

# Q2

2019

## Summary, SEKm

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun
Rental income	731	623	1,449	1,237
Net operating income	554	469	1,063	908
Profit from property management	375	298	741	572
Profit before tax	1,909	2,879	3,358	5,976
Profit after tax	1,642	2,636	2,790	5,175
Surplus ratio, %	76	75	73	73
Loan-to-value ratio, properties, %	-	-	38	39
EPRA NAV, SEK per share	-	-	134	116

## January–June 2019<sup>1</sup>

- Rental income increased to SEK 1,449m (1,237), primarily as a result of completed project properties generating revenue and increased rent levels through renegotiations. In an identical portfolio, income rose by approximately 19 per cent (10).
- Net operating income increased to SEK 1,063m (908). In an identical portfolio, net operating income rose by approximately 20 per cent (12).
- The surplus ratio was 73 per cent (73).
- Profit from property management rose by 30 per cent to SEK 741m (572).
- Realised and unrealised changes in value amounted to SEK 3,122m (5,366) in properties and SEK –503m (38) in fixed-income derivatives.
- Profit before tax for the period amounted to SEK 3,358m (5,976).
- Profit after tax for the period amounted to SEK 2,790m (5,175), corresponding to SEK 8.44 per share (15.64).
- Net lettings during the period totalled SEK –87m (123). Net lettings in the second quarter totalled SEK 20m. Rent levels from renegotiated leases increased by an average of 20 per cent (29).
- The equity/assets ratio was 50 per cent (50) and the loan-to-value ratio 38 per cent (39).

<sup>1</sup> The comparison figures for income and expense items relate to values for the January–June 2018 period and for balance sheet items at 31 December 2018.

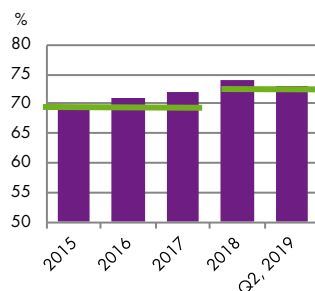


Christian Hermelin, CEO

# Increased profit from property management and persistent value growth

**The year began with increased rental income, improved profit from property management and persistently rising property values, and the performance in the second quarter confirms this positive trend.**

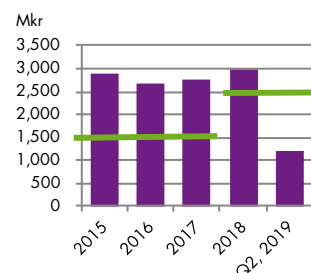
## SURPLUS RATIO\*



Target 2019: 73%

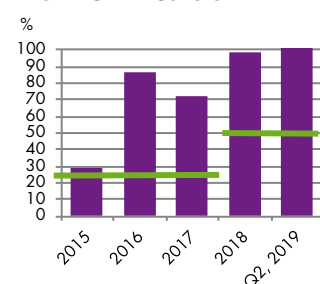
Long-term target: 75% by 2022

## INVESTMENT VOLUME\*



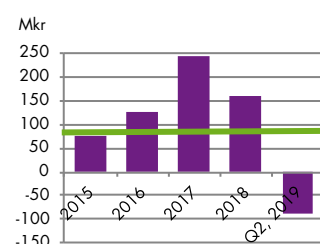
Target: SEK 2,500m per year over a business cycle

## RETURN ON PROJECTS\*



Target: at least 50% (from 2018).  
Outcome Jan-Jun 2019 132%

## NET LETTINGS\*



Target: at least SEK 80m

## Strong rental market

Stockholm's rental market remains consistently strong, with high demand and rising rent levels. The termination of the Swedish Tax Agency's lease in the first quarter presents us with a challenge in negative net lettings. However, in the second quarter, net lettings amounted to SEK 20m and I am optimistic ahead of autumn. We are seeing many new, exciting opportunities and constructive ongoing dialogues in several of our districts.

## Stronger cash flow

Project completions and renegotiations contributed to rising rental income, while interest expenses remained at very low levels. Our profit from property management is growing continually stronger, increasing by an impressive 30 per cent compared with the previous year. Previous forecasts about rising interest rates have not transpired. Instead, long-term interest rates have come down further, which has provided a boost to the valuation of property shares on the stock market.

## Transactions confirm ever lower yield requirements

In May, we sold Pelaren 1 at Globen, a newly-produced property, fully let with stable tenants. The transaction marked a new record low yield level for similar objects in attractive suburb locations. This had a positive effect on the valuation of several of our properties in the portfolio. Provided we do not see a significant economic downturn, and while interest rates remain low, properties will continue to stand out as a highly attractive investment. The change in interest rates we have seen in this latest quarter has yet to impact our valuations, and I expect us to see continued downward pressure on yield requirements in the coming quarters.

## Project investments

Some have expressed a degree of concern that our project portfolio is shrinking, and that we will therefore be unable to maintain volumes in the long term. I am confident that we will see several new project start-ups during the year. This is in light of the fact that more scheduled development rights will become available, and that interesting dialogues are in progress. Meanwhile, we are working intensively on our vision and brand for our districts. Every day we learn more about what creates appeal. We are laying the foundations for attractive urban development in all our submarkets.

## Focus on sustainability and more green financing

In the second quarter, we succeeded in setting up a new green framework for financing. The framework not only allows us to issue green bonds, but also green commercial paper. We also have an opportunity to link other loans to the framework. Fabège believes responsible financing enables us to get on board and encourage the financial market to move in a sustainable direction, while imposing requirements on ourselves and generating considerable internal pride. Green financing is based on certification of the property portfolio and demanding energy requirements. We received a fine acknowledgement for our work on certifying the management portfolio when the property Hågern Mindre 7 as one of only four office properties in Sweden received BREEAM in use certification at the excellent level.

## Market outlook

This will be my last CEO statement for Fabège. Stefan Dahlbo will take over on September 1. I will remain in post up until that point. I am convinced that the wonderful journey I've been part of will continue. The market outlook has not changed since the last quarter. Stockholm is strong and has a long-term growth forecast, which provides excellent prospects for Fabège's continued growth. Fabège is well-positioned and can offer office space in attractive, modern and sustainable neighbourhoods in Greater Stockholm, both to the north and to the south. I wish Stefan and all Fabège's employees every success for the future.

Christian Hermelin, CEO

\*Outcome 2019 refers to the accumulated period Jan-Jun

# Earnings Jan–Jun 2019<sup>1</sup>

**The first half of the year was characterised by increased rental income, improved profit from property management and continued value growth in the property portfolio.**

## Revenues and earnings

Profit after tax for the period was SEK 2,790m (5,175), corresponding to earnings per share of SEK 8.44 (15.64). Profit before tax for the period amounted to SEK 3,358m (5,976). Earnings from property management improved, but lower changes in value meant that profit before tax fell in comparison with the previous year.

Rental income increased to SEK 1,449m (1,237) and net operating income increased to SEK 1,063m (908). In an identical portfolio, rental income grew by roughly 19 per cent (10), of which around 75 per cent related to growth through tenants moving into completed project properties. The remaining increase was primarily growth due to new lettings and renegotiated rent levels. Net operating income in an identical portfolio rose by approximately 20 per cent (12). New accounting policies for ground rent, which is no longer included in net operating income as of 2019, had a positive impact on the surplus ratio. As a result of new tax assessment values the property tax rose substantially, as expected, compared with the previous year. Although the increase is largely covered by the customers, it had a negative impact on the surplus ratio, which was 73 per cent (73).

In the second quarter, Pelaren 1, Globen, was sold with transfer of ownership scheduled for 1 July. The transaction generated a profit of SEK 138m, which was recognised as an unrealised change in value in the second quarter. Furthermore, the Lagern 3 property was sold to a co-owned company. The transaction did not generate any realised profit. Realised changes in value therefore totalled SEK 0m (88).

Unrealised changes in value totalled SEK 3,122m (5,278). The unrealised change in the value of the investment property portfolio of SEK 1,965m (3,561) was mainly attributable to increased rent levels for new lettings and renegotiations and lower yield requirements. The average yield requirement declined to 4.04 per cent (4.13 at year-end). In addition, unrealised changes in fair value of SEK 138m were recognised relating to properties sold during the period. The project portfolio contributed to an unrealised change in value of SEK 1,019m (1,585), primarily due to development gains in the major project properties.

The share in profit of associated companies was SEK –32m (–40) and mainly related to a capital contribution to Arenabolaget.

Unrealised changes in value in the derivatives portfolio totalled SEK –503m (38). Newly subscribed interest rate swaps and lower long-term interest rates led to an increase in the deficit value during the period. Net interest items declined to SEK –233m (–257). Increased borrowing was offset by lower average interest.

## Segment reporting

The Property Management segment generated net operating income of SEK 1,044m (865), representing a surplus ratio of 75 per cent (75). The occupancy rate was 94 per cent (95). Earnings from property management totalled SEK 755m (581). Unrealised changes in the value of properties amounted to SEK 1,965m (3,561).

The Property Development segment generated net operating income of SEK 19m (43), giving a surplus ratio of 36 per cent (55). Earnings from property management totalled SEK –14m (–9). Unrealised changes in the value of properties totalled SEK 1,019m (1,585), corresponding to a yield of 132 per cent on invested capital in the project portfolio.

Earnings from transactions totalled SEK 138m (220).

## Quarter 2 in brief

- Continued healthy demand for office premises in Stockholm and rising rent levels in all our submarkets.
- New lettings totalled SEK 46m (155) and net lettings amounted to SEK 20m (113).
- The surplus ratio was 76 per cent (75).
- Earnings from property management totalled SEK 375m (298).
- The property portfolio showed unrealised value growth of SEK 1,798m (2,578), of which projects accounted for SEK 378m (447).
- Realised changes in property values totalled SEK 0m (5).
- Unrealised changes in value in the derivatives portfolio totalled SEK –265m (–2).
- After-tax profit for the quarter amounted to SEK 1,642m (2,636).

## BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

	2019	2018
SEKm	Jan-Jun	Jan-Jun
Profit from Property Management activities	755	581
Changes in value (portfolio of investment properties)	1,965	3,561
<b>Contribution from Property Management</b>	<b>2,720</b>	<b>4,142</b>
Profit from Property Management activities	-14	-9
Changes in value (profit from Property Development)	1,019	1,585
<b>Contribution from Property Development</b>	<b>1,005</b>	<b>1,576</b>
Realised changes in value	138	220
<b>Contribution from Transactions</b>	<b>138</b>	<b>220</b>
<b>Total contribution from the operation</b>	<b>3,863</b>	<b>5,938</b>

# 30%

**Growth in profit/loss  
from Property  
Management**

<sup>1</sup> The comparison figures for income and expense items relate to values for the January–June 2018 period and for balance sheet items at 31 December 2018.

## Financing

Fabege employs long-term credit facilities subject to fixed terms and conditions. The company's creditors mainly comprise the major Nordic banks and investors on the capital market. The company is striving for a balance between different forms of financing on both the capital and banking markets, with long-term relationships with the major financiers having high priority.

Fabege wants to play an active part in the transition of the financial market towards greater accountability, and the company is continuing with its efforts to achieve the goal of all financing being sustainable. In line with this goal, a new green financing framework was launched in June. The green MTN programme and the commercial paper programme, which is gradually being converted to green as outstanding commercial paper is sold, are both linked to the new framework. The syndicated back-up facility for the commercial paper programme has also been linked to the framework, which allows other green loans to be linked as well. Find out more at [www.fabege.se/gronfinansiering](http://www.fabege.se/gronfinansiering).

In April, another loan of just over SEK 1bn was converted to green in connection with an extension of ten years, and in June financing of just over SEK 2bn was converted at the same time as being extended for 15 years. No less than 92 per cent of Fabege's financing sources now provide green financing solutions, and an increasing number can also offer extended maturities.

The bond market continues to be highly positive, with healthy demand for green bonds in particular. In April, Fabege issued bonds totalling SEK 400m with a maturity of 4.5 years.

The proportion of outstanding commercial paper is being kept at the lower level that was initiated during the autumn, as part of the company's efforts to extend the maturity of the debt portfolio. The company has available credit facilities covering all outstanding commercial paper at any given time.

In the second quarter, fixed-interest periods of a total of SEK 600m were agreed in the form of interest rate swaps with maturities of ten years. At the end of the quarter, Fabege's derivatives portfolio comprised interest rate swaps totalling SEK 14,400m with terms of maturity extending through 2029 and carrying fixed interest at annual rates of between 0.24 and 2.08 per cent before margins.

Net financial items included other financial expenses of SEK 17m, mainly pertaining to accrued opening charges for credit agreements and costs relating to bond and commercial paper programmes. During the period, interest totalling SEK 8m (16) relating to project properties was capitalised.

### FINANCING, 30/06/2019

	2019-06-30	2018-12-31
Interest-bearing liabilities, SEKm	27,544	26,275
of which outstanding MTN, SEKm	6,650	6,000
of which outstanding SFF, SEKm	2,511	2,511
of which outstanding certificates, SEKm	1,860	2,510
Unutilized facilities, SEKm	3,642	4,529
Capital maturity, year	6.0	5.0
Fixed-rate period, year	4.2	3.6
Fixed-rate, share of the portfolio, %	62	54
Derivative market value, SEKm	-636	-132
Average interest, %	1.76	1.65
Average interest, %	1.68	1.55
Loan-to-value, %	38	39

### GREEN FINANCING, 30/06/2019

	Credit lines	Outstanding loans and bonds
Green MTN-bonds, SEKm	6,650	6,650
Green bonds vis SFF, SEKm	2,086	2,086
Gröna företagscertifikat, Mkr	5,000	800
Green loans, other, SEKm	11,546	11,546
Total green financing, SEKm	25,282	21,082
Share of green financing, %	81	77
Total green facilities, SEKm	44,339	
of which free green facilities, SEKm	15,082	

### INTEREST RATE MATURITY STRUCTURE, 30/06/2019

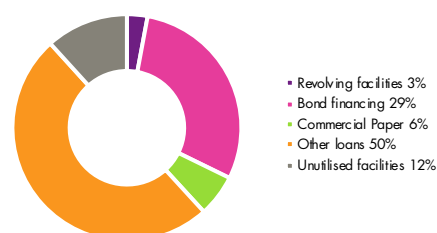
	Amount SEKm	Average interest rate, %	Share, %
< 1 year	10,958	2.66	40
1-2 years	460	0.53	2
2-3 years	200	0.25	1
3-4 years	900	1.21	3
4-5 years	1,850	0.80	7
5-6 years	2,800	0.80	10
6-7 years	2,300	0.95	8
7-8 years	2,500	0.96	9
8-9 years	3,876	1.52	14
9-10 years	1,700	0.95	6
<b>Total</b>	<b>27,544</b>	<b>1.68</b>	<b>100</b>

The average interest rate for the < 1 year period includes the margin for the variable portion of the debt portfolio, because the company's fixed-interest term is established using interest rate swaps, which are traded without margins.

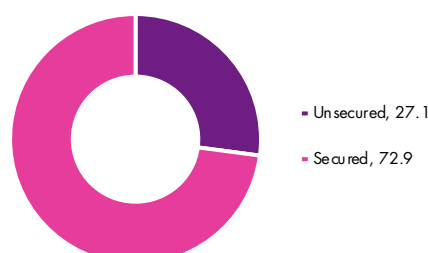
### LOAN MATURITY STRUCTURE, 30/06/2019

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	1,860
< 1 year	4,861	2,601
1-2 years	4,424	2,924
2-3 years	4,000	2,259
3-4 years	5,700	5,700
4-5 years	1,400	1,400
5-10 years	5,995	5,995
10-15 years	3,552	3,552
15-20 years	1,253	1,253
20-25 years	0	0
<b>Total</b>	<b>36,186</b>	<b>27,544</b>

### BREAKDOWN OF SOURCES OF FUNDING, 30/06/2019



### PLEDGED ASSETS, 30/06/2019





## Tax

The tax expense for the period amounted to SEK -568m (-801). The amount includes resolution of deferred tax in the amount of SEK 148m (131) in connection with property sales. Current tax of SEK 6m relates primarily to a tax refund in the first quarter. Tax was calculated at a rate of 21.4 per cent on taxable earnings. In accordance with the new corporate taxation method, the deferred tax liability has been recalculated at the new tax rate of 20.6 per cent. The valuation of the loss carryforwards that are expected to be utilised between 2019 and 2020 has been calculated based on the current tax rate for these years of 21.4 per cent.

The new rules apply as of 1 January 2019. Faberge is of the opinion that the new rules will not have any material impact on tax paid. For 2019, the new rules means increased utilisation of tax loss carryforwards of approximately SEK 280m. This will incur a greater cost of SEK 60m for the 2019 full year, which is reflected in the tax calculation for the period.

## Financial position and net asset value

Shareholders' equity amounted to SEK 36,868m (34,964) at the end of the period and the equity/assets ratio was 50 per cent (51). Equity per share attributable to Parent Company shareholders totalled SEK 111 (106), based on the number of shares after the split. EPRA NAV was SEK 134 per share (125) and EPRA NNNNAV amounted to SEK 128 per share (120).

## Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 751m (613). Change in working capital had an impact of SEK 176m (-162) on cash flow. Investing activities had an impact of SEK -1,328m (-96) on cash flow, while financing activities had an impact of SEK 401m (-637) on cash flow. In investing activities, cash flow was driven by property transactions and projects. Overall, cash and cash equivalents changed by SEK 0m (282) during the period.

## Financial targets

Faberge's Board of Directors has decided on the following financial targets for the business.

- Loan-to-value ratio of max. 50 per cent.
- Interest coverage ratio of at least 2.2.
- The long-term debt ratio will amount to a maximum of 13.0.
- Equity/assets ratio of min. 35 per cent.

## Operational targets

- The return on projects shall be at least 50 per cent.
- The investment volume shall amount to at least SEK 2,500m per year.
- Net lettings at least SEK 80m
- Surplus ratio by 2022: 75 per cent

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# SEK 134/share

## EPRA NAV

### 30 June 2019

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## Faberge outperforms the Swedish energy agreement

Sweden's long-term focus for Swedish energy policy, Energiöverenskommelsen (the energy policy agreement), sets a target of 50 per cent more efficient energy consumption in 2030 compared with 2005. Faberge already achieved an actual reduction in energy consumption for its entire portfolio of investment properties of 49 per cent back in 2018 and is now pressing on with its efficiency efforts.

Faberge's new energy efficiency target is divided into stages, the aim being to meet the first 50-per cent target this year. The next milestone, which is expected in 2023, is an average energy consumption of 80 kWh/sqm, which is an almost 60 per cent reduction compared with 2005.

At the turn of the year, Faberge reported consumption of 98 kWh/sqm and in 2005 the equivalent figure was 193 kWh/sqm. The portfolio is divided into two parts: newer properties that have received planning permission after 2012 and have a target of 50 kWh/m2, and older properties that have a target of 90 kWh/m2.



# Operations Jan–Jun 2019<sup>1</sup>

**Value growth in the property portfolio continued to be fuelled by project development and higher rent levels for new negotiations and renegotiations, as well as by low yield requirements on the market.**

## Property portfolio and property management

Fabege's Property Management and Property Development activities are concentrated on a few selected submarkets in and around Stockholm: Stockholm inner city, Solna, Hammarby Sjöstad and Flemingsberg. On 30 June 2019, Fabege owned 88 properties with a total rental value of SEK 3.1bn, lettable floor space of 1.3m sqm and a carrying amount of SEK 71.8bn, of which development and project properties accounted for SEK 7.6bn. The financial occupancy rate for the entire portfolio, including project properties, was 94 per cent (95). The occupancy rate in the investment property portfolio was 95 per cent (95).

During the period, 83 new leases were signed at a total rental value of SEK 82m (210), of which 83 per cent pertained to green leases. Lease terminations amounted to SEK –169m (87) including the Swedish Tax Agency's lease termination of SEK 107m in the first quarter. Thus accumulated net lettings totalled SEK –87m (123). Net lettings in the second quarter totalled SEK 20m. Rental contracts totalling SEK 130m were renegotiated, with an average rise in rental value of 20 per cent, reflecting the persistently strong trend on the rental market in the first half of the year. The retention rate during the period was 66 per cent (79).

## Changes in the property portfolio

In the second quarter, Pelaren 1, Globen, was sold with transfer of ownership scheduled for 1 July. The purchase price amounted to SEK 1.6bn and generated a profit of SEK 138m, which was recognised as an unrealised change in value in the second quarter. Furthermore, the Lagern 3 property in Råsunda was sold to a co-owned housing development company, with transfer of ownership scheduled for June. The transaction did not have any impact on earnings. Realised changes in value totalled SEK 0m (88).

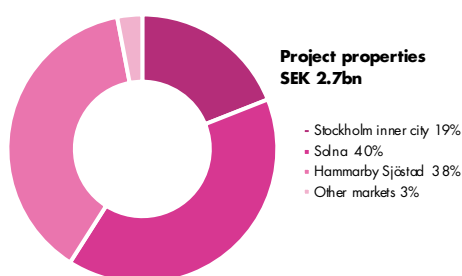
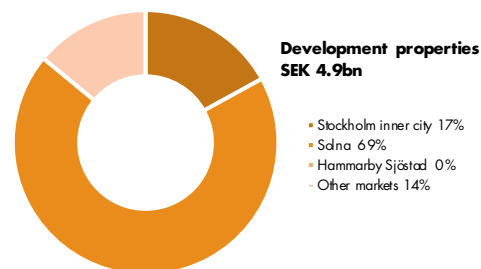
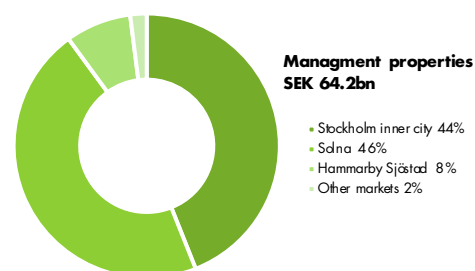
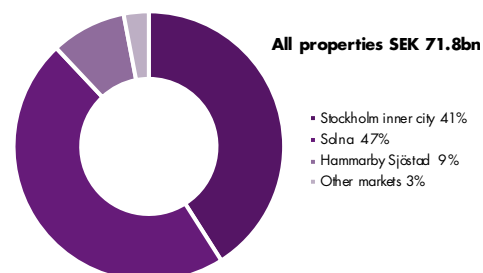
## Changes in value of properties

The entire property portfolio is externally valued at least once annually. Roughly 40 per cent of the properties were externally valued in the second quarter and the remainder were internally valued based on the most recent external valuations. The total market value at the end of the period was SEK 71.8bn (67.6).

Unrealised changes in value totalled SEK 3,122m (5,278). The average yield requirement saw a slight decline to 4.04 per cent (4.13 at year-end). The change in value in the investment property portfolio of SEK 1,965m (3,561) was principally due to higher rent levels and lower yield requirements. In addition, unrealised changes in fair value of SEK 138m (132) were recognised relating to properties sold during the period. The project portfolio contributed a change in value of SEK 1,019m (1,585), mainly due to development gains in major project properties.

## BREAKDOWN OF MARKET VALUE

30/06/2019



<sup>1</sup> The comparison figures for income and expense items relate to values for the January–June 2018 period and for balance sheet items at 31 December 2018.

## Environmental certification of properties

Fabege's objective is for the company's entire property portfolio to be certified to BREEAM-SE/BREEAM In-Use standard. Fabege's new builds are certified in accordance with BREEAM-SE, with the minimum level of Very Good. Of Fabege's 88 properties, 59 were certified, or in the process of certification, at the end of the period. Overall, this represents 83 per cent of the combined area of Fabege's existing portfolio. The properties that have not yet begun certification relate to land and development property for future project development.

## Green leases

A green lease means that both parties agree on a joint environmental agenda for the premises. Choice of materials, renewable electricity, flexible building design and sorting of waste at source are examples of commitments under this kind of lease. Green leases are an important basis for environmental certification of the building. Fabege's aim is for green leases to account for at least 75 per cent of total newly signed lettable space. During the period, the proportion totalled 83 per cent based on lettable space and 90 per cent based on annual rental value. Green leases account for 71 per cent of the total office space within Fabege.

## Green financing

In 2016, Fabege launched the world's first green MTN programme. Our recently launched green framework allows us to issue green commercial paper now as well, and to link other loans to the framework. Green financing offers Fabege better conditions on the capital market and access to more financing alternatives. The new green framework increases the proportion of green financing sources. All Fabege's creditors bar one can now offer green financing. The aim is for 100 per cent of the company's financing to be green. The proportion of green financing totalled 77 per cent of outstanding credits at the end of the period.

## Health policy

Fabege is keen to help create the best conditions for its employees, and for visitors to Fabege's districts, to live healthy lives. Good health is also one of the UN's Sustainable Development Goals. For example, Fabege's employees have opportunities to take exercise during working hours, and to attend interesting talks about diet, fitness, sleep, managing stress and social relationships. Regular health checks are showing positive results in the form of significant health gains for many employees. This important initiative has been formalised in a health policy that is also part of our sustainability work. The work aims to improve quality of life for our employees and help boost commitment, enjoyment and team spirit. People who feel good perform better.

## Fabege's energy efficiency targets

Fabege's new energy efficiency targets are divided into phases. The first intermediate goal is 50 per cent more efficient energy use in 2019 compared with 2005. The next milestone is an average energy consumption of 80 kWh/sqm in the entire management portfolio for 2023, which is a reduction of almost 60 per cent compared with 2005. The portfolio is divided into two parts: newer properties that have received planning permission after 2012 and have a target of 50 kWh/m<sup>2</sup> and older properties that have a target of 90 kWh/m<sup>2</sup>. In 2018, Fabege's average energy consumption was 98 kWh/sqm for the entire management portfolio.

## SUSTAINABILITY PERFORMANCE MEASURES

	2019 Jan-Jun	2018 jan-dec
Energy performance, kWh/sqm LOA	56	108
Environmental certification, number of pro	59	56
Environmental certification, of total area,	83	82
Green lease, share of newly signed area, %	90	90
Green lease, share of total office space	71	71
Green financing, %	77	60

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## Green financing

# 77 per cent

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## Pelaren 1 in Söderstaden sold to KPA Pension

The sale is consistent with Fabege's overriding strategy of divesting fully developed properties and creating new value by continuing to generate development rights in attractive growth areas in Stockholm.

The property transaction was completed as a corporate sale with an underlying property value of SEK 1.6bn, with transfer of ownership scheduled for 1 July. The sale generated a profit of SEK 138m before tax, which was recognised as an unrealised change in value in the second quarter of 2019.

Pelaren 1, with an area of approximately 21,500 sqm, currently forms a new landmark opposite the Tele2 Arena and Globen, on a site that used to be just a gravel square. Fabege's construction of the new office building has created a tranquil local street on Pastellvägen and separates off Nynäsvägen for residents. The ground floor houses a restaurant that is open to the public and contributes to a thriving street environment. Mobile operator 3 is the single largest tenant and has roughly 70 per cent of the building at its disposal.



## Projects and investments

The purpose of Fabege's project investments is to reduce vacancy rates and increase rents in the property portfolio, thereby improving cash flows and adding value. Property development is a key feature of Fabege's business model and should make a significant contribution to consolidated profit. Our target is to achieve a return on invested capital of at least 50 per cent. Another aim is to have all new builds certified under BREEAM-SE.

During the period, investments in existing properties and projects totalled SEK 1,213m (1,568), of which investments in projects and development properties accounted for SEK 772m (1,311). The return on capital invested in the project portfolio was 132 per cent.

The capital invested in the investment property portfolio, which amounted to SEK 441m (257) and encompassed energy investments and tenant customisations, also contributed to the total growth in value.

## Completed projects

In the second quarter of 2019, the new office building at part of Bätturen 2, Hammarby Sjöstad, was completed. The building is fully let and the tenant has taken up occupation. The property has been transferred to the investment property portfolio.

## Major ongoing projects

Work on the project relating to the conversion and extension of Trikäfabriken 9 in Hammarby Sjöstad has now entered the final phase. The first tenants have moved in and work is currently underway on completion in preparation for tenants moving in during the summer and autumn. The occupancy rate is 80 per cent.

Tenant customisations for Skolverket at Fräsaren 12, Solna Business Park, are progressing. The investment is expected to amount to SEK 170m and will be completed for occupancy in November 2019. All significant procurements have been carried out according to budget.

The redevelopment project relating to part of Paradiset 23, Västra Kungsholmen, is continuing. The basic building investment is largely complete and work on tenant customisations will start during the summer. The property will be completed ready for occupancy in the first quarter of 2020. The occupancy rate is 48 per cent.

The conversion of Fortet 2 into a hotel, long-stay accommodation, co-working and restaurant facilities is continuing. The investment has been increased by SEK 16m to SEK 136m regarding maintenance measures that have been brought forward. The property is fully let to KOM Hotell, which is owned by KFUM Central.

Work is progressing on the investment concerning Bilias new facility at the Stora Frösunda 2 property in Solna. The groundwork is complete and work on construction of the frame has begun. The investment is expected to amount to roughly SEK 1,270m and the facility will be ready by the first quarter of 2021. The investment also extends to some costs relating to foundation work for the planned residential areas at the property.

The project for construction of a hotel, long-stay accommodation and offices at the Nationalarenan 3 property in Solna is proceeding according to plan. The building is designed to be a zero-energy structure and will be certified to BREEAM-SE standard, Excellent. The total investment is estimated to be SEK 730m. The property is now fully let to Nordic Choice Hotels and is expected to be ready for occupancy in Q1 2021. Foundation work has been completed and work has begun on construction of the frame.

## CHANGES IN PROPERTY VALUES 2019

Changes in property value	2019
Opening fair value 2019-01-01	67,634
Property acquisitions	0
Investments in new builds, extensions and conversions	1,213
Changes in value	3,122
Sales and disposals	-148
<b>Closing fair value 2019-12-31</b>	<b>71,821</b>

## TOTAL INVESTMENTS, JAN-JUN 2019

Changes in property value	2019 Jan-Jun
Opening fair value 2018-01-01	772
Property acquisitions	441
<b>Closing fair value 2018-12-31</b>	<b>1,213</b>

## AVERAGE YIELD REQUIREMENT PER AREA, 30/06/2019

Area	Average yield, %
Stockholm city	3.80
Solna	4.20
Hammarby Sjöstad	4.31
Other	4.31
<b>Average yield</b>	<b>4.04</b>

## SALES OF PROPERTIES 2019

Property name	Area	Category	Lettable area.sqm
<b>Quarter 2</b>			
Lagern 3	Råsunda	Office	7,524
<b>Quarter 3</b>			
Pelaren 1	Globen	Office	21,489
<b>Total sales of properties</b>			<b>29,013</b>

## PROPERTY ACQUISITIONS 2019

No properties were acquired in the second quarter of 2019.



## Housing developments in joint ventures

Via co-owned Selfoss Invest AB, Fabège and Svenska Hyreshus AB are leading a housing development project in Kista. The total investment is estimated to be SEK 570m excluding purchase of the land. The project includes a total of 276 apartments, which is more than initially planned. A parking area and residential units are currently under construction as part of stage one, including 69 apartments. The selling rate in stage one is 94 per cent. Project planning is underway for stages two and three, with the flexibility to change the leasing form from tenant-owned apartments to company apartments. The project is being externally financed with a construction loan. Income recognition will not occur until the end of the project.

Development of the Lagern 3 property in Råsunda into tenant-owner apartments has begun. The project is being managed together with the TB Group in a 50/50 per cent co-owned company. The property was sold in the second quarter to the co-owned development company. The investment is estimated to total SEK 240m excluding purchase of the land. Work is currently underway on planning and project design.

Work is continuing on developing the housing project in cooperation with Brabo at the Stora Frösunda 2 property in Haga Norra. The project includes 422 apartments that will be produced in a 3D reallocation above the facility that Fabège is building for Bilja at the property. The estimated investment totals SEK 1.1bn. Work is currently underway on project design. Alongside this, work is underway on reallocation of the property.

The current JV projects are not being consolidated, but will be recognised as an associated company in accordance with the equity method.

# 132%

## Return Projects

## ONGOING PROJECTS > SEK 50M

30/06/2019

Property listing	Property type	Area	Completed	Lettable area, sqm	Occupancy rate, area, % <sup>1</sup>	Rental value <sup>2</sup>	Booked value, SEKm	Estimated investment, SEKm	of which, worked up, SEKm
Trikkfabriken 9	Offices	Hammarby Sjöstad	Q2-2019	16,300	80%	55	945	555	514
Frösaren 12 (del av)	Offices	Solna	Q4-2019	12,900	100%	41	599	170	64
Paradiset 23 (del av)	Offices	Stadshagen	Q1-2020	7,200	48%	29	424	239	149
Fortet 2	Hotel	Arenastaden	Q1-2020	7,533	100%	20	253	136	18
Stora Frösunda (del av)	Offices/Retail	Arenastaden	Q1-2021	44,400	100%	60	255	1,270	409
Nationalarenan 3	Offices	Arenastaden	Q1-2021	19,100	100%	55	339	732	142
<b>Total</b>				<b>107,433</b>	<b>93%</b>	<b>260</b>	<b>2,814</b>	<b>3,102</b>	<b>1,295</b>
Other land and project properties							522		
Other development properties							4,909		
<b>Total projects, land and development properties</b>							<b>8,245</b>		

<sup>1</sup> Operational occupancy rate 30 June 2019.

<sup>2</sup> Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 260m (fully let) from SEK 29m in annualised current rent as of 30 June 2019.

<sup>3</sup> In leaseable area for the property Stora Frösunda 2 (part of) there are approximately 28,800 sqm garage space

## DEVELOPMENT RIGHTS

30/06/2019

Commercial, sqm		Residential, sqm	
Inner city	41,000	Inner city	19,000
Solna	246,000	Solna	251,000
Hammarby Sjöstad	43,000	Hammarby Sjöstad	-
Others	97,000	Others	-
<b>Total</b>	<b>427,000</b>	<b>Total</b>	<b>270,000</b>
Legal binding, %	44	Legal binding, %	44
Booked value, SEK/sqm	3,400	Booked value, SEK/sqm	8,800

Space and carrying amount relates to additional development rights space. Development will in some cases require demolition of existing areas, which will impact the overall calculation. The volumes are not maximised. Ongoing planning work aims to increase the volume of future development rights. Flemingsberg is not included, as work is underway on the vision and overall plan. The conclusion is that Flemingsberg will bring a substantial volume of development rights at low initial values.

## PROPERTY PORTFOLIO

30/06/2019

Property holdings	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value <sup>2</sup>	Financial occupancy rate %
Investment properties <sup>1</sup>	64	1,128	64,174	2,946	94
Development properties <sup>1</sup>	10	128	4,909	127	81
Land and Project properties <sup>1</sup>	14	21	2,738	31	0
<b>Total</b>	<b>88</b>	<b>1,277</b>	<b>71,821</b>	<b>3,104</b>	<b>94</b>
Of which, Inner city	28	391	29,585	1,234	94
Of which, Solna	44	720	33,550	1,475	94
Of which, Hammarby Sjöstad	10	119	6,377	303	89
Of which, Other	6	47	2,309	92	100
<b>Total</b>	<b>88</b>	<b>1,277</b>	<b>71,821</b>	<b>3,104</b>	<b>94</b>

<sup>1</sup> See definitions on page 20.

<sup>2</sup> In the rental value, time limited deductions of about SEK 176m (in rolling annual rental value at 30 June) have not been deducted.

## SEGMENT REPORTING IN SUMMARY<sup>1</sup>

	2019 Jan-Jun	2019 Jan-Jun	2019 Jan-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Jun	2018 Jan-Jun	2018 Jan-Jun
SEKm	Property Management	Property Development	Transaction	Total	Property Management	Property Development	Transaction	Total
Rental income	1,396	53		1,449	1,159	78		1,237
Property expenses	-352	-34		-386	-294	-35		-329
<b>Net operating income</b>	<b>1,044</b>	<b>19</b>	<b>0</b>	<b>1,063</b>	<b>865</b>	<b>43</b>	<b>0</b>	<b>908</b>
Surplus ratio, %	75%	36%		73%	75%	55%		73%
Central administration	-38	-5		-43	-33	-6		-39
Net interest expense	-208	-25		-233	-212	-45		-257
?	-14	0		-14				
Share in profits of associated companies	-29	-3		-32	-39	-1		-40
<b>Profit from property management activities</b>	<b>755</b>	<b>-14</b>	<b>0</b>	<b>741</b>	<b>581</b>	<b>-9</b>	<b>0</b>	<b>572</b>
Realised changes in value of properties	0	0	0	0	0	0	88	88
Unrealised changes in value of properties	1,965	1,019	138	3,122	3,561	1,585	132	5,278
<b>Profit/loss before tax per segment</b>	<b>2,720</b>	<b>1,005</b>	<b>138</b>	<b>3,863</b>	<b>4,142</b>	<b>1,576</b>	<b>220</b>	<b>5,938</b>
Changes in value, fixed income derivatives and equities				-505				38
<b>Profit before tax</b>				<b>3,358</b>				<b>5,976</b>
Properties, market value	64,174	7,647		71,821	52,027	11,364		63,391
Occupancy rate, %	94%	81%		94%	95%	90%		95%

<sup>1</sup> See definitions on page 20

Reclassifications during the period between the Property Management and Property Development segments are stated in the note on Segment Reporting on page 17.

In accordance with IFRS 8, segments are presented from the point of view of management, divided into the following segments: Property Management, Property Development and Transactions. Rental income and property expenses, as well as realised and unrealised changes in value including tax, are directly attributable to properties in the respective segment (direct income and expenses). In cases where a property changes character during the year, earnings attributable to the property are allocated to each segment based on the period of time that the property belonged to each segment. Central administration and net financial items have been allocated in a standardised way across the segments, according to their share of the total property value (indirect income and expenses). The property asset is directly attributable to the respective segment and is recognised on the balance sheet date.

# Other financial information

## SENSITIVITY ANALYSIS – PROPERTY VALUES

Change in value, %	Impact on after-tax profit, SEKm	Equity/as-sets ratio, %	Loan-to-value ratio, %
+1	560	49.9%	38.2%
0	0	49.7%	38.4%
-1	-560	49.4%	38.5%

Earnings and key ratios are affected by realised and unrealised changes in the value of properties. The table shows the effect of a 1 percentage point change in value after deferred tax deduction.

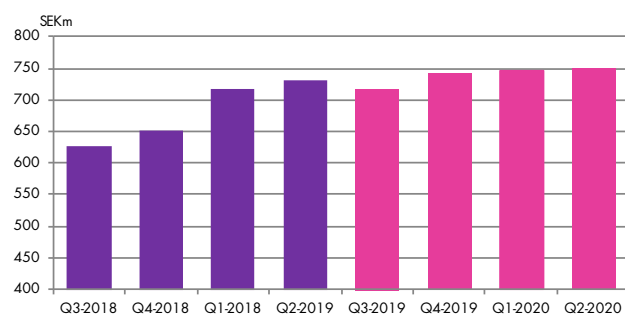
## SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change ffect, SEKm
Rental income, total	1% 7.3
Rent level, commercial income	1% 27.5
Financial occupancy rate	1 percentage point 31.1
Property expenses	1% 7.0
Interest expense, rolling 12 months <sup>1</sup>	+/-1 percentage point 62 / 8
Interest expenses, longer term perspective	1 percentage point 275.4

The sensitivity analysis shows the effects on the Group's cash flow and earnings on an annualised basis after taking account of the full effect of each parameter.

<sup>1</sup> In the short term, interest expenses increase regardless of whether the short-term rate rises or falls. Due to interest rate floors in loan agreements, Fabège is not able to fully utilise negative interest rates, whereby a negative outcome arises even when interest rates are reduced.

## RENTAL INCOME – GROWTH OVER NEXT FOUR QUARTERS



The graph above shows the development of contracted rental income, including occupancies and vacations that are known about and renegotiations, but excluding letting targets. The graph therefore does not constitute a forecast, but rather aims to demonstrate the rental trend in the existing contract portfolio on the balance sheet date.

## Human resources

At the end of the period, 185 people (176) were employed by the Fabège Group.

## Parent Company

Sales during the year amounted to SEK 165m (140) and earnings before appropriations and tax were SEK 3,029m (1,877).

Net investments in property, equipment and shares totalled SEK 0m (0).

## LEASE MATURITY STRUCTURE

Maturity, year	No. of leases	Annual value, SEKm	Share, %
2019	418	351 <sup>1</sup>	19%
2020	466	496	17%
2021	245	304	10%
2022	186	426	15%
2023	115	219	8%
2024+	119	965	33%
<b>Commercial</b>	<b>1,549</b>	<b>2,760</b>	<b>95%</b>
Residential	130	12	0%
Garage and parking	769	130	4%
<b>Total</b>	<b>2,448</b>	<b>2,903</b>	<b>100%</b>

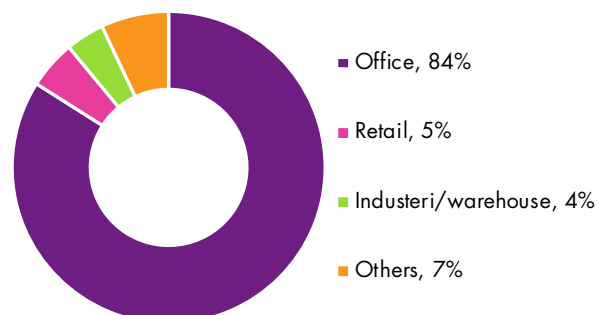
<sup>1</sup> Of which just over SEK 160m has already been renegotiated

## LARGEST CUSTOMERS

	Share <sup>1</sup> , %	Valid to year
SEB	6%	2037
Telia Company	5%	2031
ICA Fastigheter Sverige AB	4%	2030
Skatteverket	4%	2022
Bonnier News	2%	2026
Swedbank	2%	2029
Migrationsverket	2%	2028
Hi3G Access AB	2%	2028
Carnegie Investment Bank AB	1%	2022
Telenor AB	1%	2028
<b>Total</b>	<b>29%</b>	

<sup>1</sup> Share of contracted rent

## RENTAL VALUE PER CATEGORY



## Acquisition and transfer of treasury shares

The 2019 AGM renewed the authorisation of the Board to buy back and transfer shares in the company for the period extending up until the next AGM. Share buybacks are subject to a limit of 10 per cent of the total number of shares outstanding at any time. No shares were bought back during the period and Fabège does not own any treasury shares.

## Events after balance sheet date

On July 3, part of the property Generatörn 2 in Flemingsberg was acquired from Skanska for SEK 60m.

## Opportunities and risks

Risks and uncertainties relating to cash flow from operations relate primarily to changes in rents, vacancies and interest rates. The effect of the changes on consolidated profit, including a sensitivity analysis and a more detailed description of risks and opportunities, are presented in the section on Risks and opportunities in the 2018 Annual Report (pages 54–59).

Properties are recognised at fair value and changes in value are recognised in profit or loss. Effects of changes in value on consolidated profit, the equity/assets ratio and the loan-to-value ratio are also presented in the section on Risks and opportunities and the sensitivity analysis in the 2018 Annual Report. Financial risk, defined as the risk of insufficient access to long-term funding through loans, and Fabege's management of this risk are also described in the Risks and opportunities section of the 2018 Annual Report (pages 54–59).

No material changes in the company's assessment of risks have arisen following publication of the 2018 Annual Report. Fabege's aims for the capital structure are to have an equity/assets ratio of at least 35 per cent and an interest coverage ratio of at least 2.2. The target for the loan-to-value ratio is a maximum of 50 per cent. The long-term debt ratio will amount to a maximum of 13.

### Seasonal variations

Expenses for the running and maintenance of properties are subject to seasonal variations. For example, cold and snowy winters give rise to higher costs for heating and snow clearance, while hot summers result in higher cooling costs. Activity in the rental market is seasonal. Normally, more business transactions are completed in the second and fourth quarters, whereby net lettings in these quarters are often higher.

### Market outlook

The market outlook has not changed since the last quarter. Stockholm is strong and has a long-term growth forecast, which provides excellent prospects for Fabege's continued growth. Fabege is well-positioned and can offer office space in attractive, modern and sustainable neighbourhoods in Greater Stockholm. Given prevailing market conditions and Fabege's attractive property and project portfolio, circumstances are favourable for a continued positive trend in 2019. Completed project properties and continued low interest expenses are expected to yield an improved profit from property management. Our attractive development rights in prime locations allow us the opportunity for continued successful, value-generating project development.

### Accounting policies

Faberge prepares its consolidated financial statements according to International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

Disclosures in accordance with IAS 34 Interim Financial Reporting are submitted both in the notes and in other sections of the interim report.

The Group applies the same accounting policies and valuation methods as in the latest annual report, with the exception of what is stated below regarding IFRS 16. Other new or revised IFRS standards or other IFRIC -interpretations that came into effect after 1 January 2019 have not had any material impact on consolidated financial statements. The Parent Company prepares its financial statements according to RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act, and applies the same accounting policies and valuation methods as in the latest annual report.

### New accounting policies that enter into force from 1 January 2019 onwards

#### IFRS 16 Leases

This standard replaced IAS 17 on 1 January 2019, and among other things, lessees must record leases in the balance sheet. Fabege does not apply the standard retroactively. Given Fabege's status as a landlord and lessor, the change does not affect the company's statements. Of the Group's leases, management of ground rents is the most significant. At 1 January 2019, the lease liability for ground rents amounts to SEK 942m. A corresponding right-of-use asset is included in the balance sheet. The cost of ground rents is recognised as a financial expense. Earnings from property management are therefore not affected. The ground rent is restored as an operating expense in the calculation of the interest coverage ratio, as with previous accounts. The accounting has a negligible impact on key ratios such as the equity/assets ratio.

No other new and amended standards approved by the EU and interpretative statements from the IFRS Interpretations Committee are deemed to impact the Group's financial position to any significant extent.

Stockholm, 5 July 2019



CHRISTIAN HERMELIN  
Chief Executive Officer

### Signing of the report

The Board of Directors and Chief Executive Officer hereby certify that this half-year report provides a true and fair overview of the development of the Parent Company and Group's operations, position and earnings and describes significant risks and uncertainties faced by the company and Group companies.

Stockholm, 5 July 2019

Jan Litborn  
Chairman of the Board

Anette Asklin  
Board Member

Eva Eriksson  
Board Member

Märtha Josefsson  
Board Member

Per-Ingemar Persson  
Board Member

Mats Qviberg  
Board Member

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



# The Fabege share

**Fabege's shares are listed on Nasdaq Stockholm and are included in the Large Cap segment.**

## Owners

On 31 May 2019, Fabege had a total of 39,744 known shareholders. The 15 largest owners controlled 46.2 per cent of the total number of shares and votes.

## Dividend policy

Fabege will issue as a dividend to its shareholders the portion of the company's profit that is not required to consolidate or develop operations. Under current market conditions, this means that the dividend is expected to sustainably account for at least 50 per cent of profit from continuous property management and realised gains from the sale of properties after tax.

## Number of shares

At the 2018 AGM, a decision was made to carry out a 2:1 share split. The share split meant that the number of shares in Fabege AB (publ) increased from 165,391,572 to 330,783,144. The new shares were registered in the shareholders' accounts on 30 April 2018.

## OWNER DISTRIBUTION\*, 31/05/2019

	Number of shares*	Proportion of equity, %	Proportion of votes, %
Erik Paulsson and company	50,186,718	15.2	15.2
BlackRock	14,658,395	4.4	4.4
Länsförsäkringar Funds	14,644,048	4.4	4.4
Fourth AP-fund	10,769,169	3.3	3.3
Vanguard	9,015,958	2.7	2.7
AMF Insurance & Funds	8,482,216	2.6	2.6
Mats Qviberg with family	7,495,736	2.3	2.3
E.N.A City AB	6,097,900	1.8	1.8
Investment AB Öresund	5,400,000	1.6	1.6
SEB Funds	5,263,723	1.6	1.6
Handelsbanken Funds	5,229,962	1.6	1.6
TR Property Investment Trust	3,969,343	1.2	1.2
Norges Bank	3,857,437	1.2	1.2
Pensionskassan SHB Försäkringsförening	3,840,000	1.2	1.2
Folksam	3,740,509	1.1	1.1
<b>Total 15 largest shareholders</b>	<b>152,651,114</b>	<b>46.2</b>	<b>46.2</b>
Other	178,132,030	53.8	53.8
<b>Total no. of shares outstanding</b>	<b>330,783,144</b>	<b>100.0</b>	<b>100.0</b>
Treasury shares	0	0	0
<b>Total no. of registered shares</b>	<b>330,783,144</b>	<b>100.0</b>	<b>100.0</b>

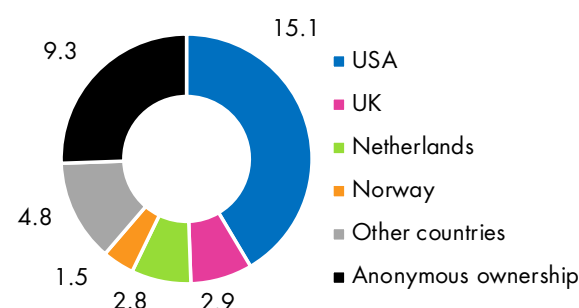
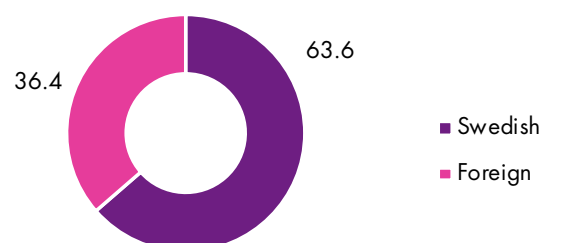
\* The verification date may vary for foreign shareholders.

## TURNOVER AND TRADING\*, JAN-JUN 2019

	Fabege	Large Cap Nasdaq Stockholm (average)
Lowest price, SEK	129.80	-
Highest price, SEK	154.55	-
VWAP, SEK	140.93	-
Average daily turnover, SEK	90,086,754	120,314,416
Number of traded shares, no	37,715,489	-
Average number of transactions, no	1,941	2,146
Number of transactions, no	114,507	16,223,522
Average value per transaction, SEK	46,417	39,815
Daily turnover relative to market capitalization	0.19	0.25

## DISTRIBUTION OF OWNERSHIP\*, 31/05/2019

	Number of shares	Capital & votes, %
Foreign institutional owners	91,950,245	27.8
Swedish institutional owners	88,335,318	26.7
Other owners	72,439,926	21.9
Swedish private individuals	47,353,649	14.3
Anonymous ownership	30,704,006	9.3
<b>Total</b>	<b>330,783,144</b>	<b>100</b>



\* Source of share statistics: Holdings of Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

## CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2019 Apr-Jun	2018 Apr-Jun	2019 jan-jun	2018 jan-jun	2018 jan-dec	Rolling 12 m Jul-Jun
Rental income <sup>1</sup>	731	623	1,449	1,237	2,517	2,729
Property expenses	-177	-154	-386	-329	-642	-699
<b>Net operating income</b>	<b>554</b>	<b>469</b>	<b>1,063</b>	<b>908</b>	<b>1,875</b>	<b>2,030</b>
Surplus ratio, %	76%	75%	73%	73%	74%	74%
Central administration	-22	-21	-43	-39	-80	-84
Net interest/expense	-125	-131	-233	-257	-485	-461
Ground rent	-7	-	-14	-	-	-14
Share in profits of associated companies	-25	-19	-32	-40	-64	-56
<b>Profit/loss from property management</b>	<b>375</b>	<b>298</b>	<b>741</b>	<b>572</b>	<b>1,246</b>	<b>1,415</b>
Realised changes in value of properties	0	5	0	88	153	65
Unrealised changes in value of properties	1,798	2,578	3,122	5,278	7,685	5,529
Unrealised changes in value, fixed income derivatives	-265	-2	-503	38	16	-525
Changes in value of shares	1	0	-2	0	3	1
<b>Profit/loss before tax</b>	<b>1,909</b>	<b>2,879</b>	<b>3,358</b>	<b>5,976</b>	<b>9,103</b>	<b>6,485</b>
Current tax	-3	-	6	0	-5	-1
Deferred tax	-264	-243	-574	-801	-1,399	-1,172
<b>Profit/loss for period/year</b>	<b>1,642</b>	<b>2,636</b>	<b>2,790</b>	<b>5,175</b>	<b>7,699</b>	<b>5,312</b>
<i>Items that will not be restated in profit or loss</i>						
Revaluation of defined-benefit pensions	-	-	-	-	-2	-2
<b>Comprehensive income for the period/year</b>	<b>1,642</b>	<b>2,636</b>	<b>2,790</b>	<b>5,175</b>	<b>7,697</b>	<b>5,310</b>
Of which attributable to the minority	0	-	-23	-	-23	-23
<b>Total comprehensive income attributable to Parent Company shareholders</b>	<b>1,642</b>	<b>2,636</b>	<b>2,767</b>	<b>5,175</b>	<b>7,674</b>	<b>5,287</b>
Non-controlling interest	-	-	-	-	-	-
Earnings per share, SEK <sup>2</sup>	4.97	7.97	8.44	15.64	23.28	33.84
Total earnings per share, SEK <sup>2</sup>	4.97	7.97	8.44	15.64	23.27	33.77
No. of shares at period end, millions	330,783	330,783	330,783	330,783	330,783	330,783
Average no. of shares, thousands	330,783	330,783	330,783	330,783	330,783	330,783

<sup>1</sup> Additional payment, service and other income amounts to SEK 59m, corresponding to 4% of total rental income for the period January - June 2019.

<sup>2</sup> Conversion per share has been made with regard to split 2: 1, according to the Annual General Meeting of 9 April 2018. No. of shares in previous periods has been recalculated accordingly.

## CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2019 Jun 30	2018 Jun 30	2018 Dec 31
<b>Assets</b>			
Properties	71,821	63,391	67,634
	942	-	-
Other tangible fixed assets	6	3	3
Financial fixed assets	690	424	429
Current assets	652	481	622
Short-term investments	126	153	127
Cash and cash equivalents	15	67	15
<b>Total assets</b>	<b>74,252</b>	<b>64,519</b>	<b>68,830</b>
<b>Equity and liabilities</b>			
Shareholder's equity	36,868	32,443	34,964
Deferred tax	6,956	5,789	6,381
Other provisions	167	229	166
Interest-bearing liabilities <sup>1</sup>	27,544	24,947	26,275
Lease liability	942	-	-
Derivative instrument	636	254	132
Non-interest-bearing liabilities	1,139	857	912
<b>Total equity and liabilities</b>	<b>74,252</b>	<b>64,519</b>	<b>68,830</b>

<sup>1</sup> Of which short-term SEK 3,661m (3,241)

## CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	Share capital	Other contributed capital	Retained earnings incl. Profit/loss for the period	Total equity attributable to Parent Company shareholders	Non-controlling interests	total shareholders' equity
Shareholders' equity, 1 January 2018, according to adopted Statement of financial position	5,097	3,017	19,843	27,956	55	28,012
Profit for the period			7,702	7,702	-4	7,698
<b>Total income and expenses for the period</b>			<b>7,702</b>	<b>7,702</b>	<b>51</b>	<b>7,754</b>
TRANSACTIONS WITH SHAREHOLDERS						
Cash dividend			-744	-744		-744
<b>Total transactions with shareholders</b>			<b>-744</b>	<b>-744</b>		<b>-744</b>
Other comprehensive income			-2	-2		-2
<b>Shareholders' equity, 31 December 2018</b>	<b>5,097</b>	<b>3,017</b>	<b>26,799</b>	<b>34,912</b>	<b>51</b>	<b>34,964</b>
Profit for the period			2,767	2,767	23	2,790
<b>Total income and expenses for the period</b>						
TRANSACTIONS WITH SHAREHOLDERS						
Cash dividend			-876	-876	-10	-886
<b>Total transactions with shareholders</b>						
Other comprehensive income						
<b>Shareholders' equity, 30 June 2019</b>	<b>5,097</b>	<b>3,017</b>	<b>28,690</b>	<b>36,803</b>	<b>64</b>	<b>36,868</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
<b>Operations</b>			
Net operating income	1,063	908	1,875
Central administration	-43	-39	-80
Reversal of depreciation	1	0	0
Interest received	4	6	12
Interest paid	-280	-262	-608
Income tax paid	6	0	-5
<b>Cash flow before changes in working capital</b>	<b>751</b>	<b>613</b>	<b>1,194</b>
<b>Change in working capital</b>			
Change in current receivables	-31	44	-98
Change in current liabilities	207	-206	-173
<b>Total change in working capital</b>	<b>176</b>	<b>-162</b>	<b>-271</b>
<b>Cash flow from operating activities</b>	<b>927</b>	<b>451</b>	<b>923</b>
<b>Investing activities</b>			
Investments in new-builds, extensions and conversions	-1,184	-1,568	-2,911
Acquisition of properties	0	0	-751
Divestment of properties	151	1,563	1,930
Other tangible fixed assets	-295	-91	-72
<b>Cash flow from investing activities</b>	<b>-1,328</b>	<b>-96</b>	<b>-1,804</b>
<b>Financing activities</b>			
Dividend to shareholders	-877	-744	-774
Change in interest bearing liabilities		107	1,434
Realised changes in value, fixed income derivatives	1,278	0	-143
<b>Cash flow from financing activities</b>	<b>401</b>	<b>-637</b>	<b>547</b>
Cash flow for the period	0	-282	-334
Cash and cash equivalents at beginning of period	15	349	349
<b>Cash and cash equivalents at end of period</b>	<b>15</b>	<b>67</b>	<b>15</b>

## CONSOLIDATED KEY RATIOS

Financial <sup>2</sup>	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Return on capital employed, %	11.0	22.0	16.4
Return on equity, %	15.5	34.2	24.5
Interest coverage ratio, multiple	4.3	3.4	3.7
Equity	50	50	51
Loan-to-value ratio, properties, %	38	39	39
Debt ratio, multiple	14.2	14.5	14.6
Debt/equity ratio, multiple	0.7	0.8	0.8
<b>Share related <sup>1 2</sup></b>			
Earnings per share, SEK <sup>3</sup>	8.44	20.86	23.28
Total earnings per share, SEK	8.44	20.86	23.27
Equity per share, SEK	111	98	106
Cash flow from operating activities per share, SEK	2.40	1.36	2.95
Average no. of shares, thousands	330,783	330,783	330,783
No. of outstanding shares at end of period, thousands	330,783	330,783	330,783
<b>Property-related</b>			
No. of properties	88	88	89
Carrying amount, Properties, SEKm	71,821	63,391	67,634
Lettable area, sqm	1,277,000	1,143,000	1,252,000
Financial occupancy rate, %	94	95	94
Total return on properties, %	6.3	10.8	16.3
Surplus ratio, %	73	73	74

<sup>1</sup> Conversion per share has been made with regard to split 2: 1, according to the Annual General Meeting of 9 April 2018. No. of shares in previous periods has been recalculated accordingly.

<sup>2</sup> Unless otherwise stated, the key figure is not defined under IFRS. Please see page 20 for definitions

<sup>3</sup> Definitions according to IFRS

## EPRA KEY RATIOS

	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
EPRA Earnings (income from property mgmt after tax), SEKm	639	510	1,131
EPRA Earnings (EPS), SEK/share	1.93	1.54	3.42
EPRA NAV (long term net asset value), MSEK	44,460	38,486	41,477
EPRA NAV, SEK/share	134	116	125
EPRA NNNAV (net asset value), SEKm	42,448	36,894	39,758
EPRA NNNAV, SEK/share	128	112	120
EPRA Vacancy rate, %	6	6	6

## DERIVATIVES

Derivatives are measured continuously at fair value in compliance with level 2, with the exception of the callable swaps measured in accordance with level 3. All callable swaps expired in 2018. The derivatives portfolio is measured at the present value of future cash flows. Changes in value are recognised in profit or loss. Changes in value are of an accounting nature and have no impact on cash flow. At the due date, the market value of derivative instruments is always zero.

## DEFERRED TAX

	2019 Jun 30	2018 Jun 30	2018 Dec 31
<b>Deferred tax attributable to:</b>			
- tax loss carryforwards, SEKm	-767	-959	-908
- difference between book value and tax value in respect of properties, SEKm	7,891	6,810	7,341
- derivatives, SEKm	-168	-62	-52
- other, SEKm	0	0	0
<b>Net debt, deferred tax, SEKm</b>	<b>6,956</b>	<b>5,789</b>	<b>6,381</b>

## RECONCILIATION OF KEY RATIOS

Details are provided below regarding reconciliation of the financial key ratios that Faberge continually monitors and for which established financial targets are in place. The following financial targets have been adopted by the Board:

- The loan-to-value ratio is not to exceed 50 per cent.
- The equity/assets ratio shall be at least 35 per cent.
- The interest coverage ratio is to be at least 2.2.
- The long-term debt ratio will amount to a maximum of 13.

	2019 Jun 30	2018 Jun 30	2018 Dec 31
<b>Equity/assets ratio</b>			
Equity, SEKm	36,868	32,443	34,964
Total assets, SEKm	74,252	64,519	68,830
<b>Equity/assets ratio</b>	<b>50%</b>	<b>50%</b>	<b>51%</b>

	2019 Jun 30	2018 Jun 30	2018 Dec 31
<b>Loan-to-value ratio, properties</b>			
Interest-bearing liabilities, SEKm	27,544	24,947	26,275
Booked value properties, SEKm	71,821	63,391	67,634
<b>Loan-to-value ratio, properties</b>	<b>38%</b>	<b>39%</b>	<b>39%</b>

	2019 Jun 30	2018 Jun 30	2018 Dec 31
<b>Debt ratio</b>			
Operating surplus, SEKm	2,030	1,793	1,875
Central administration, SEKm	-84	-77	-80
<b>Total, SEKm</b>	<b>1,946</b>	<b>1,716</b>	<b>1,795</b>
Interest-bearing liabilities, SEKm	27,544	24,947	26,275
<b>Debt ratio, multiple</b>	<b>14.2</b>	<b>14.5</b>	<b>14.6</b>

	2019 Jun 30	2018 Jun 30	2018 Dec 31
<b>Interest coverage ratio, multiple</b>			
Net operating income, SEKm	1,063	908	1,875
Ground rent	-14	-	-
Central administration, SEKm	-43	-39	-80
<b>Total, SEKm</b>	<b>1,006</b>	<b>869</b>	<b>1,795</b>
Net interest/expense, SEKm	-233	-256	-485
<b>Interest coverage ratio, multiple</b>	<b>4.3</b>	<b>3.4</b>	<b>3.7</b>

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
<b>Return on equity</b>					
Profit for the period, SEKm	1,643	2,636	2,790	5,175	7,699
Average shareholders' equity, SEKm	36,485	31,497	35,916	30,227	31,488
<b>Return on equity</b>	<b>18.0%</b>	<b>33.5%</b>	<b>15.5%</b>	<b>34.2%</b>	<b>24.5%</b>

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
<b>Total return on properties</b>					
Net operating income, SEKm	554	469	1,063	908	1,875
Unrealized and realized value changes properties, SEKm	1,936	2,583	3,260	5,366	7,838
Market value including capital investment during the period, SEKm	70,164	62,158	68,699	58,112	59,679
<b>Total return on properties</b>	<b>3.5%</b>	<b>4.9%</b>	<b>6.3%</b>	<b>10.8%</b>	<b>16.3%</b>



	2019	2018	2018
EPRA NAV & EPRA NNNNAV	Jan-Jun	Jan-Jun	Jan-Dec
Shareholders' equity, SEKm	36,868	32,443	34,964
Reversal of fixed-income derivatives, SEKm	636	254	132
Reversal of deferred tax according to the balance sheet, SEKm	6,956	5,789	6,381
<b>Sum, SEKm</b>	<b>44,460</b>	<b>38,486</b>	<b>41,477</b>
Number of shares, millions	330.8	330.8	330.8
<b>EPRA NAV, SEK per share</b>	<b>134</b>	<b>116</b>	<b>125</b>
Deduction of interest rate derivatives	-636	-254	-132
Deduction of actual deferred tax <sup>1</sup>	-1,376	-1,338	-1,587
<b>EPRA NNNNAV (Short-term net asset value)</b>	<b>42,448</b>	<b>36,894</b>	<b>39,758</b>
<b>EPRA NNNNAV (Short-term net asset value) SEK per share</b>	<b>128</b>	<b>112</b>	<b>120</b>

<sup>1</sup> Conversion per share has been made with regard to split 2: 1, according to the Annual General Meeting of 9 April 2018. No. of shares in previous periods has been recalculated accordingly.

	2019	2018	2018
EPRA EPS	Jan-Jun	Jan-Jun	Jan-Dec
Profit from property management, SEKm	741	572	1,246
Tax-deductable depreciation, SEKm	-265	-290	-721
<b>Sum, SEKm</b>	<b>476</b>	<b>282</b>	<b>525</b>
Nominal tax (22%), SEKm	102	62	116
<b>EPRA earnings in total, (Profit from property management minus nominal tax) SEKm</b>	<b>639</b>	<b>510</b>	<b>1,131</b>
Number of shares, millions	330.8	330.8	330.8
<b>EPRA EPS, SEK per share</b>	<b>1:93</b>	<b>1:54</b>	<b>3:42</b>

<sup>1</sup> Conversion per share has been made with regard to split 2: 1, according to the Annual General Meeting of 9 April 2018. No. of shares in previous periods has been recalculated accordingly.

	2019	2018	2018
EPRA Vacancy rate	Jan-Jun	Jan-Jun	Jan-Dec
ERV of vacant space, SEKm	201	148	176
Rental value, yearly, entire portfolio, SEKm	3,104	2,641	2,960
<b>Sum, SEKm</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>

## CONTINGENT LIABILITIES

Contingent liabilities comprise the balance sheet date guarantees and commitments in favour of associated companies of SEK 459m (390) and other 0 (0).

## SEGMENT REPORTING – CLASSIFICATIONS AND RECLASSIFICATIONS DURING THE PERIOD

No reclassifications were carried out in the first quarter. In the second quarter, the project at Båtturen 2, Hammarby Sjöstad, was completed and the property reclassified from a project property to an investment property.

## PARENT COMPANY CONDENSED INCOME STATEMENT

	2019	2018	2018
SEKm	Jan-Jun	Jan-Jun	Jan-Dec
Income	165	140	260
Expenses	-245	-244	-346
Net financial items	3,611	1,943	1,896
Share in profits of associated companies	0	0	-4
Changes in value, fixed-income derivatives	-503	38	16
Changes in value, equities	1	0	3
Group Contribution	0	0	1,208
<b>Profit before tax</b>	<b>3,029</b>	<b>1,877</b>	<b>3,033</b>
Current tax	0	-	0
Deferred tax	757	414	-237
<b>Profit for the period</b>	<b>3,786</b>	<b>2,291</b>	<b>2,796</b>

## PARENT COMPANY CONDENSED BALANCE SHEET

	2019	2018	2018
SEKm	Jun 30	Jun 30	Dec 31
Participation in Group companies	12,516	12,516	12,516
Other fixed assets	45,198	39,990	41,092
<i>of which, receivables from Group companies</i>	<i>44,289</i>	<i>38,757</i>	<i>40,945</i>
Current assets	606	137	614
Cash and cash equivalents	2,352	1	1
<b>Total assets</b>	<b>60,672</b>	<b>52,644</b>	<b>54,223</b>
Shareholders' equity	15,091	11,676	12,180
Provisions	70	13	69
Long-term liabilities	42,772	37,145	38,911
<i>of which, liabilities to Group companies</i>	<i>16,977</i>	<i>18,220</i>	<i>17,830</i>
Current liabilities	2,739	3,810	3,063
<b>Total equity and liabilities</b>	<b>60,672</b>	<b>52,644</b>	<b>54,223</b>

## Quarterly overview

### CONDENSED INCOME STATEMENT, SEKM

SEKm	2019				2018				2017			
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Rental income	731	718	653	627	623	614	592	580				
Property expenses	-177	-209	-167	-146	-154	-175	-142	-145				
<b>Net operating income</b>	<b>554</b>	<b>509</b>	<b>486</b>	<b>481</b>	<b>469</b>	<b>439</b>	<b>450</b>	<b>435</b>				
Surplus ratio	76%	70%	74%	77%	75%	71%	76%	75%				
Central administration	-22	-21	-20	-21	-21	-18	-21	-17				
Net interest expense	-125	-108	-114	-114	-131	-126	-126	-127				
	-7	-7	-	-	-	-	-	-				
Share in profits of associated companies	-25	-7	-1	-23	-19	-21	-24	-27				
<b>Profit/loss from property management</b>	<b>375</b>	<b>366</b>	<b>351</b>	<b>323</b>	<b>298</b>	<b>274</b>	<b>279</b>	<b>264</b>				
Realised changes in value of properties	0	0	65	0	5	83	0	0				
Unrealised value of properties	1,798	1,324	1,560	847	2,578	2,700	1,643	2,463				
Unrealised changes in value, fixed-income derivatives	-265	-238	-125	103	-2	40	41	71				
Changes in value, equities	1	-3	-1	4	0	0	-1	0				
<b>Profit for the period/year</b>	<b>1,909</b>	<b>1,449</b>	<b>1,850</b>	<b>1,277</b>	<b>2,879</b>	<b>3,097</b>	<b>1,962</b>	<b>2,798</b>				
Current tax	-3	9	-6	-1	0	0	0	-1				
Deferred tax	-264	-310	-412	-186	-243	-558	-532	-596				
<b>Comprehensive income for the period</b>	<b>1,642</b>	<b>1,148</b>	<b>1,432</b>	<b>1,090</b>	<b>2,636</b>	<b>2,539</b>	<b>1,430</b>	<b>2,201</b>				

### CONDENSED FINANCIAL POSITION, SEKM

SEKm	2019				2018				2017			
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
<b>Assets</b>												
Properties	71,821	69,616	67,634	65,024	63,391	61,375	57,889	55,509				
	942	942	-	-	-	-	-	-				
Other tangible fixed assets	6	3	3	3	3	3	4	3				
Financial fixed assets	690	424	429	409	424	400	342	495				
Current assets	652	735	622	549	481	728	647	586				
Short-term investments	126	128	127	154	153	153	153	152				
Cash and cash equivalents	15	66	15	61	67	0	349	161				
<b>Total assets</b>	<b>74,252</b>	<b>71,914</b>	<b>68,830</b>	<b>66,200</b>	<b>64,519</b>	<b>62,659</b>	<b>59,384</b>	<b>56,906</b>				
<b>Equities and liabilities</b>												
Shareholders' equity	36,868	36,102	34,964	33,532	32,443	30,551	28,012	26,597				
Deferred tax	6,956	6,691	6,381	5,991	5,789	5,546	4,988	4,455				
Other provisions	167	167	166	229	229	235	233	216				
Interest-bearing liabilities	27,544	26,518	26,275	25,435	24,947	25,194	24,841	24,436				
	942	942	-	-	-	-	-	-				
Derivative instruments	636	371	132	39	254	251	291	332				
Non-interest bearing liabilities	1,139	1,123	912	974	857	882	1,019	870				
<b>Total equity and liabilities</b>	<b>74,252</b>	<b>71,914</b>	<b>68,830</b>	<b>66,200</b>	<b>64,519</b>	<b>62,659</b>	<b>59,384</b>	<b>56,906</b>				

## KEY RATIOS

	2019				2018				2017			
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
<b>Financial<sup>2</sup></b>												
Return on capital employed, %	12.5	9.9	13.0	9.5	21.3	23.7	16.4	23.1				
Return on equity, %	18.0	12.9	16.7	13.2	16.7	34.7	20.9	34.5				
Interest coverage ratio, multiple <sup>2</sup>	4.2	4.5	4.1	4.0	3.4	3.3	3.4	3.3				
Equity/assets ratio, %	50	50	51	51	50	49	47	47				
Loan-to-value ratio, properties, %	38	38	39	39	39	41	43	44				
Debt ratio, multiple	14.2	14.2	14.6	14.5	14.5	15.1	15.5	15.8				
Debt/equity ratio, multiple	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.9				
<b>Share-related<sup>1, 2</sup></b>												
Earnings per share, SEK <sup>3</sup>	4.97	3.47	4.33	3.29	7.97	7.67	4.32	6.65				
Total earnings per share, SEK	111	109	106	101	98	92	85	80				
Cash flow from operating activities per share, SEK	1.40	1.40	0.36	1.23	1.62	-0.26	0.45	-3.88				
No. of shares outstanding at the end of the period, thousands	330,783	330,783	330,783	330,783	330,783	330,783	330,783	330,783				
Average no. of shares, thousands	330,783	330,783	330,783	330,783	330,783	330,783	330,783	330,783				
<b>Property-related</b>												
Financial occupancy rate, %	94	94	94	95	95	94	94	94				
Total return on properties, %	3.5	2.7	3.2	2.1	4.9	5.5	3.7	5.5				
Surplus ratio, %	76	71	72	77	75	72	76	75				

<sup>1</sup> Conversion per share has been made with regard to split 2: 1, according to the Annual General Meeting of 9 April 2018. No. of shares in previous periods has been recalculated accordingly.

<sup>2</sup> Unless otherwise stated, the key figure is not defined under IFRS. Please see page 20 for definitions

<sup>3</sup> Definitionen according to IFRS.

## Definitions

The company presents certain financial performance measures in the interim report that are not defined according to IFRS. The company considers that these measures provide valuable supplementary information for investors and company management, as they enable an assessment and benchmarking of the company's presentation.

Since not all companies calculate financial performance measures in the same way, these are not always comparable to measures used by other companies. These financial performance measures should not therefore be regarded as substitutes for measures defined according to IFRS. The following key ratios are not defined according to IFRS, unless otherwise stated.

### ACTUAL DEFERRED TAX

Estimated actual deferred tax has been calculated at approximately 4 per cent based on a discount rate of 3 per cent. Furthermore, it has been assumed that loss carryforwards are realised over four years with a nominal tax rate of 21.4 per cent, which gives a net present value for deferred tax assets of 19.7 per cent. The calculation is also based on the property portfolio being realised over 50 years, with 10 per cent being sold directly with a nominal tax rate of 20.6 per cent and the remaining 90 per cent being sold indirectly via companies with a nominal tax rate amounting to 6 per cent, which gives a net present value for deferred tax liabilities of 4 per cent.

### CAPITAL EMPLOYED

Total assets less non-interest-bearing liabilities, provisions and deferred tax.

### CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

Cash flow from operating activities (after changes in working capital) divided by the average number of shares outstanding.

### DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity.

### DEBT RATIO

Interest-bearing liabilities divided by rolling twelve-month net operating income less central administration.

### DEVELOPMENT PROPERTIES\*

Properties in which a conversion or extension is in progress or planned that has a significant impact on the property's net operating income. Net operating income is affected either directly by the project or by limitations on lettings prior to impending improvement work.

### EPRA EPS

Profit from property management less tax at a nominal rate attributable to profit from property management, divided by average number of shares. Taxable profit from property management is defined as profit from property management less such amounts as tax-deductible depreciation and remodelling.

### EPRA NAV

#### – LONG-TERM NET ASSET VALUE

Shareholders' equity per share following the reversal of fixed-income derivatives and deferred tax according to the balance sheet.

### EPRA NNNNAV

#### – SHORT-TERM NET ASSET VALUE

Shareholders' equity at the end of the period adjusted for actual deferred tax instead of nominal deferred tax, and the minority's share of the capital divided by the number of shares outstanding at the end of the period.

### EPRA VACANCY RATE

Estimated market rent for vacant rents divided by the annual rental value for the entire property portfolio.

### EQUITY/ASSETS RATIO

Shareholders' equity including non-controlling interest divided by total assets.

### EQUITY PER SHARE

Parent Company shareholders' share of equity according to the balance sheet, divided by the number of shares at the end of the period.

### FINANCIAL OCCUPANCY RATE\*

Lease value divided by rental value at the end of the period.

### INVESTMENT PROPERTIES\*

Properties that are being actively managed on an ongoing basis.

### INTEREST COVERAGE RATIO

Net operating income including ground rent less central administration in relation to net interest items (interest expenses less interest income).

### LAND AND PROJECT PROPERTIES\*

Land and development properties and properties in which a new build/complete redevelopment is in progress.

### LEASE VALUE\*

Stated as an annual value. Index-adjusted basic rent under the rental agreement plus rent supplements.

### LOAN-TO-VALUE RATIO, PROPERTIES

Interest-bearing liabilities divided by the carrying amount of the properties at the end of the period.

### NET LETTINGS\*

New lettings during the period less terminations to vacate.

### PROFIT/EARNINGS PER SHARE

Parent Company shareholders' share of earnings after tax for the period, divided by average number of shares outstanding during the period. Definition according to IFRS.

### RENTAL VALUE\*

Lease value plus estimated annual rent for vacant premises after a reasonable general renovation.

### RETENTION RATE\*

Proportion of leases that are extended in relation to the proportion of cancellable leases.

### RETURN ON CAPITAL EMPLOYED

Profit before tax plus interest expenses, divided by average capital employed. In interim reports, the return is converted into its annualised value without taking account of seasonal variations.

### RETURN ON EQUITY

Profit for the period/year divided by average shareholders' equity including non-controlling interest. In interim reports, the return is converted into its annualised value without taking account of seasonal variations.

### RETURN ON INVESTED CAPITAL IN THE PROJECT PORTFOLIO \*

Change in value of project- and development properties divided by invested capital in project and development properties during the period

### RETURN, SHARE

Dividend for the year divided by the share price at year-end.

### SURPLUS RATIO\*

Net operating income divided by rental income.

### TOTAL RETURN PROPERTIES

Net operating income for the period plus unrealised and realised changes in the value of properties, divided by market value at start of period plus investments for the period.

\*This key ratio is operational and is not regarded as an alternative performance measure according to ESMA's guidelines.

# This is Fabege

Fabège is one of Sweden's leading property companies, focusing mainly on letting and managing office premises as well as city district development. The company offers modern premises in prime locations in fast-growing submarkets in the Stockholm region: Stockholm inner city, Solna and Hammarby Sjöstad.

Fabège offers attractive and efficient premises, mainly offices but also retail and other premises. The concentration of properties to well-contained clusters leads to greater customer proximity and, coupled with Fabège's extensive local expertise, creates a solid foundation for efficient property management and high occupancy.

At 30 June 2019, Fabège owned 88 properties with a total market value of SEK 71.8bn. The rental value was SEK 3.1bn.

## Business concept

Fabège works with sustainable city district development, with a primary focus on commercial properties within a limited number of well located submarkets in the Stockholm area.

Fabège aims to create value by managing, improving and actively adjusting its property portfolio through sales and acquisitions.

## Business model

Fabège's operational activities are conducted in three business areas: Property Management, Property Development and Transactions.

## Strategy for growth

Fabège's strategy is to create value by managing and developing the property portfolio and through transactions, acquiring and divesting properties with the aim of increasing potential in the property portfolio. Fabège's properties are located in the most liquid market in Sweden. Attractive locations lead to a low vacancy rate in the investment property portfolio. Modern properties permit flexible solutions and attract customers. With its concentrated portfolio and high-profile local presence, investments aimed at enhancing the appeal of an area benefit many of Fabège's customers.

## Value-driving factors

A number of external factors affect Fabège's operations and these, together with the transaction volume and the office market trend in Stockholm, represent the prerequisites for the company's success.

## Stockholm is growing

Stockholm is one of the five metropolitan areas in Western Europe where the population is rising the most. According to forecasts, Stockholm County will have half a million inhabitants more than today by 2030. People in the active labour force account for the largest growth, which is boosting demand for office premises.

## Change in demand

New technology and new working methods are fuelling demand for flexible and space-efficient premises in prime locations. Excellent peripheral service and good communication links in the form of public transport services are in increasing demand, as are environmentally certified offices and green leases.

## Economic trend

The trend for both the Swedish and global economy impacts the property market. Lower vacancy rates in Stockholm's inner city and a stronger economic climate have historically meant rising rents.

## Sustainable urban development

Sustainability issues are becoming increasingly important, in terms of both individual properties and entire areas. Interest in environmental considerations involving choice of material and energy-saving measures is on the rise. Demand is increasing for premises in areas with a favourable mix of offices, retail, service and residential units, as well as excellent transport links and environmental commitment.



### PROPERTY MANAGEMENT

The essence of Fabège's operations is finding the right premises for a customer's specific requirements and ensuring that the customer is content. This is accomplished through long-term work and based on close dialogue with the customer, thus building mutual trust and loyalty.

### PROPERTY DEVELOPMENT

High-quality property development is the second key cornerstone of our business. Fabège has long-standing expertise in pursuing extensive property development projects, with the aim of attracting long-term tenants to properties that have not yet been fully developed and can be redesigned based on the customer's specific requirements.

### TRANSACTIONS

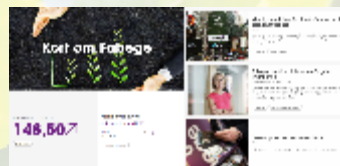
Property transactions are an integral part of Fabège's business model and make a significant contribution to the company's earnings. The company continuously analyses its property portfolio to take advantage of opportunities to generate capital growth through acquisitions and divestments.



## CALENDAR

Interim report Jan–June 2019	5 July 2019, 7:30 am CET
Interim report Jan–Sep 2019	21 October 2019, 7:30 am CET
Year-end report 2019	5 February 2020, 12:00 noon CET

FOLLOW US ONLINE: [WWW.FABEGE.SE](http://WWW.FABEGE.SE)



There will also be a web presentation on the Group's website on 5 July 2019, at which Christian Hermelin and Åsa Bergström will present the report.



## PRESS RELEASES DURING THE SECOND QUARTER 2019<sup>1</sup>

02/04/2019	New President and CEO of Fabege
02/04/2019	Resolution by Fabege's Annual General Meeting on 2 April 2019
12/04/2019	Interim report January–March 2019
15/04/2019	Arenastaden at the forefront of sustainable travel
23/04/2019	Fabège outperforms the Swedish energy agreement
26/04/2019	Fabège's Vice President to become consultant
02/05/2019	One of the world's largest communication networks moves to Luma in Hammarby Sjöstad, and Fabège
06/05/2019	Fabège sells Pelaren 1 in Söderstaden to KPA Pension
27/05/2019	Change in management's holding of shares in Fabège AB
12/06/2019	Fabège expands green financing platform

<sup>1</sup>Click on the press release to access links to further information. Including regulatory and non-regulatory press releases during the period.



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