

INTERIM REPORT JANUARY – MARCH 2023

AB | SAGAX

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

Interim report January – March 2023

FIRST QUARTER 2023

- Rental revenue increased 14% to SEK 1,007 M (SEK 885 M in the year-earlier period).
- Profit from property management increased 20% to SEK 943 M (786).
- Profit from property management per Class A and B share after dilution rose 22% to SEK 2.76 (2.27).
- Property revaluation had an impact on profit of SEK –659 M (1,406).
- Revaluation of financial instruments had an impact on profit of SEK –525 M (–233).
- Loss after tax for the quarter was SEK –267 M (profit: 1,581).
- Cash flow from operating activities before changes in working capital rose 25% to SEK 838 M (670), corresponding to SEK 2.43 (1.91) per Class A and B share after dilution.
- Net investments in properties amounted to SEK 162 M (1,116), of which property acquisitions accounted for SEK 19 M (964).

UNCHANGED FORECAST FOR 2023

Profit from property management for 2023, 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 3,600 M. The forecast was presented in the 2022 year-end report.

Selected key performance indicators¹⁾²⁾

	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec	2021 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec
Profit from property management per Class A and B share after dilution, SEK	2.76	2.27	9.70	7.99	6.62	5.51	4.31
Change compared with preceding year, %	22	26	21	21	20	28	16
Earnings per Class A and B share after dilution, SEK	–1.04	4.77	7.75	30.04	10.78	12.13	9.24
Dividend per Class A and B share, SEK (2022 proposed)	–	–	2.70	2.15	1.65	1.30	1.00
Net debt/EBITDA, multiple	7.2	6.9	7.1	5.8	6.4	6.6	7.4
Interest coverage ratio, multiple	6.0	7.3	7.1	6.5	5.7	4.9	4.2
Debt ratio at the end of the period, %	45	42	45	42	43	44	47
Properties' market value at the end of period, SEK M	53,011	48,403	52,682	46,067	37,548	32,625	29,024
Yield, %	6.0	5.8	5.8	6.0	6.3	6.4	6.8

1) Definitions of key performance indicators are provided on pages 31-32.

2) The calculation of alternative performance measures is provided on pages 33-34

Business concept, targets and strategies

BUSINESS CONCEPT

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

OPERATIONAL TARGETS

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

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

FINANCIAL TARGETS

Sagax has the following financial targets:

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

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

Financial targets

	Outcome rolling 12 months	Five-year average
Return on equity, measured over a five-year period, shall exceed 15% per year	3%	21%
Profit from property management per Class A and B share shall increase by a minimum of 15% per year	20%	21%

STRATEGIES

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

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

Investment strategy

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

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

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

Financing strategy

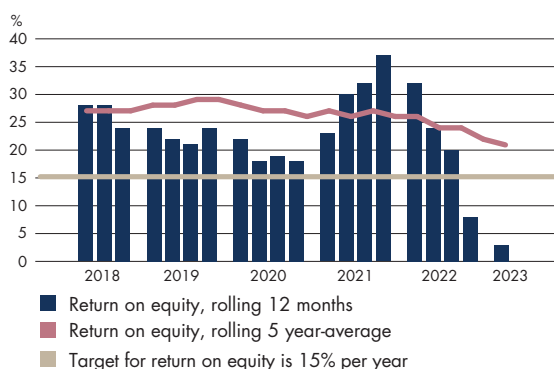
The financial structure of Sagax is designed with a clear focus on operating cash flow and interest coverage ratio. This is expected to create both good prerequisites for expansion and attractive return on equity.

The chart on page 4 shows that Sagax's cash flow from operating activities largely corresponds to its profit from property management. The difference is mainly due to joint ventures and associated companies, where dividends instead of profit from property management are recognised as cash flow from operating activities.

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

The company has three classes of shares: Class A, B and D common shares. The Class A and B shares participate fully in the company's profit

Return on equity



Profit from property management per Class A and B share



or equity. The Class D shares participates in an annual dividend of up to SEK 2.00 per share. The aim with the Class D shares is to attract investor categories that value stable and regular dividends while limiting dilution for the holders of common shares of Class A and B.

Asset management strategy

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

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

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

SUSTAINABILITY ACTIVITIES

The aim of Sagax's sustainability activities is to avoid short-term gains arising at the expense of negative longer-term consequences. The company's investing activities, management and funding are conducted to achieve the best possible long-term – meaning sustainable – outcome. The planning, governance and monitoring of sustainability activities follow Sagax's organisational structure with well-defined delegation of

responsibilities and authorities. Sustainability activities are based on applicable legislation and internal policies. Sagax has identified the following focus areas:

Environmental and resource efficiency

Heating premises and the use of electricity account for the largest share of properties' energy use. Sagax continuously takes action to reduce its energy consumption.

Business ethics

Sagax works actively to combat all forms of corruption, and has a whistle-blower function available on the Sagax website and a Code of Conduct for Suppliers.

Financial sustainability

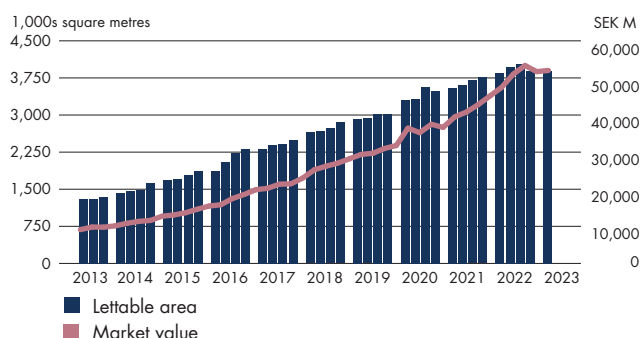
Sagax's business model is characterised in all areas by a long-term approach. Short-term gains are subordinate to the company's long-term value creation. Accordingly, sustainability work is integrated into the business model.

Professional and dedicated employees

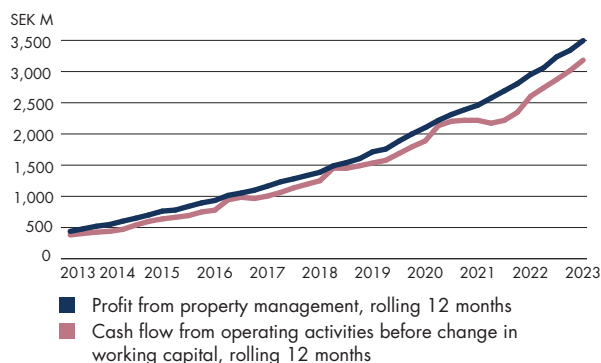
The development of the company is dependent on highly skilled employees. For this reason, it is important that the company is an attractive employer that can attract and has the ability to retain highly skilled personnel. Sagax employees are expected to assume responsibility for their work duties and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

Additional information on Sagax's sustainability activities is available in the sustainability report in Sagax's 2021 Annual Report.

Market value and lettable area of properties



Profit from property management and cash flow





In the beginning of the second quarter, Sagax acquired a portfolio of four properties in Oulu, Finland. The properties encompass 9,000 square metres of lettable area and are fully let.

Profit, revenue and expenses

The profit/loss and cash flow items below refer to the January to March 2023 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 period.

PROFIT

Profit from property management rose 20% to SEK 943 M (786), of which joint ventures and associated companies accounted for SEK 185 M (187). Profit from property management increased following property acquisitions and indexation of rental revenue. Profit from property management per Class A and B share after dilution rose 22% to SEK 2.76 (2.27).

Changes in the value of properties impacted profit by SEK –659 M (1,406), of which SEK –325 M (541) referred to changes in value from joint ventures and associated companies. The changes in value were primarily due to changed capitalisation rates and higher inflation expectations.

Revaluation of financial instruments had an impact on profit of SEK –525 M (–233), of which SEK –450 M (–544) referred to revaluation of listed shares.

Loss after tax for the period was SEK –267 M (profit: 1,581).

REVENUE

Rental revenue rose 14% to SEK 1,007 M (885). Revenue was primarily positively affected by property acquisitions, indexation and the strengthening of the EUR against the SEK. Rental revenue was negatively impacted by the sale of 36 properties in Spain.

During the period, rental revenue in comparable portfolios increased 6.8% (4.8) excluding currency effects. The segments with the largest increases were the Netherlands with 13.6%, Sweden 8.6% and France 5.4%.

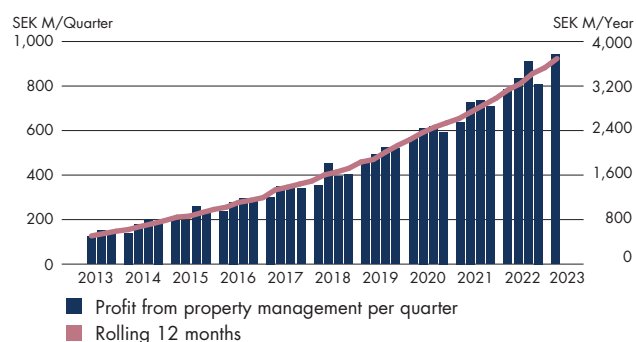
Other revenue amounted to SEK 4 M (6).

Rental revenue, comparable portfolios

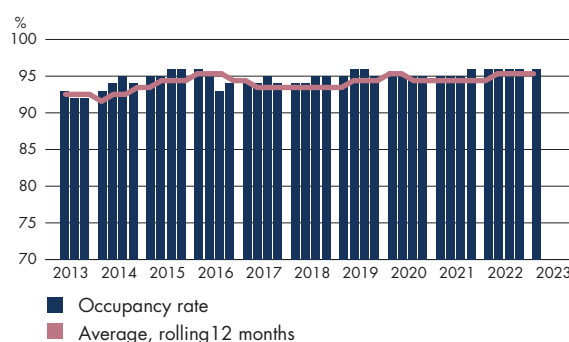
Amounts in SEK M	2023 Jan-Mar	2022 Jan-Mar
Rental revenue	1,007	885
Acquisitions and divestments	–74	–57
Currency adjustment ¹⁾	–	46
Total	934	874

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

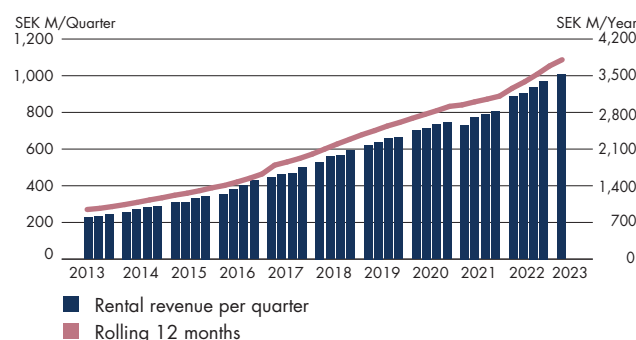
Profit from property management



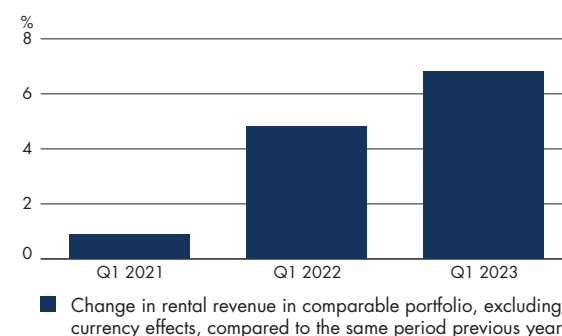
Economic occupancy rate



Rental revenue



Rental revenue, comparable portfolios



CHANGE IN THE ECONOMIC OCCUPANCY RATE

The economic occupancy rate amounted to 96% (96). During the period, the vacancy value rose SEK 54 M (43) due to tenants vacating premises and declined SEK 51 M (52) following new lettings. Fixed-term rent discounts fell SEK 4 M (increase: 8) to SEK 35 M (45) on an annual basis at the end of the period. Acquisitions and property divestments during the period reduced the vacancy value by a net SEK 1 M (increase: 4). Total vacancy value at the end of the period amounted to SEK 171 M (139).

FUTURE VACANCY CHANGES

At the end of the period, notice of termination had been served for leases with a rental value of SEK 93 M (120), of which leases with notice of vacating the premises accounted for SEK 90 M (119) and leases with notice of renegotiation for SEK 3 M (1). Of the leases for which notice had been received, vacancies corresponding to a rental value of SEK 51 M will occur in 2023. Lettings of premises to tenants who have not yet occupied reduced the adjusted vacancy value by SEK 39 M (29). New lettings corresponding to a rental value of SEK 34 M will occur in 2023. The adjusted vacancy value was SEK 225 M (229).

Vacancy changes

Amounts in SEK M	2023 Jan-Mar	2022 Jan-Dec
Opening vacancy for each year	171	135
Vacancies	54	220
New lettings	-51	-207
Change in discounts provided	-4	1
Vacancy value, acquired properties	-	19
Vacancy value, sold properties	-1	-5
Change in exchange rates	1	8
Closing vacancy value	171	171
Terminated for renegotiation	3	3
Terminated lease, not vacated	90	104
Letting, not occupied	-39	-49
Adjusted closing vacancy value	225	229

PROPERTY EXPENSES

Operating and maintenance costs amounted to SEK 129 M (116). Expenses for property tax increased to SEK 50 M (44). Other property expenses rose to SEK 23 M (20). The increase was primarily due to property acquisitions and increased heating and electricity prices.

CENTRAL ADMINISTRATION

Central administration costs amounted to SEK 42 M (35), corresponding to 4.1% (4.0) of the period's rental revenue. The increase in costs is the consequence of a larger organisation.

At the end of the period, Sagax had 95 (89) employees. Functions such as property caretaking and on-call operations are outsourced. Sagax has offices in Stockholm, Helsinki, Paris, Rotterdam, Barcelona and Frankfurt.

PROFIT FROM JOINT VENTURES AND ASSOCIATED COMPANIES

Number of employees

Country	Total
Sweden	39
Finland	28
France	12
Netherlands	9
Spain	6
Germany	1
Total	95

Signed leases and leases terminated

Year of occupancy and vacancy	New lettings		Vacancies	
	No. of leases	Rental value, SEK M	No. of leases	Rental value, SEK M
2023	19	34	61	51
2024	2	6	16	23
2025	-	-	3	6
2026	-	-	1	2
2027	-	-	1	8
>2027	-	-	-	-
Total	21	39	82	90

Vacancies, 1 April 2023

Segment	Rental value, SEK M	Vacancy value, SEK M ¹⁾	Economic vacancy rate ¹⁾	Lettable area, sqm	Vacant area, sqm	Vacancy rate by area
Sweden	1,004	75	8%	906,000	63,000	7%
Finland	1,678	59	4%	1,393,000	56,000	4%
France	671	19	3%	607,000	20,000	3%
Netherlands	552	11	2%	597,000	9,000	2%
Spain	210	3	1%	298,000	6,000	2%
Germany	110	4	3%	85,000	8,000	9%
Rest of Europe	12	-	-	6,000	-	-
Total	4,237	171	4%	3,894,000	162,000	4%

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

Profit from joint ventures and associated companies for the period amounted to SEK –147 M (687), of which profit from property management accounted for SEK 185 M (187), changes in the value of properties for SEK –325 M (541) and changes in the value of fixed income derivatives for SEK –16 M (138). Tax on profit in joint ventures and associated companies amounted to SEK 9 M compared with SEK –179 M last year. Refer also to page 13 for additional information.

NET FINANCIAL ITEMS

Financial expenses, excluding the interest component of IFRS 16 Leases, increased to SEK –165 M (–110) due to the increase in interest-bearing liabilities and higher market interest rates impacting the Group's borrowing. The average interest rate on interest-bearing liabilities was 1.9% (1.5) on the balance sheet date.

The interest component of IFRS 16 Leases was unchanged at SEK –7 M (–7). This expense primarily comprised site leasehold fees and ground rents.

Financial income amounted to SEK 164 M (39) and primarily referred to non-recurring income for repurchased bonds of SEK 59 M, financial income of SEK 39 M attributable to the current financial lease asset that arose as a result of the contracted divestment of 36 properties in Spain, and SEK 45 M (26) in dividends on listed shares, of which dividends from Nyfosa amounted to SEK 39 M.

REVALUATION OF PROPERTIES

Sagax uses external valuations to determine the market value of its properties. As per the balance sheet date, a corresponding 97% of the market value of the properties had been externally valued. The changes in value for the properties amounted to SEK –333 M (865), of which unrealised changes in value amounted to SEK –333 M (870). Of this unrealised change in value, SEK 174 M (40) was attributable to property management and SEK –508 M (830) was related to general changes in market value, see table below. Refer also to page 12 for additional information.

Unrealised changes in value

Amounts in SEK M	Jan-Mar 2023
New lettings/Renegotiations	266
Vacancies/Renegotiations	–92
General change in market value	–508
Total	–333

REVALUATION OF FINANCIAL INSTRUMENTS

The change in value of financial instruments was SEK –509 M (–371).

The change in value attributable to fixed income derivatives amounted to SEK –2 M (83). Revaluation of listed shares resulted in a change in value of SEK –450 M (–544), of which the shareholding in Nyfosa was revalued by SEK –351 M (–560). The revaluation of financial instruments attributable to joint ventures amounted to SEK 2 M (85). Other financial instruments were revalued by SEK –59 M (5).

TAX

Sagax recognised a tax expense of SEK 36 M (199) comprising of a current tax expense of SEK 43 M (20) and a deferred tax income of SEK 7 M (deferred tax expense of 179). The tax expense recognised in other comprehensive income amounted to SEK 0 M (6). The Group's deferred tax liabilities at the end of the period amounted to SEK 3,801 M (3,279).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 838 M (670). Changes in working capital had an impact of SEK –208 M (–195) on cash flow. Investing activities had an impact of SEK –430 M (–1,442) on cash flow, and cash flow from financing activities contributed SEK –222 M (1,289) to Sagax. In total, cash and cash equivalents changed SEK –20 M (318) 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. The Parent Company's management fees from Group companies amounted to SEK 25 M (20).

Forecast and current earnings capacity

UNCHANGED FORECAST FOR 2023

Profit from property management for 2023, 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 3,600 M. The forecast was presented in the 2022 year-end report. From the second quarter, the shareholding in Nyfosa AB is included in the forecast as an associated company.

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 on 1 April. It is important to note that this capacity cannot be compared with a forecast for the forthcoming 12 months since it does not contain assessments about, for example, future vacancies, 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 addition for estimated market rents for vacant premises. Property expenses are based on actual outcomes over the past

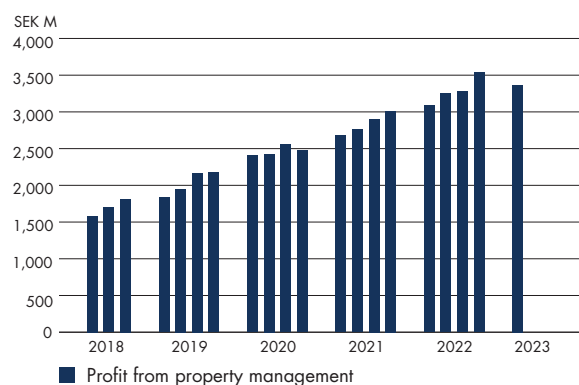
12 months adjusted for the holding period. Central administration costs are based on actual outcomes over the past 12 months. Net financial items are calculated based on interest-bearing liabilities and assets on the balance sheet date. Expenses for interest-bearing liabilities are based on the Group's estimated average interest rate, plus financing costs allocated over time and costs attributable to credit facilities that were unutilised on the balance sheet date. Financial income attributable to the current financial lease asset that arose as a result of the sale of 36 properties in Spain to the tenant is included in the amount of SEK 97 M in the calculation of net financial items as per 1 April 2023. Lease expenses essentially pertain to site leasehold fees that are based on actual outcomes over the past 12 months adjusted for the holding period. Dividends attributable to the company's holdings of listed shares were not taken into account in the earnings capacity. Tax is calculated at the standard tax rate of 18% (18). Translation from EUR took place at the closing rate of SEK 11.28 (11.13).

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.

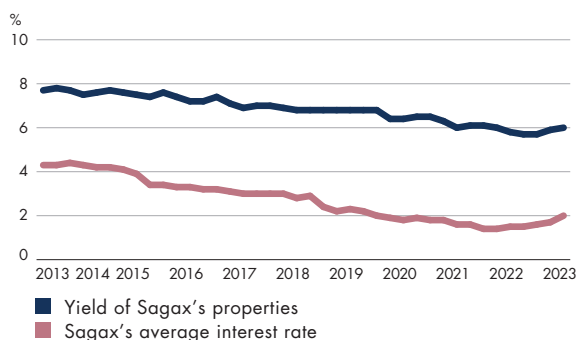
Current earnings capacity

Amounts in SEK M	1 Apr 2023	1 Jan 2023
Rental value	4,237	4,195
Vacancy	-171	-171
Rental revenue	4,065	4,024
Property expenses	-748	-704
Net operating income	3,318	3,319
Central administration	-180	-174
Joint ventures and associated companies	772	818
Net financial items	-515	-398
Lease expenses	-28	-28
Profit from property management	3,367	3,538
Tax	-606	-637
Profit after tax	2,761	2,902
– of which, holders of Class D shares	252	252
– of which, holders of Class A and B shares	2,509	2,650
Run rate yield, %	6.2	6.3
Net debt/run rate EBITDA, multiple	6.8	6.5

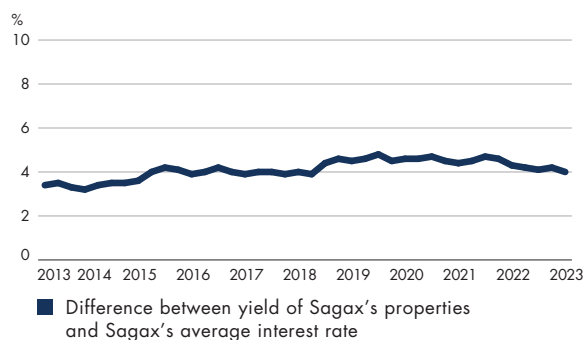
Current earnings capacity before tax



Yield and interest rate



Difference between yield and interest rate



Property portfolio

The property portfolio comprised 749 (690) properties with a lettable area of 3,894,000 square metres (3,847,000). At the end of the period, the rental value and contractual annual rent amounted to SEK 4,237 M (3,608) and SEK 4,065 M (3,469), respectively. This corresponds to an economic occupancy rate of 96% (96).

INVESTMENTS

During the period, Sagax invested SEK 183 M (1,116), of which property acquisitions accounted for SEK 19 M (964).

A total of SEK 165 M (152) was invested in the existing property portfolio. SEK 56 M referred to property maintenance and SEK 40 M to new construction. In addition, SEK 61 M was invested in connection with new lettings and SEK 7 M against rent supplements. A total of SEK 6 M was invested in energy-saving measures.

In addition, after the end of the period, Sagax entered into agreements to acquire 15 properties, of which five properties are located in Sweden, four properties in Finland and the remaining properties in France, the Netherlands and Spain. The total investment will amount to SEK 513 M and the properties have a total lettable area of 36,400 square metres.

DIVESTMENTS

Three properties in France were divested during the period for a total purchase consideration of SEK 21 M.

PROPERTY PORTFOLIO YIELD

The yield for the period in relation to market value at the end of the period amounted to 6.0% (5.8).

Summary of property portfolio, 1 April 2023

Segment	Market value			No. of properties	Lettable area, sqm	Vacant area, sqm	Rental value, SEK M	Economic occupancy rate	Contractual annual rent, SEK M
	SEK M	Share	SEK per sqm						
Sweden	14,818	28%	16,300	115	906,000	63,000	1,004	92%	929
Finland	18,078	34%	13,000	218	1,393,000	56,000	1,678	96%	1,619
France	8,114	15%	13,400	192	607,000	20,000	671	97%	651
Netherlands	7,263	14%	12,200	129	597,000	9,000	552	98%	540
Spain	3,270	6%	11,000	84	298,000	6,000	210	99%	208
Germany	1,326	3%	15,600	9	85,000	8,000	110	97%	107
Rest of Europe	143	0%	22,100	2	6,000	–	12	100%	12
Total	53,011	100%	13,600	749	3,894,000	162,000	4,237	96%	4,065

Property investments January–March 2023

Amounts in SEK M	Property acquisitions	Existing portfolio	Total	Share of total investments	Divestments	Net investments
Sweden	15	93	108	59%	–	108
Finland	1	30	31	17%	–	31
France	1	21	22	12%	–21	0
Netherlands	1	10	10	6%	–	10
Spain	–	10	10	5%	–	10
Germany	1	1	2	1%	–	2
Rest of Europe	–	–	–	–	–	–
Total	19	165	183	100%	–21	162

LEASE STRUCTURE

Sagax has a diverse lease structure, which improves the company's possibilities 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 tenants and to achieve diversification in terms of the duration and size of its leases.

Sagax's annual rent at the end of the period was distributed between 2,250 leases (2,130). The table below presents the size of Sagax's leases in relation to the Group's annual rent at the end of the period. The table shows that 2,241 leases (2,120) each had a rental value of less than 1% of the Group's annual rent. The total rental value for these leases accounted for 87% (83) of Sagax's annual rent. In addition, Sagax is party to eight leases (eight) with a rental value corresponding to 1–2% of the Group's annual rent. Combined, these leases total 11% (11) of Sagax's annual rent. Only one (two) of Sagax's leases had an annual rental value that accounted for more than 2% of the Group's annual rent. This lease represented 2% of the Group's annual rent.

Distribution of leases

Share of contractual annual rent	Annual rent		No. of leases	Average annual rent, SEK M	Lease term, years
	SEK M	Share, %			
>2%	99	2	1	99	14
1–2%	435	11	8	54	6
<1%	3,531	87	2,241	2	4
Total	4,065	100	2,250	2	5

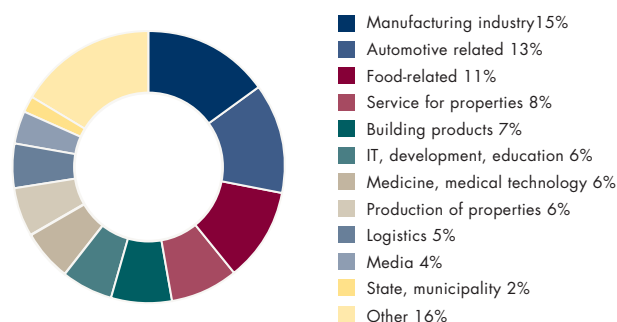
Lease terms

Year of expiry	No.	Area, sqm	SEK M	Share
2023	652	317,000	370	9%
2024	508	536,000	618	15%
2025	395	671,000	624	15%
2026	250	447,000	504	12%
2027	142	394,000	382	9%
>2027	303	1,365,000	1,567	39%
Total	2,250	3,731,000	4,065	100%

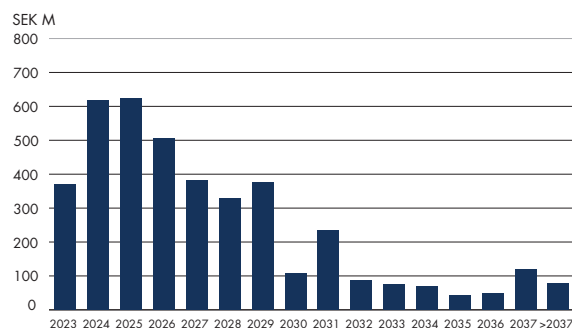
Sagax's tenants operate in a variety of sectors. Companies in the manufacturing industry account for 15% (15) of rental revenue. The automotive-related industry, including sales, service and manufacturing, accounts for 13% (12) of rental revenue and food-related operations for 11% (15). Diverse tenant industries are considered to lower the risk of vacancies and rent losses. The main industries are presented in the pie chart below.

According to Sagax's asset management strategy, the company strives to secure long-term leases and an even distribution of contract maturities over the years. This is deemed to reduce the risk of significant variations in the Group's occupancy rate. Leases representing 48% of the annual rent expire in or after 2027. 9–15% of annual rent expires each year between 2023 and 2026.

Industry exposure



Year of maturity of annual rent



Market value of property portfolio

Sagax prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The company has decided to measure its properties at fair value according to Level 3 of IFRS 13 Fair Value Measurement.

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

The total market value of Sagax's 749 properties (690) was established at SEK 53,011 M (48,403) on 31 March 2023. Exchange rate fluctuations during the period resulted in property values denominated in EUR and DKK increasing by SEK 501 M (350).

The unrealised change in value for the period amounted to SEK –333 M (870) corresponding to a change in value of –0.6%. In the same period, weighted inflation was 1.3% in the markets where Sagax is active. Accordingly, the change in value, adjusted for inflation, amounted to –1.9%.

Of this unrealised change in value, SEK 174 M was attributable to property management and SEK –508 M mainly related to assumptions of higher operating and maintenance costs, higher capitalisation rates and higher real estate transfer tax in the Netherlands.

Higher interest rates and less favourable funding terms continued to negatively affect liquidity in the property market. A number of transactions in Sagax's market segments were carried out during the year, although the turnover rate is low compared with prior years. Uncertainty in the value assessments thus remained higher than normal.

VALUATION METHOD AND IMPLEMENTATION

The valuations were carried out in accordance with generally accepted international valuation methods. Properties corresponding to 97% of the property value have been valued by authorised property appraisers from independent valuation companies as per 31 March 2023. For other properties, the market value was determined as the acquisition price or internal valuations were applied.

The principal method of appraisal used was cash flow calculations in which the present value of net operating income, investments and residual values was calculated. The calculation period was adjusted to the remaining term of existing leases and varies between five and 20 years. As a rule, the calculation period is ten years. For more information, see Sagax's 2022 Annual Report, page 96.

ANALYSIS AND GENERAL CONDITIONS

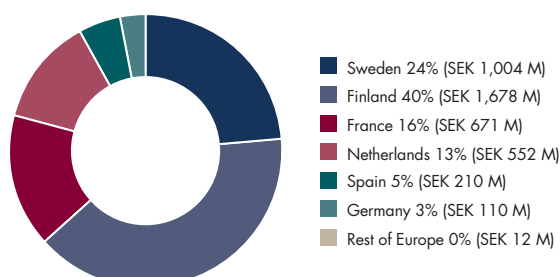
The discount rate for the present value calculation of cash flows (4.8–16.1%), the discount rate for the present value calculation of residual values (4.8–16.1%) and the capitalisation rate for the residual value calculations (4.0–14.0%) are based on comparable transactions and by individual assessments of the risk level and market position of each property.

The weighted discount rate for the present value calculation of cash flows and residual values for the property portfolio increased to 7.8% (7.3) and 7.8% (7.4), respectively. The weighted capitalisation rate rose to 6.3% (6.2).

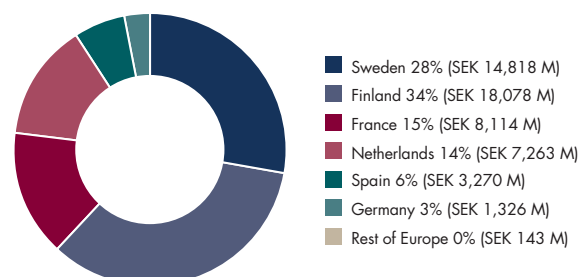
Change in the carrying amounts of the property portfolio

	SEK M	No.
Property portfolio, 31 December 2022	52,682	751
Acquisition of properties	19	1
Investments in the existing portfolio	165	
Divestment of properties	–21	–3
Currency translation effect	501	
Unrealised changes in value	–333	
Property portfolio, 31 March 2023	53,011	749

Group's rental value



Market value of properties



Joint ventures and associated companies

In addition to the directly owned property portfolio, Sagax has invested in joint ventures and associated companies since 2010. The investment objective is to reach markets that Sagax does not have the capacity to reach, but which are considered attractive for shareholders. The accumulated investments amounted to SEK 3,230 M, which has generated an accumulated dividend of SEK 2,487 M for Sagax. The carrying amount of these investments amounted to SEK 10,815 M (10,504), of which 91% comprised Hemsö Fastighets AB, Söderport Property Investment AB and NP3 Fastigheter AB.

These investments contributed a total of SEK 185 M (187) to profit from property management during the period and SEK 114 M (135) to the cash flow. Sagax's share of changes in the value of properties amounted to SEK –325 M (541) and the share of changes in the value of derivatives was SEK –16 M (138).

JOINT VENTURES

Hemsö Fastighets AB (Hemsö)

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

Söderport Property Investment AB (Söderport)

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

A corresponding 75% of Söderport's rental value of SEK 1,073 M was located in Stockholm on 31 March 2023.

Fastighetsaktiebolaget Ess-Sierra (Ess-Sierra)

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

ASSOCIATED COMPANIES

NP3 Fastigheter AB (NP3)

Sagax owns 21.3% of the votes and 15.8% of the capital in NP3. The market value of Sagax's shareholding amounted to SEK 2,451 M and the carrying amount to SEK 2,179 M (1,996). NP3 is a property company focusing on commercial properties with high yields mainly in northern Sweden. The company's property portfolio encompassed 488 properties with a total property value of SEK 19.8 billion and a rental value of SEK 1,894 M on 31 March 2023. NP3 is listed on Nasdaq Stockholm, Large Cap. For more information, refer to www.np3fastigheter.se.

Fastighetsbolaget Emilshus AB (Emilshus)

Sagax owns 24.0% of the votes and 21.8% of the capital in Emilshus. The market value of Sagax's shareholding amounted to SEK 605 M and the carrying amount to SEK 639 M (517). Emilshus acquires, develops and manages commercial properties in Småland and nearby growth regions. The company's property portfolio encompassed 125 properties with a total market value of SEK 7.1 billion on 31 March 2023. Emilshus is listed on Nasdaq Stockholm, Mid Cap. For more information, refer to www.emilshus.com.

Sagax's joint ventures

	Hemsö		Söderport		Ess-Sierra	
	Jan–Mar 2023	Jan–Mar 2022	Jan–Mar 2023	Jan–Mar 2022	Jan–Mar 2023	Jan–Mar 2022
Sagax's ownership, %	15	15	50	50	50	50
Sagax's share of comprehensive income, SEK M	–75	261	–59	265	–5	23
Sagax's share of profit from property management, SEK M	74	73	57	58	8	8
Rental revenue, SEK M	1,183	983	256	220	24	23
Profit from property management, SEK M	580	572	113	123	16	16
Profit/loss for the period, SEK M	–463	1,934	–119	579	–11	46
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
Carrying amount of ownership interest, SEK M	4,855	4,922	2,821	2,754	314	314
No. of properties	484	458	84	84	39	39
Properties' market value, SEK M	84,784	79,987	14,058	13,850	1,581	1,553
Lettable area, sqm	2,415,000	2,286,000	770,000	761,000	184,000	184,000
Lease term, years	9.5	9.6	4.1	4.4	6.3	6.4
Economic occupancy rate, %	98	98	94	95	100	100
Interest-bearing liabilities, SEK M	50,535	44,375	7,007	6,606	866	872
Loan maturity, years	6.1	6.6	2.2	2.2	1.7	2.7
Fixed interest, years	5.3	5.8	1.6	2.1	2.5	1.9
Market value of derivatives, SEK M	87	309	131	8	–	–

Funding

EQUITY

Consolidated equity amounted to SEK 33,300 M (32,783) on 31 March 2023. During the first quarter of 2023, equity decreased due to a comprehensive income of SEK –163 M.

INTEREST-BEARING LIABILITIES

Sagax's interest-bearing liabilities at the end of the period amounted to SEK 32,544 M (27,948). An amount corresponding to SEK 30,293 M (26,877) of liabilities was recognised in EUR. Exchange rate fluctuations increased interest-bearing liabilities by SEK 399 M (228).

Listed bonds amounted to SEK 26,563 M (26,528). The remaining interest-bearing liabilities comprised commercial paper of SEK 1,871 M (1,296) and liabilities to banks of SEK 4,111 M (124).

Unsecured liabilities including commercial paper corresponded to 88% (100) of interest-bearing liabilities.

The interest coverage ratio amounted to 6.0 (7.3) times and the debt ratio to 45% (42) at the end of the period. Net interest-bearing debt was 7.2 (6.9) times EBITDA and 6.8 (6.5) times run rate EBITDA for the past 12 months, see page 9 for more information.

A total of SEK 3,214 M (3,151) was raised in loans during the period. Repayments during the period totalled SEK 3,359 M (1,787), of which SEK 2,315 M referred to early redemption of bonds. Net interest-bearing debt amounted to SEK 25,120 M (18,422).

The average remaining fixed interest and loan maturity terms were 3.1 years (4.1) and 3.7 years (4.3), respectively, at the end of the period. The average interest rate on interest-bearing liabilities was 1.9% (1.5), including the effect of derivatives on the balance sheet date.

Of Sagax's interest-bearing liabilities, SEK 26,269 M (26,028), or 81% (93), bear fixed interest rates. The company has interest-rate caps and interest-rate swaps with a total nominal value of SEK 2,040 M (2,016), corresponding to 6.3% of interest-bearing liabilities.

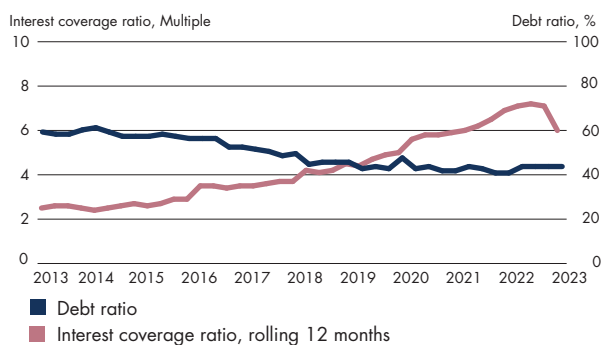
Fixed interest period and loan maturity, 31 March 2023

Year of expiry	Fixed interest			Loan maturity	
	SEK M	Interest rate	Share	SEK M	Share
2023	5,475	3.6%	12%	836	3%
2024	3,763	2.0%	12%	4,005	12%
2025	4,524	2.2%	14%	5,023	15%
2026	3,368	1.8%	10%	3,988	12%
2027	4,176	2.7%	13%	6,777	21%
>2027	11,239	0.9%	37%	11,915	37%
Total/average	32,544	1.9%	100%	32,544	100%

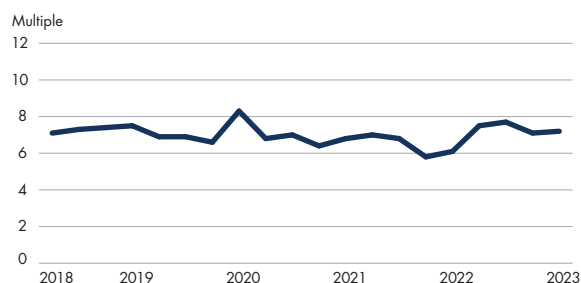
Net debt

Amounts in SEK M	31 Mar 2023	31 Mar 2022
Interest-bearing liabilities	32,544	27,948
Interest-bearing assets	–779	–643
Listed instruments	–6,591	–8,481
Cash and cash equivalents	–56	–402
Net debt	25,120	18,422

Debt ratio and interest coverage ratio



Net debt/EBITDA, rolling 12 months



WORKING CAPITAL AND UNUTILISED CREDIT FACILITIES

Sagax's working capital amounted to SEK –973 M (3,148) on 31 March 2023. At the same date, unutilised credit facilities including back-up

facilities for commercial paper programmes amounted to SEK 7,578 M (7,578). No additional collateral needs to be pledged to utilise these credit facilities.

Listed bonds, 31 March 2023

Maturity	Interest base	Nominal amount, SEK M	Liability, SEK M	Effective interest	Coupon rate	Maturity date	ISIN code
2019-2023	Fixed interest	250	250	1.18%	1.13%	16 Jun 2023	XS2093119845
2019-2023	Floating interest	500	500	4.27% ¹⁾	Stibor 3M+0.9%	16 Jun 2023	XS2093119175
Total/average		750	750	3.24%			

Maturity	Interest base	Nominal amount, EUR M	Liabilities, EUR M	Effective interest	Coupon rate	Maturity date	ISIN code
2018-2024	Fixed interest	294	294	2.10%	2.00%	17 Jan 2024	XS1877540465
2019-2025	Fixed interest	400	401	2.05%	2.25%	13 Mar 2025	XS1962543820
2022-2026	Fixed interest	300	299	1.78%	1.63%	24 Feb 2026	XS2447539060
2020-2027	Fixed interest	300	298	1.26%	1.13%	30 Jan 2027	XS2112816934
2021-2028	Fixed interest	500	497	0.88%	0.75%	26 Jan 2028	XS2291340433
2021-2029	Fixed interest	500	500	1.01%	1.00%	17 May 2029	XS2342227837
Total/average		2,294	2,289	1.44%			

1) STIBOR adopted 16 March 2023.

Derivative contracts, 31 March 2023

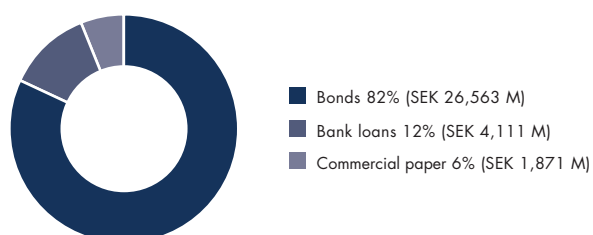
Amounts in SEK M	Nominal amount	Years to maturity	Market value 31 Mar 2023	Market value 31 Dec 2022	Change for the period
Nominal interest-rate swaps ¹⁾	934	4.7	0	2	–1
Interest-rate caps	1,229	0.4	12	12	–1
Currency futures	–	–	–	–	–
Total	2,164	2.1	12	14	–2

1) Including contracted interest-rate swaps of a nominal SEK 124 M from 29 June 2023.

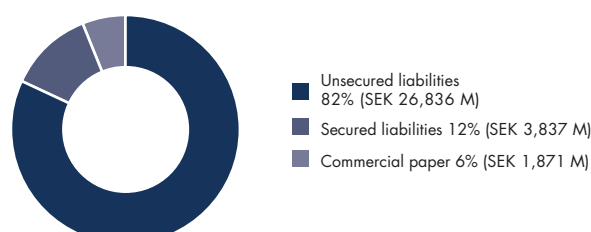
Rating and key performance indicators according to EMTN programme

	Financial covenant in EMTN programme	31 Mar 2023	31 Dec 2022
Rating according to Moody's Investors Services		Baa3, Positive outlook	Baa3, Positive outlook
Net debt/Total assets	<65%	36%	35%
Interest coverage ratio	>1.8x	20.6x	12.7x
Secured liabilities/total assets	<45%	5%	3%

Sources of financing



Distribution between secured and unsecured liabilities



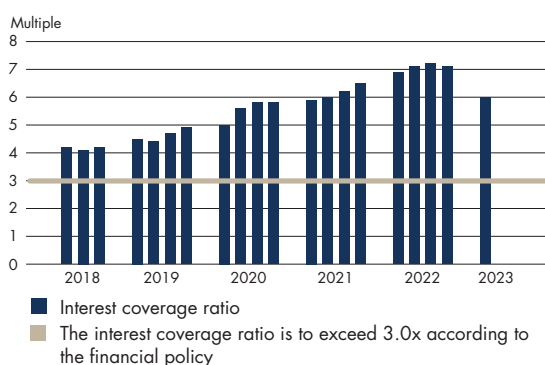
FINANCIAL POLICY

Sagax's financial policy sets guidelines and rules for the financial operations to illustrate how financial risks are to be limited. Sagax has the following guidelines for its financial operations.

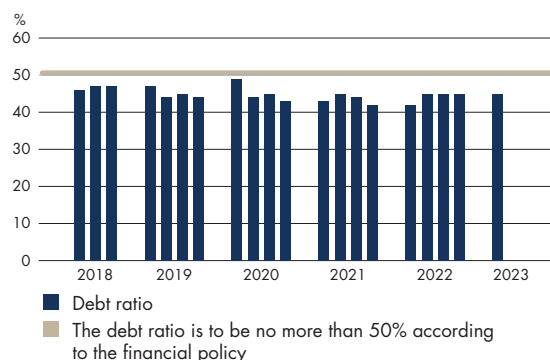
- A debt ratio of no more than 50%.
- An interest coverage ratio exceeding 3.0x.
- Net debt in relation to the Group's EBITDA not above 8.0x.

The following charts illustrate the outcome for the past five years in relation to the company's guidelines.

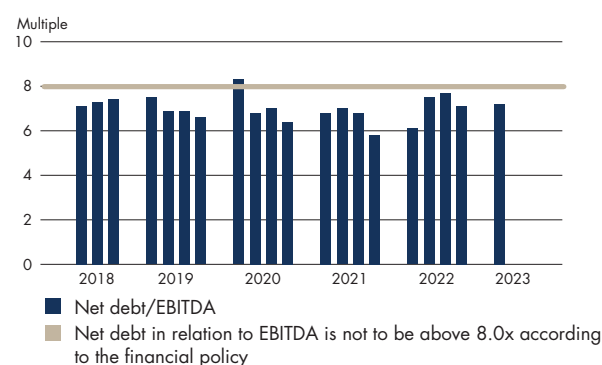
Interest coverage ratio



Debt ratio



Net debt/EBITDA



Other balance-sheet items

LEASES AND SITE LEASEHOLDS

Sagax reports leases and site leaseholds in accordance with IFRS 16. Right-of-use assets are recognised as an asset with a corresponding liability. Sagax's leases and site leaseholds at the end of the period amounted to SEK 417 M (379).

INTEREST-BEARING NON-CURRENT RECEIVABLES

Interest-bearing non-current receivables amounted to SEK 704 M (643) and comprised convertible debentures issued by the French company Groupe BMG valued at SEK 582 M (531) maturing on 31 December 2024 and promissory notes valued at SEK 121 M (112) issued in connection with a property divestment in 2021.

LISTED INSTRUMENTS

Listed instruments comprise listed shares and bonds and amounted to SEK 3,609 M (4,509). Listed shares that are not holdings in associated companies are recognised at the closing price on the balance sheet date and amounted to SEK 3,287 M (4,465). Shares in Nyfosa AB are recognised at SEK 2,952 M (3,634), corresponding to a closing price of

SEK 72.00 (134.80) per share. Shares in Cibus Nordic Real Estate AB are recognised at SEK 301 M (698), corresponding to a closing price of SEK 108.30 (251.20) per share. In addition, Sagax has invested in listed bonds that at the end of the period were recognised in the amount of SEK 323 M (44).

CURRENT FINANCE LEASE ASSET

Current finance lease assets amounted to SEK 2,044 M (–) and referred to 36 properties in Spain that were divested to Coop Group. The divestment is recognised as a current finance lease asset in accordance with IFRS 16 since the buyer is also the tenant of the properties. The recognised current finance lease asset as per the first quarter 2023 refers to the purchase price of SEK 2,030 M and the accrued lease interest of SEK 13 M.

OTHER CURRENT ASSETS

Other current assets amounted to SEK 888 M (795) and primarily comprises prepaid costs and accrued income of SEK 434 M (334) and rent receivables of SEK 213 M (168).

Consolidated statement of comprehensive income

Amounts in SEK M	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec	Rolling 12 months
Rental revenue	1,007	885	3,696	3,818
Other revenue	4	6	31	29
Operating expenses	-103	-98	-346	-352
Maintenance costs	-25	-18	-84	-91
Property tax	-50	-44	-178	-185
Other property expenses	-23	-20	-87	-90
Net operating income	809	712	3,032	3,129
Central administration	-42	-35	-174	-180
Profit from joint ventures and associated companies	-147	687	1,375	540
– of which, profit from property management	185	187	766	764
– of which, changes in value	-341	679	852	-168
– of which, tax	9	-179	-351	-163
– of which, other	–	–	108	108
Financial income	164	39	235	359
Financial expenses	-165	-110	-492	-548
Financial expense, interest component of leases	-7	-7	-28	-28
Profit including profit from joint ventures and associated companies	611	1,286	3,948	3,273
– of which, profit from property management	943	786	3,339	3,497
Changes in the value of properties, realised	–	-6	-12	-7
Changes in value of properties, unrealised	-333	870	1,709	505
Changes in value of financial instruments, realised	5	–	3	8
Changes in value of financial instruments, unrealised	-514	-371	-2,343	-2,487
Profit/loss before tax	-232	1,780	3,305	1,293
Deferred tax	7	-179	-523	-337
Current tax	-43	-20	-63	-85
Profit/loss for the period	-267	1,581	2,718	871
<i>Other comprehensive income</i>				
<i>– items that might be reclassified subsequently to the profit or loss</i>				
Translation differences for foreign operations	222	219	1,478	1,481
Share of other comprehensive income for joint ventures	2	8	27	21
Translation differences, hedge accounting	-120	-110	-878	-888
Tax on items that may be reclassified	0	6	-42	-48
Total other comprehensive income, net of tax	104	123	585	566
Total comprehensive income for the period	-163	1,704	3,303	1,437
Earnings per Class A and B share, SEK	-1.04	4.78	7.76	1.94
Earnings per Class A and B share after dilution, SEK	-1.04	4.77	7.75	1.94
Earnings per Class D share, SEK	0.50	0.50	2.00	2.00
Average no. of Class A and B shares, millions	318.0	317.7	317.8	318.0
Average no. of Class A and B shares after dilution, millions	318.5	318.1	318.3	318.4
Average number of Class D shares, millions	126.3	126.3	126.3	126.3

Condensed consolidated statement of financial position

Amounts in SEK M	2023 31 Mar	2022 31 Mar	2022 31 Dec
Investment properties	53,011	48,403	52,655
Investment properties for sale	–	–	27
Leases, right-of-use assets	417	379	380
Joint ventures and associated companies	10,815	10,504	11,022
Derivatives	12	9	14
Interest-bearing non-current receivables	704	643	746
Other fixed assets	154	119	146
Total fixed assets	65,112	60,057	64,991
Listed instruments	3,609	4,509	3,891
Current finance lease asset	2,044	–	2,008
Other current assets	888	795	865
Cash and bank balances	56	402	76
Total current assets	6,598	5,707	6,840
Total assets	71,711	65,764	71,831
Equity	33,300	32,783	33,463
Non-current interest-bearing liabilities	26,315	26,588	29,820
Deferred tax liabilities	3,801	3,279	3,779
Derivatives	–	1	–
Non-current lease liabilities	417	379	380
Other non-current liabilities	307	217	299
Total non-current liabilities	30,840	30,464	34,278
Commercial paper	1,871	1,296	1,572
Other current interest-bearing liabilities	4,359	64	902
Other current liabilities	1,341	1,155	1,616
Total current liabilities	7,571	2,515	4,090
Total equity and liabilities	71,711	65,764	71,831

Consolidated statement of cash flows

Amounts in SEK M	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec	Rolling 12 months
Profit/loss before tax	-232	1,780	3,305	1,293
Changes in value of financial instruments	509	371	2,341	2,479
Change in value of properties	333	-865	-1,697	-499
Profit/loss from joint ventures and associated companies	147	-687	-1,375	-540
Dividends from joint ventures and associated companies	114	135	577	556
Dissolution of allocated borrowing costs	11	11	44	44
Other items not included in cash flow	-13	-16	-31	-28
Tax paid	-32	-59	-149	-122
Cash flow from operating activities before changes in working capital	838	670	3,015	3,183
Cash flow from changes in current assets	196	-30	-159	68
Cash flow from changes in current liabilities	-404	-165	371	133
Cash flow from operating activities	630	474	3,227	3,383
Acquisition of properties	-19	-964	-3,202	-2,257
Property sales	21	-6	47	74
Investments in existing properties	-164	-152	-715	-727
Acquisition of listed shares	-25	-237	-1,617	-1,405
Sales of listed shares	69	-	-	69
Purchase of financial instruments	-235	-	-106	-341
Sale of financial instruments	18	-	44	62
Acquisition of joint ventures and associated companies	-50	-	-29	-79
Divestments of joint ventures and associated companies	-	-	3	3
Capital contribution to joint ventures and associated companies	-	-40	-238	-198
Lending to joint ventures and associated companies	-	-24	-64	-40
Increase in other fixed assets	-46	-20	-58	-85
Decrease in other fixed assets	-	-	33	33
Cash flow from investing activities	-430	-1,442	-5,902	-4,890
Issue of Class B shares for incentive plan	-	-	15	15
Redemption of preference shares	-	-	-	-
Dividends paid to shareholders	-63	-63	-935	-935
Proceeds from borrowings	3,214	3,151	7,631	7,694
Repayment of borrowings	-3,359	-1,787	-4,050	-5,621
Redemption of financial instruments	-	-	16	16
Decrease in other non-current liabilities	-14	-11	-23	-25
Increase in other non-current liabilities	-	-	11	11
Cash flow from financing activities	-222	1,289	2,666	1,155
Cash flow for the period	-21	320	-10	-352
Exchange rate differences in cash and cash equivalents	1	-2	2	5
Change in cash and cash equivalents	-20	318	-8	-347
Cash and cash equivalents at beginning of period	76	84	84	402
Cash and cash equivalents at end of period	56	402	76	56

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 2021	780	3,578	493	26,228	31,079
Profit for the period, January-March 2022	–	–	–	1,581	1,581
Other comprehensive income, January-March 2022	–	–	122	–	122
Total comprehensive income for the period	–	–	122	1,581	1,703
Equity, 31 March 2022	780	3,578	615	27,809	32,783
Profit for the period, April-December 2022	–	–	–	1,137	1,137
Other comprehensive income, April-December 2022	–	–	463	–	463
Total comprehensive income for the period	–	–	463	1,137	1,600
<i>Transactions with shareholders</i>					
Issue of Class B shares, incentive plan	1	38	–	–	39
Dividends	–	–	–	–935	–935
Transactions with shareholders	1	38	–	–935	–896
<i>Other transactions</i>					
Redemption of incentive plan	–	–	–	–31	–31
Subscription of incentive plan	–	–	–	7	7
Equity, 31 December 2022	781	3,616	1,078	27,988	33,463
Profit for the period, January-March 2023	–	–	–	–267	–267
Other comprehensive income, January-March 2023	–	–	104	–	104
Total comprehensive income for the period	–	–	104	–267	–163
Equity, 31 March 2023	781	3,616	1,182	27,721	33,300

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

Parent Company income statement

Amounts in SEK M	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Net sales	32	26	118
Administration costs	-30	-30	-125
Profit/loss before financial income and expenses	2	-4	-7
Profit from participations in Group companies	-	-	1,863
Profit from participations in joint ventures	-	-	109
Financial income	249	79	1,314
Financial expenses	-116	-181	-1,305
Profit before tax and appropriations	135	-106	1,974
Appropriations	-	-	35
Tax	-	-	-7
Profit/loss for the period	135	-106	2,002

Condensed Parent Company balance sheet

Amounts in SEK M	2023 31 Mar	2022 31 Mar	2022 31 Dec
Tangible fixed assets	1	1	1
Receivables from Group companies	683	1,737	1,714
Other financial fixed assets	13,378	13,066	13,378
Total fixed assets	14,062	14,804	15,093
Cash and bank balances	-	149	-
Receivables from Group companies	24,059	20,591	25,044
Other current assets	23	77	29
Total current assets	24,083	20,817	25,073
Total assets	38,145	35,622	40,166
Equity	5,412	4,107	5,278
Untaxed reserves	22	30	22
Non-current interest-bearing liabilities	7,414	9,052	9,935
Liabilities to Group companies	18,294	18,107	18,111
Deferred tax liabilities	5	4	5
Total non-current liabilities	25,713	27,163	28,050
Current interest-bearing liabilities	1,937	1,296	1,670
Liabilities to Group companies	4,955	2,845	4,847
Other current liabilities	106	180	298
Total current liabilities	6,998	4,321	6,815
Total equity, untaxed reserves and liabilities	38,145	35,622	40,166

Segment information

Profit items per segment	Rental revenue ¹⁾		Net operating income		Changes in value, properties				Total return	
					Unrealised		Realised			
	2023 Jan-Mar	2022 Jan-Mar	2023 Jan-Mar	2022 Jan-Mar	2023 Jan-Mar	2022 Jan-Mar	2023 Jan-Mar	2022 Jan-Mar	2023 Jan-Mar	2022 Jan-Mar
Amounts in SEK M										
Sweden	234	213	193	174	-73	336	-	-	120	510
Finland	402	341	315	264	-66	37	-	-6	248	295
France	156	126	120	101	37	164	0	-	157	265
Netherlands	135	108	118	94	-227	260	-	-	-109	355
Spain	53	72	48	65	-3	89	-	-	44	154
Germany	25	22	24	21	1	-15	-	-	25	6
Rest of Europe	3	3	3	2	-2	-1	-	-	1	1
Non-specified	-	-	-11	-10	-	-	-	-	-11	-10
Total	1,007	885	809	712	-333	870	0	-6	476	1,577

Asset items per segment	Market value properties		Investments properties		Acquisition properties		Divestment properties	
	2023 31 Mar	2022 31 Mar	2023 Jan-Mar	2022 Jan-Mar	2023 Jan-Mar	2022 Jan-Mar	2023 Jan-Mar	2022 Jan-Mar
Amounts in SEK M								
Sweden	14,818	14,166	93	52	15	22	-	-
Finland	18,078	15,793	30	67	1	175	-	-
France	8,114	5,971	21	7	1	369	-21	-
Netherlands	7,263	6,624	10	9	1	200	-	-
Spain	3,270	4,507	10	18	-	145	-	-
Germany	1,326	1,210	1	-	1	52	-	-
Rest of Europe	143	132	-	-	-	-	-	-
Total	53,011	48,403	165	152	19	965	-21	-

1) All rental revenue pertains to external tenants.

Key performance indicators

	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec	2021 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec
Property-related key figures							
Yield, %	6.0	5.8	5.8	6.0	6.3	6.4	6.8
Surplus ratio, %	80	80	82	83	83	83	83
Occupancy rate by area, %	96	96	95	96	95	95	95
Economic occupancy rate, %	96	96	96	96	95	95	95
Lettable area at the end of the period, 000 sqm	3,894	3,847	3,895	3,759	3,480	3,022	2,850
No. of properties at the end of the period	749	690	751	673	673	553	512
Financial key figures							
Return on total capital, %	6.2	5.6	5.7	5.9	6.6	6.7	6.8
Return on equity, %	-3.2	19.8	8.4	36.6	17.8	23.7	23.7
Average interest rate, %	1.9	1.5	1.7	1.4	1.8	1.9	2.2
Fixed interest period incl. derivatives, years	3.1	4.1	3.2	4.0	3.4	3.5	3.0
Loan maturity, years	3.7	4.3	3.7	4.3	3.4	3.8	3.6
Equity/assets ratio, %	46	50	47	50	48	48	46
Debt ratio, %	45	42	45	42	43	44	47
Net debt/run rate EBITDA, multiple	6.8	6.5	6.5	5.4	6.4	6.6	7.1
Net debt/EBITDA, multiple	7.2	6.9	7.1	5.8	6.4	6.6	7.4
Interest coverage ratio, multiple	6.0	7.3	7.1	6.5	5.7	4.9	4.2
Interest coverage ratio, EMTN programme, multiple	20.6	11.1	12.7	9.4	6.4	5.3	4.3
Data per Class A and B share							
Price of Class B share at the end of the period, SEK	238.80	287.00	236.50	305.00	169.60	136.20	65.70
Net asset value, SEK	106.28	103.30	106.61	97.92	66.38	56.77	44.22
Equity, SEK	90.81	89.29	91.33	83.93	55.19	46.86	35.70
Equity after dilution, SEK	90.67	89.14	91.20	83.84	55.09	46.78	35.67
Earnings, SEK	-1.04	4.78	7.76	30.09	10.80	12.15	9.24
Earnings after dilution, SEK	-1.04	4.77	7.75	30.04	10.78	12.13	9.24
Profit from property management, SEK	2.77	2.27	9.71	8.01	6.63	5.51	4.31
Profit from property management after dilution, SEK	2.76	2.27	9.70	7.99	6.62	5.51	4.31
Cash flow, SEK	2.43	1.91	8.69	6.59	6.10	4.86	3.95
Cash flow after dilution, SEK	2.43	1.91	8.68	6.58	6.09	4.86	3.95
Dividend per share, SEK (proposed for 2022)	-	-	2.70	2.15	1.65	1.30	1.00
No. at end of period, millions	318.0	317.7	318.0	317.7	317.3	317.1	316.8
No. at end of period after dilution, millions	318.5	318.2	318.5	318.0	317.9	317.5	317.1
Average no., millions	318.0	317.7	317.8	317.5	317.1	316.9	316.7
Average no. after dilution, millions	318.5	318.1	318.3	318.0	317.7	317.3	316.9
Data per Class D share							
Share price at the end of period, SEK	26.20	32.30	26.70	33.40	32.05	36.35	31.70
Equity, SEK	35.00	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	2.00
Dividend per share, SEK (proposed for 2022)	-	-	2.00	2.00	2.00	2.00	2.00
No. at end of period, millions	126.3	126.3	126.3	126.3	125.8	107.8	101.9
Average no., millions	126.3	126.3	126.3	126.2	118.4	105.7	83.0

Definitions of key performance indicators are provided on pages 31-32.

Sagax's shares and shareholders

At the end of the period, Sagax had 23,350 (23,072) shareholders. Sagax's market capitalisation amounted to SEK 79,257 M (95,298).

Sagax has three classes of shares: Class A, B and D common shares. The shares are listed on Nasdaq Stockholm, Large Cap.

A total of 446,281,346 shares were outstanding at the end of the period, of which 2,000,000 were Class B treasury shares. According to the Articles of Association, each Class D share is entitled to five times the total dividend on Class A and B shares, although not more than SEK 2.00 per share annually.

WARRANTS

Sagax has three warrant plans for the company's employees. In total, Sagax's employees hold warrants corresponding to 0.4% of the number of Class A and B shares outstanding. The company's CEO and Board Members do not participate in the plans. These plans are valid for three years, and encompass the periods 2020-2023, 2021-2024 and 2022-2025. The subscription price corresponds to the price paid for the Class B share at the start of each warrant plan, converted using the average share price performance for the listed property companies in accor-

dance with Carnegie's Real Estate Index (CREX) during each three-year 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 CLASS A AND B SHARE

Profit from property management per Class A and B share after dilution on a rolling 12-month basis amounted to SEK 10.19 (8.49), which, compared with the share price of the Class B share at the end of the period, corresponded to a multiple of 23.4 (33.8).

EQUITY PER CLASS A AND B SHARE

Equity per Class A and B share after dilution amounted to SEK 90.67 (89.14). Net asset value per Class A and B share amounted to SEK 106.28 (103.30). The share price for the Class B share at the end of the period was 263% (322) of equity per Class A and B share and 225% (278) of NAV per Class A and 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 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
Class A shares	239.00	289.00	1	2	0.3	0.6
Class B shares	238.80	287.00	27	33	79.0	101.2
Class D shares	26.20	32.30	56	69	7.4	10.9

Key performance indicators per Class B share

	2023 31 Mar	2022 31 Mar	2022 31 Dec	2021 31 Dec	2020 31 Dec	2019 31 Dec	2018 31 Dec
Share price at the end of period, SEK	238.80	287.00	236.50	305.00	169.60	136.20	64.70
Profit from property management after dilution, SEK ¹⁾	10.19	8.49	9.70	7.99	6.62	5.51	4.31
Cash flow after dilution, SEK ¹⁾²⁾	9.20	7.39	8.68	6.58	6.09	4.86	3.95
Equity after dilution, SEK	90.67	89.14	91.20	83.84	55.09	46.78	35.67
Net asset value, SEK	106.28	103.30	106.61	97.92	66.38	56.77	44.22
Share price/Profit from property management, multiple ¹⁾	23.4	33.8	24.4	38.2	25.6	24.7	15.0
Share price/Cash flow, multiple ¹⁾²⁾	25.9	38.8	27.3	46.4	27.9	28.0	16.4
Share price/Equity, %	263	322	259	364	308	292	182
Share price/Net asset value, %	225	278	222	311	255	240	147

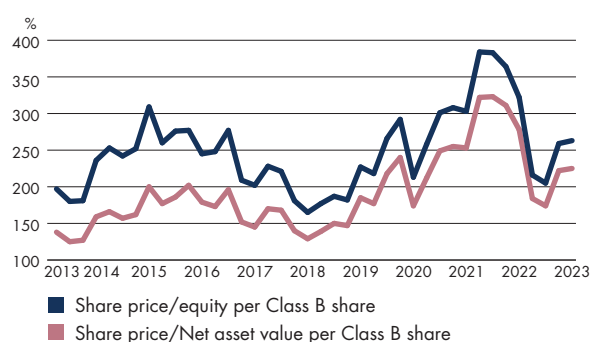
1) Profit from property management and cash flow pertains to rolling 12 months.

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

Share price/profit from property management per Class B share



Share price in relation to equity and Net asset value



Ownership structure, 31 March 2023

No. of shares	No. of shareholders	Shareholder category	No.	Share of voting power	Shareholders by country	No.	Share of voting power
1–500	16,546	Private individuals residing in Sweden	21,290	9%	Sweden	22,005	84%
501–1,000	1,932				USA	60	7%
1,001–2,000	1,467	Private individuals residing abroad	130	0%	UK	73	2%
2,001–5,000	1,481				Ireland	9	1%
5,001–10,000	681	Companies/institutions in Sweden	715	75%	Luxembourg	46	1%
10,001–50,000	845				Other	1,157	4%
50,001–	398	Companies/institutions abroad	1,215	15%			
Total	23,350	Total	23,350	100%	Total	23,350	100%

Largest shareholders, 31 March 2023¹⁾

	No. of shares			Percentage of	
	Class A shares	Class B shares	Class D shares	Share capital	Votes ²⁾
David Mindus and companies	14,000,000	63,713,912	900,000	17.6%	29.9%
Staffan Salén and companies	5,637,309	31,598,279	95,600	8.4%	12.9%
Fourth Swedish National Pension Fund	805,716	15,178,462	9,685,293	5.8%	4.8%
Third Swedish National Pension Fund	–	24,227,658	–	5.4%	3.5%
Avanza Pension	47,598	718,717	11,895,478	2.8%	1.9%
SEB Fonder	–	11,830,233	–	2.7%	1.7%
Vanguard	–	7,003,260	4,735,173	2.6%	1.7%
Länsförsäkringar Fonder	–	9,706,873	975,819	2.4%	1.6%
Handelsbanken Fonder	–	7,958,994	888,838	2.0%	1.3%
Rutger Arnhult and companies	–	306,824	8,148,173	1.9%	1.2%
BlackRock	–	7,475,878	6,954	1.7%	1.1%
Swedbank Robur Fonder	500,000	6,957,045	–	1.7%	1.7%
Norges Bank	–	4,317,985	2,940,130	1.6%	1.1%
Filip Engelbert and companies	241,000	1,869,784	4,200,000	1.4%	1.2%
Erik Selin and companies	1,174,959	1,735,554	2,017,055	1.1%	2.3%
Lannebo Fonder	–	4,175,435	–	0.9%	0.6%
Patrik Brummer	–	–	4,066,666	0.9%	0.6%
Second Swedish National Pension Fund	–	4,006,316	–	0.9%	0.6%
Folksam	–	3,400,284	–	0.8%	0.5%
Odin Fonder	–	3,337,385	–	0.7%	0.5%
Total 20 largest shareholders	22,406,582	209,518,878	50,555,179	63.3%	70.8%
Other shareholders	4,159,176	81,935,381	75,706,150	36.3%	29.2%
Sub-total	26,565,758	291,454,259	126,261,329	99.6%	100.0%
Shares held by AB Sagax	–	2,000,000	–	0.4%	0.0%
Total	26,565,758	293,454,259	126,261,329	100.0%	100.0%
– of which, Board and employees	20,012,565	103,606,618	6,598,790	29.2%	45.4%

1) The ownership structure on 31 March 2023 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 shares	Voting rights per share	No. of votes	Proportion of votes	Proportion of share capital
Class A shares	26,565,758	1.0	26,565,758.00	39%	6%
Class B shares	293,454,259	0.1	29,345,425.90	43%	66%
Class D shares	126,261,329	0.1	12,626,132.90	18%	28%
Total	446,281,346		68,537,316.80	100%	100%

Risks and uncertainties

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

PROPERTY-RELATED RISKS

The valuation of investment properties is significantly affected by the judgments and assumptions made. To reduce the risk of incorrect assessments, properties corresponding to 97% of the property value on 31 March 2023 were valued by authorised property appraisers from independent valuation companies. By their very nature, properties valuations are always associated with a certain level of uncertainty.

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

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

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

FINANCIAL RISKS

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

CURRENCY RISKS

The amounts in the consolidated balance sheet are partly exposed to exchange rate fluctuations, particularly for the EUR. Net exposure on 31 March 2023, assets less liabilities in EUR, amounted to SEK 7,800 M (6,173). In total, net exposure in EUR amounted to 23% (19) of equity. In preparing the consolidated financial statements, the balance sheets

of the Group's foreign operations are translated from their functional currencies into SEK based on the exchange rates applying on the balance sheet date: EUR 1 was equivalent to SEK 11.28 and DKK 1 was equivalent to SEK 1.51. Revenue and expense items are translated at the average exchange rate for the period: EUR 1 was equivalent to SEK 11.20 and DKK 1 was equivalent to SEK 1.50. 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.

RISK OF CONFLICTS OF INTEREST

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

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

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

OTHER RISKS

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

Sagax's other risks are described in the 2022 Annual Report, on pages 50-53.

Currency exposure

Amounts in EUR M	31 March 2023	31 March 2022
Investment properties	3,374	3,299
Other assets	307	106
Total assets	3,681	3,405
Interest-bearing liabilities	2,687	2,600
Other liabilities	303	211
Total liabilities	2,990	2,811
Net exposure	692	594

SENSITIVITY ANALYSIS

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

Sensitivity analysis for property values

	-20%	-10%	0%	+10%	+20%
Value change, SEK M	-10,602	-5,301	0	5,301	10,602
Debt ratio, %	53	49	45	42	39

Sensitivity analysis for property values

	Change	Value change, SEK M
Capitalisation rate	+/-0.25% point	-1,819/+1,979
Discount rate	+/-0.25% point	-1,113/+1,139
Rental revenue	+/-5%	+2,269/-2,329
Property expenses	+/-5%	-337/+333

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, multiple	5.5	5.8	6.0	N/A	N/A

Sensitivity analysis on 31 March 2023¹⁾

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	+42/-42	+34/-34	+34/-34
Rental revenue	+/-1%	+41/-41	+33/-33	+33/-33
Property expenses	+/-1%	-7/+7	-6/+6	-6/+6
Interest expenses for liabilities in SEK including fixed income derivatives	+/-1% point	-13/+13	-10/+10	-10/+10
Interest expenses for liabilities in EUR including fixed income derivatives	+/-1% point	-41/+41	-32/+32	-32/+32
Change in SEK/EUR exchange rate ²⁾	+/-10%	+219/-219	+176/-176	+786/-786
Changed rent level for contract maturity in 2023	+/-10%	+37/-37	+30/-30	+30/-30

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

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

Other disclosures

ACCOUNTING POLICIES

This condensed interim report has been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting. The term "IFRS" in this report means application of the International Financial Reporting Standards (IFRS), as adopted by the EU, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The accounting policies and calculation methods are the same as those applied in the 2022 Annual Report and are to be read together with this Annual Report.

There are no amendments to accounting standards in 2023 that are deemed to have any material impact on the company's financial statements.

Rounding-off differences may occur.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are described in Note 27 of the 2022 Annual Report. No material changes regarding transactions with related parties have taken place in relation to the information presented in the 2022 Annual Report.

EVENTS AFTER THE REPORTING PERIOD

Sagax completed the divestment of 36 properties in Spain on 19 April 2023. The buyer is Coop Group, one of Switzerland's largest retail and wholesale companies, which was the tenant in the properties via subsidiaries. A divestment agreement was signed in December 2022 and the transaction was recognised as a current finance lease asset in the balance sheet and resulted in financial income in accordance with IFRS 16. Sagax will recognise the entire remaining financial income of EUR 9 M in the second quarter of 2023 in the consolidated income statement due to completion of the divestment.

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, 9 May 2023
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 9 May 2023 at 12:15 p.m. CEST.

Calendar

The financial calendar is available at www.sagax.se.

Interim Report January-June 2023	17 July 2023
Interim Report January-September 2023	27 October 2023
Year-end Report 2023	16 February 2024

SCHEDULE OF DIVIDEND PAYMENTS TO HOLDERS OF CLASS D SHARES

June 2023¹⁾

■ Final day for trading including dividend rights	28 June 2023
■ First day for trading excluding dividend rights	29 June 2023
■ Record date for dividend payment	30 June 2023

September 2023¹⁾

■ Final day for trading including dividend rights	27 September 2023
■ First day for trading excluding dividend rights	28 September 2023
■ Record date for dividend payment	29 September 2023

December 2023¹⁾

■ Final day for trading including dividend rights	27 December 2023
■ First day for trading excluding dividend rights	28 December 2023
■ Record date for dividend payment	29 December 2023

March 2024¹⁾

■ Final day for trading including dividend rights	26 March 2024
■ First day for trading excluding dividend rights	27 March 2024
■ Record date for dividend payment	28 March 2024

1) Proposed by the Board

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Visit us at www.sagax.se.

Definitions

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

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

Key performance indicators	Description	Reason for alternative performance measure
Cash flow per Class A and B share	Profit before tax adjusted for items not included in cash flow less tax paid in relation to the average number of Class A and B shares. Dividends on Class D shares for the period have also been deducted from profit before tax. Dividends received from joint ventures and associated companies have been added to profit before tax.	The KPI shows the amount of cash flow for the period that can be considered to be attributable to owners of Class A and Class B shares.
Debt ratio	Interest-bearing liabilities at the end of the period in relation to total assets at the end of the period.	The KPI shows financial risk.
Dilution	Dilution due to outstanding warrants has been calculated, in line with IAS 33, as the number of Class A and B shares to be issued to cover the difference between the strike price and market price for all potential Class A and B shares (warrants) outstanding, insofar as it is probable that they will be utilised.	Not an APM.
Earnings per Class A and B share	Profit in relation to the average number of Class A and B shares after taking into account the portion of profit for the period represented by dividends on Class D shares.	IFRS performance measure.
Earnings per Class D share	Class D shares are entitled to five times the total dividend on Class A and B shares, although not more than SEK 2.00 per share annually.	The KPI shows the shareholders' share of profit.
EBITDA	Net operating income less central administration costs plus dividends received from joint ventures and associated companies.	Sagax uses EBITDA so that the EBITDA/Net debt KPI shows financial risk.
Economic occupancy rate	Contractual annual rent directly after the end of the period as a percentage of rental value directly after the end of the period.	The KPI shows the economic degree of utilisation of the Group's properties.
Equity/assets ratio	Equity in relation to total assets.	The KPI shows financial risk.
Equity per Class A and B share	Equity at the end of the period in relation to the number of Class A and B shares at the end of the period after taking into account equity attributable to Class D shares.	The KPI shows the owner's share of equity.
Equity per Class D share	Equity at the end of the period as a percentage of the number of common shares at the end of the period. Equity is restricted to SEK 35.00 per Class D share.	The KPI shows the owner's share of equity.
EURIBOR	EURIBOR (Euro Interbank Offered Rate) is a daily reference rate calculated on the average interest rates that eurozone banks offer each other for lending in EUR.	Not an APM.
Fixed income derivatives	Agreements on lending rates that may include the factors of time, inflation and/or maximum interest rates. Usually signed to hedge interest rates for interest-bearing loans.	Not an APM.
Interest coverage ratio	Profit from property management, excluding profit from joint ventures and associated companies but including dividends from joint ventures and associated companies, 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 in the same currency. The swap entails that one party exchanges its floating interest rate for a fixed rate, while the other party receives a fixed rate in exchange for a floating rate. The purpose of an interest-rate swap is to reduce interest-rate risk.	Not an APM.
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.

Key performance indicators	Description	Reason for alternative performance measure
Net debt	Interest-bearing liabilities less interest-bearing assets, cash and cash equivalents, and listed instruments.	The KPI shows the Group's indebtedness.
Net debt according to EMTN programme	Financial indebtedness less listed shares and cash and cash equivalents.	The KPI shows the Group's indebtedness.
Net debt according to EMTN programme/Total assets	Financial indebtedness less listed shares 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 instruments as a percentage of total assets.	The KPI shows financial risk.
Net investments	The net of property acquisitions and investments in the existing property portfolio, as well as sales of properties.	The KPI shows the investment volume.
Occupancy rate by area	Contracted area directly after the end of the period as a percentage of total lettable area directly after the end of the period.	The KPI shows the occupancy situation.
Profit from property management	Profit excluding changes in value and tax.	An indicator of the earnings generation in the operations, excluding changes in value.
Profit from property management per Class A and B share after dilution	Profit from property management for the period reduced by dividends on Class D shares divided by the average number of Class A and B shares after dilution.	An indicator of the earnings generation of the assets, excluding the changes in value accruing to holders of Class A and B shares.
Property	Pertains to properties held under title or site leasehold.	Not an APM.
Rental revenue, comparable portfolios	Rental revenue from properties that were included in the portfolio for the entire reporting period and the entire comparative period. Project properties and properties that were acquired or sold are not included.	The KPI shows the trend in rental revenue excluding non-recurring effects, such as prematurely vacating premises, not impacted by acquired and sold properties.
Rental value	The contractual annual rent applicable directly after the end of the period, with supplements for estimated market rents for vacant premises.	The key performance indicator shows the Group's income potential.
Return on equity	Profit for the period, recalculated to 12 months, as a percentage of average equity (opening and closing balances) divided by 2 for the period.	The KPI shows how shareholders' capital yields interest during the period.
Return on total capital	Profit for the period, recalculated to 12 months, after net financial items after reversal of financial expenses as a percentage of average total assets for the period.	The KPI shows the ability to generate earnings on the Group's assets, excluding financing costs.
Run rate EBITDA	Net operating income according to current earnings capacity less central administration costs plus dividends received from joint ventures and associated companies rolling 12 months.	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.
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 and recalculated to the current exchange rates on the balance sheet date 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 (Stockholm Interbank Offered Rate) is a daily reference rate calculated on the average interest rates that banks offer each other for lending in SEK.	Not an APM.
Surplus ratio	Net operating income for the period as a percentage of rental revenue for the period.	The KPI shows the profitability of the properties.
Total return on property portfolio	Total of adjusted net operating income and unrealised changes in property value during the period as a percentage of the closing property value adjusted for unrealised changes in value for the period.	The KPI shows earnings generation and value growth for the properties for a period.
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.
Triple net lease	A type of lease whereby the tenant pays, in addition to the rent, all costs incurred on the property that would normally have been paid by the property owner. These include operating expenses, maintenance, property tax, site leasehold fees, insurance, property caretaking, etc.	Not an APM.

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

Amounts in SEK M unless otherwise stated	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Cash flow per Class A and B share			
Profit/loss before tax	-232	1,780	3,305
Items not affecting cash flow	1,101	-1,052	-141
Tax paid	-32	-59	-149
Dividends attributable to Class D shares	-63	-63	-253
Cash flow	774	607	2,762
Cash flow per Class A and B share after dilution, SEK	2.43	1.91	8.68
Debt ratio			
Interest-bearing liabilities	32,545	27,948	32,294
Total assets	71,711	65,762	71,831
Debt ratio	45%	42%	45%
Earnings per Class A and B share¹⁾			
Profit/loss after tax	-267	1,581	2,718
Dividends attributable to Class D shares	-63	-63	-253
Adjusted profit after tax	-331	1,518	2,465
Earnings per Class A and B share after dilution, SEK	-1.04	4.77	7.75
EBITDA rolling 12 months			
Net operating income	3,129	2,682	3,032
Central administration	-180	-153	-174
Dividends from joint ventures and associated companies	556	135	577
EBITDA	3,505	2,664	3,435
Economic occupancy rate			
Contractual annual rent	4,065	3,469	4,024
Rental value	4,237	3,608	4,195
Economic occupancy rate	96%	96%	96%
Equity/assets ratio			
Equity	33,300	32,783	33,463
Total assets	71,711	65,762	71,831
Equity/assets ratio	46%	50%	47%
Equity per Class A and B share			
Equity	33,300	32,783	33,463
Equity attributable to Class D shares	-4,419	-4,419	-4,419
Equity attributable to Class A and B shares	28,881	28,364	29,044
No. of shares	318,020,017	317,653,595	318,020,017
No. of shares after dilution	318,512,657	318,187,942	318,459,519
Equity per Class A and B share, SEK	90.81	89.29	91.33
Equity per Class A and B share after dilution, SEK	90.67	89.14	91.20

Amounts in SEK M unless otherwise stated	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Interest coverage ratio			
Profit from property management	943	786	3,339
Reversal of profit from property management joint ventures and associated companies	-185	-187	-766
Dividends from joint ventures and associated companies	114	135	577
Financial expenses	173	117	520
Adjusted profit from property management before financial expenses	1,045	851	3,670
Interest coverage ratio	6.0x	7.3x	7.1x
Interest coverage ratio, EMTN programme			
Profit from property management	943	786	3,339
Net financial items	48	77	285
Profit from property management before net financial items	991	863	3,624
Interest coverage ratio	20.6x	11.1x	12.7x
Net asset value			
Equity	33,300	32,783	33,463
Equity attributable to Class D shares	-4,419	-4,419	-4,419
Reversal of derivatives	-12	-8	-14
Reversal of deferred tax	4,004	3,529	3,990
Reversals due to joint ventures	978	984	930
Net asset value	33,851	32,869	33,950
NAV per Class A and B share after dilution, SEK	106.28	103.30	106.61
Net debt			
See page 14.			
Net debt according to EMTN programme			
Interest-bearing liabilities	32,545	27,948	32,294
Listed shares in fixed assets ²⁾	-2,981	-3,972	-3,141
Listed shares in current assets	-3,287	-4,465	-3,786
Cash and cash equivalents	-56	-402	-76
Net debt according to EMTN programme	26,221	19,110	25,291
Net debt according to EMTN programme/Total assets			
Net debt according to EMTN programme	26,221	19,110	25,291
Total assets	71,711	65,762	71,831
Net debt according to EMTN programme/Total assets	37%	29%	35%
Net debt/EBITDA			
Net debt	25,120	18,422	24,364
EBITDA rolling 12 months	3,505	2,664	3,435
Net debt/EBITDA	7.2x	6.9x	7.1x
Net debt/run rate EBITDA			
Net debt	25,120	18,422	24,364
EBITDA, run rate	3,694	2,841	3,722
Net debt/EBITDA run rate	6.8x	6.5x	6.5x

1) IFRS performance measure.

2) Pertains to listed shares in companies recognised as associated companies. Associated companies are recognised in the income statement pursuant to the equity method.

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

Amounts in SEK M unless otherwise stated	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Net debt/Total assets			
Net debt	25,120	18,422	24,364
Total assets	71,711	65,762	71,831
Net debt/Total assets	35%	28%	34%
Occupancy rate by area			
Contracted area, '000s sqm	3,731	3,706	3,719
Total lettable area, '000s sqm	3,894	3,847	3,895
Occupancy rate by area	96%	96%	95%
Profit from property management			
Profit after tax	-267	1,581	2,718
Tax	27	378	937
Changes in value	1,184	-1,173	-316
Profit from property management	943	786	3,339
Profit from property management per Class A and B share after dilution			
Profit from property management	943	786	3,339
Dividends attributable to Class D shares	-63	-63	-253
Adjusted profit from property management	880	723	3,086
Profit from property management per Class A and B share after dilution, SEK	2.76	2.27	9.70
Profit from property management per Class A and B shares, rolling 12 months			
Profit from property management	3,497	2,953	3,339
Dividends attributable to Class D shares	-253	-253	-253
Adjusted profit from property management	3,244	2,700	3,086
Profit from property management per Class A and B share after dilution, SEK	10.19	8.49	9.70
No. of Class A and B share after dilution	318,406,463	317,862,541	318,301,177
Profit from property management per Class A and B share, preceding period	8.49	6.95	7.99
Annual growth rate, %	20%	22%	21%
Rental revenue, comparable portfolios			
Rental revenue	1,007	885	N/A
Acquired and sold properties	-74	-57	N/A
Currency adjustment ¹⁾	-	46	N/A
Other adjustment	-	-	N/A
Rental revenue, comparable portfolios excluding currency effects	934	874	N/A
Return on equity			
Profit after tax	-267	1,581	2,718
Addition for translation to annual value	-802	4,743	-
Adjusted profit after tax	-1,070	6,324	2,718
Average equity	33,381	31,931	32,272
Return on equity	-3.2%	19.8%	8.4%

Amounts in SEK M unless otherwise stated	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Return on total capital			
Profit from property management	943	786	3,339
Addition for translation to annual value	2,829	2,358	-
Financial expenses	173	117	520
Addition for translation to annual value	518	351	-
Profit before financial expenses	4,463	3,612	3,859
Average total capital	71,771	64,099	67,133
Return on total capital	6.2%	5.6%	5.7%
Run rate EBITDA			
Net operating income according to current earnings capacity	3,318	2,859	3,319
Central administration	-180	-153	-174
Dividends from joint ventures and associated companies	556	135	577
Run rate EBITDA	3,694	2,841	3,722
Run rate yield			
Net operating income according to current earnings capacity	3,318	2,859	3,319
Add-back of site leasehold fees	-28	-28	-25
Adjusted net operating income	3,290	2,831	3,294
Book value of properties	53,011	48,403	52,682
Run rate yield	6.2%	5.8%	6.3%
Secured liabilities/total assets			
Secured liabilities	3,849	87	1,895
Total assets	71,711	65,762	71,831
Secured liabilities/Total assets	5%	0%	3%
Surplus ratio			
Net operating income	809	712	3,032
Rental revenue	1,007	885	3,696
Surplus ratio	80%	80%	82%
Yield			
Net operating income	809	712	3,032
Add-back of site leasehold fees	-7	-7	-25
Addition for translation to annual value	2,406	2,115	-
Holding adjustment, acquisitions/divestments	-56	20	-77
Currency translation to closing rate	18	-34	112
Adjusted net operating income	3,170	2,806	3,042
Carrying amounts of properties	53,011	48,403	52,682
Yield	6.0%	5.8%	5.8%

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

AB Sagax is a property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industrial segment. Sagax's property holdings on 31 March 2023 amounted to 3,894,000 square metres, distributed between 749 properties.

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

More information is available at www.sagax.se.

AB | SAGAX

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