

# Fabege Interim Report

## Jan-Jun 2022

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# Summary first half of 2022

- High activity in inquiries and viewings
- Positive net lettings SEK 38m (20) in the quarter, SEK 44m (56) accumulated
- In identical portfolio, income increased by approximately 4 per cent (0)
- Surplus ratio 73 per cent (74)
- Positive value changes SEK 3,179m (1,539)
- Occupancy rate 89 per cent (90).

# Result Jan-Jun 2022



# Condensed income statement

SEKm	Jan-Jun 2022	Jan-Jun 2021
Net sales	1,508	1,422
Property and residential development expenses	-422	-375
<b>Gross profit</b>	<b>1,086</b>	<b>1,047</b>
Central administration	-55	-62
Net financial items	-264	-240
Ground rents	-20	-18
Share in profits of associated companies	-18	-12
<b>Profit from property management</b>	<b>729</b>	<b>715</b>
Realized changes in value, properties	74	56
Unrealized changes in value, properties	3,179	1,539
Changes in value, derivatives and equities	1,537	268
<b>Profit before tax</b>	<b>5,519</b>	<b>2,578</b>
Tax	-1,142	-532
<b>Profit for the period</b>	<b>4,377</b>	<b>2,046</b>



- Rental growth in identical portfolio: approx. 4%
- Surplus ratio: 73% (74)
- Value growth 3.8%
- Earnings per share: SEK 13.71 (6.32)

# Property valuation

- Transactions in our market – few but at very good levels
- Independently valued
  - Q1: approx. 40 per cent
  - Q2: approx. 30 per cent
- Property value 30 June 2022 SEK 88.5bn
  - Change in value Q1: SEK 2,159m
  - Change in value Q2: SEK 1,020m
- Value drivers in Jan-Jun
  - Projects SEK 570m incl projects in property management portfolio
  - Remaining part divided by yield 40% and cash flow 60%
  - In Q2 separately yield 15% and cash flow 85%



## Key ratios, June 30 2022

	2022 Jan-Jun	2021 Jan-Jun	Target
Equity per share, SEK	151	130	
EPRA NRV, SEK per share	183	160	
Total return properties, %	5.1	3.4	
Surplus ratio, %	73	74	75
Equity/assets ratio , %	51	51	>35
Loan-to-value ratio, %	36	36	<50
Debt ratio, multiple	15.1	14.1	<13
Interest coverage ratio, multiple	3.8	4.0	>2.2



# Financing



## Stable financing

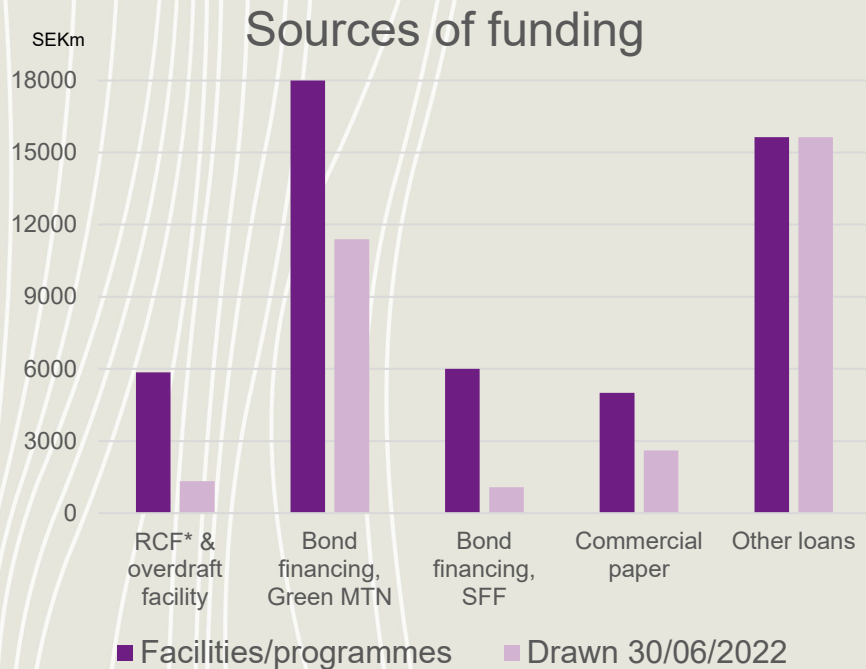
- Total facilities SEK 36.6bn
- Total loans SEK 32.0bn
  - of which bonds SEK 12.50bn
  - of which commercial paper SEK 2.6bn
- 100% green financing
- Undrawn SEK 1.9bn
- Fixed-term maturity 4.4 years
- Fixed-rate period 3.1 years
- BAA2 stable outlook from Moody's

## Activities during Q2

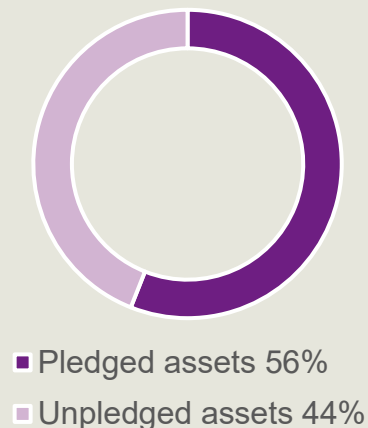
- Ongoing refinancing of commercial papers
  - Repaid bond maturity of SEK 1.05bn
  - Increased MTN framework amount to SEK 18bn
  - Updated green framework
  - Moody's confirmed the BAA2 rating, stable outlook
- 
- New 10-year bank facility of 1.2bn will be signed July



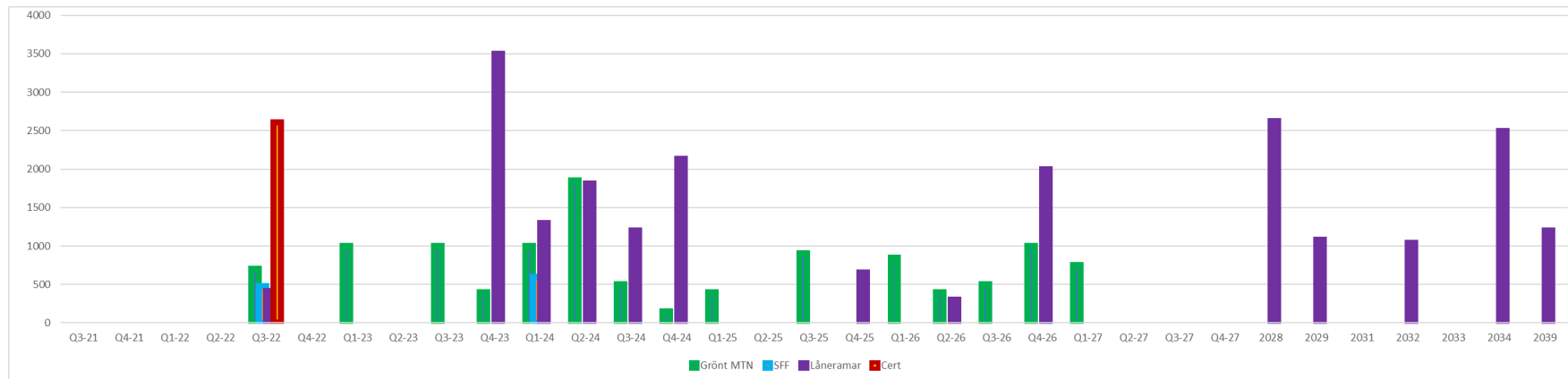
# Sources of funding



## Breakdown of collateral



# Maturity structure, loans



## 2022:

Maturity commercial paper SEK 2.6bn

Maturity bonds SEK 1.2bn

Maturity bank facilities SEK 0.4bn – rolled over ongoing basis

New bank facility July 2022: SEK 1.2bn

## 2023:

Maturity bonds SEK 2.4bn

Maturity bank facilities SEK 3.5bn – handled this year will be refinanced this autumn



# Fixed-rate period

Maturity	Interest rate swaps	Fixed interest bonds and loans	Total
2022	800	0	800
2023	1,350	800	2,150
2024	2,400	650	3,050
2025	2,200	400	2,600
2026	2,700	800	3,500
2027	2,800	450	3,250
2028	2,300	976	3,276
2029	2,000	0	2,000
2030	800	0	800
2031	900		900
2032	500		500
<b>Total</b>	<b>18,750</b>	<b>4,076</b>	<b>22,826</b>

- 71 per cent of the portfolio fixed
- Average fixed-rate term 3.1 years
- Fixed interest derivatives between -0.18% and 1.30%
- Sensitivity analysis rolling 12 months:
  - +1% in market interest generates increased cost of SEK 88m
  - Assumes unchanged loan volume and unchanged margins



## Buybacks 30 June 2022

- Repurchased Q2: 1.6 million shares
- Treasury shares
  - 13.4 million shares
  - 4.06%
  - Average price SEK 124.95 per share



# Properties and rental market





## Modern portfolio in good locations

- 102 properties
- Market value SEK 88.5bn
  - of which management properties SEK 73.6
  - of which development properties SEK 8.0bn
  - of which project properties SEK 6.9bn
- Value growth Jan-Jun 2022: SEK 3,179m
- Average yield requirement: 3.69%



# Stable customers with long agreements

- Approx 660 customers
- 25 largest customers represents 41% of rental value
- Share of total rent

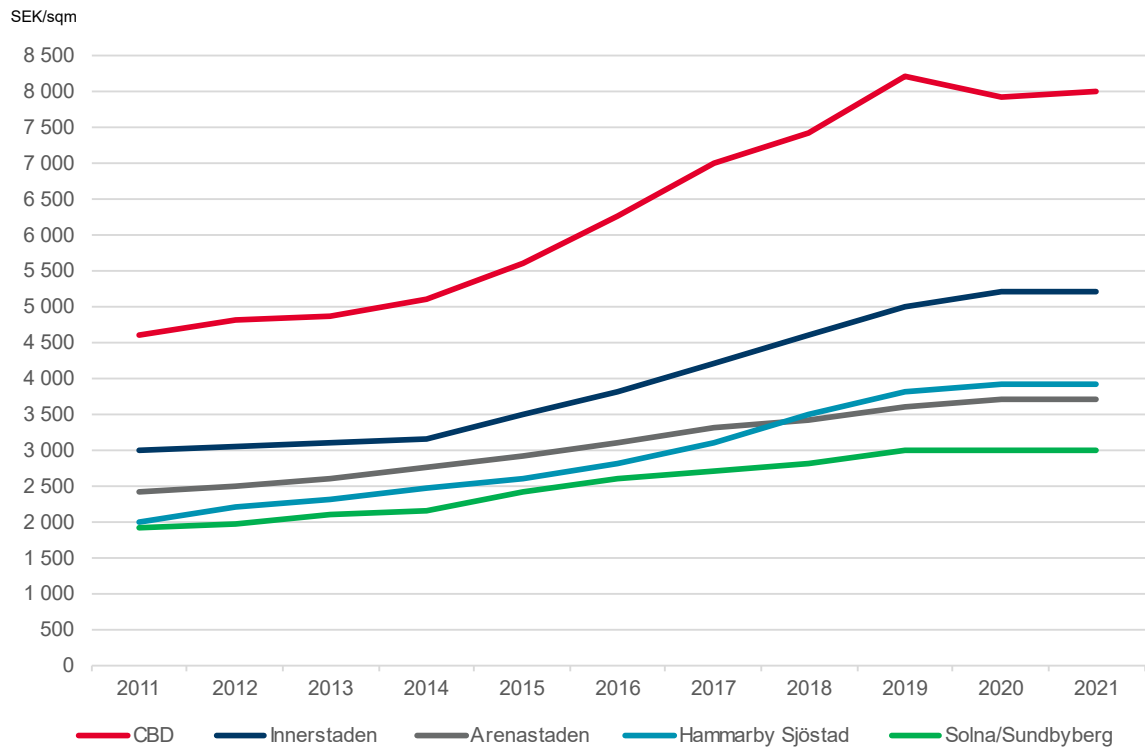


- Office, 83%
- Retail, 4%
- Industry/logistics, 4%
- Other, 9%

Customer	Share of total rent	Year of expiry
SEB	6%	2037
ICA Fastigheter Sverige	4%	2030
Telia Company	4%	2031
TietoEvy	3%	2029
Swedbank	2%	2029
Carnegie Investment Bank	2%	2027
The Swedish Migration Agency	2%	2028
Bilia AB	2%	2041
Svea Ekonomi	2%	2027
The Swedish Agency for Education	1%	2024
<b>Summa</b>	<b>28%</b>	

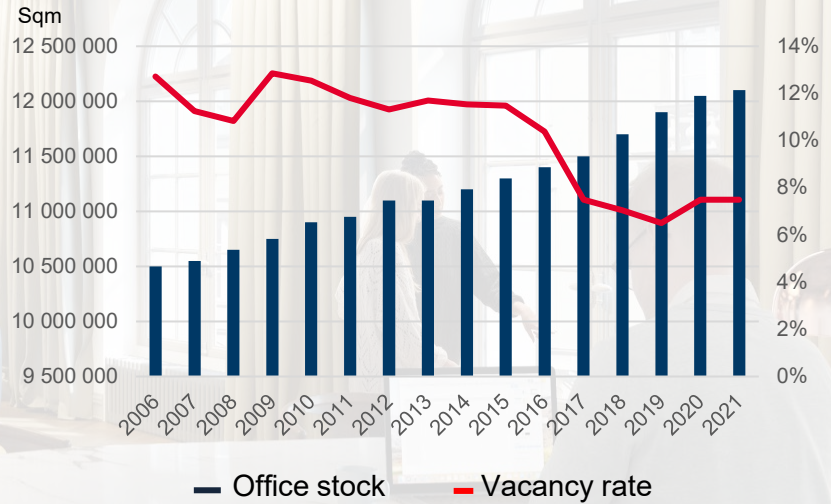


# Rental development 2001-2021 (prime rent)





## Office stock & vacancy rate in Stockholm



Source: Cushman & Wakefield

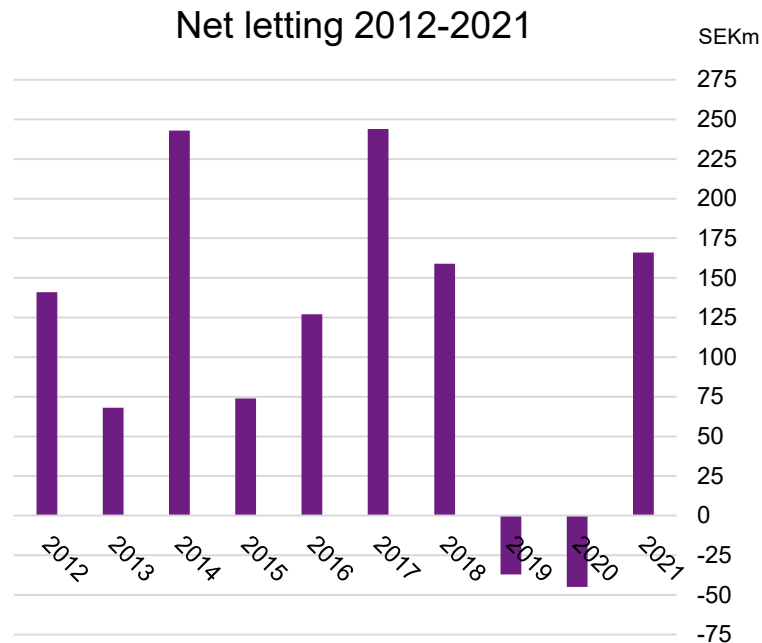


# Net letting

Outcome 30 June 2022

- New lettings SEK137m
- Terminations SEK -93m
- **Net letting** **SEK 44m**
- Renegotiations SEK 82m, +11%

Target 2022 > SEK 80m



# Renegotiations

- Renegotiations Jan-Jun
  - SEK 82m, +11%
  - SEK 169m extended on unchanged terms
- Renegotiations 2022
  - Limited due to high indexation (2.8%) and increased property tax
  - Approx. SEK 151m of maturities in 2022 have already been renegotiated

## Lease maturity structure

<b>Maturity, year</b>	<b>No. of leases</b>	<b>Annual rent, SEKm</b>	<b>Sharel, %</b>
2022	383	256	9
2023	438	429	14
2024	236	297	10
2025	132	391	13
2026	99	399	13
2027+	73	1,059	36
<b>Commercial</b>	<b>1,361</b>	<b>2,830</b>	<b>95%</b>
Housing leases	170	18	1%
Parking	727	131	4%
<b>Total</b>	<b>2,258</b>	<b>2,979</b>	<b>100%</b>



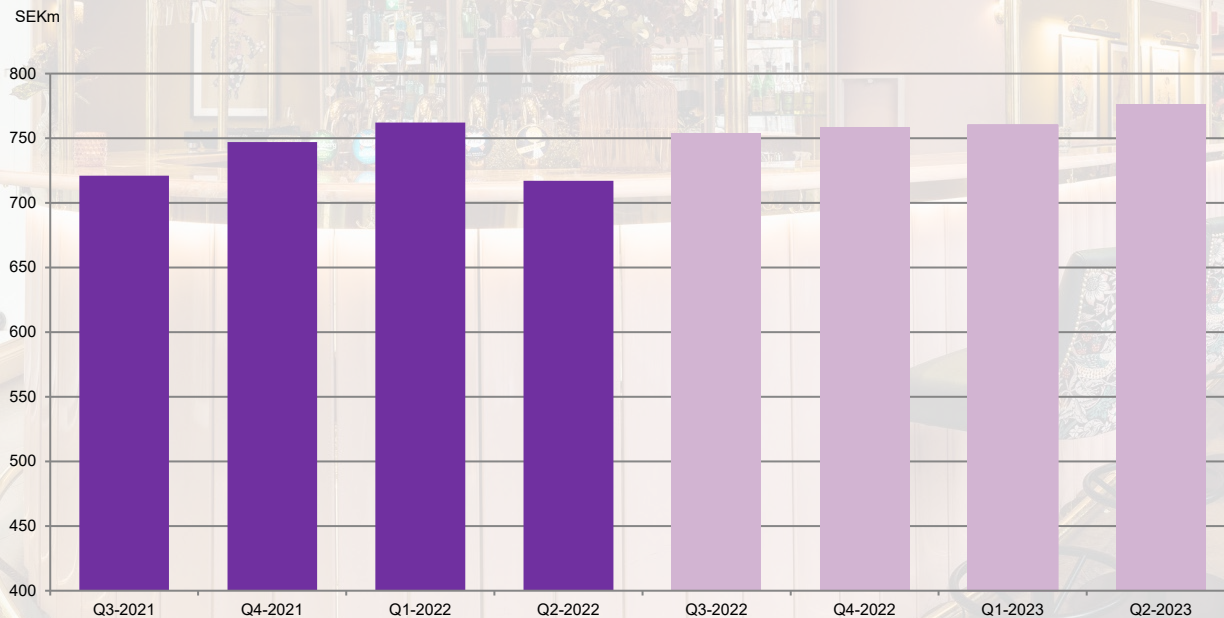


# Occupancy rate and vacancies



- Management portfolio
  - Economic occupancy rate 89%
  - Large vacancies: Solna Business Park, Luma, Hågern
- Development portfolio
  - Relates to properties that are partly or fully vacated for project development, lettings are made for short-term contracts without a right of possession
  - In total approximately 236,000 sqm, of which 139,000 is let
  - Current annual rent at 30 June amounted to SEK 212m
- Project portfolio
  - Estimated rental value SEK 397m, of which SEK 13m is included in current annual rent
  - Lettable area 155,700 sqm
  - Occupancy rate, area 27 per cent
  - Occupation from autumn 2022 until 2025

# Rental development existing lease portfolio 30 June 2022



- Based on contracted leases including known occupations, relocations and renegotiations 30 June 2022
- No indexation
- Excluding letting targets and assumptions of new signed agreements or terminations



# Transactions market





# Transactions on our market during 2022

- Blästern 15, Hagastaden, 21,300 sqm office, buyer Atrium Ljungberg
- K1 Karlbergsstrand, 20,000 sqm office, buyer The Swedish Fortifications Agency
- Snäcka 8, Tegelbacken, 23,000 sqm, buyer Slussgården
- Lager 6, Vasagatan, 2,900 sqm office, buyer Probitas
- Skogskarlen 3, Bergshamra, 8,900 sqm , buyer The Swedish Fortifications Agency



# Kabelverket 2 in southern Stockholm

- Purchase price SEK 812m
- Fully rented
- Rental income approx. SEK 50m
- Possible building rights:
  - Approx. 6,000 sqm office
  - Approx. 50 apartments







## Generatorm 10 i Flemingsberg

- Building rights for approx. 35,000 sqm commercial
- Important for devoping the future city center

# Our projects







## Project portfolio 2022-06-30

- Lettable area: 75,000 sqm
- Occupancy rate: 27%
- Capex Jan-Jun: SEK1,077m
  - Project- and developments properties SEK 660m
  - Management properties SEK 417m
- Unrealized value change projects: SEK 391m

# Capex

Investments	2022 Jan-Jun	2021
Project- & developments properties	SEK 660m	SEK1,239m
Management properties	SEK 417m	SEK 635m
<b>Total</b>	<b>SEK 1,077m</b>	<b>SEK 1,874m</b>

Investments 2012-2021





# Completed projects



- Part of Bocken 39, Kungsgatan
- BREEAM-in-use, very good
- 7,700 sqm
- Tenant Convendum



- Poolen 1, Arenastaden
- BREEAM-SE, excellent
- 28,100 sqm
- Tenants TietoEvy and others





# ”Staden under tak”

- Nöten 4, Solna Strand
- Development project
- Approx. 50,000 sqm office
- Project start 2022
- Estimated investment today SEK 770m





# Påsen 1, Hammarby Sjöstad

- Attractive industrial character
- Approx. 11,000 sqm office
- Renovation and extension
- Planned completion Q4 2024
- Estimated investment today SEK 313m



# Flemingsberg

Södra entrén

Alfa Laval



Stadscentrum

Operan / Dramaten



- Property value SEK 2.1bn
- 7 properties
- Acquisition of Generatorn 10
- Project start Operan/Dramaten





## Price development

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

# Sustaniability



## Sustainability in everything we do

- 100% Sustainability certified management portfolio
- 100% Sustainability certified projects
- 99 % Green financing
- 100% Review of strategic suppliers
- 96% Renewable energy
- 79% Green leases of total area
- GRESB 93 out of 100

# Sustainability -clear targets

- Collaboration with others to ensure sustainable development in our districts
- Measure CO2 emissions in all larger tenant adaptations and projects
- Sustainability goals in every project
- Engagement for children and young people in our districts with focus on Flemingsberg
- The Sustainability Building, Haga Norra - recycling project







# Questions

Our vision

The success factor for a new era