

Q3

2023

Summary, SEKm

	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep
Net sales	1,042	875	3,036	2,383
Gross profit	654	591	1,923	1,677
Profit/loss from property management	410	408	1,113	1,138
Profit/loss before tax	-1,197	939	-4,419	6,458
Profit/loss after tax	-992	728	-3,527	5,105
Net lettings	-25	25	-3	69
Surplus ratio, %	76	76	75	74
Loan-to-value ratio, %			42	36
EPRA NRV, SEK per share			157	185

Jan-Sep 2023¹

- Rental income totalled SEK 2,539m (2,251). On a like-for-like basis, income rose by 12 per cent (5) compared with the previous period.
- Net operating income amounted to SEK 1,900m (1,667). On a like-for-like basis, net operating income rose by 13 per cent (3).
- The surplus ratio was 75 per cent (74).
- Revenue from residential development amounted to SEK 486m (132) and gross earnings totalled SEK 23m (10).

- Net interest items amounted to SEK -725m (-423).
- Profit from property management amounted to SEK 1,113m (1,138).
- Realised and unrealised changes in the value of properties totalled SEK -5,415m (3,506) and SEK -115m (1,814) for fixed-income derivatives.
- Profit/loss before tax for the period totalled SEK -4,419m (6,458).
- Profit/loss after tax for the period totalled SEK -3,527m (5,105), corresponding to SEK -11.21 per share (16.05).

- Net lettings totalled SEK -3m (69).
- Leases totalling SEK 74m (96) were renegotiated, with an average rise in rental value of 1.4 per cent (10). Leases worth SEK 287m (88) were also extended on unchanged terms.
- The equity/assets ratio was 47 per cent (51).
- The loan-to-value ratio stood at 42 per cent (36).

For definition of key ratios see page 27.

¹The comparison figures for income and expense items relate to values for the Jan-Sep 2022 period and for balance sheet items at 31 December 2022.

Message from the CEO



Healthy earnings from property management, global unrest and interest rate hikes

Global unrest is continuing. In spring 2022, just as we were beginning to think life would return to something like normality after two years of the pandemic, Russia invaded Ukraine, there was a rapid and sharp rise in inflation, interest rates quickly rose and more recently, the situation in the Middle East has deteriorated dramatically. There is an extensive list of challenges and threats in the world around us. Geopolitical challenges have rapidly become more prominent. Inflation is high in many countries, but economies have nevertheless shown surprisingly strong resilience. However, the Swedish economy is exposed to more risk, particularly owing to households' high sensitivity to interest rates. The Riksbank's efforts to tackle inflation are contributing to a growing cost shock, households' purchasing power is being rapidly eroded and companies are also facing higher costs and lower demand.

This is the reality in which we are living, where our daily efforts to manage both revenues and costs are more important than ever. During the first 9 months of the year, our income on a like-for-like basis rose by 12 per cent. The increase was, of course, mainly due to the index increase that came into effect at the turn of the year, but it was also due, for example, to higher parking revenues and a positive net increase in occupancies. The surplus ratio is 75 per cent and earnings from property management for the third quarter are essentially unchanged from the previous year. This is despite a sharp decline in net interest income. Thanks to our interest rate hedges, we currently have an average interest rate of 3.16 per cent.

Access to capital has improved, both via the banking market and the capital market. Demand for our certificates with a short maturity has been good during the quarter and in September we issued SEK 700m in bonds at a margin of 200 basis points plus Stibor. After our issue, a number of other

property companies have also issued bonds, which is positive. We are well prepared to manage the impact of bonds maturing over the next few years. This is largely due to the sale of the properties Orgeln 7 (39,200 sqm) in Sundbyberg and Glädjen 12 (10,800 sqm) in Stadshagen. Nrep is acquiring both properties for SEK 3.4bn, which is consistent with valuations. The two properties were completed, essentially fully let and both are located outside our priority districts. The transaction also further strengthens our balance sheet and provides scope for continued investment in our urban development projects. The fact that we managed to complete the transactions in the current market situation is an indication of strength. This shows that property of a high standard can be sold even in a downturn, and that buyers are looking for quality.

However, the total transaction volume for offices in Stockholm has remained low during the period. This is partly because many properties in Stockholm have large, long-term institutional owners, and we are not seeing any owners under pressure to sell.

We continued to have large portions of our portfolio independently valued during the quarter, while the remaining properties were valued internally. Unrealised changes in value totalled SEK -5,415m, while the average yield requirement is now 4.25 per cent, which is up 0.55 per cent on the highest valuations in 2022. We have written down the value of our portfolio by a total of just over 10 per cent since then.

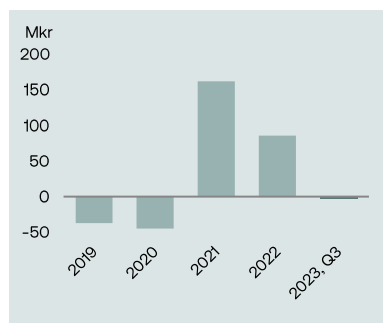
Net lettings during the quarter were down by SEK 25m. This is primarily attributable to a settlement with a customer who had to vacate some space due to changed circumstances. Rents for newly signed leases were at good and stable levels, and the number of newly signed leases was about the same as last year. During renegotiations, most leases are being extended on current terms.

Since the summer we have seen further indications of a hesitant rental market in

OPERATIONAL TARGETS

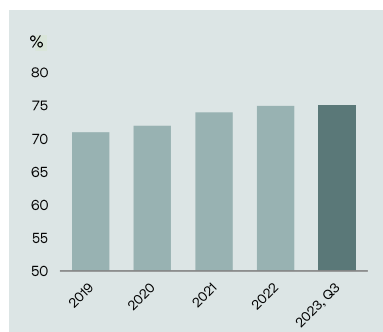
- Net lettings of at least SEK 80m per year.
- Surplus ratio of 75 per cent.
- Investment volume of about SEK 2,500m per year.

NET LETTINGS



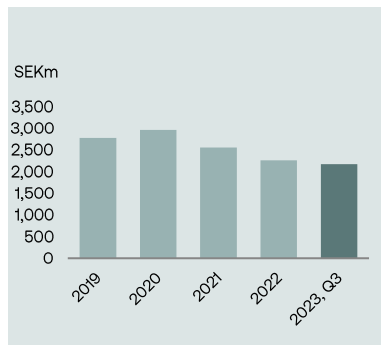
Target: SEK 80m per year

SURPLUS RATIO



Target: 75%

INVESTMENT VOLUME



Target: SEK 2.5bn per year over a business cycle.

FINANCIAL TARGETS

Faberge's Board of Directors has decided on the following financial targets:

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

Outcome 30/09/2023

- Loan-to-value ratio of 42 per cent
- Interest coverage ratio of 2.5 multiple
- Debt ratio of 14.5 multiple
- Equity/assets ratio of 47 per cent

response to changes in the global operating environment. Decision-making processes are still taking longer than before the pandemic. Both in our own portfolio and in the market as a whole, there is a tendency for tenants to remain at the same address and instead renegotiate their leases, adapt their premises to a new way of working and in some cases reduce their leased area. For new lettings, there is still a clear focus on the city centre, and outside the centre, tenants are looking for attractive areas in locations with good public transport links. However, the rental market in Stockholm remains strong in comparison with other metropolitan regions in Europe, in terms of rent levels, vacancy rates and the volume of signed leases. Rent levels have generally seen a slight rise.

This is confirmed by reports from Citymark and other advisors, which note that vacancy rates have declined in Stockholm city (CBD), while in other areas they have so far increased in 2023. In the past, the inflow of newly built office space has been low.

In August, we announced that the letter of intent for Nöten 4 has been signed with Saab. Work on translating the letter of intent into a lease agreement is well underway. We now estimate that it will be completed in the fourth quarter of 2023, with handover scheduled for the second half of 2025. Further information will be provided once the lease has been signed.

We have also continued with our efforts to offer flexible workplace solutions. We already have the WAW (Work Away from Work) concept, and during the year we launched several new concepts: NOW, CoW and Rum. The NOW concept is just as it sounds: office space ready for entrepreneurs to move into immediately. We have customised offices so that tenants can quickly and easily move in and feel at home. At the moment we have a couple of NOW offices in Stockholm. We offer every conceivable service from coffee machine, Wi-Fi, cleaning and office furniture at a fixed monthly cost. These turnkey offices have a notice period of just one month, giving business owners considerable flexibility. CoW offices (as in co-working) are flexible workplaces, private desks or offices for those who prefer a private space for focused work without being disturbed. In addition, we take care of all the servicing so they can focus on their work. Rum aims to make life easier for our customers. We offer three meeting rooms in Arenastaden for up to 30 people, all to increase opportunities for flexible working. We will also soon be launching our first dog day care centre – VOV.

In this year's evaluation of the GRESB sustainability measurement, we scored 93 points in the investment property portfolio and 98 points in the project portfolio out of a possible 100 for each component. This gives us the highest rating, 5 stars, and put us in 1st place in the office sector among listed property companies in Northern Europe. I see the GRESB result as proof that our work is of a very high level, and that we are maintaining the right focus going forward. At 73 kWh/sqm Atemp, we are achieving one of the lowest energy performances in the industry, we certified our entire portfolio three years ago and we were the first Swedish property company to achieve 100 per cent green financing.

At Solna Business Park, we have been working on a new strategy for recycling since the start of the year, and now operate our own central warehouse filled with recycled products from our own portfolio. Reuse in buildings is becoming an increasingly important aspect of our day-to-day approach and projects. Getting recycling and logistics up and running has been a challenge for the property sector, but now the pace is increasing rapidly in terms of both knowledge and interest. We have also previously reported on the building we constructed in Haga Norra using 70 per cent recycled material from the old Bilja facility.

Unfortunately, several of our projects have continued to face cost challenges. Some prices have fallen since the sharp rise in costs in 2022, however our weak currency in particular has meant that costs have continued to rise for areas such as input goods and labour. In some cases this development has been offset by better than expected revenues, however this has not been the case in all areas.

We continue to be pragmatic about the immediate future. The uncertainty in relation to the economy and general trend must be taken seriously. Day-to-day operations are the focus; customer leases and supplier agreements are even more important in times of uncertainty, and efforts to reduce vacancies and control costs are a priority. All in order to create good conditions for managing the opportunities and challenges we face.

Stefan Dahlbo, CEO

19 October 2023

Earnings Jan–Sep 2023¹

Earnings after tax for the period amounted to SEK –3,527m (5,105), corresponding to earnings per share of SEK –11.21 (16.05). Earnings before tax for the period amounted to SEK –4,419m (6,458). The increase in net operating income was offset by higher interest costs. Negative changes in the value of the property portfolio meant that profit before tax decreased compared with the same period last year.

THIRD QUARTER IN BRIEF

- The Stockholm market remains stable, though more cautious, with slightly lower activity.
- New lettings totalled SEK 24m (39).
- Net lettings amounted to SEK –25m (25).
- Rental income totalled SEK 854m (771).
- The surplus ratio was 76 per cent (76).
- Revenue from residential development amounted to SEK 177m (104) and gross earnings totalled SEK –5m (6) after impairment of SEK –6m.
- Net interest items amounted to SEK –265m (–159).
- Profit from property management totalled SEK 410m (408).
- Unrealised changes in value in the property portfolio amounted to SEK –1,591m (253), of which projects accounted for SEK –39m (–2).
- Unrealised changes in value in the derivatives portfolio totalled SEK –15m (277).
- Earnings after tax for the quarter amounted to SEK –992m (728).

RENTAL INCOME AND NET OPERATING INCOME

Rental income increased to SEK 2,539m (2,251) and net operating income amounted to SEK 1,900m (1,667). Other income of SEK 11m related to electricity subsidies. On a like-for-like basis, income rose by approximately 12 per cent (5). The increase in income was mainly attributable to the index increase that came into effect at the end of the year, higher parking revenues and a positive net amount from occupancies during the period, of which Convendum's move into Bocken 39 was the most significant. This was partly offset by a negative effect following the relocation of the Swedish Tax Agency from Nöten 4 on 31 March 2022. The increase in property expenses mainly related to higher winter costs at the start of the year. Net operating income rose by approximately 13 per cent (3) on a like-for-like basis. The surplus ratio was 75 per cent (74).

PROFIT FROM RESIDENTIAL DEVELOPMENT

Revenue from residential development totalled SEK 486m (132). Residential development costs amounted to SEK –463m (–122), of which administrative costs accounted for SEK –17m (–21) and impairment of development rights SEK –6m. Gross earnings therefore totalled SEK 23m (10). In addition, income is due from interests in associated companies of SEK 10m (–1). Income is recognised in connection with phased occupancy or upon completion. During the period, six projects were completed and finalised. One more project has been partially settled. Furthermore, a co-owned project has been completed and earnings have been recognised under share in profit/loss of associated companies.

CENTRAL ADMINISTRATION

Central administration costs amounted to SEK –81m (–77).

NET FINANCIAL ITEMS

Net interest items amounted to SEK –725m (–423). During the period, the average interest rate gradually increased as the Riksbank's policy rate hikes impacted the market rate (STIBOR).

The average interest rate at 30 September 2023 was 3.16 per cent (2.39 at the turn of the year). Ground rent amounted to SEK –35m (–31).

SHARE IN PROFIT/LOSS OF ASSOCIATED COMPANIES

The share in the profit/loss of associated companies totalled SEK 31m (–8), of which SEK –54m (–38) related to contributions to Arenabolaget, SEK 75m to income recognition relating to the joint venture project in Haga Norra, and SEK 10m related to contributions from residential development in Birger Bostad.

CHANGES IN THE VALUE OF PROPERTIES

The property portfolio is valued using a well-established process. The entire property portfolio is independently valued at least once a year. Due to the market situation, a larger proportion has been independently valued in the last three quarters. Approximately 55 per cent of the portfolio was independently valued in the third quarter, while the remaining properties were valued internally based on the most recent independent valuations. The total market value at the end of the period was SEK 82.7bn (86.3). Unrealised changes in value totalled SEK –5,415m (3,432). The average yield requirement rose by 0.26 percentage points to 4.25 per cent (3.99). The increased yield requirements were a result of higher interest rates. This was partly offset in the valuations of increased rent levels due to higher inflation assumptions.

¹The comparison figures for income and expense items relate to values for the Jan–Sep 2022 period and for balance sheet items at 31 December 2022.

CHANGES IN PROPERTY VALUES, JAN-SEP 2023

Changes in property values, SEKm

Opening fair value, 01/01/2023	86,348
Property acquisitions	78
Investments in new builds, extensions and	2,173
Unrealised changes in value	-5,415
Sales, disposals and other	-484
Closing fair value, 30/09/2023	82,700

AVERAGE YIELD REQUIREMENT, 30/09/2023

Area	Average yield requirement
Stockholm city	3.89%
Solna	4.43%
Hammarby Sjöstad	4.38%
Flemingsberg	5.11%
Other markets	5.12%
Average yield	4.25%

TAX

The tax expense for the period totalled SEK 892m (-1,353) and related to deferred tax. Tax was calculated at a rate of 20.6 per cent on taxable earnings. The interest deduction limitations are not expected to have a material effect on taxes paid over the next few years.

SEGMENT REPORTING

The Property Management segment generated net operating income of SEK 1,798m (1,575), representing a surplus ratio of 77 per cent (77). The occupancy rate stood at 91 per cent (90). Profit from property management amounted to SEK 1,107m (1,092). Unrealised changes in the value of properties amounted to SEK -4,257m (2,835).

The Property Development segment generated net operating income of SEK 90m (63), resulting in a surplus ratio of 55 per cent (45). Profit from property management totalled SEK 17m (14). Unrealised changes in the value of properties amounted to SEK -454m (191).

In the Projects segment, unrealised changes in value of SEK -684m (389) were recognised. Project gains were offset by impairment due to increased yield requirements when assessing the final value of the project properties.

The Residential segment generated gross earnings of SEK 23m (10) from residential development and net operating income of SEK 9m (6). Profit from property management totalled SEK 27m (8). Unrealised changes in value totalled SEK -20m (17). Further information about breakdown by segment is provided in the segment report and under Note 3 on pages 10 and 24.

GOODWILL

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

PROPERTIES

The property value recognised relates to Fabege's investment property portfolio, including project and land properties. At 30 September 2023, the total property value amounted to SEK 82.7bn (86.3).

DEVELOPMENT PROPERTIES

This refers to ongoing in-house projects and development properties for future construction within Birger Bostad. The value at the end of the quarter totalled SEK 563m (892), SEK 202m (573) of which relates to ongoing construction and SEK 361m (319) to development properties for future development.

FINANCIAL POSITION AND NET ASSET VALUE

Equity at the end of the period amounted to SEK 41,232m (45,514) and the equity/assets ratio was 47 per cent (49). Approved but unpaid dividends of SEK 377m have reduced shareholders' equity. Equity per share attributable to Parent Company shareholders totalled SEK 131 (145). EPRA NRV amounted to SEK 157 per share (173).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to SEK 1,049m (1,129). Changes in working capital had an impact on cash flow of SEK 154m (382). Investing activities had an impact of SEK -1,762m (-2,579) on cash flow, while cash flow from financing activities amounted to SEK 530m (1,051). In investing activities, cash flow is driven by property transactions and projects. Cash and cash equivalents declined by a total of SEK 29m (17) during the period.

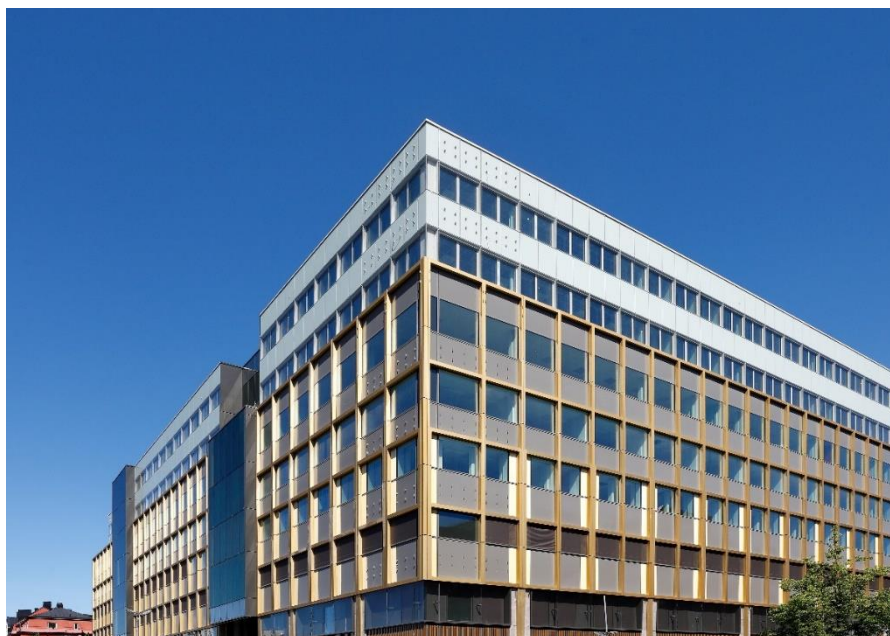
DIVESTMENT OF TWO PROPERTIES

Faberge has signed an agreement with Nrep regarding the sale of the properties Orgeln 7 (39,200 sqm) in Sundbyberg and Glädjen 12 (10,800 sqm), Stadshagen.

The purchase price was SEK 3.4bn. After deducting sales costs, the transaction results in a recognised gain of SEK 0m before tax and SEK 425m after reversal of deferred tax, which will be recognised in the fourth quarter. The properties were taken over by the buyer on 12 October.

The two properties have been completed, are essentially fully let and both are located outside Faberge's priority districts.

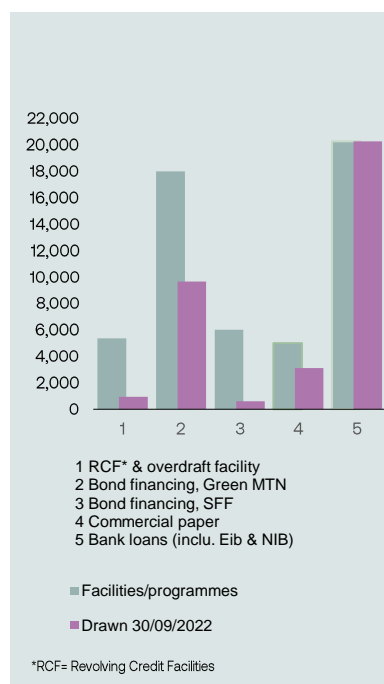
Both are certified to BREEAM-SE standard, Excellent



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.

BREAKDOWN OF SOURCES OF FINANCING



FINANCING

Fabege is striving to achieve a balance between different forms of financing on both the capital and banking markets, long-term relationships with major financial backers having high priority. Fabege's bank facilities are complemented by an MTN programme of SEK 18bn, a commercial paper programme of SEK 5bn and the possibility of borrowing a maximum of SEK 6bn via SFF's secured MTN programme.

Both short-term and long-term interest rates rose during the quarter, and the possible that the Riksbank will likely raise the policy rate further before the end of the year.

As interest rates have risen, interest costs have increased, although not at the same rate, due to the use of interest rate derivatives.

Access to capital has improved, both via the banking market and the capital market. Total loans increased during the period, mainly through increased borrowing via banks and commercial paper. At the end of the quarter, total loan volume amounted to just over SEK 34bn, of which SEK 13bn via the capital market and SEK 21bn via the banking market. During the period, SEK 2bn was repaid in bond maturities. These were partly met by issues of SEK 250 million in February and SEK 700m in September. A further SEK 300m was then issued in October.

Committed lines of credit and undrawn credit facilities, including the backup facility for the commercial paper programme, amounted to SEK 4.4bn at the end of the quarter, but will return to a higher level in connection with the withdrawal of sold properties in October and the disbursement of new agreed bank facilities.

At 30 September 2023, the fixed-term maturity was 4.1 years and the fixed-rate period was 2.1 years. The derivatives portfolio consisted of traditional interest rate swaps totalling SEK 17,350m and callable swaps of SEK 3,500m. The traditional swaps mature in 2032 and carry fixed annual interest of between -0.15 and 1.30 per cent.

Net financial items included other financial expenses of SEK 10m, which mainly related to accrued opening charges for credit agreements and costs relating to bond and commercial paper programmes. During the period, interest totalling SEK 19m (15) relating to project properties was capitalised.

Fabege firmly believes in the ability of the financial market to contribute to a more sustainable society and is keen to play an active role in its transition towards greater accountability. 100 per cent of the loan portfolio is classified as green.

100%

Green financing
30 September 2023

Moody's Rating

Baa2

negative outlook

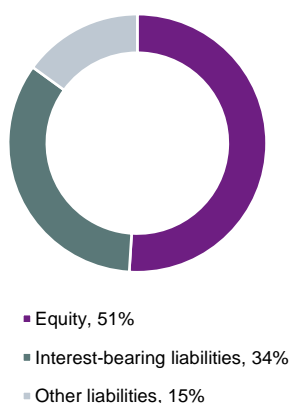
Revised in November 2022

FINANSIERING, 30/09/2023

	2023-09-30	2022-12-31
Interest-bearing liabilities, SEKm	34,563	33,341
of which outstanding MTN, SEKm	9,650	10,700
of which outstanding SFF, SEKm	600	600
of which outstanding commercial paper, SEKm	3,110	2,767
Undrawn facilities, SEKm ¹	4,435	7,260
Fixed-term maturity, years	4.1	4.7
Fixed-rate period, years	2.1	2.7
Fixed-rate period, percentage of portfolio, %	60	65
Derivatives, market value, SEKm	1,574	1,689
Average interest expenses, incl. committed credit facilities, %	3.16	2.39
Average interest expenses, excl. committed credit facilities, %	3.10	2.31
Unpledged assets, %	43.7	45.2
Loan-to-value ratio, %	41.5	38.2

¹Included credit facilities for commercial paper

SUPPLY OF CAPITAL



BREAKDOWN OF COLLATERAL



INTEREST MATURITY STRUCTURE, 30/09/2023

	Amount, SEKm	Average interest rate,%	Percentage, %
< 1 year	17,402	5.17	50
1-2 years	2,536	0.96	7
2-3 years	3,400	0.87	10
3-4 years	3,250	1.07	9
4-5 years	3,676	1.53	11
5-6 years	2,100	0.63	6
6-7 years	800	0.39	2
7-8 years	600	0.66	2
8-9 years	500	0.80	1
9-10 years	300	0.88	1
11 years	0	0.00	0
Total	34,563	3.10	100

*The average interest rate for the period <1 year includes the margin for the variable portion of the debt portfolio. This also includes the variable portion of the interest rate swaps, which, however, do not include any credit margin as they are traded without a margin.

LOAN MATURITY STRUCTURE, 30/09/2023

	Credit agreements, SEKm	Drawn, SEKm
Commercial paper programme	3,110	3,110
< 1 year	6,159	5,874
1-2 years	8,036	6,036
2-3 years	6,505	4,355
3-4 years	3,750	3,750
4-5 years	2,626	2,626
5-10 years	5,150	5,150
10-15 years	2,477	2,477
15-20 years	1,186	1,186
Total	38,998	34,563

GREEN FINANCING, 30/09/2023

	Credit facilities	Outstanding loans and bonds
Green MTN bonds, SEKm	9,650	9,650
Green bonds via SFF, SEKm	600	600
Green commercial paper, SEKm	3,110	3,110
Green loans, other, SEKm	25,638	21,203
Total green financing, SEKm	38,998	34,563
Green financing, %	100	100
Total green available borrowing facility, SEKm	49,667	
of which unrestricted green available borrowing facility, SEKm	14,657	

GREEN FINANCING

Fabege's green financing framework was updated in June 2022. The framework has been designed to give Fabege broad opportunities for green financing and is based on third party-certified properties and ambitious energy consumption targets. It is based on the green bond principles, adapted to the EU taxonomy and linked to Fabege's ambition to contribute to the goals of Agenda 2030. In addition to stringent energy efficiency requirements, this includes climate analyses that assess risks associated with climate change such as flooding, strong winds, intense heat and other extreme weather events. CICERO has issued a second opinion, with ratings of 'medium green' for the green terms and conditions, and 'excellent' for governance. Green financing offers Fabege better terms and access to more financing alternatives.

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

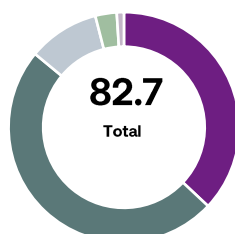
Operations

Jan-Sep 2023¹

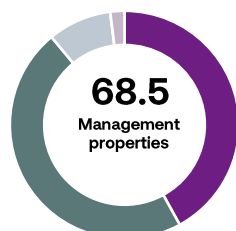
The Stockholm market generally continues to show stable rent levels, although we feel that activity in the rental market has slowed down. Net lettings, which were positive in the first half of the year, were negative in the third quarter. During the summer, Fabege sold two properties to Nrep, with handover scheduled for October. The sale was made at a value that was consistent with the most recent valuation.

BREAKDOWN OF MARKET VALUE, 30/09/2023, SEKBN

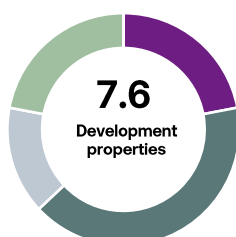
■ Innerstaden ■ Solna
■ Hammarby Sjöstad ■ Flemingsberg
■ Övriga marknader



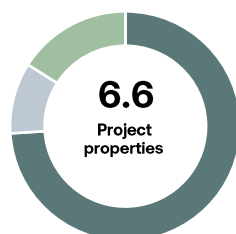
■ 37% ■ 49% ■ 10% ■ 3% ■ 1%



■ 42% ■ 47% ■ 9% ■ 0% ■ 2%



■ 22% ■ 41% ■ 15% ■ 22% ■ 0%



■ 0% ■ 74% ■ 10% ■ 16% ■ 0%

PROPERTY PORTFOLIO AND PROPERTY MANAGEMENT

Fabège'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 2023, Fabège owned 102 properties with a total rental value of SEK 4.0bn, lettable floor space of 1.3m sqm and a carrying amount of SEK 82.7bn, of which development and project properties accounted for SEK 14.2bn.

OCCUPANCY RATE

The investment property portfolio's financial occupancy rate was 91 per cent (90) at the end of the period. The biggest vacancies relate mainly to three properties in Solna Business Park. The financial occupancy rate for development properties is not measured as most of these properties are vacant, or have been partially let on short-term leases pending demolition or redevelopment. These cover a surface area of 234 thousand sqm, of which 148 thousand sqm are being let for a current annual rent of SEK 252m. Significant ongoing projects make up a lettable area of approximately 145 thousand sqm, with a rental value of SEK 362m.

The project portfolio's occupancy rate was 39 per cent (27) at the end of the quarter.

NET LETTINGS

During the period, 110 (109) new leases were signed with a combined rental value of SEK 160m (176), and 84 per cent (83) of the space related to green leases. Lease terminations amounted to SEK -163m (-107). Net lettings amounted to SEK -3m (69). Leases totalling SEK 73m (94) were renegotiated, with an average rise in rental value of 1.0 per cent (10). Leases worth SEK 287m (88) were also extended on unchanged terms. The retention rate during the period was 72 per cent (87).

CHANGES IN THE PROPERTY PORTFOLIO

February saw the acquisition of the other half of the partly owned Klacken 1 property, a garage property in Råsunda. In April, residential building rights in Huvusta were vacated in a deal with JM worth SEK 484m. In June, a small property, Anoden 4, was acquired in Flemingsberg.

In July, an agreement was reached to sell the Orgeln 7 and Glädjen properties to Nrep for a purchase price of SEK 3.4bn, with handover scheduled for 12 October.

PROJECTS AND INVESTMENTS

The purpose of Fabège's project investments in the investment property portfolio is to reduce vacancy rates and increase rents in the property portfolio, thereby improving cash flows and values. Investments in existing properties and projects during the period totalled SEK 2,173m (1,617), of which SEK 1,425m (980) related to investments in project and development properties. Capital invested in the investment property portfolio amounted to SEK 748m (637), a significant proportion of which related to tenant customisations.

COMPLETED PROJECTS

The tenant customisation for Convendum in Hägern Mindre 7, Drottninggatan, was completed in the summer, and the tenant has taken over the premises.

MAJOR ONGOING PROJECTS

New construction of premises for the Royal Swedish Opera and Royal Dramatic Theatre at the Regulatörn 4 property in Flemingsberg is proceeding according to schedule. Works in progress relate to facade and interior works on room design and installations. The investment is expected to amount to SEK 465m and the property will be ready for occupancy in June 2024. The property is being certified to BREEAM-SE standard, Very Good.

New construction of the office building at the Ackordet 1 property in Haga Norra is proceeding. The masonry facade is largely complete and internal work on installations and tenant customisations is ongoing. The investment is estimated at around

¹The comparison figures for income and expense items relate to values for the Jan-Sep 2022 period and for balance sheet items at 31 December 2022.

TOTAL INVESTMENTS, JAN–SEP 2023

Total investments, SEKm	
Investments in investment properties	748
Investments in development properties	130
Investments in project properties	1,295
Total investments	2,173

PROPERTY ACQUISITIONS, JAN–SEP 2023

Property	Area	Category	Lettable area, sqm
Q1			
Klacken 2 (50%)	Råsunda	Garage	0
Q2			
Anoden 4	Flemingsberg	Office	992
Q3			
No purchase			
Total			992

PROPERTY SALES, JAN–SEP 2023

Property	Area	Category	Lettable area, sqm
Q1			
No sales			
Q2			
Huvudsta 3:1	Huvudsta	Land	0
Q3			
No sales			0

The office properties Orgeln 7 (39,200 sqm) in Sundbyberg and Glädjen 12 (10,800 sqm) in Stadshagen were divested during the quarter. The properties were taken over by the buyer on 12 October.

SEK 1,441m. The property is being certified to BREEAM-SE standard, Outstanding. The occupancy rate is 66 per cent.

The next phase in the development of Haga Norra has begun, with investment in parking areas to serve the district and form the basis for future residential blocks.

The investment is estimated at SEK 460m, with completion scheduled for 2024.

The construction of a multistorey car park at the Semaforen 1 property in Arenastaden is progressing. The frame and facade have been completed. The investment is estimated at SEK 337m. The project is running at a loss, but it resolves a parking deficit, which has meant cost savings for other adjacent projects.

In Flemingsberg, the project at Separatör 1 relating to the construction of offices and laboratories for Alfa Laval is continuing. The project encompasses a lettable area of roughly 23,400 sqm excluding parking, of which Alfa Laval is leasing approximately 91 per cent. Work is currently underway on the frame and facade. The investment is estimated at SEK 1,060m, excluding land acquisition.

The property is being certified to BREEAM-SE standard, Excellent. Alfa Laval will take up occupancy on 30 April 2025.

Work is ongoing on the redevelopment of Nöten 4, Solna strand, with basic building investments. A new approach to the project is being adopted following Fabege's signing of a letter of intent to lease the entire property to Saab. The estimated investment of SEK 770m will be adjusted once the lease has been signed, which is expected to take place in the fourth quarter of 2023. The property has been certified to BREEAM In-use standard, Outstanding.

Basic building investments at the Påsen 1 property in Hammarby Sjöstad are underway. The frame of the extension is complete and facade work is ongoing. The investment is estimated to total SEK 416m, including investments for tenant customisations, which, however, will only be carried out once the lease has been signed. The property is being certified to BREEAM Bespoke standard, Excellent.

PROJECT COSTS

As for the construction index, the trend in recent months has been slightly upwards, except for a few indices that are falling in specific areas such as reinforcement. The current price level has stabilised at a higher level, which looks set to continue.

However, market indications, including significant pressure on residential construction, mean that we believe there will be pressure on prices in the future, and we are seeing heightened interest in submitting quotes and competing for our assignments.

BIRGER BOSTAD

Birger Bostad's project portfolio includes 18 projects, of which 3 are under construction, with an estimated investment volume of approximately SEK 407m.

During the first quarter, two projects in Landskrona and Sigtuna were completed and finalised. In addition, earnings corresponding to phased occupancy in two projects were partially settled. During the second quarter, three projects in Botkyrka, Landskrona and Falun (co-owned via associated companies) were finalised. During the third quarter, BRF Generalens allé (tenant-owned apartments) in Botkyrka was finalised. Furthermore, earnings corresponding to the first stage of occupancy in BRF Översten, also in Botkyrka, were partially settled.

During the first half of the year, 21 homes were sold in BRF Generalens Allé in Riksten. Another 6 homes were sold during the third quarter and the remaining 11 unsold homes in the project were bought out by Birger Bostad in connection with the final settlement. The selling rate for BRF projects under construction was 98 per cent at 30 September.

RESIDENTIAL DEVELOPMENT IN JOINT VENTURES

The residential project in cooperation with Brabo in Haga Norra is now complete. The project includes 418 apartments, including four BRFs, that are being constructed in a 3D reallocation above the facility that Fabege built for Bilja. The final few apartments will be completed ready for occupancy in the first quarter of 2023. A total of 411 apartments have been sold, including 406 apartments that are now occupied by the tenant-owners. The joint venture project has been recognised using the equity method. In the third quarter, the project was partially settled with a profit of SEK 75m, which was recognised as profit in associated companies. The remaining project profit will be recognised once the last apartments have been sold and the project completed.

ONGOING PROJECTS > SEK 50M, 30/09/2023

Property listing	Category	Area	Completed	Lettable area, sqm	Occupancy rate, % space ¹	Rental value ²	Book value, SEKm	Estimated investment, SEKm	of which spent, SEKm
Semaforen 1	Garage	Arenastaden	Q4-2023	18,000	0%	15	131	337	284
Regulatorn 4	Workshops etc	Flemingsberg	Q2-2024	11,900	100%	24	289	465	324
Ackordet 1	Offices	Haga Norra	Q3-2024	27,000	66%	98	1,170	1,441	770
Påsen 1	Offices	Hammarby Sjöstad	Q1-2025	11,000	0%	38	588	416	154
Nöten 4 *	Offices	Solna Strand	Q1-2025	53,400	0%	130	1,781	770	232
Separatorn 1	Offices	Flemingsberg	Q2-2025	23,400	91%	59	442	1,060	431
Total				144,700	39%	364	4,401	4,489	2,195
Other land and project properties							2,171		
Other development properties							7,645		
Total project, land and development properties							14,217		

¹ Operational occupancy rate at 30 September 2023 exclusive Semaforen 1.

² Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 364m (fully let) from SEK 0m in annualised current rent at 30 September 2023.

* A letter of intent has been signed regarding the letting of the entire property.

DEVELOPMENT RIGHTS, 30/09/2023

Commercial building rights				Residential building rights			
Area	Gross floor area, sqm	Legal approval, %	Book value, SEK/sqm	Area	Gross floor area, sqm	Legal binding, %	Book value, SEK/sqm
Inner city	33,550	13	9,300	Inner city	3,600	0	0
Solna	319,200	20	7,300	Solna	209,700	44	9,500
Hammarby Sjöstad	49,000	75	4,900	Hammarby Sjöstad	24,600	18	15,000
Flemingsberg	268,700	6	4,700	Flemingsberg	264,500	0	5,200
Birger Bostad	-	0	-	Birger Bostad	119,000	82	5,200
Other	20,000	100	1,500	Other	-	-	-
Total	690,450	20	6,000	Total	621,400	31	7,000

The gross floor areas and carrying amounts relate to the additional GFA covered by development rights. Development will in some cases require the demolition of existing spaces, which will impact project calculations. The volumes are not maximised. The ongoing planning work aims to increase the volume of future development rights. All agreed land allocations have been included. The carrying amount also includes future, unpaid purchase prices for agreed land allocations.

PROPERTY PORTFOLIO, 30/09/2023

Property holdings	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value ²	Financial occupancy rate %
Management properties ¹	62	1,000	68,482	3,590	91
Development properties ¹	19	234	7,646	452	-
Land and project properties ¹	21	67	6,572	6	-
Total	102	1,301	82,700	4,048	-
Of which, Inner city	27	325	30,727	1,558	91
Of which, Solna	52	726	40,059	1,908	91
Of which, Hammarby Sjöstad	10	142	8,163	432	95
Of which, Flemingsberg	9	68	2,734	73	-
Of which, Other	4	40	1,017	77	69
Total	102	1,301	82,700	4,048	91

¹See definitions. ²In the rental value, time limited deductions of about SEK 129m (in rolling annual rental value at 30 Sep 2023) have not been deducted.

CONDENSED SEGMENT RAPPORTING

	2023 Jan-Sep	2023 Jan-Sep	2023 Jan-Sep	2023 Jan-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Sep	2022 Jan-Sep	2022 Jan-Sep	2022 Jan-Sep
SEKm	Management	Development	Projects	Bostad	Total	Management	Development	Projects	Bostad	Total
Rental income	2,341	165	23	10	2,539	2,056	141	47	7	2,251
Contract sales, residential	-	-	-	486	486	0	-	-	132	132
Other income	8	2	1	0	11	-	-	-	-	-
Total net sales	2,349	167	24	496	3,036	2,056	141	47	139	2,383
Property expenses	-551	-77	-21	-1	-650	-481	-78	-24	-1	-584
Contract costs, residential development	-	-	-	-463	-463	-	-	-	-122	-122
Gross profit	1,798	90	3	32	1,923	1,575	63	23	16	1,677
Of which net operating income property management	1,798	90	3	9	1,900	1,575	63	23	6	1,667
Sur plus ratio, property management	77%	55%	13%	90%	75%	77%	45%	49%	86%	74%
Of which gross profit residential development	-	-	-	23	23	-	-	-	10	10
Central administration	-68	-7	-6	0	-81	-64	-7	-5	-	-76
Net interest income/expense	-609	-66	-45	-5	-725	-353	-40	-23	-8	-424
Ground rent	-35	0	0	0	-35	-28	-2	-1	-	-31
Share in profits of associated companies	21	0	0	10	31	-38	-	30	-	-8
Profit from property management	1,107	17	-48	27	1,113	1,092	14	24	8	1,138
Realised changes in value properties	-	-	-	-	0	0	-	74	-	74
Unrealised changes in value properties	-4,257	-454	-684	-20	-5,415	2,835	191	389	17	3,432
Profit before tax per segment	-3,150	-437	-732	7	-4,302	3,927	205	487	25	4,644
Changes in value interest rate derivatives & shares	-	-	-	-	-117	-	-	-	-	-
Profit before tax					-4,419					4,644
Market value properties	68,239	7,646	6,572	243	82,700	73,740	8,107	7,252	274	89,373
Project & development properties	-	-	-	563	563	-	-	-	957	957
Occupancy rate, %	91	-	-	-	-	90	-	-	-	-

Explanations of classifications and reclassifications during the period from the Property Management to Property Development segments are provided in the note on Segment Reporting on page 24.

Fabege's sustainability work

Our ambition is not limited to developing sustainable city districts, properties and premises. We aim to contribute to a sustainable Stockholm. Our sustainability strategy is an integral part of our business concept, business model and corporate culture.

Goals for 2030

- Carbon neutral property management.
- Cutting the climate impact of project development per GFA by half

73 kWh/sqm

TOP RANKING IN GRESB 2023

Fabege scored 93 points out of 100 in GRESB's annual evaluation of the property sector. The average score was 75. A total of 2,084 companies were evaluated.



SCIENCE BASED TARGETS

Our ambitious climate target has been approved by SBTi since 2020.



Goals & strategy

URBAN DEVELOPMENT

Our approach is rooted in a holistic perspective to strengthen our neighbourhoods as experience-based meeting places, where the primary focus is on health, convenience, safety and comfort. By influencing everything from energy systems to sustainable travel, we can also help reduce our carbon footprint.

Examples of areas of work:

- Work-life balance
- District identity and attractiveness
- Outdoor environments – meeting places, green spaces
- Multifunctionality
- Bridging physical and social barriers
- Adaptation to climate change
- Energy system solution
- Public transport, accessibility and navigability
- Security measures
- Participation and dialogue

REDUCED CARBON FOOTPRINT IN PROJECTS

The targets and roadmap that we have established in support of the Paris Agreement via the Science Based Targets initiative form the backbone of Fabege's work on climate issues. New construction and major refurbishments completed after 2030 will have a 50 per cent lower carbon footprint compared with Fabege's 2019 baseline. During the quarter, we worked in accordance with the first intermediate goal as part of our 2030 commitment:

- Planning permission before 2025, 20 per cent lower carbon footprint
- Circularity index 20 per cent for major renovations

As an important part of our reuse strategy, we took our work in the recycling hub to the next level during the quarter. Several architects, contractors and existing and new customers have already paid site visits to our reuse warehouse. Now the building material is also starting to circulate in

Fabege's conversion projects and new builds. Fabege has a long-term, target-based and integrated approach to creating more sustainable properties. Our ultimate long-term goal is for Fabege's property management to be carbon neutral, as measured in kg CO₂e/sqm, by 2030. By this we mean that we will have control over all the emissions associated with our operations, and 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 additive technology that reduces the amount of carbon dioxide in the atmosphere.

ENERGY EFFICIENCY TARGETS

Fabege's average energy consumption is 73 kWh/sqm (accumulated outcome for 2022). The target is average energy use of 70 kWh/sqm by 2025. Fabege has been actively working to improve its energy efficiency for some time, and we are proud of the fact that we now rank among the most energy-efficient companies in the sector. During the quarter, we have stepped up our energy efficiency measures in all types of energy.

ENVIRONMENTAL CERTIFICATION OF PROPERTIES

During the quarter, Ackordet 1 received the highest BREEAM rating of Outstanding in the design stage, and the project has been nominated for BREEAM Building of the Year. All project properties and investment properties have been certified to BREEAM-SE/BREEAM In-Use since 2019. New builds are certified according to BREEAM-SE, Excellent, and our investment properties according to BREEAM In-Use, Very Good.

65 of Fabege's 102 properties were certified at the end of the period. Overall, this represents 84 per cent of the total combined area of Fabege's existing portfolio. The properties for which certification has not yet begun include land

GREEN FRAMEWORK UPDATED IN JUNE 2022

The framework has been designed to give Fabege broad opportunities for green financing and is based on third party-certified properties and ambitious energy consumption targets. It is based on the green bond principles, adapted to the EU taxonomy and linked to Fabege's ambition to contribute to the goals of Agenda 2030. CICERO has issued a second opinion, with ratings of 'medium green' for the green terms and conditions, and 'excellent' for governance. Find out more at www.fabege.se/en.

THE EU TAXONOMY

Fabege is subject to the EU's Non-Financial Reporting Directive. Reporting on the extent to which the Group's activities are covered by, and compliant with, the EU taxonomy can be found in Note 4 EU taxonomy, page 24.

The full tables in accordance with EU taxonomy objective 1, including DNSH criteria and minimum safeguards, are presented in the 2022 Annual Report.

CERTIFIED PROPERTIES

System	Quantity	Sqm, GLA	Target
BREEAM In-Use	50	753,737	69%
BREEAM-SE	13	324,267	30%
BREEAM Bespoke	1	7,364	1%
Miljöbyggnad	1	5,480	0%
Total certified properties	65	1,090,848	100%

SUSTAINABILITY PERFORMANCE MEASURES

	2023, Q3	2022	2021	Target
Energy performance, kWh/sqm Atemp	49	73	77	Max. 70 kWh/sqm*
Proportion of renewable energy, %	94	94	95	100
Environmental certification, number of properties	65	63	59	-
Environmental certification, % of total area	84	84	81	100
Green leases, % of newly signed space	95	100	96	100
Green leases, % of total space	92	89	80	100
Green financing, %	100	100	99	100
Satisfied employees, confidence rating, %	n/a	87	86	2023 at least 87
GRESB, points	93	94	93	>90

and development properties for future project development.

During the quarter, work continued on driving sustainable improvements in construction, management and operations, in connection with the certifications.

All residential new builds are certified according to the Nordic Ecolabel.

SOCIAL SUSTAINABILITY INITIATIVES

Fabege collaborates with customers, municipalities, authorities, other property owners and associations to create safe and attractive areas. We are continuing to focus on social sustainability in urban planning and projects as we develop the physical environment in our city districts. Fabege's actions are centred on networks and dialogue, as well as education, leisure time, health and work.

Examples of initiatives:

- BID (business improvement district) started in Flemingsberg
- Läxhjälp homework club in Flemingsberg
- Active in Flemingsberg Science
- TalangAkademin in Huddinge
- Support for the Stockholm City Mission
- Street Gallery, Solna Business Park
- Support for local sports clubs
- Pep Parks in Solna
- Vinnova 'Social sustainability in the physical environment' project
- Nature and the environment guide, contain teaching materials for grades 4, 5 & 6

ABOUT THE SUSTAINABILITY REPORT

The following is a quarterly follow-up of Fabege's work on sustainability issues. The starting point is Fabege's annual Sustainability Report. The quarterly report has not been prepared in accordance with the GRI guidelines and therefore does not address certain issues. An overall picture of the company's sustainability work is published once a year in the Sustainability Report; find out more at <https://www.fabege.se/en/sustainability>.

*Atemp is the total internal area for each floor, loft and basement that is heated to more than 10°C. Area occupied by internal walls, openings for stairs, shafts and the like are included. The area of a garage, within the building, in a residential building or a commercial building other than a garage, is not included.

Other financial information

SENSITIVITY ANALYSIS – PROPERTY VALUES

Change in value, %	Impact on earnings after tax, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	657	47.1%	41.6%
0	0	46.8%	41.8%
-1	-657	46.5%	42.0%

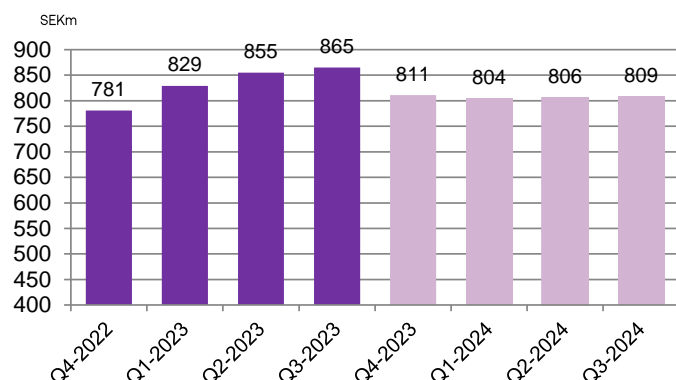
Earnings and key performance indicators are affected by realised and unrealised changes in the value of properties. The table shows the effect of a 1 percentage point change in value after the deduction of deferred tax.

SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change	Effect, SEKm
Rental income, total	1%	34.2
Rent level, commercial income	1%	32.3
Financial occupancy rate	1 percentage point	35.9
Property expenses	1%	-8.6
Interest expenses, LTM ¹	1 percentage point	133.0
Interest expenses, longer term perspective	1 percentage point	345.6

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

RENTAL INCOME – TREND FOR THE NEXT FOUR QUARTERS



The graph above shows the development of contracted rental income including known moves in and out and renegotiations but excluding rental targets and future index adjustments. The reduction from Q4 2023 is due to sold, ceded properties. The graph does not constitute a forecast but aims to show the rent development in the existing contract portfolio as of the balance sheet date.

HUMAN RESOURCES

At the end of the period, 227 people (228) were employed by the Group.

PARENT COMPANY

Revenue during the period amounted to SEK 343m (287) and earnings before appropriations and tax totalled SEK 409m (2,826). Net financial items include dividends from subsidiaries of SEK 750m (1,200). Net investments in property, equipment and shares totalled SEK 4m (8).

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The office properties Orgeln 7 in Sundbyberg and Glädjen 12 in Stadshagen were sold to Nrep during the quarter. The

properties were taken over by the buyer on 12 October. The purchase price was SEK 3.4bn. After deducting sales costs, the transaction results in a recognised gain of SEK 0m before tax and SEK 425m after reversal of deferred tax, which will be recognised in the fourth quarter.

LEASE MATURITY STRUCTURE

Maturity, year	No. of leases	Annual rent, SEKm	Percentage, %
2023 ¹	248	111	3%
2024 ¹	437	551	16%
2025	276	509	15%
2026	274	553	16%
2027	120	443	13%
2028+	126	1,135	33%
Commercial	1,481	3,303	95%
Housing leases	211	23	1%
Indoor and outdoor parking	661	136	4%
Total	2,353	3,462	100%

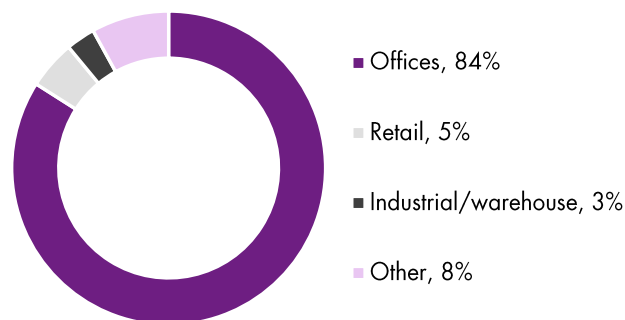
¹Of which just over SEK 252m has already been renegotiated.

BIGGEST CUSTOMERS

	Share, %	Year of expiry
Skandinaviska Enskilda Banken AB	6.3%	2037
Ica Fastigheter AB	3.7%	2030
Convendum Stockholm City AB	3.5%	2034
Telia Sverige AB	3.4%	2031
Tieto Sweden AB	2.6%	2029
Carnegie Investment Bank AB	2.0%	2027
Bilia AB	1.6%	2041
Statens Skolverk	1.4%	2024
Svea Bank AB	1.4%	2027
Telenor Sverige AB	1.3%	2028
Total	27%	

¹Percentage of contracted rent.

RENTAL VALUE PER CATEGORY



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 2022 Annual Report (pages 67–76).

Properties are recognised at fair value and changes in value are recognised in profit or loss. The 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 2022 Annual Report. Financial risk, defined as the risk of insufficient access to long-term funding via loans, and Fabege's management of this risk, are also described in the Risks and opportunities section of the 2022 Annual Report (pages 67–76).

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 2.2x. The target for the loan-to-value ratio is a maximum of 50 per cent. In the long term, the debt ratio must amount to a maximum of 13x.

Continued high inflation and turmoil in the financial markets are increasing the risk of rising market interest rates and yield requirements for property investments. Inflation also affects the price of building materials, for example, and thus calculations relating to potential new projects.

No material changes in the company's assessment of risks have arisen, aside from the above, since the publication of the 2022 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, which means that net lettings in these quarters are often higher.

MARKET OUTLOOK

We note that activity on the rental market in Stockholm has been more cautious during the autumn, but with continued stable rent levels. Lettings continue to be agreed at good levels, but the indexation from the turn of the year is expected to limit the potential for renegotiations, particularly in relation to retail units.

Capital is available in the bond market and prices have stabilised during the autumn. However, bond financing remains expensive, which is driving the property companies in our rating segment towards an increased proportion of bank financing. Furthermore, rising market rates are beginning to have an adverse impact on earnings. The proportion of Fabège's fixed-rate borrowing is 60 per cent, which will mitigate the effect of higher market rates for the next few years. Rising interest rates have impacted yield requirements in property valuations. Higher yield requirements have been partially met by higher inflation assumptions. The market anticipates continued rising yield requirements as market rates increase. Although there have been few completed transactions on the transaction market, those that have been completed confirm that long-term investors remain willing to pay good prices for quality in Stockholm.

Fabège has a consistently strong financial position. We have created new investment opportunities in our areas via the acquisitions completed in recent years. With the acquisition of Birger Bostad in the autumn of 2021, we took a step towards more comprehensive urban development that extends to residential units as well. Fabège's hallmark is stability – we have a portfolio of modern properties in attractive locations, stable customers and committed employees. We are well prepared to take on the challenges and opportunities open to us on the market over the coming year.

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 Group has applied the same accounting policies and valuation methods as in the most recent annual report.

New or revised IFRS standards or other IFRIC interpretations that came into effect after 1 January 2023 have not had any material impact on the consolidated financial statements. The Parent Company prepares its financial statements in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act, and has applied the same accounting policies and valuation methods as in the last annual report.

Stockholm, 19 October 2023

Stefan Dahlbo, CEO

Review report

We have conducted a limited assurance review of the interim report for Fabege AB (publ) for the 1 January 2023 – 30 September 2023 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 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, 19 October 2023
Deloitte AB

Peter Ekberg
Authorised Public Accountant

Share information

Fabege's shares are listed on NASDAQ Stockholm, where they are included in the Large Cap segment.

OWNERS*

Fabege had a total of 44,256 known shareholders at 30 September 2023, including 62.4 per cent Swedish ownership. The 15 largest shareholders control 57.65 per cent of the capital.

DIVIDEND POLICY

Fabege aims to pay a dividend to its shareholders comprising the part of the company's profit that is not required for the consolidation or development of the business. Under current market conditions, this means that the dividend is expected to account, on a lasting basis, for at least 50 per cent of the profit from ongoing property management and the gains realised on the sale of properties after tax.

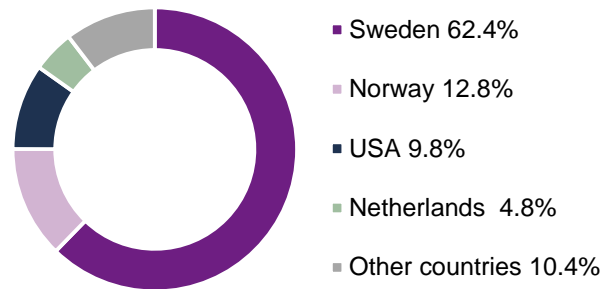
ACQUISITION AND TRANSFER OF TREASURY SHARES*

The 2023 AGM passed a resolution authorising the Board, for the period until the next AGM, to acquire and transfer shares in the company. Share buybacks are subject to a limit of 10 per cent of the total number of shares outstanding at any time. The company held 16,206,048 treasury shares on 30 September 2023. Repurchases were made at an average price of SEK 120.23 per share. The holding represents 4.9 per cent of the total number of registered shares. There were no repurchases during the period.

SHARE DISTRIBUTION*

	2023-09-30	2022-09-30
Number of owners	44,256	43,489
Number of foreign owners	978	1,013
Foreign ownership, %	37.6	37.6
Fund ownership, %	33.3	31.6
Transparency ownership, %	15.9	15.9

COUNTRY DISTRIBUTION, 30/09/2023*



LARGEST SHAREHOLDERS, 30/09/2023*

	Number of shares*	Proportion of capital, %	Proportion of votes, %
Backahill AB	52,108,718	15.75	16.56
John Fredriksen	33,104,566	10.01	10.52
Nordea Funds	13,133,325	3.97	4.17
Länsförsäkringar Funds	12,967,984	3.92	4.12
Vanguard	10,424,309	3.15	3.31
Handelsbanken Funds	10,298,364	3.11	3.27
BlackRock	10,264,376	3.10	3.26
APG Asset Management	7,829,472	2.37	2.49
Third Swedish National Pension Fund	7,822,146	2.36	2.49
E.N.A City Aktiebolag	7,144,796	2.16	2.27
Folksam	6,650,452	2.01	2.11
Norges Bank	6,466,230	1.95	2.06
AFA Insurance	5,325,338	1.61	1.69
BNP Paribas Asset Managment	3,931,181	1.19	1.25
ACTIAM	3,213,079	0.97	1.02
Total 15 largest shareholders	190,684,336	57.65	60.62
Total no. of shares outstanding	314,577,096	95.10	100
Treasury shares	16,206,048	4.90	-
Total no. of registered shares	330,783,144	100	100

SALES & TRADING*

	Jan-Sep 2023	Jan-Sep 2022
Highest price, SEK	96.6	110.3
Lowest price, SEK	77.5	69.7
VWAP, SEK	88.3	93.3
Average daily turnover, SEK	43,475,103	55,955,005
Number of traded shares	31,994,361	40,029,319
Average number of transactions	1,375	1,959
Number of transactions	89,351	129,300
Average value per transaction, SEK	31,627	28,562
Daily turnover relative to market capitalisation, %	0.15	0.18

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

Financial data

Group

Condensed statement of comprehensive income

SEKm	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec	Rolling 12 m Okt-Sep
Rental income ¹	854	771	2,539	2,251	3,032	3,320
Sales residential projects	177	104	486	132	295	649
Other income ²	11	-	11	-	-	11
Net Sales	1,042	875	3,036	2,383	3,327	3,980
Property expenses	-206	-186	-650	-584	-792	-858
Residential projects expenses	-182	-98	-463	-122	-374	-715
Gross profit	654	591	1,923	1,677	2,161	2,407
<i>of wich gross profit property managment</i>	659	585	1,900	1,667	2,240	2,473
<i>Surplus ratio, %</i>	76%	76%	75%	74%	74%	74%
<i>of wich gross profit property projects</i>	-5	6	23	10	-79	-66
Central administration	-26	-22	-81	-77	-102	-106
Net interest expense	-265	-159	-725	-423	-612	-914
Ground rent	-12	-11	-35	-31	-42	-46
Share in profit of associated companies	59	9	31	-8	-32	7
Profit/loss from property management	410	408	1,113	1,138	1,373	1,348
Realised changes in value of properties	0	0	0	74	74	0
Unrealised changes in value of properties	-1,591	253	-5,415	3,432	-233	-9,080
Unrealised changes in value, fixed-income derivatives	-15	277	-115	1,814	1,753	-176
Changes in value of shares	-1	1	-2	0	-3	-5
Profit/loss before tax	-1,197	939	-4,419	6,458	2,964	-7,913
Current tax	0	0	0	0	-3	-3
Deferred tax	205	-211	892	-1,353	-585	1,660
Profit/loss for period/year	-992	728	-3,527	5,105	2,376	-6,256
<i>Items that will not be restated in profit or loss</i>	-	-	-	-	-	-
Revaluation of defined-benefit pensions	-	-	-	14	25	11
Comprehensive income for the period/year	-992	728	-3,527	5,119	2,401	-6,245
Of which attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to Parent Company shareholders	-992	728	-3,527	5,119	2,401	-6,245
Earnings per share, SEK	-3:15	2:30	-11:21	16:05	7:49	-19:89
No. of shares outstanding at period end, thousands	314,577	314,577	314,577	314,577	314,577	314,577
Average no. of shares, thousands	314,577	315,965	314,577	318,102	317,221	314,924

¹ On-charging, service and other income amounts to SEK 54m (90) for the period Jan-Sep 2023.

² Refers to electricity support

³ Earnings per share are the same before and after dilution.

Condensed statement of financial position

SEKm	2023 Sep 30	2022 Sep 30	2022 31 Dec
Assets			
Goodwill	205	205	205
Properties	82,700	89,373	86,348
Right-of-use asset	1,243	1,090	1,243
Other property, plant and equipment	28	18	25
Derivatives	1,574	1,750	1,689
Non-current financial assets	531	450	456
Development properties	563	957	892
Current assets	1,107	1,250	1,042
Short-term investments	97	95	96
Cash and cash equivalents	58	114	87
Total assets	88,106	95,302	92,083
Equity and liabilities			
Shareholders' equity	41,232	48,232	45,514
Deferred tax	9,303	10,957	10,195
Other provisions	155	167	157
Interest-bearing liabilities ¹	34,563	32,882	33,341
Lease liability	1,243	1,090	1,243
Derivatives	0	0	0
Non-interest-bearing liabilities	1,610	1,974	1,633
Total equity and liabilities	88,106	95,302	92,083

¹Of which current, SEK 5,874m (2,413).

Group

Condensed statement of changes in equity

SEKm	Share capital	Other contributed capital	Retained earnings incl. profit/loss for the year	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total shareholders' equity
Shareholders' equity, 1 January 2022, according to adopted Statement of financial position	5,097	3,017	37,060	45,174	0	45,174
Profit/loss for the period			2,376	2,376		2,376
Other comprehensive income			25	25		25
Total other comprehensive income for the period			2,401	2,401	0	2,401
TRANSACTIONS WITH SHAREHOLDERS						
Share buybacks			-796	-796		-796
Approved but unpaid dividend			-314	-314		-314
Cash dividend			-951	-951		-951
Total transactions with shareholders			-2,061	-2,061	0	-2,061
Shareholders' equity, 31 December 2022, according to adopted Statement of financial position	5,097	3,017	37,400	45,514	0	45,514
Profit/loss for the period			-3,527	-3,527		-3,527
Other comprehensive income		-	-			0
Total other comprehensive income for the period			-3,527	-3,527	0	-3,527
TRANSACTIONS WITH SHAREHOLDERS						
Share buybacks			0	0		0
Approved but unpaid dividend			-377	-377		-377
Cash dividend			-378	-378		-378
Total transactions with shareholders			-755	-755	0	-755
Shareholders' equity, 30 Sep 2023	5,097	3,017	33,118	41,232	0	41,232

Statement of cash flows

SEKm	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Operations			
Net operating income	1,923	1,677	2,161
Central administration	-81	-77	-102
Reversal of depreciation and impairment	6	4	88
Interest received	11	11	16
Interest paid	-810	-486	-674
Income tax paid	0	0	0
Cash flow before changes in working capital	1,049	1,129	1,489
Change in working capital			
	329	-137	-152
Change in current receivables	-66	439	646
Change in current liabilities	-109	80	9
Total change in working capital	154	382	503
Cash flow from operating activities	1,203	1,511	1,992
Investing activities			
Business acquisition, net cash outflow	0	26	26
Investments in new-builds, extensions and conversions	-2,112	-1,588	-2,214
Acquisition of properties	-78	-1,068	-1,068
Divestment of properties	484	0	0
Other non-current financial assets	-56	51	24
Cash flow from investing activities	-1,762	-2,579	-3,232
Financing activities			
Dividend to shareholders	-692	-636	-951
Treasury share buybacks	0	-796	-796
Borrowings	16,737	20,916	26,095
Repayment of debt	-15,515	-18,433	-23,152
Cash flow from financing activities	530	1,051	1,196
Cash flow for the period	-29	-17	-44
Cash and cash equivalents at beginning of period	87	131	131
Cash and cash equivalents at end of period	58	114	87

Group

Key performance indicators

	2023	2022	2022
	Jan-Sep	Jan-Sep	Jan-Dec
Financial¹			
Return on equity, %	-10.8	14.6	5.2
Interest coverage ratio, multiple	2.5	3.7	3.4
Equity/assets ratio, %	47	51	49
Loan-to-value ratio, properties, %	42	36	38
Debt ratio, multiple	14.5	15.4	15.6
Debt/equity ratio, multiple	0.8	0.7	0.7
Share-based¹			
Earnings per share, SEK ²	-11.21	16.05	7.49
Equity per share, SEK	131	153	145
Cash flow from operating activities per share, SEK	3.8	4.8	6.29
Average no. of shares, thousands	314,578	318,102	317,221
No. of shares outstanding at end of period, thousands	314,578	314,578	314,577
Property-related			
No. of properties	102	103	102
Carrying amount, properties, SEKm	82,700	89,373	86,348
Lettable area, sqm	1,301,000	1,309,000	1,290,000
Projekt & development properties, SEKm	563	957	892
Financial occupancy rate, %	91	90	89
Total return on properties, %	-4.0	6.0	2.4
Surplus ratio, %	75	74	74

¹Unless otherwise stated, the key performance indicator is not defined under IFRS. See definitions.

²Definition according to IFRS.

EPRA key performance indicators

	2023	2022	2022
	Jan-Sep	Jan-Sep	Jan-Dec
EPRA Earnings (income from property mgmt after tax), SEKm	1,113	1,006	1,248
EPRA Earnings (EPS), SEK/share	3.19	3.16	3.93
EPRA NRV (long-term net asset value), SEKm	49,338	58,068	54,334
EPRA NRV, SEK/share	157	185	173
EPRA NTA (long-term net asset value), SEKm	45,926	54,203	50,629
EPRA NTA, SEK/share	146	172	161
EPRA NDV (net asset value), SEKm	41,404	48,656	45,623
EPRA NDV, SEK/share	132	155	145
EPRA Vacancy rate, %	9	10	11

Deferred tax

	2023	2022	2022
	Sep 30	Sep 30	31 Dec
Deferred tax attributable to:			
- tax loss carryforwards, SEKm	-273	-261	-573
- difference between carrying amount and tax value of properties, SEKm	9,272	10,881	10,439
- derivatives, SEKm	324	360	348
- other, SEKm	-20	-23	-19
Net debt, deferred tax, SEKm	9,303	10,957	10,195

Quarterly Group overview

Condensed income statement

	2023				2022		2021	
SEKm	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Rental income	854	855	829	781	771	717	762	746
Sales property projects	177	122	187	163	104	22	7	62
Other income	11	-	-	-	-	-	-	-
Net sales	1,042	977	1016	944	875	739	769	808
Property expenses	-206	-213	-231	-207	-186	-190	-208	-177
Costs property projects	-182	-116	-165	-252	-98	-10	-14	-71
Gross profit	654	648	620	485	591	539	547	560
<i>of which gross profit property management</i>	659	642	598	574	585	527	554	569
<i>Surplus ratio</i>	76%	75%	72%	74%	76%	74%	73%	76%
<i>of which gross profit property projects</i>	-5	6	22	-89	6	12	-7	-9
Central administration	-26	-29	-26	-25	-22	-30	-25	-25
Net interest expense	-265	-239	-221	-189	-159	-137	-127	-130
Ground rent	-12	-12	-12	-12	-11	-10	-11	-9
Share in profit of associated companies	59	-17	-10	-24	9	-15	-3	22
Profit/loss from property management	410	351	351	235	408	347	381	418
Realised changes in value of properties	0	0	0	0	0	0	74	0
Unrealised changes in value of properties	-1,591	-1,715	-2,110	-3,665	253	1,020	2,159	2,165
Unrealised changes in value, fixed-income derivatives	-15	117	-217	-61	277	657	881	140
Changes in value, equities	-1	1	-1	-3	1	-1	0	0
Profit/loss before tax	-1,197	-1,246	-1,977	-3,494	939	2,023	3,495	2,723
Current tax	0	0	0	-3	0	0	0	0
Deferred tax	205	294	393	768	-211	-428	-713	-465
Profit/loss for the period	-992	-952	-1,584	-2,729	728	1,595	2,782	2,258

Condensed financial position

	2023				2022		2021	
SEKm	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Assets								
Goodwill	205	205	205	205	205	205	205	205
Properties	82,700	83,520	84,994	86,348	89,373	88,480	85,996	83,257
Right-of-use asset, leasehold	1,243	1,243	1,243	1,243	1,090	1,091	1,092	1,092
Other property, plant and equipment	28	25	25	25	18	19	20	22
Derivatives	1,574	1,589	1,472	1,689	1,750	1,473	817	121
Non-current financial assets	531	514	490	456	450	757	756	832
Development properties	563	716	795	892	957	845	875	821
Current assets	1,107	1,122	1,333	1,042	1,250	1,157	1,384	1,411
Short-term investments	97	96	96	96	95	95	95	96
Cash and cash equivalents	58	76	82	87	114	185	197	131
Total assets	88,106	89,106	90,735	92,083	95,302	94,307	91,437	87,988
Equity and liabilities								
Shareholders' equity	41,232	42,224	43,175	45,514	48,232	47,765	46,351	45,174
Deferred tax	9,303	9,508	9,802	10,195	10,957	10,748	10,317	9,603
Other provisions	155	156	157	157	167	179	197	197
Interest-bearing liabilities	34,563	33,846	33,976	33,341	32,882	32,046	30,669	30,399
Lease liability	1,243	1,243	1,243	1,243	1,091	1,091	1,092	1,093
Derivatives	0	0	-	-	-	-	1	186
Non-interest-bearing liabilities	1,610	2,129	2,382	1,633	1,974	2,478	2,810	1,336
Total equity and liabilities	88,106	89,106	90,735	92,083	95,302	94,307	91,437	87,988

Key performance indicators

	2023				2022		2021	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial¹								
Return on equity, %	-9.5	-8.9	-14.3	-23.3	6.1	13.6	24.3	12.5
Interest coverage ratio, multiple ²	2.3	2.5	2.6	2.8	3.5	3.6	4	4.1
Equity/assets ratio, %	47	47	48	49	51	51	51	51
Loan-to-value ratio, properties, %	41.5	40	40	38	36	36	35	36
Debt ratio, multiple	14.5	14.6	15.4	15.6	15.4	15.1	14.5	14.7
Debt/equity ratio, multiple	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7
Share-based¹								
Earnings per share for the period, SEK ²	-3:15	-3:03	-5:04	-8:68	2:30	5:01	8:69	7:02
Equity per share, SEK	131	134	137	145	153	151	145	141
Cash flow from operating activities per share, SEK	0:6	1:8	1:44	1:49	0:97	1:90	1:88	1:03
No. of shares outstanding at the end of the period, thousands	314,577	314,577	314,577	314,577	314,577	317,352	318,998	321,332
Average no. of shares, thousands	314,577	314,577	314,577	317,221	318,102	318,175	320,165	321,665
Property-related								
Financial occupancy rate, %	91	91	90	89	90	89	89	90
Total return on properties, %	-1.1	-1.3	-1.7	-3.4	0.9	5.1	3.3	8.7
Surplus ratio, %	76	76	72	73	74	73	73	76

¹Unless otherwise stated, the key performance indicator is not defined under IFRS. Please refer to definitions.

²Definition according to IFRS.

Group

Reconciliation of key performance indicators

The reconciliation of the financial key performance indicators that Fabege reports is presented below.

	2023	2022	2022		
Equity/assets ratio	Sep 30	Sep 30	31 Dec		
Shareholders' equity, SEKm	41,232	48,232	45,514		
Total assets, SEKm	88,106	95,302	92,083		
Equity/assets ratio	47%	51%	49%		
	2023	2022	2022		
Loan-to-value ratio, properties	Sep 30	Sep 30	31 Dec		
Interest-bearing liabilities, SEKm	34,563	32,882	33,341		
Carrying amount, properties, SEKm	82,700	89,373	86,348		
	563	957	892		
Loan-to-value ratio, properties	42%	36%	38%		
	2023	2022	2022		
Debt ratio	Sep 30	Sep 30	31 Dec		
Gross profit	2,407	2,237	2,161		
Reversal of impairment	87	-	81		
Central administration, SEKm	-106	-102	-102		
Total, SEKm	2,388	2,135	2,140		
Interest-bearing liabilities, SEKm	34,563	32,882	33,341		
Debt ratio, multiple	14.5	15.4	15.6		
	2023	2022	2022		
Interest coverage ratio, multiple	Sep 30	Sep 30	31 Dec		
Gross profit	1,923	1,677	2,161		
Reversal of impairment	6	-	81		
Ground rent, SEKm	-35	-31	-42		
Central administration, SEKm	-81	-77	-102		
Total, SEKm	1,813	1,569	2,098		
Net interest expense, SEKm	-725	-423	-612		
Interest coverage ratio, multiple	2.5	3.7	3.4		
	2023	2022	2023	2022	2022
Return on equity	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Profit/loss for the period, SEKm	-992	728	-3,527	5,105	2,376
Average equity, SEKm	41,728	47,999	43,373	46,703	45,344
Return on equity	-9.5%	6.1%	-10.8%	14.6%	5.2%
	2023	2022	2023	2022	2022
Total return on properties	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net operating income, SEKm	659	585	1,900	1,667	2,240
Unrealised and realised changes in the value of properties, SEKm	-1,591	253	-5,415	3,506	-159
Market value including investments for the period, SEKm	84,291	89,120	88,115	85,867	86,507
Total return on properties	-1.1%	0.9	-4.0%	6.0	2.4
	2023	2022	2023	2022	2022
Debt/equity ratio	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Interest-bearing liabilities, SEKm	34,563	32,882	34,563	32,882	33,341
Shareholders' equity, SEKm	41,232	48,232	41,232	48,232	45,514
Debt/equity ratio	0.8	0.7	0.8	0.7	0.7
	2023	2022	2023	2022	2022
Equity per share	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Shareholders' equity, SEKm	41,232	48,232	41,232	46,232	45,514
No. of shares outstanding at end of period, million	315	315	315	315	315
Equity per share	131	153	131	153	154
	2023	2022	2023	2022	2022
Cash flow per share	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Cash flow from operating activities, SEKm	174	307	1,203	1,511	1,992
Avergae number of shares, million	315	318	315	318	317
Cash flow per share	0.6	1.0	3.8	4.8	6.3

Group

Reconciliation of EPRA key performance indicators

The reconciliation of the EPRA key performance indicators that Fabege reports is presented below.

	2023 Jan-Sep			2022 Jan-Sep			2022 Jan-Dec		
EPRA NRV, EPRA NTA & EPRA NDV	NRV	NTA	NDV	NRV	NTA	NDV	NRV	NTA	NDV
Shareholders' equity, SEKm	41,232	41,232	41,232	48,232	48,232	48,232	45,514	45,514	45,514
Reversal of approved but unpaid dividend, SEKm	377	377	377	629	629	629	314	314	314
Reversal of fixed-income derivatives according to balance sheet, SEKm	-1,574	-1,574	-1,574	-1,750	-1,750	-1,750	-1,689	-1,689	-1,689
Reversal of deferred tax according to balance sheet, SEKm	9,303	9,303	9,303	10,957	10,957	10,957	10,195	10,195	10,195
Reversal of goodwill according to balance sheet, SEKm	-	-205	-205	-	-205	-205	-	-205	-205
Deduction of actual deferred tax, SEKm	-	-3,207	-3,207	-	-3,660	-3,660	-	-3,500	-3,500
Deduction of fixed-income derivatives according to balance sheet, SEKm	-	-	1,574	-	-	-1,750	-	-	1,689
Deduction of deferred tax according to balance sheet after adjustment of estimated actual deferred tax, SEKm	-	-	-6,096	-	-	-7,297	-	-	-6,695
NAV, SEKm	49,338	45,926	41,404	58,068	54,203	48,656	54,334	50,629	45,623
Number of shares outstanding, millions	314.6	314.6	314.6	314.6	314.6	314.6	314.6	314.6	314.6
NAV, SEK per share	157	146	132	185	172	155	173	161	145

	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
EPRA EPS			
Profit/loss from property management, SEKm	1,113	1,138	1,373
Deduction for tax depreciation, SEKm	-575	-495	-767
Total, SEKm	538	643	606
Nominal tax (20.6%), SEKm	111	132	125
EPRA earnings in total (profit/loss from property management less nominal tax), SEKm	1,002	1,006	1,248
Number of shares, millions	314.6	318.1	317.2
EPRA EPS, SEK per share	3:19	3:16	3:93

	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
EPRA Vacancy rate			
Estimated market value of vacant property rents, SEKm	331	332	363
Annual rental value, entire portfolio, SEKm	3,590	3,251	3,313
EPRA Vacancy rate, %	9%	10%	11%

Parent Company

Profit and loss account

SEKm	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Income	343	287	352
Expenses	-436	-390	-422
Net financial items	618	1,115	1,033
Share in profit of associated companies	-	-	0
Changes in value, fixed-income derivatives	-115	1,814	1,753
Changes in value, equities	0	0	-3
Appropriation	-1	0	398
Profit/loss before tax	409	2,826	3,111
Current tax	0	-	-
Deferred tax	66	-585	-428
Profit/loss for the period	475	2,241	2,683

Balance sheet

SEKm	2023 Sep 30	2022 Sep 30	2022 31 Dec
Investments in Group companies	13,400	13,400	13,400
Other non-current assets	49,798	45,853	46,340
<i>of which, receivables from Group companies</i>	<i>48,158</i>	<i>44,539</i>	<i>44,629</i>
Current assets	90	71	134
Cash and cash equivalents	0	6	24
Total assets	63,288	59,330	59,898
Shareholders' equity	12,124	11,962	12,404
Provisions	366	79	382
Non-current liabilities	44,838	44,152	44,156
<i>of which, liabilities to Group companies</i>	<i>16,082</i>	<i>13,827</i>	<i>13,972</i>
Current liabilities	5,960	3,137	2,956
Total equity and liabilities	63,288	59,330	59,898

Notes

NOTE 1 DERIVATIVES

Derivatives are measured at fair value as Level 2 assets. 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 recognised for accounting purposes and have no impact on cash flow. At maturity, the market value of derivative instruments is always zero. The valuation assumptions have not changed significantly compared with the most recent annual report.

NOTE 2 CONTINGENT LIABILITIES

On the balance sheet date, contingent liabilities comprised guarantees and commitments in favour of associated companies and subsidiaries of SEK 498m (526) and other 0 (0).

NOTE 3 SEGMENT REPORTING – CLASSIFICATIONS AND RECLASSIFICATIONS DURING THE PERIOD

In accordance with IFRS 8, segments are presented from the management's point of view, broken down by segment. Fabege's operations are classified as follows:

- Property Management – properties under ongoing, long-term management
- Property Development – properties awaiting a redevelopment or extension that will have a significant impact on ongoing property management and net operating income
- Projects – Land and development properties, and properties undergoing new construction/complete redevelopment
- Residential – Birger Bostad's operations constitute a separate segment

Rental income and property expenses, as well as realised and unrealised changes in the value of properties, are directly attributable to properties in the respective segments (direct income and expenses). If a property changes type during the year, the earnings attributable to the property are allocated to the respective segments based on the period of time for which the property belonged to the segments. Central administration costs and net financial items have been allocated to segments on a standardised basis according to each segment's share of the total property value (indirect income and expenses). Property assets are directly attributed to the respective segments and recognised on the balance sheet date. All revenue and expenses attributable to Birger Bostad's operations are recognised in the Residential segment.

No reclassifications have been made during the period.

NOTE 4 EU TAXONOMY

Percentage of activities eligible for the taxonomy:

Key ratios	Total, SEKm	Activities eligible for the taxonomy, %	Activities not eligible for the taxonomy 2023 Q3, %
Revenue	2,554	100	64
Operating expenditure	112	100	54
Capital expenditure	2,344	100	35

Fabège owns and manages properties, with a primary focus on commercial properties in the Stockholm area. The vast majority of the property portfolio falls within the scope of the taxonomy and the economic activities applied are:

7.1 Construction of new buildings

7.7 Acquisition and ownership of buildings

The proportion of Fabège's operations that are environmentally sustainable according to the EU Taxonomy Regulation is reported via three financial ratios: revenue, operating expenditure and capital expenditure.

Recognition of revenue:

All revenues related to the properties included in the economic activities above are recognised. This refers to rental income, including the standard supplements. No material income that should be excluded has been identified.

Recognition of operating expenditure:

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

Recognition of capital expenditure:

Relates to capital expenditure for acquisitions and capitalised investment expenditure related to the properties included in the economic activities.

Percentage of activities aligned with the taxonomy:

Fabege contributes significantly to objective 1, i.e. climate change mitigation, including the Do No Significant Harm criteria. The existing properties assessed as being aligned with objective 1 have an EPC-A level energy performance certificate or are in the top 15 per cent in terms of primary energy use in Sweden (in accordance with the definition applied by the Swedish Property Federation for existing buildings). The properties have undergone a climate resilience analysis.

According to Fabege's assessment, 64 per cent of its revenue, 54 per cent of operating expenditure and 35 per cent of capital expenditure are aligned with the taxonomy, based on fulfilment of objective 1, including the DNSH criteria. The outcome is based on the 2022 primary energy rating. The reason the percentage of capital expenditure that is green is reported as low is that Fabege has chosen to make a conservative assessment of ongoing new construction projects and interpret that they are covered by all DNSH requirements in 7.1. These are reported as non-compliant with the taxonomy, as interpretations of the DNSH requirements and documentation of this to demonstrate compliance are not yet fully in place. Fabege believes that, in the long run, at least part of the capital expenditure will be classified as being aligned with the taxonomy.

Fabege also meets the taxonomy's requirements for Minimum Safeguards related to human rights, anti-corruption, transparency regarding tax burdens and fair competition.

The full tables are only presented annually and can be found in Fabege's Annual and Sustainability Report for 2022 on pages 134–136.

This is Fabege

Fabège is one of Sweden's leading property companies. We develop attractive and sustainable city districts, with a primary focus on commercial properties within a limited number of well-located submarkets in the Stockholm region.

We are one of the largest property owners in Stockholm and have a clear strategy for our property holdings, with a portfolio grouped into clusters. The Group also includes Birger Bostad, which is a property development company focused on residential and public-services property. The large number of residential development rights that we hold means that together we have a great opportunity to create mixed-use developments in our city districts. The concentration of our properties in well-contained clusters ensures greater customer proximity and, when coupled with Fabège's thorough knowledge of the market, creates a solid foundation for efficient property management and high occupancy rates. At 30 September 2023, Fabège owned 102 properties with a combined market value of SEK 82.7bn. Their rental value stood at SEK 4.0bn. This has been supplemented by Birger Bostad's development portfolio, comprising ongoing and future residential development projects with a value of SEK 563m.

BUSINESS CONCEPT

Fabège develops sustainable city districts, with a primary focus on commercial properties within a limited number of well-located submarkets in the Stockholm region.

Value is created via property management, property development, project development and transactions. We are keen to be a supportive partner that puts people front and centre and enables companies, locations and our city to develop.

BUSINESS MODEL

Fabège is active in three business areas: Property Management, Property Development and Transactions.

STRATEGY FOR GROWTH

Fabège's strategy is to create value by managing, improving and developing its property portfolio and through transactions, acquiring and divesting properties with the aim of increasing the property portfolio's potential. 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 to enhance the appeal of an area are sure to benefit many of Fabège's customers.

VALUE DRIVERS

Fabège's operations are affected by a number of external factors, such as the pricing of and demand for premises, the transaction market's required rate of return, and changes in market interest rates, which set the conditions for the company's success.

Stockholm is growing

Stockholm is one of the five metropolitan areas in Western Europe with the highest rate of population growth. The

population of Stockholm County is forecast to continue to grow over the next 20 years. The most significant growth is in 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. Peripheral services and effective 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. Demand for premises is closely linked to GDP growth and companies' need for premises. Changes in market interest rates affect required rates of return.

Sustainable urban development

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

Business model

PROPERTY MANAGEMENT

The essence of Fabège's operations is finding the right premises for customers' specific requirements and ensuring customer satisfaction. This is accomplished through long-term efforts, based on close dialogue with the customer, which builds mutual trust and loyalty.

PROPERTY DEVELOPMENT

High-quality property development is the second key cornerstone of our business. Fabège has long-standing experience in the management of extensive property development projects, and endeavours to attract long-term tenants for properties that have not yet been fully developed and can be redesigned based on customers' 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 in order to seize opportunities to generate capital growth through acquisitions and divestments.

Definitions

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

ACTUAL DEFERRED TAX

Estimated actual deferred tax has been calculated as approximately 4 per cent based on a 3 per cent discount rate. Furthermore, it has been assumed that loss carryforwards are realised over four years with a nominal tax rate of 20.6 per cent, which results in a net present value for deferred tax assets of 19.7 per cent. The calculation is also based on the property portfolio being realised over 50 years, 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 of 6 per cent, which results in 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 gross earnings, less central administration costs and reversal of impairment.

DEVELOPMENT PROPERTIES*

Properties for which a redevelopment or extension is in progress or planned that has a significant impact on the property's net operating income. Net operating income is affected by limitations on lettings prior to imminent improvement work.

EARNINGS PER SHARE

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

EPRA EPS

Profit from property management less tax at the nominal rate attributable to profit from property management, divided by the average number of shares. Taxable profit from property management is defined as the profit

from property management less such items as tax-deductible depreciation and amortisation and redevelopments.

EPRA NDV – NET DISPOSAL VALUE

Shareholders' equity according to the balance sheet.

EPRA NRV – NET REINVESTMENT VALUE

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

EPRA NTA – NET TANGIBLE ASSETS

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

EPRA VACANCY RATE

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

EQUITY/ASSETS RATIO

Shareholders' equity including non-controlling interests 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

Gross earnings, including ground rent, less central administration costs and reversal of impairment, 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 undergoing new construction/complete redevelopment.

LOAN-TO-VALUE RATIO, PROPERTIES

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

LEASE VALUE*

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

NET LETTINGS*

New lettings during the period less leases terminated due to departure.

RETURN ON EQUITY

Profit for the period/year divided by the average shareholders' equity including non-controlling interests. In interim reports, the return is converted into its annualised value without taking seasonal variations into account.

RETURN ON INVESTED CAPITAL IN THE PROJECT PORTFOLIO*

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

RENTAL VALUE*

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

RETENTION RATE*

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

RETURN, SHARE

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

SURPLUS RATIO*

Net operating income divided by rental income.

TOTAL RETURN ON PROPERTIES

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

*This is an operational key performance indicator and is not regarded as an alternative performance measure according to the ESMA guidelines.

CALENDAR

07/02/2024	Year-end report 2023
09/04/2024	Annual general meeting 2024
25/04/2024	Interim report Jan–Mar 2024
05/07/2024	Interim report Jan–Jun 2024
22/10/2024	Interim report Jan–Sep 2024

PRESS RELEASES DURING IN THE THIRD QUARTER 2023

03/07/2023	Miele moves to Solna Business Park
07/07/2023	Interim Report Jan–Jun 2023
20/07/2023	Fabege sells two properties for SEK 3.4bn to Nrep
22/08/2023	Information concerning letter of intent regarding the letting of Nöten 4
28/09/2023	Invitation to Fabege's presentation of the Interim Report Jan–Sep 2023

FOLLOW US ONLINE, WWW.FABEGE.SE/EN

There will also be a web presentation on the Group's website on 19 October 2023, during which Stefan Dahlbo and Åsa Bergström will present the report.

Fabege AB (publ)

Box 730, SE-169 27 Solna
Visitors: Gårdsvägen 6, 7tr
169 70 Solna

Phone: +46 (0) 8 555 148 00
Email: info@fabege.se

Corporate registration
number: 556049-1523
www.fabege.se/en



STEFAN DAHLBO
President and CEO Fabege

+46 (0) 8 555 148 10
stefan.dahlbo@fabege.se



ÅSA BERGSTRÖM
Vice President and CFO

+46 (0) 8 555 148 29
asa.bergstrom@fabege.se