

Fabege Year End-report 2022

06/02/2023

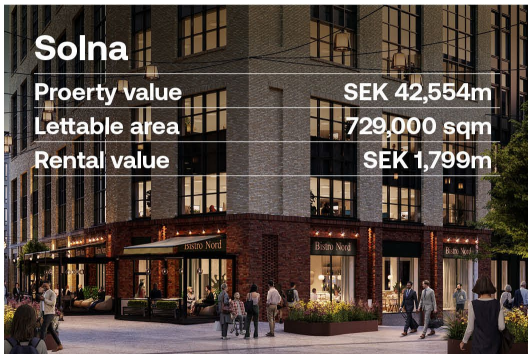
Stefan Dahlbo, CEO
Åsa Bergström, CFO

Fabege 

FABEGE IN BRIEF

Solna

| | |
|---------------|-------------|
| Proerty value | SEK 42,554m |
| Lettable area | 729,000 sqm |
| Rental value | SEK 1,799m |



Stockholm inner city

| | |
|---------------|-------------|
| Proerty value | SEK 31,989m |
| Lettable area | 324,000 sqm |
| Rental value | SEK 1,417m |



Hammarby Sjöstad

| | |
|---------------|-------------|
| Proerty value | SEK 8,327m |
| Lettable area | 138,000 sqm |
| Rental value | SEK 384m |



Flemingsberg

| | |
|---------------|------------|
| Proerty value | SEK 2,391m |
| Lettable area | 70,000 sqm |
| Rental value | SEK 60m |



102

Properties

SEK 86.3bn

Property value | 83% management portfolio

3,99 %

Average yeild

A modern portfolio
in rail-bound locations

Summary 2022

- Increased rental income and operating surplus
- Increasing interest expenses
- Decreased management profit
- Negative value change in Q4
- Net lettings SEK 86m
- Birger Bostad a part of Fabege



Condensed income statement

| SEKm | 2022 | 2021 |
|--|--------------|--------------|
| Rental income | 3,032 | 2,889 |
| Sales residential projects | 295 | 62 |
| Net sales | 3,327 | 2,951 |
| Property expenses | -792 | -704 |
| Residential projects expenses | -374 | -71 |
| Gross profit | 2,161 | 2,176 |
| Central administration | -102 | -100 |
| Net interest expense | -602 | -495 |
| Ground rents | -42 | -36 |
| Share in profits of associated companies | -32 | 2 |
| Profit from property management | 1,373 | 1,537 |
| Realized changes in value, properties | 74 | 56 |
| Unrealized changes in value, properties | -233 | 4,585 |
| Changes in value, derivatives and equities | 1,750 | 534 |
| Profit before tax | 2,964 | 6,712 |
| Tax | -588 | -1,312 |
| Profit for the period | 2,376 | 5,400 |



- Rental growth in identical portfolio: approx. 5% (2)
- Surplus ratio: 74% (76)
- Value changes
SEK -233m
- Earnings per share:
SEK 7.49 (16.73)



Property valuation 2022

Property value SEK 86,3bn of which management portfolio SEK 72bn

| | Q4 | Q3 | Q2 | Q1 |
|-------------------|-------------|----------|------------|------------|
| Externally valued | 80% | 35% | 30% | 40% |
| Value change | SEK -3,665m | SEK 253m | SEK 1,020m | SEK 2,159m |
| Yield | 3.99% | 3.77% | 3.69% | 3.70% |

Value change Q4 2022

- Yield (+0,12) SEK - 4.7bn
- Cash flow incl. index SEK +1.7bn
- Project and development properties SEK -0.7bn

Value change 2022

- Yield (+0.23) SEK -5.4bn
- Cash flow incl. index SEK + 5.2bn
- Projects SEK 0bn



Sensitivity analysis – Property values

| Change in value | Impact on earnings after tax | Equity per share | Equity/ratio | Loan-to-value |
|-----------------|------------------------------|------------------|--------------|---------------|
| 2022-12-31 | | SEK 145 | 49% | 38% |
| 5% | SEK -3,428m | SEK 131 | 48% | 41% |
| 10% | SEK -6,856m | SEK 120 | 46% | 43% |
| 20% | SEK -13,712m | SEK 99 | 43% | 48% |
| 25% | SEK -17,741m | SEK 88 | 40% | 51% |
| 30% | SEK -20,568m | SEK 77 | 38% | 55% |

Based on property value 31/12/2022: SEK 86.3bn



Key ratios, 31 December 2022

| | 2022 | 2021 | Target |
|-----------------------------------|------|------|--------|
| Equity per share, SEK | 145 | 141 | |
| EPRA NRV, SEK per share | 173 | 171 | |
| Total return 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 |



Continued stable financing

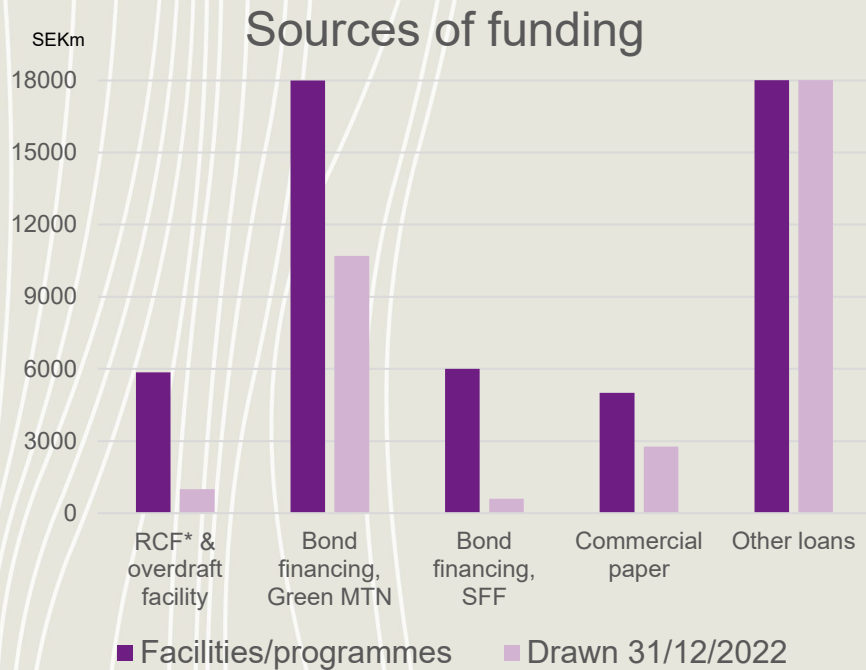
- Total facilities SEK 40.6bn
- Total loans SEK 33.3bn
 - of which bonds SEK 11.3bn
 - of which commercial paper SEK 2.8bn
- 100% green financing
- Undrawn SEK 7.3bn
 - Of which 2.7bn back up facility for CP programme
- Fixed-term maturity 4.7 years
- Fixed-rate period 2.7 years
- BAA2 negative outlook from Moody's

Activities during Q4

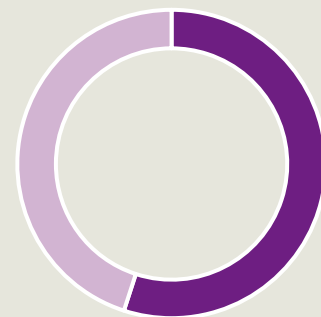
- Two new bank facilities of SEK 2.4bn
- Facilities of SEK 3.5bn was extended
- Increased activity on the CP market



Sources of funding



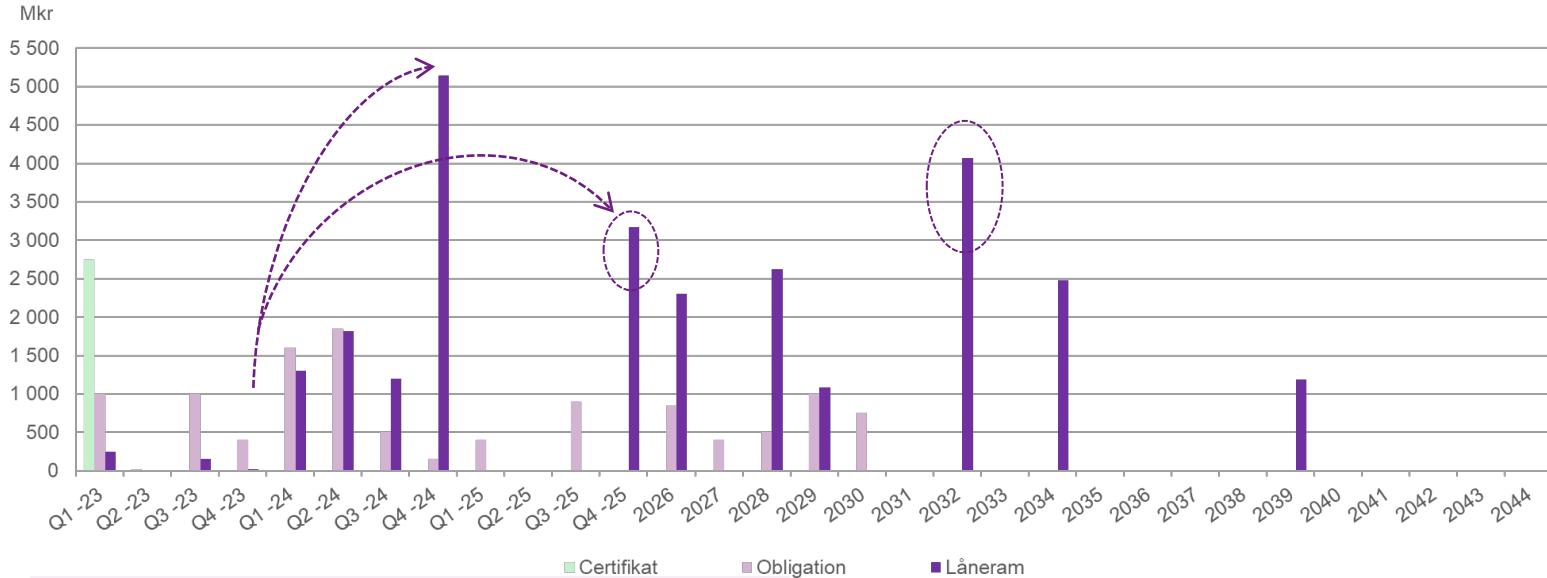
Breakdown of collateral



- Pledged assets 55%
- Unpledged assets 45%



Maturity structure, loans 31/12/2022



2023:

- Maturity CP SEK 2.8bn
- Maturity bonds SEK 2.4bn
- Bank facilities SEK 1.5bn extended to Q4 2025
- CP back-up SEK 2.0bn extended to Q4 2024
- RCF maturity refinanced with CP
- New credit commitment SEK 2.4bn

2024:

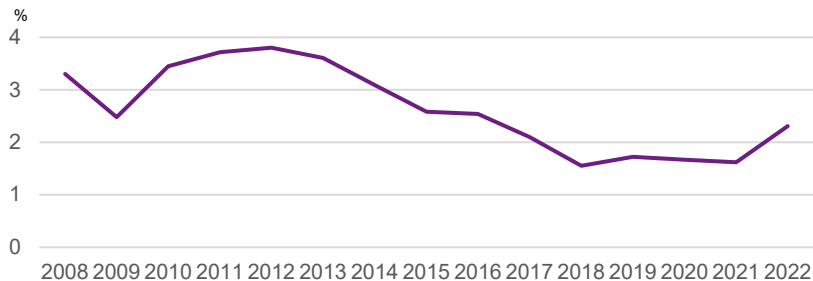
- Q1 : SHB RCF SEK 1.3bn
- Q2: SEB TL & RCF SEK 1.5bn, Swedbank TL SEK 0.3bn
- Q3: Nordea TL & RCF SEK 1.2b.
- Q4: SEB TL SEK 3.0bn , CP back-up SEK 2.0 bn



Fixed-rate period 31/12/2022

- 65 per cent of the portfolio fixed
- Average fixed-rate term 2.7 years
- Fixed interest derivatives between -0.18% 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



| 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 |



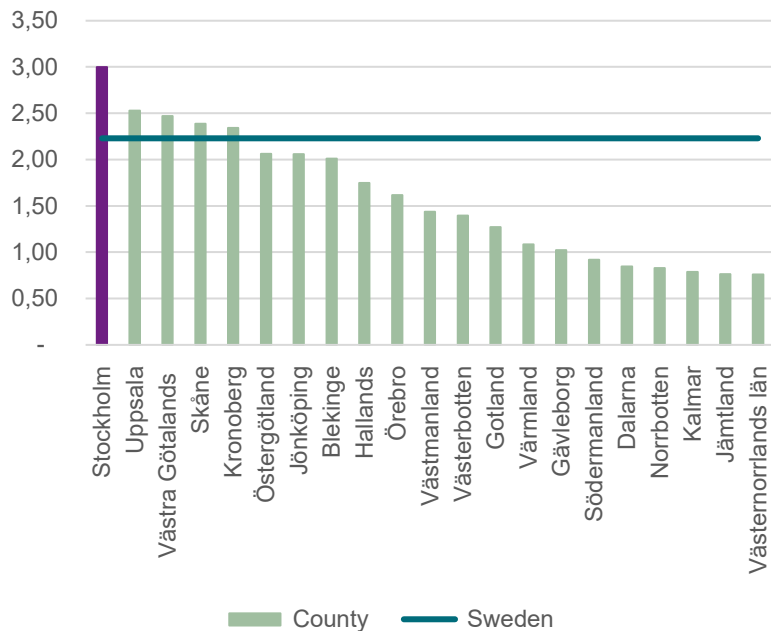
Buybacks 31/12/2022

- No buybacks during Q4
- Treasury shares
 - 16.2 million shares
 - 4.89% of capital and votes
 - Average price SEK 120.23 per share

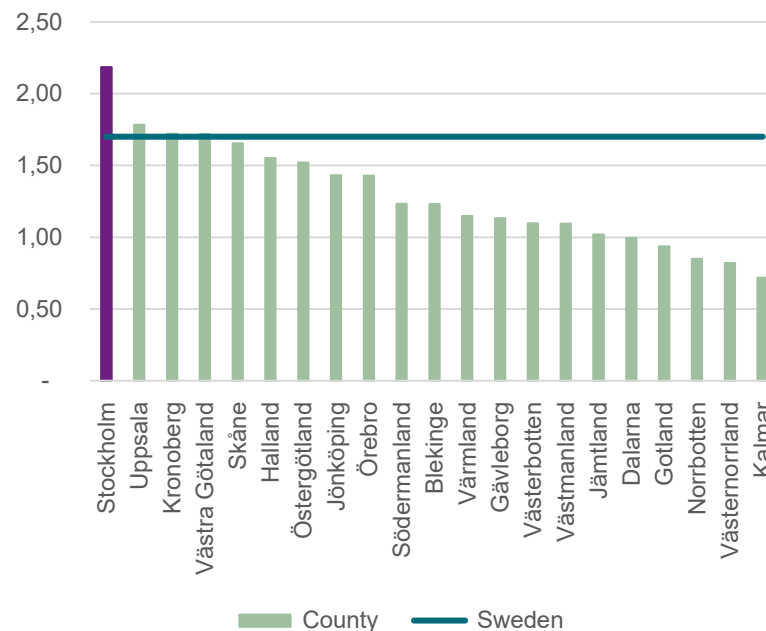


Growth by region

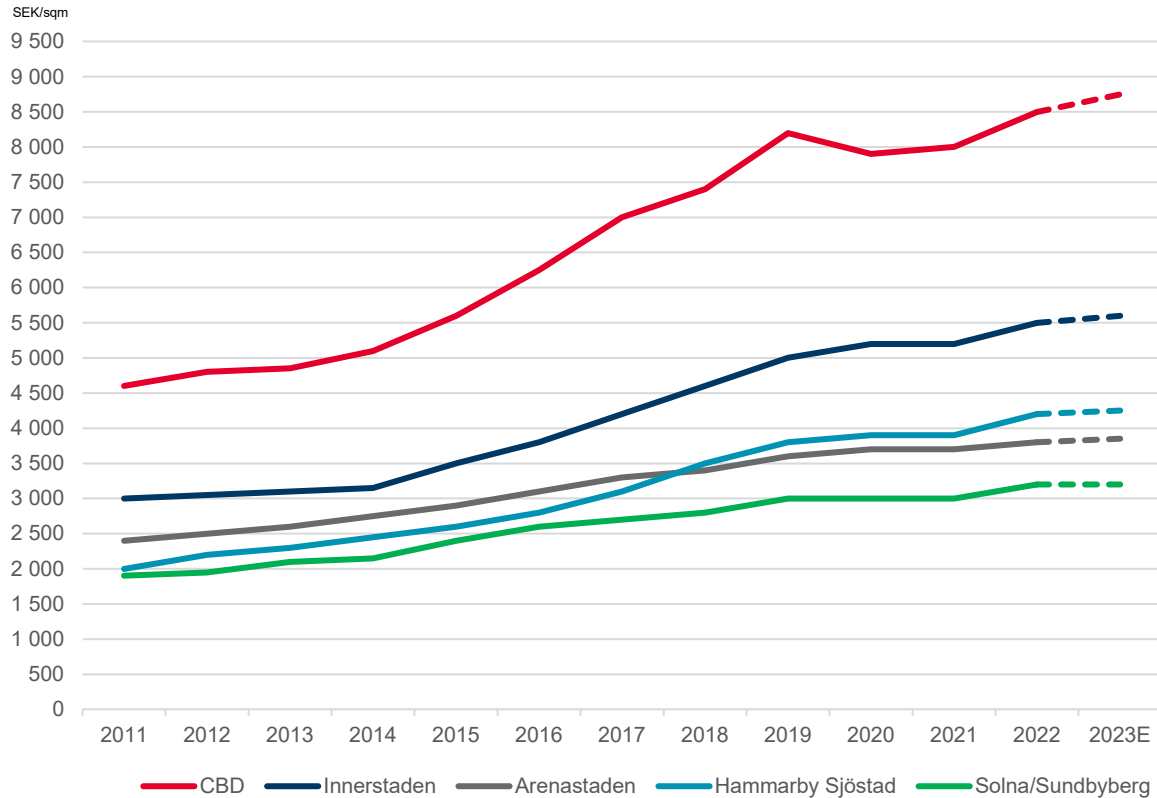
Average growth per county 2013-2022, %



Forecast average growth per county 2023-2030, %



Rental development 2011-2023E (prime rent)

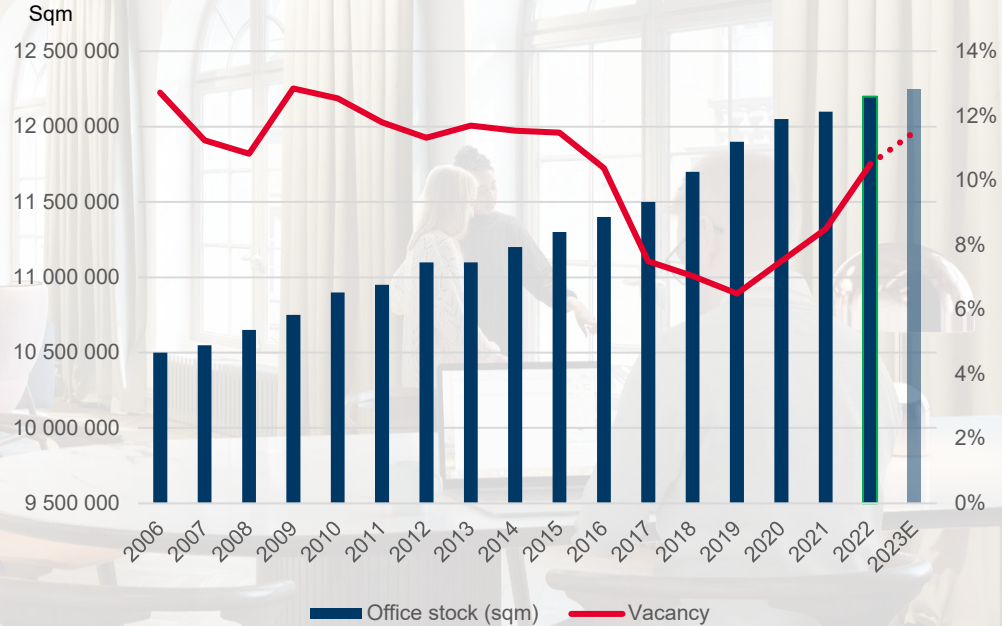


Source: Cushman & Wakefield





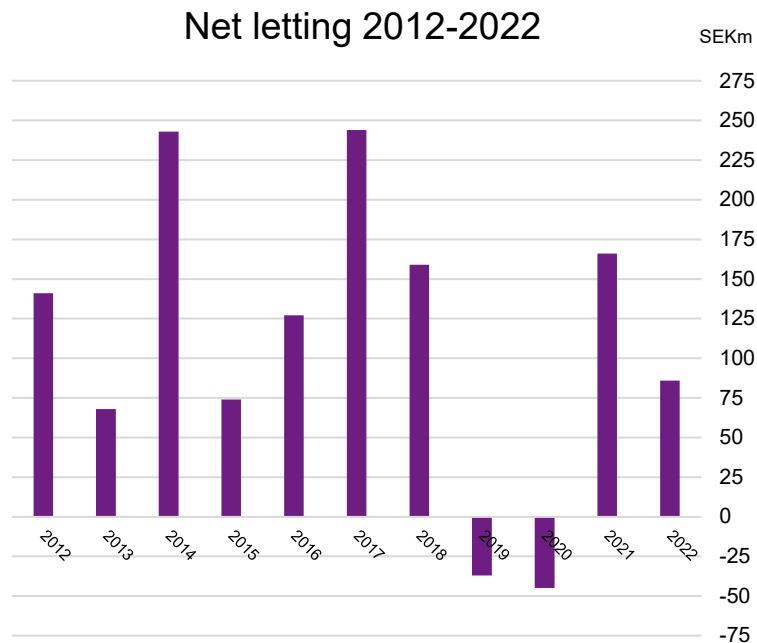
Office stock & vacancy rate in Stockholm 2006-2023E



Net letting 2022

| SEKm | 2022 | 2021 |
|--------------------|-----------|------------|
| New lettings | 276 | 329 |
| Terminations | -190 | -167 |
| Net letting | 86 | 162 |

Target 2022 > SEK 80m



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% | |

Renegotiations 2022

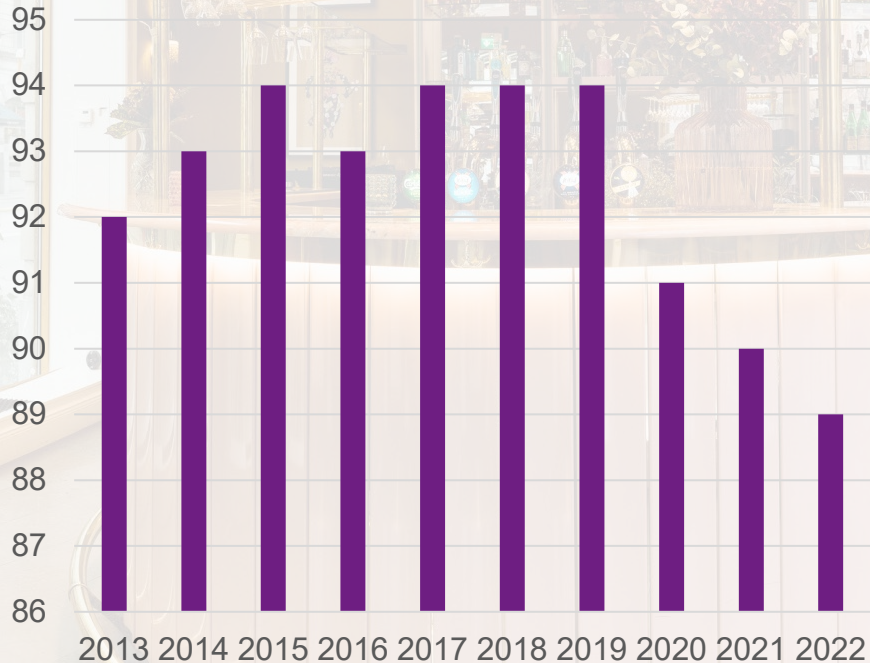
- Renegotiations 2022
 - SEK 174m, +7%
 - SEK 341m extended on unchanged terms
- SEK 128m of leases have been renegotiated for 2023 and 2024

Lease maturity structure

| Maturity, year | No. of leases | Annual rent, SEKm | ShareI, % |
|-------------------|---------------|-------------------|-------------|
| 2023 | 597 | 475 | 15 |
| 2024 | 289 | 319 | 10 |
| 2025 | 233 | 493 | 16 |
| 2026 | 184 | 432 | 14 |
| 2027 | 74 | 431 | 14 |
| 2028+ | 67 | 857 | 26 |
| Commercial | 1,444 | 3,007 | 94% |
| Housing leases | 208 | 22 | 1 |
| Parking | 698 | 144 | 5 |
| Total | 2,341 | 3,173 | 100% |



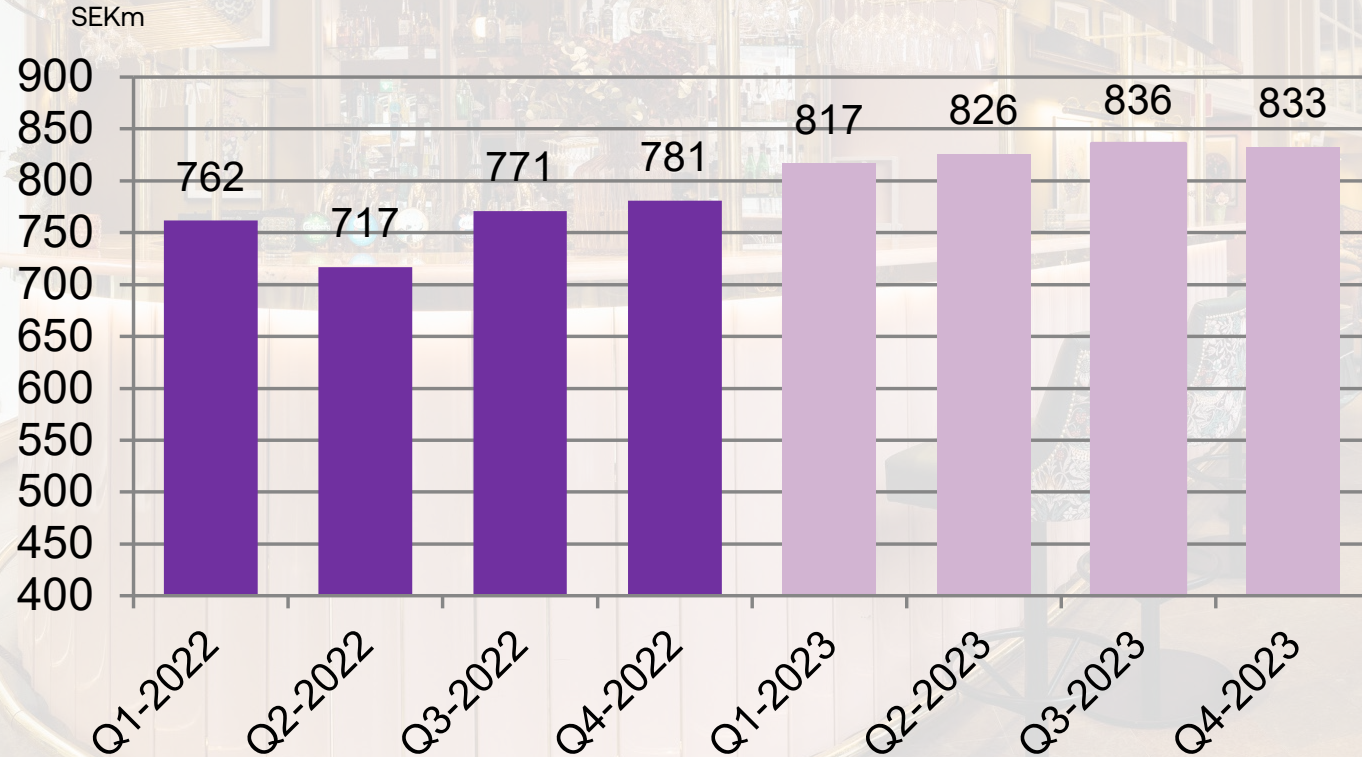
Occupancy rate 31/12/2022



- Management portfolio
 - Economic occupancy rate 89%
 - Net addition upcoming move-in and move outs SEK +75m
- 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
- Project portfolio
 - Estimated rental value SEK 405m
 - Occupancy rate, area 35 per cent
 - Occupation from autumn 2022 until 2025



Rental development existing lease portfolio 31/12/2022



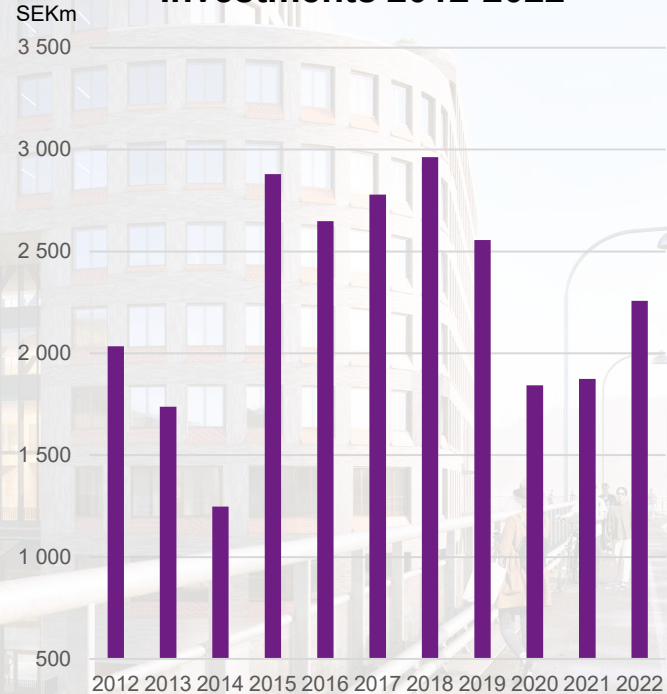
- Based on contracted leases including known occupations, relocations and renegotiations 31 December 2022
- Excluding letting targets and assumptions of new signed agreements or terminations



Investments 2022

| Investments | 2022 | 2021 |
|------------------------------------|-------------------|-------------------|
| Project- & developments properties | SEK 1,427m | SEK1,239m |
| Management properties | SEK 830m | SEK 635m |
| Total | SEK 2,257m | SEK 1,874m |

Investments 2012-2022



Transactions on our market in autumn 2022 and January 2023

- Marievik 27&30 (Marievik), 11,600 sqm office, buyer AMF
- Vildmannen 11 (CBD), 2,700 sqm office, buyer Harmerica Properties
- Klippan 10 (Strandvägen), 5,600 sqm hotel, buyer Anders Bodin Fastigheter
- Brunfisken 20 (Östermalm), 1,500 sqm office, retail and reci, buyer Lars Edman
- Skotten 6 (CBD), 13,500 sqm office and retail, buyer Axfast



Project portfolio 31/12/2022

- Estimated capex SEK 4,.4bn
- Capex 2022: SEK 1,427m

| Property listing | Category | Area | Completed | Lettable area, sqm | Occupancy rate, % space | Rental value | Book value, SEKm | Estimated investment, SEKm | of which spent, 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 | Parking | Flemingsberg | Q2-2025 | 23,400 | 91% | 59 | 226 | 1,045 | 95 |
| Semaforen 1 | Offices | 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 | Parking | City | Q3-2023 | 5,100 | 100% | 44 | 817 | 81 | 15 |
| Total | | | | 149,800 | 35% | 404 | 4,366 | 4,400 | 956 |
| Other land and project properties | | | | | | | 3,647 | | |
| Other development properties | | | | | | | 7,948 | | |
| Total project, land and development properties | | | | | | | 15,961 | | |

Building rights 31/12/2022

- Commercial building rights
 - 747,700 gross floor area, sqm
 - Approx. 18 % legal binding
 - Book value: SEK 6,500/sqm
- Residential building rights
 - 653,700 gross floor area, sqm
 - Approx. 37 % legal binding
 - Book value: SEK 7,400/sqm





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.





Active sustainability work is continuing

- New targets on the path to carbon neutral property management and halving of the carbon footprint in project development
- New Circularity Index - at least 20% reused material in reconstruction projects
- Reduced electricity consumption -11% in the fourth quarter
- Continued focus on young people in Flemingsberg through different targeted initiatives



Questions

Our vision

The success factor for a new era

