Q2

2020

Summary, SEKm

	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun
Rental income	696	731	1,407	1,449
Net operating income	526	554	1,046	1,063
Profit from property management	359	375	728	741
Profit before tax	6	1,909	1,985	3,358
Profit after tax	-15	1,642	1,559	2,790
Net lettings	5	20	20	-87
Surplus ratio,%	76	76	74	73
Loan-to-value ratio, properties, %	-	-	34	38
EPRA NRV, SEK per share	-	-	150	134

January–June 2020[1]

- Rental income fell to SEK 1,407m (1,449). The fall was primarily due to property sales. In the second quarter, rental income declined by SEK 18m as a result of rebates granted due to the Covid-19 pandemic. In an identical portfolio, income rose by approximately 4 per cent (19).
- Net operating income declined to SEK 1,046m (1,063). In an identical portfolio, net operating income rose by approximately 6 per cent (20).
- The surplus ratio was 74 per cent (73).
- Profit from property management declined to SEK 728m (741).
- Realised and unrealised changes in value amounted to SEK 1,550m (3,122) in properties and SEK –292m (–503) in fixed-income derivatives.
- Profit before tax for the period amounted to SEK 1,985m (3,358).
- Profit after tax for the period amounted to SEK 1,559m (2,790), corresponding to SEK 4.73 per share (8.44).
- Net lettings totalled SEK 20m (–87).
- Rent levels in renegotiated leases increased by an average of 16 per cent (20).
- The equity/assets ratio was 53 per cent (52) and the loan-to-value ratio was 34 per cent (36).

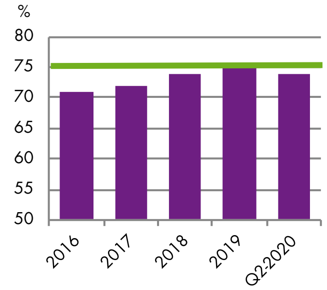
[1] The comparison figures for income and expense items relate to values for the January–June 2019 period and for balance sheet items at 31 December 2019.

Fabege

CREATING THE RIGHT CONDITIONS

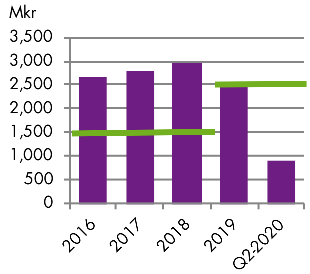
Stefan Dahlbo, CEO

SURPLUS RATIO



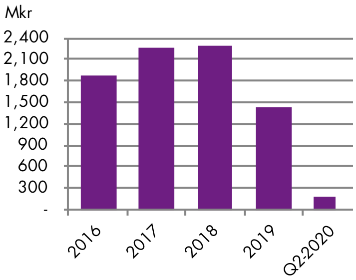
Target: 75%

INVESTMENT VOLUME

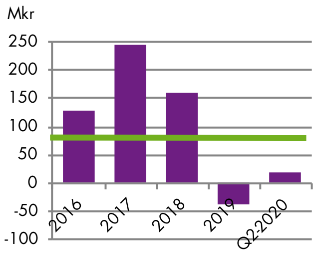


Target: SEK 2,500m per year over a business cycle

CHANGES IN VALUE – PROJECTS



NET LETTINGS



Target: SEK 80m per year

Flexible and digital

In the CEO statement in our annual report, I wrote about how we will continue delivering added value going forward, and that this will partly happen by "being able to predict and understand how new digital technology and emerging work processes affect employee relations and our collaborative approaches – and what requirements this places on modern offices. Face-to-face meetings cannot be replaced by digital alternatives, and they won't be, but they could happen in new ways. We believe flexibility in various forms will become a watchword." Meanwhile, we noted that "2020 brings a lot of significant political and economic issues," and that in terms of these risks, "the list goes on." However, there was no pandemic at the top of the list at the time. Some of us had brought the subject up, but few of us had discussed it seriously.

Just over a three months on, and we have experienced the biggest crisis in living memory and immeasurable human suffering. Countries have shut their borders. Many businesses have lost a huge proportion of their sales. Unemployment has soared. And most of all, millions of people across the world have been affected by the virus and far too many have lost their lives. But we have also begun to see some recovery

Covid-19 has been a challenge, but not a hindrance

During the quarter, with a constant eye on the situation, we have focused on being there for our customers and making it easier for our employees to adjust to working from home. We have learned a great deal during this process, and I'm incredibly proud of all the work we have carried out together. In particular, our administrative organisation has worked intensively in dialogue with our tenants to offer various ways of mitigating the effects of the pandemic for companies that have suffered the most, partly via the government package of support. To our surprise, our major projects have continued almost uninterrupted. Our letting work has continued to be highly active, with viewings carried out using drones and digital contract signing. We signed a lease in the inner city with the rapidly growing Swedish tech company Mentimeter for the Apotekaren 22 property on Tulegatan. Planning processes and discussions with municipalities have also continued apace, and we completed the acquisition of Påsen 1 in Hammarby Sjöstad. It is a property that fits in well with our portfolio and our continued development of the area.

The transaction market for commercial property was relatively quiet during the quarter, for obvious reasons. The financing market was also hesitant during the quarter, and in the first half it was to all intents and purposes completely inactive. The market rallied in the second half, and, since there was considerable interest in our bonds, we were quick to issue a couple of two-year bonds.

During the quarter we opted to have just over 50 per cent of our property portfolio independently valued. The valuers have increased yield requirements somewhat, and have a more cautious outlook on rent levels in the Stockholm market. This led to impairment losses of SEK –800m, which was partly offset by a positive increase in value in the project portfolio and a couple of properties, where new lettings occurred at levels that exceeded previous estimates, resulting in total net SEK –304m in the second quarter. During the quarter we have seen continued rent increases in renegotiations, and we have positive net lettings.

A future with new requirements and opportunities

At the beginning of the year, if I had told our employees that we would essentially be holding digital meetings for the second quarter, many would have shaken their heads and said it wouldn't work, partly because the quality isn't good enough. But it has worked! For some time now we've been telling our customers about what the office of the future might look like, and the benefits of flexibility. It's never been more relevant. We've learned to work remotely, but also that we miss our colleagues and about the importance of having a natural meeting place in our day-to-day lives. There are many investigations going on into the future role of the workplace, and its impact on our offering. We believe the office will continue to play an important role in creating strong brands, a sense of community and loyalty among employees; as a place for meetings and creativity and and its importance for business development, even if we expect remote working to continue after the pandemic. Our travel patterns in particular will likely change regionally, nationally and internationally. We are confident that together with our customers, we will develop our offering to respond to the demands of tomorrow at a modern, flexible workplace that can meet the requirements of any situation.

As Sweden and the rest of the world attempt to return to everyday life using various strategies, the pandemic will leave its mark on companies and society for many years to come. I am happy and grateful that Fabege, as we have noted, is remaining strong through this crisis. However, we will continue to demonstrate the utmost respect for the situation, individuals and the community, and will act with due sensitivity.

Stefan Dahlbo, CEO

Impact of Covid-19 on Fabege

Special Covid-19 measures

- Regular status updates for Fabege's crisis management group and Executive Management Team.
- Regular briefings for all staff.
- Support for employees to help them work from home.
- Dialogue and measures for customers with liquidity problems.
- Agreements on monthly payments and deferrals, as well as the government rent support package.
- Planning and measures to ensure projects continue to move forward.

Contributing to the community

- During the April to June period, Fabege paid for over 15,000 lunches to be delivered to the City Mission and hospitals in Stockholm.
- Helped provide materials for the field hospital in Älvsjö.
- Financial contribution to the City Mission's work in Stockholm.

Government rent support

- The proposed support package would give companies in vulnerable sectors a 50 per cent reduction in their rent, half to be covered by the landlord and half by the state.
- The support relates to rental payments in the second quarter.
- Fabege has granted rebates relating to rental support totalling SEK 36m, around SEK 18m of which is covered by Fabege.

Property management and rental income

The majority of Fabege's customers are large, stable companies. However, we also have customers in the service sector who have asked to defer rental payments and for rental rebates due to the pandemic. We are making arrangements with customers on a case-by-case basis, focusing on transfers to monthly payments and repayment deferrals. We have also granted rebates in accordance with the government rent support package. Rebates granted for Q2 have totalled SEK 36.4m, 50 per cent of which is covered by Fabege. The net amount, i.e. approximately SEK 18.2m, has reduced rental income in Q2. Outstanding rent receivables relating to Q2 amount to SEK 21m excluding VAT, the majority of which relates to granted deferrals to be repaid. We have also granted certain rebates concerning the second half of 2020. These amount to a total of around SEK 10m excluding VAT, and will reduce rental income in the second half of the year.

Financing

Both the commercial paper and bond markets have rallied after the capital market effectively closed down in March, and margins have seen a gradual improvement. In the second quarter we issued SEK 1,875m on the commercial paper market and SEK 650m on the bond market, including SEK 150m via SFF. Our good access to unutilised credit facilities provides reassurance. No bank facilities are due to lapse until the fourth quarter of 2021. A total of SEK 860m of bonds via SFF are due to mature in the second half of 2020. If market conditions allow, we intend to replace commercial paper and bonds due to mature with new issues, but we are able to refinance remaining maturities during the year using existing credit facilities in banks, if required.

During this turbulent time we have seen evidence of Fabege's strong brand, both with the banks and on the capital market. Our strategy of spreading our financing across several different sources is an even greater strength in the current situation.

Projects

On the whole, all our projects are proceeding according to plan. Where there is a risk of delays in the delivery of materials, we investigate alternatives. So far we have managed to staff our projects and keep to our schedules by planning ahead.

Transactions and valuations

It is still difficult to assess the impact of Covid-19 and its effects on the transaction markets. Few transactions took place on Fabege's markets in the second quarter. The property portfolio is valued according to a well-established process. Before the end of the quarter, just over 50 per cent of the portfolio was independently valued by Newsec and Cushman Wakefield. In these valuations, yield requirements have generally been raised slightly, and expectations regarding rent levels have been revised down. At the same time, this has been partly offset by a certain delay in rent increases and adjusted yield requirements, which has had a positive impact on the values of individual properties. Gross impairment losses in the second quarter of approximately SEK –800m were offset by appreciation of almost SEK 500m, giving a net amount of SEK –304m. Overall, the average yield requirement in the portfolio increased to 3.90 per cent and the total unrealised change in value for the entire first half of the year amounted to SEK 1,525m.

Employees

All employees apart from our technical operations staff are working from home as far as possible. Technical operations have been divided into teams working in shifts, the aim being to reduce the risk of spreading infection as much as we can. Meetings and collaboration are largely taking place digitally and we are providing various forms of support to make it easier for employees to work from home. We carried out two surveys during the period, both of which reveal that our employees are coping well and that working from home is effective, but that we miss meeting at the office.

We are proud to have dedicated staff who are helping keep the business running.

Fabege is stable

As for so many other companies, the corona situation is having a negative impact on the business, albeit limited for Fabege. Our strong financial position means we are well placed to cope even in difficult times.

- Our strong balance sheet provides security
- We have a stable customer base
- We have access to financing through our banks
- We have dedicated employees who make a difference

Earnings Jan–Jun 2020[1]

In the second quarter, the effects of Covid-19 began to be noticeable in earnings in the form of rent rebates and reduced property values. Slightly lower earnings from property management and positive changes in value were recognised for the first half of the year.

Revenues and earnings

Profit after tax for the period was SEK 1,559m (2,790), corresponding to earnings per share of SEK 4.73 (8.44). Profit before tax for the period amounted to SEK 1,985m (3,358). Earnings from property management fell slightly, and lower changes in value meant that profit before tax declined in comparison with the previous period.

Rental income decreased to SEK 1,407m (1,449), while net operating income fell to SEK 1,046m (1,063). The divestment of Pelaren 1 and Trängkåren 7 meant that rental income fell by approximately SEK 100m against a comparable period. In an identical portfolio, rental income grew by roughly 4 per cent (19), just over half of which related to growth through tenants moving into completed project properties. The remaining increase was primarily growth due to new lettings and renegotiated rent levels. Rebates applied according to the government rent support package reduced rental income in the second quarter by SEK 18m. The lower running costs were mainly due to a mild winter with little snow. In addition, as a result of the new tax assessment values, the amount set aside for property tax was too high at the start of 2019. Net operating income in an identical portfolio rose by approximately 6 per cent (20). Overall, the surplus ratio amounted to 74 per cent (73).

Realised changes in value of SEK 25m (0) related mainly to the divestment of a land property in Vallentuna.

Total unrealised changes in value amounted to SEK 1,525m (3,122). The unrealised change in the value of the investment property portfolio of SEK 1,339m (1,965) was mainly attributable to increased rent levels for new lettings and renegotiations and lower yield requirements. However, the average yield requirement increased by 0.1 per cent in the second quarter to 3.90 per cent (3.97 at year-end).

The project portfolio contributed to an unrealised change in value of SEK 186m (1,019), primarily due to development gains in the major project properties.

The share in earnings of associated companies was SEK −29m (−32) and mainly related to a capital contribution to Arenabolaget.

Unrealised changes in value in the derivatives portfolio totalled SEK −292m (−503). The extension of the fixed-rate term and lower long-term interest rates led to an increase in the deficit value during the period. Net interest items amounted to SEK −227m (-233).

Segment reporting

The Property Management segment generated net operating income of SEK 1,038m (1,044), representing a surplus ratio of 77 per cent (75). The occupancy rate was 92 per cent (94). Earnings from property management totalled SEK 754m (755). Unrealised changes in the value of properties amounted to SEK 1,339m (1,965).

The Property Development segment generated net operating income of SEK 8m (19), giving a surplus ratio of 14 per cent (36). Earnings from property management totalled SEK −26m (−14). Unrealised changes in the value of properties amounted to SEK 186m (1,019).

Earnings from transactions totalled SEK 25m (138).

Quarter 2 in brief

- The Covid-19 situation is creating great uncertainty around the future trend of the market.
- The effect is mainly that certain renegotiations have been postponed, and the process up to signing is taking longer.
- New lettings totalled SEK 28m (46) and net lettings amounted to SEK 5m (20).
- Rental income declined to SEK 696m (731), primarily due to divested properties, but also as a result of rent rebates of approximately SEK 18m.
- The surplus ratio was 76 per cent (76).
- Earnings from property management totalled SEK 359m (375).
- The property portfolio showed unrealised value growth of SEK −304m (1,798), of which projects accounted for SEK 44m (378).
- Unrealised changes in value in the derivatives portfolio totalled SEK −49m (−265).
- After-tax earnings for the quarter amounted to SEK −15m (1,642).

BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

SEKm	2020 Jan-Jun	2019 Jan-Jun
Profit from Property Management activities	754	755
Changes in value (portfolio of investment properties)	1,339	1,965
Contribution from Property Management	**2,093**	**2,720**
Profit from Property Management activities	-26	-14
Changes in value (profit from Property Development)	186	1,019
Contribution from Property Development	**160**	**1,005**
Realised changes in value	25	138
Contribution from Transactions	**25**	**138**
Total contribution from the operation	**2,278**	**3,863**

2.1%

Value growth in the property portfolio.

[1] The comparison figures for income and expense items relate to values for the January–June 2019 period and for balance sheet items at 31 December 2019.

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. At the end of the quarter, the company had green bonds of SEK 6,350m and green commercial paper totalling SEK 1,875m outstanding within the green framework. In addition there are green loans of SEK 12,647m and green covered bonds via the co-owned company SFF totalling SEK 1,510m. In total this adds up to 91 per cent of outstanding financing.

Fabege's fixed-rate period is 4.6 years and at the end of Q2 the derivatives portfolio comprised interest rate swaps totalling SEK 17,150m with terms of maturity extending through 2030 and carrying fixed interest at annual rates of between –0.18 and 1.35 per cent before margins.

After coming to a complete standstill for several weeks in March, the capital market began to rally in April, starting with the market for commercial paper. Initial interest rate levels were considerably higher than before the crisis, but have since dropped slightly. Up until the end of the first half of the year, the company had borrowed SEK 1,875m via its commercial paper programme, and at the beginning of June Fabege issued bonds totalling SEK 650m with a maturity of two years. Interest from investors was extremely high, and interest rate levels are now relatively competitive compared with bank financing, albeit high compared with the start of the year.

Net financial items included other financial expenses of SEK 16m, mainly pertaining to accrued opening charges for credit agreements and costs relating to bond and commercial paper programmes. In the first half of the year, interest totalling SEK 12m (4) relating to project properties was capitalised.

For further information about how Fabege's financing situation is being affected by the Covid-19 crisis, please see page 3 of this report.

FINANCING, 30/06/2020

	2020-06-30	2019-12-31
Interest-bearing liabilities, SEKm	24,694	26,414
of which outstandning MTN, SEKm	6,350	6,850
of which outstandning SFF, SEKm	1,510	2,085
of which outstandning commercial paper , SEKm	1,875	1,980
Unutiluzed facilities, SEKm	4,235	4,580
Capital maturity, year	5.7	5.8
Fixed-rate period, year	4.6	4.5
Fixed-rate, share of the portfolio,%	79	73
Derivative market value, SEKm	-660	-367
Average interest, inclu. facilities, %	1.93	1.80
Average interest excl. facilities, %	1.84	1.72
Unsecured assets, %	33	28
Loan-to-value, %	34	36

GREEN FINANCING, 30/06/2020

	Credit lines	Outstanding loans and bonds
Green MTN-bonds, SEKm	6,350	6,350
Green bonds vis SFF, SEKm	1,510	1,510
Green commercial paper, SEKm	5,000	1,875
Green loans, other, SEKm	16,817	12,647
Total green financing, SEKm	29,677	22,382
Share of green financing, %	87	91
Total green facilities,SEKm	53,567	
of which free green facilities, SEKm	21,436	

INTEREST RATE MATURITY STRUCTURE, 30/06/2020

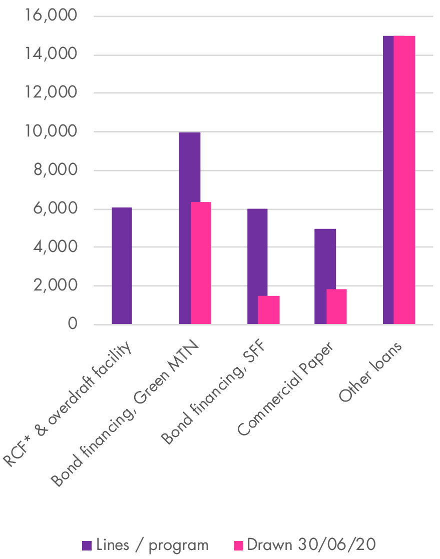
	Amount SEKm	Average interest rate,%	Share,%
< 1 year	5,768	4.90	23
1-2 years	200	0.25	1
2-3 years	1,600	0.61	6
3-4 years	1,850	0.80	7
4-5 years	3,100	0.70	13
5 -6years	1,600	0.88	6
6-7 years	3,300	0.90	13
7-8 years	4,376	1.41	18
8-9 years	1,700	0.95	7
9-10 years	1,200	0.20	5
Total	**24,694**	**1.84**	**100**

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, 30/06/2020

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	1,875
< 1 year	1,670	1,260
1-2 years	6,650	2,650
2-3 years	6,894	6,494
3-4 years	3,750	2,450
4-5 years	500	500
5-10 years	4,661	4,661
10-15 years	3,550	3,550
15-20 years	1,253	1,253
Total	**33,929**	**24,694**

BREAKDOWN OF SOURCES OF FUNDING, SEKM 30/06/2020



* RCF= Revolving credit facilities

Tax

The tax expense for the period amounted to SEK −426m (-568). Current tax of SEK 25m related mainly to the reversal of current tax after retesting of prior years' tax assessments. 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 in 2020 has been calculated based on the current tax rate for the year of 21.4 per cent.

The new regulations relating to restrictions on interest deductions apply as of 1 January 2019. Fabege is of the opinion that the new rules will not have any material impact on tax paid. For 2020, the new rules mean increased utilisation of tax loss carryforwards of just over SEK 300m. This will incur a greater cost of SEK 64m for the 2020 full year, which is reflected in the tax calculation for the period.

Financial position and net asset value

Shareholders' equity amounted to SEK 40,278m (40,068) at the end of the period and the equity/assets ratio was 53 per cent (52). Equity per share attributable to Parent Company shareholders totalled SEK 123 (121). EPRA NRV was SEK 150 per share (145).

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 756m (751). Changes in working capital had an impact on cash flow of SEK −64m (176). Investing activities had an impact of SEK 2,110m (−1,328) on cash flow, while cash flow from financing activities was affected in the amount of SEK −2,544m (401). In investing activities, cash flow was driven by property transactions and projects. Cash and cash equivalents changed by a total of SEK 258m (0) during the period.

Financial targets

Fabege's Board of Directors has adopted the following
financial targets for the business.

- Loan-to-value ratio of max. 50 per cent.
- Interest coverage ratio of at least 2.2.
- Debt ratio of max. 13.0.
- Equity/assets ratio of min. 35 per cent.

Operational targets

- Investment volume of approximately SEK 2,500m per year.
- Net lettings at least SEK 80m per year.
- Surplus ratio 75 per cent.

SEK 150/share

EPRA NRV
30 June 2020

ACQUISITION OF THE PÅSEN 1 PROPERTY IN HAMMARBY SJÖSTAD

The building is very close to Fabege's properties along Hammarby Fabriksväg and nextdoor to the Trikåfabriken 9 property. It has a lettable area of around 10,000 sqm, 8,270 sqm of which is office space and the remainder is storage, with an additional area for parking spaces.

The acquisition is taking place via companies with an underlying property value of SEK 441 million before deductions for deferred tax. Transfer of ownership is scheduled for the second quarter of 2020.

"This acquisition represents one more piece of the puzzle in realising our vision for the area and consolidating our position as a local urban developer in Hammarby Sjöstad," commented Stefan Dahlbo, Fabege's CEO.

Operations Jan–June 2020[1]

Two properties were acquired in the second quarter. Projects progressed as planned without any significant disruptions. Net lettings in the first half of the year totalled SEK 20m. Renegotiations declined in volume as result of the pandemic, but made a positive contribution to the rental value.

Property portfolio and property management

Fabege's property management and urban 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 2020, Fabege owned 88 properties with a total rental value of SEK 3.2bn, lettable floor space of 1.2m sqm and a carrying amount of SEK 73.6bn, of which development and project properties accounted for SEK 8.6bn. The financial occupancy rate for the entire portfolio, including project properties, dropped to 92 per cent (94). The decline is attributable to the vacation of the Glädjen 13 property in Västra Kungsholmen, which was announced some time ago. The effect of bankruptcies resulting from Covid-19 was negligible. The occupancy rate in the investment property portfolio was 92 per cent (95).

During the period, 51 new leases were signed at a total rental value of SEK 93m (82), and 92 per cent of the space pertained to green leases. Lease terminations amounted to SEK 73m (169). Net lettings totalled SEK 20m (–87). Leases totalling SEK 67m were renegotiated, with an average rise in rental value of 16 per cent. However, the volume of renegotiations has declined due to several negotiations being postponed because of the pandemic. The retention rate during the period was 73 per cent (66).

Changes in the property portfolio

During the first quarter, a land property in Vallentuna was sold for a purchase price of SEK 58m, with a realised change in value of SEK 25m (0).

Fabege and Peab are joint investors in a co-owned garage property in Råsunda, Solna. The property is being accounted for using proportionate consolidation and was included in Fabege's accounts at the end of H1 with a property value of SEK 35m. Two properties were acquired in the second quarter; Påsen 1 in Hammarby Sjöstad and a land property in Arenastaden for a purchase price totalling SEK 440m.

Changes in value of properties

The property portfolio is valued according to a well-established process. The entire property portfolio is independently valued at least once annually. Just over 50 per cent of the portfolio was independently valued in the second quarter, while the remaining properties were internally valued based on the most recent independent valuations. The total market value at the end of the period was SEK 73.6bn (74.3).

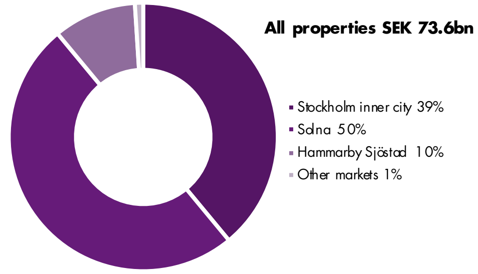
Unrealised changes in value totalled SEK 1,525m (3,122). During the second quarter the average yield requirement increased by 0.1 per cent from 3.89 per cent on 31 March to 3.90 per cent at June 30 (3.97 at year-end). The valuations in the second quarter were based on slightly higher yield requirements and a more cautious outlook regarding rent levels on the Stockholm market. For the second quarter alone, changes in value totalled SEK –304m and the average yield requirement increased by 0.1 per cent. Impairment losses of approximately SEK –800m were offset by appreciation of almost SEK 500m, giving a net amount of SEK –304m.

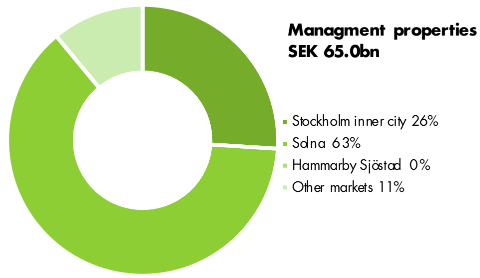
The change in the value of the investment property portfolio amounted to SEK 1,339m (1,965).

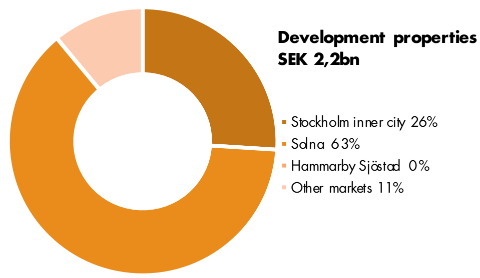
The project portfolio contributed to an unrealised change in value of SEK 186m (1,019). The change in value of the project portfolio was mainly due to development gains in major project properties.

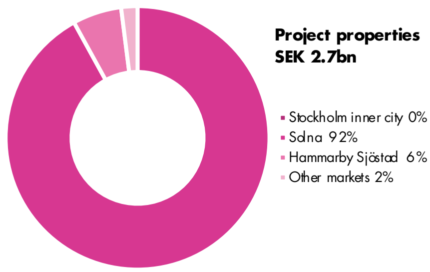
BREAKDOWN OF MARKET VALUE

30/06/ 2020









[1] The comparison figures for income and expense items relate to values for the January–June 2019 period and for balance sheet items at 31 December 2019.

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, and our aim is to achieve the level of 'Excellent'. Of Fabege's 88 properties, 56 were certified by the end of the period. Overall, this represents 81 per cent (83) of the total 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.

In the current year, work is underway on upgrading several certifications in the existing portfolio. In the second quarter, Fortet 2 was awarded BREEAM In-Use certification, 'Excellent'.

Green financing

Our green framework allows us to issue green bonds and green commercial paper and to link other loans to the framework. Green financing offers Fabege better conditions both with banks and on the capital market, and access to more financing alternatives. The new green framework has increased the proportion of green financing sources. All Fabege's creditors 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 91 per cent of outstanding credits at the end of the period.

Find out more about Fabege's green financing at www.fabege.se/gronfinansiering, where you will also find investor reports.

Fabege's energy efficiency targets

Fabege's new energy efficiency targets are divided into phases. In 2019, we exceeded the target in the Swedish energy policy agreement of 50 per cent more efficient use of energy by 2030 compared with 2005. Work is progressing and our next milestone is to achieve average energy consumption of 77 kWh/sqm in the entire investment property portfolio for 2023, which is a reduction of over 60 per cent compared with 2005. The portfolio is divided into two parts: newer properties that have received planning permission since 2012 and have a target of 50 kWh/sqm, and older properties that have a target of 85 kWh/sqm. Fabege's average energy consumption for the first half of the year was 39 kWh/sqm (45).

Sustainable urban development

The sustainability programme for Flemingsbergsdalen was completed in the first quarter and constitutes a foundation for the planning programme and a good basis for continued process support in our sustainability work on the development of Flemingsberg. In 2020, Arenastaden will be one of three existing districts that will be sustainability assured and evaluated according to nya Citylab. The work has been initiated in partnership with the City of Solna and Sweden Green Building Council. Citylab is Sweden's first certification system for sustainable urban development, uniquely designed around Swedish conditions, laws and regulations. Nya Citylab is an offshoot of the previous system and includes an evaluation element that answers the question: How sustainable was it?

SUSTAINABILITY PERFORMANCE MEASURES

	2020	2019	2018	Target
	Jan-Jun	jan-dec	jan-dec	
Energy performance, KWh/sqm Atemp	39	81	98	rage max. 77 kWh/sqm At
Proportion of renewable energy, %	n/a	91	91	100
Environmetal certification, numer of	56	56	56	
Environmetal certification, of total area, %	81	83	82	100
Green lease, share of total office space	92	94	90	100
Green lease, share of newly signed area,%	79	75	71	100
Green financing, %	91	84	60	100
Satisfied employees, confidence rating , %	n/a	74	78	2021 minst 85%
GRESB, points	n/a	94	86	>90

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 building block for the environmental certification of the building. Fabege's goal is for 100 per cent of newly signed and renegotiated leases to be green. In the long term, green leases will constitute 100 per cent of the total lettable area (excluding storage and parking areas). At 30 June 2020, the proportion was 79 per cent. During the period, the proportion of newly signed green leases was 92 per cent based on lettable area.

Climate neutral management by 2030

Fabege has a long-term, target-based and integrated approach towards creating more sustainable properties. Our overriding long-term goal is to have zero net emissions from property management by the year 2030. By this we mean that we will have control over all the emissions associated with our operations, and that we will minimise emissions to the greatest possible extent using the tools available. We will compensate for emissions over which we have no control via carbon offsetting, for example investments in carbon sinks such as forest, or wind and solar parks.

In 2019, Fabege linked up with the Science Based Targets initiative and has thus taken an initial step in reorganising the business to help achieve the 1.5-degree target. During the current period, we have begun work on retroactively calculating our climate impact from Scope 3 emissions during the base year of 2019, which is a major challenge.

91%

Green financing

Projects and investments

The purpose of Fabege's project investments in the investment property portfolio is to reduce vacancy rates and increase rents in the property portfolio, thereby improving cash flows and value. During the period, investments in existing properties and projects totalled SEK 890m (1,213), of which investments in projects and development properties accounted for SEK 620m (772).

The capital invested in the investment property portfolio, which amounted to SEK 270m (441) and encompassed energy investments and tenant customisations, also contributed to the total growth in value. The amount includes investments in several more substantial tenant customisations during the year.

Completed projects

The first quarter saw the completion of the conversion of Fortet 2, Solna, into a hotel, long-stay accommodation, and co-working and restaurant facilities. KOM Hotel took over the premises as tenant at the beginning of April. The redevelopment project relating to part of Paradiset 23, Västra Kungsholmen, was also completed during the period. Tenants have moved in and the few remaining vacant areas will be completed during the management phase.

Major ongoing projects

The development of the Haga Norra area at the Hagalund 2:2 (formerly Stora Frösunda 2) property in Solna is proceeding with the construction of Bilia's new facility. Alongside this, work is continuing on division of the property into a number of separate units. The investment is expected to amount to roughly SEK 1,129m and the facility will be ready by the first quarter of 2021. The framework of the building is complete, and glazed facades are now being put in place and installation works are underway. The project is adhering to the set schedule.

The project to construct a hotel, long-stay accommodation and offices at the Nationalarenan 3 property in Arenastaden 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 has increased slightly and is estimated to be SEK 772m. The property is now fully let to Nordic Choice Hotels and is expected to be ready for occupancy in Q1 2021. Work is currently being carried out on the interior walls and installations.

Work in relation to the groundworks and construction of the foundations at the Poolen project is proceeding according to plan. Groundwork and project design work are currently underway. Frame assembly will start in the summer. Fabege has concluded an agreement to acquire the development rights on completion of the reallotment process, which has been postponed until the third quarter of 2020. The property includes approx. 28,000 sqm of lettable office space, and will be constructed in a 3D reallotment above the swimming pool being built by Solna Municipality. With TietoEvry having signed a lease to rent approximately 22,000 sqm, occupancy is at 78 per cent. TietoEvry also has an option to rent the remaining office space at the property. The amount invested is recognised within the property value, despite the fact that Fabege has not yet officially taken over ownership of the property.

In December 2019, a decision was made on an additional project at Fräsaren 12, Solna Business Park, regarding a tenant customisation for Arbetsmiljöverket, with occupancy scheduled for November 2020. The investment is expected to amount to SEK 96m and comprises approximately 7,100 sqm, 83 per cent of which is let to Arbetsmiljöverket. Interior demolition has been completed and refurbishments for the tenant are underway.

In February, it was decided to convert and develop Stigbygeln 2, Arenastaden. With Peab having left the property, it is now being developed to accommodate multiple customers. The investment has increased by roughly SEK 6m to SEK 185m. The increase relates to the creation of additional lettable space. The property will be completed ready for occupancy in the first quarter of 2021. Interior demolition and planning work have been ongoing since the start of the year. The occupancy rate is 59 per cent. The property is to become Fabege's new headquarters.

CHANGES IN PROPERTY VALUES 2020

Changes in property value	2020
Opening fair value 2020-01-01	74,250
Property acquisitions	440
Investments in new builds, extensions and conversions	890
Changes in value	1,525
Sales and disposals[1]	-3,540
Closing fair value 2020-06-30	**73,565**

[1] Refers disposal of Trängkåren 7

TOTAL INVESTMENTS, JAN–JUN 2020

Total investments	
Investments in project- & development properties	620
Investments in management properties	270
Total investments	**890**

AVERAGE YIELD REQUIREMENT PER AREA, 30/06/2020

Area	Average yield, %
Stockolm city	3.61
Solna	4.05
Hammarby Sjöstad	4.22
Other	5.50
Average yield	**3.90**

PROPERTY ACQUISITIONS JAN–JUN 2020

Property name	Area	Category	Lettable area, sqm
Quarter 2			
Järva 3:7	Arenastaden	Land	0
Påsen 1	Hammrby Sjöstad	Office	9,884
Total acquisitions of prc			**9,884**

SALES OF PROPERTIES JAN–JUN 2020

Property name	Area	Category	Lettable area.sqm
Quarter 1			
Vallentuna Rickeby 1:327		Land	0
Total sales of properties			**0**

Housing development in joint ventures

Fabege and Svenska Hyreshus AB are leading a housing development project in Kista via co-owned Selfoss Invest AB. The total investment is estimated to be SEK 570m excluding purchase of the land. The project comprises 276 apartments. All 69 apartments in stage 1 have been sold and were occupied on 1 April. Stage 2 is expected to be ready for occupancy in autumn 2020. 42 of 77 apartments have been sold, corresponding to a selling rate of 55 percent. Stage 3, comprising 130 apartments, is being built with the flexibility to change the leasing form from tenant-owned apartments to rental or company apartments. Completion is planned for the first quarter of 2021. The project is being externally financed with a construction loan.

Development of the Lagern 3 property in Råsunda into tenant-owned apartments is progressing according to schedule. The project is being managed together with the TB Group in a 50/50 per cent co-owned company. The investment has increased and is estimated to total SEK 288m excluding purchase of the land. Meanwhile, the revenue calculation based on actual price of the leased apartments has improved the total calculation. 52 of the project's 134 apartments have been leased via booking agreements. Conversion to binding pre-agreements will take place after the summer. External work is underway on facades, balconies, windows and doors.

Work is continuing on the development of the housing project in connection with Brabo at the Hagalund 2:2 property (formerly Stora Frösunda 2) in Haga Norra. The project includes 418 apartments that will be produced in a 3D reallotment above the facility that Fabege is building for Bilia at the property. The estimated investment totals approximately SEK 1.1bn. Work on assembly of the frame and installations on the roof is largely complete. Alongside this, work is continuing on reallotment of the property. The project is being financed with an owner's loan and external construction loan.

The current JV projects are not being consolidated, but will be recognised in accordance with the equity method. Income recognition will not occur until the projects are approaching completion.

89%

Occupancy rate in projects

ONGOING PROJECTS > SEK 50M

30/06/2020

Property listing	Property type	Area	Completed	Lettable area, sqm	Occupancy rate, area, %[1]	Rentel value[2]	Booked value, SEKm	Estimated investment, SEKm	of which, worked up. SEKm
Fräsaren 12 (part of)	Offices	Solna	Q4-2020	7,100	83%	23	338	96	42
Stigbygeln 2	Offices	Solna	Q1-2021	8,400	59%	30	401	185	28
Hagalund 2:2 (part of)[3][1]	Retail/Office	Arenastaden	Q1-2021	40,300	100%	51	454	1,129	630
Nationalarenan 3	Hotel	Arenastaden	Q1-2021	19,100	100%	55	768	772	514
Poolen	Offices	Arenastaden	Q1-2022	28,000	78%	97	165	1,103	154
Total				**102,900**	**89%**	**256**	**2,126**	**3,285**	**1,368**
Other land and project properties							840		
Other development properties							5,960		
Total projects, land and development properties							**8,926**		

[1] Operational occupancy rate 30 June 2020.

[2] Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 256m (fully let) from SEK 0m in annualised current rent as of 30 June 2020.

[3] In leaseable area for the property Hagalund 2:2 (former Stora Frösunda 2) there are approximately 25,400 sqm garage space

DEVELOPMENT RIGHTS

30/06/2020

Commercial, sqm		Residential, sqm	
Inner city	29,300	Inner city	-
Solna	266,100	Solna	238,500
Hammarby Sjöstad	56,200	Hammarby Sjöstad	-
Others	81,800	Others	-
Total	**433,400**	**Total**	**238,500**
Legal binding, %	28	Legal binding, %	32
Booked value, SEK/sqm	4,700	Booked value, SEK/sqm	7,300

Area and carrying amount relate to additional development rights space. Development will in some cases require demolition of existing areas, which will impact the project 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

30/06/2020

Property holdings	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value[2]	Financial occupancy rate %
Investment properties [1]	62	1,038	64,977	3,032	92
Development properties [1]	13	154	6,411	122	90
Land and Project properties [1]	13	9	2,177	3	0
Total	**88**	**1,201**	**73,565**	**3,157**	**92**
Of which, Inner city	27	320	28,849	1,216	91
Of which, Solna	46	722	36,591	1,558	92
Of which, Hammarby Sjöstad	11	134	7,365	361	91
Of which, Other	4	25	760	22	72
Total	**88**	**1,201**	**73,565**	**3,157**	**92**

[1] See definitions on page 20.

[2] In the rental value, time limited deductions of about SEK 92m (in rolling annual rental value at 30 Jun 2020) have not been deducted.

SEGMENT REPORTING IN SUMMARY[1]

SEKm	2020 Jan-Jun Property Management	2020 Jan-Jun Property Development	2020 Jan-Jun Transaction	2020 Jan-Jun Total	2019 Jan-Jun Property Management	2019 Jan-Jun Property Development	2019 Jan-Jun Transaction	2019 Jan-Jun Total
Rental income	1,351	56		1,407	1,396	53		1,449
Property expenses	-313	-48		-361	-352	-34		-386
Net operating income	**1,038**	**8**	**0**	**1,046**	**1,044**	**19**	**0**	**1,063**
Surplus ratio, %	77%	14%		74%	75%	36%		73%
Central administration	-42	-6		-48	-38	-5		-43
Net interest expense	-199	-28		-227	-208	-25		-233
Ground rents	-14	0		-14	-14	0		-14
Share in profits of associated companies	-29	0		-29	-29	-3		-32
Profit from property management activities	**754**	**-26**	**0**	**728**	**755**	**-14**	**0**	**741**
Realised changes in value of properties	0	0	25	25	0	0	0	0
Unrealised changes in value of properties	1,339	186		1,525	1,965	1,019	138	3,122
Profit/loss before tax per segment	**2,093**	**160**	**25**	**2,278**	**2,720**	**1,005**	**138**	**3,863**
Changes in value, fixed income derivatives and equities				-293				-505
Profit before tax				**1,985**				**3,358**
Properties, market value	64,977	8,588		73,565	64,174	7,647		71,821
Occupancy rate, %	92%	90%		92%	94%	81%		94%

[1] See definitions on page 19.

Reclassifications during the period between the Property Management and Property Development segments are stated in the note on Segment Reporting on page 18.

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 the value of properties, are directly attributable to properties in each 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 items in net financial expense have been allocated to the segments in a standardised manner based on each segment's share of the total property value (indirect income and expenses). Property assets are directly attributed to each segment and recognised on the balance sheet date.

Other financial information

SENSITIVITY ANALYSIS – PROPERTY VALUES

Change in value, %	Impact on after-tax profit, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	578	53.0%	33.4%
0	0	52.8%	33.6%
-1	-578	52.5%	33.7%

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.

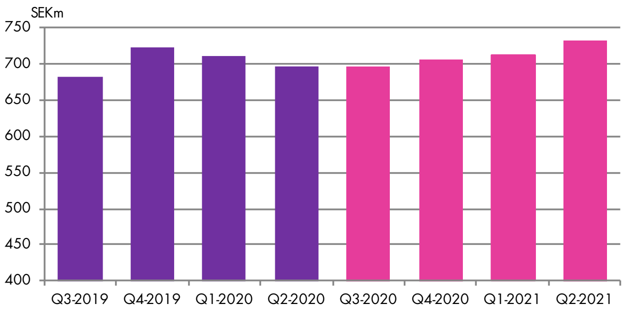
SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change	ffect, SEKm
Rental income, total	1%	27.8
Rent level, commercial income	1%	27.4
Financial occupancy rate	1 percentage point	32.0
Property expenses	1%	7.1
Interest expense, rolling 12 months [1]	+/-1 percentage point	34 / 8
Interest expenses, longer term perspective	1 percentage point	246.9

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.

[1]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, Fabege 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.

The change between the fourth quarter of 2019 and first quarter of 2020 is largely due to the sale of Trängkåren 7.

Human resources

At the end of the period, 192 people (185) were employed by the Group.

Parent Company

Sales during the period amounted to SEK 180m (165) and earnings before appropriations and tax amounted to SEK 279m (3,029). Net investments in property, equipment and shares totalled SEK 0m (0).

LEASE MATURITY STRUCTURE

Maturity, year	No. of leases	Annual value, SEKm	Share, %
2020[1]	314	351	12%
2021	392	372	13%
2022	230	487	17%
2023	202	313	11%
2024	68	165	6%
2025+	111	1,054	37%
Commercial	**1,317**	**2,742**	**96%**
Residentals	123	12	0%
Garage and parking	760	110	4%
Total	**2,200**	**2,864**	**100%**

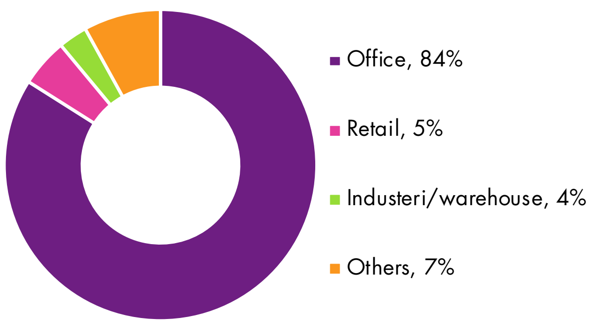
[1] Of which just over SEK 197m has already been renegotiated

BIGGEST CUSTOMERS

	Share[1], %	Valid to year
SEB	6%	2037
Telia Company	5%	2031
ICA Fastigheter Sverige AB	4%	2030
Skatteverket	4%	2022
Swedbank	2%	2029
Migrationsverket	2%	2028
Carnegie Investment Bank AB	2%	2022
Statens Skolverk	2%	2024
Telenor	1%	2028
Svea Ekonomi	1%	2023
Total	**29%**	

[1]Share of contracted rent

RENTAL VALUE PER CATEGORY



Events after balance sheet date

No sicnificant events occurred after the balance sheet date.

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 2019 Annual Report (pages 34–40).

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 2019 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 2019 Annual Report (pages 34–40).

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 debt ratio will amount to a maximum of 13.

Apart from the effects of Covid-19 that have been described on page 3, no material changes in the company's assessment of risks have been made since publication of the 2019 Annual Report.

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 year started strongly with rising rent levels and falling yield requirements on the property market. With society largely shut down due to the spread of Covid-19, there is considerable uncertainty. Although the societies have started to reopen, the uncertainty remains. Exactly what the consequences this will have on unemployment, consumption and society in general is too early to say.

Fabege is affected by Covid-19, as detailed on page 3. However, our strong financial position means we are well placed to cope even in difficult times.

- Our strong balance sheet provides security
- We have a stable customer base
- We have access to financing through our banks
- We have dedicated employees who make a difference

Accounting policies

Fabege 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. Other new or revised IFRS standards or other IFRIC -interpretations that came into effect after 1 January 2020 have not had any material impact on the 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.

Stockholm, 6 July 2020

STEFAN DAHLBO
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, 6 July 2020

Jan Litborn Chairman of the Board	Anette Asklin Board Member	Emma Henriksson 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.

Share information

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

Owners*

Fabege had a total of 41,417 known shareholders at 31 May 2020, including 58.9 per cent Swedish ownership. The 15 largest owners controlled 40.5 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.

Dividend resolutions at the 2020 AGM

At Fabege's AGM on 2 April 2020, the meeting fixed the dividend for 2019 at SEK 3.20 per share, to be paid on two occasions (SEK 1.60 per share on each occasion), the total dividend amounts to SEK 1,050m. It was resolved that the record date for dividends be 6 April 2020 and 6 October 2020 respectively.

Acquisition and transfer of treasury shares

The 2019 AGM passed a resolution mandating the Board, for a period extending up until the next AGM, to acquire and transfer shares in the company. Share buybacks are subject to a limit of 10 per cent of the total number of shares outstanding at any time. During March 2020, 2,500,000 shares were bought back at an average price of SEK 119.49. At 30 June 2020, the company held 2,500,000 treasury shares corresponding to 0.76 per cent of the number of registered shares.

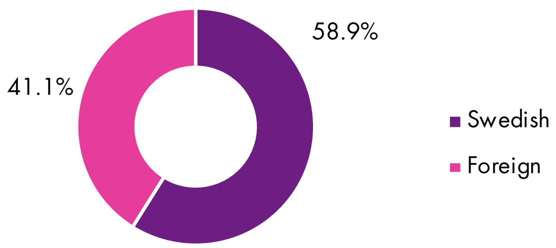
The buyback mandate was renewed at the AGM on 2 April 2020.

TURNOVER AND TRADING* JAN–MAY 2020

	Fabege
Lägsta kurs, kr	100,05
Högsta kurs, kr	185,00
VWAP, kr	133,83
Daglig snittomsättning, kr	146 435 686
Antal omsatta aktier, st	111 608 749
Snitt antal avslut. st	3 955
Antal avslut, st	403 366
Snittvärde per avslut,kr	37 029
Dagomsättning rel. börsvärde, %	0,32

DISTRIBUTION OF OWNERSHIP*, 31/05/2020

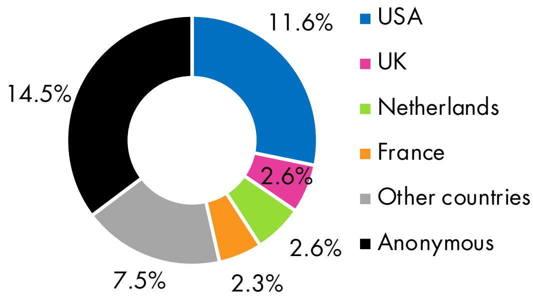
	Number of shares	Capital & votes,%
Foreign institutional owners	75,872,961	22.9
Swedish institutional owners	87,277,133	26.4
Other owners	71,677,163	22.3
Swedish private individuals	46,004,562	13.9
Anonymous ownership	47,451,325	14.4
Holding own shares	2,500,000	0.1
Total	**330,783,144**	**100.00**



OWNER DISTRIBUTION*, 31/05/2020

	Number of shares*	Proportion of equity, %	Proportion of votes,%
Erik Paulsson and company	50,186,718	15.2	15.2
Vanguard	16,303,191	2.9	2.9
Länsförsäkringar Funds	9,684,546	2.7	2.7
AMF Insurance & Funds	9,290,665	2.6	2.6
Mats Qviberg with family	7,481,736	2.3	2.3
Fourth AP-fund	6,508,298	2.1	2.1
E.N.A City AB	6,410,000	1.9	1.9
Handelsbanken Funds	5,366,305	1.7	1.7
BlackRock	5,096,378	1.7	1.7
BMO Global Asset Management	4,945,855	1.6	1.6
Norges Bank	4,569,962	1.5	1.5
Folksam	4,166,516	1.1	1.1
Investment AB Öresund	3,688,272	1.1	1.1
SEB Funds	3,598,551	1.1	1.1
Swedbank Robur Funds	3,302,338	1.0	1.0
Total 15 largest shareholders	**140,599,331**	**40.5**	**40.5**
Other	190,183,813	59.5	59.5
Total no. ofshares outstanding	**328,283,144**	**99.2**	**99.2**
Treasury shares	2,500,000	0.8	0.8
Total no. of registrated shares	**330,783,144**	**100.0**	**100.0**

*The verification date may vary for foreign shareholders.



*Source: Holdings av Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen). Data was not available for 30/06/2020 at the time of publication.

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2020 Apr-Jun	2019 Apr-Jun	2020 jan-jun	2019 jan-jun	2019 jan-dec	Rolling 12 m Jul-Jun
Rental income [1]	696	731	1,407	1,449	2,856	2,814
Property expenses	-170	-177	-361	-386	-712	-687
Net operating income	**526**	**554**	**1,046**	**1,063**	**2,144**	**2,127**
Surplus ratio, %	76%	76%	74%	73%	75%	76%
Central administration	-25	-22	-48	-43	-85	-90
Net interest/expense	-116	-125	-227	-233	-465	-459
Ground rent	-8	-7	-14	-14	-28	-28
Share in profits of associated companies	-18	-25	-29	-32	-34	-31
Profit/loss from property management	**359**	**375**	**728**	**741**	**1,532**	**1,519**
Realised changes in value of properties	0	0	25	0	0	25
Unrealised changes in value of properties	-304	1,798	1,525	3,122	5,743	4,146
Unrealised changes in value, fixed income derivatives	-49	-265	-292	-503	-235	-24
Changes in value of shares	0	1	-1	-2	-6	-5
Profit/loss before tax	**6**	**1,909**	**1,985**	**3,358**	**7,034**	**5,661**
Current tax	0	-3	25	6	27	46
Deferred tax	-21	-264	-451	-574	-1,055	-932
Profit/loss for period/year	**-15**	**1,642**	**1,559**	**2,790**	**6,006**	**4,775**
Items that will not be restated in profit or loss						
Revaluation of defined-benefit pensions	-	-	-	-	-16	-16
Comprehensive income for the period/year	**-15**	**1,642**	**1,559**	**2,790**	**5,990**	**4,759**
Off which attributable to the minority	0	0	0	0	-33	-33
Total comprehensive income attributable to Parent Company shareholders	**-15**	**1,642**	**1,559**	**2,790**	**5,957**	**4,726**
Earnings per share, SEK	-0:05	4:97	4:73	8:44	18:16	21:70
No. of shares at period end, millions	328,283	330,783	328,283	330,783	330,783	330,783
Average no. of shares, thousands	329,846	330,783	329,846	330,783	330,783	330,783

[1] Additional payment, service and other income amounts to SEK 28m for the period January - March 2020.

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2020 Jun 30	2019 Jun 30	2019 Dec 31
Assets			
Properties	73,565	71,821	74,250
Right of ground use	942	942	942
Other tangible fixed assets	15	6	6
Derivative instrument	19	-	58
Financial fixed assets	948	690	810
Current assets	457	652	318
Short-term investments	107	126	134
Cash and cash equivalents	282	15	24
Total assets	**76,335**	**74,252**	**76,542**
Equity and liabilities			
Shareholder's equity	40,278	36,868	40,068
Deferred tax	7,875	6,956	7,431
Other provisions	180	167	182
Interest-bearing liabilities[1]	24,694	27,544	26,414
Lease liability	942	942	942
Derivative instrument	679	636	426
Non-interest-bearing liabilities	1,687	1,139	1,079
Total equity and liabilities	**76,335**	**74,252**	**76,542**

[1] Of which short-term SEK 3,135m (4,565).

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´e quity
Shareholders' equity, 1 January 2019, according to adopted Statement of financial position	5,097	3,017	26,799	34,912	51	34,964
Profit for the period			5,973	5,973	33	6,006
Total income and expenses for the period			**5,973**	**5,973**	**33**	**6,006**
TRANSACTIONS WITH SHAREHOLDERS						
Cash dividend			-876	-876	-10	-886
Total transactions with shareholders			**-876**	**-876**	**-10**	**-886**
Other comprehensive income			-16	-16		-16
Shareholders' equity, 31 December 2019, according to adopted Statement of fir	**5,097**	**3,017**	**31,880**	**39,993**	**74**	**40,068**
Profit for the period			1,559	1,559	0	1,559
Total income and expenses for the period			**1,559**	**1,559**	**0**	**1,559**
TRANSACTIONS WITH SHAREHOLDERS						
			-299	-299		-299
Cash dividend			-525	-525		-525
Decided not paid dividend, SEKm			-525	-525		-525
Total transactions with shareholders			**-299**	**-299**		**-1,349**
Other comprehensive income						
Shareholders' equity, 30 Jun 2020	**5,097**	**3,017**	**33,140**	**41,253**	**74**	**40,278**

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Operations			
Net operating income	1,046	1,063	2,143
Central administration	-48	-43	-85
Reversal of depreciation	3	1	1
Interest received	8	4	9
Interest paid	-278	-280	-556
Income tax paid	25	6	27
Cash flow before changes in working capital	**756**	**751**	**1,539**
Change in working capital			
Change in current receivables	-141	-31	304
Change in current liabilities	77	207	174
Total change in working capital	**-64**	**176**	**478**
Cash flow from operating activities	**692**	**927**	**2,017**
Investing activities			
Investments in new-builds, extensions and conversions	-878	-1,184	-2,518
Acquisition of properties	-440	0	0
Divestment of properties	3,566	151	1,685
Other tangible fixed assets	-138	-295	-437
Cash flow from investing activities	**2,110**	**-1,328**	**-1,270**
Financing activities			
Dividend to shareholders	-525	-877	-877
Transfer of treasury shares	-299	-	-
Loans received	4,250	-13,023	23,376
Amortization of debt	-5,970	14,301	-23,237
Realised changes in value, fixed income derivatives	0	0	0
Cash flow from investing activities	**-2,544**	**401**	**-738**
Cash flow for the period	258	0	9
Cash and cash equivalents at beginning of period	24	15	15
Cash and cash equivalents at end of period	**282**	**15**	**24**

CONSOLIDATED KEY RATIOS

Financial [1]	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Return on capital employed, %	6.7	11.0	11.4
Return on equity, %	7.8	15.5	16.0
Interest coverage ratio, multiple	4.3	4.3	4.4
Equity	53	50	52
Loan-to-value ratio, properties, %	34	38	36
Debt ratio, multiple	12.1	14.2	12.8
Debt/equity ratio, multiple	0.6	0.7	0.7
Share related [1]			
Earnings per share, SEK [2]	4:73	8:44	18:16
Equity per share, SEK	123	111	121
Cash flow from operating activities per share, SEK	2:10	2:40	6:10
Average no. of shares, thousands	329,533	330,783	330,783
No. of outstanding shares at end of period, thousands	328,283	330,783	330,783
Property-related			
No. of properties	88	88	87
Carrying amount, Properties, SEKm	73,565	71,821	74,250
Lettable area, sqm	1,201,000	1,277,000	1,255,000
Financial occupancy rate, %	92	94	94
Total return on properties, %	3.6	6.3	11.5
Surplus ratio, %	74	73	75

[1] Unless otherwise stated, the key figure is not defined under IFRS. Please see page 20 for definitions.

[2] Definitions according to IFRS.

EPRA KEY RATIOS

	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
EPRA Earnings (income from property mgmt after tax), SEKm	626	639	1,325
EPRA Earnings (EPS), SEK/share	1:90	1:93	4:01
EPRA NRV (long term net asset value), MSEK	49,338	44,460	47,867
EPRA NRV, SEK/share	150	134	145
EPRA NTA (long term net asset value), SEKm	47,208	43,084	46,067
EPRA NTA, SEK/share	144	130	139
EPRA NDV (net asset value), SEKm	40,803	36,868	40,068
EPRA NDV, SEK/share	124	112	122
EPRA Vacancy rate, %	8	6	6

DERIVATIVES

Derivatives are measured at fair value in accordance with Level 2. 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

Defered tax attributable to:	2020 Jun 30	2019 Jun 30	2019 Dec 31
- tax loss carryforwards, SEKm	-617	-767	-690
- difference between book value and tax value in respect of properties, SEKm	8,633	7,891	8,322
- derivatives, SEKm	-136	-168	-201
- other, SEKm	-5	0	0
Net debt, deferred tax, SEKm	**7,875**	**6,956**	**7,431**

RECONCILIATION OF KEY RATIOS

Details are provided below regarding reconciliation of the financial key ratios that Fabege 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 debt ratio will amount to a maximum of 13

Equity/assets ratio	2020 Jun 30	2019 Jun 30	2019 Dec 31
Equity, SEKm	40,278	36,868	40,068
Total assets, SEKm	76,335	74,252	76,542
Equity/assets ratio	**53%**	**50%**	**52%**

Loan-to-value ratio, properties	2020 Jun 30	2019 Jun 30	2019 Dec 31
Interst-bearing liabilities, SEKm	24,694	27,544	26,414
Booked value properties, SEKm	73,565	71,821	74,250
Loan-to-value ratio, properties	**34%**	**38%**	**36%**

Debt ratio	2020 Jun 30	2019 Jun 30	2019 Dec 31
Operating surplus, SEKm	2,127	2,030	2,144
Central administration, SEKm	-90	-84	-85
Total, SEKm	**2,037**	**1,946**	**2,059**
Interest-bearing liabilities, SEKm	24,694	27,544	26,414
Debt ratio, multiple	**12.1**	**14.2**	**12.8**

Interst coverage ratio, multiple	2020 Jun 30	2019 Jun 30	2019 Dec 31
Net operating income, SEKm	1,046	1,063	2,144
Ground rent	-14	-14	-28
Central administration, SEKm	-48	-43	-85
Total, SEKm	**984**	**1,006**	**2,031**
Net intrest/expense, SEKm	-227	-233	-465
Interst coverage ratio, multiple	**4.3**	**4.3**	**4.4**

Return on equity	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 jan-jun	2019 Jan-Dec
Profit for the period, SEKm	-15	1,643	1,559	2,790	6,006
Average shareholders' equity, SEKm	40,811	36,485	40,182	35,916	37,516
Return on equity	**-0.1%**	**18.0%**	**7.8%**	**15.5%**	**16.0%**

Total return on properties	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 jan-jun	2019 Jan-Dec
Net operating income, SEKm	526	554	1,046	1,063	2,144
Unrealized and realized value changes properties, SEKm	-304	1,936	1,550	3,260	5,743
Market value including captal investment during the period, SEKm	73,565	70,164	72,040	68,699	68,678
Total return on properties	**0.3%**	**3.5%**	**3.6%**	**6.3%**	**11.5%**

EPRA NRV, EPRA NTA & EPRA NDV	2020 Jan-Jun NRV	2020 Jan-Jun NTA	2020 Jan-Jun NDV	2019 Jan-Jun NRV	2019 Jan-Jun NTA	2019 Jan-Jun NDV	2019 Jan-Dec NRV	2019 Jan-Dec NTA	2019 Jan-Dec NDV
Shareholders' equity, SEKm	40,278	40,278	40,278	36,868	36,868	36,868	40,068	40,068	40,068
Inclusion of decided not paid dividend, SEKm	525	525	525	-	-	-	-	-	-
Inclusion of fixed-income derivatives according to the balance sheet, SEKm	660	660	660	636	636	636	368	368	368
Inclusion of deferred tax according to the balance sheet, SEKm	7,875	7,875	7,875	6,956	6,956	6,956	7,431	7,431	7,431
Exclusion of actual deferred tax, SEKm		-2,130	-2,130		-1,376	-1,376		-1,800	-1,800
Exclusion of fixed-income derivatives according to the balance sheet, SEKm			-660			-636			-368
Inclusion of deferred tax according to the balance sheet after adjustment of actual deferred tax, SEKm			-5,745			-5,580			-5,631
NAV	**49,338**	**47,208**	**40,803**	**44,460**	**43,084**	**36,868**	**47,867**	**46,067**	**40,068**
Number of shares at period end	328.3	328.3	328.3	330.8	330.8	330.8	330.8	330.8	330.8
NAV per share, SEK	**150**	**144**	**124**	**134**	**130**	**111**	**145**	**139**	**121**

EPRA EPS	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Profit from property management, SEKm	728	741	1,532
Tax-deductable depreciation, SEKm	-284	-265	-567
Sum, SEKm	**444**	**476**	**965**
Nominal tax (21,4%), SEKm	102	102	207
EPRA earnings in total, (Profit from property management minus nominal tax) SEKm	**626**	**639**	**1,325**
Number of shares, millions	329.8	330.8	330.8
EPRA EPS, SEK per share	**1:90**	**1:93**	**4:01**

EPRA Vacancy rate	2020 Jan-Jun	2019 Jan-Jun	2020 Jan-Dec
ERV of vacant space, SEKm	265	201	202
Rental value, yearly, entire portfolio, SEKm	3,157	3,104	3,195
EPRA Vacancy rate, %	**8%**	**6%**	**6%**

CONTINGENT LIABILITIES

Contingent liabilities comprise the balance sheet date guarantees and commitments in favour of associated companies of SEK 556m (531) and other 0 (0).

SEGMENT REPORTING – CLASSIFICATIONS AND RECLASSIFICATIONS DURING THE PERIOD

In the first quarter, the project at Fortet 2, Solna, was completed and the property reclassified from a project property to an investment property. No further reclassifications have taken place.

PARENT COMPANY CONDENSED INCOME STATEMENT

SEKm	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Income	180	165	315
Expenses	-256	-245	-356
Net financial items	654	3,611	3,630
Share in profits of associated companies	-6	0	0
Changes in value, fixed-income derivatives	-292	-503	-235
Changes in value, equities	-1	1	-2
Group Contribution	0	0	0
Profit before tax	**279**	**3,029**	**3,352**
Current tax		0	0
Deferred tax	-62	757	60
Profit for the period	**217**	**3,786**	**3,412**

PARENT COMPANY CONDENSED BALANCE SHEET

SEKm	2020 Jun 30	2019 Jun 30	2019 Dec 31
Participation in Group companies	12,516	12,516	12,516
Other fixed assets	42,288	45,198	44,139
of which, receivables from Group companies	*42,111*	*44,289*	*43,865*
Current assets	611	606	642
Cash and cash equivalents	263	2,352	11
Total assets	**55,678**	**60,672**	**57,308**
Shareholders' equity	13,584	15,091	14,717
Provisions	70	70	70
Long-term liabilities	39,001	42,772	39,326
of which, liabilities to Group companies	*17,030*	*16,977*	*17,552*
Current liabilities	3,023	2,739	3,195
Total equity and liabilities	**55,678**	**60,672**	**57,308**

Quarterly overview

CONDENSED INCOME STATEMENT, SEKM

	2020		2019				2018	
SEKm	**Quarter 2**	**Quarter 1**	**Quarter 4**	**Quarter 3**	**Quarter 2**	**Quarter 1**	**Quarter 4**	**Quarter 3**
Rental income	696	711	724	683	731	718	653	627
Property expenses	-170	-191	-185	-141	-177	-209	-167	-146
Net operating income	**526**	**520**	**539**	**542**	**554**	**509**	**486**	**481**
Surplus ratio	76%	73%	74%	79%	76%	71%	74%	77%
Central administration	-25	-23	-21	-21	-22	-21	-20	-21
Net interest expence	-116	-111	-115	-117	-125	-108	-114	-114
Ground rents	-8	-6	-7	-7	-7	-7	-	-
Share in profits of associated companies	-18	-11	-2	0	-25	-7	-1	-23
Profit/loss from property management	**359**	**369**	**394**	**397**	**375**	**366**	**351**	**323**
Realised changes in value of properties	0	25	0	0	0	0	65	0
Unrealised value of properties	-304	1829	1,874	743	1,798	1,324	1,560	847
Unrealised changes in value, fixed-income derivatives	-49	-243	483	-215	-265	-238	-125	103
Changes in value, equities	0	-1	0	4	1	-3	-1	4
Profit for the period/year	**6**	**1,979**	**2,755**	**921**	**1,909**	**1,449**	**1,850**	**1,277**
Current tax	0	25	21	0	-3	9	-6	-1
Deferred tax	-21	-430	-274	-207	-264	-310	-412	-186
Comprehensive income for the period	**-15**	**1,574**	**2,502**	**714**	**1,642**	**1,148**	**1,432**	**1,090**

CONDENSED FINANCIAL POSITION, SEKM

	2020		2019				2018	
SEKm	**Quarter 2**	**Quarter 1**	**Quarter 4**	**Quarter 3**	**Quarter 2**	**Quarter 1**	**Quarter 4**	**Quarter 3**
Assets								
Properties	73,565	72,996	74,250	71,591	71,821	69,616	67,634	65,024
Right of ground use	942	942	942	942	942	942	-	-
Other tangible fixed assets	15	6	6	6	6	3	3	3
Derivative instruments	19	31	58	-	-	-	-	-
Financial fixed assets	948	911	813	758	690	424	429	409
Current assets	457	479	342	559	652	735	622	549
Short-term investments	107	130	134	126	126	128	127	154
Cash and cash equivalents	282	195	24	16	15	66	15	61
Total assets	**76,335**	**75,690**	**76,569**	**73,998**	**74,252**	**71,914**	**68,830**	**66,200**
Equitites and liabilities								
Shareholders' equity	40,278	41,343	40,068	37,582	36,868	36,102	34,964	33,532
Deferred tax	7,875	7,853	7,431	7,162	6,956	6,691	6,381	5,991
Other provisions	180	181	182	167	167	167	166	229
Interest-bearing liabilities	24,694	23,472	26,414	26,001	27,544	26,518	26,275	25,435
Leasing Debt	942	942	942	942	942	942	-	-
Derivative instruments	679	641	426	851	636	371	132	39
Non-interest bearing liabilitis	1,687	1,258	1,106	1,293	1,139	1,123	912	974
Total equity and liabilities	**76,335**	**75,690**	**76,569**	**73,998**	**74,252**	**71,914**	**68,830**	**66,200**

KEY RATIOS

	2020		2019				2018	
	Quarter 2	**Quarter 1**	**Quarter 4**	**Quarter 3**	**Quarter 2**	**Quarter 1**	**Quarter 4**	**Quarter 3**
Financial[1]								
Return on capital employed, %	0.7	12.5	17.2	6.3	12.5	9.9	13.0	9.5
Return on equtiy, %	-0.1	15.5	25.8	7.7	18.0	12.9	16.7	13.2
Interest coverage ratio, multiple[2]	4.3	4.4	4.4	4.4	4.2	4.5	4.1	4.0
Equity/assets ratio, %	53	55	52	51	50	50	51	51
Loan-to-value ratio, properties, %	34	32	36	36	38	38	39	39
Debt ratio, multiple	12.1	11.4	12.8	13.0	14.2	14.2	14.6	14.5
Debt/equity raio, multiple	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
Share-related[1]								
Earnings per share, SEK[2]	-0:05	4:78	7:56	2:16	4:97	3:47	4:33	3:29
Total earnings per share, SEK	123	126	121	114	111	109	106	101
Cash flow from operating activities per share, SEK	0:89	1:21	1:34	0:56	1:40	1:40	0:36	1:23
No. of shares outstanding at the end of the period, thousands	328,283	328,283	330,783	330,783	330,783	330,783	330,783	330,783
Average no. of shares, thousands	329,533	329,533	330,783	330,783	330,783	330,783	330,783	330,783
Property-related								
Financial occupancy rate, %	92	94	94	94	94	94	94	95
Total return on properties, %	0.3	3.4	3.3	1.8	3.5	2.7	3.2	2.1
Surplus ratio, %	76	73	74	79	76	71	74	77

[1] Unless otherwise stated, the key figure is not defined under IFRS. Please see page 20 for definitions.

[2] 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.

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.

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

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 NDV – NET DISPOSAL VALUE
Shareholders' equity according to balance sheet.

EPRA NRV – NET REINSTATEMENT VALUE
Shareholders' equity according to balance sheet following the reversal of fixed-income derivatives and deferred tax according to the balance sheet.

EPRA NTA – NET TANGIBLE ASSETS
Shareholders' equity according to balance sheet following the reversal of fixed-income derivatives and deferred tax according to the balance sheet. Adjusted for actual deferred tax instead of nominal deferred tax.

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 outstanding at the end of the period.

FINANCIAL OCCUPANCY RATE*
Lease value divided by rental value at the end of the period.

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

INVESTMENT PROPERTIES*
Properties that are being actively managed on an ongoing basis.

LAND AND PROJECT PROPERTIES*
Land and development properties and properties in which a new construction/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.

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 (excluding initial value) in project and development properties
during the period.

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

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.

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

Fabege 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.

Fabege 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 Fabege's extensive local expertise, creates a solid foundation for efficient property management and high occupancy.

At 30 June 2020, Fabege owned 88 properties with a total market value of SEK 73.6bn. The rental value was SEK 3.2bn.

Business concept

Fabege works with sustainable city district development, with a primary focus on commercial properties within a limited number of submarkets in good locations in the Stockholm area.

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

Business model

Fabege conducts activities in three business areas: Property Management, Property Development and Transactions.

Strategy for growth

Fabege'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. Fabege'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 Fabege's customers.

Value-driving factors

A number of external factors affect Fabege's business activities and these, together with the transaction volume and trends in the office market 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 increasing at the fastest rate. Forecasts suggest that by the year 2030, Stockholm County will have half a million more inhabitants than it currently has. The largest growth is amongst people in the active labour force, which is boosting demand for office premises.

Changing demand

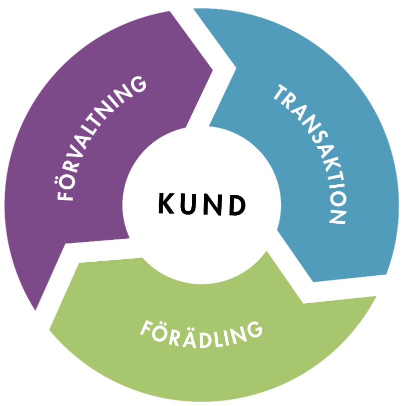
New technology and new working methods are fuelling demand for flexible and space-efficient premises in prime locations. Excellent peripheral services and good communication links in the form of public transport are in increasing demand, as are environmentally certified offices and green leases.

Economic trends

The property market is impacted by trends in both the Swedish and the global economy. 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 materials 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 interest in the environment.



PROPERTY MANAGEMENT

The essence of Fabege'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. Fabege 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 Fabege'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

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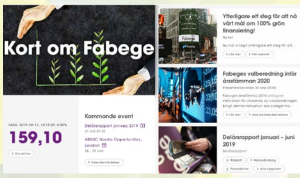
Interim report Jan–March 2020	21 April 2020, 7.30 am CET
Interim report Jan–June 2020	6 July 2020, 7.30 am CET
Interim report Jan–Sep 2020	20 October 2020, 7.30 am CET
Year-end report 2020	4 February 2021, 12.00 noon CET



There will also be a web presentation on the Group's website on 6 July 2020, during which Stefan Dahlbo and Åsa Bergström will present the report.

Press releases during the second quarter 2020[1]

02/04/2020	Resolution by Fabege's Annual General Meeting on 2020
21/04/2020	Interim report January–March 2020
08/05/2020	Fabege acquires property in Hammarby Sjöstad
11/05/2020	Fast-growing technology company signs contract with Fabege

[1]Including regulatory and non-regulatory press releases.

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