- 1% point	-7/-8	-6/-6	-/-6
Interest expenses for liabilities in SEK excluding fixed-income derivatives	+/- 1% point	-43/+25	-34/+20	-34/+20
Interest expenses for liabilities in EUR excluding fixed-income derivatives	+/- 1% point	-14/+0	-12/+0	-12/+0
Change in SEK/EUR exchange rate ²⁾	+/- 10%	+/-135	+/-105	+/-847
Changed rent level for contract maturity in 2021	+/- 10%	+/-9	+/-7	+/-7

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.



NOTE

33 Significant events after the close of the financial year

In January 2021, Sagax issued an unsecured bond of EUR 400 M in the European capital market under the framework of its EMTN programme. The bond extends to 26 January 2028. The fixed interest rate amounts to 0.82%. The bond will be used to refinance existing liabilities and the company's operating activities. For further information refer to the press release, Press release, 19 January 2021.

The Extraordinary General Meeting held on 19 March resolved on a reduction of share capital through the compulsory redemption of all outstanding preference shares in Sagax, corresponding to 16,784,028 preference shares in accordance with the redemption clause in Article 5.6 of Sagax's Articles of

Association. In connection with the redemption, cash repayment to holders of preference shares will take place at an amount of SEK 35 per preference share, which totals an amount of SEK 587,440,980. The redemption of preference shares entails a reduction in the company's share capital of a maximum of SEK 29,372,049 (reduction amount), corresponding to the quotient value for the redeemed preference shares. In connection with the redemption, an amount corresponding to the reduction amount of a maximum of SEK 29,372,049 will be transferred from unrestricted equity to the statutory reserve. For further information refer to the press release, Press release, 19 March 2021.

NOTE

34 Appropriation of retained earnings**The following amount is at the disposal of the AGM:**

Retained earnings	112,359.51
Share premium reserve	2,708,065,478.00
Profit for the year	589,014,382.00
Total	3,297,192,219.31
To the shareholders, SEK 1.65 per Class A and Class B common share	523,511,224.50
To the shareholders, SEK 2.00 per Class D common share	252,522,658.00
To be carried forward in the share premium reserve	2,521,158,336.81
To be carried forward	0
Total	3,297,192,219.31

STATEMENT OF THE BOARD OF DIRECTORS ON THE PROPOSED DISTRIBUTION OF UNAPPROPRIATED EARNINGS AND THE AUTHORISATION TO BUY BACK OWN SHARES

Pursuant to Chapter 18, Section 4 of the Swedish Companies Act, the Board of Directors must make a statement in respect of the proposed distribution of unappropriated earnings. Moreover, Chapter 19, Section 22 of the Companies Act stipulates that the Board must make a statement on the proposal to pass a resolution concerning the buyback of own shares.

Consolidated equity has been calculated in compliance with IFRS standards, as adopted by the EU, the interpretations of these (IFRIC) and Swedish law through the application of Recommendation RFR 1 Supplementary Accounting Rules for Corporate Groups of the Swedish Financial Reporting Board. The Parent Company's equity has been calculated in accordance with Swedish law, applying recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board.

The Board of Directors proposes that the AGM resolve to pay a dividend to the shareholders of SEK 1.65 per Class A and Class B common share for the 2020 financial year. 7 May 2021 is proposed as the record date for dividends on common shares. The dividend is expected to be paid by Euroclear on the third working day after the record date.

The Board of Directors proposes that the AGM resolve to pay a dividend to shareholders of SEK 2.00 per Class D common share for the 2020 financial year, in quarterly amounts of SEK

0.50 per Class D common share. The Board proposes Wednesday 30 June 2021, Thursday 30 September 2021, Thursday 30 December 2021 and Thursday 31 March 2022 as the record dates for the payment of dividends on Class D common shares. The dividend is expected to be paid by Euroclear Sweden AB on the third working day after each record date.

The Board also proposes that the AGM resolve that the new Class D common shares that may be issued under the authorisation granted according to Item 15 of the agenda for the AGM shall provide entitlement to dividends, according to the above, from the date on which they are entered into the shareholders' register administered by Euroclear Sweden AB. If the authorisation is fully utilised, paid dividends for the forthcoming Class D common shares will amount to a maximum of SEK 89,108,170.

The proposed dividend payment in 2021 corresponds to 32.5% of consolidated profit from property management for 2020 and 34.9% of consolidated cash flow from operating activities before changes in working capital in 2020. If the authorisation to issue or common shares is fully utilised, as proposed to the 2021 AGM, the proposed payment will instead correspond to a maximum of 36.2% of consolidated profit from property management for 2020 and a maximum of 38.9% of consolidated cash flow from operating activities before changes in working capital during 2020. The Board has established that the company will have full coverage for its restricted equity after the proposed payment.



NOTE

34 Proposed appropriation of profits, cont'd.

The Board considers that the proposed dividend to the shareholders and the proposed authorisation to buy back shares are defensible based on the criteria contained in the second and third paragraphs, Section 3, Chapter 17 of the Swedish Companies Act (nature, scope and risks of the business, consolidation requirements, liquidity and other financial circumstances).

In the Board's opinion, the company's and the Group's equity after the proposed dividend, and after any utilisation of the authorisation to buy back shares, will be sufficient in view of the nature and scope of the business and the associated risks. In this context, the Board has taken into account such factors as the Company's and the Group's historical and budgeted performance, investment plans and the general economic environment.

The proposed dividend constitutes 18.4% of the Parent Company's equity and 3.5% of consolidated equity on 31 December 2020. Should the authorisation to issue Class D common shares be fully utilised, the proposed dividend payment will instead correspond to a maximum of 20.5% of Parent Company equity and a maximum of 3.9% of consolidated equity on 31 December 2020. In view of the nature and performance of the business, the company and the Group have a solid equity/assets ratio. Against this background, the Board considers that the company and the Group are in a good position to cope with future

business risks and withstand any losses that may be incurred. Planned investments have been taken into account in the proposed dividend and the proposed authorisation to buy back treasury shares. Nor will the payment of the dividend and utilisation of the authorisation to buy back treasury shares have any adverse impact on the company's or the Group's ability to make further commercially motivated investments in accordance with adopted plans.

The proposed payment and any utilisation of the authorisation to buy back shares will not affect the company's and the Group's ability to meet its payment obligations in a timely manner. The Board has assessed other known circumstances that may be significant to the company's and the Group's financial position and that have not been addressed in the above. No circumstance was discovered during the assessment that would cast doubt on the defensibility of the proposed dividend or the proposed authorisation to buy back treasury shares.

Stockholm, March 2021
AB Sagax (publ)
Board of Directors

**SIGNING OF THE ANNUAL REPORT**

The undersigned signatories give their assurance that the consolidated financial statements and Annual Report have been prepared in accordance with the IFRS standards adopted by the EU and generally accepted accounting policies and provide a true and fair view of the Group's and the company's financial position and results, and the Board of Directors' Report on the Group provides a true and fair overview of the development of the Group's and the company's business, position and results and describe significant risks and uncertainties faced by the companies included in the Group.

Stockholm, 13 April 2021

Staffan Salén
Chairman of the Board

Johan Cederlund
Board member

Filip Engelbert
Board Member

Johan Thorell
Board Member

Ulrika Werdelin
Board member

David Mindus
Board member and
Chief Executive Officer

Our audit report was submitted on 13 April 2021

Oskar Wall
Authorised Public Accountant
Ernst & Young AB

Auditor's report

To the general meeting of the shareholders of AB Sagax (publ), corporate identity number 556520-0028

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of AB Sagax (publ) except for the corporate governance statement on pages 59-65 for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 1-112 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 59-65. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and the statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

VALUATION OF INVESTMENT PROPERTIES

Description	How our audit addressed this key audit matter
The fair value of the Groups investment properties amounted to SEK 37 548 million on 31 December 2020. As at 31 December 2020, all of the properties in the portfolio have been valued by external valuation experts. The valuations are prepared in accordance with the discounted cash flow model, whereby the future cash flows are forecast. The required yields for the properties are assessed on each property's unique risk profile and observable transactions in the market for properties with a similar nature. Based on the high degree of assumptions and assessments which are made in connection with the property valuations, we believe that this area is a particularly important area in our audit. A description of the valuation of the property portfolio is stated in the section on accounting principles and in the section on significant assessments in note 1 "Accounting principles" and note 13 "Investment properties".	In our audit we have evaluated the company's process for property valuation by evaluating the valuation methodology, and input data in the externally prepared valuations. We have evaluated the skills and objectivity of the external experts. We have made comparisons to known market information. We have reviewed the valuation model used. We have also reviewed the reasonability of the adopted assumptions such as yield requirements, vacancy rates, rental income and operating costs for a sample of the Investment properties. We have reviewed the disclosures provided in the annual accounts.

**DEFERRED TAX ASSETS, TAX LOSS CARRYFORWARDS**

Description	How our audit addressed this key audit matter
<p>The Group reports SEK 2 478 million in deferred net tax liabilities, whereof 211 million in deferred tax assets and 2 689 million in deferred tax liabilities.</p> <p>The calculation and reporting of deferred tax related to carried forward losses is complex and contains a high degree of judgment and assumptions, including the existence and valuation of carried forward tax losses. As stated in note 1 and note 12 in the annual report there is an ongoing process against the Swedish Tax Authority regarding carried forward tax losses of SEK 1 084 million. Based on the assessments and assumptions made related to the valuation of forward tax losses and deferred tax assets, we consider this area as being particularly important in our audit.</p> <p>The description of current tax and deferred tax is stated in the annual accounts in note 1 "Accounting policies", notes 12 "Tax expense" and 14 "Deferred tax liabilities and tax assets".</p>	<p>In our audit, we have evaluated and reviewed the company's process for deferred taxes. We have read and evaluated the company's documentation and position on the cases in question, where the process is proceeding against the Swedish Tax Authority regarding the carried forward tax losses and their size. We have obtained the company's external advisors' assessment of the cases in question and we have, with the support of our tax specialists, assessed the application against current tax legislation. We have assessed the value of the deferred tax assets and reviewed the disclosures provided in the annual accounts.</p>

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-6 and 117-156. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability

to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that



are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of AB Sagax (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

**Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and

other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 59-65 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's mandate

Ernst & Young AB, Box 7850, 103 99 Stockholm, was elected as auditors by the annual general meeting May 6, 2020 and has been the company's auditor since May 8, 2008.

Stockholm, 13 April 2021

Ernst & Young AB

Oskar Wall
Authorized Public Accountant



Changes in the property portfolio

In 2020, Sagax invested SEK 6,251 M, of which SEK 5,585 M referred to acquisitions and SEK 666 M to investments in the existing property portfolio. Properties were divested for a total of SEK 1,456 M during the year. Net investments amounted to SEK 4,795 M.

PROPERTY ACQUISITIONS

In 2020, Sagax acquired 174 (84) properties for a total of SEK 5,585 M (2,836); see below. In Finland, France, the Netherlands and Spain, properties were acquired for a total of SEK 4,126 M, corresponding to 74% of the Group's property acquisitions during the year.

At the end of the year, agreements were signed for two property acquisitions for a total of SEK 68 M in France. Possession of these properties had not yet been taken at year end.

PROPERTY SALES

In 2020, 54 properties with total lettable area of 213,000 square metres were divested. The total sales price was SEK 1,456 M.

At year end, Sagax had entered into agreements to sell one property in Sweden and two properties in Finland for a total of SEK 284 M, which will be vacated after the end of the year.

Property acquisitions January-December 2020

Property / Address	Municipality	Segment	Lettable area, sqm
Finspång 4	Stockholm	Stockholm	2,920
Lumijälki 2	Vantaa	Helsinki	0
Aventurijn 600	Dordrecht	Netherlands	1,008
Christiaan Huygensstraat 35	Lansingerland	Netherlands	3,675
Coenecoop 395	Waddinxveen	Netherlands	1,063
De Run 8421	Veldhoven	Netherlands	1,400
Diamantlaan 14-16	Haarlemmermeer	Netherlands	1,709
Ekkersrijt 4311-4313	Son en Breugel	Netherlands	2,322
Fortunaweg 11	Schiedam	Netherlands	1,112
Het Sterrenbeeld 26-30	Den Bosch	Netherlands	2,916
Katernstraat 31-33	Almere	Netherlands	1,348
Kerketuineweg 35	Den Haag	Netherlands	7,318
Kolding 9	Barendrecht	Netherlands	885
Laan van Kopenhagen 100	Dordrecht	Netherlands	2,111
Maagdenburgstraat 20	Deventer	Netherlands	1,279
Nijverheidsweg 25	De Ronde Venen	Netherlands	3,544
Rechte Tocht 10	Zaanstad	Netherlands	707
Transistorstraat 80	Almere	Netherlands	2,343
Voorveste 1-3	Houten	Netherlands	3,146
1 ter Rue du Marais	Montreuil	Paris	1,040
164 Avenue Jean Jaurès	Neuilly-sur-Marne	Paris	635
17 Rue Levassor et Les Garennes	Les Mureaux	Paris	533
3, Avenue du 8 mai 1945	Corbeil-Essones	Paris	538
33-35 Route de Calais, RN1	Montmagny	Paris	609
49 Rue des frères Lumières	Neuilly-sur-Marne	Paris	6,700
9 Avenue de la Foulée, ZAC des Saints Pères	Meaux Nanteuil	Paris	516
Allée des Portes de la Forêt	Collégien	Paris	635
Le Bas Montjoie - RN 20	Monthéry	Paris	334
Route de Choisy, Carrefour Pompadour, ZA La Basse Quinte	Créteil	Paris	658
Route Nationale 19	Servon	Paris	483
Route Nationale 48	Orgeval	Paris	635
ZA Porte Ouest, CD91	Pierrelaye	Paris	1,202
ZAC de la Sucrerie	Montereau	Paris	334
ZAC des Hautes Patures	Nanterre	Paris	635



Property acquisitions January-December 2020

Property / Address	Municipality	Segment	Lettable area, sqm
Uurastajankatu 3	Tammerfors	Finland, university cities	14,054
Av Can Vinalets nave 4	Sta Perpetua	Madrid & Barcelona	2,585
Av Can Vinalets nave 6	Sta Perpetua	Madrid & Barcelona	2,342
Av Can Vinalets nave 7	Sta Perpetua	Madrid & Barcelona	2,648
Av de Madrid, P.I. Las Matillas	Alcalá	Madrid & Barcelona	4,745
Av de Sentmenat 47	Polinya	Madrid & Barcelona	3,610
Av la Ferreria 12	Montcada	Madrid & Barcelona	15,952
Av La Ferreria 28	Montcada	Madrid & Barcelona	1,024
Av La Ferreria 30	Montcada	Madrid & Barcelona	1,033
Av La Ferreria 76-78	Montcada	Madrid & Barcelona	2,183
Av Prat de la Riba 186	Pallejà	Madrid & Barcelona	3,479
Av Prat de la Riba 191 A	Pallejà	Madrid & Barcelona	724
Av Prat de la Riba 191 B	Pallejà	Madrid & Barcelona	718
Av Via Sèrgia 77, P.I. Plà d'en Boet II	Mataró	Madrid & Barcelona	4,046
Calle de Montserrat Roig 25-29	L'Hospitalet	Madrid & Barcelona	4,062
Calle del Progrés 139	Cornellà	Madrid & Barcelona	558
Calle del Tèxtil 6	Montcada	Madrid & Barcelona	2,228
Calle Galileo 2 nave 1	Parets	Madrid & Barcelona	2,972
Calle Galileo 2 Nave 12	Parets	Madrid & Barcelona	1,386
Calle Galileo 2 nave 2	Parets	Madrid & Barcelona	0
Calle Galileo 2 Nave 7	Parets	Madrid & Barcelona	1,342
Calle Galileo 2 Nave 8	Parets	Madrid & Barcelona	1,295
Calle Galileo 2 Nave 9	Parets	Madrid & Barcelona	1,240
Calle Lleida 6, Parc Activitats Econòmiques	Vic	Madrid & Barcelona	3,895
Calle Octave Lecante 8, P.I Can Magarola	Mollet	Madrid & Barcelona	4,679
Calle Or 14	Cerdanyola	Madrid & Barcelona	1,010
Calle Potassi, P.I. Acisa	Castellbisbal	Madrid & Barcelona	3,300
Calle Principat d'Andorra 55	Sant Boi	Madrid & Barcelona	2,704
Calle Raurell 36, P.I. Camí Ral	Gava	Madrid & Barcelona	2,059
Calle Técnica 71	Sant Andreu	Madrid & Barcelona	657
Calle Técnica 73	Sant Andreu	Madrid & Barcelona	647
Calle Técnica 75	Sant Andreu	Madrid & Barcelona	638
Calle Técnica 77	Sant Andreu	Madrid & Barcelona	628
Calle Técnica 79	Sant Andreu	Madrid & Barcelona	608
Calle Técnica 81	Sant Andreu	Madrid & Barcelona	608
Calle Técnica 83	Sant Andreu	Madrid & Barcelona	802
Calle Torre Bovera 21 Nave 15	Sant Andreu	Madrid & Barcelona	840
33, route de Douai, 141, Rue Gustave Delouy	Lille Lesquin	Rest of Europe	558
5737 chemin des Tuileries	Limonest	Rest of Europe	504
Av Avinyonet, Calle Dr. Ferran 2	Girona	Rest of Europe	329
Av de Los Huetos 64	Vitoria	Rest of Europe	4,054
Av Europa 229-231, Cdad. del Transporte	Castellón	Rest of Europe	5,212
Av Europa 56-57, P.I. Nord	Girona	Rest of Europe	3,908
Av Indústria s/n, P.I. El Segre	Lleida	Rest of Europe	3,084
Av Roses	Girona	Rest of Europe	10,637
Av Sant Antoni de Portmany 2	Ibiza	Rest of Europe	2,426
Av Tercera 12, P.I. Campollano	Albacete	Rest of Europe	4,593
Boulevard Laurent Bonnevey et Allée des Savoies	Venissieux	Rest of Europe	712
Calle Artruix 16, P.I. Maó	Menorca	Rest of Europe	3,500
Calle Charza-Las Palmitas	Tenerife	Rest of Europe	3,386
Calle Cordonera 3, P.I. la Portalada	La Rioja	Rest of Europe	3,950
Calle de la Mojarra 53, P.I. Tres Caminos	Cádiz	Rest of Europe	4,309
Calle Diego Vega Sarmiento 62, P.I. Miller	Las Palmas	Rest of Europe	4,374
Calle Galileo Galilei 14	Alicante	Rest of Europe	5,760
Calle Laura Grote de la Puerta 2, P.I. El Mayorazgo	Tenerife	Rest of Europe	4,399
Calle Luxemburg 8, P.I. Tecnoparc	Tarragona	Rest of Europe	3,625
Calle Mestre Falla 60, P.I. Les Mates	Girona	Rest of Europe	5,009
Calle Montsant, P.I. Casanova	Sant Fruitós	Rest of Europe	2,646
Calle Obenque 1, P.I. Casa Grande	Alicante	Rest of Europe	3,912
Calle Plom 30, P.I. Riu Clar	Tarragona	Rest of Europe	4,091
Calle Po-Rin 12, P.I. Oriola	Tarragona	Rest of Europe	3,518

**Property acquisitions January-December 2020**

Property / Address	Municipality	Segment	Lettable area, sqm
Calle Primera Parcela 206, P.I. Montalvo 3	Salamanca	Rest of Europe	3,855
Calle Torre Vedruna	Girona	Rest of Europe	3,917
Calle Venezuela Parcela 10-12, P.I. Oeste	Murcia	Rest of Europe	3,998
Calle Vilma-Londres, P.I. Cabezo Beaza	Murcia	Rest of Europe	3,524
Calle Vitoria 280, Ctra Madrid-Irún	Burgos	Rest of Europe	4,695
Calle Xàtiva	Alicante	Rest of Europe	4,808
Ctra Ibiza a St.Antoni KM 2-4, P.I. Can Negre	Ibiza	Rest of Europe	2,989
Ctra València 8, P.I. Francolí	Tarragona	Rest of Europe	4,788
Del Sau 11 Parcelas 6-7-8-9-15-16-17	Las Palmas	Rest of Europe	3,707
P.I. Plà de Sant Joan	Girona	Rest of Europe	10,015
Route d'Heyrieux	Mions	Rest of Europe	543
Rue François Meunier Vial, Boulevard Burdeau	Villefranche sur Saône	Rest of Europe	635
Rue Gay Lussac	Valenciennes	Rest of Europe	635
First quarter			290,199
Belder 1	Roosendaal	Netherlands	3,270
De Hooge Akker 21	Geldrop-Mierlo	Netherlands	2,140
Dr. Nolenslaan 126	Sittard-Geleen	Netherlands	4,725
Savannahweg 63-65	Utrecht	Netherlands	3,713
3 Avenue de l'Atlantique	Les Ulis	Paris	1,700
Second quarter			15,548
Boländerna 32:4 och 32:5	Uppsala	Stockholm	14,259
Förrådet 7	Lidingö	Stockholm	3,568
Grävmaskinen 7	Södertälje	Stockholm	5,370
Görla 9:21	Norrtälje	Stockholm	5,730
Supernovan 2	Huddinge	Stockholm	3,586
Hurksestraat 20-22	Eindhoven	Netherlands	12,596
Savannahweg 57-59	Utrecht	Netherlands	1,954
Schoenerweg 45	Maastricht	Netherlands	9,188
477 Rue Marcel Paul	Champigny sur Marne	Paris	2,139
Av Conde Romanones 7	Azuqueca	Madrid & Barcelona	13,998
Calle Marconi 3	Parets	Madrid & Barcelona	3,310
Paseo Fluvial 10	Parets	Madrid & Barcelona	3,185
Ackordet 9	Linköping	Rest of Sweden	5,486
Berg 1:51	Lerum	Rest of Sweden	5,641
Betongblandaren 1	Kiruna	Rest of Sweden	2,487
Blyet 11	Kristinehamn	Rest of Sweden	3,013
Bussen 8	Strängnäs	Rest of Sweden	1,835
Byggmästaren 1	Karlshamn	Rest of Sweden	8,314
Flygmotorn 2	Lund	Rest of Sweden	5,362
Friedningen 16	Västerås	Rest of Sweden	8,320
Furulund 4:2	Hudiksvall	Rest of Sweden	5,461
Gällivare 16:102	Gällivare	Rest of Sweden	2,520
Hede 9:30	Kungsbacka	Rest of Sweden	6,665
Huggjärnet 6	Helsingborg	Rest of Sweden	4,944
Häggsta 8:121	Bollnäs	Rest of Sweden	5,928
Karbinen 5	Trelleborg	Rest of Sweden	5,268
Kuröd 4:63	Uddevalla	Rest of Sweden	6,387
Kutterspåret 1	Umeå	Rest of Sweden	9,050
Lodet 2	Karlstad	Rest of Sweden	7,652
Maskinen 9	Skellefteå	Rest of Sweden	5,610
Mejseln 1	Kalmar	Rest of Sweden	9,624
Näringen 8:4	Gävle	Rest of Sweden	4,701
Piggvaren 1	Värnamo	Rest of Sweden	6,816
Räfsan 2	Luleå	Rest of Sweden	6,722
Rämen 7	Karlskoga	Rest of Sweden	7,272
Slangen 7	Gislaved	Rest of Sweden	2,223
Spettet 5	Västervik	Rest of Sweden	3,119
Stadsön 8:1	Piteå	Rest of Sweden	4,945
Stenung 4:32 och 4:34	Stenungsund	Rest of Sweden	3,764

**Property acquisitions January-December 2020**

Property / Address	Municipality	Segment	Lettable area, sqm
Torpgården 4:24	Boden	Rest of Sweden	1,920
Träarbetaren 1	Örebro	Rest of Sweden	7,943
Vagnen 1	Sundsvall	Rest of Sweden	6,796
Verkstaden 8	Norrköping	Rest of Sweden	4,335
Åre Prästbord 1:113 och 1:114	Åre	Rest of Sweden	130
Third quarter			249,136
Kumla Hage 6	Botkyrka	Stockholm	1,400
Leverantören 1	Stockholm	Stockholm	2,200
Damzigt 54-58	Utrecht	Netherlands	1,197
De Maas 40	Best	Netherlands	2,740
De Marowijne 4	Hoorn	Netherlands	10,813
De Rijn 7a-7c, 9	Best	Netherlands	3,073
Dillenburgstraat 35	Eindhoven	Netherlands	3,125
Ekkersrijt 4302	Son en Breugel	Netherlands	3,785
Van Heemskerckweg 9	Venlo	Netherlands	5,655
John F. Kennedylaan 38	Valkenswaard	Netherlands	2,062
Konstruktieweg 7-9	Roermond	Netherlands	6,544
Magalhaesweg 10	Venlo	Netherlands	14,795
Magalhaesweg 16	Venlo	Netherlands	10,342
Magalhaesweg 6	Venlo	Netherlands	12,614
1-3 place Thomas Edison	Valenton	Paris	5,211
2 Allées des Terres Rouges	Cormeilles-en-Vexin	Paris	2,446
2 Rue André Ampère	Saint Ouen l'Aumone	Paris	2,530
Calle Turdetanos 1	Seville	Rest of Europe	14,457
Fourth quarter			104,989
Total			659,872

**Property sales January–December 2020**

Property / Address	Municipality	Segment	Lettable area, sqm
Prat de la Riba, 191 A	Barcelona	Madrid & Barcelona	724
Prat de la Riba, 191 B	Barcelona	Madrid & Barcelona	718
Asemankatu 20	Hyvinkää	Rest of Finland	378
Makasiinkuja 1	Imatra	Rest of Finland	930
First quarter			2,750
Laukaantie 21	Laukaa	Finland, university cities	340
Sammonkatu 4	Oulu	Finland, university cities	1,066
Second quarter			1,406
Katernstraat 31-33	Almere	Netherlands	1,348
Maagdenburgstraat 20	Deventer	Netherlands	1,279
Helsingintie 31	Imatra	Rest of Finland	850
Kalevanpuisto 30	Pori	Rest of Finland	163
Korsutie 15	Hämeenlinna	Rest of Finland	417
Veijolantie 7	Lohja	Rest of Finland	407
Third quarter			4,464
Boländerna 32:4 and 32:5	Uppsala	Stockholm	14,259
Förrådet 7	Lidingö	Stockholm	3,568
Grävmaskinen 7	Södertälje	Stockholm	5,370
Görla 9:21	Norrköping	Stockholm	5,730
Supernovan 2	Huddinge	Stockholm	3,586
Ackordet 9	Linköping	Rest of Sweden	5,486
Berg 1:51	Lerum	Rest of Sweden	5,641
Betongblandaren 1	Kiruna	Rest of Sweden	2,487
Blyet 11	Kristinehamn	Rest of Sweden	3,013
Bussen 8	Strängnäs	Rest of Sweden	1,835
Byggmästaren 1	Karlshamn	Rest of Sweden	8,314
Flygmotorn 2	Lund	Rest of Sweden	5,362
Friedningen 16	Västerås	Rest of Sweden	8,320
Furulund 4:2	Hudiksvall	Rest of Sweden	5,461
Gällivare 16:102	Gällivare	Rest of Sweden	2,520
Hede 9:30	Kungsbacka	Rest of Sweden	6,665
Huggjärnet 6	Helsingborg	Rest of Sweden	4,944
Häggesta 8:121	Bollnäs	Rest of Sweden	5,928
Karbinen 5	Trelleborg	Rest of Sweden	5,268
Kuröd 4:63	Uddevalla	Rest of Sweden	6,387
Kutterspåret 1	Umeå	Rest of Sweden	9,050
Lodet 2	Karlstad	Rest of Sweden	7,652
Maskinen 9	Skellefteå	Rest of Sweden	5,610
Mejseln 1	Kalmar	Rest of Sweden	9,624
Näringen 8:4	Gävle	Rest of Sweden	4,701
Piggvaren 1	Värnamo	Rest of Sweden	6,816
Räfsan 2	Luleå	Rest of Sweden	6,722
Rämen 7	Karlskoga	Rest of Sweden	7,272
Slangen 7	Gislaved	Rest of Sweden	2,223
Spettet 5	Västervik	Rest of Sweden	3,119
Stadsön 8:1	Piteå	Rest of Sweden	4,945
Stenung 4:32 and 4:34	Stenungsund	Rest of Sweden	3,764
Torpgården 4:24	Boden	Rest of Sweden	1,920
Träarbetaren 1	Örebro	Rest of Sweden	7,943
Vagnen 1	Sundsvall	Rest of Sweden	6,796
Verkstaden 8	Norrköping	Rest of Sweden	4,335
Åre Prästbord 1:113 and 1:114	Åre	Rest of Sweden	130
Jylhäntie 3	Kauhava	Rest of Finland	542
Vanhankylänkaari 9	Seinäjoki	Rest of Finland	697
Fourth quarter			204,005
Total			212,625



Stockholm

Property listing – Stockholm

Property listing	Address	Municipality	Lettable area in sqm			
			Warehouse/ Industrial	Offices	Other	Total
Kumla Hage 2	Kumla Gårdsväg 22	Botkyrka	4,111	500	–	4,611
Kumla Hage 6	Segersbyvägen 3	Botkyrka	1,000	400	–	1,400
Kumla Hage 7	Segersbyvägen 5	Botkyrka	1,050	900	–	1,950
Tumba 7:234	Gustav de Laval's Väg 10-12	Botkyrka	16,531	540	–	17,071
Tuna Ång 3	Tuna Gårdsväg 4	Botkyrka	7,650	1,896	–	9,546
Jordbromalm 3:1	Dåntorpsvägen 4-30	Haninge	92,150	1,830	–	93,980
Jordbromalm 6:10*	Rörvägen 7	Haninge	4,690	1,328	–	6,018
Jordbromalm 6:13	Lagervägen 7	Haninge	13,300	2,800	–	16,100
Jordbromalm 6:82	Rörvägen 9	Haninge	–	–	–	–
Jordbromalm 4:3	Lillsjövägen 7	Haninge	47,329	4,106	–	51,435
Söderbymalm 7:49	Hantverkarvägen 31	Haninge	8,020	800	–	8,820
Akkumulatörn 1	Regulatorvägen 21	Huddinge	5,098	4,174	–	9,272
Cirkelsågen 1	Speditionsvägen 18	Huddinge	8,609	–	–	8,609
Heden 1	Mälärvägen 15	Huddinge	3,410	650	–	4,060
Heden 4	Lövsbacksvägen 4, 6	Huddinge	4,658	–	–	4,658
Klingan 3	Svarvarvägen 14 B	Huddinge	1,600	230	–	1,830
Kugghjulet 3	Lännavägen 62	Huddinge	5,214	206	–	5,420
Skiftnyckeln 2	Svarvarvägen 8 B	Huddinge	1,130	225	–	1,355
Slänten 17	G:a Södertäljevägen 125	Huddinge	3,284	1,094	–	4,378
Telegrafan 1	Kommunalvägen 27 B	Huddinge	616	910	–	1,526
Jakobsberg 22:14	Brantvägen 2	Järfälla	2,000	650	–	2,650
Veddesta 1:13	Veddestavägen 2	Järfälla	5,292	276	–	5,568
Veddesta 2:20	Kontovägen 1-5	Järfälla	10,902	2,182	–	13,084
Veddesta 2:42	Girovägen 3	Järfälla	3,940	440	–	4,380
Veddesta 1:27	Saldovägen 22	Järfälla	2,490	192	–	2,682
Skarpnäs 12:9	Svarvarvägen 8	Nacka	2,360	200	–	2,560
Trosta 1:27	Trosta 187	Sigtuna	3,810	–	–	3,810
Märsta 17:2	Maskingatan 8 A	Sigtuna	3,621	–	–	3,621
Märsta 24:18	Turbingatan 2	Sigtuna	1,033	862	–	1,895
Rosersberg 11:105	Metallvägen 47	Sigtuna	6,345	855	–	7,200
Elektrikern 2	Djupdalsvägen 27	Sollentuna	2,150	507	–	2,657
Rankan 1	Sollentunaholmsvägen 13, 15	Sollentuna	6,798	540	–	7,338
Reglaget 2	Bergkällavägen 20-22	Sollentuna	1,335	1,760	–	3,095
Resan 1	Konsumentvägen 2	Sollentuna	1,210	–	–	1,210
Romben 2	Staffans väg 2	Sollentuna	6,930	5,910	–	12,840
Romben 3	Staffans väg 4	Sollentuna	12,142	5,525	–	17,667
Verkmästaren 4	Ekensbergsvägen 117	Solna	10,907	5,045	–	15,952
Domnarvet 16*	Fagerstagatan 7	Stockholm	2,403	1,997	–	4,400
Domnarvet 17*	Fagerstagatan 5	Stockholm	6,549	1,395	–	7,944
Domnarvet 34*	Garpenbergsgatan 3	Stockholm	1,460	560	–	2,020
Domnarvet 40*	Gunnebogatan 34	Stockholm	2,045	532	–	2,577
Elektra 11	Västberga Allé 38, 40 and 50	Stockholm	11,030	970	–	12,000
Fabrikören 9*	Konsumentvägen 9-11	Stockholm	3,111	955	–	4,066
Finspång 4*	Finspångsgatan 55	Stockholm	2,315	470	–	2,785
Finspång 6*	Finspångsgatan 49-51	Stockholm	6,989	1,380	–	8,369
Flyghallen 1*	Flygfältsgatan 15	Stockholm	741	2,328	–	3,069
Gjutmästaren 8	Bryggerivägen 7, 9, 11, 13	Stockholm	19,158	–	–	19,158
Grossisten 1*	Grossistvägen 7	Stockholm	1,460	454	–	1,914
Hangaren 1*	Flygfältsgatan 1-11	Stockholm	6,848	4,037	–	10,885
Hangaren 3*	Postflygsgatan 2-12	Stockholm	2,466	1,150	–	3,616
Horndal 1*	Fagerstagatan 29	Stockholm	7,055	1,270	–	8,325
Hällsättra 2*	Stensättravägen 3	Stockholm	8,223	2,716	–	10,939
Induktorn 15	Ranhammarsvägen 6	Stockholm	392	60	–	452
Induktorn 24	Ranhammarsvägen 12, 14	Stockholm	6,917	4,657	–	11,574
Induktorn 35*	Ranhammarsvägen 10	Stockholm	3,610	–	–	3,610
Kolsva 1*	Fagerstagatan 26	Stockholm	4,800	365	–	5,165
Konsumenten 1*	Konsumentvägen 4, 8	Stockholm	6,108	1,788	–	7,896
Leverantören 1	Varuvägen 32	Stockholm	1,887	400	–	2,287
Miklaholt 2*	Haukadalsgatan 10	Stockholm	876	1,046	–	1,922
Miklaholt 3	Haukadalsgatan 2-8	Stockholm	2,880	2,711	–	5,591
Murmästare-Ämbetet 1*	Murmästarvägen 21-45	Stockholm	11,353	682	–	12,035
Murmästare-Ämbetet 2*	Murmästarvägen 17-19	Stockholm	7,345	640	–	7,985

*) Held on a leasehold



Property listing – Stockholm

Property listing	Address	Municipality	Lettable area in sqm			
			Warehouse/ Industrial	Offices	Other	Total
Murmästare-Ämbetet 3*	Murmästarvägen 1	Stockholm	9,939	1,410	–	11,349
Panncentralen 1*	Partihandlarvägen 50-52	Stockholm	10,711	2,314	–	13,025
Råfilmen 1*	Harpsundsvägen 181	Stockholm	1,410	–	–	1,410
Sillö 3*	Edsvallabacken 20-24	Stockholm	5,853	1,146	–	6,999
Skultuna 3*	Finspångsgatan 44	Stockholm	8,908	2,926	–	11,834
Stensätra 16*	Stensätravägen 2-4	Stockholm	9,725	1,740	–	11,465
Säteritaket 1*	Maltesholmsvägen 88	Stockholm	934	1,532	–	2,466
Tillverkaren 1	Grossistvägen 1-5	Stockholm	2,675	–	–	2,675
Valsverket 10*	Karlsbodavägen 2-4	Stockholm	9,840	6,600	–	16,440
Varubilen 1*	Konsumentvägen 13-17	Stockholm	7,855	1,835	–	9,690
Vitå 1	Torshamnsgatan 10	Stockholm	9,449	–	–	9,449
Vitå 2	Viderögatan 3-5	Stockholm	5,708	3,296	–	9,004
Stolen 1	Gribbbylundsvägen 2	Täby	1,534	1,317	–	2,851
Njursta 1:23	Saturnusvägen 2	Upplands Väsby	6,850	750	–	7,600
Librobäck 4:23	Börjegatan 77 B-C	Uppsala	13,903	1,260	–	15,163
Runö 7:73 & 7:74	Sågvägen 26	Österåker	3,022	–	–	3,022
Total			549,052	106,222	0	655,274

*) Held on a leasehold



Helsinki

Property listing – Helsinki

Property listing	Address	Municipality	Lettable area in sqm			
			Warehouse/ Industrial	Offices	Other	Total
Karaportti 8 (49-54-185-1)	Karaportti 8	Espoo	10,561	5,552	–	16,113
Kiilaniityntie 1 (49-82-3-5)	Kiilaniityntie 1	Espoo	2,483	747	–	3,230
Koskelontie 27 A & B (49-82-2-7)	Koskelontie 27	Espoo	4,053	1,189	–	5,242
Luomannotko 5 (49-22-6-5-L)	Luomannotko 5	Espoo	1,497	163	–	1,660
Mäntimiehentie 4 (49-43-14-6)	Mäntimiehentie 4	Espoo	16,318	2,122	–	18,440
Nimismiehenpelto 4 A (49-47-2-6)	Nimismiehenpelto 4 A	Espoo	1,150	–	–	1,150
Nimismiehenpelto 4 B (49-47-2-7)	Nimismiehenpelto 4 B	Espoo	2,899	–	–	2,899
Nimismiehenpelto 6 (49-47-2-5)	Nimismiehenpelto 6	Espoo	7,026	1,744	–	8,770
Olarinluoma 8 (49-22-3-4)*	Olarinluoma 8	Espoo	4,933	–	–	4,933
Tillinmäentie 1 (49-42-11-5)*	Tillinmäentie 1	Espoo	9,370	3,279	–	12,649
Hernepellontie 11 (91-36-66-1-L1)*	Hernepellontie 11	Helsinki	560	440	–	1,000
Hyttitie 8 (91-38-172-4)	Hyttitie 8	Helsinki	3,359	471	–	3,830
Konalankuja 2 (91-32-38-6)	Konalankuja 2	Helsinki	3,849	494	–	4,343
Konalankuja 5 (91-32-38-3)	Konalankuja 5	Helsinki	3,647	1,460	–	5,107
Linnanpajantie 26 (91-47-262-5-L1)*	Linnanpajantie 26	Helsinki	1,897	275	–	2,172
Lyhtytie 7 (91-40-153-22-C)*	Lyhtytie 7	Helsinki	576	264	–	840
Muonamiehentie 12 (91-46-130-26)*	Muonamiehentie 12	Helsinki	2,295	–	–	2,295
Muonamiehentie 14 (91-46-130-27)*	Muonamiehentie 14	Helsinki	1,000	400	–	1,400
Puusepänkatu 2 (91-43-59-5)*	Puusepänkatu 2	Helsinki	7,460	400	–	7,860
Ristipellontie 16 (91-32-39-3)	Ristipellontie 16	Helsinki	2,199	2,146	–	4,345
Ristipellontie 17 (91-32-36-6)	Ristipellontie 17	Helsinki	2,158	565	–	2,723
Ruosilantie 1 (91-32-41-3)	Ruosilantie 1	Helsinki	5,342	1,735	–	7,077
Ruosilantie 14 (91-32-42-12)	Ruosilantie 14	Helsinki	12,231	5,111	–	17,342
Ruosilantie 16 (91-32-42-19)	Ruosilantie 16	Helsinki	27,994	9,898	–	37,892
Ruosilantie 18 (91-32-42-18)	Ruosilantie 18	Helsinki	5,655	2,150	–	7,805
Valokaari 8 (91-40-149-9)	Valokaari 8	Helsinki	9,393	2,328	–	11,721
Pakkasraitti 14 (858-411-1-149)	Pakkasraitti 14	Tuusula	4,447	702	–	5,149
Pakkasraitti 4 (858-411-1-150) (858-411-1-172)	Pakkasraitti 4	Tuusula	2,917	504	–	3,421
Palkkitie 3 (858-401-3-355)	Palkkitie 3	Tuusula	12,313	1,450	–	13,763
Vanha Valtatie 191 (858-3-7005-3)	Vanha Valtatie 191	Tuusula	1,203	–	–	1,203
Ansatie 3 (92-40-500-7) (92-40-500-2)	Ansatie 3	Vantaa	9,421	2,427	–	11,848
Ansatie 4 (92-40-502-2)	Ansatie 4	Vantaa	9,774	2,254	–	12,028
Hakamäenkuja 10 (92-68-106-4)	Hakamäenkuja 10	Vantaa	796	300	–	1,096
Hakamäenkuja 4-6 (92-68-106-5)	Hakamäenkuja 4-6	Vantaa	2,325	376	–	2,701
Hakamäenkuja 8 (92-68-106-3)	Hakamäenkuja 8	Vantaa	552	549	590	1,691
Juhanilanmäki (92-41-102-3 et al)	Juhanilanmäki	Vantaa	9,593	2,623	–	12,216
Juurakkotie 3 (92-68-13-11)	Juurakkotie 3	Vantaa	4,762	1,812	–	6,574
Kiitoradantie 14 (92-52-253-1)	Kiitoradantie 14	Vantaa	3,446	1,112	–	4,558
Klinkkerikaari 2 (92-26-114-13)	Klinkkerikaari 2	Vantaa	6,286	–	–	6,286
Koivuhaankuja 1 (92-68-200-1)	Koivuhaankuja 1	Vantaa	1,391	1,303	–	2,694
Koivuvaarankuja 2 (92-12-202-1)	Koivuvaarankuja 2	Vantaa	19,413	10,112	–	29,525
Kärkikuja 2 (92-41-109-7)	Kärkikuja 2	Vantaa	3,572	1,136	–	4,708
Lumijälki 2 (092-040-0504-0001)	Lumijälki 2	Vantaa	–	–	–	–
Martinkyläntie 9 (92-17-113-4)	Martinkyläntie 9	Vantaa	41,412	11,394	–	52,806
Niittytie 13 (92-68-11-9)	Niittytie 13	Vantaa	2,355	1,327	–	3,682
Niittyvillankuja 2 (92-68-10-23)	Niittyvillankuja 2	Vantaa	5,209	872	–	6,081
Nuolentie 20 (92-41-266-1)	Nuolentie 20	Vantaa	7,532	896	–	8,428
Pavintie 3 (92-96-101-4, 7)	Pavintie 3, 7	Vantaa	29,679	2,321	–	32,000
Porttisuontie 9 (92-64-0004-0003-P)	Porttisuontie 9	Vantaa	3,860	610	–	4,470
Sanomatie 3 (92-17-113-3)	Sanomatie 3	Vantaa	2,854	474	–	3,328
Sarkatie 2 (92-14-203-2)	Sarkatie 2	Vantaa	990	805	–	1,795
Sähkötie 8 (92-50-1-13)	Sähkötie 8	Vantaa	6,267	730	–	6,997
Taivaltie 4 (92-16-119-4)	Taivaltie 4	Vantaa	2,815	1,075	–	3,890
Tiilitie 9 (92-26-118-16)	Tiilitie 9	Vantaa	4,469	588	–	5,057

*) Held on a leasehold



Property listing – Helsinki

Property listing	Address	Municipality	Lettable area in sqm			
			Warehouse/ Industrial	Offices	Other	Total
Tikkurilantie 146 (92-41-252-3)	Tikkurilantie 146	Vantaa	8,090	2,680	–	10,770
Tikkurilantie 5 (92-66-22-1)	Tikkurilantie 5	Vantaa	57,367	4,930	–	62,297
Trukkikuja 1 (92-75-200-1)	Trukkikuja 1	Vantaa	3,360	2,228	–	5,588
Tulkintie 29 (92-40-503-1)	Tulkintie 29	Vantaa	10,181	3,971	–	14,152
Vantaanlaaksontie 6 (92-16-114-9 et al)*	Vantaalaaksontie 6	Vantaa	10,045	3,763	–	13,808
Virkatie 10 (92-52-101-5)	Virkatie 10	Vantaa	1,552	1,441	–	2,993
Virkatie 7 (92-52-105-1)	Virkatie 7	Vantaa	10,800	100	–	10,900
Virkatie 8 A (92-52-101-25)	Virkatie 8 A	Vantaa	10,015	60	–	10,075
Virkatie 8 B (92-52-101-21)	Virkatie 8 B	Vantaa	4,381	1,285	–	5,666
Total			465,349	111,143	590	577,081

Netherlands

Property listing – Netherlands

Address	Municipality	Lettable area in sqm			
		Warehouse/ Industrial	Offices	Other	Total
Rondebeltweg 21	Almere	–	–	–	–
Rondebeltweg 31	Almere	–	2,635	–	2,635
Rondebeltweg 41-43-49-51	Almere	20,068	3100	–	23,168
Transistorstraat 80	Almere	1,238	932	173	2,343
Veluwezoom 15	Almere	4,094	1,289	–	5,383
Versterkerstraat 10	Almere	6,522	4,504	–	11,026
Snelliusweg 10	Arnhem	1,475	605	–	2,080
Kolding 9	Barendrecht	526	143	216	885
De Maas 40	Best	2,257	483	–	2,740
De Rijn 7a-7c, 9	Best	2,141	932	–	3,073
Handelsweg 23, Hallenstraat 16	Bladel	6,100	900	–	7,000
Kruisbroeksestraat 7-15, Ladonkseweg 26	Boxtel	5,789	300	–	6,089
Minervum 7147	Breda	672	577	–	1,249
Nijverheidsweg 25	De Ronde Venen	3,500	44	–	3,544
Het Sterrenbeeld 26-30	Den Bosch	2,108	808	–	2,916
Het Zuiderkruis 11	Den Bosch	4,000	270	–	4,270
Kerketuineweg 35	Den Haag	5,470	1,848	–	7,318
Aventurijn 600	Dordrecht	376	632	–	1,008
Debijestraat 5, Röntgenstraat 1	Dordrecht	1,917	500	–	2,417
Donker Duyvisweg 301	Dordrecht	9,082	2,356	–	11,438
Laan van Kopenhagen 100	Dordrecht	866	1,245	–	2,111
Pieter Zeemanweg 17	Dordrecht	21,411	1,928	–	23,339
Roelofshoeveeweg 19	Duiven	1,770	425	–	2,195
De Witbogt 22-22a	Eindhoven	1,080	843	–	1,923
Dillenburgstraat 12-14	Eindhoven	2,623	2,197	–	4,820
Dillenburgstraat 35	Eindhoven	2,320	805	–	3,125
Esp 100	Eindhoven	2,356	1,314	–	3,670
Esp 125	Eindhoven	2,922	866	–	3,788
Esp 241	Eindhoven	2,510	408	–	2,918
Hoevenweg 11-11a	Eindhoven	2,986	2,926	–	5,912
Hurksestraat 20-22	Eindhoven	11,608	988	–	12,596
Kopersteden 1	Enschede	18,262	2,451	–	20,713
De Hooge Akker 21	Geldrop-Mierlo	1,750	390	–	2,140
Franklinweg 35	Gorinchem	2,477	530	–	3,007



Property listing – Netherlands

Address	Municipality	Lettable area in sqm			
		Warehouse/ Industrial	Offices	Other	Total
Gotenburgweg 38	Groningen	780	490	–	1,270
Oudeweg 42	Haarlem	5,382	1,896	–	7,278
Diamantlaan 10	Haarlemmermeer	2,668	709	–	3,377
Diamantlaan 14-16	Haarlemmermeer	811	898	–	1,709
Jacobus Ahrendlaan 1	Haarlemmermeer	3,997	2,222	–	6,219
Liebrugweg 1	Haarlemmermeer	480	930	–	1,410
Opaallaan 31	Haarlemmermeer	500	620	–	1,120
Opaallaan 35	Haarlemmermeer	1,563	609	–	2,172
Grasbeemd 12	Helmond	2,400	340	–	2,740
David Ricardostraat 5	Hengelo	433	482	–	915
Franciscusweg 4	Hilversum	1,546	112	–	1,658
De Marowijne 4	Hoorn	9,353	1,460	–	10,813
Bergveste 12-14	Houten	2,537	850	–	3,387
Voorveste 1-3	Houten	1,834	672	–	2,506
Christiaan Huygensstraat 35	Lansingerland	3,675	–	–	3,675
Schoenerweg 45	Maastricht	8,838	350	–	9,188
Kwartelweg 1	Moerdijk	3,220	262	–	3,482
Groothandelsweg 5	Pijnacker-Nootdorp	3,153	560	–	3,713
Konstruktieweg 7	Roermond	5,721	823	–	6,544
Belder 1	Roosendaal	2,912	764	–	3,676
Borchwerf 39	Roosendaal	6,100	900	–	7,000
Driemansteeweg 66	Rotterdam	448	848	–	1,296
Admiraal de Ruyterstraat 2*	Schiedam	8,116	4,022	–	12,138
Fortunaweg 11	Schiedam	970	142	–	1,112
Dr. Nolenslaan 126	Sittard-Geleen	3,522	1,203	–	4,725
Ekkersrijt 4302	Son en Breugel	2,907	878	–	3,785
Ekkersrijt 4311-4313	Son en Breugel	1,859	463	–	2,322
Ekkersrijt 7501	Son en Breugel	1,793	1,706	–	3,499
Innovatieweg 10	Terneuzen	1,907	1,838	–	3,745
Innovatieweg 12	Terneuzen	608	2,018	–	2,626
Innovatieweg 14	Terneuzen	4,953	2,800	–	7,753
Innovatieweg 4	Terneuzen	3,024	700	–	3,724
Innovatieweg 6	Terneuzen	5,003	1,901	–	6,904
Innovatieweg 8	Terneuzen	2,679	1,953	–	4,632
Jan Frederik Vlekkeweg 10-01 - 10-03	Tilburg	480	215	–	695
Damzigt 54-58	Utrecht	1,522	675	–	2,197
Proostwetering 30	Utrecht	8,259	244	–	8,503
Savannahweg 57-59	Utrecht	1,323	599	–	1,922
Savannahweg 63-65	Utrecht	2,983	542	–	3,525
Zonnebaan 23-45	Utrecht	9,289	8,021	–	17,310
Coenecoop 395	Waddinxveen	984	79	–	1,063
De Vest 62	Valkenswaard	7,121	2,425	–	9,546
John F. Kennedylaan 38	Valkenswaard	1,562	500	–	2,062
De Run 8421	Veldhoven	1,226	174	–	1,400
Magalhaesweg 10	Venlo	14,177	618	–	14,795
Magalhaesweg 16	Venlo	10,114	228	–	10,342
Magalhaesweg 6	Venlo	12,614	–	–	12,614
Noorderpoort 4	Venlo	727	1,063	–	1,790
Van Heemskerckweg 9	Venlo	4,590	1,065	–	5,655
De Amfoor 1	Venray	4,532	1,124	–	5,656
Bijsterhuizen 2511	Wijchen	3,387	689	–	4,076
Rechte Tocht 10	Zaanstad	439	268	–	707
Huis ter Heideweg 18-58	Zeist	14,154	5,403	–	19,557
Chroomstraat 140	Zoetermeer	5,744	1,500	–	7,244
Total		363 195	102 027	389	465 611

*) Held on a leasehold



Paris

Property listing – Paris

Address	Municipality	Lettable area in sqm			
		Warehouse/ Industrial	Offices	Other	Total
202 route de Pontoise	Argenteuil	2,189	521	–	2,710
51 Rue de Presles	Aubervilliers	9,375	–	–	9,375
39 Boulevard Général Delambre	Bezons	700	650	–	1,350
19 Avenue Albert Einstein	Blanc Mesnil	10,931	2,635	–	13,566
73 à 79 Avenue du 14 juillet et 48 à 54 Avenue Andrei Sakharov	Bondy	3,677	1,519	–	5,196
6 Rue des Prés d'Aulnay	Brétigny-sur-Orge	–	515	–	515
6 Rue de Guyonnerie	Bures-sur-Yvette	170	667	–	837
477 Rue Marcel Paul	Champigny sur Marne	1,589	–	–	1,589
16 bis, Rue de Paris	Champlan	250	400	–	650
22, Rue Aman Jean	Chevry	2,400	–	–	2,400
51, allée du Clos des Charmes	Collégien	2,651	543	–	3,194
Allée des Portes de la Forêt	Collégien	–	–	635	635
2 Rue de la Borne Blanche	Combs-La-Ville	6,582	835	–	7,417
3, Avenue du 8 mai 1945	Corbeil-Essones	–	–	538	538
Cormeilles-en-Parisis - 14 Rue Georges Méliès	Cormeilles-en-Parisis	2,590	830	–	3,420
2 Allées des Terres Rouges	Cormeilles-en-Vexin	1,762	684	–	2,446
Route de Choisy, Carrefour Pompadour, ZA La Basse Quinte	Créteil	–	–	658	658
65 Avenue Georges Politzer	Elancourt	4,405	1,593	–	5,998
28-48 Rue Valdimir Jankelevitch	Emerainville	3,356	1,324	–	4,680
35 Boulevard de Beaubourg	Emerainville	2,379	1,556	–	3,935
56 Boulevard de Beaubourg	Emerainville	837	162	–	999
8-10 Rue de Chevilly	Fresnes	5,563	975	–	6,538
3 Avenue des Morillons	Garges-Lès-Gonnesse	2,853	815	–	3,668
110 Avenue Paul Vaillant Couturier	Gennevilliers	2,706	2,214	–	4,920
125 Avenue Roche	Gennevilliers	333	322	–	655
135-139 Avenue Laurent Cély	Gennevilliers	1,305	867	–	2,172
16 Boulevard Gallieni	Gennevilliers	6,798	1,141	–	7,939
7, Rue Jean Jacques Rousseau	Grigny	1,854	2,444	–	4,298
16 Rue de la Patelle	Herblay	6,600	800	–	7,400
22 Rue du Gros Murger	Herblay	10,151	2,174	–	12,325
17, Rue Branly et 28, Rue Jacquard	Lagny sur Marne	2,327	796	–	3,123
5251 Rue Freycinet	Lagny sur Marne	1,562	748	–	2,310
17 Rue Levassor et Les Garennes	Les Mureaux	–	–	533	533
10 Avenue des Tropiques	Les Ulis	765	1,347	–	2,112
10 Avenue des Tropiques	Les Ulis	–	–	3,639	3,639
12 Avenue des Tropiques	Les Ulis	3,426	1,730	–	5,156
3 Avenue de l'Atlantique	Les Ulis	1,510	190	–	1,700
4 Avenue du Parana	Les Ulis	3,643	520	–	4,163
4 Avenue du Parana	Les Ulis	2,461	395	–	2,856
7-12 Avenue des Tropiques	Les Ulis	1,056	4,900	–	5,956
La Mare aux Plantards	Lieusaint	1,996	2,488	–	4,484
Rue des longs rideaux	Limeil-Brévannes	7,109	1,167	–	8,276
14-16 Rue des Cerisiers - ZA des Eglantiers	Lisses	1,079	277	–	1,356
5-7-9 Rue des Cerisiers - ZI de l'Églantier	Lisses	2,655	1,836	–	4,491
14 Rue des campanules	Lognes	2,459	641	–	3,100
4 Rue Galvani	Massy	544	259	–	803
4 Rue Galvani	Massy	3,106	1,551	–	4,657
9 Rue du Buisson aux Fraises	Massy	4,257	4,224	–	8,481
9 Avenue de la Foulée, ZAC des Saints Pères	Meaux Nanteuil	–	–	516	516
107 Rue Marcelin Berthelot	Moissy-Cramayel	–	1,229	–	1,229



Property listing – Paris

Address	Municipality	Lettable area in sqm			
		Warehouse/ Industrial	Offices	Other	Total
51 et 53 Avenue de Sénart, 8 et 10 allée du bois Renaud	Montereau	–	–	441	441
51 et 53 Avenue de Sénart, 8 et 10 allée du bois Renaud	Montgeron	881	4,468	–	5,349
97 Avenue Jean Jaurès	Montgeron	–	137	–	137
98 Avenue Jean Jaurès	Montgeron	1,170	788	–	1,958
Le Bas Montjoie - RN 20	Montlhéry	–	–	334	334
33-35 Route de Calais, RN1	Montmagny	–	–	609	609
1 ter Rue du Marais	Montreuil	840	200	–	1,040
39 Avenue des Guillaumes	Nanterre	1,450	793	–	2,243
6 Rue des Peupliers	Nanterre	1,432	1,433	–	2,865
ZAC des Hautes Patures	Nanterre	–	–	635	635
164 Avenue Jean Jaurès	Neuilly-sur-Marne	–	–	635	635
49 Rue des frères Lumières	Neuilly-sur-Marne	6,700	–	–	6,700
8-10 Rue de la Mare Blanche	Noisiel	2,308	822	–	3,130
20-24 Rue du Ballon	Noisy-Le-Grand	5,398	433	–	5,831
Route Nationale 48	Orgeval	–	–	635	635
166-168 Rue Denis Diderot	Pantin	977	475	–	1,452
85 et 87 Rue Cartier Bresson	Pantin	6,528	714	–	7,242
3 Rue Rouvet et 18 Rue Barbanègre	Paris	–	473	–	473
ZA Porte Ouest, CD91	Pierrelaye	–	–	1,202	1,202
Avenue Ozanne	Porcheville	3,514	328	–	3,842
1 Rue Denis Papin	Roissy-en-Brie	154	264	–	418
2 Rue André Ampère	Saint Ouen l'Aumône	2,200	330	–	2,530
2 à 4 Rue de la Sablière et Rue du Petit Fief	Sainte-Geneviève-des-Bois	295	342	–	637
Route Nationale 19	Servon	–	–	483	483
1-5 Rue de la Sablière	Sucy-en-Brie	2,620	436	–	3,056
63, Grande Rue	Survilliers	36,325	3,428	–	39,753
10-13 Avenue Jean d'Alembert	Trappes	2,300	–	–	2,300
25 Rue Henri Farman	Tremblay	1,315	478	–	1,793
1-3 place Thomas Edison, Valenton	Valenton	3,880	1,331	–	5,211
Lieudit "La Fosse Montalbot" - 26 Chemin du Port Brun	Vigneux-sur-Seine	2,076	–	–	2,076
Rue de la Prairie, "Complexe industriel de la Prairie de Villebon sur Yvette"	Villebon-sur-Yvette	5,090	1,210	–	6,300
46 Avenue des Gardes Messiers	Villemoisson-sur-Orge	–	556	–	556
4 route de Paray	Wissous	2,250	–	–	2,250
Total		223,664	69,923	11,492	305,078



University cities in Finland

Property listing – University cities in Finland

Property listing	Address	Municipality	Lettable area in sqm			
			Warehouse/ Industrial	Offices	Other	Total
Ahjokatu 26 (179-15-8-12)*	Ahjokatu 26	Jyväskylä	1,242	1,010	–	2,252
Ahlmaninkatu 2 E (179-5-130-1-L1)*	Ahlmaninkatu 2 E	Jyväskylä	2	1,626	–	1,628
Asmalamentie 4 (179-401-1-605)	Asmalamentie 4	Jyväskylä	–	–	308	308
Harkkotie 6 (179-401-18-187)	Harkkotie 6	Jyväskylä	655	–	–	655
Kankitie 3 (179-19-9-14)	Kankitie 3	Jyväskylä	5,368	531	–	5,899
Kuormaajantie 26 (179-19-100-3)	Kuormaajantie 26	Jyväskylä	4,294	1,093	–	5,387
Metsäraivio 2 (179-26-77-11)*	Metsäraivio 2	Jyväskylä	1,123	–	–	1,123
Nisulankatu 78 (179-11-53-3-L1)*	Nisulankatu 78	Jyväskylä	407	877	–	1,283
Onkapannu 3 (179-6-112-65)	Onkapannu 3	Jyväskylä	2,779	709	–	3,487
Onkapannu 4 (179-6-112-51)	Onkapannu 4	Jyväskylä	1,601	675	–	2,276
Onkapannu 6 (179-6-112-62)	Onkapannu 6	Jyväskylä	1,184	–	–	1,184
Onkapannu 8 (179-6-112-63)	Onkapannu 8	Jyväskylä	1,034	–	–	1,034
Palokärjentie 7 (179-48-1-12)	Palokärjentie 7	Jyväskylä	901	19	–	920
Puulaakintie 8 (179-19-67-4-L1)*	Puulaakintie 8	Jyväskylä	1,833	–	–	1,833
Runkotie 2 (179-16-119-1)	Runkotie 2	Jyväskylä	–	–	226	226
Ruokomäentie 50 (179-402-9-35-L1)*	Ruokomäentie 50	Jyväskylä	1,897	–	–	1,897
Savelankatu 5 (179-6-112-52)	Savelankatu 5	Jyväskylä	4,607	–	–	4,607
Savelankatu 7 (179-6-112-45)	Savelankatu 7	Jyväskylä	2,067	–	–	2,067
Savenlankatu 3 (179-6-112-51)	Savenlankatu 3	Jyväskylä	1,175	–	–	1,175
Sepänkatu 4 (179-2-37-6)*	Sepänkatu 4	Jyväskylä	519	2,893	–	3,411
Urheilutie 41 (180-401-1-238)	Urheilutie 41	Jyväskylä	–	–	964	964
Valmetintie 11 (179-401-87-126)	Valmetintie 11	Jyväskylä	4,742	–	–	4,742
Yritystie 1 (179-19-69-9)	Yritystie 1	Jyväskylä	10,820	–	–	10,820
Vihikari 10 (244-401-219-2)	Vihikari 10	Kempele	13,117	5,134	–	18,251
Avantintie 20 (423-455-1-502)	Avantintie 20	Lieto	5,600	–	–	5,600
Korvenkyläntie 10 (500-402-8 et al)*	Korvenkyläntie 10	Muurame	1,151	–	–	1,151
Liikekuja 4 (500-402-1-641)	Liikekuja 4	Muurame	600	–	–	600
Punasillantie 15 (500-402-6-384)	Punasillantie 15	Muurame	4,300	–	–	4,300
Linnavuorentie 15 (536-13-10-1)	Linnavuorentie 15	Nokia	–	–	876	876
Hallitie 2 (564-409-47-159)	Hallitie 2	Oulu	3,578	–	–	3,578
Isterintie 64 (564-22-1028-1)	Isterintie 64	Oulu	–	–	395	395
Järvenkorventie 4 (564-63-23-4)	Järvenkorventie 4	Oulu	–	–	450	450
Jääsalontie 17 (564-9-31-1-S)	Jääsalontie 17	Oulu	2,619	2,217	–	4,836
Kaapelitie 4 (564-84-8-6)	Kaapelitie 4	Oulu	26,189	41,400	–	67,589
Kurtintie 2 (84-401-4-269)	Kurtintie 2	Oulu	–	–	278	278
Lumijoentie 2 (564-9-23-40 et al)*	Lumijoentie 2	Oulu	6,778	–	–	6,778
Mittarikuja 5 (564-84-8-5)*	Mittarikuja 5	Oulu	6,900	300	–	7,200
Moreenikuja 2 (564-83-32-13)	Moreenikuja 2	Oulu	5,913	105	–	6,018
Ruotutie 3 (564-86-7-2-L1)*	Ruotutie 3	Oulu	–	–	490	490
Sarasuontie 1 (564-27-20-2-L1)*	Sarasuontie 1	Oulu	–	–	300	300
Taakakepintie 1 (564-72-207-1-L1)*	Taakakepintie 1	Oulu	–	–	551	551
Valtatie 61 (564-52-13-27)*	Valtatie 61	Oulu	–	–	773	773
Lasikaari 1 (604-419-3-242)*	Lasikaari 1	Pirkkala	4,914	700	–	5,614
Vesalantie 15 (604-406-1-15)	Vesalantie 15	Pirkkala	1,736	–	–	1,736
Soininkatu 1 (680-6-6040-21)	Soininkatu 1	Raisio	537	–	–	537
Ahertajankatu 2 (837-65-7065-1)	Ahertajankatu 2	Tampere	1,908	–	–	1,908
Hautalankatu 19 (837-37-5817-1)	Hautalankatu 19	Tampere	2,618	200	–	2,818
Hautalankatu 20 (837-37-5818-1)	Hautalankatu 20	Tampere	1,978	684	–	2,662
Hautalankatu 31 (837-37-5819-2)	Hautalankatu 31	Tampere	1,650	660	–	2,310
Joentaustankatu 3 (837-230-3555-9-B)	Joentaustankatu 3	Tampere	6,199	1,173	–	7,372
Nuutisarankatu 19 (837-302-785-17)	Nuutisarankatu 19	Tampere	4,044	–	–	4,044
Patamäenkatu 7 (837-302-781-17)	Patamäenkatu 7	Tampere	16,649	8,637	–	25,286
Peltolammink. 40 (837-323-5957-10)*	Peltolamminkatu 40	Tampere	536	–	–	536

*) Held on a leasehold



Property listing – University cities in Finland

Property listing	Address	Municipality	Lettable area in sqm			
			Warehouse/ Industrial	Offices	Other	Total
Rantaperkiönkatu 2 (837-303-896-1)	Rantaperkiönkatu 2	Tampere	490	–	–	490
Tuotekatu 3 (837-330-6123-11)*	Tuotekatu 3	Tampere	10,047	639	–	10,686
Turvesuonkatu 14 (837-263-2472-5)	Turvesuonkatu 14	Tampere	433	–	–	433
Uurastajankatu 3 (837-48-5932-18)	Uurastajankatu 3	Tampere	10,195	1,977	–	12,172
Kanslerintie 10 (853-62-58-2)*	Kanslerintie 10	Turku	–	–	450	450
Paakarlantie 3 (853-66-3-15)	Paakarlantie 3	Turku	25,571	1,603	–	27,174
Postikatu 3 (853-74-81-5)	Postikatu 3	Turku	10,796	3,181	–	13,977
Rydöntie 7 (853-88-4-3)	Rydöntie 7	Turku	4,170	200	–	4,370
Uhrilähteenkatu 8 (853-74-81-6)	Uhrilähteenkatu 8	Turku	2,816	387	–	3,203
Urusvuorenkatu 3 (853-088-0003-0004-D)	Urusvuorenkatu 3	Turku	5,087	624	–	5,711
Metsälehmuksentie 6 (179-72-19-1)	Metsälehmuksentie 6	Vaajakoski	12,514	1,410	–	13,924
Teollisuustie 11 (980-428-39-8)	Teollisuustie 11	Ylöjärvi	4,700	397	–	5,097
Vanha Vaasantie 13 (980-428-17-3)	Vanha Vaasantie 13	Ylöjärvi	6,872	2,083	–	8,955
Vanha Vaasantie 3 (980-428-17-40)	Vanha Vaasantie 3	Ylöjärvi	4,633	672	–	5,305
Total			266,086	83,814	6,061	355,960

*) Held on a leasehold

Madrid & Barcelona

Property listing – Madrid & Barcelona

Address	Municipality	Lettable area in sqm			
		Warehouse/ Industrial	Offices	Other	Total
Av de Madrid, P.I. Las Matillas	Alcalá	4,745	–	–	4,745
Calle Valdelaparra 29	Alcobendas	7,632	4328	–	11,960
Av Conde Romanones 7	Azuqueca	13,411	587	–	13,998
Calle Potassi, P.I. Acisa	Castellbisbal	3,300	–	–	3,300
Calle Or 14	Cerdanyola	904	106	–	1,010
Calle del Progrés 139	Cornellà	375	183	–	558
Paseo de las Flores 7	Coslada	9343	2199	–	11,542
Calle Raurell 36, P.I. Camí Ral	Gava	1,599	460	–	2,059
Ps del Ferrocarril 383	Gava	4,235	878	–	5,113
Calle Juan Jose Vidal 4, P.I. Las Mezquitas	Getafe	7081	–	–	7,081
Av Sant Julià 104	Granollers	8,236	1,011	–	9,247
Av Sant Julià 97	Granollers	6,273	905	–	7,178
Calle Daza Valdes 7 pta 11-12	Leganes	814	–	–	814
Calle Daza Valdes 7 pta 13-22	Leganes	4040	–	–	4,040
Calle Daza Valdes 7 pta 1-5	Leganes	2,020	–	–	2,020
Calle Daza Valdes 7 pta 6-7	Leganes	804	–	–	804
Calle Daza Valdes 7 pta 8	Leganes	402	–	–	402
Calle Daza Valdes 7 pta 9-10	Leganes	804	–	–	804
Calle de Montserrat Roig 25-29	L'Hospitalet	3,171	–	–	3,171
Calle Ingeniero Torres Quevedo 20	Madrid	773	256	–	1,029
Calle Ingeniero Torres Quevedo 22	Madrid	773	256	–	1,029
Calle Ingeniero Torres Quevedo 24	Madrid	773	256	–	1,029
Calle Ingeniero Torres Quevedo 26	Madrid	970	321	–	1,291
Calle Ingeniero Torres Quevedo 28	Madrid	929	248	–	1,177
Calle Roso de Luna 33-35	Madrid	948	297	–	1,245
Calle Roso de Luna 37-39	Madrid	948	297	–	1,245
Calle Roso de Luna 41-43	Madrid	948	297	–	1,245
Av Via Sèrgia 77, P.I. Plà d'en Boet II	Mataró	4,046	–	–	4,046



Property listing – Madrid & Barcelona

Address	Municipality	Lettable area in sqm			
		Warehouse/ Industrial	Offices	Other	Total
Calle Octave Lecante 8, P.I Can Magarola	Mollet	4,107	572	–	4,679
Av la Ferreria 12	Montcada	14,054		1898	15,952
Av La Ferreria 28	Montcada	779	245	–	1,024
Av La Ferreria 30	Montcada	789	244	–	1,033
Av La Ferreria 76-78	Montcada	1,792	311	80	2,183
Calle del Tèxtil 6	Montcada	1,131	1087	10	2,228
Av Prat de la Riba 186	Pallejà	3,479	–	–	3,479
Calle Galileo 2 nave 1	Parets	1,186	300	–	1,486
Calle Galileo 2 Nave 12	Parets	1,099	287	–	1,386
Calle Galileo 2 nave 2	Parets	1,186	300	–	1,486
Calle Galileo 2 Nave 7	Parets	1,042	300	–	1,342
Calle Galileo 2 Nave 8	Parets	995	300	–	1,295
Calle Galileo 2 Nave 9	Parets	940	300	–	1,240
Calle Marconi 3	Parets	3,080	230	–	3,310
Paseo Fluvial 10	Parets	2,923	263	–	3,186
Calle Las Arenas 10-12	Pinto	1,491	360	–	1,851
Calle Metalurgia 1-3	Pinto	730	180	–	910
Calle Metalurgia 4	Pinto	800	54	–	854
Calle Metalurgia 6	Pinto	800	81	–	881
Calle Metalurgia 8-10	Pinto	1,600	108	–	1,708
Calle Metalurgia 9	Pinto	867	160	–	1,027
Av de Sentmenat 47	Polinyà	3,222	388	–	3,610
P.I. Can San Joan Parc 17	Rubí	5,404	2558	–	7,962
Calle Técnica 71	Sant Andreu	505	152,09	–	657
Calle Técnica 73	Sant Andreu	495,27	152,08	–	647
Calle Técnica 75	Sant Andreu	486	152,08	–	638
Calle Técnica 77	Sant Andreu	476	152	–	628
Calle Técnica 79	Sant Andreu	456	152	–	608
Calle Técnica 81	Sant Andreu	456	152	–	608
Calle Técnica 83	Sant Andreu	573	229	–	802
Calle Torre Bovera 21 Nave 15	Sant Andreu	589	250,16	–	840
Calle Principat d'Andorra 55	Sant Boi	2,704	–	–	2,704
Calle de la Masía 1-3-5	Sant Esteve Sesrovires	8,095	300	–	8,395
Calle Bronce 2	Seseña	3,592	–	–	3,592
Calle Monte Naranco 10-11	Seseña	5,400	–	–	5,400
Calle Monte Naranco 12-13-14	Seseña	8,098	–	–	8,098
Calle Monte Naranco 9	Seseña	2,700	–	–	2,700
Calle Tejada del Tietar 2-3	Seseña	5,430	–	–	5,430
Av Can Vinalets nave 4	Sta Perpetua	2,109	476	–	2,585
Av Can Vinalets nave 6	Sta Perpetua	1,752	590	–	2,342
Av Can Vinalets nave 7	Sta Perpetua	2,172	476	–	2,648
Calle Lleida 6, Parc Activitats Econòmiques	Vic	3,895	–	–	3,895
Calle Caldereros 4, P.I. Mohedano	Yunquera	4,500	–	–	4,500
Calle Caldereros 5, P.I. Mohedano	Yunquera	6,800	200	–	7,000
Calle Caldereros 6, P.I. Mohedano	Yunquera	3,298	–	–	3,298
Total		208,374	24,947	1,988	235,309



Rest of Sweden

Property listing – Rest of Sweden

Property listing	Address	Municipality	Lettable area in sqm			
			Warehouse/ Industrial	Offices	Other	Total
Mörten 17	Bruksgatan 7 C	Eslöv	7,640	–	–	7,640
Geväret 1, Värjan 2	Mossvägen 16	Falköping	6,115	–	–	6,115
Arendal 1:10	Synnerödsvägen 7	Göteborg	3,381	1,115	–	4,496
Högsbo 34:18*	J A Wettergrens Gata 10	Göteborg	2,914	2,420	–	5,334
Bronsen 1	Industrigatan 87	Helsingborg	8,426	–	–	8,426
Plankan 2	Brännerigatan 2	Höganäs	7,187	–	–	7,187
Kristianstad 3:35	Björkhemsvägen 12	Kristianstad	8,737	–	–	8,737
Grepen 9, Grepen 12, Grepen 14	Skogvaktarevägen 11, 15 & 17	Lidköping	6,954	–	–	6,954
Inteckningen 5	Magistratsvägen 16-18	Lund	12,924	7,506	3,359	23,789
Stockholmsledet 12	Emdalavägen 3	Lund	5,438	380	–	5,818
Bredablick 4*	Sallerupsvägen 34	Malmö	17,795	–	–	17,795
Båtyxan 5*	Järnyxegatan 15-17	Malmö	4,865	775	–	5,640
Båtyxan 6*	Stenyxegatan 1	Malmö	11,075	1,660	300	13,035
Vevaxeln 4	Vevaxelgatan 2	Malmö	1,080	1,758	–	2,838
Lommen 6, Anden 1	Långgatan 74 & 80	Mellerud	7,265	–	–	7,265
Pollaren 1	Barlastgatan 10	Norrköping	40,730	–	–	40,730
Pollaren 2	Barlastgatan 10	Norrköping	7,700	–	–	7,700
Kamaxeln 6*	Batterivägen 11	Skövde	1,267	1,013	–	2,280
Borggård 1:344	Industrivägen 4	Staffanstorps	8,976	324	–	9,300
Trävaran 1	Tommarpsvägen 116	Trelleborg	11,199	–	–	11,199
Ratten 6	Kardanvägen 28	Trollhättan	1,161	1,481	–	2,642
Nedervara 3:4	Gamla Tegelbruket	Vara	10,220	–	–	10,220
Gräsanden 7	Skaragatan 15	Vara	6,946	1,801	–	8,747
Bockaberg 2:2	Solbergavägen 44	Vetlanda	16,720	2,807	–	19,527
Snickaren 3	Snickarvägen 4	Vetlanda	11,430	1,570	–	13,000
Snäppan 5	Drottning Kristinas väg 6	Åmål	4,190	–	–	4,190
Total			232,335	24,610	3,659	260,604

*) Held on a leasehold



Rest of Finland

Property listing – Rest of Finland

Property listing	Address	Municipality	Lettable area in sqm			
			Warehouse/ Industrial	Offices	Other	Total
Rekolankulma 4 (10-16-3-11)	Rekolankulma 4	Alavus	494	–	–	494
Koikkurintie 2 (61-6-165-7-4)	Koikkurintie 2	Forssa	1,230	322	–	1,552
Murrontie 3 (61-15-277-12)	Murrontie 3	Forssa	26,176	4,880	–	31,056
Rajakatu 22 (69-401-6-427)	Rajakatu 22	Haapajärvi	519	–	–	519
Kansanpellontie (71-402-3-86)	Kansanpellontie	Haapavesi	–	–	550	550
Vuorikatu 2 (111-7-24-2)	Vuorikatu 2	Heinola	–	–	600	600
Keskikankaantie 9 (98-435-7-409)	Keskikankaantie 9	Hollola	15,942	3,281	–	19,223
Tarmontie 2-4 (98-435-7-400 et al)	Tarmontie 2-4	Hollola	12,200	2,210	–	14,410
Tiilikankaantie 1 (98-455-3-81)	Tiilikankaantie 1	Hollola	–	–	584	584
Hakakalliontie 7 (106-24-2307-2)	Hakakalliontie 7	Hyvinkää	895	783	–	1,678
Jussilankatu 5 (106-11-1039-1)	Jussilankatu 5	Hyvinkää	–	–	1,280	1,280
Koneenkatu 8 (106-7-606-16)	Koneenkatu 8	Hyvinkää	47,716	14,230	–	61,946
Muovikatu 4 (106-9-835-3 et al)	Muovikatu 4	Hyvinkää	6,795	–	–	6,795
Sillankorvankatu 66 (106-15-1460-2)*	Sillankorvankatu 66	Hyvinkää	–	–	451	451
Autotehtaantie 1 (109-40-103-10 et al)	Autotehtaantie 1	Hämeenlinna	10,652	1,090	–	11,742
Karhitie 2 (109-25-115-3)	Karhitie 2	Hämeenlinna	–	–	600	600
Larin Kyöstinkatu 30 (109-8-38-3)	Larin Kyöstinkatu 30	Hämeenlinna	2,398	267	–	2,665
Ruununmyllyntie 13 (109-16-86-8)	Ruununmyllyntie 13	Hämeenlinna	17,715	–	–	17,715
Viertokatu 33 (109-6-63-1211)	Viertokatu 33	Hämeenlinna	–	–	335	335
Kaivontekijäntie 4 (143-9-6-5)	Kaivontekijäntie 4	Ikaalinen	571	–	–	571
Joutsenonkatu 32 (153-33-25-23)	Joutsenonkatu 32	Imatra	–	–	1,012	1,012
Vallinkoskentie 2 (153-15-47-30)	Vallinkoskentie 2	Imatra	–	–	320	320
Muuntamontie 3 (167-9-903-25)	Muuntamontie 3	Joensuu	2,713	–	–	2,713
Nuottaniementie 2 (167-18-1881-2)*	Nuottaniementie 2	Joensuu	–	–	418	418
Viemannintie 1 (174-401-14-122)	Viemannintie 1	Juankoski	551	–	–	551
Kauppakatu 8 (182-20-1-1)	Kauppakatu 8	Jämsä	–	–	590	590
Oksapolku 1 (186-9-971-1)	Oksapolku 1	Järvenpää	–	–	1,054	1,054
Vanhankyläntie 65 (186-25-2502-4)	Vanhankyläntie 65	Järvenpää	–	–	341	341
Wärtsiläntie 54 (186-8-820-1)	Wärtsiläntie 54	Järvenpää	–	–	441	441
Kettukalliontie 27 (205-5-164-9-L2)*	Kettukalliontie 27	Kajaani	597	–	–	597
Makkolankatu 10 (205-4-10-4-L1)*	Makkolankatu 10	Kajaani	–	–	429	429
Varistie 8 (205-8-16-8)	Varistie 8	Kajaani	990	–	–	990
Tampionkatu 12 (214-13-902-5)	Tampionkatu 12	Kankaanpää	490	–	–	490
Huhdintie 10-12 (224-5-46-1)	Huhdintie 10-12	Karkkila	–	–	1,152	1,152
Kolisevantie 21 (224-3-38-1)	Kolisevantie 21	Karkkila	240	–	–	240
Koivuharjunkatu 55 (240-4-435-3-L1)*	Koivuharjunkatu 55	Kemi	–	–	617	617
Pelkosenniementie 4 (320-2-2097-5)	Pelkosenniementie 4	Kemijärvi	–	–	308	308
Turuntie 563 (257-488-1-117)	Turuntie 563	Kirkkonummi	–	–	310	310
Patamäentie 1 (272-34-1-12)	Patamäentie 1	Kokkola	3,264	–	–	3,264
Patamäentie 10 (272-34-3-2)	Patamäentie 10	Kokkola	800	–	–	800
Paloasemantie 13 (273-401-11-103)	Paloasemantie 13	Kolari	623	–	–	623
Karhulantie 35 (285-31-8-12)	Karhulantie 35 A	Kotka	–	–	2,765	2,765
Kotkantie 25 (285-6-606-10)	Kotkantie 25	Kotka	–	–	225	225
Kisällinkatu 10 (285-46-160-1)	Kisällinkatu 10	Kotka	2,324	–	–	2,324
Peurantie 5 (285-10-1-4-L1)*	Peurantie 5	Kotka	–	–	486	486
Pokakuja 1 (285-35-52-1-L1)*	Pokakuja 1	Kotka	–	–	437	437
Pulttikatu 9 (285-46-134-1)	Pulttikatu 9	Kotka	1,127	–	–	1,127
Turvalantie 31 (285-41-64-2)*	Turvalantie 31	Kotka	–	–	298	298
Kaupinkatu 19 (286-11-22-5-L1)*	Kaupinkatu 19	Kouvola	675	–	–	675
Myllykoskentie 3 (44-424-8-37)	Kyminasemantie 6	Kouvola	–	–	664	664
Valtakatu 16 (306-1-58-2)	Valtakatu 16	Kouvola	–	–	2,336	2,336
Jauratie 1 (290-405-26-376)	Jauratie 1	Kuhmo	444	–	–	444
Haapaniemenkatu 6 (297-5-13-5)	Haapaniemenkatu 6	Kuopio	–	–	138	138
Lukkosalmentie 14 (297-22-3-4-L1)*	Lukkosalmentie 14	Kuopio	1,755	–	–	1,755
Mestarinkatu 5 (297-24-14-3-3)	Mestarinkatu 5	Kuopio	1,790	852	–	2,642
Sandelsinkatu 1 (297-9-27-1)	Sandelsinkatu 1	Kuopio	–	–	315	315

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Property listing – Rest of Finland

Property listing	Address	Municipality	Lettable area in sqm			
			Warehouse/ Industrial	Offices	Other	Total
Mäkitie 3 (301-4-25-10)	Mäkitie 3	Kurikka	539	–	–	539
Aniankatu 9 (398-4-379-5)	Aniankatu 9	Lahti	2,027	–	–	2,027
Ansiokatu 8 (398-23-116-7)	Ansiokatu 8	Lahti	1,711	700	–	2,411
Et. Liipolankatu 9 (398-20-144-6)	Eteläinen Liipolankatu 9	Lahti	–	–	421	421
Jatkokatu 1 (398-9-9050-2)	Jatkokatu 1	Lahti	4,980	–	–	4,980
Lahdenkatu 48 (398-4-4191-5)	Lahdenkatu 48	Lahti	–	–	698	698
Vanhanradankatu 42 (398-20-246-8)	Vanhanradankatu 42	Lahti	26,441	646	–	27,087
Vesijärvenkatu 3 (398-1-25-3)	Vesijärvenkatu 3	Lahti	–	–	487	487
Merenlahdentie 16 (405-62-106-11)	Merenlahdentie 16	Lappeenranta	–	–	515	515
Onninkatu 1 (405-34-98-1)*	Onninkatu 1	Lappeenranta	–	–	573	573
Metsäkiventie 4 (408-14-1413-1)	Metsäkiventie 4	Lapua	5,799	314	–	6,113
Kerantie 25 (422-9-124-1)	Kerantie 25	Lieksa	529	–	–	529
Gunnarlankatu 5 (444-13-662-1)	Gunnarlankatu 5	Lohja	7,507	976	–	8,483
Puistokatu 23 (444-11-85-1)	Puistokatu 23	Lohja	–	–	674	674
Ratakatu 26 (444-15-360-6)	Ratakatu 26	Lohja	1,168	385	–	1,553
Ratakatu 28 (444-15-360-1)	Ratakatu 28	Lohja	1,224	–	–	1,224
Tietolantie 1 (444-422-1-211)	Tietolantie 1	Lohja	–	–	1,054	1,054
Hirvikoskentie 213 (430-401-2-93 et al)	Hirvikoskentie 213	Loimaa	–	–	307	307
Melliläntie 103 (482-402-6-31)	Melliläntie 103	Loimaa	–	–	349	349
Juvantie 13 (491-9-39-1)	Juvantie 13	Mikkeli	–	–	486	486
Ratakatu 2 (491-1-25-1)	Ratakatu 2	Mikkeli	334	–	–	334
Yrittäjänkatu 10 (491-6-34-8)	Yrittäjänkatu 10	Mikkeli	474	–	–	474
Puistokatu 10 (506-1-182-5)	Puistokatu 10	Mänttä-Vilppula	–	–	383	383
Runtimäentie 8 (506-402-2-27)	Runtimäentie 8	Mänttä-Vilppula	–	–	157	157
Teollisuustie 9 (541-134-4-3)	Teollisuustie 9	Nurmes	519	–	–	519
Karhunkierros 1 (543-412-1-999 et al)	Karhunkierros 1	Nurmijärvi	2,885	–	–	2,885
Ketunkopintie 2 (543-404-4-0)	Ketunkopintie 2	Nurmijärvi	–	–	608	608
Puistotie 3 (543-414-2-250)	Puistotie 3	Nurmijärvi	–	–	495	495
Asematie 13 (562-416-13-0)	Asematie 13	Orivesi	–	–	415	415
Outokummuntie 8 (309-11-1105-1)	Outokummuntie 8	Outokumpu	540	–	–	540
Sodankyläntie 8 (583-402-35-24)	Sodankyläntie 8	Pelkosenniemi	–	–	423	423
Kaaritie 7 (593-4-50-5)	Kaaritie 7	Pieksämäki	534	–	–	534
Kuopiontie 24 (593-4-21-2-L)*	Kuopiontie 24	Pieksämäki	–	–	586	586
Varikonkatu 5 (598-12-9-9)	Varikonkatu 5	Pietarsaari	990	–	–	990
Juhanintie 1 (609-61-12-12)*	Juhanintie 1	Pori	–	–	172	172
Korjaamonkatu 1 (609-33-5-3)	Korjaamonkatu 1	Pori	2,620	–	–	2,620
Kotkantie 1 (609-50-21-2)	Kotkantie 1	Pori	–	–	903	903
Kruuti-Jussintie 3 (609-30-2-1)	Kruuti-Jussintie 3	Pori	1,060	–	–	1,060
Raja-Hiltantie 8 (609-30-4-1)	Raja-Hiltantie 8	Pori	1,278	435	–	1,713
Tavaratie 4 (609-9-35-5)	Tavaratie 4	Pori	1,027	–	–	1,027
Alkrogintie 2 (638-414-1-287-L1)*	Alkrogintie 2	Porvoo	396	–	–	396
Suolaketie 2 (638-417-1-887)	Suolaketie 2	Porvoo	–	–	597	597
Verstastie 3 (791-421-5-66)	Verstastie 3	Pulkkiila	574	–	–	574
Kirkkoluodontie 1 (678-412-1-181)	Kirkkoluodontie 1	Raahe	–	–	512	512
Maunulantie 1 (678-415-83-4)	Maunulantie 1	Raahe	–	–	372	372
Pajuniityntie 8 (678-413-2-173)	Pajuniityntie 8	Raahe	–	–	683	683
Rantakatu 57 (678-12-45-18)	Rantakatu 57	Raahe	–	–	310	310
Uotilan Vanhatie 37 (684-414-3-49)	Uotilan Vanhatie 37	Rauma	–	–	225	225
Äyhönjärventie 5 (684-11-1104-1)	Äyhönjärventie 5	Rauma	999	153	–	1,152
Teollisuustie 28 (698-9-9025-10)*	Teollisuustie 28	Rovaniemi	1,019	268	–	1,287
Kärkänkatu 18 (734-13-8-1)	Kärkänkatu 18	Salo	–	–	486	486
Perämiehenkatu 7 (734-4-8-32-L1)*	Perämiehenkatu 7	Salo	1,039	–	–	1,039
Pihlajavedentie 21 (740-13-36-13)	Pihlajavedentie 21	Savonlinna	–	–	1,070	1,070
Valkiavuorentie 2 (743-404-22-76)	Valkiavuorentie 2	Seinäjäki	–	–	397	397
Yrittäjätie 2 (743-5-24-8)	Yrittäjätie 2	Seinäjäki	2,435	534	–	2,969
Lohitie 3 (777-406-27-66)	Lohitie 3	Suomussalmi	573	–	–	573
Rahtimiehentie 1 (777-406-3-166)	Rahtimiehentie 1	Suomussalmi	–	–	430	430
Västanbyntie 4 (710-13-108-1)	Västanbyntie 4	Tammisaari	796	–	–	796
Huhdintie 14 (887-409-6-108 et al)	Huhdintie 14	Ujala	–	–	850	850
Välittie 7 (895-18-7-4-L1)*	Välittie 7	Uusikaupunki	520	–	–	520

*) Held on a leasehold



Property listing – Rest of Finland

Property listing	Address	Municipality	Lettable area in sqm			
			Warehouse/ Industrial	Offices	Other	Total
Köpingintie 7 (905-451-33-0)	Köpingintie 7	Vaasa	535	–	–	535
Sointulantie 2 (908-15-5-5)*	Sointulantie 2	Valkeakoski	–	–	423	423
Kurolantie 1 (915-15-9001-4)	Kurolantie 1	Varkaus	–	–	690	690
Kyllikinkatu 1 (915-13-1311-3)	Kyllikinkatu 1	Varkaus	–	–	466	466
Hiidenmäentie 20 (927-454-4-0)	Hiidenmäentie 20	Vihti	16,956	3,316	–	20,272
Haapaniementie 41 (931-401-54-133)	Haapaniementie 41	Viitasaari	–	–	237	237
Mustasuontie 9 (931-401-1-362)	Mustasuontie 9	Viitasaari	487	–	–	487
Kiskotie 2 (977-3-7-1)	Kiskotie 2	Ylivieska	724	324	–	1,048
Puistokatu 12 (992-4-407-19)	Puistokatu 12	Äänekoski	–	–	456	456
Total			252,924	35,966	36,966	325,856

*) Held on a leasehold

Rest of Europe

Property listing – Rest of Europe

Address	Municipality, country	Lettable area in sqm			
		Warehouse/ Industrial	Offices	Other	Total
Holger-Crafoord Strasse 26	Hechingen, Germany	8,836	287	1,083	10,206
Holger-Crafoord Strasse 26	Hechingen, Germany	10,213	10	12	10,235
Holger-Crafoord Strasse 26	Hechingen, Germany	18,205	91	865	19,161
Holger-Crafoord Strasse 26	Hechingen, Germany	6,644	4,074	1,680	12,398
Holger-Crafoord Strasse 26	Hechingen, Germany	10,531	1,456	–	11,987
Skjernvej 6	Aalborg, Denmark	3,055	514	–	3,569
Lokesvej 1	Hillerød, Denmark	2,003	887	–	2,890
Lieudit «Obergrund »	Baltzenheim, France	1,974	214	–	2,188
2 route de Laigneville	Caufry, France	9,600	–	–	9,600
35 Avenue des Frères Montgolfier	Chassieu, Lyon, France	7,344	600	–	7,944
42 Rue du Progrès	Chassieu, Lyon, France	16,106	216	–	16,322
2 Avenue de l'Industrie	Corbas, Lyon, France	5,834	–	–	5,834
42 Rue de Vaucanson	Décines, Lyon, France	1,725	1,430	–	3,155
1130 Avenue Oehmichen-Technoland	Etupes, France	2,635	439	–	3,074
33, route de Douai, 141, Rue Gustave Delouy	Lille Lesquin, Lille, France	–	–	558	558
5737 chemin des Tuileries	Limonest, Lyon, France	–	–	504	504
5 Rue des Drapiers	Metz, France	–	1,898	–	1,898
Route d'Heyrieux	Mions, Lyon, France	–	–	543	543
18 Ter, 98 et 100 Rue de Reckem, Rue de Vertuquet	Neuville-en-Ferrain, Lille, France	16,000	1,397	–	17,397
1 Rue des Fauvettes	Ostwald, Strasbourg, France	–	2,233	–	2,233
101 Rue des Généraux Altmayer	Saint-Avold, France	586	689	–	1,275
Route de Verdun	Toul, France	2,793	586	–	3,379
Rue Gay Lussac	Valenciennes, Lille, France	–	–	635	635
4 Rue des Alpes, Zone d'Activité Est	Vaulx-En-Velin, Lyon, France	2,658	91	–	2,749
5 Avenue Karl Marx	Vaulx-En-Velin, Lyon, France	1,740	400	–	2,140
Boulevard Laurent Bonnevey et Allée des Savoies	Venissieux, Lyon, France	–	–	712	712
Rue François Meunier Vial, Boulevard Burdeau	Villefranche sur Saône, Lyon, France	–	–	635	635
Av Tercera 12, P.I. Campollano	Albacete, Spain	4,593	–	–	4,593
Calle Galileo Galilei 14	Alicante, Spain	5,760	–	–	5,760
Calle Obenque 1, P.I. Casa Grande	Alicante, Spain	3,912	–	–	3,912
Calle Xàtiva	Alicante, Spain	4,808	–	–	4,808



Property listing – Rest of Europe

Address	Municipality, country	Lettable area in sqm			
		Warehouse/ Industrial	Offices	Other	Total
Calle Vitoria 280, Ctra Madrid-Irún	Burgos, Spain	4,695	–	–	4,695
Calle de la Mojarra 53, P.I. Tres Caminos	Cádiz, Spain	4,309	–	–	4,309
Av Europa 229-231, Cdad. del Transporte	Castellón, Spain	5,212	–	–	5,212
Av Avinyonet, Calle Dr. Ferran 2	Girona, Spain	329	–	–	329
Av Europa 56-57, P.I. Nord	Girona, Spain	3,908	–	–	3,908
Av Roses	Girona, Spain	10,637	–	40	10,677
Calle Mestre Falla 60, P.I. Les Mates	Girona, Spain	5,009	–	–	5,009
Calle Torre Vedruna	Girona, Spain	3,917	–	–	3,917
P.I. Plà de Sant Joan	Girona, Spain	5,648	–	4,367	10,015
Av Sant Antoni de Portmany 2	Ibiza, Spain	2,426	–	–	2,426
Ctra Ibiza a St.Antoni KM 2-4, P.I. Can Negre	Ibiza, Spain	2,989	–	–	2,989
Calle Cordonera 3, P.I. la Portalada	La Rioja, Spain	3,950	–	–	3,950
Calle Diego Vega Sarmiento 62, P.I. Miller	Las Palmas, Spain	3,587	–	–	3,587
Del Sau 11 Parcelas 6-7-8-9-15-16-17	Las Palmas, Spain	3,707	–	–	3,707
Av Indústria s/n, P.I. El Segre	Lerida, Spain	3,084	–	–	3,084
Calle Artruix 16, P.I. Maó	Menorca, Spain	3,500	–	–	3,500
Calle Venezuela Parcela 10-12, P.I. Oeste	Murcia, Spain	3,998	–	–	3,998
Calle Vilma-Londres, P.I. Cabezo Beza	Murcia, Spain	3,524	–	–	3,524
Calle Primera Parcela 206, P.I. Montalvo 3	Salamanca, Spain	3,855	–	–	3,855
Calle Montsant, P.I. Casanova	Sant Fruitós, Spain	2,646	–	–	2,646
Calle Turdetanos 1	Seville, Spain	12,964	1,373	120	14,457
Calle Luxemburg 8, P.I. Tecnoparc	Tarragona, Spain	3,625	–	–	3,625
Calle Plom 30, P.I. Riu Clar	Tarragona, Spain	3,734	356	–	4,090
Calle Po-Rin 12, P.I. Oriola	Tarragona, Spain	3,518	–	–	3,518
Ctra València 8, P.I. Francolí	Tarragona, Spain	4,788	–	–	4,788
Calle Charza-Las Palmitas	Tenerife, Spain	3,386	–	–	3,386
Calle Laura Grote de la Puerta 2, P.I. El Mayorazgo	Tenerife, Spain	3,554	–	–	3,554
Av de Los Huetos 64	Vitoria, Spain	4,054	–	–	4,054
		268,107	19,241	11,754	299,102

Total Sagax

Property listing – Total Sagax

	Lettable area in sqm			
	Warehouse/ Industrial	Offices	Other	Total
Total	2,832,871	574,519	72,509	3,479,900



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 below.

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.	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.	Not an alternative performance measure.
Earnings per Class D share	Class D shares are entitled to five times the dividend on Class A and B shares, although not more than SEK 2.00 per share per year.	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.	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 (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 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.
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.
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 with EPRA NAV.
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.

DEFINITIONER

Key performance indicators	Description	Reason for alternative performance measure
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.
Profit from property management per Class A and B share, annual growth rate	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. Outcome this year compared with last year.	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 average 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	2019	Amounts in SEK M unless otherwise stated	2020	2019
Return on equity			Occupancy rate by area		
Profit after tax	3,711	4,111	Contracted area, '000 sqm	3,312	2,868
Average equity	20,855	17,337	Total lettable area, '000 sqm	3,480	3,022
Return on equity	18%	24%	Occupancy rate by area	95%	95%
Return on total capital			Debt ratio		
Profit from property management	2,389	2,001	Interest-bearing liabilities	19,904	17,519
Financial expenses	481	470	Total assets	46,622	40,154
Profit before financial expenses	2,870	2,471	Debt ratio	43%	44%
Average total capital	43,388	36,922			
Return on total capital	7%	7%			


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

Amounts in SEK M unless otherwise stated	2020	2019	Amounts in SEK M unless otherwise stated	2020	2019
Yield			Lease term		
Net operating income	2,397	2,133	Contractual future rental revenue	14,746	14,314
Add-back of site leasehold fees	-25	-24	Contractual annual rent	2,865	2,600
Holding adjustment, acquisitions/divestments	57	10	Lease term, years	5.1	5.5
Currency translation to closing rate	-67	-19			
Adjusted net operating income	2,362	2,100	Profit from property management per Class A and B share, annual growth rate		
Carrying amount of properties	37,548	32,625	Profit from property management per Class A and B share after dilution, last year, SEK	5.51	4.31
Yield	6.3%	6.4%	Profit from property management per Class A and B share after dilution, current year, SEK	6.62	5.51
			Annual growth rate, rolling 12 months	20%	28%
EBITDA rolling 12 months			Cash flow per Class A and B share		
Net operating income	2,397	2,133	Profit before tax	4,330	4,627
Central administration	-132	-122	Items not affecting cash flow	-2,055	-2,758
Dividends from joint ventures and associated companies	424	281	Tax paid	-55	-74
EBITDA	2,689	2,292	Dividends attributable to preference and Class D shares	-285	-249
			Cash flow	1,935	1,546
Equity per Class A and B share			Cash flow per Class A and B share after dilution, SEK	6.09	4.86
Equity	22,452	19,257			
Equity attributable to preference and Class D shares	-4,940	-4,310	Net debt		
Adjusted equity	17,512	14,947	Interest-bearing liabilities	19,904	17,519
Number of shares	317,279,530	316,991,411	Interest-bearing assets	-550	-511
Number of shares after dilution	317,891,458	317,506,353	Cash and cash equivalents and listed shares	-2,164	-1,776
Equity per Class A and B share, SEK	55.19	46.86	Net debt	17,190	15,232
Equity per Class A and B share after dilution, SEK	55.09	46.78			
Economic occupancy rate			Net debt according to EMTN programme		
Contractual annual rent	2,865	2,600	Interest-bearing liabilities	19,904	17,516
Rental value	3,024	2,735	Listed securities	-2,140	-1,720
Economic occupancy rate	95%	95%	Cash and cash equivalents	-24	-86
			Net debt according to EMTN programme	17,740	15,710
Run rate yield			Net debt according to EMTN programme/ Total assets		
Net operating income according to current earnings capacity	2,370	2,134	Net debt according to EMTN programme	17,740	15,710
Add-back of site leasehold fees	-25	-22	Total assets	46,622	40,154
Adjusted net operating income	2,345	2,112	Net debt according to EMTN programme/Total assets	38%	39%
Carrying amount of properties	37,548	32,625			
Run rate yield	6.2%	6.5%	Net debt/EBITDA		
			Net debt	17,190	15,232
Run rate EBITDA			EBITDA	2,689	2,292
Net operating income according to current earnings capacity	2,370	2,134	Net debt/EBITDA	6.4x	6.6x
Central administration	-132	-122			
Dividends from joint ventures and associated companies	424	281	Net debt/run rate EBITDA		
Run rate EBITDA	2,662	2,292	Net debt	17,190	15,232
			EBITDA, run rate	2,662	2,292
Profit from property management			Net debt/EBITDA run rate	6.5x	6.6x
Profit after tax	3,711	4,111			
Tax	891	730	Net debt/Total assets		
Changes in value	-2,213	-2,840	Net debt	17,190	15,232
Profit from property management	2,389	2,001	Total assets	46,622	40,154
			Net debt/Total assets	37%	38%
Profit from property management per Class A and B share after dilution			Preference equity		
Profit from property management	2,389	2,001	Equity per preference share, SEK	32.00	32.00
Dividends attributable to preference and Class D shares	-285	-249	Number of preference shares outstanding	16,784,028	16,784,028
Adjusted profit from property management	2,104	1,752	Preference equity	537	537
Profit from property management per Class A and B share after dilution, SEK	6.62	5.51			



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

Amounts in SEK M unless otherwise stated	2020	2019	Amounts in SEK M unless otherwise stated	2020	2019
Earnings per Class A and B share after dilution			Equity/assets ratio		
Profit after tax	3,711	4,111	Equity	22,452	19,257
Dividends attributable to preference and Class D shares	-285	-249	Total assets	46,622	40,154
Adjusted profit after tax	3,426	3,862	Equity/assets ratio	48%	48%
Earnings per Class A and B share, SEK	10.78	12.13			
Interest-bearing liabilities			Net asset value		
Non-current interest-bearing liabilities	17,977	16,052	Equity	22,452	19,257
Commercial paper	1,081	1,192	Equity attributable to preference and Class D shares	-4,940	-4,310
Other current interest-bearing liabilities	770	193	Reversal of derivatives	118	119
Reversal of allocated borrowing costs	76	82	Reversal of temporary differences	2,590	2,333
Interest-bearing liabilities	19,904	17,519	Reversals due to joint ventures	881	741
Interest coverage ratio			Net asset value	21,101	18,140
Profit from property management	2,389	2,001	Net asset value per Class A and B share after dilution, SEK	66.38	56.77
Add-back of profit from property management JV	-565	-441			
Dividend from joint ventures	424	281	Secured liabilities/total assets		
Financial expenses	481	470	Secured liabilities	5,086	5,449
Corrected profit from property management	2,729	2,311	Total assets	46,622	40,154
Interest coverage ratio	5.7x	4.9x	Secured liabilities/total assets	11%	14%
Interest coverage ratio, EMTN programme			Surplus ratio		
Profit from property management	2,389	2,001	Net operating income	2,397	2,133
Financial expenses	442	470	Rental revenue	2,898	2,581
Profit from property management before financial expenses	2,831	2,471	Surplus ratio	83%	83%
Interest coverage ratio	6.4x	5.3x			

Financial calendar

Interim report January-March 2021	5 May 2021
Annual General Meeting 2021	5 May 2021
Interim report January-June 2021	15 July 2021
Interim Report January-September 2021	28 October 2021

Schedule of dividend payments to holders of Class D shares

June 2021¹⁾

Final day for trading including dividend rights	28 June 2021
First day for trading excluding dividend rights	29 June 2021
Record date for dividend payment	30 June 2021
Expected payment date by Euroclear ²⁾	5 July 2021

September 2021¹⁾

Final day for trading including dividend rights	28 September 2021
First day for trading excluding dividend rights	29 September 2021
Record date for dividend payment	30 September 2021
Expected payment date by Euroclear ²⁾	5 October 2021

December 2021¹⁾

Final day for trading including dividend rights	28 December 2021
First day for trading excluding dividend rights	29 December 2021
Record date for dividend payment	30 December 2021
Expected payment date by Euroclear ²⁾	5 January 2022

March 2022¹⁾

Final day for trading including dividend rights	29 March 2022
First day for trading excluding dividend rights	30 March 2022
Record date for dividend payment	31 March 2022
Expected payment date by Euroclear ²⁾	7 April 2022

1) Proposed by the Board

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

Sustainability Report 2020

"Sagax's sustainability activities are a natural part of the company's business model and help to achieve the company's goals."





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SAGAX'S SUSTAINABILITY DEFINITIONS

Sagax follows the definition of sustainability found in the UN report "Our Common Future," which defines sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."



The sustainability year in brief

ENERGY USE

Sagax's target is to reduce energy use by 30% between 2018 and 2025. The actual outcome for 2020 was –11% compared with 2018.

–11%

SOLAR POWER FACILITIES

Sagax started installing solar power facilities in 2018. In 2020, Sagax was able to install solar power facilities with an estimated annual production of 3,855 MWh, corresponding to a journey of 19 million km in an electric car. The installed output in 2020 amounted to:

3 213 kWp

SUSTAINABILITY RATING

Sagax started its work on Sustainability ratings in 2018 when 7,200 sqm of lettable area was rated. This work intensified in 2020 when 181,425 sqm of lettable area was rated. This work will continue in 2021. Sustainability rated area in 2020:

194 213 m²





SUSTAINABILITY TRENDS AND DRIVING FORCES

Changes in the area of sustainability are driven by global agreements with associated goals, such as the EU sustainability agenda, the Global Compact's ten principles, the UN Sustainable Development Goals and the Paris Climate Agreement. Under the latter, the countries who have signed the Agreement undertake to limit global warming to 1.5°C and reduce greenhouse gas emissions. The Agreement has in turn resulted in several regulations and standards that provide guidelines on how companies can measure and follow up their sustainability activities, for example, the Task Force on Climate-related Financial Disclosures (TCFD), Greenhouse Gas protocol (GHG protocol) and EU taxonomy on sustainable finance.

In 2020, Sagax continued to report a strong financial performance, creating a platform for continued sustainable investments. The return on equity was an average of 26% in the past five years, while profit from property management per Class A and B shares has increased with 23% in average every year during the same period. Sagax's sustainable investments amounted to SEK 41 M in 2020 regarding the 12 solar power facilities installed on the roofs of the company's properties in the Netherlands. The total effect of the facilities is 3,970 kWp. Gaining sustainability ratings for properties intensified in 2020. Sagax certifies new and older properties when they undergo major remodelling.

The construction and property sector accounts for about one fifth of Sweden's climate impact and the forthcoming EU taxonomy on sustainable investments states that it is one of seven sectors with the greatest environmental impact. Emissions over a property's lifecycle comprise the construction (new build and demolition), property management (energy) and other property management in the form of renovations and remodelling. The largest climate impact is when new buildings are constructed. Sagax largely acquires existing buildings and carries out few new build projects. The choice of materials used for remodelling and the choice of energy sources and supply systems are particularly important for Sagax's climate impact. Tenants are largely responsible for their own energy supply. Accordingly, it will be important going forward to develop a strategy for how Sagax can encourage tenants to reduce their energy consumption.

The EU taxonomy, which will become partly effective from 2022 (applying to 2021), is part of the EU action plan on financing sustainable growth. This action plan has three overriding objectives: reorienting capital flows towards a more sustainable economy, mainstreaming sustainability into risk management and fostering

transparency and long-termism. The EU taxonomy will be an important tool for financial institutions and banks in identifying sustainable investments and thus it will also be important for Sagax to consider the EU taxonomy in its sustainability activities. Sagax intends to review its sustainability targets and associated disclosures in 2021 to ensure that company's sustainability activities are relevant. In 2021, Sagax will also evaluate which other frameworks can be used to identify any environmental and climate risk that could impact the operations, and the opportunities available for managing and mitigating these risks. Sustainability activities are anchored through clear communication and division of responsibilities.

SUSTAINABILITY COMMITMENTS

Sagax regards the precautionary approach of the Swedish Environmental Code and laws and regulations as minimum requirements. To succeed in its sustainability agenda, overall Sagax will:

- Conduct operations in line with the UN Sustainable Development Goals that are relevant for Sagax and in line with the Global Compact's ten principles.
- Work to minimise the company's carbon footprint.
- Continuously increase competence in sustainability through training and communication of sustainability issues.
- Regularly follow up, revise and improve sustainability efforts.

GOVERNANCE OF SUSTAINABILITY ACTIVITIES

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

The UN Global Compact's ten principles on human rights, labour, environment and anti-corruption is applied. An analysis has been performed of the UN's 17 Sustainable Development Goals (SDGs) from Agenda 2030 to which Sagax's operations can contribute. It is assessed that the sustainability activities that can contribute to primarily achieving the targets in the following SDG:

- Good health and well-being (Goal 3).
- Affordable and clean energy (Goal 7).
- Decent work and economic growth (Goal 8).
- Sustainable cities and communities (Goal 11).
- Responsible consumption and production (Goal 12).
- Climate action (Goal 13).
- Peace, justice and strong institutions (Goal 16).

SUSTAINABILITY ACTIVITIES BASED ON

Laws	External frameworks and initiatives	Internal initiatives
Companies Act	UN Sustainable Development Goals	Sustainability policy
Environmental Code	Global Compact	Health and safety policy
Annual Accounts Act	Sustainability-rated properties	Anti-corruption policy
Other applicable laws		Code of Conduct for Suppliers
		Other policies

SUSTAINABILITY STRATEGY

Sagax complies with main rule (Chapter 3, Section 3) of the Swedish Companies Act as regards the company's objects. The overriding object of the operations is the long-term generation of the maximum possible risk-adjusted return to the shareholders. To achieve this goal the company operations are consistently conducted with a long-term perspective. Sagax's opinion is that the profit objective does not conflict with sustainable enterprise: Being a good employer, a good supplier and a well-liked customer while ensuring that the company conducts itself in a decent manner in society and attempts to limit its environmental impact are all fundamental conditions for Sagax's long-term ability to generate profits for its shareholders.

The long-term approach is illustrated by the inclusion in its management strategy to build long-term customer relationships and to limit the number of property transactions in the company's operations. 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 reduces the risk of vacancies, while leading to lower costs for letting premises and adapting premises to tenant needs.

The company is dependent on highly skilled and professional 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 the long term.

Overall, the company's strategies are designed to ensure that Sagax's operations generate a long-term sustainable return and strong cash flows. Sagax's sustainability activities are thus a natu-

ral part of the company's business model and help to achieve the company's goals. Regarding information to understand the company's performance, position and earnings, refer to the 2020 Annual Report.

CLIMATE RISKS AND RISK MANAGEMENT

Climate change caused over time by changing weather conditions, rising sea levels and other changes to the physical environment increases the risk of damage to property. For property owners, these risks could have a material negative impact since the companies are dependent on their physical infrastructure for generating their revenue. These risks could increase in the long term since climate change is ongoing and there is uncertainty about what such changes will entail. This could mean a greater need for investments in properties situated in areas vulnerable to climate changes. Climate change could also result in higher operating expenses. Investments risk become unprofitable investments if climate risk is not considered appropriately.

Environmental political decisions could affect Sagax, not least in the form of higher taxes or necessary investments. In addition, the company's operations could also be affected by higher environmental requirements set by supervisory authorities, investors, tenants or other stakeholders, for example, requirements to reduce the company's energy use. Such changes or additional requirements could negatively impact the company's operations, earnings and financial position. The management of climate risks is described on pages 47-48.

UN SUSTAINABLE DEVELOPMENT GOALS



The 2030 Agenda and the Sustainable Development Goals are an agenda for sustainable development adopted by the UN General Assembly. The primary aim of Sagax's sustainability efforts is to promote several targets in SDGs 3, 7-8, 11-13 and 16.

Sagax's four focus areas

Energy use has declined 11% since 2018 at the same time as the share of energy from renewable sources has increased from 15% to 39%.

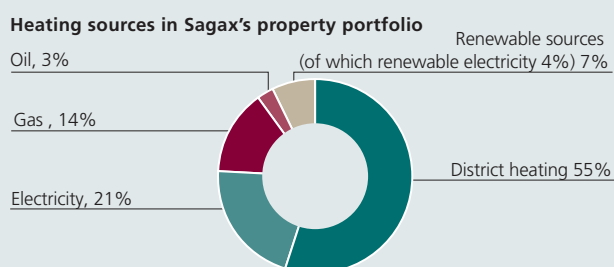
ENVIRONMENTAL AND RESOURCE EFFICIENCY

Energy use

Heating premises and the use of electricity account for the largest share of properties' energy use.

Most of Sagax's tenants are responsible for their own heating or electricity supply, or both. Since tenants pay for these costs themselves, they are directly affected by any electricity and heating savings. Tenants are interested in making energy savings since the use of electricity and heating usually represents a large amount of the customers' operating expenses for the leased premises. It is thus also important that Sagax pursues a continuous dialogue with tenants to achieve energy savings and to enhance the efficiency of tenants' energy use and thereby reduce their climate footprint. The sustainability target of signing 20 green leases in 2020 was set in 2019. 11 green leases were signed in 2020, and six were negotiated and were completed in 2021. Sagax's sustainability target is to sign an additional 20 green leases in 2021.

Heating for the majority of Sagax's customers is from district heating. At year-end 2020, district heating as a heating source had declined to 55% (61) of the company's lettable area, while electric heating increased to 21% (19). The decrease in district heating as a source of heating and the increase in electric heating was related to acquisitions in Madrid and Barcelona. Oil heating fell to 3% (5) of the lettable area, and 7% of Sagax's lettable area is heated by renewable sources, such as geothermal heating.



Energy efficiency and investments in renewable energy

Sagax's properties with large floor areas and flat roofs in industrial zones are particularly well suited for solar power facilities. Sagax installed 12 solar power facilities in the Netherlands in 2020. At the end of 2020, Sagax had installed 16 solar power facilities on property roofs, of which 13 in the Netherlands and three in Finland. The total effect is 3,970 kWp. The annual electricity production generated (4,592 MWh) corresponds to the electricity consumption of 32 properties of an area of 8,000 sqm or travelling 23 million km in an electric car. Installation of an additional six solar power facilities with a total effect of 2,047 kWp will be completed in the first half of 2021. Furthermore, Sagax commissioned the installation of solar panels on the roof area of two more properties in the Netherlands.

According to the Swedish Energy Declaration of Buildings Act (2006:985), an energy declaration is to have been prepared when a building is constructed or sold. Sagax prepares energy declarations when required.

Sagax has taken action to reduce energy use as part of its continuous efforts to enhance the energy efficiency of its properties. In 2020, Sagax invested SEK 49 M in measures aimed at reducing energy consumption, such as installing solar power and geothermal heating facilities, upgrading heating and ventilation control systems, replacing LED lighting and providing extra insulation for buildings and windows. Energy use in the properties for which Sagax is responsible for energy supply amounted to 146 MWh per sqm (156) in 2020. Energy from renewable sources also increased from 15% to 38%.

Sagax's target is to reduce energy use by 30% between 2018 and 2025.

Carbon emissions and climate impact

Sagax's carbon emissions for the properties for which Sagax is responsible for energy supply amounted to 9,493 tonnes (13,401) in 2020, down 29% on the preceding year. Carbon emissions mostly derive from heating properties with district heating. Carbon emissions from the use of district heating and its environmental impact depend in part on the fuel used by the district heating supplier. For district heating, Sagax has to use the local supplier at each location, and environmental performance varies greatly. Only renewable and carbon-free electricity, from hydropower with a guarantee of origin, is used in the properties for which Sagax provides electricity for tenants.

Sagax's carbon footprint excluding the carbon footprint of the properties, amounted to 59 tonnes (115) during the year, most of which was from company cars and for 2019 from business travel by air. As a means of reducing carbon emissions, Sagax will continue to replace air travel with rail travel, wherever practically possible.

Sustainability rating for buildings

Sagax's aim is that new buildings that are constructed will be sustainability rated. Such ratings helps make properties more sustainable and enhances their environmental performance. The relevant certifications for Sagax are: a minimum Silver rating according to the Sweden Green Building Council, Very Good according to BREEAM and Gold according to LEED. BREEAM assesses environmental performance in a number of different areas, such as energy use, indoor climate, water control, waste management, land use and impact on the local environment. BREEAM also analyses and scores the location of the building in relation to public transport, the choice of building materials and the pollution that may be generated. Ratings from the Sweden Green Building Council sets requirements for energy, use of materials and indoor environment. LEED scores a number of criteria in the areas of energy consumption, choice of building materials, water control and waste management, which are aggregated



to provide an assessment of the property's environmental impact. Ratings involves an audit and rating from an independent assessor.

Sagax currently has 20 properties (two) that are sustainability rated, one of which is certified under Green Building, one at the Silver level of the Sweden Green Building Council and 18 have BREAAAM In use certification. Sagax has 13 ongoing projects in which the buildings are planned to be sustainability rated at the Very Good level according to BREEAM.

Sagax's properties are to be designed for the operations that are to be performed and the people who are to use the properties. In addition to certification, Sagax carries out inspections to check any existence of hazardous substances and pollutants in buildings and land in connection with new builds, extensions and remodelling. If hazardous substances are detected, such as asbestos or PCB, Sagax will take sanitisation measures. No such substances were discovered and no sanitisation took place in 2020.

BUSINESS ETHICS

Anti-corruption

Sagax complies with applicable law and regulations in the company's various markets. The company's aim is to be transparent and credible.

A high level of sound business ethics is fundamental to Sagax's long-term maximisation of value. The company does not conduct any operations in countries with extensive corruption problems. Sagax works actively to counteract the risk of bribery, corruption, discrimination and violations against human rights. Sagax's anti-corruption policy has been adopted by the Sagax Board and encompasses all employees. The company must never be involved in or permit corruption. The company does not accept that employees receive gifts that can be equated with bribes. The limit for receiving and giving gifts follow the Swedish Tax Agency's guidelines on gifts. The anti-corruption policy is communicated to the organisation at the annual employee conference and is always available to staff.

Whistle-blower function

Sagax has a whistle-blower function, administered by an external party, available on the Group's website. The purpose of the function is to help both employees and external partners to act in the right way. All whistle-blower cases are handled in accordance with established procedures. The company's aim is to provide swift feedback to the person making a report through the whistle-blower function. All cases are handled confidentially. Corruption has not historically been a problem in operations and the Management is not aware of any incidents of corruption in 2020.

Code of Conduct and follow-up of supplier requirements

Sagax's suppliers are viewed as an extension of Sagax's own operations, which is why Sagax has prepared a Code of Conduct for Suppliers to ensure that working conditions at the companies that deliver products and services to Sagax fulfil Sagax's requirements in terms of health and safety and ethical standards as well as that the assignment is conducted in an environmentally responsible manner. This Code of Conduct is to be signed and added as an appendix to framework agreements that are signed. Sagax agreed on its Code of Conduct with all main suppliers in Sweden in 2020. Other countries have local laws and regulations on how contractual terms with suppliers are to be structured. The contractual

terms in Finland meet about half of the conditions in Sagax's Code of Conduct, while most are met in the Netherlands and Spain. Accordingly, practice and conditions differ in the countries in which Sagax operates. In 2021, Sagax will carry out an analysis aimed at studying how the Code of Conduct can be implemented based on local conditions.

FINANCIAL SUSTAINABILITY

Business model

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

Sagax's business model is characterised in all areas by a long-term approach. Short-term gains are subordinate to the company's long-term value creation. Accordingly, sustainability work is integrated into the business model.

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.

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.

Sagax pursues efficiency and sustainability in its management strategy. The management strategy includes building long-term customer relationships. 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.

Sagax endeavours to attract reputable and creditworthy tenants. The company primarily signs triple net leases under which the tenant pays property expenses that would otherwise have been paid by the property owner.

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

Direct value generated and distributed

Long-term value creation is key to the company's strategy. Financial targets include that Sagax's return on equity over a five-year period is to be not less than 15% and profit from property management per Class A and B share should increase by a minimum of 15% per year.

The Board has overall responsibility for guiding operations towards the financial targets allowed by the scope of the company's policies. The outcome is followed up every quarter in conjunction with interim reports.

Detailed information about Sagax's financial position is available in the company's financial statements on pages 68-112. The economic value generated amounted to SEK 5.7 billion (5.9) in 2020 and mainly comprised rental revenue, profit from joint ventures and associated companies and changes in the value of properties. Of the value generated, the company distributed SEK 2.8 billion (2.4) to various stakeholders. The single largest item was tax, which amounted to SEK 891 M (730) in 2020. The retained economic value amounted to SEK 3.0 billion (3.5).



	2020		2019		2018	
Economic value generated	SEK M	%	SEK M	%	SEK M	%
Rental and other revenue	2,947	51	2,628	44	2,312	48
Profit from property management, joint ventures	565	10	441	7	312	7
Changes in value	2,214	39	2,840	48	2,167	45
Total	5,726	100	5,909	100	4,791	100
Economic value distributed						
Operating expenses	539	9	499	8	360	8
Employees	105	2	97	2	87	2
Tax	891	16	730	12	698	15
Creditors	455	8	446	8	481	10
Owners (proposed dividend)	776	14	662	11	554	12
Economic value retained	2,960	52	3,475	59	2,609	54

PROFESSIONAL AND DEDICATED 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.

Attractive employer

Sagax attaches great value to offering favourable employment conditions for its employees in the markets in which it operates. In addition to offering competitive employment conditions, the company has, for a number of years, also offered all employees the opportunity to participate in an Incentive Plan, refer to the 2020 Annual Report. The purpose is to increase employee involvement in the development of the company. Sagax takes a positive view of employees owning shares in the company and the diversity policy for the Sagax Board highlights the importance of Board members also having significant shareholdings in the company.

In 2020, 18 employees (23) joined the company and ten employees (13) left the company. The Group had 77 employees at year end. No employees were covered by collective agreements in 2020.

Flexible and creative work environment

Sagax offers a flexible and creative environment where decision paths are short. Sagax introduced remote working for all employees when the pandemic broke out. The use of digital tools increased during the year and many processes and procedures that were previously manual have now been digitalised. The conditions for more flexible and individualised work processes have improved, which further contributes to increase each employee's influence over where and when they perform their work.

Skills development and provision of skills

An important aspect for the operations is ensuring that employees have the right skills and opportunities to develop. Sagax employees have an average of 13 years of experience from relevant work duties, of which five years of experience at Sagax. The expertise of the organisation is central to the development of the company and skills development is an aspect that could be crucial for retaining high performance employees. The risk that key personnel leave the company is a natural operational risk for a company such

as Sagax. The company endeavours to minimise this risk through market-based remuneration and a continuous dialogue with the company's employees.

Appraisals were held with every employee in 2020. The topics discussed at these appraisals included the employee's development during the year and the need for continued skills development.

Employees who express a wish to participate on courses or otherwise develop their skills are encouraged to do so by the company.

Sagax usually holds an annual conference attended by all of its employees, where the company's development, challenges and opportunities are discussed for two days. Due to COVID-19, Sagax did not hold a conference as it has done previously. Instead a virtual conference was arranged aimed at informing employees about Sagax's policies and creating a shared knowledge and values foundation for the entire organisation. In addition, quarterly virtual presentations of Sagax's interim reports were held for all employees. It is important that Sagax's employees take responsibility and feel a sense of involvement in the business.

Non-discrimination

The ability to attract and retain skilled and competent employees is highly significant. Beyond the principle reasons against discrimination, it is consequently important that no discrimination exist for the reason that it could otherwise lead to the risk of highly skilled employees leaving Sagax. When hiring, great importance is attached to skills and relevant experience as well as personal qualifications and qualities. Recruitment always takes place in competition and there must always be at least three final candidates. As part of Sagax's recruitment process, the final candidates always meet employees in various parts of the company, and key individuals are also evaluated by the CEO and at least one Board member. Sagax has a clear anti-discrimination policy according to which Sagax must regularly take active measures to counteract discrimination and victimisation and promote equal rights and opportunities regardless of sex, transgender identity or expression, ethnicity, religion or other expression of faith, disability, sexual orientation or age. This applies, for example, to recruitment, salary structure, opportunities for promotion and skills development. No reports of discrimination were made in 2020.

Employee survey

An employee survey was carried out in connection with the employee appraisals to investigate whether any discrimination or victimisation exists, or the risks pertaining to this, and to monitor and evaluate the work environment. The survey and follow-up were based on Sagax's occupational health and safety policy, anti-discrimination policy and anti-corruption policy. Employees responded to a number of questions on job satisfaction, teamwork, stress, workload, equal opportunities, diversity and equal treatment, and assigned a score of 1 to 5 to their answers, with 1 being very good and 5 very poor. The average score in the survey was 1.6 (1.5). Compared with the preceding year, Sagax's employees said that it had been easier to combine their work and private lives and to influence their working hours, while the flow of information between colleagues and managers has been slightly less effective. Sagax employees performed their work duties remotely for most of 2020 which could explain the changes in the employee survey between the years. None of the respondents had experienced discrimination or harassment. 97% (95) of those surveyed know what to do if they themselves or a colleague experiences discrimination or harassment.



Detailed information on sustainability

GENERAL INFORMATION

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Sagax has decided to prepare a statutory Sustainability Report as a separate report to its Annual Report. Page references between 1 and 140 refer to the 2020 Sagax Annual Report. Sustainability risks are described in the sections where material risks have been identified, see pages 45-48 and 108-109. The Board of Directors is ultimately responsible for Sagax's sustainability work. The report was reviewed by Ernst & Young AB.

Last year, Sagax adjusted its sustainability report in order to provide a report in accordance with the Core level of the Global Reporting Initiative (GRI) Standards. The GRI Construction and Real Estate Sector Supplement was followed. Comparative figures for 2019 and 2018 are provided in the report.

The Board of Sagax adopts the company's overall sustainability policy and related policies, which are updated annually. All of these policies are available on Sagax's website. Sagax's sustainability policy clarifies its sustainability targets. These targets are monitored, evaluated and updated every year. In addition, sustainability risks are assessed every year. Sagax's primary sustainability risks are the supplier chain, climate change, environment and energy. Risks in the supplier chain refer to environment, social issues and corruption.

Boundaries

The sustainability report encompasses Sagax and its subsidiaries. Joint ventures and associated companies are not included in the sustainability report.

STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

The basis of the report consists of stakeholder dialogues that are regularly conducted in the company's normal business operations and a materiality analysis. Sagax must follow applicable laws and regulations and adopt a long-term approach in its work, adhering to principles that guarantee a high moral and ethical level in internal and external relationships.

Stakeholder analysis

Sagax's operations affect and are affected by various groups of stakeholders, and thus, the stakeholder perspective is also incorporated into Sagax's sustainability agenda. Interaction with Sagax's stakeholders provides the company with in-depth knowledge about the expectations and concerns of its stakeholders, thus offering insight into risks and opportunities. The company's stakeholders are divided into five categories, with the stakeholder dialogues taking on different forms and conducted continuously, see table below. Alongside direct contact with Sagax's stakeholders, employees attended sustainability seminars to expand their knowledge. An employee survey focusing on the work environment and anti-discrimination was carried out in 2020, as it was in prior years.

Regular dialogue with the most important stakeholders takes place in the following ways:

Stakeholder groups	Dialogue/channel	Most material issues
Shareholder	<ul style="list-style-type: none"> ■ Board meetings, of which one meeting each year is a strategy meeting ■ Meetings with owner representatives for special discussions about corporate governance ■ General Meeting ■ Financial statements 	<ul style="list-style-type: none"> ■ Financial development ■ More efficient energy consumption ■ Anti-corruption ■ Highly skilled employees ■ Attractive employer
Employees	<ul style="list-style-type: none"> ■ Employee dialogue ■ Workshops ■ Business planning ■ Annual conference for all employees ■ Regular reviews with all employees about the company's policies 	<ul style="list-style-type: none"> ■ Financial development ■ More efficient energy consumption ■ Professional development ■ Climate adjustments
Lenders	<ul style="list-style-type: none"> ■ Individual meetings with banks and representatives from the capital markets ■ Dialogue when preparing financial statements 	<ul style="list-style-type: none"> ■ Financial stability ■ More efficient energy consumption ■ Anti-corruption ■ Certification of buildings ■ Climate adjustments ■ Diversity and equal opportunity
Tenants	<ul style="list-style-type: none"> ■ Customer meetings ■ Regular dialogue about property management with each firm that takes care of the properties ■ Dialogue between tenants and the specially appointed manager for each property 	<ul style="list-style-type: none"> ■ More efficient energy consumption ■ Good conditions for recycling/waste management ■ Certification of buildings
Suppliers	<ul style="list-style-type: none"> ■ In procurement, following-up framework agreements and purchase orders ■ At supplier meetings 	<ul style="list-style-type: none"> ■ Anti-corruption ■ Legal and regulatory compliance ■ Certification of buildings ■ Create conditions for good waste management



Materiality analysis

Sagax regularly evaluates the sustainability areas that have been deemed to be the most material, thus laying a robust foundation for the company's sustainability priorities. The evaluation considers the company's overall strategies, the opinions of its stakeholders and the areas in which Sagax can contribute the most to sustainable development. The first materiality analysis was carried out in 2018 and has subsequently been updated every year.

All topics highlighted by Sagax's stakeholders as important were evaluated. Sagax then ranked these based on the following criteria:










- Materiality for Sagax's overall strategy
- Sagax's ability to influence sustainable development

The result of the analysis was that the following topics were selected:

- Financial stability
- Anti-corruption
- Climate adjustments
- More efficient energy consumption
- Investments in renewable energy
- Highly skilled employees
- Attractive employer
- Sustainability rating for buildings
- Code of Conduct for Suppliers

SUSTAINABILITY AREAS



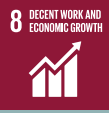




Four focus areas for Sagax's sustainability activities were identified using the materiality analysis based on the Group's strategies, influence on the business environment and stakeholder expectations. These areas deemed to be most relevant for both stakeholders and Sagax.

	Financial sustainability	Business ethics	Environmental and resource efficiency	Professional and dedicated employees
The most material topics	<ul style="list-style-type: none"> ■ Financial stability and development 	<ul style="list-style-type: none"> ■ Anti-corruption ■ Code of Conduct for Suppliers 	<ul style="list-style-type: none"> ■ Climate adjustments ■ More efficient energy consumption ■ Investments in renewable energy ■ Sustainability rating for buildings 	<ul style="list-style-type: none"> ■ Highly skilled employees ■ Attractive employer
Sustainable Development Goals  THE GLOBAL GOALS			    	
GRI area	■ Economic (200)	■ Economic (200)	■ Environment (300)	■ Social (400)
GRI standards	<ul style="list-style-type: none"> ■ GRI 201-1 	<ul style="list-style-type: none"> ■ GRI 205-3 	<ul style="list-style-type: none"> ■ GRI 302-3 ■ GRI 305-1 ■ GRI 305-2 ■ CRE8 	<ul style="list-style-type: none"> ■ GRI 401-1 ■ GRI 404-3 ■ GRI 406-1



UN SDGS

Sagax applies the UN Global Compact's ten principles on human rights, labour, environment and anti-corruption. Sagax has also analysed the UN's 17 Sustainable Development Goals and targets from Agenda 2030 to which Sagax can contribute through its sustainability efforts.

Financial targets	Targets	Sagax's contribution
	3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals	Sagax's properties are to be designed for the operations to be performed and the people who are to use the properties. Inspections are carried out in connection with new builds, extensions and remodelling to check any existence of hazardous substances or pollutants in buildings and land. Sanitisation measures are taken as necessary. By securing sustainability ratings for buildings, Sagax further contributes to avoiding air, water and soil pollution.
	7.2 Increase substantially the share of renewable energy in the global energy mix 7.3 Double the global rate of improvement in energy efficiency	By increasing the use of district heating and green electricity in the properties, and by installing solar panels on the roofs of the properties Sagax contributes to increased use of renewable energy. In addition, the energy efficiency of the properties improves by Sagax taking measures as part of maintenance work, such as replacing control equipment, installing more energy efficient ventilation and heating systems, optimising ventilation, optimising heat recycling and replacing light fittings and adjusting lighting controls.
	8.1 Sustain economic growth in accordance with national circumstances 8.5 Full and productive employment and decent work for all women and men, and equal pay for work of equal value 8.8 Protect labour rights and promote safe and secure working environments	<p>Being a good employer, a good supplier and a well-liked customer while ensuring that the company conducts itself in an acceptable manner in society and attempts to limit its environmental impact are all fundamental conditions for Sagax's long-term ability to deliver profits for its shareholders.</p> <p>Sagax's business model is characterised in all areas by a long-term approach. Short-term gains are subordinate to the company's long-term value creation. Accordingly, sustainability work is integrated into the business model.</p> <p>Sagax attaches great value to offering favourable and competitive employment conditions for all employees. In addition, the company has, for a number of years, also offered all employees the opportunity to participate in an incentive plan.</p> <p>Sagax regularly monitors and takes active measures to prevent discrimination and victimisation and to promote equal rights and opportunities regardless of gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age.</p>
	11.3 Enhance inclusive and sustainable urbanization 11.6 Reduce the adverse environmental impact of cities	Sagax works closely with tenants, suppliers and municipalities in property planning, building and management, and thus contributes to functional and sustainable cities and societies.
	12.2 Achieve the sustainable management and efficient use of natural resources 12.4 Environmentally sound management of chemicals 12.5 Substantially reduce waste generation	Sagax contributes to more sustainable consumption and production by working together with tenants on solutions for waste sorting and recycling as well as sustainability ratings for buildings.
	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters	By increasing the use of district heating and green electricity, installing solar panels on roofs and working to reduce energy consumption in properties Sagax helps combat climate change.
	16.5 Substantially reduce corruption and bribery in all their forms	<p>A high level of sound business ethics is fundamental to Sagax's long-term maximisation of value. The company must never be involved in or permit corruption. The company does not accept that employees allow themselves to be bribed or receive gifts that can be equated with bribes.</p> <p>Sagax's suppliers are viewed as an extension of Sagax's own operations, which is why Sagax has prepared a Code of Conduct for Suppliers to ensure that working conditions at the companies that deliver products and services to Sagax fulfil Sagax's requirements in terms of health and safety, and ethical standards.</p>

**GLOBAL REPORTING INITIATIVE**

This section provides a report on the methodologies, assumptions and conversion factors used for preparing Sagax's GRI disclosures. In addition, supplementary tables, information in the Annual Report and descriptions of omitted information are presented.

GRI 201-1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

	2020		2019		2018	
Economic value generated	SEK M	%	SEK M	%	SEK M	%
Rental and other revenue	2,947	51	2,628	44	2,312	48
Profit from property management, joint ventures	565	10	441	7	312	7
Changes in value	2,214	39	2,840	48	2,167	45
Total	5,726	100	5,909	100	4,791	100
Economic value distributed						
Operating expenses	539	9	499	8	360	8
Employees	105	2	97	2	87	2
Tax	891	16	730	12	698	15
Creditors	455	8	446	8	481	10
Owners (proposed dividend)	776	14	662	11	554	12
Economic value retained	2,960	52	3,475	59	2,609	54

GRI 205-3 CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

Sagax did not report the number of reports to its whistle-blower service in 2018 since it was not available then.

	2020	2019
Number of reports to whistle-blower service	–	–
Number of measures taken	–	–
Number of reports received in other ways, e.g. direct to manager or Board	–	–
Number of measures taken	–	–

GRI 401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Sagax does not report the number of employees or the employee turnover specified by gender or age since the company believes that these factors are irrelevant to the company's ability to achieve its objectives. Sagax measures employee turnover based on the number of employees who left the company and were replaced by a new employee.

	2020	2019	2018
Employees at the beginning of the year	69	59	51
Number of new employees	18	23	13
Number of employees who left the company	10	13	5
Employees at year end	77	69	59
Employee turnover	14%	20%	9%

GRI 404-3 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

Sagax does not report career development reviews by employee category or gender since the company has a small number of employees.

	2020	2019	2018
Percentage of personnel who have had employee reviews	100%	100%	80%

GRI 406-1 INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

Sagax did not report the number of reports to its whistle-blower service in 2018 since it was not available then.

	2020	2019
Number of reports to whistle-blower service	–	–
Number of measures taken	–	–
Number of reports received in other ways, e.g. direct to manager or Board	–	–
Number of measures taken	–	–

GRI 302-3 ENERGY CONSUMPTION WITHIN THE ORGANISATION

Sagax reports energy consumption for the properties for which Sagax is responsible for the supply of electricity and/or heating. These properties comprise 11% (15) of the electricity supplied and 13% (13) of the heating supplied by Sagax of the company's total number of properties. Most of the properties for which Sagax is responsible for the energy supply are found in Sweden and Finland. Tenants in other properties have their own energy subscription and therefore Sagax does not have access to this information. From 2020, energy use is reported expressed in MWh per sqm in accordance with GRI 302-3. Energy use was previously expressed in MWh in accordance with GRI 302-1. The comparative figures are considered to be more fair due to the changes in the portfolio. Energy use fell 11% compared with 2018. The degree day of the reported energy use has been adjusted.

	2020		2019		2018		
Type of energy	Energy consumption 2020, Renewable, MWh per sqm	Change, %	Energy consumption 2019, Renewable, MWh per sqm	Change, %	Energy consumption 2018, Renewable, MWh per sqm	Change, %	
Electricity	56	100	63	36	65	30	–14
District heating	90	0	93	0	99	0	–9
Total energy consumption per sqm	146	38	156	15	164	12	–11

GRI 305-1, 305-2, 305-3, 305-4 GHG EMISSIONS

Sagax reports energy consumption for the properties for which Sagax is responsible for the supply of electricity and/or heating. These properties comprise 11% (15) of the electricity supplied and 13% (13) of the heating supplied by Sagax of the company's total number of properties. Most of the properties for which Sagax is responsible for the energy supply are found in Sweden and Finland. Tenants in other properties have their own energy subscription and therefore Sagax does not have access to this information. The electricity supplied by Sagax to tenants has a guarantee of origin, and is produced by hydropower, which generates zero carbon emissions. Acquired and divested properties are included in relation to the ownership period.



Emissions from heat consumption in Scope 2 are based on actual consumption. The figures for calculating emissions were collected from each supplier. Scope 3 emissions encompass only Sagax's own personnel.

GHG emissions			2020	2019	2018
Scope	Activity		Actual consumption Tonne CO ₂	Actual consumption Tonne CO ₂	Actual consumption Tonne CO ₂
Scope 2	Indirect emissions	District heating consumption	9,493	9,940	8,812
Scope 2	Indirect emissions	Electricity consumption in properties	0	3,461	3,703
Scope 3	Other indirect emissions	Business travel by air	6	38	61
Scope 3	Other indirect emissions	Company vehicles and private vehicles used on company business	21	37	43
Scope 3	Other indirect emissions	Business travel by taxi	0	2	1
Total CO ₂ emissions			9,498	13,479	12,621

GHG emissions, origin Scope	Activity	Data source	Conversion factor
Scope 2	District heating consumption	Supplier data	Issue factor for each supplier
Scope 2	Electricity consumption in properties	Supplier data. Only electricity with a guarantee of origin from hydropower is used.	Market based: 0 g CO ₂ /kwh for Sweden, 0 g CO ₂ /kwh for Finland
Scope 3	Business travel by air	Internally collated information	Source: Swedish Transport Agency
Scope 3	Company vehicles and private vehicles used on company business	Internally collated information	Source: Each car manufacturer
Scope 3	Business travel by taxi	Internally collated information	Source: Each supplier

CRE 8 – TYPE AND NUMBER OF SUSTAINABILITY CERTIFICATION, RATING AND LABELLING SCHEMES FOR NEW CONSTRUCTION, MANAGEMENT, OCCUPATION AND REDEVELOPMENT

Certified buildings means buildings that have received sustainability certification from independent certification bodies. The certification schemes included in Sagax's evaluation are BREEAM, BREEAM In-Use, LEED, Green Building and Sweden Green Building Council.

	Total			Specified by certification								
	Total number of certified buildings			Green building			BREEAM in use, Very good			Sweden Green Building Council Silver		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Number of certified buildings	20	2	1	1	1	1	18	1	–	1	–	–
Certified lettable area, sqm	194,213	12,788	7,200	7,200	7,200	7,200	167,855	5,588	–	19,158	–	–



GRI CONTENT INDEX

GRI Standard number		Reference	Comment
ORGANISATION			
102-1	Name of the organisation	Page 78	
102-2	Activities, brands, products, and services	Pages 1-33	
102-3	Location of headquarters	Page 78	
102-4	Location of operations	Page 53	
102-5	Ownership and legal form	Pages 49-52	
102-6	Markets served	Pages 16 and 52	
102-7	Scale of the organisation	Pages 53-54 and 65-67	
102-8	Information on employees and other workers	Pages 53-54, 86-87 and 152	Sagax does not measure the number of employees specified by gender or age since the company believes that these factors are irrelevant to the company's ability to achieve its objectives.
102-9	Supply chain	Page 146	
102-10	Significant changes to the organisation and its supply chain		No significant changes took place in the organisation or supply chain during the accounting period.
102-11	Precautionary Principle or approach		The precautionary approach is fundamental in Sagax's sustainability work and is included in Sagax's Sustainability Policy and Supplier Code of Conduct.
102-12	External initiatives	Pages 53-54 and 59-64	
102-13	Membership of associations		Sagax is not a member of any such organisation.
STRATEGY			
102-14	Statement from senior decision-maker	Pages 4-5	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behaviour	Pages 53-54, 59-64 and 146-148	See also Sagax's Code of Conduct and sustainability policy.
GOVERNANCE			
102-18	Governance structure	Pages 59-64	
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Page 149	
102-41	Collective bargaining agreements		No employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Pages 149-150	
102-43	Approach to stakeholder engagement	Page 149	
102-44	Key topics and concerns raised	Pages 149-150	
ACCOUNTING POLICIES			
102-45	Entities included in the consolidated financial statements	Pages 43-44 and 56	
102-46	Defining report content and topic Boundaries	Page 150	
102-47	List of material topics	Pages 149-151	
102-48	Restatements of information	Page 149	
102-49	Changes in reporting	Page 149	
102-50	Reporting period	Page 78	The 2020 report is the company's second report in accordance with the GRI Standards: Core option.
102-51	Date of most recent report		The most recent sustainability report was published in April 2019
102-52	Reporting cycle		Annually in conjunction with the annual report
102-53	Contact point for questions regarding the report		CEO
102-54	Claims of reporting in accordance with the GRI Standards	Pages 149, 152-153	
102-55	GRI content index	Pages 154-155	
102-56	External assurance	Page 156	



GRI Standard number		Reference	Comment
FINANCIAL ACCOUNTABILITY			
GRI 103 Management Approach			
GRI 201 Economic Performance			
103-1	Explanation of the material topic and its Boundary	Pages 149 and 152-153	
103-2	The management approach and its components	Page 144	
103-3	Evaluation of the management approach	Pages 144-148	
201-1	Direct economic value generated and distributed	Page 148, 152	
GRI 103 Management Approach			
GRI 205 Anti-Corruption			
103-1	Explanation of the material topic and its Boundary	Pages 149 and 152-153	
103-2	The management approach and its components	Page 144	
103-3	Evaluation of the management approach	Pages 144-148	
205-3	Confirmed incidents of corruption and actions taken	Page 148, 152	
ENVIRONMENTAL RESPONSIBILITY			
GRI 103 Management Approach			
GRI 302 Energy			
103-1	Explanation of the material topic and its Boundary	Pages 149 and 152-153	See also Sagax's sustainability policy.
103-2	The management approach and its components	Page 144	
103-3	Evaluation of the management approach	Pages 144-148	
302-3	Energy consumption within the organisation	Pages 144 and 152-153	
GRI 103 Management Approach			
GRI 305 Emissions			
103-1	Explanation of the material topic and its Boundary	Pages 149 and 152-153	See also Sagax's sustainability policy.
103-2	The management approach and its components	Page 144	
103-3	Evaluation of the management approach	Pages 144-148	
305-1	Direct (Scope 1) GHG emissions	Page 153	
305-2	Energy indirect (Scope 2) GHG emissions	Page 153	
305-3	Other indirect (Scope 3) GHG emissions	Page 153	
SOCIAL RESPONSIBILITY			
GRI 103 Management Approach			
GRI 401 Employment			
103-1	Explanation of the material topic and its Boundary	Pages 149, 152-153	
103-2	The management approach and its components	Page 144	
103-3	Evaluation of the management approach	Page 148 and 152	
401-1	New employee hires and employee turnover	Page 152	
GRI 103 Management Approach			
GRI 404 Training and Education			
103-1	Explanation of the material topic and its Boundary	Pages 149, 152-153	
103-2	The management approach and its components	Page 144	
103-3	Evaluation of the management approach	Page 148 and 152	
404-3	Percentage of employees receiving regular performance and career development reviews	Page 152	
GRI 103 Management Approach			
GRI 406 Non-discrimination			
103-1	Explanation of the material topic and its Boundary	Pages 149 and 152-153	
103-2	The management approach and its components	Page 144	
103-3	Evaluation of the management approach	Page 148 and 152	
406-1	Incidents of discrimination and corrective actions taken	Page 152	
PRODUCT RESPONSIBILITY			
CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	Page 146 and 153	



The auditor's report on the statutory sustainability report

TO THE GENERAL MEETING OF AB SAGAX, CORP. REG. NO. 556520-0028

ENGAGEMENT AND RESPONSIBILITY

The Board of Directors is responsible for that the statutory sustainability report on pages 141-155 has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's report on the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINION

A statutory sustainability report has been prepared.

Stockholm, 13 April 2021

Ernst & Young AB

Oskar Wall
Authorised Public Accountant



NORDIC ECOLABEL 3041 0001

Production: Sagax in cooperation with Addira. Printing: Ätta45, Sweden, 2021



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