Fabege

ANNUAL REPORT

2023

Fabege is a property company and urban developer that takes a comprehensive approach via solutions in response to constantly changing needs. The whole person, the whole company, the whole location. The whole time.

Fabege Annual Report 2023

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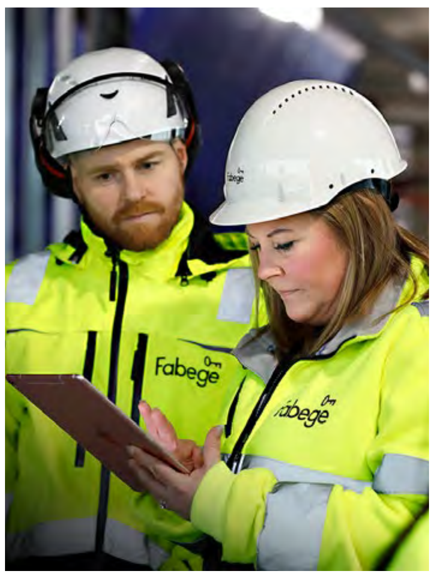
About this report

The statutory annual accounts are on pages 43–116. The audited Sustainability Report is on pages 73–89. The Annual Report is published in Swedish and English. The Swedish version is the original version.

Cover photo: Ackordet 1, Haga Norra.



This is Fabege

We develop safe, attractive and sustainable urban districts in Stockholm. With a focus on commercial property in a number of well-located submarkets, we create offices, workplaces and environments that boost people's wellbeing and enhance their performance. Via our subsidiary Birger Bostad, we are expanding our remit to include the development of residential areas in our neighbourhoods. Fabege is keen to be a supportive partner that puts people front and centre and enables companies, locations and the city to develop. Value is created via property management and the development of existing properties, project development and transactions.

We are a significant owner with a sound knowledge of our market

We are one of the largest property owners in Stockholm with a property portfolio spread across selected districts, all of which are characterised by good rail connections for commuting. We have a sound knowledge of the market owing to our compact portfolio in clusters, and in-house property management. This approach creates a firm foundation for effective property management and a high occupancy rate.

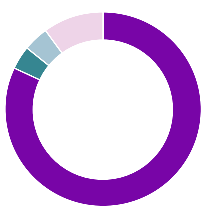
Find out more on **pages 13–17**

We are a driving force in the development of a sustainable city

Our significant holdings in our neighbourhoods enable us to take overall responsibility for ensuring access to green spaces, restaurants and services. Sustainability is a priority, and we are actively engaged in reducing our carbon footprint, improving energy efficiency and promoting good health in our districts. All our investment properties and projects are environmentally certified to BREEAM-SE or BREEAM In-Use standard.

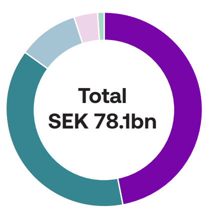
Find out more on **pages 22–42**

Rental value by type of remises



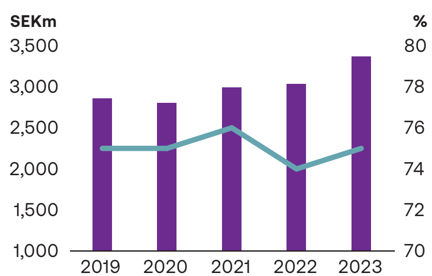
- Offices: **82%**
- Shops/restaurants: **4%**
- Industry/logistics: **4%**
- Other: **10%**

Property value by area



- Solna: **47%**
- Inner city: **38%**
- Hammarby Sjöstad: **10%**
- Flemingsberg: **4%**
- Other markets: **1%**

Rental income and surplus ratio



- Rental income, SEKm
- Net operating income, %

Vision
The success factor for a new era
We will be a supportive partner that puts people front and centre. Our innovative, responsible and flexible ethos enables companies, locations and our city to develop.

Mission
Turning vision into reality
We help people and companies thrive and achieve their goals. We bring places to life. No dream is too big or too small for us.

Properties
100

Certified properties, area
82 %

Employees
228

Property value
78.1 SEKbn

2023 in brief

Sweden's largest letting

We signed a lease with Saab AB for approximately 66,000 sqm in the Nöten 4 property in Solna Strand, with occupancy scheduled for autumn 2025. The lease runs until 2045 with a rental value of SEK 155m per year, excluding supplements.

Persistent top ranking in GRESB

We scored 93 points in the investment property portfolio and 98 points in the project portfolio out of a possible 100 for each section. This gave us the highest rating of 5 stars, and put us in first place in the office sector among listed property companies in Northern Europe.

JM relocates its head office to Haga Norra

JM has signed a lease for 6,500 sqm for its headquarters in the Ackordet 1 property, with occupancy scheduled for 2025. We also sold building rights for just short of 42,500 sqm in Huvudsta to JM, corresponding to roughly 450 apartments.

SEK 3.4bn deal with Nrep

We signed an agreement with Nrep on the sale of the Orgeln 7 property in Sundbyberg and Glädjen 12 in Stadshagen, in a transaction worth SEK 3.4bn.

CSI rating of 81

We exceeded our target and increased from 79 in the last survey conducted in 2021. 95 per cent of customers say they are likely to recommend Fabege as a landlord. All our market areas improved their performance.

Poolen named Building of the Year

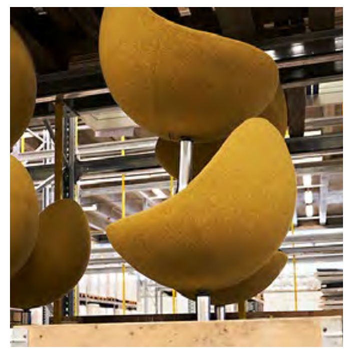
The Poolen block is an innovative building featuring a swimming pool and office building. Swedish Building of the Year is the construction industry's most prestigious competition that highlights all aspects and stakeholders involved in a successful construction project.

Fabege one of Sweden's best workplaces in 2023

We advanced to 20th place among Sweden's Best Workplaces™ for medium-sized organisations in Great Place To Work's annual employee survey, with a Trust Index score of 88.

Reuse hub in Solna Business Park

Around 2,000 sqm in Solna Business Park are assigned for the collection of building materials, fixtures and fittings, equipment and furniture for reuse, and everything is documented in a digital marketplace. The reuse hub is an important cornerstone of Fabege's reuse strategy and contributes to the company's goal of halving its CO_2 emissions from construction projects by 2030.



Green share

We were awarded the *Nasdaq Green Equity Designation.* The green share transparently discloses the company's climate impact, with the aim being to ensure greater visibility for investors seeking sustainable investments.

Key performance indicators

	2023	2022
Equity, SEK per share	125	145
EPRA NRV, SEK per share	150	173
Total return on properties, %	–6.2	2.4
Surplus ratio, %	75	74
Equity/assets ratio, %	47	49
Loan-to-value ratio, %	42	38
Interest coverage ratio, times	2.5	3.4
Debt ratio, times	13.5	15.6

Rental income

3,366 SEKm

2022: 3,032 SEKm

Net reinstatement value/share (EPRA NRV/share)

150 SEK/share

2022: 173 SEK/share

Profit/loss from Property Management

1,458 SEKm

2022: 1,373 SEKm

Proportion of green financing

100%

2022: 100%

Well equipped for the future after an unsettled year

As we enter 2024, we leave behind yet another year of turbulence and uncertainty. In 2023, we had to operate with a backdrop of war in a region that is on our doorstep, persistently growing geopolitical uncertainty and greater insecurity and violence in our society.

Meanwhile, the economic situation has deteriorated, interest rates have been extremely volatile, the housing market has been and remains nervous, and the Swedish krona has continued to weaken. Naturally, this level of uncertainty and unrest makes decision making more of a challenge. This is particularly reflected in investment decisions. Towards the end of the year, we saw indications of a slight recovery in the krona, inflation began to fall, as did interest rates, and the stock market improved.

We have enjoyed several years of extremely favourable conditions for our industry. A strong economy and low, one could even say ridiculously low interest rates have boosted the property market. But it's not as simple anymore in the current market, and we're back to a reality that requires balanced finances, reduced risk-taking and in particular, effective cost control. Rising interest rates are reflected in rising yield requirements, which in turn is reflected in the figures, as our earnings after changes in value were negative for 2023. The rental market is weaker, our projects are struggling with profitability, construction costs have not fallen, yields are rising and the capital market is tough. Clearly our customers are affected by market conditions and uncertainty, so it is more important than ever for us to maintain our presence.

Plenty of positives

Given this long list of concerns and challenging external conditions, I believe we have done well to get through this year. We have had to struggle with important issues, yet still been able to continue our internal work with a focus on the day-to-day management of our properties, the development of our major projects, our profitability and in particular, sustainability, which is an area of which we can be justly proud. What we can work on – and influence – moved in the right direction. We have made some of the largest lettings of the year, and net lettings amounted to SEK 165m, which is one of the highest ever figures. On a like-for-like basis, rental income increased by 11 per cent, largely fuelled by the index increase that came into effect at the beginning of 2023. The surplus ratio increased to 75 per cent, while earnings from property management were largely unchanged from the previous year, despite the rise in interest rates. Our vacancy rate fell to 9 per cent. We have strengthened and developed the organisation and were named one of

"It is good to be an optimist, but it is also important to be a realist."

STEFAN DAHLBO

Three priorities for 2024

1. To increase the occupancy rate of the investment portfolio.
2. To refinance our bond maturities and secure access to capital.
3. To remain at the forefront in terms of sustainability.


Nöten 4, Solna Strand.


Kvarter 5, Haga Norra.

Sweden's best employers by Great Place To Work (GPTW). We made some significant sales and have a fundamentally strong balance sheet. The list of positive events and strengths is long.

Our strategy is a strength
Although conditions are tougher, like most of the major property companies, we are equipped with manageable risks and relatively low leverage. During the year, I have taken issue with the fact that too often, property companies and the property market are referred to in terms that are overly general. The property market is diversified, as is the companies' financial exposure. To understand the challenges and opportunities facing the various companies and markets, the issues must be broken down company by company, segment by segment and submarket by submarket. Our strategy of focusing on Stockholm and selected submarkets in the region represents a strength in this regard. We know our areas; we are on the ground every day. We know local businesses and work closely with municipalities.

> "Things aren't as simple anymore. We are back to reality, but we've managed to navigate our way quite well."
>
> STEFAN DAHLBO

> "The secret of change is to focus all of your energy, not on fighting the old, but on building the new."
>
> SOCRATES

Changing conditions
However, we must respond to the new conditions prudently and responsibly, while ensuring the wellbeing of our customers and employees. We have been good at handling challenges, while managing to capitalise on opportunities. The rental market is generally tougher, and decisions are taking longer. For the first time in many years, we have seen a decrease in the number of office workers in Stockholm for several quarters. Meanwhile, this trend is partly offset by the fact that the supply of new offices both this year and in 2025 will be very low. There has been much discussion about the future of the office in the post-pandemic era. What we call offices play a central role in many people's lives. Offices are important for creating community, a sense of belonging and dedication. However, it is important for all of us to be responsive and open to development, particularly with regard to new technology. I feel there is more interest than ever in the design and function of offices, which is why we also developed new services to remain at the forefront when it comes to advising our current and potential tenants. All to help create forums for bringing people together, for dialogue, concentration and the development of individuals and companies. During the year we also invested more in our flexible concepts: NOW, CoW, RUM, WAW and VOV. Creating flexible solutions with different lease terms and service content is a significant part of our offer. Collaboration with other operators, such as coworking specialists, is also important.

Unfortunately, communications and transport have gained even more of a focus during the year, and not in a positive sense. Traffic in Stockholm was severely disrupted during the year. We have raised the problems this creates for individuals and businesses with decision-makers at regional and national level, but unfortunately it is a recurring theme. The long-term development of Stockholm requires a major overhaul in this area, and investment in new infrastructure should be a priority.

Largest letting of the year in Sweden
In the fourth quarter, we were able to complete one of our largest rental transactions ever with the signing of a lease with Saab. The company is now renting the entire Nöten 4 property; a total of 66,000 sqm, at an annual rent of SEK 155m excluding supplements. Occupancy is scheduled for autumn 2025. This letting is both very positive and significant for us in general, but particularly for Solna Strand.

Cautious transaction market
Overall, the transaction market was significantly down on previous record levels. However, the transactions in our markets have been completed at good levels, but the market is fragmented and can vary greatly between blocks or districts. In central Stockholm, most of the properties belong to long-term institutional owners, none of whom appear to be under pressure to sell.

We sold two office properties outside our prioritised districts at a total carrying amount of SEK 3.4bn, and land for an additional SEK 400m. All of which is consistent with our long-term strategy of creating scope for investment.

In light of the market situation and the low level of transactions we have seen on the

"You are not here merely to make a living. You are here to enrich the world."

WOODROW WILSON

market, we have chosen to have a larger than normal proportion of our properties independently valued since the end of 2022 and in 2023. 70 per cent of the portfolio was independently valued in the fourth quarter, while other properties were internally valued in discussion with external partners. We have written down our values by around 13 per cent since the third quarter of 2022. A higher yield requirement has to some extent been offset by higher rents.

In 2023, in our joint venture with Brabo, we sold the last apartments in Arenastaden/

"Our balanced financial strategy has given us continued scope to invest."

STEFAN DAHLBO

Haga Norra's first phase. This means that all 418 apartments have now been sold. At the end of the year, we decided to continue the development of the area and began construction on a further 285 apartments, 75 of which are rental apartments. The apartments are expected to be ready for occupation in 2025. Underlying demand for housing in Solna remains good, while the supply of new housing is low. Birger Bostad has also achieved healthy sales in its smaller projects.

The market's concerns about financing opportunities in late 2022 and during 2023 now seem somewhat unjustified, at least in the case of Fabege. We enjoy a high level of confidence from our banks and the financial market, owing to long-established relationships. Bond market liquidity is again good, and margins have moved in the right direction. We have taken advantage of this, and since last autumn we have been issuing bonds again as part of our financing. The interest rate trend is of course the main reason for the sharp rise in interest costs. Over the years, we have actively worked with fixed-income derivatives to manage interest rate risk prudently.

Customer front and centre

District development is an essential part of our business and has created the framework for how we conduct our business, with a focus on the environment in which we live and work – our living environment. The customer is front and centre, and it is important for us to have a local presence and maintain a constant dialogue with our customers to be able to further develop our properties in response to their needs. The Customer Satisfaction Index (CSI) score for the year was high at 81, up from 78, confirming our commitment to our customers.

Project investments totalled SEK 1,902m for the full year. Unfortunately, the cost trend for projects remains challenging. The current market situation with high costs and current interest rates has also meant we have had to postpone some planned projects. In Flemingsberg, work is underway on the new building for the Royal Swedish Opera/Dramatic Theatre, with occupancy scheduled for June. Alfa Laval's new office is also under development and is expected to be occupied in 2025. Also in 2025, Ackordet 1 and Påsen 1 are set to welcome new tenants, which will have a positive impact on rental income and cash flow.

Continued focus on sustainability

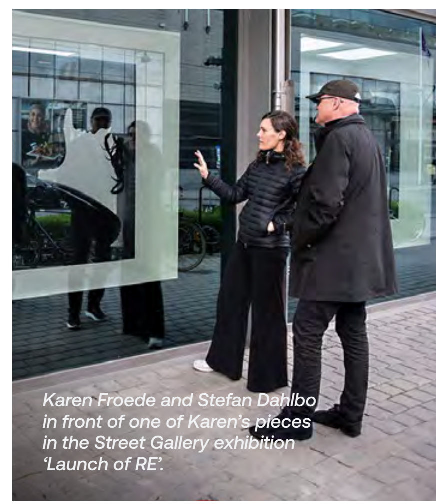
Sustainability has long been at the heart of everything we do, and it is an important element in driving business development. I am very proud of the work we are doing and have achieved in all areas of sustainability. The fact that all employees are involved in one way or another means a great deal, and it is a vital task in building a strong and profitable company.

All our project properties and investment properties have been BREEAM-certified since 2019. This year, our Ackordet 1 property in Haga Norra also won the BREEAM Building 2023 award. The award is given to properties that are leading the way in sustainability. The property is currently Sweden's largest recycled brick project. Reuse is something that is close to our hearts, and during the year Fabege launched a reuse hub as part of our reuse strategy. For major renovations, our target is for the circularity index to be 20 per cent, which is an important step towards achieving our goal of being carbon neutral by 2030. We have received extremely valuable and positive feedback on our work with hållbarhetshuset (the sustainability house) and the reuse hub.

The Nasdaq Green Equity Designation, which we received at the end of 2023, is further proof of our targeted work in areas such as climate impact, environmental certifications, energy efficiency and green financing. The aim is to ensure greater visibility for investors seeking sustainable investments.

To create attractive neighbourhoods, it is important that we invest in wellbeing and safety. We dedicate much of our time to areas such as security measures, general living environment and outdoor settings. I feel it goes without saying that as an industry we should be making a positive contribution to social development in the areas in which we operate, including location development and the physical environment, but also via social engagement in cooperation with other stakeholders and operators. This ultimately leads to better and more attractive neighbourhoods, lower costs and higher revenues. We have a considerable number of social initiatives that we implement and invest in aimed at improving conditions for education, leisure, health and work. The starting point is cooperation and collaboration in our neighbourhoods. For example, we need to talk to – and not about – the people who live and work in our various districts.

Hållbarhetshuset, Haga Norra.



Karen Froede and Stefan Dahlbo in front of one of Karen's pieces in the Street Gallery exhibition 'Launch of RE'.

"Always expect the unexpected."

JAMES PATTERSON

Realistic view of the future

I am hopeful about 2024, particularly because of lower interest rates, but I am realistic about how long it will take to see a recovery. Conflicts and war around the world, trouble spots and geopolitical unrest are having a negative impact. We also need to be prepared for new, unexpected challenges.

There are many possibilities. We need to harness them with knowledge, passion, curiosity and drive, so that we make Fabege a success factor for the future. We will, quite simply, turn visions into reality. At the same time, we continue, as always, to look after our customers, employees, partners, properties and neighbourhoods.

Stefan Dahlbo
President and CEO

Strategy for sustainable growth

We are one of the leading property owners in Stockholm. Our proximity to our customers creates the conditions to maintain and continue to strengthen this position as we continuously develop to meet our customers' shifting needs and ways of working. We closely monitor market developments, adapt our offering and capitalise on emerging business opportunities. Together with municipalities and other stakeholders, we help direct the long-term planning of the street environment. High on the agenda is the continued development of our neighbourhoods into more sustainable, low-carbon places for everyone who spends time in them. We are operating on the basis of a number of strategic initiatives, which we can use to capitalise on our leading position in our districts, while considering the bigger picture in collaboration with our partners.

Selected submarkets

We invest in selected submarkets in Greater Stockholm with good accessibility and excellent opportunities for growth.

We have our own in-house property management andservice organisation to provide a high level of service. Our decentralised organisation creates the conditions for flexibility and customer proximity.

Commercial properties

Our focus is mainly on commercial property, but we also work with residential building rights in our existing portfolio.

The ambition is to create attractive neighbourhoods in which housing coexists alongside workplaces and other services.

A holistic perspective

We take responsibility for the whole picture, including residential units, services and life between buildings, with the minimum possible carbon footprint. We endeavour to increase energy efficiency, reduce environmental impactand expand our social responsibility.

Property development and improvement

We develop and improve our property holdings to boost the potential of the portfolio.

Through transactions and project development, we can optimise the portfolio, increase flexibility and adapt the properties in response to changing customer needs.

Targets that guide our business

Our goal is to give our shareholders a total return that is the best among property companies on the stock market, and to contribute to the sustainable development of Stockholm.

Our property portfolio, strategy, business model and expertise combine to enable us to create and realise value.

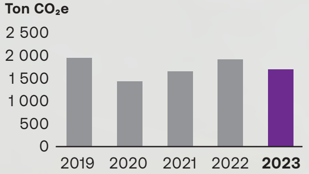
We follow a number of strategic objectives and key performance indicators that guide our activities.

Carbon neutral property management by 2030

Target
Carbon neutral property management (Scopes 1 and 2) by 2030.

Outcome 2023

1,711 tonnes CO_2e

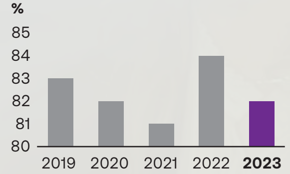


Certification of existing portfolio, area of total space

Target
All project properties to be certified to BREEAM-SE standard, Excellent, and all investment properties to be environmentally certified to BREEAM In-Use standard, Very good.

Outcome 2023

82%

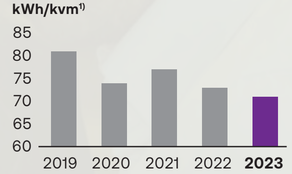


Energy performance of our buildings, kWh/sqm[1)]

Target
Energy efficiency with the target of an average of 70 kWh/sqm Atemp by 2025.

Outcome 2023

71 kWh/sqm[1)]

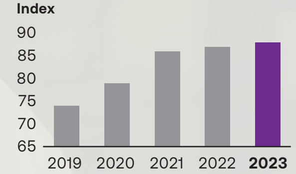


Satisfied employees (GPTW)

Target
We want to be one of Sweden's best workplaces according to Great Place To Work, with a long-term Trust Index target of 90.

Outcome 2023

88 index score

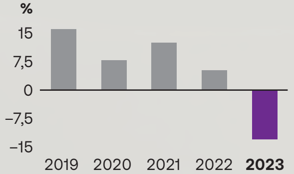


Return on equity

Target
To consistently be one of the foremost listed property companies.

Outcome 2023

–13%

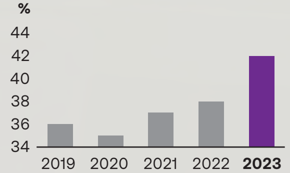


Loan-to-value ratio

Target
Loan-to-value ratio of max 50%.

Outcome 2023

42%

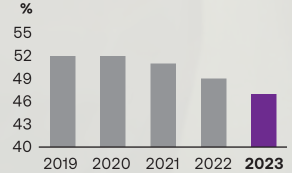


Equity/assets ratio

Target
Minimum 35%.

Outcome 2023

47%

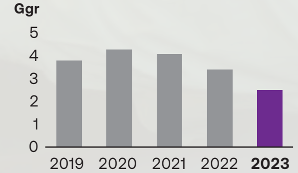


Interest coverage ratio

Target
Minimum 2.2x.

Outcome 2023

2.5x

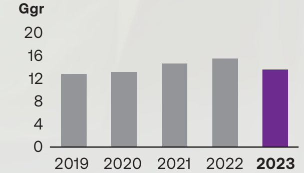


Debt ratio

Target
Minimum 13.0x.

Outcome 2023

13.5x

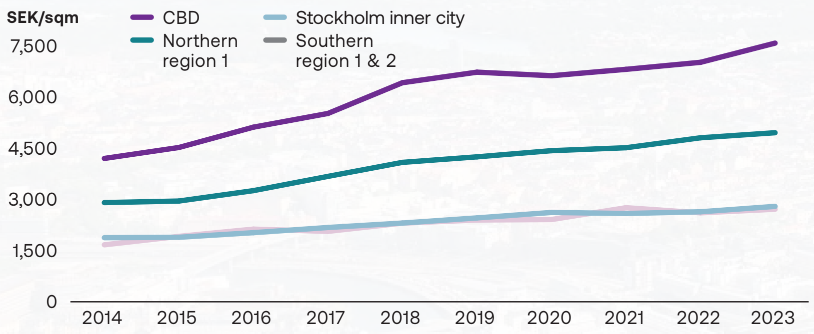


1) sqm Atemp. Atemp is the total internal area for each floor, loft and basement that is heated to more than 10°C.

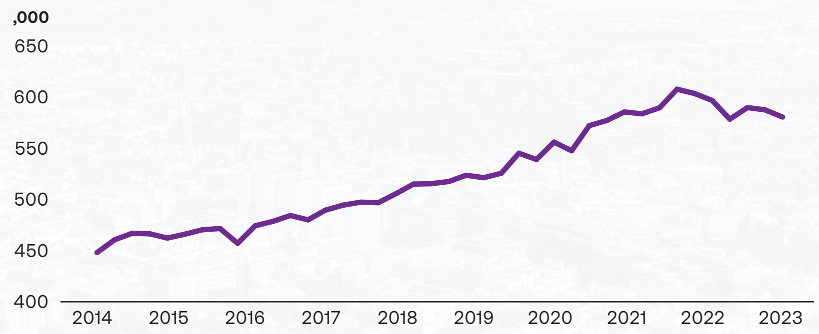
Stockholm's property market

Stockholm's property market is largely driven by relocation to the region and increased employment. The trend was cautious in 2023, with a decline in the number of people employed in office-intensive industries. This had a negative impact on office demand and led to a slightly higher vacancy rate compared with 2022, except in CBD (Central Business District) locations. Rising inflation and the resulting higher interest rates have also affected the number of transactions, as well as investments in new construction. The market has remained hesitant at the beginning of 2024, but we believe there will continue to be healthy demand for offices in attractive locations.

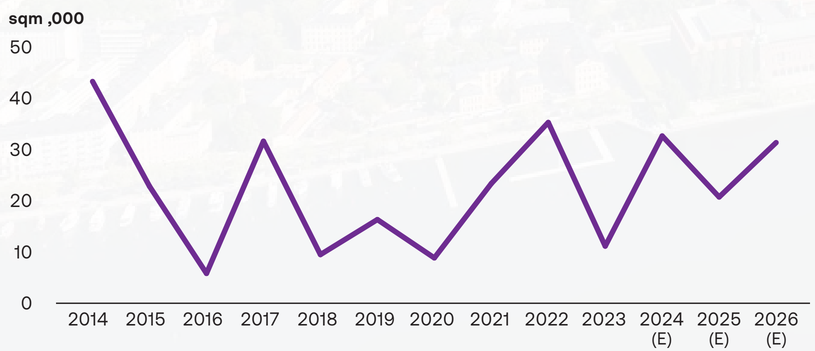
Rental trend over the past 10 years[1]



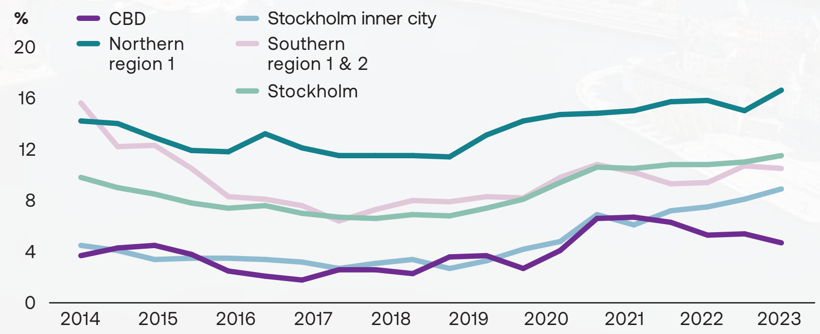
Number of office workers in Stockholm County[1]



Addition of office space in Stockholm, net[1]



Vacancies in the past 10 years[1]



Fabege's lease portfolio in brief

700 customers
Around 700 customers, of which the 25 largest account for more than 40% of rental income.

5 years
The average lease term is around 5 years.

11%
The rental trend in the existing portfolio was 11% in 2023.

91%
The occupancy rate in the investment property portfolio was 91%. The long-term target is 95%.

[1] Source: Citimark

Stockholm's property market cont.

Flexible office solutions

The office market has traditionally been characterised by long leases and been relatively sluggish. In recent years, and particularly in 2023, we have seen increasing indications of greater flexibility, leading to slightly shorter leases. Customers are looking for greater opportunities to reduce or increase space as needed, without having to change offices. In addition, the letting process is taking a little longer than before, while workplace preferences have increased. In general, property owners that can offer attractive locations with flexible spaces are in the best position.

Modern, centrally located, adaptable office space suitable for activity-based working is what is most in demand. Creativity, productivity and engagement all increase if employees meet regularly in an office setting. Many employers are therefore keen to provide an attractive working environment in which content and quality are more important than the number of square metres per employee. 'Better than home' is the key motto for these offices.

Persistently high demand in inner city

Demand for offices, which was strong in 2022, was more cautious in 2023 and the vacancy rate in 2023 was 12 per cent for the whole of Stockholm. Vacancy rates vary hugely between different areas, from 20 per cent for Kista to roughly 5 per for Stockholm CBD. Even within areas, there are significant variations in A and B locations. A healthy labour market for office-intensive professions has made a positive contribution for many years, while demand for space per employee has declined. Turnover in the rental market, which increased after the pandemic, levelled off in 2023.

In general, the proportion of lettings related to coworking and other more flexible office solutions has increased, and is expected to account for 20 to 30 per cent of the office market in 2030, compared with around 10 per cent today.

Cautious transaction market

The total transaction volume for offices in Stockholm was lower than in previous years, and the trend is expected to persist in 2024. This is partly because many properties in Stockholm have large, long-term institutional owners, mainly in the inner city.

Economic trend a challenge

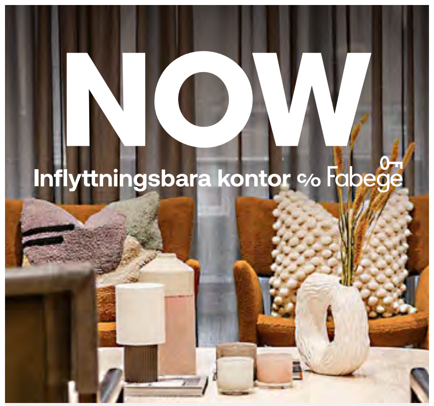
Higher market interest rates, high inflation and lower growth are placing increasing demands on property companies. Indexed rental income does not fully compensate for the effect of higher construction costs and interest costs.

Rising financing costs mean stable finances and moderate loan-to-value ratios are important in building confidence among both lenders and tenants. At the same time, it is increasingly important to adopt a circular approach and focus on cost and energy efficiency. This is partly from a purely economic perspective, and partly because demand for environmentally certified properties is increasing as more and more of our tenants become actively engaged in minimising their carbon footprint.

New concepts with the customer in focus

We work closely with our customers to provide solutions that create value. Growing demand for flexibility is at the heart of our c/o Fabege concepts, which allow us to quickly adapt access to premises and services according to need. The new concepts account for a relatively small portion of sales, but they add value and are an important component of our overall offering.

We offer a number of flexible solutions to make our customers' lives easier.



NOW c/o Fabege is move-in ready office space. It offers every conceivable kind of service such as furnishings, locks, alarms, Wi-Fi, cleaning and more at a fixed monthly cost and with a three-month notice period.

CoW c/o Fabege is coworking with flexible workplaces, private desk or private office. It offers a space with ergonomic workstations, lounge areas, meeting rooms and more.

Rum c/o Fabege offers full or half-day bookings for meeting rooms accommodating up to 30 people.

WAW c/o Fabege is an exclusive benefit for our customers, giving them access to three extra workplaces across Stockholm, at no extra cost.

VOV c/o Fabege offers dog day care, in partnership with Dog Care Stockholm. Places are offered both on a monthly basis and on a drop-in basis. As a Fabege tenant, you have priority access to places.

Convendum Kungsgatan

In the middle of Kungsgatan in Stockholm's CBD, we have created Convendum's new flagship coworking hub. The area of 8,500 sqm combines classic architectural features, state-of-the-art furnishings and a café which is open to the public.

It is sometimes said that three factors determine the value of a property: location, location and location. Rarely is this more evident than when you visit Convendum's new offices.

"We're on Stockholm's most fashionable street. It provides incredible exposure and a whole new buzz around the brand. We see it almost as a before and after Kungsgatan for us. It's become our flagship," says Oscar Limbäck, COO at Convendum.

"This is our biggest project in the city for ten years," explains Oskar Sköld, Head of Market Areas at Fabege. Of course, a property with so much space and so many floors is not for everyone. But for Convendum, which rents out premium offices with open coworking spaces to other companies, the size was an advantage. The lease with Convendum expires in 2034.

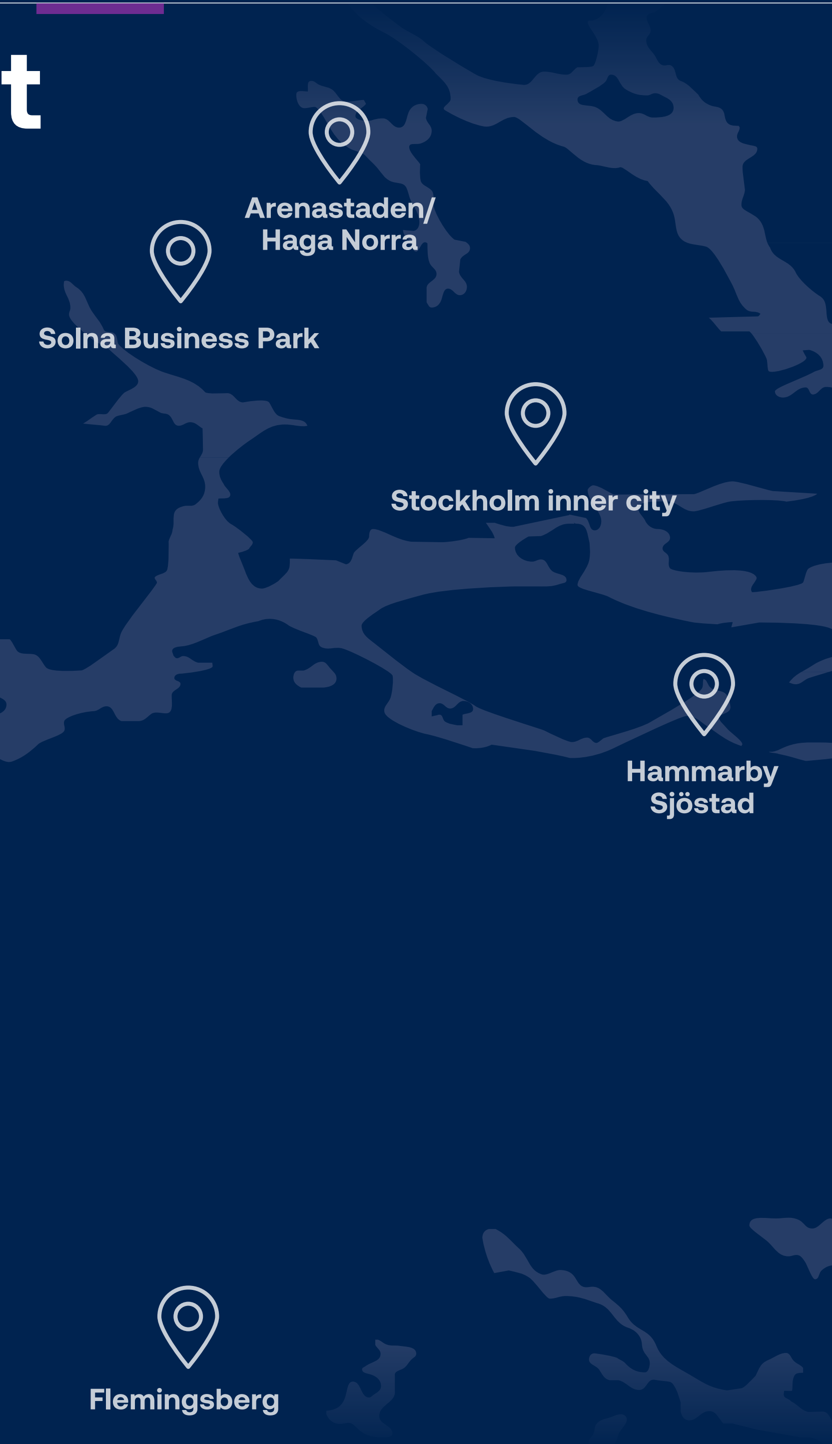
"Our goal is for the office to be an international hub for everyone. A place where new and established businesses can access different types of networks. Everything we do should contribute to success and feel well thought out and professional – from the interior design and art, to acoustics and service. Everything needs to fit together. And it's turned out very well," says Oscar Limbäck.

Urban development

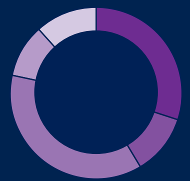
We have a clear strategy for our property portfolio, in locations that tie Stockholm together, from Arenastaden in the north to Flemingsberg in the south. All our neighbourhoods are and will be important hubs for rail and other public transport. This enables our customers to be part of the entire regional labour market, reducing commuting time and improving quality of life for their employees.

We are number one in the office market in our districts, and one of the biggest property owners in Stockholm inner city. This generates opportunities to provide a good range of services.

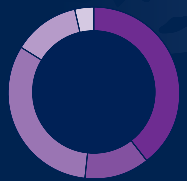
Our strategy is to create value and strengthen the attractiveness and brands of urban neighbourhoods through the sustainable development of both existing properties and building rights, both commercial and residential. We look at the whole picture. The whole area. The whole person. The whole time.



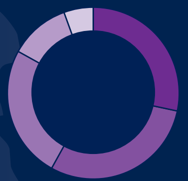
Property value, %



No. of properties, %



Lettable area, %



● Arenastaden / Haga Norra ● Solna Business Park ● Stockholm inner city
● Hammarby sjöstad ● Flemingsberg

Arenastaden/Haga Norra
Solna

Property value	SEK **23.8** bn
No. of properties	**32**
Lettable area	**351,000** sqm

Solna Business Park
Solna

Property value	SEK **8.8** bn
No. of properties	**10**
Lettable area	**366,000** sqm

Stockholm inner city
Stockholm

Property value	SEK **29.2** bn
No. of properties	**26**
Lettable area	**312,000** sqm

Hammarby Sjöstad
Stockholm

Property value	SEK**8.0** bn
No. of properties	**10**
Lettable area	**139,000** sqm

Flemingsberg
Huddinge

Property value	SEK **2.9** bn
No. of properties	**9**
Lettable area	**68,000** sqm

Our districts

Arenastaden / Haga Norra
Solna

Arenastaden has become one of Stockholm's most dynamic districts, home to both the national football stadium and the largest shopping centre in the Nordic region, Mall of Scandinavia. The district is the location of the head offices of Telia, ICA, Tieto Evry and SEB, which has its largest office here. There is already a well-established public transport network, and in 2028 it will be joined by the extended underground rail service.

A new local development plan was adopted during the year, creating the conditions for 15,000 sqm of new residential space and 76,000 sqm of office space.

In Haga Norra, the first office block of roughly 26,000 sqm will be ready for occupancy by the end of 2024. Also in 2024, we will launch the next phase of the development of 285 apartments with occupancy scheduled for 2025/2026.

"With the new local development plan, we are ready for the next phase in the development of Arenastaden."

HENRIK EGNELL
MARKET AREA MANAGER, ARENASTADEN/HAGA NORRA

Property value	No. of properties	Lettable area	Building rights[1]
23.8 SEK bn	32	351,000 sqm	108,900 sqm

[1] Commercial building rights.

Solna Business Park
Solna

Fabege is the largest property owner in Solna Business Park. This gives us a good opportunity to be a driving force in the development of the district, and to realise our vision for the area of doubling the amount of office space and developing more housing.

An already great office area is being transformed into a modern urban environment with a growing range of restaurants and services in a dynamic mix of businesses and government agencies. December 2023 saw the opening of Scenen konferens, operated by Coor, with conference rooms for up to 150 delegates, along with smaller rooms for meetings, and a lounge.

Solna Business Park is close to the underground railway, light railway, commuter trains and Bromma Airport, which gives the district a significant competitive advantage compared with many other districts.

"The district's excellent communications make Solna Business Park a winner in the long term."

SUSANNA ELVSÉN
MARKET AREA MANAGER, SOLNA BUSINESS PARK

Property value	No. of properties	Lettable area	Building rights[1]
8.8 SEKbn	10	366,000 sqm	137,700 sqm

Our districts cont.

Stockholm inner city
Stockholm

With our Stockholm focus, it is natural for us to be part of the property market in the city centre. Stockholm's inner city is dominated by long-term stable owners such as insurance companies, pension funds and state-owned companies. Rent levels are high and were stable in 2023; vacancies are low and demand for premises in the inner city remains strong. Most of our inner-city properties are modern offices and shops in areas around Kungsgatan and Drottninggatan, but we also own properties in Hagastaden, one of Stockholm's most exciting and expansive areas, and on Västra Kungsholmen.

Our inner-city portfolio accounts for roughly 37 per cent of our property value and is mainly made up of commercial premises. But we also have some residential units, hotels, shops and restaurants.

"We know the inner-city market well – this is where trends are born, and we need to be highly adaptable and quick to develop our offering."

OSKAR SKÖLD
MARKET AREA MANAGER, STOCKHOLM INNER CITY

Property value	No. of properties	Lettable area	Building rights[1]
29.2 SEKbn	26	312,000 sqm	32,400 sqm

[1] Commercial building rights.

Hammarby Sjöstad
Stockholm

More and more companies are heading to Hammarby Sjöstad for its dynamic environment, proximity to both the city centre and green spaces and, in particular, great transport connections. With a range of quality inner-city services and its stunning location, the area is characterised by an entrepreneurial spirit, sustainability and creativity.

The combination of brand new buildings and refurbished older industrial buildings creates a unique atmosphere and attracts architectural firms, computer game developers, advertising agencies and app developers, who take inspiration from both the location and one another.

Getting from the city centre to Hammarby Sjöstad is already quick and easy. Once work on extending the underground rail's blue line to Nacka is completed, the district's appeal will increase further as it will also be much easier to travel to the southern and eastern parts of Stockholm.

"Proximity to the city centre, green spaces, the water and good transport links create an attractive neighbourhood."

PER TYRÉN
MARKET AREA MANAGER, HAMMARBY SJÖSTAD

Property value	No. of properties	Lettable area	Building rights[1]
8.0 SEKm	10	139,000 sqm	49,000 sqm

Our districts cont.

Flemingsberg
Huddinge

For us, Flemingsberg is a relatively new and undeveloped neighbourhood and is an important part of the continued development of the Stockholm region. The district has excellent public transport connections with both regional and commuter trains.

With a growing business cluster, expanded services and more housing, the area has great opportunities to even out the regional imbalance that exists between the northern and southern parts of Stockholm.

Flemingsberg is already home to almost 18,000 residents and it is currently Sweden's eighth largest campus, with five colleges and universities and Karolinska University Hospital providing healthcare and conducting research.

2024 will see the completion of our 12,000 sqm project for the Royal Dramatic Theatre and the Royal Swedish Opera, and the construction of Alfa Laval's office and laboratory will continue with occupancy scheduled for spring 2025.

"2024 will be a milestone once the Royal Swedish Opera and Dramatic Theatre move into their new premises."

THERESE FRIEDMAN
MARKET AREA MANAGER, FLEMINGSBERG

Property value	No. of properties	Lettable area	Building rights[1]
2.9 SEKbn	9	68,000 sqm	268,700 sqm

[1] Commercial building rights.

Planning process in Sweden

A local development plan is a map featuring regulations that state what the land may be used for and how the buildings should look within the planning area. We actively engage with municipalities to produce local development plans in a process that takes an average of four years.

1. Planning decision
For an area that requires a new, or amendments to an existing local development plan, an application must be made to the municipality to determine whether or not planning work can begin.

2. Potential programme
Before the planning work is initiated, the municipality decides whether a programme might be required to describe appropriate infrastructure needs and consequences of a new local development plan. There is an initial programme consultation with all interested parties at the programme stage. Any comments that are submitted then form the basis of the formal plan proposal that is drawn up ahead of the next consultation.

3. Consultation for local plan development
The formal plan proposal is drawn up by the municipality in cooperation with the property owner. An initial plan proposal is then sent out to the relevant parties and authorities for their views. Following the consultation period, the proposal is adjusted and all comments received are recorded in a consultation report. The relevant board makes a decision regarding the final plan proposal.

4. Review of local development plan
Once the consultation has been concluded, the proposal is released and the relevant parties have at least two weeks in which to examine and submit comments regarding the plan. Once again, potential adjustments are made to the proposal in response to comments received. Any views and comments received are compiled in a review report. Following this, the local development plan is approved by the relevant board.

5. Adoption
Following approval, the plan then goes on to the local government council (or delegated political authority) for adoption.

6. Appeal
The municipality's decision regarding the local development plan can be appealed at the Land and Environment Court within three weeks, provided the party launching the appeal is directly affected by the proposal and submitted comments in writing during the review period.

7. Legal approval
If the local development plan is not appealed, or if the appeal is rejected, the plan gains legal approval and can be implemented.

8. Construction start
Once the local development plan has gained legal approval, and planning permission and a decision regarding a start date have been obtained from the municipality, construction can begin.

Birger Bostad

Birger Bostad is our wholly owned subsidiary that pursues property development. With Birger Bostad, we can take more far-reaching responsibility as an urban developer. By managing the residential projects in-house, the value creation effect is higher.

Birger Bostad is a nationwide property development company, but the majority of the residential building rights of approximately 620,000 sqm are located in Greater Stockholm, primarily in Solna and Flemingsberg.

Over the past year, faced with an unsettled operating environment and more challenging market conditions, we have had to postpone the start of construction for several residential projects. However, this does not mean that they have been put on hold; preparation work is continuing so we can start construction as soon as the market is mature. In 2024, the next phase in Haga Norra will begin with 285 apartments, with occupancy in 2025/2026.

Our projects outside Greater Stockholm are located in fast-growing regional cities across Sweden.

"We are now starting the next phase in Haga Norra, with the development of 285 homes and occupancy in 2025."

FREDRIK ALVARSSON
CEO, BIRGER BOSTAD

Ongoing projects	Residential units in production	Residential building rights
2	318	620,100 sqm

Kvarter 5, Haga Norra.

Interview with Fabege's CFO

In a turbulent macroeconomic environment with higher market interest rates, high inflation and lower growth, communication with the capital market and lenders is more challenging. Åsa Bergström reflects on a year that, despite challenges, confirms Fabege's choice of strategy.

2023 has presented challenges for many property companies. What have been Fabege's priorities in order to maintain the focus on sustainable long-term growth?
Our main priority in 2023 has been to focus on lettings in ongoing operations in order to strengthen cash flow. We spent time last year strengthening the lettings department, so we are in a good position. Net lettings figures for the year are among the best ever, and we are particularly pleased with the lease with Saab, who will be moving into our property in Solna Strand in autumn 2025.

Financing is, of course, also a high priority that has taken up a lot of time during the year.

What have you done to secure long-term financing, and what is the current loan-to-value ratio?
We have enjoyed good relationships with our banks for many years now, which has been a strength as the situation on the capital market became tougher. During the year, we shifted to a larger proportion of bank financing, and we feel that there is yet more scope for the banks to increase their lending to Fabege. Bank loans currently account for around 60 per cent of our borrowing. However, bond market conditions improved in the autumn, and we have been more active again with several issues. The loan-to-value ratio is 42 per cent, well below our maximum ceiling of 50 per cent.

Did you feel that the capital market was confident that Fabege would be able to achieve its long-term financial targets, despite the pressure on the market?
We believe there is a high level of confidence in us as a result of our focussed business model and financing strategy. We are transparent, and are not, and have not in the past taken on high risk.

Has the market turbulence caused you to deviate from the current strategy?
Our conservative approach has proven to be the right choice. We are currently well-consolidated, with a strong balance sheet. Our plans for our development projects remain firm and we have scope to continue investing in our projects. But of course we have a more cautious approach to new investments in the current market.

How reliant is Fabege on credit ratings?
Our rating from Moody's is important, particularly for access to favourable conditions in the bond market. We are pleased that in November, Moody's confirmed an unchanged rating, i.e. Baa2 with negative outlook.

Do you feel comfortable with the existing loan-to-value ratio, and what scope is there for higher market interest rates?
In terms of loan-to-value ratios, we are in a strong position. Since the market peaked, we have written down values by about 10 per cent and there is scope for further write-downs of about 15 per cent if necessary without compromising our internal targets. And in relation to the banks' covenants, we have even more flexibility. Approximately 60 per cent of the loan portfolio is fixed, including 40 per cent with terms of three years or more. This makes us more resilient to higher market interest rates.

The acquisition of Birger Bostad increased Fabege's exposure to the housing market. Is this a move you may need to re-evaluate given the current market situation?
Birger Bostad is a strategically important part of Fabege and contributes expertise in residential development and residential sales.

Fabege has a 95 per cent occupancy rate target; is there any reason to review the company's targets given the changes we have seen in the market, with demands for greater flexibility and increased vacancies?
The current occupancy rate is 91 per cent and the target remains unchanged at 95 per cent. Realising the potential for improved cash flow by renting out the vacancies is still a high priority. An important part of this is ensuring our districts are attractive through various investments between buildings, and by making sure our districts have the services our tenants are looking for. Flexible offices fulfil a need in the market and are a complement to more traditional leases. In general, flexible contracts do not lead to increased vacancy rates and so far flexible offices represent a small section of the market.

With higher interest rates, increased yield requirements and reduced availability of funding, how do you see the development of the portfolio? Is there more focus on development than investment, or can we expect an increase in the number of transactions?
We do not see access to funding as a constraint. However, higher construction costs and market interest rates have made it more difficult to make the calculations work for us. We are primarily focused on investing and creating value in the existing portfolio. But you can never rule out transactions; we are open to opportunities in terms of acquisitions and sales.

What do you think will be the main drivers in the property market in 2024?
The economic trend will be highly significant. We haven't seen much impact from the current situation so far, but there is a risk of some slowdown, which may affect demand for office space. We will continue to build confidence, develop our districts and ensure good relations with both existing and new customers. Funding and maintaining good relations with our capital providers will also remain a priority.

Åsa Bergström, CFO

Why invest in Fabege?

We have a clear strategy for our property portfolio, with a geographical focus on selected districts in high demand in the Stockholm area. Through good market knowledge, efficient property management with our own staff, a high level of service and flexibility and a stable financial position, we are able to create value for our owners and other stakeholders.

1.

Geographic concentration in a growth region

We pursue urban development in a select number of submarkets in the Stockholm area. Our main focus is commercial property complemented by residential development. Our portfolio is located in strategically selected neighbourhoods with high accessibility and demand, and scope for sustainable development.

The Stockholm region is the engine of the Swedish economy. This leads to higher demand for office space, especially in attractive locations. Thanks to our focus, sound market knowledge and local property management and service organisation, we are well equipped to meet demand.

2.

Attractive building rights portfolio with considerable potential

In addition to a large portfolio of attractive commercial property, we also have an extensive building rights portfolio. Our building rights include both office and residential space.
The combination of residential and commercial space gives us greater opportunities to influence development in our districts and create sustainable, vibrant and attractive areas for our customers.

Thanks to low input values for our building rights, there is considerable potential to create value over time in both our new construction and in our redevelopment projects.

3.

Stable and sustainable growth

Sustainability is integrated into our business model and strategy and is a key element in generating profitable growth. All our project properties and investment properties are sustainability certified and our entire loan portfolio is classified as green. We currently have a stable financial position with borrowing primarily from local banks. Our key performance indicators are strong and we are well positioned to continue to deliver on our strategy.

Our goal is to create long-term, sustainable growth in earnings from property management and dividend capacity through efficient management and development of existing properties and building rights.

Share information

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

Dividend policy
We aim to pay a dividend to our 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.

Dividend 2023
The Board proposes to the AGM a dividend of SEK 1.80 per share, to be paid quarterly on four occasions in the amount of SEK 0.45 per share on each occasion.

Largest shareholders

Largest shareholders[1], 31/12/2023	Number of shares	Share of the capital, %	Share 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 Fonder	12,748,388	3.85	4.05
Vanguard	10,347,668	3.13	3.29
BlackRock	9,742,504	2.95	3.10
Handelsbanken Fonder	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 Försäkring	5,250,753	1.59	1.67
BNP Paribas Asset Management	3,982,474	1.20	1.27
Cardano Asset Management	3,003,692	0.91	0.95
Total 15 largest shareholders	**190,345,868**	**57.54**	**60.51**
Total number of shares outstanding	**314,577,096**	**95.10**	**100**
Treasury shares	16,206,048	4.90	–
Total number of registered shares	**330,783,144**	**100**	**100**

[1] Monitor av Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar, Finansinspektionen and Nasdaq.

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. No repurchases were carried out during the year. The company held 16,206,048 treasury shares on 31 December. The holding represents 4.9 per cent of the total number of registered shares. The average price of the treasury stock is SEK 120.23 per share.

Shares and share capital
Share capital at year-end totalled SEK 5,097m (5,097), represented by 330,783,144 shares. All shares carry the same voting rights and entitle the holder to the same share of the company's capital. The quotient value is SEK 15.41/share.

Share history

Year		Change in number of shares	Total number of shares	Share capital, SEK	Quotient value
2018	Split 2:1	165,391,572	330,783,144	5,097,368,249	15.41
2011–2017		–	165,391,572	5,097,368,249	30.82
2010	Cancellation of repurchased shares	–3,929,400	165,391,572	5,097,368,249	30.82
2009	Conversion of debenture loan	9,418	169,320,972	5,096,558,087	30.10
2008	Conversion of debenture loan	3,306	169,311,554	5,096,274,606	30.10
	Cancellation of repurchased shares	–9,150,673	169,308,248		
2007	Split 2:1	89,223,081	178,458,921	5,086,079,249	28.50
	Conversion of debenture loan	25,763			
	Klövern AB redemption offer	–5,948,205			
	Cancellation of repurchased shares	–5,441,100			
2006	Conversion of debenture loan	62,435	100,599,382	5,029,969,100	50
	New share issue in connection with purchase of Tornet AB	4,381,376			
2005	Conversion of debenture loan	3,176	96,155,571	4,807,778,550	50

Fabege – a green share
Fabege has been listed as a green share (Green Equity Designation) since November 2023. To meet Nasdaq's criteria for its Green Equity Designation, at least 50 per cent of turnover and 50 per cent of investments must be considered to be green, and less than 5 per cent of turnover linked to fossil fuels. The listing is based on a detailed analysis and evaluation of Fabege conducted by S&P Global Ratings. The results show that 70 per cent of rental income, 62 per cent of operating costs and 67 per cent of investments at Fabege are classified as green. The properties were rated Medium and the corporate governance Excellent.

Sustainability

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Fabege's sustainability work

Sustainability has long been integrated into our business model and overall strategy. Our sustainability work has a holistic perspective, owing to our focus on well-defined districts. We collaborate with our partners at an early stage to support the development of a safe and appealing city that also focuses on sustainable construction with a reduced carbon footprint, energy efficiency and an emphasis on wellbeing.

We want to make a difference in the neighbourhoods in which we operate, and we work hard to create an attractive and sustainable urban environment for all our stakeholders. In 2023, we continued to work according to our sustainability strategy while beginning the process of preparing for new sustainability reporting rules. We have initiated a materiality analysis with double materiality according to the new EU directive CSRD and the reporting standard ESRS, both of which apply to us as of the financial year beginning 1 January 2025. Our overall goals of achieving carbon neutral property management (Scopes 1 and 2) and halving our indirect carbon footprint (Scope 3) per GFA by 2030 remain unchanged.

At the end of the year, we opened our new reuse hub in Solna, which is a cornerstone of our efforts regarding circular material flows, resource efficiency and reduced climate emissions. Our work on energy efficiency has progressed during the year, which, among other things, resulted in us reducing electricity consumption by 10 per cent in the winter of 2022/2023. For a building in the Haga Norra district, we have succeeded in reducing the carbon footprint by 25 per cent, achieved the highest BREEAM certification of Outstanding, received the BREEAM Building of the Year 2023 award, and received the PQi – Excellent Project Quality award.

> **"We are well-equipped to continue to drive our sustainability strategy forward, satisfy increased expectations and new regulations, and achieve our goals."**
>
> MIA HÄGGSTRÖM, HEAD OF SUSTAINABILITY

An important aspect of the work in our districts is our social roadmaps, which we develop alongside our partners, focusing on safety and comfort, employment, health and wellbeing. During the year, Fabege won the City of Solna's CSR Award 2023 with the comment: "A company that has made a valuable contribution to job-seeking Solna residents through social responsibility." At the end of the year, we applied for and were awarded the Nasdaq Green Equity Designation. The green share transparently discloses the company's climate impact, with the aim being to ensure greater visibility for investors seeking sustainable investments.

Long-term approach to sustainability

- Science Based Target since 2020
- 100% green financing
- GRESB – highest rating among listed companies in Northern Europe in 2023
- 100% environmentally certified investment property portfolio
- Reuse hub opened in 2023
- Approved green share on Nasdaq – Green Equity Designation 2023

Sustainability through the year

Continued top ranking in GRESB

With 93 points in the investment property portfolio and 98 points in the project portfolio, we received the highest rating of 5 stars and were ranked first in the office sector among listed real estate companies in Northern Europe.

Fabege has Sweden's most attractive office

The magazine Fastighetssverige named our local office in Solna Sweden's Most Attractive Office 2023. Out of 85 offices and 48,300 votes, we won with a pioneering concept characterised by reuse, creativity and innovation.

Ackordet 1 in Haga Norra named BREEAM Building of the Year at Sweden Green Building Awards

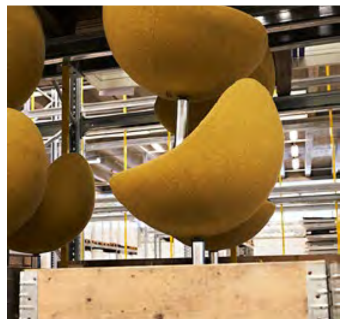
The winning project has focused actively on reducing carbon footprint, cutting the building's energy use, innovation in reuse and the choice of circular and climate-smart materials.

Fabege is one of Sweden's best workplaces

We are extremely proud that we have advanced to 20th place among Sweden's Best Workplaces™ for medium-sized organisations in Great Place To Work's annual employee survey, with a Trust Index score of 88.

CSR company of the year according to City of Solna

The CSR Award is given to companies that have made a valuable contribution to job-seeking Solna residents through social responsibility.



Reuse hub in Solna Business Park

The reuse hub is an important cornerstone of Fabege's reuse strategy and contributes to our goal of halving CO_2 emissions from construction projects per GFA by 2030.

Green share

We were awarded the *Nasdaq Green Equity Designation*. The green share transparently discloses the company's climate impact, with the aim being to ensure greater visibility for investors seeking sustainable investments.

We are at the forefront of our industry, owing to our proactive and bold strategic decisions. We were the first of all the Swedish property companies to achieve 100 per cent green financing, and we were the first in the Nordic region to take out a taxonomy-adapted loan. We have ambitious goals for 2030, and by continuing to adopt forward-looking measures, we are confident we will achieve them.

2010–2023

- We have been supporting the UN Global Compact since 2010.
- BREEAM-SE and BREEAM In-Use certification for all investment properties.
- Code of Conduct introduced for suppliers.
- 100% electric service vehicles since 2017.
- 96% reduction in carbon footprint (Scopes 1 and 2) since 2002.
- Climate targets validated by the Science Based Targets initiative (SBTi) 2020.
- First Swedish property company to achieve 100% green financing.
- First in the Nordic region to take out taxonomy-adapted loan.
- Green leases were launched in 2011, and in 2023 we achieved green leases for 96% of newly signed space and 91% of total space.
- Reduction of energy use from 166 kWh/sqm Atemp (2010) to 71 kWh/sqm Atemp (2023).
- Persistently high ranking by GRESB.

2023

- **Energy performance 71 kWh/sqm[1]**
- **Environmental certification 100%**
- **Circularity index 13%[2]**

Goals for 2025

- 20% reduction in carbon footprint per sqm of GFA compared with 2019 (Scope 3).
- Measures from results of climate resilience analyses implemented at all properties.

Goals for 2030

- 50% reduction in carbon footprint per sqm of GFA compared with 2019 (Scope 3).
- Carbon neutral property management (Scopes 1 and 2).

[1] sqm Atemp. Atemp is the total internal area for each floor, loft and basement that is heated to more than 10°C.
[2] Proportion of reused construction material of total amount of construction material supplied in 27 projects that have undergone a carbon footprint calculation.

How to achieve the sustainable city

We take significant responsibility for the whole picture. We work broadly with climate issues, contributing to improved health, wellbeing and safety in our neighbourhoods. By linking green finance to sustainability-certified buildings and investments, we are realising our strategy and creating long-term sustainable growth. Meanwhile we aim to bring interesting and unexpected elements to everyday life, creating life between the buildings, taking an active role and considering the whole location. The whole time.

1. Construction

The biggest environmental impact at this stage is in the production of building materials. Cement production releases a lot of CO_2 and the associated lime mining affects ecosystems and water supply. Our indirect and actual impact is minimised via circular material flows, and by choosing materials with a lower carbon footprint. Socially, we counteract a potentially negative impact through our supplier audits, which look at safe working conditions and human rights.

2. Use

Operating energy for premises accounts for a large part of Sweden's climate impact. We are reducing our direct and actual impact through energy efficiency, locally produced renewable energy and a fossil-free service car fleet. Our buildings are our customers' working environment and we have an impact here on health, mobility and energy use that is both direct and indirect.

3. Urban development

Our buildings are part of the physical and social environment of the city. By actively working with other stakeholders, we can indirectly contribute to a safe urban environment and a balanced energy system. Through our urban development, we influence the development of society, where our commitment extends beyond buildings to include the location, the facilities, the environment and the people.

4. End-of-life and recycling

At the end of a building's life, the handling of demolition and building components has an environmental impact. We aim to minimise our direct and actual impact through reuse and recycling.

Our focus areas

Our principal stakeholders are customers, employees, creditors, shareholders and analysts, suppliers and municipalities in which we operate. Through continuous dialogue with our stakeholders and based on the 17 UN Sustainable Development Goals (SDGs), we have defined the most significant issues for our business based on our impact on the environment and society in seven focus areas. Our work has an impact on all the SDGs, but we recognise that there are strong synergies between the goals and therefore focus more on six goals that represent the most significant challenges for our business: goals 3, 7, 9, 10, 11 and 12. Our ambitious sustainability work has led to activities linked to several of the SDGs now being integral elements of our business processes.

	City districts	Properties	Employees	Supply chain	Financing	Customers
Material topics	• Energy system • Living conditions in the local community • Equal opportunities • Education • Meaningful leisure time • Safety	• Energy use • Greenhouse gas emissions • Waste	• Good health • Security • Diversity and gender equality • Greenhouse gas emissions	• Review of supplier sustainability, including environment and human rights.	• Green financing	• Good health • Security • Indoor environment • Energy use • Greenhouse gas emissions
Agenda 2030						
Examples of objec-tives and activities	• Sustainability programme for each district project. • Focus on social sustainability in the development of the district environment. • Site cooperation with other stakeholders. • 100% renewable energy purchased.	• Carbon neutral property manage-ment (Scopes 1 and 2) and halving of indirect emissions (Scope 3) per GFA by 2030. • 100% environmentally certified property portfolio. • Energy performance below 70 kWh/sqm Atemp by 2025. • Circularity index 20% for major renovations.	• Low sickness absence. • Confidence rating >90%. • Health and safety training for managers and staff.	• 100% sustainability screening of framework agreement suppliers. • Systems for monitoring compliance with the Code of Conduct. • Safeguarding human rights and environment via workplace inspec-tions during projects.	• 100% green financing. • Sustainability-linked loans and bonds.	• 100% green leases. • CSI rating of at least 80. • Over 150 in-depth customer dialogues. • Health-certified workplaces.

Business ethics

Material topics

- Anti-corruption
- Tax

Examples of objectives and activities

- Annual training in our Code of Conduct.
- All framework agreement suppliers and contrac-tors sign our Code of Conduct for suppliers.
- Whistleblower function, which can be used by external and internal parties anonymously to report suspicions of unethical conduct.
- Transparent and open accounts of the Group's total tax burden.

Focus area – Districts

District development is an essential part of our business

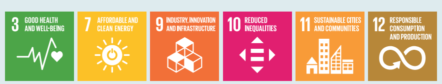
We want to be a driving force in the development of a sustainable city and take far-reaching responsibility for the development of the neighbourhoods in which we own a substantial amount of property.

For us, district development means taking responsibility for the whole picture, from working on acquisitions and local development plans to improving the physical environment, and also social initiatives. A clear sustainability strategy for our property portfolio, with holdings grouped in clusters, enables us to have an impact on development. Long-term planning and collaboration with customers, municipalities, the business sector, entrepreneurs and public transport enable us to take an active role in developing the Stockholm region.

In brief

Material topics
- Energy system
- Living conditions in the local community
- Equal opportunities
- Education
- Meaningful leisure time
- Safety

Target
- Contribute towards keeping global warming under 1.5 degrees.
- Focus on environment, climate and social sustainability as we develop the physical environment for life in our districts.
- Make a difference in the districts in which we operate and focus on children and young people.



Governance and responsibility
Our work on the development of our districts is based on our sustainability and environmental policy and the sustainability goals we have set for both the short and long term. In addition, our Code of Conduct, procurement and purchasing policy and security policy are important steering documents in our work.

District strategy and social sustainability
Our work in the districts is conducted within the framework of our urban life strategy, which also includes a social sustainability plan. We focus mainly on certification, climate, life between buildings (parks, biodiversity) and street level (services, shops and restaurants).

To ensure long-term value growth in our districts, we have linked social sustainability to business operations. We conduct social location analyses and develop a social roadmap. Our focus is on dialogue and collaboration, physical urban planning and social engagement.

The aim is to achieve safety and comfort, employment, health and wellbeing and accessible housing. Most of our activities are aimed at children and young people.

Reduced carbon footprint drives mobility
A considerable proportion of our customers currently opt to use public transport, and our district choices are also determined by proximity to public transport.

We work with the CERO process tool, which aims to reduce the carbon footprint from travel to and from our properties. According to the latest travel habits survey among Solna Business Park employees, as many as 91 per cent travel sustainably to and from their workplace. In Arenastaden, the corresponding result is 80 per cent. Together with companies in Arenastaden, the municipality, Keolis and MTR, we have a network that has now developed a new plan of action to increase the proportion of sustainable travel. The planned measures include the continued roll-out of locations for charging electric vehicles, improved cycle paths, new and/or improved public transport connections and an extended

"The Haga Norra urban district welcomes employees, customers and visitors into an environment that provides as much inspiration and as many experiences outside the office as inside."

Ackordet 1 in Haga Norra on the right of the picture.

Focus area – Districts cont.

range of sharing services for electric cars, electric mopeds and electric bikes.

We have seen an increased demand for both parking spaces and charging points for electric cars. We are continually installing new stations for charging electric vehicles both at properties and in street environments to make it easier for our customers' employees to travel more sustainably. In 2023, we expanded the number of sites and can now offer 2,400 charging points.

We are also driving the development of mobility hubs offering sharing services for cars and bikes, as well as dry cleaning, food deliveries and similar services.

Future-proof electricity supply

Demand for electricity has seen a sharp increase in recent years, especially in the Stockholm region, and it will continue to rise going forward. Strong growth and substantial developments, together with increased electrification in the wake of the transition to a fossil-free society, have put increased pressure on the grid. There is therefore a need to ensure electricity generation capacity as well as demand flexibility to avoid power shortages, and to ensure that investments in the electricity system are used efficiently. Here at Fabege we can be on board and help reduce the load, and thus future-proof the grid. Optimising our power output has been a priority for us for many years, partly from a cost perspective but mainly in terms of our goal of reducing our carbon footprint. That's why we're connected to sthlmflex, a research project in which Svenska Kraftnät and grid owners Ellevio and Vattenfall have teamed up to test a flexibility market in Stockholm. In simple terms, it means that electricity

"Through Urban Services, we jointly transport, fossil-free and quietly, goods and waste in and out of Arenastaden."

users, producers, businesses and households, through more flexible use, help minimise the risk of bottlenecks in the grid during periods of high demand.

In addition to our work on electricity, we have been working for a long time on the power outputs of our other energy sources. One area where we have made progress is in limiting the cooling power in all our buildings to even out cooling demand. We also balance our heating needs.

Security measures

An important issue for us is for our districts to feel like safe places to spend time in, and we work in a structured way with safety and security issues. The design of the physical environment has a significant impact on how we live our lives and manage the districts, and how activities during the day and evening contribute to our safety. Therefore, we want to create the conditions for a good and mixed offer of residential units, workplaces, services, culture and recreation in our districts.

Lighting, light and lighting design also play a role in how a place or neighbourhood is perceived, and our

Working together to create safe and attractive areas with a focus on education, leisure, health and work

Examples of initiatives

- BID Flemingsberg (Business Improvement District)
- Local sports clubs such as H.A.N.G
- Pep Parks
- Cooperation with Changer's Hub
- Support for Stockholm City Mission
- The Läxhjälpen foundation
- Street Gallery
- TalangAkademin in Huddinge

Sustainable travel and transport in Solna Business Park.

Focus area – Districts cont.

agenda extends to everything from public transport to public art. The aim is for our districts to feature and be designed according to three principles:

1. Attractive street environments that enhance the sense of community, belonging and safety.
2. A thriving district in the evenings and on weekends as well.
3. Varied and playful lighting and lighting design.

As safety and security are paramount, our operations centre can receive and respond to fault reports and alarms on a 24-hour basis. This is a service that is gradually being expanded as more properties are directly connected to shell protection, fire alarms and sometimes via cameras.

Social and cultural values a priority
Our initiative, 'Life between buildings', is a way of creating an attractive streetscape through public art and culture, involving the creative talents of both established artists and local school children. One example is the Street Gallery art exhibition in Solna Business Park, where promising artists are being given the opportunity to display their work in street environments as well as Solna Live Park, a stage for both established and new artists.

When the Swedish Royal Opera's and Royal Dramatic Theatre's studios in Flemingsberg are completed in 2024, we will work together with schools in the neighbourhood through the Royal Opera's activities for children and young people (Unga på Operan) to give more children and young people access to the Royal Opera's art forms.

Citizen dialogue

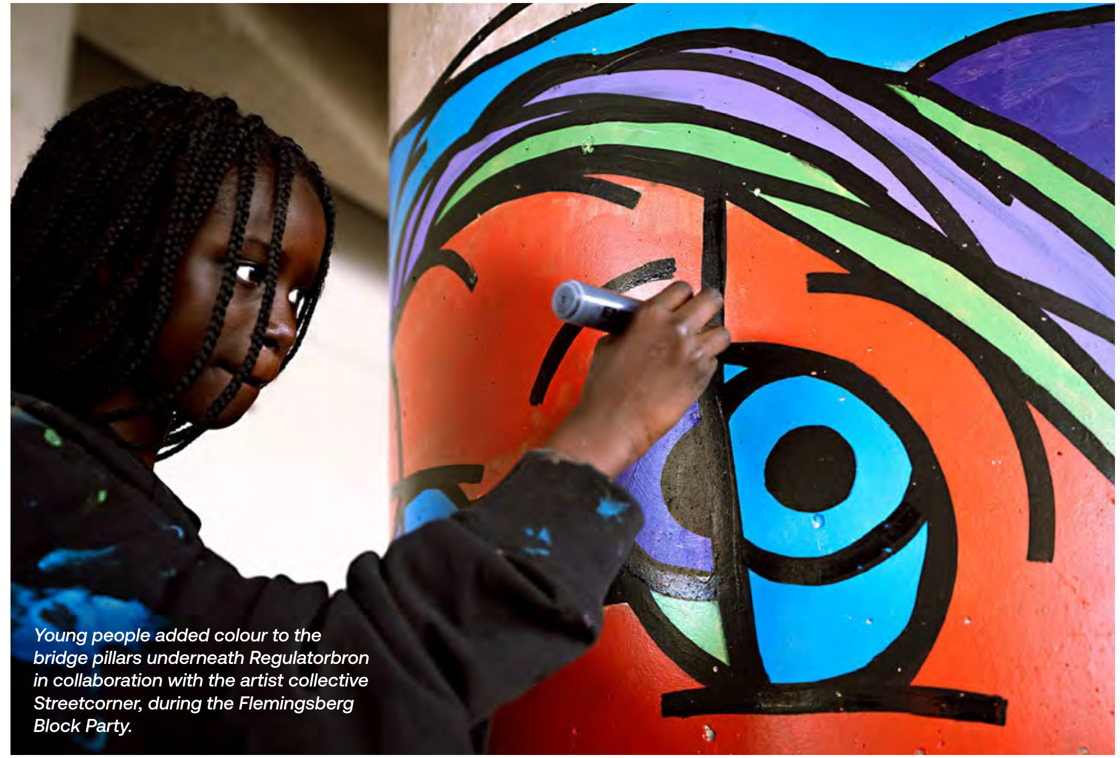
Maintaining a continuous dialogue with the residents of the neighbourhoods in which we operate is important, both in urban planning in general but especially in the context of the local development planning process. Once we have applied and received permission, the municipality produces a draft plan and there is a consultation period for interested parties to submit comments. The consultation includes us as a property owner, and stakeholders such as the county administrative board and local government authorities, as well as tenants. Usually, the municipality convenes a consultation meeting and, if there are reasons, they can amend the draft plan to take account of the comments made. The draft plan will then be sent out for public consultation, giving tenants and other interested parties another opportunity to have their say on the proposal.

> **"Co-creating art achieves identity-building environments and wellbeing."**

An inclusive and healthy city
We want to help ensure that everyone living in our districts has the conditions for good health and wellbeing. The districts should encourage activity and, in addition to building cycle paths and planning footpaths, we want to enable gyms and fitness centres to get established. We also create green spaces and other meeting places that can contribute to improved public health and a more attractive urban space with less car traffic. An example of inclusive street environments that promote diversity and encourage physical movement is the Pep Parks concept. These are activity parks designed for all ages and that have been developed as part of a collaboration between Fabege, Generation Pep and the City of Solna.

The emergence of Flemingsberg as an attractive neighbourhood is important for the development of the Stockholm region. Several initiatives have been carried out under the remit of BID (Business Improvement District) Flemingsberg, which is a method of collaboration focusing on schools, leisure and job-creation activities. These initiatives have included free leisure activities for children and young people, the construction of a tobogganing slope, new pedestrian crossings, improved lighting, night patrols and measures to make Flemingsbergshallen more accessible for young people. We have also organised a music festival to engage young people in the area.

Furthermore, we are running a project jointly with Huddinge Municipality and Södertörn University called Flemingsberg: Inclusive and cohesive urban environment. The project, which was launched in 2021, is funded by Vinnova and focuses on creating an inclusive urban environment where people living and working in the area are involved in its future development.


Young people added colour to the bridge pillars underneath Regulatorbron in collaboration with the artist collective Streetcorner, during the Flemingsberg Block Party.

Value-creating collaboration on site
Successful collaboration enables us to create brand new opportunities for ourselves and our customers. Cooperation between businesses, municipalities, education establishments, clubs, cultural life and citizens is of paramount importance. We want to make a difference in our districts and contribute to positive societal development through partnerships. In addition to Generation Pep, we also work with the Childhood Foundation, which promotes children's right to their childhood, and the sports associations AIS Friidrott and AIK, with a primary focus on young people in Huddinge.

To support more children's schooling in Flemingsberg, we have been the main sponsor of the educational foundation Läxhjälpen since 2021. The aim is to help more pupils in Flemingsberg achieve upper secondary school entrance qualifications and forge personal contacts with university students.

Since 2020 we've been involved in collaboration with TalangAkademin to create more internships and jobs. Via a social clause in our framework agreements, some 20 suppliers have so far signed up and several have taken on trainees.

Focus area – Properties

Climate front and centre

We are a leading property manager in the Stockholm region with our 100 properties. All properties must be environmentally certified, and we are aiming for carbon neutral property management and to cut our carbon footprint by half in our construction projects.

We are committed to reducing our carbon footprint and energy consumption in the long term. Our work covers everything from resource optimisation, climate-smart material choices and sustainability certification of buildings, to digitalisation and health. We focus both on our properties under management and on our construction projects, which include commercial and residential units.

Reducing our climate impact and energy usage are two of our most important sustainability issues. According to the Swedish Environmental Protection Agency, homes and premises account for more than a third of Sweden's total end-use energy consumption. This, combined with a strained energy market, has led us to intensify our work on energy efficiency, with a particular focus on digitalisation and our internal processes in order to work smarter and more data-driven.

We environmentally certify all investment properties according to BREEAM In-Use with the ambition of achieving Very Good, and new construction projects according to BREEAM-SE with the goal of achieving Excellent. Our new-build project Ackordet 1 in Haga Norra was awarded the BREEAM Building of the Year 2023 award, which recognises properties that inspire and lead the way in terms of sustainability. The project has also achieved BREEAM's highest rating of Outstanding. The property is currently Sweden's largest recycled brick project.

Achieving our climate and energy goals will require a major transition and we understand that a lot of work lies ahead. But we see opportunities to work closely with industry, partners and customers to identify the most effective solutions and promote innovation in everything from material selection and reuse, to electrification and energy efficiency. We have signed Fossil Free Sweden's roadmaps for both the heating sector and for the building and construction sector.

In brief

Material topics

- Energy use
- Greenhouse gas emissions
- Waste

Target

- Health and environmentally certified premises, buildings and districts that offer customers good opportunities to make sustainable choices.
- Our property management (Scopes 1 and 2) will be carbon neutral by 2030, measured in CO_2e/m^2.
- By 2030, we will have cut emissions from new construction by half compared with 2019.
- Energy performance below 70 kWh/sqm Atemp by 2025.

Governance and monitoring

Our sustainability work is based on our sustainability and environmental policy and the sustainability targets we have set for climate and energy use. These in turn are aligned with the 17 UN Sustainable Development Goals (SDGs). The targets are supported by our refrigerant policy, energy strategy and CO_2 calculation guidelines. We continuously monitor resource and energy use, certifications and climate calculations.

The Head of Sustainability, who as of 2024 is a member of the Executive Management Team, leads sustainability work in the organisation. The work is driven by the Sustainable Development Department and a cross-functional sustainability team covering areas such as environmental impact, social responsibility, energy strategy, sustainable property and urban development, sustainable supply chain and compliance issues. Responsibility for implementation rests with the line organisation. The Head of Sustainability is also responsible for strategic work on the sustainability programmes of the districts.

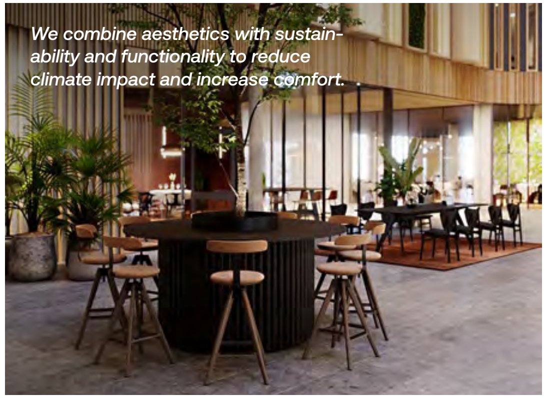
The Board of Directors bears overall responsibility for the sustainability strategy and the follow-up of our work on sustainability. The CEO and the Executive Management Team bear overall responsibility for implementation of the sustainability strategy. Overall objectives are approved by the Executive Management Team and adopted at Board level. The Head of Sustainability reports annually to the Board of Directors.

Reduced carbon footprint

The route to carbon neutral property management

To support the company's desire to adjust operations to help achieve the 1.5-degree target according to the Paris Agreement, in 2019 we linked up with the Science Based Targets initiative (SBTi) and agreed on a climate goal, according to the framework of that time, which was also validated. The SBTi goal is to halve Scope 1 and 2 emissions by 2030 at the latest, with a base year of 2018, and a commitment to measure and reduce our Scope 3 emissions. But our ambitious climate goal extends beyond this to include a commitment to cut Scope 3 emissions per GFA by half. The ultimate goal is for our property management to be carbon neutral by the year 2030. This means reducing Scope 1 and 2 emissions by at least 90 per cent. To achieve this we need to be in control of all emissions associated with our operations. In addition, our negative climate and environmental impact must be minimised. Achieving carbon neutrality in existing buildings now requires cooperation with energy suppliers, which in 2023 accounted for all Scope 1 and 2 emissions.

Our carbon dioxide emissions (Scopes 1 and 2), have declined by around 96 per cent since 2002, from roughly 40,000 to approximately 1,711 tonnes, excluding carbon offset from district heating suppliers. We have signed an agreement with Stockholm Exergi for the capture of biogenic carbon dioxide called bio-CCS and future purchase of negative emissions to reduce our carbon footprint going forward. The main challenge in energy supply is the availability of renewable fuels and the security of electricity supply with the expansion of the power grid to increase capacity.


We combine aesthetics with sustainability and functionality to reduce climate impact and increase comfort.

One interim goal is to invest in solar panels every year corresponding to at least 320 MWh in new and existing properties, and by 2030 the aim is for our solar panels to produce 2.5 kWh/sqm Atemp annually. For new builds, the goal is double that: 5.0 kWh/sqm, and solar panels are always included in the planning stage for new properties. The result for 2023 of 1.7 kWh/sqm Atemp shows that we are well on our way to achieving our goal.

Our good energy performance results have been achieved through systematic energy work with a strong focus on building working practices and expertise within the organisation. We have also made our energy solutions more efficient through the development of building automation and digitalisation, improved cooling and heat recovery, power-saving measures and building shell measures. We work proactively according to our refrigerant policy, which involves choosing refrigerants with the lowest possible carbon footprint and minimising leakage from existing machines.

Focus area – Properties cont.

Our climate emissions broken down according to Greenhouse Gas Protocol (GHG Protocol)

Upstream
Scope 3
Other indirect emissions in the value chain.

Upstream
Scope 2
Indirect emissions from in-house processes (purchased energy).

Fabege
Scope 1
Direct emissions from in-house processes.

Downstream
Scope 3
Other indirect emissions in the value chain.

Emissions from purchase of goods and services
- Building materials and fuel/energy consumption at our construction sites
- Transport to and from our construction sites and properties
- Our commuting and business trips
- Waste management

Use of purchased energy
- District heating
- District cooling
- Property electricity

Combustion in own vehicles, plants and properties
- Leakage of refrigerants
- Own and leased vehicles

Emissions related to customers' use of premises
- Tenants' own electricity contracts
- Tenants' and suppliers' waste and commuting

Greenhouse gas emissions, (tonnes CO_2e)

Emissions	Emission source	2023	2022	Method for calculation
Scope 1	**Total**	**0**	**54**	**Fuel-based**
	Refrigerant leakage	0	53	Fuel-based
	Service vehicles[1]	0	1	Fuel-based
Scope 2	**Total (Market-based)**	**1,711**	**1,866**	**Fuel-based**
	Heating	1,711	1,866	Fuel-based
	Cooling	0	0	Fuel-based
	Electricity	0	0	Fuel-based
	Total (Location-based)	**3,451**	**3,851**	**Fuel-based**
	Heating	1,711	1,866	Fuel-based
	Cooling	0	0	Fuel-based
	Electricity[2]	1,740	1,985	Fuel-based
Scope 3	**Total**	**13,258**	**28,796**	
	Waste management	67	105	Spend-based
	Leased vehicles and staff vehicles used for work	5	3	Distance-based
	Air travel	10	14	Distance-based
	Property development[3]	11,999	27,455	Average-based
	Property energy	670	627	Fuel-based
	Commuter journeys	98	98	Average-based
	Electricity consumption, tenants	409	494	Average-based
Total		**14,970**	**30,716**	
Carbon offset by district heating supplier		–1,658	–1,817	
Net emissions after carbon offset		13,312	28,899	

[1] Three electric hybrids as temporary pool cars in operation in 2022.
[2] Emission factor for Nordic electricity mix taking into account imports and exports, IVL 2021.
[3] Includes new builds and tenant customisations. As for the previous year, properties bought and sold this year are excluded in accordance with the Swedish Property Federation's report, 'Reporting Scope 3 Emissions for Property Owners'.

Focus area – Properties cont.

Since 1 January 2022, all new construction projects are required by law to draw up a climate declaration. Fabege's guideline for CO_2 calculation is more ambitious than the legal requirement and includes more building components and life cycle stages, as well as refurbishments over SEK 20m. We perform climate calculations using the Plant tool for both large and small-scale projects. Plant has also developed modules to make simpler calculations of tenant customisations and simplified calculations at an early stage, which we believe can be of great help in starting calculations early and bringing tenants on board in efforts to reduce the CO_2 footprint.

Halving the carbon footprint of our construction projects

To reduce our CO_2 footprint in our construction projects, we have established guidelines that go beyond the legal requirement for climate declarations. Both new construction and redevelopments over SEK 20m are to be calculated, and more life cycle stages and building components are covered by the calculation. Our CO_2 calculations should be aligned with EU taxonomy criteria and also fulfil BREEAM criteria.

Circularity and resource efficiency

Waste management – calculation methods and results

For our part, waste is generated partly in connection with construction projects and tenant customisations, and partly through the waste generated by tenants and ourselves in our operations. The latter is calculated using data from our main waste contractors and based on quantity, type and weight. We currently have access to statistics for 63 of our properties; a small number fall outside our statistics because our customers have the option of choosing a waste contractor other than the one we recommend. We strive for efficient use of resources and encourage all customers to separate their waste into at least five fractions.

Construction waste from our projects is managed by individual contractors, and in 2020 we tightened our contracts regarding the reporting of waste statistics. Properties that are certified to BREEAM standard are also subject to special rules regarding areas such as recycling and waste management.

Conscientious materials selection and reuse

The climate impact from the production of building materials is high, which is why we are working to make greater use of materials that can be reused. To reduce our environmental impact in both the short and long term, we ensure the right materials are chosen and the right methods used early on in our projects. Our objective is for 100 per cent of our building materials to be environmentally safe in accordance with Byggvarubedömningen (Building Material Assessment). We are affiliated with the roadmap for the building and construction sector and the Klimatarena Stockholm platform to help accelerate the climate transition in Stockholm. We also participate in the Centre for Circular Building, which is an arena in which industry operators meet and collaborate on reuse and circular material flows in construction, demolition and property management.

It is important for us to create the conditions for circular material flows, ensuring there are opportunities for disassembly, reuse and recycling. We try to choose the right materials and use the right assembly methods, and to reuse materials from our conversions. We take stock of opportunities for reuse in the majority of our vacated properties and buildings due to be vacated.

The development plans for Haga Norra also include a

Our environmental certifications for quality assurance

BREEAM

The British environmental certification system BREEAM is the most widely used of the international systems in Europe. The system encompasses project management, the building's energy use, indoor climate conditions, water consumption and waste management, as well as land use and the building's impact on the surrounding area. BREEAM-SE has been developed to allow new-builds to be certified according to Swedish regulations, while BREEAM In-Use is used for existing buildings.

FITWEL

The Fitwel international certification scheme differs from other certification schemes by focusing on human wellbeing in the building. The certification aims to increase social sustainability and gender equality, wellbeing, physical activity and safety, and reduce sickness and absenteeism. The system is designed to be applied to all buildings regardless of budget, building size or age.

CITYLAB ACTION

Citylab Action is an advisory forum for sharing knowledge of sustainable urban development, organised by Sweden Green Building Council (SGBC). Commitments and effect targets are established by SGBC, while project goals and measures are specific to each individual project. Those who want to certify their sustainability work must also satisfy a set of certification requirements.

SVANENMÄRKNING (NORDIC SWAN ECOLABEL)

The Nordic Swan Ecolabel is an environmental certification scheme for new construction of apartment buildings, single family homes, preschools and retirement homes. A Swan-certified building means that it has low energy consumption, a good indoor environment, sustainable material choices, no hazardous chemicals and that the construction process has the minimal environmental impact. Compared with other certification schemes currently on the market, the Nordic Swan Ecolabel stands out in terms of content and material requirements.

Sustainability Coordinator Sönke Leve coordinates reuse at the reuse hub.

Full-scale reuse hub in Solna Business Park

Around 2,000 sqm in Solna Business Park are assigned for the collection of building materials, fixtures and fittings, equipment and furniture for reuse, and everything is documented in a digital marketplace. The aim is to create a functioning reuse market and reduce climate emissions for the property sector. The reuse hub is an important cornerstone of our reuse strategy and a prerequisite for scaling up reuse efforts and helping us halve our CO_2 emissions from construction projects per GFA by 2030.

Focus area – Properties cont.

"New record in our energy optimisation work – 71 kWh/sqm Atemp."

number of large-scale projects working with reclaimed bricks. We worked alongside 14 partners in the project Återhus – to build houses from houses – which developed methods, processes and tools for reusing heavy building components such as steel and concrete frames and facades. We built the Sustainability House in Solna in collaboration with the contractor Zengun. The building consists of around 70 per cent recycled materials and the high level of reuse helped reduce its carbon footprint by 105 tonnes of CO_2. The approximately 1,000-sqm building houses offices, meeting areas and a showroom, thus serving both as an establishment office and as a hub for generating knowledge about the project and reuse.

In 2022, we developed a reuse strategy to scale up our reuse efforts and set a new target, the Circularity Index, with the goal ensuring 20 per cent of the materials used in a conversion project are circular. The strategy describes our objectives for reuse, as well as procedures and working methods for achieving these objectives. Our reuse strategy includes our full-scale reuse hub in Solna Business Park. The aim is to create a functioning reuse market and reduce climate emissions. Find out more about the reuse hub on page 31.

Reduced energy requirement

Energy efficiency improvements in operations

Our energy strategy requires us to take a holistic approach to the energy issue in our properties, projects and districts. We have stringent environmental requirements when purchasing energy and customising energy use using digitalisation, which plays an important role in our efforts to reduce energy consumption. We monitor and analyse energy usage hourly to identify any deviations in performance and power output at an early stage. Furthermore, extensive checks are conducted at building and company level via our energy follow-up system that scans and processes all recorded consumption values.

Only 'Good Environmental Choice' district heating is used in our properties in Solna and Sundbyberg, and for Stockholm inner city and Flemingsberg we buy carbon neutral heating. We work closely with our tenants to support them in reducing energy use, including via green leases; see page 39 for further details.

Our energy efficiency targets

Our energy efficiency targets are divided into phases. By 2019, we had already achieved the first stage by halving our energy use compared with 2005. Our long-term goal is an average specific energy consumption of 70 kWh/sqm Atemp by 2025. Our 2023 outcome using the same metric was 71 kWh/sqm Atemp.

Our 2023 outcome measured as a primary energy demand totalled 67 kWh/sqm Atemp. This means that our energy performance is on average below the requirements for new buildings, even though the vast majority of our portfolio is more than 30 years old.

Our water consumption target

Our aim is to reduce our water consumption by two per cent each year. In addition to easing the strain on Earth's resources, lower water consumption also means preparing our business for a future of declining water tables and reduced availability of fresh water. The outcome in 2023 was 364 l/sqm, which is 11 per cent higher than in 2022. This is primarily due to the fact that our water consumption in 2022 was greatly reduced at the beginning of the year due to low activity during the pandemic.

Climate change adaptation to future-proof our properties

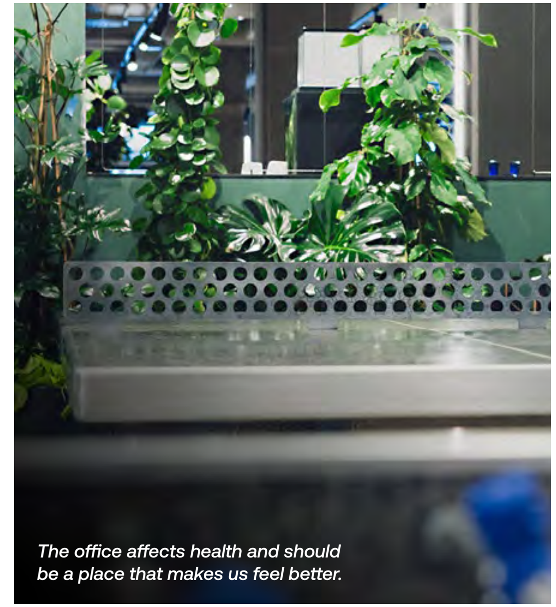
Future risks

Alongside our efforts to reduce our carbon footprint, we need to manage the physical risks that come with climate change. We have conducted climate risk analyses on all investment properties. The analysis identified increased precipitation and flooding as one of the greatest potential future risks. In property management and ongoing and future redevelopments, we will ensure that the necessary measures are taken to address identified climate risks.

Health – certified properties and tenant wellbeing

Smart properties

Digital technology encourages new behaviours, and functions can be automated. Working with our digital solutions gives us access to data in real time, making it easier to do things like optimise energy consumption. Connected buildings also create an opportunity to develop properties that are customised to actual usage, and that put people front and centre. These tools allow us to visualise the indoor climate and develop premises with health and wellbeing in mind. They make it easier for us to see how our properties are used and receive prompt information about faults, improve security in the buildings and thus manage them more proactively. All our properties are connected to a digital fibre network that enables integration with the smart city, contributing to a more sustainable and efficient use of resources.



The office affects health and should be a place that makes us feel better.

Health in our buildings

A healthy and sustainable work environment is not just about the physical environment, including lighting, noise levels, ventilation and furnishings. Psychosocial factors are equally important for the wellbeing and performance of employees, and in particular for them to want to return to the office.

Our contribution is primarily about making it easy for our customers to do the right thing. This could involve placing attractive stairwells centrally to encourage people to take the stairs instead of the lift, but also offering ancillary services, opportunities for fitness activities and culture in or around our properties. Another example is our work with customers to develop health-certified workplaces; a strategic initiative that aims to prepare properties for customer requirements for health certification. We use the Fitwel certification. SEB's office in Arenastaden, along with our own office in Solna, are two examples of Fitwel-certified properties.

Certifications[1)]

System	No. of	Sqm, GLA	Proportion of certified area, %
BREEAM In-Use	47	713,454	66
BREEAM-SE	13	346,080	32
BREEAM Bespoke	2	19,284	1.5
Miljöbyggnad	1	5,480	0.5
Total environmentally certified properties	**63**	**1,084,297**	**100**

1) The properties for which certification has not yet begun include land and development properties for future project development.

Focus area – Employees

Together we are Fabege

An engaged and motivated workforce is a key success factor. Organisations with a strong identity often perform better than others. We therefore invest time and effort in developing our values, corporate culture and our people, all of whom are key to our success.

Our shared core values, known internally as SPEAK, have created a strong corporate culture that is reflected throughout our entire business. These values are Fast, Informal, Entrepreneurial, Business-minded and Customer-focused. By acknowledging and supporting each individual employee and their unique capabilities, together we can create a solid team, where we are the clear choice for talented and motivated individuals in the property sector. We are actively engaged in boosting our appeal as an employer, with the aim of being one of Sweden's most popular workplaces.

Governance and responsibility
Together with our Code of Conduct, our core values are at the heart of the conduct of all our employees. Working atmosphere and work environment are central to us and governed by our work environment policy and sustainability and environmental policy. We want to be a company for everyone, and our policy on equal treatment sets the framework for our gender equality work. We conduct annual employee surveys to monitor our work and other important issues.

Employee participation in development
Every year we conduct the Great Place To Work employee survey. Our target for 2023 was to achieve a Trust Index score of 85, which was exceeded as we achieved 88. Our long-term objective is a Trust Index score of 90. The results of the employee survey are the basis of purposeful, organised efforts in which each department identifies its focus areas and specific challenges. Actions and activities based on the results are then integrated into plans and objectives for the coming year.

Sustainable working life
We take a comprehensive approach to the sustainable employee and health and safety issues. We should have a safe working environment, but our employees should also feel that they have a sustainable working life. We offer all employees regular health checks, implement wellness programmes and create opportunities for physical activity in our offices. We make a conscious effort to reduce work-related stress; all managers are expected to maintain a regular dialogue with their employees to ensure a good work-life balance. Our working environment must be safe and free from the risk of our employees, or those who work for us, being injured or falling ill at work.

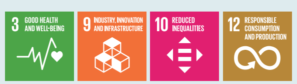
Safe workplace
The starting point for a safe workplace is our systematic health and safety management, which includes risk assessments based on completed investigations, including safety inspections, identifying anomalies and performance reviews. These assessments are evaluated and prioritised, and action plans established to manage any risks identified. There are procedures and training on safety in hazardous situations, such as working at heights and other tasks with a risk of falling, where recommended protective equipment should be used. Contracted employees are subject to the same conditions as our property technicians.

All employees can report actual and potential incidents using our intranet. These are reviewed by the manager responsible for health and safety, and followed up by the occupational health and safety committee. An analysis is always carried out to examine the cause of the incident and consider how to avoid a recurrence in the future. Extensive evaluation work is continually ongoing

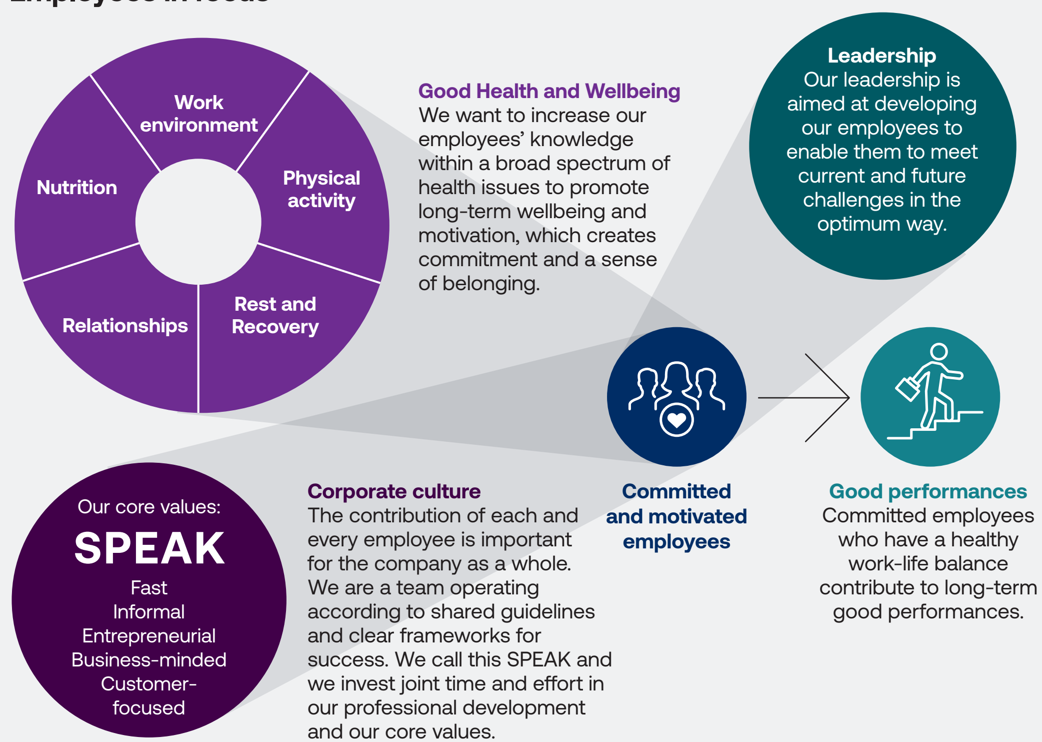
In brief

Material topics
- Good health
- Security
- Diversity and gender equality
- Greenhouse gas emissions

Target
- Offer employees a sustainable working life.
- Achieve a minimum Trust Index score of 90 in the Great Place To Work survey.



Employees in focus



Focus area – Employees cont.

to improve our health and safety efforts. Occupational injuries are reported to the Swedish Work Environment Authority in accordance with the Work Environment Act.

Our occupational health and safety committee collaborates, follows up and acts as a sounding board in the development of health and safety issues.

Focus on development and training
Personalised skills development is important aspect of being an attractive employer. An individual development plan is drawn up for each employee, which is regularly monitored via employee performance reviews and by setting new targets based on business goals and the role of the employee. Performance reviews were carried out with all our employees during the year. All new managers complete an induction to ensure the quality of reviews. All employees are also offered health and safety training, including a focus on sustainable working life.

Our technical operations are an important function within the company. Increasing digitalisation and technological advances have meant that we need to raise the bar in terms of training. As a result, we have identified a need to implement targeted training initiatives alongside continuous training.

Our views on equal value
Our fundamental view is that all people are of equal value and all employees are to have the same opportunities, rights and obligations. No-one at our company should be discriminated against on the basis of sex, gender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age. We have an overarching gender equality goal that seeks to achieve an even gender balance at all levels within the company.

Employees and environment
All our offices are environmentally certified according to BREEAM In-Use. The head office has also had Fitwel accreditation since 2022. Find out more about Fitwel on page 31. Employees' impact on Fabege's total climate emissions is relatively minor, but the goal is still fossil-free business travel. This is to contribute to Fabege's goal of carbon-neutral property management, because transport is the sector in Sweden with the highest fossil emissions and the greatest use of fossil energy sources. We have reduced the amount of business travel in recent years and encourage sustainable travel. Vehicles used within Fabege have been electric since 2017, and our company car policy only allows low-emissions vehicles.

Our profit-sharing fund
Every single employee is important for our development. All employees are covered by our profit-sharing fund, and the amount allocated is the same for everyone. Allocations are made in the form of Fabege shares based on a number of set targets. The shares are tied up for a period of five years after allocation, and amount to a maximum of two price base amounts per employee and year. The Board decided that the allocation for 2023 would amount to 0.5 price base amounts per full-time employee, which corresponds to a value of SEK 28,650.

Great Place To Work

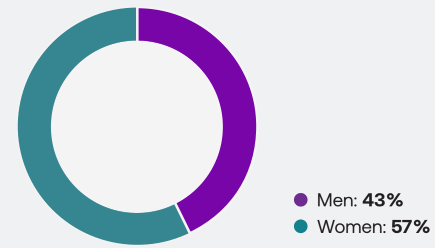
Every year we conduct Great Place To Work's survey to find out what our employees think of us as an employer. Our target was to achieve a Trust Index score of 85, which was surpassed with this year's result of 88.

Great Place To Work.

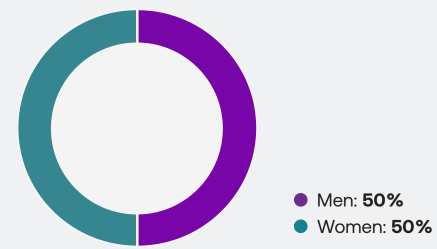
88 index score

Gender balance

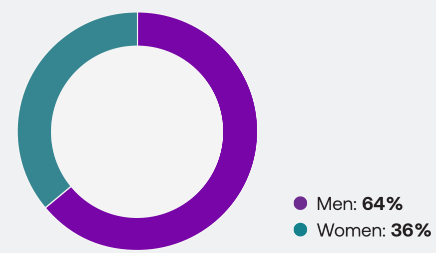
Board of Directors



Executive Management Team



Fabege total



Focus area – Supply chain

Close cooperation a prerequisite for sustainability

Our suppliers are important partners, as a sustainable supply chain is essential for creating long-term profitability, reducing our risks and boosting our brand. The aim is to conduct sustainability screening on all partners with whom we have framework agreements.

We endeavour to operate according to the principles of responsible business conduct, to reduce our carbon footprint and safeguard human rights at all levels. As part of our supply chain work, one of our most prioritised areas is to limit emissions involving materials, transport, construction energy and waste. Climate emissions generated indirectly on both sides of the value chain are referred to as Scope 3 emissions under the Greenhouse Gas Protocol (GHG Protocol), and make up the vast majority of our total emissions. Furthermore, we endeavour to ensure the UN Global Compact's ten principles on human rights, labour, environment and anti-corruption are complied with.

Governance and regular inspections
Our cooperation with suppliers is built around our Supplier Code of Conduct. In addition, our sustainability and environmental policy, procurement and purchasing policy and General Terms and Conditions are important steering documents in setting the framework for our expectations. We currently have 330 suppliers with framework agreements, and around 1,500 active suppliers. All new suppliers must meet our criteria to be approved, and all existing suppliers undergo regular inspections. Monitoring is an important aspect of our purchasing work, in order to assure a high level of ethics, consideration for human rights, professionalism, healthy competition, objectivity and equal treatment.

We also made construction site visits to selected projects with our framework agreement contractors in 2023. During these site visits, we followed up on the sustainability requirements established as part of the framework agreements. The main purpose of the site visits has been to increase the exchange of knowledge between the Sustainable Development Department, the Projects Department and the respective contractors.

In brief

Material topics

- Review of supplier sustainability, incl. environment and human rights.

Target

- 100% of our suppliers with framework agreements will be audited on the basis of our Supplier Code of Conduct, policies and international conventions.

"Collaboration creates new opportunities for us, our customers and society as a whole."

Ambitious target
Since 2013, we have been conducting sustainability audits of selected strategic partners in order to ensure all framework contract suppliers complete the audit process, and in 2023 we made progress with a result of 96.

In addition, we classify our categories of supplier in terms of risk and carry out extended background checks on suppliers where our risk assessment deems this is necessary, and the checks are completed before the contract is signed. We maintain a continual dialogue with our suppliers and support their efforts to improve their procedures. Any deficiencies identified through our audits will lead to the companies concerned drawing up an action plan for subsequent implementation. If there is no improvement, we may discontinue the relationship.

Stimulating partnerships
In our tender request documentation, we encourage our contracted suppliers to take on trainees from Talang-Akademin during the contract period. Some 20 suppliers have signed up so far, and several have taken on trainees. Find out more about our social sustainability plans on page 28.

Quality inspections of services
In order to ensure delivery quality, we also conduct regular inspections of suppliers that are deemed to be particularly significant to our customers' experience of day-to-day services. We believe it is important that we quickly identify any contractual breaches and continually improve quality.

Safe workplaces
A safe and secure workplace free from corruption and inequality, where risks are prevented and minimised, is a human right and a challenge for the entire construction industry. Staff ledgers allow us access to statistics regarding employment conditions for everyone working on major projects. Risk analyses and inventories are carried out at each stage of the construction process and these must also be followed up. This is currently the main responsibility of the contractor. There are con-

Focus area – Supply chain cont.

struction health and safety coordinators at the workplaces, BasP and BasU, who are responsible for safety throughout the entire project.

It is the contractors who have the employer's responsibility and ultimate responsibility for health and safety during construction projects, and this is regulated in our agreements. We enjoy effective cooperation with our contractors, where we play an active role in preventing near-accidents and checking that all safety procedures are adhered to, and that workplace risks are minimised. This is achieved via systematic health and safety work, involving digital and physical safety inspections during which faults and failings must be rectified and documented in our database.

To ensure everyone on a building site understands and is aware of risks, images are displayed of hazardous tasks, along with information in different languages. The contractor's safety officer makes sure the project is implemented safely, but also represents construction workers in ensuring all risks are highlighted and that working conditions are good. We always follow up any deviations with contractors and those affected.

We encourage our suppliers and their employees to report identified risks and also draw attention to our whistleblower function, which can be used by all external parties.

In the event of an incident or near-accident at building sites, an analysis is always carried out to determine the cause and how to avoid a recurrence of the incident. This analysis is sent to the Swedish Work Environment Authority for follow-up and documentation.

Accidents and incidents

The most common accidents on construction sites are cuts, falls from low heights and minor trips. When more serious accidents occur, they are often falls or trips.

Suppliers	2023
Accident rate, contractor (LTAR)[1]	2

[1] Reporting relating to contractor accidents is not comprehensive, as not all projects report contractors' accidents in the IA system yet. Accident rate is defined as the number of workplace accidents resulting in an absence of one or more contracted working days per 200,000 hours worked, divided by hours worked.

Process for management and monitoring of suppliers

1

Procurements/ enquiries

All suppliers submitting tenders for contracts undergo a sustainability audit. A questionnaire must be completed based on our Supplier Code of Conduct, which covers the environment, business ethics, working conditions, human rights and occupational health and safety. The requirements also apply to any subcontractors engaged.

2

Upon signing the contract

The Code of Conduct is an appendix to our contracts, which are signed by all partners.

3

Deviation management

It is possible to contact the contract manager to report deviations. There is also a whistleblower service for both external and internal parties.

4

During contract term

All contract suppliers are subject to a sustainability audit. The audit may not be more than four years old. The audits can either be carried out internally or using independent auditors.

5

Results of the sustainability screening/audit:

No remarks: Cooperation continues.

Minor remarks: A joint action plan is drawn up.

In the event of significant remarks: The cooperation is terminated and a new procurement process initiated, unless acceptable explanations can be presented.

The person in charge of the category oversees the process, which is implemented by category teams comprising representatives from the business.

Cross-sector cooperation for a sustainable construction sector

The property sector is in agreement that a sustainable construction industry is not just a competition issue but also something that benefits all stakeholders. We have been working with colleagues in our sector to develop a digital tool for reviewing the property sector's supplier categories. The aim is to avoid duplication for suppliers by making sure they don't answer similar questions in connection with procurements from different property companies, and to enable more suppliers to be audited. This will allow the industry to set a new standard. We have teamed up with six property companies with large office property portfolios in the Stockholm region to develop collective supplier requirements in the area of sustainability.

Focus area – Financing

Green financing for long-term profitability

A conscious and structured approach to sustainability has laid the foundation for the framework that has enabled our green financing. The framework is designed to give us broad opportunities for green financing alternatives, and is based on third party-certified properties and ambitious energy performance targets.

Governance and responsibility
Our financing currently consists of green bank loans and green bonds. We conduct ongoing sustainability dialogues with, and report back to our capital providers, and we participate in discussions regarding the development of green loan products. In addition to our green finance framework, our work is mainly underpinned by our sustainability and environmental policy, finance policy, tax policy and credit policy, in particular.

> "Our green property portfolio enables 100% green financing."

Our green framework/extended sources of financing
Our green finance framework is constantly evolving, as are the targets we set. The update carried out in 2022 means that the framework is now based on the green bond principles, adapted to the EU taxonomy and linked to our ambition of contributing to the Agenda 2030 goals by halving CO_2 emissions by 2030. The framework also includes our green commercial paper programme, which we use to issue green commercial paper that is to be used to finance assets approved according to the framework. The backup facility for the commercial paper programme is also linked to the framework, and is therefore green. We have also linked a green MTN (Medium Term Notes) programme established in 2016, which includes specific sustainability and environmental conditions.

Moreover, we have an allocation policy, which means that investors with sustainable strategies are prioritised in bond issues. The independent research institute CICERO has examined our green framework to ensure that it satisfies their exacting sustainability requirements. They have issued a Second Opinion with ratings of 'medium green' for the green terms and conditions, and 'excellent' for governance.

Our reporting according to EU Taxonomy Regulation
According to our analysis, the economic activities covered by the taxonomy include our new construction projects, major renovations and the properties under our management. We carry out both construction (via building contractors) and management of buildings, which means that the entire business falls within the scope of the taxonomy. Since 2021, we have continued to develop our activities to align with the taxonomy as it is a prerequisite for green financing.

The projects we have worked on include looking at how we align with the taxonomy in our newly launched major construction projects. We estimate that we are aligned with objectives 1, 2, 3 and 6, but that we are not quite there with objectives 4 and 5, partly due to insufficient clarification and interpretation of the criteria, and partly because the sector is not sufficiently mature.

We demonstrate that we make a substantial contribu-

In brief

Material topics
- Green financing.

Target
- Our financing will continue to be 100% sustainable and green.

3 GOOD HEALTH AND WELL-BEING | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Fabege's green financing work

100 per cent green financing
Green financing offers us better conditions, and therefore lower costs, both with banks and on the capital market, as well as access to more financing options. Our green financing was supplemented in June 2021 by a loan that is adapted to the EU taxonomy and that align the taxonomy's green financing criteria. The target of 100 per cent green financing was achieved just before year-end 2020/2021. In connection with the acquisition of Birger Bostad in 2021, the figure dropped to 99 per cent. In 2022, we were back at 100 per cent again when Birger Bostad's loans were converted to green loans.

Examples of our work related to the EU taxonomy
We continued with our climate resilience analyses in 2023, work that began in 2021 in several of our districts. It involves assessing future physical climate risks and what climate adaptations we should make to reduce these long-term risks.

Another important criterion in the taxonomy is energy-efficient properties, an area where we are leading the way and that we are continuously working on. Our average Primary Energy Demand (PED) is 67 kWh/sqm Atemp. An impressive 66 per cent of the area in our portfolio that we manage is within the top 15 per cent energy performance (the definition in the Swedish Property Owners Association's survey shows that the top 15 per cent in office buildings in Sweden corresponds to buildings with a primary energy demand below 80 kWh/sqm Atemp).

Percentage aligned with the EU taxonomy 2023
For 2023, we estimate that 66 per cent of turnover, 53 per cent of operating expenditure (OpEx) and 23 per cent of capital expenditure (CapEx) is aligned with the EU taxonomy and objective 1, and can therefore be classified as environmentally sustainable. For further information, see our full taxonomy report on pages 82–86.

Alignment with EU taxonomy requirements

1. We make a substantial contribution to environmental objective 1: climate change mitigation.
2. For the other five environmental objectives, we meet the Do No Significant Harm (DNSH) criteria.
3. We fulfil the taxonomy's requirements on minimum safeguards.

KPI	Total, SEKm	Eligible for the taxonomy, %	Not eligible for the taxonomy, %	Percentage aligned with taxonomy 2023, %	Percentage aligned with taxonomy 2022, %
Turnover	3,377	100	0	**66**	62
OpEx	156	100	0	**53**	53
CapEx	3,116	100	0	**23**	18

Focus area – Financing cont.

Hotel Kung Carl, Sparven 18.

tion to one of the six environmental objectives of the Taxonomy Regulation, objective 1: climate change mitigation (CCM), as this is the objective that is most relevant to our business. The activities in which most of our operations are described are CCM 7.7 Acquisition and ownership of buildings and CCM 7.1 Construction of new buildings, but other activities may also be relevant to a lesser extent. The other five environmental objectives come under the Do No Significant Harm (DNSH) criteria for our business. For CapEx, Fabege could contribute to objectives 2 and 4, but all significant CapEx is covered by objective 1 and Fabege therefore only reports according to objective 1. We also meet the taxonomy's requirements for Minimum Safeguards related to human rights, anti-corruption, transparency regarding tax burdens and fair competition.

The requirements of the EU taxonomy are highly consistent with our sustainability work. We therefore believe that we satisfy the taxonomy's requirements; see model on page 37. See our full taxonomy report on pages 82–86.

Principles for financial reporting according to the EU taxonomy

The proportion of our operations that is environmentally sustainable according to the EU Taxonomy Regulation is reported via three financial ratios, which indicate the percentage of turnover, OpEx and CapEx that is taxonomy-aligned.

Recognition of turnover

All revenues related to the properties included in economic activities above are recognised. This refers to rental income, including the standard supplements. No material income that should be excluded has been identified. Turnover of SEK 3,377m corresponds to total net sales according to profit and loss accounts for 2023.

Recognition of operating expenditure (OpEx)

OpEx includes the following expenses: 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 (CapEx)

Relates to CapEx for acquisitions and capitalised investment expenditure related to the properties included in economic activity. CapEx of SEK 3,101m represents all expenditure on acquisitions and investments in investment and development properties in 2023. A further SEK 15m is linked to investments in equipment. For further information, see Notes 17 and 19 on pages 109 and 111 respectively.

Green share on Nasdaq

Since November 2023, Fabege has been listed as a green share, known as Green Equity Designation.

"Fabege has long engaged in dedicated sustainability initiatives to reduce the industry's carbon footprint. The green share is further proof that we take our sustainability efforts very seriously. It makes it easier for investors to make informed and sustainable choices."

Åsa Bergström
Vice President and CFO

Focus area – Customers

Our customers are our partners

Good relationships and cooperation with our customers is a prerequisite for creating sustainable collaborative and urban environments. Continuous dialogue with our 700 customers provides the basis for long-term cooperation and the development of our neighbourhoods.

Governance and responsibility
Customer engagement is built around our Code of Conduct, sustainability and environmental policy and security policy. Established procedures on how we interact with our customers at all levels of the organisation are also important. Our decentralised operations and service organisation, analysis of our dialogues and our sustainability targets are important elements that enable us to satisfy customer demands for sustainable environments.

Collaboration for long-term sustainability
Maintaining good, close relationships with our customers is essential in enabling us to be part of strengthening their competitiveness as employers by creating sustainable urban environments for residents, professionals and visitors alike. Key tools include measures to improve safety, Fitwel and BREEAM certifications, along with various local partnerships. The sustainability network in Arenastaden is one such collaboration. We've been working with ten or so major companies here on an action plan linked to travel habits, to contribute to the climate goal of halving greenhouse gas emissions by 2030. Another example is our collaboration with 'Unga på Operan', one of the Royal Swedish Opera's three artistic pillars, which creates opportunities for children and young people to practise culture in schools in Flemingsberg. The project is aimed at four primary schools from reception to year 3. The activities may include mime, drama, music or creative projects.

In brief

Material topics
- Good health
- Security
- Indoor environment
- Energy use
- Greenhouse gas emissions

Target
- Customer Satisfaction Index (CSI), 2023: 81% (target: 80%).
- Green leases, proportion newly-signed space, 2023: 96%
  (long-term target: 100%).
- Green leases, proportion of total space, 2023: 91%
  (long-term target: 100%).

Green leases
The signing of green leases is now standard practice, and the Swedish Property Federation's green appendix is a standardised appendix for reducing the environmental impact of premises. It means that both parties agree on a joint environmental agenda for the premises through the efficient use of resources and sustainable property management. For example, leases may include measures to maintain or improve the BREEAM rating of the building, energy optimisation and indoor environment measures, as well as requirements regarding choice of materials and waste sorting.

We have also prepared guidance on what customers might consider when making tenant customisations to improve the sustainability performance of the project, and help raise or maintain the property's environmental certification level. In 2023, 96 per cent of total newly signed space above ground pertained to green leases.

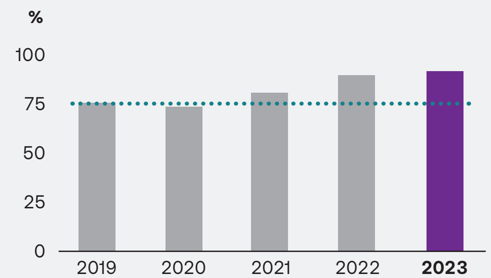
Flexible solutions with the customer front and centre
We are currently landlord to approximately 700 companies, government agencies and organisations, and more than 100,000 people spend time in our buildings every day. Our experience enables us to meet an increasing need for flexibility, and we strive to be solution-oriented and responsive to our customers' preferences. We are constantly exploring new opportunities linked to the sharing economy for greater flexibility in leases as well as in our offerings and approach. Find out more about our flexible concepts on page 11.

"95% of customers would recommend us as a landlord according to the CSI survey."

Strengthening relationships through proximity and continuity
We have a presence in our customers' day-to-day lives through our own offices in all our districts, and our own staff, whether for property management or operations. This enables us to maintain a close dialogue with our customers, which creates continuity and trust and helps us respond quickly to various requests. Our service reporting system also alerts us if something needs to be dealt with or repaired, and we can quickly eliminate any risk of damage. Every year or every other year we conduct a more in-depth customer meeting that gives us an even better understanding of our customers' needs.

We also have regular breakfast meetings with our customers in each district. It's a very popular activity for exchanging information and providing updates on the latest news in our neighbourhoods. We conducted 150 dialogues with our customers in 2023. To follow up on these, we carry out CSI (Customer Satisfaction Index) surveys every two years. Our target is an overall customer satisfaction rating of 80, and in the 2023 survey we achieved 81. An impressive 95 per cent stated that they would be likely to recommend us as a landlord, and 88 per cent said that we would be the first point of contact regarding a change of premises.

Percentage green leases[1]



[1] Area above ground, excluding housing units.

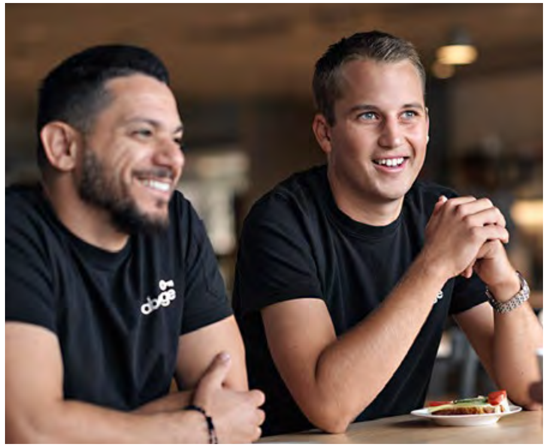
Service reports and comments

It's important for us to receive feedback on how we manage our work. Anyone who has submitted a service report is invited to comment on our response. The feedback is provided digitally by simply pressing the symbol that best describes the experience. If a tenant is unhappy with our response, a new case is automatically opened and we follow up to find out what went wrong and how we could have done things differently. The comments received so far have led to a number of improvements. Some 95 per cent of our customers are currently satisfied with the way we respond to a service report; our target is 100 per cent.

Focus area – Business ethics

High ethical standards essential for sustainable business

Sound business ethics, continuous dialogue and responsiveness are fundamental to our relationships with both employees and customers, as well as suppliers and lenders. Working responsibly is essential to long-term profitability, and contributes to sustainable community development in our districts, with people at the heart.



> **"All employees receive regular training on our Code of Conduct and the industry's code against corruption."**

Our sustainability work is integrated into the organisation and follows our governance and monitoring framework. Our commitment to responsible business conduct is well established among the Board of Directors, Executive Management Team and the rest of the workforce. Our commitments permeate all our operations, business relationships and our conduct towards our other stakeholders.

We have developed processes and methods to ensure that we document and follow up how we interact with our employees, customers, citizens in our neighbourhoods and other stakeholders. Find out more under Districts on pages 26–28, and Customers on page 39.

Code of Conduct forms the basis

Our core values (SPEAK) and our Code of Conduct form the basis for the conduct of all employees. All managers with personnel responsibility are charged with ensuring that our Code of Conduct is known and complied with in their respective department or sphere of responsibility. The Board of Directors and Executive Management Team are specifically responsible for promoting the implementation of the Code of Conduct. The content is revised and monitored annually.

The Code of Conduct clarifies our position on issues related to human rights, labour conditions, the environment, business ethics and communication. All employees are to complete regular training on our Code of Conduct and the industry's code against corruption. We comply with the relevant laws and other regulations. The same applies to generally acceptable business practice and international human rights, labour and environmental standards in accordance with the Global Compact and the ILO's fundamental conventions on human rights at work. Our Ethics Council supports our daily work, with representatives from different departments holding regular meetings. The Council, which reports to the Executive Management Team, is responsible for leading and driving work on ethical issues and monitoring relevant external issues.

Other policies and guidelines

In addition to the Code of Conduct, our tax policy, inside information policy, anti-corruption guidelines and whistleblower policy provide an important framework for our governance and monitoring. See page 76 for governance and monitoring. Our ambition is for our operations to be characterised by strict business ethics and responsibility, as well as sustainable and fair competition, and our whistleblower function is an important monitoring tool.

Consultation and incident reporting

We are keen for both our own employees and all external stakeholders to feel confident in their ability to intercept potential irregularities in the organisation, either via dialogue or via anonymous reporting systems. Our employees are kept updated about governing policies and guidelines via the intranet, information briefings and regular newsletters.

Management is responsible for informing the employees concerned about their responsibility for maintaining effective internal control. We offer a whistleblower service to facilitate incident reporting, and it is available both internally and externally. The service is important in reducing risks and promoting strong business ethics, thereby maintaining customer and public confidence in our business. The report itself and any subsequent dialogue are anonymised if the person wishes. All reports are immediately followed up by a working group consisting of our Director of Human Resources, Head of Sustainability and Corporate Lawyer, and they are responsible for ensuring appropriate action is taken. No incidents were reported via the whistleblower service in 2023.

Transparency on tax payments

We want to take responsibility for sustainable societal development, and this includes contributing to society by paying taxes. We conduct all our business in Sweden; all our employees are employed by Swedish companies and we pay 100 per cent of our tax expense in Sweden. Our tax policy provides guidelines on the company's tax management. The policy states that we will follow all the relevant laws and regulations in the area of taxation, and that where regulations are unclear, we will act transparently and exercise caution. We will engage in tax management based on ethical, legal and professional principles and will abstain entirely from aggressive or advanced tax avoidance. We do not engage in political lobbying on tax legislation. Our tax policy is available in full on our website.

In brief

Material topics

- Anti-corruption
- Tax

Target

- Annual training of employees on the Code of Conduct: 100%.

Framework

- Code of Conduct
- Policy for whistleblower function
- Tax policy
- Insider policy
- Anti-corruption guidelines
- Sponsorship policy

Corporate culture

The contribution of each and every employee is important for the company as a whole. We are a team operating according to shared guidelines and clear frameworks for success. We call this SPEAK and we invest joint time and effort in our professional development and our core values.

Sustainability targets

City districts

	Outcome 2023	Outcome 2022	Long-term target
Proportion of renewable energy, %	90	94	100% energy from renewable sources

Properties

	Outcome 2023	Outcome 2022	Long-term target
Energy performance, total energy, kWh/sqm Atemp	71	73	70 kWh/sqm Atemp 2025
Energy produced from solar panels, kWh/sqm Atemp	1.7	1.5	Energy produced from solar panels 2.5 kWh/sqm Atemp by 2030
Material recycling, %[1]	99	54	90% material and energy recovery
Water consumption, l/sqm Atemp	364	327	Reduce water consumption per sqm Atemp by 2% annually compared with 2019
Environmental certification, number of investment properties	63	65	
Environmental certification of new builds, proportion of total space, %	100	100	100% of new builds, to BREEAM-SE standard with ambition level Excellent
Environmental certification of investment property portfolio, proportion of total space, %	100	100	All investment properties (excl. future development properties) are to be environmentally certified to BREEAM In-Use standard with ambition level Very Good
Proportion of electric or hybrid cars – service vehicles and company cars, %	98	98[2]	100%
Carbon dioxide emissions, tonnes CO_2e			Carbon neutral property management (Scopes 1 and 2) by 2030. Indirect emissions (Scope 3) to be halved per GFA by 2030 compared with 2019.
Scope 1	0	54	
Scope 2	1,711	1,866	
Scope 3	13,258	28,796	
Total Scopes 1–3	14,970	30,716	
Carbon offset by district heating supplier	–1,658	–1,817	
Net emissions after carbon offset	13,312	28,899	

[1] As of 2022 also includes waste statistics from tenant customisations.
[2] Corrected figure due to a written error in 2022.

"Sustainability is a collaborative effort and I am proud of what we have achieved so far."

MIA HÄGGSTRÖM, HEAD OF SUSTAINABILITY

Sustainability targets cont.

Employees

	Outcome 2023	Outcome 2022	Long-term target
Satisfied employees, GPTW Trust Index score	88	87	GPTW Trust Index score of minimum 90
Recommending Fabege as an employer, %	95	95	More than 95% of employees would like to recommend Fabege as an employer
Low sickness absence, %	2.9	3.12	Maintain low level of sickness absence at <3%, aided by regular medical check-ups and continued health and fitness programmes
Gender equality in management, % women	50	50	Aim is to achieve even gender balance
Gender equality among managers, % women	38	47	Aim is to achieve even gender balance
Gender equality among employees, % women	36	38	Aim is to achieve even gender balance

Supply chain

	Outcome 2023	Outcome 2022	Long-term target
Screening of framework agreement suppliers, %	96	90	All framework agreement partners will be sustainability audited and approved

Financing

	Outcome 2023	Outcome 2022	Long-term target
Green financing, %	100	100	100% green financing

Customers

	Outcome 2023	Outcome 2022	Long-term target
Customer Satisfaction Index	81	—[1]	CSI rating target of 80
Green leases[2], proportion newly-signed space, %	96	100	Green leases will account for 100% of newly signed space
Green leases[2], proportion of total space, %	91	89	Green leases to account for 100% of total space

[1] Customer Satisfaction Index surveys are conducted every two years.
[2] Area above ground, excluding residential units.

Business ethics

	Outcome 2023	Outcome 2022	Long-term target
Annual training in our Code of Conduct	0[1]	100	Keeping the dialogue on ethical issues alive throughout the company via activities and forums

[1] No training was carried out in 2023.

"I am convinced that each and every one of our employees as individuals, but mainly collectively, are the key to our success."

GUNILLA CORNELL, DIRECTOR OF HUMAN RESOURCES

Directors' Report 2023

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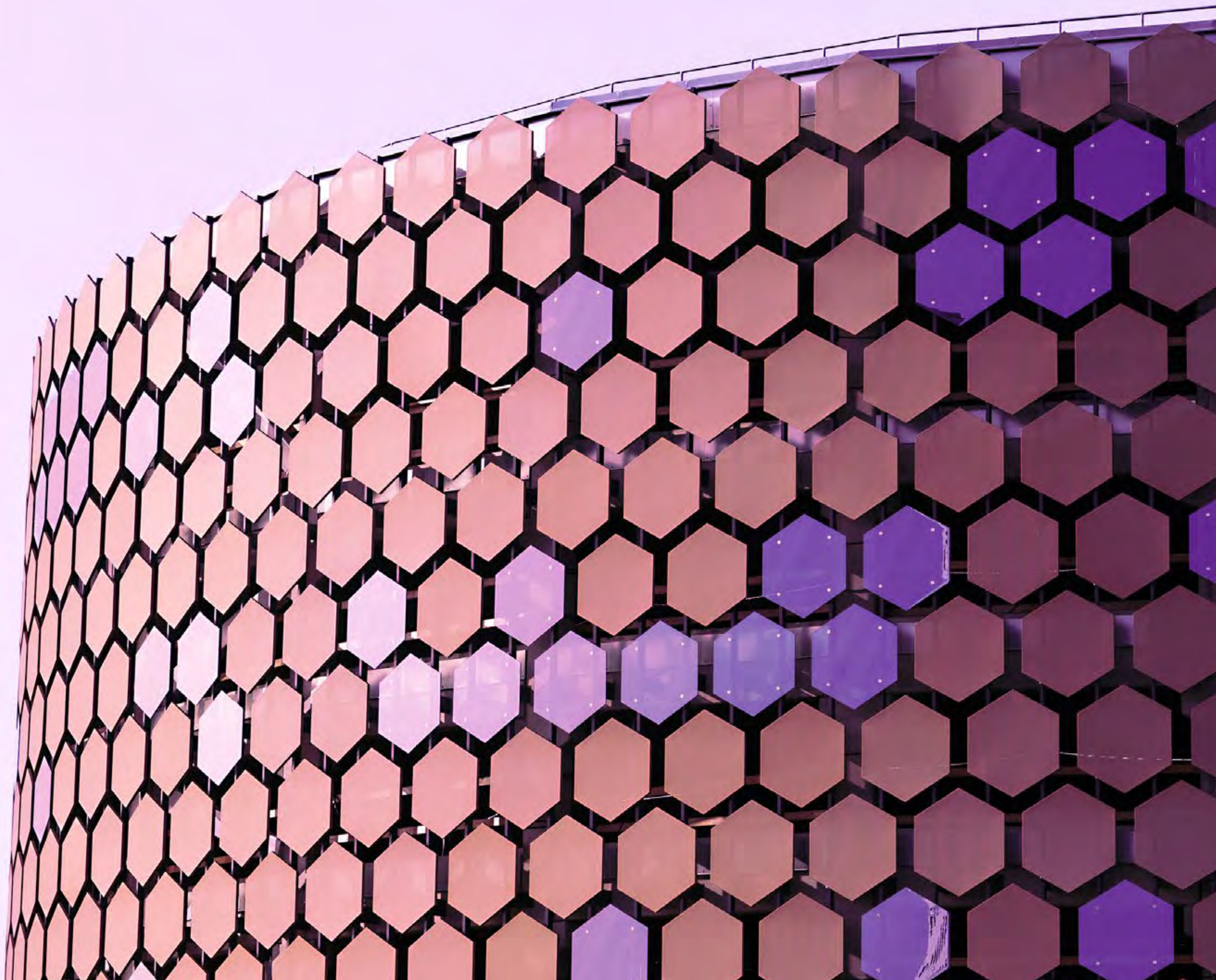


Operational earnings

The Board of Directors and Chief Executive Officer of Fabege AB (publ), company registration number 556049-1523, hereby present the 2023 Annual Report for the Group and Parent Company.

The business
Fabege 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 building 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 Fabege's thorough knowledge of the market, creates a solid foundation for efficient property management and high occupancy rates.

The transactions and investments made in 2023 continued to reflect our focus on the prioritised submarkets of Stockholm inner city, Solna, Hammarby Sjöstad and Flemingsberg. At 31 December 2023, we 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 (86.3), of which development and project properties account for SEK 14.3bn (14.4). Commercial premises, primarily offices, represented 84 per cent of the rental value. The financial occupancy rate for the portfolio as a whole was 91 per cent (89).

The Stockholm market generally continues to show stable rent levels, although we are seeing slightly lower activity levels in the rental market. During the period, 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 (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 year was 69 per cent (77).

Business concept
We develop sustainable districts, with a primary focus on commercial properties within a limited number of well located submarkets in the Stockholm region. We create value through property management, property development and transactions, and we want to be a supportive partner that puts people front and centre and helps companies, places and our city to progress.

Responsible business conduct
We have prepared a sustainability report according to the Global Reporting Initiative (GRI). The Sustainability Report has been prepared to meet sustainability reporting requirements in accordance with Chapter 6 of the Annual Accounts Act and the extent to which our turnover, operating costs and investments are covered by the EU taxonomy. The Sustainability Report is published in full on pages 22–42 and 73–90. Our efforts to pursue operations sustainably and responsibly are a success factor that permeates the business and involves our employees in various ways. Our focus is on sustainable urban development, energy and the environment, responsible relationships with stakeholders and our operating environment, satisfied customers and health and safety, health, job satisfaction and professional development opportunities for our employees. As an urban developer, it is important for us to take responsibility for ensuring that our property portfolio is managed, and our investments made in a way that is sustainable in the long term. Making sure a mix of offices, residential units, services and recreation areas are built close to good public transport connections makes for vibrant and safe environments. A strong environmental focus means, for example, that the properties are environmentally certified, customers are offered green leases and Fabege has ambitious targets in relation to reducing energy use and our overall carbon footprint. Satisfied employees are a key factor for our success, and we have a high confidence rating. It is essential to uphold a healthy corporate culture and ethically sound conduct, and to respect human rights. We monitor our suppliers to ensure they are acting in accordance with our Code of Conduct.

EU taxonomy
Fabege's reporting in accordance with the EU taxonomy is detailed on pages 82–86.

Acquisitions and sales
February saw the acquisition of the other half of the partly owned Klacken 1 property, a garage property in

Our property management strategy

Property Management

Low risk with stable cash flow

Finding the right premises to match a customer's specific requirements and ensuring they are happy with both the premises and the surrounding area is a cornerstone of our business model. This is accomplished through long-term work and based on close dialogue with the customer, building mutual trust and loyalty.

Property Development

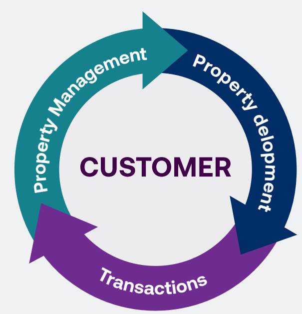
Creating value – raising quality in the portfolio

Property development and new production is the second key cornerstone of our business. Our objective is to attract long-term tenants to properties that have not yet been fully developed, which are then redesigned based on the customer's specific requirements.

Transactions

Financing projects – increasing the potential in the portfolio

Property transactions are also a cornerstone and a natural element of our business model. The company continuously analyses its property portfolio to take advantage of opportunities to increase value growth, both through acquisitions and sales.



Property-related KPIs

	2023	2022	2021
No. of properties	100	102	94
Lettable area, 000 sqm	1,246	1,290	1,247
Financial occupancy rate, %	91	89	90
Rental value, SEKm	3,872	3,724	3,359
Net lettings, SEKm	165	86	162
Surplus ratio, %	75	74	76

Operational earnings cont.

Råsunda. In April, residential building rights in Huvudsta were vacated in a deal with JM worth SEK 484m. In June, a small property, Anoden 4, was acquired in Flemingsberg. In October, the properties Orgeln 7 and Glädjen 12 were transferred to Nrep. The purchase prices for the divested properties totalled SEK 3.9bn before deduction of deferred tax.

Investments in existing properties and ongoing projects
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. In 2023, a decision was made on significant project investments regarding Nöten 4, Solna Strand, in connection with the signing of a lease with Saab. A decision was also taken on the construction of the next residential phase in Haga Norra.

The tenant customisation for Convendum in Hägern Mindre 7, Drottninggatan, was completed in the summer, and the tenant has taken over the premises. The aggregated project volume of the major ongoing new builds amounted to approximately SEK 4.8bn at year-end, with a lettable area of 145,000 sqm. The occupancy rate in the major project properties was 84 per cent at year-end. All projects are progressing according to plan, but with some cost increases as construction prices, which have increased as a result of global volatility, remain at a high level. Investments in our property portfolio for the year amounted to SEK 3,101m (2,257), including SEK 2,094m (1,427) pertaining to investments in project and development properties. Capital invested in the investment property portfolio amounted to SEK 1,007m (830), and primarily related to tenant customisations.

Income and net operating income
Rental income amounted to SEK 3,366m (3,032) and net operating income 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).

Earnings from residential development
Revenue from residential development totalled SEK 553m (295). Costs relating to residential development amounted to SEK −549m (−374), including administrative costs of SEK −26m (−34) and impairment of building rights of SEK −6m (−81). Gross earnings therefore totalled SEK 4m (−79). In addition, income is due from participations in associated companies of SEK 9m (−1). Income recognition takes place on project completion. Seven projects were completed and finalised in 2023, 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 year, the average interest rate gradually increased as the Riksbank's policy rate hike had an effect on the market rate (STIBOR). The average rate at 31 December was 3.13 per cent (2.39). Ground rent amounted to SEK −45m (−42).

Earnings from associated companies
The share in profit or loss of associated companies amounted to SEK 34m (−32), of which SEK −80m (−54) related to contributions to Arenabolaget, SEK 103m to income recognition relating to the joint venture project in Haga Norra, SEK 9m related to contributions from co-owned projects in Birger Bostad and SEK 1m related to Urban Services.

Changes in value, 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. Roughly 70 per cent of the portfolio was independently valued in the fourth quarter, while the remaining properties were internally valued based on the most recent independent valuations. The total market value at the end of the year was SEK 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. Valuations were partly offset by increased rent levels due to higher inflation assumptions.

Tax
Tax income/expense for the year totalled 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.

Current tax
Tax loss carryforwards, which are expected to reduce the tax expense in future years, are estimated at SEK 2.0bn (2.8). Payment of income tax can also be delayed through tax depreciation of the properties. In the case of a direct sale of property, profit for tax purposes, defined as the difference between the selling price and the tax residual value of the property, is realised. If the sale is made in the form of a company, this effect can be reduced. It is generally expected that current tax will remain low over the next few years.

Deferred tax liability/tax asset
On 31 December 2023, the difference between the book and tax residual values of our properties was approximately SEK 49.4bn (58.3). Net deferred tax liabilities amounted to SEK 8.3m (10.2).

Deferred tax

SEKm	2023	2022
Tax loss carryforwards	−410	−573
Difference between book and tax values in respect of properties	8,596	10,439
Derivatives	141	348
Miscellaneous	−22	−19
Net debt, deferred tax	**8,305**	**10,195**

Tax paid

SEKm	2023	2022
Income tax	0	0
Property tax	274	262
VAT	12	15
Stamp duty	77	25
Energy tax	21	20
Total	**385**	**322**

Segment reporting
The Property Management segment generated net operating income of SEK 2,363m (2,128), representing a surplus ratio of 77 per cent (77). The occupancy rate stood at 91 per cent (89). Profit from property management amounted to SEK 1,454m (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 126m (84), resulting in a surplus ratio of 56 per cent (44). Profit from property management amounted to SEK 29m (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 24m (−71) from residential development and net operating income of SEK 20m (8). Profit from property management amounted to SEK 33m (−83). Unrealised changes in value totalled SEK −20m (6). Further information about the breakdown by segment is provided in the segment report under Note 5 on page 105.

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

Properties
Recognised property value relates to our investment property portfolio, including project and land properties. At year-end, the total property value amounted to SEK 78.1bn (86.3).

Operational earnings cont.

Läraren 13 in Stockholm inner city.

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
Shareholders' equity amounted to SEK 39,244m (45,514) at the end of the period, 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).

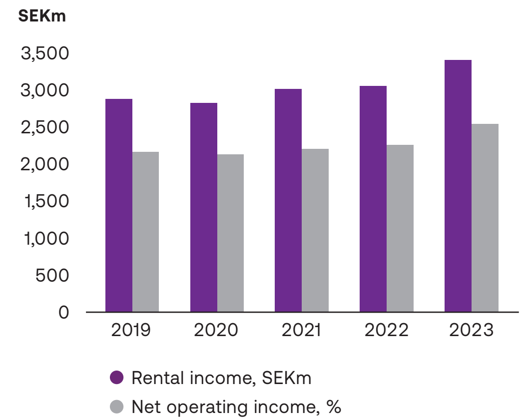
Cash flow
Cash flow from operating activities before changes in working capital amounted to SEK 1,316m (1,489). Changes in working capital had an impact on cash flow of SEK 252m (503). Investing activities had an impact of SEK –330m (–3,232) on cash flow, while cash flow from financing activities amounted 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.

Parent Company
Sales amounted to SEK 443m (352) and earnings before tax amounted to 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).

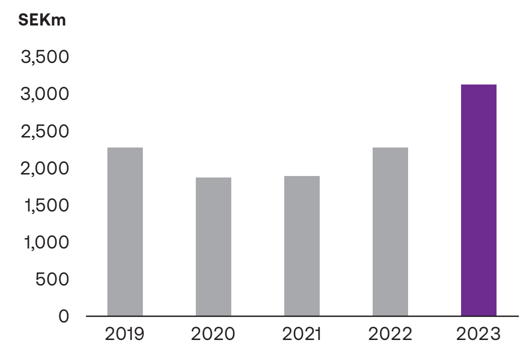
The work of the Board of Directors
A separate description of the work of the Board of Directors is provided in the Corporate Governance Report on pages 61–72.

Human resources
The average number of employees in the Group during the year was 217 (206), including 83 women (72). The average number of employees is calculated at an individual level and corresponds to the number of full-time positions. At year-end, the number of employees was 228 (231), including 83 (88) women. Of the total number of employees, 206 (207) were employed by the Parent Company and 22 (24) by the wholly owned subsidiary Birger Bostad. See Note 6 on page 106 for further details. See also Note 6 for information about guidelines on remuneration of senior executives.

Rental income and net operating income



Investments



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

Financing

Capital structure

We manage our capital with the aim of generating the best long-term return for shareholders among property companies listed on Nasdaq Stockholm.

Financing 2023

Volatility in the financial markets has resulted in a shift from capital markets to banks. In total, we repaid SEK 2.7bn bonds at maturity during the year. We aim to be an active player in the bond market and as a result of improved conditions during the autumn, we issued SEK 1.8bn via our own MTN programme and via SFF. Bank facilities are regularly refinanced well in advance, normally 12 months before maturity. We also signed new bank facilities totalling SEK 1.7bn. All new facilities were signed with existing lenders, i.e. the Nordic banks. The commercial paper market functioned well for most of the year. Outstanding commercial paper and bonds totalled SEK 12bn at year-end. As previously, we guarantee access to unutilised credit facilities to cover all outstanding commercial paper at any given time. Including the backup facility for the commercial paper programme, undrawn credit facilities at year-end amounted to SEK 7.0bn (7.3). 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.

Financial targets at 31/12/2023

	Target	Outcome
Return on equity, %		
Equity/assets ratio, %	> 35	47
Interest coverage ratio, times	> 2.2	2.5
Loan-to-value ratio, %	Max 50	42
Debt ratio, times	Max 13.0	13.5

Financing at 31/12/2023

	2023	2022
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 committed credit facilities, SEKm	6,960	7,260
Fixed-term maturity, years	4.1	4.7
Fixed-rate period, years	2.1	2.7
Fixed-rate period, portion 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	38

Green financing at 31/12/2023

	Credit lines	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**
Proportion of green financing, %	100	100
Total available green borrowing facility, SEKm	**46,518**	
– of which unrestricted available green borrowing facility, SEKm	17,110	

Debt management

The main task of Fabege's debt management activities is to ensure that the company continually maintains a stable, well-balanced and cost-efficient financial structure through borrowing from banks and capital markets. We strive to achieve a balance between different forms of financing on both the capital and banking markets, with long-term relationships with the major lenders having high priority. We have chosen to have a significant proportion of our borrowing in the form of bank financing and want to continue to nurture our long-term relationships with the Nordic banks.

Dividend policy

We aim to pay a dividend to our shareholders comprising the part of the company's profit that is not required for the consolidation or development of the business. Under current market conditions, this means that the dividend is expected to sustainably account for at least 50 per cent of profit from continuous property management and realised gains from the sale of properties after tax.

Interest-bearing liabilities

Access to long-term and stable financing is crucial to the pursuit of a sustainable business in the long term. We therefore value lasting and trusting relationships with our creditors. Our lenders include the major Nordic banks and investors on the Swedish capital market. Credit agreements with the banks to a certain extent enable the company to borrow funds as needed within a predetermined framework and terms. Our objective is to refinance bank loans well in advance, at least one year prior to maturity. The company also endeavours to attain maturities that are as long as possible, at a reasonable cost. The average fixed-term maturity at year-end was 4.1 years (4.7).

Sustainable financing

We want to ensure we have a responsible approach to business in all aspects. We consider this to be a prerequisite for achieving long-term profitability. This affects our ability to attract customers and also skilled staff, the value of our properties and the level of pride among our employees, our ability to handle future climate change and also the assessment of us by both analysts and equity and bond investors. Green financing is a natural extension of the sustainability efforts that are conducted throughout the organisation. It provides us with more responsible financing, a broader investor base and trusting relationships with our capital providers.

All our capital providers, including banks and capital markets, offer green financing through the financing of environmentally-certified properties. Green financing offers us better conditions both with banks and on the capital market, along with access to more sources of financing. At year-end, 100 per cent (100) of outstanding loans and lines of credit were green.

Fabege's green financing framework was updated in June 2022. The framework has been designed to give Fabege broad opportunities for green financing and is based on third party-certified properties and ambitious energy consumption targets. It is based on the green bond principles, adapted to the EU taxonomy and linked to Fabege's ambition to contribute to the goals of Agenda 2030. CICERO has issued a second opinion, with ratings of 'medium green' for the green terms and conditions, and 'excellent' for governance. Our MTN programme, commercial paper programme and a back-up facility for both are linked to the framework. The MTN programme framework amounts to SEK 18,000m and the framework for the commercial paper programme is SEK 5,000m.

Reports are made available to investors each quarter, as well as in a more comprehensive form annually. Find out more and access links to prospectuses, frameworks, second opinions, feedback etc. at fabege.se/en/financing.

Collateral

Our borrowings have traditionally been primarily secured via mortgage deeds on properties, and to some extent shares in property-owning subsidiaries as well. Borrowing on the capital market via our MTN programme and commercial paper programme is unsecured, which means that some properties are unencumbered. The proportion of unencumbered property at year-end was 41 per cent (45) of the total property value.

Covenants

Our obligation concerning covenants is similar in the various credit agreements and stipulates, in addition to being listed on a stock market, an equity/assets ratio of at least 25 per cent and an interest coverage ratio of at least 1.5x. The main proportion of the LTV ratio is stated at property level and amounts to between 60 and 70 per cent, depending on the type of property and financing.

Fixed-rate period

The fixed-rate period is set using interest rate swaps. At year-end, the average fixed-rate period was 2.1 years

Financing cont.

(2.7) excluding callable derivatives. The adjusted fixed-rate period including callable derivatives amounted to 3.1 years. The derivatives portfolio consisted of traditional interest rate swaps totalling SEK 16.6bn and callable swaps totalling SEK 6bn. The traditional swaps mature up to 2032 and carry fixed annual interest of between –0.15 and 1.30 per cent. The callable swaps have a maturity of up to 10 years but can be cancelled by the bank after a period of 3–9 months. The derivatives portfolio is measured at market value and the change in value is recognised in profit or loss. At 31 December 2023, the recognised surplus value of the portfolio was SEK 686m (1,689). The change in value is of an accounting nature and has no impact on the company's cash flow. At maturity, the market value of derivative instruments is always zero. Find out more about fixed-income derivatives and their valuation under Note 3 on pages 100–104.

Shares and share capital

Our share capital at year-end was SEK 5,097m (5,097), represented by 330,783,144 shares (330,783,144). All shares carry the same voting rights and entitle the holder to the same share of the company's capital. The quotient value is SEK 15.41 per share. The following indirect or direct shareholdings in the company represent one tenth or more of the votes for all shares in the company:

Holdings, 31/12/2023

	Percentage of votes, %
Backahill AB	16.6
Geveran	12.0

Through Fabege's profit-sharing fund and the Wihlborg profit-sharing fund, at year-end the employees of Fabege owned a total of 1,357,157 shares, representing a stake of 0.42 per cent (0.42) in the company.

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. Fabege's treasury shareholding amounted to 16,206,048 at year-end. Repurchases were made at an average price of SEK 120.23 per share. The holding represents 4.89 per cent of the total number of registered shares. No repurchases were carried out in 2023.

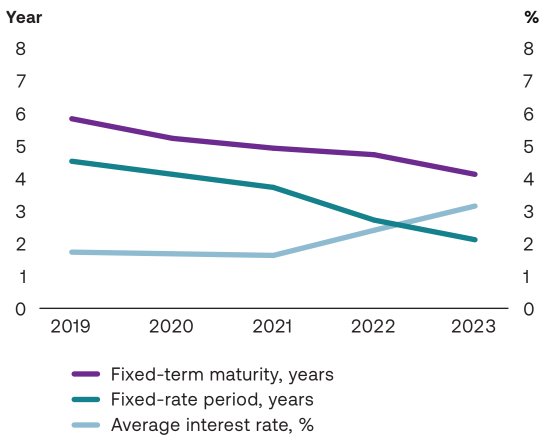
Finance policy

Financing operations are governed by the company's finance policy, which is established by the Board of Directors. The primary task of financial management is to ensure that the company maintains stable, well-balanced and cost-efficient financing at all times. The fixed-rate period must take account of the circumstances at any given time. Potential currency exposures must be minimised. The finance policy also states the counterparties that the company is permitted to deploy while governing the authority and delegation of responsibility for the organisation.

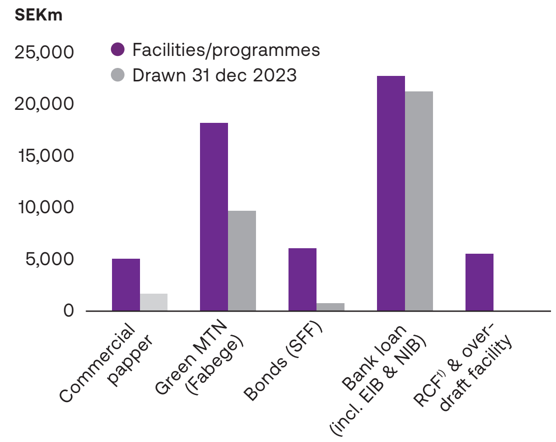
Liquidity

Liquidity varies significantly over the year for a property company, as rent payments are made quarterly while running costs are relatively evenly allocated over time. Since the type of revolving credit facility that we use can be utilised as needed, it is extremely well adapted to operations and enables the avoidance of surplus liquidity.

Financing

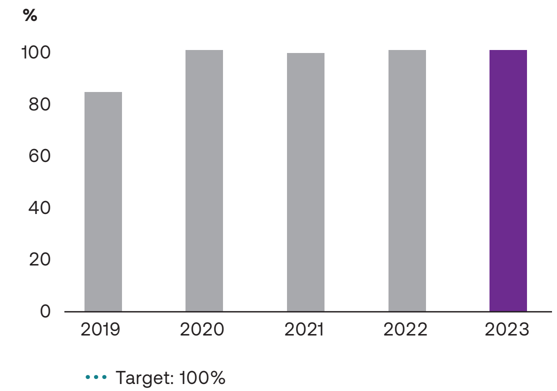


Breakdown of sources of financing

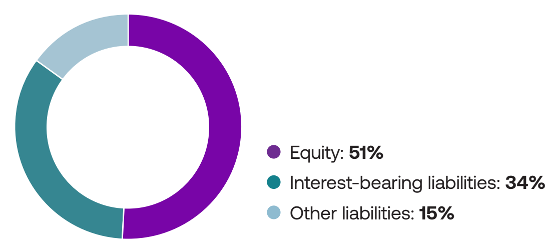


1) Revolving credit facilities.

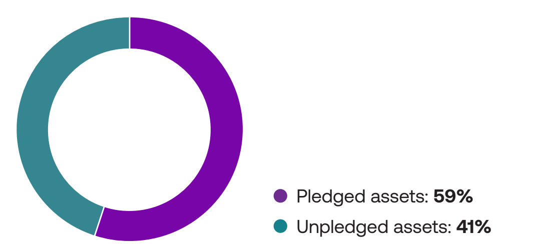
Green financing



Supply of capital



Breakdown of collateral



Financing cont.

Loan maturity structure, 31 Dec 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**

Interest rate maturity structure (incl. derivatives), at 31 Dec 2023

	Amount, SEKm	Average interest rate, %	Share, %
< 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**

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.

Outlook for 2024

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 have stabilised during the autumn. However, bond financing remains expensive, which is driving the property companies in our rating segment towards an increased proportion of bank financing. Furthermore, rising market rates are beginning to have an adverse impact on earnings. The proportion of Fabege's fixed-rate borrowing is 60 per cent, which will mitigate the effect of higher market rates for the next few years. Rising interest rates have impacted yield requirements in property valuations. Higher yield requirements have been partially met by higher inflation assumptions. 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.

Fabege 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. Fabege's hallmark is stability – we have a portfolio of modern properties in attractive locations, stable customers and committed employees. We are well-placed to take on the challenges and opportunities open to us on the market over the coming year.

Proposal for the Distribution of Profits

The following amount is at the disposal of the AGM:

SEK	
Retained earnings	3,385,588,009
Profit/loss for the year	–139,855,426
Total	**3,245,732,583**

The Board of Directors and the Chief Executive Officer propose that the amount be allocated as follows:

SEK	
A dividend of SEK 1.80 per share to the shareholders	566,238,773
To be carried forward	2,679,493,810
Total	**3,245,732,583**

The dividend amount is based on the total number of shares outstanding at 31 December 2023, i.e. 314,577,096 shares. The total dividend amount is subject to alteration up to and including the record date, depending on share buybacks.

Statement of the Board of Directors on the proposed dividend grounds

Our Group equity has been calculated in compliance with IFRS standards as adopted by the EU, the interpretations of these (IFRIC) and Swedish law through the application of Recommendation RFR 1 Supplementary Accounting Rules for Corporate Groups of the Swedish Financial Reporting Board. The Parent Company's equity has been calculated in accordance with Swedish law, applying recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board. The Board of Directors has established that the company will have full coverage for its restricted equity after the proposed dividend. The Board of Directors considers that the proposed dividend is defensible based on the criteria contained in the second and third paragraphs of Section 3 of Chapter 17 of the Swedish Companies Act (nature, scope and risks of the business, consolidation requirements, liquidity and other financial circumstances). The Board would like to make the following comments pertaining thereto:

Nature, scope and risks of the business

The Board estimates that the company's and the Group's equity after the proposed dividend will be sufficient in view of the nature and scope of the business and the associated risks. In drawing up its proposal, the Board has taken account of the company's and Group's equity/assets ratio, historical and budgeted performance, investment plans and the general economic environment.

Consolidation requirements

The Board of Directors has made a general assessment of the company's and the Group's financial position and ability to meet their obligations. The proposed dividend constitutes 4.9 per cent of the Parent Company's equity and 1.4 per cent of consolidated equity. The stated target for the Group's capital structure is a minimum equity/assets ratio of 35 per cent, and the Group will be able to maintain an interest coverage ratio of at least 2.2 even after the proposed dividend. In view of the current situation on the property market, the company and the Group have a good equity/assets ratio. In light of this, the Board considers that the company and the Group are in a good position to take advantage of future business opportunities and withstand any losses that may be incurred. Planned investments have been taken into account in the proposed dividend payment. Nor will the dividend have any significant impact on the company's or the Group's ability to make further commercially motivated investments in accordance with the adopted plans. In the Parent Company, some assets and liabilities have been measured at fair value in accordance with Chapter 4, Section 14 of the Swedish Annual Accounts Act. The impact of this valuation, which affected equity in the Parent Company by SEK–833m (1,323), has been taken into account.

Liquidity

The proposed dividend will not affect the company's and the Group's ability to meet payment obligations in a timely manner. The company and the Group have good access to liquidity reserves in the form of short- and long-term credit. Agreed credit lines can be drawn at short notice, which means that the company and the Group are well prepared to manage variations in liquidity and any unexpected events.

Other financial circumstances

The Board of Directors has assessed all other known circumstances that may be significant for the company's and the Group's financial position and that have not been addressed in the above. No circumstance has been discovered in the course of the assessment that would cast doubt on the defensibility of the proposed dividend stated above. No circumstance has been discovered in the course of the assessment that would cast doubt on the defensibility of the proposed dividend.

Risks and opportunities

We operate mainly on the commercial property market in Stockholm and are affected by the performance of the Swedish economy, in particular the services sector. Our risk exposure is limited and, to the extent possible, controlled in respect of properties, tenants, lease terms, financing terms and business partners. Risks and uncertainties relating to cash flow from operations relate primarily to changes in rents, vacancies and interest rates. Changes in the value of the property portfolio represent another uncertainty, as does access to financing. We endeavour to be a sustainable and responsible company, which means managing risks associated with such issues as climate impact, environmental impact, ethical conduct and human rights. In today's digitalised world, cyber threats and the risk of data leaks are also factors that we need to acknowledge and manage. Fabege follows social developments and we are at the forefront when it comes to harnessing digitalisation and technological developments, particularly in terms of managing and monitoring property operations. Overall responsibility for our risk management rests with the Board of Directors, while operative work has been delegated to the CEO and management. Risk management is integrated into day-to-day operations and firmly established in Fabege's various processes. To follow is a description of our view on, and management of a selection of significant risks that, if properly managed, also represent opportunities.

Categorisation of risks

Market and transactions

	Likelihood	Consequence
Rental income – customer bad debts	Low	Low
Rental income – vacancy rate	Medium	Medium
Rental income – rent levels	Low	Low
The office of the future	Medium	Medium
Geographic concentration	Low	Low
Property expenses	Medium	Medium
Properties' operation and function	Low	Low
Projects – schedules and costs	Medium	Medium
Projects – unleased project space	Low	Low
Planning processes	Medium	Medium
Residential development	Medium	Medium
Property values	Medium	High
Property acquisitions	Low	Low
Property sales	Low	Low

Financial

	Likelihood	Consequence
Liquidity and refinancing risk	Medium	High
Interest rate risk and valuation of fixed-income derivatives	Medium	Medium

Environment

	Likelihood	Consequence
Contamination and environmental damage	Low	Low
Climate change	Low	Low
Carbon footprint – property management	Low	Low
Carbon footprint – projects	Low	Low

Tax

	Likelihood	Consequence
Tax laws	Medium	Medium
Sustainable tax management	Low	Low

Ethics and anti-corruption

	Likelihood	Consequence
Fraud, bribery, unethical conduct	Low	Low

Employees

	Likelihood	Consequence
Workforce planning	Low	Low
Dependency on key individuals	Medium	Low

Social conditions and respect for human rights

	Likelihood	Consequence
Unacceptable working conditions, violations	Low	Medium

Communication and cyber security

	Likelihood	Consequence
Data leaks, stock market regulation breaches	Low	Medium
Media, brand	Low	Medium
Information security, infringement	Low	Medium
System support availability	Medium	Medium

Low Medium High

Risks and opportunities cont.

Market and transactions

Rental income and property expenses

With modern properties in prime locations, the risk of structural vacancies in our property portfolio is low. Vacancies that arise affect cash flow in the period it takes to re-let and potentially renovate vacant premises. The aftermath of the pandemic has caused greater uncertainty in the office market in Stockholm with regard to rental trends and future office space needs. The risk of rent losses is also greater in light of the economic downturn. We reported an improved vacancy rate and positive net lettings. Rental income increased during the year, mainly due to the index and completed project properties, and is expected to grow over the next few years with indexation and completion of project properties.

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	35.9
Property expenses	±1	–8.6

Risk	Assessment	Impact and management of risk, commentary 2023
Rental income – credit risk, bad debt losses	**Likelihood:** Low **Consequence:** Low Customers' ability to pay is affected by their stability and the general business climate. Under normal circumstances, the risk of cancelled payments and bad debt losses in our portfolio is low as we have stable customers and sound procedures in place. However, this risk has increased for companies in vulnerable industries that can be affected by economic downturns.	The lease portfolio is spread among many industries and companies of different sizes. The 25 largest tenants are all stable companies and comprise just over 40 per cent of the total rental value. The tenants are highly solvent and rent losses are historically small. This is due in part to favourable credit ratings and in part to efficient procedures that quickly identify late payers.
Rental income – vacancy rate	**Likelihood:** Medium **Consequence:** Medium We believe the risk of structural vacancies is low. However, larger individual terminations may have a limited financial impact in the short term. Changes in vacancy rates in the portfolio could have a delayed positive or negative impact on rental income. New production of office properties and demand for office premises affect rent levels and the vacancy rate. Since the pandemic, we have seen an increase in digitalisation and working from home, and the future of the office is a topic of discussion. We believe there will continue to be a need for offices as workplaces and meeting venues in the longer term, and that modern offices in attractive locations will be in particular demand.	The risk of structural vacancies in the investment property portfolio is deemed minor considering the portfolio's central locations, modern premises and stable customers. Fabege's portfolio generates stable cash flow from property management operations. The premises of development properties are kept vacant during development, which negatively impacts cash flow during the period. This is done consciously to create greater value over the long term. Our vacancies are in modern properties in attractive locations and no vacancies are structural; it is mainly a matter of time before the right customer is found for the right property. The occupancy rate in the investment property portfolio was 91 per cent (89). On a like-for-like basis, rental growth totalled 11 per cent during the year.
Rental income – rent levels	**Likelihood:** Low **Consequence:** Low Market rents prevail in the Stockholm office market. The previous year's index has been fully reflected in rent levels, which continued to rise during the year but have since levelled off. The 2023 index is expected to increase rent levels from the beginning of the year. We consider the risk of falling rent levels in central Stockholm to be low in the short term. In some submarkets there is a risk that indexation will not fully impact market rents. In the longer term, rent levels are affected by factors such as demand for office premises and forthcoming new production, with a medium-high risk of significant variations in rent levels.	For a number of years now, demand for offices in Stockholm has been very strong, with rising rent levels. There is now greater uncertainty about the future needs and design of office space. Since leases generally have terms of 3–5 years, changes in market rents gradually impact on rental income. In 2023, we renegotiated a volume of approximately SEK 151m, resulting in an average decrease of 3.2 per cent. Leases worth SEK 340m were also extended on unchanged terms. The index increase of 6.5 per cent will take effect from January 2024. Our assessment is that there is now limited scope for increasing rent levels in renegotiations, and there is a risk of falling rent levels in some submarkets.

Low Medium High

Risks and opportunities cont.

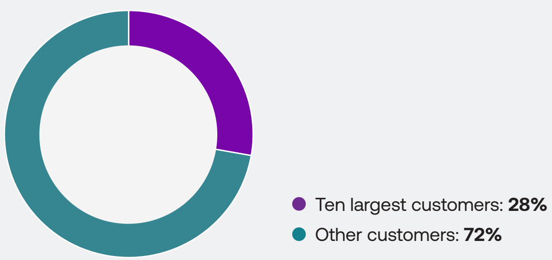
Market and transactions cont.

Lease maturity structure

Year of maturity	No. of leases	Annual rent, SEKm	%
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
Residential contract	199	33	1
Garage and parking	639	134	4
Total	**2,285**	**3,316**	**100**

[1] Of which just over SEK 192 m has already been renegotiated as current leases expire.

Ten largest customers, contractual annual rent



Risk	Assessment	Impact and management of risk, commentary 2023
The office of the future	**Likelihood:** **Consequence:** Digital progress and opportunities to work from home affect demand for office workplaces in the future. While many companies want to see an increased presence in their offices, there are also companies that see a reduced need and are looking to cut back on their space. Needs currently vary considerably, and we have yet to see a clear trend emerging.	We have a presence in all our areas, and we enjoy a close dialogue with our customers. Ways of working and needs are constantly changing, which affects office design. We offer both new and existing customers support in identifying their needs and finding solutions. We provide flexibility, and the opportunity to grow and downsize in attractive locations. Our turnkey offices under the NOW concept and our customers’ access to flexible workplaces through our WAW concept are examples of ways in which we can offer greater flexibility.
Geographic concentration	**Likelihood:** **Consequence:** The company is affected by employment figures and trends in the Stockholm office market, because our property portfolio is concentrated to the Stockholm region. Given Stockholm’s strong position, growth and heavily service-based industry structure, we deem the risk to be low. The number of people employed in office work in Stockholm has been growing for many years. 2023 saw the number of office workers in the Stockholm office market decline for the first time.	Our strategy generates many benefits of scale and contributes to both an increase in net operating income and higher property values. With a focus on urban development in attractive locations, we are able to influence the appeal and supply available in the districts. We have a thorough knowledge of our submarkets and customer needs and demand.
Property expenses	**Likelihood:** **Consequence:** The risk of increased property costs is considered to be medium. Tax decisions, changes in market prices and seasonal variations affect our cost structure. Property tax and ground rent, where the potential to affect the size of the cost is limited, account for a large portion of these expenses. Other expenses, including running costs, maintenance and tariff-based expenses such as electricity and heating depend on price levels and consumption. 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.	We work systematically to reduce our consumption of heating, electricity and water. We also conduct regular contract negotiations and procurements aimed at reducing costs. The operations organisation continuously focuses on cost effectiveness and capitalising on savings opportunities in order to create a sustainably secure cost base. A large portion of property expenses is paid for by tenants, thus reducing the company’s exposure. Since the standard of the investment property portfolio is high, maintenance expenses are low. The surplus ratio in 2023 was 75 per cent.
Properties’ operation and function	**Likelihood:** **Consequence:** There are increasingly stringent requirements for efficient property management from a customer perspective, financial perspective and in relation to environmental impact. The risk is deemed to be low for our portfolio as a whole, while for individual properties it can be high.	Our property management is customer-oriented and we have effective system support for daily follow-up in running the properties and customer fault reports. We work with maintenance plans, environmental certifications and ambitious energy usage and waste management targets, etc. All properties are connected, and we are at the forefront when it comes to using digital technology to manage and monitor the day-to-day operation of our properties.

Low Medium High

Risks and opportunities cont.

Market and transactions cont.

Urban Development and Projects
We run major urban development projects involving investment over a long period. This means the company is highly dependent on access to completed local development plans. We have a great deal of experience gained over many years in managing major new build and conversion projects. Construction costs for materials, which rose sharply last year due to the pandemic and war, have stabilised at a high level.
Increased costs in general are largely related to individual tenant customisations, combined with higher rent or more challenging foundations conditions. With our experience and focus on letting the remaining non-leased project space, we are of the opinion that the risk of structural vacancies on completion is low.

Risk	Assessment	Impact and management of risk, commentary 2023
Schedules and costs	**Likelihood:** Medium **Consequence:** Medium Medium risk. Potential delays and increased costs in procurements can have significant consequences depending on the size of the projects. Risks in the project portfolio primarily pertain to scheduling and the cost level for the procurement of construction services. With our substantial project portfolio and annual investments of SEK 2–2.5bn, it is essential for us to manage these project risks optimally.	We run large new construction and refurbishment projects with the aim of achieving significant value growth. Each year, Fabege conducts project procurement processes involving significant amounts. Most project managers, who are highly experienced and skilled in project procurement, are responsible for these processes, and for running and following up large- and small-scale projects. Procurement work is performed with the support of framework programmes, framework agreements and agreement templates. Decisions regarding investments of SEK 25–50m are made jointly by the CEO and Chairman. Investment decisions relating to projects exceeding SEK 50m are made by the Board of Directors.
Unleased project space	**Likelihood:** Low **Consequence:** Low In connection with large-scale new builds, there is a risk that newly produced space will not be let. We believe the risk is low, since projects are pursued in attractive locations and there are very few speculative projects.	The occupancy rate in our projects was 84 per cent at year-end. Significant project vacancies relate mainly to redevelopment projects in vacant properties. We only launch speculative projects as an exception. Requirements regarding the percentage of customers that have to sign leases prior to the start-up of a project are determined based on the conditions and estimated risk of each individual project.
Planning processes	**Likelihood:** Medium **Consequence:** Medium Medium risk as the planning processes are normally drawn out and can be appealed. Planning processes are time-consuming and depend on the resources available to municipalities. There is a risk of delays in opportunities to utilise building rights.	Lead times for the planning processes are lengthy, averaging at over two years. We endeavour to maintain close cooperation with the municipalities concerned. We work with our own personnel, who are highly skilled and have considerable experience of working with planning issues. The portfolio includes 677,900 square metres of wholly-owned commercial building rights, of which 21 per cent are scheduled. The portfolio also includes 620,100 square metres of wholly-owned residential building rights, of which 31 per cent are scheduled.
Residential development	**Likelihood:** Medium **Consequence:** Medium Any cost overruns in procurement and market pricing of apartments can have a significant impact on project performance. Risks in the residential projects are mainly related to the cost level in the procurement of materials and construction services and the market risk in the sale of apartments. The project start is on speculation as the sale of apartments normally takes place at a relatively late stage. Residential production is expected to decline significantly in light of rising construction costs and lower house prices.	The selling rate for BRF projects under construction was 95 per cent at year-end, which entails a low risk of unsold apartments on completion. Through the acquisition of Birger Bostad, we have acquired extensive experience in residential development and excellent capabilities for assessing risk and market potential. Residential projects currently represent a limited portion of our project development. We are currently adopting a cautious approach to launching new residential projects. Our assessment is that the start of construction of the next residential phase in Haga Norra is right from an urban development perspective, and that the project will create value.

● Low ● Medium ● High

Risks and opportunities cont.

Market and transactions cont.

Property values

As a result of low initial values for project properties and building rights, there is considerable potential for generating value through project investments. Improved cash flows will contribute to higher property values going forward. At the same time, the market's yield requirement is a factor that we cannot influence. In light of higher market interest rates and consequently rising yield requirements, there is a risk of a continued decline in property values in 2024.

Change in value, %	Impact on after-tax profit, 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

The table above shows the effect on earnings, equity/assets ratio and loan-to-value ratio of a 1 per cent change in the value of a property.

Sensitivity analysis, change in value	Assumption	Impact on value, SEKbn
Rent level	±10%	7.1
Running cost	±SEK 50/sqm	1.1
Yield requirement	±0.25%	4.4
Long-term vacancy rate	±2%	1.5

Transactions

Transactions are a significant part of our objective of constantly developing the potential of the property portfolio. The focus is on growth, but individual properties with limited future development potential may be put up for sale. Acquisitions often relate to properties with some form of development potential through the creation of building rights, upgrading the standard, raising rent levels etc.

Risk	Assessment	Impact and management of risk, commentary 2023
Property values	**Likelihood:** Medium **Consequence:** High High risk as changes in rent levels, vacancies and yield requirements on the market can have a considerable impact on property valuations. The market price is also impacted by access to, and the terms of financing.	The value of the property portfolio is affected by our leasing and customer structure, by development of the property portfolio and by other external factors that determine demand. Our property portfolio, with stable customers and modern premises in prime locations, is made up of attractive investment properties even when the economy is not performing well. The persistent advancement of project and development properties will continue to generate value growth in the portfolio. Properties are recognised at fair value and changes in value are recognised in the statement of comprehensive income. Property value is determined according to generally accepted methods. At least 25 per cent of our portfolio is independently valued at the end of each quarter. The value of the remaining properties is appraised internally based on the external valuations. Accordingly, the entire property portfolio is independently valued at least once a year. In 2023, a much larger share of the portfolio was externally valued at the end of each quarter. The combined year-end market value was SEK 78.1bn (86.3), corresponding to about SEK 62,700 per sqm (67,000). The average yield requirement in the valuation was 4.43 per cent (3.99).
Property acquisitions	**Likelihood:** Low **Consequence:** Low Medium risk for possible unknown factors such as future vacancies, environmental impact, and so on.	Property acquisitions are resolved on by the Board of Directors. Acquisitions are evaluated based on an established strategy and an assessment of opportunities to add future value to our areas. We have well-established procedures for due diligence processes.
Sales of properties	**Likelihood:** Low **Consequence:** Low Risk that properties are divested at a price that is too low.	Property sales are resolved on by the Board of Directors. Internal due diligence processes ensure that any measures required are managed. The properties are continually independently valued and we have a clear understanding of current value and potential through continued development.

Low Medium High

Risks and opportunities cont.

Financial

Financing

We have good access to financing via several different sources with both banks and the capital market. By interest-hedging 60 per cent of the loan portfolio, interest rate changes have limited impact on our borrowing costs.

Sensitivity analysis, cash flow and earnings

	Change	Effect, SEKm
Interest expenses, rolling 12 months (incl. derivatives)	+1 percentage point	123
Interest expenses, long-term perspective	+1 percentage point	329.8

Risk	Assessment	Impact and management of risk, commentary 2023
Liquidity and refinancing risk	**Likelihood:** Medium **Consequence:** High Liquidity risk refers to the borrowing requirement that can be covered by refinancing or new borrowing in a strained market scenario. The risk is deemed to be medium as the property industry is capital-intensive and requires a functioning capital market. Accordingly, access to financing via banks and the capital market is of considerable significance for us. In 2023, high pricing in the bond market pushed the property sector towards more secured bank financing. However, conditions gradually improved during the autumn.	We work with a number of alternative sources of financing and seek extended fixed-term maturities and an even maturity structure. Long-term credit facilities, with fixed terms and conditions, and revolving credit facilities have been signed with lenders to reduce liquidity risk. Renegotiations are always initiated well in advance. The objective is to eliminate maturities within the next 12 months. Any issues that may arise are identified at an early stage through Fabege's long-term relationships with its capital providers, built on mutual trust. Fabege's good and long-standing relationships with the Nordic banks give us access to capital. Moody's credit rating of Baa2, negative outlook, demonstrates confidence and stable access to capital market financing over time. Given the high margins in the bond market, we took the decision in the first half of the year to replace bond maturities with bank financing. Since market conditions improved in the autumn, we have once again begun actively issuing bonds. The average fixed-term maturity period at year-end was 4.1 years (4.7) and available undrawn facilities amounted to SEK 7.0bn (7.3).
Interest rate risk and valuation of fixed-income derivatives	**Likelihood:** Medium **Consequence:** Medium Interest rate risk refers to the risk that changes in market interest rates will impact our borrowing costs. Interest expenses comprise our single largest cost item. The risk is considered to be medium, as changes in market rates in the long term can have a significant impact on interest expenses. Fixed-income derivatives are measured at market value and changes in value impact profit and loss.	The fixed-rate period is based on the estimated interest rate trend, cash flow and capital structure in accordance with the company's finance policy. We use financial derivatives, primarily in the form of interest rate swaps. Bond issues at fixed rates are also used to a limited extent. New fixed-income derivatives are preferably subscribed for with long maturities, in order to spread risk and ensure cash flow in the long term. In addition, the possibility of subscribing for callable interest rate swaps is used to improve cash flow in the short term. The derivatives portfolio is valued based on external data. The fixed-rate term of the loan portfolio was about 2.1 years (2.7) at year-end, excluding callable derivatives. The adjusted fixed-rate period including callable derivatives amounted to 3.1 years.

Low Medium High

Risks and opportunities cont.

Environment and climate

Environment and climate
The assessment is that climate change in itself does not constitute any major physical risk for us at present, in view of the location of the property portfolio. We have chosen to gradually adapt the reporting of potential physical climate risks and transition risks to the Task Force on Climate-related Financial Disclosures' (TCFD) recommendation. For further information on TCFD, see pages 78–79.

Risk	Assessment	Impact and management of risk, commentary 2023
Contamination and environmental damage	**Likelihood:** ● **Consequence:** ● Low risk in light of the properties' standards and locations. Under the Swedish Environmental Code, commercial businesses are responsible for any contamination or other environmental damage, and for the remediation thereof. The Swedish Environmental Code also stipulates that even if a commercial business is unable to pay for the remediation of a property, the party who owns the property is responsible. Accordingly, we could be subject to such remediation requirements. Poor management of environmental risks can affect Fabege's legislative compliance, brand and direct costs.	We deem this risk to be minor since our property portfolio primarily comprises commercial office premises. We continuously investigate and identify potential environmental risks in our property portfolio. Action plans are prepared for such risks arising. Fabege works with sustainability certification according to BREEAM and Fitwel to reduce environmental and health risks. 100 per cent of the investment property portfolio is certified. Efficient management with a focus on cutting back on the use of resources reduces the risk of high costs and environmental and health impacts, and provides a good working environment for our customers. There were no incidents in 2023 resulting in material fines and no non-monetary sanctions pursuant to environmental legislation.
Climate change	**Likelihood:** ● **Consequence:** ● Medium risk. Temperature changes and precipitation may raise costs. Transition risk: Higher price for greenhouse gas emissions/higher energy costs. Climate change is expected to result in physical risks such as temperature changes, rain, wind, flooding and levels of snow that could affect properties. Some of the more severe risks include extreme weather events. Furthermore, there are regulatory risks such as enhanced requirements concerning the carbon footprint of buildings and increased reporting requirements on carbon footprint.	Several indicators in the BREEAM-SE and BREEAM In-Use certification systems include assessment criteria that aim to carry out flooding surveys and mitigate the impact of extreme weather events caused by climate change. Flooding from groundwater is prevented by changes to land gradients, embankments and pumping water from low areas. We have carried out climate risk analyses at building level in the districts of Solna Business Park, Stockholm inner city, Arenastaden and Hammarby Sjöstad. The analysis identified increased precipitation and flooding as one of the greatest potential future risks. Property and urban development ensures that the necessary measures are taken to manage identified risks, such as surface water management. In general, we work with thermal comfort to prevent increased risk of overheating. By generally minimising water consumption based on the building's actual component specifications, we also reduce water requirements during dry periods. We work with sustainability and resilience in the design of exposed building elements and areas of land to avoid an increased risk of material degradation and significant maintenance needs.

● Low ● Medium ● High

Risks and opportunities cont.

Environment and climate cont.

Risk	Assessment	Impact and management of risk, commentary 2023
Carbon footprint from property management	**Likelihood:** ● **Consequence:** ● Low risk as a large proportion of the portfolio is environmentally certified, and due to systematic efforts to reduce our carbon footprint. Increased requirements from customers and other stakeholders regarding efficiency and transparency.	For many years we have been working systematically to reduce our carbon footprint from energy consumption, waste management, refrigerants and business travel. By maximising energy efficiency, we are contributing to low carbon dioxide emissions resulting from decreasing energy demands. We are constantly raising the bar. The aim is carbon neutral property management by the year 2030. The entire investment property portfolio is now certified, mainly via the BREEAM systems, and all our service vehicles run on electricity. Average energy consumption in 2023 was 71 kWh per square metre. Our target is 70 kWh per square metre by 2025.
Carbon footprint from projects	**Likelihood:** ● **Consequence:** ● High risk due to significant climate impact from transportation, building materials, energy, waste and resource efficiency during construction process. Increased requirements from customers and other stakeholders regarding efficiency and transparency. Cost of switching to low-carbon building materials. Other risks relate to higher prices for energy, waste management, etc.	All new-build projects are certified to BREEAM-SE standard with the aim of achieving 'Excellent'. In 2022, we implemented a new circularity target which means that at least 20 per cent of materials used in major refurbishments should be recycled material. Furthermore, the overall objective is to halve the carbon footprint per square metre of GFA from projects by 2030. Our project organisation works alongside the sustainability department on how to use new technology and more eco-friendly materials to reduce our climate impact.

Tax

Tax management
Changes to tax legislation and external confidence in us as a good corporate citizen demand transparency and compliance with the relevant laws.

Risk	Assessment	Impact and management of risk, commentary 2023
Tax-legislation	**Likelihood:** ● **Consequence:** ● Medium risk as changes in the area of tax can have a relatively significant financial impact. Changes to tax legislation impact corporate taxation, property tax, tax on property transactions and other relevant taxes.	There are no specific proposals for changes at present, but we are monitoring developments.
Sustainable tax management	**Likelihood:** ● **Consequence:** ● Stakeholder requirements for ethical tax management have increased. The risk of errors primarily concerns brand risk. We regard this risk as low for us.	All our operations are pursued in Sweden and we pay 100 per cent of our tax expense in Sweden. Our tax policy provides guidelines on the company's tax management. The policy states that we will follow all the relevant laws and regulations in the area of taxation, and that where regulations are unclear, we will act transparently and exercise caution. We will engage in tax management based on ethical, legal and professional principles and will abstain entirely from aggressive or advanced tax avoidance.

● Low ● Medium ● High

Risks and opportunities cont.

Ethics and anti-corruption

Ethics and anti-corruption
Our Code of Conduct imposes requirements regarding how our employees are expected to conduct themselves in professional relationships. Policies and guidelines provide more detailed instructions. Through agreements and a specially adapted Code of Conduct for suppliers and business partners, we require them to undertake to comply with our zero tolerance of unethical behaviour.

Risk	Assessment	Impact and management of risk, commentary 2023
Fraud, bribery, unethical conduct	**Likelihood:** ● **Consequence:** ● The risk is deemed to be low in light of our clear guidelines, procedures and our governing Code of Conduct. The construction industry is particularly exposed. Several operators are involved in our large-scale projects, and services/products are procured through subcontractors on a number of levels. Despite making clear requirements in all procurements, it is difficult to gain an overview of long supply chains, giving rise to a risk of activities that contravene our values.	We do not accept any form of bribery, threats or unethical conduct. Ethical matters are a continual topic of internal discussion at staff meetings and conferences. We established an ethics council several years ago, with specific responsibility for identifying and managing ethical issues internally. All employees are trained in our Code of Conduct and current bribery legislation. We also have a whistleblower function, which can be used by employees and external individuals anonymously to report suspicions of unethical conduct. Cooperation with contractors is evaluated continuously and all strategic suppliers are examined by an independent company to ensure sustainable practices. All suppliers are also monitored by credit rating agencies, in order to quickly identify potential financial non-conformities and any changes in boards and management. We are of the opinion that control of our first-line suppliers is adequate. Through agreements, suppliers undertake to comply with our Code of Conduct. If any non-conformities are uncovered, agreements can be terminated with immediate effect. We urge our first-line suppliers to monitor compliance by their subcontractors to ensure compliance throughout the supply chain.

Employees

Employees
We have a relatively small workforce in relation to the property values we manage, and the company employs a number of uniquely skilled individuals. This can to a certain extent make the company vulnerable.

Risk	Assessment	Impact and management of risk, commentary 2023
Skills supply	**Likelihood:** ● **Consequence:** ● Low risk, however strong competition for certain job categories. As technical and digital developments progress, our personnel are required to have greater technical expertise. There is currently a shortage of this type of expertise on the market. There is strong competition for certain job categories, such as technical personnel and project managers.	We invest time and effort in the company's shared core values, SPEAK, with the aim of being the industry's most attractive employer. We have established recruitment processes and we offer training to existing employees. Internal mobility is encouraged. One way of recruiting is via cooperation with educational institutions, in order to encourage interest in the company and the sector at an early stage. In 2023/2024, all managers at Fabege will undergo a training programme covering leadership and health and safety. We also ran an internal mentoring programme during the year.
Dependency on key individuals	**Likelihood:** ● **Consequence:** ● Medium risk. We have a relatively small workforce and certain key functions are dependent on individuals.	We always endeavour to ensure that there is backup in the form of staff who can cover for each other in the event of illness, for example. A certain amount of support can also be provided by consultants. When employees are travelling on business, individuals with similar skills always travel separately.

● Low ● Medium ● High

Risks and opportunities cont.

Social conditions and respect for human rights

Core values and Code of Conduct
Our core values, SPEAK, determine the framework for desirable behaviour. This is supported by our Code of Conduct, along with more detailed policies and guidelines. Through agreements and a specially adapted Code of Conduct for suppliers and business partners, we require suppliers and other business partners to comply with our zero tolerance of unacceptable working conditions and violations.

Risk	Assessment	Impact and management of risk, commentary 2023
Unacceptable working conditions, violations	**Likelihood:** Low **Consequence:** Medium Low risk in light of compliance with Swedish legislation and clear guidelines. Several operators are involved in our large-scale projects, and services/products are procured through subcontractors on a number of levels. Despite making clear requirements in all procurements, it is difficult to gain an overview of long supply chains, giving rise to a risk of activities that contravene our values.	We do not accept any form of human rights violation or any other form of discriminatory treatment or unacceptable working conditions, whether internal or at one of our business partners. We conduct an annual employee survey that tells us how our employees are and how well their working conditions support their ability to perform. Our core values, SPEAK, are a recurring theme for evaluation and discussion in connection with recruitment, performance reviews and staff conferences. Cooperation with contractors is continually evaluated and all framework contractors are audited from a sustainability and human rights perspective, with the aim of identifying, preventing and addressing any negative impacts of operations. We are of the opinion that control of our first-line suppliers is adequate. Through agreements, suppliers undertake to comply with our Code of Conduct. If any non-conformities are uncovered, agreements can be terminated with immediate effect. We urge our first-line suppliers to monitor compliance by their subcontractors to ensure compliance throughout the supply chain.

Low Medium High

Risks and opportunities cont.

Communication and cyber security

Information management
As a listed company, we must keep abreast of current regulations regarding disclosure of information. Our increasingly digitalised world also imposes requirements for information to be managed correctly and in a way that inspires confidence.

Risk	Assessment	Impact and management of risk, commentary 2023
Data leak, stock exchange rule violations	**Likelihood:** Low **Consequence:** Medium Low risk in light of established information management procedures.	We have strict and well established procedures for information management, including policies and guidelines for communication and insider trading, as well as system support for insider information.
Media, brand	**Likelihood:** Low **Consequence:** Medium Low risk in light of established information management procedures and high transparency.	We endeavour to behave ethically in accordance with our Code of Conduct. Our objective is to give swift feedback and be highly transparent when responding to questions from the media and other stakeholders.
Information security, breach	**Likelihood:** Low **Consequence:** Medium Digitalisation and greater use of IT services constitute a medium risk. Physical access to our properties constitutes a risk. GDPR imposes requirements regarding information management.	We work systematically with IT security issues, shell protection and penetration testing. Furthermore, training is given in cyber security and policies and guidelines to ensure employees and other stakeholders working in our IT environment are aware and equipped to manage risks. We have one of the most effective forms of protection on the market against ransomware and malware attacks.
System support availability	**Likelihood:** Medium **Consequence:** Medium The need for continual access to our systems is increasing both internally and from our customers.	We have several solutions with redundancy for infrastructure, systems, services and personnel, all aimed at eliminating unintentional disruption to delivery and function.

Low Medium High

Corporate Governance Report

Message from the Chairman

Fabege's long-term district strategy with the customer in focus, balanced risk-taking and a strong balance sheet remained firm during the year. I feel confident that we, the Board, together with management, will be able to continue to develop the business in line with the current strategy.

The property sector, like Fabege, has continued to navigate a challenging operating environment, and I am grateful for the good relationships we have with our banks, other capital providers and our owners. Robust credibility based on transparency and balanced risks has been valuable under current market conditions. Fabege's conservative financial strategy and forward-looking financial structure give me confidence in our current position. However, market trends and the general financial turmoil in the market have been an issue that the Board has spent a great deal of time discussing and managing throughout the year. We have observed greater caution in connection with new projects, and securing lettings and cash flows prior to investment decisions is a priority. Otherwise, our long-term financial strategy remains unchanged with a focus on transparency, simplicity and financial balance.

The members of the Board have worked highly effectively together during the year; we have a solid structure and processes, and enjoy a close dialogue with management, which I regard as a strength. Alongside financial issues, sustainability has been a standing item on the Board's agenda during the year. I feel that we are at the forefront in terms of sustainability, and well on the way to achieving our long-term goals. We continue to support management's work on sustainability, and a decision was made to include sustainability in the work of the Audit Committee going forward, to ensure continuous follow-up. The fact that Fabege has been approved as a green share on Nasdaq Stockholm is a great acknowledgement of how far management has come with its sustainability work.

In previous years, we have been in dialogue with some of our foreign investors regarding the choice of audit firm. During the year, the Board and management were involved in the process of evaluating a new audit firm, which we will propose to the AGM in 2024 in accordance with the Swedish Code of Corporate Governance.

We acquired another new principal owner in 2023, which we welcome, and I look forward to a good working relationship over the coming years. All in all, we are grateful for the support we have from our long-term owners, which has been a strength in the current market conditions.

On behalf of the Board, I would like to thank our shareholders for their continued confidence. It is a privilege for the Board of Directors to support Fabege's strategy of continuing to create long-term value growth. Fabege is currently well placed, holds a strong position in the Stockholm property market and is equipped to keep generating long-term value.

"Fabege's conservative financial strategy and forward-looking financial structure give me confidence in our current position."

Solna, March 2024

Jan Litborn
Chairman of the Board, Fabege

Governance structure of the organisation

Responsibility for the governance, management and control of the business is shared among the shareholders at the Annual General Meeting, the Board of Directors and the Chief Executive Officer. Fabege works continuously to achieve more efficient and appropriate governance of the company.

1. Shareholders
Fabege's shares are listed on Nasdaq OMX Stockholm. The company's share capital is SEK 5,097m, represented by 330,783,144 shares. At year-end, the company held 16,206,048 treasury shares, corresponding to 4.89 per cent of the number of registered shares. All shares carry the same voting rights, which means that opportunities to exercise influence as an owner are consistent with each shareholder's capital share in the company. The following shareholders, directly or indirectly hold shares that represent one tenth or more of the votes for all shares in the company:

Holdings, 31/12/2023

Percentage of votes, %	
Erik Paulsson with his family, privately and through companies	16.6
Geveran	12.0

Fabege's ownership structure is described on page 20 of the Annual Report.

2. Annual General Meeting
The AGM is the company's highest decision-making body. Shareholders who would like to participate in the business of the AGM must be registered in the transcript of the entire share register pertaining to the conditions prevailing five working days prior to the AGM and notify the company of their intention, and that of no more than two advisors, to attend the Meeting no later than 4.00 pm on the day stipulated in the notice convening the AGM.

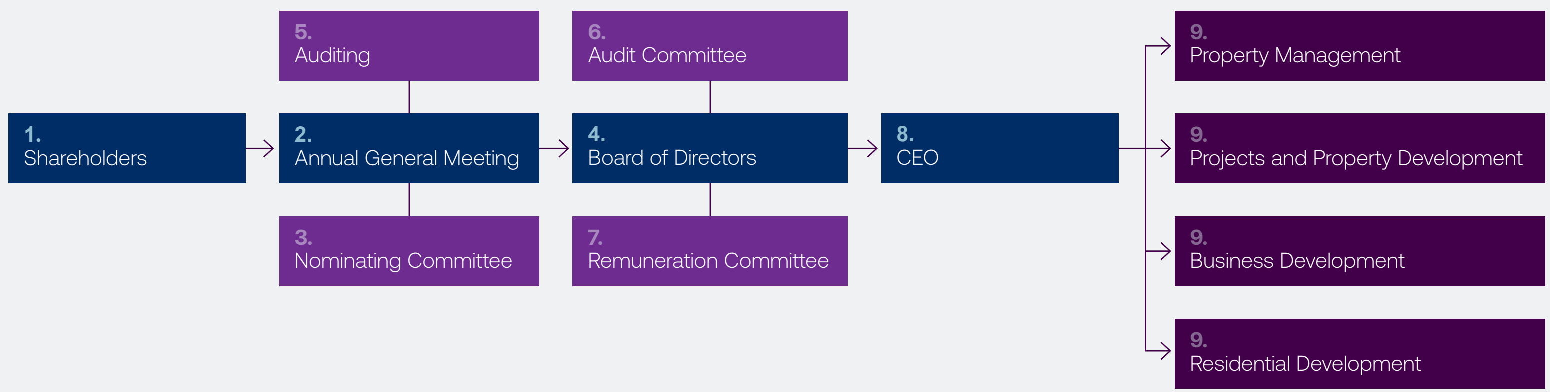
3. Nominating Committee
The Nominating Committee is the AGM's body for preparing decisions relating to appointments. The Committee's task is to draw up proposals for the appointment of the AGM chairman, Chairman of the Board and Board Members, Directors' fees, the appointment of auditors, auditors' fees and any amendments to the principles governing the election of the Nominating Committee. The proposal concerning Directors' fees must specify a breakdown between the Chairman, other Board Members and representatives of the Audit Committee and Remuneration Committee. Shareholders wishing to submit proposals to the Nominating Committee can do so by emailing ir@fabege.se or by sending a letter to Fabege AB.

4. Board of Directors
Under the Swedish Companies Act, the Board of Directors is responsible for the company's organisation and the administration of the company's affairs. The Board is required to continuously assess the performance management and financial situation of the company. Its main task is to manage the company's assets on behalf of the owners in a way that secures the owners' interest in obtaining a strong long-term return on capital. Fabege's Board is to consist of at least four and no more than nine directors. Each year, the Board adopts rules of procedure, including instructions on division of work and reporting.

5. Auditing
Under the Swedish Companies Act, the company's auditor is required to examine the company's Annual Report and accounts as well as the management performed by the Board and the CEO. After the end of each financial year, the auditor is required to submit an audit report to the AGM. Auditors are appointed and remunerated based on AGM resolutions pursuant to proposals from the Nominating Committee. At the 2023 AGM, the auditing firm Deloitte was appointed as the company's auditors with the authorised public accountant Peter Ekberg as Auditor-In-Charge for the period up to the 2024 AGM. Due to the rotation rules, a new audit firm will be elected at the 2024 Annual General Meeting. There is a proposal to appoint KPMG with Mattias Johansson as Auditor-In-Charge.

In addition to Fabege, Peter Ekberg has audit assignments for the following major companies: Loomis AB and Telia Company. Peter Ekberg has no other roles with companies that are closely related to Fabege's major owners or the CEO. In addition to its assignment as our appointed auditors, Deloitte has performed audit-related assignments relating primarily to other auditing activities. Furthermore, Deloitte conducts a limited assurance review to ensure our Sustainability Report is produced according to GRI Standards, and a statutory review of the Sustainability Report that also satisfies requirements stipulated in the Swedish Annual Accounts Act.

Corporate governance at Fabege



Governance structure cont.

6. Audit Committee

The Board has appointed an Audit Committee from among its own members. The Audit Committee acts as an extension of the Board for the monitoring of issues relating to accounting, auditing and financial reporting.

Its remit includes addressing issues relating to operational risks and risk management, internal control (environment, design and implementation), accounting policies, financial follow-up and reporting, and the performance of audits. The Committee meets regularly with senior executives to discuss and form an opinion on the state of the company's essential processes from an internal control perspective. Board members review all interim reports. The year-end report, the Corporate Governance Report and the Directors' Report are discussed specifically at the Committee's meeting at the beginning of each year. The Committee meets regularly with the company's auditor to obtain information on the focus, scope and results of audit activities. It operates according to separate rules of procedure, which are reviewed and adopted annually by the Board. The Audit Committee meets the Code's requirements on composition and members' skills and experience in accounting and in other issues within the Committee's area of responsibility. As of 2024, the Committee is also responsible for issues related to sustainability reporting.

7. Remuneration Committee

The Board of Directors has established a remuneration committee consisting of three Board members, including the Chairman. The Committee prepares information for decisions regarding remuneration matters for the CEO and company management. The Board of Directors makes decisions regarding remuneration based on proposals from the Remuneration Committee.

8. Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for operational governance and for the day-to-day management and leadership of the business, in accordance with the guidelines, instructions and decisions adopted by the Board of Directors. In addition to the general provisions relating to division of responsibility contained in the Swedish Companies Act, the rules of procedure governing the work of the CEO specify:

- The CEO's duty and obligation to supply the Board of Directors with information and the necessary documentation on which to base decisions.
- The CEO's role of presenting reports at Board meetings.
- The CEO's duty and obligation to monitor compliance with the Board's decisions in respect of targets, business concept, strategic plans, the company's Code of Conduct and other guidelines, and, where necessary, to request a review of the same by the Board.
- Issues that must always be submitted to the Board, such as decisions regarding major acquisitions and sales or significant investments in existing properties.
- The CEO's duty and obligation to ensure that Fabege fulfils its obligations in respect of disclosure, etc. under the company's listing agreement with Nasdaq Stockholm.

The rules of procedure also contain a separate reporting instruction, which governs the content and timing of reporting to the Board.

Executive Management Team

The CEO directs the work of the Executive Management Team and reaches decisions in consultation with the other members of management. The Executive Management Team jointly conducts the operational control and manages the business and engages in daily management in accordance with the Board's guidelines, instructions and resolutions. The key to success is having motivated employees. With the aim of creating the best conditions for its employees, the Executive Management Team is required to establish and gain endorsement for a clear framework and objectives for operations. The Executive Management Team must create the conditions for employees to achieve established objectives by:

- Clearly communicating the company's direction and objectives.
- Establishing an approach based on the company's collective expertise.
- Coaching, inspiring and creating job satisfaction and positive energy.
- Regularly reviewing and providing feedback on the established objectives.

Our Executive Management Team consists of eight individuals; see pages 71–72. The Executive Management Team holds weekly operational meetings and regular decision-making meetings. The meetings address strategic and operational matters such as property transactions, lettings, market trends, organisation and employees, as well as regular monitoring of performance, KPIs, forecasts, etc. The entire managers' team, which is made up of some 25 individuals, meets several times a year for discussions regarding such matters as the company's strategies and management issues.

Birger Bostad AB, which was acquired in October 2021, operates as an independent subsidiary with its own management and board. Fabege's CEO is Chairman of the Board of Birger Bostad AB.

9. Operating segments

Operational activities are conducted in four business areas: Property Management, Property Development, Business Development/Transactions and Residential Development (via Birger Bostad). Fabege works with sustainable urban development, with a primary focus on commercial properties within a limited number of submarkets in prime locations in the Stockholm area. We create value by managing and improving our property portfolio and via value-adding transactions, including sales and acquisitions, to boost the potential of our property portfolio. Our approach of combined property clusters offers us extensive market knowledge and a firm foundation for effective property management and a high occupancy rate. Responsibility in the Property Management business area is shared between two managers: Director of Property Management and Director of Technical Operations. Each business area manager is a member of the Executive Management Team and has responsibility for operative control and follow-up.

Birger Bostad AB develops housing with an emphasis on the Stockholm area. Residential production mainly relates to tenant-owner apartments, but also rental apartments to a lesser extent.

Business activities are goal-oriented at all levels. The goals are broken down, developed and established in the various business areas and at co-worker level. Performance measurements and reviews are conducted regularly.

Management of sustainability work

Fabege's sustainability work is conducted as an integral part of all areas of the organisation. The Sustainability Department has overall responsibility for pursuing sustainability issues, and collaborates with the rest of the organisation in implementation and follow-up.

- The Board of Directors bears overall responsibility for the sustainabilitystrategy and following up our work on sustainability. The Board of Directors has appointed Anne Årneby as the Board member with particular responsibility for sustainability.
- The Board has decided that monitoring of sustainability reporting should be handled by the Audit Committee.
- The CEO and the Executive Management Team bear overall responsibility for implementation of the sustainability strategy. Overall objectives are approved by the Executive Management Team and established at Board level.
- The Head of Sustainability coordinates and oversees sustainability issues and acts as spokesperson in external relations. The Head of Sustainability provides regular reports to the Executive Management Team and reports annually to the Board of Directors. As of 2024, the Head of Sustainability is a member of the Executive Management Team.
- Fabege's Sustainability Department pursues and develops sustainability work and operates in an integrated way with the rest of the organisation. The sustainability team, under the supervision of the Head of Sustainability, proposes objectives and coordinates and follows up activities.
- Managers and individual employees implement the strategy and perform the activities approved.

Policies and guidelines that support operations

Fabege's core values SPEAK (fast, informal, entrepreneurial, business-minded and customer-focused) and the Code of Conduct serve as guiding principles for the actions of all our employees. The Code of Conduct highlights Fabege's position on matters concerning human rights, working conditions, the environment, business ethics and communication.

The Board of Directors and the Executive Management Team have specific responsibility for ensuring compliance with the Code of Conduct. The content is revised and followed up annually by the Board of Directors and Executive Management Team.

All managers with personnel responsibility are charged with ensuring that employees are familiar with the Code of Conduct and follow it in their specific department/sphere of responsibility. A foundation for the Code of Conduct is that Fabege must comply with applicable laws and other regulations and adhere to generally acceptable business customs and practices, as well as international human rights, labour and environmental standards in accordance with the Global Compact's ten principles and the ILO's fundamental conventions on human rights at the workplace. Fabege has supported the UN's Global Compact since 2011. The company complies with the Worker Codetermination Act and with collective bargaining agreements which regulate such matters as the minimum period of notice.

Policies and guidelines for communication, personnel and business support are decided on by the Executive Management Team, continually updated and made available to all Fabege's employees via an intranet. No-one at Fabege should be discriminated against on the basis of their sex, gender identity or expression, ethnicity, disability, religion or other belief, sexual orientation or age. No cases of discrimination were reported in 2023. The company's Ethics Council, which reports to the CEO and Executive Management Team, also serves as support in day-to-day work. The role of the Council is to direct the work, monitor relevant external issues and pursue specific ethical matters. The Council is made up of representatives from different departments at the company. Work has been underway for a number of years to improve the organisation's knowledge in respect of business ethics and anti-corruption. Examples of activities include information and training on anti-corruption and bribery legislation, as well as ethical discussions in connection with the company's internal conferences.

Employees are continuously provided with information on matters that have been discussed in the sustainability group and the Ethics Council. Fabege will act with credibility on ethical issues and aims to intercept suspicions of any irregularities at an early stage, preferably through dialogue but also via anonymous reporting systems. For those who wish to remain anonymous, the company has a whistleblower service that can be accessed via the company's website, in which both the report and any subsequent dialogue are encrypted and password protected. The whistleblower service has not been used during the year.

Corporate governance at Fabege

Find out more about our corporate governance, rules of procedure and instructions at fabege.se/en/

- Articles of Association
- Information from previous AGMs
- Prior years' Corporate Governance Reports
- Board's rules of procedure and instructions
- Code of Conduct
- Our core values, SPEAK

Trikåfabriken 9, Hammarby Sjöstad.

Corporate governance 2023

Annual General Meeting
The Annual General Meeting was held in Stockholm at Filmstaden Scandinavia, Westfield Mall of Scandinavia, on 29 March 2023. All shareholders were also given the opportunity to submit postal votes prior to the meeting. The Annual General Meeting could also be followed by webcast. The AGM was attended by shareholders holding a total of 177.8 million shares, corresponding to 56.5 per cent of the votes represented either in person or via postal voting. Jan Litborn was elected to chair the meeting. A full set of minutes from the AGM is available at fabege.se/en/previousagms/.

The following are the principal resolutions adopted at the AGM:

Election of Board Members and resolution on Directors' fees
The AGM resolved that the Board should consist of seven members and approved the re-election of Anette Asklin, Mattias Johansson, Märtha Josefsson, Stina Lindh Hök, Jan Litborn, Lennart Mauritzson and Anne Årneby. Jan Litborn was elected Chairman of the Board. The AGM resolved that a total of SEK 2,525 thousand (2,450) be paid in Directors' fees in 2023.

Dividends, cash
The dividend was set at SEK 2.40 per share, to be paid on four occasions in the amount of SEK 0.60 per share on each occasion. Furthermore, it was decided that the record dates for receiving the dividend will be 31 March 2023, 30 June 2023, 2 October 2023 and 8 January 2024 respectively, which means that payment is expected to be issued by Euroclear Sweden AB on 5 April 2023, 5 July 2023, 5 October 2023 and 11 January 2024.

Principles for appointment of the Nominating Committee
The AGM adopted a set of principles for the appointment of the Nominating Committee and the proposals that the Nominating Committee is required to prepare. The Nominating Committee is to be appointed no later than six months prior to the AGM and representatives of the four largest owners are to primarily be offered positions.

Remuneration of management
Remuneration guidelines were adopted for company management, whereby variable remuneration may be payable at a maximum of nine months' salary. Senior executives who receive variable remuneration undertake to make a long-term investment (for a period of at least three years) of at least two-thirds of this variable salary component after tax in shares in the company. Variable remuneration is tied to a number of pre-established targets. The aim is to encourage participation and commitment by offering senior executives the opportunity to become shareholders in a more structured manner.

Authorisation on share buybacks
The AGM resolved to authorise the Board, for a period ending no later than the next AGM, to acquire and transfer shares. Share buybacks are subject to a limit of 10 per cent of the total number of shares outstanding at any time. Transfers may occur of all treasury shares held by the company at the time of the Board's decision.

AUDIT
The auditors reported their observations and presented their views on the quality of internal control in Fabege at the Board meeting in February 2023. The auditors participated in, and presented reports at all four scheduled meetings of the Audit Committee. Regular reports were also presented to management throughout the year. A report was also presented on one occasion to the Board during the year without management being present. Fees paid to the company's auditors are detailed under Note 46 on page 115.

NOMINATING COMMITTEE
In accordance with the AGM's resolution, the four largest shareholders were offered one seat each on our Nominating Committee, and on 3 October 2023, the Nominating Committee was announced.

Composition of the Nominating Committee 2024

	Representative	Percentage of votes, %
Göran Hellström, chairman	Backahill AB	16.6
Havard Rønning	Geveran	12.0
Katarina Hammar	Nordeas fonder	4.3
Johannes Wingborg	Länsförsäkringar Fondförvaltning	4.1
Total		**37.0**

Nominating Committee's proposals ahead of the 2024 AGM
The Nominating Committee proposes that the Board shall consist of seven ordinary members with no deputies. The Nominating Committee is of the opinion that the expertise and experience of Board members meets the requirements that may be imposed. The Nominating Committee aims to achieve an even gender balance. The Nominating Committee proposes the re-election of Board members Anette Asklin, Mattias Johansson, Märtha Josefsson, Jan Litborn and Lennart Mauritzson and new elections of Bent Oustad and Sofia Watt. Stina Lindh Hök and Anne Årneby have declined re-election. Furthermore, it is proposed that Jan Litborn be elected Chairman of the Board. The Nominating Committee has also discussed the independence of the members of the Board. The proposal for the Board of Directors satisfies the relevant requirements regarding members' independence in relation to the company, company management and the company's major shareholders. KPMG is proposed as auditor, with Mattias Johansson as Auditor-In-Charge.

BOARD OF DIRECTORS
Composition of the Board, 2023
Seven Board Members were elected to the Board at the 2023 AGM. Jan Litborn was elected Chairman of the Board. Fabege's CFO acts as the Board's secretary.

Our Board includes members that have skills and experience that are highly significant for the support, monitoring and control of the operations of a leading property company in Sweden. The Board aims to retain members with expertise in areas such as property, the property market, funding, business development and sustainability and climate. Several of the Board Members have significant personal shareholdings in Fabege, directly or indirectly. Fabege's Board meets the requirements for the independence of Board Members according to the Code of Conduct.


Architectural rendering: Haga Norra.

The work of the Board in 2023
In 2023, the Board held a total of 14 meetings, including six scheduled meetings, two extra meetings, one statutory meeting and five meetings held by correspondence. There were several standing items on the agenda for the scheduled meetings, including financial and operational reporting, decisions on acquisitions, investments and divestments, strategic market and organisational issues and reporting by the Audit Committee and Remuneration Committee. Any significant ongoing projects are followed up at each scheduled meeting. During the year, the Board followed up a number of specific issues such as financing, ongoing and proposed project investments, transactions, monitoring the company's sustainability work and sustainability reporting, and updating the base prospectus for Fabege's MTN programme. The interim reports and year-end report are addressed by the Board at a Board meeting held on the date on which the report is released to the market.

Corporate governance 2023 cont.

In 2023, the Board resolved on investments relating to the development of properties in the existing portfolio, along with significant investments in existing properties. Furthermore, the Board decided to sell residential building rights to JM, and to sell two properties in a deal with Nrep. At the end of the year, an assessment was made of the Board, which showed that the Board was operating in a highly satisfactory manner. The Board is evaluated via a survey. Responses are summarised and discussed separately at a Board meeting. Time is also set aside for discussion at other meetings. The Board also carried out an annual evaluation of the CEO's performance, along with its annual review of the Code of Conduct, tax policy, diversity policy and finance policy.

The Board's expertise in relation to sustainability issues is continuously improving through its ongoing work. Critical issues are communicated to the Board as necessary. During the year, the Board examined the company's dual materiality analysis and gap analysis ahead of forthcoming CSRD reporting, which for Fabege refers to the 2025 financial year.


Islandet 3, Centralbadet in Stockholm inner city.

The Board of Directors' diversity policy
Overall, the Board of Directors shall have a suitable range of skills and experience of the business to be able to carry out its activities, and in order to identify and comprehend the risks to which the business is exposed and the rules that regulate the business being conducted. When appointing new Board Members, the individual member's suitability shall be reviewed with the aim of achieving a Board composition with a range of skills that are sufficient for the purposeful control of the company. The Nominating Committee aims to ensure relevant expertise in the property sector, financing, etc., as well as an even gender balance. It is incumbent upon the Nominating Committee to take account of this policy, with the aim of achieving an appropriate composition of the Board with respect to the company's operations and general conditions. The Board is made up of four women and three men and is otherwise regarded as being representative of a broad range of knowledge and valuable contact networks within relevant areas.

Fees to the Board of Directors
Fees to the Board of Directors are paid according to a decision made at the AGM, and for 2023 fees totalled SEK 2,525,000, of which the Chairman received SEK 600,000 and other Board members SEK 255,000 each. In addition, fees in the amount of SEK 220,000 were paid for work conducted by the Board's Audit Committee, of which the chair of the Committee received SEK 110,000 and two members SEK 55,000 each, as well as SEK 175,000 for work carried out by the Board's Remuneration Committee, of which the chair of the Committee received SEK 80,000 and two members SEK 47,500 each.

Remuneration of management
In accordance with the principles of compensation and other terms of employment for management adopted by the AGM, the Board made a decision on remuneration and other terms of employment for the CEO.

During the year, the Board reviewed compliance with the principles of remuneration for senior executives. Remuneration and other benefits and terms of employment for the CEO and management are described under Note 6 on pages 106–107. The company's principles of remuneration and terms of employment, along with the Remuneration Committee's follow-up report, will also be presented at the 2024 AGM.

AUDIT COMMITTEE
The Board has appointed an audit committee from among its own members, which in 2023 included Anette Asklin (chair), Märtha Josefsson and Jan Litborn. Four scheduled meetings and one extra meeting were held in 2023, focusing on the company's system of internal control. During the year, the Audit Committee addressed areas such as financing, security and cyber security, the EU taxonomy and internal control in key processes. In addition, the matter of the appointment of auditors and the procurement of an audit firm prior to the change at the next Annual General Meeting was discussed. The company's auditors submitted a report of their review during the year at the meetings. The minutes from the Audit Committee's meetings were shared with all Board Members, and the Committee's chair submitted regular reports to the Board.

REMUNERATION COMMITTEE
In 2023, the Remuneration Committee was made up of Jan Litborn (chairman), Lennart Mauritzson and Mattias Johansson. The Remuneration Committee prepares material concerning remuneration issues ahead of decisions made by the Board. Two meetings were held during the year. The minutes from the Remuneration Committee's meetings are distributed to all Board Members, and the Committee's chairman submits regular reports to the Board.

COMPANY MANAGEMENT
In 2023, the Executive Management Team consisted of eight people. For the current composition of the Executive Management Team, see pages 71–72. The Executive Management Team has a fixed meeting time every week. In the autumn the company also carried out its annual employee survey, which had a good response. Regular information for both the Board of Directors and employees is provided via monthly and weekly newsletters.

Board year 2023

In addition to the points described below, resolutions were adopted regarding, for example, investments, acquisitions, fixed-interest periods and treasury share buybacks. In all, 14 Board meetings were held during the year, including meetings held by correspondence.

Q1

30 January
Extraordinary meeting – sale of residential building rights to JM.

6 February
Scheduled meeting – year-end report, dividend proposal, etc.

7 March
by correspondence – Annual Report 2022.

Q2

29 April
Scheduled meeting, statutory meeting.

8 May
Scheduled meeting – strategy day, decision on sale of properties to Nrep.

Q3

7 July
By correspondence – Q2 interim report.

13 September
Scheduled meeting.

Q4

14 November
Scheduled meeting.

14 December
Scheduled meeting, strategy plan and budget.

Report on internal control in respect of financial reporting

Internal control is a process that is influenced by the Board of Directors, the Executive Management Team and the company's employees, and has been designed to provide reasonable assurance that the company's goals are being achieved in the following categories:

- That the company has an appropriate and efficient organisation for its business operations.
- That the company produces reliable financial statements.
- That the company complies with the relevant laws and regulations.

The company applies the established COSO (Internal Control – Integrated Framework) framework in its work.

Control environment

Fabege has a geographically well contained organisation and homogeneous operational activities, but its legal structure is complex. The business is capital-intensive and characterised by large monetary flows, including rental income, expenditure for project investments, acquisitions/sales of properties and financial expenses.

Ultimate responsibility for ensuring effective internal control and efficient risk management rests with the Board of Directors. To be able to perform its work in an appropriate and efficient manner, the Board has adopted rules of procedure. The Board's rules of procedure are aimed at ensuring a clear division of responsibility between the Board of Directors (including committees) and the CEO (and the Executive Management Team) with a view to achieving efficient risk management in the company's operations and in financial reporting. The rules of procedure are updated annually. In 2023, the Board performed its annual review and adopted rules of procedure for the Board, rules of procedure for the Audit Committee and Remuneration Committee and the company's Code of Conduct. The Executive Management Team is responsible for designing and documenting, and for maintaining and testing, the systems/processes and internal controls required to manage significant risks in the accounts and the company's day-to-day activities. The CEO and Executive Management Team, along with those individuals who by virtue of their roles in the company are in charge of each defined critical process, function or area, share operational responsibility for internal control.

The company's financial reporting is governed by a set of policies and guidelines. For example, the company has policies regarding finance, the environment, gender equality, communication, insider dealing and tax management. There are also accounting policies and instructions for the closing of accounts, as well as for authorisation of payments and procurement of auditing services. The company's policies are continually reviewed and updated as required. All policies have been discussed and adopted by the Executive Management Team. Information concerning adopted policies has also been disseminated throughout the organisation. In addition, more detailed guidelines and instructions are reviewed and updated regularly. In March, Fabege issued its annual Communication on Progress Report to the UN Global Compact. Work on developing the company's sustainability reporting is conducted continuously. The Sustainability Report is presented in a separate section of this Annual Report; see pages 21–42.

Risk assessment

Risks and critical processes, functions and areas are defined on the basis of the control environment, significant results and balance sheet items, as well as significant business processes. The following risk areas have been defined as critical for us:

- **Risk area Property Management:** Processes for new lettings, renegotiations and rent payments. Customer relations and customer satisfaction, changes in customer needs, risk of rent losses.
- **Risk area Technical Operation:** Technical work environment and physical buildings.
- **Risk area Property Development and Projects:** Planning process and projects, implementation, procurement/purchasing.
- **Risk area Valuation and Transactions.**

- **Risk area Financial Control and Finance:** Liquidity risk, interest rate risk, financial information, taxes.
- **Risk area Communication:** Information management, brand, business ethics.
- **Risk area Employees:** Lack of resources, dependence on key personnel.
- **Risk area Climate and Sustainability:** climate change, emissions.
- **Risk area Cyber Security and IT:** digitalisation, data infringement, GDPR.

The Executive Management Team conducts an annual review and evaluation of risk areas, for the purpose of identifying and managing risks. This is done in consultation with the Board and the Audit Committee, for examination by the auditors. Fabege's internal processes and procedures provide support for the continuous management of risks.

Report on internal control in respect of financial reporting cont.

Control activities
Critical processes, functions and areas are described and documented in respect of division of responsibility, risks and controls. Instructions, procedures and manuals are produced, updated and communicated to the relevant staff to ensure that they have up-to-date knowledge and adequate tools, with a standardised reporting package. Executives with operational responsibility comment on/approve the reports. Reviews and updates by executives with operational responsibility are made continuously throughout the year. Monitoring of outcomes is assessed against budgets and forecasts, which are updated twice a year. A central function prepares consolidated financial statements and other financial reports in close collaboration with the controller function, the operating units and the finance function. This work includes integrated control activities in the form of reconciliation with standalone systems/specifications of outcomes for income and expense items and balance sheet items. The company's operational reporting is developed and improved continuously in terms of both content and system support, as well as availability to executives with operational responsibility.

Information and communication
Management is responsible for informing the staff concerned about their responsibility for maintaining effective internal control. Employees are kept informed about governing policies and guidelines and how the business is performing via an intranet, information briefings and regular newsletters.

The CEO and Vice President/CFO, along with the Head of Investor Relations, are responsible for external financial communication. Investor Relations activities are based on principles for regular and accurate disclosure of information in accordance with Nasdaq Stockholm's Rule Book for Issuers. The aim is to improve knowledge of and build confidence in the business among investors, analysts and other stakeholders. Efforts to improve and further clarify the disclosure of information to the market are continually ongoing.

The Communication and Marketing Department is responsible for other external and internal information.

In October, an employee survey was carried out according to the Great Place To Work (GPTW) method. Fabege has GPTW certification, with a Trust Index score of 88.

Review
The internal control system needs to adjust and adapt to changing conditions over time. The aim is to ensure that this is continually monitored and addressed via management activities at various levels of the company, both through monitoring of the individuals responsible for each defined critical process, function and area and via regular evaluation of the internal control system. In addition to financial reporting to the Board, more detailed reports are prepared, at more frequent intervals, in support of the company's internal governance and control activities.

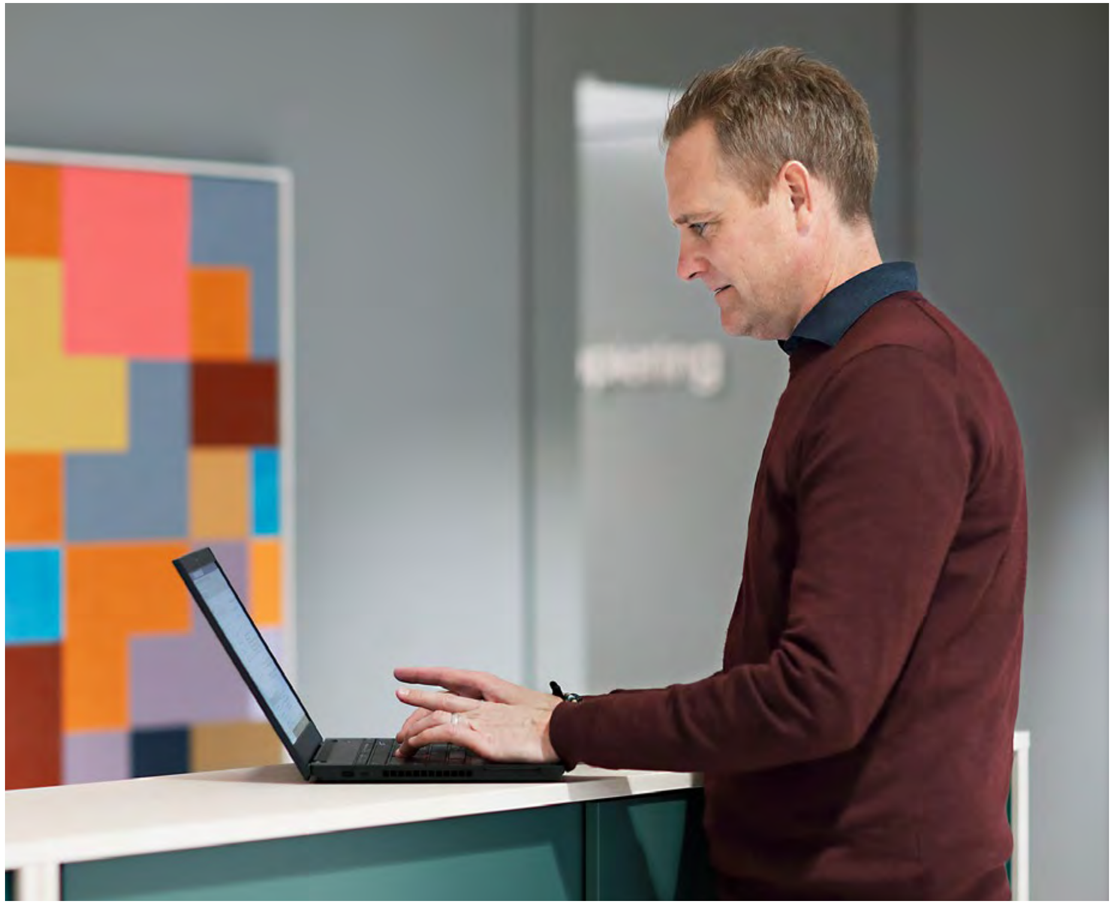
Management reports regularly to the Board based on the adopted instructions for financial reporting, which are designed to ensure that the information provided is relevant, adequate, up-to-date and appropriate. The Audit Committee, which acts as the extended arm of the Board in monitoring the design and reliability of financial reports, also reports to the Board. In addition to familiarising itself with the content of, and methods used in preparing financial reports, the Audit Committee has also studied the way in which the more detailed and frequent internal reporting is used in evaluating and managing various areas of activity. The Committee also performs regular reviews and evaluations of internal control in respect of the company's critical processes.

It regularly studies the results of the external auditors' examinations of the company's accounts and internal controls. The auditors examine the company's financial reporting in respect of the full-year financial statements and carry out a limited assurance review of one quarterly report.

The Board regularly evaluates the information submitted by the Executive Management Team and the Audit Committee. Of particular significance is the Audit Committee's task of monitoring management's work on developing internal controls and of ensuring that measures are taken to address proposals and any shortcomings that have been identified in the course of examinations by the Board, the Audit Committee or the external auditors.

The Board of Directors has informed itself through its members and through the Audit Committee of risk areas, risk management, financial reporting and internal control and has discussed risks of errors in financial reporting with the external auditors.

In the course of its work on examining and evaluating internal control in respect of critical processes in 2023, the Audit Committee found no reason to alert the Board to any significant issues in respect of internal control or financial reporting.



Internal auditing
To supplement the external auditing activities, Fabege is working to facilitate internal evaluations of critical processes. As a result of this work, and in view of the homogeneous and geographically limited nature of the company's activities and its organisational structure, the Board has not found reason to set up a separate internal audit unit. The Board believes the monitoring and examination described above, coupled with the external audits, are sufficient to ensure that effective internal control of financial reporting is maintained.

The Fabege Board

Jan Litborn

Chairman of the Board since 2018 and Board member since 2017

Born: 1951

Other roles: Chairman of the boards of Hedin Mobility Group AB and Arenabolaget i Solna AB. Member of the boards of Aimo Holding AB, Backahill AB, Consensus Asset Management AB, Revelop Management AB, Slättö Förvaltning AB and Wihlborgs Fastigheter AB

Education: LL. M. (lawyer) from Stockholm University, Stockholm School of Economics (no degree)

Shareholding: Privately and through companies 30,000

Independent in relation to the company and management: Yes

Independent in relation to major shareholders: No

Fee, SEK 000s: 735

Attendance Board meetings: 14 (14)

Attendance Audit Committee: 5 (5)

Attendance Remuneration Committee: 2 (2)

Anette Asklin

Board member since 2016

Born: 1961

Other roles: Chair of the boards of Aranäs AB and Jernhusen AB. Member of the boards of Genova Property Group AB, Elof Hansson Holding AB and Fondstyrelsen at the University of Gothenburg

Education: MSc in Economics and Business

Shareholding: 2,000

Independent in relation to the company and management: Yes

Independent in relation to major shareholders: Yes

Fee, SEK 000s: 365

Attendance Board meetings: 14 (14)

Attendance Audit Committee: 5 (5)

Attendance Remuneration Committee: Not a member

Mattias Johansson

Board member since 2022

Born: 1973

Other roles: President and CEO Bravida Holding AB. Various board assignments within the Bravida Group

Education: MSc in Engineering

Shareholding: 2,000

Independent in relation to the company and management: Yes

Independent in relation to major shareholders: Yes

Fee, SEK 000s: 302.5

Attendance Board meetings: 14 (14)

Attendance Audit Committee: Not a member

Attendance Remuneration Committee: 2 (2)

Märtha Josefsson

Board Member since 2005

Born: 1947

Other roles: Member of the boards of Skandia Fonder AB and Investment AB Öresund

Education: BSc in Economics

Shareholding: With spouse 256,920

Independent in relation to the company and management: Yes

Independent in relation to major shareholders: Yes

Fee, SEK 000s: 310

Attendance Board meetings: 14 (14)

Attendance Audit Committee: 5 (5)

Attendance Remuneration Committee: Not a member

The Fabege Board cont.

Stina Lindh Hök

Board member since 2021

Born: 1973

Other roles: CEO Nyfosa AB

Education: MSc in Engineering

Shareholding: 0

Independent in relation to the company and management: Yes

Independent in relation to major shareholders: Yes

Fee, SEK 000s: 255

Attendance Board meetings: 13 (14)

Attendance Audit Committee: Not a member

Attendance Remuneration Committee: Not a member

Lennart Mauritzson

Deputy Chairman of the Board since 2022 and Board member since 2021

Born: 1967

Other roles: CEO Backahill AB. Chairman of the Board of Catena Fastigheter AB. Member of the boards of Brinova AB, Rögle Marknads AB and Wihlborgs Fastigheter AB

Education: MSc in Economics and Business, and law

Shareholding: 0

Independent in relation to the company and management: Yes

Independent in relation to major shareholders: No

Fee, SEK 000s: 302.5

Attendance Board meetings: 14 (14)

Attendance Audit Committee: Not a member

Attendance Remuneration Committee: 2 (2)

Anne Årneby

Board member since 2022

Born: 1963

Other roles: Member of the boards of Stiftelsen Tumba Bruk, A Society and Svenska Spel

Education: Bachelor's degree in Business Administration, MBA London Business School

Shareholding: 0

Independent in relation to the company and management: Yes

Independent in relation to major shareholders: Yes

Fee, SEK 000s: 255

Attendance Board meetings: 14 (14)

Attendance Audit Committee: Not a member

Attendance Remuneration Committee: Not a member

Auditor

Peter Ekberg

Auditor-In-Charge at Fabege since 2020
Authorised Public Accountant at Deloitte AB

Born: 1971

Audit assignments for other major companies: Loomis AB and Telia Company AB

Executive Management Team

Stefan Dahlbo
President and CEO

Born: 1959

Employed by Fabege and in current position since 2019. Previously member of the Board of Fabege, 2003–2007

External roles: Member of the board of Byggmästare Anders J Ahlström Holding AB (publ) and Sweden Green Building Council. Member of Nordstjernan Kredit KB's executive committee

Previous positions: President & CEO Byggmästare Anders J Ahlström Holding AB, CEO & Deputy CEO Investment AB Öresund, CEO Hagströmer & Qviberg AB, Alfred Berg Group

Education: MSc in Economics and Business

Shareholding: Privately and via companies 92,500*

Åsa Bergström
Vice President and CFO

Born: 1964

Employed in 2007 and in current position since 2008

External roles: Member of the boards of NP3 Fastigheter AB and John Mattson Fastighetsföretagen AB

Previous positions: Senior Manager at KPMG, CFO positions at several property companies, including Granit & Beton and Oskarsborg

Education: MSc in Economics and Business

Shareholding: 47,630*

Gunilla Cornell
Director of Human Resources

Born: 1969

Employed and in current position since 2011

External roles: No significant external roles

Previous positions: Management consultant for own company, business development consultant and project manager Tietoenator, controller NCR

Education: MSc in Economics and Business

Shareholding: 1,860*

Fred Grönwall
Director of Technical Operations

Born: 1981

Employed since 2021

External roles: Board member of Accessy Intressenter AB

Previous positions: Factory Manager Cementa AB Slitefabriken, Production Manager Cementa AB Slitefabriken and Degerhamnsfabriken, Process Operator Cementa AB Slitefabriken

Education: MSc in Engineering

Shareholding: 4,310*

Klas Holmgren
Director of Projects and Development

Born: 1970

Employed in 2001 and in current position since 2010

External roles: Vice Chairman Byggherrarna

Previous positions: Platzer Bygg, Site Manager at Peab, Site Manager at Peab Bostad, JM Entreprenad

Education: Graduate engineer

Shareholding: 10,500*

*Shareholding at 15/02/2024

Executive Management Team cont.

Mia Häggström**
Head of Sustainability

Born: 1978

Employed in 2007 and in current position since 2016

External roles: No significant external roles

Previous positions: Environmental Administration of Sundsvall Municipality, Environmental Administration of Södertälje Municipality

Education: MSc in Environmental & Health Protection

Shareholding: 0*

Charlotta Liljefors Rosell
Director of Property Management

Born: 1963

Employed and in current position since 2014

External roles: No significant external roles
Previous positions: The Royal Swedish Institute of Technology, AP Fastigheter, various senior positions at Vasakronan and Head of Business Area Office at AMF Fastigheter

Education: MSc in Engineering – Surveying

Shareholding: 6,451*

Charlotte Liliegren
Director of City and Property Development

Born: 1976

Employed by Fabege since 2006 and in current position since 2013

External roles: No significant external roles

Previous positions: Letting agent at Tornet AB, business developer at Stena Fastighet AB and Drott AB

Education: MSc in Engineering

Shareholding: 3,412*

Johan Zachrisson
Director of Business Development

Born: 1970

Employed since 2021

External roles: No significant external roles

Previous positions: FFNS/Sweco, Humlegården Fastigheter, DTZ/ Cushman & Wakefield

Education: MSc in Engineering

Shareholding: 4,000*

* Shareholding at 15/02/2024. ** Member since 01/01/2024.

Sustainability notes

About this report
This is our thirteenth Sustainability Report according to the GRI guidelines for voluntary reporting of sustainability information. We report on our sustainability work annually and the Sustainability Report is included as part of our 2023 Annual Report, which pertains to the 2023 financial year. The report has been prepared in accordance with GRI Standards 2021. The preceding year's Annual Report, including the Sustainability Report, was published in March 2022. The information contained in the Sustainability Report has been subject to a limited review by Deloitte; see Assurance Report on page 90.

The content of the Sustainability Report has been selected on the basis of our most significant issues, given our operations and their impact relationship on the environment and society; see also section on stakeholder dialogue and materiality analysis on pages 73–77. Our intention is for the sustainability section together with other information contained in the 2023 Annual Report to satisfy stakeholder information requirements, and to provide a comprehensive overview of our economic, environmental and social initiatives and results. The information in the report pertains to the entire Fabege Group. However, associated companies fall outside the parameters for the report, as we have limited access to the relevant data. Influence is exercised through Board representation.

Our GRI index on pages 87–89 contains references to the disclosures that are compulsory for GRI Standards 2021, as well as disclosures related to Fabege's material sustainability topics and management of these topics.

We follow the Precautionary Principle, which means that if we discover that there is a threat or risk of serious or irreversible environmental damage occurring, then lack of scientific evidence will not prevent us from taking cost-effective action.

We also report the company's sustainability performance measures based on EPRA's (European Public Real Estate Associaton) latest recommendations: Best Practices Recommendations on Sustainability Reporting, sBPR, third version September 2017. Performance measures are reported for energy, greenhouse gas emissions, water, waste, environmentally certified buildings and corporate governance and social aspects.

The Sustainability Report is part of Fabege's Annual Report, which is approved by the Board of Directors. The Board is informed and can influence Fabege's sustainability work strategy and overall sustainability targets via an annual review and follow-up. The 2020 materiality analysis was revised in 2022 based on the updated definition of materiality under the GRI Standards 2021, to include the members of the Board of Directors.

Stakeholder engagement and materiality analysis
Our principal stakeholders are customers, employees, creditors, shareholders and analysts, suppliers and municipalities in which the company operates. We maintain a continual dialogue with all of these stakeholder groups. In 2020, we conducted an extensive stakeholder dialogue and materiality analysis via a survey, workshop and comprehensive interviews. The survey was sent out to a total of around 400 individuals, and the response rate was just over 50 per cent. All stakeholder groups were represented. In the survey, we asked the respondents to rank from a stakeholder perspective how Fabege should prioritise and what direction the company should take in relation to the UN 2030 Agenda and the 17 Sustainable Development Goals (SDGs). There was also an option to write their own responses, and we asked what overall sustainability goals the stakeholders prioritised in their own businesses.

Following this, we arranged an internal workshop to adjust the seven previously prioritised SDGs and the company's own specific sustainability targets in line with stakeholders' expectations. Finally, we conducted comprehensive interviews with customers, the Board, capital providers and municipalities. We did this in order to understand nuances and identify synergies between the 17 SDGs. The results of the dialogues and the subsequent analysis reveal that the following SDGs are the most significant for us:

- Goal 3: Good Health and Well-being
- Goal 7: Affordable and Clean Energy
- Goal 9: Industry, Innovation and Infrastructure
- Goal 10: Reduced Inequalities
- Goal 11: Sustainable Cities and Communities
- Goal 12: Responsible consumption and production

The materiality analysis has also been used to develop our sustainability reporting and ensure we report on those areas that correspond to our most significant impact on the economy, environment and people, including human rights.

In 2022, we updated our materiality analysis to clarify the list of our material topics based on the GRI's updated definition of a material topic in the GRI Standards 2021. The updated list of material topics can be found on page 25.

Management of sustainability work
Our sustainability work is integrated into the organisation and has a clear division of responsibility for work relating to the various focus areas.

Our CEO bears overall responsibility for sustainability work. The CEO is responsible for monitoring sustainability work at management team level. Policies and guidelines are determined by the Executive Management Team, continually updated and made available to all employees via our intranet.

The Board's rules of procedure include regular monitoring of sustainability issues. Reports are submitted to the Audit Committee and Board of Directors. Proposals for sustainability targets are prepared in close cooperation with the business areas and then approved by the Executive Management Team.

The Head of Sustainability, who reports directly to, and as of 1 January 2024 is a member of the Executive Management Team, leads sustainability work in the organisation. The Head of Sustainability pursues this work through the Sustainable Development Department. Responsibility for implementation rests with the line organisation. The Head of Sustainability is also responsible for strategic work with the districts' sustainability programmes, with business development and the property developers having operational responsibility.

Calculation of GHG emissions

To be able to compare emissions of different gases, they are recalculated as carbon dioxide equivalents (CO_2e). We use emission factors from our suppliers to calculate the volume of emissions. The reported emissions total from operations includes a reduction in CO_2e as a result of Guarantee of Origin (GO-labelled) electricity and GO-labelled renewable district heating and district cooling. We have chosen 'financial control' and we focus on the 'market-based method' (but also report location-based method). This is because, as owner, we control the property's energy performance and energy sources, while tenants can only influence consumption. Calculation of our carbon footprint (CO_2e) is evolving all the time, via more elements and improved key performance indicators. To facilitate comparison, we have placed comparable figures alongside each other and new figures in separate categories.

We use actual consumption when calculating emissions according to the Greenhouse Gas Protocol (GHG Protocol); see page 30 for table of emissions. Emission factors for electricity include the direct emissions resulting from electricity production and emission factors for district heating are reported without the effect of carbon offsetting. Instead we report carbon offsetting as a negative emissions item separately from Scope 1 and Scope 2.

Reporting of emissions according to the GHG Protocol

We primarily report greenhouse gas emissions in accordance with the GHG Protocol, market-based method, as we then have statistics from 2002 onwards. We also report the outcome according to the location-based method. Emissions from refrigerants (Scope 1) are taken from the legally required refrigerant report of each property. Company car emissions (Scope 1) are based on the distance driven and the average consumption of mixed driving for each car. We are 100 per cent electric.

We primarily report Scope 2 according to the market-based method, where our GO-labelled renewable electricity has an emission factor of 0g CO_2e/kWh. However, we also report the location-based method premiums via the Nordic electricity mix 1. Consumption of electricity (Scope 2) and district heating and cooling (Scope 2) is retrieved from the energy monitoring system. The CO_2 calculation is not adjusted based on SMHI degree days. The emission factor from the respective district heating and district cooling supplier is used for the CO_2 calculation.

Our Scope 3 includes waste management by type and processing method from suppliers, internal monitoring of staff mileage driven while on duty, business travel by air from the travel company, internal monitoring of property development, building energy from suppliers, employee commuting in km based on the 2022 travel habits survey (CERO) and tenant energy use assumed on a flat rate of 45 kWh/sqm. 91 per cent of leases are green, which gives an emission factor of 6.5g CO_2e/kWh based on the Nordic electricity mix of 71.8g CO_2e/kWh. This year includes property development, new construction and tenant customisations, but as with the previous year, it does not include properties bought and sold in accordance with the Swedish Property Federation's report, 'Reporting Scope 3 Emissions for Property Owners'.

Energy

Energy work is conducted by our energy strategist via our energy strategy and sustainability and environmental policy. The energy strategist supports the property developers in the design of energy systems in sustainable districts, the operations managers, who together with the operating organisation have chief responsibility for energy issues in all buildings under management, and the project managers for the same responsibilities relating to new construction. The energy strategist reports to the Head of Sustainability.

Energy data from our properties is automatically collected from our energy meters via technical infrastructure in our properties. The data is checked for discrepancies both automatically and manually and we only use measured data.

Employees

The Director of Human Resources, who is a member of the Executive Management Team, is responsible for strategic HR work and for ensuring compliance with laws and regulations in the area of labour law and collective bargaining agreements. The starting point is policy documents within the area of HR, such as the personnel, gender equality and salary policies, as well as the company's Code of Conduct.

We submit disclosures based on the GRI Standards 2021 and EPRA. All data related to employees is based on actual data and is compiled and secured by our HR department. Follow-up is carried out quarterly and annually based on established targets.

Supply chain

The purchasing manager reports to the Executive Management Team and is responsible for the company's purchasing policy, signing agreements with all strategic partners and sustainability screening of suppliers. The purchasing organisation is responsible for signing all framework and service contracts and ensuring that new contracts adhere to our general terms and conditions, sustainability and environmental policy and Code of Conduct. For new construction and redevelopment projects we have general requirements in administrative regulations, which are supplemented by environmental programmes and specific terms for each project. General terms and conditions, or administrative terms, together with the sustainability and environmental policy and Code of Conduct are included in the appendices of all contracts signed with suppliers.

Financing

Our Green Business Council compiles data on ongoing and planned environmental certifications, and examines whether projects and assets satisfy the green requirements. A special report on how the company allocates its green funds and how well it fulfils the terms imposed by the framework is prepared each quarter and published at www.fabege.se/en/financing.

Customers

Overall responsibility for customer satisfaction and measurements is shared by the Director of Property Management and the Director of Technical Operations, both of whom are members of the Executive Management Team. The property managers are responsible for customer relationships at company and organisational level. They feed back the results from the surveys to the customers and are responsible for improvements being made at customer level based on service, cases and the CSI survey.

Business ethics and moral approach

All managers with personnel responsibility are charged with ensuring that the Code of Conduct is known and complied with in their respective department or sphere of responsibility. The Board of Directors and Executive Management Team are specifically responsible for promoting the implementation of the Code of Conduct. The content is revised and monitored annually. No incidents of breach of legislation were reported or brought to the attention of management in 2023.

Management of material sustainability topics

	City districts	Properties	Employees
Material topics	• Energy system • Living conditions in the local community • Equality	• Energy use • Greenhouse gas emissions • Waste	• Good health • Security • Diversity and gender equality • Greenhouse gas emissions
GRI Standards	• GRI 302: Energy • GRI 305: Emissions • Fabege-1: Collaborative initiative • Fabege-2: Security measures	• GRI 302: Energy • GRI 305: Emissions • GRI 306: Waste	• GRI 403: Occupational health and safety • GRI 405: Diversity and gender equality • GRI 406: Non-discrimination
Impact in the value chain	• Actual impact on the city's physical and social spaces. • Environmental, climate and human impacts of urban development and various collaborative initiatives.	• Carbon footprint in the construction phase, energy and climate in the use phase and circular opportunities at end-of-life phase. • Impact on the environment, climate and people in customer management, property operation, construction, purchasing and development.	• Direct impact on employees' working environment. • Impact on gender equality, diversity and human rights in recruitment and values work.
We want to achieve the following	• Contribute towards keeping global warming under 1.5 degrees. • Continue to focus on environment, climate and social sustainability as we develop the physical environment for life in our neighbourhoods. • Make a difference in the neighbourhoods in which we operate, and our focus should be on children and young people, good education, meaningful leisure time, cultural experiences and finding a route into the labour market.	• Health and environmentally certified premises, buildings and districts that offer customers good opportunities to make sustainable choices. • Our property management will be carbon neutral by 2030. • Our carbon footprint in construction projects will be halved by 2030.	• Employees believe that as an employer, Fabege facilitates a good work-life balance. • We will be ranked on the list of Sweden's best workplaces and achieve a Trust Index of at least 90 in the Great Place To Work survey.
What we do	• Via planning process, property management and development, we aim to achieve sustainable property and urban development. • We get involved in learning and participation within sustainable urban development. • We create experience-based, equitable and vibrant neighbourhoods with a mix of offices, residential units, services, culture and recreation in accordance with Citylab Action. • We develop low-carbon energy system solutions for sustainable city districts. • We create the conditions for a safe and secure living environment through site development, lighting projects, care/maintenance and a 24-hour presence. With good security, we create the conditions for people, regardless of age, gender, ethnicity, sexual orientation or disability, to want to work, live and stay in our areas around the clock. • We run collaborative initiatives with schools and local sports activities, including the Läxhjälp homework club and H.A.N.G. • We collaborate with property owners, businesses, municipalities and the police to gather knowledge and increase participation and safety. • We work together with public transport and have decided to contribute SEK 180m to finance expansion of the underground rail service to Arenastaden.	• We are continuing to develop services to reduce our carbon footprint. • We have built a zero-energy building certified according to FEBY Gold Plushus. • We have reduced energy consumption and increased the proportion of renewable energy. • We strengthen capacity for low-carbon adjustments, boosting biodiversity, making environmental adaptations and creating an attractive urban space via sustainability-certified properties. • We facilitate sustainable mobility and offer low-carbon logistics services in our properties. • We design premises via choice of materials, renewable electricity, flexibility, energy efficiency improvements and sorting waste for recycling as part of our green leases. • We increase the green space factor via green roofs or planted areas that offer ecosystem services and create a sense of wellbeing.	• We provide skills development opportunities that improve employees' conditions within the company, while strengthening their position in the wider labour market. • We ensure equal rights for all irrespective of gender, ethnicity, religion, disability, age and other factors. • We combat discrimination, for example, via salary reviews and collaboration with employees via our health and safety committee. • We get involved in learning and participation within sustainable urban development. • We organise conferences focusing on our values (SPEAK). • Health and fitness programmes
Policies	• Sustainability and environmental policy • Sustainability targets • Code of Conduct • Procurement and purchasing policy • Security policy • Other procedures	• Sustainability and environmental policy • Sustainability targets • Refrigerant policy • Energy strategy • CO_2 calculation guideline • Other procedures	• Sustainability and environmental policy • Work environment policy • Code of Conduct • Equality policy • Policy on diversity in the Board of Directors • GDPR policy
Evaluation	• Monitoring resource use and greenhouse gas emissions. • Collaborative forums in our neighbourhoods – monitoring local communities. • Policies are evaluated annually and set by the Executive Management Team. • Workplace inspections at projects.	• Monitoring resource use and greenhouse gas emissions. • Follow-up of environmental certification systems. • Energy monitoring • Evaluation of product liability through self-assessment, BREEAM certifications, Building Material Assessment and climate calculations. • Policies are evaluated annually and set by the Executive Management Team.	• Annual employee survey, GPTW. • Monitoring of diversity and gender equality, health and safety via annual survey, salary reviews, health and safety committee etc. • Policies are evaluated annually and set by the Executive Management Team.

Management of material sustainability topics cont.

	Supply chain	Financing	Customers	Business ethics
Material topics	• Review of supplier sustainability, incl. environment and human rights.	• Green financing	• Good health • Security • Indoor environment • Energy use • Greenhouse gas emissions	• Anti-corruption • Tax
GRI Standards	• GRI 414: Supplier social assessment • GRI 308: Supplier environmental assessment	• Fabege-6: Proportion of green financing • Fabege-7: EU taxonomy	• GRI 302: Energy • GRI 305: Emissions • Fabege-4: Fitwel certification • Fabege-2: Security measures • Fabege-5: Percentage BREEAM-certified properties	• GRI 205: Anti-corruption • GRI 207: Tax
Impact in the value chain	• We set requirements for suppliers and subcontractors in relation to the environment, health and safety and human rights.	• Through high ESG performance, we can be part of increasing the proportion of green finance in society.	• Direct impact on customers' indoor environment and indirect impact on their business.	• Good business ethics enable us to promote sustainable and fair competition.
We want to achieve the following	• 100% of our suppliers with framework agreements will be audited on the basis of our Supplier Code of Conduct, policies and international conventions.	• Our financing will continue to be 100% sustainable and green.	• We will be a proactive partner that puts people front and centre, and that enables customers and businesses to develop through innovation, responsibility and flexibility.	• Our operations will be characterised by strong business ethics and responsibility.
What we do	We have introduced a new system to screen framework agreement suppliers from a sustainability perspective in order to: • Ensure labour law is complied with in areas such as salaries, overtime and employment conditions. • Combat inadequate business ethics and corruption. • Prevent child labour and forced labour. • Guarantee fire safety and a safe work environment. • Combat negative environmental impact in the local community resulting from emissions of hazardous substances to water, air and/or soil. • Ensure impeccable business ethics and compliance with Code of Conduct. • Achieve energy efficiency, effective resource management and good material choices in terms of chemical content, environmental impact and carbon footprint. • Adhere to health and environmental certification systems. • Report on greenhouse gas emissions.	• We are increasing the proportion of sustainable investments that reduce climate risk in assets. • We share knowledge with capital providers and investors on sustainability. • We have participated in the development of banks' green loan products, sustainability-linked loans and new sustainable products on the capital market. • We hold regular sustainability discussions with capital providers and report back to them.	• We design premises with a focus on health, indoor climate, greenhouse gas emissions, reuse, sustainable choice of materials, renewable electricity, flexibility, energy efficiency improvements and sorting waste for recycling under the remit of green leases. • We ensure premises are health and environmentally certified to BREEAM standard, and we provide buildings and districts that offer customers good opportunities to make sustainable choices.	• All our employees receive regular training on both our Code of Conduct and the industry's code against corruption. We comply with the relevant laws and other regulations. The same applies to generally acceptable business practice and international human rights, labour and environmental standards in accordance with the Global Compact and the ILO's fundamental conventions on human rights at work. • Our Ethics Council supports our daily work, with representatives from different departments. The Council, which reports to the Executive Management Team, is responsible for leading and driving work on ethical issues and monitoring relevant external issues. We comply with all tax legislation and regulations. In areas where the regulatory framework is unclear, we act transparently and prudently, and we refrain completely from aggressive and sophisticated tax planning.
Policies	• Sustainability and environmental policy • Procurement and purchasing policy • Code of Conduct for suppliers • Other procedures	• Sustainability and environmental policy • Finance policy • Tax policy • Credit policy • Other procedures	• Sustainability and environmental policy • Sustainability targets • Code of Conduct • Security policy • Other procedures	• Code of Conduct • Policy for whistleblower function • Tax policy • Insider policy • Anti-corruption guidelines • Sponsorship policy • Other procedures
Evaluation	• Ongoing quality measurement and framework agreement suppliers audited for sustainability. • Policies are evaluated annually and set by the Executive Management Team. • Workplace inspections at projects.	• Quarterly and annual evaluation regarding green financing. • Policies are evaluated annually and set by the Executive Management Team.	• Analysis of Customer Satisfaction Index (CSI). • Analysis of regular customer dialogues. • Policies are evaluated annually and set by the Executive Management Team.	• Follow-up of cases raised via whistleblower function. • Policies are evaluated annually and set by the Executive Management Team.

Our stakeholders and impact

Area	Dialogue format	Impact on stakeholders	Impact on sustainable development
Customers	• Sustainability network together with companies in Arenastaden. • Travel habits survey of around 22,000 employees whose workplaces are in Arenastaden. • Regular customer dialogue. • Customer satisfaction surveys. • Newsletters. • Cooperation on green leases. • Breakfast meetings on sustainable employees and workplaces. • Service report and moment of truth.	• Facilitating sustainable mobility and offering low-carbon, quiet logistics services in the districts. • Design of premises via sustainable choice of materials, renewable electricity, flexibility, energy efficiency improvements, indoor climate and sorting waste for recycling. • Creating attractive, secure and safe public spaces with services, convenience stores and experience-based meeting places. • Increasing the green space factor for public areas by creating parks, squares and thoroughfares that provide ecosystem services and pleasant environments. • At the end of the case, the customer can rate our dialogue and our work.	• Health and environmentally certified premises, buildings and districts that offer customers good opportunities to make sustainable choices. • Continued development of public transport and services to reduce carbon footprint. • Contributing to a sustainable lifestyle. • We get involved in learning and participation within sustainable urban development. • Developing zero-energy buildings. • Reducing energy consumption and increasing the proportion of renewable energy. • Strengthening capacity for low-carbon adjustments, boosting biodiversity, public health and quality of life, and helping create an attractive district. • Sustainability should be built into our customers' day-to-day activities, with service reporting and dialogue contributing to the continuous development of buildings, services and working practices.
Employees	• Employee discussion • Performance reviews • Human resources surveys • Café Fabege (meeting forum) • Conferences • Department-specific sustainability training	• Facilitating work-life balance • Code of Conduct • Great Place To Work • Our core values, SPEAK • Skills development • Fitness promotion • Terms of employment • Human rights	• Healthy and committed employees. • Contributing to sustainable workplaces and Fabege's overall sustainability strategy. • Skills development that improves employees' conditions within the company while strengthening their position in the wider labour market. • Ensuring equal rights for all irrespective of gender, ethnicity, religion, disability, age and other factors. • Combating discrimination. • We get involved in learning and participation within sustainable urban development.
Shareholders and analysts	• Annual report • Quarterly reports • Capital market days • Roadshows and one-to-one meetings • Reporting to Audit Committee and Board of Directors	• Initiating discussions with analysts about value-adding sustainability work. • Prioritised SDGs based on the materiality analysis. • The Board's rules of procedure include regular monitoring of sustainability issues.	• Helping to steer capital flows towards a more sustainable economy, making sustainability an integral factor in risk management, and promoting transparency and thus the conditions for long-term investment. • Disseminating knowledge about innovative sustainability work in construction and property development.
Creditors	• Cooperation with creditors and bond investors on sustainability reporting. • Presentations, quarterly reports, annual report, website • Meetings, property viewings and seminars • Capital market days	• Participating in the development of banks' green loan products and new sustainable products on the capital market. • Regular sustainability discussions with capital providers.	• Can accelerate the transition to a more sustainable economy. • Increasing the proportion of sustainable investments that reduce environmental, climate and social sustainability risks in assets. • Disseminating sustainability knowledge. • Disseminating knowledge about innovative sustainability work in construction and property development.
Suppliers	• Centralised procurement/framework agreements requiring suppliers to comply with our Code of Conduct. • Meetings with framework agreement suppliers. • Supplier day with inspirational talks.	• Demands for impeccable business ethics and Code of Conduct. • Continuous quality measurements of suppliers. • Far-reaching requirements in areas such as energy efficiency, resource management, reporting of greenhouse gas emissions and choice of materials. • Must follow health and environmental certification systems.	• Ensure labour law is complied with in areas such as salaries and overtime. • Combat inadequate business ethics and corruption. • Prevent child labour and forced labour. • Guarantee fire safety and a safe work environment. • Combat negative environmental impact in the local community resulting from emissions of hazardous substances to water, air and/or soil.
Society	• Regular meetings with municipalities and government agencies. • Collaborative meetings together with networks of companies (BELOK, SGBC, Swedish Property Federation, Byggherreforum, etc.). • Cooperation agreements with organisations such as Läxhjälpen homework club. • BID Flemingsberg • Klimatarena Stockholm (Climate arena Stockholm) • Solna's climate and sustainability network	• Via planning process, property management and development work to achieve sustainable property and urban development. • Street Gallery, Läxhjälp homework club and Changers Hub aimed at young people. • More pupils gaining qualifications for upper secondary school. • Decision to contribute SEK 180m to finance expansion of the underground rail service to Arenastaden. • Construction to lead the way and halve emissions in Stockholm by 2030.	• Contributing to the 1.5-degree target under the Paris Agreement. • Climate pledge with shared goal of accelerating the climate transition in Region Stockholm. • Creating experience-based, vibrant neighbourhood environments with a mix of offices, residential units, services, culture, meeting places and green spaces. • Working for sustainable mobility via infrastructure for electric vehicles, cooperating with public transport and improving conditions for cyclists. • Creating the conditions for a safe and attractive living environment.

Task Force on Climate-related Financial Disclosures (TCFD)

During the year we continued with efforts to identify and evaluate climate-related risks and opportunities via an advanced risk analysis. This has enabled us to assess their impact on the company's strategy. We will continue to work on identifying and evaluating climate-related risks. Find out more about our scenario analysis on our website at fabege.se/en/sustainability/climate-change-adaptation/scenario-analysis.

The work was based on TCFD's recommendations regarding climate-related risks and opportunities. We have analysed the business to ensure that the company is well-equipped to cope with the climate-related challenges that are already evident, but also those risks that are likely to affect the business in the future. Managing climate change and the ongoing transition in line with the Paris Agreement also generates significant opportunities for companies like us that are highly ambitious in terms of their sustainability work.

Climate-related risks and opportunities

For a long time now, we have been working to reduce our carbon footprint and to future-proof properties and districts in response to changes in the climate, including rain, snow, wind and temperature variations. We are continuously identifying and managing climate-related risks and opportunities for our properties and districts. We have based the analysis on the risks and opportunities we have identified as being most significant for our future business. The results demonstrate that many of the risks we have identified are likely to be significant in the future, but that their financial impact will probably vary depending on the extent of the risk.

Transition risk

In the medium and long term, we can see a strong likelihood of tougher legal requirements having a knock-on effect on companies in the form of more stringent requirements, including in relation to measuring and reducing energy use and carbon emissions in operations, property management and projects. There is currently no price for carbon dioxide, but we expect this to be introduced in the near future. A higher carbon dioxide price would, for example, mean increased material costs, partly in the production of materials such as concrete, crushed stone and steel, and also when it comes to more sustainable materials such as timber products. In the latter case, the cost increase is linked to the fact that demand for these materials is increasing all the time.

A clear risk we are currently seeing is that political measures are stopping property owners from launching large-scale production of self-produced energy. We can see a challenge in that continued political management and decisions in the field of energy may lead to higher energy prices.

Political decisions may also slow down progress towards more fossil-free energy use.

We are working constantly to satisfy requirements and expectations from customers and other stakeholders. Demand for sustainable and certified buildings has grown over the course of several years. Environmental certification of our properties is an area we have been focusing on for a long time, and it's an area where we are endeavouring to raise our level of ambition. Municipalities that allocate land to us, and capital providers that influence our economic circumstances are crucial for our business. Requirements and expectations in the area of sustainability are also increasing in these groups. The ongoing development of the EU's taxonomy system for sustainable activities is one of several examples of guidelines that impose enhanced requirements on our sustainability work. The system means that we need to raise the bar to meet our capital providers' expectations and gain access to green financing. The forthcoming requirements of the Corporate Sustainability Reporting Directive (CSRD) will also affect the extent of sustainability work and reporting.

Physical climate risks

Changes in weather patterns are already affecting our properties and districts. There are a number of challenges that arise as a result of a warmer climate and higher temperatures. In the future, the direct effects of rising temperatures are likely to be that the cost of cooling properties will be higher, although heating costs may decrease somewhat.

In the longer term there is a risk of groundwater levels falling, which may lead to more water shortages and temporary restrictions on drinking water in several locations across Sweden. Higher annual precipitation and more days of heavy rain or snowfall also mean large quantities of water collect more easily. This can in turn result in a greater need to drain away surplus water, which can be difficult in areas where there are lots of hard surfaces. In buildings with basements on level ground there is also a risk of insufficient drainage capacity, which increases the risk of damage caused by

Task Force on Climate-related Financial Disclosures (TCFD) cont.

damp. Extended periods with no rain cause groundwater levels to fall. For open natural environments and ground prone to subsidence it can have a negative impact on bearing resistance and cause subsidence damage, particularly in structures with shallow foundations. Prolonged dry spells can also cause cracks to form near the surface of the ground, which can affect basic infrastructure such as cycle paths, parking areas and small roads. These cracks can be a direct result of the dry conditions, but can also be due to water in the ground being sucked up by plants and trees. We have identified increased precipitation and flooding as one of the main potential risks through building-level climate resilience analyses.

Climate-related opportunities
Our entire business model and operations are adapted to harness opportunities arising out of the transition to a sustainable society. We regard our efforts to reduce energy usage and carbon emissions from operations as a way of future-proofing our properties, cutting costs and satisfying future legal requirements. This work also helps us continue to be an attractive company for all our stakeholders. Our long-term sustainability work includes the ambition to continually raise the percentage of self-produced energy, primarily from solar panels. The aim is to contribute to a greater proportion of renewable energy both within our operations and in society as a whole.

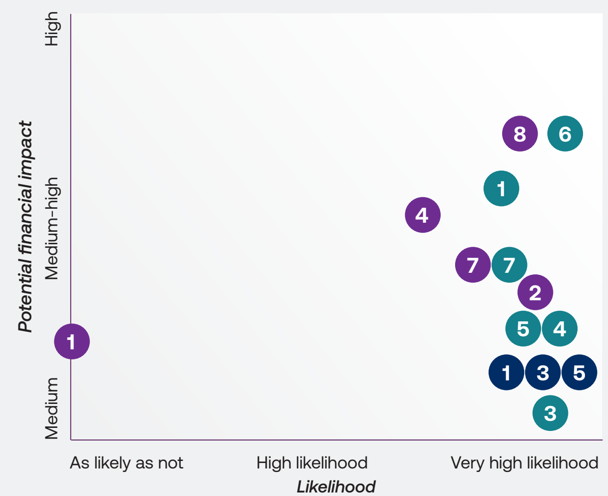
Environmentally certifying our properties and creating more sustainable buildings is an important strategic goal. Our aim in the short term is to meet customer demand. In the longer term we also want to be well prepared for new, tougher requirements that are likely to be introduced. We have had our climate target approved by the Science Based Targets initiative (SBTi), thereby supporting the UN climate agreement. Our goal is to achieve carbon neutral property management (Scopes 1 and 2) by 2030, and a 50 per cent reduction in Scope 3 emissions per GFA from the base year 2019. We see good opportunities to shift emissions from property management (Scopes 1 and 2), but it will be a challenge to cut emissions by half (Scope 3) in kg CO_2 per GFA compared with 2019 through life-cycle analysis of construction projects.

We are a relationship builder and enjoy close partnerships with municipalities in which we work together on urban development projects. We believe that good relationships do not just benefit us, but also society as a whole. All in all, we aim through our responsible approach in all areas of the business to be the natural choice for customers, employees and investors. We also hope our targeted sustainability work will inspire other companies and fuel the trend towards reducing climate impact going forward.

TCFD index

Governance	Strategy	Risk management	Indicators and targets
a) Board of Directors' overview of climate-related risks and opportunities. **Pages 50–60, 67**	a) Description of climate-related risks and opportunities that we have identified. **Pages 56, 78–79**	a) Description of the process of identifying and assessing climate-related risks. **Pages 50, 78–79**	a) Indicators to measure and control climate-related risks and opportunities. **Pages 29–32, 37–38, 41–42, 80**
b) Role of management in assessing and managing climate-related risks and opportunities. **Pages 67–68, 74**	b) Description of how the business, strategy and financial planning have been impacted. **Pages 26–32, 37–39, 56**	b) Description of processes to manage climate-related risks. **Pages 50, 56, 67–68, 78–79**	b) Reporting of Scope 1, 2 and 3 emissions according to Greenhouse Gas Protocol (GHG Protocol). **Page 30**
	c) Description of the organisation's strategic resilience and impact of various climate-related risks and opportunities. **Pages 56, 78–79**	c) Description of how the processes are integrated into the organisation's overall risk management. **Pages 50, 67–68**	c) Description of targets used to manage climate-related risks and opportunities and the outcome of these targets. **Pages 29–32, 41–42, 80**

Climate-related risks and opportunities



Transition risk

1. Increased carbon dioxide emissions
2. Political decisions in the field of energy that lead to higher energy prices or hamper development
4. Increased legal requirements regarding property development
7. Higher material and raw material costs
8. Shifting preferences among customers, municipalities and capital providers

Physical climate risks

1. Torrential rain and flooding
3. Temperature increases
5. Changes in geology

Climate-related opportunities

1. Reduced energy consumption in buildings
3. Higher proportion of self-produced energy
4. Lower carbon dioxide emissions
5. Growth in demand for certified properties
6. Tougher requirements regarding sustainable urban planning
7. Green financing reduces financing costs

Sustainability indicators in accordance with EPRA, properties and employees

					Absolute measures (Abs)		Like-for-like (LfL)		
					2023	2022	2023	2022	Change, %
ENERGY	Elec-Abs, Elec-LfL	MWh	Electricity	for landlord shared services	22,387	23,871	21,055	23,158	–9
				(sub)metered exclusively to tenants	29,334	27,538	28,877	26,809	4
				Total landlord-obtained electricity	51,721	51,409	48,933	49,968	–2
				Total tenant-obtained electricity					
				Total electricity	51,721	51,409	48,933	49,968	–2
				% from renewable sources	100	100	100	100	0
		No. of applicable properties		Electricity disclosure coverage	69	68	66	66	—
		%		Proportion of electricity estimated	0	0	0	0	—
	DH&C-Abs, DH&C-LfL	MWh	District heating & cooling	for landlord shared services	63,587	63,537	60,489	61,050	–1
				(sub)metered exclusively to tenants	6,616	6,511	6,545	5,984	9
				Total landlord-obtained heating & cooling	70,202	70,048	67,034	67,034	0
				Total heating & cooling	70,202	70,048	67,034	67,034	0
				% from renewable sources	87	94	—	—	—
		No. of applicable properties		Heating & cooling disclosure coverage	69	68	66	66	—
		%		Proportion of heating & cooling estimated	0	0	0	0	—
	Energy-int	kWh/m²/year	Energy intensity		71.0	72.8	71.6	73.9	–3
GHG EMISSIONS	GHG-Dir-Abs	Tonnes CO_2e	Direct	Total Scope 1	0	54			
	GHG-Indir-Abs	Tonnes CO_2e	Indirect	Total Scope 2 market-based	1,711	1,866			
				Total Scope 2 location-based	3,451	3,851			
				Total Scope 3	13,258	28,796			
		No. of applicable properties		GHG disclosure coverage[1]	81	84			
		%		Proportion of GHG estimated[2]	17	11			
		kg CO_2e/m^2/year	GHG Intensity	(Scope 1 + Scope 2) kg/m²	1.2	1.3			
WATER		m³	Municipal water	Total water consumption	441,038	392,960	412,349	386,945	7
		No. of applicable properties		Water disclosure coverage	69	68	66	66	—
		m³/m²/year	Building water intensity		0.364	0.327	0.36	0.34	6
		%		Proportion of water estimated	0	0			
WASTE	Waste-Abs[3]	Tonnes	Waste	Total hazardous	27	42			
				Total non-hazardous	2,361	2,742			
				Recycled	1,007	1,314			
				Incineration	1,376	1,461			
				Landfill	4	8			
				Waste disclosure coverage	63	66			
CERTIFIED ASSETS	Cert-Tot	%	Sustainability certified buildings	% of portfolio certified by floor area	100	100			
				% of portfolio certified by number of properties	100	100			
		No. of applicable properties			63	65			

1) Also includes land and development properties that produce carbon emissions.
2) Electricity consumption of tenants and Property Development (only tenant customisations) in Scope 3.
3) Waste from properties (tenants' and Fabege's operational waste).

Sustainability indicators in accordance with EPRA, properties and employees cont.

Employees

Social & Corporate Governance impacts	EPRA Code	Measurement Unit	Indicator		2023	2022	Change, %
HEALTH AND SAFETY	H&S-Emp	Days per employee	Absentee rate	Direct employees	2.9	2.96	–2
DIVERSITY	Diversity-Emp	% of female employees	Diversity Employees	Board of Directors members	57	57	0
				Executive Management	50	50	0
				Managers	38	47	–19
				All employees	36	38	–6
EMPLOYEES	Emp-Turnover	Total number and rate	New hires	Total number new employees	22	31	–29
				Proportion new employees, %	10	13	–23
			Departures – Turnover	Total number of departed employees	25	19	35
				Proportion of departed employees, %	11	8	38
			Total employees number		228	231	–1
CORPORATE GOVERNANCE	Gov-Board	Total number	Composition of the highest governance body[1]		7	7	0
			Executive		0	0	0
			Non executive		7	7	0

[1] Average number of years on the Board: 6 years.

Accidents

Accident rate is defined as the number of workplace accidents resulting in an absence of one or more contracted working days per 200,000 hours worked, divided by hours worked. The number of hours worked for our own employees in 2023 was 413,056. The most common injuries experienced by our technicians are cuts and crushing injuries. However, these injuries are rare in day-to-day work.

Employees	2023
Number of deaths	0
Number of occupational accidents, with and without absence	8
of which travel accidents (to and from work)[1]	2
of which accidents with absence	2
of which serious accidents[2]	0
Number of cases of occupational diseases	0
Accident rate (LTAR)[3]	0.48

[1] The travel accident did not result in sick leave or lasting injury.
[2] Relates to accidents with absence from work for a period of more than six months.
[3] Relates to accidents for own personnel with absence, excluding travel accidents.

Equal opportunities/gender equality[1]

	2023					2022				
	Women	Men	<30 years	30–50 years	>50 years	Women	Men	<30 years	30–50 years	>50 years
Board of Directors, number	4	3	—	2	5	4	3	—	2	5
Executive Management Team, number	4	4	—	2	6	4	4	—	2	6
Main management team (excl. Executive Management Team), number	11	18	—	17	12	14	16	—	20	10
All employees, number	83	145	16	131	81	88	143	16	134	81

[1] Summary of us by gender and age for various levels within the company. We do not record employees' ethnicity.

Sickness absence

Total sickness absence in relation to ordinary working hours, %	Women	Men	Total sickness absence
Age 0–29	—[1]	4.11	3.78
Age 30–49	4.83	3.10	3.85
Age 50+	1.03	1.47	1.33
Total	**3.54**	**2.51**	**2.90**

[1] Not reported due to the exemption rule in the legislation which states that the data should not be provided if the number of employees in the group is ten or less, or if the data can be attributed to a single individual. Group refers to both age category and gender distribution within age category.

Involvement in organisations

We have board or committee assignments in the following organisations:

- BELOK, Beställargruppen Lokaler – the Swedish Energy Agency's network for energy-efficient buildings
- BREEAM and Sweden Green Building Council
- Byggherrarna Sverige AB (The Swedish Construction Clients)
- Swedish Property Federation in Stockholm and in local associations in City-Kungsholmen, Hagastaden and Norrmalm
- Arena Huddinge – a forum for sharing knowledge and dialogue between Huddinge Municipality and the business community
- Samverkan i Huddinge (Cooperation in Huddinge) – a forum for local security measures
- Accessy – the industry's initiative to create a standard for digital key management

Number of employees by form of employment, gender and in our business areas

By age, %	0–19	20–29	30–39	40–49	50–59	60–69	Average age
Women	0	3.6	22.9	43.4	24.1	6.0	45
Men	0.7	9.0	26.2	24.1	30.3	9.7	45
Total	**0.4**	**7.0**	**25.0**	**31.1**	**28.1**	**8.3**	**45**

Percentage of women within each area, %	
Property Management incl. operations	21
Projects & Business Development	49
Business support	55
Birger Bostad	64

Percentage of entire company employees within each area, %	
Property Management incl. operations	53
Projects & Business Development	24
Business support	13
Birger Bostad	10

Number of employees at year-end, of which

228

- 83 women and 145 men
- 225 permanent employees and 3 fixed-term contract employees
- 226 full-time employees and 2 part-time employees
- the proportion of employees with collective agreements was 100% for the Group

EU taxonomy

We carry out both construction (via building contractors) and management of buildings. We have chosen to report only against objective 1: climate change mitigation (CCM) in the EU taxonomy, as it is the objective that is most relevant to our activities. For CapEx, Fabege could contribute to objectives 2 and 4, but all significant CapEx is covered by objective 1 and Fabege therefore only reports according to objective 1. All of our activities fall within the scope of the taxonomy objective 1, and the activities under which the bulk of our operations are described are CCM 7.7 Acquisition and ownership of buildings, and CCM 7.1 Construction of new buildings. However, other activities could also be used on a smaller scale.

Principles for financial reporting according to the EU taxonomy

The proportion of our operations that is environmentally sustainable according to the EU Taxonomy Regulation is reported via three financial ratios, which indicate the percentage of turnover, OpEx and CapEx that is taxonomy-aligned.

Recognition of turnover

All revenues related to the properties included in economic activities above are recognised. This refers to rental income, including the standard supplements. No material income that should be excluded has been identified. Turnover of SEK 3,377m corresponds to total net sales according to profit and loss accounts for 2023.

Recognition of operating expenditure (OpEx)

OpEx includes the following expenses: 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 (CapEx)

Relates to CapEx for acquisitions and capitalised investment expenditure related to the properties included in economic activities reported above. CapEx of SEK 3,101m represents all expenditure on acquisitions and investments in investment and development properties in 2023. A further SEK 15m is linked to investments in equipment. For further information, see Notes 17 and 19 on pages 109 and 111 respectively.

Compliance with the EU Regulation

We have concluded that the activities that primarily include our operations are CCM 7.7 Acquisition and ownership of buildings, and CCM 7.1 Construction of new buildings.

Our interpretation of when a building has been constructed has been linked to the date of the planning permission application submitted to the municipality for all our buildings. This interpretation is consistent with the interpretation of the European Commission.

We may choose to report within other activities in specific cases, such as CCM 7.2. This is used when the redevelopment is significant and the building is not already green according to CCM 7.7. This has not been the case in 2023.

Fabege has a subsidiary, Birger Bostad, which builds residential units for sale. 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. However, turnover linked to Birger Bostad is included in the accounts.

Substantial contribution to environmental objective 1: climate change mitigation

The taxonomy requires a building constructed before 31/12/2020 (CCM 7.7) to have at least an Energy Performance Certificate (EPC) class A, or be among the top 15 per cent most energy-efficient buildings in the country to be classed as green. We have judged that the best available data regarding this is the limit values developed by Fastighetsägarna (Swedish Property Federation). Fastighetsägarna's limit value for offices is a primary energy demand of 80 kWh/sqm Atemp. We have a few properties that are not offices but are considered hotels or apartment buildings. Fastighetsägarna's limit values for these categories of 91 kWh/sqm Atemp and 81 kWh/sqm Atemp respectively are used here. If additional statistics become available, for example from Boverket (Swedish National Board of Housing, Building and Planning), we intend to use them in the future. We have calculated the primary energy demand for all properties based on the energy outcome in 2023 using a calculation in our energy monitoring tool Greenview. This calculation is identical to the one made in an Energy Performance Certificate (EPC), this has been verified by an external energy expert. We believe that this is the most accurate way to show that we meet the energy performance requirements, as it shows the current status of the property based on Boverket's current building regulations.

The taxonomy requires the energy performance of new buildings (CCM 7.1) to be 10 per cent below Boverket's building regulations, which is well above our own target that office buildings should be designed for energy requirements 50 per cent below building regulations. In our technical framework programme, we require that duct leakage testing and thermal imaging always be carried out in accordance with the taxonomy. We carry out life-cycle Global Warming Potential (GWP) calculation of the building according to Levels in the vast majority of our projects. However, Fabege is not reporting taxonomy alignment for CCM 7.1 for 2023.

Do No Significant Harm (DNSH) criteria

To be aligned with the taxonomy, in addition to making a substantial contribution to an environmental objective, a company must not cause significant harm to any of the other environmental objectives. Fabege satisfies the DNSH requirements for CCM 7.7, but not all DNSH requirements for CCM 7.1; see below.

Climate change adaptation (CCM 7.1 and CCM 7.7)

This requirement applies to both CCM 7.1 and CCM 7.7.

Regarding CCM 7.7, we have carried out climate risk analyses for all investment properties and we satisfy this requirement. The models used take climate change into account with a climate factor of 1.25. The analyses of investment properties are based on a worst-case RCP 8.5 scenario with continued high carbon emissions until 2100. We have only dealt with one scenario in these climate risk analyses, but the taxonomy recommends several scenarios. However, we have only analysed the worst-case scenario (8.5) and believe that analysis of this scenario alone provides a good overview of the risks.

With regard to CCM 7.1, taxonomy-based climate risk analyses are carried out in connection with the certification of new buildings according to BREEAM-SE. Therefore we already fulfil this requirement in our new construction.

Flooding and increased precipitation have been identified as the greatest potential future risk for both CCM 7.1 and CCM 7.7.

Qualitative scenario building also evaluates other relevant climate risks such as wind, temperature changes and erosion/subsidence. Ultimately, these risks are deemed to have a negligible impact on our portfolio.

We have decided to implement a significant number of the measures identified in the analyses. These actions have been factored into our operations and will be carried out on an ongoing basis going forward.

Sustainable use and protection of water and marine resources (CCM 7.1)

In our technical framework programme, we always stipulate the requirements for water equipment imposed by the taxonomy, and on the whole we expect to meet this requirement in our projects. We do not perceive any major ambiguities regarding the interpretation of this requirement.

Transition to a circular economy (CCM 7.1)

It is not yet fully documented that we fulfil this requirement in our existing projects, but we see good opportunities to do so.

We use the Swedish Construction Federation and Swedish Property Federation's interpretation of this requirement, which indicates that it is the waste that is sorted and prepared for material recycling that should be taken into account, and in general we believe we fulfil this in our existing projects.

In addition, we place a strong emphasis on flexibility and circularity in our projects to ensure that our buildings are resource-efficient, adaptable, flexible and able to be dismantled. We believe we broadly fulfil adaptability and flexibility, but there is still some work to be done to prove ability to dismantle, partly due to the lack of instructions from several of our suppliers.

Pollution prevention and control (CCM 7.1)

We are as yet unable to substantiate these requirements as we do not have all the data in our ongoing projects to prove compliance. We await new functions in Byggvarubedömningen in 2024 that will enable us to report fulfilment of this. Until then we have opted not to indicate that this requirement is met.

EU taxonomy cont.

Protection and restoration of biodiversity and ecosystems (CCM 7.1)
We satisfy this requirement in all projects. We follow the Swedish Construction Federation and Swedish Property Federation's interpretation of this requirement, which states that Swedish legislation and the relevant local development plan fulfil this requirement.

Our projects in 2023
We have a number of major projects that have planning permission applications submitted after 31/12/2020 and that are in the production phase and classed as CCM 7.1. For the 2023 financial year, these include Ackordet 1, Kvinten 1, Regulatorn 4, Semaforen 1 and Separatorn 1. These projects have increased their compliance with the taxonomy since 2022 and now satisfy significant sections of the taxonomy's requirements, but since interpretations of the requirements and documentation of this to demonstrate compliance are not yet fully in place, we have opted to make a conservative assessment and report these as not aligned with the taxonomy. However, our aim is for these projects to be produced in line with the taxonomy and, once they are further along in the process, for them to meet the requirements of the taxonomy.

We have a large number of projects in the early stages (e.g. land properties with an ongoing local development plan) that have not yet applied for planning permission and are therefore subject to the requirements in CCM 7.1. These may have minor investments and for the time being, we have chosen to make a conservative assessment with these too and report them as not aligned with the taxonomy, as interpretations of the requirements and documentation of this to demonstrate compliance are not yet fully in place. However, our aim is for these to be planned in line with the taxonomy and, once they are further along in the process, for them to meet the requirements of the taxonomy.

Minimum Safeguards
We also meet the taxonomy's requirements for Minimum Safeguards related to human rights, anti-corruption, transparency regarding tax burdens and fair competition. Since 2011, we have been a signatory of the UN Global Compact, committing ourselves to the ten international principles. Every year we submit a report detailing how our work to highlight the principles of the Global Compact in our business has progressed. Our Code of Conduct for employees and the equivalent code for suppliers/contractors is based on the UN Declaration on Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration and the UN Convention against Corruption.

We screen all our framework agreement suppliers from a sustainability perspective. Pages 35–36 and page 59 reflect our process for identifying, preventing and mitigating negative impacts on human rights and working conditions in the value chain. Our anti-corruption process is set out on pages 35–36 and 58. We produce transparent and open accounts of the Group's total tax burden. Find out more about our work with tax on pages 40 and 57.

We comply with the Swedish Competition Act, which aims to prevent market failures such as cartels and monopolies. We operate in an open market where commercial terms for letting and procurement apply. We have not been legally penalised in any of these areas.

Nuclear and fossil gas related activities

Row		
	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Scope and alignment with EU taxonomy for all environmental objectives

Proportion of turnover/total turnover

%	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	66	100
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

Share of CapEx/total CapEx

%	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	23	100
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

Share of OpEx/total OpEx

%	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	53	100
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

Abbreviations of EU taxonomy objectives 1–6 according to EU standards. Fabege only reports according to objective 1 climate change mitigation (CCM).

EU taxonomy cont.

Turnover

Proportion of turnover from products or services associated with taxonomy-aligned economic activities – information covering the year 2023

				Substantial contribution criteria						Do No Significant Harm (DNSH) criteria									
Economic activities	Codes	Absolute turnover	Proportion of turnover, 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum Safeguards	Proportion of taxonomy-aligned (A.1) or eligible (A.2) turnover, 2022	Category enabling activity	Category transitional activity
		SEKm	%	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	2,233	66%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	—	Yes	—	—	—	—	Yes	62%	—	—
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2,233	66%	66%	0%	0%	0%	0%	0%							Yes	62%		
Of which enabling			0%	—	—	—	—	—	—	—	—	—	—	—	—	—	0%		
Of which transitional			0%	—	—	—	—	—	—	—	—	—	—	—	—	—	0%		
A.2. Taxonomy-eligible but not environmantally sustainable activities (not Taxonomy-aligned activites)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	1,137	34%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								29%		
Construction of new buildings	CCM 7.1	7	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								9%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		1,144	34%	34%	—	—	—	—	—								38%		
Turnover of taxonomy-eligible activities (A.1 + A.2)		3,377	100%	100%	—	—	—	—	—								100%		

B. Taxonomy-non-eligible activities

Turnover of Taxonomy-non-eligible activities (B)		0	0%
Total A+B		3,377	100%

EU taxonomy cont.

Capital expenditure (CapEx)

Percentage of CapEx from products or services associated with taxonomy-aligned economic activities – information covering the year 2023

Economic activities	Codes	CapEx	Proportion of CapEx, 2023	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Do No Significant Harm (DNSH) criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum Safeguards	Proportion of taxonomy-aligned (A.1) or eligible (A.2) CapEx, 2022	Category enabling activity	Category transitional activity
		SEKm	%	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	724	23%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	—	Yes	—	—	—	—	Yes	18%	—	—
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		724	23%	23%	0%	0%	0%	0%	0%							Yes	18%		
Of which enabling			0%	—	—	—	—	—	—	—	—	—	—	—	—	—	0%		
Of which transitional			0%	—	—	—	—	—	—	—	—	—	—	—	—	—	0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	830	27%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								45%		
Construction of new buildings	CCM 7.1	1,547	50%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								37%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,377	77%	77%	—	—	—	—	—								82%		
CapEx of Taxonomy-eligible activities (A.1 + A.2)		3,101	100%	100%	—	—	—	—	—								100%		
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities (B)		15	0%																
Total A+B		3,116	100%																

EU taxonomy cont.

Operating expenditure (OpEx)

Percentage of OpEx from products or services associated with taxonomy-aligned economic activities – information covering the year 2023

Economic activities	Codes	OpEx	Percentage of OpEx, 2023	Substantial contribution criteria: Climate change mitigation	Substantial contribution criteria: Climate change adaptation	Substantial contribution criteria: Water and marine resources	Substantial contribution criteria: Circular economy	Substantial contribution criteria: Pollution	Substantial contribution criteria: Biodiversity and ecosystems	Do No Significant Harm (DNSH) criteria: Climate change mitigation	Do No Significant Harm (DNSH) criteria: Climate change adaptation	Do No Significant Harm (DNSH) criteria: Water and marine resources	Do No Significant Harm (DNSH) criteria: Circular economy	Do No Significant Harm (DNSH) criteria: Pollution	Do No Significant Harm (DNSH) criteria: Biodiversity and ecosystems	Minimum Safeguards	Proportion of taxonomy-aligned (A.1) or eligible (A.2) OpEx, 2022	Category enabling activity	Category transitional activity
		SEKm	%	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	83	53%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	—	Yes	—	—	—	—	Yes	53%	—	—
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		83	53%	53%	0%	0%	0%	0%	0%							Yes	53%		
Of which enabling			0%	—	—	—	—	—	—	—	—	—	—	—	—	—	0%		
Of which transitional			0%	—	—	—	—	—	—	—	—	—	—	—	—	—	0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	72	46%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								45%		
Construction of new buildings	CCM 7.1	1	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		73	47%	47%	—	—	—	—	—								47%		
OpEx of Taxonomy-eligible activities (A.1 + A.2)		156	100%	100%	—	—	—	—	—								100%		

B. Taxonomy-non-eligible activities

OpEx of Taxonomy-non-eligible activities (B)		0	0%
Total A+B		156	100%

GRI index

Statement on use
Fabege AB hereby reports in accordance with the GRI Standards and the report covers the reporting period 1 January 2023 – 31 December 2023

GRI 1 standard
GRI 1: Foundation 2021

GRI Sector Standard
No Sector Standard is available yet.

				Omission		
GRI Standards/Areas	**Disclosure**	**Name of disclosure**	**Page reference**	**Requirements omitted**	**Reason for omission**	**Explanation**
GRI 2: General disclosures 2021						
The organisation and its reporting principles	2-1	Organisational details	100			
	2-2	Entities included in the organisation's sustainability reporting	73			
	2-3	Reporting period, frequency and contact point	73, 134			
	2-4	Restatements of information	No change			
	2-5	External assurance	90, 117–118			
Activities and workers	2-6	Activities, value chain and other business relationships	2, 24, 25, 30			
	2-7	Employees	46, 81, 106			
	2-8	Workers who are not employees		2-8	Missing information	We have not yet compiled data about workers who are not employees.
Governance	2-9	Governance structure and composition	62–66, 69–70, 73			
	2-10	Nomination and selection of the highest governance body	62, 65–66	2-10-b-iv	Not applicable	The Nominating Committee does not take account of expertise in the field of sustainability.
	2-11	Chair of the highest governance body	69			
	2-12	Role of the highest governance body in overseeing the management of impacts	63, 116			
	2-13	Delegation of responsibility for managing impacts	73			
	2-14	Role of the highest governance body in sustainability reporting	73			
	2-15	Conflicts of interest	69–70			
	2-16	Communication of critical concerns	65			
	2-17	Collective knowledge of the highest governance body	65			
	2-18	Evaluation of the performance of the highest governance body	65–66, 75–76			
	2-19	Remuneration policies	65–66, 106–107	2-19-b	Not applicable	The Board's remuneration is not related to sustainability.
	2-20	Process to determine remuneration	65–66			
	2-21	Annual total compensation ratio		2-21	Missing information	Information not yet compiled.
Strategy, policies and practices	2-22	Statement on sustainable development strategy	5–7, 61			
	2-23	Policy commitments	35–36, 40, 64			
	2-24	Embedding policy commitments	35–36, 40, 64			
	2-25	Processes to remediate negative impacts	35–36, 39–40			
	2-26	Mechanisms for seeking advice and raising concerns	40			
	2-27	Compliance with laws and regulations	56, 74			
	2-28	Membership associations	27, 81			
Stakeholder engagement	2-29	Approach to stakeholder engagement	28, 73, 77			
	2-30	Collective bargaining agreements	81			

GRI index cont.

GRI Standards/Areas	Disclosure	Name of disclosure	Page reference	Omission: Requirements omitted	Omission: Reason for omission	Omission: Explanation
Material topics						
GRI 3: Material topics 2021	3-1	Guidance to determine material topics	73–77			
	3-2	List of material topics	25, 73			
Indirect economic impacts						
GRI 3: Material topics 2021	3-3	Management of material topics	26–28			
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	26–28			
Anti-corruption						
GRI 3: Material topics 2021	3-3	Management of material topics	35, 40, 58, 64, 73–76			
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	40			
Tax						
GRI 3: Material topics 2021	3-3	Management of material topics	40, 67, 75–76			
GRI 207: Tax 2019	207-1	Approach to tax	40, 67			
	207-2	Tax governance, control and risk management	40, 57, 67			
	207-3	Stakeholder engagement and management of concerns related to tax	40, 45, 57, 73			
	207-4	Country-by-country reporting	44, 45, 57, 92–93, 100, 109			
Energy						
GRI 3: Material topics 2021	3-3	Management of material topics	29–32, 73–76			
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	80			
	302-2	Energy consumption outside of the organisation	30, 73–74, 80			
	302-4	Reduction of energy consumption	32	302-4-a	Missing information	Stated as a percentage for the last quarter instead of for the full year.
Emissions						
GRI 3: Material topics 2021	3-3	Management of material topics	29–32, 73–76, 78–81			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	30, 73			
	305-2	Energy indirect (Scope 2) GHG emissions	30, 73			
	305-3	Other indirect (Scope 3) GHG emissions	30, 73			
	305-4	GHG emissions intensity	80			
Waste						
GRI 3: Material topics 2021	3-3	Management of material topics	29–31, 35–36, 39, 73–76			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	29–32			
	306-2	Management of significant waste-related impacts	29–32			
	306-3	Waste generated	80			
Supplier environmental assessment						
GRI 3: Material topics 2021	3-3	Management of material topics	35, 73–76			
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	35			
Employment						
GRI 3: Material topics 2021	3-3	Management of material topics	33–34, 73–76			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	106, 81	401-1	Missing information	Not broken down by age, gender and region.

GRI index cont.

GRI Standards/Areas	Disclosure	Name of disclosure	Page reference	Omission: Requirements omitted	Omission: Reason for omission	Omission: Explanation
Occupational health and safety						
GRI 3: Material topics 2021	3-3	Management of material topics	33–34, 58, 73–76			
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	33–36			
	403-2	Hazard identification, risk assessment and incident investigation	33–36			
	403-3	Occupational health services	33–36			
	403-4	Worker participation, consultation and communication on occupational health and safety	33–36			
	403-5	Worker training on occupational health and safety	33–36			
	403-6	Promotion of worker health	33–36			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	33–36			
	403-9	Work-related injuries	33–36, 81			
Training and education						
GRI 3: Material topics 2021	3-3	Management of material topics	33–34, 73–76			
GRI 404: Training and education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	34			
Diversity and equal opportunity						
GRI 3: Material topics 2021	3-3	Management of material topics	33, 66, 73–76, 81			
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	81, 106			
Non-discrimination						
GRI 3: Material topics 2021	3-3	Management of material topics	33, 64, 73–76			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	64			
Supplier social assessment						
GRI 3: Material topics 2021	3-3	Management of material topics	35, 73–76			
GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	35			
Living conditions, education, leisure activities in local community						
GRI 3: Material topics 2021	3-3	Management of material topics	26–28, 73–76			
	Fabege-1	Collaborative initiative	26–28			
Safety & security						
GRI 3: Material topics 2021	3-3	Management of material topics	3, 8, 13, 27–28, 73–76			
	Fabege-2	Security measures	27–28			
	Fabege-3	Residential construction	17			
Indoor environment & good health and safety						
GRI 3: Material topics 2021	3-3	Management of material topics	9, 29, 32, 73–76			
	Fabege-4	Fitwel certification	32			
	Fabege-5	Total proportion of properties certified to BREEAM-SE and BREEAM In-Use standard	32			
Financing						
GRI 3: Material topics 2021	3-3	Management of material topics	37–38, 73–76			
	Fabege-6	Proportion of green financing	47			
	Fabege-7	EU taxonomy	37–38, 82–86			

Auditor's report

Auditor's limited assurance review of Fabege AB's (publ) sustainability report and statement regarding the statutory Sustainability Report

To Fabege AB (publ), corp. reg. no 556049-1523

Introduction
We have been engaged by the Board of Directors of Fabege AB (publ) to undertake a limited assurance engagement of the Sustainability Report of Fabege AB for 2023. The company has defined the scope of its sustainability reporting on pages 73–89 of this document, including a definition of the statutory Sustainability Report on pages 87–89.

Responsibilities of the Board of Directors and management
The Board of Directors and management are responsible for sustainability reporting, including the preparation of the statutory Sustainability Report in accordance with applicable criteria and the Swedish Annual Accounts Act. The criteria are set out on pages 87–89 of the Sustainability Report, and comprise those parts of the framework for sustainability reporting published by GRI (Global Reporting Initiative) that are relevant for sustainability reporting, along with the company's own accounting policies and calculation principles. This responsibility also includes the internal controls relevant to the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the sustainability reporting based on the limited assurance procedures we have performed, and to issue a statement regarding the statutory Sustainability Report. Our assignment is limited to the historical information that is reported and thus does not cover data relating to future performance.

We have conducted our limited assurance review according to ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. We have performed our review of the statutory Sustainability Report in accordance with FAR's recommendation RevR 12 Auditor's statement regarding the statutory sustainability report. The procedures performed in a limited assurance review and review in accordance with RevR 12 vary in nature from, and are considerably less in scope than for an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards.

The audit company applies International Standard on Quality Management 1, which requires the company to design, implement and manage a quality assurance system, including guidelines or procedures regarding compliance with ethical requirements, standards for professional practice and applicable requirements in laws and other regulations. We are independent in relation to Fabege AB (publ), in accordance with generally accepted auditing standards in Sweden, and have in other respects fulfilled our ethical responsibility according to these requirements.

The procedures performed during a limited assurance review and review in accordance with RevR 12 consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. The conclusion expressed based on a limited assurance review and review according to RevR 12 therefore does not carry the same level of assurance as a conclusion based on an audit.

Our review of the Sustainability Report is based on the criteria defined by the Board of Directors and the Executive Management, which are described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We consider that the evidence we have obtained during our review is sufficient and appropriate for the purposes of giving us a basis for our opinions below.

Opinions
Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report has not been prepared, in all material respects, in accordance with the criteria stated above by the Board of Directors and Executive Management.

A statutory sustainability report has been prepared.

Stockholm on the day indicated by our electronic signature

Deloitte AB

Peter Ekberg
Authorised Public Accountant

Financial reporting

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Group

Statement of comprehensive income

SEK million	Note	2023	2022
Rental income	7	3,366	3,032
Revenue from residential development	8	553	295
Other income		11	—
Net sales	**5**	**3,930**	**3,327**
Property expenses	9	–853	–792
Residential development costs	10	–549	–374
Gross earnings		**2 528**	**2,161**
Of which gross earnings from Property Management – net operating income		2,524	2,240
Of which gross earnings from residential development		4	–79
Central administration and marketing	11	–97	–102
Profit/loss from other securities and receivables that are non-current assets	13	20	14
Interest income	14	4	2
Profit/loss from participations in associated companies	20	34	–32
Interest expenses	14	–986	–628
Ground rent	39	–45	–42
Profit/loss from Property Management	1–6, 19, 46	**1,458**	**1,373**
Realised changes in value, investment properties	12, 17	0	74
Unrealised changes in value, investment properties	12, 17	–7,831	–233
Unrealised changes in value, fixed-income derivatives	3, 31	–1,003	1,753
Changes in value, equities	13, 15	–4	–3
Profit/loss before tax		**–7,380**	**2,964**
Current tax	16	–1	–3
Deferred tax	16	1,863	–585
Profit/loss for the year		**–5,518**	**2,376**
Items that will not be restated in profit or loss:			
Revaluation of defined benefit pensions		3	25
Total comprehensive income for the year		**–5,515**	**2,401**
Of which attributable to non-controlling interests		0	0
Total comprehensive income attributable to Parent Company shareholders		**–5,515**	**2,401**
Earnings per share for the year before and after dilution, SEK		**–17.54**	**7.49**
Number of shares at end of period, million		314.6	314.6
Average number of shares, million		314.6	317.2

Group
Statement of financial position

SEK million	Note	2023	2022
Assets			
Goodwill	18	205	205
Investment properties	17	78,093	86,348
Right-of-use asset	38	949	1,243
Equipment	19	30	25
Participations in associated companies and joint ventures	20	179	149
Receivables from associated companies	21	428	210
Other long-term securities holdings	22	9	12
Derivatives	31	925	1,689
Other non-current receivables	23	703	85
Total non-current assets		**81,521**	**89,966**
Project and development properties	24	519	892
Trade receivables	25	83	70
Receivables from associated companies	21	15	268
Tax asset		0	0
Other receivables	26	442	280
Prepaid expenses and accrued income		457	424
Short-term investments		98	96
Cash and cash equivalents	39	85	87
Total current assets		**1,699**	**2,117**
Total assets		**83,220**	**92,083**

SEK million	Note	2023	2022
Equity and liabilities			
Share capital		5,097	5,097
Other contributed capital		3,017	3,017
Retained earnings incl. comprehensive income for the year		31,129	37,400
Non-controlling interests		0	0
Total equity	28	**39,244**	**45,514**
Interest-bearing liabilities	29, 30, 36	25,813	30,929
Lease liability	38	949	1,243
Derivatives	31	240	0
Deferred tax liabilities	32	8,305	10,195
Provisions	33	158	157
Total non-current liabilities		**35,465**	**42,524**
Interest-bearing liabilities	29, 30, 36	7,169	2,413
Lease liability	38	0	0
Trade payables		185	144
Provisions	33	0	0
Tax liabilities	16	11	16
Other liabilities		245	360
Accrued expenses and deferred income	34	901	1,112
Total current liabilities		**8,511**	**4,045**
Total equity and liabilities		**83,220**	**92,083**

Group
Statement of changes in equity

SEK million	Note	Share capital	Other contributed capital	Retained earnings incl. profit/loss for the year	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total share-holders' equity
Opening balance, 1 January 2022	28	5,097	3,017	37,060	45,174	0	45,174
Profit/loss for the year				2,376	2,376	0	2,376
Other comprehensive income				**25**	**25**	**0**	**25**
Total comprehensive income for the period				**2,401**	**2,401**	**0**	**2,401**
Transactions with shareholders							
Cash dividend				–951	–951		–951
Approved unpaid dividends				–314	–314		–314
Share buybacks				–796	–796		–796
Total transactions with shareholders				**–2,061**	**–2,061**		**–2,061**
Closing balance, 31 December 2022		**5,097**	**3,017**	**37,400**	**45,514**	**0**	**45,514**
Opening balance, 1 January 2023		5,097	3,017	37,400	45,514	0	45,514
Profit/loss for the year				–5,518	–5,518		–5,518
Other comprehensive income				3	3		3
Total comprehensive income for the period				**–5,515**	**–5,515**	**0**	**–5,515**
Transactions with shareholders							
Cash dividend				–566	–566		–566
Approved unpaid dividends				–189	–189		–189
Share buybacks				—	—		—
Total transactions with shareholders				**–755**	**–755**	**0**	–755
Closing balance, 31 December 2023		**5,097**	**3,017**	**31,130**	**39,244**	**0**	**39,244**

Group

Statement of cash flows

SEK million	Note	2023	2022
Operating activities			
Gross earnings		2,528	2,161
Central administration		–97	–102
Reversal of depreciation and impairment losses		11	88
Interest received		24	16
Interest paid	36	–1,150	–674
Income tax paid		0	0
Cash flow before change in working capital		**1,316**	**1,489**
Change in working capital			
Change in projects and development properties		373	–152
Change in current receivables		44	646
Change in current liabilities		–163	9
Total change in working capital	37	**254**	**503**
Cash flow from operating activities		**1,570**	**1,992**
Investing activities			
Business acquisitions, net cash impact		—	26
Investments in new builds, extensions and conversions		–2,978	–2,214
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	3		
Dividend to shareholders		–881	–951
Share buybacks		–	–796
Loans raised		22,275	26,095
Repayment of debts[1]		–22,634	–23,152
Cash flow from financing activities		**–1,240**	**1,196**
Cash flow for the year		–2	–44
Cash and cash equivalents at start of year	39	87	131
Cash and cash equivalents at year-end	39	**85**	**87**

[1] Fabege presents repayment and raised borrowings pertaining to other liabilities besides those for which overnight processing is applied. However, this only affects gross amounts and not the total cash flow from financing activities during each period. The company's daily overnight borrowing is not reported gross, and is always zero at year-end. For information regarding significant changes to the company's financing, please refer to the Directors' Report on page 55.

Parent Company

Profit and loss account

SEK million	Note	2023	2022
Net sales	43	443	352
Operating expenses	44	–449	–422
Operating profit/loss	1–3, 6, 19, 46	**–6**	**–70**
Profit/loss from shares and investments in Group companies	45	685	1,125
Profit/loss from other securities and receivables that are non-current assets	13, 15	–8	–3
Changes in value, fixed-income derivatives	3, 31	–1,003	1,753
Interest income	14	902	554
Interest expenses	14	–1,075	–646
Appropriation	45	196	398
Profit/loss before tax		**–309**	**3,111**
Current tax	16	**0**	0
Deferred tax	16	169	–428
Profit/loss for the year		**–140**	**2,683**

No statement of comprehensive income has been prepared because the Parent Company has no transactions that should be included in other comprehensive income.

Parent Company

Balance sheet

SEK million	Note	2023	2022
Assets			
Non-current assets			
Property, plant and equipment			
Equipment	19	11	8
Total property, plant and equipment		**11**	**8**
Non-current financial assets			
Shares and investments in Group companies	45	13,400	13,400
Participations in associated companies	20	—	—
Receivables from associated companies	21	—	—
Receivables from Group companies	27	46,299	44,629
Other long-term securities holdings	22	9	15
Derivatives	31	925	1,689
Deferred tax assets	32	0	0
Total non-current financial assets		**60,633**	**59,733**
Total non-current assets		**60,644**	**59,741**
Current assets			
Current receivables			
Tax assets		7	9
Other receivables		330	3
Prepaid expenses and accrued income		136	121
Total current receivables		**472**	**133**
Cash and cash equivalents	39	**1**	**24**
Total current assets		**473**	**157**
Total assets		**61,117**	**59,898**

SEK million	Note	2023	2022
Equity and liabilities			
Equity			
Restricted equity			
Share capital		5,097	5,097
Statutory reserves/Share premium reserve		3,166	3,166
Unrestricted equity			
Retained earnings		3,386	1,458
Profit/loss for the year		–140	2,683
Total equity	28	**11,509**	**12,404**
Provisions			
Provisions for pensions	33	86	79
Deferred tax liabilities		134	303
Total provisions		**220**	**382**
Long-term liabilities			
Interest-bearing liabilities	29, 30, 36	25,649	30,173
Derivatives	31	240	0
Liabilities to Group companies	27	16,702	13,972
Total non-current liabilities		**42,591**	**44,145**
Current liabilities			
Interest-bearing liabilities	29, 30, 36	6,390	2,400
Trade payables		5	6
Other liabilities		13	14
Accrued expenses and deferred income	34	389	547
Total current liabilities		**6,797**	**2,967**
Total equity and liabilities		**61,117**	**59,898**

Parent Company

Changes in equity

SEK million	Note	Share capital	Statutory reserve	Non-restricted equity	Total shareholders' equity
Shareholders' equity 31 December 2021	28	5,097	3,166	3,519	11,782
Profit/loss for the year				2,683	2,683
Cash dividend				–951	–951
Approved unpaid dividends				–314	–314
Treasury share buybacks				–796	–796
Shareholders' equity 31 December 2022		**5,097**	**3,166**	**4,141**	**12,404**
Profit/loss for the year				–140	–140
Cash dividend				–566	–566
Approved unpaid dividends				–189	–189
Treasury share buybacks				—	—
Shareholders' equity 31 December 2023		**5,097**	**3,166**	**3,246**	**11,509**

Parent Company

Statement of cash flows

SEK million	Note	2023	2022
Operating activities			
Operating profit/loss excl. depreciation		–4	–68
Interest received		902	554
Interest paid		–1,075	–646
Income tax paid		—	—
Cash flow before change in working capital		**–177**	**–160**
Change in working capital			
Current receivables		–339	–20
Current liabilities		–27	49
Total change in working capital	37	**–366**	**29**
Cash flow from operating activities		**–542**	**–131**
Investing activities			
Acquisition of investments in Group companies		—	—
Acquisition of property, plant and equipment		–7	0
Other non-current financial assets		1,941	–2,010
Cash flow from investing activities		**1,934**	**–2,010**
Financing activities	3		
Dividends paid		–881	–951
Group contributions received and paid		0	0
Loans raised		22,066	26,095
Repayment of debts		–22,601	–22,185
Treasury share buybacks		—	–796
Cash flow from financing activities		**–1,415**	**2,163**
Change in cash and cash equivalents		–23	22
Cash and cash equivalents at start of year	39	24	2
Cash and cash equivalents at year-end	39	**1**	**24**

Notes

Note 1. General information

Fabege AB (publ), company registration number 556049-1523, with registered office in Stockholm, is the Parent Company of a corporate group with subsidiary companies, as stated under Note 45. The company is registered in Sweden and the address of the company's head office in Stockholm is: Fabege AB, Box 730, SE-169 27 Solna. Street address: Gårdsvägen 6. We are one of Sweden's leading property companies, with a business that is concentrated to the Stockholm region. The company operates through subsidiaries and its property portfolio consists primarily of commercial premises.

Note 2. Accounting policies

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, International Financial Reporting Standards (IFRS), as adopted by the EU, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The Group also applies Recommendation RFR 1 (Supplementary Accounting Rules for Corporate Groups) of the Swedish Financial Reporting Board, which specifies the additions to IFRS disclosures that are required under provisions contained in the Swedish Annual Accounts Act. The annual accounts of the Parent Company have been prepared in accordance with the Annual Accounts Act, Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board and statements issued by the Swedish Financial Reporting Board. The Parent Company's accounts comply with the Group's policies, except in respect of what is stated below in the section entitled 'Differences between the accounting policies of the Group and the Parent Company'. Items included in the annual accounts have been stated at cost, except in respect of revaluations of investment properties and in respect of financial instruments measured at fair value. The following is a description of significant information on accounting policies that have been applied. The Parent Company's functional currency is Swedish kronor, which is also the reporting currency for the Parent Company and the Group. All amounts, unless otherwise stated, are rounded to the nearest million.

Differences between the accounting policies of the Group and the Parent Company

The financial statements of the Parent Company have been prepared in accordance with the Annual Accounts Act, Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board and statements issued by the Swedish Financial Reporting Board. The Parent Company's income statement and balance sheet are prepared in accordance with the Annual Accounts Act. Investments in subsidiaries are recognised at cost in the Parent Company's financial statements, including any transaction costs.

Group contributions paid and received are recognised in profit or loss as an appropriation.

New and amended standards and interpretations that came into effect from 1 January 2023 onwards

The Group has applied the same accounting policies and valuation methods as in the most recent annual report. Electricity subsidies received in 2023 are recognised as other income, less the tenants' portion. Accounting policies are revised in accordance with the revised IAS 1 standard. Other new or revised IFRS standards or other IFRIC interpretations that came into effect after 1 January 2023 have not had any material impact on consolidated financial statements. The annual accounts are tagged in accordance with the ESEF Regulation.

Changes to Swedish regulations

Changes in 2023 have not had any material impact on our financial statements.

Parent Company's accounting policies

Amended accounting policies

The amendments to RFR 2 Accounting for Legal Entities that came into effect and apply to the 2023 financial year have not had any material impact on the Parent Company's financial statements for 2023.

Note 3. Financial instruments and financial risk management

Supply of capital

We aim to have a strong financial position, which means the balance between shareholders' equity and borrowed capital is a key issue for the company. The company's objective is to achieve an equity/assets ratio of at least 35 per cent and an interest coverage ratio of at least 2.2x.

Our supply of capital largely derives from three sources: shareholders' equity, interest-bearing liabilities and other liabilities. On the balance sheet date, shareholders' equity amounted to SEK 39,244m (45,514), interest-bearing liabilities to SEK 32,982m (33,341) and other liabilities to SEK 10,995m (13,228). Our obligations concerning covenants are similar in the various credit agreements and stipulate, in addition to being listed on a stock market, an equity/assets ratio of at least 25 per cent and an interest coverage ratio of at least 1.5x. The main proportion of the LTV ratio is stated at property level and amounts to between 60 and 70 per cent, depending on the type of property and financing.

Financial targets	Long-term targets	Outcome 31/12/2023	Outcome 31/12/2022
Return on equity, %	[1]	–13.0	5.2
Equity/assets ratio, %	minimum 35	47	49
Interest coverage ratio, times	at least 2.2	2.5	3.4
Debt ratio, times (long term)	max. 13	13.5	15.6
Loan-to-value ratio, %	max. 50	42	38

[1] The target for the return on equity includes being among the foremost publicly traded property companies.

Principles for financing and financial risk management

As a net borrower, we are exposed to financial risks. In particular, we are exposed to financing risk, interest risk and credit risk. Operational responsibility for the Group's borrowing, liquidity management and financial risk exposure rests with the finance function, which is a central unit in the Parent Company. Our finance policy, as adopted by the Board of Directors, specifies how financial risks are to be managed and imposes limits on the activities of the company's finance function. Fabege aims to limit its risk exposure and, as far as possible, control the exposure with regard to choice of investments, tenants and contract terms, financing terms and business partners.

Financing and liquidity risk

Financing and liquidity risk is defined as the borrowing requirement that can be covered in a tight market. The borrowing requirement can refer to refinancing of existing loans or new borrowing.

We strive to ensure a balance between short-term and long-term borrowing, distributed across several different sources of funding. Our finance policy states that unused credit facilities must be available to ensure good liquidity. Agreements on committed long-term credit lines with predefined terms and conditions and revolving credit facilities have been concluded with a number of major lenders. Our main credit providers are the Nordic commercial banks and the capital market. The Group's bank borrowing is secured mainly by mortgages on properties.

The table below shows the Group's maturity structure for financial liabilities. The amounts show contractual undiscounted nominal maturities for all loan commitments and actual outstanding loans. Other liabilities are current and mature within one year.

The average year-end loan-to-value ratio was 42 per cent (38). We have a commercial paper programme of SEK 5,000m. At year-end, outstanding commercial paper amounted to SEK 1,655m (2,767). We have available long-term credit facilities covering all outstanding commercial paper at any given time. At year-end, we had unused credit facilities of SEK 6,960m, including facilities for outstanding commercial paper. In 2016, we established an MTN programme subject to special conditions with regard to sustainability and the environment, which now amounts to SEK 18bn.

Loan maturity structure, 31 December 2023

Year, due	Loan commitment amount, SEKm	Amount 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**

Maturity breakdown

The table on the next page (page 101) provides a maturity breakdown for financial liabilities (excl. derivatives), as well as trade payables and other current liabilities. This information shows that liabilities with both short and long maturities have increased/decreased in 2023, resulting in a marginal change in tied-up capital. The amounts in these tables are undiscounted nominal values, i.e. excluding interest payments.

The Group's borrowing agreements do not include any special conditions that could mean that the payment date is significantly earlier than what is stated in the tables.

Note 3, cont.

Maturity breakdown

	31/12/2023					31/12/2022				
	Within 3 months	3–12 months	1–5 years	Over 5 years	Total	Within 3 months	3–12 months	1–5 years	Over 5 years	Total
Liabilities to credit institutions	152	3,247	8,781	8,813	20,993	0	1	9,234	10,039	19,274
Liabilities to capital market	3,005	2,420	6,564	—	11,989	3,747	1,420	8,900	0	14,067
Trade payables	185	—	—	—	185	144	—	—	—	144
Other current liabilities	245	—	—	—	245	361	—	—	—	361
Total	**3,587**	**5,667**	**15,345**	**8,813**	**33,412**	**4,252**	**1,421**	**18,134**	**10,039**	**33,846**

Interest rate risk
Interest rate risk refers to the risk that changes in interest rates will affect the Group's borrowing expense. Interest expenses constitute the Group's single largest expense item. Under its adopted finance policy, the Group aims to fix interest rates based on forecast interest rates, cash flows and capital structure. We employ financial instruments, in the form of interest rate swaps, to limit the interest rate risk and flexibly adjust the average fixed-rate term and average interest rate of the loan portfolio. The sensitivity analysis in the Directors' Report shows how the Group's short-term and long-term earnings are affected by a change in interest rates. Interest-bearing liabilities at 31 December were SEK 32,982m (33,341), with an average interest rate of 3.04 per cent (2.31), excluding the cost of committed lines of credit, or 3.13 per cent (2.39) including this cost. Outstanding commercial paper accounted for SEK 1,655m (2,767) of total liabilities. During the year, interest totalling SEK 63m (21) relating to project properties was capitalised.

The average capital commitment period was 4.1 years (4.7). The average fixed-rate period for our debt portfolio was 2.1 years (2.7), including the effects of traditional fixed-income derivatives. If the derivatives portfolio's callable swaps are included, the estimated fixed-rate period is 3.1 years. The average fixed-rate period for variable interest loans was 90 days. 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. The total proportion of loans carrying fixed interest amounted to 60 per cent. The derivatives portfolio is measured at market value and the change in value is recognised in profit or loss. As of 31 December, the recognised surplus value, net, of the portfolio was SEK 686m (1,689). The derivatives portfolio is measured at the present value of future cash flows. The change in value is of an accounting nature and has no impact on cash flow. At maturity, the market value of derivative instruments is always zero. Unrealised changes in value in profit/loss for the year amounted to SEK –1,003m (1,754).

Changes in market value arise as a result of changes in the market rate. For all other financial assets and liabilities, unless otherwise stated in the notes, the carrying amount is deemed to be a good approximation of fair value. Net financial items include other financial expenses of SEK 37m (30), mainly pertaining to accrued opening charges for credit agreements and costs relating to bond and commercial paper programmes. Interest expenses linked to the liabilities are incurred over the course of the remaining fixed-term maturity. Trade payables and other current liabilities mature within 365 days of the balance sheet date. Our obligations arising from these financial liabilities are largely met by rent payments from tenants, most of which are payable on a quarterly basis.

Interest rate maturity structure, 31 December 2023

Year, due	SEKm	Average interest rate, %	Share, %
<1 year[1]	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**

[1] The average interest rate for the <1 year period includes the margin for the entire debt portfolio because the company's fixed-rate period is primarily established using interest rate swaps, which are traded without margins.

Liquidity flows

		Calculated at 31/12/2023				Calculated at 31/12/2022			
Year	SEKm	Loan maturity	Interest on loans	Interest on derivatives	Total	Loan maturity	Interest on loans	Interest on derivatives	Total
2023						–6,180	–897	223	–6,854
2024		–8,824	–1,503	556	–9,771	–9,358	–778	202	–9,935
2025		–3,919	–1,125	415	–4,629	–1,965	–564	148	–2,381
2026		–8,050	–869	333	–8,586	–5,050	–452	115	–5,387
2027		–791	–571	257	–1,105	–791	–347	87	–1,051
2028		–2,708	–522	166	–3,065	–2,708	–279	57	–2,931
2029		–1,162	–416	112	–1,466	–1,162	–201	40	–1,324
2030		–82	–397	62	–417	–82	–187	22	–247
2031		–82	–393	40	–436	–82	–184	13	–253
2032		–2,299	–376	19	–2,656	–2,299	–150	7	–2,442
2033		–1,400	–281	0	–1,681	0	–124	0	–124
2034		–2,477	–204	0	–2,681	–2,477	–83	0	–2,560
2035–38		0	–271	0	–271	0	–169	0	–169
2039		–1,186	–68	0	–1,254	–1,186	–11	0	–1,197
Total		**–32,982**	**–6,997**	**1,960**	**–38,019**	**–33,341**	**–4,425**	**913**	**–36,854**

To calculate liquidity flows for loans, and for the variable features of interest rate swaps, the implied Stockholm Interbank Offered Rate (STIBOR) has been used on the balance sheet date. The assumption is that loan liabilities outstanding and credit margins up to maturity of the various loans, at which point it is assumed that final repayment has occurred, are the same as those applying at the balance sheet date. In addition to the above we have ground rents; the outflow currently amounts to SEK 45m (42).

Currency risk
Currency risk refers to the risk that our profit and loss account and balance sheet will be negatively affected by a change in exchange rates. The only currency risk to which we are exposed concerns purchases from foreign suppliers for certain major projects and is deemed to be limited. If a currency risk arises it is managed using currency hedging. No currency risks are outstanding.

Credit risk
Credit risk is the risk of loss as a result of the failure of a counterparty to fulfil its obligations. The risk is mitigated by the requirement, contained in the company's finance policy, that only creditworthy counterparties be accepted in financial transactions. Credit risk arising from financial counterparties is limited via netting/ISDA agreements and by spreading across different financing sources and maturities. At year-end, credit risk is deemed to be adequately managed. The company also assesses creditworthiness in respect of any promissory note receivables arising from the sale of properties and businesses, as well as concerning loans to associated companies. The maximum credit exposure in respect of all financial assets is the carrying amount.

As regards trade receivables, the policy states that customary credit checks must be carried out before a new tenant is accepted. The expected credit losses for trade receivables are calculated with the help of a matrix based on previous events, current conditions and forecasts regarding future financial conditions.

Note 3, cont.

Offsetting note

	Amounts recognised in the balance sheet	Collateral	Financial agreements	Net
Assets				
Derivatives	925	0	–240	685
Liabilities				
Derivatives	–240	0	240	0
Total	**686**	**0**	**0**	**685**

Parent Company
Responsibility for the Group's external borrowing normally rests with the Parent Company. The company uses the funds raised to finance the subsidiaries on market terms.

Reconciliation of liabilities attributable to financing activities (Group)

	CB 2022	Cash flow from financing activities	Changes not affecting cash flow: Change in fair value	CB 2023
Non-current interest-bearing liabilities	30,929	–5,116		25,813
Current interest-bearing liabilities	2,413	4,757		7,169
Interest rate swaps, fair value hedging	–1,689		1,003	–686
Total liabilities attributable to financing activities	**31,653**	**–359**	**1,003**	**32,296**

Reconciliation of liabilities attributable to financing activities (Parent Company)

	CB 2022	Cash flow from financing activities	Changes not affecting cash flow: Change in fair value	CB 2023
Non-current interest-bearing liabilities	30,173	–4,524		25,649
Current interest-bearing liabilities	2,400	3,990		6,390
Loans raised				
Repayment of liabilities				
Interest rate swaps, fair value hedging	–1,689		1,003	–686
Total liabilities attributable to financing activities	**30,884**	**–534**	**1,003**	**31,352**

Note 3, cont.

Financial assets and liabilities by measurement category

31/12/2023

SEKm	Financial assets measured at amortised cost (hold to collect)		Financial assets measured at fair value in profit or loss		Financial liabilities measured at amortised cost		Carrying amount	
	Group	Parent Company	Group	Parent Company	Group	Parent Company	Group	Parent Company
Financial assets								
Receivables from Group companies		46,299					0	46,299
Receivables from associated companies	443						443	0
Other long-term securities holdings			9	9			9	9
Other non-current receivables	703						703	0
Trade receivables	83						83	0
Derivatives			925	925			925	925
Other receivables	354	330					354	330
Accrued income		81					0	81
Short-term investments			98				98	0
Cash and cash equivalents	85	1					85	1
Total	**1,668**	**46,711**	**1,032**	**934**	**0**	**0**	**2,700**	**47,645**
Financial liabilities								
Liabilities to Group companies						16,702	0	16,702
Interest-bearing liabilities					32,982	32,039	32,982	32,039
Derivatives			240	240			240	240
Trade payables					185	5	185	5
Other current liabilities					226		226	0
Accrued expenses					343	338	343	338
Total	**0**	**0**	**240**	**240**	**33,736**	**49,084**	**33,976**	**49,324**

31/12/2022

SEKm	Financial assets measured at amortised cost (hold to collect)		Financial assets measured at fair value in profit or loss		Financial liabilities measured at amortised cost		Carrying amount	
	Group	Parent Company	Group	Parent Company	Group	Parent Company	Group	Parent Company
Financial assets								
Receivables from Group companies		44,629					0	44,629
Receivables from associated companies	478						478	0
Other long-term securities holdings			12	15			12	15
Other non-current receivables	85						85	0
Trade receivables	70						70	0
Derivatives			1,689	1,689			1,689	1,689
Other receivables	242	4					242	4
Accrued income		60					0	60
Short-term investments			96				96	0
Cash and cash equivalents	87	24					87	24
Total	**962**	**44,717**	**1,797**	**1,704**	**0**	**0**	**2,759**	**46,421**
Financial liabilities								
Liabilities to Group companies						13,972	0	13,972
Interest-bearing liabilities					33,341	32,573	33,341	32,573
Derivatives							0	0
Trade payables					144	6	144	6
Other current liabilities					309		309	0
Accrued expenses					461	459	461	459
Total	**0**	**0**	**0**	**0**	**34,255**	**47,010**	**34,255**	**47,010**

Net profit/losses from financial assets and financial liabilities by measurement category in accordance with IFRS 9 are detailed in the table below.

2023

SEKm	Financial assets measured at amortised cost (hold to collect)		Financial assets measured at fair value in profit or loss (other)		Financial liabilities measured at amortised cost		Carrying amount	
	Group	Parent Company	Group	Parent Company	Group	Parent Company	Group	Parent Company
Operating profit/loss								
Operating income and expenses								
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net financial items								
Interest income	24	902					24	902
Interest expenses					–1,011	–1,075	–1,011	–1,075
Changes in value, derivatives			–1,003	–1,003			–1,003	–1,003
Changes in value, equities			–4	–8			–4	–8
Total	**24**	**902**	**–1,007**	**–1,011**	**–1,011**	**–1,075**	**–1,994**	**–1,184**

2022

SEKm	Financial assets measured at amortised cost (hold to collect)		Financial assets measured at fair value in profit or loss (other)		Financial liabilities measured at amortised cost		Carrying amount	
	Group	Parent Company	Group	Parent Company	Group	Parent Company	Group	Parent Company
Operating profit/loss								
Operating income and expenses								
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net financial items								
Interest income	15	554					15	554
Interest expenses					–619	–646	–619	–646
Changes in value, derivatives			1,753	1,753			1,753	1,753
Changes in value, equities			–3	–3			–3	–3
Total	**15**	**554**	**1,750**	**1,750**	**–619**	**–646**	**1,146**	**1,658**

Note 3, cont.

Accounting policy

Financial instruments
A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the commercial terms and conditions of the instrument. A financial asset is removed from the balance sheet when the rights inherent in the agreement are realised, expire, or if the company loses control over them. A financial liability is removed from the balance sheet when the obligation arising from the agreement has been met or is extinguished in another way. Transaction date accounting is used for derivatives, while settlement date accounting is used for spot purchases and sales of financial assets.

Classification and measurement
The Group applies a business model that aims to collect contractual cash flows for intra-group receivables, trade receivables, cash and cash equivalents, receivables from Group companies, accrued income and other receivables. The Group's financial assets are recognised at amortised cost. The expected maturity of a trade receivable is short, and the value is therefore recognised at the nominal amount with no discount.

Derivatives are recognised at fair value via the statement of comprehensive income.

Shareholdings are continually measured at fair value and changes in value are recognised in the statement of comprehensive income.

Interest-bearing bank loans and liabilities to subsidiaries are measured at amortised cost according to the effective interest rate method. Any differences between loan amounts received (net after transaction costs) and repayment or amortisation of loans is recognised over the term of the loan. Other financial liabilities are measured at amortised cost. Trade payables are measured at amortised cost. However, the expected maturity of the trade payables is short, which is why the liability is recognised at the nominal amount with no discount.

Calculation of fair value of financial instruments
The fair value of derivatives is calculated by discounting future cash flows by the quoted market interest rate for each maturity. Future cash flows are calculated as the difference between the fixed contractual interest under each derivatives contract and the implied Stockholm Interbank Offered Rate (STIBOR) for the period concerned. The present value of future interest flows arising there is calculated using the implied STIBOR curve. We do not apply hedge accounting of derivatives.

In determining the fair value of shareholdings, quoted market prices are used for holdings that are listed and for others a fair value assessment is made. For all financial assets and liabilities, unless otherwise stated in the notes, the carrying amount is considered to be a good approximation of fair value.

Impairment losses
The Group's exposure to credit risk is primarily attributable to trade receivables, contract assets, promissory note receivables, other receivables, accrued income and cash and cash equivalents.

The Group recognises a loss provision for expected credit losses from financial assets measured at amortised cost. On each balance sheet date, the Group recognises the change in expected credit losses in profit or loss.

A loss provision is recognised for all financial assets. For assets where there have been significant increases in the credit risk, a provision is recognised based on credit losses for the entire term of the asset (the general model).

The Group measures expected credit losses from a financial instrument in a way that reflects an objective and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable verifiable data about current conditions and forecasts regarding future economic conditions. For cash and cash equivalents, the exception for low credit risk is applied.

For trade receivables (receivables related to rent invoicing) and contract assets, the Group applies the simplified model, which means that the Group directly recognises expected credit losses for the remaining term of the asset.

The expected credit losses for trade receivables and contract assets are calculated using a provision matrix based on previous events, current conditions and forecasts regarding future financial conditions and the time value of money, if applicable.

The Group defines a default event as a situation where it is deemed unlikely that the counterparty will fulfil their obligations due to indicators such as financial difficulties and missed payments. Regardless, a default event is considered to occur when payment is 90 days overdue, unless there are particular reasons to believe the amount will be paid. The Group writes off a claim when opportunities for additional cash flows are no longer deemed to exist.

Note 4. Significant estimates and assessments for accounting purposes

Significant assessments in applying accounting policies
Upon acquisition of a company, the company makes an assessment of whether the acquisition is to be regarded as an asset acquisition or a business combination. Companies containing only properties with no associated property management/administration are normally classified as an asset acquisition. When performing property transactions, an assessment of risk transfer is made, which serves as a guideline when the transaction is to be recognised.

Significant estimates and assessments for accounting purposes
The valuation at fair value of the company's investment properties involves the use of estimates and assessments that are to be regarded as significant for accounting purposes. Information on valuation assumptions and sensitivity analysis of the assumptions that have a significant effect on the valuation is presented under Note 17.

In measuring loss carryforwards, the company makes an assessment of the probability that the loss can be utilised. Confirmed tax losses can be used as a basis for calculating deferred tax assets if it is highly likely that they can be used to offset future profit.

For such non-current financial assets as participations in associated companies, promissory note receivables from associated companies and other companies, an assessment of the value of each interest is performed and for promissory note receivables an assessment is made of the amounts expected to be received.

Note 5. Segment accounting

SEKm	2023 Property Management	2023 Property Development	2023 Projects	2023 Birger Bostad	2023 Total	2022 Property Management	2022 Property Development	2022 Projects	2022 Birger Bostad	2022 Total
Rental income	3,081	227	35	23	**3,366**	2,780	189	53	10	**3,032**
Revenue from residential development	—	—	—	553	**553**	—	—	—	295	**295**
Other income	8	2	1	0	**11**	—	—	—	—	**—**
Total net sales	**3,089**	**229**	**36**	**576**	**3,930**	**2,780**	**189**	**53**	**305**	**3,327**
Property expenses	–726	–103	–21	–3	**–853**	–652	–105	–33	–2	**–792**
Residential development costs	—	—	—	–549	**–549**	—	—	—	–374	**–374**
Gross earnings	**2,363**	**126**	**15**	**24**	**2,528**	**2,128**	**84**	**20**	**–71**	**2,161**
Of which net operating income, Property Management	2,363	126	15	20	**2,524**	2,128	84	20	8	**2,240**
Surplus ratio, %	77	56	43	87	**75**	77	44	38	80	**74**
Of which gross earnings from residential development	—	—	—	4	**4**	—	—	—	–79	**–79**
Central administration	–82	–8	–7	—	**–97**	–85	–10	–7	—	**–102**
Net interest expense	–806	–89	–66	–1	**–962**	–510	–57	–33	–12	**–612**
Ground rent	–45	—	—	—	**–45**	–40	–1	–1	—	**–42**
Share in profit/loss of associated companies	24	—	—	10	**34**	–75	–1	44	—	**–32**
Profit/loss from Property Management	**1,454**	**29**	**–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/loss before tax per segment	**–4,774**	**–702**	**–910**	**13**	**–6,373**	**1,261**	**–79**	**109**	**–77**	**1,214**
Change in value, fixed-income derivatives & equities					**–1,007**					**1,750**
Profit/loss 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	—	—	—	—

Accounting policy

Segment reporting

Segment information is presented from the perspective of management and operating segments are identified based on the internal reports submitted to the company's chief operating decision-maker. The Group has identified the CEO as the chief operating decision-maker, which means that the internal reports used by the CEO for monitoring the business and making decisions on the allocation of resources have been used as a basis for the presented segment information. In accordance with IFRS 8, segments are presented from the point of view of management, divided into the following segments: Property Management, Property Development, Ongoing Projects and Birger Bostad. 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). Investment properties pertain to properties that are being actively managed on an ongoing basis. Development properties pertain to properties in which new builds, extensions or conversions are planned that have a significant impact on the property's net operating income. Net operating income is affected by limitations on lettings prior to imminent improvement work. Ongoing projects include property under development. Pure land properties are included in this segment. Recently acquired properties (within one year) with work in progress to significantly improve the property's net operating income in relation to the date of acquisition are also included. Rental income and property expenses, as well as unrealised changes in value are directly attributed to properties in the respective segments (direct income and expenses). In cases where a property changes character during the year, earnings attributable to the property are allocated to each segment based on the period of time that the property belonged to each segment. Central administration and net financial items have been allocated to the segments in a standardised manner based on each segment's share of the total property value (indirect income and expenses). Property assets are directly attributed to the respective segments and recognised on the balance sheet date.

During the first quarter, the remaining 50% of the Klacken 2 property in the Solna area was acquired and categorised as an investment property. During the second quarter, the Anoden 4 property in the Fleminingsberg area was acquired and categorised as a development property. In addition, the Huvudsta 3:1 property in Solna was sold and the property was categorised as a project property. No property transactions took place and no property changed segment category in the third quarter.

In the fourth quarter, the Glädjen 12 (Stockholm inner city) and Orgeln 7 (Solna) properties were sold. Both properties were categorised as investment properties.

Other income relates to electricity subsidies.

Note 6. Employees and salary costs, etc.

Average no. of employees	2023	Of which, women	2022	Of which, women
Parent Company	196	68	184	58
Subsidiaries	21	14	23	14
Group, total	**217**	**82**	**207**	**72**

Sickness absence by age group, %	Women	Men
Age <29	[1]	4.11
Age 30–49	4.83	3.1
Age 50+	1.03	1.47

[1] Not reported if the number of employees in the group is no more than 10, or if the data can be traced back to a single person.

Employee turnover and sickness absence, %	2023	2022
Employee turnover	11.00	9.00
Total sickness absence	3.90	3.00

	2023		2022	
SEKm	Salaries and other remuneration	Social security contributions	Salaries and other remuneration	Social security contributions
Parent Company	162	99	150	102
of which, pension expenses		36		40
Subsidiaries	18	11	20	11
of which, pension expenses		4		4
Group, total	**180**	**110**	**170**	**113**
of which, total pension expenses		40		44

Gender distribution, Board of Directors and senior executives

	2023		2022	
	Board of Directors	Senior executives	Board of Directors	Senior executives
Men	3	4	3	4
Women	4	4	4	4
Total	**7**	**8**	**7**	**8**

Remuneration of senior executives
'Other senior executives' refers to the six individuals who together with the CEO and Vice President constituted the Executive Management Team in 2023. During the year, the Executive Management Team consisted of the CEO, the Vice President and CFO, together with the Director of Business Development, Director of Projects and Development, Director of Technical Operations, Director of Property Management, Director of Human Resources and Head of Urban and Property Development. The remuneration paid to senior executives is based on market terms in accordance with the guidelines adopted by the AGM. Remuneration to senior executives is paid by the Parent Company. For the current composition of the Executive Management Team, see pages 71–72.

Fabege has a profit-sharing fund covering all employees of the company. Allocations to the profit-sharing fund are based on the achieved return on equity and capped at two price base amounts per year per employee. For 2023, provisions of approximately SEK 6.0m (11.6), which is equivalent to 0.5 (1.1) price base amounts per employee excluding payroll tax, were posted. Other benefits refer to company cars, household-related services and health insurance.

Pension
Pension expenses refer to the expense recognised in profit or loss for the year. The retirement age for the Chief Executive Officer is 65 years. A pension premium of a maximum of 30 per cent of the pensionable salary is paid during the term of employment. For other senior executives, the ITP supplementary pension plan for salaried employees in industry and commerce or an equivalent plan applies and the retirement age is 65 years.

Severance pay
The contract between the company and the CEO is subject to six months' notice by either party and the CEO is entitled to 18 months' severance pay. The employment contracts of other senior executives are terminable on three to six months' notice by either party and provide for severance pay of up to 18 months. Severance pay is only paid in case of termination by the company and is offset by other income. This applies to all individuals in senior positions.

Basis of preparation
The Board of Directors is responsible for preparing a proposal for remuneration and other terms of employment for the CEO and a set of principles for remuneration and other terms of employment for other senior executives.

Remuneration and other benefits to senior executives

	2023				2022			
Group management, SEK thousand	Salary/Fee	Other benefits	Pension	Total	Salary/Fee	Other benefits	Pension	Total
CEO	11,118	67	3,131	**14,316**	11,740	63	2,918	**14,721**
Vice President and CFO	4,567	123	710	**5,400**	4,695	117	992	**5,804**
Other senior executives	13,745	531	3,434	**17,710**	12,226	457	3,955	**16,638**

Remuneration to Board of Directors

	2023				2022			
SEK 000s	Fee, Board Member	Audit Committee fees	Remuneration Committee fees	Total	Fee, Board Member	Audit Committee fees	Remuneration Committee fees	Total
Jan Litborn (Chairman)	600	55	80	**735**	575	52	75	**702**
Anette Asklin	255	110	–	**365**	250	106	–	**356**
Matthias Johansson	255	–	48	**303**	250	–	45	**295**
Märtha Josefsson	255	55	–	**310**	250	52	–	**302**
Stina Lindh Hök	255	–	–	**255**	250	–	–	**250**
Lennart Mauritzon	255	–	48	**303**	250	–	45	**295**
Anne Årneby	255	–	–	**255**	250	–	–	**250**
Total	**2,130**	**220**	**176**	**2,525**	**2,075**	**210**	**165**	**2,450**

Board of Directors
Board Members are paid Directors' fees in accordance with AGM resolutions. In 2023, total fees of SEK 2,525 thousand (2,450) were paid. Of this amount, the Chairman of the Board received SEK 735 thousand (702), and the other Board Members received a total of SEK 1,790 thousand (1,748). No other fees or benefits were paid to the Board.

Senior executives
Variable remuneration was paid totalling SEK 3,317 thousand (3,938) to the CEO, SEK 1,327 thousand (1,575) to the Vice President and SEK 2,813 thousand (2,199) to six (six) other senior executives. No other remuneration was paid to the Executive Management Team.

Guidelines for remuneration of senior executives
These guidelines apply to the members of company management at Fabege. Company management is defined as the Chief Executive Officer (CEO) and the other members of the Executive Management Team. The guidelines shall be applied to remuneration that is agreed and changes that are made to already agreed remuneration after the guidelines are adopted at the company's 2023 Annual General Meeting (AGM). The guidelines do not apply to remuneration approved at the AGM.

Effect of the guidelines in promoting the company's business strategy, long-term interests and sustainability
We work with sustainable urban development, with a primary focus on commercial properties within a limited number of well located submarkets in the Stockholm area. We create

Note 6, cont.

value via management and upgrading of, and active work, on our property portfolio in order to grow the potential of our property portfolio.

Our overarching objective, via our well-situated portfolio, business model and expertise, is to create and realise value in order to provide our shareholders with an overall return that ranks among the best among property companies on the Stockholm Stock Exchange. We will create profitability by being a development-based and customer-led company:

- with committed employees
- with satisfied clients
- that is the natural choice for current and potential customers in the Stockholm market
- that contributes to sustainable development in Stockholm and the UN's Sustainable Development Goals

In order to successfully implement our business strategy and safeguard our long-term interests, including sustainability, we must be able to recruit and retain highly-qualified personnel. In order to achieve this, we must be able to offer competitive remuneration. These guidelines enable the company to offer senior executives a competitive overall remuneration package.

We have not established any further incentive programmes with approval from the AGM other than the remuneration packages encompassed by these guidelines.

Variable cash remuneration encompassed by these guidelines shall aim to promote the company's business strategy and long-term interests, including its sustainability.

Forms of remuneration etc.
Remuneration shall be in line with the market and may consist of the following components: fixed cash salary, variable cash salary, pension benefits and other (minor) benefits, as well as allocation(s) to the company's profit-sharing fund. The AGM may in addition – and irrespective of these guidelines – approve, for example, share-based and share price related forms of remuneration.

The fixed salary is to be reviewed annually. It must be possible to measure and follow up attainment of criteria for payment of variable cash remuneration annually (over the calendar year).

The variable cash remuneration may amount to a total of nine monthly salary payments, representing no more than 75 per cent of the fixed annual cash salary.

The retirement age is 65. Pension benefits are to be equivalent to the ITP supplementary pension plan for salaried employees in industry and commerce, or be contribution-based with a maximum contribution of 35 per cent of pensionable salary. The variable cash remuneration shall be the pensionable amount.

Other benefits, where they occur, shall constitute a limited portion in relation to fixed remuneration. Other benefits may include life insurance, health insurance and car allowances. Such benefits may amount to a total of no more than 10 per cent of the fixed annual cash salary.

We have a profit-sharing fund covering all employees of the company. Allocations to the profit-sharing fund are based on the achieved return on equity and capped at two base amounts per year per employee.

Termination of employment
In the case of termination of employment by the company, the period of notice must be no more than twelve months. Termination salary and severance pay must not exceed 24 monthly salary payments in total.

In the case of termination of employment by the employee, the period of notice must be no more than six months, with no right to severance pay.

Criteria for allocation of variable cash remuneration etc.
The variable cash remuneration shall be linked to predetermined and measurable criteria that may be financial or non-financial. It may also be made up of individually-based quantitative or qualitative goals. The criteria shall be structured in such a way that they promote the company's business strategy and long-term interests, including its sustainability, for example by being clearly linked to the business strategy or promoting the executive's long-term development. Responsibility and performance that coincide with the interests of shareholders are to be reflected in the remuneration.

Target	Share, %	Criteria/target
Operational targets	70	Gross earnings: SEK 2,506m
		Surplus ratio: 74%
		Profit before tax: >SEK 10/share
		Budgeted net lettings: SEK 113m
		Gresb: index min. 90
		Employee index GPTW: min. 87
		CSI rating: min. 80
		Energy consumption: max. 72 kWh/sqm
Total return on the property portfolio	10	Top 2 of Fabege, Atrium Ljungberg, Castellum, Hufvudstaden and Wihlborgs
Share price trend	10	Outperform index OMX Stockholm Real Estate GI 1/1–31/12
Miscellaneous	10	Discretionary, to be decided by the Board

For follow-up on outcomes, see the Remuneration Report published with the notice convening the AGM. Outcomes for all goals are measured over the calendar year. When the measurement period for attainment of the criteria for payment of variable cash remuneration has ended, the Remuneration Committee shall determine the extent to which the criteria have been attained. As far as financial goals are concerned, the judgement shall be based on the latest financial information published by the company.

Senior executives who receive variable remuneration undertake to make a long-term investment (for a period of at least three years) of at least two-thirds of this variable remuneration component after tax in shares in the company. The aim is to encourage participation and commitment by offering senior executives the opportunity to become shareholders in a more structured manner. Variable remuneration to company management must not exceed a maximum total annual cost for the company of around SEK 16m (excluding social security contributions), calculated on the basis of the number of persons who currently constitute senior executives.

Salary and employment conditions for employees
During preparation of the Board of Directors' proposals for these remuneration guidelines, salary and employment conditions for the company's employees have been taken into account by including details of total remuneration for employees, the components of remuneration and the increase in the remuneration and the speed of increase over time as part of the Remuneration Committee's and the Board's decision documentation in assessing the reasonableness of the guidelines and the restrictions arising from them. The trend of the gap between the remuneration paid to the senior executives and that paid to other employees will be reported on in the remuneration report.

Decision-making process for determining, reviewing and implementing the guidelines
The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board's decisions on proposals for guidelines on remuneration to senior executives. The Board shall draw up proposals for new guidelines every four years and shall present their proposals for resolution at the AGM. The guidelines shall be valid until new guidelines are adopted at the AGM. The Remuneration Committee shall also monitor and evaluate variable remuneration programmes for the company management, implementation of guidelines on remuneration to senior executives and prevailing remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent of the company and company management. During the Board's consideration of, and decisions on remuneration-related matters, the CEO and other members of company management – to the extent that they are affected by such matters – are not present.

Departure from the guidelines
The Board of Directors may decide to depart temporarily from the guidelines, wholly or in part, if in any individual case particular reasons exist to justify doing so and if such a departure is necessary to meet the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, the Remuneration Committee's tasks include preparing the Board's decisions on remuneration matters, including decisions on any deviation from the guidelines.

Description of major changes to the guidelines and how the views of shareholders have been taken into account
These guidelines have been prepared in accordance with the new requirements effective as of the 2022 AGM. The link to the company's business strategy and criteria for variable remuneration has been made clearer. Otherwise, the same guidelines as before apply, regarding both fixed and variable remuneration, other benefits, allocation to the company's profit-sharing fund, conditions of employment etc.

Accounting policy

Employee benefits
Remuneration to employees in the form of salaries, holiday pay, paid sick leave, etc. as well as pensions is recognised as it is earned. Pensions and other compensation paid after termination of employment are classified as defined contribution or defined benefit pension plans.

The Group has both defined contribution and defined benefit pension plans. Pension costs for defined contribution plans are charged to expense as they are incurred. For defined benefit plans, the present value of the pension liability is calculated using an actuarial method known as the Projected Unit Credit Method. Actuarial gains and losses are immediately recognised in other comprehensive income. Employees in the former Fabege have defined benefit pension plans. As of 2005, no further accrual of this pension liability has been made. Obligations relating to defined contribution pension plans are met through payments to the freestanding agencies or companies administering the plans. A number of our employees have defined benefit pensions under the ITP supplementary pension plan for salaried employees in industry and commerce, for which regular payments are made to Alecta. These are classified as multi-employer defined benefit pension plans. For the 2023 financial year, the company has not had access to information to enable reporting of the company's proportional share of the plan's obligations, plan assets and costs, which has meant that it has not been possible to recognise the plan as a defined benefit plan. The ITP 2 pension plan that is secured through an insurance policy with Alecta is therefore recognised as a defined contribution plan. The premium for the defined benefit retirement and family pension is calculated individually based on salary, previously earned pension and anticipated remaining period of service. Expected fees for the next reporting period for ITP 2 insurance policies provided by Alecta amount to SEK 10m (2021: SEK 11m). The Group's share of the total fees to the plan and the Group's share of the total number of active members of the plan amount to 0.04495 and 0.02377 per cent, respectively, (2021: 0.04205 and 0.02268 per cent respectively). The

Note 6, cont.

collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective consolidation level is normally permitted to vary between 125 and 175 per cent. To strengthen the consolidation level if it is deemed to be too low, one course of action may be to raise the agreed price for new subscriptions and increasing existing benefits. If the consolidation level exceeds 150 per cent then premium reductions may be introduced. At year-end 2022, Alecta's surplus, as expressed by the collective consolidation ratio, was 172 per cent (2021: 172 per cent).

Note 7. Rental income

Operating leases – the Group as lessor
All investment properties are let to tenants under operating leases and generate rental income. Future rental income attributable to non-cancellable operating leases is distributed as follows:

	Group	
SEKm	**2023**	**2022**
Maturity:		
Within 1 year	552	475
1 to 5 years	1,723	1,676
Later than 5 years	874	856
Residential, garage/parking	167	166
Total	**3,316**	**3,173**

The difference between total rents at 31 December 2023 and income, as stated in profit or loss for 2023, is due to bought/sold properties, renegotiations and changes in occupancy rates in 2023. Leases relating to residential premises and garage/parking spaces remain in force until further notice. No information was provided about variable rental income since this comprises an insignificant portion of the total rental income. On-charging, service and other income total SEK 112m (121), corresponding to 3.3 per cent (4.0) of total rental income for the January–December 2023 period.

Accounting policy

Revenue recognition
All investment properties are let to tenants under operating leases. Rental income from the company's property management activities is recognised in the period to which it refers. Rental income from investment properties is recognised on a straight-line basis in accordance with the terms and conditions of the applicable leases. In cases where a lease provides for a discounted rent during a certain period that is offset by a higher rent at other times, the resulting deficit or surplus is distributed over the term of the lease. Discounts provided to compensate for limitations in the right of use in connection, for example, with redevelopment or gradual occupancy, are recognised in the period to which they refer.

Note 8. Revenue from residential development

	Group	
Breakdown by income type:	**2023**	**2022**
Proceeds from sale of residential projects	553	295
Total	**553**	**295**
Allocation by point in time, revenue recognition:		
Over time	–	–
At a specific point in time	553	295
Total	**553**	**295**

Accounting policy

Proceeds from sale of residential projects
Fabege (Birger Bostad) develops and sells tenant-owner apartments ordered by tenant-owner associations. During the construction period, costs incurred are recorded in the asset class 'project and development properties'. We consider that we have a controlling interest in tenant-owner associations, which is why these apartments are consolidated. This means that there is no contract in accordance with IFRS 15 until the end customer has signed a lease. The end customer buys a right of use in the tenant-owner association corresponding to a specific apartment. Our business model means that control is transferred to the customer that acquires the apartment once the customer takes possession of the apartment. Revenue is therefore recognised once the apartment has been completed and the customer has moved in. Revenue is based on actual income from the sale of a residential project. Recognised income per apartment is matched by the apartment's estimated cost on completion of the project.

Note 9. Property expenses

	Group	
SEKm	**2023**	**2022**
Operating expenses, maintenance and tenant customisations	–336	–321
Property tax	–274	–261
VAT expense	–10	–10
Property/project admin. and lettings	–233	–200
Total	**–853**	**–792**

Note 10. Residential development costs

Residential development costs amount to SEK 549m (374), of which administrative costs account for SEK 26m (34) and impairment of building rights SEK 6m (81).

Note 11. Central administration and marketing

Refers to expenses for the Executive Management Team, expenses attributable to the public nature of the company and other expenses connected to the company type.

Property- and property management-related administration expenses are not included, as these are treated as property expenses.

Note 12. Realised and unrealised changes in value, investment properties

	Group	
SEKm	**2023**	**2022**
Realised changes in value:		
Sale proceeds	3,859	74
Carrying amount and expenses	–3,859	–
	0	**74**
Unrealised changes in value:		
Changes in value relating to properties owned at 31/12/2023 and 31/12/2022, respectively	–7,357	–233
Changes in value relating to properties divested during the year	–474	0
	–7,831	**–233**
Total realised and unrealised changes in value	**–7,831**	**–159**
Breakdown between positive and negative results:		
Positive	197	2,048
Negative	–8,028	–2,207
Total	**–7,831**	**–159**

Property sales represent income items according to IFRS 15; the amount is recognised in its entirety in the respective segment and in accordance with the accounting policy, the entire amount is recognised on the completion date. Gains or losses from the sale of properties are recognised at the date of completion, unless the purchase contract contains specific provisions which prohibit this.

Note 13. Profit from other securities and receivables that are non-current assets

	Group		Parent Company	
SEKm	**2023**	**2022**	**2023**	**2022**
Interest income, Group companies	0	0	902	554
Interest income, promissory notes	20	14	–	–
Profit/loss from other securities	–4	–3	–8	–3
Total	**15**	**11**	**894**	**551**

Note 14. Interest income and interest expenses

	Group		Parent Company	
SEKm	**2023**	**2022**	**2023**	**2022**
Interest income	4	2	0	0
Interest expenses	–986	–628	–1,075	–647
Total	**–982**	**–626**	**–1,075**	**–647**

All interest income is attributable to financial assets measured at amortised cost.

Interest expenses are mainly attributable to financial liabilities measured at amortised cost, as well as interest expenses on derivatives measured at fair value.

Accounting policy

Borrowing costs
Loan expenses have been recognised in the consolidated financial statements in profit or loss in the year to which they refer, except to the extent that they have been included in the cost of a building project. We capitalise loan expenses attrib-

Note 14, cont.

utable to costs for new production or major redevelopments that add value to the property. The interest rate used to calculate the capitalised borrowing cost is the average interest rate of the loan portfolio.

Note 15. Changes in value, equities

Earnings of SEK –4m (–3) relate mainly to changes in value for holdings in shares in Accessy AB and AIK Fotboll AB.

Note 16. Tax on profit for the year

	Group		Parent Company	
SEKm	**2023**	**2022**	**2023**	**2022**
Current tax	–1	–3	0	0
Deferred tax	1,863	–585	169	–428
Total tax	**1,862**	**–588**	**169**	**–428**
Nominal tax on profit after financial items	1,520	–610	64	–641
Tax effects of adjustment items				
Deficits and temporary differences from previous years	–130	22	–25	–11
Impairment of participations in subsidiaries and associated companies	—	–1	–15	–15
Resolution of deferred tax resulting from sales	477	0	—	—
Non-taxable income	7	15	—	—
Non-deductible expenses	–12	–13	–8	–8
Non-taxable dividend income	—	—	155	–247
Miscellaneous	—	—	—	—
Total tax	**1,862**	**–588**	**169**	**–428**

Accounting policy

Income tax

The current tax liability is based on the taxable profit for the year. Taxable profit for the year differs from recognised profit for the year in that it has been adjusted for non-taxable and non-deductible items. The Group's current tax liability is calculated on the basis of tax rates that have been prescribed or announced at the balance sheet date. Deferred tax refers to tax on temporary differences that arises between the carrying amount of assets and the tax value used in calculating the taxable profit. Deferred tax is recognised in accordance with the balance sheet liability method. Deferred tax liabilities are recognised for practically all taxable temporary differences, and deferred tax assets are recognised when it is likely that the amounts can be used to offset future taxable profits. The carrying amount of deferred tax assets is tested for impairment at the end of each financial year and an impairment loss is recognised to the extent that it is no longer probable that sufficient taxable profits will be available against which the deferred tax asset can be fully or partially offset. Utilisation of tax loss carryforwards is dependent upon tax profits. Deferred tax is recognised at the nominal current tax rate with no discount. Deferred tax is recognised as an income or expense in the statement of comprehensive income, except in those cases where it refers to transactions or events that have been recognised directly in equity. In such cases the deferred tax is also recognised directly in equity. Current deferred tax assets and tax liabilities are offset against one another when they refer to income tax payable to the same tax authority and when the Group intends to settle the tax by paying the net amount.

Note 17. Investment properties

All properties in our portfolio are externally valued at least once a year by independent appraisers with recognised qualifications. The properties are valued at fair value, i.e. at their estimated market values without taking portfolio effects into account. Since 2000, property valuations have been conducted in accordance with the guidelines established by the Swedish Property Index. In 2023, the properties were valued by Newsec Analys AB and Cushman & Wakefield. The properties are valued on an ongoing basis throughout the year. On-site inspections were carried out at all properties on at least one occasion during the 2020–2023 period. The properties have also been inspected on site in connection with major investments or other changes that significantly affect the value of a property. Each quarter, internal valuations are also conducted of parts of the portfolio, as well as an internal assessment of the overall value for the entire portfolio. The internal valuation is performed using the same methodology as the external valuations.

Valued properties are divided into the following categories:

- Investment properties in normal operation are subject to cash-flow valuation.
- Project properties undergoing major redevelopment or new builds with contracted tenants are subject to cash-flow valuation.
- Other project properties and undeveloped land are valued using the location-price method.

Valuation of investment and project properties

For investment properties and project properties, a cash-flow model is used whereby net operating income less the remaining investment is present valued, normally over a five or ten-year calculation period.

The discount rate used is a nominal required yield on total capital before tax. The required rate of return is based on previous experience from assessments of the market's required yields for similar properties. The discount rate for our property portfolio is 6.5 per cent (6.2) and is based on the nominal yield on five-year government bonds plus a premium for property-related risk. The risk premium is set individually based on the stability of the tenant and the length of the lease. The weighted required yield at the end of the calculation period was 4.4 per cent (4.0). The residual value is also present valued at the end of the calculation period. The residual value is the market value of the leasehold/property at the end of the period of calculation, which is estimated on the basis of forecast net operating income for the first year after the calculation period.

All premises are subject to an individual market-based assessment of rents and the rental trend. For leased premises, an estimated market rent is used for the cash-flow calculations after the expiration of the lease. The assessment of such factors as market rents, future normal running costs, investments and vacancies is performed by external appraisers using information obtained from the company. Operating and maintenance expenses are based on historical results, and on budget figures and statistics pertaining to similar properties. Expenses are expected to increase in line with the assumed inflation rate. Ground rents are calculated on the basis of agreements or in reference to market ground rents if the ground rent period expires during the calculation period. Property tax is estimated on the basis of the general property taxation for the most recent taxation year. Cash flow analyses with calculation periods exceeding five years are applied if deemed motivated by long leases.

The properties' expected future cash flow during the selected calculation period is measured as follows:

+ Rent payments
– Running costs (including property tax and ground rent)
– Maintenance costs
= Net operating income
– Less investments
= Cash flow

Valuation data

Each property is valued separately without taking portfolio effects into account.

External property valuations are based on the following valuation data:

- Quality-assured information from the company concerning condition, leases, running and maintenance costs, leaseholds, vacancies and planned investments, as well as an analysis of current tenants.
- Current assessments of location, rent trends, vacancy rates and required yields for relevant markets as well as normalised running and maintenance costs.
- Information from public sources concerning the land area of the properties, and local development plans for undeveloped land and development properties.
- The properties undergo regular inspections. All properties have been inspected in the past three years. The aim of these inspections is to assess the properties' overall standard, condition and attractiveness.

Note 17, cont.

Office rental range in property valuations for 2023

Market segment	Rental range
Stockholm inner city	SEK 3,700–10,000/sqm
Solna	SEK 2,000–4,700/sqm
Hammarby Sjöstad	SEK 2,250–4,500/sqm
Flemingsberg	SEK 900–2,800/sqm
Other markets	SEK 1,850–2,900/sqm

Valuation of other project properties

Valuations of other project properties are based on the prevailing planning conditions and listed price levels in connection with the sale of undeveloped land and building rights.

Valuation assumptions	2023	2022
Annual inflation, %	2.0	2.2
Weighted discount rate, %	6.5	6.2
Weighted required yield, residual value, %	4.4	4.0
Average long-term vacancies, %	4.5	4.7
Operations and maintenance: Commercial, SEK/sqm	368	330

The valuation assumptions do not vary significantly, since the properties are actually very similar (are in all significant respects office properties) and are highly concentrated geographically.

Market values, 31 December 2023	SEKm	Weighted yield, %	Change in value, %
Stockholm inner city	29,176	4.05	–8.4
Solna	36,930	4.61	–9.8
Hammarby Sjöstad	8,045	4.62	–6.6
Flemingsberg	2,923	5.13	–15.4
Other markets	1,019	5.12	–7.0
Total	**78,093**	**4.43**	**–9.1**

Market values, 31 December 2022	SEKm	Weighted yield, %	Change in value, %
Stockholm inner city	31,988	3.65	1.5
Solna	42,555	4.16	–1.7
Hammarby Sjöstad	8,327	4.13	1.5
Flemingsberg	2,391	4.93	–2.3
Other markets	1,087	4.88	–15.1
Total	**86,348**	**3.99**	**–0.3**

Changes in value during the year

Unrealised changes in value during the year amounted to SEK –7,831m (–233). The change in value corresponds to a decline in value of approximately –9.1 per cent (–0.3). The change in value was attributable to falling rent levels and increasing yield requirements in the investment property portfolio, as well as to development gains in project operations. The recognised value of the properties at 31 December 2023 was SEK 78.1m (86.3).

	Group	
SEKm	2023	2022
Opening fair value	86,348	83,257
Property acquisitions	78	1,068
Investments in new builds, extensions and conversions	—	2,256
Changes in value, existing property portfolio	–7,831	–233
Changes in value relating to properties divested during the year	3,101	0
Sales, disposals and other	–3,603	0
Closing fair value	**78,093**	**86,348**

Our ten largest properties by value

Property	Area	Sqm
Pyramiden 4	Arenastaden	72,234
Apotekaren 22	Norrmalm	28,211
Bocken 39	Norrmalm	20,459
Nationalarenan 8	Arenastaden	45,744
Bocken 35 & 46	Norrmalm	14,298
Luma 1	Hammarby Sjöstad	38,387
Barnhusväderkv. 36	Norrmalm	25,964
Signalen 3	Arenastaden	31,492
Fräsaren 11	Solna Business Park	39,177
Smeden 1	Solna Business Park	44,543

Sensitivity analysis – property values

Change in value before tax, %	Impact on earnings, 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%

Sensitivity analysis, change in value	Assumption	Impact on value, SEKbn
Rent level	+/– 10%	7.1
Running cost	+/–SEK 50/ sqm	1.1
Yield requirement	+/– 0.25%	4.4
Long-term vacancy rate	+/– 2%	1.5

Investment properties are valued in accordance with Level 3, IFRS 13. The fair value and unrealised changes in value are determined each quarter based on valuations. If a property is sold in the first to the fourth quarter, the sale will give rise, in addition to the unrealised change in value, to a realised change in value that is based on the selling price in relation to confirmed fair value for the most recent quarter.

We have mortgaged certain properties, see also Note 35 Pledged assets and contingent liabilities.

Accounting policy

Investment properties

Properties in the Group are classified as investment properties when they are held for the purpose of generating rental income or for capital gains, or a combination of the two. The concept of investment property includes buildings, land and land improvements, new builds, extensions or conversions in progress and property fixtures. Rental income and property expenses, as well as realised and unrealised changes in value including tax, are directly attributable to properties. Investment properties are recognised at fair value at the balance sheet date. Gains and losses attributable to changes in the fair value of investment properties are recognised in profit/loss in the period in which they arise on the line 'Unrealised changes in value, investment properties' in the statement of comprehensive income. Gains or losses from the sale or disposal of investment properties consist of the difference between the selling price and carrying amount based on the most recent revaluation to fair value. Gains or losses from sales or disposals are recognised on the line 'Realised changes in value, investment properties' in the statement of comprehensive income. Projects involving conversion/maintenance and adaptations for tenants are recognised as an asset to the extent that the work being undertaken adds value in relation to the latest valuation. Other expenses are recognised as an expense immediately.

Note 18. Goodwill

The goodwill item of SEK 205m (SEK 205m) is entirely attributable to the acquisition of Birger Bostad (formerly SHH Bostad). The goodwill represents the value that the acquisition brings to the Fabege Group in terms of greater expertise and a consolidated market position in residential development.

Goodwill is tested for impairment at the lowest separate identifiable cash flow (cash-generating unit), which for the Fabege Group is Birger Bostad (formerly SHH Bostad). The impairment test compares the estimated recoverable amount of the cash-generating unit Birger Bostad with its carrying amount. The recoverable amount has been calculated on the basis of the unit's value in use. The calculation of the value in use has been based on a discount factor of 6.7 per cent and a forecast of cash flows over the next five years. Assumptions about forecasts have been based on historical experience, taking account of the current market situation. The growth rate used to extrapolate cash flow projections beyond the period covered by the latest budgets/forecasts is 2 per cent. The calculations do not indicate any need for impairment. The sensitivity analysis carried out shows that a change in the discount factor of 0.7 percentage points would indicate an impairment need.

SEKm	31/12/2023	31/12/2022
Opening balance	205	205
Acquisitions	—	—
Closing balance	**205**	**205**

Note 19. Equipment

SEKm	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Opening cost	51	40	19	19
Investments	15	11	6	0
Sales and disposals	—	—	—	—
Closing accumulated cost	66	51	25	19
Opening depreciation	–26	–19	–11	–10
Sales and disposals	—	—	—	0
Depreciation for the year	–11	–7	–3	–1
Closing accumulated depreciation	–37	–26	–14	–11
Carrying amount	**30**	**25**	**11**	**8**

The Group has leases to a small extent for vehicles and other technical equipment. All agreements are subject to standard market terms and conditions.

Note 20. Participations in associated companies

SEKm	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Opening carrying amount	149	167	—	0
Contributions	100	56	—	—
Additions through acquisitions	—	—	—	—
Impairment losses	—	–4	—	—
Share in profit/loss	–70	–57	—	—
Dividends	1	–13	—	—
Reclassifications	—	0	—	—
Closing carrying amount	179	149	—	—
Carrying amount	**179**	**149**	—	—

Name/Corp. Reg. No.	Registered office	Capital share, %[1]	Carrying amount 2023, SEKm	Carrying amount 2022, SEKm
Urban Services Sweden AB, 559108-8397	Stockholm	50.0	2	2
Projektbolaget Oscarsborg AB 556786-3419	Stockholm	50.0	0	0
Haga Norra Stadsutveckling Kvarter 6 och 7 AB 556983-7650	Stockholm	50.0	10	10
Fastighets AB Solna Lagern 3 559122-5759	Stockholm	50.0	0	0
Värtan Fastigheter KB 969601-0793	Stockholm	50.0	1	2
Arenabolaget i Solna KB[1] 969733-4580	Stockholm	66.7	131	111
Arenabolaget i Solna AB 556742-6811	Stockholm	50.0	0	0
SHNREP Invest AB 559192-1050	Stockholm	50.0	0	0
SB Bostad i Stockholm AB 559094-8914	Stockholm	50.0	34	24
Total			**179**	**149**

[1] Arenabolaget owns and manages Friends Arena. We own 66.7 per cent in Arenabolaget i Solna KB (ABS KB), which owns the Nationalarenan 1 property (Friends Arena). We also own 50 per cent in Arenabolaget i Solna AB, which is an unlimited partner in ABS KB. Since we do not have a controlling interest in ABS KB, the holding is recognised as participations in associated companies and profit/loss from the company as 'Profit/loss from participations in associated companies'.

The following table presents financial information concerning associated companies. The information is presented on an aggregate level since, in all significant respects, the holdings pertain to similar property management and development operations.

Condensed statement of profit or loss and balance sheet for associated companies, SEKm (100%)

SEKm	Group 2023	Group 2022
Profit and loss account		
Rental income	169	59
Net operating income	12	–19
Profit/loss for the year	–100	–127
Balance sheet		
Non-current assets	3,281	3,330
Current assets	6,418	200
Total assets	**9,699**	**3,530**
Equity	2,407	1,729
Other liabilities	7,292	1,801
Total equity and liabilities	**9,699**	**3,530**
The Group's share of net assets in associated companies	1,478	1,142

Joint venture
The Group has one significant joint venture. We conduct financial operations through the co-owned company Svensk Fastighetsfinansiering AB. The operation consists of conducting financing operations through the raising of loans in the capital market, and lending operations through the issue of cash loans. The aim is to expand the company's financing base with a new source of financing. Nya Svensk FastighetsFinansiering AB is a finance company with a covered MTN programme of SEK 12,000m. The company is owned by Catena AB, Diös Fastigheter AB, Fabege AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB, each owning 20 per cent. The bonds are secured by property mortgage deeds. At 31 December, we had outstanding bonds totalling SEK 764m (600) via SFF.

Accounting policy

Participations in associated companies and joint ventures
A company is recognised as an associated company if we hold at least 20 per cent and no more than 50 per cent of the votes or otherwise exercise a significant influence on the company's operational and financial control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets. In the consolidated financial statements, these holdings are recognised in accordance with the equity method. Participations in associated companies and joint ventures are recognised in the balance sheet at cost after adjusting for changes in the Group's share of the associated company's and joint venture's net assets, less any decrease in the fair value of individual interests.

Holdings in joint operations
A holding in a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and have obligations regarding the liabilities that derive from the business. Joint control is regulated in agreements and only exists when the parties that share the

Note 20, cont.

control are required to give their consent to the relevant operations.

For joint operations, we recognise our share of assets, liabilities, revenue and costs, as well as our share of joint assets, liabilities, revenue and costs item by item in the consolidated accounts. Transactions and other dealings with joint operations have been eliminated in the consolidated financial statements.

Note 21. Receivables from associated companies

Receivables from associated companies relate to receivables from Arenabolaget i Solna AB of SEK 270m (210), Haga Norra of SEK 0m (74) and SB Bostad i Stockholm AB of SEK 173m (194). The receivables carry market interest rates. Any potential credit risk is mitigated by the requirement, contained in the company's finance policy, that only creditworthy counterparties be accepted in financial transactions; see Note 3 for further details.

Note 22. Other long-term securities holdings

	Group		Parent Company	
SEKm	**2023**	**2022**	**2023**	**2022**
Opening cost	12	12	15	15
Reclassification	—	—	—	—
Changes in value	–4	–3	–8	–3
Contributions	1	3	1	3
Closing amount	9	12	9	15
Carrying amount	**9**	**12**	**9**	**15**

Holding	**Carrying amount, SEKm**
Accessy AB 559184-9749	2
AIK Fotboll AB – capital share is 18.5% and the number of shares is 4,042,649	7
AIK Hockey – capital share 3.6%	0
Total	**9**

Note 23. Other non-current receivables

	Group		Parent Company	
SEKm	**2023**	**2022**	**2023**	**2022**
Maturity:				
1 to 5 years after balance sheet date	703	85	0	0
More than 5 years after balance sheet date	0	0	0	0
Total	**703**	**85**	**0**	**0**

Carrying amount is a good approximation of the fair value.

Group
Other non-current receivables pertain primarily to promissory note receivables. Any potential credit risk is mitigated by the requirement, contained in the company's finance policy, that only creditworthy counterparties be accepted in financial transactions.

Note 24. Projects and development properties

SEKm	**2023**	**2022**
Opening amount	821	821
Additions through acquisitions	—	—
Purchases and divestments	–373	152
Impairment	—	–81
Closing balance	**519**	**821**

The closing balance is made up of SEK 317m (319) in development properties and SEK 201m (573) in ongoing projects.

Accounting policy

Project and development properties are held for the purpose of developing and disposing of housing, including rental and tenant-owner apartments and public-services property. These are recognised at the lower of accumulated acquisition cost and net realisable value.

Note 25. Trade receivables

Age structure – overdue trade receivables

	Group	
SEKm	**2023**	**2022**
0–30 days	1	36
31–60 days	3	2
61–90 days	3	0
>90 days	51	44
Of which, provisioned	–12	–12
Total	**46**	**70**

Changes in reserves for expected credit losses

SEKm	**31/12/2023**
Opening balance	12
New provisions	2
Reversals	–14
Write-offs	10
Extended receivables	2
Reduced receivables	0
Change in risk factors	—
Closing balance	**12**

Accounting policy

Trade receivables
The Group's trade receivables are measured at amortised cost as the cash flows consist solely of payments of principal and interest. Loss provisions are recognised for trade receivables. See also Note 3 for further description of the accounting policies. Any potential credit risk is mitigated by the requirement, contained in the company's finance policy, that only creditworthy counterparties be accepted in financial transactions. As regards trade receivables, the policy states that customary credit checks must be carried out before a new tenant is accepted.

Note 26. Other receivables

The Group has current receivables in the form of promissory notes maturing within one year in the amount of SEK 5m (6). VAT receivables amount to SEK 87m (38). SEK 12m (228) relates to a receivable from a tenant-owner association where tenants have already moved in. Other items amount to a total of SEK 10m (8). This also includes blocked funds of SEK 327m (0).

Accounting policy

Non-current and other receivables
Non-current and other (current) receivables primarily consist of promissory note receivables relating to sales proceeds for properties that have been sold but not yet vacated. Valuation is carried out at amortised cost.

Note 27. Receivables from Group companies

Receivables from Group companies consist of clearing accounts for all the Group's subsidiaries. The subsidiaries do not have their own bank accounts and transactions are carried out via clearing accounts via the Parent Company.

Note 28. Equity

	Shares outstanding	**Registered shares**
No. of shares at beginning of year	314,577,096	330,783,144
No. of shares at year-end	314,577,096	330,783,144

All shares carry equal voting rights, one vote per share.
The quotient value of a share is SEK 15.41.
Proposed dividend per share: SEK 1:80.
For other changes in shareholders' equity, see the consolidated and Parent Company statements of changes in equity.

Accounting policy

Treasury shares
Purchases of treasury shares are recognised as a deductible item, net after any transaction costs and tax from retained earnings, until such time as the shares are divested or cancelled. If these ordinary shares are subsequently divested, the amount received for them (net after any transaction costs and tax effects) is recognised in retained earnings.

Note 29. Overdraft facilities

	Group		Parent Company	
SEKm	2023	2022	2023	2022
Available credit limit	660	660	660	660
Used portion	–108	0	–108	0
Unused portion	552	660	552	660

Note 30. Liabilities by maturity

	Group		Parent Company	
Interest-bearing liabilities, SEKm	2023	2022	2023	2022
Maturity up to 1 year after balance sheet date	7,169	2,413	6,390	2,400
Maturity 1 to 5 years after balance sheet date	17,000	20,890	16,836	20,134
Maturity more than 5 years after balance sheet date	8,813	10,039	8,813	10,039
Total	**32,982**	**33,341**	**32,039**	**32,573**

Carrying amount is a good approximation of the fair value. Non-interest-bearing liabilities are expected to fall due for payment within one year. For the interest rate maturity structure, see Note 3.

Financial liabilities
Our interest-bearing liabilities and other liabilities are measured at amortised cost. Non-current liabilities have an expected maturity of more than one year, while current liabilities have a maturity of less than one year.

Note 31. Derivatives

	Group		Parent Company	
SEKm	2023	2022	2023	2022
Long-term surplus value	879	1,659	879	1,659
Short-term surplus value	47	30	47	30
Total surplus value	**925**	**1,689**	**925**	**1,689**
Short-term deficit	0	0	0	0
Long-term deficit	–240	0	–240	0
Total deficit	–240	0	–240	0
Total	**686**	**1,689**	**686**	**1,689**

The Group does not apply hedge accounting; see 'Financial instruments' in Note 3, Accounting policies. Derivatives are classified as interest-bearing liabilities and assets in the balance sheet and measured at fair value in compliance with Level 2, IFRS 13; see Note 3 for further details. Changes in value are recognised in the statement of comprehensive income on a separate line; 'Changes in value, fixed income derivatives'.

Note 32. Deferred tax liability/tax asset

	Group		Parent Company	
SEKm	2023	2022	2023	2022
Deferred tax has been calculated on the basis of:				
Tax loss carryforwards	–410	–573	—	—
Difference between book and tax values in respect of properties	8,596	10,439	—	—
Derivatives	141	348	141	348
Miscellaneous	–22	–19	–7	–45
Net deferred tax asset/liability	**8,305**	**10,195**	**134**	**303**

Negative amounts above refer to deferred tax assets.

Measured tax loss carryforwards in the Group, which have been taken into account in calculating deferred tax, total approximately SEK 2.0bn (2.8). Of the changes in deferred tax liabilities for the year, the use of profit from property management accounted for SEK –293m (–289) and changes in the value of properties for SEK 1,613m (48). Deferred tax has been calculated at 20.6 per cent.

Note 33. Provisions

Of total provisions of SEK 158m (157), provisions for pensions account for SEK 101m (106). Other amounts refer to stamp duties on properties that are payable upon the sale of a property, SEK 34m (38), as well as provisions for residential projects, SEK 23m (13).

SEKm	Miscellaneous	Provisions for pensions	Total
At 01/01/2023	51	106	157
Additions through acquisitions	—	—	—
Provisions for the year	10	—	10
Actuarial assumptions for the year	—	–5	–5
Used/paid during the year	–4	—	–4
At 31/12/2023	**57**	**101**	**158**
Provisions comprise:			
Long-term component	57	101	158
Short-term component	—	—	—
Total	**57**	**101**	**158**

Provisions for pensions
For information regarding pension provisions, see Note 6.

Accounting policy

Provisions
Provisions are recognised when the company has a commitment and it is likely that an outflow of resources will be required and the amount can be reliably estimated.

Note 34. Accrued expenses and deferred income

	Group		Parent Company	
SEKm	2023	2022	2023	2022
Advance payment of rents	425	521	0	—
Accrued interest expenses	155	149	150	144
Miscellaneous	321	442	240	433
Total	**901**	**1,112**	**389**	**577**

Note 35. Pledged assets and contingent liabilities

	Group		Parent Company	
Pledged assets, SEKm	2023	2022	2023	2022
Property mortgages	22,368	20,430	—	—
Net assets, subsidiaries	19,314	16,186	—	—
Promissory notes	—	—	16,517	15,929
Total	**41,681**	**36,616**	**16,517**	**15,929**
Contingent liabilities				
Guarantees on behalf of subsidiaries	145	174	844	859
Guarantees and undertakings for the benefit of associated companies	345	342	345	362
Total	**490**	**516**	**1,189**	**1,221**

The Group has pension commitments of SEK 14m (16), which are secured through a pension fund. The solvency ratio for the pension fund is 191 per cent (168). No provision has been made, as the pension commitment is fully covered by the assets of the fund.

Note 36. Interest paid

During the year, interest paid in the Group amounted to SEK 1,150m (674), of which SEK 63m (21) was capitalised in investing activities. No interest capitalisation occurred in the Parent Company.

Note 37. Changes in working capital

	Group		Parent Company	
SEKm	2023	2022	2023	2022
Change acc. to balance sheet	124	568	–498	336
Change in receivables and liabilities pertaining to interest income, dividends and interest expenses, current tax and unsettled purchase considerations pertaining to properties sold	130	–65	132	–307
Total	**254**	**503**	**–366**	**29**

Note 38. Lease liabilities

Leaseholds
Of the Group's leases, management of ground rents is the most significant. The lease liability amounts to SEK 948m (1,242) as of 31 December. A corresponding right-of-use asset is included in the balance sheet. The lease liability has been calculated using a valuation in the form of budgeted ground rent for the year divided by a yield requirement of 4 per cent (which is a weighted average for yield requirements for the leaseholds).
The cost of ground rents is recognised as a financial expense.

Other leases
Other leases relate to rental agreements in Birger Bostad. As of 31 December, both lease liabilities and right-of-use assets amount to SEK 1m (1).

Note 39. Cash and cash equivalents

Cash and cash equivalents consist of cash assets and bank balances. The Group has unused overdraft facilities, which are not included in cash and cash equivalents, of SEK 552m (660).

Accounting policy

Cash and cash equivalents
Cash and cash equivalents consist of cash assets held at financial institutions. Cash and cash equivalents also includes short-term investments with maturities of less than three months from the date of acquisition that are exposed to insignificant risk of fluctuations in value. Cash and cash equivalents are recognised at their nominal amounts.

Note 40. Related party transactions

The Paulsson family has a controlling interest in Hansan AB via Backahill AB. In 2023, consulting services totalling SEK 1m (1) were procured. In 2023, consulting services were also purchased totalling SEK 5m (2) from Born Advokater, in which Fabege's Chairman Jan Litborn is a partner. Purchases from Bravida, where Mattias Johansson is President and CEO, amounted to SEK 3m (5) during the year. Contributions of SEK 60m (55) have been made to Arenabolaget i Solna KB. Nya Svensk FastighetsFinansiering AB is a finance company with a covered MTN programme. The company is owned by Catena AB, Diös Fastigheter AB, Fabege AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB, each owning 20 per cent. The bonds are secured by property mortgage deeds and share pledges. The MTN framework amounts to SEK 12,000m (12,000). As of 31 December, Fabege had outstanding bonds totalling SEK 764m (600). Market-based terms and conditions are applied throughout.

Note 41. Dividend per share

The Board proposes a dividend of SEK 1.80 per share (2.40), to be paid quarterly on four occasions in the amount of SEK 0.45 per share on each occasion. The total proposed dividend sum amounts to SEK 566,238,773. The dividend amount is calculated based on the total number of shares outstanding at 31 December 2023, i.e. 314,577,096 shares. The total dividend amount is subject to alteration up to and including the record date, depending on share buybacks.

Note 42. Adoption of the annual accounts

The annual accounts were adopted by the Board of Directors and approved for publication on 8 March 2024. The Annual General Meeting will be held on 9 April 2024.

Note 43. Net sales

Parent Company income comprises mainly intra-Group invoicing.

Note 44. Operating expenses

	Parent Company	
SEKm	2023	2022
Employee benefit expenses	–281	–277
Administration and running costs	–168	–145
Total	**–449**	**–422**

Note 45. Shares and investments in Group companies

	Parent Company	
SEKm	2023	2022
Impairment of shares in subsidiaries	–65	–75
Group contributions	196	398
Dividend	750	1,200
Total	**881**	**1,523**

	Parent Company	
SEKm	2023	2022
Opening cost	16,452	16,377
Acquisitions and additions	65	75
Sales	—	—
Closing accumulated cost	16,517	16,452
Opening impairment	–3,052	–2,977
Impairment	–65	–75
Closing accumulated impairment losses	–3,117	–3,052
Carrying amount	**13,400**	**13,400**

Directly owned subsidiaries

Name/Corp. Reg. No.	Registered office	Capital share, %[1]	Carrying amount, SEKm
Birger Bostad AB 559007-1824	Stockholm	100	883
Hilab Holding Stockholm AB 556670-7120	Stockholm	100	9,726
LRT Holding Company AB 556647-7294	Stockholm	100	2,790
Fabege Holding Solna 556721-5289	Stockholm	100	0
Fabege Holding Mix AB 556785-2636	Stockholm	100	0
Fabege Holding N8 AB 556834-3429	Stockholm	100	0
Fabege Holding Lodre AB 559124-0253	Stockholm	100	0
Fabege Flemingsberg AB 559170-5214	Stockholm	100	0
Fabege Holding Generatorn AB 559170-5255	Stockholm	100	0
Stockholm Syd SBD Utvecklings AB 559170-5248	Stockholm	100	1
Fabege Finansnyckeln III AB 556983-7601	Stockholm	100	0
Total			**13,400**

[1] Also applies to the percentage of votes for the total number of shares. The stated capital share includes shares from other Group companies. There is a total of 247 (249) Group companies in the Group.

Accounting policy

Subsidiaries
Subsidiaries are companies in which the Group has a controlling interest. Controlling influence is achieved when the Parent Company has control over a company, is exposed or entitled to a variable return from the holding in the company and has the ability to exercise control over the company to influence the return. The existence and effect of potential voting rights that can currently be used or converted is taken into account in assessing whether the Group exercises a controlling influence.

Subsidiaries are included in the consolidated financial statements as of the date when the controlling influence is transferred to the Group, and are excluded from the consolidated financial statements as of the date when the controlling influence ceases. The acquisition of a subsidiary is recognised in accordance with the purchase method. The purchase consideration for the business combination is measured at fair value at the acquisition date, which is calculated as the total of the fair values at the acquisition date for the assets acquired, assumed or acquired liabilities, as well as equity shares issued in exchange for control of the acquired business. Acquisition-related costs are recognised in profit or loss as incurred. For business combinations in which the sum of the purchase consideration, any non-controlling interests and fair value at the acquisition date of prior shareholdings exceeds the fair value at the acquisition date of identifiable acquired net assets, the difference is recognised as goodwill in the statement of financial position. If the difference is negative, it is recognised as profit on a bargain purchase directly in profit or loss following retesting of the difference.

Note 46. Fees and remuneration of auditors

The following remuneration was paid to the company's auditors:

Fees and remuneration for expenses

	Group		Parent Company	
SEK 000s	**2023**	**2022**	**2023**	**2022**
Deloitte:				
Auditing assignments[1]	3,680	3,407	3,680	3,407
Other auditing activities	350	150	350	150
Tax advisory services	–	–	–	–
Other services	53	53	53	53
Total	**4,083**	**3,610**	**4,083**	**3,610**
PwC:				
Auditing assignments	872	880	–	–
Total	**872**	**880**	–	–

[1] Auditing assignments pertain to the auditing of the Annual Report and financial statements, as well as the administration of the Board and the CEO, other tasks required of the company's auditors and advisory services and representation brought on by observations during such audits or such other tasks.

Note 47. Events occurring after the balance sheet date

No significant events occurred after the balance sheet date.

Note 48. Proposal for the Distribution of Profits

The following amount is at the disposal of the AGM:	**SEK**
Retained earnings	3,385,588,009
Profit/loss for the year	–139,855,426
Total	**3,245,732,583**

The Board of Directors and the CEO propose that the amount be allocated as follows:	**SEK**
A dividend of SEK 1:80 per share to the shareholders	566,238,773
To be carried forward	2,679,493,810
Total	**3,245,732,583**

The dividend amount is based on the total number of shares outstanding at 31 December 2023, i.e. 314,577,096 shares. The total dividend amount is subject to alteration up to and including the record date, depending on share buybacks.

Hotel Kung Carl, Sparven 18 in Stockholm inner city.

Signing of the Annual Report

The Board of Directors and Chief Executive Officer hereby certify that:

- the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2
- the annual accounts provide a true and fair view of the company's financial position and results, and
- the Directors' Report provides a true and fair overview of the development of the company's business, position and results, and
- describes significant risks and uncertainties faced by the company.

Furthermore, the Board of Directors and Chief Executive Officer certify that:

- the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as referred to in Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards
- the consolidated financial statements provide a true and fair view of the Group's financial position and results, and
- the Directors' Report for the Group gives a true and fair overview of the development of the Group's business, results and position and describes significant risks and uncertainties faced by the companies included in the Group.

Stockholm, 7 March 2024

Jan Litborn
Chairman

Anette Asklin
Board Member

Mattias Johansson
Board Member

Märtha Josefsson
Board Member

Stina Lindh Hök
Board Member

Lennart Mauritzson
Board Member

Anne Årneby
Board Member

Stefan Dahlbo
Chief Executive Officer

Our Auditor's Report was submitted on 7 March 2024
Deloitte AB

Peter Ekberg
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of the shareholders of Fabege AB (publ), company registration number 556049-1523

Report on the annual accounts and consolidated accounts

Opinions

We have conducted an audit of the annual accounts and consolidatedaccounts of Fabege AB (publ) for the financial year from 1 January 2023 to 31 December 2023 with the exception of the Corporate Governance Report on pages 61–72. The annual accounts and consolidated accounts of the company are included on pages 43–116 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as at 31 December 2023 and of its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate Governance Report on pages 61–72. The Directors' Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts theincome statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent in relation to the parent company and group, in accordance with generally accepted auditing standards in Sweden, and have in other respects fulfilled our ethical responsibility according to these requirements. This includes that, to the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of investment properties

Description of risk

Fabege recognises investment properties at fair value and the property portfolio at 31 December 2023 is recorded at SEK 78,093m. During the year the entire portfolio has been valued by independent appraisers. Each quarter, internal valuations are also conducted of parts of the portfolio, as well as an internal assessment of the overall value for the entire portfolio. The valuations are carried out in the form of an individual assessment of each property's future earnings potential and the market's yield requirements. Changes in value can occur either as a result of macro and micro economic or property-related causes. The valuations are based on estimates and assumptions that can have a significant impact on the Group's income and financial position. For further information please refer to the description of risks and risk management on pages 50–60 and Notes 4 and 17 in the annual accounts.

Work performed

Our audit included the following procedures, but was not limited to these:

- We have reviewed and assessed Fabege's procedures to prepare input to both internal and external valuations, that procedures are consistently applied and that there is integrity in the process.
- We have reviewed input data in the valuation model for a sample of the properties to assess comprehensiveness and valuation.
- We have assessed the reasonableness of the assumption on which the company's valuation is based by comparing with external data sources and the assumptions of previous years, with actual outcomes.
- We have assessed the competence and objectivity of the independent appraisers.
- We have examined relevant notes to the financial statements.

Accounting for project properties

Description of risk

In 2023, Fabege invested SEK 3,101m in new builds, extensions and property conversions. Projects involving conversion/ maintenance and tenant customisations are recognised as an asset to the extent that the work being undertaken adds value in relation to the latest valuation. Other expenses are expensed immediately. Project properties undergoing major redevelopment or new builds with contracted tenants are subject to cash-flow valuations, while other project properties are valued using the location-price method. Valuations of ongoing projects are based on estimates and assumptions that can have a significant impact on the Group's income and financial position. For further information, refer to the description of risks and risk management on pages 50–60 and under Note 17 in the annual report.

Work performed

Our audit included the following procedures, but was not limited to these:

- We have examined Fabege's procedures for the development and improvement of properties, including the process for investment decisions, authorisation instructions and follow-up of project outcomes.
- We have reviewed the recognition of project profits in ongoing projects.
- Review of a sample of capitalised expenditure in projects.

Other information besides the annual accounts and consolidated accounts

This document also contains information besidesthe annual accounts and consolidated accounts, which is on pages 61–72. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work performed concerning this information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and for ensuring that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they deem necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, where applicable, conditions that may affect the ability to continue as a going concern and to use the going concern assumption. However, the going concern basis of accounting is not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor'sreport that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an ISA audit, we use professional judgment and maintain professional scepticism throughout the audit. A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is available at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/en/English/. This description forms part of the auditor's report

We must also provide the Board with a statement that we have complied with the relevant ethical requirements regarding independence, and address any relationships and other circumstances that could reasonably be expected to affect our independence, and, where applicable, steps taken to eliminate threats or countermeasures taken.

From the areas communicated to the Board, we determine which of these areas have been the most significant for the audit of the annual accounts and consolidated accounts, including the most significant assessed risks of material misstatement, and which therefore represent the areas of particular significance for the audit. We describe these areas in the auditor's report unless laws or regulations prevent disclosure.

Auditor's Report cont.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Fabege AB (publ) for the financial year 01/01/2023 – 31/12/2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent in relation to the parent company and group, in accordance with generally accepted auditing standards in Sweden, and have in other respects fulfilled our ethical responsibility according to these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a satisfactory manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a satisfactory manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is available at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/en/English/. This description forms part of the auditor's report.

Auditor's statement on the ESEF report

Opinion

In addition to our audit of the annual and consolidated accounts, we have also reviewed whether the Board of Directors and Managing Director have prepared the annual and consolidated accounts in a format that allows consistent electronic reporting (ESEF report), in accordance with Chapter 16, Section 4a of the Swedish Securities Act (2007:528) for Fabege AB (publ) for the financial year 01/01/2023 – 31/12/2023.

Our review and opinion relate only to the statutory requirement. In our view, the ESEF report has been prepared in a format that essentially allows for consistent electronic reporting.

Basis for opinion

We conducted our review in accordance with FAR Recommendation RevR 18 Examination of the ESEF report. Our responsibilities under this recommendation are described in more detail in the Auditor's Responsibilities section. We are independent in relation to Fabege AB (publ), in accordance with generally accepted auditing standards in Sweden, and have in other respects fulfilled our ethical responsibility according to these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

It is the responsibility of the Board of Directors and the Managing Director to ensure that the ESEF report has been prepared in accordance with Chapter 16, Section 4a of the Swedish Securities Act (2007:528), and for such internal control as the Board of Directors and the Managing Director deem necessary to enable the preparation of an ESEF report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our task is to express an opinion, with reasonable assurance, as to whether the ESEF report has been prepared, in all material respects, in a format that complies with the requirements of Chapter 16, Section 4a of the Swedish Securities Act (2007:528), on the basis of our review.

RevR 18 requires us to plan and perform our audit procedures to obtain reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but is not a guarantee that a review conducted in accordance with RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit company applies International Standard on Quality Management 1, which requires the company to design, implement and manage a quality assurance system, including guidelines or procedures regarding compliance with ethical requirements, standards for professional practice and applicable requirements in laws and other regulations.

The audit includes obtaining evidence, through a variety of procedures, that the ESEF report has been prepared in a format that permits consistent electronic reporting of annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in reporting, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to how the Board of Directors and Managing Director produce data in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness and reasonableness of the Board of Directors and the Managing Director's assumptions.

The audit procedures mainly include validation that the ESEF report has been prepared in a valid XHTML format and checks that the ESEF report is consistent with the audited annual accounts and consolidated accounts.

Furthermore, the audit also includes assessing whether the group's income statement, balance sheet and equity calculations, cash flow statement and notes in the ESEF report have been tagged with iXBRL, in accordance with what is stipulated in the ESEF Regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for ensuring that the corporate governance statement on pages 61–72 has been prepared in accordance with the Annual Accounts Act.

Our review has been conducted in accordance with FAR's recommendation RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with Chapter 6, Section 6, second paragraph points 2–6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Acts.

Deloitte AB was appointed auditor of Fabege AB (publ) by the Annual General Meeting of the shareholders held on 29 March 2023, and has been the company's auditor since 4 April 2002.

Stockholm, 7 March 2024

Deloitte AB

Peter Ekberg
Authorised Public Accountant

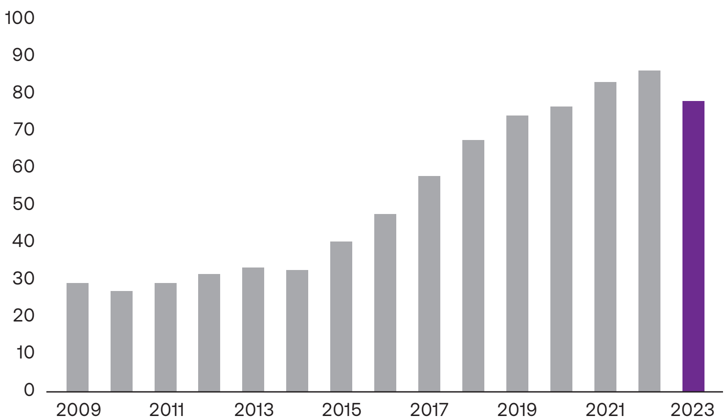
Property portfolio

Property development and new production are key cornerstones of our business. Our objective is to attract long-term tenants to properties that have not yet been fully developed, which are then redesigned based on the customer's specific requirements. To follow are some of the projects in progress at the end of the year.

Changes in 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, and at least 25 per cent of the portfolio is independently valued at the end of each quarter. The value of the remaining properties is appraised internally based on the external valuations as required. The external valuation was carried out by Cushman & Wakefield, Newsec and Svaills.

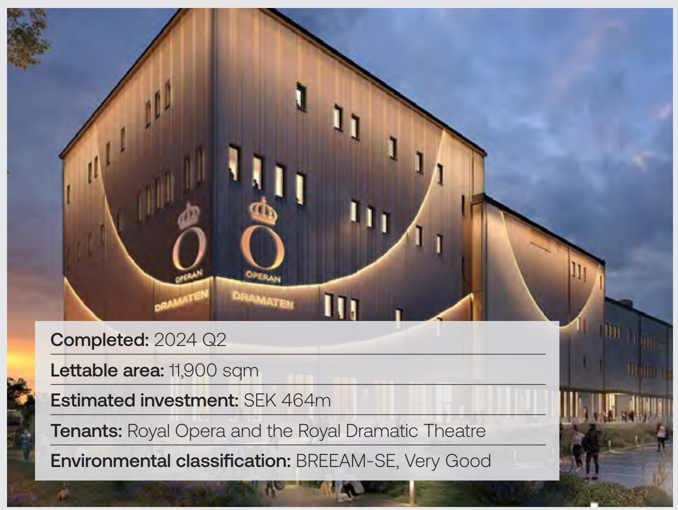
Property value 2009–2023

SEKbn



Regulatorn 4
Flemingsberg

The Royal Dramatic Theatre (Dramaten) and the Royal Swedish Opera (Kungliga Operan) are together moving their workshops, studios, rehearsal rooms and archives to Flemingsberg. Dramaten and Operan are very important pieces of the puzzle in the development of the new district of Flemingsberg. As several different types of activities will take place simultaneously in the building, there are stringent sound requirements for separating walls. There is also a need for effective logistics within the building, as the set studio produces sets for performances that will be transported both within and to and from the building.



Completed: 2024 Q2
Lettable area: 11,900 sqm
Estimated investment: SEK 464m
Tenants: Royal Opera and the Royal Dramatic Theatre
Environmental classification: BREEAM-SE, Very Good

Påsen 1
Hammarby Sjöstad

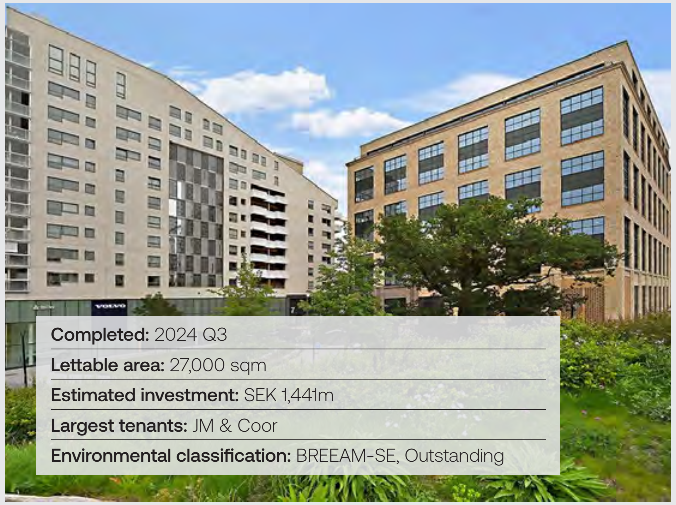
The Påsen 1 property is in Hammarby Sjöstad, with the address Textilgatan 43. The building was constructed in 1955 and is located about 700 metres from Gullmarsplan and 200 metres from Mårtensdal light railway station. There are plenty of nice restaurants and other services here, including shops, fitness facilities, health centre, pharmacy and bank. It is also close to Hammarby quay, where you can enjoy watching the boats go by with a coffee in hand, or take a pleasant stroll at lunchtime.

Completed: 2025 Q1
Lettable area: 11,000 sqm
Estimated investment: SEK 416m
Largest tenant: Bengt Dahlgren Stockholm AB
Environmental classification: BREEAM-SE, Bespoke, Excellent

Property portfolio cont.

Ackordet 1
Arenastaden/Haga Norra

Haga Norra is Arenastaden's major new venture; a new urban neighbourhood, home to a wonderful mix of cafés, restaurants, offices and homes, with a strong emphasis on meeting places. The sustainable architecture boasts classic features, but with an eye to the future. Just seven minutes from the centre of Stockholm and with Hagaparken around the corner, it's an accessible and inviting place for employees, residents and visitors.



Completed: 2024 Q3
Lettable area: 27,000 sqm
Estimated investment: SEK 1,441m
Largest tenants: JM & Coor
Environmental classification: BREEAM-SE, Outstanding

Nöten 4
Solna Strand

Saab AB has signed a lease including the property's entire space until 2045. The property is located at Solna Strandväg 22 and was built in 1971 for the Swedish Tax Agency. It is robust and versatile, and close to public transport links. The property will now be customised to Saab's requirements. It is mainly Saab's business operations in Järfälla, with 1,800 employees, that will be affected. Tenant customisations are carried out with great consideration for the environment, including minimising the carbon footprint via circularity and reuse, and achieving a good energy performance.

Completed: 2025 Q3
Lettable area: 66,000 sqm
Estimated investment: SEK 1,196m
Tenant: Saab
Environmental classification: BREEAM In-Use, Excellent

Separatorn 1
Flemingsberg

Identity, technical innovation and sustainable solutions have been the key factors in Alfa Laval's search for the perfect location for their 700 employees. The project is actively working to reduce climate impact and ensure the building's carbon footprint is as low as possible throughout its lifespan, for example via the use of renewable energy sources such as solar power and by installing energy-efficient technology and ensuring a high degree of energy recovery. The lease with Alfa Laval expires in 2047.

Completed: 2025 Q2
Lettable area: 23,400 sqm
Estimated investment: SEK 1,060m
Largest tenant: Alfa Laval
Environmental classification: BREEAM-SE, Excellent

Property portfolio cont.

Property-related KPIs

Year	2023	2022	2021	2020	2019
No. of properties	100	102	94	94	87
Lettable area, 000 sqm	1,246	1,290	1,247	1,245	1,255
Financial occupancy rate, %	91	89	90	91	94
Rental value, SEKm	3,872	3,724	3,359	3,242	3,195
Surplus ratio, %	75	74	76	75	75

Average yield requirement per area, %

Stockholm inner city	4.05
Solna	4.61
Hammarby Sjöstad	4.62
Flemingsberg	5.13
Other markets	5.12
Average return	**4.43**

Property acquisitions

Year	Area	Category	Lettable area, sqm
Klacken 2 (50%)	Råsunda	Garage	0
Anoden 4	Flemingsberg	Offices	992
Total			**992**

Property sales

Property name	Area	Category	Lettable area, sqm
Quarter 1: No sales			
Quarter 2: Huvudsta 3:1	Huvudsta	Land	0
Quarter 3: No sales			
Quarter 4: Glädjen 12			12,683
Orgeln 7	Sunbyberg	Offices	39,207
Total			**51,890**

Largest customers

Customer	Share, %[1]	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**	

[1] Percentage of contractual rent.

15 highest valued properties at 31 December 2023

Property name	Area	Category	Lettable area, sqm
Pyramiden 4	Arenastaden	Offices	72,234
Apotekaren 22	Norrmalm	Offices	28,211
Bocken 39	Norrmalm	Offices	20,456
Nationalarenan 8	Arenastaden	Offices	45,744
Bocken 35 & 46	Norrmalm	Offices	14,298
Luma 1	Hammarby Sjöstad	Offices	38,387
Barnhusväderkv. 36	Norrmalm	Offices	25,964
Signalen 3	Arenastaden	Offices	31,492
Fräsaren 11	Solna Business Park	Offices	39,177
Smeden 1	Solna Business Park	Offices	44,543
Nöten 4	Solna Strand	Offices	52,179
Poolen 1	Arenastaden	Offices	28,143
Fräsaren 12	Solna Business Park	Offices	37,370
Uarda 1 (Building A)	Arenastaden	Offices	24,359
Hägern Mindre 7	Norrmalm	Offices	13,882

Average remaining lease term by submarket, 31 December 2023

Area	No. of properties	No. of leases	Lease length, years
Stockholm inner city	26	594	3.69
Solna	51	405	5.96
Hammarby Sjöstad	10	272	2.66
Flemingsberg	9	78	2.79
Other markets[1]	4	60	1.96
Total/average	**100**	**1,409**	**4.53**

[1] Two residential properties in Borås (Other markets) are not included in the table.

Lease maturity structure

Year of maturity	No. of leases	Annual rent, SEKm	%
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
Residential contract	199	33	1
Garage and parking	639	134	4
Total	**2,285**	**3,316**	**100**

[1] Of which just over SEK 192m has already been renegotiated as current leases expire.

Changes in property values

	Market value, SEKm
Opening amount at 01/01/2023	86,348
+ Acquisitions	78
+ Investments in new builds, extensions and conversions	3,101
– Sales	–3,603
+/– Unrealised changes in value	–7,831
Closing amount at 31/12/2023	**78,093**

Property portfolio cont.

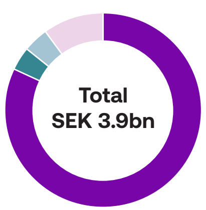
Breakdown by lettable area, 31 December 2023

	Offices	Retail	Industrial/warehouse	Hotel	Residential	Garage	Total
Stockholm inner city	223,650	19,814	19,537	9,347	7,436	32,687	**312,471**
Solna	514,414	28,520	32,680	35,964	903	74,660	**687,141**
Hammarby Sjöstad	100,723	7,817	20,584	0	691	8,770	**138,585**
Flemingsberg	13,542	1,774	51,755	0	0	1,149	**68,220**
Other markets	20,890	485	2,075	0	4,989	11,663	**40,102**
Total	**873,219**	**58,410**	**126,631**	**45,311**	**14,019**	**128,929**	**1,246,519**

Property table

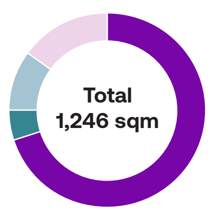
	No. of properties	Lettable area, 000 sqm	Market value, SEKm	Rental value[2], SEKm	Financial occupancy rate, %
Investment properties[1]	61	948	63,823	3,406	91
Development properties[1]	19	234	7,431	460	—
Land and project properties[1]	20	64	6,839	6	—
Total	**100**	**1,246**	**78,093**	**3,872**	—
Of which Stockholm 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**

Rental value per category



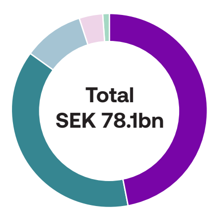
- Offices: **82%**
- Retail: **4%**
- Industrial/warehouse: **4%**
- Other: **10%**

Lettable area by category



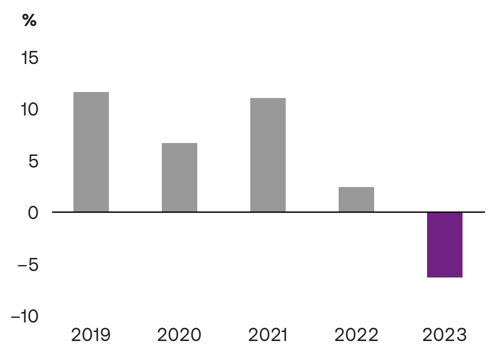
- Offices: **70%**
- Retail: **5%**
- Industrial/warehouse: **10%**
- Other: **15%**

Property value by area



- Solna: **47%**
- Inner city: **38%**
- Hammarby Sjöstad: **10%**
- Flemingsberg: **4%**
- Other markets: **1%**

Total return on the property portfolio, %



Alfa Laval's new office in Flemingsberg, scheduled for completion in autumn 2025.

Projects

Ongoing projects > SEK 50m, 31/12/2023

Property listing	Category	Area	Completed	Lettable area, sqm	Occupancy rate, % space[1]	Rental value, SEKm[2]	Carrying amount, SEKm	Estimated investment, SEKm	Of which used, 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
Regulator 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	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**		

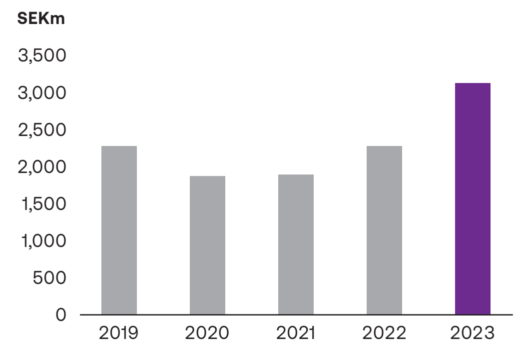
[1] Operational occupancy rate at 31/12/2023.
[2] Rental value including supplements. The annual rent for the largest projects in progress could increase to SEK 384m (fully let) from SEK 8m in annualised current rent at 31 December 2023.

Building rights, 31/12/2023

Commercial, sqm	Sqm GFA	Legal approval, %	Carrying amount, SEK/sqm
Stockholm inner city	32,400	13	9,000
Solna	307,800	21	7,000
Hammarby Sjöstad	49,000	75	6,000
Flemingsberg	268,700	6	4,700
Birger Bostad	—	—	—
Other	20,000	100	1,500
Total	**677,900**	**21**	**5,900**

Residential, sqm	Sqm GFA	Legal approval, %	Carrying amount, SEK/sqm
Stockholm inner city	3,600	0	0
Solna	209,900	44	9,400
Hammarby Sjöstad	24,600	18	14,900
Flemingsberg	264,500	0	5,200
Birger Bostad	117,500	82	5,300
Other	—	—	—
Total	**620,100**	**31**	**7,000**

Investments



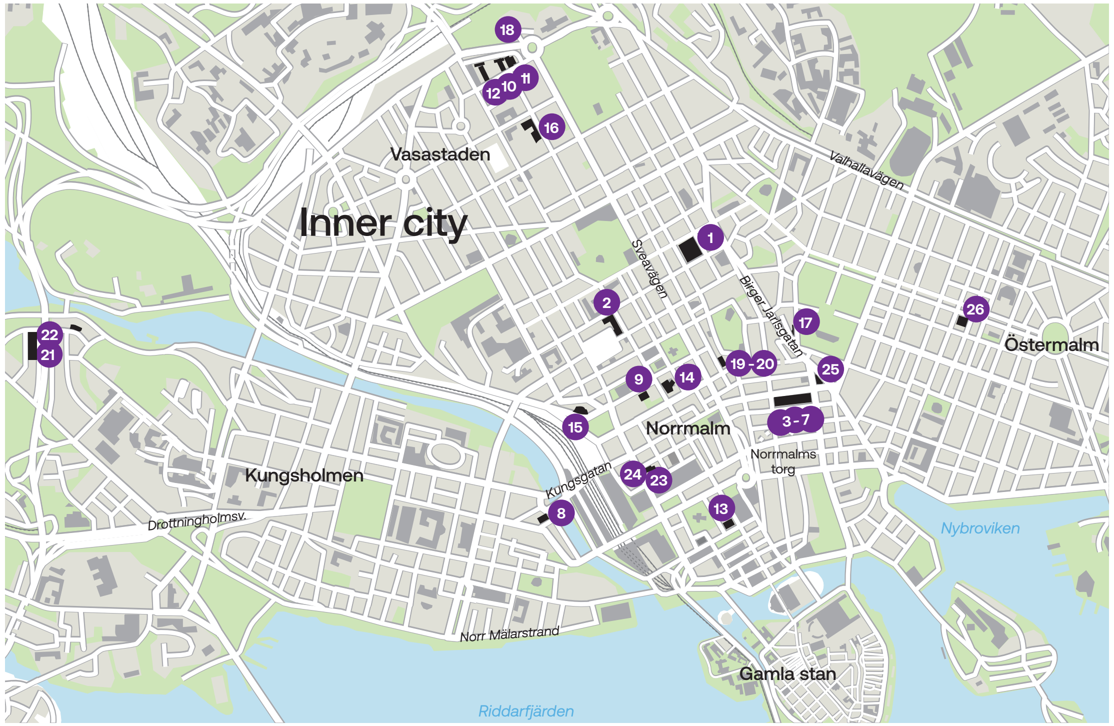
Property listings

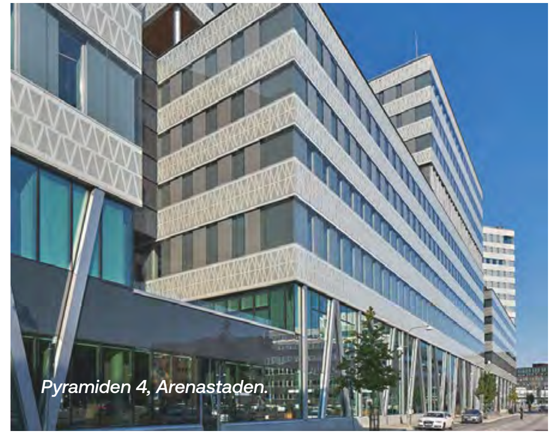
Stockholm inner city, 31 December 2023

		Property name	Area	Street address	Construction year	Office/sqm	Retail/sqm	Industrial + warehouse/sqm	Residential/sqm	Hotel/sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2023
●	**1**	Apotekaren 22	Norrmalm	Döbelnsg 20, 24, Kungstensg 21–23, Rådmansg 40, 42, Tuleg 7 A–B 13	1902/2002	25,180	680	1,366	0	0	985	28,211	1,186,000
●	**2**	Barnhusväderkvarnen 36	Norrmalm	Rådmansg 61–65	1963	13,807	1,156	2,375	0	0	8,626	25,964	678,000
●	**3**	Bocken 35	Norrmalm	Lästmakarg 22–24	1951	14,607	127	194	0	0	0	14,928	1,298,000
●	**4**	Bocken 39	Norrmalm	Lästmakarg 20, Kungsg 7–15	1931	16,846	2,095	1,459	0	0	56	20,456	1,151,376
●	**5**	Bocken 46	Norrmalm	Regeringsgatan 56	1977	0	0	0	0	0	0	0	0
●	**6**	Bocken 47	Norrmalm	Lästmakarg 8	1929	531	665	0	0	0	0	1,196	67,000
	7	Bocken 52	Norrmalm	Lästmakarg 14–16		145	0	0	2,213	0	0	2,358	163,200
●	**8**	Drabanten 3	Kungsholmen	Kungsbroplan 3, etc.	1907	6,370	0	249	0	0	0	6,619	243,000
●	**9**	Fenix 1	Norrmalm	Barnhusgatan 3	1929	3,504	48	198	0	0	0	3,750	137,886
●	**10**	Getingen 13	Vasastan	Sveavägen 149	1963	11,090	839	2,830	0	0	2,415	17,174	409,000
●	**11**	Getingen 14	Vasastan	Sveavägen 143–147	1953	8,340	2,505	940	0	0	1,123	12,908	284,000
●	**12**	Getingen 15	Vasastan	Sveavägen 159	1963	13,405	2,502	4,577	0	0	5,001	25,485	434,000
●	**13**	Hägern Mindre 7	Norrmalm	Drottninggatan 27–29	1971	9,651	1,319	745	0	0	2,167	13,882	658,426
●	**14**	Islandet 3	Norrmalm	Holländargatan 11–13	1904	8,243	0	12	0	0	255	8,510	280,148
●	**15**	Läraren 13	Norrmalm	Torsgatan 4	1904/1929	6,839	0	1	0	0	0	6,840	292,000
●	**16**	Mimer 5	Vasastan	Hagagatan 25 A–C, Vanadisvägen 9	1957	11,749	0	18	0	0	5	11,772	0
●	**17**	Norrtälje 24	Norrmalm	Engelbrektsgatan 5–7	1881	6,345	0	216	0	0	526	7,087	423,000
●	**18**	Ormträsket 10	Vasastan	Sveavägen 166–170, 186	1962/1967	15,402	1,837	763	0	0	2,071	20,073	511,000
●	**19**	Oxen Mindre 33	Norrmalm	Luntmakarg 18	1979	6,694	0	231	0	0	3,320	10,245	352,000
	20	Oxen Mindre 38	Norrmalm	Malmskillnadsg 47 A, B	1979	122	0	0	2,822	0	3	2,947	158,094
●	**21**	Paradiset 23[1]	Stadshagen	Strandbergsg 53–57	1944	10,292	89	650	0	0	2,808	13,839	260,000
	22	Paradiset 27[1]	Stadshagen	Strandbergsg 59–65	1959	19,312	2,961	1,844	0	0	2,229	26,346	538,000
●	**23**	Pilen 27	Norrmalm	Bryggarg 12A	1907	1,865	0	192	0	0	0	2,057	124,160
●	**24**	Pilen 31	Norrmalm	Gamla Brog 27–29, Vasag 38	1988	4,610	598	229	0	3,542	571	9,550	601,000
●	**25**	Sparven 18	Östermalm	Birger Jarlsg 21–23, Kungsg 2	1929	1,626	1,142	49	0	5,805	0	8,622	550,000
●	**26**	Ynglingen 10	Östermalm	Jungfrug 23, 27, Karlav 58–60	1929	7,075	1,252	400	2,401	0	526	11,654	449,000
		Total Stockholm inner city				**223,650**	**19,814**	**19,537**	**7,436**	**9,347**	**32,687**	**312,470**	**11,248,290**

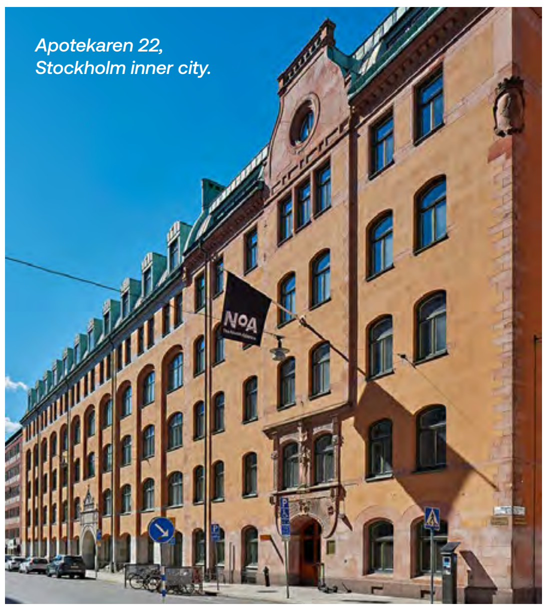
● Certified/Registered for certification.

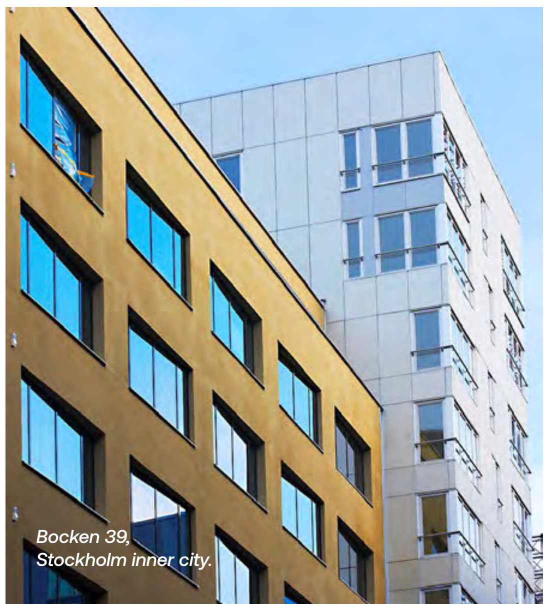
[1] Development property.
[2] Land & project property.

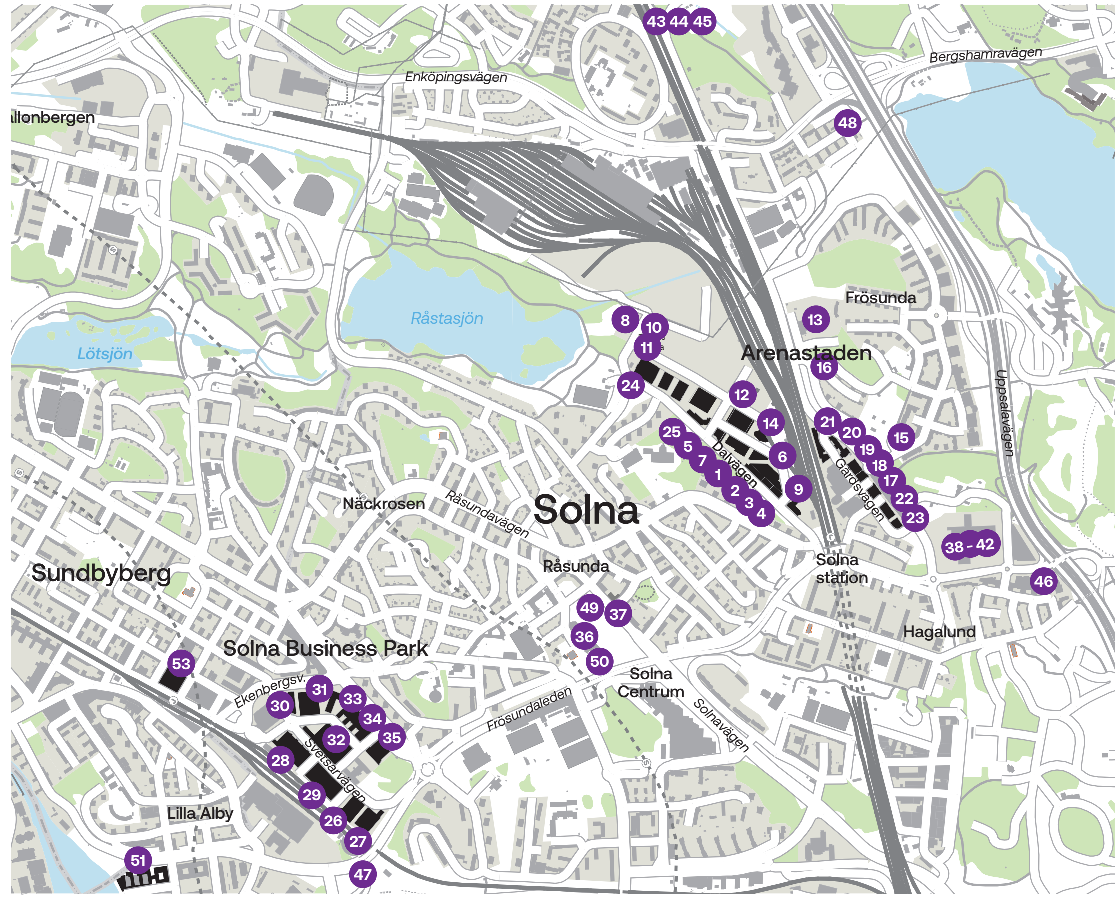



Pyramiden 4, Arenastaden.


Smeden 1, Solna Business Park.


Apotekaren 22, Stockholm inner city.


Bocken 39, Stockholm inner city.



Solna, 31 December 2023

Solna, Arenastaden

		Property name	Area	Street address	Construction year	Office/sqm	Retail/sqm	Industrial + warehouse/sqm	Residential/sqm	Hotel/sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2023
	1	Farao 14[2]	Arenastaden	Dalvägen 10, Pyramidvägen 7, 9	1967	0	0	0	0	0	0	0	76,330
	2	Farao 15[1]	Arenastaden	Dalvägen 8, Pyramidvägen 5	1981	6,427	723	1,001	0	0	1,020	9,171	74,200
	3	Farao 16[1]	Arenastaden	Dalvägen 4–6, Pyramidvägen 3	1973	2,792	1,297	1,722	0	0	0	5,811	47,041
	4	Farao 17[1]	Arenastaden	Dalvägen 2, Pyramidvägen	1975	3,180	786	2,861	0	0	365	7,192	47,600
	5	Farao 19[2]	Arenastaden	Magasinsvägen		0	0	0	0	0	0	0	0
●	**6**	Farao 20	Arenastaden	Pyramidvägen 7	1964	7,290	0	166	0	0	375	7,831	208,000
●	**7**	Farao 8	Arenastaden	Dalvägen 12, Pyramidvägen 11	2001	5,839	0	347	0	0	0	6,186	142,000
	8	Järva 3:7[2]	Arenastaden	Evenemangsgatan		0	0	0	0	0	0	0	822
	9	Kairo 1[1]	Arenastaden	Pyramidvägen 2	1983	10,741	0	0	0	0	0	10,741	84,200
●	**10**	Nationalarenan 3	Arenastaden	Evenemangsgatan 48		2,488	0	0	0	16,677	0	19,165	574,000
	11	Nationalarenan 5	Arenastaden	Evenemangsgatan 32	2013	0	0	0	0	0	25,500	25,500	74,000
●	**12**	Nationalarenan 8	Arenastaden	Stjärntorget 1, Råsta strandväg 15C, Evenemangsgatan 2C	2018	45,744	0	0	0	0	0	45,744	1,134,000
●	**13**	Poolen 1	Arenastaden	Kolonnvägen 24	2022	27,109	912	122	0	0	0	28,143	489,000
●	**14**	Pyramiden 4	Arenastaden	Stjärntorget 3–5, Pyramidvägen 4–22, Magasinsvägen 6–12, Råsta strandväg 5–9	2018	72,234	0	0	0	0	0	72,234	2,081,000
	15	Semaforen 1	Arenastaden	Gustav III:s boulevard		0	0	0	0	0	159	159	0
●	**16**	Signalen 3	Arenastaden	Kolonnvägen 22	2019	31,116	0	376	0	0	0	31,492	704,000
●	**17**	Stigbygeln 2	Arenastaden	Gårdsvägen 6	1955	7,646	95	326	0	0	349	8,416	163,000
●	**18**	Stigbygeln 3[1]	Arenastaden	Gårdsvägen 8	1960	5,047	262	608	0	0	0	5,917	97,026
●	**19**	Stigbygeln 5	Arenastaden	Gårdsvägen 10 A, B	1963	6,794	0	50	0	0	570	7,414	143,000
●	**20**	Stigbygeln 6	Arenastaden	Gårdsvägen 12–18	2001	8,980	581	372	0	0	0	9,933	248,000
●	**21**	Tygeln 3	Arenastaden	Gårdsvägen 13–21	2001	2,437	0	0	0	0	5,290	7,727	131,599
●	**22**	Tömmen 1[1]	Arenastaden	Gårdsvägen 2–4	1952	3,083	0	1,320	0		2,630	7,033	27,543
	23	Tömmen 2	Arenastaden	Gårdsvägen 2		0	0	0	0	0	2,610	2,610	0
●	**24**	Uarda 1	Arenastaden	Dalvägen 30, Evenemangsgatan 27–31, Vintervägen 33	1987	22,601	1,248	480	0	0	30	24,359	655,000
●	**25**	Uarda 4[1]	Arenastaden	Dalvägen 14–16	1992	6,529	0	1,333	0	0	0	7,862	143,198
		Total Solna, Arenastaden				**278,077**	**5,904**	**11,084**	**0**	**16,677**	**38,898**	**350,640**	**7,344,559**

● Certified/Registered for certification.

[1] Development property.
[2] Land & project property.

Solna Business Park

	Property name	Area	Street address	Construction year	Office/sqm	Retail/sqm	Industrial + warehouse/sqm	Residential/sqm	Hotel/sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2023
	26 Fräsaren 9[1]	Solna Business Park	Svetsarvägen 22	1962	4,105	0	5,610	0	0	0	9,715	20,449
●	**27** Fräsaren 10	Solna Business Park	Svetsarvägen 24	1964	7,224	4,241	138	0	0	9	11,612	191,000
●	**28** Fräsaren 11	Solna Business Park	Englundavägen 2–4, Svetsarvägen 4–10	1962	33,144	255	924	0	1,840	3,014	39,177	672,000
●	**29** Fräsaren 12	Solna Business Park	Svetsarvägen 12–18, 20, 20A	1964	19,403	10,163	964	0	0	6,840	37,370	652,000
	30 Sliparen 1[1]	Solna Business Park	Ekensbergsv 115, Svetsarv 1–3	1963	362	0	3,032	0	0	1,388	4,782	23,000
●	**31** Sliparen 2	Solna Business Park	Ekensbergsv 113, Svetsarv 3–5	1964	17,437	344	704	0	0	3,315	21,800	261,287
●	**32** Smeden 1	Solna Business Park	Englundav 6–14, Smidesv 5–7, Svetsarv 5–17	1967	34,338	4,159	1,770	467	0	3,809	44,543	728,447
●	**33** Svetsaren 1	Solna Business Park	Englundavägen 7	1964	12,410	742	588	0	0	2,430	16,170	191,000
	34 Svetsaren 3[1]	Solna Business Park	Enlundavägen 9–13		15,212	329	1,979	436	2,491	3,660	24,107	293,997
	35 Yrket 3[1]	Solna Business Park	Smidesvägen 2–8	1982	2,584	0	3,356	0	0	1,470	7,410	39,000
	Total Solna Business Park				**146,219**	**20,233**	**19,065**	**903**	**4,331**	**25,935**	**216,685**	**3,072,180**

Solna, Haga Norra

	Property name	Area	Street address	Construction year	Office/sqm	Retail/sqm	Industrial + warehouse/sqm	Residential/sqm	Hotel/sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2023
●	**36** Ackordet 1[2]				0	0	0	0	0	0	0	368,040
	37 Ackordet 2[2]				0	0	0	0	0	0	0	181,300
	38 Kvarten 1[2]	Råsunda	Frösundaleden 4		0	0	0	0	0	0	0	366,165
	39 Kvinten 1[2]	Råsunda	Frösundaleden 4		0	0	0	0	0	0	0	485,548
	40 Tersen 1[2]	Råsunda	Frösundaleden 4		0	0	0	0	0	0	0	90,103
	41 Hagalund 2:16[2]	Haga Norra	Frösundaleden 4		0	0	0	0	0	0	0	0
●	**42** Hagalund 2:11	Haga Norra	Kolonnvägen	2021	15,017	158	180	0	0	0	15,355	284,800
	Total Solna, Haga Norra				**15,017**	**158**	**180**	**0**	**0**	**0**	**15,355**	**1,775,956**

Other parts of Solna

	Property name	Area	Street address	Construction year	Office/sqm	Retail/sqm	Industrial + warehouse/sqm	Residential/sqm	Hotel/sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2023
	43 Distansen 4[2]	Ulriksdal		2016	0	0	0	0	0	0	0	18,900
●	**44** Distansen 6	Ulriksdal	Kolonnvägen 43–55	2016	10,500	539	0	0	0	0	11,039	162,200
	45 Distansen 7	Ulriksdal	Kolonnvägen 57–59	2016	0	0	0	0	0	9,810	9,810	41,762
●	**46** Fortet 2	Arenastaden	Råsundavägen 1–3, Hagavägen 1	1958	0	0	0	0	7,533	17	7,550	76,000
●	**47** Hörnan 1	Råsunda	Solnavägen 31–35, Garvis Carlssons gata 1–9	2018	15,698	730	32	0	0	0	16,460	487,000
●	**48** Järvakrogen 3	Frösunda	Enköpingsvägen 1	2015	0	0	0	0	7,423	0	7,423	239,000
	49 Klacken 2	Råsunda	Garvis Carlssons gata		0	0	0	0	0	0	0	14,000
	50 Lagern 2[2]	Råsunda	Solnavägen 37, Idrottsgatan 7	1985	0	0	0	0	0	0	0	0
●	**51** Nöten 4[2]	Solna Strand	Solna strandväg 2–60	1971	48,903	956	2,320	0	0	0	52,179	979,000
	Total, Other parts of Solna				**75,102**	**2,225**	**2,352**	**0**	**14,956**	**9,827**	**104,462**	**2,017,862**
	Total Solna (Arenastaden + Solna Business Park + Haga Norra + Other)				**514,414**	**28,520**	**32,681**	**903**	**35,964**	**74,660**	**687,142**	**14,210,557**

● Certified/Registered for certification.

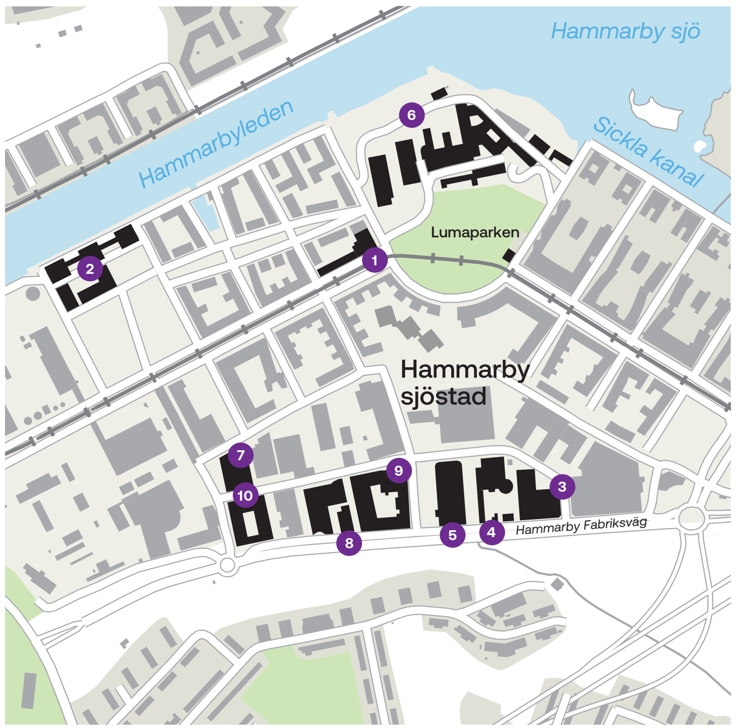
[1] Development property.
[2] Land & project property.

Hammarby Sjöstad, 31 December 2023

		Property name	Area	Street address	Construction year	Office/sqm	Retail/sqm	Industrial + warehouse/sqm	Residential/sqm	Hotel/sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2023
●	1	Fartygstrafiken 2	Hammarby Sjöstad	Hammarby Allé 93	1955	6,711	1,840	165	0	0	9	8,725	191,000
●	2	Båtturen 2	Hammarby Sjöstad	Hammarby Kaj 12, Hammarby Kaj 14–18	1937	16,099	276	457	0	0	1,230	18,062	521,000
●	3	Korphoppet 1	Hammarby Sjöstad	Virkesvägen 24–26	1949	8,473	575	3,875	0	0	1,244	14,167	185,400
	4	Korphoppet 5[2)]	Hammarby Sjöstad	Hammarby Fabriksväg 37–39	1968	0	0	0	0	0	0	0	8,400
●	5	Korphoppet 6	Hammarby Sjöstad	Hammarby Fabriksväg 33	1988	0	428	4,254	0	0	0	4,682	95,000
●	6	Luma 1	Hammarby Sjöstad	Ljusslingan 1–17, 2–26, Glödlampsgränd 1–6, Lumaparksv 2–18, 5–15, Kölnag 3	1930	30,089	2,394	1,365	691	0	3,848	38,387	605,696
●	7	Påsen 1[2)]	Hammarby Sjöstad	Textilgatan 41–43		8,425	0	3,051	0	0	384	11,860	108,073
	8	Trikåfabriken 12[1)]	Hammarby Sjöstad	Hammarby Fabriksväg 27, Virkesvägen 8–10	1942	4,632	891	4,291	0	0	978	10,792	158,504
●	9	Trikåfabriken 8[1)]	Hammarby Sjöstad	Virkesvägen 12, Heliosgatan 1–3	1930	11,623	1,037	2,649	0	0	12	15,321	251,000
●	10	Trikåfabriken 9	Hammarby Sjöstad	Virkesvägen 2–4	1928	14,671	375	477	0	0	1,065	16,588	548,000
		Total, Hammarby Sjöstad				**100,723**	**7,816**	**20,584**	**691**	**0**	**8,770**	**138,584**	**2,672,073**

● Certified/Registered for certification.

[1)] Development property.
[2)] Land & project property.



Luma 1, Hammarby Sjöstad.

Flemingsberg, 31 December 2023

	Property name	Area	Street address	Construction year	Office/sqm	Retail/sqm	Industrial + warehouse/sqm	Residential/sqm	Hotel/sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2023
	1 Anoden 4[1]	Flemingsberg			0	0	1,000	0	0	0	1,000	12,314
	2 Batteriet 3[1]	Flemingsberg	Regulatorvägen 15	1981	0	0	800	0	0	0	800	5,728
	3 Batteriet 4[2]	Flemingsberg	Regulatorvägen 17		0	0	0	0	0	0	0	3,604
	4 Generatorn 10[2]	Flemingsberg			0	0	0	0	0	0	0	0
	5 Generatorn 11[2]	Flemingsberg	Björnkullavägen		0	0	0	0	0	0	0	0
	6 Regulatorn 3[1]	Flemingsberg	Jonvägen 1, 3; Elektronvägen 2, 4, 6; Regulatorvägen 6, 8	1963	9,675	1,774	11,938	0	0	0	23,387	111,138
	7 Regulatorn 2[1]	Flemingsberg	Elektronvägen 1		3,867	0	38,017	0	0	1,149	43,033	173,508
●	8 Regulatorn 4[2]	Flemingsberg	Elektronvägen		0	0	0	0	0	0	0	13,500
●	9 Separatorn 1[2]	Flemingsberg			0	0	0	0	0	0	0	29,369
	Total, Flemingsberg				**13,542**	**1,774**	**51,755**	**0**	**0**	**1,149**	**68,220**	**349,161**

Other, 31 December 2023

Sollentuna and Borås

Property name	Area	Street address	Construction year	Office/sqm	Retail/sqm	Industrial + warehouse/sqm	Residential/sqm	Hotel/sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2023
1 Tekniken 1[2]	Sollentuna			0	0	0	0	0	0	0	126
2 Kabelverket 2	Älvsjö	Glasfibergatan 6–14 and others	1996	19,115	485	2,075	0		11,663	33,338	251,000
3 Daggkåpan 2	Borås	Backadalsstigen 4 A–D, 6 A–F	2021	1,775	0	0	3,705	0	0	5,480	106,520
4 Solrosen 16	Borås	Druveforsvägen 31	2021	0	0	0	1,284			1,284	36,600
Total, Other				**20,890**	**485**	**2,075**	**4,989**	**0**	**11,663**	**40,102**	**394,246**

● Certified/Registered for certification.


Separatorn 1, Flemingsberg.

The list of properties contains all properties in our ownership at 31 December 2023.
Unless otherwise stated, the property is classified as an investment property, meaning a property under regular and active management.

1) Development property – Properties in which a conversion or extension is in progress or planned that has a significant impact on the property's net operating income. Net operating income is affected either directly by the project or by limitations on lettings prior to impending improvement work. Recently acquired properties (within one year) with work in progress to significantly improve the property's net operating income in relation to the date of acquisition.

2) Land & project property – Land and development properties and properties in which a new build/complete redevelopment is in progress.

Five-year summary

	2023	2022	2021	2020	2019
Profit and loss accounts, SEKm					
Rental income	3,366	3,032	2,889	2,806	2,856
Gross earnings	2,528	2,161	2,176	2,112	2,144
of which gross earnings for Property Management – net operating income	2,524	2,240	2,185	2,112	2,144
of which gross earnings from residential development	4	–79	–9	—	—
Realised changes in value/Gain from property sales	0	74	56	49	0
Unrealised changes in value, properties	–7,831	–233	4,585	2,715	5,743
Profit/loss from Property Management	1,458	1,373	1,537	1,474	1,532
Profit/loss before tax	–7,380	2,964	6,712	4,007	7,034
Profit/loss after tax	–5,518	2,376	5,400	3,167	6,006
Balance sheet, SEKm					
Goodwill	205	205	205	—	—
Properties	78,093	86,348	83,257	76,648	74,250
Right-of-use asset, leasehold	949	1,243	1,092	897	942
Other property, plant and equipment	30	25	22	15	6
Derivatives	925	1,689	121	20	58
Non-current financial assets	1,319	456	832	1,108	810
Project and development properties	519	892	821	—	—
Other current assets	997	1,042	1,411	350	318
Short-term investments	98	96	96	108	134
Cash and cash equivalents	85	87	131	20	24
Equity	39,244	45,514	45,174	41,542	40,068
Provisions	8,305	10,195	9,603	8,288	7,613
Interest-bearing liabilities	32,982	33,341	30,399	26,669	26,414
Lease liability	949	1,243	1,093	897	942
Derivatives	240	0	186	617	426
Non-interest-bearing liabilities	1,342	1,633	1,336	970	1,079
Total assets	83,220	92,083	87,988	79,166	76,542

	2023	2022	2021	2020	2019
Key performance indicators[1]					
Surplus ratio, %	75	74	76	75	75
Interest coverage ratio, times	2.5	3.4	4.1	4.3	4.4
Equity/assets ratio, %	47	49	51	52	52
Debt ratio, times	13.5	15.6	14.7	13.2	12.8
Debt/equity ratio, times	0.8	0.7	0.7	0.6	0.7
Loan-to-value ratio, properties, %	42	38	36	35	36
Return on equity, %	–13.0	5.2	12.5	7.8	16
Average interest rate on interest-bearing liabilities, %	3.13	2.31	1.62	1.67	1.72
Total return on properties	–6.2	2.4	8.7	6.6	11.5
Property acquisitions and investments in existing properties, SEKm	3,101	3,325	2,626	1,854	2,556
Property sales, selling price, SEKm	3,859	—	—	3,541	1,701
Average no. of employees	217	206	196	180	172
Data per share, SEK[1]					
Earnings	–17.54	7.49	16.73	9.65	18.16
Equity	125	145	141	127	121
Cash flow from operating activities	4.99	6.29	4.7	4.11	6.1
Dividend[2]	1.80	2.40	4.00	3.60	3.20
Yield, %	1.7	2.7	2.6	2.8	2
Share price at year-end[3]	108.20	88.7	151.55	129.35	159.8
No. of shares outstanding at year-end before dilution, million	314.6	314.6	321.3	326.2	330.8
No. of shares outstanding at year-end after dilution, million	314.6	314.6	321.3	326.2	330.8

[1] KPIs based on the average number of shares, shareholders' equity, capital employed and interest-bearing liabilities have been calculated on a weighted average basis. Adjustment following 2:1 share split.
[2] The 2023 cash dividend according to proposal is to be paid quarterly on four occasions at SEK 0.45 per share on each occasion.
[3] Last paid.

Reconciliation of key performance indicators

The key performance indicators that are not according to ESMA are industry-specific KPIs and those of interest to analysts, stakeholders and investors.

	2023	2022
Return on equity		
Profit/loss for the period, SEKm	–5,518	2,376
Average capital, SEKm	42,379	45,344
Return on equity, %	**–13.0**	**5.2**
Equity/assets ratio		
Shareholders' equity, SEKm	39,244	45,514
Total assets, SEKm	83,220	92,083
Equity/assets ratio, %	**47**	**49**
Loan-to-value ratio, properties		
Interest-bearing liabilities, SEKm	32,982	33,341
Carrying amount, properties, SEKm	78,093	86,348
Carrying amount project & development properties	519	892
Loan-to-value ratio, properties, %	**42**	**38**
Debt ratio		
Gross earnings, SEKm	2,528	2,161
Reversal of impairment losses, projects and development properties	6	81
Central administration, SEKm	–97	–102
Total, SEKm	**2,437**	**2,140**
Interest-bearing liabilities, SEKm	32,982	33,341
Debt ratio, times	**13.5**	**15.6**

	2023	2022
Interest coverage ratio		
Gross earnings, SEKm	2,528	2,161
Reversal of impairment losses, projects and development properties	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, times	**2.5**	**3.4**
Debt/equity ratio		
Interest-bearing liabilities, SEKm	32,982	33,341
Equity, SEKm	39,244	45,514
Debt/equity ratio, times	**0.8**	**0.7**
Total return on properties		
Net operating income, SEKm	2,524	2,240
Realised and unrealised changes in value, properties, SEKm	–7,831	–159
Market value incl. investments for the period, SEKm	85,924	86,507
Total return on properties, %	**–6.2**	**2.4**

Financial targets

The following financial targets have been established by the Board of Directors:
- The equity/assets ratio shall be at least 35 per cent
- The loan-to-value ratio is not to exceed 50 per cent
- The debt ratio shall be a maximum of 13x
- The interest coverage ratio is to be at least 2.2x

Reconciliation of KPIs cont.

	2023	2022
EPRA key performance indicators		
EPRA Earnings (prof. from prop. man. after tax paid), SEKm	1,314	1,248
EPRA Earnings (EPS), SEK/share	4.18	3.93
EPRA NRV (net reinstatement value), SEKm	47,052	54,334
EPRA NRV, SEK/share	150	173
EPRA NTA (net tangible assets), SEKm	44,177	50,629
EPRA NTA, SEK/share	140	173
EPRA NDV (net disposal value), SEKm	39,228	45,623
EPRA NDV, SEK/share	125	145
EPRA Vacancy rate, %	9	11
EPRA Rental income change like-for-like, %	11	5
EPRA EPS		
Profit/loss from Property Management, SEKm	1,458	1,373
Deduction for tax depreciations, SEKm	–758	–767
Total, SEKm	**700**	**606**
Nominal tax, SEKm	144	125
Total EPRA profit/loss (earnings from property management less nominal tax), SEKm	**1,314**	**1,248**
Number of shares, million	314.6	317.2
EPRA EPS, SEK/share	**4.18**	**3.93**

	2023	2022
EPRA NRV, EPRA NTA & EPRA NDV		
Shareholders' equity, SEKm	39,244	45,514
Reversal of approved, unpaid dividends, SEKm	189	314
Reversal of fixed-income derivatives, SEKm	–686	–1,689
Reversal of deferred tax according to the balance sheet, SEKm	8,305	10,195
EPRA NRV (net reinstatement value), SEKm	47,052	54,334
Number of shares, million	314.6	314.6
EPRA NRV (net reinstatement value), SEK/share	**150**	**173**
Reversal of goodwill according to balance sheet, SEKm	–205	–205
Deduction of actual deferred tax, SEKm	–2,670	3,500
EPRA NTA (net tangible assets), SEKm	**44,177**	**50,629**
Number of shares, million	314.6	314.6
EPRA NTA (net tangible assets), SEK/share	**140**	**161**
Deduction of fixed-income derivatives	–686	1,689
Deduction of deferred tax according to balance sheet after adjustment of estimated actual deferred tax, SEKm	–5,634	–6,695
EPRA NDV (net disposal value), SEKm	39,229	45,623
Number of shares, million	314.6	314.6
EPRA NDV (net disposal value), SEK/share	**125**	**145**
EPRA vacancy rate		
Estimated market value for vacant rents, SEKm	318	363
Annual rental value, entire portfolio	3,406	3,313
EPRA Vacancy rate, %	**9**	**11**
EPRA investments[1]		
Acquisitions, SEKm	78	1,068
Investment in development and project properties, SEKm	2,094	1,427
Investment in investment properties, SEKm	1,007	830
Miscellaneous, SEKm	—	—
Total EPRA Investments, SEKm	**3,179**	**3,325**

Definitions

We present certain financial performance measures in the Annual Report that are not defined according to IFRS. We consider that these measures provide valuable supplementary information for investors and company management, as they enable an assessment and benchmarking of our business. 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 ratios are not defined according to IFRS, unless otherwise stated.

Return on equity
Profit for the period/year divided by average shareholders' equity. In interim reports, the return is converted into its annualised value without taking account of seasonal variations.

Return on invested capital in the project portfolio[1]
The change in the value of project and development properties, divided by the capital invested (excluding the initial value) in project and development properties during the period.

Loan-to-value ratio, properties
Interest-bearing liabilities divided by the carrying amount of the properties at the end of the period.

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

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

Financial occupancy rate[1]
Lease value divided by rental value at the end of the period.

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

EPRA NDV – NET DISPOSAL VALUE
Shareholders' equity according to the balance sheet.

EPRA NRV – NET REINSTATEMENT VALUE
Shareholders' equity according to the balance sheet following the reversal of fixed-income derivatives and deferred tax according to the balance sheet.

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

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

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

Investment properties[1]
Properties that are being actively managed on an ongoing basis.

Development properties[1]
Properties in which a conversion or extension is in progress or planned that has a significant impact on the property's net operating
income. Net operating income is affected either directly by the project or by limitations on lettings prior to impending improvement work.

Rental value[1]
Lease value plus estimated annual rent for vacant premises after a reasonable general renovation.

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

Lease value[1]
Stated as an annual value. Index-adjusted basic rent under leases plus rent supplements.

Land and Project Properties[1]
Land and developable properties and properties in which a new build/complete redevelopment is in progress.

Net lettings[1]
New lettings during the period less leases terminated due to departure.

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

Interest coverage ratio
Gross earnings less central administration in relation to net interest items (interest expenses less interest income).

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

Debt/equity ratio
Interest-bearing liabilities divided by shareholders' equity.

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

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

Actual deferred tax
Estimated actual deferred tax has been calculated as approximately 4 per cent based on a 3 per cent discount rate. Furthermore, it has been assumed that loss 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. Repurchase rate [1]
The proportion of leases that are extended in relation to the proportion of cancellable leases.

Surplus ratio[1]
Net operating income divided by rental income.

[1] This KPI is operational and is not regarded as an alternative performance measure according to ESMA's guidelines.

Annual General Meeting and registration

The Annual General Meeting will be held at Filmstaden Scandinavia, Mall of Scandinavia, Råsta Strandväg 19 A Solna, on Tuesday 9 April 2024 at 3 pm CET. Registration for the AGM begins at 2.15 pm CET. The meeting will be held live online and shareholders will be able to ask questions digitally via a chat function. Advance postal voting is available.

Registration
Shareholders wishing to participate in the AGM must firstly be registered as a shareholder in the share register maintained by Euroclear Sweden AB (formerly VPC AB) on Thursday 28 March 2024, and secondly notify the company of their intention to participate, stating the names of any advisors they wish to invite, no later than 4 pm CET on Wednesday 3 April 2024.

Notice of attendance at the AGM is given in one of the following ways:

- By post:
  To Fabege AB (publ),
  'Fabege's Annual General Meeting'
  c/o Euroclear Sweden AB,
  Box 191, 101 23 Stockholm
- By telephone:
  +46 (0)8-402 90 68
- By email:
  generalmeetingservice@euroclear.com
- Via Euroclear's website:
  anmalan.vpc.se/euroclearproxy

When registering, shareholders must state their name, personal ID or corporate registration number, address and telephone number, shareholding and the names of any advisors. Shareholders whose shares are held in the name of a trustee must temporarily reregister the shares in their own name at Euroclear Sweden AB to be entitled to participate in the AGM. Such reregistration must be completed no later than Wednesday, 3 April 2024. For this to be possible, the shareholder must make such a request to their trustee well in advance of this date. If participation is to be based on a power of attorney, such a document, together with a registration certificate or another document proving authorisation to vote, must be submitted in connection with registration.

Postal voting
To vote by post, a special form must be used. The form is available on our website, www.fabege.se/en/agm-2024/. Further information regarding the voting procedure is available on the website. Postal votes must be received by Euroclear Sweden AB no later than 3 April 2024.

Postal voting is to some extent subject to the same rules as for in-person attendance. These rules require shareholders, firstly to be registered in the company's share register, and secondly to notify their intention to attend the meeting, and, if the shares are registered in the name of a trustee to have ensured that the shares are re-registered in their own name by no later than the date indicated above.

In the case of postal voting, shareholders may not attach special instructions or conditions to their postal vote. If any such are attached, the vote will be declared null and void.

In the case of postal voting via a representative, the shareholder must issue a written and dated power of attorney for the representative. If the shareholder is a legal entity, an appropriate registration certificate or other documents proving authorisation to vote must be submitted in connection with registration.

Information for shareholders
We publish our Annual Report and interim reports in Swedish and English. All publications are available as PDF files on our website, fabege.se/en.

We send annual reports by post to shareholders that have requested this. All financial reports and press releases are available in Swedish and English on the our website.

Information is also provided via a subscription service on our website. Our website also provides current information about our share price. In addition, we provide quarterly presentations in connection with each interim report.

Calendar 2024

Important dates	
2024 Annual General Meeting	9 April 2024
Interim report Jan–Mar 2024	25 April 2024
Interim report Jan–June 2024	5 July 2024
Interim Report Jan–Sep 2024	22 October 2024

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