

YEAR-END REPORT 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*

Year-end report 2023

2023 FINANCIAL YEAR

- Rental revenue increased 16% to SEK 4,293 M (SEK 3,696 M in the year-earlier period).
- Profit from property management increased 16% to SEK 3,881 M (3,339).
- Profit from property management per Class A and B share after dilution rose 15% to SEK 11.16 (9.70).
- Property revaluation had an impact on profit of SEK –2,517 M (2,233).
- Revaluation of financial instruments had an impact on profit of SEK –1,235 M (–2,025).
- Loss after tax for the year was SEK –13 M (profit: 2,718).
- Cash flow from operating activities before changes in working capital rose 16% to SEK 3,485 M (3,015), corresponding to SEK 9.94 (8.68) per Class A and B share after dilution.
- Net investments in properties amounted to SEK 5,913 M (1,855), of which property acquisitions accounted for SEK 5,088 M (3,202).
- Sagax completed two directed issues, one on June and one in November, each encompassing 10,000,000 Class B common shares. The issues raised SEK 4,180 M for the company, excluding transaction costs.
- Sagax received a rating upgrade to Baa2 with a stable outlook from Moody's Investors Service.
- The Board of Directors proposes that the dividend per Class A and B share be raised to SEK 3.10 (2.70). The Board also proposes a dividend of SEK 2.00 per Class D share through a quarterly payment of SEK 0.50. The dividend proposal is in accordance with the company's dividend policy.

FOURTH QUARTER OF 2023

- Rental revenue rose 17% to SEK 1,133 M (971).
- Profit from property management increased 12% to SEK 909 M (809).
- Profit from property management per Class A and B share after dilution rose 8% to SEK 2.52 (2.34).
- Property revaluation had an impact on profit of SEK –837 M (–1,288).
- Revaluation of financial instruments had an impact on profit of SEK –501 M (590).
- Loss after tax for the quarter was SEK –433 M (profit: 274).
- Cash flow from operating activities before changes in working capital rose 9% to SEK 778 M (713), corresponding to SEK 2.13 (2.04) per Class A and B share after dilution.
- Net investments in properties amounted to SEK 2,188 M (–1,562), of which property acquisitions accounted for SEK 1,852 M (288).
- Sagax completed a directed issue of 10,000,000 Class B common shares in November. The issue has raised SEK 2,120 M to the company excluding transaction costs.

FORECAST FOR 2024

Profit from property management for 2024, 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 4,200 M.

Selected key performance indicators ¹⁾²⁾

	2023 Jan-Dec	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	11.16	9.70	7.99	6.62	5.51	4.31
Change compared with preceding year, %	15	21	21	20	28	16
Earnings per Class A and B share after dilution, SEK	–0.82	7.75	30.04	10.78	12.13	9.24
Dividend per Class A and B share, SEK (2023 proposed)	3.10	2.70	2.15	1.65	1.30	1.00
Net debt/EBITDA, multiple	5.2	7.1	5.8	6.4	6.6	7.4
Interest coverage ratio, multiple	5.7	7.1	6.5	5.7	4.9	4.2
Debt ratio at the end of the period, %	41	45	42	43	44	47
Properties' market value at the end of period, SEK M	57,061	52,682	46,067	37,548	32,625	29,024
Yield, %	6.4	5.8	6.0	6.3	6.4	6.8

1) Definitions of key performance indicators are provided on pages 32-33.

2) The calculation of alternative performance measures is provided on pages 34-35

Business concept, 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	0%	17%
Profit from property management per Class A and B share shall increase by a minimum of 15% per year	15%	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

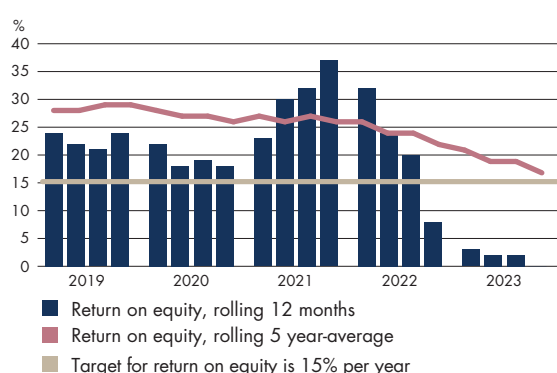
The financial structure of Sagax is designed with a clear focus on operating cash flow and interest coverage ratio. This is expected to create both good prerequisites for expansion and attractive return on equity.

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 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

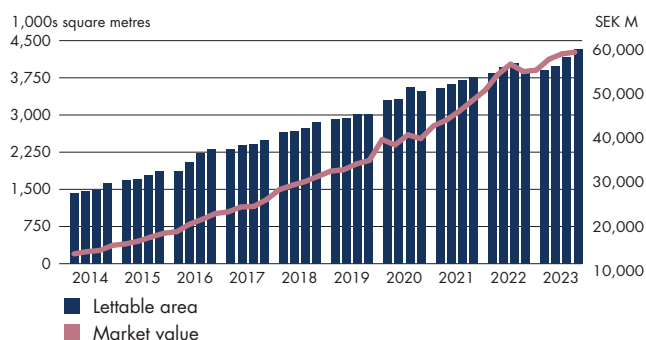
Sagax's business model is characterised in all areas by a long-term approach. Short-term gains are subordinate to the company's long-term value creation. Accordingly, sustainability work is integrated into the business model.

Professional and dedicated employees

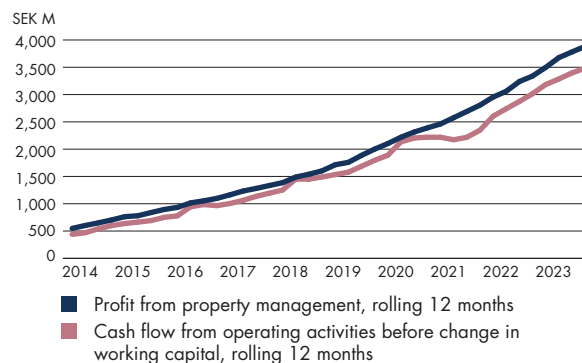
The development of the company is dependent on highly skilled employees. For this reason, it is important that the company is an attractive employer that can recruit and has the ability to retain highly skilled personnel. Sagax employees are expected to assume responsibility of their work duties and 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 fourth quarter, Sagax acquired the property Ansatie 5 in Helsinki, Finland. The property consists of warehouses and production facilities and encompasses 14,000 square metres of lettable area and 38,500 square metres of land.

Profit, revenue and expenses

The profit/loss and cash flow items below refer to the January to December 2023 period. 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 position at the end of the period last year.

PROFIT

Profit from property management rose 16% to SEK 3,881 M (3,339), of which joint ventures and associated companies accounted for SEK 937 M (766). Profit from property management primarily increased as a result of property acquisitions, currency effects and rent indexation. Profit from property management per Class A and B share after dilution rose 15% to SEK 11.16 (9.70).

Changes in the value of properties impacted profit by SEK –2,517 M (2,233), of which SEK –1,220 M (536) 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 –1,235 M (–2,025), of which SEK –631 M (–2,603) referred to the revaluation of listed shares.

Loss after tax for the year was SEK –13 M (profit: 2,718).

REVENUE

Rental revenue rose 16% to SEK 4,293 M (3,696). 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 in the fourth quarter of 2022.

During the period, rental revenue in comparable portfolios increased 6.6% (4.4) excluding currency effects. The segments with the largest increases were Benelux with 12.4%, Sweden 9.4% and Spain 7.9%.

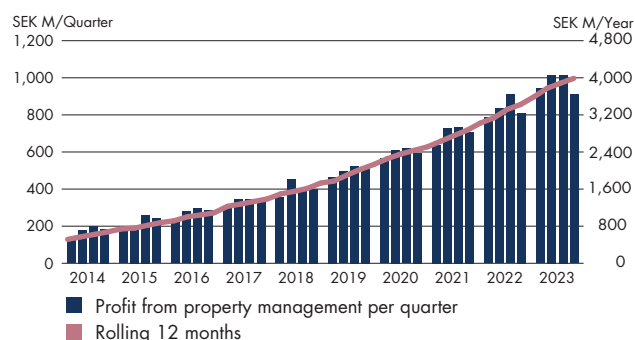
Other revenue amounted to SEK 25 M (31).

Rental revenue, comparable portfolios

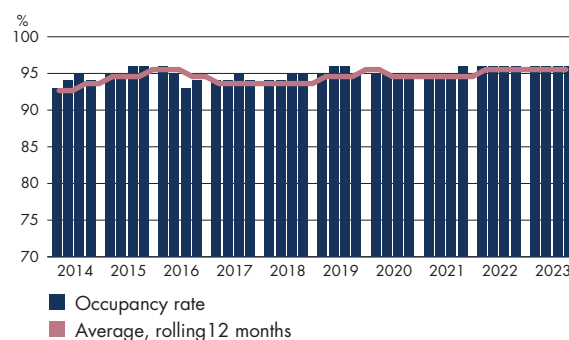
Amounts in SEK M	2023 Jan-Dec	2022 Jan-Dec
Rental revenue	4,293	3,696
Acquisitions and divestments	–456	–299
Currency adjustment ¹⁾	–	201
Total	3,837	3,599

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

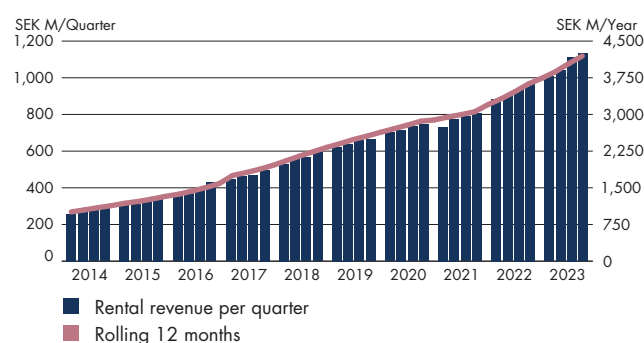
Profit from property management



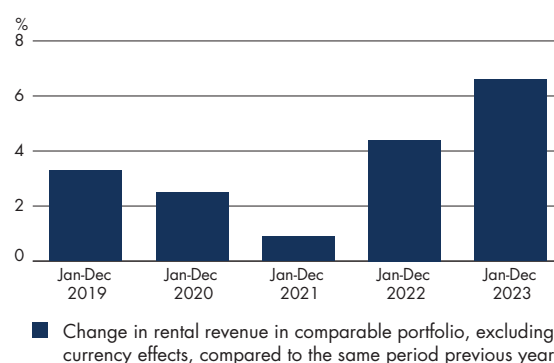
Economic occupancy rate



Rental revenue



Rental revenue, comparable portfolios



CHANGE IN THE ECONOMIC OCCUPANCY RATE

The economic occupancy rate amounted to 96% (96). During the year, the vacancy value rose SEK 210 M (220) due to tenants vacating premises and declined SEK 211 M (207) following new lettings. Fixed-term rent discounts for new tenants increased SEK 13 M (1) to SEK 52 M (38) on an annual basis at the end of the year. Acquisitions and property divestments during the period impacted the vacancy value by SEK –1 M (14), net. The total vacancy value at the end of the year amounted to SEK 182 M (171).

FUTURE VACANCY CHANGES

At the end of the year, notice of termination had been served for leases with a rental value of SEK 74 M (107), of which leases with notice of vacating the premises accounted for SEK 74 M (104) and leases amounting to SEK 0 M (3) were terminated with notice of renegotiation. Of the leases for which notice had been received, vacancies corresponding to a rental value of SEK 55 M will occur in 2024.

Lettings of premises to tenants who have not yet occupied reduced the adjusted vacancy value by SEK 19 M (49). New lettings corresponding to a rental value of SEK 19 M will occur in 2024. The adjusted vacancy value was SEK 237 M (229).

Vacancy changes

Amounts in SEK M	2023 Jan-Dec	2022 Jan-Dec
Opening vacancy for each year	171	135
New lettings	–211	–207
Vacancies	210	220
Change in discounts provided	13	1
Vacancy value, acquired properties	6	19
Vacancy value, divested properties	–7	–5
Change in exchange rates	0	8
Closing vacancy value	182	171
Terminated for renegotiation	–	3
Terminated lease, not vacated	74	104
Letting, not occupied	–19	–49
Adjusted closing vacancy value	237	229

PROPERTY EXPENSES

Operating and maintenance costs amounted to a total of SEK 454 M (430). Expenses for property tax increased to SEK 220 M (178). Other property expenses rose to SEK 94 M (87). The increase was primarily due to property acquisitions.

CENTRAL ADMINISTRATION

Central administration costs amounted to SEK 182 M (174), corresponding to 4.2% (4.7) of the year's rental revenue.

At year end, Sagax had 96 (94) 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	8
Germany	1
Total	96

Signed leases and leases terminated

Year of occupancy and vacancy	New lettings		Vacancies	
	No. of leases	Rental value, SEK M	No. of leases	Rental value, SEK M
2024	11	–19	55	55
2025	–	–	8	9
2026	–	–	2	2
2027	–	–	1	8
2028	–	–	–	–
>2028	–	–	–	–
Total	11	–19	66	74

Vacancies on 1 January 2024

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	1,085	57	5%	918,000	37,000	4%
Finland	1,767	80	5%	1,458,000	79,000	5%
France	814	14	2%	743,000	12,000	2%
Benelux ²⁾	631	25	4%	661,000	7,000	1%
Spain	317	3	1%	451,000	11,000	3%
Germany	112	2	2%	94,000	2,000	2%
Other Europe	12	–	–	6,000	–	–
Total	4,738	182	4%	4,331,000	149,000	3%

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

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

PROFIT FROM JOINT VENTURES AND ASSOCIATED COMPANIES

Profit from joint ventures and associated companies for the year amounted to SEK –556 M (1,375), of which profit from property management accounted for SEK 937 M (766), changes in the value of properties for SEK –1,220 M (536) and changes in the value of fixed income derivatives for SEK –302 M (315). Tax on profit from joint ventures and associated companies amounted to SEK 14 M (–351). Other changes in value amounted to SEK 15 M (108). For additional information, see page 13.

NET FINANCIAL ITEMS

Financial income amounted to SEK 339 M (235) and primarily referred to income for repurchased bonds of SEK 59 M, financial income of SEK 124 M attributable to the current financial lease asset that arose as a result of the contracted divestment of 36 properties in Spain in the fourth quarter of 2022, interest income of SEK 110 M from listed bonds and other financial investments and SEK 46 M (176) in dividends on listed shares.

Financial expenses, excluding the interest component of IFRS 16 Leases, increased to SEK –734 M (–492) due to the higher market interest rates impacting the Group's borrowing. The average interest rate on interest-bearing liabilities was 1.9% (1.7) on the balance sheet date.

The interest component of IFRS 16 Leases amounted to SEK –31 M (–28). This expense primarily comprised site leaseholds 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 99% of the market value of the properties had been externally valued. The change in value for the properties amounted to SEK –1,297 M (1,697), of which unrealised changes in value amounted to SEK –1,306 M (1,709). Of this unrealised change in value, SEK 670 M (488) was attributable to property management and SEK –1,976 M (1,221) was related to general changes in market value, see table below. For more information, see page 12.

Unrealised changes in the value of properties

Amounts in SEK M	Jan-Dec 2023
New lettings/Renegotiations	831
Vacancies/Renegotiations	–160
General change in market value	–1,976
Total	–1,306

REVALUATION OF FINANCIAL INSTRUMENTS

The change in value of financial instruments was SEK –932 M (–2,340). 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 –36 M (94). Revaluation of listed shares resulted in a change in value of SEK –631 M (–2,603), of which the shareholding in Nyfosa was revalued by SEK –525 M (–2,295). The revaluation of financial instruments attributable to joint ventures amounted to SEK –226 M (123). Other financial instruments were revalued by SEK –62 M (43).

TAX

Sagax recognised a tax expense of SEK –172 M (–586) comprising of a current tax expense of SEK –156 M (–63) and a deferred tax expense of SEK –16 M (–523). Tax revenue recognised in other comprehensive income amounted to SEK 16 M (–42). The Group's deferred tax liabilities at year end amounted to SEK 3,954 M (4,040). Deferred tax assets pertaining to accumulated loss carryforwards amounted to SEK 168 M (261).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 3,485 M (3,015). Changes in working capital had a positive impact of SEK 80 M (212) on cash flow. Investing activities had an impact of SEK –4,749 M (–5,902) on cash flow, while cash flow from financing activities amounted to SEK 1,135 M (2,666). In total, cash and cash equivalents changed by SEK –48 M (–8) 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 119 M (96).

Unrealised changes in the value of properties per quarter

Amounts in SEK M	
First quarter	–333
Second quarter	–508
Third quarter	–114
Fourth quarter	–350
Total	–1,306

Forecast and current earnings capacity

FORECAST FOR 2024

Profit from property management for 2024, 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 4,200 M.

CURRENT EARNINGS CAPACITY

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

The table below shows the company's earnings capacity on a 12-month basis on 1 January. 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 prem-

ises. 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. Tax is calculated at the standard tax rate of 18% (18). Translation from EUR took place at the closing rate of SEK 11.10 (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.

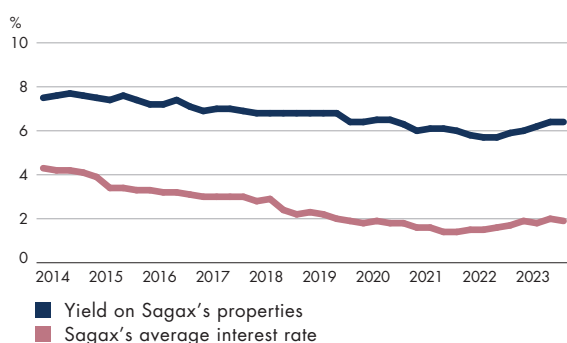
Current earnings capacity

Amounts in SEK M	1 Jan 2024	1 Jan 2023
Rental value	4,738	4,195
Vacancy	-182	-171
Rental revenue	4,557	4,024
Property expenses	-771	-704
Net operating income	3,785	3,319
Central administration	-182	-174
Joint ventures and associated companies	1,096	818
Net financial items	-555	-398
Lease expenses	-31	-28
Profit from property management	4,114	3,538
Tax	-741	-637
Profit after tax	3,374	2,902
– of which, holders of Class D shares	253	253
– of which, holders of Class A and B shares	3,122	2,650
Run rate yield, %	6.6	6.3
Net debt/run rate EBITDA, multiple	4.9	6.5

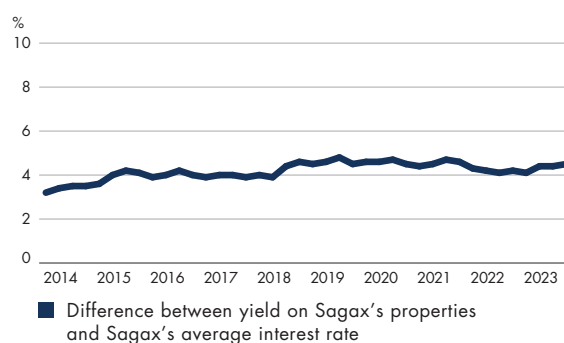
Current earnings capacity before tax



Yield and interest rate



Difference between yield and interest rate



Property portfolio

On 31 December 2023, the property portfolio comprised 903 (751) properties with a lettable area of 4,331,000 square metres (3,895,000). At year end, the rental value and contractual annual rent amounted to SEK 4,738 M (4,195) and SEK 4,557 M (4,024), respectively. This corresponds to an economic occupancy rate of 96% (96).

INVESTMENTS

During the period, Sagax invested SEK 5,991 M (3,917), of which property acquisitions accounted for SEK 5,088 M (3,202).

A total of SEK 902 M (715) was invested in the existing property portfolio. SEK 205 M (269) referred to property maintenance and SEK 395 M (232) to new construction. In addition, SEK 252 M (158) was invested in connection with new lettings and SEK 50 M (56) against rent supplements. Of total investments, SEK 18 M (74) referred to investments in energy-saving measures.

The Group has agreed to acquire two properties in France, one in Finland, one in Benelux and one in Spain with closing taking place after the end of the year. The total investment will amount to SEK 566 M.

DIVESTMENTS

During the year, nine properties were divested for a total of SEK 77 M, of which five properties in France for a corresponding SEK 35 M.

PROPERTY PORTFOLIO YIELD

The yield for the period in relation to market value at year end amounted to 6.4% (5.8). The run rate was 6.6% (6.3).

Summary of property portfolio, 1 January 2024

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	14,649	26%	16,000	125	918,000	37,000	1,085	95%	1,028
Finland	18,175	32%	12,500	243	1,458,000	79,000	1,767	95%	1,687
France	9,815	17%	13,200	264	743,000	12,000	814	98%	801
Benelux ¹⁾	8,461	15%	12,800	147	661,000	7,000	631	96%	605
Spain	4,543	8%	10,100	113	451,000	11,000	317	99%	314
Germany	1,295	2%	13,800	9	94,000	2,000	112	98%	110
Other Europe	124	0%	19,200	2	6,000	–	12	100%	12
Total	57,061	100%	13,200	903	4,331,000	149,000	4,738	96%	4,557

Property investments January-December 2023

Amounts in SEK M	Property acquisitions	Existing portfolio	Total	Share of total investments	Divestments	Net investments
Sweden	186	539	726	12%	–	726
Finland	851	167	1,018	17%	–13	1,005
France	1,601	89	1,690	28%	–35	1,655
Benelux ¹⁾	1,096	79	1,175	20%	–	1,175
Spain	1,281	26	1,306	22%	–	1,306
Germany	73	2	75	1%	–30	45
Total	5,088	902	5,991	100%	–77	5,913

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

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 year end was distributed between 2,462 leases (2,245). The table below presents the size of Sagax's leases in relation to the Group's annual rent at year end. The table shows that 2,455 leases (2,237) had an individual rental value of less than 1% of the Group's annual rent. The total rental value for these leases accounted for 90% (88) of Sagax's annual rent. In addition, Sagax is party to six leases (seven) with a rental value corresponding to 1–2% of the Group's annual rent. Combined, these leases total 8% (10) of Sagax's annual rent. Only one (one) 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.

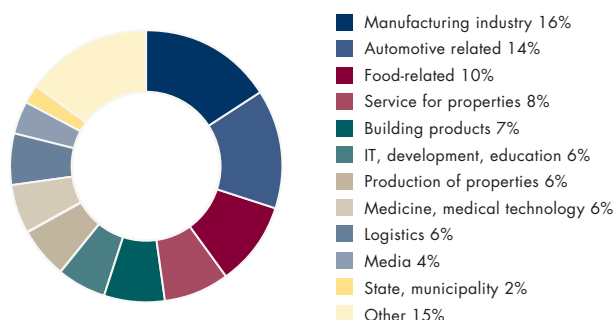
Sagax's tenants operate in a variety of sectors. Companies in the manufacturing industry account for 16% (14) of rental revenue. The automotive-related industry, including sales, service and manufacturing, accounts for 14% (13) of rental revenue and food-related operations for 10% (11). Diverse tenant 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 45% of the annual rent expire in or after 2028. 11–16% of annual rent expires each year between 2024 and 2027.

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%	97	2	1	97	14
1–2%	360	8	6	60	4
<1%	4,099	90	2,455	2	5
Total	4,557	100	2,462	2	5

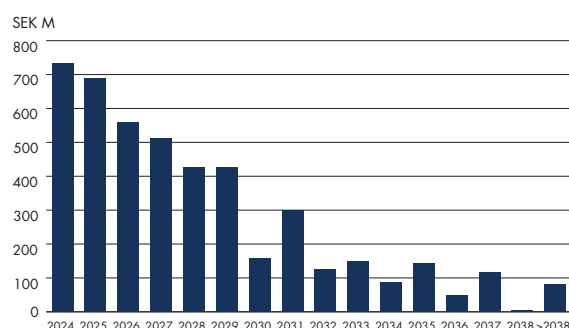
Industry exposure



Lease terms

Year of expiry	No.	Area, sqm	SEK M	Share
2024	916	623,000	732	16%
2025	465	739,000	690	15%
2026	362	496,000	560	12%
2027	231	493,000	513	11%
2028	154	355,000	426	9%
>2028	334	1,477,000	1,635	36%
Total	2,462	4,182,000	4,557	100%

Year of maturity of annual rent



Market value of property portfolio

Sagax prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The company has 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 903 properties (751) was established at SEK 57,061 M (52,682) on 31 December 2023. Exchange rate fluctuations during the period resulted in property values denominated in EUR and DKK changing by SEK –229 M (3,051).

The unrealised change in value for the period amounted to SEK –1,306 M (1,709) corresponding to a change in value of –2.2% (3.4). In the same period, weighted inflation was 3.4% (9.4) in the markets where Sagax is active. Accordingly, the real change in value amounted to –5.5% (–5.5).

Of this unrealised change in value, SEK 670 M was attributable to property management and SEK –1,976 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.

Funding terms and market interest rates improved during the fourth quarter, although the property market remained cautious with a lower turnover rate than in prior years. The weighted capitalisation rate in Sagax's market segments increased during the quarter and the year.

VALUATION METHOD AND IMPLEMENTATION

The valuations were carried out in accordance with generally accepted international valuation methods. Properties corresponding to 99% of the property value have been valued by authorised property appraisers from independent valuation companies as per 31 December 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

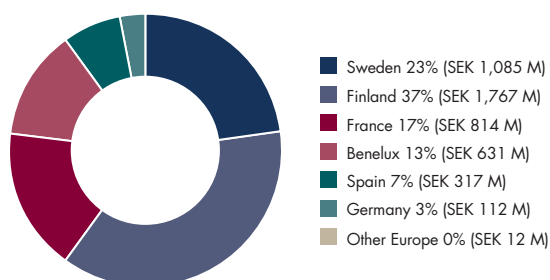
The discount rate for the present value calculation of cash flows (5.0–16.1%), the discount rate for the present value calculation of residual values (5.0–16.1%) and the capitalisation rate for the residual value calculations (4.3–14.0%) are based on comparable transactions and on individual assessments 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% (7.8) and 7.9% (7.9), respectively. The weighted capitalisation rate rose to 6.4% (6.3).

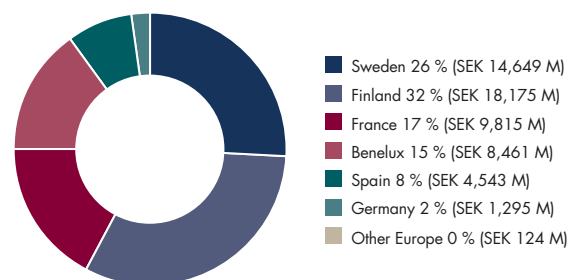
Change in the carrying amounts of the property portfolio

	SEK M	No.
Property portfolio, 31 December 2022	52,682	751
Acquisition of properties	5,088	142
Investments in the existing portfolio	902	
Divestment of properties	–77	–9
Subdivisions and mergers of properties	–	19
Currency translation effect	–229	
Unrealised changes in value	–1,306	
Property portfolio, 31 December 2023	57,061	903

Group's rental value¹⁾



Market value of properties



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

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 7,579 M, which has generated an accumulated dividend of SEK 3,249 M (2,375) for Sagax. The carrying amount of these investments amounted to SEK 13,171 M (11,022), of which 92% comprised Hemsö Fastighets AB, Nyfosa AB, Söderport Property Investment AB and NP3 Fastigheter AB. The change in the carrying amount for the year primarily refers to reclassification of the holdings in Nyfosa AB to associated companies.

These investments contributed a total of SEK 937 M (766) to profit from property management during the period and SEK 692 M (577) to the cash flow, of which SEK 39 M refers to dividends paid by Nyfosa AB before the company became an associated company. Sagax's share of changes in the value of properties amounted to SEK -1,220 M (536) and the share of changes in the value of derivatives was SEK -302 M (315).

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 74% of Söderport's rental value of SEK 1,164 M was located in Stockholm on 31 December 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 4,265 M (3,278) and the carrying amount to SEK 2,789 M (-) on 31 December 2023.

Nyfosa is a property company active in the Swedish, Finnish and Norwegian markets with a focus on commercial properties in growth cities. The company's property portfolio encompassed 497 properties with a total property value of SEK 39.3 billion and a rental value of SEK 3,897 M on 31 December 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 3,041 M (2,553) and the carrying amount to SEK 2,104 M (2,133) on 31 December 2023. NP3 is a property company focusing on high-yielding commercial investment properties mainly in northern Sweden. The company's property portfolio encompassed 507 properties with a total property value of SEK 20.3 billion and a rental value of SEK 2,065 M on 31 December 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 24.1% of the votes and 22.2% of the capital in Emilshus. The market value of Sagax's shareholding amounted to SEK 820 M (672) and the carrying amount to SEK 708 M (645) on 31 December 2023. Emilshus acquires, develops and manages commercial properties in Småland and nearby growth regions. The property portfolio encompassed 130 properties with a total market value of SEK 7.4 billion and a rental value of SEK 636 M on 31 December 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-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
<i>Sagax's ownership, %</i>	15	15	50	50	50	50
<i>Sagax's share of comprehensive income, SEK M</i>	-219	352	24	532	-30	65
<i>Sagax's share of profit from property management, SEK M</i>	297	295	224	234	31	32
Rental revenue, SEK M	4,818	4,073	1,025	907	96	93
Profit from property management, SEK M	2,345	2,309	449	492	62	65
Profit for the year, SEK M	-2,721	2,563	48	1,149	-59	130
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<i>Carrying amount of ownership interest, SEK M</i>	4,546	4,928	2,728	2,991	283	320
No. of properties	488	480	86	84	39	39
Carrying amounts of properties, SEK M	82,624	84,879	14,418	14,197	1,475	1,610
Lettable area, sqm	2,458,000	2,400,000	773,000	769,000	184,000	184,000
Lease term, years	9.5	9.6	4.0	4.2	6.5	6.5
Economic occupancy rate, %	98	98	96	96	100	100
Interest-bearing liabilities, SEK M	50,823	49,567	7,354	6,936	847	869
Loan maturity, years	5.5	6.3	3.9	2.4	2.9	2.0
Average fixed interest rate period, years	5.0	5.6	2.7	1.7	4.0	1.0
Market value of derivatives, SEK M	-187	247	-72	153	-	-

Funding

EQUITY

Consolidated equity amounted to SEK 36,578 M (33,463) on 31 December 2023. Equity increased SEK 4,134 M during the period as a result of two directed issues of a total of 20,000,000 Class B common shares, comprehensive income of SEK 86 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 year end amounted to SEK 30,343 M (32,294) corresponding to a nominal amount of SEK 30,481 M (32,357). An amount corresponding to SEK 28,636 M (30,077) of liabilities was recognised in EUR. Exchange rate fluctuations reduced interest-bearing liabilities by SEK 72 M (–2,339).

Listed bonds amounted to SEK 26,162 M (28,508). Other interest-bearing liabilities comprised commercial paper of SEK 1,495 M (1,572) and liabilities to banks of SEK 2,686 M (2,215).

Unsecured liabilities including commercial paper corresponded to 92% (94) of interest-bearing liabilities.

The interest coverage ratio amounted to 5.7 (7.1) times for the period and the debt ratio to 41% (45) at year end. Net interest-bearing debt was 5.2 (7.1) times EBITDA for the past 12 months and 4.9 (6.5) times run rate EBITDA.

A total of SEK 7,326 M (7,631) was raised in loans during the period.

Repayments during the period totalled SEK 9,206 M (4,050), of which SEK 2,315 M referred to early redemption of bonds. Net interest-bearing debt amounted to SEK 20,804 M (24,364).

The average remaining fixed interest and loan maturity terms were 2.8 years (3.2) and 3.1 years (3.7), respectively, at year end. The average interest rate on the balance sheet date on interest-bearing liabilities was 1.9% (1.7), including the effect of derivatives.

Of Sagax's interest-bearing liabilities, SEK 26,162 M (28,230), or 86.2% (87.4), bear fixed interest rates. The company has interest-rate caps and interest-rate swaps with a total nominal value of SEK 2,020 M (1,486), corresponding to 6.7% (4.6) of interest-bearing liabilities.

WORKING CAPITAL AND UNUTILISED CREDIT FACILITIES

Sagax's working capital amounted to SEK –4,445 M (2,750) on 31 December 2023. At the same date, unutilised credit facilities including back-up facilities for commercial paper programmes amounted to SEK 11,393 M (9,427). No additional collateral needs to be pledged to utilise these credit facilities.

Interest rate exposure and loan maturity 31 December 2023

Year of expiry	Interest rate exposure ¹⁾			Loan maturity		
	Nominal amount, SEK M	Interest rate	Share	Nominal amount, SEK M	Share	
2024	5,675	4.3%	19%	3,412	11%	
2025	4,438	2.3%	15%	4,488	15%	
2026	3,329	1.7%	11%	3,606	12%	
2027	5,088	2.1%	17%	5,881	19%	
2028	6,014	1.0%	20%	6,713	22%	
>2028	5,936	1.1%	19%	6,380	21%	
Total/average	30,481	1.9%	100%	30,481	100%	

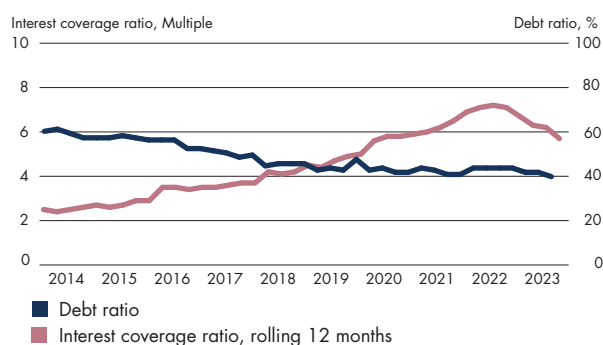
1) Including derivatives.

Net debt

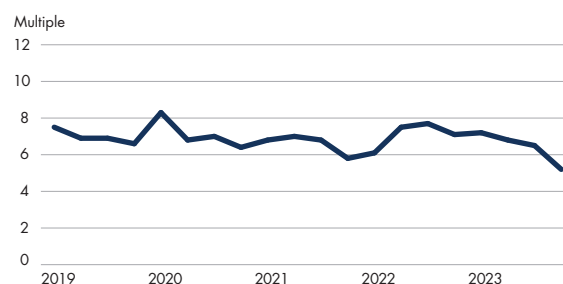
Amounts in SEK M	31 Dec 2023	31 Dec 2022
Interest-bearing liabilities	30,343	32,294
Interest-bearing assets	–729	–822
Listed instruments ¹⁾	–8,782	–7,032
Cash and cash equivalents	–28	–76
Net debt	20,804	24,364

1) Including associated companies whose shares are listed.

Debt ratio and interest coverage ratio



Net debt/EBITDA, rolling 12 months



Listed bonds, 31 December 2023

Maturity	Interest base	Nominal amount, EUR M	Liabilities, EUR M	Effective interest	Coupon rate	Maturity date	ISIN code
2018-2024 ¹⁾	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	375	366	1.88%	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		2,369	2,358	1.53%	1.38%		

1) Repaid on 17 January 2024.

Derivative contracts, 31 December 2023

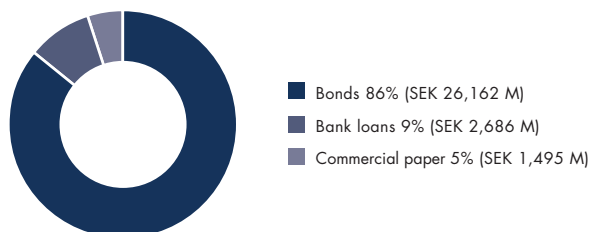
Amounts in SEK M	Nominal amount	Years to maturity	Market value 31 Dec 2023	Market value 31 Dec 2022	Change for the period
Nominal interest-rate swaps ¹⁾	2,170	4.6	-27	2	-28
Interest-rate caps	239	0.5	5	12	-7
Total/average	2,408	4.2	-21	14	-36

1) Including contracted interest-rate swaps of SEK 388 M in nominal value from 16 January 2024.

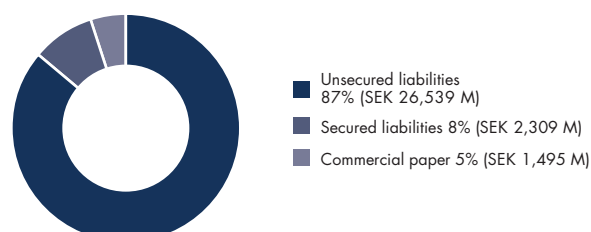
Rating and key performance indicators according to EMTN programme

	Financial covenant in EMTN programme	31 Dec 2023	31 Dec 2022
Rating according to Moody's Investors Services		Baa2, Stable outlook	Baa3, Positive outlook
Net debt/Total assets	<65%	30%	35%
Interest coverage ratio	>1.8x	8.1x	12.7x
Secured liabilities/Total assets	<45%	3%	3%

Sources of financing



Distribution between secured and unsecured liabilities



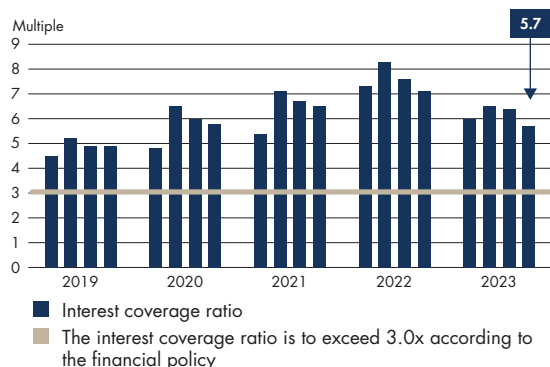
FINANCIAL POLICY

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.

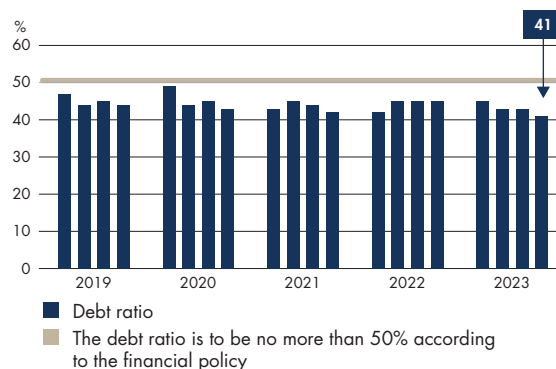
- A debt ratio of no more than 50%.
- An interest coverage ratio exceeding 3.0x.
- Net debt in relation to the Group's EBITDA not above 8x.

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

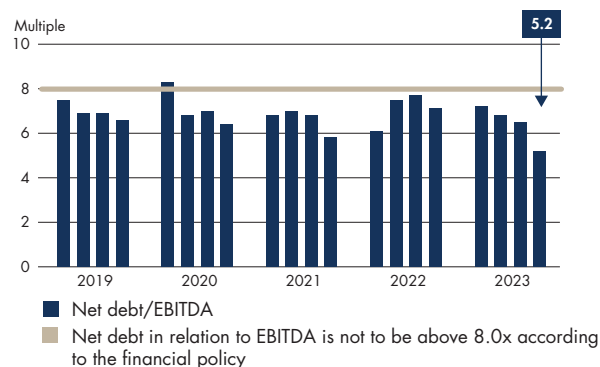
Interest coverage ratio



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 year end amounted to SEK 454 M (380).

INTEREST-BEARING NON-CURRENT RECEIVABLES

Interest-bearing non-current receivables amounted to SEK 225 M (822) at year end and comprised of receivables from joint ventures of SEK 124 M (76) and promissory notes issued in connection with a property divestment in 2021 of SEK 101 M (118). The decrease compared with 2022 was due to a convertible debenture of SEK 628 M being reclassified to interest-bearing current receivables.

LISTED INSTRUMENTS

Listed instruments comprise bonds of SEK 752 M (106) and, when applicable, listed shares that are not holdings in associated companies of SEK 0 M (3,786). The decline was due to the holdings in Nyfosa AB being reclassified to associated companies and the holdings in Cibus Nordic Real Estate AB and KMC Properties ASA being divested.

INTEREST-BEARING CURRENT RECEIVABLES

Interest-bearing non-current receivables comprise a convertible debenture issued by the French company Groupe BMG valued at SEK 504 M maturing on 31 December 2024.

OTHER CURRENT ASSETS

Other current assets amounted to SEK 919 M (865) at year end and primarily comprises prepaid costs and accrued income of SEK 376 M (248) and rent receivables of SEK 264 M (191).

Consolidated statement of comprehensive income

Amounts in SEK M	2023 Jan-Dec	2022 Jan-Dec	2023 Oct-Dec	2022 Oct-Dec
Rental revenue	4,293	3,696	1,133	971
Other revenue	25	31	13	3
Operating expenses	-350	-346	-97	-103
Maintenance costs	-104	-84	-31	-28
Property tax	-220	-178	-62	-46
Other property expenses	-94	-87	-26	-28
Net operating income	3,551	3,032	930	769
Central administration	-182	-174	-64	-66
Profit from joint ventures and associated companies	-556	1,375	-496	-173
– of which, profit from property management	937	766	239	160
– of which, changes in value	-1,523	852	-761	-462
– of which, tax	14	-351	26	51
– of which, other	15	108	–	79
Financial income	339	235	35	92
Financial expenses	-734	-492	-224	-138
Financial expense, interest component of leases	-31	-28	-7	-7
Profit including profit from joint ventures and associated companies	2,388	3,948	175	477
– of which, profit from property management	3,881	3,339	909	809
Changes in value of properties, realised	9	-12	8	-4
Changes in value of properties, unrealised	-1,306	1,709	-350	-821
Changes in value of financial instruments, realised	23	3	-1	–
Changes in value of financial instruments, unrealised	-955	-2,343	-234	589
Profit/loss before tax	159	3,305	-402	241
Deferred tax	-16	-523	-18	38
Current tax	-156	-63	-13	-5
Profit/loss for the period	-13	2,718	-433	274
Other comprehensive income				
– items that might be reclassified subsequently to the profit or loss:				
Translation differences for foreign operations	-174	1,478	-681	294
Share of other comprehensive income for joint ventures	228	27	161	-2
Translation differences, hedge accounting	29	-878	296	-184
Tax on items that may be reclassified	16	-42	11	-11
Total other comprehensive income, net of tax	99	585	-213	97
Total comprehensive income for the period	86	3,303	-646	371
Earnings per Class A and B share, SEK	-0.82	7.76	-1.45	0.66
Earnings per Class A and B share after dilution, SEK	-0.82	7.75	-1.45	0.66
Earnings per Class D share, SEK	2.00	2.00	0.50	0.50
Average no. of Class A and B shares, million	324.8	317.8	333.7	318.4
Average no. of Class A and B shares after dilution, million	325.1	318.3	333.9	318.5
Average number of Class D shares, million	126.3	126.3	126.3	126.3

Condensed consolidated statement of financial position

Amounts in SEK M	2023 31 Dec	2022 31 Dec
Investment properties	57,061	52,655
Investment properties for sale	–	27
Leases, right-of-use assets	454	380
Joint ventures and associated companies	13,171	11,022
Deferred tax assets ¹⁾	168	261
Derivatives	–	14
Interest-bearing non-current receivables	225	822
Other fixed assets	127	70
Total fixed assets	71,207	65,252
Listed instruments	752	3,891
Current finance lease asset	–	2,008
Interest-bearing current receivables	504	–
Other current assets	919	865
Cash and bank balances	28	76
Total current assets	2,203	6,840
Total assets¹⁾	73,410	72,092
Equity	36,578	33,463
Non-current interest-bearing liabilities	25,436	29,820
Deferred tax liabilities ¹⁾	3,954	4,040
Derivatives	21	–
Non-current lease liabilities	454	380
Other non-current liabilities	318	299
Total non-current liabilities¹⁾	30,184	34,539
Commercial paper	1,495	1,572
Other current interest-bearing liabilities	3,412	902
Other current liabilities	1,741	1,616
Total current liabilities	6,648	4,090
Total equity and liabilities¹⁾	73,410	72,092

1) Comparative figures pertaining to deferred tax assets and deferred tax liabilities have been updated. Unutilised loss carryforwards of SEK 261 M were previously recognised in a net amount under deferred tax liabilities. Deferred tax liabilities have thus increased from the previously recognised SEK 3,779 M to SEK 4,040 M. Total assets increased by SEK 261 M.

Consolidated statement of cash flows

Amounts in SEK M	2023 Jan-Dec	2022 Jan-Dec	2023 Oct-Dec	2022 Oct-Dec
Profit/loss before tax	159	3,305	-402	241
Changes in value of financial instruments	932	2,341	235	-589
Change in value of properties	1,297	-1,697	343	825
Profit from joint ventures and associated companies	556	-1,375	496	173
Dividends from joint ventures and associated companies	653	577	64	43
Dissolution of allocated borrowing costs	49	44	11	9
Other items not included in cash flow	-31	-31	8	10
Tax paid	-130	-149	24	-
Cash flow from operating activities before changes in working capital	3,485	3,015	778	713
Cash flow from changes in current receivables	79	-159	-90	-216
Cash flow from changes in current liabilities	1	371	21	272
Cash flow from operating activities	3,565	3,227	710	769
Acquisition of properties	-5,088	-3,202	-1,852	-288
Divestment of properties	86	47	28	42
Investments in existing properties	-902	-715	-356	-198
Acquisition of listed shares	-334	-1,617	-15	-
Divestment of listed shares	478	-	116	-
Purchase of financial instruments	-733	-106	-49	-1
Sale of financial instruments	2,122	44	95	-
Acquisition of joint ventures and associated companies	-111	-29	-22	-18
Divestments of joint ventures and associated companies	-	3	-	-
Capital contribution to joint ventures and associated companies	-225	-238	-150	-115
Lending to joint ventures and associated companies	-45	-64	-9	-13
Increase in other fixed assets	-260	-58	-214	-
Decrease in other fixed assets	264	33	-	33
Cash flow from investing activities	-4,749	-5,902	-2,428	-558
Issue of Class B shares	4,166	39	2,095	-
Dividends paid to shareholders	-1,111	-935	-63	-63
Incentive plan	-26	-24	-	-
Proceeds from borrowings	7,326	7,631	2,126	1,115
Repayment of borrowings	-9,206	-4,050	-2,512	-1,291
Redemption of financial instruments	-	16	-	-
Decrease in other non-current liabilities	-195	-23	-	-12
Increase in other non-current liabilities	181	11	77	-
Cash flow from financing activities	1,135	2,666	1,721	-251
Cash flow for the year	-49	-10	3	-40
Exchange rate differences in cash and cash equivalents	1	2	0	1
Change in cash and cash equivalents	-48	-8	3	-39
Cash and cash equivalents, 1 January	76	84	25	115
Cash and cash equivalents, 31 December	28	76	28	76

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 year	Total equity ¹⁾
Equity 31 December 2021	780	3,578	493	26,228	31,079
Profit for 2022	–	–	–	2,718	2,718
Other comprehensive income 2022	–	–	585	–	585
Total comprehensive income for the period	–	–	585	2,718	3,303
<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, 31 December 2022	781	3,616	1,078	27,988	33,463
Profit for 2023	–	–	–	–13	–13
Other comprehensive income 2023	–	–	99	–	99
Total comprehensive income for the period	–	–	99	–13	86
<i>Transactions with shareholders</i>					
Issue of Class B shares	36	4,176	–	–	4,212
Dividends	–	–	–	–1,111	–1,111
Transactions with shareholders	36	4,176	–	–1,111	3,101
<i>Other transactions</i>					
Transaction costs	–	–46	–	–	–46
Redemption of incentive plan	–	–	–	–34	–34
Subscription of incentive plan	–	–	–	8	8
Other transactions	–	–46	–	–26	–72
Equity 31 December 2023	817	7,746	1,177	26,838	36,578

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

Parent Company income statement

Amounts in SEK M	2023 Jan-Dec	2022 Jan-Dec
Net sales	125	118
Administration costs	-131	-125
Loss before financial income and expenses	-5	-7
Profit from participations in Group companies	2,171	1,863
Profit from participations in joint ventures	161	109
Financial income	1,033	1,314
Financial expenses	-759	-1,305
Profit before tax and appropriations	2,601	1,974
Appropriations	102	35
Tax	-18	-7
Profit/loss for the year	2,684	2,002

Condensed Parent Company balance sheet

Amounts in SEK M	2023 31 Dec	2022 31 Dec
Tangible fixed assets	1	1
Receivables from Group companies	2,101	1,714
Other financial fixed assets	15,697	13,378
Total fixed assets	17,799	15,093
Receivables from Group companies	25,868	25,044
Other current assets	37	29
Cash and bank balances	2	-
Total current assets	25,907	25,073
Total assets	43,706	40,166
Equity	10,990	5,278
Untaxed reserves	13	22
Non-current interest-bearing liabilities	7,291	9,935
Liabilities to Group companies	18,096	18,111
Deferred tax liabilities	5	5
Total non-current liabilities	25,393	28,050
Current interest-bearing liabilities	1,612	1,670
Liabilities to Group companies	5,417	4,847
Other current liabilities	281	298
Total current liabilities	7,310	6,815
Total equity, untaxed reserves and liabilities	43,706	40,166

Segment information

Segment	Rental revenue ¹⁾		Net operating income		Changes in value, properties				Total return	
					Unrealised		Realised			
	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec
Amounts in SEK M										
Sweden	955	857	816	727	-859	667	-	-	-44	1,394
Finland	1,682	1,436	1,370	1,141	-629	108	8	-12	748	1,237
France	697	553	534	428	230	363	1	-	765	791
Benelux ²⁾	586	448	530	407	-37	407	-	-	493	814
Spain	254	299	230	272	61	225	-	-	291	497
Germany	108	93	104	90	-52	-62	0	-	52	28
Other Europe	12	11	12	9	-19	-	-	-	-8	9
Non-specified	-	-	-44	-42	-	-	-	-	-44	-42
Total	4,293	3,696	3,551	3,032	-1,306	1,709	9	-12	2,254	4,729

Segment	Market value properties		Investments properties		Acquisition properties		Divestment properties	
	2023 31 Dec	2022 31 Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec
Amounts in SEK M								
Sweden	14,649	14,782	539	223	186	136	-	-
Finland	18,175	17,876	167	302	851	779	-13	-59
France	9,815	7,971	89	63	1,601	1,611	-35	-
Benelux ²⁾	8,461	7,383	79	31	1,096	283	-	-
Spain	4,543	3,221	26	98	1,281	289	-	-
Germany	1,295	1,305	2	-	73	103	-30	-
Other Europe	124	143	-	-	-	-	-	-
Total	57,061	52,682	902	715	5,088	3,202	-77	-59

1) All rental revenue pertains to external tenants.

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

Key performance indicators

	2023 Jan-Dec	2022 Jan-Dec	2021 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec
Property-related key figures						
Yield, %	6.4	5.8	6.0	6.3	6.4	6.8
Surplus ratio, %	83	82	83	83	83	83
Occupancy rate by area, %	97	95	96	95	95	95
Economic occupancy rate, %	96	96	96	95	95	95
Lettable area at year end, 000 sqm	4,331	3,895	3,759	3,480	3,022	2,850
No. of properties at year end	903	751	673	673	553	512
Financial key figures						
Return on total capital, %	6.4	5.7	5.9	6.6	6.7	6.8
Return on equity, %	0.0	8.4	36.6	17.8	23.7	23.7
Average interest rate, %	1.9	1.7	1.4	1.8	1.9	2.2
Fixed interest period incl. derivatives, years	2.8	3.2	4.0	3.4	3.5	3.0
Loan maturity, years	3.1	3.7	4.3	3.4	3.8	3.6
Equity/assets ratio, % ¹⁾	50	46	50	48	48	46
Debt ratio, %	41	45	42	43	44	47
Net debt/run rate EBITDA, multiple	4.9	6.5	5.4	6.4	6.6	7.1
Net debt/EBITDA, multiple	5.2	7.1	5.8	6.4	6.6	7.4
Interest coverage ratio, multiple	5.7	7.1	6.5	5.7	4.9	4.2
Interest coverage ratio, EMTN programme, multiple	8.1	12.7	9.4	6.4	5.3	4.3
Data per Class A and B share						
Price of Class B share at the end of the year, SEK	277.40	236.50	305.00	169.60	136.20	65.70
Net asset value, SEK	110.90	106.61	97.92	66.38	56.77	44.22
Equity, SEK	95.05	91.33	83.93	55.19	46.86	35.70
Equity after dilution, SEK	95.01	91.20	83.84	55.09	46.78	35.67
Earnings, SEK	-0.82	7.76	30.09	10.80	12.15	9.24
Earnings after dilution, SEK	-0.82	7.75	30.04	10.78	12.13	9.24
Profit from property management, SEK	11.17	9.71	8.01	6.63	5.51	4.31
Profit from property management after dilution, SEK	11.16	9.70	7.99	6.62	5.51	4.31
Cash flow, SEK	9.95	8.69	6.59	6.10	4.86	3.95
Cash flow after dilution, SEK	9.94	8.68	6.58	6.09	4.86	3.95
Dividend per share, SEK (proposed for 2023)	3.10	2.70	2.15	1.65	1.30	1.00
No. of shares at year end, millions	338.3	318.0	317.7	317.3	317.1	316.8
No. of shares at year end after dilution, millions	338.5	318.5	318.0	317.9	317.5	317.1
Average number of shares, million	324.8	317.8	317.5	317.1	316.9	316.7
Average number of shares after dilution, million	325.1	318.3	318.0	317.7	317.3	316.9
Data per Class D share						
Share price at year end, SEK	28.00	26.70	33.40	32.05	36.35	31.70
Equity, SEK	35.00	35.00	35.00	35.00	35.00	35.00
Earnings, SEK	2.00	2.00	2.00	2.00	2.00	2.00
Dividend per share, SEK (proposed for 2023)	2.00	2.00	2.00	2.00	2.00	2.00
No. of shares at year end, millions	126.3	126.3	126.3	125.8	107.8	101.9
Average number of shares, million	126.3	126.3	126.2	118.4	105.7	83.0

Definitions of key performance indicators are provided on pages 32–33.

1) Comparative figures pertaining to the equity/assets ratio were updated for 2022 from 47% to 46%.

The Sagax share and shareholders

At year end, Sagax had 23,512 (23,547) shareholders. Sagax's market capitalisation amounted to SEK 97,299 M (78,649).

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 466,595,984 shares were outstanding at year end, 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 two directed issues of 10,000,000 Class B common shares each and issued an additional 314,638 Class B common shares due to the exercise of warrants under the 2020/2023 incentive plan.

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 or 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 11.16 (9.70), which, compared with the share price of the Class B share at year end, corresponded to a multiple of 24.9 (24.4).

EQUITY PER CLASS A AND B SHARE

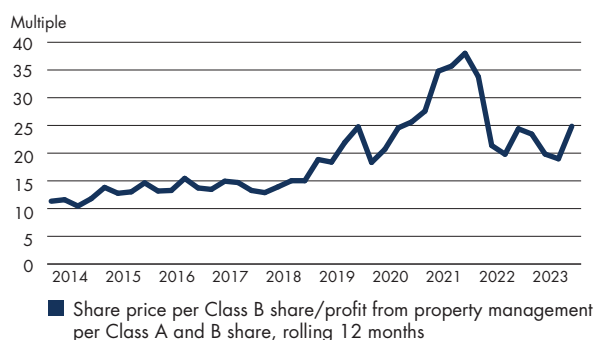
Equity per Class A and B share after dilution amounted to SEK 95.01 (91.20). Net asset value per Class A and B share amounted to SEK 110.90 (106.61). The share price for the Class B share at the end of the year was 292% (259) of equity per Class A and B share and 250% (222) of net asset value per Class A and B share.

Key performance indicators per Class B share

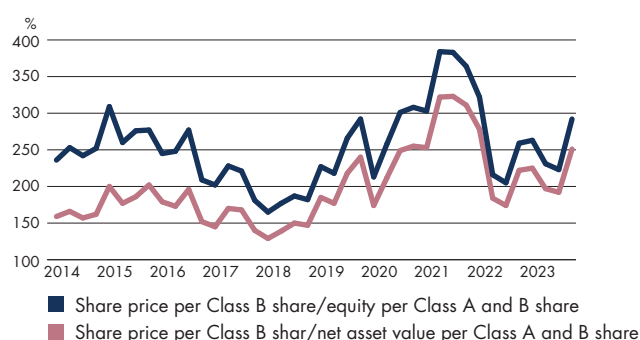
	2023 31 Dec	2022 31 Dec	2021 31 Dec	2020 31 Dec	2019 31 Dec	2018 31 Dec
Share price at year end, SEK	277.40	236.50	305.00	169.60	136.20	64.70
Profit from property management after dilution, SEK	11.16	9.70	7.99	6.62	5.51	4.31
Cash flow after dilution, SEK ¹⁾	9.94	8.68	6.58	6.09	4.86	3.95
Equity after dilution, SEK	95.01	91.20	83.84	55.09	46.78	35.67
Net asset value, SEK	110.90	106.61	97.92	66.38	56.77	44.22
Share price/Profit from property management, multiple	24.9	24.4	38.2	25.6	24.7	15.0
Share price/Cash flow, multiple ¹⁾	27.9	27.3	46.4	27.9	28.0	16.4
Share price/Equity, %	292	259	364	308	292	182
Share price/Net asset value, %	250	222	311	255	240	147

1) 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	
	31 Dec 2023	31 Dec 2022	2023 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec
Class A shares	274.00	239.00	2	24	1	6
Class B shares	277.40	236.50	25	35	69	94
Class D shares	28.00	26.70	51	71	7	10

Ownership structure 31 December 2023¹⁾

No. of shares	No. of shareholders	Shareholder category	No.	Share of voting power	Shareholders by country	No.	Share of voting power
1–500	16,632	Private individuals residing in Sweden	21,665	13%	Sweden	22,271	85%
501–1,000	1,954				USA	82	5%
1,001–2,000	1,584	Private individuals residing abroad	302	1%	Norway	217	2%
2,001–5,000	1,499	Companies/institutions in Sweden	607	72%	Denmark	520	1%
5,001–10,000	670				Netherlands	11	1%
10,001–50,000	833	Companies/institutions abroad	938	9%	Other	411	7%
50,001–	340	Unknown type of shareholder	–	6%			
Total	23,512	Total	23,512	100%	Total	23,512	100%

Largest shareholders, 31 December 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	16.8%	29.1%
Staffan Salén and companies	5,737,309	31,598,279	95,600	8.0%	12.7%
Third Swedish National Pension Fund	–	24,786,383	–	5.3%	3.5%
Fourth Swedish National Pension Fund	821,630	13,583,838	9,648,561	5.2%	4.5%
Vanguard	–	7,476,512	5,447,656	2.8%	1.8%
Avanza Pension	41,194	203,347	12,455,035	2.7%	1.9%
SEB Fonder	–	12,100,314	–	2.6%	1.7%
Länsförsäkringar Fonder	–	10,144,555	845,881	2.4%	1.6%
Handelsbanken Fonder	–	8,316,177	1,669,266	2.1%	1.4%
BlackRock	–	8,012,668	13,594	1.7%	1.1%
Norges Bank	–	3,993,829	2,577,164	1.4%	0.9%
Filip Engelbert and companies	241,000	1,869,784	4,200,000	1.4%	1.2%
Swedbank Robur Fonder	500,000	5,764,083	–	1.3%	1.5%
Erik Selin and companies	1,174,959	2,480,549	2,026,868	1.2%	2.3%
Lannebo Fonder	–	5,258,374	–	1.1%	0.7%
Rutger Arnhult and companies	–	231,824	4,535,303	1.0%	0.7%
Second Swedish National Pension Fund	–	4,176,888	–	0.9%	0.6%
Patrik Brummer and companies	–	–	4,066,666	0.9%	0.6%
Folksam	–	3,734,608	–	0.8%	0.5%
Nordnet Pensionsförsäkring	10,504	378,268	3,006,572	0.7%	0.5%
Total 20 largest shareholders	22,526,596	207,824,192	51,488,166	60.4%	68.9%
Other shareholders	4,013,738	103,970,129	74,773,163	39.2%	31.1%
Sub-total	26,540,334	311,794,321	126,261,329	99.6%	100.0%
Shares held by AB Sagax	–	2,000,000	–	0.4%	0.0%
Total	26,540,334	313,794,321	126,261,329	100.0%	100.0%
– of which, Board and employees	20,353,565	103,910,658	6,577,290	28.0%	44.6%

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	313,794,321	0.1	31,379,432.10	44%	67%
Class D shares	126,261,329	0.1	12,626,132.90	18%	27%
Total	466,595,984		70,545,899.00	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 affected by the estimates and assumptions made. To reduce the risk of incorrect estimates, properties corresponding to 99% of the property value on 31 December 2023 were valued by authorised property appraisers from independent valuation companies. By their very nature, properties valuations are always associated with uncertainty.

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

Sagax mainly enters into 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 fixed annual rental adjustments.

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

FINANCIAL RISKS

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

CURRENCY RISKS

The amounts in the consolidated balance sheet are partly exposed to exchange rate fluctuations, particularly for the EUR. Net exposure on 31 December 2023, assets less liabilities in EUR, amounted to SEK 11,838 M (7,598). In total, net exposure in EUR amounted to 32% (23) of equity. In preparing the consolidated financial statements, the balance sheets of the Group's foreign operations are translated from their

functional currencies into SEK based on the exchange rates applying on the balance sheet date. On 31 December, EUR 1 was equivalent to SEK 11.10, and DKK 1 was equivalent to SEK 1.49. 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 and the transition from a low interest-rate environment to higher interest rates had 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	31 Dec 2023	31 Dec 2022
Investment properties	3,861	3,393
Other assets	134	318
Total assets	3,995	3,711
Interest-bearing liabilities	2,580	2,703
Other liabilities	348	326
Total liabilities	2,928	3,028
Net exposure	1,067	683

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	-11,412	-5,706	0	5,706	11,412
Debt ratio, %	49	45	41	38	36

Sensitivity analysis for changes in the occupancy rate

	-10%	-5%	0%	+5%	+10%
Occupancy rate, %	87	91	96	N/A	N/A
Interest coverage ratio, multiple	5.1	5.4	5.7	N/A	N/A

Sensitivity analysis for property values

	Change	Value change, SEK M
Capitalisation rate	+/-0.25% point	-1,698/+1,845
Discount rate	+/-0.25% point	-967/+997
Rental revenue	+/-5%	+2,428/-2,462
Property expenses	+/-5%	-332/+335

Sensitivity analysis on 31 December 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	+47/-47	+38/-38	+38/-38
Rental revenue	+/-1%	+46/-46	+37/-37	+37/-37
Property expenses	+/-1%	-8/+8	-6/+6	-6/+6
Interest expenses for liabilities in SEK including fixed income derivatives	+/-1% point	-9/+9	-7/+7	-7/+7
Interest expenses for liabilities in EUR including fixed income derivatives	+/-1% point	-33/+33	-26/+26	-26/+26
Change in SEK/EUR exchange rate ²⁾	+/-10%	+234/-234	+187/-187	+1,183/-1,183
Changed rent level for contract maturity in 2023	+/-10%	+73/-73	+59/-59	+59/-59

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 2024 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 2 February 2024, it was announced in a press release that Sagax had acquired a total of eight properties for an equivalent of SEK 692 M based on seven separate transactions. The properties comprise a lettable area of 55,400 square metres and 117,100 square metres of land, of which 29,000 square metres leasehold. The annual rental income amounts to the equivalent of SEK 81 M. The occupancy rate is 99% and the average remaining lease term is 9.2 years. Closing for the equivalent of SEK 599 M has taken place during the first quarter of 2024. Closing for the remaining SEK 93 M is expected to take place during the end of the first quarter of 2024. The acquisitions will be recognised in the following Sagax segments: Finland (SEK 382 M), Spain (SEK 217 M), France (SEK 65 M) and Germany (SEK 28 M).

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

Stockholm, 22 February 2024
AB SAGAX (publ)
Corporate Registration Number 556520-0028

Staffan Salén
Chairman of the Board

Johan Cederlund
Board member

Filip Engelbert
Board member

David Mindus
CEO and Board member

Johan Thorell
Board member

Ulrika Werdelin
Board member

This year-end report has not been reviewed by the company's auditors.

This constitutes information that AB Sagax (publ) is legally obliged to publish under the EU's Market Abuse Regulation. The information was released for publication on 22 February 2024 at 1:30 p.m. CET.

Calendar

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

2023 Annual Report	Week beginning 15 April 2024
2024 Annual General Meeting	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

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:

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

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

Visit us at www.sagax.se.

Definitions

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

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

Key performance indicators	Description	Reason for alternative performance measure
Cash flow per Class A and B share 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 year 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 year in relation to total assets at the end of the year.	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 for the period 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 Class D shares.	IFRS performance measure.
Earnings per Class D share	Class D shares are entitled to five times the total dividend on Class A and B shares, although not more than SEK 2.00 per share annually.	The KPI shows the shareholders' share of profit.
EBITDA	Net operating income less central administration costs plus dividends received from joint ventures and associated companies.	Sagax uses EBITDA so that the Net debt/EBITDA KPI shows financial risk.
Economic occupancy rate	Contractual annual rent at the end of the year as a percentage of rental value directly after the end of the year.	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 year in relation to the number of Class A and B shares at the end of the year 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 year as a percentage of the number of common shares at the end of the year. Equity is restricted to SEK 35.00 per Class D share.	The KPI shows the owner's share of equity.
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-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.
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.
Net asset value	Recognised equity according to the balance sheet, less equity attributable to Class D shares, with reversal of reserves for fixed income derivatives, deferred tax on temporary differences on property values and deferred tax on reserves for fixed income derivatives.	An established indicator of the Group's net asset value that facilitates analyses and comparisons with EPRA NAV.
Net debt	Interest-bearing liabilities less interest-bearing assets, cash and cash equivalents, and listed instruments.	The KPI shows the Group's indebtedness.

Key performance indicators	Description	Reason for alternative performance measure
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 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 year as a percentage of total lettable area directly after the end of the year.	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 at the end of the year, with supplements for estimated market rents for vacant premises.	The key performance indicator shows the Group's revenue 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 for the period, 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 EBITDA	Net operating income according to current earnings capacity less central administration costs plus dividends received from joint ventures and associated companies rolling 12 months.	Sagax uses EBITDA so that the run rate Net debt/EBITDA KPI shows financial risk.
Run rate yield	Net operating income according to current earnings capacity less site leasehold fees, as a percentage of the carrying amounts of the properties at the end of the year.	The KPI shows the earnings generation of the operations before financial expenses and central administration costs are taken into account.
Secured liabilities/Total assets	Liabilities secured with pledged assets as a percentage of total assets.	The KPI shows financial risk for bond holders.
Surplus ratio	Net operating income for the year as a percentage of rental revenue for the year.	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 property value at year end adjusted for unrealised changes in value for the period.	The KPI shows earnings generation and value growth for the properties for a period.
Triple net lease	A type of lease whereby the tenant pays, in addition to the rent, all costs incurred on the property that would normally have been paid by the property owner. These include operating expenses, maintenance, property tax, site leasehold fees, insurance, property caretaking, etc.	Not an APM.
Yield	Net operating income for the period 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-Dec	2022 Jan-Dec
Cash flow per Class A and B share		
Profit/loss before tax	159	3,305
Items not affecting cash flow	3,456	-141
Tax paid	-130	-149
Dividends attributable to Class D shares	-253	-253
Cash flow	3,232	2,762
Cash flow per Class A and B share after dilution, SEK	9.94	8.68
Debt ratio		
Interest-bearing liabilities	30,343	32,294
Total assets ¹⁾	73,410	72,092
Debt ratio	41%	45%
Earnings per Class A and B share²⁾		
Profit after tax	-13	2,718
Dividends attributable to Class D shares	-253	-253
Adjusted profit/loss after tax	-266	2,465
Earnings per Class A and B share after dilution, SEK	-0.82	7.75
EBITDA rolling 12 months		
Net operating income	3,551	3,032
Central administration	-182	-174
Dividends from joint ventures and associated companies	653	577
EBITDA	4,023	3,435
Economic occupancy rate		
Contractual annual rent	4,557	4,024
Rental value	4,738	4,195
Economic occupancy rate	96%	96%
Equity/assets ratio		
Equity	36,578	33,463
Total assets ¹⁾	73,410	72,092
Equity/assets ratio ⁴⁾	50%	46%
Equity per Class A and B share		
Equity	36,578	33,463
Equity attributable to Class D shares	-4,419	-4,419
Equity attributable to Class A and B shares	32,159	29,044
No. of shares	338,334,655	318,020,017
No. of shares after dilution	338,477,071	318,459,519
Equity per Class A and B share, SEK	95.05	91.33
Equity per Class A and B share after dilution, SEK	95.01	91.20

Amounts in SEK M unless otherwise stated	2023 Jan-Dec	2022 Jan-Dec
Interest coverage ratio		
Profit from property management	3,881	3,339
Reversal of profit from property management joint ventures and associated companies	-937	-766
Dividends from joint ventures and associated companies	653	577
Financial expenses incl leases	765	520
Adjusted profit from property management before financial expenses	4,362	3,670
Interest coverage ratio	5.7x	7.1x
Interest coverage ratio, EMTN programme		
Profit from property management	3,881	3,339
Net financial items	550	285
Profit from property management before net financial items	4,431	3,624
Interest coverage ratio	8.1x	12.7x
Net asset value		
Equity	36,578	33,463
Equity attributable to Class D shares	-4,419	-4,419
Reversal of derivatives	21	-14
Reversal of deferred tax, net	3,882	3,988
Reversals due to joint ventures	1,474	930
Net asset value	37,537	33,951
NAV per Class A and B share after dilution, SEK	110.90	106.61
Net debt		
See page 15.		
Net debt according to EMTN programme		
Interest-bearing liabilities	30,343	32,294
Listed shares in fixed assets ³⁾	-8,030	-3,141
Listed shares in current assets	-	-3,786
Cash and cash equivalents	-28	-76
Net debt according to EMTN programme	22,285	25,291
Net debt according to EMTN programme/Total assets		
Net debt according to EMTN programme	22,285	25,291
Total assets ¹⁾	73,410	72,092
Net debt according to EMTN programme/ Total assets	30%	35%
Net debt/EBITDA		
Net debt	20,804	24,364
EBITDA rolling 12 months	4,023	3,435
Net debt/EBITDA	5.2x	7.1x

1) Comparative figures pertaining to total assets were updated from SEK 71,831 M to SEK 72,092 M.

2) IFRS performance measure.

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

4) Comparative figures pertaining to the equity/assets ratio were updated from 47% to 46%.

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

Amounts in SEK M unless otherwise stated	2023 Jan-Dec	2022 Jan-Dec
Net debt/run rate EBITDA		
Net debt	20,804	24,364
EBITDA, run rate	4,256	3,722
Net debt/EBITDA run rate	4.9x	6.5x
Occupancy rate by area		
Contracted area, '000s sqm	4,182	3,719
Total lettable area, '000s sqm	4,331	3,895
Occupancy rate by area	97%	95%
Profit from property management		
Profit after tax	-13	2,718
Tax	158	937
Changes in value	3,737	-316
Profit from property management	3,881	3,339
Profit from property management per Class A and B share after dilution		
Profit from property management	3,881	3,339
Dividends attributable to Class D shares	-253	-253
Adjusted profit from property management	3,628	3,086
Average no. of Class A and B shares after dilution	325,122,902	318,301,177
Profit from property management per Class A and B share after dilution, SEK	11.16	9.70
Rental revenue, comparable portfolios		
Rental revenue	4,293	3,696
Acquired and sold properties	-456	-299
Currency adjustment ¹⁾	-	201
Rental revenue, comparable portfolios excluding currency effects	3,837	3,599
Return on equity		
Profit/loss after tax	-13	2,718
Average equity	35,020	32,272
Return on equity	0.0%	8.4%
Return on total capital		
Profit from property management	3,881	3,339
Financial expenses	765	520
Profit before financial expenses	4,646	3,859
Average total assets	72,751	67,264
Return on total capital	6.4%	5.7%

Amounts in SEK M unless otherwise stated	2023 Jan-Dec	2022 Jan-Dec
Run rate EBITDA		
Net operating income according to current earnings capacity	3,785	3,319
Central administration	-182	-174
Dividends from joint ventures and associated companies	653	577
Run rate EBITDA	4,256	3,722
Run rate yield		
Net operating income according to current earnings capacity	3,785	3,319
Add-back of site leasehold fees	-25	-25
Adjusted net operating income	3,760	3,294
Carrying amounts of properties	57,061	52,682
Run rate yield	6.6%	6.3%
Secured liabilities/Total assets		
Secured liabilities	2,309	1,895
Total assets ²⁾	73,410	72,092
Secured liabilities/Total assets	3%	3%
Surplus ratio		
Net operating income	3,551	3,032
Rental revenue	4,293	3,696
Surplus ratio	83%	82%
Yield		
Net operating income	3,551	3,032
Add-back of site leasehold fees	-27	-25
Holding adjustment, acquisitions/divestments	232	-77
Currency translation to closing rate	-100	112
Adjusted net operating income	3,656	3,042
Carrying amounts of properties	57,061	52,682
Yield	6.4%	5.8%

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

2) Comparative figures pertaining to total assets were updated from SEK 71,831 M to SEK 72,092 M.

AB Sagax is a property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industrial segment. Sagax's property holdings on 31 December 2023 amounted to 4,331,000 square metres, distributed between 903 properties. AB Sagax (publ) is listed on Nasdaq Stockholm, Large Cap.
More information is available at www.sagax.se.

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