

Q3

2022

Fabege

Summary, SEKm

	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep
Net sales	875	721	2,383	2,143
Gross profit	591	569	1,677	1,616
Profit/loss from property management	408	404	1,138	1,119
Profit/loss before tax	939	1,410	6,458	3,989
Profit/loss after tax	728	1,096	5,105	3,142
Net lettings	25	74	69	130
Surplus ratio, %	76	79	74	75
Loan-to-value ratio, properties, %			36	35
EPRA NRV, SEK per share			185	164

Jan-Sep 2022¹

- Rental income totalled SEK 2,251m (2,143). On a like-for-like basis, income rose by 5 per cent compared with the previous period.
- Net operating income amounted to SEK 1,667m (1,616). On a like-for-like basis, net operating income rose by 3 per cent.
- The surplus ratio stood at 74 per cent (75).
- Revenue from residential development amounted to SEK 132m and gross earnings totalled SEK 10m.

- Profit from property management amounted to SEK 1,138m (1,119).
- Realised and unrealised changes in the value of properties totalled SEK 3,506m (2,476) and SEK 1,814m (392) for fixed-income derivatives.
- Profit/loss before tax for the period totalled SEK 6,458m (3,989).
- Profit/loss after tax for the period totalled SEK 5,105m (3,142), corresponding to SEK 16.05 per share (9.72).

- Net lettings totalled SEK 69m (130).
- Rent levels in renegotiated leases increased by an average of 10 per cent (11).
- The equity/assets ratio was 51 per cent (51).
- The loan-to-value ratio stood at 36 per cent (36).

¹The comparison figures for income and expense items relate to values for the January–September 2021 period and for balance sheet items at 31 December, 2021.

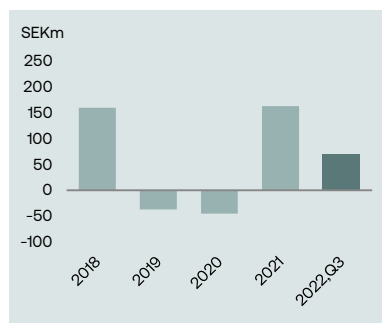
See page 27 for key performance indicator definitions.

Message from the CEO

OPERATIONAL TARGETS

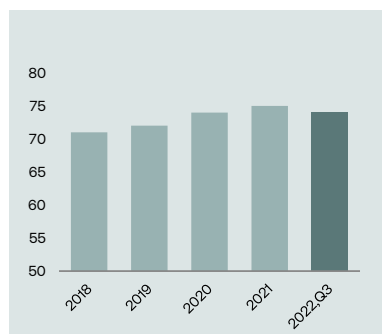
- Investment volume of approximately SEK 2,500m per year.
- Net lettings of at least SEK 80m per year.
- Surplus ratio of 75 per cent.

NET LETTINGS



Target: SEK 80m per year

SURPLUS RATIO



Target: 75%

During the third quarter, Dr Jekyll and Mr Hyde continued to fight for our attention. The focus in the media and in the financial market was on risk and doomsday prophecies. Meanwhile, we had positive net lettings, stable or increasing rental levels and a continued strong transaction market, even though it weakened during the third quarter. On the other hand, the rising interest rates and inflation continued to soar, equity prices kept falling, the war in Ukraine continued and the geopolitical uncertainty became even greater.

Of course, we must be humble about the new tough challenges we will face going forward, but this can also create opportunities.

On the positive side, we had net lettings of SEK 25m during the quarter and SEK 69m in total for the period January-September. The third quarter is usually always the weakest quarter so I am convinced that we will meet our target of SEK 80m in net lettings for 2022. The trend of customers demanding quality is continuing. This applies to both the location and design of offices. However, we saw a slight decline in the number of new searches and inquiries after the summer.

The occupancy rate in the investment property portfolio increased slightly to 90 per cent, which is gratifying even though it is too early to call it a trend reversal. Vacancy rates are still too high and we are working actively to improve this. It will take some time, but it is fully plausible to get back to an occupancy rate of 95 percent. To drive this work, we further strengthened our letting organisation after the summer. Income will also increase by indexation, which we estimate to amount to approximately SEK 250m and in addition by almost SEK 400m in additional rental value in the project portfolio.

Activity in the capital market remains low, even though we saw some improvement in the commercial paper market at the end of the period.

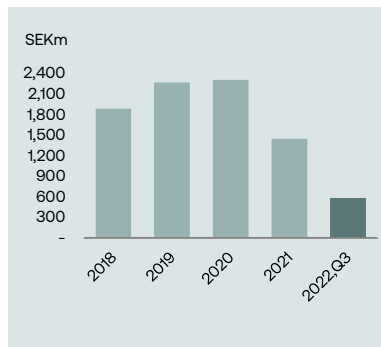
Pricing in the bond market is still not competitive compared to bank financing. We have amortised maturities of SEK 2.2bn during the year. After mid-year, we increased our bank facilities by just over SEK



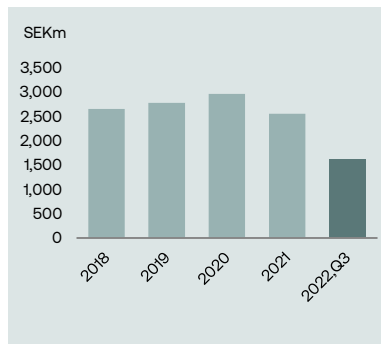
2.6bn in total on good terms. In July, a new 10-year loan of SEK 1.2bn was disbursed. After the summer, we increased an existing bank facility with a remaining term of two years by a further SEK 1bn. We also signed a 10-year loan agreement of SEK 432m with the Nordic Investment Bank. This does not mean that we will abandon the bond market but as the situation looks today, we will reduce our exposure or issue shorter maturities going forward. We have realised that it is important to work with several different funding sources and this will also continue to be our goal.

We have no bank maturities during the rest of the year. Upcoming maturities in late 2023 will be refinanced during the fourth quarter this year. We have bond maturities of SEK 2.4bn during 2023. If we do not see any improvement in the bond market, we will aim to replace these with bank financing even though it is a bit too early to say so today. We are a long-term and stable customer to the banks and I am convinced that the banks will be available for Fabege. In total, we now have SEK 4.3bn in undrawn

CHANGE IN VALUE OF PROJECTS



INVESTMENT VOLUME



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

facilities including the commercial paper backup.

Our interest expense increased, and the average interest rate at the end of the quarter amounted to 2.13 per cent after the Riksbank's hikes. The fact that interest rates have risen from the extreme unnaturally low levels we have had in recent years, should not really come as a surprise. Almost half of our interest rates are hedged via swap contracts with maturities of more than three years.

Before the end of the quarter, around 35 per cent of the portfolio was independently valued. In addition to this, a large proportion was valued internally. We saw a yield increase of 8 points in our portfolio due to the high interest rate environment. In Hammarby Sjöstad, we saw slightly falling yields since transactions in the area were completed during the quarter at lower levels than earlier.

The portfolio showed total unrealised value growth of SEK 253m. The increased yield requirements were positively offset by indexation, which was the main explanation for the increase in value. Our independent valuers calculated 7 per cent in indexation for 2022. Almost 100 per cent of our portfolio is linked to indexes.

Yields will probably follow the interest rate up during the remainder of the year and in 2023 but I do not want to speculate yet about how much it will impact us. Folksam's acquisition in the inner city of the properties Kortbyrån 19 and 20, from DNB in early October at a yield of around 3.1 per cent shows that long-term investors are still willing to pay handsomely for quality in Stockholm.

On the project side, inflation has made it difficult to budget for future project costs. We are putting a lot of effort into tenders and planning, among other things regarding the choice of material and the timing of payments with the aim of keeping down costs. We collaborate closely with our contractors. We see a general cost increase in projects of 10 - 15 per cent. In our project with Alfa Laval in Flemingsberg, the cost has

increased by about 20 per cent. The project's special character, including high demand for load-bearing capacity in the innovation center, means a lot of steel in production. Steel is one of the input goods that has seen the biggest cost increase since the war in Ukraine.

On the residential side, we are following developments closely and we have the luxury of being able to keep our development rights in the portfolio and start projects when we believe that the market and the cost structure have stabilised. As the situation looks today, we will reduce the rate of new housing projects a few quarters ahead.

Last week, we received an acknowledgement of our excellent sustainability work when we obtained 94 points out of 100 in this year's GRESB ranking. We are ranked highest in the Offices category among listed property companies in northern Europe. The average score in the ranking was 73 points. The fact we are ranked highest in our category is not what is most important, but that we as an industry are working together to find solutions to our common challenges.

Surely everyone agrees, that our industry, after many years of constant sunny days, is facing harsher times. The road ahead will be bumpier. I cannot answer how everything will go but we will continue to work diligently and take care of our customers, properties and districts just like before. It is also reassuring to have a stable and debt-free principal owner when the cold wind blows. However, we are well-equipped, we have a fundamentally strong balance sheet, we know our customers well, we have an experienced, professional and customer-oriented organisation and we will take on the challenges and opportunities of the future with humility.

Stefan Dahlbo, CEO

Earnings Jan–Sep 2022¹

Profit after tax for the period amounted to SEK 5,105m (3,142), corresponding to earnings per share of SEK 16.05 (9.72). Profit before tax for the period amounted to SEK 6,458m (3,989). Higher profit from property management and more significant changes in the value of both properties and fixed-income derivatives meant that profit before tax increased compared with the year-earlier period.

THIRD QUARTER IN BRIEF

- Continued high activity on the rental market, in terms of viewings, negotiations and completions.
- New lettings totalled SEK 39m (88).
- Net lettings amounted to SEK 25m (74).
- Rental income totalled SEK 771m (721).
- The surplus ratio stood at 76 per cent (79).
- SHH's net sales amounted to SEK 104m and gross earnings totalled SEK 6m.
- Profit from property management totalled SEK 408m (404).
- The property portfolio posted unrealised growth in value of SEK 253m (881), of which projects accounted for SEK –2m (480).
- Unrealised changes in value in the derivatives portfolio totalled SEK 277m (124).
- Profit after tax for the quarter amounted to SEK 728m (1,096).

RENTAL INCOME AND NET OPERATING INCOME

Rental income increased to SEK 2,251m (2,143) and net operating income amounted to SEK 1,667m (1,616). The increase in income was mainly due to acquisitions, occupancies of project properties and index-linked revenue, and also includes non-recurring income of SEK 6m. On a like-for-like basis, income rose by approximately 5 per cent (1). The increase mainly related to rental income from the completed project properties Nationalarenan 3 and Poolen 1. Income from new lettings, renegotiations and index-linked revenue fell following Skatteverket's departure from Nöten 4. The increase in property expenses was mainly attributable to higher electricity costs and property taxes. Net operating income rose by approximately 3 per cent (1) on a like-for-like basis. The surplus ratio stood at 74 per cent (75).

PROFIT FROM RESIDENTIAL DEVELOPMENT

SHH Bostad has been included in the Fabege Group's earnings since the fourth quarter of 2021. Revenue from residential development totalled SEK 132m during the period. Residential development costs amounted to SEK –122m, of which administrative costs accounted for SEK –21m. Gross earnings therefore totalled SEK 10m. Income recognition takes place on project completion. A project in Riksten was completed during the period. Income from co-owned projects is recognised under the item 'Share in profit/loss of associated companies.

CENTRAL ADMINISTRATION

Central administration costs stood at SEK –77m (–85). The figure for 2021 included non-recurring costs relating to Fabege's new headquarters.

NET FINANCIAL ITEMS

Net interest items amounted to SEK 423m (–365). The increase in interest expenses

was mainly due to a higher volume of loans and higher average interest rates. During the third quarter, the average interest rate increased slightly as the Riksbank's key interest rate hike impacted the market rate (STIBOR). The average rate at 30 September was 2.13 per cent (1.79). Ground rent amounted to SEK –31m (–26).

SHARE IN PROFIT/LOSS OF ASSOCIATED COMPANIES

The share in the profit/loss of associated companies totalled SEK –8m (–20), of which SEK –38m related to contributions to Arenabolaget and SEK 30m related to final settlement regarding the co-owned residential development project in Lagern 3, Råsunda.

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 a year. Roughly 35 per cent of the portfolio was independently valued in the third 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 89.4bn (83.3). Unrealised changes in value totalled SEK 3,432m (2,420). The average yield requirement declined by 0.07 per cent in the first half of the year but rose again in the third quarter by 0.08 per cent to 3.77 per cent (3.76 at year-end). The change in the first half of the year was mainly due to a backlog based on transactions at the end of last year and the beginning of the current year. In the third quarter, yield requirements increased as a result of higher interest rates. In valuations this was offset by higher inflation assumptions.

The realised changes in value of SEK 74m (56) related to gains from the sale of Lagern 3 in Råsunda to the joint venture that has been developing residential units on the property.

¹The comparison figures for income and expense items relate to values for the January–September 2021 period and for balance sheet items at 31 December, 2021.

CHANGES IN PROPERTY VALUES, JAN–SEP 2022

Changes in property values, SEKm	
Opening fair value, 01/01/2022	83,256
Property acquisitions	1,068
Investments in new builds, extensions and co	1,617
Unrealised changes in value	3,432
Sales, disposals and other	0
Closing fair value, 30/09/2022	89,373

AVERAGE YIELD REQUIREMENT, 30/09/2022

Area	Average yield requirement, %
Stockholm city	3.43%
Solna	3.93%
Hammarby Sjöstad	3.92%
Flemingsberg	4.95%
Other markets	4.45%
Average yield	3.77%

TAX

The tax expense for the period amounted to SEK –1,353m (–847). Tax was calculated at a rate of 20.6 per cent 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 1,575m (1,559), representing a surplus ratio of 77 per cent (78). The occupancy rate stood at 90 per cent (90). Profit from property management totalled SEK 1,092m (1,125). Unrealised changes in the value of properties amounted to SEK 2,835m (1,698).

The Property Development segment generated net operating income of SEK 63m (31), resulting in a surplus ratio of 45 per cent (37). Profit from property management totalled SEK 14m (–15). Unrealised changes in the value of properties amounted to SEK 191m (160).

In the Projects segment, unrealised changes in value of SEK 389m (563) were recognised. The change in value of the project portfolio was mainly due to development gains on major project properties.

The Residential segment generated gross earnings relating to residential development of SEK 16m (–). Profit from property management totalled SEK 8m (–). Further information about breakdown by segment is provided in the segment report and segment notes on pages 10 and 24.

The dividend decided on by the Annual General Meeting reduced the equity. Equity per share attributable to Parent Company shareholders totalled SEK 153 (141). EPRA NRV stood at SEK 185 per share (171).

GOODWILL

Recognised goodwill of SEK 205m is entirely attributable to the acquisition of SHH Bostad AB.

PROPERTIES

The property value recognised relates to Fabege's investment property portfolio, including project and land properties. At 30 September 2022, the total property value amounted to SEK 89.4bn (83.3).

DEVELOPMENT PROPERTIES

This refers to ongoing in-house projects and development properties for future construction within SHH. The value at the end of the quarter totalled SEK 957m (821), SEK 571m of which relates to ongoing construction and SEK 386m to development properties for future development.

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 1,129m (1,141). Changes in working capital had an impact on cash flow of SEK 382m (46). Investing activities had an impact of SEK –2,579m (–1,748) on cash flow, while cash flow from financing activities totalled SEK 1,051m (626). In investing activities, cash flow is driven by property transactions and projects. Cash and cash equivalents declined by a total of SEK 17m (65) during the period.

FINANCIAL POSITION AND NET ASSET VALUE

Shareholders' equity amounted to SEK 48,232m (45,174) at the end of the period and the equity/assets ratio was 51 per cent (51).

10-YEAR AGREEMENT WITH NIB

Nordiska Investeringsbanken (NIB) and Fabege have agreed on a 10-year loan of SEK 432.5m to finance Scandinavia's first zero-energy hotel in Arenastaden, Solna, just outside Stockholm.

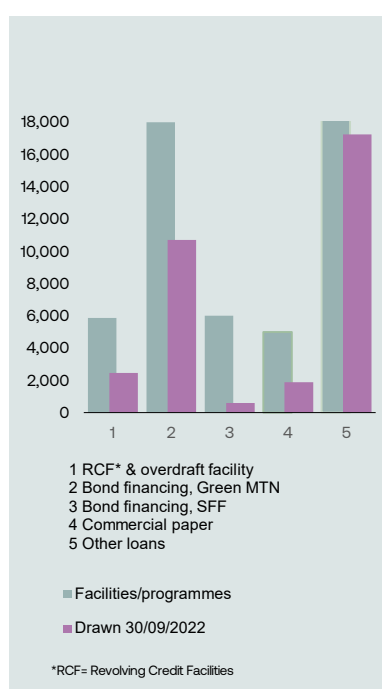
"The loan from NIB supplements our existing sources of financing and contributes to a long fixed-term maturity. We're delighted that the Nationalarenan 3 project meets the stringent sustainability requirements set by NIB," comments Åsa Bergström, Fabege's CFO.



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



100%

Green financing
30 September 2022

Moody's Rating

BAA2

stable outlook

Confirmed by Moody's in May 2022

FINANCING

Fabege is striving to achieve a balance between different forms of financing on both the capital and banking markets, long-term relationships with major financial backers having high priority. Fabege's bank facilities are complemented by an MTN programme of SEK 18bn, a commercial paper programme of SEK 5bn and the possibility of borrowing a maximum of SEK 6bn via SFF's secured MTN programme.

The financial markets have remained unsettled, which has resulted in continued transfers from the capital market to banks. Two new 10-year bank facilities were taken out in the third quarter, totalling over SEK 1.6bn, while bond and commercial paper maturities have been repaid. Outstanding commercial paper and bonds amounted to a total of SEK 13bn at the end of the quarter, which is a reduction of SEK 2bn compared with the previous quarter. Including the backup facilities for the commercial paper program, the undrawn facilities amounted to SEK 4.4bn

Fabege's fixed-interest term at the end of the quarter was 2.9 years. The derivatives portfolio comprised interest rate swaps totalling SEK 17,950m, maturing in 2032 and bearing fixed annual interest of between – 0.18 and 1.30 per cent.

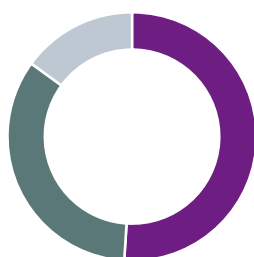
Net financial items included other financial expenses of SEK 24m, which mainly related to accrued opening charges for credit agreements and costs relating to bond and commercial paper programmes. During the period, interest totalling SEK 13m (12) relating to project properties was capitalised.

Fabege firmly believes 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. In 2020, Fabege achieved its target of 100 per cent green financing, which was also the case for this quarter. Further steps have also been taken to extend our sustainable financing by linking it 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.

FINANCING, 30/09/2022

	2022-09-30	2021-12-31
Interest-bearing liabilities, SEKm	32,882	30,399
of which outstanding MTN, SEKm	10,700	10,950
of which outstanding SFF, SEKm	600	1,524
of which outstanding commercial paper, SEKm	1,890	2,250
Undrawn facilities, SEKm ¹	2,521	3,374
Fixed-term maturity, years	4.6	4.9
Fixed-rate period, years	2.9	3.7
Fixed-rate period, percentage of portfolio, %	67	76
Derivatives, market value, SEKm	1,750	-65
Average interest expenses, incl. committed credit facilities, %	2.13	1.71
Average interest expenses, excl. committed credit facilities, %	2.09	1.62
Unpledged assets, %	43.6	43.8
Loan-to-value ratio, %	36.4	36.5

SUPPLY OF CAPITAL



■ Equity capital 51%
■ Interest-bearing liabilities 34%
■ Other liabilities 15%

BREAKDOWN OF COLLATERAL



■ Pledged assets 56% ■ Unpledged assets 44%

FINANCIAL TARGETS

Fabege's Board of Directors has adopted the following financial targets:

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

INTEREST MATURITY STRUCTURE, 30/09/2022

	Amount, SEKm	Average interest rate, %	Percentage, %
< 1 year	12,519	3.94	38
1-2 years	3,200	0.71	10
2-3 years	2,537	0.96	8
3-4 years	3,400	0.87	10
4-5 years	3,250	1.07	10
5-6 years	3,676	1.53	11
6-7 years	2,100	0.63	6
7-8 years	800	0.39	2
8-9 years	600	0.66	2
9-10 years	500	0.80	2
11 years	300	0.88	1
Total	32,882	2.09	100

The average interest rate for the <1 year period includes the margin for the variable portion of the debt portfolio, as the company's interest is fixed by means of interest rate swaps, which are traded without margins.

LOAN MATURITY STRUCTURE, 30/09/2022

	Credit agreements, SEKm	Drawn, SEKm
Commercial paper programme	1,890	1,890
< 1 year	2,160	2,000
1-2 years	12,162	8,911
2-3 years	4,587	3,587
3-4 years	2,705	2,705
4-5 years	3,750	3,750
5-10 years	6,376	6,376
10-15 years	2,477	2,477
15-20 years	1,186	1,186
Total	37,293	32,882

GREEN FINANCING, 30/09/2022

	Credit facilities	Outstanding loans and bonds
Green MTN bonds, SEKm	10,700	10,700
Green bonds via SFF, SEKm	600	600
Green commercial paper, SEKm	1,890	1,890
Green loans, other, SEKm	24,103	19,692
Total green financing, SEKm	37,293	32,882
Green financing, %	100	100
Total green available borrowing facility, SEKm	57,886	
of which unrestricted green available borrowing facility, SEKm	18,941	

GREEN FINANCING

Fabege's green financing framework was updated in June 2022. The framework has been designed to give Fabege broad opportunities for green financing and is based on third party-certified properties and ambitious energy consumption targets. It is based on the green bond principles, adapted to the EU taxonomy and linked to Fabege's ambition to contribute to the goals of Agenda 2030. CICERO has issued a second opinion with ratings of 'medium green' for the green terms and conditions and 'excellent' for governance. Green financing offers Fabege better terms and access to more financing alternatives.

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

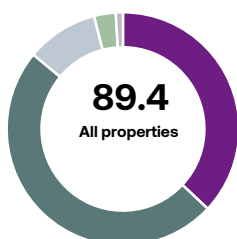
Operations

Jan–Sep 2022¹

Activity in the rental market remained strong and net lettings totalled SEK 69m over the period. Renegotiations made a positive contribution of 10 per cent towards the rental value in renegotiated leases. Projects progressed as planned, however projects in the start-up phase were subject to increased costs.

BREAKDOWN OF MARKET VALUE, 30/09/2022, SEKBN

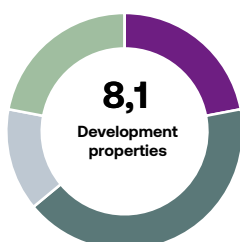
■ Inner city ■ Solna
■ Hammarby Sjöstad ■ Flemingsberg
■ Other markets



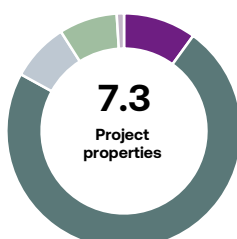
■ 37% ■ 49% ■ 10% ■ 3% ■ 1%



■ 42% ■ 48% ■ 9% ■ 0% ■ 1%



■ 22% ■ 42% ■ 14% ■ 22% ■ 0%



■ 10% ■ 73% ■ 8% ■ 8% ■ 1%

PROPERTY PORTFOLIO AND PROPERTY MANAGEMENT

Fabege's property management and urban and property development activities are concentrated on a few selected submarkets in and around Stockholm: Stockholm inner city, Solna, Hammarby Sjöstad and Flemingsberg. On 30 September 2022, Fabege owned 103 properties with a total rental value of SEK 3.9bn, lettable floor space of 1.3m sqm and a carrying amount of SEK 89.4bn, of which development and project properties accounted for SEK 15.4bn.

OCCUPANCY RATE

The investment property portfolio's financial occupancy rate was back up at 90 per cent in the third quarter (90 per cent at year-end). The biggest vacancies relate mainly to three properties in Solna Business Park. Contractually agreed occupancies and departures in the investment property portfolio are expected to contribute an additional SEK 35m in regular annual rental income over the next few quarters. The financial occupancy rate for development properties is not measured as most of these properties are vacant, or have been partially let on short-term contracts pending demolition or redevelopment. These cover a surface area of 236 thousand sqm, of which 142 thousand sqm are being let for a current annual rent of SEK 207m. Significant ongoing projects make up a lettable area of approximately 156 thousand sqm, with a rental value of SEK 405m. The project portfolio's occupancy rate was 27 per cent at the end of the quarter.

NET LETTINGS

During the period, 109 (101) new leases were signed with a combined rental value of SEK 176m (231), and 83 per cent (82) of the space was attributable to green leases. Lease terminations amounted to SEK –107m (–101). Net lettings amounted to SEK 69m (130). Leases totalling SEK 94m (153) were renegotiated, with an average rise in rental value of 10 per cent (12). Leases worth SEK 88m were also extended on unchanged terms. The retention rate during the year was 87 per cent (76).

CHANGES IN THE PROPERTY PORTFOLIO

Generatör 10, in Flemingsberg, was acquired during the first quarter. There was also a property reallocation whereby Hagalund 2:10, in Haga Norra, was divided into six properties. The new properties are included in the upcoming subproject that is part of the continued development of offices and residential units in Haga Norra. The Kabelverket 2 property, in Älvsjö, was acquired during the second quarter. SHH also took possession of a residential property in Borås. Separatör 1 in Flemingsberg was taken over in August. Properties were acquired during the period for a total sum of SEK 1,068m.

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 values. Investments in existing properties and projects during the period totalled SEK 1,617m (1,458), of which SEK 980m (1,100) related to investments in project and development properties. Capital invested in the investment property portfolio totalled SEK 637m (358) and related primarily to tenant customisations, including SEK 124m relating to customisations for Convendum in Bocken 39, Kungsgatan.

COMPLETED PROJECTS

During the first quarter, the new construction of Poolen 1, in Arenastaden, was completed, and Tieto Evry moved into its premises on 31 March. In June, Convendum's premises in Bocken 39, in Kungsgatan, were completed.

MAJOR ONGOING PROJECTS

Redevelopment work continued at Glädjen 2, in Stadshagen, with a total estimated investment of SEK 185m. The property has been certified to BREEAM In-use, excellent standard. The first tenant moved in in June 2021. The project is progressing, with customisations for future tenants, who will move in during the fourth quarter of 2022 and the first quarter of 2023. The occupancy rate is 71 per cent. In February, the groundbreaking ceremony was held for the construction of new premises for the Royal

¹The comparison figures for income and expense items relate to values for the January–September 2021 period and for balance sheet items at 31 December 2021.

TOTAL INVESTMENTS, JAN–SEP 2022

Total investments, SEKm	
Investments in investment properties	637
Investments in development properties	101
Investments in project properties	879
Total investments	1,617

PROPERTY ACQUISITIONS, JAN–SEP 2022

Property	Area	Category	Lettable area, sqm
Q1			
Generatorn 10	Flemingsberg	Land	0
Q2			
Kabelverket 2	Älvsjö	Office	22,198
Solrosen 3	Borås	Residence	800
Q3			
Separatorn 1	Flemingsberg	Land	0
Total			22,998

Swedish Opera and Royal Dramatic Theatre at Regulatör 4 in Flemingsberg. Construction is progressing as planned, and the foundation work has been completed. Assembly of the frame is due to begin in October. The investment is expected to amount to SEK 445m and the property will be completed for occupancy in June 2024. The property has been certified to BREEAM-SE, very good standard.

The project to construct the first office building on the Ackordet 1 property in Haga Norra is proceeding, with assembly of the frame. The investment is estimated at around SEK 1.4bn. The property has been certified to BREEAM-SE, excellent standard. The first lease was signed in September. This brings the occupancy rate to 5 per cent.

The multistorey car park project at the Semaforen 1 property in Arenastaden is progressing. Cable laying and foundation work have been completed and work has now started on assembling the frame. The investment is expected to amount to SEK 330m following an upward adjustment to the forecast. The project is expected to make a loss of around SEK 110m, but it will resolve a parking deficit and therefore generate cost savings for other adjacent projects.

In Flemingsberg, the project relating to the construction of offices and laboratories for Alfa Laval is continuing. Fabege took over the property, which has been named Separatör 1, once the local development plan became legally binding. The project has been expanded to cover a lettable area of roughly 23,400 sqm excluding parking, of which Alfa Laval is leasing approximately 91 per cent. The investment is estimated at SEK 1,045m, excluding land acquisition. The increased investment cost is due to the project being expanded, as well as higher costs for foundation work and materials. The lab areas need to bear considerable weight so construction involves a lot of steel, which is responsible for much of the increase in cost. Alfa Laval will take up occupancy in the second quarter of 2025.

Work has begun on the redevelopment of Nöten 4, Solna strand, with basic building investments. The property will be customised for a number of tenants, with an investment estimated at SEK 770m. No leases have been signed as yet.

FORTHCOMING PROJECT STARTS

Additional approved project starts include the redevelopment of the Påsen 1 property in Hammarby Sjöstad and tenant customisations for Convendum in Hägern 7, on Drottninggatan. These projects will start in the autumn.

PROJECT COSTS

Global unrest due to the pandemic and the war and rising inflation are affecting the cost of building materials and transport, for example,

which, together with the risk of delayed deliveries, may affect our cost structure and project calculations. This is especially true for the projects currently being launched, including Nöten, Påsen and projects in Flemingsberg.

SHH BOSTAD

SHH's project portfolio includes 26 projects, of which 8 are under construction, with an estimated investment volume of just over SEK 1bn. During the first quarter, construction started on a project in Botkyrka, the BRF (tenant-owner association) project Översten. A BRF project in Karlskrona was also acquired in the first quarter of 2022, together with Balder. During the second quarter, the BRF project Kaptenen in Botkyrka was completed and wrapped up. Furthermore, in the second quarter the 18 townhouses that are part of the BRF project Fyrklövern in Upplands Väsby were put on the market, with a selling rate of roughly 90 per cent. In the third quarter, 52 apartments in one of the Botkyrka projects were converted from rental apartments into tenant-owner apartments. These will be put up for sale in the fourth quarter. Following the conversions, the selling rate for BRF projects in progress totals 85 per cent. In addition, the first stage of occupancies in Vårbruket, Landskrona (13 apartments) and Slottsträdgården, Sigtuna (8 townhouses) was completed.

RESIDENTIAL DEVELOPMENT IN JOINT VENTURES

The residential project being conducted in cooperation with Brabo in Haga Norra is proceeding according to plan. The project includes 418 apartments that are being constructed in a 3D reallocation above the facility that Fabege built for Bilia. The estimated investment totals approximately SEK 1.1bn. The project is being financed by an owner's loan. A total of 383 apartments have been sold, including 354 for which tenancy contracts have been signed and 29 for which non-binding booking agreements have been signed. Tenant-owners have moved in to 337 apartments. As the project is completed, the booking agreements will be converted into tenancy contracts. Work in progress relates to the completion of apartments ahead of the final occupancies in February 2023.

The residential project in the Lagern 3 property in Råsunda, which is being managed as part of a joint venture with TB-gruppen, has been completed, and all of the apartments are occupied. The capital gain of SEK 74m from the sale of the property to the joint venture company was recognised as a realised change in value in the first quarter of 2022. In the third quarter, the project was completed, generating a profit for Fabege of SEK 30m, which has been recognised under 'Share in profit/loss of associated companies'.

The current joint venture projects have been recognised using the equity method. Income recognition will take place on the completion of the projects.

ONGOING PROJECTS > SEK 50M, 30/09/2022

Property listing	Category	Area	Completed	Lettable area, sqm	Occupancy rate, % space ¹	Rental value ²	Book value, SEKm	Estimated investment, SEKm	of which spent, SEKm
Glädjen 12	Offices	Marieberg	Q1-2023	10,750	71%	45	731	185	120
Nöten 4	Offices	Solna Strand	Q1-2024	53,400	0%	130	1,804	770	75
Regulatorn 4	Verkstäder mm	Flemingsberg	Q2-2024	11,900	100%	24	111	445	86
Ackordet 1	Offices	Haga Norra	Q2-2024	27,000	5%	94	767	1,356	353
Separatorn 1	Kontor	Flemingsberg	Q2-2025	23,400	91%	59	180	1,045	66
Semaforen 1	Parkering	Arenastaden	Q4-2023	18,000	0%	15	0	330	109
Påsen 1	Kontor	Hammarby Sjöstad	Q4-2024	11,000	0%	38	458	373	15
Total				155,450	27%	405	4,051	4,504	824
Other land and project properties							3,201		
Other development properties							8,107		
Total project, land and development properties							15,359		

¹Operational occupancy rate at 30 September 2022.²Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 405m (fully let) from SEK 16m in annualised current rent at 30 September 2022.

DEVELOPMENT RIGHTS, 30/09/2022

Commercial building rights				Residential building rights			
Area	Gross floor area, sqm	Legal approval, %	Book value, SEK/sqm	Area	Gross floor area, sqm	Legal binding, %	Book value, SEK/sqm
Inner city	32,400	4	7,700	Inner city	1,300	0	0
Solna	353,300	18	7,800	Solna	283,100	48	10,100
Hammarby Sjöstad	73,900	41	9,200	Hammarby Sjöstad	4,300	100	5,800
Flemingsberg	236,900	7	5,500	Flemingsberg	262,500	0	6,000
SHH Bostad	7,100	0	14,400	SHH Bostad	123,500	83	4,400
Other	20,000	100	1,600	Other	-	-	-
Total	723,600	18	7,100	Total	674,700	36	7,400

The gross floor areas and carrying amounts relate to the additional GFA covered by development rights. Development will in some cases require the demolition of existing spaces, which will impact project calculations. The volumes are not maximised. The ongoing planning work aims to increase the volume of future development rights. All agreed land allocations have been included.

PROPERTY PORTFOLIO, 30/09/2022

Property holdings	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value ²	Financial occupancy rate %
Management properties ¹	61	977	74,014	3,251	90
Development properties ¹	18	236	8,107	394	-
Land and project properties ¹	24	84	7,252	20	-
Total	103	1,297	89,373	3,665	
Of which, Inner city	27	325	33,296	1,372	89
Of which, Solna	53	738	44,013	1,790	89
Of which, Hammarby Sjöstad	11	136	8,568	376	94
Of which, Flemingsberg	8	70	2,340	68	-
Of which, Other	4	28	1,156	59	93
Total	103	1,297	89,373	3,665	90

¹See definitions. ²In the rental value, time limited deductions of about SEK 152m (in rolling annual rental value at 30 Sep 2022) have not been deducted.

CONDENSED SEGMENT REPORTING

	2022 Jan-Sep	2022 Jan-Sep	2022 Jan-Sep	2022 Jan-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Sep	2021 Jan-Sep	2021 Sep	2021 Jan-Sep
SEKm	SHH					SHH				
Rental income	2,056	141	47	7	2,251	2,006	83	54		2,143
Contract sales, residential	0			132	132					0
Total net sales	2,056	141	47	139	2,383	2,006	83	54		2,143
Property expenses	-481	-78	-24	-1	-584	-447	-52	-28		-527
Contract costs, residential development				-122	-122					0
Gross profit	1,575	63	23	16	1,677	1,559	31	26	0	1,616
Of which net operating income property management	1,575	63	23	6	1,667	1,559	31	26	0	1,616
Surplus ratio, property management	77%	45%	49%	86%	74%	78%	37%	48%		75%
Of which gross profit residential development				10	10					
Central administration	-64	-7	-5		-76	-72	-9	-4		-85
Net interest income/expense	-353	-40	-23	-8	-424	-314	-37	-14		-365
Ground rent	-28	-2	-1		-31	-28		1		-27
Share in profits of associated companies	-38		30		-8	-20				-20
Profit from property management	1,092	14	24	8	1,138	1,125	-15	9	0	1,119
Realised changes in value properties	0		74	-	74		0	56		56
Unrealised changes in value properties	2,835	191	389	17	3,432	1,698	160	563		2,421
Profit before tax per segment	3,927	205	487	25	4,644	2,823	145	628		3,596
Changes in value interest rate derivatives & shares										
Profit before tax					4,644					3,596
Market value properties	73,740	8,107	7,252	274	89,373	67,064	8,147	5,158		80,369
Project & development properties				957	957				-	-
Occupancy rate, %	90					90				

Explanations of classifications and reclassifications during the period from the Property Management to Property Development segments are provided in the note on Segment Reporting on page 24.

Fabege's sustainability work

Our ambition is not limited to 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 for 2030

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

74

kWh/sqm

Average energy usage, rolling 12 months, at 30 September

GRESB 2022

In 2022, Fabege once again achieved 94 points out of 100 in GRESB's sustainability survey. The average rating was 74 points.



Goals & strategy

URBAN DEVELOPMENT

The design of the physical environment has a major impact on how we live our lives and on our well-being. Social sustainability is not a new urban planning phenomenon but is something that is constantly evolving. In Flemingsbergsdalen, work is therefore continuing on the Vinnova social sustainability in the physical environment project. During the quarter, for instance, we made leisure activities for children and young people possible through Samverkan Huddinge and BID-Flemingsberg. This was achieved through the HANG initiative, in collaboration with Huddinge basketball, the Municipal Culture and Leisure Department and the National Sports Federation. Flemingsberg residents will now be able to make fuller use of the Flemingsbergshallen. This summer, HANG is also organising 52 days of activities.

REDUCED CARBON FOOTPRINT IN PROJECTS

The targets and roadmap that we have established in support of the Paris Agreement via the Science Based Targets initiative form the backbone of Fabege's work on climate issues. By 2030, Fabege will have reduced its carbon footprint from construction projects, so that its life-cycle analysis will show a halving of its CO₂e/GFA compared with 2019. Achieving this target will require us to use innovative approaches in our project development, involving reuse, the choice of materials, new technology and the imposing of stringent requirements during procurement processes. At the ongoing office project Ackordet 1 in Haga Norra, we have a current reduction in CO₂ of roughly 22 per cent, with a target of 25 per cent by the final decision date.

Fabege has a long-term, target-based and integrated approach to creating more sustainable properties. Our ultimate long-term goal is for Fabege's property management to be carbon neutral, as measured in kg CO₂e/sqm, by 2030. By this we mean that we will have control over all the emissions associated with our operations, and 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

Fabege's energy efficiency targets are divided into phases. In 2019, we already exceeded the Swedish Energy Agreement's target of 50 per cent more efficient energy use by 2030 compared with 2005. In 2021, Fabege's average energy use was 77 kWh/sqm (cumulative twelve-month result). The target is average energy consumption of 77 kWh/sqm by 2023 and the result for Q3 is 74 kWh/sqm on a rolling 12-month basis. The energy market in Europe is under considerable pressure, which will affect many companies this winter. Fabege has been actively working to improve its energy efficiency for some time, and we are proud of the fact that we now rank among the most energy-efficient companies in the sector. During the quarter we stepped up our energy efficiency improvements in all types of energy, with a particular focus on electricity. In Q3, the technical operations department intensified efforts with the support of a 30-point list and is now implementing measures appropriate to each property.

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.

GREEN FRAMEWORK UPDATED IN JUNE 2022

The framework has been designed to give Fabège broad opportunities for green financing and is based on third party-certified properties and ambitious energy consumption targets. It is based on the green bond principles, adapted to the EU taxonomy and linked to Fabège's ambition to contribute to the goals of Agenda 2030. CICERO has issued a second opinion with ratings of 'medium green' for the green terms and conditions and 'excellent' for governance. Find out more at www.fabège.se/en.

THE 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 is reporting the extent to which the Group's activities are covered by the EU taxonomy. This information is published as part of the 2021 Annual Report and Sustainability Report, on page 61, and in note 5 on page 24 of this Interim Report.

According to Fabège's preliminary assessment, approximately 70 per cent of its revenue is aligned

CERTIFIED PROPERTIES

System	Quantity	Sqm, GLA	Target
BREEAM In-Use	48	714,992	66.0%
BREEAM-SE	12	318,855	30.0%
BREEAM Bespoke	1	7,364	1.0%
Miljöbyggnad	2	29,840	3.0%
Total certified properties	63	1,071,051	100%

SUSTAINABILITY PERFORMANCE MEASURES

	Q3-2022	2021	2020	Target
Energy performance, kWh/sqm Atemp	52	77	74	Max. 77 kWh/sqm Atemp
Proportion of renewable energy, %	95	95	96	100
Environmental certification, number of properties	63	59	59	-
Environmental certification, % of total area	83	81	82	100
Green leases, % of newly signed space	96	96	96	100
Green leases, % of total space	89	80	73	100
Green financing, %	100	99	100	100
Satisfied employees, confidence rating, %	n/a	86	79	2022 minst 85%
GRESB, points	94	93	93	>90

All project properties and investment properties have been certified since 2019. Fabège's new builds are certified according to BREEAM-SE, ambition level Excellent, and our investment properties according to BREEAM In-Use, ambition level Very Good. 63 of Fabège's 103 properties were certified at the end of the period. Overall, this represents 83 per cent of the total combined area of Fabège's existing portfolio. The properties for which certification has not yet begun are land and development properties for future project development.

During the quarter, work continued on driving sustainable improvements in construction, management and operations, in connection with the certifications.

All residential new builds are certified according to the Nordic Ecolabel.

- Street Gallery, Solna Business Park
- Support for local sports clubs
- Pep Parks in Solna
- Vinnova 'Social sustainability in the physical environment' project
- Nature and the environment guide, containing teaching materials for grades 4, 5 & 6.

ABOUT THE SUSTAINABILITY REPORT

The following is a quarterly follow-up of Fabège's work on 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 picture of the company's sustainability work is published once a year in the Sustainability Report; more information is available at <https://www.fabège.se/en/sustainability>.

SOCIAL SUSTAINABILITY INITIATIVES

Fabège collaborates with customers, municipalities, authorities, other property owners and associations to create safe and attractive areas. We are continuing to focus on social sustainability in urban planning and projects as we develop the physical environment in our city districts. Fabège's actions are centred on networks and dialogue, as well as education, leisure time, health and work.

Examples of initiatives:

- BID (business improvement district) started in Flemingsberg
- Homework club in Flemingsberg
- Changers Hub in Huddinge
- TalangAkademin in Huddinge
- Support for the Stockholm City Mission

Other financial information

SENSITIVITY ANALYSIS – PROPERTY VALUES

Change in value, %	Impact on		Loan-to-value ratio, %
	earnings after tax, SEKm	Equity/assets ratio, %	
+1	697	50.9%	36.6%
0	0	50.6%	36.8%
-1	-697	50.4%	36.9%

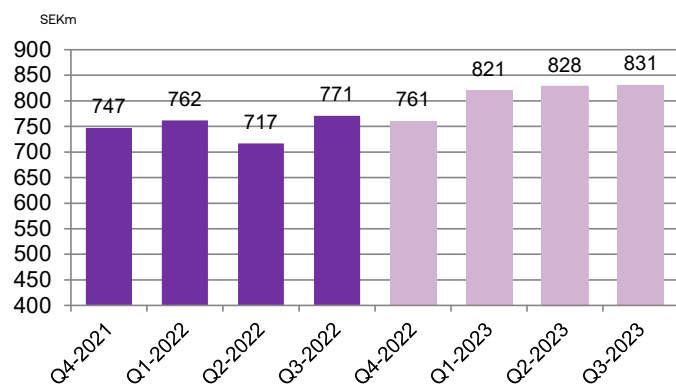
Earnings and key performance indicators are affected by realised and unrealised changes in the value of properties. The table shows the effect of a 1 percentage point change in value after the deduction of deferred tax.

SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change	Effect, SEKm
Rental income, total	1%	30.8
Rent level, commercial income	1%	28.4
Financial occupancy rate	1 percentage point	32.4
Property expenses	1%	7.6
Interest expenses, LTM ¹	1 percentage point	100.2
Interest expenses, longer term perspectiv	1 percentage point	328.8

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

RENTAL INCOME – TREND FOR THE NEXT FOUR QUARTERS



The graph above shows the trend in contracted rental income, including announced occupancies and departures and renegotiated index, but excluding letting targets. Leases have been recorded with an estimated index outcome as of Q1 2023. The graph is not a forecast, but instead aims to show the rental trend for the existing contract portfolio on the balance sheet date.

HUMAN RESOURCES

At the end of the period, 228 people (195) were employed by the Group.

PARENT COMPANY

Revenue during the period amounted to SEK 287m (262) and earnings before appropriations and tax totalled SEK 2,826m (269). Finance net includes dividends from subsidiaries of SEK 1,200 m. Net investments in property, equipment and shares came to SEK 8m (9).

EVENTS OCCURRING AFTER THE 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 ¹	281	136	4%
2023 ¹	461	431	14%
2024	252	306	10%
2025	209	439	14%
2026	157	449	14%
2027+	122	1,223	39%
Commercial	1,482	2,983	95%
Housing leases	121	12	0%
Indoor and outdoor parking	683	135	5%
Total	2,286	3,130	100%

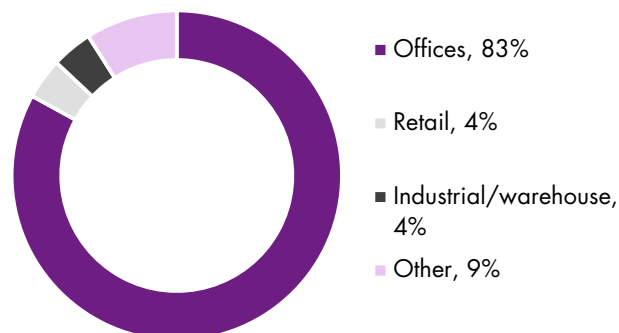
¹Of which just over SEK 145m has already been renegotiated.

BIGGEST CUSTOMERS

	Share, %	Year of expiry
SEB	6.0%	2037
ICA Fastigheter Sverige AB	3.0%	2030
Telia Company	3.0%	2031
TietoEvy	3.0%	2029
Convendum	2.0%	2034
Carnegie Investment Bank AB	2.0%	2027
Swedbank	2.0%	2029
Migrationsverket	2.0%	2028
Bilia AB	2.0%	2041
Svea Ekonomi AB	2.0%	2027
Total	27%	

¹Percentage 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 2021 Annual Report (pages 74–83).

Properties are recognised at fair value and changes in value are recognised in profit or loss. The 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 2021 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 2021 Annual Report (pages 74–83).

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 2.2x. The target for the loan-to-value ratio is a maximum of 50 per cent max. The debt ratio will amount to a maximum of 13x.

Since the start of the pandemic, we have commented in particular on the risks and impact of the pandemic. As we no longer believe there are specific risks associated with the pandemic, this section has been deleted.

Russia's invasion of Ukraine, rising inflation and rising market interest rates have created global turmoil, which has had a negative impact on the financial markets, resulting in higher lending margins and reduced access to the capital markets. Inflation also affects the cost of construction materials and transport, for example, which, together with the risk of delayed deliveries, may affect future projects particularly. No material changes in the company's assessment of risks have arisen, aside from the above, since the publication of the 2021 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, which means that net lettings in these quarters are often higher.

MARKET OUTLOOK

We feel that Stockholm's rental market is stable, with healthy demand for office premises in all our locations. New lettings and renegotiations continue to be completed at good levels.

The capital market is not functioning well for property companies at present. Capital is available, but at prices that are pushing the sector towards a higher proportion of bank financing. Furthermore, rising market rates are having an adverse impact on earnings. The proportion of Faberge's fixed-rate borrowing is 67 per cent, which will mitigate the effect of higher market rates for the next few years. So far, rising interest rates have had a limited impact on yield requirements in property valuations. Higher yield requirements have been met by higher inflation assumptions. The market anticipates continued rising yield requirements as market rates increase. Although there have been few completed transactions on the transaction market, those that have been completed confirm that long-term investors remain willing to pay good prices for quality in Stockholm.

Faberge has a strong financial position. We have created new investment opportunities in our locations through the acquisitions that were completed during the period. With the acquisition of SHH in the autumn we took a step towards more comprehensive urban development that extends to residential units 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 Group has applied the same accounting policies and valuation methods as in the last annual report.

New or revised IFRS standards or other IFRIC interpretations that came into effect after 1 January 2022 have not had any material impact on the consolidated financial statements. The Parent Company prepares its financial statements in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act, and has applied the same accounting policies and valuation methods as in the last annual report.

Stockholm, 20 October 2022

Stefan Dahlbo
CEO

Review report

We have conducted a limited assurance review of the interim report for Fabege AB (publ) for the 1 January 2022 – 30 September 2022 period. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our limited assurance review.

Scope and focus of the limited assurance review

We conducted our limited assurance review in accordance with the International Standard on Review Engagements ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A limited assurance review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance review vary in nature from, and are considerably less in scope than for a reasonable assurance engagement conducted in accordance with the ISA and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that this interim report has not been prepared for the Group, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm, 20 October 2022
Deloitte AB

Peter Ekberg
Authorised Public Accountant

Share information

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

OWNERS*

Fabege had a total of 43,540 known shareholders at 30 September 2022, including 64.2 per cent Swedish ownership. The 15 largest shareholders control 50.3 per cent of the total number of shares and votes.

DIVIDEND POLICY

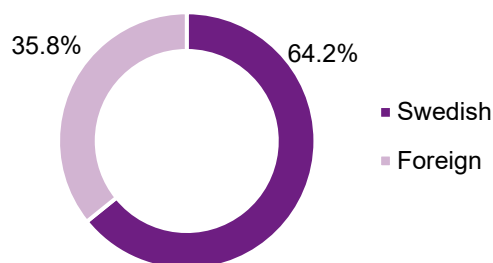
Fabege aims to pay a dividend to its shareholders comprising the part of the company's profit that is not required for the consolidation or development of the business. Under current market conditions, this means that the dividend is expected to account, on a lasting basis, for at least 50 per cent of the profit from ongoing property management and the gains realised on the sale of properties after tax.

ACQUISITION AND TRANSFERRING OF TREASURY SHARES*

The 2022 AGM passed a resolution authorising the Board, for the period 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. The company held 16,206,048 treasury shares on 30 September. Repurchases were made at an average price of SEK 120.23 per share. The holding represents 4.89 per cent of the total number of registered shares.

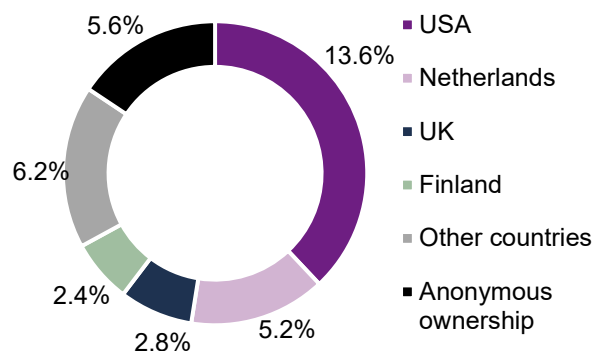
OWNERSHIP STRUCTURE, 30/09/2022

	Capital & votes, %	No. Of Shareholders
Foreign institutional owners	29.8	151
Swedish institutional owners	23.2	232
Other owners	25.3	1,852
Swedish private individuals	16.0	41,305
Anonymous ownership	5.7	n/a
Total	100.0	43,540



LARGEST SHAREHOLDERS, 30/09/2022

	Number of shares*	Proportion of capital, %	Proportion of votes, %
Backahill AB	52,108,718	16.6	16.6
BlackRock	15,745,399	5.0	5.0
Handelsbanken Funds	11,852,904	3.8	3.8
Länsförsäkringar Funds	10,580,975	3.4	3.4
Vangurad	10,198,260	3.2	3.2
Nordea Funds	7,371,159	2.3	2.3
Mats Qviber with family	7,133,790	2.3	2.3
The Fourth Swedish National Pension Fund	6,530,000	2.1	2.1
APG Asset Management	6,494,759	2.1	2.1
Folksam	6,185,600	2.0	2.0
Fourth Swedish National Pension Fund	5,797,362	1.8	1.8
Third Swedish National Pension Fund	5,607,743	1.8	1.8
AFA Insurance	4,265,111	1.4	1.4
Norges Bank	4,178,271	1.3	1.3
BNP Paribas Asset Management	3,815,321	1.2	1.2
Total 15 largest shareholders	158,149,409	50.3	50.3
Total no. of shares outstanding	314,577,096	95.1	95.1
Treasury shares	16,206,048	4.9	4.9
Total no. of registered shares	330,783,144	100	100



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

REVENUE AND TRADING, JUL–SEP 2022

	Fabege
Lowest price, SEK	69.7
Highest price, SEK	110.3
VWAP, SEK	93.3
Average daily turnover, SEK	55,955,005
Number of traded shares	40,029,319
Average number of transactions	1,959
Number of transactions	129,300
Average value per transaction, SEK	28,562
Daily turnover relative to market capitalisation	0.18

Financial data

Group

Condensed statement of comprehensive income

SEKm	2022 Jul-Sep	2021 Jul-Sep	2022 jan-sep	2021 jan-sep	2021 Jan-Dec	Rolling 12 m Oct-Sep
Rental income ¹	771	721	2,251	2,143	2,889	2,997
Sales residential projects	104	0	132	0	62	194
Net Sales	875	721	2,383	2,143	2,951	3,191
Property expenses	-186	-152	-584	-527	-704	-761
Residential projects expenses	-98	0	-122	0	-71	-193
Gross profit	591	569	1,677	1,616	2,176	2,237
<i>of wich gross profit property managment</i>	<i>585</i>	<i>569</i>	<i>1,667</i>	<i>1,616</i>	<i>2,185</i>	<i>2,236</i>
Surplus ratio, %	76%	79%	74%	75%	76%	75%
<i>of wich gross profit property projects</i>	<i>6</i>	<i>0</i>	<i>10</i>	<i>0</i>	<i>-9</i>	<i>1</i>
Central administration	-22	-23	-77	-85	-110	-102
Net interest expense	-159	-124	-423	-365	-495	-553
Ground rent	-11	-9	-31	-27	-36	-40
Share in profit of associated companies	9	-9	-8	-20	2	14
Profit/loss from property management	408	404	1,138	1,119	1,537	1,556
Realised changes in value of properties	0	0	74	56	56	74
Unrealised changes in value of properties	253	881	3,432	2,420	4,585	5,597
Unrealised changes in value, fixed-income derivatives	277	124	1,814	392	532	1,954
Changes in value of shares	1	1	0	2	2	0
Profit/loss before tax	939	1,410	6,458	3,989	6,712	9,181
Current tax	0	0	0	0	0	0
Deferred tax	-211	-314	-1,353	-847	-1,312	-1,818
Profit/loss for period/year	728	1,096	5,105	3,142	5,400	7,363
<i>Items that will not be restated in profit or loss</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Revaluation of defined-benefit pensions	0	0	14	0	6	20
Comprehensive income for the period/year	728	1,096	5,119	3,142	5,406	7,383
Of which attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to Parent Company shareholders	728	1,096	5,119	3,142	5,406	7,383
Earnings per share, SEK	2:30	3:40	16:05	9:72	16:73	23:08
No. of shares outstanding at period end, thousands	314,577	321,998	314,577	321,998	321,332	314,577
Average no. of shares, thousands	315,965	322,602	318,102	323,102	322,743	318,993

¹On-charging, service and other income amounts to SEK 90.0m (SEK 90.0m) for the period January–September 2022.

²Earnings per share are the same before and after dilution.

Condensed statement of financial position

SEKm	2022 Sep 30	2021 Sep 30	2021 31 Dec
Assets			
Goodwill	205	-	205
Properties	89,373	80,369	83,257
Right-of-use asset	1,090	897	1,092
Other property, plant and equipment	18	21	22
Derivatives	1,750	94	121
Non-current financial assets	450	1,595	832
Development properties	957	-	821
Current assets	1,250	448	1,411
Short-term investments	95	96	96
Cash and cash equivalents	114	85	131
Total assets	95,302	83,605	87,988
Equity and liabilities			
Shareholders' equity	48,232	43,007	45,174
Deferred tax	10,957	9,135	9,603
Other provisions	167	181	197
Interest-bearing liabilities ¹	32,882	28,393	30,399
Lease liability	1,090	897	1,093
Derivatives	0	299	186
Non-interest-bearing liabilities	1,974	1,693	1,336
Total equity and liabilities	95,302	83,605	87,988

¹Of which current, SEK 2,249m (2,798).

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 2021, according to adopted Statement of financial	5,097	3,017	33,428	41,542	0	41,542
Profit/loss for the period			5,400	5,400	0	5,400
Other comprehensive income			6	6		6
Total income and expenses for the period			5,406	5,406	0	5,406
TRANSACTIONS WITH SHAREHOLDERS						
Share buybacks			-613	-613		-613
Cash dividend			-1,161	-1,161		-1,161
Total transactions with shareholders			-1,774	-1,774	0	-1,774
Shareholders' equity, 31 December 2021, according to adopted Statement of financial position	5,097	3,017	37,060	45,174	0	45,174
Profit/loss for the period			5,105	5,105		5,105
Other comprehensive income			14	14		14
Total income and expenses for the period			5,119	5,119	0	5,119
TRANSACTIONS WITH SHAREHOLDERS						
Share buybacks			-796	-796		-796
Approved but unpaid dividend			-629	-629		-629
Cash dividend			-636	-636		-636
Total transactions with shareholders			-2,061	-2,061	0	-2,061
Shareholders' equity, 30 Sep 2022	5,097	3,017	40,118	48,232	0	48,232

Statement of cash flows

SEKm	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Operations			
Net operating income	1,677	1,616	2,176
Central administration	-77	-85	-110
Reversal of depreciation	4	4	7
Interest received	11	14	20
Interest paid	-486	-408	-535
Income tax paid	0	0	0
Cash flow before changes in working capital	1,129	1,141	1,558
Change in working capital			
	-137	-	-94
Change in current receivables	439	-99	-59
Change in current liabilities	80	145	112
Total change in working capital	382	46	-41
Cash flow from operating activities	1,511	1,187	1,517
Investing activities			
Business acquisition, net cash outflow	26	-	-734
Investments in new-builds, extensions and conversions	-1,588	-1,469	-1,890
Acquisition of properties	-1,068	-446	-735
Divestment of properties	0	309	309
Other non-current financial assets	51	-142	72
Cash flow from investing activities	-2,579	-1,748	-2,978
Financing activities			
Dividend to shareholders	-636	-582	-1,161
Treasury share buybacks	-796	-516	-613
Borrowings	20,916	9,337	14,958
Repayment of debt	-18,433	-7,613	-11,612
Cash flow from financing activities	1,051	626	1,572
Cash flow for the period	-17	65	111
Cash and cash equivalents at beginning of period	131	20	20
Cash and cash equivalents at end of period	114	85	131

Group

Key performance indicators

	2022	2021	2021
	Jan-Sep	Jan-Sep	Jan-Dec
Financial¹			
Return on equity, %	14.6	9.9	12.5
Interest coverage ratio, multiple	3.7	4.1	4.1
Equity/assets ratio, %	51	51	51
Loan-to-value ratio, properties, %	36	35	36
Debt ratio, multiple	15.4	14.0	14.7
Debt/equity ratio, multiple	0.7	0.7	0.7
Share-based¹			
Earnings per share, SEK ²	16.05	9.72	16.73
Equity per share, SEK	153	134	141
Cash flow from operating activities per share, SEK	4.8	3.67	4.70
Average no. of shares, thousands	318,102	323,102	322,743
No. of shares outstanding at end of period, thousands	314,578	321,998	321,332
Property-related			
No. of properties	103	90	94
Carrying amount, properties, SEKm	89,373	80,369	83,257
Lettable area, sqm	1,309,000	1,238,000	1,247,000
Projekt & development properties, SEKm	957	-	821
Financial occupancy rate, %	90	90	90
Total return on properties, %	6.0	5.2	8.7
Surplus ratio, %	74	75	76

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

²Definition according to IFRS.

EPRA key performance indicators

	2022	2021	2021
	Jan-Sep	Jan-Sep	Jan-Dec
EPRA Earnings (income from property mgmt after tax), SEKm	1,006	980	1,356
EPRA Earnings (EPS), SEK/share	3.16	3.03	4.20
EPRA NRV (long-term net asset value), SEKm	58,068	52,927	54,842
EPRA NRV, SEK/share	185	164	171
EPRA NTA (long-term net asset value), SEKm	54,203	50,413	51,832
EPRA NTA, SEK/share	172	157	161
EPRA NDV (net asset value), SEKm	48,656	43,587	45,174
EPRA NDV, SEK/share	155	135	140
EPRA Vacancy rate, %	10	9	10

Deferred tax

	2022	2021	2021
	Sep 30	Sep 30	31 Dec
Deferred tax attributable to:			
- tax loss carryforwards, SEKm	-261	-429	-532
- difference between carrying amount and tax value of properties, SEKm	10,881	9,665	10,174
- derivatives, SEKm	360	-42	-13
- other, SEKm	-23	-59	-26
Net debt, deferred tax, SEKm	10,957	9,135	9,603

Quarterly Group overview

Condensed income statement

	2022				2021		2020	
SEKm	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Rental income	771	717	762	746	721	715	707	703
Sales property projects	104	22	7	62	-	-	-	-
Net sales	875	739	769	808	721	715	707	703
Property expenses	-186	-190	-208	-177	-152	-174	-201	-175
Costs property projects	-98	-10	-14	-71	-	-	-	-
Gross profit	591	539	547	560	569	541	506	528
<i>of which gross profit property management</i>	<i>585</i>	<i>527</i>	<i>554</i>	<i>569</i>	<i>569</i>	<i>541</i>	<i>506</i>	<i>528</i>
<i>Surplus ratio</i>	<i>76%</i>	<i>74%</i>	<i>73%</i>	<i>76%</i>	<i>79%</i>	<i>76%</i>	<i>72%</i>	<i>75%</i>
<i>of which gross profit property projects</i>	<i>6</i>	<i>12</i>	<i>-7</i>	<i>-9</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Central administration	-22	-30	-25	-25	-24	-30	-32	-24
Net interest expense	-159	-137	-127	-130	-124	-122	-118	-116
Ground rent	-11	-10	-11	-9	-9	-9	-9	-8
Share in profit of associated companies	9	-15	-3	22	-9	-11	-1	-10
Profit/loss from property management	408	347	381	418	404	369	346	370
Realised changes in value of properties	0	0	74	0	0	56	0	24
Unrealised changes in value of properties	253	1,020	2,159	2,165	881	1,025	514	799
Unrealised changes in value, fixed-income derivatives	277	657	881	140	124	34	234	87
Changes in value, equities	1	-1	0	0	1	0	0	-1
Profit/loss before tax	939	2,023	3,495	2,723	1,411	1,484	1,094	1,279
Current tax	0	0	0	0	0	0	0	-1
Deferred tax	-211	-428	-713	-465	-315	-301	-231	-244
Profit/loss for the period	728	1,595	2,782	2,258	1,096	1,183	863	1,034

Condensed financial position

	2022				2021		2020	
SEKm	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Assets								
Goodwill	205	205	205	205	-	-	-	-
Properties	89,373	88,480	85,996	83,257	80,369	78,842	77,210	76,648
Right-of-use asset, leasehold	1,090	1,091	1,092	1,092	897	897	897	897
Other property, plant and equipment	18	19	20	22	21	21	14	15
Derivatives	1,750	1,473	817	121	94	57	60	20
Non-current financial assets	450	757	756	832	1,595	1,529	1,536	1,108
Development properties	957	845	875	821	-	-	-	-
Current assets	1,250	1,157	1,384	1,411	449	535	528	350
Short-term investments	95	95	95	96	96	95	95	108
Cash and cash equivalents	114	185	197	131	85	259	287	20
Total assets	95,302	94,307	91,437	87,988	83,605	82,235	80,627	79,166
Equity and liabilities								
Shareholders' equity	48,232	47,765	46,351	45,174	43,007	41,911	40,882	41,542
Deferred tax	10,957	10,748	10,317	9,603	9,135	8,821	8,519	8,288
Other provisions	167	179	197	197	181	182	182	183
Interest-bearing liabilities	32,882	32,046	30,669	30,399	28,393	28,268	27,321	26,669
Lease liability	1,090	1,091	1,092	1,093	897	897	897	897
Derivatives	-	-	1	186	299	386	422	617
Non-interest-bearing liabilities	1,974	2,478	2,810	1,336	1,693	1,770	2,404	970
Total equity and liabilities	95,302	94,307	91,437	87,988	83,605	82,235	80,627	79,166

Key performance indicators

	2022				2021		2020	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial¹								
Return on equity, %	6.1	13.6	24.3	12.5	10.3	11.4	8.4	10
Interest coverage ratio, multiple ²	3.5	3.6	4.1	4.1	4.3	4.1	3.9	4.3
Equity/assets ratio, %	51	51	51	51	51	51	51	52
Loan-to-value ratio, properties, %	36	36	35	36	35	36	35	35
Debt ratio, multiple	15.4	15.1	14.4	14.7	14	14.1	13.7	13.2
Debt/equity ratio, multiple	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6
Share-based¹								
Earnings per share for the period, SEK ²	2.30	5.01	8.69	7.02	3.40	3.67	2.64	7.65
Equity per share, SEK	153	151	145	141	134	130	126	127
Cash flow from operating activities per share, SEK	0.97	1.90	1.88	1.03	1.36	1.01	1.30	0.61
No. of shares outstanding at the end of the period, thousands	314,577	317,352	318,998	321,332	321,998	321,998	323,206	326,206
Average no. of shares, thousands	318,102	318,175	320,165	321,665	321,998	322,602	327,110	328,317
Property-related								
Financial occupancy rate, %	90	89	89	90	91	91	91	91
Total return on properties, %	0.9	5.1	3.3	8.7	1.9	2.1	1.3	1.8
Surplus ratio, %	74	73	73	76	79	76	72	77

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

²Definition according to IFRS.

Group

Reconciliation of key performance indicators

The reconciliation of the financial key performance indicators that Fabege reports is presented below.

	2022	2021	2021
	Sep 30	Sep 30	31 Dec
Equity/assets ratio			
Shareholders' equity, SEKm	48,232	43,007	45,174
Total assets, SEKm	95,302	83,605	87,988
Equity/assets ratio	51%	51%	51%
	2022	2021	2021
	Sep 30	Sep 30	31 Dec
Loan-to-value ratio, properties			
Interest-bearing liabilities, SEKm	32,882	28,393	30,399
Carrying amount, properties, SEKm	89,373	80,369	83,257
	957	-	821
Loan-to-value ratio, properties	36%	35%	36%
	2022	2021	2021
	Sep 30	Sep 30	31 Dec
Debt ratio			
Net operating income, SEKm	2,236	2,144	2,185
Central administration, SEKm	-102	-109	-110
Total, SEKm	2,134	2,035	2,075
Interest-bearing liabilities, SEKm	32,882	28,393	30,399
Debt ratio, multiple	15.4	14.0	14.7
	2022	2021	2021
	Sep 30	Sep 30	31 Dec
Interest coverage ratio, multiple			
Net operating income, SEKm	1,667	1,616	2,185
Ground rent, SEKm	-31	-27	-36
Central administration, SEKm	-77	-85	-110
Total, SEKm	1,559	1,504	2,039
Net interest expense, SEKm	-423	-365	-495
Interest coverage ratio, multiple	3.7	4.1	4.1
	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep
Return on equity			
Profit/loss for the period, SEKm	728	1,096	5,105
Average equity, SEKm	47,999	42,459	46,703
Return on equity	6.1%	10.3%	14.6%
	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep
Total return on properties			
Net operating income, SEKm	585	569	1,667
Unrealised and realised changes in the value of properties, SEKm	253	881	3,506
Market value including investments for the period, SEKm	89,120	77,303	85,867
Total return on properties	0.9%	1.9	6.0%
	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep
Debt/equity ratio			
Interest-bearing liabilities, SEKm	32,882	28,393	32,882
Shareholders' equity, SEKm	48,232	43,007	48,232
Debt/equity ratio	0.7	0.7	0.7
	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep
Equity per share			
Shareholders' equity, SEKm	48,232	43,007	48,232
No. of shares outstanding at end of period, million	315	322	315
Equity per share	153	134	153
	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep
Cash flow per share			
Cash flow from operating activities, SEKm	307	438	1511
Average number of shares, million	318	322	318
Cash flow per share	1.0	1.4	4.8

Group

Reconciliation of EPRA key performance indicators

The reconciliation of the EPRA key performance indicators that Fabege reports is presented below.

EPRA NRV, EPRA NTA & EPRA NDV	2022 Jan-Sep			2021 Jan-Sep			2021 Jan-Dec		
	NRV	NTA	NDV	NRV	NTA	NDV	NRV	NTA	NDV
Shareholders' equity, SEKm	48,232	48,232	48,232	43,007	43,007	43,007	45,174	45,174	45,174
Reversal of approved but unpaid dividend, SEKm	629	629	629	580	580	580	-	-	-
Reversal of fixed-income derivatives according to balance sheet, SEKm	-1,750	-1,750	-1,750	205	205	205	65	65	65
Reversal of deferred tax according to balance sheet, SEKm	10,957	10,957	10,957	9,135	9,135	9,135	9,603	9,603	9,603
Reversal of goodwill according to balance sheet, SEKm	-	-205	-205	-	-	-	-	-205	-205
Deduction of actual deferred tax, SEKm	-	-3,660	-3,660	-	-2,514	-2,514	-	-2,805	-2,805
Deduction of fixed-income derivatives according to balance sheet, SEKm	-	-	1,750	-	-	-205	-	-	-65
Deduction of deferred tax according to balance sheet after adjustment of estimated actual deferred tax, SEKm	-	-	-7,297	-	-	-6,621	-	-	-6,798
NAV	58,068	54,203	48,656	52,927	50,413	43,587	54,842	51,832	44,969
Number of shares outstanding, millions	314.6	314.6	314.6	322.0	322.0	322.0	321.3	321.3	321.3
NAV per share, SEK	185	172	155	164	157	135	171	161	140

EPRA EPS	2022 Jan-Sep		2021 Jan-Sep		2021 Jan-Dec	
Profit/loss from property management, SEKm		1,138		1,119		1,537
Deduction for tax depreciation, SEKm		-495		-445		-660
Total, SEKm		643		674		877
Nominal tax (20.6%), SEKm		132		139		181
EPRA earnings in total (profit/loss from property management less nominal tax), SEKm		1,006		980		1,356
Number of shares, millions		318.1		323.1		322.7
EPRA EPS, SEK per share		3:16		3:03		4:20

EPRA Vacancy rate	2022 Jan-Sep		2021 Jan-Sep		2021 Jan-Dec	
Estimated market value of vacant property rents, SEKm		332		352		349
Annual rental value, entire portfolio, SEKm		3,251		3,358		3,359
EPRA Vacancy rate, %		10%		10%		10%

Parent Company

Profit and loss account

SEKm	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Income	287	262	324
Expenses	-390	-366	-385
Net financial items	1,115	-21	-324
Share in profit of associated companies	-	-	0
Changes in value, fixed-income derivatives	1,814	392	532
Changes in value, equities	0	2	2
Appropriation	0	-	0
Profit/loss before tax	2,826	269	149
Current tax	-	-	-
Deferred tax	-585	-59	-109
Profit/loss for the period	2,241	210	40

Balance sheet

SEKm	2022 Sep 30	2021 Sep 30	2021 31 Dec
Investments in Group companies	13,400	12,517	13,400
Other non-current assets	45,853	45,856	45,434
<i>of which, receivables from Group companies</i>	<i>44,539</i>	<i>45,564</i>	<i>45,164</i>
Current assets	71	64	115
Cash and cash equivalents	6	83	2
Total assets	59,330	58,520	58,951
Shareholders' equity	11,962	12,050	11,782
Provisions	79	69	69
Non-current liabilities	44,152	44,392	45,687
<i>of which, liabilities to Group companies</i>	<i>13,827</i>	<i>17,956</i>	<i>18,038</i>
Current liabilities	3,137	2,009	1,413
Total equity and liabilities	59,330	58,520	58,951

Notes

NOTE 1 DERIVATIVES

Derivatives are measured at fair value as Level 2 assets. 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 recognised for accounting purposes and have no impact on cash flow. At maturity, the market value of derivative instruments is always zero. The valuation assumptions have not changed significantly compared with 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 370m (704) and other 0 (0).

NOTE 3 SEGMENT REPORTING – CLASSIFICATIONS AND RECLASSIFICATIONS DURING THE PERIOD

In accordance with IFRS 8, segments are presented from the management's point of view, broken down by segment. Following 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 awaiting a redevelopment or extension that will have a significant impact on ongoing property management and net operating income
- Projects – Land and development properties, and properties undergoing new construction/complete redevelopment.
- Residential – 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 the respective segments (direct income and expenses). If a property changes type during the year, the earnings attributable to the property are allocated to the respective segments based on the period of time for which the property belonged to the segments. Central administration costs and net financial items have been allocated to segments on a standardised basis according to each segment's share of the total property value (indirect income and expenses). Property assets are directly attributed to the respective segments and recognised on the balance sheet date. All revenue and expenses attributable to SHH's operations are recognised in the Residential segment.

During the fourth quarter of 2021, segment reporting was changed through the separation of development properties and ongoing projects and land properties, which means that some of Fabege's properties have been reclassified. The comparative figures have also been adjusted in accordance with the new breakdown.

The Generatörn 10 property acquired during the first quarter was classified as a land property. In March 2022, the Poolen 1 project, in Arenastaden, was completed, and from the second quarter of 2022 has been reclassified from a project property to an investment property. During the second quarter, possession was taken of the investment properties Kabelverket 2, in Älvsjö, and Solrosen 1, in Borås. During the second quarter, Nöten 4 was reclassified from an investment property to a project property. Påsen 1 was reclassified from a development property to a project property. Finally, Poolen 1 was reclassified from a project to an investment property. In the fourth quarter, the Separatörn 1 property was acquired and classified as a project property.

NOTE 4 ACQUISITIONS

On 18 October 2021, the Group acquired all of SHH Bostad AB's shares for a purchase price of SEK 880m. The preliminary acquisition analysis has been updated with an investment aid receivable for one of the properties acquired. Goodwill has been reduced by the same amount.

For further information about the acquisition, see Fabege's 2021 Annual and Sustainability Reports.

SEKm	Net assets of the acquired company at the time of acquisition	Adjustment preliminary purchase price allocation	Final purchase price allocation
Property, Plant and equipment	5		5
Interests in associated companies	53		53
Properties	50		50
Development properties	692		692
Other Current assets	377	29	406
Cash and cash equivalents	126		126
Provisions	-24		-24
Interest-bearing liabilities	-394		-394
Non-interest-bearing liabilities	-239		-239
Net identifiable assets and liabilities	646		646
Group Goodwill	234	-29	205
Consideration transferred	880		880

NOTE 5 THE EU TAXONOMY

Percentage of activities eligible for the taxonomy:

	Total, SEKm	Percentage of activities eligible for the taxonomy	Percentage of activities not eligible for the taxonomy
Rental income	2,251	100	0
Sales residential projects	132	100	0
Net Sales	2,383	100	0
Investments and acquisitions	1,717	100	0
Operating expenses	223	100	0

Percentage of activities eligible for the taxonomy:

Fabege owns and manages properties, with a primary focus on commercial properties in the Stockholm area. The majority of the property portfolio is eligible for the taxonomy and is divided into the following categories:

- 7.1 Construction of new buildings; refers to properties under construction and project properties completed during 2021.
- 7.2 Renovation of existing buildings; refers to development properties undergoing renovation where a significant portion of the property is affected by the project.
- 7.7 Acquisition and ownership of buildings; refers to the majority of the Group's properties. All investment properties with a current cash flow are included.

Properties that fall outside the scope of the taxonomy are pure land properties, including SHH's development portfolio, i.e. land acquisitions for which construction has not yet started. The revenue, operating expenditure and capital expenditure relating to properties that are not eligible for the taxonomy are considered to be negligible. The Swedish trade association Fastighetsägarna is currently discussing and examining how the classification according to the different categories above should be interpreted.

Recognition of revenue:

All of the income related to properties included in the qualifying activities above is recognised. This refers to rental income, including the standard supplements. No material income that should be excluded has been identified.

Recognition of operating expenditure:

Operating expenditure includes property management costs, regular repairs, maintenance and expensed tenant customisations. SHH's construction costs for residential development are also included.

Recognition of capital expenditure:

Relates to capital expenditure for acquisitions and capitalised investment expenditure related to the properties included in the qualifying activities.

Percentage of activities aligned with the taxonomy:

It is not yet clear how the interpretation of the taxonomy framework should be fully implemented. Fabege has based its preliminary assessment on objective 1, i.e. the climate objective, including the 'Do No Significant Harm' criteria. The properties assessed as being aligned with objective 1 have an EPC-A level energy performance certificate or are in the top 15 per cent in terms of primary energy use in Sweden (in accordance with the definition applied by the Fastighetägarna (Swedish Property Federation) to existing buildings). The properties have undergone a climate resilience analysis.

According to Fabege's preliminary assessment, over 70 per cent of its revenue is aligned with the taxonomy based on compliance with objective 1, including the DNSH criteria. This assessment may change, depending on how the top 15 per cent is interpreted. The interpretation of how our properties are to be categorised according to 7.1 or 7.7 has also yet to be established, and may affect the percentage that is aligned with the taxonomy.

Capital expenditure related to the construction of new buildings by Fabege has initially been classified as non-aligned, as there is not enough information about how to interpret the requirements for Fabege to be able to say that the capital expenditure is aligned with the taxonomy at this stage. Work is underway on the interpretation of the taxonomy in order to determine whether projects may be classified as being aligned with the taxonomy. Fabege believes that, in the long run, at least part of the capital expenditure will be classified as being aligned with the taxonomy.

This is Fabege

Fabège is one of Sweden's leading property companies. We develop attractive and sustainable city 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 holdings, with a portfolio grouped into clusters. The Group also includes SHH Bostad, which is a property development company focused on residential and public-services property. The large number of residential development rights that we hold means that together we have a great opportunity to create mixed-use developments in our city districts. The concentration of our properties in well-contained clusters ensures greater customer proximity and, when coupled with Fabège's thorough knowledge of the market, creates a solid foundation for efficient property management and high occupancy rates. At 30 September 2022, Fabège owned 103 properties with a combined market value of SEK 89.4bn. Their rental value stood at SEK 3.7bn. This has been supplemented by SHH Bostad's development portfolio, comprising ongoing and future residential development projects with a value of SEK 957m.

BUSINESS CONCEPT

Fabège develops sustainable city districts, with a primary focus on commercial properties within a limited number of well-located submarkets in the Stockholm region.

Value is created via property management, property development, project development and transactions. We are keen to be a supportive partner that puts people front and centre and enables companies, locations and our city to develop.

BUSINESS MODEL

Fabège is active in three business areas: Property Management, Property Development and Transactions.

STRATEGY FOR GROWTH

Fabège's strategy is to create value by managing, improving and developing its property portfolio and through transactions, acquiring and divesting properties with the aim of increasing the property portfolio's potential. 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 to enhance the appeal of an area are sure to benefit many of Fabège's customers.

VALUE DRIVERS

Fabège's operations are affected by a number of external factors, such as the pricing of and demand for premises, the transaction market's required rate of return, and changes in market interest rates, which set the conditions for the company's success.

Stockholm is growing

Stockholm is one of the five metropolitan areas in Western Europe with the highest rate of population growth. The population of Stockholm County is forecast to continue to grow over the next 20 years. The most significant growth is in 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 affect required rates of return.

Sustainable urban development

Sustainability issues are becoming increasingly important in terms of both individual properties and entire areas. Interest in environmental considerations relating to the choice of materials and energy-saving measures is on the rise. Demand is increasing for premises in areas with a good mix of offices, retail, service and residential units, and good transport links and environmental engagement.

Business model

PROPERTY MANAGEMENT

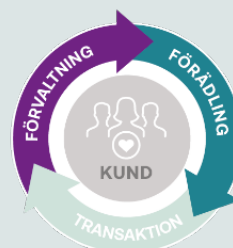
The essence of Fabège's operations is finding the right premises for customers' specific requirements and ensuring customer satisfaction. This is accomplished through long-term efforts, based on close dialogue with the customer, which builds mutual trust and loyalty.

PROPERTY DEVELOPMENT

High-quality property development is the second key cornerstone of our business. Fabège has long-standing experience in the management of extensive property development projects, and endeavours to attract long-term tenants for properties that have not yet been fully developed and can be redesigned based on customers' 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 in order to seize opportunities to generate capital growth through acquisitions and divestments.



Definitions

Fabege presents certain financial performance measures in the Interim Report that are not defined in IFRS. The company believes that these measures provide valuable supplementary information for investors and the company's management, as they enable an assessment and benchmarking of the company's reporting. Since not all companies calculate financial performance measures in the same way, they are not always comparable with measures used by other companies. These financial performance measures should therefore not be regarded as substitutes for measures defined in IFRS. The following key performance indicators are not defined in 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 RATIO

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

DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity.

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 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.

EQUITY/ASSETS RATIO

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

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).

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.

MANAGEMENT PROPERTIES*

Properties that are being actively managed on an ongoing basis.

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

09/01/2023	Dividend date of record (4 of 4)
12/01/2023	Payment (4 of 4)
06/02/2023	Year-end report 2022
29/03/2023	Annual general meeting 2023
26/04/2023	Interim report Jan–Mar 2023
07/07/2023	Interim report Jan–Jun 2023
19/10/2023	Interim report Jan–Sep 2023

PRESS RELEASES DURING IN THE THIRD QUARTER 2022

08/07/2022	Faberge continues share buyback
08/07/2022	Interim Report Jan–June 2022
29/08/2022	Over 80% commute to and from Arenastaden in an environmentally-friendly way
21/09/2022	Faberge and NIB in 10-year agreement
22/09/2022	Faberge's nominating committee for the AGM 2023



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There will also be a web presentation on the Group's website on 20 October 2022, during which Stefan Dahlbo and Åsa Bergström will present the report.

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