

2017

Q2

Summary, SEKm

	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun
Rental income	562	520	1,108	1,039
Net operating income	416	369	795	724
Profit from property management	233	213	449	408
Profit before tax	1,456	1,359	2,591	3,115
Profit after tax	1,119	1,065	2,001	2,730
Surplus ratio, %	74	71	72	70
Loan-to-value ratio, properties, %			46	49
EPRA NAV, SEK per share			173	131

January – June 2017¹

- Rental income increased to SEK 1,108m (1,039) primarily as a result of completed project properties generating revenue. In an identical portfolio, income rose by approximately 8 per cent (7).
- Net operating income increased to SEK 795m (724). In an identical portfolio, net operating income increased by approximately 13 per cent. The surplus ratio was 72 per cent (70).
- Profit from property management rose by 10 per cent to SEK 449m (408).
- Realised and unrealised changes in value amounted to SEK 1,989m (2,880) in properties and SEK 156m (–173) in interest-rate derivatives.
- Profit before tax for the period amounted to SEK 2,591m (3,115).
- After-tax profit for the period amounted to SEK 2,001m (2,730), corresponding to SEK 12:10 per share (16:51).
- Net lettings during the period totalled SEK 86m (83).
- The rent levels from renegotiated leases increased by an average of 27 per cent.
- The equity/assets ratio was 45 per cent (46) and the loan-to-value ratio 46 per cent (46).

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

Fabege

CREATING THE RIGHT CONDITIONS



Christian Hermelin, CEO

Strong net lettings and new project start-ups

The high level of demand for properties as investment objects and office premises in the Stockholm market is generating persistently increased property values and rising rent levels.

Continued momentum in the market

New lettings, renegotiations and property transactions in the second quarter confirm the strength of the Stockholm rental and property market. The trend has been persistently favourable for Fabega and I am extremely satisfied with our achievements in the first half of this year.

Increased rental income and several new project start-ups

Rising rent levels and completed projects continued to contribute to higher rental income and a strong net operating income in Q2. The surplus ratio amounted to 72 per cent for the first half of the year, which is a two-percentage-point improvement on the previous year, and consistent with our expectations.

Growth in value continued both in the investment property portfolio and in projects in the second quarter. Including acquisitions, we now have property value in excess of SEK 52bn. Growth in value, which totalled 4.2 per cent in the first half of the year, was mainly fuelled by higher rent levels and gain in the projects.

Projects continued to deliver at a high level – return on invested capital during the first half of the year was 54 per cent, well above our declared target of at least 20 per cent. All projects are proceeding well according to plan. May saw SEB taking up occupancy of around 70 per cent of Pyramiden 4 in Arenastaden. The rest of the property will be ready for occupancy in May 2018. As project properties are completed and tenants move in, we are beginning to see the positive effects of the increased cash flow in our income statement.

Our organisation has continued to deliver good renegotiations and new lettings at record levels both in the investment property portfolio and in project properties. The recently announced new lettings to Goodbye Kansas and the City of Solna will also allow us to launch two new, fully let projects, both of which create value and will help strengthen cash flow within a couple of years' time. The letting to Goodbye Kansas relates to the new construction of office premises with a film studio in Hammarby Sjöstad. The letting to the City of Solna concerns a conversion in Råsunda for a preschool, school and supported housing for people with disabilities in an existing property that is not currently generating cash flow. Both lettings enable us to realise some of the potential in our development rights portfolio, and are entirely consistent with Fabega's value-adding business model.

Net renegotiations during the first half of the year amounted to 27 per cent. The figure received a positive boost from a single renegotiation that does not, however, enter into force until 1.5 years from now, but I am delighted to have retained this important tenant on commercial terms.

Transactions during the period in our markets are evidence of a persistently robust property market with rising property values.

Greater interest in green financing

The strong capital market and considerable level of interest in green bonds meant that we continued to increase capital market financing, which amounts to a total of 40 per cent of debt including commercial paper. At the same time it is pleasing to see that our banks are now working hard to develop green financing offerings for customers.

New tax rules imminent

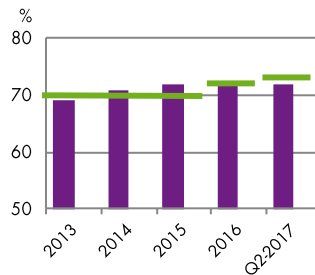
The Swedish Ministry of Finance has announced proposals regarding changes to corporate taxation, which will mean a lower tax rate, reduced deductions for interest expenses and restrictions regarding offsetting against past loss carryforwards. Implementation of the proposed rules will initially only have a marginal effect in light of current low interest rates. However, in the event of a rise in interest rates, the negative impact will increase.

We are currently preparing a response to the proposal regarding corporate taxation and the previously announced proposal concerning packaging of properties. Both proposals have a negative impact on capital-intensive property investments and if they are introduced, they will impede investments in urban development and office and housing construction.

Market outlook

We are well-equipped to take advantage of the current positive market conditions. With a committed organisation and considerable potential in our market and our property portfolio, I look forward to continued favourable development in 2017 and 2018.

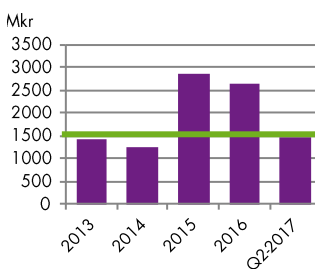
SURPLUS RATIO



Target 2017: 73%

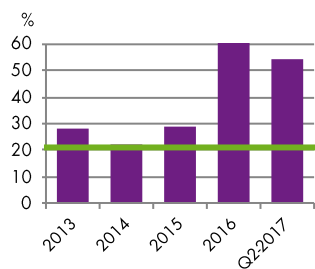
Long-term target 2020: 75%

INVESTMENT VOLUME



Target: At least SEK 1,500m per year

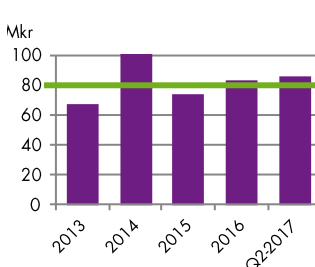
RETURN ON PROJECTS¹



Target: At least 20%

1) The return for projects in 2016 was 87%

NET LETTINGS²



Target: SEK 80m per year.

2) Net lettings for 2014 totalled SEK 243m.

Earnings Jan – Jun 2017¹

Higher rental income and continued low interest expenses meant that earnings from property management increased by 10 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 1,998m (2,730), corresponding to earnings per share of SEK 12:10 (16:51). Profit before tax for the period amounted to SEK 2,591m (3,115). The decline is entirely due to unrealised changes in the value of the property portfolio having decreased in comparison with the previous year.

Rental income amounted to SEK 1,108m (1,039) and net operating income to SEK 795m (724). In an identical portfolio, rental income rose by around 8 per cent (7) and net operating income increased by roughly 13 per cent (5). The surplus ratio was 72 per cent (70).

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 value of properties were consequently SEK 0m (162). Unrealised changes in value totalled SEK 1,989m (2,718). The unrealised change in the value of the investment property portfolio of SEK 1,335m (2,016) was largely attributable to increased rent levels for new lettings and renegotiations. The average yield requirement declined to 4.45 per cent (4.53 at year-end). The decrease in the second quarter was 0.03 per cent. The project portfolio contributed to an unrealised change in value of SEK 654m (702), primarily due to development gains in the major project properties.

The share in profit of associated companies was SEK –54m (–7) and related to a capital contribution to Friends Arena during the period. The item includes non-recurring costs totalling just over SEK 25m as a result of a change of operator in May from Lagadère to AEG.

Unrealised changes in value in the derivative portfolio totalled SEK 156m (–173), 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 –256m (–273). Increased borrowing was offset by lower average interest.

Segment reporting

The Property Management segment generated net operating income of SEK 760m (676), representing a surplus ratio of 75 per cent (72). The occupancy rate was 95 per cent (94). Earnings from property management totalled SEK 476m (438). Unrealised changes in the value of properties amounted to SEK 1,335m (2,016).

The Property Development segment generated net operating income of SEK 35m (48), giving a surplus ratio of 39 per cent (48). Earnings from property management totalled SEK –27m (30). Unrealised changes in the value of properties totalled SEK 654m (702), corresponding to a yield of 54 per cent on invested capital in the project portfolio.

The only divestment during the first half of the year 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 (162).

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

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

Quarter 2 in brief¹

- Continued healthy demand for office premises in Stockholm and rising rent levels in all our submarkets.
- New lettings totalled SEK 88m (94) and net lettings amounted to SEK 65m (70).
- The surplus ratio was 74 per cent (71).
- Earnings from property management totalled SEK 233m (213).
- The property portfolio exhibited unrealised value growth of SEK 1,156m (1,199), of which projects accounted for SEK 316m (157).
- Realised changes in property values totalled SEK 0m (2).
- Due to persistently rising long-term interest rates, the negative fair value of the derivative portfolio decreased by SEK 67m (increase: 55).
- After-tax profit for the quarter amounted to SEK 2,001m (1,065).
- Two new project start-ups were announced during the quarter.

BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

SEKm	2017 Jan-Jun	2016 Jan-Jun
Profit from Property Management activities	476	438
Changes in value (portfolio of investment properties)	1,335	2,016
Contribution from Property Management	1,811	2,454
Profit from Property Management activities	-27	-30
Changes in value (profit from Property Development)	654	702
Contribution from Property Development	627	672
Realised changes in value	0	162
Contribution from Transactions	0	162
Total contribution from the operation	2,438	3,288

54%

Return on Projects

Financing

Fabege employs long-term credit facilities subject to fixed terms and conditions. The company's creditors mainly comprise the major Nordic banks. However, 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 H1, such financing amounted to 40 per cent of total debt.

Interest-bearing liabilities at the end of the period totalled SEK 23,886m (21,978), with an average interest rate of 2.14 per cent excluding, and 2.23 per cent including, commitment fees on the undrawn portion of committed credit facilities. Undrawn committed credit facilities amounted to SEK 2,083m.

During the second quarter, Fabege issued bonds through its green MTN programme. Demand on the capital market remains healthy, particularly for green bonds, and since the interest on bond loans is calculated without a Stibor floor, the negative Stibor interest means that the financing cost is currently extremely favourable compared with bank loans. The green MTN programme enables the company to issue non-covered bonds totalling SEK 2,000m, of which SEK 1,700m was unutilised at the end of the quarter. At 30 June, Fabege also had outstanding bonds totalling SEK 2,848m via SFF, of which SEK 2,166m related to green bonds.

Green financing totalled 24 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 also has a commercial paper programme of SEK 5,000m, which was fully subscribed at the end of H1. The company has available credit facilities covering all outstanding commercial papers at any given time.

At 30 June, the average maturity was 3.6 years and the loan-to-value ratio was 46 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 second quarter, callable interest-rate swaps of SEK 600m matured, while new five- and ten-year interest-rate swaps totalling SEK 800m were signed. At 30 June, Fabege's derivatives portfolio then comprised interest-rate swaps totalling SEK 10,000m with terms of maturity extending through 2027 and carrying fixed interest at annual rates of between 0.25 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 the summer of 2018. Interest rates on 54 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 June, the recognised deficit value of the portfolio was SEK 402m (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 13m, mainly pertaining to accrued opening charges for credit agreements and bond programmes. The total loan volume at the end of the quarter included SEK 3,184bn (2,553) in loans for projects, on which interest of SEK 32m (55) had been capitalised.

INTEREST RATE MATURITY STRUCTURE, 30 JUNE 2017

	Amount SEKm	Average interest rate,%	Share,%
< 1 year	14,686	2.50	62
1-2 years	1,700	2.51	7
2-3 years	1,000	2.13	4
3-4 years	0	0.00	0
4-5 years	1,200	2.27	5
5-6 years	1,100	0.97	5
6-7 years	1,000	0.94	4
7-8 years	1,100	0.98	5
8-9 years	800	1.05	3
9-10 years	1,300	1.07	5
Total	23,886	2.14	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 JUNE 2017

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	5,000
< 1 year	10,023	5,513
1-2 years	7,055	5,490
2-3 years	3,345	2,337
3-4 years	0	0
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	30,969	23,886

BREAKDOWN OF SOURCES OF FUNDING



- * Revolving facilities 13%
- * Bond financing 18%
- * Commercial Paper 19%
- * Other loans 42%
- * Unutilised facilities 8%

24%
of financing
is now green

Tax

Tax expense for the period amounted to SEK 590m (–385). 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 cause a negative effect (assuming cash flow remains generally the same). The proposal to half 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 expense 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) mean 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.

Financial position and net asset value

Equity, including a minority share of SEK 55m acquired during the period, amounted to SEK 24,396m (23,002) and the equity/assets ratio to 45 per cent (46) at the end of the period. Equity per share attributable to Parent Company shareholders totalled SEK 147 (139). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 177 (166). EPRA NAV was SEK 173 per share (163).

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 472m (427). Change in working capital had an impact of SEK 1,443m (–25) on cash flow. Investing activities had an impact of SEK –2,906m (834) on cash flow, while financing activities had an impact of SEK 948m (–1,073) on cash flow. In investing activities, cash flow was driven by property transactions and projects. Overall, cash and cash equivalents changed by SEK 43m (163) during the period.

NEW PROJECT IN HAMMARBY SJÖSTAD

Fabège has now begun a new production – with an investment valued at around SEK 170m – in the Båtturen 2 property. According to the plans, the building is to fulfil the requirements for an environmental certification of BREEAM-SE Very Good, and will have a lettable area of over 5,200 sqm when completed. The project is fully let to Goodbye Kansas with an 8-year green lease. The annual rent is approximately SEK 18m including supplements, and occupancy is planned for the second quarter of 2019.

The Goodbye Kansas Group operates in the animation and special effects industry, and is experiencing extremely rapid growth. In just two years, the number of employees at the company has more than doubled, and the group has established two overseas subsidiaries. The company is responsible for the effects involving bloodthirsty zombies in the American TV series *The Walking Dead*, as well as for animations and VFX (digital visual effects) for games, feature films and advertising for clients all around the world.

In addition to the new office premises, Fabège will also create a new studio in the building.

SEK 173/share

EPRA NAV 30 June 201



Operations Jan–June 2017¹

Continued high demand and rising rent levels contributed to increased net renegotiations and strong net lettings in H1. Project lettings in the second quarter included decisions on two new project start-ups.

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 June 2017, Fabege owned 88 properties with a total rental value of SEK 2.5bn, lettable floor space of 1.1m sqm and a carrying amount of SEK 52.5bn, of which development and project properties accounted for SEK 10.8bn. The financial occupancy rate for the entire portfolio, including project properties, was 94 per cent (93). The occupancy rate in the investment property portfolio was 95 per cent (94).

During the period, 104 new leases were signed at a total rental value of SEK 156m (136), of which 92 per cent pertained to green leases. Lease terminations totalled SEK 70m (53), while net lettings amounted to SEK 86m (83). Rental contracts totalling SEK 116m 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 82 per cent (80).

Changes in the property portfolio

Hörnan 1 has been separated from Lagern 2 via property reallocation. Hörnan 1 relates to the office project in Råsunda.

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 (162).

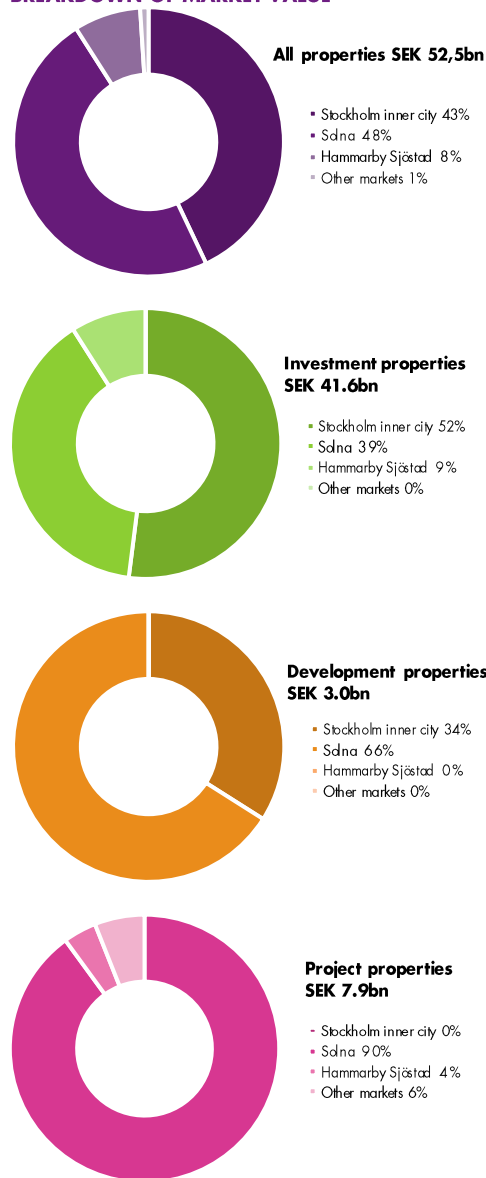
Changes in value of properties

The entire property portfolio is externally valued at least once annually. Roughly 30 per cent of the properties were externally valued in the second quarter and the remainder were internally valued based on the most recent external valuations. The total market value was SEK 52.5bn (47.8).

Unrealised changes in value totalled SEK 1,989m (2,718). The average yield requirement declined somewhat during the period to 4.45 per cent (4.53 at year-end). The change in value in the investment property portfolio of SEK 1,335m (2,016) was principally due to higher rent levels and somewhat lower yield requirements. The project portfolio contributed to a change in value of SEK 654m (702), mainly due to development gains in major project properties.

30 June 2017

BREAKDOWN OF MARKET VALUE



¹The comparison figures for income and expense items relate to values for the January–June 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 1,459m (1,058), of which investments in projects and development properties accounted for SEK 1,204m (858). The return on capital invested in the project portfolio was 54 per cent. The capital invested in the property management portfolio, which amounted to SEK 254m (200) and encompassed energy investments and tenant customisations, also contributed to the total growth in value.

Completed projects

May saw the completion of around 70 per cent of Pyramiden 4 and the completed space was occupied by SEB. However, the property will continue to be classed as a project property pending completion of the entire building in May 2018.

Major ongoing projects

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

In the construction of SEB's offices in the Pyramiden 4 property, Arenastaden, the first stage 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 to be just short of SEK 2.6bn.

The project relating to the office building at the Signalen 3 property in Arenastaden is continuing, with erection of the shell. 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 October 2018.

The office project relating to Hörnan 1, Råsunda, is also under way. Reallotment is complete and as of the second quarter, Hörnan 1 will be reported as a separate property. The investment amounts to an estimated total of just under SEK 530m. Work is currently continuing on completing the frame, facade and interior. 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. The investment totals around SEK 750m. The occupancy rate is 90 per cent after lettings to Stokab and Ebab in H1.

The project relating to conversion and extension of the Orgeln 7 property in Sundbyberg is under way. The frame and facade are essentially complete, and work on finalising the frame and installations will begin shortly. The investment is estimated to total SEK 944m, 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 the conversion and extension of Triåfabriken 9 in Hammarby Sjöstad. The investment amounts to an estimated total of SEK 450m. As a result of the extension, the property has around 16,700 sqm of lettable space. 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 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.

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 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	1,459
Changes in value	1,989
Sales and disposals	-140
Closing fair value 2017-06-30	52,464

AVERAGE YIELD REQUIREMENT PER AREA

Area	Average yield, %
Stockolm city	4.13
Solna	4.68
Hammarby Sjöstad	4.91
Average yield	4.45

SALES OF PROPERTIES JAN-JUN 2017

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

PROPERTY ACQUISITIONS JAN-JUN 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 June 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	960	600	547
Orgeln 7	Offices/retail	Sundbyberg	Q2-2018	36,000	49%	109	1,023	944	372
Hörnán 1	Offices	Solna	Q2-2018	16,300	69%	51	574	530	304
Pyramiden 4	Offices	Arenastaden	Q2-2018	72,200	100%	182	3,047	2,580	2,384
Pelaren 1	Offices	Globen	Q3-2018	21,300	90%	69	394	750	264
Lager 2 (part of)	School	Solna	Q3-2018	5,100	100%	14	87	140	6
Signalen 3	Offices	Arenastaden	Q4-2018	31,100	78%	92	697	1,131	350
Trikåfabriken 9	Offices	Hammarby Sjöstad	Q2 2019	16,700	50%	54	219	450	59
Båtturen 2 (part of)	Offices	Hammarby Sjöstad	Q2 2019	5,200	100%	18	24	170	0
Total				221,700	81%	641	7,025	7,295	4,285
Other land and project properties							853		
Other development properties							2,971		
Total projects, land and development properties							10,849		

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.

PROPERTY PORTFOLIO

30 June 2017

Property holdings	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value ²	Financial occupancy rate %
Investment properties ¹	63	965	41,615	2,281	95
Development properties ¹	7	109	2,971	98	76
Land and Project properties ¹	18	65	7,878	136	99
Total	88	1,139	52,464	2,515	94
Of which, Inner city	29	401	22,444	1,116	95
Of which, Solna	45	633	25,421	1,172	92
Of which, Hammarby Sjöstad	11	105	4,174	227	95
Of which, Other	3	0	425	0	0
Total	88	1,139	52,464	2,515	94

¹ See definitions on page 17.

² In the rental value, time limited deductions of about SEK 76m (in rolling annual rental value at 31 March) have not been deducted.

SEGMENT REPORTING IN SUMMARY¹

	2017 Jan-Jun Property Management	2017 Jan-Jun Property Development	2017 Jan-Jun Transaction	2017 Jan-Jun Total	2016 Jan-Jun Property Management	2016 Jan-Jun Property Development	2016 Jan-Jun Transaction	2016 Jan-Jun Total
SEKm								
Rental income	1,018	90		1,108	938	101		1,039
Property expenses	-258	-55		-313	-262	-53		-315
Net operating income	760	35	0	795	676	48	0	724
Surplus ratio, %	75%	39%		72%	72%	48%		70%
Central administration	-28	-8		-36	-27	-9		-36
Net interest expense	-202	-54		-256	-204	-69		-273
Share in profits of associated companies	-54	0		-54	-7	0		-7
Profit from property management activities	476	-27	0	449	438	-30	0	408
Realised changes in value of properties			0	0	0	0	162	162
Unrealised changes in value of properties	1,335	654		1,989	2,016	702		2,718
Profit/loss before tax per segment	1,811	627	0	2,438	2,454	672	162	3,288
Changes in value, fixed income derivatives and equities				153				-173
Profit before tax				2,591				3,115
Properties, market value	41,615	10,849		52,464	35,661	6,757		42,418
Occupancy rate, %	95%	86%		94%	94%	83%		93%

¹ See definitions on page 17

Other financial information

SENSITIVITY ANALYSIS – PROPERTY VALUE

Change in value, %	Impact on after-tax profit, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	409	45.7%	45.1%
0	0	45.4%	45.5%
-1	-409	45.1%	46.0%

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.

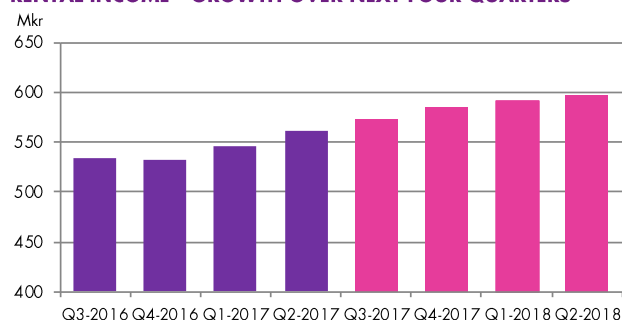
SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change	Effect, SEKm
Rental income, total	1%	22.5
Rent level, commercial income	1%	22.2
Financial occupancy rate	1 percentage point	25.1
Property expenses	1%	6.9
Interest expense, rolling 12 months ¹	+/-1 percentage point	51 / 59
Interest expenses, longer term perspective	1 percentage point	238.9

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, 165 people (154) were employed by the Fabège Group.

Parent Company

Sales during the period amounted to SEK 112m (86) and earnings before appropriations and tax were SEK 49m (-580).

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.

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 86m

Net lettings

Jan–June 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 strong. Given prevailing market conditions and Fabege's attractive property and project portfolio, 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, 7 July 2017



CHRISTIAN HERMELIN
Chief Executive Officer.

Signing of the report

The Board of Directors and Chief Executive Officer hereby certify that this half-year report provides a true and fair overview of the development of the Parent Company and Group's operations, position and earnings and describes significant risks and uncertainties faced by the company and Group companies.

Stockholm, 7 July 2017

Erik Paulsson
Chairman of the Board

Anette Asklin
Board Member

Anna Engebretsen
Board Member

Eva Eriksson
Board Member

Märtha Josefsson
Board Member

Jan Litborn
Board Member

Pär Nuder
Board Member

Mats Qviberg
Board Member

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

The Fabege share

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

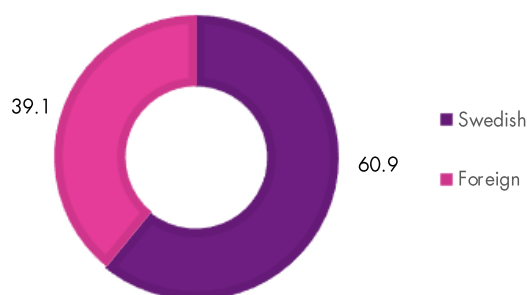
OWNERS

On 31 May 2017, Fabege had a total of 40,018 shareholders. The 15 largest owners controlled 42.2 per cent of the total number of shares outstanding and votes.

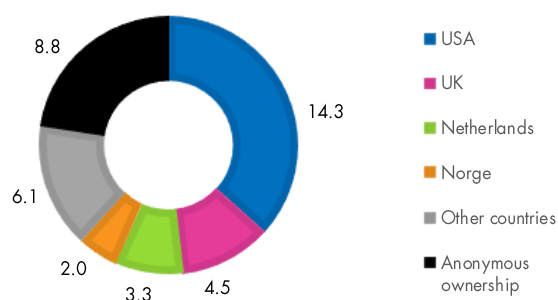
	Number of shares*	Proportion of equity, %	Proportion of votes, %
Erik Paulsson with family, privately and company	25,456,763	15.4	15.4
BlackRock Inc.	6,397,201	3.9	3.9
Fourth AP-fund	6,048,549	3.7	3.7
Investment AB Öresund	5,500,000	3.3	3.3
Länsförsäkringar Funds	4,325,972	2.6	2.6
Mats Qviberg with family	3,756,101	2.3	2.3
Vanguard	3,583,899	2.2	2.2
E.N.A City AB	2,865,500	1.7	1.7
Handelsbanken Funds	2,474,525	1.5	1.5
Norges Bank	2,240,352	1.4	1.4
BNP Paribas Investment Partners	2,229,596	1.3	1.3
Principal Global Investors	2,132,965	1.3	1.3
Stichting Pensionfonds ABP	1,978,432	1.2	1.2
TR Property Investment Trust	1,933,221	1.2	1.2
Swedbank Robur Funds	1,932,313	1.2	1.2
Total 15 largest shareholders	72,855,389	44.2	44.2
Other	92,536,183	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.

DISTRIBUTION OF OWNERSHIP, 31 MAY 2017



DISTRIBUTION OF FOREIGN OWNERSHIP, 31 MAY 2017



OWNER DISTRIBUTION, 31 MAY 2017

	Number of shares	Capital & votes, %
Foreign institutional owners	49,251,305	29.8
Swedish institutional owners	39,309,136	23.8
Other owners	36,349,300	22.0
Swedish private individuals	29,674,449	17.9
Anonymous ownership	10,807,382	6.5
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 162. For further information about the share price trend, visit www.fabege.com.

Turnover and trading, Q2 2017	Fabege	Large Cap Nasdaq Stockholm (average)
Lowest price, SEK	140.0	
Highest price, SEK	172.1	
VWAP, SEK	158.3	
Average daily turnover, SEK	57,914,649	
Number of traded shares, no	21,583,089	141,854,194
Number of transactions, no	365,815	17,432,611
Average transactions per day, no	1,835	2,448
Number of transactions, no	108,273	17,432,611
Average value per transaction, SEK	31,559	37,946
Daily turnover relative to market capitalization	0.22	0.29

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 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec	Rolling 12 m Jul-Jun
Rental income	562	520	1,108	1,039	2,105	2,147
Property expenses	-146	-151	-313	-315	-598	-593
Net operating income	416	369	795	724	1,507	1,554
Surplus ratio, %	74%	71%	72%	70%	72%	72%
Central administration	-17	-20	-36	-36	-70	-67
Net interest/expense	-123	-142	-256	-273	-541	-522
Share in profits of associated companies	-43	6	-54	-7	-425	-474
Profit/loss from property management	233	213	449	408	471	491
Realised changes in value of properties	0	2	0	162	491	489
Unrealised changes in value of properties	1,156	1,199	1,989	2,718	7,614	7,571
Unrealised changes in value, fixed income derivatives	67	-55	156	-173	99	221
Changes in value of shares	0	0	-3	0	5	5
Profit/loss before tax	1,456	1,359	2,591	3,115	8,680	8,777
Current tax	-	0	-	-1	-88	-88
Deferred tax	-337	-294	-590	-384	-1,485	-1,528
Profit/loss for period/year	1,119	1,065	2,001	2,730	7,107	7,161
Items that will not be restated in profit or loss						0
Revaluation of defined-benefit pensions	-	-	-	-	-5	-5
Comprehensive income for the period/year	1,119	1,065	2,001	2,730	7,102	7,156
Total comprehensive income attributable to:						0
Parent company shareholders	1,119	1,065	2,001	2,730	7,102	7,156
Non-controlling interest	0	-	0	-	-	-
Earnings per share, SEK	6:77	6:44	12:10	16:51	42:97	43:29
Total earnings per share, SEK	6:77	6:44	12:10	16:51	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 Jun 30	2016 Jun 30	2016 Dec 31
Assets			
Properties	52,464	42,418	47,842
Other tangible fixed assets	2	2	2
Financial fixed assets	497	886	516
Current assets	636	529	1,687
Short-term investments	142	64	114
Cash and cash equivalents	19	195	62
Total assets	53,760	44,094	50,223
Equity and liabilities			
Shareholder's equity	24,396	18,630	23,002
Deferred tax	3,859	2,211	3,271
Other provisions	216	154	215
Interest-bearing liabilities ¹	23,886	20,574	21,978
Other long-term liabilities	-	623	0
Derivative instrument	402	831	559
Non-interest-bearing liabilities	1,001	1,071	1,198
Total equity and liabilities	53,760	44,094	50,223

¹ Of which short-term SEK 10,513m [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	2,001	2,001	-
Other comprehensive income	-	-	-
Shareholders' equity, 30 June 2017	24,396	24,341	55

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Operations			
Net operating income	795	724	1,507
Central administration	-36	-36	-70
Reversal of depreciation	0	0	0
Interest received	5	0	11
Interest paid	-263	-261	-647
Income tax paid	-29	0	4
Cash flow before changes in working capital	472	427	805
Change in working capital			
Change in current receivables	1,350	-9	84
Change in current liabilities	93	-16	-112
Total change in working capital	1,443	-25	-28
Cash flow from operating activities	1,915	402	777
Investing activities			
Investments in new-builds, extensions and conversions	-1,421	-1,032	-2,600
Acquisition of properties	-1,314	-332	-460
Divestment of properties	140	2,143	2,315
Other tangible fixed assets	-311	55	-332
Cash flow from investing activities	-2,906	834	-1,076
Financing activities			
Dividend to shareholders	-662	-579	-579
Change in interest bearing liabilities	1,610	-494	908
Cash flow from investing activities	948	-1,073	329
Cash flow for the period	-43	163	30
Cash and cash equivalents at beginning of period	62	32	32
Cash and cash equivalents at end of period	19	195	62

CONSOLIDATED KEY RATIOS

Financial ²	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Return on capital employed, %	12.1	17.2	29.5
Return on equity, %	8.4	29.7	36.0
Interest coverage ratio, multiple	3.0	2.5	2.7
Equity	45	42	46
Loan-to-value ratio, properties, %	46	49	46
Debt ratio, multiple	16.1	15.0	15.3
Debt/equity ratio, multiple	1.0	1.1	1.0
Share related ^{1 2}			
Earnings per share, SEK ³	12:10	16:51	42:97
Total earnings per share, SEK	12:10	16:51	42:94
Equity per share, SEK	147	113	139
Cash flow from operating activities per share, SEK	11:58	2:41	4:70
EPRA NAV, SEK per share	173	131	163
EPRA, EPS	2:51	2:28	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	88	85	82
Carrying amount, Properties, SEKm	52,464	42,418	47,842
Lettable area, sqm	1,139,000	1,122,000	1,062,000
Financial occupancy rate, %	94	93	94
Total return on properties, %	5.6	8.7	22.4
Surplus ratio, %	72	70	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 Jun 30	2016 Dec 31	2017 Jun 30	2016 Dec 31
IFRS, level 3, SEKm				
Opening value	-218	-396	-218	-396
Acquisitions/Investments	0	-	0	-
Changes in value	54	178	54	178
Matured	19	-	19	-
Closing value	-145	-218	-145	-218
Carrying amount	-145	-218	-145	-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 Jun 30	2016 Dec 31
Deferred tax attributable to:		
- tax loss carryforwards, SEKm	-1,019	-1,129
- difference between book value and tax value in respect of properties, SEKm	4,954	4,516
- derivatives, SEKm	-89	-123
- other, SEKm	13	7
Net debt, deferred tax, SEKm	3,859	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 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 Jun 30	2016 Jun 30	2016 Dec 31
Equity/assets ratio			
Equity, SEKm	24,396	18,630	23,002
Total assets, SEKm	53,760	44,094	50,223
Equity/assets ratio	45%	42%	46%

	2017 Jun 30	2016 Jun 30	2016 Dec 31
Loan-to-value ratio, properties			
Interest-bearing liabilities, SEKm	23,887	20,574	21,978
Booked value properties, SEKm	52,464	42,418	47,842
Loan-to-value ratio, properties	46%	49%	46%

	2017 Jun 30	2016 Jun 30	2016 Dec 31
Debt ratio			
Operating surplus, SEKm	1,554	1,438	1,507
Central administration, SEKm	-67	-69	-70
Total, SEKm	1,487	1,369	1,437
Interest-bearing liabilities, SEKm	23,887	20,574	21,978
Debt ratio, multiple	16.1	15.0	15.3

	2017 Jun 30	2016 Jun 30	2016 Dec 31
Interest coverage ratio, multiple			
Net operating income, SEKm	795	724	1,507
Central administration, SEKm	-36	-36	-70
Total, SEKm	759	688	1,437
Net interest/expense, SEKm	-256	-273	-541
Interest coverage ratio, multiple	3.0	2.5	2.7

	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
EPRA EPS					
Profit from property management, SEKm	233	213	449	408	471
Tax-deductible depreciation, SEKm	-148	-131	-295	-262	-590
Sum, SEKm	85	82	154	146	-119
Nominal tax (22%), SEKm	19	18	34	32	-26
EPRA earnings in total, (Profit from property management minus nominal tax) SEKm	214	195	415	376	497
Number of shares, millions	165.4	165.4	165.4	165.4	165.4
EPRA EPS, SEK per share	1:29	1:18	2:51	2:28	3:01

	2017	2016	2016
EPRA NAV	Apr-Jun	Apr-Jun	Jan-Dec
Shareholders' equity, SEKm	24,396	18,630	23,003
Reversal of fixed-income derivatives, SEKm	402	831	559
Reversal of deferred tax according to the balance sheet, SEKm	3,859	2,211	3,271
Sum, SEKm	28,657	21,672	26,832
Number of shares, millions	165.4	165.4	165.4
EPRA NAV, SEK per share	173	131	162

	2017	2016	2017	2016	2016
Return on equity	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Profit for the period, SEKm	1,119	1,065	2,001	2,730	7,107
Average shareholders' equity, SEKm	23,835	18,387	23,698	18,387	19,741
Return on equity	18.8%	23.2%	8.4%	29.7%	36.0%

	2017	2016	2017	2016	2016
Total return on properties	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net operating income, SEKm	416	369	795	724	1,507
Unrealized and realized value changes properties, SEKm	1,156	1,201	1,989	2,880	8,105
Market value including capital investment during the period, SEKm	51,448	41,039	49,301	41,337	42,927
Total return on properties, %	3.1%	3.8%	5.6%	8.7%	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.

PARENT COMPANY CONDENSED INCOME STATEMENT

SEKm	2017	2016	2016
	Jan-Jun	Jan-Jun	Jan-Dec
Income	112	86	221
Expenses	-139	-96	-263
Net financial items	-44	-397	-932
Changes in value, fixed-income derivatives	123	-173	99
Changes in value, equities	-3	0	6
Group Contribution	0	0	-204
Profit before tax	49	-580	-1,073
Current tax	-	-	-19
Deferred tax	-27	126	50
Profit for the period/year	22	-454	-1,042

PARENT COMPANY CONDENSED BALANCE SHEET

SEKm	2017	2016	2016
	Jun 30	Jun 30	Dec 31
Participation in Group companies	12,516	12,516	12,516
Other fixed assets	39,430	42,911	43,105
<i>of which, receivables from Group companies</i>	39,087	42,078	42,671
Current assets	83	100	184
Cash and cash equivalents	36	195	53
Total assets	52,065	55,722	55,858
Shareholders' equity	10,041	11,281	10,681
Provisions	-27	-115	-55
Long-term liabilities	31,344	39,623	38,279
<i>of which, liabilities to Group companies</i>	20,286	23,890	24,783
Current liabilities	10,707	4,933	6,953
Total equity and liabilities	52,065	55,722	55,858

Quarterly overview

CONDENSED INCOME STATEMENT, AMOUNTS IN SEK M

SEKm	2017		2016				2015	
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Rental income	562	546	532	534	520	519	505	495
Property expenses	-146	-167	-150	-133	-151	-164	-156	-130
Net operating income	416	379	382	401	369	355	349	365
Surplus ratio	74%	69%	72%	75%	71%	68%	69%	74%
Central administration	-17	-19	-17	-17	-20	-16	-17	-16
Net interest expense	-123	-133	-129	-139	-142	-131	-146	-143
Share in profits of associated companies	-43	-11	-402	-16	6	-13	-14	-59
Profit/loss from property management	233	216	-166	229	213	195	172	147
Realised changes in value of properties	0	0	309	20	2	160	17	3
Unrealised value of properties	1,156	833	3,136	1,760	1,199	1,519	1,282	590
Unrealised changes in value, fixed-income derivatives	67	89	230	42	-55	-118	151	-26
Changes in value, equities	0	-3	5	0	0	0	-26	-28
Profit for the period/year	1,456	1,135	3,514	2,051	1,359	1,756	1,596	686
Current tax	0	-	-89	2	0	-1	-2	0
Deferred tax	-337	-253	-664	-437	-294	-90	-416	-167
Comprehensive income for the period/year	1,119	882	2,761	1,616	1,065	1,665	1,178	519

CONDENSED FINANCIAL POSITION, AMOUNTS IN SEK M

SEKm	2017		2016				2015	
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Assets								
Properties	52,464	50,832	47,842	44,659	42,418	40,467	40,279	37,630
Other tangible fixed assets	2	2	2	2	2	1	1	1
Financial fixed assets	497	360	516	916	886	906	923	1,562
Current assets	636	647	1,687	500	529	533	446	438
Short-term investments	142	142	114	89	64	66	70	50
Cash and cash equivalents	19	24	62	36	195	33	32	37
Total assets	53,760	52,007	50,223	46,202	44,094	42,006	41,751	39,718
Equities and liabilities								
Shareholders' equity	24,396	23,277	23,002	20,246	18,630	18,144	16,479	15,299
Deferred tax	3,859	3,521	3,271	2,648	2,211	1,876	1,786	1,502
Other provisions	216	218	215	142	154	148	150	159
Interest-bearing liabilities	23,886	22,548	21,978	20,818	20,574	19,269	21,068	20,513
Other long-term liabilities	0	0	0	625	623	621	619	617
Derivative instruments	402	470	559	789	831	777	658	809
Non-interest bearing liabilities	1,001	1,973	1,198	934	1,071	1,171	991	819
Total equity and liabilities	53,760	52,007	50,223	46,202	44,094	42,006	41,751	39,718

KEY RATIOS

	2017		2016				2015	
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Financial^B								
Return on capital employed, %	13.4	11.7	33.2	21.2	15.2	19.6	18.4	9.2
Return on equity, %	18.8	15.2	51.1	33.3	23.2	38.5	29.7	13.8
Interest coverage ratio, multiple ²	3.2	2.7	2.8	2.8	2.5	2.6	2.0	1.9
Equity/assets ratio, %	45	45	46	44	42	43	39	39
Loan-to-value ratio, properties, %	46	44	46	47	49	48	52	55
Debt ratio, multiple	16.1	15.5	15.3	14.8	15.0	14.1	14.7	14.9
Debt/equity ratio, multiple	1.0	1.0	1.0	1.0	1.1	1.1	1.3	1.3
Share-related^{1, 3}								
Earnings per share, SEK ⁴	6:77	5:33	16:7	9:77	6:44	10:07	7:12	3:14
Total earnings per share, SEK	147	141	139	122	113	110	100	93
Cash flow from operating activities per share, SEK	0:25	11:33	1:75	0:52	0:52	1:75	4:82	1:10
EPRA NAV, SEK per share	173	165	163	144	131	126	115	107
EPRA EPS	1:29	1:22	-0:52	1:26	1:18	1:09	0:99	0:91
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	93	94	94	93	93	93	92
Total return on properties, %	3.1	2.5	8.6	5.1	3.8	5.0	4.4	2.6
Surplus ratio, %	74	69	72	75	71	68	69	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 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 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.

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.

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 RATION*

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 during the period.

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

This is Fabege

Fabège 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.

Fabège 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 Fabège's extensive local expertise, creates a solid foundation for efficient property management and high occupancy.

At 30 June 2017, Fabège owned 88 properties with a total market value of SEK 52.5bn. The rental value was SEK 2.5bn.

Business concept

Fabège 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.

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

Business model

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

Strategy for growth

Fabège'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. Fabège'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 Fabège's customers.

Value-driving factors

A number of external factors affect Fabège'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

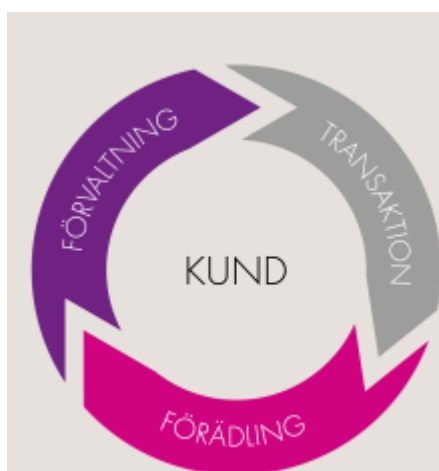
New technology and new working methods are fuelling demand for flexible and space-efficient premises in prime locations. Excellent peripheral service and good communication links in the form of public transport services are in increasing demand, as are environmentally certified offices and green leases.

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

TRANSACTIONS

Property transactions are an integral part of Fabège'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. Fabège has long-standing expertise in pursuing extensive property development projects with the aim of attracting long-term tenants to properties that have not yet been fully developed and can be redesigned based on the customer's specific requirements.

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

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Visit the Group's website for further information about Fabege and its operations. There will also be a web presentation on 7 July 2017, at which Christian Hermelin and Åsa Bergström will present the interim report.



PRESS RELEASES DURING THE SECOND QUARTER*

26 Apr 2017	Fabege and SHH to build 225 homes in Kista
27 Apr 2017	Interim report January – March 2017
27 Apr 2017	Continued positive trend in the property sector
28 Apr 2017	Increased interest in the South side
3 May 2017	AEG to manage Friends Arena
4 May 2017	Development of city logistics in Arenastaden
20 Jun 2017	Goodbye Kansas moving to a newly started project in Hammarby Sjöstad
21 Jun 2017	Fabege continues development of Råsunda

*Including regulatory and nonregulatory press releases during the period.



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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 7 July 2017, at 8:00 am CET.

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