

INTERIM REPORT JANUARY – SEPTEMBER 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 – September 2023

JANUARY – SEPTEMBER 2023

- Rental revenue increased 16% to SEK 3,160 M (SEK 2,725 M in the year-earlier period).
- Profit from property management increased 17% to SEK 2,972 M (2,530).
- Profit from property management per Class A and B share after dilution rose 18% to SEK 8.64 (7.35).
- Property revaluation had an impact on profit of SEK –1,680 M (3,521).
- Revaluation of financial instruments had an impact on profit of SEK –734 M (–2,615).
- Profit after tax for the period was SEK 420 M (2,445).
- Cash flow from operating activities before changes in working capital rose 18% to SEK 2,707 M (2,302), corresponding to SEK 7.81 (6.64) per Class A and B share after dilution.
- Net investments in properties amounted to SEK 3,725 M (3,419), of which property acquisitions accounted for SEK 3,237 M (2,913).
- Sagax completed a directed issue of 10,000,000 Class B common shares in June. The issue raised SEK 2,040 M for the company.

THIRD QUARTER OF 2023

- Rental revenue increased 19% to SEK 1,113 M (SEK 938 M in the year-earlier period).
- Profit from property management increased 12% to SEK 1,015 M (910).
- Profit from property management per Class A and B share after dilution rose 9% to SEK 2.90 (2.66).
- Property revaluation had an impact on profit of SEK –314 M (408).
- Revaluation of financial instruments had an impact on profit of SEK –27 M (–421).
- Profit after tax for the quarter amounted to SEK 634 M (702).
- Cash flow from operating activities before changes in working capital rose 40% to SEK 925 M (659), corresponding to SEK 2.62 (1.87) per Class A and B share after dilution.
- Net investments in properties amounted to SEK 2,335 M (841), of which property acquisitions accounted for SEK 2,140 M (651).
- Sagax received a rating upgrade to Baa2 with a stable outlook from Moody's Investors Service.

ADJUSTED 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 3,900 M. The previously submitted forecast amounted to SEK 3,800 M and was presented in the Interim Report January-June 2023.

Selected key performance indicators¹⁾²⁾

	2023 Jan-Sep	2022 Jan-Sep	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	8.64	7.35	9.70	7.99	6.62	5.51	4.31
Change compared with preceding year, %	18	23	21	21	20	28	16
Earnings per Class A and B share after dilution, SEK	0.72	7.09	7.75	30.04	10.78	12.13	9.24
Dividend per Class A and B share, SEK	–	–	2.70	2.15	1.65	1.30	1.00
Net debt/EBITDA, multiple	6.5	7.6	7.1	5.8	6.4	6.6	7.4
Interest coverage ratio, multiple	6.4	7.6	7.1	6.5	5.7	4.9	4.2
Debt ratio at the end of the period, %	43	45	45	42	43	44	47
Properties' market value at the end of period, SEK M	56,668	54,350	52,682	46,067	37,548	32,625	29,024
Yield, %	6.4	5.7	5.8	6.0	6.3	6.4	6.8

1) Definitions of key performance indicators are provided on pages 33-34.

2) The calculation of alternative performance measures is provided on pages 35-36.

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	2%	19%
Profit from property management per Class A and B share shall increase by a minimum of 15% per year	17%	22%

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

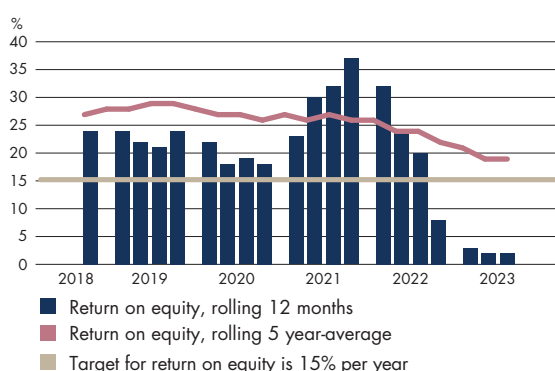
The financial structure of Sagax is designed with a clear focus on operating cash flow and interest coverage ratio. This is expected to create both good prerequisites for expansion and attractive return on equity.

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.

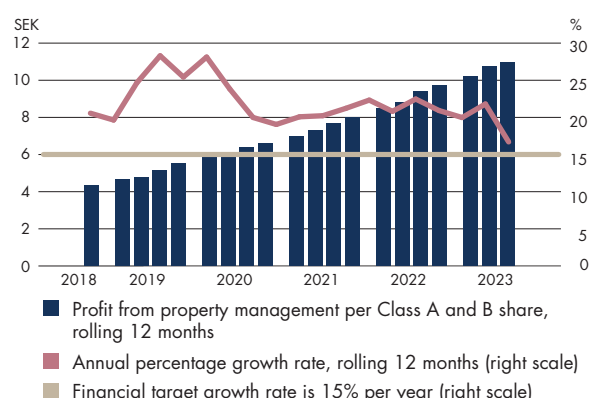
Sagax endeavours to have well-balanced fixed interest and loan maturity profiles to secure its operating cash flow. The company's interest-bearing debt mainly consists of senior unsecured bonds issued in the EUR market. Sagax also finances its operations via issuance of commercial paper in EUR and SEK. Sagax can also raise bank loans in EUR and in SEK when this is deemed to be advantageous. Moody's Investors Service has rated Sagax Baa2 with a stable 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 or equity. The Class D shares participate in an annual dividend of

Return on equity



Profit from property management per Class A and B share



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 and the use of electricity account for the largest share of properties' energy use. Sagax takes regular measures to reduce energy consumption. Sagax obtains sustainability ratings for new buildings that are constructed and is working to have existing buildings sustainability rated.

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

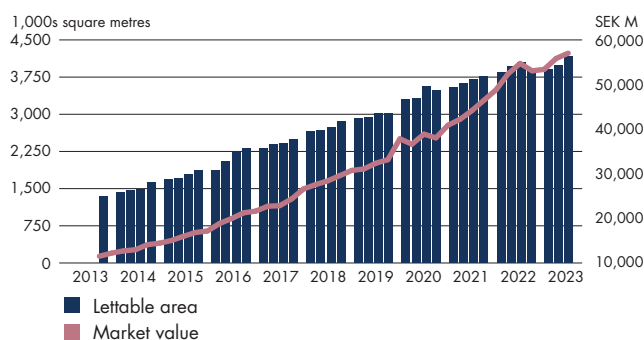
Sagax's business model is characterised in all areas by a long-term approach. Short-term gains are subordinate to the company's long-term value creation. Accordingly, sustainability work is integrated into the business model.

Professional and dedicated employees

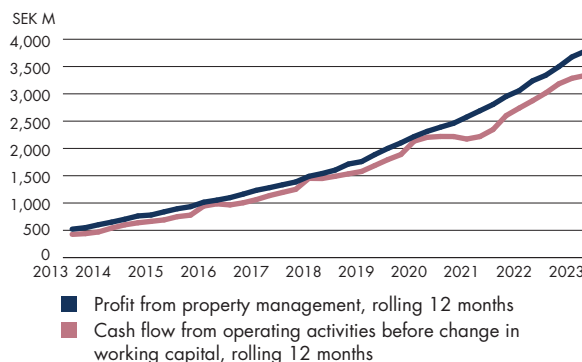
The development of the company is dependent on highly skilled employees. For this reason, it is important that the company is an attractive employer that can recruit and has the ability to retain highly skilled personnel. Sagax employees are expected to assume responsibility of their work duties and 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 2022 Annual Report.

Market value and lettable area of properties



Profit from property management and cash flow





In the third quarter, Sagax acquired a portfolio of 19 properties in Spain. The portfolio encompasses a total of 90,000 square metres of lettable area and is fully let.

Profit, revenue and expenses

The profit/loss and cash flow items below refer to the January to September 2023 period. Amounts for the balance-sheet items refer to the position at the end of the period. The comparative items refer to the year-earlier period and the amount at the end of the period last year.

PROFIT

Profit from property management rose 17% to SEK 2,972 M (2,530), of which joint ventures and associated companies accounted for SEK 698 M (606). Profit from property management increased following primarily property acquisitions, currency effects and rent indexation. Profit from property management per Class A and B share after dilution rose 18% to SEK 8.64 (7.35).

Changes in the value of properties impacted profit by SEK –1,680 M (3,521), of which SEK –726 M (1,000) referred to changes in value from joint ventures and associated companies. The changes in value were primarily due to changed capitalisation rates and inflation expectations.

Revaluation of financial instruments had an impact on profit of SEK –734 M (–2,615), of which SEK –616 M (–3,221) referred to the revaluation of listed shares.

Profit after tax for the period was SEK 420 M (2,445).

REVENUE

Rental revenue rose 16% to SEK 3,160 M (2,725). 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.

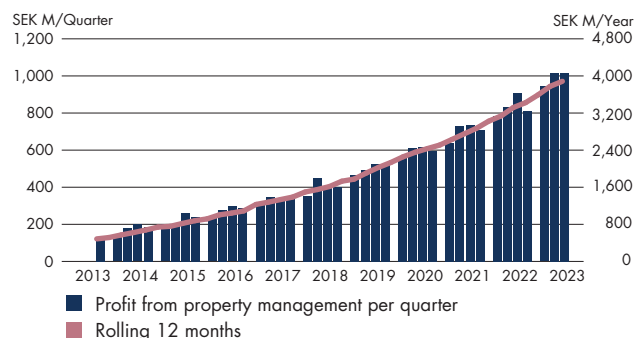
During the period, rental revenue in comparable portfolios increased 6.5% (4.5) excluding currency effects. The segments with the largest increases were the Netherlands with 12.6%, Spain 8.7% and Sweden 7.8%. Other revenue amounted to SEK 12 M (28).

Rental revenue, comparable portfolios

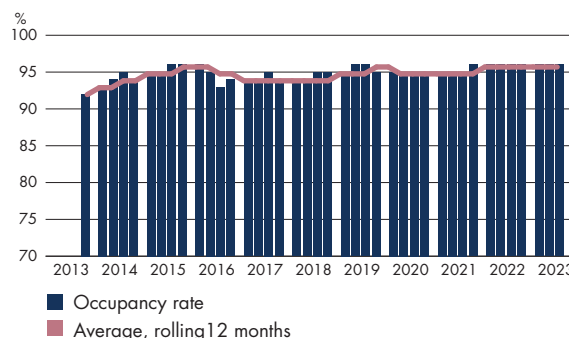
Amounts in SEK M	2023 Jan-Sep	2022 Jan-Sep
Rental revenue	3,160	2,725
Acquisitions and divestments	–298	–205
Currency adjustment ¹⁾	–	168
Total	2,863	2,688

1) Adjustment of preceding period to neutralize currency rate impact.

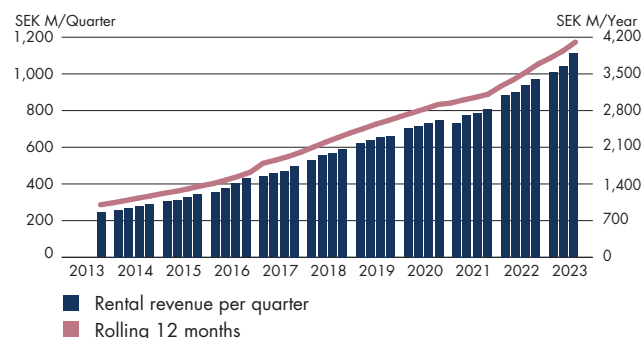
Profit from property management



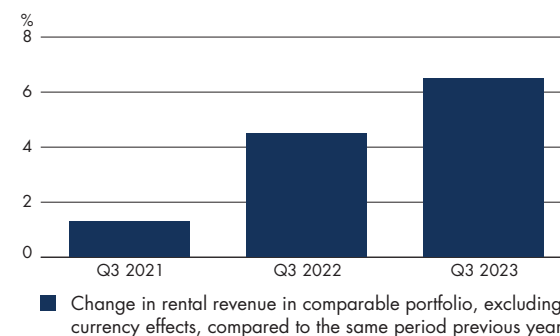
Economic occupancy rate



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 171 M (146) due to tenants vacating premises and declined SEK 151 M (139) following new lettings. Fixed-term rent discounts for new tenants increased SEK 11 M (7) to SEK 50 M (45) on an annual basis at the end of the period. Acquisitions and property divestments during the period increased the vacancy value by a net SEK 1 M (14). The total vacancy value at the end of the period amounted to SEK 206 M (168).

FUTURE VACANCY CHANGES

At the end of the period, notice of termination had been served for leases with a rental value of SEK 92 M (116), of which leases with notice of vacating the premises accounted for SEK 92 M (115) and leases terminated with notice of renegotiation amounted to zero (SEK 1 M). Of the leases for which notice had been received, vacancies corresponding to a rental value of SEK 24 M will occur in 2023.

Lettings of premises to tenants who have not yet occupied reduced the adjusted vacancy value by SEK 42 M (31). Net lettings corresponding to a rental value of SEK 28 M will occur in 2023. The adjusted vacancy value was SEK 256 M (254).

Vacancy changes

Amounts in SEK M	2023 Jan-Sep	2022 Jan-Dec
Opening vacancy for each year	171	135
New lettings	-151	-207
Vacancies	171	220
Change in discounts provided	11	1
Vacancy value, acquired properties	4	19
Vacancy value, sold properties	-3	-5
Change in exchange rates	3	8
Closing vacancy value	206	171
Terminated for renegotiation	-	3
Terminated lease, not vacated	92	104
Letting, not occupied	-42	-49
Adjusted closing vacancy value	256	229

PROPERTY EXPENSES

Operating and maintenance costs amounted to a total of SEK 325 M (300). Expenses for property tax increased to SEK 158 M (132). Other property expenses rose to SEK 68 M (60). The increase was primarily due to property acquisitions.

CENTRAL ADMINISTRATION

Central administration costs amounted to SEK 118 M (107), corresponding to 3.7% (3.9) of rental revenue for the period.

At the end of the period, Sagax had 94 (93) employees. Functions such as property caretaking and on-call operations are outsourced. Sagax has offices in Stockholm, Helsinki, Paris, Rotterdam, Barcelona and Frankfurt.

Number of employees

Country	Total
Sweden	39
Finland	27
France	12
Netherlands	9
Spain	6
Germany	1
Total	94

Signed leases and leases terminated

Year of occupancy and vacancy	Lettings, not occupied		Terminations	
	No. of leases	Rental value, SEK M	No. of leases	Rental value, SEK M
2023	21	28	24	24
2024	4	14	37	50
2025	-	-	5	8
2026	-	-	1	2
2027	-	-	1	8
>2027	-	-	-	-
Total	25	42	68	92

Vacancies, 1 October 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	1,033	63	6%	918,000	54,000	6%
Finland	1,779	87	5%	1,449,000	80,000	6%
France	732	18	2%	631,000	15,000	2%
Benelux ²⁾	646	34	5%	656,000	7,000	1%
Spain	299	3	1%	416,000	7,000	2%
Germany	115	2	1%	94,000	2,000	2%
Rest of Europe	12	-	-	6,000	-	-
Total	4,617	206	4%	4,170,000	166,000	4%

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

2) Sagax acquired properties in Belgium during the third quarter 2023. The properties in Belgium and the Netherlands are recognised in the segment Benelux from 1 July 2023.

PROFIT FROM JOINT VENTURES AND ASSOCIATED COMPANIES

Profit from joint ventures and associated companies for the period amounted to SEK –61 M (1,548), of which profit from property management accounted for SEK 698 M (606), changes in the value of properties for SEK –726 M (1,000) and changes in the value of fixed income derivatives for SEK –36 M (314). Tax on profit from joint ventures and associated companies amounted to SEK –12 M (–401). Other changes in value amounted to SEK 15 M (29). For additional information, see page 13.

NET FINANCIAL ITEMS

Financial income amounted to SEK 304 M (144) and primarily referred to non-recurring income for repurchased bonds of SEK 59 M, financial income of SEK 123 M attributable to the current financial lease asset that arose as a result of the contracted divestment of 36 properties in Spain, interest income of SEK 71 M from listed bonds and other financial investments and SEK 46 M (144) in dividends on listed shares.

Financial expenses, excluding the interest component of IFRS 16 Leases, increased to SEK –510 M (–354) due to the increase in interest-bearing liabilities and higher market interest rates. The average interest rate on interest-bearing liabilities was 2.0% (1.6) on the balance sheet date.

The interest component of IFRS 16 Leases amounted to SEK –24 M (–21). This expense primarily comprised site leasehold fee and ground rents.

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 –954 M (2,521), of which unrealised changes in value amounted to SEK –955 M (2,530). Of this unrealised change in value, SEK 544 M (426) was attributable to property management and SEK –1,499 M (2,104) was related to general changes in market value, see table below. Refer also to page 12 for additional information.

Unrealised changes in the value of properties

Amounts in SEK M	Jan-Sep 2023
New lettings/Renegotiations	684
Vacancies/Renegotiations	–140
General change in market value	–1,499
Total	–955

REVALUATION OF FINANCIAL INSTRUMENTS

The change in value of financial instruments was SEK –698 M (–2,929). Realised changes in value attributable to the divestment of financial instruments amounted to SEK 23 M (3). The unrealised change in value attributable to fixed income derivatives amounted to SEK 9 M (92). Revaluation of listed shares resulted in a change in value of SEK –616 M (–3,221), of which the shareholding in Nyfosa was revalued by SEK –525 M (–2,940). The revaluation of financial instruments attributable to joint ventures amounted to SEK –38 M (150). Other financial instruments were revalued by SEK –76 M (47).

TAX

Sagax recognised a tax expense of SEK –141 M (–619) comprising of a current tax expense of SEK –143 M (–58) and a deferred tax revenue of SEK 2 M (–561). Tax revenue recognised in other comprehensive income amounted to SEK 6 M (–31). The Group's deferred tax liabilities at the end of the period amounted to SEK 4,046 M (3,778). Deferred tax assets pertaining to accumulated loss carryforwards amounted to SEK 173 M.

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 2,707 M (2,302). Changes in working capital had an impact of SEK 149 M (155) on cash flow. Investing activities had an impact of SEK –2,321 M (–5,344) on cash flow, and cash flow from financing activities contributed SEK –586 M (2,917) to Sagax. In total, cash and cash equivalents changed by SEK –51 M (31) 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 65 M (65).

Unrealised changes in the value of properties per quarter

Amounts in SEK M	
First quarter	–333
Second quarter	–508
Third quarter	–114
Total	–955

Forecast and current earnings capacity

ADJUSTED 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 3,900 M. The previously submitted forecast amounted to SEK 3,800 M and was presented in the Interim Report January-June 2023.

CURRENT EARNINGS CAPACITY

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

The table below shows the company's earnings capacity on a 12-month basis on 1 October. It is important to note that this capacity is not equivalent to 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

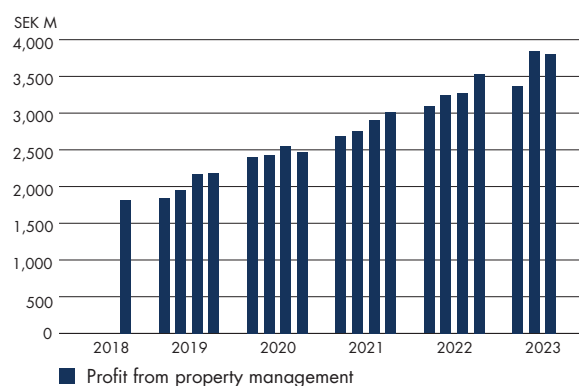
months adjusted for the holding period. Central administration costs are based on actual outcomes over the past 12 months. Net financial items are calculated based on interest-bearing liabilities and assets on the balance sheet date. Expenses for interest-bearing liabilities are based on the Group's estimated average interest rate, plus financing costs allocated over time and costs attributable to credit facilities that were unutilised on the balance sheet date. 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 11.49. Translation from EUR of the earnings capacity on 1 January 2023 took place at a rate of SEK 11.13.

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

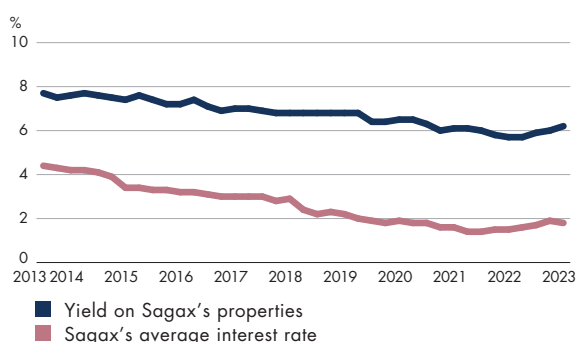
Current earnings capacity

Amounts in SEK M	1 Oct 2023	1 Jan 2023
Rental value	4,617	4,195
Vacancy	-206	-171
Rental revenue	4,411	4,024
Property expenses	-769	-704
Net operating income	3,642	3,319
Central administration	-185	-174
Joint ventures and associated companies	970	818
Net financial items	-593	-398
Lease expenses	-31	-28
Profit from property management	3,804	3,538
Tax	-685	-637
Profit after tax	3,119	2,902
– of which, holders of Class D shares	252	252
– of which, holders of Class A and B shares	2,867	2,650
Run rate yield, %	6.4	6.3
Net debt/run rate EBITDA, multiple	6.1	6.5

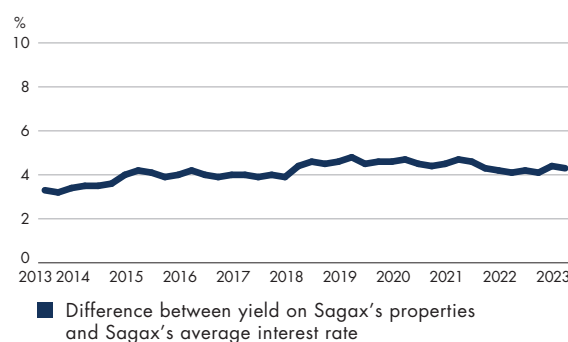
Current earnings capacity before tax



Yield and interest rate



Difference between yield and interest rate



Property portfolio

On 30 September 2023, the property portfolio comprised 811 (782) properties with a lettable area of 4,170,000 square metres (4,036,000). At the end of the period, the rental value and contractual annual rent amounted to SEK 4,617 M (4,048) and SEK 4,411 M (3,880), respectively. This corresponds to an economic occupancy rate of 96% (96).

INVESTMENTS

During the period, Sagax invested SEK 3,783 M (3,432), of which property acquisitions accounted for SEK 3,237 M (2,915).

A total of SEK 546 M (517) was invested in the existing property portfolio. SEK 133 M referred to property maintenance and SEK 219 M to new construction. In addition, SEK 159 M was invested in connection with new lettings and SEK 34 M against rent supplements. Of total investments, SEK 12 M referred to investments in energy-saving measures.

The Group has agreed to acquire 51 properties in France, seven properties in Spain and two properties in Belgium, with closing taking place after the end of the period. The total investment will amount to SEK 1,426 M.

DIVESTMENTS

During the period, six properties were divested for a total of SEK 58 M, of which four properties in France for a corresponding SEK 28 M.

PROPERTY PORTFOLIO YIELD

The yield for the period in relation to market value at the end of the period amounted to 6.4% (5.7). Run rate yield amounted to 6.4% (5.8).

Summary of property portfolio 1 October 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	14,739	26%	16,100	120	918,000	54,000	1,033	94%	970
Finland	18,891	33%	13,000	228	1,449,000	80,000	1,779	95%	1,692
France	8,580	15%	13,600	197	631,000	15,000	732	98%	714
Benelux ¹⁾	8,518	15%	13,000	146	656,000	7,000	646	95%	613
Spain	4,436	8%	10,700	109	416,000	7,000	299	99%	297
Germany	1,374	2%	14,700	9	94,000	2,000	115	99%	113
Rest of Europe	131	0%	20,300	2	6,000	–	12	100%	12
Total	56,668	100%	13,600	811	4,170,000	166,000	4,617	96%	4,411

Property investments January-September 2023

Amounts in SEK M	Property acquisitions	Existing portfolio	Total	Share of total investments	Divestments	Net investments
Sweden	186	317	504	13%	–	504
Finland	726	97	823	22%	–1	823
France	232	78	309	8%	–28	282
Benelux ¹⁾	1,056	37	1,093	29%	–	1,093
Spain	964	15	978	26%	–	978
Germany	73	2	75	2%	–30	45
Rest of Europe	–	–	–	–	–	–
Total	3,237	546	3,783	100%	–58	3,725

¹⁾ Sagax acquired properties in Belgium during the third quarter 2023. The properties in Belgium and the Netherlands are recognised in the segment Benelux from 1 July 2023.

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 2,343 leases (2,314). 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 2,336 leases (2,306) each had a rental value of less than 1% of the Group's annual rent. The total rental value for these leases accounted for 90% (86) of Sagax's annual rent. In addition, Sagax is party to 6 leases (6) with a rental value corresponding to 1–2% of the Group's annual rent. Combined, these leases total 8% (8) of Sagax's annual rent. Only 1 (2) 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%	101	2	1	101	14
1–2%	356	8	6	59	4
<1%	3,954	90	2,336	2	4
Total	4,411	100	2,343	2	5

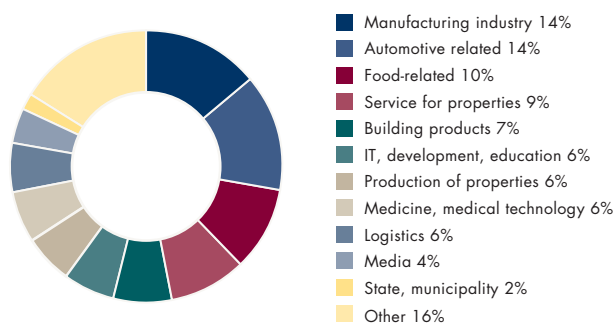
Lease terms

Year of expiry	No.	Area, sqm	SEK M	Share
2023	247	72,000	91	2%
2024	746	625,000	739	17%
2025	436	723,000	679	15%
2026	331	470,000	555	13%
2027	201	502,000	489	11%
>2027	381	1,612,000	1,858	42%
Total	2,343	4,004,000	4,411	100%

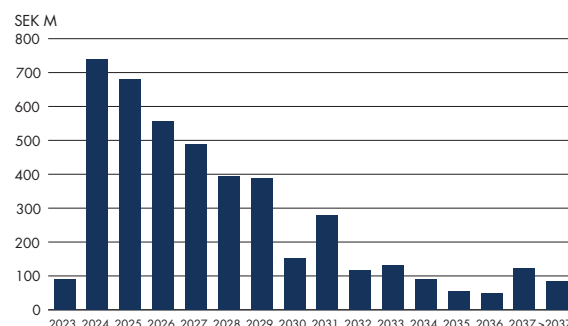
Sagax's tenants operate in a variety of sectors. Companies in the manufacturing industry account for 14% (15) of rental revenue. The automotive-related industry, including sales, service and manufacturing, accounts for 14% (12) of rental revenue and food-related operations for 10% (14). Diverse tenant 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 53% of the annual rent expire in or after 2027. 2–17% 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 811 properties (782) was established at SEK 56,668 M (54,350) on 30 September 2023. Exchange rate fluctuations during the period resulted in property values denominated in EUR and DKK increasing by SEK 1,216 M (2,336).

The unrealised change in value for the period amounted to SEK -955 M (2,530) corresponding to a change in value of -1.7% (5.5). In the same period, weighted inflation was 3.1% (7.5) in the markets where Sagax is active. Accordingly, the real change in value amounted to -4.6% (-1.9).

Of this unrealised change in value, SEK 544 M was attributable to property management and SEK -1,499 M mainly related to assumptions of higher capitalisation rates, changed expectations regarding inflation, higher property expenses 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 period, although the turnover rate is low compared with prior years. Uncertainty in the value assessments thus remain 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 30 September 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

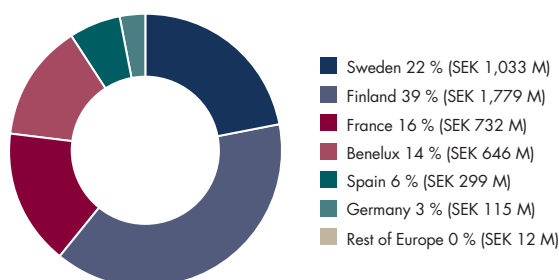
The discount rate for the present value calculation of cash flows (5.1–16.1%), the discount rate for the present value calculation of residual values (5.1–16.1%) and the capitalisation rate for the residual value calculations (4.3–14.0%) are based on comparable transactions and on individual assessments of the risk level and market position of each property.

The weighted discount rate for the present value calculation of cash flows and residual values for the property portfolio amounted to 7.8% (7.7) and 7.9% (7.7), respectively. The weighted capitalisation rate rose to 6.4% (6.2).

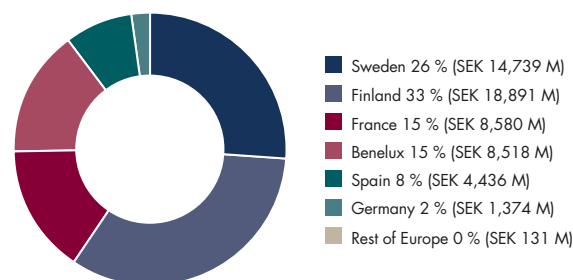
Change in the carrying amounts of the property portfolio

	SEK M	No.
Property portfolio, 31 December 2022	52,682	751
Acquisition of properties	3,237	66
Investments in the existing portfolio	546	
Divestment of properties	-58	-6
Currency translation effect	1,216	
Unrealised changes in value	-955	
Property portfolio, 30 September 2023	56,668	811

Group's rental value¹⁾



Market value of properties



1) Sagax acquired properties in Belgium during the third quarter 2023. The properties in Belgium and the Netherlands are recognised in the segment Benelux from 1 July 2023.

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 SEK 7,377 M, which has generated an accumulated dividend of SEK 3,185 M (2,525) for Sagax. The carrying amount of these investments amounted to SEK 13,552 M (11,134), of which 93% comprised Hemsö Fastighets AB, Nyfosa AB, Söderport Property Investment AB and NP3 Fastigheter AB.

These investments contributed a total of SEK 698 M (606) to profit from property management during the period and SEK 628 M (534) to the cash flow. Sagax's share of changes in the value of properties amounted to SEK -726 M (1,000) and the share of changes in the value of derivatives was SEK -36 M (314).

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 handles the financial administration and most of the asset management.

A corresponding 75% of Söderport's rental value of SEK 1,087 M was located in Stockholm on 30 September 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 handles the financial administration and asset management.

ASSOCIATED COMPANIES

Nyfosa AB (Nyfosa)

Sagax owns shares corresponding to 23.3% of the votes and capital in Nyfosa. Sagax's CEO was elected a new member of Nyfosa's Board of Directors at the Annual General Meeting held on 25 April 2023, after which Sagax is deemed to have a significant influence in Nyfosa. Consequently, the holdings in Nyfosa are subsequently recognised as an associated company according to the equity method. Reclassification took place on 25 April 2023 based on the market value on the same date and resulted in an unrealised change in value of financial instruments of SEK -525 M. The market value of Sagax's shareholding amounted to SEK 2,617 M (2,634) and the carrying amount to SEK 3,004 M (-) on 30 September 2023.

Nyfosa is a property company active in the Swedish, Finnish and Norwegian markets with a focus on commercial properties in growth cities. The property portfolio encompassed 513 properties with a total property value of SEK 41.0 billion and a rental value of SEK 3,881 M on 30 September 2023. Nyfosa is listed on Nasdaq Stockholm, Large Cap. For more information, refer to www.nyfosa.se.

NP3 Fastigheter AB (NP3)

Sagax owns shares corresponding to 21.2% of the votes and 15.8% of the capital in NP3. The market value of Sagax's shareholding amounted to SEK 2,079 M (2,111) and the carrying amount to SEK 2,153 M (2,134) on 30 September 2023. NP3 is a property company focusing on high-yielding commercial investment properties mainly in northern Sweden. The company's property portfolio encompassed 504 properties with a total property value of SEK 20 billion and a rental value of SEK 1,933 M on 30 September 2023. NP3 is listed on Nasdaq Stockholm, Large Cap. For more information, refer to www.np3fastigheter.se.

Fastighetsbolaget Emilshus AB (Emilshus)

Sagax owns shares corresponding to 24.0% of the votes and 21.8% of the capital in Emilshus. The market value of Sagax's shareholding amounted to SEK 636 M and the carrying amount to SEK 666 M (668) on 30 September 2023. Emilshus acquires, develops and manages commercial properties in Småland and nearby growth regions. The property portfolio encompassed 127 properties with a total market value of SEK 7.2 billion and a rental value of SEK 597 M on 30 September 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-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022
<i>Sagax's ownership, %</i>	15	15	50	50	50	50
<i>Sagax's share of comprehensive income, SEK M</i>	-200	580	116	552	-14	66
<i>Sagax's share of profit from property management, SEK M</i>	228	242	171	179	23	24
Rental revenue, SEK M	3,598	3,005	766	673	72	70
Profit from property management, SEK M	1,785	1,798	342	381	46	48
Profit/loss for the period, SEK M	-1,648	3,970	232	1,188	-28	132
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
<i>Carrying amount of ownership interest, SEK M</i>	4,603	5,182	2,820	2,817	298	333
No. of properties	485	468	85	84	39	39
Carrying amounts of properties, SEK M	84,369	85,004	14,398	14,303	1,528	1,629
Lettable area, sqm	2,452,000	2,339,000	773,000	769,000	184,000	184,000
Lease term, years	9.5	9.8	4.1	4.2	6.7	6.8
Economic occupancy rate, %	98	98	95	95	100	100
Interest-bearing liabilities, SEK M	52,029	48,792	7,377	6,965	854	873
Loan maturity, years	5.7	6.5	3.9	2.7	1.2	2.2
Average fixed interest rate period, years	5.0	5.7	2.1	1.9	0.2	1.0
Market value of derivatives, SEK M	-170	389	140	153	-	-

Funding

EQUITY

Consolidated equity amounted to SEK 35,130 M (33,092) on 30 September 2023. Equity increased SEK 2,040 M during the period as a result of a directed issue of 10,000,000 Class B common shares, comprehensive income of SEK 732 M, transactions totalling SEK 6 M in connection with incentive plans and share dividends of SEK –1,111 M.

INTEREST-BEARING LIABILITIES

Sagax's interest-bearing liabilities at the end of the period amounted to SEK 31,846 M (31,900) corresponding to a nominal amount of SEK 31,912 M (31,970). An amount corresponding to SEK 30,115 M (29,775) of liabilities was recognised in EUR. Exchange rate fluctuations increased interest-bearing liabilities by SEK 1,063 M (1,761).

Listed bonds amounted to SEK 26,312 M (27,975). Other interest-bearing liabilities comprised commercial paper of SEK 1,907 M (2,283) and liabilities to banks of SEK 3,626 M (1,642).

Unsecured liabilities including commercial paper corresponded to 89% (96) of interest-bearing liabilities.

The interest coverage ratio amounted to 6.4 (7.6) times for the period and the debt ratio to 43% (45) at the end of the period. Net interest-bearing debt for the past 12 months was 6.5 (7.6) times EBITDA and 6.1 (7.0) times run rate EBITDA, see page 9 for more information.

A total of SEK 5,200 M (6,517) was raised in loans during the period. Repayments during the period totalled SEK 6,694 M (2,759), of which SEK 2,315 M referred to early redemption of bonds. Net interest-bearing debt totalled SEK 25,082 M (25,154).

The average remaining fixed interest and loan maturity terms were 2.8 years (3.4) and 3.3 years (3.9), respectively, at the end of the period. The average interest rate on interest-bearing liabilities was 2.0% (1.5), including the effect of derivatives on the balance sheet date.

Of Sagax's interest-bearing liabilities, SEK 26,519 M (27,703), or 83% (87), bear fixed interest rates. The company has interest-rate caps and interest-rate swaps with a total nominal value of SEK 1,191 M (1,460), corresponding to 3.7% (4.6) of interest-bearing liabilities.

WORKING CAPITAL AND UNUTILISED CREDIT FACILITIES

Sagax's working capital amounted to SEK –5,434 M (–501) on 30 September 2023. At the same date, unutilised credit facilities including back-up facilities for commercial paper programmes amounted to SEK 8,365 M (6,809). No additional collateral needs to be pledged to utilise these credit facilities.

Interest rate exposure and loan maturity 30 September 2023

Year of expiry	Interest rate exposure ¹⁾			Loan maturity		
	Nominal amount, SEK M	Interest rate	Share	Nominal amount, SEK M	Share	
2023	3,506	5.1%	11%	39	0%	
2024	4,477	2.4%	14%	3,608	11%	
2025	4,597	2.4%	14%	4,953	16%	
2026	3,448	1.7%	11%	4,026	13%	
2027	4,392	2.4%	14%	6,954	22%	
>2027	11,492	0.9%	36%	12,331	39%	
Total/average	31,912	2.0%	100%	31,912	100%	

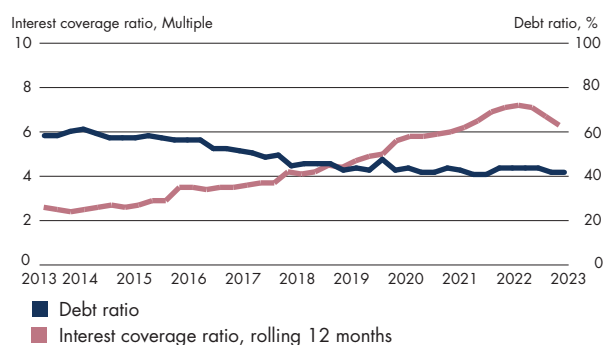
1) Including derivatives.

Net debt

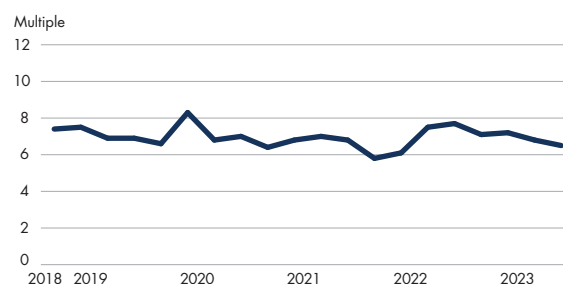
Amounts in SEK M	30 Sep 2023	30 Sep 2022
Interest-bearing liabilities	31,846	31,900
Interest-bearing assets	–750	–844
Listed instruments ¹⁾	–5,989	–5,788
Cash and cash equivalents	–25	–115
Net debt	25,082	25,154

1) Including associated companies whose shares are listed.

Debt ratio and interest coverage ratio



Net debt/EBITDA, rolling 12 months



Listed bonds, 30 September 2023

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	2.06%	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	299	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	2,290	1.44%	1.39%		

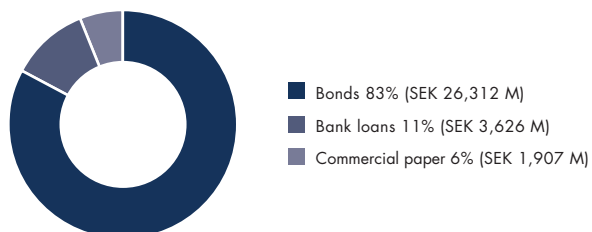
Derivative contracts, 30 September 2023

Amounts in SEK M	Nominal amount	Years to maturity	Market value 30 Sep 2023	Market value 31 Dec 2022	Change for the period
Nominal interest-rate swaps	944	4.2	16	2	14
Interest-rate caps	247	0.8	7	12	-5
Total/average	1,191	3.5	23	14	9

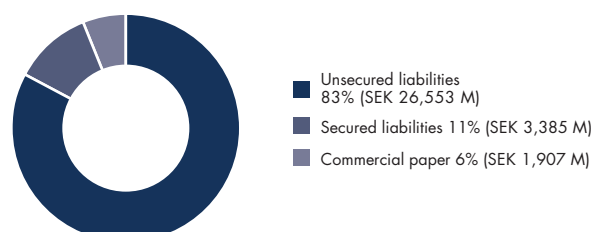
Rating and key performance indicators according to EMTN programme

	Financial covenant in EMTN programme	30 Sep 2023	31 Dec 2022
Rating according to Moody's Investors Services		Baa2, Stable outlook	Baa3, Positive outlook
Net debt/Total assets	<65%	36%	35%
Interest coverage ratio	>1.8x	9.4x	12.7x
Secured liabilities/Total assets	<45%	5%	3%

Sources of financing



Distribution between secured and unsecured liabilities



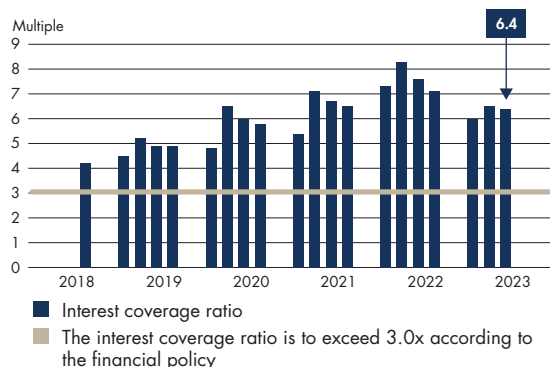
FINANCIAL POLICY

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.

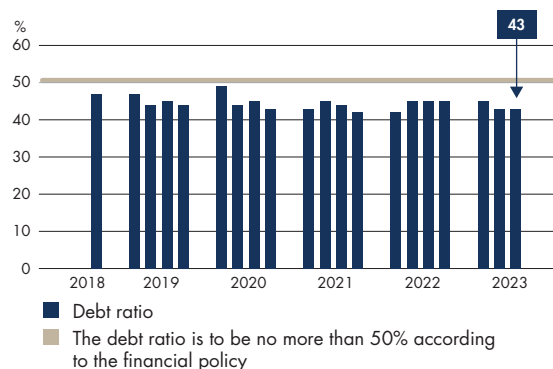
- A debt ratio of no more than 50%.
- An interest coverage ratio exceeding 3.0x.
- Net debt in relation to the Group's EBITDA not above 8x.

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

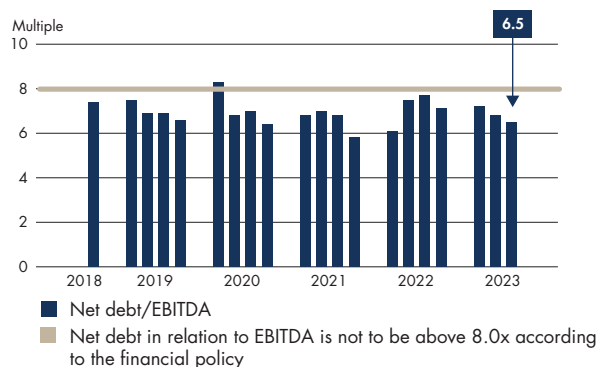
Interest coverage ratio



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 451 M (382).

INTEREST-BEARING NON-CURRENT RECEIVABLES

Interest-bearing non-current receivables amounted to SEK 616 M (731) and comprised convertible debentures issued by the French company Groupe BMG valued at SEK 516 M (615) maturing on 31 December 2024 and promissory notes valued at SEK 99 M (116) issued in connection with a property divestment in 2021.

LISTED INSTRUMENTS

Listed instruments comprise listed shares that are not holdings in associated companies and bonds amounting to a total of SEK 737 M (3,273).

Listed shares are recognised at the closing price on the balance sheet date and amounted to SEK 31 M (3,168). The decline was due to the holdings in Nyfosa AB being reclassified to associated companies and the holding in Cibus Nordic Real Estate AB being divested. In addition, Sagax has invested in listed bonds that at the end of the period were recognised in the amount of SEK 705 M (105). For additional information, see page 13.

OTHER CURRENT ASSETS

Other current assets amounted to SEK 1,054 M (733) and primarily comprises prepaid costs and accrued income of SEK 435 M (302) and rent receivables of SEK 206 M (166).

Consolidated statement of comprehensive income

Amounts in SEK M	2023 Jan-Sep	2022 Jan-Sep	2023 Jul-Sep	2022 Jul-Sep	2022 Jan-Dec	Rolling 12 months
Rental revenue	3,160	2,725	1,113	938	3,696	4,131
Other revenue	12	28	4	16	31	16
Operating expenses	-253	-243	-71	-72	-346	-356
Maintenance costs	-72	-57	-23	-19	-84	-100
Property tax	-158	-132	-55	-43	-178	-204
Other property expenses	-68	-60	-26	-20	-87	-95
Net operating income	2,621	2,262	942	799	3,032	3,392
Central administration	-118	-107	-39	-30	-174	-185
Profit from joint ventures and associated companies	-61	1,548	29	17	1,375	-233
– of which, profit from property management	698	606	261	215	766	858
– of which, changes in value	-762	1,314	-232	-189	852	-1,224
– of which, tax	-12	-401	-1	-9	-351	39
– of which, other	15	29	–	–	108	94
Financial income	304	144	33	58	235	396
Financial expenses	-510	-354	-174	-125	-492	-649
Financial expense, interest component of leases	-24	-21	-8	-7	-28	-31
Profit including profit from joint ventures and associated companies	2,213	3,471	782	712	3,948	2,690
– of which, profit from property management	2,972	2,530	1,015	910	3,339	3,781
Changes in value of properties, realised	1	-9	1	-1	-12	-3
Changes in value of properties, unrealised	-955	2,530	-114	664	1,709	-1,776
Changes in value of financial instruments, realised	23	3	–	–	3	23
Changes in value of financial instruments, unrealised	-721	-2,932	4	-488	-2,343	-132
Profit before tax	561	3,064	674	888	3,305	802
Deferred tax	2	-561	4	-169	-523	40
Current tax	-143	-58	-44	-16	-63	-148
Profit for the period	420	2,445	634	702	2,718	694
Other comprehensive income						
– items that might be reclassified subsequently to the profit or loss:						
Translation differences for foreign operations	507	1,183	-439	376	1,478	801
Share of other comprehensive income for joint ventures	67	29	52	7	27	65
Translation differences, hedge accounting	-267	-694	199	-214	-878	-451
Tax on items that may be reclassified	6	-31	-3	-13	-42	-6
Total other comprehensive income, net of tax	312	487	-191	156	585	409
Total comprehensive income for the period	732	2,932	443	858	3,303	1,103
Earnings per Class A and B share, SEK	0.72	7.10	1.78	2.01	7.76	1.38
Earnings per Class A and B share after dilution, SEK	0.72	7.09	1.78	2.01	7.75	1.38
Earnings per Class D share, SEK	1.50	1.50	0.50	0.50	2.00	2.00
Average number of Class A and B shares, million	321.8	317.9	328.3	318.0	317.8	320.9
Average number of Class A and B shares after dilution, million	322.2	318.3	328.5	318.4	318.3	321.3
Average number of Class D shares, million	126.3	126.3	126.3	126.3	126.3	126.3

Condensed consolidated statement of financial position

Amounts in SEK M	2023 30 Sep	2022 30 Sep	2022 31 Dec
Investment properties	56,668	54,350	52,655
Investment properties for sale	–	–	27
Leases, right-of-use assets	451	382	380
Joint ventures and associated companies	13,552	11,134	11,022
Deferred tax assets	173	–	–
Derivatives	23	12	14
Interest-bearing non-current receivables	616	731	746
Other fixed assets	181	188	146
Total fixed assets	71,664	66,797	64,991
Listed instruments	737	3,273	3,891
Current finance lease asset	–	–	2,008
Interest-bearing current receivables	26	–	–
Other current assets	1,054	733	865
Cash and bank balances	25	115	76
Total current assets	1,842	4,121	6,840
Total assets	73,505	70,918	71,831
Equity	35,130	33,092	33,463
Non-current interest-bearing liabilities	26,292	28,763	29,820
Deferred tax liabilities	4,046	3,778	3,779
Non-current lease liabilities	451	382	380
Other non-current liabilities	311	281	299
Total non-current liabilities	31,100	33,204	34,278
Commercial paper	1,907	2,283	1,572
Other current interest-bearing liabilities	3,647	854	902
Other current liabilities	1,722	1,485	1,616
Total current liabilities	7,276	4,622	4,090
Total equity and liabilities	73,505	70,918	71,831

Consolidated statement of cash flows

Amounts in SEK M	2023 Jan-Sep	2022 Jan-Sep	2023 Jul-Sep	2022 Jul-Sep	2022 Jan-Dec	Rolling 12 months
Profit before tax	561	3,064	674	888	3,305	802
Changes in value of financial instruments	698	2,929	-4	488	2,341	109
Change in value of properties	954	-2,521	112	-663	-1,697	1,779
Profit from joint ventures and associated companies	61	-1,548	-29	-17	-1,375	233
Dividends from joint ventures and associated companies	589	534	184	3	577	633
Dissolution of allocated borrowing costs	37	35	14	9	44	47
Other items not included in cash flow	-40	-41	16	-3	-31	-29
Tax paid	-154	-150	-43	-45	-149	-154
Cash flow from operating activities before changes in working capital	2,707	2,302	925	659	3,015	3,420
Cash flow from changes in current receivables	169	56	54	123	-159	-47
Cash flow from changes in current liabilities	-20	99	272	129	371	252
Cash flow from operating activities	2,855	2,458	1,251	911	3,227	3,625
Acquisition of properties	-3,237	-2,913	-2,140	-651	-3,202	-3,525
Property sales	58	5	37	7	47	100
Investments in existing properties	-546	-517	-232	-197	-715	-744
Acquisition of listed shares	-319	-1,617	-34	-191	-1,617	-319
Sales of listed shares	362	-	-151	-	-	362
Purchase of financial instruments	-684	-105	-223	-105	-106	-684
Sale of financial instruments	2,026	44	-	44	44	2,026
Acquisition of joint ventures and associated companies	-84	-11	-	-	-29	-102
Divestments of joint ventures and associated companies	-5	-	-5	3	3	-2
Capital contribution to joint ventures and associated companies	-75	-123	-75	-	-238	-190
Lending to joint ventures and associated companies	-36	-50	-26	-10	-64	-49
Increase in other fixed assets	-46	-58	0	-23	-58	-46
Decrease in other fixed assets	264	3	205	-	33	294
Cash flow from investing activities	-2,321	-5,344	-2,643	-1,126	-5,902	-2,880
Issue of Class B shares	2,071	39	32	-	39	2,071
Dividends paid to shareholders	-1,048	-872	-63	-63	-935	-1,111
Incentive plan	-26	-24	-34	-	-24	-26
Proceeds from borrowings	5,200	6,517	1,756	1,254	7,631	6,315
Repayment of borrowings	-6,694	-2,759	-59	-968	-4,050	-7,985
Redemption of financial instruments	-	16	-	-	16	-
Decrease in other non-current liabilities	-195	-11	-181	-	-23	-207
Increase in other non-current liabilities	104	11	-55	-	11	105
Cash flow from financing activities	-586	2,917	1,396	223	2,666	-837
Cash flow for the period	-52	30	3	8	-10	-92
Exchange rate differences in cash and cash equivalents	1	1	0	3	2	2
Change in cash and cash equivalents	-51	31	3	11	-8	-90
Cash and cash equivalents at beginning of period	76	84	22	104	84	115
Cash and cash equivalents at end of period	25	115	25	115	76	25

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-September 2022	–	–	–	2,445	2,445
Other comprehensive income, January-September 2022	–	–	486	–	486
Total comprehensive income for the period	–	–	486	2,445	2,932
<i>Transactions with shareholders</i>					
Issue of Class B shares, incentive plan	1	38	–	–	39
Dividends	–	–	–	–935	–935
Transactions with shareholders	1	38	–	–935	–896
<i>Other transactions</i>					
Redemption of incentive plan	–	–	–	–31	–31
Subscription of incentive plan	–	–	–	7	7
Other transactions	–	–	–	–24	–24
Equity, 30 September 2022	781	3,616	980	27,714	33,092
Profit for the period, October-December 2022	–	–	–	274	274
Other comprehensive income, October-December 2022	–	–	99	–	99
Total comprehensive income for the period	–	–	99	274	373
Equity, 31 December 2022	781	3,616	1,078	27,988	33,463
Profit for the period, January-September 2023	–	–	–	420	420
Other comprehensive income, January-September 2023	–	–	312	–	312
Total comprehensive income for the period	–	–	312	420	732
<i>Transactions with shareholders</i>					
Issue of Class B shares	18	2,075	–	–	2,092
Dividends	–	–	–	–1,111	–1,111
Transactions with shareholders	18	2,075	–	–1,111	982
<i>Other transactions</i>					
Transaction costs	–	–21	–	–	–21
Redemption of incentive plan	–	–	–	–34	–34
Subscription of incentive plan	–	–	–	8	8
Other transactions	–	–21	–	–26	–47
Equity, 30 September 2023	799	5,670	1,390	27,272	35,130

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

Parent Company income statement

Amounts in SEK M	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Net sales	86	84	118
Administration costs	-90	-87	-125
Loss before financial income and expenses	-4	-3	-7
Profit from participations in Group companies	248	121	1,863
Profit from participations in joint ventures	161	117	109
Financial income	630	330	1,314
Financial expenses	-402	-132	-1,305
Profit before tax and appropriations	633	432	1,974
Appropriations	-	-	35
Tax	-18	-7	-7
Profit for the period	615	426	2,002

Condensed Parent Company balance sheet

Amounts in SEK M	2023 30 Sep	2022 30 Sep	2022 31 Dec
Tangible fixed assets	1	1	1
Receivables from Group companies	1,192	1,630	1,714
Other financial fixed assets	14,633	13,068	13,378
Total fixed assets	15,826	14,699	15,093
Cash and bank balances	1	1	-
Receivables from Group companies	24,638	22,573	25,044
Other current assets	30	70	29
Total current assets	24,669	22,644	25,073
Total assets	40,495	37,343	40,166
Equity	6,822	3,509	5,278
Untaxed reserves	22	30	22
Non-current interest-bearing liabilities	6,800	9,552	9,935
Liabilities to Group companies	18,285	18,506	18,111
Deferred tax liabilities	5	4	5
Total non-current liabilities	25,090	28,062	28,050
Current interest-bearing liabilities	1,927	2,343	1,670
Liabilities to Group companies	6,343	3,069	4,847
Other current liabilities	292	330	298
Total current liabilities	8,561	5,742	6,815
Total equity, untaxed reserves and liabilities	40,495	37,343	40,166

Segment information

Segments	Rental revenue ¹⁾		Net operating income		Changes in value, properties				Total return	
					Unrealised		Realised			
	2023 Jan-Sep	2022 Jan-Sep	2023 Jan-Sep	2022 Jan-Sep	2023 Jan-Sep	2022 Jan-Sep	2023 Jan-Sep	2022 Jan-Sep	2023 Jan-Sep	2022 Jan-Sep
Amounts in SEK M										
Sweden	709	646	605	558	-547	849	-	0	58	1,407
Finland	1,255	1,050	1,029	847	-375	554	0	-9	654	1,393
France	504	406	390	316	68	283	1	-	458	599
Benelux ²⁾	424	328	386	298	-197	595	-	-	190	894
Spain	180	219	163	198	131	296	-	-	294	495
Germany	79	69	76	67	-20	-45	0	-	57	22
Rest of Europe	9	8	9	7	-16	-3	-	-	-8	4
Non-specified	-	-	-36	-30	0	0	-	-	-36	-30
Total	3,160	2,725	2,621	2,262	-955	2,530	1	-9	1,666	4,783

Segments	Market value properties		Investments properties		Acquisition properties		Divestment properties	
	2023 30 Sep	2022 30 Sep	2023 Jan-Sep	2022 Jan-Sep	2023 Jan-Sep	2022 Jan-Sep	2023 Jan-Sep	2022 Jan-Sep
Amounts in SEK M								
Sweden	14,739	14,831	317	135	186	91	-	-
Finland	18,891	17,939	97	256	726	715	-1	-14
France	8,580	7,640	78	27	232	1,546	-28	-
Benelux ²⁾	8,518	7,367	37	23	1,056	215	-	-
Spain	4,436	5,187	15	76	964	297	-	-
Germany	1,374	1,248	2	-	73	52	-30	-
Rest of Europe	131	137	-	-	-	-	-	-
Total	56,668	54,350	546	517	3,237	2,915	-58	-14

1) All rental revenue pertains to external tenants.

2) Sagax acquired properties in Belgium during the third quarter 2023. The properties in Belgium and the Netherlands are recognised in the segment Benelux from 1 July 2023.

Key performance indicators

	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec	2021 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec
Property-related key figures							
Yield, %	6.4	5.7	5.8	6.0	6.3	6.4	6.8
Surplus ratio, %	83	83	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	4,170	4,036	3,895	3,759	3,480	3,022	2,850
No. of properties at the end of the period	811	782	751	673	673	553	512
Financial key figures							
Return on total capital, %	6.4	5.8	5.7	5.9	6.6	6.7	6.8
Return on equity, %	1.6	10.0	8.4	36.6	17.8	23.7	23.7
Average interest rate, %	2.0	1.6	1.7	1.4	1.8	1.9	2.2
Fixed interest period incl. derivatives, years	2.8	3.4	3.2	4.0	3.4	3.5	3.0
Loan maturity, years	3.3	3.9	3.7	4.3	3.4	3.8	3.6
Equity/assets ratio, %	48	47	47	50	48	48	46
Debt ratio, %	43	45	45	42	43	44	47
Net debt/run rate EBITDA, multiple	6.1	7.0	6.5	5.4	6.4	6.6	7.1
Net debt/EBITDA, multiple	6.5	7.6	7.1	5.8	6.4	6.6	7.4
Interest coverage ratio, multiple	6.4	7.6	7.1	6.5	5.7	4.9	4.2
Interest coverage ratio, EMTN programme, multiple	9.4	12.0	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	208.50	184.20	236.50	305.00	169.60	136.20	65.70
Net asset value, SEK	108.54	105.63	106.61	97.92	66.38	56.77	44.22
Equity, SEK	93.53	90.16	91.33	83.93	55.19	46.86	35.70
Equity after dilution, SEK	93.49	90.06	91.20	83.84	55.09	46.78	35.67
Earnings, SEK	0.72	7.10	7.76	30.09	10.80	12.15	9.24
Earnings after dilution, SEK	0.72	7.09	7.75	30.04	10.78	12.13	9.24
Profit from property management, SEK	8.65	7.36	9.71	8.01	6.63	5.51	4.31
Profit from property management after dilution, SEK	8.64	7.35	9.70	7.99	6.62	5.51	4.31
Cash flow, SEK	7.82	6.65	8.69	6.59	6.10	4.86	3.95
Cash flow after dilution, SEK	7.81	6.64	8.68	6.58	6.09	4.86	3.95
Dividend per share, SEK	–	–	2.70	2.15	1.65	1.30	1.00
No. of shares at end of period, million	328.3	318.0	318.0	317.7	317.3	317.1	316.8
No. of shares at end of period after dilution, million	328.5	318.4	318.5	318.0	317.9	317.5	317.1
Average number of shares, million	321.8	317.9	317.8	317.5	317.1	316.9	316.7
Average number of shares after dilution, million	322.2	318.3	318.3	318.0	317.7	317.3	316.9
Data per Class D share							
Share price at the end of period, SEK	25.65	25.00	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	1.50	1.50	2.00	2.00	2.00	2.00	2.00
Dividend per share, SEK	–	–	2.00	2.00	2.00	2.00	2.00
No. of shares at end of period, million	126.3	126.3	126.3	126.3	125.8	107.8	101.9
Average number of shares, million	126.3	126.3	126.3	126.2	118.4	105.7	83.0

Definitions of key performance indicators are provided on pages 33–34.

The Sagax share and shareholders

At the end of the period, Sagax had 23,582 (23,640) known shareholders. Sagax's market capitalisation amounted to SEK 71,736 M (61,690).

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 456,595,984 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.

Sagax carried out a directed issue of 10,000,000 Class B common shares and due to the exercise of warrants under the 2020/2023 incentive plan, issued an additional 314,638 Class B common shares.

WARRANTS

Sagax has three warrant plans for the company's employees. In total, Sagax's employees hold warrants corresponding to 0.3% 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 2021-2024, 2022-2025 and 2023-2026.

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 in accordance with a real estate index comprising property companies listed on Nasdaq Stockholm's main list for a 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 10.98 (9.38), which, compared with the share price of the Class B share at the end of the period, corresponded to a multiple of 19.0 (19.6).

EQUITY PER CLASS A AND B SHARE

Equity per Class A and B share after dilution amounted to SEK 93.49 (90.06). Net asset value per Class A and B share amounted to SEK 108.54 (105.63). The share price for the Class B share at the end of the period was 223% (205) of equity per Class A and B share and 192% (174) of NAV per Class A and B share.

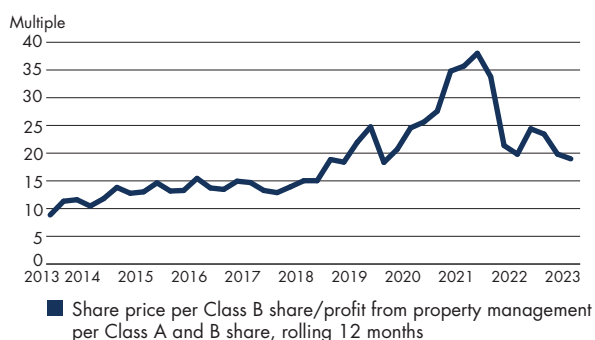
Key performance indicators per Class B share

	2023 30 Sep	2022 30 Sep	2022 31 Dec	2021 31 Dec	2020 31 Dec	2019 31 Dec	2018 31 Dec
Share price at the end of period, SEK	208.50	184.20	236.50	305.00	169.60	136.20	64.70
Profit from property management after dilution, SEK ¹⁾	10.98	9.38	9.70	7.99	6.62	5.51	4.31
Cash flow after dilution, SEK ¹⁾²⁾	9.86	8.23	8.68	6.58	6.09	4.86	3.95
Equity after dilution, SEK	93.49	90.06	91.20	83.84	55.09	46.78	35.67
Net asset value, SEK	108.54	105.63	106.61	97.92	66.38	56.77	44.22
Share price/Profit from property management, multiple ¹⁾	19.0	19.6	24.4	38.2	25.6	24.7	15.0
Share price/Cash flow, multiple ¹⁾²⁾	21.1	22.4	27.3	46.4	27.9	28.0	16.4
Share price/Equity, %	223	205	259	364	308	292	182
Share price/Net asset value, %	192	174	222	311	255	240	147

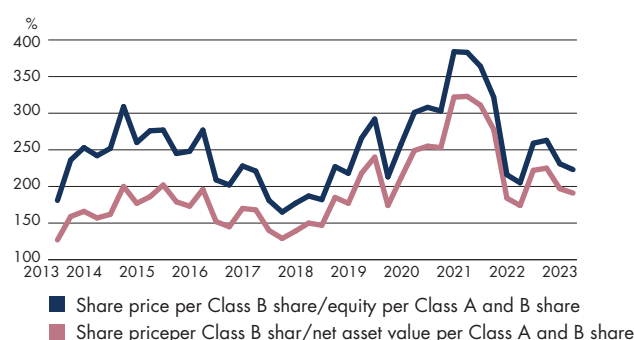
1) Profit from property management and cash flow pertains to rolling 12 months.

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

Share price/profit from property management per Class A and B share



Share price in relation to equity and net asset value



Trade in the shares on the Nasdaq Stockholm

	Price paid, SEK		Turnover rate on an annual basis, %		Average trading volume per trading day, SEK M	
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
Class A shares	210.00	182.50	2	31	0.5	7.2
Class B shares	208.50	184.20	24	35	67.5	96.9
Class D shares	25.65	25.00	50	71	6.8	10.2

Ownership structure 30 September 2023¹⁾

No. of shares	No. of known shareholders	Shareholder category	No.	Share of voting power	Shareholders by country	No.	Share of voting power
1–500	16,758	Private individuals residing in Sweden	21,712	13%	Sweden	22,324	85%
501–1,000	1,972	Private individuals residing abroad	293	1%	USA	79	5%
1,001–2,000	1,563	Companies/institutions in Sweden	612	73%	Norway	216	2%
2,001–5,000	1,468	Companies/institutions abroad	965	9%	Denmark	549	1%
5,001–10,000	677	Unknown type of shareholder	–	5%	UK	50	1%
10,001–50,000	807				Other	364	7%
50,001–	337						
Total	23,582	Total	23,582	100%	Total	23,582	100%

Largest shareholders 30 September 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	17.2%	29.5%
Staffan Salén and companies	5,737,309	31,598,279	95,600	8.2%	12.8%
Fourth Swedish National Pension Fund	805,716	15,178,459	9,548,561	5.6%	4.7%
Third Swedish National Pension Fund	–	24,752,658	–	5.4%	3.6%
Avanza Pension	44,995	216,371	12,188,745	2.7%	1.9%
Vanguard	–	7,178,933	5,039,107	2.7%	1.8%
SEB Fonder	–	12,085,166	–	2.6%	1.7%
Länsförsäkringar Fonder	–	8,701,334	773,607	2.1%	1.4%
Handelsbanken Fonder	–	7,947,153	1,145,228	2.0%	1.3%
BlackRock	–	7,888,408	14,015	1.7%	1.1%
Rutger Arnhult and companies	–	306,824	6,596,183	1.5%	1.0%
Norges Bank	–	4,341,848	2,477,164	1.5%	1.0%
Filip Engelbert and companies	241,000	1,869,784	4,200,000	1.4%	1.2%
Swedbank Robur Fonder	500,000	5,846,729	–	1.4%	1.6%
Lannebo Fonder	–	5,298,448	–	1.2%	0.8%
Erik Selin and companies	1,169,959	1,175,449	2,026,868	1.0%	2.1%
Second Swedish National Pension Fund	–	4,142,696	–	0.9%	0.6%
Patrik Brummer	–	–	4,066,666	0.9%	0.6%
Folksam	–	3,555,655	–	0.8%	0.5%
Danske Invest	–	1,375,503	2,000,000	0.7%	0.5%
Total 20 largest shareholders	22,498,979	207,173,609	51,071,744	61.5%	69.7%
Other shareholders	4,041,355	94,620,712	75,189,585	38.1%	30.3%
Sub-total	26,540,334	301,794,321	126,261,329	99.6%	100.0%
Shares held by AB Sagax	–	2,000,000	–	0.4%	–
Total	26,540,334	303,794,321	126,261,329	100.0%	100.0%
– of which, Board and employees	20,353,565	103,882,712	6,577,790	28.6%	45.3%

1) Source: Monitor from Modular Finance AB. Data compiled and processed from such sources as Euroclear Sweden, Morningstar and Finansinspektionen.

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	26,540,334	1.0	26,540,334.00	38%	6%
Class B shares	303,794,321	0.1	30,379,432.10	44%	67%
Class D shares	126,261,329	0.1	12,626,132.90	18%	28%
Total	456,595,984		69,545,899.00	100%	100%

Risks and uncertainties

To prepare the accounts based on IFRS, 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 30 September 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 on 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 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 the EUR. Net exposure on 30 September 2023, assets less liabilities in EUR, amounted to SEK 9,548 M (7,674). In total, net exposure in EUR amounted to 27% (22) of equity. In preparing the consolidated financial statements, the balance sheets of the Group's foreign operations are translated from their func-

tional currencies into SEK based on the exchange rates applying on the balance sheet date. On 30 September 2023, EUR 1 was equivalent to SEK 11.49, and DKK 1 was equivalent to SEK 1.54. Revenue and expense items are translated at the average exchange rate for the period: EUR 1 was equivalent to SEK 11.48 and DKK 1 was equivalent to SEK 1.54. 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

Geopolitical conflicts, higher inflation and rising market interest rates continued to have a negative effect on the financial markets, resulting in, for example, rising market interest rates 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	30 Sep 2023	30 Sep 2022
Investment properties	3,678	3,426
Other assets	102	116
Total assets	3,780	3,542
Interest-bearing liabilities	2,621	2,727
Other liabilities	329	158
Total liabilities	2,950	2,885
Net exposure	831	657

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	-11,334	-5,667	0	5,667	11,334
Debt ratio, %	51	47	43	40	38

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	5.8	6.1	6.4	N/A	N/A

Sensitivity analysis for property values

	Change	Value change, SEK M
Capitalisation rate	+/-0.25% point	-1,740/+1,883
Discount rate	+/-0.25% point	- 977/+996
Rental revenue	+/-5%	+2,466/-2,511
Property expenses	+/-5%	-342/+341

Sensitivity analysis on 30 September 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	+46/-46	+37/-37	+37/-37
Rental revenue	+/-1%	+44/-44	+36/-36	+36/-36
Property expenses	+/-1%	-8/+8	-6/+6	-6/+6
Interest expenses for liabilities in SEK including fixed income derivatives	+/-1% point	-7/+7	-6/+6	-6/+6
Interest expenses for liabilities in EUR including fixed income derivatives	+/-1% point	-52/+52	-41/+41	-41/+41
Change in SEK/EUR exchange rate ²⁾	+/-10%	+223/-223	+180/-180	+955/-955
Changed rent level for contract maturity in 2023	+/-10%	+9/-9	+7/-7	+7/-7

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

On October 24, 2023 it was announced that Sagax through 4 separate transactions acquired 10 properties for the equivalent of SEK 425 million. The properties comprise a lettable area of 42,800 square metres, mainly consisting of premises for warehousing and light industrial purposes. The annual rental income amounts to the equivalent of SEK 26 million. The occupancy rate is 86% and the average remaining lease term is 3.6 years. Closing is expected to take place during the fourth quarter of 2023. The acquisitions will be reported in Sagax’s segments Spain (SEK 341 million) and France (SEK 84 million).

On October 26, 2023 it was announced that Sagax has entered into an agreement with a world leader in construction and maintenance of transport infrastructures regarding a sale- and leaseback transaction concerning 47 properties in France. In connection with the closing, the seller will enter into long-term lease agreements for all properties. In 2022, the seller had revenues exceeding SEK 150 billion and more than 50,000 employees. The properties comprise a total lettable area of 69,000 square metres and 1,460,000 square metres of freehold land. The properties have been developed with light industrial premises with associated offices, parking and outdoor storage. The properties are located in western France with presence in cities such as Bordeaux, Toulouse and Rennes. Sagax’s investment amounts to the equivalent of SEK 930 million including transaction costs. The rental income amounts to the equivalent of SEK 70 million per year and is fully indexed to ILAT, a standard index for commercial leases in France. The occupancy rate is 100%. The average lease term is 11.7 years. The tenant has a unilateral right to extend the lease terms by up to 30 years. The tenant is responsible for all operating costs in addition to the rent. Sagax is responsible for the long-term maintenance of the properties. In France, municipalities have a right of first refusal regarding property transactions. Necessary approvals are expected to be obtained and closing is expected to take place during the end of the fourth quarter of 2023. The acquisition will be reported in Sagax’s segment France. Sagax has, subject to certain conditions, agreed on an extension of the above sale- and leaseback transaction. The extension would represent an additional investment of SEK 485 million on similar terms and conditions and would be announced separately.

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

Stockholm, 27 October 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 constitutes information that AB Sagax (publ) is legally obliged to publish under the EU's Market Abuse Regulation. The information was released for publication on 27 October 2023 at 2:30 p.m. CEST.

Review report

TO THE BOARD OF DIRECTORS OF AB SAGAX, CORPORATE IDENTITY NUMBER 556520-0028

INTRODUCTION

We have reviewed the condensed interim report for AB Sagax as at 30 September 2023 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 27 October 2023

Ernst & Young AB

Jonas Svensson

Authorised Public Accountant

Calendar

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

Year-end Report 2023	22 February 2024
Annual General Meeting 2024	8 May 2024
Interim Report January – March 2024	8 May 2024
Interim report January – June 2024	15 July 2024
Interim report January – September 2024	25 October 2024

SCHEDULE OF DIVIDEND PAYMENTS TO HOLDERS OF CLASS D SHARES

December 2023

■ 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 2024

■ 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

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 after dilution	Profit before tax adjusted for items not included in cash flow less tax paid in relation to the weighted average number of Class A and B shares after dilution. 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 weighted 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 in the Net debt/EBITDA KPI which illustrates 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 is short for Euro Interbank Offered Rate. It measures the average rate at which a panel of European banks borrow wholesale funds from one another in the unsecured money market.	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 property management 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 (including lease 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	Area let 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 weighted 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 from property management, recalculated to 12 months, 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 yield	Net operating income (including property administration) according to current earnings capacity less site leasehold fees, as a percentage of the carrying amounts of the properties at the end of the period.	The KPI shows the earnings generation of the operations before financial expenses and central administration costs are taken into account.
Run rate EBITDA	Net operating income according to current earnings capacity less central administration costs plus dividends received from joint ventures and associated companies rolling 12 months.	Sagax uses EBITDA in the Net debt/run rate EBITDA KPI which illustrates financial risk.
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.
Yield	Net operating income for the period (including property administration) less 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.

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

Amounts in SEK M unless otherwise stated	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec	Amounts in SEK M unless otherwise stated	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Cash flow per Class A and B share				Interest coverage ratio			
Profit before tax	561	3,064	3,305	Profit from property management	2,972	2,530	3,339
Items not affecting cash flow	2,300	-612	-141	Reversal of profit from property management joint ventures and associated companies	-698	-606	-766
Tax paid	-154	-150	-149	Dividends from joint ventures and associated companies	589	534	577
Dividends attributable to Class D shares	-189	-189	-253	Financial expenses incl leases	534	374	520
Cash flow	2,518	2,113	2,762	Adjusted profit from property management before financial expenses	3,396	2,832	3,670
Cash flow per Class A and B share after dilution, SEK	7.81	6.64	8.68	Interest coverage ratio	6.4x	7.6x	7.1x
Debt ratio				Interest coverage ratio, EMTN programme			
Interest-bearing liabilities	31,846	31,900	32,294	Profit from property management	2,972	2,530	3,339
Total assets	73,505	70,918	71,831	Net financial items	352	230	285
Debt ratio	43%	45%	45%	Profit from property management before net financial items	3,324	2,760	3,624
Earnings per Class A and B share¹⁾				Interest coverage ratio	9.4x	12.0x	12.7x
Profit after tax	420	2,445	2,718	Net debt			
Dividends attributable to Class D shares	-189	-189	-253	See page 15.			
Adjusted profit after tax	231	2,256	2,465	Net debt according to EMTN programme			
Earnings per Class A and B share after dilution, SEK	0.72	7.09	7.75	Interest-bearing liabilities	31,846	31,900	32,294
EBITDA rolling 12 months				Listed shares in fixed assets ²⁾	-5,252	-2,619	-3,141
Net operating income	3,392	2,914	3,032	Listed shares in current assets	-31	-3,168	-3,786
Central administration	-185	-158	-174	Cash and cash equivalents	-25	-115	-76
Dividends from joint ventures and associated companies	633	564	577	Net debt according to EMTN programme	26,537	25,998	25,291
EBITDA	3,840	3,320	3,435	Net debt according to EMTN programme/Total assets			
Economic occupancy rate				Net debt according to EMTN programme	26,537	25,998	25,291
Contractual annual rent	4,411	3,880	4,024	Total assets	73,505	70,918	71,831
Rental value	4,617	4,048	4,195	Net debt according to EMTN programme/Total assets	36%	37%	35%
Economic occupancy rate	96%	96%	96%	Net debt/EBITDA			
Equity/assets ratio				Net debt	25,082	25,154	24,364
Equity	35,130	33,092	33,463	EBITDA rolling 12 months	3,840	3,320	3,435
Total assets	73,505	70,918	71,831	Net debt/EBITDA	6.5x	7.6x	7.1x
Equity/assets ratio	48%	47%	47%	Net debt/run rate EBITDA			
Equity per Class A and B share				Net debt	25,082	25,154	24,364
Equity	35,130	33,092	33,463	EBITDA, run rate	4,090	3,602	3,722
Equity attributable to Class D shares	-4,419	-4,419	-4,419	Net debt/EBITDA run rate	6.1x	7.0x	6.5x
Equity attributable to Class A and B shares	30,711	28,673	29,044	Net debt/Total assets			
No. of shares	328,334,655	318,020,017	318,020,017	Net debt	25,082	25,154	24,364
No. of shares after dilution	328,481,324	318,379,761	318,459,519	Total assets	73,505	70,918	71,831
Equity per Class A and B share, SEK	93.53	90.16	91.33	Net debt/Total assets	34%	35%	34%
Equity per Class A and B share after dilution, SEK	93.49	90.06	91.20				

1) IFRS performance measure.

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

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

Amounts in SEK M unless otherwise stated	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec	Amounts in SEK M unless otherwise stated	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Net asset value				Return on equity			
Equity	35,130	33,092	33,463	Profit after tax	420	2,445	2,718
Equity attributable to Class D shares	-4,419	-4,419	-4,419	Addition for translation to annual value	140	815	-
Reversal of derivatives	-23	-12	-14	Adjusted profit after tax	560	3,260	2,718
Reversal of deferred tax, net	3,765	4,040	3,990	Average equity	34,296	32,086	32,272
Reversals due to joint ventures	1,202	931	930	Return on equity	1.6%	10.2%	8.4%
Net asset value	35,654	33,632	33,950	Return on total capital			
NAV per Class A and B share after dilution, SEK	108.54	105.63	106.61	Profit from property management	2,972	2,530	3,339
Occupancy rate by area				Addition for translation to annual value	991	843	-
Contracted area, '000s sqm	4,004	3,863	3,719	Financial expenses	534	374	520
Total lettable area, '000s sqm	4,170	4,036	3,895	Addition for translation to annual value	178	125	-
Occupancy rate by area	96%	96%	95%	Profit before financial expenses	4,674	3,872	3,859
Profit from property management				Average total capital	72,668	66,676	67,133
Profit after tax	420	2,445	2,718	Return on total capital	6.4%	5.8%	5.7%
Tax	153	1,020	937	Run rate EBITDA			
Changes in value	2,399	-935	-316	Net operating income according to current earnings capacity	3,642	3,196	3,319
Profit from property management	2,972	2,530	3,339	Central administration	-185	-158	-174
Profit from property management per Class A and B share after dilution				Dividends from joint ventures and associated companies	633	564	577
Profit from property management	2,972	2,530	3,339	Run rate EBITDA	4,090	3,602	3,722
Dividends attributable to Class D shares	-189	-189	-253	Run rate yield			
Adjusted profit from property management	2,782	2,341	3,086	Net operating income according to current earnings capacity	3,642	3,196	3,319
Average no. of Class A and B shares after dilution	322,182,053	318,321,007	318,301,177	Less site leasehold fees	-30	-24	-25
Profit from property management per Class A and B share after dilution, SEK	8.64	7.35	9.70	Adjusted net operating income	3,612	3,172	3,294
Profit from property management per Class A and B shares, rolling 12 months				Carrying amounts of properties	56,668	54,350	52,682
Profit from property management	3,781	3,238	3,339	Run rate yield	6.4%	5.8%	6.3%
Dividends attributable to Class D shares	-253	-253	-253	Secured liabilities/Total assets			
Adjusted profit from property management	3,528	2,985	3,086	Secured liabilities	3,385	1,347	1,895
Average no. of Class A and B shares after dilution	321,250,698	318,239,933	318,301,177	Total assets	73,505	70,918	71,831
Profit from property management per Class A and B share after dilution, SEK	10.98	9.38	9.70	Secured liabilities/Total assets	5%	2%	3%
Profit from property management per Class A and B share, preceding period	9.38	7.66	7.99	Surplus ratio			
Annual growth rate, %	17%	22%	21%	Net operating income	2,621	2,262	3,032
Rental revenue, comparable portfolios				Rental revenue	3,160	2,725	3,696
Rental revenue	3,160	2,725	N/A	Surplus ratio	83%	83%	82%
Acquired and sold properties	-298	-205	N/A	Yield			
Currency adjustment ¹⁾	-	168	N/A	Net operating income	2,621	2,262	3,032
Rental revenue, comparable portfolios excluding currency effects	2,863	2,688	N/A	Less site leasehold fees	-21	-18	-25
				Addition for translation to annual value	867	748	-
				Holding adjustment, acquisitions/divestments	129	36	-77
				Currency translation to closing rate	4	94	112
				Adjusted net operating income	3,600	3,122	3,042
				Carrying amounts of properties	56,668	54,350	52,682
				Yield	6.4%	5.7%	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 at 30 September 2023 amounted to 4,170,000 square metres, distributed between 811 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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