

Q2

2023

Summary, SEKm

	2023	2022	2023	2022
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
Net sales	977	739	1,993	1,508
Gross profit	648	539	1,268	1,086
Profit/loss from property management	351	347	703	729
Profit/loss before tax	-1,246	2,023	-3,222	5,519
Profit/loss after tax	-952	1,595	-2,535	4,377
Net lettings	34	36	22	44
Surplus ratio, %	75	74	74	73
Loan-to-value ratio, %			40	36
EPRA NRV, SEK per share			161	183

Jan–Jun 2023¹

- Rental income totalled SEK 1,685m (1,480). On a like-for-like basis, income rose by 12 per cent (4) compared with the previous period.
- Net operating income amounted to SEK 1,241m (1,081). On a like-for-like basis, net operating income rose by 13 per cent (3).
- The surplus ratio was 74 per cent (73).
- Revenue from residential development amounted to SEK 308m (28) and gross earnings totalled SEK 27m (5).

See page 26 for key performance indicator definitions.

- Net interest items amounted to SEK –460m (–264).
- Profit from property management amounted to SEK 703m (729).
- Realised and unrealised changes in the value of properties totalled SEK –3,824m (3,253) and SEK 100m (1,538) for fixed-income derivatives.
- Profit/loss before tax for the period totalled SEK –3,222m (5,519).
- Profit/loss after tax for the period totalled SEK –2,535m (4,377), corresponding to SEK –8.06 per share (13.71).

¹The comparison figures for income and expense items relate to values for the January–June 2022 period and for balance sheet items at 31 December 2022.

- Net lettings totalled SEK 22m (44).
- Leases totalling SEK 73m (82) were renegotiated, with an average rise in rental value of 1.5 per cent (+11). Leases worth SEK 241m (169) were also extended on unchanged terms.
- The equity/assets ratio was 47 per cent (51).
- The loan-to-value ratio stood at 40 per cent (36).

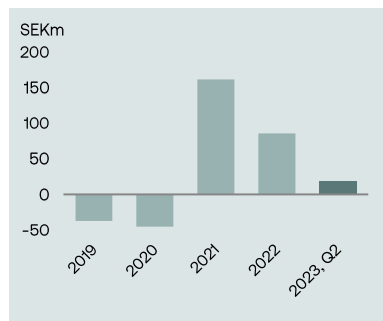
Message from the CEO

The second quarter saw an increase in revenues, improved net operating income and positive net lettings. Despite a volatile environment, day-to-day operations are performing well, however interest costs are rising and property values are falling.

OPERATIONAL TARGETS

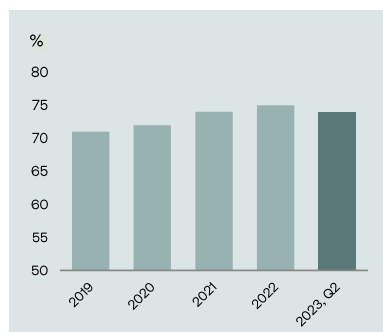
- Net lettings of at least SEK 80m per year.
- Surplus ratio of 75 per cent.
- Investment volume of approximately SEK 2,500m per year.

NET LETTINGS



Target: SEK 80m per year

SURPLUS RATIO



Target: 75%

Perhaps the biggest news of the quarter is that we finally managed to let Nöten 4 in Solna Strand. We have been receiving enquiries about this property ever since the Swedish Tax Agency terminated its lease at Nöten 4 in early 2019. It has been Stockholm's largest single vacancy, and of course it feels great to resolve this thorny issue. The letter of intent applies to the entire property, which totals 66,000 sqm. The aim is to convert it into a lease agreement in the third quarter of 2023, and access for the new customer is scheduled for mid-2025. I do not currently see any obstacles to us achieving the goal of signing a lease during the next quarter. I would like to thank the entire organisation, which has adopted a highly professional and focused approach to the project. In fact, we had to turn down several prospective tenants who were interested in renting the property.

The rental market in Stockholm remains strong, at least in locations with good transport links and flexible office space. We reported positive net lettings of SEK 34m in the second quarter and SEK 22m accumulated for the first half of the year, despite the fact that a major customer chose to exercise an option in their lease and vacate approximately 5,500 sqm in Arenastaden. This flexibility is quite common in larger leases and constitutes a risk, but also an opportunity for higher level rentals. After Telia exercised a similar option in 2021, it took us about 6 months to lease the same space at a significantly higher rent level. The supply of large, modern premises remains limited, particularly in Stockholm inner city and Arenastaden.

In June, we negotiated a great let to Coor of about 4,500 sqm as part of a seven-year lease in Haga Norra. The project's 27,000 sqm is therefore



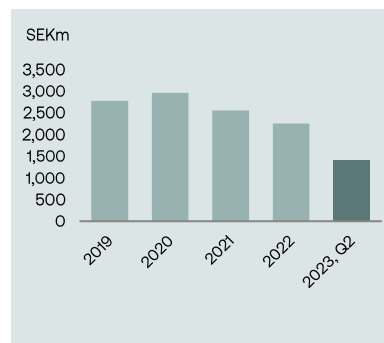
66 per cent let, and we are holding productive discussions with potential customers for the remaining space. In Solna Business Park, we have signed leases with Miele and Mekonomen, which I regard as very positive for the continued development of the district.

The sale of apartments has continued in our ongoing residential development projects. We sold a total of 55 apartments in the first half of the year.

The transaction market was cautious throughout the first half of the year, with much lower activity than in recent years in our market. 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. We are not seeing any owners under pressure to sell in Stockholm. It is good to have strong customers but also strong, stable property owners as neighbours.

We opted to have a large proportion, 60 per cent, of our property portfolio independently valued this quarter as well. Higher interest rates meant that the average yield requirement in the portfolio increased by 0.06 percentage points to

INVESTMENT VOLUME



Target: SEK 2.5bn per year over a business cycle

4.17 per cent, which led to unrealised changes in value amounting to SEK –1.7bn in the quarter and SEK –3.8bn in the first half of the year. We note that we now have the same average yield requirement in the portfolio as at the end of 2018. In the valuations, higher yield requirements were partly offset by increased rent levels due to higher inflation assumptions. Since the third quarter of 2022, we have written down the values by about 9 per cent, which I think is reasonable. The total market value at the end of H1 was SEK 83.5bn.

New bank financing during the quarter reduced the need for short-term borrowing via commercial paper and enabled the repurchase of bonds with short remaining maturities. Thus, the share of capital market financing continued to decline in favour of bank financing. We are keen to be active in the capital market, but not at any price. Current levels are also continuing to push us towards replacing bond maturities with bank financing. Do I think there's a financing risk in this? No, because we enjoy good, long-term relationships with all our banks, and the indications we are getting are favourable both in relation to extending existing frameworks and extending facilities to cover future bond maturities. But clearly, rising market rates are beginning to have an adverse impact on earnings. The fact that 61 per cent of our interest rates are fixed mitigates the effect of higher market rates for the next few years.

Sustainability remains a strong focus for us. We now have 25 solar arrays installed with projected energy production of 2,500,000 kWh. This corresponds to 2 kWh/m² under management, and our target for 2030 is 2.5 kWh/m². So far we have installed over 1,400 charging points for electric vehicles in our portfolio, and we plan to expand this by at least 890 by Q1 2024.

We are noticing a clear increase in demand for charging points from our customers.

We work a lot with social sustainability in urban planning and projects as we develop the physical environment in our city districts. During the quarter, we launched the Flemingsberg Block Party festival together with Huddinge Municipality, Södertörn University and a number of local organisations. The aim of the initiative is to strengthen Flemingsberg as a forum for knowledge and creativity, and to promote collaboration and generate pride in the development of Flemingsberg. The festival was a great success and the aim is to make it a recurring event. It is good to see that our project to create internships in partnership with TalangAkademin in Flemingsberg has achieved positive results. Over the past year, 122 people have been interviewed for internships, 75 people have been placed and 62 people have subsequently found work or gone on to study.

There are still many things happening around the world and in the market that we need to be mindful of, including the war in Ukraine, inflation and the general economic situation. Our focus is on day-to-day operations where we can make a difference; looking after our customers and properties, and working on our vacancies, projects and financing. It's not a sprint, but a marathon, involving a lot of effort and hard work on the part of everyone at Fabege. With our skilled and dedicated employees, I am confident that we will achieve our long-term objectives and value creation. Together we are strong and well equipped to meet the opportunities and challenges of the future. Many thanks!

Stefan Dahlbo, CEO

7 July 2023

Earnings Jan–June 2023¹

Earnings after tax for the period amounted to SEK –2,535m (4,377), corresponding to earnings per share of SEK –8.06 (13.71). Earnings before tax for the period amounted to SEK –3,222m (5,519). The increase in net operating income was offset by higher interest costs. Negative changes in the value of the property portfolio meant that profit before tax decreased compared with the same period last year.

SECOND QUARTER IN BRIEF

- The Stockholm market in general showed stable rent levels during the second quarter, persistently high tenant turnover and slightly increased vacancies.
- New lettings totalled SEK 88m (76).
- Net lettings amounted to SEK 34m (36).
- Rental income totalled SEK 855m (717).
- The surplus ratio was 75 per cent (74).
- Revenue from residential development amounted to SEK 122m (22) and gross earnings totalled SEK 6m (12).
- Net interest items amounted to SEK –239m (–137).
- Profit from property management totalled SEK 351m (347).
- Unrealised changes in value in the property portfolio amounted to SEK –1,715m (1,020), of which projects accounted for SEK –1,015m (283).
- Unrealised changes in value in the derivatives portfolio totalled SEK 117m (657).
- Earnings after tax for the quarter amounted to SEK –952m (1,595).

RENTAL INCOME AND NET OPERATING INCOME

Rental income increased to SEK 1,685m (1,480) and net operating income amounted to SEK 1,241m (1,081). On a like-for-like basis, income rose by approximately 12 per cent (4). The increase in income was mainly attributable to the index increase that came into effect at the end of the year, higher parking revenues and a positive net amount from occupancies during the period, of which Convendum's move into Bocken 39 was the most significant. This was partly offset by a negative effect following the relocation of the Swedish Tax Agency from Nöten 4 on 31 March 2022. The increase in property expenses related mainly to higher costs for snow removal and electricity. Net operating income on a like-for-like basis rose by approximately 13 per cent (3). The surplus ratio was 74 per cent (73).

PROFIT FROM RESIDENTIAL DEVELOPMENT

Revenue from housing development totalled SEK 308m (28). Residential development costs amounted to SEK –281m (–23), of which administrative costs accounted for SEK –14m (–15). Gross earnings therefore totalled SEK 27m (5). In addition, income is due from interests in associated companies of SEK 9m (–1). Income is recognised in connection with phased occupancy or upon completion. During the period, five projects were completed and finalised; two in Landskrona, one in Sigtuna and one in Botkyrka. The fifth completed project, in Falun, is a co-owned project and earnings have been recognised under share in profit/loss of associated companies.

CENTRAL ADMINISTRATION

Central administration costs amounted to SEK –55m (–55).

NET FINANCIAL ITEMS

Net interest items amounted to SEK –460m (–264). During the period, the average interest rate gradually increased as the Riksbank's policy rate hikes impacted the

market rate (STIBOR). The average interest rate at 30 June 2023 was 3.10 per cent (2.39 at the turn of the year). Ground rent amounted to SEK –23m (–20).

SHARE IN PROFIT/LOSS OF ASSOCIATED COMPANIES

The share in the profit/loss of associated companies totalled SEK –27m (–18), of which SEK –36m (–17) related to contributions to Arenabolaget and SEK 9m (–1) related to contributions from residential development in Birger Bostad.

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. Due to the market situation, a larger proportion has been independently valued in the last three quarters. Approximately 60 per cent of the portfolio was independently valued in the second quarter, while the remaining properties were valued internally based on the most recent independent valuations. The total market value at the end of the period was SEK 83.5bn (86.3). Unrealised changes in value totalled SEK –3,824m (3,179). The average yield requirement rose by 0.18 percentage points to 4.17 per cent (3.99). The increased yield requirements were a result of higher interest rates. This was partly offset in the valuations of increased rent levels due to higher inflation assumptions.

TAX

The tax expense for the period totalled SEK 687m (–1,142) and related to deferred tax. Tax was calculated at a rate of 20.6 per cent on taxable earnings. The interest deduction limitations are not expected to have a material effect on taxes paid over the next few years.

¹The comparison figures for income and expense items relate to values for the January–June 2022 period and for balance sheet items at 31 December 2022.

CHANGES IN PROPERTY VALUES, JAN–JUN 2023

Changes in property values, SEKm

Opening fair value, 01/01/2023	86,348
Property acquisitions	78
Investments in new builds, extensions and con	1,402
Unrealised changes in value	-3,824
Sales, disposals and other	-484
Closing fair value, 30/06/2023	83,520

AVERAGE YIELD REQUIREMENT, 30/06/2023

Area	Average yield requirement
Stockholm city	3.79%
Solna	4.36%
Hammarby Sjöstad	4.33%
Flemingsberg	5.12%
Other markets	5.05%
Average yield	4.17%

SEGMENT REPORTING

The Property Management segment generated net operating income of SEK 1,185m (1,025), representing a surplus ratio of 76 per cent (76). The occupancy rate stood at 91 per cent (89). Profit from property management totalled SEK 697m (722). Unrealised changes in the value of properties amounted to SEK –2,790m (2,679).

The Property Development segment generated net operating income of SEK 59m (38), resulting in a surplus ratio of 54 per cent (40). Profit from property management totalled SEK 12m (8). Unrealised changes in the value of properties amounted to SEK –370m (109).

In the Projects segment, unrealised changes in value of SEK –645m (391) were recognised. Project gains were offset by impairment due to increased yield requirements when assessing the final value of the project properties.

The Residential segment generated gross earnings relating to residential development of SEK 32m (9).

Profit from property management totalled SEK 21m (3). Unrealised changes in value totalled SEK –20m (-). Further information about breakdown by segment is provided in the segment report and under Note 3 on pages 10 and 23.

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 30 June 2023, the total property value amounted to SEK 83.5bn (86.3).

DEVELOPMENT PROPERTIES

This refers to ongoing in-house projects and development properties for future construction within Birger Bostad. The value at the end of H1 totalled SEK 716m (892), SEK 374m (573) of which relates to ongoing construction and SEK 342m (319) to development properties for future development.

FINANCIAL POSITION AND NET ASSET VALUE

Shareholders' equity amounted to SEK 42,224m (45,514) at the end of the period, and the equity/assets ratio was 47 per cent (49). Approved but unpaid dividends of SEK 566m have reduced shareholders' equity. Equity per share attributable to Parent Company shareholders totalled SEK 134 (145). EPRA NRV amounted to SEK 161 per share (173).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 705m (748). Changes in working capital had an impact on cash flow of SEK 324m (457). Investing activities had an impact of SEK –1,041m (–1,955) on cash flow, while cash flow from financing activities totalled SEK 1m (804). In investing activities, cash flow is driven by property transactions and projects. Cash and cash equivalents declined by a total of SEK 11m (54) during the period.

COOR SIGNS LEASE AT ACKORDET 1, HAGA NORRA

Faberge and Coor have signed a lease agreement for approximately 4,500 sqm in the office project Kvarter 1, Haga Norra. Coor has also been given the task of providing service and comfort functions to tenants and visitors. The lease is for seven years and occupancy is scheduled for October 2024 and January 2025 respectively.

Kvarter 1 comprises 27,000 sqm. Leases have already been signed with SATS, JM and Randstad. Following the letting to Coor, the occupancy rate for the project is 66 per cent.

The property is being certified to BREEAM-SE standard, Excellent.

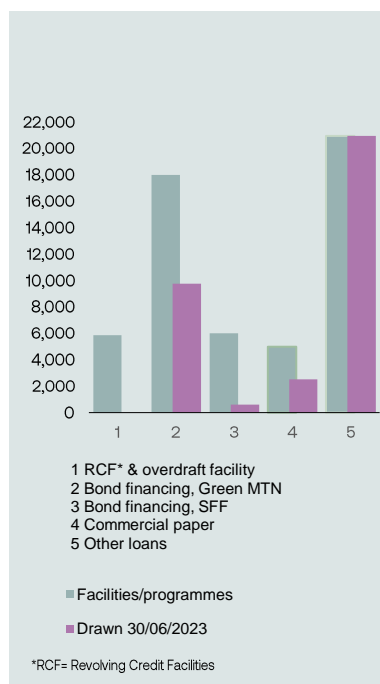
In Arenastaden's new Haga Norra district, we are creating 70,000 sqm of commercial floorspace and 1,000 new homes.



Financing

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

BREAKDOWN OF SOURCES OF FINANCING



100%

Green financing
30 June 2023

Moody's Rating

Baa2

negative outlook

Revised in November 2022

FINANCING

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

During the quarter, the economic environment continued to be characterised by inflation and credit constraints. As expected, the Riksbank raised the policy rate and market interest rates rose. A volatile interest rate market and some concerns about the property sector as a whole have made the longer-term capital market cautious, while the short-term commercial paper market has performed well.

Interest expenses in the quarter continued to increase with rising market interest rates.

Total financing declined somewhat by SEK 130m during the quarter and comprised funding via the capital market of SEK 12.9bn and via the bank market of SEK 21bn.

New bank financing during the quarter reduced the need for short-term borrowing via commercial paper and enabled the repurchase of bonds with short remaining maturities. Thus, the share of capital market financing continued to decline in favour of bank financing.

Committed lines of credit and undrawn credit facilities, including the backup facility for the commercial paper programme, amounted to SEK 5.9bn.

Fabege's fixed-interest term at the end of the quarter was 2.3 years. The derivatives portfolio comprised interest rate swaps totalling SEK 18,150m, maturing in 2032 and carrying fixed annual interest of between – 0.15 and 1.30 per cent.

Net financial items included other financial expenses of SEK 10m, 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 15m (7) 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.

FINANCING, 30/06/2023

	2023-06-30	2022-12-31
Interest-bearing liabilities, SEKm	33,846	33,341
of which outstanding MTN, SEKm	9,764	10,700
of which outstanding SFF, SEKm	600	600
of which outstanding commercial paper, SEKm	2,519	2,767
Undrawn facilities, SEKm ¹	5,860	7,260
Fixed-term maturity, years	4.3	4.7
Fixed-rate period, years	2.3	2.7
Fixed-rate period, percentage of portfolio, %	61	65
Derivatives, market value, SEKm	1,589	1,689
Average interest expenses, incl. committed credit facilities, %	3.10	2.39
Average interest expenses, excl. committed credit facilities, %	3.03	2.31
Unpledged assets, %	39.4	45.2
Loan-to-value ratio, %	40.2	38.2

¹Included credit facilities for commercial paper

SUPPLY OF CAPITAL



- Equity, 51%
- Interest-bearing liabilities, 34%
- Other liabilities, 15%

BREAKDOWN OF COLLATERAL



- Pledged assets 61%
- Unpledged assets 39%

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.

Outcome 30/06/2023:

- Loan-to-value 40 per cent.
- Interest coverage ratio 2.6x.
- Debt ratio 14.6x.
- Equity/assets 47 per cent.

INTEREST MATURITY STRUCTURE, 30/06/2023

	Amount, SEKm	Average interest rate,%	Percentage, %
< 1 year	15,234	5.56*	45
1-2 years	3,386	0.74	10
2-3 years	2,000	0.95	6
3-4 years	4,150	1.01	12
4-5 years	4,376	1.41	13
5-6 years	1,700	0.95	5
6-7 years	1,200	0.20	4
7-8 years	400	0.60	1
8-9 years	900	0.72	3
9-10 years	500	0.81	1
11 years	0	0.00	0
Total	33,846	3.03	100

*The average interest rate for the period <1 year includes the margin for the variable portion of the debt portfolio. This also includes the variable portion of the interest rate swaps, which, however, do not include any credit margin as they are traded without a margin.

LOAN MATURITY STRUCTURE, 30/06/2023

	Credit agreements, SEKm	Drawn, SEKm
Commercial paper programme	2,519	2,519
< 1 year	6,457	5,797
1-2 years	8,136	5,736
2-3 years	6,905	4,105
3-4 years	4,250	4,250
4-5 years	1,626	1,626
5-10 years	6,150	6,150
10-15 years	2,477	2,477
15-20 years	1,186	1,186
Total	39,706	33,846

GREEN FINANCING, 30/06/2023

	Credit facilities	Outstanding loans and bonds
Green MTN bonds, SEKm	9,764	9,764
Green bonds via SFF, SEKm	600	600
Green commercial paper, SEKm	2,519	2,519
Green loans, other, SEKm	26,823	20,963
Total green financing, SEKm	39,706	33,846
Green financing, %	100	100
Total green available borrowing facility, SEKm	50,553	
of which unrestricted green available borrowing facility, SEKm	13,705	

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/, where you will also find the investor reports.

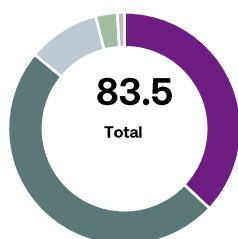
Operations

Jan–Jun 2023¹

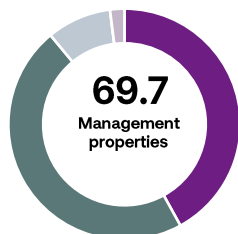
The Stockholm market in general showed stable rent levels during the first half of the year, but increasing tenant turnover. Net lettings amounted to SEK 22m (44), while the occupancy rate amounted to 91 per cent. Projects proceeded according to plan.

BREAKDOWN OF MARKET VALUE, 30/06/2023, SEKBN

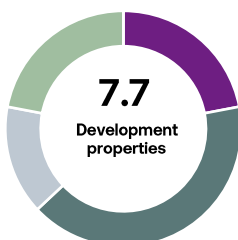
■ Inner city ■ Solna
■ Hammarby Sjöstad ■ Flemingsberg
■ Other markets



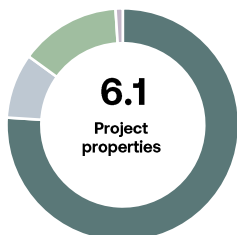
■ 37% ■ 49% ■ 10% ■ 3% ■ 1%



■ 42% ■ 47% ■ 9% ■ 0% ■ 2%



■ 22% ■ 41% ■ 15% ■ 22% ■ 0%



■ 0% ■ 76% ■ 9% ■ 14% ■ 1%

PROPERTY PORTFOLIO AND PROPERTY MANAGEMENT

Fabège's property management and urban and property development activities are concentrated on a few selected submarkets in and around Stockholm: Stockholm inner city, Solna, Hammarby Sjöstad and Flemingsberg. On 30 June 2023, Fabège owned 102 properties with a combined rental value of SEK 4.0bn, lettable floor space of 1.3m sqm and a carrying amount of SEK 83.5bn, of which development and project properties accounted for SEK 13.8bn.

OCCUPANCY RATE

The investment property portfolio's financial occupancy rate was 91 per cent (89) at the end of the period. The biggest vacancies relate mainly to three properties in Solna Business Park. 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 234 thousand sqm, of which 145 thousand sqm are being let for a current annual rent of SEK 242m. Significant ongoing projects make up a lettable area of approximately 145 thousand sqm, with a rental value of SEK 362m.

The project portfolio's occupancy rate was 39 per cent (27) at the end of the quarter.

NET LETTINGS

During the period, 72 (81) new leases were signed with a combined rental value of SEK 136m (137), and 96 per cent (94) of the space related to green leases. Lease terminations amounted to SEK -114m (-93). Net lettings amounted to SEK 22m (44). Leases totalling SEK 73m (82) were renegotiated, with an average rise in rental value of 1.5 per cent (+11). Leases worth SEK 241m (169) were also extended on unchanged terms. The retention rate during the period was 76 per cent (73).

CHANGES IN THE PROPERTY PORTFOLIO

February saw the acquisition of the other half of the partly owned Klacken 1 property, a garage property in Råsunda. In April, residential building rights in Huvusta were vacated in a deal with JM worth SEK 484m. In June, a small property, Anoden 4, was acquired in Flemingsberg.

PROJECTS AND INVESTMENTS

The purpose of Fabège's project investments in the investment property portfolio is to reduce vacancy rates and increase rents in the property portfolio, thereby improving cash flows and values. Investments in existing properties and projects during the period totalled SEK 1,402m (1,077), of which SEK 884m (660) related to investments in project and development properties. Capital invested in the investment property portfolio amounted to SEK 518m (417), a significant proportion of which related to tenant customisations.

COMPLETED PROJECTS

The tenant customisation for Convendum in Hägern Mindre 7, Drottninggatan, has been completed and the tenant took over the premises on 1 June 2023. A smaller phase will be taken over on 1 September.

MAJOR ONGOING PROJECTS

New construction of premises for the Royal Swedish Opera and Royal Dramatic Theatre at the Regulatörn 4 property in Flemingsberg is proceeding according to schedule. The frame has been completed and assembly of the facade and interior works is underway. The investment is expected to amount to SEK 465m and the property will be ready for occupancy in June 2024. The property is being certified to BREEAM-SE standard, Very Good.

New construction of the office building at the Ackordet 1 property in Haga Norra is proceeding. Masonry work on the facade and internal work on tenant customisations are ongoing. The investment is estimated at around SEK 1.4bn. The property is being certified to BREEAM-SE standard, Excellent. Following the letting to Coor in the second quarter, the occupancy rate is 66 per cent.

¹The comparison figures for income and expense items relate to values for the January–June 2022 period and for balance sheet items at 31 December 2022.

TOTAL INVESTMENTS, JAN–JUN 2023

Total investments, SEKm	
Investments in investment properties	518
Investments in development properties	62
Investments in project properties	822
Total investments	1,402

PROPERTY ACQUISITIONS, JAN–JUN 2023

Property	Area	Category	Lettable area, sqm
Q1			
Klacken 2 (50%)	Råsunda	Garage	0
Q2			
Anoden 4	Flemingsberg	Office	992
Total			992

PROPERTY SALES, JAN–JUN 2023

Property	Area	Category	Lettable area, sqm
Q1			
No sale			
Q2			
Huvudsta 3:1	Huvudsta	Mark	0
Total			0

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 500m, with completion scheduled for 2024.

The construction of a multistorey car park at the Semaforen 1 property in Arenastaden is progressing, with assembly of the frame and facade. The investment is estimated at SEK 337m. The project is running at a loss, but it resolves a parking deficit, which has meant cost savings for other adjacent projects.

In Flemingsberg, the project at Separatoren 1 relating to the construction of offices and laboratories for Alfa Laval is continuing. The project encompasses a lettable area of roughly 23,400 sqm excluding parking, of which Alfa Laval is leasing approximately 91 per cent. Work is currently underway on construction of the frame. The investment is estimated at SEK 1,060m, 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. A new approach to the project is being adopted following Fabege's signing of a letter of intent to lease the entire property to an unnamed tenant. The estimated investment of SEK 770m will be adjusted once the lease has been signed, which is expected to take place in the third quarter of 2023.

Basic building investments at the Påsen 1 property in Hammarby Sjöstad have begun, with work on the frame for the extension. The entire investment is estimated to total SEK 376m, including investments for tenant customisations, which, however, will only be carried out once the lease has been signed.

PROJECT COSTS

Delivery capacity has been back at normal levels for some time now. As for the construction index, the trend in recent months has been slightly upwards, except for a few indices that are falling in specific areas such as sawn timber. However, market indications, including significant pressure on residential construction, mean

that we believe there will be pressure on prices in the future, and we are seeing heightened interest in submitting quotes and competing for our assignments. The higher interest rates also meant that project calculations were adjusted upwards by the estimated capitalised interest expense during the project period.

BIRGER BOSTAD

Birger Bostad's project portfolio includes 21 projects, of which 4 are under construction, with an estimated investment volume of approximately SEK 540m. During the first quarter, two projects, BRF Vårbruket in Landskrona and BRF Slottsträdgården in Steninge Slottsbys, Sigtuna, were completed and finalised. In addition, earnings corresponding to phased occupancy in BRF Majoren in Riksten, Botkyrka, and in BRF Höstbruket in Landskrona were partially settled.

Three projects were finally settled in the second quarter: BRF Majoren in Riksten, Botkyrka, BRF Höstbruket in Landskrona and BRF Kompaniet in Falun (co-owned via an associated company).

In the first quarter, 11 homes were sold in BRF Generalens Allé in Riksten, while in the second quarter a further 10 homes were sold in the same project.

The selling rate for the BRF projects under construction was 90 per cent at 30 June.

RESIDENTIAL DEVELOPMENT IN JOINT VENTURES

The residential project in cooperation with Brabo in Haga Norra is now complete. The project includes 418 apartments, including four BRFs, that are being constructed in a 3D reallocation above the facility that Fabege built for Bilja. The final few apartments will be completed ready for occupancy in the first quarter of 2023. A total of 406 apartments have been sold, including 395 apartments that are now occupied by the tenant-owners. The joint venture project has been recognised using the equity method. Income is recognised in connection with completion of the projects, which will be calculated in the second half of 2023.

ONGOING PROJECTS > SEK 50M, 30/06/2023

Property listing	Category	Area	Completed	Lettable area, sqm	Occupancy rate, % space ¹	Rental value ²	Book value, SEKm	Estimated investment, SEKm	of which spent, SEKm
Semaforen 1	Parking	Arenastaden	Q4-2023	18,000	0%	15	84	337	231
Regulatorn 4	Workshops etc	Flemingsberg	Q2-2024	11,900	100%	24	289	465	225
Ackordet 1	Offices	Haga Norra	Q3-2024	27,000	66%	96	1,047	1,390	674
Påsen 1	Offices	Hammarby Sjöstad	Q4-2024	11,000	0%	38	528	376	97
Nöten 4 ³	Offices	Solna Strand	Q1-2025	53,400	0%	130	1,834	770	199
Separatörn 1	Offices	Flemingsberg	Q2-2025	23,400	91%	59	350	1,060	323
Total				144,700	39%	362	4,132	4,398	1,749
Other land and project properties							2,006		
Other development properties							7,662		
Total project, land and development properties							13,800		

¹ Operational occupancy rate at 30 June 2023 exclusive Semaforen 1.

² Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 362m (fully let) from SEK 0m in annualised current rent at 30 June 2023.

³ A letter of intent has been signed regarding the letting of the entire property.

DEVELOPMENT RIGHTS, 30/06/2023

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	33,650	13	10,400	Inner city	3,600	0	0
Solna	348,800	19	6,800	Solna	206,800	54	10,000
Hammarby Sjöstad	68,000	54	9,900	Hammarby Sjöstad	6,200	69	4,900
Flemingsberg	264,900	6	4,700	Flemingsberg	264,500	0	5,200
Birger Bostad	7,100	0	14,300	Birger Bostad	123,900	83	4,900
Other	20,000	100	1,500	Other	-	-	-
Total	742,450	19	6,400	Total	605,000	33	6,700

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

PROPERTY PORTFOLIO, 30/06/2023

Property holdings	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value ²	Financial occupancy rate %
Management properties ¹	62	1,001	69,720	3,563	91
Development properties ¹	19	234	7,662	448	-
Land and project properties ¹	21	63	6,138	6	-
Total	102	1,298	83,520	4,017	-
Of which, Inner city	27	325	31,211	1,544	91
Of which, Solna	52	727	40,520	1,906	90
Of which, Hammarby Sjöstad	10	138	8,200	429	94
Of which, Flemingsberg	9	68	2,566	73	-
Of which, Other	4	40	1,023	65	91
Total	102	1,298	83,520	4,017	91

¹ See definitions. ² In the rental value, time limited deductions of about SEK 195m (in rolling annual rental value at 30 June 2023) have not been deducted.

CONDENSED SEGMENT RAPPORTING

	2023 Jan-Jun	2023 Jan-Jun	2023 Jan-Jun	2023 Jan-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Jun	2022 Jan-Jun	2022 Jan-Jun	2022 Jan-Jun
	Management	Development	Projects	Birger Bostad	Total	Management	Development	Projects	Birger Bostad	Total
SEKm										
Rental income	1,564	109	6	6	1,685	1,349	96	30	5	1,480
Contract sales, residential	-	-	-	308	308	-	-	-	28	28
Total net sales	1,564	109	6	314	1,993	1,349	96	30	33	1,508
Property expenses	-379	-50	-14	-1	-444	-324	-58	-16	-1	-399
Contract costs, residential development	-	-	-	-281	-281	-	-	-	-23	-23
Gross profit	1,185	59	-8	32	1,268	1,025	38	14	9	1,086
Of which net operating income property management	1,185	59	-8	5	1,241	1,025	38	14	4	1,081
Sur plus ratio, property management	76%	54%	-133%	83%	74%	76%	40%	47%	80%	73%
Of which gross profit residential development	-	-	-	27	27	-	-	-	5	5
Central administration	-46	-5	-4	-	-55	-46	-5	-4	-	-55
Net interest income/expense	-383	-42	-24	-11	-460	-221	-25	-12	-6	-264
Ground rent	-23	-	-	-	-23	-19	-	-1	-	-20
Share in profits of associated companies	-36	-	9	-	-27	-17	0	-1	0	-18
Profit from property management	697	12	-27	21	703	722	8	-4	3	729
Realised changes in value properties	-	-	-	-	0	0	0	74	-	74
Unrealised changes in value properties	-2,789	-370	-645	-20	-3,824	2,679	109	391	-	3,179
Profit before tax per segment	-2,092	-358	-672	1	-3,121	3,401	117	461	-8	3,982
Changes in value interest rate derivatives & shares					-101					1,537
Profit before tax					-3,222					5,519
Market value properties	69,477	7,662	6,138	243	83,520	73,327	8,003	6,855	295	88,480
Project & development properties	-	-	-	716	716	-	-	-	845	845
Occupancy rate, %	91	-	-	-	-	89	-	-	-	-

¹ Explanations of classifications and reclassifications during the period from the Property Management to Property Development segments are provided in the note on Segment Reporting on page 24.

Fabege's sustainability work

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

Goals for 2030

- Carbon neutral property management.
- Cutting the climate impact of project development per GFA by half

73 kWh/sqm

ALLBRIGHT 2023

Fabege ranks second on Allbright's green list. Every year, the leading companies on the stock exchange are scrutinised in terms of representation. Listed companies are ranked on the basis of gender equality in the management team. Companies with an equal number of men and women are placed on the green list.



Goals & strategy

URBAN DEVELOPMENT

Our approach is rooted in a holistic perspective to strengthen our neighbourhoods as experience-based meeting places, where the primary focus is on health, convenience, safety and comfort. By influencing everything from energy systems to sustainable travel, we can also help reduce our carbon footprint. A large proportion of our customers opt for public transport, but we are also seeing an increased demand for parking spaces and charging points for electric cars. This is why we continuously install charging points for electric vehicles in both buildings and street environments. We already offer over 1,400 charging points, but to meet increasing needs we initiated an ambitious expansion project during the quarter to double this figure.

Work continues under the remit of social sustainability with BID Flemingsberg and active contributions to local job creation via TalangAkademin. In procurements carried out during the quarter, the requirements are based on compliance with Fabege's Code of Conduct and a clause in the tender documents that encourages suppliers to accept trainees from TalangAkademin. The Flemingsberg 50 celebration was organised by the BID during the quarter, and attracted an estimated 1,000 visitors.

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. During the quarter, we worked in accordance with the first intermediate goal as part of our 2030 commitment:

- Planning permission before 2025, 20 per cent lower CO₂ footprint
- Planning permission 2025–2027, 35 per cent lower CO₂ footprint
- Planning permission 2027, 50 per cent lower CO₂ footprint

As an important part of our reuse strategy, we initiated work in the recycling hub during the quarter. Several architects, contractors and existing and new customers have already paid site visits to our reuse warehouse. Now the building material is also starting to circulate in Fabege's conversion projects and new builds. Fabege has a long-term, target-based and integrated approach to creating more sustainable properties. Our ultimate long-term goal is for Fabege's property management to be carbon neutral, as measured in kg CO₂e/sqm, by 2030. By this we mean that we will have control over all the emissions associated with our operations, and we will minimise emissions to the greatest possible extent using the tools available. We will compensate for emissions over which we have no control via carbon offsetting, for example investments in additive technology that reduces the amount of carbon dioxide in the atmosphere.

ENERGY EFFICIENCY TARGETS

Fabege's average energy consumption is 73 kWh/sqm (accumulated outcome for 2022). The target is average energy use of 70 kWh/sqm by 2025. 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 have stepped up our energy efficiency measures in all types of energy.

ENVIRONMENTAL CERTIFICATION OF PROPERTIES

Fabege's objective is for the company's entire property portfolio to be certified to BREEAM-SE/BREEAM In-Use standard. All project properties and investment properties have been certified since 2019.

GREEN FRAMEWORK UPDATED IN JUNE 2022

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

THE EU TAXONOMY

Faberge 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 4 EU taxonomy, page 23.

The full tables in accordance with EU taxonomy objective 1, including DNSH criteria and minimum safeguards, are presented in the 2022 Annual Report.

CERTIFIED PROPERTIES

System	Quantity	Sqm, GLA	Target
BREEAM In-Use	50	752,689	69%
BREEAM-SE	13	324,267	30%
BREEAM Bespoke	1	7,364	1%
Miljöbyggnad	1	5,480	0%
Total certified properties	65	1,089,800	100%

SUSTAINABILITY PERFORMANCE MEASURES

	2023, Q2	2022	2021	Target
Energy performance, kWh/sqm Atemp	39	73	77	Max. 70 kWh/sqm*
Proportion of renewable energy, %	94	94	95	100
Environmental certification, number of properties	65	63	59	-
Environmental certification, % of total area	84	84	81	100
Green leases, % of newly signed space	96	100	96	100
Green leases, % of total space	91	89	80	100
Green financing, %	100	100	99	100
Satisfied employees, confidence rating, %	n/a	87	86	2023 at least 87
GRESB, points	n/a	94	93	>90

*Atemp is the total internal area for each floor, loft and basement that is heated to more than 10°C. Area occupied by internal walls, openings for stairs, shafts and the like are included. The area of a garage, within the building, in a residential building or a commercial building other than a garage, is not included.

Faberge's new builds are certified according to BREEAM-SE, with the ambition of achieving level Excellent, and our investment properties according to BREEAM In-Use, ambition level Very Good.

65 of Faberge's 102 properties were certified at the end of the period. Overall, this represents 84 per cent of the total combined area of Faberge's existing portfolio. The properties for which certification has not yet begun include 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

Faberge 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. Faberge's actions are centred on networks and dialogue, as well as education, leisure time, health and work.

Examples of initiatives:

- BID (business improvement district) started in Flemingsberg
- Läxhjälp homework club in Flemingsberg
- Active in Flemingsberg Science
- TalangAkademin 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 Faberge's work on sustainability issues. The starting point is Faberge'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.faberge.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	663	47.7%	40.3%
0	0	47.4%	40.5%
-1	-663	47.1%	40.7%

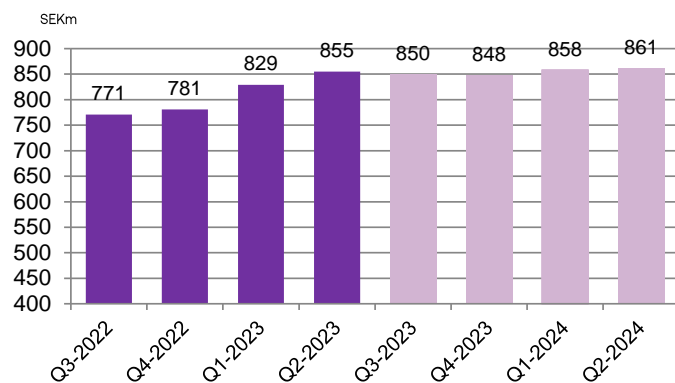
Earnings and key performance indicators are affected by realised and unrealised changes in the value of properties. The table shows the effect of a 1 percentage point change in value after the deduction of deferred tax.

SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change	Effect, SEKm
Rental income, total	1%	31.2
Rent level, commercial income	1%	31.4
Financial occupancy rate	1 percentage point	35.4
Property expenses	1%	-8.4
Interest expenses, LTM ¹	1 percentage point	127.0
Interest expenses, longer term perspective	1 percentage point	338.5

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 and renegotiated 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 period, 227 people (228) were employed by the Group.

PARENT COMPANY

Revenue during the period amounted to SEK 229m (181) and earnings before appropriations and tax totalled SEK 445m (1,389). Net financial items include dividends from subsidiaries of SEK 750m. Net investments in property, equipment and shares totalled SEK 2m (0).

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No events occurred after the balance sheet date.

LEASE MATURITY STRUCTURE

Maturity, year	No. of leases	Annual rent, SEKm	Percentage, %
2023 ¹	349	261	8%
2024 ¹	427	567	16%
2025	248	492	14%
2026 ¹	271	532	15%
2027	99	450	13%
2028+	98	1,019	29%
Commercial	1,492	3,322	95%
Housing leases	200	25	1%
Indoor and outdoor parking	570	134	4%
Total	2,262	3,480	100%

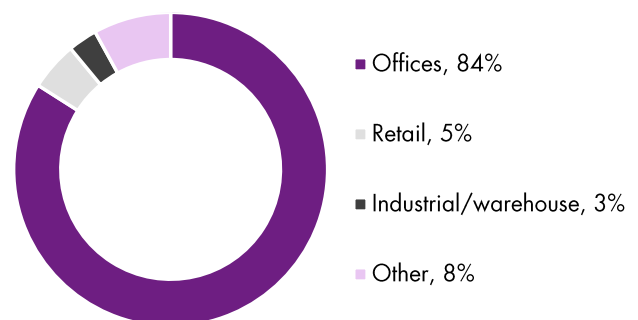
¹Of which just over SEK 137m has already been renegotiated.

BIGGEST CUSTOMERS

	Share, %	Year of expiry
Skandinaviska Enskilda Banken AB	6.4%	2037
Ica Fastigheter AB	3.7%	2030
Telia Sverige AB	3.5%	2031
Convendum Stockholm City AB	3.3%	2034
Tieto Sweden AB	2.6%	2029
Carnegie Investment Bank AB	2.0%	2027
Swedbank AB	1.9%	2029
Migrationsverket	1.7%	2028
Bilia AB	1.6%	2041
Statens Skolverk	1.4%	2024
Total	28%	

¹Percentage of contracted rent.

RENTAL VALUE PER CATEGORY



OPPORTUNITIES AND RISKS

Risks and uncertainties relating to cash flow from operations relate primarily to changes in rents, vacancies and interest rates. The effect of the changes on consolidated profit, including a sensitivity analysis, and a more detailed description of risks and opportunities, are presented in the section on Risks and opportunities in the 2022 Annual Report (pages 67–76).

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 2022 Annual Report. Financial risk, defined as the risk of insufficient access to long-term funding via loans, and Fabege's management of this risk, are also described in the Risks and opportunities section of the 2022 Annual Report (pages 67–76).

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. The debt ratio will amount to a maximum of 13x.

Continued high inflation and turmoil in the financial markets are increasing the risk of rising market interest rates and yield requirements for property investments. Inflation also affects the price of building materials, for example, and thus calculations relating to potential new projects.

No material changes in the company's assessment of risks have arisen, aside from the above, since the publication of the 2022 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 activity on the rental market in Stockholm is high, with increased tenant turnover but continued stable rent levels. Lettings continue to be agreed at good levels, but the indexation from the turn of the year is expected to limit the potential for renegotiations, particularly in relation to retail units.

Capital is available in the bond market, but volatile and high prices in the first half of the year 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 61 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 has a consistently strong financial position. We have created new investment opportunities in our areas via the acquisitions completed in recent years. 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 are submitted both in the notes and in other sections of the interim report.

The Group has applied the same accounting policies and valuation methods as in the most recent annual report.

New or revised IFRS standards or other IFRIC interpretations that came into effect after 1 January 2023 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, 7 July 2023

Stefan Dahlbo, CEO

This interim report has not been reviewed by the company's auditors.

SIGNING OF THE REPORT

The Board of Directors and Chief Executive Officer hereby certify that this half-year report provides a true and fair overview of the development of the Parent Company and Group's operations, position and earnings and describes significant risks and uncertainties faced by the company and Group companies.

Stockholm, 7 July 2023

Jan Litborn
Chairman of the Board

Anette Asklin
Board Member

Mattias Johansson
Board Member

Stina Lindh Hök
Board Member

Märtha Josefsson
Board Member

Lennart Mauritzson
Board Member

Anne Årneby
Board Member

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 44,810 known shareholders at 31 May 2023, including 62.4 per cent Swedish ownership. The 15 largest shareholders control 56.2 per cent of the capital.

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.

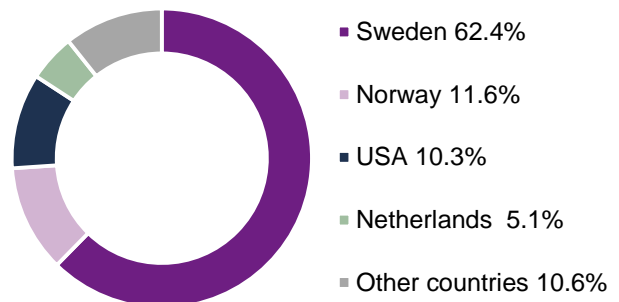
ACQUISITION AND TRANSFER OF TREASURY SHARES*

The 2023 AGM passed a resolution authorising the Board, for the period until the next AGM, to acquire and transfer shares in the company. Share buybacks are subject to a limit of 10 per cent of the total number of shares outstanding at any time. The company held 16,206,048 treasury shares on 30 June 2023. 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. There were no repurchases in the first half of the year.

SHARE DISTRIBUTION*

	2023-05-31	2022-05-31
Number of owners	44,814	43,665
Number of foreign owners	970	1,018
Foreign ownership, %	37.6	38.1
Fund ownership, %	33.3	32.5
Transparency ownership, %	15.9	15.9

COUNTRY DISTRIBUTION, 31/05/2023*



LARGEST SHAREHOLDERS, 31/05/2023*

	Number of shares*	Proportion of capital, %	Proportion of votes, %
Backahill AB	52,108,718	15.75	16.56
John Fredriksen	28,269,084	8.55	8.99
Länsförsäkringar Funds	13,167,515	3.98	4.19
Nordea Funds	12,454,769	3.77	3.96
BlackRock	10,664,380	3.22	3.39
Vanguard	10,183,331	3.08	3.24
Handelsbanken Funds	9,941,054	3.01	3.16
APG Asset Management	8,158,563	2.47	2.59
Third Swedish National Pension Fund	7,083,300	2.14	2.25
E.N.A City Aktiefond	7,024,796	2.12	2.23
Folksam	6,653,754	2.01	2.12
Norges Bank	6,466,230	1.95	2.06
Mats Qviberg with wife	5,324,814	1.61	1.69
AFA Insurance	4,931,978	1.49	1.57
BNP Paribas Asset Management	3,543,983	1.07	1.13
Total 15 largest shareholders	185,976,269	56.22	59.13
Total no. of shares outstanding	314,577,096	95.10	100
Treasury shares	16,206,048	4.90	-
Total no. of registered shares	330,783,144	100	100

SALES & TRADING*

	Jan-Maj 2023	Jan-Maj 2022
Highest price, SEK	109.4	154.7
Lowest price, SEK	72.9	108.8
VWAP, SEK	85.9	133.9
Average daily turnover, SEK	92,331,616	76,959,529
Number of traded shares	110,685,429	59,214,442
Average number of transactions	2,249	2,182
Number of transactions	231,652	224,734
Average value per transaction, SEK	41,064	35,272
Daily turnover relative to market capitalisation, %	0.32	0.17

*Source: Holdings by Modular Finance AB. Data compiled and processed from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen). Data for 30/06/2023 was not available at the time of publication.

Financial data

Group

Condensed statement of comprehensive income

SEKm	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec	Rolling 12 m jul-jun
Rental income ¹	855	717	1,685	1,480	3,032	3,237
Sales residential projects	122	22	308	28	295	575
Net Sales	977	739	1,993	1,508	3,327	3,812
Property expenses	-213	-190	-444	-399	-792	-837
Residential projects expenses	-116	-10	-281	-23	-374	-632
Gross profit	648	539	1,268	1,086	2,161	2,343
<i>of wich gross profit property managment</i>	<i>642</i>	<i>527</i>	<i>1,241</i>	<i>1,081</i>	<i>2,240</i>	<i>2,400</i>
Surplus ratio, %	75%	74%	74%	73%	74%	74%
<i>of wich gross profit property projects</i>	<i>6</i>	<i>12</i>	<i>27</i>	<i>5</i>	<i>-79</i>	<i>-57</i>
Central administration	-29	-30	-55	-55	-102	-102
Net interest expense	-239	-137	-460	-264	-612	-808
Ground rent	-12	-10	-23	-20	-42	-45
Share in profit of associated companies	-17	-15	-27	-18	-32	-41
Profit/loss from property management	351	347	703	729	1,373	1,347
Realised changes in value of properties	0	0	0	74	74	0
Unrealised changes in value of properties	-1,715	1,020	-3,824	3,179	-233	-7,236
Unrealised changes in value, fixed-income derivatives	117	657	-100	1,538	1,753	115
Changes in value of shares	1	-1	-1	-1	-3	-3
Profit/loss before tax	-1,246	2,023	-3,222	5,519	2,964	-5,777
Current tax	0	0		0	-3	-3
Deferred tax	294	-428	687	-1,142	-585	1,244
Profit/loss for period/year	-952	1,595	-2,535	4,377	2,376	-4,536
<i>Items that will not be restated in profit or loss</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Revaluation of defined-benefit pensions	0	14	0	14	25	11
Comprehensive income for the period/year	-952	1,609	-2,535	4,391	2,401	-4,525
Of which attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to Parent Company shareholders	-952	1,609	-2,535	4,391	2,401	-4,525
Earnings per share, SEK	-3:03	5:01	-8:06	13:71	7:49	-14:40
No. of shares outstanding at period end, thousands	314,577	317,352	314,577	317,352	314,577	314,577
Average no. of shares, thousands	314,577	318,175	314,577	319,170	317,221	314,924

¹On-charging, service and other income amounts to SEK 54m (56) for the period Jan-Jun 2023.

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

Condensed statement of financial position

SEKm	2023 Jun 30	2022 Jun 30	2022 31 Dec
Assets			
Goodwill	205	205	205
Properties	83,520	88,480	86,348
Right-of-use asset	1,243	1,091	1,243
Other property, plant and equipment	25	19	25
Derivatives	1,589	1,473	1,689
Non-current financial assets	514	757	456
Development properties	716	845	892
Current assets	1,122	1,157	1,042
Short-term investments	96	95	96
Cash and cash equivalents	76	185	87
Total assets	89,106	94,307	92,083
Equity and liabilities			
Shareholders' equity	42,224	47,765	45,514
Deferred tax	9,508	10,748	10,195
Other provisions	156	179	157
Interest-bearing liabilities ¹	33,846	32,046	33,341
Lease liability	1,243	1,091	1,243
Derivatives	0	0	0
Non-interest-bearing liabilities	2,129	2,478	1,633
Total equity and liabilities	89,106	94,307	92,083

¹Of which current, SEK 5,797m (2,413).

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 2022, 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
Total other comprehensive income for the period			2,401	2,401	0	2,401
TRANSACTIONS WITH SHAREHOLDERS						
Share buybacks			-796	-796		-796
Approved but unpaid dividend			-314	-314		-314
Cash dividend			-951	-951		-951
Total transactions with shareholders			-2,061	-2,061	0	-2,061
Shareholders' equity, 31 December 2022, according to adopted Statement of financial position	5,097	3,017	37,400	45,514	0	45,514
Profit/loss for the period			-2,535	-2,535		-2,535
Other comprehensive income			0	0		0
Total other comprehensive income for the period			-2,535	-2,535	0	-2,535
TRANSACTIONS WITH SHAREHOLDERS						
Share buybacks			0	0		0
Approved but unpaid dividend			-566	-566		-566
Cash dividend			-189	-189		-189
Total transactions with shareholders			-755	-755	0	-755
Shareholders' equity, 30 Jun 2023	5,097	3,017	34,110	42,224	0	42,224

Statement of cash flows

SEKm	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Operations			
Net operating income	1,268	1,086	2,161
Central administration	-55	-55	-102
Reversal of depreciation and impairment	4	4	88
Interest received	12	8	16
Interest paid	-524	-295	-674
Income tax paid	0	0	0
Cash flow before changes in working capital	705	748	1,489
Change in working capital			
	177	-24	-152
Change in current receivables	-84	21	646
Change in current liabilities	231	271	9
Total change in working capital	324	457	503
Cash flow from operating activities	1,029	1,205	1,992
Investing activities			
Business acquisition, net cash outflow	0	26	26
Investments in new-builds, extensions and conversions	-1,361	-1,087	-2,214
Acquisition of properties	-78	-968	-1,068
Divestment of properties	484	0	0
Other non-current financial assets	-86	74	24
Cash flow from investing activities	-1,041	-1,955	-3,232
Financing activities			
Dividend to shareholders	-503	-319	-951
Treasury share buybacks	0	-524	-796
Borrowings	10,807	13,494	26,095
Repayment of debt	-10,303	-11,847	-23,152
Cash flow from financing activities	1	804	1,196
Cash flow for the period	-11	54	-44
Cash and cash equivalents at beginning of period	87	131	131
Cash and cash equivalents at end of period	76	185	87

Group

Key performance indicators

	2023	2022	2022
Financial ¹	Jan-Jun	Jan-Jun	Jan-Dec
Return on equity, %	-11.6	18.8	5.2
Interest coverage ratio, multiple	2.6	3.8	3.4
Equity/assets ratio, %	47	51	49
Loan-to-value ratio, properties, %	40	36	38
Debt ratio, multiple	14.6	15.1	15.6
Debt/equity ratio, multiple	0.8	0.7	0.7
Share-based ¹			
Earnings per share, SEK ²	-8.06	13.71	7.49
Equity per share, SEK	134	151	145
Cash flow from operating activities per share, SEK	3.27	3.78	6.29
Average no. of shares, thousands	314,577	319,170	317,221
No. of shares outstanding at end of period, thousands	314,577	317,352	314,577
Property-related			
No. of properties	102	102	102
Carrying amount, properties, SEKm	83,520	88,480	86,348
Lettable area, sqm	1,298	1,294,000	1,290,000
Projekt & development properties, SEKm	716	845	892
Financial occupancy rate, %	91	89	89
Total return on properties, %	-3.0	5.1	2.4
Surplus ratio, %	74	73	74

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

²Definition according to IFRS.

EPRA key performance indicators

	2023	2022	2022
	Jan-Jun	Jan-Jun	Jan-Dec
EPRA Earnings (income from property mgmt after tax), SEKm	637	647	1,248
EPRA Earnings (EPS), SEK/share	2:03	2:03	3:93
EPRA NRV (long-term net asset value), SEKm	50,709	57,997	54,334
EPRA NRV, SEK/share	161	183	173
EPRA NTA (long-term net asset value), SEKm	47,325	54,224	50,629
EPRA NTA, SEK/share	150	171	161
EPRA NDV (net asset value), SEKm	42,585	48,517	45,623
EPRA NDV, SEK/share	135	153	145
EPRA Vacancy rate, %	9	11	11

Deferred tax

	2023	2022	2022
Deferred tax attributable to:	Jun 30	Jun 30	31 Dec
- tax loss carryforwards, SEKm	-399	-362	-573
- difference between carrying amount and tax value of properties, SEKm	9,600	10,829	10,439
- derivatives, SEKm	327	303	348
- other, SEKm	-20	-22	-19
Net debt, deferred tax, SEKm	9,508	10,748	10,195

Quarterly Group overview

Condensed income statement

	2023			2022			2021	
SEKm	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Rental income	855	829	781	771	717	762	746	721
Sales property projects	122	187	163	104	22	7	62	-
Net sales	977	1,016	944	875	739	769	808	721
Property expenses	-213	-231	-207	-186	-190	-208	-177	-152
Costs property projects	-116	-165	-252	-98	-10	-14	-71	-
Gross profit	648	620	485	591	539	547	560	569
<i>of which gross profit property management</i>	642	598	574	585	527	554	569	569
<i>Surplus ratio</i>	75%	72%	74%	76%	74%	73%	76%	79%
<i>of which gross profit property projects</i>	6	22	-89	6	12	-7	-9	-
Central administration	-29	-26	-25	-22	-30	-25	-25	-24
Net interest expense	-239	-221	-189	-159	-137	-127	-130	-124
Ground rent	-12	-12	-12	-11	-10	-11	-9	-9
Share in profit of associated companies	-17	-10	-24	9	-15	-3	22	-9
Profit/loss from property management	351	351	235	408	347	381	418	404
Realised changes in value of properties	0	0	0	0	0	74	0	0
Unrealised changes in value of properties	-1,715	-2110	-3,665	253	1,020	2,159	2,165	881
Unrealised changes in value, fixed-income derivatives	117	-217	-61	277	657	881	140	124
Changes in value, equities	1	-1	-3	1	-1	0	0	1
Profit/loss before tax	-1,246	-1,977	-3,494	939	2,023	3,495	2,723	1,411
Current tax	0	0	-3	0	0	0	0	0
Deferred tax	294	393	768	-211	-428	-713	-465	-315
Profit/loss for the period	-952	-1,584	-2,729	728	1,595	2,782	2,258	1,096

Condensed financial position

	2023			2022			2021	
SEKm	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Assets								
Goodwill	205	205	205	205	205	205	205	-
Properties	83,520	84,994	86,348	89,373	88,480	85,996	83,257	80,369
Right-of-use asset, leasehold	1,243	1,243	1,243	1,090	1,091	1,092	1,092	897
Other property, plant and equipment	25	25	25	18	19	20	22	21
Derivatives	1,589	1,472	1,689	1,750	1,473	817	121	94
Non-current financial assets	514	490	456	450	757	756	832	1,595
Development properties	716	795	892	957	845	875	821	-
Current assets	1,122	1,333	1,042	1,250	1,157	1,384	1,411	449
Short-term investments	96	96	96	95	95	95	96	96
Cash and cash equivalents	76	82	87	114	185	197	131	85
Total assets	89,106	90,735	92,083	95,302	94,307	91,437	87,988	83,605
Equity and liabilities								
Shareholders' equity	42,224	43,175	45,514	48,232	47,765	46,351	45,174	43,007
Deferred tax	9,508	9,802	10,195	10,957	10,748	10,317	9,603	9,135
Other provisions	156	157	157	167	179	197	197	181
Interest-bearing liabilities	33,846	33,976	33,341	32,882	32,046	30,669	30,399	28,393
Lease liability	1,243	1,243	1,243	1,091	1,091	1,092	1,093	897
Derivatives	0	0	-	-	-	1	186	299
Non-interest-bearing liabilities	2,129	2,382	1,633	1,974	2,478	2,810	1,336	1,693
Total equity and liabilities	89,106	90,735	92,083	95,302	94,307	91,437	87,988	83,605

Key performance indicators

	2023			2022			2021	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Financial¹								
Return on equity, %	-8.9	-14.3	-23.3	6.1	13.6	24.3	12.5	10.3
Interest coverage ratio, multiple ²	2.5	2.6	2.8	3.5	3.6	4	4.1	4.3
Equity/assets ratio, %	47	48	49	51	51	51	51	51
Loan-to-value ratio, properties, %	40	40	38	36	36	35	36	35
Debt ratio, multiple	14.6	15.4	15.6	15.4	15.1	14.5	14.7	14
Debt/equity ratio, multiple	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7
Share-based¹								
Earnings per share for the period, SEK ²	-3:03	-5:04	-8:68	2:30	5:01	8:69	7:02	3:40
Equity per share, SEK	134	137	145	153	151	145	141	134
Cash flow from operating activities per share, SEK	1:8	1:44	1:49	0:97	1:90	1:88	1:03	1:36
No. of shares outstanding at the end of the period, thousands	314,577	314,577	314,577	314,577	317,352	318,998	321,332	321,998
Average no. of shares, thousands	314,577	314,577	317,221	318,102	318,175	320,165	321,665	321,998
Property-related								
Financial occupancy rate, %	91	90	89	90	89	89	90	91
Total return on properties, %	-1.3	-1.7	-3.4	0.9	5.1	3.3	8.7	1.9
Surplus ratio, %	76	72	73	74	73	73	76	79

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

²Definition according to IFRS.

Group

Reconciliation of key performance indicators

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

	2023	2022	2022		
Equity/assets ratio	Jun 30	Jun 30	31 Dec		
Shareholders' equity, SEKm	42,224	47,765	45,514		
Total assets, SEKm	89,106	94,307	92,083		
Equity/assets ratio	47%	51%	49%		
	2023	2022	2022		
Loan-to-value ratio, properties	Jun 30	Jun 30	31 Dec		
Interest-bearing liabilities, SEKm	33,846	32,046	33,341		
Carrying amount, properties, SEKm	83,520	88,480	86,348		
	716	845	892		
Loan-to-value ratio, properties	40%	36%	38%		
	2023	2022	2022		
Debt ratio	Jun 30	Jun 30	31 Dec		
Gross profit	2,343	2,215	2,161		
Reversal of impairment	81	-	81		
Central administration, SEKm	-102	-103	-102		
Total, SEKm	2,322	2,112	2,140		
Interest-bearing liabilities, SEKm	33,846	32,046	33,341		
Debt ratio, multiple	14.6	15.1	15.6		
	2023	2022	2022		
Interest coverage ratio, multiple	Jun 30	Jun 30	31 Dec		
Gross profit	1,268	1,086	2,161		
Reversal of impairment	-	-	81		
Ground rent, SEKm	-23	-20	-42		
Central administration, SEKm	-55	-55	-102		
Total, SEKm	1,190	1,011	2,098		
Net interest expense, SEKm	-460	-264	-612		
Interest coverage ratio, multiple	2.6	3.8	3.4		
	2023	2022	2023	2022	2022
Return on equity	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Profit/loss for the period, SEKm	-952	1,595	-2,535	4,377	2,376
Average equity, SEKm	42,700	47,058	43,869	46,469	45,344
Return on equity	-8.9%	13.6%	-11.6%	18.8%	5.2%
	2023	2022	2023	2022	2022
Total return on properties	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net operating income, SEKm	642	539	1,241	1,081	2,240
Unrealised and realised changes in the value of properties, SEKm	-1,715	1,020	-3,825	3,253	-159
Market value including investments for the period, SEKm	85,235	87,460	87,345	85,227	86,507
Total return on properties	-1.3%	1.8	-3.0%	5.1	2.4
	2023	2022	2023	2022	2022
Debt/equity ratio	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Interest-bearing liabilities, SEKm	33,846	32,046	33,846	32,046	33,341
Shareholders' equity, SEKm	42,224	47,765	42,224	47,765	45,514
Debt/equity ratio	0.8	0.7	0.8	0.7	0.7
	2023	2022	2023	2022	2022
Equity per share	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Shareholders' equity, SEKm	42,224	47,765	42,224	47,765	45,514
No. of shares outstanding at end of period, million	315	317	315	317	315
Equity per share	134	151	134	151	154
	2023	2022	2023	2022	2022
Cash flow per share	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Cash flow from operating activities, SEKm	577	603	1,029	1,205	1,992
Average number of shares, million	315	318	315	319	317
Cash flow per share	1.8	1.9	3.3	3.8	6.3

Group

Reconciliation of EPRA key performance indicators

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

	2023 Jan-Jun			2022 Jan-Jun			2022 Jan-Dec		
EPRA NRV, EPRA NTA & EPRA NDV	NRV	NTA	NDV	NRV	NTA	NDV	NRV	NTA	NDV
Shareholders' equity, SEKm	42,224	42,224	42,224	47,765	47,765	47,765	45,514	45,514	45,514
Reversal of approved but unpaid dividend, SEKm	566	566	566	957	957	957	314	314	314
Reversal of fixed-income derivatives according to balance sheet, SEKm	-1,589	-1,589	-1,589	-1,473	-1,473	-1,473	-1,689	-1,689	-1,689
Reversal of deferred tax according to balance sheet, SEKm	9,508	9,508	9,508	10,748	10,748	10,748	10,195	10,195	10,195
Reversal of goodwill according to balance sheet, SEKm	-	-205	-205	-	-205	-205	-	-205	-205
Deduction of actual deferred tax, SEKm	-	-3,179	-3,179	-	-3,568	-3,568	-	-3,500	-3,500
Deduction of fixed-income derivatives according to balance sheet, SEKm	-	-	1,589	-	-	1,473	-	-	1,689
Deduction of deferred tax according to balance sheet after adjustment of estimated actual deferred tax, SEKm	-	-	-6,329	-	-	-7,180	-	-	-6,695
NAV, SEKm	50,709	47,325	42,585	57,997	54,224	48,517	54,334	50,629	45,623
Number of shares outstanding, millions	314.6	314.6	314.6	317.4	317.4	317.4	314.6	314.6	314.6
NAV, SEK per share	161	150	135	183	171	153	173	161	145

	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
EPRA EPS			
Profit/loss from property management, SEKm	703	729	1,373
Deduction for tax depreciation, SEKm	-384	-330	-767
Total, SEKm	319	399	606
Nominal tax (20.6%), SEKm	66	82	125
EPRA earnings in total (profit/loss from property management less nominal tax), SEKm	637	647	1,248
Number of shares, millions	314.6	319.2	317.2
EPRA EPS, SEK per share	2.03	2.03	3.93

	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
EPRA Vacancy rate			
Estimated market value of vacant property rents, SEKm	319	342	363
Annual rental value, entire portfolio, SEKm	3,563	3,195	3,313
EPRA Vacancy rate, %	9%	11%	11%

Parent Company

Profit and loss account

SEKm	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Income	229	181	352
Expenses	-336	-290	-422
Net financial items	653	-39	1,033
Share in profit of associated companies	0	0	0
Changes in value, fixed-income derivatives	-100	1,538	1,753
Changes in value, equities	-1	-1	-3
Appropriation	0	0	398
Profit/loss before tax	445	1,389	3,111
Current tax	0	0	-
Deferred tax	60	-288	-428
Profit/loss for the period	505	1,101	2,683

Balance sheet

SEKm	2023 Jun 30	2022 Jun 30	2022 31 Dec
Investments in Group companies	13,400	13,400	13,400
Other non-current assets	49,490	48,283	46,340
<i>of which, receivables from Group companies</i>	<i>47,838</i>	<i>46,949</i>	<i>44,629</i>
Current assets	92	64	134
Cash and cash equivalents	3	2	24
Total assets	62,985	61,749	59,898
Shareholders' equity	12,155	11,083	12,404
Provisions	369	79	382
Non-current liabilities	44,418	47,685	44,156
<i>of which, liabilities to Group companies</i>	<i>16,026</i>	<i>18,025</i>	<i>13,972</i>
Current liabilities	6,043	2,902	2,956
Total equity and liabilities	62,985	61,749	59,898

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 most recent 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 503m (526) 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, 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.

No reclassifications have been made during the period.

NOTE 4 EU TAXONOMY

Percentage of activities eligible for the taxonomy:

Key ratios	Total, SEKm	Activities eligible for the taxonomy, %	Activities not eligible for the taxonomy 2023 Q2, %
Revenue	1,685	100	64
Operating expenditure	81	100	53
Capital expenditure	1,424	100	25

Fabège 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 Construction of new buildings

7.7 Acquisition and ownership of buildings

The proportion of Fabège'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, 64 per cent of its revenue, 53 per cent of operating expenditure and 25 per cent of capital expenditure are aligned with the taxonomy, based on fulfilment of objective 1, including the DNSH criteria. The outcome is based on the 2022 primary energy rating. 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 fair competition.

The full tables are only presented annually and can be found in Fabege's Annual and Sustainability Report for 2022 on pages 134–136.



LETTER OF INTENT REGARDING LETTING OF NÖTEN 4

In June, a letter of intent was signed regarding the letting of all the space at Nöten 4 (formerly the Swedish Tax Agency's premises) in Solna Strand.

The total area of the property amounts to 66,000 sqm. The letter of intent will be converted into a lease agreement in the third quarter of 2023, and handover is scheduled for mid-2025.

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 public-services property. The large number of residential development rights that we hold means that together we have a great opportunity to create mixed-use developments in our city districts. The concentration of our properties in well-contained clusters ensures greater customer proximity and, when coupled with Fabège's thorough knowledge of the market, creates a solid foundation for efficient property management and high occupancy rates. At 30 June 2023, Fabège owned 102 properties with a total market value of SEK 83.5bn. Their rental value stood at SEK 4.0bn. This has been supplemented by Birger Bostad's development portfolio, comprising ongoing and future residential development projects with a value of SEK 716m.

BUSINESS CONCEPT

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

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

BUSINESS MODEL

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

STRATEGY FOR GROWTH

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

VALUE DRIVERS

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

Stockholm is growing

Stockholm is one of the five metropolitan areas in Western Europe with the highest rate of population growth. The

population of Stockholm County is forecast to continue to grow over the next 20 years. The most significant growth is in people in the active labour force, which is boosting demand for office premises.

Changing demand

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

Economic trends

The property market is impacted by trends in both the Swedish and the global economy. Demand for premises is closely linked to GDP growth and companies' need for premises. Changes in market interest rates affect required rates of return.

Sustainable urban development

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

Business model

PROPERTY MANAGEMENT

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

PROPERTY DEVELOPMENT

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

TRANSACTIONS

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

Definitions

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

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.

LOAN-TO-VALUE RATIO, PROPERTIES

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

RETURN, SHARE

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

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.

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.

INVESTMENT PROPERTIES*

Properties that are being actively managed on an ongoing basis.

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.

RENTAL VALUE*

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

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.

LEASE VALUE*

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

LAND AND PROJECT PROPERTIES*

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

NET LETTINGS*

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

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.

INTEREST COVERAGE RATIO

Ratio of gross earnings, including ground rent less central administration costs, to net interest items (interest expenses less interest income).

DEBT RATIO

Interest-bearing liabilities divided by rolling twelve-month gross earnings less central administration costs.

DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity.

EQUITY/ASSETS RATIO

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

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.

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.

RETENTION RATE*

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

SURPLUS RATIO*

Net operating income divided by rental income.

CALENDAR

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 2023

12/04/2023	Invitation to Fabege's presentation of the interim report Jan–Mar 2023
26/04/2023	Interim report Jan–March 2023
17/05/2023	Flemingsberg Block Party aims to create a sense of community and pride in the ongoing urban development
09/05/2023	Festival programme for Flemingsberg Block Party announced
05/06/2023	Fabege welcomes Coor's head office and service functions to Haga Norra
07/06/2023	Fabege publishes updated prospectus for MTN
21/06/2023	Invitation to Fabege's presentation of the interim report Jan–Jun 2023
27/06/2023	Fabege has signed a letter of intent regarding the letting of Nöten 4

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There will also be a web presentation on the Group's website on 7 July 2023, during which Stefan Dahlbo and Åsa Bergström will present the report.

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