

# Q4

2020

## Summary, SEKm

	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Rental income	703	724	2,806	2,856
Net operating income	528	539	2,112	2,144
Profit from property management	370	394	1,474	1,532
Profit before tax	1,279	2,755	4,007	7,034
Profit after tax	1,034	2,502	3,167	6,006
Net lettings	-49	55	-45	-37
Surplus ratio,%	75	74	75	75
Loan-to-value ratio, properties, %	-	-	35	36
EPRA NRV, SEK per share	-	-	155	145

## January – December 2020<sup>1</sup>

- Rental income amounted to SEK 2,806m (2,856). The decline compared to the previous year was primarily due to property sales. Rebates and provisions during the year owing to the coronavirus pandemic amounted to SEK 64m, SEK 18m of which was repaid to Fabege via the government rent support package. In an identical portfolio, income rose by approximately 5 per cent (14).
- Net operating income amounted to SEK 2,112m (2,144). In an identical portfolio, net operating income rose by approximately 6 per cent (16).
- The surplus ratio was 75 per cent (75).
- Earnings from property management totalled SEK 1,474m (1,532).
- Realised and unrealised changes in value amounted to SEK 2,764m (5,743) in properties and SEK -229m (-235) in fixed-income derivatives.
- Profit for the year before tax amounted to SEK 4,007m (7,034).
- After-tax profit for the year amounted to SEK 3,167m (6,006), corresponding to SEK 9.65 per share (18.16).
- Net lettings in the fourth quarter totalled SEK -49m (55). Net lettings for the full year totalled SEK -45m (-37).
- Rent levels in renegotiated leases increased by an average of 20 per cent (19).
- The equity/assets ratio was 52 per cent (52) and the loan-to-value ratio was 35 per cent (36).
- The Board of Directors proposes a dividend of SEK 3.60 per share (3.20) to be paid on two occasions in April and October in the amount of SEK 1.80 per share on each occasion.

<sup>1</sup> The comparison figures for income and expense items relate to values for the January–December 2019 period and for balance sheet items at 31 December 2019.

<sup>2</sup> For key performance indicator definitions, see page 21.



Stefan Dahlbo, CEO

## A challenging year but our foundations remain firm

2020 will go down in history as a year that featured dramatic events, major fluctuations and many surprises. A year that began with much promise soon came to demand significant adjustments of us all, both on a personal level and for society as a whole. The economic trend was largely determined by the pandemic and its rapid spread.

Despite the various challenges during the year, we have managed to deliver healthy net operating income, a strong surplus ratio and growth in the value of the portfolio, while maintaining a strong financial position. Our projects are progressing and we completed two acquisitions.

But even for us here at Fabege, 2020 has naturally been overshadowed by the pandemic and its consequences. A great deal of time has been devoted to dialogue with our customers. Fabege's goal is at all times to be an effective partner; to be able to respond and develop alongside our customers. We have supported the service industry in our portfolio by buying almost 20,000 lunches, which we donated to the City Mission and our hospitals in Stockholm.

### Market 2020

Despite this exceptional period, both rent levels and valuations have held up well during the year. In renegotiations, the average increase in the rental value was 20 per cent. The volume of renegotiations declined due to several negotiations being postponed because of the pandemic. Changes in value totalled SEK 2,715m, and expectations regarding rent levels in valuations are consistent with signed lease levels.

Our net lettings amounted to SEK -45m, largely as a consequence of lease terminations for potential development properties, but also because for various reasons customers have opted to terminate leases or reduce their office space. Of course there are those among our and other companies' customers who want, or who have no choice but to change their office structure due to current circumstances.

Our vacancy rate has increased during the past year. We have bolstered our lettings team and will in 2021 focus on raising the occupancy rate in the management portfolio.

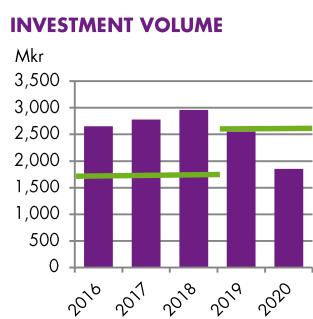
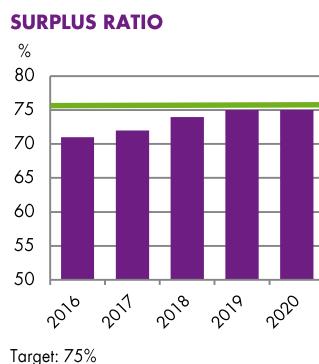
We repurchased shares during the year as a tool for generating shareholder value. A total of 4.6 million shares were repurchased at an average price of SEK 118.16. With a net asset value (EPRA NRV) of SEK 155/share, it was the best portfolio we could acquire in 2020.

### Looking ahead

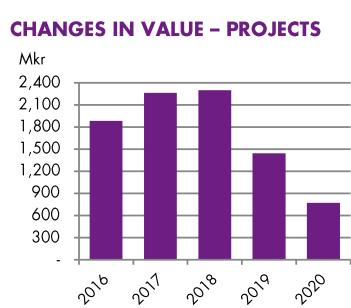
I am confident that our focus on Stockholm, and primarily office properties, is a recipe for success for the future as well. We will be launching several redevelopment projects and new building projects in 2021. I stand firmly by our goal of investing SEK 10bn over a four-year period. Over the next few years we will be devoting more time and energy to creating value from all our housing development rights as well. These development rights have often been generated in our urban development work. The development rights equate to a total of just over 8,000 apartments, mainly in Solna and Flemingsberg.

Many question marks remain and there is a great deal of uncertainty regarding what 2021 has in store. We don't know how quickly the vaccination programme will be rolled out, and what the pace of recovery will be like, or what the 'new normal' will be, post pandemic. But it's been a positive start to the year. In Q1, we signed a 12-year lease for approx. 7,600 sqm with Convendum in the Bocken 39, Kungsgatan 9 property, with annual rent of SEK 62m. The capital market has also recovered to pre-corona levels, evidence of which came with a successful bond issue at the end of January, when we issued SEK 700m with five and six-year maturities, attracting considerable interest from investors. During the quarter, Bilia will also be moving into its new premises in Haga Norra, sales have started of the first apartments with a very positive response, and in Arenastaden, Choice will be taking over its new offices.

Fabege enjoys a strong financial position, which means we are able to cope well even in difficult times, and harness any opportunities that may arise. Several of our key performance indicators are stronger at the start of 2021 than they were in 2020. Our properties are modern and well-managed, and situated in attractive locations. We have a unique development rights portfolio with considerable potential. We have stable customers. Fabege's employees are motivated and capable. We are well prepared and the Board is therefore proposing an increase in the dividend of approximately 12 per cent to SEK 3.60/share, to be distributed on two occasions.



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



# 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

- Just over 20,000 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.

## Support to tenants

- Due to the pandemic, Fabege has granted rebates totalling SEK 64m, SEK 18m of which has been repaid via the government rent support package for 2020.
- The government has proposed a new rent support package for Q1 2021, with a similar arrangement in which landlords are reimbursed 50 per cent of the rebate granted. It is proposed that the new rent support apply for the first quarter of 2021.

## 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. In total, rebates have been granted during the year totalling SEK 64m, SEK 18m of which is being repaid via the government rent support package. The net amount has reduced rental income for the year. Furthermore, we have made provisions regarding deferrals granted with payments of SEK 18m. We believe that some of our customers will be needing support at the start of 2021 as well.

## Financing

Access to financing on the capital market came to a standstill at the start of the pandemic in March and April, but gradually recovered in the lead up to the summer and particularly quickly at the start of the autumn. Following a period of uncertainty at the end of the autumn, the new year has begun on a positive note, with interest and margins at pre-pandemic levels. During the year, Fabege has been active on both the commercial paper and bond markets, and been able to take advantage of good issue opportunities. We have also refinanced bank loans at attractive levels during the period.

We now have just a few financing maturities over the coming year, no bank facilities are due to lapse until 2022 and we have bonds totalling SEK 900m due to mature in 2021. 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 using existing credit facilities in banks, if required.

Fabege is a strong brand, both with the banks and on the capital market, and our strategy of allocating financing across several different sources, spreading refinancing over time and relying exclusively on green financing is a strength.

## Projects

All our projects are proceeding according to schedule. We have managed to staff our projects and keep to our schedules by planning ahead.

## Property values

The property portfolio is valued according to a well-established process. Many of our properties have been independently valued several times during the year. Before the end of the year, around 30 per cent of the portfolio was again independently valued by Newsec and Cushman Wakefield. Overall, the average yield requirement in the portfolio declined to 3.88 per cent during the year, and the total unrealised change in value amounted to SEK 2.7bn.

## Employees

All employees continued to work 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. 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 three surveys during the year, all of which reveal that our employees are coping well and that working from home is effective, but that we miss meeting at the office.

## Fabege is stable

As for so many other companies, the coronavirus pandemic is having a negative impact on the business, albeit limited for Fabege. Our stable financial position provides reassurance and a firm foundation.

- We have a strong balance sheet with a high equity ratio
- We have a stable customer base
- We have good access to financing through capital markets and our banks
- We have dedicated employees who make a difference
- We have a modern and attractive property portfolio in prime locations

# Earnings Jan-Dec 2020<sup>1</sup>

**Net operating income and profit from property management declined somewhat, mainly due to property divestments. Both the investment property portfolio and the project portfolio contributed positive changes in value during the year.**

## Revenues and earnings

Profit after tax for the year was SEK 3,167m (6,006), corresponding to earnings per share of SEK 9.65 (18.16). Profit for the year before tax amounted to SEK 4,007m (7,034). Slightly lower earnings from property management and lower changes in value meant that profit before tax declined in comparison with the year-earlier period.

Rental income decreased to SEK 2,806m (2,856), while net operating income fell to SEK 2,112m (2,144). The divestment of Pelaren 1 and Trängkåren 7 meant that rental income fell by SEK 188 million against a comparable period. In an identical portfolio, rental income grew by roughly 5 per cent (14), just over half of which related to growth through tenants moving into completed project properties. Rebates and provisions during the year owing to the coronavirus pandemic amounted to SEK 64m, SEK 18m of which was repaid to Fabege via the government rent support package. The remaining increase in an identical portfolio related to net vacancies prior to projects and growth as a result of new lettings and renegotiated rent levels. The lower running costs were mainly due to lower electricity and heating costs as a result of the mild winter. Net operating income in an identical portfolio rose by approximately 6 per cent (16). Overall, the surplus ratio amounted to 75 per cent (75).

Realised changes in value of SEK 49m (0) related to reversed provisions from previous transactions.

Total unrealised changes in value amounted to SEK 2,715m (5,743). The unrealised change in the value of the investment property portfolio of SEK 1,941m (4,129) was mainly attributable to increased rent levels for new lettings and renegotiations and lower yield requirements. The amount included unrealised changes in value of SEK 43m relating to properties sold. During the year the average yield requirement declined by 0.09 percentage points to 3.88 per cent (3.97).

The project portfolio contributed to an unrealised change in value of SEK 744m (1,443), mainly due to development gains in major project properties.

The share in earnings of associated companies was SEK -53m (-64) and mainly related to a capital contribution to Arenabolaget. Operations at Friends Arena have been negatively impacted by the pandemic and the fact that events have been cancelled.

Unrealised changes in value in the derivatives portfolio totalled SEK -229m (-235). The extension of the fixed-rate term and low long-term interest rates led to an increase in the deficit value during the year. Net interest items amounted to SEK -462m (-465).

## Segment reporting

The Property Management segment generated net operating income of SEK 2,076m (2,098), representing a surplus ratio of 78 per cent (76). The occupancy rate was 92 per cent (94). Earnings from property management totalled SEK 1,511m (1,551). Unrealised changes in the value of properties amounted to SEK 1,898m (4,129).

The Property Development segment generated net operating income of SEK 36m (46), giving a surplus ratio of 24 per cent (42). Earnings from property management totalled SEK -38m (-19). Unrealised changes in the value of properties amounted to SEK 774m (1,443).

Earnings from transactions amounted to SEK 92m (171) including unrealised changes in value relating to Sadelplatsen 1, which was divested, to be vacated in April/March 2021.

## Quarter 4 in brief

- Continued uncertainty regarding the future trend on the rental market.
- The effect of Covid-19 is mainly that certain renegotiations have been postponed, and the process up to signing is taking longer.
- New lettings totalled SEK 42m (129) and net lettings amounted to SEK -49m (55).
- Rental income fell to SEK 703m (724).
- The surplus ratio was 75 per cent (74).
- Earnings from property management totalled SEK 370m (394).
- The property portfolio showed unrealised value growth of SEK 799m (1,878), of which projects accounted for SEK 439m (217).
- Unrealised changes in value in the derivatives portfolio totalled SEK 87m (483).
- After-tax earnings for the quarter amounted to SEK 1,034m (2,502).

## BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

	2020 SEKm	2019 Jan-Dec
Profit from Property Management activities	1,511	1,551
Changes in value [portfolio of investment properties]	1,898	4,129
<b>Contribution from Property Management</b>	<b>3,409</b>	<b>5,680</b>
Profit from Property Management activities	-38	-19
Changes in value [profit from Property Development]	774	1,443
<b>Contribution from Property Development</b>	<b>736</b>	<b>1,424</b>
Realised changes in value	92	171
<b>Contribution from Transactions</b>	<b>92</b>	<b>171</b>
<b>Total contribution from the operation</b>	<b>4,237</b>	<b>7,275</b>

**3.7%**  
**Value growth**  
**in the property portfolio**

<sup>1</sup> The comparison figures for income and expense items relate to values for the January–December 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 has a firm belief in the ability of the financial market to contribute to a more sustainable society, and is keen to play an active part in its transition towards greater accountability. The company has worked closely with its creditors in order to achieve this, including in the development of green loan products. In the fourth quarter, the last three loan agreements were converted to green agreements, which meant that the company achieved its target of all financing, both capital market and bank financing, being sustainable. At year-end, the company had green bonds of SEK 7,950m and green commercial paper totalling SEK 2,025m outstanding within the green framework. In addition there are green loans of SEK 15,170m and green covered bonds via the co-owned company SFF totalling SEK 1,524m.

Fabege's fixed-rate period at year-end was 4.1 years. 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.

During the year, the capital market has continually reacted to the current pandemic situation. A swift recovery at the end of the summer and start of autumn was reversed again when the situation deteriorated at the end of autumn. Following hopes of a rapid vaccination rollout, the start of the new year has shown signs of greater optimism and we are once again seeing price levels that are beginning to resemble pre-pandemic levels, as well as high demand, particularly for green bonds. This was confirmed for Fabege by a successful issue of SEK 700m at the end of January.

Net financial items included other financial expenses of SEK 31m, which mainly related to accrued opening charges for credit agreements and costs relating to bond and commercial paper programmes. During the period, interest totalling SEK 27m (13) relating to project properties was capitalised.

### FINANCING, 31/12/2020

	2020-12-31	2019-12-31
Interest-bearing liabilities, SEKm	26,669	26,414
of which outstanding MTN, SEKm	7,950	6,850
of which outstanding SFF, SEKm	1,524	2,085
of which outstanding commercial paper, SEKm	2,025	1,980
Unutilized facilities, SEKm	3,867	4,580
Capital maturity, year	5.2	5.8
Fixed-rate period, year	4.1	4.5
Fixed-rate, share of the portfolio, %	74	73
Derivative market value, SEKm	-597	-368
Average interest, incl. facilities, %	1.77	1.80
Average interest excl. facilities, %	1.67	1.72
Unsecured assets, %	36.5	28.0
Loan-to-value, %	34.8	36.0

### GREEN FINANCING, 31/12/2020

	Credit lines	Outstanding loans and bonds
Green MTN-bonds, SEKm	7,950	7,950
Green bonds vis SFF, SEKm	1,524	1,524
Green commercial paper, SEKm	5,000	2,025
Green loans, other, SEKm	21,066	15,170
Total green financing, SEKm	35,540	26,669
Share of green financing, %	100	100
Total green facilities, SEKm	56,916	
of which free green facilities, SEKm	21,629	

### INTEREST RATE MATURITY STRUCTURE, 31/12/2020

	Amount SEKm	Average interest rate, %	Share, %
< 1 year	6,844	3.86	26
1-2 years	1,000	0.02	4
2-3 years	2,150	0.96	8
3-4 years	2,900	0.74	11
4-5 years	2,600	0.97	10
5-6 years	2,700	0.84	10
6-7 years	2,800	1.00	10
7-8 years	3,276	1.57	12
8-9 years	2,000	0.60	7
9-10 years	400	0.19	1
<b>Total</b>	<b>26,669</b>	<b>1.67</b>	<b>100</b>

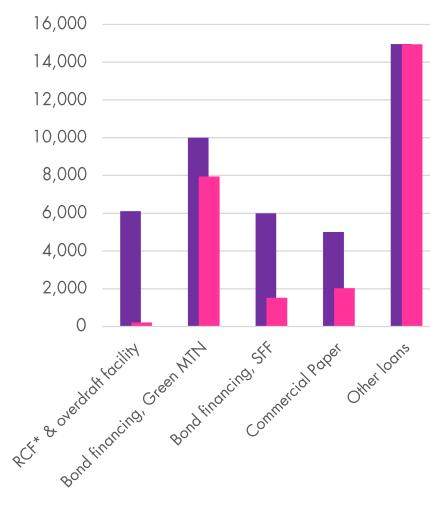
The average interest rate for the < 1 year period includes the margin for the variable portion of the debt portfolio, because the company's fixed-interest term is established using interest rate swaps, which are traded without margins.

### LOAN MATURITY STRUCTURE, 31/12/2020

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	2,025
< 1 year	1,310	900
1-2 years	11,412	8,512
2-3 years	3,900	2,618
3-4 years	3,850	2,550
4-5 years	1,555	1,555
5-10 years	3,706	3,706
10-15 years	3,550	3,550
15-20 years	1,253	1,253
<b>Total</b>	<b>35,537</b>	<b>26,669</b>

### BREAKDOWN OF SOURCES OF FUNDING, SEKm

31/12/2020



\* RCF= Revolving credit facilities

## Tax

Tax on profit for the year amounted to SEK -840m (-1,028). Current tax of SEK 24m 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 2020. 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 new regulations relating to restrictions on interest deductions that came into force on 1 January 2019 are not deemed to have any material impact on tax paid.

## Financial position and net asset value

Shareholders' equity amounted to SEK 41,542m (40,068) at year-end and the equity/assets ratio was 52 per cent (52). Equity per share attributable to Parent Company shareholders totalled SEK 127 (121). EPRA NRV was SEK 155 per share (145).

## Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 1,513m (1,539). Change in working capital had an impact on cash flow of SEK -164m (478). Investing activities had an impact of SEK 82m (-1,270) on cash flow, while financing activities had an impact of SEK -1,435m (-738) on cash flow. In investing activities, cash flow was driven by property transactions and projects. Cash and cash equivalents declined by a total of SEK 4m (9) during the year.

## 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 155/share

## EPRA NRV 31 Dec 2020

### FABEGE NAMED GLOBAL LEADER IN SUSTAINABILITY

GRESB (Global Real Estate Sustainability Benchmark) produces an annual ranking of the property sector from a sustainability perspective. In this year's survey, Fabege achieved 93 points, which means that the company is ranked as a global leader in the Office sector in the category of listed real estate companies. The assessment covers a broad range of areas, including environmental aspects, social sustainability, governance and monitoring.

The companies surveyed represent more than USD 5.3 billion in assets under management, and GRESB's data is used by more than 100 institutional and financial investors to monitor investments and navigate the strategic choices required for the industry to transition to a long-term sustainable future.



# Operations Jan-Dec 2020<sup>1</sup>

**The projects progressed according to plan. Acquisitions and investments amounted to SEK 3.2m. Net lettings totalled SEK –45m. Renegotiations declined in volume as but made a positive contribution to the rental value of 20 per cent.**

## 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. At 31 December 2020, Fabege owned 94 properties with a combined rental value of SEK 3.2bn, a lettable area of 1.2 million sqm and a carrying amount of SEK 76.6bn, of which development and project properties account for SEK 11.3bn. The financial occupancy rate for the entire portfolio, including project properties, dropped to 91 per cent (94). The decline is primarily attributable to the vacation of the Glädjen 13 property in Västra Kungsholmen, which was announced some time ago, and acquired vacancies. The occupancy rate in the investment property portfolio was 92 per cent (94).

During the year, 114 (165) new leases were signed at a total rental value of SEK 157m (246), with 96 per cent of the space pertaining to green leases. Lease terminations amounted to SEK –202m (–283). Net lettings totalled SEK –45m (–37). Leases totalling SEK 115m (275) were renegotiated, with an average rise in rental value of 20 per cent (19). However, the volume of renegotiations has declined due to several negotiations being postponed because of the pandemic. The retention rate during the period was 65 per cent (70).

## Changes in the property portfolio

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 year-end with a property value of SEK 35m. Two properties were acquired in the second quarter: Päsen 1 in Hammarby Sjöstad and a land property in Arenastaden for a purchase price totalling SEK 440m. In the third quarter, Regulatorn 2 in Flemingsberg was acquired for a purchase price of SEK 760m. September also saw the formal handover of the development right Poolen 1, Arenastaden.

During the first quarter, a land property in Vallentuna was sold for a purchase price of SEK 58m. During the fourth quarter, Sadelplatsen 2 in Solna was sold for a purchase price of SEK 260m with resignation on March 26 2021. Including a reversal of a provision for previously divested properties, realised changes in value amounted to SEK 49m (0). Furthermore, Hagalund 2:2, Haga Norra, has been divided up into six properties.

## 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 30 per cent of the portfolio was independently valued in the fourth 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 76.6bn (74.3).

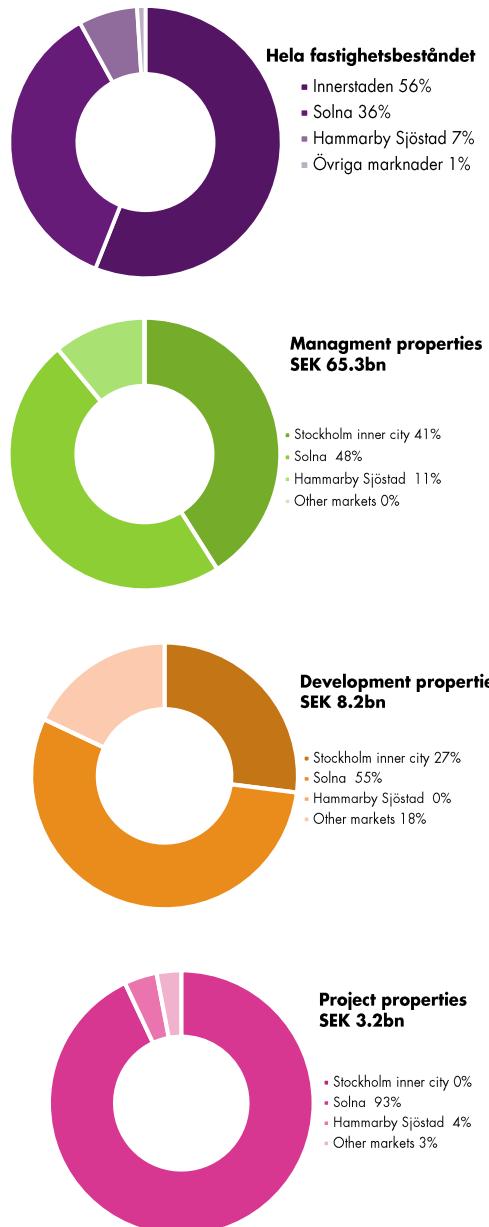
Unrealised changes in value totalled SEK 2,715m (5,743). Expectations regarding rent levels in valuations are consistent with signed lease levels. During the year the average yield requirement declined by 0.09 per cent to 3.88 (3.97).

The change in the value of the investment property portfolio amounted to SEK 1,941m (4,129), of which SEK 43m related to properties sold.

The project portfolio contributed to an unrealised change in value of SEK 774m (1,443). The change in value of the project portfolio was mainly due to development gains in major project properties.

## BREAKDOWN OF MARKET VALUE

31/12/2020



<sup>1</sup> The comparison figures for income and expense items relate to values for the January–December 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 94 properties, 59 were certified by the end of the period. Overall, this represents 82 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.

Work has been underway this current year to upgrade several certifications in the existing portfolio, and during the period a further eight properties were upgraded, two of which moved up to 'Excellent' and six to 'Very Good'.

## 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 green framework has increased the proportion of green financing sources. All Fabege's creditors can now offer green financing, and the aim of 100 per cent green financing was achieved just before year-end.

Find out more about Fabege's green financing at [www.fabege.se/gronfinansiering](http://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. In 2020, Fabege's average energy consumption was 74 kWh / sqm (accumulated twelve months' outcome.). 2020 was a special year with a mild winter and low consumption due to the fact that many offices were not used as tenants during the pandemic chose to work from home. The target for 2023 of an average energy use of 77 kWh / sqm remains. 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.

## Sustainable Fabege according to GRESB and CICERO

In this year's survey by GRESB, Fabege achieved 93 points, which means that the company is ranked as a global leader in the Office sector in the category of listed real estate companies. The assessment covers a broad range of areas, including environmental aspects, social sustainability, governance and monitoring.

In the autumn, CICERO Shades of Green carried out an assessment of Fabege. The results reveal that 95 per cent of Fabege's revenue and investments for 2020 were classified as green. Furthermore, Fabege has received CICERO's highest rating, 'excellent,' in an assessment of the company's sustainability governance. CICERO has concluded that Fabege has a comprehensive sustainability strategy, including ambitious climate targets. CICERO evaluates bonds and shares from a sustainability perspective. The evaluation approach for equities is built on a quantitative and qualitative analysis of a company's entire operations, in which both revenue streams and investments are classified in three shades of green (or brown) depending on their compatibility with a carbon-neutral future. The evaluation also examines the company's governance and strategies associated with sustainability

## 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.

Fabege has been linked up with the Science Based Targets initiative since 2019, and has thus taken an initial step in reorganising the business to help achieve the 1.5-degree target

## Reduced carbon footprint in projects

In 2020, we began work on retroactively calculating our climate impact from Scope 3 emissions during the base year of 2019, which is a major challenge. We have also set up the ambitious target of cutting our carbon footprint within Scope 3 by half by the year 2030. Achieving this target will require us to use innovative approaches in our project development, involving reuse, choice of materials, new technology and imposing stringent requirements during procurement processes.

## Sustainable urban development

Work is underway with the support of Citylab on ensuring a sustainable Arenastaden, in partnership with the City of Solna and Sweden Green Building Council. Citylab is Sweden's first certification system for sustainable urban development, and it includes an evaluation element that answers the question: How sustainable was it?

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**100%**  
**Green financing**

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## SUSTAINABILITY PERFORMANCE MEASURES

	2020	2019	2018	Target
Energy performance, kWh/sqm Atemp	74	81	98	Average max. 77 kWh/sqm Atemp
Proportion of renewable energy, %	96	91	91	100
Environment certification, number of	59	56	56	
Environment certification, of total area, %	82	83	82	100
Green lease, share of total office space	96	94	90	100
Green lease, share of newly signed area, %	73	75	71	100
Green financing, %	100	84	60	100
Satisfied employees, confidence rating, %	79	74	78	2021 minst 85%
GRESB, points	93	94	86	>90

## 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 year, investments in existing properties and projects totalled SEK 1,854m (2,556), of which investments in projects and development properties accounted for SEK 1,353m (1,544).

The capital invested in the investment property portfolio, which amounted to SEK 501m (1,012) 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, and Fräsaren 12 in Solna Business Park was also completed during the year. 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 2:11 property in Solna is proceeding with the construction of Bilia's new facility. The investment is expected to amount to roughly SEK 1,152m and the facility will be ready by the first quarter of 2021. Work is currently underway on completion and final inspection in preparation for Bilia's move.

The project to construct a hotel, long-stay accommodation and offices at the Nation-alarenan 3 property in Arenastaden has also entered the final stages prior to Choice taking up occupancy on 1 April 2021. The building is designed to be a zero-energy structure and will be certified to BREEAM-SE standard, Excellent. The total investment has been estimated at SEK 772m.

The Poolen project is progressing as planned and work is underway on erecting the frame. The acquisition of the development right was implemented as planned in September. The property includes approx. 29,000 sqm of lettable office space, and will be constructed in a 3D reallocation above the swimming pool being built by Solna Municipality. The investment is estimated at SEK 1,103m. With TietoEvry having signed a lease to rent approximately 22,000 sqm, occupancy is at 75 per cent.

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, including Fabege's new headquarters. The investment is estimated at SEK 189m. The property will be completed ready for occupancy in the first and second quarters of 2021. Work is currently continuing on installations, painting and furnishings. The occupancy rate is 73 per cent.

Redevelopment work has begun at Glädjen 2, Stadshagen, following the premises being vacated by former tenant LRF. The investment is estimated at SEK 177m. The occupancy rate is 12 per cent since Electrolux signed a lease.

A further two projects will be launched in 2021 following lettings and a decision by the Board. These relate to part of Regulatorn 2, Flemingsberg, where Fabege is planning construction for the Royal Swedish Opera and Royal Dramatic Theatre, as well as Bocken 39 on Kungs-gatan, which is to be upgraded and customised for Convendum.

## CHANGES IN PROPERTY VALUES 2020

Changes in property value	2020
Opening fair value 2020-01-01	74,250
Property acquisitions	1,370
Investments in new builds, extensions and conversions	1,854
Changes in value	2,715
Sales and disposals <sup>1</sup>	-3,541
<b>Closing fair value 31/12/20</b>	<b>76,648</b>

<sup>1</sup> Refers disposal of Trängkären 7

## TOTAL INVESTMENTS, JAN-DEC 2020

Total investments	
Investments in project- & development properties	1,353
Investments in management properties	501
<b>Total investments</b>	<b>1,854</b>

## AVERAGE YIELD REQUIREMENT

### PER AREA, 31/12/2020

Area	Average yield, %
Stockholm city	3.60
Solna	4.00
Hammarby Sjöstad	4.20
Other	5.48
<b>Average yield</b>	<b>3.88</b>

## PROPERTY ACQUISITIONS JAN-DEC 2020

Property name	Area	Category	Lettable area, sqm
<b>Quarter 2</b>			
Järva 3:7	Arenastaden	Land	0
Påsen 1	Hammarby Sjöstad	Office	9,884
<b>Quarter 3</b>			
Regulatorn 2	Flemingsberg	Office	43,157
Poolen 1	Arenastaden	Mark	0
<b>Total acquisitions</b>			<b>53,041</b>

## SALE OF PROPERTIES JAN-DEC 2020

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

## 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 was completed in the autumn, and 53 of 77 apartments have been sold, corresponding to a selling rate of 69 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 is estimated to total SEK 288m excluding purchase of the land. 67 per cent of the project's 134 apartments have been leased via binding preliminary contracts. Now that the external work has been largely completed, work is underway on installations and interior fittings.

Work is continuing on the development of the housing project in cooperation with Brabo at the Hagalund 2:2 property in Haga Norra. The project includes 418 apartments that are being produced in a 3D reallocation above the facility that Fabege is building for Bilia. The estimated investment totals approximately SEK 1.1bn. Work is currently continuing on completing the frame and installations. Alongside this, work is continuing on reallocation of the property. In the first phase of selling, which includes 153 apartments, leases have been signed on 134 apartments via non-binding booking agreements. 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.

**82%**  
**Occupancy rate in projects**

## ONGOING PROJECTS > SEK 50M

**31/12/2020**

Property listing	Property type	Area	Completed	Lettable area, sqm	Occupancy rate, area, % <sup>1</sup>	Rentel value <sup>2</sup>	Booked value, SEKm	Estimated investment, SEKm	of which, worked up, SEKm
Sigbygeln 2	Offices	Solna	Q1-2021	8,400	73%	30	513	189	106
Hagalund 2:11 <sup>31</sup>	Retail/Office	Arenastaden	Q1-2021	40,300	100%	51	665	1,152	876
Nationalarenan 3	Hotel	Arenastaden	Q1-2021	19,100	100%	55	930	772	654
Poolen 1	Offices	Arenastaden	Q1-2022	29,000	75%	95	663	1,103	318
Glädjen 12	Kontor	Stadshagen	Q4-2022	11,000	12%	44	527	177	7
<b>Total</b>				<b>107,800</b>	<b>82%</b>	<b>275</b>	<b>3,298</b>	<b>3,393</b>	<b>1,961</b>
Other land and project properties							1,071		
Other development properties							6,965		
<b>Total projects, land and development properties</b>							<b>11,334</b>		

<sup>1</sup> Operational occupancy rate 31 Dec 2020.

<sup>2</sup> Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 275m [fully let] from SEK 0m in annualised current rent as of 31 Dec 2020.

<sup>3</sup> In leaseable area for the property Hagalund 2:11 (former Stora Frösunda 2) there are approximately 25,400 sqm garage space

## DEVELOPMENT RIGHTS

**31/12/2020**

Commercial, sqm		Residential, sqm	
Inner city	36,000	Inner city	1,100
Solna	300,100	Solna	259,200
Hammarby Sjöstad	58,700	Hammarby Sjöstad	-
Flemingsberg	104,000	Flemingsberg	235,000
Others	79,000	Others	-
<b>Total</b>	<b>577,800</b>	<b>Total</b>	<b>495,300</b>
Legal binding, %	21	Legal binding, %	18
Booked value, SEK/sqm	5,200	Booked value, SEK/sqm	6,200

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. Contractually agreed land allocations in Stockholm inner city and Solna Business Park have been included. Development rights linked to wholly-owned properties in Flemingsberg have also been included. Forthcoming land allocations in Flemingsberg that are not yet contractually agreed are excluded. The conclusion is that these will bring a substantial volume of development rights at low initial values.

## PROPERTY PORTFOLIO

31/12/2020

Property holdings	No. of properties	Lettalbe area, '000 sqm	Market value SEKm	Rental value <sup>2</sup>	Financial occupancy rate %
Investment properties <sup>1</sup>	60	1,021	65,314	3,037	92
Development properties <sup>1</sup>	20	215	8,157	201	72
Land and Project properties <sup>1</sup>	14	9	3,177	4	0
<b>Total</b>	<b>94</b>	<b>1,245</b>	<b>76,648</b>	<b>3,242</b>	<b>91</b>
Of which, Inner city	27	320	28,910	1,223	89
Of which, Solna	51	723	38,650	1,589	93
Of which, Hammarby Sjöstad	11	134	7,532	368	89
Of which, Other	5	68	1,556	62	87
<b>Total</b>	<b>94</b>	<b>1,245</b>	<b>76,648</b>	<b>3,242</b>	<b>91</b>

<sup>1</sup> See definitions.

<sup>2</sup> In the rental value, time limited deductions of about SEK 116m (in rolling annual rental value at 31 Dec 2020) have not been deducted.

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

SEKm	2020	2020	2020	2020	2019	2019	2019	2019
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
	Property	Property	Management	Development	Transaction	Total	Management	Property
Rental income	2,656	150			2,806	2,747	109	
Property expenses	-580	-114			-694	-649	-63	
<b>Net operating income</b>	<b>2,076</b>	<b>36</b>	<b>0</b>	<b>2,112</b>	<b>2,098</b>	<b>46</b>	<b>0</b>	<b>2,144</b>
Surplus ratio, %	78%	24%			75%	76%	42%	
Central administration	-82	-12			-94	-76	-9	
Net interest expense	-401	-61			-462	-414	-51	
Ground rents	-30	0			-30	-26	-2	
Share in profits of associated companies	-52	-1			-53	-31	-3	
<b>Profit from property management activities</b>	<b>1,511</b>	<b>-38</b>	<b>0</b>	<b>1,473</b>	<b>1,551</b>	<b>-19</b>	<b>0</b>	<b>1,532</b>
Realised changes in value of properties	0	0	49	49	0	0	0	0
Unrealised changes in value of properties	1,898	774	43	2,715	4,129	1,443	171	5,743
<b>Profit/loss before tax per segment</b>	<b>3,409</b>	<b>736</b>	<b>92</b>	<b>4,237</b>	<b>5,680</b>	<b>1,424</b>	<b>171</b>	<b>7,275</b>
Changes in value, fixed income derivatives and equities				-231				-241
<b>Profit before tax</b>					<b>4,006</b>			<b>7,034</b>
Properties, market value	65,314	11,334			76,648	65,972	8,278	
Occupancy rate, %	92%	72%			91%	94%	89%	

<sup>1</sup> See definitions.

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	602	52.7%	34.7%
0	0	52.4%	34.8%
-1	-602	52.2%	34.9%

Earnings and key performance indicators 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.

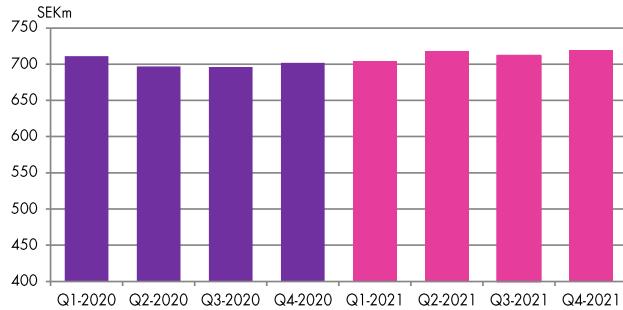
## SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change effect, SEKm
Rental income, total	1% 28.1
Rent level, commercial income	1% 27.1
Financial occupancy rate	1 percentage point 33.4
Property expenses	1% 6.9
Interest expense, rolling 12 months <sup>1</sup>	+/-1 percentage point 33 / 8
Interest expenses, longer term perspective	1 percentage point 266.7

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, 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.

## Human resources

At the end of the year, 191 people (191) were employed by the Group.

## Parent Company

Sales during the period amounted to SEK 320m (315) and earnings before appropriations and tax amounted to SEK 356m (3,352). Net investments in property, equipment and shares totalled SEK 1m (0).

## LEASE MATURITY STRUCTURE

Maturity, year	No. of leases	Annual value, SEKm	Share, %
2021	575	534	18%
2022	296	651	22%
2023	242	357	12%
2024	117	190	7%
2025	77	263	9%
2026+	79	801	27%
<b>Commercial</b>	<b>1,386</b>	<b>2,796</b>	<b>96%</b>
Residential	128	13	0%
Garage and parking	778	109	4%
<b>Total</b>	<b>2,292</b>	<b>2,918</b>	<b>100%</b>

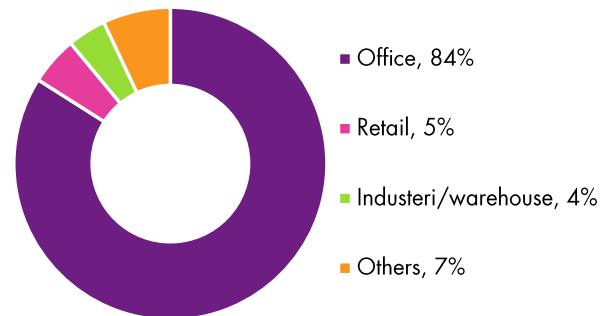
<sup>1</sup>Of which just over SEK 186m has already been renegotiated for 2020.

## LARGEST CUSTOMERS

	Share <sup>1</sup> , %	Valid to year
SEB Banken	7%	2037
The Swedish Tax Agency	5%	2022
Telia Company AB	5%	2031
ICA Fastigheter Sverige AB	4%	2030
Swedbank	2%	2029
The Swedish Migration Agency	2%	2028
Carnegie Investment Bank AB	2%	2022
The Swedish Agency for Education	1%	2024
Telenor AB	1%	2028
Telenor AB	1%	2023
<b>Total</b>	<b>30%</b>	

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

## RENTAL VALUE PER CATEGORY



## Events after balance sheet date

Klaus Hansen Vikström, Vice President and Business Development Manager, has decided to fully make the transition to his own business as of 1 May 2021.

In January, Fabege signed a 12-year lease for approx. 7,600 sqm with Convendum in the Bocken 39, Kungsgatan 9 property. The annual rent amounts to approx. SEK 62m.

A bond issue of SEK 700m was carried out at the end of January, spread over two tranches of five and six years respectively. Interest from investors was very high.

## 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

Many question marks remain and there is a great deal of uncertainty regarding what 2021 has in store. We don't know how quickly the vaccination programme will be rolled out, and what the pace of recovery will be like, or what the 'new normal' will be, post pandemic. The impact of the pandemic on Fabege is reported on page 3.

Fabege enjoys a strong financial position, which means we are able to cope well even in difficult times, and also harness any opportunities

that may arise. Several of our key performance indicators are stronger at the start of 2021 than they were in 2020. Our properties are modern and well-managed, and situated in attractive locations. We have stable customers. Fabege's employees are motivated and capable. We are well prepared to take on the challenges and opportunities open to us on the market over the coming year.

## 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 company has received government support in the form of the rent support package, which is recognised as a reduction in rental income. This is recognised in profit or loss in the same period as the decline in income for which the support is intended, to the extent it is deemed reasonably likely that the conditions have been satisfied and the support has been received/will be received. There are no contingent liabilities linked to the government support. The Group has not received any other forms of government support.

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, 4 February 2021

STEFAN DAHLBO  
Chief Executive Officer

*This year-end report has not been examined 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 42,394 known shareholders at 31 December 2020, including 59.3 per cent Swedish ownership. The 15 largest owners controlled 44.5 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 proposal to the 2021 AGM

The Board of Directors proposes a dividend of SEK 3.60 per share (3.20), to be paid on two occasions in April and October in the amount of SEK 1.80 per share on each occasion.

## Acquisition and transfer of treasury shares

The 2020 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 the year, 4,577,402 shares were repurchased at an average price of SEK 118.16. At 31 December 2020, the company held 4,577,502 treasury shares corresponding to 1.4 per cent of the number of registered shares.

## LARGEST SHAREHOLDERS\*, 31/12/2020

	Number of shares*	Proportion of equity, %	Proportion of votes, %
Erik Paulsson and company	50,858,718	15.6	15.6
BlackRock	15,745,399	4.8	4.8
AMF Insurance & Funds	9,511,098	2.9	2.9
Handelsbanken Funds	8,559,614	2.6	2.6
Vanguard	8,546,787	2.6	2.6
Länsförsäkringar Funds	7,485,093	2.3	2.3
Mats Qviberg with family	7,106,054	2.2	2.2
E.N.A City Aktiebolag	6,460,000	2.0	2.0
Fourth AP-Fund	5,534,743	1.7	1.7
Norges Bank	5,482,722	1.7	1.7
BMO Global Asset Management	4,403,288	1.3	1.3
Schroders	4,376,841	1.3	1.3
Folksam	4,075,892	1.2	1.2
Swedbank Robur Funds	3,927,263	1.2	1.2
AFA Insurance	3,744,298	1.1	1.1
<b>Total 15 largest shareholders</b>	<b>145,817,810</b>	<b>44.5</b>	<b>44.5</b>
Other	184,965,334	55.5	55.5
<b>Total no. of shares outstanding</b>	<b>326,205,742</b>	<b>98.6</b>	<b>98.6</b>
Treasury shares	4,577,402	1.4	1.4
<b>Total no. of registered shares</b>	<b>330,783,144</b>	<b>100.0</b>	<b>100.0</b>

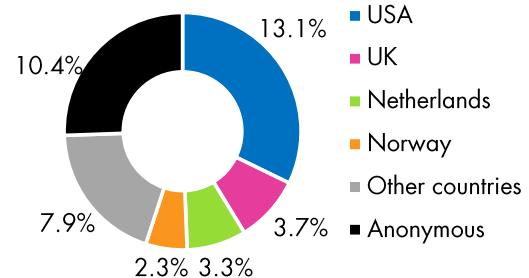
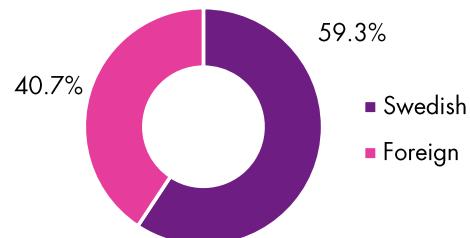
\*The verification date may vary for foreign shareholders.

## TURNOVER AND TRADING\* SEP-DEC 2020

	Fabege
Lowest price, SEK	109.55
Highest price, SEK	138.10
VWAP, SEK	125.13
Average daily turnover, SEK	98,153,644
Number of traded shares, no	49,418,168
Average number of transactions, no	2,789
Number of transactions, no	175,688
Average value per transaction, SEK	35,197
Daily turnover relative to market capitalization	0.24

## OWNER DISTRIBUTION\*, 31/12/2020

	Number of shares	Capital & votes, %
Foreign institutional owners	74,656,351	22.6
Swedish institutional owners	98,884,007	29.9
Other owners	72,100,980	21.0
Swedish private individuals	46,277,155	14.7
Anonymous ownership	34,287,249	10.4
Holding own shares	4,577,402	1.4
<b>Total</b>	<b>330,783,144</b>	<b>100</b>



\*Source: Holdings from 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	2020 Oct-Dec	2019 Oct-Dec	2020 jan-dec	2019 jan-dec
Rental income <sup>1</sup>	703	724	2,806	2,856
Property expenses	-175	-185	-694	-712
<b>Net operating income</b>	<b>528</b>	<b>539</b>	<b>2,112</b>	<b>2,144</b>
Surplus ratio, %	75%	74%	75%	75%
Central administration	-24	-21	-93	-85
Net interest/expense	-116	-115	-462	-465
Ground rent	-8	-7	-30	-28
Share in profits of associated companies	-10	-2	-53	-34
<b>Profit/loss from property management</b>	<b>370</b>	<b>394</b>	<b>1,474</b>	<b>1,532</b>
Realised changes in value of properties	24	0	49	0
Unrealised changes in value of properties	799	1,878	2,715	5,743
Unrealised changes in value, fixed income derivatives	87	483	-229	-235
Changes in value of shares	-1	0	-2	-6
<b>Profit/loss before tax</b>	<b>1,279</b>	<b>2,755</b>	<b>4,007</b>	<b>7,034</b>
Current tax	-1	21	24	27
Deferred tax	-244	-274	-864	-1,055
<b>Profit/loss for period/year</b>	<b>1,034</b>	<b>2,502</b>	<b>3,167</b>	<b>6,006</b>
Items that will not be restated in profit or loss	-1	-16	-1	-16
Revaluation of defined-benefit pensions				
<b>Comprehensive income for the period/year</b>	<b>1,033</b>	<b>2,486</b>	<b>3,166</b>	<b>5,990</b>
Off which attributable to the minority	0	-10	0	-33
<b>Total comprehensive income attributable to Parent Company shareholders</b>	<b>1,033</b>	<b>2,476</b>	<b>3,166</b>	<b>5,957</b>
Earnings per share, SEK	1.75	7.56	9.65	18.16
No. of shares at period end, millions	328,283	330,783	328,283	330,783
Average no. of shares, thousands	329,211	330,783	329,211	330,783

<sup>1</sup> Additional payment, service and other income amounts to SEK 121m for the period January - December 2020.

<sup>2</sup> Earnings per share are the same before and after the dilution effect.

## CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2020 Dec 31	2019 Dec 31
<b>Assets</b>		
Properties	76,648	74,250
Right of ground use	897	942
Other tangible fixed assets	15	6
Derivative instrument	20	58
Financial fixed assets	1,108	810
Current assets	350	318
Short-term investments	108	134
Cash and cash equivalents	20	24
<b>Total assets</b>	<b>79,166</b>	<b>76,542</b>
<b>Equity and liabilities</b>		
Shareholder's equity	41,542	40,068
Deferred tax	8,288	7,431
Other provisions	183	182
Interest-bearing liabilities <sup>1</sup>	26,669	26,414
Lease liability	897	942
Derivative instrument	617	426
Non-interest-bearing liabilities	970	1,079
<b>Total equity and liabilities</b>	<b>79,166</b>	<b>76,542</b>

<sup>1</sup> Of which short-term SEK 2,925m (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' equity
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
Other comprehensive income			-16	-16		-16
<b>Total income and expenses for the period</b>	<b>5,957</b>		<b>5,957</b>	<b>33</b>	<b>5,990</b>	
TRANSACTIONS WITH SHAREHOLDERS						
Cash dividend			-876	-876	-10	-886
<b>Total transactions with shareholders</b>	<b>-876</b>		<b>-876</b>	<b>-10</b>	<b>-886</b>	
Shareholders' equity, 31 December 2019, according to adopted Statement of financial position	<b>5,097</b>	<b>3,017</b>	<b>31,880</b>	<b>39,993</b>	<b>74</b>	<b>40,068</b>
Profit for the period			3,167	3,167	0	3,167
Other comprehensive income			-1	-1		-1
<b>Total income and expenses for the period</b>	<b>3,166</b>		<b>3,166</b>	<b>0</b>	<b>3,166</b>	
TRANSACTIONS WITH SHAREHOLDERS						
Cash dividend			-541	-541		-541
			-1,050	-1,050		-1,050
			-26	-26	-74	-100
<b>Total transactions with shareholders</b>	<b>-1,617</b>		<b>-1,617</b>	<b>-74</b>	<b>-1,691</b>	
Shareholders' equity, 31 Dec 2020	<b>5,097</b>	<b>3,017</b>	<b>33,428</b>	<b>41,542</b>	<b>0</b>	<b>41,542</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	2020 Jan-Dec	2019 Jan-Dec
<b>Operations</b>		
Net operating income	2,112	2,143
Central administration	-93	-85
Reversal of depreciation	4	1
Interest received	16	9
Interest paid	-550	-556
Income tax paid	24	27
<b>Cash flow before changes in working capital</b>	<b>1,513</b>	<b>1,539</b>
<b>Change in working capital</b>		
Change in current receivables	-34	304
Change in current liabilities	-130	174
<b>Total change in working capital</b>	<b>-164</b>	<b>478</b>
<b>Cash flow from operating activities</b>	<b>1,349</b>	<b>2,017</b>
<b>Investing activities</b>		
Investments in new-builds, extensions and conversions	-1,826	-2,518
Acquisition of properties	-1,370	0
Divestment of properties	3,589	1,685
Other tangible fixed assets	-411	-437
<b>Cash flow from investing activities</b>	<b>-18</b>	<b>-1,270</b>
<b>Financing activities</b>		
Dividend to shareholders	-1,050	-877
Transfer of treasury shares	-541	-
Loans received	10,117	23,376
Amortization of debt	-9,861	-23,237
<b>Cash flow from investing activities</b>	<b>-1,335</b>	<b>-738</b>
Cash flow for the period	-4	9
Cash and cash equivalents at beginning of period	24	15
<b>Cash and cash equivalents at end of period</b>	<b>20</b>	<b>24</b>

## CONSOLIDATED KEY PERFORMANCE INDICATORS

	2020 Jan-Dec	2019 Jan-Dec
<b>Financial<sup>1</sup></b>		
Return on equity, %	7.8	16.0
Interest coverage ratio, multiple	4.3	4.4
Equity	52	52
Loan-to-value ratio, properties, %	35	36
Debt ratio, multiple	13.2	12.8
Debt/equity ratio, multiple	0.6	0.7
<b>Share related<sup>1</sup></b>		
Earnings per share, SEK <sup>2</sup>	9.65	18.16
Equity per share, SEK	127	121
Cash flow from operating activities per share, SEK	4,11	6.10
Average no. of shares, thousands	328,317	330,783
No. of outstanding shares at end of period, thousands	326,206	330,783
<b>Property-related</b>		
No. of properties	94	87
Carrying amount, Properties, SEKm	76,648	74,250
Lettable area, sqm	1,245,000	1,255,000
Financial occupancy rate, %	91	94
Total return on properties, %	6.6	11.5
Surplus ratio, %	75	75

<sup>1</sup> Unless otherwise stated, the key figure is not defined under IFRS. Please see page 21 for definitions.

<sup>2</sup> Definitions according to IFRS.

## EPRA KEY PERFORMANCE INDICATORS

	2020 Jan-Dec	2019 Jan-Dec
EPRA Earnings [income from property mgmt after tax], SEKm	1,285	1,324
EPRA Earnings (EPS), SEK/share	3.92	4.01
EPRA NRV [long term net asset value], MSEK	50,427	47,867
EPRA NRV, SEK/share	155	145
EPRA NTA [long term net asset value], SEKm	48,217	46,067
EPRA NTA, SEK/share	148	139
EPRA NDV [net asset value], SEKm	41,542	40,068
EPRA NDV, SEK/share	127	121
EPRA Vacancy rate, %	9	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

	2020 Dec 31	2019 Dec 31
<b>Deferred tax attributable to:</b>		
- tax loss carryforwards, SEKm	-693	-690
- difference between book value and tax value in respect of properties, SEKm	9,166	8,322
- derivatives, SEKm	-128	-201
- other, SEKm	-57	0
<b>Net debt, deferred tax, SEKm</b>	<b>8,288</b>	<b>7,431</b>

## RECONCILIATION OF KEY PERFORMANCE INDICATORS

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

- 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

	2020 Dec 31	2019 Dec 31		
<b>Equity/assets ratio</b>				
Equity, SEKm	41,542	40,068		
Total assets, SEKm	79,166	76,542		
<b>Equity/assets ratio</b>	<b>52%</b>	<b>52%</b>		
<b>Loan-to-value ratio, properties</b>				
Interest-bearing liabilities, SEKm	26,669	26,414		
Booked value properties, SEKm	76,648	74,250		
<b>Loan-to-value ratio, properties</b>	<b>35%</b>	<b>36%</b>		
<b>Debt ratio</b>				
Operating surplus, SEKm	2,112	2,144		
Central administration, SEKm	-93	-85		
<b>Total, SEKm</b>	<b>2,019</b>	<b>2,059</b>		
Interest-bearing liabilities, SEKm	26,669	26,414		
<b>Debt ratio, multiple</b>	<b>13.2</b>	<b>12.8</b>		
<b>Interest coverage ratio, multiple</b>				
Net operating income, SEKm	2,112	2,144		
Ground rent	-30	-28		
Central administration, SEKm	-93	-85		
<b>Total, SEKm</b>	<b>1,989</b>	<b>2,031</b>		
Net interest/expense, SEKm	-462	-465		
<b>Interest coverage ratio, multiple</b>	<b>4.3</b>	<b>4.4</b>		
	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
<b>Return on equity</b>				
Profit for the period, SEKm	1,034	2,502	3,167	6,006
Average shareholders' equity, SEKm	41,193	38,825	40,805	37,516
<b>Return on equity</b>	<b>10.0%</b>	<b>25.8%</b>	<b>7.8%</b>	<b>16.0%</b>
<b>Total return on properties</b>				
Net operating income, SEKm	528	539	2,112	2,144
Unrealized and realized value changes properties, SEKm	823	1,878	2,764	5,743
Market value including capital investment during the period, SEKm	73,933	72,372	73,933	68,678
<b>Total return on properties</b>	<b>1.8%</b>	<b>3.3%</b>	<b>6.6%</b>	<b>11.5%</b>

<b>EPRA NRV, EPRA NTA &amp; EPRA NDV</b>	2020			2019		
	<b>NRV</b>	<b>Jan-Dec</b>	<b>NTA</b>	<b>NDV</b>	<b>NRV</b>	<b>Jan-Dec</b>
Shareholders' equity, SEKm	41,542	41,542	41,542	40,068	40,068	40,068
Inclusion of decided not paid dividend, SEKm	-	-	-	-	-	-
Inclusion of fixed-income derivatives according to the balance sheet, SEKm	597	597	597	368	368	368
Inclusion of deferred tax according to the balance sheet, SEKm	8,288	8,288	8,288	7,431	7,431	7,431
Exclusion of actual deferred tax, SEKm	-	-2,210	-2,210	-	-1,800	-1,800
Exclusion of fixed-income derivatives according to the balance sheet, SEKm	-	-	-597	-	-	-368
Inclusion of deferred tax according to the balance sheet after adjustment of actual deferred tax, SEKm	-	-	-6,078	-	-	-5,631
<b>NAV</b>	<b>50,427</b>	<b>48,217</b>	<b>41,542</b>	<b>47,867</b>	<b>46,067</b>	<b>40,068</b>
Number of shares at period end	326.2	326.2	326.2	330.8	330.8	330.8
<b>NAV per share, SEK</b>	<b>155</b>	<b>148</b>	<b>127</b>	<b>145</b>	<b>139</b>	<b>121</b>

<b>EPRA EPS</b>	2020			2019		
	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>
Profit from property management, SEKm	1,474			1,532		
Tax-deductable depreciation, SEKm	-593			-567		
<b>Sum, SEKm</b>	<b>881</b>			<b>965</b>		
Nominal tax (21.4%), SEKm	189			207		
<b>EPRA earnings in total, (Profit from property management minus nominal tax) SEKm</b>	<b>1,474</b>			<b>1,325</b>		
Number of shares, millions	328.3			330.8		
<b>EPRA EPS, SEK per share</b>	<b>3.92</b>			<b>4.01</b>		

<b>EPRA Vacancy rate</b>	2020			2019		
	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>
ERV of vacant space, SEKm	289			200		
Rental value, yearly, entire portfolio, SEKm	3,242			3,103		
<b>EPRA Vacancy rate, %</b>	<b>9%</b>			<b>6%</b>		

## CONTINGENT LIABILITIES

Contingent liabilities comprise the balance sheet date guarantees and commitments in favour of associated companies of SEK 489m (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. In the third quarter, the Glädjen 12 property was transferred from Property Management to Projects. Regulatorn 2, which was acquired in the third quarter, is classified as a development property. In the fourth quarter, the Stibygeln 3 property was reclassified from Property Management to Property Development.

## PARENT COMPANY CONDENSED INCOME STATEMENT

<b>SEKm</b>	2020			2019		
	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Dec 31</b>	<b>Dec 31</b>	<b>Dec 31</b>
Income	320			320		
Expenses	351			356		
Net financial items	618			3,630		
Share in profits of associated companies	0			0		
Changes in value, fixed-income derivatives	-229			-235		
Changes in value, equities	-2			-2		
Group Contribution	0			0		
<b>Profit before tax</b>	<b>356</b>			<b>3,352</b>		
Current tax	0			0		
Deferred tax	48			60		
<b>Profit for the period</b>	<b>404</b>			<b>3,412</b>		

## PARENT COMPANY CONDENSED BALANCE SHEET

<b>SEKm</b>	2020			2019		
	<b>Dec 31</b>					
Participation in Group companies	12,517			12,516		
Other fixed assets	44,457			44,139		
of which, receivables from Group companies	44,188			43,865		
Current assets	108			642		
Cash and cash equivalents	1			11		
<b>Total assets</b>	<b>57,083</b>			<b>57,308</b>		
Shareholders' equity	13,517			14,717		
Provisions	70			70		
Long-term liabilities	43,292			39,326		
of which, liabilities to Group companies	17,533			17,552		
Current liabilities	204			3,195		
<b>Total equity and liabilities</b>	<b>57,083</b>			<b>57,308</b>		

## Quarterly overview

### CONDENSED INCOME STATEMENT, SEKM

SEKm	2020				2019			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Rental income	703	696	696	711	724	683	731	718
Property expenses	-175	-158	-170	-191	-184	-141	-177	-209
<b>Net operating income</b>	<b>528</b>	<b>538</b>	<b>526</b>	<b>520</b>	<b>539</b>	<b>542</b>	<b>554</b>	<b>509</b>
Surplus ratio	75%	77%	76%	73%	74%	79%	76%	71%
Central administration	-24	-21	-25	-23	-21	-21	-22	-21
Net interest expence	-116	-119	-116	-111	-115	-117	-125	-108
Ground rents	-8	-8	-8	-6	-7	-7	-7	-7
Share in profits of associated companies	-10	-14	-18	-11	-2	0	-25	-7
<b>Profit/loss from property management</b>	<b>370</b>	<b>376</b>	<b>359</b>	<b>369</b>	<b>394</b>	<b>397</b>	<b>375</b>	<b>366</b>
Realised changes in value of properties	24	0	0	25	0	0	0	0
Unrealised value of properties	799	391	-304	1,829	1,874	743	1,798	1,324
Unrealised changes in value, fixed-income derivatives	87	-24	-49	-243	483	-215	-265	-238
Changes in value, equities	-1	0	0	-1	0	-4	1	-3
<b>Profit for the period/year</b>	<b>1,279</b>	<b>743</b>	<b>6</b>	<b>1,979</b>	<b>2,755</b>	<b>921</b>	<b>1,909</b>	<b>1,449</b>
Current tax	-1	0	0	25	21	0	-3	9
Deferred tax	-244	-169	-21	-430	-274	-207	-264	-310
<b>Comprehensive income for the period</b>	<b>1,034</b>	<b>574</b>	<b>-15</b>	<b>1,574</b>	<b>2,502</b>	<b>714</b>	<b>1,642</b>	<b>1,148</b>

### CONDENSED FINANCIAL POSITION

SEKm	2020				2019			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
<b>Assets</b>								
Properties	76,648	75,399	73,565	72,996	74,250	71,591	71,821	69,616
Right of ground use	897	942	942	942	942	942	942	942
Other tangible fixed assets	15	15	15	6	6	6	6	3
Derivative instruments	20	11	19	31	58	-	-	-
Financial fixed assets	1,108	1,011	948	911	813	758	690	424
Current assets	350	396	457	479	342	559	652	735
Short-term investments	108	108	107	130	134	126	126	128
Cash and cash equivalents	20	727	282	195	24	16	15	66
<b>Total assets</b>	<b>79,166</b>	<b>78,609</b>	<b>76,335</b>	<b>75,690</b>	<b>76,569</b>	<b>73,998</b>	<b>74,252</b>	<b>71,914</b>
<b>Equities and liabilities</b>								
Shareholders' equity	41,542	40,844	40,278	41,343	40,068	37,582	36,868	36,102
Deferred tax	8,288	8,045	7,875	7,853	7,431	7,162	6,956	6,691
Other provisions	183	179	180	181	182	167	167	167
Interest-bearing liabilities	26,669	26,205	24,694	23,472	26,414	26,001	27,544	26,518
Leasing Debt	897	942	942	942	942	942	942	942
Derivative instruments	617	695	679	641	426	851	636	371
Non-interest bearing liabilities	970	1,699	1,687	1,258	1,106	1,293	1,139	1,123
<b>Total equity and liabilities</b>	<b>79,166</b>	<b>78,609</b>	<b>76,335</b>	<b>75,690</b>	<b>76,569</b>	<b>73,998</b>	<b>74,252</b>	<b>71,914</b>

### KEY PERFORMANCE INDICATORS

	2020				2019			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
<b>Financial</b>								
Return on equity, %	10.0	5.7	-0.1	15.5	25.8	7.7	18.0	12.9
Interest coverage ratio, multiple <sup>2</sup>	4.3	4.3	4.3	4.4	4.4	4.4	4.2	4.5
Equity/assets ratio, %	52	52	53	55	52	51	50	50
Loan-to-value ratio, properties, %	35	35	34	32	36	36	38	38
Debt ratio, multiple	13.2	12.9	12.1	11.4	12.8	13.0	14.2	14.2
Debt/equity ratio, multiple	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
<b>Share-related<sup>1</sup></b>								
Earnings per share, SEK <sup>2</sup>	7.65	1.75	-0.05	4.78	7.56	2.16	4.97	3.47
Total earnings per share, SEK	127	124	123	126	121	114	111	109
Cash flow from operating activities per share, SEK	0.61	1.40	0.89	1.21	1.34	0.56	1.40	1.40
No. of shares outstanding at the end of the period, thousands	326,206	328,206	328,283	328,283	330,783	330,783	330,783	330,783
Average no. of shares, thousands	328,317	329,211	329,533	329,533	330,783	330,783	330,783	330,783
<b>Property-related</b>								
Financial occupancy rate, %	91	91	92	94	94	94	94	94
Total return on properties, %	1.8	1.3	0.3	3.4	3.3	1.8	3.5	2.7
Surplus ratio, %	77	77	76	73	74	79	76	71

<sup>1</sup> Unless otherwise stated, the key figure is not defined under IFRS. Please see page 21 for definitions.

<sup>2</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

### 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 carry forwards 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.

### 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.

### 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 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.

### 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 performance indicator 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 31 December 2020, Fabege owned 94 properties with a total market value of SEK 76.6bn. 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 most significant growth is among 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.



## Calendar

2021 Annual General Meeting	25 March 2021, 3.00 pm CET
Interim report Jan–March 2021	26 April 2021, 7.30 am CET
Interim report Jan–June 2021	9 July 2021, 7.30 am CET
Interim report Jan–Sep 2021	20 October 2021, 7.30 am CET

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There will also be a web presentation on the Group's website on 4 February 2021, during which Stefan Dahlbo and Åsa Bergström will present the report.

## Press releases during the fourth quarter 2020<sup>1</sup>

22 Dec 2020	Fabege expands Executive Management Team
21 Dec 2020	Fabege first with 100 per cent green financing
11 Dec 2020	Fabege sells Sadelplatsen 1 in Solna
2 Dec 2020	Hotel Giò wins Solna Urban Environment Prize 2020
24 Nov 2020	Fabege named by GRESB as global leader in sustainability in 2020
20 Oct 2020	Fabege launches share buyback
20 Oct 2020	Interim report January – September 2020
6 Oct 2020	Electrolux Professional to move to Glädjen at Hornsbergs strand
1 Oct 2020	New Pep Park adds colour to Arenastaden

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<sup>1</sup>Including regulatory and non-regulatory press releases.



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