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← Apotekaren 22  
in Stockholm inner city.



# We are Fabege

We develop attractive and sustainable urban districts. Our focus is primarily on commercial properties in a number of sub-markets in the Stockholm region, but through the acquisition of Birger Bostad we can also take responsibility for residential development in our neighbourhoods. 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. Value is created via property management, property development, project development and transactions.

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### We are a large owner with sharp business acumen

We are one of the largest property owners in Stockholm, and our property portfolio is grouped into several clusters. Our property clusters create greater customer proximity, which when combined with our excellent local expertise provides a solid foundation for efficient property management and high occupancy rates. Our main focus is commercial property, but Birger Bostad joined the Group in 2021. Birger Bostad is a property development company with a focus on residential and public-services property.



### We create safe, sustainable and attractive neighbourhoods

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. Social sustainability issues are high on our agenda, and we are actively working on these issues to help make Stockholm a climate-friendly, safe city. All our investment properties and projects are environmentally certified to BREEAM-SE and BREEAM In-Use standard.



### We are responsive and open to customer needs

As society changes at an increasingly rapid rate, it requires responsive business partners who have the strength and drive to constantly find new solutions to meet customer needs. We believe it is important to continually develop our customer offering. We have a strong commitment that 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 location. The whole time.



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# Why invest in Fabege?

We have a clear strategy for our property portfolio, with a geographical focus on selected districts in high demand in the Stockholm area. Through good knowledge of the market, efficient management and stable finances, we are well-placed to create added value for our shareholders and society.



## Geographic concentration in a growth region

We pursue urban development in a select number of sub-markets in the Stockholm area. Our main focus is commercial property complemented by housing. Our property holdings are located in attractive neighbourhoods that are in high demand.

The Stockholm region is one of the five metropolitan areas in Western Europe where the population is increasing the most and growth is mainly occurring among people in the active labour force. This leads to higher demand for office space, especially in attractive locations. Our geographical focus means we have a good knowledge of the market and efficient property management.

**102**

Properties

**SEK 3.7bn**

Rental value

**1,290,000 sqm**

Lettable area



## Attractive development rights portfolio with considerable potential

In addition to a large portfolio of attractive properties, we also have an extensive development rights portfolio. Our development rights include both office and residential space. The combination of residential and commercial space gives us a greater opportunity to influence urban development and create vibrant and attractive neighbourhoods.

Thanks to low input values, there is considerable potential for value creation in both our new construction and conversion projects.

**231**

Employees

**748,000 sqm**

Office development rights

**100%**

Green financing

**654,000 sqm**

Residential development rights



## Stable and sustainable growth

We have a stable balance sheet and strong KPIs. We are at the forefront in terms of sustainability. All project properties and investment properties are sustainability certified and our entire loan portfolio is classified as green. Our goal is to create long-term growth in earnings from property management and dividend capacity through efficient management and value-creating development of existing properties and development rights.

**SEK 86.3bn**

Property value

**38%**

Loan-to-value ratio

**100%**

Environmentally certified properties



# Faberge 2022

We can look back on a strong year that was also marked by some challenges. The war in Ukraine and the aftermath of the pandemic have affected us, just as they have affected the rest of society, but we have managed the situation well. We made some interesting acquisitions during the year. We have also won awards for our sustainability work and, we're delighted to note that our employees have never been more satisfied.

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## Significant events

- We launched two new projects in Flemingsberg for Alfa Laval and for the Royal Swedish Opera and Royal Dramatic Theatre of 27,000 and 12,000 sqm respectively.
- Total signed space during the year amounted to approximately 73,000 sqm. Significant leases were concluded with JM for 6,500 sqm in Arenastaden, CGI for approximately 4,200 sqm and HSB for 2,700 sqm, both in Solna Business Park.
- We acquired approximately 22,000 sqm at the office building Kabelverket 2 in Älvsjö, for SEK 812m. The property is fully let and is generating annual rental income of approximately SEK 50m. There are also future project opportunities as part of an ongoing local development plan.
- We scored 94 points in GRESB's (Global Real Estate Sustainability Benchmark) sustainability survey for 2022, which is a one-point improvement on the previous year. This means we are ranked as one of the highest in the office sector among listed property companies in Northern Europe.
- We acquired an additional development property in Flemingsberg from Skanska. The acquisition is strategically significant and includes a development right of around 35,000 sqm of commercial space.
- We have built Scandinavia's first zero-energy hotel in Arenastaden. The hotel is part of Nordic Choice Hotels' Comfort Hotel chain. It was awarded the City of Solna's Environment Prize 2022, and is also the world's most solar-efficient hotel.
- We were ranked 22nd among Sweden's top workplaces according to GPTW (Great Place To Work). An impressive 98 per cent of all employees consider that overall, we are a very good place to work.

## Key performance indicators

	2022	2021	Target
Equity – SEK per share	145	141	
EPRA NRV – SEK per share	173	171	
Total return on properties, %	2.4	8.7	
Surplus ratio, %	74	76	75
Equity/assets ratio, %	49	51	>35
Loan-to-value ratio, %	38	36	<50
Debt ratio, multiple	15.6	14.7	<13
Interest coverage ratio, multiple	3.4	4.1	>2.2



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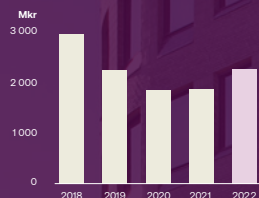
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# Earnings

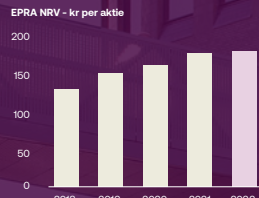
Investment volume



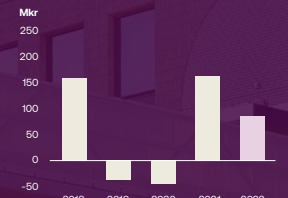
Total return on the property portfolio



Net asset value per share



Net lettings



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# Long-term stability – a strength in an unsettled world

We are already well into 2023, so it's time to both sum up the past year and try and look ahead. In several of my meetings with investors, as well as in the quarterly reports for the second half of the year, I likened 2022 to the literary character of Dr Jekyll and Mr Hyde, someone who flipped back and forth between good and evil, positive and negative. That's how 2022 was.



**“The future belongs to those who prepare for it today.”**

Malcolm X

Because who could have imagined that, having finally seen off the corona pandemic, the world would fall into another abyss in February 2022? The history books will mark 2022 as the year that Russia invaded Ukraine. Life changed for many people on 24 February. It was an event that blurred the line between reality and fiction in an unreal and frightening way. The invasion has shaken the entire international system to its foundations, and has major implications for the whole of Europe. Unfortunately, there are also many other armed conflicts taking place around the world. The list is endless, and it is too much to hope that 2023 will be a year of peace. The world today is volatile and uncertain, and this has a significant impact on Sweden, our industry and, of course, on us as a company. 2022 was a year of soaring inflation, rising interest rates, extreme fluctuations in energy prices and falling share prices.

However, we should not forget that uncertainty and crises can also present opportunities for those that take a long-term approach. Despite a turbulent environment, we were able to move forward with positive net lettings and stable, or even increasing, rental levels, although there was marked caution in the market, at least compared with recent years.

**“I am so clever that sometimes I don't understand a single word of what I am saying.”**

Oscar Wilde

The pandemic has taught us many ways of working smarter. We have learned to harness new digital tools to facilitate everyday life. I think we've adopted an inquiring and structured approach to new opportunities and recognised them as just

that; opportunities, both for our company and for our customers. Our behaviours are clearly changing, both in terms of travel and work habits. We are seeing more remote working, while business travel for certain types of meetings is decreasing and being replaced by online meetings. I'm also aware that over the past year we have learned to appreciate what the office means for us as individuals and for companies. We tend to say something good always comes from something bad, and in this case it's actually true, particularly in two areas. The pandemic has sped things up; we have quickly learned to work more flexibly and remotely, and to make use of digital technology for our meetings. The extent to which we can and want to work from home is determined by what's best for a company and its employees.

That means we need to create offices that make employees want to be there and to enjoy being there. The term *campus* has been used, but I'd like to find a new word for office, one that exudes more dynamism than a dusty sea of desks; that's about hubs and not just desks.

All suggestions are welcome!

We also need to continue developing our neighbourhoods to ensure they are vibrant, 24/7.

**“You can't do today's job with yesterday's methods and still be in business tomorrow.”**

Zig Ziglar

Our 102 properties, worth approximately SEK 86bn, form the basis of our business. 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.





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It's often a matter of offering 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. Key to this is having our own service organisation in all our neighbourhoods, and I'm pleased that we achieved a surplus ratio of 74 per cent, considering that everything became more expensive during the year.

The day-to-day work with our clients, our properties and our projects doesn't really change over the years in terms of importance, but we are constantly evolving in how we go about it. This is particularly true of how we make use of new technologies and digitalisation.

And we also work a lot with our customers to shape the products of the future. We have been using 'WAW' for a couple of years to make life easier for our customers. And we also have more and more 'NOW' units, which are ready-made offices with shorter leases. In 2023, we also hope to open our first 'VOV' dog daycare centre.

**“Only when the tide goes out do you discover who's been swimming naked.”**

Warren Buffett

We've had 10 years of what in sport would be called doping. In many countries, interest rates have been negative and central banks have been throwing money at the market. The period has been characterised by non-existent interest rates, high growth and a strong rise in the value of assets, such as property. This has also contributed to instability in some financial systems.

2022 saw a sharp increase in inflation, in particular due to rising and unpredictable energy prices, along with rising interest rates, increasing construction prices, and higher food prices. Everything has become more expensive. At the start of the year, the Riksbank's policy rate was 0 per cent. The Riksbank started to raise it in May to 0.25 per cent. Since then it has risen rapidly and now, following the latest increase, stands at 3.0 per cent. Increases are expected to continue, even if the economy experiences a swift slowdown. This, in turn, has meant that few asset classes have been able to avoid the effects of the higher cost of borrowing and the increased price of risk.

Naturally, interest rates have had a negative impact on the property market. Both because yield requirements are rising, and because corporate financing is becoming more expensive. The average yield requirement rose by 0.23 percentage points to 3.99 per cent in our portfolio. Increased yield requirements were mainly the result of higher interest rates. Valuations were partly offset by increased rent levels due to higher inflation



**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.”**

assumptions. Obviously, yield requirements will continue to be affected by interest rates, which in turn are influenced by a great many uncertain macro factors.

The autumn has been marked by concerns about the ability of property companies to source financing. We have read how some owners have been forced to sell shares and properties to manage their debt. It therefore bears repeating that we have a strong balance sheet, good banking relationships and good refinancing opportunities. At the end of the year, we negotiated new bank facilities of SEK 2.4bn, and facilities of SEK 3.4bn were extended. We currently see bank financing as the best and most attractive financing option, but, of course, we hope the capital market will become more attractive again.

Around 65 per cent of our borrowing is at low fixed rates, mainly using interest rate swaps. Just under half of our current

borrowing has a fixed interest period of more than three years. This means that a 1 per cent rise in interest rates, based on current volumes and margins, would increase our interest costs by around SEK 100m over the next 12 months, or the equivalent of around 0.3 per cent.

It now pays to have been considered “a bit boring” in recent years. However, this does not mean we don't also have to work on our costs. We have to keep distinguishing between ‘good costs’, which bring in revenue, and ‘bad costs’, which waste money. And in addition to that, there is another success factor: our long-term owners. There aren't many companies that can demonstrate such a stable ownership base as we can, and this became clear during this autumn's turbulence.

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## There aren't many companies that can demonstrate such a stable ownership base as Fabege."



### "Fast is fine, but accuracy is everything."

Wyatt Earp

During the post-war period, many companies were established in Sweden that enjoy strong positions around the world. These include industrial companies, pharmaceutical companies, service companies, trading companies, companies in the entertainment industry, IT and computer companies, and others. Many were started and are run by great entrepreneurs and business leaders. Several of these companies have been and remain extremely important for Swedish growth and urban planning. Today, numerous Swedish corporate founders and leaders are respected around the world. Many of these companies are tenants of ours. Our tenant list is a strength, especially in more uncertain times.

### "Every cloud has a silver lining."

John Milton, 1635

Looking at the figures for the year, we achieved positive net lettings of SEK 86m. All quarters of the year showed positive net lettings. In general, the rental market was calmer and the time to completion was longer than before. This became particularly clear towards the end of the year.

We are active in several areas to improve our vacancy rate, and as part of this we strengthened our letting organisation during the year. Efforts to reduce vacancies take time, and I believe we also need to find new solutions, such as 'NOW' for short-term lets, but it's entirely possible we will be back at a level of 95 per cent in a few years' time.

### "There's no rule against doing a bit of business at social events"

Erik Paulsson

The transaction market remained strong well into the autumn, when we noted a slight slowdown, and relatively few transactions took place in our areas. We have made few transactions in recent years. In 2020, we sold a couple of properties, and in 2022 we continued to strengthen our position in Flemingsberg through the acquisition of Generatörn 10, a 33,000 square metre commercial development right next to our other properties. We also acquired the Kabelverket 2 property in Älvsjö, with an area of approximately 22,000 square metres and some development rights. We are very confident about increased growth in southern Stockholm, and Kabelverket, with its good, solid tenants, fits in with that part of our development strategy.

The transactions we conducted in 2022 were, of course, chosen because we considered the properties attractive and because we realised we could create value, even in challenging times. Although, as we know, there is no compulsion to sell or buy, we felt these transactions could make good use of our local knowledge.

Our property projects progressed largely as planned over the year, but were affected by rising inflation, which led to general cost increases in the order of 10–15 per cent, mainly relating to material costs. We invested a total of approximately SEK 2.3bn in property development in 2022.

We completed three major projects during the year, including Poolen in Arenastaden for Tietoevry, and Convendum moved into its facility on Kungsgatan.

In Haga Norra, where we are combining offices, housing and small-scale services, homebuyers continued to move into the residential properties, and the new Ackordet office building is under construction, along with the area's parking and logistics buildings. In the fourth quarter, we signed a lease with JM for 6,500 sqm at good rental levels. A mobility hub with 530 parking spaces is also being developed in Arenastaden.

At the end of the summer, construction work began on Alfa Laval's new offices and development centre in Flemingsberg. The approximately 20,000-square-metre office building and innovation centre will be a key element in the development of the new Flemingsberg. 2024 will see the Royal Dramatic Theatre and Royal Opera move into new workshops, studios, archive rooms and rehearsal rooms. During the year, we also worked intensively on the planning processes that are underway for the area, and that have a bearing on future projects.

We have a well-stocked portfolio of upcoming projects, but of course we are keeping a close eye on market conditions. For example, housing construction prices are currently well above those in the rest of Europe, something we and our colleagues need to get better at managing. We need to be able to create flexible, modern and smart homes; the needs are there, but the price is too high. Many Swedish residential developers are currently struggling. After many, extraordinarily good years, they are now back to reality. Borrowing has been too easy, which in turn has meant high prices and significant risk-taking. As reality bites, the gains of recent years have not created buffers and risk-taking has only increased. We have our development rights and can afford the luxury of using them when we judge that both market demand and costs have stabilised. This means that we are slowing the pace of new starts for both office and residential projects, at least for a few quarters into 2023.



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

Pugh Rogefeldt

During the year, our subsidiary SHH changed its name to Birger Bostad, inspired by Fabege’s founder Birger Gustavsson and Stockholm’s founder in the mid-13th century, Birger Jarl. One of the strengths throughout our business is our focus on Stockholm. We have well-managed and modern properties in a few selected submarkets of Greater Stockholm, we know our areas and customers well, and we work closely with the cities and municipalities to continue developing the areas. This allows us to be an active urban developer and increase value creation.

**“What helps people, helps business.”**

Leo Burnett

Interest in sustainability issues is steadily increasing, as is interest in our sustainability work, which is an integral part of our business, both in projects and day-to-day operations. It was therefore gratifying that we moved up the Global Real Estate Sustainability Benchmark (GRESB) again in 2022. GRESB evaluates a number of sectors based on a wide range of sustainability aspects, from environmental to social sustainability, governance and monitoring. In the 2022 rating, we scored 94 out of a possible 100, the highest ranking in the office sector, among 1,800 other listed European property

companies. That’s something to be proud of. And we can also be proud of the work done to further reduce energy consumption.

I am really pleased with our work on social initiatives in 2022. I’m thinking of all the great meetings we’ve had with customers and people in our areas, and all the development we’ve contributed to in our properties and areas. I’m also thinking of how we have tried, in our own way, to help the residents of Flemingsberg, in particular, to have better schooling, richer leisure time, and work experience and employment opportunities. I’m thinking of how we support some of our tenants working with Ukraine, both on the ground and with refugees here in Stockholm, and how we continue to support the charity Stadsmissionen.

I’m also thinking of how we are trying to contribute to a better world through our sustainability efforts. And I’m thinking of how all this leads to an even better company, equipped for the future, and how it leads to better neighbourhoods and areas, and how it creates value.

We can be proud that in autumn 2022 we inaugurated the first ‘Hållbarhetshus’ (sustainability building) in Arenastaden. It is part of Vinnova’s Återhus research project – constructing buildings from buildings. On our initiative, 14 partners have developed methods and processes to reuse steel and concrete frames and facades in a new building. It wasn’t an easy process, but it is now in place; 1,000 square metres of office, meeting and showroom space, 70 per cent of which is made from recycled building materials. It’s the first step in a long journey, a journey we hope to make together with others.

Sustainability is not a competition, but a collective direction and challenge for the entire industry. As a company in the property sector, we have a unique opportunity to contribute to a better society, and we want to both inspire other companies and be inspired by others to also harness this opportunity.

Our greatest competitive advantage is not, of course, our properties of stone, steel and concrete, but, ultimately, all the employees who meet our customers every day, keep the properties in great condition, develop business, projects and offices, and carry out all the tasks needed in a company like ours. We wouldn’t get far without a professional, skilled and passionate organisation. Along with our GRESB ranking, we were also delighted to be named one of Sweden’s best workplaces by Great Place To Work in 2022. I’m proud of this too, because it really reflects our core values – known as ‘SPEAK’ in Swedish: Fast, Informal, Entrepreneurial, Business-minded and Customer-focused.

In 2022, we exceeded SEK 3bn in rental income for the first time. On a like-for-like basis, income rose by 5 per cent. Net operating income increased to SEK 2.24bn. However, income from property management decreased slightly, mainly due to higher interest expenses.

What is the outlook for 2023? What do interest rates and inflation mean for companies and tenants? Will the market calm down, or will it become even more turbulent? Will the stock market continue its decline? What is happening globally and closer to home? And perhaps, most importantly: how do we resolve our energy supply? What we do know is that the past 10 years have been good for property companies. How the next few years, or even the current one, will unfold is almost impossible to predict, at least at the time of writing. There are numerous factors creating uncertainty and concern, both for the economy in general and for the property market in particular.

Overall, we are well equipped to meet the challenges of today and tomorrow, and to seize the opportunities that may be created. We must therefore remain close to our customers and keep looking after our properties with passion and foresight, continue to keep costs down, keep developing our neighbourhoods and our city, and, last but not least, keep looking after each other. We need to try a little harder still, and understand the changes around us. If we do that, we will continue to be the “success factor for a new era”, and keep creating value for shareholders.

**Stefan Dahlbo**  
President and CEO Fabege



# Strategy for growth

More than ever before, society, businesses and people need to be prepared to adjust and make changes to ingrained behaviour. With passion, responsiveness and drive, we have our sites set on the future. Through solutions to ever-changing needs, we take a holistic approach. The whole person, the whole company, the whole location. The whole time.

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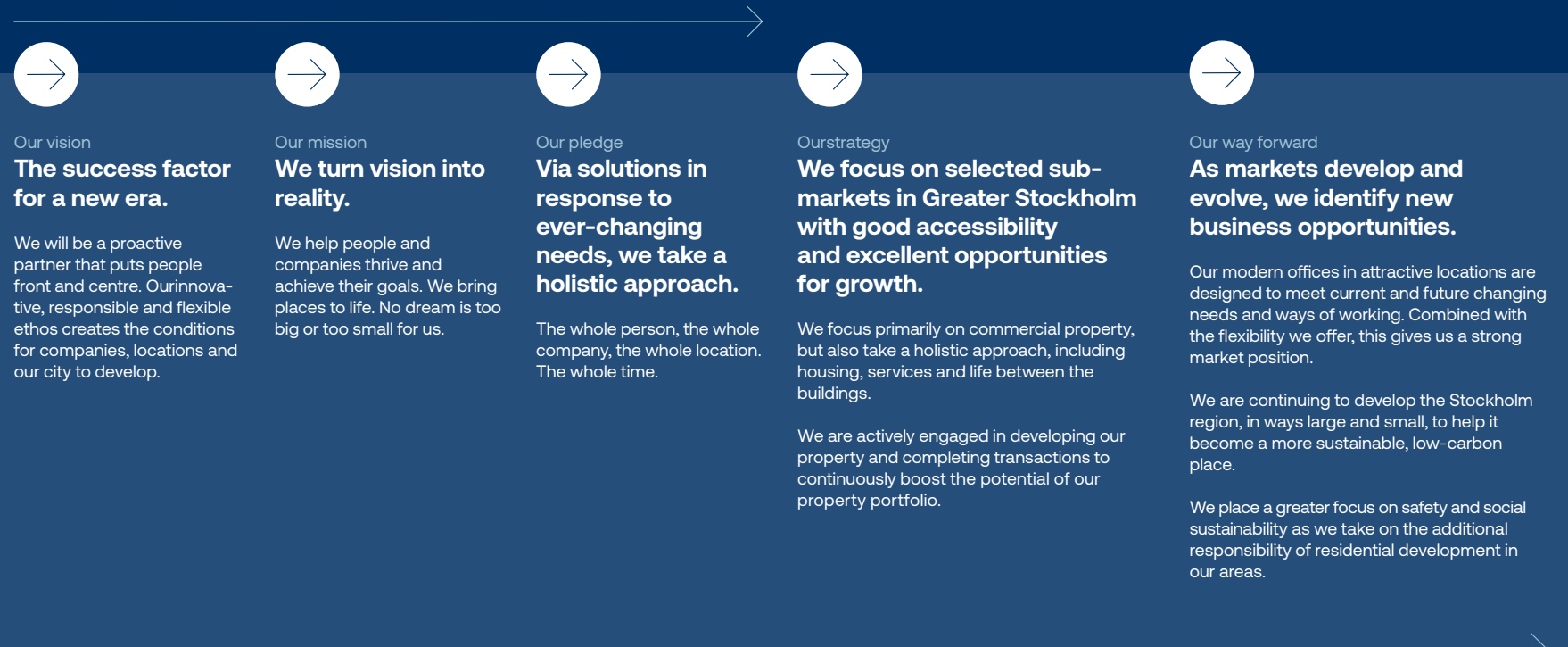
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**Business concept: We develop sustainable districts with a primary focus on commercial property in a number of well-located submarkets in the Stockholm region. Value is created via property management, property development, project development and transactions, and we want to be a proactive partner that, with people front and centre, enables companies, locations and our city to develop.**



**Our vision**  
**The success factor for a new era.**  
 We will be a proactive partner that puts people front and centre. Our innovative, responsible and flexible ethos creates the conditions for 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. The whole time.

**Our strategy**  
**We focus on selected submarkets in Greater Stockholm with good accessibility and excellent opportunities for growth.**  
 We focus primarily on commercial property, but also take a holistic approach, including housing, services and life between the buildings.  
 We are actively engaged in developing our property and completing transactions to continuously boost the potential of our property portfolio.

**Our way forward**  
**As markets develop and evolve, we identify new business opportunities.**  
 Our modern offices in attractive locations are designed to meet current and future changing needs and ways of working. Combined with the flexibility we offer, this gives us a strong market position.  
 We are continuing to develop the Stockholm region, in ways large and small, to help it become a more sustainable, low-carbon place.  
 We place a greater focus on safety and social sustainability as we take on the additional responsibility of residential development in our areas.

**We have a robust corporate culture based on our core values, with a strong commitment and considerable pride.**

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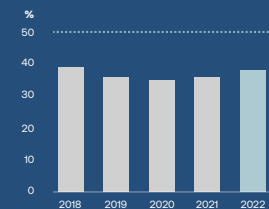
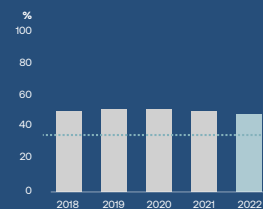
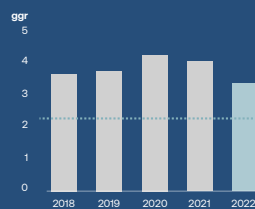
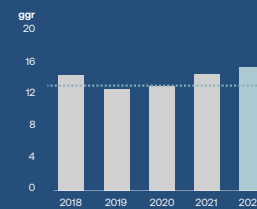
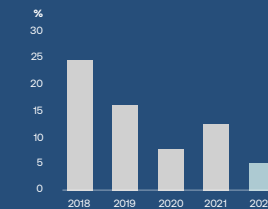
# Targets that guide our business

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 adopted 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

**Loan-to-value ratio****Equity/assets ratio****Interest coverage ratio****Debt ratio****Return on equity**



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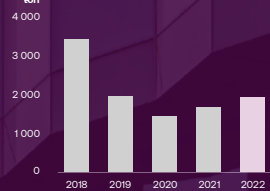
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# Sustainability targets

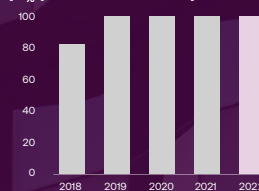
Sustainability goals are a fundamental aspect of our strategic work. They aim to ensure that we are a resilient and future-proof property company, that our customers are satisfied and that we are one of the best employers. Our key goals are:

- To achieve carbon neutral property management (Scopes 1 & 2) and cut our indirect Scope 3 emissions per GFA 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 70 kWh/sqm Atemp by 2025
- We want to be one of Sweden's best workplaces according to Great Place To Work, with a long-term target of 90 per cent

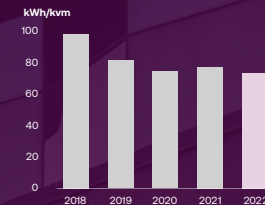
Carbon neutral property management (Scopes 1 & 2) by 2030



Environmental certification of existing portfolio, proportion of total space



Energy use/sqm Atemp in our properties



Satisfied employees (GPTW)



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# Quality and location increasingly important in Stockholm's office market

Stockholm's office market is standing firm, despite an unsettled operating environment. Net supply remains low and demand has been good in 2022. In the wake of the pandemic years, office location and design have become strategic issues, and it has become increasingly important to be able to satisfy our customers' need for flexibility, sustainability and service.



With its traditionally long lease terms, the office market has so far been relatively sluggish. Supply, particularly in Stockholm, has been low and rents have climbed steadily – a trend that was broken by the pandemic. Thereafter, the levels rose again to stabilise in 2022. Our renegotiations conducted during the year ended up at 7 per cent. The index increase for the year was 11 per cent. Lettings are taking a little longer than in the past, while the trend of increasingly quality-conscious stakeholders continues. This benefits us as we are able to offer environmentally certified properties in attractive locations, while at the same time imposing compliance requirements in terms of everything from space, to lease terms.

**Stable vacancy rate**

Following a rapid upswing in 2020 and at the start of 2021, the vacancy rate in central Stockholm stabilised at around six per cent during the year. A healthy labour market for office-intensive professions has contributed, while demand for space per employee has declined. Turnover in the rental market has picked up, and the number of registered lettings was higher than ever. The share of rentals related to co-working and other more flexible office solutions is gradually increasing.

**Transaction market**

The transaction market has remained strong and there have been few sales. Those completed in central locations have





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achieved record levels, showing that institutional investors are willing to pay for premises that they intend to keep for a long time. However, we saw a slight slowdown towards the end of the year. As market interest rates have risen, yield requirements have also increased, resulting in falling property values.

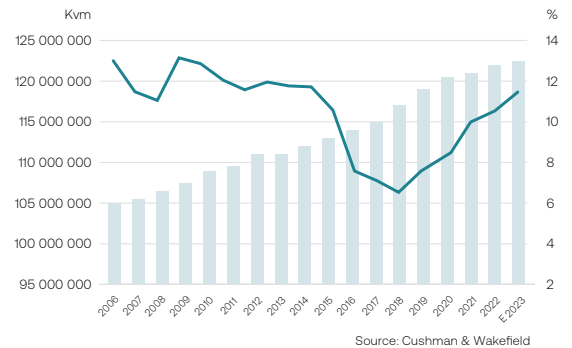
Office development – a strategic issue

The digital transformation that accelerated during the pandemic has created opportunities for new ways of living, and people's behaviour is changing. But the fact that working life is different does not mean that offices have outlived their usefulness, quite the opposite. They are fulfilling an increasingly important function, and office development is now often being handled at management level. Location and design are strategic issues and it has become important to minimise the risk of innovation shortfall due to excessive teleworking – a trend reflected in the way the office market in Stockholm has developed over the year. Demand has centred on modern, centrally located office buildings adapted to the new way of working. Many employers are keen to provide an attractive working environment that stimulates meetings and creativity, where content and quality are more important than the number of square metres per employee. The modern workplace needs to meet a wide range of needs and offer work-life balance opportunities, such as fitness activities and cultural experiences.

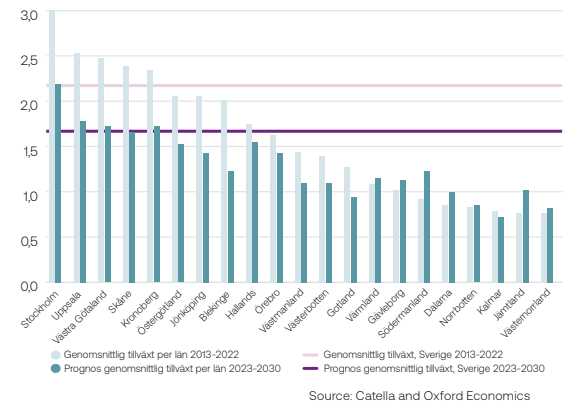
Challenging times ahead

Despite stable or rising rental levels, positive net letting and a strong transaction market, we need to be prepared for some choppy waters. The world remains unsettled and the property sector faces some tough challenges. Interest rates and inflation are continuing to rise, the war in Ukraine is in its second year and geopolitical uncertainty is increasing. The road ahead is likely to be bumpy, but so far Stockholm's property market is relatively steady with no signs of forced sales or falling demand.

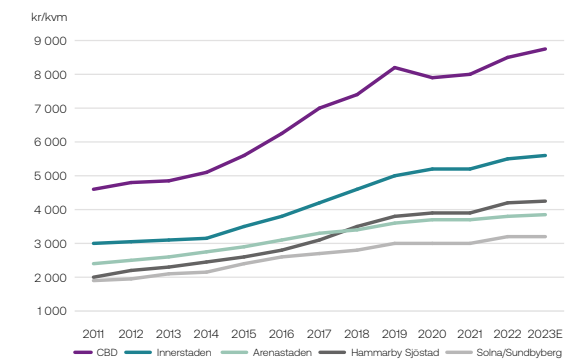
Office stock and vacancies



GDP growth



Rental trend



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# Continued focus on flexibility and improved service

In a changing world, it's important for us to pick up on current trends and adapt the company's offering to match customers' current and future needs and preferences." Anna-Lena Carlstedt and Niclas Ternstål are two of our key co-workers with extensive experience. They work together on business development, but from different perspectives.

Anna-Lena monitors trends and developments by meeting other operators, both in the property sector and outside it. She listens to municipal representatives and other decision-makers and also participates in various industry forums such as the International Facility Management Association, IFMA, where she is a member of the Swedish IFMA Board. It's about building networks and gathering information.

Niclas has been working on the development of Arenastaden for several years, together with some of our largest customers in the area. Later on during the pandemic, he was involved in running a major development project within the Office of the Future. Since autumn 2021, Niclas has been focusing all his attention on developing our customer offering. Naturally this involves lots of contact with customers, both direct and also indirect via our property managers and letting agents who spend time with our customers every day and are familiar with their requirements, needs and ideas.

**Back to the office**

Both Anna-Lena and Niclas can attest to the fact that market conditions have changed in recent years from their respective points of view.

"When the pandemic hit, almost everyone went home. Those who stayed at the offices were people who for various reasons couldn't or didn't want to work from home. The advantage of teleworking was that digitalisation, where Sweden was already way ahead, took off. Everyone quickly got used to using Teams, Skype and Zoom, but also to working from home, because it was practical and made it easier for many to maintain a good work-life balance. The challenge





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we're seeing today is that many of our customers want their employees back in the office again, even if it's not always five days a week but some kind of hybrid arrangement. I think it's less about control and more about bringing a bit of life back to the office, and therefore the company. It's a cultural shift; not as drastic as the pandemic, but a shift nonetheless," says Anna-Lena.

**At the forefront**

"There's a saying that the coffee machine is where it's at, but what I really mean is that ideas are born in the corridors and when employees get together. For us, it's about creating new types of offices, more dynamic, flexible and attractive, that help employees feel it's more fun and better to work at the office than to sit at home at the computer," says Niclas, adding:

"Our property managers are an important group of people who are on the front line supporting customers every day. This used to be the job of our property coordinators. They are now growing into a new role as advisors, organisational and business consultants, interior designers and sometimes almost psychologists. The job is shifting from office development to more of a business development position. It is, of course, a very complex role that in many ways we have to help them fulfil.

"I think we're at the forefront. Early on in the pandemic, we created a group in which we asked questions about where we're at as a company; what needs improving and how to go about it. We talked to key customers and listened to other operators in the industry, and it's something we've continued with. It's an ongoing exchange of ideas and knowledge; a source of mutual inspiration," says Anna-Lena.

"The fact that customers are now increasingly looking for flexibility, in terms of size, design and length of lease, is a clear trend that affects us. Meanwhile, several customers who have, or have had a number of smaller offices are now looking to bring together as many of their employees as possible under one roof. In which case, moving to a new shared office could mean a fresh start on neutral ground. The idea of the 15-minute city, with a quarter of an hour between work, home, shops and cultural activities, seems to have taken a back seat."

**Activity-based approach taking over**

"Customers want a general, secure and robust platform, but one that can evolve over time, depending on what happens. Some businesses are growing, while others may need to downsize at short notice, and you want an office that can constantly adapt to that, in terms of space and length of lease. We're now seeing a different situation in the labour market;



warnings of a coming recession and consequently greater cost awareness. That's something that both we and our customers need to take into account," says Anna-Lena.

"Another change that's happening is that activity-based offices are increasingly taking over from the traditional office layout. I think it's a bit of a generational thing and also a matter of habit to no longer have access to your own dedicated workspace in your own office. As we move towards the paperless office, where almost everything is stored digitally, we no longer need to have binders and drawings available right next to where we sit. You just need a small cupboard for personal items. So it's a habit that probably needs to be broken, and meanwhile digitalisation is constantly creating scope for other, more efficient solutions," continues Anna-Lena.

"But while activity-based offices are coming into widespread use, we're not seeing a return to the 'Taylorist' office layout of the past; the need for small, quiet rooms for activities like team meetings and sales calls is constantly growing.

"Sometimes it's difficult to combine the preference for both open spaces and lots of small rooms, particularly if the total area is limited. These are constant topics of discussion with our customers – how many small rooms do you actually need?" says Niclas.

**Greater demand for services**

Anna-Lena, Niclas and their colleagues are also encountering greater demand for various services in addition to the usual property services that we and other operators have traditionally offered customers.

"Increasingly, customers want the same level of service that they can get in an office hotel, but still want an office that is their own and tailored to their business – in short, quality over quantity. This creates opportunities for us to grow. If we build the right type of office and can also make it more 'premium' by offering a higher level of service or full service encompassing everything from ventilation to coffee machine maintenance, with access to both a gym and a restaurant, then we can charge a higher price. We don't currently compete with office hotels; they are our customers," says Niclas.

"The fact that we own several properties in the same area, such as Arenastaden or in Flemingsberg, also boosts opportunities to meet customer demand for services.

"We don't have to squeeze everything into the same building; we can plan to incorporate conference space into one building, a gym in the next one and access to a restaurant in a third, without there being great distances between them. It's important for us to constantly help customers find solutions, they shouldn't have to fix everything on their own. I think that we aim for continuity; we want to keep our customers for a long time, as it's mutually beneficial," says Anna-Lena.

**Growing commitment to sustainability**

Interest in sustainability-related issues is also constantly growing, and customers have made huge progress in this area.

"There is now a broad interest in sustainability among our customers, and they are far more knowledgeable. In the past, it was enough for us to have BREEAM-certified buildings, but these days they want to know how we work with recycling and reuse of both materials and furnishings. Energy audits and energy efficiency have attracted particular interest during the year, as have practical examples of how employees can contribute to a sustainable workplace. There are of course financial incentives and regulations behind the interest, but also a growing awareness and a clear commitment to reducing our net environmental impact," says Anna-Lena.

"Ultimately, it's the customers who decide what they want and need, but one of our missions is to constantly come up with ideas and suggestions that improve the customer experience and strengthen the customer's business. Achieving this mission requires a continual dialogue, or rather dialogues, at all levels, with all those involved – customers, employees, municipalities and other operators on the market. It's all about keeping your nose to the ground to pick up on every new trend. Every little tip can help with improvements."



# Urban development

Our property portfolio is clustered in attractive districts that link up Stockholm, from Arenastaden in the north to Flemingsberg in the south. All our districts are, and will become, important hubs, particularly for rail transport. This enables our customers to be part of the entire regional labour market. We are now number one in the office market in our districts, and one of the biggest property owners in Stockholm inner city. This creates opportunities to offer a good range of services in our areas and a high level of service in property maintenance.

Our goal is to create vibrant neighbourhoods, and our acquisition of Birger Bostad in 2021 has moved us a step forward in our urban development strategy. Now we can take greater responsibility for the development and construction of residential units. More homes lead to more life and movement throughout the day, and thus a firmer foundation for various forms of service, greater security and a more attractive environment. We invest in life between the buildings, and help ensure access to everything from restaurants to green spaces, fitness facilities and dog daycare. Together with municipalities and other stakeholders, we help direct the long-term planning of the street environment to take responsibility for how people experience our districts.

## Engagement and collaboration for social impact

Our urban development enables us to influence societal development, and by working in a long-term and sustainable way we can create good conditions for residents, workers and visitors alike. Our commitment extends beyond individual buildings and encompasses the location, its facilities, the environment, but above all, the people. Find out more about our social responsibility on pages 40–41.

## Continuous efforts to reduce carbon footprint

In all our districts, we are involved in the whole development process, from planning, via projects to property management. We impose ambitious energy and climate targets right from the start, and 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 and travel to and from our properties. Find out more about how we reduce our carbon footprint on pages 42–45.

## Urban development strategy

Our strategy is to develop both our commercial and residential properties within our existing portfolio. Through the sustainable development of the properties in our areas, we want to boost the appeal and brands of the districts. We work actively with municipalities in the planning process and in the production of local development plans. It takes an average of 2–3 years to get a local development plan approved.



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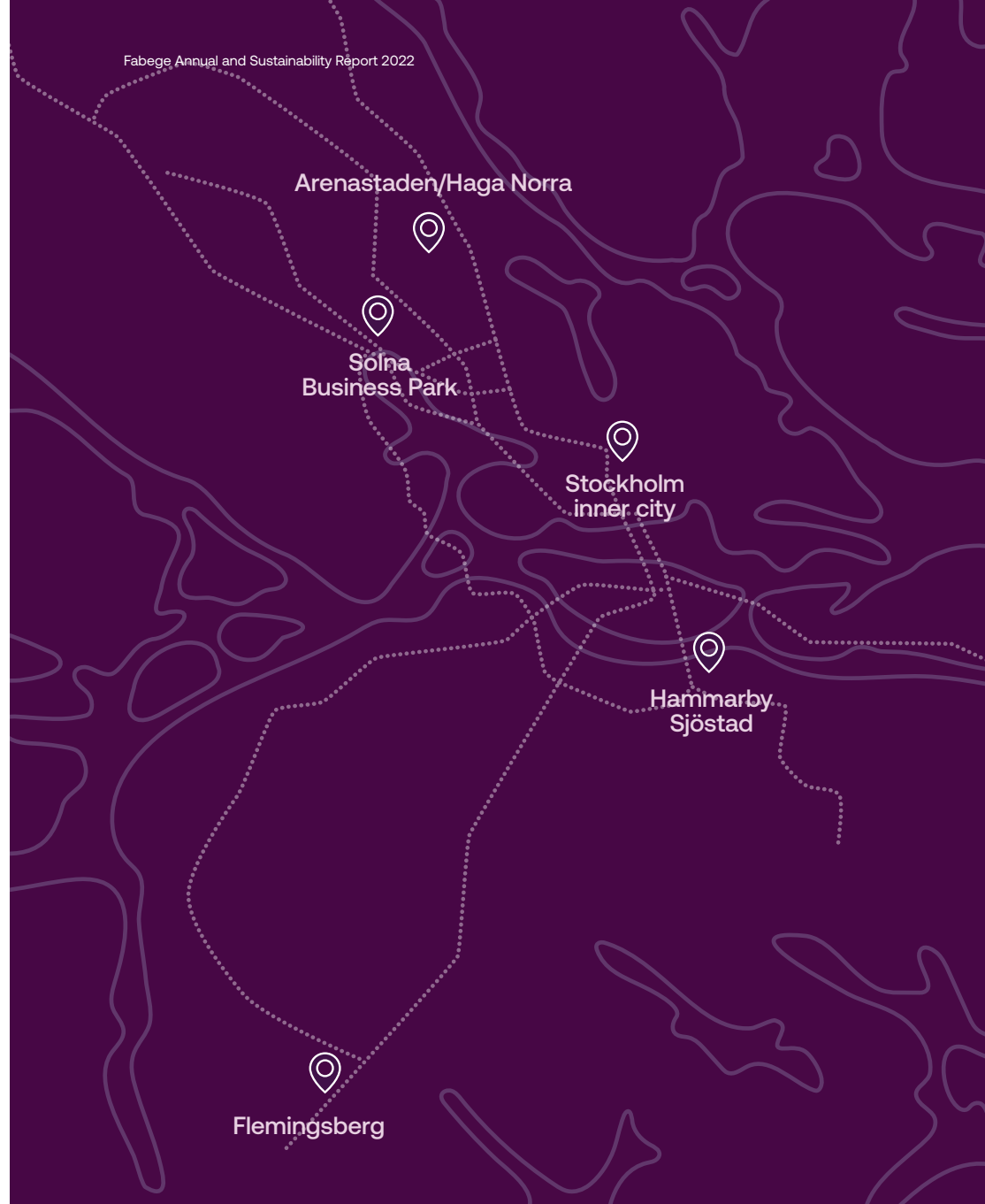
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**Our districts**

We have a presence in a limited number of districts in Stockholm, and are the largest property owner in all districts apart from the inner city.



**Stockholm**

It goes without saying for us to be part of Stockholm's highly sought-after property market, and we can offer premises that are both central and a little further out.



**Our position in the office market – Stockholm inner city**

We are expanding in Hammarby Sjöstad, which will be just four minutes from the city once the blue underground rail line has been completed, and we have significant land allocations there. We have attractive land allocations both in the city and in Sjöstad.



**Our position in the office market – Hammarby Sjöstad**

**Solna**

Solna is one of Stockholm's most dynamic municipalities. It is home to the national football arena, a university hospital engaged in world-leading research and Scandinavia's largest shopping centre. In Solna, we can satisfy our customers' need for greater flexibility by upgrading our older properties, and we can offer a growing portfolio through extensive new construction. Our properties are mainly located in the districts of Arenastaden and Solna Business Park.



**Our position in the office market – Solna**

**Flemingsberg**

A new business cluster is beginning to emerge in Flemingsberg. We have been commissioned to develop a local development plan for a new city centre. It will create a meeting place for innovation, collaboration and sustainability, and in the coming years we will develop a significant number of offices and homes in the area.



**Our position in the office market – Flemingsberg**

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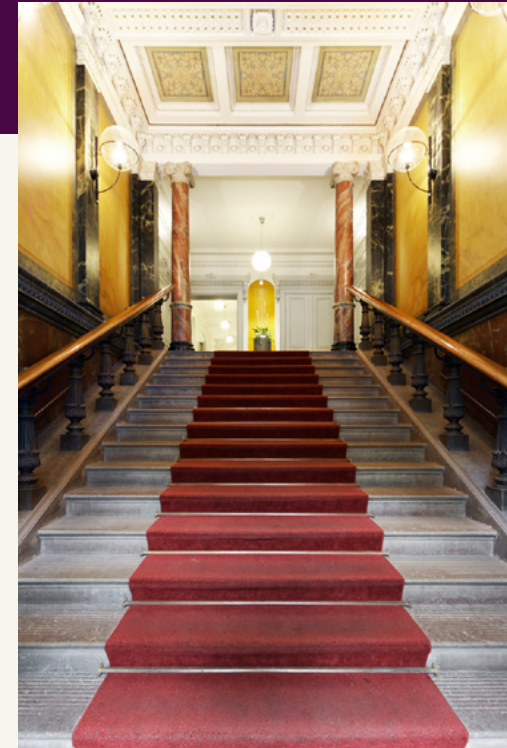
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# Inner city

## Stockholm

Owning attractive properties in Stockholm inner city is a natural choice for us, with our focus on Sweden's capital. Rent levels are high, vacancies low and cash flow is stable. Demand for premises in the inner city has strengthened since the pandemic.





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# A stable market sensitive to trends

Our inner city portfolio accounts for roughly 37 per cent of our property value and all our properties are attractive to investors. Ownership in Stockholm's inner city is dominated by long-term stable owners such as insurance companies, pension funds and state-owned companies. Properties rarely come onto the market and demand for office space in prime locations has grown even stronger in the wake of the pandemic. A more attractive location can be an important incentive for employees to want to return to the workplace after years of working from home.

**Responsive and local**

One of our strengths is that we are able to offer premises that are both central and a little further out. Other strengths include being responsive to new ways of working and changing customer needs, and providing a high level of service and local

presence. We know the inner city market well – this is where trends are born and we need to be highly adaptable and quick to develop our offering. That's why 2022 saw the launch of our NOW concept, a pilot project offering newly renovated, turnkey offices with short leases. Three out of four properties are located in the city centre and there has been considerable demand.

**Investments that create value**

During the year, our tenant Convendum moved into their new offices on Kungsgatan in the city. Located in a neo-classical building, the 7,400 square metres of space includes everything from co-working areas and hybrid offices, to premium offices and a café. An improvement project that has added value to both us and Convendum. In June 2023, Convendum will open on Drottninggatan, close to the seat of the Swedish govern-

ment. In the spring, the architects who will be responsible for creating an attractive urban environment at Sveaplan were engaged. We already own the familiar Wenner-Gren Center building and three additional properties on Sveavägen, and thanks to our land allocation in the area, we now have the opportunity for new production in the inner city. By developing Sveaplan, we will create a new entrance to Stockholm's inner city and transform an area that is currently dominated by a traffic solution, into a place full of life and movement.



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

Oskar Sköld  
Market Area Manager



**SEK 32bn**    **27**  
Property value    No. of properties

**324,000 sqm**  
Lettable area

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# Hammarby Sjöstad

## Stockholm

More and more companies are heading to Hammarby Sjöstad for its dynamic environment, proximity to both the vibrant city centre and recreation and, in particular, great transport connections. Sustainability and creativity are watchwords here, and the area is buzzing with entrepreneurial spirit.







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# A creative hub with continued strong growth

More than 30 years ago, the construction of Hammarby Sjöstad began with the idea that the district's housing would serve as an Olympic village for the 2004 Summer Games. That Olympic Games didn't take place in Stockholm in the end, but in the wake of the plans, an attractive residential area and a cluster of creative companies emerged. Hammarby Sjöstad is a vibrant neighbourhood with a waterside location, a dynamic atmosphere and good connections that attract all kinds of companies, from architectural and advertising agencies to app and game developers and cutting-edge digital education.

**Accessible Sjöstaden**

Getting from the city centre to Hammarby Sjöstad is quick and easy. Sergels Torg is only four kilometres away and there are numerous means of transport to choose from, ranging from bus, underground rail and shuttle boat from Nybrokajen and Södermalm, to bicycle and car. In a few years' time, when work on extending the underground blue line to Nacka is complete, the journey to T-centralen will take four minutes. And it will also

be much easier to get from Hammarby Sjöstad to the southern and eastern parts of Stockholm.

Many people have settled in Hammarby Sjöstad and feel at home here; demand for new homes and offices is high, and there is great potential for further development. That's why we are continuing to expand and further develop the area. The district combines modern buildings with improved industrial properties, creating an atmosphere all of its own. There are plenty of restaurants, several schools and services on a par with the city centre. 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, and all the major gym chains have branches here.

**Famous landmarks**

Several of Hammarby Sjöstad's landmarks are already part of our portfolio. One such building is Luma, which houses the Carnegie Brewery.

During the year, we also applied and received planning permission for the extension of several of our beautiful, distinctive industrial buildings with solid basic structures. This means that we can now start work on building more state-of-the-art offices in Hammarby Sjöstad. 'Sjöstan', as it's known, soon became an international benchmark for sustainable cities, and the City of Stockholm sets high environmental standards for buildings, technical installations and the traffic environment.

With a growing portfolio and significant land allocations, we will be working alongside the City of Stockholm and other stakeholders, continuing to develop Hammarby Sjöstad, 'the home of Bright Ideas', for many years to come. We are also involved in the planning and work on Sjöstadshöjden, where a new urban space with housing, offices, hotels and squares will take shape.



**The district combines modern buildings with improved industrial properties, creating an atmosphere all of its own."**

Per Tyrén  
Market Area Manager



**SEK 8 bn**      **10**  
Property value      No. of properties

**138,000 sqm**  
Lettable area

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# Arenastaden & Haga Norra

## Solna

The pace remains high in Arenastaden, one of Stockholm's most dynamic districts. Sustainability is the focus here, and with a mixed-use development as the end goal, a large number of additional development rights will be converted into attractive offices and housing.





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# Continued growth in one of Stockholm's most attractive districts

**Soon a mixed-use development**

Arenastaden is a growth location for cutting-edge businesses and is well on its way to becoming a mixed-use development with plenty of activity, even after office hours. A number of residential units will be built over the next few years, including in the area around Solna station. The local development plan is due to be approved in 2023, and it encompasses a total of just over 15,000 square metres of residential units and 76,000 square metres of office space.

Furthermore, parts of the railway tracks at Solna station will be decked over, which will improve access to the district. Traffic will be shifted to make way for pedestrian walkways, and cafés, restaurants and other services will be provided at street level. The successful Arenastaden urban development project is becoming increasingly robust and diversified. The market has matured, the range of office solutions is more varied and more small and medium-sized customers are being drawn to the area. It has what it takes to make employees choose the office over working from home, including proximity to nature, the largest shopping centre in the Nordics, numerous sports and recreational facilities and well-developed transport links.



**A city district of its own**

Haga Norra is a unique area that we are building from scratch, where both offices and housing are already beginning to be populated. Bilia is already in place in its state-of-the-art showroom and offices, and in 2022 moving vans started arriving at the first residential units.

In early 2024, the first office block, of around 26,000 square metres across eight floors, will be ready for occupancy. The spacious atriums form the hub of the building, and the range of services is extensive with reception area, conference facilities, a bicycle garage, a neighbourhood restaurant and its own gym. The total investment is estimated at SEK 1.4bn, including preparatory groundwork for the future construction of parks and squares. In the next phase, we can build an additional 20,000 square metres of office space in Haga Norra.

**Strong focus on climate and environment**

The whole city district has a strong environmental profile and sustainability is high on the agenda. All buildings are environmentally-certified; all the electricity that is purchased

is generated by wind turbines and all the district heating and district cooling carries the Good Environmental Choice label. The energy and climate targets are ambitious, and in Haga Norra the offices are partly built from recycled materials and the roofs are fitted with both solar cells and sedum. This is also the site of Hållbarhetshuset (Sustainability House), an innovation project where we are the first in Sweden to reuse frames (find out more on page 45).

As many as 80 per cent of those working in Arenastaden travel sustainably to and from their workplace. This is the findings in a comprehensive travel habits survey we carried out with businesses in the area. No other city district in Sweden comes close to similar figures, but in light of the forthcoming public transport expansion, the aim is for even more people to opt for sustainable travel alternatives. The new yellow line on the underground rail service is scheduled to open in 2028. Passengers will then be able to travel from Arenastaden and further south without having to change at Odenplan.



**Demand in Arenastaden and Haga Norra remains good. The letting to JM was one of the largest office lettings in Stockholm in 2022.”**

Henrik Egnell  
Head of Arenastaden



**SEK 25bn**     **33**  
Property value     No. of properties

**376,000 sqm**  
Lettable area

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# Solna Business Park

## Solna

Solna Business Park is not only home numerous government agencies, it also houses some of Sweden's biggest brands alongside well-known restaurants, an outdoor gallery, a music scene and soon a brand new conference facility. An already great location for offices is being transformed into a modern urban environment.





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# An urban district is taking shape here

As the largest property owner and with a continuous presence, we can be a driving force in the urban development of Solna Business Park. We have excellent opportunities for making our vision for the area a reality, with double the amount of office space, residential construction, park refurbishment and bicycle lanes and walking paths to be built.

We have an agreement in principle with the City of Solna on further acquisitions and project development of additional properties, including in connection with the future commuter railway station. First up is a 25,000 square metre office building with shops and service outlets at street level. We are also creating new pedestrian and cycle paths in the district.

**Investments in the street environment**

In light of all the major changes, we will ensure that Solna Business Park remains attractive throughout the change

process in order to maintain the comfort of our current tenants. During the year, several projects have been initiated to create an attractive street environment. Loading docks have been removed and transport-intensive businesses have moved out in favour of new, more service-oriented activities. A new restaurant concept has been launched: a food hall in which four different restaurants share a larger space. In addition, another fitness facility will open where elite athletes as well as amateur adults and children can do CrossFit sessions, work out and receive running coaching.

We are also continuing to invest in cultural activities. Another exciting artist has exhibited their work at Street Gallery, and we have launched Solna Live Park, a temporary stage for established performers as well as up-and-coming artists. Both residents and workers in the area have been able to enjoy lunchtime concerts for free on several occasions.

**New conference centre**

An already good range of services in Solna Business Park will gradually become even better, which is why we are opening a new conference facility. The facility will cater for everything from small meetings for a few hours, to multi-day conferences for entire companies. The facility will also house a podcast studio.

Solna Business Park is well placed to continue developing into an urban district. In addition to its growing range of restaurants, fitness venues and culture, as well as hotel and conference facilities, the area is located in Stockholm's best public transport hub, second only to Stockholm Central.



**Solna Business Park is well placed to continue developing into a thriving urban district."**

Susanna Elvsén  
Market Area Manager



**SEK 10 bn**    **10**  
Property value    No. of properties

**218,000 sqm**  
Lettable area

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# Flemingsberg

## Huddinge

One of Sweden's largest and most important urban development projects is underway in Flemingsberg, where the focus is on the whole person. An attractive district is emerging here, characterised by an international atmosphere, collaboration, sustainability and integration.





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# Making room for the future in Flemingsberg

The emergence of Flemingsberg is an important element of Stockholm's development. Well-established institutions such as Karolinska Institutet and Södertörn University have, with political will, laid the foundations here for developing the area. With excellent transport links, a growing business cluster, expanded services and more housing, there are opportunities to even out the regional imbalance between Stockholm's northern and southern parts.

**Strong brands moving in soon**

It feels great to have started developing Flemingsberg in earnest. Over the next few years, several strong brands will be relocating to the area. In early 2022, construction began on the 12,000 square metre building that will house the workshops, studios and rehearsal rooms of the Royal Dramatic Theatre and the Royal Opera from summer 2024. A few months later, work started on Alfa Laval's new offices and innovation centre. In 2025, the company's 700 employees will be welcomed to a state-of-the-art workplace, with electricity generated from solar panels and heating from geothermal energy. The 20,000 square metre space will also include a high altitude lab, a place to

create and realise new ideas alongside other companies, colleges and universities.

Flemingsberg is well on its way to becoming the next major forum for innovation, collaboration and sustainable development, and our commitment extends beyond acquisitions, local development plans and leases.

**Collaboration and an inclusive urban environment**

We work strategically to improve people's experience of our districts. In Flemingsberg we're focusing on creating an inclusive urban environment where people living and working in the area are involved in its future development. At the end of the year, a major event was organised, which brought together a large number of representatives to engage in a wide-ranging dialogue on urban planning on the theme of the student city of Flemingsberg. The event was part of the Vinnova-funded research project that we are running in partnership with the municipality and Södertörn University.

Flemingsberg is now Sweden's eighth largest campus, with five universities represented: Karolinska Institute, KTH Royal Institute of Technology, Södertörn University, University College

of Music Education and Idun Lovén School of Art. The expansion plans of these institutions will eventually increase the number of students on campus.

**Next steps in the local development plan for the new city centre**

More and more small and medium-sized enterprises are showing interest in establishing themselves in Flemingsberg. Demand for offices and warehouses is high, and by the end of 2022 the occupancy rate was almost 100 per cent. In other words, there is potential for further expansion and the need to convert existing land allocation agreements into development rights for both commercial and residential space. That's why we've started work on the local development plan for the new city centre, with a new travel centre, 12,000 new homes, shops, gyms, educational facilities and cultural experiences. It's already easy to get from Flemingsberg to Stockholm City by long-distance or commuter train, as well as to the entire Mälardalen region and to Uppsala, Arlanda and Skavsta. With an expanded Spårväg Syd tramway line, communications will be further improved.



**It feels great to have started developing Flemingsberg in earnest. During the year, we began construction on two projects totalling 32,000 square metres."**

Therese Friedman  
Market Area Manager



**SEK 2 bn**

Property value

**SEK 8**

No. of properties

**70, 000**

**sqm**

Lettable area



# Birger Bostad

With Birger Bostad as a wholly-owned subsidiary, we have the skills and experience to take on more far-reaching responsibility as an urban developer. We can now assume responsibility for creating a mixed-use development in our neighbourhoods. By managing the residential projects in-house, the value creation effect is also higher.



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# Focus on housing that meets market needs

Birger Bostad is a nationwide property development company, but the majority of the residential development rights of approximately 650,000 square meters are located in Greater Stockholm, primarily in Solna and Flemingsberg.

**Planning for 500 homes in Haga Norra**

During the year, we started work on the design of 93 tenant-owner apartments in Haga Norra. We are preparing to launch the next phase of more than 400 apartments when market conditions are right. In Flemingsberg, approximately 270 apartments are planned in a brand new residential area, centrally located in the heart of Flemingsberg. Groundwork has begun, but no decision has yet been made on the start of

construction for this hybrid project with its mix of tenure types, which meets the diversified demand in the area.

**Responsive to a tougher market**

We have extensive experience and are aware of customers' needs, and we can be flexible in response to a constantly changing world. Over the past year, with an unsettled operating environment and more challenging market conditions, we have therefore had to postpone the start of construction for some of our projects. This does not mean that they have been put on hold; preparationwork is continuing so we can start construction as soon as the market is mature. Birger Bostad is a relatively small organisation with a focus on reusing

knowledge, data and solutions from previous projects in order to cut lead times as well as costs.

Our aim is to develop affordable and functional properties; products that are accessible to a broad target group in terms of price and function. So far, demand has been strong and sales have been brisk. In ongoing projects, 89 per cent of the tenant-owner apartments have been sold. With our expertise and experience in residential development, we can continue to create mixed-use developments in our neighbourhoods. Our projects outside Greater Stockholm are located in fast-growing regional cities across Sweden.



**Our aim is to develop affordable and functional properties; products that are accessible to a broad target group."**

Fredrik Alvarsson  
CEO, Birger Bostad



**9**  
Ongoing residential projects

**89%**  
Selling rate

**355**  
Residential units in production



# Sustainability

We are leading the way with our ambitious work on sustainability. Through this work, we are contributing to a sustainable Stockholm where we are developing and managing neighbourhoods, properties and premises. Our approach is rooted in a holistic perspective to strengthen our neighbourhoods as experience-based meeting places, where the primary focus is on health, convenience, safety and comfort. By influencing everything from the choice of building materials and energy use to sustainable travel, we can also help reduce our carbon footprint.



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.

We endeavour to manage the challenges that are of particular significance to our sector, such as contributing to a more stable energy system in Sweden, 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. We also work actively to promote quality of life in our districts, where experiences, services, learning, culture, equal opportunities and good health are all important aspects of our work. During the year, we focused in particular on our climate targets (Scopes 1–3) and energy efficiency, with a particular emphasis on electricity.

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.



**Through curiosity, collaboration and drive, we can future-proof our assets and find new ways of boosting the appeal of, and wellbeing in and around our properties, with the minimal possible carbon footprint.”**

Mia Häggström  
Head of Sustainability

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# Viable cities and communities

**UN 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 sector. We can see strong synergies between the goals, which is why we are placing greater emphasis on the areas that present the most significant challenges to our business, namely Goal 9 Industry, Innovation and Infrastructure; Goal 10 Reduced Inequality, and Goal 12 Responsible Consumption and Production. During the year, we have maintained a firm focus on Goals 9 and 12, with the aim of creating conditions for circular material flows through disassembly, reuse and recycling. Within Goal 10 we have adopted a structured approach to working with, and planning ways to reduce social inequalities in our districts.

Our ambitious sustainability work has led to activities linked to several of the SDGs now being integral elements of our business processes. For example, our work on Goal 3 Good Health and Well-being, and Goal 13 Climate Action are a direct consequence of our work on Goals 9, 11 and 12. The latter goals are therefore prioritised so that all the challenges involved can be addressed effectively.

We know that our work has an impact on all 17 SDGs, and that there are synergy opportunities 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 city districts. We do this by linking green financing to sustainability-certified buildings and investments, and endeavouring to create a city that is healthy and appealing in the long term to all who spend time here. We bring interesting and unexpected elements to everyday life, creating life between the buildings, taking an active role and considering the whole location. The whole time.

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## City districts



## Properties

### Material topics

- Energy system
- Living conditions in the local community
- Equality
- Education
- Meaningful leisure time
- Safety

- Energy use
- Greenhouse gas emissions
- Waste

### Agenda 2030



### Examples of objectives and activities

- Sustainability programme for each district project
- Focus on social sustainability as we develop the physical environment for life in our city districts
- Organised site collaboration with other stakeholders
- 100% renewable energy purchased
- Carbon neutral property management (Scopes 1 and 2) and halving of indirect emissions (Scope 3) by 2030
- 100% environmentally-certified property portfolio
- Energy performance 35 kWh/sqm Atemp for new production and 70 kWh/sqm Atemp on average for the entire investment property portfolio
- Circularity index 20% for major renovations





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**Employees**



**Supply chain**



**Financing**



**Customers**



**Business ethics**

<p><b>Material topics</b></p>	<ul style="list-style-type: none"> <li>• Good health and safety</li> <li>• Diversity and gender equality</li> <li>• Greenhouse gas emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Review of supplier sustainability, including environment and human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Green financing</li> </ul>	<ul style="list-style-type: none"> <li>• Good health</li> <li>• Security</li> <li>• Indoor environment</li> <li>• Energy use</li> <li>• Greenhouse gas emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Anti-corruption</li> <li>• Tax</li> </ul>
<p><b>Agenda 2030</b></p>					
<p><b>Examples of objectives and activities</b></p>	<ul style="list-style-type: none"> <li>• Low sickness absence</li> <li>• Satisfied employees with a long-term goal of achieving a confidence rating of &gt;90%</li> <li>• Offer of an individual health coach to all employees</li> <li>• Education within work environment for managers and employees</li> </ul>	<ul style="list-style-type: none"> <li>• 100% framework agreement suppliers to be sustainability audited</li> <li>• Create an industry-wide system for ongoing monitoring of Code of Conduct</li> <li>• Counteracting negative impacts on human rights and the environment</li> </ul>	<ul style="list-style-type: none"> <li>• 100% green financing</li> <li>• Reviewing and compiling the proportion of financial activities eligible for the EU taxonomy</li> <li>• Sustainability-linked loans and bonds</li> </ul>	<ul style="list-style-type: none"> <li>• 100% green leases</li> <li>• CSI rating of at least 80</li> <li>• Over 150 in-depth customer dialogues</li> <li>• Expanding concepts for health-certified workplaces</li> </ul>	<ul style="list-style-type: none"> <li>• Annual training in our Code of Conduct</li> <li>• All framework agreement suppliers and contractors sign our Code of Conduct for suppliers</li> <li>• Whistleblower function, which can be used by external and internal parties anonymously to report suspicions of unethical conduct</li> <li>• Transparent and open accounts of the Group's total tax burden</li> </ul>

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# How to achieve the sustainable city

Strategic decisions at an early stage mean that we are now at the forefront of the industry. We were the first of all the Swedish property companies to achieve 100 per cent green financing, and we signed the first taxonomy-adapted loan in the Nordic region. We have ambitious goals for 2030, and by continuing to adopt forward-looking measures, we are confident we will achieve them.



## 1. Construction

The biggest environmental impact at this stage is in the production of building materials. Cement production releases a lot of CO<sub>2</sub> and the associated lime mining affects ecosystems and water supply. Our indirect and actual impact is minimised via circular material flows, and by choosing materials with a lower carbon footprint. Socially, we counteract a potentially negative impact through our supplier audits which look at safe working conditions and human rights.

## 2. Use

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

## 3. Urban development

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

## 4. End-of-life and recycling

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



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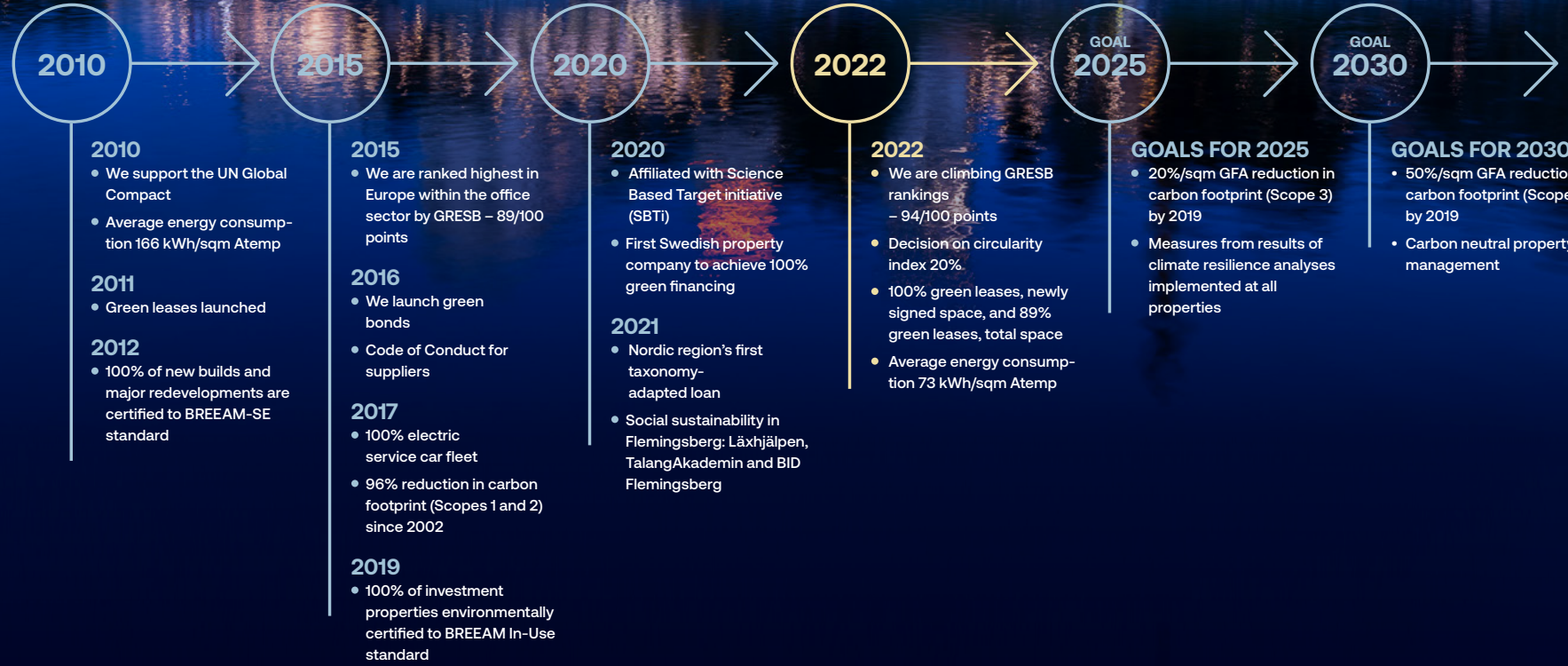
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## City districts

# Urban development with the whole person front and centre



We both want and are able to be a driving force in the development of a sustainable city. In districts where we own a significant number of properties, we take responsibility for the whole picture, from acquisitions and local development plans, to measures to boost the appeal of the physical environment and social initiatives. For us, sustainable urban development is about the whole person, the whole company, the whole location. The whole time.

We have good opportunities to contribute to sustainable development. A clear strategy for our property portfolio, with holdings grouped in clusters, enables us to have an impact on entire districts. Long-term planning and effective relationships with customers, municipalities, entrepreneurs and residents enable us to take an active role in developing the Stockholm region.

### Greater demands for mobility

In the wake of the pandemic years, being able to get to and from work quickly and smoothly has become even more important. A large proportion of our customers opt for public transport, but we are also seeing an increased demand for parking spaces and charging points for electric cars. 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. We can already offer 1,200 charging points, but to meet heightened need we have launched an ambitious expansion project to double the number in 2023. In addition, our entire service car fleet is made up of electric vehicles. We are also driving the development of mobility hubs offering sharing services for cars and bikes, as well as dry cleaning, food deliveries and similar services.

In Arenastaden, we work with RagnSells through our co-owned company Urban Services. The purpose of the partnership 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 low-emissions vehicles in a coordinated and structured way. New office tenants began to join in 2020, and by



2022, around 50 percent of our tenants in Arenastaden had some form of agreement with Urban Services.

We work with the CERO process tool, which aims to reduce the carbon footprint from travel to and from our properties. According to the latest travel habits survey among Arenastaden employees, as many as 80 per cent travel sustainably to and from their workplace. No other district in Sweden comes close to this figure. Together with companies in Arenastaden, the municipality, Keolis and MTR, we have a network that has now developed a new plan of action to increase the proportion of sustainable travel. Planned measures include the continued roll-out of charging points for electric vehicles, improved cycle paths, new and/or improved public transport connections and an extended range of sharing services for electric cars, electric mopeds and electric bikes.

### Future-proof electricity supply

Demand for electricity has seen a sharp increase in recent years, especially in the Stockholm region, and it will continue to rise going forward. Strong growth and substantial developments, together with increased electrification in the wake of the transition to a fossil-free society, have put increased pressure on the grid. There is therefore a need to ensure electricity generation capacity as well as demand flexibility to avoid power shortages, and to ensure that investments in the electricity system are used efficiently. If we use what we already have in an efficient way, hopefully we will not need to expand networks and generation to such an extent.

We can be on board and help reduce the load, and thus future-proof the grid. That is why we participate in sthlmflex, a research project in which Svenska kraftnät and grid owners





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## Fun, games and community when Children's Day Flemingsberg was organised for the second year.

Ellevio and Vattenfall have teamed up to test a flexibility market in Stockholm. In simple terms, it means that electricity users, electricity producers, businesses and households, via more flexible usage, 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, which contributes to a more efficient energy system. We also balance our heating needs. For example, 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

As urban developers, we take responsibility for making our areas feel safe to live in. We adopt an organised approach to safety and security issues in order to address concerns and vulnerability among individuals, companies and at our properties. The design of the physical environment has a major impact on how we live our lives and manage the districts, and how activities during the day and evening contribute to our wellbeing. Therefore, we want



to create the conditions for an attractive mixed offer of residential units, workplaces, services, culture and recreation. In both Flemingsberg and Solna, we collaborate in various ways with property owners, businesses, customers, the municipality and the police to gather knowledge and increase participation and safety. Our partnerships are based on continuity. One specific example is our cooperation with the association Samvekan i Huddinge with the associated BID Flemingsberg (Business Improvement District). Find out more about BID on page 40.

Lighting, light and illumination also have an impact on how a place or area is perceived. Our commitment extends beyond acquisitions, local development plans and leases, and we're keen to collaborate on everything from public transport to the design of public spaces.



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

Examples of initiatives:

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

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The aim is for our districts to feature and be designed according to three key principles:

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

We provide proactive and accessible property management, and are never more than an email or a phone call away. Our staffed operations centre enables us to receive and respond to fault reports and alarms via an on-call service around the clock. This is a service that is gradually being expanded as more properties are directly connected to shell protection, fire alarms and sometimes via cameras.

**Social and cultural values are prioritised**

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 street environments such as Solna Live Park, a stage for both established and new artists.

At the beginning of the year, construction work began on the studios for the Royal Opera and Royal Dramatic Theatre in Flemingsberg. The building will be completed in 2024. We will be working with schools in the local area through the Royal Opera's children and young people's initiative (Unga på Operan). We want to contribute to more children and young people experiencing the Royal Opera's art forms.



**With public art and culture created by both school children and established artists, we are breathing new life into street environments.**

**An inclusive and healthy city**

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

The emergence of Flemingsberg as a district is an important element of Stockholm's development. Several initiatives have been carried out under the remit of BID Flemingsberg, including free leisure activities for children and young people, the construction of a tobogganing slope, new pedestrian crossings, improved lighting, night patrols and Flemingsbergshallen has been made more accessible to young people. Fun, games and community were the order of the day when Children's Day Flemingsberg 2022 was organised for the second year running.

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

2022 saw the launch of Aktiv Vântan, a Fabege initiative in which we are developing a methodology for increasing knowled-



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## Playfully designed street spaces encourage movement and fun together for young and old.

and engagement in influencing both the current and future design of people's own neighbourhoods. At the end of the year, a major event was also organised, which brought together a large number of representatives to engage in a wide-ranging dialogue on urban planning on the theme of the student city and the sanctuary of Flemingsberg.

### Value-adding cooperation

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

We also support school children in Flemingsberg. To support more children's schooling, we are the main sponsor of the educational foundation Läxhjälpen. The aim is to help more pupils in Flemingsberg achieve upper secondary school entrance qualifications and forge personal contacts with university students. During the summer, we were also involved in organising up to 50 leisure activities for the children of Flemingsberg.

Since 2020 we've been involved in collaboration with Talang-Akademien to create more internships and jobs. Via social clauses in framework agreements, some 20 suppliers have so far signed up and the first trainees have started work.



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**Properties**

# Building for the future – today

We are committed to reducing our carbon footprint and energy consumption in the long term. Our work covers everything from resource optimisation, climate-smart material choices and sustainability certification of buildings, to digitalisation and health.

Reducing our climate impact and energy demand are two of our most important sustainability issues. In light of the Paris Agreement and the 1.5-degree target, we have set ambitious goals 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. Europe's pressured energy market, with record-breaking electricity prices, has led us to step up our efforts on energy efficiency improvements during the year, with a particular focus on electricity. As a company, we have both the opportunity and the responsibility to reduce consumption of electricity, which in turn can lead to lower electricity prices, more stable electricity grids and thus mitigate the consequences for both our customers and society as a whole.

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

**Reduced carbon footprint****The route to carbon neutral property management**

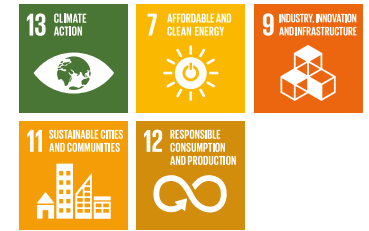
Our ambitious climate targets are endorsed by the Science Based Targets initiative (SBTi), but we are taking it further. Because our climate targets include Scope 3 emissions as well. The ultimate goal is for our property management to be carbon neutral by the year 2030. To achieve this we need to be in control of all emissions associated with our operations. In addition, the negative climate and environmental impact must be minimised. One interim goal is

to invest in solar panels every year corresponding to at least 320 MWh in new and existing properties. By 2030, our solar panels should be producing 2.5 kWh/sqm Atemp per year. For new builds, the goal is double that: 5.0 kWh/sqm, and solar panels are now always included in the planning stage for new properties. The result for 2022 of 1.5 kWh/sqm shows that we are well on our way to achieving our goal. Our greenhouse gas emissions (Scopes 1 and 2), have declined by around 95 per cent since 2002, from roughly 40,000 to approximately 1,920 tonnes, excluding carbon offset from district heating suppliers. Compared with 2021, however, Scope 2 emissions have increased despite the decrease in energy. This is because our district heating supplier Stockholm Exergi has increased its CO<sub>2</sub> emissions linked to district heating by almost 30 per cent.

Our good results in terms of energy performance have been achieved via systematic energy optimisation. We have made our energy solutions more efficient through the development of building automation and digitalisation, cooling recovery, improved heat recovery and climate shell measures. 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 cars. Changes in the property portfolio have also contributed to our progress. We are actively working on our refrigerant policy, which involves choosing refrigerants with the lowest possible carbon footprint and minimising leakage from existing machines.

**Halving the carbon footprint of our construction projects**

In order to reduce the carbon footprint of our construction projects, we established guidelines during the year on how to calculate this. The guidelines go beyond the legal requirement for



climate declarations. Both new construction and redevelopments over SEK 20m are to be calculated, and more life cycle stages and building components are covered by the calculation. Our CO<sub>2</sub> calculations should be aligned with the taxonomy's criteria and also meet BREEAM criteria, but most importantly, we need to calculate in the same way in all our projects to be able to compare and analyse the results and reduce our carbon footprint. We have therefore engaged a partner to perform the calculations using the same tool.

During the year we calculated five new construction projects and five conversion projects. Ackordet 1 is a new construction project where the carbon footprint has been calculated at several stages of the construction process, and where CO<sub>2</sub> savings have been high on the agenda. To date, savings equivalent to 30 per cent have been achieved and the project now stands at just under 300 kg CO<sub>2</sub>e/sqm GFA. The project has used climate-improved concrete in the structure, replaced steel columns with concrete columns, opted for climate-smart materials where possible, optimised the use of materials, minimised waste and used biofuels in working machinery during production. Reused bricks are used as facade material.

**Circularity and resource efficiency****Waste management – calculation methods and results**

For our part, waste is generated partly in connection with construction projects and tenant customisations, and partly through the waste generated by tenants and ourselves in our operations. The latter is calculated using data from our main waste contractors and based on quantity, type and weight. We currently have access to statistics for 66 of our properties; a small number fall outside our statistics because our customers have the option



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of choosing a waste contractor other than the one we recommend. We strive for efficient use of resources and encourage all customers to separate their waste into at least five fractions.

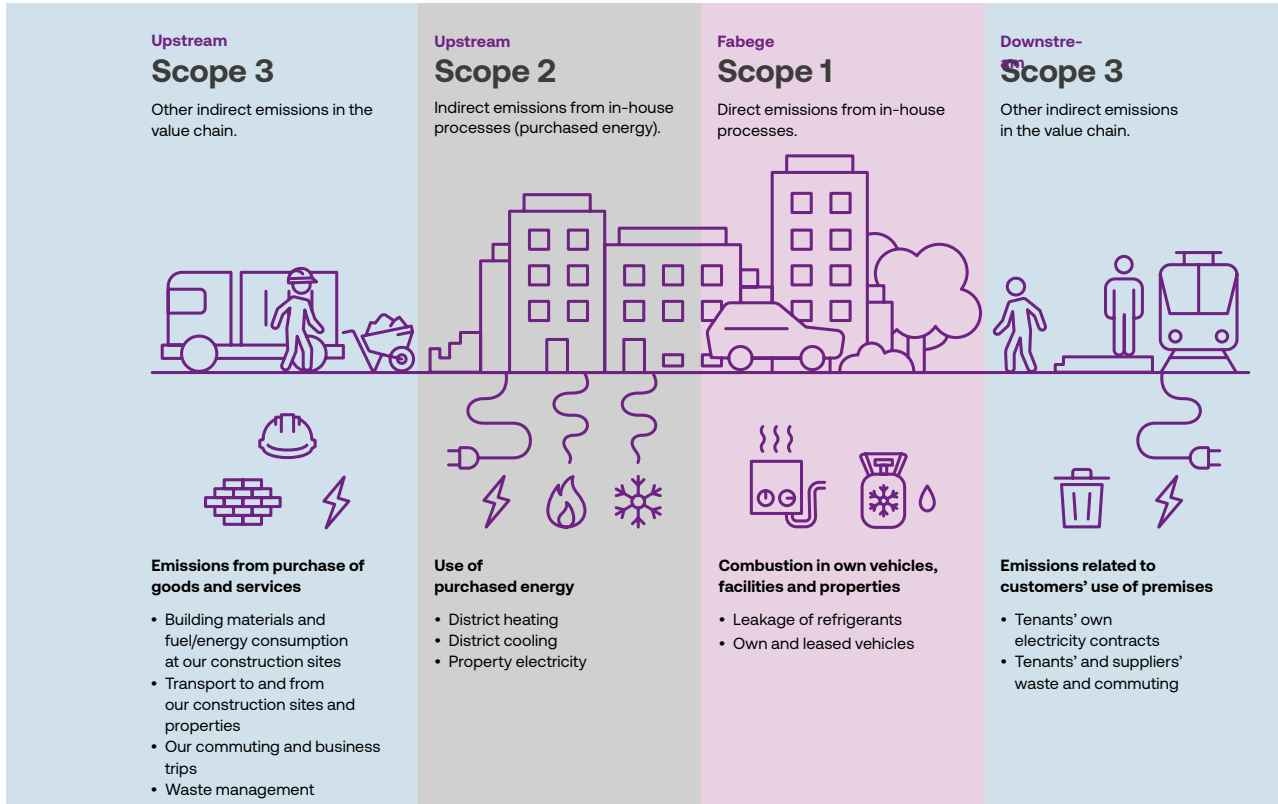
Construction waste from our projects is managed by individual contractors, and in 2020 we tightened our contracts regarding the reporting of waste statistics. Properties that are certified to BREEAM standard are also subject to special rules regarding areas such as recycling and waste management.

**Conscientious materials selection and reuse**

Our objective is for 100 per cent of our building materials to be environmentally safe in accordance with Byggvarubedömningen (Building Material Assessment). To reduce environmental impact in both the short and long term we ensure at early stage that our projects choose the right materials and use the right methods. The

climate impact from the production of building materials is high, which is why we're trying to make greater use of materials that can be reused. We are affiliated with the roadmap for the construction sector and participated in the establishment of the Klimatarena Stockholm initiative during the year. We also participate in the Centre for Circular Building, which is an arena in which industry operators meet and collaborate on reuse and circular material flows in construction, demolition and property management.

It is important for us to create the conditions for circular material flows, i.e. opportunities for disassembly, reuse and recycling. We try to choose the right materials and use the right assembly methods, and to reuse materials from our conversions. We carry out an inventory of reused materials in the majority of our vacated properties and buildings due to be vacated. The development



**Greenhouse gas emissions, (tonnes CO<sub>2</sub>e)**

Emissions	Emission source	2022	2021	Method for calculation
Scope 1	<b>Total</b>	54	98	Fuel-based
	Refrigerant leakage	53	98	Fuel-based
	Service vehicles <sup>1</sup>	1	0	Fuel-based
<b>Total (Market-based)</b>		<b>1,866</b>	<b>1,512</b>	<b>Fuel-based</b>
Scope 2	Heating	1,866	1,512	Fuel-based
	Cooling	0	0	Fuel-based
	Electricity	0	0	Fuel-based
<b>Total (Location-based)</b>		<b>3,851</b>	<b>3,679</b>	<b>Fuel-based</b>
Scope 2	Heating	1,866	-	Fuel-based
	Cooling	0	-	Fuel-based
	Electricity <sup>2</sup>	1,985	-	Fuel-based
Scope 3	<b>Total</b>	<b>28,796</b>	<b>26,997</b>	
	Waste management	105	58	Spend-based
Leased vehicles and staff vehicles used for work		3	2	Distance-based
Air travel		14	1	Distance-based
Property development <sup>3</sup>		27,455	25,130	Average-based
Property energy		627	618	Fuel-based
Commuter journeys		98	145	Average-based
Electricity consumption, tenants		494	1,043	Average-based
<b>Total</b>		<b>30,716</b>	<b>28,607</b>	
<b>Carbon offset by district heating supplier</b>		<b>-1,817</b>	<b>-1,560</b>	
<b>Net emissions after carbon offset</b>		<b>28,899</b>	<b>27,047</b>	

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

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plans for Haga Norra also include a number of large-scale projects working with reclaimed bricks. In cooperation with 13 partners, we participate in the innovation project Återhus, which develops methods, processes and tools for the reuse of frames and beams. During the year, we produced a reuse strategy to scale up our recycling work, and we approved a circularity index of 20 per cent. The strategy describes our objectives for reuse, as well as procedures and working methods for achieving these objectives. Part of the recycling strategy is our recycling hub, which helps us to store and recondition recycled materials if there is a need. We have also brought in a partner for the recycling hub to help with the careful dismantling of recycled materials, and transportation and logistics of the warehouse operations. Recycling has been implemented in many of our conversion projects during the year, including the Nöten project in Solna Strand where, for example, plaster and joists in interior walls have been recycled with good results.

**Reduced energy need****Energy efficiency improvements in operations**

Our energy strategy requires us to take a holistic approach to the energy issue in our properties, projects and neighbourhoods. The company's 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 early on. 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. The aim is for green leases to cover 100 per cent of our total lettable area above ground. The outcome for green leases in 2022 was a total of 89 per cent.

Electricity systems and markets faced major challenges in 2022, leading to higher prices and an increased risk of power shortages. That's why we've stepped up our focus on energy efficiency. We are actively working on our processes and technology to minimise electricity use, and we have implemented

a large number of measures to bring consumption down, thereby mitigating the price increase and supporting the electricity system. In the winter of 2022/2023, the goal is to save 10 per cent of our electricity use compared with the same period last year. For the last quarter of 2022, we ended up with a reduction of 11 per cent. We have also intensified dialogue with our customers to support them in their energy efficiency efforts.

**Our energy efficiency targets**

Our energy efficiency targets are divided into phases. By 2019, we had already achieved the first stage by halving our energy use compared with 2005. We have been working towards the target of average energy consumption of 77 kWh/sqm Atemp by 2023. In 2022, we achieved 73 kWh/sqm Atemp and have therefore set a new target – average energy use of 70 kWh/sqm Atemp by 2025. Once we reach this target, it will mean that our energy performance is on a par with new build requirements, which is remarkable given that most of the buildings in our portfolio are more than 30 years old. Our 2022 outcome, measured as a primary energy rating, is 71 kWh/sqm Atemp.

SMHI adjusted its calculation of degree days during the year, which has led to slightly lower performance overall.

**Our water consumption target**

Our goal is to reduce our water consumption by two percent each year. In addition to easing the strain on Earth's resources, lower water consumption also means preparing our business for a future of declining water tables and reduced availability of fresh water. The outcome for 2022 was 327 l/sqm, which is 19 per cent lower than in 2019.

**Climate change adaptation – future-proofing our properties****Future risks**

Alongside our efforts to reduce our carbon footprint, we need to manage the physical risks that come with climate change. We 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 2021–2022, we carried out climate risk analyses on a total of 60 properties in the districts of Arenastaden, Solna Business Park, Hammarby Sjöstad and Stockholm inner 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.

**Health – certified properties and tenant wellbeing****Smart properties**

Digital technology encourages new behaviour and enables functions to be automated and innovative services to be created. 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 past few years have 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, and in particular for them to want to return to the office following a long period of working from home.

Our contribution is primarily about making it easy for our customers to do the right thing. This could involve placing attractive stairwells centrally to encourage people to take the stairs instead of the lift, but also offering ancillary services such as doggy day care, opportunities for exercise, fitness activities and culture in or around our properties. We offer guidance to our customers on how to encourage their employees to 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.



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**Certifications<sup>1)</sup>**

System	No. of	Sqm, GLA	Proportion of certified area, %
BREEAM In-Use	49	732,156	68
BREEAM-SE	13	324,063	30
BREEAM Bespoke	2	18,793	1
Miljöbyggnad	1	5,480	1
<b>Total environmen- tally certified properties</b>	<b>65</b>	<b>1,080,492</b>	<b>100</b>

<sup>1)</sup> The properties for which certification has not yet begun are land and development properties for future project development.



**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 enable new 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.

**SVANENMÄRKNING (NORDIC SWAN ECOLABEL)**

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

Percentage of reuse in Hållbarhetshuset

**70%**

**Hållbarhetshuset in Haga Norra officially opened**

November 2022 saw the completion of Hållbarhetshuset, the first pilot project in which we constructed a building out of buildings. Hållbarhetshuset, which is in Haga Norra, is constructed from material that is 70 per cent recycled. Material that would otherwise be classified as waste. The building is 1,000 square metres in size and, in addition to housing an establishment office, it also serves as a meeting place for sharing knowledge about recycling in general and the project in particular. In addition to the floor structure, sections of the facade, windows and interior materials have also been repurposed. This pioneering building was built in cooperation with the contractor Zengun and is part of the Vinnova project Återhus – building from buildings. Reusing more materials is important not only to reduce carbon footprint; it can also have a positive impact on energy and water consumption, and generate financial and historical value.

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**Employees**

# Motivated employees our most important asset

Our shared values are the basis for good business, where team spirit and commitment are important cornerstones. By acknowledging and supporting each individual employee and their unique capabilities, together we can create a solid team, where we are the clear choice for talented and motivated individuals in the property sector.

**Continual development of core values**

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

We are continuously working on our values, which have been evolving over the course of more than 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 employer brand, 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, and in 2022 our rating increased to 87. In addition, an impressive 98 per cent of all employees consider that overall, we are a very good place to work. The results are the basis of purposeful, organised work in which each department identifies its focus areas and specific challenges, both in terms of what they are keen to preserve and what needs improvement.

**Different way of working**

As with most workplaces, the pandemic has affected the way we work, but also our management and leadership roles. This is particularly evident from our employee survey, which reveals that 94 per cent of employees currently believe they have a high

degree of freedom and autonomy in their jobs. Our office is our base, an important meeting place to share knowledge and inspire and support each other, while some aspects of work are performed more efficiently at home. We are seeing a significant increase in digital maturity among our employees, which has sparked a change in ways of working, from hybrid meetings to less reliance on location.

During the year, we launched SMART, an updated way of working that responds to the gradual changes in working life:

- S**mart – An employee takes responsibility for adopting a 'smart' approach and chooses the place, residence or part of the office that is best suited for the task at hand.
- M**ission-focused – We are all working towards the same goals, but to make sure we are all heading in the same direction, it is important to meet in person.
- A**ttractive – The office is where you want to be – it is where the action is!
- R**ewarding – We want to enjoy ourselves at work and it should be fun to come to the office.
- T**ogether – It is when we come together that things happen, and that is when the best ideas are born. That is when we get to know each other and that is when we are Fabege!

**Focus on individual development**

Individual career plans form the basis of each employee's professional development. The plan is regularly monitored via employee







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performance reviews, as well as by setting new targets based on business goals and the role of the employee. During the year, performance reviews were carried out with 100 per cent of our employees. All new managers complete an induction course to ensure the quality of reviews and basic leadership skills.

Continuous training and skills development are a key feature, particularly of our technical operations. Of the appointments made in 2022, the proportion of internal applicants has increased and several have also been offered new positions, in some cases at management level, in competition with external candidates.

**Sustainable employees and healthy lifestyle**

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 2022, all employees were offered an individual health coach for a period of one year through the Institute for People in Motion, IMR. The coach can develop individually tailored exercises and offer talks on various health-related topics and, in particular, support the individual employee in adopting a healthy lifestyle, promoting good mental and physical wellbeing. Around 80 per cent of our employees have so far taken up the offer. All our employees are also offered the opportunity to take part in fitness activities with their colleagues once a week during working hours.

We design our own premises with physical activity, health and recovery in mind, and we are continuing to adapt the office to different ways of working, with larger conference rooms being replaced by smaller spaces. Flexibility is key, and 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 own offices, as is the availability of changingrooms and regular massages. It should be easy to get to work by bicycle.

We work consciously to reduce work-related stress, and all managers are expected to maintain a regular dialogue with their employees to ensure workloads allow for active leisure time.

**Safe work environment**

Our working environment must be safe and free from the risk of our employees, or those who work for us, being injured or falling ill at work. The potential risks differ depending on the work being done. Continually identifying risks, following up incidents and



implementing measures enables us to improve health and safety for our employees.

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



**Great Place To Work**

Every year we conduct Great Place To Work's survey to find out what our employees think of us as an employer. Our target was to achieve a Trust rating of 85, which was surpassed with this year's result of 87.



**87 %**

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# 98 %

of all employees think that overall, Fabege is a very good place to work

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. Occupational injuries are reported to the Swedish Work Environment Authority.

Our occupational health and safety committee collaborates, follows up and acts as a sounding board in the development of health and safety issues at our company. Our headquarters have been certified according to Fitwel, a US certification system,

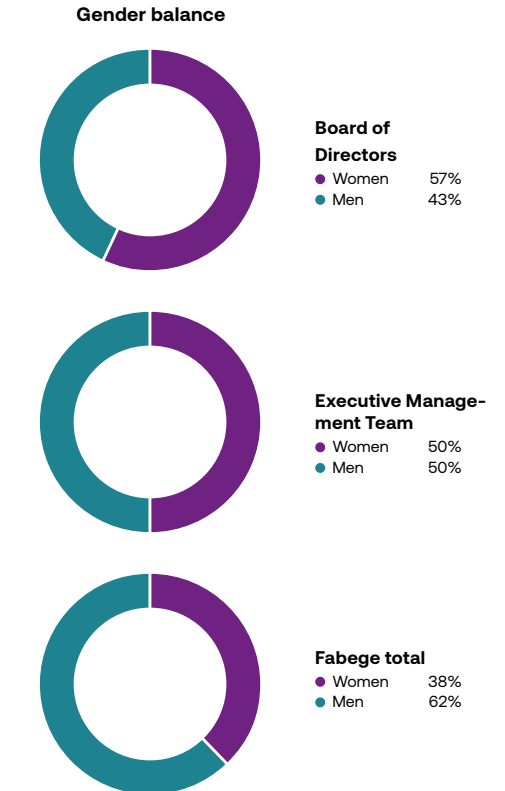
since spring 2022. We have achieved two stars so far, which is the second highest level. Find out more about Fitwel on page 44.

**Our views on equal value**

Our fundamental view is that all people are of equal value and all employees should 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.

**Our profit-sharing fund**

We have relatively few employees in relation to our market capitalisation—and market value. That's why each and every



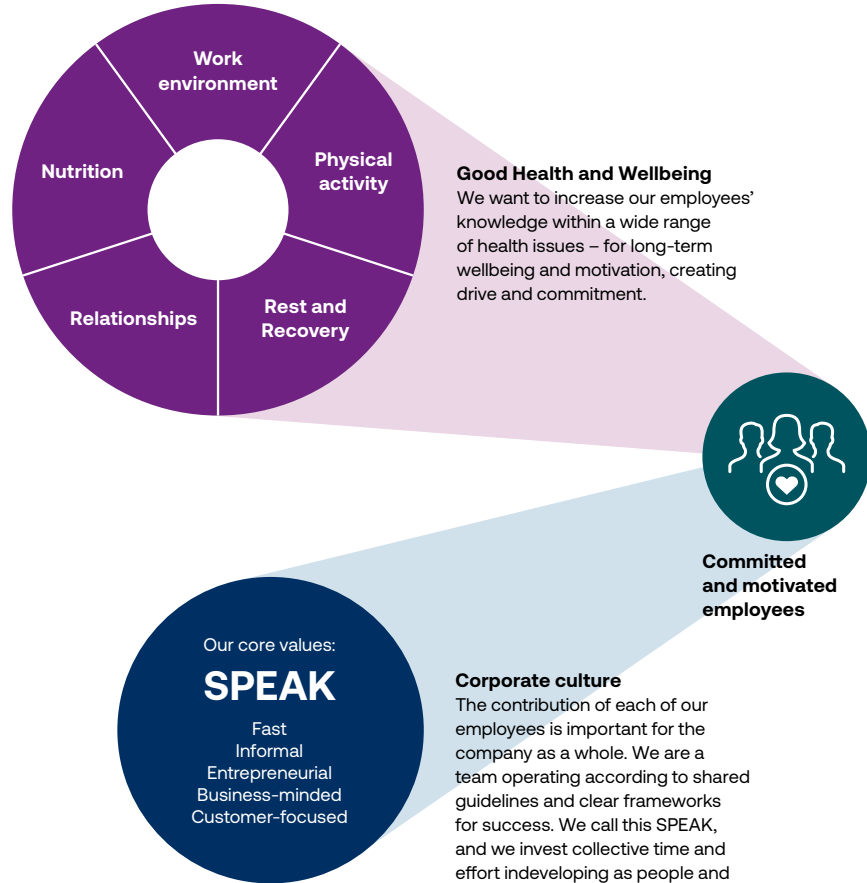
employee is highly significant for our business. One way of showing our appreciation for the contribution of each individual to our shared success is via our profit-sharing fund. Everyone who works for us is covered by the fund and the amount set aside is the same for everyone, whether they work in property management, at the office or are a member of the Executive Management Team.

Allocations are made in the form of Fabege shares based on a number of set targets. 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. For 2022, the Board decided that the allocation would amount to 1.1 price base amounts per full-time employee, which corresponds to a value of SEK 57,750.



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## Sustainable and motivated employees create a positive corporate culture



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**Supply chain**

# Partnerships help achieve sustainability goals

Our suppliers are our partners. They help us achieve our set sustainability targets. A sustainable supply chain is essential for creating long-term profitability, reducing our risks and boosting our brand. The aim is to conduct sustainability audits on all our contracted partners.

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

- Limiting emissions related to materials, transports, construction energy and waste, or Scope 3 emissions. This is a major challenge for the property industry. 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, Sustainability and Environmental Policy and General Terms and Conditions set out our expectations. New suppliers must meet our criteria and existing suppliers undergo regular inspections. Monitoring is an important aspect of our purchasing work, in order to assure a high level of ethics, consideration for human rights, professionalism, healthy competition, objectivity and equal treatment.

We also made construction site visits to selected projects with our framework agreement contractors in 2022. During these site visits, we followed up on the sustainability requirements established as part of the framework agreements. The main purpose of the site visits has been to increase the exchange of knowledge between the Sustainable Development Department, the Projects Department and our framework contractors.

**Ambitious target achieved**

Since 2013, we have been conducting sustainability audits of selected strategic partners in order to ensure all framework contract suppliers complete the audit process. In 2022, we achieved our target. During the year, 274 of our 300 or so framework partners approved our terms and conditions. Those yet to be screened are suppliers who are part of an ongoing procurement process. Contractors for larger projects, over SEK 50m, must always undergo a sustainability audit prior to the start of the production phase.

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 support suppliers to help them achieve the level approved by our contracted consultant. 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.

**Stimulating partnerships**

During the year, we have added a clause to our tender documents that encourages the contracted supplier to take on trainees from TalangAkademin during the contract period. Some 20 suppliers have signed up so far, and the first trainees have started work.

**Quality inspections of services**

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. It is vital that we respond quickly to any contractual breaches and continually improve quality.

**Subcontractor reviews**

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, 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 conditions for everyone working on major projects. Risk analyses and inventories are carried out at each stage of the construction process and these must also be followed up. This is the main responsibility of the contractor. There are construction health and safety coordinators at the workplaces, Bas P and Bas U, who are responsible for safety throughout the entire project.





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## Process for management and monitoring of suppliers



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

It is the contractors who have the employer's responsibility and ultimate responsibility for health and safety during construction projects, and this is regulated in our agreements. We enjoy effective cooperation with our contractors, where we play an active role in preventing near-accidents and checking that all safety procedures are adhered to, and that workplace risks are minimised. This is achieved via systematic health and safety work, involving digital and physical safety inspections during which faults and failings must be rectified and documented in our database. One example is that 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 good. 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	2022
Accident rate, contractor (LTAR) <sup>1)</sup>	0.7

<sup>1)</sup> 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. Accident rate is defined as the number of workplace accidents resulting in an absence of one or more contracted working days per 200,000 hours worked, divided by hours worked. The 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 the first quarter of 2023.



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**Financing**

# Green financing a key factor for long-term profitability

Our strategic sustainability work affects not only the value of our properties, but also our ability to attract both customers and capable employees. It also shows how well equipped we are to manage our own impact on climate and the impact of climate change on our business. Green financing is an important and natural element of our sustainability work.

A conscious and organised approach to 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 people, locations, the city and the management of the global climate challenges.

**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. In 2021, we analysed which economic activities are eligible for the taxonomy and concluded that they were new construction projects, major renovations and the properties under our management. Also in 2021, we took out our first taxonomy-adapted loan for the Signalen 3 property in Solna. Over the past year, we looked at how we comply with the taxonomy in our newly launched major construction projects. We estimate that we are complying with objectives 1, 2, 3 and 6 in the projects we have investigated, but that there is some uncertainty around objectives 4 and 5, partly due to insufficient clarification and interpretation of the criteria, but also because the sector is not sufficiently mature.

**Updating our green framework**

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

updated annually, and the 2022 publication also included an update of the green framework. The update means that the framework is now based on the green bond principles, adapted to the EU taxonomy and linked to our ambition of contributing to the Agenda 2030 goals. The framework has been designed to give us broad opportunities for green financing, and is based on third party-certified properties and ambitious energy performance targets.

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.

**Our reporting according to EU Taxonomy Regulation**

We carry out both construction (via building contractors) and management of buildings, and the entire business falls within the scope of the taxonomy. The activities in which most of our operations are described are 7.7 Acquisition and ownership of buildings and 7.1 Construction of new buildings, but other activities may also be relevant to a lesser extent.

We demonstrate that we make a substantial contribution to one of the six environmental objectives of the Taxonomy Regulation, objective 1: Climate change mitigation, as this is the objective that is most relevant to our business. The other five environmental





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**Alignment with EU taxonomy requirements**



objectives come under the Do No Significant Harm criteria (DNSH) for our business. We believe we also meet the taxonomy's requirements for Minimum Safeguards related to human rights, corruption/bribery, and transparency regarding taxation and fair competition. The requirements of the EU taxonomy are highly consistent with our sustainability work, which is presented in our report. We therefore believe that we satisfy the taxonomy's requirements; see model below. See our full taxonomy report on pages 132-136.

**Principles for financial reporting according to the EU taxonomy**

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

KPI	Total, SEKm	Eligible for the taxonomy (%)	Not eligible for the taxonomy (%)	Percentage aligned with taxonomy 2022 (%)
Turnover	3,327	100	0	62
Operating expenditure	133	100	0	53
Capital expenditure	3,336	100	0	18

*Recognition of turnover*

All of the turnover related to the properties included in economic activities above are recognised. This refers to rental income,

including the standard supplements. No material income that should be excluded has been identified. Turnover of SEK 3,327m corresponds to total net sales according to profit and loss accounts for 2022.

*Recognition of operating expenditure*

Operating expenditure includes the following expenses: property management costs, regular repairs, maintenance and expensed tenant customisations. Birger Bostad's (formerly SHH Bostad) production costs for residential development are recorded as operating expenses but are not included here, as they do not fall within the definition of operating expenses according to the taxonomy.

*Recognition of capital expenditure*

Relates to capital expenditure for acquisitions and capitalised investment expenditure related to the properties included in economic activities reported above. Capital expenditure of SEK 3,325m represents all expenditure on acquisitions and investments in investment and development properties in 2022. A further SEK 11m is linked to investments in equipment. For further information, see Notes 17 and 19 on pages 95 and 96 respectively.

**Percentage aligned with the EU taxonomy 2022**

For 2022, we estimate that 62 per cent of turnover, 53 per cent of operating expenditure and 18 per cent of capital expenditure is



**100 per cent 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 2020/2021. In connection with the acquisition of Birger Bostad in 2021, the figure dropped to 99 per cent. In 2022, we were back at 100 per cent again when Birger Bostad's loans were converted to green loans.

**Examples of our work related to the EU taxonomy**

We continued with our climate resilience analyses in 2022, work that began in 2021 in several of our districts. It involves assessing future physical climate risks and what climate adaptations we should make to reduce these long-term risks.

Another important objective in the taxonomy is energy-efficient buildings, an area we are continually working with, and where we are at the forefront. Our average Primary Energy Demand is 71 kWh/sqm Atemp, and as much as 67 per cent of the space in our property portfolio is within the top 15 per cent in terms of energy performance (as defined by the Swedish Property Federation's survey, which shows that the top 15 per cent in office buildings in Sweden corresponds to buildings with a Primary Energy Demand below 80 kWh/sqm Atemp).

aligned with the EU taxonomy and objective 1, and can therefore be classified as green. For further information, see our full taxonomy report on pages 132-136. The reason the percentage of capital expenditure that is green is reported as low is that we have chosen to make a conservative assessment of ongoing new construction projects and report these as not aligned with the taxonomy, as interpretations of the requirements and documentation of such to support compliance are not yet fully in place. However, we aim to be able to report these as green in the future.

As more objectives are specified, we will review and possibly take additional measures to make a substantial contribution to more of the objectives.

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**Customers**

# Our customers are our partners

Our presence, availability and responsive approach strengthen our relationships and help us grow with our customers. Whatever the challenge, we try to be flexible and find solutions that meet their needs, and through our long-term partnerships we create sustainable working and urban environments.

**Collaboration for long-term sustainability**

It is vital to have constructive, close relationships with our customers. We want to be part of strengthening their competitiveness as employers by creating sustainable urban environments for residents, professionals and visitors. The sustainability network in Arenastaden is one such collaboration. We have been working with ten or so major companies here on an action plan linked to travel habits, to contribute to the climate goal of halving greenhouse gas emissions by 2030. This work is being carried out based on CERO in close cooperation with the City of Solna, Keolis, SL (Stockholm Public Transport) and transport operator MTR to achieve the best possible impact. As many as 80 per cent of those working in Arenastaden travel sustainably to and from their workplace, but in light of the forthcoming expansion of public transport, the goal is for even more to opt for sustainable travel alternatives. The new yellow line on the underground rail service is scheduled to open in 2028. Passengers will then be able to travel from Arenastaden and further south without having to change at Odenplan.

Another example is the collaboration with the Unga på Operan initiative in the schools in Flemingsberg. The project is aimed at four primary schools from reception to year 4. The activities may include mime, drama, music or creative projects.

**Green leases**

Green leases are now the 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. During the year,

we developed a new template for green leases and prepared guidance on what customers might consider when making tenant customisations to improve the sustainability performance of the project, and help raise or maintain the property's environmental certification level. In 2022, 89 per cent of total newly signed space above ground had green leases.

**Flexible solutions with the customer front and centre**

We are currently landlord to approximately 660 companies, government agencies and organisations, and more than 100,000 people spend time in our buildings every day. Thanks to our experience, we are able to meet an increasing need for flexibility and we strive to be solution-oriented and responsive to our customers' wishes. We are constantly exploring new opportunities linked to the sharing economy for greater flexibility in leases as well as in our offerings and approach. All our customers already have access to our 'WAW' (Work Away from Work) office hubs, which means they can offer their employees a temporary workplace in the city, Arenastaden or Hammarby Sjöstad. In 2022, we also launched the NOW concept – turnkey offices with everything included and a lease that runs for one month at a time. There are now three NOW offices: one in Hammarby Sjöstad and two in the city centre.

**Strengthening relationships through proximity and continuity**

We have a presence in our customers' day-to-day lives through our own offices in all our districts, and our own staff, whether for property management or operations. This facilitates a close dialogue between us and our customers, creating continuity and confidence in our relationships and helping us pick up on more subtle preferences. Our fault reporting system also alerts us if

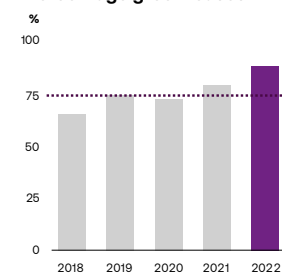


# 80%

travel sustainably to and from their workplace in Arenastaden

something needs to be dealt with or repaired, and we can quickly remove any risk of injury or damage. Every year or every other year we conduct a more in-depth customer meeting that gives us an even better understanding of our customers' needs.

During the year we resumed our regular breakfast meetings with our customers in each city district. It is a highly popular activity for exchanging information and providing updates on the latest news in our city districts. Our close customer relationships have been an advantage during the challenges of recent years, with the pandemic, followed by the war in Ukraine and subsequent energy crisis. We carry out CSI (Customer Satisfaction Index) surveys every two years. Our target is an overall customer satisfaction rating of 80, and in the 2021 survey we achieved 78. An impressive 90 per cent stated that they would be likely to recommend us as a landlord, and 81 per cent stated they would contact us regarding a change of premises. A new CSI survey will be carried out in 2023.

**Percentage green leases<sup>1)</sup>**

<sup>1)</sup> Area above ground, excluding housing units.

# 89%

green leases





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## Business ethics

# Consultation and dialogue important tools for responsible business



Good business ethics, continuous dialogue and responsiveness are fundamental to our relationships with both employees and customers, as well as suppliers and lenders. Working responsibly is essential to long-term profitability, and contributes to the sustainable development of society.

### Citizen dialogue

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

### Basic values as a guide

Our core values (SPEAK) and our Code of Conduct form the basis for the conduct of all employees. The Code of Conduct clarifies our position on issues related to human rights, labour conditions, the environment, business ethics and communication.

All employees receive regular training on our Code of Conduct and the industry's code against corruption. We comply with the relevant laws and other regulations. The same applies to generally acceptable business practice and international human rights, labour and environmental standards in accordance with the Global Compact and the ILO' conventions on human rights at the workplace. 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.

### Consultation and incident reporting

We are keen for both our own employees and all external stakeholders to feel confident in their ability to intercept potential irregularities in the organisation at an early stage, either via dialogue or via anonymous reporting systems.

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

We offer a whistleblower service to facilitate incident reporting, that is available both internally and externally. The service is important to reduce risks and promote strong business ethics, thereby maintaining customer and public confidence in our business. The report itself and any subsequent dialogue are anonymised if the person wishes. All reports are immediately followed up by a working group consisting of our Director of Human Resources, Head of Sustainability and Corporate Lawyer, and they are responsible for ensuring appropriate action is taken. No incidents were reported in 2022.

### Fault reports and comments

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

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

**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.

**Our core values:**  
**SPEAK**

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

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# Sustainability targets

**City districts**

City districts	Outcome 2022	Outcome 2021	Long-term goal
Proportion of renewable energy, %	94	95	100% energy from renewable sources

**Properties**

Properties	Outcome 2022	Outcome 2021	Long-term goal
Energy performance, total energy, kWh/sqm Atemp	73	77	70
Energy produced from solar panels, kWh/sqm Atemp	1.5	0.79	Energy produced from solar panels 2.5 kWh/sqm Atemp by 2030
Material recycling, % <sup>9)</sup>	54	48	90% material and energy recovery
Water consumption, l/sqm Atemp	327	263	Reduce water consumption per sqm Atemp by 2% annually compared with 2019
Environmental certification, number of investment properties	65	59	
Environmental certification of new builds, proportion of total lettable area, %	100	100	100% of new builds, to BREEAM-SE standard with ambition level Excellent
Environmental certification of investment property portfolio, proportion of total space, %	100	100	All investment properties (excl. future development properties) are to be environmentally certified to BREEAM In-Use standard with ambition level Very Good
Proportion of electric and hybrid cars – service vehicles and company cars, %	99	96	100
<b>Carbon dioxide emissions, tonnes CO<sub>2</sub>e</b>			Carbon neutral property management (Scopes 1 and 2) by 2030. Indirect emissions (Scope 3) to be halved per GFA by 2030 compared with 2019
Scope 1	54	98	
Scope 2	1,866	1,512	
Scope 3	28,796	26,997	
Total Scope 1–3	30,716	28,607	
Carbon offset by district heating supplier	-1,817	-1,560	
Net emissions after carbon offset	28,899	27,047	

<sup>9)</sup>2022 also includes waste statistics from tenant customisations.



**We have been working towards the target of average energy consumption of 77 kWh/sqm Atemp by 2023. Since we already achieved 73 kWh/sqm Atemp in 2022, we have set a new target for 2025 of 70 kWh/sqm Atemp. Once we reach this target, it will mean that our energy performance is on a par with new build requirements, which is remarkable given that most of the buildings in our portfolio are more than 30 years old."**

Mia Häggström  
Head of Sustainability



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## Employees

Employees	Outcome 2022	Outcome 2021	Long-term goal
Satisfied employees, confidence rating, %	87	86	Confidence rating of min. 90%
Recommending Fabège as an employer, %	95	94	Over 95% of employees would recommend Fabège as an employer
Low sickness absence, %	3.12	2.94	Maintain low level of sickness absence at <3%, aided by regular medical check-ups and continued health and fitness programmes
Gender equality in management, % women	50	56	Aim is to achieve even gender balance
Gender equality among managers, % women	47	25	Aim is to achieve even gender balance
Gender equality among employees, % women	38	35	Aim is to achieve even gender balance

## Supply chain

Supply chain	Outcome 2022	Outcome 2021	Long-term goal
Screening of framework agreement suppliers, %	90	100 <sup>1)</sup>	All framework agreement partners will be sustainability audited and approved

<sup>1)</sup> Percentage of strategic suppliers audited. As of 2022 framework agreement suppliers are sustainability audited.

## Financing

Financing	Outcome 2022	Outcome 2021	Long-term goal
Green financing, %	100	99	100% green financing

## Customers

Customers	Outcome 2022	Outcome 2021	Long-term goal
Customer Satisfaction Index	- <sup>1)</sup>	78	CSI rating shall be 80
Green leases <sup>2)</sup> , proportion newly signed space, %	100	96	Green leases will account for 100% of newly signed space
Green leases, proportion of total space, %	89	80	Green leases to account for 100% of total space

<sup>1)</sup> Customer Satisfaction Index surveys are conducted every two years.

<sup>2)</sup> Area above ground, excluding residential units.

## Business ethics

Business ethics	Outcome 2022	Outcome 2021	Long-term goal
Annual training in our Code of Conduct	100	100	Keeping the dialogue on ethical issues alive throughout the company via activities and forums



It makes me proud that so many people can recommend us as an employer. Having so many ambassadors who think we're a great place to work makes it so much easier for us to recruit new talent, but also to retain the people we already have."

Gunilla Cornell  
Director of Human Resources

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# From property company to urban developer

Åsa Bergström has been Vice President and CFO of Fabege since 2008. One of her many tasks is to meet the numerous analysts and investors, as well as shareholders, who have questions about Fabege's development and plans. Interest in Fabege and its activities remained constant during the year.



## Do analysts and investors want to meet, or are they used to digital meetings now?

"We met many analysts during the coronavirus pandemic, but back then it was mainly digital meetings. We had a lot of digital meetings in 2022 as well, but we were also able to start meeting in person at our premises, and we visited Amsterdam, London and Oslo. It was great, both to travel and to get together. Digital meetings can easily become quite anonymous; now we could also take groups on property tours in our districts, which is particularly enjoyable of course."

## What were the most frequently asked questions during the past year, and were there any new ones?

"The questions were largely the same, but their focus clearly shifted during the year. At first everyone was just happy that we were finally out of the pandemic and positive about the future; we were asked about acquisitions and possible new projects and what we thought the post-pandemic office would be like. A few months later, after the outbreak of war in Ukraine, the focus shifted to financing issues and property valuation, and we encountered a general concern about refinancing opportunities for the property sector."

## What's your view on financing issues – bank financing or capital market?

"We don't know how 2023 will pan out, but at the moment, bank financing is undoubtedly our best option. This kind of financing does increase the proportion of pledged assets, but given our low loan-to-value ratio, I don't see this as a problem. We have good

banking contacts and we've been a stable and reliable customer for many years, which gives us good terms and access to liquidity. This doesn't mean we're excluding financing from the capital market; in the long term we want to be on board, but the current price situation there is far too high to be of interest. The banks offer more competitive financing."

## What bond maturities do you have in 2023 and what's your plan for them?

"We have a total of SEK 2.4bn in bonds due to mature in 2023. The hope is that the market will improve so we can look at issuing on the capital market in the second half of the year. However, we are prepared to switch to bank financing if we need to."

## In November, the credit rating agency Moody's lowered its rating for Fabege from stable to negative. Is that a concern?

"No, not really. A negative outlook revision is never great of course, but it doesn't mean we're in any way close to losing our investment grade rating. We have a strong balance sheet with a high equity ratio and low borrowing, which gives us good stability. The decision was likely more a reflection of Moody's view of risk in light of the inflation and rising market rates we faced in the autumn."

## Given interest rate levels, we're probably going to see higher yield requirements and lower property valuations – how concerned are you about the balance sheet for 2023?

"We're expecting higher yield requirements and pressure on property values, but once again, we have a very strong balance



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sheet and low borrowing. We remain stable even in challenging times.”

**What can you tell us about Fabege's debt ratio?**

“The debt ratio, i.e. interest-bearing liabilities divided by net operating income less administration costs, is an internal metric, and our goal is for it to amount to max. 13. We're currently slightly above this, and the aim is to eventually return to max. 13. Our stable rental income and otherwise strong KPIs mean we are in a very safe position.”

**You have a target occupancy rate of 95 per cent, but in 2022 it was much lower than that.**

“That's right, raising occupancy rates is a long process that we worked on throughout 2022, and that work is continuing. It's about being proactive with vacancies and capturing both existing and potential new customers. So we strengthened our rental organization during the year. I don't see that there are any real structural obstacles to getting back up to 95 per cent occupancy, it's more a matter of time and targeted efforts. For us, an occupancy rate of 95 per cent would mean an annual increase in revenue of roughly SEK 150m.”

**If economic conditions remain a challenge in 2023, how do you think this will affect your projects, both ongoing and potential new ones?**

“We are being cautious and prudent, and plan to hold off on launching any more speculative projects, particularly if they involve new construction. Of course, the projects we have started will continue as before, as they have long lead times and in several of them, for example in Flemingsberg, we have tenants waiting to move in. We aren't entering into any other new investments or projects until we have a contract, and we are definitely waiting when it comes to new residential projects. We prefer to invest based on known cash flows.”

**Will you be a net buyer or net seller in 2023?**

“In 2022, we were a net buyer with the acquisitions of Kabelverket in Älvsjö and Generatorn 10 in Flemingsberg, and similarly in 2021 with the acquisition of SHH, now Birger Bostad. What will happen in 2023 remains to be seen. At the beginning of 2022, many thought we were too conservative and should be upping the pace of acquisitions. Now the tone is different. I'm not ruling out either, but we already have a well-stocked project portfolio. Let's say it depends if the time is right. We have a clear and established focus geographically and asset-wise, we believe in the long term and that we can create value primarily via our project development.”



**Where are Fabege's vacancies?**

“Solna Business Park was the district with the highest vacancy rate during the year. However, in the autumn we attracted several interesting new tenants, including CGI and HSB, and we are pressing ahead with local development plans and collaborations. The district has a great location from a public transport perspective, but it needs a better mix of companies, restaurants and services. This spring, the Park will be brought to life with a newly opened activity building, a padel court and an exciting new food hall. We have a clear advantage in being the largest property owner in Solna Business Park. It gives us the power to lead the change process.”

**In 2022, rents increased by 7 per cent following renegotiations. What's going to happen in 2023?**

“We had an index increase of eleven per cent in 2022, which means about SEK 250m in increased rental income for us. Against the backdrop of the rent increase, and given the economic climate, the potential for future renegotiations is marginal.”

**We have a clear and established focus geographically and asset-wise, we believe in the long term and that we can create value primarily via our project development.”**

**How is Fabega affected by rising energy prices?**

“We are affected, at least so far, to a fairly small extent; most of our customers have their own electricity contracts, and we pass on costs for heating and cooling. Higher prices obviously mean higher costs for both us and our tenants. At the same time, which is an advantage at the moment, we and our customers have had a shared agenda when it comes to making our properties more energy efficient, and we have actually been able to reduce electricity consumption by about eleven per cent this winter, from an already low level.”



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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 2022 Annual Report for the Group and Parent Company.

**The business**

Fabege is one of Sweden's leading property companies. We develop attractive and sustainable city districts, with a primary focus on commercial properties within a limited number of well-located submarkets in the Stockholm region. We are one of the largest property owners in Stockholm and have a clear strategy for our property holdings, with a portfolio grouped into clusters. The Group also includes Birger Bostad, which is a property development company focused on residential and public-services property. The large number of residential development rights that we hold means that together we have a great opportunity to create mixed-use developments in our city districts. The concentration of our properties in well-contained clusters ensures greater customer proximity and, when coupled with Fabege's thorough knowledge of the market, creates a solid foundation for efficient property management and high occupancy rates.

The transactions and investments made in 2022 continued to reflect our focus on the prioritised submarkets of Stockholm inner city, Solna, Hammarby Sjöstad and Flemingsberg. At 31 December 2022, we owned 102 properties with a combined rental value of SEK 3.7bn, a lettable area of 1.3 million sqm and a carrying amount of SEK 86.3bn (83.3), of which development and project properties account for SEK 14.4bn (13.9). Commercial premises, primarily offices, represented 83 per cent of the rental value. The financial occupancy rate for the portfolio as a whole was 89 per cent (90). The occupancy rate in the investment property portfolio was 89 per cent (90).

For much of the year, activity was high in the rental market with enquiries, viewings and leases signed, followed by a slight slowing in late autumn. During the period, 152 (149) new leases were signed with a combined rental value of SEK 276m (329), and 100 per cent (96) of the space was attributable to green leases. Lease terminations amounted to SEK -190m (-167). Net lettings amounted to SEK 86m (162). Leases totalling SEK 174 m (239)

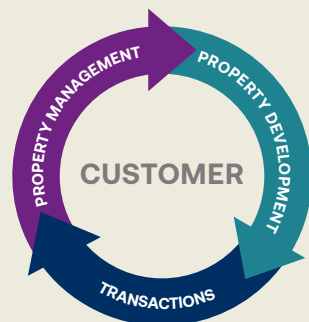
were renegotiated, with an average rise in rental value of 7 per cent (11). Leases worth SEK 341m were also extended on unchanged terms. The retention rate during the year was 77 per cent (72).

**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, locations 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 satisfy sustainability reporting requirements in accordance with Chapter 6 of the Swedish Annual Accounts Act,



**Property Management**

Low risk with stable cash flow

Finding the right premises to match a customer's specific requirements and ensuring they are happy with both the premises and the surrounding area is a cornerstone of our business model. This is accomplished through long-term efforts, based on close dialogue with the customer, which builds 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. We continuously analyse our property portfolio to take advantage of opportunities to increase value growth, both through acquisitions and sales.

**Property-related KPIs**

	2022	2021	2020
No. of properties	102	94	94
Lettable area, 000 sqm	1,290	1,247	1,245
Financial occupancy rate, %	89	90	91
Rental value, SEKm	3,724	3,359	3,242
Net lettings, SEKm	86	162	-45
Surplus ratio, %	74	76	75

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and the extent to which our revenue, operating expenditure and investments are eligible for the EU taxonomy. The Sustainability Report is published in full on pages 32–57 and 122–141. 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 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 is managed, and our investments made in a way that is sustainable in the long term. Making sure a mix of offices, residential units, services and recreation areas are built close to good public transport connections makes for vibrant and safe environments. A strong environmental focus means, for example, that the properties are environmentally certified, customers are offered green leases and Fabege has 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**

Generatorm 10, in Flemingsberg, was acquired during the first quarter. There was also a property reallocation whereby Hagalund 2:10, Haga Norra, was divided into six properties. The new properties are included in the upcoming subproject that is part of the continued development of offices and residential units in Haga Norra. The Kabelverket 2 property, in Älvsjö, was acquired during the second quarter. Birger Bostad also took possession of a small residential property in Borås. Separatorm 1 in Flemingsberg was taken over in August. Properties were acquired in 2022 for a total sum of SEK 1,068m. No sales were carried out in 2022.

**Investments in existing properties and ongoing projects**

The purpose of Fabege's project investments in the investment property portfolio is to reduce vacancy rates and increase rents in the property portfolio, thereby improving cash flows and values. In 2022, decisions were made on major project investments including the development of the existing properties Nöten 4, Solna Strand, and Påsen 1 in Hammarby Sjöstad.

During the first quarter, the new construction of Poolen 1, in Arenastaden, was completed, and Tieto Evry moved into its premises on 31 March. June saw the completion of Convendum's premises in Bocken 39, on Kungsgatan.

The aggregated project volume of the major ongoing new builds amounted to approximately SEK 4.5 bn at year-end, with a lettable area of 155,000 sqm. The occupancy rate in the major project properties was 31 per cent at year-end. All projects are proceeding according to schedule, however with some cost increases. Global unrest due to the pandemic, war and rising inflation is affecting the cost of building materials and transport, for example, which, together with the risk of delayed deliveries, may affect our cost structure and project calculations. This is especially true for the projects currently being launched, including Nöten, Påsen and projects in Flemingsberg.

Investments in our property portfolio for the year amounted to SEK 2,257m (1,874), including SEK 1,427m (1,239) pertaining to investments in project and development properties. Capital invested in the investment property portfolio totalled SEK 830m (635) and related primarily to tenant customisations, including SEK 125m relating to customisations for Convendum at Bocken 39, Kungsgatan.

**Income and net operating income**

Rental income totalled SEK 3,032m (2,889), and net operating income was SEK 2,240m (2,185). The increase in income was mainly due to acquisitions, occupancies of project properties and index-linked revenue, and also includes non-recurring income of SEK 6m. On a like-for-like basis, income rose by approximately 5 per cent (2). The increase mainly related to rental income from the completed project properties Nationalarenan 3 and Poolen 1. Income from new lettings, renegotiations and index-linked revenue fell following Skatteverket's departure from Nöten 4. The increase in property expenses was mainly attributable to higher electricity costs and property taxes. Net operating income rose by approximately 3 per cent (3) on a like-for-like basis. The surplus ratio was 74 per cent (76).

**Earnings from residential development**

Birger Bostad (formerly SHH Bostad) has been included in the Fabege Group's earnings since the fourth quarter of 2021. Revenue from residential development in 2022 totalled SEK 295m (62). Residential development costs amounted to SEK –374m (–71), of which administrative costs accounted for SEK –34m (–19)

and impairment of development rights SEK –81m. Gross earnings therefore totalled SEK –79m (–9). Income recognition takes place on project completion. In 2022, a project in Riksten was completed. Income from co-owned projects is recognised under the item 'Share in profit/loss of associated companies'.

**Central administration**

Central administration costs amounted to SEK –102m (–110). The figure for 2021 included non-recurring costs relating to Fabege's new headquarters.

**Net financial items**

Net interest items amounted to SEK –612m (–495). During the second half of the year, the average interest rate gradually increased as the Riksbank's policy rate hike had an effect on the market rate (STIBOR). The average rate at 31 December was 2.39 per cent (1.71). Ground rent amounted to SEK –42m (–36).

**Earnings from associated companies**

Share in profit/loss of associated companies totalled SEK –32m (2), of which SEK –56m related to contributions to Arenabolaget, SEK –4m to impairment of the holding in Stralsund and SEK 30m related to final settlement regarding the co-owned residential development project in Lagern 3, Råsunda.

**Changes in value, properties**

The property portfolio is valued using a well-established process. The entire property portfolio is independently valued at least once a year. Roughly 80 per cent of the portfolio was independently valued in the fourth quarter, while the remaining properties were internally valued based on the most recent independent valuations. The total market value at the end of the year was SEK 86.3bn (83.3). Unrealised changes in value totalled SEK –233m (4,585). The average yield requirement declined by 0.07 per cent in the first half of the year but rose again in the second half of the year by 0.30 per cent to 3.99 per cent (3.76 at year-end). The change in the first half of the year was mainly due to a backlog based on transactions at the end of last year and the beginning of the current year. In the second half of the year, yield requirements increased as a result of higher interest rates. Valuations were partly offset by increased rent levels due to higher inflation assumptions. The realised changes in value of SEK 74 m (56) related to gains from the sale of Lagern 3 in Råsunda to the joint venture that has been developing residential units on the property.





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**Tax**

Tax on profit for the year amounted to SEK -588m (-1,312). Tax was calculated at a rate of 20.6 per cent on taxable earnings. The interest deduction limitations are not expected to have a material effect on taxes paid in the current year.

**Current tax**

Tax loss carryforwards, which are expected to reduce the tax expense in future years, are estimated at SEK 2.8bn (2.6). 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 2022, the difference between the book and tax residual values of our properties was approximately SEK 58.3bn (56.3). Net deferred tax liabilities amounted to SEK 10.2m (9.6).

Deferred tax attributable to, SEKm	2022	2021
Tax loss carryforwards	-573	-532
Difference between book and tax values in respect of properties	10,439	10,174
Derivatives	348	-13
Miscellaneous	-19	-26
<b>Net debt, deferred tax</b>	<b>10,195</b>	<b>9,603</b>

**Tax paid, SEKm**

Income tax	0	1
Property tax	261	226
VAT	15	23
Stamp duty	25	1
Energy tax	20	18
<b>Total</b>	<b>322</b>	<b>268</b>

**Segment reporting**

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

The Property Development segment generated net operating income of SEK 84m (60), representing a surplus ratio of 44 per cent (43). Profit/loss from property management totalled SEK 15

m (-1). Unrealised changes in the value of properties amounted to SEK -94 m (265).

In the Projects segment, unrealised changes in value of SEK 12 m (883) were recognised. The change in value of the project portfolio was mainly due to development gains on major project properties.

The Residential segment generated gross earnings relating to residential development of SEK -79m (-9). Profit from property management totalled SEK -83m (-2). Further information about the breakdown by segment is provided in the segment report and under Note 5 on page 90.

**Financial position and net asset value**

Equity at the end of the period amounted to SEK 45,514 m (45,174) and the equity ratio was 49 per cent (51). The dividend approved by the Annual General Meeting reduced the equity. Equity per share attributable to Parent Company shareholders totalled SEK 145 (140). EPRA NRV amounted to SEK 173 per share (171).

**Goodwill**

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

**Properties**

Recognised property value relates to our investment property portfolio, including project and land properties. At year-end, the total property value amounted to SEK 86.3 bn (83.3).

**Development properties**

This refers to ongoing in-house projects and development properties for future construction within Birger Bostad. The value at year-end totalled SEK 892m (821), SEK 573m (451) of which relates to ongoing construction and SEK 319 m (370) to development properties for future development.

**Cash flow**

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

**Parent Company**

Sales amounted to SEK 352m (324) and earnings before tax amounted to SEK 3,111m (149). Net financial items include divi-

dends from subsidiaries of SEK 1,200m. Net investments in property, equipment and shares came to SEK 0m (9).

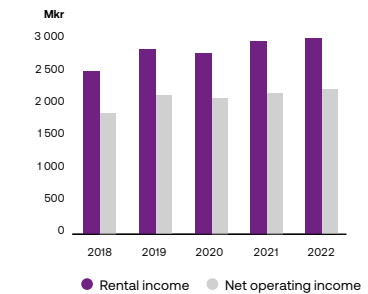
**The work of the Board of Directors**

A special description of the Board's work can be found in the Corporate Governance Report on pages 102-116.

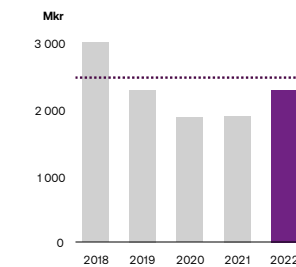
**Human resources**

The average number of employees in the Group during the year was 206 (196), including 72 women (69). The average number of employees is calculated at an individual level and corresponds to the number of full-time positions. At year-end, the number of employees was 231 (218), including 88 (81) women. Of the total number of employees, 207 (199) were employed by the Parent Company and 24 (19) by the wholly owned subsidiary Birger Bostad. See Note 6 on page 91 for further details. See also Note 6 for information about guidelines on remuneration of senior executives.

**Rental income and net operating income**



**Investments in existing properties and ongoing projects**



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# Financing

**Capital structure**

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

**Financing 2022**

Since early summer 2022, the turmoil in the financial markets has led to a shift from capital markets to bank financing. At times there has been a lack of liquidity, while at present it is more a question of excessive margins. We aim to be an active operator in the bond market, but since last summer we have chosen to refinance bond maturities with bank debt. In total, we have repaid SEK 2.7bn of bonds at maturity. During the year, new bank facilities were taken out totalling SEK 2.9bn, with maturities of between two and ten years and loan commitments totalling SEK 2.4bn. Existing facilities of SEK 3.5bn were extended. Nordiska Investeringsbanken is a new lender for Fabege; otherwise the new facilities were signed with existing lenders, that is the Nordic banks. The commercial paper market performed much better with a more reasonable increase in margins and heightened activity in late autumn. At year-end, outstanding commercial paper and bonds totalled SEK 14bn. Including the backup facility for the commercial paper programme, undrawn credit facilities at year-end amounted to SEK 7.3bn (3.4). Net financial items included other financial expenses of SEK 30m, which mainly related to accrued opening charges for credit agreements and costs relating to bond and commercial paper programmes. During the period, interest totalling SEK 21m (16) relating to project properties was capitalised.

**Financial targets at 31/12/2022**

	Objective	Outcome
Return on equity, %	9 <sup>1)</sup>	5.2
Equity/assets ratio, %	>35	49
Interest coverage ratio, multiple	>2.2	3.4
Loan-to-value ratio, %	<50	38
Debt ratio, multiple	13.0	15.6

<sup>1)</sup>The target for the return on equity is to persistently be among the top-listed property companies.

**Financing at 31/12/2022**

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

**Green financing at 31/12/2022**

	Credit facilities	Outstanding loans and bonds
Green MTN bonds, SEKm	10,700	10,700
Green bonds via SFF, SEKm	600	600
Green commercial paper, SEKm	2,767	2,767
Green loans, other, SEKm	26,534	19,274
Total green financing, SEKm	40,601	33,341
Proportion of green financing, %	100	100
Total green available borrowing facility, SEKm	49,441	
- of which unrestricted green available borrowing facility, SEKm	14,711	

**Debt management**

The main task of Fabege's debt management activities is to ensure that the company continually maintains a stable, well-balanced and cost-efficient financial structure through borrowing from banks and capital markets. We strive to achieve a balance between different forms of financing on both the capital and banking markets, with long-term relationships with the major capital providers 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. The average fixed-term maturity at year-end was 4.7 years (4.9).

**Sustainable financing**

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

All our capital providers, including banks and capital markets, offer green financing through the financing of environmentally-certified properties. Green financing offers us better conditions both with banks and on the capital market, along with access to more sources of financing. At year-end, 100 per cent (99) of



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outstanding loans and lines of credit were green.

Fabege's green financing framework was updated in June 2022. The framework has been designed to give Fabege broad opportunities for green financing and is based on third party-certified properties and ambitious energy consumption targets. It is based on the Green Bond Principles, adapted to the EU taxonomy and linked to Fabege's ambition to contribute to the goals of Agenda 2030. CICERO has issued a second opinion, with ratings of 'medium green' for the green terms and conditions, and 'excellent' for governance. Our MTN programme, commercial paper programme and a back-up facility for both are linked to the framework. During the year, the MTN programme framework was raised to SEK 18,000m. 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 [fabege.se/en/about-fabege/financial-information/financing/green-financing/](http://fabege.se/en/about-fabege/financial-information/financing/green-financing/)

**EU taxonomy**

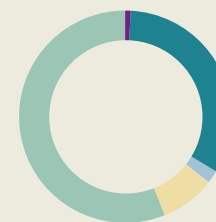
Fabege's reporting in accordance with the EU taxonomy is detailed on pages 132–136.

**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 was 45 per cent (44) of the total property value. Some unsecured borrowing is also undertaken.

**Covenants**

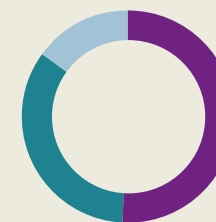
Our obligation concerning covenants is similar in the various credit agreements and stipulates, in addition to being listed on a stock market, an equity/assets ratio of at least 25 per cent and an interest coverage ratio of at least 1.5. The main proportion of the LTV ratio is stated at property level and amounts to between 50 and 70 per cent, depending on the type of property and financing.



Financing at 31 Dec 2022

- RCF\* & overdraft facilities 3%
- Bond financing, Green MTN 32%
- Bond financing, SFF 2%
- Commercial paper 8%
- Other loans 55%

\*Revolving loans.



Supply of capital

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



Breakdown of collateral

- Pledged assets 55%
- Unpledged assets 45%



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## Fixed-rate period

The fixed-rate period is set using interest rate swaps. At year-end, our fixed-income derivatives portfolio consisted of interest rate swaps totalling SEK 19,950m, maturing in 2032 and carrying fixed annual interest 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 2022, the recognised surplus value of the portfolio was SEK 1,689m (-65). The change in value is of an accounting nature and has no impact on the company's cash flow. At maturity, the market value of derivative instruments is always zero. The average fixed-rate period at year-end was 2.7 years. Find out more about fixed-income derivatives and their valuation under Note 3 on page 84.

## Shares and share capital

Our share capital at year-end was SEK 5,097 m (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, 31/12/2022	Percentage of votes, %
Backahill AB	16.6

Through Fabege's profit-sharing fund and the Wihlborg profit-sharing fund, the employees of Fabege owned a total of 1,382,157 shares at 15/02/2023, corresponding to 0.42 (0.36) per cent of the company.

## Acquisition and transfer of treasury shares

The 2022 AGM passed a resolution authorising the Board, for the period until the next AGM, to acquire and transfer shares in the company. Share buybacks are subject to a limit of 10 per cent of the total number of shares outstanding at any time. Fabege's treasury shareholding amounted to 16,206,048 at year-end. Repurchases were made at an average price of SEK 120.23 per share. The holding represents 4.89 per cent of the total number of registered shares.

## Finance policy

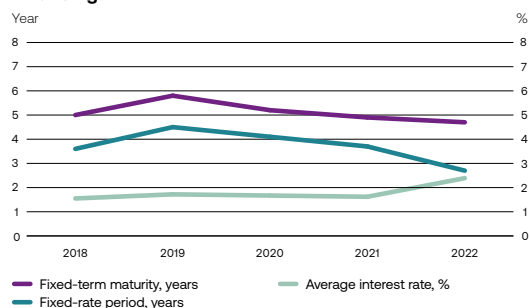
Financing operations are governed by the company's finance policy, which is established by the Board of Directors. The primary task of financial management is to ensure that the company main-

tains stable, well-balanced and cost-efficient financing at all times. The fixed-rate period must take account of the circumstances at any given time. Potential currency exposures must be minimised. The finance policy also states the counterparties that the company is permitted to deploy while governing the authority and delegation of responsibility for the organisation.

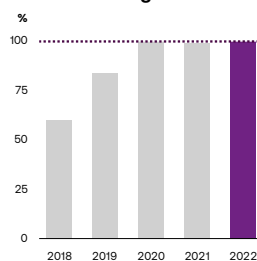
## Liquidity

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



## Green financing



## Loan maturity structure, 31 Dec 2022

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

## Interest rate maturity structure (incl. derivatives), at 31 Dec 2022

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

\*The average interest rate for the <1 year period includes the margin for the variable portion of the debt portfolio, as the company's interest is fixed by means of interest rate swaps, which are traded without margins.



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# Risks and opportunities

We operate mainly on the commercial property market in Stockholm and are affected by the performance of the Swedish economy, in particular the services sector. Our risk exposure is limited and, to the extent possible, controlled in respect of properties, tenants, lease terms, financing terms and business partners. Risks and uncertainties relating to cash flow from operations relate primarily to changes in rents, vacancies and interest rates. Changes in the value of the property portfolio represent another uncertainty, as does access to financing. We endeavour to be a sustainable and responsible company, which means managing risks associated with such issues as climate impact, environmental impact, ethical conduct and human rights. In today's digitalised world, cyber threats and the risk of data leaks are also factors that we need to acknowledge and manage. Fabege follows social developments and we are at the forefront when it comes to harnessing digitalisation and technological developments, particularly in terms of managing and monitoring property operations.

Overall responsibility for our risk management rests with the Board of Directors, while operative work has been delegated to the CEO and management. Risk management is integrated into day-to-day operations and firmly established in Fabege's various processes.

To follow is a description of our view on, and management of a selection of significant risks that, if properly managed, also represent opportunities.

**Categorisation of risks**

	Likelihood	Consequence
<b>Market and transactions</b>		
Rental income – customer bad debts	●	●
Rental income – vacancy rate	●	●
Rental income – rent levels	●	●
The office of the future	●	●
Geographic concentration	●	●
Property expenses	●	●
Properties' operation and function	●	●
Projects – schedules and costs	●	●
Projects – unleased project space	●	●
Planning processes	●	●
Residential development	●	●
Property values	●	●
Property acquisitions	●	●
Property sales	●	●

● Low ● Medium ● High

	Likelihood	Consequence
<b>Financial</b>		
Liquidity and refinancing risk	●	●
Interest rate risk and valuation of fixed-income derivatives	●	●
<b>Environment</b>		
Contamination and environmental damage	●	●
Climate change	●	●
Carbon footprint – property management	●	●
Carbon footprint – projects	●	●
<b>Tax</b>		
Tax laws	●	●
Sustainable tax management	●	●
<b>Ethics and anti-corruption</b>		
Fraud, bribery, unethical conduct	●	●
<b>Employees</b>		
Workforce planning	●	●
Dependency on key individuals	●	●
<b>Social conditions and respect for human rights</b>		
Unacceptable working conditions, violations	●	●
<b>Communication and cyber security</b>		
Data leaks, stock market regulation breaches	●	●
Media, brand	●	●
Information security, infringement	●	●
System support availability	●	●

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## Market and transactions

### Rental income and property expenses

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

Sensitivity analysis, cash flow and earnings	Change, %	Effect, SEKm
Rental income, total	±1	31.2
Rent level, commercial income	±1	28.6
Financial occupancy rate	±1	33.1
Property expenses	±1	-7.9

Risk	Assessment	Impact and management of risk, commentary 2022
<b>Rental income – credit risk, bad debt losses</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● 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 can be affected by economic downturns.	The lease portfolio is spread among many industries and companies of different sizes. The 25 largest tenants are all stable companies and comprise just over 40 per cent of the total rental value. The tenants are highly solvent and rent losses are historically small. This is due in part to favourable credit ratings and in part to efficient procedures that quickly identify late payers.
<b>Rental income – vacancy rate</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● We believe the risk of structural vacancies is low. However, larger individual terminations may have a limited financial impact in the short term. Changes in vacancy rates in the portfolio could have a delayed positive or negative impact on rental income. New production of office properties and demand for office premises affect rent levels and the vacancy rate. 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.	The risk of structural vacancies in the investment property portfolio is deemed minor considering the portfolio's central locations, modern premises and stable customers. Our property portfolio generates stable cash flow from property management operations. The premises of development properties are kept vacant during development, which negatively impacts cash flow during the period. This is done consciously to create greater value over the long term. Our vacancies are in modern properties in attractive locations and no vacancies are structural; it is mainly a matter of time before the right customer is found for the right property. The occupancy rate in the overall portfolio, including project properties, amounted to 89 per cent (90). In the investment property portfolio, the occupancy rate was 89 per cent (90). Rental growth in identical portfolios totalled 5 per cent during the year.
<b>Rental income – rent levels</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● 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. 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 offices premises and forthcoming new production, with a medium-high risk of significant variations in rent levels.	For a number of years now, demand for offices in Stockholm has been very strong, with rising rent levels. Since the pandemic, there is now greater uncertainty about the future needs and design of office space. Since leases generally have terms of 3–5 years, changes in market rents gradually impact on rental income. In 2022, we renegotiated a volume of approximately SEK 174m, resulting in an average increase of 7 per cent. The index increase of 10.8 per cent will take effect from January 2023. Our assessment is that there is now limited scope for increasing rent levels in renegotiations, and there is a risk of falling rent levels in some submarkets.
<b>The office of the future</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● The pandemic has accelerated digital progress and opportunities to work from home, which will impact demand for office workplaces in the future. While many companies want to see an increased presence in their offices, there are also companies that see a reduced need and are looking to cut back on space. Needs currently vary considerably, and we have yet to see a clear trend emerging.	We have a presence in all our areas, and we enjoy a close dialogue with our customers. Ways of working and needs are constantly changing, which affects office design. We offer both new and existing customers support in identifying their needs and finding solutions. We provide flexibility, WAW workplaces and the opportunity to grow and downsize in attractive locations.



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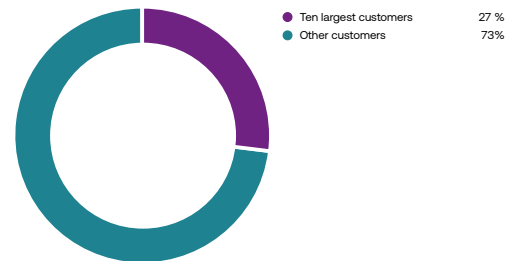
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**Lease maturity structure**

Year of maturity	No. of leases	Annual rent, SEKm	%
2023 <sup>1)</sup>	597	475	15
2024 <sup>1)</sup>	289	319	10
2025	233	493	15
2026	184	432	14
2027	74	431	14
2028+	67	857	26
Commercial	1,444	3,007	94
Residential contract	208	22	1
Parking facilities	689	144	5
<b>Total</b>	<b>2,341</b>	<b>3,173</b>	<b>100</b>

<sup>1)</sup>Of which just over SEK 215m has already been renegotiated as current leases expire.

**Ten largest customers, contractual annual rent**



Risk	Assessment	Impact and management of risk, commentary 2022
<b>Geographic concentration</b>	<p><b>Likelihood:</b> ● <b>Consequence:</b> ●</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 and the number of office workers are continuing to grow, which indicates that there will also be greater demand for offices in the long term.</p>
<b>Property expenses</b>	<p><b>Likelihood:</b> ● <b>Consequence:</b> ●</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. 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.</p> <p>Since the standard of the investment property portfolio is high, maintenance expenses are low. The surplus ratio in 2022 was 74 per cent.</p>
<b>Properties' operation and function</b>	<p><b>Likelihood:</b> ● <b>Consequence:</b> ●</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.</p> <p>We work with maintenance plans, environmental certifications and ambitious energy usage and waste management targets, etc. All properties are connected, and we are at the forefront when it comes to using digital technology to manage and monitor the day-to-day operations of our properties.</p>

● Low ● Medium ● High

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**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. Construction costs related to materials have increased significantly during the year due to the pandemic and war. Other increases are mainly related to customisations for individual tenants in combination with higher rent or more challenging ground conditions. With our experience and focus on letting the remaining unleased project space, we believe that the risk of structural vacancy after completion is low.

Risk	Assessment	Impact and management of risk, commentary 2022
<b>Schedules and costs</b>	<p><b>Likelihood:</b> ● <b>Consequence:</b> ●</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 the 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, Fabege conducts project procurement processes involving significant amounts. Most project managers, who are highly experienced and skilled in project procurement, are responsible for these processes, and for running and following up large- and small-scale projects. Procurement work is performed with the support of framework programmes, framework agreements and agreement templates. Decisions regarding investments of SEK 25–50m are made 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 schedules in the major ongoing projects will be met. We have seen cost increases during the year in relation to procurement. Rising material prices may also affect future project procurements.</p> <p>Our aim is for project investments to generate significant value growth.</p>
<b>Unleased project space</b>	<p><b>Likelihood:</b> ● <b>Consequence:</b> ●</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 in our projects was 35 per cent at year-end, excluding Semaforen 1. Significant project vacancies relate mainly to redevelopment projects in vacant properties.</p> <p>We only launch speculative projects as an exception. Requirements regarding the percentage of customers that have to sign leases prior to the start-up of a project are decided based on the conditions and estimated risk of each individual project.</p>
<b>Planning processes</b>	<p><b>Likelihood:</b> ● <b>Consequence:</b> ●</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 includes 747,700 square metres of wholly-owned commercial development rights, of which 18 per cent are scheduled.</p> <p>The portfolio also includes 653,700 square metres of wholly-owned residential development rights, of which 36 per cent are scheduled.</p>
<b>Residential development</b>	<p><b>Likelihood:</b> ● <b>Consequence:</b> ●</p> <p>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. Residential production is expected to decline significantly in light of rising construction costs and lower house prices.</p>	<p>The selling rate of the housing projects was 89 per cent at year-end, which entails a low risk of unsold apartments on completion. The acquisition of Birger Bostad has given us 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> <p>We are currently adopting a cautious approach to launching new residential projects.</p>





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**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. Against the background of higher market interest rates and consequently rising yield requirements, property values are expected to decline in 2023.

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

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

Sensitivity analysis, change in value	Assumption	Impact on value, SEKbn
Rent level	±10%	7.0
Running cost	±SEK 50/sqm	1.3
Yield requirement	±0.25%	5.4
Long-term vacancy rate	±2%	1.7

**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 2022
<b>Property values</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● 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 86.3bn (83.3), corresponding to about SEK 67,000/sqm (67,000).
<b>Property acquisitions</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● 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.
<b>Sales of properties</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● Risk that properties are divested at a price that is too low.	Property sales are resolved on by the Board of Directors. Internal due diligence processes ensure that any measures required are managed. The properties are continually independently valued and we have a clear understanding of current value and potential through continued development.

● Low ● Medium ● High

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**Financial****Financing**

We have good access to financing via several different sources with both banks and the capital market. By interest-hedging 65 per cent of the loan portfolio, interest rate changes have limited impact on our borrowing costs.

Sensitivity analysis, cash flow and earnings	Change	Effect, SEKm
Interest expenses, rolling 12 months (incl. derivatives)	+1 percentage point	109
Interest expenses, long-term perspective	+1 percentage point	333

Risk	Assessment	Impact and management of risk, commentary 2022
<b>Liquidity and refinancing risk</b>	<p><b>Likelihood:</b> ● <b>Consequence:</b> ●</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. In the autumn of 2022, high pricing in the bond market pushed the property sector towards more secured bank financing.</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 through our long-term relationships with our financial backers, built on mutual trust. Moody's credit rating of Baa2, negative outlook, is evidence of confidence and stable access to capital market financing over time. Given the high margins in the bond market, we took the decision to replace bond maturities with bank financing in the autumn. Fabege's good and long-standing relationships with the Nordic banks give us access to capital.</p> <p>The average fixed-term maturity period at year-end was 4.7 years (4.9) and available undrawn facilities amounted to SEK 7.3 bn (3.4).</p>
<b>Interest rate risk and valuation of fixed-income derivatives</b>	<p><b>Likelihood:</b> ● <b>Consequence:</b> ●</p> <p>Interest rate risk refers to the risk that changes in market interest rates will impact our borrowing costs.</p> <p>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 fixed-income 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 2.7 years (3.7) at year-end.</p>

● Low ● Medium ● High



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## 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 accounting 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 128–129.

Risk	Assessment	Impact and management of risk, commentary 2022
<b>Contamination and environmental damage</b>	<p><b>Likelihood:</b> ● <b>Consequence:</b> ●</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>Poor management of environmental risks can affect Fabega's legislative compliance, brand and direct costs.</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>Fabega works with sustainability certification according to BREEAM and Fitwel to reduce environmental and health risks. 100 per cent of the investment property portfolio is sustainability certified.</p> <p>Efficient management with a focus on cutting back on the use of resources reduces the risk of high costs and environmental and health impacts, and provides a good working environment for our customers. Energy consumption per square metre has fallen by 56 per cent since 2010.</p> <p>There were no incidents in 2022 resulting in material fines and no non-monetary sanctions pursuant to environmental legislation.</p>
<b>Climate change</b>	<p><b>Likelihood:</b> ● <b>Consequence:</b> ●</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. At the end of 2022, we carried out climate risk analyses at building level in the districts of Solna Business Park, Stockholm inner city, Arenastaden and Hammarby Sjöstad. The analysis identified increased precipitation and flooding as one of the greatest potential future risks. Property and urban development ensures that the necessary measures are taken to manage identified risks, such as surface water management.</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>
<b>Carbon footprint from property management</b>	<p><b>Likelihood:</b> ● <b>Consequence:</b> ●</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 constantly raising the bar. 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, and all our service vehicles run on electricity.</p>
<b>Carbon footprint from projects</b>	<p><b>Likelihood:</b> ● <b>Consequence:</b> ●</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>During the year, we developed a new target – the 20 per cent circularity index – for major refurbishments, and the overall goal is to halve the carbon footprint per square metre of GFA from projects by 2030. Our project organisation works alongside the Sustainability Department on how to use new technology and more eco-friendly materials to reduce our climate impact.</p>

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## 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.

## 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 2022
<b>Tax laws</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● 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.	There are no specific proposals for changes at present, but we are monitoring developments.
<b>Sustainable tax management</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● 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.

Risk	Assessment	Impact and management of risk, commentary 2022
<b>Fraud, bribery, unethical conduct</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● The risk is deemed to be low in light of our clear guidelines, procedures and our governing Code of Conduct. The construction industry is particularly exposed. Several operators are involved in our large-scale projects, and services/products are procured through subcontractors on a number of levels. Despite making clear requirements in all procurements, it is difficult to gain an overview of long supply chains, giving rise to a risk of activities that contravene our values.	We do not accept any form of bribery, threats or unethical conduct. Ethical matters are a continual topic of internal discussion at staff meetings and conferences. We established an ethics council several years ago, with specific responsibility for identifying and managing ethical issues internally. All employees are trained in our Code of Conduct and current bribery legislation. We also have a whistleblower function, which can be used by employees and external individuals anonymously to report suspicions of unethical conduct. Cooperation with contractors is evaluated continuously and all strategic suppliers are examined by an independent company to ensure sustainable practices. All suppliers are also monitored by credit rating agencies, in order to quickly identify potential financial non-conformities and any changes in boards and management. We are of the opinion that control of our first-line suppliers is adequate. Through agreements, suppliers undertake to comply with our Code of Conduct. If any non-conformities are uncovered, agreements can be terminated with immediate effect. We urge our first-line suppliers to monitor compliance by their subcontractors to ensure compliance throughout the supply chain.



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**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.

**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 2022
<b>Skills supply</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● Low risk, however strong competition for certain job categories. As technical and digital developments progress, our personnel are required to have greater technical expertise. There is currently a shortage of this type of expertise on the market. There is strong competition for certain job categories, such as technical personnel and project managers.	We invest time and effort in the company's shared core values, SPEAK, with the aim of being the industry's most attractive employer. We have established recruitment processes and we offer training to existing employees. Internal mobility is encouraged. One way of recruiting is via cooperation with educational institutions, in order to encourage interest in the company and the sector at an early stage.
<b>Dependency on key individuals</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● Medium risk. We have a relatively small workforce and certain key functions are dependent on individuals.	We always endeavour to ensure that there is backup in the form of staff who can cover for each other in the event of illness, for example. A certain amount of support can also be provided by consultants. When employees are travelling on business, individuals with similar skills always travel separately.

Risk	Assessment	Impact and management of risk, commentary 2022
<b>Unacceptable working conditions, violations</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● Low risk in light of compliance with Swedish legislation and clear guidelines. Several operators are involved in our large-scale projects, and services/products are procured through subcontractors on a number of levels. Despite making clear requirements in all procurements, it is difficult to maintain an overview of the long supply chain, giving rise to a risk that activities that contravene our values are conducted.	We do not accept any form of human rights violation or any other form of discriminatory treatment or unacceptable working conditions, whether internal or at one of our business partners. We conduct an annual employee survey that tells us how our employees are and how well their working conditions support their ability to perform. Our core values, SPEAK, are a recurring theme for evaluation and discussion in connection with recruitment, performance reviews and staff conferences. Cooperation with contractors is continually evaluated and all framework contractors are audited from a sustainability and human rights perspective, with the aim of identifying, preventing and addressing any negative impacts of operations. We are of the opinion that control of our first-line suppliers is adequate. Through agreements, suppliers undertake to comply with our Code of Conduct. If any non-conformities are uncovered, agreements can be terminated with immediate effect. We urge our first-line suppliers to monitor compliance by their subcontractors to ensure compliance throughout the supply chain.

● Low ● Medium ● High

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## 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 2022
<b>Data leak, stock exchange rule violations</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● 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.
<b>Media, brand</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● 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.
<b>Information security, breach</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● 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.
<b>System support availability</b>	<b>Likelihood:</b> ● <b>Consequence:</b> ● The need for continual access to our systems is increasing both internally and from our customers.	We have several solutions with redundancy for infrastructure, systems, services and personnel, all aimed at eliminating unintentional disruption to delivery and function.

● Low ● Medium ● High

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**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 businesstransactions are completed in the second and fourth quarters, whereby netlettings in these quarters are often higher.

**Outlook for 2023**

We feel that Stockholm's rental market is stable, with healthy demand for office premises in all our locations. New lettings and renegotiations continue to be completed at good levels.

The capital market is not functioning well for property companies at present. Capital is available, but at prices that are pushing the sector towards a higher proportion of bank financing. Furthermore, rising market rates are having an adverse impact on earnings. The proportion of Faberge's fixed-rate borrowing is 67 per cent, which will mitigate the effect of higher market rates for the next few years. So far, rising interest rates have had a limited impact on yield requirements in property valuations. Higher yield requirements have been met by higher inflation assumptions. The market anticipates continued rising yield requirements as market rates increase. Although there have been few completed transactions on the transaction market, those that have been completed confirm that long-term investors remain willing to pay good prices for quality in Stockholm.

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

**Proposal for the Distribution of Profits**

<b>The following amount is at the disposal of the AGM:</b>		<b>SEK</b>
Accumulated profit		1,457,597,959
Profit for the year		2,682,975,080
<b>Total</b>		<b>4,140,573,039</b>

<b>The Board of Directors and the Chief Executive Officer propose that the amount be allocated as follows:</b>		<b>SEK</b>
A dividend of SEK 2.40 per share to the shareholders		754,985,030
To be carried forward		3,385,588,008
<b>Total</b>		<b>4,140,573,039</b>

The dividend amount is based on the total number of shares outstanding at 31 December 2022, i.e. 314,577,096 shares. The total dividend amount is subject to alteration up to and including the record date, depending on share buybacks.

**Statement of the Board of Directors on the proposed dividend Grounds**

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

**Nature, scope and risks of the business**

The Board estimates that the company's and the Group's equity after the proposed dividend will be sufficient in view of the nature and scope of the business and the associated risks. In drawing up

its proposal, the Board has taken account of the company's and Group's equity/assets ratio, historical and budgeted performance, investment plans and the general economic environment.

**Consolidation requirements**

The Board of Directors has made a general assessment of the company's and the Group's financial position and ability to meet their obligations. The proposed dividend constitutes 6.1 per cent of the Parent Company's equity and 1.7 per cent of consolidated equity. The stated target for the Group's capital structure is a minimum equity/assets ratio of 50 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 -1,323m (-68), 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 that would cast doubt on the defensibility of the proposed dividend.



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## Group Statement of comprehensive income

SEK million	Note	2022	2021
Rental income	5, 7	3,032	2,889
Revenue from residential development	8	295	62
<b>Net sales</b>		<b>3,327</b>	<b>2,951</b>
Property expenses	9	-792	-704
Residential development costs	10	-374	-71
<b>Gross earnings</b>		<b>2,161</b>	<b>2,176</b>
<i>Of which gross earnings for Property Management – net operating income</i>		<i>2,240</i>	<i>2,185</i>
<i>Of which gross earnings from residential development</i>		<i>-79</i>	<i>-9</i>
Central administration and marketing	11	-102	-110
Profit from other securities and receivables that are non-current assets	13	14	15
Interest income	14	2	5
Profit from interests in associated companies	20	-32	2
Interest expenses	14	-628	-515
Ground rent	39	-42	-36
<b>Profit/loss from Property Management</b>	1–6, 19, 49	<b>1,373</b>	<b>1,537</b>
Realised changes in value, investment properties	12, 17	74	56
Unrealised changes in value, investment properties	12, 17	-233	4,585
Unrealised changes in value, fixed-income derivatives	3, 31	1,753	532
Changes in value, equities	13, 15	-3	2
<b>Profit/loss before tax</b>		<b>2,964</b>	<b>6,712</b>
Current tax	16	-3	0
Deferred tax	16	-585	-1,312
<b>Profit/loss for the year</b>		<b>2,376</b>	<b>5,400</b>
Items that will not be restated in profit or loss			
Revaluation of defined benefit pensions		25	6
<b>Total comprehensive income for the year</b>		<b>2,401</b>	<b>5,406</b>
Of which attributable to non-controlling interests		0	0
<b>Total comprehensive income attributable to Parent Company shareholders</b>		<b>2,401</b>	<b>5,406</b>
<b>Earnings per share for the year before and after dilution, SEK</b>		<b>7.49</b>	<b>16.73</b>
Number of shares at end of period, million		314.6	321.3
Average number of shares, million		317.2	322.7



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## Group

### Statement of financial position

SEK million	Note	2022	2021
<b>Assets</b>			
Goodwill	18	205	205
Investment properties	17	86,348	83,257
Right-of-use asset	39	1,243	1,092
Equipment	19	25	22
Interests in associated companies and joint ventures	20	149	167
Receivables from associated companies	21	210	563
Other long-term securities holdings	22	12	12
Derivatives	31	1,689	121
Other non-current receivables	23	85	90
<b>Total non-current assets</b>		<b>89,966</b>	<b>85,529</b>
Project and development properties	24	892	821
Accounts receivable – trade	25	70	69
Receivables from associated companies	21	268	791
Tax asset		0	13
Other receivables	26	280	212
Prepaid expenses and accrued income		424	326
Short-term investments		96	96
Cash and cash equivalents	40	87	131
<b>Total current assets</b>		<b>2,117</b>	<b>2,459</b>
<b>Total assets</b>		<b>92,083</b>	<b>87,988</b>

SEK million	Note	2022	2021
<b>Equity and liabilities</b>			
Share capital		5,097	5,097
Other contributed capital		3,017	3,017
Retained earnings incl. comprehensive income for the year		37,400	37,060
Non-controlling interests		0	0
<b>Total equity</b>	<b>28</b>	<b>45,514</b>	<b>45,174</b>
Interest-bearing liabilities	29, 30, 36	30,929	27,601
Lease liability	39	1,243	1,089
Derivatives	31	0	186
Deferred tax liabilities	32	10,195	9,603
Provisions	33	157	197
<b>Total non-current liabilities</b>		<b>42,524</b>	<b>38,676</b>
Interest-bearing liabilities	29, 30, 36	2,413	2,798
Lease liability	39	0	4
Accounts payable – trade	34	144	67
Provisions	33	0	0
Tax liabilities	16	16	0
Other liabilities		360	404
Accrued expenses and deferred income	35	1,112	865
<b>Total current liabilities</b>		<b>4,045</b>	<b>4,138</b>
<b>Total equity and liabilities</b>		<b>92,083</b>	<b>87,988</b>



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## 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 2021	5,097	3,017	33,428	41,542	0	41,542
Profit/loss for the year			5,400	5,400	0	5,400
<b>Other comprehensive income</b>			<b>6</b>	<b>6</b>	<b>0</b>	<b>6</b>
<b>Total comprehensive income for the period</b>			<b>5,406</b>	<b>5,406</b>	<b>0</b>	<b>5,406</b>
<b>Transactions with shareholders</b>						
Cash dividend			-1,161	-1,161		-1,161
Share buybacks			-613	-613		-613
<b>Total transactions with shareholders</b>			<b>-1,774</b>	<b>-1,774</b>	<b>0</b>	<b>-1,774</b>
<b>Closing balance, 31 December 2021</b>	<b>5,097</b>	<b>3,017</b>	<b>37,060</b>	<b>45,174</b>	<b>0</b>	<b>45,174</b>
Opening balance, 1 January 2022	5,097	3,017	37,060	45,174	0	45,174
Profit/loss for the year			2,376	2,376	0	2,376
<b>Other comprehensive income</b>			<b>25</b>	<b>25</b>	<b>0</b>	<b>25</b>
<b>Total comprehensive income for the period</b>			<b>2,401</b>	<b>2,401</b>	<b>0</b>	<b>2,401</b>
<b>Transactions with shareholders</b>						
Cash dividend			-951	-951		-951
Approved unpaid dividends			-314	-314		-314
Share buybacks			-796	-796		-796
<b>Total transactions with shareholders</b>			<b>-2,061</b>	<b>-2,061</b>	<b>0</b>	<b>-2,061</b>
<b>Closing balance, 31 December 2022</b>	<b>5,097</b>	<b>3,017</b>	<b>37,400</b>	<b>45,514</b>	<b>0</b>	<b>45,514</b>

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## Group

### Statement of cash flows

SEK million	Note	2022	2021
<b>Operating activities</b>			
Gross earnings		2,161	2,176
Central administration		-102	-110
Reversal of depreciation and impairment losses		88	7
Interest received		16	20
Interest paid	37	-674	-535
Income tax paid		0	0
<b>Cash flow before change in working capital</b>		<b>1,489</b>	<b>1,558</b>
<b>Change in working capital</b>			
Change in projects and development properties		-152	-94
Change in current receivables		646	-59
Change in current liabilities		9	112
<b>Total change in working capital</b>	38	<b>503</b>	<b>-41</b>
<b>Cash flow from operating activities</b>		<b>1,992</b>	<b>1,517</b>
<b>Investing activities</b>			
Business acquisitions, net cash impact		26	-734
Investments in new builds, extensions and conversions		-2,214	-1,890
Acquisition of properties		-1,068	-735
Divestment of properties		0	309
Other non-current financial assets		24	72
<b>Cash flow from investing activities</b>		<b>-3,232</b>	<b>-2,978</b>
<b>Financing activities</b>			
Dividend to shareholders	3	-951	-1,161
Share buybacks		-796	-613
Loans raised		26,095	14,958
Repayment of debts <sup>1)</sup>		-23,152	-11,612
<b>Cash flow from financing activities</b>		<b>1,196</b>	<b>1,572</b>
Cash flow for the year		-44	111
Cash and cash equivalents at start of year	40	131	20
<b>Cash and cash equivalents at year-end</b>	40	<b>87</b>	<b>131</b>

<sup>1)</sup>Fabega 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.



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## Parent Profit and loss accounts

SEK million	Note	2022	2021
Net sales	44	352	324
Operating expenses	45	-422	-385
<b>Operating profit</b>	1-3, 6, 19, 49	<b>-70</b>	<b>-61</b>
Profit/loss from shares and participations in Group companies	47	1,125	-330
Profit from other securities and receivables that are non-current assets	13, 15	-3	2
Changes in value, fixed-income derivatives	3, 31	1,753	532
Interest income	14	554	510
Interest expenses	14	-646	-508
Appropriation	47	398	4
<b>Profit/loss before tax</b>		<b>3,111</b>	<b>149</b>
Current tax	16	0	0
Deferred tax	16	-428	-109
<b>Profit/loss for the year</b>		<b>2,683</b>	<b>40</b>

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	2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
Equipment	19	8	9
<b>Total property, plant and equipment</b>		<b>8</b>	<b>9</b>
<b>Financial assets</b>			
Shares and participations in Group companies	47	13,400	13,400
Interests in associated companies	20	0	0
Receivables from associated companies	21	0	0
Receivables from Group companies	27	44,629	45,164
Other long-term securities holdings	22	15	15
Derivatives	31	1,689	121
Deferred tax assets	32	0	125
<b>Total non-current financial assets</b>		<b>59,733</b>	<b>58,825</b>
<b>Total non-current assets</b>		<b>59,741</b>	<b>58,834</b>
<b>Current assets</b>			
Current receivables			
Tax assets		9	10
Other receivables		3	1
Prepaid expenses and accrued income		121	104
<b>Total current receivables</b>		<b>133</b>	<b>115</b>
<b>Cash and cash equivalents</b>	40	<b>24</b>	<b>2</b>
<b>Total current assets</b>		<b>157</b>	<b>117</b>
<b>Total assets</b>		<b>59,898</b>	<b>58,951</b>

SEK million	Note	2022	2021
<b>Equity and liabilities</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital		5,097	5,097
Statutory reserves/Share premium account		3,166	3,166
<i>Unrestricted equity</i>			
Accumulated profit		1,458	3,479
Profit/loss for the year		2,683	40
<b>Total equity</b>	28	<b>12,404</b>	<b>11,782</b>
<b>Provisions</b>			
Provisions for pensions	33	79	69
Deferred tax liabilities		303	0
<b>Total provisions</b>		<b>382</b>	<b>69</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	29, 30, 36	30,173	27,463
Derivatives	31	0	186
Liabilities to Group companies		13,972	18,038
<b>Total non-current liabilities</b>		<b>44,145</b>	<b>45,687</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	29, 30, 36	2,400	1,200
Accounts payable – trade		6	2
Other liabilities		14	52
Accrued expenses and deferred income	35	547	159
<b>Total current liabilities</b>		<b>2,967</b>	<b>1,413</b>
<b>Total equity and liabilities</b>		<b>59,898</b>	<b>58,951</b>

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## Parent Statement of changes in equity

SEK million	Note	Share capital	Statutory reserves	Unrestricted equity	Total share-holders' equity
<b>Shareholders' equity 31 December 2020</b>	28	5,097	3,166	5,254	13,517
Profit/loss for the year				40	40
Cash dividend				-1,161	-1,161
Treasury share buybacks				-613	-613
<b>Shareholders' equity 31 December 2021</b>		<b>5,097</b>	<b>3,166</b>	<b>3,519</b>	<b>11,782</b>
Profit/loss for the year				2,683	2,683
Cash dividend				-951	-951
Approved unpaid dividends				-314	-314
Treasury share buybacks				-796	-796
<b>Shareholders' equity 31 December 2022</b>		<b>5,097</b>	<b>3,166</b>	<b>4,141</b>	<b>12,404</b>

## Parent Cash flow statements

SEK million	Note	2022	2021
<b>Operating activities</b>			
Operating loss excl. depreciation		-68	-59
Interest received		554	510
Interest paid		-646	-508
Income tax paid		-	-
<b>Cash flow before change in working capital</b>		<b>-160</b>	<b>-57</b>
<b>Change in working capital</b>			
Current receivables		-20	-1
Current liabilities		49	2
<b>Total change in working capital</b>	38	<b>29</b>	<b>1</b>
<b>Cash flow from operating activities</b>		<b>-131</b>	<b>-56</b>
<b>Investing activities</b>			
Acquisition of participations in Group companies		-	-883
Acquisition of property, plant and equipment		0	-9
Other non-current financial assets		-2,010	-803
<b>Cash flow from investing activities</b>		<b>-2,010</b>	<b>-1,695</b>
<b>Financing activities</b>			
Dividends paid	3	-951	-1,161
Group contributions received and paid		0	4
Loans raised		26,095	14,962
Repayment of debts		-22,185	-11,440
Treasury share buybacks		-796	-613
<b>Cash flow from financing activities</b>		<b>2,163</b>	<b>1,752</b>
Change in cash and cash equivalents		22	1
Cash and cash equivalents at start of year	40	2	1
<b>Cash and cash equivalents at year-end</b>	40	<b>24</b>	<b>2</b>



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## Notes

### Note 1. General information

Fabega 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 47. The company is registered in Sweden and the address of the company's head office in Stockholm is: Fabega AB, Box 730, SE-169 27 Solna. Street address: Gårdsvägen 6. We are one of Sweden's leading property companies, with a business that is concentrated to the Stockholm region. The company operates through subsidiaries and its property portfolio consists primarily of commercial premises.

### Note 2. Accounting policies

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

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

The financial statements of the Parent Company have been prepared in accordance with the Annual Accounts Act, Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board and statements issued by the Swedish Financial Reporting Board. 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 2022 onwards

The Group has applied the same accounting policies and valuation methods as in the last annual report. Other new or revised IFRS standards or other IFRIC interpretations that came into effect after 1 January 2022 have not had any material impact on consolidated financial statements. The annual accounts are tagged in accordance with the ESEF Regulation.

#### Changes to Swedish regulations

Changes in 2022 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 2022 financial year have not had any material impact on the Parent Company's financial statements for 2022.

### 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 45,514m (45,174), interest-bearing liabilities to SEK 33,341m (30,399) and other liabilities to SEK 13,228m (12,415). 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. The main proportion of the LTV ratio is stated at property level and amounts to between 50 and 70 per cent, depending on the type of property and financing.

Financial targets	Long-term targets	Outcome 31/12/22	Outcome 31/12/21
Return on equity, %	<sup>1)</sup>	5.2	12.5
Equity/assets ratio, %	minimum 35	49	51
Interest coverage ratio, multiple	at least 2.2	3.4	4.1
Debt ratio, multiple (long term)	max. 13	15.6	14.7
Loan-to-value ratio, %	max. 50	38	36

<sup>1)</sup> 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. Fabega 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 below 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 38 per cent (36). We have a commercial paper programme of SEK 5,000m. At year-end, outstanding commercial paper amounted to SEK 2,767m (2,250). 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 7,260m, including facilities for outstanding commercial paper. 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, SEK 10bn and SEK 18bn between 2017 and 2022.

#### Loan maturity structure, 31 December 2022

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



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**Note 3 continued**

**Maturity breakdown**

The table below gives a maturity breakdown for financial liabilities (excl. derivatives). This information shows that both short and long maturities have increased in 2022, resulting in a marginal change in tied-up capital. 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
<b>31/12/2022</b>					
Liabilities to credit institutions	0	1	9,234	10,039	19,274
Liabilities to capital market	3,747	1,420	8,900	0	14,067
Accounts payable – trade	144	-	-	-	144
Other current liabilities	361	-	-	-	361
<b>Total</b>	<b>4,252</b>	<b>1,421</b>	<b>18,134</b>	<b>10,039</b>	<b>33,846</b>
<b>31/12/2021</b>					
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
<b>Total</b>	<b>3,221</b>	<b>2,298</b>	<b>16,129</b>	<b>9,222</b>	<b>30,870</b>

**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 33,341m (30,399), with an average interest rate of 2.31 per cent (1.62), excluding the cost of committed lines of credit, or 2.39 per cent (1.71) including this cost. Outstanding commercial paper accounted for SEK 2,767m (2,250) of total liabilities. During the year, interest totalling SEK 21m (16) relating to project properties was capitalised.

The average capital commitment period was 4.7 years (4.9). The average fixed-rate period for our debt portfolio was 2.7 years (3.7), 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 19,950m, with terms of maturity

extending through 2032 and carrying fixed interest at annual rates of between -0.15 and 1.30 per cent before margins. Interest rates on 54 per cent of our loan portfolio were fixed using fixed-income derivatives. The total proportion of loans carrying fixed interest amounted to 65 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 surplus value of the portfolio was SEK 1,689m (-65). 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 maturity, the market value of derivative instruments is always zero. Unrealised changes in value in net profit for the year amounted to SEK 1,754m (532). 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 30m (33), 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 2022**

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

<sup>9)</sup> The average interest rate for the <1 year period includes the margin for the entire debt portfolio because the company's fixed-rate period is primarily established using interest rate swaps, which are traded without margins.

**Liquidity flows**

Year	SEKm	Calculated at 31/12/2022			Calculated at 31/12/2021				
		Loan maturity	Interest on loans	Interest on derivatives	Total	Loan maturity	Interest on loans	Interest on derivatives	Total
2021									
2022									
2023		-6,180	-897	223	-6,854	-5,048	-309	157	-5,201
2024		-9,358	-778	202	-9,935	-2,636	-267	153	-2,749
2025		-1,965	-534	148	-2,381	-6,888	-214	141	-6,961
2026		-5,050	-452	115	-5,387	-1,555	-167	120	-1,602
2027		-791	-347	87	-1,051	-5,050	-130	99	-5,081
2028		-2,708	-279	57	-2,931	0	-130	72	-58
2029		-1,162	-201	40	-1,324	0	-130	39	-91
2030		-82	-187	22	-247	-750	-98	19	-829
2031		-82	-184	13	-253	-2,626	-79	13	-2,692
2032		-2,299	-150	7	-2,442	0	-79	10	-69
2033		0	-124	0	-124	-1,080	-59	4	-1,135
2034		-2,477	-83	0	-2,560	-1,037	-47	0	-1,084
2035-38		0	-169	0	-169	-2,492	-28	0	-2,520
2039		-1,186	-11	0	-1,197	0	-27	0	-27
		-33,341	-4,425	913	-36,854	-1,236	-7	0	-1,243
						-30,399	-1,773	827	-31,345

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 42m.



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### Note 3 continued

#### Currency risk

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

#### Credit risk

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

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 agreements	Financial Net	
<b>Assets</b>				
Derivatives	1,689	0	-1,689	0
<b>Liabilities</b>				
Derivatives	0	0	1,689	1,689
<b>Total</b>	<b>1,689</b>	<b>0</b>	<b>0</b>	<b>1,689</b>

#### 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 2021	Cash flow from financing activities	Changes not affecting cash flow	
			Change in fair value	CB 2022
Non-current interest-bearing liabilities	27,601	3,328		30,929
Current interest-bearing liabilities	2,798	-385		2,413
Interest rate swaps, fair value hedging	65		-1,754	-1,689
<b>Total liabilities attributable to financing activities</b>	<b>30,464</b>	<b>2,942</b>	<b>-1,754</b>	<b>31,653</b>

#### Reconciliation of liabilities attributable to financing activities (Parent Company)

	CB 2021	Cash flow from financing activities	Changes not affecting cash flow	
			Change in fair value	CB 2022
Non-current interest-bearing liabilities	27,463	2,710		30,173
Current interest-bearing liabilities	1,200	1,200		2,400
Loans raised				
Repayment of liabilities				
Interest rate swaps, fair value hedging	65		-1,754	-1,689
<b>Total liabilities attributable to financing activities</b>	<b>28,728</b>	<b>3,910</b>	<b>-1,754</b>	<b>30,884</b>





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**Note 3 continued**

SEKm, 31/12/2022	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
<b>Financial assets</b>								
Receivables from Group companies		44,629					0	44,629
Receivables from associated companies	210						210	0
Other long-term securities holdings			12	15			12	15
Other non-current receivables	85						85	0
Accounts receivable – trade	70						70	0
Derivatives			1,689	1,689			1,689	1,689
Other receivables	280	3					280	3
Accrued income	424	121					424	121
Short-term investments			96				96	0
Cash and cash equivalents	87	24					87	24
<b>Total</b>	<b>1,157</b>	<b>44,777</b>	<b>1,797</b>	<b>1,704</b>	<b>0</b>	<b>0</b>	<b>2,953</b>	<b>46,481</b>
<b>Financial liabilities</b>								
Liabilities to Group companies						13,972	0	13,972
Interest-bearing liabilities					33,341	32,573	33,341	32,573
Derivatives			0	0			0	0
Accounts payable – trade					144	6	144	6
Other current liabilities					361	14	361	14
Accrued expenses			149	144			149	144
<b>Total</b>	<b>0</b>	<b>0</b>	<b>149</b>	<b>144</b>	<b>33,846</b>	<b>46,565</b>	<b>33,995</b>	<b>46,709</b>

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

SEKm, 2022	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
<b>Operating profit</b>								
<b>Operating income and expenses</b>								
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net financial items</b>								
Interest income	15	554					15	554
Interest expenses					-619	-646	-619	-646
Changes in value, derivatives			1,753	1,753			1,753	1,753
Changes in value, equities			-3	-3			-3	-3
<b>Total</b>	<b>15</b>	<b>554</b>	<b>1,750</b>	<b>1,750</b>	<b>-619</b>	<b>-646</b>	<b>1,146</b>	<b>1,658</b>



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**Financial assets and liabilities by measurement category**

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
<b>Financial assets</b>								
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
<b>Total</b>	<b>1,362</b>	<b>45,271</b>	<b>229</b>	<b>136</b>	<b>0</b>	<b>0</b>	<b>1,591</b>	<b>45,407</b>
<b>Financial liabilities</b>								
Liabilities to Group companies						18,038	0	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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>294</b>	<b>292</b>	<b>30,870</b>	<b>46,755</b>	<b>31,164</b>	<b>47,047</b>

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
<b>Operating profit</b>								
Operating income and expenses								
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net financial items</b>								
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
<b>Total</b>	<b>20</b>	<b>510</b>	<b>534</b>	<b>534</b>	<b>-498</b>	<b>-508</b>	<b>56</b>	<b>536</b>



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**Note 3 continued****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.

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**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.

**Accounting policy****Segment reporting**

Segment information is presented from the perspective of management and operating segments are identified based on the internal reports submitted to the company's chief operating decision-maker. The Group has identified the CEO as the chief operating decision-maker, which means that the internal reports used by the CEO for monitoring the business and making decisions on the allocation of resources have been used as a basis for the presented segment information. In accordance with IFRS 8, segments are presented from the point of view of management, divided into the following segments: Property Management, Property Development, Ongoing Projects and Birger Bostad. Rental income and property expenses, as well as realised and unrealised changes in the value of properties, are directly attributable to properties in the respective segments (direct income and expenses). Investment properties pertain to properties that are being actively managed on an ongoing basis. Development properties pertain to properties in which new builds, extensions or conversions are planned that have a significant impact on the property's net operating income. Net operating income is affected by limitations on lettings prior to 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 the respective segments and recognised on the balance sheet date.

The Generatorm 10 property acquired during the first quarter was classified as a land property. In March 2022, the Poolen 1 project, in Arenastaden, was completed, and from the second quarter of 2022 has been reclassified from a project property to an investment property. During the second quarter, possession was taken of the investment properties Kabelverket 2, in Älvsjö, and Solrosen 1, in Borås. During the second quarter, Nöten 4 was reclassified from an investment property to a project property. Påsen 1 was reclassified from a development property to a project property. Finally, Poolen 1 was reclassified from a project to an investment property. In the third quarter, the Separatorm 1 property was acquired and classified as a project property. In the fourth quarter, Glädjen 12 was reclassified from a project to an investment property.

**Note 5. Segment accounting**

SEKm	January – December 2022					January – December 2021				
	Property Management	Property Development	Projects	Birger Bostad	Total	Property Management	Property Development	Projects	Birger Bostad	Total
Rental income	2,780	189	53	10	3,032	2,722	138	29	0	2,889
Revenue from residential development	-	-	-	295	295	-	-	-	62	62
<b>Total net sales</b>	<b>2,780</b>	<b>189</b>	<b>53</b>	<b>305</b>	<b>3,327</b>	<b>2,722</b>	<b>138</b>	<b>29</b>	<b>62</b>	<b>2,951</b>
Property expenses	-652	-105	-33	-2	-792	-611	-78	-15	0	-704
Residential development costs	-	-	-	-374	-374	-	-	-	-71	-71
<b>Gross earnings</b>	<b>2,128</b>	<b>84</b>	<b>20</b>	<b>-71</b>	<b>2,161</b>	<b>2,111</b>	<b>60</b>	<b>14</b>	<b>-9</b>	<b>2,176</b>
Of which net operating income, Property Management	2,128	84	20	8	2,240	2,111	60	14	0	2,185
Surplus ratio, %	77	44	38	80	74	78	43	48		76
of which gross earnings from residential development	-	-	-	-79	-79	-	-	-	-9	-9
Central administration	-85	-10	-7	-	-102	-93	-11	-6	-	-110
Net interest expense	-510	-57	-33	-12	-612	-417	-50	-23	-5	-495
Ground rent	-40	-1	-1	-	-42	-36	-	-	-	-36
Share in profit/loss of associated companies	-75	-1	44	-	-32	-35	-	25	12	2
<b>Profit/loss from Property Management</b>	<b>1,418</b>	<b>15</b>	<b>23</b>	<b>-83</b>	<b>1,373</b>	<b>0</b>	<b>0</b>	<b>56</b>	<b>-</b>	<b>56</b>
Realised changes in value, properties	-	-	74	-	74	3,437	265	883	-	4,585
Unrealised changes in value, properties	-157	-94	12	6	-233	4,967	264	949	-2	6,178
<b>Profit before tax per segment</b>	<b>1,261</b>	<b>-79</b>	<b>109</b>	<b>-77</b>	<b>1,214</b>	<b>4,967</b>	<b>264</b>	<b>949</b>	<b>-2</b>	<b>6,178</b>
Change in value, fixed-income derivatives & equities	-	-	-	-	1,750	-	-	-	-	534
Profit/loss before tax	-	-	-	-	2,964	-	-	-	-	6,712
Market value, properties	71,692	7,948	6,445	263	86,348	69,105	8,262	5,639	251	83,257
Project & development properties	-	-	-	892	892	-	-	-	821	821
Occupancy rate, %	89	-	-	-	-	90	-	-	-	-



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**Note 6. Employees and salary costs, etc.**

Average no. of employees	2022	Of which, women	2021	Of which, women
Parent Company	184	58	179	62
Subsidiaries	23	14	17	10
<b>Group, total</b>	<b>207</b>	<b>72</b>	<b>196</b>	<b>72</b>

	2022	2021
Employee turnover, %	9	11
Total sickness absence, %	3.0	2.9
Average no. of employees	207	196

Sickness absence by age group, %	Women	Men
Age <29	1	3.52
Age 30-49	3.58	3.58
Age 50+	1.4	2.65

<sup>1)</sup> Not reported if the number of employees in the group is no more than 10, or if the data can be traced back to a single person.

	Salaries and other remuneration 2022	Social security contributions 2022	Salaries and other remuneration 2021	Social security contributions 2021
Parent Company	150	102	138	83
- of which pension expenses		40		29
Subsidiaries	20	11	9	5
- of which pension expenses		4		1
<b>Group, total</b>	<b>170</b>	<b>113</b>	<b>147</b>	<b>88</b>
- of which, total pension expenses		44		30

**Gender distribution, Board of Directors and senior executives**

	Board of Directors 2022	Board of Directors 2021	Senior executives 2022	Senior executives 2021
Men	3	3	4	4
Women	4	4	4	5
<b>Total</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>9</b>

**Remuneration of senior executives**

'Other senior executives' refers to the six individuals who together with the Chief Executive Officer and Vice President constituted the Executive Management Team in 2022. During the year, the Executive Management Team consisted of the CEO, the Vice President and CFO, the Director of Business Development, Director of Projects and Development, Director of Technical Operations, Director of Property Management, Head of HR and Head of Urban and Property Development. The remuneration paid to senior executives is based on market terms in accordance with the guidelines adopted by the AGM. Remuneration to senior executives is paid by the Parent Company. For the current composition of the Executive Management Team, see pages 112-113.

Faberge has a profit-sharing fund covering all employees of the company. Allocations to the profit-sharing fund are based on the achieved return on equity and capped at two price base amounts per year per employee. For 2022, provisions of about SEK 11.6m (15.5), which is equivalent to 1.1 (1.83) 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 2022, total Directors' fees of SEK 2,450,000 (2,340,000) were paid. Of this amount, the Chairman of the Board received SEK 702,000 (670,000), and the other Board Members received a total of SEK 1,748,000 (1,670,000). No other fees or benefits were paid to the Board.

**Remuneration and other benefits to senior executives, SEK 000s**

Executive Management Team 2022, SEK 000s	Salary/Fee	Other benefits	Pension	Total
Chief Executive Officer	11,740	63	2,918	<b>14,721</b>
Vice President, CFO	4,695	117	992	<b>5,804</b>
Other senior executives	12,226	457	3,955	<b>16,638</b>

Variable remuneration was paid totalling SEK 3,938,000 (2,415,000) to the CEO, SEK 1,575,000 (1,014,000) to the Vice President (2021: two Vice Presidents) and SEK 2,199,000 (1,755,000) to six (seven) other senior executives. No other remuneration was paid to the Executive Management Team. Remuneration of the Vice Presidents in 2021 includes remuneration to the Vice President Business Development, who transferred to a consultant role in 2019 and therefore receives a consulting fee set 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	2022			2021		
	Fee, Board Member	Audit Committee fees	Remuneration Committee fees	Fee, Board Member	Audit Committee fees	Remuneration Committee fees
Jan Litborn (Chairman)	575	52	75	702	550	50
Anette Asklin	250	106	-	356	240	100
Matthias Johansson	250	-	45	295	-	-
Märtha Josefsson	250	52	-	302	240	50
Stina Lindh Hök	250	-	-	250	240	-
Lennart Mauritzon	250	-	45	295	240	40
Anne Årneby	250	-	-	250	-	-
Emma Henriksson	-	-	-	-	240	-
Mats Qviberg	-	-	-	-	240	40
<b>Total</b>	<b>2,075</b>	<b>210</b>	<b>165</b>	<b>2,450</b>	<b>1,990</b>	<b>150</b>

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**Note 6 continued**

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

**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 Fabege. 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 2022 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 consist of the following components: fixed cash salary, variable cash salary, pension benefits and other (minor) benefits, as well as allocation(s) to the company's profit-sharing fund. The AGM may in addition – and irrespective of these guidelines – approve, for example, share-based and share price related forms of remuneration.

The fixed salary is to be reviewed annually. It must be possible to measure and follow up attainment of criteria for payment of variable cash remuneration annually (over the calendar year).

The variable cash remuneration may amount to a total of nine monthly salary payments, representing no more than 75 per cent of the fixed annual cash salary.

The retirement age is 65. Pension benefits are to be equivalent to the ITP supplementary pension plan for salaried employees in industry and commerce, or be contribution-based with a maximum contribution of 35 per cent of pensionable salary. The variable cash remuneration shall be the pensionable amount.

Other benefits, where they occur, shall constitute a limited portion in relation to fixed remuneration. Other benefits may include life insurance, health insurance and car allowances. Such benefits may amount to a total of no more than 10 per cent of the fixed annual cash salary.

We have a profit-sharing fund covering all employees of the company. Allocations to the profit-sharing fund are based on the achieved return on equity and capped at two base amounts per year per employee.

**Termination of employment**

In the case of termination of employment by the company, the period of notice must be no more than twelve months. Termination salary and severance pay must not exceed 24 monthly salary payments in total.

In the case of termination of employment by the employee, the period of notice must be no more than six months, with no right to severance pay.

**Criteria for allocation of variable cash remuneration etc.**

The variable cash remuneration shall be linked to predetermined and measurable criteria that may be financial or non-financial. It may also be made up of individually-based quantitative or qualitative goals. The criteria shall be structured in such a way that they promote the company's business strategy and long-term interests, including its sustainability, for example by being clearly linked to the business strategy or promoting the executive's long-term development. 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
- 10% 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
- 10% at the discretion of the Board

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 depart temporarily from the guidelines, wholly or in part, if in any individual case particular reasons exist to justify doing so and if such a departure is necessary to meet the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, the Remuneration Committee's tasks include preparing the Board's decisions on remuneration matters, including decisions on any deviation from the guidelines.



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### Note 6 continued

#### Description of major changes to the guidelines and how the views of shareholders have been taken into account

These guidelines have been prepared in accordance with the new requirements effective as of the 2022 AGM. The link to the company's business strategy and criteria for variable remuneration has been made clearer. Otherwise, the same guidelines as before apply, regarding both fixed and variable remuneration, other benefits, allocation to the company's profit-sharing fund, conditions of employment etc.

#### Accounting policy

##### Employee benefits

Remuneration to employees in the form of salaries, holiday pay, paid sick leave, etc. as well as pensions is recognised as it is earned. Pensions and other compensation paid after termination of employment are classified as defined contribution or defined benefit pension plans.

The Group has both defined contribution and defined benefit pension plans. Pension costs for defined contribution plans are charged to expense as they are incurred. For defined benefit plans, the present value of the pension liability is calculated using an actuarial method known as the Projected Unit Credit Method. Actuarial gains and losses are immediately recognised in other comprehensive income. Employees in the former 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 2022 financial year, the company has not had access to information to enable reporting of the company's proportional share of the plan's obligations, plan assets and costs, which has meant that it has not been possible to recognise the plan as a defined benefit plan. The ITP 2 pension plan that is secured through an insurance policy with Alecta is therefore recognised as a defined contribution plan. The premium for the defined benefit retirement and family pension is calculated individually based on salary, previously earned pension and anticipated remaining period of service. Expected fees for the next reporting period for ITP 2 insurance policies provided by Alecta amount to SEK 10m (2021: SEK 11m). The Group's share of the total fees to the plan and the Group's share of the total number of active members of the plan amount to 0.04495 and 0.02377 per cent, respectively, (2021: 0.04205 and 0.02268 per cent respectively). The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective consolidation level is normally permitted to vary between 125 and 175 per cent. To strengthen the consolidation level if it is deemed to be too low, one course of action may be to raise the agreed price for new subscriptions and increasing existing benefits. If the consolidation level exceeds 150 per cent then premium reductions may be introduced. At year-end 2022, Alecta's surplus, as expressed by the collective consolidation ratio, was 172 per cent (2021: 172 per cent).

## Note 7. Rental income

### Operating leases – the Group as lessor

All investment properties are let to tenants under operating leases and generate rental income. Future rental income attributable to non-cancelable operating leases is distributed as follows:

SEKm	Group	
	2022	2021
Maturity:		
Within 1 year	475	679
1 to 5 years	1,676	1,328
Later than 5 years	856	861
Residential, garage/parking	166	139
<b>Total</b>	<b>3,173</b>	<b>3,007</b>

The difference between total rents at 31 December 2022 and income, as stated in profit or loss for 2022, is due to bought/sold properties, renegotiations and changes in occupancy rates in 2022. 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 121m, corresponding to 4 per cent of total rental income for the January–December 2022 period.

#### Accounting policy

##### Revenue recognition

All investment properties are let to tenants under operating leases. Rental income from the company's property management activities is recognised in the period to which it refers. Rental income from investment properties is recognised on a straight-line basis in accordance with the terms and conditions of the applicable leases. In cases where a lease provides for a discounted rent during a certain period that is offset by a higher rent at other times, the resulting deficit or surplus is distributed over the term of the lease. Discounts provided to compensate for limitations in the right of use in connection, for example, with redevelopment or gradual occupancy, are recognised in the period to which they refer.

## Note 8. Revenue from residential development

Breakdown by income type:	Group	
	2022	2021
Proceeds from sale of residential projects	295	62
<b>Total</b>	<b>295</b>	<b>62</b>
Allocation by point in time, revenue recognition:		
Over time	-	-
At a specific point in time	295	62
<b>Total</b>	<b>295</b>	<b>62</b>

#### Accounting policy

##### Proceeds from sale of residential projects

Fabège (Birger Bostad) develops and sells tenant-owner apartments ordered by tenant-owner associations. During the construction period, costs incurred are recorded in the asset class 'project and development properties'. We consider that we have a controlling interest in tenant-owner associations, which is why these apartments are consolidated. This means that there is no contract in accordance with IFRS 15 until the end customer has signed a lease. The end customer buys a right of use in the tenant-owner association corresponding to a specific apartment. Our business model means that control is transferred to the customer that acquires the apartment once the customer takes possession of the apartment. Revenue is therefore recognised once the apartment has been completed and the customer has moved in. Revenue is based on actual income from the sale of a residential project. Recognised income per apartment is matched by the apartment's estimated cost on completion of the project.

## Note 9. Property expenses

SEKm	Group	
	2022	2021
Operating expenses, maintenance and tenant customisations	-321	-296
Property tax	-261	-226
VAT expense	-10	-9
Property/project admin. and lettings	-200	-173
<b>Total</b>	<b>-792</b>	<b>-704</b>

## Note 10. Residential development costs

Residential development costs amount to SEK 374m (71), of which administrative costs account for SEK 34m (19) and impairment of development rights SEK 81m.



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## 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	
	2022	2021
Realised changes in value:		
Sale proceeds	74	668
Carrying amount and expenses	-	-612
	74	56
Unrealised changes in value:		
Changes in value relating to properties owned at 31/12/2022 and 31/12/2021, respectively	-233	4,585
Changes in value relating to properties divested during the year	0	0
	-233	4,585
<b>Total realised and unrealised changes in value</b>	<b>-159</b>	<b>4,641</b>
Breakdown between positive and negative results:		
Positive	2,048	4,966
Negative	-2,207	-325
<b>Total</b>	<b>-159</b>	<b>4,641</b>

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 Company	
	2022	2021	2022	2021
Interest income, Group companies	-	-	554	510
Interest income, promissory notes	14	15	-	0
Profit/loss from other securities	-3	2	-3	2
<b>Total</b>	<b>11</b>	<b>17</b>	<b>551</b>	<b>512</b>

## Note 14. Interest income and interest expenses

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Interest income	2	5	0	0
Interest expenses	-628	-515	-647	-508
<b>Total</b>	<b>-626</b>	<b>-510</b>	<b>-647</b>	<b>-508</b>

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 loss of SEK -3m (gain: 2) mainly relates to the change in value of shares in Accessy AB.

## Note 16. Tax on profit for the year

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Current tax	-3	0	0	0
Total current tax	-3	0	0	0
Deferred tax	-585	-1,312	-428	-109
<b>Total tax</b>	<b>-588</b>	<b>-1,312</b>	<b>-428</b>	<b>-109</b>
Nominal tax on profit after financial items	-610	-1,383	-641	-31
Tax effects of adjustment items:				
Deficits and temporary differences from previous years	22	-10	-11	-
Impairment of participations in subsidiaries and associated companies	-1	-	-15	-68
Resolution of deferred tax resulting from sales	0	77	-	-
Non-taxable income	15	11	-	-
Non-deductible expenses	-13	-7	-8	-7
Non-taxable dividend income	-	-	-247	-
Miscellaneous	-	-	-	-3
<b>Total tax</b>	<b>-588</b>	<b>-1,312</b>	<b>-428</b>	<b>-109</b>

## Accounting policy

### Income tax

The current tax liability is based on the taxable profit for the year. Taxable profit for the year differs from recognised profit for the year in that it has been adjusted for non-taxable and non-deductible items. The Group's current tax liability is calculated on the basis of tax rates that have been prescribed or announced at the balance sheet date. Deferred tax refers to tax on temporary differences that arises between the carrying amount of assets and the tax value used in calculating the taxable profit. Deferred tax is recognised in accordance with the balance sheet liability method. Deferred tax liabilities are recognised for practically all taxable temporary differences, and deferred tax assets are recognised when it is likely that the amounts can be used to offset future taxable profits. The carrying amount of deferred tax assets is tested for impairment at the end of each financial year and an impairment loss is recognised to the extent that it is no longer probable that sufficient taxable profits will be available against which the deferred tax asset can be fully or partially offset. Utilisation of tax loss carryforwards is dependent upon tax profits. Deferred tax is recognised at the nominal current tax rate with no discount. Deferred tax is recognised as an income or expense 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.





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## 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 2022, 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 2019–2022 period. The properties have also been inspected on site in connection with major investments or other changes that significantly affect the value of a property. Each quarter, internal valuations are also conducted of parts of the portfolio, as well as an internal assessment of the overall value for the entire portfolio. The internal valuation is performed using the same methodology as the external valuations.

Valued properties are divided into the following categories:

- Investment properties in normal operation are subject to cash-flow valuation.
- Project properties undergoing major redevelopment or new builds with contracted tenants are subject to cash-flow valuation.
- Other project properties and undeveloped land are valued using the location-price method.

### Valuation of investment and project properties

For investment properties and project properties, a cash-flow model is used whereby net operating income less the remaining investment is present valued, normally over a five- or ten-year calculation period.

The discount rate used is a nominal required yield on total capital before tax. The required rate of return is based on previous experience from assessments of the market's required yields for similar properties. The discount rate for our property portfolio is 6.2 per cent (5.8) 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 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	
<b>= Net operating income</b>	
– Less investments	
<b>= Cash flow</b>	

### 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 2021 and 2022

Market segment	Rental range
Stockholm inner city	SEK 3,400–8,800/sqm
Solna	SEK 2,000–4,700/sqm
Hammarby Sjöstad	SEK 2,100–4,300/sqm
Flemingsberg	SEK 1,250–2,800/sqm
Other markets	SEK 1,850–2,700/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	2022	2021
Annual inflation, %	2.2	2.0
Weighted discount rate, %	6.2	5.8
Weighted required yield, residual value, %	4	3.8
Average long-term vacancies, %	4.7	4.9
Operations and maintenance: Commercial, SEK/sqm	330	298

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 2022	SEKm	Weighted yield, %	Change in value, %
Stockholm inner city	31,988	3.65	1.5
Solna	42,555	4.16	-1.7
Hammarby Sjöstad	8,327	4.13	1.5
Flemingsberg	2,391	4.93	-2.3
Other markets	1,087	4.88	-15.1
<b>Total</b>	<b>86,348</b>	<b>3.99</b>	<b>-0.3</b>

Market values, 31 December 2021	SEKm	Weighted yield, %	Change in value, %
Stockholm 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
<b>Total</b>	<b>83,257</b>	<b>3.73</b>	<b>5.9</b>

### Changes in value during the year

Unrealised changes in value during the year amounted to SEK -233m (4,585). The change in value corresponds to a decline in value of approximately 0.3 per cent. The change in value was attributable to falling rent levels and increasing yield requirements in the investment property portfolio, as well as to development gains in project operations. The recognised value of the properties at 31 December 2022 was SEK 86.3bn (83.3).



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### Note 17 continued

SEKm	Group	
	2022	2021
Opening fair value	83,257	76,648
Property acquisitions	1,068	752
Investments in new builds, extensions and conversions	2,256	1,874
Changes in value, existing property portfolio	-233	4,585
Changes in value relating to properties divested during the year	0	0
Sales, disposals and other	0	-602
<b>Closing fair value</b>	<b>86,348</b>	<b>83,257</b>

### Our ten largest properties by value

Property	Area	Sqm
Pyramiden 4	Arenastaden	72,234
Apotekaren 22	Norrmalm	28,310
Bocken 39	Norrmalm	20,459
Nationalarenan 8	Arenastaden	45,744
Bocken 35 & 46	Norrmalm	14,934
Orgeln 7	Sundbyberg	39,051
Luma 1	Hammarby Sjöstad	38,280
Barnhusväderkv. 36	Norrmalm	25,987
Signalen 3	Arenastaden	31,492
Fräsaren 11	Solna Business Park	39,167

### Sensitivity analysis – property values

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

Sensitivity analysis, change in value	Assumption	Impact on value, SEKbn	
Rent level	+/- 10%		7.0
Running cost	+/- SEK 50/sqm		1.3
Yield requirement	+/- 0.25%		5.4
Long-term vacancy rate	+/- 2%		1.7

Investment properties are measured 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 36 Pledged assets and contingent liabilities.

### Accounting policy

#### Investment properties

Properties in the Group are classified as investment properties when they are held for the purpose of generating rental income or for capital gains, or a combination of the two. The concept of investment property includes buildings, land and land improvements, new builds, extensions or conversions in progress and property fixtures. Rental income and property expenses, as well as realised and unrealised changes in value including tax, are directly attributable to properties. Investment properties are recognised at fair value at the balance sheet date. Gains and losses attributable to changes in the fair value of investment properties are recognised in 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. Goodwill

The goodwill item of SEK 205m (SEK 205m) is entirely attributable to the acquisition of Birger Bostad (formerly SHH Bostad). The goodwill represents the value that the acquisition brings to the Fabege Group in terms of greater expertise and a consolidated market position in residential development.

Goodwill is tested for impairment at the lowest separate identifiable cash flow (cash-generating unit), which for the Fabege Group is Birger Bostad (formerly SHH Bostad). The impairment test compares the estimated recoverable amount of the cash-generating unit Birger Bostad with its carrying amount. The recoverable amount has been calculated on the basis of the value in use of the unit. The calculation of the value in use has been based on a discount factor of 5.3 per cent and a forecast of cash flows over the next five years. Assumptions about forecasts have been based on historical experience, taking account of the current market situation. The growth rate used to extrapolate cash flow projections beyond the period covered by the latest budgets/forecasts is 2 per cent. The calculations do not indicate any need for impairment. The sensitivity analysis carried out shows that a change in the discount factor of 0.5 percentage points would indicate an impairment need.

SEKm	31/12/2022	31/12/2021
Opening balance	205	0
Acquisitions	-	205
<b>Closing balance</b>	<b>205</b>	<b>205</b>

### Note 19. Equipment

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Cost at beginning of year	40	27	19	10
Investments	11	13	0	9
Sales and disposals	-	-	-	0
Closing accumulated cost	51	40	19	19
Opening depreciation	-19	-12	-10	-8
Sales and disposals	0	0	0	0
Depreciation for the year	-7	-6	-1	-2
Closing accumulated depreciation	-26	-19	-11	-10
<b>Carrying amount</b>	<b>25</b>	<b>22</b>	<b>8</b>	<b>9</b>

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.



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## Note 20. Interests in associated companies

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Opening carrying amount	167	133	0	4
Contributions	56	35	-	-
Additions through acquisitions	-	53	-	-
Impairment losses	-4	-	-	-
Share in profit/loss	-57	2	-	-
Dividends	-13	-	-	-
Reclassifications	0	-56	-	-4
Closing carrying amount	149	167	-	-
<b>Carrying amount</b>	<b>149</b>	<b>167</b>	<b>-</b>	<b>0</b>

Name/Corp. Reg. No.	Regis-tered office	Capital share, % <sup>1)</sup>	Carrying amount 2022, SEKm	Carrying amount 2021, SEKm
Urban Services i Solna 559108-8391	Stockholm	33.0	2	2
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
Fastighets AB Solna Lagern 3 559122-5759	Stockholm	50.0	0	0
Värtan Fastigheter KB 969601-0793	Stockholm	50.0	2	6
Arenabolaget i Solna KB <sup>1)</sup> 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	0	13
SB Bostad i Stockholm AB 559094-8914	Stockholm	50.0	24	25
<b>Total</b>			<b>149</b>	<b>167</b>

<sup>1)</sup> 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.

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	
	2022	2021
Profit and loss account		
Rental income	59	486
Net operating income	-19	-47
Profit/loss for the year	-127	-72
Balance sheet		
Non-current assets	3,330	3,389
Current assets	200	327
<b>Total assets</b>	<b>3,530</b>	<b>3,716</b>
Equity	1,729	1,818
Other liabilities	1,801	1,898
<b>Total equity and liabilities</b>	<b>3,530</b>	<b>3,716</b>
The Group's share of net assets in associated companies	1,142	1,198

### 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 600m (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 21. Receivables from associated companies

Receivables from associated companies relate to receivables from Arenabolaget i Solna AB of SEK 210m (155), Haga Norra of SEK 74m (758), Fastighets AB Solna Lagern 3 of SEK 0m (231) and SB Bostad i Stockholm AB of SEK 194m (210). The receivables carry market interest rates. Any potential credit risk is mitigated by the requirement, contained in the company's finance policy, that only creditworthy counterparties be accepted in financial transactions; see Note 3 for further details.

## Note 22. Other long-term securities holdings

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Cost at beginning of year	12	6	15	9
Reclassification	-	4	-	4
Changes in value	-3	2	-3	2
Contributions	3	-	3	-
Closing amount	12	12	15	15
<b>Carrying amount</b>	<b>12</b>	<b>12</b>	<b>15</b>	<b>15</b>

Interest	Carrying amount, SEKm
Accessy AB 559184-9749	4
AIK Fotboll AB – capital share is 18.5% and the number of shares is 4,042,649	8
AIK Hockey	0
<b>Total</b>	<b>12</b>



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## Note 23. Other non-current receivables

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Maturity:				
Between 1 and 5 years after balance sheet date	85	88	0	0
More than 5 years from balance sheet date	0	2	0	0
<b>Total</b>	<b>85</b>	<b>90</b>	<b>0</b>	<b>0</b>

Carrying amount is a good approximation of the fair value.

### Group

Other non-current receivables pertain primarily to promissory note receivables. Any potential credit risk is mitigated by the requirement, contained in the company's finance policy, that only creditworthy counterparties be accepted in financial transactions.

## Note 24. Projects and development properties

	2022	2021
Opening amount	821	0
Additions through acquisitions	-	727
Purchases and divestments	152	94
Impairment	-81	-
<b>Closing balance</b>	<b>892</b>	<b>821</b>

The closing balance is made up of SEK 319m development properties and SEK 573m ongoing projects.

### Accounting policy

Project and development properties are held for the purpose of developing and disposing of housing, including rental and tenant-owner apartments and public-services property. These are recognised at the lower of accumulated acquisition cost and net realisable value.

## Note 25. Accounts receivable – trade

Age structure – overdue trade receivables, SEKm	Group	
	2022	2021
0–30 days	36	37
31–60 days	2	6
61–90 days	0	5
>90 days	44	32
Of which, provisioned	-12	-11
<b>Total</b>	<b>70</b>	<b>69</b>

Changes in reserves for expected credit losses	31/12/2022
Opening balance	11
Provisions	4
Reversals	-7
Write-offs	-2
New receivables	8
Settled receivables	-2
Change in risk factors	-
<b>Closing balance</b>	<b>12</b>

### 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 26. Other receivables

The Group has current receivables in the form of promissory notes maturing within one year in the amount of SEK 6m (8). VAT receivables amount to SEK 38m (1). SEK 228m (170) relates to a receivable from a tenant-owner association where tenants have already moved in. Other items amount to a total of SEK 8m (4).

### 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 27. Receivables from Group companies

Receivables from Group companies consist of clearing accounts for all the Group's subsidiaries. The subsidiaries do not have their own bank accounts and transactions are carried out via clearing accounts via the Parent Company.

## Note 28. Equity

	Shares outstanding	Registered shares
No. of shares at beginning of year	321,332,160	330,783,144
No. of shares at year-end	314,577,096	330,783,144

All shares carry equal voting rights, one vote per share.

The quotient value of a share is SEK 15.41.

Proposed dividend per share: SEK 2.40.

For other changes in shareholders' equity, see the consolidated and Parent Company statements of changes in equity.

### Accounting policy

#### Treasury shares

Purchases of treasury shares are recognised as a deductible item, net after any transaction costs and tax from retained earnings, until such time as the shares are divested or cancelled. If these ordinary shares are subsequently divested, the amount received for them (net after any transaction costs and tax effects) is recognised in retained earnings.

## Note 29. Overdraft facilities

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Available credit limit	660	660	660	660
Unused portion	660	-424	660	-424
Used portion	0	236	0	236



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**Note 30. Liabilities by maturity**

Interest-bearing liabilities, SEKm	Group		Parent Company	
	2022	2021	2022	2021
Maturity up to 1 year from balance sheet date	2,413	2,798	2,400	1,200
Maturity 1 to 5 years from balance sheet date	20,890	18,379	20,134	18,241
Maturity later than 5 years from balance sheet date	10,039	9,222	10,039	9,222
<b>Total</b>	<b>33,341</b>	<b>30,399</b>	<b>32,573</b>	<b>28,663</b>

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 31. Derivatives**

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Long-term surplus value	1,659	120	1,659	120
Short-term surplus value	30	1	30	1
<b>Total surplus value</b>	<b>1,689</b>	<b>121</b>	<b>1,689</b>	<b>121</b>
Short-term deficit	0	-1	0	-1
Long-term deficit	0	-185	0	-185
Total deficit	0	-186	0	-186
<b>Total</b>	<b>1,689</b>	<b>-65</b>	<b>1,689</b>	<b>-65</b>

The Group does not apply hedge accounting; see 'Financial instruments' in Note 3, Accounting policies. Derivatives are classified as interest-bearing liabilities and assets in the balance sheet and measured at fair value in compliance with Level 2, IFRS 13; see Note 3 for further details. Changes in value are recognised in the statement of comprehensive income on a separate line; 'Changes in value, fixed income derivatives'.

**Note 32. Deferred tax liability/tax asset**

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Deferred tax has been calculated on the basis of:				
Tax loss carryforwards	-573	-532	-	-
Difference between book and tax values in respect of properties	10,439	10,174	-	-
Derivatives	348	-13	348	-13
Miscellaneous	-19	-26	-45	-112
<b>Net deferred tax asset/liability</b>	<b>10,195</b>	<b>9,603</b>	<b>303</b>	<b>-125</b>

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 2.8bn (2.6). Of the changes in deferred tax liabilities for the year, the use of profit from property management accounted for SEK -289m and changes in the value of properties for SEK 48m. Deferred tax has been calculated at 20.6 per cent.

**Note 33. Provisions**

Of total provisions of SEK 157m (197), provisions for pensions account for SEK 106m (139). Other amounts refer to stamp duties on properties that are payable upon the sale of a property, SEK 38m (34), as well as provisions for residential projects, SEK 13m (24).

SEKm	Miscellaneous	Provisions for pensions	Total
Additions through acquisitions	-	-	-
Provisions for the year	4	-	4
Actuarial assumptions for the year	-	-33	-33
Used/paid during the year	-11	-	-11
<b>At 31/12/2022</b>	<b>51</b>	<b>106</b>	<b>157</b>
Provisions comprise:			
Long-term component	51	106	157
Short-term component	-	-	-
<b>Total</b>	<b>51</b>	<b>106</b>	<b>157</b>

**Provisions for pensions**

For information regarding pension provisions, see Note 6.

**Accounting policy**

**Provisions**

Provisions are recognised when the company has a commitment and it is likely that an outflow of resources will be required and the amount can be reliably estimated.

**Note 34. Accounts payable – trade**

**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 35. Accrued expenses and deferred income**

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Advance payment of rents	521	522	-	-
Accrued interest expenses	149	108	144	106
Miscellaneous	442	235	433	53
<b>Total</b>	<b>1,112</b>	<b>865</b>	<b>547</b>	<b>159</b>

**Note 36. Pledged assets and contingent liabilities**

Pledged assets, SEKm	Group		Parent Company	
	2022	2021	2022	2021
Property mortgages	20,430	18,430	-	-
Net assets, subsidiaries	16,186	18,636	-	-
Promissory notes	-	-	15,929	13,124
<b>Total</b>	<b>36,616</b>	<b>37,066</b>	<b>15,929</b>	<b>13,124</b>
Contingent liabilities				
Guarantees on behalf of subsidiaries	174	-	859	209
Guarantees and undertakings for the benefit of associated companies	342	704	362	573
<b>Total</b>	<b>516</b>	<b>704</b>	<b>1,231</b>	<b>782</b>

The Group has pension commitments of SEK 26m (33), which are secured through a pension fund. The solvency ratio for the pension fund is 168 per cent (177). No provision has been made, as the pension commitment is fully covered by the assets of the fund.



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### 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 37. Interest paid

During the year, interest paid in the Group amounted to SEK 674m (535), of which SEK 21m (16) was capitalised in investing activities. No interest capitalisation occurred in the Parent Company.

### Note 38. Changes in working capital

SEKm	Group		Parent Company	
	2022	2021	2022	2021
Change acc. to balance sheet	568	-687	333	1
Change in receivables and liabilities pertaining to interest income, dividends and interest expenses, current tax and unsettled purchase considerations pertaining to properties sold	-65	646	-342	-
<b>Total</b>	<b>503</b>	<b>-41</b>	<b>-9</b>	<b>1</b>

### Note 39. Lease liabilities

#### Leaseholds

Of the Group's leases, management of ground rents is the most significant. The lease liability amounts to SEK 1,242m at 31 December 2022. 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 leaseholds). The cost of ground rents is recognised as a financial expense.

#### Other leases

Other leases relate to rental agreements in Birger Bostad. At 31 December, the lease liability amounts to SEK 1m (including 1 short-term) and the right-of-use asset to SEK 1m.

### Note 40. 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 600m (424).

### 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 41. Related party transactions

Erik Paulsson, with his family and companies, holds a controlling influence from Hansan AB. In 2022, consulting services totalling SEK 1m (1) were procured. In 2022, consulting services were also purchased totalling SEK 2m (3) from Born Advokater, in which Fabège's Chairman Jan Litborn is a partner. Purchases from Bravida, where Mattias Johansson is President and CEO, amounted to SEK 5m during the year. Contributions of SEK 56m (35) have been made to Arenabolaget i Solna KB. Nya Svensk Fastighets-Finansiering AB is a finance company with a covered MTN programme. The company is owned by Catena AB, Diös Fastigheter AB, Fabège AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB, each owning 20 per cent. The bonds are secured by property mortgage deeds and share pledges. The MTN framework amounts to SEK 12,000m (12,000). At 31 December, Fabège had outstanding bonds totalling SEK 600m (1,524). Market-based terms and conditions are applied throughout.

### Note 42. Acquisitions

On 18 October 2021, the Group acquired all of Birger Bostad AB's shares for a purchase price of SEK 880m. The preliminary acquisition analysis has been updated with an investment aid receivable for one of the properties acquired. Goodwill has been reduced by the same amount. For further information about the acquisition, see Fabège's 2021 Annual and Sustainability Reports.

SEK million	Net assets of	Adjustment to preliminary acquisition analysis	Final acquisition analysis
	the acquired company at the acquisition date		
Property, plant and equipment	5		5
Interests in associated companies	53		53
Investment properties	50		50
Project and development properties	692		692
Current receivables	377	29	406
Cash and cash equivalents	126		126
Provisions	-24		-24
Interest-bearing liabilities	-394		-394
Non-interest-bearing liabilities	-239		-239
<b>Total identified net assets</b>	<b>646</b>		<b>675</b>
Group goodwill	234	-29	205
<b>Transferred compensation</b>	<b>880</b>		<b>880</b>

### Note 43. Dividend per share

The Board proposes a dividend of SEK 2.40 per share (4.00), to be paid quarterly on four occasions in the amount of SEK 0.60 per share on each occasion. The total proposed dividend sum amounts to SEK 754,985,030. The dividend amount is based on the total number of shares outstanding at 31/12/2022, i.e. 314,577,096 shares. The total dividend amount is subject to alteration up to and including the record date, depending on share buybacks.

### Note 44. Adoption of the annual accounts

The annual accounts were adopted by the Board of Directors and approved for publication on 7 March 2023. The Annual General Meeting will be held on 29 March 2023.

### Note 45. Net sales

Parent Company income comprises mainly intra-Group invoicing.

### Note 46. Operating expenses

SEKm	Parent Company	
	2022	2021
Employee benefit expenses	-277	-245
Administration and running costs	-145	-140
<b>Total</b>	<b>-422</b>	<b>-385</b>

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**Note 47. Shares and participations in Group companies**

SEKm	Parent Company	
	2022	2021
Impairment of shares in subsidiaries	-75	-330
Group contributions	398	4
Dividend	1,200	0
<b>Total</b>	<b>1,523</b>	<b>-326</b>

SEKm	Parent Company	
	2022	2021
Cost at beginning of year	16,377	15,164
Acquisitions and additions	75	1,213
Sales	-	-
Closing accumulated cost	16,452	16,377
Opening impairment	-2,977	-2,647
Impairment	-75	-330
Closing accumulated impairment losses	-3,052	-2,977
<b>Carrying amount</b>	<b>13,400</b>	<b>13,400</b>

**Directly owned subsidiaries**

Name/Corp. Reg. No.	Registered office	Capital share, % <sup>1)</sup>	Carrying amount, SEKm
Birger Bostad AB 559007-1824	Stockholm	100	883
Hilab Holding Stockholm AB 556670-7120	Stockholm	100	9,726
LRT Holding Company AB 556647-7294	Stockholm	100	2,790
Fabège Holding Solna 556721-5289	Stockholm	100	0
Fabège Holding Mix AB 556785-2636	Stockholm	100	0
Fabège Holding N8 AB 556834-3429	Stockholm	100	0
Fabège Holding Lodre AB 559124-0253	Stockholm	100	0
Fabège Flemingsberg AB 559170-5214	Stockholm	100	0
Fabège Holding Generatorn AB 559170-5255	Stockholm	100	0
Stockholm Syd SBD utvecklings AB 559170-5248	Stockholm	100	1
Fabège Finansnyckeln III AB 556983-7601	Stockholm	100	0
<b>Total</b>			<b>13,400</b>

<sup>1)</sup> 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 180 (170) 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 48. Fees and remuneration to auditors**

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

**Fees and remuneration for expenses**

SEK 000s	Group		Parent Company	
	2022	2021	2022	2021
Deloitte:				
Auditing assignments <sup>1)</sup>	3,557	3,695	3,557	3,695
Other auditing activities	0	60	0	60
Tax advisory services	0	0	0	0
Other services	53	340	53	340
<b>Total</b>	<b>3,610</b>	<b>4,095</b>	<b>3,610</b>	<b>3,755</b>
Pwc:				
Auditing assignments	880	705	-	-
<b>Total</b>	<b>880</b>	<b>705</b>	<b>-</b>	<b>-</b>

<sup>1)</sup> 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 49. Events after the balance sheet date**

On 31 January, Fabège agreed on the sale of development rights in Huvudsta to JM. The purchase price is SEK 484m and gives a loss of SEK -10m before tax and a gain of SEK 45m after tax. Handover will take place in the second quarter of 2023.

**Note 50. Proposal for the Distribution of Profits**

The following amount is at the disposal of the AGM:	SEK
Accumulated profit	1,457,597,959
Profit/loss for the year	2,682,975,080
<b>Total</b>	<b>4,140,573,039</b>

**The Board of Directors and the CEO propose that the amount be allocated as follows:**

	SEK
A dividend of SEK 2.40 per share to the shareholders	754,985,030
To be carried forward	3,385,588,008
<b>Total</b>	<b>4,140,573,039</b>

The dividend amount is based on the total number of shares outstanding at 31 December 2022, i.e. 314,577,096 shares. The total dividend amount is subject to alteration up to and including the record date, depending on share buybacks.

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# Message from the Chairman

2022 was no less tumultuous than 2021. No sooner had we emerged from the pandemic than conditions changed again, this time with war in a country close to Sweden, soaring inflation and electricity prices at unprecedented levels. These are challenges that affect not only the property industry, but society as a whole. Nevertheless, I have every faith in our business. We have a strong balance sheet, low borrowing, great projects, well-managed properties and a clear strategy.

Our financial structure takes on a particular significance in times like these. Over the 20 years I've been working for the company, we have never resorted to controversial financial solutions; we've continued to work closely with the banks and avoided complicated financial products. These days that's a success factor. And on top of that we have another success factor – our long-term owners. There aren't many companies that can demonstrate such a solid ownership base as we can, something that became clear during the turmoil of the autumn.

In 2022, the Board had to make up for what was lost during the pandemic years. It's difficult to build a sense of ownership, train Board members and carry out evaluations when you can't meet face to face. Maintaining continuity in our work is an important factor for a board. New members bring expertise, but must also be given time to build an understanding of the company. It is also a strength if the members of a board have extensive experience of operating in different business cycles. Our collective skills and experience allow us to act as a discussion partner for management. I would like to emphasise that we have a solid structure in terms of management issues, and that as Chair I appreciate the close dialogue that exists between management and the Board, and the regular reports we receive from the various units.

During the year, a number of foreign investors have questioned the fact that we do not change audit firms more often.

We follow the Swedish Code of Corporate Governance, which differs on this point from practices in English-speaking countries. This means that we will select a new audit firm at the 2024 AGM, and that the Board will consult with management to find a suitable successor during the year.

Looking ahead, it is my firm belief that the key to profitability for a property company is to control management costs, which is particularly important when the cost of everything from energy to building materials is soaring. It's about making the best use of modern technology, having well-maintained properties, and in particular, working closely with tenants. We therefore endeavour to be proactive in our relationships and identify effective solutions quickly. It is always better to find such solutions before you encounter a dissatisfied customer. This means we must always be responsive to changes in all areas, from markets to technology and social trends.

2023 is likely to be a challenging year in many areas. The Board is continuing with its efforts to create the right conditions and help identify new opportunities that can develop the business further. We are a successful, solid company in every way. We should be proud of that.

Solna, March 2023

Jan Litborn

Chairman of the Board, Fabege







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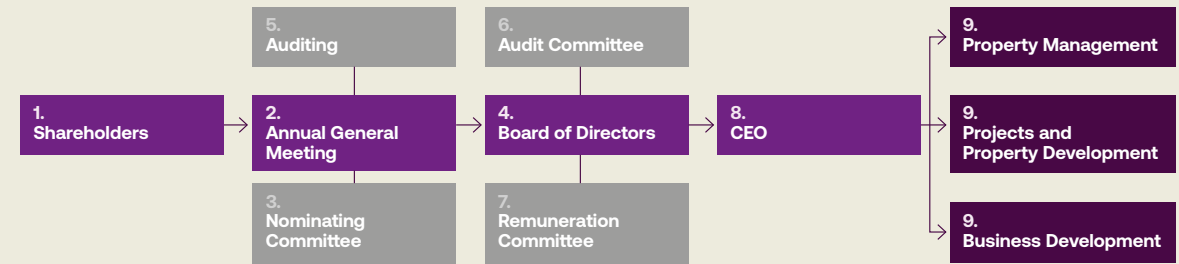
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# Governance structure of the organisation

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



## 1. Shareholders

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

Holdings, 31/12/2022	Percentage of votes, %
Erik Paulsson with his family, privately and through	16.6

Fabege's ownership structure is described on page 154 of the annual report.

## 2. Annual General Meeting

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

## 3. Nominating Committee

The Nominating Committee is the AGM's body for preparing decisions relating to appointments. The Committee's task is to

draw up proposals for the appointment of the AGM chairman, chair of the Board and Board members, directors' fees, the appointment of auditors, auditors' fees and any amendments to the principles governing the election of the Nominating Committee. The proposal concerning Directors' fees must specify a breakdown between the Chairman, other Board Members and representatives of the Audit Committee and Remuneration Committee.

Shareholders wishing to submit proposals to the Nominating Committee can do so by emailing [ir@fabege.se](mailto:ir@fabege.se) or by sending a letter to Fabege AB.

## 4. Board of Directors

Under the Swedish Companies Act, the Board of Directors is responsible for the company's organisation and the administration of the company's affairs. The Board is required to continuously assess the performance management and financial situation of the company. Its main task is to manage the company's assets on behalf of the owners in a way that secures the owners' interest in obtaining a strong long-term return on capital. Fabege's Board shall 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 2022 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 2023 AGM.

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

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and form an opinion on the state of the company's essential processes from an internal control perspective. Board members review all interim reports. The year-end report, the Corporate Governance Report and the Directors' Report are discussed specifically at the Committee's meeting at the beginning of each year. The Committee meets regularly with the company's auditor to obtain information on the focus, scope and results of audit activities. It operates according to separate rules of procedure, which are reviewed and adopted annually by the Board. The Audit Committee meets the Code's requirements on composition and members' skills and experience in accounting and in other issues within the Committee's area of responsibility.

**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, the Executive Management Team is required to establish and gain endorsement for a clear framework and objectives for operations.

The Executive Management Team must create the conditions for employees to achieve established objectives by:

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

Our Executive Management Team consists of eight individuals, see pages 112–113. The Executive Management Team holds weekly operational meetings and regular decision-making meetings. The meetings address strategic and operational matters such as property transactions, lettings, market trends, organisation and employees, as well as regular monitoring of performance, KPIs, forecasts, etc. The entire managers' team, which is made up of some 25 individuals, meets several times a year for discussions regarding such matters as the company's strategies and management issues.

Birger Bostad AB, formerly 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 Birger Bostad AB.

**9. Operating segments**

Operational activities are conducted in four business areas: Property Management, Property Development, Business Development/Transactions and Residential Development (via Birger Bostad). Fabege works with sustainable urban development, with a primary focus on commercial properties within a limited number of 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.

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

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

**Management of sustainability work**

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

**Management of sustainability work**

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

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# Policies and guidelines that support operations

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

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

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

All managers with personnel responsibility are charged with ensuring that employees are familiar with the Code of Conduct and follow it in their specific department/sphere of responsibility. A foundation for the Code of Conduct is that Faberge 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. Faberge has supported the UN's Global Compact since 2011. The company complies with the Worker Codetermination Act and with collective bargaining agreements which regulate such matters as the minimum period of notice.

Policies and guidelines for communication, personnel and business support are decided on by the Executive Management Team, continually updated and made available to all Faberge's employees via an intranet. No-one at Faberge 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 2022. The company's Ethics Council, which reports to the CEO and Executive Management Team, also serves as support in day-to-day work. The role of the Council is to direct the work, monitor relevant external issues and pursue specific ethical matters. The Council is made up of representatives from different departments at the company. Work has been underway for a number of years to improve the organisation's knowledge in respect of business ethics and anti-corruption. Examples of activities include information and training on anti-corruption and bribery legislation, as well as ethical discussions in connection with the company's internal conferences.

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



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

- 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



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# Corporate governance 2022

**Annual General Meeting**

The Annual General Meeting was held in Stockholm at Filmstaden Scandinavia, Westfield Mall of Scandinavia, Screen 2, on 29 March 2022. All shareholders were also given the opportunity to submit postal votes prior to the meeting. The Annual General Meeting could also be followed by webcast. The AGM was attended by shareholders holding a total of 170.2 million shares, corresponding to 51.4 per cent of the votes represented either in person or via postal voting. Jan Litborn was elected to chair the meeting. A full set of minutes from the AGM is available at <https://www.fabege.se/siteassets/arsstamma-dokument/2022/fabege-agm-2022-minutes.pdf> 2022. The following are the principal resolutions adopted at the AGM:

**Election of Board Members and resolution on Directors' fees**

The AGM resolved that the Board should consist of seven members and approved the re-election of Anette Asklin, Märtha Josefsson, Stina Lindh Hök, Jan Litborn and Lennart Mauritzson, and the appointment of Mattias Johansson and Anne Årneby. Jan Litborn was elected Chairman. The AGM resolved that a total of SEK 2,450,000 (2,340,000) be paid in directors' fees in 2022.

**Dividends, cash**

The dividend was set at SEK 4.00 per share, to be paid on four occasions in the amount of SEK 1.00 per share on each occasion. Furthermore, it was decided that the record dates for receiving the dividend will be 31 March 2022, 1 July 2022, 3 October 2022 and 9 January 2023 respectively, which means

that payment is expected to be issued by Euroclear Sweden AB on 5 April 2022, 6 July 2022, 6 October 2022 and 12 January 2023 respectively.

**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.

**AUDIT**

The auditors reported their observations and simultaneously presented their views on the quality of internal control in Fabege at the Board meeting in February 2022. 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 to the Board on one occasion during the year without management being present. Fees paid to the company's auditors are detailed in Note 48 on page 101.

**NOMINATING COMMITTEE**

In accordance with the AGM's resolution, the four largest shareholders were offered one seat each on our Nominating Committee, and on 22 September 2022, the Nominating Committee was announced.

**Composition of the Nominating Committee**

	Representative	Percentage of votes, %
Göran Hellström, Chairman	Backahill AB	16.6
Suzanne Sandler	Handelsbanken fonder	3.0
Eva Gottfridsdotter Nilsson	Länsförsäkringar Fondförvaltning	3.5
Mats Qviberg and family	Andreas Hofmann	2.2
<b>Total</b>		<b>25.3</b>

**Nominating Committee's proposals ahead of the 2023 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



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experience of Board members meets the requirements that may be imposed. The Nominating Committee aims to achieve an even genderbalance. The Nominating Committee proposes the re-election of Board members Anette Asklin, Mattias Johansson, Märtha Josefsson, Stina Lindh Hök, Jan Litborn, Lennart Mauritzson and Anne Årneby. Furthermore, it is proposed that Jan Litborn be elected Chairman of the Board. The Nominating Committee has also discussed the independence of the members of the Board. The proposal for the Board of Directors satisfies the relevant requirements regarding members' independence in relation to the company, company management and the company's major shareholders.

**BOARD OF DIRECTORS**  
**Composition of the Board, 2022**

Seven Board Members were elected to the Board at the 2022 AGM. Jan Litborn was elected Chairman of the Board. Fabege's Chief Financial Officer 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 in 2022**

The Board held a total of 18 meetings in 2022, including six scheduled meetings, one extra meeting, one statutory meeting and ten meetings held by correspondence. Therewere several standing items on the agenda for the scheduled meetings, including financial and operational reporting, decisions on acquisitions, investments and divestments, strategic market and organisational issues and reporting by the Audit Committee and Remuneration Committee. Any significant ongoing projects are followed up at each scheduled meeting. During the year, the Board followed up a number of specific issues such as financing, ongoing project investments, monitoring the company's sustainability work and sustainability reporting, and

updating the base prospectus for Fabege's MTN programme and framework for green financing. 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 2022, the Board of Directors made decisions on investments related to the development of properties in the existing portfolio and investments in existing properties, and the acquisition of properties in Älvsjö and Flemingsberg. The Board also resolved to initiate share buybacks in line with the mandate from the AGM. Just under 6.8 million shares were repurchased in 2022. 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

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

The Board's expertise in relation to sustainability issues is continuously improving through its ongoing work. Critical issues are communicated to the Board as necessary; no such issues were raised during the year.

**The Board of Directors' diversity policy**

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

**Fees to the Board of Directors**

Fees to the Board of Directors are paid according to a decision made at the AGM, and for 2022 fees totalled SEK 2,450,000, of which the Chairman received SEK 575,000 and other Board members SEK 250,000 each. In addition, fees in the amount of SEK 210,000 were paid for work conducted by the Board's Audit Committee, of which the chair of the Committee received SEK 106,000 and two members SEK 52,000 each, as well as SEK 165,000 for work carried out by the Board's Remuneration Committee, of which the chair of the Committee received SEK 75,000 and two members SEK 45,000 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. Remuneration



and other benefits and terms of employment for the CEO and management are described in Note 6 on page 91. 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 2023 AGM.

**AUDIT COMMITTEE**

In 2022, the Board appointed an audit committee from among its own members consisting of Anette Asklin (chairwoman), Märtha Josefsson and Jan Litborn. Four scheduled meetings were held in 2022, focusing on the company's system of internal control. During the year, the Audit Committee addressed areas such as financing, the EU taxonomy and internal control in key processes. 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 2022, the Remuneration Committee was made up of Jan Litborn (chairman), Lennart Mauritzson and Mattias Johansson, who replaced Mats Qviberg after the AGM. The Remuneration Committee prepares material concerning remuneration issues ahead of decisions made by the Board. Two meetings were held during the year. The minutes from the Remuneration Committee's meetings are distributed to all Board Members, and the Committee's chairman submits regular reports to the Board.

**COMPANY MANAGEMENT**

Since the beginning of the year, the Executive Management Team has consisted of eight people. For the current composition of the Executive Management Team, see pages 112–113. The Executive Management Team has a fixed meeting time every week. In the autumn the company also carried out its annual employee survey, which had a good response. Regular information for both the Board of Directors and employees is provided via monthly and weekly newsletters.



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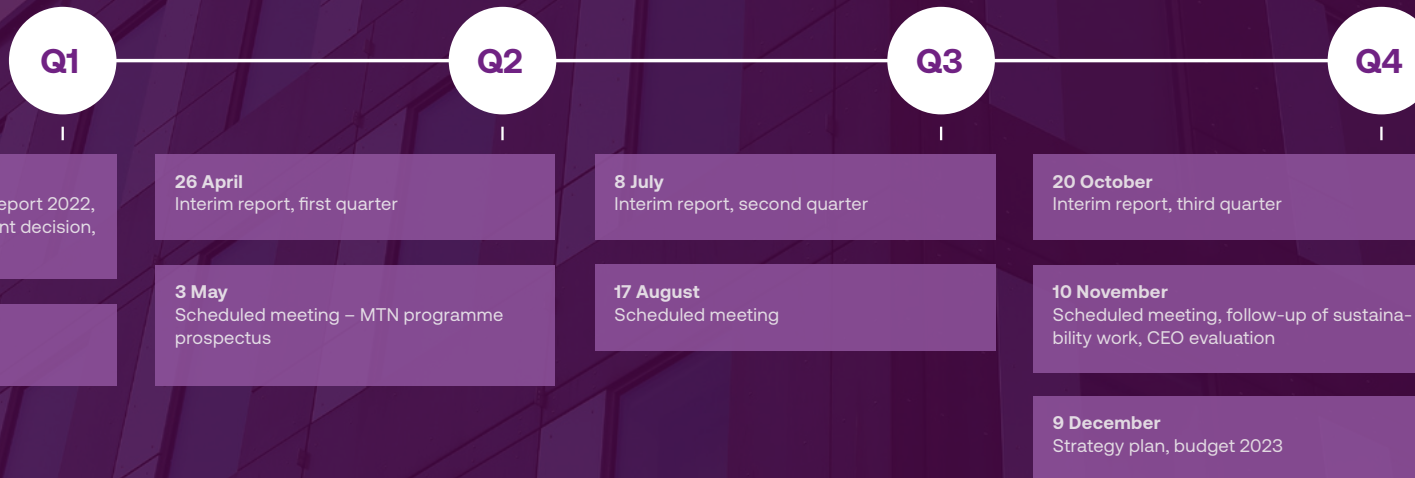
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# Board year 2022

In addition to the points described below, resolutions were adopted regarding, for example, investments, acquisitions, fixed-interest periods and treasury share buybacks. In all, 18 Board meetings were held during the year, including meetings held by correspondence.

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# Report on internal control in respect of financial reporting

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

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

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

**CONTROL ENVIRONMENT**

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

Ultimate responsibility for ensuring effective internal control and efficient risk management rests with the Board of Directors. To be able to perform its work in an appropriate and efficient manner, the Board has adopted rules of procedure. The Board's rules of procedure are aimed at ensuring a clear division of responsibility between the Board of Directors (including committees) and the CEO (and the Executive Management Team) with a view to achieving efficient risk management in the company's operations and in financial reporting. The rules of procedure are updated annually. In 2022, 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. The CEO and Executive Management Team, along with those individuals who by virtue of their roles in the company are in charge of each defined critical process, function or area, share operational responsibility for internal control.

The company's financial reporting is governed by a set of policies and guidelines. For example, the company has policies regarding finance, the environment, gender equality, communication, insider dealing and tax management. There are also accounting policies and instructions for the closing of accounts, as well as for authorisation of payments and procurement of auditing services. The company's policies are continually reviewed and updated as required. All policies have been discussed and adopted by the Executive Management Team. Information concerning adopted policies has also been disseminated throughout the organisation. In addition, more detailed guidelines and instructions are reviewed and updated regularly. In March, Fabege issued its annual Communication on Progress Report to the UN Global Compact. Work on developing the company's sustainability reporting is conducted continuously. The Sustainability Report is presented in a separate section of this Annual Report, see pages 32–57 and 122–141.

**Risk assessment**

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

- Risk area Property Management: Processes for new lettings, renegotiations and rent payments. Customer relations and customer satisfaction, changes in customer needs, risk of rent losses.

- Risk area Technical Operation: Technical work environment and physical buildings.
- Risk area Property Development and Projects: Planning process and projects, implementation, procurement/purchasing.
- Risk area Valuation and Transactions.
- Risk area Financial Control and Finance: Liquidity risk, interest rate risk, financial information, taxes.
- Risk area Communication: Information management, brand, business ethics.
- Risk area Employees: Lack of resources, dependence on key personnel.
- Risk area Climate and Sustainability: climate change, emissions
- Risk area Cyber Security and IT: digitalisation, data infringement, GDPR

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

**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 2022, a selection of the company's critical processes was subject to special review. To





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supplement the external audit, the company also performed an internal assessment of compliance and controls in a selection of significant processes during 2022.

A central controller function supports work on the follow-up of the Property Management and Projects 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. The company's operational reporting is developed and improved continuously in terms of both content and system support, as well as availability to executives with operational responsibility.

**Information and communication**

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

The CEO and CFO, together with IR, are responsible for external financial communication. 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.

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

In October, an employee survey was carried out using the Great Place To Work (GPTW) method. Faberge is certified in accordance with GPTW, with a rating of 87.

**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.

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 Committee also performs regular reviews and evaluations of internal control in respect of the company's critical processes.

It regularly studies the results of the external auditors' examinations of the company's accounts and internal controls. The auditors examine the company's financial reporting in respect of the full-year financial statements and carry out a limited 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 2022, the Audit Committee found no reason to alert the Board to any significant issues in respect of internal control or financial reporting.

**Internal auditing**

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



# Executive Management Team

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

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**Stefan Dahlbo**

President and CEO  
Born 1959  
Employed and in current position since 2019.  
Former Board member of Fabege 2003–2007

**External roles** Board member of Byggmästare Anders J Ahlström Holding AB (publ). Member of Nordstjernan Kredit KB's executive committee

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

**Education** MSc in Economics and Business  
**Shareholding** Privately and via companies 80,000\*

**Åsa Bergström**

Vice President and Chief Financial Officer  
Born 1964  
Employed in 2007 and in current position since 2008

**External roles** Styrelseledamot 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** 47,630\*

\*Shareholding at 15/02/2023.

**Gunilla Cornell**

Director of Human Resources  
Born 1969  
Employed and in current position since 2011

**External roles** No significant external roles

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

**Education** MSc in Economics and Business  
**Shareholding** 750\*

**Fred Grönwall**

Director of Technical Operations  
Born 1981  
Employed since 2021

**External roles** Board member of Accessy Intressenter AB

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

**Education** MSc in Engineering  
**Shareholding** 2,300\*

**Klas Holmgren**

Director of Projects and Development  
Born 1970  
Employed in 2001 and in current position since 2010

**External roles** Vice Chairman Byggherrarna

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

**Education** Graduate engineer  
**Shareholding** 8500\*

**Charlotte Liliegren**

Director of City and Property Development  
Born 1976  
Employed since 2006 and in current position since 2013

**External roles** No significant external roles

**Previous positions** Letting agent at Tornet AB, businessdeveloper at Stena Fastighet AB and Drott AB

**Education** MSc in Engineering  
**Shareholding** 2,034\*

**Charlotta Liljefors Rosell**

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

**External roles** No significant external roles

**Previous positions** The Royal Swedish Institute of Technology, various executive positions at Vasakronan and BusinessArea Manager Offices at AMF Fastigheter

**Education** MSc in Engineering – Surveying  
**Shareholding** 4,951\*

**Johan Zachrisson**

Director of Business Development  
Born 1970  
Employed since 2021

**External roles** No significant external roles

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

**Education** MSc in Engineering  
**Shareholding** 1,400\*

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# Board of Directors and Auditors

**Jan Litborn**

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

**Other roles**

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

**Education**

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

**Shareholding**

Privately and through companies 30,000

**Independent in relation to the company and management**  
Yes

**Independent in relation to major shareholders**  
No

**Fee, SEK 000s**  
702

**Attendance Board meetings**  
18 (18)

**Attendance Audit Committee**  
4 (4)

**Attendance Remuneration Committee**  
2 (2)

**Anette Asklin**

Board member since 2016  
Born 1961

**Other roles**

Chair of the Board of Jernhusen AB and Aros Kapital 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**  
356

**Attendance Board meetings**  
18 (18)

**Attendance Audit Committee**  
4 (4)

**Attendance Remuneration Committee**  
Not a member

**Mattias Johansson**

Board member since 2022  
Born 1973

**Other roles**

President and CEO Bravida Holding AB. Various board assignments within the BravidaGroup

**Education**

Master of Science in Engineering

**Shareholding**  
2,000

**Independent in relation to the company and management**  
Yes

**Independent in relation to major shareholders**  
Yes

**Fee, SEK 000s**  
295

**Attendance Board meetings**  
12 (12) took office at the 2022 Annual General Meeting

**Attendance Audit Committee**  
Not a member

**Attendance Remuneration Committee**  
1 (1)

**Märtha Josefsson**

Board member since 2005  
Born 1947

**Other roles**

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

**Education**

BSc in Economics

**Shareholding**

With spouse, 256 920

**Independent in relation to the company and management**  
Yes

**Independent in relation to major shareholders**  
Yes

**Fee, SEK 000s**  
302

**Attendance Board meetings**  
18 (18)

**Attendance Audit Committee**  
4 (4)

**Attendance Remuneration Committee**  
Not a member



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**Stina Lindh Hök**

Board member since 2021  
Born 1973

**Other roles**  
CEO Nyfosa AB.

**Education**  
Master of Science in Engineering

**Shareholding**  
0

**Independent in relation to the company and management**  
Yes

**Independent in relation to major shareholders**  
Yes

**Fee, SEK 000s**  
250

**Attendance Board meetings**  
18 (18)

**Attendance Audit Committee**  
Not a member

**Attendance Remuneration Committee**  
Not a member



**Lennart Mauritzson**

Deputy Chairman of the Board since 2022 and Board member since 2021  
Born 1967

**Other roles**  
VD Backahill AB. Chairman of the Board of Catena Fastigheter AB. Board member of Brinova AB, Røgle Marknads AB and Wihlborgs Fastigheter AB

**Education**  
Bachelor's degree in Business Administration and Law

**Shareholding**  
0

**Independent in relation to the company and management**  
Yes

**Independent in relation to major shareholders**  
No

**Fee, SEK 000s**  
295

**Attendance Board meetings**  
18 (18)

**Attendance Audit Committee**  
Not a member

**Attendance Remuneration Committee**  
2 (2)



**Anne Årneby**

Board member since 2022  
Born 1963

**Other roles**  
Board member of Nepa AB, Rolling Optics AB, Stiftelsen Tumba Bruk and Svenska Spel

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

**Shareholding**  
0

**Independent in relation to the company and management**  
Yes

**Independent in relation to major shareholders**  
Yes

**Fee, SEK 000s**  
250

**Attendance Board meetings**  
12 (12) took office at the 2022 Annual General Meeting

**Attendance Audit Committee**  
Not a member

**Attendance Remuneration Committee**  
Not a member



**Auditor**

**Peter Ekberg**

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

**Audit assignments for other major companies**

Loomis AB, Swedish Match AB and Telia Company AB

**Changes to the Board of Directors 2022**

Emma Henriksson and Mats Qviberg stepped down as members of the Board in connection with the Annual General Meeting on 29 March 2022.

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# 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 Report provides a true and fair view of the company's financial position and results
- 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.

Anette Asklin  
Board Member

Stina Lindh Hök  
Board Member

Stockholm, 7 March 2023

Jan Litborn  
Chairman

Mattias Johansson  
Board Member

Lennart Mauritzson  
Deputy Chairman

Stefan Dahlbo  
Chief Executive Officer

Märtha Josefsson  
Board Member

Anne Årneby  
Board Member

Our Auditor's Report was submitted on 7 March 2023  
Deloitte AB

Peter Ekberg  
Authorised Public Accountant

**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.

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# Auditor's Report

## To the Annual General Meeting of Fabega 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 Fabega AB (publ) for the financial year from 1 January 2022 to 31 December 2022 with the exception of the Corporate Governance Report on pages 102–115. The annual accounts and consolidated accounts of the company are included on pages 61–101 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 2022 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 2022 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 102–115. 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*

Fabega recognises investment properties at fair value and the property portfolio at 31 December 2022 is recorded at SEK 86,348m. 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 67–76 and Notes 4 and 17 in the annual report.

*Work performed*

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

- We have reviewed and assessed Fabega'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.

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- 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.
- Review of notes relevant to the financial statements.

**Accounting for project properties***Description of risk*

In 2022, Fabege invested SEK 2,256m in new builds, extensions and property conversions. Projects involving conversion/maintenance and tenant customisations are recognised as an asset to the extent that the work being undertaken adds value in relation to the latest valuation. Other expenses are 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 67–76 and Note 17 in the annual report.

*Work performed*

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

- We have examined Fabege's procedures for the development and improvement of properties, including the process for investment decisions, authorisation instructions and follow-up of project outcomes.



- We have reviewed the recognition of project profits in ongoing projects.
- Review of a sample of capitalised expenditure in projects.

*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 102–116. 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 deem necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the





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going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have 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.

As part of an ISA audit, we use professional judgment and maintain professional scepticism throughout the audit. A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is available at the Swedish Inspectorate of Auditors website: [www.revisorsinspektionen.se/revisorsansvar](http://www.revisorsinspektionen.se/revisorsansvar). This description forms part of the auditor's report

We must also provide the Board with a statement that we have complied with the relevant ethical requirements regarding independence, and address any relationships and other circumstances that could reasonably be expected to affect our independence, and, where applicable, steps taken to eliminate threats or countermeasures taken.

From the areas communicated to the Board, we determine which of these areas have been the most significant for the audit of the annual accounts and consolidated accounts, including the most significant assessed risks of material misstatement, and which therefore represent the areas of particular significance for the audit. We describe these areas in the auditor's report unless laws or regulations prevent disclosure.

## 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 01/01/2022 – 31/12/2022 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent in relation to the parent company and group, in accordance with generally accepted auditing standards in Sweden, and have in other respects fulfilled our ethical responsibility according to these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a satisfactory manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that



are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a satisfactory manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

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- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is available at the Swedish Inspectorate of Auditors website: [www.revisorsinspektionen.se/revisorsansvar](http://www.revisorsinspektionen.se/revisorsansvar). This description forms part of the auditor's report.

**Auditor's statement on the ESEF report***Opinion*

In addition to our audit of the annual and consolidated accounts, we have also reviewed whether the Board of Directors and Managing Director have prepared the annual and consolidated accounts in a format that allows consistent electronic reporting (ESEF report), in accordance with Chapter 16, Section 4a of the Swedish Securities Act (2007:528) for Fabege AB (publ) for the financial year 01/01/2022 – 31/12/2022.

Our review and opinion relate only to the statutory requirement. In our view, the ESEF report has been prepared in a format that essentially allows for consistent electronic reporting.

*Basis for opinion*

We conducted our review in accordance with FAR Recommendation RevR 18 Examination of the ESEF report. Our responsibilities under this recommendation are described in more detail in the Auditor's Responsibilities section. We are independent in relation to Fabege AB (publ), in accordance with generally accepted auditing standards in Sweden, and have in other respects fulfilled our ethical responsibility according to these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of the Board of Directors and the Managing Director*

It is the responsibility of the Board of Directors and the Managing Director to ensure that the ESEF report has been prepared in accordance with Chapter 16, Section 4a of the Swedish Securities Act (2007:528), and for such internal control as the Board of Directors and the Managing Director deem necessary to enable the preparation of a ESEF report that is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our task is to express an opinion, with reasonable assurance, as to whether the ESEF report has been prepared, in all material respects, in a format that complies with the requirements of Chapter 16, Section 4a of the Swedish Securities Act (2007:528), on the basis of our review.

RevR 18 requires us to plan and perform our audit procedures to obtain reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but is not a guarantee that a review conducted in accordance with RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit company applies International Standard on Quality Management 1, which requires the company to design, implement and manage a quality assurance system, including guidelines or procedures regarding compliance with ethical requirements, standards for professional practice and applicable requirements in laws and other regulations.

The audit includes obtaining evidence, through a variety of procedures, that the ESEF report has been prepared in a format that permits consistent electronic reporting of annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in reporting, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to how the Board of Directors and Managing Director produce data in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

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An audit also includes evaluating the appropriateness and reasonableness of the Board of Directors and the Managing Director's assumptions.

The audit procedures mainly include validation that the ESEF report has been prepared in a valid XHTML format and checks that the ESEF report is consistent with the audited annual accounts and consolidated accounts.

Furthermore, the audit also includes assessing whether the group's income statement, balance sheet and equity calculations, cash flow statement and notes in the ESEF report have been tagged with iXBRL, in accordance with what is stipulated in the ESEF Regulation.

*The auditor's examination of the corporate governance statement*

The Board of Directors is responsible for ensuring that the Corporate Governance Report on pages 102–115 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 Faberge AB (publ) by the Annual General Meeting of the shareholders held on 29 March 2022, and has been the company's auditor since 4 April 2002.

Stockholm, 7 March 2023

Deloitte AB

**Peter Ekberg**  
Authorised Public Accountant





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## About this report

This is our 11th 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 2022 Annual Report, which pertains to the 2022 financial year. The report has been prepared in accordance with GRI Standards. The preceding year's Annual Report, including the Sustainability Report, was published in March 2022. The information contained in the Sustainability Report has been subject to a limited review by Deloitte, see Assurance Report on page 141.

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 the materiality analysis on pages 122–127. Our intention is for the sustainability section together with other information contained in the 2022 Annual Report to satisfy stakeholder information requirements, and to provide a comprehensive overview of our economic, environmental and social initiatives and results. The information in the report pertains to the entire Faberge 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 138–140 contains references to the disclosures that are compulsory for GRI Standards 2021, as well as disclosures related to Faberge's material sustainability topics and management of these topics.

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

This year, we are also 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.

The Sustainability Report is part of Faberge's Annual Report, which is approved by the Board of Directors. The Board is informed and can influence Faberge's sustainability work strategy and overall sustainability goals through an annual review and follow-up. The materiality analysis also covered the members of the Board of Directors.

## Stakeholder engagement and materiality analysis

Our principal stakeholders are customers, employees, creditors, shareholders and analysts, suppliers and municipalities in which the company operates. We maintain a continual dialogue with all of these stakeholder groups. In 2020, we conducted an extensive stakeholder dialogue and materiality analysis via a survey, workshop and comprehensive interviews. The survey was sent out to a total of around 400 individuals, and the response rate was just over 50 per cent. All stakeholder groups were represented. In the survey, we asked the respondents to rank from a stakeholder perspective how Faberge 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 correspond to our most significant impact on the economy, environment and people, including human rights. In 2022, we updated our materiality analysis to clarify the list of our material topics based on the GRI's updated definition of a material topic in the GRI Standards 2021. The updated list of material topics is available on pages 34–35.

## Management of sustainability work

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

Our CEO bears overall responsibility for sustainability work. The CEO 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 through the Sustainable Development Department. Responsibility for implementation rests with the line organisation. The Head of Sustainability is also responsible for strategic work with the districts' sustainability programmes, with business development and the property developers having operational responsibility.

## Calculation of GHG emissions

To be able to compare emissions of different gases, they are recalculated as carbon dioxide equivalents (CO<sub>2</sub>e). We use emission factors from our suppliers to calculate the volume of emissions. The reported emissions total from the business includes a reduction in CO<sub>2</sub>e as a result of Guarantee of Origin (GO-labelled) electricity and GO-labelled renewable district



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heating and district cooling. We have chosen 'financial control' and we focus on the 'market-based method' (but also report location-based method). This is because, as owner, we control the property's energy performance and energy sources, while tenants can only influence consumption. Calculation of our carbon footprint (CO<sub>2</sub>e) is evolving all the time, via more elements and improved key performance indicators. To facilitate comparison, we have placed comparable figures alongside each other and new figures in separate categories.

We use actual consumption when calculating emissions according to the Greenhouse Gas Protocol (GHG Protocol); see page 43 for table of emissions. Emission factors for electricity include the direct emissions resulting from electricity production and emission factors for district heating are reported without the effect of carbon offsetting. Instead we report carbon offsetting as a negative emissions item separately from Scope 1 and Scope 2.

**Reporting of emissions according to the GHG Protocol**

We primarily report greenhouse gas emissions in accordance with the GHG Protocol, market-based method, as we then have statistics from 2002 onwards. However, for 2022 we also report the outcome according to the location-based method. Emissions from refrigerants (Scope 1) are taken from the legally required refrigerant report of each property. Company car emissions (Scope 1) are based on the distance driven and the average consumption of mixed driving for each car. Today we are 100 per cent electric.

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

Our Scope 3 includes waste management by type and processing method from suppliers, internal monitoring of staff mileage driven while on duty, business travel by air from the travel company, internal monitoring of property development, building

energy from suppliers, employee commuting in km based on the 2022 travel habits survey (CERO) and tenant energy use assumed on a flat rate of 45kWh/sqm. 89 per cent of leases are green, which gives an emission factor of 7.9g CO<sub>2</sub>e/kWh based on the Nordic electricity mix of 71.8g CO<sub>2</sub>e/kWh. This year includes property development, new construction and tenant customisations, but unlike 2021 it does not include properties bought and sold in accordance with the Swedish Property Federation's report, 'Reporting Scope 3 Emissions for Property Owners'.

**Energy**

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

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

**Employees**

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

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

**Supply chain**

The purchasing manager reports to the Executive Management Team and is responsible for the company's purchasing policy,

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

**Financing**

Our Green Business Council compiles data on ongoing and planned environmental certifications, and examines whether projects and assets satisfy the green requirements. A special report on how the company allocates its green funds and how well it fulfils the terms imposed by the framework is prepared each quarter and published at [fabega.se/en/about-fabega/financial-information/financing/green-financing/](http://fabega.se/en/about-fabega/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 moral approach**

All managers with personnel responsibility are charged with ensuring that the Code of Conduct is known and complied with in their respective department or sphere of responsibility. The Board of Directors and Executive Management Team are specifically responsible for promoting the implementation of the Code of Conduct. The content is revised and monitored annually. In 2022, there were no incidents of non-compliance.



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**Management of material sustainability topics**

	City districts	Properties	Employees	
<b>Material topics</b>	<ul style="list-style-type: none"> <li>Energy system</li> <li>Living conditions in the local community</li> <li>Gender equality</li> </ul>	<ul style="list-style-type: none"> <li>Education</li> <li>Meaningful leisure time</li> <li>Safety</li> </ul>	<ul style="list-style-type: none"> <li>Energy use</li> <li>Greenhouse gas emissions</li> <li>Waste</li> </ul>	<ul style="list-style-type: none"> <li>Good health and safety</li> <li>Diversity and equal opportunity</li> <li>Greenhouse gas emissions</li> </ul>
<b>GRI Standards</b>	<ul style="list-style-type: none"> <li>GRI 302: Energy</li> <li>GRI 305: Emissions</li> <li>Faberge-1: Collaborative initiative</li> <li>Faberge-2: Security measures</li> </ul>	<ul style="list-style-type: none"> <li>GRI 302: Energy</li> <li>GRI 305: Emissions</li> <li>GRI 306: Waste</li> </ul>	<ul style="list-style-type: none"> <li>GRI 403: Occupational health and safety</li> <li>GRI 405: Diversity and equal opportunity</li> <li>GRI 406: Non-discrimination</li> </ul>	
<b>Impact in the value chain</b>	<ul style="list-style-type: none"> <li>Actual impact on the city's physical and social spaces</li> <li>Environmental, climate and human impacts of urban development and various collaborative initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Carbon footprint from construction phase. Energy and climate in usage phase. Circular opportunities in final phase</li> <li>Impact on the environment, climate and people in customer management, property operation, construction, purchasing and development</li> </ul>	<ul style="list-style-type: none"> <li>Direct impact on employees' working environment</li> <li>Impact on gender equality, diversity and human rights in recruitment and values work</li> </ul>	
<b>We want to achieve the following</b>	<ul style="list-style-type: none"> <li>Contribute towards keeping global warming under 1.5 degrees</li> <li>Continue to focus on environment, climate and social sustainability as we develop the physical environment for life in our neighbourhoods</li> <li>Make a difference in the neighbourhoods where 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</li> </ul>	<ul style="list-style-type: none"> <li>Health and environmentally certified premises, buildings and districts that offer customers good opportunities to make sustainable choices</li> <li>Our property management will be carbon neutral by 2030</li> <li>Our carbon footprint in construction projects will be halved by 2030</li> </ul>	<ul style="list-style-type: none"> <li>Employees believe that as an employer, Faberge facilitates a good work-life balance</li> <li>We will be ranked on the list of Sweden's best workplaces and achieve a rating of at least 90 per cent in Great Place To Work</li> </ul>	
<b>What we do</b>	<ul style="list-style-type: none"> <li>Via planning process, property management and development we aim to achieve sustainable property and urban development</li> <li>We get involved in learning and participation within sustainable urban development</li> <li>We create experience-based, equitable and vibrant neighbourhoods with a mix of offices, residential units, services, culture and recreation in accordance with Citylab Action</li> <li>We develop low-carbon energy system solutions for sustainable citydistricts</li> <li>We create the conditions for a safe and secure living environment through sitedevelopment, lighting projects, care/maintenance and a 24-hour presence. With good security, we create the conditions for people, regardless of age, gender, ethnicity, sexual orientation or disability, to want to work, live and stay in our areas around the clock</li> <li>We run collaborative initiatives with schools and local sports activities, including the Låxhjälp homework club and H.A.N.G</li> <li>We collaborate with property owners, businesses, municipalities and the police to gather knowledge and increase participation and safety</li> <li>We contributed SEK 180m to finance expansion of the underground rail service to Arenastaden</li> </ul>	<ul style="list-style-type: none"> <li>Continuing to develop services to reduce carbon footprint</li> <li>Built a zero-energy building certified according to FEBY Gold Plusush</li> <li>Reduced energy use and increased the share of renewable energy</li> <li>Strengthening capacity for low-carbon adjustments, boosting biodiversity, environmental adaptation and an attractive urban space via sustainability-certified properties</li> <li>We facilitate sustainable mobility and offer low-carbon logistics services in our properties</li> <li>Design of premises via choice of materials, renewable electricity, flexibility, energy efficiency improvements and sorting waste for recycling as part of green leases</li> <li>Increasing the green space factor via green roofs or planted areas that offer ecosystem services and create a sense of wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>Skills development that improves employees' conditions within the company while strengthening their position in the wider labour market</li> <li>Ensuring equal rights for all regardless of gender, ethnicity, religion, disability, age and other factors</li> <li>Combating discrimination, for example, through salary surveys and collaboration with employees via the health and safety committee</li> <li>We get involved in learning and participation within sustainable urban development</li> <li>Organising conferences focusing on our values (SPEAK)</li> <li>Health and fitness programmes</li> </ul>	
<b>Policies</b>	<ul style="list-style-type: none"> <li>Sustainability and environmental policy</li> <li>Sustainability targets</li> <li>Code of Conduct</li> <li>Procurement and purchasing policy</li> <li>Safety policy</li> <li>Other procedures</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability and environmental policy</li> <li>Sustainability targets</li> <li>Refrigerant policy</li> <li>Energy strategy</li> <li>CO<sub>2</sub> calculation guideline</li> <li>Other procedures</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability and environmental policy</li> <li>Work environment policy</li> <li>Code of Conduct</li> <li>Equality Policy</li> <li>Policy on diversity in the Board of Directors</li> <li>GDPR policy</li> </ul>	
<b>Evaluation</b>	<ul style="list-style-type: none"> <li>Monitoring resource use and greenhouse gas emissions</li> <li>Collaborative forums in our neighbourhoods – monitoring local communities</li> <li>Policies are evaluated annually and set by the Executive Management Team</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring resource use and greenhouse gas emissions</li> <li>Follow-up of environmental certification systems</li> <li>Energy monitoring</li> <li>Evaluation of product liability through self-assessment, BREEAM certifications, Building Material Assessment and climate calculations</li> <li>Policies are evaluated annually and set by the Executive Management Team</li> </ul>	<ul style="list-style-type: none"> <li>Annual employee survey, GPTW</li> <li>Monitoring of diversity and gender equality, health and safety through annual survey, salary reviews, health and safety committee etc.</li> <li>Policies are evaluated annually and set by the Executive Management Team</li> </ul>	



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**Management of material sustainability topics, cont.**

	Supply chain	Financing	Customers	Business ethics
<b>Material topics</b>	<ul style="list-style-type: none"> <li>Review of supplier sustainability, incl. environment and human rights</li> </ul>	<ul style="list-style-type: none"> <li>Green financing</li> </ul>	<ul style="list-style-type: none"> <li>Good health</li> <li>Security</li> <li>Indoor environment</li> <li>Energy use</li> <li>Greenhouse gas emissions</li> </ul>	<ul style="list-style-type: none"> <li>Anti-corruption</li> <li>Tax</li> </ul>
<b>GRI Standards</b>	<ul style="list-style-type: none"> <li>GRI 414: Supplier social assessment</li> <li>GRI 308: Supplier environmental assessment</li> </ul>	<ul style="list-style-type: none"> <li>Fabege-6: Proportion of green financing</li> <li>Fabege-7: EU taxonomy</li> </ul>	<ul style="list-style-type: none"> <li>GRI 302: Energy</li> <li>GRI 305: Emissions</li> <li>Fabege-4: Fitwel certification</li> <li>Fabege-2: Security measures</li> <li>Fabege-5: Percentage BREEAM-certified properties</li> </ul>	<ul style="list-style-type: none"> <li>GRI 205: Anti-corruption</li> <li>GRI 207: Tax</li> </ul>
<b>Impact in the value chain</b>	<ul style="list-style-type: none"> <li>Sets requirements for suppliers and subcontractors in relation to the environment, health and safety and human rights</li> </ul>	<ul style="list-style-type: none"> <li>Through high ESG performance, we can be part of increasing the share of green finance in society</li> </ul>	<ul style="list-style-type: none"> <li>Direct impact on customers' indoor environment and indirect impact on their business</li> </ul>	<ul style="list-style-type: none"> <li>Good business ethics enable us to promote sustainable and fair competition</li> </ul>
<b>We want to achieve the following</b>	<ul style="list-style-type: none"> <li>100% of our suppliers with framework agreements will be audited on the basis of our Supplier Code of Conduct, policies and international conventions</li> </ul>	<ul style="list-style-type: none"> <li>Our financing will continue to be 100% sustainable and green</li> </ul>	<ul style="list-style-type: none"> <li>We aim to be a proactive partner that puts people front and centre; that through innovation, responsibility and flexibility enables customers and businesses to develop</li> </ul>	<ul style="list-style-type: none"> <li>Our operations shall be characterised by strong business ethics and responsibility</li> </ul>
<b>What we do</b>	<p>Introduced a new system to screen framework agreement suppliers from a sustainability perspective in order to:</p> <ul style="list-style-type: none"> <li>Ensure labour law is complied with in areas such as salaries, overtime and working conditions</li> <li>Combat inadequate business ethics and corruption</li> <li>Prevent child labour and forced labour</li> <li>Guarantee fire safety and work environment</li> <li>Combat negative impact on environment in local community resulting from emissions of hazardous substances to water, air and/or soil</li> <li>Ensure impeccable business ethics and compliance with Code of Conduct</li> <li>Achieve energy efficiency, resource management and good material choices in terms of chemical content, environmental impact and carbon footprint</li> <li>Adhere to health and environmental certification systems</li> <li>Report on greenhouse gas emissions</li> </ul>	<ul style="list-style-type: none"> <li>Increase the proportion of sustainable investments that reduce climate risk in assets</li> <li>Disseminate sustainability knowledge to capital providers and investors</li> <li>Participated in the development of banks' green loan products, sustainability-linked loans and new sustainable products on the capital market</li> <li>Continuous sustainability discussions with, and reporting to capital providers</li> </ul>	<ul style="list-style-type: none"> <li>Design premises with a focus on health, indoor climate, greenhouse gas emissions, reuse, sustainable choice of materials, renewable electricity, flexibility, energy efficiency improvements and sorting waste for recycling under the remit of green leases</li> <li>Health and environmentally certified premises to BREEAM standard, buildings and districts that offer customers good opportunities to make sustainable choices</li> </ul>	<ul style="list-style-type: none"> <li>All our employees receive regular training on both our Code of Conduct and the industry's code against corruption. We comply with the relevant laws and other regulations. The same applies to generally acceptable business practice and international human rights, labour and environmental standards in accordance with the Global Compact and the ILO's fundamental conventions on human rights at the workplace</li> <li>Our Ethics Council supports our daily work, with representatives from different departments. The Council, which reports to the Executive Management Team, is responsible for leading and driving work on ethical issues and monitoring relevant external issues. We comply with all tax legislation and regulations. In areas where the regulatory framework is unclear, we act transparently and prudently, and we refrain completely from aggressive and sophisticated tax planning</li> </ul>
<b>Policies</b>	<ul style="list-style-type: none"> <li>Sustainability and environmental policy</li> <li>Procurement and purchasing policy</li> <li>Code of Conduct for suppliers</li> <li>Other procedures</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability and environmental policy</li> <li>Finance policy</li> <li>Tax policy</li> <li>Credit policy</li> <li>Other procedures</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability and environmental policy</li> <li>Sustainability targets</li> <li>Code of Conduct</li> <li>Safety policy</li> <li>Other procedures</li> </ul>	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Policy for whistleblower function</li> <li>Tax policy</li> <li>Insider policy</li> <li>Anti-corruption guidelines</li> <li>Sponsorship policy</li> <li>Other procedures</li> </ul>
<b>Evaluation</b>	<ul style="list-style-type: none"> <li>Ongoing quality measurement and framework agreement suppliers audited for sustainability</li> <li>Policies are evaluated annually and set by the Executive Management Team</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly and annual evaluation regarding green financing</li> <li>Policies are evaluated annually and set by the Executive Management Team</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of customer satisfaction rating (CSI)</li> <li>Analysis of regular customer dialogues</li> <li>Policies are evaluated annually and set by the Executive Management Team</li> </ul>	<ul style="list-style-type: none"> <li>Follow-up of cases raised via whistleblower function</li> <li>Policies are evaluated annually and set by the Executive Management Team</li> </ul>

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**Our stakeholders and impact**

Area	Dialogue format	Impact on stakeholders	Impact on sustainable development
<b>Customers</b>	<ul style="list-style-type: none"> <li>Sustainability network together with companies in Arenastaden</li> <li>Travel habits survey of around 22,000 employees whose workplaces are in Arenastaden</li> <li>Regular customer dialogue</li> <li>Customer satisfaction surveys</li> <li>Newsletters</li> <li>Cooperation on green leases</li> <li>Breakfast meetings on sustainable employees and workplaces</li> <li>Fault report and moment of truth</li> </ul>	<ul style="list-style-type: none"> <li>Facilitating sustainable mobility and offering low-carbon, quiet logistics services in the districts</li> <li>Design of premises via sustainable choice of materials, renewable electricity, flexibility, energy efficiency improvements, indoor climate and sorting waste for recycling</li> <li>Creating attractive, secure and safe public spaces with services, convenience stores and experience-based meeting places</li> <li>Increasing the green space factor for public areas by creating parks, squares and thoroughfares that provide ecosystem services and pleasant environments</li> <li>At the end of the case, the customer can rate our dialogue and our work</li> </ul>	<ul style="list-style-type: none"> <li>Health and environmentally certified premises, buildings and districts that offer customers good opportunities to make sustainable choices</li> <li>Continued development of public transport and services to reduce carbon footprint</li> <li>Contributing to a sustainable lifestyle</li> <li>Involvement in learning and participation in sustainable urban development</li> <li>Developing zero-energy buildings</li> <li>Reducing energy consumption and increasing the proportion of renewable energy</li> <li>Strengthening capacity for low-carbon adjustments, boosting biodiversity, public health and quality of life, and helping create an attractive district</li> <li>Sustainability should be built into our customers' day-to-day activities, with fault reporting and dialogue contributing to the continuous development of buildings, services and working practices</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employee discussion</li> <li>Performance reviews</li> <li>Human resources surveys</li> <li>Café Fabege (meeting forum)</li> <li>Conferences</li> <li>Department-specific sustainability training</li> </ul>	<ul style="list-style-type: none"> <li>Facilitating work-life balance</li> <li>Code of Conduct</li> <li>Great Place To Work</li> <li>Our core values, SPEAK</li> <li>Skills development</li> <li>Fitness promotion</li> <li>Terms of employment</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>Healthy and committed employees</li> <li>Contribute to sustainable workplaces and Fabege's overall sustainability strategy</li> <li>Skills development that improves employees' conditions within the company while strengthening their position in the wider labour market</li> <li>Ensuring equal rights for all regardless of gender, ethnicity, religion, disability, age and other factors</li> <li>Combating discrimination</li> <li>Involvement in learning and participation in sustainable urban development</li> </ul>
<b>Shareholders and analysts</b>	<ul style="list-style-type: none"> <li>Annual report</li> <li>Quarterly reports</li> <li>Capital market days</li> <li>Roadshows and one-to-one meetings</li> <li>Reporting to Audit Committee and Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>Initiating discussions with analysts about value-adding sustainability work</li> <li>Prioritised SDGs based on the materiality analysis</li> <li>The Board's rules of procedure include regular monitoring of sustainability issues</li> </ul>	<ul style="list-style-type: none"> <li>Helping to steer capital flows towards a more sustainable economy, making sustainability an integral factor in risk management, and promoting transparency and thus the conditions for long-term investment</li> <li>Disseminate knowledge about innovative sustainability work in construction and property development</li> </ul>
<b>Creditors</b>	<ul style="list-style-type: none"> <li>Cooperation with creditors and bond investors on sustainability reporting</li> <li>Presentations, quarterly reports, annual report, web</li> <li>Meetings, property viewings and seminars</li> <li>Capital market days</li> </ul>	<ul style="list-style-type: none"> <li>Participating in the development of banks' green loan products and new sustainable products on the capital market</li> <li>Continuous sustainability discussions with financiers</li> </ul>	<ul style="list-style-type: none"> <li>Can accelerate the transition to a more sustainable economy</li> <li>Increasing the proportion of sustainable investments that reduce environmental, climate and social sustainability risks in assets</li> <li>Disseminating sustainability knowledge</li> <li>Disseminating knowledge about innovative sustainability work in construction and property development</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Centralised procurement/framework agreements subjecting suppliers to demands for complying with our Code of Conduct</li> <li>Meetings with framework agreement suppliers</li> <li>Supplier day with inspirational talks</li> </ul>	<ul style="list-style-type: none"> <li>Demands for impeccable business ethics and Code of Conduct</li> <li>Continuous quality measurements of suppliers</li> <li>Far-reaching requirements in areas such as energy efficiency, resource management, reporting of greenhouse gas emissions and choice of materials</li> <li>Must follow health and environmental certification systems</li> </ul>	<ul style="list-style-type: none"> <li>Ensure labour law is complied with in areas such as salaries and overtime</li> <li>Combat inadequate business ethics and corruption</li> <li>Prevent child labour and forced labour</li> <li>Guarantee fire safety and work environment</li> <li>Combat negative impact on environment in local community resulting from emissions of hazardous substances to water, air and/or soil</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>Regular meetings with municipalities and government agencies</li> <li>Collaborative meetings together with networks of companies (BELOK, SGBC, Swedish Property Federation, Byggherreforum, etc.)</li> <li>Cooperation agreements with organisations such as Låxhjälpn</li> <li>BID Flemingsberg</li> <li>Stockholm Climate Arena</li> <li>Solna's climate and sustainability network</li> </ul>	<ul style="list-style-type: none"> <li>Via planning process, property management and development work to achieve sustainable property and urban development</li> <li>Street Gallery, homework club and Changers hub aimed at young people</li> <li>More pupils gaining qualifications for upper secondary school</li> <li>Decision to contribute SEK 180m to finance expansion of underground rail service to Arenastaden</li> <li>Construction to lead the way and halve emissions in Stockholm by 2030</li> </ul>	<ul style="list-style-type: none"> <li>Contributing to the 1.5-degree target under the Paris Agreement</li> <li>Climate pledge with shared goal of accelerating the climate transition in the Stockholm Region</li> <li>Creating experience-based, vibrant neighbourhood environments with a mix of offices, residential units, services, culture, meeting places and nature areas</li> <li>Working for sustainable mobility via infrastructure for electric vehicles, cooperating with public transport and improving conditions for cyclists</li> <li>Creating the conditions for a safe and attractive living environment</li> </ul>

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# 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](https://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, including measuring and reducing energy use and carbon emissions in operations, property management and projects. There is currently no price for carbon dioxide, but we expect 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 cost increase is linked to the fact that demand for these materials is increasing all the time.

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

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

We are working constantly to satisfy requirements and expectations from customers and other stakeholders. Demand for sustainable and certified buildings has grown over the course of

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

**Physical climate risks**

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,



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Governance	Strategy	Risk management	Indicators and targets
a) Board of Directors' overview of climate-related risks and opportunities  Pages 67–77, 110	a) Description of climate-related risks and opportunities that we have identified  Pages 73, 128–129	a) Description of the process of identifying and assessing climate-related risks  Pages 67, 128–129	a) Indicators to measure and control climate-related risks and opportunities  Pages 42–45, 52–53, 56–57, 130
b) Role of management in assessing and managing climate-related risks and opportunities  Pages 110, 122	b) Description of how the business, strategy and financial planning have been impacted  Pages 38–45, 52–54, 73	b) Description of processes to manage climate-related risks  Pages 67, 73, 110–111, 128–129	b) Reporting of Scopes 1, 2 and 3 according to Greenhouse Gas Protocol  Page 43
	c) Description of the organisation's strategic resilience and impact of various climate-related risks and opportunities  Pages 73, 128–129	c) Description of how the processes are integrated into the organisation's overall risk management  Pages 67, 110–111	c) Description of targets used to manage climate-related risks and opportunities and the outcome of these targets  Pages 42–45, 56–57, 130

which may lead to more water shortages and temporary restrictions on drinking water in several locations across Sweden. Higher annual precipitation and more days of heavy rain or snowfall also mean large quantities of water collect more easily. This can in turn result in a greater need to drain away surplus water, which can be difficult in areas where there are lots of hard surfaces. In buildings with basements on level ground there is also a risk of insufficient drainage capacity, which increases the risk of damage caused by damp. Extended periods with no rain cause groundwater levels to fall. For open natural environments and ground prone to subsidence it can have a negative impact on bearing resistance and cause subsidence damage, particularly in structures with shallow foundations. Prolonged dry spells can also cause cracks to form near the surface of the ground, which can affect basic infrastructure such as cycle paths, parking areas and small roads. These cracks can be a direct result of the dry conditions, but can also be due to water in the ground being sucked up by plants and trees. We have identified increased precipitation and flooding as one of the main potential risks through building-level climate resilience analyses.

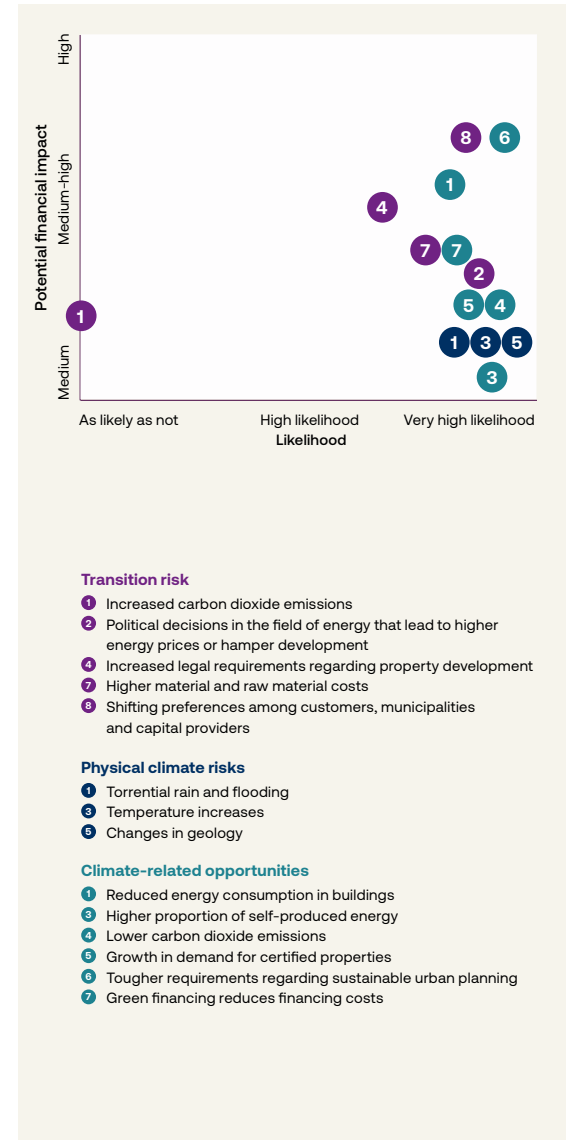
### Climate-related opportunities

Our entire business model and operations are adapted to harness opportunities arising out of the transition to a sustainable society. We regard our efforts to reduce energy usage and carbon emissions from operations as a way of future-proofing our properties, cutting costs and satisfying future legal requirements.

This work also helps us continue to be an attractive company for all our stakeholders. Our long-term sustainability work includes the ambition to continually raise the percentage of self-produced energy, primarily from solar panels. The aim is to contribute to a greater proportion of renewable energy both within our operations and in society as a whole.

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





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# Sustainability indicators in accordance with EPRA, properties and employees<sup>1)</sup>

## Properties

Impact category	EPRA code	Measurement unit	Indicator	Absolute measures (Abs)		Like-for-like (Lfl)									
				2022	2021	2022	2021	Change, %							
ENERGY	Elec-Abs, Elec-Lfl	MWh	Electricity	for landlord shared services	23,871	25,410	22,306	24,348	-8.4						
				(sub)metered exclusively to tenants	27,538	22,489	27,043	22,362	20.9						
				Total landlord-obtained electricity	51,409	47,899	49,349	46,709	5.7						
				Total tenant-obtained electricity											
				Total electricity	51,409	47,899	49,349	46,709	5.7						
				% from renewable sources	100	100	100	100	0						
				Electricity disclosure coverage	68	66	63	63	-						
				Proportion of electricity estimated	0	0	0	0	-						
				for landlord shared services	63,537	67,022	61,814	63,137	-2.1						
				(sub)metered exclusively to tenants	6,511	6,639	6,420	6,336	1.3						
				Total landlord-obtained heating & cooling	70,048	73,662	68,234	69,474	-1.8						
				Total heating & cooling	70,048	73,662	68,234	69,474	-1.8						
% from renewable sources	94	95	-	-	-										
Heating & cooling disclosure coverage	68	66	63	63	-										
Proportion of heating & cooling estimated	0	0	0	0	-										
GHG EMISSIONS	GHG-Dir-Abs	Tonnes CO <sub>2</sub> e	Direct	Energy-int	kWh/m <sup>2</sup> /year	Energy intensity	72.8	77.4	75.0	78.0	-3.8				
				Total Scope 1	54	98									
				Total Scope 2 market-based	1,866	1,512									
				Total Scope 2 location-based	3,851	3,679									
				Total Scope 3	28,796	26,997									
				GHG-Indir-Abs	Tonnes CO <sub>2</sub> e	Indirect	GHG disclosure coverage <sup>2)</sup>	84	81						
							Proportion of GHG estimated <sup>3)</sup>	11	6						
				GHG-Int	kg CO <sub>2</sub> e/m <sup>2</sup> /year	GHG Intensity	(Scope 1 + Scope 2 ) kg/m <sup>2</sup>	1.3	1.1						
				Water-Abs, Water-Lfl	m <sup>3</sup>	Municipal water	Total water consumption	392,960	313,570	363,011	295,833	22.7			
				WATER	Water-Int	m <sup>3</sup> /m <sup>2</sup> /year	Building water intensity	No. of applicable properties			68	66	63	63	-
								Water disclosure coverage	0.327	0.263	0.32	0.26	22.7		
								Proportion of water estimated	0	0					
Total hazardous	42	36													
WASTE	Waste-Abs <sup>4)</sup>	Tonnes	Waste	Total non-hazardous	2,742	2,632									
				Recycled	1,314	1,274									
				Incineration	1,461	1,389									
				Landfill	8	6									
				Waste disclosure coverage	66	70									
				% of portfolio certified by floor area	100	100									
CERTIFIED ASSETS	Cert-Tot	%	Sustainability certified buildings	No. of applicable properties			100	100							
				% of portfolio certified by number of properties	100	100									
				No. of applicable properties	65	59									

<sup>1)</sup>Also includes land and development properties that produce carbon emissions.

<sup>2)</sup>Electricity consumption of tenants and Property Development (only tenant customisations) in Scope 3.

<sup>4)</sup>Waste from properties (tenants' and Fabège's operational waste).



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**Employees<sup>1)</sup>**

Social & Corporate Governance impacts	EPRA Code	Measurement Unit	Indicator	2022	2021	Change, %			
HEALTH AND SAFETY	H&S-Emp	Days per employee	Absentee rate	Direct employees	2.96	2.9	+2		
			Board of Directors members	57	57	0			
			Executive Management	50	56	-11			
			Managers	47	25	+88			
DIVERSITY	Diversity-Emp	% of female employees	Diversity Employees	All employees	38	35	+9		
			New hires	Total number new employees	31	29	+7		
			Proportion new employees, %	13	11	+18			
			Departures – Turnover	Total number of departed employees	19	21	-1		
EMPLOYEES	Emp-Turnover	Total number and rate	Proportion of departed employees, %	8	15	-47			
			Total employees number	231	199	+16			
			CORPORATE GOVERNANCE	Gov-Board	Total number <sup>2)</sup>	Composition of the highest governance body <sup>2)</sup>	7	7	0
						Executive	0	0	0
Non executive	7	7				0			

<sup>1)</sup>Figures for 2021 exclude Birger Bostad.  
<sup>2)</sup>Average number of years on the Board: 7 years.  
<sup>3)</sup>Corrected breakdown in the Board as we reported wrong KPIs in 2021.

**Equal opportunities/gender equality<sup>1)</sup>**

	2022					2021				
	Women	Men	<30 years	30–50 years	>50 years	Women	Men	<30 years	30–50 years	>50 years
Board of Directors, number	4	3	-	2	5	4	3	0	2	5
Executive Management Team, number	4	4	-	2	6	5	4	0	2	7
Main management team (excl. Executive Management Team), number	14	16	-	20	10	5	16	0	17	4
All employees, number	88	143	16	134	81	70	129	13	114	72

<sup>1)</sup>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	3.3	26.7	43.3	22.2	4.4	44 years
Men	0	9.1	27.3	23.8	30.8	9.1	45 years
<b>Total</b>	<b>0</b>	<b>6.9</b>	<b>26.4</b>	<b>31.6</b>	<b>27.7</b>	<b>7.4</b>	<b>45 years</b>

**Percentage of women within each area, %**

Property Management incl. operations	20
Projects & Business Development	51
Business support	64
Birger Bostad	67

**Percentage of entire company employees within each area, %**

Property Management incl. operations	52
Projects & Business Development	23
Business support	14
Birger Bostad	10

**Sickness absence**

Total sickness absence in relation to ordinary working hours, %	Women	Men	Total sickness absence
Age 0–29	<sup>1)</sup>	3.52	4.25
Age 30–49	3.58	3.58	3.58
Age 50+	1.40	2.65	2.02
<b>Total</b>			<b>3.12</b>

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

**Accidents**

Accident rate is defined as the number of workplace accidents resulting in an absence of one or more contracted working days per 200,000 hours worked, divided by hours worked. Number of hours worked for our own employees in 2022 was 360,518. The most common injuries experienced by our technicians are cuts and crushing injuries. However, these injuries are rare in day-to-day work.

Employees	2022
Number of deaths	0
Number of occupational accidents, with and without absence of which, travel accidents (to and from work) <sup>1)</sup>	5
of which accidents with absence of which, serious accidents <sup>2)</sup>	1
Number of cases of occupational diseases	2
Accident rate (LTAR) <sup>3)</sup>	0
	0.55

<sup>1)</sup> The travel accident did not result in sick leave or lasting injury.  
<sup>2)</sup>Relates to accidents with absence from work for a period of more than six months.  
<sup>3)</sup>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

**231** number of employees at year-end, of which

- 88 women and 143 men
- 229 permanent employees and 2 fixed-term contract employees
- 229 full-time employees and 2 part-time employees
- the proportion of employees with collective agreements was 100 per cent for the Parent Company<sup>1)</sup>

<sup>1)</sup> As of 01/03/2023, Birger Bostad is covered by a collective bargaining agreement.

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# EU taxonomy

We carry out both construction (via building contractors) and management of buildings. We have chosen to report only against objective 1: Climate change mitigation in the EU taxonomy, as it is the objective that is most relevant to our activities. All of our activities fall within the scope of the taxonomy, and the activities under which the bulk of our operations are described are 7.7 Acquisition and ownership of buildings, and 7.1 Construction of new buildings. However, other activities could also be used on a smaller scale.

**Principles for financial reporting according to the EU taxonomy**

The proportion of our operations that are environmentally sustainable according to the EU Taxonomy Regulation is reported via three financial ratios that indicate the proportion of revenue, operating expenditure and capital expenditure that is taxonomy-aligned.

**Revenue recognition**

All revenues related to the properties included in economic activities above are recognised. This refers to rental income, including the standard supplements. No material income that should be excluded has been identified. Revenue SEK 3,327 m corresponds to total net sales according to profit and loss accounts for 2022.

**Recognition of operating expenditure**

Operating expenditure includes the following expenses: property management costs, regular repairs, maintenance and expensed tenant customisations. Birger Bostad's production costs for residential development are recorded as operating expenses but are not included here, as they do not fall within the definition of operating expenses according to the taxonomy.

**Recognition of capital expenditure**

Relates to capital expenditure for acquisitions and capitalised investment expenditure related to the properties included in economic activities reported above. Capital expenditure of SEK 3,325m represents all expenditure on acquisitions and investments in investment and development properties in 2022. A further SEK 11m is linked to investments in equipment. For further information, see Notes 17 and 19 on pages 95 and 96 respectively.

**Compliance with the EU Regulation**

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

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

We may choose to report within other activities in specific cases, such as 7.2. This is used when the redevelopment is significant and the building is not already green according to 7.7. This has not been the case in 2022.

Fabege has a subsidiary, Birger Bostad, which builds residential units for sale. Birger Bostad's production costs for residential development are recorded as operating expenses but are not included here, as they do not fall within the definition of operating expenses according to the taxonomy. However, revenue linked to Birger Bostad is included in the accounts.

**Contributing to environmental objective 1: Climate change mitigation**

The taxonomy requires a building constructed before 31/12/2020 to have at least an Energy Performance Certificate (EPC) class A,

or be among the top 15 per cent most energy-efficient buildings in the country. We have judged that the best available data regarding this is the limit values developed by Fastighetsägarna (Swedish Property Federation). Fastighetsägarna's limit value for offices is the primary energy rating of 80 kWh/sqm Atemp. We have a few properties that are not offices but are considered hotels or apartment buildings. Fastighetsägarna's limit values for these categories of 91 kWh/sqm Atemp and 81 kWh/sqm Atemp respectively are used here. If additional statistics become available, for example from Boverket, we intend to use these in the future. We have calculated the primary energy rating for all properties based on the energy outcome in 2022 using our energy monitoring tool, Greenview. This calculation is identical to the one made in an energy declaration, this has been verified by an external energy expert. We believe that this is the most accurate way to show that we meet the energy performance requirements, as it shows the current status of the property based on the Swedish National Board of Housing, Building and Planning's (Boverket) current building regulations.

The taxonomy requires the energy performance of new buildings to be 10 per cent below Boverket's building regulations, which is well above our own target that office buildings should be designed for energy requirements 50 per cent below building regulations. In our technical framework programme, we require that duct leakage testing and thermal imaging always be carried out in accordance with the taxonomy. We carry out LCA calculations for the entire life cycle according to Levels in general, but it is not currently possible to provide a full breakdown of emissions according to Levels. The majority of the EPDs (Environmental Product Declarations) do not contain the information we need to split emissions into fossil and biogenic.



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**Do No Significant Harm (DNSH) criteria**

To be aligned with the taxonomy, in addition to making a substantial contribution to an environmental objective, a company must not cause significant harm to any of the other environmental objectives.

*Climate change adaptation*

We have carried out climate risk assessments on most of the properties (60 properties) in our portfolio and will therefore be able to comply with this. This is the only DNSH requirement that also covers buildings in 7.7.

We have carried out climate risk analyses at the property level in almost the entire portfolio based on the requirements of the taxonomy; these analyses are also carried out in connection with the certification of new builds according to BREEAM-SE. The analyses of investment properties are based on a worst-case RCP 8.5 scenario with continued high carbon emissions until 2100. Flooding and increased precipitation have been identified as the greatest potential future risk. The models used take climate change into account with a climate factor of 1.25.

Qualitative scenario building also evaluates other relevant climate risks such as wind, temperature changes and erosion/subsidence. These risks are expected to ultimately affect our portfolio to a much lesser extent than heavy rain and flooding.

We have only dealt with one scenario in our climate risk analyses, but the taxonomy recommends several scenarios. However, we have only analysed the worst-case scenario (8.5) and believe that analysis of this scenario alone provides a good overview of the risks. We have decided to implement a significant number of the measures identified in the analyses. These actions have been factored into our operations and will be carried out on an ongoing basis going forward.

*Sustainable use and protection of water and marine resources*

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

*Transition to a circular economy*

We have yet to establish whether this target can be achieved in our existing projects as energy recovery may not be included, which is why we have opted not to indicate that we satisfy this until the matter can be clarified.

*Pollution prevention and control*

We are not yet able to substantiate these requirements as we do not have all the data in our ongoing projects to prove that we meet the requirements, and therefore we choose not to indicate that we satisfy this until the matter can be clarified.

*Protection and restoration of biodiversity and ecosystems*

It is unclear how this requirement should be interpreted in terms of definitions of different types of land, and therefore we choose not to indicate that we meet this requirement until the matter can be clarified.

**Our projects in 2022**

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

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

taxonomy and, once they are further along in the process, for them to meet the requirements of the taxonomy.

**Minimum Safeguards**

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

We screen all our framework agreement suppliers from a sustainability perspective. Pages 50–51 and page 75 reflect our process for identifying, preventing and mitigating negative impacts on human rights and working conditions in the value chain. Our anti-corruption process is set out on pages 50–51 and 74. We produce transparent and open accounts of the Group's total tax burden.

Find out more about our work with tax on pages 55 and 74.

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











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# GRI index

## General disclosures

<b>Statement on use</b>	Fabega AB hereby reports in accordance with the GRI Standards and the report covers the reporting period 1 January 2022 – 31 December 2022
<b>GRI 1 standard</b>	GRI 1: Foundation 2021
<b>GRI Sector Standard</b>	No Sector Standard is available yet.

GRI Standards/Areas	Disclosure	Name of disclosure	Page reference	Omission		
				Requirements omitted	Reason for omission	Explanation
<b>Organisational profile</b>						
GRI 2: General disclosures 2021	2-1	Organisational details	84			
	2-2	Entities included in the organisation's sustainability reporting	122			
	2-3	Reporting period, frequency and contact point	122, 159			
	2-4	Restatements of information	No change			
	2-5	External assurance	116-121, 141			
	2-6	Activities, value chain and other business relationships	2, 33, 36, 43			
	2-7	Employees	63, 91, 129			
	2-8	Workers who are not employees		2-8	Missing information	We have not yet compiled data about workers who are not employees.
	2-9	Governance structure and composition	103-107, 114-115, 122			
	2-10	Nomination and selection of the highest governance body	103, 106	2-10-b-iv	Not applicable	The Nominating Committee does not take account of expertise in the field of sustainability.
	2-11	Chair of the highest governance body	114			
	2-12	Role of the highest governance body in overseeing the management of impacts	116, 122			
	2-13	Delegation of responsibility for managing impacts	122			
	2-14	Role of the highest governance body in sustainability reporting	122			
	2-15	Conflicts of interest	114-115			
	2-16	Communication of critical concerns	107			
	2-17	Collective knowledge of the highest governance body	107			
	2-18	Evaluation of the performance of the highest governance body	107, 124-125			
	2-19	Remuneration policies	91-92, 103, 106, 108	2-19-b	Not applicable	The Board's remuneration is not related to sustainability.
	2-20	Process to determine remuneration	103, 106, 108			
	2-21	Annual total compensation ratio		2-21	Missing information	Information not yet compiled.
	2-22	Statement on sustainable development strategy				
	2-23	Policy commitments	50, 55, 105			
	2-24	Embedding policy commitments	50-51, 55, 105			
	2-25	Processes to remediate negative impacts	51, 55			
	2-26	Mechanisms for seeking advice and raising concerns	55			
	2-27	Compliance with laws and regulations	73, 123			
	2-28	Membership associations	39, 131			
	2-29	Approach to stakeholder engagement	55, 111, 127			
	2-30	Collective bargaining agreements	131			



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				Requirements omitted	Reason for omission	Explanation
<b>Material topics</b>						
GRI 3: Material topics 2021	3-1	Guidance to determine material topics	122–127			
	3-2	List of material topics	34–35, 122			
<b>Indirect economic impacts</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	38–41			
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	38–40			
<b>Anti-corruption</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	50, 53, 55, 74, 105, 124–125			
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	55			
<b>Tax</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	55, 110, 124–125			
GRI 207: Tax 2019						
	207-1	Approach to tax	55, 110			
	207-2	Tax governance, control and risk management	55, 74, 110			
	207-3	Stakeholder engagement and management of concerns related to tax	55, 74, 110, 133			
	207-4	Country-by-country reporting	55, 78, 79, 81, 94, 122, 129			
<b>Energy</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	42–45, 123, 124–125			
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	130			
	302-2	Energy consumption outside of the organisation	43, 123			
	302-4	Reduction of energy consumption	44	302-4-a	Missing information	Stated as a percentage for the last quarter instead of J for the full year.
<b>Emissions</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	42–45, 124–125, 128–131			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	43, 123			
	305-2	Energy indirect (Scope 2) GHG emissions	43, 123			
	305-3	Other indirect (Scope 3) GHG emissions	43, 123			
	305-4	GHG emissions intensity	130			
<b>Waste</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	42, 43, 45, 50, 54, 124–125			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	42, 43			
	306-2	Management of significant waste-related impacts	42, 43, 45			
	306-3	Waste generated	130			
<b>Supplier environmental assessment</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	50, 124–125			
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	50			
<b>Employment</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	46–49, 124–125			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	91, 131	401-1	Missing information	Not broken down by age, gender and region.



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				Requirements omitted	Reason for omission	Explanation
<b>Occupational health and safety</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	46-49, 75, 123, 124-125			
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	47-48			
	403-2	Hazard identification, risk assessment and incident investigation	47-48			
	403-3	Occupational health services	47-48			
	403-4	Worker participation, consultation and communication on occupational health and safety	47-48			
	403-5	Worker training on occupational health and safety	47-48			
	403-6	Promotion of worker health	47-48			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	47-48			
	403-9	Work-related injuries	47-48, 131			
<b>Training and education</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	46-47, 124-125			
GRI 404: Training and education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	46-47			
<b>Diversity and equal opportunity</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	107, 124-125, 131			
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	91, 131			
<b>Non-discrimination</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	105, 124-125			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	105			
<b>Supplier social assessment</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	50, 124-125			
GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	50			
<b>Living conditions, education, leisure activities in local community</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	38-41, 124-125			
	Fabege-1	Collaborative initiative	38-41			
<b>Safety &amp; security</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	2, 11, 18, 27, 30, 31, 39, 124-125			
	Fabege-2	Security measures	39			
	Fabege-3	Residential construction	30-31			
<b>Indoor environment &amp; good health and safety</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	13, 42-45, 124-125			
	Fabege-4	Fitwel certification	44			
	Fabege-5	Total proportion of properties certified to BREEAM-SE and BREEAM In-Use standard	45			
<b>Financing</b>						
GRI 3: Material topics 2021	3-3	Management of material topics	52-53, 124-125			
	Fabege-6	Proportion of green financing	64			
	Fabege-7	EU taxonomy	53, 132-136			

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

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

**Introduction**

We have been engaged by the Board of Directors of Faberge AB to undertake a limited assurance engagement of the Sustainability Report of Faberge AB for 2022. The company has defined the scope of its sustainability reporting on pages 122–140 of this document, including a definition of the statutory Sustainability Report on pages 138–140.

*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 138–140 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 control relevant to the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express 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 (revised) 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 International Standard on Quality Management 1, which requires the company to design, implement and manage a quality assurance system, including guidelines or procedures regarding compliance with ethical requirements, standards for professional practice and applicable requirements in laws and other regulations. We are independent in relation to Faberge 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 on the day indicated by our electronic signature  
Deloitte AB

Peter Ekberg  
Authorised Public Accountant



# Property portfolio

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

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The property portfolio mainly comprises commercial premises. Offices account for 83 per cent of the total rental value of SEK 3.7bn. In addition to offices, the portfolio includes retail, industrial/warehouse, residential space, hotel and garage properties. The largest submarket, Solna, accounts for just under 50 per cent of the total market value. At year-end, we owned 102 properties. Their market value stood at SEK 86.3bn.

### Changes to the property portfolio in 2022

Generatorm 10, in Flemingsberg, was acquired during the first quarter. There was also a property reallocation whereby Hagalund 2:10, Haga Norra, was divided into six properties. The new properties are included in the upcoming subproject that is part of the continued development of offices and residential units in Haga Norra. The Kabelverket 2 property, in Älvsjö, was acquired during the second quarter. Birger Bostad also took possession of a small residential property in Borås. Separatorm 1 in Flemingsberg was taken over in August. In the fourth quarter, two properties were merged via reallocation. Properties were acquired in 2022 for a total sum of SEK 1,068m.

### 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.







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**Property-related KPIs**

Year	2022	2021	2020	2019	2018
No. of properties	102	94	94	87	89
Lettable area, 000 sqm	1,290	1,247	1,245	1,255	1,252
Financial occupancy rate, %	89	90	91	94	94
Rental value, SEKm	3,724	3,359	3,242	3,195	2,960
Surplus ratio, %	74	76	75	75	74

**Average yield requirement per area**

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

**Property sales**

No sales were carried out in 2022.

**Property acquisitions**

Property name	Area	Category	Lettable area, sqm
Generatorm 10	Flemingsberg	Land	0
Kabelverket 2	Älvsjö	Offices	22,198
Solrosen 16	Borås	Land	800
Separatorm 1	Flemingsberg	Land	0
<b>Total</b>			<b>22,998</b>

**Biggest customers**

Customer	Share, % <sup>1)</sup>	Year of expiry
SEB	6	2037
ICA Fastigheter Sverige AB	3	2030
Telia Company	3	2031
TietoEvry	3	2029
Convendum	2	2034
Carnegie Investment Bank AB	2	2027
Swedbank	2	2029
Migrationsverket	2	2028
Billia AB	2	2041
Svea Ekonomi	2	2027
<b>Total</b>	<b>27</b>	

<sup>1)</sup>Percentage of contractual rent.

**15 highest valued properties at 31 December 2022**

Property name	Area	Category	Lettable area, sqm
Pyramiden 4	Arenastaden	Offices	72,234
Apotekaren 22	Norrmalm	Offices	28,310
Bocken 39	Norrmalm	Offices	20,459
Nationalarenan 8	Arenastaden	Offices	45,744
Bocken 35 & 46	Norrmalm	Offices	14,934
Orgeln 7	Sundbyberg	Offices	39,051
Luma 1	Hammarby Sjöstad	Offices	38,280
Barnhusväderkv. 36	Norrmalm	Offices	25,987
Signalen 3	Arenastaden	Offices	31,492
Fräsaren 11	Solna Business Park	Offices	39,167
Fräsaren 12	Solna Business Park	Offices	37,319
Poolen 1	Arenastaden	Offices	28,095
Smeden 1	Solna Business Park	Offices	45,009
Nöten 4	Solna Strand	Offices	52,179
Uarda 1	Arenastaden	Offices	24,360

**Average remaining lease term by submarket, 31 December 2022**

Area	No. of properties	No. of leases	Lease length, years
Stockholm inner city	27	593	3.8
Solna	53	408	6.7
Hammarby Sjöstad	10	274	2.6
Flemingsberg	8	77	2.5
Other markets <sup>1)</sup>	2	60	2.0
<b>Total/average</b>	<b>100</b>	<b>1,412</b>	<b>5.01</b>

<sup>1)</sup> Two residential properties in Borås (Other markets) are not included in the table

**Lease maturity structure**

Year of maturity	No. of leases	Annual rent, SEKm	%
2023 <sup>1)</sup>	597	475	15
2024 <sup>1)</sup>	289	319	10
2025	233	493	15
2026	184	432	14
2027	74	431	14
2028+	67	857	25
Commercial	1,444	3,007	94
Residential contract	208	22	1
Garage and parking	689	144	5
<b>Total</b>	<b>2,341</b>	<b>3,173</b>	<b>100</b>

<sup>1)</sup> Of which just over SEK 215m has already been renegotiated as current leases expire.

**Changes in property values**

	Market value, SEKm
Opening amount at 01/01/2022	83,256
+ Acquisitions	1,068
+ Investments in new builds, extensions and conversions	2,257
- Sales	-0
+/- Unrealised changes in value	-233
<b>Closing amount at 31/12/2022</b>	<b>86,348</b>



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**Breakdown by lettable area, 31 December 2022**

Sqm	Offices	Retail	Industrial/warehouse	Hotel	Residential	Garage	Total
Stockholm inner city	233,256	20,650	20,488	9,347	7,436	33,267	324,444
Solna	545,330	30,961	33,638	35,905	903	82,574	729,311
Hammarby Sjöstad	103,552	7,816	18,097	0	691	8,113	138,269
Flemingsberg	15,748	528	53,184	0	0	40	69,500
Other markets	21,599	490	1,848	0	4,504	73	28,514
<b>Total</b>	<b>919,485</b>	<b>60,445</b>	<b>127,255</b>	<b>45,252</b>	<b>13,534</b>	<b>124,067</b>	<b>1,290,038</b>

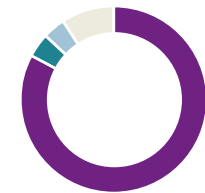
**Property table**

Property holdings	No. of properties	Lettable area, 000 sqm	Market value, SEKm	Rental value <sup>2)</sup> , SEKm	Financial occupancy rate, %
Investment properties <sup>1)</sup>	62	991	71,955	3,313	89
Development properties <sup>1)</sup>	18	236	7,948	393	n/a
Land and project properties <sup>1)</sup>	22	63	6,445	19	n/a
<b>Total</b>	<b>102</b>	<b>1,290</b>	<b>86,348</b>	<b>3,724</b>	<b>88</b>
Of which Stockholm inner city	27	324	31,989	1,417	89
Of which, Solna	53	729	42,554	1,799	90
Of which, Hammarby Sjöstad	10	138	8,327	384	93
Of which Flemingsberg	8	70	2,391	66	n/a
Of which, other	4	29	1,087	59	91
<b>Total</b>	<b>102</b>	<b>1,290</b>	<b>86,348</b>	<b>3,724</b>	<b>89</b>

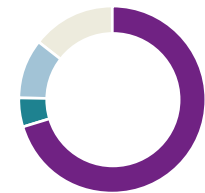
<sup>1)</sup>See definitions for further details.

<sup>2)</sup>In the rental value, time limited deductions of approximately SEK 157m (in rolling annual rental value at 31 December 2022) have not been deducted. Financial occupancy rate refers to investment properties.

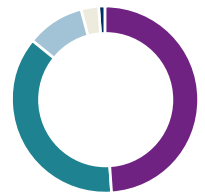
**Rental value per category**  
Total SEK 3,724m



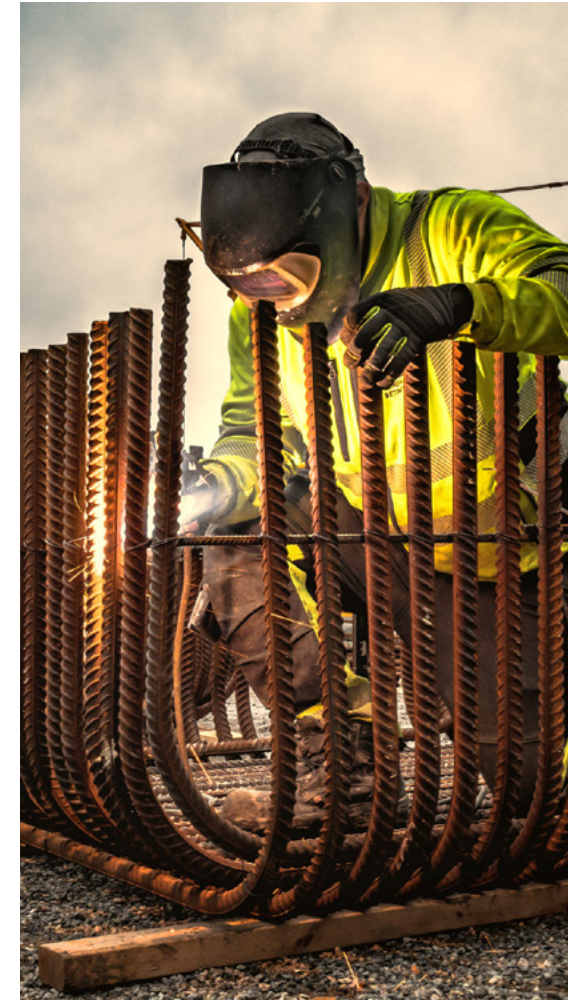
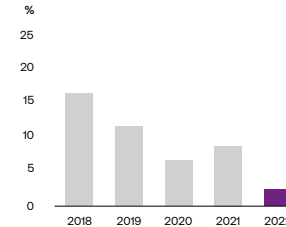
**Lettable area by category**  
Total 1,290,000 sqm



**Property value by area**  
Total SEK 86.3bn



**Total return on the property portfolio**





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# Projects

**Ongoing projects > SEK 50m, 31/12/2022**

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

<sup>1)</sup> Operational occupancy rate at 31/12/2022 excl. multistorey car park Semaforen 1.

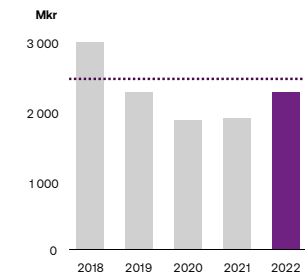
<sup>2)</sup> Rental value incl. supplements. The annual rent for the largest projects in progress could increase to SEK 404m (fully let) from SEK 0m in annualised current rent at 31 December 2022.

<sup>3)</sup> The property Hägern Mindre 7 is classified as an investment property in Fabege's segment reporting.

**Development rights, 31/12/2022**

Commercial, sqm	Sqm GFA	Legal approval, %	Carrying amount, SEK/sqm	Residential, sqm	Sqm GFA	Legal approval, %	Carrying amount, SEK/sqm
Stockholm inner city	32,400	4	7,700	Stockholm inner city	1,300	0	0
Solna	349,600	19	7,100	Solna	252,700	54	10,700
Hammarby Sjöstad	73,700	41	9,100	Hammarby Sjöstad	4,300	100	4,600
Flemingsberg	264,900	6	4,900	Flemingsberg	273,500	0	5,700
SHH Bostad	7,100	0	14,300	SHH Bostad	121,900	83	4,900
Other	20,000	100	1,600	Other	-	-	-
<b>Total</b>	<b>747,700</b>	<b>18</b>	<b>6,500</b>	<b>Total</b>	<b>653,700</b>	<b>37</b>	<b>7,400</b>

**Investments, SEKm<sup>1)</sup>**



<sup>1)</sup> Target: at least SEK 2,500m per year over a business cycle.

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## City under a roof

### Solna Strand

Nöten 4 is located at Solna Strandväg 22, right on the waterfront in Solna Strand. We are developing an approximately 50,000 square metre property here with flexible office space and a range of services, culture and recreation, which we call 'Staden under tak' (City under a roof). It will be a vibrant and dynamic place close to the waterfront promenade, nature and transport links, which will benefit commercial tenants, visitors and residents alike. Sustainability and recycling are prominent aspects of the entire project. The building was constructed in 1971 and it provides a wide range of services, including a conference centre, a food market, a restaurant, a wellness centre, a dog daycare centre, a café, an underground car park and a car pool.



#### NÖTEN 4

**Completed:** Q1 2024

**Lettable area:** 53,400 sqm

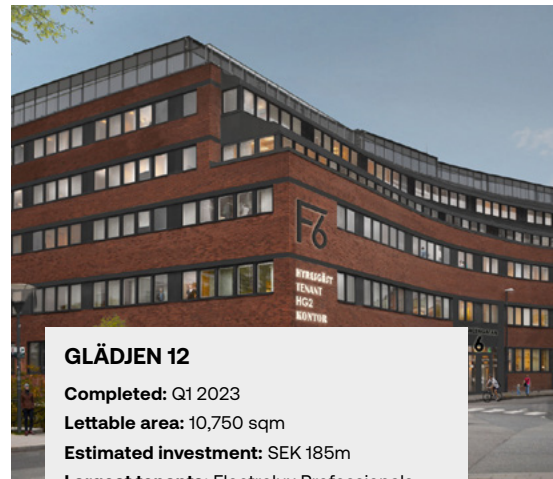
**Estimated investment:** SEK 770m

**Environmental classification:** BREEAM In-Use, Outstanding

## Modern solutions in the city centre

### Stadshagen

One of the tenants in this property at Franzéngatan 6 on Kungsholmen is Electrolux Professionals with its Group headquarters, a large showroom and a demonstration kitchen for training purposes. The property was built in 1949 and has three eight-storey blocks. Elgiganten relocated its headquarters here in the autumn of 2022. The renovation and modernisation of the 11,000 square metre property was also completed, with attractive new offices and a stunning courtyard. It is located close to both Stadshagen underground station and the residential development at Hornsberg, with its rich array of restaurants, cafés and other services.



#### GLÄDJEN 12

**Completed:** Q1 2023

**Lettable area:** 10,750 sqm

**Estimated investment:** SEK 185m

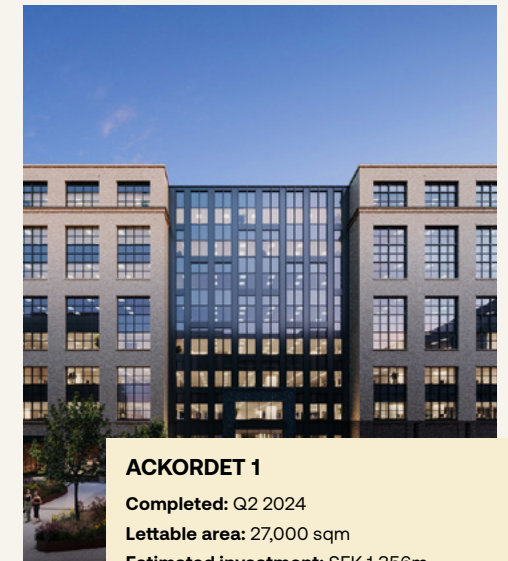
**Largest tenants:** Electrolux Professionals and Elgiganten

**Environmental classification:** BREEAM In-Use, Excellent

## Continental feel in Haga Norra's new development

### Solna

Haga Norra is the Arenastaden's new major development. A new urban neighbourhood, home to a wonderful mix of cafés, restaurants, offices and homes, with a strong emphasis on meeting places. The sustainable architecture features classic qualities – but with an eye to the future. Just seven minutes from the centre of Stockholm and with Hagaparken around the corner, it's an accessible and inviting place for employees, residents and visitors.



#### ACKORDET 1

**Completed:** Q2 2024

**Lettable area:** 27,000 sqm

**Estimated investment:** SEK 1,356m

**Largest tenant:** JM

**Environmental classification:** BREEAM-SE, Excellent



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## Creative solutions as the national arts relocate to

### Flemingsberg

The Royal Dramatic Theatre (Dramaten) and the Royal Swedish Opera (Kungliga Operan) are together moving their workshops, studios, rehearsal rooms and archives to Flemingsberg. The new building, with around 12,000 squaremetres of floorspace, will be ready in summer 2024. Dramaten and Operan are very important pieces of the puzzle in the development of the new district of Flemingsberg. As several different types of activities will take place simultaneously in the building, there are stringent sound requirements for separating walls. There is also a need for effective logistics within the building, as the set studio produces sets for performances that will be transported both within and to and from the building.

## High-tech innovation centre

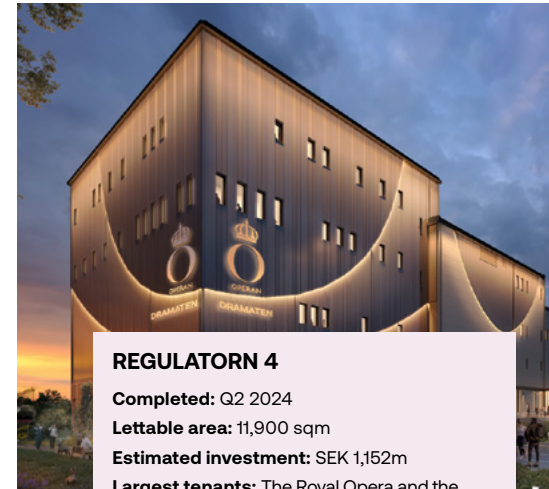
### Separatorn – Flemingsberg

2022 saw the start of construction on Alfa Laval's new workplace, and the high-tech innovation centre will be designed with a strong focus on people, location and technology, in order to promote new ways of working. Identity, technical innovation and sustainable solutions have been the key factors in Alfa Laval's search for the perfect location for their 700 employees, who are to be housed in an office space of approximately 20,000 square metres.



### PÅSEN 1 – TEXTILTORGET

**Completed:** Q4 2024  
**Area:** 11,000 sqm  
**Estimated investment:** SEK 445m  
**Environmental classification:** BREEAM-SE Bespoke, Excellent



### REGULATORN 4

**Completed:** Q2 2024  
**Lettable area:** 11,900 sqm  
**Estimated investment:** SEK 1,152m  
**Largest tenants:** The Royal Opera and the Royal Dramatic Theatre  
**Environmental classification:** BREEAM-SE, Very Good

## Tailor-made in Sjöstan

### Hammarby Sjöstad

The Påsen 1 property is in Hammarby Sjöstad, with the address Textilgatan 43. The building was constructed in 1955 and is located about 700 metres from Gullmarsplan and 200 metres from Mårtensdal light railway station. There are plenty of nice restaurants and other services here, including shops, fitness facilities, health centre, pharmacy and bank. It is also close to Hammarby quay, where you can enjoy watching the boats go by with a coffee in hand, or take a refreshing walk at lunchtime.

## Considerable interest in Hjärup's residential project

### Hjärup

During the winter of 2023, 56 new tenant-owner apartments are expected to be ready for occupancy in Hjärup. SHH is developing these apartments across two four-storey buildings. The area is commuter-friendly, with travel times by train to Lund and Malmö of five and ten 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.



### BRF PARKALLÉN

**Completed:** Q4 2023  
**Area:** Approx. 3,700 sqm residential floor area  
**No. of residential units:** 56  
**Form of tenure:** Tenant-owner apartments

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# Property listings

## Stockholm inner city, 31 December 2022

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, 31/12/2022
1 Apotekaren 22	Norrmalm	Döbelnsg 20, 24, Kungstensg 21-23, Rådmanng 40, 42, Tuleg 7 A-B 13	1902/2002	25,289	680	1,425	0	0	916	28 310	1,186,000
2 Barnhusväderkvarnen 36	Norrmalm	Rådmanng 61-65	1963	13,807	1,156	2,203	0	0	8,821	25,987	678,000
3 Bocken 35	Norrmalm	Lästmakarg 22-24	1951	14,613	127	194	0	0	0	14,934	1,298,000
4 Bocken 39	Norrmalm	Lästmakarg 20, Kungsg 7-15	1931	16,846	2,095	1,462	0	0	56	20,459	1,151,376
5 Bocken 46	Norrmalm	Regeringsgatan 56	1977	0	0	0	0	0	0	0	0
6 Bocken 47	Norrmalm	Lästmakarg 8	1929	531	665	0	0	0	0	1,196	67,000
7 Bocken 52	Norrmalm	Lästmakarg 14-16		145	0	0	2,214	0	0	2,359	163,200
8 Drabanten 3	Kungsholmen	Kungsbroplan 3, etc.	1907	6,370	0	249	0	0	0	6,619	243,000
9 Fenix 1	Norrmalm	Barnhusgatan 3	1929	3,504	48	198	0	0	0	3,750	137,886
10 Getingen 13	Vasastan	Sveavägen 149	1963	11,090	838	2,753	0	0	2,415	17,096	409,000
11 Getingen 14	Vasastan	Sveavägen 143-147	1953	8,340	2,505	940	0	0	1,123	12,908	284,000
12 Getingen 15	Vasastan	Sveavägen 159	1963	13,427	2,502	4,577	0	0	5,001	25,507	434,000
13 Glädjen 12 <sup>3)</sup>	Stadshagen	Franzéng 6, Hornsbergs Strand 17	1949	9,732	0	1,118	0	0	1,915	12,765	276,000
14 Hägern Mindre 7	Norrmalm	Drottninggatan 27-29	1971	8,479	1,672	737	0	0	2,167	13,055	658,426
15 Islandet 3	Norrmalm	Holländargatan 11-13	1904	8,243	0	12	0	0	255	8,510	280,148
16 Läraren 13	Norrmalm	Torsgatan 4	1904/29	6,839	0	1	0	0	0	6,840	292,000
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	Engelbrektsgatan 5-7	1881	6,345	0	196	0	0	526	7,067	423,000
19 Ormräsket 10	Vasastan	Sveavägen 166-170, 186	1962/67	15,430	1,837	762	0	0	2,071	20,100	511,000
20 Oxen Mindre 33	Norrmalm	Luntmakarg 18	1979	8,118	0	231	0	0	1,860	10,209	352,000
21 Oxen Mindre 38	Norrmalm	Malmkillnadsg 47 A, B	1979	122	0	0	2,822	0	3	2,947	158,094
22 Paradiset 23 <sup>3)</sup>	Stadshagen	Strandbergsg 53-57	1944	10,292	89	650	0	0	2,808	13,839	260,000
23 Paradiset 27 <sup>3)</sup>	Stadshagen	Strandbergsg 59-65	1959	18,774	3,444	1,893	0	0	2,229	26,340	538,000
24 Pilen 27	Norrmalm	Bryggarg 12A	1907	1,865	0	192	0	0	0	2,057	124,160
25 Pilen 31	Norrmalm	Gamla Brog 27-29, Vasag 38	1988	4,610	598	229	0	3,542	571	9,550	601,000
26 Sparven 18	Östermalm	Birger Jarlsg 21-23, Kungsg 2	1929	1,621	1,142	49	0	5,805	0	8,617	550,000
27 Ynglingen 10	Östermalm	Jungfrug 23, 27, Karlav 58-60	1929	7,075	1,252	400	2,400	0	526	11,653	449,000
<b>Total Stockholm inner city</b>				<b>233,256</b>	<b>20,650</b>	<b>20,488</b>	<b>7,436</b>	<b>9,347</b>	<b>33,268</b>	<b>324,444</b>	<b>11,524,290</b>

● Certified/Registered for certification



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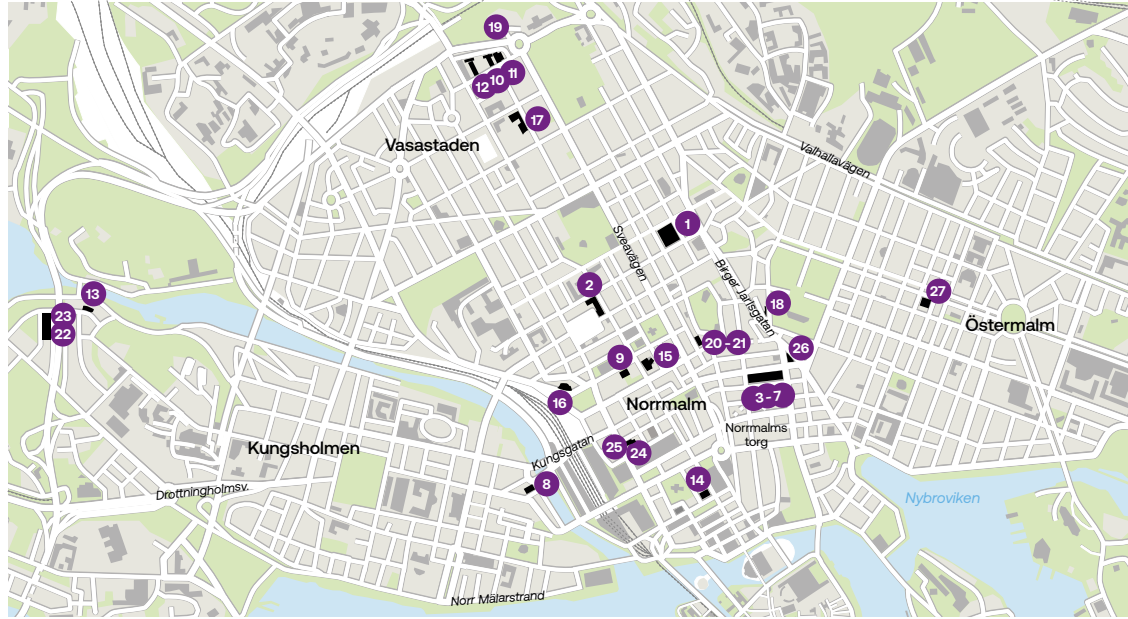
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## Solna, Arenastaden

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, 31/12/2022
1 Farao 14 <sup>2)</sup>	Arenastaden	Dalvägen 10, Pyramidvägen 7, 9	1967	0	0	0	0	0	0	0	76,330
2 Farao 15 <sup>1)</sup>	Arenastaden	Dalvägen 8, Pyramidvägen 5	1981	6,427	723	1,001	0	0	1,020	9,171	74,200
3 Farao 16 <sup>1)</sup>	Arenastaden	Dalvägen 4–6, Pyramidvägen 3	1973	2,792	1,297	1,722	0	0	540	6,351	47,041
4 Farao 17 <sup>1)</sup>	Arenastaden	Dalvägen 2, Pyramidvägen	1975	3,180	786	2,861	0	0	560	7,387	47,600
5 Farao 19 <sup>2)</sup>	Arenastaden	Magasinsvägen		0	0	0	0	0	0	0	0
6 Farao 20	Arenastaden	Pyramidvägen 7	1964	7,290	0	166	0	0	375	7,831	208,000
7 Farao 8	Arenastaden	Dalvägen 12, Pyramidvägen 11	2001	5,839	0	347	0	0	0	6,186	142,000
8 Järva 3:7 <sup>2)</sup>	Arenastaden	Evenemangsgatan		0	0	0	0	0	0	0	897
9 Kairo 1 <sup>1)</sup>	Arenastaden	Pyramidvägen 2	1983	10,741	0	0	0	0	0	10,741	84,200
10 Nationalarenan 3	Arenastaden	Evenemangsgatan 48	2021	2,488	0	0	0	16,677	0	19,165	574,000
11 Nationalarenan 5	Arenastaden	Evenemangsgatan 32	2013	0	0	0	0	0	25,500	25,500	74,000
12 Nationalarenan 8	Arenastaden	Stjärntorget 1, Eventemangsg. 2C	2018	45,744	0	0	0	0	0	45,744	1,134,000
13 Poolen 1 <sup>2)</sup>	Arenastaden	Kolonnvägen 24	2022	27,109	912	74	0	0	0	28,095	348,000
14 Pyramiden 4	Arenastaden	Stjärntorget 3–5, Pyramidvägen 4–22, Magasinsvägen 6–12, Råsta strandväg 5–9	2018	72,234	0	0	0	0	0	72,234	2,081,000
15 Semaforen 1 <sup>2)</sup>	Arenastaden	Gustav III:s boulevard		0	0	0	0	0	0	0	0
16 Signalen 3	Arenastaden	Kolonnvägen 22	2019	31,116	0	376	0	0	0	31,492	704,000
17 Stigbygeln 2	Arenastaden	Gårdsvägen 6	1955	7,646	95	326	0	0	349	8,416	163,000
18 Stigbygeln 3 <sup>1)</sup>	Arenastaden	Gårdsvägen 8	1960	5,047	262	608	0	0	0	5,917	97,026
19 Stigbygeln 5	Arenastaden	Gårdsvägen 10 A, B	1963	6,791	0	50	0	0	570	7,411	143,000
20 Stigbygeln 6	Arenastaden	Gårdsvägen 12–18	2001	8,994	581	338	0	0	0	9,913	248,000
21 Tygelin 3	Arenastaden	Gårdsvägen 13–21	2001	4,397	0	0	0	0	5,100	9,497	131,599
22 Tömmen 1 <sup>1)</sup>	Arenastaden	Gårdsvägen 2–4	1952	2,851	0	1,320	0	0	2,862	7,033	27,543
23 Tömmen 2	Arenastaden	Gårdsvägen 2		0	0	0	0	0	2,610	2,610	0
24 Uarda 1	Arenastaden	Dalvägen 30, Evenemangsgatan 27–31, Vintervägen 33	1987	22,501	1,349	480	0	0	30	24,360	655,000
25 Uarda 4 <sup>1)</sup>	Arenastaden	Dalvägen 14–16	1992	6,529	0	1,333	0	0	0	7,862	143,198
<b>Total Solna, Arenastaden</b>				<b>279,716</b>	<b>6,005</b>	<b>11,002</b>	<b>0</b>	<b>16,677</b>	<b>39 516</b>	<b>352,916</b>	<b>7,203,634</b>

## 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, 31/12/2022
26 Fräsaren 9 <sup>1)</sup>	Solna Business Park	Svetsarvägen 22	1962	4,178	0	5,365	0	0	0	9,543	20,449
27 Fräsaren 10	Solna Business Park	Svetsarvägen 24	1964	7,235	4,241	138	0	0	9	11,623	191,000
28 Fräsaren 11	Solna Business Park	Englundavägen 2–4, Svetsarv. 4–10	1962	33,134	255	1,328	0	1,840	2,610	39,167	672,000
29 Fräsaren 12	Solna Business Park	Svetsarvägen 12–18, 20, 20A	1964	19,352	10,163	964	0	0	6,840	37,319	652,000
30 Sliparen 1 <sup>1)</sup>	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	18,469	0	788	0	0	3,315	22,572	261,287
32 Smeden 1	Solna Business Park	Englundav 6–14, Smidesv 5–7, Svetsarv 5–17	1967	34,091	5,028	1,579	467	0	3,844	45,009	728,447
33 Svetsaren 1	Solna Business Park	Englundavägen 7	1964	12,468	742	415	0	0	2,430	16,055	191,000
34 Svetsaren 3 <sup>1)</sup>	Solna Business Park	Englundavägen 9–13		15,212	329	1,979	436	2,491	3,660	24,107	303,228
35 Yrket 3 <sup>1)</sup>	Solna Business Park	Smidesvägen 2–8	1982	4,864	0	1,076	0	0	1,470	7,410	39,000
<b>Total Solna Business Park</b>				<b>149,365</b>	<b>20,758</b>	<b>16,664</b>	<b>903</b>	<b>4,331</b>	<b>25,566</b>	<b>217,587</b>	<b>3,081,411</b>





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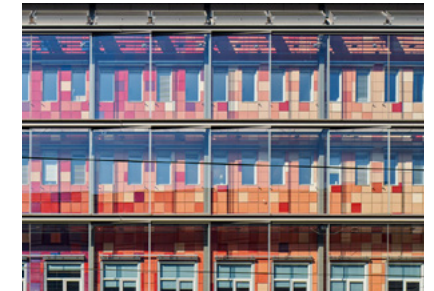
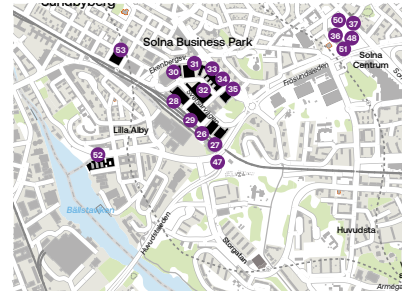
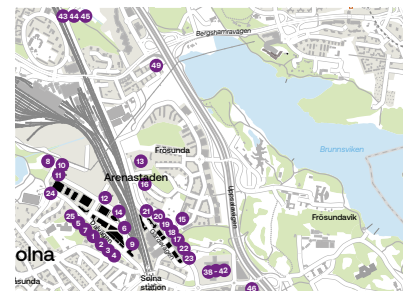
## Solna, Haga Norra

Property name	Area	Street address	Construction year	Office/sqm	Retail/sqm	Industrial + warehouse/sqm	Residential/sqm	Hotel/sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2022
36	Ackordet 1 <sup>2)</sup>	Haga Norra		0	0	0	0	0	0	0	177,175
37	Ackordet 2 <sup>2)</sup>	Haga Norra		0	0	0	0	0	0	0	143,245
38	Kvarten 1 <sup>2)</sup>	Haga Norra	Frösundaleden 4	0	0	0	0	0	0	0	353,515
39	Kvinten 1 <sup>2)</sup>	Haga Norra	Frösundaleden 4	0	0	0	0	0	0	0	467,059
40	Tersen 1	Haga Norra	Frösundaleden 4	0	0	0	0	0	0	0	60,594
41	Hagalund 2:11 <sup>2)</sup>	Haga Norra	Kolonnvägen	2021	15,017	158	180	0	0	15,355	284,800
42	Hagalund 2:16 <sup>2)</sup>	Haga Norra	Frösundaleden 4		0	0	0	0	0	0	10,288
<b>Total Solna, Haga Norra</b>					<b>15,017</b>	<b>158</b>	<b>180</b>	<b>0</b>	<b>0</b>	<b>15,355</b>	<b>1,496,676</b>

## Other parts of Solna

Property name	Area	Street address	Construction year	Office/sqm	Retail/sqm	Industrial + warehouse/sqm	Residential/sqm	Hotel/sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2022	
43	Distansen 4 <sup>2)</sup>	Ulriksdal	2016	0	0	0	0	0	0	0	18,900	
44	Distansen 6	Ulriksdal	2016	10,500	539	0	0	0	0	11,039	162,200	
45	Distansen 7	Ulriksdal	2016	0	0	0	0	0	9,810	9,810	41,762	
46	Fortet 2	Arenastaden	2016	0	0	0	0	7,533	17	7,550	76,000	
47	Huvudsta 3:1 <sup>2)</sup>	Huvudsta	1958	0	0	0	0	0	0	0	0	
48	Hörnan 1	Råsunda	1958	15,698	730	32	0	0	0	16,460	487,000	
49	Järvakrogen 3	Frösunda	2015	0	0	0	0	7,364	0	7,364	239,000	
50	Klacken 2	Råsunda	1985	0	0	0	0	0	0	0	7,000	
51	Lagern 2 <sup>2)</sup>	Råsunda	1985	0	0	0	0	0	0	0	0	
52	Nöten 4 <sup>2)</sup>	Solna Strand	1971	50,043	956	2,400	0	0	7,596	60,995	979,000	
53	Orgeln 7	Sundbyberg	1966	33,806	1,815	3,360	0	0	74	39,055	771,000	
<b>Total, Other parts of Solna</b>					<b>125,255</b>	<b>4,198</b>	<b>5,782</b>	<b>0</b>	<b>14,897</b>	<b>17,497</b>	<b>167,629</b>	<b>2,781,862</b>
<b>Total Solna (Arenastaden + Solna Business Park + Haga Norra + Other)</b>					<b>125,065</b>	<b>4,198</b>	<b>5,972</b>	<b>0</b>	<b>14,897</b>	<b>17,497</b>	<b>167,629</b>	<b>14,563,583</b>

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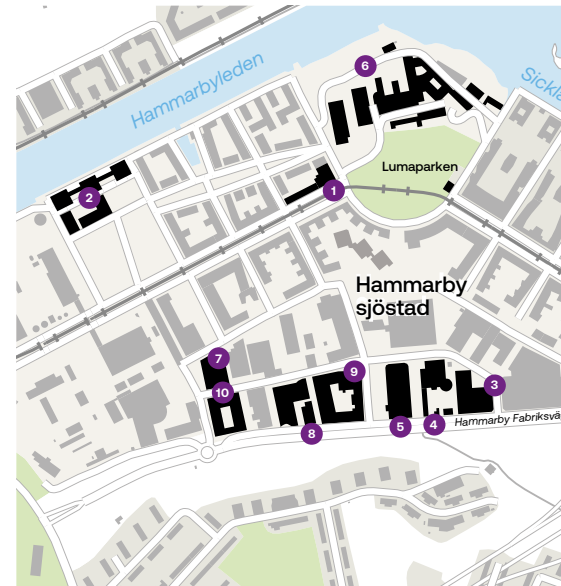
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## Hammarby Sjöstad, 31 December 2022

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, 31/12/2022	
1	Fartygstrafiken 2	Hammarby Sjöstad	Hammarby Allé 93	1955	6,711	1,840	165	0	0	9	8,725	191,000
2	Båtturen 2	Hammarby Sjöstad	Hammarby Kaj 12, Hammarby Kaj 14-18	1937	16,537	276	457	0	0	1,230	18,500	521,000
3	Korhoppet 1	Hammarby Sjöstad	Virkesvägen 24-26	1949	8,479	575	4,145	0	0	974	14,173	185,400
4	Korhoppet 5 <sup>2)</sup>	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	95,000
6	Luma 1	Hammarby Sjöstad	Ljusslingan 1-17, 2-26, Glödlampsgränd 1-6, Lumaparksv 2-18, 5-15, Kölnag 3	1930	29,995	2,394	1,352	691	0	3,848	38,280	605,696
7	Påsen 1 <sup>2)</sup>	Hammarby Sjöstad	Textilgatan 41-43		9,843	0	1,586	0	0	0	11,429	108,073
8	Trikkåfabriken 12 <sup>2)</sup>	Hammarby Sjöstad	Hammarby Fabriksväg 27, Virkesvägen 8-10	1942	5,689	891	2,972	0	0	975	10,527	1,620
9	Trikkåfabriken 8 <sup>1)</sup>	Hammarby Sjöstad	Virkesvägen 12, Heliosgatan 1-3	1930	11,627	1,037	2,689	0	0	12	15,365	251,000
10	Trikkåfabriken 9	Hammarby Sjöstad	Virkesvägen 2-4	1928	14,671	375	477	0	0	1,065	16,588	548,000
<b>Total, Hammarby Sjöstad</b>					<b>103,552</b>	<b>7,816</b>	<b>18,097</b>	<b>691</b>	<b>0</b>	<b>8,113</b>	<b>138,269</b>	<b>2,515,189</b>

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## Flemingsberg, 31 December 2022

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, 31/12/2022
1 Batteriet 3 <sup>1)</sup>	Flemingsberg	Regulatorvägen 15	1981	0	0	800	0	0	0	800	5,728
2 Batteriet 4 <sup>2)</sup>	Flemingsberg	Regulatorvägen 17		0	0	0	0	0	0	0	3,604
3 Generatorm 10 <sup>2)</sup>	Flemingsberg			0	0	0	0	0	0	0	0
4 Generatorm 11 <sup>2)</sup>	Flemingsberg	Björnkullavägen		0	0	0	0	0	0	0	0
5 Regulatorn 1 <sup>1)</sup>	Flemingsberg	Jönvägen 1, 3; Elektronvägen 2, 4, 6; Regulatorvägen 6, 8	1963	11,501	528	13 258	0	0	0	25,287	111,138
6 Regulatorn 2 <sup>1)</sup>	Flemingsberg	Elektronvägen 1		4,247	0	39,126	0	0	40	43,413	173,508
7 Regulatorn 4 <sup>2)</sup>	Flemingsberg	Elektronvägen		0	0	0	0	0	0	0	13,500
8 Separatorm 1	Flemingsberg			0	0	0	0	0	0	0	0
<b>Total, Flemingsberg</b>				<b>15,748</b>	<b>528</b>	<b>53,184</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>69,500</b>	<b>307,478</b>

## Other, 31 December 2022

**Sollentuna and Borås**

Property name	Area	Street address	Construction year	Office /sqm	Retail /sqm	Industrial + warehouse/sqm	Residential /sqm	Hotel /sqm	Parking + other/sqm	Total lettable area/sqm	Tax value SEK 000s, 31/12/2022
1 Tekniken 1 <sup>2)</sup>	Sollentuna			0	0	0	0	0	0	0	116
2 Kabelverket 2	Ålvsjö	Glasfiberгатan 6-14 and others	1996	19,824	490	1,848	0	0	73	22,235	251,000
3 Daggkäpan 2	Borås	Backadalsstigen 4 A-D, 6 A-F	2021	1,775	0	0	3,705	0	0	5,480	106,520
4 Solrosen 1	Borås	Druveforsvägen 31	2021	0	0	0	799	0	0	799	36,600
<b>Total, Other</b>				<b>21,599</b>	<b>490</b>	<b>1,848</b>	<b>4,504</b>	<b>0</b>	<b>73</b>	<b>28,514</b>	<b>394,236</b>



The list of properties contains all properties in our ownership at 31 December 2022. Unless otherwise stated, the property is classified as an investment property, meaning a property under regular and active management.

<sup>1)</sup> 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.

<sup>2)</sup> 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

Fabege's shares are listed on Nasdaq Stockholm and included in the Large Cap segment. Fabege had a total of 44,970 known shareholders at 31 December 2022, including 64 per cent Swedish ownership. The 15 largest shareholders control 46.3 per cent of the capital in the company.

**Dividend policy**

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

**Dividend 2022**

The Board proposes to the AGM a dividend of SEK 2.40 per share, to be paid quarterly on four occasions in the amount of SEK 0.60 per share on each occasion. The proposal is consistent with the company's dividend policy.

**Acquisition and transfer of treasury shares**

The 2022 AGM passed a resolution authorising the Board, for the period until the next AGM, to acquire and transfer shares in the company. Share buybacks are subject to a limit of 10 per cent of the total number of shares outstanding at any time. The company held 16,206,048 treasury shares on 31 December. Repurchases were made at an average price of SEK 120.23 per share. The holding represents 4.9 per cent of the total number of registered shares.

**Shares and share capital**

The share capital at year-end was SEK 5,097m (5,097), represen-

ted 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/share.

**Largest shareholders**

Largest shareholders <sup>1)</sup> , 31/12/2022	Number of shares	Share of capital, %
Backahill AB	52,108,718	15.8
Länsförsäkringar Fonder	11,073,962	3.3
Vanguard	10,510,213	3.2
BlackRock	10,289,233	3.1
Handelsbanken Fonder	9,041,408	2.7
Nordea Funds	8,596,644	2.6
Mats Qviberg and family	7,133,790	2.2
E.N.A City Aktiebolag	6,430,000	1.9
Folksam	6,341,334	1.9
Norges Bank	6,302,960	1.9
APG Asset Management	6,161,124	1.9
Third Swedish National Pension Fund	5,672,919	1.7
Fourth Swedish National Pension Fund	5,352,362	1.6
AFA Försäkring	4,617,048	1.4
Columbia Threadneedle	3,604,850	1.1
<b>Total 15 largest shareholders</b>	<b>153,236,565</b>	<b>46.3</b>
<b>Total number of shares outstanding</b>	<b>314,577,096</b>	<b>95.1</b>
Treasury shares	16,206,048	4.9
<b>Total number of registered shares</b>	<b>330,783,144</b>	<b>100</b>

<sup>1)</sup> 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			
	Redemption offering Klövern AB	-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
	Rights 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



# Five-year summary

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	2022	2021	2020	2019	2018
<b>PROFIT AND LOSS ACCOUNTS, SEKm</b>					
Rental income	3,032	2,889	2,806	2,856	2,517
Gross earnings	2,161	2,176	2,112	2,144	1,875
<i>Of which gross earnings for Property Management – net operating income</i>	2,240	2,185	2,112	2,144	1,875
<i>Of which gross earnings from residential development</i>	-79	-9	-	-	-
Realised changes in value/Gain from property sales	74	56	49	0	153
Unrealised changes in value, properties	-233	4,585	2,715	5,743	7,685
Profit/loss from Property Management	1,373	1,537	1,474	1,532	1,246
Profit/loss before tax	2,964	6,712	4,007	7,034	9,103
Profit after tax	2,376	5,400	3,167	6,006	7,699
<b>BALANCE SHEETS, SEKm</b>					
Goodwill	205	205	-	-	-
Properties	86,348	83,257	76,648	74,250	67,634
Right-of-use asset, leasehold	1,243	1,092	897	942	-
Other property, plant and equipment	25	22	15	6	3
Derivatives	1,689	121	20	58	-
Financial assets	456	832	1,108	810	429
Project and development properties	892	821	-	-	-
Other current assets	1,042	1,411	350	318	622
Short-term investments	96	96	108	134	127
Cash and cash equivalents	87	131	20	24	15
Equity	45,514	45,174	41,542	40,068	34,964
Provisions	10,195	9,603	8,288	7,613	6,547
Interest-bearing liabilities	33,341	30,399	26,669	26,414	26,275
Lease liability	1,243	1,093	897	942	-
Derivatives	0	186	617	426	132
Non-interest-bearing liabilities	1,633	1,336	970	1,079	912

	2022	2021	2020	2019	2018
Total assets	92,083	87,988	79,166	76,542	68,830
<b>Key performance indicators<sup>1)</sup></b>					
Surplus ratio, %	74	76	75	75	74
Interest coverage ratio, multiple	3.4	4.1	4.3	4.4	3.7
Equity/assets ratio, %	49	51	52	52	51
Debt ratio, multiple	15.6	14.7	13.2	12.8	14.6
Debt/equity ratio, multiple	0.7	0.7	0.6	0.7	0.8
Loan-to-value ratio, properties, %	38	36	35	36	39
Return on equity, %	5.2	12.5	7.8	16	24.5
Average interest rate on interest-bearing liabilities, %	2.31	1.62	1.67	1.72	1.55
Total return on properties	2.4	8.7	6.6	11.5	16.3
Property acquisitions and investments in existing properties, SEKm	3,325	2,626	1,854	2,556	3,714
Property sales, selling price, SEKm	-	-	3,541	1,701	1,847
Average no. of employees	206	196	180	172	163
<b>Data per share, SEK<sup>2)</sup></b>					
Earnings	7.49	16.73	9.65	18.16	23.28
Equity	145	141	127	121	106
Cash flow from operating activities	6.29	4.70	4.11	6.1	2.95
Dividend <sup>2)</sup>	2.40	4.0	3.6	3.2	2.65
Yield, %	4.5	2.6	2.8	2.0	2.2
Share price at year-end <sup>3)</sup>	88.70	151.55	129.35	159.8	118.2
No. of shares outstanding at year-end before dilution, million	314.6	321.3	326.2	330.8	330.8
No. of shares outstanding at year-end after dilution, million	314.6	321.3	326.2	330.8	330.8

1) KPIs based on the average number of shares, shareholders' equity, capital employed and interest-bearing liabilities have been calculated on a weighted average basis. Adjustment following 2:1 share split.  
 2) Cash dividend 2022 according to proposal to be paid quarterly on four occasions at SEK 0.60 per share on each occasion.  
 3) Last paid.



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# 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.

	2022	2021
<b>Return on equity</b>		
Profit/loss for the period, SEKm	2,376	5,400
Average capital, SEKm	45,344	43,358
<b>Return on equity, %</b>	<b>5.2</b>	<b>12.5</b>
<b>Equity/assets ratio</b>		
Shareholders' equity, SEKm	45,514	45,174
Total assets, SEKm	92,083	87,988
<b>Equity/assets ratio, %</b>	<b>49</b>	<b>51</b>
<b>Loan-to-value ratio, properties</b>		
Interest-bearing liabilities, SEKm	33,341	30,399
Carrying amount, properties, SEKm	86,348	83,257
Carrying amount project & development properties	892	821
<b>Loan-to-value ratio, properties, %</b>	<b>38</b>	<b>36</b>
<b>Debt ratio</b>		
Gross earnings, SEKm	2,161	2,176
Reversal of impairment losses, projects and development properties	81	-
Central administration, SEKm	-102	-110
<b>Total, SEKm</b>	<b>2,140</b>	<b>2,066</b>
Interest-bearing liabilities, SEKm	33,341	30,399
<b>Debt ratio, multiple</b>	<b>15.6</b>	<b>14.7</b>
<b>Interest coverage ratio</b>		

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

	2022	2021
Gross earnings, SEKm	2,161	2,176
Reversal of impairment losses, projects and development properties	81	-
Ground rent, SEKm	-42	-36
Central administration, SEKm	-102	-110
<b>Total, SEKm</b>	<b>2,098</b>	<b>2,030</b>
Net interest expense, SEKm	-612	-495
<b>Interest coverage ratio, multiple</b>	<b>3.4</b>	<b>4.1</b>
<b>Debt/equity ratio</b>		
Interest-bearing liabilities, SEKm	33,341	30,399
Shareholders' equity, SEKm	45,514	45,174
<b>Debt/equity ratio, multiple</b>	<b>0.7</b>	<b>0.7</b>
<b>Total return on properties</b>		
Net operating income, SEKm	2,240	2,185
Realised and unrealised changes in value, properties, SEKm	-159	4,641
Market value incl. investments for the period, SEKm	86,507	78,672
<b>Total return on properties, %</b>	<b>2.4</b>	<b>8.7</b>



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	2022	2021
<b>EPRA key performance indicators</b>		
EPRA Earnings (prof. from prop. man. after tax paid), SEKm	1,248	1,356
EPRA Earnings (EPS), SEK/share	3.93	4.20
EPRA NRV (long-term net asset value), SEKm	54,334	54,842
EPRA NRV, SEK/share	173	171
EPRA NTA (long-term net asset value), SEKm	50,629	51,832
EPRA NTA, SEK/share	161	161
EPRA NDV (net asset value), SEKm	45,623	44,969
EPRA NDV, SEK/share	145	140
EPRA Vacancy rate, %	11	10
<b>EPRA EPS</b>		
Profit/loss from Property Management, SEKm	1,373	1,537
Deduction for tax depreciations, SEKm	-767	-660
<b>Total, SEKm</b>	<b>606</b>	<b>887</b>
Nominal tax, SEKm	125	181
<b>Total EPRA profit/loss</b> (earnings from property management less nominal tax), SEKm	<b>1,248</b>	<b>1,356</b>
Number of shares, million	317.2	322.7
<b>EPRA EPS, SEK/share</b>	<b>3.93</b>	<b>4.20</b>

	2022	2021
<b>EPRA NRV, EPRA NTA &amp; EPRA NDV</b>		
Shareholders' equity, SEKm	45,514	45,174
Reversal of approved, unpaid dividends, SEKm	314	-
Reversal of fixed-income derivatives, SEKm	-1,689	65
Reversal of deferred tax according to balance sheet, SEKm	10,195	9,603
<b>EPRA NRV (long-term net asset value), SEKm</b>	<b>54,334</b>	<b>54,842</b>
Number of shares, million	314.6	321.3
<b>EPRA NRV (long-term net asset value), SEK/share</b>	<b>173</b>	<b>171</b>
Reversal of goodwill according to balance sheet, SEKm	-205	-205
Deduction of actual deferred tax, SEKm	3,500	2,805
<b>EPRA NTA (long-term net asset value), SEKm</b>	<b>50,629</b>	<b>51,832</b>
Number of shares, million	<b>314.6</b>	<b>321.3</b>
<b>EPRA NTA (long-term net asset value), SEK/share</b>	<b>161</b>	<b>161</b>
Deduction of fixed-income derivatives	1,689	-65
Deduction of deferred tax according to balance sheet after adjustment of estimated actual deferred tax, SEKm	-6,695	-6,798
<b>EPRA NDV (short-term net asset value), SEKm</b>	<b>45,623</b>	<b>44,969</b>
Number of shares, million	<b>314.6</b>	<b>321.3</b>
<b>EPRA NDV (short-term net asset value), SEK/share</b>	<b>145</b>	<b>140</b>
<b>EPRA vacancy rate</b>		
Estimated market value for vacant rents, SEKm	363	349
Annual rental value, entire portfolio	3,313	3,359
<b>EPRA Vacancy rate, %</b>	<b>11</b>	<b>10</b>
<b>EPRA investments<sup>9)</sup></b>		
Acquisitions, SEKm	1,068	752
Investment in development and project properties, SEKm	1,427	1,239
Investment in investment properties, SEKm	830	635
Miscellaneous, SEKm	-	-
<b>Total EPRA Investments, SEKm</b>	<b>3,325</b>	<b>2,626</b>



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# Definitions

We present certain financial performance measures in the Annual Report that are not defined according to IFRS. We consider that these measures provide valuable supplementary information for investors and company management, as they enable an assessment and benchmarking of our business. Since not all companies calculate financial performance measures in the same way, they are not always comparable with measures used by other companies. These financial performance measures should therefore not be regarded as substitutes for measures defined in IFRS. The following key 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 the project portfolio<sup>1)</sup>

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

## Loan-to-value ratio, properties

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

## Return, share

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

## Equity per share

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

## Financial occupancy rate<sup>1)</sup>

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

## EPRA EPS

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

ment less such amounts as tax-deductible depreciation and remodelling.

## EPRA NDV – NET DISPOSAL VALUE

Shareholders' equity according to the balance sheet.

## EPRA NRV – NET REINSTATEMENT VALUE

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

## EPRA NTA – NET TANGIBLE ASSETS

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

## EPRA Vacancy rate

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

## Investment properties<sup>1)</sup>

Properties that are being actively managed on an ongoing basis.

## Development properties<sup>1)</sup>

Properties in which a conversion or extension is in progress or planned that has a significant impact on the property's net operating income. Net operating income is affected either directly by the project or by limitations on lettings prior to impending improvement work.

## Rental value<sup>1)</sup>

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

## Cash flow from operating activities per share

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

## Lease value<sup>1)</sup>

Stated as an annual value. Index-adjusted basic rent under leases plus rent supplements.

## Land and project properties<sup>1)</sup>

Land and development properties and properties in which a new build/complete redevelopment is in progress.

## Net lettings<sup>1)</sup>

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

## Profit/earnings per share

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

## Interest coverage ratio

Gross earnings less central administration in relation to net interest items (interest expenses less interest income).

## Debt ratio

Interest-bearing liabilities divided by rolling

twelve-month gross earnings less central administration costs.

## Debt/equity ratio

Interest-bearing liabilities divided by shareholders' equity.

## Equity/assets ratio

Shareholders' equity divided by total assets.

## Total return on properties

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

## Actual deferred tax

Estimated actual deferred tax has been calculated as approximately 4 per cent based on a 3 per cent discount rate. Furthermore, it has been assumed that loss carryforwards are realised over four years with a nominal tax rate of 21.4 per cent, which results in a net present value for deferred tax assets of 19.7 per cent. The calculation is also based on the property portfolio being realised over 50 years, 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 rate<sup>1)</sup>

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

## Surplus ratio<sup>1)</sup>

Net operating income divided by rental income.

<sup>1)</sup>This KPI is operational and is not regarded as an alternative performance measure according to ESMA's guidelines.



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# Annual General Meeting and registration

The Annual General Meeting will be held at Filmstaden Scandinavia, Mall of Scandinavia, Råsta Strandväg 19 A Solna, on Wednesday 29 March 2023 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 Tuesday 21 March 2023, 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 Thursday 23 March 2023.

**Notice of attendance at the AGM is given in one of the following ways:**

- **By post:**  
To Fabega AB (publ),  
'Fabega's Annual General Meeting'  
c/o Euroclear Sweden AB,  
Box 191, 101 23 Stockholm
- **By telephone:**  
+46 (0)8-402 90 68
- **By email:**  
generalmeetingservice@euroclear.com
- **Via Euroclear's website:**  
<https://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.

Fabega AB (publ)  
Box 730, SE-169 27 Solna | Phone: +46 (0)8 555 148 00  
Street address: Gårdsvägen 6, Solna  
Email: [info@fabega.se](mailto:info@fabega.se) | [www.fabega.se](http://www.fabega.se)  
Corporate registration number: 558049-1523 | Registered office of the Board of Directors: Stockholm

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 Thursday, 23 March 2023. 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, [fabega.se/en/about-fabega/corporate-governance/agm/](http://fabega.se/en/about-fabega/corporate-governance/agm/). Further information regarding the voting procedure is available on the website. Postal votes must be received by Euroclear Sweden AB no later than 24 March 2023.

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, [fabega.se/en](http://fabega.se/en).

We send annual reports by post to shareholders that have requested this. All financial reports and press releases are available in Swedish and English on the our website.

Information is also provided via a subscription service on our website. Our website also provides current information about our share price. In addition, we provide quarterly presentations in connection with each interim report.

**Calendar 2023/2024**

<b>Important dates</b>	
2023 Annual General Meeting	29 March 2023
Interim report Jan–March 2023	26 April 2023
Interim report Jan–June 2023	7 July 2023
	19 October 2023
Interim Report Jan–Sept 2023	2023
	7 February 2024
Year-end report 2023	2024

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