

2017

Q1

Summary, SEKm

	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Rental income	546	519	2,015
Net operating income	379	355	1,507
Profit from property management	216	195	471
Profit before tax	1,135	1,756	8,680
Profit after tax	882	1,665	7,107
Surplus ratio, %	69	68	72
Loan-to-value ratio, properties, %	44	48	46
EPRA NAV, SEK per share	165	126	163

January – March 2017¹

- Rental income increased to SEK 546m (519), primarily as a result of completed project properties generating revenue. In an identical portfolio, income rose by approximately 8 per cent (4).
- Net operating income increased to SEK 379m (355). In an identical portfolio, net operating income rose by approximately 11 per cent. The surplus ratio was 69 per cent (68).
- Earnings from property management totalled SEK 216m (195).
- Realised and unrealised changes in value amounted to SEK 833m (1,679) in properties and SEK 89m (-118) in interest-rate derivatives.
- Profit before tax for the period amounted to SEK 1,135m (1,756).
- Profit after tax for the period was SEK 882m (1,665), corresponding to earnings per share of SEK 5.33 (10.07).
- Net lettings during the period totalled SEK 21m (12). The rent levels from renegotiated leases were an average of 20 per cent higher.
- The equity/assets ratio was 45 per cent (46) and the loan-to-value ratio 44 per cent (46).

¹The comparison figures for income and expense items relate to values for the period January–March 2016 and for balance sheet items as at 31 December 2016.

Fabege



Christian Hermelin, CEO

Comments by Christian Hermelin, CEO

Continued positive trend in the property sector

After the record year of 2016, it is pleasing to see that the trend towards an ever stronger rental market and a continued strong property market is persisting in the early part of 2017.

Stable beginning to the new year

The good market conditions in 2016, with high demand for office premises, rising rent levels and increased property values and low interest-rate levels, are persisting in the early part of 2017. Earnings and key ratios show that Fabege has capitalised on the good market conditions.

The business delivers

Increased rent levels and completed projects have continued to impact positively on reported rental income and net operating income. Our objective is to attain a surplus ratio of 73 per cent in 2017. Already after the first quarter, which is usually the most difficult one, we are at 69 per cent, one percentage point higher than in the previous year.

Growth in value continued both in the management portfolio and in projects during the year. Including acquisitions, we now have property value in excess of SEK 50bn. Growth in value was driven primarily by higher rent levels, but also a continued decline in yield requirements. Projects continued to deliver at a high level – return on invested capital during the quarter was 48 per cent, well above our declared target of at least 20 per cent. All projects are proceeding well. Our size and experience enable us to take part in international procurements as a complement to Swedish suppliers, with the result that we have been able to keep costs in line with budget. Project calculations have also been steadily strengthened by higher rent levels and lower yield requirements.

I am very pleased with the lettings we have made during the quarter, both through new project lettings and through vacancy lettings in the property management portfolio. The project property Pelaren 1 at Globen is now almost fully. Stokab, one of the tenants will be vacating space in Apotekaren 22 in Nordmalm, space that we will be able to let at a significantly higher level. It is also pleasing that the Swedish Environmental Protection Agency chose Trikäfabriken in Hammarby Sjöstad for its new office. This provides us with an opportunity to start another project on the south side of Stockholm. Trikäfabriken represents a typical conversion project in the Fabege portfolio, where we improve existing space and at the same time create more space. A good example of how we can build value. We also working closely with the City of Stockholm and the City of Solna on planning issues to make more exciting project starts possible in the future.

On the transaction side, properties concerned in deals reported previously have now been taken over and vacated, for example Hagahuset and Distansen in Solna. Both are examples of properties in which we see future development potential. The same applies to the development rights in Råsta, where we are working on the planning issue together with Solna. We have also taken greater responsibility, both financially and in terms of work, for Friends Arena, with the aim of achieving a better financial outcome.

Advantageous conditions in the capital market

In view of strong interest and favourable conditions in the capital market, we issued a total of SEK 900m during the quarter through SFF and our green MTN programme. The proportion of capital market funding, including commercial papers, is now 40 per cent of total outstanding loans.

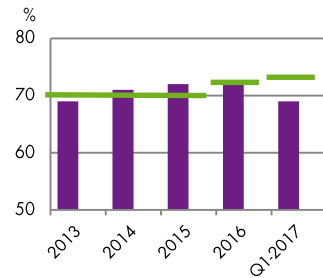
Uncertainty on the tax situation

The proposal by the Property Packaging Inquiry to equate direct property sales with company sales is detrimental to the property sector. The proposal is felt to be illogical, particularly in view of the fact that the property sector is not considered to be undertaxed according to the Inquiry in comparison with other industries. It is still too early to say anything about the effects on property values and transaction volumes. It now appears that any legislative proposal will be deferred, but uncertainty persists as to whether and when this might take effect.

Market outlook

I anticipate continued good market conditions and a positive trend in rent levels and property values. Completed projects in 2017 and 2018 will appreciably strengthen operating cash flow. Our development rights offer considerable potential and we have a committed organisation, which is working hard to create value. We are well positioned to capitalise on the business opportunities that lie ahead.

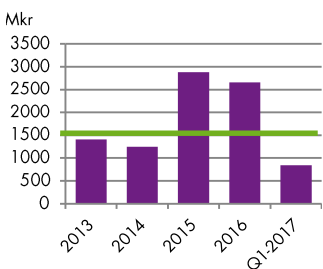
SURPLUS RATIO



Target 2017: 73%

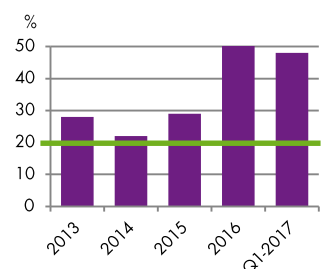
Long-term target 2020: 75%

INVESTMENT VOLUME



Target: At least SEK 1,500m per year

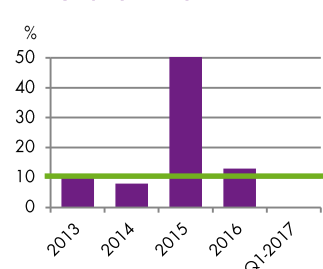
RETURN ON PROJECTS¹⁾



Target: At least 20%

1) The return for projects in 2016 was 87%

TRANSACTION PROFIT²⁾



Target: At least 10%

2) The transaction profit for 2015 was 84%

Earnings Jan – Mar 2017¹

Rising rental income and continued low interest expenses meant that earnings from property management increased by 11 per cent in comparison with the previous year. Growth in value continued both in the management portfolio and through the major projects.

Revenues and earnings

Profit after tax for the period was SEK 882m (1,665), corresponding to earnings per share of SEK 5.33 (10.07). Profit before tax for the period amounted to SEK 1,135m (1,756). The decrease is entirely due to unrealised changes in the value of the property value having decreased in comparison with the previous year.

Rental income amounted to SEK 546m (519) and net operating income to SEK 379m (355). In an identical portfolio, rental income rose by around 8 per cent (4) and net operating income increased by roughly 11 per cent (2). The surplus ratio was 69 per cent (68).

The increase in central administration costs was largely due to front-loaded costs and higher provisions for Fabegé's profit-sharing scheme.

No transactions were carried out during the period, and realised changes in value of properties were consequently SEK 0m (160). Unrealised changes in value totalled SEK 833m (1,519). The SEK 495m (974) unrealised change in the value of the property management portfolio resulted from properties with higher rent levels and somewhat lower yield requirements in all Fabegé submarkets. The average yield requirement declined to 4.48 per cent (4.53 at year-end). The project portfolio contributed to an unrealised change in value of SEK 338m (545), primarily due to development gains in the major project properties.

The share in profit of associated companies was SEK -11m (-13) and an increase in earnings for Friends Arena during the period

Unrealised changes in value in the derivative portfolio totalled SEK 89m (-118), primarily due to higher long-term interest rates. Net interest income increased to SEK -133m (-131), principally due to higher borrowing, which was partially offset by a lower average interest rate.

Segment reporting

The Property Management segment generated net operating income of SEK 371m (335), representing a surplus ratio of 72 per cent (69). The occupancy rate was 94 per cent (95). Earnings from property management totalled SEK 240m (203). Unrealised changes in the value of properties amounted to SEK 495m (974).

The Property Development segment generated net operating income of SEK 8m (20), giving a surplus ratio of 28 per cent (61). Earnings from property management totalled SEK -24m (-8). Unrealised changes in value of property totalled SEK 338m (545), corresponding to a yield of 48 per cent on invested capital in the project portfolio.

No transactions were implemented during the period, and the Transactions segment therefore had realised changes in value of SEK 0m (160).

Reclassifications during the period between the Property Management and Property Development segments are stated in the note on Segment Reporting on page 16.

Quarter 1 in brief¹

- Continued healthy demand for office premises in Stockholm and rising rent levels in all our submarkets.
- New lettings totalled SEK 68m (42) and net lettings amounted to SEK 21m (12).
- The surplus ratio was 69 per cent (68).
- Earnings from property management totalled SEK 216m (195).
- The property portfolio showed unrealised value growth of SEK 833m (1,519), of which projects accounted for SEK 338m (545).
- Realised changes in property values totalled SEK 0m (160).
- Due to higher long-term interest rates, the negative fair value of the derivative portfolio decreased by SEK 89m (an increase of 118).
- After-tax profit for the quarter amounted to SEK 882m (1,665).

BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

SEKm	2017	2016
	Jan-Mar	Jan-Mar
Profit from Property Management activities	240	203
Changes in value (portfolio of investment properties)	495	974
Contribution from Property Management	735	1,177
Profit from Property Management activities	-24	-8
Changes in value (profit from Property Development)	338	545
Contribution from Property Development	314	537
Realised changes in value	0	160
Contribution from Transactions	0	160
Total contribution from the operation	1,049	1,874

48%

Return on projects

¹The comparison figures for income and expense items relate to values for the period January–March 2016 and for balance sheet items as at 31 December 2016.

Financing

Fabege employs long-term credit facilities subject to fixed terms and conditions. The company's creditors mainly comprise the major Nordic banks supplemented by those who invest in the company's commercial papers and bonds through the capital market. Capital market financing has been gradually increased and rose to 40 percent of outstanding loans at the end of the quarter.

Interest-bearing liabilities at the end of the period totalled SEK 22,548m (21,978), with an average interest rate of 2.24 per cent excluding, and 2.38 per cent including, commitment fees on the undrawn portion of committed credit facilities. Unutilised committed credit facilities amounted to SEK 2,421m.

During the first quarter, Fabege increased the proportion of financing on the capital market both through its own green MTN programme and through the part-owned Svensk Fastighetsfinansiering AB (SFF). Demand on the capital market continues to be very good, particularly for green bonds, and interest on bond loans is calculated without a Stibor floor. The negative Stibor rate therefore means that the cost of financing on the capital market remains highly advantageous in comparison with bank loans, as the borrower generally does not have to assimilate the negative Stibor rate. The green MTN programme enables the company to issue non-covered bonds totalling SEK 2,000m, of which SEK 1,200 was unutilised at the end of the quarter. On 31 March, Fabege additionally had outstanding bonds of SEK 2,848m via SFF, of which SEK 2,166m related to green bonds.

Green financing totalled 23 per cent at the end of the period. As the company's properties gain environmental certification, the objective is for financing to be sustainable as well, and Fabege welcomes and encourages the new responsible financing opportunities that are being established on the market.

Fabege has a commercial paper programme of SEK 5,000m, which was fully subscribed at the end of the quarter. The company has available credit facilities covering all outstanding commercial papers at any given time.

At 31 March, the average maturity was 3.9 years and the loan-to-value ratio was 44 per cent. The level of capital tied up in certificate loans is calculated on the basis of underlying loan commitments.

The average fixed-interest term for Fabege's loan portfolio was 2.3 years, including the effects of derivative instruments. During the first quarter, callable interest-rate swaps of SEK 1,500m matured, while new ten-year interest-rate swaps totalling SEK 400m were signed. Fabege's derivatives portfolio thereafter comprised interest-rate swaps totalling SEK 9,200m with terms of maturity extending through 2027 and carrying fixed interest at annual rates of between 0.26 and 2.73 per cent before margins. Fabege also holds callable swaps totalling SEK 3,600m at interest rates of between 2.92 and 3.98 per cent before margins and with maturity between 2017 and 2018. Interest rates on 57 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 31 March, the recognised negative fair value adjustment of the portfolio was SEK 470m (559). 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 6m, mainly pertaining to accrued opening charges for credit agreements and bond programmes. The total loan volume per quarter included SEK 3,153bn (2,553) in loans for projects, on which interest of SEK 19m (14) had been capitalised.

INTEREST RATE MATURITY STRUCTURE AT 31 MARCH 2017

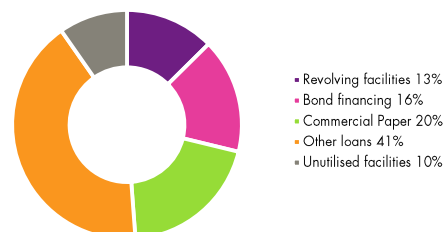
	Amount SEKm	Average interest rate,%	Share,%
< 1 year	11,148	2.24	49
1-2 years	4,700	3.44	21
2-3 years	1,000	2.13	4
3-4 years	0	0.00	0
4-5 years	1,000	2.68	4
5-6 years	1,100	0.97	5
6-7 years	800	0.96	4
7-8 years	900	0.99	4
8-9 years	600	0.92	3
9-10 years	1,300	1.05	6
Total	22,548	2.24	100

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

LOAN MATURITY STRUCTURE AT 31 MARCH 2016

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	5,000
< 1 year	5,923	2,625
1-2 years	8,655	6,040
2-3 years	3,745	3,037
3-4 years	1,100	300
4-5 years	300	300
5-10 years	3,993	3,993
10-15 years	0	0
15-20 years	0	0
20-25 years	1,253	1,253
Total	29,969	22,548

BREAKDOWN OF SOURCES OF FUNDING



23%
of financing
is now green

Tax

Tax on profit for the period amounted to SEK -253m (-91). Operating taxes are calculated at a rate of 22 per cent on taxable earnings.

Financial position and net asset value

Shareholders' equity including SEK 55m acquired minority during the period amounted to SEK 23,277m (23,002) at the end of the period and the equity/assets ratio was 45 per cent (46). Shareholders' equity per share attributable to the parent company shareholders amounted to SEK 141 (139). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 169 (166). EPRA NAV was SEK 165 per share (163). Dividend decided upon but not paid of SEK 662m has been expensed and therefore reduced equity for the period. The dividend was paid on 5 April.

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 188m (211). Changes in working capital had an impact on cash flow of SEK 1,687m (67). Investing activities had an impact of SEK -2,779m (1,522) on cash flow, while financing activities had a positive impact of SEK 870m (-1,799) on cash flow. In investing activities, cash flow was driven by property transactions and projects. Overall, cash and cash equivalents changed by SEK -38m (1) during the period.

SEK
165/share

EPRA NAV
31 March 2017

NEW PROJECT IN HAMMARBY SJÖSTAD

Fabege is now starting on the Trikafabriken 9 project, with an estimated investment of around SEK 450m. The extension will have a frame of wood, a renewable material with low environmental impact that also binds carbon dioxide. The building is planned to meet the requirements for environmental certification to BREEAM-SE, level 'Very good', and will have lettable space of around 16,700 sqm when completed. The project will be completed during Q2 of 2019. Fabege has signed a 6-year green agreement with the Swedish Environmental Protection Agency. The lease applies to 7,700 sqm of office space with an annual rent of around SEK 27m, which means that the project is pre-let to around 50 per cent. For further information about the project, visit www.trikafabriken9.se.



Operations Jan–Mar 2017¹

Rent levels continued to rise in new negotiations and renegotiations during the first quarter. Net lettings were strong and led to a decision on another new project start on the south side of Stockholm. After take-overs and changes in vale, property value at 31 March 2017 was just over SEK 50bn.

Property portfolio and property management

Fabege's Property Management and Property Development activities are concentrated on a few selected submarkets in and around Stockholm, Stockholm inner city, Solna and Hammarby Sjöstad. At 31 March 2017, Fabege owned 88 properties with a total rental value of SEK 2.4bn, lettable floor space of 1.1m sqm and a book value of SEK 50.8bn, of which development and project properties accounted for SEK 10.8bn. The financial occupancy rate for the entire portfolio, including project properties, was 93 per cent (94). The occupancy rate in the property management portfolio was 94 per cent (95).

During the period, 54 new leases were signed at a total rental value of SEK 68m (42), of which 86 per cent pertained to Green leases. Lease terminations totalled SEK 47m (30), while net lettings amounted to SEK 21m (12). Rental contracts totalling SEK 77m were renegotiated in the period, with an average rise in rental value of 20 per cent, reflecting the strong trend on the rental market in the early part of the year. The retention rate during the period was 79 per cent (81).

Changes in the property portfolio

No new transactions took place during the first quarter. On the other hand, the previously agreed transactions pertaining to the properties Distans 4, 6 and 7 and Fortet 2, all in Solna, were taken over. Uarda 7 in Arenastaden was vacated. In addition, Peab's share of Visio, which owns the development rights in Solna, was taken over.

As no transactions were carried out during the period, realised changes in value of properties were SEK 0m (160).

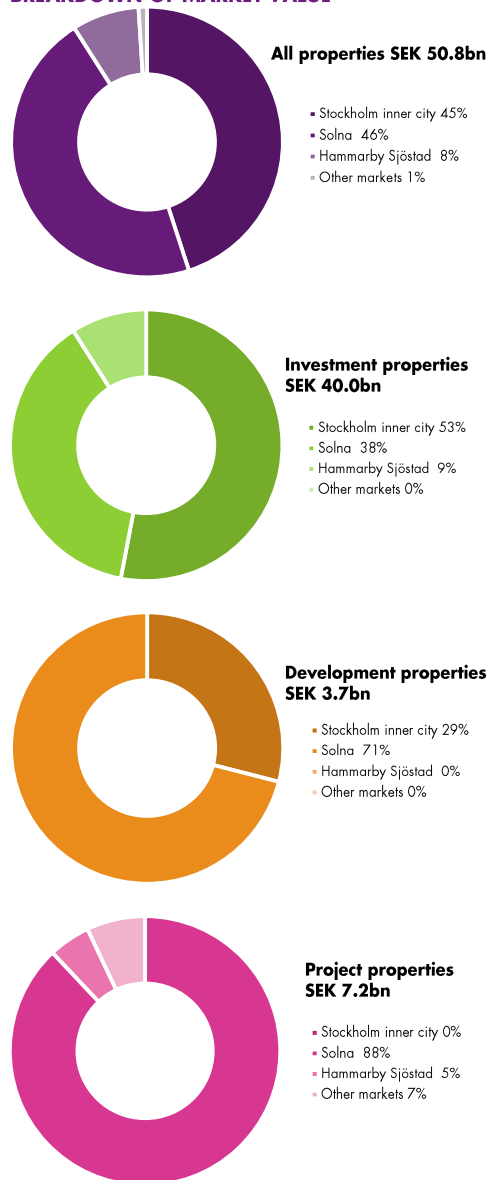
Changes in value of properties

The entire property portfolio is externally valued at least once annually. Approximately 29 per cent of the properties were externally valued in the first quarter and the remainder were internally valued based on the most recent external valuations. The total market value was SEK 50.8bn (47.8).

Unrealised changes in value totalled SEK 833m (1,519). The average yield requirement declined somewhat during the period to 4.48 per cent (4.53 at year-end). The change in value in the property management portfolio of SEK 495m (974) was principally due to higher rent levels and somewhat lower yield requirements. The project portfolio contributed to a change in value of SEK 338m (545), mainly due to development gains in major project properties.

31 March 2017

BREAKDOWN OF MARKET VALUE



¹ The comparison figures for income and expense items relate to values for the period January–March 2016 and for balance sheet items as at 31 December 2016.

Projects and investments

The purpose of Fabège's project investments is to reduce vacancy rates and increase rents in the property portfolio, thereby improving cash flows and adding value. Property development is a key feature of Fabège'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. Another aim is to have all new builds certified under BREEAM-SE.

During the period, investments in existing properties and projects totalled SEK 843m (486), of which investments in projects and development properties accounted for SEK 697m (377). The return on capital invested in the project portfolio was 48 per cent. The capital invested in the property management portfolio, which amounted to SEK 145m (109) and encompassed energy investments and tenant customisations, also contributed to the total growth in value.

Completed projects

No projects were completed during the period.

Major ongoing projects

The project pertaining to the property Uarda 6 is in its final phase with ongoing tenant customisations. The first tenant will move in at the end of April, and the offices will then gradually be occupied during the autumn. The occupancy rate is 95 per cent.

In the construction of SEB's offices in the property Pyramiden 4, Arenastaden, the first stage is on the way to being completed. Work on final inspections and fine adjustments and external groundworks are in progress ahead of occupancy in May. Stage 2 is also under way, with installation work and completion of office space. This stage is due to be ready for occupation in May 2018. The total investment is estimated to be SEK 2.6bn. The increased investment volume mainly concerns expanded area and more expensive foundation costs.

The project relating to the office building at the property Signal 3 in Arenastaden is continuing with erection of the shell. The investment is estimated at SEK 1,130m after an increase of SEK 50m. The increase is explained by a larger space and the fact that the building has been moved forward to allow for possible development rights for housing on the property. ICA has signed a lease on about 78 per cent of the lettable space. The office is scheduled to be ready for occupancy in October 2018.

The project relating to the Hörnan district in Råsunda is also under way. Reallotment is under completion, and with effect from the second quarter, Hörnan will be separated from Lagern 2. The investment amounts to an estimated total of just under SEK 530m. The foundation work is complete and work is now under way on erection of the shell. The property is partly let to Telenor Sweden, with occupancy scheduled for summer 2018. The occupancy rate is 69 per cent.

The new construction project relating to Pelaren 1, Globen, is in progress with erection of the framework. The investment totals around SEK 750m. Following signature of a contract with Stokab during the quarter, the property is let to 81 per cent. In April, a further contract was signed for just over 2,200 sqm, giving an occupancy rate of around 92 per cent.

The project relating to conversion and extension of the property Orgeln 7 in Sundbyberg is under way. The shell has been largely completed, and assembly of the facade is in progress. The investment is estimated to total SEK 994m, and the occupancy rate is 49 per cent. The office is scheduled to be ready for occupancy in June 2018.

A decision was made during the first quarter on conversion and extension of Triåfabriken 9 in Hammerby Sjöstad. The investment totals SEK 450m. As a result of the extension, the property has around 16,700 sqm of lettable space. A contract was signed with the Swedish Environmental Protection Agency during the quarter concerning around 7,700 sqm of office space and around 500 sqm of other space, corresponding to an occupancy rate of 50 per cent. The property is expected to be due for occupancy during the spring of 2019.

CHANGES IN PROPERTY VALUE 2017

Changes in property value	2017
Opening fair value 2017-01-01	47,842
Property acquisitions	1,314
Investments in new builds, extensions and conversions	843
Changes in value	833
Sales and disposals	0
Closing fair value 2017-03-31	50,832

AVERAGE YIELD REQUIREMENT

PER AREA

Area	Average yield, %
Stockholm city	4.14
Solna	4.73
Hammarby Sjöstad	4.95
Average yield	4.48

SALE OF PROPERTIES JAN-MAR 2017

Property name	Area	Category	Lettable area, sqm
Quarter 1			
Quarter 2			
Quarter 3			
Quarter 4			
Total sales of properties			
			0

PROPERTY ACQUISITIONS JAN-MAR 2017

Property name	Area	Category	Lettable area, sqm
Quarter 1			
Distansen 4	Solna	Land	0
Distansen 6	Solna	Offices	11,052
Distansen 7	Solna	Garage	9,810
Fortet 2	Solna	Land	6,400
Nationalarenan 3	Solna	Land	0
Järva 4:17	Solna	Land	0
Quarter 2			
Quarter 3			
Quarter 4			
Total acquisitions of properties			
			27,262

ONGOING PROJECTS >SEK 50M

31 March 2017

Property listing	Property type	Area	Completed	Lettable area, sqm	Occupancy rate, area, % ¹	Estimated rental value, SEKm ²	Carrying amount SEKm	Estimated investment, SEKm	of which, worked up, SEKm
Hörnån (Part of Lagern 2)	Offices	Solna	Q2-2018	16,300	69%	50	488	530	256
Pyramiden 4	Offices	Arenastaden	Q2-2018	72,200	100%	182	2,803	2,580	2,227
Signalen 3	Offices	Arenastaden	Q3-2018	31,100	78%	92	578	1,131	294
Uarda 6	Offices	Arenastaden	Q4-2017	17,800	95%	52	876	570	560
Pelaren 1	Offices	Globen	Q3-2018	21,000	81%	69	306	750	176
Orgeln 7	Offices/retail	Sundbyberg	Q2-2018	36,000	49%	109	856	944	281
Triåfabriken 9	Offices	Hammarby Sjöstad	Q2-2019	16,700	50%	54	195	450	35
Total				211,100	79%	608	6,102	6,955	3,829
Other land and project properties							1,071		
Other development properties							3,658		
Total projects, land and development properties							10,831		

¹ Operational occupancy rate 31 March 2017.

² Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 608m (fully let) from SEK 0m in annualised current rent as of 31 March 2017.

PROPERTY PORTFOLIO

31 March 2017

	Mar 31 2017					Jan-Mar 2017		
	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value ²	Financial occupancy rate %	Rental income SEKm	Property expenses SEKm	Net operating income SEKm
Property holdings								
Investment properties ¹	62	941	40,001	2,228	94	514	-110	404
Development properties ¹	8	130	3,658	143	82	28	-9	19
Land and Project properties ¹	18	13	7,173	3	99	2	-8	-6
Total	88	1,084	50,832	2,374	93	544	-127	417
Of which, Inner city	29	401	21,878	1,109	94	256	-59	197
Of which, Solna	44	578	24,459	1,037	93	236	-58	178
Of which, Hammarby Sjöstad	11	105	4,017	228	93	52	-10	42
Of which, Other	4	0	478	0	0	0	0	0
Total	88	1,084	50,832	2,374	93	544	-127	417
Expenses for lettings, project development and property administration								-39
Total net operating income after expenses for lettings, project development and property administration								378 ³

¹ See definitions on page 17.

² In the rental value, time limited deductions of about SEK 66m (in rolling annual rental value at 31 March) have not been deducted.

³ The table refers to Faberge's property portfolio on 31 March 2017. Income and expenses were recognised as if the properties were owned for the entire period. The difference between recognised net operating income above, SEK 378m, and net operating income in profit or loss, SEK 379m, 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–March 2017. Intercompany rentals have been included in the table.

SEGMENT REPORTING IN SUMMARY¹

SEKm	2017 Jan-Mar Property Management	2017 Jan-Mar Property Development	2017 Jan-Mar Transaction	2017 Jan-Mar Total	2016 Jan-Mar Property Management	2016 Jan-Mar Property Development	2016 Jan-Mar Transaction	2016 Jan-Mar Total
Rental income	517	29		546	486	33		519
Property expenses	-146	-21		-167	-151	-13		-164
Net operating income	371	8	0	379	335	20	0	355
Surplus ratio, %	72%	28%		69%	69%	61%		68%
Central administration	-15	-4		-19	-13	-3		-16
Net interest expense	-105	-28		-133	-106	-25		-131
Share in profits of associated companies	-11	0		-11	-13	0		-13
Profit from property management activities	240	-24	0	216	203	-8	0	195
Realised changes in value of properties			0	0			160	160
Unrealised changes in value of properties	495	338		833	974	545		1,519
Profit/loss before tax per segment	735	314	0	1,049	1,177	537	160	1,874
Changes in value, fixed income derivatives and equities				86				-118
Profit before tax				1,135				1,756
Properties, market value	40,001	10,831		50,832	32,626	7,831		40,457
Occupancy rate, %	94%	82%		93%	94%	83%		93%

¹ See definitions on page 17

Other financial information

Human resources

At the end of the year, 162 people (149) were employed by the Fabege Group.

Parent Company

Sales during the period amounted to SEK 61m (36) and earnings before appropriations and tax amounted to SEK 59m (-521).

Net investments in property, equipment and shares totalled SEK 0m (0).

Annual General Meeting on 29 March 2017

Fabège's Annual General Meeting on 29 March 2017 adopted the Board of Directors' proposal for a dividend for 2016 of SEK 4.00 per share. For other decisions, see press release and AGM documents on Fabège's website.

Acquisition and transfer of treasury shares

The 2017 AGM renewed the authorisation of the Board to buy back and transfer shares in the company for the period extending up until the next AGM. 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.

Opportunities and risks

Risks and uncertainties relating to cash flow from operations relate primarily to changes in rents, vacancies and interest rates. The effect of the changes on consolidated profit including a sensitivity analysis and a more detailed description of risks and opportunities are presented in the section on Risks and opportunities in the 2016 Annual Report (pages 56-59).

Properties are recognised at fair value and changes in value are recognised in profit or loss. Effects of changes in value on consolidated profit, the equity/assets ratio and the loan-to-value ratio are also presented in the section on Risks and opportunities and the sensitivity analysis in the 2016 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 also described in the 2016 Annual Report (pages 58-59).

No material changes in the company's assessment of risks have arisen following publication of the 2016 Annual Report. Fabège's aims for the capital structure are to have an equity/assets ratio of at least 35 per cent and an interest coverage ratio of at least 2.0. The aim for the loan-to-value ratio is a maximum of 55 per cent.

SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change	Effect, SEKm
Rental income, total	1%	21.8
Rent level, commercial income	1%	20.8
Financial occupancy rate	1 percentage point	23.7
Property expenses	1%	6.0
Interest expense, rolling 12 months ¹	+/-1 percentage point	39 / 67
Interest expenses, longer term perspective	1 percentage point	225.5

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.

¹In the short term, interest expenses increase regardless of whether the short-term rate rises or falls. Due to interest rate floors in loan agreements, Fabège is not able to fully utilise negative interest rates, whereby a negative outcome arises even when interest rates are reduced.

SENSITIVITY ANALYSIS – PROPERTY VALUE

Change in value, %	Impact on after-tax profit, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	396	45.1%	43.9%
0	0	44.8%	44.4%
-1	-396	44.4%	44.8%

Earnings and key ratios are affected by realised and unrealised changes in the value of properties. The table shows the effect of a 1 percentage point change in value after deferred tax deduction.

Events after balance sheet date

Fabège and SHH have signed a contract on jointly developing around 225 tenant-owner apartments on Kista Gårdsväg in Kista, north of Stockholm. Last autumn, Fabège gained entry to the property Selfoss 1 under the land option previously acquired from the City of Stockholm. SHH has now acquired 50 per cent of the development company and the parties have agreed to run a joint venture. The sale to SHH will not entail any financial effects in an initial stage.

SEK 21 m

Net lettings

Jan-Mar 2017

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. Activity in the rental market is seasonal. Normally, more business transactions are completed in the second and fourth quarters, whereby net lettings in these quarters are usually higher.

Market outlook

Both the property and rental markets remain very strong. Given the prevailing market conditions and Fabege's attractive property and project portfolio, the conditions are favourable for strong earnings in 2017. More completed projects will increase rental volumes which, combined with continued operational efficiency and low interest expense, is expected to generate better profit from property management. Fabege is well positioned to capitalise on the business opportunities that lie ahead.

Accounting policies

Fabège prepares its consolidated financial statements according to International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

Disclosures in accordance with IAS 34 Interim Financial Reporting are submitted both in the notes and in other sections of the interim report.

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 2017 have not had any material impact on consolidated financial statements. 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 latest annual report.

Stockholm, 27 April 2017



CHRISTIAN HERMELIN
Chief Executive Officer.

This interim report has not been examined by the company's auditors.

The Fabege share

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

THE 15 LARGEST SHAREHOLDERS AT 31 MARCH 2017*

	Number of shares*	Proportion of equity, %	Proportion of votes, %
Erik Paulsson with family, privately and company	25,456,763	15.4	15.4
BlackRock Inc.	6,295,015	3.8	3.8
Fourth AP-fund	5,710,559	3.5	3.5
Investment AB Öresund	5,500,000	3.3	3.3
Länsförsäkringar Funds	4,273,594	2.6	2.6
Mats Qviberg with family	3,747,868	2.3	2.3
Vanguard	3,423,483	2.1	2.1
BNP Paribas Investment Partners	2,895,115	1.8	1.8
E.N.A City AB	2,890,000	1.7	1.7
Norges Bank	2,802,572	1.7	1.7
Handelsbanken Funds	2,249,981	1.4	1.4
Standrad Life	1,985,406	1.2	1.2
Principal Global Investors	1,975,630	1.2	1.2
Stichting Pensionfonds ABP	1,972,195	1.2	1.2
Pensionskassan SHB Försäkringsförening	1,920,000	1.2	1.2
Total 15 largest shareholders	73,098,181	44.2	44.2
Other	92,293,391	55.8	55.8
Total no. of shares outstanding	165,391,572	100.0	100.0
Treasury shares	0	0	0
Total no. of registered shares	165,391,572	100.0	100.0

*The verification date may vary for foreign shareholders.

Source: Holdings of Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

The Fabege share is traded on Nasdaq Stockholm, BOAT, BATS Chi-X and the London Stock Exchange. Number of shareholders at 31 March 2017: 40,449. The share price at the end of the period was SEK 142.50.

SHARE INFORMATION



SNOW SOFTWARE MOVES TO SOLNA BUSINESS PARK

Fabège has signed a lease with Snow Software AB, which is relocating its Swedish head office to Solna Business Park. The parties have signed a green seven-year lease for approximately 4,100 sqm at an annual rent totalling just over SEK 11m. Occupancy will take place in February 2018.

“Snow Software is continuing to expand and is constantly attracting new employees. We need to improve, change and renew our workplace to keep pace with our growth, as this creates the best conditions to allow us to continue delivering at the high level demanded by the software industry. Now we will be working with Fabège to build an office that reflects the company’s ethos, energy and culture,” says Peter Björkman, Chief Technology Officer.

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec	Rolling 12 m Apr-Mar
Rental income	546	519	2,105	2,132
Property expenses	-167	-164	-598	-601
Net operating income	379	355	1,507	1,531
Surplus ratio, %	69%	68%	72%	73%
Central administration	-19	-16	-70	-73
Net interest/expense	-133	-131	-541	-543
Share in profits of associated companies	-11	-13	-425	-423
Profit/loss from property management	216	195	471	492
Realised changes in value of properties	0	160	491	331
Unrealised changes in value of properties	833	1,519	7,614	6,928
Unrealised changes in value, fixed income derivatives	89	-118	99	306
Changes in value of shares	-3	0	5	2
Profit/loss before tax	1,135	1,756	8,680	8,059
Current tax	-	-1	-88	-87
Deferred tax	-253	-90	-1,485	-1,648
Profit/loss for period/year	882	1,665	7,107	6,324
Items that will not be restated in profit or loss	-	-	-5	-5
Revaluation of defined-benefit pensions	-	-	-5	-5
Comprehensive income for the period/year	882	1,665	7,102	6,319
Total comprehensive income attributable to:				0
Parent company shareholders	882	1,665	7,107	6,324
Non-controlling interest	0	-	-	-
Earnings per share, SEK	5:33	10:07	42:97	38:20
Total earnings per share, SEK	5:33	10:07	42:94	38:23
No. of shares at period end, millions	165.4	165.4	165.4	165.4
Average no. of shares, million	165.4	165.4	165.4	165.4

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2017 Mar 31	2016 Mar 31	2016 Dec 31
Assets			
Properties	50,832	40,467	47,842
Other tangible fixed assets	2	1	2
Financial fixed assets	360	906	516
Current assets	647	533	1,687
Short-term investments	142	66	114
Cash and cash equivalents	24	33	62
Total assets	52,007	42,006	50,223
Equity and liabilities			
Shareholder's equity	23,277	18,144	23,002
Deferred tax	3,521	1,876	3,271
Other provisions	218	148	215
Interest-bearing liabilities ¹	22,548	19,269	21,978
Other long-term liabilities	0	621	0
Derivative instrument	470	777	559
Non-interest-bearing liabilities	1,973	1,171	1,198
Total equity and liabilities	52,007	42,006	50,223

¹ Of which short-term SEK 87,625m (7,458)

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	Shareholders' equity	Of which, attributable to Parent Company shareholders	Of which attributable to non-controlling interest
Shareholders' equity, 1 January 2016, according to adopted Statement of financial position	16,479	16,479	-
Cash dividend	-579	-579	-
Profit for the period	7,107	7,107	-
Other comprehensive income	-5	-5	-
Shareholders' equity, 31 December 2016	23,002	23,002	-
Cash dividend	-662	-662	-
Acquired minority interest	55	-	55
Profit for the period	882	882	-
Other comprehensive income	-	-	-
Shareholders' equity, 31 March 2017	23,277	23,222	55

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Operations			
Net operating income	379	355	1,507
Central administration	-19	-16	-70
Reversal of depreciation	0	0	0
Interest received	2	2	11
Interest paid	-145	-130	-647
Income tax paid	-29	0	4
Cash flow before changes in working capital	188	211	805
Change in working capital			
Change in current receivables	898	35	84
Change in current liabilities	789	32	-112
Total change in working capital	1,687	67	-28
Cash flow from operating activities	1,875	278	777
Investing activities			
Investments in new-builds, extensions and conversions	-2,131	-472	-2,600
Acquisition of properties	-345	-152	-460
Divestment of properties	-	2,143	2,315
Other tangible fixed assets	-306	3	-332
Cash flow from investing activities	-2,779	1,522	-1,076
Financing activities			
Dividend to shareholders	-	-	-579
Change in interest bearing liabilities	870	-1,799	908
Cash flow from investing activities	870	-1,799	329
Cash flow for the period	-38	1	30
Cash and cash equivalents at beginning of period	62	32	32
Cash and cash equivalents at end of period	24	33	62

CONSOLIDATED KEY RATIOS

Financial ³	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Return on capital employed, %	11.7	19.6	29.5
Return on equity, %	15.2	38.5	36.0
Interest coverage ratio, multiple ²	2.7	2.6	2.7
Equity	45	43	46
Loan-to-value ratio, properties, %	44	48	46
Debt ratio, multiple	15.5	14.1	15.3
Debt/equity ratio, multiple	1.0	1.1	1.0
Share related ^{1 3}			
Earnings per share, SEK ⁴	5:33	10:07	42:97
Total earnings per share, SEK	5:33	10:07	42:94
Equity per share, SEK	141	110	139
Cash flow from operating activities per share, SEK	11:33	1:75	4:70
EPRA NAV, SEK per share	165	126	163
EPRA, EPS	1:22	1:09	3:01
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
Property-related			
No. of properties	88	84	82
Carrying amount, Properties, SEKm	50,832	40,467	47,842
Lettable area, sqm	1,084,000	1,070,000	1,062,000
Financial occupancy rate, %	93	93	94
Surplus ratio, %	69	68	72

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

² The interest coverage ratio definition has been changed from 1 January 2016. The comparative figures have been restated according to the new definition.

³ Unless otherwise stated, the key figure is not defined under IFRS. Please see page 17 for definitions

⁴ Definitions according to IFRS

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 also been applied in the Parent Company since 2006. No changes have been made to the measurement model.

	Group		Parent Company	
	2017 Mar 31	2016 Dec 31	2017 Mar 31	2016 Dec 31
IFRS, level 3, SEKm				
Opening value	-218	-396	-218	-396
Acquisitions/Investments	-	-	-	-
Changes in value	39	178	39	178
Matured	13	-	13	-
Closing value	-166	-218	-166	-218
Carrying amount	-166	-218	-166	-218

¹ 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.

DEFERRED TAX

	2017 Mar 31	2016 Dec 31
Deferred tax attributable to:		
- tax loss carryforwards, SEKm	-1,079	-1,129
- difference between book value and tax value in respect of properties, SEKm	4,699	4,516
- derivatives, SEKm	-103	-123
- other, SEKm	4	7
Net debt, deferred tax, SEKm	3,521	3,271

RECONCILIATION OF KEY RATIOS

Details are provided below regarding reconciliation of the financial key ratios that Faberge continually monitors and for which established financial targets are in place. The following financial targets have been established by the Board of Directors:

- The loan-to-value ratio is not to exceed 55 per cent
- The equity/assets ratio is to be at least 35 per cent
- The interest coverage ratio is to be at least 2.0.

	2017 Mar 31	2016 Mar 31	2016 Dec 31
Equity/assets ratio			
Equity, SEKm	23,277	18,144	23,002
Total assets, SEKm	52,007	42,006	50,223
Equity/assets ratio	45%	43%	46%

	2017 Mar 31	2016 Mar 31	2016 Dec 31
Loan-to-value ratio, properties			
Interest-bearing liabilities, SEKm	22,548	19,269	21,978
Booked value properties, SEKm	50,832	40,467	47,842
Loan-to-value ratio, properties	44%	48%	46%

	2017 Mar 31	2016 Mar 31	2016 Dec 31
Debt ratio			
Operating surplus, SEKm	1,531	1,434	1,507
Central administration, SEKm	-73	-65	-70
Total, SEKm	1,458	1,369	1,437
Interest-bearing liabilities, SEKm	22,548	19,269	21,978
Debt ratio, multiple	15.5	14.1	15.3

	2017 Mar 31	2016 Mar 31	2016 Dec 31
Interest coverage ratio, multiple			
Net operating income, SEKm	379	355	1,507
Central administration, SEKm	-19	-16	-70
Total, SEKm	360	339	1,437
Net interest/expense, SEKm	-133	-131	-541
Interest coverage ratio, multiple	2.7	2.6	2.7

	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
EPRA EPS			
Profit from property management, SEKm	216	195	471
Tax-deductible depreciation, SEKm	-148	-131	-590
Sum, SEKm	69	64	-119
Nominal tax (22%), SEKm	15	14	-26
EPRA earnings in total, (Profit from property management minus nominal tax) SEKm	201	181	497
Number of shares, millions	165	165	165
EPRA EPS, SEK per share	1:22	1:09	3:01

	2017	2016	2016
EPRA NAV	Jan-Mar	Jan-Mar	Jan-Dec
Shareholders' equity, SEKm	23,222	18,144	23,003
Reversal of fixed-income derivatives, SEKm	470	777	559
Reversal of deferred tax according to the balance sheet, SEKm	3,521	1,876	3,271
Sum, SEKm	27,213	20,797	26,832
Number of shares, millions	165	165	165
EPRA NAV, SEK per share	165	126	163

	2017	2016	2016
Return on equity	Jan-Mar	Jan-Mar	Jan-Dec
Profit for the period, SEKm	882	1,665	7,107
Average shareholders' equity, SEKm	23,140	17,312	19,741
Return on equity	15.2%	38.5%	36.0%

CONTINGENT LIABILITIES

Contingent liabilities comprise the balance sheet date guarantees and commitments in favour of associated companies of SEK 202m (202) and other 0 (0).

SEGMENT REPORTING – CLASSIFICATIONS AND RECLASSIFICATIONS DURING THE PERIOD

No reclassifications took place during the first quarter. The properties Distansen 6 and 7 in Solna, taken over during the period, were classified as investment properties. Fortet 2 was classified as a development property. Distansen 4 (land) and the land properties and development rights (not reallocated), which was acquired through Råsta, were classified as land and project properties.

PARENT COMPANY CONDENSED INCOME STATEMENT

SEKm	2017	2016	2016
	Jan-Mar	Jan-Mar	Jan-Dec
Income	61	36	221
Expenses	-70	-65	-263
Net financial items	-18	-374	-932
Changes in value, fixed-income derivatives	89	-118	99
Changes in value, equities	-3	0	6
Group Contribution	0	0	-204
Profit before tax	59	-521	-1,073
Current tax	-	-	-19
Deferred tax	-20	114	50
Profit for the period/year	39	-407	-1,042

PARENT COMPANY CONDENSED BALANCE SHEET

SEKm	2017	2016	2016
	Mar 31	Mar 31	Dec 31
Participation in Group companies	12,516	12,516	12,516
Other fixed assets	42,888	41,957	43,105
<i>of which, receivables from Group companies</i>	<i>42,541</i>	<i>41,195</i>	<i>42,671</i>
Current assets	86	98	184
Cash and cash equivalents	24	32	53
Total assets	55,514	54,603	55,858
Shareholders' equity	10,059	11,894	10,681
Provisions	-35	-103	-55
Long-term liabilities	36,558	36,869	38,279
<i>of which, liabilities to Group companies</i>	<i>24,510</i>	<i>23,589</i>	<i>24,783</i>
Current liabilities	8,932	5,943	6,953
Total equity and liabilities	55,514	54,603	55,858

Quarterly overview

CONDENSED INCOME STATEMENT, AMOUNTS IN SEK M

SEK M	2017		2016			2015		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Rental income	546	532	534	520	519	505	495	496
Property expenses	-167	-150	-133	-151	-164	-156	-130	-131
Net operating income	379	382	401	369	355	349	365	365
Surplus ratio	69%	72%	75%	71%	68%	69%	74%	74%
Central administration	-19	-17	-17	-20	-16	-17	-16	-16
Net interest expense	-133	-129	-139	-142	-131	-146	-143	-140
Share in profits of associated companies	-11	-402	-16	6	-13	-14	-59	-8
Profit/loss from property management	216	-166	229	213	195	172	147	201
Realised changes in value of properties	0	309	20	2	160	17	3	0
Unrealised value of properties	833	3,136	1,760	1,199	1,519	1,282	590	673
Unrealised changes in value, fixed-income derivatives	89	230	42	-55	-118	151	-26	194
Changes in value, equities	-3	5	0	0	0	-26	-28	-3
Profit for the period/year	1,135	3,514	2,051	1,359	1,756	1,596	686	1,065
Current tax	-	-89	2	0	-1	-2	0	0
Deferred tax	-253	-664	-437	-294	-90	-416	-167	-235
Comprehensive income for the period/year	882	2,761	1,616	1,065	1,665	1,178	519	830

CONDENSED FINANCIAL POSITION, AMOUNTS IN SEK M

SEK M	2017		2016			2015		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Assets								
Properties	50,832	47,842	44,659	42,418	40,467	40,279	37,630	36,361
Other tangible fixed assets	2	2	2	2	1	1	1	1
Financial fixed assets	360	516	916	886	906	923	1,562	1,644
Current assets	647	1,687	500	529	533	446	438	506
Short-term investments	142	114	89	64	66	70	50	48
Cash and cash equivalents	24	62	36	195	33	32	37	411
Total assets	52,007	50,223	46,202	44,094	42,006	41,751	39,718	38,971
Equities and liabilities								
Shareholders' equity	23,277	23,002	20,246	18,630	18,144	16,479	15,299	14,780
Deferred tax	3,521	3,271	2,648	2,211	1,876	1,786	1,502	1,335
Other provisions	218	215	142	154	148	150	159	159
Interest-bearing liabilities	22,548	21,978	20,818	20,574	19,269	21,068	20,513	20,436
Other long-term liabilities	0	0	625	623	621	619	617	615
Derivative instruments	470	559	789	831	777	658	809	783
Non-interest bearing liabilities	1,973	1,198	934	1,071	1,171	991	819	863
Total equity and liabilities	52,007	50,223	46,202	44,094	42,006	41,751	39,718	38,971

KEY RATIOS

	2017		2016			2015		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Financial¹								
Return on capital employed, %	11.7	33.2	21.2	15.2	19.6	18.4	9.2	13.7
Return on equity, %	15.2	51.1	33.3	23.2	38.5	29.7	13.8	23.2
Interest coverage ratio, multiple ²	2.7	2.8	2.8	2.5	2.6	2.0	1.9	2.3
Equity/assets ratio, %	45	46	44	42	43	39	39	38
Loan-to-value ratio, properties, %	44	46	47	49	48	52	55	56
Debt ratio, multiple	15.5	15.3	14.8	15.0	14.1	14.7	14.9	14.7
Debt/equity ratio, multiple	1.0	1.0	1.0	1.1	1.1	1.3	1.3	1.4
Share-related^{1 3}								
Earnings per share, SEK ⁴	5:33	16:7	9:77	6:44	10:07	7:12	3:14	5:02
Total earnings per share, SEK	141	139	122	113	110	100	93	89
Cash flow from operating activities per share, SEK	11:33	1:75	0:52	0:52	1:75	4:82	1:10	6:99
EPRA NAV, SEK per share	165	163	144	131	126	115	107	102
EPRA EPS	1:22	-0:52	1:26	1:18	1:09	0:99	0:91	1:17
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	165,392
Property-related								
Financial occupancy rate, %	93	94	94	93	93	93	92	92
Surplus ratio, %	69	72	75	71	68	69	74	74

¹ The interest coverage ratio definition has been changed from 1 January 2016. The comparative figures have been restated according to the new definition.

² No dilution is possible because no potential dilution shares (such as convertible debentures) exist.

³ Unless otherwise stated, the key figure is not defined under IFRS. Please see page 17 for definitions.

⁴ Definitionen according to IFRS.

Definitions

The company presents certain financial measures in the interim report that are not defined according to IFRS. The company considers that these measures provide valuable supplementary information for investors and company management, as they enable an assessment and benchmarking of the company's presentation.

Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should not therefore be regarded as substitutes for measures defined according to IFRS. The following key ratios are not defined according to IFRS, unless otherwise stated.

RETURN ON EQUITY

Profit for the period/year divided by average shareholders' equity including non-controlling interest. In interim reports, the return is converted into 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 into 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 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 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. Definition according to IFRS.

INTEREST COVERAGE RATIO

Net operating income less central administration in relation to net interest items (interest expenses less interest income).

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 Transactions. 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 RATIO

Interest-bearing liabilities divided with rolling twelve-month net operating income less central administration.

DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity including non-controlling interest.

EQUITY/ASSETS RATIO

Shareholders' equity divided by total assets.

CAPITAL EMPLOYED

Total assets less non-interest-bearing liabilities, provisions and deferred tax.

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 key ratio is operational and is not regarded as an alternative performance measure according to

This is Fabege

Fabege is one of Sweden's leading property companies focusing mainly on letting and managing office premises as well as city district 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.

Fabege offers attractive and efficient premises, mainly offices but also retail and other premises. The concentration of properties to well-contained clusters leads to greater customer proximity and, coupled with Fabege's extensive local expertise, creates a solid foundation for efficient property management and high occupancy.

At 31 March 2017, Fabege owned 88 properties with a total market value of SEK 50.8bn. The rental value was SEK 2.4bn.

Business concept

Fabege works with sustainable city district development, with a primary focus on commercial properties within a limited number of well located submarkets in the Stockholm area.

Fabege aims to create value by managing, improving and actively adjusting its property portfolio through sales and acquisitions.

Business model

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

Strategy for growth

Fabege's strategy is to create value by managing and developing the property portfolio and through transactions, acquiring and divesting properties with the aim of increasing potential in the property portfolio. Fabege'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 Fabege's customers.

Value-driving factors

A number of external factors affect Fabege's operations and these, together with the transaction volume and the office market trend in Stockholm, represent the prerequisites for the company's success.

Stockholm is growing

Stockholm is one of the five metropolitan areas in Western Europe where the population is rising the most. According to forecasts, Stockholm County will have half a million inhabitants more than today by 2030. People in the active labour force account for the largest growth, which is boosting demand for office premises.

Changed demand

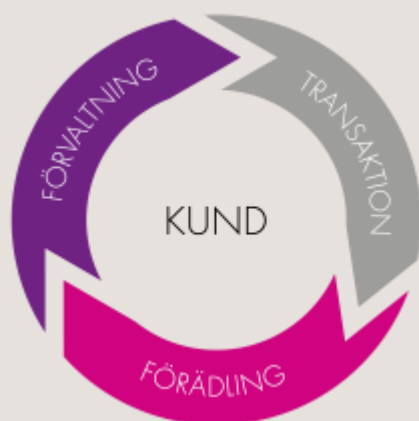
New technology and new working methods are fuelling demand for flexible and space-efficient premises in prime locations. Excellent peripheral service and good communication links in the form of public transport services are in increasing demand, as are environmentally certified offices and green leases.

Economic trend

The trend for both the Swedish and global economy impacts the property market. Lower vacancy rates in Stockholm's inner city and a stronger economic climate have historically meant rising rents.

Sustainable urban development

Sustainability issues are becoming increasingly important, in terms of both individual properties and entire areas. Interest in environmental considerations involving choice of material and energy-saving measures is 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 Fabege'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 and based on close dialogue with the customer, thus building mutual trust and loyalty.

TRANSACTIONS

Property transactions are an integral part of Fabege's business model and make a significant contribution to the company's earnings. The company continuously analyses its property portfolio to utilise opportunities to increase capital growth, through both acquisitions and divestments.

PROPERTY DEVELOPMENT

High-quality property development is the second key cornerstone of our business. Fabege 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.

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Registered office of the Board of Directors: Stockholm

Fabege

CALENDAR

Interim report Jan-June 2017	7 July 2017, 8:00 am CET
Interim report Jan-Sep 2017	19 October 2017, 8:00 am CET
Year-end report 2017	5 February 2018, 12:00 noon CET

PRESS RELEASES DURING THE FIRST QUARTER

9 Jan 2017	Snow Software moves to Solna Business Park
25 Jan 2017	Fabege obtains more green financing via SFF
2 Feb 2017	Year-end report Jan-Dec 2016
2 Feb 2017	Fabege doubles earnings
7 Feb 2017	Fabege issues green five-year bond via SFF
9 Feb 2017	Persistently high demand for Fabege's green bonds
20 Feb 2017	Notice of Annual General Meeting in Fabege AB (publ)
1 Mar 2017	Fabege publishes its annual report for 2016
21 Mar 2017	The Swedish Environmental Protection Agency becomes tenant in newly started project in Hammarby Sjöstad
29 Mar 2017	Decisions made at Fabege's 2017 AGM

FOLLOW US ON THE INTERNET, WWW.FABEGE.SE



Visit the Group's website for further information about Fabege and its operations. There will also be a web presentation on 27 April 2017, at which Christian Hermelin and Åsa Bergström will present the interim report on 27 April 2017



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This information is of the type that Fabege AB is required to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act.

This information was released, through the provision of the above-mentioned contact person, for publication on 27 April 2017, at 8.00 am CET.

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