

2011

Interim Report

January–March

- After-tax profit for the period improved to SEK 378m (161), corresponding to earnings per share of SEK 2.32 (0.98).
- Profit from property management declined to SEK 113m (181), and rental income declined to SEK 446m (518) as a result of net sales of properties and higher market interest rates.
- Earnings before tax from the segment Property Management amounted to SEK 348m (237) and from the segment Property Development to SEK 56m (40).
- The equity/assets ratio amounted to 39 per cent (33).

Key figures, SEKm

| | 2011 Jan–Mar | 2010 Jan–Mar | 2010 Jan–Dec |
|--|-----------------|-----------------|-----------------|
| Rental income | 446 | 518 | 2,007 |
| Running costs and central costs | –186 | –216 | –721 |
| Net financial items (excl. changes in value) | –147 | –121 | –504 |
| Profit from property management activities | 113 | 181 | 782 |
| Changes in value | 398 | 38 | 1,147 |
| Tax | –133 | –58 | –232 |
| Profit/loss after tax | 378 | 161 | 1,697 |
| Surplus ratio, % | 62 | 61 | 67 |
| Equity/assets ratio, % | 39 | 33 | 39 |
| Equity per share, SEK | 69 | 60 | 69 |
| Return on equity, % | 13.5 | 6.5 | 16.0 |

Chief executive's review

The first quarter was a good period for Fabege. The trend in the rental market remained favourable, demand for modern office premises in prime locations is still healthy and rent levels are rising moderately.

Rental income for a comparable portfolio increased and renegotiations also contributed to a rise in rental value. Following the positive trend in net letting in 2010, the vacancy rate declined during the quarter. The trend of positive net lettings continued during Q1, which is normally a quarter when many tenants terminate leases. Notable new leases included the contracts signed with Björn Borg in the Apotekaren 22 property block, Norrmalm, and with O'Leary's in the Getingen 14 property, Norrtull. Several new tenants were also found for the office building under construction at the Bocken 39 property in the City. Our organisation is now fully focused on conducting successful letting work aimed at raising the occupancy rate and thus cash flow and property values.

Despite another tough winter, we have managed to keep our costs at a reasonable level. As a result of our continued focus on cost control and efficiency, the surplus ratio rose compared to the

same period previous year. The rising rent levels in central locations are also being reflected in valuations, at the same time as the required yield has continued to drop slightly. The project portfolio has also contributed to the value growth. In total, the property value increased with approximately 1 per cent.

After the net sales of properties in 2009 and 2010, we have net invested in properties in the early part of 2011, in part through the acquisition of two sites with great potential in Arenastaden and in part through continued investments in our existing project portfolio. The projects are proceeding as planned and the return on completed investments is exceeding our objective of 20 per cent. An expected decrease in vacancies together with increased investments in the project portfolio will contribute to future revenue growth.

CHRISTIAN HERMELIN
Chief Executive Officer

First quarter in brief

QUARTER 1 JANUARY–MARCH 2011

- The rental market continued to develop well in early 2011.
- New lettings amounted to SEK 40m (68), while net lettings totalled SEK 13m (-3).
- Profit from property management declined to SEK 113m (181) due to a smaller property portfolio and higher market interest rates.
- The surplus ratio was 62 per cent (61).
- Two sites were acquired in Arenastaden.
- Properties were divested for a combined price of SEK 160m, generating a capital gain of SEK 0m (31).
- After-tax profit for the period increased to SEK 378m (161).

This is Fabege

Fabege, which is one of the leading property companies in Sweden, conducts operations that are primarily focused on letting office premises and property development.

The company's portfolio is highly concentrated to three sub-markets offering robust growth in the Stockholm area; Stockholm's inner city, Solna and Hammarby Sjöstad. Fabege offers attractive and efficient premises, principally for offices but also for retail and other operations.

Fabege manages a well-located property portfolio, which is developed continuously through improvements, sales and acquisitions. By collecting properties in clusters, increased customer proximity is achieved which, combined with comprehensive market knowledge, creates conditions for efficient management and a high occupancy rate.

At 31 March 2011, Fabege owned 103 properties with a combined market value of SEK 27.7bn. The rental income amounted to SEK 2,1bn.

Results¹⁾

The earnings trend was positive during the first quarter, which was characterised by increasing rental income in the existing portfolio, rising interest expenses and continued positive value growth in the project properties and the investment properties.

REVENUES AND EARNINGS

Profit for the period improved by SEK 217m from SEK 161m to SEK 378m. Before tax, the segment Property Management generated earnings of SEK 348m (237) and the segment Property Development earnings of SEK 56m (40), making a total of SEK 404m (277). Earnings per share after tax amounted to SEK 2.32 (0.98).

Rental income totalled SEK 446m (518) and net operating income SEK 275m (318). The decline in rental income was due to net sales of properties. Continued efficiency enhancements in the Property Management operations enabled the surplus ratio to increased to 62 per cent (61). In a comparable portfolio, rental income increased by approximately 1 per cent and net operating income by about 3 per cent.

Realised changes in the value of properties amounted to SEK 0m (31), and unrealised changes in value totalled SEK 291m (65). The SEK 226m increase in the value of the portfolio of investment properties was primarily attributable to properties with potential for an increase in rent levels and a reduction in vacancy rates. The project portfolio contributed to an unrealised value change of SEK 65m, which comfortably surpassed Fabege's return requirement of 20 per cent on invested capital. Share in profit of associated companies amounted to SEK 0m (-5). Changes in the value of interest-rate derivatives and equities amounted to SEK 107 (-58), and net interest expense increased to SEK -147m (-116) as a result of higher market interest rates (refer to the Financing section).

Business model's contribution to earnings

| SEKm | Jan-Mar 2011 | Jan-Mar 2010 |
|---|--------------|--------------|
| Profit from Property Management | 122 | 178 |
| Changes in value (portfolio of investment properties) | 226 | 28 |
| Contribution from Property Management | 348 | 206 |
| Profit from Property Management | -9 | 3 |
| Changes in value (profit from Property Development) | 65 | 37 |
| Contribution from Property Development | 56 | 40 |
| Contribution from Transactions (Realised changes in value) | 0 | 31 |
| Changes in value, derivatives and equities | 107 | -58 |
| Profit before tax | 511 | 219 |

TAX

The tax expense for the period amounted to SEK -133m (-58), corresponding to 26.3 per cent tax on continuous taxable earnings. Sales of properties resulted in a total reversal of deferred tax of SEK 0m.

CASH FLOW

Profit contributed SEK 110m (193) to liquidity. After a decrease of SEK 1,556m (359) in working capital, which varies primarily as a result of the impact of occupancy/final settlement for acquired and divested properties and decided but as yet not implemented dividend payments to the shareholders, the liquidity of operating activities changed by SEK 1,666m (552). Acquisitions of and investments in properties exceeded sales by SEK 444m (-915). Accordingly, the total change in liquidity resulting from operating activities was SEK 1,222m (1 467). Share buybacks amounted to SEK 0m (1). After the reduction in debt, consolidated cash and cash equivalents totalled SEK 144 m (191).

FINANCING

Fabege employs long-term credit lines with fixed terms and conditions. At 31 March 2011, these had an average maturity of 5.9 years. The company's lenders are the major Nordic banks.

Interest-bearing liabilities at the end of the period totalled SEK 15,495m (16,646) and the average interest rate was 3.73 per cent excluding and 3.85 per cent including commitment fees on the undrawn portion of committed credit facilities.

Interest rates on 51 per cent of Fabege's loan portfolio were fixed using fixed-income derivatives. The average fixed-rate period was 15 months, taking the effect of derivative instruments into account, while the average fixed-rate period for variable-rate loans was 46 days.

Fabege has callable swaps totalling SEK 7,550m with interest rates ranging from 3.33 to 3.98 per cent. In addition, the company holds performance swaps amounting to SEK 300m with maturities up to May 2011.

In compliance with the accounting rules contained in IAS 39, the derivatives portfolio has been measured at market value and the change in value is recognised in the profit and loss account. At 31 March 2011, the recognised negative fair value adjustment of the portfolio amounted to SEK 158m (267). The derivatives portfolio has been measured at the present value of future cash flows. The change in value is of an accounting nature and has no impact on the company's cash flow.

During the first quarter, Fabege extended a credit limit of SEK 2bn until 2016. In addition, credit limits totalling SEK 1.9bn were terminated due to property sales. At 31 March 2011, the company had unused committed lines of credit of SEK 4,005m.

Fabege has a commercial paper pro-

¹⁾ The comparison figures for income and expense items relate to values for the period January–March 2010 and for balance sheet items as at 31 December 2010.

Interest rate maturity structure

31 March 2011

| | Amount SEKm | Average interest rate % | Share % |
|--------------|----------------|-------------------------------|------------|
| < 1 year | 7,945 | 3.57 | 51 |
| 1–2 years | 4,550 | 3.84 | 30 |
| 2–3 years | 0 | 0.00 | 0 |
| 3–4 years | 1,300 | 3.97 | 8 |
| 4–5 years | 1,700 | 3.97 | 11 |
| > 5 years | 0 | 0.00 | 0 |
| Total | 15,495 | 3.73 | 100 |

Loan maturity structure

31 March 2011

| | Credit agreements SEKm | Drawn SEKm |
|-----------------------|------------------------------|---------------|
| Certificate programme | 5,000 | 3,015 |
| < 1 year | 2,020 | 1,400 |
| 1–2 years | 1,000 | 1,000 |
| 2–3 years | 5,500 | 2,800 |
| 3–4 years | 0 | 0 |
| 4–5 years | 6,000 | 3,800 |
| > 5 years | 4,980 | 3,480 |
| Total | 24,500 | 15,495 |

Property sales

Jan–Mar 2011

| Properties | Area | Category | Lettalbe area, sqm |
|-----------------------------|----------|-------------|--------------------------|
| Quarter 1 | | | |
| Bocken 51 | Norrmalm | Residential | 2,438 |
| Grimbergen | Belgium | Land | 0 |
| Total property sales | | | 2,438 |

Property acquisitions

Jan–Mar 2011

| Properties | Area | Category | Lettalbe area, sqm |
|------------------------------------|-------|----------|--------------------------|
| Quarter 1 | | | |
| Pyramiden 3 | Solna | Land | 0 |
| Signalen 3 | Solna | Land | 0 |
| Total property acquisitions | | | 0 |



Pyramiden 3

gramme in an amount of SEK 5bn. At the end of the quarter, outstanding commercial paper amounted to SEK 3,015m, compared with SEK 2,249m at the beginning of the year. Fabege has available long-term credit facilities covering all outstanding commercial paper at any given time.

The total loan volume includes SEK 717m in loans for projects, on which interest of SEK 5m has been capitalised.

Net interest expense included SEK 4m in nonrecurring costs.

FINANCIAL POSITION AND NET ASSET VALUE

Shareholders' equity amounted to SEK 11,165m (11,276) at the end of the period and the equity/assets ratio was 39 per cent (39). The dividend payment resolved by the Annual General Meeting was charged against shareholders' equity during the period. Shareholders' equity per share totalled SEK 69 (69). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 77 (77).

Operations

In early 2011, the positive trend continued in both the transaction market and the rental market in Stockholm.

FABEGE'S PROPERTY PORTFOLIO AND PROPERTY MANAGEMENT

Fabege's activities in Property Management and Property Development are concentrated to a few selected submarkets in and around Stockholm. Stockholm's inner city, Solna and Hammarby Sjöstad are the company's principal markets. At 31 March 2011, Fabege owned 103 properties with a total rental value of SEK 2.1bn, a lettable floor area of 1.1m sqm and a carrying amount of SEK 27.7bn, including development and project properties totalling SEK 5.5bn. The financial occupancy rate for the entire property portfolio, including project properties, was 89 per cent (90). The occupancy rate in the portfolio of investment properties was 91 per cent (92).

New lettings during the period totalled SEK 40m (68), while net lettings amounted to SEK 13m (-3). Rents in negotiated contracts increased an average of 11 per cent.

CHANGES IN THE PROPERTY PORTFOLIO

During the period, two properties were sold for a total of SEK 160m. The sales generated after-tax profit of SEK 0m.

Two properties were acquired for a total of SEK 325m. The two properties are undeveloped and comprise sites totalling about 25,000 sqm, which can be developed primarily for offices but also for retail and residential purposes.

CHANGES IN THE VALUE OF PROPERTIES

A total of 27 per cent of Fabege's properties were externally valued at 31 March 2011 and the remaining properties were internally valued based on the latest valuations. The entire property portfolio is externally valued at least once a year. The total market value at 31 March 2011 was SEK 27.7bn (27.0).

Unrealised changes in the value of properties amounted to SEK 291m (65). The yield requirement decreased somewhat during the first quarter and the yield requirement for the portfolio averaged 5.8 per cent (5.9). The SEK 226m (28) increase in the value of the portfolio of investment properties was primarily attributable to rising rents and properties for which the risk of vacancies has declined. The project portfolio contributed to a value increase of SEK 65m (37).

PROJECTS AND INVESTMENTS

Fabege's project investments are designed to reduce vacancy rates and increase rents in the property portfolio, thereby improving cash flows and adding value. The development of properties is a key feature of Fabege's business model and should make a significant contribution to consolidated profit. The aim is to achieve a return of at least 20 per cent on invested capital.

Investments in existing properties and projects during the period totalled SEK 282m (200). The investments involved new builds, extensions and conversions.

Completed projects

During the first quarter 2011 the projects in the properties Fräsaren 10, Solna Business Park (let to Vectura and Axfood) and Farao 20, Arenastaden (let to Egmont and Fabege), were completed. The properties have been transferred to the portfolio of investment properties.

Major ongoing projects

The project in the Uarda 5 property, Arenastaden, pertaining to the construction of Vattenfall's new headoffice, is proceeding as planned. Assembly of the concrete frame and windows is under way and expected to be completed before summer.

The office project in the Bocken 39 property on Lästmakargatan 14 is proceeding as planned. The structure has been assembled and installation work is under way. The property is scheduled for completion in the fourth quarter of 2011.

At the Klamparen 10 property on Fleminggatan 12, construction and installation work is in progress on behalf of the National Agency for Education, which will assume occupancy in October 2011. Detail planning work to enable an add-on to the property continues.

At the Apotekaren 22 property on Tulegatan/Rådmansgatan, work on the approved basic standard investment commenced. Letting work is under way

and, during the quarter, an agreement was signed with Björn Borg concerning the letting of slightly more than 2,300 sqm of office and showroom space.

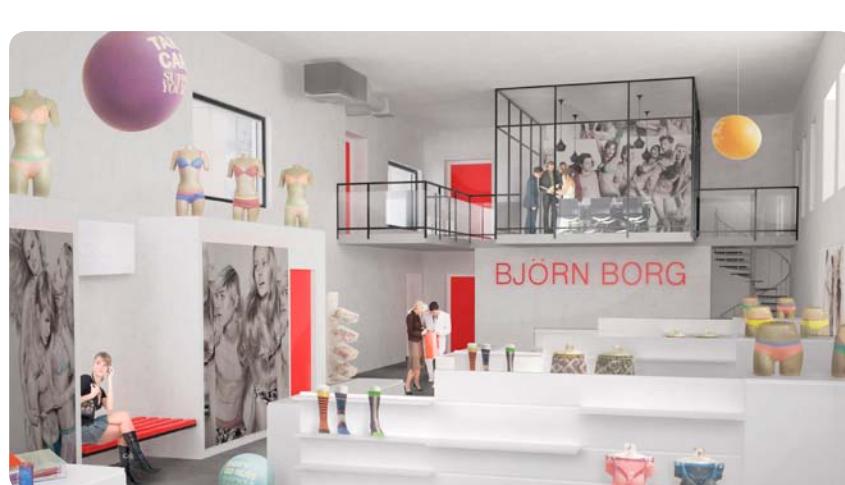
During the first quarter, a decision was taken to develop and invest in several properties. The decisions pertained to the Uarda 1 property in Arenastaden, Nötan 4 in Solna Strand and Luma 1 in Hammarby Sjöstad, and the total investment is about SEK 640m. The investments pertain to the development of portions of the properties to basic standard facilities and certain customisations of premises to tenant needs. The investments will be made over the course of one to three years.

SEGMENT REPORTING

During the first quarter, two major project properties (Farao 20 and Fräsaren 10) were transferred from Property Development to Property Management.

The segment Property Management generated net operating income of SEK 252m (291), corresponding to a surplus ratio of 63 per cent (63). The occupancy rate was 91 per cent. Profit from Property Management amounted to SEK 122m (178). Realised and unrealised changes in value totalled SEK 226m (59).

The segment Property Development generated net operating income of SEK 23m (27), corresponding to a surplus ratio of 48 per cent (47). Profit from Property Management totalled SEK -9m (3). Realised and unrealised changes in value amounted to SEK 65m (37).



On 1 December 2011, Björn Borg will assume occupancy of office and show room premises in the Apotekaren 22 property on Tulegatan/Rådmansgatan.

Distribution of carrying amount/ market value

31 March 2011

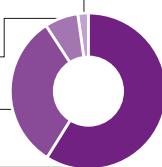
All properties, SEK 27.7bn

Other markets 2%

Hammarby Sjöstad 7%

Solna 32%

Stockholm inner city 59%



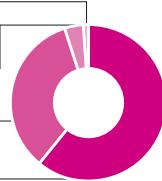
Investment properties, SEK 22.2bn

Other markets 1%

Hammarby Sjöstad 4%

Solna 34%

Stockholm inner city 61%



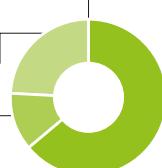
Development properties, SEK 3.4bn

Other markets 0%

Hammarby Sjöstad 24%

Solna 12%

Stockholm inner city 64%



Project properties, SEK 2.1bn

Other markets 10%

Hammarby Sjöstad 20%

Solna 41%

Stockholm inner city 29%



Projects in progress >SEK 50m

31 March 2011

| Property name | Property type | Area | Completed | Lettalbe area, sqm | Occupancy rate, area, % ¹⁾ | Estimated rental value, SEKm ²⁾ | Carrying amount, SEKm | Estimated investment, SEKm | Of which, accrued, SEKm |
|---|---------------|-------------|-----------|--------------------|---------------------------------------|--|-----------------------|----------------------------|-------------------------|
| Apotekaren ³⁾ | Office | Norr malm | Q4-2012 | 31,422 | 35% | 83 | 909 | 124 | 9 |
| Bocken 39 ³⁾ | Office | Öster malm | Q4-2011 | 19,800 | 75% | 69 | 1,035 | 149 | 113 |
| Klamparen 10 ³⁾ | Office | Kungsholmen | Q4-2011 | 22,530 | 47% | 60 | 563 | 160 | 24 |
| Uarda 5 | Office | Arenastaden | Q3-2012 | 44,500 | 100% | 103 | 495 | 1,050 | 315 |
| Total | | | | 118,252 | 68% | 315 | 3,002 | 1,483 | 461 |
| Other Land and Project properties | | | | | | | 1,057 | | |
| Other Development properties | | | | | | | 1,430 | | |
| Total Project, Land and Development properties | | | | | | | 5,489 | | |

¹⁾ Operational occupancy rate at 31 March 2011.

²⁾ The annual rent for the largest projects in progress could increase to SEK 315m (fully let) from SEK 85m in annualised current rent as of 31 March 2011.

³⁾ Information regarding area, rental value and carrying amount pertains to the entire property. The investment amount pertains to only a portion of the property.

Property portfolio

31 March 2011

| | 31 March 2011 | | | 1 January – 31 March 2011 | | | | |
|--|-------------------|-------------------------|--------------------|---------------------------|-----------------------------|---------------------|-------------------------|----------------------------|
| | No. of properties | Lettalbe area, '000 sqm | Market value, SEKm | Rental value, SEKm | Financial occupancy rate, % | Rental income, SEKm | Property expenses, SEKm | Net operating income, SEKm |
| Property holdings | | | | | | | | |
| Investment properties ¹⁾ | 71 | 937 | 22,228 | 1,806 | 91 | 395 | -116 | 279 |
| Development properties ¹⁾ | 9 | 141 | 3,375 | 222 | 76 | 43 | -20 | 23 |
| Land and Project properties ¹⁾ | 23 | 53 | 2,114 | 52 | 44 | 6 | -5 | 1 |
| Total | 103 | 1,131 | 27,717 | 2,080 | 89 | 444 | -141 | 303 |
| of which, inner city | 41 | 503 | 16,444 | 1,159 | 91 | 257 | -83 | 174 |
| of which, Solna | 36 | 453 | 8,826 | 714 | 87 | 143 | -36 | 107 |
| of which, Hammarby Sjöstad | 12 | 132 | 2,031 | 174 | 82 | 36 | -18 | 18 |
| of which, Other | 14 | 43 | 416 | 33 | 79 | 8 | -4 | 4 |
| Total | 103 | 1,131 | 27,717 | 2,080 | 89 | 444 | -141 | 303 |
| Expenses for lettings, project development and property administration | | | | | | | -26 | |
| Total net operating income after expenses for lettings, project development and property administration | | | | | | | 277²⁾ | |

¹⁾ See definitions on page 9.

²⁾ The table refers to Fabege's property portfolio at 31 March 2011. Income and expenses are recognised as if the properties had been held during the entire period. The difference between recognised net operating income, SEK 277m, and net operating income in the profit and loss account, SEK 275m, is attributable to net operating income from divested properties being excluded and acquired/completed properties being adjusted upwards as if they had been owned/completed throughout the January–March 2011 period.

Segment report (summary)¹⁾

| SEKm | Management properties | Development properties | Total | Management properties | Development properties | Total |
|---|-----------------------|------------------------|------------|-----------------------|------------------------|------------|
| | Jan-Mar 2011 | Jan-Mar 2011 | | Jan-Mar 2010 | Jan-Mar 2010 | |
| Rental income | 398 | 48 | 446 | 460 | 58 | 518 |
| Property expenses | -146 | -25 | -171 | -169 | -31 | -200 |
| Net operating income | 252 | 23 | 275 | 291 | 27 | 318 |
| Surplus ratio, % | 63% | 48% | 62% | 63% | 47% | 61% |
| Central administration and marketing | -12 | -3 | -15 | -13 | -3 | -16 |
| Net interest expense | -118 | -29 | -147 | -96 | -20 | -116 |
| Share in profit/loss of associated companies | 0 | 0 | 0 | -4 | -1 | -5 |
| Operating profit/loss | 122 | -9 | 113 | 178 | 3 | 181 |
| Realised changes in value, properties | 0 | - | 0 | 31 | - | 31 |
| Unrealised changes in value, properties | 226 | 65 | 291 | 28 | 37 | 65 |
| Profit/loss before tax per segment | 348 | 56 | 404 | 237 | 40 | 277 |
| Changes in value, fixed income derivatives and equities | | | 107 | | | -58 |
| Profit/loss before tax | | | 511 | | | 219 |
| Properties, market value | 22,229 | 5,488 | 27,717 | 23,436 | 4,831 | 28,267 |
| Occupancy rate, % | 91% | 69% | 89% | 92% | 77% | 90% |

¹⁾ See definitions on page 9.

Other financial information

ANNUAL GENERAL MEETING ON 30 MARCH 2011

Fabege's Annual General Meeting on 30 March adopted the Board of Directors' motion to pay a dividend of SEK 3.00 per share for the 2010 financial year. The Annual General Meeting also resolved on minor amendments to the Articles of Association and approved the motion for the sale of part of the Hammarby Gård 7 property to Oscar Properties AB. The transaction is contingent on securing approval for the construction of a protective screen against the heating plant, and will not be recognised until the condition has been fulfilled. This is expected to occur later in 2011. For other resolutions, we refer to the press release and AGM documentation on Fabege's website.

STAFF

At the end of the period, the Fabege Group had 122 employees (120).

PARENT COMPANY

Sales during the period amounted to SEK 30m (27) and the result before appropriations and tax was SEK 39m (-117). Net investments in property, equipment and shares totalled SEK 3m (-21).

The parent company applies Recommendation RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act (see also the profit and loss account and the balance sheet on page 11).

SHARE BUYBACK PROGRAMME

The 2011 AGM passed a resolution authorising the Board, not longer than up to the next AGM, to buy back and transfer 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. During the period, no shares were bought back. At 31 March 2011, the company held 2,411,488 treasury shares, representing 1.5 per cent of the total number of registered shares.



Åsa Bergström, Deputy CEO and CFO, Erik Paulsson, Chairman of the Board and Christian Hermelin, CEO. Annual General Meeting 2011.

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 and page 53 of Fabege's 2010 Annual Report). As at 31 March 2011, the total increase in taxable income amounts to SEK 7,098m. The decisions have resulted in total tax demands of SEK 1,874m plus a tax penalty of SEK 164m, making a total demand of SEK 2,038m excluding interest payments. At 31 March 2011, accrued interest amounted to SEK 274m. Fabege strongly contests the tax demands resulting from the Tax Agency's and Administrative Court's decisions and has appealed the decisions.

In March 2011, the Swedish Administrative Court announced verdicts in several of Fabege's ongoing tax cases. The Swedish Administrative Court ruled in favour of the Swedish Tax Agency's position that Fabege should be taxed pursuant to the Swedish Tax Evasion Act. All of the verdicts have been appealed with the Swedish Administrative Court of Appeals and Fabege has been granted a respite for the payments of taxes until the Swedish Administrative Court of Appeals has issued a verdict. The Swedish Administrative Court of Appeals has issued a stay of proceedings in all cases pending the Supreme Administrative Court's hearing of the Swedish National Tax Board's preliminary verdict in what is known as the "Cyprus case."

Fabege considers that the Tax Agency and the Administrative Court has disregarded



a number of important aspects and that the verdicts are therefore incorrect – an assessment shared by Fabege's advisors on the matters. Fabege is of the opinion that it is highly probable that the Administrative Court of Appeal will amend the Administrative Court's rulings to the benefit of Fabege.

Fabege is adhering to its view that the sales were accounted for and declared in compliance with applicable rules. This assessment is shared by external legal experts and tax advisors that have analysed the sales, the arguments of the Swedish Tax Agency and the verdicts of the Administrative Court.

No provision has been made in Fabege's balance sheet. However, until further notice, the amount is instead being recognised as a contingent liability, as in previous financial statements.



RISKS AND UNCERTAINTIES

Risks and uncertainties relating to cash flow from operating activities are primarily attributable to changes in rents, vacancies and interest rates. A more detailed description is presented in the risk section of the 2010 Annual Report (pages 9–10), and a description of the effect of these changes on consolidated earnings is presented in the sensitivity analysis in the 2010 Annual Report (page 52).

Properties are recognised at fair value and changes in value are recognised in profit and loss. The effects of changes in value on consolidated earnings, the equity/assets ratio and the loan-to-value ratio are shown in the sensitivity analysis in the 2010 Annual Report (page 52).

A description of financial risk, which is the risk that the company will have insufficient access to long-term loan funding, and Fabege's

management of this risk is presented in the 2010 Annual Report (pages 10–11 and 64).

No material changes in the company's assessment of risks have been made after publication of the 2010 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 (including realised changes in value).

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

The parent company prepares its accounts 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 most recent annual report.

Stockholm 3 May 2011



CHRISTIAN HERMELIN
Chief Executive Officer

This Interim Report is unaudited.

Monitor developments at Fabege's website!

You are most welcome to visit Fabege's website, which is one of our main information channels. The aim is to continuously provide you with relevant, up-to-date information.

The website provides information on the company and its operations and strategies. You can also find financial information, share data, details about our properties and ongoing projects and much more. Visitors to the website can also search for vacant premises, and our tenants are able to easily find contact details or other information related to the property in which they are located.



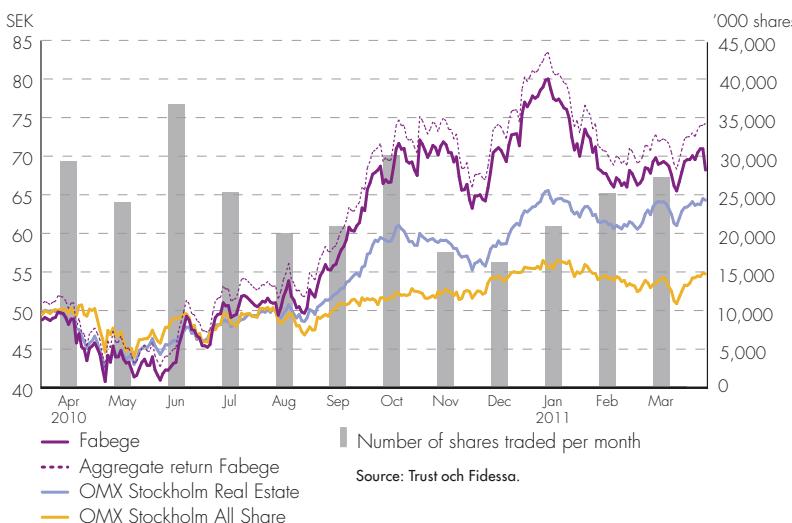
Financial calendar

| | |
|-----------------------------------|-----------------|
| Interim report January–June: | 7 July 2011 |
| Interim report January–September: | 26 October 2011 |
| Year-end report for 2011: | 2 February 2012 |
| Annual report for 2011: | March 2012 |

Fabege share

Fabege's shares are quoted on the Nasdaq OMX Nordic Exchange Stockholm in the Large Cap segment.

Share price performance



Largest shareholders

31 March 2011

| Shareholder | No. of shares | Share of capital, % | Share of votes, % |
|--|--------------------|---------------------|-------------------|
| Brinova AB | 23,291,092 | 14.1 | 14.3 |
| Investment AB Öresund | 10,746,597 | 6.5 | 6.6 |
| BlackRock funds | 8,938,454 | 5.4 | 5.5 |
| Cohen & Steers funds | 8,143,598 | 4.9 | 5.0 |
| Länsförsäkringar funds | 7,526,426 | 4.6 | 4.6 |
| SEB funds | 5,619,549 | 3.4 | 3.4 |
| Nordea funds | 4,977,444 | 3.0 | 3.0 |
| SHB funds | 4,537,978 | 2.7 | 2.8 |
| Swedbank Robur funds | 3,981,714 | 2.4 | 2.4 |
| SEB | 3,243,566 | 2.0 | 2.0 |
| Lannebo funds | 3,197,000 | 1.9 | 2.0 |
| Mats Qviberg and family | 2,890,036 | 1.7 | 1.8 |
| SHB | 2,535,680 | 1.5 | 1.6 |
| ENA City AB | 2,390,000 | 1.4 | 1.5 |
| Fourth AP-fund | 1,662,013 | 1.0 | 1.0 |
| Other Swedish shareholders | 46,687,012 | 28.3 | 28.6 |
| Other foreign shareholders | 22,611,925 | 13.7 | 13.9 |
| Total no. of outstanding shares | 162,980,084 | 98.5 | 100.0 |
| Treasury shares | 2,411,488 | 1.5 | 0.0 |
| Total no. of shares | 165,391,572 | 100.00 | 100.0 |

Definitions

RETURN ON EQUITY

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

LEVERAGE, PROPERTIES

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

DIVIDEND YIELD

Dividend for the year divided by the share price at yearend.

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.

DEVELOPMENT PROPERTIES

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

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.

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 after financial items plus financial expenses and plus/minus unrealised changes in value, divided by financial expenses.

SEGMENT REPORT

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

The property asset is directly attributable to each segment and is recognised as of the closing date

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.

Consolidated statement of comprehensive income (summary)

| SEKm | 2011 Jan-Mar | 2010 Jan-Mar | 2010 Jan-Dec | Rolling 12 months Apr 10-Mar 11 |
|---|-----------------|-----------------|-----------------|------------------------------------|
| Rental income | 446 | 518 | 2,007 | 1,935 |
| Property expenses | -171 | -200 | -659 | -630 |
| Net operating income | 275 | 318 | 1,348 | 1,305 |
| Surplus ratio, % | 62% | 61% | 67% | 67% |
| Central administration and marketing | -15 | -16 | -62 | -61 |
| Net interest expense | -147 | -116 | -522 | -553 |
| Share in profit/loss of associated companies | 0 | -5 | 18 | 23 |
| Profit from property management activities | 113 | 181 | 782 | 714 |
| Realised changes in value of properties | 0 | 31 | 237 | 206 |
| Unrealised changes in value of properties | 291 | 65 | 843 | 1,069 |
| Change in value of fixed income derivatives | 109 | -35 | 106 | 250 |
| Change in value of equities | -2 | -23 | -39 | -18 |
| Profit/loss before tax | 511 | 219 | 1,929 | 2,221 |
| Current tax | 0 | 0 | -3 | -3 |
| Deferred tax | -133 | -58 | -229 | -304 |
| Profit/loss for period/year | 378 | 161 | 1,697 | 1,914 |
| Comprehensive income attributable to parent company shareholders | 378 | 161 | 1,697 | 1,914 |
| Earnings per share, SEK | 2.32 | 0.98 | 10.38 | 11.73 |
| No. of shares at end of period, millions | 163.0 | 164.4 | 163.0 | 163.0 |
| Average no. of shares, millions | 163.0 | 164.4 | 163.5 | 163.2 |

Consolidated statement of financial position (summary)

| SEKm | 31 Mar 2011 | 31 Mar 2010 | 31 Dec 2010 |
|-------------------------------------|---------------|---------------|---------------|
| Assets | | | |
| Properties | 27,717 | 28,267 | 26,969 |
| Other tangible fixed assets | 2 | 2 | 3 |
| Financial fixed assets | 699 | 635 | 714 |
| Current assets | 345 | 238 | 1,504 |
| Cash and cash equivalents | 144 | 191 | 73 |
| Total assets | 28,907 | 29,333 | 29,263 |
| Equity and liabilities | | | |
| Equity | 11,165 | 9,800 | 11,276 |
| Provisions | 549 | 418 | 423 |
| Interest-bearing liabilities | 15,495 | 17,661 | 16,646 |
| Derivatives | 158 | 408 | 267 |
| Non-interest-bearing liabilities | 1,540 | 1,046 | 651 |
| Total equity and liabilities | 28,907 | 29,333 | 29,263 |
| Equity/assets ratio, % | 39 | 33 | 39 |
| Contingent liabilities | 2,522 | 2,039 | 2,520 |

Statement of changes in equity

| SEKm | Equity | Of which, attributable to parent company shareholders | Of which, attributable to minority |
|---|---------------|---|--|
| Shareholders' equity, 1 Jan 2010 | 9,969 | 9,969 | - |
| New shares, conversion of debt instruments | -61 | -61 | - |
| Cash dividend | -329 | -329 | - |
| Profit/loss for the year | 1,697 | 1,697 | - |
| Shareholders' equity, 31 Dec 2010 | 11,276 | 11,276 | - |
| Approved dividend, 30 Mar 2011 | -489 | -489 | - |
| Profit/loss for the period | 378 | 378 | - |
| Shareholders' equity, 31 Mar 2011 | 11,165 | 11,165 | - |

Statement of cash flows

| SEKm | 2011 Jan-Mar | 2010 Jan-Mar | 2010 Jan-Dec |
|---|-----------------|-----------------|-----------------|
| Net operating income and realised changes in the value of existing property portfolio excluding depreciation | 275 | 325 | 1,600 |
| Central administration | -15 | -16 | -62 |
| Net financial items paid | -150 | -116 | -520 |
| Income tax paid | 0 | 0 | -3 |
| Change in other working capital | 1,556 | 359 | -1,099 |
| Cash flow from operations | 1,666 | 552 | -84 |
| Investments and acquisition of properties | -617 | -200 | -940 |
| Sale of properties, carrying amount of divested properties | 160 | 1,201 | 3,978 |
| Other investments (net) | 13 | -86 | -201 |
| Cash flow from investing activities | -444 | 915 | 2,837 |
| Dividend to shareholders | - | - | -329 |
| Share buybacks | - | -1 | -61 |
| Change in interest-bearing liabilities | -1,151 | -1,448 | -2,463 |
| Cash flow from financing activities | -1,151 | -1,449 | -2,853 |
| Change in cash and cash equivalents | 71 | 18 | -100 |
| Cash and cash equivalents at beginning of period | 73 | 173 | 173 |
| Cash and cash equivalents at end of period | 144 | 191 | 73 |

Key ratios

| | 2011 Jan-Mar | 2010 Jan-Mar | 2010 Jan-Dec |
|--|-----------------|-----------------|-----------------|
| Financial | | | |
| Return on capital employed, % | 9.6 | 4.7 | 8.7 |
| Return on equity, % | 13.5 | 6.5 | 16.0 |
| Interest coverage ratio, times | 1.8 | 2.8 | 3.0 |
| Equity/assets ratio, % | 39 | 33 | 39 |
| Loan-to-value ratio, properties, % | 56 | 62 | 62 |
| Debt/equity ratio, times | 1.4 | 1.8 | 1.5 |
| Share-related ¹⁾ | | | |
| Earnings per share for the period, SEK | 2.32 | 0.98 | 10.38 |
| Equity per share, SEK | 69 | 60 | 69 |
| Cash flow per share, SEK | 0.70 | 1.32 | 6.13 |
| No. of outstanding shares at end of period, '000 | 162,980 | 164,372 | 162,980 |
| Average no. of shares, '000 | 162,980 | 164,382 | 163,504 |
| Property-related | | | |
| No. of properties | 103 | 127 | 103 |
| Carrying amount, properties, SEKm | 27,717 | 28,267 | 26,969 |
| Lettable area, sqm | 1,131,000 | 1,303,000 | 1,138,000 |
| Financial occupancy rate, % | 89 | 90 | 88 |
| Surplus ratio, % | 62 | 61 | 67 |

¹⁾ No dilution effect arises, since there are no potential shares (such as convertibles).

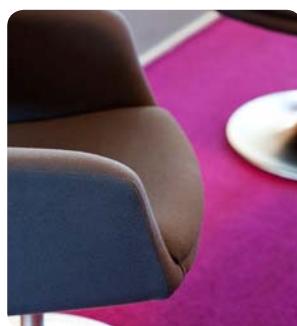
Parent Company profit and loss account (summary)

| SEKm | 2011 Jan-Mar | 2010 Jan-Mar | 2010 Jan-Dec |
|---|-----------------|-----------------|-----------------|
| Income | 30 | 27 | 102 |
| Expenses | -49 | -55 | -190 |
| Net financial items | -51 | -31 | -139 |
| Change in value, fixed income derivatives | 109 | -35 | 106 |
| Change in value, equities | 0 | -23 | -29 |
| Profit/loss before tax | 39 | -117 | -150 |
| Tax | -11 | 48 | 29 |
| Profit/loss for period/year | 28 | -69 | -121 |

Parent Company balance sheet

| SEKm | 31 Mar 2011 | 31 Mar 2010 | 31 Dec 2010 |
|--|---------------|---------------|---------------|
| Interests in Group companies | 13,328 | 13,328 | 13,328 |
| Other fixed assets | 36,895 | 40,425 | 37,669 |
| of which, receivables from Group companies ¹⁾ | 36,761 | 40,179 | 37,524 |
| Other current assets | 3 | 68 | 25 |
| Cash and cash equivalents | 141 | 180 | 64 |
| Total assets | 50,367 | 54,001 | 51,086 |
| Equity | 8,901 | 9,322 | 9,363 |
| Provisions | 64 | 64 | 63 |
| Long-term liabilities | 36,428 | 41,108 | 35,771 |
| of which, liabilities to Group companies ¹⁾ | 25,190 | 26,135 | 24,676 |
| Short-term liabilities | 4,974 | 3,507 | 5,889 |
| Total equity and liabilities | 50,367 | 54,001 | 51,086 |

¹⁾ For the items receivables from Group companies and liabilities to Group companies, the comparative figures have been adjusted. This is because these items should in fact have been recognised net at 31 March 2010, although they were previously recognised gross.



**Questions concerning the report
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More information about Fabege and its operations is available on the Group's website. The website also includes a webcast presentation from 3 May 2011, in which Christian Hermelin and Åsa Bergström present earnings for the quarter.

The information contained in this report is such that Fabege is legally obliged to disclose under the Securities Market Act and/or the Financial Instruments Trading Act. The information was released for publication on 3 May 2011.

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