

# Q4

## 2022

### Summary, SEKm

	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
<b>Net sales</b>	<b>944</b>	<b>808</b>	<b>3,327</b>	<b>2,951</b>
<b>Gross profit</b>	<b>485</b>	<b>560</b>	<b>2,161</b>	<b>2,176</b>
<b>Profit/loss from property management</b>	<b>235</b>	<b>418</b>	<b>1,373</b>	<b>1,537</b>
<b>Profit/loss before tax</b>	<b>-3,494</b>	<b>2,723</b>	<b>2,964</b>	<b>6,712</b>
<b>Profit/loss after tax</b>	<b>-2,729</b>	<b>2,258</b>	<b>2,376</b>	<b>5,400</b>
<b>Net lettings</b>	<b>17</b>	<b>32</b>	<b>86</b>	<b>162</b>
<b>Surplus ratio, %</b>	<b>73</b>	<b>76</b>	<b>74</b>	<b>76</b>
<b>Loan-to-value ratio, %</b>			<b>38</b>	<b>36</b>
<b>EPRA NRV, SEK per share</b>			<b>173</b>	<b>171</b>

### Jan-Dec 2022<sup>1</sup>

- Rental income totalled SEK 3,032m (2,889). On a like-for-like basis, income rose by 5 per cent (2) compared with the previous period.
- Net operating income amounted to SEK 2,240m (2,185). On a like-for-like basis, net operating income rose by 3 per cent (3).
- The surplus ratio was 74 per cent (76).
- Revenue from residential development amounted to SEK 295m (62) and gross earnings totalled SEK -79m (-9), including impairment of SEK -81m.
- Profit from property management amounted to SEK 1,373m (1,537).
- Realised and unrealised changes in the value of properties totalled SEK -159m (4,641) and SEK 1,753m (532) for fixed-income derivatives.

See page 26 for key performance indicator definitions.

- Profit/loss before tax for the year totalled SEK 2,964m (6,712).
- Profit/loss for the year after tax totalled SEK 2,376m (5,400), corresponding to SEK 7.49 per share (16.73).
- Net lettings totalled SEK 86m (162).
- Rent levels in renegotiated leases increased by an average of 7 per cent (11).

- The equity/assets ratio was 49 per cent (51). The loan-to-value ratio stood at 38 per cent (36).
- The Board of Directors proposes a dividend of SEK 2:40 per share (4.00) to be paid on four occasions quarterly in the amount of SEK 0.60 per share on each occasion. The dividend proposal is in line with Fabeges dividend policy.

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

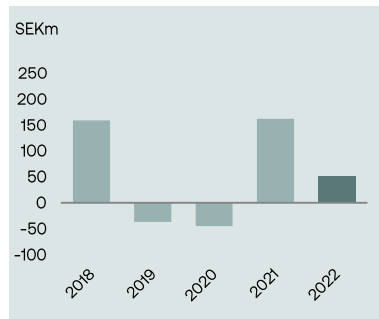


# Message from the CEO

## OPERATIONAL TARGETS

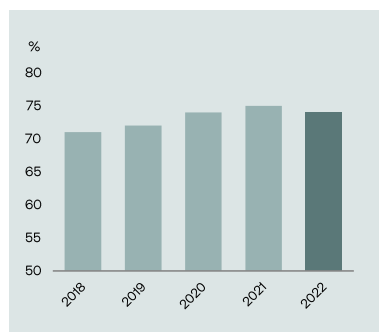
- Investment volume of approximately SEK 2,500m per year.
- Net lettings of at least SEK 80m per year.
- Surplus ratio of 75 per cent.

## NET LETTINGS



Target: SEK 80m per year

## SURPLUS RATIO



Target: 75%

It's easy to think of 2022 as an annus horribilis, but there are also many positive things to look back on. How we have helped our customers in their everyday lives, including by constantly renewing our offices, and how we have tried to contribute in our own way to the residents of Flemingsberg in particular, to better schooling, more enjoyable leisure time and opportunities for internships and jobs. I'm also thinking about how we contribute to a better world through our sustainability work, by implementing energy efficiency improvements, the sustainability house in Haga Norra and the recycling hub at Solna Business Park; how we support some of our tenants working to help Ukraine, both on the ground in the country and with the refugees here in Stockholm, and how we continue to support Stockholm City Mission.

The year began with continued Covid restrictions. It wasn't until 1 April that the restrictions were lifted in Sweden and the coronavirus was no longer classified as dangerous to society. The pandemic has affected us in numerous ways. Firstly, of course, in terms of all the human suffering, and then the way in which it has adversely affected various supply chains, resulting in product shortages and rising prices.

However, the pandemic has also taught us many ways of working smarter. We have learned to harness new digital tools to facilitate everyday life. There are lots of examples I could mention. I think we've adopted an inquiring and structured approach to new opportunities and recognised them as just that, opportunities, both for our company and for our customers.

However, the history books will mainly document 2022 as being the year Russia invaded Ukraine. Life changed for many people on 24 February. The invasion blurred the line between reality and fiction in an unreal and frightening way. The invasion has shaken the entire international system to its foundations, and has major implications for the whole of Europe. Unfortunately, there are

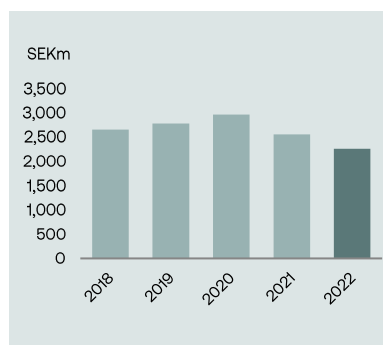


also many other armed conflicts taking place around the world. The list is endless, and it is too much to hope that 2023 will be a year of peace.

The year was marked by a sharp rise in inflation, not least due to rising and volatile energy prices, soaring interest rates, rising construction prices and higher food prices. Everything became more expensive. At the beginning of the year, the policy rate was 0 per cent. The Riksbank started to raise the policy rate in early May to 0.25 per cent. Since then it has risen rapidly and now, following the latest increase, stands at 2.50 per cent. Increases are expected to continue, even if the economy experiences a swift slowdown. Higher interest rates and an increase in the price of risk have in turn led to a fall in the prices of most asset classes.

Naturally, this has also had a negative impact on the property market. Both because yield requirements have risen, and because corporate financing is becoming more expensive. The average yield requirement rose by 0.23 percentage points

## INVESTMENT VOLUME



Target: SEK 2.5bn per year over a business cycle

to 3.99 per cent in our portfolio. Increased yield requirements were mainly the result of higher interest rates. Valuations were partly offset by increased rent levels due to higher inflation assumptions. Obviously, yield requirements will continue to be affected by interest rates, which in turn are influenced by a great many uncertain macro factors.

In the fourth quarter, more than 80 per cent of our properties were independently valued. The total market value at the end of the year was SEK 86.3bn (83.3). During the quarter, our portfolio was devalued by almost SEK 4bn and the unrealised changes in value for the full year therefore amounted to SEK -233m. So we left 2022 with roughly the same values as we entered the year.

The autumn has been marked by concerns about the ability of property companies to source financing. In the fourth quarter, we signed two new loan commitments of SEK 2.4bn, facilities of SEK 3.5bn were extended and facilities of SEK 1bn were released via refinancing in the commercial paper market. The bond market remains cautious about the property sector in general in early 2023. This means that the plan is still to move from capital markets to banking during the year should conditions fail to improve. I have no concerns about our refinancing opportunities in 2023 and 2024. As things stand, the fact that we haven't used controversial financial solutions, but have continued to work closely with the banks and avoided complicated financial products, is a success factor.

The rental market in our districts remains good. The number of viewings is at a satisfactory level even for the beginning of the first quarter, but customers are delaying decisions. One effect of the pandemic is that many companies have been biding their time and holding off on determining their office needs. So there is a pent up need to make decisions, which looking ahead may lead to sudden, frenetic activity with major shifts in the market. It is both a risk and an

opportunity, but not something that has happened as yet.

We had positive net lettings in all four quarters, with a final total of SEK 85m. It was particularly pleasing to be able to announce that JM has chosen to relocate its head office to 6,500 sqm in Ackordet 1, in HagaNorra. The project is now 29-per cent leased. I strongly believe that the project will be fully leased by the time it is completed in 2024. We have also now been able to announce our agreement with JM that they will acquire 42,500 sqm of residential development rights in Huvudsta.

Rental income increased during the year to SEK 3,032m (2,889) and net operating income amounted to SEK 2,240m (2,185). The increase in revenue was mainly due to acquisitions and occupancy of project properties, as well as index-linked revenue. Net operating income rose by approximately 3 per cent (3) on a like-for-like basis. The surplus ratio was 74 per cent (76). I have said it before, but we're maintaining our firm focus on getting the occupancy rate back up to 95 per cent over the next few years.

We are starting the year with around SEK 250m in increased rental income, but we must prepare for the possibility of 2023 being a turbulent year, particularly given the uncertainty in our operating environment. We must therefore continue to rein in costs and protect our balance sheet, we must remain close to our customers and keep looking after our properties with passion and foresight, develop our neighbourhoods and our city, take active decisions and, last but not least, keep looking after each other. I'm confident that we are well equipped to meet the challenges ahead and to seize the opportunities that will be created. All to enable us to continue generating value.

Stefan Dahlbo, CEO

# Earnings Jan–Dec 2022<sup>1</sup>

Profit after tax for the year was SEK 2,376m (5,400), corresponding to earnings per share of SEK 7.49 (16.73). Profit for the year before tax amounted to SEK 2,964m (6,712). Higher interest costs and negative changes in the value of the property portfolio in the fourth quarter meant that profit before tax decreased compared with the same period last year.

## FOURTH QUARTER IN BRIEF

- Continued high activity on the rental market, in terms of viewings, negotiations and completions.
- New lettings totalled SEK 100m (98).
- Net lettings amounted to SEK 17m (32).
- Rental income totalled SEK 781m (746).
- The surplus ratio stood at 73 per cent (76).
- Revenue from residential development amounted to SEK 163m (62) and gross earnings totalled SEK –89m (9), of which SEK 81m related to impairment.
- Profit from property management totalled SEK 235m (418).
- Unrealised changes in value in the property portfolio amounted to SEK –3,665m (2,165), of which projects accounted for SEK –377m (1,148).
- Unrealised changes in value in the derivatives portfolio totalled SEK –61m (140).
- Earnings after tax for the quarter amounted to SEK –2,729m (2,258).

## RENTAL INCOME AND NET OPERATING INCOME

Rental income increased to SEK 3,032m (2,889) and net operating income amounted to SEK 2,240m (2,185). The increase in revenue was mainly due to acquisitions and occupancy of project properties, as well as index-linked revenue. On a like-for-like basis, income rose by approximately 5 per cent (2). 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 (3) on a like-for-like basis. The surplus ratio was 74 per cent (76).

## PROFIT FROM RESIDENTIAL DEVELOPMENT

Birger Bostad has been included in the Faberge Group's earnings since the fourth quarter of 2021. Revenue from residential development totalled SEK 295m (62) during the period. Residential development costs amounted to SEK –374m (–71), of which administrative costs accounted for SEK –34m (–19) and impairment of development rights SEK –81m. Gross earnings therefore totalled SEK –79m (–9). Income recognition takes place on project completion. A project in Riksten was completed during the period. Three more projects have been partially settled. 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 –102m (–110). The figure for 2021 included non-recurring costs relating to Faberge's new headquarters.

## NET FINANCIAL ITEMS

Net interest items amounted to SEK –612m (–495). During the second half of the year, the average interest rate gradually increased as the Riksbank's policy rate hike had an effect on the market rate (STIBOR). The average rate at 31 December was 2.39 per cent (1.79). Ground rent amounted to SEK –42m (–36).

## SHARE IN PROFIT/LOSS OF ASSOCIATED COMPANIES

The share in the profit/loss of associated companies totalled SEK –32m (2), of which SEK –56m related to contributions to Arenabolaget, SEK –4m to impairment of the holding in Stralsund 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. About 80 per cent of the portfolio was independently valued in the fourth quarter, while the remaining properties were internally valued based on the most recent independent valuations. The total market value at the end of the year was SEK 86.3bn (83.3). Unrealised changes in value totalled SEK –233m (4,585). The average yield requirement rose by 0.13 percentage points to 3.99 per cent (3.76). The increased yield requirements were a result of higher interest rates. Valuations were partly offset by increased rent levels due to 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.

## TAX

Tax on profit for the year amounted to SEK –588m (–1,312). Tax was calculated at a rate of 20.6 per cent on taxable earnings. The interest deduction limitations are not

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



## CHANGES IN PROPERTY VALUES, JAN–DEC 2022

### Changes in property values, SEKm

Opening fair value, 01/01/2022	83,256
Property acquisitions	1,068
Investments in new builds, extensions and con	2,257
Unrealised changes in value	-233
Sales, disposals and other	0
<b>Closing fair value, 31/12/2022</b>	<b>86,348</b>

## AVERAGE YIELD REQUIREMENT, 31/12/2022

Area	Average yield requirement
Stockholm city	3.65%
Solna	4.16%
Hammarby Sjöstad	4.13%
Flemingsberg	4.93%
Other markets	4.88%
<b>Average yield</b>	<b>3.99%</b>

expected to have a material effect on taxes paid over the next few years.

### SEGMENT REPORTING

Segment reporting has been adjusted due to the acquisition of Birger Bostad. The Property Management segment generated net operating income of SEK 2,128m (2,111), representing a surplus ratio of 77 per cent (78). The occupancy rate stood at 89 per cent (90). Profit from property management totalled SEK 1,418 (1,530). Unrealised changes in the value of properties amounted to SEK -157m (3,437).

The Property Development segment generated net operating income of SEK 84m (60), resulting in a surplus ratio of 44 per cent (43). Profit from property management totalled SEK 15m (-1). Unrealised changes in the value of properties amounted to SEK -94m (265).

In the Projects segment, unrealised changes in value of SEK 12m (883) 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 -79m (-9). Profit from property management totalled SEK -83m (-2). Further information about the breakdown by segment is provided in the segment report and segment notes on pages 10 and 23.

## FINANCIAL POSITION AND NET ASSET VALUE

Shareholders' equity amounted to SEK 45,514m (45,174) at the end of the period, and the equity/assets ratio was 49 per cent (51). Approved but unpaid dividends have reduced shareholders' equity. Equity per share attributable to Parent Company shareholders totalled SEK 145 (140). EPRA NRV stood at SEK 173 per share (171).

### GOODWILL

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

### PROPERTIES

The property value recognised relates to Fabege's investment property portfolio, including project and land properties. At 31 December 2022, the total property value amounted to SEK 86.3bn (83.3).

### DEVELOPMENT PROPERTIES

This refers to ongoing in-house projects and development properties for future construction within Birger Bostad. The value at year-end totalled SEK 892m (821), SEK 573m of which relates to ongoing construction and SEK 319m to development properties for future development.

### CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 1,489m (1,558). Changes in working capital had an impact on cash flow of SEK 503m (-41). Investing activities had an impact of SEK -3,232m (-2,978) on cash flow, while financing activities had an impact of SEK 1,196m (1,572). In investing activities, cash flow is driven by property transactions and projects. Cash and cash equivalents declined by a total of SEK 44m (111) during the year.

## 3,700 SQM IN SOLNA BUSINESS PARK

During the fourth quarter, we signed three leases covering 3,761 sqm in the Sliparen 2 property in Solna Business Park. The largest was with HSB, who are renting 2,601 sqm of office space. All three leases extend for 5 years and are expected to start in the third quarter of 2023.

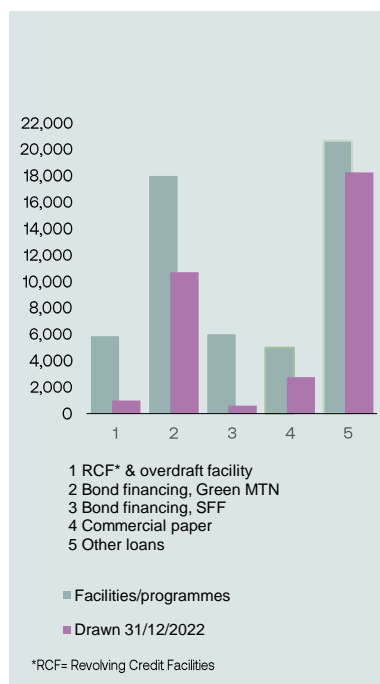
Net lettings totalled SEK 86m for the full year, 2022.



# Financing

Fabege employs long-term credit facilities subject to fixed terms and conditions. The company's creditors mainly comprise the major Nordic banks and investors on the capital market.

## BREAKDOWN OF SOURCES OF FINANCING



## FINANCING

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.

Financial markets stabilised somewhat in the fourth quarter, although bond markets remained subdued. This means that the plan is still to move from capital markets to banking. Undrawn committed credit facilities increased in the fourth quarter. We signed two new loan commitments of SEK 2.4bn, facilities of SEK 1bn were released via refinancing in the commercial paper market and facilities of SEK 3.5bn were extended. Outstanding commercial paper and bonds amounted to a total of SEK 14bn at the end of the quarter, which is an increase of just under SEK 1bn compared with the previous quarter. Including the backup facility for the commercial paper programme, the undrawn credit facilities including loan commitments amounted to SEK 7.3bn.

Fabege's fixed-interest term at the end of the quarter was 2.7 years. The derivatives portfolio comprised interest rate swaps totalling SEK 19,950m, maturing in 2032 and carrying fixed annual interest of between – 0.18 and 1.30 per cent.

Net financial items included other financial expenses of SEK 30m, 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 21m (16) 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. 100 per cent of the loan portfolio is classified as green.

# 100%

Green financing  
31 December 2022

Moody's Rating

# BAA2

negative outlook

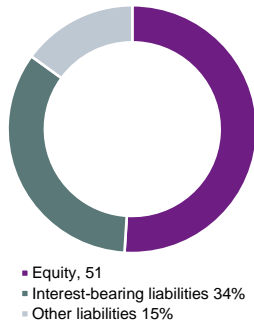
Revised in November 2022

## FINANCING, 31/12/2022

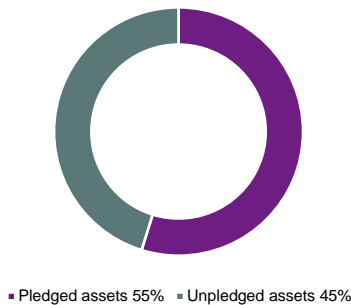
	2022-12-31	2021-12-31
Interest-bearing liabilities, SEKm	33,341	30,399
of which outstanding MTN, SEKm	10,700	10,950
of which outstanding SFF, SEKm	600	1,524
of which outstanding commercial paper, SEKm	2,767	2,250
Undrawn facilities, SEKm <sup>1</sup>	7,260	3,374
Fixed-term maturity, years	4.7	4.9
Fixed-rate period, years	2.7	3.7
Fixed-rate period, percentage of portfolio, %	65	76
Derivatives, market value, SEKm	1,689	-65
Average interest expenses, incl. committed credit facilities, %	2.39	1.71
Average interest expenses, excl. committed credit facilities, %	2.31	1.62
Unpledged assets, %	45.2	43.8
Loan-to-value ratio, %	38.2	36.5

<sup>1</sup>Included credit facilities for commercial paper

## SUPPLY OF CAPITAL



## BREAKDOWN OF COLLATERAL



## 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, 31/12/2022

	Amount, SEKm	Average interest rate,%	Percentage, %
< 1 year	13,710	4.23	41
1-2 years	3,196	0.78	10
2-3 years	2,610	0.97	8
3-4 years	3,100	0.93	9
4-5 years	3,250	1.04	10
5-6 years	3,276	1.57	10
6-7 years	2,000	0.60	6
7-8 years	800	0.39	2
8-9 years	900	0.72	3
9-10 years	500	0.81	1
11 years	0	0.00	0
<b>Total</b>	<b>33,341</b>	<b>2.31</b>	<b>100</b>

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, 31/12/2022

	Credit agreements, SEKm	Drawn, SEKm
Commercial paper programme	2,767	2,767
< 1 year	2,573	2,413
1-2 years	13,558	10,158
2-3 years	4,465	2,165
3-4 years	5,050	5,050
4-5 years	750	750
5-10 years	7,776	6,376
10-15 years	2,477	2,477
15-20 years	1,186	1,186
<b>Total</b>	<b>40,601</b>	<b>33,341</b>

## GREEN FINANCING, 31/12/2022

	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	2,767	2,767
Green loans, other, SEKm	26,534	19,274
Total green financing, SEKm	40,601	33,341
Green financing, %	100	100
Total green available borrowing facility, SEKm	49,441	
of which unrestricted green available borrowing facility, SEKm	14,711	

## 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. 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. 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/](http://www.fabege.se/en/investors/financing/green-financing/), where you will also find the investor reports.

# Operations

## Jan-Dec 2022<sup>1</sup>

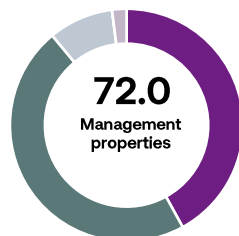
Activity in the rental market remained strong and net lettings totalled SEK 86m over the year. Renegotiations made a positive contribution of 7 per cent towards the rental value in renegotiated leases. Projects progressed as planned, however projects in the start-up phase were subject to increased costs.

### BREAKDOWN OF MARKET VALUE, 31/12/2022, SEKBN

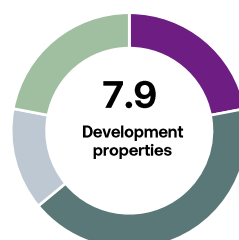
- Inner city
- Solna
- Hammarby Sjöstad
- Flemingsberg
- Other markets



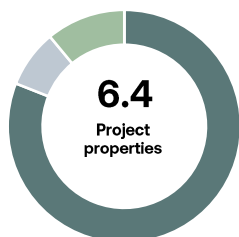
■ 37% ■ 49% ■ 10% ■ 3% ■ 1%



■ 42% ■ 47% ■ 9% ■ 0% ■ 2%



■ 22% ■ 42% ■ 14% ■ 22% ■ 0%



■ 0% ■ 81% ■ 8% ■ 11% ■ 0%

### PROPERTY PORTFOLIO AND PROPERTY MANAGEMENT

Fabege's property management and urban and property development activities are concentrated on a few selected submarkets in and around Stockholm: Stockholm inner city, Solna, Hammarby Sjöstad and Flemingsberg. At 31 December 2022, Fabege owned 102 properties with a combined rental value of SEK 3.7bn, a lettable area of 1.3 million sqm and a carrying amount of SEK 86.3bn, of which development and project properties account for SEK 14.4bn.

### OCCUPANCY RATE

The investment property portfolio's financial occupancy rate was 89 per cent (90) 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 75m 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 leases pending demolition or redevelopment. These cover a surface area of 236 thousand sqm, of which 144 thousand sqm are being let for a current annual rent of SEK 211m. Significant ongoing projects make up a lettable area of approximately 150 thousand sqm, with a rental value of SEK 404m. The project portfolio's occupancy rate was 35 per cent at the end of the quarter.

### NET LETTINGS

During the period, 152 (149) new leases were signed with a combined rental value of SEK 276m (329), and 100 per cent (96) of the space was attributable to green leases. Lease terminations amounted to SEK -190m (-167). Net lettings amounted to SEK 86m (162). Leases totalling SEK 174m (239) were renegotiated, with an average rise in rental value of 7 per cent (11). Leases worth SEK 341m were also extended on unchanged terms. The retention rate during the year was 77 per cent (72).

### 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. Birger Bostad also took possession of a small residential property in Borås. Separatör 1 in Flemingsberg was taken over in August. In the fourth quarter, two properties were merged via reallocation. Properties were acquired during the year 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 2,257m (1,874), of which SEK 1,427m (1,239) related to investments in project and development properties.

Capital invested in the investment property portfolio amounted to SEK 830m (635), of which a significant share related to tenant customisations.

### 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.

June saw the completion of Convendum's premises in Bocken 39, on Kungsgatan. In the fourth quarter, Glädjen 12, Stadshagen, was completed for forthcoming occupancy in the first quarter of 2023.

### MAJOR ONGOING PROJECTS

In February, construction began on the new premises for the Royal Swedish Opera and Royal Dramatic Theatre at Regulatör 4 in Flemingsberg. The foundations have been completed and work is underway on assembly of the frame. The investment is

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



## TOTAL INVESTMENTS, JAN–DEC 2022

Total investments, SEKm	
Investments in investment properties	830
Investments in development properties	141
Investments in project properties	1,286
<b>Total investments</b>	<b>2,257</b>

## PROPERTY ACQUISITIONS, JAN–DEC 2022

Property	Area	Category	Lettable area, sqm
<b>Q1</b>			
Generatorn 10	Flemingsberg	Land	0
<b>Q2</b>			
Kabelverket 2	Älvsjö	Office	22,198
Solrosen 3	Borås	Residential	800
<b>Q3</b>			
Separatörn 1	Flemingsberg	Land	0
<b>Q4</b>			
No purchase	-	-	0
<b>Total</b>			<b>22,998</b>

expected to amount to SEK 445m and the property will be ready 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. The frame was completed in the autumn and interior works are ongoing. The investment is estimated at around SEK 1.4bn. The property has been certified to BREEAM-SE, excellent standard. The occupancy rate amounts to 30 per cent. The next phase in the development of Haga Norra has begun, with investment in parking areas to serve the district and form the basis for future residential blocks. The investment is estimated at SEK 495m, with completion scheduled for 2024.

The construction of a multistorey car park at the Semaforen 1 property in Arenastaden is progressing. Cable laying and foundation work have been completed and work is underway on assembling the frame. The investment is estimated at SEK 330m. The project is expected to make a loss of around SEK –135m, but it will resolve a parking deficit, which means cost savings for other adjacent projects.

In Flemingsberg, the project at Separatörn 1 relating to the construction of offices and laboratories for Alfa Laval is continuing. The project was expanded in the autumn to cover a lettable area of roughly 23,400 sqm excluding parking, of which Alfa Laval is leasing approximately 91 per cent. Excavation and foundation work is currently underway. The investment is estimated at SEK 1,045m, excluding land acquisition. Alfa Laval will take up occupancy in the second quarter of 2025.

Work is ongoing on the redevelopment of Nöten 4, Solna strand, with basic building investments. The property will be adapted for several tenants and the investment is estimated at a total of SEK 770m, including investments for tenant customisations, which, however, will only be carried out once the lease has been signed.

The tenant customisation for Convendum in Hägern Mindre 7, Drottninggatan, is ongoing with occupancy scheduled for June 2023. The investment totals SEK 81m.

In addition, basic building investments at the Påsen 1 property in Hammarby Sjöstad have begun. The entire investment is estimated to total SEK 373m, including investments for tenant customisations, which, however, will only be carried out once the lease has been signed.

## PROJECT COSTS

Global unrest due to the pandemic and war and rising inflation is affecting the cost of building materials and transport, for example, which, together with the risk of delayed deliveries, may impact our cost structure and project calculations. This is

especially true for projects that are in the early phase, including Nöten, Påsen and projects in Flemingsberg.

## BIRGER BOSTAD

Birger Bostad's project portfolio includes 26 projects, of which 9 are under construction, with an estimated investment volume of just over SEK 1bn. In the first quarter, construction began on a project in Botkyrka, BRF Översten, and in the fourth quarter, a project in Upplands Väsby, BRF Fyrklövern, started production. 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 settled, and in the fourth quarter, the BRF project Vårbruket in Landskrona was completed.

In addition, a total of 24 townhouses were gradually moved into Slottsträdgården, Sigtuna, in the third and fourth quarters, and 12 houses were moved into in stages in Majoren, Riksten, during the fourth quarter. In the third quarter, 52 apartments in one of the Botkyrka projects were converted from rental apartments into tenant-owner apartments, and preliminary contracts were signed for 14 of them in the fourth quarter. The selling rate for BRF projects in progress is 89 per cent at 31 December.

## 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 Fabège built for Bilia. The final few apartments will be completed ready for occupancy in the first quarter of 2023. A total of 372 apartments have been sold, including 368 for which tenancy contracts have been signed and 4 for which non-binding booking agreements have been signed. Tenant-owners have moved in to 343 apartments.

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 Fabège 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 completion of the projects.

## ONGOING PROJECTS &gt; SEK 50M, 31/12/2022

Property listing	Category	Area	Completed	Lettable area, sqm	Occupancy rate, % space <sup>1</sup>	Rental value <sup>2</sup>	Book value, SEKm	Estimated investment, SEKm	of which spent, SEKm
Nöten 4	Offices	Solna Strand	Q1-2024	53,400	0%	130	1,834	770	98
Regulatorn 4	Workshops etc	Flemingsberg	Q2-2024	11,900	100%	24	185	445	126
Ackordet 1	Offices	Haga Norra	Q2-2024	27,000	30%	94	815	1,356	444
Separatorn 1	Parking	Flemingsberg	Q2-2025	23,400	91%	59	226	1,045	95
Semaforen 1	Offices	Arenastaden	Q4-2023	18,000	0%	15	14	330	149
Påsen 1	Offices	Hammarby Sjöstad	Q4-2024	11,000	0%	38	475	373	29
Hägem Mindre 7 <sup>3)</sup>	Parking	City	Q3-2023	5,100	100%	44	817	81	15
<b>Total</b>				<b>149,800</b>	<b>35%</b>	<b>404</b>	<b>4,366</b>	<b>4,400</b>	<b>956</b>
Other land and project properties							3,647		
Other development properties							7,948		
<b>Total project, land and development properties</b>							<b>15,961</b>		

<sup>1</sup>Operational occupancy rate at 31 December 2022 exclusive Semaforen 1.

<sup>2</sup>Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 404m (fully let) from SEK 0m in annualised current rent at 31 December

<sup>3</sup>The property Hägem Mindre 7 is classified as a management property in Fabeges segemnt reporting.

## DEVELOPMENT RIGHTS, 31/12/2022

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	349,600	19	7,100	Solna	252,700	54	10,700
Hammarby Sjöstad	73,700	41	9,100	Hammarby Sjöstad	4,300	100	4,600
Flemingsberg	264,900	6	4,900	Flemingsberg	273,500	0	5,700
Birger Bostad	7,100	0	14,300	Birger Bostad	121,900	83	4,900
Other	20,000	100	1,600	Other	-	-	-
<b>Total</b>	<b>747,700</b>	<b>18</b>	<b>6,500</b>	<b>Total</b>	<b>653,700</b>	<b>37</b>	<b>7,400</b>

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. 42,500 sqm of residential building rights have been sold after the year-end.

## PROPERTY PORTFOLIO, 31/12/2022

Property holdings	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value <sup>2</sup>	Financial occupancy rate %
Management properties <sup>1</sup>	62	991	71,955	3,313	89
Development properties <sup>1</sup>	18	236	7,948	393	
Land and project properties <sup>1</sup>	22	63	6,445	19	
<b>Total</b>	<b>102</b>	<b>1,290</b>	<b>86,348</b>	<b>3,724</b>	
Of which, Inner city	27	324	31,989	1,417	88
Of which, Solna	53	729	42,554	1,799	89
Of which, Hammarby Sjöstad	10	138	8,327	384	93
Of which, Flemingsberg	8	70	2,391	66	-
Of which, Other	4	29	1,087	59	91
<b>Total</b>	<b>102</b>	<b>1,290</b>	<b>86,348</b>	<b>3,724</b>	<b>89</b>

<sup>1</sup>See definitions. <sup>2</sup>In the rental value, time limited deductions of about SEK 157m (in rolling annual rental value at 31 Dec 2022) have not been deducted.

## CONDENSED SEGMENT RAPPORTING

	2022 Jan-Dec	2022 Jan-Dec	2022 Jan-Dec	2022 Jan-Dec	2022 Jan-Dec	2021 Jan-Dec	2021 Jan-Dec	2021 Jan-Dec	2021 Dec	2021 Jan-Dec
<b>SEKm</b>										
Rental income	2,780	189	53	10	3,032	2,722	138	29	0	2,889
Contract sales, residential	-	-	-	295	295	-	-	-	62	62
<b>Total net sales</b>	<b>2,780</b>	<b>189</b>	<b>53</b>	<b>305</b>	<b>3,327</b>	<b>2,722</b>	<b>138</b>	<b>29</b>	<b>62</b>	<b>2,951</b>
Property expenses	-652	-105	-33	-2	-792	-611	-78	-15	0	-704
Contract costs, residential development				-374	-374	-	-	-	-71	-71
<b>Gross profit</b>	<b>2,128</b>	<b>84</b>	<b>20</b>	<b>-71</b>	<b>2,161</b>	<b>2,111</b>	<b>60</b>	<b>14</b>	<b>-9</b>	<b>2,176</b>
Of which net operating income property management	2,128	84	20	8	2,240	2,111	60	14	0	2,185
Surplus ratio, property management	77%	44%	38%	80%	74%	78%	43%	48%		76%
Of which gross profit residential development				-79	-79	-	-	-	-9	-9
Central administration	-85	-10	-7	-	-102	-93	-11	-6	-	-110
Net interest income/expense	-510	-57	-33	-12	-612	-417	-50	-23	-5	-495
Ground rent	-40	-1	-1	-	-42	-36	-	-	-	-36
Share in profits of associated companies	-75	-1	44	-	-32	-35	-	25	12	2
<b>Profit from property management</b>	<b>1,418</b>	<b>15</b>	<b>23</b>	<b>-83</b>	<b>1,373</b>	<b>1,530</b>	<b>-1</b>	<b>10</b>	<b>-2</b>	<b>1,537</b>
Realised changes in value properties	-	-	74	-	74	0	0	56	-	56
Unrealised changes in value properties	-157	-94	12	6	-233	3,437	265	883	-	4,585
<b>Profit before tax per segment</b>	<b>1,261</b>	<b>-79</b>	<b>109</b>	<b>-77</b>	<b>1,214</b>	<b>4,967</b>	<b>264</b>	<b>949</b>	<b>-2</b>	<b>6,178</b>
Changes in value interest rate derivatives & shares					1,750					534
<b>Profit before tax</b>					<b>2,964</b>					<b>6,712</b>
Market value properties	70,941	7,948	7,196	263	86,348	69,105	8,262	5,639	251	83,257
Project & development properties	-	-	-	892	892	-	-	-	821	821
Occupancy rate, %	89					90				

<sup>1</sup>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 23.

# 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.

# 73

## kWh/sqm

Average energy use at 31 December 2022

### 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 year, 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.

During the quarter, 15 pupils at risk of not achieving upper secondary school entrance qualifications received support via the educational foundation Läxhjälpen. More pupils in the queue.

### 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. New construction and major refurbishments completed after 2030 will have a 50-per cent lower carbon footprint compared with Fabege's 2019 baseline. We have now set milestones on the journey to 2030:

- Planning permission before 2025, 20-per cent lower CO<sub>2</sub> footprint
- Planning permission 2025–2027, 35-per cent lower CO<sub>2</sub> footprint
- Planning permission 2027 onwards, 50-per cent lower CO<sub>2</sub> footprint

In order to reduce our carbon footprint in our construction projects we established guidelines during the year on how to

calculate the carbon footprint of construction projects. During the quarter, we also adopted a new circularity index of 20 per cent in refurbishment projects over SEK 20m. At the ongoing office project Ackordet 1 in Haga Norra, we have a current reduction in CO<sub>2</sub>e of roughly 30 per cent. 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 CO<sub>2</sub>e/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 exceeded the target in the Swedish energy policy agreement of 50 per cent more efficient use of energy by 2030 compared with 2005. Fabege's average energy consumption is 73 kWh/sqm (accumulated 12-month outcome). The target is average energy use of 70 kWh/sqm by 2025.

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 Q4, the technical operations department intensified efforts with the support of a 30-point list and is now implementing measures appropriate to each property.



### 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](http://www.fabège.se/en).

### THE EU TAXONOMY

Fabège is subject to the EU's Non-Financial Reporting Directive. Reporting on the extent to which the Group's activities are covered by, and compliant with, the EU taxonomy can be found in Note 5 EU taxonomy, page 24.

Fabège will present the full tables in accordance with EU taxonomy objective 1, including DNSH criteria and minimum safeguards, in the 2022 Annual Report.

### CERTIFIED PROPERTIES

System	Quantity	Sqm, GLA	Target
BREEAM In-Use	50	743,585	69%
BREEAM-SE	13	324,063	30%
BREEAM Bespoke	1	7,364	1%
Miljöbyggnad	1	5,480	1%
<b>Total certified properties</b>	<b>65</b>	<b>1,080,491</b>	<b>100%</b>

### SUSTAINABILITY PERFORMANCE MEASURES

	2022	2021	2020	Target
Energy performance, kWh/sqm Atemp	73	77	74	Max. 77 kWh/sqm Atemp
Proportion of renewable energy, %	94	95	96	100
Environmental certification, number of properties	63	59	59	-
Environmental certification, % of total area	84	81	82	100
Green leases, % of newly signed space	100	96	96	100
Green leases, % of total space	89	80	73	100
Green financing, %	100	99	100	100
Satisfied employees, confidence rating, %	87	86	79	2022 minst 85%
GRESB, points	94	93	93	>90

The work has led to electricity savings of 11 per cent in the investment property portfolio in the fourth quarter of 2022.

dialogue, as well as education, leisure time, health and work.

### ENVIRONMENTAL CERTIFICATION OF PROPERTIES

Fabège's objective is for the company's entire property portfolio to be certified to BREEAM-SE/BREEAM In-Use standard. All project properties and investment properties have been certified since 2019. Fabège's new 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 102 properties were certified at the end of the period. Overall, this represents 84 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.

### 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

Examples of initiatives:

- BID (business improvement district) started in Flemingsberg
- Läxhjälp homework club in Flemingsberg
- Changers Hub in Huddinge
- TalangAkademien in Huddinge
- Support for the Stockholm City Mission
- 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; find out more at <https://www.fabège.se/en/sustainability>.

# Other financial information

## SENSITIVITY ANALYSIS – PROPERTY VALUES

Change in value, %	Impact on earnings after tax, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	674	49.7%	38.4%
0	0	49.4%	38.6%
-1	-674	49.2%	38.8%

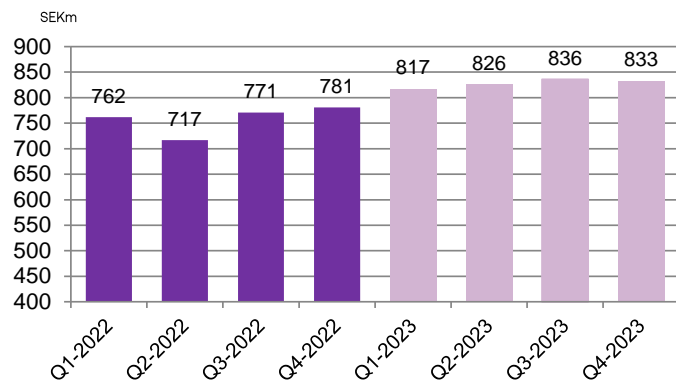
Earnings and key performance indicators are affected by realised and unrealised changes in the value of properties. The table shows the effect of a 1 percentage point change in value after the deduction of deferred tax.

## SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change	Effect, SEKm
Rental income, total	1%	31.2
Rent level, commercial income	1%	28.6
Financial occupancy rate	1 percentage point	33.1
Property expenses	1%	-7.9
Interest expenses, LTM <sup>1</sup>	1 percentage point	108.6
Interest expenses, longer term perspectiv	1 percentage point	333.4

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 renegotiations, 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 year, 231 people (218) were employed by the Group.

## PARENT COMPANY

Revenue during the period amounted to SEK 352m (324) and earnings before appropriations and tax totalled SEK 3,111m (149). Net financial items include dividends from subsidiaries of SEK 1,200m. Net investments in property, equipment and shares came to SEK 0m (9).

## EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Fabege agreed on 31 January to sell building rights in Huvudsta to JM. The sales price amounts to SEK 484m and gives a result of SEK -10m before tax and SEK +45m after tax. Access will take place in Q2 2023.

## LEASE MATURITY STRUCTURE

Maturity, year	No. of leases	Annual rent, SEKm	Percentage, %
2023 <sup>1</sup>	597	475	15%
2024 <sup>1</sup>	289	319	10%
2025	233	493	16%
2026	184	432	14%
2027	74	431	14%
2028+	67	857	26%
<b>Kommersiellt</b>	<b>1,444</b>	<b>3,007</b>	<b>94%</b>
Bostadsavtal	208	22	1%
Garage- och parkering	689	144	5%
<b>Totalt</b>	<b>2,341</b>	<b>3,173</b>	<b>100%</b>

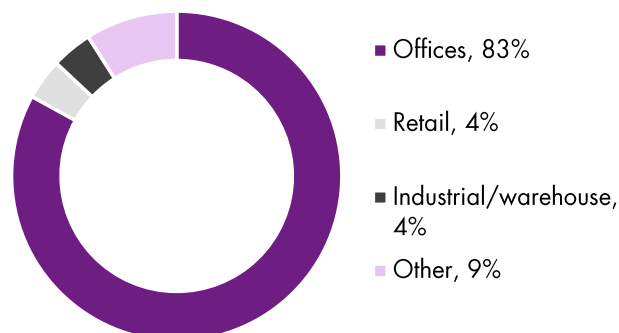
<sup>1</sup>Varav drygt 215 mkr redan är omförhandlade då gällande avtalen löper ut.

## BIGGEST CUSTOMERS

	Share, %	Year of expiry
SEB	6.0%	2037
ICA Fastigheter Sverige AB	3.0%	2030
Telia Company	3.0%	2031
TietoEvry	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
<b>Total</b>	<b>27%</b>	

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

## RENTAL VALUE PER CATEGORY



## OPPORTUNITIES AND RISKS

Risks and uncertainties relating to cash flow from operations relate primarily to changes in rents, vacancies and interest rates. The effect of the changes on consolidated profit, including a sensitivity analysis, and a more detailed description of risks and opportunities, are presented in the section on Risks and opportunities in the 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 in particular. 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 note that there is a good level of activity in Stockholm's rental market, with healthy demand for office space in our areas, although somewhat more cautious towards the end of the year. Lettings continue to be agreed at good levels, but the indexation from the turn of the year is expected to limit the potential for future renegotiations.

Capital is available in the bond market, but high prices continue to drive property companies in our rating segment towards an increased share of bank financing. Furthermore, rising market rates are beginning to have an adverse impact on earnings. The proportion of Faberge's fixed-rate borrowing is 65 per cent, which will mitigate the effect of higher market rates for the next few years. Rising interest rates have impacted yield requirements in property valuations. Higher yield requirements have been partially 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 enjoys 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 Birger Bostad in the autumn of 2021, 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 can be found 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, 6 February 2023

Stefan Dahlbo

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



# 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 44,970 known shareholders at 31 December 2022, including 64 per cent Swedish ownership. The 15 largest shareholders control 46.4 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 at 31 December 2022. Repurchases were made at an average price of SEK 120.23 per share. The holding represents 4.9 per cent of the total number of registered shares.

## LARGEST SHAREHOLDERS, 31/12/2022

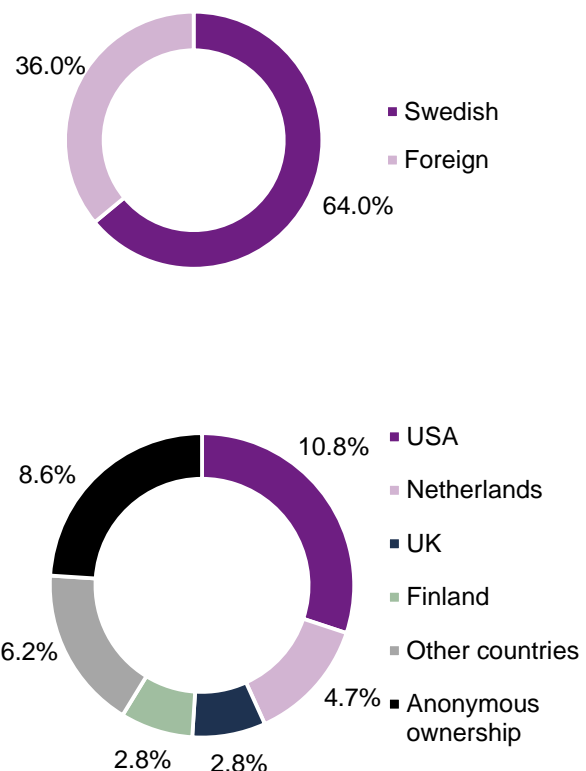
	Number of shares*	Proportion of capital, %	Proportion of votes, %
Backahill AB	52,108,718	15.8	15.8
Länsförsäkringar Funds	11,073,962	3.4	3.4
Vangurad	10,510,213	3.2	3.2
BlackRock	10,289,233	3.1	3.1
Handelsbanken Funds	9,041,408	2.7	2.7
Nordea Funds	8,596,644	2.6	2.6
Mats Qviber with family	7,133,790	2.2	2.2
E.N.A City Aktiebolag	6,430,000	1.9	1.9
Folksam	6,341,334	1.9	1.9
Norges Bank	6,302,960	1.9	1.9
APG Asset Management	6,161,124	1.9	1.9
Third Swedish National Pension Fund	5,672,919	1.7	1.7
Fourth Swedish National Pension Fund	5,352,362	1.6	1.6
AFA Insurance	4,617,048	1.4	1.4
Columbia Threadneedle	3,604,850	1.1	1.1
<b>Total 15 largest shareholders</b>	<b>153,236,565</b>	<b>46.4</b>	<b>46.4</b>
<b>Total no. of shares outstanding</b>	<b>314,577,096</b>	<b>95.1</b>	<b>95.1</b>
Treasury shares	16,206,048	4.9	4.9
<b>Total no. of registered shares</b>	<b>330,783,144</b>	<b>100</b>	<b>100</b>

## TURNOVER & TRADING, OCT-DEC 2022

	Fabege
Lowest price, SEK	66.6
Highest price, SEK	98.8
VWAP, SEK	83.6
Average daily turnover, SEK	720,531,700
Number of traded shares	55,122,765
Average number of transactions	2,445
Number of transactions	156,499
Average value per transaction, SEK	29,466
Daily turnover relative to market capitalisation	0.26

## OWNERSHIP STRUCTURE, 31/12/2022

	Capital & votes, %	No. Of Shareholders
Foreign institutional owners	27.1	129
Swedish institutional owners	22.3	229
Other owners	25.3	1,914
Swedish private individuals	16.7	42,698
Anonymous ownership	8.7	n/a
<b>Total</b>	<b>100.0</b>	<b>44,970</b>



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

# Financial data

## Group

### Condensed statement of comprehensive income

SEKm	2022 okt-dec	2021 okt-dec	2022 jan-dec	2021 jan-dec
Rental income <sup>1</sup>	781	746	3,032	2,889
Sales residential projects	163	62	295	62
<b>Net Sales</b>	<b>944</b>	<b>808</b>	<b>3,327</b>	<b>2,951</b>
Property expenses	-207	-177	-792	-704
Residential projects expenses	-252	-71	-374	-71
<b>Gross profit</b>	<b>485</b>	<b>560</b>	<b>2,161</b>	<b>2,176</b>
<i>of wich gross profit property managment</i>	574	569	2,240	2,185
Surplus ratio, %	73%	76%	74%	76%
<i>of wich gross profit property projects</i>	-89	-9	-79	-9
Central administration	-25	-25	-102	-110
Net interest expense	-189	-130	-612	-495
Ground rent	-12	-9	-42	-36
Share in profit of associated companies	-24	22	-32	2
<b>Profit/loss from property management</b>	<b>235</b>	<b>418</b>	<b>1,373</b>	<b>1,537</b>
Realised changes in value of properties	0	0	74	56
Unrealised changes in value of properties	-3,665	2,165	-233	4,585
Unrealised changes in value, fixed-income derivatives	-61	140	1,753	532
Changes in value of shares	-3	0	-3	2
<b>Profit/loss before tax</b>	<b>-3,494</b>	<b>2,723</b>	<b>2,964</b>	<b>6,712</b>
Current tax	-3	0	-3	0
Deferred tax	768	-465	-585	-1,312
<b>Profit/loss for period/year</b>	<b>-2,729</b>	<b>2,258</b>	<b>2,376</b>	<b>5,400</b>
<i>Items that will not be restated in profit or loss</i>				
Revaluation of defined-benefit pensions	10	6	25	6
<b>Comprehensive income for the period/year</b>	<b>-2,719</b>	<b>2,264</b>	<b>2,401</b>	<b>5,406</b>
Of which attributable to non-controlling interests	0	0	0	0
<b>Total comprehensive income attributable to Parent Company shareholders</b>	<b>-2,719</b>	<b>2,264</b>	<b>2,401</b>	<b>5,406</b>
Earnings per share, SEK	-8.68	7.02	7.49	16.73
No. of shares outstanding at period end, thousands	314,577	321,332	314,577	321,332
Average no. of shares, thousands	314,577	321,665	317,221	322,743

<sup>1</sup>On-charging, service and other income amounts to SEK 121m (123m) for the period Jan-Dec 2022.

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

### Condensed statement of financial position

SEKm	2022 Dec 31	2021 Dec 31
<b>Assets</b>		
Goodwill	205	205
Properties	86,348	83,257
Right-of-use asset	1,243	1,092
Other property, plant and equipment	25	22
Derivatives	1,689	121
Non-current financial assets	456	832
Development properties	892	821
Current assets	1,042	1,411
Short-term investments	96	96
Cash and cash equivalents	87	131
<b>Total assets</b>	<b>92,083</b>	<b>87,988</b>
<b>Equity and liabilities</b>		
Shareholders' equity	45,514	45,174
Deferred tax	10,195	9,603
Other provisions	157	197
Interest-bearing liabilities <sup>1</sup>	33,341	30,399
Lease liability	1,243	1,093
Derivatives	0	186
Non-interest-bearing liabilities	1,633	1,336
<b>Total equity and liabilities</b>	<b>92,083</b>	<b>87,988</b>

<sup>1</sup>Of which current, SEK 2,413m (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 position	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
<b>Total other comprehensive income for the period</b>			<b>5,406</b>	<b>5,406</b>	<b>0</b>	<b>5,406</b>
TRANSACTIONS WITH SHAREHOLDERS						
Share buybacks			-613	-613		-613
Cash dividend			-1,161	-1,161		-1,161
<b>Total transactions with shareholders</b>			<b>-1,774</b>	<b>-1,774</b>	<b>0</b>	<b>-1,774</b>
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			2,376	2,376		2,376
Other comprehensive income			25	25		25
<b>Total other comprehensive income for the period</b>			<b>2,401</b>	<b>2,401</b>	<b>0</b>	<b>2,401</b>
TRANSACTIONS WITH SHAREHOLDERS						
Share buybacks			-796	-796		-796
Approved but unpaid dividend			-314	-314		-314
Cash dividend			-951	-951		-951
<b>Total transactions with shareholders</b>			<b>-2,061</b>	<b>-2,061</b>	<b>0</b>	<b>-2,061</b>
<b>Shareholders' equity, 31 Dec 2022</b>	<b>5,097</b>	<b>3,017</b>	<b>37,400</b>	<b>45,514</b>	<b>0</b>	<b>45,514</b>

## Statement of cash flows

SEKm	2022 Jan-Dec	2021 Jan-Dec
<b>Operations</b>		
Net operating income	2,161	2,176
Central administration	-102	-110
Reversal of depreciation and impairment	88	7
Interest received	16	20
Interest paid	-674	-535
Income tax paid	0	0
<b>Cash flow before changes in working capital</b>	<b>1,489</b>	<b>1,558</b>
<b>Change in working capital</b>		
	-152	-94
Change in current receivables	646	-59
Change in current liabilities	9	112
<b>Total change in working capital</b>	<b>503</b>	<b>-41</b>
<b>Cash flow from operating activities</b>	<b>1,992</b>	<b>1,517</b>
<b>Investing activities</b>		
Business acquisition, net cash outflow	26	-734
Investments in new-builds, extensions and conversions	-2,214	-1,890
Acquisition of properties	-1,068	-735
Divestment of properties	0	309
Other non-current financial assets	24	72
<b>Cash flow from investing activities</b>	<b>-3,232</b>	<b>-2,978</b>
<b>Financing activities</b>		
Dividend to shareholders	-951	-1,161
Treasury share buybacks	-796	-613
Borrowings	26,095	14,958
Repayment of debt	-23,152	-11,612
<b>Cash flow from financing activities</b>	<b>1,196</b>	<b>1,572</b>
Cash flow for the period	-44	111
Cash and cash equivalents at beginning of period	131	20
<b>Cash and cash equivalents at end of period</b>	<b>87</b>	<b>131</b>



## Group

### Key performance indicators

	2022	2021
Financial <sup>1</sup>	Jan-Dec	Jan-Dec
Return on equity, %	5.2	12.5
Interest coverage ratio, multiple	3.4	4.1
Equity/assets ratio, %	49	51
Loan-to-value ratio, properties, %	38	36
Debt ratio, multiple	15.6	14.7
Debt/equity ratio, multiple	0.7	0.7
Share-based <sup>1</sup>		
Earnings per share, SEK <sup>2</sup>	7.49	16.73
Equity per share, SEK	145	141
Cash flow from operating activities per share, SEK	6.29	4.70
Average no. of shares, thousands	317,221	322,743
No. of shares outstanding at end of period, thousands	314,577	321,332
Property-related		
No. of properties	102	94
Carrying amount, properties, SEKm	86,348	83,257
Lettable area, sqm	1,290,000	1,247,000
Projekt & development properties, SEKm	892	821
Financial occupancy rate, %	89	90
Total return on properties, %	2.4	8.7
Surplus ratio, %	74	76

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

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

### EPRA key performance indicators

	2022	2021
	Jan-Dec	Jan-Dec
EPRA Earnings (income from property mgmt after tax), SEKm	1,248	1,356
EPRA Earnings (EPS), SEK/share	3.93	4.20
EPRA NRV (long-term net asset value), SEKm	54,334	54,842
EPRA NRV, SEK/share	173	171
EPRA NTA (long-term net asset value), SEKm	50,629	51,832
EPRA NTA, SEK/share	161	161
EPRA NDV (net asset value), SEKm	45,623	44,969
EPRA NDV, SEK/share	145	140
EPRA Vacancy rate, %	11	10

### Deferred tax

	2022	2021
Deferred tax attributable to:	Dec 31	Dec 31
- tax loss carryforwards, SEKm	-573	-532
- difference between carrying amount and tax value of properties, SEKm	10,439	10,174
- derivatives, SEKm	348	-13
- other, SEKm	-19	-26
<b>Net debt, deferred tax, SEKm</b>	<b>10,195</b>	<b>9,603</b>

## Quarterly Group overview

### Condensed income statement

SEKm	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Rental income	781	771	717	762	746	721	715	707
Sales property projects	163	104	22	7	62	-	-	-
<b>Net sales</b>	<b>944</b>	<b>875</b>	<b>739</b>	<b>769</b>	<b>808</b>	<b>721</b>	<b>715</b>	<b>707</b>
Property expenses	-207	-186	-190	-208	-177	-152	-174	-201
Costs property projects	-252	-98	-10	-14	-71	-	-	-
<b>Gross profit</b>	<b>485</b>	<b>591</b>	<b>539</b>	<b>547</b>	<b>560</b>	<b>569</b>	<b>541</b>	<b>506</b>
<i>of which gross profit property management</i>	<i>574</i>	<i>585</i>	<i>527</i>	<i>554</i>	<i>569</i>	<i>569</i>	<i>541</i>	<i>506</i>
<i>Surplus ratio</i>	<i>1</i>	<i>76%</i>	<i>74%</i>	<i>73%</i>	<i>76%</i>	<i>79%</i>	<i>76%</i>	<i>72%</i>
<i>of which gross profit property projects</i>	<i>-89</i>	<i>6</i>	<i>12</i>	<i>-7</i>	<i>-9</i>	<i>-</i>	<i>-</i>	<i>-</i>
Central administration	-25	-22	-30	-25	-25	-24	-30	-32
Net interest expense	-189	-159	-137	-127	-130	-124	-122	-118
Ground rent	-12	-11	-10	-11	-9	-9	-9	-9
Share in profit of associated companies	-24	9	-15	-3	22	-9	-11	-1
<b>Profit/loss from property management</b>	<b>235</b>	<b>408</b>	<b>347</b>	<b>381</b>	<b>418</b>	<b>404</b>	<b>369</b>	<b>346</b>
Realised changes in value of properties	0	0	0	74	0	0	56	0
Unrealised changes in value of properties	-3,665	253	1,020	2,159	2,165	881	1,025	514
Unrealised changes in value, fixed-income derivatives	-61	277	657	881	140	124	34	234
Changes in value, equities	-3	1	-1	0	0	1	0	0
<b>Profit/loss before tax</b>	<b>-3,494</b>	<b>939</b>	<b>2,023</b>	<b>3,495</b>	<b>2,723</b>	<b>1,411</b>	<b>1,484</b>	<b>1,094</b>
Current tax	-3	0	0	0	0	0	-3	0
Deferred tax	768	-211	-428	-713	-465	-315	-301	-231
<b>Profit/loss for the period</b>	<b>-2,729</b>	<b>728</b>	<b>1,595</b>	<b>2,782</b>	<b>2,258</b>	<b>1,096</b>	<b>1,183</b>	<b>863</b>

## Condensed financial position

SEKm	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Assets</b>								
Goodwill	205	205	205	205	205	-	-	-
Properties	86,348	89,373	88,480	85,996	83,257	80,369	78,842	77,210
Right-of-use asset, leasehold	1,243	1,090	1,091	1,092	1,092	897	897	897
Other property, plant and equipment	25	18	19	20	22	21	21	14
Derivatives	1,689	1,750	1,473	817	121	94	57	60
Non-current financial assets	456	450	757	756	832	1,595	1,529	1,536
Development properties	892	957	845	875	821	-	-	-
Current assets	1,042	1,250	1,157	1,384	1,411	449	535	528
Short-term investments	96	95	95	95	96	96	95	95
Cash and cash equivalents	87	114	185	197	131	85	259	287
<b>Total assets</b>	<b>92,083</b>	<b>95,302</b>	<b>94,307</b>	<b>91,437</b>	<b>87,988</b>	<b>83,605</b>	<b>82,235</b>	<b>80,627</b>
<b>Equity and liabilities</b>								
Shareholders' equity	45,514	48,232	47,765	46,351	45,174	43,007	41,911	40,882
Deferred tax	10,195	10,957	10,748	10,317	9,603	9,135	8,821	8,519
Other provisions	157	167	179	197	197	181	182	182
Interest-bearing liabilities	33,341	32,882	32,046	30,669	30,399	28,393	28,268	27,321
Lease liability	1,243	1,090	1,091	1,092	1,093	897	897	897
Derivatives	0	0	0	1	186	299	386	422
Non-interest-bearing liabilities	1,633	1,974	2,478	2,810	1,336	1,693	1,770	2,404
<b>Total equity and liabilities</b>	<b>92,083</b>	<b>95,302</b>	<b>94,307</b>	<b>91,437</b>	<b>87,988</b>	<b>83,605</b>	<b>82,235</b>	<b>80,627</b>

## Key performance indicators

	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Financial<sup>1</sup></b>								
Return on equity, %	-23.3	6.1	13.6	24.3	12.5	10.3	11.4	8.4
Interest coverage ratio, multiple <sup>2</sup>	2.8	3.5	3.6	4.1	4.1	4.3	4.1	3.9
Equity/assets ratio, %	49	51	51	51	51	51	51	51
Loan-to-value ratio, properties, %	38	36	36	35	36	35	36	35
Debt ratio, multiple	15.6	15.4	15.1	14.4	14.7	14	14.1	13.7
Debt/equity ratio, multiple	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
<b>Share-based<sup>1</sup></b>								
Earnings per share for the period, SEK <sup>2</sup>	-8:68	2:30	5:01	8:69	7:02	3:40	3:67	2:64
Equity per share, SEK	145	153	151	145	141	134	130	126
Cash flow from operating activities per share, SEK	1:49	0:97	1:90	1:88	1:03	1:36	1:01	1:30
No. of shares outstanding at the end of the period, thousands	314,577	314,577	317,352	318,998	321,332	321,998	321,998	323,206
Average no. of shares, thousands	317,221	318,102	318,175	320,165	321,665	321,998	322,602	327,110
<b>Property-related</b>								
Financial occupancy rate, %	89	90	89	89	90	91	91	91
Total return on properties, %	-3.4	0.9	5.1	3.3	8.7	1.9	2.1	1.3
Surplus ratio, %	73	74	73	73	76	79	76	72

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

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

## Group

# Reconciliation of key performance indicators

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

	2022	2021		
Equity/assets ratio	Dec 31	Dec 31		
Shareholders' equity, SEKm	45,514	45,174		
Total assets, SEKm	92,083	87,988		
Equity/assets ratio	49%	51%		
	2022	2021		
Loan-to-value ratio, properties	Dec 31	Dec 31		
Interest-bearing liabilities, SEKm	33,341	30,399		
Carrying amount, properties, SEKm	86,348	83,257		
	892	821		
Loan-to-value ratio, properties	38%	36%		
	2022	2021		
Debt ratio	Dec 31	Dec 31		
Gross profit	2,161	2,176		
Reversal of impairment	81	-		
Central administration, SEKm	-102	-110		
Total, SEKm	2,140	2,066		
Interest-bearing liabilities, SEKm	33,341	30,399		
Debt ratio, multiple	15.6	14.7		
	2022	2021		
Interest coverage ratio, multiple	Dec 31	Dec 31		
Gross profit	2,161	2,176		
Reversal of impairment	81	-		
Ground rent, SEKm	-42	-36		
Central administration, SEKm	-102	-110		
Total, SEKm	2,098	2,030		
Net interest expense, SEKm	-612	-495		
Interest coverage ratio, multiple	3.4	4.1		
	2022	2021	2022	2021
Return on equity	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Profit/loss for the period, SEKm	-2,729	2,258	2,376	5,400
Average equity, SEKm	46,873	44,091	45,344	43,358
Return on equity	-23.3%	20.5%	5.2%	12.5%
	2022	2021	2022	2021
Total return on properties	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net operating income, SEKm	574	569	2,240	2,185
Unrealised and realised changes in the value of properties, SEKm	-3,665	2,165	-159	4,641
Market value including investments for the period, SEKm	90,013	81,092	86,507	78,672
Total return on properties	-3.4%	3.4	2.4%	8.7
	2022	2021	2022	2021
Debt/equity ratio	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Interest-bearing liabilities, SEKm	33,341	30,399	33,341	30,399
Shareholders' equity, SEKm	45,514	45,174	45,514	45,174
Debt/equity ratio	0.7	0.7	0.7	0.7
	2022	2021	2022	2021
Equity per share	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Shareholders' equity, SEKm	45,514	45,174	45,514	45,174
No. of shares outstanding at end of period, million	315	321	315	321
Equity per share	145	141	145	141
	2022	2021	2022	2021
Cash flow per share	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow from operating activities, SEKm	481	330	1,992	1,517
Average number of shares, million	317	323	317	323
Cash flow per share	1.5	1.02	6.3	4.7



## Group

### Reconciliation of EPRA key performance indicators

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

	2022			2021		
	Jan-Dec			Jan-Dec		
EPRA NRV, EPRA NTA & EPRA NDV	NRV	NTA	NDV	NRV	NTA	NDV
Shareholders' equity, SEKm	45,514	45,514	45,514	45,174	45,174	45,174
Reversal of approved but unpaid dividend, SEKm	314	314	314	-	-	-
Reversal of fixed-income derivatives according to balance sheet, SEKm	-1,689	-1,689	-1,689	65	65	65
Reversal of deferred tax according to balance sheet, SEKm	10,195	10,195	10,195	9,603	9,603	9,603
Reversal of goodwill according to balance sheet, SEKm	-	-205	-205	-	-205	-205
Deduction of actual deferred tax, SEKm	-	-3,500	-3,500	-	-2,805	-2,805
Deduction of fixed-income derivatives according to balance sheet, SEKm	-	-	1,689	-	-	-65
Deduction of deferred tax according to balance sheet after adjustment of estimated actual deferred tax, SEKm	-	-	-6,695	-	-	-6,798
<b>NAV, SEKm</b>	<b>54,334</b>	<b>50,629</b>	<b>45,623</b>	<b>54,842</b>	<b>51,832</b>	<b>44,969</b>
Number of shares outstanding, millions	314.6	314.6	314.6	321.3	321.3	321.3
<b>NAV per share, SEK</b>	<b>173</b>	<b>161</b>	<b>145</b>	<b>171</b>	<b>161</b>	<b>140</b>

	2022	2021
	Jan-Dec	Jan-Dec
<b>EPRA EPS</b>		
Profit/loss from property management, SEKm	1,373	1,537
Deduction for tax depreciation, SEKm	-767	-660
<b>Total, SEKm</b>	<b>606</b>	<b>877</b>
Nominal tax (20.6%), SEKm	125	181
<b>EPRA earnings in total (profit/loss from property management less nominal tax), SEKm</b>	<b>1,248</b>	<b>1,356</b>
Number of shares, millions	317.2	322.7
<b>EPRA EPS, SEK per share</b>	<b>3:93</b>	<b>4:20</b>

	2022	2021
	Jan-Dec	Jan-Dec
<b>EPRA Vacancy rate</b>		
Estimated market value of vacant property rents, SEKm	363	349
Annual rental value, entire portfolio, SEKm	3,313	3,359
<b>EPRA Vacancy rate, %</b>	<b>11%</b>	<b>10%</b>

## Parent Company

### Profit and loss account

SEKm	2022 Jan-Dec	2021 Jan-Dec
Income	352	324
Expenses	-422	-385
Net financial items	1,033	-328
Share in profit of associated companies	0	0
Changes in value, fixed-income derivatives	1,753	532
Changes in value, equities	-3	2
Appropriation	398	4
<b>Profit/loss before tax</b>	<b>3,111</b>	<b>149</b>
Current tax	-	-
Deferred tax	-428	-109
<b>Profit/loss for the period</b>	<b>2,683</b>	<b>40</b>

### Balance sheet

SEKm	2022 Dec 31	2021 Dec 31
Investments in Group companies	13,400	13,400
Other non-current assets	46,340	45,434
<i>of which, receivables from Group companies</i>	<i>44,629</i>	<i>45,164</i>
Current assets	134	115
Cash and cash equivalents	24	2
<b>Total assets</b>	<b>59,898</b>	<b>58,951</b>
Shareholders' equity	12,404	11,782
Provisions	382	69
Non-current liabilities	44,156	45,687
<i>of which, liabilities to Group companies</i>	<i>13,972</i>	<i>18,038</i>
Current liabilities	2,956	1,413
<b>Total equity and liabilities</b>	<b>59,898</b>	<b>58,951</b>

# 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 and subsidiaries of SEK 526m (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 Birger 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 – Birger Bostad'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 Birger Bostad'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. In the third quarter, the Separatorn 1 property was acquired and classified as a project property. In the fourth quarter, Glädjen 12 was reclassified from a project to an investment property.

## NOTE 4 ACQUISITIONS

On 18 October 2021, the Group acquired all the shares in Birger Bostad AB (formerly SHH) 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
<b>Net identifiable assets and liabilities</b>	<b>646</b>	<b>29</b>	<b>675</b>
Group Goodwill	234	-29	205
Consideration transferred	880		880

## NOTE 5 THE EU TAXONOMY

### Percentage of activities eligible for the taxonomy:

Key ratios	Total, SEKm	Activities eligible for the taxonomy, %	Activities not eligible for the taxonomy 2020, %
Revenue	3,327	100	62
Operating expenditure	133	100	53
Capital expenditure	3,336	100	18

Fabege owns and manages properties, with a primary focus on commercial properties in the Stockholm area. The vast majority of the property portfolio falls within the scope of the taxonomy and the economic activities applied are:

7.1 New construction

7.7 Acquisition and ownership of buildings

The proportion of Fabege's operations that are environmentally sustainable according to the EU Taxonomy Regulation is reported via three financial ratios: revenue, operating expenditure and capital expenditure.

#### *Recognition of revenue:*

All revenues related to the properties included in the economic activities above are 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. Birger Bostad's production costs for residential development are recorded as operating expenses but are not included here, as they do not fall within the definition of operating expenses according to the taxonomy.

#### *Recognition of capital expenditure:*

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

### Percentage of activities aligned with the taxonomy:

Fabege contributes significantly to objective 1, i.e. climate change mitigation, including the Do No Significant Harm criteria. The existing 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 Swedish Property Federation for existing buildings). The properties have undergone a climate resilience analysis.

According to Fabege's assessment, 62 per cent of its revenue, 53 per cent of operating expenditure and 18 per cent of capital expenditure is aligned with the taxonomy, based on fulfilment of objective 1, including the DNSH criteria. The reason the percentage of capital expenditure that is green is reported as low is that Fabege has chosen to make a conservative assessment of ongoing new construction projects and interpret that they are covered by all DNSH requirements in 7.1. These are reported as non-compliant with the taxonomy, as interpretations of the DNSH requirements and documentation of this to demonstrate compliance are not yet fully in place. Fabege believes that, in the long run, at least part of the capital expenditure will be classified as being aligned with the taxonomy.

Fabege also meets the taxonomy's requirements for minimum safeguards related to human rights, anti-corruption, transparency regarding tax burdens and free competition.

The full tables will be published in Fabege's 2022 Annual and Sustainability Report, which will be published no later than the beginning of March 2023.



# 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 Birger Bostad, which is a property development company focused on residential and 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 December 2022, Fabège owned 102 properties with a total market value of SEK 86.3bn. Their rental value stood at SEK 3.7bn. This has been supplemented by Birger Bostad's development portfolio, comprising ongoing and future residential development projects with a value of SEK 892m.

## 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

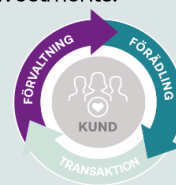
The essence of Fabège's operations is finding the right premises for customers' specific requirements and ensuring customer satisfaction. This is accomplished through long-term efforts, based on close dialogue with the customer, which builds mutual trust and loyalty.

### 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

Faberge 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 as approximately 4 per cent based on a 3 per cent discount rate. Furthermore, it has been assumed that loss carryforwards are realised over four years with a nominal tax rate of 20.6 per cent, which results in 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, 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 of 6 per cent, which results in a net present value for deferred tax liabilities of 4 per cent.

## CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

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

## DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity

## DEBT RATIO

Interest-bearing liabilities divided by rolling twelve-month gross earnings, less central administration costs and reversal of impairment.

## DEVELOPMENT PROPERTIES\*

Properties for which a redevelopment 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 imminent improvement work.

## EARNINGS PER SHARE

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

## EPRA EPS

Profit from property management less tax at the nominal rate attributable to profit from property management, divided by the average number of shares. Taxable profit from property management is defined as the profit

from property management less such items as tax-deductible depreciation and amortisation and redevelopments.

## EPRA NDV – NET DISPOSAL VALUE

Shareholders' equity according to the balance sheet.

## EPRA NRV – NET REINVESTMENT VALUE

Shareholders' equity according to the 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 the 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 vacant rents divided by the annual rental value for the entire property portfolio.

## EQUITY/ASSETS RATIO

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

## EQUITY PER SHARE

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

## FINANCIAL OCCUPANCY RATE\*

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

## INTEREST COVERAGE RATIO

Gross earnings, including ground rent, less central administration costs and reversal of impairment, in relation to net interest items (interest expenses less interest income).

## INVESTMENT PROPERTIES\*

Properties that are being actively managed on an ongoing basis.

## LAND AND PROJECT PROPERTIES\*

Land and development properties, and properties undergoing new construction/complete redevelopment.

## LOAN-TO-VALUE RATIO, PROPERTIES

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

## LEASE VALUE\*

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

## NET LETTINGS\*

New lettings during the period less leases terminated due to departure.

## RETURN ON EQUITY

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

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

The change in the value of project and development properties, divided by the capital invested (excluding the initial value) in project and development properties during the period.

## RENTAL VALUE\*

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

## RETENTION RATE\*

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

## 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 the market value at the start of the period plus investments for the period.

\*This is an operational key performance indicator and is not regarded as an alternative performance measure according to the ESMA guidelines.



## CALENDAR

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
07/02/2024	Year-end report 2023

## PRESS RELEASES DURING THE SECOND QUARTER 2022

06/10/2022	Invitation to Faberge' presentation of the Interim Report Jan–Sep 2022
17/10/2022	Faberge climbs the GRESB rankings
20/10/2022	Interim Report Jan–Sept 2022
03/11/2022	Faberge takes sustainability to a new level by constructing buildings from buildings
22/11/2022	Moody's affirms Baa2 rating, outlook changed to negative
15/12/2022	Faberge rents out 3,700 sqm in Solna Business Park



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There will also be a web presentation on the Group's website on 6 February 2023, during which Stefan Dahlbo and Åsa Bergström will present the report.

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