Fabege

Fabege Interim Report

January–September 2009

- **Earnings from property management activities grew by 43 per cent to SEK 624m (437)**
- **Rental income decreased to SEK 1,647m (1,674) due to net sales of properties**
- **The surplus ratio increased to 67 per cent (65)**
- **The profit after changes in value and tax was SEK 202m (251) and earnings per share were SEK 1.23 (1.50)**
- **Equity per share was SEK 59 (65)**

Results, SEKm	2009 July–Sep	2008 July–Sep	2009 Jan–Sep	2008 Jan–Sep
Rental income	551	549	1,647	1,674
Running costs and central costs	–179	–205	–583	–636
Net financial items (excl. changes in value)	–127	–215	–440	–601
Profit from property management activities	**245**	**129**	**624**	**437**
Changes in value	–147	–507	–215	–375
Tax	–27	106	–207	189
Profit/loss after tax	**71**	**–272**	**202**	**251**
Surplus ratio, %	70	65	67	65
Equity/assets ratio, %	–	–	32	34
Occupancy rate, %	–	–	92	93

Chief executive's review

This has been a good quarter. Our rental income increased and our running costs fell, thanks to our conscious efforts to increase our net operating income, which has given us a quarterly surplus ratio of a highly respectable 70 per cent. Thanks to historically low interest rates, our property management earnings for the quarter increased by almost 90 per cent on the same quarter last year.

Demand for attractive premises remains good, and rents in Fabege's sub-markets are generally stable. In the rental market the recession is noticeable mainly in the fact that it takes longer to reach a deal. We have also had a growing number of enquiries from customers wishing to adapt their premises to make more efficient use of the space. In tough times it becomes even more imperative to maintain good relations with clients and meet their changing requirements.

It is likely that we have now passed the low point in the financial crisis. The economy is slowly starting to recover and there are signs of a pick-up in the transaction market, where liquidity has improved. Overall, the Stockholm market remains stable. Fabege is in a strong position with attractive properties in good locations in this dynamic market. With good access to capital and a bit of extra help from favourable interest rates, we have continued to work single-mindedly on our focus areas: improving the surplus ratio, increasing tenant retention and maintaining a strong balance sheet.

On 12 August the Lindhagen office and retail complex in the Stadshagen district in West Kungsholmen was opened. Stadshagen is currently undergoing a major redevelopment and renewal with the building of new housing, offices, retail outlets, hotels and restaurants, and Lindhagen is the first major new retail development in the area. At the time of writing, all retail space and 51 per cent of the office premises have been let.

On 15 October the detailed development plan for Arenastaden ("Arena City") finally came into effect, and a very exciting project can now formally commence. Arenastaden will be developed in tandem with the new national arena, Swedbank Arena, and is set to become a vibrant part of town with an attractive mix of office, retail and housing space coupled with good transport connections and an integrated environmental approach.

Christian Hermelin

This is Fabege

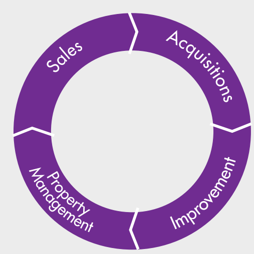
A highly concentrated and focused property company

Fabege offers efficient premises that are adapted to tenant requirements, primarily offices but also retail and other premises, in the Stockholm area. The company manages, adds value to and develops properties.

Our portfolio is highly concentrated to a limited number of well located sub-markets with a strong development potential. A majority are located in the inner city of Stockholm and in Solna and Hammarby Sjöstad, where Fabege has strong market positions.

Fabege's business model

Fabege aims to create value by managing, improving and adapting its property portfolio, both through sales and acquisitions. Accrued values must be realised at the right time.



Acquisitions
Acquire properties with better growth opportunities than existing investment properties.

Improvement
Realise the potential in our improvement and project portfolios.

Property management
Property management in close proximity to the client to reduce vacancy levels and increase net operating income.

Sales
Divest properties offering limited growth opportunities.

Performance in the third quarter[1)]

Fabege continued to perform very strongly in the third quarter. Our net operating income improved further, and our earnings from property management activities were up by almost 90 per cent on the same quarter the year before, primarily thanks to the low interest rates.

Activity in the rental market remains solid and rents in Fabege's sub-markets are stable. New lettings in the quarter totalled SEK 30m while net lettings were SEK 1m. Fabege works hard to ensure that customers remain in Fabege-owned properties. Few renegotiations took place during the three-month period but those that did made positive contributions to rental value. At the end of the quarter the occupancy rate was unchanged since year-end 2008, at 92 per cent.

Rental income increased to SEK 551m (549). Rental income from property projects in the final phase of development also added to the total, despite a net sale of properties. For comparable properties rental income grew by 5 per cent. The surplus ratio was 70 per cent (65).

Earnings after tax increased to SEK 71m (–272) while unrealised changes in the value of properties were SEK –145m (–453). Negative changes in value are due to increased yield requirements in peripheral locations and in properties where vacancies are expected to increase. These were offset by unrealised gains attributable to the project portfolio. The average interest rate in the loan portfolio fell to 2.42 per cent.

Net asset value per share at 30 September was SEK 65 (67) excluding deferred tax on fair value adjustments to properties.

1) The comparison figures for income and expense items relate to values for the period July–September 2008, and for balance sheet items as at 31 December 2008.

Revenues and earnings[1)]

The profit after tax for the period was SEK 202m (251) and earnings per share were SEK 1.23 (1.50). Earnings before tax were SEK 409m (62).

Rental income was SEK 1,647m (1,674) and net operating income SEK 1,109 (1,084). The fall in rental income is due to net sales of properties. Efficiency improvements in property management reduced running costs, raising the surplus ratio to 67 per cent (65).

For comparable properties, rental income increased by 3 per cent and net operating income by just over 6 per cent.

Realised gains on properties totalled SEK 18m (143) while unrealised losses were SEK –345m (–460) due to increased yield requirements in peripheral locations and in properties were vacancies are expected to rise. Fixed income derivatives and equities increased in value by SEK 112m (–58) while the net interest expense decreased to SEK –436m (–603) due to falling market interest rates. The net interest expense includes a one-off charge of SEK –21m relating to interest on taxes paid.

Tax

The tax expense (current and deferred) for the period was SEK –207m (189). The figure includes SEK 98m of taxes paid due to the decision of the Supreme Administrative Court not to allow a review of an ongoing tax case. The amount was charged to earnings in the first quarter.

The goverment has submitted a bill, under which certain shares in trading partnerships would become subject to taxation. The bill is not deemed to have a material impact on Fabege's financial position. No provisions have been made.

Cash flow

The profit increased liquidity by SEK 544m (511). After an increase of SEK 37m (999) in working capital, which varies primarily as a result of occupancy/final settlement for acquired and divested properties, operating activities resulted in a change in liquidity of SEK 507m (–488). Acquisitions and investments in properties exceeded sales by SEK 322m (–185). The total change in liquidity resulting from operating activities was thus SEK 185m (–303). Cash flow was reduced by a dividend payment of SEK 329m (670) during the period. Share buybacks totalled SEK 0m (350). After the increase in debt, consolidated cash and cash equivalents were SEK 108m (93).

Financing

Fabege employs long-term credit lines with fixed terms and conditions. These had an average maturity of 5.9 years at 30 September. The company's lenders are the major Nordic banks. Interest-bearing liabilities at the end of the period were SEK 19,101m (18,902). Changes in market interest rates lowered Fabege's average interest rate during the period from 3.27 to 2.34 per cent excluding the cost of unused committed lines of credit, or 2.42 per cent including this cost.

Interest rates on 41 per cent of Fabege's loan portfolio have been fixed with the help of fixed income derivatives. The average fixed-rate period was 25 months, including the effect of derivatives. The average fixed-rate period for variable-rate loans is 43 days. Changes in interest rates will thus quickly affect about 59 per cent of the loan portfolio.

In summer 2008, when the market was expecting interest rates to rise, Fabege concluded a number of callable swap contracts for a total of SEK 7,550m at levels ranging from 3.33 to 3.98 per cent. The aim was to obtain a discount on interest rates or fix rates at a level that was attractive from a long-term perspective. Fabege also holds performance swaps for SEK 300m with maturities up to May 2011.

In compliance with the accounting rules contained in IAS 39, the company's derivatives portfolio has been valued at market value and the change has been passed through the profit and loss account. At 30 September 2009 the recognised negative fair value adjustment to the portfolio was SEK 365m. The derivatives portfolio has been valued at the present value of future cash flows. The change in value is of an accounting nature and has no impact on cash flow.

At 30 September 2009 the company had unused committed lines of credit of SEK 2,994m.

The Swedish capital market has started to recover, and demand for Fabege's commercial paper has increased markedly since the summer. At the end of the quarter commercial paper worth SEK 1,808m was outstanding, up from SEK 1,171m at the end of the second quarter. In the first half of October the volume increased by a further SEK 750m. Fabege has available long-term credit facilities covering all outstanding commercial paper at any given time.

The total loan volume includes loans for projects worth SEK 826m, on which the interest of SEK 13m has been capitalised.

Financial position and net asset value

Shareholders' equity at the end of the period was SEK 9,746m (9,873) and the equity/assets ratio was 32 per cent (32).

Interest rate maturity structure, 30 September 2009

	Amount SEKm	Average interest rate %	Share %
< 1 year	11,251	1.25	59
1–2 years	300	4.43	1
2–3 years	0	0.00	0
3–4 years	4,550	3.84	24
4–5 years	0	0.00	0
> 5 years	3,000	3.97	16
Total	**19,101**	**2.34**	**100**

Loan maturity structure, 30 September 2009

	Credit agreements SEKm	Drawn SEKm
Certificate programme	5,000	1,808
< 1 year	1,067	47
1–2 years	5,900	4,814
2–3 years	4,000	4,000
3–4 years	4,875	3,818
4–5 years	2,000	400
> 5 years	4,253	4,214
Total	**27,095**	**19,101**

1) The comparison figures for income and expense items relate to values for the period January–September 2008, and for balance sheet items as at 31 December 2008.

Equity per share was SEK 59 (60). Net asset value per share, excluding deferred tax on fair value adjustments to properties, was SEK 65 (67).

Fabege's property portfolio and property management

Fabege's activities in management and improvement of properties and project development are concentrated to a few select submarkets with strong growth prospects in and around Stockholm. Stockholm's inner city, Solna and Hammarby Sjöstad are the company's main markets.

At 30 September 2009 Fabege owned 152 properties with a total rental value of SEK 2.5bn, a lettable floor area of 1.4m m2 and a book value, including project properties, of SEK 29.4bn.

Commercial premises, primarily offices, represented 96 per cent of the rental value and residential premises 4 per cent. The financial occupancy rate for the portfolio as a whole, including project properties, was 92 per cent (93). The vacancy rate in the investment property portfolio was 7 per cent.

New lettings during the period totalled SEK 254m (160) while net lettings were SEK 99m (4). A 43,000 m^2 let to Vattenfall in Arenastaden, Solna had a significant impact on net lettings.

Rent levels in renegotiated contracts (65 contracts covering a total area of approx. 28,490 m^2) increased by an average of 4 per cent.

Market

The impact of the economic downturn is still being felt, and this is reflected in longer transaction processes, increased competition for potential customers and a growing number of customers that wish to adapt their floor space in response to the prevailing economic climate. Despite this, rents have generally remained flat in Fabege's property portfolio and vacancies are low.

In Stockholm City the market remains stable, but an increased supply of premises, primarily in area around the central station, has led to increased competition. Fabege's own supply of vacant premises in Stockholm City is limited and concentrated to a small number of properties.

Property portfolio 30 September 2009

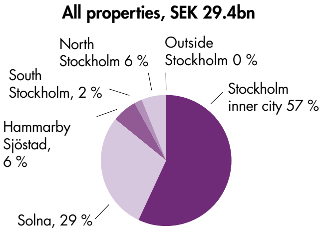
	30 Sep 2009					Jan–Sep 2009		
Market segment	No. of properties	Lettable area, '000 m^2	Market value, SEKm	Rental value, SEKm	Financial occupancy rate, %	Rental income, SEKm	Property expenses, SEKm	Net operating income, SEKm
Property holdings								
Investment properties[1)]	89	1,062	23,083	1,989	93	1,373	-333	1,040
Improvement properties[1)]	36	293	4,120	347	87	223	-88	135
Land and project properties[1]	27	87	2,244	118	75	27	-27	0
Total	**152**	**1,442**	**29,447**	**2,454**	**92**	**1,623**	**-448**	**1,175**
of which, Inner City	47	543	16,678	1,280	94	849	-205	644
of which, Solna	35	495	8,444	734	91	494	-123	371
of which, Hammarby Sjöstad	13	146	1,925	181	81	111	-40	71
of which, South Stockholm	10	46	659	60	72	35	-17	18
of which, North Stockholm	46	212	1,718	199	94	134	-63	71
of which, outside Stockholm	1	0	23	0	0	0	0	0
Total	**152**	**1,442**	**29,447**	**2,454**	**92**	**1,623**	**-448**	**1,175**
Expenses for lettings, project development and property adm.								–74
Total net operating income after expenses for lettings, project development and property administration.								**1,101[2)]**

[1] See definitions on page 11.

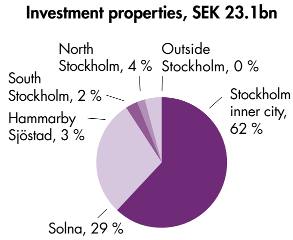
[2] The table refers to Fabege's property portfolio as at 30 September 2009. Income and expenses are reported as if the properties had been held during the whole period. The difference between reported net operating income, SEK 1,101m, and net operating income in the profit and loss account, SEK 1,109m, is explained by the fact that net operating income from divested properties has been excluded and acquired/completed properties have been adjusted upwards as if they had been owned/completed during the whole of the period January–September 2009.

Distribution of book value/market value

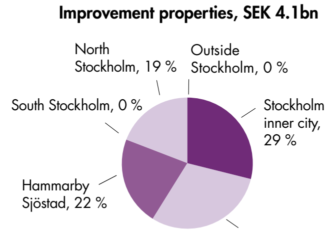
All properties, SEK 29.4bn



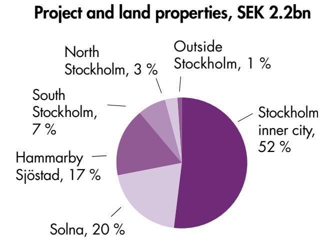
Investment properties, SEK 23.1bn



Improvement properties, SEK 4.1bn



Project and land properties, SEK 2.2bn



In Fabege's other sub-markets in the inner city, Kungsholmen and Södermalm, the market situation is also stable. The eastern end of Kungsholmen is benefiting from the new developments in the area around the central station, which form part of a renewal of the western part of Stockholm City. The trend also remains positive in West Kungsholmen, which is undergoing rapid development, but the supply of premises is large and competition is tough. On the whole, both average rents and vacancies in Fabege's inner city properties have remained largely flat.

In Solna Fabege's key sub-markets are Solna Business Park and Arenastaden. In Solna Business Park the market remains good and occupancy rates are high. Arenastaden continues to attract interest from companies looking to open offices. The area offers good transport connections and will be home to a vibrant new neighbourhood with office, housing and retail space around the new national arena, Swedbank Arena.

In Hammarby Sjöstad the market is still in a development phase. The redevelopment and renewal of the former industrial estate is turning it into an attractive office location.

Changes in the property portfolio

During the period eight new properties were sold for a total of SEK 633m. The sales resulted in a gain before and after tax of SEK 18m. One property was acquired for SEK 56m.

Changes in the value of properties

23 per cent of Fabege's properties have been externally valued as at 30 September 2009. The remaining properties have been valued internally based on the latest valuations. The total market value at 30 September was SEK 29.4bn. Unrealised changes in the value of properties during the period were SEK –345m (–460). The negative value adjustments are due to increased yield requirements in peripheral locations and in properties where vacancies are expected to increase. These were offset by unrealised gains attributable to the project portfolio.

Projects and investments

Fabege's project investments are forward-looking and are designed to reduce vacancy rates and raise rents in the portfolio, thereby improving cash flows and adding value. Fabege's principle is that no investment projects should be initiated before the project has essentially been let and fully funded.

Sale of properties

Properties	Area	Category	Lettable area, m^2
Q 1			
Elefanten Mindre 1	Norrmalm	Office	4,825
Signalen 1	Södermalm	Office	3,263
Q 2			
Adam och Eva 1	Norrmalm	Office	2,405
Hammarby-Smedby 1:464, part of	Upplands Väsby	Land	0
Generatorn 17	Ulvsunda	Warehouse/Industrial	6,536
Sicklaön 145:13, 14, 15	Järla Sjö	Residential	210
Q 3			
Sicklaön 364:1	Järla Sjö	Land	0
Total property sales Jan–Sep 2009			**17,239**

Property acquisitions

Properties	Area	Category	Lettable area, m^2
Q 1			
Gjutaren 27	Vasastan	Residential	1,616
Total property acquisitions Jan–Sep 2009			**1,616**

Projects in progress >SEK 50m 30 September 2009, SEKm

Property name	Property type	Area	Completed	Lettable area, m^2	Occupancy rate, %*	Estimated rental value	Book value, 30 Sep 2009	Estimated investment	Of which, accrued 30 Sep 2009
Risinge 1 et al	Residential	Tensta/Rinkeby	Q4 2009	53,400	100	53	479	333	331
Paradiset 29 (50 %)	Retail/Office/Garage	Stadshagen	Q4 2009	18,100	75	31	335	390	373
Bocken 35 och 46	Office	Normalm	Q4 2009	15,363	95	57	788	404	335
Päronet 8	Office	Solna Strand	Q1 2010	24,125	97	39	410	305	200
Total				**110,988**	**95**	**180**	**2,012**	**1,432**	**1,239**
Other Project & land properties							1,121		
Other Improvement properties							3,231		
Total Project, land and improvement properties							**6,364**		

* Operational occupancy rate, 13 October 2009
The annual rent for the largest projects in progress can increase to SEK 180m (fully let) from SEK 127m currently as of 30 September 2009.

Total investments in existing properties and projects were SEK 813m (1,391). The investments referred to new builds, extensions and conversions. The largest investments are shown in the table on page 5.

Major projects

The project in Fabege's Bocken 35 and 46 property at the junction of Lästmakargatan and Regeringsgatan in Stockholm City is going according to plan (see also the table on page 5). Carnegie moved in on 1 September and the other tenants will gradually be moving in during the fourth quarter. The project is due to be completed in the fourth quarter and will then be transferred to Fabege's investment property portfolio.

In Paradiset 29, i.e. the Lindhagen office and retail property on Kungsholmen, the retail areas were completed and opened in the third quarter. The office areas are still being completed and the tenants will be moving during the course of the third and fourth quarters. Work on letting the remaining office space (approx. 5,000 m^2) continues. The Lindhagen property has been certified under the European Commission's GreenBuilding programme. The project will be completed in the fourth quarter and will then be transferred to Fabege's investment property portfolio.

Fabege's Päronet 8 property in Solna Strand is undergoing an internal renovation and conversion in a project that is scheduled for completion in the first quarter of 2010. The property has been fully let to the Swedish Tax Agency.

The project in our Uarda 2 property in Solna, where we will be creating new offices for Vattenfall, is scheduled to begin in 2010.

Staff

At the end of the period 135 people (145) were employed in the Fabege Group.

Parent company

Sales during the period were SEK 66m (74) and earnings before appropriations and tax were SEK –71m (–314). Net investments in property, equipment and shares were SEK 685m (–129). The parent company applies Recommendation RFR 2.2 Accounting for Legal Entities of the Swedish Financial Accounting Standards Council and the Swedish Annual Accounts Act (see also the profit and loss account on page 9.)

Share buyback programme

The 2009 AGM passed a resolution authorising the Board, during the period up to the next AGM, to buy back shares in the company. Share buybacks are subject to a limit of 10 per cent of the total number of outstanding shares at any time. No share buybacks were made during the period. At 30 September 2009, the company held 4,929,400 treasury shares, representing 2.9 per cent of the total number of registered shares.

The Nomination Committee for the 2010 AGM

In accordance with the resolutions passed at the 2009 AGM, the following Nomination Committee has been formed, based on the ownership at 31 August 2009 and known changes thereafter: Anders Silverbåge (Brinova Fastigheter AB), Peter Laveson (Investment AB Öresund), Anders Rydin (SEB fonder), Thomas Ehlin (Nordea fonder). The Nomination Committee represents about 28 per cent of the votes in Fabege. The AGM will be held in Stockholm on 24 March 2010.

All set for Arenastaden

The detailed development plan came into effect in October 2009 and the conditions for the realization of Arenastaden in Solna, a new and vibrant part of town, are met. The detailed development plan also includes the new national area Swedbank Arena, shopping malls, hotels, office space and residential flats. Infrastructure in the form of streets and new bridges are also part of the development plan.

Ongoing tax cases

As announced previously, the Swedish Tax Agency has decided to increase the Fabege Group's taxable income in respect of a number of property sales made through limited partnerships (see also the press release from 7 December 2006). At 30 September 2009 the total increase in taxable income was SEK 4,045m. The decisions have resulted in total tax demands of SEK 1,132m plus a tax penalty of SEK 170m, i.e. a total demand of SEK 1,302m excluding interest. Fabege has strong reasons to contest the Tax Agency's decisions and has therefore appealed the decisions to the County Administrative Court in Stockholm.

In May 2009 the Supreme Administrative Court of Sweden announced decisions on three cases relating to other companies than Fabege. Fabege believes the decisions on the preliminary rulings addressed by the Supreme Administrative Court are not applicable to Fabege's cases, as these differ from each other. In the third quarter the Swedish Tax Agency submitted opinions to the County Administrative Court in Stockholm demanding that the case be tried under the Swedish tax evasion law. At present statements are being exchanged regarding the parties' submissions to the court. Fabege maintains that the sales were accounted for and declared in compliance with applicable rules, and this assessment is shared by external legal experts and tax advisors.

Risks and uncertainties

Risks and uncertainties relating to cash flow from operations are primarily attributable to changes in rent levels, vacancy rates and interest rates. A detailed description of the effect of these changes on consolidated earnings is given in the sensitivity analysis in the 2008 Annual Report (page 37).

Properties are reported at fair value and changes in value are recognised in the profit and loss account. The effects of changes in value on consolidated earnings, the equity/assets ratio and leverage are shown in the sensitivity analysis in the 2008 Annual Report (page 37).

Financial risk, i.e. the risk of insufficient access to long-term funding through loans, and Fabege's management of this risk are described in the 2008 Annual Report (page 52).

No significant changes in the company's assessment of risks have been made after the publication of the 2008 Annual Report.

Under its adopted targets for capital structure, Fabege aims to have an equity/assets ratio of at least 30 per cent and an interest coverage ratio of at least 2 (incl. realised changes in value).

Events after the end of the reporting period

On 1 October 2009 the remaining portion of the company's SEK 45m convertible bond loan matured and was repaid.

The bonds were convertible until 1 September 2009. As this date has now passed, there will be no further share dilution.

Accounting principles

Fabege prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. From 1 January 2009 the Group applies the new standard, IFRS 8 Operating Segments, which is based on the viewpoint of management. As a result, the Group's reportable segments have changed and two reportable segments have been defined for the Group, Investment Properties and Project/Improvement Properties.

IAS 1 Presentation of Financial Statements has been revised with effect from 1 January 2009. The revised standard states that transactions with owners must be separated from other transactions resulting in a change in the value of the company's assets and liabilities. As the Group has not previously reported any non-owner changes in equity, the only changes required in Fabege's financial reporting under the revised standard refer to the naming of the consolidated balance sheet, profit and loss account, statement of changes in equity and cash flow statement. These reports will now be called: Statement of financial position, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows.

IAS 23, which relates to borrowing costs, applies from 1 January 2009. Fabege currently capitalises borrowing costs that are attributable to the purchase, construction or production of an asset that takes a significant amount of time to complete for its intended use or sale. IAS 40 has been revised in respect of investment properties so that projects in progress must now also be stated at fair value. This change has no significant impact on Fabege. In other respects, the Group has applied the same accounting principles and valuation methods as in the last annual report. The parent company prepares its accounts in accordance with RFR 2.2 Accounting for Legal Entities and the Swedish Annual Accounts Act and has applied the same accounting principles and valuation methods as in the last annual report.

Stockholm, 27 October 2009

Christian Hermelin
Chief Executive Officer

Review report

Introduction

We have reviewed the interim report for Fabege AB (publ) for the period 1 January 2009 to 30 September 2009. Responsibility for preparing this interim statement in accordance with IAS 34 and the Annual Accounts Act rests with the Board of Directors and Chief Executive Officer. Our responsibility is to express a conclusion on this interim statement based on our review.

Focus and scope

We have performed our review in accordance with the SÖG 2410 Standard on Review Engagements, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is significantly more limited in scope than an audit performed in accordance with the Auditing Standard in Sweden (RS) and generally accepted auditing standards. The review procedures taken in a review do not enable us to obtain a degree of certainty that would make us aware of all important circumstances that would have been identified if an audit had been performed. The conclusion based on a review therefore does not have the same certainty as a conclusion based on an audit.

Conclusion

Based on our review, we have not discovered any circumstances that would give us reason to consider that the interim financial statement has not, in all material respects, been prepared, in respect of the Group, in accordance with IAS 34 and the Annual Accounts Act and, in respect of the parent company, with the Annual Accounts Act.

Stockholm, 27 October 2009
Deloitte AB
Svante Forsberg
Authorised Public Accountant

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Consolidated statement of comprehensive income (summary), SEKm

	2009 July–Sep	2008 July–Sep	2009 Jan–Sep	2008 Jan–Sep	2008 Jan–Dec	Rolling 12 months Oct 08–Sep 09
Rental income	551	549	1,647	1,674	2,214	2,187
Property expenses	–165	–191	–538	–590	–776	–724
Net operating income	**386**	**358**	**1,109**	**1,084**	**1,438**	**1,463**
Surplus ratio, %	*70*	*65*	*67*	*65*	*65*	*67*
Central administration and marketing	–14	–14	–45	–46	–60	–59
Dividends	0	0	0	2	2	0
Net interest expense	–125	–215	–436	–603	–804	–637
Share in profit/loss of associated companies	–2	0	–4	0	–8	–12
Profit from property management activities	**245**	**129**	**624**	**437**	**568**	**755**
Realised changes in value of properties	6	0	18	143	143	18
Unrealised changes in value of properties	–145	–453	–345	–460	–1,545	–1,430
Change in value of fixed income derivatives	–9	–47	105	–45	–485	–335
Change in value of equities	1	–7	7	–13	–21	–1
Profit/loss after financial items	**98**	**–378**	**409**	**62**	**–1,340**	**–993**
Current tax	0	0	–98	–3	3	–92
Deferred tax	–27	106	–109	192	826	525
Profit/loss for period/year	**71**	**–272**	**202**	**251**	**–511**	**–560**
Comprehensive income attributable to parent company shareholders	**71**	**–272**	**202**	**251**	**–511**	**–560**
Earnings per share before dilution, SEK	0.43	–1.65	1.23	1.50	–3.07	–3.41
Earnings per share after dilution, SEK	0.43	–1.65	1.23	1.50	–3.07	–3.41
No. of shares at end of period before dilution, millions	164.4	164.6	164.4	164.6	164.4	164.4
No. of shares at end of period after dilution, millions	164.4	165.7	164.4	165.7	165.4	164.4
Average no. of shares before dilution, millions	164.4	165.3	164.4	167.1	166.5	164.4
Average no. of shares after dilution, millions	165.3	166.4	165.3	168.2	167.5	165.3

Consolidated statement of financial position (summary), SEKm

	30 Sep 2009	30 Sep 2008	31 Dec 2008
Assets			
Properties	29,447	30,169	29,511
Other tangible fixed assets	2	3	3
Financial fixed assets	431	378	586
Derivatives	–	–	–
Current assets	387	471	388
Cash and cash equivalents	108	93	54
Total assets	**30,375**	**31,114**	**30,542**
Equity and liabilities			
Equity	9,746	10,646	9,873
Provisions	530	1 063	624
Interest-bearing liabilities	19,101	18,551	18,902
Derivatives	365	32	471
Non-interest-bearing liabilities	633	822	672
Total equity and liabilities	**30,375**	**31,114**	**30,542**
Equity/assets ratio, %	32	34	32
Contingent liabilities	1,727	1,696	1,901

Statement of changes in equity, SEKm

	Equity	Of which, attributable to parent company shareholders
Shareholders' equity, 1 Jan 2008	**11,415**	**11,415**
New shares, conversion of debt instruments	0	0
Cash dividend	–670	–670
Share buybacks	–350	–350
Profit/loss for the year	251	251
Shareholders' equity, 30 Sep 2008	**10,646**	**10,646**
Share buybacks	–11	–11
Profit/loss for the year	–762	–762
Shareholders' equity, 31 Dec 2008	**9,873**	**9,873**
Approved dividend	–329	–329
Profit/loss for the period	202	202
Shareholders' equity, 30 Sep 2009	**9,746**	**9,746**

Statement of cash flows, SEKm

	2009 Jan–Sep	2008 Jan–Sep	2008 Jan–Dec
Net operating income and realised changes in the value of properties, excl. depreciation	**1,127**	**1,228**	**1,577**
Central administration	–45	–46	–60
Net financial items paid	–440	–668	–880
Income tax paid	–98	–3	3
Change in other working capital	–37	–999	–1,104
Cash flow from operations	**507**	**–488**	**–464**
Investments and acquisition of properties	–870	–1,591	–2,164
Sale of properties, book value of divested properties	590	1,791	1,942
Other investments (net)	–42	–15	5
Cash flow from investing activities	**–322**	**185**	**–217**
Dividend to shareholders	–329	–670	–670
Share buybacks	0	–350	–361
Change in interest-bearing liabilities	198	1,341	1,691
Cash flow from financing activities	**–131**	**321**	**660**
Change in cash and cash equivalents	54	18	–21
Cash and cash equivalents at beginning of period	54	75	75
Cash and cash equivalents at end of period	**108**	**93**	**54**

Key ratios [1)]

	2009 Jan–Sep	2008 Jan–Sep	2008 Jan–Dec
Financial			
Return on capital employed, %	3.8	3.1	–1.7
Return on equity, %	2.7	3.0	–4.8
Interest coverage ratio, times	2.5	1.9	1.9
Equity/assets ratio, %	32	34	32
Leverage properties, %	65	62	64
Debt/equity ratio, times	2.0	1.7	1.9
Share-related			
Earnings per share for the period, SEK	1.23	1.50	–3.07
Equity per share, SEK	59	65	60
Cash flow per share, SEK	3.34	3.44	4.33
No. of outstanding shares at end of period before dilution, '000	164,392	164,642	164,382
No. of outstanding shares at end of period after dilution, '000	164,392	165,709	165,449
Average no. of shares before dilution, '000	164,385	167,107	166,459
Average no. of shares after dilution, '000	165,273	168,175	167,526
Property-related			
No. of properties	152	158	157
Book value of properties, SEKm	29,447	30,169	29,511
Lettable area, m^2	1,442,000	1,457,000	1,454,000
Financial occupancy rate, %	92	93	93
Surplus ratio, %	67	65	65

1) Dilution effects of potential ordinary shares have been taken into account in calculating key figures per share. At 30 September 2009 there were convertibles with a book value of SEK 47m (nominally SEK 45m). The loan has an interest rate of 5.25 per cent and matures on 1 October 2009. Bonds may be converted into shares up to 1 September 2009. The conversion price is SEK 41.80. As this date has now passed, there will be no further share dilution.

PARENT COMPANY
Profit and loss account (summary), SEKm

	2009 Jan–Sep	2008 Jan–Sep	2008 Jan–Dec
Income	66	74	108
Expenses	–126	–133	–181
Net financial items	–123	–197	554
Change in value, fixed income derivatives	105	–45	–485
Change in value, equities	7	–13	–21
Profit/loss before tax	**–71**	**–314**	**–25**
Tax	10	94	254
Profit/loss for period/year	**–61**	**–220**	**229**

Balance sheet (summary), SEKm

	30 Sep 2009	30 Sep 2008	31 Dec 2008
Interests in Group companies	14,316	14 ,87	14,987
Other fixed assets	39,124	33,846	21,246
of which, receivables from Group companies	*38,724*	*33,493*	*20,788*
Other current assets	13	15	39
Cash and cash equivalents	96	75	43
Total assets	**53,549**	**48,923**	**36,315**
Equity	9,892	9,591	10,282
Provisions	62	63	63
Long-term liabilities	42,643	36,437	24,980
of which, liabilities to Group companies	*24,303*	*20,763*	*6,725*
Current liabilities	952	2,832	990
Total equity and liabilities	**53,549**	**48,923**	**36,315**

Segment report (summary), SEKm

	Investment properties 2009 Jan–Sep	Project/improvement properties 2009 Jan–Sep	Total, Fabege 2009 Jan–Sep	Investment properties 2008 Jan–Sep	Project/improvement properties 2008 Jan–Sep	Total, Fabege 2008 Jan–Sep
Rental income	1,399	248	1,647	1,432	242	1,674
Property expenses	–416	–122	–538	–457	–133	–590
Net operating income	**983**	**126**	**1,109**	**975**	**109**	**1,084**
Surplus ratio, %	*70*	*51*	*67*	*68*	*45*	*65*
Central administration and marketing	–36	–9	–45	–38	–8	–46
Dividends	–	–	–	2	–	2
Realised changes in value, properties	–345	–91	–436	–514	–89	–603
Unrealised changes in value, properties	–	–4	–4	–	–	–
Operating profit/loss	**602**	**22**	**624**	**425**	**12**	**437**
Net interest expense	4	14	18	49	94	143
Share in profit/loss of associated companies	–309	–36	–345	–524	64	–460
Change in value, fixed income derivatives	82	23	105	–38	–7	–45
Change in value, equities	5	2	7	–9	–4	–13
Profit/loss after financial items	**384**	**25**	**409**	**-97**	**159**	**62**
Current tax	–98	0	–98	–3	0	–3
Deferred tax	–93	–16	–109	118	74	192
Profit/loss for period/year	**193**	**9**	**202**	**18**	**233**	**251**
Total assets	**23,844**	**6,531**	**30,375**	**25,480**	**5,634**	**31,114**
of which, properties	*23,083*	*6,364*	*29,447*	*24,706*	*5,463*	*30,169*
Total liabilities	**23,844**	**6,531**	**30,375**	**25,480**	**5,634**	**31,114**

In accordance with IFRS 8, segments are reported as viewed by management, i.e. broken down into two segments: Investment Properties and Project/Improvement Properties.

Rental income and property expenses as well as realised and unrealised changes in value including tax are directly attributable to properties in each segment (direct income and expenses). In cases where a property changes character during the year earnings attributable to the property will be allocated to either segment based on the period of time that the property belonged to the segment. Central administration and items in net financial items have been allocated to the segments in a standardised manner based on each segment's share of the total property value (indirect income and expenses). This applies also to tax that is not directly attributable to earnings from property management activities or sales.

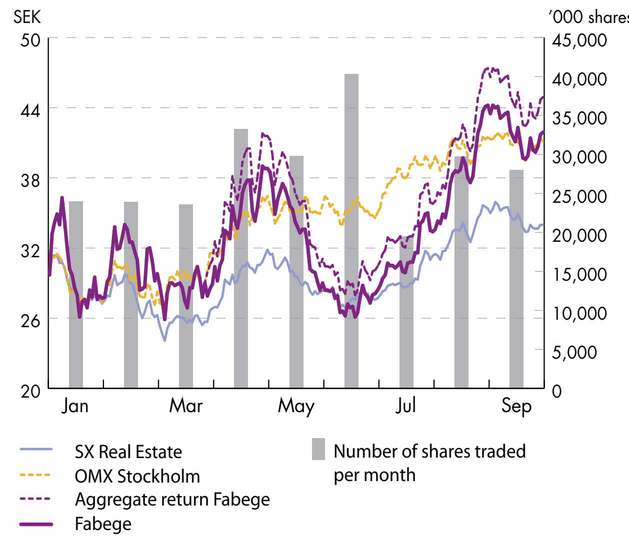
Assets and liabilities are stated as at the balance sheet date and the property asset is directly attributable to the respective segments. Other assets and liabilities are allocated in a standardised manner based on their share of the property value.

During the period one property changed segments. The property concerned is Uarda 2, where Fabege will be creating new offices for Vattenfall, which has been transferred to the project properties segment.

Largest shareholders, 30 September 2009

Shareholder	No. of shares	Share of capital and votes, %
Brinova AB	23,921,092	14.6
Investment AB Öresund	12,616,270	7.7
Barclays Global Investors	8,924,247	5.4
SEB fonder	5,716,081	3.5
Nordea fonder	5,205,469	3.2
Swedbank Robur fonder	3,768,645	2.3
Länsförsäkringar fonder	3,729,036	2.3
Qviberg, Mats and family	2,888,636	1.8
Handelsbanken fonder	2,382,316	1.4
Andra AP-fonden	2,332,021	1.4
Other foreign owners	38,032,557	23.1
Other owners	54,875,202	33.4
Total no. of outstanding shares	**164,391,572**	**100.0**
Share buybacks	4,929,400	
Total no. of shares	**169,320,972**	

Share price performance



Financial reports 2009

Year-end financial statement	2 februari, 2010
Annual General	24 mars, 2010

NB
This constitutes information that Fabege is required to publish under the Swedish Securities Market Act. The information was released for publication at 8.30 am on 27 October 2009.

Definitions

Return on equity
Profit for the period/year divided by average shareholders' equity. In interim statements the return is converted to its annualised value without taking account of seasonal variations.

Return on capital employed
Profit before tax plus interest expenses, divided by average capital employed. In interim statements the return is converted to its annualised value without taking account of seasonal variations.

Leverage, properties
Interest-bearing liabilities divided by the book value of the properties at the end of the period.

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

Equity per share
Parent company shareholders' share of equity according to the balance sheet divided by the number of shares at the end of the period.

Financial occupancy rate
Contract value divided by rental value at the end of the period.

Investment properties
Properties that are being actively managed on an ongoing basis.

Improvement properties
Properties in which a conversion or extension is in progress or planned that has a significant impact on the property's net operating income. Net operating income is affected either directly by the project or by limitations on lettings prior to impending improvement work.

Recently acquired properties (last twelve months) in which work is in progress that is aimed at significantly improving the property's net operating income compared with the time of acquisition.

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

Cash flow per share
Profit before tax plus depreciation, plus/minus unrealised changes in value less current tax, divided by average number of shares.

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

Land & project properties
Land and developable properties and properties in which a new build/complete redevelopment is in progress.

Net lettings
New lettings during the period less terminations to vacate during the period.

Profit/earnings per share
Parent company shareholders' share of profit after tax for the period divided by average number of outstanding shares during the period.

Interest coverage ratio
Profit/loss before tax plus financial expenses and plus/minus unrealised changes in value, divided by financial expenses.

Debt/equity ratio
Interest-bearing liabilities divided by shareholders' equity.

Equity/assets ratio
Shareholders' equity (including minority share) divided by total assets.

Capital employed
Total assets less non-interest bearing liabilities and provisions.

Surplus ratio
Net operating income divided by rental income.

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