

2017

Q3

Summary, SEKm

	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep
Rental income	580	534	1,688	1,573
Net operating income	435	401	1,230	1,125
Profit from property management	264	229	713	637
Profit before tax	2,798	2,051	5,389	5,166
Profit after tax	2,201	1,616	4,202	4,346
Surplus ratio, %	75	75	73	72
Loan-to-value ratio, properties, %			44	47
EPRA NAV, SEK per share			190	144

January – September 2017¹

- Rental income increased to SEK 1,688m (1,573), primarily as a result of completed project properties generating revenue. In an identical portfolio, income rose by approximately 8.5 per cent (9).
- Net operating income increased to SEK 1,230m (1,125). In an identical portfolio, net operating income rose by approximately 11.5 per cent (10). The surplus ratio was 73 per cent (72).
- Profit from property management rose by 12 per cent to SEK 713m (637).
- Realised and unrealised changes in value amounted to SEK 4,452m (4,660) in properties and SEK 227m (–131) in interest-rate derivatives.
- Profit before tax for the period amounted to SEK 5,389m (5,166).
- After-tax profit for the period amounted to SEK 4,202m (4,346), corresponding to SEK 25.40 per share (26.28).
- Net lettings during the period totalled SEK 190m (87).
- The rent levels from renegotiated leases were an average of 27 per cent.
- The equity/assets ratio was 47 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 January–September 2016 period and for balance sheet items at 31 December 2016.

Fabege

CREATING THE RIGHT CONDITIONS



Christian Hermelin, CEO

Lettings and projects generate value

Fabège's strong performance was maintained in the third quarter of 2017, with increased earnings from property management and persistently rising property values.

Persistently strong market

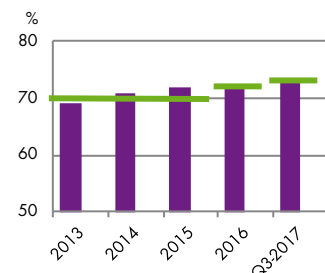
High demand and low vacancies are giving rise to continually rising rent levels in the Stockholm market.

We have taken care of the possibilities and five of the ten largest office leases in the Stockholm market in 2017 have been signed by Fabège. Lettings that indicate persistently rising rent levels on the market and that enable even more profitable project development. Net lettings in the period totalled SEK 190m, which is one of our best years to date. Renegotiations during the period produced an average increase in the rental value of 27 per cent, which is evidence of the robust trend we have recently observed in Stockholm's rental market.

Increased rental and net operating income and improved earnings from property management

Rising rent levels and completed projects continued to contribute to higher rental income and an improvement in net operating income in Q3. The surplus ratio for the first nine months of the year amounted to 73 per cent, which is in line with our expectations for the 2017 full-year. Improved net operating income, combined with persistently low interest rates, led to strong growth in earnings from property management compared with the previous year. I anticipate a sustained increase in net operating income as projects are completed and begin generating cash flow.

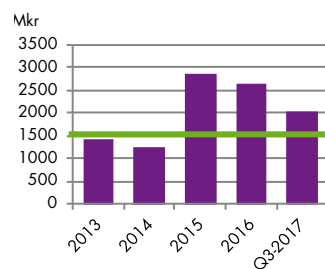
SURPLUS RATIO



Target 2017: 73%

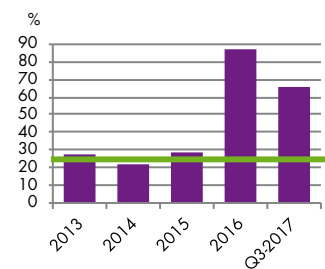
Long-term target 2020: 75%

INVESTMENT VOLUME



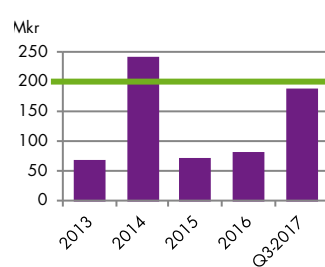
Target: At least SEK 1,500m per year

RETURN ON PROJECTS



Target: At least 20%

NET LETTINGS²



Target: SEK 80m per year.

New lettings and projects generate value

During the third quarter, growth in value continued both in the management portfolio and in projects. Value growth for the period totalled just over 9 per cent, primarily fuelled by higher rent levels, development gains in projects and revaluations of development rights.

I am particularly pleased with the two major lettings to Swedbank and Bilja, which pave the way for continued value-adding project development. The letting to Bilja of the Stora Frösunda property in Solna releases development rights for sale and development. As a result of the transaction with Bilja, the development rights for the property were revised upwards by SEK 695m. The letting to Swedbank in the Orgeln 7 property in Sundbyberg means that the office space is fully let, which has significantly reduced the level of risk in the project. In addition to this, continued value growth will be generated via increased rent levels resulting from renegotiations and new lettings, along with contributions from other ongoing project investments. The occupancy rate in the project portfolio now amounts to 88 per cent. Projects continued to deliver at a high level – the return on invested capital during the period was 66 per cent, well above our declared target of at least 20 per cent. Siemens will have moved into Arenastaden by the end of this year, marking the completion of another project property.

Continued focus on capital market and green financing

The strong capital market and considerable level of interest in green bonds meant that we continued to increase the share of capital market financing. In September we extended our green MTN framework from SEK 2bn to SEK 5bn. We have endeavoured to extend the capital maturity period via the bond issues we have carried out during the past quarter. We have also converted a bank loan to green financing to coincide with refinancing of a bank limit. The proportion of green loans now totals 35 per cent of outstanding loans.

Response to consultation on changes to tax legislation

The Swedish Ministry of Finance has announced proposals regarding changes to corporate taxation, which will mean a lower tax rate, reduced deductions for interest expenses and restrictions regarding offsetting against past loss carryforwards. The consultation period ended in September, and Fabège has submitted its views on both proposals. We note that many felt compelled to respond and that the industry as a whole regards the proposals as inhibitive for Swedish property development.

Market outlook

The office market in Stockholm is robust, with extremely low vacancies and high demand. At the same time, interest rates are set to remain low for an extended period of time, although gradual interest rate hikes are anticipated in 2018. If economic forecasts are confirmed, this will mean a persistently favourable development for properties. We are seeing a sustained rise in rental income via renegotiations and new projects, while we maintain the ambition of increasing cost effectiveness and continuing to improve profitability in property management into next year. Fabège is an organisation that is capable of exploiting opportunities to create value. With our stable cash flow in property management and our well located project portfolio, I look forward to our positive trend continuing into 2018.

Earnings Jan-Sep 2017¹

Higher rental income and continued low interest expenses meant that earnings from property management increased by 12 per cent in comparison with the previous year. Growth in value continued both in the investment property portfolio and via the major projects.

Revenues and earnings

Profit after tax for the period was SEK 4,202m (4,346), corresponding to earnings per share of SEK 25.40 (26.28). Profit before tax for the period amounted to SEK 5,389m (5,166). The increase is primarily due to improved earnings from property management and a lower negative fair value in the derivatives portfolio compared with the previous year.

Rental income amounted to SEK 1,688m (1,573) and net operating income to SEK 1,230m (1,125). In an identical portfolio, rental income rose by around 8.5 per cent (9) and net operating income increased by roughly 11.5 per cent (10). The surplus ratio was 73 per cent (72).

The Selfoss 1 property was sold in the second quarter to co-owned Selfoss Invest. The transaction did not have any impact on earnings. No further transactions were carried out during the period, and realised changes in the value of properties were consequently SEK 0m (182). Unrealised changes in value totalled SEK 4,452m (4,478). The unrealised change in the value of the investment property portfolio of SEK 2,685m (3,312) was largely attributable to increased rent levels for new lettings and renegotiations. The average yield requirement declined to 4.39 per cent (4.53 at year-end). The decline in the third quarter was 0.06 per cent. The project portfolio contributed to an unrealised change in value of SEK 1,072m (1,166), primarily due to development gains in the major project properties. Following the signing of an agreement with Bilvia regarding vacation and construction of a new facility at the Stora Frösunda 2 property in Solna, the value of the remaining development rights was adjusted upwards by SEK 695m in the third quarter.

The share in profit of associated companies was SEK -81m (-23) and related to a capital contribution to Friends Arena during the period.

Unrealised changes in value in the derivatives portfolio totalled SEK 227m (-131), primarily due to higher long-term interest rates and the fact that some of the older, more expensive swaps have expired. Net interest items declined to SEK -383m (-412). Increased borrowing was offset by lower average interest.

Segment reporting

The Property Management segment generated net operating income of SEK 1,134m (1,044), representing a surplus ratio of 77 per cent (73). The occupancy rate was 94 per cent (94). Earnings from property management totalled SEK 710m (663). Unrealised changes in the value of properties amounted to SEK 2,685m (3,312).

The Property Development segment generated net operating income of SEK 96m (81), giving a surplus ratio of 47 per cent (56). Earnings from property management totalled SEK 3m (-26). Unrealised changes in the value of properties totalled SEK 1,072m (1,166), corresponding to a yield of 66 per cent on invested capital in the project portfolio. In addition, building rights were upgraded by SEK 695m.

The only divestment during the period concerned the land property Selfoss 1, which was sold to a co-owned company. The transaction did not generate any recognised earnings, which is why the Transactions segment had realised changes in value of SEK 0m (182).

Reclassifications during the period between the Property Management and Property Development segments are stated in the note on Segment Reporting on page 14.

Quarter 3 in brief¹

- Continued healthy demand for office premises in Stockholm and rising rent levels in all our submarkets.
- New lettings totalled SEK 140m (23) and net lettings amounted to SEK 102m (4).
- The surplus ratio was 75 per cent (75).
- Earnings from property management totalled SEK 264m (229).
- The property portfolio exhibited unrealised value growth of SEK 2,463m (1,760), of which projects accounted for SEK 418m (464) and development rights SEK 695m.
- Realised changes in property values totalled SEK 0m (20).
- Due to persistently rising long-term interest rates, the negative fair value of the derivatives portfolio decreased by SEK 71m (42).
- After-tax profit for the quarter amounted to SEK 2,201m (1,616).
- The new agreement with Bilvia means that the development rights on the Stora Frösunda 2 property in Solna have been released for divestment and development.

BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

SEKm	2017 Jan-Sep	2016 Jan-Sep
Profit from Property Management activities	710	663
Changes in value (portfolio of investment properties)	2,685	3,312
Contribution from Property Management	3,395	3,975
Profit from Property Management activities	3	-26
Changes in value (profit from Property Development)	1,767	1,166
Contribution from Property Development	1,770	1,140
Realised changes in value	0	182
Contribution from Transactions	0	182
Total contribution from the operation	5,165	5,297

66%

Return on Projects

¹The comparison figures for income and expense items relate to values for the January–September 2016 period and for balance sheet items 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. The company regards the capital market as an excellent addition to bank financing and has gradually increased the proportion of capital market financing. At the end of the quarter, such financing accounted for 44 per cent of total debt, including commercial papers.

Interest-bearing liabilities at the end of the period totalled SEK 24,436m (21,978), with an average interest rate of 2.08 per cent excluding, and 2.18 per cent including, commitment fees on the undrawn portion of committed credit facilities. Undrawn committed credit facilities amounted to SEK 2,083m.

Demand for Fabege's green bonds has remained extremely healthy, and in the third quarter the framework for the green MTN programme was extended from SEK 2,000m to SEK 5,000m. At the end of September, outstanding bonds totalled SEK 2,600m. The green MTN programme allows the company opportunities to issue non-covered green bonds. Interest on bond loans is calculated without a Stockholm Interbank Offered Rate (STIBOR) floor, which with the current negative STIBOR rate means the financing cost at present will be extremely advantageous compared with bank loans. In addition, Fabege also had outstanding bonds of SEK 3,048m via SFF, of which SEK 2,366m related to green bonds.

The proportion of green financing totalled 35 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. During the quarter, new green bank loans totalling SEK 2,200m have been raised with two different banks.

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 30 September, the average maturity was 3.7 years and the loan-to-value ratio was 44 per cent (46). 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 third quarter, callable interest-rate swaps of SEK 1,000m matured, while new interest-rate swaps totalling SEK 700m were signed with maturities of six to ten years. At 30 September, Fabege's derivatives portfolio then comprised interest-rate swaps totalling SEK 9,700m with terms of maturity extending through 2027 and carrying fixed interest at annual rates of between 0.24 and 2.73 per cent before margins. Fabege also holds callable swaps totalling SEK 3,000m at interest rates of between 3.95 and 3.98 per cent before margins, maturing in summer 2018. Interest rates on 52 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, the recognised negative fair value adjustment of the portfolio was SEK 332m (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 20m, mainly pertaining to accrued opening charges for credit agreements and costs relating to bond and commercial paper programmes. The total loan volume at the end of the quarter included SEK 3,654m (2,553) in loans for projects, on which interest of SEK 44m (39) pertaining to the first three quarters of the year has been capitalised.

INTEREST RATE MATURITY STRUCTURE, 30 SEPTEMBER 2017

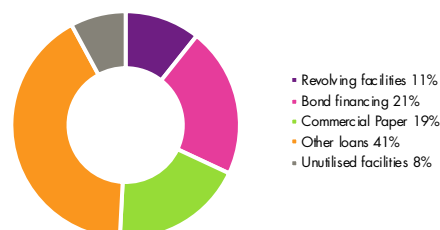
	Amount SEKm	Average interest rate,%	Share,%
< 1 year	16,036	2.47	65
1-2 years	1,200	2.11	5
2-3 years	0	0.00	0
3-4 years	1,000	2.68	4
4-5 years	600	0.76	2
5-6 years	1,000	0.81	4
6-7 years	1,200	0.93	5
7-8 years	1,200	1.00	5
8-9 years	1,000	1.02	4
9-10 years	1,200	1.16	5
Total	24,436	2.08	100

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, 30 SEPTEMBER 2017

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	5,000
< 1 year	7,733	3,723
1-2 years	6,895	5,530
2-3 years	5,245	3,537
3-4 years	300	300
4-5 years	1,100	1,100
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	31,519	24,436

BREAKDOWN OF SOURCES OF FUNDING



35%
of financing
is now green

Tax

Tax expense for the period amounted to SEK –1,187m (–820). The amount for the previous year includes the resolution of a deferred tax liability of SEK 270m relating to property sale. Tax was calculated at a rate of 22 per cent on taxable earnings.

The new tax proposals

The Swedish Ministry of Finance's proposal regarding changes to corporate taxation and the previously announced proposal on changes to taxation for property transactions both have a negative impact on the property sector's ability to pursue operations.

For Fabège, the tax rate cut to 20 per cent combined with restrictions on interest deductions will initially have a positive effect due to current low market rates. However, rising market rates will increase the negative effect (assuming cash flow remains generally the same). The proposal to halve deductions against loss carryforwards will impact liquidity as Fabège will pay a certain amount of income tax. Furthermore, there will be a positive non-recurring accounting effect when the deferred tax liability is measured at the new tax rate.

The packaging inquiry proposal and effect on Fabège are entirely dependent on future property sales. There is a provision in the balance sheet for deferred tax on properties, which amounted to roughly SEK 4.5bn at year-end. Full application would increase the deferred tax liability by an additional SEK 1.3bn, based on the current tax rate of 22 per cent. However, in accounting terms this liability would not be activated until the properties to which it relates are divested.

The proposal regarding changes to the charging of transaction tax (stamp duty) means that the deferred stamp duty of 2 per cent will most likely have a directly negative impact on property valuations. For Fabège, this effect corresponds to 2 per cent of the current property value, roughly SEK 1bn.

The consultation period for both proposals ended in September. Fabège has submitted its views on the proposals to the Ministry of Finance.

Financial position and net asset value

Equity, including a minority share of SEK 55m acquired during the period, amounted to SEK 26,597m (23,002) and the equity/assets ratio to 47 per cent (46) at the end of the period. Equity per share attributable to Parent Company shareholders totalled SEK 161 (139). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 194 (166). EPRA NAV was SEK 190 per share (163).

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 567m (568). Changes in working capital had an impact on cash flow of SEK 65m (–80). Investing activities had an impact of SEK –2,330m (345) on cash flow, while financing activities had a positive impact of SEK 1,797m (–829) on cash flow. In investing activities, cash flow was driven by property transactions and projects. Overall, cash and cash equivalents changed by SEK 99m (4) during the period.

SEK 190/share

EPRA NAV 30 Sep 2017

HAGA NORRA – OUR NEW DISTRICT

In Haga Norra, Fabège plans to create an attractive mix of housing, workplaces and services that will form a vibrant district for people from different backgrounds and of different ages living, working and spending time in the district.

The area will be home to six unique residential districts, each with its own character, and housing units of varying sizes, as well as two new, flexible office buildings. In addition to the housing and offices, there will also be a high street featuring a variety of shops, services and restaurants. In total, the district will include 900 homes, 55,000 sqm of office space for 5,000 employees and 7,000 sqm of services and retail units. The plan is for the entire area to be fully developed by 2025.

For further information, visit www.haganorra.se.



Operations Jan-Sep 2017¹

Several major project lettings during the period mean more project start-ups and continued value creation. Meanwhile cash flow in the property management portfolio is being strengthened via new lettings and renegotiations at increasingly high rent levels.

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. On 30 September 2017, Fabege owned 90 properties with a total rental value of SEK 2.6bn, lettable floor space of 1.1m sqm and a carrying amount of SEK 55.5bn, of which development and project properties accounted for SEK 12.4bn. The financial occupancy rate for the entire portfolio, including project properties, was 94 per cent (93). The occupancy rate in the property management portfolio was 94 per cent (94).

During the period, 132 new leases were signed at a total rental value of SEK 296m (160), of which 87 per cent pertained to Green leases. Lease terminations totalled SEK 106m (73), while net lettings amounted to SEK 190m (87). Rental contracts totalling SEK 168m were renegotiated in the period, with an average rise in rental value of 27 per cent, reflecting the persistently strong trend on the rental market in the first half of the year. Net renegotiations include a significant contract that was renegotiated in advance and that will have an effect in 1.5 years. The retention rate during the period was 86 per cent (79).

Changes in the property portfolio

Three new properties – Hörnan 1, Lagern 3 and Lagern 4 – have been separated from Lagern 2 via property reallocation.

In the first quarter, the previously agreed transactions pertaining to the Distansen 4, 6 and 7 and Fortet 2 properties, 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. In the second quarter, the housing development right Selfoss 1, Kista, was sold to the 50 per cent co-owned company Selfoss Invest AB. The transaction did not generate any recognised realised profit. As no other transactions were carried out during the period, realised changes in value totalled SEK 0m (182).

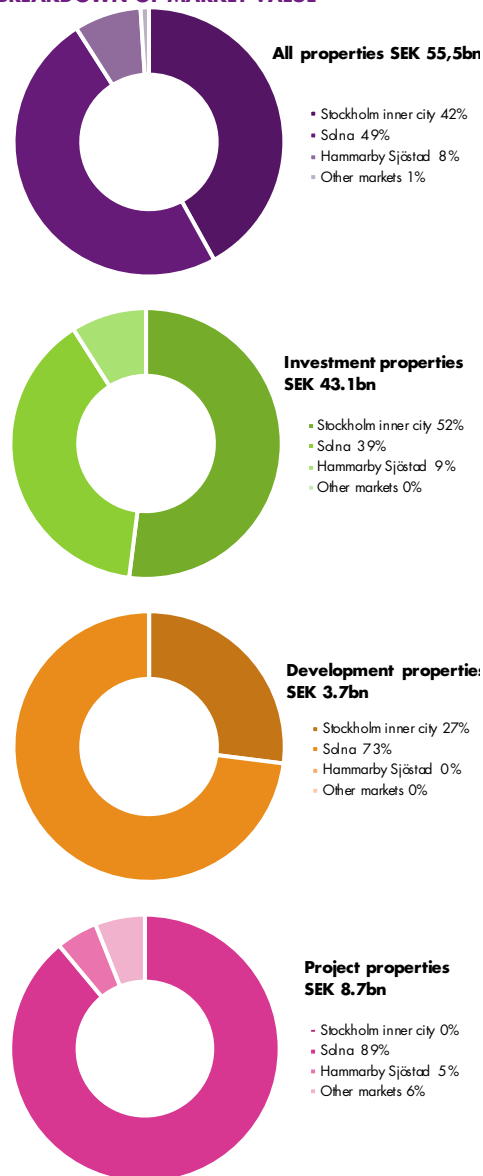
Changes in value of properties

The entire property portfolio is externally valued at least once annually. Approximately 20 per cent of the properties were externally valued in the third quarter and the remainder were internally valued based on the most recent external valuations. The total market value was SEK 55.5bn (47.8).

Unrealised changes in value totalled SEK 4,452m (4,478). The average yield requirement declined somewhat during the period to 4.39 per cent (4.53 at year-end). The change in value in the investment property portfolio of SEK 2,685m (3,312) was principally due to higher rent levels and somewhat lower yield requirements. The project portfolio contributed to a change in value of SEK 1,072m (1,166), mainly due to development gains in major project properties. Furthermore, in the third quarter the development rights on the Stora Frösunda property in Solna were adjusted upwards by SEK 695m following the signing of an agreement with Bilja, and the development rights are thus ready for divestment and development.

30 Sep 2017

BREAKDOWN OF MARKET VALUE



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

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. Property development 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. Another aim is to have all new builds certified under BREEAM-SE.

During the period, investments in existing properties and projects totalled SEK 2,040m (1,719), of which investments in projects and development properties accounted for SEK 1,632m (1,420). The return on capital invested in the project portfolio was 66 per cent. The capital invested in the investment property portfolio, which amounted to SEK 408m (299) and encompassed energy investments and tenant customisations, also contributed to the total growth in value.

Major ongoing projects

The project pertaining to the Uarda 6 property is in its final phase with ongoing tenant customisations. Once Siemens has taken up occupancy at the beginning of November, the property will be fully completed. The occupancy rate is 95 per cent.

In the construction of SEB's offices in the Pyramiden 4 property, Arenastaden, the first stage, corresponding to just over 70 per cent of the total space, has been completed and that part of the building is now occupied. Stage 2 is under way, with installation work and completion of office space ready for occupancy in May 2018. The total investment is estimated at around SEK 2.6bn.

The office project at the Signalen 3 property in Arenastaden is progressing according to plan. The frame has been completed and work is now under way on installations, assembly of the facade and the roof. The investment is expected to amount to SEK 1,130m after an additional amount of SEK 50m was assigned. The increase is explained by a larger area and the fact that the building has been repositioned to allow for possible development rights for housing on the property. ICA has signed a lease corresponding to 78 per cent of the lettable space. The office is scheduled to be ready for occupancy in December 2018.

The office project relating to Hörnan 1, Råsunda, is also under way. The investment amounts to an estimated total of just under SEK 530m. Work is currently continuing on installations and office furnishings. The property is partly let to Telenor Sweden, with occupancy scheduled for summer 2018. The occupancy rate is 69 per cent.

Erection of the frame and facade is under way on the new construction project relating to Pelaren 1, Globen, with plans to make the building weathertight in October. Work will then begin on the interior. The investment is expected to increase from SEK 750m to SEK 780m. The occupancy rate is 94 per cent.

The project relating to conversion and extension of the Orgeln 7 property in Sundbyberg is under way. The frame and facade have been completed and work is under way on finalising the frame and installations. Since the expansion of the project's lettable area and following the Swedbank lease, the estimated investment has risen to SEK 1,050m. The occupancy rate is 89 per cent. The remaining vacancies relate exclusively to storage and retail space on the ground floor. The office is scheduled to be ready for occupancy in June and December 2018 respectively.

Demolition and work on constructing the frame has begun on the project relating to the conversion and extension of Trikäfabriken 9, Hammarby Sjöstad. The investment is estimated at SEK 450m. The occupancy rate is 50 per cent. The property is expected to be ready for occupancy during the spring of 2019.

In the second quarter, a decision was made regarding two new projects: the construction of a new office building on part of the Båtturen 2 property in Hammarby Sjöstad with an investment of around SEK 170m, and the conversion of part of Lagern 4 (formerly part of Lagern 2), Råsunda, into a preschool, school and supported housing for people with disabilities with an investment of roughly SEK 140m. Both projects are fully let. Project planning work is under way.

In the third quarter a decision was taken regarding an investment in the new construction of a facility for Bilja at the Stora Frösunda 2 property in Solna. The investment is expected to amount to approximately SEK 1.1bn and the facility will be completed by summer 2020.

Via co-owned Selfoss Invest AB, Fabege and Svenska Hyreshus AB are leading a housing development project in Kista. The total investment is estimated to be SEK 450m excluding purchase of the land. The project is currently in the planning stage. Selfoss Invest will not be consolidated but will instead be reported as an associated company.

CHANGES IN PROPERTY VALUES 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	2,040
Changes in value	4,453
Sales and disposals	-140
Closing fair value 2017-09-30	55,509

AVERAGE YIELD REQUIREMENT PER AREA

Area	Average yield, %
Stockolm city	4.07
Solna	4.65
Hammarby Sjöstad	4.74
Average yield	4.39

SALES OF PROPERTIES JAN-SEP 2017

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

PROPERTY ACQUISITIONS JAN-SEP 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

30 September 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
Uarda 6	Offices	Arenastaden	Q4-2017	17,800	95%	52	1,007	600	551
Orgeln 7	Offices/retail	Sundbyberg	Q2-2018	38,500	89%	120	1,203	1,050	478
Hörnán 1	Offices	Solna	Q2-2018	16,300	69%	51	695	530	386
Pyramiden 4 ³	Offices	Arenastaden	Q2-2018	72,200	100%	182	3,174	2,600	2,428
Pelaren 1	Offices	Globen	Q3-2018	21,300	94%	69	514	780	326
Lagern 4	School	Solna	Q3-2018	5,100	100%	14	104	140	16
Signalen 3	Offices	Arenastaden	Q4-2018	31,100	78%	92	844	1,130	438
Triåfabriken 9	Offices	Hammarby Sjöstad	Q2-2019	16,700	50%	54	272	450	76
Båtturen 2 (part of)	Offices	Hammarby Sjöstad	Q2-2019	5,200	100%	18	28	170	4
Total				224,200	88%	652	7,841	7,450	4,703
Other land and project properties							877		
Other development properties							3,672		
Total projects, land and development properties							12,390		

¹ Operational occupancy rate 30 June 2017.

² Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 641m (fully let) from SEK 131m in annualised current rent as of 31 March 2017.

³ More than 70% of the project is completed with occupation in May 2017

PROPERTY PORTFOLIO

30 September 2017

Property holdings	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value ²	Financial occupancy rate %
Investment properties ¹	63	964	43,119	2,291	94
Development properties ¹	7	109	3,672	91	80
Land and Project properties ¹	20	75	8,718	176	100
Total	90	1,148	55,509	2,558	94
Of which, Inner city	29	400	23,445	1,122	94
Of which, Solna	47	643	27,080	1,210	93
Of which, Hammarby Sjöstad	11	105	4,437	226	95
Of which, Other	3	0	547	0	0
Total	90	1,148	55,509	2,558	94

¹ See definitions on page 17.

² In the rental value, time limited deductions of about SEK 91m (in rolling annual rental value at 31 March) have not been deducted.

SEGMENT REPORTING IN SUMMARY¹

	2017 Jan-Sep	2017 Jan-Sep	2017 Jan-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Sep	2016 Jan-Sep	2016 Jan-Sep
SEKm	Property Management	Property Development	Transaction	Total	Property Management	Property Development	Transaction	Total
Rental income	1,482	206		1,688	1,428	145		1,573
Property expenses	-348	-110		-458	-384	-64		-448
Net operating income	1,134	96	0	1,230	1,044	81	0	1,125
Surplus ratio, %	77%	47%		73%	73%	56%		72%
Central administration	-42	-11		-53	-41	-12		-53
Net interest expense	-301	-82		-383	-320	-92		-412
Share in profits of associated companies	-81	0		-81	-20	-3		-23
Profit from property management activities	710	3	0	713	663	-26	0	637
Realised changes in value of properties	0	0	0	0	0	0	182	182
Unrealised changes in value of properties	2,685	1,767		4,452	3,312	1,166		4,478
Profit/loss before tax per segment	3,395	1,770	0	5,165	3,975	1,140	182	5,297
Changes in value, fixed income derivatives and equities				224				-131
Profit before tax				5,389				5,166
Properties, market value				55,509	37,073	7,586		44,659
Occupancy rate, %	94%	93%		94%	94%	84%		93%

¹ See definitions on page 17

Other financial information

SENSITIVITY ANALYSIS – PROPERTY VALUES

Change in value, %	Impact on after-tax profit, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	433	47.0%	43.6%
0	0	46.7%	44.0%
-1	-433	46.4%	44.5%

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.

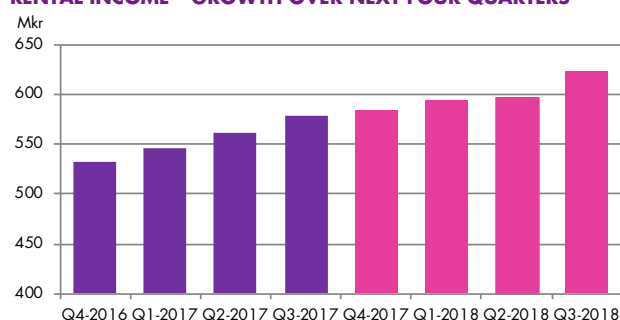
SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change	Effect, SEKm
Rental income, total	1%	23.2
Rent level, commercial income	1%	22.8
Financial occupancy rate	1 percentage point	25.6
Property expenses	1%	6.2
Interest expense, rolling 12 months ¹	+/-1 percentage point	54 / 63
Interest expenses, longer term perspective	1 percentage point	244.4

The sensitivity analysis shows the effects on the Group's cash flow and earnings 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.

RENTAL INCOME – GROWTH OVER NEXT FOUR QUARTERS



The graph above shows the development of contracted rental income, including occupancies and vacations that are known about and renegotiations, but excluding letting targets. The graph therefore does not constitute a forecast, but rather aims to demonstrate the rental trend in the existing contract portfolio on the balance sheet date.

Human resources

At the end of the year, 162 people (155) were employed by the Fabège Group.

Parent Company

Sales during the period amounted to SEK 155m (120) and earnings before appropriations and tax amounted to SEK 121m (-627).

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

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.

Forthcoming changes to Fabège's Board

Fabège's Chairman Erik Paulsson has informed the chairman of the nominating committee that he intends to step down from his position on the Board at the AGM on 9 April 2018. The nominating committee will now be tasked, according to standard procedure, to propose the election of the Board, including its chairman, prior to the 2018 AGM. Pursuant to the AGM's resolution, the nominating committee has been formed with Bo Forsén as chairman and representative of Backahill AB. The nominating committee's proposal will be published when the notice convening the AGM is issued.

Events after balance sheet date

No significant events occurred after the balance sheet date.

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 Risks and opportunities section of the 2016 Annual Report (pages 56–59).

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.

SEK 190m

Net lettings

Jan-Sep 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 often higher.

Market outlook

Both the property and rental markets remain strong. Given prevailing market conditions and Fabege's attractive property and project portfolio, circumstances are favourable for a strong end to 2017 and a continued positive trend in 2018. More completed projects will increase rental volumes which, combined with continued operational efficiency and low interest expense, is expected to boost 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, 19 October 2017



CHRISTIAN HERMELIN
Chief Executive Officer.

Review report

We have conducted a limited assurance review of the interim report for Fabège AB (publ) for the 1 January – 30 September 2017 period. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our limited assurance review.

Scope and focus of the limited assurance review

We conducted our limited assurance 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 limited assurance review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance review vary in nature from, and are considerably less in scope than for a reasonable assurance engagement conducted in accordance with the ISA and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that this interim report has not been prepared for the Group, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm, 19 October 2017

Deloitte AB

Kent Åkerlund
Authorised Public Accountant

The Fabege share

Fabege's shares are listed on Nasdaq Stockholm and are included in the Large Cap segment.

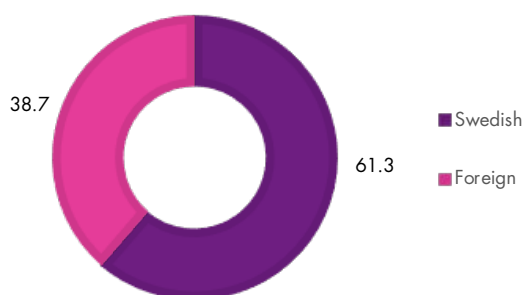
OWNERS

Fabege had a total of 39,069 shareholders on 30 September 2017. The 15 largest owners controlled 45.2 per cent of the total number of shares and votes.

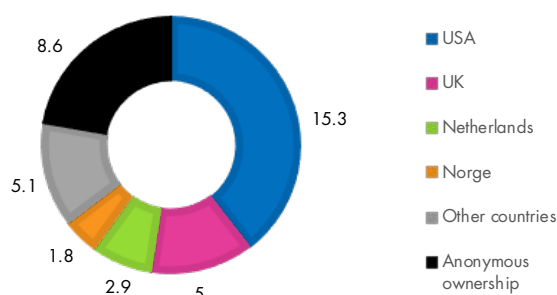
2017-09-30	Number of shares*	Proportion of equity, %	Proportion of votes, %
Erik Paulsson with family, privately and company	25,310,825	15.4	15.3
Fourth AP-fund	7,264,687	4.4	4.4
BlackRock	6,397,201	3.9	3.9
Investment AB Öresund	5,500,000	3.3	3.3
Länsförsäkringar Funds	4,530,421	2.7	2.7
Vanguard	3,848,687	2.3	2.3
Mats Qviberg with family	3,747,868	2.3	2.3
E.N.A City AB	2,867,200	1.7	1.7
Handelsbanken Funds	2,824,981	1.7	1.7
Swedbank Robur Funds	2,232,838	1.4	1.4
Principal Global Investors	2,119,631	1.3	1.3
Stichting Pensionfonds ABP	1,965,885	1.2	1.2
TR Property Investment Trust	1,933,221	1.2	1.2
Standard Life	1,921,156	1.2	1.2
Pensionskassan SHB Försäkringsförening	1,920,000	1.2	1.2
Total 15 largest shareholders	74,384,601	44.6	44.6
Other	91,006,971	55.4	54.4
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.

DISTRIBUTION OF OWNERSHIP, 30 SEPTEMBER 2017



DISTRIBUTION OF FOREIGN OWNERSHIP, 30 SEPTEMBER 2017



OWNER DISTRIBUTION, 30 SEPTEMBER 2017

	Number of shares	Capital & votes, %
Foreign institutional owners	48,714,268	29.5
Swedish institutional owners	41,181,886	24.9
Other owners	36,225,454	21.9
Swedish private individuals	24,970,473	15.1
Anonymous ownership	14,299,491	8.6
Total	165,391,572	100

TURNOVER AND TRADING

The largest trading places for Fabege's shares during the period were Nasdaq Stockholm, BOAT, BATS Chi-X and London Stock Exchange. The share price at the end of the period was SEK 156.40. For further information about the share price trend, visit <http://fabege.se>

Turnover and trading, Jul-Sep 2017	Fabege	Large Cap Nasdaq Stockholm (average)
Lowest price, SEK	154.0	
Highest price, SEK	167.2	
VWAP, SEK	161.2	
Average daily turnover, SEK	45,132,273	117,089,227
Number of traded shares, no	18,473,509	
Number of transactions, no	279,902	
Average transactions per day, no	1,395	2,174
Number of transactions, no	92,072	
Average value per transaction, SEK	32,352	34,693
Daily turnover relative to market capitalization	0.17	0.24

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

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec	Rolling 12 m Oct-Sep
Rental income	580	534	1,688	1,573	2,105	2,220
Property expenses	-145	-133	-458	-448	-598	-608
Net operating income	435	401	1,230	1,125	1,507	1,612
Surplus ratio, %	75%	75%	73%	72%	72%	73%
Central administration	-17	-17	-53	-53	-70	-70
Net interest/expense	-127	-139	-383	-412	-541	-512
Share in profits of associated companies	-27	-16	-81	-23	-425	-483
Profit/loss from property management	264	229	713	637	471	547
Realised changes in value of properties	0	20	0	182	491	309
Unrealised changes in value of properties	2,463	1,760	4,452	4,478	7,614	7,588
Unrealised changes in value, fixed income derivatives	71	42	227	-131	99	457
Changes in value of shares	0	0	-3	0	5	2
Profit/loss before tax	2,798	2,051	5,389	5,166	8,680	8,903
Current tax	-1	2	-1	1	-88	-90
Deferred tax	-596	-437	-1,186	-821	-1,485	-1,850
Profit/loss for period/year	2,201	1,616	4,202	4,346	7,107	6,963
Items that will not be restated in profit or loss						0
Revaluation of defined-benefit pensions	-	-	-	-	-5	-5
Comprehensive income for the period/year	2,201	1,616	4,202	4,346	7,102	6,958
Total comprehensive income attributable to:						
Parent company shareholders	2,201	1,616	4,202	4,346	7,102	6,958
Non-controlling interest	-	-	-	-	-	-
Earnings per share, SEK	13:30	9:77	25:40	26:28	42:97	43:29
Total earnings per share, SEK	13:30	9:77	25:40	26:28	42:94	43:27
No. of shares at period end, millions	165,392	165,392	165,392	165,392	165,392	165,392
Average no. of shares, thousands	165,392	165,392	165,392	165,392	165,392	165,392

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2017 Sep 30	2016 Sep 30	2016 Dec 31
Assets			
Properties	55,509	44,659	47,842
Other tangible fixed assets	3	2	2
Financial fixed assets	495	916	516
Current assets	586	500	1,687
Short-term investments	152	89	114
Cash and cash equivalents	161	36	62
Total assets	56,906	46,202	50,223
Equity and liabilities			
Shareholder's equity	26,597	20,246	23,002
Deferred tax	4,455	2,648	3,271
Other provisions	216	142	215
Interest-bearing liabilities ¹	24,436	20,818	21,978
Other long-term liabilities		625	0
Derivative instrument	332	789	559
Non-interest-bearing liabilities	870	934	1,198
Total equity and liabilities	56,906	46,202	50,223

¹ Of which short-term SEK 8,723m (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	4,202	4,202	-
Other comprehensive income	-	-	-
Shareholders' equity, 30 June 2017	26,597	26,542	55

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Operations			
Net operating income	1,230	1,125	1,507
Central administration	-53	-54	-70
Reversal of depreciation	0	0	0
Interest received	28	3	11
Interest paid	-485	-506	-647
Income tax paid	-153	0	4
Cash flow before changes in working capital	567	568	805
Change in working capital			
Change in current receivables	210	-50	84
Change in current liabilities	-145	-30	-112
Total change in working capital	65	-80	-28
Cash flow from operating activities	632	488	777
Investing activities			
Investments in new-builds, extensions and conversions	-1,979	-1,677	-2,600
Acquisition of properties	-1,314	-332	-460
Divestment of properties	1,330	2,367	2,315
Other tangible fixed assets	-367	-13	-332
Cash flow from investing activities	-2,330	345	-1,076
Financing activities			
Dividend to shareholders	-662	-579	-579
Change in interest bearing liabilities	2,459	-250	908
Cash flow from investing activities	1,797	-829	329
Cash flow for the period	99	4	30
Cash and cash equivalents at beginning of period	62	32	32
Cash and cash equivalents at end of period	161	36	62

CONSOLIDATED KEY RATIOS

Financial ²	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Return on capital employed, %	15.8	18.4	29.5
Return on equity, %	16.9	31.6	36.0
Interest coverage ratio, multiple	3.1	2.6	2.7
Equity	47	44	46
Loan-to-value ratio, properties, %	44	47	46
Debt ratio, multiple	15.8	15.3	15.3
Debt/equity ratio, multiple	0.9	1.0	1.0
Share related ^{1 2}			
Earnings per share, SEK ³	25:40	26:28	42:97
Total earnings per share, SEK	25:40	26:28	42:94
Equity per share, SEK	161	122	139
Cash flow from operating activities per share, SEK	3:82	2:95	4:70
EPRA NAV, SEK per share	190	144	163
EPRA, EPS	3:95	3:54	3:01
Average no. of shares, thousands	165,392	165,392	165,392
No. of outstanding shares at end of period, thousands	165,392	165,392	165,392
Property-related			
No. of properties	90	82	82
Carrying amount, Properties, SEKm	55,509	44,659	47,842
Lettable area, sqm	1,148,000	1,121,000	1,062,000
Financial occupancy rate, %	94	93	94
Total return on properties, %	11.1	14.4	22.4
Surplus ratio, %	73	72	72

¹ 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 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 been applied in the Parent Company as well since 2006. No changes have been made to the measurement model.

	Group		Parent Company	
	2017 Sep 30	2016 Dec 31	2017 Sep 30	2016 Dec 31
IFRS, level 3, SEKm				
Opening value	-218	-396	-218	-396
Acquisitions/Investments	0	-	0	-
Changes in value	73	178	73	178
Matured	35	-	35	-
Closing value	-110	-218	-110	-218
Carrying amount	-110	-218	-110	-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 Sep 30	2016 Dec 31
Deferred tax attributable to:		
- tax loss carryforwards, SEKm	-952	-1,129
- difference between book value and tax value in respect of properties, SEKm	5,496	4,516
- derivatives, SEKm	-73	-123
- other, SEKm	-16	7
Net debt, deferred tax, SEKm	4,455	3,271

RECONCILIATION OF KEY RATIOS

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

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

	2017 Sep 30	2016 Sep 30	2016 Dec 31
Equity/assets ratio			
Equity, SEKm	26,597	20,246	23,002
Total assets, SEKm	56,906	46,202	50,223
Equity/assets ratio	47%	44%	46%

	2017 Sep 30	2016 Sep 30	2016 Dec 31
Loan-to-value ratio, properties			
Interest-bearing liabilities, SEKm	24,436	20,818	21,978
Booked value properties, SEKm	55,509	44,659	47,842
Loan-to-value ratio, properties	44%	47%	46%

	2017 Sep 30	2016 Sep 30	2016 Dec 31
Debt ratio			
Operating surplus, SEKm	1,612	1,429	1,507
Central administration, SEKm	-70	-65	-70
Total, SEKm	1,542	1,364	1,437
Interest-bearing liabilities, SEKm	24,436	20,816	21,978
Debt ratio, multiple	15.8	15.3	15.3

	2017 Sep 30	2016 Sep 30	2016 Dec 31
Interest coverage ratio, multiple			
Net operating income, SEKm	1,230	1,125	1,507
Central administration, SEKm	-53	-53	-70
Total, SEKm	1,177	1,072	1,437
Net interest/expense, SEKm	-383	-412	-541
Interest coverage ratio, multiple	3.1	2.6	2.7

	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
EPRA EPS					
Profit from property management, SEKm	264	229	713	637	471
Tax-deductible depreciation, SEKm	-148	-131	-443	-393	-590
Sum, SEKm	116	98	270	244	-119
Nominal tax (22%), SEKm	26	-22	60	54	-26
EPRA earnings in total, (Profit from property management minus nominal tax) SEKm	238	207	653	583	497
Number of shares, millions	165.4	165.4	165.4	165.4	165.4
EPRA EPS, SEK per share	1:44	1:26	3:95	3:54	3:01

	2017 Jul-Sep	2016 Jul-Sep	2016 Jan-Dec
EPRA NAV			
Shareholders' equity, SEKm	26,597	20,246	23,003
Reversal of fixed-income derivatives, SEKm	332	789	559
Reversal of deferred tax according to the balance sheet, SEKm	4,455	2,648	3,271
Sum, SEKm	31,384	23,683	26,832
Number of shares, millions	165.4	165.4	165.4
EPRA NAV, SEK per share	190	144	162

	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Return on equity					
Profit for the period, SEKm	8,804	6,464	6,964	5,524	7,107
Average shareholders' equity, SEKm	23,699	19,438	24,800	18,363	19,741
Return on equity	37.1%	33.3%	28.1%	31.6%	36.0%

	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Total return on properties					
Net operating income, SEKm	435	401	1,230	1,125	1,507
Unrealized and realized value changes properties, SEKm	2,463	1,780	4,452	4,660	8,105
Market value including capital investment during the period, SEKm	53,045	43,079	51,056	40,180	42,927
Total return on properties, %	5.5%	5.1%	11.1%	14.4%	22.4%

CONTINGENT LIABILITIES

Contingent liabilities comprise the balance sheet date guarantees and commitments in favour of associated companies of SEK 340m (202) and other 0 (0).

SEGMENT REPORTING – CLASSIFICATIONS AND RECLASSIFICATIONS DURING THE PERIOD

The Distansen 6 and 7 properties in Solna were taken over in the first quarter and 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 were acquired through Råsta, were classified as land and project properties. In the second quarter, the project property Hörnan 1 was established via separation from the project property Lagern 2. Sliparen 2 was reclassified from a development property to an investment property. In the third quarter, the project properties Lagern 3 and Lagern 4 were created via separation from Lagern 2.

PARENT COMPANY CONDENSED INCOME STATEMENT

SEKm	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Income	155	120	221
Expenses	-173	-196	-263
Net financial items	-85	-420	-932
Changes in value, fixed-income derivatives	227	-131	99
Changes in value, equities	-3	0	6
Group Contribution	-	-	-204
Profit before tax	121	-627	-1,073
Current tax	0	0	-19
Deferred tax	-50	59	50
Profit for the period/year	71	-568	-1,042

PARENT COMPANY CONDENSED BALANCE SHEET

SEKm	2017 Sep 30	2016 Sep 30	2016 Dec 31
Participation in Group companies	12,516	12,516	12,516
Other fixed assets	39,871	43,247	43,105
<i>of which, receivables from Group companies</i>	<i>39,516</i>	<i>42,545</i>	<i>42,671</i>
Current assets	83	103	184
Cash and cash equivalents	161	34	53
Total assets	52,631	55,900	55,858
Shareholders' equity	10,090	11,155	10,681
Provisions	-4	-105	-55
Long-term liabilities	33,690	37,960	38,279
<i>of which, liabilities to Group companies</i>	<i>20,742</i>	<i>24,625</i>	<i>24,783</i>
Current liabilities	8,855	6,890	6,953
Total equity and liabilities	52,631	55,900	55,858

Quarterly overview

CONDENSED INCOME STATEMENT, AMOUNTS IN SEKM

SEKm	2017				2016			2015
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
Rental income	580	562	546	532	534	520	519	505
Property expenses	-145	-146	-167	-150	-133	-151	-164	-156
Net operating income	435	416	379	382	401	369	355	349
Surplus ratio	75%	74%	69%	72%	75%	71%	68%	69%
Central administration	-17	-17	-19	-17	-17	-20	-16	-17
Net interest expense	-127	-123	-133	-129	-139	-142	-131	-146
Share in profits of associated companies	-27	-43	-11	-402	-16	6	-13	-14
Profit/loss from property management	264	233	216	-166	229	213	195	172
Realised changes in value of properties	0	0	0	309	20	2	160	17
Unrealised value of properties	2,463	1,156	833	3,136	1,760	1,199	1,519	1,282
Unrealised changes in value, fixed-income derivatives	71	67	89	230	42	-55	-118	151
Changes in value, equities	0	0	-3	5	0	0	0	-26
Profit for the period/year	2,798	1,456	1,135	3,514	2,051	1,359	1,756	1,596
Current tax	-1	0	-	-89	2	0	-1	-2
Deferred tax	-596	-337	-253	-664	-437	-294	-90	-416
Comprehensive income for the period/year	2,201	1,119	882	2,761	1,616	1,065	1,665	1,178

CONDENSED FINANCIAL POSITION, AMOUNTS IN SEKM

SEKm	2017				2016			2015
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
Assets								
Properties	55,509	52,464	50,832	47,842	44,659	42,418	40,467	40,279
Other tangible fixed assets	3	2	2	2	2	2	1	1
Financial fixed assets	495	497	360	516	916	886	906	923
Current assets	586	636	647	1,687	500	529	533	446
Short-term investments	152	142	142	114	89	64	66	70
Cash and cash equivalents	161	19	24	62	36	195	33	32
Total assets	56,906	53,760	52,007	50,223	46,202	44,094	42,006	41,751
Equities and liabilities								
Shareholders' equity	26,597	24,396	23,277	23,002	20,246	18,630	18,144	16,479
Deferred tax	4,455	3,859	3,521	3,271	2,648	2,211	1,876	1,786
Other provisions	216	216	218	215	142	154	148	150
Interest-bearing liabilities	24,436	23,886	22,548	21,978	20,818	20,574	19,269	21,068
Other long-term liabilities	0	0	0	0	625	623	621	619
Derivative instruments	332	402	470	559	789	831	777	658
Non-interest bearing liabilities	870	1,001	1,973	1,198	934	1,071	1,171	991
Total equity and liabilities	56,906	53,760	52,007	50,223	46,202	44,094	42,006	41,751

KEY RATIOS

	2017				2016			2015
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
Financial³								
Return on capital employed, %	23.4	13.4	11.7	33.2	21.2	15.2	19.6	18.4
Return on equity, %	37.1	18.8	15.2	51.1	33.3	23.2	38.5	29.7
Interest coverage ratio, multiple ²	3.3	3.2	2.7	2.8	2.8	2.5	2.6	2.0
Equity/assets ratio, %	47	45	45	46	44	42	43	39
Loan-to-value ratio, properties, %	44	46	44	46	47	49	48	52
Debt ratio, multiple	14.6	16.1	15.5	15.3	14.8	15.0	14.1	14.7
Debt/equity ratio, multiple	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.3
Share-related^{1, 3}								
Earnings per share, SEK ⁴	13:30	6:77	5:33	16:7	9:77	6:44	10:07	7:12
Total earnings per share, SEK	161	147	141	139	122	113	110	100
Cash flow from operating activities per share, SEK	-7:76	0:25	11:33	1:75	0:52	0:52	1:75	4:82
EPRA NAV, SEK per share	190	173	165	163	144	131	126	115
EPRA EPS	1:44	1:29	1:22	-0:52	1:26	1:18	1:09	0:99
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 no. of shares, thousands	165,392	165,392	165,392	165,392	165,392	165,392	165,392	165,392
Property-related								
Financial occupancy rate, %	94	94	93	94	94	93	93	93
Total return on properties, %	5.5	3.1	2.5	8.6	5.1	3.8	5.0	4.4
Surplus ratio, %	75	74	69	72	75	71	68	69

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 performance 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 performance measures in the same way, these are not always comparable to measures used by other companies. These financial performance 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.

CAPITAL EMPLOYED

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

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.

DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity.

DEBT RATIO

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

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.

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 remodeling.

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.

EQUITY/ASSETS RATIO

Shareholders' equity including non-controlling interest divided by total assets.

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.

INTEREST COVERAGE RATIO

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

INVESTMENT PROPERTIES*

Properties that are being actively managed on an ongoing basis.

LAND AND PROJECT PROPERTIES*

Land and development properties and properties in which a new build/complete redevelopment is in progress.

LEASE VALUE*

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

LOAN-TO-VALUE RATIO, PROPERTIES

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

NET LETTINGS*

New lettings during the period less terminations to vacate.

PROFIT/EARNINGS PER SHARE

Parent Company shareholders' share of earnings after tax for the period, divided by average number of outstanding shares during the period. Definition according to IFRS.

RENTAL VALUE*

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

RETENTION RATE*

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

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.

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, SHARE

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

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.

SURPLUS RATIO*

Net operating income divided by rental income.

TOTAL RETURN PROPERTIES

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

*This key ratio is operational and is not regarded as an alternative performance measure according to ESMA's guidelines.

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: 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 30 September 2017, Fabege owned 90 properties with a total market value of SEK 55.5bn. The rental value was SEK 2.6bn.

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 investment property 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.

Change in 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.



CALENDAR

Interim report Jan–Sep 2017	19 October 2017, 8:00 am CET
Year-end report 2017	5 February 2018, 12:00 noon CET
2017 Annual General Meeting	9 April 2018
Interim report Jan–March 2018	24 April 2018, 8:00 am CET
Interim report Jan–June 2018	6 July 2018, 8:00 am CET
Interim report Jan–Sep 2018	18 October 2018, 8:00 am CET

PRESS RELEASES DURING IN THE THIRD QUARTER 2017*

7 Jul 2017	Interim report January – June 2017
7 Jul 2017	Fabege shows strong net lettings and new project start-ups
13 Sep 2017	Fabege expands its green MTN programme by SEK 3bn
19 Sep 2017	Fabege leases 16,500 sqm to Swedbank in Sundbyberg
23 Sep 2017	Erik Paulsson leaves position as Chairman of Fabege
29 Sep 2017	Fabege signs agreement with Bilia and begins development of Haga Norra

*Including regulatory and non-regulatory press releases during the period.

FOLLOW US ONLINE: WWW.FABEGE.SE



Visit the Group's website for further information about Fabege and its operations. There will also be a web presentation at which Christian Hermelin and Åsa Bergström will present the interim report on 19 October 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 19 October 2017, at 8:00 am CET.

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Fabege