

Fabege Interim Report

Jan-Sep 2022

Stefan Dahlbo, CEO
Åsa Bergström, CFO

Summary Jan-Sep 2022

- High activity in inquiries and viewings
- Positive net lettings SEK 25m (74) in the quarter, SEK 69m (130) accumulated
- In identical portfolio, income increased by approximately 5 per cent (1)
- Surplus ratio 74 per cent (75)
- Positive value changes SEK 253m (881) in the quarter, SEK 3,506m (2,476) accumulated
- Occupancy rate 90 per cent (90).

Result Jan-Sep 2022



Condensed income statement

SEKm	Jan-Sep 2022	Jan-Jun 2021
Net sales	2,383	2,143
Property and residential development expenses	-706	-527
Gross profit	1,667	1,616
Central administration	-77	-85
Net financial items	-423	-365
Ground rents	-31	-27
Share in profits of associated companies	-8	-20
Profit from property management	1,138	1,119
Realized changes in value, properties	74	56
Unrealized changes in value, properties	3,432	2,420
Changes in value, derivatives and equities	1,814	394
Profit before tax	6,458	3,989
Tax	-1,353	-847
Profit for the period	5,105	3,142



- Rental growth in identical portfolio: approx. 5%
- Surplus ratio: 74% (75)
- Value growth 4.1%
- Earnings per share: SEK 16.05 (9.72)

Property valuation

- Transactions in our market – few but at very good levels
- Property value 30/09/2022: SEK 89,4bn

	Q3 -22	Q2 -22	Q1 -22	Q4 -21
Externally valued	35%	30%	40%	27%
Value change	SEK 253m	SEK 1,020m	SEK 259m	SEK 2,165m
Yield	3.77%	3.69%	3.70%	3.76%



Property valuation

- Value drivers Q3
 - Yield (+0.08%) SEK-1,6bn
 - Cash flow including inflation SEK +1,8bn
 - Projects SEK +0,1bn
- Value drivers first half year
 - Yield SEK +1,0bn
 - Cash flow including infaltion SEK +1,6bn
 - Projects SEK +0,6bn



Key ratios, 30 September 2022

	2022 Jan-Sep	2021 Jan-Sep	Target
Equity per share, SEK	153	134	
EPRA NRV, SEK per share	185	164	
Total return properties, %	6.0	5.2	
Surplus ratio, %	74	75	75
Equity/assets ratio, %	51	51	>35
Loan-to-value ratio, %	36	35	<50
Debt ratio, multiple	15.4	14.0	<13
Interest coverage ratio, multiple	3.7	4.1	>2.2



Financing

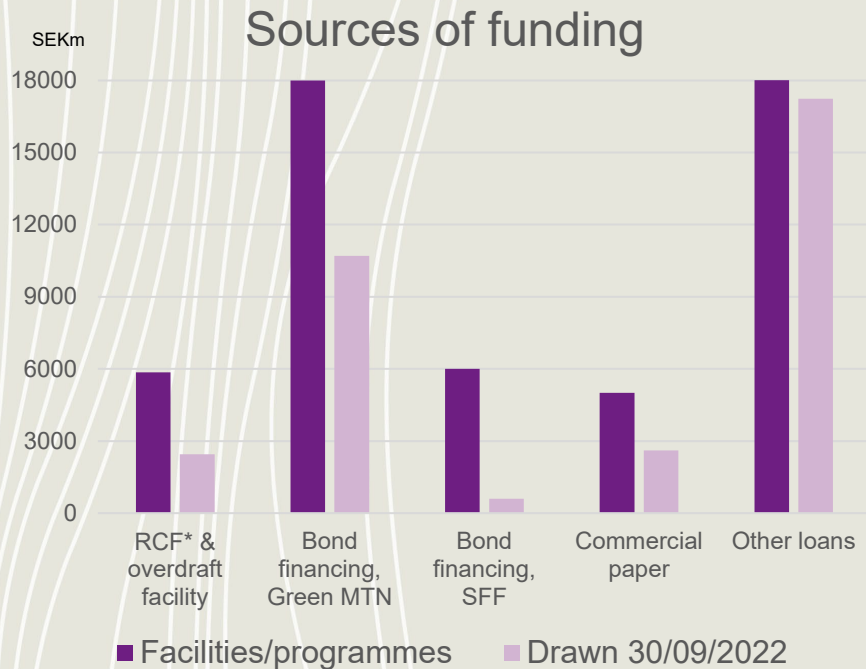
Continued stable financing

- Total facilities SEK 37.3bn
- Total loans SEK 32.9bn
 - of which bonds SEK 11.3bn
 - of which commercial paper SEK 1.9bn
- 100% green financing
- Undrawn SEK 4.3bn
 - Of which 1,8bn back up facility for CP programme
- Fixed-term maturity 4.6 years
- Fixed-rate period 2.9 years
- BAA2 stable outlook from Moody's

Activities during Q3

- Low activity on the commercial papers market after the summer. Some improvement in October.
- Repaid bond maturities of SEK 1.2bn
- New 10-year bank facility of 1.2bn paid out in July
- New loan from NIB SEK 432.5m paid out in September
- New bank facility at SEK1bn paid out in October

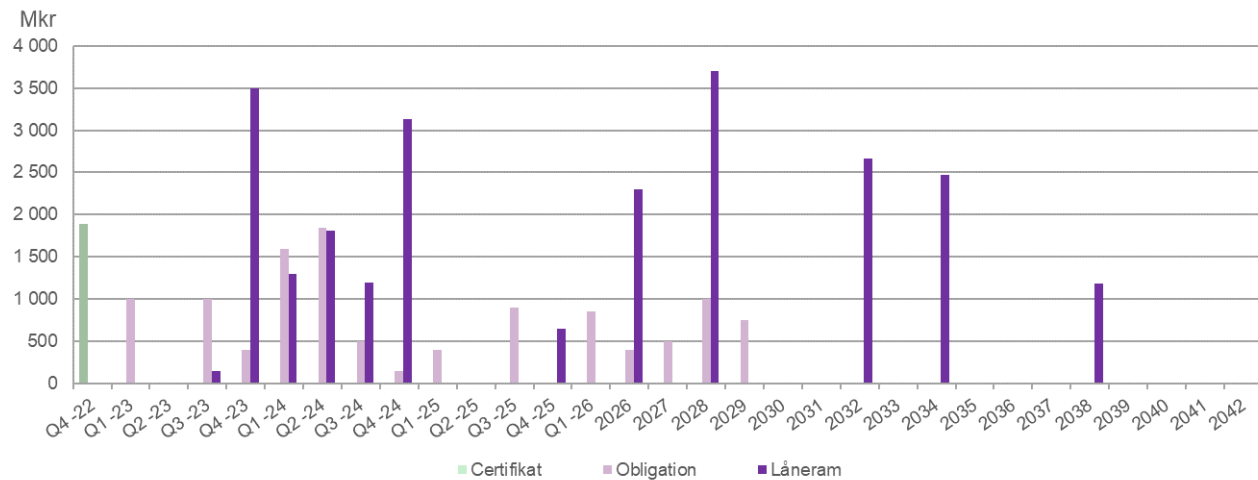
Sources of funding



Breakdown of collateral



Maturity structure, loans



2022:

- Maturity commercial paper SEK 1.9bn
- Maturity bank facilities SEK 0.4bn – rolled
- Ongoing dialogue for new bank facility SEK 1.4bn

2023:

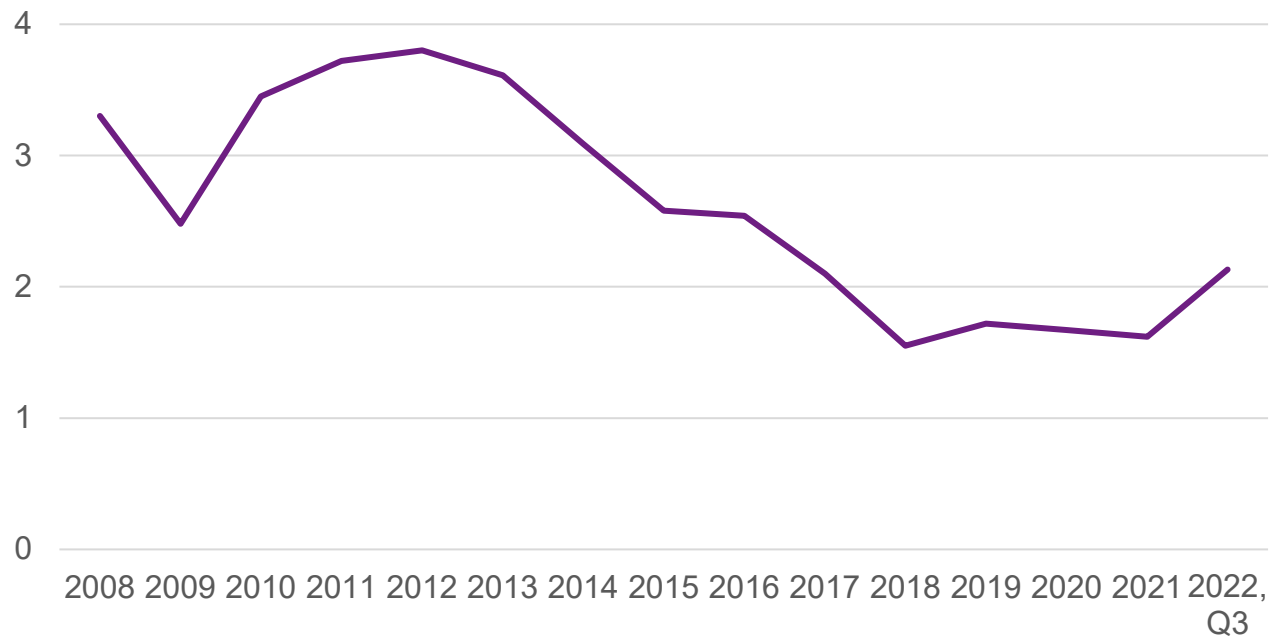
- Maturity bonds SEK 2.4bn
- Maturity bank facilities SEK 3.5bn – to be refinanced Q4 2022

Fixed-rate period 30/09/2022

Maturity	Interest rate swaps	Fixed interest bonds and loans	Total
2023	1,350	800	2,150
2024	2,400	650	3,050
2025	2,200	400	2,600
2026	2,700	800	3,500
2027	2,800	450	3,250
2028	2,300	976	3,276
2029	2,000		2,000
2030	800		800
2031	900		900
2032	500		500
Total	17,950	4,076	22,026

- 67 per cent of the portfolio fixed
- Average fixed-rate term 2.9 years
- Fixed interest derivatives between -0.15% and 1.30%
- Sensitivity analysis rolling 12 months:
 - +1% in market interest generates increased cost of SEK 100m
 - Assumes unchanged loan volume and unchanged margins

Average interest rate 2008-2022, Q3



Buybacks 30/09/2022

- Repurchased Q3: 2.8 million shares
- Treasury shares
 - 16.2 million shares
 - 4.89%
 - Average price SEK 120.23 per share



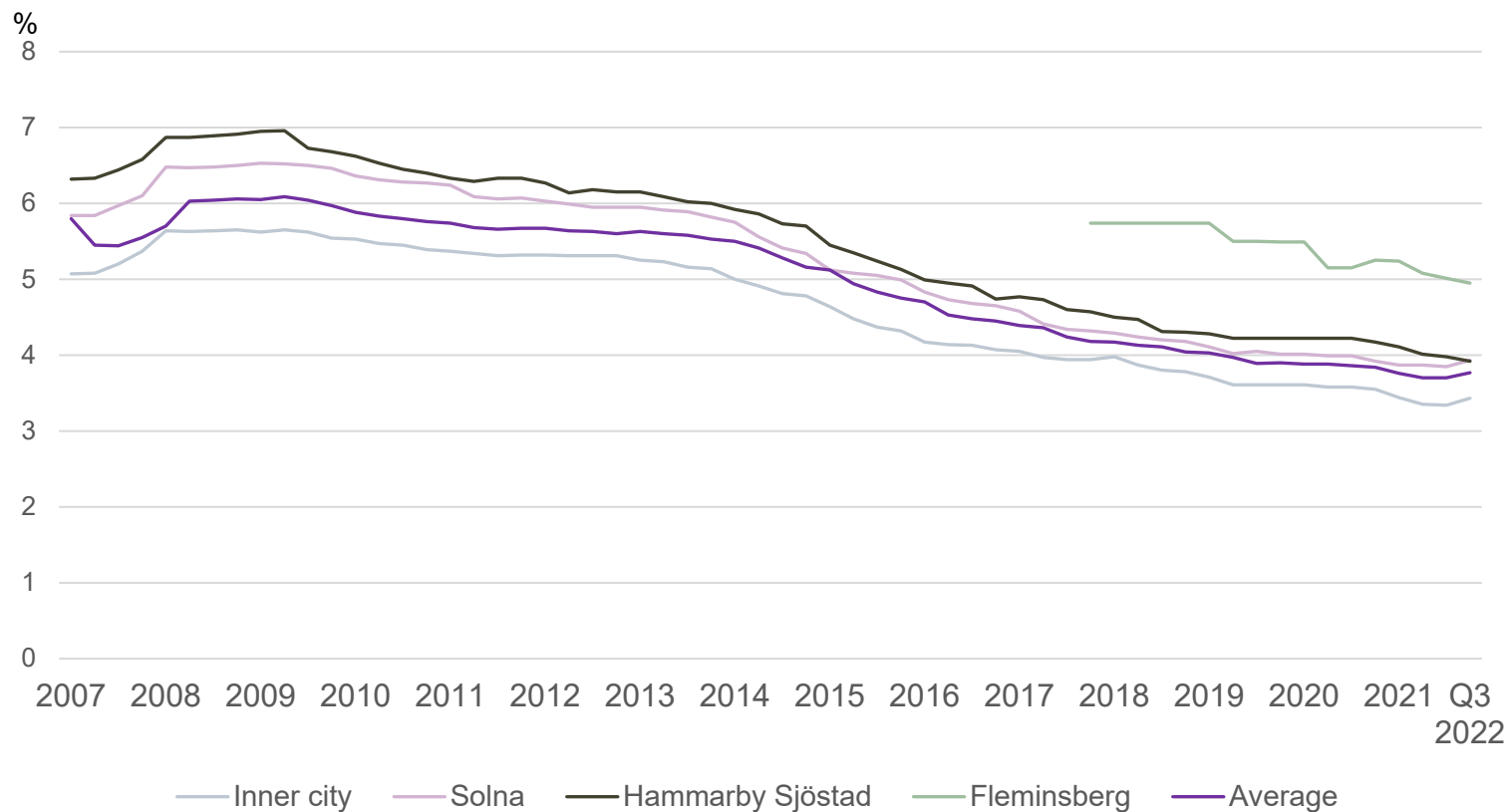


Modern portfolio in good locations

- 103 properties
- Market value SEK 89.4bn
 - of which management properties SEK 74.0
 - of which development properties SEK 8.1bn
 - of which project properties SEK 7.3bn
- Value growth:
 - Jul-Sep: SEK 253m
 - Jan-Sep: SEK 3,506m
- Average yield requirement: 3.77%



Yield in our portfolio 2007 – Q3 2022



Transactions on our market during 2022

- Vasahuset (Kortbyrån 19/20), CBD, 21,000 sqm office and hotel, buyer Folksam
- Glasfabriken (Påsen 7) Hammarby Sjöstad, 7,500 sqm office, buyer Folksam
- Skvalberget 33, Östermalm, 6,100 sqm office, buyer Harmerica
- Blästern 15, Hagastaden, 21,300 sqm office, buyer Atrium Ljungberg
- K1 Karlbergsstrand, 20,000 sqm office, buyer The Swedish Fortifications Agency
- Snäckan 8, Tegelbacken, 23,000 sqm, buyer Slussgården



Stable customers with long agreements

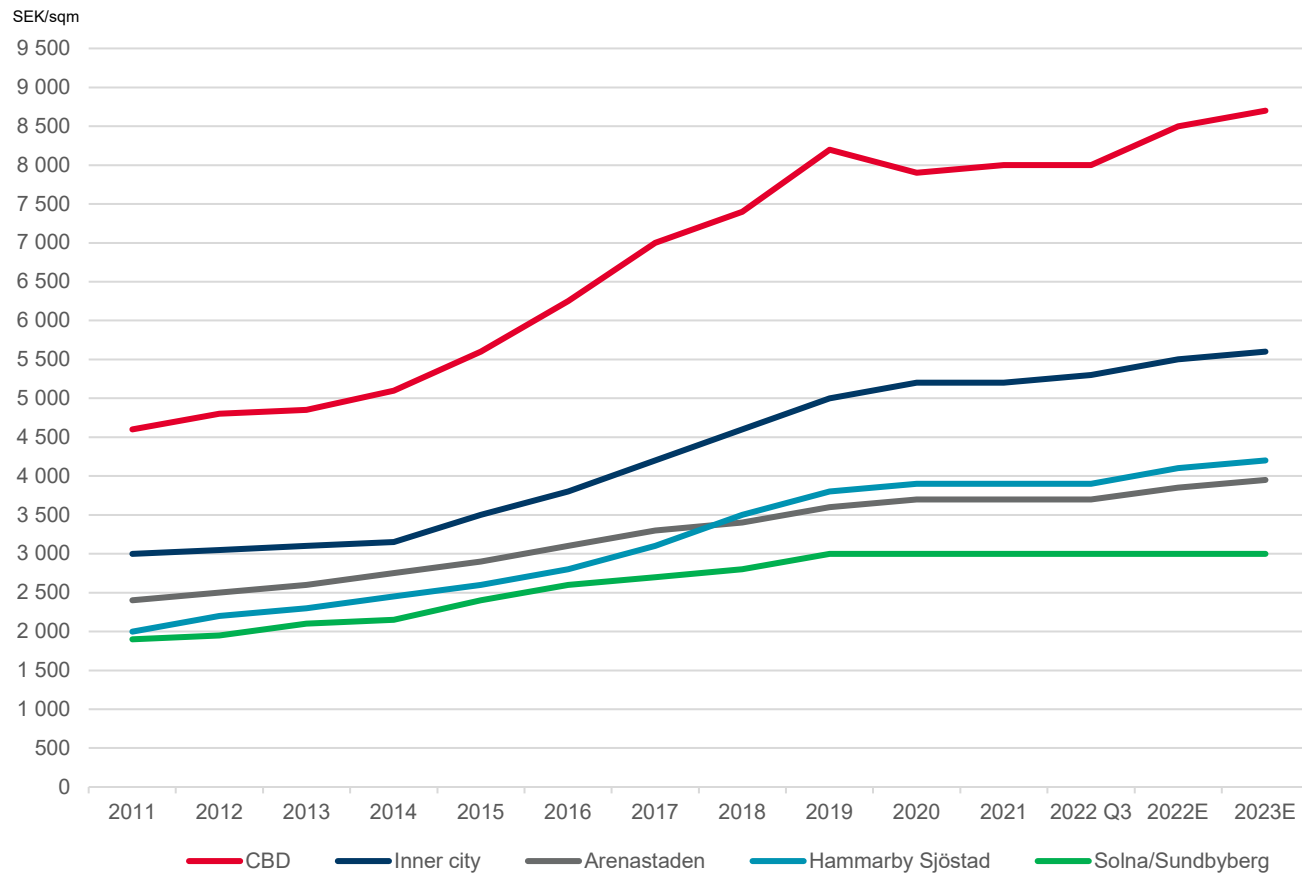
- Approx 660 customers
- 25 largest customers represents 41% of rental value
- Average contract length 5.1 years
- Share of total rent



■ Office, 83%
■ Retail, 4%
■ Industry/logistics, 4%
■ Other, 9%

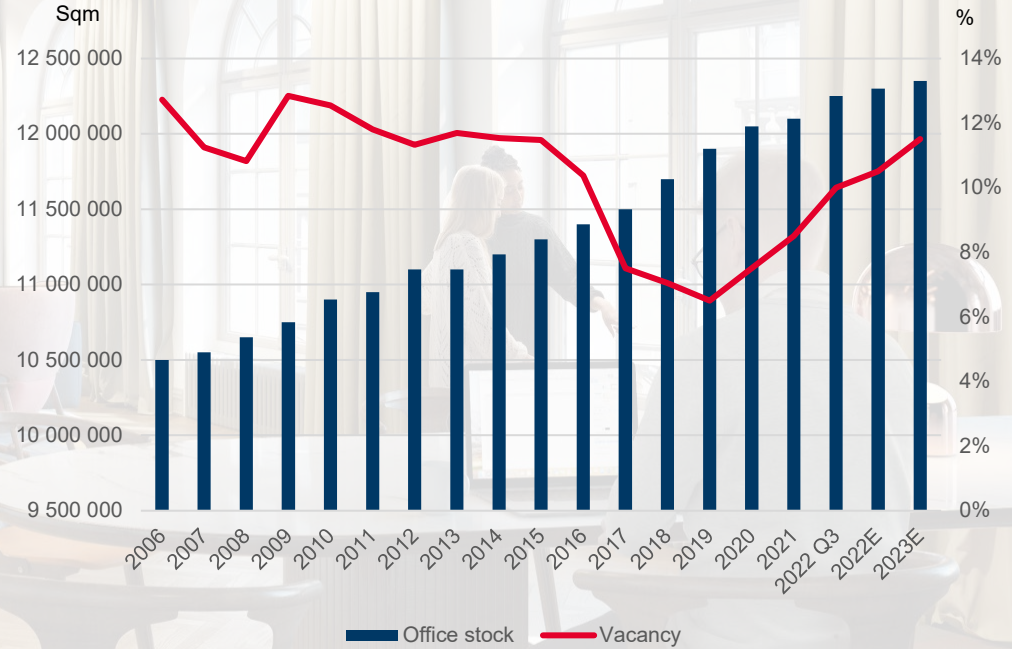
Customer	Share of total rent	Year of expiry
SEB	6%	2037
ICA Fastigheter Sverige	3%	2030
Telia Company	3%	2031
TietoEvy	2%	2029
Convendum	2%	2034
Carnegie Investment Bank	2%	2027
Swedbank	2%	2029
The Swedish Migration Agency	2%	2028
Bilia AB	2%	2041
Svea Ekonomi	2%	2027
Summa	27%	

Rental development 2011-2023E (prime rent)

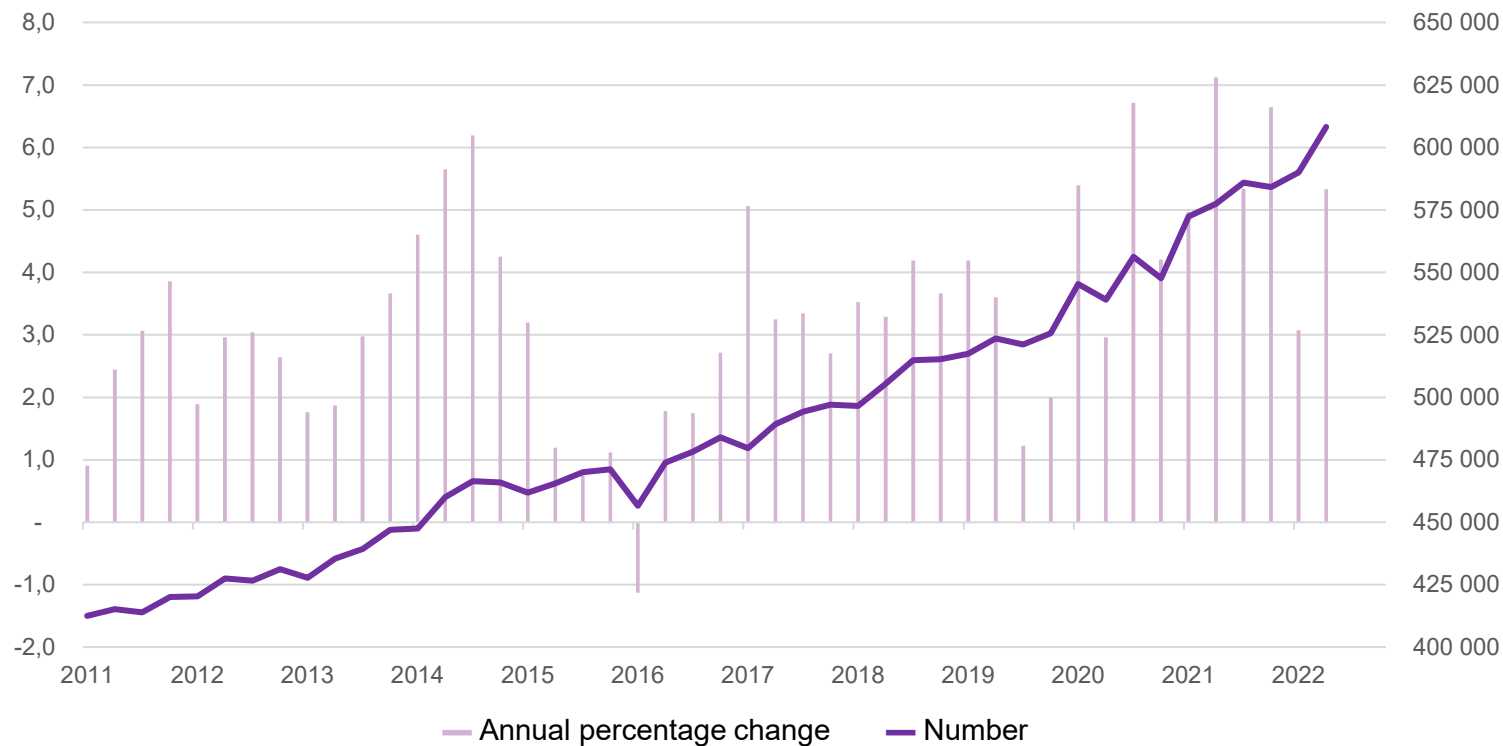




Office stock & vacancy rate in Stockholm 2006-2023E



Office workers in Stockholm 2011-2022

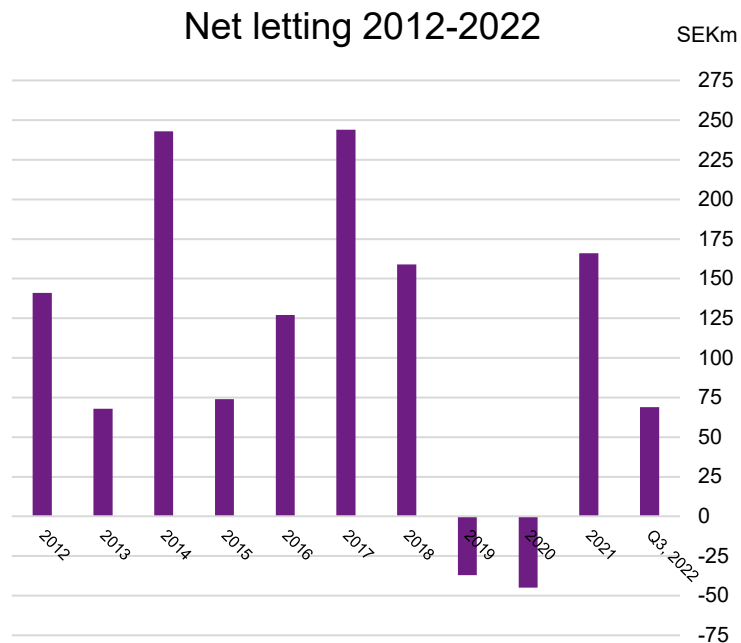


Net letting

Outcome 30 September 2022

- New lettings SEK176m
- Terminations SEK -107m
- **Net letting SEK 69m**

Target 2022 > SEK 80m



Renegotiations

- Renegotiations Jan-Sep
 - SEK 94m, +10%
 - SEK 88m extended on unchanged terms
- SEK 145m of leases for 2022 and 2023 have been renegotiated

Lease maturity structure

Maturity, year	No. of leases	Annual rent, SEKm	Sharel, %
2022	281	136	4
2023	461	431	14
2024	252	306	10
2025	209	439	14
2026	157	449	14
2027+	122	1,223	39
Commercial	1,482	2,983	95%
Housing leases	121	12	0
Parking	683	135	5
Total	2,286	3,130	100%



Occupancy rate and vacancies



- Management portfolio

- Economic occupancy rate 90%
- Large vacancies: Solna Business Park, Luma, Hägern
- Net addition upcoming move-in and move outs SEK 35m

- Development portfolio

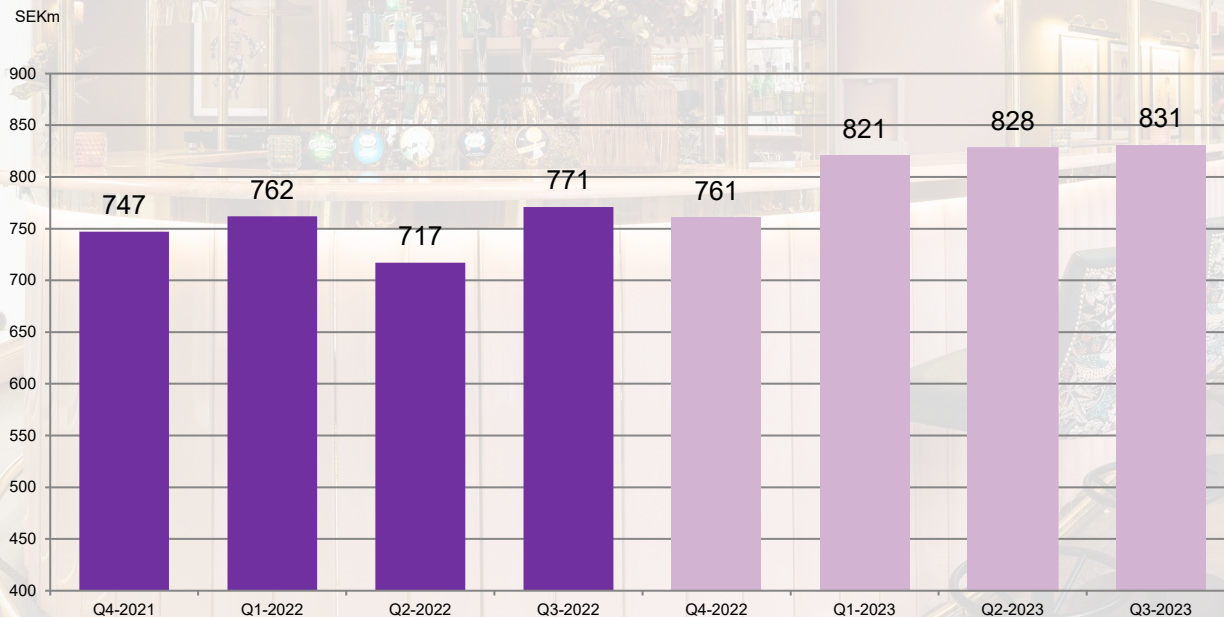
- Relates to properties that are partly or fully vacated for project development, lettings are made for short-term contracts without a right of possession
- In total approximately 236,000 sqm, of which 141,000 is let
- Estimated rental value SEK 394, current annual rent amounted to SEK 207m

- Project portfolio

- Estimated rental value SEK 405m, of which SEK 16m is included in current annual rent
- Occupancy rate, area 27 per cent
- Occupation from autumn 2022 until 2025



Rental development existing lease portfolio 30/09/2022



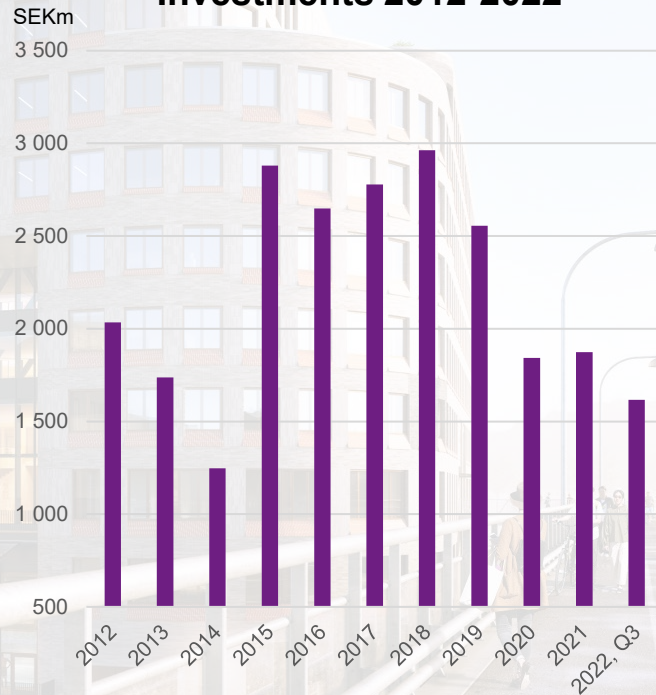
- Based on contracted leases including known occupations, relocations and renegotiations 30 September 2022
- Including indexation 10%, corresponding to approx. SEK 250m/year from 2023
- Excluding letting targets and assumptions of new signed agreements or terminations



Capex

Investments	2022 Jan-Sep	2021
Project- & developments properties	SEK 980m	SEK1,239m
Management properties	SEK 637m	SEK 635m
Total	SEK 1,617m	SEK 1,874m

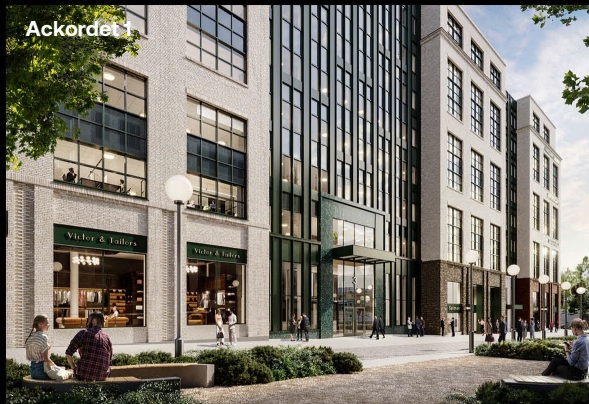
Investments 2012-2022



Glädjen 12



Ackordet 1



Nöten 4



Our ongoing office projects

137,450 sqm – occupancy rate 27%

Påsen 1



Regulatorn 4



Separatörn 1



Flemingsberg

Södra entrén

Alfa Laval



Stadscentrum

Operan / Dramaten



- Property value SEK 2.3bn
- 8 properties
- Acquisition of Generatorn 10
- Project start Operan/Dramaten & Alfa Laval



Price development

- We estimate price increases in the past year (rolling 12 months) at 10 -15%
- Certain types of work and materials stand out with price increases of more than 30% such as:
 - Construction work (Ground and foundation work) due to fuel prices, steel and reinforcement.
 - Frames (pillars, joists, steel)
- Starting to get indications that the trend is reversing in terms of the price development of materials
- We manage delivery times relatively well through early orders, changes of certain materials and by being able to stock and pre-order certain products ourselves.



SHH/Birger Bostad

- Project portfolio includes 26 projects, of which 8 are under construction
- The selling rate for BRF- (tenant-owner association) projects in progress totals 85 per cent.



Sustaniability



Sustainability in everything we do

- 100% Sustainability certified management portfolio
- 100% Sustainability certified projects
- 100 % Green financing
- 100% Review of strategic suppliers
- 96% Renewable energy
- 89% Green leases of total area
- GRESB 94 out of 100

Fabege among the best in GRESB 2022

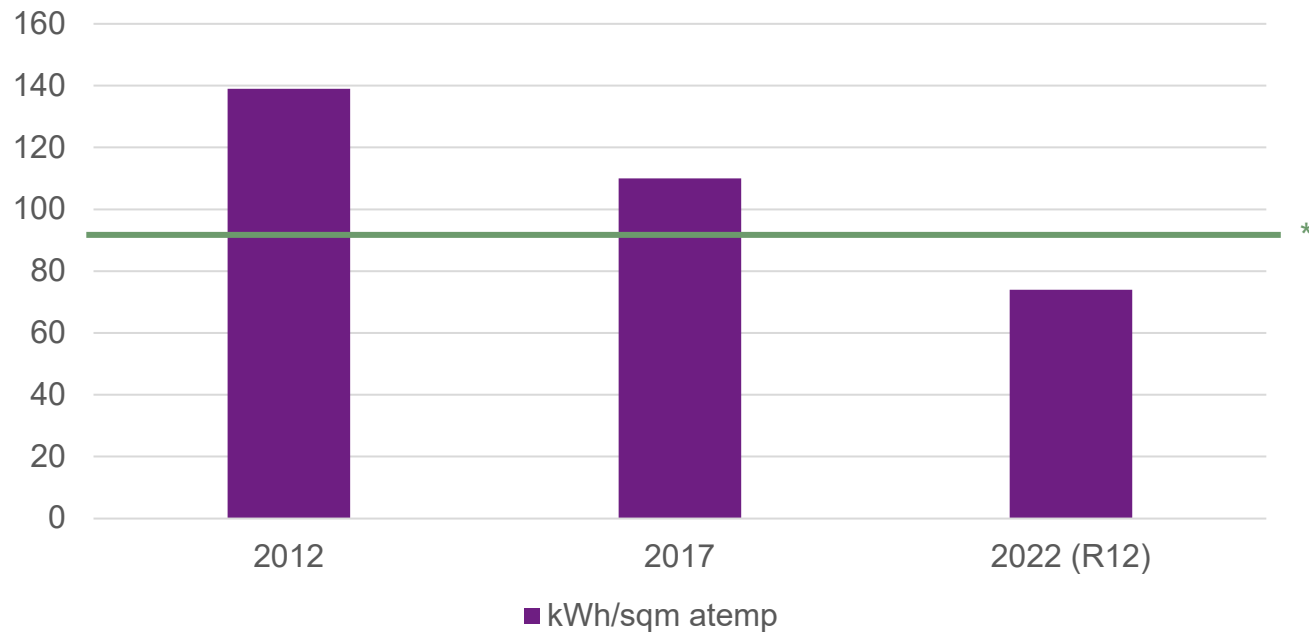
2022 GRESB Standing Investments Benchmark Report



GRESB examines among other things:

- Governance, policies, guidelines, goals and follow-up
- Risk management process
- Certification of properties
- Energy and water use
- Emissions (GHG)
- Waste management and recycling
- HR- equality, working environment, health education, employee survey
- Safe working environment in construction, safety statistics, human rights
- Site development – physical planning for social sustainability
- Procurement – suppliers, contractors and materials

Reduction of energy use



Active sustainability work

- The sustainability house
- Solar cell installations
 - Energy produktion 2.5 kWh/sqm to 2030
- Sustainability goals in all projects
- Measuring CO2 in all major projects
- Social initiatives for a safer city in Flemingsberg



The sustainability - construction establishment in Haga Norra. The building is 70% constructed with recycled material. All furnishings recycled.



Questions

Our vision

The success factor for a new era