A photograph of a modern building with a glass facade and a green roof. The building has multiple stories with large glass windows. The roof is covered in green vegetation. The text is overlaid on the image.

# Fabege's Interim report January - June 2018

*Christian Hermelin, CEO*

*Åsa Bergström, CFO*

Fabege<sup>01</sup>

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SKAPA RÄTT FÖRUTSÄTTNINGAR

# Strong contribution first half of the year to future value creations

**NET LETTINGS**  
**SEK 123m**



**RETURN ON  
PROJECTS**  
**121%**



**INCREASE IN  
RENEGOTIATIONS**  
**29%**



**EPRA NAV/share**  
**SEK 116**



## We are proud – but not surprised

07

# 100 % Stockholm





# 100 % focus on office

Fabege owns and manages every ten square meters of office space in Greater Stockholm.





# Swedens best project portfolio



**Fabege develops over 50%  
of the office production in  
the Stockholm region**



# 100 % customer focus





# 100 % commitment



# CONDENSED INCOME STATEMENT

SEKm	Jan-Jun 2018	Jan-Jun 2017
Rental income	1,237	1,108
Property expenses	-329	-313
<b>Net operating surplus</b>	<b>908</b>	<b>795</b>
Central administration	-39	-36
Net financial items	-257	-256
Share in profits of associated companies	-40	-54
<b>Profit from property management</b>	<b>572</b>	<b>449</b>
Realised changes in value, properties	88	0
Unrealised changes in value, properties	5,278	1,989
Changes in value, derivatives and equities	38	153
<b>Profit before tax</b>	<b>5,976</b>	<b>2,591</b>
Tax	-801	-590
<b>PROFIT FOR THE PERIOD</b>	<b>5,175</b>	<b>2,001</b>

- Positive rental growth in identical portfolio: approx. 10%
- Surplus ratio: 73% (72)
- Return on projects: 121%
- Accumulated value growth: 9%
- Earnings per share: SEK 15:64 (6:05)



## KEY FIGURES Q2 2018\*

	Jan-Jun 2018	Jan-Jun 2017	Jan-Jun 2016	Jan-Jun 2015
Equity per share, SEK	98	74	57	45
EPRA NAV, SEK per share	116	87	66	51
Total return properties, %	10,8	3,1	3,8	6,4
Return on projects, %	121	54	82	25
Surplus ratio, %	73	74	71	74
Equity/assets ratio , %	50	45	49	38
Loan-to-value ratio, %	39	46	49	56
Debt ratio, multiple	14.5	16.1	15.0	14.7
Interest coverage ratio, multiple	3.4	3.0	2.5	2.5

Adjusted after stock split 2:1



# RATING FRÅN Moody's

- ▶ Investment Grade
- ▶ Baa3, stable outlook
- ▶ Better margins
- ▶ More potential investors





# FINANCING 30 JUNE 2018

## Activities during the first half-year

- ▶ Issued SEK 2.3bn in Fabege's MTN
  - ▶ Expanded MTN-program from SEK 5bn to SEK 8bn
  - ▶ Expanded total facilities with approx SEK 900m
  - ▶ Reduced some on outstanding certificates in favor of longer-term bonds
  - ▶ Extended capital maturity from 4.0 to 4.7 years
  - ▶ Extended fixed-rate period from 2.5 years to 3.1 through new long-term interest rate swaps, totaling SEK 2.2 bn at maturities between 7 and 10 years
  - ▶ Closable swaps expired, which reduced the average interest rate significantly
- ▶ Total facilities SEK 28.5 bn
  - ▶ Total loans SEK 24.9 bn
    - Of which, bonds SEK 7.2 bn
    - Of which, commercial paper SEK 3.2 bn
  - ▶ **Green financing totalled 53 per cent of outstanding loans**
  - ▶ Unutilized SEK 3.5 bn
  - ▶ Capital maturity period: 4.7 years
  - ▶ Fixed-rate period: 3.1 years
  - ▶ Average interest 1.83%





# INCREASING RENTAL LEVELS!

Jan – June 2018

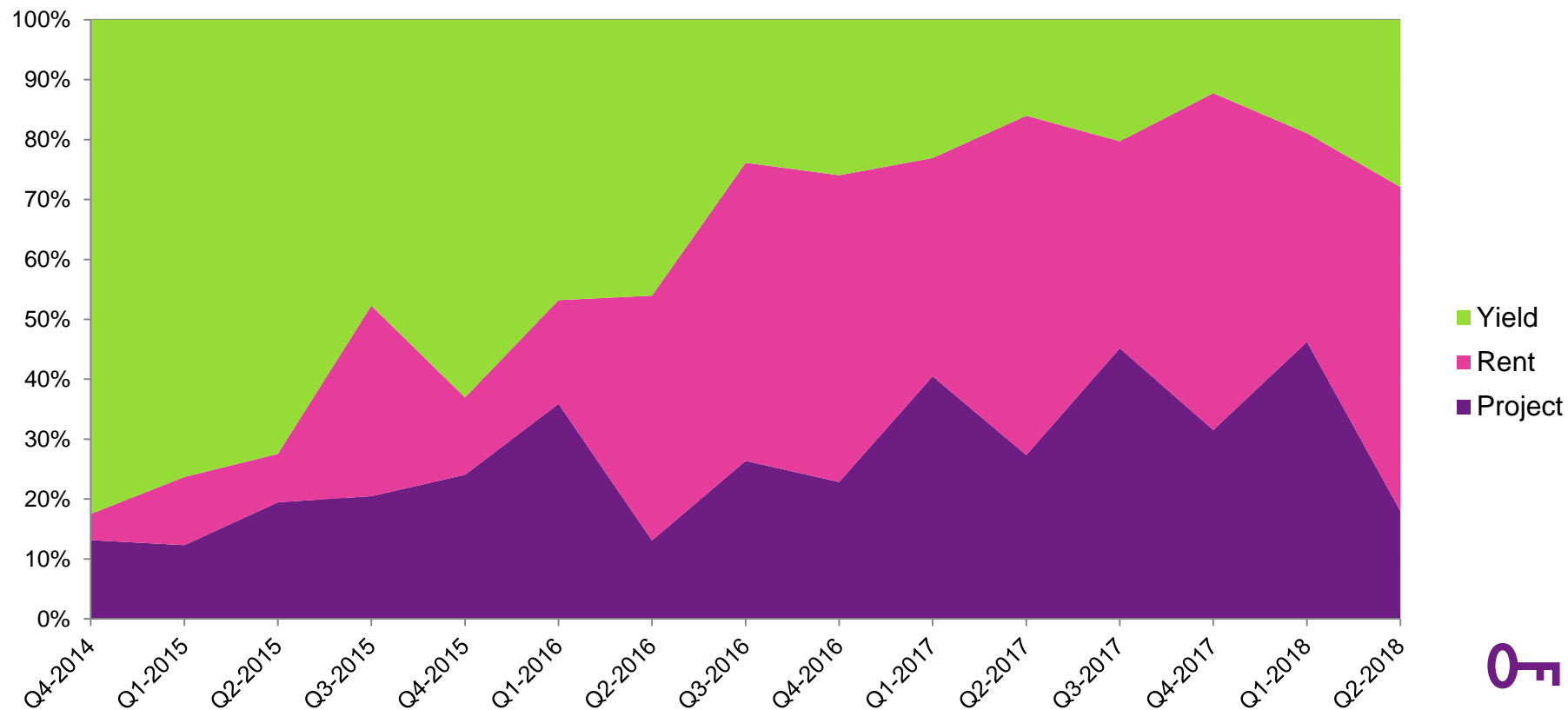
- ▶ Renegotiation + 29%
- ▶ Net letting SEK 123m

*"growth and relocation to quality favor rental increase in our area"*





# INCREASE IN VALUE, Q4 2014 – Q2 2018



# NEW HOTEL IN ARENASTADEN

- ▶ Hotel
- ▶ Longstay
- ▶ Head office for Nordic Choice
- ▶ Complete Q1 2021





# HAGAHUSET

- ▶ Hotel
- ▶ Longstay
- ▶ Co-working
- ▶ Complete March 2020
- ▶ Kom Hotel





# VISION SOLNA STATION

- ▶ New buildings rights in the block s Farao and Kairo
- ▶ Safer and easier access to the area







## INVESTMENT VOLUME & RETURN ON PROJECTS

	Margin	Volume
► Target:	25%	SEK 1.5bn
► 10 years average:	58 %	SEK 1.8bn

\*Excluding investments in the management portfolio







2015 - 2017

► Investment volume SEK 2.2bn, margin 62%





# WILL THIS PROFITABILITY LAST?





# INCREASED RETURN ON PROJECTS

- ▶ Our low building rings costs
- ▶ Rising rents
- ▶ Declining yields

## WHAT CAN HAPPEN?

- ▶ Our low building rings costs consists
- ▶ Even with a rent reduction of SEK 500/sqm and a increase in yieds with of 0.5 %, gives a margin of 50 %

NEW TARGET RETURN ON PROJECTS MIN.= 50 %



# INCREASED INVESTMENT VOLUME

- ▶ Building rights in attractive areas
- ▶ Many alternative areas
- ▶ Strong demand

## WHAT CAN HAPPEN

- ▶ Our areas are likely to be only more attractive
- ▶ Our office building rights last for 10 years
- ▶ Demand is likely to be strong in the long term

NEW TARGET INVESTMENT VOLUME  
SEK 2.5BN/YEARLY



0-7



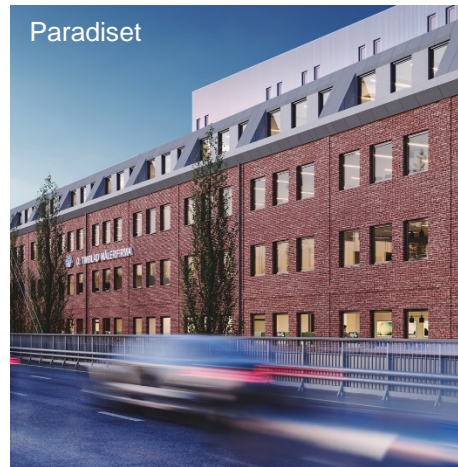
Quality Hotell Friends



Råsunda Centralskola



Paradiset



bilia



telenor



GOODBYE KANSAS



## Projects 2018 - 2020

NATUR  
VÄRDS  
VERKET



3





**Farao 15, 16, 17**  
35,000 sqm office  
Possible start 2020



**Kairo – 40,000 office**  
Possible start 2020

**#Park1 – 30,000 sqm office**  
Possible start 2020



**Haga Norra**  
55,000 sqm office  
Possible start 2020



**Sliparen 1 in Solna Business Park**  
25,000 office  
Possible start 2020



## Possible projects 2021 – 2023



**Residential  
building rights  
in the portfolio**  
290,000 sqm





# Questions





# OUR BUILDING RIGHTS

30 JUNE 2018

## ► Commercial building rights

- 412 000 sqm  
(170 000 sqm in Arenastaden)
- Approx 36 % legally binding
- Booked value: approx SEK 3 000/sqm

## ► Residential building rights

- 294 000 sqm
- Approx 34 % legally binding
- Booked value:  
< SEK 8 000/sqm



# REVENUE GROWTH

- Including known lettings and vacancies
- Excluding rental targets

SEKm

