

2011

Interim Report January–September

- Net lettings amounted to SEK 111m (6).
- After-tax profit for the period amounted to SEK 728m (1,091), corresponding to earnings per share of SEK 4.47 (6.67).
- Profit from property management amounted to SEK 403m (600), and rental income amounted to SEK 1,346m (1,520). The year-on-year change was due to net sales of properties and higher market interest rates.
- Earnings before tax from the segment Property Management amounted to SEK 1,034m (1,245) and from the segment Property Development to SEK 224m (222).
- Unrealised changes in value amounted to SEK 772m (677) on properties and SEK –263m (–107) on interest-rate derivatives.

Key figures, MSEK

	2011 Jul–Sep	2010 Jul–Sep	2011 Jan–Sep	2010 Jan–Sep
Rental income	452	495	1,346	1,520
Running costs and central costs	–159	–159	–484	–541
Net financial items (excl. changes in value)	–160	–127	–459	–379
Profit from property management activities	133	209	403	600
Changes in value	–39	517	584	724
Tax	–22	–136	–259	–233
Profit/loss after tax	72	590	728	1,091
Surplus ratio, %	69	71	68	68
Equity/assets ratio, %	–	–	38	37
Equity per share, SEK	–	–	71	65
Return on equity, %	–	–	8.5	14.1

Chief executive's review

Despite a weaker international business environment, Sweden and the Swedish property market remain strong. The Stockholm region continues to grow and demand for office premises in prime locations is increasing.

The supply of large, modern office premises in central locations is limited and I believe that we will continue to note declining vacancies in modern properties in good locations. For our tenants, location, standard and stability will be of increasing importance to the continued value trend.

Fully in line with expectations, profit from property management and profit after tax declined year-on-year due to a smaller property portfolio, higher market interest rates and an increased deficit value in the derivative portfolio. We will now experience growth in rental income, profit from property management and property values as a result of successful letting and property development work.

The positive business trend noted by Fabège, including stronger demand in the rental market and rising property values, continued in the third quarter. For the second consecutive quarter, we reported highly favourable net lettings. We have signed many new leases, in both our project and investment properties. During the year, we have worked intently to further improve our understanding of our customers' needs and we are delighted to have renegotiated and extended several key leases, which contributed to the positive net letting figures.

The occupancy rate rose during the quarter and renegotiated leases contributed to a higher rental value. In pace with the positive net occupancy trend expected in the future, we can now see that rental income is starting to rise. This trend, which has just begun, will continue in a positive direction for the remainder of the current year and during 2012.

Our existing project portfolio currently has letting potential of approximately SEK 310m per year, of which SEK 209m has already been secured through signed leases. I believe that this potential will gradually be realised in 2012 and reach its full impact on rental-income flows as of early 2013.

An improved occupancy rate and rising rents in prime locations are gradually also impacting on valuations. Overall, the portfolio's property value rose 2.9 per cent (excluding investments) during the period.

The work we have done over the past two years to strengthen the balance sheet through measures such as the sale of non-prioritised properties has also increased the quality of the portfolio. We remain focused on bolstering the return on the overall portfolio through divestments and project development. In 2011, we have made net investments in properties through acquisitions and by increasing the pace of investment in our existing projects. The project portfolio, which will contribute to improved future cash flow and yields, also contributed during the period, to value growth that is well in line with our yield requirements.

In the uncertain business environment, market interest rates have stabilised, remaining at a relatively low level. This means that Fabège's future cash flow will be strengthened through revenue growth, while interest expenses remain largely unchanged. This means that profit from property management will strengthen, while both the project portfolio and transaction operations will generate significant earnings contributions during the fourth quarter of 2011.

We are currently creating the basis for an overall improvement in earnings in 2012 and onward by:

- Strengthening cash flow in the investment-property portfolio.
- Retaining a high rate of improvement in the portfolio.
- Raising value through projects and good buildings in good locations.
- Generating a positive contribution from transactions.

CHRISTIAN HERMELIN
Chief Executive Officer

Third quarter in brief¹⁾

QUARTER 3 JULY–SEPTEMBER 2011

- The rental market remained strong in the third quarter, hallmarked by considerable activity and demand. Positive net lettings to date in 2011 contributed to an increase in the occupancy rate to 90 per cent during the quarter.
- New lettings amounted to SEK 62m (52), while net lettings totalled SEK 51m (2). Several major leases were signed during the quarter, with only a few terminations.
- Profit from property management declined to SEK 133m (209) due to a smaller property portfolio and higher market interest rates.
- The surplus ratio was 69 per cent (71).
- Due to the market's anticipation of lower interest rates ahead, the negative fair value of the derivative portfolio increased by SEK 301m.
- After-tax profit for the quarter amounted to SEK 72m (590).
- A minor land site in Tyresö was sold.
- In August, part of the loan portfolio was interest hedged through interest-rate swaps totalling SEK 5bn.

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

Results¹⁾

Earnings declined year-on-year due to a smaller property portfolio, higher market interest rates and a greater deficit value in the the fixed-income derivative portfolio. Meanwhile, the positive net-lettings trend has begun to impact the income statement and value growth remains favourable in both the project and the investment portfolio.

REVENUES AND EARNINGS

Profit for the period declined by SEK 363m from SEK 1,091m to SEK 728m. Before tax, the segment Property Management generated earnings of SEK 1,034m (1,245) and the segment Property Development earnings of SEK 224m (222), making a total of SEK 1,258m (1,467). Earnings per share after tax amounted to SEK 4.47 (6.67).

Rental income totalled SEK 1,346m (1,520) and net operating income SEK 909m (1,026). The decline in rental income was due to net sales of properties. The surplus ratio amounted to 68 per cent (68). In a comparable portfolio, rental income increased with 0.5 per cent while operating income stayed unchanged. During the fourth quarter and in 2012, the positive net lettings trend will gradually impact on the occupancy ratio and growth in rental income.

Realised changes in the value of properties amounted to SEK 83m (190), and unrealised changes in value totalled SEK 772m (677). The SEK 572m unrealised change in the value of the portfolio of investment properties was primarily

Business model's contribution to earnings

SEKm	Jan-Sep 2011	Jan-Sep 2010
Profit from Property Management	420	586
Changes in value (portfolio of investment properties)	572	490
Contribution from Property Management	992	1,076
Profit from Property Management	-17	14
Changes in value (profit from Property Development)	200	187
Contribution from Property Development	183	201
Contribution from Transactions (Realised changes in value)	83	190
Changes in value, derivatives and equities	-271	-143
Profit before tax	987	1,324

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 200m, which comfortably surpassed Fabège's return requirement of 20 per cent on invested capital. Share in profit of associated companies amounted to SEK 1m (4). Changes in the value of interest-rate derivatives and equities amounted to SEK -271m (-143), and net interest expense increased to SEK -460m

(-383) as a result of higher market interest rates (refer to the Financing section).

TAX

The tax expense for the period amounted to SEK -259m (-233), corresponding to 26.3 per cent tax on continuous taxable earnings. Sales of properties resulted in a total deferred tax cost of SEK 19m.

CASH FLOW

Profit contributed SEK 480m (807) to liquidity. After a decrease of SEK 1,169m (289) in working capital, which varies primarily as a result of the impact of occupancy/final settlement for acquired and divested properties, the liquidity of operating activities changed by SEK 1,649m (1,096). Acquisitions of and investments in properties exceeded sales by SEK 1,262m (-1,636). Accordingly, the total change in liquidity resulting from operating activities was SEK 387m (2,732). Cash flow during the period was charged with SEK 489m (329) for the payment of dividends. Share buybacks amounted to SEK 33m (61). After the reduction in debt, consolidated cash and cash equivalents totalled SEK 138m (168).

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

TRANSACTIONS

Create growth

Fabège aims to acquire properties that offer better growth opportunities than existing investment properties in its portfolio. As a significant player in a number of select sub-markets, Fabège has acquired in-depth experience and knowledge about the markets, plans for development, other players and individual properties. The company continuously monitors and analyses developments with a view to exploiting opportunities to develop its property portfolio.

Concentrating the portfolio

Fabège aims to sell properties that are located outside its concentrated property management units or have limited prospects for further growth. Location, condition and vacancies are key factors determining the growth potential of a property. A fully let property with modern and efficient premises that is deemed to have limited potential for rent increases and capital growth could thus become a candidate for divestment.

PROPERTY MANAGEMENT

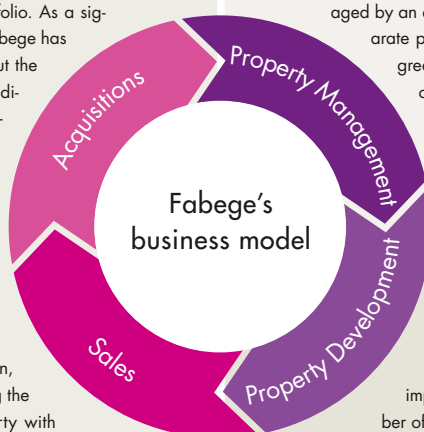
Close to the customer

Property management is Fabège's main business area. The properties are managed by an efficient in-house organisation, which is divided into separate property management areas. Each area has a large degree of individual responsibility to ensure a high degree of commitment and proximity to the customer. The company's customer-facing property management activities are designed to support a high occupancy rate and encourage customers to remain with Fabège. Satisfied customers help to improve our net operating income.

Adding value

Property development in properties with growth potential is a key element of Fabège's business model, helping to add value. In addition to developing and improving acquired properties, Fabège already has a number of development and project properties in its portfolio, and seeks to develop its potential as market conditions permit. The volume of projects is adapted to market demand. New builds and more extensive development projects are always based on the principles defined in the EU GreenBuilding programme.

PROPERTY DEVELOPMENT



Interest rate maturity structure 30 September 2011

	Amount SEKm	Average interest rate %	Share %
< 1 year	4,296	5.77*	26
1–2 years	1,850	3.70	11
2–3 years	1,000	2.21	6
3–4 years	0	0.00	0
4–5 years	2,100	2.53	12
> 5 years	7,600	3.22	45
Total	16,846	3.78	100

* The average interest rate for the < 1 year period includes the margin for the entire debt portfolio because the Company's fixed-rate period is established using interest rate swaps, which are traded without margins.

Loan maturity structure 30 September 2011

	Credit agreements SEKm	Drawn SEKm
Certificate programme	5,000	1,946
< 1 year	2,020	1,500
1–2 years	3,500	3,400
2–3 years	2,175	175
3–4 years	5,000	4,250
4–5 years	2,000	1,600
> 5 years	4,975	3,975
Total	24,670	16,846

Property sales Jan–Sep 2011

Properties	Area	Category	Lettable area, sqm
Quarter 1			
Bocken 51	Norrmalm	Residential	2,438
Grimbergen	Belgium		0
Quarter 2			
Induktorn 33	Bromma	Industry/ Warehouse	17,415
Märsta 15:5	Märsta	Land	0
Sicklaön 392:1	Danvikstull	Land	0
Uarda 2	Arenastaden	Land	0
Quarter 3			
Näsby 4:1472	Tyresö	Land	0
Total			19,853

Property acquisitions Jan–Sep 2011

Properties	Area	Category	Lettable area, sqm
Quarter 1			
Pyramiden 3	Arenastaden	Land	0
Signalen 3	Arenastaden	Land	0
Total			0

FINANCING

Fabège employs long-term credit lines with fixed terms and conditions. At 30 September 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 16,846m (16,646) and the average interest rate was 3.78 per cent excluding and 3.86 per cent including commitment fees on the undrawn portion of committed credit facilities.

Interest rates on 75 per cent of Fabège's loan portfolio were fixed using fixed-income derivatives. The average fixed-rate period was 3.8 years, taking the effect of derivative instruments into account, while the average fixed-rate period for variable-rate loans was 50 days.

In August, as a result of low interest rates, Fabège opted to interest hedge part of its loan portfolio by entering into interest-rate swaps totalling SEK 5,000m, of which SEK 1,000m was for a term of three years, SEK 1,500m for a term of five years, SEK 1,500m for a term of seven years and SEK 1,000m for a term of ten years. Over the course of these terms, Fabège will pay a fixed annual interest rate of between 2.18 and 2.73 per cent. The company already holds cancellable swaps totalling SEK 7,550m, of which SEK 2,700m was extended for an additional three years. The extensions entail an improvement in cash flow of SEK 27m on an annual basis through 2013. Following the extensions, Fabège holds cancellable swaps totalling SEK 7,550m at interest rates ranging from 2.87 to 3.98 per cent.

Low interest rates have both positive and negative effects on Fabège. While they have a beneficial impact on cash flow from net interest income, low interest rates

result in value changes for accounting purposes in the derivative portfolio. 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 30 September 2011, the recognised negative fair value adjustment of the portfolio amounted to SEK 530m (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.

Fabège has a commercial paper programme in an amount of SEK 5,000m. At the end of the third quarter, outstanding commercial paper amounted to SEK 1,946m, compared with SEK 2,249m at the beginning of the year. Fabège has available long-term credit facilities covering all outstanding commercial paper at any given time. At 30 September 2011, the company had unutilised committed lines of credit of SEK 2,824m.

The total loan volume includes SEK 1,045m in loans for projects, on which interest of SEK 19m has been capitalised.

Net interest expense includes SEK 6m in nonrecurring costs, pertaining to the first half year of 2011.

FINANCIAL POSITION AND NET ASSET VALUE

Shareholders' equity amounted to SEK 11,482m (11,276) at the end of the period and the equity/assets ratio was 38 per cent (39). Shareholders' equity per share totalled SEK 71 (69). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 80 (77).

Operations

The rental market, which developed well during the first half year, remained strong during the third quarter, hallmarked by considerable activity and demand, despite the global economic turbulence. The transaction market also remained strong.

FABÈGE'S PROPERTY PORTFOLIO AND PROPERTY MANAGEMENT

Fabège'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 30 September 2011, Fabège owned 100 properties with a total rental value of SEK 2.1bn, a lettable floor area of 1.1m sqm and a carrying amount of SEK 28.7bn, including development and project properties totalling SEK 5.8bn. The financial



Swedbank Arena and Vattenfall's new headoffice are emerging in Arenastaden.

occupancy rate for the entire property portfolio, including project properties, was 90 per cent (89). The occupancy rate in the portfolio of investment properties was 92 per cent (91).

New lettings during the period totalled SEK 161m (157), while net lettings amounted to SEK 111m (6). Rents in negotiated contracts increased an average of 7 per cent. Efforts to extend and renegotiate leases with existing customers during the period were highly successful.

CHANGES IN THE PROPERTY PORTFOLIO

During the period, seven properties were sold for a total of SEK 322m. The sales generated a before-tax profit of SEK 83m and after-tax profit of SEK 64m. 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 23 per cent of Fabegé's properties were externally valued at 30 September 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 30 September 2011 was SEK 28.7bn (28.1).

Unrealised changes in the value of properties amounted to SEK 772m (677). The yield requirement decreased somewhat during the first and the third quarter and the yield requirement for the portfolio averaged 5.8 per cent (6.0).

The SEK 572m (490) 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 200m (187).

PROJECTS AND INVESTMENTS

Fabegé'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 Fabegé'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

915m (588). 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 Fabegé), 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. Production of prefabricated frames, windows, roofs and facades is proceeding, as are interior works.

The office project in the Bocken 39 property on Lästmakargatan 14 is nearing completion, with occupancy scheduled to commence in stages during the fourth quarter of 2011.

At the Klamparen 10 property on Fleminggatan 12, adaptations to the needs of the tenant are now being concluded. The tenant, the National Agency for Education, will assume occupancy in October 2011. Meanwhile, adaptations to the needs of the remaining tenants continue, with occupancy scheduled for 2012. A total of 72 per cent of the property has been let. Detail planning work to enable an add-on to the property continues.

At the Apotekaren 22 property on Tulegatan/Rådmansgatan, adaptations are now being concluded for the needs of the tenant Björn Borg AB, which will assume occupancy in December 2011. Letting work on other vacant premises continues, with several attractive negotiations.

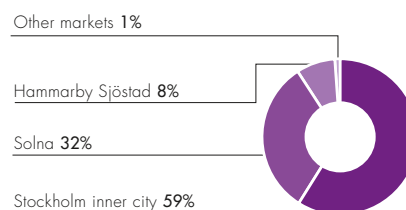
During the first quarter, a decision was taken to develop and invest in a part of the Uarda 1 property, Arenastaden. Work in progress encompasses demolition, reinforcement of the frame, foundation engineering and adaptations to let floor space. This phase comprises a total of 24,000 sqm, of which 15,000 sqm now has been let, including the lease signed with Svea Ekonomi in October, pertaining to slightly more than 10,000 sqm of office premises.

SEGMENTREPORTING

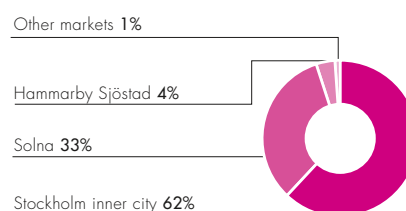
During the first half of the year, three project properties were transferred from Property Development to Property Management.

Distribution of market value 30 September 2011

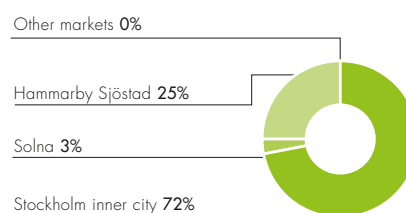
All properties, SEK 28.7bn



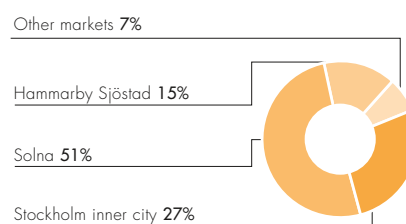
Investment properties, SEK 23.0bn



Development properties, SEK 3.0bn



Project properties, SEK 2.7bn



The segment Property Management generated net operating income of SEK 824m (941), corresponding to a surplus ratio of 68 per cent (69). The occupancy rate was 92 per cent (91). Profit from Property Management amounted to SEK 420m (586). Realised and unrealised changes in value totalled SEK 614m (659).

The segment Property Development generated net operating income of SEK 85m (85), corresponding to a surplus ratio of 61 per cent (57). Profit from Property Management totalled SEK -17m (14). Realised and unrealised changes in value amounted to SEK 241m (208).

Projects in progress >SEK 50m

30 September 2011

Property name	Property type	Area	Completed	Lettable area, sqm	Occupancy rate, area, % ¹⁾	Estimated rental value, SEKm ²⁾	Carrying amount, SEKm	Estimated investment, SEKm	Of which, accrued, SEKm
Apotekaren 22 ³⁾	Office	Norrmalm	Q4-2012	31,422	63%	84	975	197	44
Bocken 39 ³⁾	Office	Östermalm	Q4-2011	19,800	80%	75	1,110	158	128
Klamparen 10	Office	Kungsholmen	Q4-2011	22,530	72%	65	675	235	108
Uarda 1 ³⁾	Office	Arenastaden	Q3-2012	41,079	34%	75	370	482	84
Uarda 5	Office	Arenastaden	Q3-2012	44,500	100%	103	675	1,050	465
Total				159,331	69%	402	3,805	2,122	829
Other Land and Project properties							1,030		
Other Development properties							948		
Total Project, Land and Development properties							5,783		

¹⁾ Operational occupancy rate at 30 September 2011.

²⁾ The annual rent for the largest projects in progress could increase to SEK 402m (fully let) from SEK 91m in annualised current rent as of 30 September 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

30 September 2011

	30 September 2011					1 January – 30 September 2011		
	No. of properties	Lettable area, '000 sqm	Market value, SEKm	Rental value ²⁾ , SEKm	Financial occupancy rate, %	Rental income, SEKm	Property expenses, SEKm	Net operating income, SEKm
Property holdings								
Investment properties ¹⁾	72	938	22,956	1,834	92	1,219	-310	909
Development properties ¹⁾	8	107	3,033	196	80	111	-36	75
Land and Project properties ¹⁾	20	65	2,750	63	38	20	-12	8
Total	100	1,110	28,739	2,093	90	1,350	-358	992
of which, inner city	41	502	17,032	1,176	91	784	-208	576
of which, Solna	35	449	9,263	712	89	448	-104	344
of which, Hammarby Sjöstad	14	133	2,120	185	81	105	-41	64
of which, Other	10	26	324	20	86	13	-5	8
Total	100	1,110	28,739	2,093	90	1,350	-358	992
Expenses for lettings, project development and property administration								-77
Total net operating income after expenses for lettings, project development and property administration								915³⁾

¹⁾ See definitions on page 9.

²⁾ Time-limited deductions of approximately SEK 88m have not been recognised in the rental value.

³⁾ The table refers to Fabeges property portfolio at 30 September 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 915m, and net operating income in the profit and loss account, SEK 909m, 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–September 2011 period.

Segment report (summary)¹⁾

SEKm	Management properties Jan-Sep 2011	Development properties Jan-Sep 2011	Total Jan-Sep 2011	Management properties Jan-Sep 2010	Development properties Jan-Sep 2010	Total Jan-Sep 2010
Rental income	1,207	139	1,346	1,371	149	1,520
Property expenses	-383	-54	-437	-430	-64	-494
Net operating income	824	85	909	941	85	1,026
Surplus ratio, %	68%	61%	68%	69%	57%	68%
Central administration and marketing	-38	-9	-47	-39	-8	-47
Net interest expense	-367	-93	-460	-321	-62	-383
Share in profit/loss of associated companies	1	0	1	5	-1	4
Operating profit/loss	420	-17	403	586	14	600
Realised changes in value, properties	42	41	83	169	21	190
Unrealised changes in value, properties	572	200	772	490	187	677
Profit/loss before tax per segment	1,034	224	1,258	1,245	222	1,467
Changes in value, fixed income derivatives and equities			-271			-143
Profit/loss before tax			987			1,324
Properties, market value	22,956	5,783	28,739	23,719	4,366	28,085
Occupancy rate, %	92%	70%	90%	91%	70%	89%

¹⁾ See definitions on page 9.

Other financial information

STAFF

At the end of the period, the Fabege Group had 121 employees (125).

PARENT COMPANY

Sales during the period amounted to SEK 69m (83) and the result before appropriations and tax was SEK -473m (-305). Net investments in property, equipment and shares totalled SEK -4m (27).

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, 665,000 shares were bought back at an average price of SEK 51.34. At 30 September 2011, the company held 3,076,488 treasury shares, representing 1.9 per cent of the total number of registered shares.

FABEGE'S NOMINATION COMMITTEE AHEAD OF THE 2012 AGM

In accordance with the resolutions passed at Fabege's 2011 Annual General Meeting (AGM), the following Nominating Committee has been formed, based on the ownership at 31 August 2011 and known changes thereafter: Bo Forsén (Brinova Fastigheter AB), Fredrik Grevelius (Investment AB Öresund), Eva Gottfridsdotter-Nilsson (Länsförsäkrings fondförvaltning), Anders Rydin (SEB fonder). The Nominating Committee jointly represents about 28.4 per cent of the votes in Fabege. The AGM will be held in Stockholm on 29 March 2012.

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 30 September 2011, the total increase in taxable income amounts to SEK 7,096m. The decisions have resulted in total tax demands of SEK 1,858m plus a tax penalty of SEK 164m, making a total demand of SEK 2,022m excluding interest payments. At 30 September 2011, accrued interest amounted to SEK 256m. Fabege

strongly contests the tax demands resulting from the Tax Agency's and Administrative Court's decisions and has appealed the decisions.

During the spring of 2011, the Swedish Administrative Court announced verdicts in all 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."

Fabège 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 Fabège's advisors on the matters. Fabège 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 Fabège.

Fabège 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 Fabège'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 Fabège'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, Fabège 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).

EVENTS AFTER THE END OF THE REPORTING PERIOD

In the beginning of October Fabège signed a lease with Svea Ekonomi pertaining 10,195 sqm in the Uarda 1 property, Arenastaden, at an annual rent of SEK 24m. Read more in Fabège's press release dated 10 October 2011 at the website.

Green leases

As part of its systematic environmental and energy-efficiency efforts, Fabège offers customers the possibility of signing what are known as green leases. These leases regulate matters such as energy optimisation, reduced electricity consumption, renewable energy sources and environmentally sound building materials.

– Together with our tenants, we want to consciously pursue a further reduction in our environmental impact, optimise the energy consumption of our premises and reduce our carbon emissions. A green lease is a tool that enables us to focus on and cooperate around environmental issues in a more formalised manner," says Mia Östman, Environment and Operational Technique Manager at Fabège. ■



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 26 October 2011



CHRISTIAN HERMELIN
Chief Executive Officer

REVIEW REPORT

Introduction

We have reviewed the interim report for Fabege AB (publ) for the period 1 January 2011 to 30 September 2011. 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 ISA 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, 26 October 2011
Deloitte AB

Svante Forsberg
Authorised Public Accountant

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.



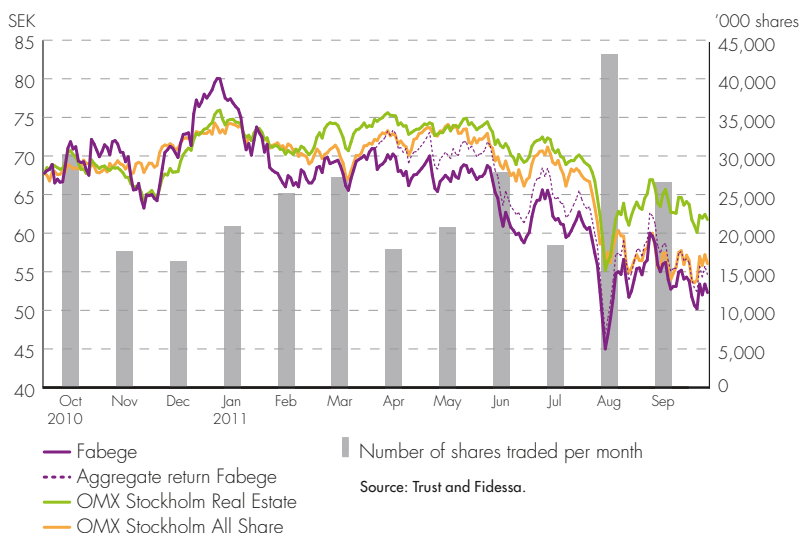
Financial calendar

Year-end report for 2011	2 February 2012
Annual report for 2011	7 March 2012
Annual General Meeting 2012	29 March 2012
The financial calendar for 2012 is available on www.fabege.se	

Fabege share

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

Share price performance



Largest shareholders ¹⁾

30 September 2011

Shareholder	No. of shares	Share of capital, %	Share of votes, %
Brinova AB	23,291,092	14.1	14.3
Öresund Investment AB	10,793,144	6.5	6.6
BlackRock funds (USA)	8,938,454	5.4	5.5
Länsförsäkringar funds	6,198,665	3.7	3.8
SEB funds	6,112,603	3.7	3.8
SHB funds	4,019,302	2.4	2.5
Swedbank Robur funds	3,573,325	2.2	2.2
Nordea funds	3,306,573	2.0	2.0
State of Norway	3,299,439	2.0	2.0
Mats Qviberg and family	2,917,686	1.7	1.8
ENA City AB	2,680,000	1.6	1.7
Second AP-fund	1,747,694	1.1	1.1
Fourth AP-fund	1,655,042	1.0	1.0
AMF Försäkring & Fonder	1,630,000	1.0	1.0
Skandia Liv	1,165,293	0.7	0.7
Other Swedish shareholders	39,164,881	23.7	24.2
Other foreign shareholders	41,821,891	25.3	25.8
Total no. of outstanding shares	162,315,084	98.1	100.0
Treasury shares	3,076,488	1.9	0.0
Total no. of shares	165,391,572	100.00	100.0

¹⁾ Certain shareholders may, through custodial accounts, have had different holdings than are apparent from the shareholder's register. Source: SIS Ågarsservice AB, data derived from Euroclear Sweden AB, as of September 30, 2011

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 depreciation, 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 Jul-Sep	2010 Jul-Sep	2011 Jan-Sep	2010 Jan-Sep	2010 Jan-Dec	Rolling 12 m Oct 10-Sep 11
Rental income	452	495	1,346	1,520	2,007	1,833
Property expenses	-142	-145	-437	-494	-659	-602
Net operating income	310	350	909	1,026	1,348	1,231
Surplus ratio, %	69%	71%	68%	68%	67%	67%
Central administration and marketing	-17	-14	-47	-47	-62	-62
Net interest expense	-162	-138	-460	-383	-522	-599
Share in profit/loss of associated companies	2	11	1	4	18	15
Profit/loss from property management activities	133	209	403	600	782	585
Realised changes in value of properties	33	94	83	190	237	130
Unrealised changes in value of properties	231	407	772	677	843	938
Change in value of fixed income derivatives	-301	27	-263	-107	106	-50
Change in value of equities	-2	-11	-8	-36	-39	-11
Profit/loss before tax	94	726	987	1,324	1,929	1,592
Current tax	0	0	0	0	-3	-3
Deferred tax	-22	-136	-259	-233	-229	-255
Profit/loss for period/year	72	590	728	1,091	1,697	1,334
Comprehensive income attributable to parent company shareholders	72	590	728	1,091	1,697	1,334
Earnings per share, SEK	0.44	3.62	4.47	6.67	10.38	8.19
No. of shares at end of period, millions	162.3	163.0	162.3	163.0	163.0	162.3
Average no. of shares, millions	162.6	163.0	162.9	163.7	163.5	162.9

Consolidated statement of financial position (summary)

SEKm	30 Sep 2011	30 Sep 2010	31 Dec 2010
Assets			
Properties	28,739	28,085	26,969
Other tangible fixed assets	2	4	3
Financial fixed assets	969	616	714
Current assets	367	218	1,504
Cash and cash equivalents	138	168	73
Total assets	30,215	29,091	29,263
Equity and liabilities			
Equity	11,482	10,670	11,276
Provisions	641	454	423
Interest-bearing liabilities	16,846	16,762	16,646
Derivatives	530	480	267
Non-interest-bearing liabilities	716	725	651
Total equity and liabilities	30,215	29,091	29,263
Equity/assets ratio, %	38	37	39
Contingent liabilities	2,704	2,144	2,520

Statement of changes in equity

SEKm	Equity	Of which, attributable to parent company shareholders	Of which, attributable to minority
Equity, 1 Jan 2010	9,969	9,969	-
Share buybacks	-61	-61	-
Cash dividend	-329	-329	-
Profit/loss for the period	1,091	1,091	-
Equity, 30 Sep 2010	10,670	10,670	-
Profit/loss for the period	606	606	-
Equity, 31 Dec 2010	11,276	11,276	-
Share buybacks	-33	-33	-
Cash dividend	-489	-489	-
Profit/loss for the period	728	728	-
Equity, 30 Sep 2011	11,482	11,482	-

Statement of cash flows

SEKm	2011 Jan-Sep	2010 Jan-Sep	2010 Jan-Dec
Net operating income and realised changes in the value of existing property portfolio excluding depreciation	994	1,236	1,600
Central administration	-47	-47	-62
Net financial items paid	-467	-382	-520
Income tax paid	0	0	-3
Change in other working capital	1,169	289	-1,099
Cash flow from operations	1,649	1,096	-84
Investments and acquisition of properties	-1,251	-596	-940
Sale of properties, carrying amount of divested properties	253	2,346	3,978
Other investments (net)	-264	-114	-201
Cash flow from investing activities	-1,262	1,636	2,837
Dividend to shareholders	-489	-329	-329
Share buybacks	-33	-61	-61
Change in interest-bearing liabilities	200	-2,347	-2,463
Cash flow from financing activities	-322	-2,737	-2,853
Change in cash and cash equivalents	65	-5	-100
Cash and cash equivalents at beginning of period	73	173	173
Cash and cash equivalents at end of period	138	168	73

Key ratios

	2011 Jan-Sep	2010 Jan-Sep	2010 Jan-Dec
Financial			
Return on capital employed, %	6.9	8.1	8.7
Return on equity, %	8.5	14.1	16.0
Interest coverage ratio, times	2.1	3.1	3.0
Equity/assets ratio, %	38	37	39
Loan-to-value ratio, properties, %	59	60	62
Debt/equity ratio, times	1.5	1.6	1.5
Share-related ¹⁾			
Earnings per share for the period, SEK	4.47	6.67	10.38
Equity per share, SEK	71	65	69
Cash flow per share, SEK	2.99	4.81	6.13
No. of outstanding shares at end of period, '000	162,315	162,980	162,980
Average no. of shares, '000	162,869	163,679	163,504
Property-related			
No. of properties	100	119	103
Carrying amount, properties, SEKm	28,739	28,085	26,969
Lettable area, sqm	1,117,000	1,238,000	1,138,000
Financial occupancy rate, %	90	89	88
Surplus ratio, %	68	68	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-Sep	2010 Jan-Sep	2010 Jan-Dec
Income	69	83	102
Expenses	-136	-146	-190
Net financial items	-144	-107	-139
Change in value, fixed income derivatives	-263	-107	106
Change in value, equities	1	-28	-29
Profit/loss before tax	-473	-305	-150
Tax	123	71	29
Profit/loss for period/year	-350	-234	-121

Parent Company balance sheet (summary)

SEKm	30 Sep 2011	30 sep 2010	31 Dec 2010
Interests in Group companies	13,328	13,328	13,328
Other fixed assets	37,992	39,000	37,669
<i>of which, receivables from Group companies ¹⁾</i>	<i>37,752</i>	<i>38,768</i>	<i>37,524</i>
Other current assets	24	12	25
Cash and cash equivalents	135	164	64
Total assets	51,479	52,504	51,086
Equity	8,490	9,091	9,363
Provisions	67	64	63
Long-term liabilities	39,914	36,745	35,771
<i>of which, liabilities to Group companies ¹⁾</i>	<i>25,659</i>	<i>20,624</i>	<i>24,676</i>
Short-term liabilities	3,008	6,604	5,889
Total equity and liabilities	51,479	52,504	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 30 September 2010, although they were previously recognised gross.



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 30 September 2011, Fabege owned 100 properties with a combined market value of SEK 28.7bn. The rental income amounted to SEK 2.1bn.

Questions concerning the report will be answered by:

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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 26 October 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 26 October 2011.

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