

# Q3

2015

## Summary, SEKm

	2015 Jul-Sep	2014 Jul-Sep	2015 Jan-Sep	2014 Jan-Sep
Rental income	495	526	1,493	1,565
Net operating income	365	382	1,080	1,120
Profit from property management	147	191	516	508
Profit before tax	686	346	2,637	1,032
Profit after tax	519	265	2,054	828
Surplus ratio, %	74	73	72	72
Equity ratio, %	-	-	39	36
EPRA NAV, SEK per share	-	-	107	89

## January – September 2015<sup>1</sup>

- Rental income declined to SEK 1,493m (1,565) due to a smaller property portfolio than in the year-earlier period. In an identical portfolio, income rose approximately 4 per cent.
- Net operating income declined to SEK 1,080m (1,120). In an identical portfolio, net operating income increased about 4 per cent. The surplus ratio amounted to 72 per cent (72).
- Profit from property management increased to SEK 516m (508) and included non-recurring items in associated companies at an expense of SEK 48m.
- Realised and unrealised changes in value amounted to SEK 1,974m (904) for properties and SEK 111m for fixed income derivatives (neg: 377).
- Profit for the period before tax was SEK 2,637m (1,032). Profit after tax for the period amounted to SEK 2,054m (828), corresponding to SEK 12.42 per share (5.01).
- Net lettings for the period amounted to SEK 78m (246), following major lettings to, for example, ICA, KPMG and SBAB, and a number of management lettings. The rent levels from renegotiated leases increased an average of 13 per cent.
- The equity ratio was 39 per cent (38) and the loan-to-value ratio 55 per cent (60).

<sup>1</sup> The comparison figures for income and expense items relate to values for the period January–September 2014 and for balance sheet items as at 31 December 2014.

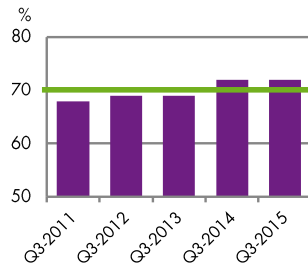
Fabege

CREATING THE RIGHT CONDITIONS



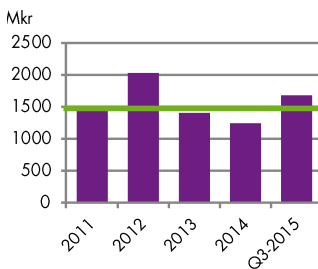
Christian Hermelin, CEO

#### SURPLUS RATIO



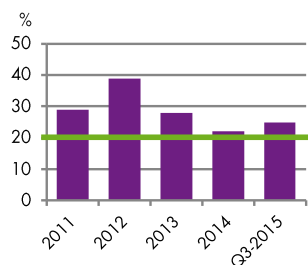
Target: 70 per cent

#### INVESTMENT VOLUME<sup>1</sup>



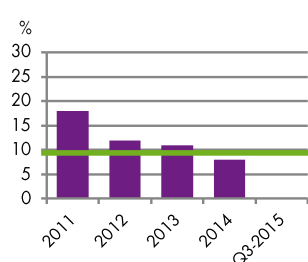
Target: 1 500 Mkr per year

#### RETURN ON PROJECTS<sup>1</sup>



Target: 20 per cent

#### TRANSACTION GAIN<sup>1</sup>



Target: 10 per cent

<sup>1</sup>) In the bar charts above, the figures for Q3 pertain to the accumulated amount for the first nine months of the year. Other bars pertain to the full year.

## Comments by Christian Hermelin, CEO

# Record earnings in sight

**Highly favourable market conditions and the impressive efforts of our organisation have laid the foundation for the strong earnings that we can now report.**

## Strong market paves the way

Our property market is highly favourable and we cannot see that turmoil in the external environment is affecting our market. Both Sweden's National Institute of Economic Research and the IMF forecast strong growth in Sweden for the next few years. We are experiencing a high level of activity in the rental market and our areas are attracting many potential tenants, which has now made decision-making processes increasingly swift. I am satisfied with the high net lettings and retention rate during the period. I am also very pleased with our surplus ratio, which has never been higher for the comparable period. The strong market also contributed to higher rent levels following renegotiations and continued falling yield requirements, and we are now rapidly approaching record-low yield requirements.

## Active sustainability efforts create value

Our active sustainability efforts are a significant factor for our success in the rental market. Nowadays, a common customer requirement is that offices have environmental certification and are situated in attractive, vibrant city environments. During the quarter, Fabège's sustainability efforts were ranked number one in the Nordic countries GRESB<sup>1</sup>. It is an award that we can be very proud of and a confirmation that our work is of high quality.

## Efficiently functioning capital market

The capital market continued to function efficiently, with good access to capital at favourable prices. At the period-end, Fabège's loan-to-value ratio was 55 per cent, comfortably below our target of 60 per cent. I am satisfied that the loan-to-value ratio is declining in line with the increase in value of the property portfolio, and that we thereby are strengthening the company.

During the period, we were the first commercial real estate company to sign a green financing agreement with the European Investment Bank. It is gratifying that our efforts in sustainable investments can now be matched with sustainable financing.

## Increased activity in project portfolio

Our project portfolio will be further expanded with lettings to ICA and Telenor, totalling 50,000 sqm, meaning that we will not only maintain a high rate of investment over the next few years, but we are also creating the conditions for continued project gains.

## Market prospects

During the first nine months of the year, the Stockholm market remained very strong with considerable demand for modern and sustainable offices in attractive locations served by transportation links. Given the prevailing market conditions and Fabège's attractive property and project portfolio, we are approaching record earnings for 2015. With the right team in place, Fabège is well positioned to capitalise on the opportunities that lie ahead. Based on our conditions, we believe in a continued healthy development, in which all parts of the operation contribute to strong aggregate earnings. We have proven for a long time that we have great power in our hands and that our earnings are not dependent only on the market and economic climate, which also provides for solid conditions if and when the market declines.

<sup>1</sup> GRESB (Global Real Estate Sustainability Benchmark) whose mission is to enhance and protect shareholder value by evaluating and improving sustainability practices in the global real estate sector.



# Earnings Jan-Sep 2015<sup>1</sup>

The period was characterised by higher rental income and net operating income in an identical portfolio, a strengthened surplus ratio and strong value growth in the property portfolio due to investments and lower yield requirements in the market.

## Revenues and earnings

After-tax profit for the period increased to SEK 2,054 (828), corresponding to SEK 12.42 per share (5.01). Profit for the period before tax rose to SEK 2,637m (1,032). Profit from property management improved by 1.5 per cent. Unrealised value changes in the property portfolio increased because of the strong trend in the rental and property market.

Rental income amounted to SEK 1,493m (1,565) and net operating income was SEK 1,080m (1,120). The decline was due entirely to the smaller portfolio following property sales in 2014. In an identical portfolio, both rental income and net operating income rose 4 per cent due to lower rent discounts, a higher occupancy rate and improved rent levels. The surplus ratio rose by slightly less than one percentage point and when rounded off, amounted to 72 per cent (72). The improvement was mainly a result of a more modern portfolio with increased income and more efficient operation. For the second consecutive year, the mild winter contributed to low running costs.

Realised changes in the value of properties amounted to SEK 4m (135) and pertained to lagging effects from previously implemented transactions. Unrealised changes in value amounted to SEK 1,970m (769). The SEK 1,631m (568) unrealised change in the value of the investment property portfolio resulted from higher rent levels and a lower yield requirement in Stockholm inner city, Solna and Hammarby Sjöstad. The average yield requirement fell by just under 0.3 percentage points to 5.1 per cent after rounding off (5.4 at year-end). The project portfolio contributed to an unrealised change in value of SEK 339m (201), primarily due to development gains in the major project properties.

The result from associated companies was a loss of SEK 80m (loss 57), mainly due to Arenabolaget i Solna KB. This result for the third quarter includes non-recurring items at an expense of SEK 48m, primarily due to change in the assessment of depreciation relating depreciations regarding Friends Arena. As a result of higher long-term interest rates, the deficit value of the derivatives portfolio declined by SEK 111m (increase: 377). Changes in the value of shareholdings, mainly Catena, totalled SEK 36m (decline: 3). Net interest expense declined to SEK 436m (expense: 509), due to lower market interest rates.

## Segment reporting

As a result of a reallocation, the Uarda 1 has been divided into three properties. During the first quarter, Uarda 1 was reclassified from a project property to an investment property. Following the reallocation, Uarda 6 and Uarda 7 were formed. The latter two remain project properties. Stora Frösunda 2 and Hagalund 2:2, Solna, recently acquired properties, have been reclassified as development properties and are part of the Development segment.

The Property Management segment generated net operating income of SEK 1,035m (1,075), corresponding to a surplus ratio of 73 per cent (72). The occupancy rate was 92 per cent (93). Profit from property management was SEK 515m (509). Unrealised changes in property values amounted to SEK 1,631m (568).

The Property Development segment generated net operating income of SEK 45m (45), equal to a surplus ratio of 58 per cent (68). Profit from property management was SEK 1m (loss: 1). Unrealised changes in property values amounted to SEK 339m (201).

No transactions were implemented in the Transaction segment during the first nine months of the year. Realised changes in value amounted to SEK 4m (135) and pertained to lagging effects from previously implemented transactions.

## Financial position and net asset value

Shareholders' equity amounted to SEK 15,299m (13,783) at period-end and the equity/assets ratio was 39 per cent (38). Shareholders' equity per share totalled SEK 93 (83). Excluding deferred tax on fair-value adjustments of properties, net asset value per share was SEK 109 (97). EPRA NAV was SEK 107 (95).

<sup>1</sup> The comparison figures for income and expense items relate to values for the period January–September 2014 and for balance sheet items as at 31 December 2014.

## Quarter 3 in brief<sup>1</sup>

- Continued healthy demand was noted for office premises in Stockholm and rent levels rose in all of our submarkets.
- New lettings amounted to SEK 95m (25) and net lettings to SEK 28m (loss: 12).
- The surplus ratio amounted to 74 per cent (73).
- Profit from property management declined to SEK 147m (191), due to non-recurring items in associated companies.
- The property portfolio showed unrealised value growth of SEK 590m (258), of which projects accounted for SEK 121m (60).
- The deficit value of the derivative portfolio increased SEK 26m (90) due to lower long-term interest rates.
- After-tax profit for the quarter was SEK 519m (265).

## BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

SEKm	2015	2014
	Jan-Sep	Jan-Sep
Profit from Property Management activities	515	509
Changes in value (portfolio of investment properties)	1,631	568
<b>Contribution from Property Management</b>	<b>2,146</b>	<b>1,077</b>
Profit from Property Management activities	1	-1
Changes in value (profit from Property Development)	339	201
<b>Contribution from Property Development</b>	<b>340</b>	<b>200</b>
Realised changes in value	4	135
<b>Contribution from Transactions</b>	<b>4</b>	<b>135</b>
<b>Total contribution from the operation</b>	<b>2,490</b>	<b>1,412</b>

**72%**  
Surplus ratio

## Financing

Fabege employs long-term credit lines subject to fixed terms and conditions. The company's lenders are primarily the major Nordic banks.

Interest-bearing liabilities at period-end totalled SEK 20,513m (19,551), with an average interest rate of 2.77 per cent excluding and 2.90 per cent including commitment fees on the undrawn portion of committed credit facilities. Unutilised committed lines of credit totalled SEK 3,255m.

In the third quarter, existing credit agreements totalling SEK 2,900m were extended. At the same time, existing credit agreements totalling SEK 9,400m were refinanced at maturities between one and three years. Fabege also signed a green long-term credit facility with the European Investment Bank (EIB) for investments in environmentally certified property projects. This loan facility comprises a ten-year credit of slightly more than SEK 900m.

On 30 September, the loan-to-value ratio was 55 per cent, and the average maturity period was 3.5 years. The company's average maturity period increased to four years due to the payment of the EIB loan at the start of October.

Fabege has a commercial paper programme of SEK 5,000m. At the end of the quarter, outstanding commercial papers amounted to SEK 4,933m (2,889). Fabege has available long-term credit facilities covering all outstanding commercial papers at any given time. It also has a covered property bond of SEK 1,170m which will mature in February 2016. It will be repaid in November as a result of the company's decision to redeem the bond in advance. On 30 September, Fabege also had outstanding bonds totalling SEK 867m within the framework of the co-owned company Nya Svensk FastighetsFinansiering AB.

The average fixed-rate term for Fabege's loan portfolio was 2.3 years, including effects of derivative instruments. The average fixed interest term for variable-interest loans was 94 days. In the third quarter, additional interest-rate swaps totalling SEK 400m were agreed with maturities of seven years, following which Fabege's derivatives portfolio comprised interest-rate swaps totalling SEK 8,000m with maturities through 2025 and at fixed interest rates ranging from 0.85 to 2.73 per cent before margins and callable swaps of SEK 5,700m at interest rates of between 2.87 and 3.98 per cent before margins and maturity between 2016 and 2018. Interest rates on 67 per cent of Fabege's loan portfolio were fixed using fixed-income derivatives. The derivatives portfolio is measured at market value and the change in value is recognised in profit or loss. At 30 September 2015, the recognised deficit value of the portfolio was SEK 809m (920). The derivatives portfolio is 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. At the due date, the market value of derivative instruments is always zero.

Net financial items included other financial expenses of SEK 13m, mainly pertaining to accrued up front-fees for borrowing agreements and bond programmes.

The total loan volume at the end of the quarter included SEK 1,904m (460) in loans for projects, on which interest of SEK 30m (8) had been capitalised.

## Tax

Tax expenses for the period amounted to SEK -583m (-204). Operating taxes are calculated at a rate of 22 per cent on taxable earnings.

## Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 551m (neg: 1,093). Changes in working capital had a positive impact of SEK 1,013m (48) on cash flow. The positive cash flow from working capital was due to received purchase considerations for previously sold properties and restricted amounts for loans that were settled during the second quarter. Investing activities had a negative impact of SEK 1,973m (pos: 542) on cash flow, while cash flow from financing activities had a positive impact SEK 423m (603). In investing activities, cash flow is driven by property acquisitions and projects. Cash and cash equivalents changed by a total of SEK 14m (100) during the period.

## INTEREST RATE MATURITY STRUCTURE AT 30 SEPTEMBER 2015

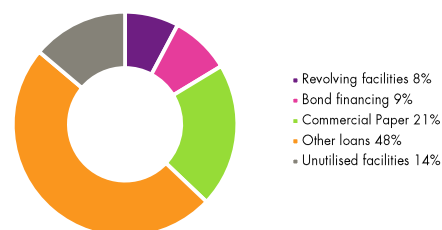
	Amount SEKm	Average interest rate,%	Share,%
< 1 year	8,478	3.06	41
1-2 years	3,285	2.46	16
2-3 years	4,750	3.37	23
3-4 years	1,000	2.13	5
4-5 years	0	0.00	0
> 5 years	3,000	1.55	15
Total	20,513	2.77	100

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 AT 30 JUNE 2015

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	4,933
< 1 year	9,457	5,818
1-2 years	3,827	2,578
2-3 years	3,412	2,257
3-4 years	1,395	190
4-5 years	425	425
> 5 years	5,252	4,312
Total	28,768	20,513

## BREAKDOWN OF SOURCES OF FUNDING



## GREEN FINANCING FROM THE EUROPEAN INVESTMENT BANK

Fabege signed a new long-term credit facility with the European Investment Bank (EIB) for investments in environmentally certified property projects. This loan facility comprises a ten-year credit of slightly more than SEK 900m. The financing will be used for investments in some of Fabege's major property development projects in Arenastaden.

# Operations Jan-Sep 2015<sup>1</sup>

**The trend in the first half year with rising rent levels and property values continued in the third quarter. Net lettings were strong for the period, with several successful lettings and renegotiations contributing to increased rent levels in the property management portfolio.**

## Property portfolio and management

Fabege's Property Management and Property Development activities are concentrated to a few selected submarkets in and around Stockholm; Stockholm inner city, Solna and Hammarby Sjöstad. On 30 September 2015, Fabege owned 84 properties with a total rental value of SEK 2.2bn, a lettable floor area of 1.1 m sqm and a carrying amount of SEK 37.6bn, including development and project properties totalling SEK 6.1bn. The financial occupancy rate for the entire property portfolio, including project properties, was 92 per cent (93). The occupancy rate in the portfolio of investment properties was 92 per cent (93).

During the period, 161 new leases were signed at a total rental value of SEK 202m (351). Lease terminations amounted to SEK 124m (105), while net lettings were SEK 78m (246). The net lettings in the year-earlier period included major project lettings to, for example, SEB and TeliaSonera. Major lettings during the period pertained to ICA in Signalen 3 and KPMG in Uarda 7, both in Arenastaden, and SBAB in Fräsaren 10, Solna Business Park. In addition, a large number of smaller leases were signed pertaining to management lettings. Net lettings for the period did not include the letting to Telenor of SEK 31m in the Lagern 2 property in Råsunda, since the property is part-owned and not consolidated.

Efforts to extend and renegotiate leases with existing customers were successful. A lease value of approximately SEK 212m was renegotiated during the period, resulting in an average rise in rental value of 13 per cent. The retention rate during the period was 82 per cent (71).

## Changes in the property portfolio

In the second quarter, three properties were acquired in two transactions. The Stora Frösunda 2 and Hagalund 2:2 properties were purchased from Catena with possession taken on June 23. An agreement was also reached concerning the acquisition of the Fräsaren 9 property in Solna Business Park, with possession to be taken in the first quarter of 2016. The Grönlandet Södra 13 property, which was sold in late 2014, was vacated in June. No additional transactions took place in the third quarter.

As a result of a reallocation, the Uarda 1 property in Arenastaden was divided into three separate properties.

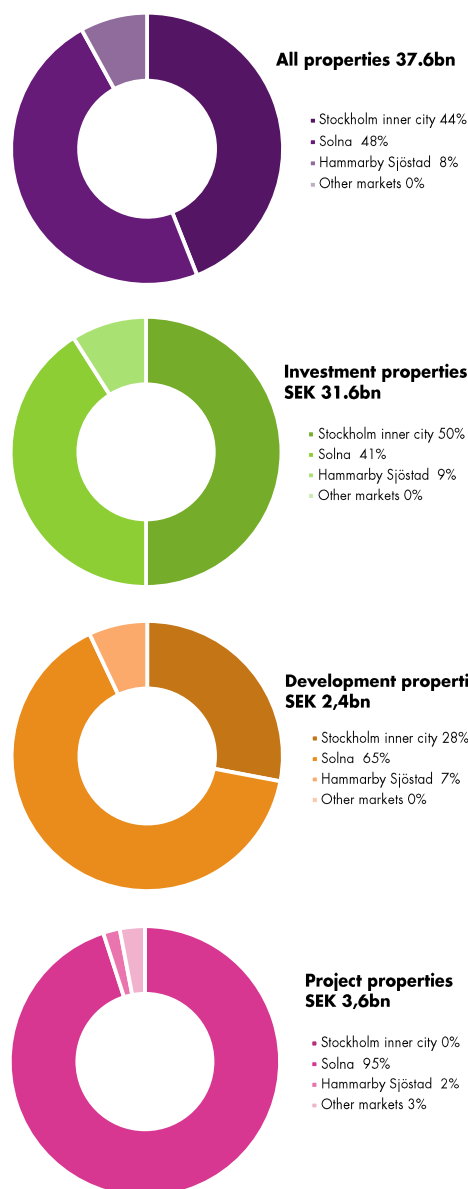
## Changes in value of properties

The entire property portfolio is externally valued at least once annually. Approximately 22 per cent of the properties were externally valued at 30 September 2015 and the remainder were internally valued based on the most recent external valuations. The combined market value was SEK 37.6bn (32.6).

Unrealised changes in value amounted to SEK 1,970m (769). The average required yield declined slightly during the period, amounting to a rounded off figure of 5.1 per cent (5.4 at year-end). The value change of SEK 1,631m (568) in the investment-property portfolio mainly resulted from a lower yield requirement in the market, and from properties with rising rent levels. The project portfolio contributed to a change in value of SEK 339m (201), primarily due to development gains in the major project properties.

## BREAKDOWN OF MARKET VALUE

30 September 2015



<sup>1</sup> The comparison figures for income and expense items relate to values for the period January–September 2014 and for balance sheet items as at 31 December 2014.

## Projects and investments

The purpose of Fabege's project investments is 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.

In 2014, project investments slightly exceeded SEK 1.2bn. In view of the considerable project volume in progress, the investment pace is expected to rise during the current year. During the period, investments in existing properties and projects totalled SEK 1,685m, (873), of which SEK 1,353m pertained to investments in project and development properties. The return on capital invested in the project portfolio was 25 per cent. Capital invested in the property management portfolio was SEK 332m and contributed to the total growth in value.

### Completed projects

No major projects were completed during the period.

### Major on-going projects

The project involving the new build of Nationalarenan 8 property is proceeding as planned, with a focus on interior work and completing office space. The investment, including acquisition of development rights, totals approximately SEK 1.3bn. The property is fully let to TeliaSonera, with occupancy scheduled for the second quarter of 2016.

The new build of The Winery Hotel on the Järvakrogen 3 property continues, with the completion of hotel rooms and public areas. The final inspection will take place in November. The investment has increased due to difficult soil conditions and is estimated at some SEK 300m. The property is fully let to the Winery Hotel with occupancy scheduled for January 2016.

The Uarda 7 project in Arenastaden is also proceeding as planned. The investment amounts to about SEK 570m. Essentially all procurements have been completed. Tenant adaptations to office premises are currently being carried out. Occupancy by the first tenants is scheduled for January 2016. Following the recent lettings, to tenants such as KPMG, the occupancy rate is 89 per cent.

The construction of the office building at the Uarda 6 property is in progress with the construction of the framework. The façade has been procured and the procurement of fixtures and fitting is underway. The investment amounted to slightly more than SEK 500m. Slightly more than half of the property has been let to Siemens with occupancy scheduled for the fourth quarter of 2017. The occupancy rate is 58 per cent.

The project involving construction of SEB's offices in the Pyramiden 4 property in Arenastaden is proceeding. Work on constructing the framework is progressing and interior work will commence shortly. Procurements conducted to date are within the budget framework. Under a supplementary agreement with SEB, the office space will be increased to about 72,200 sqm, with a total lease value of SEK 182m. The investment amounts to some SEK 2.3bn and the new office is scheduled for completion in two phases, spring 2017 and 2018, respectively. The property is fully let to SEB.

In August, a decision was made to construct an office building at the Signalen 3 property in Arenastaden. The investment amounts to SEK 1,080m. ICA signed an agreement corresponding to 75 per cent of the lettable area. Construction will commence at the start of 2016 with occupancy scheduled for the third quarter of 2018.

## CHANGE IN PROPERTY VALUE 2015

Changes in property value	2015
Opening fair value 2015-01-01	32,559
Property acquisitions	1,416
conversions	1,685
Changes in value, existing property portfolio	1,970
Changes in value relating the properties divested during the year	-
Sales and disposals	-
<b>Closing fair value 2015-09-30</b>	<b>37,630</b>

## SALES OF PROPERTIES JAN-SEP 2015

Property name	Area	Category	Lettable area, sqm
<b>Quarter 1</b>			
No divestments			
<b>Quarter 2</b>			
No divestments			
<b>Quarter 3</b>			
No divestments			
<b>Quarter 4</b>			
Total sales of properties			<b>0</b>

## PROPERTY ACQUISITIONS JAN-SEP 2015

Property name	Area	Category	Lettable area, sqm
<b>Quarter 1</b>			
No acquisitions			
<b>Quarter 2</b>			
Stora Frösunda 2	Solna	Industry/office	40,723
Hagalund 2:2	Solna	Land	-
<b>Quarter 3</b>			
No acquisitions			
<b>Quarter 4</b>			
Total acquisitions of properties			<b>40,723</b>

### ICA SIGNS NEW AGREEMENT WITH FABEGE

ICA Gruppen AB has signed a new 12-year agreement for slightly more than 23,000 sqm of floor space, excluding garage facilities, in Arenastaden. The total annual rental value including parking facilities amounts to about SEK 68m. The office will be built on the Signalen 3 property and occupancy is scheduled for the third quarter of 2018.

The new agreement will take the form of a Green Lease, entailing an ambition by both parties to identify resource-efficient and environmentally smart operating solutions, and the building will be environmentally certified according to the BREEAM Excellent standard.



## ON-GOING PROJECTS > SEK 50M

30 September 2015

Property listing	Property type	Area	Completed	Lettable area, sqm	Occupancy rate, area, % <sup>1</sup>	Estimated rental value, SEKm <sup>2</sup>	Carrying amount SEKm	Estimated investment, SEKm	of which, worked up, SEKm
Järvakrogen 3	Hotel	Solna	Q1-2016	7,460	100%	24	325	310	269
Nationalarenan 8	Offices	Arenastaden	Q2-2016	42,000	100%	109	1,170	1,311	890
Pyramiden 4	Offices	Arenastaden	Q2-2018	72,200	100%	182	790	2,350	517
Signalen 3	Kontor	Arenastaden	Q3-2018	30,500	75%	68	202	1,080	0
Uarda 6	Offices	Arenastaden	Q4-2017	18,000	58%	50	320	511	207
Uarda 7	Offices	Arenastaden	Q1-2016	17,641	89%	52	646	570	428
<b>Total</b>				<b>187,801</b>	<b>94%</b>	<b>485</b>	<b>3,453</b>	<b>6,132</b>	<b>2,311</b>
Other land and project properties							177		
Other development properties							2,448		
<b>Total projects, land and development properties</b>							<b>6,078</b>		

<sup>1</sup> Operational occupancy rate 30 September 2015.

<sup>2</sup> Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 485m (fully let) from SEK 0m in annualised current rent as of 30 September 2015.

## PROPERTY PORTFOLIO

30 September 2015

	Sep 30 2015					Jan-Sep 2015		
	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value <sup>2</sup>	Financial occupancy rate %	Rental income SEKm	Property expenses SEKm	Net operating income SEKm
<b>Property holdings</b>								
Investment properties <sup>1</sup>	61	962	31,552	2,127	92	1,442	-289	1,153
Development properties <sup>1</sup>	6	110	2,449	117	80	73	-18	55
Land and Project properties <sup>1</sup>	17	0	3,629	1	0	3	-6	-3
<b>Total</b>	<b>84</b>	<b>1,072</b>	<b>37,630</b>	<b>2,245</b>	<b>92</b>	<b>1,518</b>	<b>-313</b>	<b>1,205</b>
Of which, Inner city	29	404	16,304	1,046	93	710	-166	544
Of which, Solna	37	550	18,168	971	92	667	-120	547
Of which, Hammarby Sjöstad	11	117	3,050	227	86	140	-27	113
Of which, Other	7	1	108	1	100	1	0	1
<b>Total</b>	<b>84</b>	<b>1,072</b>	<b>37,630</b>	<b>2,245</b>	<b>92</b>	<b>1,518</b>	<b>-313</b>	<b>1,205</b>
Expenses for lettings, project development and property administration								.97
<b>Total net operating income after expenses for lettings, project development and property administration</b>								<b>1,108</b> <sup>3</sup>

<sup>1</sup> See definitions on page 15.

<sup>2</sup> In the rental value, time limited deductions of about SEK 59m (in rolling annual rental value at 30 September 2015) have not been deducted.

<sup>3</sup> The table refers to Fabeges property portfolio on 30 September 2015. Income and expenses were recognised as if the properties were owned for the entire period. The difference between recognised net operating income above, SEK1.108m, and net operating income in profit or loss, SEK 1.080m, is due to net operating income from divested properties being excluded, and acquired properties being adjusted upwards as if they had been owned/completed during the period of January–September 2015. Intercompany rentals have been included in the table.

## SEGMENT REPORTING IN SUMMARY <sup>1</sup>

SEKm	2015 Jan-Sep Property Management	2015 Jan-Sep Property Development	2015 Jan-Sep Transaction	2015 Jan-Sep Total	2014 Jan-Sep Property Management	2014 Jan-Sep Property Development	2014 Jan-Sep Transaction	2014 Jan-Sep Total
Rental income	1,416	77		1,493	1,499	66		1,565
Property expenses	-381	-32		-413	-424	-21		-445
<b>Net operating income</b>	<b>1,035</b>	<b>45</b>	<b>0</b>	<b>1,080</b>	<b>1,075</b>	<b>45</b>	<b>0</b>	<b>1,120</b>
Surplus ratio, %	73%	58%	0%	72%	72%	68%	0%	72%
Central administration	-43	-5		-48	-42	-4		-46
Net interest expense	-397	-39		-436	-469	-40		-509
Share in profits of associated companies	-80	0		-80	-55	-2		-57
<b>Profit from property management activities</b>	<b>515</b>	<b>1</b>	<b>0</b>	<b>516</b>	<b>509</b>	<b>-1</b>	<b>0</b>	<b>508</b>
Realised changes in value of properties			4	4			135	135
Unrealised changes in value of properties	1,631	339		1,970	568	201		769
<b>Profit/loss before tax per segment</b>	<b>2,146</b>	<b>340</b>	<b>4</b>	<b>2,490</b>	<b>1,077</b>	<b>200</b>	<b>135</b>	<b>1,412</b>
Changes in value, fixed income derivatives and equities				147				
<b>Profit before tax</b>				<b>2,637</b>				<b>1,032</b>
Properties, market value	31,552	6,078		37,630	30,438	3,430		33,868
Occupancy rate, %	92%	80%		92%	93%	85%		92%

<sup>1</sup> See definitions on page 15

# Other financial information

## Human resources

At the end of the quarter, 147 people (138) were employed in the Fabège Group.

## Parent Company

Sales during the period amounted to SEK 113m (96) and profit before appropriations and tax was SEK 29m (loss: 666). Net investments in property, equipment and shares totalled SEK 0m (0).

## Acquisition and transfer of treasury shares

The 2015 AGM renewed the authorisation of 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. No shares were bought back during the period.

**+ 6%**

**Accumulated value growth in 2015.**

## Opportunities and risks

Risks and uncertainties relating to cash flow from operations are primarily attributable to changes in rents, vacancies and interest rates. A more detailed description is presented in the risk section of the 2014 Annual Report (pages 38–41). The effect of the changes on consolidated profit is shown in the risk analysis and in the sensitivity analysis in the 2014 Directors' Report (page 62–67).

Properties are recognised at fair value and changes in value are recognised in profit or loss. The effects of changes in value on consolidated profit, the equity/assets ratio and the loan-to-value ratio are also presented in the risk analysis and the sensitivity analysis in the 2014 annual report. Financial risk, defined as the risk of insufficient access to long-term funding through loans, and Fabège's management of this risk are described in the 2014 annual report (pages 39–40 and 78–79).

No material changes in the company's assessment of risks have arisen following publication of the 2014 annual report. Fabège's aims for the capital structure are to have an equity/assets ratio of at least 30 per cent and an interest coverage ratio of at least 2.0 (including realised changes in value).

## SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change	Effect, SEKm
Rental income, total	1%	19.9
Rent level, commercial income	1%	19.5
Financial occupancy rate	1 percentage point	22.3
Property expenses	1%	5.5
Interest expense, rolling 12 months	1 percentage point	63.0
Interest expenses, longer term perspective	1 percentage point	205.1

The sensitivity analysis shows the effects on the Group's cash flow and profit on an annualised basis after taking account of the full effect of each parameter.

## SENSITIVITY ANALYSIS – PROPERTY VALUE

Change in value, %	Impact on after-tax profit, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	294	38.9%	54.0%
0	0	38.5%	54.5%
-1	-294	38.1%	55.1%

Profit and key figures are affected by realized and unrealized changes in the value of properties on properties. The table shows the effect of a 1 percentage point of change in value after deferred tax deduction.



### Seasonal variations

Expenses for the running and maintenance of properties are subject to seasonal variations. For example, cold and snowy winters give rise to higher costs for heating and snow clearance, while hot summers result in higher cooling costs. During the first and fourth quarter, the warm and snowless winter season contributed to lower running costs and a strong surplus ratio. Activity in the rental market is seasonal. Normally, more business transactions are completed during the second and fourth quarters, whereby net lettings during these quarters are usually higher.

### Outlook

Given the prevailing market conditions and Fabège's attractive property and project portfolio, we are approaching record earnings for 2015. With the right team in place, Fabège is well positioned to capitalise on the opportunities that lie ahead. Based on our conditions, we believe in a continued healthy development, in which all parts of the operation contribute to strong aggregate earnings.

### Accounting policies

Fabège prepares its consolidated financial statements according to International Financial Reporting Standards (IFRS). The interim report

has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The Group applies the same accounting policies and valuation methods as in the latest annual report. New or revised IFRS standards or other IFRIC interpretations that came into effect after 1 January 2015 have not had any material impact on consolidated income statements or balance sheets.

The Parent Company prepares its financial statements according to RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act and applies the same accounting policies and valuation methods as in the most recent annual report.

Stockholm, 20 October 2015



CHRISTIAN HERMELIN  
Chief Executive Officer

# Review Report

We have reviewed the interim report for Fabège AB (publ) for the period January 1 - September 30, 2015. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of 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 substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, October 20, 2015

Deloitte AB

Kent Åkerlund  
Authorized Public Accountant

# Share information

The Fabege share is listed on the Nasdaq Stockholm Nordic Exchange and included in the Large-Cap segment.

## THE 15 LARGEST SHAREHOLDERS AS OF 30 SEPTEMBER 2015<sup>1</sup>

	Number of shares	Proportion of equity, %	Proportion of votes, %
Erik Paulsson with family, privately and company	25,051,150	15.1	15.1
BlackRock Inc. <sup>2</sup>	8,924,247	5.4	5.4
Investment AB Öresund	5,500,000	3.3	3.3
FIM Funds	4,616,242	2.8	2.8
Länsförsäkringar Funds	4,051,829	2.4	2.4
Qviberg Mats with family	3,747,868	2.3	2.3
Norges Bank Investment Management	3,529,049	2.1	2.1
SHB Funds	2,950,606	1.8	1.8
Stichting Pensioenfonds ABP	2,891,514	1.7	1.7
ENA City AB	2,735,000	1.7	1.7
ING Funds	2,675,531	1.6	1.6
SHB pension fund	2,420,000	1.5	1.5
Principal Funds	2,400,074	1.5	1.5
Fourth AP-Fund	2,004,344	1.2	1.2
Blue Sky Group Pensioenfonds	1,657,856	1.0	1.0
<b>Total 15 largest shareholders</b>	<b>75,155,310</b>	<b>45.4</b>	<b>45.4</b>
Other foreign shareholders	45,912,387	27.8	27.8
Other Swedish shareholders	44,323,875	26.8	26.8
<b>Total no. of shares outstanding</b>	<b>165,391,572</b>	<b>100.0</b>	<b>100.0</b>
Treasury shares	0	0	0
<b>Total no. of registered shares</b>	<b>165,391,572</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup>The shareholdings of certain shareholders whose shares are managed by trustees may differ from what is stated in the share register.

Source: Modular Finance AB, according to data from Euroclear Sweden AB.

<sup>2</sup>The shares are wholly or partly owned by trustee-managed accounts. Ownership has been confirmed via a disclosure press release to the Swedish Financial Supervisory Authority and amounted to 5-10 per cent of the share capital/votes as per 30 September 2015.

The Fabege share is traded on Nasdaq Stockholm, BOAT, BATS Chi-X and the London Stock Exchange.

No. of shareholders as of 30 September 2015: 38,854

## SHARE INFORMATION



## FABEGE WINNER IN GRESB'S SUSTAINABILITY RANKING

In its annual survey, GRESB – whose mission is to enhance and protect shareholder value by evaluating and improving sustainability practices in the global real estate sector – has ranked Fabege as the leader in the office sector for listed property companies in Europe.

Fabège participated in the survey for the first time in 2014, when it was also recognised as the leader in its peer group and achieved a “Green Star” rating. Globally, a total of 707 companies participated in this year’s survey. In the overall comparison, Fabège was ranked number eight with a score of 89 points out of a possible 100. Fabège was the highest ranking of the 41 Nordic companies that participated in the survey.



## CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2015 Jul-Sep	2014 Jul-Sep	2015 Jan-Sep	2014 Jan-Sep	2014 Jan-Dec	Rolling 12 m Oct 14 - Sep 15
Rental income	495	526	1,493	1,565	2,087	2,015
Property expenses	-130	-144	-413	-445	-602	-570
<b>Net operating income</b>	<b>365</b>	<b>382</b>	<b>1,080</b>	<b>1,120</b>	<b>1,485</b>	<b>1,445</b>
Surplus ratio, %	74%	73%	72%	72%	71%	72%
Central administration	-16	-16	-48	-46	-67	-69
Net interest/expense	-143	-158	-436	-509	-664	-591
Share in profits of associated companies	-59	-17	-80	-57	-72	-95
<b>Profit/loss from property management</b>	<b>147</b>	<b>191</b>	<b>516</b>	<b>508</b>	<b>682</b>	<b>690</b>
Realised changes in value of properties	3	-	4	135	300	169
Unrealised changes in value of properties	590	258	1,970	769	1,339	2,540
Unrealised changes in value, fixed income derivatives	-26	-90	111	-377	-473	15
Changes in value of shares	-28	-13	36	-3	19	58
<b>Profit/loss before tax</b>	<b>686</b>	<b>346</b>	<b>2,637</b>	<b>1,032</b>	<b>1,867</b>	<b>3,472</b>
Current tax	0	-3	0	-61	-61	0
Deferred tax	-167	-78	-583	-143	-68	-508
<b>Profit/loss for period/year</b>	<b>519</b>	<b>265</b>	<b>2,054</b>	<b>828</b>	<b>1,738</b>	<b>2,964</b>
Items that will not be restated in profit or loss						
Revaluation of defined-benefit pensions	-	-	-	-	-10	-10
<b>Comprehensive income for the period/year</b>	<b>519</b>	<b>265</b>	<b>2,054</b>	<b>828</b>	<b>1,728</b>	<b>2,954</b>
Earnings per share, SEK	3:14	1:60	12:42	5:01	10:51	17:92
Total earnings per share, SEK	3:14	1:60	12:42	5:01	10:45	17:86
No. of shares at period end, millions	165.4	165.4	165.4	165.4	165.4	165.4
Average no. of shares, million	165.4	165.4	165.4	165.4	165.4	165.4

## CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2015 Sep 30	2014 Sep 30	2014 Dec 31
<b>Assets</b>			
Properties	37,630	33,868	32,559
Other tangible fixed assets	1	1	1
Financial fixed assets	1,562	1,475	1,542
Current assets	438	318	1,859
Short-term investments	50	-	34
Cash and cash equivalents	37	198	23
<b>Total assets</b>	<b>39,718</b>	<b>35,860</b>	<b>36,018</b>
<b>Equity and liabilities</b>			
Shareholder's equity	15,299	12,883	13,783
Provisions	1,661	1,218	1,084
Interest-bearing liabilities <sup>1</sup>	20,513	20,136	19,551
Other long-term liabilities	617	-	-
Derivative instrument	809	824	920
Non-interest-bearing liabilities	819	799	680
<b>Total equity and liabilities</b>	<b>39,718</b>	<b>35,860</b>	<b>36,018</b>
Equity/assets ratio, %	39	36	38
Contingent liabilities	1,058	1,068	1,058

<sup>1</sup> Of which short-term SEK 10,751m (7,071)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Shareholders' equity	Of which, attributable to Parent Company shareholders
<b>Shareholders' equity, 1 January 2014, according to adopted Statement of financial position</b>	<b>12,551</b>	<b>12,551</b>
Cash dividend	-496	-496
Profit for the period	1,738	1,738
Other comprehensive income	-10	-10
<b>Shareholders' equity, 31 December 2014</b>	<b>13,783</b>	<b>13,783</b>
Cash dividend	-538	-538
Profit for the period	2,054	2,054
Other comprehensive income	-	-
<b>Shareholders' equity, 30 September 2015</b>	<b>15,299</b>	<b>15,299</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS<sup>1</sup>

SEKm	2015 Jan-Sep	2014 Jan-Sep	2014 Jan-Dec
<b>Operations</b>			
Net operating income	1,080	1,120	1,485
Central administration	-48	-46	-67
Reversal of depreciation	1	1	1
Interest received	21	15	19
Interest paid	-503	-576	-724
Income tax paid <sup>1</sup>	0	-1,607	-1,607
<b>Cash flow before changes in working capital</b>	<b>551</b>	<b>-1,093</b>	<b>-893</b>
<b>Change in working capital</b>			
Change in current receivables	906	39	-919
Change in current liabilities	107	9	-102
<b>Total change in working capital</b>	<b>1,013</b>	<b>48</b>	<b>-1,021</b>
<b>Cash flow from operating activities</b>	<b>1,564</b>	<b>-1,045</b>	<b>-1,914</b>
<b>Investing activities</b>			
Investments in new-builds, extensions and conversions	-1,651	-849	-1,233
Acquisition of properties	-800	-	-105
Divestment of properties	554	1,345	3,259
Other tangible fixed assets	-76	46	-100
<b>Cash flow from investing activities</b>	<b>-1,973</b>	<b>542</b>	<b>1,821</b>
<b>Financing activities</b>			
Dividend to shareholders	-538	-496	-496
Change in interest bearing liabilities	961	1,099	514
<b>Cash flow from investing activities</b>	<b>423</b>	<b>603</b>	<b>18</b>
Cash flow for the period	14	100	-75
Cash and cash equivalents at beginning of period	23	98	98
<b>Cash and cash equivalents at end of period</b>	<b>37</b>	<b>198</b>	<b>23</b>

<sup>1</sup> The amount of SEK -1 607m for the full year 2014 income tax paid is composed entirely of tax payments as a result of convictions in the tax matters relating to previous real estate transactions.

## CONSOLIDATED KEY FIGURES

	2015 Jan-Sep	2014 Jan-Sep	2014 Jan-Dec
<b>Financial</b>			
Return on capital employed, %	11.5	6.2	7.6
Return on equity, %	18.8	8.7	13.2
Interest coverage ratio, multiple	2.1	2.2	2.4
Equity	39	36	38
Loan-to-value ratio, properties, %	55	59	60
Debt/equity ratio, multiple	1.3	1.6	1.4
<b>Share related<sup>1</sup></b>			
Earnings per share, SEK	12:42	5:01	10:51
Total earnings per share, SEK	12:42	5:01	10:45
Equity per share, SEK	93	78	83
Cash flow from operating activities per share, SEK <sup>2</sup>	9.45	-6.32	-11.58
EPRA NAV, SEK per share	107	89	95
EPRA, EPS	3.09	2.62	4.09
No. of outstanding shares at end of period, thousands	165,392	165,392	165,392
Average number of shares, thousands	165,392	165,392	165,392
<b>Property-related</b>			
No. of properties	84	87	80
Carrying amount, Properties, SEKm	37,630	33,868	32,559
Lettable area, sqm	1,072	1,109,000	1,030,000
Financial occupancy rate, %	92	92	94
Surplus ratio, %	72	72	71

<sup>1</sup> No dilution is possible because no potential dilution shares (such as convertible debentures) exist.

<sup>2</sup> The key figure changed from 1 January 2014. Performance measure is affected during 2014 of tax payments of SSEK -1 607m as a result of convictions in the tax matters relating to previous real estate transactions.



## DERIVATIVES

Derivatives are measured continuously at fair value in compliance with level 2, with the exception of the callable swaps measured in accordance with level 3. Changes in value are recognised in profit or loss. IAS 39 has been applied also in the Parent Company since 2006. No changes in the measurement model have occurred.

	Group		Parent Company	
	2015 Sep 30	2014 Dec 31	2015 Sep 30	2014 Dec 31
<b>IFRS, level 3</b>				
Opening value	-521	-358	-521	-358
Acquisitions/Investments	-	-	-	-
Changes in value	-71	-163	-71	-163
Matured	-	-	-	-
<b>Closing value</b>	<b>-450</b>	<b>-521</b>	<b>-450</b>	<b>-521</b>
Carrying amount	-450	-521	-450	-521

<sup>1</sup> Is attributable in its entirety to derivative instruments held by the company at the end of the quarter and shown in the statement of comprehensive income.

## PARENT COMPANY CONDENSED INCOME STATEMENT

SEKm	2015 Jan-Sep	2014 Jan-Sep	2014 Jan-Dec
Income	113	96	130
Expenses	-161	-154	-212
Net financial items	-70	-86	1,309
Income from other financial assets	0	-142	-
Changes in value, fixed-income derivatives	111	-377	-473
Changes in value, equities	36	-3	19
<b>Profit before tax</b>	<b>29</b>	<b>-666</b>	<b>773</b>
Current Tax	0	-	-
Deferred	2	146	193
<b>Profit for the period/year</b>	<b>31</b>	<b>-520</b>	<b>966</b>

## PARENT COMPANY CONDENSED BALANCE SHEET

SEKm	2015 Sep 30	2014 Sep 30	2014 Dec 31
Participation in Group companies	12,992	12,992	12,992
Other fixed assets	40,945	39,784	39,888
<i>of which, receivables from Group companies</i>	39,989	38,939	39,003
Current assets	108	75	1,090
Cash and cash equivalents	35	196	21
<b>Total assets</b>	<b>54,080</b>	<b>53,047</b>	<b>53,991</b>
Shareholders' equity	11,954	10,974	12,461
Provisions	68	68	68
Long-term liabilities	31,258	35,135	34,708
<i>of which, liabilities to Group companies</i>	21,191	22,102	21,658
Current liabilities	10,800	6,870	6,754
<b>Total equity and liabilities</b>	<b>54,080</b>	<b>53,047</b>	<b>53,991</b>

## Quarterly overview

### CONDENSED INCOME STATEMENT, AMOUNTS IN SEK M

	2015			2014				2013
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
Rental income	495	496	502	522	526	526	513	514
Property expenses	-130	-131	-152	-157	-144	-137	-164	-174
<b>Net operating income</b>	<b>365</b>	<b>365</b>	<b>350</b>	<b>365</b>	<b>382</b>	<b>389</b>	<b>349</b>	<b>340</b>
Surplus ratio, %	74%	74%	70%	70%	73%	74%	68%	66%
Central administration	-16	-16	-16	-21	-16	-15	-15	-16
Net interest expense	-143	-140	-153	-155	-158	-180	-171	-174
Share in profits of associated companies	-59	-8	-13	-15	-17	-27	-13	2
<b>Profit/loss from property management</b>	<b>147</b>	<b>201</b>	<b>168</b>	<b>174</b>	<b>191</b>	<b>167</b>	<b>150</b>	<b>152</b>
Realised changes in value of properties	3	0	1	165	-	52	83	10
Unrealised value of properties	590	673	707	570	258	299	212	147
Unrealised changes in value, fixed-income derivatives	-26	194	-57	-96	-90	-146	-141	-55
Changes in value, equities	-28	-3	67	22	-13	-16	26	-12
<b>Profit for the period/year</b>	<b>686</b>	<b>1065</b>	<b>886</b>	<b>835</b>	<b>346</b>	<b>356</b>	<b>330</b>	<b>242</b>
Current tax	0	0	0	-	-3	16	-74	-118
Deferred tax	-167	-235	-181	75	-78	-49	-16	-45
<b>Comprehensive income for the period/year</b>	<b>519</b>	<b>830</b>	<b>705</b>	<b>910</b>	<b>265</b>	<b>323</b>	<b>240</b>	<b>79</b>

### CONDENSED FINANCIAL POSITION, AMOUNTS IN SEK M

	2015			2014				2013
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
<b>Assets</b>								
Properties	37,630	36,361	33,763	32,559	33,868	33,257	33,640	33,384
Other tangible fixed assets	1	1	1	1	1	1	1	0
Financial fixed assets	1,562	1,644	1,634	1,542	1,475	1,492	1,610	1,584
Current assets	438	506	1,933	1,859	318	856	744	365
Short-term investments	50	48	38	34	-	-	-	-
Cash and cash equivalents	37	411	62	23	198	263	148	98
<b>Total assets</b>	<b>39,718</b>	<b>38,971</b>	<b>37,431</b>	<b>36,018</b>	<b>35,860</b>	<b>35,869</b>	<b>36,143</b>	<b>35,431</b>
<b>Equities and liabilities</b>								
Shareholders' equity	15,299	14,780	13,951	13,783	12,883	12,618	12,295	12,551
Provisions	1,661	1,494	1,265	1,084	1,218	1,142	1,097	1,083
Interest-bearing liabilities	20,513	20,436	19,733	19,551	20,136	20,402	20,073	19,038
Other long-term liabilities	617	615	-	-	-	-	-	-
Derivative instruments	809	783	977	920	824	734	588	447
Non-interest bearing liabilities	819	863	1,505	680	799	973	2,090	2,312
<b>Total equity and liabilities</b>	<b>39,718</b>	<b>38,971</b>	<b>37,431</b>	<b>36,018</b>	<b>35,860</b>	<b>35,869</b>	<b>36,143</b>	<b>35,431</b>

### KEY FIGURES

	2015			2014				2013
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
<b>Financial</b>								
Return on capital employed, %	9.2	13.4	12.2	11.7	6.1	6.4	6.2	5.3
Return on equity, %	13.8	23.2	20.3	27.3	8.3	10.3	7.7	2.5
Interest coverage ratio, multiple	1.9	2.3	2.0	3.1	2.1	2.2	2.3	1.9
Equity/assets ratio, %	39	38	37	38	36	35	34	35
Loan-to-value ratio, properties, %	55	56	58	60	59	61	60	57
Debt/equity ratio, multiple	1.3	1.4	1.4	1.4	1.6	1.6	1.6	1.5
<b>Share-related</b>								
Earnings per share, SEK	3:14	5:02	4:26	5:50	1:60	1:95	1:45	0:48
Total earnings per share, SEK	93	89	84	83	78	76	74	76
Cash flow from operating activities per share, SEK <sup>1</sup>	1:10	6:99	1:36	-5:27	0:26	-2:07	-4:50	-1:84
EPRA NAV, SEK per share	107	102	97	95	89	87	84	84
EPRA EPS	0.91	1.17	1.01	1.04	1.12	1.01	0.93	0.86
No. Of shares outstanding at the end of the period, thousands	165,392	165,392	165,392	165,392	165,392	165,392	165,392	165,392
Average number of shares, thousands	165,392	165,392	165,392	165,392	165,392	165,392	165,392	165,162
<b>Property-related</b>								
Financial occupancy rate, %	92	92	93	94	92	92	92	93
Surplus ratio, %	74	74	70	70	73	74	68	66

<sup>1</sup> The key figure is affected during 2014 of tax payments of SEK -1 607m and fourth quarter of 2013, about SEK -465 m as a result of convictions in the tax matters relating to previous real estate transactions.

## 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.

### LOAN-TO-VALUE RATIO, PROPERTIES

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

### RETURN, 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

Lease value divided by rental value at the end of the period.

### EPRA EPS

Profit from property management less tax at a nominal rate attributable to profit from property management divided by average number of shares. Taxable profit from property management is defined as profit from property management less such amounts as tax-deductible depreciation and remodelling.

### EPRA NAV - LONG-TERM NET ASSET VALUE

Shareholders' equity per share following the reversal of fixed-income derivatives and deferred tax according to the balance sheet.

### INVESTMENT PROPERTIES

Properties that are being actively managed on an on-going 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 improvement work.

### RENTAL VALUE

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

### CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

Cash flow from operating activities (after changes in working capital) divided by the average number of outstanding shares.

### LEASE VALUE

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

### LAND AND PROJECT PROPERTIES

Land and development 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/loss before tax plus financial expenses and plus/minus unrealised changes in value, divided by financial expenses.

### SEGMENT REPORTING

In accordance with IFRS 8, segments are presented from the point of view of management, divided into the following segments: Property Management, Property Development and Transaction. 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 are allocated to each segment based on the period of time that the property belonged to each segment. Central administration and items in net financial expense 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). Property assets are directly attributed to each segment and recognised on the balance sheet date.

### DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity.

### EQUITY RATIO

Shareholders' equity divided by total assets.

### CAPITAL EMPLOYED

Total assets less non-interest bearing liabilities and provisions.

### TOTAL YIELD

Net operating income for the period plus unrealised and realised changes in the value of properties divided by market value at period end.

### RETENTION RATE

Proportion of leases that are extended in relation to the proportion of cancellable leases.

### SURPLUS RATIO

Net operating income divided by rental income.

# This is Fabege

Fabège is one of Sweden's leading property companies focusing mainly on letting and managing office premises as well as property development. The company offers modern premises in prime locations in fast-growing submarkets in the Stockholm region, such as Stockholm inner city, Solna and Hammarby Sjöstad.

Fabège offers attractive and efficient premises, mainly offices but also retail and other premises. The concentration of properties to well-contained clusters brings the company closer to its customers, which, coupled with Fabège's extensive local expertise, creates a solid foundation for efficient property management and high occupancy. As per 30 September 2015, Fabège owned 84 properties whose combined market value was SEK 37.6bn. The rental value was SEK 2.2bn.

## Business concept

Fabège's business concept focuses on commercial properties in the Stockholm region, with a particular emphasis on a limited number of fast-growing sub-markets. Fabège aims to create value by managing, improving and actively adjusting its property portfolio through sales and acquisitions. Accrued value should be realised at the right time.

## Business model

Fabège's operational activities are conducted in three business areas: Property Management, Property Development and Transaction.

## Strategy

Fabège's strategy is to create value by managing and developing the property portfolio and – via transactions – acquiring properties with favourable growth potential and divesting properties located outside the company's prioritised areas. Fabège's properties are located in the most liquid market in Sweden. Attractive locations lead to a low vacancy rate in the property management portfolio. Modern properties permit flexible solutions and attract customers. With its concentrated portfolio and high-profile local presence, investments aimed at raising the attractiveness of an area benefit many of Fabège's customers.

## Value-driving factors

Fabège's operations are impacted by a number of external factors which, together with the transaction volume and the trend in the office market in Stockholm, represent the prerequisites for the company's success.

### Stockholm is growing

The Stockholm region is one of the five metropolitan areas in Western Europe where the population is increasing the most. According to forecasts, Stockholm County will have half a million inhabitants more than today by 2030. The largest growth will also occur among people in the active labour force, resulting in higher demand for office premises.

### Changed demand

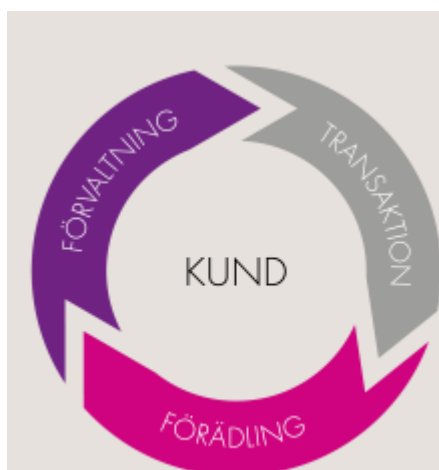
New technology and new work methods contribute to higher demand for flexible and space-efficient premises in prime locations. Excellent peripheral service and good communication links in the form of public transport services are increasingly requested, as is environmental certification.

### Financial trend

The trend for both the Swedish and global economy has an impact on the property market. Low vacancy rates in Stockholm inner city and a strengthened economic climate have historically meant rising rents.

### Sustainable urban development

Sustainability issues are becoming increasingly important, with respect to both individual properties and the entire area. Environmental considerations involving choices of material and energy-saving measures are on the rise. Demand is increasing for premises in areas with a favourable mix of offices, retail, service and residential units, as well as excellent transport links and environmental commitment.



### PROPERTY MANAGEMENT

The essence of Fabège's operations is finding the right premises for a customer's specific requirements and ensuring that the customer is content. This is accomplished through long-term work based on close dialogue with the customer, thus building mutual trust and loyalty.

### TRANSACTION

Property transactions are an integral part of Fabège's business model and make a significant contribution to consolidated profit. The company continuously analyses its property portfolio to take advantage of opportunities to increase capital growth, through both acquisitions and divestments.

### PROPERTY DEVELOPMENT

High-quality property development is the second key cornerstone of our business. Fabège has long-standing expertise in pursuing extensive property development projects with the aim of attracting long-term tenants to properties that have not yet been fully developed and can be redesigned based on the customer's specific requirements.



## FINANCIAL CALENDAR

Year-end report 2015	4 February 2016
Annual General Meeting	11 April 2016
Interim report Jan–March 2016	26 April 2016
Interim report Jan–June 2015	8 July 2016
Interim report Jan–Sep 2015	20 October 2016

## PRESS RELEASES DURING THE SECOND QUARTER

- 23 September 2015 Fabège's Nominating Committee for AGM 2016
- 18 September 2015 Pontus Friithof opens a restaurant at DN Tower
- 7 September 2015 Fabège's sustainability work ranked highest in Europe in office sector
- 31 August 2015 ICA signs new agreement with Fabège
- 28 August 2015 Fabège recruits new talent as part of ongoing robust city district development

## Follow us on the Internet, [www.fabege.se](http://www.fabege.se)



Visit the Group's website for more information about Fabège and its operations. There will also be a web presentation on 20 October 2015, at which Christian Hermelin and Åsa Bergström will present the interim report.



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The information in this report is of the type that Fabège is required to disclose according to the Securities Market Act. The information was released for publication on 20 October 2015.

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**Fabège**