

INTERIM REPORT JANUARY – JUNE 2022

AB | SAGAX

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

Interim report January – June 2022

FIRST SIX MONTHS OF 2022

- Rental revenue increased 19% to SEK 1,787 M (SEK 1,506 M in the year-earlier period).
- Profit from property management increased 19% to SEK 1,620 M (1,364).
- Profit from property management per Class A and B share after dilution rose 22% to SEK 4.69 (3.86).
- In total, property revaluation affected profit by SEK 3,113 M (2,753).
- Revaluation of financial instruments had an impact on profit of SEK –2,194 M (751).
- Profit after tax for the period was SEK 1,742 M (4,303).
- Cash flow from operating activities before changes in working capital amounted to SEK 1,643 M (1,249), corresponding to SEK 4.77 (3.53) per Class A and B share after dilution.
- Net property investments for the period amounted to SEK 2,578 M (2,204).

SECOND QUARTER OF 2022

- Rental revenue increased 16% to SEK 902 M (SEK 775 M in the year-earlier period).
- Profit from property management increased 15% to SEK 834 M (727).
- Profit from property management per Class A and B share after dilution rose 17% to SEK 2.42 (2.06).
- In total, property revaluation affected profit by SEK 1,707 M (970).
- Revaluation of financial instruments had an impact on profit of SEK –1,961 M (525).
- Profit after tax for the period was SEK 161 M (2,146).
- Cash flow from operating activities before changes in working capital amounted to SEK 973 M (835), corresponding to SEK 2.85 (2.43) per Class A and B share after dilution.
- Net property investments for the period amounted to SEK 1,464 M (1,233), of which acquisitions accounted for SEK 1,299 M (1,157).

ADJUSTED 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 previously submitted forecast was for profit of SEK 3,200 M and was presented when the year-end report for 2021 was published.

Selected key performance indicators^{1), 2)}

	Jan-Jun 2022	Jan-Jun 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	4.69	3.86	7.99	6.62	5.51	4.31	3.70
Change compared with preceding year, %	22	18	21	20	28	16	24
Earnings per Class A and B share after dilution, SEK	5.08	13.13	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	7.5	7.0	5.8	6.4	6.6	7.4	8.1
Interest coverage ratio, multiple	8.3	7.1	6.5	5.7	4.9	4.2	3.7
Debt ratio at the end of the period, %	45	45	42	43	44	47	50
Properties' market value at the end of period, SEK M	52,004	41,722	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, goals and strategies

BUSINESS CONCEPT

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

COMPANY GOALS

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

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

FINANCIAL TARGETS

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

STRATEGIES

Investment strategy

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

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

Financing strategy

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

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

Management strategy

Sagax pursues efficiency and sustainability in its management strategy. The management strategy includes clearly prioritising reputable customers with high credit ratings and obtaining long leases. This is regarded as being advantageous since it reduces the risk of vacancies, while leading to lower costs for letting premises and adapting premises to tenant needs. The company mainly enters into triple net leases and is thus only affected to a limited extent by changes in consumption or changed rates for such utilities as heating, water and sewage.

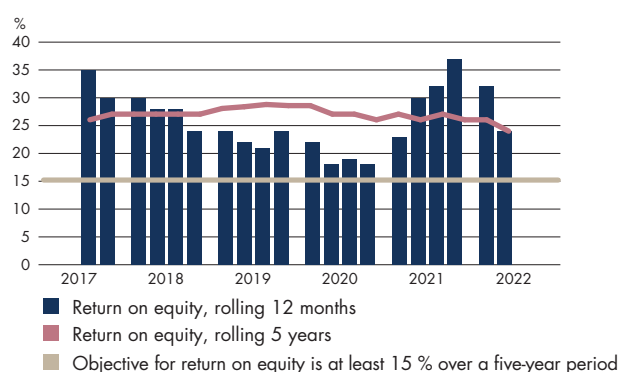
Financial targets

	Outcome rolling 12 months	Five-year average
Return on equity, measured over a five-year period, should not fall below 15% per year	24%	24%
Profit from property management per Class A and B share should increase by a minimum of 15% on an annual basis	18%	21%

Profit from property management per Class A and B share



Return on equity



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.

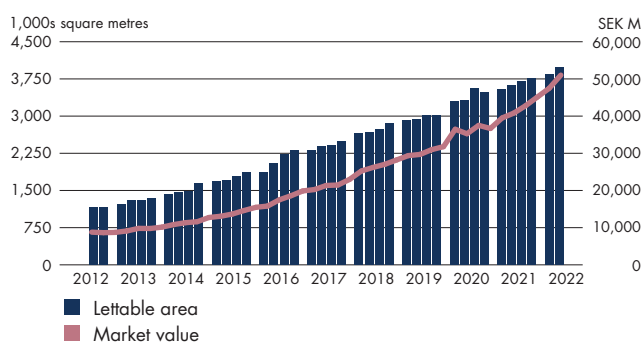
Financial sustainability

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.

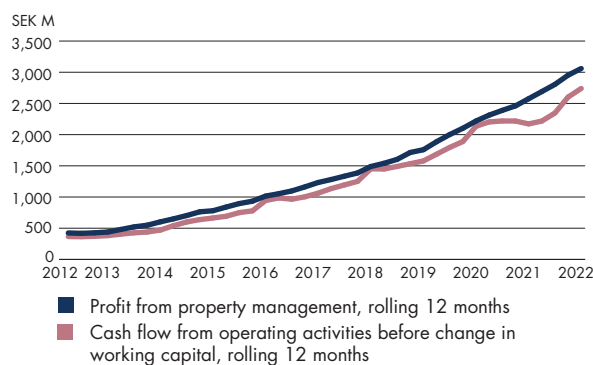
Professional and dedicated employees

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





The Jasperintie 334 property in Pirkkala, Finland was acquired in the second quarter and was included in the Finland market segment. The property encompasses a total of 21,000 square metres of land and 4,300 square metres of lettable area. The premises are fully let to five different tenants.

Earnings, revenue and expenses

The profit/loss and cash-flow items below refer to the January to June 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 19% to 1,620 M (1,364), of which joint ventures and associated companies accounted for SEK 391 M (344). 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 21% to SEK 4.69 (3.86).

Changes in the value of properties increased profit by SEK 3,113 M (2,753), of which SEK 1,255 M (985) from joint ventures. The changes in value were primarily due to higher inflation expectations and thus higher expected rental revenue.

Revaluation of financial instruments had an impact on profit of SEK -2,194 M (751), of which SEK 248 M (59) from joint ventures. The revaluation of listed shares accounted for SEK -2,730 M (550). The revaluation of financial instruments attributable to joint ventures amounted to SEK 189 M (132) pursuant to IFRS 9, while fixed income derivatives accounted for SEK 343 M (97) and other financial instruments for SEK 4 M (-27).

Profit after tax for the period was SEK 1,742 M (4,303).

REVENUE

Rental revenue rose 19% to SEK 1,787 M (1,506). Revenue was primarily positively affected by property acquisitions. Revenue was also impacted positively by SEK 42 M compared with the year-earlier period due to the EUR strengthening against the SEK.

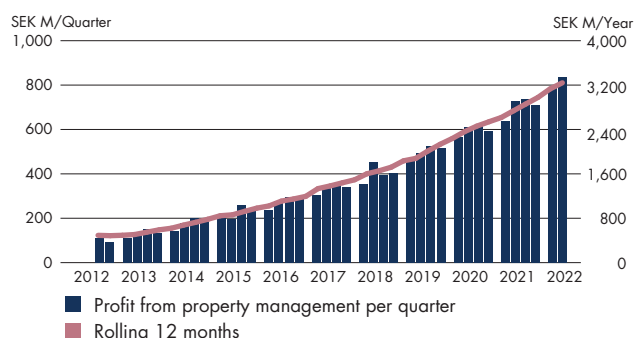
During the period, rental revenue in comparable portfolios increased 4.3% (2.0) excluding currency effects. The market segments with the largest increases were Spain with 11.3%, Sweden with 4.7% and Finland with 4.7%. Rental revenue for other market segments increased 1.6% in comparable portfolios excluding currency effects.

Other revenue amounted to SEK 12 M (15).

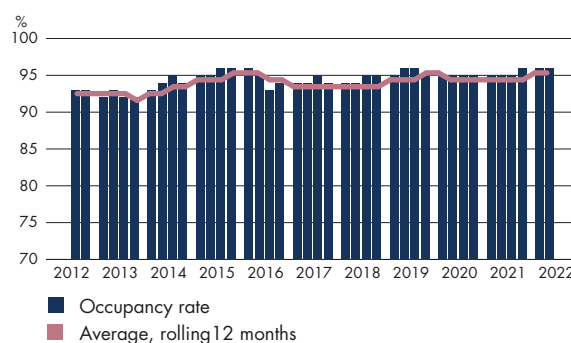
CHANGE IN THE ECONOMIC OCCUPANCY RATE

The economic occupancy rate amounted to 96% (95). During the period, the vacancy value rose SEK 73 M (82) due to tenants vacating premises and declined SEK 86 M (76) due to new lettings. Fixed-term rent discounts for new tenants increased SEK 12 M (1) to SEK 49 M (34) on an annual basis at the end of the period. Property acquisitions during the period impacted the vacancy value by SEK 9 M (1). In total, the vacancy value increased SEK 4 M (6) to SEK 147 M (165) at the end of the period.

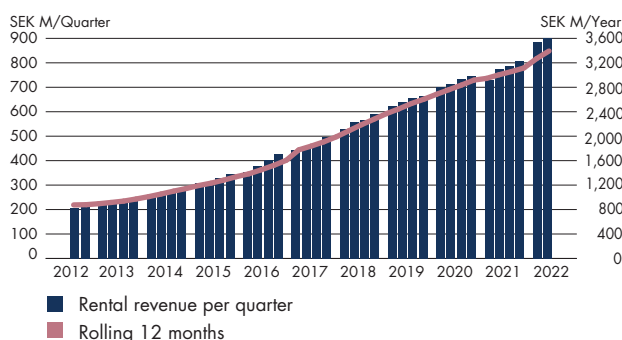
Profit from property management



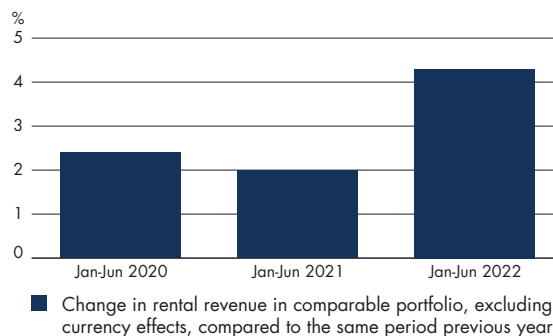
Economic occupancy rate



Rental revenue



Rental revenue, comparable portfolios



FUTURE VACANCY CHANGES

At the end of the period, notice of termination had been served for leases with a rental value of SEK 156 M (88), of which leases with notice of vacating the premises accounted for SEK 151 M (85) and leases terminated for of renegotiation for SEK 5 M (3). Of the leases for which notice had been received, vacancies corresponding to a rental value of SEK 55 M will occur in 2022. Lettings of premises that have not yet been occupied reduces the adjusted vacancy value by SEK 40 M (42).

PROPERTY EXPENSES

Operating and maintenance costs amounted to a total of SEK 209 M (164). Expenses for property tax increased to SEK 89 M (76). Other property expenses rose to SEK 39 M (29). The increase was primarily due to property acquisitions and price increases for heating and electricity.

CENTRAL ADMINISTRATION

Central administration costs amounted to SEK 77 M (64), corresponding to 4.3% (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 91 (84) employees. Functions such as property caretaking and on-call operations are outsourced. Sagax has offices in Stockholm, Helsinki, Rotterdam, Paris and Barcelona.

Number of employees

Country	Total
Sweden	35
Finland	29
France	11
Netherlands	9
Spain	7
Total	91

Vacancy changes

Amounts in SEK M	2022 Jan-Jun	2021 Jan-Dec
Opening vacancy for each year	135	159
Vacancies	73	134
New lettings	-86	-159
Change in discounts provided	12	2
Vacancy value, acquired properties	9	11
Vacancy value, sold properties	-	-14
Change in exchange rates	4	2
Closing vacancy value	147	135
Terminated for renegotiation	5	2
Terminated lease, not vacated	151	105
Letting, not occupied	-40	-34
Adjusted closing vacancy value	263	207

Leases terminated for vacancy

Year of vacancy	No. of leases	Rental value, SEK M
2022	46	55
2023	36	72
2024	6	14
2025	2	2
2026	-	-
>2026	2	8
Total	92	151

Vacancies, 1 July 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	912	49	5%	903,000	17,000	2%
Finland	1,520	52	3%	1,374,000	52,000	4%
France	571	12	2%	563,000	11,000	2%
Netherlands	468	21	4%	589,000	22,000	4%
Spain	313	11	4%	461,000	32,000	7%
Germany	97	2	2%	77,000	5,000	6%
Rest of Europe	10	-	0%	6,000	-	-
Total	3,891	147	4%	3,974,000	139,000	3%

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

PROFIT FROM JOINT VENTURES AND ASSOCIATED COMPANIES

Profit from joint ventures and associated companies for the period amounted to SEK 1,530 M (1,179), of which profit from property management accounted for SEK 391 M (344), changes in the value of fixed income derivatives for SEK 248 M (59) and changes in the value of properties for SEK 1,255 M (985). Other changes in value amounted to SEK 29 M (–9). Profit was charged with tax of SEK 392 M (200). Refer also to page 13 for more information.

NET FINANCIAL ITEMS

Interest-bearing liabilities increased to SEK 30,967 M (24,193).

Financial expenses amounted to SEK 229 M (204). The average interest rate was 1.5% (1.6) on 30 June 2022 due to refinancing and new borrowing at lower interest rates.

Financial income of SEK 85 M (49) pertained to dividends primarily from holdings in Nyfosa 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 June, 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 1,858 M (1,768), of which unrealised changes in value amounted to SEK 1,866 M (1,764).

Unrealised changes in value

Amounts in SEK M	Jan-Jun 2022
New lettings/Renegotiations	264
Vacancies/Renegotiations	–50
General change in market value	1,652
Total	1,866

REVALUATION OF FINANCIAL INSTRUMENTS

The change in the value of financial instruments amounted to SEK –2,194 M (751), of which SEK 248 M (59) referred to joint ventures.

The change in value attributable to fixed income derivatives amounted to SEK 343 M (97), of which SEK 248 M (59) referred to joint ventures.

Revaluation of listed shares resulted in an unrealised change in value of SEK –2,730 M (550), of which SEK –2,462 M pertained to the holding in Nyfosa AB.

Revaluation of financial instruments regarding joint ventures amounted to SEK 189 M (132) in accordance with IFRS 9.

Other financial instruments were revalued by SEK 4 M (–27).

TAX

Sagax recognised a current tax expense of SEK 42 M (56). The deferred tax expense amounted to SEK 392 M (300). The Group's deferred tax liabilities at the end of the period amounted to SEK 3,561 M (2,762).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 1,643 M (1,249). Changes in working capital had a positive impact of SEK –96 M (–263) on cash flow. Investing activities had an impact of SEK –4,218 M (–3,966) on cash flow, while cash flow from financing activities amounted to SEK 2,694 M (2,977). In total, cash and cash equivalents rose SEK 20 M (–3) 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 39 M (31).

Forecast and current earnings capacity

ADJUSTED 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 previously submitted forecast was for profit of SEK 3,200 M and was presented when the year-end report for 2021 was published.

CURRENT EARNINGS CAPACITY

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

The table below shows the company's earnings capacity on a 12-month basis on 1 July 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 development or changes in value.

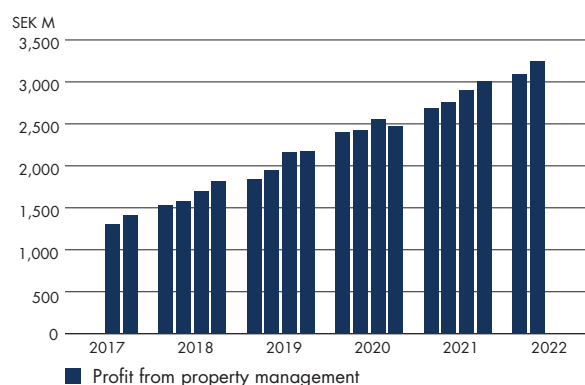
Current earnings capacity

Amounts in SEK M	1 Jul 2022	1 Jan 2022
Rental value	3,891	3,459
Vacancy	-147	-135
Rental revenue	3,744	3,324
Property expenses	-655	-563
Net operating income	3,089	2,761
Central administration	-160	-147
Joint ventures and associated companies	793	780
Net financial items	-444	-354
Lease expenses	-29	-28
Profit from property management	3,250	3,012
Tax	-585	-542
Profit after tax	2,665	2,470
– of which, holders of Class D shares	253	252
– of which, holders of Class A and B shares	2,412	2,218
Run rate yield, %	5.9	5.9
Net debt/run rate EBITDA, multiple	6.8	5.4

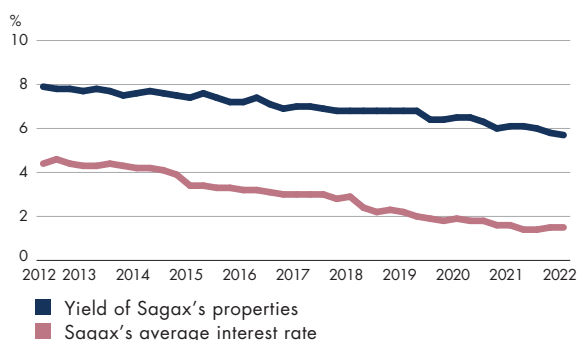
The rental value is based on contractual rental revenue on an annual basis, with addition for estimated market rents for vacant premises. Property expenses are based on actual outcomes over the past 12 months adjusted for the holding period. Central administration costs are based on actual outcomes over 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).

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.

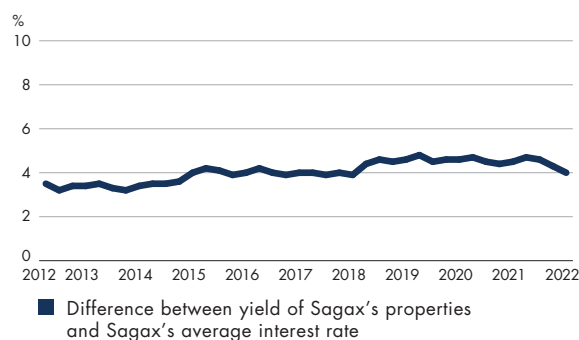
Current earnings capacity before tax



Yield and interest rate



Difference between yield and interest rate



Property portfolio

On 30 June 2022, the property portfolio comprised 748 (693) properties with a lettable area of 3,974,000 square metres (3,615,000). At the end of the period, the rental value and contractual annual rent amounted to SEK 3,891 M (3,265) and SEK 3,744 M (3,100), respectively. This corresponds to an economic occupancy rate of 96% (95).

INVESTMENTS

During the period, Sagax invested SEK 2,583 M (2,456), of which property acquisitions accounted for SEK 2,263 M (2,213).

Properties were acquired with a total lettable area of 201,000 square metres. The largest investment referred to a portfolio of 18,000 square metres of lettable area in the France segment. A total of SEK 321 M (243) was invested in the existing property portfolio. SEK 29 M of the investments for the period were made against rent supplements, SEK 86 M was invested in conjunction with new lettings, SEK 135 M in conjunction with new production and SEK 71 M pertained to property maintenance.

A total of SEK 17 M was invested in solar power facilities and other energy-saving investments.

The Group has agreed to acquire 26 properties in France, eight in Finland and one in the Netherlands for which possession will be taken after the end of the period. The total investment will amount to SEK 622 M. The acquired properties encompass a total of 62,000 square metres of lettable area. Refer also to page 29 for additional information.

DIVESTMENTS

Two properties were divested in Finland during the period with a combined value of SEK 6 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 July 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	14,652	28%	16,200	113	903,000	17,000	912	95%	864
Finland	16,906	33%	12,300	213	1,374,000	52,000	1,520	97%	1,468
France	6,977	13%	12,400	167	563,000	11,000	571	98%	559
Netherlands	7,109	14%	12,100	126	589,000	22,000	468	96%	447
Spain	4,990	10%	10,800	120	461,000	32,000	313	96%	302
Germany	1,234	2%	16,000	7	77,000	5,000	97	98%	95
Rest of Europe	135	0%	22,600	2	6,000	–	10	100%	10
Total	52,004	100%	13,100	748	3,974,000	139,000	3,891	96%	3,744

Property investments January-June 2022

Amounts in SEK M	Property acquisitions	Existing portfolio	Total	Share of total investments	Divestments	Net investments
Sweden	90	83	174	7%	–	174
Finland	483	166	649	25%	–6	643
France	1,140	16	1,156	45%	–	1,156
Netherlands	200	15	215	8%	–	215
Spain	297	40	337	13%	–	337
Germany	52	–	52	2%	–	52
Rest of Europe	–	–	–	– %	–	–
Total	2,263	321	2,583	100%	–6	2,578

LEASE STRUCTURE

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

Sagax's annual rent at the end of the period was distributed between 2,246 leases (1,880). 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 2,237 leases (1,868) each had an annual rent of less than 1% of the Group's annual rent. The total annual rent for these leases accounted for 85% (80) of Sagax's annual rent. In addition, Sagax has seven leases (ten) with an annual rent corresponding to 1–2% of the Group's annual rent. Combined, these leases amount to 9% (14) of Sagax's annual rent. Only two (two) of Sagax's leases had an annual rent that accounted for more than 2% of the Group's annual rent. These leases together represented 6% (6) of the Group's annual rent.

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%	210	6	2	105	8
1–2 %	351	9	7	50	6
<1%	3,183	85	2,237	1	4
Total	3,744	100	2,246	2	5

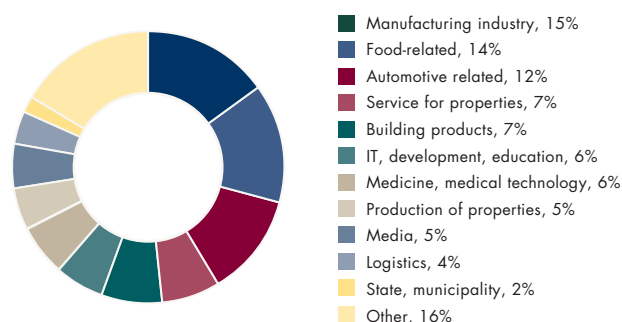
Lease terms

Year of expiry	Area, sqm	SEK M	Share
2022	313,000	336	9%
2023	446,000	454	12%
2024	451,000	480	13%
2025	796,000	667	18%
2026	318,000	317	8%
>2026	1,511,000	1,490	40%
Total	3,836,000	3,744	100%

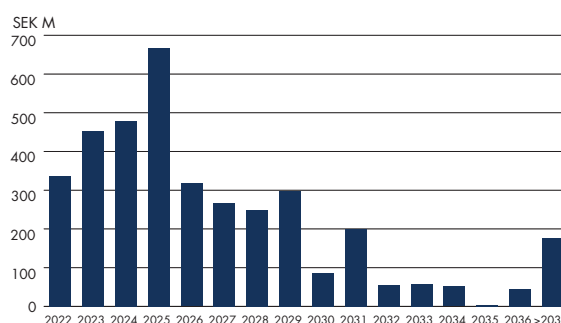
Sagax's tenants operate in a variety of sectors. 15% (15%) of rental revenue derives from companies in the manufacturing industry. 14% (18) of rental revenue comes from tenants with food-related operations and 12% (11) in the automotive-related industry, including sales, service and manufacturing. Diverse 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 48% of the annual rent expire in or after 2026. 9-18% 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 the Fair Value Method, 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 June 2022, the total market value of Sagax's 748 (693) properties was SEK 52,004 M (41,722). Exchange rate fluctuations during the period resulted in property values denominated in EUR and DKK increasing by SEK 1,492 M (207).

The recognised unrealised change in value amounted to SEK 1,866 M (1,764) for the period, and was primarily due to higher inflation expectations and thus higher expected rental revenue.

VALUATION METHOD AND IMPLEMENTATION

The valuations were carried out in accordance with generally accepted international valuation methods. As of 30 June 2022, 99% of valuation objects were valued by authorised property appraisers from independent valuation companies.

The principal method of appraisal used was cash flow calculations in which the present value of net operating income, investments and residual values was calculated. The calculation period was adjusted to the remaining term of existing leases and varies between five and 20 years. As a rule, the calculation period is ten years. For more information, see Sagax's 2021 Annual Report, page 92.

ANALYSIS AND GENERAL CONDITIONS

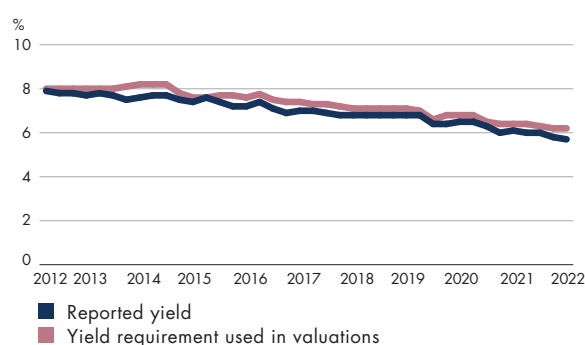
The discount rate for the present value calculation of cash flows (4.5–16.0%), the discount rate for the present value calculation of residual values (4.5–16.0%) and the yield requirement for the residual value calculations (3.8–14.0%) are based on transactions carried out and on individual assessments of the risk level and market position of each property.

The discount rate for the present value calculation of cash flows and residual values for the property portfolio was 7.4% (7.3) and 7.5% (7.4), respectively. The weighted yield requirement was 6.2% (6.4) on 30 June 2022. By comparison, the yield reported by Sagax for the period was 5.7% (6.1). A comparison of the yield reported over time and the yield requirement used in valuations is provided below.

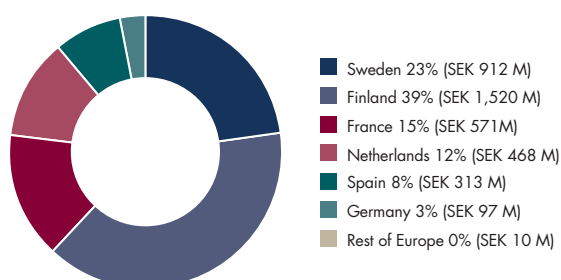
Change in the market value of properties

	SEK M	No. of
Property portfolio, 31 December 2021	46,067	673
Acquisition of properties	2,263	76
Investments in the current portfolio	321	
Divestment of properties	-6	-2
Subdivisions, property		1
Currency translation effect	1,492	
Unrealised changes in value	1,866	
Property portfolio, 30 June 2022	52,004	748

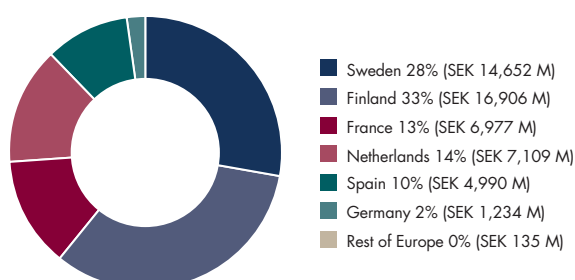
Yield compared with yield requirement



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 accumulated investments amounted SEK 3.1 billion, which has generated an accumulated dividend of SEK 2.4 billion for Sagax. The market value of investments in joint ventures and associated companies with listed shares amounted to SEK 3.2 billion and the carrying amount to SEK 2.7 billion at the end of the period. The carrying amount of joint ventures and associated companies that are not listed amounted to SEK 8.4 billion. The investment objective is to get access to markets that Sagax does not have the capacity to reach, but which are considered attractive.

The total value of the commitment related to ownership of joint ventures and associated companies amounted to SEK 11,151 M (8,090), of which 91% comprised Hemsö Fastighets AB, Söderport Property Investment AB and NP3 Fastigheter AB. These investments contributed a total of SEK 391 M (344) to profit from property management during the period and SEK 531 M to the cash flow. Sagax's share of changes in the value of properties amounted to SEK 1,255 M (985) and of changes in the value of derivatives to SEK 248 M (59).

JOINT VENTURES

Hemsö Fastighets AB (Hemsö)

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

Söderport Property Investment AB (Söderport)

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

75% of Söderport's rental revenue of SEK 972 M was located in Stockholm on 30 June 2022. Söderport's economic vacancy amounted

to SEK 61 M (45), SEK 24 M (18) comprised rent discounts provided for new lettings. This corresponds to a vacancy rate of 6% (5). Söderport also owns 78.1% of Torslanda Property Investment AB, which is thus included as a subsidiary in Söderport's consolidated financial statements.

Fastighetsaktiebolaget Ess-Sierra

Sagax owns 50% of Fastighetsaktiebolaget Ess-Sierra, with the remainder owned by NP3 Fastigheter AB. The operations entail owning and managing properties for building materials retail. The lettable area amounts to 184,000 square metres, of which the main part comprises warehouse premises/building materials retail. Most of the properties are situated in university and regional towns.

ASSOCIATED COMPANIES

NP3 Fastigheter AB (NP3)

Sagax owns 21.8% of the votes and 15.3% of the capital in NP3. NP3 is a property company focusing on commercial investment properties with high yields mainly in northern Sweden. The company's property portfolio encompassed 480 properties with a total property value of SEK 19.2 billion and a rental value of SEK 1,655 M on 30 June 2022. NP3 is listed on Nasdaq Stockholm, Large Cap. The market value of Sagax's properties amounted to SEK 2,574 M and the carrying amount to SEK 2,085 M. For more information, refer to the company's website, www.np3fastigheter.se.

Fastighetsbolaget Emilshus AB (Emilshus)

Sagax owns 24.4% of the votes and 22.6% of the capital in Emilshus. Emilshus acquires, develops and manages commercial properties in Småland and nearby growth regions. The company's property portfolio encompassed 117 properties with a total market value of SEK 6.3 billion on 30 June 2022. The market value of Sagax's properties amounted to SEK 611 M and the carrying amount to SEK 652 M. For more information, refer to the company's website, www.emilshus.com.

Sagax's joint ventures

	Hemsö		Söderport		Ess-Sierra	
	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
Sagax's participating interest, %	15	15	50	50	50	50
Rental revenue, SEK M	1,980	1,751	443	428	46	42
Profit from property management, SEK M	1,184	1,018	256	248	33	30
Profit for the period, SEK M	4,790	2,981	1,061	898	110	60
Sagax share of profit comprehensive income, SEK M	667	414	497	488	55	30
Sagax's share of profit from property management, SEK M	152	127	120	116	16	15
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
No. of properties	466	421	84	84	39	37
Carrying amount of properties, SEK M	84,683	69,619	14,269	12,884	1,617	1,500
Lettable area, sqm	2,311,000	2,155,000	769,000	783,000	184,000	203,000
Lease term, years	9.7	9.5	4.4	4.7	6.1	6.3
Economic vacancy rate, %	2	2	6	5	-	-
Interest-bearing liabilities, SEK M	46,361	43,096	6,994	6,652	872	843
Loan maturity, years	6.4	6.7	1.9	2.7	2.4	3.4
Fixed interest, years	5.7	6.4	2.9	3.1	1.2	2.0
Market value of derivatives, SEK M	237	32	95	-174	-	-
Carrying amount, SEK M	5,329	3,660	2,762	2,204	323	279

Funding

EQUITY

Consolidated equity amounted to SEK 32,231 M (25,497) on 30 June 2022. Increases in equity during the period were the result of comprehensive income of SEK 2,072 M, transactions totaling SEK 15 M linked to incentive plans and a share dividend of SEK 935 M.

INTEREST-BEARING LIABILITIES

Sagax's interest-bearing liabilities at the end of the period amounted to SEK 30,967 M (24,193). An amount corresponding to SEK 28,999 M (19,181) of liabilities was recognised in EUR.

Interest-bearing liabilities attributable to listed bonds amounted to SEK 27,382 M (21,176). The remaining interest-bearing debt comprised commercial paper of SEK 2,561 M (1,318) and liabilities to banks of SEK 1,024 M (1,699).

Unsecured liabilities corresponded to 94% (88) of interest-bearing liabilities.

The interest coverage ratio at the end of the period amounted to 8.3 (7.1) times and the debt ratio to 45% (45). Net interest-bearing debt for

the past 12 months was 7.5 (7.0) times EBITDA and 6.8 (6.8) times run rate EBITDA, see page 9 for more information.

A total of SEK 5,262 M (9,339) in loans was raised, of which SEK 3,117 M (7,065) in the form of bond loans under the framework of Sagax's EMTN programme. Repayments during the period totalled SEK 1,790 M (5,115). Exchange rate fluctuations increased interest-bearing liabilities by SEK 1,117 M (124).

Net interest-bearing debt amounted to SEK 24,056 M (18,714).

The average remaining fixed interest and loan maturity terms were 3.7 years (4.4) and 4.1 years (4.4), respectively, at the end of the period. The average interest rate on interest-bearing liabilities was 1.5% (1.6), including the effect of derivatives.

Sagax has SEK 27,077 M (19,446) in loans at fixed interest rates. The company has interest-rate caps and interest-rate swaps with a total nominal value of SEK 1,430 M (3,817), of which interest-rate swaps with an average interest rate of 0.5% (1.1) accounted for SEK 262 M (1,531).

Fixed interest period and loan maturity 30 June 2022

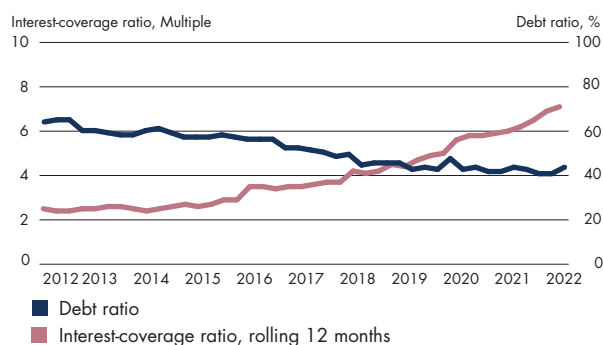
Year of expiry	Fixed interest			Loan maturity		Interest-rate swaps	
	SEK M	Interest rate	Share	SEK M	Share	SEK M	Interest rate
2022	2,561	1.1%	8%	66	0%	–	–
2023	1,452	0.6%	5%	761	2%	262	0.5%
2024	5,754	2.0%	19%	6,972	23%	–	–
2025	4,291	2.3%	14%	4,938	16%	–	–
2026	3,186	1.8%	10%	3,186	10%	–	–
> 2026	13,824	1.0%	44%	15,044	49%	–	–
Total/average	31,068¹⁾	1.4%²⁾	100%	30,967	100%	262	0.5%

1) Fixed interest exceeds interest-bearing liabilities by SEK 101 M. 2) Based on fixed interest amount.

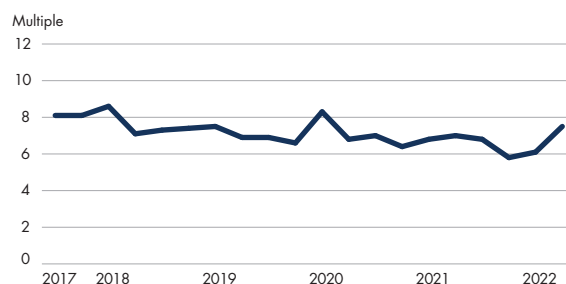
Net debt

Amounts in SEK M	30 Jun 2022	30 Jun 2021
Interest-bearing liabilities	30,967	24,193
Interest-bearing assets	–758	–564
Listed shares	–6,049	–4,893
Cash and cash equivalents	–104	–22
Net debt	24,056	18,714

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 359 M (1,504) on 30 June. At the same date, unutilised credit facilities including back-up facilities for

commercial paper programmes amounted to SEK 7,318 M (5,801). No additional collateral needs to be pledged to utilise these credit facilities.

Listed bonds, 30 June 2022

Maturity	Nominal amount, SEK M	Liability, SEK M	Effective interest	Interest terms	Maturity date	ISIN code
2019-2023 ¹⁾	500	500	1.64% ¹⁾	Stibor 3M+0.90%	16 Jun 2023	XS2093119175
2019-2023 ²⁾	250	250	1.18%	1.13%	16 Jun 2023	XS2093119845
Total/average	750	749	1.48%			

Maturity	Nominal amount, EUR M	Liabilities, EUR M	Effective interest	Coupon rate	Maturity date	ISIN code
2018-2024 ²⁾	500	499	2.10%	2.00%	17 Jan 2024	XS1877540465
2019-2025 ²⁾	400	402	2.05%	2.25%	13 Mar 2025	XS1962543820
2022-2026 ²⁾	300	298	1.78%	1.62%	24 Feb 2026	XS2447539060
2020-2027 ²⁾	300	298	1.26%	1.12%	30 Jan 2027	XS2112816934
2021-2028 ²⁾	500	496	0.88%	0.75%	26 Jan 2028	XS2291340433
2021-2029 ²⁾	500	500	1.01%	1.00%	17 May 2029	XS2342227837
Total/average	2,500	2,494	1.49%			

1) STIBOR adopted 16 Jun 2022.

2) Fixed-rate loans.

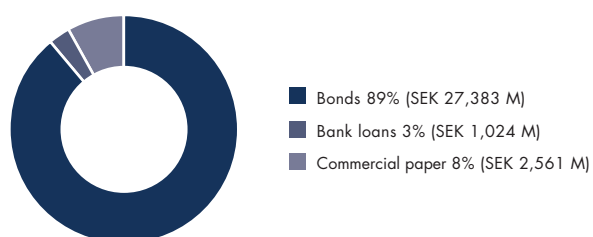
Derivative contracts, 30 June 2022

Amounts in SEK M	Nominal amount	Years to maturity	Market value 30 Jun 2022	Market value 31 Dec 2021	Change for the period
Nominal interest-rate swaps	262	0.5	8	-74	82
Interest-rate caps	1,168	1.1	3	0	3
Currency futures	-	-	-	2	-2
Total	1,430	1.0	11	-72	83

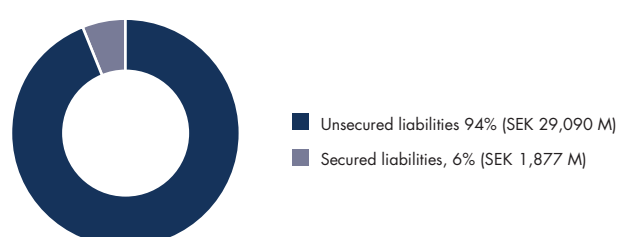
Rating and key performance indicators according to EMTN programme

	Financial covenant in EMTN programme	30 Jun 2022	30 Jun 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%	36%	34%	27%
Interest coverage ratio	>1.8x	11.3x	9.1x	9.4x
Secured liabilities/total assets	< 45%	3%	2%	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 387 M (371).

INTEREST-BEARING NON-CURRENT RECEIVABLES

Interest-bearing non-current receivables amounted to SEK 710 M (530) and comprised convertible debentures issued by the French company Groupe BMG valued at SEK 552 M (486) maturing on 31 December 2024, a bond issued by Emilshus AB valued at SEK 44 M (44) expiring on 9 December 2022 and promissory notes valued at SEK 114 M (–) issued in connection with the sale of property in 2021.

LISTED SHARES

In addition to the directly owned property portfolio, Sagax invests in other listed property companies for the purpose of reaching markets that Sagax does not have the capacity to reach, but which are considered attractive.

Listed shares are recognised at the closing price on the balance sheet date and amounted to SEK 3,475 M (2,777) of which the shares in Nyfosa AB were recognised at SEK 2,921 M (2,719), the shares in Cibus Nordic Real Estate AB at SEK 438 M (–). Dividends of SEK 60 M were received during the period.

Consolidated statement of comprehensive income

Amounts in SEK M	2022 Jan-Jun	2021 Jan-Jun	2022 Apr-Jun	2021 Apr-Jun	2021 Jan-Dec	Rolling 12 months
Rental revenue	1,787	1,506	902	775	3,100	3,381
Other revenue	12	15	6	1	23	21
Operating expenses	-171	-128	-74	-54	-250	-294
Maintenance costs	-37	-36	-19	-18	-74	-75
Property tax	-89	-76	-46	-39	-153	-166
Other property expenses	-39	-29	-19	-15	-73	-83
Net operating income	1,462	1,252	751	649	2,573	2,783
Central administration	-77	-64	-42	-34	-147	-160
Profit from joint ventures and associated companies	1,530	1,179	843	709	2,718	3,068
– of which, profit from property management	391	344	204	183	713	753
– of which, changes in value	1,502	1,044	823	600	2,572	3,022
– of which, tax	-392	-200	-213	-66	-558	-748
– of which, other	29	-9	29	-9	-9	39
Financial income	85	49	46	39	113	150
Financial expenses	-229	-204	-119	-104	-419	-444
Financial expense, interest component of leases	-14	-13	-7	-7	-28	-29
Profit including changes in value of joint ventures and associated companies	2,759	2,199	1,473	1,252	4,809	5,368
– of which, profit from property management	1,620	1,364	834	727	2,805	3,054
Properties, realised	-8	4	-2	1	6	-6
Properties, unrealised	1,866	1,764	996	386	3,870	3,972
Financial instruments, realised	2	0	2	0	-10	-8
Financial instruments, unrealised	-2,444	692	-2,073	508	1,868	-1,268
Profit before tax	2,176	4,660	396	2,147	10,543	8,058
Deferred tax	-392	-300	-213	22	-624	-698
Current tax	-42	-56	-22	-23	-112	-116
Profit for the period	1,742	4,303	161	2,146	9,807	7,244
<i>Other comprehensive income</i>						
<i>– items that may be reversed to profit and loss:</i>						
Translation differences for foreign operations	807	129	588	-198	282	960
Share of other comprehensive income for joint ventures	21	6	14	-3	8	24
Translation differences, hedge accounting	-480	-55	-370	104	-141	-566
Tax on items that may be reversed	-18	-3	-24	1	6	-9
Comprehensive income for the period	2,072	4,380	369	2,050	9,963	7,653
Earnings per Class A and B share, SEK	5.09	13.16	0.31	6.56	30.09	22.02
Earnings per Class A and B share after dilution, SEK	5.08	13.13	0.31	6.55	30.04	21.98
Earnings per Class D share, SEK	1.00	1.00	0.50	0.50	2.00	2.00
Average no. of Class A and B shares, millions	317.7	317.3	317.7	317.3	317.5	317.6
Average no. of Class A and B shares after dilution, millions	318.2	318.1	318.3	318.1	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 Jun	2021 30 Jun	2021 31 Dec
Investment properties	52,004	40,935	46,067
Investment properties for sale	–	787	–
Leases, right-of-use assets	357	343	355
Joint ventures and associated companies	11,152	8,090	9,818
Derivatives	5	–	–
Interest-bearing non-current receivables	710	530	676
Other fixed assets	180	156	103
Total fixed assets	64,409	50,841	57,020
Listed shares	3,475	2,777	4,772
Other current assets	852	636	596
Cash and bank balances	104	22	84
Total current assets	4,431	3,435	5,452
Total assets	68,840	54,276	62,472
Equity	32,231	25,497	31,079
Non-current interest-bearing liabilities	28,329	21,142	23,368
Deferred tax liabilities	3,561	2,762	3,087
Derivatives	0	73	74
Lease liability, right-of-use assets	387	371	390
Other non-current liabilities	250	164	195
Total non-current liabilities	32,526	24,512	27,114
Commercial paper	2,561	1,699	2,891
Other current interest-bearing liabilities	77	1,351	95
Other current liabilities	1,444	1,216	1,293
Total current liabilities	4,082	4,267	4,279
Total equity and liabilities	68,840	54,276	62,472

Consolidated statement of cash flows

Amounts in SEK M	2022 Jan-Jun	2021 Jan-Jun	2022 Apr-Jun	2021 Apr-Jun	2021 Jan-Dec	Rolling 12 months
Profit before tax	2,176	4,660	396	2,147	10,543	8,060
Changes in value of financial instruments	2,442	-692	2,071	-508	-1,858	1,276
Change in value of properties	-1,858	-1,768	-994	-387	-3,876	-3,966
Profit from joint ventures and associated companies	-1,530	-1,179	-843	-709	-2,718	-3,069
Dividend from joint ventures and associated companies	531	310	396	310	373	594
Dissolution of allocated borrowing costs	25	19	14	10	41	47
Other items not included in cash flow	-37	-10	-22	-4	-13	-41
Tax paid	-105	-90	-46	-24	-146	-161
Cash flow from operating activities before changes in working capital	1,643	1,249	973	835	2,346	2,740
Cash flow from changes in current receivables	-67	-101	-36	6	-71	-36
Cash flow from changes in current liabilities	-30	-162	135	115	103	236
Cash flow from operating activities	1,546	986	1,072	956	2,379	2,939
Acquisition of properties	-2,263	-2,213	-1,299	-1,167	-4,824	-4,874
Property sales	-2	257	3	49	867	608
Investments in existing properties	-321	-243	-168	-123	-658	-737
Acquisition of listed shares	-1,426	-1,489	-1,189	-1,052	-1,949	-1,885
Acquisition of financial instruments	-	-7	-	-	-7	0
Acquisition of joint ventures and associated companies	-11	-153	-11	-61	-214	-72
Divestments of joint ventures and associated companies	3	-	3	-	-	3
Capital contribution and new share issue to joint ventures and associated companies	-123	-121	-83	-100	-271	-273
Dividend to joint ventures and associated companies	-40	-	-16	-	-	-40
Increase in other fixed assets	-36	-16	-16	-16	-16	-36
Decrease in other fixed assets	-	20	-	1	50	30
Cash flow from investing activities	-4,218	-3,966	-2,776	-2,469	-7,023	-7,275
Issue of Class B shares	39	36	39	36	36	39
Redemption of preference shares	-	-572	-	-572	-572	-
Dividend paid to shareholders	-809	-666	-746	-595	-792	-935
Incentive plan	-24	-24	-24	-24	-24	-24
Borrowings	5,262	9,339	2,112	4,055	13,997	9,921
Repayment of loans	-1,790	-5,115	-3	-1,369	-7,880	-4,555
Revaluation of financial instruments	16	-8	16	-	-21	2
Decrease in other non-current liabilities	-11	-25	-	-25	-52	-38
Increase in other non-current liabilities	11	11	12	11	11	11
Cash flow from financing activities	2,694	2,977	1,406	1,518	4,703	4,420
Cash flow for the period	22	-3	-298	5	59	84
Exchange rate differences in cash and cash equivalents	-2	-	-	-	-	-2
Change in cash and cash equivalents	20	-3	-298	5	59	82
Cash and cash equivalents at beginning of period	84	24	402	17	24	22
Cash and cash equivalents at end of period	104	22	104	22	84	104

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-June 2021	–	–	–	4,303	4,303
Other comprehensive income, January-June 2021	–	–	77	–	77
Comprehensive income for the period	–	–	77	4,303	4,380
<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 June 2021	780	3,578	415	20,725	25,497
Profit for the period, July-December 2021	–	–	–	5,504	5,504
Other comprehensive income, July-December 2021	–	–	78	–	78
Comprehensive income for the period	–	–	78	5,504	5,582
<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-June 2022	–	–	–	1,742	1,742
Other comprehensive income, January-June 2022	–	–	330	–	330
Comprehensive income for the period	–	–	330	1,742	2,072
<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 June 2022¹⁾	781	3,616	823	27,011	32,231

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

Parent Company income statement

Amounts in SEK M	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Net sales	51	43	88
Administration costs	-53	-47	-107
Loss before financial income and expenses	-3	-4	-19
Profit from participations in Group companies	-	-	1,154
Profit from participations in joint ventures	-	95	96
Financial income	419	283	745
Financial expenses	-214	-269	-751
Profit before tax and appropriations	202	105	1,224
Appropriations	-	-	106
Tax	-1	-1	-2
Profit for the period	202	104	1,328

Condensed Parent Company balance sheet

Amounts in SEK M	2022 30 Jun	2021 30 Jun	2021 31 Dec
Tangible fixed assets	1	1	-
Receivables from Group companies	1,614	1,298	1,725
Other financial fixed assets	13,164	9,309	13,080
Total fixed assets	14,779	10,608	14,805
Cash and bank balances	-69	0	31
Receivables from Group companies	22,039	17,936	19,308
Other current assets	75	158	77
Total current assets	22,045	18,094	19,416
Total assets	36,824	28,703	34,220
Equity	3,491	2,989	4,213
Untaxed reserves	30	30	30
Non-current interest-bearing liabilities	9,166	10,262	8,992
Liabilities to Group companies	18,365	10,534	14,829
Deferred tax liabilities	4	4	4
Total non-current liabilities	27,535	20,800	23,825
Current interest-bearing liabilities	2,535	1,699	2,983
Liabilities to Group companies	2,903	2,776	2,885
Other current liabilities	331	409	284
Total current liabilities	5,769	4,884	6,152
Total equity, untaxed reserves and liabilities	36,824	28,703	34,220

Segment information

Profit items per segment	Rental revenue ¹⁾		Net operating income		Changes in value, properties				Total yield	
					Unrealised		Realised			
	2022 Jan-Jun	2021 Jan-Jun	2022 Jan-Jun	2021 Jan-Jun	2022 Jan-Jun	2021 Jan-Jun	2022 Jan-Jun	2021 Jan-Jun	2022 Jan-Jun	2021 Jan-Jun
Amounts in SEK M										
Sweden	431	407	365	353	722	385	0	5	1,087	742
Finland	689	596	547	480	223	831	−8	0	762	1,311
France	258	185	199	149	193	205	−	−	392	354
Netherlands	217	168	193	154	516	253	−	0	708	406
Spain	143	102	129	91	246	118	−	−	375	210
Germany	45	42	44	41	−31	−26	−	−	13	15
Rest of Europe	5	5	5	5	−2	−2	−	−	3	3
Non-specified	−	−	−19	−21	−	−	−	−	−19	−21
Total	1,787	1,506	1,462	1,252	1,866	1,764	−8	4	3,321	3,020

Asset items per segment	Market value properties		Investments properties		Acquisition properties		Divestment properties	
	2022 30 Jun	2021 30 Jun	2022 30 Jun	2021 30 Jun	2022 30 Jun	2021 30 Jun	2022 30 Jun	2021 30 Jun
Amounts in SEK M								
Sweden	14,652	12,775	83	80	90	122	-	-249
Finland	16,906	14,419	166	121	483	893	-6	-3
France	6,977	4,565	16	15	1,140	258	-	-
Netherlands	7,109	4,936	15	20	200	365	-	-
Spain	4,990	3,840	40	6	297	576	-	-
Germany	1,234	1,093	-	-	52	-	-	-
Rest of Europe	135	95	-	-	-	-	-	-
Total	52,004	41,722	321	243	2,263	2,213	-6	-252

1) All rental revenue pertains to external tenants.

Key performance indicators

	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec	2020 Jan-Dec	Jan-Dec 2019	2018 Jan-Dec	2017 Jan-Dec
Property-related key figures¹⁾							
Property yield, %	5.7	6.1	6.0	6.3	6.4	6.8	6.9
Surplus ratio, %	82	83	83	83	83	83	83
Occupancy rate by area, %	97	95	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	3,974	3,615	3,759	3,480	3,022	2,850	2,489
No. of properties at the end of the period	748	693	673	673	553	512	495
Financial key figures¹⁾							
Return on total capital, %	6	6	6	7	7	7	7
Return on equity, %	11	36	37	18	24	24	30
Average interest rate, %	1.5	1.6	1.4	1.8	1.9	2.2	3.0
Fixed interest period incl. derivatives, years	3.7	4.4	4.0	3.4	3.5	3.0	2.1
Loan maturity, years	4.1	4.4	4.3	3.4	3.8	3.6	3.1
Equity/assets ratio, %	47	47	50	48	48	46	42
Debt ratio, %	45	45	42	43	44	47	50
Net debt/run rate EBITDA, multiple	6.8	6.8	5.4	6.4	6.6	7.1	7.7
Net debt/EBITDA, multiple	7.5	7.0	5.8	6.4	6.6	7.4	8.1
Interest coverage ratio, multiple	8.3	7.1	6.5	5.7	4.9	4.2	3.7
Interest coverage ratio, EMTN programme, multiple	11.4	9.1	9.4	6.4	5.3	4.3	4.0
Data per Class A and B share¹⁾							
Price of Class B share at the end of the period, SEK	188.70	254.20	305.00	169.60	136.20	65.70	49.10
Net asset value, SEK	102.50	78.89	97.92	66.38	56.77	44.22	35.04
Equity, SEK	87.45	66.35	83.93	55.19	46.86	35.70	27.15
Equity after dilution, SEK	87.36	66.28	83.84	55.09	46.78	35.67	27.13
Earnings, SEK	5.09	13.16	30.09	10.80	12.15	9.24	8.86
Earnings after dilution, SEK	5.08	13.13	30.04	10.78	12.13	9.24	8.85
Profit from property management, SEK	4.70	3.87	8.01	6.63	5.51	4.31	3.71
Profit from property management after dilution, SEK	4.69	3.86	7.99	6.62	5.51	4.31	3.70
Cash flow, SEK	4.77	3.54	6.59	6.10	4.86	3.95	3.27
Cash flow after dilution, SEK	4.76	3.53	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	317.7	317.3	317.5	317.1	316.9	316.7	316.5
Average no. after dilution, millions	318.2	318.1	318.0	317.7	317.3	316.9	317.0
Data per Class D share¹⁾							
Share price at the end of period, SEK	23.05	33.25	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	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Dividend per share, SEK	–	–	2.00	2.00	2.00	2.00	2.00
No. at end of period, millions	126.3	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 23,220 (20,385) shareholders. Sagax's market capitalisation amounted to SEK 62,942 M (85,075).

Due to the exercise of warrants under the 2019/2022 incentive plan, Sagax issued 366,422 Class B common shares in June. 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 8.82 (7.31), which, compared with the share price of the Class B share at the end of the period, corresponded to a multiple of 21.4 (34.8).

EQUITY PER CLASS A AND B SHARE

Equity per Class A and B share after dilution amounted to SEK 87.36 (66.28). Net asset value per Class A and B share amounted to SEK 102.50 (78.89). The share price for the Class B share at the end of the period was 216% (384) of equity per Class B share and 184% (322) 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 June 2022	30 Jun 2021	30 June 2022	30 Jun 2021	30 June 2022	30 Jun 2021
Class A shares	189.50	259.00	12	3	2.7	0.6
Class B shares	188.70	254.20	34	44	102.5	107.8
Class D shares	23.05	33.25	71	55	10.9	9.3

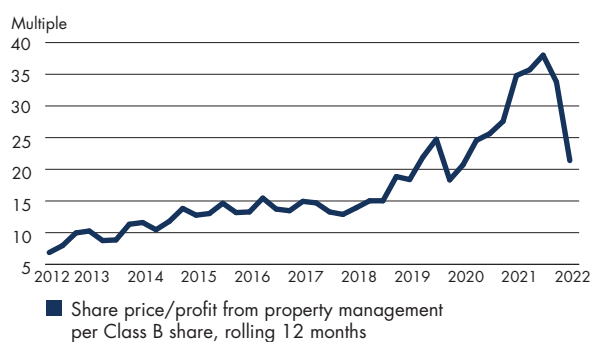
Key performance indicators per Class B share

	2022 30 Jun	2021 30 Jun	2021 31 Dec	2020 31 Dec	2019 31 Dec	2018 31 Dec	2017 31 Dec
Share price at the end of period, SEK	188.70	254.20	305.00	169.60	136.20	64.70	49.10
Profit from property management after dilution ¹⁾ , SEK	8.82	7.31	7.99	6.62	5.51	4.30	3.70
Cash flow after dilution, SEK ¹⁾²⁾	7.82	6.04	6.58	6.09	4.86	3.94	3.26
Equity after dilution, SEK	87.36	66.28	83.84	55.11	46.78	35.67	27.13
Net asset value, SEK	102.50	78.89	97.92	66.38	56.77	44.22	35.04
Share price/Profit from property management ¹⁾ , multiple	21.4	34.8	38.2	25.6	24.7	15.0	13.3
Share price/Cash flow, multiple ¹⁾²⁾	24.1	42.1	46.4	27.9	28.0	16.4	15.1
Share price/Equity, %	216	384	364	308	292	182	181
Share price/Net asset value, %	184	322	311	255	240	147	140

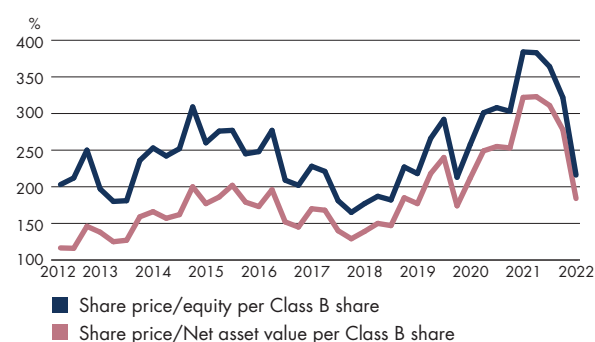
1) Profit from property management and cash flow pertains to rolling 12 months.

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 June 2022

No. of shares	No. of shareholders	Shareholder category	No.	Share of voting power	Shareholders by country	No.	Share of voting power
1–500	16,634	Private individuals residing in Sweden	21,050	9%	Sweden	21,776	94%
501–1 000	1,902				USA	50	0%
1,001–2,000	1,433				UK	74	1%
2,001–5,000	1,382	Private individuals residing abroad	109	0%	Ireland	32	0%
5,001–10,000	681				Luxembourg	34	0%
10,001–50,000	808	Companies/institutions in Sweden	726	76%	Other	1,254	4%
50,001–	380						
Total	23,220	Total	23,220	100%	Total	23,220	100%

Largest shareholders, 30 June 2022¹⁾

	No. of shares			Percentage of	
	Class A shares	Class B shares	Class D shares	Share capital	Votes ²⁾
David Mindus and companies	10,848,800	66,917,112	1,192,228	17.7%	25.8%
Staffan Salén and companies	4,264,928	32,970,660	95,600	8.4%	11.0%
Fourth Swedish National Pension Fund	805,716	15,116,471	9,385,293	5.7%	4.7%
Rutger Arnhult and companies	4,483,441	3,633,033	16,201,602	5.4%	9.4%
Third Swedish National Pension Fund	–	24,227,658	–	5.4%	3.5%
SEB Fonder	–	12,095,550	–	2.7%	1.8%
Avanza Pension	48,632	451,667	11,543,470	2.7%	1.8%
Vanguard	–	6,208,255	4,130,971	2.3%	1.5%
Länsförsäkringar Fonder	–	8,711,993	568,218	2.1%	1.4%
Handelsbanken Fonder	–	6,412,099	785,566	1.6%	1.0%
BlackRock	–	7,185,374	7,827	1.6%	1.0%
Erik Selin and companies	1,175,000	3,813,712	2,012,177	1.6%	2.6%
Swedbank Robur Fonder	500,000	6,132,177	–	1.5%	1.6%
Filip Engelbert and companies	241,000	1,869,784	4,200,000	1.4%	1.2%
Norges Bank	–	3,318,204	2,554,943	1.3%	0.9%
ODIN Fonder	–	3,690,294	–	0.8%	0.5%
Second Swedish National Pension Fund	–	3,369,404	–	0.8%	0.5%
Johan Thorell and companies	203,254	2,332,540	354,164	0.6%	0.7%
Folksam	–	2,872,784	–	0.6%	0.4%
Lannebo Fonder	–	2,739,997	–	0.6%	0.4%
Total 20 largest shareholders	22,570,771	214,068,768	53,032,059	64.9%	71.9%
Other shareholders	4,262,083	77,118,395	73,229,270	34.6%	28.1%
Sub-total	26,832,854	291,187,163	126,261,329	99.6%	100.0%
Shares held by AB Sagax	–	2,000,000	–	0.4%	0.0%
Total	26,832,854	293,187,163	126,261,329	100.0%	100.0%
– of which, Board and employees	16,675,242	110,390,605	4,684,821	29.5%	41.1%

1) Ownership structure at 30 June 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	26,832,854	1.0	26,832,854.00	39%	6%
Class B shares	293,187,163	0.1	29,318,716.30	43%	66%
Class D shares	126,261,329	0.1	12,626,132.90	18%	28%
Total	446,281,346		68,777,703.20	100%	100%

Risks and uncertainties

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

PROPERTY-RELATED RISKS

The valuation of investment properties can be significantly affected by the judgments and assumptions made by company management. To reduce the risk of incorrect valuations, Sagax has engaged authorised external valuation companies to assess the market value of the majority of the properties as of 30 June 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.

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 com-

prises 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 June 2022, assets less liabilities in EUR, amounted to SEK 6,611 M (8,351). 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 10.68 and DKK 1 was equivalent to SEK 1.44. Revenue and expense items are translated at the average exchange rate for the period: EUR 1 was equivalent to SEK 10.45 and DKK 1 was equivalent to SEK 1.41. 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.

OTHER RISKS

Uncertainty regarding the macroeconomic climate has increased as a result of Russia's invasion of Ukraine. Sagax does not conduct any operations in Ukraine or in Russia. Accordingly, Sagax is indirectly impacted by the war and its consequences. 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 for property values

	-20%	-10%	0%	+10%	+20%
Value change, SEK M	-10,401	-5,200	0	5,200	10,401
Debt ratio, %	53	49	45	42	39

Sensitivity analysis for changes in the occupancy rate

	-10%	-5%	0%	+5%	+10%
Occupancy rate, %	87	91	96	N/A	N/A
Interest coverage ratio, %	753	790	827	N/A	N/A

Sensitivity analysis for property values

	Change	Value change, SEK M
Yield requirement	+/- 0.25% points	-1,621/+1,759
Cost of capital	+/- 0.25% points	-1,102/+1,131
Rental revenue	+/- 5%	+2,226/-2,301
Property expenses	+/-5%	-302/+308

SENSITIVITY ANALYSIS

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

Sensitivity analysis on 30 June 2022¹⁾

Amounts in SEK M	Change	Effect on profit from property management, annual basis	Effect on profit after tax, annual basis	Effect on equity
Economic occupancy rate	+/-1% point	+/-39	+/-32	+/-32
Rental revenue	+/- 1%	+/-37	+/-30	+/-30
Property expenses	+/- 1%	-/+6	-/+5	-/+5
Interest expenses for liabilities in SEK including fixed income derivatives	+/-1% point	-14/+8	-11/+6	-11/+6
Interest expenses for liabilities in EUR including fixed income derivatives	+/-1% point	-15/+12	-12/+10	-12/+10
Change in SEK/EUR exchange rate ²⁾	+/- 10%	+/-190	+/-152	+/-661
Changed rent level for contract maturity in 2022	+/- 10%	+/-34	+/-27	+/-27

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

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

Accounting policies and important events

ACCOUNTING POLICIES

This condensed interim report has been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting. The term “IFRS” in this report means application of the International Financial Reporting Standards (IFRS), as adopted by the EU, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The accounting policies and calculation methods are the same as those applied in the 2021 Annual Report and are to be read together with this Annual Report.

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 German properties 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 Danish properties are reported as previously in the Rest of Europe segment. Comparative figures have been restated according to the new segment division.

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.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

On 14 July, it was announced in a press release that Sagax had acquired a total of 18 properties for a corresponding SEK 623 M based on six separate transactions. The properties comprise a lettable area of 66,900 square metres, primarily comprising premises for warehouses and industrial purposes. The annual rent corresponds to SEK 60 M. The occupancy rate is 95% and the remaining average lease term is 3.9 years.

Of these acquisitions, property corresponding to SEK 471 M has been taken into possession. Possession of the remaining SEK 152 M is expected to be taken in the third and fourth quarters of 2022. The acquisitions will be recognised in the following Sagax segments: Finland (SEK 350 M), France (SEK 124 M), Spain (SEK 121 M) and the Netherlands (SEK 28 M). For property acquisitions in France, the relevant municipality has pre-emption rights. These rights correspond to SEK 124 M.

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, 14 July 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 year-end report has not been reviewed by the company's auditors.

This constitutes information that AB Sagax (publ) is legally obliged to publish under the EU's Market Abuse Regulation and the Swedish Securities Market Act. The information was released for publication on 14 July 2022 at 2:30 p.m. (CEST).

Calendar

Interim Report January-September 2022
Year-end Report 2022
Annual General Meeting 2023

27 October 2022
13 February 2023
9 May 2023

SCHEDULE OF DIVIDEND PAYMENTS TO HOLDERS OF CLASS D SHARES

September 2022

■ Final day for trading including dividend rights	28 September 2022
■ First day for trading excluding dividend rights	29 September 2022
■ Record date for dividend payment	30 September 2022
■ Expected payment date by Euroclear ¹⁾	5 October 2022

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
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.
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.
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.
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.
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.
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.
Equity/assets ratio	Equity in relation to total assets.	The 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 in relation to 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.
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.
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.
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.
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.
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.
Joint ventures	Partnership form whereby several owners have a shared controlling influence.	Not an APM.

Key performance indicators	Description	Reason for alternative performance measure
Net asset value	Recognised equity according to the balance sheet with reversal of reserves for fixed income derivatives, deferred tax on temporary differences on property values and deferred tax on reserves for fixed income derivatives.	An established indicator of the Group's net asset value that facilitates analyses and comparisons with EPRA NAV.
Net debt	Interest-bearing liabilities less interest-bearing assets, cash and cash equivalents, and listed shares.	The 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.
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.
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.
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.
Property	Pertains to properties held under title or site leasehold.	Not an APM.
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.
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.
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.
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.
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.
Secured liabilities/Total assets	Liabilities secured with pledged assets as a percentage of total assets.	The KPI shows financial risk for bond holders.
STIBOR	STIBOR, or Stockholm Interbank Offered Rate, a daily reference rate based on the average of the interest rates at which banks offer to lend unsecured funds to other banks in SEK in the Swedish wholesale money market.	Not an APM.
Surplus ratio	Net operating income for the period as a percentage of rental revenue for the period.	The KPI shows the profitability of the properties.
Total return on shares	Total of the change in the share price during the period and the dividend paid during the period as a percentage of the share price at the end of the preceding year.	The 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.

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

Amounts in SEK M unless otherwise stated	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Return on equity			
Profit after tax	1,742	4,303	9,807
Addition for translation to annual value	1,742	4,303	–
Average equity	31,655	23,974	26,766
Return on equity	11%	36%	37%

Return on total capital			
Profit from property management	1,620	1,364	2,805
Addition for translation to annual value	1,620	1,364	–
Financial expenses	242	217	447
Addition for translation to annual value	242	217	–
Profit before financial expenses	3,725	3,162	3,252
Average total capital	65,637	50,449	54,725
Return on total capital	6%	6%	6%

Occupancy rate by area			
Contracted area, '000s sqm	3,836	3,429	3,625
Total lettable area, '000s sqm	3,974	3,615	3,759
Occupancy rate by area	97%	95%	96%

Debt ratio			
Interest-bearing liabilities	30,967	24,193	26,354
Total assets	68,840	54,276	62,472
Debt ratio	45%	45%	42%

Property yield			
Net operating income	1,462	1,252	2,573
Add-back of site leasehold fees	–12	–12	–26
Addition for translation to annual value	1,450	1,240	–
Holding adjustment, acquisitions/divestments	33	69	139
Currency translation to closing rate	53	–1	44
Adjusted net operating income	2,987	2,548	2,730
Carrying amount of properties	52,004	41,722	46,067
Property yield	5.7%	6.1%	6.0%

EBITDA rolling 12 months			
Net operating income	2,783	2,478	2,573
Central administration	–160	–139	–147
Dividends from joint ventures and associated companies	594	329	373
EBITDA	3,217	2,668	2,799

Equity per Class A and B share			
Equity	32,231	25,497	31,079
Equity attributable to Class D shares	–4,419	–4,419	–4,419
Equity attributable to Class A and B shares	27,812	21,078	26,660
No. of shares	318,020,017	317,653,595	317,653,595
No. of shares after dilution	318,360,134	318,018,916	317,984,595
Equity per Class A and B share, SEK	87.45	66.35	83.93
Equity per Class A and B share after dilution, SEK	87.36	66.28	83.84

Amounts in SEK M unless otherwise stated	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Economic occupancy rate			
Contractual annual rent	3,744	3,100	3,324
Rental value	3,891	3,265	3,459
Economic occupancy rate	96%	95%	96%

Run rate yield			
Net operating income according to current earnings capacity	3,089	2,568	2,761
Add-back of site leasehold fees	–24	–24	–26
Adjusted net operating income	3,065	2,544	2,735
Carrying amount of properties	52,004	41,722	46,067
Run rate yield	5.9%	6.1%	5.9%

Run rate EBITDA			
Net operating income according to current earnings capacity	3,089	2,568	2,761
Central administration	–160	–139	–147
Dividends from joint ventures and associated companies	594	329	373
Run rate EBITDA	3,523	2,758	2,987

Profit from property management			
Profit after tax	1,742	4,303	9,807
Tax	826	556	1,294
Changes in value	–948	–3,505	–8,297
Profit from property management	1,620	1,354	2,805

Profit from property management per Class A and B share after dilution			
Profit from property management	1,620	1,354	2,805
Dividends attributable to Class D shares	–126	–126	–253
Adjusted profit from property management	1,494	1,228	2,552
Profit from property management per Class A and B share after dilution, SEK	4.69	3.86	7.99

Profit from property management per Class A and B shares, rolling 12 months			
Profit from property management, rolling 12 months	3,060	2,575	2,805
Dividends attributable to Class D shares, rolling 12 months	–253	–253	–253
Adjusted profit from property management	2,807	2,322	2,552
No. of Class A and B shares after dilution, rolling 12 months	318,194,884	317,909,512	318,010,050
Profit from property management per Class A and B share, current period, rolling 12 months	8.82	7.31	7.99
Profit from property management per Class A and B share, preceding period, rolling 12 months	7.31	6.09	6.62
Annual percentage growth rate, rolling 12 months	21%	20%	21%

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

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

Amounts in SEK M unless otherwise stated	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Rental revenue, comparable portfolios			
Rental revenue	1,788	1,506	3,100
Acquired and sold properties	-266	-86	-558
Currency adjustment ¹⁾	-	27	-
Other adjustment	-13	-	-6
Rental revenue, comparable portfolios excluding currency effects	1,509	1,447	2,535
Cash flow per Class A and B share			
Profit before tax	2,176	4,660	10,543
Items not affecting cash flow	-427	-3,321	-8,051
Tax paid	-105	-90	-146
Dividends attributable to Class D shares	-126	-126	-253
Cash flow	1,518	1,123	2,093
Cash flow per Class A and B share after dilution, SEK	4.77	3.53	6.58
Net debt			
See page 14.			
Net debt according to EMTN programme			
Interest-bearing liabilities	30,967	24,193	26,354
Cash and cash equivalents and listed shares	-6,153	-4,915	-9,464
Net debt according to EMTN programme	24,814	19,278	16,890
Net debt according to EMTN programme/Total assets			
Net debt according to EMTN programme	24,814	19,278	16,890
Total assets	68,840	54,276	62,472
Net debt according to EMTN programme/Total assets	36%	36%	27%
Net debt/EBITDA			
Net debt	24,056	18,714	16,214
EBITDA rolling 12 months	3,217	2,668	2,799
Net debt/EBITDA	7.5x	7.0x	5.8x
Net debt/run rate EBITDA			
Net debt	24,056	18,714	16,214
EBITDA, run rate	3,523	2,758	3,006
Net debt/EBITDA run rate	6.8x	6.8x	5.4x
Net debt/Total assets			
Net debt	24,056	18,714	16,214
Total assets	68,840	54,276	62,472
Net debt/Total assets	35%	34%	26%
Earnings per Class A and B share¹⁾			
Profit after tax	1,742	4,303	9,807
Dividends attributable to Class D shares	-126	-126	-253
Adjusted profit after tax	1,616	4,177	9,554
Earnings per Class A and B share after dilution, SEK	5.08	13.13	30.04

1) IFRS performance measure.

Amounts in SEK M unless otherwise stated	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Interest coverage ratio			
Profit from property management	1,620	1,364	2,805
Reversal of profit from property management joint ventures and associated companies	-391	-344	-713
Dividend from joint ventures and associated companies	531	310	373
Financial expenses	242	217	447
Adjusted profit from property management before financial expenses	2,002	1,547	2,912
Interest coverage ratio	8.3x	7.1x	6.5x
Interest coverage ratio, EMTN programme			
Profit from property management	1,620	1,364	2,805
Net financial items	156	168	334
Profit from property management before net financial items	1,776	1,532	3,139
Interest coverage ratio	11.4x	9.1x	9.4x
Equity/assets ratio			
Equity	32,230	25,497	31,079
Total assets	68,840	54,276	62,472
Equity/assets ratio	47%	47%	50%
Net asset value			
Equity	32,231	25,497	31,079
Equity attributable to Class D shares	-4,419	-4,419	-4,419
Reversal of derivatives	-5	73	74
Reversal of deferred tax	3,834	2,998	3,383
Reversals due to joint ventures	990	941	1,019
Net asset value	32,631	25,090	31,136
NAV per Class A and B share after dilution, SEK	102.50	78.89	97.92
Secured liabilities/Total assets			
Secured liabilities	1,877	1,240	189
Total assets	68,840	54,276	62,472
Secured liabilities/Total assets	3%	2%	0%
Surplus ratio			
Net operating income	2,783	2,478	2,573
Rental revenue	3,381	2,987	3,100
Surplus ratio	82%	83%	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 on 30 June 2022 amounted to 3,974,000 square metres, distributed between 748 properties.

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

More information is available at www.sagax.se.

AB | SAGAX

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