

INTERIM REPORT JANUARY – SEPTEMBER 2022

AB | SAGAX

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concept is to invest in commercial properties,
mainly in the warehouse and light industrial segments*

Interim Report January – September 2022

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- Rental revenue increased 19% to SEK 2,725 M (SEK 2,294 M in the year-earlier period).
- Profit from property management increased 21% to SEK 2,530 M (2,096).
- Profit from property management per Class A and B share after dilution rose 23% to SEK 7.35 (5.97).
- Property revaluation affected profit by SEK 3,521 M (3,820).
- Revaluation of financial instruments had an impact on profit of SEK –2,615 M (863).
- Profit after tax for the period was SEK 2,445 M (5,913).
- Cash flow from operating activities before changes in working capital rose 30% to SEK 2,302 M (1,776), corresponding to SEK 6.64 (4.99) per Class A and B share after dilution.
- Net property investments for the period amounted to SEK 3,419 M (3,419).

THIRD QUARTER OF 2022

- Rental revenue increased 19% to SEK 938 M (SEK 788 M in the year-earlier period).
- Profit from property management increased 24% to SEK 910 M (732).
- Profit from property management per Class A and B share after dilution rose 26% to SEK 2.66 (2.11).
- Property revaluation affected profit by SEK 408 M (1,067).
- Revaluation of financial instruments had an impact on profit of SEK –421 M (112).
- Profit after tax for the quarter was SEK 702 M (1,610).
- Cash flow from operating activities before changes in working capital rose 25% to SEK 659 M (527), corresponding to SEK 1.87 (1.46) per Class A and B share after dilution.
- Net property investments for the quarter amounted to SEK 841 M (1,220), of which acquisitions accounted for SEK 651 M (1,051).

UNCHANGED FORECAST FOR 2022

Profit from property management for 2022, 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 3,300 M. The forecast was presented in the interim report for January–June 2022.

Selected key performance indicators¹⁾²⁾

	2022 Jan-Sep	Jan-Sep 2021	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Profit from property management per Class A and B share after dilution, SEK	7.35	5.97	7.99	6.62	5.51	4.31	3.70
Change compared with preceding year, %	23	20	21	20	28	16	24
Earnings per Class A and B share after dilution, SEK	7.09	18.00	30.04	10.78	12.13	9.24	8.85
Dividend per Class A and B share, SEK	–	–	2.15	1.65	1.30	1.00	0.90
Net debt/EBITDA, multiple	7.6	6.8	5.8	6.4	6.6	7.4	8.1
Interest coverage ratio, multiple	7.6	6.7	6.5	5.7	4.9	4.2	3.7
Debt ratio at the end of the period, %	45	44	42	43	44	47	50
Properties' market value at the end of period, SEK M	54,350	43,720	46,067	37,548	32,625	29,024	23,771
Property yield, %	5.7	6.1	6.0	6.3	6.4	6.8	6.9

1) Definitions of key performance indicators are provided on pages 32-33.

2) The calculation of alternative performance measures is provided on pages 34-35.

Business concept, targets and strategies

BUSINESS CONCEPT

Sagax's business concept is to invest in commercial properties, mainly in the warehouse and light industrial segments.

OPERATIONAL TARGETS

Sagax's goal is to generate attractive risk-adjusted return for the company's shareholders. This is to be achieved by accomplishing the following operational targets:

- The company's operations are to generate long-term sustainable return and strong cash flows.
- The company is to continue to grow through new investments if attractive risk-adjusted returns are expected to be achieved.
- Cash flow growth in existing operations is to exceed inflation.

FINANCIAL TARGETS

Sagax has the following financial targets:

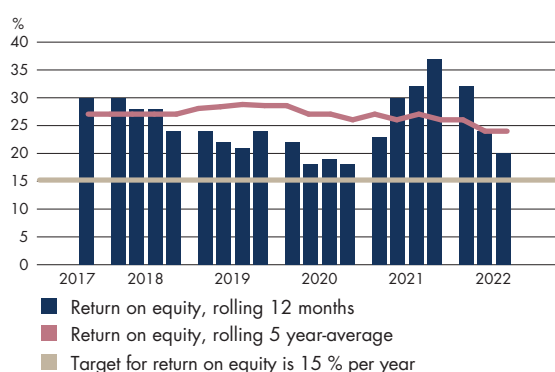
- Return on equity, measured over a five-year period, shall be at least 15% per year.
- Profit from property management per Class A and B share shall increase by a minimum of 15% per year.

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

Financial targets

	Outcome rolling 12 months	Five-year average
Return on equity, measured over a five-year period, shall exceed 15% per year	20%	24%
Profit from property management per Class A and B share shall increase by a minimum of 15% per year	22%	22%

Return on equity



STRATEGIES

Sagax has a long-term "buy and hold" approach to its investments. Sagax does not engage in property trading activities other than occasional sales of properties that no longer meet the company's investment criteria. Sagax's property development activities are limited and projects are carried out primarily after they have been let.

To achieve the company's operational and financial targets the company has adopted the following strategies.

Investment strategy

Property acquisitions and investments in the existing portfolio aim to increase cash flow and diversify rental revenue, thereby reducing the company's operational and financial risks.

Sagax invests in commercial properties, mainly in the warehouse and light industrial segments. These property segments combine low rates of new construction with stable occupancy levels, generating stable cash flow and opportunities for long-term value creation. Sagax invests in add-on acquisitions and in existing properties. The chart on page 4 specifies the properties' market value and lettable area.

In addition to direct investments Sagax invests in properties via joint ventures and associated companies. This enables the company to invest in markets that Sagax cannot reach successfully on its own. The indirect investments allow Sagax to team-up with specialised management teams and to leverage Sagax's general industry knowledge to develop attractive investments.

Profit from property management per Class A and B share



Financing strategy

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

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

Sagax endeavours to have well-balanced fixed interest and loan maturity profiles to secure its operating cash flow. The company's strategy is to fund its interest-bearing debt mainly by issuing senior unsecured bonds in the EUR and SEK markets. Sagax also finances its operations via issuance of commercial paper in EUR and SEK. Sagax can also raise debt in the bank markets if favourable. Moody's Investors Service has rated Sagax "Baa3" with "Positive outlook".

The company has three classes of shares: Class A, B and D common shares. The Class A and B shares participate fully in the company's equity. The Class D participates in a dividend of up to SEK 2.00 per share and year. The aim with the Class D shares is to attract investor categories that value stable and regular dividends while limiting dilution for the holders of common shares of Class A and B.

Asset management strategy

Sagax's long-term perspective applies to the company's asset management strategy. Sagax endeavours to attract reputable and creditworthy tenants and favours longer leases with financially stable tenants even if this entails foregoing higher rental levels. This is regarded as being advantageous since it reduces the risk of vacancies, while leading to lower costs for letting premises and adapting premises to tenant needs.

Sagax invests primarily in regions experiencing stable population growth and that have diversified business activities. The risk of a decline in occupancy rates and rent levels due to a weaker rental market is regarded as low due to the stable population growth and the diversified business operations in these markets. Sagax's largest markets are Stockholm and Helsinki, which are regarded as offering favourable conditions for long-term growth.

The company mainly enters into net leases. This strategy protects the company's operating cash flow from increases in expenses resulting from changes in property taxes, consumption levels or rates for utilities.

SUSTAINABILITY ACTIVITIES

The aim of Sagax's sustainability activities is to avoid short-term gains arising at the expense of negative longer-term consequences. 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 continuously takes action to reduce its energy consumption.

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.

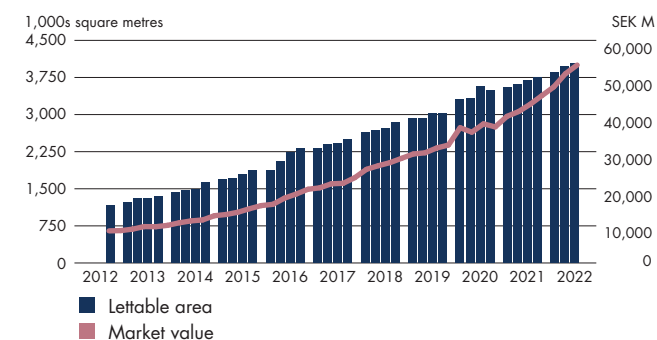
Financial sustainability

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.

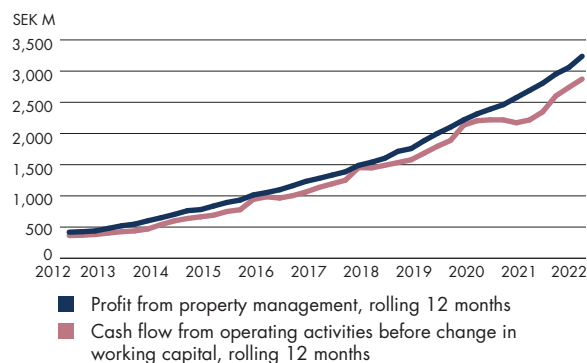
Professional and dedicated employees

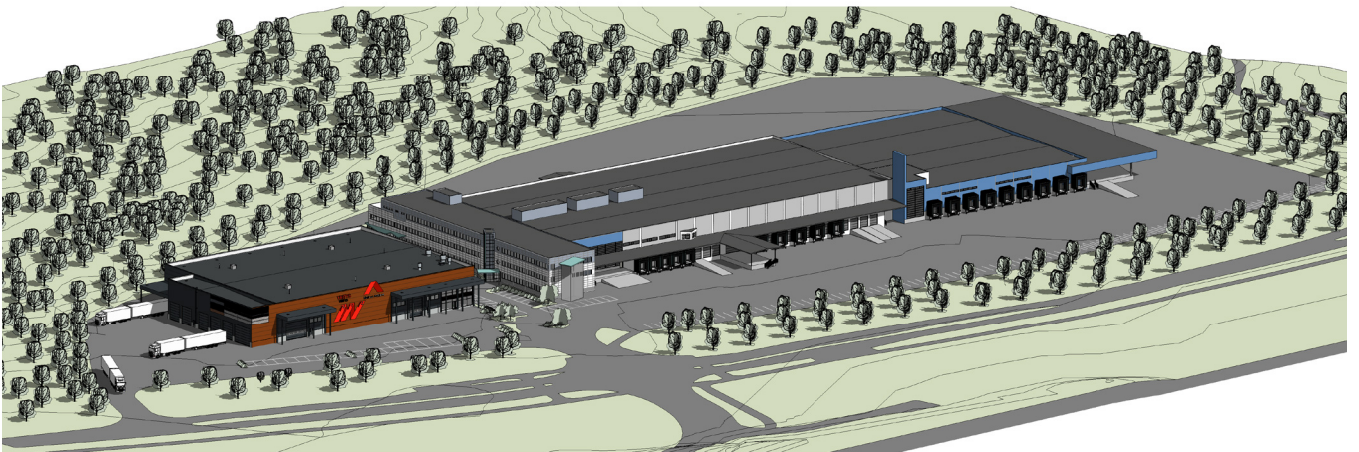
The development of the company is dependent on highly skilled employees. For this reason, it is important that the company is an attractive employer that can attract and has the ability to retain highly skilled personnel. Sagax employees are expected to assume responsibility for their work duties and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

Market value and area of properties



Profit from property management and cash flow





At Tulkintie 29 in Vanda outside Helsinki, Sagax has constructed a building with a lettable area of 4,200 square metres on previously unexploited land. The building has BREEAM Very Good certification and is fully let.

Earnings, revenue and expenses

The profit/loss and cash flow items below refer to the January to September 2022 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

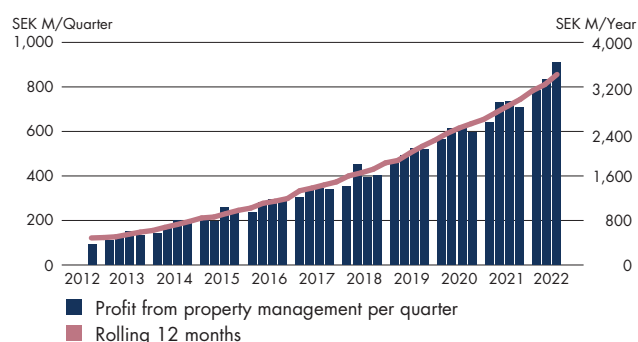
Profit from property management rose 21% to SEK 2,530 M (2,096), of which joint ventures and associated companies accounted for SEK 606 M (529). The increase in profit from property management was attributable to property acquisitions and higher profit from property management in joint ventures and associated companies. Profit from property management per Class A and B share after dilution rose 23% to SEK 7.35 (5.97).

Changes in the value of properties increased profit by SEK 3,521 M (3,820), of which SEK 1,000 M (1,490) from joint ventures. The changes in value were primarily due to higher inflation expectations and thus an expected increase in rental revenue.

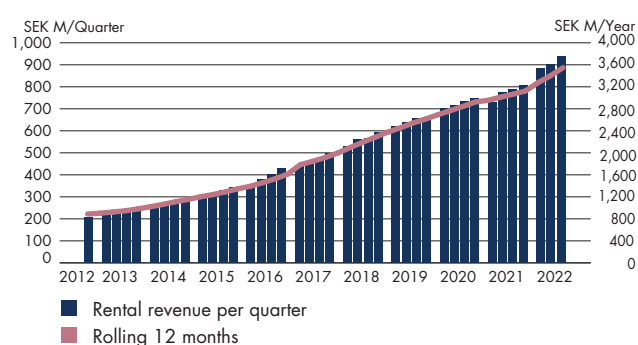
Revaluation of financial instruments had an impact on profit of SEK -2,615 M (863), of which SEK 314 M (79) from joint ventures and associated companies. The revaluation of listed shares accounted for SEK -3,221 M (742). The revaluation of financial instruments attributable to joint ventures amounted to SEK 150 M (35) pursuant to IFRS 9, while fixed income derivatives accounted for SEK 406 M (98) and other financial instruments for SEK 47 M (-12).

Profit after tax for the period was SEK 2,445 M (5,913).

Profit from property management



Rental revenue



REVENUE

Rental revenue rose 19% to SEK 2,725 M (2,294). Revenue was primarily positively affected by property acquisitions. Revenue was also impacted positively by SEK 58 M compared with the year-earlier period due to the EUR strengthening against the SEK.

During the period, rental revenue in comparable portfolios increased 4.5% (1.3) excluding currency effects. The segments with the largest increases were Spain with 8.9%, France with 4.9% and Finland with 4.6%.

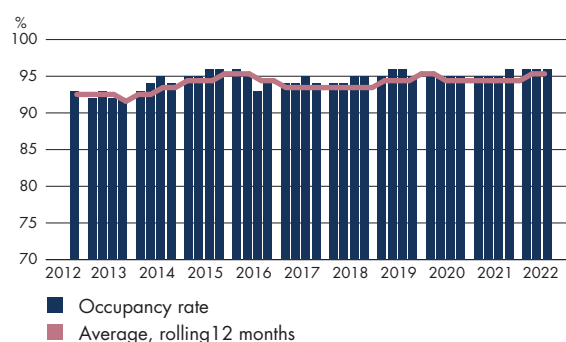
Other revenue amounted to SEK 28 M (19).

CHANGE IN THE ECONOMIC OCCUPANCY RATE

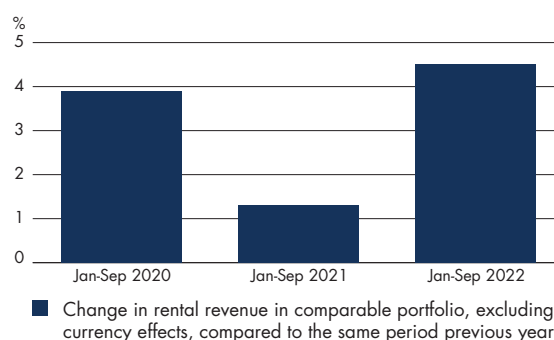
The economic occupancy rate amounted to 96% (95). During the period, the vacancy value rose SEK 146 M (112) due to tenants vacating premises and declined SEK 139 M (117) due to new lettings. Fixed-term rent discounts for new tenants increased SEK 7 M (4) to SEK 45 M (38) on an annual basis at the end of the period. Property acquisitions during the period impacted the vacancy value by SEK 14 M (-2). In total, the vacancy value increased SEK 34 M (3) to SEK 168 M (156) at the end of the period.

In the third quarter, Sagax reported positive net leasing of a total of SEK 20 M in the Finland, France, Netherlands and Spain segments. During the same period, Sagax's net leasing was SEK -27 M in the Sweden segment primarily as a result of premises of 52,100 square metres in Stockholm becoming vacant. Of the vacant premises, 24,800

Economic occupancy rate



Rental revenue, comparable portfolios



square metres has been let to three tenants who will take occupancy between October 2022 and September 2023. All segments reported healthy demand in the third quarter.

FUTURE VACANCY CHANGES

At the end of the period, notice of termination had been served for leases with a rental value of SEK 116 M (85), of which leases with notice of vacating the premises accounted for SEK 115 M (83) and leases with notice of renegotiation for SEK 1 M (2). Of the leases for which notice had been received, vacancies corresponding to a rental value of SEK 6 M will occur in 2022. Lettings of premises that have not yet been occupied reduced the adjusted vacancy value by SEK 31 M (30).

PROPERTY EXPENSES

Operating and maintenance costs amounted to a total of SEK 300 M (232). Expenses for property tax increased to SEK 132 M (115). Other property expenses rose to SEK 60 M (46). The increase was primarily due to property acquisitions and price increases for heating and electricity.

CENTRAL ADMINISTRATION

Central administration costs amounted to SEK 107 M (96), corresponding to 3.9% (4.2) of the period's rental revenue. The increase in costs is the consequence of a larger organisation.

At the end of the period, Sagax had 93 (83) employees. Functions such as property caretaking and on-call operations are outsourced. Sagax has offices in Stockholm, Helsinki, Paris, Rotterdam, Barcelona and Frankfurt.

Number of employees

Country	Total
Sweden	38
Finland	27
France	11
Netherlands	9
Spain	7
Germany	1
Total	93

Vacancy changes

Amounts in SEK M	2022 Jan-Sep	2021 Jan-Dec
Opening vacancy for each year	135	159
Vacancies	146	134
New lettings	-139	-159
Change in discounts provided	7	2
Vacancy value, acquired properties	14	11
Vacancy value, sold properties	-	-14
Change in exchange rates	6	2
Closing vacancy value	168	135
Terminated for renegotiation	1	2
Terminated lease, not vacated	115	105
Letting, not occupied	-31	-34
Adjusted closing vacancy value	254	207

Leases terminated for vacancy

Year of vacancy	No. of leases	Rental value, SEK M
2022	20	6
2023	48	82
2024	7	16
2025	2	2
2026	-	-
>2026	1	8
Total	78	115

Vacancies on 1 October 2022

Segment	Rental value, SEK M	Vacancy value, SEK M ¹⁾	Economic vacancy rate ¹⁾	Lettable area, sqm	Vacant area, sqm	Vacancy rate by area
Sweden	915	76	8%	903,000	67,000	7%
Finland	1,593	50	3%	1,394,000	46,000	3%
France	623	17	3%	605,000	18,000	3%
Netherlands	483	14	3%	590,000	13,000	2%
Spain	322	9	3%	461,000	23,000	5%
Germany	101	2	2%	77,000	5,000	6%
Rest of Europe	11	-	-	6,000	-	-
Total	4,048	168	4%	4,036,000	172,000	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 1,548 M (1,773), of which profit from property management accounted for SEK 606 M (529), changes in the value of fixed income derivatives for SEK 314 M (79) and changes in the value of properties for SEK 1,000 M (1,490). Other changes in value amounted to SEK 29 M (–9). Profit was charged with tax of SEK 401 M (317). Refer also to page 13 for further information.

NET FINANCIAL ITEMS

Interest-bearing liabilities increased to SEK 31,900 M (25,234).

Financial expenses amounted to SEK 354 M (315). The average interest rate was 1.6% (1.4) on 30 September 2022. The increase is a consequence of refinancing and new borrowing at higher interest rates.

Financial income of SEK 144 M (78) pertained to dividends primarily from holdings in Nyfosa and interest on bonds and other financial investments.

REVALUATION OF PROPERTIES

Sagax obtains external valuations 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. As of 30 September, 99% of the properties had been valued by authorised property appraisers. 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 2,521 M (2,330), of which unrealised changes in value amounted to SEK 2,530 M (2,332). Refer also to page 12 for additional information.

Unrealised changes in value

Amounts in SEK M	Jan-Sep 2022
New lettings/Renegotiations	489
Vacancies/Renegotiations	–63
General change in market value	2,104
Total	2,530

REVALUATION OF FINANCIAL INSTRUMENTS

The change in the value of financial instruments amounted to SEK –2,615 M (863), of which SEK 314 M (79) referred to joint ventures.

The change in value attributable to fixed income derivatives amounted to SEK 416 M (98), of which SEK 314 M (79) referred to joint ventures.

Revaluation of listed shares resulted in an unrealised change in value of SEK –3,221 M (742), of which SEK –2,940 M pertained to the holding in Nyfosa AB.

The revaluation of financial instruments attributable to joint ventures amounted to SEK 150 M (35) in accordance with IFRS 9.

Other financial instruments were revalued by SEK 47 M (–12).

TAX

Sagax recognised a current tax expense of SEK 58 M (85). The deferred tax expense amounted to SEK 561 M (456). The Group's deferred tax liabilities at the end of the period amounted to SEK 3,778 M (2,926).

CASH FLOW

Cash flow from operating activities before change in working capital amounted to SEK 2,302 M (1,776). Changes in working capital had an impact of SEK 155 M (–29) on cash flow. Investing activities had an impact of SEK –5,344 M (–5,494) on cash flow, while cash flow from financing activities amounted to SEK 2,917 M (3,755). In total, cash and cash equivalents rose SEK 31 M (7) 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 65 M (46).

Forecast and current earnings capacity

UNCHANGED FORECAST FOR 2022

Profit from property management for 2022, 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 3,300 M. The forecast was presented in the interim report for January–June 2022.

CURRENT EARNINGS CAPACITY

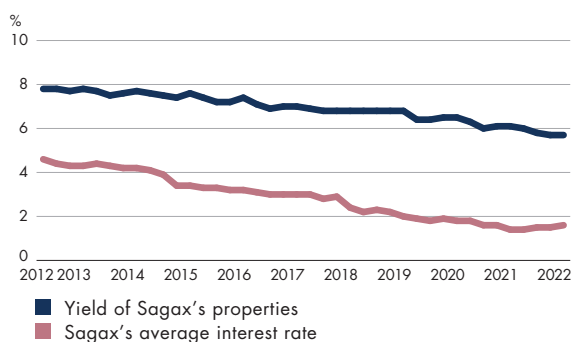
Current earnings capacity is reported in conjunction with interim reports and year-end reports.

The table below shows the company's earnings capacity on a 12-month basis at 1 October 2022. 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.

Current earnings capacity

Amounts in SEK M	1 Oct 2022	1 Jan 2022
Rental value	4,048	3,459
Vacancy	-168	-135
Rental revenue	3,880	3,324
Property expenses	-684	-563
Net operating income	3,196	2,761
Central administration	-158	-147
Joint ventures and associated companies	755	780
Net financial items	-545	-354
Lease expenses	-29	-28
Profit from property management	3,273	3,012
Tax	-589	-542
Profit after tax	2,684	2,470
– of which, holders of Class D shares	253	252
– of which, holders of Class A and B shares	2,431	2,218
Run rate yield, %	5.8	5.9
Net debt/run rate EBITDA, multiple	7.0	5.4

Yield and interest rate



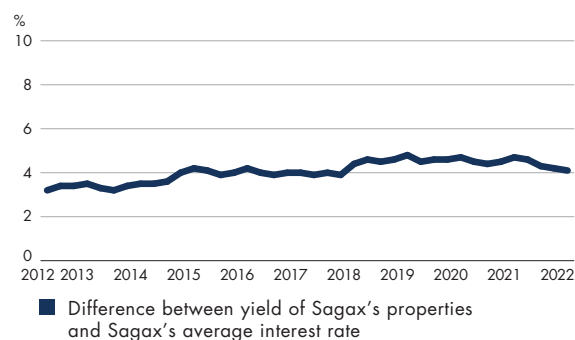
The rental value is based on contractual rental revenue on an annual basis, with addition for estimated market rents for vacant premises. Property expenses are based on actual outcomes over the past 12 months adjusted for the holding period. Central administration costs are based on actual outcomes over 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% (18). Translation from EUR was done at the closing rate of SEK 10.92 (10.20).

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 before tax



Difference between yield and interest rate



Property portfolio

On 30 September 2022, the property portfolio comprised 782 (725) properties with a lettable area of 4,036,000 square metres (3,699,000). At the end of the period, the rental value and contractual annual rent amounted to SEK 4,048 M (3,375) and SEK 3,880 M (3,219), respectively. This corresponds to an economic occupancy rate of 96% (95).

INVESTMENTS

During the period, Sagax invested SEK 3,432 M (3,683) in the property portfolio, of which property acquisitions accounted for SEK 2,915 M (3,264).

Properties were acquired with a total lettable area of 267,000 square metres. The largest investment referred to a portfolio of 65,000 square metres of lettable area in the France segment. A total of SEK 517 M (418) was invested in the existing property portfolio. SEK 203 M pertained to property maintenance, SEK 158 M was invested in new construction, SEK 115 was invested in conjunction with new lettings and SEK 41 of the

investments for the period were made against rent supplements. A total of SEK 33 M was invested in solar power facilities and other energy-saving investments.

The Group has agreed to acquire three properties in France, one in Finland, one in the Netherlands and two in Germany, for which closing will take place after the end of the period. The total investment will amount to SEK 183 M. These properties, for which closing will take place after the end of the period, encompass a total of 16,100 square metres of lettable area.

DIVESTMENTS

Three properties were divested in Finland during the period with a combined value of SEK 14 M.

PROPERTY PORTFOLIO YIELD

The yield for the period in relation to market value amounted to 5.7% (6.1).

Summary of property portfolio 1 October 2022

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						
Sweden	14,831	27%	16,400	113	903,000	67,000	915	92%	839
Finland	17,939	33%	12,900	220	1,394,000	46,000	1,593	97%	1543
France	7,640	14%	12,600	193	605,000	18,000	623	97%	605
Netherlands	7,367	14%	12,500	127	590,000	13,000	483	97%	469
Spain	5,187	10%	11,300	120	461,000	23,000	322	97%	314
Germany	1,248	2%	16,100	7	77,000	5,000	101	98%	99
Rest of Europe	137	0%	21,300	2	6,000	–	11	100%	11
Total	54,350	100%	13,500	782	4,036,000	172,000	4,048	96%	3,880

Property investments January-September 2022

Amounts in SEK M	Property acquisitions	Existing portfolio	Total	Share of total investments	Divestments	Net investments
Sweden	91	135	226	7%	–	226
Finland	715	256	971	28%	–14	958
France	1,546	27	1,573	46%	–	1,573
Netherlands	215	23	237	7%	–	237
Spain	297	76	372	11%	–	372
Germany	52	–	52	2%	–	52
Rest of Europe	–	–	–	–	–	–
Total	2,915	517	3,432	100%	–14	3,419

LEASE STRUCTURE

Sagax has a diverse lease structure, which increases the company's opportunities 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 2,314 leases (1,985). 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 2,306 leases (1,973) each had a rental value of less than 1% of the Group's annual rent. The total rental value for these leases accounted for 86% (81) of Sagax's annual rent. In addition, Sagax is party to six leases (ten) with a rental value corresponding to 1–2% of the Group's annual rent. Combined, these leases amounted to 8% (13) of Sagax's annual rent. Only two (two) of Sagax's leases had an annual rental value that accounted for more than 2% of the Group's annual rental value. These leases together represented 6% (6) of the Group's annual rental value.

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%	216	6	2	108	8
1–2%	318	8	6	53	5
<1%	3,346	86	2,306	1	4
Total	3,880	100	2,314	2	5

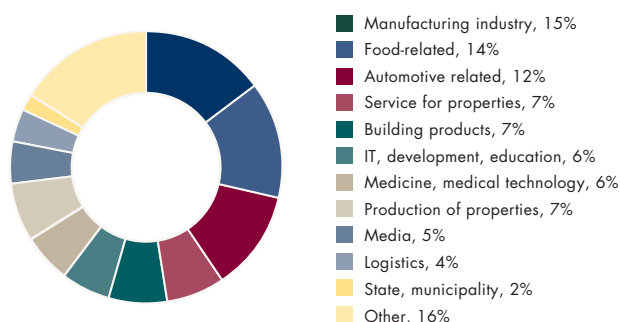
Lease terms

Year of expiry	No.	Area, sqm	SEK M	Share
2022	324	140,000	156	4%
2023	734	519,000	551	14%
2024	367	478,000	519	13%
2025	370	821,000	715	18%
2026	151	337,000	346	9%
>2026	368	1,568,000	1,594	41%
Total	2,314	3,863,000	3,880	100%

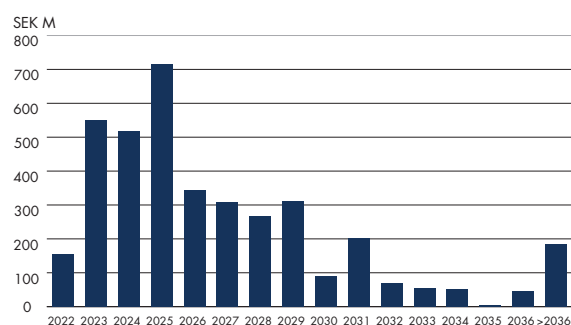
Sagax's tenants operate in a variety of sectors. 15% (15) of rental revenue derives from companies in the manufacturing industry. 14% (17) of rental revenue comes from tenants with food-related operations and 12% (11) in the automotive-related industry, including sales, service and manufacturing. Diverse 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 50% of the annual rent expire in or after 2026. 4–18% of annual rent expires every year between 2022 and 2025.

Industry exposure



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 decided to measure its properties at fair value according to Measurement at fair value, pursuant to Level 3 of IFRS 13.

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

On 30 September 2022, the total market value of Sagax's 782 (725) properties was SEK 54,350 M (43,720). Exchange rate fluctuations during the period resulted in property values denominated in EUR and DKK increasing by SEK 2,336 M (422).

The unrealised change in value for the period amounted to SEK 2,530 M (2,332) corresponding to a change in value of 5.5%. In the same period, the weighted inflation was 7.5% in the markets where Sagax is active. Accordingly, the real change in value amounted to -1.9%.

The unrealised change in value in the third quarter was SEK 664 M, corresponding to a change in value of 1.3%. Of this change in value, SEK 212 M was attributable to property management and SEK 452 M was primarily attributable to higher inflation expectations. Higher interest rates and less favourable funding terms negatively affected liquidity in the property market. Fewer comparative transactions took place in the third quarter, while demand for warehouse and industrial premises remained healthy. Uncertainty in the value assessments is thus higher than normal.

VALUATION METHOD AND IMPLEMENTATION

The valuations were carried out in accordance with generally accepted international valuation methods, and 99% of the properties as of 30 September 2022 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 2021 Annual Report, page 92.

ANALYSIS AND GENERAL CONDITIONS

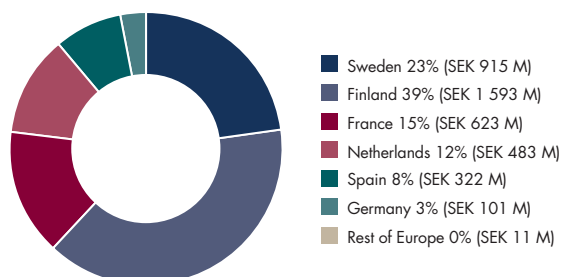
The discount rate for the present value calculation of cash flows (4.5–16.5%), the discount rate for the present value calculation of residual values (4.5–16.5%) and the yield requirement for the residual value calculations (3.9–14.0%) are based on transactions carried out and on individual assessments of the risk level and market position of each property.

The weighted discount rate for the present value calculation of cash flows and residual values for the property portfolio was 7.7% (7.2 on 30 June 2022) and 7.7% (7.4 on 30 June 2022), respectively. The weighted yield requirement was 6.2% (6.2 on 30 June 2022).

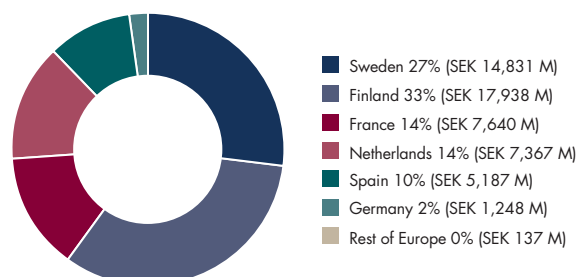
Change in the carrying amounts of properties

	SEK M	No.
Property portfolio, 31 December 2021	46,067	673
Acquisition of properties	2,915	111
Investments in the current portfolio	517	
Divestment of properties	-14	-3
Subdivisions, property		1
Currency translation effect	2,336	
Unrealised changes in value	2,530	
Property portfolio, 30 September 2022	54,350	782

Group's rental value



Market value of properties



Joint ventures and associated companies

In addition to the directly owned property portfolio, Sagax has invested in joint ventures and associated companies since 2010. The investment objective is to reach markets that Sagax does not have the capacity to reach, but which are considered attractive. The accumulated investments amounted to SEK 3,096 M, which has generated an accumulated dividend of SEK 2,381 M for Sagax.

The total value of the commitment related to ownership of joint ventures and associated companies amounted to SEK 11,134 M (8,745), of which 91% comprised Hemsö Fastighets AB, Söderport Property Investment AB and NP3 Fastigheter AB.

These investments contributed a total of SEK 606 M (529) to profit from property management during the period and SEK 534 M to the cash flow. Sagax's share of changes in the value of properties amounted to SEK 1,000 M (1,490) and of changes in the value of derivatives to SEK 314 M (79).

JOINT VENTURES

Hemsö Fastighets AB (Hemsö)

Sagax indirectly owns 15% of Hemsö, with the remaining share owned by the Third Swedish National Pension Fund. Hemsö conducts operations in Sweden, Germany and Finland. Operations consist of owning, managing and developing public properties. For more information, see www.hemso.se.

Söderport Property Investment AB (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 asset management.

A corresponding 76% of Söderport's rental value of SEK 980 M was located in Stockholm on 30 September 2022. Söderport's economic vacancies amounted to SEK 53 M (42), corresponding to a vacancy rate of 5% (5). Söderport also owns 78.1% of Torslanda Property Investment AB, which is thus included as a subsidiary in Söderport's consolidated

financial statements. After the close of the period, Söderport acquired shares corresponding to 6.37% of the capital and votes and thus owns 84.51% of the capital and votes. Due to the acquisition, mandatory bid rules apply and the company intends to announce a mandatory offer for the remainder of the shares around 8 November 2022.

Fastighetsaktiebolaget Ess-Sierra (Ess-Sierra)

Sagax owns 50% of Fastighetsaktiebolaget Ess-Sierra, with the remainder owned by NP3 Fastigheter AB. The operations entail owning and managing properties for building materials retail. The lettable area amounts to 184,000 square metres, the majority of which comprises warehouse premises and building materials retail. Most of the properties are situated in university and regional cities. On behalf of Ess-Sierra, Sagax handles the financial administration and asset management.

ASSOCIATED COMPANIES

NP3 Fastigheter AB (NP3)

Sagax owns 21.8% of the votes and 15.2% of the capital in NP3. The market value of Sagax's shareholding amounted to SEK 2,111 M and the carrying amount to SEK 2,134 M. NP3 is a property company focusing on commercial properties with high yields mainly in northern Sweden. The company's property portfolio encompassed 486 properties with a total property value of SEK 19.7 billion and a rental value of SEK 1,700 M on 30 September 2022. NP3 is listed on Nasdaq Stockholm, Large Cap. For more information, see www.np3fastigheter.se.

Fastighetsbolaget Emilshus AB (Emilshus)

Sagax owns 24.0% of the votes and 21.8% of the capital in Emilshus. The market value of Sagax's shareholding amounted to SEK 544 M and the carrying amount to SEK 668 M. Emilshus acquires, develops and manages commercial properties in Småland and nearby growth regions. The company's property portfolio encompassed 124 properties with a total market value of SEK 7.1 billion on 30 September 2022. For more information, see www.emilshus.com.

Sagax's joint ventures

	Hemsö		Söderport		Ess-Sierra	
	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Sagax's participating interest, %	15	15	50	50	50	50
Rental revenue, SEK M	3,005	2,668	673	643	70	68
Profit from property management, SEK M	1,798	1,587	381	383	48	44
Profit for the period, SEK M	3,970	5,404	1,188	1,236	132	79
Sagax's share of profit comprehensive income, SEK M	580	762	552	593	66	39
Sagax's share of profit from property management, SEK M	242	200	179	178	24	22
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
No. of properties	468	426	84	84	39	33
Carrying amount of properties, SEK M	85,004	73,516	14,303	12,960	1,629	1,406
Lettable area, sqm	2,339,000	2,226,000	769,000	784,000	184,000	181,000
Lease term, years	9.8	9.6	4.2	4.6	6.8	6.8
Economic vacancy rate, %	2	2	5	5	–	–
Interest-bearing liabilities, SEK M	48,792	43,067	6,965	6,652	873	791
Loan maturity, years	6.5	6.5	2.7	2.7	2.2	3.2
Fixed interest, years	5.7	6.2	1.9	2.3	1.0	2.0
Market value of derivatives, SEK M	389	32	153	–148	–	–
Carrying amount, SEK M	5,182	4,062	2,817	2,311	333	281

Funding

EQUITY

Consolidated equity amounted to SEK 33,092 M (27,173) on 30 September 2022. During the period, equity increased as a result of comprehensive income of SEK 2,932 M, decreased due to share dividends of SEK –935 M and increased on account of incentive plans of SEK 15 M.

INTEREST-BEARING LIABILITIES

Sagax's interest-bearing liabilities at the end of the period amounted to SEK 31,900 M (25,234). An amount corresponding to SEK 29,775 M (22,916) of liabilities was recognised in EUR.

Interest-bearing liabilities attributable to listed bonds amounted to SEK 27,975 M (23,148). The remaining interest-bearing debt comprised commercial paper of SEK 2,283 M (2,040) and liabilities to banks of SEK 1,642 M (47).

Unsecured liabilities corresponded to 96% (100) of interest-bearing liabilities.

The interest coverage ratio amounted to 7.6 (6.7) times and the debt ratio to 45% (44) at the end of the period. Net interest-bearing debt for the past 12 months was 7.6 (6.8) times EBITDA and 7.0 (6.4) times run rate EBITDA, see page 9 for more information.

During the period a total of SEK 6,517 M (12,930) in loans was raised, of which SEK 3,117 M (10,131) in the form of bond loans under the framework of Sagax's EMTN programme. Repayments during the period totalled SEK 2,759 M (7,837). Exchange rate fluctuations increased interest-bearing liabilities by SEK 1,761 M (268).

Net interest-bearing debt amounted to SEK 25,154 M (18,644).

The average remaining fixed interest and loan maturity terms were 3.4 years (4.4) and 3.9 years (4.7), respectively, at the end of the period. The average interest rate on interest-bearing liabilities was 1.6% (1.4), including the effect of derivatives.

Of Sagax's interest-bearing liabilities, SEK 27,703 M (22,649), or 87%, bear fixed interest rates. The company has interest-rate caps and interest-rate swaps with a total nominal value of SEK 1,460 M (2,798).

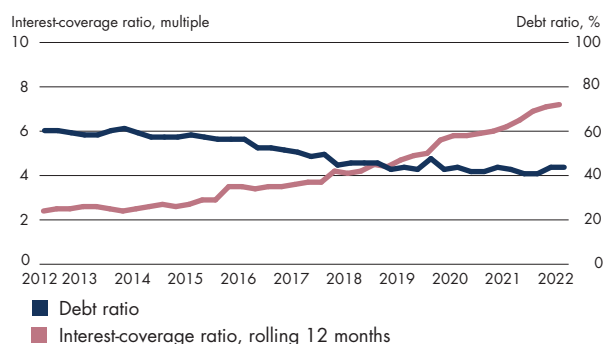
Fixed interest period and loan maturity, 30 September 2022

Year of expiry	Fixed interest			Loan maturity	
	SEK M	Interest rate	Share	SEK M	Share
2022	2,733	2.1%	9%	85	0%
2023	1,511	0.6%	5%	769	2%
2024	5,883	2.0%	19%	5,664	18%
2025	4,381	2.2%	14%	6,023	19%
2026	3,258	1.8%	10%	3,258	10%
>2026	14,134	1.0%	45%	16,101	50%
Total/average	31,900	1.6%	100%	31,900	100%

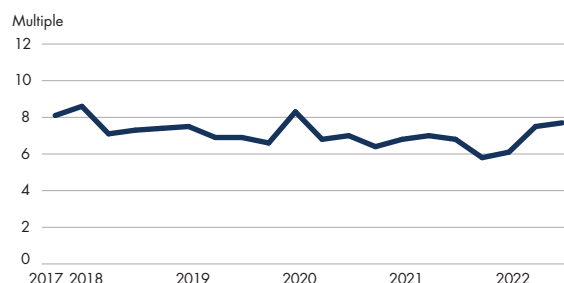
Net debt

Amounts in SEK M	30 Sep 2022	30 Sep 2021
Interest-bearing liabilities	31,900	25,234
Interest-bearing assets	–844	–546
Listed shares	–5,788	–6,012
Cash and cash equivalents	–115	–32
Net debt	25,154	18,644

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 –501 M (421) on 30 September 2022. At the same date, unutilised credit facilities including back-up

facilities for commercial paper programmes amounted to SEK 6,809 M (6,913). No additional collateral needs to be pledged to utilise these credit facilities.

Listed bonds, 30 September 2022

Maturity	Interest base	Nominal amount, SEK M	Liability, SEK M	Effective interest	Interest terms	Maturity date	ISIN code
2019-2023	Floating interest	500	500	2.54% ¹⁾	Stibor 3M+0.90%	16 Jun 2023	XS2093119175
2019-2023	Fixed interest	250	250	1.18%	1.13%	16 Jun 2023	XS2093119845
Total/average		750	750	2.08%			

Maturity	Interest base	Nominal amount, EUR M	Liability, EUR M	Effective interest	Coupon rate	Maturity date	ISIN code
2018-2024	Fixed interest	500	499	2.10%	2.00%	17 Jan 2024	XS1877540465
2019-2025	Fixed interest	400	401	2.05%	2.25%	13 Mar 2025	XS1962543820
2022-2026	Fixed interest	300	298	1.78%	1.62%	24 Feb 2026	XS2447539060
2020-2027	Fixed interest	300	298	1.26%	1.12%	30 Jan 2027	XS2112816934
2021-2028	Fixed interest	500	497	0.88%	0.75%	26 Jan 2028	XS2291340433
2021-2029	Fixed interest	500	500	1.01%	1.00%	17 May 2029	XS2342227837
Total/average		2,500	2,494	1.49%			

1) STIBOR adopted 16 September 2022.

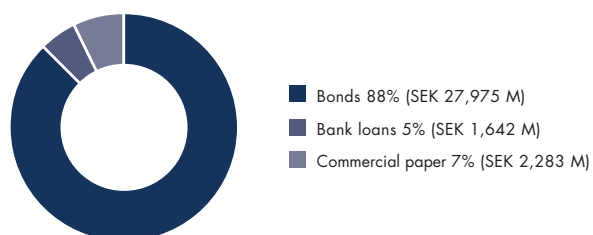
Derivative contracts, 30 September 2022

Amounts in SEK M	Nominal amount	Years to maturity	Market value 30 Sep 2022	Market value 31 Dec 2021	Change for the period
Nominal interest-rate swaps	267	0.3	1	-74	75
Interest-rate caps	1,192	0.9	11	0	11
Currency futures	–	–	–	2	-2
Total	1,460	0.8	12	-72	84

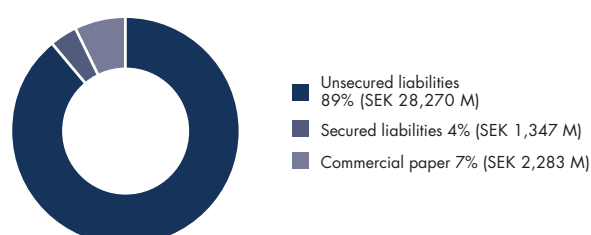
Rating and key performance indicators according to EMTN programme

	Financial covenant in EMTN programme	30 Sep 2022	30 Sep 2021	31 Dec 2021
Rating according to Moody's Investor Services		Baa3, Positive outlook	Baa3, Stable outlook	Baa3, Positive outlook
Net debt/Total assets	<65%	37%	33%	27%
Interest coverage ratio	>1.8x	12.0x	9.1x	9.4x
Secured liabilities/total assets	<45%	2%	0%	0%

Sources of financing



Distribution between secured and unsecured liabilities



Other balance-sheet items

LEASES AND SITE LEASEHOLDS

Sagax values signed leases and site leaseholds in accordance with IFRS 16 and recognises the right-of-use asset as an asset with a corresponding liability. Sagax's leases and site leaseholds at the end of the period amounted to SEK 382 M (404).

INTEREST-BEARING NON-CURRENT RECEIVABLES

Interest-bearing non-current receivables amounted to SEK 731 M (546) and comprised convertible debentures issued by the French company Groupe BMG valued at SEK 615 M (502) maturing on 31 December 2024 and promissory notes valued at SEK 116 M (–) issued in connection with a property divestment in 2021.

LISTED SHARES

Listed shares are recognised at the closing price on the balance sheet date and amounted to SEK 3,168 M (3,144), of which the shares in Nyfosa AB amounted to SEK 2,634 M (2,719) and the shares in Cibus Nordic Real Estate AB to SEK 403 M (–). Dividends of SEK 105 M were received during the period.

Consolidated statement of comprehensive income

Amounts in SEK M	2022 Jan-Sep	2021 Jan-Sep	2022 Jul-Sep	2021 Jul-Sep	2021 Jan-Dec	Rolling 12 months
Rental revenue	2,725	2,294	938	788	3,100	3,531
Other revenue	28	19	16	5	23	32
Operating expenses	-243	-179	-72	-52	-250	-314
Maintenance costs	-57	-53	-19	-16	-74	-78
Property tax	-132	-115	-43	-39	-153	-171
Other property expenses	-60	-46	-20	-16	-73	-87
Net operating income	2,262	1,920	799	669	2,573	2,914
Central administration	-107	-96	-30	-32	-147	-158
Profit from joint ventures and associated companies	1,548	1,773	17	593	2,718	2,493
– of which, profit from property management	606	529	215	185	713	790
– of which, changes in value	1,314	1,569	-189	525	2,572	2,316
– of which, tax	-401	-317	-9	-117	-558	-642
– of which, other	29	-9	-	-	-9	29
Financial income	144	78	58	29	113	179
Financial expenses	-354	-315	-125	-111	-419	-457
Financial expense, interest component of leases	-21	-20	-7	-7	-28	-29
Profit including changes in value of joint ventures and associated companies	3,471	3,340	712	1,141	4,809	4,941
– of which, profit from property management	2,530	2,096	910	732	2,805	3,238
Properties, realised	-9	-2	-1	-6	6	-1
Properties, unrealised	2,530	2,332	664	568	3,870	4,068
Financial instruments, realised	3	-10	-	-10	-10	2
Financial instruments, unrealised	-2,932	794	-488	101	1,868	-1,857
Profit before tax	3,064	6,454	888	1,794	10,543	7,154
Deferred tax	-561	-456	-169	-156	-624	-730
Current tax	-58	-85	-16	-28	-112	-85
Profit for the period	2,445	5,913	702	1,610	9,807	6,339
<i>Other comprehensive income</i>						
<i>– items that may be reversed to profit and loss:</i>						
Translation differences for foreign operations	1,183	252	376	123	282	1,214
Share of other comprehensive income for joint ventures	29	9	7	3	8	28
Translation differences, hedge accounting	-694	-114	-214	-59	-141	-721
Tax on items that may be reversed	-31	-4	-13	-1	6	-20
Comprehensive income for the period	2,932	6,056	858	1,676	9,963	6,839
Earnings per Class A and B share, SEK	7.10	18.03	2.01	4.87	30.09	19.02
Earnings per Class A and B share after dilution, SEK	7.09	18.00	2.01	4.86	30.04	19.00
Earnings per Class D share, SEK	1.50	1.50	0.50	1.00	2.00	2.00
Average no. of Class A and B shares, millions	317.9	317.4	318.0	317.7	317.5	317.8
Average no. of Class A and B shares after dilution, millions	318.3	318.0	318.4	318.0	318.0	318.2
Average number of Class D shares, millions	126.3	126.1	126.3	126.3	126.2	126.3

Condensed consolidated statement of financial position

Amounts in SEK M	2022 30 Sep	2021 30 Sep	2021 31 Dec
Investment properties	54,350	42,752	46,067
Investment properties for sale	–	968	–
Leases, right-of-use assets	356	362	355
Joint ventures and associated companies	11,134	8,745	9,818
Derivatives	12	–	–
Interest-bearing non-current receivables	731	546	676
Other fixed assets	213	113	103
Total fixed assets	66,797	53,487	57,020
Listed shares	3,168	3,144	4,772
Other current investments	105	–	–
Other current assets	733	595	596
Cash and bank balances	115	32	84
Total current assets	4,121	3,771	5,452
Total assets	70,918	57,257	62,472
Equity	33,092	27,173	31,079
Non-current interest-bearing liabilities	28,763	23,148	23,368
Deferred tax liabilities	3,778	2,926	3,087
Derivatives	–	79	74
Lease liability, right-of-use assets	382	404	390
Other non-current liabilities	281	177	195
Total non-current liabilities	33,204	26,734	27,114
Commercial paper	2,283	2,040	2,891
Other current interest-bearing liabilities	854	47	95
Other current liabilities	1,485	1,264	1,293
Total current liabilities	4,622	3,350	4,279
Total equity and liabilities	70,918	57,257	62,472

Consolidated statement of cash flows

Amounts in SEK M	2022 Jan-Sep	2021 Jan-Sep	2022 Jul-Sep	2021 Jul-Sep	2021 Jan-Dec	Rolling 12 months
Profit before tax	3,064	6,454	888	1,794	10,543	7,153
Changes in value of financial instruments	2,929	-784	488	-92	-1,858	1,855
Change in value of properties	-2,521	-2,330	-663	-562	-3,876	-4,067
Profit from joint ventures and associated companies	-1,548	-1,773	-17	-593	-2,718	-2,493
Dividend from joint ventures and associated companies	534	343	3	33	373	564
Dissolution of allocated borrowing costs	35	32	9	12	41	44
Other items not included in cash flow	-41	-15	-3	-5	-13	-39
Tax paid	-150	-151	-45	-61	-146	-145
Cash flow from operating activities before changes in working capital	2,302	1,776	659	527	2,346	2,873
Cash flow from changes in current receivables	56	-52	123	49	-71	38
Cash flow from changes in current liabilities	99	23	129	185	103	179
Cash flow from operating activities	2,458	1,747	911	760	2,379	3,090
Acquisition of properties	-2,913	-3,264	-651	-1,051	-4,824	-4,474
Property sales	5	263	7	7	867	609
Investments in existing properties	-517	-418	-197	-176	-658	-757
Acquisition of listed shares	-1,617	-1,663	-191	-174	-1,949	-1,902
Acquisition of financial instruments	-105	-7	-105	-	-7	-105
Divestments of financial instruments	44	-	44	-	-	44
Acquisition of joint ventures and associated companies	-11	-167	-	-14	-214	-58
Capital contribution to joint ventures and associated companies	-123	-271	-	-150	-271	-123
Dividend to joint ventures and associated companies	-50	-	-10	-	-	-50
Increase in other fixed assets	-58	-16	-23	-	-16	-58
Decrease in other fixed assets	3	50	-	30	50	3
Cash flow from investing activities	-5,344	-5,494	-1,126	-1,528	-7,023	-6,873
Issue of Class B shares	39	36	-	-	36	39
Redemption of preference shares	-	-572	-	-	-572	-
Dividend paid to shareholders	-872	-729	-63	-63	-792	-935
Incentive plan	-24	-24	-	-	-24	-24
Borrowings	6,517	12,930	1,254	3,591	13,997	7,584
Repayment of loans	-2,759	-7,837	-968	-2,722	-7,880	-2,801
Revaluation of financial instruments	16	-21	-	-13	-21	16
Decrease in other non-current liabilities	-11	-39	-	-14	-52	-24
Increase in other non-current liabilities	11	11	-	-	11	11
Cash flow from financing activities	2,917	3,755	223	778	4,703	3,865
Cash flow for the period	30	7	8	10	59	82
Exchange rate differences in cash and cash equivalents	1	-	3	-	-	1
Change in cash and cash equivalents	31	7	11	10	59	82
Cash and cash equivalents at beginning of period	84	24	104	22	24	32
Cash and cash equivalents at end of period	115	32	115	32	84	115

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 2020	808	3,542	338	17,765	22,452
Profit for the period, January-September 2021	–	–	–	5,913	5,913
Other comprehensive income, January-September 2021	–	–	143	–	143
Comprehensive income for the period	–	–	143	5,913	6,056
<i>Transactions with shareholders</i>					
Issue of Class B shares, incentive plan	1	36	–	–	36
Redemption of preference shares	–29	–	–	–543	–571
Transaction costs	–	–	–	–1	–1
Dividends	–	–	–	–776	–776
Transactions with shareholders	–28	36	–	–1,320	–1,312
<i>Other transactions</i>					
Redemption of incentive plan	–	–	–	–30	–30
Incentive plan	–	–	–	7	7
Other transactions	–	–	–	–23	–23
Equity, 30 September 2021	780	3,578	481	22,335	27,173
Profit for the period, October-December 2021	–	–	–	3,894	3,894
Other comprehensive income, October-December 2021	–	–	12	–	12
Comprehensive income for the period	–	–	12	3,894	3,906
<i>Other transactions</i>					
Redemption of incentive plan	–	–	–	–1	–1
Other transactions	–	–	–	–1	–1
Equity, 31 December 2021	780	3,578	493	26,228	31,079
Profit for the period, January-September 2022	–	–	–	2,445	2,445
Other comprehensive income, January-September 2022	–	–	486	–	486
Comprehensive income for the period	–	–	486	2,403	2,932
<i>Transactions with shareholders</i>					
Issue of Class B shares, incentive plan	1	38	–	–	39
Dividends	–	–	–	–935	–935
Transactions with shareholders	1	38	–	–935	–896
<i>Other transactions</i>					
Redemption of incentive plan	–	–	–	–31	–31
Incentive plan	–	–	–	7	7
Other transactions	–	–	–	–24	–24
Equity, 30 September 2022	781	3,616	980	27,714	33,092

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

Parent Company income statement

Amounts in SEK M	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Net sales	84	65	88
Administration costs	-87	-72	-107
Loss before financial income and expenses	-3	-7	-19
Profit from participations in Group companies	121	102	1,154
Profit from participations in joint ventures	117	96	96
Financial income	330	522	745
Financial expenses	-132	-481	-751
Profit before tax and appropriations	432	231	1,224
Appropriations	-	-	106
Tax	-7	-1	-2
Profit for the period	426	231	1,328

Condensed Parent Company balance sheet

Amounts in SEK M	2022 30 Sep	2021 30 Sep	2021 31 Dec
Tangible fixed assets	1	1	-
Receivables from Group companies	1,630	1,489	1,725
Other financial fixed assets	13,068	9,474	13,080
Total fixed assets	14,699	10,964	14,805
Cash and bank balances	1	-	31
Receivables from Group companies	22,573	19,978	19,308
Other current assets	70	135	77
Total current assets	22,644	20,114	19,416
Total assets	37,343	31,077	34,220
Equity	3,509	3,116	4,213
Untaxed reserves	30	30	30
Non-current interest-bearing liabilities	9,552	8,952	8,992
Liabilities to Group companies	18,506	14,741	14,829
Deferred tax liabilities	4	4	4
Total non-current liabilities	28,062	23,697	23,825
Current interest-bearing liabilities	2,343	2,040	2,983
Liabilities to Group companies	3,069	1,803	2,885
Other current liabilities	330	392	284
Total current liabilities	5,742	4,235	6,152
Total equity, untaxed reserves and liabilities	37,343	31,077	34,220

Segment information

Profit items per segment ¹⁾	Rental revenue ²⁾		Net operating income		Changes in value, properties				Total yield	
					Unrealised		Realised			
	2022 Jan-Sep	2021 Jan-Sep	2022 Jan-Sep	2021 Jan-Sep	2022 Jan-Sep	2021 Jan-Sep	2022 Jan-Sep	2021 Jan-Sep	2022 Jan-Sep	2021 Jan-Sep
Amounts in SEK M										
Sweden	646	611	558	532	849	527	–	4	1,407	1,064
Finland	1,050	913	847	744	554	965	–9	–7	1,393	1,702
France	406	280	316	217	283	280	–	–	599	497
Netherlands	328	258	298	236	595	465	–	1	894	701
Spain	219	162	198	147	296	131	–	–	495	278
Germany	69	63	67	62	–45	–34	–	–	22	28
Rest of Europe	8	7	7	7	–3	–2	–	–	4	4
Non-specified	–	–	–30	–24	0	–	–	–	–30	–24
Total	2,725	2,294	2,262	1,920	2,530	2,332	–9	–2	4,783	4,251

Asset items per segment ¹⁾	Market value properties		Investments properties		Acquisition properties		Divestment properties	
	2022 30 Sep	2021 30 Sep	2022 30 Sep	2021 30 Sep	2022 30 Sep	2021 30 Sep	2022 30 Sep	2021 30 Sep
Amounts in SEK M								
Sweden	14,831	12,977	135	141	91	122	–	–249
Finland	17,939	15,224	256	216	715	1,373	–14	–16
France	7,640	4,897	27	18	1,546	475	–	–
Netherlands	7,367	5,448	23	30	215	616	–	–
Spain	5,187	3,987	76	12	297	677	–	–
Germany	1,248	1,094	–	–	52	–	–	–
Rest of Europe	137	95	–	–	–	–	–	–
Total	54,350	43,720	517	418	2,915	3,264	–14	–265

1) Sagax's segment division was changed as of 1 January 2022. The former segments that belonged to the same country have been merged into one segment. This means that properties that previously belonged to the Rest of Europe segment are now included in the segments for their respective countries. The former market segments Stockholm and Rest of Sweden are now included in the Sweden segment. Helsinki, University cities in Finland and Rest of Finland belong to the Finland segment. The former Paris segment and the properties situated in the rest of France and that were previously reported in the Rest of Europe segment have formed the France segment. Madrid & Barcelona and the properties situated in the rest of Spain and that were previously reported in the Rest of Europe segment have formed the Spain segment. The properties in Germany that were previously included in the Rest of Europe segment are now included in the Germany market segment. The Netherlands segment is unchanged compared with prior periods and the properties in Denmark are reported as previously in the Rest of Europe segment. Comparative figures have been restated according to the new segment division.

2) All rental revenue pertains to external tenants.

Key performance indicators

	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec	2020 Jan-Dec	Jan-Dec 2019	2018 Jan-Dec	2017 Jan-Dec
Property-related key figures							
Property yield, %	5.7	6.1	6.0	6.3	6.4	6.8	6.9
Surplus ratio, %	83	83	83	83	83	83	83
Occupancy rate by area, %	96	96	96	95	95	95	95
Economic occupancy rate, %	96	95	96	95	95	95	94
Lettable area at the end of the period, 000 sqm	4,036	3,699	3,759	3,480	3,022	2,850	2,489
No. of properties at the end of the period	782	725	673	673	553	512	495
Financial key figures							
Return on total capital, %	6	6	6	7	7	7	7
Return on equity, %	10	32	37	18	24	24	30
Average interest rate, %	1.6	1.4	1.4	1.8	1.9	2.2	3.0
Fixed interest period incl. derivatives, years	3.4	4.4	4.0	3.4	3.5	3.0	2.1
Loan maturity, years	3.9	4.7	4.3	3.4	3.8	3.6	3.1
Equity/assets ratio, %	47	47	50	48	48	46	42
Debt ratio, %	45	44	42	43	44	47	50
Net debt/run rate EBITDA, multiple	7.0	6.4	5.4	6.4	6.6	7.1	7.7
Net debt/EBITDA, multiple	7.6	6.8	5.8	6.4	6.6	7.4	8.1
Interest coverage ratio, multiple	7.6	6.7	6.5	5.7	4.9	4.2	3.7
Interest coverage ratio, EMTN programme, multiple	12.0	9.1	9.4	6.4	5.3	4.3	4.0
Data per Class A and B share							
Price of Class B share at the end of the period, SEK	184.20	273.80	305.00	169.60	136.20	65.70	49.10
Net asset value, SEK	105.63	84.84	97.92	66.38	56.77	44.22	35.04
Equity, SEK	90.16	71.63	83.93	55.19	46.86	35.70	27.15
Equity after dilution, SEK	90.06	71.54	83.84	55.09	46.78	35.67	27.13
Earnings, SEK	7.10	18.03	30.09	10.80	12.15	9.24	8.86
Earnings after dilution, SEK	7.09	18.00	30.04	10.78	12.13	9.24	8.85
Profit from property management, SEK	7.36	5.98	8.01	6.63	5.51	4.31	3.71
Profit from property management after dilution, SEK	7.35	5.97	7.99	6.62	5.51	4.31	3.70
Cash flow, SEK	6.65	5.00	6.59	6.10	4.86	3.95	3.27
Cash flow after dilution, SEK	6.64	4.99	6.58	6.09	4.86	3.95	3.26
Dividend per share, SEK	–	–	2.15	1.65	1.30	1.00	0.90
No. at end of period, millions	318.0	317.7	317.7	317.3	317.1	316.8	316.5
No. at end of period after dilution, millions	318.4	318.0	318.0	317.9	317.5	317.1	316.7
Average no., millions	317.9	317.4	317.5	317.1	316.9	316.7	316.5
Average no. after dilution, millions	318.3	318.0	318.0	317.7	317.3	316.9	317.0
Data per Class D share							
Share price at the end of period, SEK	25.00	32.20	33.40	32.05	36.35	31.70	29.92
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	126.3	126.3	125.8	107.8	101.9	63.6
Average no., millions	126.3	126.1	126.2	118.4	105.7	83.0	43.1

1) Definitions of key performance indicators are provided on pages 32-33.

The Sagax share and shareholders

At the end of the period, Sagax had 23,640 (21,793) shareholders. Sagax's market capitalisation amounted to SEK 61,690 M (91,071).

Due to the exercise of warrants under the 2019/2022 incentive plan, Sagax issued 366,422 Class B common shares during the period. A total of 446,281,346 shares were outstanding at the end of the period, of which 2,000,000 were Class B treasury 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 0.4% 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 2020-2023, 2021-2024 and 2022-2025. 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 Real Estate 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 9.38 (7.66), which, compared with the share price of the Class B share at the end of the period, corresponded to a multiple of 19.6 (35.7).

EQUITY PER CLASS A AND B SHARE

Equity per Class A and B share after dilution amounted to SEK 90.06 (71.54). Net asset value per Class A and B share amounted to SEK 105.63 (84.84). The share price for the Class B share at the end of the period was 205% (383) of equity per Class B share and 174% (323) of NAV 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 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
Class A shares	182.50	275.00	31	3	7.2	0.9
Class B shares	184.20	273.80	35	42	96.9	113.0
Class D shares	25.00	32.20	71	48	10.2	7.9

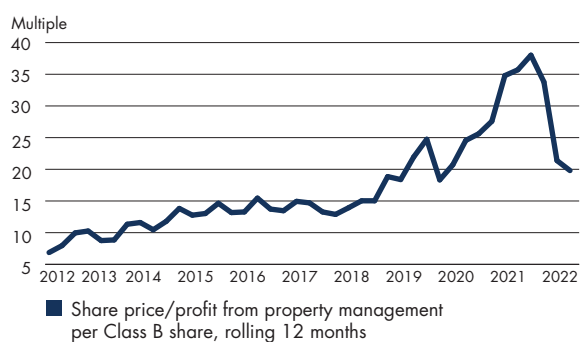
Key performance indicators per Class B share

	2022 30 Sep	2021 30 Sep	2021 31 Dec	2020 31 Dec	2019 31 Dec	2018 31 Dec	2017 31 Dec
Share price at the end of period, SEK	184.20	273.80	305.00	169.60	136.20	64.70	49.10
Profit from property management after dilution ¹⁾ , SEK	9.38	7.66	7.99	6.62	5.51	4.30	3.70
Cash flow after dilution, SEK ¹⁾²⁾	8.23	6.18	6.58	6.09	4.86	3.94	3.26
Equity after dilution, SEK	90.06	71.54	83.84	55.11	46.78	35.67	27.13
Net asset value, SEK	105.63	84.84	97.92	66.38	56.77	44.22	35.04
Share price/Profit from property management ¹⁾ , multiple	19.6	35.7	38.2	25.6	24.7	15.0	13.3
Share price/Cash flow, multiple ¹⁾²⁾	22.4	44.3	46.4	27.9	28.0	16.4	15.1
Share price/Equity, %	205	383	364	308	292	182	181
Share price/Net asset value, %	174	323	311	255	240	147	140

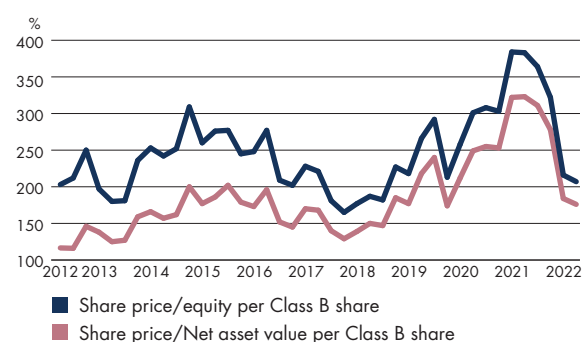
1) Profit from property management and cash flow pertains to rolling 12 months.

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 Sep 2022

No. of shares	No. of shareholders	Shareholder category	No.	Share of voting power	Shareholders by country	No.	Share of voting power
1–500	16,879	Private individuals residing in Sweden	21,469	9%	Sweden	22,201	85%
501–1,000	1,937				USA	53	6%
1,001–2,000	1,476	Private individuals residing abroad	125	0%	UK	77	2%
2,001–5,000	1,461				Ireland	35	1%
5,001–10,000	703	Companies/institutions in Sweden	732	76%	Luxembourg	23	1%
10,001–50,000	798				Other	1,251	4%
50,001–	386	Companies/institutions abroad	1,314	15%			
Total	23,640	Total	23,640	100%	Total	23,640	100%

Largest shareholders, 30 Sep 2022¹⁾

	No. of shares			Percentage of	
	Class A shares	Class B shares	Class D shares	Share capital	Votes ²⁾
David Mindus and companies	14,000,000	63,765,912	1,192,228	17.7%	29.9%
Staffan Salén and companies	5,587,309	31,648,279	95,600	8.4%	12.8%
Fourth Swedish National Pension Fund	805,716	15,720,931	9,535,293	5.8%	4.9%
Rutger Arnhult	9,860	8,106,614	16,201,602	5.4%	3.6%
Third Swedish National Pension Fund	–	24,227,658	–	5.4%	3.5%
Avanza Pension	48,447	464,866	11,562,655	2.7%	1.8%
SEB Fonder	–	11,950,098	–	2.7%	1.7%
Länsförsäkringar Fonder	–	10,526,714	701,123	2.5%	1.6%
Vanguard	–	6,656,491	4,388,603	2.5%	1.6%
Handelsbanken Fonder	–	7,248,096	811,945	1.8%	1.2%
BlackRock	–	7,429,112	6,536	1.7%	1.1%
Swedbank Robur Fonder	500,000	6,793,108	–	1.6%	1.7%
Filip Engelbert and companies	241,000	1,869,784	4,200,000	1.4%	1.2%
Norges Bank	–	3,778,285	2,307,886	1.4%	0.9%
Erik Selin and companies	1,174,959	2,662,341	1,997,177	1.3%	2.4%
Patrik Brummer	–	–	4,066,666	0.9%	0.6%
Second Swedish National Pension Fund	–	3,817,240	–	0.9%	0.6%
Lannebo Fonder	–	3,815,139	–	0.9%	0.6%
ODIN Fonder	–	3,550,294	–	0.8%	0.5%
Didner & Gerge Fonder	–	2,979,520	–	0.7%	0.4%
Total 20 largest shareholders	22,367,291	217,010,482	57,067,314	66.4%	72.7%
Other shareholders	4,319,997	74,322,247	69,194,015	33.1%	27.3%
Sub-total	26,687,288	291,332,729	126,261,329	99.6%	100.0%
Shares held by AB Sagax	–	2,000,000	–	0.4%	0.0%
Total	26,687,288	293,332,729	126,261,329	100.0%	100.0%
– of which, Board and employees	20,214,823	103,971,005	6,872,644	29.4%	45.7%

1) Ownership structure on 30 September 2022 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	26,687,288	1.0	26,687,288.00	39%	6%
Class B shares	293,332,729	0.1	29,333,272.90	43%	66%
Class D shares	126,261,329	0.1	12,626,132.90	18%	28%
Total	446,281,346		68,646,693.80	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 assessments, Sagax has engaged authorised external valuation companies to assess the market value of 99% of the properties as of 30 September 2022. 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.

Sagax mainly enters into triple net leases. This means the tenant accounts for the costs of such items as heating, electricity, property tax, water and sewage, in addition to the contractual rent. Accordingly, Sagax is only affected to a limited extent by changed costs due to changes in consumption or changed rates for such utilities as heating and electricity. More than 95% of Sagax's leases are indexed to the CPI or the equivalent. Annual indexation may, in certain cases, be limited by a CPI ceiling or floor. A small number of leases have annual fixed rental adjustments.

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 amount 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 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 2022, assets less liabilities in EUR, amounted to SEK 7,674 M (6,202). In preparing the consolidated financial statements, the balance sheets of the Group's foreign operations are translated from their functional currencies into SEK based on the exchange rates applying on the balance sheet date: EUR 1 was equivalent to SEK 10.92 and DKK 1 was equivalent to SEK 1.47. Revenue and expense items are translated at the average exchange rate for the period: EUR 1 was equivalent to SEK 10.53 and DKK 1 was equivalent to SEK 1.42. 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.

CONFLICT OF INTEREST RISKS

To limit the risk of potential conflicts of interest, the Group has policies that prohibit Sagax's employees and Board Members from:

- i. Committing to Board assignments in property companies that primarily own warehouse and industrial premises except for those companies in which Sagax is a shareholder and when the Board assignment is performed within the framework of Sagax's operations.
- ii. Investing in companies in which Sagax is a shareholder.
- iii. Investing in competitors for an amount exceeding 10% of the value of the employee's or Board member's holdings in Sagax.

The policies also specify that senior executives and Board Members who borrow against more than 10% of the market value of their shares in Sagax shall notify the company. As per the publication of this report no such notification has been received.

OTHER RISKS

Russia's invasion of Ukraine, higher inflation and rising market interest rates had a negative effect on the financial markets, resulting in, for example, increasing loan margins and greater volatility. The company is monitoring developments to identify and, if possible, address any risks.

Sagax's other risks are described in the 2021 Annual Report, on pages 45-48.

SENSITIVITY ANALYSIS

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

Sensitivity analysis for property values						Sensitivity analysis for changes in the occupancy rate					
	-20%	-10%	0%	+10%	+20%		-10%	-5%	0%	+5%	+10%
Value change, SEK M	-10,870	-5,435	0	5,435	10,870	Occupancy rate, %	86	91	96	N/A	N/A
Debt ratio, %	53	49	45	42	39	Interest coverage ratio, %	696	726	757	N/A	N/A

Sensitivity analysis for property values		
	Change	Value change, SEK M
Yield requirement	+/- 0.25% points	-1,662/+1,813
Discount rate	+/- 0.25% points	-1,143/+1,174
Rental revenue	+/-5%	+2,295/-2,375
Property expenses	+/-5%	-331/+328

Sensitivity analysis on 30 Sep 2022¹⁾

Amounts in SEK M	Change	Effect on profit from property management, annual basis	Effect on profit before tax, annual basis	Effect on equity
Economic occupancy rate	+/-1% point	+/-40	+/-33	+/-33
Rental revenue	+/-1%	+/-39	+/-31	+/-31
Property expenses	+/-1%	-/+6	-/+5	-/+5
Interest expenses for liabilities in SEK including fixed income derivatives	+/-1% point	-11/+12	-9/+9	-9/+9
Interest expenses for liabilities in EUR including fixed income derivatives	+/-1% point	-14/+17	-11/+14	-11/+14
Change in SEK/EUR exchange rate ²⁾	+/- 10%	+/-198	+/-158	+/-767
Changed rent level for contract maturity in 2022	+/- 10%	+/-16	+/-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.

Other disclosures

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 2021 Annual Report and are to be read together with this Annual Report.

There are no amendments to IFRS in 2022 that are deemed to have any material impact on the company's financial statements.

Rounding-off differences may occur.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are described in Note 27 of the 2021 Annual Report. No material changes regarding transactions with related parties have taken place in relation to the information presented in the 2021 Annual Report.

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

Stockholm, 27 October 2022
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 27 October 2022 at 5:00 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 2022 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, October 27, 2022
Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

Calendar

Year-end Report 2022	13 February 2023
Annual General Meeting 2023	9 May 2023
Interim Report January-March 2023	9 May 2023

SCHEDULE OF DIVIDEND PAYMENTS TO HOLDERS OF CLASS D SHARES

December 2022

■ Final day for trading including dividend rights	28 December 2022
■ First day for trading excluding dividend rights	29 December 2022
■ Record date for dividend payment	30 December 2022
■ Expected payment date by Euroclear ¹⁾	4 January 2023

March 2023

■ Final day for trading including dividend rights	29 March 2023
■ First day for trading excluding dividend rights	30 March 2023
■ Record date for dividend payment	31 March 2023
■ Expected payment date by Euroclear ¹⁾	5 April 2023

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Visit us at www.sagax.se.

Definitions

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

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

Key performance indicators	Description	Reason for alternative performance measure
Return on equity	Profit for the period, recalculated to 12 months, as a percentage of average equity (opening and closing balances) divided by 2 for the period.	The KPI 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 KPI 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 KPI shows the occupancy situation.
Debt ratio	Interest-bearing liabilities at the end of the period in relation to total assets at the end of the period.	The KPI shows financial risk.
Property 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 KPI 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 KPI 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.	The KPI shows the owner's share of equity.
Equity per Class D share	Equity at the end of the period as a percentage of the number of common shares at the end of the period. Equity is restricted to SEK 35.00 per Class D share.	The KPI 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 KPI 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 APM.
Property	Pertains to properties held under title or site leasehold.	Not an APM.
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 KPI 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 KPI 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 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 KPI 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 (IFRS), to be applied for consolidated financial statements by companies whose securities are listed on a regulated market.	Not an APM.
Joint ventures	Partnership form whereby several owners have a shared controlling influence.	Not an APM.

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 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 KPI 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 KPI shows the investment volume.
Net debt	Interest-bearing liabilities less interest-bearing assets, cash and cash equivalents, and listed shares.	The KPI shows the Group's indebtedness.
Net debt according to EMTN programme	Interest-bearing liabilities less listed securities and cash and cash equivalents.	The KPI 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 KPI 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 KPI shows financial risk.
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.	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 KPI shows the 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 APM.
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 APM.
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 KPI 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 KPI shows financial risk.
Equity/assets ratio	Equity in relation to total assets.	The KPI 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 APM.
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 KPI 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 KPI 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 KPI 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 caretaking, etc.	Not an APM.
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 APM.
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	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Return on equity			
Profit after tax	2,445	5,913	9,807
Addition for translation to annual value	815	1,971	–
Average equity	32,086	24,812	26,766
Return on equity	10%	32%	37%

Return on total capital			
Profit from property management	2,530	2,096	2,805
Addition for translation to annual value	843	699	–
Financial expenses	374	336	447
Addition for translation to annual value	125	112	–
Profit before financial expenses	3,872	3,243	3,252
Average total capital	66,676	51,940	54,725
Return on total capital	6%	6%	6%

Occupancy rate by area			
Contracted area, '000s sqm	3,863	3,538	3,625
Total lettable area, '000s sqm	4,036	3,699	3,759
Occupancy rate by area	96%	96%	96%

Debt ratio			
Interest-bearing liabilities	31,900	25,234	26,354
Total assets	70,918	57,257	62,472
Debt ratio	45%	44%	42%

Property yield			
Net operating income	2,262	1,920	2,573
Add-back of site leasehold fees	–18	–18	–26
Addition for translation to annual value	748	634	–
Holding adjustment, acquisitions/divestments	36	112	139
Currency translation to closing rate	94	11	44
Adjusted net operating income	3,122	2,659	2,730
Carrying amount of properties	54,350	43,720	46,067
Property yield	5.7%	6.1%	6.0%

EBITDA rolling 12 months			
Net operating income	2,914	2,531	2,573
Central administration	–158	–142	–147
Dividends from joint ventures and associated companies	564	363	373
EBITDA	3,320	2,752	2,799

Equity per Class A and B share			
Equity	33,092	27,173	31,079
Equity attributable to Class D shares	–4,419	–4,419	–4,419
Equity attributable to Class A and B shares	28,673	22,754	26,660
No. of shares	318,020,017	317,653,595	317,653,595
No. of shares after dilution	318,379,761	318,004,615	317,984,595
Equity per Class A and B share, SEK	90.16	71.63	83.93
Equity per Class A and B share after dilution, SEK	90.06	71.54	83.84

Amounts in SEK M unless otherwise stated	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Economic occupancy rate			
Contractual annual rent	3,880	3,219	3,324
Rental value	4,048	3,375	3,459
Economic occupancy rate	96%	95%	96%

Run rate yield			
Net operating income according to current earnings capacity	3,196	2,674	2,761
Add-back of site leasehold fees	–24	–24	–26
Adjusted net operating income	3,172	2,650	2,735
Carrying amount of properties	54,350	43,720	46,067
Run rate yield	5.8%	6.1%	5.9%

Run rate EBITDA			
Net operating income according to current earnings capacity	3,196	2,674	2,761
Central administration	–158	–142	–147
Dividends from joint ventures and associated companies	564	363	373
Run rate EBITDA	3,602	2,895	2,987

Profit from property management			
Profit after tax	2,445	5,913	9,807
Tax	1,020	857	1,294
Changes in value	–935	–4,683	–8,297
Profit from property management	2,530	2,087	2,805

Profit from property management per Class A and B share after dilution			
Profit from property management	2,530	2,087	2,805
Dividends attributable to Class D shares	–189	–189	–253
Adjusted profit from property management	2,341	1,898	2,552
Profit from property management per Class A and B share after dilution, SEK	7.35	5.97	7.99

Profit from property management per Class A and B shares, rolling 12 months			
Profit from property management, rolling 12 months	3,238	2,690	2,805
Dividends attributable to Class D shares, rolling 12 months	–253	–253	–253
Adjusted profit from property management	2,985	2,437	2,552
No. of Class A and B shares after dilution, rolling 12 months	318,239,933	317,963,499	318,010,050
Profit from property management per Class A and B share, current period, rolling 12 months	9.38	7.66	7.99
Profit from property management per Class A and B share, preceding period, rolling 12 months	7.66	6.38	6.62
Annual percentage growth rate, rolling 12 months	22%	20%	21%

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

Amounts in SEK M unless otherwise stated	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Rental revenue, comparable portfolios			
Rental revenue	2,725	2,294	N/A
Acquired and sold properties	-438	-166	N/A
Currency adjustment ¹⁾	-	58	N/A
Other adjustment	-12	-6	N/A
Rental revenue, comparable portfolios excluding currency effects	2,275	2,180	N/A

Cash flow per Class A and B share

Profit before tax	3,064	6,454	10,543
Items not affecting cash flow	-612	-4,527	-8,051
Tax paid	-150	-151	-146
Dividends attributable to Class D shares	-189	-189	-253
Cash flow	2,113	1,587	2,093
Cash flow per Class A and B share after dilution, SEK	6.64	4.99	6.58

Net debt

See page 14.

Net debt according to EMTN programme

Interest-bearing liabilities	31,900	25,234	26,354
Cash and cash equivalents and listed shares	-5,903	-6,044	-9,464
Net debt according to EMTN programme	25,998	19,190	16,890

Net debt according to EMTN programme/Total assets

Net debt according to EMTN programme	25,998	19,190	16,890
Total assets	70,918	57,257	62,472
Net debt according to EMTN programme/Total assets	37%	34%	27%

Net debt/EBITDA

Net debt	25,154	18,644	16,214
EBITDA rolling 12 months	3,320	2,752	2,799
Net debt/EBITDA	7.6x	6.8x	5.8x

Net debt/run rate EBITDA

Net debt	25,154	18,644	16,214
EBITDA, run rate	3,602	2,895	3,006
Net debt/EBITDA run rate	7.0x	6.4x	5.4x

Net debt/Total assets

Net debt	25,154	18,644	16,214
Total assets	70,918	57,257	62,472
Net debt/Total assets	35%	33%	26%

Earnings per Class A and B share²⁾

Profit after tax	2,445	5,913	9,807
Dividends attributable to Class D shares	-189	-189	-253
Adjusted profit after tax	2,256	5,724	9,554
Earnings per Class A and B share after dilution, SEK	7.09	18.00	30.04

1) The preceding period has been adjusted based on the exchange rate being the same as in the current period.

2) IFRS performance measure.

Amounts in SEK M unless otherwise stated	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Interest coverage ratio			
Profit from property management	2,530	2,096	2,805
Reversal of profit from property management joint ventures and associated companies	-606	-529	-713
Dividend from joint ventures and associated companies	534	343	373
Financial expenses	374	336	447
Adjusted profit from property management before financial expenses	2,832	2,246	2,912
Interest coverage ratio	7.6x	6.7x	6.5x

Interest coverage ratio, EMTN programme

Profit from property management	2,530	2,096	2,805
Net financial items	230	257	334
Profit from property management before net financial items	2,760	2,353	3,139
Interest coverage ratio	12.0x	9.1x	9.4x

Equity/assets ratio

Equity	33,092	27,173	31,079
Total assets	70,918	57,257	62,472
Equity/assets ratio	47%	47%	50%

Net asset value

Equity	33,092	27,173	31,079
Equity attributable to Class D shares	-4,419	-4,419	-4,419
Reversal of derivatives	-12	79	74
Reversal of deferred tax	4,040	3,161	3,383
Reversals due to joint ventures	931	990	1,019
Net asset value	33,632	26,984	31,136
NAV per Class A and B share after dilution, SEK	105.63	84.84	97.92

Secured liabilities/total assets

Secured liabilities	1,347	0	189
Total assets	70,918	57,257	62,472
Secured liabilities/Total assets	2%	0%	0%

Surplus ratio

Net operating income	2,262	1,921	2,573
Rental revenue	2,725	2,294	3,100
Surplus ratio	83%	84%	83%

AB Sagax is a property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industrial segment. Sagax's property holdings at 30 September 2022 amounted to 4,036,000 square metres, distributed between 782 properties. AB Sagax (publ) is listed on Nasdaq Stockholm, Large Cap.
More information is available at www.sagax.se.

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