

INTERIM REPORT JANUARY – MARCH 2021

A B | S A G A X

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

Interim report January – March 2021

FIRST QUARTER OF 2021

- Rental revenue increased 4% to SEK 731 M (SEK 703 M in the year-earlier period).
- Profit from property management increased 13% to SEK 637 M (565).
- Profit from property management per Class A and B share after dilution rose 14% to SEK 1.80 (1.58).
- In total, property revaluation affected profit by SEK 1,381 M (279).
- Revaluation of financial instruments had an impact of SEK 226 M (-128).
- Profit after tax for the period was SEK 2,157 M (749).
- Cash flow from operating activities before changes in working capital amounted to SEK 414 M (416), corresponding to SEK 1.10 (1.11) per Class A and B share after dilution.
- Net investments amounted to SEK 971 M (3,230).
- An Extraordinary General Meeting held on 19 March 2021 resolved on a reduction of share capital through the compulsory redemption of all preference shares. The final day for trading in preference shares was 1 April and the record date for redemption was 7 April.

ADJUSTED FORECAST FOR 2021

Profit from property management for 2021, meaning profit before revaluations and tax, based on the current property portfolio, announced acquisitions and divestments and current exchange rates, is expected to amount to SEK 2,650 M. The previously submitted forecast was for profit of SEK 2,550 M and was presented when the year-end report for 2020 was published.

Selected key performance indicators

	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec
Profit from property management per Class A and B share after dilution, SEK	1.80	1.58	6.62	5.51	4.31	3.70	2.98
<i>Change compared with preceding year, %</i>	14	23	20	28	16	24	22
Earnings per Class A and B share after dilution, SEK	6.59	2.16	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, multiple	6.8	8.3	6.4	6.6	7.4	8.1	8.7
Interest coverage ratio, multiple	5.4	4.8	5.7	4.9	4.2	3.7	3.4
Debt ratio, %	43	49	43	44	47	50	54
Properties' market value, SEK M	40,410	37,339	37,548	32,625	29,024	23,771	20,628
Property yield, %	6.0	6.4	6.3	6.4	6.8	6.9	7.1



In the first quarter, Sagax acquired 51,000 square metres of logistics and production premises in Vantaa, 20 minutes north of central Helsinki, from food company HKScan. The investment corresponds to SEK 800 M. In connection with taking possession, HKScan signed a 20-year lease. In 2020, HKScan posted sales of SEK 17.9 billion and had 7,000 employees.

Business concept, goals and strategies

BUSINESS CONCEPT

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

COMPANY GOALS

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

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

FINANCIAL TARGETS

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

STRATEGIES

Investment strategy

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

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

Financing strategy

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

The company redeemed all preference shares on 7 April 2021 and subsequently had three classes of shares: Class A, B and D common shares. The Class D shares attract investor categories that value steady ongoing dividends.

Management strategy

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

Financial targets

	Outcome rolling 12 months	Five-year average
Return on equity, measured over a five-year period, should not fall below 15% per year	23%	27%
Profit from property management per Class A and B share should increase by a minimum of 15% per year	19%	23%

Profit from property management per Class A and B share



Return on equity



company mainly enters into triple net leases and is thus only affected to a limited extent by changes in consumption or changed rates for such utilities as heating, electricity, property tax, water and sewage.

SUSTAINABILITY ACTIVITIES

The aim of Sagax's sustainability activities is to avoid short-term gains arising at the expense of negative longer-term consequences, such as in the form of externalities. The company's investing activities, management and funding are conducted to achieve the best possible long-term – meaning sustainable – outcome. The planning, governance and monitoring of sustainability activities follow Sagax's organisational structure with well-defined delegation of responsibilities and authorities. Sustainability activities are based on applicable legislation and internal policies.

Sagax has identified the following focus areas:

Environmental and resource efficiency

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

Business ethics

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

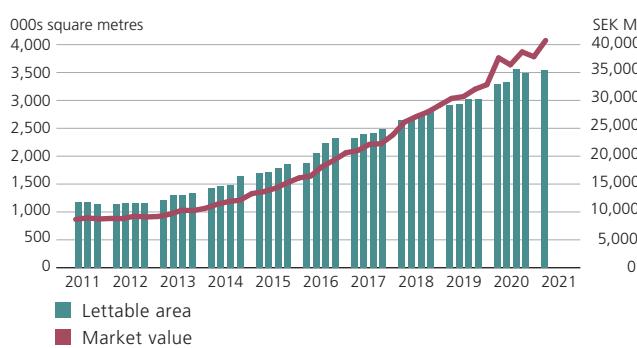
Financial sustainability

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.

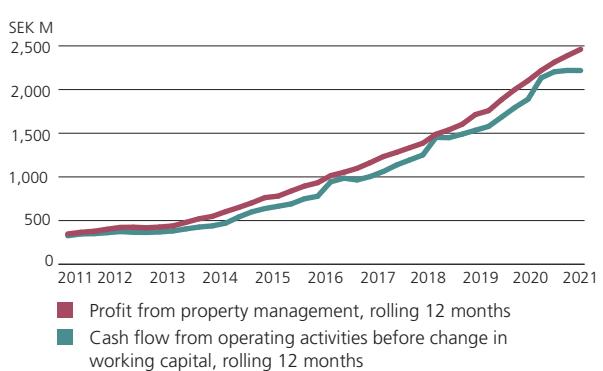
Professional and dedicated employees

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.

Market value and area of properties



Profit from property management and cash flow



Earnings, revenue and expenses

The profit/loss and cash flow items below refer to the January to March 2021 period. The comparative items refer to the year-earlier period. Amounts for the balance-sheet items and comparative figures refer to the position at the end of the current period and end of the year-earlier period.

EARNINGS

Profit from property management rose 13% to SEK 637 M (565), of which joint ventures and associated companies accounted for SEK 161 M (133). The increase in profit from property management was attributable to property acquisitions and higher profit from property management in joint ventures and associated companies. Profit from property management per Class A and B share after dilution rose 14% to SEK 1.80 (1.58).

Changes in the value of properties increased profit by SEK 1,381 M (279).

Revaluation of financial instruments had an impact of SEK 226 M (-128). The revaluation of listed shares resulted in an unrealised change in value of SEK 116 M (-150). The revaluation of financial instruments attributable to joint ventures amounted to SEK 34 M (44) pursuant to IFRS 9, while fixed-income derivatives accounted for SEK 76 M (-22).

Profit after tax for the period was SEK 2,157 M (749).

REVENUE

Rental revenue rose 4% to SEK 731 M (703). Revenue was primarily positively affected by property acquisitions. Revenue was negatively impacted by SEK 27 M compared with the year-earlier period due to the SEK strengthening against the EUR.

Other revenue amounted to SEK 14 M (1). During the period, rental revenue in comparable portfolios increased 0.9% (3.0) excluding currency effects. The largest increase was found in the market segments of Helsinki (2.7%), Rest of Sweden (2.5%) and Paris (1.8%). Other market segments reported revenue increases of an average of 0.1% in comparable portfolios excluding currency effects.

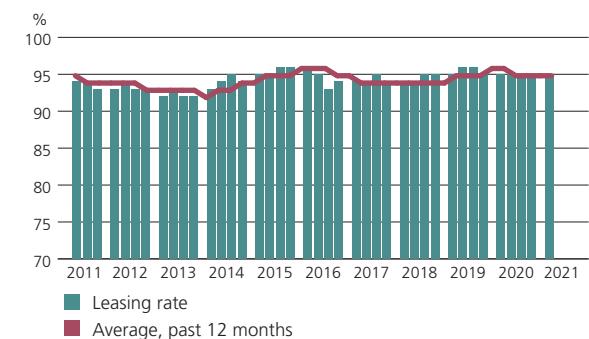
CHANGE IN THE ECONOMIC OCCUPANCY RATE

The economic occupancy rate amounted to 95% (95). During the period, the vacancy value rose SEK 27 M (20) due to tenants vacating premises and declined SEK 27 M (18) due to new lettings. Fixed-term rent discounts for new tenants fell SEK 4 M (3) to SEK 31 M (19) on an annual basis at the end of the period. Acquisitions and property divestments during the period did not impact the vacancy value (SEK 9 M the year-earlier period). In total, the vacancy value declined SEK 2 M (-12) to SEK 157 M (147) at the end of the period.

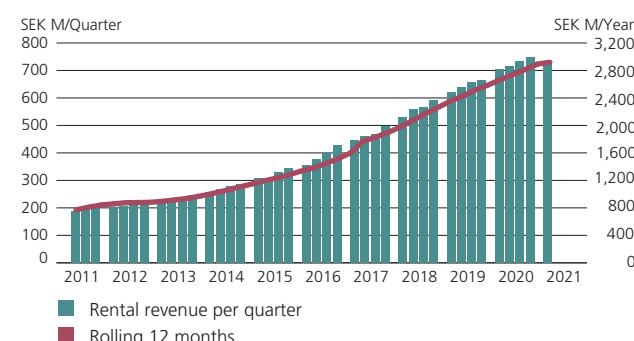
Profit from property management



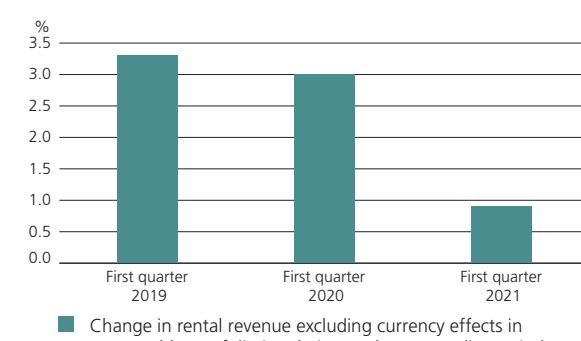
Economic leasing rate



Rental revenue



Rental revenue, comparable portfolios



FUTURE VACANCY CHANGES

At the end of the period, notice of termination had been served for leases with a rental value of SEK 111 M (85), of which leases with notice of vacating the premises for SEK 110 M (82) and leases with notice of renegotiation accounted for SEK 1 M (4). Of the leases for which notice had been received, vacancies corresponding to a rental value of SEK 40 M will occur in 2021. Leases for premises that have not yet been occupied reduced the adjusted vacancy value by SEK 34 M (15).

PROPERTY EXPENSES

Operating and maintenance costs rose to a total of SEK 92 M (89). Expenses for property tax increased to SEK 36 M (35). Other property expenses rose to SEK 15 M (14). The increase was due primarily to property acquisitions.

CENTRAL ADMINISTRATION

Central administration costs amounted to SEK 30 M (29), corresponding to 4.0% (4.0) of the period's rental revenue.

At the end of the period, Sagax had 84 (69) employees. Functions such as property care-taking and on-call operations are outsourced. Sagax has offices in Stockholm, Helsinki, Rotterdam, Paris and Barcelona.

Number of employees

Country	Total
Sweden	35
Finland	27
France	9
Netherlands	8
Spain	5
Total	84

Vacancy changes

Amounts in SEK M	2021 Jan-Mar	2020 Jan-Dec
Opening vacancy for each year	159	135
Vacancies	27	128
New lettings	-27	-123
Change in discounts provided	-4	13
Vacancy value, acquired properties	1	11
Vacancy value, sold properties	-1	-1
Change in exchange rates	2	-3
Closing vacancy value	157	159
Terminated for renegotiation	1	-
Terminated lease, not vacated	110	68
Letting, not occupied	-34	-17
Adjusted closing vacancy value	234	210

Leases terminated for vacancy

Year of vacancy	No. of leases	Rental value, SEK M
2021	44	40
2022	18	55
2023	2	11
2024	4	4
2025	1	1
>2025	-	-
Total	69	110

Vacancies, 1 April 2021

Area	Rental value, SEK M	Vacancy value, SEK M ¹⁾	Economic vacancy rate ¹⁾	Lettable area, sqm	Vacant area, sqm	Vacancy rate by area
Stockholm	708	50	7%	634,000	34,000	5%
Helsinki	701	46	7%	640,000	53,000	8%
Netherlands	347	13	4%	473,000	14,000	3%
Paris	330	13	4%	315,000	12,000	4%
Finland, university cities	336	13	4%	355,000	12,000	3%
Madrid & Barcelona	129	14	11%	239,000	29,000	12%
Rest of Sweden	155	3	2%	266,000	6,000	2%
Rest of Finland	226	2	1%	326,000	6,000	2%
Rest of Europe	245	4	2%	296,000	4,000	1%
Total	3,176	157	5%	3,544,000	170,000	5%

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

PROFIT FROM JOINT VENTURES AND ASSOCIATED COMPANIES

Profit of joint ventures and associated companies for the period amounted to SEK 470 M (263), of which profit from property management accounted for SEK 161 M (133), changes in the value of fixed-income derivatives for SEK 41 M (-15) and changes in the value of properties for SEK 402 M (217). Profit was charged with deferred tax of SEK 135 M (72). Refer also to page 11 for more information.

NET FINANCIAL ITEMS

Interest-bearing liabilities fell to SEK 21,701 M (22,907) due to financing of property acquisitions.

Financial expenses amounted to SEK 107 M (115). The average interest rate was 1.6% (1.8) on 31 March 2021 due to refinancing and new borrowing at lower interest rates.

Financial income of SEK 11 M (10) pertained to interest on bonds and other financial investments.

REVALUATION OF PROPERTIES

Except for five German properties, Sagax obtains external value assessments to determine the properties' market value. The valuations are carried out by independent valuation companies and updated on a quarterly basis. As of 31 March 2021, 97% of the properties had been valued by authorised property appraisers. Other properties were acquired in the first quarter, and the acquisition price is thus deemed to correspond to the market value. The value growth for the properties amounted to SEK 1,381 M (279), of which unrealised changes in value amounted to SEK 1,378 M (280).

Unrealised changes in value

Amounts in SEK M	Jan-Mar 2021
New lettings/Renegotiations	212
Vacancies/Renegotiations	-34
General change in market value	1,201
Total	1,378

REVALUATION OF FINANCIAL INSTRUMENTS

The change in the value of financial instruments amounted to SEK 226 M (-128), of which SEK 41 M (-15) referred to joint ventures.

The change in value attributable to fixed-income derivatives amounted to SEK 76 M (-22), of which SEK 41 M (-15) referred to joint ventures.

Revaluation of listed shares resulted in an unrealised change in value of SEK 116 M (-150).

The revaluation of financial instruments attributable to joint ventures amounted to SEK 52 M (44) in accordance with IFRS 9.

TAX

Sagax recognised a current tax expense of SEK 33 M (17). The deferred tax expense amounted to SEK 321 M (95). The Group's deferred tax liabilities at the end of the period amounted to SEK 2,827 M (2,175).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 414 M (416). Changes in working capital had an impact of SEK -384 M (-60) on cash flow, mainly because payments of accrued annual interests on bonds are concentrated to the first quarter. Investing activities had an impact of SEK -1,497 M (-3,350) on cash flow, while cash flow from financing activities contributed SEK 1,459 M (4,624) to Sagax. In total, cash and cash equivalents changed SEK -8 M (1,656) during the period.

PARENT COMPANY

The Parent Company, AB Sagax, is responsible for stock market issues, such as financial reporting and stock market information. Services between Group companies are charged on commercial terms and conditions and in accordance with market-based pricing. Intra-Group services comprise management services and internal interest charging. The Parent Company's management fees from Group companies amounted to SEK 15 M (17).

Forecast and current earnings capacity

ADJUSTED FORECAST FOR 2021

Profit from property management for 2021, meaning profit before revaluations and tax, based on the current property portfolio, announced acquisitions and divestments and current exchange rates, is expected to amount to SEK 2,650 M. The previously submitted forecast was for profit of SEK 2,550 M and was presented when the year-end report for 2020 was published.

CURRENT EARNINGS CAPACITY

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

The table below shows the earnings capacity on a 12-month basis at 1 April 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.

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

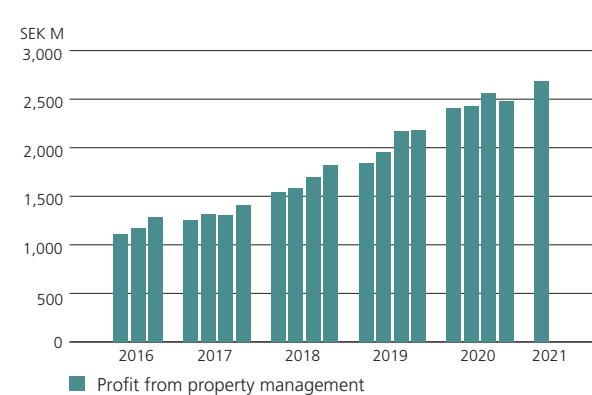
for vacant premises. Property expenses are based on actual outcomes over the past 12 months adjusted for the holding period. Central administration costs are based on actual outcomes over the past 12 months. Net financial items are calculated based on interest-bearing liabilities and assets on the balance sheet date. Expenses for interest-bearing liabilities are based on the Group's estimated average interest rate, plus financing costs allocated over time and costs attributable to credit facilities that were unutilised on the balance sheet date. Lease expenses essentially pertain to site leasehold fees that are based on actual outcomes over the past 12 months adjusted for the holding period. Dividends attributable to the company's holdings of listed shares were not taken into account in the earnings capacity. Tax is calculated at the standard tax rate of 18% (19).

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

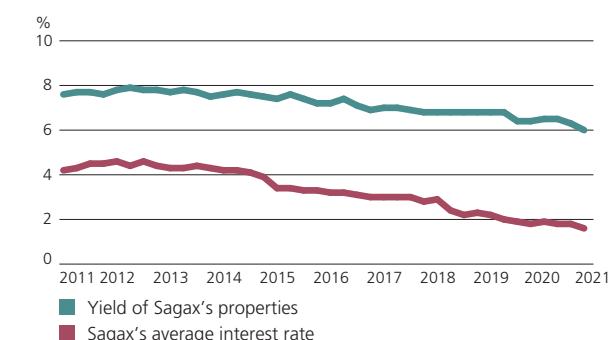
Current earnings capacity

Amounts in SEK M	1 Apr 2021	1 Jan 2021
Rental value	3,176	3,024
Vacancy	-157	-159
Rental revenue	3,019	2,865
Property expenses	-523	-495
Net operating income	2,496	2,370
Central administration	-133	-132
Joint ventures and associated companies	684	638
Net financial items	-340	-372
Lease expenses	-26	-26
Profit from property management	2,682	2,479
Tax	-483	-471
Profit after tax	2,199	2,008
– of which, holders of preference shares	–	34
– of which, holders of Class D shares	253	252
– of which, holders of Class A and B shares	1,947	1,723
Run rate yield, %	6.1	6.2
Net debt/run rate EBITDA, multiple	6.6	6.4

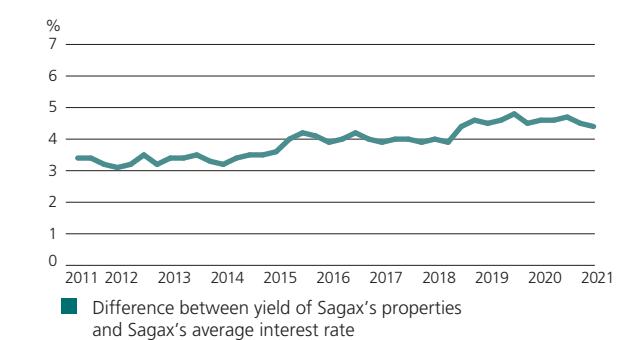
Current earnings capacity before tax



Yield and interest rate



Difference between yield and interest rate



Property portfolio

On 31 March 2021, the property portfolio comprised 681 (653) properties with a lettable area of 3,544,000 square metres (3,297,000). At the end of the period, the rental value and contractual annual rent amounted to SEK 3,176 M (3,102) and SEK 3,019 M (2,955), respectively. This corresponds to an economic occupancy rate of 95% (95).

INVESTMENTS

During the period, Sagax invested SEK 1,175 M (3,244), of which property acquisitions accounted for SEK 1,055 M (3,107).

Properties were acquired with a total lettable area of 73,000 square metres. The largest investment referred to 51,000 square metres of lettable area and 92,000 square metres of land in market segment Helsinki. A total of SEK 120 M (136) was invested in the existing property portfolio. SEK 18 M of the investments for the period were made against rent supple-

ments, SEK 34 M was invested in conjunction with new lettings, SEK 41 M in conjunction with new production and SEK 28 M pertained to property maintenance.

The Group has agreed to acquire four properties in France and one in Spain for which possession will be taken after the end of the period. The total investment will amount to SEK 228 M.

DIVESTMENTS

During the period, four properties were divested for a total of SEK 288 M, of which property with a value of SEK 83 M was vacated after the end of the period.

PROPERTY PORTFOLIO YIELD

The yield for the period in relation to market value amounted to 6.0% (6.4).

Summary of property portfolio 1 April 2021

Segment	No. of properties	Lettable area, sqm	Vacant area, sqm	Market value					Contractual annual rent, SEK M
				SEK M	Share	SEK per sqm	Rental value, SEK M	Economic occupancy rate	
Stockholm	79	634,000	34,000	10,722	27%	16,900	708	93%	658
Helsinki	73	640,000	53,000	8,346	21%	13,000	701	93%	654
Netherlands	90	473,000	14,000	4,540	11%	9,600	347	96%	334
Paris	85	315,000	12,000	3,745	9%	11,900	330	96%	317
Finland, university cities	65	355,000	12,000	3,427	8%	9,700	336	96%	323
Madrid & Barcelona	67	239,000	29,000	1,887	5%	7,900	129	89%	115
Rest of Sweden	33	266,000	6,000	1,949	5%	7,300	155	98%	152
Rest of Finland	129	326,000	6,000	2,655	7%	8,100	226	99%	224
Rest of Europe	60	296,000	4,000	3,140	8%	10,600	245	98%	241
Total	681	3,544,000	170,000	40,410	100%	11,400	3,176	95%	3,019

Property investments January–March 2021

Amounts in SEK M	Property acquisitions	Existing portfolio	Total	Share of total investments	Divestments	Net investments
Stockholm	43	45	88	7%	-203	-115
Helsinki	814	38	852	72%	-	852
Netherlands	58	7	65	6%	-	65
Paris	96	8	104	9%	-	104
Finland, university cities	-	16	16	1%	-2	14
Madrid & Barcelona	-	1	1	0%	-	1
Rest of Sweden	46	2	48	4%	-	48
Rest of Finland	-	1	1	0%	-	1
Rest of Europe	-	1	1	0%	-	1
Total	1,057	120	1,176	100%	-205	971

LEASE STRUCTURE

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

Sagax's annual rent at the end of the period was distributed between 1,828 leases (1,765). The table below presents the size of Sagax's leases in relation to the Group's annual rent at the end of the period. The table shows that 1,817 leases (1,754) each had a rental value of less than 1% of the Group's annual rent. The total rental value for these leases accounted for 81% (79) of Sagax's annual rent. In addition, Sagax is party to nine leases (seven) with a rental value corresponding to 1–2% of the Group's annual rent. Combined, these leases total 13% (9) of Sagax's annual rent. Only two (four) 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 6% (11) of the Group's contractual annual rent.

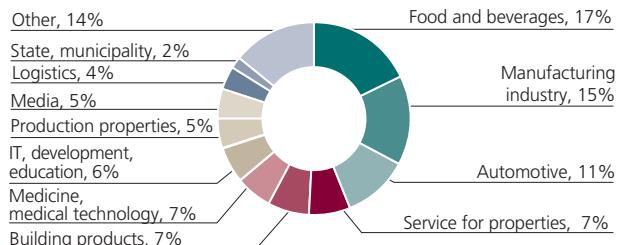
Sagax's tenants operate in a variety of sectors. 17% (16) of rental revenue comes from tenants with food-related operations, 15% (18) from companies in the manufacturing industry and 11% (11) in the automotive-related industry, including sales, service and manufacturing. Diverse tenant industries is considered to lower the risk of vacancies and rent losses. The main sectors are presented in the pie chart below.

According to Sagax's management strategy, the company strives to secure long-term leases and an even distribution of contract maturities over the years. This is deemed to reduce the risk of significant variations in the Group's occupancy rate. Leases representing 54% of the annual rent expire in or after 2025. 8–13% of annual rent expires every year between 2021 and 2024.

Distribution of leases

Share of contractual annual rent	Annual rent		No. of leases	Average annual rent, SEK M	Lease term, years
	SEK M	Share			
>2%	191	6	2	95	10
1–2 %	395	13	9	44	7
<1%	2,433	81	1,817	1	5
Total	3,019	100	1,828	2	5

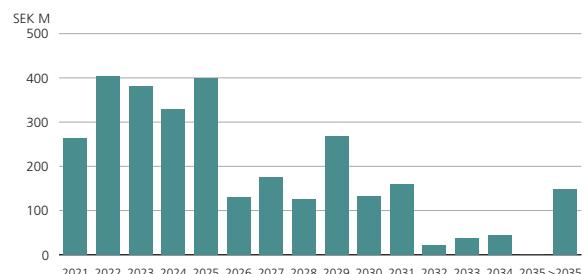
Industry exposure



Lease terms

Year of expiry	Area, sqm	Annual rent	
		SEK M	Share
2021	296,000	263	9%
2022	433,000	403	13%
2023	400,000	382	13%
2024	312,000	329	11%
2025	557,000	399	13%
>2025	1,377,000	1,243	41%
Total	3,374,000	3,019	100%

Year of maturity of annual rent



Market value of property portfolio

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

Sagax obtains external value assessments to determine the properties' market value. The valuations are carried out by independent valuation companies and updated on a quarterly basis.

On 31 March 2021, the total market value of Sagax's 681 (653) properties was SEK 40,410 M (37,339). Exchange-rate fluctuations during the period resulted in property values abroad increasing by SEK 513 M (1,204).

The recognised unrealised change in value amounted to SEK 1,378 M (280).

VALUATION METHOD AND IMPLEMENTATION

The valuations were carried out in accordance with generally accepted international valuation methods. As of 31 March 2021, 97% of valuation objects were valued by authorised property appraisers from independent valuation companies.

The principle method of appraisal used was cash flow calculations in which the present value of net operating income,

investments and residual values was calculated. The calculation period was adjusted to the remaining term of existing leases and varies between five and 20 years. As a rule, the calculation period is ten years. For more information, see Sagax's 2020 Annual Report, page 89.

ANALYSIS AND GENERAL CONDITIONS

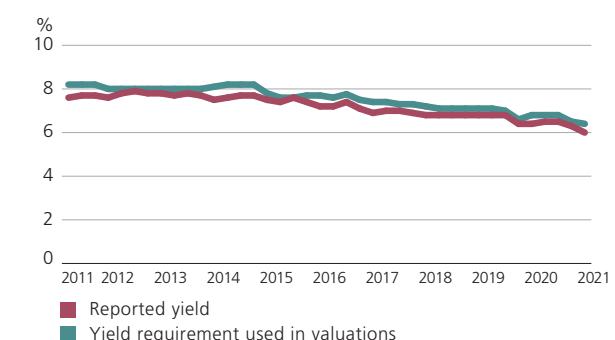
The cost of capital for the present value calculation of cash flows (4.4–16.0%), the cost of capital for the present value calculation of residual values (4.4–16.0%) and the yield requirement for the residual value calculations (4.0–14.0%) are based on analyses of transactions carried out and on individual assessments of the risk level and market position of each property.

The weighted cost of capital for the present value calculation of cash flows and residual values for the property portfolio was 7.3% (7.8) and 7.5% (8.1), respectively. The weighted yield requirement was 6.4% (6.8) on 31 March 2021. By comparison, the yield reported by Sagax for the period was 6.0% (6.4). A comparison of the yield reported over time and the yield requirement used in valuations is provided below. A sensitivity analysis is found on page 25.

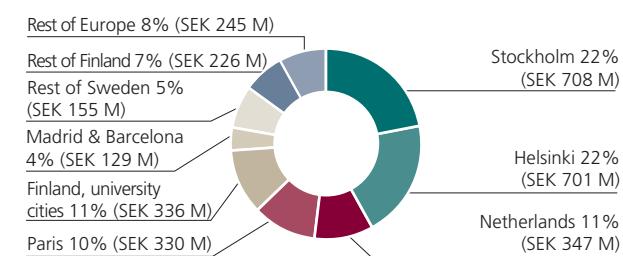
Change in carrying amount of properties

	SEK M	No. of
Property portfolio, 31 December 2020	37,548	673
Acquisition of properties	1,057	10
Investments in the current portfolio	120	
Divestment of properties	-205	-2
Currency translation effect	513	
Unrealised changes in value	1,378	
Property portfolio, 31 March 2021	40,410	681

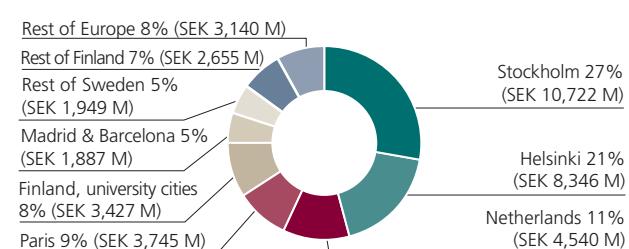
Yield compared with yield requirement



Group's rental value



Market value of properties



Joint ventures and associated companies

Sagax's joint ventures and associated companies contributed a total of SEK 161 M (133) to profit from property management during the period. Sagax's share of changes in the value of properties amounted to SEK 402 M (217) and the share of changes in the value of derivatives was SEK 41 M (-15) for the period. The total value of the commitment related to ownership of joint ventures and associated companies amounted to SEK 7,478 M (6,037).

JOINT VENTURES

Hemsö Intressenter AB

Via Hemsö Intressenter AB, Sagax indirectly owns 15% of Hemsö Fastighets AB, with the remaining share owned by the Third Swedish National Pension Fund. Hemsö Fastighets AB conducts operations in Sweden, Germany and Finland. Operations consist of owning, managing and developing public properties. The property portfolio encompasses 408 properties with a total property value of SEK 66 billion on 31 March 2021. 95% of rental revenue derives from tax-financed operations. For more information, refer to the company's website, hemso.se.

Söderport Holding AB

Sagax owns 50% of Söderport Holding AB, with the remaining share owned by Nyfosa AB. Söderport's operations consist of owning, managing and developing properties in Sweden. On behalf of Söderport, Sagax handles the financial administration and most of the property management of the Söderport Group. Nyfosa is responsible for property management in Gothenburg.

A corresponding 70% of Söderport's rental value of SEK 904 M was located in Stockholm on 31 March 2021. Söderport's economic vacancies amounted to SEK 49 M (39) at the end of the period, corresponding to a vacancy rate of 5% (5). Of the economic vacancies, SEK 19 M (10) comprised fixed-

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

Fastighetsaktiebolaget Ess-Sierra

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, of which 64% comprises warehouse premises, 27% building materials retail and 9% office premises. Most of the properties are situated in university and regional towns.

ASSOCIATED COMPANIES

NP3 Fastigheter AB

Sagax owns 22% of the votes and 15% 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 391 properties with a total property value of SEK 13.0 billion and a rental value of SEK 1,245 M on 31 March 2021. 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 owns 25% of Fastighetsbolaget Emilshus AB. Emilshus acquires, develops and manages commercial properties in Småland. The property portfolio encompassed 70 properties on 31 March 2021. For more information, refer to the company's website, emilshus.com.

Sagax's joint ventures

	Hemsö		Söderport		Sierra ¹⁾	
	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2020
Sagax's participating interest, %	15	15	50	50	50	–
Rental revenue, SEK M	857	797	213	202	23	–
Profit from property management, SEK M	481	445	117	111	15	–
Profit for the period, SEK M	935	364	394	279	19	–
Sagax's share of profit comprehensive income, SEK M	137	65	188	135	15	–
Sagax's share of profit from property management, SEK M	60	55	54	51	7	–
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	30 March 2020
No. of properties	408	376	82	80	37	–
Carrying amount of properties, SEK M	65,528	57,300	12,311	11,445	1,449	–
Lettalbe area, sqm	2,101,000	1,890,000	782,000	732,000	203,000	–
Lease term, years	9.8	9.8	4.8	5.0	6.5	–
Economic vacancy rate, %	2	2	5	5	–	–
Interest-bearing liabilities, SEK M	41,626	37,307	6,330	5,834	843	–
Loan maturity, years	6.9	7.3	3.2	4.3	3.7	–
Fixed interest, years	6.6	6.9	2.9	2.9	2.2	–
Market value of derivatives, SEK M	-95	-287	-177	-224	–	–
Carrying amount, SEK M	3,395	2,684	2,097	1,564	280	–

1) Sierra was established in December 2020.

Funding

EQUITY

Consolidated equity amounted to SEK 24,783 M (20,400) on 31 March 2021. Changes in equity during the period were attributable to comprehensive income for the period of SEK 2,331 M.

INTEREST-BEARING LIABILITIES

Sagax's interest-bearing liabilities at the end of the period amounted to SEK 21,701 M (22,907). An amount corresponding to SEK 17,667 M (18,810) of liabilities was raised in EUR.

Interest-bearing liabilities attributable to listed bonds amounted to SEK 18,340 M (15,827). The remaining interest-bearing debt comprised liabilities to banks of SEK 1,451 M (6,291) and commercial paper of SEK 1,911 M (789).

Unsecured liabilities corresponded to 85% (85) of Sagax's interest-bearing liabilities. Secured liabilities and commercial paper comprised 15% (15) of Sagax's interest-bearing liabilities.

The interest coverage ratio at the end of the period amounted to 545% (479) and the debt ratio to 43% (49). Net

interest-bearing debt for the past 12 months was 6.8 (8.3) times EBITDA and 6.6 (7.5) times run rate EBITDA, see page 7 for more information.

A total of SEK 5,284 M (5,527) in loans was raised, of which SEK 3,993 M (3,309) in the form of bonds under the framework of Sagax's EMTN programme. A total of SEK 3,745 M (809) was repaid during the period. Exchange-rate fluctuations increased interest-bearing liabilities by SEK 319 M (774).

Net interest-bearing debt totalled SEK 18,398 M (19,480).

The average remaining fixed-interest and loan maturity terms were 4.0 years (2.7) and 4.1 years (4.0), respectively, at the end of the period. The average interest rate on the company's interest-bearing liabilities was 1.6% (1.8), including the effect of derivatives.

Sagax has SEK 16,593 M (13,485) in loans at fixed interest rates. The company has interest-rate caps and interest-rate swaps with a total nominal value of SEK 4,095 M (6,614), of which interest-rate swaps with an average interest rate of 1.1% (1.4) accounted for SEK 1,534 M (2,051).

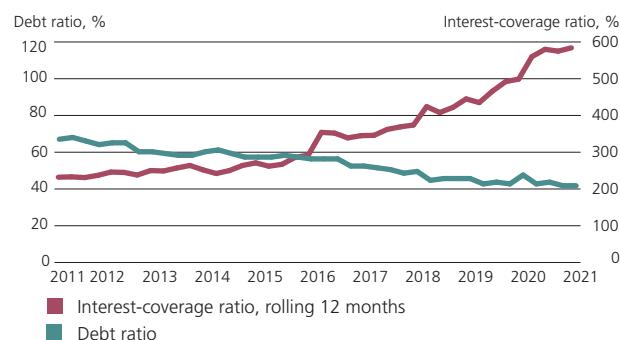
Fixed-interest period and loan maturity, 31 March 2021

Year of expiry	Fixed interest			Loan maturity		Interest-rate swaps	
	SEK M	Interest rate	Share	SEK M	Share	SEK M	Interest rate
2021	1,838	0.6%	8%	105	0%	—	—
2022	800	3.8%	4%	1,308	6%	—	—
2023	1,217	2.0%	6%	3,308	15%	251	0.5%
2024	5,325	2.0%	25%	5,105	24%	—	—
2025	4,131	2.1%	19%	4,768	22%	—	—
>2025	8,390	1.1%	39%	7,107	33%	1,283	1.3%
Total/average	21,701	1.6%	100%	21,701	100%	1,534	1.1%

Net debt

Amounts in SEK M	31 Mar 2021	31 Mar 2020
Interest-bearing liabilities	21,701	22,907
Interest-bearing assets	-540	-536
Cash and cash equivalents	-17	-1,742
Listed shares	-2,746	-1,149
Net debt	18,398	19,480

Debt ratio and interest-coverage ratio



Net debt/EBITDA, rolling 12 month



WORKING CAPITAL AND LIQUIDITY

Sagax's working capital, excluding prepaid rental revenue and including listed shares, amounted to SEK -641 M (1,924) on 31 March 2021. At the same date, unutilised credit facilities

including back-up facilities for commercial paper programmes amounted to SEK 5,031 M (3,587). No additional collateral needs to be pledged to utilise these credit facilities.

Listed bonds, 31 March 2021

Maturity	Nominal amount, SEK M	Liability, SEK M	Effective interest	Interest terms	Maturity date	ISIN code
2017-2022	1,250	1,248	2.29%	Stibor 3M+2.15%	2022-02-15	SE0010324228
2019-2023	500	499	0.95%	Stibor 3M+0.90%	2023-06-16	XS2093119175
2019-2023 ¹⁾	250	250	1.17%	1.13%	2023-06-16	XS2093119845
Total/average	2,000	1,997	1.81%			
Maturity	Nominal amount, EUR M	Liability, EUR M	Effective interest	Coupon rate	Maturity date	
2018-2024 ¹⁾	500	499	2.10%	2.00%	2024-01-17	XS1877540465
2019-2025 ¹⁾	300	299	2.37%	2.25%	2025-03-13	XS1962543820
2019-2025 ¹⁾	100	105	0.93%	2.25%	2025-03-13	XS1962543820
2020-2027 ¹⁾	300	298	1.26%	1.12%	2027-01-30	XS2112816934
2021-2028 ¹⁾	400	397	0.88%	0.75%	2028-01-26	XS2291340433
Total/average	1,600	1,596	1.61%			

1) Fixed-rate loans.

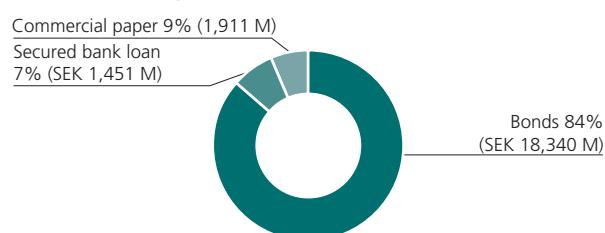
Derivative contracts, 31 March 2021

Amounts in SEK M	Nominal amount	Years to maturity	Market value 31 Mar 2021	Market value 31 Mar 2020	Change for the period
Nominal interest-rate swaps	1,534	6.0	-76	-128	52
Interest-rate caps	2,561	1.3	0	1	-1
Total	4,095	3.0	-76	-128	51

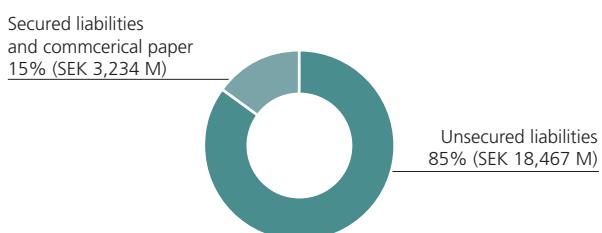
Rating and key performance indicators according to EMTN programme

	Financial covenant in EMTN programme	2021		2020	
		31 Mar	31 Mar	31 Mar	31 Dec
Rating according to Moody's Investor Services		Baa3, Stable outlook		Baa3, Stable outlook	Baa3, Stable outlook
Net debt/Total assets	<65%	37%		41%	37%
Interest coverage ratio	>1.8x	7.6x		6.0x	6.5x
Secured liabilities/Total assets	<45%	3%		15%	11%

Sources of financing



Distribution between secured and unsecured liabilities



Consolidated statement of comprehensive income

Amounts in SEK M	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec	Rolling 12 months
Rental revenue	731	703	2,898	2,927
Other revenue	14	1	10	24
Operating expenses	-73	-68	-232	-237
Maintenance costs	-19	-21	-79	-76
Property tax	-36	-35	-141	-143
Other property expenses	-15	-14	-60	-61
Net operating income	602	565	2,397	2,434
Central administration	-30	-29	-132	-133
Profit from joint ventures and associated companies	470	263	1,033	1,241
– <i>of which, profit from property management</i>	161	133	565	593
– <i>of which, changes in value</i>	444	202	741	983
– <i>of which, tax</i>	-135	-72	-272	-335
Financial income	11	10	39	40
Financial expenses	-100	-108	-455	-447
Financial expense, interest component of leases	-7	-6	-26	-26
Profit including changes in value of joint ventures and associated companies	947	695	2,857	3,109
– <i>of which, profit from property management</i>	637	565	2,389	2,461
Properties, realised	3	-1	-30	-26
Properties, unrealised	1,378	280	1,274	2,372
Financial instruments, realised	0	–	1	1
Financial instruments, unrealised	185	-113	228	525
Profit before tax	2,512	861	4,330	5,981
Deferred tax	-321	-95	-511	-737
Current tax	-33	-17	-108	-124
Profit for the period	2,157	749	3,711	5,119
<i>Other comprehensive income</i>				
– <i>items that may be reversed to profit or loss:</i>				
Translation differences for foreign operations	327	879	-693	-1,245
Share of other comprehensive income for joint ventures	9	23	-13	-27
Translation differences pertaining to hedge accounting	-159	-486	355	682
Tax on items that may be reversed to profit or loss	-4	-22	14	32
Comprehensive income for the period	2,331	1,143	3,374	4,561
Earnings per Class A and B share, SEK	6.60	2.17	10.80	15.34
Earnings per Class A and B share after dilution, SEK	6.59	2.16	10.78	15.31
Earnings per Class D share, SEK	0.50	0.50	2.00	2.00
Average no. of Class A and B shares, millions	317.3	317.0	317.1	317.2
Average no. of Class A and B shares after dilution, millions	318.0	317.5	317.7	317.8
Average number of Class D shares, millions	125.9	107.8	118.4	122.8

Condensed consolidated statement of financial position

Amounts in SEK M	2021 31 Mar	2020 31 Mar	2020 31 Dec
Investment properties	40,327	37,043	37,264
Investment properties for sale	83	295	284
Leases, right-of-use assets	370	369	368
Joint ventures and associated companies	7,478	6,037	6,833
Interest-bearing non-current receivables	540	536	550
Other fixed assets	144	78	130
Total fixed assets	48,943	44,357	45,429
Cash and bank balances	17	1,742	24
Listed shares	1,292	338	738
Other current assets	634	643	430
Total current assets	1,942	2,724	1,193
Total assets	50,885	47,081	46,622
Equity	24,783	20,400	22,452
Non-current interest-bearing liabilities	18,352	22,022	17,977
Deferred tax liabilities	2,827	2,175	2,476
Fixed-income derivatives	76	128	118
Lease liability, right-of-use assets	401	387	394
Other non-current liabilities	152	120	145
Total non-current liabilities	21,809	24,833	21,110
Commercial paper	1,911	789	1,081
Other current interest-bearing liabilities	1,438	96	770
Other current liabilities	945	963	1,209
Total current liabilities	4,294	1,848	3,060
Total equity and liabilities	50,885	47,081	46,622

Consolidated statement of cash flows

Amounts in SEK M	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec	Rolling 12 months
Profit before tax	2,512	861	4,330	5,981
Changes in value of financial instruments	-185	113	-228	-526
Change in value of properties	-1,381	-279	-1,244	-2,346
Result from ownership of joint ventures and associated companies	-470	-263	-1,033	-1,241
Dividend from joint ventures and associated companies	-	-	424	424
Dissolution of allocated borrowing costs	10	10	47	46
Other items not included in cash flow	-6	-1	-21	-25
Tax paid	-66	-26	-55	-95
Cash flow from operating activities before changes in working capital	414	416	2,219	2,218
Cash flow from changes in current receivables	-107	-57	77	27
Cash flow from changes in current liabilities	-278	23	260	-40
Cash flow from operating activities	30	382	2,557	2,204
Acquisition of properties	-1,046	-3,107	-5,585	-3,524
Property sales	208	13	1,426	1,621
Investments in existing properties	-119	-136	-666	-649
Acquisition of listed shares	-437	-82	-256	-611
Acquisition of financial instruments	-7	-	-7	-14
Acquisition of joint ventures and associated companies	-92	-14	-260	-338
Capital contribution to joint ventures and associated companies	-21	-1	-150	-171
Dividend to joint ventures and associated companies	-	-	-41	-41
Increase in other fixed assets	-	-22	-10	13
Decrease in other fixed assets	19	-	6	25
Cash flow from investing activities	-1,497	-3,350	-5,543	-3,689
Issue of Class D and B shares	-	-	527	527
Dividend paid to shareholders	-71	-62	-679	-688
Incentive plan	-	-	-9	-9
Borrowings	5,284	5,495	7,886	7,675
Repayment of loans	-3,745	-809	-4,791	-7,728
Redemption of financial derivatives	-8	-	-8	-16
Increase in other non-current liabilities	-	-	1	1
Decrease in other non-current liabilities	-	-	-	-
Cash flow from financing activities	1,459	4,624	2,926	-238
Cash flow for the period	-8	1,655	-60	-1,723
Exchange rate differences in cash and cash equivalents	-	1	-2	-3
Change in cash and cash equivalents	-8	1,656	-62	-1,726
Cash and cash equivalents at beginning of period	24	86	86	1,742
Cash and cash equivalents at end of period	17	1,742	24	17

Consolidated statement of changes in equity

Amounts in SEK M	Share capital	Other contributed capital	Reserves, translation differences	Profit earned incl. net profit for the period	Total equity ¹⁾
Equity, 31 December 2019	776	3,046	675	14,760	19,257
Comprehensive income, January-March 2020	–	–	394	749	1,143
Equity, 31 March 2020	776	3,046	1,069	15,509	20,400
Issue of Class D shares	32	481	–	–	513
Transaction costs	–	–5	–	–	–5
Issue of Class B shares, incentive plan	–	–	–	20	20
Dividends	–	–	–	–697	–697
Redemption of incentive plan	–	–	–	–14	–14
Incentive plan	–	–	–	5	5
Comprehensive income, April-December 2020	–	–	–731	2,962	2,231
Equity, 31 December 2020	808	3,522	338	17,785	22,452
Comprehensive income, January-March 2021	–	–	173	2,157	2,331
Equity, 31 March 2021	808	3,522	511	19,942	24,783

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

Parent Company income statement

Amounts in SEK M	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec
Net sales	20	22	77
Administration costs	-23	-21	-94
Profit/loss before financial income and expenses	-2	1	-17
Profit from participations in Group companies	-	-	511
Profit from participations in joint ventures	1	-	85
Financial income	335	674	434
Financial expenses	-325	-562	-475
Profit before tax and appropriations	9	113	538
Appropriations	-	-	52
Tax	0	-24	-2
Profit for the period	9	89	589
<i>Other comprehensive income</i>			
Other comprehensive income	-	-	0
Comprehensive income for the period	9	89	589

Condensed Parent Company balance sheet

Amounts in SEK M	2021 31 Mar	2020 31 Mar	2020 31 Dec
Tangible fixed assets	1	1	-
Receivables from Group companies	1,330	1,286	1,654
Other financial fixed assets	7,143	6,819	8,035
Total fixed assets	8,474	8,107	9,690
Cash and bank balances	0	542	0
Receivables from Group companies	18,116	14,758	13,669
Other current assets	136	83	93
Total current assets	18,252	15,384	13,762
Total assets	26,727	23,491	23,453
Equity	4,236	3,909	4,227
Untaxed reserves	30	30	30
Non-current interest-bearing liabilities	10,233	11,643	10,673
Liabilities to Group companies	7,480	3,643	3,554
Deferred tax liabilities	4	3	4
Total non-current liabilities	17,717	15,290	14,232
Current interest-bearing liabilities	1,911	789	1,081
Liabilities to Group companies	2,582	3,194	3,514
Other current liabilities	251	280	368
Total current liabilities	4,744	4,263	4,964
Total equity, untaxed reserves and liabilities	26,727	23,491	23,453

Segment information

Profit items per segment	Rental revenue ¹⁾		Net operating income		Changes in value, properties				Total yield	
			2021		2020		Unrealised		Realised	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Amounts in SEK M	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
Stockholm	164	162	137	130	285	137	5	–	427	267
Helsinki	149	150	114	115	581	–1	–	–	695	114
Netherlands	83	67	76	61	127	34	–	–	203	96
Paris	77	74	61	61	106	–9	–	–	168	52
Finland, university cities	81	85	60	64	167	–2	–1	–	226	62
Madrid & Barcelona	26	23	21	22	–41	196	–	–	–20	218
Rest of Sweden	38	36	36	31	13	7	–	–	49	38
Rest of Finland	55	59	49	52	75	–7	–	–1	124	44
Rest of Europe	60	45	56	42	62	–75	–	–	118	–33
Non-specified	–	1	–8	–13	–	–	–	–	–8	–13
Total	731	703	602	565	1,378	280	3	–1	1,983	844
Asset items per segment		Market value properties		Investment properties		Acquisition properties		Divestment properties		
Amounts in SEK M		2021	2020	2021	2020	2021	2020	2021	2020	2021
		31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar
Stockholm	10,722	10,071	45	65	43	29	–	–203	–	–
Helsinki	8,346	7,178	38	56	814	31	–	–	–	–
Netherlands	4,540	3,527	7	7	58	333	–	–	–	–
Paris	3,745	3,456	8	4	96	375	–	–	–	–
Finland, university cities	3,427	3,423	16	2	–	95	–2	–	–	–
Madrid & Barcelona	1,887	1,871	1	–	–	739	–	–	–10	–
Rest of Sweden	1,949	1,835	2	–	46	–	–	–	–	–
Rest of Finland	2,655	2,776	1	3	–	–	–	–	–	–4
Rest of Europe	3,140	3,201	1	–	–	1,505	–	–	–	–
Total	40,410	37,339	120	136	1,057	3,107	–205	–14		

1) All rental revenue pertains to external tenants.

Key performance indicators

	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec
Property-related key figures							
Yield, %	6.0	6.4	6.3	6.4	6.8	6.9	7.1
Surplus ratio, %	83	82	83	83	83	83	85
Occupancy rate by area, %	95	95	95	95	95	95	93
Economic occupancy rate, %	95	95	95	95	95	94	94
Lettable area at the end of the period, 000 sqm	3,544	3,297	3,480	3,022	2,850	2,489	2,312
No. of properties at the end of the period	681	653	673	553	512	495	440
Financial key figures							
Return on total capital, %	6	6	7	7	7	7	7
Return on equity, %	37	15	18	24	24	30	33
Average interest rate, %	1.6	1.8	1.8	1.9	2.2	3.0	3.1
Fixed-interest period incl. derivatives, years	4.0	2.7	3.4	3.5	3.0	2.1	2.7
Loan maturity, years	4.1	4.0	3.4	3.8	3.6	3.1	3.6
Equity/assets ratio, %	49	43	48	48	46	42	38
Debt ratio, %	43	49	43	44	47	50	54
Net debt/run rate EBITDA, multiple	6.6	7.5	6.5	6.6	7.1	7.7	7.8
Net debt/EBITDA, multiple	6.8	8.3	6.4	6.6	7.4	8.1	8.7
Interest coverage ratio, multiple	5.4	4.8	5.7	4.9	4.2	3.7	3.4
Interest coverage ratio, EMTN programme, multiple	7.6	6.0	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 period, SEK	188.80	107.00	169.60	136.20	65.70	49.10	40.87
Net asset value, SEK	74.49	61.45	66.38	56.77	44.22	35.04	26.89
Equity, SEK	62.38	50.73	55.19	46.86	35.70	27.15	19.61
Equity after dilution, SEK	62.23	50.65	55.09	46.78	35.67	27.13	19.57
Earnings, SEK	6.60	2.17	10.80	12.15	9.24	8.86	7.27
Earnings after dilution, SEK	6.59	2.16	10.78	12.13	9.24	8.85	7.25
Profit from property management, SEK	1.81	1.59	6.63	5.51	4.31	3.71	2.99
Profit from property management after dilution, SEK	1.80	1.58	6.62	5.51	4.31	3.70	2.98
Cash flow, SEK	1.11	1.12	6.10	4.86	3.95	3.27	2.57
Cash flow after dilution, SEK	1.10	1.11	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. at end of period, millions	317.3	317.0	317.3	317.1	316.8	316.5	316.5
No. at end of period after dilution, millions	318.0	317.5	317.9	317.5	317.1	316.7	317.1
Average no., millions	317.3	317.0	317.1	316.9	316.7	316.5	316.5
Average no. after dilution, millions	318.0	317.5	317.7	317.3	316.9	317.0	317.2
Data per Class D share							
Share price at the end of period, SEK	32.35	26.95	32.05	36.35	31.70	29.92	28.30
Equity, SEK	35.00	35.00	35.00	35.00	35.00	35.00	35.00
Earnings, SEK	0.50	0.50	2.00	2.00	2.00	2.00	2.00
Dividend per share, SEK	–	–	2.00	2.00	2.00	2.00	2.00
No. at end of period, millions	126.3	107.8	125.8	107.8	101.9	63.6	18.2
Average no., millions	125.9	107.8	118.4	105.7	83.0	43.1	2.9

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

The Sagax share and shareholders

At the end of the period, Sagax had 20,616 (17,170) shareholders. Sagax's market capitalisation amounted to SEK 64,324 M (35,373). In accordance with the resolution of an Extraordinary General Meeting, Sagax redeemed all 16,322,699 preference shares in April 2021. The final day for trading in preference shares was 1 April 2021 and the record date for redemption was 7 April 2021. Following the redemption of preference shares, Sagax has three classes of shares: Class A, B and D common shares. The shares are listed on Nasdaq Stockholm, Large Cap.

A total of 461,863,558 shares, including 16,322,699 preference shares, were outstanding at the end of the period, of which 2,000,000 were Class B treasury shares. There were 445,540,859 shares outstanding after redemption.

According to the Articles of Association, each Class D share is entitled to five times the total dividend on Class A and B shares, although not more than SEK 2.00 per share annually.

WARRANTS

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

tion price corresponds to the price paid for the Class B share at the start of the warrant plan, converted using the average share price trend for the listed property companies in accordance with Carnegie's property index (CREX) during the corresponding period. Accordingly, the warrants will have a value on condition that the price performance of the Sagax share exceeds the average for the listed property companies during each three-year period.

PROFIT FROM PROPERTY MANAGEMENT PER

COMMON SHARE

Profit from property management per Class B share after dilution on a rolling 12-month basis amounted to SEK 6.85 (5.82), which, compared with the share price of the Class B share at the end of the period, corresponded to a multiple of 25.6 (18.4).

EQUITY PER CLASS A AND B SHARE

Equity per Class A and B share after dilution amounted to SEK 62.23 (50.65). Net asset value per Class A and B share amounted to SEK 74.49 (61.45). The share price for the Class B share at the end of the period was 303% (213) of equity per Class B share and 253% (174) of net asset value per Class B share.

Trade in the shares on the Nasdaq Stockholm

	Price paid, SEK		Turnover rate on an annual basis, %		Average trading volume per trading day, SEK M	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
Class A shares	188.80	107.00	3	6	0.5	0.8
Class B shares	188.00	100.00	54	19	116.6	26.7
Class D shares	32.35	26.95	43	76	6.9	9.7
Preference shares	34.90	34.60	62	50	1.5	1.1

Key performance indicators per Class B share

	2021 31 Mar	2020 31 Mar	2020 31 Dec	2019 31 Dec	2018 31 Dec	2017 31 Dec	2016 31 Dec
Share price at the end of period, SEK	188.80	107.00	169.60	136.20	64.70	49.10	40.87
Profit from property management after dilution, SEK	6.85	5.84	6.62	5.51	4.30	3.70	2.98
Cash flow after dilution, SEK ¹⁾	6.08	5.17	6.09	4.86	3.94	3.26	2.56
Equity after dilution, SEK	62.36	50.34	55.11	46.78	35.67	27.13	19.57
Net asset value, SEK	74.61	61.45	66.38	56.77	44.22	35.04	26.89
Share price/Profit from property management, multiple	27.6	18.3	25.6	24.7	15.0	13.3	13.7
Share price/Cash flow, multiple ^{1, 2)}	31.0	20.7	27.9	28.0	16.4	15.1	16.0
Share price/Equity, %	303	213	308	292	182	181	209
Share price/Net asset value, %	253	174	255	240	147	140	152

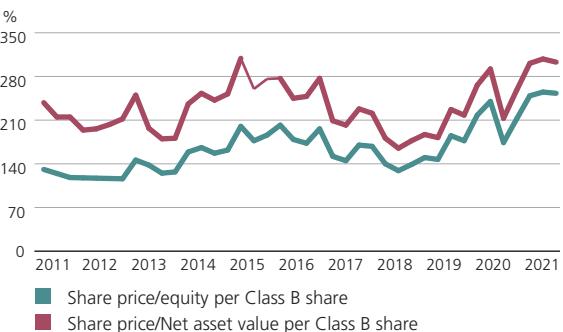
1) Profit from property management and cash flow pertains to rolling 12 months.

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

Share price/profit from property management per common share



Share price in relation to equity and Net asset value



Ownership structure, 31 March 2021

No. of shares	No. of shareholders	Shareholder category	No. of shareholders	Share of voting power	Shareholders by country	No. of shareholders	Share of voting power
1–500	13,753	Private individuals residing in Sweden	18,546	9%	Sweden	19,335	87%
501–1,000	1,837	Private individuals residing abroad	122	0%	Switzerland	21	3%
1,001–2,000	1,439	Companies/institutions in Sweden	789	78%	USA	38	3%
2,001–5,000	1,507	Companies/institutions abroad	1,159	13%	Ireland	72	2%
5,001–10,000	780				UK	35	1%
10,001–50,000	881				Other	1,115	3%
50,001–	419				Total	20,616	100%
Total	20,616					20,616	100%

Largest shareholders, 31 March 2021¹⁾

	No. of shares					Percentage of	
	Class A shares	Class B shares	Class D shares	Preference shares	Share capital	Votes ²⁾	
David Mindus and companies	10,848,800	67,865,112	1,192,228	775	17.4%	25.3%	
Staffan Salén and companies	4,264,928	33,970,660	95,600	–	8.3%	10.9%	
Rutger Arnhult and companies	5,778,141	24,836,508	6,652,150	–	8.1%	12.7%	
Fourth Swedish National Pension Fund	5,716	17,582,616	12,821,678	–	6.6%	4.3%	
Third Swedish National Pension Fund	–	24,227,658	–	–	5.2%	3.5%	
SEB Fonder	–	15,941,448	–	–	3.5%	2.3%	
Avanza Pension	45,256	765,370	11,721,036	1,314,057	3.0%	2.0%	
Länsförsäkringar Fonder	–	11,007,444	–	–	2.4%	1.6%	
Swedbank Robur Fonder	500,000	7,334,127	–	–	1.7%	1.8%	
Erik Selin and companies	1,160,000	4,298,322	2,028,868	–	1.6%	2.6%	
ODIN Fonder	–	6,768,909	–	–	1.5%	1.0%	
Filip Engelbert and companies	241,000	1,869,784	4,200,000	–	1.4%	1.2%	
Didner & Gerge Fonder	–	5,605,111	–	–	1.2%	0.8%	
Norges Bank	–	2,960,843	2,345,800	–	1.1%	0.8%	
Handelsbanken Fonder	–	4,902,728	–	–	1.1%	0.7%	
Second Swedish National Pension Fund	–	4,705,556	–	–	1.0%	0.7%	
ICA-Handlarnas Förbund	–	–	4,500,000	–	1.0%	0.6%	
AMF Pension & Fonder	–	3,611,443	–	–	0.8%	0.5%	
Patrik Brummer and companies	–	–	166,666	3,440,000	0.8%	0.5%	
Vanguard	–	–	2,946,200	516,967	0.7%	0.5%	
Total 20 largest shareholders	22,843,841	238,253,639	48,670,226	5,271,799	68.5%	74.2%	
Other shareholders	3,989,043	52,193,007	77,591,103	11,050,900	31.9%	26.1%	
Sub-total	26,832,884	290,446,646	126,261,329	16,322,699	99.6%	99.7%	
Shares held by AB Sagax	–	2,000,000	–	–	0.4%	0.3%	
Total	26,832,884	292,446,646	126,261,329	16,322,699	100.0%	100.0%	
– of which, Board and employees	15,771,134	109,578,367	10,571,174	923	29.6%	39.6%	

1) Ownership structure at 31 March 2021 is based on information from Euroclear Sweden and Modular Finance.

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

Voting rights and proportion of share capital

Class of share	No.	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	126,261,329	0.1	12,626,132.90	18%	27%
Preference shares	16,322,699	0.1	1,632,269.90	2%	4%
Total	461,863,558		70,335,951.40	100%	100%

Risks and uncertainties

To prepare the accounts based on generally accepted accounting policies, company management must make judgements and assumptions that affect asset and liability items, revenue and expense items recognised in the accounts and other information provided. The actual outcome may differ from these judgements. Sagax is also exposed to various risks that may be of significance to the company's future business, earnings and financial position.

PROPERTY-RELATED RISKS

The valuation of investment properties can be significantly affected by the judgments and assumptions made by company management. To reduce the risk of incorrect valuations, Sagax has engaged authorised external valuation companies to assess the market value of the majority of the properties as of 31 March 2021. When valuing properties, the constant existence of uncertainties regarding the assumptions made must be taken into account.

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

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

FINANCIAL RISKS

Sagax's financial expenses comprise the single largest expense for the Group. To reduce Sagax's exposure to rising interest rates, the Group has a significant number of its interest expenses from fixed-rate loans. To limit interest-rate risk for loans at floating interest rates, interest-rate swaps and interest-rate caps are used. Sagax's funding primarily comprises equity and interest-bearing liabilities. Sagax endeavours to

secure a long, average remaining term of interest-bearing liabilities in a bid to limit its refinancing risk, defined as the risk that refinancing existing debt cannot take place on reasonable terms. The company's long-term funding comprises listed bonds and bank loans. The complete terms and conditions for the bond loans are available at www.sagax.se.

CURRENCY RISKS

The amounts in the consolidated balance sheet are partly exposed to exchange-rate fluctuations, particularly for the EUR. Net exposure on 31 March 2021, assets less liabilities in EUR, amounted to SEK 8,014 M (7,360). In accordance with IAS 21, the currency effects for foreign operations and hedge accounting are recognised in Other comprehensive income. Other currency effects are recognised in profit or loss.

INCREASED UNCERTAINTY DUE TO THE COVID-19 PANDEMIC

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

Sagax's exposure to particularly vulnerable sectors, such as the hotel, restaurant and tourism sectors, is low. Rental revenue is distributed between 1,828 leases. 81% of revenue was attributable to 1,817 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 0.003% in the first quarter of 2021.

On 31 March 2021, Sagax's cash and cash equivalents and available credit facilities amounted to SEK 3,138 M, of which SEK 17 M in cash and cash equivalents. In addition, Sagax had back-up facilities for commercial paper programmes outstanding that amounted to SEK 1,911 M. Sagax's cash flow from operating activities amounted to SEK 414 M during the first quarter.

Sensitivity analysis for property values

	-20%	-10%	0%	+10%	+20%
Value change, SEK M	-8,082	-4,041	0	4,041	8,082
Debt ratio, %	51	47	43	40	37

Sensitivity analysis for changes in the occupancy rate

	-10%	-5%	0%	+5%	+10%
Occupancy rate, %	86	90	95	100	N/A
Interest coverage ratio, %	476	511	545	580	N/A

Sensitivity analysis for property values

	Change	Value change, SEK M
Yield requirement	+/- 0.25% points	-1,192/+1,204
Cost of capital	+/- 0.25% points	-1,094/+1,035
Rental revenue	+/- 5%	+1,452/-1,551
Property expenses	+/- 5%	-280/+182

OTHER RISKS

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's other risks are described in the 2020 Annual Report, on pages 45-47.

SENSITIVITY ANALYSIS

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

Sensitivity analysis on 31 March 2021¹⁾

Amounts in SEK M	Change	Effect on profit from property management, annual basis	Effect on profit after tax, annual basis	Effect on equity
Economic occupancy rate	+/- 1%	+/- 30	+/- 24	+/- 24
Rental revenue	+/- 1%	+/- 30	+/- 24	+/- 24
Property expenses	+/- 1%	-/+5	-/+ 4	-/+ 4
Interest expenses for liabilities in SEK including fixed-income derivatives	+/- 1%	-25/+7	-20/+6	-20/+6
Interest expenses for liabilities in EUR including fixed-income derivatives	+/- 1%	-9/-2	-7/-1	-7/-1
Interest expenses for liabilities in SEK excluding fixed-income derivatives	+/- 1%	-38/+20	-30/+16	-30/+16
Interest expenses for liabilities in EUR excluding fixed-income derivatives	+/- 1%	-11/+1	-9/+1	-9/+1
Change in SEK/EUR exchange rate ²⁾	+/- 10%	+/-229	+/-180	+/-801
Changed rent level for contract maturity in 2021	+/- 10%	+/-26	+/-21	+/-21

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

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

Accounting policies and important events

ACCOUNTING POLICIES

This condensed interim report has been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting. The term "IFRS" in this report means application of the International Financial Reporting Standards (IFRS), as adopted by the EU, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The accounting policies and calculation methods are the same as those applied in the 2020 Annual Report and are to be read together with this Annual Report.

The alternative performance measure "interest-bearing liabilities" has been replaced with "interest-bearing liabilities according to the balance sheet." "Interest-bearing liabilities according to the balance sheet" includes allocated borrowing costs. For the first quarter of 2020, this means that interest-bearing liabilities declined by SEK 104 M. Comparative figures and the key performance indicators have been restated. The impact on key performance indicator is marginal.

There are no amendments to IFRS in 2021 that are deemed to have any material impact on the company's financial statements.

Rounding-off differences may occur.

SIGNIFICANT EVENTS AFTER THE END

OF THE REPORTING PERIOD

In accordance with the resolution of an Extraordinary General Meeting, Sagax redeemed all 16,322,699 preference shares. The final day for trading in preference shares was 1 April 2021 and the record date for redemption was 7 April 2021. Following the redemption of preference shares, Sagax has three classes of shares: Class A, B and D common shares. After the redemption, 445,540,859 were outstanding, of which 2,000,000 were Class B treasury shares.

On 3 May 2021, it was announced in a press release that Sagax had acquired an IKEA facility situated in Palma de Mallorca for an amount corresponding to SEK 510 M. The rental value corresponds to SEK 32 M per year. The lease is for 25 years, with the right for the tenant to terminate the lease in 2036 or 2041. The property encompasses 23,600 square metres of freehold land and 425 parking spaces. The lettable area amounts to 15,400 square metres, of which 65% comprises store and showroom premises and 35% warehouse and office premises. [For further information refer to the press release.](#)

On 4 May 2021, it was announced in a press release that through ten separate transactions Sagax had acquired four properties in the Netherlands, three in Paris, two in Stockholm and one in Madrid. The total acquisition cost corresponds to SEK 520 M. The properties have a total lettable area of 44,200 square metres and primarily comprise premises for warehouse and industrial purposes. The annual rent corresponds to SEK 33.5 M. [For further information refer to the press release.](#)

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

Stockholm, 5 May 2021
AB SAGAX (publ)
Corporate Registration Number 556520-0028

Staffan Salén
Chairman of the Board

Johan Cederlund
Board member

Filip Engelbert
Board member

David Mindus
CEO and Board member

Johan Thorell
Board member

Ulrika Werdelin
Board member

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

*This constitutes information that AB Sagax (publ) is legally obliged to publish under the EU's Market Abuse Regulation.
The information was released for publication on 5 May 2021 at 12:00 p.m. (CEST).*

Financial calendar

Interim Report January-June 2021
Interim Report January-September 2021

15 July 2021
28 October 2021

SCHEDULE OF DIVIDEND PAYMENTS TO HOLDERS OF CLASS D SHARES²⁾

June 2021

- 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 Euroclear¹⁾ 5 July 2021

September 2021

- 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 Euroclear¹⁾ 5 October 2021

December 2021

- 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 Euroclear¹⁾ 5 January 2022

March 2022

- 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 Euroclear¹⁾ 5 April 2022

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

2) Proposed by the Board.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Visit us at www.sagax.se.

Definitions

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

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

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

Key performance indicators	Description	Reason for alternative performance measure
Joint ventures	Partnership form whereby several owners have a shared controlling influence.	Not an alternative performance measure.
Net asset value	Recognised equity according to the balance sheet with reversal of reserves for fixed-income derivatives, deferred tax on temporary differences on property values and deferred tax on reserves for fixed-income derivatives.	An established indicator of the Group's net asset value that facilitates analyses and comparisons 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.
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.
Net investments	The net of property acquisitions and investments in the current property portfolio, as well as sales of properties.	The key performance indicator shows the investment volume.
Occupancy rate by area	Contracted area directly after the end of the period as a percentage of total lettable area directly after the end of the period.	The key performance indicator shows the occupancy situation.
Preference equity	Equity per preference share multiplied by the number of preference shares outstanding.	The key performance indicator shows equity attributable to preference shareholders.
Profit from property management	Profit excluding changes in value and tax.	An indicator of the earnings generation in the operations, excluding changes in value.
Profit from property management per Class A and B share after dilution	Profit from property management for the period reduced by dividends on Class D shares and preference shares, divided by the average number of Class A and B shares after dilution.	An indicator of the earnings generation of the assets, excluding the changes in value accruing to holders of Class A and B shares.
Property	Pertains to properties held under title or site leasehold.	Not an alternative performance measure.
Rental revenue, comparable portfolios	Rental revenue from properties that were included in the portfolio for the entire reporting period and the entire comparative period. Project properties and properties that were acquired or sold are not included.	The key performance indicator shows the trend in rental revenue excluding non-recurring effects, such as prematurely vacating premises, not impacted by acquired and sold properties.
Rental value	The contractual annual rent applicable directly after the end of the period, with supplements for estimated market rents for vacant premises.	The key performance indicator shows the Group's income potential.
Return on equity	Profit for the period, recalculated to 12 months, as a percentage of average equity (opening and closing balances)/2 for the period.	The key performance indicator shows how shareholders' capital yields interest during the period.
Return on total capital	Profit for the period, recalculated to 12 months, after net financial items after reversal of financial expenses as a percentage of average total assets for the period.	The key performance indicator shows the ability to generate earnings on the Group's assets, excluding financing costs.
Run rate EBITDA	Net operating income according to current earnings capacity less central administration costs plus dividends received from joint ventures and associated companies.	Sagax uses EBITDA so that the EBITDA/Net debt, run rate key performance indicator shows financial risk.
Run rate yield	Net operating income (including property administration) according to current earnings capacity with add-back of site leasehold fees, as a percentage of the carrying amounts of the properties at the end of the period.	The key performance indicator shows the earnings generation of the operations before financial expenses and central administration costs are taken into account.
Secured liabilities/Total assets	Liabilities secured with pledged assets as a percentage of total assets.	The key performance indicator shows financial risk for bond holders.
STIBOR	STIBOR, or Stockholm Interbank Offered Rate, a daily reference rate based on the average of the interest rates at which banks offer to lend unsecured funds to other banks in SEK in the Swedish wholesale money market.	Not an alternative performance measure.
Surplus ratio	Net operating income for the period as a percentage of rental revenue for the period.	The key performance indicator shows the profitability of the properties.
Total return on shares	Total of the change in the share price during the period and the dividend paid during the period as a percentage of the share price at the end of the preceding year.	The key performance indicator shows the total return that accrues to shareholders.
Total yield on property	Total of yield and property revaluations during the period as a percentage of the closing property value adjusted for revaluations for the period.	The key performance indicator shows earnings generation and value growth for the properties for a period.
Triple net lease	A type of lease whereby the tenant pays, in addition to the rent, all costs incurred on the property that would normally have been paid by the property owner. These include operating expenses, maintenance, property tax, site leasehold fees, insurance, property care-taking, etc.	Not an alternative performance measure.
Yield	Net operating income for the period (including property administration) with add-back of site leasehold fees, recalculated to 12 months, adjusted for the holding periods of the properties during the period as a percentage of the carrying amounts of the properties at the end of the period.	The key performance indicator shows the earnings generation of the operations before financial expenses and central administration costs are taken into account.

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

Amounts in SEK M unless otherwise stated	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec	Amounts in SEK M unless otherwise stated	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec
Return on equity							
Profit after tax	2,157	749	3,711	Economic occupancy rate			
Addition for translation to annual value	6,471	2,247	–	Contractual annual rent	3,019	2,955	2,865
Average equity	23,617	19,829	20,855	Rental value	3,176	3,102	3,024
Return on equity	37%	15%	18%	Economic occupancy rate	95%	95%	95%
Return on total capital							
Profit from property management	637	565	2,389	Run rate yield			
Addition for translation to annual value	1,911	1,694	–	Net operating income according to current earnings capacity	2,496	2,439	2,370
Financial expenses	107	114	481	Add-back of site leasehold fees	–24	–24	–25
Addition for translation to annual value	321	342	–	Adjusted net operating income	2,472	2,415	2,345
Profit before financial expenses	2,976	2,715	2,870	Carrying amount of properties	40,410	37,338	37,548
Average total capital	48,754	43,618	43,388	Run rate yield	6.1%	6.5%	6.2%
Return on total capital	6%	6%	7%	Run rate EBITDA			
Occupancy rate by area							
Contracted area, '000s sqm	3,374	3,138	3,312	Net operating income according to current earnings capacity	2,496	2,439	2,370
Total lettable area, '000s sqm	3,544	3,297	3,480	Central administration	–133	–124	–132
Occupancy rate by area	95%	95%	95%	Dividends from joint ventures and associated companies	424	281	424
Debt ratio				Run rate EBITDA	2,787	2,596	2,662
Interest-bearing liabilities	21,701	22,907	19,828	Profit from property management			
Total assets	50,885	47,081	46,622	Profit after tax	2,157	749	3,711
Debt ratio	43%	49%	43%	Tax	489	184	891
Yield				Changes in value	–2,010	–368	–2,213
Net operating income	602	565	2,397	Profit from property management	636	565	2,389
Add-back of site leasehold fees	–6	–6	–25	Profit from property management per Class A and B share after dilution			
Addition for translation to annual value	1,788	1,678	–	Profit from property management	636	565	2,389
Holding adjustment, acquisitions/divestments	37	108	57	Dividends attributable to preference and Class D shares	–63	–62	–285
Currency translation to closing rate	20	59	–67	Adjusted profit from property management	573	503	2,104
Adjusted net operating income	2,441	2,404	2,362	Profit from property management per Class A and B share after dilution, SEK	1.80	1.58	6.62
Carrying amount of properties	40,410	37,338	37,548	Profit from property management per class A and B shares, rolling 12 months			
Yield	6.0%	6.4%	6.3%	Profit from property management, rolling 12 months	2,461	2,102	2,389
EBITDA rolling 12 months				Dividends attributable to preference and Class D shares, rolling 12 months	–253	–249	–285
Net operating income	2,434	2,192	2,397	Adjusted profit from property management	2,208	1,853	2,104
Central administration	–133	–124	–132	No. of class A and B shares after dilution, rolling 12 months	317,807,234	317,375,378	317,691,982
Dividends from joint ventures and associated companies	424	281	424	Profit from property management per class A and B share, current period, rolling 12 months	6.95	5.84	6.62
EBITDA	2,725	2,349	2,689	Profit from property management per class A and B share, preceding period, rolling 12 months	5.84	4.66	5.52
Equity per Class A and B share				Annual percentage growth rate, rolling 12 months	19%	25%	20%
Equity	24,783	20,400	22,452	Rental revenue, comparable portfolios¹⁾			
Equity attributable to preference and Class D shares	–4,990	–4,318	–4,940	Rental revenue	731	703	2,898
Corrected equity attributable to Class A and B shares	19,793	16,082	17,512	Acquired and sold properties	–88	–33	–488
No. of shares	317,279,530	316,991,411	317,279,530	Currency adjustment	–	–32	–
No. of shares after dilution	318,037,989	317,474,803	317,891,458	Rental revenue, comparable portfolios excluding currency effects	645	639	2,411
Equity per Class A and B share, SEK	62.38	50.73	55.19				
Equity per Class A and B share after dilution, SEK	62.23	50.65	55.09				

¹⁾ The preceding period is adjusted based on the assumption that the exchange rate is the same as in the current period.

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

Amounts in SEK M unless otherwise stated	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec	Amounts in SEK M unless otherwise stated	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec
Cash flow per Class A and B share							
Profit before tax	2,512	861	4,330	Interest coverage ratio	637	565	2,389
Items not affecting cash flow	-2,032	-419	-2,055	Reversal of profit from property management joint ventures and associated companies	-161	-133	-565
Tax paid	-66	-26	-55	Dividend from joint ventures and associated companies	-	-	424
Dividends attributable to preference and Class D shares	-63	-62	-285	Financial expenses	107	114	481
Cash flow	351	354	1,935	Corrected profit from property management before financial expenses	583	546	2,729
Cash flow per Class A and B share after dilution, SEK	1.10	1.11	6.09	Interest coverage ratio	5.4x	4.8x	5.7x
Net debt							
See page 12							
Net debt according to EMTN programme							
Interest-bearing liabilities	21,701	22,907	19,828	Interest coverage ratio, EMTN programme	637	565	2,389
Cash and cash equivalents and listed shares	-2,763	-2,891	-2,164	Profit from property management	96	114	442
Net debt according to EMTN programme	18,938	20,016	17,664	Net financial items	733	679	2,831
				Profit from property management before net financial items	7.6x	6.0x	6.4x
Net debt according to EMTN programme/Total assets							
Net debt according to EMTN programme	18,938	20,016	17,664	Equity/assets ratio	24,783	20,400	22,452
Total assets	50,885	47,081	46,622	Equity	50,885	47,081	46,622
Net debt according to EMTN programme/Total assets	37%	43%	38%	Total assets	49%	43%	48%
Net debt/EBITDA				Net asset value	23,690	19,508	21,101
Net debt	18,398	19,480	17,114	Equity	24,783	20,400	22,452
EBITDA rolling 12 months	2,725	2,349	2,689	Equity attributable to preference and Class D shares	-4,990	-4,318	-4,940
Net debt/EBITDA	6.8x	8.3x	6.4x	Reversal of derivatives	76	127	118
Net debt/run rate EBITDA				Reversal of deferred tax, temporary differences	2,919	2,493	2,590
Net debt	18,398	19,480	17,114	Reversals due to joint ventures	902	806	881
EBITDA, run rate	2,787	2,596	2,662	Net asset value	74.49	61.45	66.38
Net debt/EBITDA run rate	6.6x	7.5x	6.4x	Net asset value per Class A and B share after dilution, SEK			
Net debt/Total assets				Secured liabilities/Total assets			
Net debt	18,398	19,480	17,114	Secured liabilities	3,234	7,106	5,086
Total assets	50,885	47,081	46,622	Total assets	50,885	47,081	46,622
Net debt/Total assets	36%	41%	37%	Secured liabilities/Total assets	6%	15%	11%
Preference equity				Surplus ratio			
Equity per preference share, SEK	32.50	32.50	32.00	Net operating income	2,434	2,192	2,397
Number of preference shares outstanding	16,322,699	16,784,028	16,784,028	Rental revenue	2,927	2,661	2,898
Preference equity	530	545	537	Surplus ratio	83%	82%	83%
Earnings per Class A and B share¹⁾							
Profit after tax	2,157	749	3,711				
Dividends attributable to preference and Class D shares	-63	-62	-285				
Adjusted profit after tax	2,094	689	3,426				
Earnings per Class A and B share after dilution, SEK	6.59	2.16	10.78				

1) IFRS performance measure.

AB Sagax is a property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industry segment. Sagax's property holdings at 31 March 2021 amounted to 3,544,000 square metres, distributed between 681 properties.

AB Sagax (publ) is listed on Nasdaq Stockholm, Large Cap.
More information is available at www.sagax.se.

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