

INTERIM REPORT JANUARY – SEPTEMBER 2021

AB | SAGAX

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concept is to invest in commercial properties,
primarily in the warehouse and light industry segment*

Interim Report January – September 2021

JANUARY – SEPTEMBER 2021

- Rental revenue increased 7% to SEK 2,294 M (SEK 2,152 in the year-earlier period).
- Profit from property management increased 17% to SEK 2,096 M (1,795).
- Profit from property management per Class A and B share after dilution rose 20% to SEK 5.97 (4.98).
- In total, property revaluation affected profit by SEK 3,820 M (787).
- Revaluation of financial instruments had an impact of SEK 863 M (102).
- Profit after tax for the period was SEK 5,913 M (2,179), corresponding to SEK 18.00 (6.19) per Class A and B share after dilution.
- Cash flow from operating activities before changes in working capital amounted to SEK 1,776 M (1,778), corresponding to SEK 4.99 (4.92) per Class A and B share after dilution.
- Net investments amounted to SEK 3,419 M (5,246).

THIRD QUARTER OF 2021

- Rental revenue increased 7% to SEK 788 M (SEK 735 M in the year-earlier period).
- Profit from property management increased 18% to SEK 732 M (618).
- Profit from property management per Class A and B share after dilution rose 22% to SEK 2.11 (1.72).
- In total, property revaluation affected profit by SEK 1,067 M (504).
- Revaluation of financial instruments had an impact on profit of SEK 112 M (186).
- Profit after tax for the period was SEK 1,610 M (1,069), corresponding to SEK 4.86 (3.14) per Class A and B share after dilution.
- Cash flow from operating activities before changes in working capital amounted to SEK 527 M (482), corresponding to SEK 1.46 (1.29) per Class A and B share after dilution.
- Net investments amounted to SEK 1,220 M (1,723), of which property acquisitions accounted for SEK 1,051 M (1,621).

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 2,750 M. The forecast was presented in the interim report for January-June 2021.

Selected key performance indicators

	2021 Jan-Sep	2020 Jan-Sep	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	5.97	4.98	6.62	5.51	4.31	3.70	2.98
Change compared with preceding year, %	20	22	20	28	16	24	22
Earnings per Class A and B share after dilution, SEK	18.00	6.19	10.78	12.13	9.24	8.85	7.25
Dividend per Class A and B share, SEK	–	–	1.65	1.30	1.00	0.90	0.72
Net debt/EBITDA, multiple	6.8	7.0	6.4	6.6	7.4	8.1	8.7
Interest coverage ratio, multiple	6.7	6.0	5.7	4.9	4.2	3.7	3.4
Debt ratio, %	44	45	43	44	47	50	54
Properties' market value, SEK M	43,720	38,390	37,548	32,625	29,024	23,771	20,628
Property yield, %	6.1	6.5	6.3	6.4	6.8	6.9	7.1



The Vestaweg 5 property, located north of Amsterdam, was acquired in the third quarter. The property encompasses a total of 8,600 square metres of lettable area and is fully let.

Business concept, goals and strategies

BUSINESS CONCEPT

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

COMPANY GOALS

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

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

FINANCIAL TARGETS

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

STRATEGIES

Investment strategy

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

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

Financing strategy

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

The company has three classes of shares: Class A, B and D common shares. The Class D shares attract investor categories that value steady ongoing dividends.

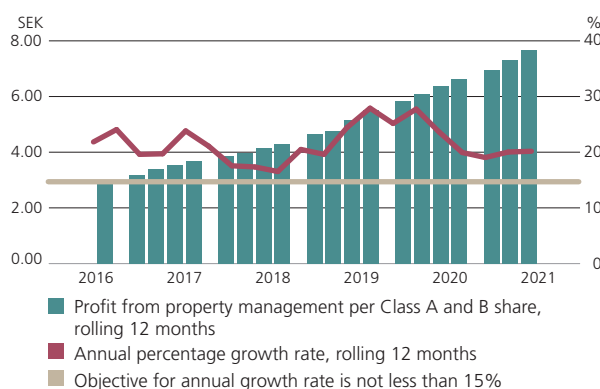
Management strategy

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 company mainly enters into triple net leases and is thus only

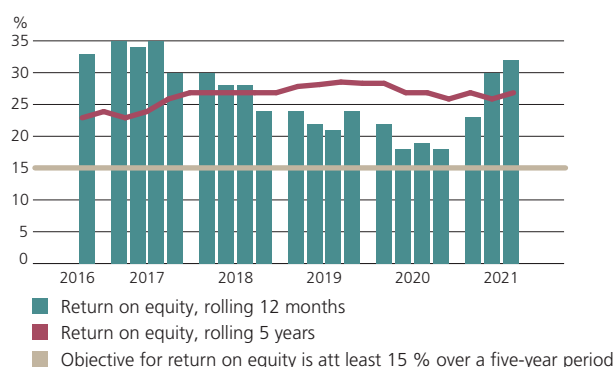
Financial targets

	Outcome rolling 12 months	Five-year average
Return on equity, measured over a five-year period, should not fall below 15% per year	32%	27%
Profit from property management per Class A and B share should increase by a minimum of 15% per year	20%	22%

Profit from property management per Class A and B share



Return on equity



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 use of energy.

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.

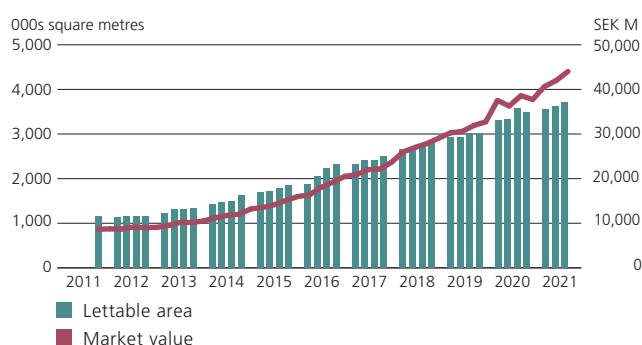
Financial sustainability

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.

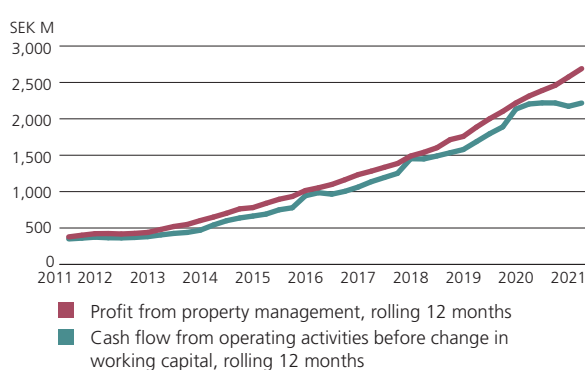
Professional and dedicated employees

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. Sagax's employees are expected to assume responsibility of their work duties and 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 September 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 17% to 2,096 M (1,795), of which joint ventures and associated companies accounted for SEK 529 M (419). 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 20% to SEK 5.97 (4.98).

Changes in the value of properties increased profit by SEK 3,820 M (787).

Revaluation of financial instruments had an impact of SEK 863 M (102). The revaluation of listed shares resulted in an unrealised change in value of SEK 742 M (52). The revaluation of financial instruments attributable to joint ventures amounted to SEK 35 M (68) pursuant to IFRS 9, while fixed-income derivatives accounted for SEK 98 M (–22) and other financial instruments for SEK –12 M (4).

Profit after tax for the period was SEK 5,913 M (2,179).

REVENUE

Rental revenue rose 7% to SEK 2,294 M (2,152). Revenue was primarily positively affected by property acquisitions. Revenue was impacted by SEK –61 M compared with the year-earlier period due to the SEK strengthening against the EUR.

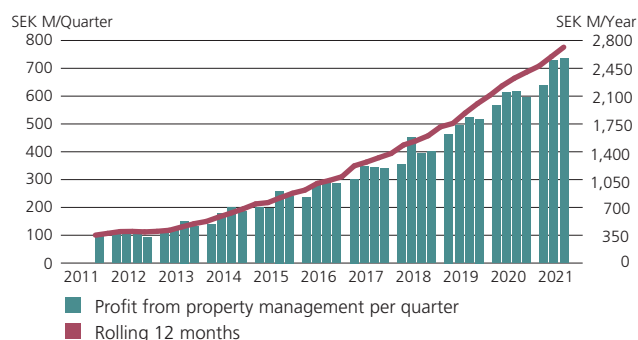
During the period, rental revenue in comparable portfolios increased 1.3% (3.9) excluding currency effects. The largest increase was found in the market segments of Helsinki (4.3%), Rest of Sweden (2.6%) and Paris (1.8%). Other market segments reported on average unchanged rental revenue in comparable portfolios excluding currency effects.

Other revenue amounted to SEK 19 M (7).

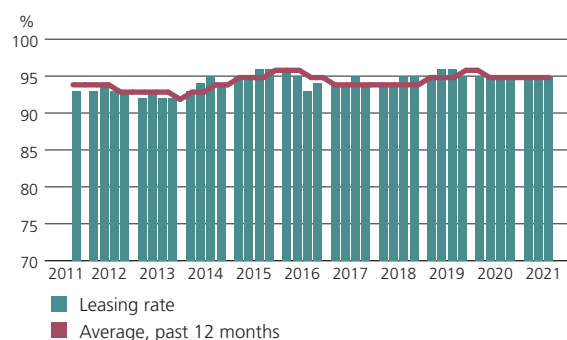
CHANGE IN THE ECONOMIC OCCUPANCY RATE

The economic occupancy rate amounted to 95% (95). During the period, the vacancy value rose SEK 112 M (80) due to tenants vacating premises and declined SEK 117 M (74) due to new lettings. Fixed-term rent discounts for new tenants increased SEK 4 M (5) to SEK 38 M (27) on an annual basis at the end of the period. Acquisitions and property divestments during the period impacted the vacancy value by SEK –2 M (9). In total, the vacancy value declined SEK 3 M (22) to SEK 156 M (157) at the end of the period.

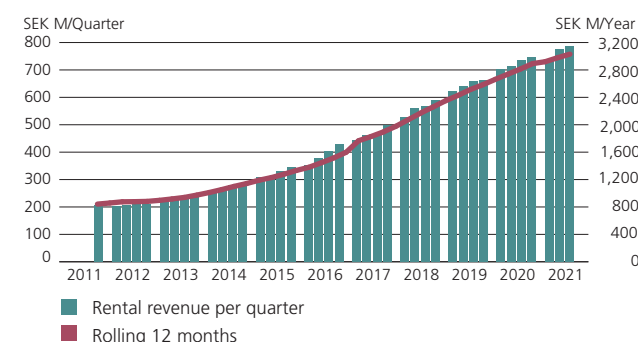
Profit from property management



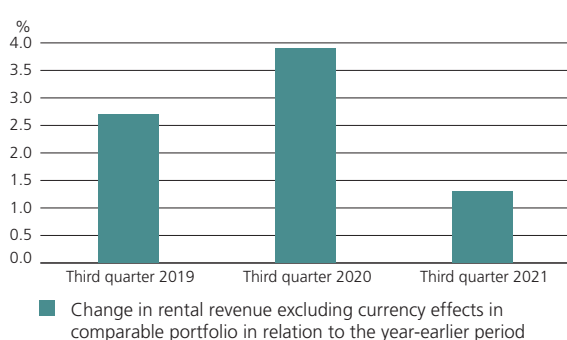
Economic leasing rate



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 85 M (102), of which leases with notice of vacating the premises accounted for SEK 83 M (102) and leases with notice of renegotiation for SEK 2 M (0). Of the leases for which notice had been received, vacancies corresponding to a rental value of SEK 5 M will occur in 2021. Leases for premises that have not yet been occupied reduced the adjusted vacancy value by SEK 30 M (17).

PROPERTY EXPENSES

Operating and maintenance costs amounted to a total of SEK 232 M (227). Expenses for property tax increased to SEK 115 M (103). Other property expenses rose to SEK 46 M (43). The increase was primarily due to property acquisitions.

CENTRAL ADMINISTRATION

Central administration costs amounted to SEK 96 M (86), corresponding to 4.2% (4.0) of the period's rental revenue.

At the end of the period, Sagax had 83 (75) 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	36
Finland	25
France	9
Netherlands	8
Spain	5
Total	83

Vacancy changes

Amounts in SEK M	2021 Jan-Sep	2020 Jan-Dec
Opening vacancy for each year	159	135
Vacancies	112	128
New lettings	-117	-123
Change in discounts provided	4	13
Vacancy value, acquired properties	4	11
Vacancy value, sold properties	-6	-1
Change in exchange rates	2	-3
Closing vacancy value	156	159
Terminated for renegotiation	2	-
Terminated lease, not vacated	83	68
Letting, not occupied	-30	-17
Adjusted closing vacancy value	211	210

Leases terminated for vacancy

Year of vacancy	No. of leases	Rental value, SEK M
2021	16	5
2022	34	57
2023	3	16
2024	1	1
2025	4	4
>2025	-	-
Total	58	83

Vacancies on 1 October 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	723	50	7%	637,000	24,000	4%
Helsinki	731	39	5%	651,000	48,000	7%
Netherlands	387	19	5%	533,000	20,000	4%
Paris	365	14	4%	353,000	14,000	4%
Finland, university cities	374	17	5%	383,000	14,000	4%
Madrid & Barcelona	138	12	9%	257,000	32,000	12%
Rest of Sweden	151	3	2%	262,000	6,000	2%
Rest of Finland	224	1	0%	306,000	1,000	0%
Rest of Europe	282	1	0%	315,000	3,000	1%
Total	3,375	156	5%	3,699,000	161,000	4%

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

PROFIT FROM JOINT VENTURES AND ASSOCIATED COMPANIES

Profit from joint ventures and associated companies for the period amounted to SEK 1,782 M (588), of which profit from property management accounted for SEK 529 M (419), changes in the value of fixed-income derivatives for SEK 79 M (–19) and changes in the value of properties for SEK 1,490 M (348). Profit was charged with deferred tax of SEK 317 M (160). Refer also to page 11 for more information.

NET FINANCIAL ITEMS

Interest-bearing liabilities increased to SEK 25,234 M (21,092).

Financial expenses amounted to SEK 315 M (335). The average interest rate was 1.4% (1.8) on 30 September 2021 due to refinancing and new borrowing at lower interest rates.

Financial income of SEK 78 M (30) pertained to dividends primarily from holdings in Nyfosa and interest on bonds and other financial investments.

REVALUATION OF 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, except for five German properties that are only valued externally at year end. Properties for which sales agreements have been signed are valued at the sales price. As of 30 September, 87% of the properties had been valued by authorised property appraisers and 10% had been valued at the sales price. For other properties, the market value was determined as the acquisition price or internal valuations were applied. The value growth for the properties amounted to SEK 2,330 M (439), of which unrealised changes in value amounted to SEK 2,332 M (450).

Unrealised changes in value

Amounts in SEK M	Jan-Sep 2021
New lettings/Renegotiations	676
Vacancies/Renegotiations	–107
General change in market value	1,763
Total	2,332

REVALUATION OF FINANCIAL INSTRUMENTS

The change in the value of financial instruments amounted to SEK 863 M (102), of which SEK 79 M (–19) referred to joint ventures.

The change in value attributable to fixed-income derivatives amounted to SEK 98 M (–22), of which SEK 79 M (–19) referred to joint ventures.

Revaluation of listed shares resulted in an unrealised change in value of SEK 742 M (52).

The revaluation of financial instruments attributable to joint ventures amounted to SEK 35 M (68) in accordance with IFRS 9.

Other financial instruments were revalued by SEK –12 M (4).

TAX

Sagax recognised a current tax expense of SEK 85 M (84).

The deferred tax expense amounted to SEK 456 M (261).

The Group's deferred tax liabilities at the end of the period amounted to SEK 2,926 M (2,290).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 1,776 M (1,778). Changes in working capital had an impact of SEK –29 M (160) on cash flow. Investing activities had an impact of SEK –5,494 M (–5,536) on cash flow, while cash flow from financing activities amounted to SEK 3,755 M (3,689). In total, cash and cash equivalents changed SEK 7 M (91) 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 46 M (42).

Forecast and current earnings capacity

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 2,750 M. The forecast was presented in the interim report for January-June 2021.

CURRENT EARNINGS CAPACITY

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

The table below shows the company's earnings capacity on a 12-month basis at 1 October 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

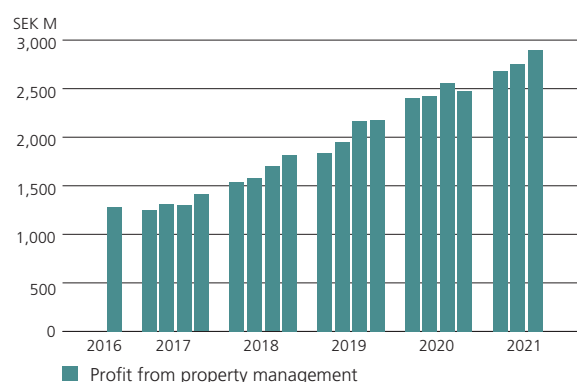
for vacant premises. Property expenses are based on actual outcomes over the past 12 months adjusted for the holding period. Central administration costs are based on actual outcomes over the past 12 months. Net financial items are calculated based on interest-bearing liabilities and assets on the balance 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 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.

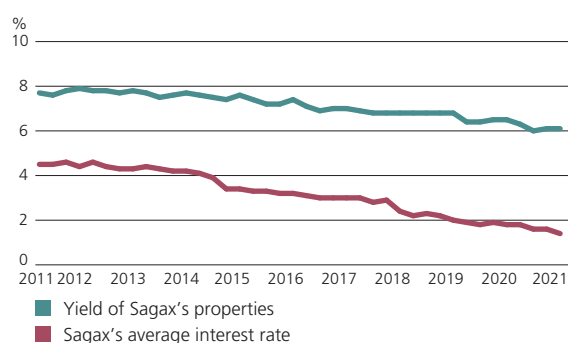
Current earnings capacity

Amounts in SEK M	1 Oct 2021	1 Jan 2021
Rental value	3,375	3,024
Vacancy	-156	-159
Rental revenue	3,219	2,865
Property expenses	-545	-495
Net operating income	2,674	2,370
Central administration	-142	-132
Joint ventures and associated companies	749	638
Net financial items	352	-372
Lease expenses	-27	-26
Profit from property management	2,903	2,479
Tax	-523	-471
Profit after tax	2,380	2,008
– of which, holders of preference shares	–	34
– of which, holders of Class D shares	252	252
– of which, holders of Class A and B shares	2,128	1,723
Run rate yield, %	6.1	6.2
Net debt/run rate EBITDA, multiple	6.4	6.4

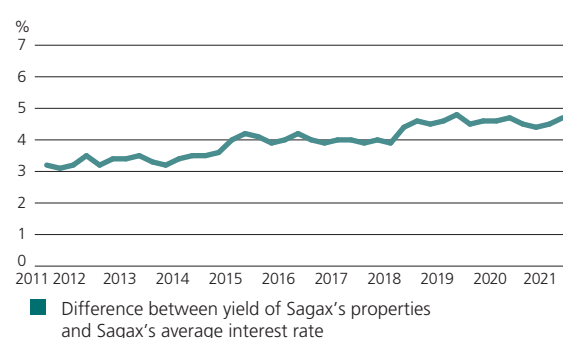
Current earnings capacity before tax



Yield and interest rate



Difference between yield and interest rate



Property portfolio

On 30 September 2021, the property portfolio comprised 725 (698) properties with a lettable area of 3,699,000 square metres (3,565,000). At the end of the period, the rental value and contractual annual rent amounted to SEK 3,375 M (3,171) and SEK 3,219 M (3,014), respectively. This corresponds to an economic occupancy rate of 95% (95).

INVESTMENTS

During the period, Sagax invested SEK 3,683 M (5,303), of which property acquisitions accounted for SEK 3,264 M (4,838).

Properties were acquired with a total lettable area of 216,000 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 418 M (465) was invested in the existing property portfolio. SEK 41 M of the investments for the period were made against rent supplements, SEK 91 M was invested in conjunction with new lettings, SEK 150 M in conjunction with new production, SEK 75 M pertained to property maintenance and SEK 30 M referred to project planning costs ahead of sales. A total of SEK 30 M was invested in solar power facilities and other energysaving investments.

The Group has agreed to acquire three properties in France, one in the Netherlands and one in Spain for which possession will be taken after the end of the period. The total investment will amount to SEK 678 M. After the end of the period, Sagax also acquired a property in Finland for a corresponding SEK 76 M under an exchange transaction.

DIVESTMENTS

During the period, nine properties were divested for a total of SEK 265 M. Sagax signed an agreement for the sale of a property in Sweden for a corresponding SEK 175 M and a portfolio comprising 72 properties in Finland for a corresponding SEK 715 M, which will be vacated in the fourth quarter. In addition, agreements were previously signed for the sale of two additional properties in Finland for a total of a corresponding SEK 72 M, which will be vacated after the end of the period. Sagax divested two properties in Finland under an exchange transaction after the end of the period.

PROPERTY PORTFOLIO YIELD

The yield for the period in relation to market value amounted to 6.1% (6.5).

Summary of property portfolio 1 October 2021

Segment	Market value			No. of properties	Lettable area, sqm	Vacant area, sqm	Rental value, SEK M	Economic occupancy rate	Contractual annual rent, SEK M
	SEK M	Share	SEK per sqm						
Stockholm	11,046	25%	17,300	80	637,000	24,000	723	93%	673
Helsinki	8,757	20%	13,500	74	651,000	48,000	731	95%	692
Netherlands	5,448	12%	10,200	119	533,000	20,000	387	95%	368
Paris	4,238	10%	12,000	95	353,000	14,000	365	96%	351
Finland, university cities	3,784	9%	9,900	67	383,000	14,000	374	95%	357
Madrid & Barcelona	2,104	5%	8,200	71	257,000	32,000	138	91%	125
Rest of Sweden	1,931	4%	7,400	30	262,000	6,000	151	98%	148
Rest of Finland	2,683	6%	8,800	127	306,000	1,000	224	100%	223
Rest of Europe	3,730	9%	11,800	62	315,000	3,000	282	100%	282
Total	43,720	100%	11,500	725	3,699,000	161,000	3,375	95%	3,219

Property investments January-September 2021

Amounts in SEK M	Property acquisitions	Existing portfolio	Total	Share of total investments	Divestments	Net investments
Stockholm	75	123	198	5%	-203	-5
Helsinki	891	172	1,064	29%	-	1,064
Netherlands	616	31	647	18%	-	647
Paris	454	15	469	13%	-	469
Finland, university cities	482	38	520	14%	-5	515
Madrid & Barcelona	226	11	237	6%	-	237
Rest of Sweden	46	18	64	2%	-46	18
Rest of Finland	-	7	7	0%	-11	-4
Rest of Europe	472	4	477	13%	-	477
Total	3,264	418	3,683	100%	-265	3,417

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 1,985 leases (1,801). 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 1,973 leases (1,790) 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% (81) of Sagax's annual rent. In addition, Sagax is party to ten leases (eight) with a rental value corresponding to 1–2% of the Group's annual rent. Combined, these leases total 13% (11) of Sagax's annual rent. Only two (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 6% (8) of the Group's contractual annual rent.

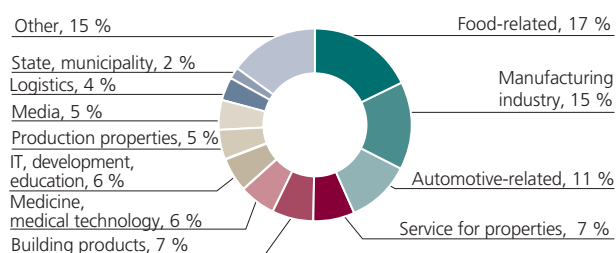
Sagax's tenants operate in a variety of sectors. 17% (16) of rental revenue comes from tenants with food-related operations, 15% (15) from companies in the manufacturing industry and 11% (10) in the automotive-related industry, including sales, service and manufacturing. Diverse tenant industries is 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 58% of the annual rent expire in or after 2025. 2–15% 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%	195	6	2	98	9
1–2%	428	13	10	43	8
<1%	2,595	81	1,973	1	5
Total	3,219	100	1,985	2	5

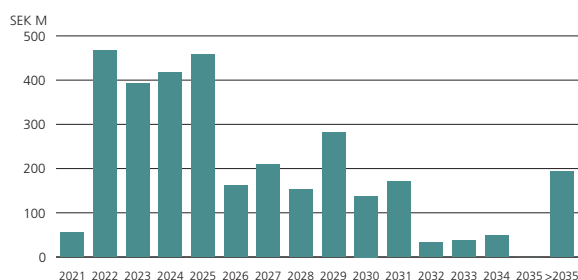
Industry exposure



Lease terms

Year of expiry	Area, sqm	Annual rent	
		SEK M	Share
2021	70,000	55	2%
2022	479,000	467	15%
2023	390,000	393	12%
2024	426,000	418	13%
2025	610,000	459	14%
>2025	1,562,000	1,426	44%
Total	3,538,000	3,219	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 30 September 2021, the total market value of Sagax's 725 (698) properties was SEK 43,720 M (38,390). Exchange-rate fluctuations during the period resulted in property values abroad increasing by SEK 422 M (70).

The recognised unrealised change in value for the period amounted to SEK 2,332 M (450).

VALUATION METHOD AND IMPLEMENTATION

The valuations were carried out in accordance with generally accepted international valuation methods. As of 30 September 2021, 87% of valuation objects were valued by authorised property appraisers from independent valuation companies.

The principal 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

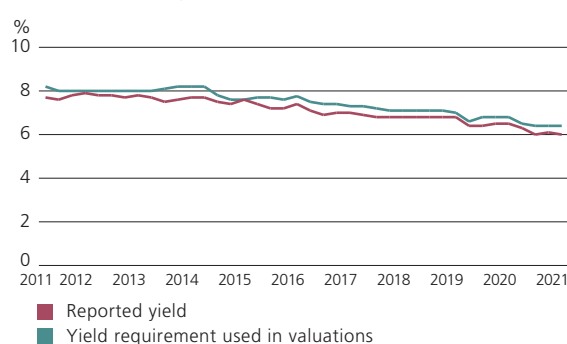
The cost of capital for the present value calculation of cash flows (4.5–15.6%), the cost of capital for the present value calculation of residual values (4.5–15.6%) and the yield requirement for the residual value calculations (4.0–14.0%) are based on analyses of transactions carried out and on individual 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 7.4% (7.6) and 7.5% (7.9), respectively. The weighted yield requirement was 6.4% (6.7) on 30 September 2021. By comparison, the yield reported by Sagax for the period was 6.1% (6.5). A comparison of the yield reported over time and the yield requirement used in valuations is provided below. A sensitivity analysis is found on page 25.

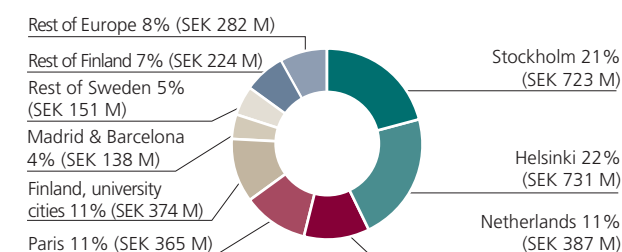
Change in carrying amount of properties

	SEK M	No.
Property portfolio, 31 December 2020	37,548	673
Acquisition of properties	3,264	61
Investments in the current portfolio	418	
Divestment of properties	-265	-9
Currency translation effect	422	
Unrealised changes in value	2,332	
Property portfolio, 30 September 2021	43,720	725

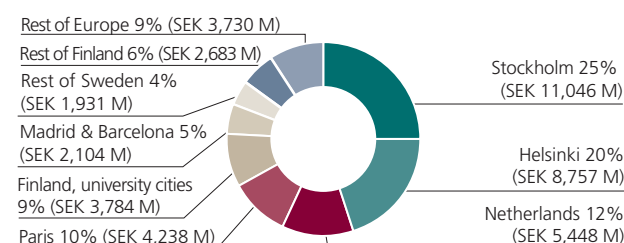
Yield compared with yield requirement



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 529 M (419) to profit from property management during the period. Sagax's share of changes in the value of properties amounted to SEK 1,490 M (348) and the share of changes in the value of derivatives was SEK 79 M (–19) for the period. The total value of the commitment related to ownership of joint ventures and associated companies amounted to SEK 8,745 M (6,116).

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 and 93% of rental revenue derives from tax-financed operations. For more information, refer to the company's website, hemso.se.

Söderport Property Investment AB

Sagax owns 50% of Söderport, 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.

A corresponding 70% of Söderport's rental value of SEK 919 M was located in Stockholm on 30 September 2021. Söderport's economic vacancies amounted to SEK 42 M (45) at the end of the period, corresponding to a vacancy rate of 5% (4). Of the economic vacancies, SEK 21 M (12) comprised fixed-term rent discounts provided for new lettings. At the end of the period, Stockholm accounted for 94% 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.

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 33 properties that are let to Beijer Byggmateriel AB. The lettable area amounts to 181,000 square metres, of which 91% comprises warehouse premises/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 21.6% of the votes and 15.5% 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 406 properties with a total property value of SEK 14.4 billion and a rental value of SEK 1,250 M on 30 September 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 25.1% of the votes and 28.3% of the capital in Fastighetsbolaget Emilshus AB. Emilshus acquires, develops and manages commercial properties in Småland. The company's property portfolio encompassed 91 properties with a total market value of SEK 4.0 billion on 30 September 2021. For more information, refer to the company's website, emilshus.com.

Sagax's joint ventures

	Hemsö		Söderport		Ess-Sierra ¹⁾	
	Jan – Sep 2021	Jan – Sep 2020	Jan – Sep 2021	Jan – Sep 2020	Jan – Sep 2021	Jan – Sep 2020
Sagax's participating interest, %	15	15	50	50	50	–
Rental revenue, SEK M	2,668	2,432	643	607	68	–
Profit from property management, SEK M	1,587	1,370	383	346	44	–
Profit for the period, SEK M	5,404	1,532	1,236	545	79	–
Sagax share of profit comprehensive income, SEK M	762	198	593	260	39	–
Sagax's share of profit from property management, SEK M	200	179	178	161	22	–
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
No. of properties	426	381	84	80	33	–
Carrying amount of properties, SEK M	73,516	59,658	12,960	11,433	1,406	–
Lettable area, sqm	2,226,000	1,954,000	784,000	771,000	181,000	–
Lease term, years	9.6	9.9	4.6	5.0	6.8	–
Economic vacancy rate, %	2.0	2	5	4	0	–
Interest-bearing liabilities, SEK M	43,067	38,431	6,652	6,337	791	–
Loan maturity, years	6.5	7.0	2.7	3.8	3.2	–
Fixed interest, years	6.2	6.6	2.3	2.4	2.0	–
Market value of derivatives, SEK M	32	–293	–148	–229	0	–
Carrying amount, SEK M	4,062	2,907	2,311	1,764	281	–

1) Ess-Sierra was established in December 2020.

Funding

EQUITY

Consolidated equity amounted to SEK 27,173 M (21,541) on 30 September 2021. Changes in equity during the period were attributable to comprehensive income of SEK 6,056 M, a new issue of Class B common shares of SEK 12 M linked to the incentive plan, redemption of preference shares of SEK 571 M and a share dividend of SEK 776 M.

INTEREST-BEARING LIABILITIES

Sagax's interest-bearing liabilities at the end of the period amounted to SEK 25,234 M (21,092). An amount corresponding to SEK 22,916 M (15,898) of liabilities was raised in EUR.

Interest-bearing liabilities attributable to listed bonds amounted to SEK 23,148 M (15,309). The remaining interest-bearing debt comprised commercial paper of SEK 2,040 M (826) and liabilities to banks of SEK 47 M (4,957).

Unsecured liabilities corresponded to 100% (73) of interest-bearing liabilities.

The interest coverage ratio at the end of the period amounted to 668% (600) and the debt ratio to 44% (45). Net interest-

bearing debt for the past 12 months was 6.8 (7.0) times EBITDA and 6.4 (6.6) times run rate EBITDA, see page 7 for more information.

A total of SEK 12,930 M (7,631) in loans was raised, of which SEK 10,131 M (3,309) in the form of bonds under the framework of Sagax's EMTN programme. Repayments during the period totalled SEK 7,837 M (4,085). Exchange-rate fluctuations increased interest-bearing liabilities by SEK 268 M (reduced 7).

Net interest-bearing debt totalled SEK 18,644 M (18,311).

The average remaining fixed-interest and loan maturity terms were 4.4 years (3.4) and 4.7 years (3.7), respectively, at the end of the period. The average interest rate on interest-bearing liabilities was 1.4% (1.8), including the effect of derivatives.

Sagax has SEK 22,649 M (12,709) in loans at fixed interest rates. The company has interest-rate caps and interest-rate swaps with a total nominal value of SEK 2,798 M (6,047), of which interest-rate swaps with an average interest rate of 1.3% (1.4) accounted for SEK 879 M (2,017).

Fixed-interest period and loan maturity, 30 September 2021

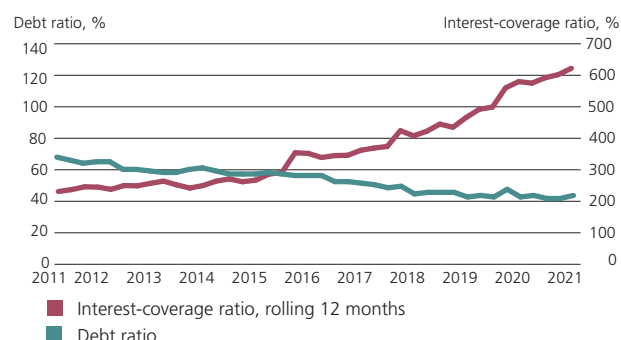
Year of expiry	Fixed interest			Loan maturity		Interest-rate swaps	
	SEK M	Interest rate	Share	SEK M	Share	SEK M	Interest rate
2021	2,040	0.7%	7%	44	0%	–	–
2022	800	0.0%	3%	2	0%	–	–
2023	1,400	0.6%	5%	1,361	5%	250	0.5%
2024	5,308	2.0%	19%	6,517	26%	–	–
2025	4,111	2.0%	15%	4,111	16%	–	–
>2025	13,828	1.0%	50%	13,199	52%	629	1.7%
Total/average	27,487¹⁾	1.3%²⁾	100%	25,234	100%	879	1.3%

1) Fixed-interest exceeds interest-bearing liabilities by SEK 2,253 M. 2) Based on fixed-interest amount.

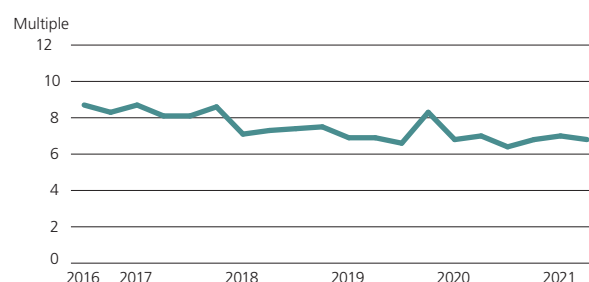
Net debt

Amounts in SEK M	30 Sep 2021	30 Sep 2020
Interest-bearing liabilities	25,234	21,005
Interest-bearing assets	–546	–537
Listed shares	–6,012	–1,980
Cash and cash equivalents	–32	–177
Net debt	18,644	18,311

Debt ratio and interest-coverage ratio



Net debt/EBITDA, rolling 12 month



WORKING CAPITAL AND UNUTILISED CREDIT FACILITIES

Sagax's working capital amounted to SEK 421 M (-1,691) on 30 September. At the same date, unutilised credit facilities including back-up facilities for commercial paper programmes

amounted to SEK 6,913 M (4,921). No additional collateral needs to be pledged to utilise these credit facilities.

Listed bonds, 30 September 2021

Maturity	Nominal amount, SEK M	Liability, SEK M	Effective interest	Interest terms	Maturity date	ISIN code
2019-2023	500	500	0.91%	Stibor 3M+0.90%	16 Jun 2023	XS2093119175
2019-2023 ¹⁾	250	250	1.18%	1.13%	16 Jun 2023	XS2093119845
Total/average	750	749	1.00%			

Maturity	Nominal amount, EUR M	Liability, EUR M	Effective interest	Coupon rate	Maturity date	ISIN code
2018-2024 ¹⁾	500	499	2.10%	2.00%	17 Jan 2024	XS1877540465
2019-2025 ¹⁾	400	403	1.99%	2.25%	13 Mar 2025	XS1962543820
2020-2027 ¹⁾	300	298	1.26%	1.12%	30 Jan 2027	XS2112816934
2020-2028 ¹⁾	500	496	0.87%	0.75%	26 Jan 2028	XS2291340433
2021-2029 ¹⁾	500	500	1.01%	1.00%	17 May 2029	XS2342227837
Total/average	2,200	2,196	1.44%			

1) Fixed-rate loans.

Derivative contracts, 30 September 2021

Amounts in SEK M	Nominal amount	Years to maturity	Market value 30 Sep 2021	Market value 31 Dec 2020	Change for the period
Nominal interest-rate swaps	879	5.5	-79	-118	39
Interest-rate caps	1,919	1.3	0	0	0
Total	2,798	2.6	-79	-118	39

Rating and key performance indicators according to EMTN programme

	Financial covenant in EMTN programme	2021 30 Sep	2020 30 Sep	2020 31 Dec
Rating according to Moody's Investor Services		Baa3, Stable outlook	Baa3, Stable outlook	Baa3, Stable outlook
Net debt/Total assets	<65%	33%	40%	37%
Interest coverage ratio	>1.8x	9.1x	6.5x	6.4x
Secured liabilities/Total assets	<45%	0%	12%	11%

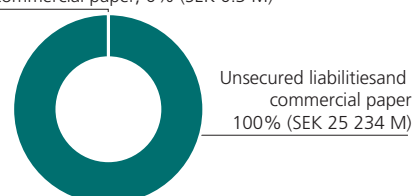
Sources of financing

Commercial paper 8,1% (2,039 M)
Bank loans 0,2% (46 M)



Distribution between secured and unsecured liabilities

Secured liabilities and commercial paper, 0% (SEK 0.3 M)



Consolidated statement of comprehensive income

Amounts in SEK M	2021 Jan-Sep	2020 Jan-Sep	2021 Jul-Sep	2020 Jul-Sep	2020 Jan-Dec	Rolling 12 months
Rental revenue	2,294	2,152	788	735	2,898	3,040
Other revenue	19	7	5	4	10	22
Operating expenses	-179	-170	-52	-52	-232	-241
Maintenance costs	-53	-57	-16	-20	-79	-74
Property tax	-115	-103	-39	-36	-141	-153
Other property expenses	-46	-43	-17	-15	-60	-63
Net operating income	1,920	1,786	669	616	2,397	2,531
Central administration	-96	-86	-32	-29	-132	-142
Profit from joint ventures and associated companies	1,773	588	593	198	1,033	2,2009
– of which, profit from property management	529	419	185	137	565	689
– of which, changes in value	1,569	329	525	114	741	1,940
– of which, tax	-317	-160	-117	-53	-272	-420
– of which, other	-9	–	–	–	–	-9
Financial income	78	30	29	10	39	88
Financial expenses	-315	-335	-111	-110	-455	-435
Financial expense, interest component of leases	-20	-19	-7	-6	-26	-27
Profit including changes in value of joint ventures and associated companies	3,340	1,964	1,141	679	2,857	4,215
– of which, profit from property management	2,096	1,795	732	618	2,389	2,704
Properties, realised	-2	-11	-6	-11	-30	-21
Properties, unrealised	2,332	450	568	413	1,274	3,156
Financial instruments, realised	-10	–	-10	–	1	-9
Financial instruments, unrealised	794	122	101	136	228	900
Profit before tax	6,454	2,524	1,794	1,217	4,330	8,241
Deferred tax	-456	-261	-156	-165	-511	-706
Current tax	-85	-84	-28	17	-108	-108
Profit for the period	5,913	2,179	1,610	1,069	3,711	7,427
<i>Other comprehensive income</i>						
<i>– items that may be reversed to profit or loss:</i>						
Translation differences for foreign operations	252	151	123	112	-693	-592
Share of other comprehensive income for joint ventures	9	8	3	0	-13	-12
Translation differences, hedge accounting	-114	-79	-59	-62	355	320
Tax on items that may be reversed	-4	-3	-1	-2	14	13
Comprehensive income for the period	6,056	2,256	1,676	1,117	3,374	7,156
Earnings per Class A and B share, SEK	18.03	6.20	4.87	3.15	10.80	22.58
Earnings per Class A and B share after dilution, SEK	18.00	6.19	4.86	3.14	10.78	22.54
Earnings per Class D share, SEK	1.50	1.50	1.00	1.00	2.00	2.00
Average no. of Class A and B shares, millions	317.4	317.1	317.7	317.3	317.1	317.4
Average no. of Class A and B shares after dilution, millions	318.0	317.7	318.0	317.8	317.7	318.0
Average number of Class D shares, millions	126.1	115.9	126.3	125.8	118.4	126.0

Condensed consolidated statement of financial position

Amounts in SEK M	2021 30 Sep	2020 30 Sep	2020 31 Dec
Investment properties	42,752	38,102	37,264
Investment properties for sale	968	288	284
Leases, right-of-use assets	362	383	368
Joint ventures and associated companies	8,745	6,117	6,833
Interest-bearing non-current receivables	546	537	550
Other fixed assets	113	61	130
Total fixed assets	53,487	45,488	45,429
Listed shares	3,144	559	738
Other current assets	595	554	430
Cash and bank balances	32	177	24
Total current assets	3,771	1,290	1,193
Total assets	57,257	46,778	46,622
Equity	27,173	21,541	22,452
Non-current interest-bearing liabilities	23,148	19,315	17,977
Deferred tax liabilities	2,926	2,290	2,476
Fixed-income derivatives	79	124	118
Lease liability, right-of-use assets	404	407	394
Other non-current liabilities	177	120	145
Total non-current liabilities	26,734	22,256	21,110
Commercial paper	2,040	826	1,081
Other current interest-bearing liabilities	47	864	770
Other current liabilities	1,264	1,291	1,209
Total current liabilities	3,350	2,981	3,060
Total equity and liabilities	57,257	46,778	46,622

Consolidated statement of cash flows

Amounts in SEK M	2021 Jan-Sep	2020 Jan-Sep	2021 Jul-Sep	2020 Jul-Sep	2020 Jan-Dec	Rolling 12 months
Profit before tax	6,454	2,524	1,794	1,217	4,330	8,259
Changes in value of financial instruments	-784	-122	-92	-136	-228	-891
Change in value of properties	-2,330	-439	-562	-402	-1,244	-3,135
Profit from joint ventures and associated companies	-1,773	-587	-593	-198	-1,033	-2,218
Dividend from joint ventures and associated companies	343	405	33	-	424	363
Dissolution of allocated borrowing costs	32	29	12	8	47	49
Other items not included in cash flow	-15	-3	-5	-5	-21	-33
Tax paid	-151	-28	-61	-1	-55	-178
Cash flow from operating activities before changes in working capital	1,776	1,778	527	482	2,219	2,217
Cash flow from changes in current receivables	-52	28	49	18	77	-3
Cash flow from changes in current liabilities	23	132	185	55	260	152
Cash flow from operating activities	1,747	1,938	760	556	2,557	2,366
Acquisition of properties	-3,264	-4,838	-1,051	-1,621	-5,585	-4,011
Property sales	263	46	7	30	1,426	1,643
Investments in existing properties	-418	-457	-176	-134	-666	-627
Acquisition of listed shares	-1,663	-101	-174	-19	-256	-1,818
Acquisition of financial instruments	-7	-7	-	-	-7	-7
Acquisition of joint ventures and associated companies	-167	-14	-14	-	-260	-413
Capital contribution to joint ventures and associated companies	-271	-150	-150	-150	-150	-271
Dividend to joint ventures and associated companies	-	-	-	-	-41	-41
Increase in other fixed assets	-16	-21	-	-14	-10	-6
Decrease in other fixed assets	50	6	30	6	6	50
Cash flow from investing activities	-5,494	-5,536	-1,528	-1,902	-5,543	-5,501
Issue of Class D and B shares	36	528	-	-1	527	35
Redemption of preference shares	-572	-	-	-	-	-572
Dividend paid to shareholders	-729	-402	-63	-71	-679	-1,007
Incentive plan	-24	-9	-	-	-9	-24
Borrowings	12,930	7,631	3,591	1,991	7,886	13,184
Repayment of loans	-7,837	-4,085	-2,722	-440	-4,791	-8,543
Redemption of financial derivatives	-21	-	-13	-	-8	-29
Decrease in other non-current liabilities	-39	-	-14	-	-	-63
Increase in other non-current liabilities	11	26	-	4	1	10
Cash flow from financing activities	3,755	3,689	778	1,483	2,926	2,992
Cash flow for the period	7	91	10	137	-60	-143
Exchange rate differences in cash and cash equivalents	-	-	-	2	-2	-2
Change in cash and cash equivalents	7	91	10	139	-62	-145
Cash and cash equivalents at beginning of period	24	86	22	38	86	177
Cash and cash equivalents at end of period	32	177	32	177	24	32

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
Issue of Class D shares	32	481	–	–	513
Transaction costs	–	–4	–	–	–4
Issue of Class B shares, incentive plan	1	20	–	–	20
Transaction costs	–	–1	–	–	–1
Dividends	–	–	–	–491	–491
Redemption of incentive plan	–	–	–	–14	–14
Incentive plan	–	–	–	5	5
Profit for the period, January-September 2020	–	–	–	2,179	2,179
Other comprehensive income, January-September 2020	–	–	77	–	77
Equity, 30 September 2020	808	3,542	752	16,439	21,541
Dividends	–	–	–	–206	–206
Profit for the period, October-December 2020	–	–	–	1,532	1,532
Other comprehensive income, October-December 2020	–	–	–414	–	–414
Equity, 31 December 2020	808	3,542	338	17,765	22,452
Issue of Class B shares, incentive plan	1	–	–	36	36
Redemption of preference shares	–29	–	–	–543	–571
Transaction costs	–	–	–	–1	–1
Dividends	–	–	–	–776	–776
Redemption of incentive plan	–	–	–	–31	–31
Incentive plan	–	–	–	7	7
Profit for the period, January-September 2021	–	–	–	5,913	5,913
Other comprehensive income, January-September 2021	–	–	143	–	143
Equity, 30 September 2021	780	3,542	481	22,371	27,173

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

Parent Company income statement

Amounts in SEK M	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Net sales	65	57	77
Administration costs	-72	-67	-94
Loss before financial income and expenses	-7	-10	-17
Profit from participations in Group companies	102	208	511
Profit from participations in joint ventures	96	90	85
Financial income	522	334	434
Financial expenses	-481	-312	-475
Profit before tax and appropriations	231	311	538
Appropriations	-	-	52
Tax	-1	0	-2
Profit for the period	231	310	589
<i>Other comprehensive income</i>			
Other comprehensive income	-	-	0
Comprehensive income for the period	231	310	589

Condensed Parent Company balance sheet

Amounts in SEK M	2021 30 Sep	2020 30 Sep	2020 31 Dec
Tangible fixed assets	1	-	1
Receivables from Group companies	1,489	1,524	1,654
Other financial fixed assets	9,474	7,327	8,035
Total fixed assets	10,964	8,851	9,690
Cash and bank balances	0	8	0
Receivables from Group companies	19,978	13,650	13,669
Other current assets	135	1,397	93
Total current assets	20,114	15,055	13,762
Total assets	31,077	23,906	23,453
Equity	3,116	4,154	4,227
Untaxed reserves	30	30	30
Non-current interest-bearing liabilities	8,952	11,199	10,673
Liabilities to Group companies	14,741	3,834	3,554
Deferred tax liabilities	4	3	4
Total non-current liabilities	23,697	15,036	14,232
Current interest-bearing liabilities	2,040	826	1,148
Liabilities to Group companies	1,803	3,336	3,514
Other current liabilities	392	524	302
Total current liabilities	4,235	4,686	4,964
Total equity, untaxed reserves and liabilities	31,077	23,906	23,453

Segment information

Profit items per segment	Rental revenue ¹⁾		Net operating income		Changes in value, properties				Total yield	
					Unrealised		Realised			
	2021 Jan-Sep	2020 Jan-Sep	2021 Jan-Sep	2020 Jan-Sep	2021 Jan-Sep	2020 Jan-Sep	2021 Jan-Sep	2020 Jan-Sep	2021 Jan-Sep	2020 Jan-Sep
Amounts in SEK M										
Stockholm	499	488	426	411	501	141	5	–	931	552
Helsinki	495	449	398	357	809	–63	–	–	1,208	294
Netherlands	258	215	236	194	465	148	1	–2	701	341
Paris	239	223	183	169	245	125	–	–	428	293
Finland, university cities	252	251	198	198	38	–12	–1	2	234	188
Madrid & Barcelona	82	72	71	63	4	222	–	–1	75	284
Rest of Sweden	113	114	106	109	27	3	–	–	133	111
Rest of Finland	166	174	148	157	118	–44	–6	–10	261	103
Rest of Europe	192	166	178	154	126	–69	–	–	305	84
Non-specified	–	–	–24	–25	–	–	–	–	–24	–25
Total	2,294	2,152	1,920	1,786	2,332	450	–2	–11	4,251	2,226

Asset items per segment	Market value properties		Investment properties		Acquisition properties		Divestment properties	
	2021 30 Sep	2020 30 Sep	2021 30 Sep	2020 30 Sep	2021 30 Sep	2020 30 Sep	2021 30 Sep	2020 30 Sep
Amounts in SEK M								
Stockholm	11,046	10,499	123	193	75	325	–203	–
Helsinki	8,757	6,936	172	193	891	32	–	–
Netherlands	5,448	3,702	31	35	616	548	–	–27
Paris	4,238	3,487	15	13	454	417	–	–
Finland, university cities	3,784	3,269	38	11	482	97	–5	–3
Madrid & Barcelona	2,104	1,930	11	–	226	839	–	–10
Rest of Sweden	1,931	2,911	18	7	46	1,073	–46	–
Rest of Finland	2,683	2,612	7	13	–	–	–11	–17
Rest of Europe	3,730	3,044	4	1	472	1,508	–	–
Total	43,720	38,390	418	465	3,264	4,838	–265	–58

1) All rental revenue pertains to external tenants.

Key performance indicators

	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec	Jan-Dec 2019	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec
Property-related key figures							
Yield, %	6.1	6.5	6.3	6.4	6.8	6.9	7.1
Surplus ratio, %	83	82	83	83	83	83	85
Occupancy rate by area, %	96	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	3,699	3,565	3,480	3,022	2,850	2,489	2,312
No. of properties at the end of the period	725	698	673	553	512	495	440
Financial key figures							
Return on total capital, %	6	7	7	7	7	7	7
Return on equity, %	32	14	18	24	24	30	33
Average interest rate, %	1.4	1.8	1.8	1.9	2.2	3.0	3.1
Fixed-interest period incl. derivatives, years	4.4	3.4	3.4	3.5	3.0	2.1	2.7
Loan maturity, years	4.7	3.7	3.4	3.8	3.6	3.1	3.6
Equity/assets ratio, %	47	46	48	48	46	42	38
Debt ratio, %	44	45	43	44	47	50	54
Net debt/run rate EBITDA, multiple	6.4	6.6	6.5	6.6	7.1	7.7	7.8
Net debt/EBITDA, multiple	6.8	7.0	6.4	6.6	7.4	8.1	8.7
Interest coverage ratio, multiple	6.7	6.0	5.7	4.9	4.2	3.7	3.4
Interest coverage ratio, EMTN programme, multiple	9.1	6.5	6.4	5.3	4.3	4.0	3.7
Data per Class A and B share (excluding 2,000,000 Class B shares bought back)							
Price of Class B share at the end of the period, SEK	273.80	156.80	169.60	136.20	65.70	49.10	40.87
Net asset value, SEK	84.84	63.06	66.38	56.77	44.22	35.04	26.89
Equity, SEK	71.63	52.27	55.19	46.86	35.70	27.15	19.61
Equity after dilution, SEK	71.54	52.17	55.09	46.78	35.67	27.13	19.57
Earnings, SEK	18.03	6.20	10.80	12.15	9.24	8.86	7.27
Earnings after dilution, SEK	18.00	6.19	10.78	12.13	9.24	8.85	7.25
Profit from property management, SEK	5.98	4.99	6.63	5.51	4.31	3.71	2.99
Profit from property management after dilution, SEK	5.97	4.98	6.62	5.51	4.31	3.70	2.98
Cash flow, SEK	5.00	4.93	6.10	4.86	3.95	3.27	2.57
Cash flow after dilution, SEK	4.99	4.92	6.09	4.86	3.95	3.26	2.56
Dividend per share, SEK	–	–	1.65	1.30	1.00	0.90	0.72
No. at end of period, millions	317.7	317.3	317.3	317.1	316.8	316.5	316.5
No. at end of period after dilution, millions	318.0	317.9	317.9	317.5	317.1	316.7	317.1
Average no., millions	317.4	317.1	317.1	316.9	316.7	316.5	316.5
Average no. after dilution, millions	318.0	317.7	317.7	317.3	316.9	317.0	317.2
Data per Class D share							
Share price at the end of period, SEK	32.20	32.75	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	1.50	1.50	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	125.8	125.8	107.8	101.9	63.6	18.2
Average no., millions	126.1	115.9	118.4	105.7	83.0	43.1	2.9

The Sagax share and shareholders

At the end of the period, Sagax had 21,793 (19,914) shareholders. Sagax's market capitalisation amounted to SEK 91,071 M (54,511). In accordance with the resolution of an Extraordinary General Meeting, Sagax redeemed all preference shares in April 2021. Due to the exercise of warrants under the 2018/2021 Incentive Plan, Sagax issued 374,065 Class B common shares in June.

A total of 445,914,924 shares were outstanding at the end of the period, of which 2,000,000 were Class B treasury shares. 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.

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 0.5% 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 2019-2022, 2020-2023 and 2021-2024. The subscription price corresponds to the price paid for the Class B share

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

PROFIT FROM PROPERTY MANAGEMENT PER COMMON SHARE

Profit from property management per Class B share after dilution on a rolling 12-month basis amounted to SEK 7.66 (6.38), which compared with the share price of the Class B share at the end of the period, corresponded to a multiple of 35.7 (24.6).

EQUITY PER CLASS A AND B SHARE

Equity per Class A and B share after dilution amounted to SEK 71.54 (52.17). Net asset value per Class A and B share amounted to SEK 84.84 (63.06). The share price for the Class B share at the end of the period was 383% (301) of equity per Class B share and 323% (249) of net asset value per Class B share.

Trade in the shares on the Nasdaq Stockholm

	Price paid, SEK		Turnover rate on an annual basis, %		Average trading volume per trading day, SEK M	
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
Class A shares	275.00	157.50	3	4	0.9	0.5
Class B shares	273.80	156.80	42	22	113.0	31.8
Class D shares	32.20	32.75	48	60	7.9	9.2

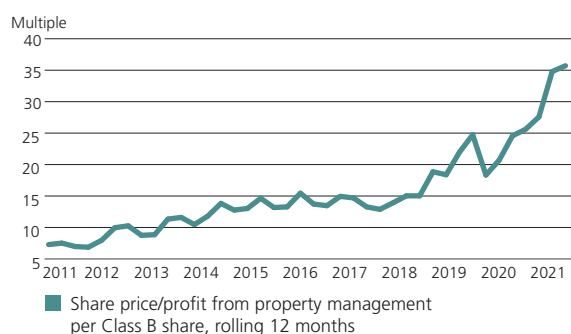
Key performance indicators per Class B share

	2021 30 Sep	2020 30 Sep	2020 31 Dec	2019 31 Dec	2018 31 Dec	2017 31 Dec	2016 31 Dec
Share price at the end of period, SEK	273.80	156.80	169.60	136.20	64.70	49.10	40.87
Profit from property management after dilution, SEK ¹⁾	7.66	6.38	6.62	5.51	4.30	3.70	2.98
Cash flow after dilution, SEK ¹⁾²⁾	6.18	6.04	6.09	4.86	3.94	3.26	2.56
Equity after dilution, SEK	71.54	52.17	55.11	46.78	35.67	27.13	19.57
Net asset value, SEK	84.84	63.08	66.38	56.77	44.22	35.04	26.89
Share price/Profit from property management, multiple ¹⁾	35.7	24.6	25.6	24.7	15.0	13.3	13.7
Share price/Cash flow, multiple ¹⁾²⁾	44.3	26.0	27.9	28.0	16.4	15.1	16.0
Share price/Equity, %	383	301	308	292	182	181	209
Share price/Net asset value, %	323	249	255	240	147	140	152

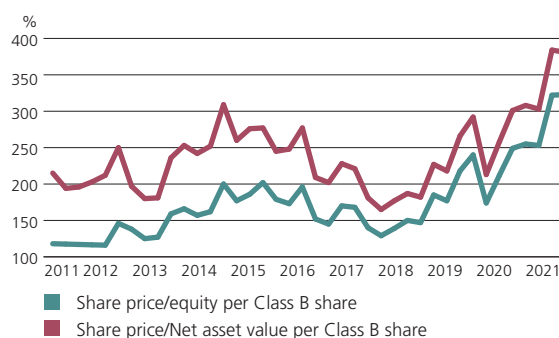
1) Profit from property management and cash flow pertains to rolling 12 months.

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 30 September 2021

No. of shares	No. of shareholders	Shareholder category	No.	Share of voting power	Shareholders by country	No.	Share of voting power
1–500	15,759	Private individuals residing in Sweden	19,657	8%	Sweden	20,339	85%
501–1,000	1,702				Switzerland	42	4%
1,001–2,000	1,261	Private individuals residing abroad	112	0%	USA	86	3%
2,001–5,000	1,275				Ireland	24	3%
5,001–10,000	611	Companies/institutions in Sweden	682	77%	UK	31	1%
10,001–50,000	785				Other	1,271	4%
50,001–	400	Companies/institutions abroad	1,342	15%			
Total	21,793	Total	21,793	100%	Total	21,793	100%

Largest shareholders 30 September 2021¹⁾

	No. of shares			Percentage of	
	Class A shares	Class B shares	Class D shares	Share capital	Votes ²⁾
David Mindus and companies	10,848,800	67,917,112	1,192,228	17.9%	25.9%
Staffan Salén and companies	4,264,928	32,970,660	95,600	8.4%	11.0%
Rutger Arnhult and companies	5,778,141	24,836,508	6,652,150	8.4%	13.0%
Fourth Swedish National Pension Fund	5,716	16,611,064	10,321,678	6.0%	3.9%
Third Swedish National Pension Fund	–	24,227,658	–	5.4%	3.5%
SEB Fonder	–	15,226,500	–	3.4%	2.2%
Avanza Pension	52,175	766,040	11,010,573	2.7%	1.8%
Länsförsäkringar Fonder	–	10,076,824	–	2.3%	1.5%
Erik Selin and companies	1,174,866	5,087,300	2,038,868	1.9%	2.8%
Vanguard	–	4,899,754	3,356,609	1.9%	1.2%
Swedbank Robur Fonder	500,000	5,934,744	–	1.4%	1.6%
Filip Engelbert and companies	241,000	1,869,784	4,200,000	1.4%	1.2%
Norges Bank	–	3,675,662	2,320,300	1.3%	0.9%
BlackRock	–	4,135,759	972,380	1.1%	0.7%
ODIN Fonder	–	4,910,479	–	1.1%	0.7%
AMF Pension & Fonder	–	4,604,889	–	1.0%	0.7%
Handelsbanken Fonder	–	3,216,141	254,934	0.8%	0.5%
Second Swedish National Pension Fund	–	3,315,056	–	0.7%	0.5%
ICA-Handlarnas Förbund	–	–	3,300,000	0.7%	0.5%
Folksam	–	2,803,783	–	0.6%	0.4%
Total 20 largest shareholders	22,865,626	237,085,717	45,715,320	68.5%	74.6%
Other shareholders	3,967,228	53,735,024	80,546,009	31.0%	25.4%
Sub-total	26,832,854	290,820,741	126,261,329	99.6%	100.0%
Shares held by AB Sagax	–	2,000,000	–	0.4%	0.0%
Total	26,832,854	292,820,741	126,261,329	100.0%	100.0%
– of which, Board and employees	15,741,274	109,359,644	6,425,154	29.5%	39.9%

1) Ownership structure on 30 September 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	26,832,854	1.0	26,832,854.00	39%	6%
Class B shares	292,820,741	0.1	29,282,074.10	43%	66%
Class D shares	126,261,329	0.1	12,626,132.90	18%	28%
Total	445,914,924		68,741,061.00	100%	100%

Risks and uncertainties

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

PROPERTY-RELATED RISKS

The valuation of investment properties can be significantly affected by the judgments and assumptions made by company management. To reduce the risk of incorrect valuations, Sagax has engaged authorised external valuation companies to assess the market value of the majority of the properties as of 30 September 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 30 September 2021, assets less liabilities in EUR, amounted to SEK 6,202 M (8,120). 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.

COVID-19 PANDEMIC

The COVID-19 pandemic resulted in greater uncertainty. The impact on the company was limited and specific risks related to the pandemic are no longer deemed to exist in the future.

OTHER RISKS

On 7 December 2017, pertaining to the 2015 income year, the Tax Agency decided to deny 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 believed that the Tax Agency's decision was incorrect and therefore appealed the Administrative Court's ruling to the Administrative Court of Appeal. On 19 October 2021 the Administrative Court of Appeal upheld Firethorne AB's appeal.

Sagax's other risks are described in the 2020 Annual Report, on pages 45-48.

Sensitivity analysis for property values

	-20%	-10%	0%	+10%	+20%
Value change, SEK M	-8,744	-4,372	0	4,372	8,744
Debt ratio, %	52	48	44	41	38

Sensitivity analysis for changes in the occupancy rate

	-10%	-5%	0%	+5%	+10%
Occupancy rate, %	86	91	95	100	N/A
Interest coverage ratio, %	601	635	668	703	N/A

Sensitivity analysis for property values

	Change	Value change, SEK M
Yield requirement	+/- 0.25% points	-1,283/+1,381
Cost of capital	+/- 0.25% points	-901/+901
Rental revenue	+/-5%	+1,886/-1,923
Property expenses	+/-5%	-268/+255

SENSITIVITY ANALYSIS

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

Sensitivity analysis on 30 September 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% point	+/-32	+/-26	+/-26
Rental revenue	+/-1%	+/-32	+/-26	+/-26
Property expenses	+/-1%	+/-5	+/-4	+/-4
Interest expenses for liabilities in SEK including fixed-income derivatives	+/-1% point	+1/-1	+1/-1	+1/-1
Interest expenses for liabilities in EUR including fixed-income derivatives	+/-1% point	+2/-2	+2/-2	+2/-2
Interest expenses for liabilities in SEK excluding fixed-income derivatives	+/-1% point	-6/+5	-4/+4	-4/+4
Interest expenses for liabilities in EUR excluding fixed-income derivatives	+/-1% point	-0/+0	-0/+0	-0/+0
Change in SEK/EUR exchange rate ²⁾	+/- 10%	+/-158	+/-125	+/-620
Changed rent level for contract maturity in 2021	+/- 10%	+/-6	+/-5	+/-5

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.

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

The alternative performance measure “interest-bearing liabilities” has been replaced with “interest-bearing liabilities according to the balance sheet”, which is not an alternative performance measure. “Interest-bearing liabilities according to the balance sheet” includes allocated borrowing costs. As of 30 September 2020 “interest-bearing liabilities according to the balance sheet” was SEK 87 M lower than “interest-bearing liabilities”. Comparative figures and the key performance indicators have been restated. The key performance indicators are unchanged apart from Net debt/run rate EBITDA, which was changed from a multiple of 6.6 to a multiple of 6.5.

Rounding-off differences may occur.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events took place after the end of the reporting period.

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, 28 October 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 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 28 October 2021 at 1:00 p.m. CEST.*

Review report

TO THE BOARD OF DIRECTORS OF AB SAGAX, CORPORATE IDENTITY NUMBER 556520-0028

INTRODUCTION

We have reviewed the condensed interim report for AB Sagax as at 30 September 2021 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 28 October 2021
Ernst & Young AB

Oskar Wall
Authorised Public Accountant

Financial calendar

Year-end Report 2021	11 February 2022
Interim Report January-March 2022	11 May 2022
Interim Report January-June 2022	14 July 2022
Interim Report January-September 2022	27 October 2022

SCHEDULE OF DIVIDEND PAYMENTS TO HOLDERS OF CLASS D SHARES

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 Euroclear ¹⁾	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 Euroclear ¹⁾	5 April 2022

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Definitions

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

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

Key performance indicators	Description	Reason for alternative performance measure
Cash flow per Class A and B share	Profit before tax adjusted for items not included in cash flow less tax paid in relation to the average number of Class A and B shares. Dividends on Class D shares and preference shares for the period have also been deducted from profit before tax. Dividends received from joint ventures 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.
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.
Joint ventures	Partnership form whereby several owners have a shared controlling influence.	Not an alternative performance measure.

Key performance indicators	Description	Reason for 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 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.
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.
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-Sep	2020 Jan-Sep	2020 Jan-Dec	Amounts in SEK M unless otherwise stated	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Return on equity				Run rate yield			
Profit after tax	5,913	2,179	3,711	Net operating income according to current earnings capacity	2,674	2,506	2,370
Addition for translation to annual value	1,971	726	–	Add-back of site leasehold fees	–24	–25	–25
Average equity	24,812	20,399	20,855	Adjusted net operating income	2,650	2,481	2,345
Return on equity	32%	14%	18%	Carrying amount of properties	43,720	38,390	37,548
Return on total capital				Run rate yield	6.1%	6.5%	6.2%
Profit from property management	2,096	1,795	2,389	Run rate EBITDA			
Addition for translation to annual value	699	598	–	Net operating income according to current earnings capacity	2,674	2,506	2,370
Financial expenses	336	354	481	Central administration	–142	–130	–132
Addition for translation to annual value	112	118	–	Dividends from joint ventures and associated companies	363	422	424
Profit before financial expenses	3,243	2,865	2,870	Run rate EBITDA	2,895	2,798	2,662
Average total capital	51,940	43,466	43,388	Profit from property management			
Return on total capital	6%	7%	7%	Profit after tax	5,913	2,179	3,711
Occupancy rate by area				Tax	857	505	891
Contracted area, '000s sqm	3,538	3,394	3,312	Changes in value	–4,683	–889	–2,213
Total lettable area, '000s sqm	3,699	3,565	3,480	Profit from property management	2,087	1,795	2,389
Occupancy rate by area	96%	95%	95%	Profit from property management per Class A and B share after dilution			
Debt ratio				Profit from property management	2,087	1,795	2,389
Interest-bearing liabilities	25,234	21,005	19,828	Dividends attributable to preference and Class D shares	189	–214	–285
Total assets	57,257	46,778	46,622	Adjusted profit from property management	1,898	1,581	2,104
Debt ratio	44%	45%	43%	Profit from property management per Class A and B share after dilution, SEK	5.97	4.98	6.62
Yield				Profit from property management per Class A and B shares, rolling 12 months			
Net operating income	1,920	1,786	2,397	Profit from property management, rolling 12 months	2,690	1,795	2,389
Add-back of site leasehold fees	–18	–19	–25	Dividends attributable to preference and Class D shares, rolling 12 months	–253	–285	–285
Addition for translation to annual value	634	589	–	Adjusted profit from property management	2,437	1,510	2,104
Holding adjustment, acquisitions/divestments	112	125	57	No. of Class A and B shares after dilution, rolling 12 months	317,963,499	315,590,906	317,691,982
Currency translation to closing rate	11	–3	–67	Profit from property management per Class A and B share, current period, rolling 12 months	7.66	6.38	6.62
Adjusted net operating income	2,659	2,478	2,362	Profit from property management per Class A and B share, preceding period, rolling 12 months	6.38	4.76	5.52
Carrying amount of properties	43,720	38,390	37,548	Annual percentage growth rate, rolling 12 months	20%	34%	20%
Yield	6.1%	6.5%	6.3%	Rental revenue, comparable portfolios¹⁾			
EBITDA rolling 12 months				Rental revenue	2,294	2,152	2,898
Net operating income	2,531	2,322	2,397	Acquired and sold properties	–341	–169	–488
Central administration	–142	–130	–132	Currency adjustment	–	–62	–
Dividends from joint ventures and associated companies	363	422	424	Other adjustment	–6	–	–
EBITDA	2,752	2,614	2,689	Rental revenue, comparable portfolios excluding currency effects	1,947	1,921	2,411
Equity per Class A and B share				1) The preceding period has been adjusted based on the assumption that the exchange rate is the same as in the current period.			
Equity	27,173	21,541	22,452				
Equity attributable to preference and Class D shares	–4,419	–4,957	–4,940				
Corrected equity attributable to Class A and B shares	22,754	16,584	17,512				
No. of shares	317,653,595	317,279,530	317,279,530				
No. of shares after dilution	318,004,615	317,857,610	317,891,458				
Equity per Class A and B share, SEK	71.63	52.27	55.19				
Equity per Class A and B share after dilution, SEK	71.54	52.17	55.09				
Economic occupancy rate							
Contractual annual rent	3,219	3,014	2,865				
Rental value	3,375	3,171	3,024				
Economic occupancy rate	95%	95%	95%				

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

Amounts in SEK M unless otherwise stated	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec	Amounts in SEK M unless otherwise stated	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Cash flow per Class A and B share				Interest coverage ratio			
Profit before tax	6,454	2,524	4,330	Profit from property management	2,096	1,795	2,389
Items not affecting cash flow	-4,527	-718	-2,055	Reversal of profit from property management joint ventures and associated companies	-529	-418	-565
Tax paid	-151	-28	-55	Dividend from joint ventures and associated companies	343	405	424
Dividends attributable to preference and Class D shares	-189	-214	-285	Financial expenses	336	354	481
Cash flow	1,587	1,564	1,935	Corrected profit from property management before financial expenses	2,246	2,136	2,729
Cash flow per Class A and B share after dilution, SEK	4.99	4.92	6.09	Interest coverage ratio	6.7x	6.0x	5.7x
Net debt				Interest coverage ratio, EMTN programme			
See page 12.				Profit from property management	2,096	1,795	2,389
Net debt according to EMTN programme				Net financial items	257	324	442
Interest-bearing liabilities	25,234	21,005	19,828	Profit from property management before net financial items	2,353	2,119	2,831
Cash and cash equivalents and listed shares	-6,044	-2,157	-2,164	Interest coverage ratio	9.1x	6.5x	6.4x
Net debt according to EMTN programme	19,190	18,848	17,664	Equity/assets ratio			
Net debt according to EMTN programme/Total assets				Equity	27,173	21,541	22,452
Net debt according to EMTN programme	19,190	18,848	17,664	Total assets	57,257	46,778	46,622
Total assets	57,257	46,760	46,622	Equity/assets ratio	47%	46%	48%
Net debt according to EMTN programme/Total assets	34%	40%	38%	Net asset value			
Net debt/EBITDA				Equity	27,173	21,541	22,452
Net debt	18,644	18,311	17,114	Equity attributable to preference and Class D shares	-4,419	-4,957	-4,940
EBITDA rolling 12 months	2,752	2,614	2,689	Reversal of derivatives	79	124	118
Net debt/EBITDA	6.8x	7.0x	6.4x	Reversal of deferred tax, temporary differences	3,161	2,484	2,590
Net debt/run rate EBITDA				Reversals due to joint ventures	990	853	881
Net debt	18,644	18,311	17,114	Net asset value	26,984	20,045	21,101
EBITDA, run rate	2,895	2,804	2,662	Net asset value per Class A and B share after dilution, SEK	84.84	63.06	66.38
Net debt/EBITDA run rate	6.4x	6.5x	6.4x	Secured liabilities/Total assets			
Net debt/Total assets				Secured liabilities	0	5,783	5,086
Net debt	18,644	18,311	17,114	Total assets	57,257	46,778	46,622
Total assets	57,257	46,778	46,622	Secured liabilities/Total assets	0%	12%	11%
Net debt/Total assets	33%	39%	37%	Surplus ratio			
Earnings per Class A and B share¹⁾				Net operating income	2,531	2,322	2,397
Profit after tax	5,913	2,179	3,711	Rental revenue	3,040	2,815	2,898
Dividends attributable to preference and Class D shares	-189	-214	-285	Surplus ratio	83%	82%	83%
Adjusted profit after tax	5,724	1,965	3,426				
Earnings per Class A and B share after dilution, SEK	18.00	6.19	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 30 September 2021 amounted to 3,699,000 square metres, distributed between 725 properties.

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

More information is available at www.sagax.se.

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