

INTERIM REPORT JANUARY – MARCH 2020

AB | SAGAX

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

Interim report January – March 2020

FIRST QUARTER OF 2020

- Rental revenue increased 13% to SEK 703 M (622 for the preceding year).
- Profit from property management increased 22% to SEK 565 M (464).
- Profit from property management per Class A and B share after dilution rose 23% to SEK 1.57 (1.28).
- Revaluation of properties and financial instruments impacted profit by a total of SEK 166 M (478).
- Profit after tax for the period amounted to SEK 749 M (854).
- Cash flow from operating activities before changes in working capital rose 29% to SEK 416 M (323), corresponding to SEK 1.11 (0.83) per Class A and B share after dilution.
- Net investments amounted to SEK 3,230 M (852), of which property acquisitions accounted for SEK 3,107 M (679).

ADJUSTED FORECAST FOR 2020

As a result of the outbreak of COVID-19, macroeconomic conditions in the company's markets have deteriorated and uncertainty has increased. The impact of the outbreak on the company has been limited to date. However, the impact of the negative macroeconomic trend on Sagax's tenants is unavoidable. It is difficult to assess the extent to which Sagax's profit from property management for 2020 will be affected.

Profit from property management for 2020, meaning profit before revaluations and tax, based on the current property portfolio and announced acquisitions and divestments and current exchange rates, is expected to amount to SEK 2,250-2,300 M. The previously submitted forecast was for profit of SEK 2,250 M and was presented when the year-end report for 2019 was published.

Selected key performance indicators

	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2015 Jan-Dec
Profit from property management per Class A and B share after dilution, SEK	1.57	1.28	5.51	4.31	3.70	2.98	2.45
<i>Change compared with preceding year, %</i>	23	29	28	16	24	22	31
Earnings per Class A and B share after dilution, SEK	2.15	2.51	12.13	9.24	8.85	7.25	4.93
Dividend per Class A and B share, SEK (2019 proposed)	–	–	0.65	1.00	0.90	0.72	0.58
Net debt/EBITDA, multiple	8.3	7.5	6.6	7.4	8.1	8.7	9.3
Interest coverage ratio, multiple	4.8	4.5	4.9	4.2	3.7	3.4	2.9
Debt ratio, %	49	47	44	47	50	54	59
Properties' market value, SEK M	37,339	30,204	32,625	29,024	23,771	20,628	16,189
Property yield, %	6.4	6.8	6.4	6.8	6.9	7.1	7.4



In the first quarter, the Lumijälki 2 premises were acquired, situated 20 minutes outside of central Helsinki. The property is undeveloped and comprises 23,600 square metres of land. A new build of 10,000 square metres of new warehouse and business premises incorporating offices has commenced. The property's tenants include Fazer Food Services Oy and Geberit Finland Oy. Construction is expected to be complete in the first quarter of 2021.

Business concept, goals and strategies

BUSINESS CONCEPT

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

COMPANY GOALS

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

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

FINANCIAL TARGETS

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

STRATEGIES

Investment strategy

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

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

Financing strategy

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

The company has four classes of shares: Class A, B and D common shares, and preference shares. The aim of the Class D shares, like the preference shares, is to attract investor categories that value steady ongoing dividends.

Management strategy

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

Financial targets

	Outcome rolling 12 months	Five-year average
Return on equity, measured over a five-year period, should not fall below 15% per year	22%	29%
Profit from property management per Class A and B share should increase by a minimum of 15% per year	24%	24%

Profit from property management per Class A and B share



Return on equity



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

SUSTAINABILITY ACTIVITIES

The aim of Sagax's sustainability activities is to avoid short-term gains arising at the expense of negative longer-term consequences, such as in the form of externalities. The company's investing activities, management and funding are conducted to achieve the best possible long-term – meaning sustainable – outcome. The planning, governance and monitoring of sustainability activities follow Sagax's organisational structure with well-defined delegation of responsibilities and authorities. This sustainability work is supported by policies, guidelines, overall objectives, external laws, rules and regulations.

Sagax has identified the following focus areas:

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.

Business ethics

Sagax works actively to combat all forms of corruption and has implemented a whistle-blower function and a Code of Conduct for Suppliers.

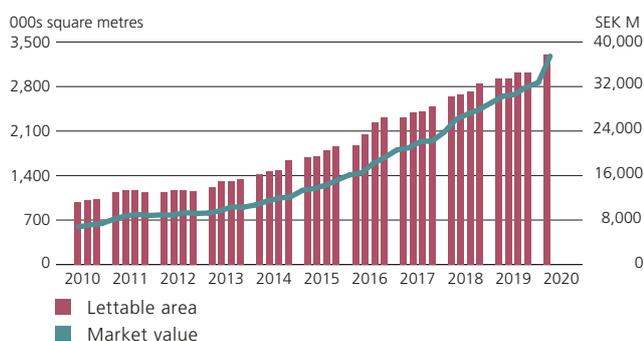
Environmental and resource efficiency

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

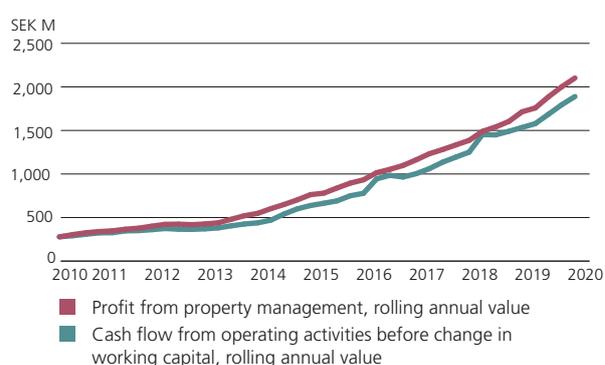
Employment conditions for employees

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

Market value and area of properties



Profit from property management and cash flow



Earnings, revenue and expenses

The profit/loss and cash-flow items below refer to the January to March 2020 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 22% to SEK 565 M (464), of which joint ventures and associated companies accounted for SEK 133 M (92). 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 1.57 (1.28).

Changes in the value of properties increased profit by SEK 279 M (84).

The revaluation of financial instruments had an impact of SEK -113 M (394) on profit. The revaluation of listed shares resulted in an unrealised change in value of SEK -150 M (212). The revaluation of financial instruments attributable to joint ventures amounted to SEK 44 M (206) pursuant to IFRS 9, while fixed-income derivatives accounted for SEK -7 M (-24).

Joint ventures and associated companies contributed a total of SEK 263 M (96) to profit.

Profit after tax for the period amounted to SEK 749 M (854).

REVENUE

Rental revenue rose 13% to SEK 703 M (622). Revenue was primarily positively affected by property acquisitions.

Other revenue of SEK 1 M (11) in the previous period primarily comprised compensation from tenants who prematurely vacated premises, damages due to inadequate maintenance and insurance compensation.

During the period, rental revenue in comparable portfolios increased 3.0% (3.3) excluding currency effects. The largest increase was found in the market segments of Helsinki (6.0%) and the Netherlands (5.8%). Other market segments reported minor revenue increases (an average of 1.5%) in the existing portfolio.

CHANGE IN THE ECONOMIC OCCUPANCY RATE

The economic occupancy rate amounted to 95% (95). During the period, the vacancy value rose SEK 20 M (20) due to tenants vacating premises and declined SEK 18 M (23) due to new lettings. Discounts on a fixed-term basis amounted to

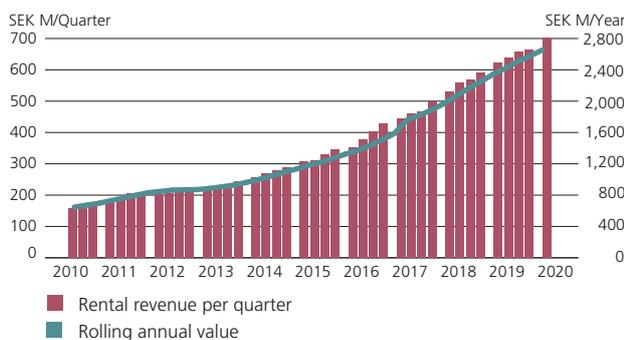
Profit from property management



Economic leasing rate



Rental revenue



SEK 19 M (19) on an annual basis at the end of the period. In total, the closing vacancy value increased SEK 12 M (–) during the period to SEK 147 M (132).

FUTURE VACANCY CHANGES

At the end of the period, notice of termination had been served for leases with a rental value of SEK 85 M (54), of which leases with notice of vacating the premises accounted for SEK 82 M (47) and leases with notice of renegotiation for SEK 3 M (7). Of the leases for which notice had been received, vacancies corresponding to SEK 21 M will occur in 2020. Leases for premises that have not yet been occupied reduced the adjusted vacancy value by SEK 15 M (28).

PROPERTY EXPENSES

Operating and maintenance costs rose to a total of SEK 89 M (89). Expenses for property tax increased to SEK 35 M (27). Other property expenses increased to SEK 14 M (11). All expense increases were primarily due to property acquisitions.

CENTRAL ADMINISTRATION

Costs for the Group's central administration amounted to SEK 29 M (27), corresponding to 4.0% (4.3) of the Group's rental revenue.

At the end of the period, the Group had 69 (65) employees. Functions such as property care-taking and on-call operations are outsourced. The company has offices in Stockholm, Helsinki, Rotterdam, Paris and Barcelona.

Number of employees

Country	Total
Sweden	33
Finland	19
France	7
Netherlands	7
Spain	3
Total	69

Vacancy changes

Amounts in SEK M	2020 Jan-Mar	2019 Jan-Dec
Opening vacancy for each year	135	132
Vacancies	20	93
New lettings	–18	–98
Change in discounts provided	–3	4
Vacancy value, acquired properties	9	23
Vacancy value, sold properties	–	–7
Adjustment of vacancy value	–	–14
Change in exchange rates	5	1
Closing vacancy value	147	135
Terminated for renegotiation	3	4
Terminated lease, not vacated	82	81
Letting, not occupied	–15	–14
Adjusted closing vacancy value	217	205

Leases terminated for vacancy

Year of vacancy	No. of leases	Rental value, SEK M
2020	61	21
2021	11	47
2022	4	13
2024	1	1
>2024	1	1
Total	77	82

Vacancies, 1 April 2020

Area	Rental value, SEK M	Vacancy value, SEK M ¹⁾	Economic vacancy rate ¹⁾	Lettable area, sqm	Vacant area, sqm	Vacancy rate by area
Stockholm	689	43	6%	632,000	36,000	6%
Helsinki	659	46	7%	580,000	48,000	8%
Netherlands	311	13	4%	359,000	10,000	3%
Paris	332	15	5%	291,000	13,000	5%
Finland, university cities	356	13	4%	357,000	14,000	4%
Madrid & Barcelona ²⁾	111	13	11%	201,000	23,000	11%
Rest of Sweden	146	–	–	261,000	–	–
Rest of Finland	236	3	1%	327,000	10,000	3%
Rest of Europe	262	2	1%	290,000	5,000	2%
Total	3,102	147	5%	3,297,000	159,000	5%

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

2) Madrid & Barcelona, which was previously reported under Rest of Europe, is reported as a separate segment from 1 January.

PROFIT FROM JOINT VENTURES AND ASSOCIATED COMPANIES

Profit of joint ventures and associated companies for the period amounted to SEK 263 M (96), of which profit from property management accounted for SEK 133 M (92) M, changes in the value of fixed-income derivatives for SEK –15 M (–16) and changes in the value of properties for SEK 217 M (48). Profit was charged with deferred tax of SEK 72 M (27). Refer also to page 11 for more information.

NET FINANCIAL ITEMS

Interest-bearing liabilities increased to SEK 23,011 M (17,123) due to financing of property acquisitions and a larger liquidity reserve.

Financial expenses increased to SEK 114 M (107) due to higher interest-bearing liabilities combined with a lower average interest rate. The average interest rate was 1.8% (2.3) on 31 March 2020 due to refinancing and new borrowing at lower interest rates.

Financial income of SEK 10 M (1) primarily pertained to interest on convertible debentures.

REVALUATION OF PROPERTIES

Sagax value most of its property portfolio every quarter by obtaining value assessments from independent valuation companies. External valuations are based on observable market data. Due to the prevailing circumstances, market activity gradually declined in the first quarter, which is why the valuation companies have attached less importance to previous commercial paper for assessing the properties' market value. This means that the external market values are associated with greater uncertainty than normal.

The value growth for the properties amounted to SEK 279 M (84), of which unrealised changes in value amounted to SEK 280 M (85), corresponding to 0.7% of the property value, excluding currency effects. Realised changes in the value of properties amounted to SEK –1 M (–1) for the period.

REVALUATION OF FINANCIAL INSTRUMENTS

The change in the value of financial instruments amounted to SEK –128 M (378), of which SEK –15 M (–16) referred to joint ventures.

The change in value attributable to fixed-income derivatives amounted to SEK –22 M (–40), of which SEK –15 M (–16) referred to joint ventures.

Revaluation of listed shares resulted in an unrealised change in value of SEK –150 M (212). No shares were sold during the period.

The revaluation of financial instruments attributable to joint ventures amounted to SEK 44 M (206) in accordance with IFRS 9.

TAX

Sagax recognised a current tax expense of SEK 17 M (34). The deferred tax expense amounted to SEK 95 M (59). The Group's deferred tax liabilities at the end of the period amounted to SEK 2,175 M (1,669).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 416 M (323). Changes in working capital had an adverse impact of SEK –60 M (23) on cash flow. Investing activities had an impact of SEK –3,350 M (–1,005) on cash flow, while cash flow from financing activities contributed SEK 4,651 M (1,135) to Sagax. In total, cash and cash equivalents rose SEK 1,656 M (476) 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 17 M (15).

Forecast and current earnings capacity

ADJUSTED FORECAST FOR 2020

As a result of the outbreak of COVID-19, macroeconomic conditions in the company's markets have deteriorated and uncertainty has increased. The impact of the outbreak on the company has been limited to date. However, the impact of the negative macroeconomic trend on Sagax's tenants is unavoidable. It is difficult to assess the extent to which Sagax's profit from property management for 2020 will be affected.

Profit from property management for 2020, meaning profit before revaluations and tax, based on the current property portfolio and announced acquisitions and divestments and current exchange rates, is expected to amount to SEK 2,250-2,300 M. The previously submitted forecast was for profit of SEK 2,250 M and was presented when the year-end report for 2019 was published.

CURRENT EARNINGS CAPACITY

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

The table below shows the earnings capacity on a 12-month basis at 1 April 2020. It is important to note that this capacity cannot be compared with a forecast for the forthcoming 12 months because it does not contain assessments about, for

example, future vacancies, the interest rate scenario, currency effects, rent trends or changes in value.

The rental value is based on contractual rental revenue on an annual basis, with supplements for estimated market rents for vacant premises. Property expenses are based on actual outcomes over the past 12 months adjusted for the holding period, less expenses for site leasehold fees. 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 19% (22).

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

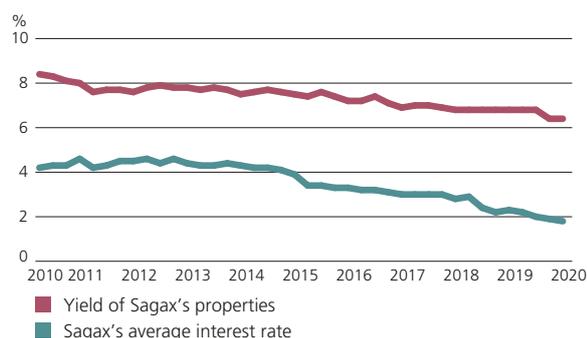
Current earnings capacity

Amounts in SEK M	1 Apr 2020	1 Jan 2020
Rental value	3,102	2,735
Vacancy	-147	-135
Rental revenue	2,955	2,600
Property expenses	-516	-466
Net operating income	2,439	2,134
Central administration	-124	-122
Joint ventures and associated companies	544	539
Net financial items	-431	-352
Lease expenses	-23	-22
Profit from property management	2,405	2,178
Tax	-457	-414
Profit after tax	1,948	1,764
– of which, holders of preference shares	34	34
– of which, holders of Class D shares	216	216
– of which, holders of Class A and B shares	1,699	1,515
Future-oriented yield, %	6.5	7.0
Net debt/future-oriented EBITDA, multiple	7.5	6.9

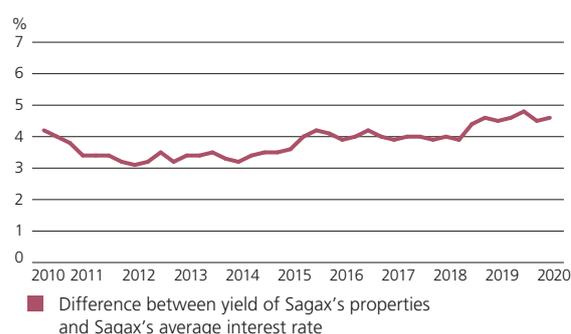
Current earnings capacity before tax



Yield and interest rate



Difference between yield and interest rate



Property portfolio

At 31 March 2020, the property portfolio comprised 653 (530) properties with a lettable area of 3,297,000 square metres (2,919,000). At the end of the period, the rental value and contractual annual rent amounted to SEK 3,102 M (2,618) and SEK 2,955 M (2,486), respectively. This corresponds to an economic occupancy rate of 95% (95).

INVESTMENTS

During the period, Sagax invested SEK 3,244 M (863), of which property acquisitions accounted for SEK 3,107 M (679).

A total of 104 properties were acquired with a total lettable area of 290,000 square metres. The largest investment referred to 37 properties in Spain encompassing 172,000 square metres of lettable area and 332,000 square metres of land. The properties are let to MAG which uses the premises for foodstuff wholesale operations for the HORECA segment. MAG generated sales of SEK 11 billion in 2018. MAG is part of the Bright Food (Group) Co., Ltd.

A total of SEK 136 M (185) was invested in the existing property portfolio. SEK 8 M of the investments for the period were made against rent supplements, SEK 6 M was invested in

conjunction with new lettings, SEK 96 M in conjunction with new production and SEK 27 M pertained to property maintenance.

The Group has agreed to acquire 4 properties in the Netherlands, 2 properties in Spain and 4 properties in France for which possession will be taken after the end of the period. The total investment will amount to SEK 205 M.

DIVESTMENTS

During the period, two properties in Finland with a total lettable area of 1,300 square metres were divested for a total of SEK 4 M. Two properties in Barcelona with a total lettable area of 1,400 square metres were divested during the period for a total of SEK 10 M. These properties were included in a property portfolio that was acquired during the period. Agreements were signed for the sale of one property in Sweden and two properties in Finland for a total of SEK 295 M which will be vacated after the end of the period.

PROPERTY PORTFOLIO YIELD

The yield for the period in relation to market value amounted to 6.4% (6.8).

Summary of property portfolio 1 April 2020

Segment	No. of properties	Lettable area, sqm	Vacant area, sqm	Market value		Rental value		Economic occupancy rate	Contractual annual rent	
				SEK M	SEK per sqm	SEK M	Share		SEK M	Share
Stockholm	77	632,000	36,000	10,071	15,900	689	22%	94%	646	22%
Helsinki	72	580,000	48,000	7,178	12,400	659	21%	93%	613	21%
Netherlands	72	359,000	10,000	3,527	9,800	311	10%	96%	299	10%
Paris	76	291,000	13,000	3,456	11,900	332	11%	95%	317	11%
Finland, university cities	68	357,000	14,000	3,423	9,600	356	11%	96%	344	12%
Madrid & Barcelona	65	187,000	23,000	1,871	10,000	111	4%	89%	98	3%
Rest of Sweden	30	261,000	–	1,835	7,000	146	5%	100%	146	5%
Rest of Finland	135	327,000	10,000	2,776	8,500	236	8%	99%	233	8%
Rest of Europe	38	304,000	5,000	3,201	10,500	262	8%	99%	259	9%
Total	653	3,297,000	159,000	37,339	11,300	3,102	100%	95%	2,955	100%

Property investments January-March 2020

Amounts in SEK M	Property acquisitions	Existing portfolio	Total	Share of total investments	Divestments	Net investments
Stockholm	29	65	94	3%	–	94
Helsinki	31	56	87	3%	–	87
Netherlands	333	7	340	10%	–	340
Paris	375	4	379	12%	–	379
Finland, university cities	95	2	97	3%	–	97
Madrid & Barcelona	739	–	739	23%	–10	729
Rest of Sweden	–	–	–	–	–	–
Rest of Finland	–	3	3	0%	–4	–1
Rest of Europe	1,505	–	1,505	46%	–	1,505
Total	3,107	136	3,244	100%	–14	3,230

LEASE STRUCTURE

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

Sagax's annual rent at the end of the period was distributed between 1,765 leases (1,644), with about 1,200 tenants (1,000). The table below presents the size of Sagax's leases in relation to the Group's annual rent at the end of the period. The table shows that 1,754 leases (1,635) each had a rental value of less than 1% of the Group's annual rent. The total rental value for these leases accounted for 79% (83) of Sagax's annual rent. In addition, Sagax is party to 7 leases (6) with a rental value corresponding to 1–2% of the Group's annual rent. Combined, these leases total 9% (9) of Sagax's annual rent. Only 4 (3) of Sagax's leases had an annual rental value

that accounted for more than 2% of the Group's rental revenue. These leases together represented 11% (8) of the Group's annual rent.

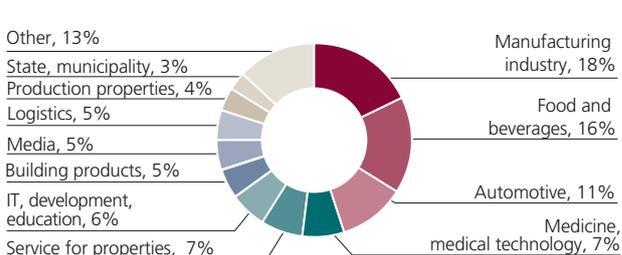
Sagax's tenants operate in a variety of sectors. 18% (19) of rental revenue comes from tenants in the manufacturing industry, 16% (12) from companies with food-related operations and 11% (13) in the automotive-related industry, including sales, service and manufacturing. Diverse tenant industries is considered to lower the risk of vacancies and rent losses. The main sectors are presented in the pie chart below.

According to Sagax's management strategy, the company strives to secure long-term leases and an even distribution of contract maturities over the years. This is deemed to reduce the risk of significant variations in the Group's occupancy rate. Leases representing 54% of the annual rent expire in or after 2024. 11–14% of annual rent expires every year between 2021 and 2023.

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%	330	11%	4	82	9
1–2 %	279	9%	7	40	5
<1%	2,346	79%	1,754	1	5
Total	2,955	100%	1,765	2	5

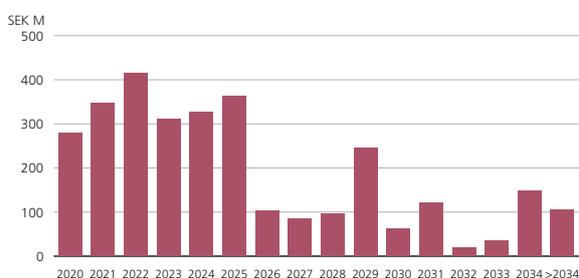
Industry exposure



Lease terms

Year of expiry	Area, sqm	Annual rent	
		SEK M	Share
2020	279,000	280	9%
2021	394,000	347	12%
2022	407,000	414	14%
2023	309,000	311	11%
2024	297,000	326	11%
>2024	1,451,000	1,277	43%
Total	3,138,000	2,955	100%

Year of maturity of annual rent



Market value of property portfolio

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

Sagax value most of its property portfolio every quarter by obtaining value assessments from independent valuation companies. External valuations are based on observable market data. Due to the prevailing circumstances, market activity gradually declined in the first quarter, which is why the valuation companies have attached less importance to previous commercial paper for assessing the properties' market value. This means that the external market values are associated with greater uncertainty than normal.

At 31 March 2020, the total market value of Sagax's 653 (530) properties was SEK 37,339 M (30,204). The depreciation of the SEK against the EUR during the period led to property values abroad increasing SEK 1,204 M (243).

The recognised unrealised change in value amounted to SEK 280 M (85) for the period.

VALUATION METHOD AND IMPLEMENTATION

The valuations were carried out in accordance with generally accepted international valuation methods. As of 31 March 2020, 97% of valuation objects were valued by authorised property appraisers from independent valuation companies.

The principle method of appraisal used was cash flow calculations in which the present value of net operating income, investments and residual values was calculated. The calculation period was adjusted to the remaining term of existing leases and varies between five and 20 years. As a rule, the calculation period is ten years. For more information, see Sagax's 2019 Annual Report, page 93.

ANALYSIS AND GENERAL CONDITIONS

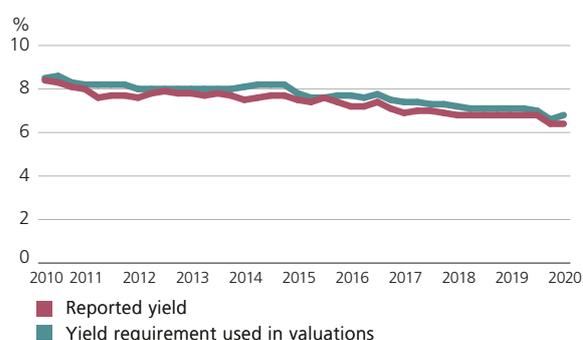
The cost of capital for the present value calculation of cash flows (4.9–16.0%), the cost of capital for the present value calculation of residual values (4.9–16.0%) and the yield requirement for the residual value calculations (4.5–14.0%) are based on analyses of transactions carried out and on individual assessments of the risk level and market position of each property.

The weighted cost of capital for the present value calculation of cash flows and residual values for the property portfolio was 7.8% (7.8) and 8.1% (8.4), respectively. The weighted yield requirement was 6.8% (7.1) at 31 March 2020. By comparison, the yield reported by Sagax for the period was 6.4% (6.8). A comparison of the yield reported over time and the yield requirement used in valuations is provided below. A sensitivity analysis is found on page 25.

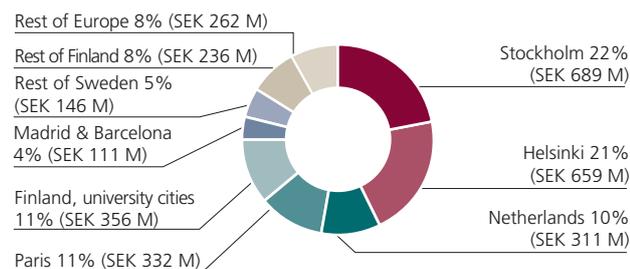
Change in carrying amount of properties

	SEK M	No.
Property portfolio, 31 December 2019	32,625	553
Acquisition of properties	3,107	104
Investments in the current portfolio	137	
Property sales	-14	-4
Translation effect, currencies	1,204	
Unrealised changes in value	280	
Property portfolio, 31 March 2020	37,339	653

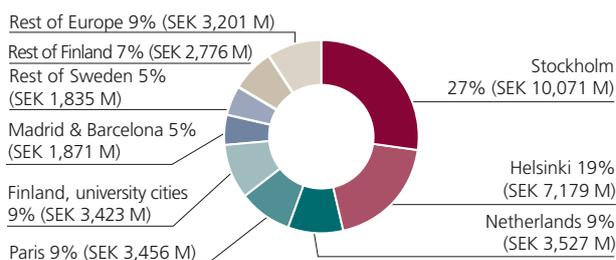
Yield compared with yield requirement



Group's rental value



Market value of properties



Joint ventures and associated companies

Sagax's joint ventures and associated companies contributed a total of SEK 133 M (92) to profit from property management during the period. Sagax's share of changes in the value of properties amounted to SEK 217 M (48) and the share of changes in the value of fixed-income derivatives was SEK -15 M (-16) during the period. The total value of the commitment related to ownership of joint ventures and associated companies amounted to SEK 6,037 M (3,748).

Sagax owns 50% of Söderport Holding AB, with the remaining share owned by Nyfosa AB. Via Hemsö Intressenter AB, Sagax indirectly owns 15% of Hemsö Fastighets AB, with the remaining share owned by the Third Swedish National Pension Fund. In addition, Sagax owns 21% of the votes and 15% of the capital in NP3 Fastigheter AB and 25% of Fastighetsbolaget Emilshus AB.

SÖDERPORT HOLDING AB

Söderport's operations consist of owning, managing and developing properties in Sweden. On behalf of Söderport, Sagax handles the financial administration and most of the property management of the Söderport Group. Nyfosa is responsible for property management in Gothenburg.

A corresponding 68% of Söderport's rental value of SEK 839 M was located in Stockholm on 31 March 2020. Söderport's economic vacancies amounted to SEK 39 M (32) at the end of the period, corresponding to a vacancy rate of 5% (5). Of the economic vacancies, SEK 10 M (7) comprised fixed-term rent discounts provided for new lettings. At the end of the period, Stockholm accounted for 95% of the economic vacancies.

HEMSÖ INTRESSETER AB

Hemsö Fastighets AB conducts operations in Sweden, Germany and Finland. Operations consist of owning, managing and developing public properties. The property portfolio encompasses 376 properties with a total property value of SEK 57 billion at 31 March 2020. 94% of rental revenue derives from tax-financed operations. More information on Hemsö Fastighets AB is available on the company's website, hemsö.se.

NP3 FASTIGHETER AB

NP3 Fastigheter AB is a property company focusing on commercial investment properties with high yields mainly in northern Sweden. The company's property portfolio encompassed 368 properties with a total property value of SEK 11.7 billion and a rental value of SEK 1,159 M on 31 March 2020. NP3 Fastigheter AB is listed on Nasdaq Stockholm, Mid Cap. More information on NP3 Fastigheter AB is available on the company's website, np3fastigheter.se.

FASTIGHETSBOLAGET EMILSHUS AB

Emilshus acquires, develops and manages commercial properties in Småland. The property portfolio is situated in growth regions, with a keen focus on local presence and close partnership with tenants. The property portfolio encompassed 52 properties on 31 March 2020. More information on Fastighetsbolaget Emilshus AB is available on the company's website, emilshus.com.

Sagax's joint ventures

	Söderport		Hemsö	
	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019
Sagax's participating interest, %	50	50	15	15
Rental revenue, SEK M	202	162	3,205	723
Profit from property management, SEK M	111	79	445	423
Profit for the period, SEK M	279	102	364	406
Sagax's share of profit from property management, SEK M	55	40	55	52
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
No. of properties	80	70	376	368
Carrying amount of properties, SEK M	11,445	7,853	57,300	45,559
Lettable area, sqm	732,000	689,000	1,890,000	1,800,000
Lease term, years	5.0	4.9	9.8	9.7
Economic vacancy rate, %	5	5	2	2
Interest-bearing liabilities, SEK M	5,834	3,786	37,307	34,418
Loan maturity, years	4.3	1.3	7.3	7.4
Fixed interest, years	2.9	3.2	6.9	5.2
Market value of fixed-income derivatives, SEK M	-224	-239	-287	-285
Carrying amount, SEK m	1,940	1,564	2,684	2,184

Funding

EQUITY

Consolidated equity amounted to SEK 20,400 M (16,373) on 31 March 2020. Changes in equity during the period were attributable to comprehensive income for the period of SEK 1,143 M.

INTEREST-BEARING LIABILITIES

Sagax's interest-bearing liabilities at the end of the period amounted to SEK 23,011 M (17,123). An amount corresponding to SEK 18,900 M (12,977) of these liabilities was raised in EUR.

Net debt amounted to SEK 19,584 M (15,484). Gross interest-bearing debt to banks totalled SEK 6,317 M (4,197). The remaining gross interest-bearing debt comprised listed bond loans of SEK 15,905 M (11,934) and commercial paper of SEK 789 M (992).

At 31 March 2020, secured liabilities comprised 15% (14) of the total assets. Unsecured liabilities corresponded to 34% (33) of the total assets on the same date.

The interest coverage ratio at the end of the period amounted to 479% (447) and the debt ratio to 49% (47). High liquidity on the balance sheet date impacted the debt ratio for the period by +1.9 percentage points. Net interest-bearing debt for the past 12 months was 8.3 (7.5) times EBITDA. In the first quarter, the key performance indicator was impacted 1.2 times by property acquisitions and 0.4 times by translation of liabilities recognised in EUR at the closing rate.

A total of SEK 5,527 M (3,188) in loans was raised, of which SEK 3,309 M in the form of bond loans under the framework of Sagax's EMTN programme. Repayments during the period totalled SEK 809 M (1,975). Exchange-rate fluctuations increased interest-bearing liabilities by SEK 774 M (147).

Allocated borrowing costs of SEK 104 M (96) reduced interest-bearing liabilities in the balance sheet. Interest-bearing liabilities of SEK 22,907 M (17,028) were recognized. The average remaining fixed-interest and loan maturity terms were 2.7 years (3.6) and 4.0 years (3.9), respectively, at the end of the period. The average interest rate on the company's

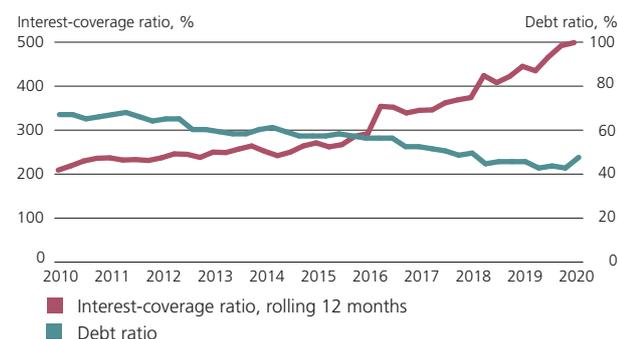
Fixed-interest period and loan maturity, 31 March 2020

Year of expiry	Fixed interest			Loan maturity		Interest-rate swaps	
	SEK M	Interest rate	Share	SEK M	Share	SEK M	Interest rate
2020	6,551	1.5%	28%	48	0%	–	–
2021	1,352	1.5%	6%	1,667	7%	–	–
2022	1,297	1.8%	6%	1,861	8%	497	0.7%
2023	2,749	1.7%	12%	5,341	23%	724	0.9%
2024	237	1.5%	1%	6,303	27%	–	–
>2024	10,825	2.1%	47%	7,790	34%	829	2.2%
Total/average	23,011	1.8%	100%	23,011	100%	2,051	1.4%

Net debt

Amounts in SEK M	31 Mar 2020	31 Mar 2019
Interest-bearing liabilities	23,011	17,123
Interest-bearing assets	–536	–6
Cash and cash equivalents	–1,742	–549
Listed shares	–1,149	–1,084
Net debt	19,584	15,484

Debt ratio and interest-coverage ratio



Net debt/EBITDA, rolling 12 month



interest-bearing liabilities was 1.8% (2.3), including the effect of derivatives. The average interest rate decreased as a consequence of new borrowing at lower interest rates and repayment of loans with higher interest rates.

Sagax has SEK 13,556 M (8,338) in loans at fixed interest rates. The company has interest-rate caps and interest-rate swaps with a total nominal value of SEK 6,614 M (6,249), of which interest-rate swaps with an average interest rate of 1.4% (1.5) accounted for SEK 2,051 M (2,490).

WORKING CAPITAL AND LIQUIDITY

Sagax's working capital, excluding prepaid rental revenue and including listed shares, amounted to SEK 1,924 M (80) on 31 March 2020. At the same date, unutilised credit facilities amounted to SEK 3,587 M (5,401). No additional collateral needs to be pledged to utilise these credit facilities.

Listed bond loans, 31 March 2020

Maturity	SEK M	Current interest	Interest terms	Maturity date	ISIN code
2017-2021	600	2.56%	Stibor 3M+2.25%	1 Feb 2021	SE0010636274
2017-2022	1,250	2.46%	Stibor 3M+2.15%	15 Feb 2022	SE0010324228
2019-2023	500	1.21%	Stibor 3M+0.90%	16 Jun 2023	XS2093119175
2019-2023 ¹⁾	250	1.13%	1.13%	16 Jun 2023	XS2093119845
Total/average	2,600	2.12%			

Maturity	EUR M	Current interest	Interest terms	Maturity date	ISIN code
2018-2024 ¹⁾	500	2.00%	2.00%	17 Jan 2024	XS1877540465
2019-2025 ¹⁾	300	2.25%	2.25%	13 Mar 2025	XS1962543820
2019-2025 ¹⁾	106 ²⁾	0.87%	2.25% ³⁾	13 Mar 2025	XS1962543820
2020-2027 ¹⁾	300	1.12%	1.12%	30 Jan 2027	XS2112816934
Total/average	1,206	1.75%			

1) Fixed-rate loans

2) The nominal value is EUR 100 M.

3) Coupon rate.

Derivative contracts, 31 March 2020

Amounts in SEK M	Nominal amount	Years to maturity	Market value 31 Mar 2020	Market value 31 Dec 2019	Change for the period
Nominal interest-rate swaps	2,051	3.9	-128	-119	-9
Interest-rate caps	4,563	2.2	1	0	-
Total	6,614	2.7	-128	-119	-9

Rating and key performance indicators according to EMTN programme

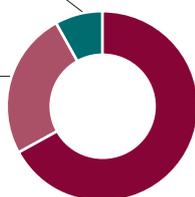
	Financial covenant in EMTN programme	2020 31 Mar	2019 31 Mar	2019 31 Dec
Rating according to Moody's Investor Services		Baa3, Stable outlook	Baa3, Stable outlook	Baa3, Stable outlook
Net debt/Total assets	<65%	42%	42%	38%
Interest coverage ratio	>1.8x	6.0x	5.3x	5.3x
Secured liabilities/total assets	<45%	15%	14%	14%

Sources of financing

Commercial paper 3% (SEK 789 M)

Secured bank loans 27% (SEK 6 317 M)

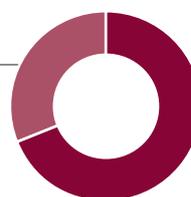
Bonds 69% (SEK 15 905 M)



Distribution between secured and unsecured liabilities

Secured liabilities 31% (SEK 7,106 M)

Unsecured liabilities 69% (SEK 15,905 M)



Statement of comprehensive income

Amounts in SEK M	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec	Rolling 12 months
Rental revenue	703	622	2,581	2,661
Other revenue	1	11	27	17
Operating expenses	-68	-70	-222	-219
Maintenance costs	-21	-19	-84	-87
Property tax	-35	-27	-121	-129
Other property expenses	-14	-11	-47	-51
Net operating income	565	506	2,133	2,192
Central administration	-29	-27	-122	-124
Profit from joint ventures and associated companies	263	96	917	1,084
– of which, profit from property management	133	92	441	482
– of which, changes in value	202	31	690	861
– of which, tax	-72	-27	-214	-259
Financial income	10	1	20	29
Financial expenses	-108	-101	-446	-453
Financial expense, interest component of leases	-6	-6	-24	-24
Profit including changes in value of joint ventures and associated companies	695	469	2,478	2,704
– of which, profit from property management	565	464	2,001	2,102
<i>Changes in value:</i>				
Properties, realised	-1	-1	-40	-40
Properties, unrealised	280	85	1,301	1,496
Financial instruments, unrealised	-113	394	889	382
Profit before tax	861	947	4,627	4,541
Deferred tax	-95	-59	-416	-452
Current tax	-17	-34	-100	-82
Profit for the period	749	854	4,111	4,007
<i>Other comprehensive income</i>				
– items that may be reversed to profit or loss:				
Translation differences for foreign operations	879	175	217	921
Share of other comprehensive income for joint ventures	23	9	13	27
Translation differences pertaining to hedge accounting	-486	-77	-143	-553
Tax on items that may be reversed to profit or loss	-22	-3	3	-16
Comprehensive income for the period	1,143	958	4,201	4,386
Earnings per Class A and B share, SEK	2.15	2.50	12.15	11.98
Earnings per Class A and B share after dilution, SEK	2.15	2.50	12.13	11.96
Earnings per Class D share, SEK	0.50	0.50	2.00	2.00
Average no. of Class A and B shares, millions	319.0	316.8	319.0	318.4
Average no. of Class A and B shares after dilution, millions	319.5	317.2	319.5	318.9
Average number of Class D shares, millions	107.8	101.9	105.7	107.2

Condensed statement of financial position

Amounts in SEK M	2020 31 Mar	2019 31 Mar	2019 31 Dec
Investment properties	37,043	29,947	32,333
Investment properties for sale	295	256	292
Leases, right-of-use assets	369	339	346
Joint ventures and associated companies	6,037	3,748	5,693
Interest-bearing non-current receivables	536	6	511
Other fixed assets	78	29	58
Total fixed assets	44,357	34,325	39,233
Cash and bank balances	1,742	544	86
Listed shares	338	1,084	405
Other current assets	643	549	429
Total current assets	2,724	2,176	921
Total assets	47,081	36,501	40,154
Equity	20,400	16,373	19,257
Non-current interest-bearing liabilities	22,022	15,571	16,052
Deferred tax liabilities	2,175	1,669	2,018
Fixed-income derivatives	128	132	119
Other non-current liabilities	507	431	464
Total non-current liabilities	24,833	17,804	18,653
Commercial paper	789	992	1,192
Other current interest-bearing liabilities	96	464	193
Other current liabilities	963	867	858
Total current liabilities	1,848	2,324	2,243
Total equity and liabilities	47,081	36,501	40,154

Statement of cash flows

Amounts in SEK M	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec	Rolling 12 months
Profit before tax	861	947	4,627	4,514
Changes in value of financial instruments	113	-394	-889	-382
Change in value of properties	-279	-84	-1,261	-1,455
Result from ownership of joint ventures and associated companies	-263	-96	-917	-1,057
Dividend from joint ventures and associated companies	-	-	281	281
Dissolution of allocated borrowing costs	10	8	42	44
Tax paid	-26	-40	-74	-59
Other items not included in cash flow	-1	-18	-14	3
Cash flow from operating activities before changes in working capital	416	323	1,795	1,889
Cash flow from changes in current receivables	-57	-29	-4	-33
Cash flow from changes in current liabilities	-3	52	20	-34
Cash flow from operating activities	356	345	1,811	1,822
Acquisition of properties	-3,107	-679	-2,836	-5,264
Property sales	13	11	1,413	1,411
Investments in existing properties	-136	-185	-707	-659
Acquisition of listed shares	-82	-	-64	-147
Acquisition of financial instruments	-	-	-503	-503
Acquisition of joint ventures and associated companies	-14	-	-178	-197
Capital contribution to joint ventures and associated companies	-	-150	-150	-
Increase in other fixed assets	-22	-2	-25	-45
Cash flow from investing activities	-3,350	-1,005	-3,051	-5,396
Issue of Class D and B shares	-	-	198	198
Dividend paid to shareholders	-62	-59	-560	-563
Incentive plan	-	-	9	9
Borrowings	5,495	3,164	7,322	9,652
Repayment of loans	-809	-1,975	-5,734	-4,567
Deposits from tenants	26	8	28	46
Decrease in other non-current liabilities	-	-3	-11	-8
Cash flow from financing activities	4,649	1,135	1,252	4,766
Cash flow for the period	1,655	475	12	1,192
Exchange rate differences in cash and cash equivalents	1	1	1	1
Change in cash and cash equivalents	1,656	476	13	1,194
Cash and cash equivalents at beginning of period	86	76	73	549
Cash and cash equivalents at end of period	1,742	549	86	1,742

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 2018	487	3,126	585	11,218	15,416
Comprehensive income, January-March 2019	–	–	104	854	958
Equity, 31 March 2019	487	3,126	689	12,072	16,373
Issue of Class D shares	10	191	–	–	201
Transaction costs	–	–3	–	–	–3
Bonus issue	279	–279	–	–	–
Issue of Class B shares, incentive plan	0	11	–	–	11
Dividends	–	–	–	–566	–566
Redemption of Incentive Plan	–	–	–	–7	–7
Incentive plan	–	–	–	4	4
Comprehensive income, April-December 2019	–	–	–14	3,257	3,243
Equity, 31 December 2019	776	3,046	675	14,760	19,257
Comprehensive income, January-March 2020	–	–	394	749	1,143
Equity, 31 March 2020	776	3,046	1,069	15,509	20,400

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

Segment information

Profit items per segment	Rental revenue ¹⁾		Net operating income		Changes in value, properties				Profit before tax	
					Unrealised		Realised			
	2020 Jan-Mar	2019 Jan-Mar	2020 Jan-Mar	2019 Jan-Mar	2020 Jan-Mar	2019 Jan-Mar	2020 Jan-Mar	2019 Jan-Mar	2020 Jan-Mar	2019 Jan-Mar
Amounts in SEK M										
Stockholm	162	170	130	136	137	56	–	–	267	192
Helsinki	150	139	115	108	–1	–19	–	–	114	89
Netherlands	67	44	61	42	34	62	–	–	96	103
Paris	74	52	61	39	–9	13	–	–	52	52
Finland, university cities	85	74	64	56	–2	–3	–	–	62	53
Madrid & Barcelona ²⁾	23	–	22	–	196	–	–	–	218	–
Rest of Sweden	36	53	31	50	7	1	–	–	38	51
Rest of Finland	59	57	52	51	–7	–	–1	–2	44	49
Rest of Europe	45	33	42	30	–75	–24	–	1	–33	7
Non-specified	1	–	–13	–6	–	–	–	–	–13	–6
Total	703	622	565	506	280	85	–1	–1	844	590
Central administration									–29	–27
Net financial items									–104	–107
Joint ventures									263	96
Financial instruments									–113	394
Profit before tax									861	947

Asset items per segment	Market value properties		Investment properties		Acquisition properties		Divestment properties	
	2020 31 Mar	2019 31 Mar	2020 Jan-Mar	2019 Jan-Mar	2020 Jan-Mar	2019 Jan-Mar	2020 Jan-Mar	2019 Jan-Mar
	Amounts in SEK M							
Stockholm	10,071	10,001	65	93	29	30	–	–
Helsinki	7,178	6,482	56	25	31	52	–	–
Netherlands	3,527	2,067	7	3	333	159	–	–
Paris	3,456	2,290	4	44	375	209	–	–
Finland, university cities	3,423	2,964	2	9	95	186	–	–
Madrid & Barcelona ²⁾	1,871	–	–	–	739	–	–10	–
Rest of Sweden	1,835	2,393	–	–	–	–	–	–
Rest of Finland	2,776	2,457	3	10	–	–	–4	–2
Rest of Europe	3,201	1,549	–	–	1,505	43	–	–10
Total	37,339	30,204	136	184	3,107	679	–14	–12

1) All rental revenue pertains to external tenants.

2) Madrid & Barcelona, which was previously reported under Rest of Europe, is reported as a separate segment from 1 January.

Key performance indicators

	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2015 Jan-Dec
Property-related key figures							
Yield, %	6.4	6.8	6.4	6.8	6.9	7.1	7.4
Surplus ratio, %	82	83	83	83	83	85	86
Occupancy rate by area, %	95	95	95	95	95	93	97
Economic occupancy rate, %	95	95	95	95	94	94	96
Lettable area at the end of the period, 000 sqm	3,297	2,919	3,022	2,850	2,489	2,312	1,860
No. of properties at the end of the period	653	530	553	512	495	440	225
Financial key figures							
Return on total capital, %	6	7	7	7	7	7	8
Return on equity, %	15	21	24	24	30	33	32
Average interest rate, %	1.8	2.3	1.9	2.2	3.0	3.1	3.3
Fixed-interest period incl. derivatives, years	2.7	3.6	3.5	3.0	2.1	2.7	3.0
Loan maturity, years	4.0	3.9	3.8	3.6	3.1	3.6	4.2
Equity/assets ratio, %	43	45	48	46	42	38	34
Debt ratio, %	49	47	44	47	50	54	59
Net debt/future-oriented EBITDA, multiple	7.5	6.9	6.6	7.1	7.7	7.8	8.3
Net debt/EBITDA, multiple	8.3	7.5	6.6	7.4	8.1	8.7	9.3
Interest coverage ratio, multiple	4.8	4.5	4.9	4.2	3.7	3.4	2.9
Interest coverage ratio, EMTN programme, multiple	6.0	5.3	5.3	4.3	4.0	3.7	3.3
Data per Class A and B share¹⁾							
Price of Class B share at the end of the period, SEK	107.00	87.80	136.20	65.70	49.10	40.87	35.87
Net asset value, SEK	61.06	47.45	56.77	44.22	35.04	26.89	17.76
Equity, SEK	50.41	38.71	46.86	35.70	27.15	19.61	13.01
Equity after dilution, SEK	50.34	38.65	46.78	35.67	27.13	19.57	12.96
Earnings, SEK	2.15	2.51	12.15	9.24	8.86	7.27	4.94
Earnings after dilution, SEK	2.15	2.51	12.13	9.24	8.85	7.25	4.93
Profit from property management, SEK	1.58	1.28	5.51	4.31	3.71	2.99	2.46
Profit from property management after dilution, SEK	1.57	1.28	5.51	4.31	3.70	2.98	2.45
Cash flow, SEK	1.11	0.83	4.86	3.95	3.27	2.57	2.00
Cash flow after dilution, SEK	1.11	0.83	4.86	3.95	3.26	2.56	2.00
Dividend per share, SEK (proposed for 2019)	–	–	0.65	1.00	0.90	0.72	0.58
No. at end of period, millions	319.0	316.8	319.1	316.8	316.5	316.5	316.5
No. at end of period after dilution, millions	319.5	317.2	319.5	317.1	316.7	317.1	317.5
Average no., millions	319.0	316.8	317.9	316.7	316.5	316.5	316.5
Average no. after dilution, millions	319.5	317.0	318.3	316.9	317.0	317.2	317.6
Data per Class D share							
Share price at the end of period, SEK	26.95	34.70	36.35	31.70	29.92	28.30	–
Equity, SEK	35.00	35.00	35.00	35.00	35.00	35.00	–
Earnings, SEK	0.50	0.50	2.00	2.00	2.00	2.00	–
Dividend per share, SEK	–	–	2.00	2.00	2.00	2.00	–
No. at end of period, millions	107.8	101.9	107.8	101.9	63.6	18.2	–
Average no., millions	107.8	101.9	105.7	83.0	43.1	2.9	–
Data per preference share							
Share price at the end of period, SEK	34.60	35.00	38.40	34.85	33.40	30.40	31.30
Equity, SEK	32.50	32.50	32.00	32.00	32.00	32.00	32.00
Earnings, SEK	0.50	0.50	2.00	2.00	2.00	2.00	2.00
Dividend per share, SEK	–	–	2.00	2.00	2.00	2.00	2.00
No. at end of period, millions	16.8	16.8	16.8	16.8	16.8	58.2	58.2
Average no., millions	16.8	16.8	16.8	16.8	35.5	58.2	57.8

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

Parent Company income statement

Amounts in SEK M	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Net sales	22	19	73
Administration costs	-21	-23	-89
Loss before financial income and expenses	1	-4	-16
Profit from participations in Group companies	-	-	258
Profit from participations in joint ventures	-	-	64
Financial income	674	170	616
Financial expenses	-562	-152	-673
Profit before tax and appropriations	113	14	249
Appropriations	-	-	98
Tax	-24	-3	-4
Profit for the period	89	11	343
<i>Other comprehensive income</i>			
Other comprehensive income	-	-	-
Comprehensive income for the period	89	11	343

Condensed Parent Company balance sheet

Amounts in SEK M	2020 31 Mar	2019 31 Mar	2019 31 Dec
Tangible fixed assets	1	2	2
Receivables from Group companies	1,286	2,155	1,627
Other financial fixed assets	6,819	6,131	6,776
Total fixed assets	8,107	8,288	8,404
Cash and bank balances	542	270	1
Receivables from Group companies	14,758	10,701	11,497
Other current assets	83	93	58
Total current assets	15,384	11,064	11,556
Total assets	23,491	19,352	19,961
Equity	3,909	3,856	3,821
Untaxed reserves	30	23	30
Non-current interest-bearing liabilities	11,643	11,991	7,868
Liabilities to Group companies	3,643	261	3,423
Deferred tax liabilities	3	3	3
Total non-current liabilities	15,290	12,255	11,294
Current interest-bearing liabilities	789	992	1,295
Liabilities to Group companies	3,194	2,039	3,223
Other current liabilities	280	188	298
Total current liabilities	4,263	3,219	4,815
Total equity, untaxed reserves and liabilities	23,491	19,352	19,961

The Sagax share and shareholders

At the end of the period, Sagax had 17,170 (12,101) shareholders. Sagax's market capitalisation amounted to SEK 35,373 M (30,680). Sagax has four classes of shares: Class A, B and D common shares, and preference shares. The shares are listed on Nasdaq Stockholm, Large Cap.

A total of 443,575,439 shares were outstanding at the end of the period, of which 2,000,000 were Class B treasury shares. According to the Articles of Association, each preference share confers a preferential right to SEK 2.00 in annual dividends. 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.

WARRANTS

Sagax has three warrant plans for the company's employees. In total, Sagax's employees hold warrants corresponding to 0.6% of the number of Class A and B shares outstanding. The company's CEO and Board Members do not participate in the plans. These plans are valid for three years, and encompass the periods 2017-2020, 2018-2021 and 2019-2022. The subscription price corresponds to the price paid for the Class B share at the start of the warrant plan, converted using the average

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

PROFIT FROM PROPERTY MANAGEMENT PER COMMON SHARE

Profit from property management per Class B share after dilution on a rolling 12-month basis amounted to SEK 5.82 (4.66), which, compared with the share price of the Class B share at the end of the period, corresponded to a multiple of 18.4 (18.9).

EQUITY PER CLASS A AND B SHARE

Equity per Class A and B share after dilution amounted to SEK 50.34 (38.65). Net asset value per Class A and B share amounted to SEK 61.06 (47.45). The share price for the Class B share at the end of the period was 213% (227) of equity per Class B share and 175% (185) of net asset value per Class B share.

Trade in the shares on the Nasdaq Stockholm

	Price paid, SEK		Turnover rate on an annual basis, %		Average trading volume per trading day, SEK M	
	31 Mar 2020	31 Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019
Class A shares	107.00	90.50	6	5	0.8	0.4
Class B shares	100.00	87.80	19	8	26.7	6.7
Class D shares	26.95	34.70	76	59	9.7	8.5
Preference shares	34.60	36.25	50	42	1.1	1.0

Key performance indicators per Class B share

	2020 31 Mar	2019 31 Mar	2019 31 Dec	2018 31 Dec	2017 31 Dec	2016 31 Dec	2015 31 Dec
Price of Class B share at the end of the period, SEK	107.00	87.80	136.20	64.70	49.10	40.87	35.87
Profit from property management after dilution, SEK ¹⁾	5.82	4.66	5.51	4.30	3.70	2.98	2.45
Cash flow after dilution, SEK ^{1) 2)}	5.15	4.09	4.86	3.94	3.26	2.56	2.00
Equity after dilution, SEK	50.34	38.65	46.78	35.67	27.13	19.57	12.96
Net asset value, SEK	61.06	47.45	56.77	44.22	35.04	26.89	17.76
Price of Class B share/Profit from property management, multiple ¹⁾	18.4	18.9	24.7	15.0	13.3	13.7	14.6
Price of Class B share/Cash flow, multiple ^{1) 2)}	20.8	21.5	28.0	16.4	15.1	16.0	18.0
Price of Class B share/Equity, %	213	227	292	182	181	209	277
Price of Class B share/Net asset value, %	175	185	240	147	140	152	202

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

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

Share price/profit from property management per common share



Share price in relation to equity and Net asset value



Ownership structure 31 March 2020 ¹⁾							
No. of shares	No. of shareholders	Shareholder category	No. of shareholders	Share of voting power	Shareholders by country	No. of shareholders	Share of voting power
1–500	10,782	Private individuals residing in Sweden	15,411	9%	Sweden	16,177	90%
501–1,000	1,601				Switzerland	18	3%
1,001–2,000	1,321	Private individuals residing abroad	102	0%	USA	47	2%
2,001–5,000	1,437				Luxembourg	26	1%
5,001–10,000	762	Companies/institutions in Sweden	766	81%	UK	60	1%
10,001–50,000	880				Other	842	3%
50,001–	387	Companies/institutions abroad	891	9%			
Total	17,170	Total	17,170	100%	Total	17,170	100%

1) Including shares held by AB Sagax.

Largest shareholders, 31 Mar 2020¹⁾

	No. of shares				Percentage of	
	Class A shares	Class B shares	Class D shares	Preference shares	Share capital	Votes ²⁾
David Mindus	10,548,800	76,402,050	1,192,228	775	19.9%	26.8%
Rutger Arnhult	5,723,170	34,763,194	4,401,254	3,017	10.1%	14.1%
Staffan Salén	4,264,928	34,970,660	95,600	–	8.9%	11.4%
Third Swedish National Pension Fund	–	24,227,658	–	–	5.5%	3.5%
Fourth Swedish National Pension Fund	5,716	13,449,562	6,674,929	–	4.5%	3.0%
Länsförsäkringar Fonder	–	15,852,383	–	–	3.6%	2.3%
Avanza Pension	48,546	977,787	11,085,873	1,414,292	3.0%	2.0%
SEB Fonder	–	13,325,355	181,233	–	3.0%	2.0%
Swedbank Robur Fonder	500,000	6,694,142	190,216	–	1.7%	1.7%
Erik Selin	1,148,760	4,116,942	2,028,868	–	1.6%	2.6%
Swedish Foundation for Strategic Research	–	–	5,576,376	–	1.3%	0.8%
Second Swedish National Pension Fund	–	4,951,050	–	–	1.1%	0.7%
ICA-Handlarnas Förbund	–	–	4,000,000	–	0.9%	0.6%
Vanguard	–	–	3,163,778	519,424	0.8%	0.5%
Patrik Brummer	–	–	166,666	3,440,000	0.8%	0.5%
Lars Ingvarsson	100,000	3,346,410	100,000	–	0.8%	0.7%
Filip Engelbert	241,000	2,119,784	–	–	0.5%	0.7%
Johan Thorell	203,254	2,032,540	–	–	0.5%	0.6%
Livförsäkringsbolaget Skandia	256,267	1,665,150	–	18,412	0.4%	0.6%
T. Ljungberg B.V.	370,000	–	32,066	–	0.1%	0.5%
Total 20 largest shareholders	23,410,441	238,894,667	38,912,682	5,395,920	69.1%	75.7%
Other shareholders	3,423,103	51,263,200	68,887,318	11,388,108	30.4%	24.3%
Sub-total	26,833,544	290,157,867	107,800,000	16,784,028	99.5%	100.0%
Shares held by AB Sagax	–	2,000,000	–	–	0.5%	0.0%
Total	26,833,544	292,157,867	107,800,000	16,784,028	100.0%	100.0%
– of which, Board and employees	15,454,988	119,719,592	1,665,712	923	30.8%	40.4%

1) Ownership structure at 31 March 2020 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. of shareholders	Voting rights per share	No. of votes	Proportion of votes	Proportion of share capital
Class A shares	26,833,544	1.00	26,833,544	39%	6%
Class B shares	292,157,867	0.10	29,215,787	43%	66%
Class D shares	107,800,000	0.10	10,780,000	16%	24%
Preference shares	16,784,028	0.10	1,678,403	2%	4%
Total	443,575,439		68,507,734	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. In addition, Sagax is exposed to various risks that may be of significance to the company's future business, earnings and financial position.

PROPERTY-RELATED RISKS

The valuation of investment properties can be significantly affected by the judgments and assumptions made by company management. To reduce the risk of incorrect valuations, Sagax has engaged authorised external valuation companies to assess the market value of the majority of the properties as of 31 March 2020. When valuing properties, the constant existence of uncertainties regarding the assumptions made must be taken into account.

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

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

FINANCIAL RISKS

Sagax's financial expenses comprise the single largest expense for the Group. To reduce Sagax's exposure to rising interest rates, the Group has a significant number of its interest

expenses from fixed-rate loans. To limit interest-rate risk for loans at floating interest rates, interest-rate swaps and interest-rate caps are used. Sagax's funding primarily comprises equity and interest-bearing liabilities. Sagax endeavours to secure a long, average remaining term of interest-bearing liabilities in a bid to limit its refinancing risk, defined as the risk that refinancing existing debt cannot take place on reasonable terms. The company's long-term funding comprises listed bond loans and bank loans. The complete terms and conditions for the bond loans are available at www.sagax.se.

CURRENCY RISKS

The amounts in the consolidated balance sheet are partly exposed to exchange-rate fluctuations, particularly for the EUR. Net exposure on 31 March 2020, assets less liabilities in EUR, amounted to SEK 7,360 M (4,182). In accordance with IAS 21, the currency effects for foreign operations and hedge accounting are recognised in Other comprehensive income. Other currency effects are recognised in profit or loss.

INCREASED UNCERTAINTY DUE TO THE SPREAD OF COVID-19

In the first quarter of 2020, the spread of COVID-19 resulted in weaker macroeconomic conditions and increased uncertainty. The effect on the company will depend on how quickly and the level at which the economy will stabilise.

Sagax's exposure to particularly vulnerable sectors, such as the hotel, restaurant and tourism sectors, is low. Rental revenue is distributed between 1,765 leases. 79% of revenue was attributable to 1,754 leases, each with a rental value of less than 1% of the company's rental revenue. Sagax's average rent

Sensitivity analysis for property values

	-20%	-10%	0%	+10%	+20%
Value change, SEK M	-7,468	-3,734	-	7,468	3,734
Debt ratio, %	58	53	49	45	42

Sensitivity analysis for changes in the occupancy rate

	-10%	-5%	0%	+5%	+10%
Occupancy rate, %	86	91	96	100	N/A
Interest coverage ratio, %	416	446	479	508	N/A

Sensitivity analysis for property values

	Change	Value change, SEK M
Yield requirement	+/- 0.25% points	-967/+1,037
Cost of capital	+/- 0.25% points	-879/+916
Rental revenue	+/- 5%	+1,414/-1,410
Property expenses	+/- 5%	-233/+224

losses amounted to less than 0.1% of rental revenue for the past ten years. However, the impact of the negative macro-economic trend on Sagax's tenants is unavoidable.

In recent weeks, Sagax has allowed adjustments of payment periodicity from quarterly to monthly payments for 11% of rental revenue for the second quarter of 2020. Sagax's aim is to reach constructive solutions that safeguard the long-term interests of both the tenants and Sagax's shareholders.

On 30 April, Sagax had received a total of 99% of rental revenue due for payment in Sweden, Finland, Denmark, Germany, the Netherlands and Spain. The figure for France was 82%.

On 31 March 2020, Sagax's cash and cash equivalents and available credit facilities amounted to SEK 4,538 M, of which SEK 1,742 M in cash and cash equivalents. Sagax's cash flow from operating activities amounted to SEK 416 M in the first quarter of 2020. Rolling 12 months cash flow from operating activities amounted to SEK 1,889 M. Sagax has no bank or bond funding that falls due for payment in 2020.

OTHER RISKS

In a decision of 20 December 2016 pertaining to the 2014 income year, the Swedish Tax Agency denied the Group company Sagax Bruket Fastigheter AB deductions for loss carryforwards of SEK 277 M and imposed additional tax of SEK 28 M. In a ruling on 27 February 2018, the Administrative Court upheld the Swedish Tax Agency's claim. On 2 December 2019, the Administrative Court of Appeal upheld Sagax's appeal of the Administrative Court's ruling and the decision was annulled. The Tax Agency has appealed the Administrative Court of Appeal's ruling.

In a decision of 7 December 2017 pertaining to the 2015 income year, the Tax Agency also denied the group company Firethorne AB deductions for loss carryforwards of SEK 1,166 M. In a ruling on 7 February 2019, the Administrative Court upheld the Tax Agency's decision. Sagax is of the opinion that the Tax Agency's decisions are incorrect and the companies concerned have appealed the decision. If the Tax Agency's decisions were to be upheld, Sagax estimates that the negative effect recognised in earnings for the Group would be SEK 85 M and SEK 156 M, respectively.

Sagax's other risks are described in the 2019 Annual Report, on pages 46-48.

SENSITIVITY ANALYSIS

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

Sensitivity analysis on 31 March 2020¹⁾

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%	+/-31	+/-25	+/-25
Rental revenue	+/-1%	+/-30	+/-24	+/-24
Property expenses	+/-1%	+/-5	+/-4	+/-4
Interest expenses for liabilities in SEK including fixed-income derivatives	+/-1%	-26/+15	-21/+12	-23/+12
Interest expenses for liabilities in EUR including fixed-income derivatives	+/-1%	-28/-7	-23/-6	-15/-6
Interest expenses for liabilities in SEK excluding fixed-income derivatives	+/-1%	-39/+28	-31/+23	-31/+23
Interest expenses for liabilities in EUR excluding fixed-income derivatives	+/-1%	-36/+1	-29/+1	-29/+1
Change in SEK/EUR exchange rate ²⁾	+/-10%	+/-148	+/-115	+/-736
Changed rent level for contract maturity in 2020	+/-10%	+/-28	+/-23	+/-23

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.

Events after the end of the period

On 14 April, a press release announced an adjusted dividend proposal and an update due to COVID-19. As a result of COVID-19, macroeconomic conditions have deteriorated and uncertainty has increased. The impact on Sagax has been limited to date. The effect of COVID-19 on the company will depend on how quickly and the level at which the economy will stabilise. Accordingly, as a precautionary measure, the Board of Directors has adjusted the dividend proposal for Class A and Class B common shares. The Board has decided to adjust its dividend proposal for 2019 from SEK 1.30 to SEK 0.65 per Class A and Class B shares. An additional dividend of SEK 0.65 per Class A and Class B common shares may be proposed at an Extraordinary General Meeting in the autumn, if deemed appropriate. The previous proposal of SEK 2.00 per Class D common share and per preference share remains unchanged. In recent weeks, Sagax has allowed adjustments of payment periodicity from quarterly to monthly payments for 11% of rental revenue for the second quarter of 2020. Sagax's

aim is to reach constructive solutions that safeguard the long-term interests of both the tenants and Sagax's shareholders. An average of six business days after the due date, Sagax had received a total of 95% of rental revenue due for payment in Sweden, Finland, Denmark, Germany, the Netherlands and Spain. 13% of Sagax's rental revenue is attributable to the company's operations in France. Six business days after the due date, 67% of rents in the French property portfolio had been received (71% at the same time in the preceding quarter). France has introduced temporary legislation that affects Sagax's ability to collect rent payments in time. However, this legislation has not impacted Sagax's right to receive contractual rents. The temporary legislation will cease to apply one month after the end of the ongoing lockdown in France.

On 30 April, Sagax had received a total of 99% of rental revenue due for payment in Sweden, Finland, Denmark, Germany, the Netherlands and Spain. The figure for France was 82%.

Accounting policies

Sagax complies with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). In addition, the consolidated financial statements have been prepared in accordance with Swedish law applying Recommendation RFR 1 Supplementary Accounting Rules for Corporate Groups of the Swedish Financial Reporting Board.

This interim report has been prepared in accordance with International Accounting Standards (IAS) 34. The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities.

The Madrid & Barcelona segment, which was previously reported under Rest of Europe, is reported separately. The company did not own any properties in this segment in the first quarter of 2019, which is why comparative figures were not affected by the change.

In all other respects, the accounting policies and calculation methods applied are essentially unchanged compared with those applied in the 2019 Annual Report.

Rounding-off differences may occur in this 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, 6 May 2020
AB SAGAX (publ)
Corporate Registration Number 556520-0028

Staffan Salén
Chairman of the Board

Johan Cederlund
Board member

Filip Engelbert
Board member

David Mindus
CEO and Board member

Johan Thorell
Board member

Ulrika Werdelin
Board member

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

This constitutes information that AB Sagax (publ) is legally obliged to publish under the EU's Market Abuse Regulation. The information was released for publication on 6 May 2020 at 11:30 a.m. (CEST).

Financial calendar

Interim Report January-June 2020
Interim Report January-September 2020

13 July 2020
27 October 2020

SCHEDULE OF DIVIDEND PAYMENTS TO HOLDERS OF CLASS D SHARES AND PREFERENCE SHARES

June 2020

■ Final day for trading including dividend rights	26 June 2020
■ First day for trading excluding dividend rights	29 June 2020
■ Record date for dividend payment	30 June 2020
■ Expected payment date by Euroclear ¹⁾	3 July 2020

September 2020

■ Final day for trading including dividend rights	28 September 2020
■ First day for trading excluding dividend rights	29 September 2020
■ Record date for dividend payment	30 September 2020
■ Expected payment date by Euroclear ¹⁾	5 October 2020

December 2020

■ Final day for trading including dividend rights	28 December 2020
■ First day for trading excluding dividend rights	29 December 2020
■ Record date for dividend payment	30 December 2020
■ Expected payment date by Euroclear ¹⁾	7 January 2021

March 2021

■ Final day for trading including dividend rights	29 March 2021
■ First day for trading excluding dividend rights	30 March 2021
■ Record date for dividend payment	March 31, 2021
■ Expected payment date by Euroclear ¹⁾	5 April 2021

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:

David Mindus, CEO
+46 8 545 83 540, david.mindus@sagax.se

Agneta Segerhammar, CFO
+46 8 545 83 540, agneta.segerhammar@sagax.se

Visit us at www.sagax.se.

Definitions

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

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

Key performance indicators	Description	Reason for alternative performance measure
Cash flow per Class A and B share	Profit before tax adjusted for items not included in cash flow less tax paid in relation to the average number of Class A and B shares. Dividends on Class D shares and preference shares for the period have also been deducted from profit before tax. Dividends received from joint ventures and associated companies have been added to profit before tax.	The key performance indicator shows the amount of cash flow for the period that can be considered to be attributable to owners of Class A and Class B shares.
Debt ratio	Interest-bearing liabilities at the end of the period as a percentage of total assets at the end of the period.	The key performance indicator shows financial risk.
Dilution	Dilution due to outstanding warrants has been calculated, in line with IAS 33, as the number of Class A and B shares to be issued to cover the difference between the strike price and market price for all potential Class A and B shares (warrants) outstanding, insofar as it is probable that they will be utilised.	Not an alternative performance measure.
Earnings per Class A and B share	Profit in relation to the average number of Class A and B shares after taking into account the portion of profit for the period represented by dividends on Class D shares and preference shares.	IFRS performance measure.
Earnings per Class D share	Class D shares are entitled to five times the total dividend on Class A and B shares, although not more than SEK 2.00 per share annually.	The key performance indicator shows the shareholders' share of profit.
Earnings per preference share	Each preference share entails a preferential right to SEK 2.00 in annual dividends.	The key performance indicator shows the preference shareholders' share of profit.
EBITDA	Net operating income less central administration costs plus dividends received from joint ventures and associated companies.	Sagax uses EBITDA so that the EBITDA/Net debt key performance indicator shows financial risk.
Economic occupancy rate	Contractual annual rent directly after the end of the period as a percentage of rental value directly after the end of the period.	The key performance indicator shows the economic degree of utilisation of the Group's properties.
Equity/assets ratio	Equity in relation to total assets.	The key performance indicator shows financial risk.
Equity per Class A and B share	Equity at the end of the period in relation to the number of Class A and B shares at the end of the period after taking into account equity attributable to Class D shares and preference shares.	The key performance indicator shows the owner's share of equity.
Equity per Class D share	Equity at the end of the period in relation to the number of common shares at the end of the period after taking into account equity attributable to preference shares. Equity is restricted to SEK 35.00 per Class D share.	The key performance indicator shows the owner's share of equity.
Equity per preference share	Equity per preference share corresponds to the preferential right of the preference share on liquidation of the company (SEK 30 per preference share) and the share's accumulated preferential right to dividends (SEK 2 per year).	The key performance indicator shows the owner's share of equity.
EURIBOR	EURIBOR, or the Euro Interbank Offered Rate, is a daily reference rate based on the average of the interest rates at which euro interbank term deposits are being offered by one prime bank to another within the EMU zone.	Not an alternative performance measure.
Fixed-income derivatives	Agreements on lending rates that may include the factors of time, inflation and/or maximum interest rates. Usually signed to hedge interest rates for interest-bearing loans.	Not an alternative performance measure.
Future-oriented yield	Net operating income (including property administration) according to current earnings capacity with add-back of site leasehold fees, as a percentage of the carrying amounts of the properties at the end of the period.	The key performance indicator shows the earnings generation of the operations before financial expenses and central administration costs are taken into account.
Future-oriented 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, future-oriented key performance indicator shows financial risk.
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 alternative performance measure.
Interest-rate swaps	An agreement between two parties to swap interest rate conditions on loans in the same currency. The swap entails that one party exchanges its floating interest rate for a fixed rate, while the other party receives a fixed rate in exchange for a floating rate. The purpose of an interest-rate swap is to reduce interest-rate risk.	Not an alternative performance measure.

Key performance indicators	Description	Reason for alternative performance measure
Interest coverage ratio	Profit from property management, excluding profit from joint ventures and associated companies but including dividends from joint ventures, after reversal of financial expenses in relation to financial expenses.	The key performance indicator shows financial risk.
Interest coverage ratio, EMTN programme	Profit from property management after reversal of financial expenses as a percentage of financial expenses.	The key performance indicator shows financial risk.
Joint ventures	Partnership form whereby several owners have a shared controlling influence.	Not an alternative performance measure.
Net debt	Interest-bearing liabilities less interest-bearing assets, cash and cash equivalents, and listed shares.	The key performance indicator shows the Group's indebtedness.
Net debt/Total assets	Interest-bearing liabilities less interest-bearing assets, cash and cash equivalents, and listed shares as a percentage of total assets.	The key performance indicator shows financial risk.
Net 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.
Occupancy rate by area	Contracted area directly after the end of the period as a percentage of total lettable area directly after the end of the period.	The key performance indicator shows the occupancy situation.
Preference equity	Equity per preference share multiplied by the number of preference shares outstanding.	The key performance indicator shows equity attributable to preference shareholders.
Profit from property management	Profit excluding changes in value and tax.	An indicator of the earnings generation in the operations, excluding changes in value.
Profit from property management per Class A and B share after dilution	Profit from property management for the period reduced by dividends on Class D shares and preference shares, divided by the average number of Class A and B shares after dilution.	An indicator of the earnings generation of the assets, excluding the changes in value accruing to holders of Class A and B shares.
Property	Pertains to properties held under title or site leasehold.	Not an alternative performance measure.
Rental value	The contractual annual rent applicable directly after the end of the period, with supplements for estimated market rents for vacant premises.	The key performance indicator shows the Group's income potential.
Return on equity	Profit for the period, recalculated to 12 months, as a percentage of average equity (opening and closing balances)/2 for the period.	The key performance indicator shows how shareholders' capital yields interest during the period.
Return on total capital	Profit for the period, recalculated to 12 months, after net financial items after reversal of financial expenses as a percentage of average total assets for the period.	The key performance indicator shows the ability to generate earnings on the Group's assets, excluding financing costs.
Secured liabilities/total assets	Liabilities secured with pledged assets as a percentage of total assets.	The key performance indicator shows financial risk for bond holders.
STIBOR	STIBOR, or Stockholm Interbank Offered Rate, a daily reference rate based on the average of the interest rates at which banks offer to lend unsecured funds to other banks in SEK in the Swedish wholesale money market.	Not an alternative performance measure.
Surplus ratio	Net operating income for the period as a percentage of rental revenue for the period.	The key performance indicator shows the profitability of the properties.
Total return on shares	Total of the change in the share price during the period and the dividend paid during the period as a percentage of the share price at the end of the preceding year.	The key performance indicator shows the total return that accrues to shareholders.
Total yield on property	Total of yield and property revaluations during the period as a percentage of the closing property value adjusted for revaluations for the period.	The key performance indicator shows earnings generation and value growth for the properties for a period.
Triple net lease	A type of lease whereby the tenant pays, in addition to the rent, all costs incurred on the property that would normally have been paid by the property owner. These include operating expenses, maintenance, property tax, site leasehold fees, insurance, property care-taking, etc.	Not an alternative performance measure.
Yield	Net operating income for the period (including property administration) with add-back of site leasehold fees, recalculated to 12 months, adjusted for the holding periods of the properties during the period as a percentage of the carrying amounts of the properties at the end of the period.	The key performance indicator shows the earnings generation of the operations before financial expenses and central administration costs are taken into account.

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

Amounts in SEK M unless otherwise stated	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec	Amounts in SEK M unless otherwise stated	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Return on equity				Equity per Class A and B share			
Profit after tax	749	854	4,111	Equity	20,400	16,373	19,257
Addition for translation to annual value	2,247	2,562	–	Equity attributable to preference and Class D shares	–4,318	–4,112	–4,310
Average equity	19,829	15,895	17,337	Corrected equity attributable to Class A and B shares	16,082	12,261	14,947
Return on equity	15%	21%	24%	No. of shares	318,991,411	316,792,454	318,991,411
Return on total capital				No. of shares after dilution	319,474,803	317,262,866	319,506,353
Profit from property management	565	464	2,001	Equity per Class A and B share, SEK	50.41	38.70	46.86
Addition for translation to annual value	1,694	1,392	–	Equity per Class A and B share after dilution, SEK	50.34	38.65	46.78
Financial expenses	114	107	470	Economic occupancy rate			
Addition for translation to annual value	342	321	–	Contractual annual rent	2,955	2,486	2,600
Profit before financial expenses	2,715	2,284	2,471	Rental value	3,102	2,618	2,735
Average total capital	43,618	35,096	36,922	Economic occupancy rate	95%	95%	95%
Return on total capital	6%	7%	7%	Future-oriented yield			
Occupancy rate by area				Net operating income according to current earnings capacity	2,439	2,134	2,134
Contracted area, 000s of square metres	3,138	2,784	2,868	Add-back of site leasehold fees	–24	–24	–22
Total lettable area, 000s of square metres	3,297	2,919	3,022	Adjusted net operating income	2,415	2,110	2,112
Occupancy rate by area	95%	95%	95%	Carrying amount of properties	37,338	30,204	32,625
Debt ratio				Future-oriented yield	6.5%	7.0%	6.5%
Interest-bearing liabilities	23,011	17,123	17,519	Future-oriented EBITDA			
Total assets	47,081	36,501	40,154	Net operating income according to current earnings capacity	2,439	2,134	2,134
Debt ratio	49%	47%	44%	Central administration	–124	–132	–122
Yield				Dividends from joint ventures and associated companies	281	254	281
Net operating income	565	506	2,133	Future-oriented EBITDA	2,596	2,256	2,292
Add-back of site leasehold fees	–6	–6	–24	Profit from property management			
Addition for translation to annual value	1,678	1,499	–	Profit after tax	749	854	4,111
Holding adjustment, acquisitions/divestments	108	43	10	Tax	184	120	730
Currency translation to closing rate	59	3	–19	Changes in value	–368	–509	–2,840
Adjusted net operating income	2,404	2,045	2,100	Profit from property management	565	464	2,001
Carrying amount of properties	37,338	30,204	32,625	Profit from property management per Class A and B share after dilution			
Yield	6.4%	6.8%	6.4%	Profit from property management	565	464	2,001
EBITDA rolling 12 months				Dividends attributable to preference and Class D shares	–62	–59	–249
Net operating income	2,192	1,951	2,133	Adjusted profit from property management	503	405	1,752
Central administration	–124	–132	–122	Profit from property management per Class A and B share after dilution, SEK	1.57	1.28	5.51
Dividends from joint ventures and associated companies	281	254	281				
EBITDA	2,349	2,072	2,292				

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

Amounts in SEK M unless otherwise stated	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec	Amounts in SEK M unless otherwise stated	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Cash flow per Class A and B share				Interest coverage ratio			
Profit before tax	861	947	4,627	Profit from property management	565	464	2,001
Items not affecting cash flow	-419	-584	-2,758	Reversal of profit from property management joint ventures and associated companies	-133	-92	-441
Tax paid	-26	-40	-74	Dividend from joint ventures and associated companies	-	-	281
Dividends attributable to preference and Class D shares	-62	-59	-249	Financial expenses	114	107	470
Cash flow	354	264	1,546	Corrected profit from property management before financial expenses	546	479	2,311
Cash flow per Class A and B share after dilution, SEK	1.11	0.83	4.86	Interest coverage ratio	4.8x	4.5x	4.9x
Net debt				Interest coverage ratio, EMTN programme			
Interest-bearing liabilities	23,011	17,123	17,519	Profit from property management	565	464	2,001
Interest-bearing assets	-536	-6	-511	Financial expenses	114	107	470
Cash and cash equivalents and listed shares	-2,891	-1,633	-1,776	Profit from property management before financial expenses	679	571	2,471
Net debt	19,584	15,484	15,232	Interest coverage ratio	6.0x	5.3x	5.3x
Net debt/EBITDA				Equity/assets ratio			
Net debt	19,584	15,484	15,232	Equity	20,400	16,373	19,257
EBITDA rolling 12 months	2,349	2,072	2,292	Total assets	47,081	36,501	40,154
Net debt/EBITDA	8.3 x	7.5x	6.6x	Equity/assets ratio	43%	45%	48%
Net debt/future-oriented EBITDA				Net asset value			
Net debt	19,584	15,484	15,232	Equity	20,400	16,373	19,257
EBITDA, future-oriented	2,596	2,256	2,292	Equity attributable to preference and Class D shares	-4,318	-4,112	-4,310
Net debt/EBITDA future-oriented	7.5x	6.9x	6.6x	Reversal of derivatives	127	131	119
Net debt/Total assets				Secured liabilities/Total assets			
Net debt	19,584	15,484	15,232	Secured liabilities	7,106	5,189	5,449
Total assets	47,081	36,501	40,154	Total assets	47,081	36,501	40,154
Net debt/Total assets	42%	42%	38%	Secured liabilities/Total assets	15%	14%	14%
Preference equity				Surplus ratio			
Equity per preference share, SEK	32.5	32.50	32.00	Net operating income	2,192	1,951	2,133
Number of preference shares outstanding	16,784,028	16,784,028	16,784,028	Rental revenue	2,661	2,340	2,581
Preference equity	545	545	537	Surplus ratio	82%	83%	83%
Earnings per Class A and B share¹⁾							
Profit after tax	749	854	4,111				
Dividends attributable to preference and Class D shares	-62	-59	-249				
Adjusted profit after tax	689	795	3,862				
Earnings per Class A and B share after dilution, SEK	2.15	2.51	12.13				

1) IFRS performance measure.

AB Sagax is a property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industry segment. Sagax's property holdings at 31 March 2020 amounted to 3,297,000 square metres, distributed over 653 properties.

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

More information is available at www.sagax.se.

AB | SAGAX

AB Sagax (publ), Engelbrektsplan 1, SE-114 34 Stockholm, Sweden
Corp. Reg. No. 556520-0028
Tel: +46 8 545 83 540, fax: +46 8 545 83 549
www.sagax.se