

# 2024 was a tough year

2024 is behind us now, and we're well into 2025. This means we're halfway through the 2020s, and closer to 1 January 2030 than 1 January 2020. There aren't that many positive things to say about the 2020s, but we can look forward to 2030 and capitalise on the opportunities out there, while creating new ones.

There was considerable uncertainty about the state of the world as we entered 2024. Many of those uncertainties remain of course, but we do know a bit more about the situation, particularly in the US and Germany.

I consider myself a born optimist. I have a friend who claims that an optimist gets it right more often than not, lives longer and has much more fun along the way. And if I look at Fabege, I am definitely an optimist. 2024 was a tough year in many ways, and 2025 will doubtless also be challenging, at least initially. But in the long term, I envisage positive development. It is important to say that in my world, the macro perspective should never be an excuse for not working with the micro perspective on a day-



# now lets look ahead to 2025

## Why Fabege

- 1 We believe in Stockholm
- 2 We believe in offices
- 3 We believe in our locations and the potential of our project portfolio

to-day basis. And from my and Fabege's micro perspective, I can see that Stockholm is continuing on its journey as a key hub for knowledge companies and entrepreneurship of every kind. Sometimes, development has to literally take a breather and gather strength to take on the next stage. But with all the conditions and fundamental strengths of Stockholm as the capital of Sweden, I don't see that as a problem in the long term. There are clearly challenges, particularly in terms of infrastructure and the need for improved commuting services. It's not something we can or should ignore, but our key message is simple: we believe in Stockholm, and we believe in offices. Now and going forward.

### Customer front and centre

In 2024, net lettings totalled SEK -108m, which was disappointing. We had too many significant lease terminations, and we failed to attract new tenants to offset this. We are

## Message from the CEO cont.

**“The most important success factor for us, as always, is good premises in prime locations.”**

now fully focused on filling the vacancies we have in the portfolio. Our goal is to achieve 95 per cent occupancy over the next few years.

The most important success factor for us, as always, is good premises in prime locations, but we also need to be confident and flexible as landlords, and our local property management setup is definitely a strength here. We need to make sure existing tenants and customers are happy and remain with us, while attracting new tenants to fill the vacancies. Rent levels are generally in line with the market, but office employment has been weak, both during the pandemic and the recession, and it is the number of office workers that drives demand for space. Online Teams meetings are here to stay, travel habits have changed and the ability to work more flexibly has increased. The list of changes in behaviour is long. So how should the office look and function in order to be optimal? Well we need to be an effective discussion partner to appeal to existing and new tenants and be able to offer flexible offerings and concepts. It's also worth remembering that although employees might have the option to work from home one day a week, that still means they're in the office 80 per cent of the time.

### 'Good' costs

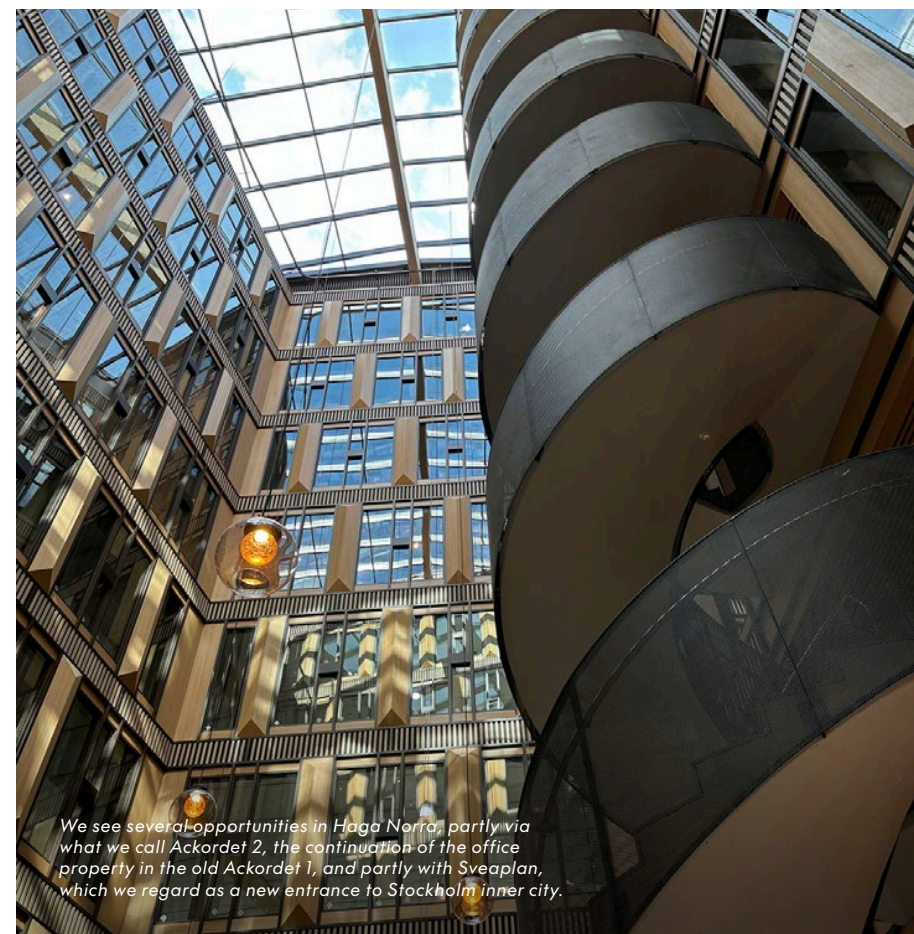
Beyond that, strict cost control, particularly in projects, is vital for us, and something that we are constantly working on. Our aim is to have 'good' costs, i.e. costs that in the long run strengthen our revenues and profits. Then it's very much a matter of making savings where we can. A good example of this in day-to-day operations is energy savings. In 2024, despite a cold winter and a hot summer, we reduced

our energy consumption to 70.2 kWh per sqm, compared with our target of 71 kWh, saving SEK 6m in running costs in the fourth quarter of 2024 alone.

### Projects with potential

Looking ahead, we must continue to work hard, invest in lettings and endeavour to further strengthen the brands in our areas, both in terms of content and profile, and to ensure that they are relevant at all times. 2025 is also the year in which we will be finalising all ongoing projects, which then enter the property management phase, giving us additional revenue of approximately SEK 350m in 2026 and beyond. The largest projects due for completion are Alfa Laval in Flemingsberg and Saab in Solna Strand. The goal is to be able to present new exciting projects in 2025, even if we don't initially intend to start any such projects purely on speculation. All the projects we are looking at involve utilising land that we already own and develop.

During the year, new steps were taken in the planning processes for Kungsholmen, where after 14 years we have finally completed the plans for the Paradisen properties, as well as in Solna Business Park, where the Yrket area with housing and Parkhuset have gained legal force. In Arenastaden, we are focusing on the Kairo and Farao neighbourhoods and the opportunities there in the form of 185 homes and around 77,000 sqm of office space in one of Arenastaden's best locations. In addition to these, we have also identified several opportunities in Haga Norra in the near future with Ackordet 2 and at Sveaplan, which we regard as a new entrance to Stockholm inner city. Furthermore, Solna Business



Park can form a cluster that brings together companies operating in our primary Swedish industries. And it's also at this site, and in Haga Norra, that we're focusing the activities

of our associated company, Birger Bostad. We bought the company in order to gain control and influence over the development of tenant-owner apartments in our districts.

## Message from the CEO cont.

“2025 is an exciting new year in our journey. We are in a great position to meet the challenges and opportunities ahead. I would like to extend my sincere thanks to all our customers, partners and staff who have contributed to this.”

We have a total of around 700,000 sqm of commercial development rights and 570,000 sqm of residential development rights.

### Transaction market back on track

The transaction market has once again bounced back. I don't mean to imply that there is some kind of bonanza going on, but the trend is healthy. The old adage that quality matters – good properties attract good buyers at good prices – holds true. At the start of 2025, we were able to announce the sale of the Ynglingen property in Östermalm, a deal that we've been working on for quite some time and which has now been finalised. Owning, improving and selling are always key, and we should see the sale as part of our continued focus on our selected neighbourhoods.

### Fabège and capital

When it comes to our ability to refinance our bond maturities and secure access to capital, I am confident. Our strategy is to always have access to multiple sources of financing, and bond market conditions gradually improved during the year. At year-end, Moody's affirmed our Baa2 rating, but changed the outlook from negative to stable. We are experiencing a high level of confidence from the market, which is also confirmed by the issues we've made on the capital market, as we increased the outstanding bond volume by just over SEK 2bn to SEK 11.6bn in 2024. Banks continue to be important partners for us, and we have established good contacts over many years. Our financing cost gradually declined during the year as interest rates fell and margins came back down. By the end of the year,

our average interest rate was back below 3 per cent. (Find out more on page 52).

### Long-term growth and value creation

Everything we do should contribute to long-term value creation and generate a good return for our shareholders. We can do this by increasing profit from property management and creating value in two dimensions – in earnings per share and in total return. We do this by completing our projects, reducing our vacancies, continuing to work on realising the considerable potential of our development rights portfolio, creating new opportunities in our areas, and sustainable and efficient customer-oriented property management. And then there are also value-creating acquisitions and divestments.

Fabège's earnings from property management have not grown in recent years, but they have held up despite the sharp rise in interest rates.

### Top marks from GRESB

Our aim is to continually be at the forefront of sustainability efforts. In 2024, we achieved an impressive 95 points in the Global Real Estate Sustainability Benchmark (GRESB), which is our best result to date. This means that we are now ranked number 1 in offices for listed companies in Northern Europe, and number 2 in the categories of offices Europe and listed companies in Europe, a fantastic acknowledgement of a job well done. Our share has also been awarded the Nasdaq Green Equity Designation, which is associated with strict requirements, but which also boosts our profile among investors. (Find out more on page 22)

We will be at the forefront, partly because

we help reduce environmental impact via lower carbon dioxide emissions, for example, but in particular because our investments in energy savings and alternative energy sources save money. At the same time, proactive sustainability efforts are increasingly important, especially for our customers, who are demanding similar efforts from their landlords. We must respond to that.

### The thriving city

I am proud of our investments in the Reuse Hub and the Sustainability House. For me, it goes without saying that we should reuse what's left over from a rebuild or renovation, and that's exactly what we're doing. But sustainability is more than just recycling and energy savings. It's also about helping create safe and pleasant neighbourhoods and cities. At Fabège, we do this by contributing to the thriving city, offering safe, stimulating and attractive areas. That's why we work alongside municipalities, organisations and associations. TalangAkademin, which helps people enter the labour market, the Låxhjälp Foundation, which supports secondary school students, the Stockholm City Mission and various sports clubs are just some of them. Then there's the Urban Services initiative, which involves coordinating transport and waste management. I'm proud of all that too, and it contributes to better business and profitability. (Find out more on page 30)

Our core values, known internally as SPEAK, are Fast, Informal, Entrepreneurial, Business-minded and Customer-focused, and they apply to every aspect of our operations. And that's important, because everything we can and want to do now and in the future is

based on having smart, committed and creative employees who live up to SPEAK. That's why I'm delighted that we're included in Great Place To Work's list of Sweden's best workplaces (Find out more on page 35). And I am pleased to see that, following improvements over the past few years, we have now achieved a Trust Index of 88. This bodes well for the future.

2025 is an exciting new year in our journey. We are in a great position to be able to meet the challenges ahead and capitalise on the opportunities we identify, creating value for shareholders. We believe in Stockholm, and we believe in offices. We also believe in our position in Stockholm and our neighbourhoods, with good existing stock, great public transport links and good development opportunities. I would like to extend my sincere thanks to all our customers, partners and staff who have contributed to this.

In connection with the publication of the annual accounts, I announced my intention to retire, or as a friend put it, 'step aside', by the end of 2025. I still find it very enjoyable and inspiring to work with Fabège and all its customers, employees, partners and shareholders, but I'll be 66 this spring and feel it's time to hand over the reins and free up my time a bit. As I said at the beginning, the first half of the 2020s has involved a lot of challenges, but despite this Fabège has continued to develop and is in a strong position for the future.

Now the main focus is on 2025!

Stefan Dahlbo, CEO of Fabège