

YEAR-END REPORT 2021

AB | SAGAX

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

Year-end report 2021

2021 FINANCIAL YEAR

- Rental revenue increased 7% to SEK 3,100 M (SEK 2,898 M for the preceding year).
- Profit from property management increased 17% to SEK 2,805 M (2,389).
- Profit from property management per Class A and B share after dilution rose 21% to SEK 7.99 (6.62).
- In total, property revaluation affected profit by SEK 6,336 M (2,003).
- Revaluation of financial instruments had an impact on profit of SEK 1,966 M (210).
- Profit after tax for the year amounted to SEK 9,807 M (3,711), corresponding to SEK 30.04 (10.78) per Class A and B share after dilution.
- Cash flow from operating activities before changes in working capital amounted to SEK 2,346 M (2,219), corresponding to SEK 6.58 (6.09) per Class A and B share after dilution.
- Net investments amounted to SEK 4,132 M (4,795).
- The Board of Directors proposes that the dividend per Class A and B share be raised to SEK 2.15 (1.65). The Board also proposes a dividend of SEK 2.00 per Class D share through a quarterly payment of SEK 0.50. The dividend proposal is in accordance with the company's dividend policy.

FOURTH QUARTER OF 2021

- Rental revenue increased 8% to SEK 806 M (SEK 746 M in the year-earlier period).
- Profit from property management increased 19% to SEK 708 M (594).
- Profit from property management per Class A and B share after dilution rose 23% to SEK 2.03 (1.65).
- In total, property revaluation affected profit by SEK 2,511 M (1,216).
- Revaluation of financial instruments had an impact on profit of SEK 1,103 M (108).
- Profit after tax for the period amounted to SEK 3,893 M (1,532), corresponding to SEK 11.45 (4.60) per Class A and B share after dilution.
- Cash flow from operating activities before changes in working capital amounted to SEK 571 M (441), corresponding to SEK 1.59 (1.17) per Class A and B share after dilution.
- Net investments amounted to SEK 713 M (-450), of which property acquisitions accounted for SEK 1,560 M (747).

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 3,200 M.

Selected key performance indicators

	2021 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec
Profit from property management per Class A and B share after dilution, SEK	7.99	6.62	5.51	4.31	3.70	2.98
<i>Change compared with preceding year, %</i>	21	20	28	16	24	22
Earnings per Class A and B share after dilution, SEK	30.04	10.78	12.13	9.24	8.85	7.25
Dividend per Class A and B share, SEK (2021 proposed)	2.15	1.65	1.30	1.00	0.90	0.72
Net debt/EBITDA, multiple	5.8	6.4	6.6	7.4	8.1	8.7
Interest coverage ratio, multiple	6.5	5.7	4.9	4.2	3.7	3.4
Debt ratio, %	42	43	44	47	50	54
Properties' market value, SEK M	46,067	37,548	32,625	29,024	23,771	20,628
Property yield, %	6.0	6.3	6.4	6.8	6.9	7.1

1) Definitions of key performance indicators are provided on pages 30–31



The properties Salvesenintie 6 (picture above) in Jyväskylä and Tiilitie 11 in Helsinki were acquired in the fourth quarter. These properties encompass a total of 68,000 square metres of land and 18,000 square metres of lettable area.

Business concept, goals and strategies

BUSINESS CONCEPT

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

COMPANY GOALS

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

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

FINANCIAL TARGETS

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

STRATEGIES

Investment strategy

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

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

Financing strategy

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

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

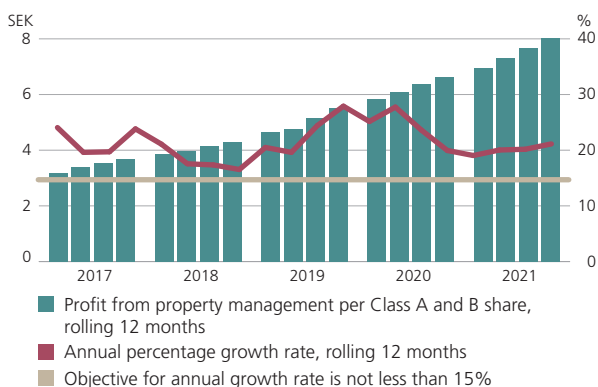
Management strategy

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

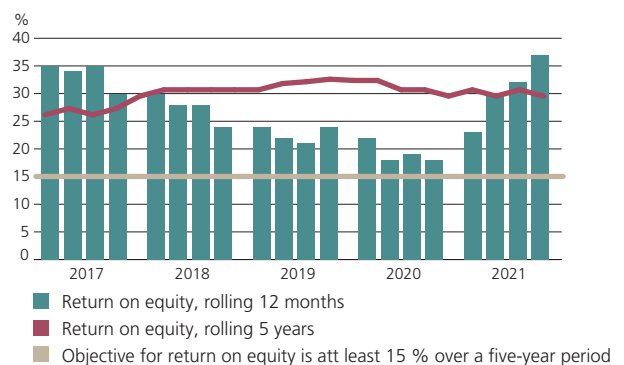
Financial targets

	Outcome rolling 12 months	Five-year average
Return on equity, measured over a five-year period, should not fall below 15% per year	37%	27%
Profit from property management per Class A and B share should increase by a minimum of 15% per year	21%	21%

Profit from property management per Class A and B share



Return on equity



affected to a limited extent by changes in consumption or changed rates for such utilities as heating, electricity, property tax, water and sewage.

SUSTAINABILITY ACTIVITIES

The aim of Sagax's sustainability activities is to avoid short-term gains arising at the expense of negative longer-term consequences, such as in the form of externalities. The company's investing activities, management and funding are conducted to achieve the best possible long-term – meaning sustainable – outcome. The planning, governance and monitoring of sustainability activities follow Sagax's organisational structure with well-defined delegation of responsibilities and authorities. Sustainability activities are based on applicable legislation and internal policies.

Sagax has identified the following focus areas:

Environmental and resource efficiency

Heating premises and the use of electricity account for the largest share of properties' energy use. Sagax 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.

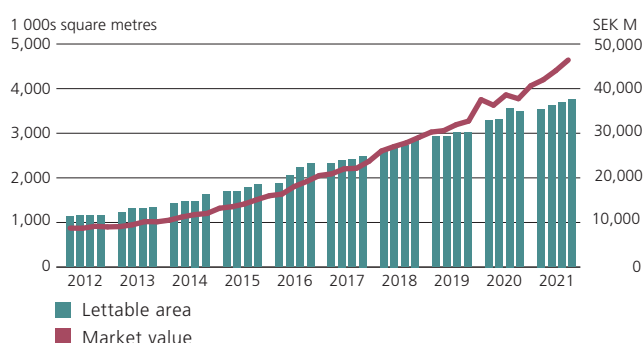
Financial sustainability

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.

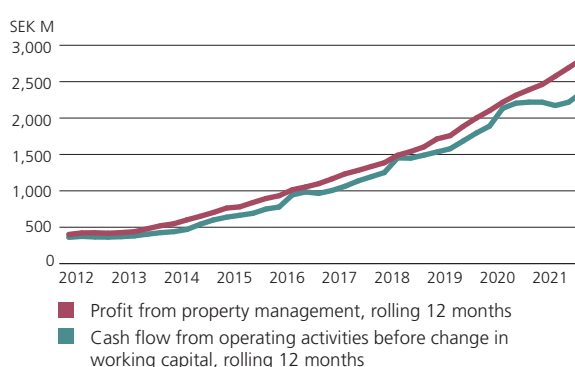
Professional and dedicated employees

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



Earnings, revenue and expenses

The profit/loss and cash flow items below refer to the January to December 2021 period. The comparative items refer to the year-earlier period. Amounts for the balance-sheet items and comparative figures refer to the position at the end of the current period and end of the year-earlier period.

EARNINGS

Profit from property management rose 17% to 2,805 M (2,389), of which joint ventures and associated companies accounted for SEK 713 M (565). 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 7.99 (6.62).

Changes in the value of properties increased profit by SEK 6,336 M (2,003).

Revaluation of financial instruments had an impact on profit of SEK 1,966 M (210). The revaluation of listed shares accounted for SEK 1,700 M (77). The revaluation of financial instruments attributable to joint ventures amounted to SEK 134 M (156) pursuant to IFRS 9, while fixed income derivatives accounted for SEK 132 M (-24) and other financial instruments for SEK 0 M (1).

Profit after tax for the year was SEK 9,807 M (3,711).

REVENUE

Rental revenue rose 7% to SEK 3,100 M (2,898). Revenue was primarily positively affected by property acquisitions. Revenue was impacted by SEK -75 M compared with the year-earlier period due to the SEK strengthening against the EUR.

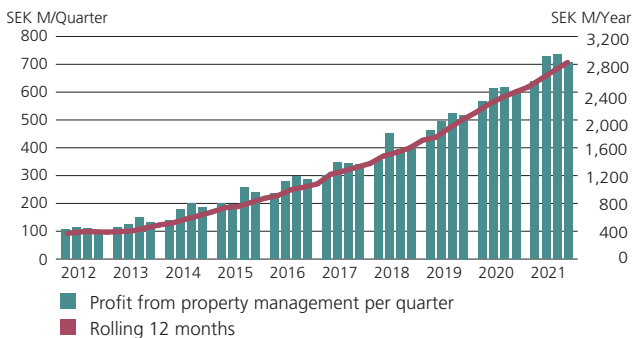
During the year, rental revenue in comparable portfolios increased 0.9% (2.5) excluding currency effects. The largest increase was found in the market segments of Helsinki (4.4%), Rest of Sweden (2.6%), and Rest of Europe (2.6%). Other market segments reported on average unchanged rental revenue in comparable portfolios excluding currency effects.

Other revenue amounted to SEK 23 M (10).

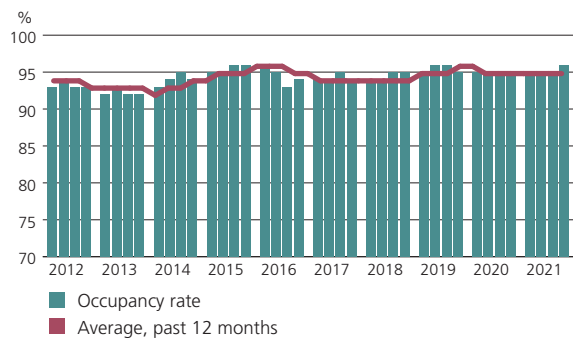
CHANGE IN THE ECONOMIC OCCUPANCY RATE

The economic occupancy rate amounted to 96% (95). During the year, the vacancy value rose SEK 134 M (128) due to tenants vacating premises and declined SEK 159 M (123) due to new lettings. Fixed-term rent discounts for new tenants increased SEK 2 M (13) to SEK 37 M (35) on an annual basis at the end of the period. Acquisitions and property divestments during the year impacted the vacancy value by SEK -3 M (10). In total, the vacancy value declined SEK 24 M (previous year increase 24) to SEK 135 M (159) at the end of the year.

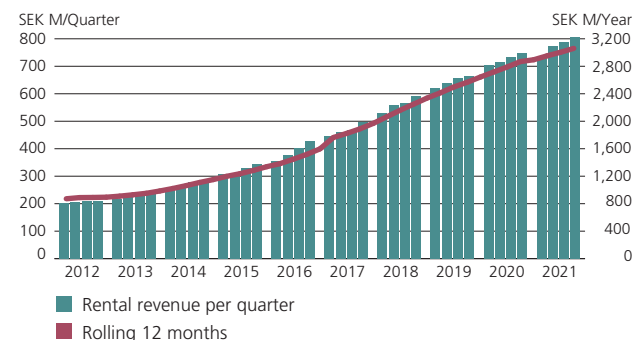
Profit from property management



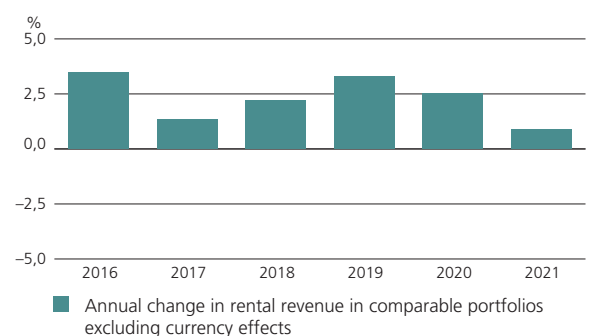
Economic occupancy rate



Rental revenue



Rental revenue, comparable portfolios



FUTURE VACANCY CHANGES

At the end of the year, notice of termination had been served for leases with a rental value of SEK 107 M (68), of which leases with notice of vacating the premises accounted for SEK 105 M (68) and leases with notice of renegotiation for SEK 2 M (-). Of the leases for which notice had been received, vacancies corresponding to a rental value of SEK 55 M will occur in 2022. Leases for premises that have not yet been occupied reduced the adjusted vacancy value by SEK 34 M (17).

PROPERTY EXPENSES

Operating and maintenance costs amounted to a total of SEK 324 M (311). Expenses for property tax increased to SEK 153 M (141). Other property expenses rose to SEK 73 M (60). The increase was primarily due to property acquisitions.

CENTRAL ADMINISTRATION

Central administration costs amounted to SEK 147 M (132), corresponding to 4.7% (4.5) of rental revenue for the year.

At the end of the year, Sagax had 87 (77) 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	36
Finland	28
France	10
Netherlands	7
Spain	6
Total	87

Vacancy changes

Amounts in SEK M	2021 Jan-Dec	2020 Jan-Dec
Opening vacancy for each year	159	135
Vacancies	134	128
New lettings	-159	-123
Change in discounts provided	2	13
Vacancy value, acquired properties	11	11
Vacancy value, sold properties	-14	-1
Change in exchange rates	2	-3
Closing vacancy value	135	159
Terminated for renegotiation	2	-
Terminated lease, not vacated	105	68
Letting, not occupied	-34	-17
Adjusted closing vacancy value	207	210

Leases terminated for vacancy

Year of vacancy	No. of leases	Rental value, SEK M
2022	50	55
2023	10	33
2024	2	5
2025	4	4
2026	-	-
>2026	2	8
Total	68	105

Vacancies on 1 January 2022

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	721	39	5%	637,000	14,000	2%
Helsinki	735	27	4%	637,000	31,000	5%
Netherlands	420	19	4%	571,000	19,000	3%
Paris	390	17	4%	369,000	18,000	5%
Finland, university cities	429	15	3%	427,000	12,000	3%
Madrid & Barcelona	140	12	8%	259,000	29,000	11%
Rest of Sweden	154	4	2%	262,000	6,000	2%
Rest of Finland	180	2	1%	269,000	3,000	1%
Rest of Europe	289	1	0%	328,000	3,000	1%
Total	3,459	135	4%	3,759,000	134,000	4%

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

PROFIT FROM JOINT VENTURES AND ASSOCIATED COMPANIES

Profit from joint ventures and associated companies for the year amounted to SEK 2,718 M (1,033), of which profit from property management accounted for SEK 713 M (565), changes in the value of fixed income derivatives for SEK 108 M (-18), changes in the value of properties for SEK 2,464 M (759) and other SEK -9 M (-). Profit was charged with tax of SEK 558 M (272).

NET FINANCIAL ITEMS

Interest-bearing liabilities increased to SEK 26,354 M (19,828).

Financial expenses amounted to SEK 447 M (481). The average interest rate was 1.4% (1.8) on 31 December 2021 due to refinancing and new borrowing at lower interest rates.

Financial income of SEK 113 M (39) pertained to dividends primarily from holdings in Nyfosa and interest on bonds and other financial investments.

REVALUATION OF PROPERTIES

Sagax obtains external value assessments to determine the properties' market value. The valuations are carried out by independent valuation companies and updated on a quarterly basis, except for five German properties that are only valued externally at year end. As of 31 December, 98% 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 3,876 M (1,244), of which unrealised changes in value amounted to SEK 3,870 M (1,274).

Unrealised changes in value

Amounts in SEK M	Jan-Dec 2021
New lettings/Renegotiations	935
Vacancies/Renegotiations	-338
General change in market value	3,273
Total	3,870

REVALUATION OF FINANCIAL INSTRUMENTS

The change in the value of financial instruments amounted to SEK 1,966 M (210), of which SEK 108 M (-18) referred to joint ventures.

The change in value attributable to fixed income derivatives amounted to SEK 132 M (-24), of which SEK 108 M (-18) referred to joint ventures.

Revaluation of listed shares resulted in an unrealised change in value of SEK 1,700 M (77).

The revaluation of financial instruments attributable to joint ventures amounted to SEK 134 M (156) pursuant to IFRS 9.

Other financial instruments were revalued by SEK 0 M (1).

TAX

Sagax recognised a current tax expense of SEK 112 M (108). The deferred tax expense amounted to SEK 624 M (511). The Group's deferred tax liabilities at the end of the year amounted to SEK 3,087 M (2,476).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 2,346 M (2,219). Changes in working capital had a positive impact of SEK 32 M (314) on cash flow. Investing activities had an impact of SEK -7,023 M (-5,543) on cash flow, while cash flow from financing activities contributed SEK 4,703 M (2,926) to Sagax. In total, cash and cash equivalents changed SEK 59 M (-62) during the year.

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 60 M (57).

Forecast and current earnings capacity

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 3,200 M.

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 January 2022. It is important to note that this capacity cannot be compared with a forecast for the forthcoming 12 months because it does not contain assessments about, for example, future vacancies, the interest rate scenario, currency effects, rent trends or changes in value.

The rental value is based on contractual rental revenue on an annual basis, with supplements for estimated market rents for vacant premises. Property expenses are based on actual

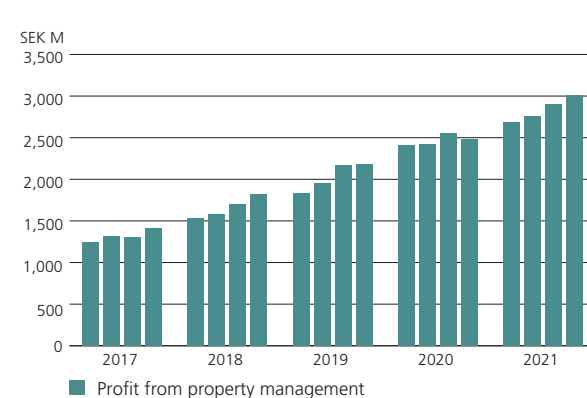
outcomes over the past 12 months adjusted for the holding period. Central administration costs are based on actual outcomes over the past 12 months. Net financial items are calculated based on interest-bearing liabilities and assets on the balance sheet date. Expenses for interest-bearing liabilities are based on the Group's estimated average interest rate, plus financing costs allocated over time and costs attributable to credit facilities that were unutilised on the balance sheet date. Lease expenses essentially pertain to site leasehold fees that are based on actual outcomes over the past 12 months adjusted for the holding period. Dividends attributable to the company's holdings of listed shares were not taken into account in the earnings capacity. Tax is calculated at the standard tax rate of 18% (19).

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

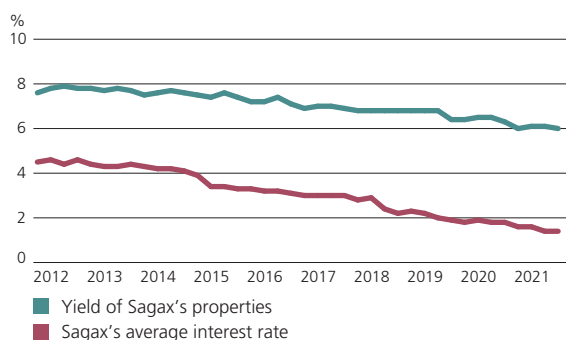
Current earnings capacity

Amounts in SEK M	1 Jan 2022	1 Jan 2021
Rental value	3,459	3,024
Vacancy	-135	-159
Rental revenue	3,324	2,865
Property expenses	-563	-495
Net operating income	2,761	2,370
Central administration	-147	-132
Joint ventures and associated companies	780	638
Net financial items	-354	-372
Lease expenses	-28	-26
Profit from property management	3,012	2,479
Tax	-542	-471
Profit after tax	2,470	2,008
– of which, holders of preference shares	–	34
– of which, holders of Class D shares	252	252
– of which, holders of Class A and B shares	2,218	1,723
Run rate yield, %	5.9	6.2
Net debt/run rate EBITDA, multiple	5.4	6.5

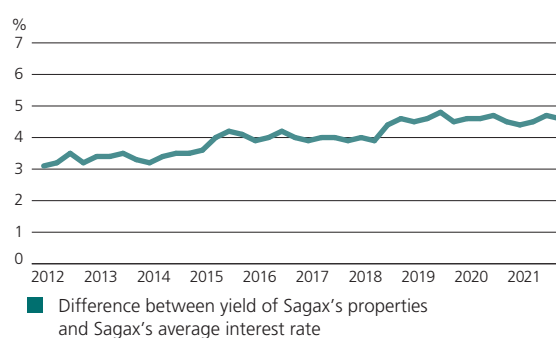
Current earnings capacity before tax



Yield and interest rate



Difference between yield and interest rate



Property portfolio

On 31 December 2021, the property portfolio comprised 673 (673) properties with a lettable area of 3,759,000 square metres (3,480,000). At the end of the year, the rental value and contractual annual rent amounted to SEK 3,459 M (3,024) and SEK 3,324 M (2,865), respectively. This corresponds to an economic occupancy rate of 96% (95).

INVESTMENTS

During the year, Sagax invested SEK 5,483 M (6,251), of which property acquisitions accounted for SEK 4,824 M (5,585).

Properties were acquired with a total lettable area of 392,000 square metres. The largest investment referred to 51,000 square metres of lettable area and 92,000 square metres of land in market segment Helsinki. A total of SEK 658 M (666) was invested in the existing property portfolio. SEK 72 M of the investments for the year were made against rent supplements, SEK 145 M was invested in conjunction with new lettings, SEK 225 M in conjunction with new production,

SEK 106 M pertained to property maintenance and SEK 63 M referred to project planning costs. A total of SEK 47 M was invested in solar power facilities and other energy-saving investments.

The Group has agreed to acquire four properties in France and one in Spain for which possession will be taken after the end of the year. The total investment will amount to SEK 458 M.

DIVESTMENTS

During the year, 89 properties were divested for a total of SEK 1,340 M. The largest sale was a portfolio comprising 72 properties in Finland for a corresponding SEK 715 M, which will be vacated in the fourth quarter.

PROPERTY PORTFOLIO YIELD

The yield for the year in relation to market value amounted to 6.0% (6.3).

Summary of property portfolio, 1 January 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						
Stockholm	11,755	25%	18,500	80	637,000	14,000	721	95%	681
Helsinki	9,076	20%	14,200	72	637,000	31,000	735	96%	707
Netherlands	6,090	13%	10,700	121	571,000	19,000	420	96%	401
Paris	4,678	10%	12,700	97	369,000	18,000	390	96%	373
Finland, university cities	4,217	9%	9,900	64	427,000	12,000	429	97%	415
Madrid & Barcelona	2,263	5%	8,700	76	259,000	29,000	140	92%	129
Rest of Finland	2,054	4%	7,600	67	269,000	3,000	180	99%	179
Rest of Sweden	2,001	4%	7,600	30	262,000	6,000	154	99%	150
Rest of Europe	3,933	9%	12,000	66	328,000	3,000	289	100%	289
Total	46,067	100%	12,300	673	3,759,000	134,000	3,459	96%	3,324

Property investments January-December 2021

Amounts in SEK M	Property acquisitions	Existing portfolio	Total	Share of total investments	Divestments	Net investments
Stockholm	109	207	317	6%	-378	-61
Helsinki	971	236	1,206	22%	-83	1,123
Netherlands	1,039	46	1,085	20%	-3	1,082
Paris	667	23	690	13%	-	690
Finland, university cities	1,095	47	1,142	21%	-97	1,045
Madrid & Barcelona	268	31	299	5%	-	299
Rest of Finland	88	31	119	2%	-743	-625
Rest of Sweden	46	31	77	1%	-46	31
Rest of Europe	541	6	547	10%	-	547
Total	4,824	658	5,483	100%	-1,351	4,132

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 year was distributed between 2,009 leases (1,813). 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 1,997 leases (1,802) each had a rental value of less than 1% of the Group's annual rent. The total rental value for these leases accounted for 81% (80) of Sagax's annual rent. In addition, Sagax is party to ten leases (eight) with a rental value corresponding to 1–2% of the Group's annual rent. Combined, these leases total 13% (11) of Sagax's annual rent. Only two (three) of Sagax's leases had an annual rental value that accounted for

more than 2% of the Group's rental revenue. These leases together represented 6% (8) of the Group's contractual annual rent.

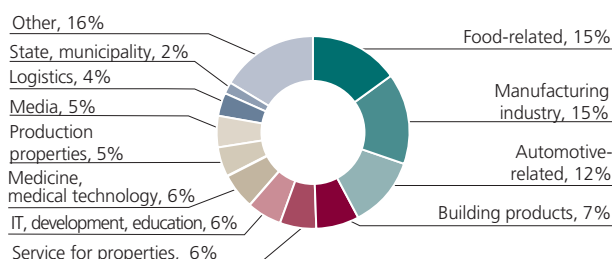
Sagax's tenants operate in a variety of sectors. 15% (16) of rental revenue comes from tenants with food-related operations, 15% (16) from companies in the manufacturing industry and 12% (11) in the automotive-related industry, including sales, service and manufacturing. Diverse tenant industries is 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 46% of the annual rent expire in or after 2026. 12–15% of annual rent expires every year between 2022 and 2025.

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%	197	6	2	98	9
1–2%	439	13	10	44	7
<1%	2,688	81	1,997	1	5
Total	3,324	100	2,009	2	5

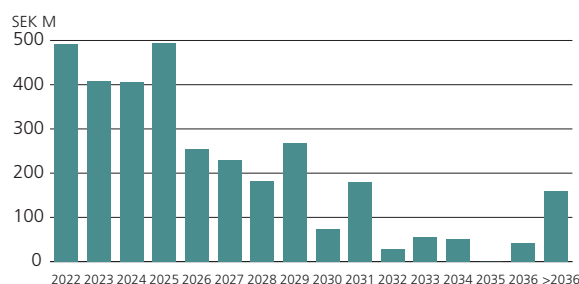
Industry exposure



Lease terms

Year of expiry	Area, sqm	Annual rent	
		SEK M	Share
2022	494,000	491	15%
2023	414,000	408	12%
2024	391,000	406	12%
2025	677,000	493	15%
2026	281,000	255	8%
>2026	1,368,000	1,271	38%
Total	3,625,000	3,324	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 in accordance with IAS 13 level 3.

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

At 31 December 2021, the total market value of Sagax's 673 properties (673) was SEK 46,067 M (37,548). Exchange rate fluctuations during the year resulted in property values abroad increasing by SEK 518 M (1,146).

The recognised unrealised change in value amounted to SEK 3,870 M (1,274) for the year.

VALUATION METHOD AND IMPLEMENTATION

The valuations were carried out in accordance with generally accepted international valuation methods. As of 31 December 2021, 98% 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, in-

vestments and residual values was calculated. The calculation period was adjusted to the remaining term of existing leases and varies between five and 20 years. As a rule, the calculation period is ten years. For more information, see Sagax's 2020 Annual Report, page 89.

ANALYSIS AND GENERAL CONDITIONS

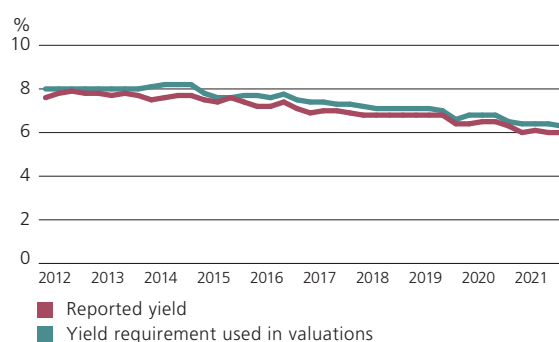
The cost of capital for the present value calculation of cash flows (4.2–15.6%), the cost of capital for the present value calculation of residual values (4.5–15.6%) and the yield requirement for the residual value calculations (4.0–14.0%) are based on analyses of transactions carried out and on individual assessments of the risk level and market position of each property.

The weighted cost of capital for the present value calculation of cash flows and residual values for the property portfolio was 7.2% (7.4) and 7.4% (7.7), respectively. The weighted yield requirement was 6.3% (6.5) on 31 December 2021. By comparison, the yield reported by Sagax for the year was 6.0% (6.3). A comparison of the yield reported over time and the yield requirement used in valuations is provided below.

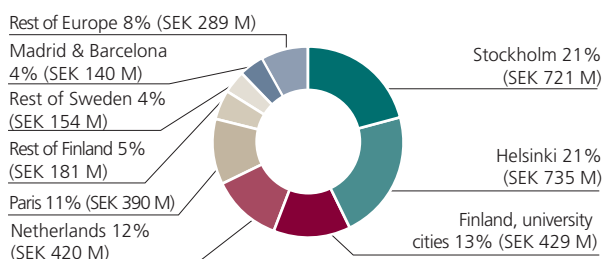
Change in carrying amount of properties

	SEK M	No.
Property portfolio, 31 December 2020	37,548	673
Acquisition of properties	4,824	89
Investments in the current portfolio	658	
Divestment of properties	-1,351	-89
Currency translation effect	518	
Unrealised changes in value	3,870	
Property portfolio, 31 December 2021	46,067	673

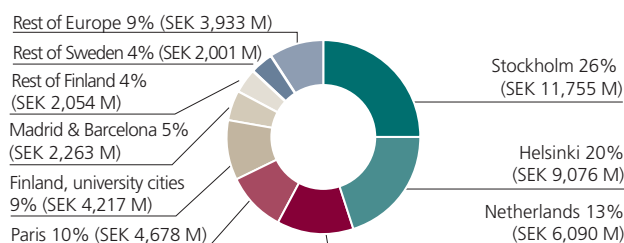
Yield compared with yield requirement



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 713 M (565) to profit from property management during the year. Sagax's share of changes in the value of properties amounted to SEK 2,464 M (759) and the share of changes in the value of derivatives was SEK 108 M (-18) for the period. The total value of the commitment related to ownership of joint ventures and associated companies amounted to SEK 9,818 M (6,833).

JOINT VENTURES

Hemsö Intressenter AB

Via Hemsö Intressenter AB, Sagax indirectly owns 15% of Hemsö Fastighets AB, with the remaining share owned by the Third Swedish National Pension Fund. Hemsö Fastighets AB conducts operations in Sweden, Germany and Finland. Operations consist of owning, managing and developing public properties and 94% of rental revenue derives from tax-financed operations. For more information, refer to the company's website, hemso.se.

Söderport Property Investment AB

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

A corresponding 73% of Söderport's rental value of SEK 900 M was located in Stockholm on 31 December 2021. Söderport's economic vacancies amounted to SEK 43 M (51) at the end of the year, corresponding to a vacancy rate of 5% (6). Of the economic vacancies, SEK 21 M (21) comprised fixed-term rent discounts provided for new lettings. At the end of the year, Stockholm accounted for 93% of the economic vacancies. 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. Ess-Sierra was founded in December 2020 and its operations entail owning and managing 33 properties that are let to Beijer Byggmaterial AB. The lettable area amounts to 181,000 square metres, of which 91% comprises warehouse premises/building materials retail and 9% office premises. Most of the properties are situated in university and regional towns.

ASSOCIATED COMPANIES

NP3 Fastigheter AB

Sagax owns 21.8% of the votes and 15.3% of the capital in NP3 Fastigheter AB. The market value of Sagax's holding was SEK 4,608 M. 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 446 properties with a total property value of SEK 17.3 billion and a rental value of SEK 1,538 M on 31 December 2021. NP3 Fastigheter AB is listed on Nasdaq Stockholm, Large Cap. For more information, refer to the company's website, np3fastigheter.se.

Fastighetsbolaget Emilshus AB

Sagax owns 25.9% of the votes and 25.4% of the capital in Fastighetsbolaget Emilshus AB. Emilshus acquires, develops and manages commercial properties in Småland. The company's property portfolio encompassed 97 properties with a total market value of SEK 4.8 billion on 31 December 2021. For more information, refer to the company's website, emilshus.com.

Sagax's joint ventures

	Hemsö		Söderport		Ess-Sierra ¹⁾	
	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Sagax's participating interest, %	15	15	50	50	50	50
Rental revenue, SEK M	3,614	3,270	853	818	89	5
Profit from property management, SEK M	2,145	1,810	504	466	59	3
Profit for the year, SEK M	8,189	3,333	1,900	844	109	49
Sagax's share of profit comprehensive income, SEK M	1,149	444	905	404	54	19
Sagax's share of profit from property management, SEK M	271	223	236	217	30	1
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
No. of properties	441	392	83	82	33	37
Carrying amount of properties, SEK M	75,737	62,240	12,882	11,909	1,429	1,440
Lettable area, sqm	2,218,000	2,005,000	743,000	778,000	181,000	203,000
Lease term, years	9.6	9.9	4.6	4.8	6.6	6.8
Economic vacancy rate, %	2	2	5	6	-	-
Interest-bearing liabilities, SEK M	42,498	38,652	6,209	6,354	786	842
Loan maturity, years	6.8	6.7	2.4	3.5	2.9	4
Fixed interest, years	6.3	6.2	2.3	3.1	1.8	3.2
Market value of derivatives, SEK M	161	-231	-124	-219	-	-
Carrying amount, SEK M	4,568	2,318	2,622	1,903	291	264

1) Ess-Sierra was established in December 2020.

Funding

EQUITY

Consolidated equity amounted to SEK 31,079 M (22,452) on 31 December 2021. Changes in equity during the year were attributable to comprehensive income of SEK 9,807 M, a new issue of Class B common shares of SEK 12 M linked to the incentive plan, redemption of preference shares of SEK 571 M and a share dividend of SEK 776 M.

INTEREST-BEARING LIABILITIES

Sagax's interest-bearing liabilities at the end of the year amounted to SEK 26,354 M (19,828). An amount corresponding to SEK 24,009 M (15,339) of liabilities was raised in EUR.

Interest-bearing liabilities attributable to listed bonds amounted to SEK 23,198 M (14,638). The remaining interest-bearing debt comprised commercial paper of SEK 2,891 M (1,081) and liabilities to banks of SEK 265 M (4,109).

Unsecured liabilities corresponded to 99% (74) of interest-bearing liabilities.

The interest coverage ratio at the end of the year amounted to 651% (575) and the debt ratio to 42% (43). Net interest-

bearing debt for the past 12 months was 5.8 (6.4) times EBITDA and 5.4 (6.5) times run rate EBITDA, see page 7 for more information.

A total of SEK 13,997 M (7,927) in loans was raised, of which SEK 10,131 M (3,309) in the form of bonds under the framework of Sagax's EMTN programme. Repayments during the year totalled SEK 7,880 M (4,791). Exchange rate fluctuations increased interest-bearing liabilities by SEK 352 M (decrease 750).

Net interest-bearing debt totalled SEK 16,214 M (17,114).

The average remaining fixed interest and loan maturity terms were 4.0 years (3.4) and 4.3 years (3.4), respectively, at the end of the year. The average interest rate on interest-bearing liabilities was 1.4% (1.8), including the effect of derivatives.

Sagax has SEK 22,699 M (12,336) in loans at fixed interest rates. The company has interest-rate caps and interest-rate swaps with a total nominal value of SEK 2,802 M (6,060), of which interest-rate swaps with an average interest rate of 1.3% (0.9) accounted for SEK 880 M (2,166).

Fixed interest period and loan maturity, 31 December 2021

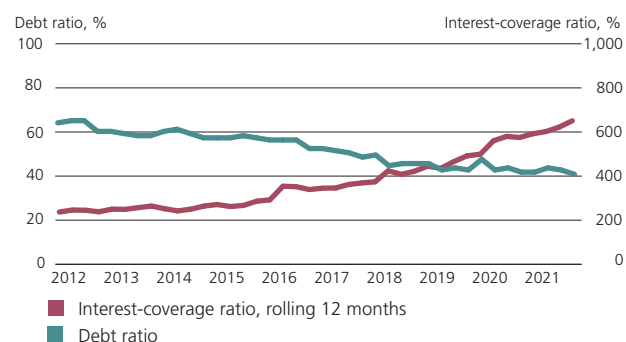
Year of expiry	Fixed interest			Loan maturity		Interest-rate swaps	
	SEK M	Interest rate	Share	SEK M	Share	SEK M	Interest rate
2022	3,691	0.5%	13%	95	0%	–	–
2023	1,403	0.8%	5%	2,353	9%	251	0.5%
2024	5,323	2.0%	19%	6,535	25%	–	–
2025	4,113	2.1%	14%	4,138	16%	–	–
2026	–	–	0%	–	–	–	–
>2026	13,861	1.0%	49%	13,232	50%	629	1.7%
Total/average	28,391	1.3%	100%	26,354	100%	880	1.3%

1) Fixed interest exceeds interest-bearing liabilities by SEK 2,037 M. 2) Based on fixed interest amount.

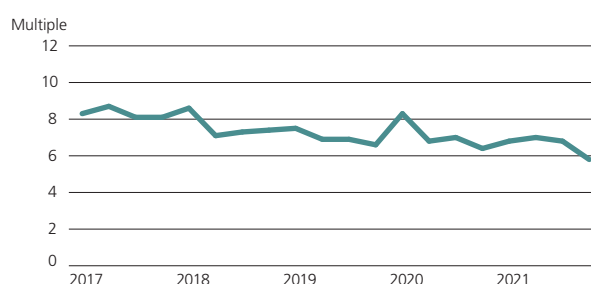
Net debt

Amounts in SEK M	31 Dec 2021	31 Dec 2020
Interest-bearing liabilities	26,354	19,828
Interest-bearing assets	–676	–550
Listed shares	–9,380	–2,140
Cash and cash equivalents	–84	–24
Net debt	16,214	17,114

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 1,173 M (-1,867) on 31 December. At the same date, unutilised credit facilities

including back-up facilities for commercial paper programmes amounted to SEK 7,399 M (5,424). No additional collateral needs to be pledged to utilise these credit facilities.

Listed bonds, 31 December 2021

Maturity	Nominal amount, SEK M	Liability, SEK M	Effective interest	Interest terms	Maturity date	ISIN code
2019-2023	500	499	0.98%	Stibor 3M+0.90%	16 Jun 2023	XS2093119175
2019-2023 ¹⁾	250	250	1.18%	1.13%	16 Jun 2023	XS2093119845
Total/average	750	749	1.05%			

Maturity	Nominal amount, EUR M	Liability, EUR M	Effective interest	Coupon rate	Maturity date	ISIN code
2018-2024 ¹⁾	500	499	2.10%	2.00%	17 Jan 2024	XS1877540465
2019-2025 ¹⁾	400	402	2.05%	2.25%	13 Mar 2025	XS1962543820
2020-2027 ¹⁾	300	298	1.26%	1.12%	30 Jan 2027	XS2112816934
2021-2028 ¹⁾	500	496	0.88%	0.75%	26 Jan 2028	XS2291340433
2021-2029 ¹⁾	500	500	1.01%	1.00%	17 May 2029	XS2342227837
Total/average	2,200	2,195	1.46%			

1) Fixed-rate loans.

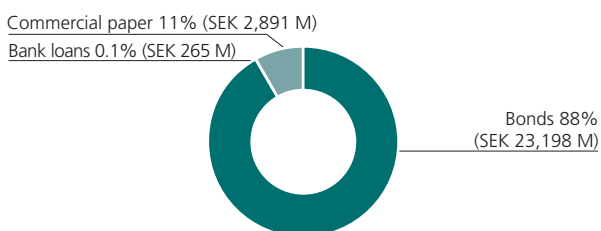
Derivative contracts, 31 December 2021

Amounts in SEK M	Nominal amount	Years to maturity	Market value 31 Dec 2021	Market value 31 Dec 2020	Change for the period
Nominal interest-rate swaps	880	5.2	-74	-118	44
Interest-rate caps	1,922	1.0	0	0	0
Currency futures	206	0.1	2	-	2
Total	3,008		-72	-118	46

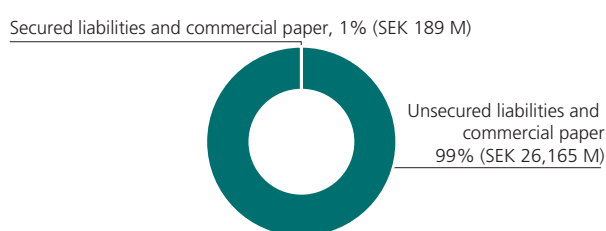
Rating and key performance indicators according to EMTN programme

	Financial covenant in EMTN programme	2021 31 Dec	2020 31 Dec
Rating according to Moody's Investor Services		Baa3, Positive outlook	Baa3, Stable outlook
Net debt/Total assets	<65%	27%	37%
Interest coverage ratio	>1.8x	9.4 x	6.5x
Secured liabilities/Total assets	<45%	0%	11%

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 390 M (394).

INTEREST-BEARING NON-CURRENT RECEIVABLES

Interest-bearing non-current receivables amounted to SEK 676 M (550) and comprised convertible debentures issued by French company Groupe BMG valued at SEK 522 M (514) maturing on 31 December 2024, a bond issued by Emilshus AB (publ) valued at SEK 44 M (37) expiring in 2022 and promissory notes valued at SEK 110 M (-) issued in connection with the sale of property in 2021.

LISTED SHARES

Sagax owns shares in Nyfosa AB, Cibus Nordic Real Estate AB, Mälåråsen AB and KMC Properties ASA. Listed shares are recognised at the closing price on the balance sheet date and amounted to SEK 4,772 M. The shares in Nyfosa AB were recognised at SEK 4,043 M (715), the shares in Cibus Nordic Real Estate AB at SEK 598 M (-), the shares in Mälåråsen AB at SEK 72 M (23) and the shares in KMC Properties ASA at SEK 60 M (-).

Consolidated statement of comprehensive income

Amounts in SEK M	2021 Jan-Dec	2020 Jan-Dec	2021 Oct-Dec	2020 Oct-Dec
Rental revenue	3,100	2,898	806	746
Other revenue	23	10	4	3
Operating expenses	-250	-232	-71	-62
Maintenance costs	-74	-79	-21	-22
Property tax	-153	-141	-38	-38
Other property expenses	-73	-60	-27	-17
Net operating income	2,573	2,397	652	610
Central administration	-147	-132	-51	-46
Profit from joint ventures and associated companies	2,718	1,033	945	446
– of which, profit from property management	713	565	184	146
– of which, changes in value	2,572	741	1,002	412
– of which, tax	-558	-272	-241	-112
– of which, other	-9	–	–	–
Financial income	113	39	35	9
Financial expenses	-419	-455	-104	-120
Financial expense, interest component of leases	-28	-26	-8	-7
Profit including changes in value of joint ventures and associated companies	4,809	2,857	1,470	894
– of which, profit from property management	2,805	2,389	708	594
Properties, realised	6	-30	8	-19
Properties, unrealised	3,870	1,274	1,537	824
Financial instruments, realised	-10	1	–	1
Financial instruments, unrealised	1,868	228	1,075	106
Profit before tax	10,543	4,330	4,090	1,806
Deferred tax	-624	-511	-169	-250
Current tax	-112	-108	-28	-24
Profit for the period	9,807	3,711	3,893	1,532
<i>Other comprehensive income</i>				
– items that may be reversed to profit or loss:				
Translation differences for foreign operations	282	-693	30	-845
Share of other comprehensive income for joint ventures	8	-13	–	-21
Translation differences, hedge accounting	-141	355	-27	434
Tax on items that may be reversed	6	14	11	18
Comprehensive income for the period	9,963	3,374	3,907	1,118
Earnings per Class A and B share, SEK	30.09	10.80	11.46	4.61
Earnings per Class A and B share after dilution, SEK	30.04	10.78	11.45	4.60
Earnings per Class D share, SEK	2.00	2.00	2.00	2.00
Average no. of Class A and B shares, millions	317.5	317.1	317.7	317.3
Average no. of Class A and B shares after dilution, millions	318.0	317.7	318.0	317.8
Average number of Class D shares, millions	126.2	118.4	126.2	125.8

Condensed consolidated statement of financial position

Amounts in SEK M	2021 31 Dec	2020 31 Dec
Investment properties	46,067	37,264
Investment properties for sale	–	284
Leases, right-of-use assets	355	368
Joint ventures and associated companies	9,818	6,833
Interest-bearing non-current receivables	676	550
Other fixed assets	103	130
Total fixed assets	57,020	45,429
Listed shares	4,772	738
Other current assets	596	430
Cash and bank balances	84	24
Total current assets	5,452	1,193
Total assets	62,472	46,622
Equity	31,079	22,452
Non-current interest-bearing liabilities	23,368	17,977
Deferred tax liabilities	3,087	2,476
Derivatives	74	118
Lease liability, right-of-use assets	390	394
Other non-current liabilities	195	145
Total non-current liabilities	27,114	21,110
Commercial paper	2,891	1,081
Other current interest-bearing liabilities	95	770
Other current liabilities	1,293	1,209
Total current liabilities	4,279	3,060
Total equity and liabilities	62,472	46,622

Consolidated statement of cash flows

Amounts in SEK M	2021 Jan-Dec	2020 Jan-Dec	2021 Oct-Dec	2020 Oct-Dec
Profit before tax	10,543	4,330	4,090	1,806
Changes in value of financial instruments	-1,858	-228	-1,074	-107
Change in value of properties	-3,876	-1,244	-1,546	-805
Profit from joint ventures and associated companies	-2,718	-1,033	-945	-446
Dividend from joint ventures and associated companies	373	424	30	20
Dissolution of allocated borrowing costs	41	47	9	18
Other items not included in cash flow	-13	-21	2	-17
Tax paid	-146	-55	5	-27
Cash flow from operating activities before changes in working capital	2,346	2,219	571	441
Cash flow from changes in current receivables	-71	77	-19	49
Cash flow from changes in current liabilities	103	260	80	105
Cash flow from operating activities	2,379	2,557	632	595
Acquisition of properties	-4,824	-5,585	-1,560	-747
Property sales	867	1,426	604	1,380
Investments in existing properties	-658	-666	-240	-209
Acquisition of listed shares	-1,949	-256	-286	-155
Acquisition of financial instruments	-7	-7	-	-
Acquisition of joint ventures and associated companies	-214	-260	-47	-246
Capital contribution to joint ventures and associated companies	-271	-150	-	-
Dividend to joint ventures and associated companies	-	-41	-	-41
Increase in other fixed assets	-16	-10	-	-
Decrease in other fixed assets	50	6	-	11
Cash flow from investing activities	-7,023	-5,543	-1,529	-7
Issue of Class D and B shares	36	527	-	-
Redemption of preference shares	-572	-	-	-
Dividend paid to shareholders	-792	-679	-63	-278
Incentive plan	-24	-9	-	-
Borrowings	13,997	7,886	1,068	255
Repayment of loans	-7,880	-4,791	-43	-706
Redemption of financial derivatives	-21	-8	-	-8
Decrease in other non-current liabilities	-52	-	-13	-1
Increase in other non-current liabilities	11	1	-	-
Cash flow from financing activities	4,703	2,926	949	-739
Cash flow for the period	59	-60	52	-151
Exchange rate differences in cash and cash equivalents	-	-2	-	-2
Change in cash and cash equivalents	59	-62	52	-153
Cash and cash equivalents at beginning of period	24	86	32	177
Cash and cash equivalents at end of period	84	24	84	24

Consolidated statement of changes in equity

Amounts in SEK M	Share capital	Other contributed capital	Reserves, translation differences	Profit earned incl. net profit for the period	Total equity ¹⁾
Equity, 31 December 2019	776	3,046	675	14,760	19,257
Issue of Class D shares	32	481	–	–	513
Transaction costs	–	–4	–	–	–4
Issue of Class B shares, incentive plan	1	20	–	–	20
Transaction costs	–	–1	–	–	–1
Dividends	–	–	–	–697	–697
Redemption of incentive plan	–	–	–	–14	–14
Incentive plan	–	–	–	5	5
Profit for the period, January-December 2020	–	–	–	3,711	3,711
Other comprehensive income, January-December 2020	–	–	–337	–	–337
Equity, 30 December 2020	808	3,542	338	17,765	22,452
Issue of Class B shares, incentive plan	1	36	–	–	36
Redemption of preference shares	–29	–	–	–543	–571
Transaction costs	–	–	–	–1	–1
Dividends	–	–	–	–776	–776
Redemption of incentive plan	–	–	–	–31	–31
Incentive plan	–	–	–	7	7
Profit for the period, January-December 2021	–	–	–	9,807	9,807
Other comprehensive income January-December 2021	–	–	155	–	155
Equity 31 December 2021	780	3,578	493	26,228	31,079

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

Parent Company income statement

Amounts in SEK M	2021 Jan-Dec	2020 Jan-Dec
Net sales	88	77
Administration costs	-107	-94
Loss before financial income and expenses	-19	-17
Profit from participations in Group companies	1,154	511
Profit from participations in joint ventures	96	85
Financial income	745	434
Financial expenses	-751	-475
Profit before tax and appropriations	1,224	538
Appropriations	106	52
Tax	-2	-2
Profit for the period	1,328	589

Condensed Parent Company balance sheet

Amounts in SEK M	2021 31 Dec	2020 31 Dec
Receivables from Group companies	1,725	1,654
Other financial fixed assets	13,080	8,035
Total fixed assets	14,805	9,690
Cash and bank balances	31	0
Receivables from Group companies	19,308	13,669
Other current assets	77	93
Total current assets	19,416	13,762
Total assets	34,220	23,453
Equity	4,213	4,227
Untaxed reserves	30	30
Non-current interest-bearing liabilities	8,992	10,673
Liabilities to Group companies	14,829	3,554
Deferred tax liabilities	4	4
Total non-current liabilities	23,825	14,232
Current interest-bearing liabilities	2,983	1,148
Liabilities to Group companies	2,885	3,514
Other current liabilities	284	302
Total current liabilities	6,152	4,964
Total equity, untaxed reserves and liabilities	34,220	23,453

Segment information

Profit items per segment	Rental revenue ¹⁾		Net operating income		Changes in value, properties				Total yield	
					Unrealised		Realised			
	2021 Jan-Dec	2020 Jan-Dec	2021 Jan-Dec	2020 Jan-Dec	2021 Jan-Dec	2020 Jan-Dec	2021 Jan-Dec	2020 Jan-Dec	2021 Jan-Dec	2020 Jan-Dec
Stockholm	667	671	565	565	1,266	324	-27	-3	1,804	886
Helsinki	665	593	534	469	1,044	64	28	-	1,606	532
Netherlands	355	291	323	263	656	411	2	-17	981	657
Paris	321	299	245	225	452	159	-	-	696	384
Finland, university cities	350	335	273	263	-69	40	-10	2	194	305
Madrid & Barcelona	119	105	105	90	61	202	-	-1	166	291
Rest of Finland	217	231	195	209	92	-1	13	-11	300	196
Rest of Sweden	150	151	141	143	84	51	-	-1	224	193
Rest of Europe	255	221	236	202	283	25	-	-	519	227
Non-specified	-	-	-42	-32	-	-	-	1	-42	-32
Total	3,100	2,898	2,573	2,397	3,870	1,274	6	-30	6,448	3,641

Asset items per segment	Market value properties		Investment properties		Acquisition properties		Divestment properties	
	2021 31 Dec	2020 31 Dec	2021 31 Dec	2020 31 Dec	2021 31 Dec	2020 31 Dec	2021 31 Dec	2020 31 Dec
Stockholm	11,755	10,552	207	297	109	386	-378	-295
Helsinki	9,076	6,771	236	237	971	32	-83	-
Netherlands	6,090	4,262	46	56	1,039	1,039	-3	-55
Paris	4,678	3,465	23	22	667	519	-	-
Finland, university cities	4,217	3,180	47	28	1,095	97	-97	-3
Madrid & Barcelona	2,263	1,873	31	1	268	839	-	-10
Rest of Finland	2,054	2,527	31	14	88	-	-743	-20
Rest of Sweden	2,001	1,886	31	7	46	1,073	-46	-1,073
Rest of Europe	3,933	3,033	6	3	541	1,600	-	-
Total	46,067	37,548	658	666	4,824	5,585	-1,351	-1,456

1) All rental revenue pertains to external tenants.

Key performance indicators

	2021 Jan-Dec	2020 Jan-Dec	Jan-Dec 2019	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec
Property-related key figures						
Property yield, %	6.0	6.3	6.4	6.8	6.9	7.1
Surplus ratio, %	83	83	83	83	83	85
Occupancy rate by area, %	96	95	95	95	95	93
Economic occupancy rate, %	96	95	95	95	94	94
Lettable area at the end of the period, 000 sqm	3,759	3,480	3,022	2,850	2,489	2,312
No. of properties at the end of the period	673	673	553	512	495	440
Financial key figures						
Return on total capital, %	6	7	7	7	7	7
Return on equity, %	37	18	24	24	30	33
Average interest rate, %	1.4	1.8	1.9	2.2	3.0	3.1
Fixed-interest period incl. derivatives, years	4.0	3.4	3.5	3.0	2.1	2.7
Loan maturity, years	4.3	3.4	3.8	3.6	3.1	3.6
Equity/assets ratio, %	50	48	48	46	42	38
Debt ratio, %	42	43	44	47	50	54
Net debt/run rate EBITDA, multiple	5.4	6.4	6.6	7.1	7.7	7.8
Net debt/EBITDA, multiple	5.8	6.4	6.6	7.4	8.1	8.7
Interest coverage ratio, multiple	6.5	5.7	4.9	4.2	3.7	3.4
Interest coverage ratio, EMTN programme, multiple	9.4	6.4	5.3	4.3	4.0	3.7
Data per Class A and B share (excluding 2,000,000 repurchased Class B shares)						
Price of Class B share at the end of the period, SEK	305.00	169.60	136.20	65.70	49.10	40.87
Net asset value, SEK	97.92	66.38	56.77	44.22	35.04	26.89
Equity, SEK	83.93	55.19	46.86	35.70	27.15	19.61
Equity after dilution, SEK	83.84	55.09	46.78	35.67	27.13	19.57
Earnings, SEK	30.09	10.80	12.15	9.24	8.86	7.27
Earnings after dilution, SEK	30.04	10.78	12.13	9.24	8.85	7.25
Profit from property management, SEK	8.01	6.63	5.51	4.31	3.71	2.99
Profit from property management after dilution, SEK	7.99	6.62	5.51	4.31	3.70	2.98
Cash flow, SEK	6.59	6.10	4.86	3.95	3.27	2.57
Cash flow after dilution, SEK	6.58	6.09	4.86	3.95	3.26	2.56
Dividend per share, SEK (proposed for 2021)	2.15	1.65	1.30	1.00	0.90	0.72
No. at end of period, millions	317.7	317.3	317.1	316.8	316.5	316.5
No. at end of period after dilution, millions	318.0	317.9	317.5	317.1	316.7	317.1
Average no., millions	317.5	317.1	316.9	316.7	316.5	316.5
Average no. after dilution, millions	318.0	317.7	317.3	316.9	317.0	317.2
Data per Class D share						
Share price at the end of period, SEK	33.40	32.05	36.35	31.70	29.92	28.30
Equity, SEK	35.00	35.00	35.00	35.00	35.00	35.00
Earnings, SEK	2.00	2.00	2.00	2.00	2.00	2.00
Dividend per share, SEK (proposed for 2021)	2.00	2.00	2.00	2.00	2.00	2.00
No. at end of period, millions	126.3	125.8	107.8	101.9	63.6	18.2
Average no., millions	126.2	118.4	105.7	83.0	43.1	2.9

1) Definitions of key performance indicators are provided on pages 30–31

The Sagax share and shareholders

At the end of the period, Sagax had 22,978 (19,807) shareholders. Sagax's market capitalisation amounted to SEK 101,048 M (58,412). In accordance with the resolution of an Extraordinary General Meeting, Sagax redeemed all preference shares in April 2021. Due to the exercise of warrants under the 2018/2021 Incentive Plan, Sagax issued 374,065 Class B common shares in June.

A total of 445,914,924 shares were outstanding at the end of the period, of which 2,000,000 were Class B treasury shares. Following the redemption of preference shares, Sagax has three classes of shares: Class A, B and D common shares. The shares are listed on Nasdaq Stockholm, Large Cap.

According to the Articles of Association, each Class D share is entitled to five times the total dividend on Class A and B shares, although not more than SEK 2.00 per share annually.

WARRANTS

Sagax has three warrant plans for the company's employees. In total, Sagax's employees hold warrants corresponding to 0.5% of the number of Class A and B shares outstanding. The company's CEO and Board Members do not participate in the plans. These plans are valid for three years, and encompass the periods 2019-2022, 2020-2023 and 2021-2024. The subscription price corresponds to the price paid for the Class B share

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

PROFIT FROM PROPERTY MANAGEMENT PER COMMON SHARE

Profit from property management per Class B share after dilution on a rolling 12-month basis amounted to SEK 7.99 (6.62), which, compared with the share price of the Class B share at the end of the period, corresponded to a multiple of 38.2 (25.5).

EQUITY PER CLASS A AND B SHARE

Equity per Class A and B share after dilution amounted to SEK 83.93 (55.19). NAV per Class A and B share amounted to SEK 97.92 (66.38). The share price for the Class B share at the end of the period was 364% (308) of equity per Class B share and 311% (255) 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	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Class A shares	303.00	168.50	3	4	1.0	0.5
Class B shares	305.00	169.60	44	22	134.6	33.4
Class D shares	33.40	32.05	55	58	9.0	8.3

Key performance indicators per Class B share

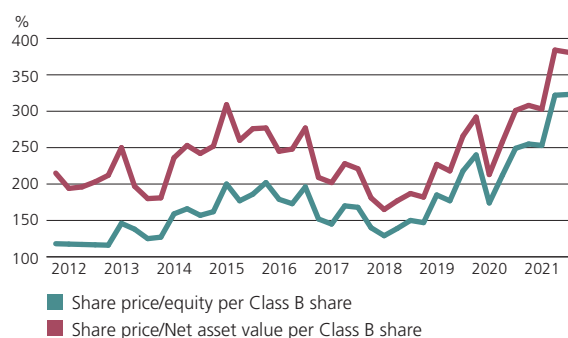
	2021 31 Dec	2020 31 Dec	2019 31 Dec	2018 31 Dec	2017 31 Dec	2016 31 Dec
Share price at the end of period, SEK	305.00	169.60	136.20	64.70	49.10	40.87
Profit from property management after dilution, SEK	7.99	6.62	5.51	4.30	3.70	2.98
Cash flow after dilution, SEK ¹⁾	6.58	6.09	4.86	3.94	3.26	2.56
Equity after dilution, SEK	83.84	55.11	46.78	35.67	27.13	19.57
Net asset value, SEK	97.92	66.38	56.77	44.22	35.04	26.89
Share price/Profit from property management, multiple	38.2	25.6	24.7	15.0	13.3	13.7
Share price/Cash flow, multiple ¹⁾	46.4	27.9	28.0	16.4	15.1	16.0
Share price/Equity, %	364	308	292	182	181	209
Share price/Net asset value, %	311	255	240	147	140	152

1) 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 December 2021

No. of shares	No. of shareholders	Shareholder category	No.	Share of voting power	Shareholders by country	No.	Share of voting power
1–500	16,672	Private individuals residing in Sweden	20,779	8%	Sweden	21,477	83%
501–1,000	1,814				Switzerland	50	6%
1,001–2,000	1,332	Private individuals residing abroad	117	0%	USA	23	3%
2,001–5,000	1,339				Ireland	73	2%
5,001–10,000	634	Companies/institutions in Sweden	698	75%	UK	32	1%
10,001–50,000	785				Other	1,323	4%
50,001–	402	Companies/institutions abroad	1,384	17%			
Total	22,978	Total	22,978	100%	Total	22,978	100%

Largest shareholders, 31 December 2021¹⁾

	No. of shares			Percentage of		Verification date
	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%	31 Dec 2021
Staffan Salén and companies	4,264,928	32,970,660	95,600	8.4%	11.0%	31 Dec 2021
Rutger Arnhult and companies	5,797,053	6,342,938	17,385,738	6.6%	11.9%	22 Oct 2021
Fourth Swedish National Pension Fund	5,716	16,267,423	10,021,678	5.9%	3.8%	31 Dec 2021
Third Swedish National Pension Fund	–	24,927,658	–	5.6%	3.6%	31 Dec 2021
SEB Fonder	–	12,578,849	–	2.8%	1.8%	31 Dec 2021
Avanza Pension	49,699	737,312	11,229,666	2.7%	1.8%	31 Dec 2021
Vanguard	–	5,898,303	3,667,507	2.1%	1.4%	30 Nov 2021
Länsförsäkringar Fonder	–	8,529,678	–	1.9%	1.2%	31 Dec 2021
BlackRock	–	6,466,097	10,729	1.5%	0.9%	31 Dec 2021
Filip Engelbert and companies	241,000	1,869,784	4,200,000	1.4%	1.2%	31 Dec 2021
Swedbank Robur Fonder	500,000	5,651,800	–	1.4%	1.6%	31 Dec 2021
Norges Bank	–	3,793,967	1,775,800	1.2%	0.8%	31 Dec 2021
Erik Selin and companies	1,081,866	2,367,116	1,656,868	1.1%	2.2%	31 Dec 2021
ODIN Fonder	–	3,955,739	–	0.9%	0.6%	31 Dec 2021
Handelsbanken Fonder	–	3,100,570	539,803	0.8%	0.5%	31 Dec 2021
AMF Pension & Fonder	–	2,875,326	–	0.6%	0.4%	31 Dec 2021
Johan Thorell and companies	203,254	2,332,540	158,912	0.6%	0.7%	31 Dec 2021
Folksam	–	2,661,471	–	0.6%	0.4%	31 Dec 2021
Nordnet Pensionsförsäkring	19,466	395,684	2,186,855	0.6%	0.4%	31 Dec 2021
Total 20 largest shareholders	23,011,782	210,640,027	54,121,384	64.5%	72.2%	
Other shareholders	3,821,072	80,180,714	72,139,945	35.0%	27.8%	
Sub-total	26,832,854	290,820,741	126,261,329	99.6%	100.0%	
Shares held by AB Sagax	–	2,000,000	–	0.4%	0.0%	
Total	26,832,854	292,820,741	126,261,329	100.0%	100.0%	
– of which, Board and employees	15,741,274	108,349,815	6,650,092	29.3%	39.7%	

1) The ownership structure on 31 December 2021 is based on information from Euroclear Sweden and Modular Finance.

2) Voting rights for treasury shares held by AB Sagax have been excluded.

Voting rights and proportion of share capital

Class of share	No.	Voting rights per share	No. of votes	Proportion of votes	Proportion of share capital
Class A shares	26,832,854	1.0	26,832,854.00	39%	6%
Class B shares	292,820,741	0.1	29,282,074.10	43%	66%
Class D shares	126,261,329	0.1	12,626,132.90	18%	28%
Total	445,914,924		68,741,061.00	100%	100%

Risks and uncertainties

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

PROPERTY-RELATED RISKS

The valuation of investment properties can be significantly affected by the judgments and assumptions made by company management. To reduce the risk of incorrect valuations, Sagax has engaged authorised external valuation companies to assess the market value of the majority of the properties as of 31 December 2021. When valuing properties, the constant existence of uncertainties regarding the assumptions made must be taken into account.

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

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

FINANCIAL RISKS

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

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

CURRENCY RISKS

The amounts in the consolidated balance sheet are partly exposed to exchange rate fluctuations, particularly for the EUR. Net exposure on 31 December 2021, assets less liabilities in EUR, amounted to SEK 6,729 M (8,496). 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

The COVID-19 pandemic resulted in higher uncertainty, which meant that Sagax commented on risks and effects related to the pandemic in a separate section. The impact on the company was limited and specific risks related to the pandemic are no longer deemed to exist in the future, which is why this section is no longer included.

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

Sensitivity analysis for property values

	-20%	-10%	0%	+10%	+20%
Value change, SEK M	-9,213	-4,607	0	4,607	9,213
Debt ratio, %	49	45	42	39	37

Sensitivity analysis for changes in the occupancy rate

	-10%	-5%	0%	+5%	+10%
Occupancy rate, %	86	91	96	N/A	N/A
Interest coverage ratio, %	633	642	651	N/A	N/A

Sensitivity analysis for property values

	Change	Value change, SEK M
Yield requirement	+/- 0.25% points	-1,412/+1,524
Cost of capital	+/- 0.25% points	-953/+972
Rental revenue	+/-5%	+1,958/-2,079
Property expenses	+/-5%	-290/+276

SENSITIVITY ANALYSIS

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

Sensitivity analysis on 31 December 2021¹⁾

Amounts in SEK M	Change	Effect on profit from property management, annual basis	Effect on profit after tax, annual basis	Effect on equity
Economic occupancy rate	+/-1% point	+/-34	+/-28	+/-28
Rental revenue	+/-1%	+/-33	+/-27	+/-27
Property expenses	+/-1%	-/+6	-/+4	-/+4
Interest expenses for liabilities in SEK including fixed income derivatives	+/-1% point	-12/+12	-10/+10	-10/+10
Interest expenses for liabilities in EUR including fixed income derivatives	+/-1% point	-11/+10	-9/+8	-9/+8
Change in SEK/EUR exchange rate ²⁾	+/- 10%	+/-168	+/-133	+/-673
Changed rent level for contract maturity in 2022	+/- 10%	+/-49	+/-40	+/-40

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

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

Accounting policies and important events

ACCOUNTING POLICIES

This condensed interim report has been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting. The term “IFRS” in this report means application of the International Financial Reporting Standards (IFRS), as adopted by the EU, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The accounting policies and calculation methods are the same as those applied in the 2020 Annual Report and are to be read together with this Annual Report.

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

The alternative performance measure “interest-bearing liabilities” has been replaced with “interest-bearing liabilities according to the balance sheet,” which is not an alternative performance measure. “Interest-bearing liabilities according to the balance sheet” includes allocated borrowing costs. On 31 December 2020, “interest-bearing liabilities according to the balance sheet” were SEK 76 M lower than “interest-bearing liabilities.” Comparative figures and the key performance indicators have been restated. The key performance indicators are unchanged apart from Net debt/run rate EBITDA, which was changed from a multiple of 6.5 to a multiple of 6.4.

Rounding-off differences may occur.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

On 1 February, 2022 it was announced that Sagax has through seven separate transactions acquired 9 properties for the equivalent of SEK 452 million. The properties comprise a lettable area of 42,900 square metres, mainly consisting of premises for warehousing and light industrial purposes. The annual rental income amounts to the equivalent of SEK 34 million. The occupancy rate is 98% and the average remaining lease term is 4.5 years. Closing will take place during the first quarter of 2022. The acquisitions will be reported in Sagax’s segments Netherlands (SEK 211 million), Helsinki (SEK 176 million), Madrid & Barcelona (SEK 13 million) and Rest of Europe (SEK 52 million).

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, 11 February 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. The information was released for publication on 11 February 2022 at 8:30 a.m. CET.

Financial calendar

2021 Annual Report	Week 16 2022
Interim Report January-March 2022	11 May 2022
Annual General Meeting 2021	11 May 2022
Interim Report January-June 2022	14 July 2022
Interim Report January-September 2022	27 October 2022

SCHEDULE OF DIVIDEND PAYMENTS TO HOLDERS OF CLASS D SHARES

March 2022

■ Final day for trading including dividend rights	29 March 2022
■ First day for trading excluding dividend rights	30 March 2022
■ Record date for dividend payment	31 March 2022
■ Expected payment date by Euroclear ¹⁾	5 April 2022

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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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 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 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 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 and preference 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 after taking into account equity attributable to preference shares. Equity is restricted to SEK 35.00 per Class D share.	The KPI 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 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 alternative performance measure.
Fixed income derivatives	Agreements on lending rates that may include the factors of time, inflation and/or maximum interest rates. Usually signed to hedge interest rates for interest-bearing loans.	Not an alternative performance measure.
IFRS	International Financial Reporting Standards. International Financial Reporting Standards (IFRS), to be applied for consolidated financial statements by companies whose securities are listed on a regulated market.	Not an alternative performance measure.
Interest coverage ratio	Profit from property management, excluding profit from joint ventures and associated companies but including dividends from joint ventures, after reversal of financial expenses in relation to financial expenses.	The 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 alternative performance measure.
Joint ventures	Partnership form whereby several owners have a shared controlling influence.	Not an alternative performance measure.

Key performance indicators	Description	Reason for alternative performance measure
Net asset value	Recognised equity according to the balance sheet with reversal of reserves for fixed income derivatives, deferred tax on temporary differences on property values and deferred tax on reserves for fixed income derivatives.	An established indicator of the Group's net asset value that facilitates analyses and comparisons with EPRA NAV.
Net debt	Interest-bearing liabilities less interest-bearing assets, cash and cash equivalents, and listed shares.	The 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 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.
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 KPI 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 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 alternative performance measure.
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 alternative performance measure.

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

Amounts in SEK M unless otherwise stated	2021 Jan-Dec	2020 Jan-Dec	Amounts in SEK M unless otherwise stated	2021 Jan-Dec	2020 Jan-Dec
Return on equity			Run rate yield		
Profit after tax	9,807	3,711	Net operating income according to current earnings capacity	2,761	2,370
Addition for translation to annual value	–	–	Add-back of site leasehold fees	–26	–25
Average equity	26,766	20,855	Adjusted net operating income	2,735	2,345
Return on equity	37%	18%	Carrying amount of properties	46,067	37,548
Return on total capital			Run rate yield	5.9%	6.2%
Profit from property management	2,805	2,389	Run rate EBITDA		
Addition for translation to annual value	–	–	Net operating income according to current earnings capacity	2,761	2,370
Financial expenses	447	481	Central administration	–147	–132
Addition for translation to annual value	–	–	Dividends from joint ventures and associated companies	373	424
Profit before financial expenses	3,252	2,870	Run rate EBITDA	2,987	2,662
Average total capital	54,725	43,388	Profit from property management		
Return on total capital	6%	7%	Profit after tax	9,807	3,711
Occupancy rate by area			Tax	1,294	891
Contracted area, '000s sqm	3,625	3,312	Changes in value	–8,297	–2,213
Total lettable area, '000s sqm	3,759	3,480	Profit from property management	2,805	2,389
Occupancy rate by area	96%	95%	Profit from property management per Class A and B share after dilution		
Debt ratio			Profit from property management	2,795	2,389
Interest-bearing liabilities	26,354	19,828	Dividends attributable to preference and Class D shares	–253	–285
Total assets	62,472	46,622	Adjusted profit from property management	2,543	2,104
Debt ratio	42%	43%	Profit from property management per Class A and B share after dilution, SEK	7.99	6.62
Property yield			Profit from property management per Class A and B shares, rolling 12 months		
Net operating income	2,573	2,397	Profit from property management, rolling 12 months	2,805	2,389
Add-back of site leasehold fees	–26	–25	Dividends attributable to preference and Class D shares, rolling 12 months	–253	–285
Addition for translation to annual value	–	–	Adjusted profit from property management	2,552	2,104
Holding adjustment, acquisitions/divestments	139	57	No. of Class A and B shares after dilution, rolling 12 months	318,010,050	317,691,982
Currency translation to closing rate	44	–67	Profit from property management per Class A and B share, current period, rolling 12 months	7.99	6.62
Adjusted net operating income	2,730	2,362	Profit from property management per Class A and B share, preceding period, rolling 12 months	6.62	5.52
Carrying amount of properties	46,067	37,548	Annual percentage growth rate, rolling 12 months	21%	20%
Property yield	6.0%	6.3%	Rental revenue, comparable portfolios¹⁾		
EBITDA rolling 12 months			Rental revenue	3,100	2,898
Net operating income	2,573	2,397	Acquired and sold properties	–558	–324
Central administration	–147	–132	Currency adjustment	–	63
Dividends from joint ventures and associated companies	373	424	Other adjustment	–6	–
EBITDA	2,799	2,689	Rental revenue, comparable portfolios excluding currency effects	2,535	2,511
Equity per Class A and B share			<i>1) The preceding period has been adjusted based on the assumption that the exchange rate is the same as in the current period.</i>		
Equity	31,079	22,452			
Equity attributable to preference and Class D shares	–4,419	–4,940			
Adjusted equity attributable to Class A and B shares	26,660	17,512			
No. of shares	317,653,595	317,279,530			
No. of shares after dilution	317,984,595	317,891,458			
Equity per Class A and B share, SEK	83.93	55.19			
Equity per Class A and B share after dilution, SEK	83.84	55.09			
Economic occupancy rate					
Contractual annual rent	3,324	2,865			
Rental value	3,459	3,024			
Economic occupancy rate	96%	95%			

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

Amounts in SEK M unless otherwise stated	2021 Jan-Dec	2020 Jan-Dec	Amounts in SEK M unless otherwise stated	2021 Jan-Dec	2020 Jan-Dec
Cash flow per Class A and B share			Interest coverage ratio		
Profit before tax	10,543	4,330	Profit from property management	2,805	2,389
Items not affecting cash flow	-8,051	-2,055	Reversal of profit from property management joint ventures and associated companies	-713	-565
Tax paid	-146	-55	Dividend from joint ventures and associated companies	373	424
Dividends attributable to preference and Class D shares	-253	-285	Financial expenses	447	481
Cash flow	2,093	1,935	Adjusted profit from property management before financial expenses	2,912	2,729
Cash flow per Class A and B share after dilution, SEK	6.58	6.09	Interest coverage ratio	6.5x	5.7x
Net debt			Interest coverage ratio, EMTN programme		
See page 12.			Profit from property management	2,805	2,389
Net debt according to EMTN programme			Net financial items	334	442
Interest-bearing liabilities	26,354	19,828	Profit from property management before net financial items	3,139	2,831
Cash and cash equivalents and listed shares	-9,464	-2,164	Interest coverage ratio	9.4 x	6.4x
Net debt according to EMTN programme	16,890	17,664	Equity/assets ratio		
Net debt according to EMTN programme/Total assets			Equity	31,079	22,452
Net debt according to EMTN programme	16,890	17,664	Total assets	62,472	46,622
Total assets	62,472	46,622	Equity/assets ratio	50%	48%
Net debt according to EMTN programme/ Total assets	27%	38%	Net asset value		
Net debt/EBITDA			Equity	31,079	22,452
Net debt	16,214	17,114	Equity attributable to preference and Class D shares	-4,419	-4,940
EBITDA rolling 12 months	2,799	2,689	Reversal of derivatives	74	118
Net debt/EBITDA	5.8x	6.4x	Reversal of deferred tax, temporary differences	3,383	2,590
Net debt/run rate EBITDA			Reversals due to joint ventures	1,019	881
Net debt	16,214	17,114	Net asset value	31,136	21,101
EBITDA, run rate	3,006	2,662	NAV per Class A and B share after dilution, SEK	97.92	66.38
Net debt/EBITDA run rate	5.4x	6.4x	Secured liabilities/Total assets		
Net debt/Total assets			Secured liabilities	189	5,086
Net debt	16,214	17,114	Total assets	62,472	46,622
Total assets	62,472	46,622	Secured liabilities/Total assets	0%	11%
Net debt/Total assets	26%	37%	Surplus ratio		
Earnings per Class A and B share¹⁾			Net operating income	2,573	2,397
Profit after tax	9,807	3,711	Rental revenue	3,100	2,898
Dividends attributable to preference and Class D shares	-253	-285	Surplus ratio	83%	83%
Adjusted profit after tax	9,554	3,426			
Earnings per Class A and B share after dilution, SEK	30.04	10.78			

1) IFRS performance measure.

AB Sagax is a property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industry segment. Sagax's property holdings on 31 December 2021 amounted to 3,759,000 square metres, distributed between 673 properties.

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

More information is available at www.sagax.se.

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