

Q3

2020

Summary, SEKm

	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep
Rental income	696	683	2,103	2,132
Net operating income	538	542	1,584	1,605
Profit from property management	376	397	1,104	1,138
Profit before tax	743	921	2,728	4,279
Profit after tax	574	714	2,133	3,504
Net lettings	-16	-5	4	-92
Surplus ratio, %	77	79	75	75
Loan-to-value ratio, properties, %	-	-	35	36
EPRA NRV, SEK per share	-	-	153	138

January–September 2020¹

- Rental income amounted to SEK 2,103m (2,132). In an identical portfolio, income rose by approximately 5 per cent (14). The fall in comparison with previous year was primarily due to property sales. Rebates granted during the period owing to the Covid-19 pandemic amounted to SEK 44m, of which SEK 18m was repaid to Fabege via the government rent support package.
- Net operating income amounted to SEK 1,584m (1,605). In an identical portfolio, net operating income rose by approximately 7 per cent (17).
- The surplus ratio was 75 per cent (75).
- Profit from property management amounted to SEK 1,104m (1,138).
- Realised and unrealised changes in value amounted to SEK 1,941m (3,865) in properties and SEK –316m (–718) in fixed-income derivatives.
- Profit before tax for the period amounted to SEK 2,728m (4,279).
- Profit after tax for the period amounted to SEK 2,133m (3,504), corresponding to SEK 6.50 per share (10.60).
- Net lettings totalled SEK 4m (–92).
- Rent levels in renegotiated leases increased by an average of 19 per cent (18).
- The equity/assets ratio was 52 per cent (51) and the loan-to-value ratio was 35 per cent (36).

¹The comparison figures for income and expense items relate to values for the January–September 2019 period and for balance sheet items at 31 December 2019.

² For definitions of key ratios, see page 21.



Stefan Dahlbo, CEO

Focus on customers and employees

The third quarter continued to be impacted by Covid-19. It is now more than six months since many aspects of our lives have been affected by the pandemic. Even now that the summer is over, many are continuing to work from home, and a lot of companies operating primarily within the travel, restaurant and hotel industries are facing huge challenges. The economic trend has not proved as negative as feared in our darkest moments back in the spring, but the pandemic is far from over.

Close dialogue with customers

In the third quarter we continued to focus on being there for our customers, and we have placed great emphasis on maintaining a dialogue with our tenants. We have conducted a survey among our customers and can note that for the vast majority business is going well, although their attendance at offices remains low.

Both plaus and minus in the business

Net lettings totalled SEK –16m in the third quarter. This is largely attributable to active lease terminations for potential development properties, but also to the fact that a number of customers, for various reasons, have opted to terminate leases or reduce their office space. Work on major lettings takes longer, and over the past two quarters it has been difficult to bring contracts to fruition for large properties. However, discussions are continuing in a constructive manner. The third quarter is usually a calm period, with few completions. September marks a resurgence in demand for premises in our areas. The rental value has increased by an average of 19 per cent as a result of the renegotiations that took place during the year. However, some renegotiations have been postponed due to the pandemic. Planning processes and dialogues with municipalities are also progressing well.

Projects have continued to develop according to schedule, and the first quarter of 2021 will see Bilia moving into its new premises in Haga Norra, while Choice will take over its offices, hotel and long-stay accommodation at Nation-laren 3.

Valuations in the third quarter indicated a slightly more positive outlook compared with the start of the summer. Yield requirements are generally somewhat lower, while rent levels are consistent with signed lease levels. Changes in value in the third quarter totalled SEK 391m.

Further acquisitions

We have continued to implement transactions following the acquisition of Påsen 1 in Hammarby. In Flemingsberg, we acquired Regulatorn 2, and we have signed agreements on land allocations at Sveaplan and in Hammarby Sjöstad. All acquisitions help boost future potential. Following the acquisition, we are continuing to maintain a very strong balance sheet, with a loan-to-value ratio of 35 per cent.

Robust recovery on financial market

After the summer the financing market experienced a strong recovery, and access to financing has been good. During the quarter we issued new bonds for just over SEK 2bn and had a turnover of slightly under SEK 2bn on the commercial paper market, on increasingly good terms over time. In principle the markets have been restored to the levels we saw at the start of this year, before the pandemic took hold. Guided by the ECB and the FED, national banks have supplied the market with liquidity, while the effects have been boosted by fiscal measures. All the indications are that we can expect to live with low interest rates for some time to come.

Future prospects

As previously stated, the pandemic and its effects are far from over. At this point it is too early to say exactly what the consequences will be. This applies to the Swedish and international economies, and it relates to issues such as changes in working and travel habits. We will likely see more working from home, fewer work-related journeys and then mainly for status updates, and more digital meetings. We are continually working to develop our offering so that we remain persistently at the forefront. We are confident that offices will be needed more than ever to develop companies and to establish corporate culture and team spirit, but the way they are used will constantly evolve in terms of how to achieve maximum flexibility and integrate technical solutions, etc. Fabege's goal is at all times to be an effective partner for our customers, to listen and develop together. This goal has never been more important.

I am happy and grateful that Fabege, as we have noted, is remaining strong through this crisis. We will continue to demonstrate the utmost respect for the situation, individuals and society, and will act with due sensitivity. However, this will not stop us from working with our customers to improve our business and keep up the pace.

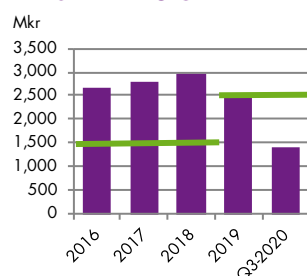
Stefan Dahlbo, CEO

SURPLUS RATIO



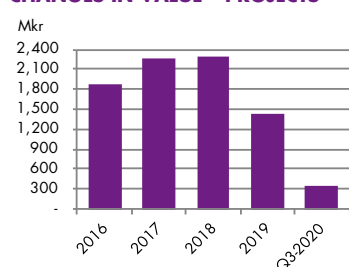
Target: 75%

INVESTMENT VOLUME

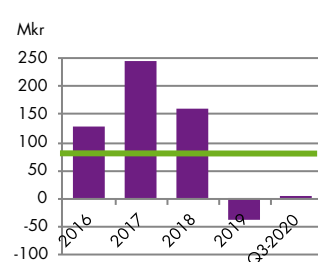


Target: SEK 2,500m per year over a business cycle

CHANGES IN VALUE – PROJECTS



NET LETTINGS



Target: SEK 80m per year

Impact of Covid-19 on Fabege

Special Covid-19 measures

- Regular status updates for Fabege's crisis management group and Executive Management Team.
- Regular briefings for all staff.
- Support for employees to help them work from home.
- Dialogue and measures for customers with liquidity problems.
- Agreements on monthly payments and deferrals, as well as the government rent support package.
- Planning and measures to ensure projects continue to move forward.

Contributing to the community

- During the April to June period, Fabege paid for over 15,000 lunches to be delivered to the City Mission and hospitals in Stockholm.
- Helped provide materials for the field hospital in Älvsjö.
- Financial contribution to the City Mission's work in Stockholm.

Government rent support

- The support package was intended to give companies in vulnerable sectors a 50 per cent reduction in their rent, half to be covered by the landlord and half by the state.
- The support related to rental payments in the second quarter.
- Fabege granted rebates relating to rental support totalling SEK 36m, around SEK 18m of which was covered by Fabege.

Property management and rental income

The majority of Fabege's customers are large, stable companies. However, we also have customers in the service sector who have asked to defer rental payments and for rental rebates due to the pandemic. We are making arrangements with customers on a case-by-case basis, focusing on transfers to monthly payments and repayment deferrals. In total, rebates have been granted for the second and third quarters totalling SEK 44m, SEK 18m of which is being repaid via the government rent support package. The net amount has reduced rental income in the second and third quarters. Outstanding overdue rent receivables relating to Q2 and Q3 amount to SEK 11m excluding VAT. We have also granted rebates of SEK 4m for the fourth quarter of 2020, which will reduce rental income in the fourth quarter.

Financing

Since the end of the summer, there has been a considerable improvement in access to financing and terms. In the third quarter we had a turnover of SEK 1,775m on the commercial paper market and issued SEK 2,074m on the bond market, including SEK 474m via SFF. Our good access to unutilised credit facilities provides reassurance. No bank facilities are due to lapse until the fourth quarter of 2021. A total of SEK 400m of bonds via SFF are due to mature in the fourth quarter of 2020. If market conditions allow, we intend to replace commercial paper and bonds due to mature with new issues, but we are able to refinance remaining maturities using existing credit facilities in banks, if required.

Fabège is a strong brand, both with the banks and on the capital market, and our strategy of allocating financing across several different sources is an advantage in the current situation.

Projects

All our projects are proceeding according to schedule. We have managed to staff our projects and keep to our schedules by planning ahead.

Transactions and valuations

The transaction volume has once again increased, however not for Stockholm's office market. The property portfolio is valued according to a well-established process. Before the end of the quarter, just over 50 per cent of the portfolio was again independently valued by Newsec and Cushman Wakefield. The valuations indicated a more positive outlook compared with just before the second quarter, which resulted in previous impairment losses being partially reversed. Yield requirements were again slightly lower, and expectations regarding rent levels are consistent with signed lease levels. Overall, the average yield requirement in the portfolio declined to 3.88 per cent and the total unrealised change in value for the January–September period amounted to SEK 1,916m.

Employees

All employees apart from our technical operations staff continued to work from home as far as possible. Technical operations have been divided into teams working in shifts, the aim being to reduce the risk of spreading infection. Meetings and collaboration are largely taking place digitally and we are providing various forms of support to make it easier for employees to work from home. We carried out three surveys during the period, all of which reveal that our employees are coping well and that working from home is effective, but that we miss meeting at the office.

Fabège is stable

As for so many other companies, the Covid-19 pandemic situation is having a negative impact on the business, albeit limited for Fabège. Our strong financial position means we are well placed to cope even in difficult times.

- Our strong balance sheet provides security
- We have a stable customer base
- We have access to financing through capital markets and our banks
- We have dedicated employees who make a difference
- We have a modern and attractive property portfolio in good locations

Earnings Jan-Sep 2020¹

Net operating income and profit from property management declined somewhat, primarily due to property divestments. In the third quarter, previously implemented impairment losses were partially reversed, which together with project profits brought about an increase in the value of the portfolio.

Revenues and earnings

Profit after tax for the period was SEK 2,133m (3,504), corresponding to earnings per share of SEK 6.50 (10.60). Profit before tax for the period amounted to SEK 2,728m (4,279). Slightly lower earnings from property management and lower changes in value meant that profit before tax declined in comparison with the year-earlier period.

Rental income decreased to SEK 2,103m (2,132), while net operating income fell to SEK 1,584m (1,605). The divestment of Pelaren 1 and Trångkåren 7 meant that rental income fell by just over SEK 144m against a comparable period. In an identical portfolio, rental income grew by roughly 5 per cent (14), just over half of which related to growth through tenants moving into completed project properties. The remaining increase was primarily growth due to new lettings and renegotiated rent levels. Rebates granted during the period owing to the Covid-19 pandemic amounted to a total of SEK 44m, SEK 18m of which is being repaid to Fabege via the government rent support package. The lower running costs were mainly due to a mild winter with little snow. In addition, as a result of the new tax assessment values, the amount set aside for property tax was too high at the start of 2019. Net operating income in an identical portfolio rose by approximately 7 per cent (17). Overall, the surplus ratio amounted to 75 per cent (75).

Realised changes in value of SEK 25m (0) related mainly to the divestment of a land property in Vallentuna.

Total unrealised changes in value amounted to SEK 1,916m (3,865). The unrealised change in the value of the investment property portfolio of SEK 1,581m (2,662) was mainly attributable to increased rent levels for new lettings and renegotiations and lower yield requirements. In the third quarter, the average yield requirement again declined by 0.02 per cent from 3.90 per cent at 30 June, to 3.88 per cent at 30 September (3.97 at year-end).

The project portfolio contributed to an unrealised change in value of SEK 335m (1,065), mainly due to development gains in major project properties.

The share in earnings of associated companies was SEK -43m (-32) and mainly related to a capital contribution to Arenabolaget. The activities at Friends have been negatively affected as a result of the pandemic and event being canceled.

Unrealised changes in value in the derivatives portfolio totalled SEK -316m (-718). The extension of the fixed-rate term and lower long-term interest rates led to an increase in the deficit value during the period. Net interest items amounted to SEK -346m (-350).

Segment reporting

The Property Management segment generated net operating income of SEK 1,565m (1,573), representing a surplus ratio of 79 per cent (77). The occupancy rate was 93 per cent (94). Earnings from property management totalled SEK 1,137m (1,154). Unrealised changes in the value of properties amounted to SEK 1,581m (2,662).

The Property Development segment generated net operating income of SEK 19m (31), giving a surplus ratio of 17 per cent (41). Earnings from property management totalled SEK -33m (-16). Unrealised changes in the value of properties amounted to SEK 335m (1,065).

Earnings from transactions totalled SEK 25m (138).

Quarter 3 in brief

- Continued uncertainty regarding the future trend on the rental market.
- The effect of Covid-19 is mainly that certain renegotiations have been postponed, and the process up to signing is taking longer.
- New lettings totalled SEK 22m (35) and net lettings amounted to SEK -16m (-5).
- Rental income increased to SEK 696m (683).
- The surplus ratio was 77 per cent (79).
- Earnings from property management totalled SEK 376m (397).
- The property portfolio showed unrealised value growth of SEK 391m (743), of which projects accounted for SEK 149m (46).
- Unrealised changes in value in the derivatives portfolio totalled SEK -24m (-215).
- After-tax earnings for the quarter amounted to SEK 574m (714).

BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

	2020 Jan-Sep	2019 Jan-Sep
SEKm		
Profit from Property Management activities	1,137	1,154
Changes in value (portfolio of investment properties)	1,581	2,662
Contribution from Property Management	2,718	3,816
Profit from Property Management activities	-33	-16
Changes in value (profit from Property Development)	335	1,065
Contribution from Property Development	302	1,049
Realised changes in value	25	138
Contribution from Transactions	25	138
Total contribution from the operation	3,045	5,003

2.5%
Value growth
in the property portfolio.

¹ The comparison figures for income and expense items relate to values for the January–September 2019 period and for balance sheet items at 31 December 2019.

Financing

Fabege employs long-term credit facilities subject to fixed terms and conditions. The company's creditors mainly comprise the major Nordic banks and investors on the capital market. The company is striving for a balance between different forms of financing on both the capital and banking markets, with long-term relationships with the major financiers having high priority.

Fabege wants to play an active part in the transition of the financial market towards greater accountability, and the company is continuing with its efforts to achieve the goal of all financing being sustainable. At the end of the quarter, the company had green bonds of SEK 7,950m and green commercial paper totalling SEK 1,775m outstanding within the green framework. In addition there are green loans of SEK 13,898m and green covered bonds via the co-owned company SFF totalling SEK 1,524m. In total this adds up to 95 per cent of outstanding financing.

Fabege's fixed-rate period is 4.3 years and at the end of Q2 the derivatives portfolio comprised interest rate swaps totalling SEK 17,150m with terms of maturity extending through 2030 and carrying fixed interest at annual rates of between -0.18 and 1.35 per cent before margins.

The capital market has experienced a rapid recovery after a period of almost complete stagnation in the spring. After the summer, Fabege issued bonds for an additional SEK 474m via SFF and SEK 1,600m with maturities of 3.5 and 5 years within the framework of Fabege's green MTN programme. Prices have now almost returned to pre-crisis levels and there is considerable interest from investors, particularly in green bonds.

Net financial items included other financial expenses of SEK 22m, mainly pertaining to accrued opening charges for credit agreements and costs relating to bond and commercial paper programmes. During the period, interest totalling SEK 19m (13) relating to project properties was capitalised.

For further information about how Fabege's financing situation is being affected by the Covid-19 crisis, please see page 3 of this report.

FINANCING, 30/09/2020

	2020-09-30	2019-12-31
Interest-bearing liabilities, SEKm	26,205	26,414
of which outstanding MTN, SEKm	7,950	6,850
of which outstanding SFF, SEKm	1,524	2,085
of which outstanding commercial paper, SEKm	1,775	1,980
Unutilized facilities, SEKm	4,335	4,580
Capital maturity, year	5.5	5.8
Fixed-rate period, year	4.3	4.5
Fixed-rate, share of the portfolio, %	76	73
Derivative market value, SEKm	-684	-368
Average interest, incl. facilities, %	1.82	1.80
Average interest excl. facilities, %	1.72	1.72
Unsecured assets, %	36	28
Loan-to-value, %	35	36

GREEN FINANCING, 30/09/2020

	Credit lines	Outstanding loans and bonds
Green MTN-bonds, SEKm	7,950	7,950
Green bonds vis SFF, SEKm	1,524	1,524
Green commercial paper, SEKm	5,000	1,775
Green loans, other, SEKm	18,096	13,746
Total green financing, SEKm	32,570	24,995
Share of green financing, %	92	95
Total green facilities, SEKm	55,510	
of which free green facilities, SEKm	21,570	

INTEREST RATE MATURITY STRUCTURE, 30/09/2020

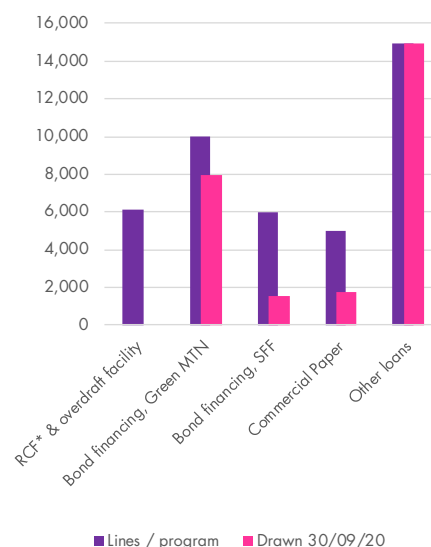
	Amount SEKm	Average interest rate, %	Share, %
< 1 year	6,379	4.20	24
1-2 years	1,000	0.02	4
2-3 years	1,400	1.15	5
3-4 years	3,200	0.71	12
4-5 years	2,250	0.94	9
5-6 years	3,400	0.87	13
6-7 years	2,400	0.95	9
7-8 years	3,676	1.53	14
8-9 years	2,100	0.63	8
9-10 years	400	0.19	2
Total	26,205	1.72	100

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

LOAN MATURITY STRUCTURE, 30/09/2020

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	1,775
< 1 year	2,184	1,774
1-2 years	8,041	3,641
2-3 years	6,000	6,000
3-4 years	4,250	2,950
4-5 years	900	900
5-10 years	4,361	4,361
10-15 years	3,550	3,550
15-20 years	1,253	1,253
Total	35,540	26,205

BREAKDOWN OF SOURCES OF FUNDING, SEKm 30/09/2020



* RCF= Revolving credit facilities

Tax

The tax expense for the period amounted to SEK –595m (-775). Current tax of SEK 25m related mainly to the reversal of current tax after retesting of prior years' tax assessments. Tax was calculated at a rate of 21.4 per cent on taxable earnings. In accordance with the new corporate taxation method, the deferred tax liability has been recalculated at the new tax rate of 20.6 per cent. The valuation of the loss carryforwards that are expected to be utilised in 2020 has been calculated based on the current tax rate for the year of 21.4 per cent.

The new regulations relating to restrictions on interest deductions apply as of 1 January 2019. Fabège is of the opinion that the new rules will not have any material impact on tax paid. For 2020, the new rules mean increased utilisation of tax loss carryforwards of just over SEK 280m. This will incur a greater cost of SEK 60m for the 2020 full year, which is reflected in the tax calculation for the period.

Financial position and net asset value

Shareholders' equity amounted to SEK 40,844m (40,068) at the end of the period and the equity/assets ratio was 52 per cent (52). Equity per share attributable to Parent Company shareholders totalled SEK 124 (121). EPRA NRV was SEK 153 per share (145).

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 1,140m (1,125). Changes in working capital had an impact on cash flow of SEK 11m (449). Investing activities had an impact of SEK 593m (-422) on cash flow, while financing activities amounted to SEK –1,041m (-1,151). In investing activities, cash flow was driven by property transactions and projects. Cash and cash equivalents increased by a total of SEK 703m (1) during the period.

Financial targets

Fabège's Board of Directors has adopted the following

financial targets for the business.

- Loan-to-value ratio of max. 50 per cent.
- Interest coverage ratio of at least 2.2.
- Debt ratio of max. 13.0.
- Equity/assets ratio of min. 35 per cent.

Operational targets

- Investment volume of approximately SEK 2,500m per year.
- Net lettings at least SEK 80m per year.
- Surplus ratio 75 per cent.

SEK 153/share

EPRA NRV

30 Sep 2020

ACQUISITION OF REGULATORN 2 PROPERTY IN FLEMINGSBERG

Regulatorn 2, which enjoys a central location in the area and constitutes a key piece of the puzzle in the emergence of the future district of Flemingsbergsdalen. In connection with the acquisition, an agreement has also been entered into with WA Fastigheter for Fabège to be the sole owner of the consortium SBD.

The purchase consideration amounted to SEK 760m, and ownership of Regulatorn 2 was transferred on 31 August 2020.

"Flemingsbergsdalen is a major urban development project that will continue for several years, and just as with Arenastaden we are seeing the benefits of having a significant presence in the area in which we are operating," comments Stefan Dahlbo, CEO at Fabège.



Operations Jan–Sep 2020¹

A property was acquired in the third quarter. The projects progressed according to plan. Net lettings during the period totalled SEK 4m. Renegotiations declined in volume as a result of the pandemic, but made a positive contribution to the rental value.

Property portfolio and property management

Fabege's property management and urban and property development activities are concentrated on a few selected submarkets in and around Stockholm: Stockholm inner city, Solna, Hammarby Sjöstad and Flemingsberg. On 30 September 2020, Fabege owned 89 properties with a total rental value of SEK 3.2bn, lettable floor space of 1.2m sqm and a carrying amount of SEK 75.4bn, of which development and project properties accounted for SEK 10.5bn. The financial occupancy rate for the entire portfolio, including project properties, dropped to 91 per cent (94). The decline is attributable to the vacation of the Glädjen 13 property in Västra Kungsholmen, which was announced some time ago, and acquired vacancies. The occupancy rate in the investment property portfolio was 93 per cent (94).

During the period, 73 new leases were signed at a total rental value of SEK 115m (117), and 92 per cent of the space pertained to green leases. Lease terminations amounted to SEK 111m (209). Net lettings totalled SEK 4m (–92). Leases totalling SEK 82m were renegotiated, with an average rise in rental value of 19 per cent (18). However, the volume of renegotiations has declined due to several negotiations being postponed because of the pandemic. The retention rate during the period was 73 per cent (68).

Changes in the property portfolio

During the first quarter, a land property in Vallentuna was sold for a purchase price of SEK 58m, with a realised change in value of SEK 25m (0).

Fabege and Peab are joint investors in a co-owned garage property in Råsunda, Solna. The property is being accounted for using proportionate consolidation and was included in Fabege's accounts at the end of H1 with a property value of SEK 35m. Two properties were acquired in the second quarter: Påsen 1 in Hammarby Sjöstad and a land property in Arenastaden for a purchase price totalling SEK 440m. In the third quarter, Regulatorn 2 in Flemingsberg was acquired for a purchase price of SEK 760m. September also saw the formal handover of the development right Poolen 1, Arenastaden, where Fabege is developing an office property for TietoErvy.

Changes in value of properties

The property portfolio is valued according to a well-established process. The entire property portfolio is independently valued at least once annually. Just over 50 per cent of the portfolio was independently valued in the third quarter, while the remaining properties were internally valued based on the most recent independent valuations. The total market value at the end of the period was SEK 75.4bn (74.3).

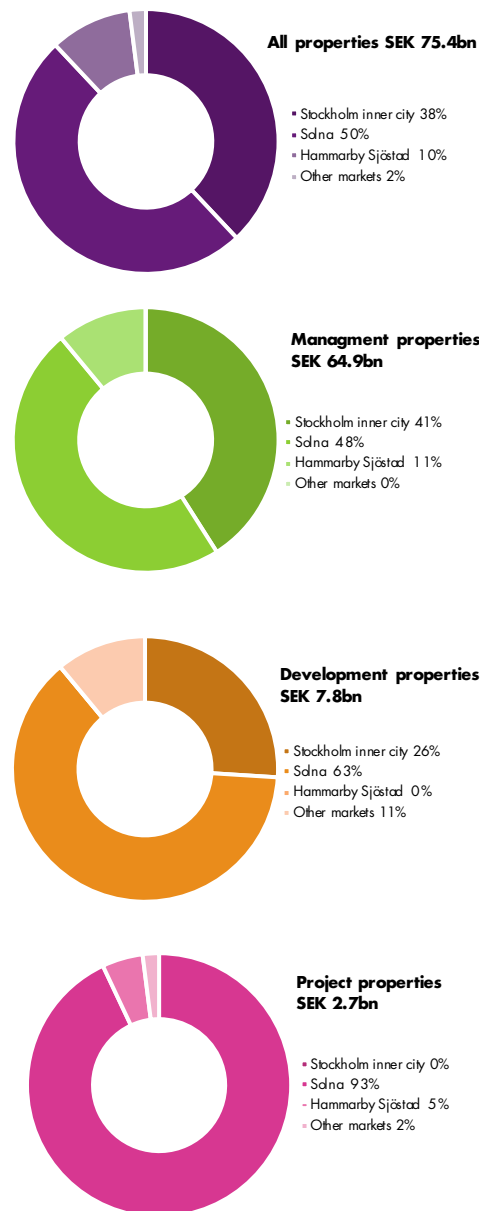
Unrealised changes in value totalled SEK 1,916m (3,865). The valuations indicated a more positive outlook compared with just before the second quarter, which resulted in previous impairment losses being partially reversed. Yield requirements were again slightly lower and expectations regarding rent levels are consistent with signed lease levels. In the third quarter the average yield requirement declined by 0.02 per cent, from 3.90 per cent at 30 June to 3.88 per cent at 30 September (3.97 at year-end). For the third quarter alone, changes in value amounted to SEK 391m.

The change in the value of the investment property portfolio amounted to SEK 1,581m (2,662).

The project portfolio contributed to an unrealised change in value of SEK 335m (1,065).

The change in value of the project portfolio was mainly due to development gains in major project properties.

BREAKDOWN OF MARKET VALUE 30/09/2020



¹ The comparison figures for income and expense items relate to values for the January–September 2019 period and for balance sheet items at 31 December 2019.

Environmental certification of properties

Fabege's objective is for the company's entire property portfolio to be certified to BREEAM-SE/BREEAM In-Use standard. Fabege's new builds are certified in accordance with BREEAM-SE, and our aim is to achieve the level of 'Excellent'. Of Fabege's 89 properties, 56 were certified by the end of the period. Overall, this represents 83 per cent (83) of the total combined area of Fabege's existing portfolio. The properties that have not yet begun certification relate to land and development property for future project development.

Work has been underway this current year to upgrade several certifications in the existing portfolio, and during the period a further eight properties were upgraded, two of which moved up to 'Excellent' and six to 'Very Good'.

Green financing

Our green framework allows us to issue green bonds and green commercial paper and to link other loans to the framework. Green financing offers Fabege better conditions both with banks and on the capital market, and access to more financing alternatives. The new green framework has increased the proportion of green financing sources. All Fabege's creditors can now offer green financing. The aim is for 100 per cent of the company's financing to be green. The proportion of green financing totalled 95 per cent of outstanding credits at the end of the period.

Find out more about Fabege's green financing at www.fabege.se/gronfinansiering, where you will also find investor reports.

Fabege's energy efficiency targets

Fabege's new energy efficiency targets are divided into phases. In 2019, we exceeded the target in the Swedish energy policy agreement of 50 per cent more efficient use of energy by 2030 compared with 2005. Work is progressing and our next milestone is to achieve average energy consumption of 77 kWh/sqm in the entire investment property portfolio for 2023, which is a reduction of over 60 per cent compared with 2005. The portfolio is divided into two parts: newer properties that have received planning permission since 2012 and have a target of 50 kWh/sqm, and older properties that have a target of 85 kWh/sqm. Fabege's average energy consumption for the period was 52 kWh/sqm (accumulated nine month of outcome.).ee34w

Sustainable urban development

The sustainability programme for Flemingsbergsdalen was completed in the first quarter and constitutes a foundation for the planning programme and a good basis for continued process support in our sustainability work on the development of Flemingsberg. In 2020, Arenastaden will be one of three existing districts that will be sustainability assured and evaluated according to nya Citylab. The work has been initiated in partnership with the City of Solna and Sweden Green Building Council. Citylab is Sweden's first certification system for sustainable urban development, uniquely designed around Swedish conditions, laws and regulations. Nya Citylab is an offshoot of the previous system and includes an evaluation element that answers the question: How sustainable was it?

Green leases

A green lease means that both parties agree on a joint environmental agenda for the premises. Choice of materials, renewable electricity, flexible building design and sorting of waste at source are examples of commitments under this kind of lease. Green leases are an important building block for the environmental certification of the building. Fabege's goal is for 100 per cent of newly signed and renegotiated leases to be green. In the long term, green leases will constitute 100 per cent of the total lettable area (excluding storage and parking areas). At 30 September 2020, the proportion was 77 per cent. During the period, the proportion of newly signed green leases was 92 per cent based on lettable area.

Climate neutral management by 2030

Fabege has a long-term, target-based and integrated approach towards creating more sustainable properties. Our overriding long-term goal is to have zero net emissions from property management by the year 2030. By this we mean that we will have control over all the emissions associated with our operations, and that we will minimise emissions to the greatest possible extent using the tools available. We will compensate for emissions over which we have no control via carbon offsetting, for example investments in carbon sinks such as forest, or wind and solar parks.

In 2019, Fabege linked up with the Science Based Targets initiative and has thus taken an initial step in re-organising the business to help achieve the 1.5-degree target. During the current period, we have begun work on retroactively calculating our climate impact from Scope 3 emissions during the base year of 2019, which is a major challenge.

95%
Green financing

SUSTAINABILITY PERFORMANCE MEASURES

	2020 Jan-Sep	2019 jan-dec	2018 jan-dec	Target
Energy performance, kWh/sqm Atemp	52	81	98	range max. 77 kWh/sqm Atemp
Proportion of renewable energy, %	n/a	91	91	100
Environmental certification, number of	56	56	56	
Environmental certification, of total area, %	83	83	82	100
Green lease, share of total office space	92	94	90	100
Green lease, share of newly signed area, %	77	75	71	100
Green financing, %	95	84	60	100
Satisfied employees, confidence rating, %	n/a	74	78	2021 minst 85%
GRESB, points	n/a	94	86	>90

Projects and investments

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 value. During the period, investments in existing properties and projects totalled SEK 1,404m (1,775), of which investments in projects and development properties accounted for SEK 999m (1,023).

The capital invested in the investment property portfolio, which amounted to SEK 405m (752) and encompassed energy investments and tenant customisations, also contributed to the total growth in value. The amount includes investments in several more substantial tenant customisations during the year.

Completed projects

The first quarter saw the completion of the conversion of Fortet 2, Solna, into a hotel, long-stay accommodation, and co-working and restaurant facilities. KOM Hotel took over the premises as tenant at the beginning of April. The redevelopment project relating to part of Paradiset 23, Västra Kungsholmen, was also completed during the period. Tenants have moved in and the few remaining vacant areas will be completed during the management phase.

Major ongoing projects

The development of the Haga Norra area at the Hagalund 2:2 property in Solna is proceeding with the construction of Bilja's new facility. Alongside this, work is continuing on division of the property into a number of separate units. The investment is expected to amount to roughly SEK 1,152m and the facility will be ready by the first quarter of 2021. Work on interior fittings is underway, and the project is progressing according to schedule.

The project to construct a hotel, long-stay accommodation and offices at the Nationalarenan 3 property in Arenastaden is proceeding according to plan. The building is designed to be a zero-energy structure and will be certified to BREEAM-SE standard, Excellent. The total investment has increased slightly and is estimated to be SEK 772m. The property is now fully let to Nordic Choice Hotels and is expected to be ready for occupancy in Q1 2021. Work is currently underway on the interior in preparation for completion and final inspection just before year-end.

The Poolen project is progressing as planned and work has begun on erecting the frame. The acquisition of the development right was implemented as planned in September. The property includes approx. 29,000 sqm of lettable office space, and will be constructed in a 3D reallotment above the swimming pool being built by Solna Municipality. With TietoEvy having signed a lease to rent approximately 22,000 sqm, occupancy is at 75 per cent.

In December 2019, a decision was made on an additional project at Fräsaren 12, Solna Business Park, regarding a tenant customisation for Arbetsmiljöverket, with occupancy scheduled for November 2020. The investment has increased and is expected to amount to SEK 123m, and comprises approximately 7,200 sqm, 82 per cent of which is let to Arbetsmiljöverket. Interior work is underway ahead of occupancy in November.

In February, it was decided to convert and develop Stigbygel 2, Arenastaden. With Peab having left the property, it is now being developed to accommodate multiple customers. The investment has seen another slight increase to SEK 189m. The property will be completed ready for occupancy in the first quarter of 2021. Interior demolition and planning work have been ongoing since the start of the year. The occupancy rate is 59 per cent. The property is to become Fabege's new headquarters.

CHANGES IN PROPERTY VALUES 2020

Changes in property value	2020
Opening fair value 2020-01-01	74,250
Property acquisitions	1,370
Investments in new builds, extensions and conversions	1,404
Changes in value	1,916
Sales and disposals ¹	-3,541
Closing fair value 2020-09-30	75,399

¹ Refers disposal of Trångskären 7

TOTAL INVESTMENTS, JAN-SEP 2020

Total investments	
Investments in project- & development properties	999
Investments in management properties	405
Total investments	1,404

AVERAGE YIELD REQUIREMENT PER AREA, 30/09/2020

Area	Average yield, %
Stockholm city	3.61
Solna	4.01
Hammarby Sjöstad	4.22
Other	5.49
Average yield	3.88

PROPERTY ACQUISITIONS JAN-SEP 2020

Property name	Area	Category	Lettable area, sqm
Quarter 2			
Järva 3:7	Arenastaden	Land	0
Påsen 1	Hammarby Sjöstad	Office	9,884
Quarter 3			
Regulatorn 2	Flemingsberg	Office	43,157
Poolen 1	Arenastaden	Mark	0
Total acquisitions of properties			53,041

SALES OF PROPERTIES JAN-SEP 2020

Property name	Area	Category	Lettable area, sqm
Quarter 1			
Vallentuna Richeby 1:327		Land	0
Total sales of properties			0

Housing development in joint ventures

Fabege and Svenska Hyreshus AB are leading a housing development project in Kista via co-owned Selfoss Invest AB. The total investment is estimated to be SEK 570m excluding purchase of the land. The project comprises 276 apartments. All 69 apartments in stage 1 have been sold and were occupied on 1 April. Stage 2 was completed ready for occupancy during the summer and autumn 2020. 50 of 77 apartments have been sold, corresponding to a selling rate of 65 per cent. Stage 3, comprising 130 apartments, is being built with the flexibility to change the leasing form from tenant-owned apartments to rental or company apartments. Completion is planned for the first quarter of 2021. The project is being externally financed with a construction loan.

Development of the Lagern 3 property in Råsunda into tenant-owned apartments is progressing according to schedule. The project is being managed together with the TB Group in a 50/50 per cent co-owned company. The investment is estimated to total SEK 288m excluding purchase of the land. 67 per cent of the project's 134 apartments have been leased via booking agreements. Conversion to binding preliminary contracts has been initiated. External work is underway on facades, balconies, windows and doors.

Work is continuing on the development of the housing project in connection with Brabo at the Hagalund 2:2 property (formerly Stora Frösunda 2) in Haga Norra. The project includes 418 apartments that are being produced in a 3D allotment above the facility that Fabege is building for Bilja at the property. The estimated investment totals approximately SEK 1.1bn. Work on assembly of the frame and installations on the roof is largely complete. Alongside this, work is continuing on allotment of the property. The project is being financed with an owner's loan and external construction loan and sales start is planned for late autumn 2020.

The current JV projects are not being consolidated, but will be recognised in accordance with the equity method. Income recognition will not occur until the projects are approaching completion.

89%
Occupancy rate in projects

ONGOING PROJECTS > SEK 50M

30/09/2020

Property listing	Property type	Area	Completed	Lettable area, sqm	Occupancy rate, area, % ¹	Rentel value ²	Booked value, SEKm	Estimated investment, SEKm	of which, worked up, SEKm
Fräsaren 12 (part of)	Offices	Solna	Q4-2020	7,200	82%	23	396	123	79
Stigbygeln 2	Offices	Solna	Q1-2021	8,400	59%	30	442	189	54
Hagalund 2:2 (part of) ³¹	Retail/Office	Arenastaden	Q1-2021	40,300	100%	51	569	1,152	767
Nationalarenan 3	Hotel	Arenastaden	Q1-2021	19,100	100%	55	858	772	619
Poolen	Offices	Arenastaden	Q1-2022	29,000	75%	95	512	1,103	248
Total				104,000	89%	254	2,777	3,339	1,767
Other land and project properties							863		
Other development properties							5,827		
Total projects, land and development properties							9,467		

¹ Operational occupancy rate 30 Sep 2020.

² Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 254m (fully let) from SEK 0m in annualised current rent as of 30 Sep 2020.

³ In leaseable area for the property Hagalund 2:2 (former Stora Frösunda 2) there are approximately 25,400 sqm garage space

DEVELOPMENT RIGHTS

30/09/2020

Commercial, sqm		Residential, sqm	
Inner city	38,300	Inner city	-
Solna	296,600	Solna	248,000
Hammarby Sjöstad	56,200	Hammarby Sjöstad	-
Flemingsberg	79,000	Flemingsberg	262,000
Others	81,800	Others	-
Total	551,900	Total	510,000
Legal binding, %	21	Legal binding, %	16
Booked value, SEK/sqm	5,300	Booked value, SEK/sqm	5,850

Area and carrying amount relate to additional development rights space. Development will in some cases require demolition of existing areas, which will impact the project calculation. The volumes are not maximised. Ongoing planning work aims to increase the volume of future development rights. Contractually agreed land allocations in Stockholm inner city and Solna Business Park have been included. Development rights linked to wholly-owned properties in Flemingsberg have also been included. Forthcoming land allocations in Flemingsberg that are not yet contractually agreed are excluded. The conclusion is that these will bring a substantial volume of development rights at low initial values.

PROPERTY PORTFOLIO

30/09/2020

Property holdings	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value ²	Financial occupancy rate %
Investment properties ¹	61	1,066	64,888	3,031	93
Development properties ¹	15	171	7,836	175	68
Land and Project properties ¹	13	9	2,675	3	0
Total	89	1,246	75,399	3,209	92
Of which, Inner city	27	320	28,946	1,220	90
Of which, Solna	46	723	37,523	1,562	92
Of which, Hammarby Sjöstad	11	134	7,403	362	92
Of which, Other	5	69	1,527	65	88
Total	89	1,246	75,399	3,209	91

¹ See definitions on page 21.

² In the rental value, time limited deductions of about SEK 113m (in rolling annual rental value at 30 Sep 2020) have not been deducted.

SEGMENT REPORTING IN SUMMARY¹

	2020 Jan-Sep Property Management	2020 Jan-Sep Property Development	2020 Jan-Sep Transaction	2020 Jan-Sep Total	2019 Jan-Sep Property Management	2019 Jan-Sep Property Development	2019 Jan-Sep Transaction	2019 Jan-Sep Total
SEKm								
Rental income	1,990	113		2,103	2,055	76		2,131
Property expenses	-425	-94		-519	-482	-45		-527
Net operating income	1,565	19	0	1,584	1,573	31	0	1,604
Surplus ratio, %	79%	17%		75%	77%	41%		75%
Central administration	-61	-8		-69	-57	-7		-64
Net interest expense	-302	-44		-346	-312	-37		-349
Ground rents	-22	0		-22	-20	-1		-21
Share in profits of associated companies	-43	0		-43	-30	-2		-32
Profit from property management activities	1,137	-33	0	1,104	1,154	-16	0	1,138
Realised changes in value of properties	0	0	25	25	0	0	0	0
Unrealised changes in value of properties	1,581	335		1,916	2,662	1,065	138	3,865
Profit/loss before tax per segment	2,718	302	25	3,045	3,816	1,049	138	5,003
Changes in value, fixed income derivatives and equities				-317				-724
Profit before tax				2,728				4,279
Properties, market value	64,888	10,511		75,399	64,719	6,872		71,591
Occupancy rate, %	93%	68%		91%	94%	74%		94%

¹ See definitions on page 21.

Reclassifications during the period between the Property Management and Property Development segments are stated in the note on Segment Reporting on page 18.

In accordance with IFRS 8, segments are presented from the point of view of management, divided into the following segments: Property Management, Property Development and Transactions. Rental income and property expenses, as well as realised and unrealised changes in the value of properties, are directly attributable to properties in each segment (direct income and expenses). 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 items in net financial expense have been allocated to the segments in a standardised manner based on each segment's share of the total property value (indirect income and expenses). Property assets are directly attributed to each segment and recognised on the balance sheet date.

Other financial information

SENSITIVITY ANALYSIS – PROPERTY VALUES

Change in value, %	Impact on after-tax profit, SEKm	Equity/as-sets ratio, %	Loan-to-value ratio, %
+1	593	52.2%	34.6%
0	0	52.0%	34.8%
-1	-593	51.7%	34.9%

Earnings and key ratios are affected by realised and unrealised changes in the value of properties. The table shows the effect of a 1 percentage point change in value after deferred tax deduction.

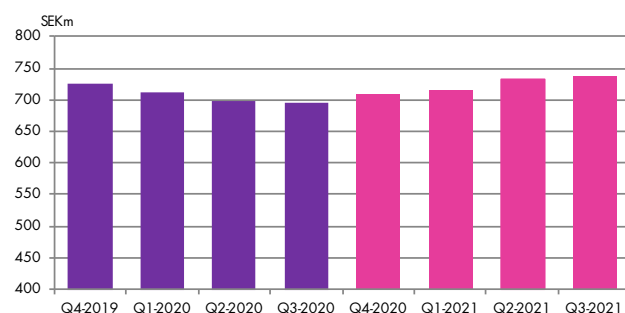
SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change / effect, SEKm
Rental income, total	1% 27.8
Rent level, commercial income	1% 27.7
Financial occupancy rate	1 percentage point 32.0
Property expenses	1% 7.1
Interest expense, rolling 12 months ¹	+/-1 percentage point 37 / 8
Interest expenses, longer term perspective	1 percentage point 262.0

The sensitivity analysis shows the effects on the Group's cash flow and earnings on an annualised basis after taking account of the full effect of each parameter.

¹In the short term, interest expenses increase regardless of whether the short-term rate rises or falls. Due to interest rate floors in loan agreements, Fabège is not able to fully utilise negative interest rates, whereby a negative outcome arises even when interest rates are reduced.

RENTAL INCOME – GROWTH OVER NEXT FOUR QUARTERS



The graph above shows the development of contracted rental income, including occupancies and vacations that are known about and renegotiations, but excluding letting targets. The graph therefore does not constitute a forecast, but rather aims to demonstrate the rental trend in the existing contract portfolio on the balance sheet date.

The change between the fourth quarter of 2019 and first quarter of 2020 is largely due to the sale of Trångskären 7.

Human resources

At the end of the period, 190 people (187) were employed by the Group.

Parent Company

Sales during the period amounted to SEK 246m (261) and earnings before appropriations and tax amounted to SEK 255m (2,814). Net investments in property, equipment and shares totalled SEK 0m (0).

LEASE MATURITY STRUCTURE

Maturity, year	No. of leases	Annual value, SEKm	Share, %
2020 ¹	269	120	4%
2021 ¹	415	361	12%
2022	270	620	21%
2023	242	337	12%
2024	93	245	8%
2025+	144	1,086	38%
Commercial	1,433	2,769	96%
Residential	128	13	0%
Garage and parking	778	110	4%
Total	2,339	2,892	100%

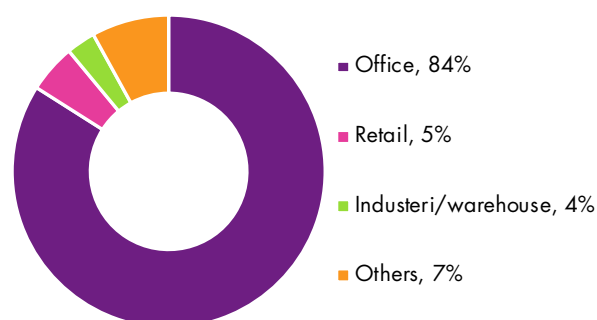
¹ Of which just over SEK 28m has already been renegotiated for 2020 and SEK 16m for 2021.

LARGEST CUSTOMERS

	Share ¹ , %	Valid to year
SE Banken	7%	2037
Telia Company	5%	2031
ICA Fastigheter Sverige AB	4%	2030
Skatteverket	4%	2022
Swedbank	2%	2029
Migrationsverket	2%	2028
Carnegie Investment Bank AB	2%	2022
Statens Skolverk	2%	2024
Telenor AB	1%	2028
Svea Ekonomi AB	1%	2023
Total	29%	

¹Share of contracted rent

RENTAL VALUE PER CATEGORY



Events after balance sheet date

No significant events occurred after the end of the period that were not included in the report.

Opportunities and risks

Risks and uncertainties relating to cash flow from operations relate primarily to changes in rents, vacancies and interest rates. The effect of the changes on consolidated profit, including a sensitivity analysis and a more detailed description of risks and opportunities, are presented in the section on Risks and opportunities in the 2019 Annual Report (pages 34–40).

Properties are recognised at fair value and changes in value are recognised in profit or loss. Effects of changes in value on consolidated profit, the equity/assets ratio and the loan-to-value ratio are also presented in the section on Risks and opportunities and the sensitivity analysis in the 2019 Annual Report. Financial risk, defined as the risk of insufficient access to long-term funding through loans, and Fabege's management of this risk are also described in the Risks and opportunities section of the 2019 Annual Report (pages 34–40).

Fabège's aims for the capital structure are to have an equity/assets ratio of at least 35 per cent and an interest coverage ratio of at least 2.2. The target for the loan-to-value ratio is a maximum of 50 per cent. The debt ratio will amount to a maximum of 13.

Apart from the effects of Covid-19 that have been described on page 3, no material changes in the company's assessment of risks have been made since publication of the 2019 Annual Report.

Seasonal variations

Expenses for the running and maintenance of properties are subject to seasonal variations. For example, cold and snowy winters give rise to higher costs for heating and snow clearance, while hot summers result in higher cooling costs. Activity in the rental market is seasonal. Normally, more business transactions are completed in the second and fourth quarters, whereby net lettings in these quarters are often higher.

Market outlook

The year started strongly with rising rent levels and falling yield requirements on the property market. With society largely shut down due to the spread of Covid-19, there is considerable uncertainty. Although communities have begun to open up again, the uncertainty remains. It is too early to predict exactly how this will impact on unemployment levels and consumption, and society in general.

Fabège is affected by Covid-19, as detailed on page 3. Our strong financial position means we are well placed to cope even in difficult times.

- Our strong balance sheet provides security
- We have a stable customer base
- We have access to financing through our banks
- We have dedicated employees who make a difference
- We have a modern and attractive property portfolio in good locations

Accounting policies

Fabège prepares its consolidated financial statements according to International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34 Interim Financial Reporting are submitted both in the notes and in other sections of the interim report.

The company has received government subsidies in the form of the rent support package, which is recognised as a reduction in rental income. These subsidies are recognised in the income statement in the same period as the loss of income that the support is intended to cover, to the extent it is deemed that there is reasonable certainty that the conditions are met and that the support has been received/will be received. There are no contingent liabilities that are linked to the government subsidies. The Group has not received any other forms of government support.

The Group applies the same accounting policies and valuation methods as in the latest annual report. Other new or revised IFRS standards or other IFRIC -interpretations that came into effect after 1 January 2020 have not had any material impact on the consolidated financial statements. The Parent Company prepares its financial statements according to RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act, and applies the same accounting policies and valuation methods as in the latest annual report.

Stockholm, 20 October 2020

STEFAN DAHLBO
Chief Executive Officer

Review report

We have conducted a limited assurance review of the interim report for Fabege AB (publ) for the 1 January 2020 – 30 September 2020 period. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our limited assurance review.

Scope and focus of the limited assurance review

We conducted our limited assurance review in accordance with the International Standard on Review Engagements ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A limited assurance review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance review vary in nature from, and are considerably less in scope than for a reasonable assurance engagement conducted in accordance with the ISA and other generally accepted auditing standards in Sweden. The procedures performed 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. Accordingly, we do not express a reasonable assurance conclusion.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that this interim report has not been prepared for the Group, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm, 20 October 2020

Deloitte AB

Peter Ekberg

Authorised Public Accountant

Share information

Fabege's shares are listed on Nasdaq

Stockholm and are included in the Large Cap segment.

Owners

Fabege had a total of 43,987 known shareholders at 30 September 2020, including 60.1 per cent Swedish ownership. The 15 largest owners controlled 45.1 per cent of the total number of shares and votes.

Dividend policy

Fabege will issue as a dividend to its shareholders the portion of the company's profit that is not required to consolidate or develop operations. Under current market conditions, this means that the dividend is expected to sustainably account for at least 50 per cent of profit from continuous property management and realised gains from the sale of properties after tax.

Dividend resolutions at the 2020 AGM

At Fabege's AGM on 2 April 2020, the meeting fixed the dividend for 2019 at SEK 3.20 per share, to be paid on two occasions (SEK 1.60 per share on each occasion). The total dividend amounts to SEK 1,050m. It was resolved that the record date for dividends be 6 April 2020 and 6 October 2020 respectively.

Acquisition and transfer of treasury shares

The 2020 AGM passed a resolution mandating the Board, for a period extending up until the next AGM, to acquire and transfer shares in the company. Share buybacks are subject to a limit of 10 per cent of the total number of shares outstanding at any time. During the period, 2,577,402 shares were repurchased at an average price of SEK 119.21. At 30 September 2020, the company held 2,577,402 treasury shares corresponding to 0.78 per cent of the number of registered shares.

LARGEST SHAREHOLDERS*, 30/09/2020

	Number of shares*	Proportion of equity, %	Proportion of votes, %
Erik Paulsson and company	50,858,718	15.5	15.5
BlackRock	15,745,399	4.8	4.8
Länsförsäkringar Funds	9,763,552	3.0	3.0
AMF Insurance & Funds	9,629,098	2.9	2.9
Vanguard	9,206,831	2.8	2.8
Mats Qviberg with family	7,481,736	2.3	2.3
Handelsbanken Funds	7,069,018	2.2	2.2
E.N.A City Aktiebolag	6,460,000	2.0	2.0
Fourth AP-fund	6,328,298	1.9	1.9
Norges Bank	5,481,200	1.7	1.7
BMO Global Asset Management	4,518,103	1.4	1.4
Folksam	4,049,105	1.2	1.2
Tredje AP-fonden	3,948,493	1.2	1.2
AFA Försäkring	3,782,648	1.1	1.1
Swedbank Robur Funds	3,547,162	1.1	1.1
Total 15 largest shareholders	147,869,361	45.1	45.1
Other	182,913,783	54.9	54.9
Total no. of shares outstanding	328,205,742	99.2	99.2
Treasury shares	2,577,402	0.8	0.8
Total no. of registered shares	330,783,144	100.0	100.0

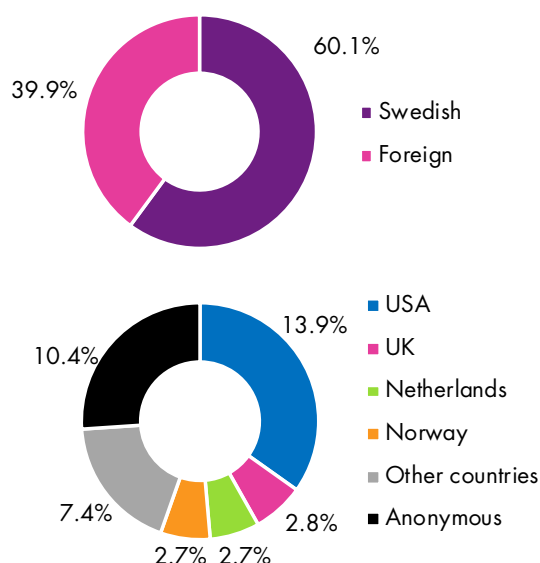
*The verification date may vary for foreign shareholders.

TURNOVER AND TRADING* JUL-SEP 2020

	Fabege
Lowest price, SEK	104.05
Highest price, SEK	135.35
VWAP, SEK	115.28
Average daily turnover, SEK	121,149,690
Number of traded shares, no	69,360,759
Average number of transactions, no	3,226
Number of transactions, no	212,897
Average value per transaction, SEK	37,558
Daily turnover relative to market capitalization	0.32

OWNER DISTRIBUTION*, 30/09/2020

	Number of shares	Capital & votes, %
Foreign institutional owners	77,207,208	23.3
Swedish institutional owners	96,040,158	29.0
Other owners	73,310,699	22.2
Swedish private individuals	47,284,190	14.3
Anonymous ownership	34,363,487	10.4
Holding own shares	2,577,402	0.8
Total	330,783,144	100.00



*Source: Holdings av Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2020 Jul-Sep	2019 Jul-Sep	2020 jan-sep	2019 jan-sep	2019 jan-dec	Rolling 12 m Oct-Sep
Rental income ¹	696	683	2,103	2,132	2,856	2,827
Property expenses	-158	-141	-519	-527	-712	-704
Net operating income	538	542	1,584	1,605	2,144	2,123
Surplus ratio, %	77%	79%	75%	75%	75%	75%
Central administration	-21	-21	-69	-64	-85	-90
Net interest/expense	-119	-117	-346	-350	-465	-461
Ground rent	-8	-7	-22	-21	-28	-29
Share in profits of associated companies	-14	0	-43	-32	-34	-45
Profit/loss from property management	376	397	1,104	1,138	1,532	1,498
Realised changes in value of properties	0	0	25	0	0	25
Unrealised changes in value of properties	391	743	1,916	3,865	5,743	3,794
Unrealised changes in value, fixed income derivatives	-24	-215	-316	-718	-235	167
Changes in value of shares	0	-4	-1	-6	-6	-1
Profit/loss before tax	743	921	2,728	4,279	7,034	5,483
Current tax	0	0	25	6	27	46
Deferred tax	-169	-207	-620	-781	-1,055	-894
Profit/loss for period/year	574	714	2,133	3,504	6,006	4,635
Items that will not be restated in profit or loss						
Revaluation of defined-benefit pensions	-	-	-	-	-16	-16
Comprehensive income for the period/year	574	714	2,133	3,504	5,990	4,619
Of which attributable to the minority	0	0	0	0	-33	-33
Total comprehensive income attributable to Parent Company shareholders	574	714	2,133	3,504	5,957	4,586
Earnings per share, SEK	1.75	2.16	6.50	10.60	18.16	21.70
No. of shares at period end, millions	328,283	330,783	328,283	330,783	330,783	330,783
Average no. of shares, thousands	329,211	330,783	329,211	330,783	330,783	330,783

¹ Additional payment, service and other income amounts to SEK 88m for the period January - September 2020.

² Earnings per share are the same before and after the dilution effect.

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2020 Sep 30	2019 Sep 30	2019 Dec 31
Assets			
Properties	75,399	71,591	74,250
Right of ground use	942	942	942
Other tangible fixed assets	15	6	6
Derivative instrument	11	-	58
Financial fixed assets	1,011	758	810
Current assets	396	559	318
Short-term investments	108	126	134
Cash and cash equivalents	727	16	24
Total assets	78,609	73,998	76,542
Equity and liabilities			
Shareholder's equity	40,844	37,582	40,068
Deferred tax	8,045	7,162	7,431
Other provisions	179	167	182
Interest-bearing liabilities ¹	26,205	26,001	26,414
Lease liability	942	942	942
Derivative instrument	695	851	426
Non-interest-bearing liabilities	1,699	1,293	1,079
Total equity and liabilities	78,609	73,998	76,542

¹ Of which short-term SEK 3,075m (4,565).

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	Share capital	Other contributed capital	Retained earnings incl. Profit/loss for the period	Total equity attributable to Parent Company shareholders	Non-controlling interests	total shareholders' equity
Shareholders' equity, 1 January 2019, according to adopted Statement of financial position	5,097	3,017	26,799	34,912	51	34,964
Profit for the period			5,973	5,973	33	6,006
Other comprehensive income			-16	-16		-16
Total income and expenses for the period			5,957	5,957	33	5,990
TRANSACTIONS WITH SHAREHOLDERS						
Cash dividend			-876	-876	-10	-886
Total transactions with shareholders			-876	-876	-10	-886
Shareholders' equity, 31 December 2019, according to adopted Statement of fir	5,097	3,017	31,880	39,993	74	40,068
Profit for the period			2,133	2,133	0	2,133
Other comprehensive income						
Total income and expenses for the period			2,133	2,133	0	2,133
TRANSACTIONS WITH SHAREHOLDERS						
			-307	-307		-307
Cash dividend			-525	-525		-525
Decided not paid dividend, SEKm			-525	-525		-525
Total transactions with shareholders			-1,357	-1,357		-1,357
Shareholders' equity, 30 Sep 2020	5,097	3,017	32,656	40,769	74	40,844

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Operations			
Net operating income	1,584	1,605	2,143
Central administration	-69	-64	-85
Reversal of depreciation	3	1	1
Interest received	12	7	9
Interest paid	-415	-430	-556
Income tax paid	25	6	27
Cash flow before changes in working capital	1,140	1,125	1,539
Change in working capital			
Change in current receivables	-70	64	304
Change in current liabilities	81	385	174
Total change in working capital	11	449	478
Cash flow from operating activities	1,151	1,574	2,017
Investing activities			
Investments in new-builds, extensions and conversions	-1,385	-1,742	-2,518
Acquisition of properties	-1,370	0	0
Divestment of properties	3,531	1,682	1,685
Other tangible fixed assets	-183	-362	-437
Cash flow from investing activities	593	-422	-1,270
Financing activities			
Dividend to shareholders	-525	-877	-877
Transfer of treasury shares	-307	-	-
Loans received	9,200	16,436	23,376
Amortization of debt	-9,409	-16,710	-23,237
Realised changes in value, fixed income derivatives	0	0	0
Cash flow from financing activities	-1,041	-1,151	-738
Cash flow for the period	703	1	9
Cash and cash equivalents at beginning of period	24	15	15
Cash and cash equivalents at end of period	727	16	24

CONSOLIDATED KEY RATIOS

Financial ¹	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Return on equity, %	7.0	12.9	16.0
Interest coverage ratio, multiple	4.3	4.3	4.4
Equity	52	51	52
Loan-to-value ratio, properties, %	35	36	36
Debt ratio, multiple	12.9	13.0	12.8
Debt/equity ratio, multiple	0.6	0.7	0.7
Share related ¹			
Earnings per share, SEK ²	6:50	10:60	18:16
Equity per share, SEK	124	114	121
Cash flow from operating activities per share, SEK	3:50	4:76	6:10
Average no. of shares, thousands	329,211	330,783	330,783
No. of outstanding shares at end of period, thousands	328,206	330,783	330,783
Property-related			
No. of properties	89	87	87
Carrying amount, Properties, SEKm	75,399	71,591	74,250
Lettable area, sqm	1,246,000	1,253,000	1,255,000
Financial occupancy rate, %	91	94	94
Total return on properties, %	4.8	8.1	11.5
Surplus ratio, %	75	75	75

¹ Unless otherwise stated, the key figure is not defined under IFRS. Please see page 21 for definitions.

² Definitions according to IFRS.

EPRA KEY RATIOS

	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
EPRA Earnings (income from property mgmt after tax), SEKm	928	980	1,325
EPRA Earnings (EPS), SEK/share	2:82	2:96	4:01
EPRA NRV (long term net asset value), MSEK	50,098	45,595	47,867
EPRA NRV, SEK/share	153	138	145
EPRA NTA (long term net asset value), SEKm	47,777	44,140	46,067
EPRA NTA, SEK/share	146	133	139
EPRA NDV (net asset value), SEKm	41,348	37,582	40,068
EPRA NDV, SEK/share	126	114	121
EPRA Vacancy rate, %	9	6	6

DERIVATIVES

Derivatives are measured at fair value in accordance with Level 2. The derivatives portfolio is measured at the present value of future cash flows. Changes in value are recognised in profit or loss. Changes in value are of an accounting nature and have no impact on cash flow. At the due date, the market value of derivative instruments is always zero.

DEFERRED TAX

	2020	2019	2019
	Sep 30	Sep 30	Dec 31
Deferred tax attributable to:			
- tax loss carryforwards, SEKm	-538	-690	-690
- difference between book value and tax value in respect of properties, SEKm	8,742	8,071	8,322
- derivatives, SEKm	-146	-219	-201
- other, SEKm	-13	0	0
Net debt, deferred tax, SEKm	8,045	7,162	7,431

RECONCILIATION OF KEY RATIOS

Details are provided below regarding reconciliation of the financial key ratios that Faberge continually monitors and for which established financial targets are in place. The following financial targets have been adopted by the Board:

- The loan-to-value ratio is not to exceed 50 per cent
- The equity/assets ratio shall be at least 35 per cent
- The interest coverage ratio is to be at least 2.2
- The debt ratio will amount to a maximum of 13

	2020	2019	2019
	Sep 30	Sep 30	Dec 31
Equity/assets ratio			
Equity, SEKm	40,844	37,582	40,068
Total assets, SEKm	78,609	73,998	76,542
Equity/assets ratio	52%	51%	52%

	2020	2019	2019
	Sep 30	Sep 30	Dec 31
Loan-to-value ratio, properties			
Interest-bearing liabilities, SEKm	26,205	26,001	26,414
Booked value properties, SEKm	75,399	71,591	74,250
Loan-to-value ratio, properties	35%	36%	36%

	2020	2019	2019
	Sep 30	Sep 30	Dec 31
Debt ratio			
Operating surplus, SEKm	2,123	2,091	2,144
Central administration, SEKm	-90	-84	-85
Total, SEKm	2,033	2,007	2,059
Interest-bearing liabilities, SEKm	26,205	26,001	26,414
Debt ratio, multiple	12.9	13.0	12.8

	2020	2019	2019
	Sep 30	Sep 30	Dec 31
Interest coverage ratio, multiple			
Net operating income, SEKm	1,584	1,605	2,144
Ground rent	-22	-21	-28
Central administration, SEKm	-69	-64	-85
Total, SEKm	1,493	1,520	2,031
Net interest/expense, SEKm	-346	-350	-465
Interest coverage ratio, multiple	4.3	4.3	4.4

	2020	2019	2020	2019	2019
	Jul-Sep	Jul-Sep	Jan-Sep	jan-sep	Jan-Dec
Return on equity					
Profit for the period, SEKm	574	714	2,125	3,504	6,006
Average shareholders' equity, SEKm	40,561	37,225	40,452	36,273	37,516
Return on equity	5.7%	7.7%	7.0%	12.9%	16.0%

	2020	2019	2020	2019	2019
	Jul-Sep	Jul-Sep	Jan-Sep	jan-sep	Jan-Dec
Total return on properties					
Net operating income, SEKm	538	542	1,584	1,605	2,144
Unrealized and realized value changes properties, SEKm	391	743	1,941	3,865	5,743
Market value including capital investment during the period, SEKm	72,419	72,382	73,483	67,727	68,678
Total return on properties	1.3%	1.8%	4.8%	8.1%	11.5%

	2020			2019			2019		
	NRV	NTA	NDV	NRV	NTA	NDV	NRV	NTA	NDV
EPRA NRV, EPRA NTA & EPRA NDV									
Shareholders' equity, SEKm	40,844	40,844	40,844	37,582	37,582	37,582	40,068	40,068	40,068
Inclusion of decided not paid dividend, SEKm	525	525	525	-	-	-	-	-	-
Inclusion of fixed-income derivatives according to the balance sheet, SEKm	684	684	684	851	851	851	368	368	368
Inclusion of deferred tax according to the balance sheet, SEKm	8,045	8,045	8,045	7,162	7,162	7,162	7,431	7,431	7,431
Exclusion of actual deferred tax, SEKm	-	-2,321	-2,321	-	-1,455	-1,455	-	-1,800	-1,800
Exclusion of fixed-income derivatives according to the balance sheet, SEKm	-	-	-684	-	-	-851	-	-	-368
Inclusion of deferred tax according to the balance sheet after adjustment of actual deferred tax, SEKm	-	-	-5,745	-	-	-5,707	-	-	-5,631
NAV	50,098	47,777	41,348	45,595	44,140	37,582	47,867	46,067	40,068
Number of shares at period end	328.3	328.3	328.3	330.8	330.8	330.8	330.8	330.8	330.8
NAV per share, SEK	153	146	126	138	133	114	145	139	121

	2020		2019	
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Dec
EPRA EPS				
Profit from property management, SEKm		1,104	1,138	1,532
Tax-deductible depreciation, SEKm		-284	-398	-567
Sum, SEKm		820	740	965
Nominal tax (21.4%), SEKm		176	158	207
EPRA earnings in total, (Profit from property management minus nominal tax) SEKm		928	980	1,325
Number of shares, millions		329.2	330.8	330.8
EPRA EPS, SEK per share		2:82	2:96	4:01

	2020		2019	
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Dec
EPRA Vacancy rate				
ERV of vacant space, SEKm		285	200	202
Rental value, yearly, entire portfolio, SEKm		3,209	3,103	3,195
EPRA Vacancy rate, %		9%	6%	6%

CONTINGENT LIABILITIES

Contingent liabilities comprise the balance sheet date guarantees and commitments in favour of associated companies of SEK 476 (465) and other 0 (0).

SEGMENT REPORTING – CLASSIFICATIONS AND RECLASSIFICATIONS DURING THE PERIOD

In the first quarter, the project at Fortet 2, Solna, was completed and the property reclassified from a project property to an investment property. In the third quarter, the Glädjen 12 property was transferred from Property Management to Property Development. Regulatorn 2, which was acquired in the third quarter, is classified as a development property.

PARENT COMPANY CONDENSED INCOME STATEMENT

SEKm	2020	2019	2019
	Jan-Sep	Jan-Sep	Jan-Dec
Income	246	261	315
Expenses	-325	-334	-356
Net financial items	651	3,607	3,630
Share in profits of associated companies	0	0	0
Changes in value, fixed-income derivatives	-316	-718	-235
Changes in value, equities	-1	-2	-2
Group Contribution	0	0	0
Profit before tax	255	2,814	3,352
Current tax	0	0	0
Deferred tax	-58	176	60
Profit for the period	197	2,990	3,412

PARENT COMPANY CONDENSED BALANCE SHEET

SEKm	2020	2019	2019
	Sep 30	Sep 30	Dec 31
Participation in Group companies	12,517	12,516	12,516
Other fixed assets	43,857	44,019	44,139
<i>of which, receivables from Group companies</i>	<i>43,696</i>	<i>43,675</i>	<i>43,865</i>
Current assets	81	586	642
Cash and cash equivalents	713	3	11
Total assets	57,168	57,124	57,308
Shareholders' equity	13,550	14,295	14,717
Provisions	70	70	70
Long-term liabilities	40,101	41,403	39,326
<i>of which, liabilities to Group companies</i>	<i>17,131</i>	<i>17,730</i>	<i>17,552</i>
Current liabilities	3,447	1,356	3,195
Total equity and liabilities	57,168	57,124	57,308

Quarterly overview

CONDENSED INCOME STATEMENT, SEKM

SEKm	2020				2019				2018	
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4		
Rental income	696	696	711	724	683	731	718	653		
Property expenses	-158	-170	-191	-184	-141	-177	-209	-167		
Net operating income	538	526	520	539	542	554	509	486		
Surplus ratio	77%	76%	73%	74%	79%	76%	71%	74%		
Central administration	-21	-25	-23	-21	-21	-22	-21	-20		
Net interest expense	-119	-116	-111	-115	-117	-125	-108	-114		
Ground rents	-8	-8	-6	-7	-7	-7	-7	-		
Share in profits of associated companies	-14	-18	-11	-2	0	-25	-7	-1		
Profit/loss from property management	376	359	369	394	397	375	366	351		
Realised changes in value of properties	0	0	25	0	0	0	0	65		
Unrealised value of properties	391	-304	1,829	1,874	743	1,798	1,324	1,560		
Unrealised changes in value, fixed-income derivatives	-24	-49	-243	483	-215	-265	-238	-125		
Changes in value, equities	0	0	-1	0	-4	1	-3	-1		
Profit for the period/year	743	6	1,979	2,755	921	1,909	1,449	1,850		
Current tax	0	0	25	21	0	-3	9	-6		
Deferred tax	-169	-21	-430	-274	-207	-264	-310	-412		
Comprehensive income for the period	574	-15	1,574	2,502	714	1,642	1,148	1,432		

CONDENSED FINANCIAL POSITION, SEKM

SEKm	2020				2019				2018	
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4		
Assets										
Properties	75,399	73,565	72,996	74,250	71,591	71,821	69,616	67,634		
Right of ground use	942	942	942	942	942	942	942	-		
Other tangible fixed assets	15	15	6	6	6	6	3	3		
Derivative instruments	11	19	31	58	-	-	-	-		
Financial fixed assets	1,011	948	911	813	758	690	424	429		
Current assets	396	457	479	342	559	652	735	622		
Short-term investments	108	107	130	134	126	126	128	127		
Cash and cash equivalents	727	282	195	24	16	15	66	15		
Total assets	78,609	76,335	75,690	76,569	73,998	74,252	71,914	68,830		
Equities and liabilities										
Shareholders' equity	40,844	40,278	41,343	40,068	37,582	36,868	36,102	34,964		
Deferred tax	8,045	7,875	7,853	7,431	7,162	6,956	6,691	6,381		
Other provisions	179	180	181	182	167	167	167	166		
Interest-bearing liabilities	26,205	24,694	23,472	26,414	26,001	27,544	26,518	26,275		
Leasing Debt	942	942	942	942	942	942	942	-		
Derivative instruments	695	679	641	426	851	636	371	132		
Non-interest bearing liabilities	1,699	1,687	1,258	1,106	1,293	1,139	1,123	912		
Total equity and liabilities	78,609	76,335	75,690	76,569	73,998	74,252	71,914	68,830		

KEY RATIOS

	2020				2019				2018	
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4		
Financial¹										
Return on equity, %	5.7	-0.1	15.5	25.8	7.7	18.0	12.9	16.7		
Interest coverage ratio, multiple ²	4.3	4.3	4.4	4.4	4.4	4.2	4.5	4.1		
Equity/assets ratio, %	52	53	55	52	51	50	50	51		
Loan-to-value ratio, properties, %	35	34	32	36	36	38	38	39		
Debt ratio, multiple	12.9	12.1	11.4	12.8	13.0	14.2	14.2	14.6		
Debt/equity ratio, multiple	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8		
Share-related¹										
Earnings per share, SEK ²	1:75	0:05	4:78	7:56	2:16	4:97	3:47	4:33		
Total earnings per share, SEK	124	123	126	121	114	111	109	106		
Cash flow from operating activities per share, SEK	1:40	0:89	1:21	1:34	0:56	1:40	1:40	0:36		
No. of shares outstanding at the end of the period, thousands	328,206	328,283	328,283	330,783	330,783	330,783	330,783	330,783		
Average no. of shares, thousands	329,211	329,533	329,533	330,783	330,783	330,783	330,783	330,783		
Property-related										
Financial occupancy rate, %	91	92	94	94	94	94	94	94		
Total return on properties, %	1.3	0.3	3.4	3.3	1.8	3.5	2.7	3.2		
Surplus ratio, %	77	76	73	74	79	76	71	74		

¹ Unless otherwise stated, the key figure is not defined under IFRS. Please see page 21 for definitions.

² Definitionen according to IFRS.

Definitions

The company presents certain financial performance measures in the interim report that are not defined according to IFRS. The company considers that these measures provide valuable supplementary information for investors and company management, as they enable an assessment and benchmarking of the company's presentation. Since not all companies calculate financial performance measures in the same way, these are not always comparable to measures used by other companies. These financial performance measures should not therefore be regarded as substitutes for measures defined according to IFRS. The following key ratios are not defined according to IFRS, unless otherwise stated.

ACTUAL DEFERRED TAX

Estimated actual deferred tax has been calculated at approximately 4 per cent based on a discount rate of 3 per cent. Furthermore, it has been assumed that loss carryforwards are realised over four years with a nominal tax rate of 21.4 per cent, which gives a net present value for deferred tax assets of 19.7 per cent. The calculation is also based on the property portfolio being realised over 50 years, with 10 per cent being sold directly with a nominal tax rate of 20.6 per cent and the remaining 90 per cent being sold indirectly via companies with a nominal tax rate amounting to 6 per cent, which gives a net present value for deferred tax liabilities of 4 per cent.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

Cash flow from operating activities (after changes in working capital) divided by the average number of shares outstanding.

DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity.

DEBT RATIO

Interest-bearing liabilities divided by rolling twelve-month net operating income less central administration.

DEVELOPMENT PROPERTIES*

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.

EPRA EPS

Profit from property management less tax at a nominal rate attributable to profit from property management, divided by average number of shares. Taxable profit from property management is defined as profit from property management less such amounts as tax-deductible depreciation and remodelling.

EPRA NDV – NET DISPOSAL VALUE

Shareholders' equity according to balance sheet.

EPRA NRV – NET REINSTATEMENT VALUE

Shareholders' equity according to balance sheet following the reversal of fixed-income derivatives and deferred tax according to the balance sheet.

EPRA NTA – NET TANGIBLE ASSETS

Shareholders' equity according to balance sheet following the reversal of fixed-income derivatives and deferred tax according to the balance sheet. Adjusted for actual deferred tax instead of nominal deferred tax.

EPRA VACANCY RATE

Estimated market rent for vacant rents divided by the annual rental value for the entire property portfolio.

EQUITY/ASSETS RATIO

Shareholders' equity including non-controlling interest divided by total assets.

EQUITY PER SHARE

Parent Company shareholders' share of equity according to the balance sheet, divided by the number of shares outstanding at the end of the period.

FINANCIAL OCCUPANCY RATE*

Lease value divided by rental value at the end of the period.

INTEREST COVERAGE RATIO

Net operating income including ground rent less central administration in relation to net interest items (interest expenses less interest income).

INVESTMENT PROPERTIES*

Properties that are being actively managed on an ongoing basis.

LAND AND PROJECT PROPERTIES*

Land and development properties and properties in which a new construction/complete redevelopment is in progress.

LEASE VALUE*

Stated as an annual value. Index-adjusted basic rent under the rental agreement plus rent supplements.

LOAN-TO-VALUE RATIO, PROPERTIES

Interest-bearing liabilities divided by the carrying amount of the properties at the end of the period.

NET LETTINGS*

New lettings during the period less terminations to vacate.

PROFIT/EARNINGS PER SHARE

Parent Company shareholders' share of earnings after tax for the period, divided by average number of shares outstanding during the period. Definition according to IFRS.

RETURN ON EQUITY

Profit for the period/year divided by average shareholders' equity including non-controlling interest. 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*

Change in value of project and development properties, divided by invested capital (excluding initial value) in project and development properties during the period.

RETURN, SHARE

Dividend for the year divided by the share price at year-end.

RENTAL VALUE*

Lease value plus estimated annual rent for vacant premises after a reasonable general renovation.

RETENTION RATE*

Proportion of leases that are extended in relation to the proportion of cancellable leases.

SURPLUS RATIO*

Net operating income divided by rental income.

TOTAL RETURN PROPERTIES

Net operating income for the period plus unrealised and realised changes in the value of properties, divided by market value at start of period plus investments for the period.

*This key ratio is operational and is not regarded as an alternative performance measure according to ESMA's guidelines.

This is Fabege

Fabège is one of Sweden's leading property companies, focusing mainly on letting and managing office premises as well as city district development. The company offers modern premises in prime locations in fast-growing submarkets in the Stockholm region: Stockholm inner city, Solna and Hammarby Sjöstad.

Fabège offers attractive and efficient premises, mainly offices but also retail and other premises. The concentration of properties to well-contained clusters leads to greater customer proximity and, coupled with Fabège's extensive local expertise, creates a solid foundation for efficient property management and high occupancy.

At 30 September 2020, Fabège owned 89 properties with a combined market value of SEK 75.4bn. The rental value was SEK 3.2bn.

Business concept

Fabège works with sustainable city district development, with a primary focus on commercial properties within a limited number of submarkets in good locations in the Stockholm area.

Fabège aims to create value by managing, improving and actively adjusting its property portfolio through sales and acquisitions.

Business model

Fabège conducts activities in three business areas: Property Management, Property Development and Transactions.

Strategy for growth

Fabège's strategy is to create value by managing and developing the property portfolio and through transactions, acquiring and divesting properties with the aim of increasing potential in the property portfolio. Fabège's properties are located in the most liquid market in Sweden. Attractive locations lead to a low vacancy rate in the investment property portfolio. Modern properties permit flexible solutions and attract customers. With its concentrated portfolio and high-profile local presence, investments aimed at enhancing the appeal of an area benefit many of Fabège's customers.

Value-driving factors

A number of external factors affect Fabège's business activities and these, together with the transaction volume and trends in the office market in Stockholm, represent the prerequisites for the company's success.

Stockholm is growing

Stockholm is one of the five metropolitan areas in Western Europe where the population is increasing at the fastest rate. Forecasts suggest that by the year 2030, Stockholm County will have half a million more inhabitants than it currently has. The largest growth is amongst people in the active labour force, which is boosting demand for office premises.

Changing demand

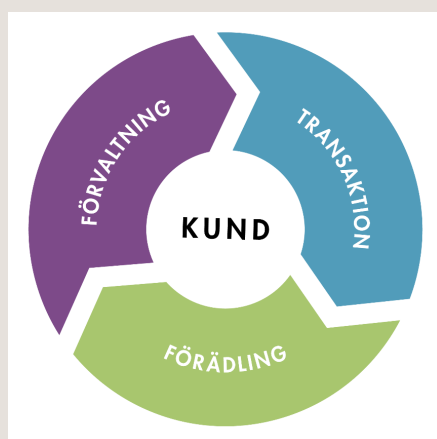
New technology and new working methods are fuelling demand for flexible and space-efficient premises in prime locations. Excellent peripheral services and good communication links in the form of public transport are in increasing demand, as are environmentally certified offices and green leases.

Economic trends

The property market is impacted by trends in both the Swedish and the global economy. Lower vacancy rates in Stockholm's inner city and a stronger economic climate have historically meant rising rents.

Sustainable urban development

Sustainability issues are becoming increasingly important in terms of both individual properties and entire areas. Interest in environmental considerations involving choice of materials and energy-saving measures is on the rise. Demand is increasing for premises in areas with a favourable mix of offices, retail, service and residential units, as well as excellent transport links and interest in the environment.



PROPERTY MANAGEMENT

The essence of Fabège's operations is finding the right premises for a customer's specific requirements and ensuring that the customer is content. This is accomplished through long-term work and based on close dialogue with the customer, thus building mutual trust and loyalty.

PROPERTY DEVELOPMENT

High-quality property development is the second key cornerstone of our business. Fabège has long-standing expertise in pursuing extensive property development projects, with the aim of attracting long-term tenants to properties that have not yet been fully developed and can be redesigned based on the customer's specific requirements.

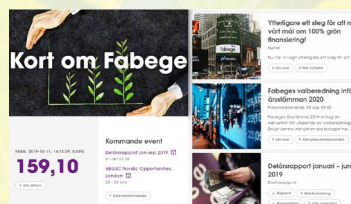
TRANSACTIONS

Property transactions are an integral part of Fabège's business model and make a significant contribution to the company's earnings. The company continuously analyses its property portfolio to take advantage of opportunities to generate capital growth through acquisitions and divestments.

Calendar

Interim report Jan–Sep 2020	20 October 2020, 7.30 am CET
Year-end report 2020	4 February 2021, 12.00 noon CET
2021 Annual General Meeting	25 March 2021, 3.00 pm CET
Interim report Jan–March 2021	26 April 2021, 7.30 am CET
Interim report Jan–June 2021	9 July 2021, 7.30 am CET
Interim report Jan–Sep 2021	20 October 2021, 7.30 am CET

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There will also be a web presentation on the Group's website on 20 October 2020, during which Stefan Dahlbo, CEO and Åsa Bergström, CFO will present the report.

Press releases in the third quarter 2020¹

06/07/2020	Interim report January–June 2020
16/07/2020	Fabege acquires property and holding in the consortium SBD from WA Fastigheter
28/08/2020	Fabege granted a land allocation permit at Sveaplan by the City of Stockholm
31/08/2020	Entire square and thoroughfare transformed into work of art in Råsunda's new district
02/09/2020	Fabege launches share buyback
04/09/2020	Fabege is included in the sustainability index Global Challenges (GCX)
21/09/2020	Fabege's Nominating Committee for the 2021 AGM
25/09/2020	Fabege granted land allocation permit in Hammarby Sjöstad by the City of Stockholm

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¹Including regulatory and non-regulatory press releases.



STEFAN DAHLBO, President and CEO
Contact: +46 (0) 8 555 148 10, stefan.dahlbo@fabege.se



ÅSA BERGSTRÖM, Vice President and CFO
Contact: +46 (0) 8 555 148 29, asa.bergstrom@fabege.se

Fabege AB (publ)
Box 730, SE 169 27 Solna, Sweden
Visitors: Pyramidvägen 7, SE 169 56 Solna, Sweden
Telephone: +46 (0) 8 555 148 00
Email: info@fabege.se
www.fabege.se
Corporate registration number: 556049-1523
Registered office of the Board of Directors: Stockholm

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