

Turning vision into reality – with people front and centre





We are Fabege

We develop attractive and sustainable districts, with a primary focus on commercial properties within a limited number of well located submarkets in the Stockholm region. Value is created via property management, property development, project development and transactions. It's important to us to be a supportive partner that puts people front and centre and enables companies, locations and our city to develop.

Major owner with a clear strategy

We are one of the largest property owners in Stockholm, with a property portfolio grouped into clusters. Our property clusters create greater customer proximity, and when coupled with our excellent local expertise we have a solid foundation for efficient property management and high occupancy rates. Our primary focus is commercial property, but the Group also includes SHH Bostad, which is a property development company with a focus on residential and public-services property.

Focused and sustainable

We believe mixed-use developments are a prerequisite for creating safe, sustainable and attractive neighbourhoods. We invest in life between the buildings, and take responsibility for ensuring access to green spaces, restaurants and services. We work actively with social sustainability issues and help make Stockholm a low-carbon, safe city. All our properties and projects are environmentally certified to BREEAM-SE* standard and we have 99 per cent green financing.

Responsive to the customer's perspective

A society that is rapidly evolving requires responsive business partners who have the strength and power to constantly find new solutions to meet customer needs. We believe it is important to continually develop our customer offering. Our commitment extends beyond acquisitions, local development plans and leases. We create the conditions to help people and companies develop and thrive. We consider the whole person. The whole company. The whole area. All the time.

“We work actively with social sustainability and are keen to help build a low-carbon, safe city.”

Three reasons to invest in Fabege



Clear geographical concentration and a targeted focus

We pursue urban development in a select number of fast-growing submarkets in the Stockholm area. It means we have a good knowledge of the market and efficient property management. Our primary focus is commercial property, supplemented by residential and public-services property, which add value and appeal in our areas.



Great potential

We have a large portfolio of development rights for both office and residential properties, which has seen additional growth with the acquisition of SHH. Owing in part to an efficient construction process, we see great potential for our investments in urban districts to generate substantial value.



Stable and green

We have a stable balance sheet and strong KPIs. We are at the forefront in terms of sustainability, and the climate issue is important to us. We want to contribute to improved health, wellbeing and safety in our districts. All project properties and investment properties are sustainability certified and our entire loan portfolio is essentially classified as green.

Find out more under the Message from the CFO on page 66.

*BREEAM-SE is an international system under which certification is awarded by an external party.



94

properties

218

Employees

100%

environmentally certified properties*

1,247,000 sqm

lettable area

778,000 sqm

total office development rights

675,000 sqm

total residential development rights

SEK 3.4bn

rental value

SEK 83.3bn

property value

*Relates to investment and project portfolio excluding future development properties

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This is a translation of the Swedish original. In case of any inconsistency between the Swedish and the English version, the Swedish version shall prevail.



Fabege 2021

We can look back on a strong year that was also marked by some challenges. The pandemic has affected us in the same way it has affected the rest of society, but we have managed the situation well. During the year we completed the largest office letting in Sweden and the strategic acquisition of SHH Bostad.

Significant events

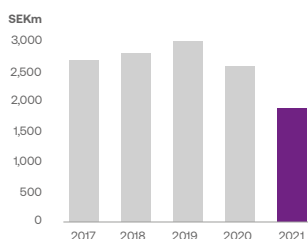
- The largest office letting of the year was in Flemingsberg, where we will build around 20,000 square metres of office and lab space for Alfa Laval.
- In Flemingsberg, we signed an agreement with Huddinge Municipality on land allocations totalling an area of approximately 225,000 square metres, including 195,000 square metres of commercial space and 30,000 square metres of residential space.
- We completed the strategic acquisition of SHH Bostad for SEK 880m.
- During the year we were allocated land in Solna, Hammarby Sjöstad and Flemingsberg of a total of 264,000 sqm office space and 40,000 sqm residential.
- Two major lettings were concluded in Stockholm inner city with co-working company Convendum; 7,600 square metres on Kungsgatan and 4,400 square metres on Drottninggatan.
- We scored 93 points out of 100 in GRESB's (Global Real Estate Sustainability Benchmark) sustainability survey for 2021.
- According to GPTW (Great Place To Work), an impressive 94 per cent of our employees would recommend Fabege as an employer.

Key performance indicators

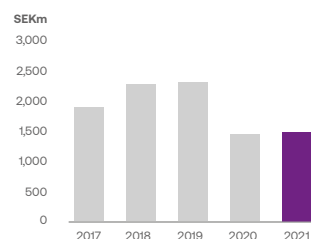
	2021	2020	Objective
Equity – SEK per share	141	127	
EPRA NRV – SEK per share	171	155	
Total return on properties, %	8.7	6.6	
Surplus ratio, %	76	75	75
Equity/assets ratio, %	51	52	>35
Loan-to-value ratio, %	36	35	<50
Debt ratio, multiple	14.7	13.2	<13
Interest coverage ratio, multiple	4.1	4.3	>2.2

Earnings

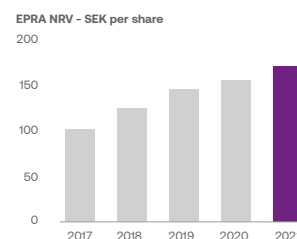
Investment volume



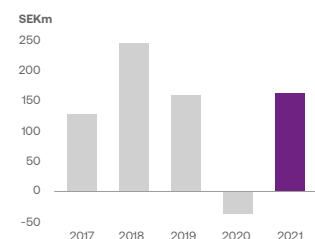
Value change project



Net asset value per share



Net lettings





Alfa Laval chose us and Flemingsberg

Towards the end of the summer, we completed the largest office letting of the year in Sweden when Alfa Laval chose to relocate its operations in Tumba to Flemingsberg. Some 20,000 square metres right in the heart of the new Flemingsberg district will be the new home for Alfa Laval's 700 employees and a new, high-tech innovation centre. The letting will bring annual rent of around SEK 54m, and the lease extends over 22 years with occupancy scheduled for the second quarter of 2025.

"We're delighted about this letting, which is yet one more major and key milestone in our Flemingsberg journey. The first significant office letting is always the hardest, and now we have that piece of the puzzle in place," comments Stefan Dahlbo.

Our investment cost is roughly SEK 740 million, excluding land acquisition.



A good year despite the pandemic: From property company to urban developer



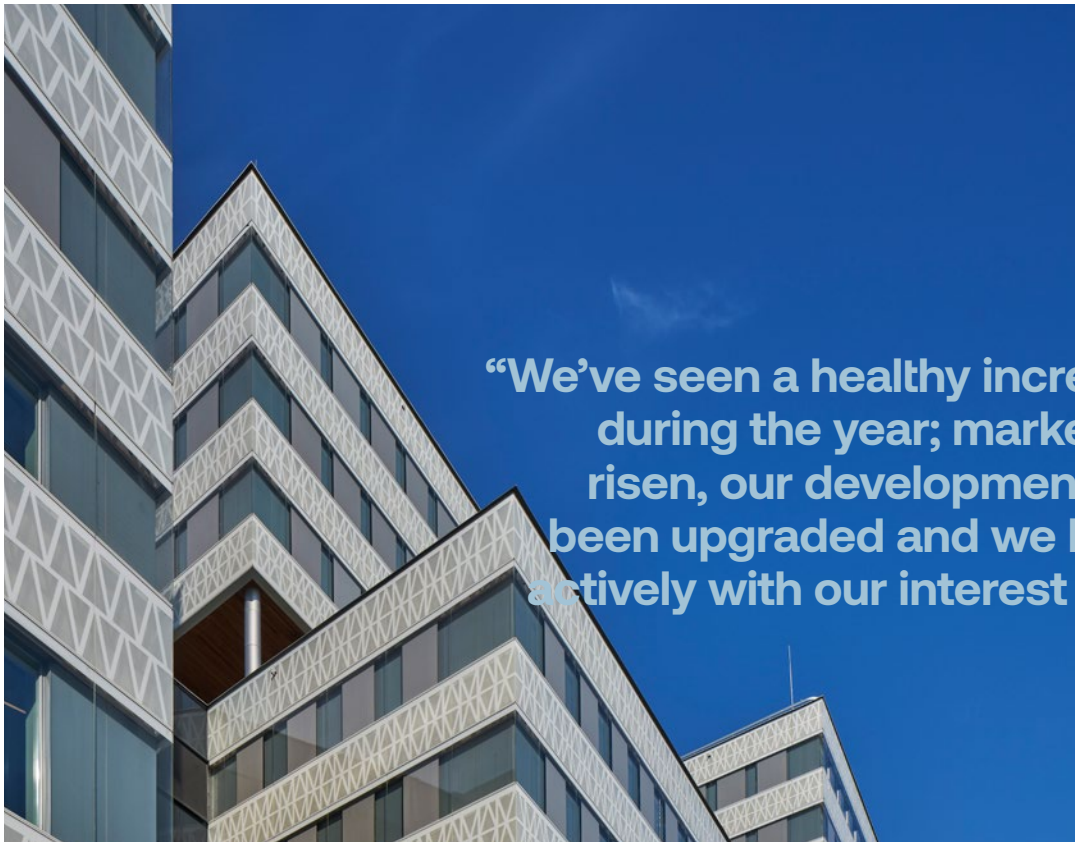
As recently as our third quarter report for 2021 I wrote that after almost 600 days of restrictions, Sweden was hopefully starting to move on from the pandemic and revert to a more normal way of life. There was a setback with tighter restrictions, but Sweden has now finally opened up. Restrictions have been removed and our districts are coming back to life. The question of whether Covid will become a permanent, recurring phenomenon similar to annual flu outbreaks, or whether there are more setbacks to come remains to be seen. And it will be interesting to monitor the long-term effects of the pandemic on the Swedish and global economy.

However, what we can see is that despite the pandemic, 2021 was a good year, both for Fabège and for many of our customers. We have experienced an active rental market, received a host of enquiries, achieved positive net lettings, increased rental income, improved net operating income and, above all, seen healthy growth in the value of our property portfolio. Meanwhile, our employees have done a fantastic job and taken on considerable responsibility, and in that respect I believe that we're actually stronger as an organisation now than before the pandemic.

“The hardest part of making good business deals is to resist making bad business deals.”

Simon Spies

The year also saw soaring share prices, record-low interest rates and capital that is desperately looking for ways to generate a return. This has led to many property companies achieving a stock market value way in excess of their net asset value. In other words, properties have a higher stock market value than they have



“We’ve seen a healthy increase in value during the year; market rents have risen, our development rights have been upgraded and we have worked actively with our interest rate swaps.”

individually. So for us it’s been particularly important to maintain a firm focus on our business and the factors we are able to influence, continuing to develop a robust company that generates healthy earnings, holds a strong financial position and has plenty of opportunities. I am often asked about potential acquisitions, and about the future of the office as a workplace. If I can start with our acquisitions, the market has been strong and there have been numerous transactions, primarily in residential and logistics buildings, while there hasn’t been much movement in low-yield office properties in Stockholm. In particular, there has been and remains a shortage of sellers of centrally located properties in Stockholm and Solna, and as we know, both sellers and buyers are needed to make deals happen. The transactions that have taken place in our areas have been completed at very high levels and more than substantiate the valuations we have. During the year we have been involved in bidding on a number of properties and projects, but have not been prepared to stretch to the levels at which the sales were completed. We have therefore focused instead on continuing to work on our projects. We see great value in our future projects and our shareholders, quite rightly, have high expectations for long-term returns. This doesn’t mean that we’re ruling out interest in suitable properties. We’ve seen a steady increase in value over the year; market rents have risen, our development rights have been upgraded and we have been working actively with our interest rate swaps and share buybacks. We have the resources in place if and when the time is right. Analysts believe, as do I, that the market for office properties in the right locations will remain strong, and we need to be ready to act.

Of course there will be challenges in 2022 as well. Working to reduce vacancy rates and strengthen cash

flow will be two key focus areas for us during the year. The 10 per cent vacancy rate in our portfolio is too high, although much of this figure is due to customisations for tenants yet to move in. We are also aware that we will have a vacancy in the Nöten property in Solna Strand when the Swedish Tax Agency moves out at the beginning of 2022. Work is underway on adapting these premises to accommodate more tenants. However, I have no concerns about more structural vacancies either there or in the rest of our portfolio. We have premises in prime locations close to public transport, and we have also consolidated our letting function to ensure that we work long-term and consistently.

“Tomorrow belongs to those who can hear it coming.”

David Bowie

Once again, when it comes to the future of offices as a work space, as always I’m convinced that they are here to stay, albeit in a different form. The emerging office is no longer simply a place to go to work, but also a venue for meetings and social activities; a place that creates and maintains a company’s soul. Today’s office is a far cry from the office that served as a place of work for officials from a couple of centuries ago, and the ‘Taylorist’ office layout of the 20th century. Offices today are about flexible workplaces, smart and stimulating hubs. They may also encompass common meeting areas that can be used by all the tenants. Co-working concepts create additional flexibility, just as we are seeing co-living emerging as an alternative form of housing. This development has been underway for a long time, and isn’t really anything new, but it has been further fuelled by the pandemic and by growing interest



“SHH complements our capabilities with their residential and public-services property expertise.”

in the sharing economy. Our WAW solution, which allows our tenants to work from alternative offices as needed to simplify their work-life balance, is an example of how we can actively contribute to a more sustainable way of working.

“It’s kind of fun to do the impossible.”

Walt Disney

Our acquisition of SHH Bostad AB in October generated considerable interest towards the end of the year. For me, the acquisition is a natural step in our transition from a property company into a significant urban developer. It’s a journey that we began roughly five years ago, and that we’re now taking to the next stage. We have included residential in our portfolio for many years now, but we have not fully regarded ourselves as urban developers. We’ve enjoyed effective and successful partnerships and joint ventures to develop this part of our portfolio, but have chosen not to be at the forefront in this area. SHH complements our capabilities with their residential and public-services property expertise, and their project portfolio is a good match with ours. The acquisition gives us a quick way in, which means that together we can lead various projects, build thriving and exciting districts, be involved in the value creation process for longer and thus achieve better returns. It’s sound logic.

“Stockholm, Stockholm city in the world, Stockholm, Stockholm, city of the world.”

Pugh Rogefeldt, Singer-songwriter

Some have also been wondering whether following the acquisition of SHH we have any plans to adjust our strategy and start investing in other parts of Sweden. But Stockholm is still our lifeblood. Stockholm is a capital

city, a mecca for events and a natural location for companies to establish themselves and forge business contacts, but it’s also a place to live. The majority of SHH’s future projects are based in Stockholm, as are our own, and our 90 or so properties are all located within a 20 km-radius of Stockholm inner city. We have combined development rights for 10,000 homes, mainly in Solna and Flemingsberg. This is unique, and in addition SHH’s projects are a perfect fit with our existing ones.

We mustn’t forget that property management is at the heart of our current operations, with a portfolio valued at roughly SEK 83 billion. Every day we must nurture and develop our property holdings. It’s a daily responsibility involving numerous tasks, big and small. But it’s these very tasks that generate results. We want to be an effective partner, one that can grow and develop alongside our customers, that understands their business and can support them when needed. Like now, during the pandemic. It’s often a matter of offering our customers flexible solutions, when it comes to size of premises, how they can be used, and in particular, the length of our leases. Quite simply making life easier for our customers, every day.

Much of our sustainability work also takes place on site at our customers’ premises, and sustainability is almost a hygiene factor these days. We must be able to offer functional premises in good properties and in interesting locations in order to be attractive to our customers in the long term. And I’m proud to say that we’re among the best in the business. At the end of the year we scored 93 points out of 100 in the Global Real Estate Sustainability Benchmark (GRESB) ranking of over 1,200 property companies and their sustainability performance. Last summer saw the official opening of Scandinavia’s first zero-energy hotel in Arenastaden, and in December it was named BREEAM Building of the Year 2021 by the Sweden Green Building Council, also an achievement of which we are proud. Moreover, since the start of last year our financing has essentially been





“Our most extensive project is of course the transformation of Flemingsberg.”

entirely green. In June, we took out the Nordic region’s first taxonomy-adapted loan that satisfies the EU’s proposed criteria for green financing.

Work with our projects continues. Demand remains strong in Arenastaden, where we are only halfway through our development, and we are continuing with the completion of Haga Norra. We’ve initiated stage two there via the construction of kvarter 1, which is the first office block in the area and which will be ready for occupancy in 2024. The district also includes additional residential areas. In early 2021, Bilia moved into its new premises and there’s been a great response during the year to the apartments we are producing in the area. In Solna Business Park, which is a fantastic location for public transport, we are continuing to transform the hub into a modern district with space for living and working. A short distance away, at Solna Strand, an entire block is being revitalised in the same way. Turning to the inner city, in December we signed an agreement with Conventum, which is planning a brand new co-working arena at Drottninggatan 29. Furthermore, Conventum will be moving to its new premises on Kungsgatan 9 in summer 2022. Lettings in the inner city have recovered, which is good to see.

Our most significant project, which is a little more long term, is of course the transformation of Flemingsberg. We already have the Royal Dramatic Theatre and the Royal Swedish Opera as tenants, with relocation scheduled for 2024, and in September we signed a 22-year lease with Alfa Laval, which will be our first office tenant in the area. The 20,000-square metre property will form the heart of what we see as the future centre of Flemingsberg, a centre that brings the area together to create a safe and pleasant atmosphere throughout the district. Work on the local development plan for the district is currently underway. The Alfa Laval lease was the largest newly signed lease in Sweden in 2021, and during the year we concluded three of the 13 largest lettings in the country.

To further support the positive development in Flemingsberg, during the year we launched a collaboration with Läxhjälp, which works to help more young people achieve upper secondary school entrance qualifications, and with TalangAkademin to actively help us and our partners create internships and jobs. I regard upper secondary school qualifications and internships as crucial to many young people’s ability to establish themselves in today’s society, and I’m happy that we are able to contribute to that. We will also be investing in purposeful leisure activities.

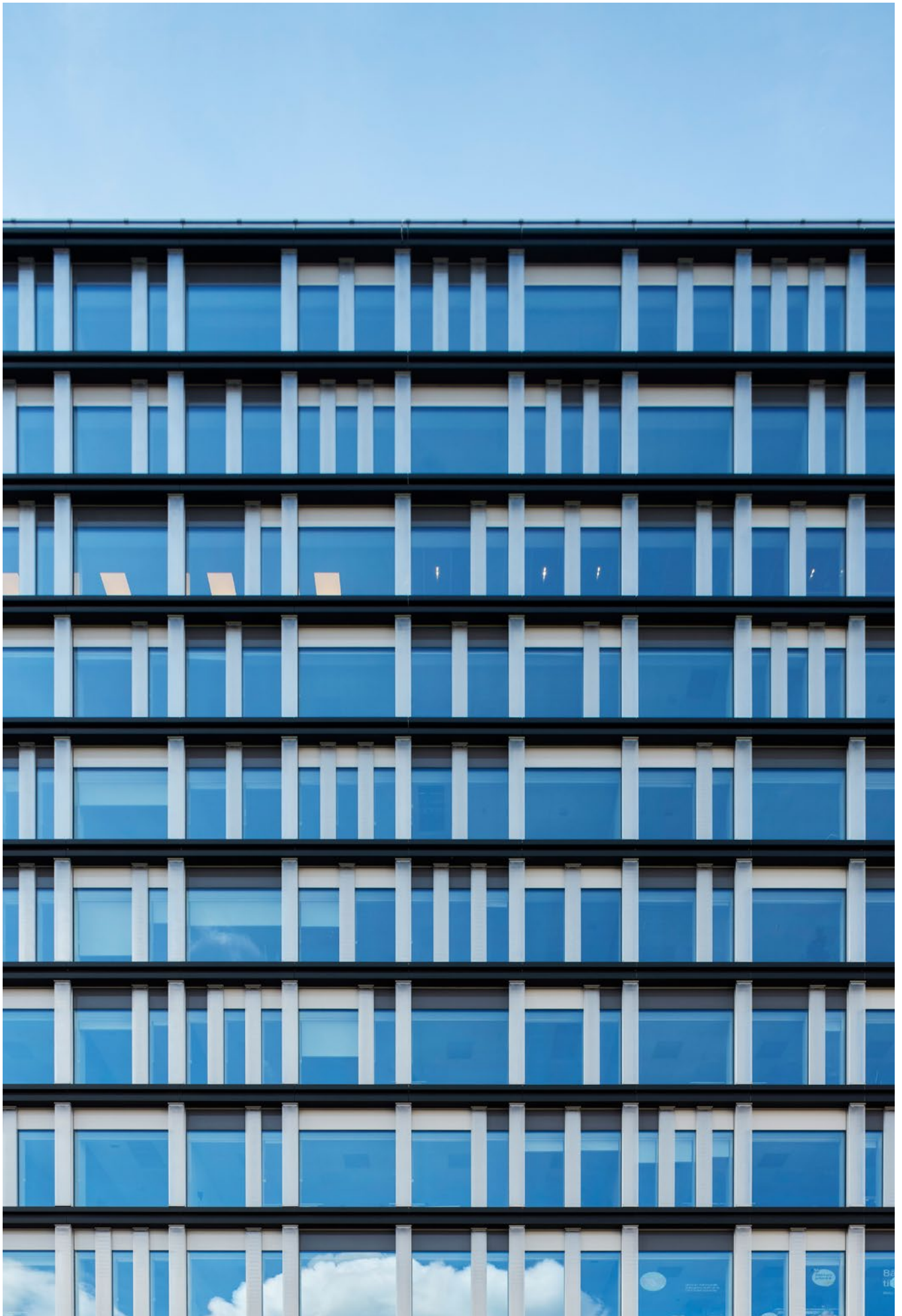
“If you don’t know where you’re going, any road will take you there.”

Lewis Carroll, from Alice in Wonderland

To summarise, I am looking to 2022 full of expectation. We are well-equipped and have a strong balance sheet and a stable customer base. We have well-maintained, modern properties in prime locations, and a number of exciting new projects in the pipeline. Our employees are motivated and capable, and our SPEAK values give us a firm foundation in our daily interaction with customers. We are forging ahead with our efforts to contribute to sustainable, positive societal development, along with safe and stimulating urban districts. All with the aim of continuing to generate shareholder value. However, some of the drawbacks we face include rising interest rates, the ongoing pandemic and the fact that for some time we have had significant government support at various levels, and in particular the political uncertainty.

I would like to extend my heartfelt thanks to all our employees, customers, partners, and in particular our shareholders for your contributions, and I look forward to our successful cooperation continuing in 2022.

Stefan Dahlbo
President and CEO





Strategy for growth

More than ever before, society, businesses and people need to be prepared to adjust and make changes to ingrained behaviour. We are a long-term partner and urban developer with a thorough knowledge of our city. We can adjust swiftly and flexibly and steer development in response to new, unique needs, whether they relate to individual offices, new services, or adapting entire districts to new opportunities and challenges. Through curiosity, responsiveness and drive, we have our sights set on the future.

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, project 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.



Our 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.



Our mission

We turn 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.



Our pledge

Via solutions in response to ever-changing needs, we take a holistic approach.

The whole person, the whole company, the whole location. All the time.

We have a robust corporate culture based on our core values, with a high level of commitment and considerable pride.



Strategy

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

Our main focus is on commercial property, but we take responsibility for the whole package – residentials, services and life between the buildings.

We are actively engaged in developing our property holdings and completing transactions to continuously boost the potential of our property portfolio.



The way forward

As markets develop and evolve, we identify new business opportunities.

Digitalisation, changing needs and ways of working will fit well with our modern offices in attractive locations, and the flexibility we offer.

We are continuing to develop the Stockholm region, in ways large and small, to help it become a more sustainable, low-carbon place.

Heightened focus on safety and social sustainability as we take on the additional responsibility of residential development in our areas.





Targets that guide our business

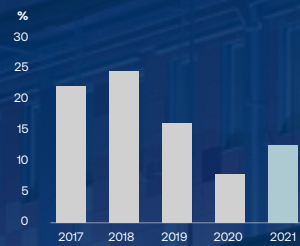
Our overarching objectives, via the company's well-situated portfolio, business model and expertise, are to create and realise value in order to provide our shareholders with an overall return that ranks among the best among property companies on the stock exchange, and to contribute to Stockholm's sustainable development and the UN Sustainable Development Goals.

Financial targets

Our Board of Directors has decided on the following financial targets for the business:

- Return on equity. To consistently be one of the foremost listed property companies
- Loan-to-value ratio of max. 50 per cent
- Equity/assets ratio of min. 35 per cent
- Interest coverage ratio of at least 2.2
- Debt ratio of max. 13.0

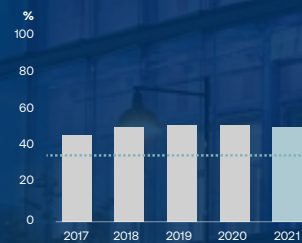
Return on equity



Loan-to-value ratio



Equity/assets ratio



Interest coverage ratio



Debt ratio



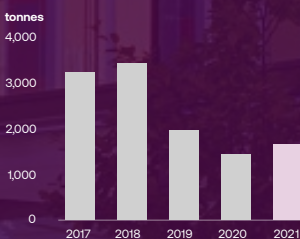


Sustainability targets

Sustainability goals are a fundamental aspect of our strategic work. They aim to ensure that we are a resilient and future-proof property company, that our customers are satisfied and that we are one of the best places to work. Our key goals are:

- To achieve carbon neutral property management (Scopes 1 & 2) and cut our indirect Scope 3 emissions by half by the year 2030, compared with 2019
- All investment properties are to be environmentally certified to BREEAM In-Use standard, Very Good
- All project properties will be certified to BREEAM-SE standard, Excellent
- Energy efficiency with the target of an average of 77 kWh/sqm Atemp* by 2023
- We will be one of Sweden's best workplaces, with a GPTW score of >85

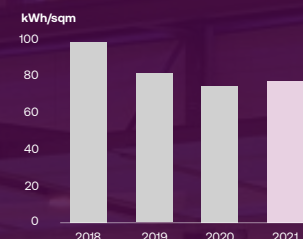
Carbon neutral property management (Scopes 1 & 2) by 2030



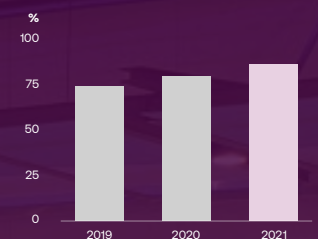
Environmental certification existing portfolio, proportion of total lettable area, %



Energy use/sqm Atemp in our properties



Satisfied employees (GPTW)



*Atemp is heated area as defined by the Swedish National Board of Residential, Building and Planning (Boverket).



New needs generate business opportunities

Post-pandemic working life is looking different. The digital transformation has fundamentally changed the landscape for many organisations. Offices will remain important, but will take on a new role as a meeting place; a forum for promoting creativity, team spirit and innovation. Health, wellbeing and sustainability are the focus, with increasing demands for flexibility and service.

Trend 1: A digital transformation that affects everything

Trend

The digital transformation is fundamentally changing everyday life, affecting every individual, business and service. It also brings completely new requirements on us as a property owner and urban developer. Digital services can make a lot of things easier, from car pooling to ordering ancillary services and signing contracts. Digital technologies provide opportunities for new ways of living, and behaviour is changing. We can work almost anywhere: while travelling, at home, at a co-working hub or at the office. Some tasks can be managed more efficiently remotely, and new communication channels are created. Travel to and from work is decreasing, while at the same time we are seeing new challenges for both companies and individuals. Some miss the companionship of being with colleagues. Others experience more stress because they find it difficult to draw a line between work and leisure time. Team spirit, innovative drive and corporate culture may suffer as a result. However, modern technology is clearly going to impact how properties are built and how premises are used in the future.

Our response

Used correctly, new technology fuels productivity and profitability, both for us and for our customers. We collect and analyse information about our properties in real time via a digital fibre network, enabling us to optimise electricity, water, cooling and heating consumption. Digitalisation also helps us adapt premises to customer needs and improve security in the buildings. Our customers are already able to quickly and simply access information, report faults or book a slot at one of our WAW offices (Work Away from Work); an office hub concept available to our customers. Customer benefits are maximised and property management becomes more efficient. We are convinced that offices will continue to have an important function going forward. We believe the office will play a key role alongside effective leadership, and a focus on employees' wellbeing and the company's need to build on its corporate culture and encourage loyalty. Here at Fabega, we practise what we preach. We are more productive owing to digitalisation and it strengthens our way of working. In this way, we can inspire our customers to do the same.



WAW

Work Away from Work is our office hub concept available exclusively to our customers. Our app makes it easy to book a workspace at one of our WAW offices, which are currently located in Arenastaden, Stockholm inner city and Hammarby Sjöstad.



Trend 2: Values, wellbeing and sustainability

Trend

Over the past few years, an increasing amount of attention has been focused on psychosocial health and wellbeing. For the younger generation, good conditions for a healthy and balanced life are often crucial when choosing a place to work. A prospective employer's values and commitment to sustainability are also important factors. The UN climate goals and Agenda 2030 have contributed to higher sustainability standards where economically, socially and environmentally sustainable workplaces are more or less essential. Furthermore, the external environment is becoming increasingly important. The world around us hasn't only been affected by the pandemic. Climate change, political tensions and increased polarisation are also causing greater anxiety.

Our response

We adopt an organised approach to safety and security issues in order to address and curb concern and vulnerability among individuals, companies and at our properties. We are developing vibrant urban environments with daytime and evening activities to contribute to safe and experiential meeting places. We pursue wide-ranging sustainability work in order to gain an understanding of what makes a district sustainable from every perspective. All our properties are sustainability certified, but our ambition doesn't stop there. We work systematically and purposefully to contribute to a more sustainable city. We ensure a good work environment – both at our offices and in other locations – and we encourage our own employees to look after their physical and mental health, which is an approach we share with many of our customers. We hope to encourage more people to join us in striving for the same ambitious goals, and we're proud to have Europe's healthiest workplace on our books.





Trend 3: Need for flexibility, simplicity and service

Trend

There are increasing demands for efficient use of resources, and the sharing economy is creating new approaches and services. The office market is experiencing greater demand for flexible offices and packaged services. Office hubs and co-working solutions are concepts that have emerged, offering companies opportunities to enable their employees to check in at the workplace as needed, or share facilities with other companies. Flexibility in leases and the size of premises is in increasing demand. This could involve shorter lease terms or temporary solutions allowing tenants to increase or reduce their office space. For some companies, being able to move into fully equipped offices immediately is both desirable and sometimes even essential. Ancillary services are in high demand, and seamless and easily accessible logistics and transport solutions are increasingly common.

Our response

According to the feedback we have received, our customers feel that at Fabega we are responsive and focus on solutions. It's an important part of our approach when we're helping customers expand or reduce the space in their premises as needed.

To meet demand for various types of office solutions we offer both our own office hubs, or WAW offices, and smaller offices where several tenants share facilities. We work actively to improve this facility for our tenants via various ancillary services. One example is our projects to contribute to sustainable transport and logistics solutions in our districts. We are constantly exploring new opportunities linked to the sharing economy, and with the customer in focus we can increase flexibility in leases as well as our offerings and approach.



Urban Services

The company is a collaboration between us, Catena and Ragn-Sells, to create a local sustainable logistics network in which deliveries, returns handling and recycling are managed in a joint flow to and from Arenastaden. The aim is to be able to reduce transportation for a cleaner and safer neighbourhood.



Trend 4: A different office for a different future

Trend

Post-pandemic working life is likely to look quite different. There are strong indications that the nature and type of activity will increasingly determine where tasks are carried out. Together with higher cost requirements, this could lead to a growing demand for smaller offices. But it could also mean the opposite, with a greater need for meeting spaces where offices become venues for coming together to build on corporate culture and for status reporting. It's easier to collaborate and build team spirit in person, and face-to-face meetings also encourage innovation and drive creative processes. The workplace of the future must offer environments and social activities together with organisational benefits that strengthen the corporate culture, lead to greater interaction and flexibility and, in particular, improved profitability.

Our response

We stepped up our dialogue with our customers before and during the return to the office. The discussions highlighted considerable variation in terms of both processes and changing needs. Some companies need time to identify new approaches in the wake of the pandemic, while others are almost back at full strength. That aside, many employees have missed the creativity, development and feeling of togetherness that offices represent. The office remains an important place, albeit with a new role. We want to be on board in pushing this trend forward and we are working closely with our customers to provide solutions that add value to their business.

With our extensive experience in office development, we look at the whole picture and can support our customers through the whole process, from optimising premises and implementing new technology, to changing the way they work. We recognise that different customers have different needs, and that there is no one-size-fits-all solution. But most organisations have one thing in common: they want their employees to be able to develop and thrive in a healthy, creative and social working environment. Getting to and from work must be easy, and their daily routine must work for them.





A dynamic property market

The Stockholm office market has for many years been the hottest in Europe, with low net supply and rental levels that have been constantly on the rise. During the pandemic, this positive trend stalled to some extent, but with the return to offices, demand has once again picked up.



With its traditionally long lease terms, the office market has so far been relatively sluggish. In Stockholm, supply has long been low and rents have climbed steadily year on year, a trend that was broken by the pandemic. The dip in the curve was temporary, and in the wake of many months of remote working and somewhat lower demand, rent levels have started to rise again.

Higher rent levels and greater focus on quality

For our part, the renegotiations completed in 2021 have resulted in a 11-per cent increase in rents. In an identical portfolio, after remaining unchanged compared to the previous year, rent levels have started to rise again. Work on larger lettings is now taking slightly longer than before, while we are seeing increased quality awareness among interested parties; a trend that favours us with our portfolio of modern, certified properties in attractive locations.

Flexibility and services in demand

After a slight decline in 2020, the number of employees in office-related occupations in Stockholm is on the up again, and in 2021 it reached a level that was very close to that of 2019. According to forecasts, we will see a continued increase over the next few years. Although post-pandemic working life is likely to be different,

particularly in Stockholm, the office will continue to have an important role. Some employers see increased remote working as an opportunity to reduce their leased space, while others are indicating that the need for more space is increasing as offices start to function more as hubs.

Many employers share a desire to provide a pleasant working environment to attract employees to their offices. Creating a campus feel and environment that encourages meetings and creativity. The trend is towards placing greater emphasis on content and quality, rather than square metres per employee. Generally speaking the office market is also seeing greater demand for flexible offices and packaged services.

New kinds of conversions

One of the reasons why rent levels in Stockholm have been rising for some time is that supply has been low. It's true that more offices are continually being built, but we have also seen a number of significant conversions into hotels and residentials. It's a trend that appears to have weakened, initially for residential but also for hotels as the market is more saturated. The impact of the pandemic is more lasting here, with a considerable decline in travel, particularly business travel.



Fewer stores and more experiences

The Swedish Trade Federation predicts that e-commerce will continue to grow, and that within ten years, between 30 and 40 per cent of all retail trade will take place online. This would mean that between 6,000 and 10,000 shops could disappear by 2030. Ground floor premises will then have to be filled with other public amenities. So in the future we are likely to see some of Stockholm's retail areas and shopping centres converted to house other activities, such as entertainment and culture or public services.

All property owners are affected by these developments and we have a clear strategy for the neighbourhoods in which we are major owners. We take a holistic approach, and Haga Norra is one of the clearest examples of this. We're building a brand new neighbourhood here, with a strong emphasis on the ground floors of buildings, providing space for activities that are attractive to residents, workers and visitors alike. In all our areas, we are working hard to strengthen life between the buildings by creating meeting places and useful services.

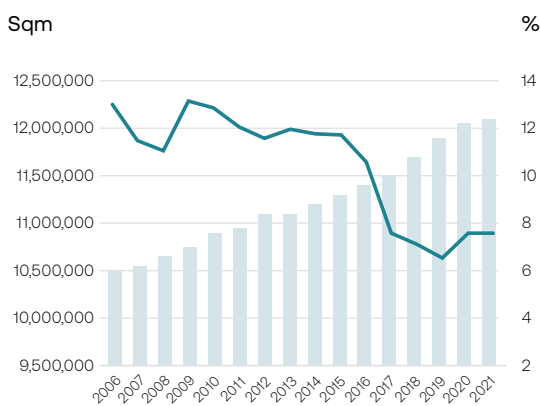
Office employment*

Number of office-based employees in Stockholm



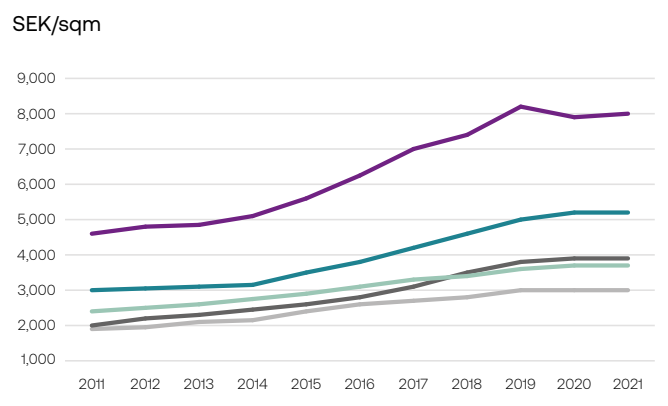
Source: SCG and Catella
 *Forecast for the year

Office stock and vacancies



Source: Cushman & Wakefield

Rental trend



Source: Cushman & Wakefield



Stockholm's office market remains strong

Despite the pandemic, Anders Hansén, Head of Occupier at CBRE and Anders Elvinsson, Head of Valuation & Strategic Advisory at Cushman & Wakefield believe that over the next few years Stockholm will see a positive trend in its office market. However, there will be a clearer distinction between good and bad products and submarkets.

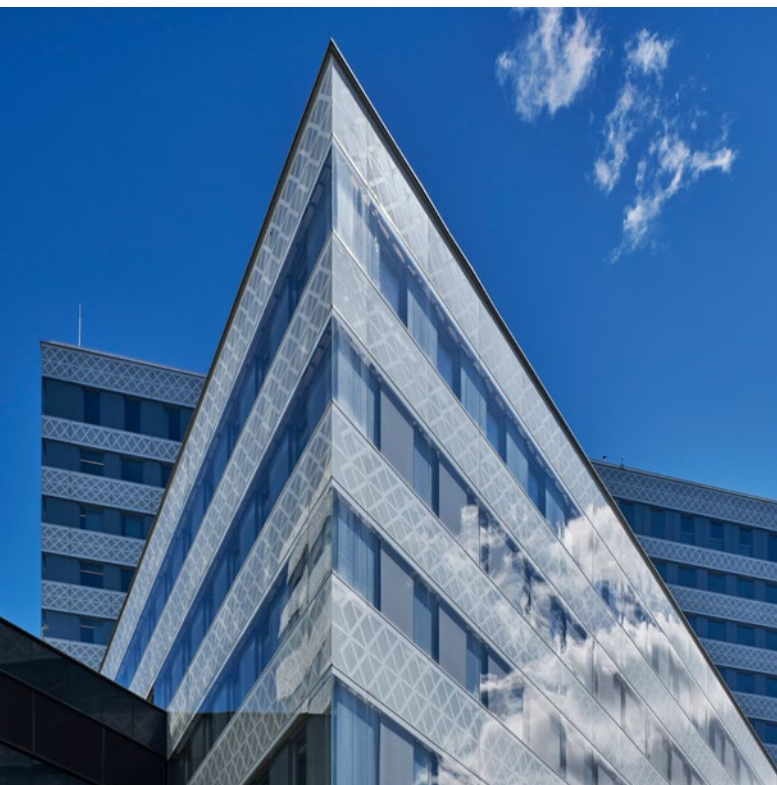
In recent years, the office market in Stockholm has been relatively healthy, with little speculative construction. What's your view on its future development?

Anders Hansén: I have the tenant perspective, and as a tenant I don't think the market has been that healthy. The upswing in rents in Stockholm has been exceptional compared with other European cities, and particularly in the central business district (CBD). Before the pandemic, vacancies in CBD were 1.5–2 per cent, which makes it a challenging market for a tenant. But it's also hard for property owners to respond to their customers' changing needs. It would be difficult to relocate and follow a tenant. I still think it's a seller's market for good products, and I believe it will continue to be so going

forward, because there isn't much building happening. But one difference between now and a couple of years ago is that back then almost everything was up for rent, and now there's a greater differentiation in rent and vacancies between good and bad products.

Anders Elvinsson: There's going to be a huge difference between good and bad office buildings, but also between good and bad submarkets. Submarkets that stand out with a decent range of services, modern office buildings, good transport links – areas that make me, as an employee, prefer to travel to work rather than work from home – will continue to be hot. As an employer, we very much want our staff to be on site because it builds culture and teams in a completely different way than when staff work from home. So in the more peripheral locations where it's difficult to get from, say, the south to the north, or where you can't go out for a nice lunch, socialise after work, go to the gym or shop, I think it's going to be tougher. Most submarkets where new office buildings have been built in recent years, and where further densification is planned, already meet these requirements. One example is Arenastaden, but there are other examples of submarkets that attract tenants, such as Hammarby Sjöstad and Marievik. They satisfy the requirements for an attractive district, which is why I think they will continue to do very well, just like Stockholm CBD.

“There will be a clearer distinction between good and bad products and submarkets.”



Do you see a trend in retail premises being converted into offices in CBD to increase the supply of office space?

Anders Hansén: I don't see that as a big risk or opportunity. As an employer, you want your staff to be keen to come into the office, as Anders mentioned, and that requires the office to be appealing, and often retail spaces may not be the best fit for an office. The retail space that isn't on the ground floor could perhaps work better as an office.

Anders Elvinsson: Given that the additional supply of office space in Stockholm CBD over the next few years is extremely small and demand remains good, I expect we will see additional retail space being converted to offices.

Will we be seeing conversion of offices into residential in less attractive suburban locations?

Anders Elvinsson: I think it's important to mix up office markets that are a bit out of the way and basically dead in the evenings. To save them by creating housing in the area, or moving the offices away from these areas altogether by both demolishing and converting to create residential.



→
Anders Elvinsson
 Head of Valuation & Strategic Advisory
 Cushman & Wakefield

→ →
Anders Hansén
 Head of Advisory & Transaction Services Occupier
 CBRE



Anders Hansén: Yes, there are areas like Kista, for example, that would benefit from being mixed up a little, but converting requires quite a lot of work. The cost would be very high.

What's your view of space and rent levels post-corona?

Anders Hansén: Rents have become more differentiated. The quality of the premises and the attractiveness of the submarket are crucial. In the US, they talk about half the portfolio, twice the experience. The experience was on the agenda even before the pandemic, i.e. that there should be good incentives to go into the office, but it has become even more important now. Some companies will reduce the number of workplaces, but they often still need the same size premises.

Anders Elvinsson: Having a place to gather – a base – will continue to be a significant factor for businesses and their success. Trying to save money by making employees work from home even more will prove counterproductive. The cost of premises is generally barely a tenth of salary costs, so companies should keep the space and instead design their offices to make them a truly attractive place to be. Create opportunities for lots of different kinds of meetings, along with flexible workspaces. Companies will likely inform their employees that they can work from home one to two days a week. People need to be prepared to be patient now if they're planning to take the car into the office on Tuesdays, Wednesdays and Thursdays once the pandemic is over, because they won't be the only ones on the road. On these weekdays, the office will be almost as busy as before the pandemic and the capacity to accommodate staff must be maintained.

Anders Hansén: Previously an average of around 70 per cent of employees were at the office every day, but after the pandemic it's looking more like 50 per cent. The problem is that companies still have a mid-week peak, so offices will need to be big enough for that peak if being in the office is optional for employees.

What do you think rent levels are going to look like in Stockholm? Which areas will see the most positive trend?

Anders Elvinsson: I think the October index increase of 2.8 per cent will have some impact on market rents, as companies get used to paying a higher rent from 2022. However, there will be significant differences between good and bad premises and good and bad submarkets. Good premises in good locations will continue to be in

demand. The majority of the office-based companies in Stockholm are continuing to perform well, and the cost of premises is hardly their biggest problem.

Anders Hansén: CBRE Research's forecast for the next five years is an average increase of about five per cent per year. In Europe, only London is expected to grow more in terms of the rental trend. Whatever can be cut back on and saved as an effect of the pandemic will be consumed by an increase in the office-based workforce. Quite simply there are more and more of us needing an office to go to, and there are few opportunities to create new space in central Stockholm.

“People need to be prepared to be patient now if they're planning to take the car into the office on Tuesdays, Wednesdays and Thursdays once the pandemic is over, because they won't be the only ones on the road.”

Will any sector be particularly strong and take up a lot of space?

Anders Hansén: IT, Tech, start-ups and gaming. We're extremely strong in these areas in Stockholm. That's partly what has pushed rents up in Stockholm, as we have many such companies that are growing extremely fast. These companies depend on recruiting the best and so they need to be in prime locations and willing to pay whatever it takes to have an office there.

Will Stockholm continue to be a hot market?

Anders Hansén: Definitely.

Anders Elvinsson: Stockholm is now the capital of the Nordic region, and I believe it will remain a strong market over time. But there are concerns, such as the difficulty in finding housing and the suboptimal infrastructure from north to south, which may make other cities more suitable as locations for foreign operators to set up offices. So it's reliant on Sweden continuing to produce talent and continuing to attract talent to stay or move here.



Urban development

Here at Fabège, through our urban development we are involved in influencing societal development in the districts in which we operate and own property. We have the opportunity here to take responsibility for the whole area, and by working in a long-term and sustainable way we can create good conditions for residents, workers and visitors alike. Our commitment goes beyond the individual buildings. It encompasses the location, the content, environment and, above all, the people.



We are one of the largest property owners in Stockholm inner city, and number one in the office market in our other six areas. We are firmly rooted in our origins as a commercial property owner, and this year we took a further step in our urban development strategy through our acquisition of SHH Bostad, a property development company focused on residential and public-services property.

Creating vibrant districts

The acquisition, combined with the rest of our portfolio, will allow us greater opportunities to progress in the residential development chain. We can take greater responsibility for the development and construction of residential as well in our neighbourhoods. This will boost activity in these areas for more hours of the day. A thriving district with human activity for most of the day creates a better foundation for services, improved safety and a more appealing environment.

Charlotte Liliegren, Director of City and Property Development

“The acquisition of SHH allows us to take overall responsibility for our neighbourhoods and create even more attractive areas.”



Building Stockholm with a long-term vision and customers front and centre



For ensuring access to green spaces, restaurants and services, we also invest in life between the buildings, and take responsibility for ensuring access to green spaces, restaurants and services. We work actively with social sustainability issues. One example is the Pep Parks that we built in Solna in collaboration with Generation Pep, to inspire play and movement in everyday life.

We are also involved in both the educational foundation Låxhjälpén and TalangAkademin internship programme in Flemingsberg, as well as a number of other value-creating partnerships.

We have a clear strategy for our property portfolio, which is clustered in attractive locations that link Stockholm from Arenastaden in the north to Flemingsberg in the south. All our areas are, and will become increasingly important hubs, primarily for rail transport. This enables our customers to be part of the entire regional labour market.

We take a long-term approach and are involved in the whole development process, from planning, via projects to property management, of which Haga Norra is a clear example. Here we are developing an entire district from scratch, a green oasis with vibrant city life right on your doorstep. We are able to set ambitious energy and climate targets right from the start, such as partly constructing our buildings in Haga Norra from recycled material.

Reducing our carbon footprint at every stage

The latest IPCC report published in August 2021 made it very clear that global warming is among the greatest challenges of our time. As a major property owner, we have both an obligation and an opportunity to reduce our carbon footprint at all stages, including indirect carbon emissions in project development. We are actively working to improve energy efficiency and increase the use of renewable energy.

To quality assure sustainable development we often use the Citylab method in our urban development, and we always certify our properties to BREEAM standard. These systems support us in our work with the UN's 17 Sustainable Development Goals.



Our areas

We have a presence in a limited number of submarkets in Stockholm, and are the largest property owner in all areas apart from the inner city. This allows us to take overall responsibility for the areas – not only for the buildings but also for life between the buildings – and to invest heavily in social sustainability.

Stockholm

Continued high demand on a dynamic market

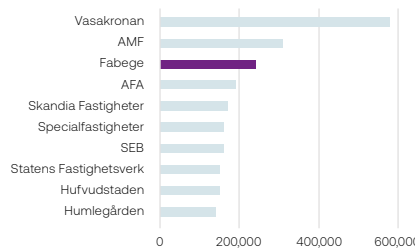
It goes without saying for us to be part of Stockholm's highly active property market with the opportunity to offer premises that are both central and in the suburbs. In Stockholm inner city there is constant demand for office space, and interest is spreading to neighbouring districts such as Hammarby Sjöstad.

In a few years, with the blue underground rail line fully developed, the journey from the city to Sjöstaden will take four minutes. We're expanding here and we have significant land allocations. In the inner city, we can meet our customers' need for greater flexibility by upgrading our older properties and offer a growing portfolio through extensive new construction.

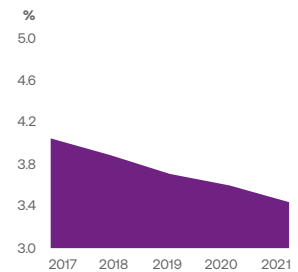
Inner city

Our position in the office market **3**

Largest property owners (sqm)*



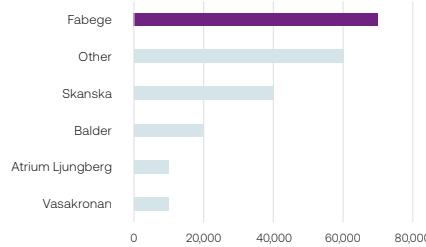
Yield requirement



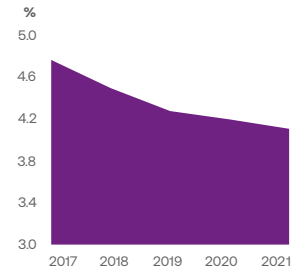
Hammarby Sjöstad

Our position in the office market **1**

Largest property owners (sqm)*



Yield requirement



Solna

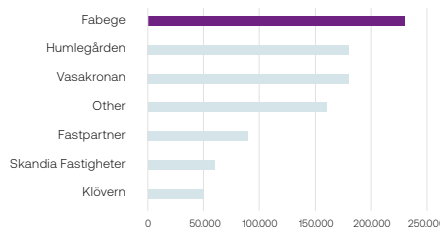
Three districts under development

With its national football arena, university hospital engaged in world-leading research and Scandinavia's largest shopping centre, Solna is one of Stockholm's most dynamic municipalities. We are mainly located in the districts of Arenastaden, Solna Business Park and Haga Norra – three strong brands, each with their own distinctive character. Arenastaden is already a successful urban development project, but that's not to say that we've slowed down. We plan to build homes here, but we also want to develop more offices. In Solna Business Park, office space will be doubled within a ten-year period and a large number of apartments will be built. In Haga Norra, we have come a long way in developing an entire district from scratch.

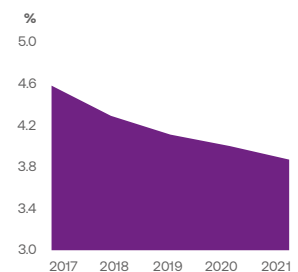
Arenastaden, Haga Norra, Solna Business Park

Our position in the office market **1**

Largest property owners Solna/Sundbyberg (sqm)*



Yield requirement



*Source: Cushman & Wakefield



Flemingsberg

An area of strong growth

A new business cluster is beginning to emerge in Flemingsberg. In addition to signing leases with the Royal Dramatic Theatre, the Royal Swedish Opera and Alfa Laval, we have also been commissioned by Huddinge Municipality to begin work on the local development plan for a new town centre. The regional imbalance between Stockholm's northern and southern suburbs is being evened out and we are proud to be part of what is arguably Sweden's most important urban development project. Flemingsberg is already an important meeting place for innovation, collaboration and sustainability, with Karolinska Institutet and Södertörn University leading the way. Over the next few years, we will be developing a large number of new offices and residential units in the area.

540,000 sqm

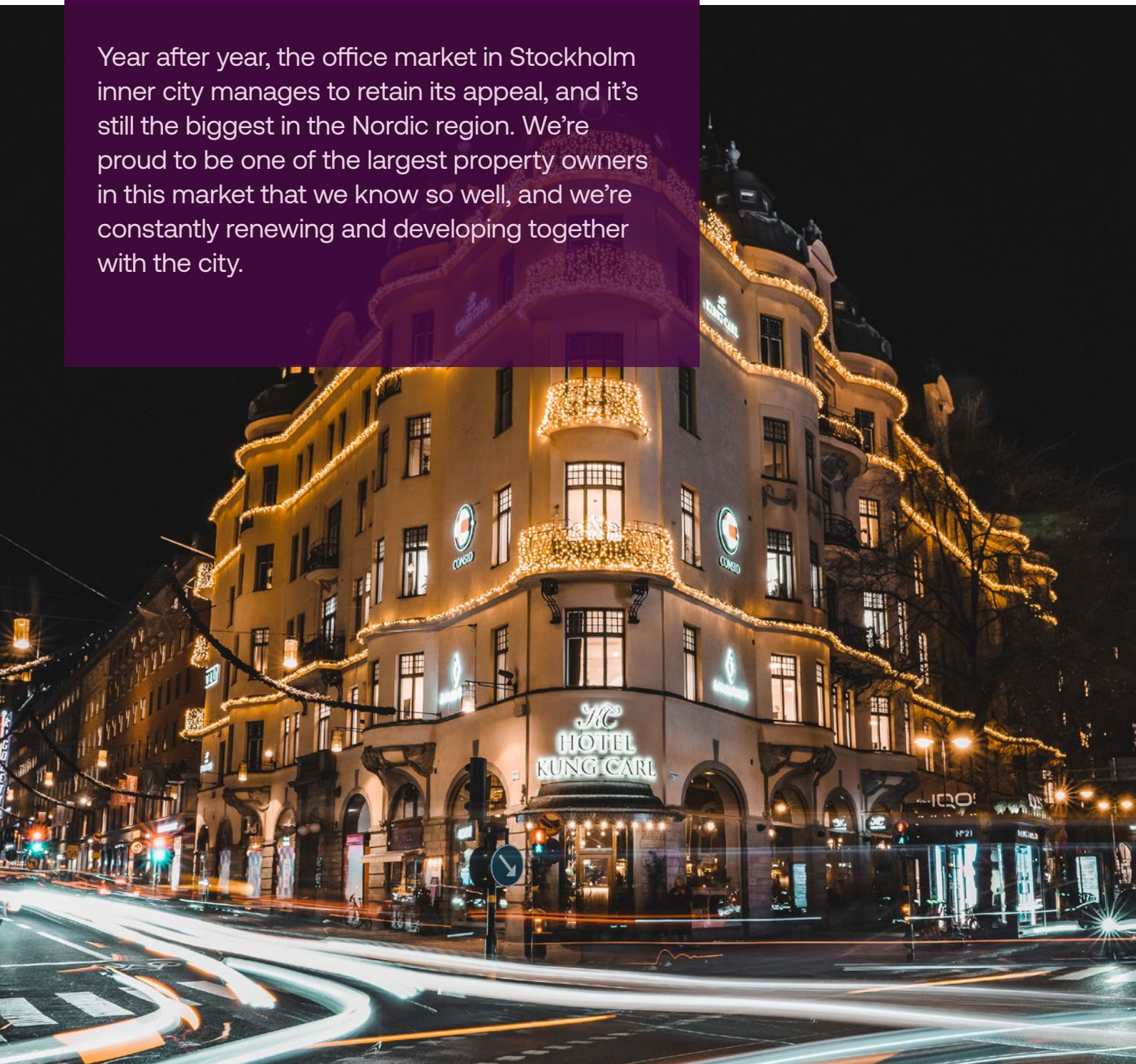
Our total development rights in Flemingsberg, broken down as 268,000 sqm offices and 272,000 sqm residential



Stockholm

Inner city

Year after year, the office market in Stockholm inner city manages to retain its appeal, and it's still the biggest in the Nordic region. We're proud to be one of the largest property owners in this market that we know so well, and we're constantly renewing and developing together with the city.





SEK 31bn

Property value

323k sqm

Lettable area

27

No. of properties

Important to be at the heart of the action

Owning attractive properties in Stockholm inner city is a natural choice for us, with our strong focus on Sweden's capital. This is where new trends are born, rent levels are high, vacancies low and cash flow is stable. It is also an advantage to be able to offer potential customers premises that are both central and a little further out.

Our portfolio in the inner city accounts for 37 per cent of our property value. It is rare for property units to come on the market and there is a constant demand for well located properties. But even a robust market needs to adapt and respond to new ways of working and changing customer needs.

Value-enhancing investments

Our portfolio comprises a number of older buildings in Norrmalm, Östermalm and Kungsholmen, but it is mostly made up of modern offices and shops around Kungsgatan and Drottninggatan.

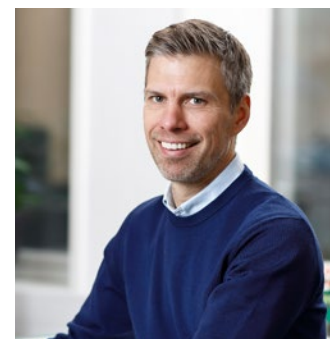
During the year we started project design and demolition work at Bocken 39 on Kungsgatan 9. A development project that will add value, both for the tenant Convendum and for us. In July 2022, they will move into a property characterised by Nordic classicism. The 7,400 square metres will house co-working spaces, hybrid and premium offices and a café. The building already has a gym. This is Convendum's largest establishment to date and our investment is estimated at SEK 200m. In addition to this flagship lease, Convendum also signed an agreement to open another co-working arena with us in the Government quarter, specifically on Drottninggatan 29. Handover will take place in June 2023.

The portfolio also includes Glädjen 12 at Stadshagen, which is being converted into a new, modern office building. In June, Electrolux Professionals moved in with its headquarters, showroom and demo kitchen, and during the summer a seven-year lease was signed with Elgiganten for 2,300 square metres. The company will take up occupancy in September 2022, and we expect to invest a total of SEK 177m.

Rare opportunity for new building projects

Our land allocation at Sveaplan will give us a unique opportunity for new construction in Stockholm inner city. We're talking about a total of 9,000 square metres of office space. We own the famous Wenner-Gren Center and three other properties on Sveavägen. This means that in the long term we can help extend Stockholm inner city towards Solna.

An attractive urban environment is created by the people who live in it and populate it, so we need good conditions to encourage people to come together in the public space. We're working alongside a number of other organisations on several exciting development projects in the inner city. One example is the future transformation of Gamla Brogatan, inspired by London's Carnaby Street.

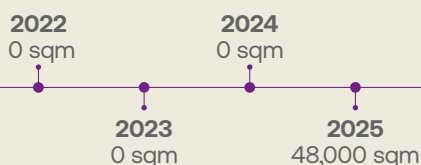


Oskar Sköld, Head of inner city

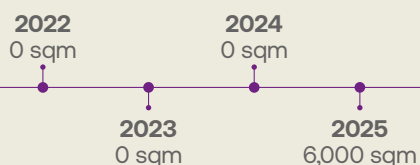
"The transaction market and rental market indicate that Stockholm inner city is retaining its appeal and position as the Nordic region's leading property market."



Potential construction project starts, offices



Potential residential construction project starts





Stockholm

Hammarby Sjöstad

Some 30 years have passed since the City of Stockholm began planning in earnest for residential and offices in the old industrial area on the shores of Lake Hammarby. It never did house the Olympic Village as originally intended, but it has become a place of entrepreneurial spirit and creativity, where sustainability is at the forefront.





SEK 8.1bn

Property value

136k sqm

Lettable area

11

No. of properties

Sought-after district continues to grow

Over the next few years, we will expand in and further develop Hammarby Sjöstad. And we're not the only ones. There's huge potential for continued development in the area. Demand is high for both new offices and more residential. Hammarby Sjöstad is a thriving district, and its waterside location, dynamic environment and great transport connections are pulling in more and more businesses.

Attractive area and location

Lots of companies and people have settled and are thriving in the area. Modern buildings juxtaposed with older, improved industrial buildings, where the street width and building heights are inspired by classic inner city design, lend a unique atmosphere to the neighbourhood. There are plenty of restaurants, several schools and services are well established. Proximity to Nacka nature reserve, Hammarbybacken ski slopes and Eriksdalsbadet swimming pool means that recreation, fitness opportunities and the great outdoors are never far away.

Getting to and from Hammarby Sjöstad by bus, light railway or the shuttle boat to Nybrokajen and Södermalm is already very easy. Once the work on extending the underground rail service's blue line to Nacka is completed, the area will have even more appeal as it will be possible to get to Hammarby Sjöstad from the Central station in Stockholm in four minutes, while it will be easier to get between Hammarby Sjöstad and the southern and eastern parts of Stockholm.

Properties with that little bit extra

Several of Hammarby Sjöstad's landmarks are included in our portfolio, such as Luma, which is one of the most significant examples of a functionalist building in Stockholm, which houses the Carnegie Brewery, and Trikäfabriken 9, where the wooden extension

accommodates state-of-the-art offices. With last year's acquisition of the Påsen 1 property, we can also continue to meet demand for offices with a unique character, here in the form of a solidly built industrial property.

The area's architecture has won awards in recent few years, and Hammarby Sjöstad soon became an international benchmark for sustainable cities. Over the years, the City of Stockholm has set stringent environmental requirements for buildings, technical installations and the traffic environment. From the outset, the district had its own environmental programme and recycling system.

New land allocations consolidate position

Thanks to a growing portfolio and significant land allocations, we will be working alongside the City of Stockholm and other stakeholders on influencing urban development in Hammarby Sjöstad for some time to come. In autumn 2020, we came to an agreement with the City of Stockholm on land allocations at Korhoppet 5, and in August 2021 for Korhoppet 6 and Korhoppet 7. All three properties are part of the ongoing local development plan work for the Sjöstadshöjden area, which aims to connect Hammarby Sjöstad with Hammarbyhöjden. A new urban space will be created here with residential, offices, hotels and plazas. The area covered by the development rights will be determined during the planning process, but is estimated to be around 55,000 square metres.

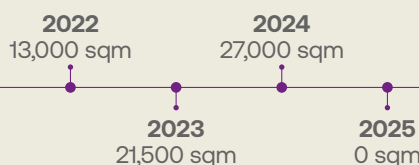


Per Tyrén, Head of Hammarby Sjöstad

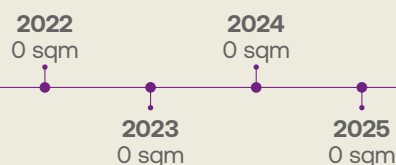
“Acquisitions enable us to continue developing Hammarby Sjöstad, which means that in the long term it will become a natural extension of Stockholm inner city.”



Potential construction project starts, offices



Potential residential construction project starts





Solna

Arenastaden

Arenastaden isn't just one of Stockholm's most attractive districts, it is also a successful urban development project. Residential construction is taking shape, more offices are to be completed, another hotel has welcomed its first guests and the 14 million annual visitors are set to increase.





SEK 21.6bn

Property value

335k sqm

Lettable area

26

No. of properties

An urban development project that is constantly evolving

In less than ten years, a run-down industrial area has been transformed into a hub for business, entertainment and shopping. The pace remains high and the already well-established Arenastaden brand is set to gain even more value. 2021 saw the official opening of House of Choice, Scandinavia's first zero-energy hotel, which was also named BREEAM Building of the Year by Sweden Green Building Council. With 2,400 square metres of solar panels on the facade and roof, the hotel is the most solar-efficient in the world. Furthermore, the building is supplied with cooling and heating from heat pumps that load and collect energy from borehole stores.

En route to the mixed-use city

There are plans to build more residential, with the aim of creating a mixed-use area with plenty of activity outside working hours. Work is well underway on the local development plan for the Kairo and Farao blocks at the southern entrance to Solna Station, and the future metro station. Completely new neighbourhoods are taking shape, with the goal of improving the station environment. Street intersections will be widened, and building heights, facades and colours will be more varied. We plan to add a total of just over 15,000 square metres of residential and 76,000 square metres of office space. Planned development rights for residential and offices have also been in place along Dalvägen for some time.

Arenastaden attracting increasing number of small businesses

Adding more residential will make the area more robust and diversified. A growing number of small and medium-sized customers are showing interest in the area as the market matures and the supply of office solutions becomes more varied. Few districts can offer a similar range of services, with the largest shopping centre in the Nordic region and a national arena next door. Proximity to the

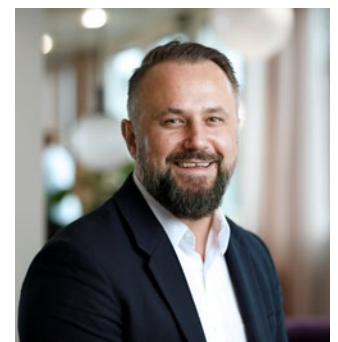
Råsta Lake and Hagaparken means that nature is just round the corner, and it's easy to pop out for a jog or walk on your lunch break. Arenastaden and Huvudsta are also home to the popular Pep Parks, which aim to inspire play and movement in everyday life.

The Poolen 1 property will be completed in the first quarter of 2022. The majority of the total of 28,000 square metres has already been let to Tietoevry. Besides offices, a restaurant and yoga studio, the building also houses the City of Solna's new swimming pool. Our investment is expected to total just over SEK 1 billion.

Taxonomy-adapted loan and sustainability in focus

In June, we were the first company in the Nordic region to take out a taxonomy-adapted loan, with collateral in our Signalen 3 property, ICA's headquarters.

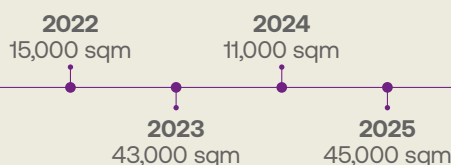
In order to meet the requirements for a taxonomy loan, we have conducted a comprehensive analysis of potential risks to the property posed by ongoing climate change. These include material climate resilience risks such as flooding, soil erosion, heat loads and extreme weather events such as storms. In addition, the property has been equipped with a building automation and management system and has received an energy performance certification of level A, which only 1.2 per cent of office buildings in Sweden had achieved by the end of 2021.



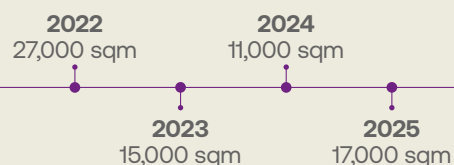
Sanel Hasic, Head of Arenastaden

“There are exciting times ahead at Arenastaden, and we're only half-way there. We plan to launch several residential projects, which will further boost the area's appeal and dynamic atmosphere.”

Potential construction project starts, offices



Potential residential construction project starts





Solna

Haga Norra

A unique district is beginning to emerge in Haga Norra. Not only because it connects Stockholm inner city with Arenastaden, but also because of its atmosphere. The area will feature timeless architecture that plays with an industrial feel, with large mullioned windows, classic materials and using recycled brick with patina. There's plenty of scope for a thriving street scene here, around-the-clock.





SEK 3.1bn

Property value

23k sqm

Lettable area

3

No. of properties

An attractive district with unique character begins to take shape

We are building the district of Haga Norra from scratch. An urban development project with a strong environmental profile, where the architecture captures the best elements of turn-of-the-century style coupled with a modern twist, where flexibility is a key factor in all projects. The project really took shape at the start of 2021, when our very first building was ready for occupancy.

Bilia first on the scene

Our first tenant in the area was Bilia, with its offices and state-of-the-art showroom. Just over six months later, tenant-owners moved into the 115 apartments that make up the first phase of three in the apartment project we have developed as part of a joint venture with Brabo. This phase will involve a total of 418 apartments. Most of the apartments have already been sold.

November saw the start of the next phase involving the construction of our first office block, which includes 26,700 square metres of commercial space distributed across eight floors. We will be able to offer the entire building to a single tenant here. Alternatively, we could have as many as eight companies sharing one floor. The building will be ready at the beginning of 2024.

The next phase will comprise around 20,000 square metres of office space, with occupancy scheduled for 2025. The total

investment for the first office block is estimated at SEK 1.4 billion, including preparatory groundwork for the future construction of parks and squares.

Focus on street level

We place considerable emphasis on the ground floor design of the buildings in the area. The best elements of timeless, turn-of-the-century architecture and contemporary style come together here to create a vibrant and attractive environment.

The new, carefully designed main street will provide space for street trading, activity areas and outdoor café seating. The ground floor of the first office block will be 2,000 square metres, with space for restaurants, a gym and bicycle parking.

The energy and climate targets for Haga Norra are ambitious. Our properties will be built partly using recycled materials and will be heated from low-carbon sources, and the roofs will be equipped with solar panels and sedum. With Wijnbladsparken on its doorstep, and all its verdant streets and plazas, Haga Norra will be a place that Stockholm has previously lacked. A green oasis with the excitement of city life just around the corner.

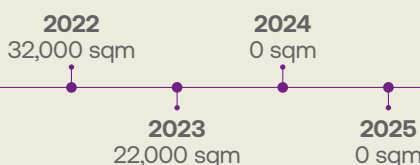


Ali Ranji, Head of Production Haga Norra

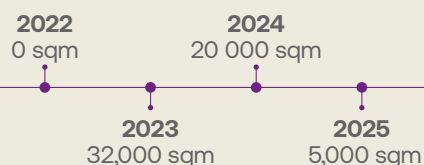
“We have ambitious energy and climate targets for this district. Our properties will be built partly with recycled materials and the district will have low-carbon heating.”



Potential construction project starts, offices



Potential residential construction project starts





Solna

Solna Business Park

The area was already popular back in the 1950s owing to its proximity to the railway. Today Solna Business Park houses some of Sweden's biggest brands, and the transformation from an office area to a modern urban environment is in full swing.





SEK 9.7bn

Property value

218k sqm

Lettable area

10

No. of properties

From office district to modern urban environment

Solna Business Park is situated in Stockholm's top location for public transport, second only to Stockholm Central. We are the largest property owner and are now ready to take the next step and realise our vision for the area. Over ten years we plan to double the amount of office space, build a large number of apartments, renovate parks and create cycle paths and walking trails.

In March we signed a land allocation agreement with Skanska covering approximately 150,000 square metres, which extends from Solna Business Park into Huvudsta. An extensive urban development is planned here in connection with the expansion of the Mälardalen commuter rail and the tunnelling of parts of the railway. We plan to add a total of 52,000 square metres of office space and 10,000 square metres of residential. The purchase price is roughly SEK 900 million, which will be paid to the City of Solna as the new urban districts are built.

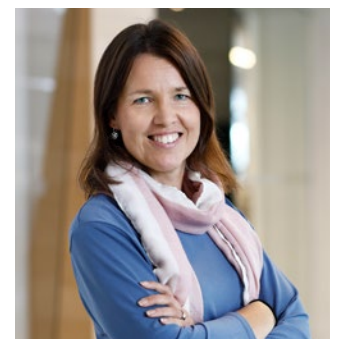
Relocated commuter train station enables expansion

We also have an agreement in principle with the City of Solna on both future acquisitions and project development of several properties. Once the commuter train station in Sundbyberg has been excavated and moved south, one of the entrances will end up in Solna Business Park. Several construction projects will be initiated here next to the new station entrance. First up is Sliparen 1, a 25,000 square metre office building with construction potentially starting in 2022. In addition, a number of other redevelopment projects are underway and local development plans are coming into force, including for an initial phase of residential comprising around 300 apartments.

There are several reasons why Solna Business Park is well placed to develop into an urban district. The Central station in Stockholm is only seven minutes away by commuter train, the area's retained industrial architecture will be combined with exciting, contemporary international architecture, and the contrast between businesses, government agencies, culture and residential will create a dynamic atmosphere. In addition, there are several restaurants, two hotels, excellent fitness opportunities and great shopping within easy reach. Given all the major changes, we will ensure that the area remains attractive throughout the process so that current tenants continue to enjoy it.

Official opening of new park

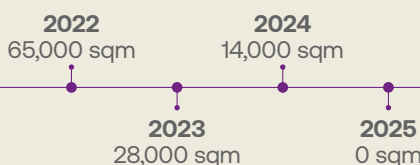
During the year, a brand new activity park based on the UN's 2030 Agenda for Sustainable Development and the Sustainable Development Goals was inaugurated. During the summer, another artist presented their work at Street Gallery – a street art exhibition featuring some unusual pieces.



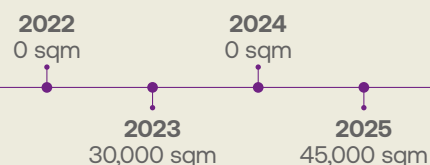
Susanna Elvsén, Head of Solna Business Park

“The aim is to transform Solna Business Park into a more vibrant district with a greater mix of residential, offices and services.”

Potential construction project starts, offices



Potential residential construction project starts





Huddinge Flemingsberg

The new Flemingsberg is beginning to emerge, focusing on the whole person. The project is not only creating an attractive district with an international flavour, but also conditions for integration and sustainability.





SEK 1.9bn

Property value

69k sqm

Lettable area

6

No. of properties

Contemporary community emerging

Well-established institutions such as Karolinska Institutet and Södertörn University, together with good transport links and political will, have laid the foundations for developing the area. Leases have already been signed with three strong brands that plan to relocate to Flemingsberg, including the Royal Swedish Opera, the Royal Dramatic Theatre and Alfa Laval.

One of Sweden's most significant urban development projects

At the beginning of the year, a land allocation agreement was signed with Huddinge Municipality regarding approximately 225,000 square metres of development rights, of which 195,000 square metres will be commercial space and the remaining 30,000 square metres will be residential space. In connection with this, we have been commissioned by the municipality to begin the local development plan for the new town centre, which marks another milestone in Sweden's largest and perhaps most significant urban development project.

As a result of the gradual establishment of a business cluster, there is a growing need for retail, increased services and more residential, which in turn accelerates social development. In the long term, Flemingsberg will help even out the regional imbalance between the northern and southern parts of Stockholm.

Reputable, long-term tenants

In 2020, we acquired the centrally located Regulatorn 2 property and signed our first major lease with the Royal Swedish Opera and the Royal Dramatic Theatre for their studios, workshops and rehearsal rooms. The local development plan entered into force in June. Construction will start in February 2022, with occupancy expected to take place in June 2024.

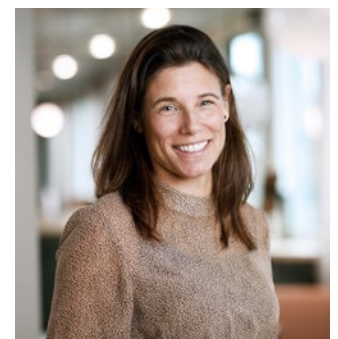
The next major tenant to choose Flemingsberg and us is Alfa Laval. With more than 20,000 square metres, it was the largest office letting in Sweden in 2021. The lease runs for 22 years, and when the 700 or so employees move in in 2025 it will be 60 years since the business last changed its address. Our investment is estimated at SEK 740m, excluding land acquisition.

Taking greater responsibility for urban development

Flemingsberg is already well on its way to becoming the next major forum for innovation, collaboration and sustainable development. Our commitment extends beyond acquisitions, local development plans and leases. We work actively with social sustainability issues and have initiated partnerships with both the Läxhjälpen Foundation in Flemingsberg and TalangAkademin, with the aim of increasing the number of students who achieve secondary school qualifications and creating more internships and jobs.

We have started the BID Flemingsberg initiative (Business Improvement District) to develop the area, focusing on site development, outdoor environment and social sustainability.

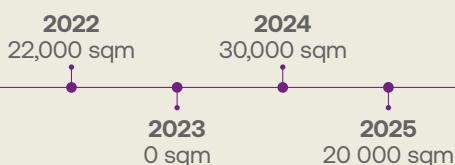
Today's residents will be involved in the future urban development of the area. Reducing barriers between the different areas of Flemingsberg and strengthening the links between and within the different parts of the city is a natural element of developing the district. The town centre will form the hub of Flemingsberg, and plans include focal points and a new travel centre. These are key aspects in realising the vision of attracting large numbers of residents, workers and visitors to the area. Together with Huddinge Municipality and Södertörn University, we are participating in a research project for the area funded by Vinnova, which aims to create an inclusive urban environment.



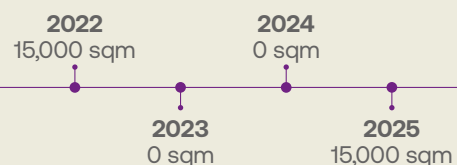
Therese Friedman, Head of Flemingsberg

“During the year, we have taken major steps forward in what is one of Sweden's largest development projects through new land allocation agreements and customer leases.”

Potential construction project starts, offices



Potential residential construction project starts





Expanding into the residential market

In October we acquired SHH Bostad AB. The move was an important part of our strategy to optimise and enhance the value of our portfolio of residential development rights. The acquisition brings a number of well-located development rights, along with valuable expertise via an organisation with implementation capability in residential and public-services property.

An acquisition for the future

SHH Bostad is a property development company that has completed over 40 property projects since 2010, including rental and tenant-owner apartments, but also care homes and schools. With SHH Bostad as a wholly-owned subsidiary, we are taking on a more far-reaching responsibility as an urban developer in Greater Stockholm. In addition, we gain access to a wider range of projects that we can manage ourselves. We are thus consolidating our opportunities to create good conditions for a vibrant and attractive district for workers, residents and visitors alike.

Positive addition to development rights portfolio

Roughly two-thirds of SHH Bostad's 200,000 square metres of residential development rights are located in Greater Stockholm. It provides a good complement to our existing portfolio of over 500,000 square metres, mainly in Solna and Flemingsberg. With dedicated expertise and experience in residential development, we can continue to create a mixed-use buildings in our neighbourhoods. This in turn encourages more people to visit and work in the

area and improves safety. SHH Bostad's other projects are located in fast-growing regional cities across Sweden.

In this way, the portfolios complement each other well, both geographically and in terms of implementation time. Production for SHH Bostad's development rights is scheduled to start somewhat sooner than Fabege's residential projects. Several of the company's residential and school projects are due to begin construction in 2022/2023. SHH Bostad's objective going forward is to develop and refine Fabege's portfolio of residential development rights in Stockholm, while intending to grow through acquisitions and the implementation of more profitable residential projects.

SHH Bostad is aware of its customers' needs and preferences, and is able to respond to a constantly changing world. The values we create in our neighbourhoods are now as attractive to home buyers as they are to businesses and their employees.

Fredrik Alvarsson, CEO, SHH Bostad AB

"SHH Bostad has a well-documented, robust history of successfully implementing a wide range of property development projects. With Fabege as owner, we are looking forward to contributing our expertise and capacity to the responsible and customer-focused development of residential projects, care homes and schools."





289

Residential units for which production started in 2021

98%

Selling rate for residential units in production

SEK 821m

Property value

712

Completed homes 2021

8

Projects in production at year-end

200k m²

GFA development properties



Sustainability

We are at the forefront with our ambitious sustainability work. Through this work, we contribute to a sustainable Stockholm where we develop and manage neighbourhoods, properties and premises. We work based on a holistic perspective to strengthen our districts as experience-based meeting places, where health, convenience, safety and comfort are the primary focus. We also need to find new ways of boosting the appeal of, and wellbeing in and around our properties with the minimum possible carbon footprint.



We are working to promote quality of life in our districts. Experiences, services, learning, culture, equal opportunities and good health are all important aspects of our work. We also endeavour to manage the challenges that are of particular significance to our sector: safe neighbourhoods for all, construction sites where there is gender equality, achieving climate goals, as well as reducing corruption and increasing respect for human rights. During the year, we have devoted particular attention to social sustainability, working and planning to reduce inequalities in the areas in which we operate.

Our economic, environmental and social responsibilities are based on the 1.5-degree target and the UN Sustainable Development Goals. Our sustainability work is well integrated throughout our operations and every day our organisation, in large and small ways, will contribute to making the Stockholm region an even more sustainable place.

Mia Häggström, Head of Sustainability

“We want to make a difference in the neighbourhoods in which we operate, for example by helping children and young people get a good education, enjoy meaningful leisure time and, in the longer term, find a route into the labour market.”



Viable cities and communities

FN:s Agenda

Agenda 2030 and our role in a broader context

The UN's 2030 Agenda for Sustainable Development serves as a guide in efforts to ensure global development is sustainable in the long term. By joining forces in support of the 17 Sustainable Development Goals (SDGs), the countries of the world aim by the year 2030 to have made human rights for everyone a reality, and achieved gender equality and lasting protection for our planet. The business community has an important role to play here, particularly the construction and property sectors.

We can see strong synergies between the goals, which is why we are placing greater emphasis on those areas that present the most significant challenges for our business, namely goals **3, 7, 9, 10, 11** and **12**. During the year we focused more intently on the UN's goal **10**, Reduced Inequalities. We have adopted a more structured approach to working with and planning ways to reduce social inequalities in our districts.

Our ambitious sustainability work has resulted in activities linked to several of the SDGs now becoming integral elements of our business processes. This is the case, for example, with our work on goal **3**, Good Health and Well-being; an area that has long been a vital and natural part of our day-to-day operations. Goal **13**: Climate Action. We regard this as a direct consequence of our work with goals **9, 11** and **12**. The latter goals are therefore prioritised in order to effectively manage all these challenges. We know that our work has an impact on all 17 SDGs, and that there are synergies between the environment, social values and economics. However, we do not underestimate the huge adjustments that remain to be made, for example in relation to goal **13**.





Our sustainability framework

We are a leader in the office market in Stockholm and have good opportunities to contribute to sustainable development in the districts in which we own a large number of properties. We take a holistic, responsible approach, and work broadly with climate issues, contributing to improved health, wellbeing and safety in our neighbourhoods, particularly by adding interesting and unexpected elements to our everyday lives that create life between the buildings. We link green financing to sustainability-certified buildings and investments, and work to create a city that is healthy and appealing in the long term to all who spend time here. We adopt an active role and consider the entire area. All the time.



City districts



Properties



Employees



Supply chain

Examples of our targets

- Sustainability programme for each district project
- Facilitate physical activity for healthy lifestyle
- Create an attractive urban environment that brings people together and creates communities
- 100% renewable energy purchased
- Carbon neutral property management (Scopes 1 & 2) and cutting indirect emissions (Scope 3) by half by 2030
- 100% environmentally certified property portfolio
- Energy performance 35 kWh/sqm Atemp for new construction and 77 kWh/sqm Atemp on average for the entire investment property portfolio
- Low sickness absence
- Satisfied employees with a long-term goal of achieving a confidence rating of >90%
- 100% framework agreement suppliers are sustainability audited
- Create an industry-wide system for ongoing monitoring of Code of Conduct

Activities in 2021

- Started the BID Flemingsberg initiative (Business Improvement District) to develop the area, focusing on site development, outdoor environment and social sustainability
- Official opening of activity park in Solna Business Park – 17 SDGs in a single park
- Investigated energy system solutions with zero or negative emissions at district level
→ Find out more on pages 48–49
- Climate declaration submitted for all projects over SEK 20m
- Scandinavia's first zero-energy hotel named BREEAM Building of the Year
- Conducted climate resilience analysis of all investment properties in Arenastaden, Solna Business Park and Stockholm inner city
→ Find out more on pages 50–52
- Individual career development plan
- Equipment for home office
- Digital training activities
- Active communication plan externally and internally, in response to pandemic
- Digital conferences and training sessions
→ Find out more on pages 54–57
- Implementation of a digital tool for inspecting property sector's supplier categories
- 100% of our strategic suppliers are sustainability audited, roughly 44
- Sustainability screening of contractors for projects over SEK 50m before production phase begins
→ Find out more on pages 58–59



Financing

- 100% green financing
- Reviewing and compiling the proportion of financial activities covered by the new EU taxonomy



Customers

- 100% green leases
- CSI rating of at least 80
- Over 150 in-depth customer dialogues



Business ethics

- Annual training in our Code of Conduct
- All framework agreement suppliers and contractors to sign our Code of Conduct for suppliers



- Analysis firm Cicero carried out a Second Opinion: 95% of our income and investments classified as green
- In 2021 we took out our first taxonomy-adapted loan for the Signalen 3 property in Solna
- Compiled the proportion of economic activity covered by the EU taxonomy

→ Find out more on pages 60–61

- Customer meetings about green leases
- Followed up and evaluated customer surveys

→ Find out more on page 62

- Regular information and training for employees

→ Find out more on page 63





Carbon footprint
(Scopes 1 & 2)
reduced by 96%
since 2002

Three new activity
parks to be
constructed in
Solna together with
Generation Pep

100% of investment
properties environ-
mentally certified to
BREEAM In-Use
standard

2017

2018

2019

100% electric
service car fleet

100% of new builds
and major redevelop-
ments are
certified to
BREEAM-SE
standard

800,000 m³ of
geothermal energy
storage keeps
employees warm in
Tidningshuset

Top GRESB score,
as we are ranked
highest in the office
category, Northern
Europe

ICA's Arenastaden
office named
BREEAM Building of
the Year

How to achieve the sustainable city

We made bold strategic decisions early on that mean we are now at the forefront of our sector. We were the first of all the Swedish property companies to achieve 100 per cent green financing in 2020, and in 2021 we signed the first taxonomy-adapted loan in the Nordic region. We have ambitious goals for 2030, and by continuing to make bold decisions, we are confident we will achieve them.



Our sustainability strategy adopted by the Board extends until 2030, and aims to guide the company towards sustainable development.

Sustainability targets in brief:

- Our property management will be carbon neutral by 2030, which is measured in CO₂e/sqm
- By 2030, we will have reduced our carbon footprint in construction projects by our life-cycle analyses showing a halving of CO₂e/GFA compared with 2019
- Our financing will continue to be 100% sustainable and green
- 100% of our suppliers with framework agreements will be audited based on the company's Supplier Code of Conduct, policies and international conventions
- We will continue to focus on social sustainability as we develop the physical environment for life in our districts
- We want to make a difference in the neighbourhoods in which we operate, and our focus will be on children and young people, good education, meaningful leisure time, cultural experiences and finding a route into the labour market
- We will be ranked on the list of Sweden's best workplaces and achieve a rating of at least 85% GPTW (Great Place To Work)



City districts



Sustainable urban development

Our view of sustainable urban development: The whole person, the whole company, the whole location. All the time. We have great opportunities to contribute to sustainable urban development in the districts in which we own a large number of properties. We take responsibility for the whole picture, from acquisitions and local development plans, to safety measures in the physical environment and social initiatives.

We want to, can and will be a driving force in the development of a sustainable city. A clear strategy for our property portfolio, with holdings grouped in clusters, enables us to have an impact on entire neighbourhoods. Long-term planning and effective relationships with customers, municipalities and entrepreneurs enable us to take an active role in developing Stockholm.

Sustainable transport

We are continually installing car charging stations both at properties and in street environments to make it easier for our customers' employees to travel sustainably. In addition, our entire service fleet is made up of electric vehicles.

In Arenastaden we are taking part via our co-owned company Urban Services in the Last Mile Logistics project, along with Ragn-Sells and Catena. The purpose of the project is to jointly transport, fossil-free and quietly, goods and waste into and out of the district. Central to the initiative is the creation of a co-loading centre where all suppliers drop off and pick up parcels. Parcels destined for shops and offices in the area are then delivered by green vehicle in a coordinated and structured way. The vehicles used for transport in the area should as far as possible be electric.

Future-proof electricity supply

Demand for electricity has seen a sharp increase in recent years, especially in the Stockholm region. 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. The new transmission line ensuring greater input to the grid has been delayed and there is a need to safeguard electricity generation capacity to avoid power shortages.

Even if we are not currently affected by power shortages, we can help to reduce the load and thus future-proof the grid. 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 users, producers, businesses and households, through more flexible use, help minimise the risk of bottlenecks in the grid during periods of high demand.

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. The higher the power output, the greater the demand for electricity at any one time, which in turn leads to a greater risk of increased carbon emissions given the need for more simultaneous energy sources.

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 and thus achieve a

lower power output. We also balance our heating needs. When a large hot water draw is required, we can temporarily turn down the heat in the radiators. Measures that in the long term can reduce our impact on the climate without affecting quality for our customers.

Security measures

The design of the physical environment has a major impact on how we live our lives and on our wellbeing. Prioritising social values alongside ecological and economic values enables us to create a sustainable society. By strengthening and prioritising social values in the physical environment, we can create better conditions for integration, access to good residential, jobs, leisure, culture, public health and a sense of security.

The digital transformation is also affecting each individual, business and service, placing new demands on us as property owners and urban developers. Digital technology can make many things run more smoothly, increasing productivity and profitability and allowing us to improve security for our customers. We use a digital fibre network to gather and analyse data about our properties in real time. It enables us to receive and respond to fault reports and alarms around the clock via our manned operations centre. This is a service that is gradually being expanded as more and more properties are directly connected to shell protection and fire alarms, and eventually via cameras.

We adopt an organised approach to safety and security issues in order to address concern and vulnerability among individuals, companies and at our properties.

We are way ahead when it comes to security measures via digital technology, and we are developing vibrant urban environments with daytime and evening activities to contribute to safe and experiential meeting places.



Project CERO

We work with the CERO process tool, which aims to reduce the carbon footprint from travel to and from our properties. According to a comprehensive travel survey of Arenastaden employees, 52 per cent travel by public transport and 20 per cent cycle or walk to and from work. This is the highest measured value for sustainable travel in the ten districts that have so far been analysed by CERO. Together with the companies in Arenastaden, the municipality, SL and MTR, we have developed an action plan to further increase the proportion of sustainable travel through improved cycle paths, more public transport connections, flexible working arrangements, continued expansion of charging points for electric vehicles and a wider range of sharing services for cars, electric mopeds and electric bicycles.



In 2021, together with Huddinge Municipality and Södertörn University, we received funding from Vinnova for the project Flemingsberg: Inclusive and cohesive urban environment. The aim is to gain a better understanding of what the site needs to develop in harmony with the existing environment in order to increase residents' sense of belonging, community and interest in the location. We have high ambitions for the development of the area and want to contribute to greater security, gender equality, pride and local entrepreneurship together with the residents of Flemingsberg. During the year, we teamed up with the association Samverkan i Huddinge to launch a BID (Business Improvement District) with the long-term aim of developing the central areas of Flemingsberg. In 2021, we participated in the working group on site development, outdoor environment and social sustainability.

An inclusive and healthy city

By working in a long-term and sustainable way, we can create the conditions for everyone to feel at home in the city, for residents and workers as well as visitors, and thus create the conditions for vibrant neighbourhoods that grow and develop. Our commitment extends beyond acquisitions, local development plans and leases, and we're keen to collaborate on everything from service provision, to public transport and the design of public spaces. It should also be easy to opt for sustainable travel alternatives.

As urban developers, we also take responsibility for making our areas feel safe to spend time in. We work actively to create dynamic environments with a human presence for much of the day and night. The aim is for our districts to feature and be designed according to three key principles:

- Attractive street environments that are safe, pleasant and have green spaces
- A thriving district in the evenings and on weekends as well
- A high-quality and varied range of services

We are keen to help create the best conditions for everyone who spends time in our districts to live healthy lives. We design our districts to promote activity. In addition to things like building cycle lanes and planning footpaths, we take responsibility for the whole picture. We enable gyms and fitness centres to establish themselves, create green spaces and other meeting places that can contribute to improved public health and a more attractive urban space with less car traffic.

We are working hard to promote diversity in our areas and we want to help develop inclusive street environments. One example is the 'Pep Park' concept, which encourages spontaneous physical movement in an everyday setting. These activity parks are designed for all ages and have been developed as part of a collaboration between us, Generation Pep and the City of Solna. The Pep Park '100 metres Pep' in Huvudsta was awarded the IOC IAKS Award in

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

Examples of initiatives:

- Homework club in Flemingsberg
- Collaboration with Changer's Hub in Huddinge
- TalangAkademin in Huddinge
- BID (Business Improvement District) i Huddinge
- Support for Stockholm City Mission
- Street Gallery
- Support to local sports clubs
- Pep Parks
- Active member of Samverkan Huddinge

Bronze during the year, and has also received an additional award for its accessibility.

Social sustainability issues are high on the agenda, and in Flemingsberg we have initiated partnerships with the Läxhjälp Foundation and TalangAkademin, with the aim of increasing the number of students who achieve secondary school qualifications and creating more internships and jobs. During the summer, we also helped organise the little Visättra run.

Cultural life between buildings

Our initiative, 'Life between buildings', aims to inject some character into the street scene through public art and culture, involving the creative talents of several 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 the street environment. Arenastaden is home to a mural by artist Elina Metso, as well as works by secondary school students from the local Ulriksdal School.

Value-adding cooperation

Successful collaboration enables us to create entirely new opportunities for ourselves and for our customers. Cooperation between businesses, municipalities, education, clubs, cultural life and citizens is of paramount importance. We want to make a difference in our districts and contribute to positive societal development via a number of partnerships with organisations such as Generation Pep, with which we work to build activity parks, Childhood Foundation, which promotes children's right to their childhood, the Arne Ljungqvist Anti-Doping Foundation, which promotes good health and pure sport, and the sports associations AIK and Djurgården, with a primary focus on young people.

Supporting school children in Flemingsberg

Attaining the qualifications needed to get into upper secondary school is one of the most important factors in securing a better future in our modern knowledge-based society. We have therefore signed an agreement with the educational foundation Läxhjälp as a main sponsor, to help support more children in schools. The aim is to help more pupils in Flemingsberg achieve upper secondary school entrance qualifications and make personal contacts with university students. Thanks to our grant, Läxhjälp can now run its Läxhjälp (Homework Help) programme at Annerstaskolan for three years, starting in the autumn term of 2021.



Properties



Future-proof properties

It is the long-term efforts that reduce our carbon footprint and cut energy consumption. That's why we work actively with our properties on everything from resource optimisation, climate-smart material choices and sustainability certification of buildings, to digitalisation and health.

Reducing our climate impact and energy usage are two of our most important sustainability issues. In the light of the Paris Agreement and the 1.5-degree target, we have set ambitious targets for reducing our carbon footprint.

According to the Swedish Environmental Protection Agency, homes and premises account for around a third of Sweden's total energy consumption. Achieving our goals will require a major transition and we understand that there is a lot of work ahead. But we also see great opportunities to work closely with industry, partners and customers to find the most effective solutions and promote innovation in everything from material selection, to recycling and energy efficiency.

Reducing carbon footprint to achieve carbon neutrality

Setting our sights on carbon neutral property management

Our ambitious climate target is endorsed by the Science Based Targets initiative (SBTi) but we have also chosen to go further and set more ambitious climate targets than SBTi requires. Our ultimate goal is for our property management to be carbon neutral by the year 2030. 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.

One intermediate goal is to invest in solar panels every year corresponding to at least 320 MWh in new and existing properties. These days, solar panels are always included in the planning of new buildings. By 2030, our solar panels should be producing 2.5 kWh/sqm Atemp per year. Our target for new-builds is twice that, or 5.0 kWh/sqm. Our carbon dioxide emissions (Scopes 1 & 2), have declined by around 96 per cent since 2002, from roughly 40,000 to approximately 1,656 tonnes, excluding carbon offset from district heating suppliers.

We have achieved our good results through systematic energy optimisation. We have also made our energy solutions more efficient through the development of building automation and digitalisation, cooling recovery, improved heat recovery and building shell measures. Changes in the property portfolio have also contributed to our progress.

Our service car fleet generates zero emissions thanks to the replacement of all service cars with electric vehicles. In addition, our company car policy allows only low-emissions vehicles.

Reduced energy need

Energy efficiency improvements in operations

Our energy strategy means that we take a holistic approach to the energy issue in our properties, districts and projects. The energy strategy is an important element of our efforts to achieve carbon neutral property management.

Imposing stringent environmental requirements when purchasing energy and customising energy use to tenants' needs using digital technology are important tools for reducing energy consumption. We monitor and analyse energy usage hourly to identify any deviations in energy 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. Considerable emphasis is placed on continually promoting energy efficiency improvements in our day-to-day work as well. 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 their energy use, including through partnerships via green leases. Our aim is for green leases to cover 100 per cent of the total lettable area above ground.



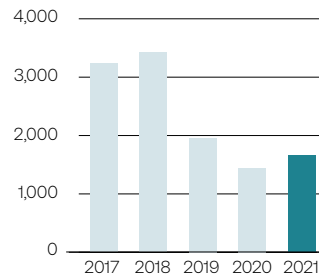


Our energy efficiency targets

Our energy efficiency targets are divided into phases. By 2019 we had already achieved the first by halving our energy use compared with 2005. The next target of average energy consumption of 77 kWh/sqm Atemp is to be achieved by 2023, where 50 kWh/sqm Atemp applies for newer buildings that received planning permission after 2012 and 85 kWh/sqm Atemp to older buildings.

In 2021, our average specific energy consumption was 77 kWh/sqm Atemp, which is equivalent to 76 kWh/sqm in primary energy. This is slightly higher than 2020, which was an unusual year with a mild winter and low energy consumption due to employees working from home during the pandemic. The increase was mainly due to a colder winter and a greater need for cooling at the beginning of the summer.

Carbon dioxide emissions, tonnes



Our emissions (Scopes 1 & 2) have declined by 96 per cent since 2002.

Reporting of emissions

We primarily report greenhouse gas emissions in accordance with the GHG Protocol, market-based method, as we then have statistics from 2002. Emissions from refrigerants (Scope 1) are taken from the legally required refrigerant report of each property. The emissions of company cars (Scope 1) are based on the distance driven and the average consumption of mixed driving for each car. Currently 100% electric.

We primarily report Scope 2 according to the market-based method, where our GO-labelled renewable electricity has a conversion factor of 0 g CO₂e/MWh. However, we also report the location-based method premiums via the Nordic electricity mix¹⁾. Electricity consumption in properties (Scope 2) where the tenant does not have separate metering or billing of actual consumption is retrieved from the energy follow-up system. Statistics for district heating and cooling (Scope 2) are also taken from the energy follow-up system. The CO₂ calculation is not adjusted based on SMHI degree days. Conversion factors from the respected district heating and cooling supplier are used for the CO₂ calculation.

Our Scope 3 includes full waste management by type and management method from suppliers, internal monitoring of staff mileage driven while on duty, business travel by air from the travel company, internal monitoring of property development²⁾, building energy from suppliers, employee commuting in km based on the 2019 travel habits survey (CERO) and tenant energy use assumed on a flat rate basis. The significant increase in Scope 3 is due to two completed new builds, compared to none in 2020.

Greenhouse gas emissions, (tonnes CO₂e)

Emissions	Emission source	2021	2020	Method for calculation
Scope 1	Total	98	22	Fuel-based
	Refrigerant leakage	98	22	Fuel-based
	Service vehicles	0	0	Fuel-based
Scope 2	Total (Market-based)	1,512¹⁾	1,416	Fuel-based
	Heating	1,512	1,398	Fuel-based
	Cooling	0	18	Fuel-based
	Electricity	0	0	Fuel-based
Scope 3	Total	26,997	4,108	
	Waste management	58	65	Spend-based
	Leased vehicles and staff vehicles used for work	2	4	Distance-based
	Air travel	1	11	Distance-based
	Property development ²⁾	25,130	2,503	Average-based
	Property energy	618	639	Fuel-based
	Commuter journeys	145	145	Average-based
Electricity consumption, tenants	1,043	741	Average-based	
Total		28,607	5,546³⁾	
Carbon offset by district heating supplier		-1,560	-1,254	
Net emissions after carbon offset		27,047	4,292	

1) With the location-based method, Scope 2 is 2,167 tonnes higher and Scope 3 is 81 tonnes higher due to Nordic electricity mix

2) Includes new construction, tenant customisations and properties bought and sold. The 2020 figure only includes tenant customisations

3) Total adjusted due to miscalculation



Climate change adaptation – future-proofing our properties

Future risks

Alongside our efforts to reduce our carbon footprint, we also need to manage the physical risks that come with climate change. We do this by continually making sure that our business model is robust and that we are well equipped to meet the challenges and opportunities that are a consequence of the shift in society. Innovative and digital solutions play an important part in this work. They help us adapt operations to climate change, but also to respond to people's health and wellbeing needs in our properties and districts.

In 2021, we carried out climate risk analyses on a total of 47 properties in the districts of Arenastaden, Solna Business Park and City. 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.

Circularity and resource efficiency

Conscientious materials selection

Our objective is for 100 per cent of our building materials to be environmentally safe in accordance with Byggarbetsdömningen (Building Material Assessment). To reduce our environmental impact in both the short and long term, we are committed to choosing the right materials and using the right methods early in our projects. The carbon footprint from production of building materials is high. That's why we're working to make greater use of materials that can be reused. We also participate in the Centre for Circular Building, often referred to as CCBUILD, which is an arena in which industry players meet and collaborate on reuse and circular material flows in construction, demolition and property management.

Large quantities of building products and decorating material are thrown out completely unnecessarily. This is why it's so important for us to create conditions for circular material flows. To ensure materials are easily disassembled, reused and recycled. We try to choose the right materials and use the right assembly methods, and to reuse materials from our conversions. We carry out an inventory of reused materials in the majority of our vacated properties and buildings due to be vacated.

The development plans for Haga Norra also include a number of large-scale projects working with reclaimed bricks. Together with construction companies, we are also conducting research projects with the aim of improving the recycling of frames and beams. Our objective is to increase reuse by always conducting inventories of reusable materials before carrying out tenant customisations, and at the project development stage.

Waste management – calculation methods and results

For our part, waste is generated partly in connection with construction projects and tenant adaptations, and partly through the waste generated by tenants and us in our operations. The latter is calculated using data from our main waste contractors and based on quantity, type and weight. 70 of our properties currently generate statistics. Our customers have the option of choosing a waste contractor other than the one we recommend, which is why a small number fall outside our statistics. 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 further 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.

Our water consumption target

Our goal is to reduce our water consumption every year, and in 2021 we started work on a quantified target so that we can monitor usage more effectively. In addition to reducing the use of natural resources, cutting water consumption also means preparing for a future where the water table may drop and availability of fresh water may also decrease in Sweden.

Health – certified properties and tenant wellbeing

Smart properties

Digital technology enables new behaviour and functions to be automated, creates innovative services helps change our behaviour. Working with 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. Digital solutions and apps 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.

Health in our buildings

The pandemic has brought issues relating to both physical and mental health into focus. 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. Our contribution is primarily about making it easy for our customers to do the right thing. One example is positioning attractive stairwells centrally to encourage people to take the stairs instead of the lift. We offer guidance to our customers on how to encourage their employees be more physically active, for example by using height adjustable desks, or positioning coffee machines in such a way as to boost activity levels.

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 Fitwel, which is a certification standard that differs from others in that its primary emphasis is the working environment, the workplace and the people in the actual building. Examples of focus areas include wellness, nutrition and rest. SEB's headquarters in Solna, along with our own office, also in Solna, are two examples of Fitwel-certified properties.

Certifications*

System	No. of	Sqm, GLA	Proportion of certified area, %
BREEAM In-Use	48	718,723	72
BREEAM-SE	9	251,025	25
BREEAM Bespoke	1	7,364	1
Miljöbyggnad	1	24,338	2
Total environmentally certified Properties	59	1,011,450	100

*The properties that have not yet begun certification relate to land and development property for future project development.



Hållbarhetshuset

We're now taking sustainability to the next level and constructing buildings from other buildings in Haga Norra. Bilia moved into their new premises in Haga Norra in February 2021, and when the old Bilia property next door was due to be demolished it gave us the idea of reusing sections of the building. An investigative team carried out tests and calculations and concluded that it was possible to reuse the HDF floor structure from the old 1970s property. The result was a building establishment in Haga Norra that will be made of materials that would otherwise be classified as waste. In addition to the floor structure, we will also be recycling facades, windows and interior materials. We have now received planning permission for the project and we look forward to implementing this pilot project with the hope of being able to recycle building materials from older properties for new construction on a larger scale in the future. The establishment is scheduled for completion by summer 2022, and its location is such that it can be used throughout the development of Haga Norra.

Percentage of reuse
in Hållbarhetshuset

70%

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 buildings to be certified according to Swedish regulations and BREEAM In-Use is used for existing buildings.

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.



Employees



Success starts with motivated employees

Together we can create a solid team by acknowledging and supporting each individual employee and their unique capabilities. We want to continue to develop and run a productive enterprise with our shared set of values and culture based on team spirit and commitment.

An attractive employer with a strong set of values

Our core values, known internally as SPEAK, characterise our entire business. These values are Fast, Informal, Entrepreneurial, Business-minded and Customer-focused. These core values prioritise inspiration over control, putting people first.

We are continuously working on our values, which have been evolving over the past 15 years. Together with our Code of Conduct, our core values are the foundation of our employees' conduct.

We will be the natural choice for talented, motivated and committed individuals working in the property industry. We

therefore work continually to reinforce our brand as an employer, with the aim of being one of Sweden's most popular workplaces. We collaborate with the company Great Place To Work, and every year we carry out their employee survey to find out how we are perceived as an employer. Our long-term goal is to achieve a 'Trust' rating of 90. In 2021, our rating increased from 79 to 86. In addition to this significant increase, an impressive 95 per cent of all employees consider Fabège all in all to be a very good place to work, also an improvement on last year.

Sustainable and motivated employees create a positive corporate culture



Good Health and Wellbeing

We want to increase our employees' knowledge within a wide range of health issues – for long-term wellbeing and motivation, creating drive and commitment.



Corporate culture

The contribution of each of our employees 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.



Committed and motivated employees



Good performances
Committed employees with a good work-life balance contribute to long-term, positive performance.



95%

of all employees think that Fabège is a very good place to work

We are already certified by Great Place To Work and in 2021, in addition to their employee survey, we conducted a Culture Audit for the first time. This means that our corporate culture is analysed and audited by Great Place To Work. Based on the reviews carried out during the year, it is clear that there is a solid platform for continued work to achieve our overall objectives. That together we are our working environment, and that everyone at Fabège can contribute to customer satisfaction as well as to sustainability and robust finances.



Great Place To Work

Every year we conduct the Great Place To Work survey to find out what our employees think of Fabège as an employer. Our target was to achieve a Trust rating of 85, which was surpassed with this year's result of 86.



86%



Pandemic has affected us

The pandemic is still with us in 2021 and continues to impact society, businesses and individuals. We have been keen to keep all staff updated, including through regular information emails, which at the beginning of the pandemic were sent out on a daily basis, and are now weekly. During the year, we also held digital conferences and meetings for all staff and offered a large number of training courses to facilitate remote working. It has also been possible to participate in various digital training activities to enable interaction outside employees' own teams. We have also offered extra support to those who have requested it, including through Falck Health Care, which employees can call entirely anonymously if they so wish.

Individual career development

Individual career plans form the basis of each employee's professional development. The plan is regularly monitored via employee performance reviews, as well as by setting new targets based on business goals and the role of the employee. Performance reviews were carried out with 98 per cent of employees in 2021. All new managers undergo an induction course to ensure the quality of reviews.

Sustainable employees and health in everyday life

We take a comprehensive approach to the sustainable employee. Through training and talks, we want to encourage individuals to adopt a long-term, healthy lifestyle. In 2021, all employees have had the opportunity to undergo a health assessment focusing on

physical and psychosocial health, as well as the work environment in general.

We design our premises with physical activity, health and recovery in mind. Physical, psychosocial and organisational aspects have informed the design of our new headquarters in Solna, which was ready for occupancy in the spring. We have created spaces that facilitate communication and make it easier to work together, while maintaining a strong focus on flexibility. Working alone should be as natural and easy as working in a group. Good ergonomics, plenty of daylight and a safe workplace are fundamental conditions for all our offices, as is the availability of changing rooms and regular massages. It should be easy to get to work by bicycle. We work consciously to reduce work-related stress, and all managers maintain an ongoing dialogue with their employees to ensure workloads allow for active leisure time.

A continually improving, safe working environment

Our working environment must be safe and free from the risk of our employees, or those who work for us, being injured or made ill at work. Technicians are the most vulnerable, as they sometimes perform high-risk tasks. But stress, poor posture and the like can also lead to injuries in office workers. Continually identifying risks, following up incidents and implementing measures enables us to improve health and safety for our employees.

The basis for a safe workplace is provided by the work environment manual, which includes risk assessments based on safety inspections performed, deviation reports and employee performance reviews. These assessments are evaluated and prioritised, and action plans established to manage any risks identified. Our employees are at all times able to contact their line manager or HR to highlight hazardous tasks.

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 technicians.

We have an incident management system that allows all employees to report actual and potential incidents. These are reviewed by the manager responsible for the work environment, and followed up by the occupational health and safety committee. An analysis is always carried out to examine the cause of the incident and how to avoid a recurrence in the future. Extensive evaluation work is continually underway to improve our health and safety efforts. Work environment injuries are reported to the Swedish Work Environment Authority.

An occupational health and safety committee, including employees from all departments and local offices, and occupational health and safety representatives are jointly responsible for making continual improvements to our work environment. In autumn 2021, we applied for health certification for our new headquarters. The certification, which is achieved via a points system, is issued by the American certification system Fitwel. Healthy food, access to fitness areas, proximity to public transport and green spaces, as well as good air quality and effective lighting are some of the criteria for which points are awarded.

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.

Gender equality

The property sector has ranked high in the Albright Foundation's reports in recent years and continued to do so in 2021. A number of





companies have female CEOs and can also demonstrate an even gender balance both on their boards and management teams. The same is true for us, with four women and three men on the Board and five women and four men on the management team. Furthermore, for many years now we have been working systematically on welcoming more female managers to work on our construction projects. Our efforts have proved effective, which is why we have launched a similar initiative to increase the proportion of women in our operational organisation.

Our profit-sharing fund

We have relatively few employees in relation to our market capitalisation and market value. That's why each and every employee is highly significant for our business. One way of showing our appreciation for the contribution of each individual to our shared success is via our profit-sharing fund. Everyone who works for us is covered by the fund and the amount set aside is the same for everyone, whether they work in property management, at the office or are a member of the Executive Management Team. Allocations are made in the form of Fabège shares and are linked to a number of established targets, including profitability and return on equity. The shares are tied up for a period of five years after allocation, which amounts to a maximum of two price base amounts per employee and year. The Board decided that the allocation for 2021 would amount to 1.83 price base amounts per full-time employee, which corresponds to a value of SEK 87,108.

Gender balance



Board of Directors	
● Women	57%
● Men	43%



Executive Management Team	
● Women	56%
● Men	44%



Fabège total	
● Women	37%
● Men	63%



Supply chain



Supply chain sustainability screening

Our suppliers are our cooperation partners. They work closely with our customers and help us achieve the sustainability targets we have set up. That's why we regard a sustainable supply chain as an important tool for creating long-term profitability, reducing our risks and boosting our brand.

We endeavour to operate according to the principles of responsible business conduct, and to reduce our carbon footprint at all levels. We therefore work in a number of priority areas within the remit of our supply chain:

- Limiting emissions related to materials, transportation, construction energy and waste, or Scope 3 emissions, is a major challenge for the property sector. These emissions are mainly produced by our suppliers or their subcontractors
- Ensuring the UN Global Compact's ten principles on human rights, labour, environment and anti-corruption are complied with

Regular inspections

Our Code of Conduct and our Purchasing Policy clarify our position on where new suppliers must meet our criteria. Existing suppliers are reviewed on an ongoing basis in terms of sustainability, finances, quality, contracts and the like. Monitoring is an important aspect of our purchasing work, in order to assure a high level of ethics, consideration for human rights, professionalism, competition, objectivity and equal treatment.

Sustainability screening

We carry out a systematic sustainability review in connection with each procurement. The review is based on a survey completed by suppliers, supplemented by specific requirements relating to the category of supplier. The risk assessment category and survey responses determine whether a more in-depth audit is to be carried out. Survey responses are stored in a common database and can be easily shared with other parts of the business.

Quality assessments

In order to ensure delivery quality, we also conduct regular assessments within supplier areas that are deemed to be particularly significant to our customers' experience of day-to-day services. These include cleaning, lift maintenance and snow clearance, for example. The assessments are carried out via an internal survey that is sent our three times a year to managers within our various market areas. Representatives of each area then rate how well they feel each supplier meets expectations. Any rating below seven on the scale of one to ten triggers immediate action. This allows us to quickly respond to any contractual breaches and continually improve quality.

100 per cent target

Our aim is for all our 200 or so framework contract suppliers to be sustainability audited. Given the fact that we have implemented a new tool, we aim to achieve our target in 2022. Since 2013, selected strategic partners have been reviewed by an independent party and a total of 44 suppliers have been approved under the previous process over the past three years. In 2021, a further nine were audited using the new tool and received approval under the new methodology. Contractors for larger projects, over SEK 50m, must always undergo a sustainability audit before the production phase begins.

We carry out enhanced background checks on suppliers for those categories where it is deemed necessary following a risk assessment. Such checks are carried out before the contract is signed. We maintain a positive 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.

Subcontractors

We set high standards for our suppliers to monitor their subcontractors' compliance with our requirements. In recent years we have tightened our Code of Conduct for Suppliers in the following areas: the environment, business ethics, health and safety, working conditions, privacy, human rights, and compliance and follow-up.

Safe workplaces

A safe and secure workplace free from corruption and inequality, and where risks are minimised and prevented is a human right and a challenge for the entire construction industry. Staff ledgers allow us access to statistics regarding employment terms 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 the main responsibility of the contractor. There are construction 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. This is regulated in our contracts. 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. One example is that



Process for management and monitoring of suppliers



The person in charge of the category ensures the process, but it is implemented by category teams consisting of representatives from the business.

photographs must be uploaded as evidence that any measures have been completed.

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 satisfactory. We always follow up any deviations with both 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.

Suppliers	2021
Accident rate, contractor (ELTAR) ¹⁾	1.89

¹⁾Reporting relating to contractor accidents is not comprehensive, as not all projects report contractors' accidents in the IA system yet.

Accidents and incidents

Reporting relating to contractor accidents is not comprehensive, as not all projects report contractors' accidents in the IA system yet. The accident rate is defined as the number of workplace accidents resulting in absence of one or more contracted working days per 200,000 hours worked, divided by hours worked. The most common accidents on construction sites are cuts, falls from low heights and trips. When more serious accidents occur, they are often falls or trips.



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. During the year, we worked 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 are the initiator of the project, in which six property companies with large office property portfolios in the Stockholm region have agreed to develop common supplier requirements in the area of sustainability. The project is expected to be fully completed in 2022.





Financing



Green financing – the journey towards a sustainable future

Green financing is gaining momentum, particularly in light of the EU’s new taxonomy. As far as we’re concerned it’s a natural part of our sustainability work. It doesn’t only provide us with more responsible financing. It also reinforces the importance of consistently ensuring a sustainable approach in our business processes, and therefore impacts and motivates our employees at a local level.

Building on the EU taxonomy

As a property company, we are subject to disclosure requirements on the extent to which our operations are environmentally sustainable according to the EU taxonomy. During the year, we conducted a review of financial activities that are subject to the taxonomy, which includes new construction projects, major renovations and the properties under our management. In 2021, we took out our first taxonomy-adapted loan for the Signalen 3 property in Solna.

Green framework

Our framework for green financing sets a standard that can be used for all our sources of financing. Linked to the framework is the green MTN (Medium Term Notes) programme established in 2016, which includes specific sustainability and environmental conditions. 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 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.

Adding value at every stage

A conscious and structured approach to environmental and sustainability issues increases the value of our property portfolio. We are constantly mindful in order to maintain a high level of certification for our properties. This approach benefits us, our lenders and other stakeholders. Furthermore, long-term sustainability work also has a positive impact on locations, the city and the management of global climate challenges.



99% green financing

Green financing offers us better conditions both with banks and on the capital market, as well as access to more financing alternatives. Our green financing was complemented in June 2021 by a taxonomy-adapted loan that satisfies the EU taxonomy’s proposed criteria for green financing. The target of 100 per cent green financing was achieved just before year-end 2020/21. The decline in the proportion of green financing to 99 per cent at year-end is due to the acquisition of SHH Bostad, whose loans were not classified as green. The aim is to convert these to green loans in 2022.





Our reporting according to EU taxonomy

Fabège AB (publ) is subject to the EU's Non-financial Reporting Directive and must disclose the extent to which its operations are classified as sustainable according to the taxonomy.

In accordance with the mandatory reporting for the 2021 financial year, we report the extent to which the Group's activities are covered by EU taxonomy.

KPI	Total, SEKm	Percentage of economic activity covered by the taxonomy (%)	Percentage of economic activity not covered by the taxonomy (%)
Sales	2,951	100	-
Operating expenditure	181	100	-
Capital expenditure	3,447	100	-

Taxonomy of economic activity

We own and manage properties, with a primary focus on commercial properties in the Stockholm area. The majority of the property portfolio falls within the taxonomy and is divided into the following categories:

- 7.1 Construction of new buildings; refers to properties under production and project properties completed during 2021. These include the completed projects Hagalund 2:11 and Nationalarenan 3, the ongoing project Poolen 1 and subsidiary SHH Bostad's ongoing residential production.
- 7.2 Renovation of existing buildings; refers to development properties undergoing renovation where a significant portion of the property is affected by the project. These include the leasehold Glädjen 12.
- 7.7 Acquisition and ownership of buildings; refers to the majority of the Group's properties. All investment properties with a current cash flow are included.

Properties that fall outside the scope of the taxonomy refer to pure land properties, including SHH Bostad's development portfolio, i.e. land acquisitions that are not yet in production.



Our work to satisfy taxonomy requirements

The requirements of the EU taxonomy are highly consistent with our sustainability work presented in this report. We therefore believe that we satisfy much of the taxonomy's requirements.

For example, in 2021, we carried out climate resilience analyses in several of our districts, assessing the future physical climate risks and what climate adaptations we should make to reduce these long-term risks. This work will continue in 2022.

Another important objective in the taxonomy is energy-efficient buildings, and this is an area where we are at the forefront and working on an ongoing basis. As much as 72 per cent of the space in our managed portfolio is within the top 15 per cent in terms of energy performance (This is as defined by the Property Owners Survey, which shows that the top 15 per cent in office buildings in Sweden corresponds to buildings with a primary energy rating below 89 kWh/sqm Atemp).

Revenue recognition

All revenues related to the properties included in economic activity above are recognised. This refers to rental income, including the standard supplements. No material revenues that should be excluded have been identified. Revenue of SEK 2,951m corresponds to total net sales according to profit and loss accounts for 2021.

Recognition of operating expenditure

Operating expenditure includes the following expenses: property management costs, regular repairs, maintenance and expensed tenant customisations. SHH Bostad's production costs for residential development are also included.

Recognition of capital expenditure

Relates to capital expenditure for acquisitions and capitalised investment expenditure related to the properties included in economic activity reported above. Capital expenditure of SEK 3,447m represents all expenditure on acquisitions and investments in investment and development properties in 2021. See Notes 17 and 23 for further information.



Customers



Surveys and dialogue promote stronger relationships

We enjoy a close dialogue with our customers and adopt a responsive approach to their businesses and needs. During the pandemic, dialogue has been regular and whatever the challenge, we always try to be flexible and find solutions that meet their needs. Mutual loyalty helps us create sustainable concepts and grow alongside our customers.

Shared agenda for long-term sustainability

It's important to have good and close relationships with our customers. We want to be part of strengthening their competitiveness as employers by creating sustainable working and urban environments for their businesses and organisations. The sustainability network in Arenastaden is an example of such cooperation. We've been working with eight major companies here on an action plan linked to travel habits, to contribute to the climate goal of halving greenhouse gas emissions by 2030. This work will be carried out in close cooperation with the City of Solna, Keolis, SL (Stockholm Public Transport) and transport operator MTR to achieve the best possible impact. Further Arenastaden examples include the SEB building, which has won the award for Europe's healthiest building, and the development of Scandinavia's first zero-energy hotel in collaboration with Nordic Choice Hotels.

Green leases are now standard. 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. In 2021, 96 per cent of total newly signed space pertained to green leases.

Flexible solutions with the customer front and centre

We are currently landlord to more than 660 companies, authorities and organisations, and more than 100,000 people spend time on our premises every day. Our experience means we are able to meet a growing need for flexibility. It could involve adapting the length of the lease via lease options, or making it easier for our customers' employees to achieve a good work-life balance. One example is our office hubs, known as WAW offices. The digital transformation and new flexible ways of working have been accelerated by the pandemic and bring greater demands for us to offer products that meet these new needs. The dialogue with our customers has intensified, as have efforts to develop new products that meet completely new requirements. In 2022, we will therefore launch a new concept as an alternative to co-working. This means we can expand our offering and give our customers greater flexibility at a time that is still characterised some uncertainty, although we are convinced that the post-pandemic working world will look different from today.

Close relationships thanks to in-house staff

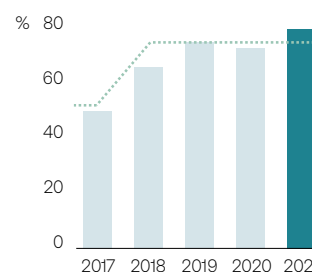
Continuity is essential for a close relationship with our customers and for generating shared value. We have our own staff at all levels, both in management and in the property operations. It makes it easier to maintain a close dialogue with our customers, which is key to value creation.

Our property management is divided up into geographical areas for organisational purposes, and each area has considerable responsibility and is able to make swift decisions. There are local offices in all areas. We're never more than a phone call away, and having a presence in our customers' everyday lives means we're able to pick up on more subtle requests. We manage every issue that comes up, whether it's a customer who has outgrown their premises, is looking for a more flexible office set-up or who needs an immediate response due to an unexpected incident. We are always available for fault reports and to quickly address any risks to people and safety.

The pandemic has impacted us in 2021 as well, and our close customer relationships have been an advantage in this challenging situation. This is particularly reflected in the CSI (Customer Satisfaction Index) survey we carried out during the year. Our target is an overall customer satisfaction rating of 80, and we achieved 78, which is close to the result of the last survey in 2017. We carry out CSI measurements every two years. The 2020 survey was cancelled due to the pandemic. It is worth noting that in 2021, a full 90 per cent say they would be likely to recommend Fabege as a landlord, and 81 per cent say they would be likely to contact us in connection with a change of premises.

The CSI survey is one of a number of key tools we use to make continual improvements, develop sustainable concepts, create more points of contact and strengthen relationships with our customers. We also work with customer dialogues, an in-depth customer meeting every one or two years that gives us an even better understanding of our customers' needs. The daily insights we gather from proximity to the customer also play a crucial role. We create continuity by having our own staff at all levels, and we can strengthen our customer relationships, irrespective of whether the matter ends up being handled by the property manager, operations manager or one of our employees at the local office.

Percentage green leases*



*Area above ground, excluding residential units.

90%

state that it is likely they would recommend us as a landlord.



Business ethics



A responsible partner on every level

Good business ethics that promote fair competition and avoid all forms of corruption are the foundation of our relationships with customers, suppliers, lenders and partners. Working responsibly is not only crucial for long-term profitability, but also contributes to the sustainable development of society.

Code of Conduct under constant review

Our brand and our business should symbolise security, reliability and strong values for everyone who comes into contact with us. Our core values (SPEAK) and our Code of Conduct form the basis for the conduct of all employees. Our Code of Conduct clarifies our position on issues related to human rights, labour conditions, the environment, business ethics and communication.

All our employees receive regular training on both our Code of Conduct and the Swedish Code of Business Conduct; 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 in the workplace. We continually enhance our Code of Conduct to ensure that it remains relevant and responds to current challenges and dilemmas.

Our Ethics Council

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.

Whistleblower service for added peace of mind

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 at an early stage, either via dialogue or via anonymous reporting systems.

Our whistleblower service facilitates incident reporting and is available both internally and externally. The report itself and any subsequent dialogue are anonymised if the person so wishes. All reports are immediately followed up by a working group consisting of our Director of Human Resources, Head of Sustainability and Corporate Lawyer. The group makes sure appropriate action is taken. No incidents were reported in 2021.

Transparency around tax payments

We want to take responsibility for sustainable societal development, and this includes contributing to society by paying taxes. We conduct all our operations in Sweden and all staff are employed by Swedish companies. We produce transparent and open accounts of the Group's total tax burden. Operations are pursued in a professional manner in order to generate a return for our owners, which means that we aim to achieve cost effective tax manage-

ment. 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. Our tax policy is available in full on our website.



Our core values:

SPEAK

- Fast
- Informal
- Entrepreneurial
- Business-minded
- Customer-focused



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

City districts	Outcome 2021	Outcome 2020	Short-term goal	Long-term goal
Proportion of renewable energy, %	95	96	100	100% energy from renewable sources



Properties

Properties	Outcome 2021	Outcome 2020	Short-term goal	Long-term goal
Energy performance, total energy kWh/sqm Atemp	77	74	max. 77 years 2023	Average max. 77 kWh/sqm Atemp. New builds, max. 50 kWh/sqm Atemp. Existing portfolio, max. 85 kWh/sqm Atemp
Energy produced from solar panels, kWh/sqm Atemp	0.79	0.56		Energy produced from solar panels 2.5 kWh/sqm Atemp by 2030
Material recovery, %	48	53		90% material and energy recovery
Water consumption, litres/sqm Atemp	263	318		Reduce water consumption per sqm Atemp by 2% annually compared with 2019
Environmental certification, number of investment properties	59	59		
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 (excluding future development properties) are to be environmentally certified to BREEAM In-Use standard with ambition level Very Good
Proportion of electric and hybrid cars – service vehicles and company cars, %	96	96	100	100%
Carbon dioxide emissions, tonnes				Carbon neutral property management (Scopes 1 & 2) by 2030. Indirect emissions (Scope 3) to be halved per GFA by 2030 compared with 2019
Scope 1	98	22		
Scope 2	1,512	1,416		
Scope 3	26,997	4,108		
Total	28,607	5,546		
Carbon offset by district heating supplier	-1,560	-1,254		
Net emissions after carbon offset	27,047	4,292		



Employees

Employees*	Outcome 2021	Outcome 2020	Short-term goal	Long-term goal
Satisfied employees, confidence rating, %	86	79	>80	Confidence rating will exceed 85% by 2023
Recommending Fabège as an employer, %	94	93	90	Over 90% of employees would recommend Fabège as an employer
Low sickness absence, %	2.94	2.4	<3	Maintain low level of sickness absence, aided by regular medical check-ups and continued health and fitness programmes
Gender equality in management, % women	56	33		Aim is to achieve even gender balance
Gender equality among managers, % women	25	39		Aim is to achieve even gender balance
Gender equality among employees, % women	35	37		Aim is to achieve even gender balance



Supply chain

Supply chain	Outcome 2021	Outcome 2020	Short-term goal	Long-term goal
Screening of strategic suppliers, %	100	100	100	All 44 strategic partners will be sustainability audited and approved (corresponds to approx. 75% of total purchasing volume)



Financing

Financing	Outcome 2021	Outcome 2020	Short-term goal	Long-term goal
Green financing, %	99	100	100	100% green financing



Customers

Customers	Outcome 2021	Outcome 2020	Short-term goal	Long-term goal
Customer Satisfaction Index	78	n/a	80	CSI rating shall be 80. The survey is carried out every other year
Green leases ¹⁾ , proportion of newly-signed space, %	96	96	100	Green leases will account for 100% of newly-signed space
Green leases, proportion of total lettable area, %	80	73	100	Green leases to account for 100% of total space

¹⁾ Area above ground, excluding residential units.



Business ethics

Business ethics	Outcome 2021	Outcome 2020	Short-term goal	Long-term goal
Annual training in our Code of Conduct	100	100	100	Keeping the dialogue on ethical issues alive throughout the company via activities and forums



Åsa, CFO, responds to questions from investors

2021 was an active year for us in investor relations (IR). Although no physical roadshows were held, we actively participated in digital events organised by Nordic and international banks. We met a total of over 65 international and Swedish investors and asset managers in 2021. Our Vice President and CFO provides answers to some of the most common questions during the year.

What's your view of the future rental market?

At the moment, the rental market is looking very positive. We entered the 2020 pandemic with many questions. Processes were delayed and customers were struggling to make decisions and conclude agreements. But the situation began to improve last spring and the momentum was much more positive. We are receiving more inquiries, have several ongoing discussions and viewings for clients and also several completions.

However, the question of how the office market will look in the future remains uncertain. How will businesses use their offices, and what will it mean for companies like us who rent them out? We don't really know at the moment. There is talk of greater flexibility and more working from home, but at the same time we know that

many people are looking forward to returning to their workplaces, that offices play a major role in strengthening corporate culture and that employees want to be seen. The office is also important for staff inductions and training, and for the transfer of knowledge. Our portfolio of modern and flexible offices in attractive locations is performing well, even in a more challenging market.

We are now seeing greater differentiation between good and bad offices and good and bad locations. How is Fabega holding up in this competition?

Our business concept is based on creating attractive neighbourhoods in areas that contain the kind of services that people appreciate having close to their



“Our business concept is based on creating attractive neighbourhoods in prime locations.”

offices. We can also guide the development of our neighbourhoods and ensure they are filled with the kind of services that customers want. We are strong because we have attractive areas with a good range of services and good public transport connections, but also because we offer modern offices with a high degree of flexibility. In addition, sustainability issues are important to our customers, and with our offering we can help them to act sustainably.

What's the rental trend looking like for forthcoming 2022 renegotiations?

It will be difficult to achieve a similar increase in renegotiations over the coming year. This is partly because the leases we are renegotiating in 2022 were last renegotiated 3–5 years ago, and from higher levels. Rent levels are now stagnant so the gap with existing leases in the portfolio is getting smaller every year. But it is also because the index adjustment this year was 2.8 per cent and the new property tax will mean a significant increase in property taxes. I still believe in a positive outcome from the renegotiations, but at a lower level than what we have seen over the past two years.

Have you noticed any trends in new behaviour from your customers following the pandemic?

No, we're not seeing any clear trend. Of course we have customers who have wanted to reduce or adapt their space, but we also have customers who want to expand. Logic suggests there will be more collaborative spaces and more meeting rooms, but we'll see what happens as companies get back to their offices and consider their needs.

Is the focus on residential a change in your strategy?

Yes, we're now taking a broader approach to urban development in our areas, which also includes residential development. Both residential and offices are emerging in the process of drawing up local development plans, and we want both elements in our districts. In the past, we have sold residential development rights or carried out residential development in joint ventures. We now have so many residential development rights that we think are important for the improvement of our districts that we've started considering how to take a better approach to that aspect ourselves. The solution was to acquire SHH, which has its own portfolio of ongoing and future projects, but also an organisation with the expertise to develop residential.

You have a low loan-to-value ratio compared with your Nordic peers. Are you happy with this situation or will you be more proactive in 2022?

The loan-to-value ratio is one way of looking at Fabège's strength, and we're very strong in this area. We're not as strong though when it comes to key performance indicators such as cash flow in relation to loans. It's about maintaining a good balance. Our strength gives us the capacity to invest and we are looking at potential investments in the market. Our priority is to acquire properties with development potential, such as the acquisitions we have made in Flemingsberg. But we're open to looking at other possible acquisitions and we're analysing the properties that come onto the market in the Stockholm area.

Are you looking at possible acquisitions outside Stockholm to reduce your exposure to one market?

No, we believe in continuing to build on our strategic position in the Stockholm market.

What are your views on refinancing in 2022?

It feels very stable and safe. We have good relationships and a high level of trust both with the banks and in the capital market. The climate is very positive; there is a strong demand for Fabège securities and we have had no difficulty refinancing both commercial paper and bonds, with the exception of the periods when the uncertainty surrounding the pandemic had a significant negative impact on the capital market. We refinance maturities in a timely manner and do not have much to trade in 2022. We have access to the capital we need via both banks and capital markets.

What are the forthcoming project start-ups looking like?

About a year ago, Bilia moved into its new premises in Haga Norra, and during the year work has begun on completing the residential above. Now we're taking the next step and starting construction on the first office building in the area, which will accommodate several different tenants. The horizon from decision to move for smaller tenants is shorter than for larger companies, which means that we need to be one step ahead in production. We think the area is attractive and it will be a modern and flexible property, so we're not worried about finding customers. In addition, investments in Flemingsberg will gain momentum with new buildings for the Royal Dramatic Theatre, the Royal Swedish Opera and Alfa Laval. We have many exciting projects in the pipeline.

Thank you, Åsa



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Directors' Report

The Board of Directors and Chief Executive Officer of Fabege AB (publ), company registration number 556049-1523, hereby present the 2021 Annual Report for the Group and Parent Company.

The business

We are one of Sweden's leading property companies with a primary focus on commercial premises. The business is concentrated in a small number of fast-growing priority submarkets in the Stockholm region. We manage and improve our existing properties while continuously developing the portfolio through sales and acquisitions.

The acquisition of SHH Bostad AB in October 2021 strengthens our position as an urban developer with expertise in residential development.

The transactions and investments made in 2021 continued to reflect our focus on the prioritised submarkets of Stockholm inner city, Solna, Hammarby Sjöstad and Flemingsberg. At 31 December 2021, we owned 94 properties with a combined rental value of SEK 3.4bn, a lettable area of 1.2 million sqm and a carrying amount of SEK 83.3bn (76.6), of which development and project properties account for SEK 13.9bn (11.4). Commercial premises, primarily offices, represented 83 per cent of the rental value. The financial occupancy rate for the portfolio as a whole was 90 per cent (91). The occupancy rate in Fabege's portfolio of investment properties was 90 per cent (92).

Activity in the rental market slowed during the pandemic but has picked up again with more enquiries, viewings and leases signed. New lettings during the year totalled SEK 329m (157), while net lettings were SEK 162m (-45). Lease terminations amounted to SEK -167m (-202). Significant lettings during the year included project lettings to Alfa Laval in Flemingsberg and Convendum on Kungsgatan in the inner city. Furthermore, an additional number of smaller project lettings and several leases were signed with respect to management lettings.

Efforts to extend and renegotiate existing customer leases continued to contribute to increased rental value. A lease value of just over SEK 239m was renegotiated during the year (115). The rent levels in renegotiated leases increased by an average of 11 per cent (20). The retention rate during the year was 72 per cent (65).

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 42–65 and 127–137. Our efforts to pursue operations sustainably and responsibly are a success factor that permeates the business and today 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 a good working

Property-related KPIs

	2021	2020	2019
No. of properties	94	94	87
Lettable area, 000 sqm	1,247	1,245	1,255
Financial occupancy rate, %	90	91	94
Rental value, SEKm	3,359	3,242	3,195
Net lettings	162	-45	-37
Surplus ratio, %	76	75	75



Property Management

Low risk with stable cash flow
 Finding the right premises to match a customer's specific requirements and ensuring that 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, thus building mutual trust and loyalty.

Property Development

Creating value – increasing 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.



environment, 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 and our investments are 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 the company has high ambitions as regards reducing energy use and our overall carbon footprint.

Satisfied employees are a key factor for our success, and we have a high trust 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.

Acquisitions and sales

Sadelplatsen 1 was vacated in the first quarter. Four properties relating to residential development rights in Haga Norra were sold to the joint venture company that we co-own with BRABO, which is developing tenant-owner apartments at the properties. We also entered into two land allocation agreements, one with the City of Solna and one with Huddinge Municipality. In connection with this, an additional purchase price of SEK 270m was paid for previously acquired properties in Flemingsberg. In the third quarter, SEK 176m was paid to the City of Solna relating to the acquisition of residential development rights in Huvudsta.

October saw the acquisition of residential development company SHH Bostad AB for a purchase price of SEK 880m. SHH Bostad is a property development company with a focus on residential and public-services property. Our strategy of optimising the value of our residential development rights portfolio is thereby being reinforced by our acquisition of both expertise and more development rights in our home market of Stockholm. SHH Bostad's portfolio includes a number of ongoing and forthcoming residential development projects, mainly in the Stockholm area. The acquisition strengthens our position as an urban developer in Greater Stockholm. SHH Bostad's expertise in residential and public-services property will allow us to be involved in the value creation process for longer and run several different types of projects under our own management. The acquisition value of SHH's portfolio of ongoing residential development projects and development properties amounted to SEK 880m. The portion of the purchase price that is not allocated to shareholders' equity or fair value adjustments of properties of SEK 234m is recognised as goodwill.

In December, an additional land property was acquired in Flemingsberg from Skanska, for a total purchase consideration of SEK 54m. In addition, a residential property in Borås was taken over via SHH in December.

Investments in existing properties and ongoing projects

In 2021, decisions were made on major project investments including the development of offices and labs for Alfa Laval in Flemingsberg, and the construction of an office building in Haga Norra, Solna.

During the first quarter, construction of Bilia's new premises at the Hagalund 2:11 property in Solna was completed and the tenant moved in. In the second quarter, the projects relating to Stigbygeln 2 and Nationalarenan 3, both in Arenastaden, were completed. On completion the properties were transferred to the investment property portfolio. The Poolen 1 project, with Tietoevry as the largest tenant, is on schedule for completion and occupancy in the second quarter of 2022. The aggregated project volume of the major ongoing new builds amounted to approximately SEK 1.9bn at

year-end, with a lettable area of 58,700 sqm. All projects are proceeding according to schedule. The occupancy rate in the major project properties was 85 per cent at year-end.

The year's investments in our property portfolio of SEK 1,874m (1,854) included SEK 1,239m (1,354) pertaining to investments in project and development properties. The capital invested in the investment property portfolio, which amounted to SEK 635m (501) and encompassed, for example, energy investments and tenant customisations, also contributed to the total growth in value.

Income and net operating income

Rental income amounted to SEK 2,889m (2,806) and net operating income to SEK 2,185m (2,112). The increase in revenue was mainly due to acquisitions and occupancy of project properties. In an identical portfolio, income rose by approximately 2 per cent. The increase in property expenses mainly related to winter costs such as heating and snow removal. Net operating income in an identical portfolio rose by approximately 3 per cent (6). The surplus ratio was 76 per cent (75).

Earnings from residential development

Earnings for SHH Bostad AB, which was acquired with completion in October, are included in the Fabege Group's earnings for the fourth quarter. Revenue from residential development totalled SEK 62m. Residential development costs amounted to SEK -71m, of which administrative costs amounted to SEK -19m. Gross earnings thus amounted to SEK -9m and are attributable to the fact that administrative costs are recognised on an ongoing basis, while sales and project settlements are recognised in connection with project completion. Furthermore, income from co-owned projects is recognised under associated companies.

Central administration

Central administration costs totalled SEK -110m (-93), of which just over SEK -11m was attributable to one-off costs for our new head office.

Net financial items

Net interest items amounted to SEK -495m (-462). The increase in interest expenses was mainly due to a higher volume of loans. Ground rent amounted to SEK -36m (-30).

Earnings from associated companies Share in profit/loss of associated companies amounted to SEK 2m (-53), of which SEK -35m related to contributions to Arenabolaget, SEK 25m to settlement of the joint venture project Selfoss, Kista, and SEK 12m to final settlement of SHH's co-owned project Sjöglimten in Huddinge.

Changes in value, properties

The property portfolio is valued using a well-established process. The entire property portfolio is independently valued at least once annually. Roughly 27 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 period was SEK 83.3bn (76.6). Unrealised changes in value totalled SEK 4,585m (2,715). The average yield requirement declined by 0.12 percentage points to 3.76 per cent (3.88) during the period. The change in the value of the investment property portfolio amounted to SEK 3,437m (1,941). The project portfolio contributed to an unrealised change in value of SEK 883m (774). The change in value of the project portfolio was mainly due to development gains in major project properties. Realised changes in value of SEK 56m related to gains from the sale of Selfoss 1, Kista, to the joint venture company that has been developing residential at the property.



Tax

The tax expense for the period amounted to SEK -1,312m (-840). Tax was calculated at a rate of 20.6 per cent (21.4) on taxable earnings. The interest deduction limitations are not expected to have a material effect on taxes paid in the current year.

Tax situation

Current tax

Tax loss carryforwards, which are expected to reduce the tax expense in future years, are estimated at SEK 2.6bn (3.4). Payment of income tax can also be delayed through tax depreciation of the properties. In 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 2021, the difference between the book and tax residual values of our properties was approximately SEK 56.3bn (51.4). Net deferred tax liabilities amounted to SEK 9,603m (8,288).

Deferred tax attributable to, SEKm	2021	2020
Tax loss carryforwards	-532	-693
Difference between book and tax values in respect of properties	10,174	9,166
Derivatives	-13	-128
Miscellaneous	-26	-57
Net debt, deferred tax	9,603	8,288
Tax paid, SEKm		
Income tax	1	3
Property tax	226	223
VAT	23	22
Stamp duty	1	23
Energy tax	18	16
Total	268	286

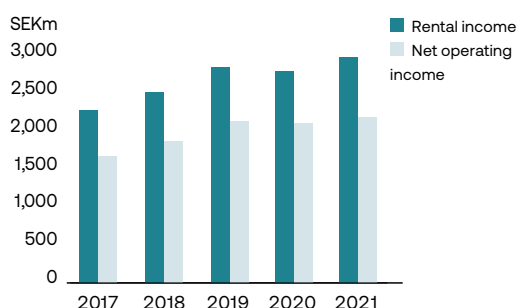
Segment reporting

Segment reporting has been adjusted due to the acquisition of SHH. The Property Management segment generated net operating income of SEK 2,096m (2,076), representing a surplus ratio of 78 per cent (78). The occupancy rate was 90 per cent (92). Profit/loss from property management totalled SEK 1,545m (1,512). Unrealised changes in the value of properties amounted to SEK 3,437m (1,918).

The Property Development segment generated net operating income of SEK 60m (43), giving a surplus ratio of 43 per cent (31). Profit/loss from property management totalled SEK -13m (-10). Unrealised changes in the value of properties amounted to SEK 265m (423).

In the Projects segment, unrealised changes in value of SEK 883m (374) were recognised. The change in value of the project portfolio was mainly due to development gains in major project properties.

Rental income and net operating income



The Residential segment generated gross earnings of SEK -9m (-) from residential development and SEK 12m (-) from associated companies. Profit/loss from property management totalled SEK -1m (-). Further information about breakdown by segment is provided under Note 3 on page 97.

Financial position and net asset value

Shareholders' equity amounted to SEK 45,174m (41,542) at the end of the period and the equity/assets ratio was 51 per cent (52). Equity per share attributable to Parent Company shareholders totalled SEK 141 (127). EPRA NRV was SEK 171 per share (155).

Goodwill

Recognised goodwill of SEK 234m is entirely attributable to the acquisition of SHH Bostad AB.

Investments 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 83.3bn (76.6).

Project and development properties

Refers to ongoing in-house projects and development properties for future production within SHH. The value at year-end totalled SEK 821m (-), including SEK 451m relating to ongoing production and SEK 370m concerning development properties for future development.

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 1,558m (1,513). Changes in working capital had an impact on cash flow of SEK -41m (-164). Investing activities had an impact of SEK -2,978m (-18) on cash flow, while cash flow from financing activities totalled SEK 1,572m (-1,335). In investing activities, cash flow is driven by property transactions and projects. Overall, cash and cash equivalents increased by SEK 111m (-4) during the year.

Parent Company

Sales amounted to SEK 324m (320) and earnings before tax amounted to SEK 149m (356). Net investments in property, equipment and shares totalled SEK 9m (1).

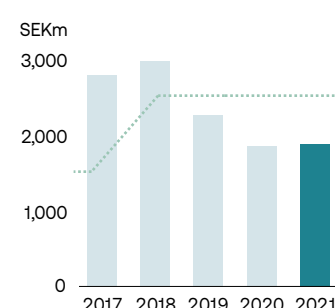
The work of the Board of Directors

A separate description of the work of the Board of Directors is given in the Corporate Governance Report on pages 108-121.

Human resources

The average number of employees in the Group during the year was 196 (180), including 62 (65) women and 124 (115) men. At year-end, the number of employees was 218 (191), including 81 (71) women. Of the total number of employees, 199 (191) were employed by the Parent Company and 19 by the wholly owned subsidiary SHH Bostad. See Note 6 on page 98 for further details.

Investments in existing properties and ongoing projects





Financing

Asset management and 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.

Financial targets at 31/12/2021

	Objective	Outcome
Return on equity, %	1)	12.5
Equity/assets ratio, %	>35	51
Interest coverage ratio, multiple	>2.2	4.1
Loan-to-value ratio, %	<50	36
Debt ratio, multiple	13.0	14.7

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

Financing at 31/12/2021

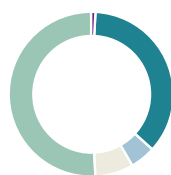
	2021	2020
Interest-bearing liabilities, SEKm	30,399	26,669
of which outstanding MTN, SEKm	10,950	7,950
of which outstanding SFF, SEKm	1,524	1,524
of which outstanding commercial paper, SEKm	2,250	2,025
Undrawn committed credit facilities, SEKm	3,374	3,867
Fixed-term maturity, years	4.9	5.2
Fixed-rate period, years	3.7	4.1
Fixed-rate period, portion of portfolio, %	76	74
Derivatives market value, SEKm	-65	-597
Average interest expenses incl. committed credit facilities, %	1.71	1.77
Average interest expenses excl. committed credit facilities, %	1.62	1.67
Unpledged assets, %	43.8	36.5
Loan-to-value ratio, %	36.5	35

Green financing at 31/12/2021

	Credit facilities	Outstanding loans and bonds
Green MTN bonds, SEKm	10,950	10,950
Green bonds via SFF, SEKm	1,524	1,524
Green commercial paper, SEKm	5,000	2,250
Green loans, other, SEKm	21,087	15,463
Total green financing, SEKm	38,561	30,187
Proportion of green financing, %	100	99
Total green available borrowing facility, SEKm	68,503	
- of which unrestricted green available borrowing facility, SEKm	28,440	

- Access to long-term and stable financing is crucial for the business. At the end of 2021, bank financing accounted for 51 (56) per cent of borrowing. We had unutilised credit facilities of SEK 3.3bn (3.9). The average capital maturity period was 4.9 years (5.2).
- A high equity/assets ratio and low debt/equity ratio create security.
- The proportion of unpledged properties is continually increasing.

Financing at 31 Dec 2021



RCF* & overdraft facilities	1%
Bond financing, Green MTN	36%
Bond financing, SFF	5%
Commercial paper	7%
Other loans	51%

*Revolving loans.

Supply of capital



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

Breakdown of collateral



Pledged assets	56%
Unpledged assets	44%

Debt management

The main task of Fabège'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 financiers having high priority. At a time when more and more companies are opting to predominantly access financing on the capital market, we have chosen to retain a significant portion of our borrowing in the form of bank financing, and are keen to continue nurturing the long-term relationships we enjoy with the Nordic banks.

Dividend policy

Under our 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.

At 31 December, unutilised credit facilities amounted to SEK 3,374 m.

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, 99 per cent (100) of outstanding loans and lines of credit were green.

We launched a new framework for green financing in June 2019. The purpose of the framework is to create a standard for green financing that can be used with a number of our various sources of funding. It is built on certified properties and ambitious targets regarding energy consumption. The 'green bond principles' and our ambition to contribute to the targets according to Agenda 2030 form the basis of the framework. CICERO 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. During the year, the MTN programme framework was raised to SEK 12,000m. The framework for the commercial paper programme remains at SEK 5,000m. As previously, we guarantee access to unutilised credit facilities to cover all outstanding commercial paper at any given time.

Reports are sent 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 fabège.se/en/about-fabège/financial-information/financing/green-financing.

EU taxonomy

Greater transparency and comparability regarding companies' sustainability work and carbon footprint is important, and we therefore welcome the EU's joint taxonomy initiative. Our ambition is to report in a transparent way, while also making it easier for our investors and their reporting requirements.

Collateral

Our borrowings have traditionally been primarily secured via mortgage deeds on properties, and to some extent shares in property-owning subsidiaries as well. As borrowing on the capital market grows, the number of properties that are free from debt also increases. At year-end, the proportion amounts to 44 per cent (36) of the total property value. Some unsecured borrowing is also undertaken.

Covenants

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 1.5. At property level, the potential loan-to-value ratios amount to between 50 and 70 per cent, depending on the type of property and financing.

Loan maturity structure, 31 Dec 2021

	Credit agreements, SEKm	Drawn, SEKm
Commercial paper programme	5,000	2,250
<1 year	2,958	2,798
1-2 years	5,900	2,635
2-3 years	9,088	6,888
3-4 years	1,555	1,555
4-5 years	5,050	5,050
5-10 years	4,456	4,456
10-15 years	3,529	3,529
15-20 years	1,236	1,236
Total	38,773	30,399

Fixed-rate period

The fixed-rate period is set using interest rate swaps. At year-end, our portfolio of fixed-income derivatives comprised interest rate swaps totalling SEK 18,950m with terms of maturity extending through 2032 and carrying fixed interest at annual rates of between -0.18 and 1.30 per cent before margins. The derivatives portfolio is measured at market value and the change in value is recognised in profit or loss. At 31 December 2021, the recognised deficit value of the portfolio was SEK 186m (597). The change in value is of an accounting nature and has no impact on the company's cash flow. At the due date, the market value of derivative instruments is always zero. Read more about interest-rate derivatives and the valuation thereof in Note 3 on page 92.

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, 31/12/2021	Percentage of votes, %
Erik Paulsson with his family, privately and through companies	16.2

Through our profit-sharing fund and the Wihlborgs and our profit-sharing fund, the employees of Fabège own a total of 1,189,657 shares, representing a stake of 0.36 (0.34) per cent in the company.

Acquisition and transfer of treasury shares

The 2021 AGM passed a resolution mandating the Board, for a period extending up 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. During the year, 4.9 million shares were repurchased. At 31 December 2021, our treasury shareholdings totalled 9,450,984. The repurchases were made at an average price of SEK 122.05 per share. The holding represents 2.86 per cent of the total number of registered shares.

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

Interest rate maturity structure (incl. derivatives), at 31 Dec 2021

	Amount, SEKm	Average interest rate, %	Share, %
<1 year	8,636	3.25	28
1-2 years	2,150	0.96	7
2-3 years	3,188	0.78	10
3-4 years	2,600	0.97	9
4-5 years	3,100	0.93	10
5-6 years	3,250	1.03	11
6-7 years	3,276	1.57	11
7-8 years	2,000	0.60	7
8-9 years	800	0.39	3
9-10 years	900	0.72	3
11 years	500	0.81	1
Total	30,399	1.62	100

*The average interest rate for the <1 year period includes the margin for the variable portion of the debt portfolio, because the company's fixed-interest term is established using interest rate swaps, which are traded without margins.

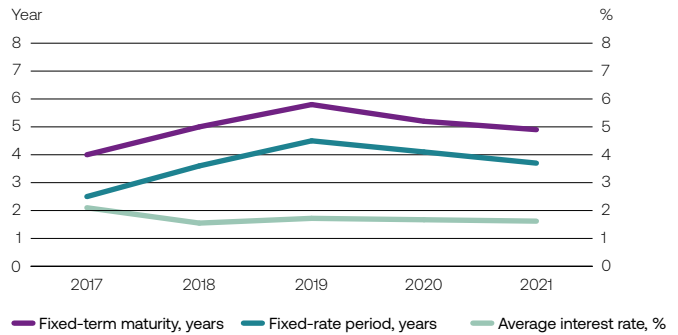


given time. Potential currency exposures must be minimised. The finance policy also states the counterparties that the company is permitted to deploy while governing the authority and delegation of responsibility for the organisation.

Liquidity

In a property company, liquidity varies significantly over a year, since 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



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.

Overall responsibility for our risk management rests with the Board of Directors, while operative work has been delegated to the CEO and management.

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

	Likelihood	Consequence		Likelihood	Consequence
Market and transactions			Tax		
Rental income – customer bad debts	●○○	●○○	Tax laws	○●○	○●○
Rental income – vacancy rate	○●○	●○○	Sustainable tax management	●○○	●○○
Rental income – rent levels	●○○	●○○	Ethics and anti-corruption		
The office of the future	○●○	○●○	Fraud, bribery, unethical conduct	●○○	○○●
Geographic concentration	●○○	●○○	Employees		
Property expenses	○●○	○●○	Workforce planning	●○○	●○○
Properties' operation and function	●○○	●○○	Dependency on key individuals	○●○	○●○
Projects – schedules and costs	○●○	○●○	Social conditions and respect for human rights		
Projects – unleased project space	●○○	●○○	Unacceptable working conditions, violations	●○○	○○●
Planning processes	○●○	○●○	Communication and cyber security		
Residential development	●○○	●○○	Data leaks, stock market regulation breaches	●○○	○●○
Property values	○●○	○○●	Media, brand	●○○	○●○
Property acquisitions	○●○	○●○	Information security, infringement	○●○	○●○
Property sales	●○○	●○○	System support availability	●○○	○●○
Financial			Likelihood: ● low ● medium ● high		
Liquidity risk	○●○	○○●	Consequence: ● low ● medium ● high		
Interest rate risk and valuation of fixed-income derivatives	○●○	○●○			
Environment					
Contamination and environmental damage	●○○	○●○			
Climate change	○●○	○●○			
Carbon footprint – property management	●○○	●○○			
Carbon footprint – projects	○●○	○●○			



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 pandemic has caused greater uncertainty in the office market in Stockholm with regard to rental trends and future office space needs. We reported a slight increase in the vacancy rate during the year. Net lettings during the year were positive. Rental income increased during the year as a result of completed project properties and continued increases in rent during renegotiations.

Sensitivity analysis, cash flow and earnings	Change	Effect, SEKm
Rental income, total	±1%	28.8
Rent level, commercial income	±1%	28.01
Financial occupancy rate	±1 %-point	33.6
Property expenses	±1%	-7.0

Risk	Assessment	Impact and management of risk, commentary 2021
Rental income – credit risk, bad debt losses	<p>L: ● C: ●</p> <p>The 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 have been affected by the ongoing pandemic.</p>	<p>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.</p> <p>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.</p> <p>We have maintained a close dialogue with all our tenants during the pandemic period, particularly with tenants whose businesses have been severely affected by the pandemic. However, the rebates and deferrals that have been granted are limited in relation to our total rental portfolio.</p>
Rental income – vacancy rate	<p>L: ● C: ●</p> <p>We believe the risk of structural vacancies is low. However, larger individual terminations may have a limited financial impact in the short term.</p> <p>Changes in vacancy rates in the portfolio could have a delayed positive or negative impact on rental income.</p> <p>New production of office properties and demand for office premises affect rent levels and the vacancy rate.</p> <p>During the pandemic, we have seen a dramatic increase in digitalisation and working from home, and the future of the office is a topic of discussion. We believe that 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.</p>	<p>The risk of structural vacancies in the investment property portfolio is deemed minor considering the portfolio's central locations, modern premises and stable customers.</p> <p>Faberge'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.</p> <p>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.</p> <p>The occupancy rate in the overall portfolio, including project properties, amounted to 90 per cent (91). In the investment property portfolio, the occupancy rate was 90 per cent (92). Rental growth in identical portfolios totalled 2 per cent during the year.</p>
Rental income – rent levels	<p>L: ● C: ●</p> <p>Market rents prevail in the Stockholm office market. Rent levels for offices in the Stockholm area have stabilised since 2020 following several years of rising rents.</p> <p>We consider the risk of falling rent levels to be low in the short term. 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.</p>	<p>For a number of years now, demand for offices in Stockholm has been very strong, with rising rent levels. As a result of the pandemic, there is currently 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 2021, we renegotiated a volume of approximately SEK 239m, resulting in an average increase of 11 per cent. We believe it will be difficult to achieve a similar increase in renegotiations over the coming year.</p>
The office of the future	<p>L: ● C: ●</p> <p>The pandemic has accelerated digital progress and opportunities to work from home. This is likely to have consequences in terms of demand for office workplaces in the future.</p>	<p>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, WAW workplaces and the opportunity to grow and downsize in attractive locations.</p>

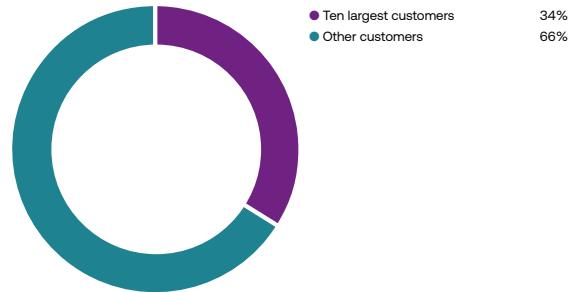


Lease maturity structure

Year of maturity	No. of leases	Annual rent, SEKm	%
2022 ¹⁾	596	679	23
2023	299	375	12
2024	213	274	9
2025	132	326	11
2026	99	353	12
2027+	73	862	29
Commercial	1,412	2,868	95
Residential leases	119	12	0
Garage and parking	730	127	4
Total	2,261	3,007	100

¹⁾Of which just over SEK 77m has already been renegotiated for 2022.

Ten largest customers, contractual annual rent



cont. Market and transactions

Risk	Assessment	Impact and management of risk, commentary 2021
Geographic concentration	<p>L: ● C: ●</p> <p>The company is affected by employment figures and trends in the Stockholm office market, because our property portfolio is concentrated to the Stockholm region.</p> <p>Given Stockholm's strong position, growth and heavily service-based industry structure, we deem the risk to be low.</p>	<p>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.</p> <p>The population of Stockholm is continuing to grow, which indicates that there will also be greater demand for offices in the long term.</p>
Property expenses	<p>L: ● C: ●</p> <p>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 part of these expenses. Other expenses, including running costs, maintenance and tariff-based expenses such as electricity and heating depend on price levels and consumption.</p> <p>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.</p>	<p>We pursue structured efforts 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. In 2022, a property tax assessment will be carried out, which is expected to result in significantly higher assessed values and thus higher property taxes. Most of the increase is passed on to customers.</p> <p>Since the standard of the investment property portfolio is high, maintenance expenses are low. The surplus ratio in 2021 was 76 per cent.</p>
Properties' operation and function	<p>L: ● C: ●</p> <p>There are increasingly stringent requirements for efficient management from a customer perspective, financial perspective and in relation to environmental impact.</p> <p>The risk is deemed to be low for our portfolio as a whole, while for individual properties it can be high.</p>	<p>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.</p>



cont. Market and transactions

Business 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. We currently envisage a slight risk of

increasing construction costs. Increased costs are largely related to adaptations for individual tenants 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 following completion is low.

Risk	Assessment	Impact and management of risk, commentary 2021
Schedules and costs	<p>L: ● C: ●</p> <p>Medium risk. Potential delays and increased costs in procurements can have significant consequences depending on the size of the projects.</p> <p>Risks in the project portfolio primarily pertain to risks related to scheduling and the cost level for the procurement of construction services. Due to its large project portfolio and annual investments of SEK 2–2.5bn, it is essential for us to manage these project risks optimally.</p>	<p>We pursue major new build and conversion projects. Each year, Fabège 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 by the CEO and Chairman together. Investment decisions relating to projects exceeding SEK 50m are made by the Board of Directors.</p> <p>The company believes that costs and schedules in the major ongoing projects will be met. However, rising material prices may affect future project procurements.</p> <p>Our aim is for project investments to generate significant value growth.</p>
Unleased project space	<p>L: ● C: ●</p> <p>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.</p>	<p>The occupancy rate of the projects was 85 per cent at year-end, which entails a low risk of vacancy on completion. We only launch speculative projects as an exception. Requirements regarding the volume of customers that have to sign leases prior to the start-up of a project are decided based on the conditions and estimated risk of each individual project.</p>
Planning processes	<p>L: ● C: ●</p> <p>Medium risk as the planning processes are normally drawn out and can be appealed.</p> <p>Planning processes are time-consuming and depend on the resources available to municipalities. There is a risk of delays in opportunities to utilise development rights.</p>	<p>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.</p> <p>The portfolio contains just over 778,000 sqm of wholly-owned commercial development rights, of which 19 per cent are scheduled.</p> <p>The portfolio also contains 675,000 sqm of wholly-owned residential development rights, of which 32 per cent are scheduled.</p>
Residential development	<p>L: ● C: ●</p> <p>Low risk. Any cost overruns in procurement and market pricing of apartments can have a significant impact on project performance.</p> <p>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. Since residential projects are expected to increase in the future, it is important that they are managed in the optimum way.</p>	<p>The selling rate of the residential projects was 98 per cent at year-end, which entails a low risk of unsold apartments on completion. Through the acquisition of SHH 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.</p>



cont. Market and transactions

Property values

As a result of low initial values for project properties and development 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. We believe that property values in the company's markets will be stable in 2022.

Change in value, %	Impact on after-tax profit, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	651	51.6	36.4
0	0	51.3	36.5
-1	-651	51.1	36.7

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%	6.8
Running cost	±SEK 50/sqm	1.3
Yield requirement	±0.25%	5.6
Long-term vacancy rate	±2%	1.8

Risk	Assessment	Impact and management of risk, commentary 2021
Property values	L: ● C: ● 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 the company's 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. The combined year-end market value was SEK 83.3bn (76.6), corresponding to about SEK 66,800 per sqm (61,000).

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 development rights, upgrading the standard, raising rent levels etc.

Risk	Assessment	Impact and management of risk, commentary 2021
Property acquisitions	L: ● C: ● 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.
Property sales	L: ● C: ● Low risk. 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.



Financial

Financing

We have good access to financing via several different sources with both banks and the capital market. By interest-hedging 76 per cent of the loan portfolio, interest rate changes have limited impact on our borrowing costs.

Sensitivity analysis, cash flow and earnings⁹⁾

	Change	Effect, SEKm
Interest expenses, rolling 12 months (incl. derivatives)	±1 percentage point	65 / 17
Interest expenses, long-term perspective	1 percentage point	304

⁹⁾Due to the interest rate floor in credit agreements, we are unable to take full advantage of negative interest rates, which is why the result is negative even in the event of a fall in the interest rate.

Risk	Assessment	Impact and management of risk, commentary 2021
Liquidity risk	<p>L: ● C: ●</p> <p>The liquidity risk refers to the borrowing requirement that can be covered by refinancing or new borrowing in a strained market scenario.</p> <p>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.</p>	<p>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 the liquidity risk.</p> <p>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 owing to our long-term relationships with our financial backers, built on mutual trust. Moody's credit rating of Baa2, stable outlook, is evidence of confidence and stable access to capital market financing.</p> <p>The average fixed-term maturity period at year-end was 4.9 years (5.2) and available unutilised facilities amounted to SEK 3.4bn (3.9).</p>
Interest rate risk and valuation of fixed-income derivatives	<p>L: ● C: ●</p> <p>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.</p> <p>The risk is considered to be medium, as changes in market rates in the long term can have a significant impact on interest expenses.</p> <p>Fixed-income derivatives are measured at market value and changes in value impact profit and loss.</p>	<p>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.</p> <p>New interest-rate derivatives are preferably subscribed for with long maturities, in order to spread risk and ensure cash flow in the long term.</p> <p>The derivatives portfolio is valued based on external data. The fixed-rate term of the loan portfolio was about 3.7 years (4.1) at year-end.</p>



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 account-

ing 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 130–131.

Risk	Assessment	Impact and management of risk, commentary 2021
Contamination and environmental damage	<p>L: ● C: ●</p> <p>Low risk in light of the properties' standards and locations.</p> <p>Under the Swedish Environmental Code, commercial businesses are responsible for any contamination or other environmental damage, and for the remediation thereof.</p> <p>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.</p>	<p>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.</p> <p>There were no incidents in 2021 resulting in material fines and no non-monetary sanctions pursuant to environmental legislation.</p>
Climate change	<p>L: ● C: ●</p> <p>Medium risk. Temperature changes and precipitation may raise costs.</p> <p>Transition risk: Higher price for greenhouse gas emissions/higher energy costs.</p> <p>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 greater requirements concerning the carbon footprint of buildings and increased reporting requirements on carbon footprint.</p>	<p>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. In 2021, we conducted climate risk assessments on a total of 47 properties. The analyses 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.</p> <p>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.</p>
Carbon footprint from property management	<p>L: ● C: ●</p> <p>Low risk as a large proportion of the portfolio is environmentally certified, and due to systematic efforts to reduce our carbon footprint.</p> <p>Increased requirements from customers and other stakeholders regarding efficiency and transparency.</p>	<p>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 continually raising the bar in terms of our level of ambition. The aim is carbon neutral property management by the year 2030.</p> <p>The entire investment property portfolio is now certified, mainly via the BREEAM systems.</p>
Carbon footprint from projects	<p>L: ● C: ●</p> <p>High risk due to significant climate impact from transportation, building materials, energy, waste and resource efficiency during construction process.</p> <p>Increased requirements from customers and other stakeholders regarding efficiency and transparency.</p> <p>Cost of switching to low-carbon building materials.</p> <p>Other risks relate to higher prices for energy, waste management, etc.</p>	<p>All new-build projects are certified to BREEAM-SE standard with the aim of achieving 'Excellent'.</p> <p>We have begun the process of following up and measuring the carbon footprint from our projects from a life cycle perspective. Our project organisation works alongside the sustainability department on how to use new technology and more eco-friendly materials to reduce our climate impact.</p>



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 2021
Tax laws	L: ● C: ● 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. An investigation is underway into the withdrawal of stamp duty on transactions.	We are monitoring developments. In 2022, a property tax assessment will be carried out, which is expected to result in significantly higher assessed values and thus higher property taxes. Most of the increase is passed on to customers. In other respects there are no specific proposals for changes at present.
Sustainable tax management	L: ● C: ● 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.

Ethics and anti-corruption

Ethics and anti-corruption

Our Code of Conduct imposes requirements regarding how our employees are expected to conduct themselves in our 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 2021
Fraud, bribery, unethical conduct	L: ● C: ● 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 ethical 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 2021
Workforce planning	<p>L: ● C: ●</p> <p>Low risk, however strong competition for certain job categories.</p> <p>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.</p> <p>There is strong competition for certain job categories, such as technical personnel and project managers.</p>	<p>We invest time and effort in the company's shared core values, SPEAK, with the aim of being the industry's most attractive employer.</p> <p>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.</p>
Dependency on key individuals	<p>L: ● C: ●</p> <p>Medium risk. We have a relatively small workforce and certain key functions are dependent on individuals.</p>	<p>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.</p> <p>When employees are travelling on business, individuals with similar skills always travel separately.</p>

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 that suppliers and other business partners undertake to comply with our zero tolerance of unacceptable working conditions and violations.

Risk	Assessment	Impact and management of risk, commentary 2021
Unacceptable working conditions, violations	<p>L: ● C: ●</p> <p>Low risk in light of compliance with Swedish legislation and clear guidelines.</p> <p>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, the long supply chain is difficult to overview, giving rise to a risk that activities that contravene our values are conducted.</p>	<p>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.</p> <p>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.</p> <p>Cooperation with contractors is evaluated continuously and all major suppliers are examined by an independent company to ensure sustainable practices.</p> <p>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.</p> <p>We urge our first-line suppliers to monitor compliance by their subcontractors to ensure compliance throughout the supply chain.</p>



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 2021
Data leaks, stock market regulation breaches	L: ● C: ● 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	L: ● C: ● 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, infringement	L: ● C: ● 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	L: ● C: ● 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.



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, whereby net lettings in these quarters are often higher.

Outlook for 2022

Activity on the rental market saw a gradual increase in the autumn, with more viewings and negotiations. We feel that the Stockholm market is stable, with healthy demand for office premises in all our submarkets. New lettings and renegotiations are being completed at good rent levels. Autumn saw record-high transactions in our market, which is reflected in lower yield requirements and positive changes in value. However, we do not expect market yields to continue to fall, although there is still a slight delay in valuations.

We have a strong financial position. We have created new investment opportunities in our areas via the acquisitions that were completed during the year. The acquisition of SHH Bostad enables us to take the next step towards more comprehensive urban development that extends to residential as well. Our hallmark is stability – we have a portfolio of modern properties in attractive locations, stable customers and committed employees. We are well prepared to take on the challenges and opportunities open to us on the market over the coming year.

Proposal for the distribution of profits

The following amount is at the disposal of the AGM:	SEK
Accumulated profit	3,479,050,922
Profit for the year	39,697,453
Total	3,518,748,375

The Board of Directors and the Chief Executive Officer propose that the amount be allocated as follows:	SEK
A dividend of SEK 4.00 per share to the shareholders	1,285,328,640
To be carried forward	2,233,419,735
Total	3,518,748,375

The dividend amount is based on the total number of shares outstanding at 31 January 2022, i.e. 321,332,160 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 Chapter 17, second and third paragraphs of Section 3 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 10.9 per cent of the Parent Company's equity and 2.8 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 -68m (-487), 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.





Group

Statement of comprehensive income

SEK million	Note	2021	2020
Rental income	5, 7	2,889	2,806
Revenue from residential development	8	62	-
Net sales		2,951	2,806
Property expenses	9	-704	-694
Residential development costs	10	-71	-
Gross earnings		2,176	2,112
<i>Of which gross earnings for Property Management – net operating income</i>		<i>2,185</i>	<i>2,112</i>
<i>Of which gross earnings from residential development</i>		<i>-9</i>	<i>-</i>
Central administration and marketing	11	-110	-93
Profit from other securities and receivables that are non-current assets	13	15	9
Interest income	14	5	7
Profit from interests in associated companies	19	2	-53
Interest expenses	14	-515	-478
Ground rent	38	-36	-30
Profit/loss from Property Management	1-6, 18, 48	1,537	1,474
Realised changes in value, investment properties	12, 17	56	49
Unrealised changes in value, investment properties	12, 17	4,585	2,715
Unrealised changes in value, fixed-income derivatives	3, 30	532	-229
Changes in value, equities	13, 15	2	-2
Profit/loss before tax		6,712	4,007
Current tax	16	0	24
Deferred tax	16	-1,312	-864
Profit for the year		5,400	3,167
Items that will not be restated in profit or loss			
Revaluation of defined benefit pensions		6	-1
Total comprehensive income for the year		5,406	3,166
Of which attributable to non-controlling interests		0	0
Total comprehensive income attributable to Parent Company shareholders		5,406	3,166
Earnings per share for the year before and after dilution, SEK		16.73	9.65
Number of shares at end of period, million		321.3	326.2
Average number of shares, million		322.7	328.3



Group

Statement of financial position

SEK million	Note	2021	2020
Assets			
Goodwill	41	234	-
Investment properties	17	83,257	76,648
Right-of-use asset	38	1,092	897
Equipment	18	22	15
Interests in associated companies and joint ventures	19	167	133
Receivables from associated companies	20	563	868
Other long-term securities holdings	21	12	6
Derivatives	30	121	20
Other non-current receivables	22	90	102
Total non-current assets		85,558	78,689
Projects and development properties	23	821	-
Accounts receivable – trade	24	69	53
Receivables from associated companies	20	791	0
Tax asset		13	-
Other receivables	25	183	14
Prepaid expenses and accrued income		326	282
Short-term investments		96	108
Cash and cash equivalents	39	131	20
Total current assets		2,430	477
Total assets		87,988	79,166
Equity and liabilities			
Share capital		5,097	5,097
Other contributed capital		3,017	3,017
Retained earnings incl. comprehensive income for the year		37,060	33,428
Non-controlling interests		0	0
Total equity	27	45,174	41,542
Interest-bearing liabilities	28, 29, 35	27,601	23,744
Lease liability	38	1,089	897
Derivatives	30	186	617
Deferred tax liabilities	31	9,603	8,288
Provisions	32	197	183
Total non-current liabilities		38,676	33,729
Interest-bearing liabilities	28, 29, 35	2,798	2,925
Lease liability	38	4	-
Accounts payable – trade	33	67	41
Provisions	32	0	0
Tax liabilities	16	0	19
Other liabilities		404	72
Accrued expenses and deferred income	34	865	838
Total current liabilities		4,138	3,895
Total equity and liabilities		87,988	79,166



Group

Statement of changes in equity

SEK million	Share capital	Other contributed capital	Retained earnings incl. profit/loss for the year	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total shareholders' equity
Opening balance, 1 January 2020	5,097	3,017	31,880	39,993	74	40,068
Profit for the year			3,167	3,167	0	3,167
Other comprehensive income			-1	-1		-1
Total income and expenses for the period			3,166	3,166	0	3,166
Transactions with shareholders						
Cash dividend			-1,050	-1,050	0	-1,050
Share buybacks			-541	-541		-541
Acquisition of minority interests			-26	-26	-74	-100
Total transactions with shareholders			-1,617	-1,617	-74	-1,691
Closing balance, 31 December 2020	5,097	3,017	33,428	41,542	0	41,542
Opening balance, 1 January 2021	5,097	3,017	33,428	41,542	0	41,542
Profit for the year			5,400	5,400		5,400
Other comprehensive income			6	6		6
Total income and expenses for the period			5,406	5,406	0	5,406
Transactions with shareholders						
Cash dividend			-1,161	-1,161		-1,161
Share buybacks			-613	-613		-613
Acquisition of minority interests						
Total transactions with shareholders			-1,774	-1,774	0	-1,774
Closing balance, 31 December 2021	5,097	3,017	37,060	45,174	0	45,174



Group

Statement of cash flows

SEK million	Note	2021	2020
Operating activities			
Gross earnings		2,176	2,112
Central administration		-110	-93
Reversal of depreciation		7	4
Interest received		20	16
Interest paid	36	-535	-550
Income tax paid		0	24
Cash flow before change in working capital		1,558	1,513
Change in working capital			
Change in projects and development properties		-94	-
Change in current receivables		-59	-34
Change in current liabilities		112	-130
Total change in working capital	37	-41	-164
Cash flow from operating activities		1,517	1,349
Investing activities			
Business acquisitions, net cash outflow		-734	-
Investments in new builds, extensions and conversions		-1,890	-1,826
Acquisition of properties		-735	-1,370
Divestment of properties		309	3,589
Other non-current financial assets		72	-411
Cash flow from investing activities		-2,978	-18
Financing activities			
Dividend to shareholders	3	-1,161	-1,050
Share buybacks		-613	-541
Loans raised		14,958	10,117
Repayment of debts ¹⁾		-11,612	-9,861
Cash flow from financing activities		1,572	-1,335
Cash flow for the period		111	-4
Cash and cash equivalents at start of period	39	20	24
Cash and cash equivalents at end of period	39	131	20

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 72.



Parent Profit and loss accounts

SEK million	Note	2021	2020
Net sales	44	324	320
Operating expenses	45	-385	-351
Operating profit	1-3, 6, 18, 48	-61	-31
Profit/loss from shares and participations in Group companies	46	0	0
Profit from other securities and receivables that are non-current assets	13, 15	2	-2
Changes in value, fixed-income derivatives	3, 30	532	-229
Interest income	14	510	516
Interest expenses	14	-508	-486
Appropriation	46	-326	588
Profit/loss before tax		149	356
Current tax	16		
Deferred tax	16	-109	48
Profit for the year		40	404

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

Parent Balance sheet

SEK million	Note	2021	2020
Assets			
Non-current assets			
Property, plant and equipment			
Equipment	18	9	2
Total property, plant and equipment		9	2
Non-current financial assets			
Shares and participations in Group companies	46	13,400	12,517
Interests in associated companies	19	0	4
Receivables from associated companies	20	0	0
Receivables from Group companies	26	45,164	44,188
Other long-term securities holdings	21	15	9
Derivatives	30	121	20
Deferred tax assets	31	125	234
Total non-current financial assets		58,825	56,972
Total non-current assets		58,834	56,974
Current assets			
Current receivables			
Tax assets		10	4
Other receivables		1	4
Prepaid expenses and accrued income		104	100
Total current receivables		115	108
Cash and cash equivalents	39	2	1
Total current assets		117	109
Total assets		58,951	57,083
Equity and liabilities			
Equity			
Restricted equity			
Share capital		5,097	5,097
Statutory reserves/Share premium account		3,166	3,166
Unrestricted equity			
Accumulated profit		3,479	4,850
Profit for the year		40	404
Total equity	27	11,782	13,517
Provisions			
Provisions for pensions	32	69	70
Total provisions		69	70
Non-current liabilities			
Interest-bearing liabilities	28, 29, 35	27,463	22,216
Derivatives	30	186	617
Liabilities to Group companies		18,038	17,533
Total non-current liabilities		45,687	40,366
Current liabilities			
Interest-bearing liabilities	28, 29, 35	1,200	2,925
Accounts payable – trade		2	3
Other liabilities		52	62
Accrued expenses and deferred income	34	159	140
Total current liabilities		1,413	3,130
Total equity and liabilities		58,951	57,083



Parent Statement of changes in equity

SEK million	Note	Share capital	Statutory reserves	Unrestricted equity	Total shareholders' equity
	27				
Shareholders' equity 31 December 2019		5,097	3,166	6,441	14,704
Profit for the year				404	404
Total income and expenses for the period				404	404
Cash dividend				-1,050	-1,050
Treasury share buybacks				-541	-541
Shareholders' equity 31 December 2020		5,097	3,166	5,254	13,517
Profit for the year				40	40
Total income and expenses for the period				40	40
Cash dividend				-1,161	-1,161
Treasury share buybacks				-613	-613
Shareholders' equity 31 December 2021		5,097	3,166	11,782	11,782

Parent Cash flow statements

SEK million	Note	2021	2020
Operating activities			
Operating loss excl. depreciation		-59	-31
Interest received		510	516
Interest paid		-508	-486
Income tax paid		-	-
Cash flow before change in working capital		-57	-1
Change in working capital			
Current receivables		-1	534
Current liabilities		2	-10
Total change in working capital	27	1	524
Cash flow from operating activities		-56	523
Investing activities			
Acquisition of participations in Group companies		-883	-
Acquisition of property, plant and equipment		-9	-
Other non-current financial assets		-803	-398
Cash flow from investing activities		-1,695	-398
Financing activities			
Dividends paid	3	-1,161	-1,050
Group contributions received and paid		4	644
Loans raised		14,962	9,092
Repayment of debts		-11,440	-8,280
Treasury share buybacks		-613	-541
Cash flow from financing activities		1,752	-135
Change in cash and cash equivalents		1	-10
Cash and cash equivalents at start of period	39	1	11
Cash and cash equivalents at end of period	39	2	1



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 in Note 46. 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), at 31 December 2021. 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 accounting policies that have been applied.

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. Tax laws in Sweden allow companies to defer tax payments by making allocations to untaxed reserves in the balance sheet via the income and expense item appropriations. In the consolidated balance sheet these are treated as temporary differences, i.e. a breakdown is made between deferred tax liability and equity. Changes in untaxed reserves are recognised in the consolidated statement of comprehensive income and broken down into deferred tax and profit for the year. Interest during the period of construction that is included in the cost of the building is only recognised in the consolidated financial statements. 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 2021 onwards

The Group applies the same accounting policies and valuation methods as in the latest annual report. Other new or revised IFRS standards or other IFRIC interpretations that came into effect after 1 January 2021 have not had any material impact on the consolidated financial statements. The company has received government support in the form of the rent support package, which is recognised as rental income. Support received is recognised in profit or loss in the same period as the decline in income, in the form of rent rebates, for which the support is intended, to the extent it is deemed reasonably likely that the conditions have been satisfied and the support has been received/will be received. There are no contingent liabilities linked to the government support. The Group has not received any other forms of government support. The annual accounts are tagged in accordance with the ESEF Regulation.

Changes to Swedish regulations

Changes in 2021 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 2021 financial year have not had any material impact on the Parent Company's financial statements for 2021.

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 2.2.

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 45,174m (41,542), interest-bearing liabilities to SEK 30,399m (26,669) and other liabilities to SEK 12,415m (10,955). 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 1.5. At property level, the loan-to-value ratios from a mortgaging perspective vary between 50 and 70 per cent, depending on the type of property and financing.

Financial targets	Long-term targets	Outcome 31/12/21	Outcome 31/12/20
Return on equity, %	¹⁾	12.5	7.8
Equity/assets ratio, %	minimum 35	51	52
Interest coverage ratio, multiple	at least 2.2	4.1	4.3
Debt ratio, multiple (long term)	max. 13	14.7	13.2
Loan-to-value ratio, %	max. 50	36	35

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 defined 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 on the following page (page 93) shows the Group's maturity structure for financial liabilities. The amounts shown are contractual undiscounted cash flows and include both interest and nominal amounts. Liquidity flows pertaining to derivative instruments are shown in net amounts. Other liabilities are current and mature within one year.

The average year-end loan-to-value ratio was 36 per cent (35). We have a commercial paper programme of SEK 5,000m. At year-end, outstanding commercial paper amounted to SEK 2,250m (2,025). 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 3,374m, excluding the commercial paper programme. In 2016, we established an MTN programme of SEK 2bn subject to special conditions with regard to sustainability and the environment. The programme was increased to SEK 5bn, SEK 8bn and SEK 10bn between 2017 and 2021.



Note 3 continued

Loan maturity structure, 31 December 2021

Year, due	Loan commitment amount, SEKm	Amount drawn, SEKm
Commercial paper programme	2,250	2,250
<1 year	2,958	2,798
1–2 years	5,900	2,636
2–3 years	9,088	6,888
3–4 years	1,555	1,555
4–5 years	5,050	5,050
5–10 years	4,456	4,456
10–15 years	3,529	3,529
15–20 years	1,236	1,236
Total	36,023	30,399

Maturity breakdown

The table below gives a maturity breakdown for financial liabilities (excl. derivatives). This information shows that the proportion of extended financing has been gradually increased in 2021 as part of a strategy to extend the company's fixed-term maturities and financial strength. The amounts in these tables are not discounted values and where applicable they also include interest payments, which means that it is not possible to reconcile all these amounts with the amounts recorded in the balance sheets. Interest payments are established based on prevailing conditions on the balance sheet date.

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.

	Within 3 months	3–12 months	1–5 years	Over 5 years	Total
31/12/2021					
Liabilities to credit institutions	0	74	7,129	8,472	15,675
Liabilities to capital market	2,750	2,224	9,000	750	14,724
Accounts payable – trade	67	–	–	–	67
Other current liabilities	404	–	–	–	404
Total	3,221	2,298	16,129	9,222	30,870
31/12/2020					
Liabilities to credit institutions	0	0	6,661	8,509	15,170
Liabilities to capital market	1,775	1,150	8,574	0	11,499
Accounts payable – trade	41	–	–	–	41
Other current liabilities	72	–	–	–	72
Total	1,888	1,150	15,235	8,509	26,782

Interest rate risk

Interest 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 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 30,399m (26,669), with an average interest rate of 1.62 per cent (1.67), excluding the cost of committed lines of credit, or 1.71 per cent (1.77) including this cost. Outstanding commercial paper accounted for SEK 2,250m (2,025) of total liabilities. During the year, interest totalling SEK 16m (27) relating to project properties was capitalised.

The average maturity was 4.9 years (5.2). The average fixed-rate period for our debt portfolio was 3.7 years (4.1), including the effects of derivative instruments. The average fixed-rate period for variable interest loans was 90 days. Our derivatives portfolio comprised interest rate swaps totalling SEK 18,950m, with terms of maturity extending through 2032 and carrying fixed interest at annual rates of between –0.18 and 1.30 per cent before margins. Interest rates on 62 per cent of our loan portfolio were fixed using fixed-income derivatives. The total proportion of loans carrying fixed interest amounted to 76 per cent. The derivatives portfolio is measured at market value and the change in value is recognised in profit or loss. At 31 December, the recognised negative fair value adjustment of the portfolio was SEK 65m (597). 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 the company's cash flow. At the due date, the market

Liquidity flows

Year	SEKm	Calculated at 31/12/2021			Calculated at 31/12/2020				
		Loan maturity	Interest on loans	Interest on derivatives	Total	Loan maturity	Interest on loans	Interest on derivatives	Total
2021					-2,925	-288	-136	-3,349	
2022		-5,048	-309	157	-5,201	-8,512	-223	-8,870	
2023		-2,636	-267	153	-2,749	-2,618	-159	-2,910	
2024		-6,888	-214	141	-6,961	-2,550	-130	-2,801	
2025		-1,555	-167	120	-1,602	-1,555	-106	-1,765	
2026		-5,050	-130	99	-5,081	0	-106	-186	
2027		0	-130	72	-58	0	-106	-162	
2028		0	-130	39	-91	-2,626	-82	-2,732	
2029		-750	-98	19	-829	-1,080	-61	-1,146	
2030		-2,626	-79	13	-2,692	0	-61	-61	
2031		0	-79	10	-69	-63	-55	-117	
2032		-1,080	-59	4	-1,135	-698	-50	-748	
2033		-1,037	-47	0	-1,084	-297	-45	-342	
2034		-2,492	-28	0	-2,520	-2,492	-29	-2,521	
2035–38		0	-27	0	-27	0	-114	-114	
2039		-1,236	-7	0	-1,243	-1,253	-7	-1,260	
		-30,399	-1,773	827	-31,345	-26,669	-1,623	-792	-29,084

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 36m.



Note 3 continued

value of derivative instruments is always zero. Unrealised changes in value in net profit for the year amounted to SEK 532m (-229). 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 33m (27), 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 2021

Year, due	SEKm	Average interest rate, %	Share, %
<1 year ⁹⁾	8,636	3.25	28
1–2 years	2,150	0.96	7
2–3 years	3,188	0.78	10
3–4 years	2,600	0.97	9
4–5 years	3,100	0.93	10
5–6 years	3,250	1.03	11
6–7 years	3,276	1.57	11
7–8 years	2,000	0.60	7
8–9 years	800	0.39	3
9–10 years	900	0.72	3
11 years	500	0.81	1
Total	30,399	1.62	100

⁹⁾ 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.

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. The currency risk is deemed to be limited, and it is managed using currency hedging.

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.

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. 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.

Offsetting note

	Amounts recognised in the balance sheet	Collateral	Financial agreements	Net
Assets				
Derivatives	121	0	-121	0
Liabilities				
Derivatives	-186	0	121	-65
Total	-65	0	0	-65

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 2020	Cash flow from financing activities	Changes not affecting cash flow	
			Change in fair value	CB 2021
Non-current interest-bearing liabilities	23,744	3,857		27,601
Current interest-bearing liabilities	2,925	-127		2,798
Interest rate swaps, fair value hedging	597		-532	65
Total liabilities attributable to financing activities	27,266	3,730	-532	30,464

Reconciliation of liabilities attributable to financing activities (Parent Company)

	CB 2020	Cash flow from financing activities	Changes not affecting cash flow	
			Change in fair value	CB 2021
Non-current interest-bearing liabilities	22,216	5,247		27,463
Current interest-bearing liabilities	2,925	-1,725		1,200
Loans raised				
Repayment of liabilities				
Interest rate swaps, fair value hedging	597		-532	65
Total liabilities attributable to financing activities	25,738	3,522	-532	28,728



Note 3 continued

SEKm, 31/12/2021	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	Group	Parent	Group	Parent	Group	Parent
Financial assets							0	0
Receivables from Group companies		45,164					0	45,164
Receivables from associated companies	563						563	0
Other long-term securities holdings			12	15			12	15
Other non-current receivables	90						90	0
Accounts receivable – trade	69						69	0
Derivatives			121	121			121	121
Other receivables	183	1					183	1
Accrued income	326	104					326	104
Short-term investments			96				96	0
Cash and cash equivalents	131	2					131	2
Total	1,360	45,271	229	136	0	0	1,591	45,407
Financial liabilities							0	0
Liabilities to Group companies							18,038	18,038
Interest-bearing liabilities					30,399	28,663	30,399	28,663
Derivatives			186	186			186	186
Accounts payable – trade					67	2	67	2
Other current liabilities					404	52	404	52
Accrued expenses			108	106			108	106
Total	0	0	294	292	30,870	46,755	31,164	47,047

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

SEKm, 2021	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	Group	Parent	Group	Parent	Group	Parent
Operating profit								
Operating income and expenses	0	0	0	0	0	0	0	0
Net financial items								
Interest income	20	510					20	510
Interest expenses					-498	-508	-498	-508
Changes in value, derivatives			532	532			532	532
Changes in value, equities			2	2			2	2
Total	20	531	534	534	-498	-508	56	536

Financial assets and liabilities by measurement category

SEKm, 31/12/2020	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	Group	Parent	Group	Parent	Group	Parent
Financial assets								
Receivables from Group companies		44,188						44,188
Receivables from associated companies	868						868	
Other long-term securities holdings			6	9			6	9
Other non-current receivables	102						102	
Accounts receivable – trade	53						53	
Derivatives			20	20			20	20
Other receivables	14	4					14	4
Accrued income	283	100					283	100
Short-term investments			108				108	
Cash and cash equivalents	20	1					20	1
Total	1,340	44,293	134	29	0	0	1,474	44,322
Financial liabilities								
Liabilities to Group companies							17,533	17,533
Interest-bearing liabilities					26,669	25,145	26,669	25,145
Derivatives			617	617			617	617
Accounts payable – trade					41	3		
Other current liabilities					72	62		
Accrued expenses			92	90				
Total	0	0	709	707	26,782	42,743	27,286	43,295



Note 3 continued

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

SEKm, 2020	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	Group	Parent	Group	Parent	Group	Parent
Operating profit								
Operating income and expenses								
Total	0	0	0	0	0	0	0	0
Net financial items								
Interest income	16	516					16	516
Interest expenses					-475	-486	-475	-486
Changes in value, derivatives			-229	-229			-229	-229
Changes in value, equities			-2	-2			-2	-2
Total	16	516	-231	-231	-475	-486	-690	-201

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

Financial assets are classified based on the business model in which the asset is managed and its cash flow characteristics. If the financial asset is held within the framework of a business model that aims to collect contractual cash flows, and the contractual conditions for the financial asset at specific points result in cash flows that consist exclusively of payment of principal and interest on the outstanding principal, the asset is recognised at amortised cost.

If the financial asset is held in a business model, the aims of which can be achieved by both collecting contractual cash flows and selling financial assets, and the contractual conditions for the financial asset at specific points result in cash flows that consist exclusively of payment of principal and interest on the outstanding principal, the asset is recognised at fair value via other comprehensive income.

All other business models where the aim is speculation, the asset is held for trading, or where cash flow characteristics rule out other business models involve recognition at fair value via profit or loss.

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.

Financial liabilities are measured at fair value via profit or loss if they are a contingent consideration to which IFRS 3 has been applied, held for trading, or if they were initially identified as a liability at fair value via profit or loss.

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. 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. Contingent considerations are classified and measured at fair value via profit or loss.

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. Assets and liabilities in these categories are stated continuously at fair value and changes in value are recognised in the statement of comprehensive income.

Shareholdings have been categorised as 'financial assets held for trading'. These are measured at fair value and changes in value are recognised in the statement of comprehensive income. Quoted market prices are used in determining the fair value of shareholdings. 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.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured on initial recognition less principal, plus accumulated amortisation using the effective interest rate method of any difference between the principal and the outstanding principal, adjusted for any impairment losses. The recognised gross value of a financial asset is the amortised cost of the financial asset before adjustments for any loss provision. Financial liabilities are recognised at amortised cost using the effective interest rate method, or at fair value via profit or loss.

The effective rate of interest is the interest that, on discounting all future expected cash flows over the anticipated maturity, results in the initially recognised value of the financial asset or the financial liability.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset against each other and the net amount is recognised in the balance sheet when there is a legal right of set-off and there is an intention to settle the items by a net amount or to simultaneously realise the asset and settle the liability. The Group does not offset any financial assets or liabilities.

Impairment losses

The Group recognises a loss provision for expected credit losses from financial assets measured at amortised cost or fair value via other comprehensive income. The impairment rules do not extend to equity instruments. On each balance sheet date, the Group recognises the change in expected credit losses in profit or loss.

The Group must value the loss provision at an amount corresponding to 12 months of expected credit losses. For financial instruments for which 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 purpose of the impairment requirements is to recognise expected credit losses for the remaining term for all financial instruments for which significant increases have occurred in the credit risk, either assessed individually or collectively, in view of all reasonable and verifiable data, including forward-looking data. 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 trade receivables, contract assets and lease receivables there are simplifications that mean that the Group directly recognises expected credit losses for the remaining term of the asset.

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. Cash and cash equivalents, other receivables and accrued income are covered by the general model. For cash and cash equivalents, the exception for low credit risk is applied.

The simplified model is used to calculate credit losses on the Group's trade receivables and contract assets. When calculating the expected credit losses, trade receivables have been grouped based on customers' credit rating. The expected credit losses for trade receivables and contract assets are calculated with the help of 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

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 (see also Note 17). The estimates and assessments made in connection with the sale of investment properties, primarily with respect to rental guarantees and promissory note receivables, are also deemed significant. For rental guarantees, an assessment is made of the probability of payment and of any investment costs for preparing the premises for being let during the remaining term of the guarantee. Rental guarantees etc. are included in the balance sheet item 'Provisions'. When performing property transactions, an assessment of risk transfer is made, which serves as a guideline when the transaction is to be recognised. As regards promissory note claims, an assessment is made of the amount that is expected to be received.

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.

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 financial assets as interests 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	January – December 2021					January – December 2020				
	Property Management	Property Development	Project	SHH Bostad	Total	Property Management	Property Development	Transactions	SHH Bostad	Total
Rental income	2,722	138	29	0	2,889	2,655	140	11		2,806
Project & construction revenue, residential	-	-	-	62	62					0
Total net sales	2,722	138	29	62	2,951	2,655	140	11	0	2,806
Property expenses	-611	-78	-15	0	-704	-579	-97	-18		-694
Project & construction costs, residential development	-	-	-	-71	-71					0
Gross earnings	2,111	60	14	-9	2,176	2,076	43	-7	0	2,112
Of which net operating income, Property Management	2,111	60	14	0	2,185	2,076	43	-7		2,112
Surplus ratio, Property Management	78%	43%	48%	0%	76%	78%	31%	-64%		75%
Of which gross earnings from residential development	-	-	-	-9	-9				0	0
Central administration & marketing	-93	-11	-6	0	-110	-82	-8	-4		-94
Net interest expense	-417	-50	-23	-5	-495	-400	-44	-18		-462
Ground rent	-36	0	0	0	-36	-30	0	0		-30
Share in profit/loss of associated companies	-35	0	25	12	2	-52	-1	0		-53
Profit/loss from Property Management	1,530	-1	10	-2	1,537	1,512	-10	-29	0	1,473
Realised changes in value, properties	0	0	56	0	56	24	25	0		49
Unrealised changes in value, properties	3,437	265	883	0	4,585	1,918	423	374		2,715
Profit before tax per segment	4,967	264	949	-2	6,178	3,454	438	345	0	4,237
Change in value, fixed-income derivatives and equities					534					-231
Profit/loss before tax					6,713					4,006
Market value, properties	69,105	8,262	5,639	251	83,257	65,314	7,630	3,704		76,648
Projects and development properties				821	821					0
Occupancy rate, %	90				90	92				91

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 SHH Bostad. Rental income and property expenses, as well as realised and unrealised changes in the value of properties, are directly attributable to properties in each segment (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 impending 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 each segment and recognised on the balance sheet date.

During the second quarter, the project at the Hagalund 2:11 property (Bilia), Nationalarenan 3 (Choice Hotel) and Stigbygelin 2 were completed and the properties were reclassified from ongoing projects to investment properties. In the fourth quarter, the Klacken 2 property was reclassified from ongoing projects to investment properties on completion. Furthermore, the Påsen 1, Svetsaren 3, Trikäfabriken 4, Trikäfabriken 8, Tömmen 1 and Uarda 4 properties were reclassified from investment properties to development properties.



Note 6 Employees and salary costs, etc.

Average no. of employees	2021	Of which, women	2020	Of which, women
Parent	179	62	180	65
Subsidiaries	17	10	0	0
Group, total	196	72	180	65

	2021	2020
Employee turnover, %	11	7
Total sickness absence, %	2.9	2.9
Average no. of employees	196	180

Sickness absence by age group, %	Women	Men
Age <29	2.15	1.69
Age 30–49	2.92	3.84
Age 50+	0.97	2.98

SEKm	Salaries and other remuneration 2021	Social security contributions 2021	Salaries and other remuneration 2020	Social security contributions 2020
Parent	138	83	134	80
– of which pension expenses		29		28
Subsidiaries	9	5		2
– of which pension expenses		1		2
Group, total	147	88	134	82
– of which, total pension expenses		30		30

Gender distribution, Board of Directors and senior executives

	Board of Directors 2021	Board of Directors 2020	Senior executives 2021	Senior executives 2020
Men	3	3	4	4
Women	4	3	5	2
Total	7	6	9	6

Remuneration of senior executives

The term 'Other senior executives' refers to the seven individuals who together with the Chief Executive Officer and Vice President constituted the Executive Management Team in 2021. During the year, the Executive Management Team consisted of the CEO, the Vice President and CFO, the Vice President and Director of Business Development (up until 30/04/2021), the Director of Business Development (as of 01/08/2021), Director of Projects and Development, Director of Technical Operations, Director of Property Management, Director of Human Resources, Director of Corporate Communications and Director of City 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 118–119.

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 price base amounts per year per employee. For 2021, provisions of about SEK 15.5m (14.8), which is equivalent to 1.83 (1.80) 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.

Board of Directors

The Board Members are paid Directors' fees in accordance with AGM resolutions. In 2021, total Directors' fees of SEK 2,340,000 (2,100,000) were paid. Of this amount, the Chairman of the Board received SEK 670,000 (670,000), and the other Board Members received a total of SEK 1,670,000 (1,430,000). No other fees or benefits were paid to the Board.

Remuneration and other benefits to senior executives, SEK 000s

Executive Management Team 2021, SEK 000s	Salary/Fee	Other benefits	Pension	Total
Chief Executive Officer	9,916	65	2,638	12,619
Vice President, CFO	4,020	116	789	4,925
Vice President and Director of Business Development	6,840	0	0	6,840
Other senior executives	12,051	569	4,501	17,121

Variable remuneration has been paid in the amount of SEK 0 (838,000) to the outgoing CEO; variable remuneration has been paid to the CEO of SEK 2,415,000 (1,035,000), SEK 1,014,000 (1,183,000) to two vice presidents and SEK 1,755,000 (1,724,000) to seven (three) other senior executives. No other remuneration was paid to the Executive Management Team. Remuneration of the vice presidents includes remuneration to the Vice President Business Development, who transferred to a consultant role in 2019 and therefore receives a consulting fee established by the Board. The fee includes commission-based remuneration related to his specific duties and targets. He stepped down from the Executive Management Team on 30/04/2021.

Board of Directors, SEK 000s	2021				2020			
	Fee, Board Member	Audit Committee fees	Remuneration Committee fees	Total	Fee, Board Member	Audit Committee fees	Remuneration Committee fees	Total
Jan Litborn (Chairman)	550	50	70	670	550	50	70	670
Anette Asklin	240	100		340	240	100	–	340
Märtha Josefsson	240	50		290	240	50	–	290
Emma Henriksson	240			240	240	–	–	240
Stina Lindh Hök	240			240				
Per Ingemar Persson					240	–	40	280
Lennart Mauritzon	240		40	280				
Mats Qviberg	240		40	280	240	–	40	280
Total	1,990	200	150	2,340	1,750	200	150	2,100



Note 6 continued

Executive Management Team 2020, SEK 000s	Salary/ Fee	Other benefits	Pension	Total
Chief Executive Officer	7,937	54	2,915	10,906
Chief Executive Officer, outgoing	4,378	21	1,196	5,595
Vice President, CFO	4,012	100	743	4,855
Vice President and Director of Business Development	8,520	0	0	8,520
Other senior executives	6,548	195	2,312	9,055

Principles for remunerating senior executives**Board of Directors' proposals regarding guidelines on remuneration of senior executives**

These guidelines apply to the members of company management at Fabège. Company management is defined as the CEO and other members of the Executive Management Team. The guidelines are to be applied to agreed remuneration. Changes that are made to remuneration that has already been agreed, after the guidelines have been adopted at the company's 2021 Annual General Meeting (AGM). The guidelines do not apply to remuneration approved by 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 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 generate profit by being an inspiring and customer-focused company
 - with committed employees
 - with satisfied customers
 - that is the natural choice for existing and potential customers on 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 comprise 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 sever-

ance 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. Responsibilities and performance outcomes that coincide with the interests of shareholders are to be reflected in the remuneration.

At present, the following criteria apply:

- 70% of the variable remuneration is based on the achievement of goals, such as operational goals, financial goals and sustainability goals
- 20% of the variable remuneration is based on the total return in the property portfolio
- 10% of the variable remuneration is based on the amount by which the share price outperforms the benchmark index OMX Stockholm Real Estate GI over the course of the year

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 assessment 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 salary 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 10m (excluding social security fees), 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 of senior executives. The Board shall draw up proposals for new guidelines every four years and 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 concerned by such matters - are not present.

Departure from the guidelines

The Board of Directors may decide to temporarily deviate from the guidelines, wholly or in part, if in any individual case particular reasons exist to justify doing so and if such a deviation is necessary to satisfy 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 2021 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.



Note 6 continued

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 Fabège 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 2021 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 11m (2020: SEK 10m). 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 0.04205 and 0.02268 per cent, respectively, (2020: 0.02959 and 0.02243 per cent respectively). The 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 2021, Alecta's surplus, as expressed by the collective consolidation ratio, was 172 per cent (2020: 148 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:

SEKm	Group	
	2021	2020
Maturity:		
Within 1 year	679	534
1 to 5 years	1,328	1,461
Later than 5 years	861	801
Residential, garage/parking	139	122
Total	3,007	2,918

The difference between total rents at 31 December 2021 and income, as stated in profit or loss for 2021, is due to bought/sold properties, renegotiations and changes in occupancy rates in 2021. 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 123m, corresponding to 4 per cent of total rental income for the January–December 2021 period.

Rental income includes SEK 31m in government rental support during the second quarter of 2021.

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

Breakdown by income type:	Group	
	2021	
Proceeds from sale of residential projects	62	
Total	62	
Allocation by point in time, revenue recognition:		
Over time	-	
At a specific point in time	62	
Total	62	

Accounting policy**Proceeds from sale of residential projects**

Fabège (SHH 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

SEKm	Group	
	2021	2020
Operating expenses, maintenance and tenant customisations	-296	-296
Property tax	-226	-223
VAT expense	-9	-8
Property/project admin. and lettings	-173	-167
Total	-704	-694

Note 10 Residential development costs

Residential development costs amount to SEK 71m, including SEK 19m in administrative costs.

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

SEKm	Group	
	2021	2020
Realised changes in value:		
Sale proceeds	668	3,623
Carrying amount and expenses	-612	-3,574
	56	49
Unrealised changes in value:		
Changes in value relating to properties owned at 31/12/2021 and 31/12/2020, respectively	4,585	2,547
Changes in value relating to properties divested during the year	0	168
	4,585	2,715
Total realised and unrealised changes in value	4,641	2,764
Breakdown between positive and negative results:		
Positive	4,966	3,527
Negative	-325	-763
Total	4,641	2,764



Note 12 continued

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

SEKm	Group		Parent	
	2021	2020	2021	2020
Interest income, Group companies	-	-	510	516
Interest income, promissory notes	15	9	0	0
Profit/loss from other securities	2	-2	2	-2
Total	17	-7	512	514

Note 14 Interest income and interest expenses

SEKm	Group		Parent	
	2021	2020	2021	2020
Interest income	5	7	0	0
Total	5	7	0	0
Interest expenses	-515	-478	-508	-486
Total	-510	-471	-508	-486

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 attributable 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. In the accounts of individual companies the main principle – that all loan expenses should be charged to expense in the year to which they refer – has been applied.

Note 15 Changes in value, equities

The gain of SEK 2m (-2) pertains to an unrealised change in value from AIK Fotboll AB.

Note 16 Tax on profit for the year

SEKm	Group		Parent	
	2021	2020	2021	2020
Current tax	0	24	0	-
Total current tax	0	24	0	0
Deferred tax	-1,312	-864	-109	48
Total tax	-1,312	-840	-109	48
Nominal tax on profit after financial items	-1,383	-857	-31	-76
Tax effects of adjustment items:				
Deficits and temporary differences from previous years	-10	-48	-	-
Impairment of participations in subsidiaries and associated companies	-	-12	-68	-14
Resolution of deferred tax resulting from sales	77	20	-	-
Non-taxable income	11	-	-	-
Non-deductible expenses	-7	-	-7	-
Non-taxable dividend income	-	-	-	138
Current tax	-	24	-	-
Miscellaneous	-	33	-3	-1
Total tax	-1,312	-840	-109	48

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 carry-forwards 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 item 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 2021, 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 in all properties on at least one occasion during the 2018–2021 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 5.8 per cent (6.0) 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 4.0 per cent (3.8). 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, vacancies etc. is performed by external appraisers using information provided by us. 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



Note 17 continued

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 justified 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 us 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.

Office rental range in property valuations for 2020 and 2021

Market segment	Rental range
Inner city	SEK 3,400–8,000/sqm
Solna	SEK 2,100–4,000/sqm
Hammarby Sjöstad	SEK 2,300–4,000/sqm
Other markets	SEK 800–1,250/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 development rights.

Valuation assumptions	2021	2020
Annual inflation, %	2.0	2.0
Weighted discount rate, %	5.8	6.0
Weighted required yield, residual value, %	3.8	4.0
Average long-term vacancies	4.9	5.0
Operations and maintenance: Commercial, SEK/sqm	298	280

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 2021	SEKm	Weighted yield, %	Change in value, %
Inner city	31,007	3.44	6.1
Solna	41,991	3.87	5.9
Hammarby Sjöstad	8,051	4.11	5.9
Other markets	2,208	5.24	–0.4
Total	83,257	3.73	5.9

Market values 31 December 2020	SEKm	Weighted yield, %	Change in value, %
Inner city	28,910	3.6	0.9
Solna	38,650	4.0	2.3
Hammarby Sjöstad	7,532	4.2	0.4
Other markets	1,556	5.5	0.0
Total	76,648	3.9	3.6

Changes in value during the year

Unrealised changes in value during the year amounted to SEK 4,585m (2,715). The change in value corresponds to a value increase of approximately 6 per cent. The change in value was attributable to rising rent levels, a decrease in vacancies and declining 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 2021 was SEK 83.3bn (76.6).

SEKm	Group	
	2021	2020
Opening fair value	76,648	74,250
Property acquisitions	752	1,370
Investments in new builds, extensions and conversions	1,874	1,854
Changes in value, existing property portfolio	4,585	2,547
Changes in value relating to properties divested during the year	0	168
Sales, disposals and other	–602	–3,541
Closing fair value	83,257	76,648

Our ten largest properties by value

Property	Area	Sqm
Pyramiden 4	Arenastaden	72,234
Apotekaren 22	Norrmalm	28,267
Bocken 39	Norrmalm	20,707
Nationalarenan 8	Arenastaden	45,744
Bocken 35 & 46	Norrmalm	14,934
Orgeln 7	Sundbyberg	38,769
Barnhusväderkv. 36	Norrmalm	25,980
Luma 1	Hammarby Sjöstad	38,222
Signalen 3	Arenastaden	31,492
Fräsaren 11	Solna Business Park	39,152

Sensitivity analysis – property values

Change in value before tax, %	Effect on earnings, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	651	51.6%	36.4%
0	0	51.3%	36.5%
–1	–651	51.1%	36.7%

Sensitivity analysis, change in value	Assumption	Impact on value, SEKbn
Rent level	±10%	6.8
Running cost	±SEK 50/sqm	1.3
Yield requirement	±0.25%	5.6
Long-term vacancy rate	±2%	1.8

Investment properties are valued in accordance with Level 3, IFRS 13. The carrying amount/fair value and the resulting unrealised changes in value are determined each quarter based on valuations. If a property is sold in the second 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.



Note 17 continued

Accounting policy**Investment properties**

All properties in the Group are classified as investment properties, as they are held for the purpose of earning 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 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 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.

Note 18 Equipment

SEKm	Group		Parent	
	2021	2020	2021	2020
Cost at beginning of year	27	6	10	9
Investments	13	21	9	1
Sales and disposals		0	0	0
Closing accumulated cost	40	27	19	10
Opening depreciation	-12	-8	-8	-7
Sales and disposals	0	0		0
Depreciation for the year	-6	-4	-2	-1
Closing accumulated depreciation	-19	-12	-10	-8
Carrying amount	22	15	9	2

The Group has leases to a small extent for cars and other technical equipment. All agreements are subject to standard market terms and conditions.

Property, plant and equipment

Equipment is recognised at cost less accumulated depreciation and any impairment. Depreciation of equipment is expensed by writing off the value of the asset on a straight-line basis over its estimated period of use.

Impairment losses

In case of an indication of a decrease in the value of an asset (excluding investment properties and financial instruments, which are measured at fair value), the recoverable amount of the asset is determined. If the carrying amount of the asset exceeds the recoverable amount, the asset is written down to this value. The recoverable amount is defined as the higher of market value and value in use. Value in use is defined as the present value of estimated future payments generated by the asset.

Note 19 Interests in associated companies

SEKm	Group		Parent	
	2021	2020	2021	2020
Opening carrying amount	133	133	4	2
Contributions	35	53	-	2
Additions through acquisitions	53		-	-
Impairment losses	-	-	-	-
Share in profit/loss	2	-53	-	-
Dividends	-	-	-	-
Reclassifications	-56	-	-4	-
Closing carrying amount	167	133	-	4
Carrying amount	167	133	0	4

Name/Corp. Reg. No.	Registered office	Capital share, % ¹⁾	Carrying amount 2021, SEKm	Carrying amount 2020, SEKm
Urban Services i Solna 559108-8391	Stockholm	33.0	2	1
Projektbolaget Oscarsborg AB 556786-3419	Stockholm	50.0	0	0
Haga Norra Stadsutveckling Kvarter 6 and 7 AB 556983-7650	Stockholm	50.0	10	10
Accessy AB 559184-9749	Stockholm	50.0	0	4
Selfoss Invest AB	Stockholm	50.0	0	2
Fastighets AB Solna Lagern 3 559122-5759	Stockholm	50.0	0	0
Värtan Fastigheter KB 969601-0793	Stockholm	50.0	6	5
Arenabolaget i Solna KB ¹⁾ 969733-4580	Stockholm	66.7	111	111
Arenabolaget i Solna AB 556742-6811	Stockholm	50.0	0	0
SHNREP Invest AB 559192-1050	Stockholm	50.0	13	-
SB Bostad i Stockholm AB 559094-8914	Stockholm	50.0	25	-
Total			167	133

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 interests in associated companies and profit/loss from the company as earnings from interests in associated companies.

²⁾ During the year, Selfoss Invest AB has become a wholly owned subsidiary and Accessy AB is now reported as shares and interests.

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	
	2021	2020
Profit and loss account		
Rental income	486	257
Net operating income	-47	-23
Profit for the year	-72	-105
Balance sheet		
Non-current assets	3,389	3,392
Current assets	327	376
Total assets	3,716	3,768
Equity	1,818	1,856
Other liabilities	1,898	1,912
Total equity and liabilities	3,716	3,768
The Group's share of net assets in associated companies	1,198	1,234

Joint venture

The Group has one significant joint venture. We conduct financial operations through the co-owned company Svensk Fastighetsfinansiering AB. Operations consist 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 1,524m (1,524) via SFF.



Accounting policy

Interests 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. Interests 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 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 20 Receivables from associated companies

Receivables from associated companies relate to receivables from Selfoss Invest AB of SEK 0m (110), Arenabolaget i Solna AB of SEK 155m (95), Haga Norra SEK 758m (434), Fastighets AB Solna Lagern 3 of SEK 231m (228) and SB Bostad i Stockholm AB SEK 210m (0). 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 21 Other long-term securities holdings

SEKm	Group		Parent	
	2021	2020	2021	2020
Cost at beginning of year	6	8	9	11
Reclassification	4	-	4	-
Changes in value	2	-2	2	-2
Sales	-	-	-	-
Closing amount	12	6	15	9
Carrying amount	12	6	15	9

Interest	Group		Parent	
	2021	2020	2021	2020
Accessy AB 559184-9749				4
AIK Fotboll AB – our capital share is 18,5 per cent and the number of shares is 4,042,649				8
Total				12

Note 22 Other non-current receivables

SEKm	Group		Parent	
	2021	2020	2021	2020
Maturity:				
1 to 5 years after balance sheet date	88	99	0	0
More than 5 years from balance sheet date	2	3	0	0
Total	90	102	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 23 Projects and development properties

	2021
Opening amount	0
Additions through acquisitions	727
Purchases	94
Closing balance	821

The closing balance is made up of SEK 370m development properties and SEK 451m ongoing projects.

Accounting policy

Projects and development properties are held for the purpose of developing and disposing of residential, 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 24 Trade receivables

Age structure – overdue trade receivables, SEKm	Group	
	2021	2020
0–30 days	37	38
31–60 days	6	7
61–90 days	5	0
>90 days	32	19
Of which, provisioned	-11	-11
Total	69	53

Changes in reserves for expected credit losses	31/12/2021
Opening balance	-11
Provisions	-4
Reversals	5
Write-offs	3
New receivables	-7
Settled receivables	3
Change in risk factors	
Closing balance	-11

Accounting policy

Accounts receivable – trade

A business model is applied for the Group's trade receivables, the aim of which is to collect contractual cash flows, which means recognition at amortised cost, since the cash flows are made up exclusively of payments on principals and interest. Our trade receivables are recognised at the amount that is expected to be received after deducting for uncertain receivables, which are assessed individually. The expected maturity of a trade receivable is short, and the value is therefore recognised at the nominal amount with no discount. Impairment of trade receivables is recognised in operating expenses. 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. 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 25 Other receivables

The Group has current receivables in the form of promissory notes maturing within one year in the amount of SEK 8m (4). VAT receivables amount to SEK 1m (8). SEK 170m (0) relates to a receivable from a tenant-owner association where tenants have already moved in. Other items amount to a total of SEK 4m (3).

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. These items are categorised as 'Loans and receivables', which means that the items are recognised at amortised cost. Receivables are recognised at the amount that is expected to be received after deducting for uncertain receivables, which are assessed individually. Receivables with short maturities are recognised at nominal amounts without discounting.



Note 26 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 27 Shareholders' equity

	Shares outstanding	Registered shares
No. of shares at beginning of year	326,205,742	330,783,144
No. of shares at year-end	321,332,160	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 4.00.

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 28 Overdraft facilities

SEKm	Group		Parent	
	2021	2020	2021	2020
Available credit limit	660	660	660	660
Unused portion	-424	-442	-424	-442
Used portion	236	218	236	218

Note 29 Liabilities by maturity

Interest-bearing liabilities, SEKm	Group		Parent	
	2021	2020	2021	2020
Maturity up to 1 year from balance sheet date	2,798	2,925	1,200	2,925
Maturity 1 to 5 years from balance sheet date	18,379	15,235	18,241	13,711
Maturity later than 5 years from balance sheet date	9,222	8,509	9,222	8,509
Total	30,399	26,669	28,663	25,145

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 categorised as 'financial liabilities' and 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 30 Derivatives

SEKm	Group		Parent	
	2021	2020	2021	2020
Long-term surplus value	120	20	120	20
Short-term surplus value	1	-	1	-
Total surplus value	121	20	121	20
Short-term deficit	-1	-	-1	-
Long-term deficit	-185	-617	-185	-617
Total deficit	-186	-617	-186	-617
Total	-65	-597	-65	-597

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 31 Deferred tax liability/tax asset

SEKm	Group		Parent	
	2021	2020	2021	2020
Deferred tax has been calculated on the basis of:				
Tax loss carryforwards	-532	-693		0
Difference between book and tax values in respect of properties	10,174	9,166		-
Derivatives	-13	-128	-13	-128
Miscellaneous	-26	-57	-112	-106
Net deferred tax asset/liability	9,603	8,288	-125	-234

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 2.6bn (3.4). Of the changes in deferred tax liabilities for the year, the use of profit from property management accounted for SEK -316m and changes in the value of properties for SEK -944m. Deferred tax has been calculated at 20.6 per cent.

Note 32 Provisions

Of total provisions of SEK 197m (183), provisions for pensions account for SEK 39m (149). Other amounts refer to stamp duties on properties that are payable upon the sale of a property, SEK 34m (34), as well as provisions for residential projects SEK 23m (0).

SEKm	Provisions		Total
	Miscellaneous	for pensions	
At 01/01/2021	34	149	183
Additions through acquisitions	24		24
Provisions for the year			
Actuarial assumptions for the year		-10	-10
Used/paid during the year			
At 31/12/2021	58	139	197
Provisions comprise:			
Long-term component	58	139	197
Short-term component	-	-	-
Total	58	139	197

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 33 Trade payables

Accounting policy

Trade payables are categorised as 'financial liabilities', which means that the item is recognised at amortised cost. The expected maturity of a trade payable is short, and the liability is therefore recognised at the nominal amount with no discount.



Note 34 Accrued expenses and deferred income

SEKm	Group		Parent	
	2021	2020	2021	2020
Advance payment of rents	522	479	–	–
Accrued interest expenses	108	92	106	90
Miscellaneous	235	267	53	50
Total	865	838	159	140

Note 35 Pledged assets and contingent liabilities

Pledged assets, SEKm	Group		Parent	
	2021	2020	2021	2020
Property mortgages	18,430	18,747	–	–
Net assets, subsidiaries	18,636	18,323	–	–
Promissory notes	–	–	13,124	14,121
Total	37,066	37,070	13,124	14,121
Contingent liabilities				
Guarantees on behalf of subsidiaries	–	–	209	409
Guarantees and undertakings for the benefit of associated companies	704	489	573	489
Total	704	489	782	898

The Group has pension commitments of SEK 33m (32), which are secured through a pension fund. The solvency ratio for the pension fund is 177 per cent (166). No provision has been made, as the pension commitment is fully covered by the assets of the fund.

Accounting policy

Contingent liabilities

Contingent liabilities are recognised if a possible commitment exists that is confirmed only by several uncertain future events and it is not likely that an outflow of resources will be required or that the size of the commitment can be calculated with sufficient accuracy.

Note 36 Interest paid

During the year, interest paid in the Group amounted to SEK 535m (550), of which SEK 16m (28) was capitalised in investing activities. No interest capitalisation occurred in the Parent Company.

Note 37 Changes in working capital

SEKm	Group		Parent	
	2021	2020	2021	2020
Change acc. to balance sheet	–687	–35	1	524
Change in receivables and liabilities pertaining to interest income, dividends and interest expenses, current tax and unsettled purchase considerations pertaining to properties sold	646	–128	–	–
Total	–41	–163	1	524

Note 38 Lease liabilities

Ground rents

Of the Group's leases, management of ground rents is the most significant. The lease liability amounts to SEK 1,088m at 31 December 2021. A corresponding right-of-use asset is included in the balance sheet. The lease liability has been calculated using a simplified valuation in the form of budgeted ground rent for 2022 divided by a yield requirement of 4 per cent (which is a weighted average for yield requirements for the lease-holds). The cost of ground rents is recognised as a financial expense.

Other leases

Other leases relate to rental agreements in SHH Bostad. At 31 December, there are 5 lease liabilities (including 4 short-term) and 5 right-of-use assets.

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 424m (442).

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 Transactions with related parties

Erik Paulsson, with his family and companies, holds a controlling influence from Hansan AB. In 2021, consulting services totalling SEK 1m (1) were procured. In 2021, consulting services were also purchased totalling SEK 3m (4) from Glimstedts, in which Fabège's Chairman Jan Litborn is a partner. Contributions of SEK 35m (52) have been made to ABS. Nya Svensk FastighetsFinansiering AB is a finance company with a covered MTN programme. The company is owned by Catena AB, Diös Fastigheter AB, Fabège AB, Platzer Fastigheter AB and Wihlborgs Fastigheter AB, each owning 20 per cent. The bonds are secured by property mortgage deeds and share pledges. Nya SFF changed its name in 2016 to SFF (Svensk FastighetsFinansiering AB). The MTN framework amounts to SEK 12,000m (12,000). At 31 December, Fabège had outstanding bonds totalling SEK 1,524m (1,524). Market-based terms and conditions are applied throughout.

Note 41 Acquisitions

The net assets of the acquired company at the acquisition date:

SEKm	2021
Property, plant and equipment	5
Interests in associated companies	53
Investment properties	50
Projects and development properties	692
Current receivables	377
Cash and cash equivalents	126
Provisions	–24
Interest-bearing liabilities	–394
Non-interest-bearing liabilities	–239
Total identified net assets	666
Group goodwill	234
Transferred compensation	880

On 18 October 2021, the Group acquired all the shares in SHH Bostad at a purchase consideration of SEK 880m. Through the acquisition, the Group expects to strengthen its residential development rights portfolio by acquiring both expertise and more development rights in its home market of Stockholm.

The goodwill recognised for the acquisition represents the value that the acquisition brings to the Fabège Group in terms of greater expertise and a consolidated market position in residential development.

Acquisition-related expenses amount to SEK 2m and relate to consultancy fees in connection with due diligence. These expenses have been recognised as other operating expenses in the income statement and other comprehensive income.

During the period from 18 October until 31 December 2021, SHH Bostad contributed SEK 62m to the Group's revenue and SEK –1m to the Group's post-tax profit. If the acquisition had taken place on 1 January 2021, SHH Bostad would have contributed SEK 253m to Group revenue and SEK 65m to Group profit. The net impact of the acquisition is SEK –754m.

The acquisition of SHH Bostad resulted in the former associated company Selfoss Invest AB becoming a wholly owned subsidiary during the year, which has a net cash impact of SEK 20m.

Note 42 Dividend per share

The Board proposes a dividend of SEK 4.00 per share (3.60), to be paid quarterly on four occasions in the amount of SEK 1.00 per share on each occasion. The total proposed dividend sum amounts to SEK 1,285,328,640. The dividend amount is based on the total number of shares outstanding at 31/01/2022, i.e. 321,332,160 shares. The total dividend amount is subject to alteration up to and including the record date, depending on share buybacks.



Note 43 Adoption of the annual accounts

The annual accounts were adopted by the Board of Directors and approved for publication on 7 March 2021. The Annual General Meeting will be held on 29 March 2022.

Note 44 Net sales

Parent Company income comprises mainly intra-Group invoicing.

Note 45 Operating expenses

SEKm	Parent	
	2021	2020
Employee benefit expenses	-245	-235
Administration and running costs	-140	-116
Total	-385	-351

Note 46 Shares and participations in Group companies

SEKm	Parent	
	2021	2020
Impairment of shares in subsidiaries	-330	-64
Group contributions	4	6
Dividend	0	646
Total	-326	588

SEKm	Parent	
	2021	2020
Cost at beginning of year	15,164	15,099
Acquisitions and additions	1,213	65
Sales	-	-
Closing accumulated cost	16,377	15,164
Opening impairment	-2,647	-2,633
Impairment	-330	-64
Closing accumulated impairment losses	-2,977	-2,647
Carrying amount	13,400	12,517

Directly owned subsidiaries

Name/Corp. Reg. No.	Registered office	Capital share, % ¹⁾	Carrying amount, SEKm
SHH 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 Generatorm 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 share of votes for the total number of shares.

The stated capital share includes shares from other Group companies. There is a total of 170 (146) 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 time when the controlling influence is transferred to the Group and are excluded from the consolidated financial statements as of the time 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 share holdings 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 47 Fees and remuneration to auditors

The following remuneration was paid to the company's auditors:

Fees and remuneration for expenses

SEK 000s	Group		Parent	
	2021	2020	2021	2020
Deloitte:				
Auditing assignments ¹⁾	3,695	3,320	3,695	3,320
Other auditing activities	60	0	60	0
Tax advisory services	0	0		0
Other services	340	0	340	0
Total	4,095	3,320	3,755	3,320
Pwc:				
Auditing assignments	705	-	-	-
Total	705	-	-	-

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 48 Events after the balance sheet date

No significant events occurred after the balance sheet date.

Note 49 Proposal for the distribution of profits

The following amount is at the disposal of the AGM:	SEK
Accumulated profit	3,479,050,922
Profit for the year	39,697,453
Total	3,518,748,375

The Board of Directors and the CEO propose that the amount be allocated as follows:	SEK
A dividend of SEK 4.00 per share to the shareholders	1,285,328,640
To be carried forward	2,233,419,735
Total	3,518,748,375

The dividend amount is based on the total number of shares outstanding at 31 January 2022, i.e. 321,332,160 shares. The total dividend amount is subject to alteration up to and including the record date, depending on share buybacks.



Corporate Governance Report

We are a Swedish public limited-liability company with our registered office in Stockholm. The company's corporate governance is based on its Articles of Association, the Swedish Companies Act and other applicable laws and regulations. We apply the Swedish Corporate Governance Code (the 'Code'), the main purpose of which is to improve standards of governance among Swedish businesses.

Message from the Chairman

2021 has been a good, but slightly unusual year as the pandemic retained its grip on society. Our persistently strong balance sheet has given us the opportunity to continually adjust capital needs and thus contribute to increased shareholder value.



We can look back on a successful year for Fabege, despite the constant shadow of the pandemic and having to work from home. Naturally, our Board work has also been affected, which has meant that most Board meetings have been conducted via Teams. It was not until August that we were finally able to meet in person. Our meetings have worked well, although it is not the same as seeing everyone together in the same room.

Two new Board members were elected at the AGM in April 2021; Stina Lindh Höök and Lennart Mauritzson. One of our most important tasks as Board members is to act as a discussion partner for Stefan Dahlbo in his role as CEO, and to ensure the Board's expertise is at the disposal of company management. I believe we now have an experienced Board offering wide-ranging expertise covering the areas that Fabege deals with. I prefer working with a small but capable board, as it enables close dialogue and constructive work. It is important that the Board does not act and become like an internal audit.

During the year, as in 2020, we repurchased shares to generate shareholder value. We will be asking the AGM to renew our mandate to repurchase a maximum of 10 per cent of shares outstanding up until the 2023 AGM.

We have considerable borrowing capacity and significant investment opportunities. Our strong balance sheet offers advantages when it comes to opportunities to continually adjust capital needs to boost shareholder value. The Board proposes that the AGM approve a dividend of SEK 4 per share, to be paid quarterly on

four occasions in the amount of SEK 1 per share on each occasion. The fact that we have increased the dividend and strengthened our key performance indicators for the eighth consecutive year sends a message of confidence.

I believe Fabege will continue to create value and give a strong performance. The company has a wealth of expertise and a stable portfolio. In addition to our properties in Stockholm inner city, we are also investing in growing suburban locations. Arenastaden is one such example, which in just ten years has transformed into the second most attractive office market in Stockholm after the inner city. Flemingsberg is another example, where during the year we completed several land acquisitions and a letting to Alfa Laval, enabling us to continue to lay the foundations for creating a new Flemingsberg. Now that SHH Bostad is part of Fabege, we are able to take overall responsibility and fully harness the potential of our residential development rights in a financially and commercially viable way. Our strategic acquisition of SHH Bostad means that we can now develop a holistic approach in our areas. During the year we also boosted our social sustainability investments, and I regard this as a key element in creating attractive and sustainable districts.

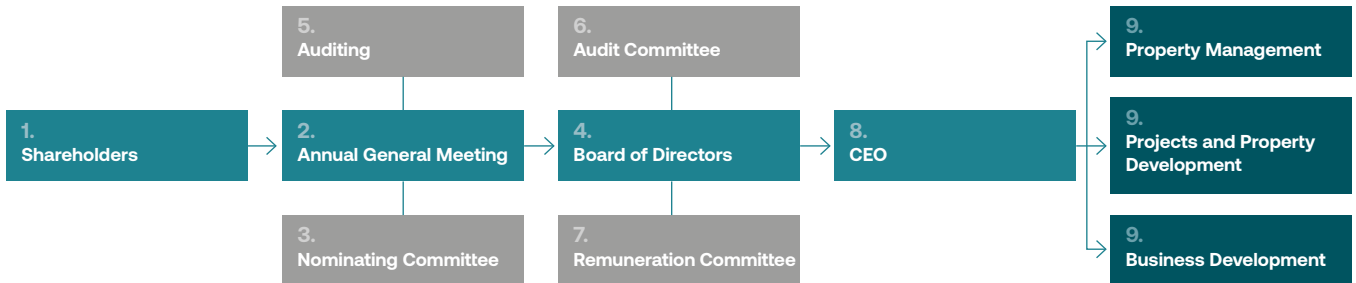
Solna, March 2022

Jan Litborn
Chairman of the Board, Fabege



Governance structure of the organisation

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



1. Shareholders

Our shares are listed on Nasdaq Stockholm. The company's share capital is SEK 5,097m, represented by 330,783,144 shares. At year-end, the company held 9,450,989 treasury shares corresponding to 2.86 per cent of the number of registered shares. All our 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, %	31/12/2021
Erik Paulsson with his family, privately and through companies	16.2

Our ownership structure is described on page 151 of the annual accounts.

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.

Shareholders wishing to submit proposals to the Nominating Committee can do so by emailing ir@fabege.se or by sending a letter to Fabège AB. The proposal concerning Directors' fees must specify a breakdown between the Chairman, other Board Members and representatives of the Audit Committee and Remuneration Committee.

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. Our 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 2021 AGM, the auditing firm Deloitte was appointed the company's auditors with the authorised public accountant Peter Ekberg as Auditor-In-Charge for the period up to the 2022 AGM.

In addition to Fabège, Peter Ekberg has audit assignments for the following major companies: Loomis AB, Swedish Match AB and Telia Company. Peter Ekberg has no other appointments with companies that are closely related to Fabège'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 of our Sustainability Report, which is carried out according to GRI Standards, and a statutory review of the Sustainability Report that also satisfies requirements stipulated in the Swedish Annual Accounts Act.

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. Our 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.

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. Management

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 goals, 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 the 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, our 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 workplace satisfaction and positive energy.
- Regularly reviewing and providing feedback on the established objectives.

Our Executive Management Team consists of nine individuals, see pages 118–119. 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.

SHH 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 SHH Bostad AB.

9. Operating segments

Our operational activities are conducted in four business areas: Property Management, Property Development, Business Development/Transactions and Residential Development (via SHH Bostad). 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 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.

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

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

Governance of sustainability work

Our sustainability work is conducted as an integral part of all areas of the organisation. To underscore the importance of this work, the company has a sustainability group, in which representatives of all areas of operation are gathered in a joint forum for sustainability issues. The sustainability team, under the supervision of the Head of Sustainability, proposes objectives and coordinates and follows up activities.

The Board of Directors bears overall responsibility for the sustainability strategy and following up our work on sustainability. The Board has appointed a Board member with specific responsibility for sustainability issues.

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 at Fabege 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.

Managers and individual employees implement the strategy and perform the activities approved.



Find out more about our corporate governance, rules of procedure and instructions at [fabege.se/en](https://www.fabege.se/en)

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



Policies and guidelines that support operations

Our core values SPEAK (fast, informal, entrepreneurial, business-minded and customer-focused) and the Code of Conduct serve as a guiding principle for the actions of all our employees. The Code of Conduct highlights our position on matters concerning human rights, terms of employment, 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 monitored annually by our Board of Directors and Executive Management Team.

All managers with personnel responsibility are charged with ensuring that the Code of Conduct is known and followed in their specific department/sphere of responsibility. A foundation for the Code of Conduct is that we 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. We have 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 employees

via our intranet. No-one at our company 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 2021.

Our Ethics Council, which reports to the CEO and Executive Management Team, 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 includes representatives from business development, letting, property management, technical operation, projects, HR, communication and finance. 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. We are committed to acting with credibility on ethical issues and are determined 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, we have established 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.



Governance of sustainability work

- The Board of Directors bears overall responsibility for the sustainability strategy and following up Fabège's work on sustainability. The Board has appointed Emma Henriksson as the Board member with specific responsibility for sustainability issues.
- 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 at the company and acts as spokesperson in external relations. The Head of Sustainability reports to the Executive Management Team quarterly.
- We have a sustainability team, with representatives from various parts 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.

“Our core values (SPEAK) and the Code of Conduct form the basis for the actions of all employees.”





Corporate governance 2021

ANNUAL GENERAL MEETING

The AGM was held in Stockholm on 25 March 2021. Jan Litborn was elected to chair the meeting. Due to the pandemic, the meeting was held with few participants present. All shareholders were 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 167.7 million shares, corresponding to 51.9 per cent of the votes represented either in person or via early voting. A full set of minutes from the AGM is available at fabege.se/siteassets/arsstamma-dokument/2021/fabege-agm-2021-minutes.pdf. 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 Board Members and approved the re-election of Anette Asklin, Emma Henriksson, Märtha Josefsson, Jan Litborn and Mats Qviberg and the appointment of Lennart Mauritzson and Stina Lindh Hök. Jan Litborn was elected Chairman. The AGM resolved that a total of SEK 2,340,000 (2,100,000) be paid in Directors' fees in 2021.

Dividends, cash

The dividend was fixed at SEK 3.60 per share, to be paid on two occasions (SEK 1.80 per share on each occasion), with record dates of 29 March 2021 and 29 September 2021.

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 simultaneously presented their views on the quality of internal controls in Fabege at the Board meeting in February 2021. 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 in Note 47 on page 107.

NOMINATING COMMITTEE

In accordance with the AGM's resolution, the four largest shareholders were offered one seat each on our Nominating Committee, and on 27 September 2021, the Nominating Committee was announced.

COMPOSITION OF THE NOMINATING COMMITTEE

	Representative	Percentage of votes 31/08/2021, %
Göran Hellström, Chairman	Backahill AB	16.2
Suzanne Sandler	Handelsbanken fonder	3.6
Eva Gottfridsdotter Nilsson	Länsförsäkringar fondförvaltning	3.2
Mats Qviberg	The Qviberg family	2.2
Total		25.2

Nominating Committee's proposals ahead of the 2022 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, Märtha Josefsson, Stina Lindh Hök, Jan Litborn and Lennart Mauritzson. Mattias Johansson and Anne Åmeby are proposed as new members. 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 our Board of Directors satisfies the relevant requirements regarding members' independence in relation to the company, company management and the company's major shareholders.

BOARD OF DIRECTORS

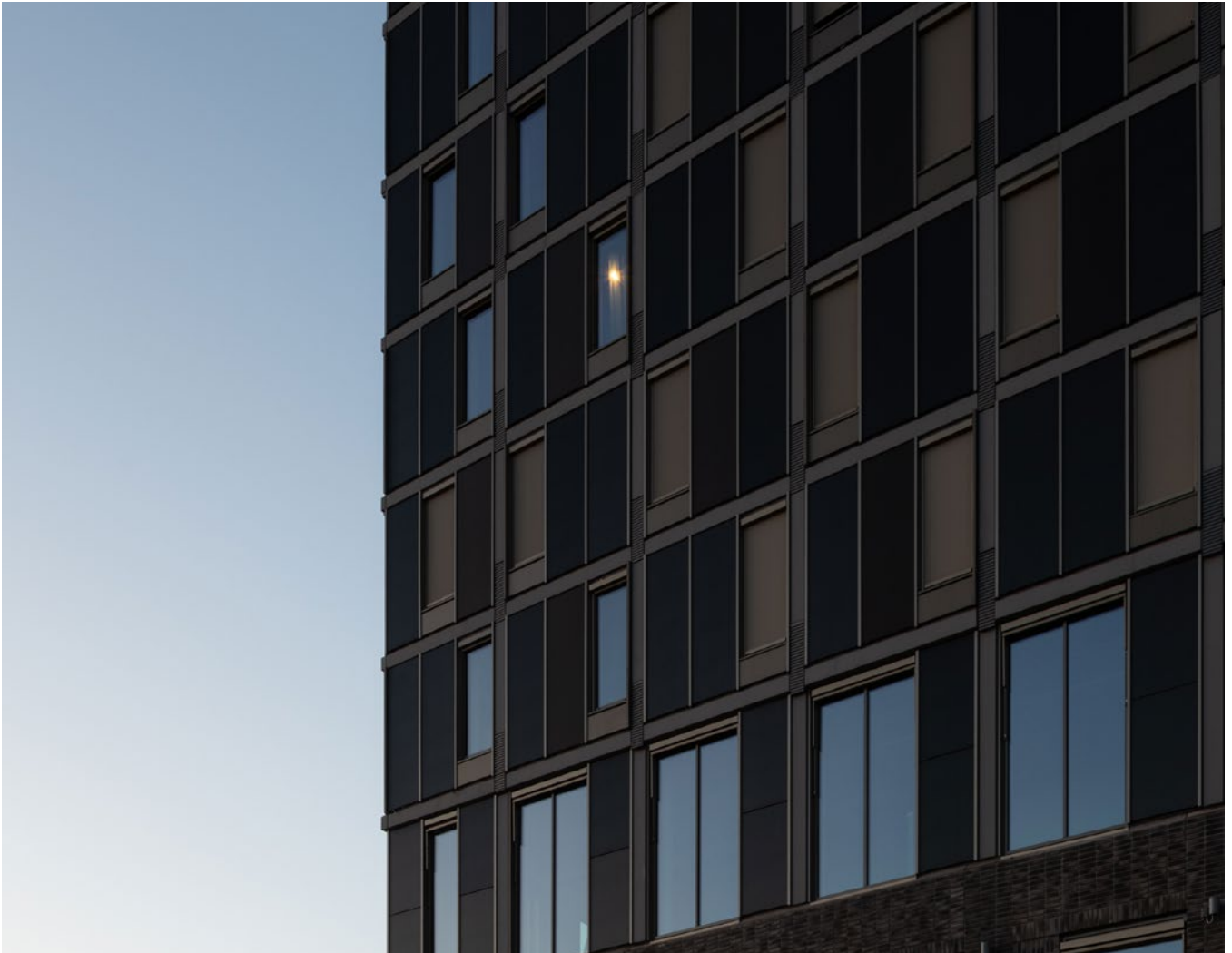
Composition of the Board, 2021

Seven Board Members were elected to the Board at the 2021 AGM. Jan Litborn was elected Chairman of the Board. Our Chief Financial Officer, Åsa Bergström, 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.

The work of the Board, 2021

In 2021, the Board held a total of 20 meetings, including six scheduled meetings, two extra meetings, one statutory meeting and 11 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 ongoing development activities in



Flemingsberg, the company's strategy for its residential development rights portfolio, 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.

In 2021, the Board of Directors made decisions on investments related to the development of properties in the existing portfolio and investments in existing properties, acquisitions in Flemingsberg, the conclusion of land allocation agreements in Solna and Flemingsberg and the acquisition of SHH Bostad AB. The Board also resolved to initiate share buybacks in line with the mandate from the AGM. In 2021, 4,873,597 shares were repurchased.

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 also carried out an annual evaluation of the CEO's performance, along with its annual review of our Code of Conduct, tax policy, diversity policy and finance policy.

The Board of Directors' diversity policy

Overall, our 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 2021 fees totalled SEK 2,340,000, of which the Chairman received SEK 550,000 and other Board members SEK 240,000 each. In addition, fees in the amount of SEK 200,000 were paid for work conducted by the Board's Audit Committee, of which the chair of the Committee received SEK 100,000 and two members SEK 50,000 each, as well as SEK 150,000 for work carried out by the Board's Remuneration Committee, of which the chair of the Committee received SEK 70,000 and two members SEK 40,000 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 the remuneration and other terms of employment for the CEO.



During the year, the Board reviewed compliance with the principles of remuneration for senior executives. The guidelines for remunerating senior executives are detailed on page 98–99. Remuneration and other benefits and terms of employment for the CEO and management are described in Note 6 on page 98. 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 2022 AGM.

AUDIT COMMITTEE

In 2021, the Board appointed an Audit Committee from among its own members consisting of Anette Asklén (chairwoman), Märtha Josefsson and Jan Litborn. Four scheduled meetings were held in 2021, focusing on the company's system of internal control. During the year, the Audit Committee dealt with areas such as IT/cybersecurity, EU taxonomy, the tax risk area, Group structure, segment reporting review, internal monitoring and financing strategy. 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 chairwoman submitted regular reports to the Board.

REMUNERATION COMMITTEE

In 2021, the Remuneration Committee was made up of Jan Litborn (chairman), Lennart Mauritzson and Mats Qviberg. The Remuneration Committee prepares material about remuneration issues ahead of decisions made by the Board. Five 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

Since the beginning of the year, the Executive Management Team has consisted of nine people. Two new members have replaced former members who have retired. For the current composition of the Executive Management Team, see pages 118–119. The Executive Management Team has a fixed meeting time every week. Initially these meetings took place digitally, but since autumn 2021 they have increasingly taken place in person. During the ongoing pandemic, employees were advised to work from home if at all possible. A number of smaller surveys were carried out over the year in order to gain an understanding of employees' situation and support needs. Digital manager and employee conferences have been carried out to support leadership and staff in the best way. Once restrictions have been lifted, the offices will be the base but with the flexibility for employees to work from home, provided this is an effective approach for the team concerned and for Fabège as a whole. In October, a much-appreciated face-to-face staff conference was held. 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 continued to be provided via monthly and weekly newsletters.

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 we have an appropriate and efficient organisation for our business operations
- that we produce reliable financial statements
- that we comply with the relevant laws and regulations

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

CONTROL ENVIRONMENT

We have a geographically well contained organisation and homogeneous operational activities, but our 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.





Board year 2021

In addition to the points described below, resolutions were adopted regarding, for example, investments, acquisitions, divestments, fixed-interest periods and treasury share buybacks. In all, 20 Board meetings were held during the year, including meetings held by correspondence.

2021

4 February

Scheduled meeting, 2020 Year-end report, dividend proposal and investment decision, remuneration model etc.

1 March

2020 Annual Report

25 March

Scheduled and statutory meeting, rules of procedure, policies, AGM

26 April

Q1 Interim report

20 May

Scheduled meeting – MTN programme prospectus

9 July

Q2 Interim Report

18 August

Scheduled meeting

20 October

Q3 Interim report

10 November

Scheduled meeting, follow-up of sustainability work, CEO evaluation

16 December

Scheduled meeting – strategy plan, 2022 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

We have a geographically well contained organisation and homogeneous operational activities, but our 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 2021, 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 that are required to manage significant risks in the accounts and the company's day-to-day activities. Our 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. Our 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, we issued our 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 42–65 and 127–137.

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

Our 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 our auditors. Our internal processes and procedures provide support for the continuous management of risks.

CONTROL ACTIVITIES

Critical processes, functions and areas are described and documented in respect of division of responsibility, risks and controls. The necessary 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. The measures are aimed at incorporating risk management into the company's day-to-day procedures. Compliance with policies, guidelines and instructions is monitored on an ongoing basis. Employees are given regular training, or as needed, to ensure they have the required expertise. All critical processes are reviewed regularly and in 2021, a selection of the company's critical processes was subject to special review. To supplement the external audit, the company also performed an internal assessment of compliance and controls in a selection of significant processes during 2021.

A central controller function supports work on the follow-up of the Property Management and Property Development operating units. The controller department is in charge of operational reporting. Operational reports are prepared monthly and quarterly based on a standardised reporting package, and submitted for comments/approval to executives with operational responsibility. 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. Our



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.

Responsibility for external and internal information rests with the Communication Department. Investor Relations activities are based on principles for regular and accurate information in accordance with Nasdaq Stockholm's Rule Book for Issuers. The aim is to improve knowledge of, and build confidence in the company among investors, analysts and other stakeholders.

Efforts to improve and further clarify the dissemination of information to the market are ongoing.

During the year, our customer dialogue was strengthened via regular contact and a customer satisfaction survey that was conducted in autumn 2021.

In November, an employee survey was also carried out using the Great Place To Work (GPTW) method. We remain certified in accordance with GPTW, with a rating of 86.

REVIEW

The internal control system needs to change 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. Information is made continually available to those with operational responsibility via our business intelligence system.

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 formulation 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 studied the way in which the more detailed and frequent internal reporting is used in evaluating and managing various areas of activity. The Audit Committee also performs regular reviews and evaluations of internal controls in respect of our critical processes.

It regularly studies the results of the external auditors' examinations of our accounts and internal controls. Our auditors examine the company's financial reporting in respect of the full-year financial statements and carry out a limited 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 2021, 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 external auditing activities, we internally evaluate 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.



Executive Management Team





From left to right:
 Fred Grönwall, Charlotta Liljefors Rosell,
 Åsa Bergström, Klas Holmgren, Stefan
 Dahlbo, Charlotte Liliegren, Gunilla Cornell,
 Elisabet Olin, Johan Zachrisson



Stefan Dahlbo

President and CEO
 Born 1959

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

External appointments Member of the boards of Nordstjärnan Kredit AB and Byggmästare Anders J Ahlström Holding AB (publ)

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 through companies 34,500*

Åsa Bergström

Vice President and Chief Financial Officer

Born 1964

Employed in 2007 and in current position since 2008

External appointments Member of the boards of Hemsö Fastighets AB and NP3 Fastigheter 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 39,280*

Gunilla Cornell

Director of Human Resources
 Born 1969

Employed and in current position since 2011

External appointments No significant external appointments

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

Education MSc in Economics and Business

Shareholding 0*

Fred Grönwall

Director of Technical Operations
 Born 1981

Employed since 2021

External appointments No significant external appointments

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

Education MSc in Engineering

Shareholding 1,400*

Klas Holmgren

Director of Projects and Development

Born 1970

Employed in 2001 and in current position since 2010

External appointments Vice Chairman Byggherrarna

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

Education Graduate engineer

Shareholding 6,000*

Charlotte Liliegren

Director of City and Property Development

Born 1976

Employed since 2006 and in current position since 2013

External appointments No significant external appointments

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

Education MSc in Engineering

Shareholding 1,494*

Charlotta Liljefors Rosell

Director of Property Management
 Born 1963. Employed and in current position since 2014

External appointments No significant external appointments

Previous positions The Royal Swedish Institute of Technology, various executive positions at Vasakronan, Head of Offices Business Area at AMF Fastigheter

Education MSc in Engineering – Surveying

Shareholding 3,382*

Elisabet Olin

Director of Corporate Communications

Born 1969. Employed and in current position since 2013

External appointments No significant external appointments

Previous positions Head of Communication at Billerud, Market Analyst AssiDomän, Economist AP Fastigheter

Education MSc Economics and Business

Shareholding 333*

Johan Zachrisson

Director of Business Development
 Born 1970. Employed since 2021

External appointments No significant external appointments

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

Education MSc Engineering

Shareholding 0*

*Shareholding as 31/12/2021



Board of Directors and Auditors



Jan Litborn

Chairman of the Board since 2018 and Board member since 2017
 Born 1951

Other appointments

Chairman of the boards of Hedin Mobility Group AB and Arenabolaget i Solna AB
 Member of the boards of Aimo Holding AB, Consensus Asset Management AB, Backahill 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

670

Attendance Board meetings

20 (20)

Attendance Audit Committee

4 (4)

Attendance Remuneration Committee

5 (5)



Anette Asklin

Board member since 2016
 Born 1961

Other appointments

Chair of Jernhusen AB, RO Gruppen Förvaltning AB and Inhouse Tech Göteborg AB
 Board member 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

340

Attendance Board meetings

20 (20)

Attendance Audit Committee

4 (4)

Attendance Remuneration Committee

Not a member



Emma Henriksson

Board member since 2020
 Born 1975

Other appointments

Member of the board of Fastighetsägarna Sverige, Nordea Hypotek AB and ÅWL Arkitekter

Education

MSc in Economics and Business and BSc in Community Planning

Shareholding

3,000

Independent in relation to the company and management

Yes

Independent in relation to major shareholders

Yes

Fee, SEK 000s

240

Attendance Board meetings

20 (20)

Attendance Audit Committee

Not a member

Attendance Remuneration Committee

Not a member



Märtha Josefsson

Board member since 2005
 Born 1947

Other appointments

Member of the boards of Skandia Fonder AB and Investment AB Öresund

Education

BSc in Economics

Shareholding

With spouse 251,920

Independent in relation to the company and management

Yes

Independent in relation to major shareholders

Yes

Fee, SEK 000s

290

Attendance Board meetings

20 (20)

Attendance Audit Committee

4 (4)

Attendance Remuneration Committee

Not a member



Changes to the Board of Directors in 2021

Per-Ingemar Persson

Member of the Board until the AGM held on 25 March 2021.

Attendance Board meetings: 8 (8)

Attendance Remuneration Committee: 4 (4)



Stina Lindh Hök

Board member since 2021
 Born 1973

Other appointments

CEO Nyfosa AB

Education

MSc in Engineering, KTH Royal Institute of Technology

Shareholding

0

Independent in relation to the company and management

Yes

Independent in relation to major shareholders

Yes

Fee, SEK 000s

240

Attendance Board meetings

12 (12); took office at the 2021 Annual General Meeting

Attendance Audit Committee

Not a member

Attendance Remuneration Committee

Not a member



Lennart Mauritzson

Board member since 2021
 Born 1967

Other appointments

CEO Backahill AB, member of the boards of Brinova AB, Catena Fastigheter 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

240

Attendance Board meetings

12 (12); took office at the 2021 Annual General Meeting

Attendance Audit Committee

Not a member

Attendance Remuneration Committee

1 (1)



Mats Qviberg

Deputy Chairman since 2012 and Board member since 2001
 Born 1953

Other appointments

Chairman of the Board of Bilia AB and Investment AB Öresund

Education

MSc in Economics and Business

Shareholding

With spouse 7,106,054

Independent in relation to the company and management

Yes

Independent in relation to major shareholders

Yes

Fee, SEK 000s

280

Attendance Board meetings

20 (20)

Attendance Audit Committee

Not a member

Attendance Remuneration Committee

5 (5)



Auditor

Peter Ekberg

Auditor-In-Charge at Fabège since 2020
 Authorised Public Accountant at Deloitte AB
 Born 1971

Audit assignments for other major companies

Loomis AB, Swedish Match AB and Telia Company AB.



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 2022

Jan Litborn
Chairman

Anette Asklin
Board Member

Emma Henriksson
Board Member

Märtha Josefsson
Board Member

Stina Lindh Hök
Board Member

Lennart Mauritzson
Board Member

Mats Qviberg
Deputy Chairman

Stefan Dahlbo
Chief Executive Officer

Our Auditor's Report was submitted on 7 March 2022
Deloitte AB

Peter Ekberg
Authorised Public Accountant



Auditor's Report

To the Annual General Meeting of Fabege AB (publ) company registration number 556049-1523

REPORT ON THE ANNUAL AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Fabege AB (publ) for the financial year from 1 January 2021 to 31 December 2021, with the exception of the Corporate Governance Report on pages 108–122. The annual accounts and consolidated accounts of the company are included on pages 69–107 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 2021 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 2021 and of their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate Governance Report on pages 108–122. 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 the income 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, based on 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 2021 is recorded at SEK 83,257m. 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 74–83 and Notes 4 and 17 in the annual accounts.

Work performed

Our work 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 the input data and calculations in the internal valuation model as well as in the external valuations of a selection of properties for assessing the completeness 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 projects

Description of risk

In 2021, Fabege invested SEK 1,874m in new builds, extensions and conversions of properties. 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 recognised as an expense 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 74–83 and Note 17 in the annual accounts.



Work performed

Our work included the following procedures, but were not limited to these:

- We have examined Fabège'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.
- We have examined a sample of capitalised expenses in projects.

Accounting for income taxes

Description of risk

Fabège's income tax reporting is complex and contains a high degree of judgement. Consideration needs to be given primarily to the presence of tax loss carryforwards and temporary differences related to properties and changes to tax legislation. Erroneous judgements and assumptions could 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 74–83 and Notes 4, 16 and 31 in the annual accounts.

Work performed

Our work included the following procedures, but was not limited to these:

- We have reviewed and assessed Fabège's procedures for calculation of current and deferred tax.
- We have examined the calculations of current and deferred tax and evaluated it against current tax legislation.
- We have examined the treatment of realised and unrealised gains and losses on derivatives and property transactions in the tax calculations.
- We have examined management's assessment of the possibility to use tax loss carryforwards.
- We have examined relevant notes to the financial statements.

Information other than the annual accounts and consolidated accounts

This document also contains other information besides the annual accounts and consolidated accounts, which is on pages 108–122. 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 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 determine is 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, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however 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's report 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.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar.

This description forms part of the auditor's report.

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 Fabège AB (publ) for the financial year 1/1/2021 – 31/12/2021 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 responsibilities

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 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/revisornsansvar. 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 1/1/2021 – 31/12/2021.

Our review and opinion relate only to the statutory requirement.

To the best of our knowledge, the ESFA report #1398d06bb83de-89a3cccfd573c59b262f78218ed5b4 d24210f353dbe9cd02e4 has been prepared in a format that allows for single 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 a ESEF report that is free from material misstatement, whether due to fraud or error.

Responsibilities of the auditor

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 ISQC 1 Quality Control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements, and therefore has a comprehensive quality assurance system, which includes documented guidelines and 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 a technical validation of the ESEF report, i.e. whether the file containing the ESEF report complies with the technical specification set out in the Commission Delegated Regulation (EU) 2019/815 and a reconciliation of the ESEF report with the audited annual accounts and consolidated accounts.

Furthermore, the audit also includes assessing whether the ESEF report has been tagged with iXBRL, which allows for a fair and complete machine-readable version of the Group's income statement, balance sheet, statement of changes in equity and cash flow statement.

Auditor's examination of the Corporate Governance Report

The Board of Directors is responsible for ensuring that the corporate governance statement on pages 108–122 has been prepared in accordance with the Annual Accounts Act.

Our examination of the Corporate Governance Report is conducted in accordance with FAR's auditing standard RevU 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 25 March 2021, and has been the company's auditor since 4 April 2002.

Stockholm, 7 March 2022

Deloitte AB

Peter Ekberg

Authorised Public Accountant





Sustainability notes

Governance 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 has overall responsibility 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 the Executive Management Team, leads sustainability work in the organisation. The Head of Sustainability pursues this work via the Sustainable Development department and a cross-functional sustainability team covering areas such as environmental impact, social responsibility, sustainable property and urban development, sustainable supply chain and compliance matters. 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.

Energy

Energy work is conducted by our energy strategist via our energy strategy and environmental policy. The energy strategist supports the operations managers, who together with the operating organisation have chief responsibility for energy issues in all buildings under management, while the projects managers are responsible for energy issues relating to new construction. Our Energy Strategist reports to the Head of Sustainability.

Employees

The Director of Human Resources reports to the Executive Management Team and 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 the 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. 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, 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 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 fabège.se/en/about-fabège/financial-information/financing/green-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 morals

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.



Sustainability indicators according to EPRA, properties and employees

Properties

Impact Category	EPRA Code	Measurement Unit	Indicator	Absolute measures (Abs)		Like-for-like (LFL)		Change, %	
				2021	2020	2021	2020		
ENERGY	Elec-Abs, Elec-Lfl	MWh	Electricity	for landlord shared services	25,410	23,608	24,779	24,928	-0.6
				(sub)metered exclusively to tenants	22,489	18,683	22,311	21,956	1.6
				Total landlord-obtained electricity	47,899	42,291	47,090	46,884	0.4
				% from renewable sources	100	100	100	100	0
				No. of applicable properties	66	61	61	61	
				%	0	0	0	0	0
	DH&C-Abs, DH&C-Lfl	MWh	District heating & cooling	for landlord shared services	67,022	60,047	63,725	62,918	1.3
				(sub)metered exclusively to tenants	6,639	6,667	6,494	6,667	-2.6
				Total landlord-obtained heating & cooling	73,662	66,714	70,219	69,585	0.9
				% from renewable sources	95	93	-	-	-
				No. of applicable properties	66	61	61	61	
				%	0	0	0	0	0
Energy-int	MWh/m ² /year	Energy intensity		77.4	74.3	76.7	76.1	0.7	
GHG EMISSIONS			Total Scope 1	98	22				
			Total Scope 2 ¹⁾	1,512	1,416				
			Total Scope 3	26,997	4,108 ²⁾				
	No. of applicable properties		GHG disclosure coverage	81	80				
	% av Scope 1 & 2		Proportion of GHG estimated	0%	0%				
GHG-Int		(Scope 1 + Scope 2) / m ²	1.1	1.0					
WATER	Water-Abs, Water-Lfl	m ³	Water	Total water consumption	313,570	357,910	302,377	360,668	-16.2
				No. of applicable properties	66	61	61	61	-
	%	0	0	0	0	-			
Water-Int	m ³ /m ² /year	Water Intensity		0.263	0.318	0.26	0.31	-16.2	
WASTE	Waste-Abs ³⁾	Tonnes		Total hazardous	36	31			
				Total non-hazardous	2,632	2,964			
				Recycled	1,274	1,590			
				Incineration	1,389	1,396			
				Landfill	6	8			
	No. of applicable properties	70	59						
%	0	0	0	0					
CERTIFIED ASSETS	Cert-Tot	%	Mandatory (Energy Performance Certificates)	% of portfolio certified by floor area	92	81			
				% of portfolio certified by number of properties	88	79			

¹⁾Refers to market-based method.

²⁾Corrected error from 2020.

³⁾Waste from properties in use (tenants and Fabège, excluding construction waste).

Employees ⁴⁾

Social & Corporate Governance impacts	EPRA Code	Measurement Unit	Indicator	2021	2020	% change	
HEALTH AND SAFETY	H&S-Emp	Days per employee	Absentee rate	2.9	2.4	25	
			Direct employees	57%	50%	14	
DIVERSITY	Diversity-Emp	% of female employees	Diversity Employees	Executive Management	56%	33%	70
				Managers	25%	39%	-36
				All employees	35%	36%	-3
				Total number new employees	29	15	93
EMPLOYEES	Emp-Turnover	Total number and rate	New hires	Proportion new employees	11%	8%	4
				Departures – Turnover	Total number of departed employees	21	13
			Proportion of departed employees		15%	7%	114
			Total employees number		199	191	4
			CORPORATE GOVERNANCE	Gov-Board	Total number	Composition of the highest governance body	9
Executive	30	29				3	
Non executive	169	162				4	

⁴⁾Figures excluding SHH Bostad.



Other sustainability data

Employees

Equality¹⁾

	2021					2020				
	Women	Men	<30 years	30–50 years	>50 years	Women	Men	<30 years	30–50 years	>50 years
Board of Directors, number	4	3	0	2	5	3	3	0	0	6
Group Management, number	5	4	0	2	7	2	4	0	0	6
Main management team (excluding Executive Management Team), number	5	16	0	17	4	9	14	0	16	7
All employees, number	70	129	13	114	72	71	120	18	103	67

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

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	2.9	27.1	38.6	30.0	1.4	44 years
Men	0	7.8	28.9	24.2	29.7	9.4	44 years
Total	0	6.1	28.3	29.3	29.8	6.6	44 years

Percentage of women within each area, %

Property Management incl. operations	21
Projects & Business Development	47
Business support	68

Percentage of entire company employees within each area, %

Property Management incl. operations	58
Projects & Business Development	25
Business support	17

Accidents

The accident rate is defined as the number of workplace accidents resulting in absence of one or more contracted working days per 200,000 hours worked, divided by hours worked. Number of hours worked for our own employees in 2021 was 345,021. The most common injuries experienced by our technicians are cuts and crushing injuries. However, these injuries are rare in day-to-day work.

Employees	2021
Number of deaths	0
Number of occupational accidents, with and without absence	4
of which, travel accidents (to and from work) ¹⁾	2
of which accidents with absence	0
of which, serious accidents ²⁾	0
Number of cases of occupational diseases	0
Accident rate (LTAR) ³⁾	2.3

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.

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
- 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 – a forum for local security measures
- Accessy – the industry's initiative to create a standard for digital key management

218⁴⁾ number of employees at year-end, of which

- 81 women and 137 men
- 213 permanent employees and 5 fixed-term contract employees
- 215 full-time employees and 3 part-time employees
- The proportion of employees with collective agreements was 100 per cent for the Parent Company.⁵⁾

⁴⁾Including SHH Bostad. Other employee statistics are taken from Fabege's salary or personnel system.

⁵⁾SHH Bostad will sign collective agreements in 2022.

Sickness absence

Total sickness absence in relation to ordinary working hours, %	Women	Men	Total sickness absence
Age 0–29	2.15	1.69	1.84
Age 30–49	2.92	3.84	3.49
Age 50+	0.97	2.94	2.38
Total			2.94



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/scenarioanalys.

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 major 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 and their impact on operations, 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. Areas that may be subject to such requirements include measuring and reducing energy consumption and carbon dioxide emissions, both from the business and in the production phase for new properties. There is currently no price for carbon dioxide, but we expect that this is something that will 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 anticipated cost increase is linked to the fact that demand for these materials is likely to increase.

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. In some cases it could mean that the trend towards more sustainable energy consumption will slow down.

Control	Strategy	Risk management	Indicators and targets
a) Board of Directors' overview of climate-related risks and opportunities Pages 89–110, 116	a) Description of climate-related risks and opportunities that Fabege has identified Pages 80, 130–131	a) Description of the process of identifying and assessing climate-related risks Pages 74, 130–131	a) Indicators to measure and control climate-related risks and opportunities Pages 50–52, 60–62, 64–65, 128
b) Role of management in assessing and managing climate-related risks and opportunities Pages 116, 127	b) Description of how the business, strategy and financial planning have been impacted Pages 48–53, 60–62, 80	b) Description of processes to manage climate-related risks Pages 74, 80, 116–117, 130–131	b) Reporting of Scope 1, 2 and 3 according to Greenhouse Gas Protocol Page 51
	c) Description of the organisation's strategic resilience and impact of various climate-related risks and opportunities Pages 80, 130–131	c) Description of how the processes are integrated into the organisation's overall risk management Pages 74, 116–117	c) Description of targets used to manage climate-related risks and opportunities and the outcome of these targets Pages 50–52, 64–65, 128



Transition risk

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

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

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 financiers 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 subject our sustainability work to enhanced requirements. The system means that we need to raise the bar to meet our financiers' expectations and gain access to green financing.

Physical climate risks

Changed 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 create 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 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.

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. By 2030, our property management (Scopes 1 and 2) will be carbon neutral, while Scope 3 emissions will be reduced by 50 per cent. Fabège has had its climate target approved by the Science Based Targets (SBT) initiative, thereby supporting the UN climate agreement. Our goal is to achieve climate neutral property management (Scopes 1 and 2) by 2030, and a 50 per cent reduction in Scope 3 emissions 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 CO₂/GFA compared with 2019 through life-cycle analysis of construction projects.

We are a relationship builder and enjoy a close partnership 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.



About this report

This is our tenth 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 2021 Annual Report, which pertains to the 2021 financial year. The report has been prepared in accordance with GRI Standards, level Core. The preceding year's Annual Report, including the Sustainability Report, was published in March 2021. The information contained in the Sustainability Report has been subject to a limited review by Deloitte, see Assurance Report on page 137.

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 the following page. Our intention is for the sustainability section together with other information contained in the 2021 Annual Report to satisfy stakeholder information requirements, and to provide a comprehensive overview of our economic, environmental and social work and results. The information in the report pertains to the entire Fabège 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 134–135 contains references to the disclosures that are compulsory for GRI Standards (GRI 102), as well as disclosures related to Fabège's material sustainability topics (GRI 200–400) and governance of these topics (GRI 103).

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.

This year, we are reporting the company's sustainability performance measures based on EPRA's (European Public Real Estate Association) 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.

Calculation of GHG emissions

To be able to compare emissions of different gases, they are recalculated as carbon dioxide equivalents (CO₂e). We use conversion factors from our suppliers to calculate the volume of emissions. The reported emissions total from the business includes a reduction in CO₂e as a result of Guarantee of Origin (GO-labelled) electricity and GO-labelled renewable district heating and district cooling. We have opted for the 'financial approach' and market-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 (CO₂e) 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; page 51 for table of emissions. Emissions factors for electricity this year include the direct emissions resulting from electricity production and emissions factors for district heating are reported without the effect of carbon offsetting. We instead report carbon offsetting as a negative emissions item separately from Scope 1 and Scope 2.

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 new and extensive stakeholder engagement activities and a 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 Fabège 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, financiers 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 Wellbeing
- Goal 7: Affordable and Clean Energy
- Goal 9: Sustainable 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 are most relevant to our stakeholders. As a result of the materiality analysis, we have added a further four GRI standards and disclosures:

- GRI 203-1: Infrastructure investments and services supported
- GRI 403-9: Occupational health and safety
- GRI 201-1: Direct economic value generated and distributed
- GRI 207-4: Tax information

The most significant sustainability goals are reflected in our work within the subareas districts, property, customers, employees, suppliers, finance and business ethics.



Our stakeholders and impact

Area	Dialogue format	Impact on stakeholders	Impact on sustainable development
Customers	<ul style="list-style-type: none"> Sustainability network together with companies in Arenastaden and Stockholm inner city Travel habits survey of around 22,000 employees whose workplaces are in Arenastaden Regular customer dialogue Customer satisfaction surveys Newsletters Cooperation on green leases 	<ul style="list-style-type: none"> Facilitating sustainable mobility and offering low-carbon logistics services in the districts Design of premises via choice of materials, renewable electricity, flexibility, energy efficiency improvements and sorting waste for recycling (Examples of commitments included in green leases) 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 	<ul style="list-style-type: none"> 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 Involvement in learning and participation in sustainable urban development Developing zero-energy buildings Reduced energy consumption and renewable energy Strengthening capacity for low-carbon adjustments, boosting biodiversity, public health and quality of life, and helping create an attractive district
Employees	<ul style="list-style-type: none"> Performance reviews Performance reviews Human resources surveys Café Fabega (meeting forum) Conferences 	<ul style="list-style-type: none"> Facilitating work-life balance Code of Conduct Great Place To Work Our core values, SPEAK Skills development Fitness promotion Terms of employment Human rights 	<ul style="list-style-type: none"> Healthy and committed employees Skills development helps employees progress within the company It also strengthens their position in the labour market in general Ensuring equal rights for all regardless of gender, ethnicity, religion, disability, age and other factors Combating discrimination Involvement in learning and participation in sustainable urban development
Shareholders and analysts	<ul style="list-style-type: none"> Annual report Quarterly reports Capital market days Roadshows and one-to-one meetings Audit Committee and Board of Directors reporting 	<ul style="list-style-type: none"> Initiated discussions with analysts about value-adding sustainability work Prioritised SDGs based on materiality analysis The Board's rules of procedure include regular monitoring of sustainability issues 	<ul style="list-style-type: none"> Transparency promotes long-term sustainable investment Reporting of climate-related risks and opportunities speeds up the transition to a low-carbon society
Creditors	<ul style="list-style-type: none"> Cooperation with creditors and bond investors on sustainability reporting Presentations, quarterly reports, annual report, web Meetings, property viewings and seminars Capital market days 	<ul style="list-style-type: none"> Participated in the development of banks' green loan products and new sustainable products on the capital market Continuous sustainability discussions with financiers 	<ul style="list-style-type: none"> Can speed up the transition to a more sustainable economy Increasing the proportion of sustainable investments that reduce climate risk in assets Disseminating sustainability knowledge
Suppliers	<ul style="list-style-type: none"> Centralised procurement/framework agreements subjecting suppliers to demands for complying with our Code of Conduct Meetings with strategic suppliers 	<ul style="list-style-type: none"> Demands for impeccable business ethics and Code of Conduct Continuous quality measurements of suppliers Far-reaching requirements regarding areas such as energy efficiency, resource management and choice of materials Must follow health and environmental certification systems 	<ul style="list-style-type: none"> 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 work environment Combat negative impact on environment in local community resulting from emissions of hazardous substances to water, air and/or soil
Society	<ul style="list-style-type: none"> Regular meetings with municipality and agencies Collaborative meetings together with networks of companies (BELOK, SGBC, Swedish Property Federation, Byggherreforum, etc.) Cooperation agreements with non-profit organisations BID Flemingsberg Arena Huddinge Urban Challenge 	<ul style="list-style-type: none"> Via planning process, property management and development work to achieve sustainable property and urban development Street Gallery, homework club and Changers hub aimed at young people Increased safety in public transport More pupils gaining qualifications for upper secondary school Decision to contribute SEK 180m to finance expansion of underground rail service to Arenastaden 	<ul style="list-style-type: none"> Contributing towards keeping global warming under two degrees Creating experience-based, vibrant neighbourhood environments with a mix of offices, residential units, services, culture, meeting places and nature areas 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 secure living environment



GRI index

General disclosures

GRI STANDARDS/AREAS	DISCLOSURE	DESCRIPTION	REFERENCE	COMMENTS/OMISSIONS
Organisational profile				
GRI 102: General disclosures (2016)	102-1	Name of the organisation	69	
	102-2	Activities, brands, products and services	69	
	102-3	Location of headquarters	92	
	102-4	Location of operations	69	
	102-5	Ownership and legal form	69, 151	
	102-6	Markets served	69, 139	
	102-7	Scale of the organisation	3, 86–87	
	102-8	Information on employees and other workers	129	
	102-9	Supply chain	58–59	
	102-10	Changes in reporting	132	
	102-11	Precautionary principle or approach	132	
	102-12	Membership of sustainability initiatives	48, 49, 111	
	102-13	Involvement in organisations	129	
Strategy				
	102-14	Statement from senior decision-maker	6–8	
Ethics and integrity				
	102-16	The company's values, principles, standards and norms for conduct	54–57, 81–82, 111	
Control				
	102-18	Statement of corporate governance	108–110, 127	
Stakeholder engagement				
	102-40	Stakeholder groups engaged in the company	132–133	
	102-41	Percentage of employees covered by collective bargaining agreements	129	All employees are covered by a collective bargaining agreement. Fabège is a member of the employer organisation Almega.
	102-42	Identifying and selecting stakeholders	132	
	102-43	Approach to stakeholder engagement	132–133	
	102-44	Key areas highlighted via communication with stakeholders	132–133	
Reporting practice				
	102-45	Entities included in the consolidated financial statements	107, 132	
	102-46	Defining report content and topic boundaries	132	
	102-47	List of material topics	132	
	102-48	Restatements of information	132	
	102-49	Significant changes that have been made since the previous reporting period with regard to boundaries and scope	132	
	102-50	Reporting period		2021 calendar year
	102-51	Date of most recent report		2020 Sustainability Report, published March 2021
	102-52	Reporting cycle		Calendar year
	102-53	Contact point for questions regarding the report	155	
	102-54	Claims of reporting in accordance with the GRI Standards	132	
	102-55	GRI index	134–136	
	102-56	External assurance	137	



GRI STANDARDS/AREAS	DISCLOSURE	DESCRIPTION	REFERENCE	COMMENTS/OMISSIONS
City districts				
<i>Boundary: Relevant externally as our operations and participation in urban development projects can contribute to smart infrastructure and attractive, safe environments.</i>				
Indirect economic impacts				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	47, 48, 127, 135	
GRI 203: Indirect economic impacts (2016)	203-1	Infrastructure investments and services supported	48-49, 133	
Properties				
Energy				
<i>Boundary: Material internally and externally through the carbon dioxide emissions produced by energy consumption.</i>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	50-51, 116-117, 127-129, 135	
GRI 302: Energy (2016)	302-1	Energy consumption within the organisation	51, 128	
	302-3	Energy intensity (use per sqm)	128	
Emissions				
<i>Boundary: Relevant internally and externally through the carbon dioxide emissions produced by energy consumption.</i>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	116-117, 127-128, 135	
GRI: 305 Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	15, 51, 128	
	305-2	Energy indirect (Scope 2) GHG emissions	15, 51, 128	
	305-3	Energy indirect (Scope 3) GHG emissions	15, 51, 128	
	305-4	GHG emissions intensity (per sqm)	128	
Waste				
<i>Boundary: Relevant internally through the waste generated at our own offices. Relevant externally through the waste generated by our tenants.</i>				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	64, 127, 128, 135	
GRI 306: Management approach for Waste (2020)	306-1	Waste generation and significant waste-related impacts	52	
	306-2	Management of significant waste-related impacts	52	
GRI: 306 Waste (2020)	306-3	Waste generated	128	Waste is reported at the property level and here refers to Fabège's own waste and waste generated by tenants.
Employees				
<i>Boundary: Relevant internally in that we offer our employees a stimulating, safe and healthy working environment, and relevant externally in that this makes us an attractive employer for potential employees.</i>				
Employment				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	54-57, 111, 116-117, 127, 135	
GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	98, 128	We do not report fully in accordance with GRI standards. Only a proportion of total number of employees is reported.
Occupational health and safety				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	54-57, 111, 116-117, 127, 135	
GRI 403: Occupational health and safety (2018)	403-1	Occupational health and safety management system	54-59	
	403-2	Hazard identification, risk assessment and incident investigation	54-59	
	403-3	Occupational health services	54-59	
	403-4	Worker participation, consultation and communication on occupational health and safety	54-59	
	403-5	Worker training on occupational health and safety	54-59	
	403-6	Promotion of worker health	54-59	
	403-7	Prevention and mitigation of occupational health and safety impacts	54-59	
GRI 403: Occupational health and safety (2018)	403-9	Work-related injuries	59, 129	



GRI STANDARDS/AREAS	DISCLOSURE	DESCRIPTION	REFERENCE	COMMENTS/OMISSIONS
Employees, cont.				
Training and education				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	54, 111, 116–117, 127, 136	
GRI 404 Training and education (2016)	404-3	Percentage of employees receiving regular performance and career development reviews	56	We do not report in full according to GRI standards. Only a proportion of total number of employees is reported.
Diversity and equal opportunity				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	57, 111, 116–117, 127, 136	
GRI 405 Diversity and equal opportunity (2016)	405-1	Diversity of governance bodies and employees	98, 129	
Non-discrimination				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	57, 111, 116–117, 127, 136	
GRI 406 Non-discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	111	
Supply chain				
<i>Boundary: Relevant externally as we impose stringent requirements on our suppliers, and internally as this work generates awareness and pride among employees.</i>				
Supplier social assessment				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	58–59, 81–82, 127, 136	
GRI 414 Supplier social assessment (2016)	414-1	New suppliers that were screened using social criteria	58	
GRI 308 Supplier environmental assessment (2016)	308-1	New suppliers that were screened using environmental criteria	58	
Financing				
<i>Boundary: Relevant internally and externally as our business is dependent on financially healthy long-term earnings and solid financing that contributes to sustainable development.</i>				
Green financing				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	60, 65, 72–73, 127, 136	
	Company-specific	Proportion of green financing	61, 65, 72	
Customers				
<i>Boundary: Relevant internally and externally as good customer relations affect both retention rate and new lettings.</i>				
Certified properties				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	116–117, 127, 136	
	Company-specific	Percentage certified properties	52, 128	
Business ethics and morals				
<i>Boundary: Relevant internally and externally as our Code of Conduct and tax management affects employees, business partners and society in general.</i>				
Anti-corruption				
GRI 103: Management approach (2016)	103-1, 103-2, 103-3	Management approach	63, 81–82, 111, 116–117, 127, 136	
GRI 205 Anti-corruption (2016)	205-3	Confirmed incidents of corruption and actions taken	63	
Tax				
GRI 103 Management approach (2019)	103-1, 103-2, 103-3	Management approach	63, 116–117, 127, 136	
GRI 207 Sustainability governance for Tax (2019)	207-1	Approach to tax	63, 112–114, 116–117	
	207-2	Tax governance, control and risk management	63, 81, 116–117	
	207-3	Stakeholder engagement and management concerns related to tax	63, 71, 81, 132	
GRI 207 Tax (2019)	207-4	Tax information	69, 71, 81, 86, 87, 92, 101	



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 2021. The company has defined the scope of its sustainability reporting on pages 127–136 of this document, including a definition of the statutory Sustainability Report on pages 134–136.

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 detailed on pages 134–136 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 responsibilities

Our responsibility is to express a conclusion 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 engagement and a review according to RevR 12 vary in nature from, and are less in scope than for a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The audit company applies ISQC 1 (International Standard on Quality Control) and therefore has a comprehensive quality assurance system, which includes documented guidelines and 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, 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 reasonable 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, 7 March 2022
Deloitte AB

Peter Ekberg
Authorised Public Accountant



Property portfolio

Our properties are concentrated to four submarkets in the Stockholm region: Stockholm inner city, Solna and Hammarby Sjöstad, and Flemingsberg.

The property portfolio mainly comprises commercial premises. Offices account for approximately 82 per cent of the total rental value of SEK 3,359m. In addition to offices, the portfolio includes retail, industrial/warehouse, residential space, hotel and garage properties. The largest submarket, Solna, accounts for 50 per cent of the total market value. At year-end 2021/2022, we owned 94 properties. The market value was SEK 83.3bn and the total rental value SEK 3.2bn.

Changes to the property portfolio in 2021

During the first quarter, Sadelplatsen 1 was divested. Four properties relating to residential development rights in Haga Norra were sold to the joint venture company that we co-own with Brabo, which is developing tenant-owned apartments at the properties. We also entered into two land allocation agreements, one with the City of Solna and one with Huddinge Municipality. In connection with this, an additional purchase price of SEK 270m was paid for previously acquired properties in Flemingsberg. In the third quarter, SEK 176m was paid to the City of Solna relating to the acquisition of residential development rights in Huvudsta. In October, Fabège acquired SHH Bostad AB at a purchase consideration of SEK 880m. The acquisition value of SHH's portfolio of ongoing residential development projects and development properties amounted to SEK 692m. The portion of the purchase price that is not allocated to shareholders' equity or fair value adjustments of properties of SEK 234m is recognised as goodwill. In December, an additional land property was acquired in Flemingsberg from Skanska, for a purchase consideration of SEK 56m. In addition, a residential property in Borås was taken over via SHH Bostad.

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 and Newsec.

Customers

The customer portfolio is well diversified with over 660 customers from a wide range of industries, representing a mix of private businesses and public sector organisations.

Property-related KPIs

Year	2021	2020	2019	2018	2017
No. of properties	94	94	87	89	90
Lettable area, 000 sqm	1,247	1,245	1,255	1,252	1,136
Financial occupancy rate, %	90	91	94	94	94
Rental value, SEKm	3,359	3,242	3,195	2,960	2,594
Surplus ratio, %	76	75	75	74	74

Average yield requirement per area

Year	Average yield requirement, %
Stockholm inner city	3.44
Solna	3.87
Hammarby Sjöstad	4.11
Other markets	5.24
Average return	3.76

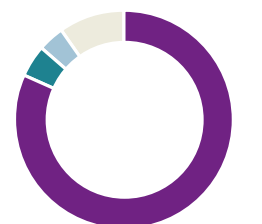
Property sales

Property name	Area	Category	Lettable area
Sadelplatsen 1	Frösunda	Offices	6,368
Hagalund 2:12-2:15	Haga Norra	Land	0
Total sales of properties			6,368

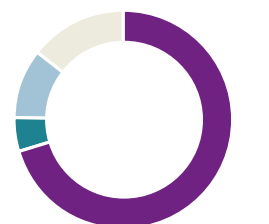
Property acquisitions

Property name	Area	Category	Lettable area
Huvudsta 3:1 (part of)	Solna	Land	0
Daggkåpan 2	Borås	Bostad	7,381
Generatoren 1f	Flemingsberg	Land	0
Total			7,381

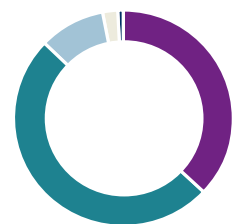
Rental value per category
Total SEK 3,359m



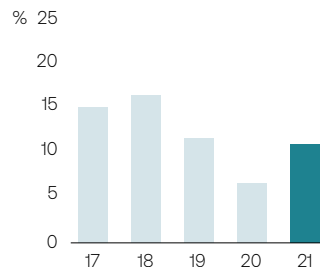
Lettable area by category
Total 1,247,000 sqm



Property value by area
Total SEK 83.3bn



Total return on the property portfolio



**Biggest customers**

Customer	Percentage ¹⁾	Year of expiry
SEB	6	2037
Swedish Tax Agency	5	2022
ICA Fastigheter AB	4	2030
Telia Company	4	2031
Swedbank	2	2029
Carnegie Investment Bank AB	2	2027
Migrationsverket	2	2028
Statens Skolverk	1	2024
Telenor AB	1	2028
Svea Ekonomi	1	2027
Total	30	

¹⁾Percentage of contractual rent.**15 highest valued properties at 31 December 2021**

Property name	Area	Category	Lettable area, 000 sqm
Pyramiden 4	Arenastaden	Offices	72,234
Apotekaren 22	Norrmalm	Offices	28,267
Bocken 39	Norrmalm	Offices	20,707
Nationalarenan 8	Arenastaden	Offices	45,744
Bocken 35 & 46	Norrmalm	Offices	14,934
Orgeln 7	Sundbyberg	Offices	38,769
Barnhusväderkv. 36	Norrmalm	Offices	25,980
Luma 1	Hammarby Sjöstad	Offices	38,222
Signalen 3	Arenastaden	Offices	31,492
Fräsaren 11	Solna Business Park	Offices	39,152
Smeden 1	Solna Business Park	Offices	45,441
Fräsaren 12	Solna Business Park	Offices	37,319
Nöten 4	Solna Strand	Offices	60,995
Uarda 1 (Building A)	Arenastaden	Offices	24,338
Poolen 1	Arenastaden	Offices	28,134

Breakdown by lettable area, 31 December 2021

Sqm	Offices	Retail	Industrial/warehouse	Hotel	Residential	Garage	Total
Stockholm inner city	233,388	22,293	19,576	9,347	7,437	30,840	322,880
Solna	523,142	30,830	40,106	35,905	903	79,946	710,832
Hammarby Sjöstad	101,801	8,705	17,019	0	691	8,113	136,329
Other markets	19,773	528	52,706	0	3,706	40	76,753
Total	878,104	62,356	129,407	45,252	12,736	118,939	1,246,794

Property table

Property holdings	No. of properties	Lettable area, 000 sqm	Market value, SEKm	Rental value ²⁾ , SEKm	Financial occupancy rate, %
Investment properties ¹⁾	58	975	69,356	3,022	90
Development properties ¹⁾	19	245	8,262	274	87
Land and project properties ¹⁾	17	27	5,639	63	29
Total	94	1,247	83,257	3,359	90
Of which, Inner city	27	323	31,007	1,221	89
Of which, Solna	48	712	41,991	1,687	90
Of which, Hammarby Sjöstad	11	136	8,051	384	88
Of which, Flemingsberg	6	69	1,927	65	90
Of which, other	2	7	281	2	0
Total	94	1,247	83,257	3,359	90

¹⁾See definitions for further details.²⁾In the rental value, time limited deductions of approximately SEK 73m (in rolling annual rental value at 31 December 2021) have not been deducted.**Average remaining lease term by submarket, 31 December 2021**

Area	No. of properties	No. of leases	Lease length, years
Stockholm inner city	27	609	2.9
Solna	48	417	6.6
Hammarby Sjöstad	11	263	2.5
Other markets	8	72	2.6
Total/average	94	1,361	4.8

Lease maturity structure

Year of maturity	No. of leases	Annual rent, SEKm	%
2022 ¹⁾	596	679	23
2023	299	375	12
2024	213	274	9
2025	132	326	11
2026	99	353	12
2027+	73	862	29
Commercial	1,412	2,868	95
Residential contract	119	12	0
Garage and parking	730	127	4
Total	2,261	3,007	100

¹⁾Of which just over SEK 70m has been renegotiated for 2022.**Changes in property values**

	Market value, SEKm
Opening amount at 31/12/2020	76,648
+ Acquisitions	752
+ Investments in new builds, extensions and conversions	1,874
- Sales	-602
+/- Unrealised changes in value	4,585
Closing amount at 31/12/2021	83,257



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.

The average planning process takes between two and three years.

1 Planning decision

If a change to a planning area requires a new plan or an adjustment to the existing local development plan, an application must be made for a planning decision. The municipality decides whether or not the planning work may begin.

2 Potential programme

Before the planning work is initiated, the municipality decides whether a programme might potentially be required to describe appropriate use of land, infrastructure needs and consequences of a new local development plan. An initial consultation takes place 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 development plan

The formal plan proposal is drawn up by the municipality's planning administrators in cooperation with us. An initial plan proposal is sent out for consultation 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 three 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. Once this process is complete, the local development plan is approved by the relevant board.

5 Adoption

Following approval, the plan then goes on to the local government council 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.





Project

Ongoing projects > SEK 50m

Property listing	Category	Area	Completed	Lettable area, sqm	Occupancy rate, % space ¹⁾	Rental value ²⁾	Carrying amount, SEKm	Estimated investment, SEKm	Of which used, SEKm
Poolen 1	Offices	Arenastaden	Q1 2022	28,100	82	94	1,678	1,075	862
Glädjen 12	Offices	Stadshagen	Q4-2022	11,000	33	44	571	177	49
Bocken 39 (part of)	Offices	Norrmalm	Q3-2021	7,700	100	68	1,490	205	63
Regulatorn 4	Workshops, etc.	Flemingsberg	Q2-2024	11,900	100	51	665	1,152	876
Total				58,700	85	230	3,799	1,887	998
Other land and project properties							3,330		
Other development properties							8,262		
Total project, land and development properties							15,391		

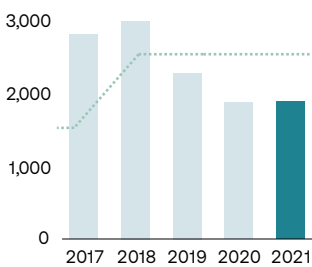
¹⁾Operational occupancy rate at 31 December 2021.

²⁾Rental value including supplements. The annual rent for the largest projects in progress could increase to SEK 230m (fully let) from SEK 5m in annualised current rent at 31 December 2021.

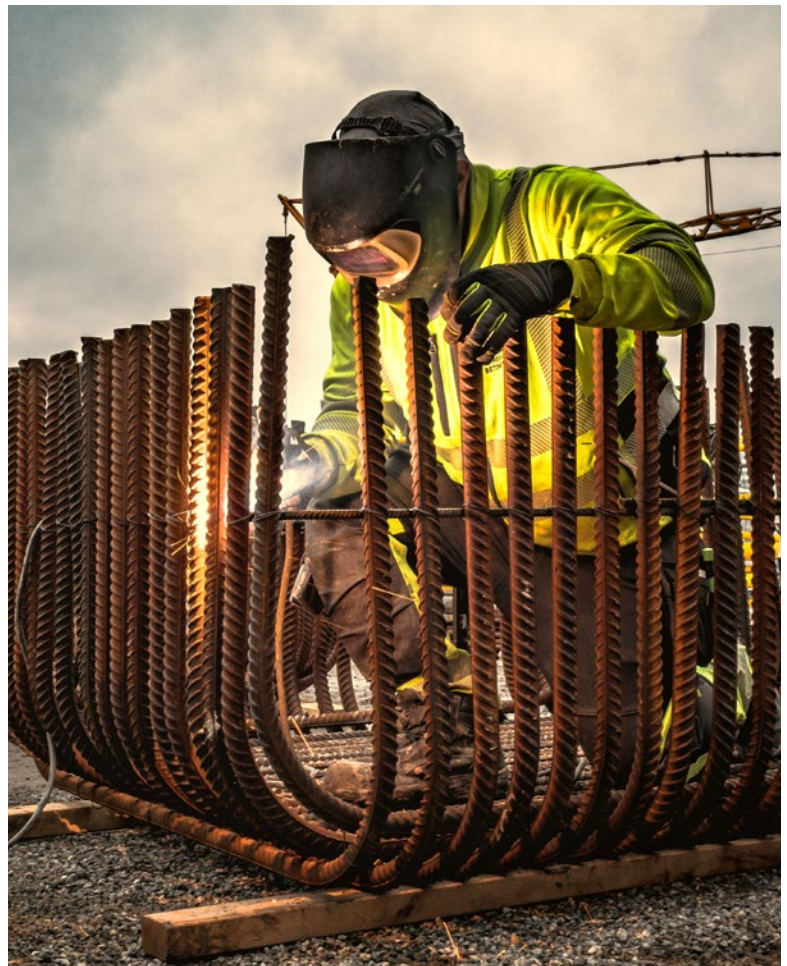
Development rights 31/12/2021

Commercial, sqm	Sqm GFA	Legal approval, %	Carrying amount, SEK/sqm	Residential, sqm	Sqm GFA	Legal approval, %	Carrying amount, SEK/sqm
Inner city	29,900	3	8,700	Inner city	1,200	0	0
Solna	382,800	23	7,100	Solna	281,700	48	10,000
Hammarby Sjöstad	70,000	35	8,500	Hammarby Sjöstad	-	-	-
Flemingsberg	268,300	6	4,500	Flemingsberg	272,000	0	5,500
SHH Bostad	7,100	0	14,200	SHH Bostad	120,000	67	4,400
Other	20,000	100	1,500	Other	-	-	-
Total	784,700	19	6,300	Total	675,000	32	7,100

Investments, SEKm³⁾



³⁾Target: at least SEK 2,500m per year over a business cycle.

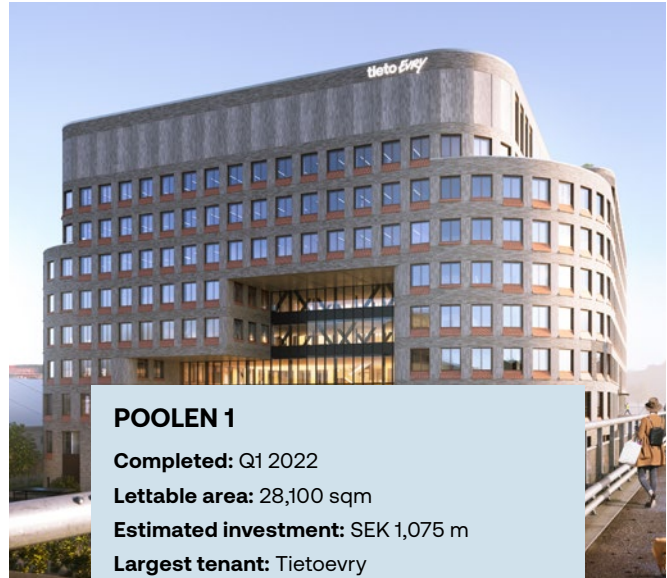




The best of both worlds

Arenastaden

In this project, we are working with a cycle schedule, which can be compared to an assembly line principle where the tradespeople complete one section at a time and then move on to the next part of the building. This means that our customers can move into their premises earlier and we can complete the remaining space alongside them. In addition to Tietoevry, which is renting 22,000 square metres and will move into its premises on 31 March 2022, there will be a yoga studio on the ground floor and, with an entrance from Signalbron, there will be a restaurant and café that will open in the spring of 2022. On the roof, we are creating what is known as a biotope roof, consisting of several different types of grass and herbs in a thick layer of soil to promote biodiversity and retain rainwater during heavy rains.



POOLEN 1

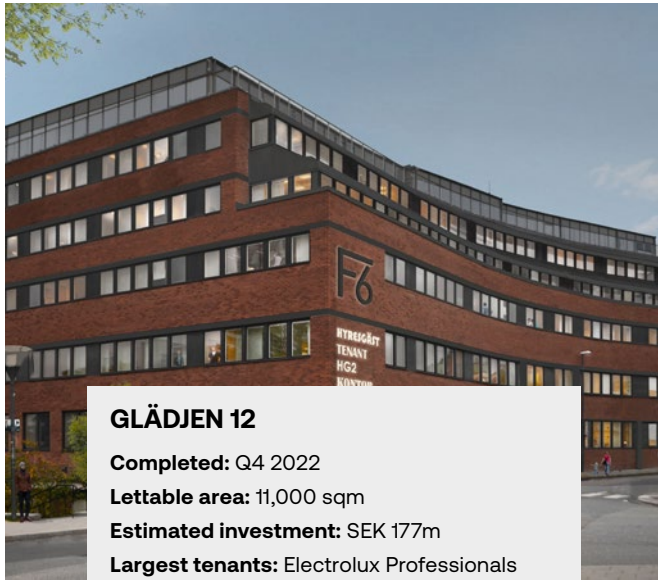
Completed: Q1 2022

Lettable area: 28,100 sqm

Estimated investment: SEK 1,075 m

Largest tenant: Tietoevry

Environmental classification: BREEAM-SE, Excellent



GLÄDJEN 12

Completed: Q4 2022

Lettable area: 11,000 sqm

Estimated investment: SEK 177m

Largest tenants: Electrolux Professionals and Elgiganten

Environmental classification: BREEAM In-Use, Very Good

Flexible and activity-based

Stadshagen

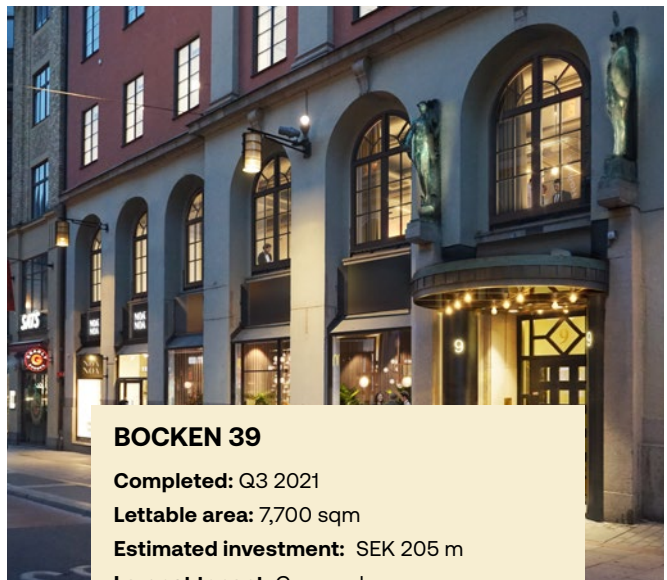
The building at Franzéngatan 6 was erected in 1949 and consists of three, eight-storey structures in the north-western part of Kungsholmen. In June 2021, Electrolux Professionals moved here with its Group headquarters, a large showroom and a demonstration kitchen for training.

In September 2022, Elgiganten plans to move its headquarters here and the design and customisations are well underway. In addition to modern office space, it will also house training facilities and a stunning courtyard.

Co-working in the best location

Inner city

In December 2020, planning work on the design of Bocken 39 started and the project has been in the production phase since the summer. The premises and system solutions here will be designed to meet our tenant Convendum's need for flexible solutions. The refurbishment includes property-related measures, tenant customisations of new office space, the creation of a café on the ground floor and a newly developed courtyard. The property consists of four buildings on seven floors with four stairwells. The project includes the redevelopment of approximately 7,400 square metres. The property is currently environmentally certified in accordance with BREEAM In-Use, Very Good, and will continue to be so.



BOCKEN 39

Completed: Q3 2021

Lettable area: 7,700 sqm

Estimated investment: SEK 205 m

Largest tenant: Convendum

Environmental classification: BREEAM-In-Use, Very Good



Launch of new district of Flemingsberg

In Flemingsberg, a whole new neighbourhood will emerge over the next 15–20 years. The project will get off the ground in Q1 2022, when construction is due to start to create 11,900 square metres of studios, workshops, rehearsal rooms and costume storage for the Royal Swedish Opera and the Royal Dramatic Theatre. 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 well-functioning logistics within the building, as the set studio produces sets for performances that will be transported both within and to and from the building. The building will be certified according to BREEAM-SE, level Very Good, and occupancy is expected in 2024.



TUMBA SKOG

Completed: 2024–2030

Area: Approx. 25,000 sqm residential floor area

No. of residential units: Approx. 500

Form of tenure: Rental and tenant-owner apartments

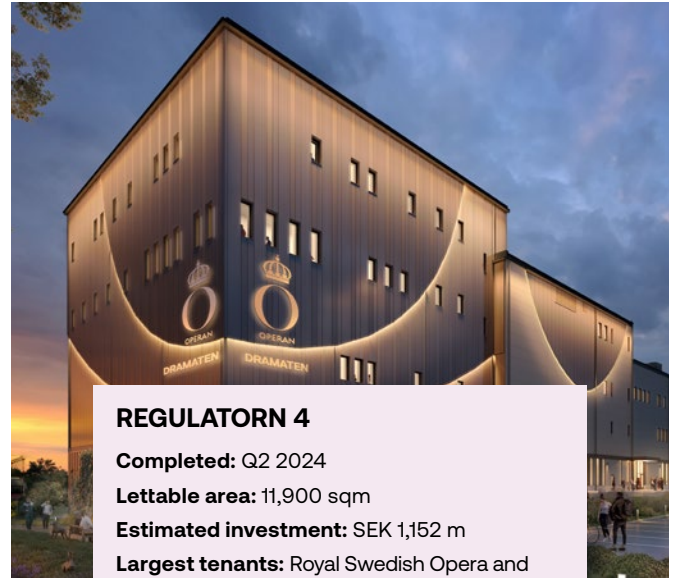
Brf Parkallén

Hjärup

In Hjärup, SHH is developing 56 new tenant-owner apartments across two 4-storey buildings. The area is commuter-friendly, with travel times by train to Lund and Malmö of 5 and 10 minutes respectively.

All apartments have a social and open layout with access to either a balcony, roof terrace or patio.

There has been a huge amount of interest in the project. Construction began during winter 2021, and occupancy is scheduled for winter 2023.



REGULATORN 4

Completed: Q2 2024

Lettable area: 11,900 sqm

Estimated investment: SEK 1,152 m

Largest tenants: Royal Swedish Opera and Royal Dramatic Theatre

Environmental classification: BREEAM-SE, Very Good

Safe and vibrant residential area

Tumba Skog

Tumba Skog is SHH's single largest residential project.

The area is close to nature, next to the forest and Kvarnsjön, within walking distance of Tumba town centre and the train station. When completed, the project will comprise a total of around 1,000 new homes. SHH owns 50 per cent of the development rights, which corresponds to approximately 30,000 square metres of light GFA.

Groundwork in the area began in summer 2021, and construction of the first building is due to start no later than the first half of 2023. Tumba Skog will become a safe and vibrant residential area with both rental and tenant-owner apartments.



BRF PARKALLÉN

Completion: Q4 2023

Area: Approximately 3,700 sqm GFA

Number of apartments: 56

Form of tenure: Tenant-owner apartments

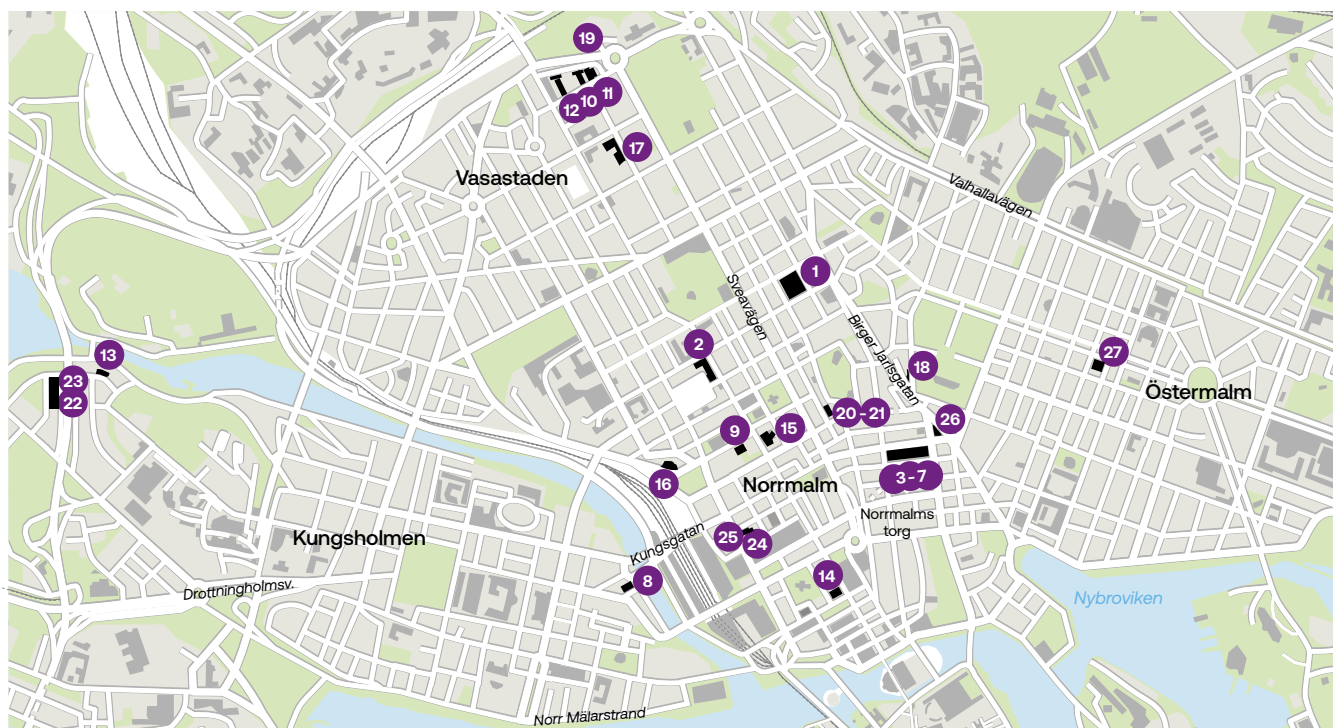


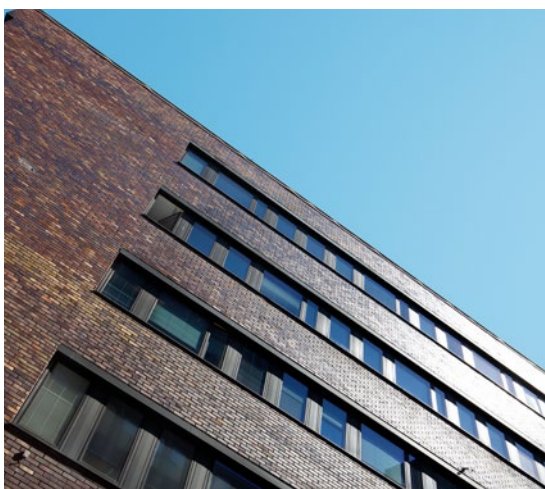
Property listings

Stockholm inner city, 31 December 2021

Property name	Area	Street address	Construction year	Office /sqm	Retail /sqm	Industrial + ware-house/sqm	Residential /sqm	Hotel /sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2021
1 Apotekaren 22	Norrmalm	Döbelnsg 20, 24, Kungstensg 21-23, Rådmanng 40, 42, Tuleg 7 A-B 13	1902/2002	25,192	680	1,577	0	0	818	28,267	955,000
2 Barnhusväderkvarnen 36	Norrmalm	Rådmanng 61-65	1963	13,756	1,149	2,254	0	0	8,821	25,980	559,000
3 Bocken 35	Norrmalm	Lästmakarg 22-24	1951	14,376	127	431	0	0	0	14,934	862,000
4 Bocken 39	Norrmalm	Lästmakarg 20, Kungsg 7-15	1931	17,089	2,305	1,093	0	0	220	20,707	1,021,000
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	49,000
7 Bocken 52	Norrmalm	Lästmakarg 14-16		145	0	0	2,214	0	0	2,359	126,106
8 Drabanten 3	Kungsholmen	Kungsbroplan 3, etc.	1907	6,370	0	249	0	0	0	6,619	187,500
9 Fenix 1	Norrmalm	Barnhusgatan 3	1929	3,504	48	198	0	0	0	3,750	137,500
10 Getingen 13	Vasastan	Sveavägen 149	1963	11,183	659	2,702	0	0	2,415	16,959	330,000
11 Getingen 14	Vasastan	Sveavägen 143-147	1953	8,460	2,505	766	0	0	1,123	12,854	233,500
12 Getingen 15	Vasastan	Sveavägen 159	1963	13,427	2,502	4,577	0	0	5,001	25,507	322,000
13 Glädjen 12 ²⁾	Stadshagen	Franzéng 6, Hornsbergs Strand 17	1949	10,347	0	1,010	0	0	0	11,357	313,000
14 Hägern Mindre 7	Norrmalm	Drottninggatan 27-29	1971	9,102	1,672	651	0	0	2,167	13,592	549,004
15 Islandet 3	Norrmalm	Hölländargatan 11-13	1904	8,243	0	13	0	0	255	8,511	289,000
16 Läraren 13	Norrmalm	Torsgatan 4	1904/29	6,839	0	0	0	0	0	6,839	250,000
17 Mimer 5	Vasastan	Hagagatan 25 A-C, Vanadisvägen 9	1957	11,749	0	18	0	0	5	11,772	0
18 Norrtälje 24	Norrmalm	Engelbrektsgratan 5-7	1881	6,345	0	172	0	0	526	7,043	340,000
19 Ormråsket 10	Vasastan	Sveavägen 166-170, 186	1962/67	13,680	3,452	788	0	0	2,071	19,991	409,000
20 Oxen Mindre 33	Norrmalm	Luntmakarg 18	1979	8,118	0	231	0	0	1,860	10,209	239,000
21 Oxen Mindre 38	Norrmalm	Malmkillnadsg 47 A, B	1979	122	0	0	2,822	0	3	2,947	114,894
22 Paradiset 23 ³⁾	Stadshagen	Strandbergsg 53-57	1944	10,865	89	84	0	0	2,229	13,267	145,500
23 Paradiset 27 ⁴⁾	Stadshagen	Strandbergsg 59-65	1959	18,774	3,444	1,893	0	0	2,229	26,340	496,000
24 Pilen 27	Norrmalm	Bryggarg 12A	1907	1,865	0	192	0	0	0	2,057	95,000
25 Pilen 31	Norrmalm	Gamla Brog 27-29, Vasag 38	1988	4,610	598	229	0	3,542	571	9,550	488,000
26 Sparven 18	Östermalm	Birger Jarlsgr 21-23, Kungsg 2	1929	1,621	1,147	49	0	5,805	0	8,622	456,029
27 Ynglingen 10	Östermalm	Jungfrug 23, 27, Karlav 58-60	1929	7,075	1,252	400	2,400	0	526	11,653	362,000
Total Inner city				233,388	22,293	19,576	7,436	9,347	30,840	322,880	9,329,033

● Certified/Registered for certification







Solna,

31 December 2021

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, 31/12/2021
1 Farao 14 ²⁾	Arenastaden	Dalvägen 10, Pyramidvägen 9	1967	0	0	0	0	0	0	0	107,000
2 Farao 15 ³⁾	Arenastaden	Dalvägen 8, Pyramidvägen 5	1981	6,427	723	1,001	0	0	1,020	9,171	76,995
3 Farao 16 ³⁾	Arenastaden	Dalvägen 4-6, Pyramidvägen 3	1973	2,792	1,789	1,722	0	0	540	6,843	48,402
4 Farao 17 ³⁾	Arenastaden	Dalvägen 2, Pyramidvägen	1975	3,180	0	3,647	0	0	560	7,387	49,003
5 Farao 19 ²⁾	Arenastaden	Magasinsvägen		0	0	0	0	0	0	0	0
6 Farao 20	Arenastaden	Pyramidvägen 7	1964	6,215	1,045	166	0	0	375	7,801	194,000
7 Farao 8	Arenastaden	Dalvägen 12, Pyramidvägen 11	2001	5,839	0	325	0	0	0	6,164	92,000
8 Järva 3:7 ²⁾	Arenastaden	Evenemangsgatan		0	0	0	0	0	0	0	897
9 Semaforen 1 ²⁾	Arenastaden	Gustav III:s boulevard		0	0	0	0	0	0	0	0
10 Kairo 1 ¹⁾	Arenastaden	Pyramidvägen 2	1983	10,741	0	0	0	0	0	10,741	100,000
11 Poolen 1 ²⁾	Arenastaden	Kolonnvägen 24		0	0	0	0	0	0	0	0
12 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	1,750,000
13 Signalen 3	Arenastaden	Kolonnvägen 22		31,116	0	376	0	0	0	31,492	560,000
14 Nationalarenan 3	Arenastaden	Evenemangsgatan 48		2,488	0	0	0	16,677	0	19,165	300,000
15 Nationalarenan 5	Arenastaden	Evenemangsgatan 32	2013	0	0	0	0	0	25,500	25,500	58,000
16 Nationalarenan 8	Arenastaden	Stjärntorget 1, Råsta strandväg 15C, Evenemangsgatan 2C		45,744	0	0	0	0	0	45,744	983,000
17 Stigbygelin 2	Arenastaden	Gårdsvägen 6	1955	7,586	95	326	0	0	349	8,356	120,633
18 Stigbygelin 3 ³⁾	Arenastaden	Gårdsvägen 8	1960	4,904	262	751	0	0	0	5,917	94,976
19 Stigbygelin 5	Arenastaden	Gårdsvägen 10 A, B	1963	6,791	0	50	0	0	570	7,411	144,000
20 Stigbygelin 6	Arenastaden	Gårdsvägen 12-18	2001	8,994	581	338	0	0	0	9,913	222,000
21 Tygelin 3	Arenastaden	Gårdsvägen 13-21	2001	4,397	0	0	0	0	5,100	9,497	190,000
22 Tömmen 1 ¹⁾	Arenastaden	Gårdsvägen 2-4	1952	5,641	0	1,206	0	0	229	7,076	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	22,479	1,349	480	0	0	30	24,338	603,000
25 Uarda 4 ¹⁾	Arenastaden	Dalvägen 14-16	1992	6,496	0	1,333	0	0	0	7,829	149,000
Total Solna, Arenastaden				254,064	5,844	11,721	0	16,677	36,883	325,189	5,870,449

● Certified/Registered for certification

Solna Business Park

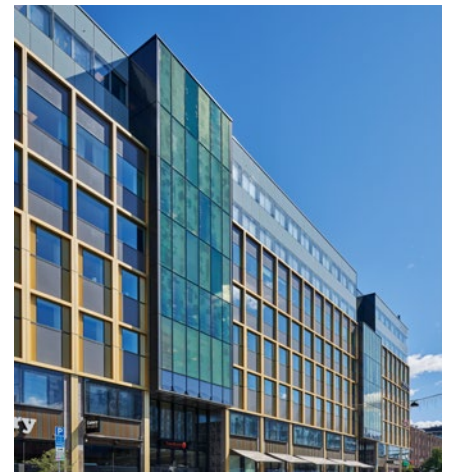
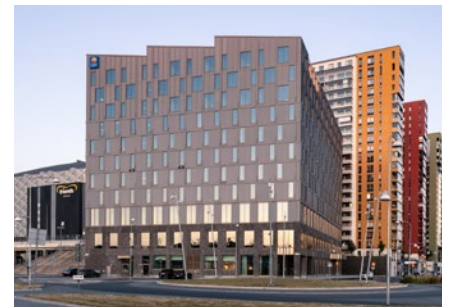
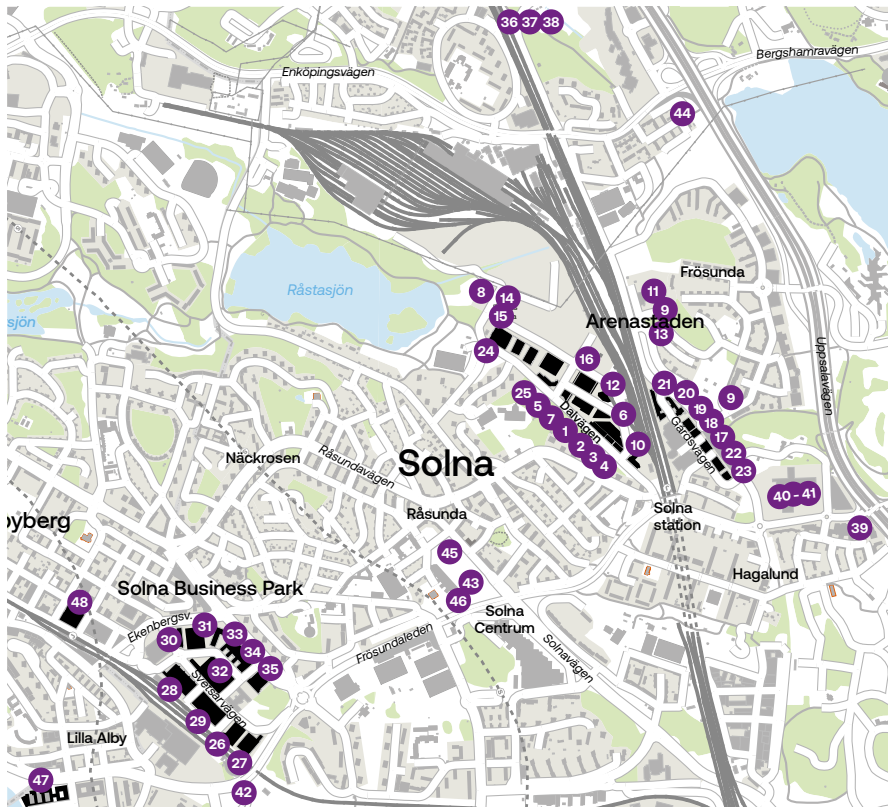
Property name	Area	Street address	Construction year	Office /sqm	Retail /sqm	Industrial + warehouse/sqm	Residential /sqm	Hotel /sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2021
26 Fräsaren 9 ³⁾	Solna Business Park	Svetsarvägen 22	1962	1,097	0	8,442	0	0	0	9,539	20,449
27 Fräsaren 10	Solna Business Park	Svetsarvägen 24	1964	7,235	4,241	138	0	0	9	11,623	172,000
28 Fräsaren 11	Solna Business Park	Englundavägen 2-4, Svetsarvägen 4-10	1962	33,134	255	1,313	0	1,840	2,610	39,152	575,000
29 Fräsaren 12	Solna Business Park	Svetsarvägen 12-18, 20, 20A	1964	19,352	10,163	964	0	0	6,840	37,319	434,000
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	16,021	0	3,242	0	0	3,315	22,578	276,000
32 Smeden 1	Solna Business Park	Englundav 6-14, Smidesv 5-7, Svetsarv 5-17	1967	34,077	5,058	1,995	467	0	3,844	45,441	585,317
33 Svetsaren 1	Solna Business Park	Englundavägen 7	1964	12,468	742	415	0	0	2,430	16,055	459,135
34 Svetsaren 3 ¹⁾	Solna Business Park	Englundavägen 9-13		15,212	329	1,987	436	2,491	3,660	24,115	0
35 Yrket 3 ³⁾	Solna Business Park	Smidesvägen 2-8	1982	4,864	0	1,076	0	0	1,470	7,410	39,000
Total Solna Business Park				143,822	20,788	22,604	903	4,331	25,566	218,014	2,583,901



Other parts of Solna

Property name	Area	Street address	Con- struc- tion year	Office /sqm	Retail /sqm	Industrial + ware- house/sqm	Residen- tial /sqm	Hotel /sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2021
36 Distansen 4 ²⁾	Ulriksdal	Kolonnvägen	2016	0	0	0	0	0	0	0	21,600
37 Distansen 6	Ulriksdal	Kolonnvägen 43-55	2016	10,500	539	0	0	0	0	11,039	158,000
38 Distansen 7	Ulriksdal	Kolonnvägen 57-59	2016	0	0	0	0	0	9,810	9,810	31,506
39 Fortet 2	Arenastaden	Råsundavägen 1-3, Hagavägen 1	1958	0	0	0	0	7,533	17	7,550	48,352
40 Hagalund 2:10 ²⁾	Haga Norra	Frösundaleden 4		0	0	0	0	0	0	0	0
41 Hagalund 2:11 ²⁾	Haga Norra	Kolonnvägen		15304	158	180	0	0	0	15,642	0
42 Huvudsta 3:1 ²⁾	Huvudsta	Jonstorpsvägen		0	0	0	0	0	0	0	0
43 Hörnan 1	Råsunda	Solnavägen 31-35, Garvis Carlssons gata 1-9		15,698	730	32	0	0	0	16,460	440,000
44 Järvakrogen 3	Frösunda	Enköpingsvägen 1	2015	0	0	0	0	7,364	0	7,364	214,000
45 Klacken ¹⁾	Råsunda	Garvis Carlssons gata		0	0	0	0	0	0	0	0
46 Lagern 2 ²⁾	Råsunda	Solnavägen 37, Idrottsgatan 7	1985	0	0	0	0	0	0	0	0
47 Nöten 4	Solna Strand	Solna strandväg 2-60	1971	50,043	956	2,400	0	0	7,596	60,995	873,000
48 Orgeln 7	Sundbyberg	Järnvägsgränd 12-20, Lysgränd 1, Roseng 2,4, Stureg 11-19	1966	33,710	1,815	3,170	0	0	74	38,769	640,000
Total Other parts of Solna				125,255	4,198	5,782	0	14,897	17,497	167,629	2,426,458
Total Solna (Arenastaden + Solna Business Park + Other)				523,141	30,830	40,107	903	35,905	79,946	710,832	10,880,808

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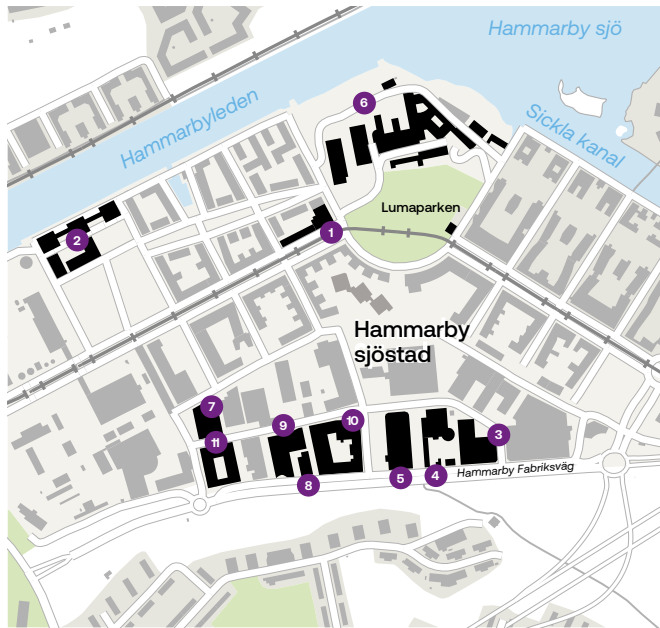




Hammarby Sjöstad, 31 December 2021

Property name	Area	Street address	Construction year	Office /sqm	Retail /sqm	Industrial + ware-house/sqm	Residential /sqm	Hotel /sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2021
1 Fartygstrafiken 2	Hammarby Sjöstad	Hammarby Allé 93	1955	6,729	1,840	165	0	0	9	8,743	155,000
2 Båtturen 2	Hammarby Sjöstad	Hammarby Kaj 12, Hammarby Kaj 14-18	1937	16,543	276	457	0	0	1,230	18,506	404,000
3 Korhoppet 1	Hammarby Sjöstad	Virkesvägen 24-26	1949	8,479	575	4,149	0	0	974	14,177	211,500
4 Korhoppet 5 ²⁾	Hammarby Sjöstad	Hammarby Fabriksväg 37-39	1968	0	0	0	0	0	0	0	8,400
5 Korhoppet 6	Hammarby Sjöstad	Hammarby Fabriksväg 33	1988	0	428	4,254	0	0	0	4,682	83,000
6 Luma 1	Hammarby Sjöstad	Ljusslingan 1-17, 2-26, Glödlampsgränd 1-6, Lumaparksv 2-18, 5-15, Kölnag 3	1930	29,853	2,394	1,436	691	0	3,848	38,222	442,448
7 Påsen 1 ¹⁾	Hammarby Sjöstad	Textilgatan 41-43		6,489	1,269	1,799	0	0	0	9,557	151,000
8 Trikáfabriken 12 ²⁾	Hammarby Sjöstad	Hammarby Fabriksväg 27	1942	0	0	0	0	0	0	0	1,620
9 Trikáfabriken 4 ³⁾	Hammarby Sjöstad	Virkesvägen 8-10	1991	6,695	511	2,349	0	0	975	10,530	142,341
10 Trikáfabriken 8 ¹⁾	Hammarby Sjöstad	Virkesvägen 12, Heliosgatan 1-3	1930	12,342	1,037	1,964	0	0	12	15,355	238,000
11 Trikáfabriken 9	Hammarby Sjöstad	Virkesvägen 2-4	1928	14,671	375	446	0	0	1,065	16,557	464,000
Total, Hammarby Sjöstad				101,801	8,705	17,019	691	0	8,113	136,329	2,301,309

● Certified/Registered for certification.





Flemingsberg, 31 December 2021

Property name	Area	Street address	Con- struc- tion year	Office /sqm	Retail /sqm	Industrial + ware- house/sqm	Residen- tial /sqm	Hotel /sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK
											000s, 31/12/2021
1 Batteriet 3 ¹⁾	Flemingsberg	Regulatorvägen 15	1981	0	0	800	0	0	0	800	5,728
2 Batteriet 4 ²⁾	Flemingsberg	Regulatorvägen 17		0	0	0	0	0	0	0	3,604
3 Generatoren 11 ²⁾	Flemingsberg	Björnkullavägen								0	
4 Regulatorn 1 ¹⁾	Flemingsberg	Jonvägen 1, 3; Elektronvägen 2, 4, 6; Regulatorvägen 6, 8	1963	11,901	528	13,095	0	0	0	25,524	179,672
5 Regulatorn 2 ¹⁾	Flemingsberg	Elektronvägen 1		4,198	0	38,811	0	0	40	43,049	173,508
6 Regulatorn 4 ²⁾	Flemingsberg	Elektronvägen		0	0	0	0	0	0	0	0
Total, Flemingsberg				16,099	528	52,706	0	0	40	69,373	362,512



Other, 31 December 2021

Sollentuna and Borås

Property name	Area	Street address	Con- struc- tion year	Office /sqm	Retail /sqm	Industrial + ware- house/sqm	Residen- tial /sqm	Hotel /sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK
											000s, 31/12/2021
1 Tekniken 1 ²⁾	Sollentuna			0	0	0	0	0	0	0	116
2 Daggkåpan ²⁾	Borås	Backadalsstigen 4 A–D, 6 A–F	2021	3,675	0	0	3,706	0	0	7,381	52,106
Total, Other				3,675	0	0	3,706	0	0	7,381	52,222

The list of properties contains all properties in our ownership at 31 December 2021.

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.

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Share information

Our share rose by 17.2 per cent in 2021 and the share price at year-end was SEK 151.55 per share. At year-end we had 46,538 shareholders. Swedish ownership totalled 61.1 per cent.

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.

Dividend 2021

The Board proposes to the AGM a dividend of SEK 4.00 (3.60) per share, to be paid quarterly on four occasions in the amount of SEK 1.00 per share on each occasion.

Acquisition and transfer of treasury shares

The 2021 AGM renewed the authorisation of the Board to buy back and transfer shares in the company for the period extending up until the next AGM. Share buybacks are subject to a limit of 10 per cent of the total number of shares outstanding at any time. In 2021, 4,873,587 shares were bought back at an average price of SEK 122.05/share. In total, we hold 9,450,989 shares, corresponding to 2.86 per cent of shares outstanding at year-end.

Shares and share capital

The 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 amounts to SEK 15.41 per share.

Owner

At 31 December 2021, Fabège had 46,538 known (42,394) shareholders. The 15 largest owners jointly controlled 47.3 per cent of the total number of shares outstanding.

Largest shareholders ¹⁾ , 31/12/2021	Number of shares	Proportion of capital and votes, %
Erik Paulsson and companies	52,108,718	16.2
BlackRock	15,745,399	4.9
Handelsbanken Fonder	11,078,935	3.4
Länsförsäkringar fonder	10,183,585	3.2
Vanguard	9,748,719	3.0
Mats Qviberg and family	7,106,054	2.2
APG Asset Management	6,874,676	2.1
ENA City AB	6,530,000	2.0
Norges Bank	5,959,751	1.9
Fourth Swedish National Pension Fund	5,287,965	1.6
Folksam	5,057,913	1.6
Third Swedish National Pension Fund	4,756,373	1.5
AFA Försäkring	4,064,798	1.3
BNP Paribas Asset Management	3,925,536	1.2
AMF Pension & Fonder	3,657,852	1.1
Total 15 largest shareholders	152,086,274	47.3
Total number of shares outstanding	321,332,274	97.1
Treasury shares	9,450,984	2.9
Total number of registered shares	330,783,144	100

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

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	30.1
2008	Conversion of debenture loan	3,306	169,311,554	5,096,274,606	30.1
	Cancellation of repurchased shares	-9,150,673	169,308,248		
2007	Split 2:1	89,223,081	178,458,921	5,086,079,249	28.5
	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



Additional information:

Scan the QR code or visit fabege.se/en/investors/



Five-year summary

	2021	2020	2019	2018	2017
PROFIT AND LOSS ACCOUNTS, SEKm					
Rental income	2,889	2,806	2,856	2,517	2,280
Net operating income	2,176	2,112	2,144	1,875	1,680
Realised changes in value/Gain from property sales	56	49	0	153	0
Unrealised changes in value, properties	4,585	2,715	5,743	7,685	6,095
Profit/loss from property management	1,537	1,474	1,532	1,246	992
Profit before tax	6,712	4,007	7,034	9,103	7,351
Profit after tax	5,400	3,167	6,006	7,699	5,632
BALANCE SHEETS, SEKm					
Properties	83,257	76,648	74,250	67,634	57,889
Right-of-use asset, leasehold	1,092	897	942	—	—
Other property, plant and equipment	22	15	6	3	4
Derivatives	121	20	58	—	—
Financial assets	832	1,108	810	429	342
Current assets	1,382	350	318	622	647
Short-term investments	96	108	134	127	153
Cash and cash equivalents	131	20	24	15	349
Equity	45,174	41,542	40,068	34,964	28,012
Provisions	9,603	8,288	7,613	6,547	5,221
Interest-bearing liabilities	30,399	26,669	26,414	26,275	24,841
Lease liability	1,093	897	942	—	—
Derivatives	186	617	426	132	291
Non-interest-bearing liabilities	1,336	970	1,079	912	1,019
Total assets	87,988	79,166	76,542	68,830	59,384
Key performance indicators¹⁾					
Surplus ratio, %	76	75	75	74	74
Interest coverage ratio, multiple	4.1	4.3	4.4	3.7	3.2
Equity/assets ratio, %	51	52	52	51	47
Debt ratio, multiple	14.7	13.2	12.8	14.6	15.5
Debt/equity ratio, multiple	0.7	0.6	0.7	0.8	0.9
Loan-to-value ratio, properties, %	36	35	36	39	43
Return on equity, %	12.5	7.8	16	24.5	22.1
Average interest rate on interest-bearing liabilities, %	1.62	1.67	1.72	1.55	2.2
Total return on properties	8.7	6.6	11.5	16.3	15.0
Property acquisitions and investments in existing properties, SEKm	2,626	1,854	2,556	3,714	4,092
Property sales, selling price, SEKm		3,541	1,701	1,847	140
Average no. of employees		180	172	163	149
Data per share, SEK¹⁾					
Earnings	16.73	9.65	18.16	23.28	17.03
Equity	141	127	121	106	85
Cash flow from operating activities	4.70	4.11	6.1	2.95	2.37
Dividend ²⁾	4.0	3.6	3.2	2.65	2.25
Yield, %	2.6	2.8	2.0	2.2	2.6
Share price at year-end ³⁾	151.55	129.35	159.18	118.2	87.3
No. of shares outstanding at year-end before dilution, million	321.3	326.2	330.8	330.8	165.4
No. of shares outstanding at year-end after dilution, million	321.3	326.2	330.8	330.8	165.4

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⁾ Cash dividend 2021 according to proposal to be paid quarterly on four occasions at SEK 1.00 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.

	2021	2020
Return on equity		
Profit/loss for the period, SEKm	5,400	3,167
Average capital, SEKm	43,358	40,805
Return on equity, %	12.5	7.8
Equity/assets ratio		
Shareholders' equity, SEKm	45,174	41,542
Total assets, SEKm	87,988	79,166
Equity/assets ratio, %	51	52
Loan-to-value ratio, properties		
Interest-bearing liabilities, SEKm	30,399	26,669
Carrying amount, properties, SEKm	83,257	76,648
Carrying amount project & development properties	821	
Loan-to-value ratio, properties, %	36	35
Debt ratio		
Net operating income, SEKm	2,185	2,112
Central administration, SEKm	-110	-93
Total, SEKm	2,075	2,019
Interest-bearing liabilities, SEKm	30,399	26,669
Debt ratio, multiple	14.7	13.2
Interest coverage ratio		
Net operating income, SEKm	2,185	2,112
Ground rent, SEKm	-36	-30
Central administration, SEKm	-110	-93
Total, SEKm	2,039	1,989
Net interest expense, SEKm	-495	-462
Interest coverage ratio, multiple	4.1	4.3
Debt/equity ratio		
Interest-bearing liabilities, SEKm	30,399	26,669
Shareholders' equity, SEKm	45,174	41,542
Debt/equity ratio, multiple	0.7	0.6
Total return on properties		
Net operating income, SEKm	2,185	2,112
Realised and unrealised changes in value, properties, SEKm	4,641	2,764
Market value incl. investments for the period, SEKm	78,672	73,933
Total return on properties, %	8.7	6.6

The following financial targets have been established by the Board of Directors:

- The target is to maintain a minimum equity/assets ratio of 35 per cent.
- The loan-to-value ratio is not to exceed 50 per cent.
- The debt ratio shall be a maximum of 13.
- The interest coverage ratio is to be at least 2.2.

	2021	2020
EPRA key performance indicators		
EPRA Earnings (prof. from prop. man. after tax paid), SEKm	1,356	1,285
EPRA Earnings (EPS), SEK/share	4.20	3.92
EPRA NRV (long-term net asset value), SEKm	54,842	50,427
EPRA NRV, SEK/share	171	155
EPRA NTA (long-term net asset value), SEKm	52,037	48,217
EPRA NTA, SEK/share	162	148
EPRA NDV (net asset value), SEKm	45,174	41,542
EPRA NDV, SEK/share	141	127
EPRA Vacancy rate, %	10	9
EPRA EPS		
Profit/loss from Property Management, SEKm	1,537	1,474
Deduction for tax depreciations, SEKm	-660	-593
Total, SEKm	887	881
Nominal tax, SEKm	181	189
Total EPRA profit/loss (earnings from property management less nominal tax), SEKm	1,356	1,474
Number of shares, million	322.7	328.3
EPRA EPS, SEK/share	4.20	3.92
EPRA NRV, EPRA NTA & EPRA NDV		
Shareholders' equity, SEKm	45,174	41,542
Reversal of fixed-income derivatives, SEKm	65	597
Reversal of deferred tax according to balance sheet, SEKm	9,603	8,288
ERRA NRV (long-term net asset value), SEKm	54,842	50,427
Number of shares, million	321.3	326.2
EPRA NRV (long-term net asset value), SEK/share	171	155
Deduction, fixed-income derivatives	-65	-597
Deduction of actual deferred tax, SEKm	2,805	-2,210
ERRA NTA (long-term net asset value), SEKm	52,037	48,217
Number of shares, million	321.3	326.2
	162	
EPRA NTA (long-term net asset value), SEK/share		148
Deduction of deferred tax according to balance sheet after adjustment of estimated actual deferred tax, SEKm	-6,798	-6,078
EPRA NDV (short-term net asset value), SEKm	45,174	41,542
Number of shares, million	321.3	326.2
EPRA NDV (short-term net asset value), SEK/share	141	127
EPRA vacancy rate		
Estimated market value for vacant rents, SEKm	349	289
Annual rental value, entire portfolio	3,359	3,242
EPRA Vacancy rate, %	10	9
EPRA investments⁹⁾		
Acquisitions, SEKm	752	1,370
Investment in development and project properties, SEKm	1,239	1,353
Investment in investment properties, SEKm	635	501
Miscellaneous, SEKm	-	-
Total EPRA Investments, SEKm	1,874	3,224

⁹⁾No direct investments have occurred in joint ventures.



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 presentation. Since not all companies calculate financial performance measures in the same way, these are not always comparable to measures used by other companies. These financial performance measures should not therefore be regarded as substitutes for measures defined according to IFRS. The following key performance indicators 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 project portfolio¹⁾

Change in value of project and development properties, divided by invested capital (excluding 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 rate¹⁾ Lease value divided by rental value at the end of the period.

EPRA EPS Profit from property management less tax at a nominal rate attributable to profit from property management, divided by average number of shares. Taxable profit from property management is defined as profit from property management less such amounts as tax-deductible depreciation and remodelling.

EPRA NDV – NET DISPOSAL VALUE

Shareholders' equity according to balance sheet.

EPRA NRV – NET REINSTATEMENT VALUE

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

EPRA NTA – NET TANGIBLE ASSETS

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

according to the balance sheet. Adjusted for actual deferred tax instead of nominal deferred tax.

EPRA Vacancy rate Estimated market rent for vacant rents divided by the annual rental value for the entire property portfolio.

Investment properties¹⁾ Properties that are being actively managed on an ongoing basis.

Development properties¹⁾ 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 value¹⁾ 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 value¹⁾ Stated as an annual value. Index-adjusted basic rent under leases plus rent supplements.

Land and project properties¹⁾

Land and developable properties and properties in which a new build/complete redevelopment is in progress.

Net lettings¹⁾ New lettings during the period less terminations to vacate.

Earnings/profit 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 Net operating income less central administration in relation to net interest items (interest expenses less interest income).

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

Debt/equity ratio Interest-bearing liabilities divided by shareholders' equity.

Equity/assets ratio Shareholders' equity 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 market value at start of period plus investments for the period.

Actual deferred tax Estimated actual deferred tax has been calculated at approximately 4 per cent based on a discount rate of 3 per cent. Furthermore, it has been assumed that loss carryforwards are realised over four years with a nominal tax rate of 21.4 per cent, which gives a net present value for deferred tax assets of 19.7 per cent. The calculation is also based on the property portfolio being realised over 50 years, with 10 per cent being sold directly with a nominal tax rate of 20.6 per cent and the remaining 90 per cent being sold indirectly via companies with a nominal tax rate amounting to 6 per cent, which gives a net present value for deferred tax liabilities of 4 per cent.

Retention rate¹⁾ The proportion of leases that are extended in relation to the proportion of cancellable leases.

Surplus ratio¹⁾ 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 29 March 2022 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 in the share register maintained by Euroclear Sweden AB (formerly VPC AB) on Friday 21 March 2022, 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 23 March 2022.

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 the Euroclear website: <http://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 re-registration must be completed no later than Wednesday 23 March 2022. 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, fabege.se/en/about-fabege/corporate-governance/agsm/. Further information regarding the voting procedure is available on the website. Postal votes must be received by Euroclear Sweden AB by no later than 24 March 2021.

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 to 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 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 2022/2023

Important dates

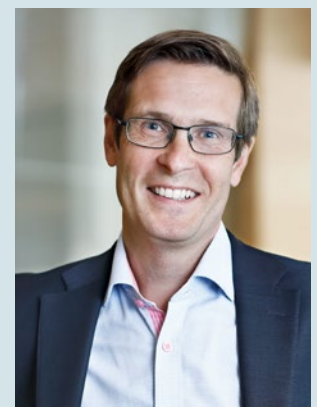
Annual General Meeting	29 March 2022
Record date for first dividend ¹⁾	31 March 2022
Payment date for first dividend ¹⁾	5 April 2022
Interim Report January–March 2022	26 April 2022
Record date for second dividend ¹⁾	1 July 2022
Payment date for second dividend ¹⁾	6 July 2022
Interim Report January–June 2022	8 July 2022
Record date for third dividend ¹⁾	3 October 2022
Payment date for third dividend ¹⁾	6 October 2022
Interim Report January–September 2022	10 October 2022
Record date for fourth dividend ¹⁾	9 January 2023
Payment date for fourth dividend ¹⁾	12 January 2023

¹⁾Board of Directors' proposal to the 2022 AGM.

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