

INTERIM REPORT JANUARY – JUNE 2021

AB | SAGAX

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

Interim report January – June 2021

FIRST SIX MONTHS OF 2021

- Rental revenue increased 6% to SEK 1,506 M (SEK 1,417M in the year-earlier period).
- Profit from property management increased 16% to SEK 1,364 M (1,177).
- Profit from property management per Class A and B share after dilution rose 18% to SEK 3.86 (3.26).
- In total, property revaluation affected profit by SEK 2,753 M (283).
- Revaluation of financial instruments had an impact on profit of SEK 751 M (–45).
- Profit after tax for the period was SEK 4,303 M (1,110).
- Cash flow from operating activities before changes in working capital amounted to SEK 1,249 M (1,296), corresponding to SEK 3.53 (3.63) per Class A and B share after dilution.
- Net investments amounted to SEK 2,204 M (3,523).

SECOND QUARTER OF 2021

- Rental revenue increased 8% to SEK 775 M (SEK 715 M in the year-earlier period).
- Profit from property management increased 19% to SEK 727 M (612).
- Profit from property management per Class A and B share after dilution rose 23% to SEK 2.06 (1.68).
- In total, property revaluation affected profit by SEK 970 M (–214).
- Revaluation of financial instruments had an impact on profit of SEK 525 M (83).
- Profit after tax for the period was SEK 2,146 M (361).
- Cash flow from operating activities before changes in working capital amounted to SEK 835 M (880), corresponding to SEK 2.43 (2.52) per Class A and B share after dilution.
- Net investments amounted to SEK 1,233 M (293), of which property acquisitions accounted for SEK 1,157 M (111).

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 2,750 M. The previously submitted forecast was for profit of SEK 2,650 M and was presented when the January-March 2021 interim report was published.

Selected key performance indicators

	2021 Jan-Jun	2020 Jan-Jun	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	3.86	3.26	6.62	5.51	4.31	3.70	2.98
Change compared with preceding year, %	18	23	20	28	16	24	22
Earnings per Class A and B share after dilution, SEK	13.13	3.04	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	7.0	6.8	6.4	6.6	7.4	8.1	8.7
Interest coverage ratio, multiple	7.1	6.5	5.7	4.9	4.2	3.7	3.4
Debt ratio, %	45	44	43	44	47	50	54
Properties' market value, SEK M	41,722	36,117	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



Four properties in Finland were acquired at the start of the third quarter 2021 for a corresponding SEK 490 M. These properties encompass a total of 29,000 square metres of warehouse and logistics premises and 100,000 square metres of land. The annual rent corresponds to SEK 37 M and the occupancy rate is 96%.

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.

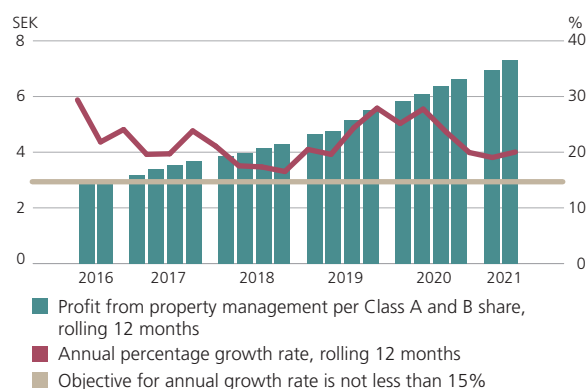
Management strategy

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

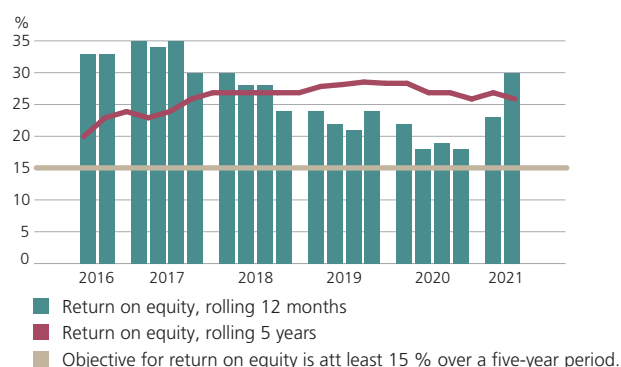
Financial targets

	Outcome rolling 12 months	Five-year average
Return on equity, measured over a five-year period, should not fall below 15% per year	30%	26%
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



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.

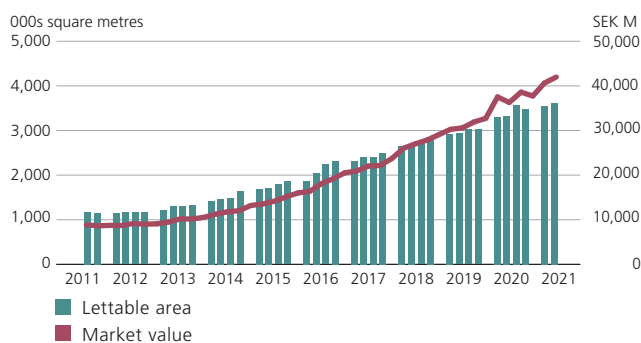
Financial sustainability

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.

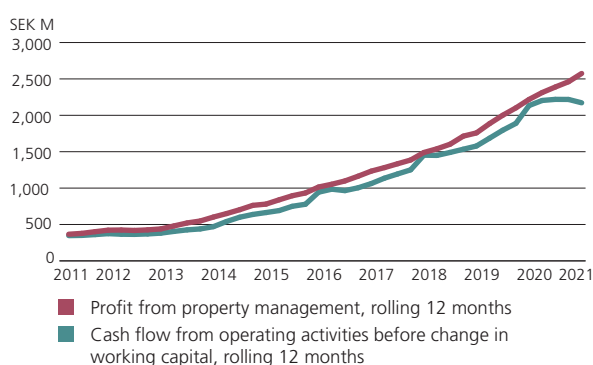
Professional and dedicated employees

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 June 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 16% to 1,364 M (1,177), of which joint ventures and associated companies accounted for SEK 344 M (282). 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 18% to SEK 3.86 (3.26).

Changes in the value of properties increased profit by SEK 1,768 M (38).

Revaluation of financial instruments had an impact on profit of SEK 751 M (–45). The revaluation of listed shares resulted in an unrealised change in value of SEK 550 M (–61). The revaluation of financial instruments attributable to joint ventures amounted to SEK 132 M (41) pursuant to IFRS 9, while fixed-income derivatives accounted for SEK 97 M (–39) and other financial instruments for SEK –27 (14) M.

Profit after tax for the period was SEK 4,303 M (1,110).

REVENUE

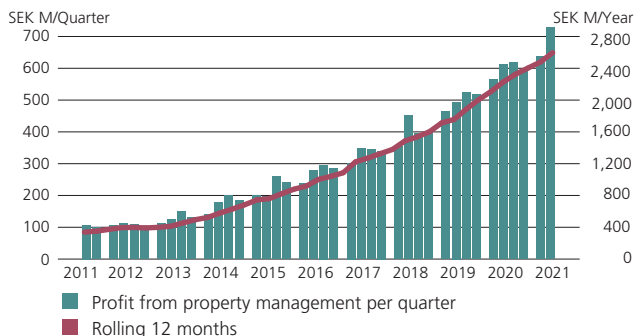
Rental revenue rose 6% to SEK 1,506 M (1,417). Revenue was primarily positively affected by property acquisitions. Revenue was impacted by SEK –49 M compared with the year-earlier period due to the SEK strengthening against the EUR.

Other revenue amounted to SEK 15 M (3). During the period, rental revenue in comparable portfolios increased 2.0% (2.4) excluding currency effects. The largest increase was found in the market segments of Paris (4.8%), Helsinki (4.3%) and Rest of Sweden (2.6%). Other market segments reported revenue increases of an average of 0.7% in comparable portfolios excluding currency effects.

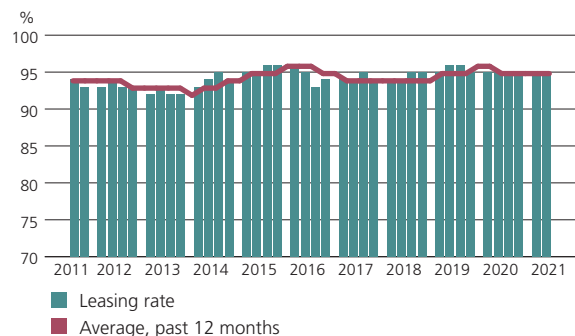
CHANGE IN THE ECONOMIC OCCUPANCY RATE

The economic occupancy rate amounted to 95% (95). During the period, the vacancy value rose SEK 82 M (54) due to tenants vacating premises and declined SEK 76 M (47) due to new lettings. Fixed-term rent discounts for new tenants fell SEK 1 M (4) to SEK 34 M (26) on an annual basis at the end of the period. Acquisitions and property divestments during the period impacted the vacancy value by SEK 1 M (8). In total, the vacancy value increased SEK 6 M (20) to SEK 165 M (155) at the end of the period.

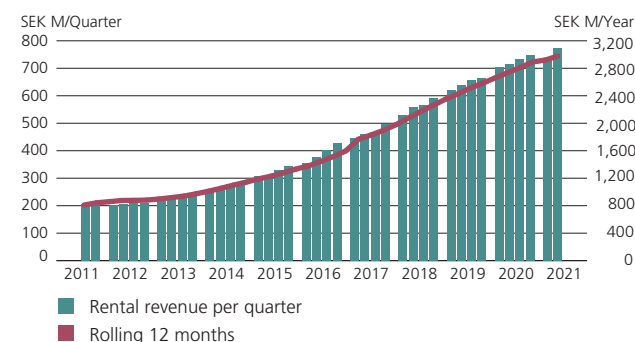
Profit from property management



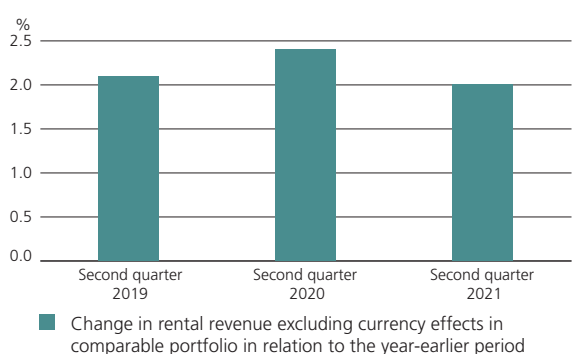
Economic leasing rate



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 88 M (89), of which leases with notice of vacating the premises accounted for SEK 85 M (88) and leases with notice of renegotiation for SEK 3 M (1). Of the leases for which notice had been received, vacancies corresponding to a rental value of SEK 18 M will occur in 2021. Leases for premises that have not yet been occupied reduced the adjusted vacancy value by SEK 42 M (13).

PROPERTY EXPENSES

Operating and maintenance costs amounted to a total of SEK 164 M (154). Expenses for property tax increased to SEK 76 M (67). Other property expenses rose to SEK 29 M (28). The increase was primarily due to property acquisitions.

CENTRAL ADMINISTRATION

Central administration costs amounted to SEK 64 M (57), corresponding to 4.2% (4.0) of the period's rental revenue.

At the end of the period, Sagax had 84 (72) 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-Jun	2020 Jan-Dec
Opening vacancy for each year	159	135
Vacancies	82	128
New lettings	-76	-123
Change in discounts provided	-1	13
Vacancy value, acquired properties	2	11
Vacancy value, sold properties	-1	-1
Change in exchange rates	1	-3
Closing vacancy value	165	159
Terminated for renegotiation	3	-
Terminated lease, not vacated	85	68
Letting, not occupied	-42	-17
Adjusted closing vacancy value	212	210

Leases terminated for vacancy

Year of vacancy	No. of leases	Rental value, SEK M
2021	43	18
2022	21	52
2023	2	10
2024	1	1
2025	4	4
>2025	-	-
Total	71	85

Vacancies, 1 July 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	717	49	7%	637,000	29,000	5%
Helsinki	723	44	6%	649,000	51,000	8%
Netherlands	363	19	5%	502,000	23,000	5%
Paris	342	13	4%	329,000	13,000	4%
Finland, university cities	335	15	5%	354,000	13,000	4%
Madrid & Barcelona	130	13	10%	245,000	29,000	12%
Rest of Sweden	151	3	2%	262,000	6,000	2%
Rest of Finland	228	7	3%	326,000	18,000	6%
Rest of Europe	276	1	0%	312,000	4,000	1%
Total	3,265	165	5%	3,615,000	186,000	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 from joint ventures and associated companies for the period amounted to SEK 1,179 M (389), of which profit from property management accounted for SEK 344 M (282), changes in the value of fixed-income derivatives for SEK 59 M (–30) and changes in the value of properties for SEK 985 M (245). Profit was charged with deferred tax of SEK 200 M (107). Refer also to page 11 for more information.

NET FINANCIAL ITEMS

Interest-bearing liabilities increased to SEK 24,193 M (19,449).

Financial expenses amounted to SEK 204 M (225). The average interest rate was 1.6% (1.9) on 30 June 2021 due to refinancing and new borrowing at lower interest rates.

Financial income of SEK 49 M (20) 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 sale price. As of 30 June, 87% of the properties had been valued by authorised property appraisers and 11% 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 1,768 M (38), of which unrealised changes in value amounted to SEK 1,764 M (38).

Unrealised changes in value

Amounts in SEK M	Jan-Jun 2021
New lettings/Renegotiations	569
Vacancies/Renegotiations	–90
General change in market value	1,285
Total	1,764

REVALUATION OF FINANCIAL INSTRUMENTS

The change in the value of financial instruments amounted to SEK 751 M (–45), of which SEK 59 M (–30) referred to joint ventures.

The change in value attributable to fixed-income derivatives amounted to SEK 97 M (–39), of which SEK 59 M (–30) referred to joint ventures.

Revaluation of listed shares resulted in an unrealised change in value of SEK 550 M (–61).

The revaluation of financial instruments attributable to joint ventures amounted to SEK 132 M (41) in accordance with IFRS 9.

Other financial instruments has been revaluated with SEK –27 (14) M.

TAX

Sagax recognised a current tax expense of SEK 56 M (101). The deferred tax expense amounted to SEK 300 M (96). The Group's deferred tax liabilities at the end of the period amounted to SEK 2,762 M (2,118). Sagax's participating interest in Nyfosa exceeds 10% due to additional acquisitions in the quarter. As a result, these participations are considered to be business related shares, which is why the dissolution of previously recognised deferred tax of SEK 77 M had a positive impact on profit after tax.

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 1,249 M (1,296). Changes in working capital had an impact of SEK –263 M (86) on cash flow, mainly because payments of accrued annual interest on bonds are concentrated to the first quarter. Investing activities had an impact of SEK –3,966 M (–3,634) on cash flow, while cash flow from financing activities amounted to SEK 2,977 M (2,206). In total, cash and cash equivalents changed SEK –3 M (–48) 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 31 M (29).

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 2,750 M. The previously submitted forecast was for profit of SEK 2,650 M and was presented when the January-March 2021 interim report was published.

CURRENT EARNINGS CAPACITY

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

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

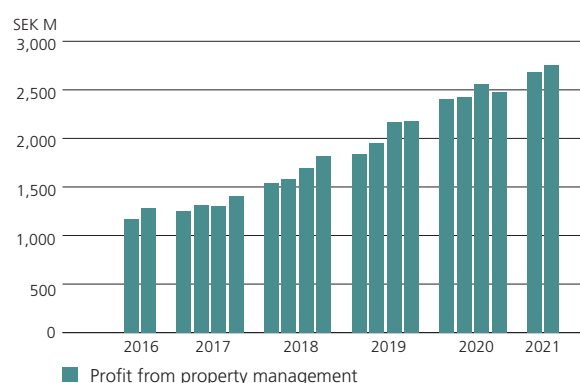
for vacant premises. Property expenses are based on actual outcomes over the past 12 months adjusted for the holding period. Central administration costs are based on actual outcomes over the past 12 months. Net financial items are calculated based on interest-bearing liabilities and assets on the balance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

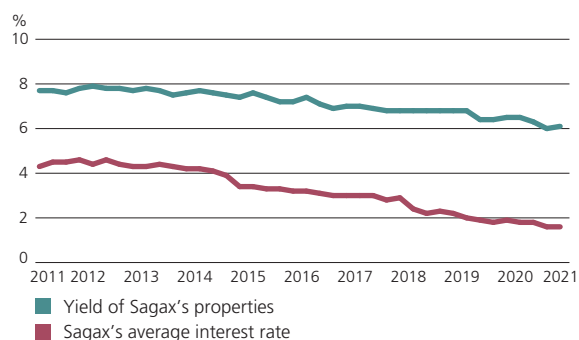
Current earnings capacity

Amounts in SEK M	1 Jul 2021	1 Jan 2021
Rental value	3,265	3,024
Vacancy	-165	-159
Rental revenue	3,100	2,865
Property expenses	-532	-495
Net operating income	2,568	2,370
Central administration	-139	-132
Joint ventures and associated companies	726	638
Net financial items	-370	-372
Lease expenses	-27	-26
Profit from property management	2,758	2,479
Tax	-496	-471
Profit after tax	2,262	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	2,009	1,723
Run rate yield, %	6.1	6.2
Net debt/run rate EBITDA, multiple	6.8	6.4

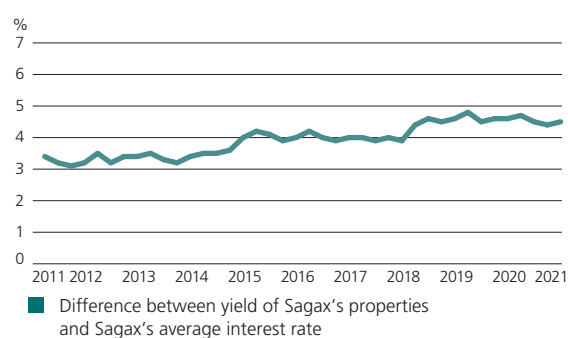
Current earnings capacity before tax



Yield and interest rate



Difference between yield and interest rate



Property portfolio

On 30 June 2021, the property portfolio comprised 693 (657) properties with a lettable area of 3,615,000 square metres (3,321,000). At the end of the period, the rental value and contractual annual rent amounted to SEK 3,265 M (3,021) and SEK 3,100 M (2,866), respectively. This corresponds to an economic occupancy rate of 95% (95).

INVESTMENTS

During the period, Sagax invested SEK 2,456 M (3,541), of which property acquisitions accounted for SEK 2,213 M (3,218).

Properties were acquired with a total lettable area of 144,000 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 243 M (324) was invested in the existing property portfolio. SEK 32 M of the investments for the period were made against rent supplements, SEK 60 M was invested in conjunction with new lettings, SEK 87 M in conjunction with new production and SEK 38 M pertained to property maintenance. A total of

SEK 26 M was invested in solar power facilities and other energy saving investments.

The Group has agreed to acquire four properties in Finland, three 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 664 M.

DIVESTMENTS

During the period, six properties were divested for a total of SEK 257 M. Sagax signed an agreement for the sale of a portfolio comprising 72 properties in Finland for a corresponding SEK 715 M, which will be vacated in the fourth quarter. In addition, previous agreements were 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.

PROPERTY PORTFOLIO YIELD

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

Summary of property portfolio 1 July 2021

Segment	Market value		SEK per sqm	No. of properties	Lettable area, sqm	Vacant area, sqm	Rental value, SEK M	Economic occupancy rate	Contractual annual rent, SEK M
	SEK M	Share							
Stockholm	10,866	26%	17,100	80	637,000	29,000	717	93%	668
Helsinki	8,508	20%	13,100	74	649,000	51,000	723	94%	679
Netherlands	4,936	12%	9,800	96	502,000	23,000	363	95%	344
Paris	3,944	9%	12,000	90	329,000	13,000	342	96%	329
Finland, university cities	3,266	8%	9,200	64	354,000	13,000	335	95%	320
Madrid & Barcelona	1,976	5%	8,100	69	245,000	29,000	130	90%	117
Rest of Sweden	1,909	5%	7,300	30	262,000	6,000	151	98%	148
Rest of Finland	2,645	6%	8,100	129	326,000	18,000	228	97%	221
Rest of Europe	3,673	9%	11,800	61	312,000	4,000	276	100%	275
Total	41,722	100%	11,500	693	3,615,000	186,000	3,265	95%	3,100

Property investments January-June 2021

Amounts in SEK M	Property acquisitions	Existing portfolio	Total	Share of total investments	Divestments	Net investments
Stockholm	75	72	147	6%	-203	-56
Helsinki	893	91	984	40%	-	984
Netherlands	365	20	385	16%	-	385
Paris	258	13	271	11%	-	271
Finland, university cities	-	26	26	1%	-3	23
Madrid & Barcelona	126	6	132	5%	-	132
Rest of Sweden	46	8	54	2%	-46	8
Rest of Finland	-	4	4	0%	-	4
Rest of Europe	450	3	453	18%	-	453
Total	2,213	243	2,456	100%	-252	2,204

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 1,880 leases (1,766). 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 1,868 leases (1,755) each had a rental value of less than 1% of the Group's annual rent. The total rental value for these leases accounted for 80% (80) of Sagax's annual rent. In addition, Sagax is party to ten leases (seven) with a rental value corresponding to 1–2% of the Group's annual rent. Combined, these leases total 14% (10) 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.

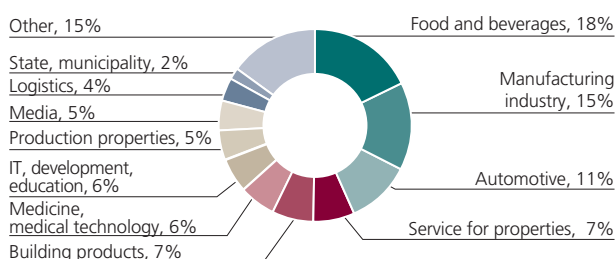
Sagax's tenants operate in a variety of sectors. 18% (17) of rental revenue comes from tenants with food-related operations, 15% (18) from companies in the manufacturing industry and 11% (11) in the automotive-related industry, including sales, service and manufacturing. Diverse tenant industries is 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 43% of the annual rent expire in or after 2025. 5–13% 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%	192	6	2	96	10
1–2%	426	14	10	43	9
<1%	2,482	80	1,868	1	5
Total	3,100	100	1,880	2	6

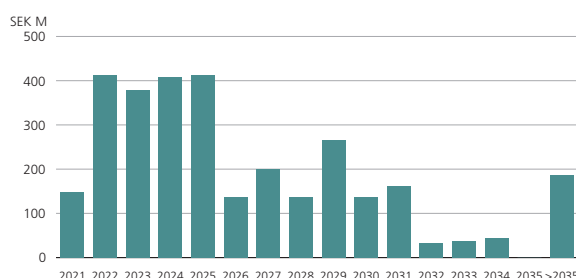
Industry exposure



Lease terms

Year of expiry	Area, sqm	Annual rent	
		SEK M	Share
2021	168,000	148	5%
2022	431,000	413	13%
2023	391,000	379	12%
2024	417,000	408	13%
2025	560,000	413	13%
>2025	1,463,000	1,339	43%
Total	3,429,000	3,100	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 June 2021, the total market value of Sagax's 693 (657) properties was SEK 41,722 M (36,117). Exchange-rate fluctuations during the period resulted in property values abroad increasing by SEK 207 M (69).

The recognised unrealised change in value for the period amounted to SEK 1,764 M (38).

VALUATION METHOD AND IMPLEMENTATION

The valuations were carried out in accordance with generally accepted international valuation methods. As of 30 June 2021, 88% 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

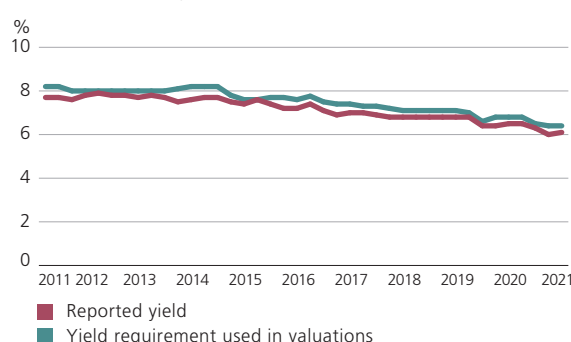
The cost of capital for the present value calculation of cash flows (4.5–15.6%), the cost of capital for the present value calculation of residual values (4.5–15.6%) and the yield requirement for the residual value calculations (4.0–14.0%) are based on analyses of transactions carried out and on individual 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 7.3% (7.7) and 7.4% (8.0), respectively. The weighted yield requirement was 6.4% (6.8) on 30 June 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.

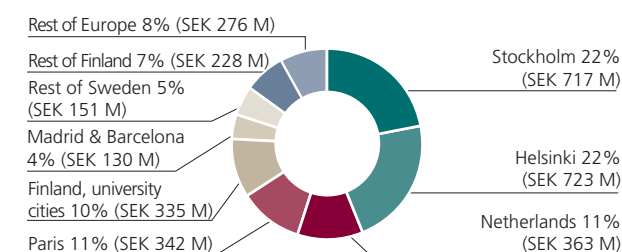
Change in carrying amount of properties

	SEK M	No. of
Property portfolio, 31 December 2020	37,548	673
Acquisition of properties	2,213	26
Investments in the current portfolio	243	
Divestment of properties	-252	-6
Currency translation effect	207	
Unrealised changes in value	1,764	
Property portfolio, 30 June 2021	41,722	693

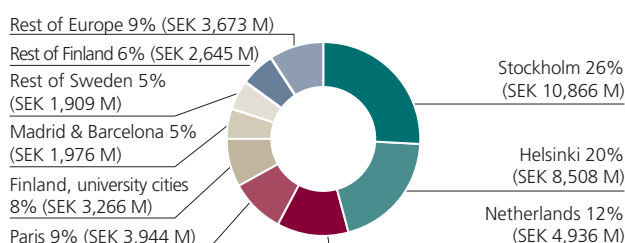
Yield compared with yield requirement



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 344 M (282) to profit from property management during the period. Sagax's share of changes in the value of properties amounted to SEK 985 M (245) and the share of changes in the value of derivatives was SEK 59 M (–30) for the period. The total value of the commitment related to ownership of joint ventures and associated companies amounted to SEK 8,090 M (5,741).

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 94% of rental revenue derives from tax-financed operations. For more information, refer to the company's website, hemso.se.

Söderport

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. Nyfosa is responsible for property management in Gothenburg.

A corresponding 70% of Söderport's rental value of SEK 911 M was located in Stockholm on 30 June 2021. Söderport's economic vacancies amounted to SEK 45 M (45) at the end of the period, corresponding to a vacancy rate of 5% (5). Of the economic vacancies, SEK 18 M (15) 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

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 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 21.5% 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 403 properties with a total property value of SEK 14.0 billion and a rental value of SEK 1,236 M on 30 June 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 27.1% of the votes and 28.3% of the capital in Fastighetsbolaget Emilshus AB. In the second quarter, Sagax lent SEK 250 M to Emilshus. The loan and interest were repaid on 30 June 2021 partly in cash and partly by Sagax acquiring preference shares in Emilshus for SEK 100 M issued in July 2021. Emilshus acquires, develops and manages commercial properties in Småland. The property portfolio encompassed 87 properties with a total market value of SEK 3.7 billion on 30 June 2021. For more information, refer to the company's website, emilshus.com.

Sagax's joint ventures

	Hemsö		Söderport		Ess-Sierra ¹⁾	
	Jan – Jun 2021	Jan – Jun 2020	Jan – Jun 2021	Jan – Jun 2020	Jan – Jun 2021	Jan – Jun 2020
Sagax's participating interest, %	15	15	50	50	50	–
Rental revenue, SEK M	1,751	1,608	428	403	42	–
Profit from property management, SEK M	1,018	930	248	227	30	–
Profit for the period, SEK M	2,981	879	898	358	60	–
Sagax share of profit comprehensive income, SEK M	414	113	488	171	30	–
Sagax's share of profit from property management, SEK M	127	116	116	106	15	–
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
No. of properties	421	383	84	80	37	–
Carrying amount of properties, SEK M	69,619	57,533	12,884	11,524	1,500	–
Lettable area, sqm	2,155,000	1,923,000	783,000	771,071	203,000	–
Lease term, years	9.5	9.9	4.7	5.0	6.3	–
Economic vacancy rate, %	2	2	5	5	0	–
Interest-bearing liabilities, SEK M	43,096	38,136	6,652	6,360	843	–
Loan maturity, years	6.7	7.1	2.7	4.2	3.4	–
Fixed interest, years	6.4	6.7	3.1	2.6	2.0	–
Market value of derivatives, SEK M	32	–287	–174	–229	0	–
Carrying amount, SEK M	3,660	2,645	2,204	1,676	279	–

1) Ess-Sierra was established in December 2020.

Funding

EQUITY

Consolidated equity amounted to SEK 25,497 M (20,424) on 30 June 2021. Changes in equity during the period were attributable to comprehensive income of SEK 4,380 M, a new issue of Class B common shares of SEK 13 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 24,193 M (19,357). An amount corresponding to SEK 19,181 M (17,737) of liabilities was raised in EUR.

Interest-bearing liabilities attributable to listed bonds amounted to SEK 21,176 M (15,172). The remaining interest-bearing debt comprised liabilities to banks of SEK 1,318 M (3,617) and commercial paper of SEK 1,699 M (568).

Unsecured liabilities corresponded to 88% (85) of interest-bearing liabilities. Secured liabilities and commercial paper comprised 12% (15) of interest-bearing liabilities.

The interest coverage ratio at the end of the period amounted to 712% (646) and the debt ratio to 45% (44). Net

interest-bearing debt for the past 12 months was 7.0 (6.8) times EBITDA and 6.8 (6.5) times run rate EBITDA, see page 7 for more information.

A total of SEK 9,339 M (5,671) in loans was raised, of which SEK 7,065 M (3,309) in the form of bonds under the framework of Sagax's EMTN programme. A total of SEK 5,115 M (3,645) was repaid during the period. Exchange-rate fluctuations increased interest-bearing liabilities by SEK 124 M (–97).

Net interest-bearing debt totalled SEK 18,713 M (17,336).

The average remaining fixed-interest and loan maturity terms were 4.4 years (3.8) and 4.4 years (4.0), respectively, at the end of the period. The average interest rate on interest-bearing liabilities was 1.6% (1.9), including the effect of derivatives.

Sagax has SEK 19,446 M (12,821) in loans at fixed interest rates. The company has interest-rate caps and interest-rate swaps with a total nominal value of SEK 3,817 M (6,027), of which interest-rate swaps with an average interest rate of 1.1% (1.4) accounted for SEK 1,531 M (2,012).

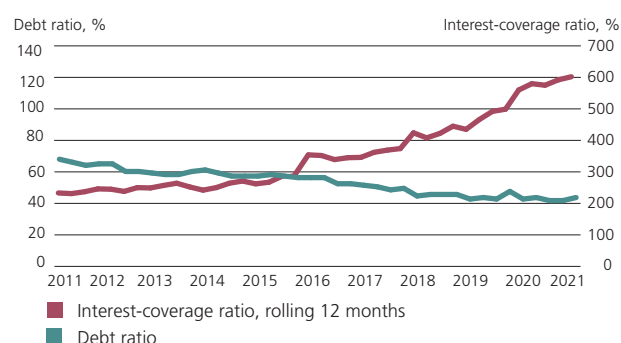
Fixed-interest period and loan maturity 30 June 2021

Year of expiry	Fixed interest			Loan maturity		Interest-rate swaps	
	SEK M	Interest rate	Share	SEK M	Share	SEK M	Interest rate
2021	1,304	3.4%	5%	56	0%	–	–
2022	818	0.1%	3%	1,288	5%	–	–
2023	1,392	1.3%	6%	1,648	7%	248	0.5%
2024	5,267	2.0%	22%	6,440	27%	–	–
2025	4,083	2.1%	17%	4,717	19%	–	–
> 2025	11,328	1.1%	47%	10,045	42%	1,283	1.3%
Total/average	24,193	1.6%	100%	24,193	100%	1,534	1.1%

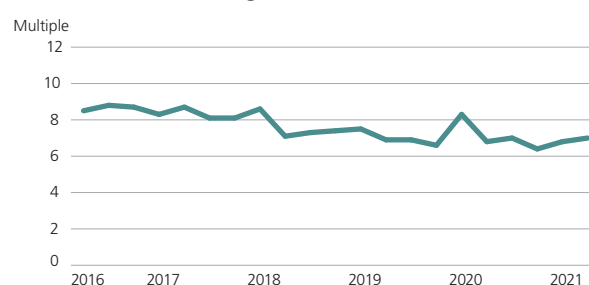
Net debt

Amounts in SEK M	30 Jun 2021	30 Jun 2020
Interest-bearing liabilities	24,193	19,357
Interest-bearing assets	–564	–539
Cash and cash equivalents	–22	–38
Listed shares	–4,893	–1,444
Net debt	18,714	17,336

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 1,504 M (–281) on 30 June 2021. At the same date, unutilised credit facilities

including back-up facilities for commercial paper programmes amounted to SEK 5,801 M (6,141). No additional collateral needs to be pledged to utilise these credit facilities.

Listed bonds, 30 June 2021

Maturity	Nominal amount, SEK M	Liability, SEK M	Effective interest	Interest terms	Maturity date	ISIN code
2017-2022 ¹⁾	1,250	1,249	2.30%	Stibor 3M+2.15%	15 Feb 2022	SE0010324228
2019-2023	500	500	0.95%	Stibor 3M+0.90%	16 Jun 2023	XS2093119175
2019-2023 ²⁾	250	250	1.18%	1.13%	16 Jun 2023	XS2093119845
Total/average	2,000	1,998	1.81%			

Maturity	Nominal amount, EUR M	Liability, EUR M	Effective interest	Coupon rate	Maturity date	ISIN code
2018-2024 ²⁾	500	499	2.10%	2.00%	17 Jan 2024	XS1877540465
2019-2025 ²⁾	400	403	1.99%	2.25%	13 Mar 2025	XS1962543820
2020-2027 ²⁾	300	298	1.26%	1.12%	30 Jan 2027	XS2112816934
2020-2028 ²⁾	400	397	0.88%	0.75%	26 Jan 2028	XS2291340433
2021-2029 ²⁾	300	298	1.10%	1.00%	17 May 2029	XS2342227837
Total/average	1,900	1,894	1.53%			

1) It was announced on 8 July 2021 that the bond will be redeemed in advance on 16 August 2021. The early redemption will total 100% of the nominal amount.

2) Fixed-rate loans.

Derivative contracts, 30 June 2021

Amounts in SEK M	Nominal amount	Years to maturity	Market value 30 Jun 2021	Market value 31 Dec 2020	Change for the period
Nominal interest-rate swaps	1,531	5.8	–73	–118	45
Interest-rate caps	2,286	1.3	0	0	0
Total	3,817	3.1	–73	–118	45

Rating and key performance indicators according to EMTN programme

	Financial covenant in EMTN programme	2021 30 Jun	2020 30 Jun	2020 31 Dec
Rating according to Moody's Investor Services		Baa3, Stable outlook	Baa3, Stable outlook	Baa3, Stable outlook
Net debt/Total assets	<65%	34%	41%	37%
Interest coverage ratio	>1.8x	9.1x	6.4x	6.4x
Secured liabilities/Total assets	<45%	2%	10%	11%

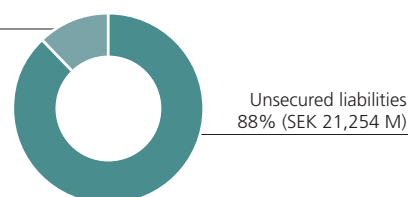
Sources of financing

Commercial paper 7% (SEK 1,699 M)
Bank loans 5% (SEK 1,318 M)



Distribution between secured and unsecured liabilities

Secured liabilities and commercial paper 12% (SEK 2,938 M)



Consolidated statement of comprehensive income

Amounts in SEK M	2021 Jan-Jun	2020 Jan-Jun	2021 Apr-Jun	2020 Apr-Jun	2020 Jan-Dec	Rolling 12 months
Rental revenue	1,506	1,417	775	715	2,898	2,987
Other revenue	15	3	1	2	10	22
Operating expenses	-128	-118	-54	-50	-232	-242
Maintenance costs	-36	-37	-18	-15	-79	-79
Property tax	-76	-67	-39	-32	-141	-150
Other property expenses	-29	-28	-15	-14	-60	-61
Net operating income	1,252	1,170	649	605	2,397	2,478
Central administration	-64	-57	-34	-28	-132	-139
Profit from joint ventures and associated companies	1,179	389	709	127	1,033	1,823
– of which, profit from property management	344	282	183	149	565	627
– of which, changes in value	1,044	215	600	13	741	1,570
– of which, tax	-200	-107	-66	-35	-272	-365
– of which, other	-9	–	-9	–	–	-9
Financial income	49	20	39	10	39	69
Financial expenses	-204	-225	-104	-117	-455	-433
Financial expense, interest component of leases	-13	-13	-7	-6	-26	-27
Profit including changes in value of joint ventures and associated companies	2,199	1,285	1,252	590	2,857	3,771
– of which, profit from property management	1,364	1,177	727	612	2,389	2,575
Properties, realised	4	–	1	1	-30	-25
Properties, unrealised	1,764	38	386	-243	1,274	3,001
Financial instruments, realised	0	0	0	0	1	1
Financial instruments, unrealised	692	-15	508	98	228	935
Profit before tax	4,660	1,307	2,147	446	4,330	7,682
Deferred tax	-300	-96	22	-1	-511	-715
Current tax	-56	-101	-23	-84	-108	-63
Profit for the period	4,303	1,110	2,146	361	3,711	6,904
<i>Other comprehensive income</i>						
<i>– items that may be reversed to profit or loss:</i>						
Translation differences for foreign operations	129	40	-198	-839	-693	-604
Share of other comprehensive income for joint ventures	6	8	-3	-15	-13	-15
Translation differences hedge accounting	-55	-18	104	468	355	318
Tax on items that may be reversed	-3	-1	1	21	14	12
Comprehensive income for the period	4,380	1,139	2,050	-4	3,374	6,615
Earnings per Class A and B share, SEK	13.16	3.05	6.56	0.90	10.80	20.86
Earnings per Class A and B share after dilution, SEK	13.13	3.04	6.55	0.90	10.78	20.82
Earnings per Class D share, SEK	1.00	1.00	0.50	0.50	2.00	2.00
Average no. of Class A and B shares, millions	317.3	317.0	317.3	317.0	317.1	317.3
Average no. of Class A and B shares after dilution, millions	318.1	317.6	318.1	317.6	317.7	317.9
Average number of Class D shares, millions	126.6	113.7	126.3	110.7	118.4	125.9

Condensed consolidated statement of financial position

Amounts in SEK M	2021 30 Jun	2020 30 Jun	2020 31 Dec
Investment properties	40,935	35,830	37,264
Investment properties for sale	787	288	284
Leases, right-of-use assets	343	367	368
Joint ventures and associated companies	8,090	5,741	6,833
Interest-bearing non-current receivables	530	539	550
Other fixed assets	156	53	130
Total fixed assets	50,841	42,818	45,429
Cash and bank balances	22	38	24
Listed shares	2,777	426	738
Other current assets	636	571	430
Total current assets	3,435	1,036	1,193
Total assets	54,276	43,854	46,622
Equity	25,497	20,424	22,452
Non-current interest-bearing liabilities	21,142	18,096	17,977
Deferred tax liabilities	2,762	2,118	2,476
Fixed-income derivatives	73	130	118
Lease liability, right-of-use assets	371	385	394
Other non-current liabilities	164	116	145
Total non-current liabilities	24,512	20,845	21,110
Commercial paper	1,699	568	1,081
Other current interest-bearing liabilities	1,351	693	770
Other current liabilities	1,216	1,324	1,209
Total current liabilities	4,267	2,585	3,060
Total equity and liabilities	54,276	43,854	46,622

Consolidated statement of cash flows

Amounts in SEK M	2021 Jan-Jun	2020 Jan-Jun	2021 Apr-Jun	2020 Apr-Jun	2020 Jan-Dec	Rolling 12 months
Profit before tax	4,660	1,307	2,147	446	4,330	7,682
Changes in value of financial instruments	-692	15	-508	-98	-228	-936
Change in value of properties	-1,768	-38	-387	242	-1,244	-2,975
Result from joint ventures and associated companies	-1,179	-389	-709	-127	-1,033	-1,823
Dividend from joint ventures and associated companies	310	405	310	405	424	329
Dissolution of allocated borrowing costs	19	21	10	11	47	45
Other items not included in cash flow	-10	-23	-4	2	-21	-28
Tax paid	-90	-2	-24	-1	-55	-122
Cash flow from operating activities before changes in working capital	1,249	1,296	835	880	2,219	2,172
Cash flow from changes in current receivables	-101	10	6	67	77	-33
Cash flow from changes in current liabilities	-162	76	115	79	260	22
Cash flow from operating activities	986	1,382	956	1,026	2,557	2,161
Acquisition of properties	-2,213	-3,218	-1,167	-110	-5,585	-4,580
Property sales	257	17	49	4	1,426	1,666
Investments in existing properties	-243	-324	-123	-187	-666	-585
Acquisition of listed shares	-1,489	-82	-1,052	-	-256	-1,663
Acquisition of financial instruments	-7	-7	-	-7	-7	-7
Acquisition of joint ventures and associated companies	-153	-14	-61	-	-260	-399
Capital contribution to joint ventures and associated companies	-121	-	-100	-	-150	-271
Dividend to joint ventures and associated companies	-	-	-	-	-41	-41
Increase in other fixed assets	-16	-6	-16	-	-10	-19
Decrease in other fixed assets	20	-	1	16	6	26
Cash flow from investing activities	-3,966	-3,634	-2,469	-284	-5,543	-5,875
Issue of Class D and B shares	36	528	36	528	527	35
Redemption of preference shares	-572	-	-572	-	-	-572
Dividend paid to shareholders	-666	-331	-595	-268	-679	-1,015
Incentive plan	-24	-9	-24	-9	-9	-23
Borrowings	9,339	5,641	4,055	146	7,886	11,584
Repayment of loans	-5,115	-3,645	-1,369	-2,836	-4,791	-6,261
Redemption of financial derivatives	-8	-	-	-4	-8	-16
Decrease in other non-current liabilities	-25	-	-25	-	-	-36
Increase in other non-current liabilities	11	22	11	-	1	1
Cash flow from financing activities	2,977	2,206	1,518	-2,443	2,926	3,697
Cash flow for the period	-3	-46	5	-1,702	-60	-16
Exchange rate differences in cash and cash equivalents	-	-2	-	-3	-2	-
Change in cash and cash equivalents	-	-48	5	-1,704	-62	-16
Cash and cash equivalents at beginning of period	24	86	17	1,742	86	38
Cash and cash equivalents at end of period	22	38	22	38	24	22

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	19	–	–	19
Dividends	–	–	–	–491	–491
Redemption of incentive plan	–	–	–	–14	–14
Incentive plan	–	–	–	5	5
Profit for the period, January-June 2020	–	–	–	1,110	1,110
Other comprehensive income, January-June 2020	–	–	29	–	29
Equity, 30 June 2020	808	3,542	704	15,370	20,424
Issue of Class B shares, incentive plan	–	–20	–	20	–
Dividends	–	–	–	–206	–206
Profit for the period, July-December 2020	–	–	–	2,601	2,601
Other comprehensive income, July-December 2020	–	–	–366	–	–366
Equity, 31 December 2020	808	3,522	338	17,785	22,452
Transaction costs	–	–	–	–1	–1
Issue of Class B shares, incentive plan	1	–	–	36	36
Redemption of preference shares	–29	–	–	–543	–571
Dividends	–	–	–	–776	–776
Redemption of incentive plan	–	–	–	–30	–30
Incentive plan	–	–	–	7	7
Profit for the period, January-June 2021	–	–	–	4,303	4,303
Other comprehensive income, January-June 2021	–	–	77	–	77
Equity, 30 June 2021	780	3,522	415	20,781	25,497

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

Parent Company income statement

Amounts in SEK M	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Net sales	43	39	77
Administration costs	-47	-45	-94
Loss before financial income and expenses	-4	-6	-17
Profit from participations in Group companies	-	22	511
Profit from participations in joint ventures	95	85	85
Financial income	283	192	434
Financial expenses	-269	-176	-475
Profit before tax and appropriations	105	117	538
Appropriations	-	-	52
Tax	-1	-25	-2
Profit for the period	104	92	589
<i>Other comprehensive income</i>			
Other comprehensive income	-	-	0
Comprehensive income for the period	104	92	589

Condensed Parent Company balance sheet

Amounts in SEK M	2021 30 Jun	2020 30 Jun	2020 31 Dec
Tangible fixed assets	1	-	1
Receivables from Group companies	1,298	1,821	1,654
Other financial fixed assets	9,309	7,172	8,035
Total fixed assets	10,608	8,993	9,690
Cash and bank balances	0	-	0
Receivables from Group companies	17,936	14,143	13,669
Other current assets	158	83	93
Total current assets	18,094	14,226	13,762
Total assets	28,703	23,219	23,453
Equity	2,989	3,936	4,227
Untaxed reserves	30	30	30
Non-current interest-bearing liabilities	10,262	11,031	10,673
Liabilities to Group companies	10,534	3,576	3,554
Deferred tax liabilities	4	3	4
Total non-current liabilities	20,800	14,611	14,232
Current interest-bearing liabilities	1,699	568	1,148
Liabilities to Group companies	2,776	3,617	3,514
Other current liabilities	409	458	302
Total current liabilities	4,884	4,643	4,964
Total equity, untaxed reserves and liabilities	28,703	23,219	23,453

Segment information

Profit items per segment	Rental revenue ¹⁾		Net operating income		Changes in value, properties				Total yield	
					Unrealised		Realised			
	2021 Jan-Jun	2020 Jan-Jun	2021 Jan-Jun	2020 Jan-Jun	2021 Jan-Jun	2020 Jan-Jun	2021 Jan-Jun	2020 Jan-Jun	2021 Jan-Jun	2020 Jan-Jun
Amounts in SEK M										
Stockholm	332	323	281	270	370	93	5	–	656	363
Helsinki	322	299	256	234	704	–64	–	–	960	170
Netherlands	168	141	154	128	253	57	–	–	406	185
Paris	159	148	122	113	179	–91	–	–	302	22
Finland, university cities	163	166	125	127	35	–3	–2	2	158	126
Madrid & Barcelona	53	46	45	44	–4	212	–	–1	42	255
Rest of Sweden	75	73	72	69	15	–18	–	–	86	50
Rest of Finland	111	117	100	105	92	–34	2	–1	194	71
Rest of Europe	122	104	113	97	120	–115	–	–	233	–17
Non-specified	–	–	–16	–17	–	–	–	–	–16	–17
Total	1,506	1,417	1,252	1,170	1,764	38	4	0	3,020	1,208

Asset items per segment	Market value properties		Investment properties		Acquisition properties		Divestment properties	
	2021 30 Jun	2020 30 Jun	2021 30 Jun	2020 30 Jun	2021 30 Jun	2020 30 Jun	2021 30 Jun	2020 30 Jun
Amounts in SEK M								
Stockholm	10,866	10,103	72	141	75	29	–203	–
Helsinki	8,508	6,837	91	133	893	32	–	–
Netherlands	4,936	3,473	20	23	365	415	–	–
Paris	3,944	3,228	13	7	258	396	–	–
Finland, university cities	3,266	3,249	26	3	–	95	–3	–3
Madrid & Barcelona	1,976	1,768	6	–	126	742	–	–10
Rest of Sweden	1,909	1,815	8	5	46	–	–46	–
Rest of Finland	2,645	2,620	4	11	–	–	–	–4
Rest of Europe	3,673	3,025	3	–	450	1,508	–	–
Total	41,722	36,117	243	324	2,213	3,218	–252	–17

1) All rental revenue pertains to external tenants.

Key performance indicators

	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec	2019 Jan-Dec	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, %	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	3,615	3,321	3,480	3,022	2,850	2,489	2,312
No. of properties at the end of the period	693	657	673	553	512	495	440
Financial key figures							
Return on total capital, %	6	7	7	7	7	7	7
Return on equity, %	36	11	18	24	24	30	33
Average interest rate, %	1.6	1.9	1.8	1.9	2.2	3.0	3.1
Fixed-interest period incl. derivatives, years	4.4	3.8	3.4	3.5	3.0	2.1	2.7
Loan maturity, years	4.4	4.0	3.4	3.8	3.6	3.1	3.6
Equity/assets ratio, %	47	47	48	48	46	42	38
Debt ratio, %	45	44	43	44	47	50	54
Net debt/run rate EBITDA, multiple	6.8	6.5	6.5	6.6	7.1	7.7	7.8
Net debt/EBITDA, multiple	7.0	6.8	6.4	6.6	7.4	8.1	8.7
Interest coverage ratio, multiple	7.1	6.5	5.7	4.9	4.2	3.7	3.4
Interest coverage ratio, EMTN programme, multiple	9.1	6.4	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	254.20	126.00	169.60	136.20	65.70	49.10	40.87
Net asset value, SEK	78.89	59.41	66.38	56.77	44.22	35.04	26.89
Equity, SEK	66.35	48.86	55.19	46.86	35.70	27.15	19.61
Equity after dilution, SEK	66.28	48.78	55.09	46.78	35.67	27.13	19.57
Earnings, SEK	13.16	3.05	10.80	12.15	9.24	8.86	7.27
Earnings after dilution, SEK	13.13	3.04	10.78	12.13	9.24	8.85	7.25
Profit from property management, SEK	3.87	3.26	6.63	5.51	4.31	3.71	2.99
Profit from property management after dilution, SEK	3.86	3.26	6.62	5.51	4.31	3.70	2.98
Cash flow, SEK	3.54	3.64	6.10	4.86	3.95	3.27	2.57
Cash flow after dilution, SEK	3.53	3.63	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	317.8	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	318.1	317.6	317.7	317.3	316.9	317.0	317.2
Data per Class D share							
Share price at the end of period, SEK	33.25	29.15	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	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Dividend per share, SEK	–	–	2.00	2.00	2.00	2.00	2.00
No. at end of period, millions	126.3	125.8	125.8	107.8	101.9	63.6	18.2
Average no., millions	126.3	113.7	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 20,385 (18,634) shareholders. Sagax's market capitalisation amounted to SEK 85,075 M (44,351). 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 7.31 (6.09), which, compared with the share price of the Class B share at the end of the period, corresponded to a multiple of 34.8 (20.7).

EQUITY PER CLASS A AND B SHARE

Equity per Class A and B share after dilution amounted to SEK 66.28 (48.78). Net asset value per Class A and B share amounted to SEK 78.89 (59.41). The share price for the Class B share at the end of the period was 384% (258) of equity per Class B share and 322% (212) of net asset value per Class B share.

Trade in the shares on the Nasdaq Stockholm

	Price paid, SEK		Turnover rate on an annual basis, %		Average trading volume per trading day, SEK M	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
Class A shares	259.00	130.50	3	4	0.6	0.6
Class B shares	254.20	126.00	44	24	107.8	31.8
Class D shares	33.25	29.15	55	68	9.3	9.0

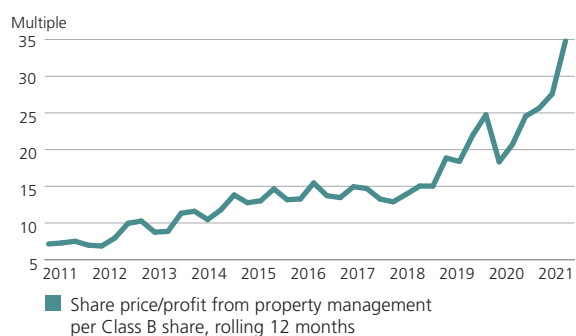
Key performance indicators per Class B share

	2021 30 Jun	2020 30 Jun	2020 31 Dec	2019 31 Dec	2018 31 Dec	2017 31 Dec	2016 31 Dec
Share price at the end of period, SEK	254.20	126.00	169.60	136.20	64.70	49.10	40.87
Profit from property management after dilution, SEK ¹⁾	7.31	6.09	6.62	5.51	4.30	3.70	2.98
Cash flow after dilution, SEK ¹⁾²⁾	6.04	5.83	6.09	4.86	3.94	3.26	2.56
Equity after dilution, SEK	66.28	48.78	55.11	46.78	35.67	27.13	19.57
Net asset value, SEK	78.89	59.41	66.38	56.77	44.22	35.04	26.89
Share price/Profit from property management, multiple ¹⁾	34.8	20.7	25.6	24.7	15.0	13.3	13.7
Share price/Cash flow, multiple ¹⁾²⁾	42.1	21.6	27.9	28.0	16.4	15.1	16.0
Share price/Equity, %	384	258	308	292	182	181	209
Share price/Net asset value, %	322	212	255	240	147	140	152

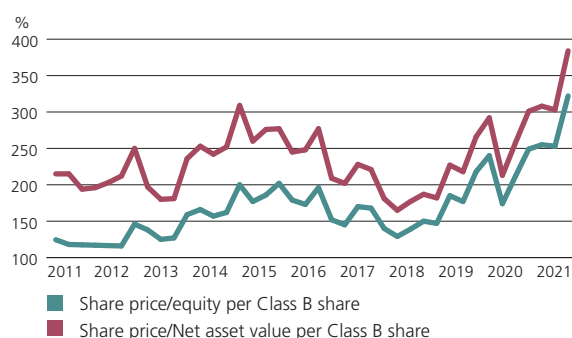
1) Profit from property management and cash flow pertains to rolling 12 months.

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 June 2021

No. of shares	No. of shareholders	Shareholder category	No. of share-holders	Share of voting power	Shareholders by country	No. of share-holders	Share of voting power
1–500	14,457	Private individuals residing in Sweden	18,475	8%	Sweden	19,147	86%
501–1 000	1,681				Switzerland	42	3%
1,001–2,000	1,234	Private individuals residing abroad	108	0%	USA	72	3%
2,001–5,000	1,257				Ireland	25	3%
5,001–10,000	597	Companies/institutions in Sweden	672	78%	UK	28	1%
10,001–50,000	767				Other	1,071	3%
50,001–	392	Companies/institutions abroad	1,130	14%			
Total	20,385	Total	20,385	100%	Total	20,385	100%

Largest shareholders, 30 June 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	67,865,112	1,192,228	17.9%	25.9%
Staffan Salén and companies	4,264,928	33,970,660	95,600	8.6%	11.2%
Rutger Arnhult and companies	5,778,141	24,836,508	6,652,150	8.4%	13.0%
Fourth Swedish National Pension Fund	5,716	16,997,616	10,321,678	6.1%	4.0%
Third Swedish National Pension Fund	–	24,227,658	–	5.4%	3.5%
SEB Fonder	–	15,782,995	–	3.5%	2.3%
Avanza Pension	48,725	774,512	10,666,063	2.6%	1.7%
Länsförsäkringar Fonder	–	10,772,033	–	2.4%	1.6%
Erik Selin and companies	1,175,000	6,475,799	2,038,868	2.2%	3.0%
Swedbank Robur Fonder	500,000	6,435,936	–	1.6%	1.7%
Vanguard	–	3,396,807	3,236,387	1.5%	1.0%
Filip Engelbert and companies	241,000	1,869,784	4,200,000	1.4%	1.2%
ODIN Fonder	–	5,058,004	–	1.1%	0.7%
BlackRock	–	4,054,176	875,528	1.1%	0.7%
ICA-Handlarnas Förbund	–	–	4,500,000	1.0%	0.7%
AMF Pension & Fonder	–	4,389,889	–	1.0%	0.6%
Norges Bank	–	3,010,638	1,148,254	0.9%	0.6%
Handelsbanken Fonder	–	4,044,355	–	0.9%	0.6%
Second Swedish National Pension Fund	–	3,990,056	–	0.9%	0.6%
Didner & Gerge Fonder	–	2,921,000	–	0.7%	0.4%
Total 20 largest shareholders	22,862,310	240,873,538	44,926,756	69.2%	75.1%
Other shareholders	3,970,574	49,947,173	81,334,573	30.3%	24.9%
Sub-total	26,832,884	290,820,711	126,261,329	99.6%	100.0%
Shares held by AB Sagax	–	2,000,000	–	0.4%	0.0%
Total	26,832,884	292,820,711	126,261,329	100.0%	100.0%
– of which, Board and employees	15,611,676	108,203,229	6,037,121	29.1%	39.4%

1) Ownership structure at 30 June 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	39%	6%
Class B shares	292,820,711	0.1	29,282,071.10	43%	66%
Class D shares	126,261,329	0.1	12,626,132.90	18%	28%
Total	445,914,924		68,741,088.00	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 June 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 June 2021, assets less liabilities in EUR, amounted to SEK 8,351 M (7,444). 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 increased uncertainty. The effect on the company will depend on how quickly and the level at which the economy will stabilise and how economic stimulus packages will impact interest rates and inflation.

Sagax's exposure to particularly vulnerable sectors, such as the hotel, restaurant and tourism sectors, is low. Rental revenue is distributed between 1,880 leases. 80% of revenue was attributable to 1,868 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 0.037% in the second quarter of 2021.

On 30 June 2021, Sagax's cash and cash equivalents and available credit facilities amounted to SEK 4,124 M, of which SEK 22 M in cash and cash equivalents. In addition, Sagax had back-up facilities for commercial paper programmes outstanding that amounted to SEK 1,699 M. Sagax's cash flow from operating activities amounted to SEK 1,249 M in the first six-months of the year.

Sensitivity analysis for property values

	-20%	-10%	0%	+10%	+20%
Value change, SEK M	-8,344	-4,172	0	4,172	8,344
Debt ratio, %	53	48	45	41	39

Sensitivity analysis for changes in the occupancy rate

	-10%	-5%	0%	+5%	+10%
Occupancy rate, %	85	90	95	100	N/A
Interest coverage ratio, %	642	677	712	746	N/A

Sensitivity analysis for property values

	Change	Value change, SEK M
Yield requirement	+/- 0.25% points	-1,218/+1,323
Cost of capital	+/- 0.25% points	-830/+857
Rental revenue	+/- 5%	+1,815/-1,826
Property expenses	+/- 5%	-262/+260

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 is of the opinion that the Tax Agency's decisions are incorrect and the companies concerned have appealed the decision to the Administrative Court of

Appeal. The court suspended proceedings pending a decision in another similar case, which has now been resolved in the company's favour. If the Tax Agency's decisions for Firethorne AB were to be upheld despite this decision, 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 30 June 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	+/-31	+/-25	+/-25
Rental revenue	+/- 1%	+/-31	+/-25	+/-25
Property expenses	+/- 1%	-/+ 5	-/+ 4	-/+ 4
Interest expenses for liabilities in SEK including fixed-income derivatives	+/-1% point	-17/+5	-14/+4	-14/+4
Interest expenses for liabilities in EUR including fixed-income derivatives	+/-1% point	-2/-0	-2/-0	-2/-0
Interest expenses for liabilities in SEK excluding fixed-income derivatives	+/-1% point	-30/+18	-24/+14	-24/+14
Interest expenses for liabilities in EUR excluding fixed-income derivatives	+/-1% point	-1/+2	-1/+2	-1/+2
Change in SEK/EUR exchange rate ²⁾	+/- 10%	+/-150	+/-118	+/-835
Changed rent level for contract maturity in 2021	+/- 10%	+/-15	+/-12	+/-12

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. As of 30 June 2020, this means that interest-bearing liabilities declined by SEK 91 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

On 8 July, it was announced that Sagax had decided to redeem the company’s 2017/2022 bond of SEK 1,250 M in advance (ISIN: SE0010324228).

The early redemption will take place in accordance with the terms and conditions of the bonds and the holders were informed in a letter from Euroclear Sweden AB.

The early redemption of the bonds will take place on 16 August 2021. The record date for early redemption is 9 August 2021. According to the terms and conditions of the bonds, the early redemption amount will total 100.00% of the nominal amount.

The bonds will be delisted from the Corporate Bond List of Nasdaq Stockholm.

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, 15 July 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 and the Swedish Securities Market Act. The information was released for publication on 15 July 2021 at 4:00 p.m. (CEST).

Financial calendar

Interim Report January-September 2021
Year-end Report 2021

28 October 2021
11 February 2022

SCHEDULE OF DIVIDEND PAYMENTS TO HOLDERS OF CLASS D SHARES

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 Euroclear ¹⁾	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 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 influence this date.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Visit us at www.sagax.se.

Definitions

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

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

Key performance indicators	Description	Reason for alternative performance measure
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.
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.
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.
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.
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.
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.
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.
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.
Property	Pertains to properties held under title or site leasehold.	Not an alternative performance measure.
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.
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.
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.
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.
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.
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
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.
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.
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.
Preference equity	Equity per preference share multiplied by the number of preference shares outstanding.	The key performance indicator shows equity attributable to preference shareholders.
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.
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.
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.
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.
Equity/assets ratio	Equity in relation to total assets.	The key performance indicator shows financial risk.
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.
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.
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.
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.
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.
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.

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

Amounts in SEK M unless otherwise stated	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec	Amounts in SEK M unless otherwise stated	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Return on equity				Run rate yield			
Profit after tax	4,303	1,110	3,711	Net operating income according to current earnings capacity	2,568	2,381	2,370
Addition for translation to annual value	4,303	1,110	–	Add-back of site leasehold fees	–24	–26	–25
Average equity	23,974	19,841	20,855	Adjusted net operating income	2,544	2,355	2,345
Return on equity	36%	11%	18%	Carrying amount of properties	41,722	36,118	37,548
Return on total capital				Run rate yield	6.1%	6.5%	6.2%
Profit from property management	1,364	1,177	2,389	Run rate EBITDA			
Addition for translation to annual value	1,364	1,177	–	Net operating income according to current earnings capacity	2,568	2,381	2,370
Financial expenses	217	238	481	Central administration	–139	–129	–132
Addition for translation to annual value	217	238	–	Dividends from joint ventures and associated companies	329	422	424
Profit before financial expenses	3,162	2,830	2,870	Run rate EBITDA	2,758	2,674	2,662
Average total capital	50,449	42,004	43,388	Profit from property management			
Return on total capital	6%	7%	7%	Profit after tax	4,303	1,110	3,711
Occupancy rate by area				Tax	556	304	891
Contracted area, '000s sqm	3,429	3,149	3,312	Changes in value	–3,505	–237	–2,213
Total lettable area, '000s sqm	3,615	3,321	3,480	Profit from property management	1,354	1,177	2,389
Occupancy rate by area	95%	95%	95%	Profit from property management per Class A and B share after dilution			
Debt ratio				Profit from property management	1,354	1,177	2,389
Interest-bearing liabilities	24,193	19,357	19,828	Dividends attributable to preference and Class D shares	–126	–143	–285
Total assets	54,276	43,854	46,622	Adjusted profit from property management	1,228	1,034	2,104
Debt ratio	45%	44%	43%	Profit from property management per Class A and B share after dilution, SEK	3.86	3.26	6.62
Yield				Profit from property management per Class A and B shares, rolling 12 months			
Net operating income	1,252	1,170	2,397	Profit from property management, rolling 12 months	2,575	2,218	2,389
Add-back of site leasehold fees	–12	–13	–25	Dividends attributable to preference and Class D shares, rolling 12 months	–253	–285	–285
Addition for translation to annual value	1,240	1,157	–	Adjusted profit from property management	2,322	1,933	2,104
Holding adjustment, acquisitions/divestments	69	67	57	No. of Class A and B shares after dilution, rolling 12 months	317,909,512	317,453,399	317,691,982
Currency translation to closing rate	–1	–27	–67	Profit from property management per Class A and B share, current period, rolling 12 months	7.31	6.09	6.62
Adjusted net operating income	2,548	2,354	2,362	Profit from property management per Class A and B share, preceding period, rolling 12 months	6.09	4.76	5.52
Carrying amount of properties	41,722	36,118	37,548	Annual percentage growth rate, rolling 12 months	20%	28%	20%
Yield	6.1%	6.5%	6.3%	Rental revenue, comparable portfolios¹⁾			
EBITDA rolling 12 months				Rental revenue	1,506	1,417	2,898
Net operating income	2,478	2,256	2,397	Acquired and sold properties	–205	–91	–488
Central administration	–139	–129	–132	Currency adjustment	–	–51	–
Dividends from joint ventures and associated companies	329	422	424	Rental revenue, comparable portfolios excluding currency effects	1,301	1,275	2,411
EBITDA	2,668	2,549	2,689	Equity per Class A and B share			
Equity per Class A and B share				Equity	25,497	20,424	22,452
Equity	25,497	20,424	22,452	Equity attributable to preference and Class D shares	–4,419	–4,923	–4,940
Equity attributable to preference and Class D shares	–4,419	–4,923	–4,940	Corrected equity attributable to Class A and B shares	21,078	15,501	17,512
Corrected equity attributable to Class A and B shares	21,078	15,501	17,512	No. of shares	317,653,595	317,279,530	317,279,530
No. of shares	317,653,595	317,279,530	317,279,530	No. of shares after dilution	318,018,916	317,782,521	317,891,458
No. of shares after dilution	318,018,916	317,782,521	317,891,458	Equity per Class A and B share, SEK	66.35	48.86	55.19
Equity per Class A and B share, SEK	66.35	48.86	55.19	Equity per Class A and B share after dilution, SEK	66.28	48.78	55.09
Equity per Class A and B share after dilution, SEK	66.28	48.78	55.09	Economic occupancy rate			
Economic occupancy rate				Contractual annual rent	3,100	2,866	2,865
Contractual annual rent	3,100	2,866	2,865	Rental value	3,265	3,021	3,024
Rental value	3,265	3,021	3,024	Economic occupancy rate	95%	95%	95%
Economic occupancy rate	95%	95%	95%	<i>1) The preceding period has been adjusted based on the assumption that the exchange rate is the same as in the current period.</i>			

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

Amounts in SEK M unless otherwise stated	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec	Amounts in SEK M unless otherwise stated	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Cash flow per Class A and B share				Interest coverage ratio			
Profit before tax	4,660	1,307	4,330	Profit from property management	1,364	1,177	2,389
Items not affecting cash flow	-3,321	12	-2,055	Reversal of profit from property management joint ventures and associated companies	-344	-282	-565
Tax paid	-90	-23	-55	Dividend from joint ventures and associated companies	310	405	424
Dividends attributable to preference and Class D shares	-126	-143	-285	Financial expenses	217	238	481
Cash flow	1,123	1,153	1,935	Corrected profit from property management before financial expenses	1,547	1,538	2,729
Cash flow per Class A and B share after dilution, SEK	3.53	3.63	6.09	Interest coverage ratio	7.1x	6.5x	5.7x
Net debt				Interest coverage ratio, EMTN programme			
See page 12.				Profit from property management	1,364	1,177	2,389
Net debt according to EMTN programme				Net financial items	168	218	442
Interest-bearing liabilities	24,193	19,357	19,828	Profit from property management before net financial items	1,532	1,395	2,831
Cash and cash equivalents and listed shares	-4,915	-1,482	-2,164	Interest coverage ratio	9.1x	6.4x	6.4x
Net debt according to EMTN programme	19,278	17,875	17,664	Equity/assets ratio			
Net debt according to EMTN programme/Total assets				Equity	25,497	20,424	22,452
Net debt according to EMTN programme	19,278	17,875	17,664	Total assets	54,276	43,854	46,622
Total assets	54,276	43,854	46,622	Equity/assets ratio	47%	47%	48%
Net debt according to EMTN programme/Total assets	36%	41%	38%	Net asset value			
Net debt/EBITDA				Equity	25,497	20,424	22,452
Net debt	18,714	17,427	17,114	Equity attributable to preference and Class D shares	-4,419	-4,923	-4,940
EBITDA rolling 12 months	2,668	2,549	2,689	Reversal of derivatives	73	130	118
Net debt/EBITDA	7.0x	6.8x	6.4x	Reversal of deferred tax, temporary differences	2,998	2,439	2,590
Net debt/run rate EBITDA				Reversals due to joint ventures	941	835	881
Net debt	18,714	17,427	17,114	Net asset value	25,090	18,881	21,101
EBITDA, run rate	2,758	2,674	2,662	Net asset value per Class A and B share after dilution, SEK	78.89	59.41	66.38
Net debt/EBITDA run rate	6.8x	6.5x	6.4x	Secured liabilities/Total assets			
Net debt/Total assets				Secured liabilities	1,240	4,208	5,086
Net debt	18,714	17,427	17,114	Total assets	54,276	43,854	46,622
Total assets	54,276	43,854	46,622	Secured liabilities/Total assets	2%	10%	11%
Net debt/Total assets	34%	40%	37%	Surplus ratio			
Preference equity				Net operating income	2,478	2,256	2,397
Equity per preference share, SEK	-	31.0	32.00	Rental revenue	2,987	2,737	2,898
Number of preference shares outstanding	-	16,784,028	16,784,028	Surplus ratio	83%	82%	83%
Preference equity	-	520	537	Earnings per Class A and B share¹⁾			
Earnings per Class A and B share¹⁾				Profit after tax	4,303	1,110	3,711
Profit after tax	4,303	1,110	3,711	Dividends attributable to preference and Class D shares	-126	-149	-285
Dividends attributable to preference and Class D shares	-126	-149	-285	Adjusted profit after tax	4,177	967	3,426
Adjusted profit after tax	4,177	967	3,426	Earnings per Class A and B share after dilution, SEK	13.13	3.04	10.78
Earnings per Class A and B share after dilution, SEK	13.13	3.04	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 on 30 June 2021 amounted to 3,615,000 square metres, distributed between 693 properties.

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

More information is available at www.sagax.se.

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