

# Q4

## Year end report 2021

### Summary, SEKm

	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	808	703	2,951	2,806
Gross profit	560	528	2,176	2,112
Profit/loss from property management	418	370	1,537	1,474
Profit/loss before tax	2,723	1,279	6,712	4,007
Profit/loss after tax	2,258	1,034	5,400	3,167
Net lettings	32	-49	162	-45
Surplus ratio, %	76	75	76	75
Loan-to-value ratio, properties, %	-	-	36	35
EPRA NRV, SEK per share	-	-	171	155

### Jan-Dec 2021<sup>1</sup>

- Rental income totalled SEK 2,889m (2,806). In an identical property portfolio, income rose by approximately 2 per cent year on year.
- Net operating income amounted to SEK 2,185m (2,112). In an identical portfolio, net operating income rose by 3 per cent (6).
- The surplus ratio was 76 per cent (75).

- Revenue from housing development amounted to SEK 62m and gross earnings totalled SEK -9m.
- Profit from property management totalled SEK 1,537m (1,474).
- Changes in property values totalled SEK 4,641m (2,764).
- Unrealised changes in the value of fixed-income derivatives amounted to SEK 532m (-229).
- Profit for the year before tax amounted to SEK 6,712m (4,007).
- Profit after tax for the year was SEK 5,400m (3,167), corresponding to earnings per share of SEK 16.73 (9.65).

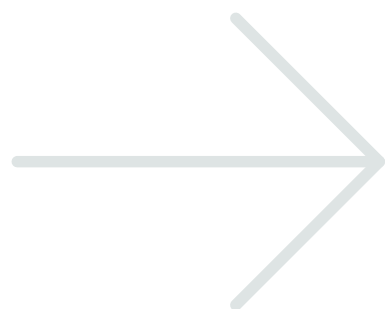
- Net lettings during the year totalled SEK 162m (-45).
- Rent levels in renegotiated leases increased by an average of 11 per cent (20).
- The equity/assets ratio was 51 per cent (52) and the loan-to-value ratio 36 per cent (35).
- The Board of Directors proposes a dividend of SEK 4:00 per share (3.60) to be paid on four occasions quarterly in the amount of SEK 1.00 per share on each occasion.

<sup>1</sup> The comparison figures for income and expense items relate to values for the January-December 2020 period and for balance sheet items on 31 December 2020.

For key performance indicator definitions, see page 24.



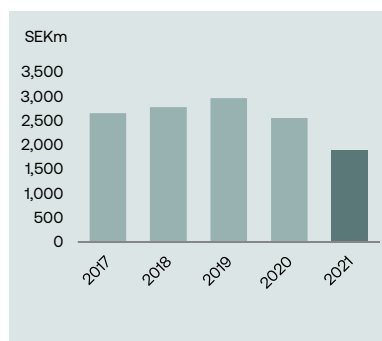
# Message from the CEO



## OPERATIONAL TARGETS

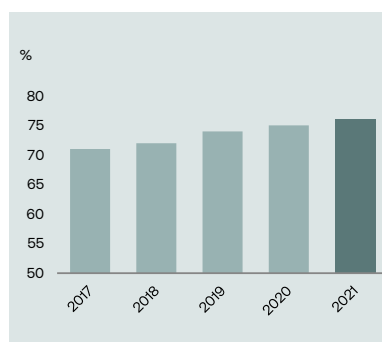
- Investment volume of approximately SEK 2,500m per year.
- Net lettings at least SEK 80m per year.
- Surplus ratio 75 per cent.

## INVESTMENT VOLUME



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

## SURPLUS RATIO



Target: 75%



**Despite the pandemic, 2021 was a good year, both for Fabege and for many of our customers. We have experienced an active rental market, received a host of enquiries, achieved positive net lettings, increased rental income, improved net operating income and, above all, seen healthy growth in the value of our property portfolio.**

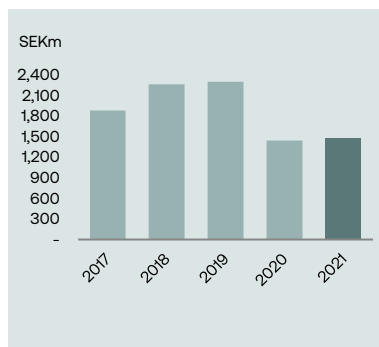
The year also saw rising share prices, record-low interest rates and capital that is desperately looking for ways to generate a return. This has led to many property companies achieving a stock market value way in excess of their net asset value. So for us it's been particularly important to maintain a firm focus on our business and the factors we are able to influence. Continuing to develop a robust company that generates healthy earnings, holds a strong financial position and has plenty of opportunities. We mustn't forget that property management is at the heart of our business, with a portfolio valued at roughly SEK 83bn. Every day we must nurture and develop our property holdings. It's a daily responsibility involving numerous tasks, big and small. But it's these very tasks that generate long-term results, which is perhaps why we've been somewhat unadventurous. But that's not to say we've been resting on our laurels. We've actually completed several significant transactions to boost our growth opportunities.

During the fourth quarter, we took a natural step in our strategy as an urban developer in Greater Stockholm through the acquisition of SHH Bostad. The acquisition gives us a more comprehensive offering in urban development by including residential and public-services property. It will increase the development rights portfolio to the equivalent of approximately 10,000 homes, primarily in the Stockholm region.

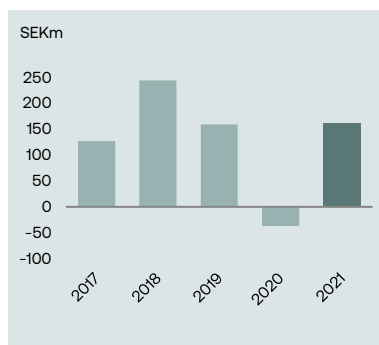
Net lettings during the fourth quarter totalled SEK 32m. There was heightened activity on the rental market in the autumn, with more viewings and negotiations. The largest letting was to Convendum for approximately 4,400 sqm at Drottninggatan 29, right next to the seat of the Swedish government. The lease is for ten years and the company will take up occupancy in June 2023. In total, we signed leases for approximately 12,000 sqm in Stockholm inner city for their co-working concept during the year. This year's net letting landed at SEK 162m, one of the best numbers ever for us.

We also began the next stage of urban development in Haga Norra via the construction of the first office block, residential units and parking facilities. The office district Kvarter 1 will be ready for occupancy in early 2024 and will provide approximately 31,500 sqm of commercial space across eight floors. We often look to attract an 'anchor tenant' to take a large

## VALUE CHANGE PROJECT



## NET LETTINGS



Target: SEK 80m per year

section of the space before launching any new projects. However, we are seeing substantial demand for good office space in and around Arenastaden, and we are now creating a high quality office product in an attractive setting close to Solna station. So I have no concerns about vacancies on completion.

To create shareholder value, we made use of our strong balance sheet and repurchased an additional 700,000 shares. During the year we repurchased a total of approximately 4.9 million shares at SEK 122.05 per share. I regard share buybacks as a natural tool for generating shareholder value.

We have received several prestigious international accolades. The Pep Park "100 metres Pep" in Huvudsta, Solna has been awarded the IOC IAKS Award in Bronze and has also received an additional award for its accessibility. Our hotel House of Choice, which is Scandinavia's first zero-energy hotel, was named BREEAM Building of the Year 2021 by Sweden Green Building Council.

In Flemingsberg, we are working alongside Huddinge municipality and Södertörn University on the research project 'Social sustainability in the physical environment'. The aim is to create an inclusive urban environment for all residents, students, workers and visitors in the area. During the quarter, the project received funding from Vinnova.

Autumn saw record-high transactions in our market, which is reflected in lower yield requirements and positive changes in value. I think we are unlikely to see a sharp reduction in yield requirements going forward, although there is still a slight delay in valuations.

I am confident about our prospects for 2022. We feel that the Stockholm market is stable, with healthy demand for office premises in all our submarkets. New lettings and renegotiations are being completed at good rent levels. Our housing projects that have been on the market have been selling extremely well. This positive trend appears to be continuing into early 2022.

Of course there will be challenges in 2022 as well. Working to reduce vacancy rates and strengthen cash flow will be two key focus areas for us during the year. The 10 per cent vacancy rate in our portfolio is too high, although much of this figure is due to customisations for tenants yet to move in. We are also aware that we will have a vacancy in the Nöten property in Solna Strand when the Swedish Tax Agency moves out at the beginning of 2022. Work is underway on adapting these premises to accommodate more tenants. However, I have no concerns about more structural vacancies either there or in the rest of our portfolio. We have good premises in prime locations close to public transport, and we have also consolidated our letting function to ensure that we are available and able to respond to market needs.

We have a strong financial position. Stability is the hallmark of our operations – we have a modern portfolio of properties in attractive locations, stable customers, committed employees and good growth opportunities via our development rights and projects. We are well prepared to take on the challenges and opportunities open to us on the market over the coming year.

Stefan Dahlbo, CEO

## STRONG NET LETTINGS 2021

In 2021, activity in the rental market picked up and Fabège signed and renegotiated a number of leases.

Some of the larger newly signed leases included:

- Alfa Laval, approx. 20,000 sqm
- Convendum, approx. 7,600 sqm
- Convendum, approx. 4,400 sqm

Total net lettings amounted to SEK 162m.

*"We're delighted at the confidence Alfa Laval has shown in us by choosing Flemingsberg as the site of their future development and operations," commented Stefan Dahlbo, CEO.*



# Earnings

## Jan–Dec 2021<sup>1</sup>

Profit after tax for the year was SEK 5,400m (3,167), corresponding to earnings per share of SEK 16.81 (9.65). Profit before tax for the period amounted to SEK 6,712m (4,007). Higher profit from property management and positive changes in value for both properties and derivatives meant that profit before tax increased year-on-year.

### FOURTH QUARTER IN BRIEF

- Heightened activity on the rental market, with more viewings, negotiations and completions.
- New lettings totalled SEK 98m (42).
- Net lettings amounted to SEK 32m (–49).
- Rental income totalled SEK 746m (703).
- The surplus ratio was 76 per cent (75).
- Net sales for SHH amounted to SEK 62m and gross earnings totalled SEK –9m.
- Profit from property management totalled SEK 418m (370).
- The property portfolio exhibited unrealised value growth of SEK 2,165m (799), of which SEK 1,148m (439) related to projects.
- Unrealised changes in value in the derivatives portfolio totalled SEK 140m (87).
- After-tax profit for the quarter amounted to SEK 2,258m (1,034).

### RENTAL INCOME AND NET OPERATING INCOME

Rental income amounted to SEK 2,889m (2,806) and net operating income to SEK 2,185m (2,112). The increase in revenue was mainly due to acquisitions and occupancy of project properties. In an identical portfolio, income rose by approximately 2 per cent. The increase in property costs mainly related to winter costs such as heating and snow removal. Net operating income in an identical portfolio rose by approximately 3 per cent (6). The surplus ratio was 76 per cent (75).

### INCOME FROM HOUSING DEVELOPMENT

Earnings for SHH Bostad AB, which was acquired with completion in October, are included in the Fabege Group's earnings for the fourth quarter. Revenue from housing development totalled SEK 62m. Housing development costs amounted to SEK –71m, of which administrative costs amounted to SEK –19m. Gross earnings thus amounted to SEK –9m and are attributable to the fact that administrative costs are recognised on an ongoing basis, while sales and project settlements are recognised in connection with project completion. Furthermore, income from co-owned projects is recognised under associated companies.

### CENTRAL ADMINISTRATION

Central administration costs totalled SEK –110m (–93), of which just over SEK –11m was attributable to one-off costs for Fabege's new head office.

### NET FINANCIAL ITEMS

Net interest items amounted to SEK –495m (–462). The increase in interest expenses was mainly due to a higher volume of loans. Ground rent amounted to SEK –36m (–30).

### SHARE IN PROFIT/LOSS OF ASSOCIATED COMPANIES

Share in profit/loss of associated companies amounted to SEK 2m (–53), of which SEK –35m related to contributions to Arenabolaget, SEK 25m to settlement of the joint venture project Selfoss, Kista, and SEK

12m to final settlement of SHH's co-owned project in Huddinge.

### CHANGES IN THE VALUE OF PROPERTIES

The property portfolio is valued using a well-established process. The entire property portfolio is independently valued at least once annually. Roughly 27 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 83.3bn (76.6). Unrealised changes in value totalled SEK 4,585m (2,715). The average yield requirement declined by 0.12 percentage points to 3.76 per cent (3.88) during the period.

Realised changes in value of SEK 56m related to gains from the sale of Selfoss 1, Kista, to the joint venture company that has been developing housing at the property.

### TAX

The tax expense for the period amounted to SEK –1,312m (–840). Tax was calculated at a rate of 20.6 per cent (21.4) on taxable earnings. The interest deduction limitations are not expected to have a material effect on taxes paid in the current year.

### SEGMENT REPORTING

Segment reporting has been adjusted due to the acquisition of SHH.

The Property Management segment generated net operating income of SEK 2,111m (2,076), representing a surplus ratio of 80 per cent (78). The occupancy rate was 90 per cent (92). Profit from property management totalled SEK 1,530m (1,512). Unrealised changes in the value of properties amounted to SEK 3,437m (1,918).

The Property Development segment generated net operating income of SEK 60m (43), giving a surplus ratio of 43 per cent (31). Profit/loss from property management totalled SEK –1m (–10). Unrealised changes in the value of properties amounted to SEK 265m (423).

In the Projects segment, unrealised changes in value of SEK 8883m (374) were



## CHANGES IN PROPERTY VALUES, JAN–DEC 2021

Changes in property values, SEKm	2021
Opening fair value, 01/01/2021	76,648
Property acquisitions	752
Investments in new builds, extensions and c	1,874
Unrealised changes in value	4,585
Sales, disposals and other	-602
<b>Closing fair value, 31/12/2021</b>	<b>83,257</b>

## AVERAGE YIELD REQUIREMENT, 31/12/2021

Area	Average yield requirement, %
Stockholm city	3.44%
Solna	3.87%
Hammarby Sjöstad	4.11%
Other markets	5.24%
<b>Average yield</b>	<b>3.76%</b>

recognised. The change in value of the project portfolio was mainly due to development gains in major project properties.

The Housing segment generated gross earnings of SEK -9m (-) from housing development and SEK 12m (-) from associated companies. Profit/loss from property management totalled SEK -2m (-).

Further information about breakdown by segment is provided in the segment report and segment notes on pages 10 and 22.

## FINANCIAL POSITION AND NET ASSET VALUE

Shareholders' equity amounted to SEK 45,174m (41,542) at the end of the period and the equity/assets ratio was 51 per cent (52). Equity per share attributable to Parent Company shareholders totalled SEK 141 (127). EPRA NRV was SEK 171 per share (155).

## GOODWILL

Recognised goodwill of SEK 234m is entirely attributable to the acquisition of SHH Bostad AB.

## PROPERTIES

Recognised property value relates to Fabege's investment property portfolio, including project and land properties. At year-end, the total property value amounted to SEK 83.3bn (76.6).

## DEVELOPMENT PROPERTIES

Refers to ongoing in-house projects and development properties for future production within SHH. The value at year-end totalled SEK 821m (-), including SEK 451m relating to ongoing production and SEK 370m concerning development properties for future development.

## CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 1,558m (1,513). Changes in working capital had an impact on cash flow of SEK -41m (-164). Investing activities had an impact of SEK -2,978m (-18) on cash flow, while cash flow from financing activities totalled SEK 1,572m (-1,335). In investing activities, cash flow is driven by property transactions and projects. Overall, cash and cash equivalents increased by SEK 111m (-4) during the year.

## ACQUISITION OF SHH BOSTAD AB

October saw the acquisition of housing development company SHH Bostad AB. The acquisition will enable Fabege to be involved in the value creation process for longer and run several different types of projects under our own management. SHH's portfolio includes a number of ongoing and forthcoming housing development projects, mainly in the Stockholm area. The acquisition strengthens Fabege's position as an urban developer in the Greater Stockholm area, and brings expertise in housing and public-services property.

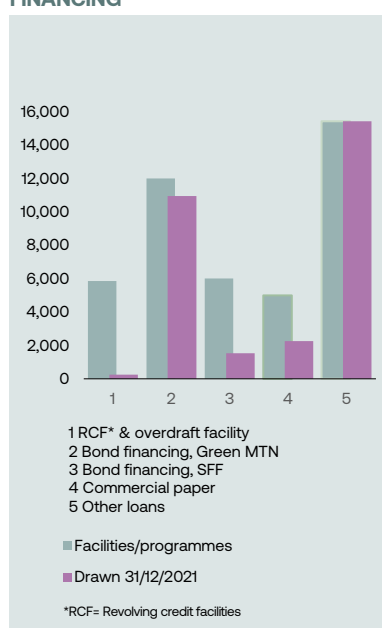
Find out more at: [www.fabege.se/en](http://www.fabege.se/en).



# 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.

## BREAKDOWN OF SOURCES OF FINANCING



## FINANCING

The company is striving to achieve 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's bank facilities are complemented by a MTN programme of SEK 12bn, a commercial paper programme of SEK 5bn and the possibility of borrowing a maximum of SEK 6bn via SFF's secured MTN programme.

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 role in its transition towards greater accountability. The target of 100 per cent green financing was achieved at the end of the previous year. In June, the company took the next step in expanding its sustainable financing in the form of a loan linked to the EU's new taxonomy. In addition to stringent energy efficiency requirements, this includes climate analyses that assess risks associated with climate change such as flooding, strong winds, intense heat and other extreme weather events. In December, two credit facilities of SEK 2,000m each were extended for three and five years respectively.

Fabege's fixed-rate period at the end of the quarter was 3.7 years. The derivatives portfolio comprised interest rate swaps totalling SEK 18,950m with terms of maturity extending through 2032 and carrying fixed interest at annual rates of between -0.18 and 1.30 per cent.

The commercial paper market is seeing high demand for green commercial paper in particular. At the end of the quarter, outstanding commercial paper and bonds totalled SEK 14.7bn.

Net financial items included other financial expenses of SEK 33m, 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 16m (27) relating to project properties was capitalised.

# 99%

Green financing  
31 December 2021

Moody's Rating

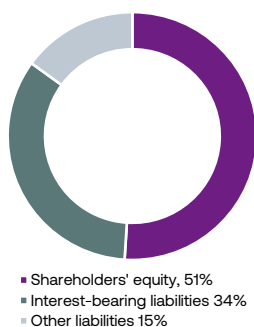
# BAA2

stable outlook

## FINANCING, 31/12/2021

	2021-12-31	2020-12-31
Interest-bearing liabilities, SEKm	30,399	26,669
of which outstanding MTN, SEKm	10,950	7,950
of which outstanding SFF, SEKm	1,524	1,524
of which outstanding commercial paper, SEKm	2,250	2,025
Undrawn facilities, SEKm	3,374	3,867
Fixed-term maturity, years	4.9	5.2
Fixed-rate period, years	3.7	4.1
Fixed-rate period, percentage of portfolio, %	76	74
Derivatives, market value, SEKm	-65	-597
Average interest expenses, incl. committed credit facilities, %	1.71	1.77
Average interest expenses, excl. committed credit facilities, %	1.62	1.67
Unpledged assets, %	43.8	36.5
Loan-to-value ratio, %	36.5	34.8

## SUPPLY OF CAPITAL



## BREAKDOWN OF COLLATERAL



## FINANCIAL TARGETS

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

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

## INTEREST MATURITY STRUCTURE, 31/12/2021

	Amount, SEKm	Average interest rate, %	Percentage, %
< 1 year	8,636	3.25	28
1-2 years	2,150	0.96	7
2-3 years	3,188	0.78	10
3-4 years	2,600	0.97	9
4-5 years	3,100	0.93	10
5-6 years	3,250	1.03	11
6-7 years	3,276	1.57	11
7-8 years	2,000	0.60	7
8-9 years	800	0.39	3
9-10 years	900	0.72	3
11 years	500	0.81	1
<b>Total</b>	<b>30,399</b>	<b>1.62</b>	<b>100</b>

## LOAN MATURITY STRUCTURE, 31/12/2021

	Credit agreements, SEKm	Drawn, SEKm
Commercial paper programme	2,250	2,250
< 1 year	2,958	2,798
1-2 years	5,900	2,636
2-3 years	9,088	6,888
3-4 years	1,555	1,555
4-5 years	5,050	5,050
5-10 years	4,456	4,456
10-15 years	3,530	3,529
15-20 years	1,236	1,236
<b>Total</b>	<b>36,023</b>	<b>30,399</b>

## GREEN FINANCING, 30/09/2021

	Credit facilities	Outstanding loans and bonds
Green MTN bonds, SEKm	10,950	10,950
Green bonds via SFF, SEKm	1,524	1,524
Green commercial paper, SEKm	2,250	2,250
Green loans, other, SEKm	21,087	15,463
Total green financing, SEKm	35,811	30,187
Green financing, %	100	99
Total green available borrowing facility, SEKm	68,503	
of which unrestricted green available borrowing facility, SEKm	28,440	

## 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 Faberge better conditions both with banks and the capital market, and access to more financing alternatives. The green framework has increased the proportion of green financing sources. All Faberge's creditors can now offer green financing, and the target of 100 per cent green financing was achieved just before year-end 2020/21. Our green financing was complemented in June 2021 by a taxonomy-adapted loan that satisfies the EU taxonomy's proposed criteria for green financing. The decline in the proportion of green financing from 100 to 99 per cent at year-end was due to the acquisition of SHH Bostad AB, whose loans were not classified as green. The aim is to convert these to green loans in 2022.

Find out more about Faberge's green financing at [www.faberge.se/en/greenfinancing](http://www.faberge.se/en/greenfinancing), where the company's investor reports can also be accessed.

# Operations

## Jan–Dec 2021<sup>1</sup>

Activity in the rental market increased and net lettings in the fourth quarter totalled SEK 32m. Accumulated over the year, net lettings amounted to SEK 162m. Renegotiations made a positive contribution of 11 per cent towards the rental value in renegotiated leases. Projects proceeded according to plan.

### 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 2021, Fabege owned 94 properties with a combined rental value of SEK 3.4bn, a lettable area of 1.2 million sqm and a carrying amount of SEK 83.3bn, of which development and project properties account for SEK 13.9bn. The financial occupancy rate for the entire portfolio, including project properties, was 90 per cent (91). The occupancy rate in the investment property portfolio was 90 per cent (92).

projects and development properties amounted to SEK 505m. The portion of the purchase price that is not allocated to shareholders' equity or fair value adjustments of properties of SEK 214m is recognised as goodwill. In December, an additional land property was acquired in Flemingsberg from Skanska, for a total purchase consideration of SEK 56m. In addition, a residential property in Borås was taken over via SHH.

### NET LETTINGS

During the year, 149 (114) new leases were signed at a total rental value of SEK 329m (157), with 96 per cent of the space pertaining to green leases. Lease terminations amounted to SEK -167m (-202). Net lettings amounted to SEK 162m (-45). Leases totalling SEK 239m (115) were renegotiated, with an average rise in rental value of 11 per cent (20). The retention rate during the year was 72 per cent (65).

### CHANGES IN THE PROPERTY PORTFOLIO

During the first quarter, Sadelplatsen 1 was divested. Four properties relating to housing development rights in Haga Norra were sold to the joint venture company that Fabege owns together with Brabo, which is developing tenant-owned apartments on the properties. Fabege also entered into two land allocation agreements, one with the City of Solna and one with Huddinge Municipality. In connection with this, an additional purchase price of SEK 270m was paid for previously acquired properties in Flemingsberg. In the third quarter, SEK 176m was paid to the City of Solna relating to the acquisition of housing development rights in Huvudsta. In October, Fabege acquired SHH Bostad AB at a purchase consideration of SEK 880m. The acquisition value of SHH's portfolio of ongoing housing development



## TOTAL INVESTMENTS, JAN-DEC 2021

Total investments, SEKm	
Investments in investment properties	635
Investments in development properties	48
Investments in project properties	1,191
<b>Total investments</b>	<b>1,874</b>

## SALES OF PROPERTIES, JAN-DEC 2021

Property	Area	Category	Lettable area, sqm
<b>Q1</b>			
Sadelplatsen 1	Frösunda	Offices	6,368
Hagalund 2:12-2:15	Haga Norra	Residential	0
<b>Q2</b>			
No sales			
<b>Q3</b>			
No sales			
<b>Q4</b>			
No sales			
<b>Total</b>			<b>6,368</b>

## PROPERTY ACQUISITIONS, JAN-DEC 2021

Property	Area	Category	Lettable area, sqm
<b>Q1</b>			
No purchases			
<b>Q2</b>			
No purchases			
<b>Q3</b>			
Huvudsta 3:1	Solna	Land	0
<b>Q4</b>			
Daggkäpan 2	Borås	Bostad	7,381
Generatorm 11	Flemingsberg	Mark	0
<b>Total</b>			<b>7,381</b>

Redevelopment work is underway at Glädjen 2, Stadshagen, with a total estimated investment of SEK 177m. The first tenant moved in in June 2021. The project is now proceeding with customisations for the next tenant, who will be taking up occupancy in September 2022. The occupancy rate is 34 per cent.

The project regarding the development of part of Bocken 39, Kungsgatan, is continuing, with a focus on interior fittings ahead of Convendum's move in July 2022. The investment is estimated at SEK 205m.

The project relating to the construction of premises for the Royal Opera and Royal Dramatic Theatre at the Regulatorm 4 property in Flemingsberg is progressing, with project planning and procurement of building services. The local development plan entered into force in June 2021. Construction is scheduled to begin in early 2022 and the property will be ready for occupation in June 2024. The investment is estimated at SEK 430m.

### FORTHCOMING PROJECT START-UPS

In Flemingsberg, planning and design is underway for the construction of offices and laboratories for Alfa Laval. Fabège has entered into a land allocation agreement with Huddinge Municipality for the site in question and work is underway on a local development plan. The investment is estimated at SEK 740m excluding land acquisition, as Alfa Laval has decided to expand the total space to approximately 20,000 sqm. The building is expected to be ready for occupancy during the second quarter of 2025.

The Board of Directors has also made a decision on an investment of just under SEK 1.4bn relating to an office block at the Hagalund 2:10 property in Haga Norra. No leases have been signed as yet. Work is currently underway on planning and project design. Additional projects decided upon include the construction of a mobility house (mainly parking) in Arenastaden, the redevelopment of the Påsen 1 property in Hammarby Sjöstad and tenant customisations for Convendum in the Hägern 7 property, Drottninggatan. Furthermore, rebuilding work on Nöten 4, Solna Strand, will begin when the Swedish Tax Agency leaves at the end of March.

### SHH BOSTAD

SHH's property portfolio includes 25 projects, of which 8 are managed as part of ongoing production, with an estimated investment volume of SEK 998m. In the

fourth quarter, the Läroverkssvallen tenant-owner association (BRF) project in Borlänge was completed and vacated. Kaptenen in Botkyrka, another BRF project, is in the process of being completed, with the apartments scheduled to be taken over in December 2021 and the start of 2022. In addition, a BRF project co-owned with Balder has been completed in Huddinge.

### HOUSING DEVELOPMENT IN JOINT VENTURES

Fabège and SHH Bostad AB have been leading a housing development project in Kista via co-owned Selfoss Invest AB. The project was completed during the autumn and has been charged to profit or loss prior to year-end with a project gain of SEK 25m, which has been recognised as income from associated companies. In the third quarter, the capital gain of SEK 58m from the sale of the property to the joint venture company was recognised as a realised change in value.

The housing project being conducted in cooperation with Brabo in Haga Norra is proceeding according to plan. The project includes 418 apartments that are being produced in a 3D reallocation above the facility that Fabège has built for Bilia. The investment totals approximately SEK 1.1bn. The project is being financed with an owner's loan. The reallocation process was completed during the first quarter and Fabège sold the four properties concerned to the joint venture company. Work is continuing on completing the frame, installations and furnishings. The first tenants began moving in in August 2021, and the project is expected to be completed at year-end 2022/23. A total of 405 apartments have been sold, of which 215 have been signed with tenancy contracts and 190 with non-binding booking agreements. As the project is completed, the booking agreements will be converted into tenancy contracts.

The development of the property Lagern 3, Råsunda, into tenant-owned apartments is proceeding according to plan, with occupancy scheduled between November 2021 and February 2022. The project is being managed together with the TB Group in a 50/50 per cent joint venture company. The investment is estimated to be SEK 288m, excluding purchase of the land. All 134 apartments have been sold via binding preliminary contracts. 42 apartments have been taken over and the remainder will be taken over in February and March 2022.

The current joint venture projects are being recognised in accordance with the equity method. Income recognition will take place on completion of the projects.

## ONGOING PROJECTS &gt; SEK 50M

Property listing	Category	Area	Completed	Lettable area, sqm	Occupancy rate, % space <sup>1</sup>	Rental value <sup>2</sup>	Carrying amount, SEKm	Estimated investment, SEKm	of which spent, SEKm
Poolen 1	Offices	Arenastaden	Q1-2022	28,100	82%	94	1,678	1,075	862
Glädjen 12	Offices	Marieberg	Q4-2022	11,000	33%	44	571	177	49
Bocken 39 (part of)	Offices	Norrmalm	Q3-2022	7,700	100%	68	1,490	205	63
Regulatorn 4	Workshops etc	Flemingsberg	Q2-2024	11,900	100%	24	60	430	24
<b>Total</b>				<b>58,700</b>	<b>85%</b>	<b>230</b>	<b>3,799</b>	<b>1,887</b>	<b>998</b>
Other land and project properties							3,330		
Other development properties							8,262		
<b>Total project, land and development properties</b>							<b>15,391</b>		

<sup>1</sup>Operational occupancy rate at 31 December 2021.<sup>2</sup>Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 230m (fully let) from SEK 5m in annualised current rent at 31 December 2021.

## DEVELOPMENT RIGHTS

Commercial development rights				Residential development rights			
Area	floor area, sqm	gal approval, %	carrying amount, SEK/sqm	Area	loor area, sqm	gal approval, %	arrying amount, SEK/sqm
Inner city	29,900	3	8,700	Inner city	1,300	0	0
Solna	382,800	23	7,100	Solna	281,700	48	10,000
Hammarby Sjöstad	70,000	35	8,500	Hammarby Sjöstad	-	-	-
Flemingsberg	268,300	6	4,500	Flemingsberg	272,000	0	5,500
SHH Bostad	7,100	0	14,200	SHH Bostad	120,000	67	4,400
Other	20,000	100	1,500	Other	-	-	-
<b>Total</b>	<b>778,100</b>	<b>19</b>	<b>6,300</b>	<b>Total</b>	<b>675,000</b>	<b>32</b>	<b>7,100</b>

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. All agreed land allocations have been included.

## PROPERTY PORTFOLIO

Property holdings	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value <sup>2</sup>	Financial occupancy rate %
Investment properties <sup>1</sup>	58	975	69,356	3,022	90
Development properties <sup>1</sup>	19	245	8,262	274	87
Land and project properties <sup>1</sup>	17	27	5,639	63	29
<b>Total</b>	<b>94</b>	<b>1,247</b>	<b>83,257</b>	<b>3,359</b>	<b>90</b>
Of which, Inner city	27	323	31,007	1,221	89
Of which, Solna	48	712	41,991	1,687	90
Of which, Hammarby Sjöstad	11	136	8,051	384	88
Of which, Flemingsberg	6	69	1,927	65	90
Of which, Other	2	7	281	2	0
<b>Total</b>	<b>94</b>	<b>1,247</b>	<b>83,257</b>	<b>3,359</b>	<b>90</b>

<sup>1</sup>See definitions.<sup>2</sup>In the rental value, time limited deductions of about SEK 73m (in rolling annual rental value at 31 December 2021) have not been deducted.SUMMARY OF SEGMENT REPORTING<sup>1</sup>

	2021 Dec	2021 Jan-Dec	2021 Jan-Dec	2021 Jan-Dec	2021 Jan-Dec	2020 Jan-Dec	2020 Jan-Dec	2020 Jan-Dec	2020 Jan-Dec	2,020 Jan-Dec
<b>SEKm</b>										
Rental income	2,722	138	29	0	2,889	2,655	140	11	-	2,806
Project & contract sales, residential	-	-	-	62	62	-	-	-	-	-
<b>Total net sales</b>	<b>2,722</b>	<b>138</b>	<b>29</b>	<b>62</b>	<b>2,951</b>	<b>2,655</b>	<b>140</b>	<b>11</b>	<b>-</b>	<b>2,806</b>
Property expenses	-611	-78	-15	0	-704	-579	-97	-18	-	-694
Project & contract costs, residential development	-	-	-	-71	-71	-	-	-	-	-
<b>Gross profit</b>	<b>2,111</b>	<b>60</b>	<b>14</b>	<b>-9</b>	<b>2,176</b>	<b>2,076</b>	<b>43</b>	<b>-7</b>	<b>-</b>	<b>2,112</b>
Of which net operating income property management	2,111	60	14	0	2,185	2,076	43	-7	-	2,112
Sur plus ratio, property management	78%	43%	48%		76%	78%	31%	-64%		75%
Of which gross profit residential development	-	-	-	-9	-9	-	-	-	-	-
Central administration & marketing	-93	-11	-6	-	-110	-82	-8	-4	-	-94
Net interest income/expense	-417	-50	-23	-5	-495	-400	-44	-18	-	-462
Ground rent	-36	-	-	-	-36	-30	-	-	-	-30
Share in profits of associated companies	-35	-	25	12	2	-52	-1	-	-	-53
<b>Profit from property management</b>	<b>1,530</b>	<b>-1</b>	<b>10</b>	<b>-2</b>	<b>1,537</b>	<b>1,512</b>	<b>-10</b>	<b>-29</b>	<b>-</b>	<b>1,473</b>
Realised changes in value properties	0	0	56	-	56	24	25	-	-	49
Unrealised changes in value properties	3,437	265	883	-	4,585	1,918	423	374	-	2,715
<b>Profit before tax per segment</b>	<b>4,967</b>	<b>264</b>	<b>949</b>	<b>-2</b>	<b>6,178</b>	<b>3,454</b>	<b>438</b>	<b>345</b>	<b>-</b>	<b>4,237</b>
Changes in value interest rate derivatives & shares					534					-231
Profit before tax					<b>6,712</b>					<b>4,006</b>
Market value properties	69,105	8,262	5,639	251	83,257	65,314	7,630	3,704	-	76,648
Project & development properties	-	-	-	821	821	-	-	-	-	-
Occupancy rate, %	90				90	92				91

<sup>1</sup>Explanation of classifications and also the reclassifications during the period between the Property Management and Property Development segments are stated in the note on Segment Reporting on page 22.

# About Fabege's work with

Our ambition does not stop at developing sustainable city districts, properties and premises. We aim to contribute to a sustainable Stockholm. Our sustainability strategy is an integral part of our business concept, business model and corporate culture.

## Goals 2030

- Carbon neutral property management.
- Halving the climate impact of project development.

# 77

# kWh/sqm

Average energy use 2021

### GRESB 2021

In 2021, Fabege once again achieved 93 points in GRESB's sustainability survey.



## Goals & strategy

### URBAN DEVELOPMENT

Work supported by Citylab in partnership with the City of Solna and Sweden Green Building Council to ensure a sustainable Arenastaden has been paused pending a manual update. A brand new district is being built in Flemingsbergsdalen, and we are now implementing the goals of the area's sustainability programme in our daily urban development work. This programme has also been developed in accordance with Citylab. Citylab is Sweden's first certification system for sustainable urban development.

### REDUCED CARBON FOOTPRINT IN PROJECTS

The targets and roadmap we have established to support the Paris Agreement via the Science Based Targets initiative are the backbone of Fabege's work with climate issues. By 2030, Fabege will have reduced the climate impact of its construction projects by the life cycle analysis demonstrating a halving of kg CO<sub>2</sub>e/GFA compared with 2019. This will require us to adopt an innovative approach to our project development, involving recycling, choice of materials, new technology and stringent requirements in our procurement processes. Project design work has begun on Parkhuset in Solna Business Park, which is a challenge-focused innovation project that aims to halve the carbon footprint during construction by reusing building material.

### CARBON NEUTRAL PROPERTY MANAGEMENT BY 2030

Fabège has a long-term, target-based and integrated approach towards creating more sustainable properties. Our ultimate long-term goal is for Fabège's property management to be carbon neutral by the year 2030, which is measured in kg CO<sub>2</sub>e/sqm. 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 additive technology that reduces the amount of carbon dioxide in the atmosphere.

### ENERGY EFFICIENCY TARGETS

Fabège's energy efficiency targets are divided into phases. In 2019 we were already exceeding the Swedish Energy Agreement's target of 50 per cent more efficient energy use in 2030 compared with 2005. In 2021, Fabège's average energy use was 76 kWh/sqm (cumulative 12-month result). The target is average energy use of 77 kWh/sqm by 2023. 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. The increase was due to 2020 being an unusual year, with a mild winter and low energy consumption due to the fact that many offices were not used because tenants decided to let their employees work from home.

### ENVIRONMENTAL CERTIFICATION OF PROPERTIES

Fabège's objective is for the company's entire property portfolio to be certified to BREEAM-SE/BREEAM In-Use standard. All project properties and investment properties have been certified since 2019. Fabège's new construction will now be certified according to BREEAM-SE, ambition level Excellent, and our investment properties according to BREEAM In-Use, ambition level Very Good. Of Fabège's 94 properties, 59 were certified at the end of the period. Overall, this represents 81 per cent of the combined area of Fabège's existing portfolio. The properties that have not yet begun certification relate to land and development property for future project development.

In 2021, work continued on upgrading several BREEAM In-Use certifications in the existing portfolio. During the period, a further 2 properties achieved the level Very Good.



### GREEN FABEGE ACCORDING TO CICERO

In autumn 2020, 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 of 'Excellent' in an assessment of the company's sustainability governance. Find out more at: [www.fabege.se/en](http://www.fabege.se/en).

### EU TAXONOMY

Fabège is subject to the EU's Non-Financial Reporting Directive.

In accordance with the mandatory reporting for the 2021 financial year, Fabège reports the extent to which the Group's activities are covered by EU taxonomy.

This information is published as part of the 2021 Annual Report and Sustainability Report.

### CERTIFIED PROPERTIES

System	Quantity	Sqm, GLA	Target
BREEAM In-Use	48	718,723	72%
BREEAM-SE	9	251,025	25%
BREEAM Bespoke	1	7,364	1%
Miljöbyggnad	1	24,338	2%
<b>Total certified properties</b>	<b>59</b>	<b>1,001,450</b>	<b>100%</b>

### SUSTAINABILITY PERFORMANCE MEASURES

	2021	2020	2019	Target
Energy performance, kWh/sqm Atemp	77	74	81	Max. 77 kWh/sqm Atemp
Proportion of renewable energy, %	95	96	91	100
Environmental certification, number of properties	59	59	56	
Environmental certification, % of total area	81	82	83	100
Green leases, % of newly signed space	96	96	94	100
Green leases, % of total space	80	73	75	100
Green financing, %	99	100	84	100
Satisfied employees, confidence rating, %	86	79	74	2021 minst 85%
GRESB, points	93	93	94	>90

Scandinavia's first zero-energy hotel in Arenastaden – House of Choice, Nationalarenan 3 – was named BREEAM Building of the Year 2021.

Five properties have energy performance certificates at EPC level A, which corresponds to almost 20 per cent of the total area of the investment property portfolio.

### SOCIAL SUSTAINABILITY INITIATIVES

Fabège collaborates with municipalities, authorities, other property owners and associations to create safe and attractive areas. We continue to focus on social sustainability in urban planning and projects as we develop the physical environment in our districts. Fabège focuses on education, leisure time, health and work.

Examples of initiative:

- Started BID (business improvement district) in Flemingsberg
- Homework club in Flemingsberg
- Changers Hub in Huddinge
- TalangAkademin in Huddinge
- Support for Stockholm City Mission
- Street Gallery, Solna Business Park
- Support to local sports clubs
- Pep Parks in Solna
- Vinnova project 'Social sustainability in the physical environment'

### ABOUT THE SUSTAINABILITY REPORT

This is a quarterly follow-up of Fabège's work with sustainability issues. The starting point is Fabège's annual Sustainability Report. The quarterly report has not been prepared in accordance with the GRI guidelines and therefore does not address certain issues. An overall review of our sustainability work is published once a year in the Sustainability Report; further information is available at [www.fabege.se/en](http://www.fabege.se/en).

# Other financial information

## SENSITIVITY ANALYSIS – PROPERTY VALUES

Change in value, %	Impact on earnings after tax, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	651	51.6%	36.4%
0	0	51.3%	36.5%
-1	-651	51.1%	36.7%

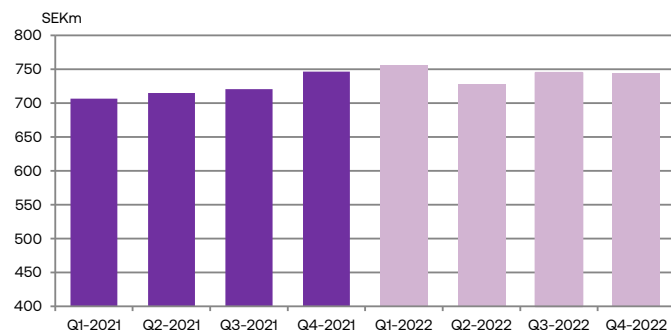
Earnings and key performance indicators are affected by realised and unrealised changes in the value of properties. The table shows the effect of a 1 percentage point change in value after deferred tax deduction.

## SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change in effect, SEKm
Rental income, total	1% 28.8
Rent level, commercial income	1% 28.0
Financial occupancy rate	1 percentage point 33.6
Property expenses	1% -7.0
Interest expenses, LTM <sup>1</sup>	+/-1 percentage point 65 / 17
Interest expenses, longer term perspective	1 percentage point 304.0

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

## RENTAL INCOME – TREND OVER NEXT FOUR QUARTERS



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

## HUMAN RESOURCES

At the end of the period, 218 people (191) were employed by the Group.

## PARENT COMPANY

Sales during the period amounted to SEK 324m (320) and earnings before appropriations and tax amounted to SEK 149m (356). Net investments in property, equipment and shares totalled SEK 9m (1).

## EVENTS AFTER BALANCE SHEET DATE

No significant events occurred after the balance sheet date.

## LEASE MATURITY STRUCTURE

Maturity, year	No. of leases	Annual rent, SEKm	Percentage, %
2022	596	679	23%
2023	299	375	12%
2024	213	274	9%
2025	132	326	11%
2026	99	353	12%
2027+	73	862	29%
<b>Commercial</b>	<b>1,412</b>	<b>2,868</b>	<b>95%</b>
Housing leases	119	12	0%
Indoor and outdoor parking	730	127	4%
<b>Total</b>	<b>2,261</b>	<b>3,007</b>	<b>100%</b>

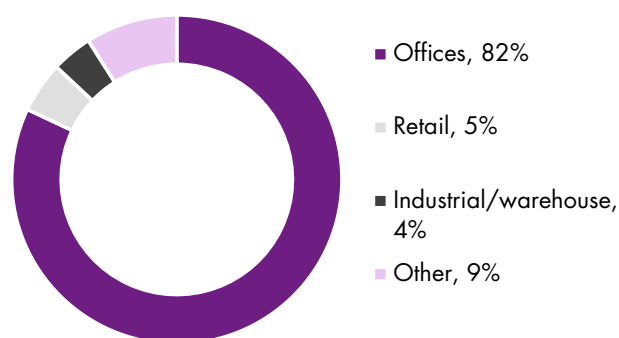
<sup>1</sup>Of which just over SEK 133m has already been renegotiated for 2022.

## BIGGEST CUSTOMERS

	Share, %	Year of expiry
SEB	6%	2037
The Swedish Tax Agency	5%	2022
ICA Fastigheter Sverige AB	4%	2030
Telia Company	4%	2031
Swedebank	2%	2029
Carnegie Investment Bank AB	2%	2022
The Swedish Migration Agency	2%	2028
The Swedish Agency for Education	1%	2024
Telenor AB	1%	2028
Svea Ekonomi AB	1%	2023
<b>Total</b>	<b>30%</b>	

<sup>1</sup>Percentage of contracted rent.

## RENTAL VALUE PER CATEGORY



## 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 2020 Annual Report (pages 48–57).

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 2020 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 2020 Annual Report (pages 48–57).

Faberge'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.

Since the start of the pandemic, we have commented in particular on the risks and impact of the pandemic. As we no longer see specific risks associated with the pandemic, this section has been deleted. No material changes in the company's assessment of risks have therefore been implemented following publication of the 2020 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

Activity on the rental market saw a gradual increase in the autumn, with more viewings and negotiations. We feel that the Stockholm market is stable, with healthy demand for office premises in all our submarkets. New lettings and renegotiations are being completed at good or slightly higher rent levels. Autumn saw record-high transactions in our market, which is reflected in lower yield requirements and positive changes in value. However, we do not expect sharply declining market yields to continue to fall, although there is still a slight delay in valuations.

Faberge has a strong financial position. We have created new investment opportunities in our areas via the acquisitions that were completed during the year. The acquisition of SHH enables us to take the next step towards more comprehensive urban development that extends to housing as well. Faberge's hallmark is stability – we have a portfolio of modern properties in attractive locations, stable customers and committed employees. We are well prepared to take on the challenges and opportunities open to us on the market over the coming year.

## ACCOUNTING POLICIES

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

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

The 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, with the addition of the following principle resulting from the acquisition of SHH, which develops and sells tenant-owned apartments ordered by tenant-owner associations. During the construction period, costs incurred are recorded in the asset class 'project and development properties'. Faberge considers that it has a controlling interest in tenant-owner associations, which is why these apartments are consolidated. This means that there is no contract in accordance with IFRS 15 until the end customer has signed a lease. The end customer buys a right of use in the tenant-owner association corresponding to a specific apartment. Faberge's business model means that control is transferred to the customer that acquires the apartment once the customer takes possession of the apartment. Revenue is therefore recognised once the apartment has been completed and the customer has moved in. Revenue is based on actual income from the sale of a housing project. Recognised income per apartment is matched by the apartment's estimated cost on completion of the project.

Other new or revised IFRS standards or other IFRIC interpretations that came into effect after 1 January 2021 have not had any material impact on consolidated financial statements. The Parent Company prepares its financial statements according to RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act, and applies the same accounting policies and valuation methods as in the latest annual report.

Stockholm, 7 February 2022

Stefan Dahlbo  
CEO

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



# Share information

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

## OWNERS\*

Fabege had a total of 46,538 known shareholders at 31 December 2021, including 61.1 per cent Swedish ownership. The 15 largest owners control 47.3 per cent of the total number of shares and votes.

## DIVIDEND POLICY

Fabege aims to pay a dividend to its shareholders comprising the part of the company's profit that is not required for the consolidation or development of the business. 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 2022 AGM

The Board of Directors proposes a dividend of SEK 4:00 per share (3.60) to be paid on four occasions quarterly in the amount of SEK 1.00 per share on each occasion.

## ACQUISITION AND TRANSFER OF TREASURY SHARES\*

The 2021 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, 4.9 million shares were repurchased. The company held 9,450,984 treasury shares on 31 December. The repurchases were made at an average price of SEK 122.05 per share. The holding represents 2.86 per cent of the total number of registered shares.

## LARGEST SHAREHOLDERS, 31/12/2021

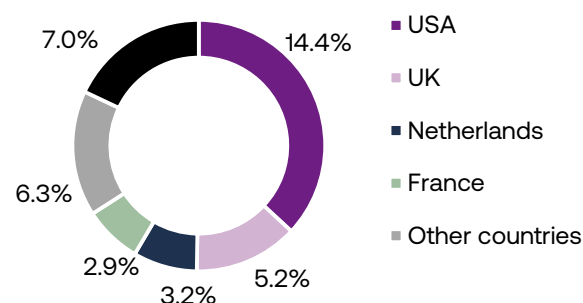
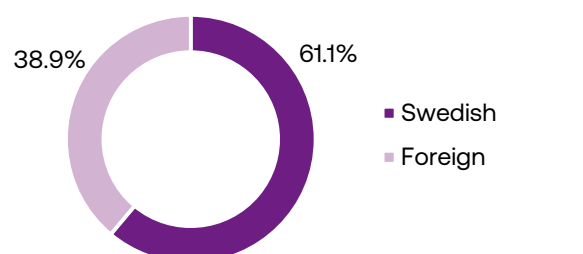
	Number of shares*	Proportion of capital, %	Proportion of votes, %
Erik Paulsson & company	52,108,718	16.2	16.2
BlackRock	15,745,399	4.9	4.9
Länsförsäkringar Funds	11,078,935	3.4	3.4
Handelsbanken Funds	10,183,585	3.2	3.2
Vanguard	9,748,719	3.0	3.0
Mats Qviber and family	7,106,054	2.2	2.2
APG Asset Management	6,874,676	2.1	2.1
E.N.A City Aktiefolagt	6,530,000	2.0	2.0
Norges Bank	5,959,751	1.9	1.9
The Fourth Swedish National Pension Fund	5,287,965	1.6	1.6
Folksam	5,057,913	1.6	1.6
The Third Swedish National Pension Fund	4,756,373	1.5	1.5
AFA Insurance	4,064,798	1.3	1.3
BNP Paribas Asset Management	3,925,536	1.2	1.2
AMF Pension & Funds	3,657,852	1.1	1.1
<b>Total 15 largest shareholders</b>	<b>152,086,274</b>	<b>47.3</b>	<b>47.3</b>
<b>Total no. of shares outstanding</b>	<b>321,332,160</b>	<b>97.1</b>	<b>97.1</b>
Treasury shares	9,450,984	2.9	2.9
<b>Total no. of registered shares</b>	<b>330,783,144</b>	<b>100</b>	<b>100</b>

## TURNOVER AND TRADING OCT-DEC 2021

	Fabege
Lowest price, SEK	129.60
Highest price, SEK	160.50
VWAP, SEK	146.60
Average daily turnover, SEK	72,106,249
Number of traded shares	31,469,851
Average number of transactions	2,001
Number of transactions	128,036
Average value per transaction, SEK	36,043
Daily turnover relative to market capitalisation	0.15

## OWNER DISTRIBUTION, 31/12/2021

	Number of shares	Capital & votes, %
Foreign institutional owners	104,280,670	31.5
Swedish institutional owners	74,671,560	22.6
Other owners	73,803,998	22.3
Swedish private individuals	45,519,054	13.8
Anonymous ownership	23,056,878	7.0
Treasury shares	9,450,984	2.9
<b>Total</b>	<b>330,783,144</b>	<b>100</b>



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

# Financial data

## Group

### Condensed statement of comprehensive income

SEKm	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Rental income <sup>1</sup>	746	703	2,889	2,806
Sales residential projects	62	-	62	-
<b>Net Sales</b>	<b>808</b>	<b>703</b>	<b>2,951</b>	<b>2,806</b>
Property expenses	-177	-175	-704	-694
Residential projects expenses	-71	-	-71	-
<b>Gross profit</b>	<b>560</b>	<b>528</b>	<b>2,176</b>	<b>2,112</b>
<i>of which gross profit property management</i>	569	528	2,185	2,112
Surplus ratio, %	76%	75%	76%	75%
<i>of which gross profit property projects</i>	-9	-	-9	-
Central administration	-25	-24	-110	-93
Net interest expense	-130	-116	-495	-462
Ground rent	-9	-8	-36	-30
Share in profit of associated companies	22	-10	2	-53
<b>Profit/loss from property management</b>	<b>418</b>	<b>370</b>	<b>1,537</b>	<b>1,474</b>
Realised changes in value of properties	0	24	56	49
Unrealised changes in value of properties	2,165	799	4,585	2,715
Unrealised changes in value, fixed-income derivatives	140	87	532	-229
Changes in value of shares	0	-1	2	-2
<b>Profit/loss before tax</b>	<b>2,723</b>	<b>1,279</b>	<b>6,712</b>	<b>4,007</b>
Current tax	0	-1	0	24
Deferred tax	-465	-244	-1,312	-864
<b>Profit/loss for period/year</b>	<b>2,258</b>	<b>1,034</b>	<b>5,400</b>	<b>3,167</b>
<i>Items that will not be restated in profit or loss</i>				
Revaluation of defined-benefit pensions	6	-1	6	-1
<b>Comprehensive income for the period/year</b>	<b>2,264</b>	<b>1,033</b>	<b>5,406</b>	<b>3,166</b>
Of which attributable to non-controlling interests	0	0	0	0
<b>Total comprehensive income attributable to Parent Company shareholders</b>	<b>2,264</b>	<b>1,033</b>	<b>5,406</b>	<b>3,166</b>
Earnings per share, SEK	7.02	7.65	16.73	9.65
No. of shares outstanding at period end, thousands	321,332	326,206	321,332	328,283
Average no. of shares, thousands	321,665	328,317	322,743	329,211

<sup>1</sup>On-boarding, service and other income amounts to SEK xxm for the period January–December 2021.

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

### Condensed statement of financial position

SEKm	2021 Dec 31	2020 Dec 31
<b>Assets</b>		
Goodwill	234	-
Properties	83,257	76,648
Right-of-use asset, leasehold	1,092	897
Other property, plant and equipment	22	15
Derivatives	121	20
Non-current financial assets	832	1,108
Development properties	821	-
Current assets	1,382	350
Short-term investments	96	108
Cash and cash equivalents	131	20
<b>Total assets</b>	<b>87,988</b>	<b>79,166</b>
<b>Equity and liabilities</b>		
Shareholders' equity	45,174	41,542
Deferred tax	9,603	8,288
Other provisions	197	183
Interest-bearing liabilities <sup>1</sup>	30,399	26,669
Lease liability	1,093	897
Derivatives	186	617
Non-interest-bearing liabilities	1,336	970
<b>Total equity and liabilities</b>	<b>87,988</b>	<b>79,166</b>

<sup>1</sup>Of which current, SEK 2,798m (2,925).

## Group

## Condensed statement of changes in equity

SEKm	Share capital	Other contributed capital	Retained earnings incl. profit/loss for the year	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total shareholders' equity
Shareholders' equity, 1 January 2020, according to adopted Statement of financial position	5,097	3,017	31,880	39,993	74	40,068
Profit/loss 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						
Share buybacks			-541	-541		-541
Cash dividend			-1,050	-1,050		-1,050
Acquisition of minority interests			-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>
<b>Shareholders' equity, 31 December 2020, according to adopted Statement of financial position</b>	<b>5,097</b>	<b>3,017</b>	<b>33,428</b>	<b>41,542</b>	<b>0</b>	<b>41,542</b>
Profit/loss for the period			5,400	5,400		5,400
Other comprehensive income			6	6		6
<b>Total income and expenses for the period</b>			<b>5,406</b>	<b>5,406</b>	<b>0</b>	<b>5,406</b>
TRANSACTIONS WITH SHAREHOLDERS						
Share buybacks			-613	-613		-613
Approved but unpaid dividend						0
Cash dividend			-1,161	-1,161		-1,161
<b>Total transactions with shareholders</b>			<b>-1,774</b>	<b>-1,774</b>	<b>0</b>	<b>-1,774</b>
<b>Shareholders' equity, 31 Dec 2021</b>	<b>5,097</b>	<b>3,017</b>	<b>37,060</b>	<b>45,174</b>	<b>0</b>	<b>45,174</b>

## Statement of cash flows

SEKm	2021 Jan-Dec	2020 Jan-Dec
<b>Operations</b>		
Net operating income	2,176	2,112
Central administration	-110	-93
Reversal of depreciation	7	4
Interest received	20	16
Interest paid	-535	-550
Income tax paid	0	24
<b>Cash flow before changes in working capital</b>	<b>1,558</b>	<b>1,513</b>
<b>Change in working capital</b>		
	-94	
Change in current receivables	-59	-34
Change in current liabilities	112	-130
<b>Total change in working capital</b>	<b>-41</b>	<b>-164</b>
<b>Cash flow from operating activities</b>	<b>1,517</b>	<b>1,349</b>
<b>Investing activities</b>		
	-734	
Investments in new-builds, extensions and conversions	-1,890	-1,826
Acquisition of properties	-735	-1,370
Divestment of properties	309	3,589
Other non-current financial assets	72	-411
<b>Cash flow from investing activities</b>	<b>-2,978</b>	<b>-18</b>
<b>Financing activities</b>		
	-1,161	-1,050
Dividend to shareholders	-613	-541
Treasury share buybacks		
Borrowings	14,958	10,117
Repayment of debt	-11,612	-9,861
<b>Cash flow from financing activities</b>	<b>1,572</b>	<b>-1,335</b>
Cash flow for the period	111	-4
Cash and cash equivalents at beginning of period	20	24
<b>Cash and cash equivalents at end of period</b>	<b>131</b>	<b>20</b>



## Group

### Key performance indicators

	2021	2020
Financial <sup>1</sup>	Jan-Dec	Jan-Dec
Return on equity, %	12.5	7.8
Interest coverage ratio, multiple	4.1	4.3
Equity/assets ratio, %	51	52
Loan-to-value ratio, properties, %	36	35
Debt ratio, multiple	14.7	13.2
Debt/equity ratio, multiple	0.7	0.6
Share-based <sup>1</sup>		
Earnings per share, SEK <sup>2</sup>	16.73	9.65
Equity per share, SEK	141	127
Cash flow from operating activities per share, SEK	4.70	4.11
Average no. of shares, thousands	322,743	328,317
No. of shares outstanding at end of period, thousands	321,332	326,206
Property-related		
No. of properties	94	94
Carrying amount, properties, SEKm	83,257	76,648
Lettable area, sqm	1,247,000	1,254,000
Projekt & development properties, SEKm	821	-
Financial occupancy rate, %	90	91
Total return on properties, %	8.7	6.6
Surplus ratio, %	76	75

<sup>1</sup>Unless otherwise stated, the key performance indicator is not defined under IFRS. See definitions.

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

### EPRA key performance indicators

	2021	2020
	Jan-Dec	Jan-Dec
EPRA Earnings (income from property mgmt after tax), SEKm	1,356	1,285
EPRA Earnings (EPS), SEK/share	4.20	3.92
EPRA NRV (long-term net asset value), SEKm	54,842	50,427
EPRA NRV, SEK/share	171	155
EPRA NTA (long-term net asset value), SEKm	52,037	48,217
EPRA NTA, SEK/share	162	148
EPRA NDV (net asset value), SEKm	45,174	41,542
EPRA NDV, SEK/share	141	127
EPRA Vacancy rate, %	10	9

### Deferred tax

	2021	2020
Deferred tax attributable to:	Dec 31	Dec 31
- tax loss carryforwards, SEKm	-532	-693
- difference between carrying amount and tax value of properties, SEKm	10,174	9,166
- derivatives, SEKm	-13	-128
- other, SEKm	-26	-57
<b>Net debt, deferred tax, SEKm</b>	<b>9,603</b>	<b>8,288</b>

## Quarterly Group overview

### Condensed income statement

SEKm	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Rental income	746	721	715	707	703	696	696	711
Sales property projects	62	-	-	-	-	-	-	-
<b>Net sales</b>	<b>808</b>	<b>721</b>	<b>715</b>	<b>707</b>	<b>703</b>	<b>696</b>	<b>696</b>	<b>711</b>
Property expenses	-177	-152	-174	-201	-175	-158	-170	-191
Costs property projects	-71	-	-	-	-	-	-	-
<b>Gross profit</b>	<b>560</b>	<b>569</b>	<b>541</b>	<b>506</b>	<b>528</b>	<b>538</b>	<b>526</b>	<b>520</b>
of which gross profit property management	569	569	541	506	528	538	526	520
<b>Surplus ratio</b>	<b>76</b>	<b>79%</b>	<b>76%</b>	<b>72%</b>	<b>75%</b>	<b>77%</b>	<b>76%</b>	<b>73%</b>
of which gross profit property projects	-9	-	-	-	-	-	-	-
Central administration	-25	-24	-30	-32	-24	-21	-25	-23
Net interest expense	-130	-124	-122	-118	-116	-119	-116	-111
Ground rent	-9	-9	-9	-9	-8	-8	-8	-6
Share in profit of associated companies	22	-9	-11	-1	-10	-14	-18	-11
<b>Profit/loss from property management</b>	<b>418</b>	<b>404</b>	<b>369</b>	<b>346</b>	<b>370</b>	<b>-376</b>	<b>359</b>	<b>369</b>
Realised changes in value of properties	0	0	56	0	24	0	0	25
Unrealised changes in value of properties	2165	881	1025	514	799	391	-304	1,829
Unrealised changes in value, fixed-income derivatives	140	124	34	234	87	-24	-49	-243
Changes in value, equities	0	1	0	0	-1	0	0	-1
<b>Profit/loss before tax</b>	<b>2723</b>	<b>1,411</b>	<b>1,484</b>	<b>1,094</b>	<b>1279</b>	<b>743</b>	<b>6</b>	<b>1,979</b>
Current tax	0	0	0	0	-1	0	0	25
Deferred tax	-465	-315	-301	-231	-244	-169	-21	-430
<b>Profit/loss for the period</b>	<b>2258</b>	<b>1,096</b>	<b>1,183</b>	<b>863</b>	<b>1,034</b>	<b>574</b>	<b>-15</b>	<b>1,574</b>

### Condensed financial position

SEKm	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Assets</b>								
Goodwill	234	-	-	-	-	-	-	-
Properties	83,257	80,369	78,842	77,210	76,648	75,399	73,565	72,996
Right-of-use asset, leasehold	1,092	897	897	897	897	942	942	942
Other property, plant and equipment	22	21	21	14	15	15	15	6
Derivatives	121	94	57	60	20	11	19	31
Non-current financial assets	832	1,595	1,529	1,536	1,108	1,011	948	911
Development properties	821	-	-	-	-	-	-	-
Current assets	1,382	449	535	528	350	396	457	479
Short-term investments	96	96	95	95	108	108	107	130
Cash and cash equivalents	131	85	259	287	20	727	282	195
<b>Total assets</b>	<b>87,988</b>	<b>83,605</b>	<b>82,235</b>	<b>80,627</b>	<b>79,166</b>	<b>78,609</b>	<b>76,335</b>	<b>75,690</b>
<b>Equity and liabilities</b>								
Shareholders' equity	45,174	43,007	41,911	40,882	41,542	40,844	40,278	41,343
Deferred tax	9,603	9,135	8,821	8,519	8,288	8,045	7,875	7,853
Other provisions	197	181	182	182	183	179	180	181
Interest-bearing liabilities	30,399	28,393	28,268	27,321	26,669	26,205	24,694	23,472
Lease liability	1,093	897	897	897	897	942	942	942
Derivatives	186	299	386	422	617	695	679	641
Non-interest-bearing liabilities	1,336	1,693	1,770	2,404	970	1,699	1,687	1,258
<b>Total equity and liabilities</b>	<b>87,988</b>	<b>83,605</b>	<b>82,235</b>	<b>80,627</b>	<b>79,166</b>	<b>78,609</b>	<b>76,335</b>	<b>75,690</b>

### Key performance indicators

	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Financial<sup>1</sup></b>								
Return on equity, %	12.5	10.3	11.4	8.4	10	5.7	-0.1	15.5
Interest coverage ratio, multiple <sup>2</sup>	4.1	4.3	4.1	3.9	4.3	4.3	4.3	4.4
Equity/assets ratio, %	51	51	51	51	52	52	53	55
Loan-to-value ratio, properties, %	36	35	36	35	35	35	34	32
Debt ratio, multiple	14.7	14	14.1	13.7	13.2	12.9	12.1	11.4
Debt/equity ratio, multiple	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6
<b>Share-based<sup>1</sup></b>								
Earnings per share for the period, SEK <sup>2</sup>	7.02	3.40	3.67	2.64	7.65	1.75	-0.05	4.78
Equity per share, SEK	141	134	130	126	127	124	123	126
Cash flow from operating activities per share, SEK	1.03	1.36	1.01	1.30	0.61	1.40	0.89	1.21
No. of shares outstanding at the end of the period, thousands	321,332	321,998	321,998	323,206	326,206	328,206	328,283	328,283
Average no. of shares, thousands	321,665	321,998	322,602	327,110	328,317	329,211	329,533	329,533
<b>Property-related</b>								
Financial occupancy rate, %	90	91	91	91	91	91	92	94
Total return on properties, %	8.7	1.9	2.1	1.3	1.8	1.3	0.3	3.4
Surplus ratio, %	76	79	76	72	77	77	76	73

<sup>1</sup>Unless otherwise stated, the key performance indicator is not defined under IFRS. Please refer to definitions.

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

## Group

# Reconciliation of key performance indicators

Details are provided below regarding reconciliation of the financial key ratios that Fabege reports.

	2021	2020
Equity/assets ratio	Dec 31	Dec 31
Shareholders' equity, SEKm	45,174	41,542
Total assets, SEKm	87,988	79,166
<b>Equity/assets ratio</b>	<b>51%</b>	<b>52%</b>

	2021	2020
Loan-to-value ratio, properties	Dec 31	Dec 31
Interest-bearing liabilities, SEKm	30,399	26,667
Carrying amount, properties, SEKm	83,257	76,648
	821	-
<b>Loan-to-value ratio, properties</b>	<b>36%</b>	<b>35%</b>

	2021	2020
Debt ratio	Dec 31	Dec 31
Net operating income, SEKm	2,185	2,112
Central administration, SEKm	-110	-93
<b>Total, SEKm</b>	<b>2,075</b>	<b>2,019</b>
Interest-bearing liabilities, SEKm	30,399	26,669
<b>Debt ratio, multiple</b>	<b>14.7</b>	<b>13.2</b>

	2021	2020
Interest coverage ratio, multiple	Dec 31	Dec 31
Net operating income, SEKm	2,185	2,112
Ground rent, SEKm	-36	-30
Central administration, SEKm	-110	-93
<b>Total, SEKm</b>	<b>2,039</b>	<b>1,989</b>
Net interest expense, SEKm	-495	-462
<b>Interest coverage ratio, multiple</b>	<b>4.1</b>	<b>4.3</b>

	2021	2020	2021	2020
Return on equity	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Profit/loss for the period, SEKm	2,258	1,034	5,400	3,167
Average equity, SEKm	44,091	41,193	43,358	40,805
<b>Return on equity</b>	<b>20.5%</b>	<b>10.0%</b>	<b>12.5%</b>	<b>7.8%</b>

	2021	2020	2021	2020
Total return on properties	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net operating income, SEKm	569	528	2,185	2,112
Unrealised and realised changes in the value of properties, SEKm	2,165	823	4,641	2,764
Market value including investments for the period, SEKm	81,092	73,933	78,672	73,933
<b>Total return on properties</b>	<b>3.4%</b>	<b>1.8%</b>	<b>8.7%</b>	<b>6.6%</b>

	2021	2020	2021	2020
Debt/equity ratio	Oct-Dec	Oct-Dec	jan-dec	Jan-Dec
Interest-bearing liabilities, SEKm	30,399	26,669	30,399	26,669
Shareholders' equity, SEKm	45,174	41,542	45,174	41,542
<b>Debt/equity ratio</b>	<b>0.7</b>	<b>0.6</b>	<b>0.7</b>	<b>0.6</b>

	2021	2020	2021	2020
Equity per share	Oct-Dec	Oct-Dec	jan-dec	Jan-Dec
Shareholders' equity, SEKm	45,174	41,542	45,174	41,542
No. of shares outstanding at end of period, million	321	326	321	326
<b>Equity per share</b>	<b>141</b>	<b>127</b>	<b>141</b>	<b>127</b>

	2021	2020	2021	2020
Cash flow per share	Oct-Dec	Oct-Dec	jan-dec	Jan-Dec
Cash flow from operating activities, SEKm	330	198	1,517	1349
Average number of shares, million	323	328	323	328
<b>Cash flow per share</b>	<b>1.02</b>	<b>0.60</b>	<b>4.70</b>	<b>4.11</b>

## Group

### Reconciliation of key performance indicators

	2021			2020		
	Jan-Dec			Jan-Dec		
EPRA NRV, EPRA NTA & EPRA NDV	NRV	NTA	NDV	NRV	NTA	NDV
Shareholders' equity, SEKm	45,174	45,174	45,174	41,542	41,542	41,542
Reversal of approved but unpaid dividend, SEKm	-	-	-	-	-	-
Reversal of fixed-income derivatives according to balance sheet, SEKm	65	65	65	597	597	597
Reversal of deferred tax according to balance sheet, SEKm	9,603	9,603	9,603	8,288	8,288	8,288
Deduction of actual deferred tax, SEKm	-	-2,805	-2,805	-	-2,210	-2,210
Deduction of fixed-income derivatives according to balance sheet, SEKm	-	-	-65	-	-	-597
Deduction of deferred tax according to balance sheet after adjustment of estimated actual deferred tax, SEKm	-	-	-6,798	-	-	-6,078
<b>NAV</b>	<b>54,842</b>	<b>52,037</b>	<b>45,174</b>	<b>50,427</b>	<b>48,217</b>	<b>41,542</b>
Number of shares outstanding, millions	321.3	321.3	321.3	326.2	326.2	326.2
<b>NAV per share, SEK</b>	<b>171</b>	<b>162</b>	<b>141</b>	<b>155</b>	<b>148</b>	<b>127</b>

	2021	2020
	Jan-Dec	Jan-Dec
<b>EPRA EPS</b>		
Profit/loss from property management, SEKm	1,537	1,474
Deduction for tax depreciation, SEKm	-660	-593
<b>Total, SEKm</b>	<b>877</b>	<b>881</b>
Nominal tax (20.6%), SEKm	181	189
<b>EPRA earnings in total (profit/loss from property management less nominal tax), SEKm</b>	<b>1,356</b>	<b>1,474</b>
Number of shares, millions	322.7	328.3
<b>EPRA EPS, SEK per share</b>	<b>4.20</b>	<b>3.92</b>

	2021	2020
	Jan-Dec	Jan-Dec
<b>EPRA Vacancy rate</b>		
Estimated market value of vacant property rents, SEKm	349	289
Annual rental value, entire portfolio, SEKm	3,359	3,242
<b>EPRA Vacancy rate, %</b>	<b>10%</b>	<b>9%</b>

## Parent

### Profit and loss accounts

SEKm	2021	2020
	Jan-Dec	Jan-Dec
Income	324	320
Expenses	-385	-351
Net financial items	-324	618
Share in profit of associated companies	0	0
Changes in value, fixed-income derivatives	532	-229
Changes in value, equities	2	-2
Appropriation	0	0
<b>Profit/loss before tax</b>	<b>149</b>	<b>356</b>
Current tax	-	0
Deferred tax	-109	48
<b>Profit/loss for the period</b>	<b>40</b>	<b>404</b>

## Balance sheet

SEKm	2021	2020
	Dec 31	Dec 31
Investments in Group companies	13,400	12,517
Other non-current assets	45,434	44,457
<i>of which, receivables from Group companies</i>	<i>45,164</i>	<i>44,188</i>
Current assets	115	108
Cash and cash equivalents	2	1
<b>Total assets</b>	<b>58,951</b>	<b>57,083</b>
Shareholders' equity	11,782	13,517
Provisions	69	70
Non-current liabilities	45,687	43,292
<i>of which, liabilities to Group companies</i>	<i>18,038</i>	<i>17,533</i>
Current liabilities	1,413	204
<b>Total equity and liabilities</b>	<b>58,951</b>	<b>57,083</b>



# Notes

## NOTE 1 – 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. The valuation assumptions have not changed significantly compared to the last annual report.

## NOTE 2 – CONTINGENT LIABILITIES

On the balance sheet date, contingent liabilities comprised guarantees and commitments in favour of associated companies of SEK 704m (612) and other 0 (0).

## NOTE 3 – SEGMENT REPORTING: CLASSIFICATIONS AND RECLASSIFICATIONS DURING THE PERIOD

In accordance with IFRS 8, segments are presented from the point of view of management, broken down by segment. In connection with the acquisition of SHH Bostad, the segment reporting has been adjusted to better highlight the various business areas. Fabege's property portfolio is classified as follows:

- Property Management – properties under ongoing, long-term management
- Property Development – properties with plans for conversion or extension that will have a significant impact on ongoing property management and net operating income
- Projects – Land and development properties and properties in which a new construction/complete redevelopment is in progress
- Housing – SHH's operations constitute a separate segment

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. All revenue and expenses attributable to SHH's operations are recognised within the Housing segment.

The change to segment reporting with the separation of development properties and ongoing projects and land properties means that some of Fabege's properties have been reclassified. Comparative figures have also been adjusted in accordance with the new breakdown.

In the first quarter, the project at Hagalund 2:11 (the Bilia project) was completed and the property was reclassified from a project property to an investment property. During the second quarter, the projects at Stigbygelin 2 and Nationalarenan 3, both in Arenastaden, were completed and the properties were reclassified from project to investment properties.

## NOTE 4 – ACQUISITIONS

On 18 October 2021, the Group acquired all the shares in SHH Bostad AB at a purchase consideration of SEK 880m. Through the acquisition, the Group expects to strengthen its residential development rights portfolio by acquiring both expertise and more development rights in its home market of Stockholm.

The goodwill recognised for the acquisition represents the value that the acquisition brings to the Fabege Group in terms of greater expertise and a consolidated market position in housing development, along with synergies with existing operations.

Acquisition-related expenses amount to SEK 2m and relate to consultancy fees in connection with due diligence. These expenses have been recognised as other operating expenses in the income statement and other comprehensive income.

During the period from 18 October until 31 December 2021, SHH contributed SEK 62m to the Group's revenue and SEK -1m to the Group's post-tax profit. If the acquisition had occurred as of January 1, 2021, SHH would have contributed SEK 253m to the Group's revenues and SEK 65m to the Group's earnings. The acquisition's net liquidity impact amounts to SEK -754m.

### Det förvärvade företagets nettotillgångar vid förvärvstidpunkten:

Property, Plant and equipment	5
Interests in associated companies	53
Properties	50
Development properties	692
Other Current assets	377
Cash and cash equivalents	126
Provisions	-24
Interest-bearing liabilities	-394
Non-interest-bearing liabilities	-239
<b>Net identifiable assets and liabilities</b>	<b>646</b>
Group Goodwill	234
Consideration transferred	880

# This is Fabege

**Fabège is one of Sweden's leading property companies. We develop attractive and sustainable districts, with a primary focus on commercial properties within a limited number of well located submarkets in the Stockholm region.**

We are one of the largest property owners in Stockholm and have a clear strategy for our property holding, with a portfolio grouped into clusters. The Group includes SHH Bostad, a property development company with a focus on housing and community properties. With a large number of residential buildings rights, together we have great opportunities to create a mixed population in our districts. The concentration of our properties to well-contained clusters leads to greater customer proximity and, coupled with Fabège's excellent local expertise, creates a solid foundation for efficient property management and high occupancy rates. At 31 December 2021, Fabège owned 94 properties with a total market value of SEK 83.3bn. The rental value was SEK 3.4bn. To this was added a development portfolio within SHH Bostad comprising ongoing and upcoming housing development projects to a value of SEK 821m.

## BUSINESS CONCEPT

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

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

## BUSINESS MODEL

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

## STRATEGY FOR GROWTH

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

## VALUE-DRIVING FACTORS

Fabège's operations are affected by a number of external factors, such as pricing and demand for premises, the transaction market's yield requirements and changes in market interest rates, which lay the foundations 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. According to forecasts, the population of Stockholm County will continue to grow over the next 20 years. 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. Peripheral services and effective 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. Demand for premises is closely linked to GDP growth and companies' need for premises. Changes in market interest rates impact yield requirements.

## 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.

## Business model

### PROPERTY MANAGEMENT

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

### PROPERTY DEVELOPMENT

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

### TRANSACTIONS

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



# 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 performance indicators 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 20.6 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 by limitations on lettings prior to impending improvement work.

## 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.

## 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 REINVESTMENT 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

## 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 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 ON 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.



#### CALENDAR

Annual General Meeting 2022	29 March 2022, 3.00 pm CET
Interim Report January–March 2022	26 April 2022, 7.30 am CET
Interim Report January–June 2022	8 July 2022, 7.30 am CET
Interim Report January–September 2022	20 October 2022, 07.30 am CET

#### PRESS RELEASES DURING THE FOURTH QUARTER 2021

20/12/2021	Convendum and Faberge sign agreement on new co-working space on Drottninggatan
16/12/2021	Faberge launches share buyback
01/12/2021	House of Choice named BREEAM Building of the Year 2021
19/11/2021	Offices with a strong character and timeless architecture are emerging in Haga Norra
28/10/2021	International architecture award for Pep Park in Solna
20/10/2021	Interim Report Jan–Sep 2021
06/10/2021	Faberge acquires SHH Bostad AB
04/10/2021	Invitation to Faberge's presentation of Interim Report Jan–Sep 2021



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There will also be a web presentation on the Group's website on 7 February 2022, during which Stefan Dahlbo and Åsa Bergström will present the report.

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