

Q4

2023

Summary, SEKm

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Net sales	894	944	3,930	3,327
Gross profit	605	485	2,528	2,161
Profit/loss from property management	345	235	1,458	1,373
Profit/loss before tax	-2,961	-3,494	-7,380	2,964
Profit/loss after tax	-1,991	-2,729	-5,518	2,376
Net lettings	168	17	165	86
Surplus ratio, %	76	73	75	74
Loan-to-value ratio, %			42	38
EPRA NRV, SEK per share			150	173

Jan-Dec 2023¹

- Rental income totalled SEK 3,366m (3,032). On a like-for-like basis, income rose by 11 per cent (5) compared with the previous year.
- Net operating income amounted to SEK 2,524m (2,240). On a like-for-like basis, net operating income rose by 14 per cent (3).
- The surplus ratio was 75 per cent (74).
- Revenue from residential development amounted to SEK 553m (295) and gross earnings totalled SEK 4m (-79).

- Net interest items amounted to SEK -962m(-612).
- Profit from property management amounted to SEK 1,458m (1,373).
- Realised and unrealised changes in the value of properties amounted to SEK -7,831m (-159) and SEK -1,003m (1,753) for fixed-income derivatives.
- Pre-tax earnings for the year totalled SEK -7,380m (2,964).
- Post-tax earnings for the year totalled SEK -5,518m (2,376), corresponding to earnings per share of SEK -17.54 (7.49).
- Net lettings amounted to SEK 165m (86).

- Leases totalling SEK 151m (174) were renegotiated, with an average decline in rental value of 3.2 per cent (increase: 7). Leases worth SEK 340m (341) were also extended on unchanged terms.
- The equity/assets ratio was 47 per cent (49). The loan-to-value ratio stood at 42 per cent (38).
- The Board proposes a dividend of SEK 1.80 per share (2.40), to be paid quarterly in the amount of SEK 0.45 per share on each occasion.

See page 26 for key performance indicator definitions.

¹⁾ The comparison figures for income and expense items relate to values for the Jan-Dec 2022 period and for balance sheet items at 31 December 2022.

Message from the CEO



2023 was an unsettling year. There were concerns about geopolitical developments and the economy, and there were also too many concerns about the trend for individual and household finances. The year was also characterised by rising interest rates, volatile currencies and continued high food and electricity prices. In addition, several countries were affected by various types of extreme weather. However, towards the end of the year the krona strengthened somewhat, inflation expectations and interest rates came down and share prices went up.

Navigating this operating environment is no easy task. We have had many years of incredibly favourable conditions for our industry. A strong economy and low, one could even say ridiculously low interest rates have boosted the property market. Things aren't as simple in today's market as they used to be; we're back to a reality that requires balanced finances and reduced risk-taking. This is also reflected in the fact that projects are finding it hard to make a profit, the rental market is more challenging, yields are going up and having a negative impact on values. The capital market is challenging. There is a long list of negative events and hurdles.

However, the factors we can work with and influence internally have moved in the right direction. We have increased our rental income in comparable properties. On a like-for-like basis, rental income increased by 11 per cent, mainly driven by the index increase that came into effect at the beginning of 2023. The surplus ratio has increased and is consistent with our long-term target of 75 per cent, and even reached 76 per cent in the fourth quarter.

Despite the sharp rise in interest rates, earnings from property management increased both in the quarter and for the full year. We have strengthened and developed the organisation. We have made some sales and have a fundamentally strong balance sheet. Owing to our long-term efforts, we enjoy a high level of confidence from our banks and the financial markets. The list of

positive events and strengths is also long.

We made one of the biggest lettings of the year when we finalised the lease with Saab for the entire Nöten 4 property during the quarter, with a total rent of approximately SEK 160m for 66,000 sqm. The deal with Saab is very exciting and will mean a lot for Solna Strand and the surrounding area. Work is now proceeding to adapt the property to Saab's preferences and they move in during the fall of 2025. Net rental income for the year totalled SEK 165m, one of the strongest figures ever for Fabege.

The funding concerns that existed in the market at the end of 2022 and during 2023 now seem unjustified from our perspective. In the last quarter of the year, short-term interest rates stabilised, while longer-term market rates saw a significant decline. The assessment is that the interest rate peak has been reached and that the first interest rate cuts may come in the spring. The interest rate trend is of course the main reason for the sharp rise in interest costs during the year. However, costs did fall in the last quarter as a result of stabilised interest rates, reduced debt and the active use of fixed-income derivatives.

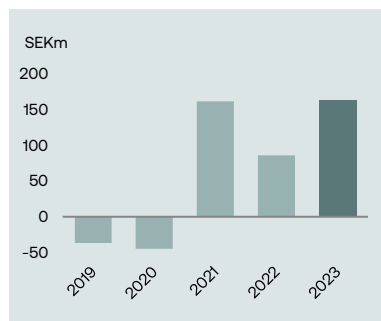
It is generally a tougher rental market and decisions are taking longer, which has been a mantra during the year. Of course our customers are also impacted by the new market situation and geopolitical turmoil, and it is therefore particularly important that we maintain close relationships with them. Our vacancy rate fell to 9 per cent. The target is ultimately to reduce vacancies to around 5 per cent. It's a tough goal, but not impossible if we offer the right products and are responsive to the changing needs of our customers. Proof from our customers that we are on the right track is the fact that our Customer Satisfaction Index (CSI) rating increased from 78 to 81 during the year. All of our districts improved their performance.

In the post-pandemic era, there has been much discussion about the office of the future. Offices are important for creating community, a sense of belonging and dedication. I feel there is more interest than

OPERATIONAL TARGETS

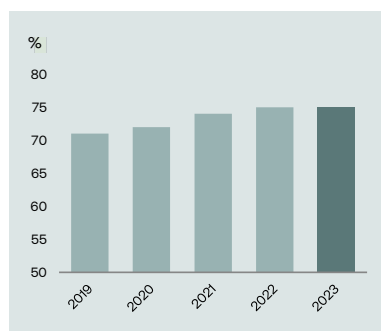
- Net lettings of at least SEK 80m per year.
- Surplus ratio of 75 per cent.
- Investment volume of approximately SEK 2,500m per year.

NET LETTINGS



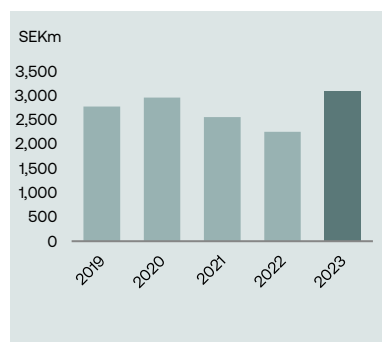
Target: SEK 80m per year

SURPLUS RATIO



Target: 75%

INVESTMENT VOLUME



Target: SEK 2.5bn per year over a business cycle

FINANCIAL TARGETS

Fabège'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 31/12/2023

- Loan-to-value ratio of 42 per cent
- Interest coverage ratio of 2.5x
- Debt ratio of 13.5x
- Equity/assets ratio of 47 per cent

ever in the design and function of offices. We have therefore also strengthened the organisation by taking on a number of talented employees who will be able to actively advise in dialogues with our current and potential customers on the design of attractive working environments.

For the first time in many years, we have seen a slight decrease in the number of office workers in Stockholm for several consecutive quarters. This trend is partly offset by the fact that the supply of new offices in 2024 and 2025 is very low. I believe the market as a whole will find a balance. Our core assumption is that there will continue to be healthy demand for flexible offices in central locations and in areas with good public transport connections. However, the situation may be more challenging in some sub-markets where public transport connections are less developed and properties less flexible.

On the subject of transport in Stockholm, the year has unfortunately been characterised by significant disruption, delays and other problems. This has had an extremely negative impact on travellers and is a major problem for the entire region. During the year, we have actively highlighted the deficiencies and the problems this causes for individuals and businesses. Problems and challenges in the country's infrastructure are, regrettably, a recurring theme. The continued development of Stockholm, which is the location of our operations, requires a major overhaul of the transport sector as a whole.

Unfortunately, we have not seen construction costs fall as we had hoped. They remain high, which means that, like the entire industry, we will be very cautious about launching new projects. It would be a huge step for us to start a new office project in the near future without having secured most of the lettings in advance. However, our ambition is to continue working on the planning processes in our neighbourhoods during 2024.

Our property management team does excellent work in our properties every day, seeking more cost-effective solutions and boosting our revenue. Our average energy consumption in 2023 was a low, at 71 kWh/sqm. We have been actively working to improve our energy efficiency for some time now, and we are proud of the fact that we now rank among the most energy-efficient companies in the sector. The target is average energy use of 70 kWh/sqm by 2025

In terms of sustainability, we have continued to be at the forefront. In particular, I would like to highlight our new reuse strategy, our reuse hub and our sustainability house. The goal is for 20 per cent of the materials used in major renovations to be reused. This is an important step towards

achieving our goal of being carbon neutral by 2030.

We work actively, mainly in Huddinge and Solna, with various initiatives to improve safety and increase well-being in the districts in which we operate. We do this mainly by focusing on starting and participating in various initiatives to promote a good education, meaningful leisure time and job creation activities. During the year, we organised a considerable number of activities in partnership with municipalities, other businesses and various associations.

However, the total transaction volume for offices in Stockholm remained low during the year. This is partly because many properties in Stockholm have large, long-term institutional owners, and we are not seeing any owners under pressure to sell in our market. We sold two office properties outside our prioritised districts and land during the year at a total carrying amount of about SEK 3.9bn

Due to the market situation and the low level of transactions on the market, we have chosen to have a larger than normal proportion of our properties independently valued over the last five quarters. 70 per cent of the portfolio was independently valued in the fourth quarter, while the remaining properties were internally valued in dialogue with external partners. Since the peak in the third quarter of 2022, we have written down our values by around 13 per cent. Higher yield requirements have been partly offset by higher rents. Yield requirements at the end of the year are at about the same level as in 2017.

During the year, we sold the last apartments in Arenastaden/Haga Norra's phase one, which means that all 418 apartments have been sold. At the end of the year, we decided to continue the development of the area and began construction on 285 new apartments, 75 of which are rental apartments. The apartments are expected to be ready for occupation in 2025/2026. We believe underlying demand for housing in Solna remains good and the supply of new housing in 2025 will be low.

One thing is certain, and that is that we will not achieve our goals unless we work as a team, with all employees supporting and helping one another. I am therefore proud that we were recognised as one of Sweden's best workplaces in the Great Place to Work employee survey.

I am optimistic for this year, but at the same time we must not underestimate the potential impact of the geopolitical situation on our operating environment. We will continue to look after our customers, employees, partners, properties and areas every day, with the aim of emerging even stronger by the end of 2024.

Stefan Dahlbo, CEO

Earnings Jan–Dec 2023¹

Post-tax earnings for the year totalled SEK –5,518m (2,376), corresponding to earnings per share of SEK –17.54 (7.49). Pre-tax earnings for the year amounted to SEK –7,380m (2,964). The increase in net operating income was offset by higher interest costs. Negative changes in the value of the property portfolio and derivatives portfolio meant that pre-tax earnings decreased compared with the same period

FOURTH QUARTER IN BRIEF

- New lettings totalled SEK 222m (100).
- Net lettings amounted to SEK 168m (17).
- Rental income totalled SEK 827m (781).
- The surplus ratio was 76 per cent (73).
- Revenue from residential development amounted to SEK 67m (163) and gross earnings totalled SEK –19m (–89).
- Net interest items amounted to SEK –237m (–189).
- Profit from property management totalled SEK 345m (235).
- Unrealised changes in value in the property portfolio amounted to SEK –2,415m (–3,665), of which projects accounted for SEK –168m (–377).
- Unrealised changes in value in the derivatives portfolio totalled SEK –888m (–61).
- Earnings after tax for the quarter amounted to SEK –1,991m (–2,729).

RENTAL INCOME AND NET OPERATING INCOME

Rental income increased to SEK 3,366m (3,032) and net operating income amounted to SEK 2,524m (2,240). Other income of SEK 11m related to electricity subsidies. On a like-for-like basis, income rose by approximately 11 per cent (5). The increase in income was mainly attributable to the index increase that came into effect at year-end, 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 mainly related to higher winter costs at the start of the year. Net operating income rose by approximately 14 per cent (3) on a like-for-like basis. The surplus ratio was 75 per cent (74).

PROFIT FROM RESIDENTIAL DEVELOPMENT

Revenue from residential development totalled SEK 553m (295). Residential development costs amounted to SEK –549m (–374), of which administrative costs accounted for SEK –26m (–34) and impairment of development rights SEK –6m (–81). Gross earnings therefore totalled SEK 4m (–79). 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. Seven projects were completed and finalised during the period, including one co-owned project. The latter is recognised under the item 'Share in profit/loss of associated companies'.

CENTRAL ADMINISTRATION

Central administration costs amounted to SEK –97m (–102).

NET FINANCIAL ITEMS

Net interest items amounted to SEK –962m (–612). During the period, the average interest rate gradually increased as the

Riksbank's policy rate hikes impacted the market rate (STIBOR). The average rate at 31 December 2023 was 3.13 per cent (2.39). Ground rent amounted to SEK –45 (–42).

SHARE IN PROFIT/LOSS OF ASSOCIATED COMPANIES

The share in the profit/loss of associated companies totalled SEK 34m (–32), of which SEK –80m (–56) related to contributions to Arenabolaget, SEK 103m to income recognition relating to the joint venture project in Haga Norra, SEK 1m related to Urban Services and SEK 9m related to contributions from co-owned projects 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 five quarters. Approximately 70 per cent of the portfolio was independently valued in the fourth 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 78.1bn (86.3). Unrealised changes in value totalled SEK –7,831m (–233). The average yield requirement rose by 0.44 percentage points to 4.43 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

Tax income/expense for the period amounted to SEK 1,862m (–588) and related to deferred tax, of which SEK 477m related to reversed deferred tax on property sales. 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 Jan–Dec 2022 period and for balance sheet items at 31 December 2022.

CHANGES IN PROPERTY VALUES, JAN–DEC 2023

Changes in property values, SEKm

Opening fair value, 01/01/2023	86,348
Property acquisitions	78
Investments in new builds, extensions and	3,101
Unrealised changes in value	-7,831
Sales, disposals and other	-3,603
Closing fair value, 31/12/2023	78,093

AVERAGE YIELD REQUIREMENT, 31/12/2023

Area	Average yield requirement
Stockholm city	4.05%
Solna	4.61%
Hammarby Sjöstad	4.62%
Flemingsberg	5.13%
Other markets	5.12%
Average yield	4.43%

SEGMENT REPORTING

The Property Management segment generated net operating income of SEK 2,281m (2,128), representing a surplus ratio of 79 per cent (77). The occupancy rate stood at 91 per cent (89). Profit from property management amounted to SEK 1,372m (1,418). Unrealised changes in the value of properties amounted to SEK –6,228m (–157).

The Property Development segment generated net operating income of SEK 208m (84), resulting in a surplus ratio of 53 per cent (44). Profit from property management totalled SEK 111m (15). Unrealised changes in the value of properties amounted to SEK –731m (–94).

In the Projects segment, unrealised changes in value of SEK –852m (–12) 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 of SEK 4m (–79) from residential development and net operating income of SEK 20m (8). Profit from property management totalled SEK 33m (–83). Unrealised changes in value totalled SEK –20m (6). Further information about breakdown by segment is provided in the segment report and under Note 3 on pages 10 and 24.

GOODWILL

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

PROPERTIES

The property value recognised relates to Fabege's investment property portfolio, including project and land properties. At 31 December 2023, the total property value amounted to SEK 78.1bn (86.3).

DEVELOPMENT PROPERTIES

This refers to ongoing in-house projects and development properties for future construction within Birger Bostad. The value at year-end totalled SEK 519m (892), SEK 201m (573) of which relates to ongoing construction and SEK 318m (319) to development properties for future development.

FINANCIAL POSITION AND NET ASSET VALUE

Equity at the end of the period amounted to SEK 39,244m (45,514) and the equity/assets ratio was 47 per cent (49). Approved but unpaid dividends of SEK 189m have reduced shareholders' equity. Equity per share attributable to Parent Company shareholders totalled SEK 125 (145). EPRA NRV amounted to SEK 150 per share (173).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 1,316m (1,489). Changes in working capital had an impact on cash flow of SEK 252m (503). Investing activities had an impact of SEK –330m (–3,232) on cash flow, and cash flow from financing activities amounted to SEK –1,240m (1,196). In investing activities, cash flow is driven by property transactions and projects. Cash and cash equivalents declined by a total of SEK 2m (44) during the year.

ONE OF SWEDEN'S LARGEST RENTALS

Fabege and Saab AB have signed a lease for approximately 66,000 sqm of floorspace in the Nöten 4 property in Solna Strand. The lease covers the entire property and is for SEK 155m per year excluding supplements. The lease extends until 2045, with occupancy scheduled for autumn 2025.

In total, the investment including customisations for Saab and the amount already recognised in the basic building investment, is estimated to amount to SEK 1.2bn.

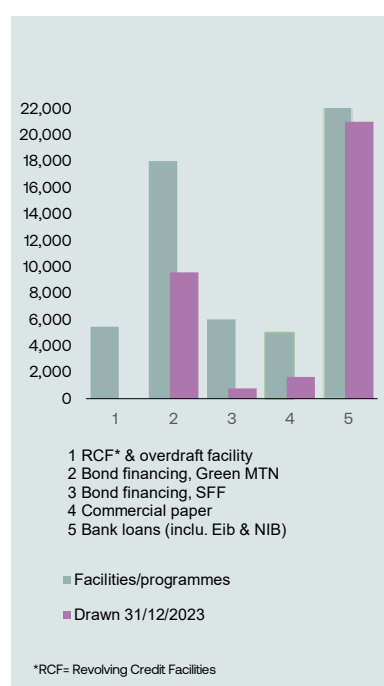
The project has been certified to BREEAM In-Use standard, with the aim of achieving Outstanding.



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
31 December 2023

Moody's Rating

Baa2

negative outlook

Revised in November 2023

FINANCING

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

The financial markets have had a turbulent year, with a historically rapid increase in the policy rate up to 4 per cent, resulting in rising short-term market interest rates. However, in the last quarter of the year, short-term interest rates stabilised, while longer-term market rates saw a significant decline. The conclusion is that the interest rate peak has been reached and that the first interest rate cuts may come in the spring. The interest rate trend is the main reason for the sharp rise in interest costs during the year. However, costs did fall in the last quarter as a result of stabilised interest rates, reduced debt and the active use of fixed-income derivatives.

Debt has been reduced during the year, while access to capital, including from the capital market, has been favourable. Undrawn credit lines also decreased slightly during the year, but increased in the last quarter. At year-end, the total loan volume amounted to just under SEK 33bn, of which SEK 12bn via the capital market and SEK 21bn via the banking market.

Overall, financing via the banking market increased by just over SEK 1.7bn, while financing via the capital market decreased by just over SEK 2.1bn.

Committed lines of credit and undrawn credit facilities, including the backup facility for the commercial paper programme, amounted to SEK 7.0bn at year-end.

At 31 December 2023, the fixed-term maturity was 4.1 years and the fixed-rate period was 2.1 years. Including the estimated maturity of the callable swaps in the derivatives portfolio, the adjusted maturity is 3.1 years. The derivatives portfolio consisted of traditional interest rate swaps totalling SEK 16.6bn and callable swaps totalling SEK 6.0bn. The traditional swaps mature in 2032 and carry fixed annual interest of between -0.15 and 1.30 per cent.

Net financial items included other financial expenses of SEK 37m, 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 63m (21) 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, 31/12/2023

	2023-12-31	2022-12-31
Interest-bearing liabilities, SEKm	32,982	33,341
of which outstanding MTN, SEKm	9,570	10,700
of which outstanding SFF, SEKm	764	600
of which outstanding commercial paper, SEKm	1,655	2,767
Undrawn facilities, SEKm ¹	6,960	7,260
Fixed-term maturity, years	4.1	4.7
Fixed-rate period, years ²	2.1	2.7
Fixed-rate period, percentage of portfolio, %	60	65
Derivatives, market value, SEKm	686	1,689
Average interest expenses, incl. committed credit facilities, %	3.13	2.39
Average interest expenses, excl. committed credit facilities, %	3.04	2.31
Unpledged assets, %	40.6	45.2
Loan-to-value ratio, %	42.0	38.2

¹Included credit facilities for commercial paper

²The fixed interest rate period adjusted by the estimated maturity of callable swaps amounted to 3.1 years (2.7)

SUPPLY OF CAPITAL



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

BREAKDOWN OF COLLATERAL



- Pledged assets 59%
- Unpledged assets 41%

INTEREST MATURITY STRUCTURE, 31/12/2023

	Amount, SEKm	Average interest rate,%	Percentage, %
< 1 year	16,556	5.07	50
1-2 years	2,600	0.97	8
2-3 years	3,100	0.93	9
3-4 years	3,250	1.04	10
4-5 years	3,276	1.57	10
5-6 years	2,000	0.60	6
6-7 years	800	0.39	2
7-8 years	900	0.72	3
8-9 years	500	0.81	2
9-10 years	0	0.00	0
11 years	0	0.00	0
Total	32,982	3.04	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, 31/12/2023

	Credit agreements, SEKm	Drawn, SEKm
Commercial paper programme	1,655	1,655
< 1 year	7,179	7,169
1-2 years	7,419	3,919
2-3 years	11,500	8,050
3-4 years	750	750
4-5 years	2,626	2,626
5-10 years	5,150	5,150
10-15 years	2,477	2,477
15-20 years	1,186	1,186
Total	39,942	32,982

GREEN FINANCING, 31/12/2023

	Credit facilities	Outstanding loans and bonds
Green MTN bonds, SEKm	9,570	9,570
Green bonds via SFF, SEKm	764	764
Green commercial paper, SEKm	1,655	1,655
Green loans, other, SEKm	27,953	20,993
Total green financing, SEKm	39,942	32,982
Green financing, %	10,000	100
Total green available borrowing facility, SEKm	46,518	
of which unrestricted green available borrowing facility, SEKm	17,110	

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.

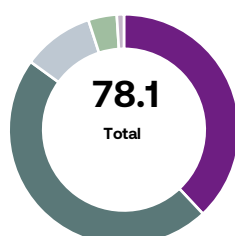
Operations

Jan-Dec 2023¹

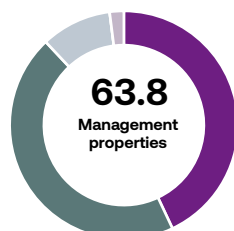
The Stockholm market generally continues to show stable rent levels, although we are seeing slightly lower activity levels in the rental market. Net lettings amounted to SEK 165m after the letting to Saab in the fourth quarter. The two properties sold to Nrep were vacated in October.

BREAKDOWN OF MARKET VALUE, 31/12/2023, SEKBN

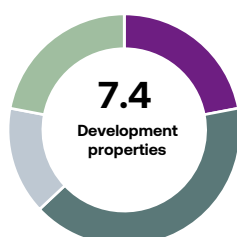
■ Inner city ■ Solna
■ Hammarby Sjöstad ■ Flemingsberg
■ Other markets



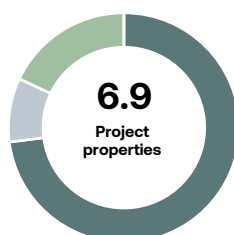
■ 38% ■ 47% ■ 10% ■ 4% ■ 1%



■ 43% ■ 45% ■ 10% ■ 0% ■ 2%



■ 22% ■ 41% ■ 15% ■ 22% ■ 0%



■ 0% ■ 73% ■ 9% ■ 18% ■ 0%

PROPERTY PORTFOLIO AND PROPERTY MANAGEMENT

Fabege's property management and urban and property development activities are concentrated on a few selected submarkets in and around Stockholm: Stockholm inner city, Solna, Hammarby Sjöstad and Flemingsberg. At 31 December 2023, Fabege owned 100 properties with a combined rental value of SEK 3.9bn, a lettable area of 1.2 million sqm and a carrying amount of SEK 78.1bn, of which development and project properties account for SEK 14.3bn.

OCCUPANCY RATE

The investment property portfolio's financial occupancy rate was 91 per cent (89) at the end of the year. 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 151 thousand sqm are being let for a current annual rent of SEK 259m. Significant ongoing projects make up a lettable area of approximately 145 thousand sqm, with a rental value of SEK 384m.

The project portfolio's occupancy rate at year-end was 84 per cent (36).

NET LETTINGS

During the year, 155 (152) new leases were signed with a combined rental value of SEK 382m (276), and 96 per cent (100) of the space related to green leases. Lease terminations amounted to SEK -217m (-190). Net lettings amounted to SEK 165m (86). Leases totalling SEK 151m (174) were renegotiated, with an average decline in rental value of 3.2 per cent (increase: 7). The decrease was due to renegotiations with a specific customer. Leases worth SEK 340m (341) were also extended on unchanged terms. The retention rate during the period was 69 per cent (77).

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. In June, a small property, Anoden 4, was acquired in Flemingsberg. In October, the properties Orgeln 7 and Glädjen were transferred to Nrep. The purchase prices for the divested properties amounted to SEK 3.9bn before deduction of deferred tax.

PROJECTS AND INVESTMENTS

The purpose of Fabege's project investments in the investment property portfolio is to reduce vacancy rates and increase rents in the property portfolio, thereby improving cash flows and values. Investments in existing properties and projects during the period totalled SEK 3,119m (2,257), of which SEK 2,094m (1,427) related to investments in project and development properties. Capital invested in the investment property portfolio amounted to SEK 1,007m (830), a significant proportion of which related to tenant customisations.

COMPLETED PROJECTS

The tenant customisation for Convendum in Hägern Mindre 7, Drottninggatan, was completed and taken over by the tenant in the summer. The construction of the multistorey car park at Semaforen 1, Arenastaden, was completed just before the end of the year and it was opened at the beginning of January 2024.

MAJOR ONGOING PROJECTS

New construction of premises for the Royal Swedish Opera and Royal Dramatic Theatre at the Regulatör 4 property in Flemingsberg is proceeding according to schedule. Works in progress relate to facade and interior works on room design and installations. 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.

¹The comparison figures for income and expense items relate to values for the Jan-Dec 2022 period and for balance sheet items at 31 December 2022.

TOTAL INVESTMENTS, JAN–DEC 2023

Total investments, SEKm	
Investments in investment properties	1,007
Investments in development properties	192
Investments in project properties	1,902
Total investments	3,101

PROPERTY ACQUISITIONS, JAN–DEC 2023

Property	Area	Category	Lettable area, sqm
Q1			
Klacken 2 (50%)	Råsunda	Garage	0
Q2			
Anoden 4	Flemingsberg	Office	992
Q3			
No purchase			
Q4			
No purchase			
Total			992

PROPERTY SALES, JAN–DEC 2023

Property	Area	Category	Lettable area, sqm
Q1			
No sales			
Q2			
Huvudsta 3:1	Huvudsta	Land	0
Q3			
No sales			0
Q4			
Glädjen 12	Stadshagen	Office	12,683
Orgeln 7	Sundbyberg	Office	39,207
Total			51,890

New construction of the office building at the Ackordet 1 property in Haga Norra is proceeding. The masonry facade is complete and internal work on installations and tenant customisations is ongoing. The investment is estimated at around SEK 1,441m. The occupancy rate is 66 per cent. The property is being certified to BREEAM-SE standard, Outstanding.

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 460m, with completion scheduled for 2024.

In Flemingsberg, the project at Separatör 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 the frame and facade. The investment is estimated at SEK 1,060m, excluding land acquisition. The property is being certified to BREEAM-SE standard, Excellent. Alfa Laval will take up occupancy on 30 April 2025.

Redevelopment of Nöten 4, Solna Strand, is underway with basic building investments and customisations for Saab, which has signed a lease for the entire property. The estimated investment amounts to almost SEK 1.2bn including the customisations for Saab. The property has been certified to BREEAM In-Use standard, Outstanding.

Basic building investments at the Påsen 1 property in Hammarby Sjöstad are underway. The frame of the extension is complete and facade work is ongoing. The investment is estimated to total SEK 416m, including investments for tenant customisations, which, however, will only be carried out once the lease has been signed. The property is being certified to BREEAM Bespoke standard, Excellent.

PROJECT COSTS

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 reinforcement. The current price level has stabilised at a higher level, which looks set to continue. 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.

BIRGER BOSTAD

Birger Bostad's project portfolio includes 21 projects, of which 2 are under construction, with an estimated investment volume of SEK 263m. The selling rate for BRF projects under construction was 95 per cent at year-end.

During the year, 7 projects in Landskrona, Sigtuna, Falun and Botkyrka were completed and finalised. A total of 31 homes were sold during the year. A further 3 homes have been sold since year-end, leaving 10 unsold in completed and ongoing projects.

In December, a decision was made to develop the next residential block in Haga Norra. The investment is estimated at SEK 855m. The project comprises a total of 285 apartments, including 75 rental apartments with possible occupancy in the second half of 2025. Preliminary design work has begun.

RESIDENTIAL DEVELOPMENT IN JOINT VENTURES

The residential project in cooperation with Brabo in Haga Norra is essentially complete, with some aftermarket activity still ongoing. All 418 apartments have been sold, of which 412 have been occupied. In the second half of the year, the project was settled with a profit of SEK 103m, which was recognised as profit in associated companies. A small part remains to be settled when the last apartments are occupied in the first half of 2024.

ONGOING PROJECTS > SEK 50M, 31/12/2023

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
Regulatorn 4	Workshops etc	Flemingsberg	Q2-2024	11,900	100%	24	426	465	393
Ackordet 1	Offices	Haga Norra	Q3-2024	27,000	66%	98	1,300	1,441	880
Påsen 1	Offices	Hammarby Sjöstad	Q1-2025	11,000	18%	38	585	416	252
Regulatorn 3 (part of)	Offices	Flemingsberg	Q1-2025	5,800	83%	10	650	193	105
Separatorn 1	Offices	Flemingsberg	Q2-2025	23,400	91%	59	618	1,060	620
Nöten 4 ²	Offices	Solna Strand	Q3-2025	66,000	100%	155	1,826	1,196	284
Total				145,100	84%	384	5,405	4,771	2,534
Other land and project properties							2,084		
Other development properties							6,781		
Total project, land and development properties							14,270		

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

² Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 384m (fully let) from SEK 8m in annualised current rent at 31 December 2023.

DEVELOPMENT RIGHTS, 31/12/2023

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	32,400	13	9,000	Inner city	3,600	0	0
Solna	307,800	21	7,000	Solna	209,900	44	9,400
Hammarby Sjöstad	49,000	75	6,000	Hammarby Sjöstad	24,600	18	14,900
Flemingsberg	268,700	6	4,700	Flemingsberg	264,500	0	5,200
Birger Bostad	-	-	-	Birger Bostad	117,500	82	5,300
Other	20,000	100	1,500	Other	-	-	-
Total	677,900	21	5,900	Total	620,100	31	7,000

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. The carrying amount also includes future, unpaid purchase prices for agreed land allocations.

PROPERTY PORTFOLIO, 31/12/2023

Property holdings	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value ²	Financial occupancy rate %
Management properties ¹	61	948	63,823	3,406	91
Development properties ¹	19	234	7,431	460	-
Land and project properties ¹	20	64	6,839	6	-
Total	100	1,246	78,093	3,872	-
Of which, Inner city	26	312	29,176	1,512	91
Of which, Solna	51	687	36,930	1,772	91
Of which, Hammarby Sjöstad	10	139	8,045	431	91
Of which, Flemingsberg	9	68	2,923	73	-
Of which, Other	4	40	1,019	84	73
Total	100	1,246	78,093	3,872	91

¹See definitions. ²In the rental value, time limited deductions of about SEK 129m (in rolling annual rental value at 30 Sep 2023) have not been deducted.

CONDENSED SEGMENT RAPPORTING

	2023 Jan-Dec	2023 Jan-Dec	2023 Jan-Dec	2023 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2022 Jan-Dec	2022 Jan-Dec	2022 Jan-Dec	2022 Jan-Dec
SEKm	Management	Development	Projects	Bostad	Total	Management	Development	Projects	Bostad	Total
Rental income	2,915	393	35	23	3,366	2,780	189	53	10	3,032
Contract sales, residential	-	-	-	553	553	-	-	-	295	295
Other income	8	2	1	0	11	-	-	-	-	-
Total net sales	2,923	395	36	576	3,930	2,780	189	53	305	3,327
Property expenses	-642	-187	-21	-3	-853	-652	-105	-33	-2	-792
Contract costs, residential development	-	-	-	-549	-549	-	-	-	-374	-374
Gross profit	2,281	208	15	24	2,528	2,128	84	20	-71	2,161
Of which net operating income property management	2,281	208	15	20	2,524	2,128	84	20	8	2,240
Sur plus ratio, property management	79%	53%	43%	87%	75%	77%	44%	38%	80%	74%
Of which gross profit residential development	-	-	-	4	4	-	-	-	-79	-79
Central administration	-82	-8	-7	-	-97	-85	-10	-7	-	-102
Net interest income/expense	-806	-89	-66	-1	-962	-510	-57	-33	-12	-612
Ground rent	-45	-	-	-	-45	-40	-1	-1	-	-42
Share in profits of associated companies	24	-	-	10	34	-75	-1	44	-	-32
Profit from property management	1,372	111	-58	33	1,458	1,418	15	23	-83	1,373
Realised changes in value properties	-	-	-	-	0	-	-	74	-	74
Unrealised changes in value properties	-6,228	-731	-852	-20	-7,831	-157	-94	12	6	-233
Profit before tax per segment	-4,856	-620	-910	13	-6,373	1,261	-79	109	-77	1,214
Changes in value interest rate derivatives & shares					-1,007					1,750
Profit before tax					-7,380					2,964
Market value properties	63,580	7,431	6,839	243	78,093	70,941	7,948	7,196	263	86,348
Project & development properties	-	-	-	519	519	-	-	-	892	892
Occupancy rate, %	91	-	-	-	-	89	-	-	-	-

¹Explanations 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 2030

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

71 kWh/sqm

Average
energy use 2023

TOP RANKING IN GRESB 2023

Fabege scored 93 points out of 100 in GRESB's annual evaluation of the property sector. The average score was 75. A total of 2,084 companies were evaluated.



SCIENCE BASED TARGETS

Our ambitious climate target has been approved by SBTi since 2020.



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 comfort, convenience, health and safety. By influencing everything from energy systems to sustainable travel, we can also help reduce our carbon footprint.

Examples of areas of work:

- Work-life balance
- District identity and attractiveness
- Outdoor environments – meeting places, green spaces
- Multifunctionality
- Bridging physical and social barriers
- Adaptation to climate change
- Energy system solution
- Public transport, accessibility and navigability
- Security measures
- Participation and dialogue

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 carbon footprint
- Circularity index 20 per cent for significant renovations

At the end of the year, we opened our new reuse hub in Solna, which is a cornerstone of our work on circular material flows, resource efficiency and reduced climate emissions. 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 in 2023 totalled 71 kWh/sqm (specific energy). 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 stepped up our energy efficiency measures in all types of energy.

ENVIRONMENTAL CERTIFICATION OF PROPERTIES

Ackordet 1, with the BREEAM rating 'Outstanding' at the design stage, won the 2023 BREEAM Building of the Year award. The comments highlighted active efforts to reduce carbon footprint and energy use, innovation in reuse, and the choice of circular and climate-smart materials.

All project properties and investment properties have been certified to BREEAM-SE/BREEAM In-Use since 2019. New builds are certified to BREEAM-SE standard, Excellent, and our investment properties to BREEAM In-Use standard, Very Good.

63 of Fabege's 100 properties were certified at the end of the period. Overall, this represents 82 per cent of the combined area of Fabege's existing portfolio. The properties for which certification has not yet begun include land and development properties for future project development.

CITY OF SOLNA COMMUNITY & SOCIAL RESPONSIBILITY (CSR) AWARD

In 2023, Fabege won the City of Solna's CSR award, with the comment "A company that has made a valuable contribution, through social responsibility, to help Solna residents access the labour market."

THE EU TAXONOMY

Fabège is subject to the EU's Non-Financial Reporting Directive. Reporting on the extent to which the Group's activities are covered by, and compliant with, the EU taxonomy can be found in Note 4 EU taxonomy, page 24.

The full tables in accordance with EU taxonomy objective 1, including DNSH criteria and minimum safeguards, are presented in the 2023 Annual Report.

CERTIFIED PROPERTIES

System	Quantity	Sqm, GLA	Target
BREEAM In-Use	47	713,454	72%
BREEAM-SE	14	357,941	26%
BREEAM Bespoke	1	7,423	1%
Miljöbyggnad	1	5,480	1%
Total certified properties	63	1,084,298	100%

SUSTAINABILITY PERFORMANCE MEASURES

	2023	2022	2021	Target
Energy performance, kWh/sqm Atemp	71	73	77	Max. 70 kWh/sqm*
Proportion of renewable energy, %	90	94	95	100
Environmental certification, number of properties	63	63	59	-
Environmental certification, % of total area	82	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, %	88	87	86	2023 at least 87
GRESB, points	93	94	93	>90

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

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

SOCIAL SUSTAINABILITY INITIATIVES

Fabège collaborates with customers, municipalities, authorities, other property owners and associations to create safe and attractive areas. We are continuing to focus on social sustainability in urban planning and projects as we develop the physical environment in our city districts. Fabège's actions are centred on networks and 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 Fabège's work on sustainability issues. The starting point is Fabège's annual Sustainability Report. The quarterly report has not been prepared in accordance with the GRI guidelines and therefore does not address certain issues.

In 2023, we started preparing for sustainability reporting under the new Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). In 2026, Fabège, which is already covered by the Non-Financial Reporting Directive, will report for the 2025 financial year.

An overall picture of the company's sustainability work is published once a year in the Sustainability Report; find out more at <https://www.fabège.se/en/sustainability>.

*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.

Other financial information

SENSITIVITY ANALYSIS – PROPERTY VALUES

Change in value, %	Impact on earnings after tax, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	620	47.5%	42.0%
0	0	47.2%	42.2%
-1	-620	46.9%	42.4%

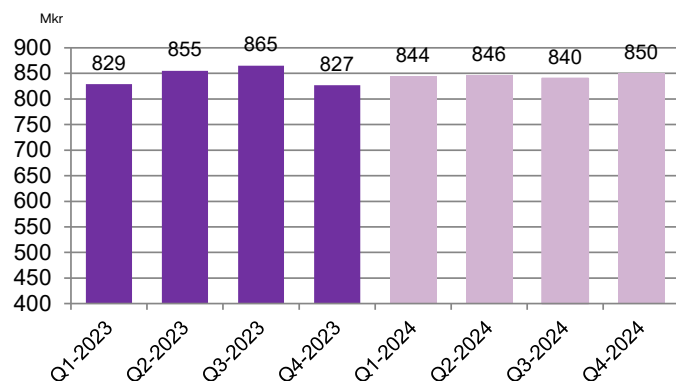
Earnings and key performance indicators are affected by realised and unrealised changes in the value of properties. The table shows the effect of a 1 percentage point change in value after the deduction of deferred tax.

SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change	Effect, SEKm
Rental income, total	1%	33.1
Rent level, commercial income	1%	32.3
Financial occupancy rate	1 percentage point	35.9
Property expenses	1%	-8.6
Interest expenses, LTM ¹	1 percentage point	123.0
Interest expenses, longer term perspective	1 percentage point	329.8

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

RENTAL INCOME – TREND FOR THE NEXT FOUR QUARTERS



The graph above shows the trend in contracted rental income, including announced occupancies and departures and renegotiations, but excluding letting targets. The decrease from Q4 2023 onwards is due to sold, vacated properties. The graph is not a forecast, but instead aims to show the rental trend for the existing lease portfolio on the balance sheet date.

HUMAN RESOURCES

At the end of the year, 228 people (231) were employed by the Group.

PARENT COMPANY

Revenue during the period amounted to SEK 443m (352) and earnings before appropriations and tax totalled SEK -309m (3,111). Net financial items include dividends from subsidiaries of SEK 750m (1,200). Net investments in property, equipment and shares totalled SEK 6m (0).

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date.

LEASE MATURITY STRUCTURE

Maturity, year	No. of leases	Annual rent, SEKm	Percentage, %
2024 ¹	579	552	17%
2025	308	516	16%
2026	287	580	17%
2027	134	457	14%
2028	59	170	5%
2029+	80	874	26%
Commercial	1,447	3,149	95%
Housing leases	199	33	1%
Indoor and outdoor parking	639	134	4%
Total	2,285	3,316	100%

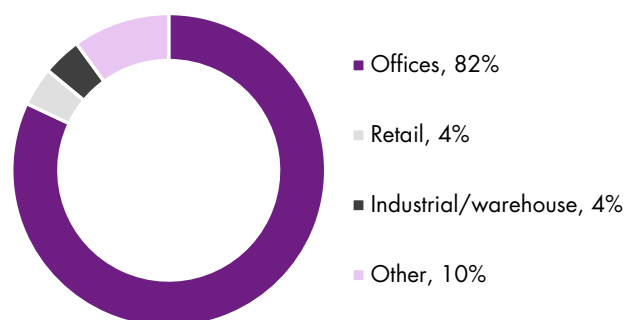
¹Of which just over SEK 192m has already been renegotiated.

LARGEST CUSTOMERS

	Share, %	Year of expiry
Skandinaviska Enskilda Banken AB	6.6%	2037
Ica Fastigheter AB	3.8%	2030
Convendum Stockholm City AB	3.6%	2034
Telia Sverige AB	3.6%	2031
Tieto Sweden AB	2.7%	2029
Carnegie Investment Bank AB	2.1%	2027
Bilia AB	1.7%	2041
Statens Skolverk	1.5%	2024
Svea Bank AB	1.5%	2027
Telenor Sverige AB	1.3%	2028
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 long-term 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 has been more cautious during the autumn, but with 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 and prices stabilised during the autumn and are closer to the banks' margins. Market interest rates have peaked and are expected to fall in 2024.

Roughly 60 per cent of Faberge's loan portfolio is at fixed rates, 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.

Although there have been few completed transactions on the transaction market, those that have been completed confirm that long-term investors remain willing to pay good prices for quality in Stockholm.

Faberge enjoys a 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 February 2024

Stefan Dahlbo

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

Share information

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

OWNERS*

Fabege had a total of 44,061 known shareholders at 31 December 2023, including 61.2 per cent Swedish ownership. The 15 largest shareholders control 57.5 per cent of the capital.

DIVIDEND 2023

The Board proposes a dividend of SEK 1.80 per share (2.40), to be paid quarterly in the amount of SEK 0.45 per share on each occasion.

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 September 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 during the period.

2024 ANNUAL GENERAL MEETING

Fabege's 2024 Annual General Meeting will be held on 9 April in Solna. Notice convening the AGM and documents will be published in March.

GREEN EQUITY DESIGNATION

Fabege shares are green according to the Nasdaq Green Equity Designation. The criteria are that at least 50 percent of turnover and 50 percent of investments must be considered to be green, and less than 5 percent of turnover linked to fossil fuels.



LARGEST SHAREHOLDERS, 31/12/2023*

	Number of shares*	Proportion of capital, %	Proportion of votes, %
Backahill AB	52,108,718	15.75	16.56
John Fredriksen	37,757,551	11.42	12.00
Nordea Funds	13,625,496	4.12	4.33
Länsförsäkringar Funds	12,748,388	3.85	4.05
Vanguard	10,347,668	3.13	3.29
BlackRock	9,742,504	2.95	3.10
Handelsbanken Funds	8,050,086	2.43	2.56
Third Swedish National Pension Fund	7,875,429	2.38	2.50
E.N.A City Aktiebolag	7,144,796	2.16	2.27
Folksam	6,949,420	2.10	2.21
Norges Bank	6,466,230	1.95	2.06
APG Asset Management	5,292,663	1.60	1.68
AFA Insurance	5,250,753	1.59	1.67
BNP Paribas Asset Managment	3,982,474	1.20	1.27
ACTIAM	3,003,692	0.91	0.95
Total 15 largest shareholders	190,345,868	57.54	60.51
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

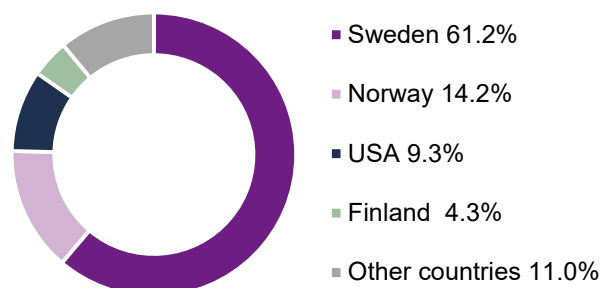
TURNOVER & TRADING, OCT-DEC 2023*

Highest price, SEK	113.7
Lowest price, SEK	75.6
VWAP, SEK	92.8
Average daily turnover, SEK	72,088,685
Number of traded shares	48,960,758
Average number of transactions	1,776
Number of transactions	111,874
Average value per transaction, SEK	40,596
Daily turnover relative to market capitalisation, %	0.23

SHARE DISTRIBUTION*

	2023	2022
Number of owners	44,061	44,962
Number of foreign owners	989	977
Foreign ownership, %	38.8	38.9
Fund ownership, %	30.1	30.6
Transparency ownership, %	15.9	15.9

COUNTRY DISTRIBUTION, 31/12/2023*



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

Financial data

Group

Condensed statement of comprehensive income

SEKm	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Rental income ¹	827	781	3,366	3,032
Sales residential projects	67	163	553	295
Other income ²	-	-	11	-
Net Sales	894	944	3,930	3,327
Property expenses	-203	-207	-853	-792
Residential projects expenses	-86	-252	-549	-374
Gross profit	605	485	2,528	2,161
<i>of wich gross profit property managment</i>	624	574	2,524	2,240
<i>Surplus ratio, %</i>	76%	73%	75%	74%
<i>of wich gross profit property projects</i>	-19	-89	4	-79
Central administration	-16	-25	-97	-102
Net interest expense	-237	-189	-962	-612
Ground rent	-10	-12	-45	-42
Share in profit of associated companies	3	-24	34	-32
Profit/loss from property management	345	235	1,458	1,373
Realised changes in value of properties	0	0	0	74
Unrealised changes in value of properties	-2,415	-3,665	-7,831	-233
Unrealised changes in value, fixed-income derivatives	-888	-61	-1,003	1,753
Changes in value of shares	-3	-3	-4	-3
Profit/loss before tax	-2,961	-3,494	-7,380	2,964
Current tax	-1	-3	-1	-3
Deferred tax	971	768	1,863	-585
Profit/loss for period/year	-1,991	-2,729	-5,518	2,376
<i>Items that will not be restated in profit or loss</i>	-	-	-	-
Revaluation of defined-benefit pensions	3	10	3	25
Comprehensive income for the period/year	-1,988	-2,719	-5,515	2,401
Of which attributable to non-controlling interests	0	0	0	0
Total comprehensive income attributable to Parent Company shareholders	-1,988	-2,719	-5,515	2,401
Earnings per share, SEK	-6:33	8:68	-17:54	7:49
No. of shares outstanding at period end, thousands	314,577	314,577	314,577	314,577
Average no. of shares, thousands	314,577	314,577	314,577	317,221

¹ On-charging, service and other income amounts to SEK 89 (88) for the period Jan-Dec 2023.

² Refers to electricity support

³ Earnings per share are the same before and after dilution.

Condensed statement of financial position

SEKm	2023 Dec 31	2022 Dec 31
Assets		
Goodwill	205	205
Properties	78,093	86,348
Right-of-use asset	949	1,243
Other property, plant and equipment	30	25
Derivatives	925	1,689
Non-current financial assets	1,319	456
Development properties	519	892
Current assets	997	1,042
Short-term investments	98	96
Cash and cash equivalents	85	87
Total assets	83,220	92,083
Equity and liabilities		
Shareholders' equity	39,244	45,514
Deferred tax	8,305	10,195
Other provisions	158	157
Interest-bearing liabilities ¹	32,982	33,341
Lease liability	949	1,243
Derivatives	240	0
Non-interest-bearing liabilities	1,342	1,633
Total equity and liabilities	83,220	92,083

¹Of which current, SEK x,xxxm (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 pos	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			-5,518	-5,518		-5,518
Other comprehensive income			3	3		3
Total other comprehensive income for the period			-5,515	-5,515	0	-5,515
TRANSACTIONS WITH SHAREHOLDERS						
Share buybacks			-	-		-
Approved but unpaid dividend			-189	-189		-189
Cash dividend			-566	-566		-566
Total transactions with shareholders			-755	-755	0	-755
Shareholders' equity, 31 Dec 2023	5,097	3,017	31,130	39,244	0	39,244

Statement of cash flows

SEKm	2023 Jan-Dec	2022 Jan-Dec
Operations		
Net operating income	2,528	2,161
Central administration	-97	-102
Reversal of depreciation and impairment	11	88
Interest received	24	16
Interest paid	-1,150	-674
Income tax paid	0	0
Cash flow before changes in working capital	1,316	1,489
Change in working capital		
	373	-152
Change in current receivables	44	646
Change in current liabilities	-163	9
Total change in working capital	254	503
Cash flow from operating activities	1,570	1,992
Investing activities		
Business acquisition, net cash outflow	-	26
Investments in new-builds, extensions and conversions	-2,978	-2,114
Acquisition of properties	-78	-1,068
Divestment of properties	2,977	0
Other non-current financial assets	-253	24
Cash flow from investing activities	-332	-3,232
Financing activities		
Dividend to shareholders	-881	-951
Treasury share buybacks	-	-796
Borrowings	22,275	26,095
Repayment of debt	-22,634	-23,152
Cash flow from financing activities	-1,240	1,196
Cash flow for the period	-2	-44
Cash and cash equivalents at beginning of period	87	131
Cash and cash equivalents at end of period	85	87

Group

Key performance indicators

	2023	2022
	Jan-Dec	Jan-Dec
Financial¹		
Return on equity, %	-13.0	5.2
Interest coverage ratio, multiple	2.5	3.4
Equity/assets ratio, %	47	49
Loan-to-value ratio, properties, %	42	38
Debt ratio, multiple	13.5	15.6
Debt/equity ratio, multiple	0.8	0.7
Share-based¹		
Earnings per share, SEK ²	-17.54	7.49
Equity per share, SEK	125	145
Cash flow from operating activities per share, SEK	4.99	6.29
Average no. of shares, thousands	314,577	317,221
No. of shares outstanding at end of period, thousands	314,577	314,577
Property-related		
No. of properties	100	102
Carrying amount, properties, SEKm	78,093	86,348
Lettable area, sqm	1,246,000	1,290,000
Projekt & development properties, SEKm	519	892
Financial occupancy rate, %	91	89
Total return on properties, %	-6.2	2.4
Surplus ratio, %	75	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
	Jan-Dec	Jan-Dec
EPRA Earnings (income from property mgmt after tax), SEKm	1,314	1,248
EPRA Earnings (EPS), SEK/share	4.18	3.93
EPRA NRV (long-term net asset value), SEKm	47,052	54,334
EPRA NRV, SEK/share	150	173
EPRA NTA (long-term net asset value), SEKm	44,177	50,629
EPRA NTA, SEK/share	140	173
EPRA NDV (net asset value), SEKm	39,228	45,623
EPRA NDV, SEK/share	125	145
EPRA Vacancy rate, %	9	11
EPRA Rental growth identical portfolio	11	5

Deferred tax

	2023	2022
	Dec 31	Dec 31
Deferred tax attributable to:		
- tax loss carryforwards, SEKm	-410	-573
- difference between carrying amount and tax value of properties, SEKm	8,596	10,439
- derivatives, SEKm	141	348
- other, SEKm	-22	-19
Net debt, deferred tax, SEKm	8,305	10,195

Quarterly Group overview

Condensed income statement

	2023				2022			
SEKm	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Rental income	827	854	855	829	781	771	717	762
Sales property projects	67	177	122	187	163	104	22	7
Other income	-	11	-	-	-	-	-	-
Net sales	894	1,042	977	1,016	944	875	739	769
Property expenses	-203	-206	-213	-231	-207	-186	-190	-208
Costs property projects	-86	-182	-116	-165	-252	-98	-10	-14
Gross profit	605	654	648	620	485	591	539	547
<i>of which gross profit property management</i>	624	659	642	598	574	585	527	554
<i>Surplus ratio</i>	76%	76%	75%	72%	74%	1%	74%	73%
<i>of which gross profit property projects</i>	-19	-5	6	22	-89	6	12	-7
Central administration	-16	-26	-29	-26	-25	-22	-30	-25
Net interest expense	-237	-265	-239	-221	-189	-159	-137	-127
Ground rent	-10	-12	-12	-12	-12	-11	-10	-11
Share in profit of associated companies	3	59	-17	-10	-24	9	-15	-3
Profit/loss from property management	345	410	351	351	235	408	347	381
Realised changes in value of properties	0	0	0	0	0	0	0	74
Unrealised changes in value of properties	-2415	-1,591	-1,715	-2,110	-3,665	253	1,020	2,159
Unrealised changes in value, fixed-income derivatives	-888	-15	117	-217	-61	277	657	881
Changes in value, equities	-3	-1	1	-1	-3	1	-1	0
Profit/loss before tax	-2,961	-1,197	-1,246	-1,977	-3,494	939	2,023	3,495
Current tax	-1	0	0	0	-3	0	0	0
Deferred tax	971	205	294	393	768	-211	-428	-713
Profit/loss for the period	-1991	-992	-952	-1,584	-2,729	728	1,595	2,782

Condensed financial position

	2023				2022			
SEKm	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Assets								
Goodwill	205	205	205	205	205	205	205	205
Properties	78,093	82,700	83,520	84,994	86,348	89,373	88,480	85,996
Right-of-use asset, leasehold	949	1,243	1,243	1,243	1,243	1,090	1,091	1,092
Other property, plant and equipment	30	28	25	25	25	18	19	20
Derivatives	925	1,574	1,589	1,472	1,689	1,750	1,473	817
Non-current financial assets	1,319	531	514	490	456	450	757	756
Development properties	519	563	716	795	892	957	845	875
Current assets	997	1,107	1,122	1,333	1,042	1,250	1,157	1,384
Short-term investments	98	97	96	96	96	95	95	95
Cash and cash equivalents	85	58	76	82	87	114	185	197
Total assets	83,220	88,106	89,106	90,735	92,083	95,302	94,307	91,437
Equity and liabilities								
Shareholders' equity	39,244	41,232	42,224	43,175	45,514	48,232	47,765	46,351
Deferred tax	8,305	9,303	9,508	9,802	10,195	10,957	10,748	10,317
Other provisions	158	155	156	157	157	167	179	197
Interest-bearing liabilities	32,982	34,563	33,846	33,976	33,341	32,882	32,046	30,669
Lease liability	949	1,243	1,243	1,243	1,243	1,091	1,091	1,092
Derivatives	240	0	0	-	-	-	-	1
Non-interest-bearing liabilities	1,342	1,610	2,129	2,382	1,633	1,974	2,478	2,810
Total equity and liabilities	83,220	88,106	89,106	90,735	92,083	95,302	94,307	91,437

Key performance indicators

	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial¹								
Return on equity, %	-19.8	-9.5	-8.9	-14.3	-23.3	6.1	13.6	24.3
Interest coverage ratio, multiple ²	2.4	2.3	2.5	2.6	2.8	3.5	3.6	4.0
Equity/assets ratio, %	47	47	47	48	49	51	51	51
Loan-to-value ratio, properties, %	42	41.5	40	40	38	36	36	35
Debt ratio, multiple	13.5	14.5	14.6	15.4	15.6	15.4	15.1	14.5
Debt/equity ratio, multiple	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7
Share-based¹								
Earnings per share for the period, SEK ²	-6.33	-3.15	-3.03	-5.04	-8.68	2.30	5.01	8.69
Equity per share, SEK	125	131	134	137	145	153	151	145
Cash flow from operating activities per share, SEK	1.15	0.60	1.80	1.44	1.49	0.97	1.90	1.88
No. of shares outstanding at the end of the period, thousands	314,577	314,577	314,577	314,577	314,577	314,577	317,352	318,998
Average no. of shares, thousands	314,577	314,577	314,577	314,577	317,221	318,102	318,175	320,165
Property-related								
Financial occupancy rate, %	91	91	91	90	89	90	89	89
Total return on properties, %	-2.2	-1.1	-1.3	-1.7	-3.4	0.9	5.1	3.3
Surplus ratio, %	76	76	76	72	73	74	73	73

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		
Equity/assets ratio	Dec 31	Dec 31		
Shareholders' equity, SEKm	39,244	45,514		
Total assets, SEKm	83,220	92,083		
Equity/assets ratio	47%	49%		
	2023	2022		
Loan-to-value ratio, properties	Dec 31	Dec 31		
Interest-bearing liabilities, SEKm	32,982	33,341		
Carrying amount, properties, SEKm	78,093	86,348		
	519	892		
Loan-to-value ratio, properties	42%	38%		
	2023	2022		
Debt ratio	Dec 31	Dec 31		
Gross profit	2,528	2,161		
Reversal of impairment	6	81		
Central administration, SEKm	-97	-102		
Total, SEKm	2,437	2,140		
Interest-bearing liabilities, SEKm	32,982	33,341		
Debt ratio, multiple	13.5	14.7		
	2023	2022		
Interest coverage ratio, multiple	Dec 31	Dec 31		
Gross profit	2,528	2,161		
Reversal of impairment	6	81		
Ground rent, SEKm	-45	-42		
Central administration, SEKm	-97	-102		
Total, SEKm	2,392	2,098		
Net interest expense, SEKm	-962	-612		
Interest coverage ratio, multiple	2.5	3.4		
	2023	2022	2023	2022
Return on equity	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Profit/loss for the period, SEKm	-1,991	-2,729	-5,517	2,376
Average equity, SEKm	40,238	46,873	42,379	45,344
Return on equity	-19.8%	-23.3%	-13.0%	5.2%
	2023	2022	2023	2022
Total return on properties	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net operating income, SEKm	624	574	2,524	2,240
Unrealised and realised changes in the value of properties, SEKm	-2,415	-3,665	-7,831	-159
Market value including investments for the period, SEKm	80,508	90,013	85,924	86,507
Total return on properties	-2.2%	-3.4%	-6.2%	2.4%
	2023	2022	2023	2022
Debt/equity ratio	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Interest-bearing liabilities, SEKm	32,982	33,341	32,982	33,341
Shareholders' equity, SEKm	39,244	45,514	39,244	45,514
Debt/equity ratio	0.8	0.7	0.8	0.7
	2023	2022	2023	2022
Equity per share	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Shareholders' equity, SEKm	39,244	45,514	39,244	45,514
No. of shares outstanding at end of period, million	315	315	315	315
Equity, SEK per share	125	145	125	145
	2023	2022	2023	2022
Cash flow per share	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow from operating activities, SEKm	366	481	1,570	1,992
Avergae number of shares, million	315	317	315	317
Cash flow, SEK per share	1.2	1.5	5.0	6.3

Group

Reconciliation of EPRA key performance indicators

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

	2023			2022		
	Jan-Dec			Jan-Dec		
EPRA NRV, EPRA NTA & EPRA NDV	NRV	NTA	NDV	NRV	NTA	NDV
Shareholders' equity, SEKm	39,244	39,244	39,244	45,514	45,514	45,514
Reversal of approved but unpaid dividend, SEKm	189	189	189	314	314	314
Reversal of fixed-income derivatives according to balance sheet, SEKm	-686	-686	-686	-1,689	-1,689	-1,689
Reversal of deferred tax according to balance sheet, SEKm	8,305	8,305	8,305	10,195	10,957	10,195
Reversal of goodwill according to balance sheet, SEKm	-	-205	-205	-	-205	-205
Deduction of actual deferred tax, SEKm	-	-2,670	-2,670	-	-3,500	-3,500
Deduction of fixed-income derivatives according to balance sheet, SEKm	-	-	686	-	-	1,689
Deduction of deferred tax according to balance sheet after adjustment of estimated actual deferred tax, SEKm	-	-	-5,634	-	-	-6,695
NAV, SEKm	47,052	44,177	39,229	54,334	50,629	45,623
Number of shares outstanding, millions	314.6	314.6	314.6	314.6	314.6	314.6
NAV, SEK per share	150	140	125	173	161	145

	2023		2022	
	Jan-Dec		Jan-Dec	
EPRA EPS				
Profit/loss from property management, SEKm	1,458		1,373	
Deduction for tax depreciation, SEKm	-758		-767	
Total, SEKm	700		606	
Nominal tax (20.6%), SEKm	144		125	
EPRA earnings in total (profit/loss from property management less nominal tax), SEKm	1,314		606	
Number of shares, millions	314.6		317.2	
EPRA EPS, SEK per share	4:18		3:93	

	2023		2022	
	Jan-Dec		Jan-Dec	
EPRA Vacancy rate				
Estimated market value of vacant property rents, SEKm	317,980		363	
Annual rental value, entire portfolio, SEKm	3,406,109		3,313	
EPRA Vacancy rate, %	9%		11%	

	2023		2022	
	Jan-Dec		Jan-Dec	
EPRA rental growth identical portfolio				
Change, %	11		5	
Change, SEKm	321		134	
Rental growth identical portfolio, SEKm	3,202		3,006	
	2,881		2,872	

Parent Company

Profit and loss account

SEKm	2023	2022
	Jan-Dec	Jan-Dec
Income	443	352
Expenses	-449	-422
Net financial items	512	1,033
Share in profit of associated companies	0	0
Changes in value, fixed-income derivatives	-1,003	1,753
Changes in value, equities	-8	-3
Appropriation	196	398
Profit/loss before tax	-309	3,111
Current tax	-	-
Deferred tax	169	-428
Profit/loss for the period	-140	2,683

Balance sheet

SEKm	2023	2022
	Dec 31	Dec 31
Investments in Group companies	13,400	13,400
Other non-current assets	47,244	46,340
<i>of which, receivables from Group companies</i>	46,299	44,629
Current assets	472	134
Cash and cash equivalents	1	24
Total assets	61,117	59,898
Shareholders' equity	11,509	12,404
Provisions	220	382
Non-current liabilities	42,591	44,156
<i>of which, liabilities to Group companies</i>	16,702	13,972
Current liabilities	6,797	2,956
Total equity and liabilities	61,117	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 490m (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. Fabege's operations are 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 that property are allocated to the respective segments based on the period of time for which the property belonged to each segment. 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.

In the fourth quarter, the parking property Semaforen 1 was completed and reclassified from project to investment property.

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, %
Revenue	3,377	100	66
Operating expenditure	155	100	53
Capital expenditure	3,116	100	23

Faberge 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 Faberge'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, 66 per cent of its revenue, 53 per cent of operating expenditure and 23 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 2023 on pages 134–136.

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 31 December 2023, Fabège owned 100 properties with a total market value of SEK 78.1bn. Their rental value stood at SEK 3.9bn. This has been supplemented by Birger Bostad's development portfolio, comprising ongoing and future residential development projects with a value of SEK 519m.

BUSINESS CONCEPT

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

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

BUSINESS MODEL

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

STRATEGY FOR GROWTH

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

VALUE DRIVERS

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

STOCKHOLM IS GROWING

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

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

Changing demand

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

Economic trends

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

Sustainable urban development

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

Business model

PROPERTY MANAGEMENT

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

PROPERTY DEVELOPMENT

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

TRANSACTIONS

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

Definitions

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

ACTUAL DEFERRED TAX

Estimated actual deferred tax has been calculated as approximately 4 per cent based on a 3 per cent discount rate. Furthermore, it has been assumed that loss carry forwards are realised over four years with a nominal tax rate of 20.6 per cent, which results in a net present value for deferred tax assets of 19.7 per cent. The calculation is also based on the property portfolio being realised over 50 years, 10 per cent being sold directly with a nominal tax rate of 20.6 per cent, and the remaining 90 per cent being sold indirectly via companies with a nominal tax rate of 6 per cent, which results in a net present value for deferred tax liabilities of 4 per cent.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

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

DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity.

DEBT RATIO

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

DEVELOPMENT PROPERTIES*

Properties for which a redevelopment or extension is in progress or planned that has a significant impact on the property's net operating income. Net operating income is affected by limitations on lettings prior to imminent improvement work.

EARNINGS PER SHARE

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

EPRA EPS

Profit from property management less tax at the nominal rate attributable to profit from property management, divided by the average number of shares. Taxable profit from property management is defined as the profit from property management less such items as tax-deductible depreciation and amortisation and redevelopments.

EPRA NDV – NET DISPOSAL VALUE

Shareholders' equity according to the balance sheet.

EPRA NRV – NET REINVESTMENT VALUE

Shareholders' equity according to balance sheet following the reversal of fixed-income derivatives and deferred tax according to the balance sheet.

EPRA NTA – NET TANGIBLE ASSETS

Shareholders' equity according to the balance sheet following the reversal of fixed-income derivatives and deferred tax according to the balance sheet. Adjusted for actual deferred tax instead of nominal deferred tax.

EPRA VACANCY RATE

Estimated market vacant rents divided by the annual rental value for the entire property portfolio.

EQUITY PER SHARE

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

EQUITY/ASSETS RATIO

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

FINANCIAL OCCUPANCY RATE*

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

INTEREST COVERAGE RATIO

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

INVESTMENT PROPERTIES*

Properties that are being actively managed on an ongoing basis.

LAND AND PROJECT PROPERTIES*

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

LEASE VALUE*

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

LIKE-FOR-LIKE*

The properties owned by Fabege throughout the financial period and during the corresponding financial period in the previous year.

LOAN-TO-VALUE RATIO, PROPERTIES

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

NET LETTINGS*

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

RENTAL VALUE*

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

RETENTION RATE*

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

RETURN 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.

RETURN, SHARE

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

SURPLUS RATIO*

Net operating income divided by rental income.

TOTAL RETURN ON PROPERTIES

Net operating income for the period plus unrealised and realised changes in the value of properties, divided by the market value at the start of the period plus investments for the period.

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

CALENDAR

09/04/2024	Annual general meeting 2024
25/04/2024	Interim report Jan–Mar 2024
05/07/2024	Interim report Jan–Jun 2024
22/10/2024	Interim report Jan–Sep 2024

PRESS RELEASES DURING THE FOURTH QUARTER 2023

03/10/2023	Faberge's Nominating Committee for the 2024 AGM
11/10/2023	Faberge maintains its top GRESB ranking
19/10/2023	Interim Report Jan–Sep 2023
26/10/2023	Faberge agrees one of Sweden's largest lettings
30/10/2023	Faberge first to implement a full-scale reuse hub
03/11/2023	The Swedish National Agency for Education chooses Faberge and Solna Business Park
03/11/2023	Moody's affirms Faberge rating Baa2, negative outlook
08/11/2023	New home in Solna for AIK Fotboll
29/11/2023	Faberge's share turns green
14/12/2023	Faberge and the City of Solna take the next step in the development of Arenastaden
15/12/2023	Mia Häggström joins Faberge's Executive Management Team
19/12/2023	Faberge and Birger Bostad to develop new residential properties in Haga Norra

FOLLOW US ONLINE, WWW.FABERGE.SE/EN

There will also be a web presentation on the Group's website on 7 February 2024, during which Stefan Dahlbo and Åsa Bergström will present the report.

Faberge AB (publ)
Box 730, SE-169 27 Solna
Visitors: Gårdsvägen 6, 7tr
169 70 Solna

Phone: +46 (0) 8 555 148 00
Email: info@faberge.se

Corporate registration
number: 556049-1523
www.faberge.se/en



STEFAN DAHLBO
President and CEO Faberge

+46 (0) 8 555 148 10
stefan.dahlbo@faberge.se



ÅSA BERGSTRÖM
Vice President and CFO

+46 (0) 8 555 148 29
asa.bergstrom@faberge.se