

2018

Q1

Summary, SEKm

	2018 Jan-Mar	2017 Jan-Mar	2017 Jan-Dec
Rental income	614	546	2,280
Net operating income	439	379	1,680
Profit from property management	274	216	992
Profit before tax	3,097	1,135	7,351
Profit after tax	2,539	882	5,632
Surplus ratio, %	72	69	74
Loan-to-value ratio, properties, %	41	44	43
EPRA NAV, SEK per share	220	165	201

January – March 2018¹

- Rental income increased to SEK 614m (546), primarily as a result of completed project properties generating revenue. In an identical portfolio, income rose by approximately 13 per cent (8).
- Net operating income increased to SEK 439m (379). In an identical portfolio, net operating income rose by approximately 17 per cent (11). The surplus ratio was 72 per cent (69).
- Profit from property management rose to SEK 274m (216).
- Realised and unrealised changes in value amounted to SEK 2,783m (833) in properties and SEK 40m (89) in interest-rate derivatives.
- Profit before tax for the period amounted to SEK 3,097m (1,135).
- After-tax profit for the period amounted to SEK 2,539m (882), corresponding to SEK 15.36 per share (5.33).
- Net lettings during the year totalled SEK 9m (21). The rent levels from renegotiated leases increased by an average of 20 per cent (20).
- The equity/assets ratio was 49 per cent (47) and the loan-to-value ratio was 41 per cent (43).

¹The comparison figures for income and expense items relate to values for January–March 2017 and for balance sheet items at 31 December 2017.

Fabege

CREATING THE RIGHT CONDITIONS



Christian Hermelin, CEO

Fabège continues to grow

The first quarter of 2018 indicates a persistently strong property market, with increased rent levels and lower yield requirements and thus rising property values.

Start of year marked by stable and strong property market

Last year's strong performance on the property market looks set to continue. We are seeing daily evidence that rent levels have yet to reach their peak, and of considerable interest in investing in well located office properties in Stockholm. Values are still on the rise, both via higher rent levels and falling yield requirements. During the quarter, several transactions on Stockholm's office market have proved that deals are possible at new record levels. With modern properties in attractive locations, Fabège is able to report continued value growth not only in project operations but also in its investment property portfolio.

Growth in revenue and profit from property management

Fabège's cash flow growth is continuing via the completion of projects and rent increases, which are gradually boosting revenue. During the quarter, we achieved a surplus ratio of 72 per cent, which is consistent with our target. This is despite the wintry start to the year. Profit from property management increased by over 25 per cent compared with the previous year.

Sales in line with business model

In March, we sold Uarda 6 in Arenastaden to the German company Union Investment. Uarda 6 is the third property that Union has acquired from Fabège, and the transaction was arranged at a new record-low yield. The property will remain on Fabège's balance sheet until handover at the end of May. We will then continue to manage the property on behalf of Union, thus retaining our relationships with the tenants. This allows us to continue operating as a strong, long-term owner and property manager in Arenastaden. Selling modern, fully developed properties frees up capital for value-generating project investments, which is entirely in line with Fabège's business model.

Public rating

We have taken the next step in boosting our financial profile, with a focus on highlighting our exceptional quality and long-term approach to our investors. We are therefore delighted that in February we were awarded an investment grade rating by Moody's of Baa3, stable outlook. Our ambition is to increase the proportion of capital market financing primarily via our green bond programme. The credit rating from Moody's allows us greater scope for seeking financing on favourable terms, and we have already seen positive effects on pricing and the fact that we are now reaching more potential investors.

New corporation tax from 2019

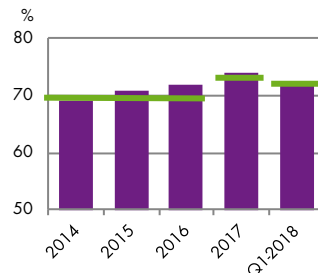
We are pleased to see that the uncertainty in the market regarding corporate taxation has now come to an end. It is also positive that the government decided not to pursue its original, more stringent proposal, but has instead presented a proposal that is more consistent with the EU directive. For Fabège, the proposal will mean higher taxable earnings and a subsequent faster pace of offsetting against loss carryforwards.

Market outlook

The year got off to a good start, and market conditions are consistently healthy. As long as the economic situation remains good, which it is expected to in 2018, I anticipate a persistently strong year with high net lettings, rising revenue and falling interest expenses. The major transaction of the quarter paves the way for continued investment in new, exciting projects. We have high ambitions and are continually striving to improve. Fabège is well positioned to capitalise on the business opportunities that lie ahead.

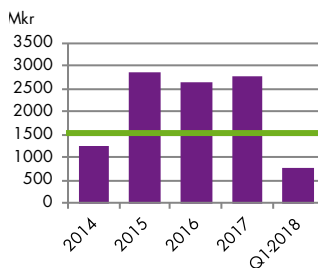
Christian Hermelin, CEO

SURPLUS RATIO



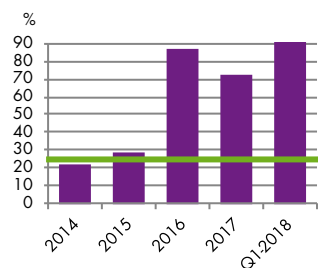
Target 2018: 72% in Q1/74% full year
Long-term target 2020: 75%

INVESTMENT VOLUME



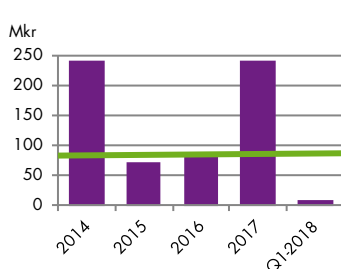
Target: At least SEK 1,500m per year

RETURN ON PROJECTS



Target: At least 20%, Q1 2018 178%

NET LETTINGS



Target: At least SEK 80m per year.

Earnings Jan–Mar 2018¹

The first quarter of the year indicated rising rental income, increased net operating income and higher earnings from property management. The quarter also reported continued changes in value attributable to both the investment property portfolio, as well as projects and transactions.

Revenues and earnings

Profit after tax for the period was SEK 2,539m (882), corresponding to earnings per share of SEK 15.36 (5.33). Profit before tax for the period amounted to SEK 3,097m (1,135). Improved earnings from property management and continued substantial positive changes in value in the property portfolio meant that profit before tax rose in comparison with the previous year.

Rental income increased to SEK 614m (546) and net operating income increased to SEK 439m (379). In an identical portfolio, rental income grew by just over 13 per cent (8), of which almost half related to growth through tenants moving in to completed project properties. The remaining increase was primarily due to new lettings and renegotiated rent levels. Net operating income in an identical portfolio rose by approximately 17 per cent (11). The surplus ratio was 72 per cent (69).

Realised changes in value totalled SEK 83m (0) and concerned payment of an additional consideration relating to a sale concluded in 2010.

Uarda 6 was divested during the quarter, with transfer of ownership scheduled for May 2018. An agreement on the sale of Resedan 3 was signed in April. The agreed sales generated a total profit of SEK 132m compared with the year-end valuation, which is included in the recognised unrealised change in value for the quarter. Unrealised changes in value totalled SEK 2,700m (833). The unrealised change in the value of the investment property portfolio of SEK 1,430m (495) was approximately equal to the attributable to increased rental rates in new leases and renegotiations and reduced yield requirements. The average yield requirement declined to 4.24 per cent (4.36 at year-end). Furthermore, unrealised changes in value of SEK 132 m were reported for the two properties sold in February and April. The project portfolio contributed to an unrealised change in value of SEK 1,138m (338), mainly due to development gains in major project properties.

The share in profit of associated companies was SEK –21m (–11) and related to a capital contribution to Arenabolaget during the period.

Unrealised changes in value in the derivative portfolio totalled SEK 40m (89), primarily due to rising long-term interest rates. Net interest items declined to SEK –126m (–133). Increased borrowing was offset by lower average interest.

Segment reporting

The Property Management segment generated net operating income of SEK 424m (371), representing a surplus ratio of 72 per cent (72). The occupancy rate was 95 per cent (94). Earnings from property management totalled SEK 284m (240). Unrealised changes in the value of properties amounted to SEK 1,430m (495).

The Property Development segment generated net operating income of SEK 15m (8), giving a surplus ratio of 58 per cent (28). Earnings from property management totalled SEK –10m (–24). Unrealised changes in the value of properties totalled SEK 1,138m (338), corresponding to a yield of 178 per cent on invested capital in the project portfolio. The high yield is largely due to an upward revision of the value of Pyramiden 4 in connection with the completion of the project.

Earnings from Transactions during the period included both realised and unrealised changes in value, and totalled SEK 215m (0). Realized changes in value of SEK 83 m related to the payment of an additional purchase price. Unrealised changes in value of SEK 132m related to changes in value compared with the previous quarter for the two properties sold in February and April respectively.

The Pyramiden 4 property was reclassified as an investment property at the end of the quarter. All reclassifications during the period between the Property Management and Property Development segments are stated in the note on Segment Reporting on page 15.

Quarter 1 in brief

- Continued healthy demand for office premises in Stockholm and rising rent levels in all our submarkets.
- New lettings totalled SEK 55m (68) and net lettings amounted to SEK 9m (21).
- The surplus ratio was 72 per cent (69).
- Earnings from property management totalled SEK 274m (216).
- The property portfolio exhibited unrealised value growth of SEK 2,700m (833), of which projects accounted for SEK 1,138m (338).
- Realised changes in property values totalled SEK 83m (0).
- Due to higher long-term interest rates, the negative fair value of the derivative portfolio decreased by SEK 40m (89).
- After-tax profit for the quarter amounted to SEK 2,539m (882).

BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

	2018	2017
SEKm	Jan-Mar	Jan-Mar
Profit from Property Management activities	284	240
Changes in value (portfolio of investment properties)	1,430	495
Contribution from Property Management	1,714	735
Profit from Property Management activities	-10	-24
Changes in value (profit from Property Development)	1,138	338
Contribution from Property Development	1,128	314
Realised changes in value	215	0
Contribution from Transactions	215	0
Total contribution from the operation	3,057	1,049

178%

Return Projects

¹The comparison figures for income and expense items relate to values for January–March 2017 and for balance sheet items at 31 December 2017.

Financing

Fabege employs long-term credit facilities subject to fixed terms and conditions. The company's creditors mainly comprise the major Nordic banks and investors on the capital market. The company regards the capital market as an excellent complement to bank financing and at the end of the quarter, it amounted to 42 per cent of total debt, including commercial paper.

Interest-bearing liabilities at the end of the period totalled SEK 25,194m (24,841), with an average interest rate of 2.17 per cent excluding, and 2.27 per cent including commitment fees on the undrawn portion of committed credit facilities. Undrawn committed credit facilities amounted to SEK 3,102m.

In February, Fabege received an external credit rating from Moody's, which gave an investment grade rating of Baa3, stable outlook. Reactions have been extremely positive and produced an immediate price effect on the capital market. Moody's has also carried out an evaluation of one of the bonds in the green MTN programme, which obtained the highest rating of GB1 (excellent).

In Q1, Fabege issued green bonds of SEK 1,000m with a maturity of five years. The company has since, at the beginning of April, issued a further SEK 900m with maturities of two and six years respectively. At the end of March, outstanding bonds totalled SEK 3,700m of the total framework of SEK 5,000m. 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 to the green bonds, Fabege also had outstanding covered bonds of SEK 2,811m on the capital market via the part owned company Svensk Fastighetsfinansiering SFF, of which SEK 2,386m related to green bonds.

The proportion of green financing totalled 50 per cent of outstanding loans 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. All Fabege's Swedish bank financiers are providing opportunities for green financing, as are the capital market and European Investment Bank.

Fabege also has a commercial paper programme of SEK 5,000m. At the end of the quarter, SEK 4,175m had been drawn. The company has available credit facilities covering all outstanding commercial paper at any given time.

At 31 March, the average maturity was 4.2 years and the loan-to-value ratio was 41 per cent (43). 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 debt portfolio was 2.6 years, including the effects of derivative instruments. In the first quarter, new interest rate swaps were agreed totalling SEK 500m with maturities of seven and ten years. At 31 March, Fabege's derivatives portfolio then comprised interest rate swaps totalling SEK 14,000m with terms of maturity extending through 2028 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 June 2018. Interest rates on 56 per cent of Fabege's loan portfolio were fixed using fixed-income derivatives. The derivatives portfolio is measured at market value and the change in value is recognised in profit or loss. At 31 March, the recognised negative fair value adjustment of the portfolio was SEK 251m (291). 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 10m, mainly pertaining to accrued opening charges for credit agreements and costs relating to bond and commercial paper programmes. In the first quarter, interest totalling SEK 17m (19) relating to project properties was capitalised.

INTEREST MATURITY STRUCTURE AT 31 MARCH 2018

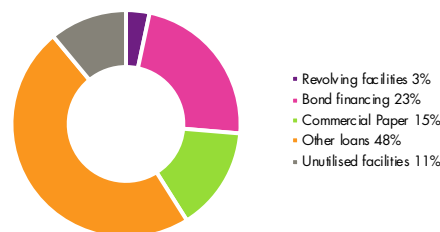
	Amount SEKm	Average interest rate,%	Share,%
< 1 year	14,924	2.77	59
1-2 years	1,270	1.76	5
2-3 years	0	0.00	0
3-4 years	1,000	2.68	4
4-5 years	1,800	1.07	7
5-6 years	1,000	0.90	4
6-7 years	1,300	0.97	5
7-8 years	700	0.94	3
8-9 years	1,300	1.05	5
9-10 years	1,900	1.22	8
Total	25,194	2.17	100

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

LOAN MATURITY STRUCTURE AT 31 MARCH 2018

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	4,175
< 1 year	4,570	2,101
1-2 years	4,171	3,463
2-3 years	5,794	3,194
3-4 years	2,300	800
4-5 years	5,700	5,700
5-10 years	4,508	4,508
10-15 years	0	0
15-20 years	0	0
20-25 years	1,253	1,253
Total	33,296	25,194

BREAKDOWN OF SOURCES OF FUNDING



50%
green financing

Tax

Tax expense for the period amounted to SEK –558m (–253). The amount includes the resolution of deferred tax in the amount of SEK 105m (0) in connection with property sales. Tax was calculated at a rate of 22 per cent on taxable earnings.

The new tax proposals

In March, the Ministry of Finance announced an amended proposal on changes to corporate taxation. To summarise, the proposal involves limiting the deductibility of net interest expense to 30 per cent of EBITDA. Furthermore, the corporation tax rate will be reduced in two stages from the current level of 22 per cent, to 21.4 per cent as of 2019 and 20.6 per cent as of 2021. When calculating interest deductions, any offsetting against loss carryforwards must be taken into consideration. It is proposed that the changes apply from 1 January 2019. For Fabège, the proposal will mean taxable earnings will increase and that offsetting against loss carryforwards will happen at a faster pace. Calculated based on the outcome budgeted for the year, the change would have meant an increased deferred tax expense of around SEK 50m. However, rising market rates will increase the negative effect (assuming cash flow remains generally the same). Furthermore, there will be a positive non-recurring accounting effect when the deferred tax liability is measured at the new tax rate.

No new information has been communicated on this matter since the previously announced proposal on changes to taxation of property transactions, the ‘packaging inquiry’. The proposed changes and impact 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 6.1bn 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, just over SEK 1.2bn. The consultation period for the proposal expired in September 2017.

Financial position and net asset value

Shareholders’ equity amounted to SEK 30,551m (28,012) at the end of the period and the equity/assets ratio was 49 per cent (47). Equity per share attributable to Parent Company shareholders totalled SEK 185 (169). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 224 (169). EPRA NAV was SEK 220 per share (201).

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 295m (188). Changes in working capital had an impact on cash flow of SEK –382m (1,687). Investing activities had an impact of SEK –615m (–2,779) on cash flow, while financing activities had a positive impact of SEK 353m (870) on cash flow. In investing activities, cash flow was driven by property transactions and projects. Overall, cash and cash equivalents changed by SEK –349m (–38) during the period.

DIVESTMENT OF UARDA 6

Fabège has signed an agreement on the sale of the Uarda 6 property in Arenastaden to Union Investment’s open property fund Unilmmo: Europe, which has also previously acquired two properties in Arenastaden from Fabège. Fabège will continue to manage the property on behalf of Union Investment, retain customer relationships and continue to pursue the development of Arenastaden.

The transaction will generate a profit of SEK 93m before taxes and SEK 176m after taxes. In accordance with new accounting rules, the profit will be recognised as an unrealised change in value in Q1. The property will be handed over on 31 May 2018.



SEK 220/share

EPRA NAV 31 March 2018

Financial targets

Fabège’s Board of Directors has decided on the following financial targets for the business.

- Loan-to-value ratio of max. 50 per cent.
- Interest coverage ratio of at least 2.2.
- The long-term debt ratio will amount to max. 13.0.
- Equity/assets ratio of min. 35 per cent.

Moody’s in- vestment grade

Baa3, stable outlook

Operations Jan–Mar 2018¹

The first quarter of the year exhibited persistently rising rent levels in renegotiations and new lettings, and net lettings of SEK 9m. The sale of Uarda 6 confirmed the sustained decline in yield requirements. The pace of investment remained high and contributed towards value growth.

Property portfolio and property management

Fabege's Property Management and Property Development activities are concentrated on a few selected submarkets in and around Stockholm: Stockholm inner city, Solna and Hammarby Sjöstad. At 31 March 2018, Fabege owned 90 properties with a total rental value of SEK 2.6bn, lettable floor space of 1.1m sqm and a book value of SEK 61.4bn, of which development and project properties accounted for SEK 10.5bn. 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, 32 new leases were signed at a total rental value of SEK 55m (68), of which 98 per cent pertained to green leases. Lease terminations totalled SEK 46m (47), while net lettings amounted to SEK 9m (21). Rental contracts totalling SEK 30m were renegotiated, with an average rise in rental value of 20 per cent, reflecting the persistently strong trend on the rental market during the year. The retention rate during the period was 79 per cent (79).

Changes in the property portfolio

In 2010, Fabege divested a property portfolio to Profi Fastigheter. The parties agreed on an additional consideration, which was established once the detailed plan for the property in question had become legally binding. The additional purchase price of SEK 211m was paid at the beginning of the year, of which just over SEK 80m was reported as an realized change in value during the period.

Q1 saw the divestment of the Uarda 6 property in Arenastaden. Compared with the year-end valuation, the sale generated a realised profit of SEK 93m. Due to IFRS rules, the property will remain on Fabege's balance sheet until ownership is transferred, which will be in Q2. However, the profit will be recognised as an unrealised change in value in Q1. Resedan 3 was divested in April. The price exceeded the most recent valuation by SEK 39m and also this profit was reported as an unrealized change in value in the first quarter. Overall the transactions generated a total realised change in value of SEK 83m (0) and an unrealised change in value of SEK 132m (0).

Changes in value of properties

The entire property portfolio is externally valued at least once annually. Approximately 36 per cent of the properties were externally valued in the first quarter and the remainder were internally valued based on the most recent external valuations. The total market value at the end of the period was SEK 61.4bn (57.9).

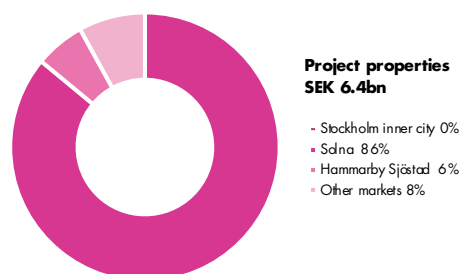
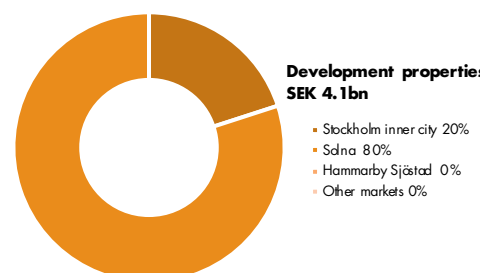
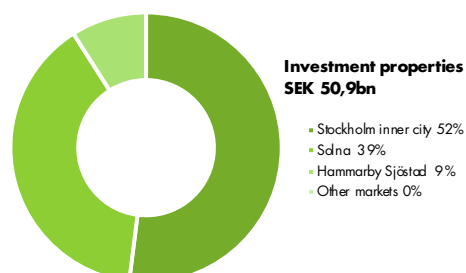
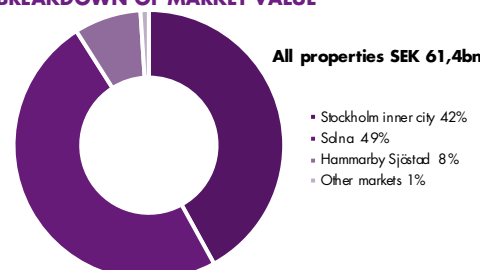
Unrealised changes in value totalled SEK 2,700m (833). The average yield requirement saw a slight decline to 4.24 per cent (4.36 at year-end). The change in value in the investment property portfolio of SEK 1,562m (495) was principally due to higher rent levels and somewhat lower yield requirements. The project portfolio contributed to a change in value of SEK 1,138m (338), mainly due to development gains in major project properties.

Environmental certification of properties

Fabege's objective is for the company's entire property portfolio to be certified in accordance with BREEAM-SE/BREEAM In-Use. At the end of the period, a total of 61 per cent of the combined area of Fabege's existing portfolio was certified.

31 Mar 2018

BREAKDOWN OF MARKET VALUE



¹The comparison figures for income and expense items relate to values for January–March 2017 and for balance sheet items at 31 December 2017.

Projects and investments

The purpose of Fabège's project investments is to reduce vacancy rates and increase rents in the property portfolio, thereby improving cash flows and adding value. Property development is a key feature of Fabège's business model and should make a significant contribution to consolidated profit. The aim is to achieve a return on invested capital of at least 20 per cent. Another aim is to have all new builds certified under BREEAM-SE.

During the period, investments in existing properties and projects totalled SEK 786m (843), of which investments in projects and development properties accounted for SEK 638m (697). The return on capital invested in the project portfolio was 178 per cent. The high return is largely due to an upward revision of the value of Pyramiden 4 in connection with the completion of the project.

The capital invested in the investment property portfolio, which amounted to SEK 148m (145) and encompassed energy investments and tenant customisations, also contributed to the total growth in value.

Completed projects

March saw the completion of the new construction of Pyramiden 4, Arenastaden. SEB will be moving in during the final stage in April. The property was transferred to the investment property portfolio at the end of the quarter.

Major ongoing projects

The office project relating to Hörnan 1, Råsunda, is progressing according to plan, with an investment volume of SEK 530m. The production has entered its final phase in preparation for Telenor Sverige taking up occupancy in summer 2018. The occupancy rate is 85 per cent.

The office project at the Signalen 3 property in Arenastaden is also progressing according to plan, with work starting on the interior. The investment is expected to total SEK 1,130m and ICA has signed leases corresponding to 81 per cent of the lettable area, with occupancy scheduled for December 2018.

The new construction project relating to Pelaren 1, Globen, is progressing with work starting on the interior. The investment is estimated at SEK 780m. The occupancy rate is 99 per cent. The office will be ready for occupancy in summer and autumn 2018.

The conversion and extension of the Orgeln 7 property in Sundbyberg is also progressing as planned. Work is currently under way on the interior to complete the office space by June and December 2018. The estimated investment totals SEK 1,070m. The occupancy rate is 94 per cent. The remaining vacancies relate exclusively to storage and retail space on the ground floor.

Work is continuing on constructing the frame on the project relating to the conversion and extension of Trikäfabriken 9, Hammarby Sjöstad, with assembly of the wood frame and additional work on the frame. 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.

Planning work has begun regarding the construction of the office building at Bätturen 2, Hammarby Sjöstad. The investment is estimated at SEK 170m. The property is fully let to Goodbye Kansas.

The project at Lagern 4 regarding construction of a school, preschool and supported housing is continuing as planned. The property will be completed by the start of school in autumn 2018 and is fully let to the City of Solna. The investment totals SEK 140m.

Work has recently begun on the investment concerning Bilja's new facility at the Stora Frösunda 2 property in Solna. The investment is expected to amount to roughly SEK 1.1bn and the facility will be ready by the first quarter of 2021.

A decision was made on an investment to convert and upgrade Paradiset 23, Västra Kungsholmen. The investment is estimated at SEK 200m. The property is currently vacant.

In the fourth quarter, a decision was made regarding an investment relating to the forthcoming redevelopment of Fräsaren 12 in Solna Business Park for tenant customisation for Skolverket, with occupancy scheduled for Q4 2019. The investment is estimated

at SEK 170m. Work will start on the project once ICA has vacated the premises in December 2018.

Via co-owned Selfoss Invest AB, Fabège 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 2018

Changes in property value	2018
Opening fair value 2018-01-01	57,889
Property acquisitions	0
Investments in new builds, extensions and conversions	786
Changes in value	2,700
Sales and disposals	0
Closing fair value 2018-03-31	61,375

AVERAGE YIELD REQUIREMENT

PER AREA JAN-MAR 2018

Area	Average yield, %
Stockolm city	3.97
Solna	4.41
Hammarby Sjöstad	4.73
Average yield	4.24

SALES OF PROPERTIES JAN-MAR 2018

Property name	Area	Category	Lettable area, sqm
Quarter 1			
Uarda 6	Arenastaden	Office	17,139
Quarter 2			
Resedan 3	Vasastan	Office	3,480
Quarter 3			
Quarter 4			
Total sales of properties			
			20,619

¹ The property Uarda 1 and Resedan 3 will be vacated during Q2-20

PROPERTY ACQUISITIONS JAN-MAR 2018

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

ONGOING PROJECTS >SEK 50M

31 March 2018

Property listing	Property type	Area	Completed	Lettable area, sqm	Occupancy rate, area, % ¹	Estimated rental value, SEKm ²	Carrying amount SEKm	Estimated investment, SEKm	of which, worked up, SEKm
Hörnån 1	Offices	Solna	Q2-2018	16,300	85%	51	859	530	473
Lager 4	School	Solna	Q3-2018	5,100	100%	14	162	140	65
Orgeln 7	Offices/retail	Sundbyberg	Q4-2018	38,500	94%	120	1,683	1,070	774
Pelaren 1	Offices	Globen	Q4-2018	21,300	99%	69	854	780	559
Signalen 3	Offices	Arenastaden	Q4-2018	31,100	81%	92	1,212	1,130	661
Trikåfabriken 9	Offices	Hammarby Sjöstad	Q2-2019	16,700	50%	54	420	450	156
Båtturen 2 (part of)	Offices	Hammarby Sjöstad	Q2-2019	5,200	100%	18	99	170	34
Paradiset 23 (part of)	Offices	Stadshagen	Q4-2019	6,900	0%	24	167	200	12
Stora Frösunda 2 (part of) ³	Offices	Arenastaden	Q1-2021	44,400	100%	60	22	1,100	15
Total				185,500	86%	502	5,478	5,570	2,749
Other land and project properties							932		
Other development properties							4,060		
Total projects, land and development properties							10,470		

¹ Operational occupancy rate 31 March 2017.

² Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 600m (fully let) from SEK 125m in annualised current rent as of 31 March 2018.

³ In leaseable area for the property Stora Frösunda 2 (part of) there are approximately 28,800 sqm garage space

PROPERTY PORTFOLIO

31 March 2018

Property holdings	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value ²	Financial occupancy rate %
Investment properties ¹	62	1,015	50,905	2,521	95
Development properties ¹	9	105	4,082	118	89
Land and Project properties ¹	19	11	6,388	2	0
Total	90	1,131	61,375	2,641	94
Of which, Inner city	29	394	25,400	1,144	95
Of which, Solna	47	632	30,195	1,261	94
Of which, Hammarby Sjöstad	11	105	4,893	236	94
Of which, Other	3	0	887	0	0
Total	90	1,131	61,375	2,641	94

¹ See definitions on page 17.

² In the rental value, time limited deductions of about SEK 61m (in rolling annual rental value at 31 December) have not been deducted.

SEGMENT REPORTING IN SUMMARY¹

	2018 Jan-Mar	2018 Jan-Mar	2018 Jan-Mar	2018 Jan-Mar	2017 Jan-Mar	2017 Jan-Mar	2017 Jan-Mar	2017 Jan-Mar
SEKm	Property Management	Property Development	Transaction	Total	Property Management	Property Development	Transaction	Total
Rental income	588	26		614	517	29		546
Property expenses	-164	-11		-175	-146	-21		-167
Net operating income	424	15	0	439	371	8	0	379
Surplus ratio, %	72%	58%		71%	72%	28%		69%
Central administration	-15	-3		-18	-15	-4		-19
Net interest expense	-105	-21		-126	-105	-28		-133
Share in profits of associated companies	-20	-1		-21	-11	0		-11
Profit from property management activities	284	-10	0	274	240	-24	0	216
Realised changes in value of properties	0	0	83	83	0	0	0	0
Unrealised changes in value of properties	1,430	1,138	132	2,700	495	338		833
Profit/loss before tax per segment	1,714	1,128	215	3,057	735	314	0	1,049
Changes in value, fixed income derivatives and equities				40				86
Profit before tax				3,097				1,135
Properties, market value	50,905	10,470		61,375	40,001	10,831		50,832
Occupancy rate, %	95%	89%		94%	94%	82%		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	479	49.0%	40.6%
0	0	48.8%	41.0%
-1	-479	48.5%	41.5%

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.

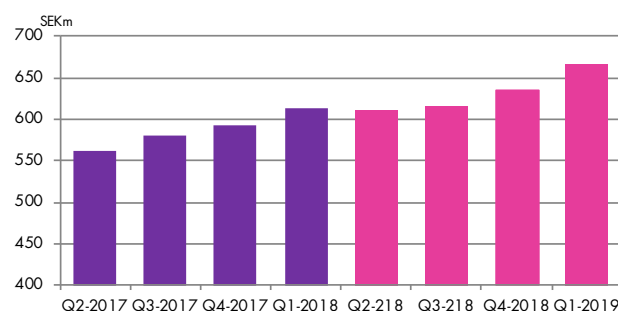
SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change	Effect, SEKm
Rental income, total	1%	24.6
Rent level, commercial income	1%	23.5
Financial occupancy rate	1 percentage point	26.2
Property expenses	1%	6.3
Interest expense, rolling 12 months ¹	+/-1 percentage point	75 / 44
Interest expenses, longer term perspective	1 percentage point	251.9

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, 167 people (162) were employed by the Fabège Group.

Parent Company

Sales during the period amounted to SEK 72m (61) and earnings before appropriations and tax amounted to SEK –88m (59).

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

Acquisition and transfer of treasury shares

The 2018 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

On 9 April, in accordance with the Board's proposal, the AGM resolved on a dividend of SEK 4.50 per share, totalling SEK 744m. The dividend was paid on 16 April 2018. In addition, the AGM resolved to carry out a 2:1 split of the company's share.

Resedan 3 was divested in April. The price exceeded the most recent valuation by SEK 39m and the profit was recognised as an unrealised change in value in Q1.

SEK 9m

Net lettings

Jan-Mar 2018

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 2017 Annual Report (pages 57–61).

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 2017 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 2017 Annual Report (pages 57–61).

No material changes in the company's assessment of risks have arisen following publication of the 2017 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 2.2. The target for the loan-to-value ratio is a maximum of 50 per cent. The long-term debt ratio will amount to a maximum of 13.

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 Fabège's attractive property and project portfolio, circumstances are favourable for a continued positive trend in 2018. More completed projects will increase rental volumes which, combined with sustained operational efficiency and low interest expense, is expected to boost profit from property management, while project operations continue to generate value. Fabège 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 2018 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.

New accounting policies as of 1 January 2018

IFRS 15 Revenue from Contracts with Customers

The transition to IFRS 15 will be applied from 2018 and relates to recognition of revenue from contracts with customers, with revenue being separated into rental income (including on-charging of property tax) and service income, such as on-charging of heating, electricity, etc. Fabège's income largely comprises rental income and the change is not expected to have any material impact on Fabège's financial reporting.

As a rule, IFRS 15 states that property transactions should be recognised on the date that ownership is transferred. This is different to the procedure under current accounting policies, in which such transactions are normally recognised on the contract date.

IFRS 9 Financial instruments

IFRS 9 replaces IAS 39 on 1 January 2018. The standard introduces new principles for the classification of financial assets, for hedge accounting and for credit reserves. The single largest item within the framework of IFRS 9 concerns derivatives that continue to be recognised at fair value through profit or loss. IFRS 9 also means that the principles for credit loss provisioning should be based on an estimation of expected losses. Since the credit losses are minimal, the transition have not had any material impact on Fabège's financial reporting.

IFRS 16 Leases

This standard replaces IAS 17 and is applied from 2018, and it means among other things that lessees must record leases in the balance sheet. Given Fabège's status as a landlord and lessor, the change is not expected to affect the company's statements. The standard also covers reporting of leaseholds, which will involve a change to Fabège's accounts, however, it is not expected to have any material impact on financial reporting.

Stockholm, 24 April 2018



CHRISTIAN HERMELIN
Chief Executive Officer.

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

The Fabege share

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

OWNERS

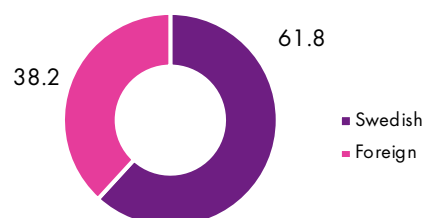
On 31 March 2018, Fabège had a total of 38,469 known shareholders. The 15 largest owners controlled 45.9 per cent of the total number of shares and votes.

OWNER DISTRIBUTION, 31 MARCH 2018

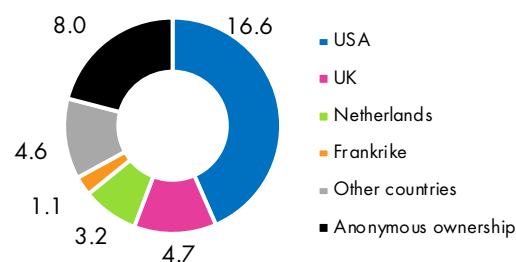
2018-03-31	Number of shares*	Proportion of equity, %	Proportion of votes, %
Erik Paulsson with family, privately and company	25,310,825	15.3	15.3
Fourth AP-fund	7,258,949	4.4	4.4
BlackRock	6,397,201	3.9	3.9
Investment AB Öresund	5,760,196	3.5	3.5
Länsförsäkringar Funds	4,669,710	2.8	2.8
Vanguard	4,164,806	2.5	2.5
Mats Qviberg with family	3,747,868	2.3	2.3
E.N.A City AB	3,050,000	1.8	1.8
Handelsbanken Funds	2,674,981	1.6	1.6
Principal Global Investors	2,509,852	1.5	1.5
Swedbank Robur Funds	2,403,537	1.5	1.5
TR Property Investment Trust	2,133,221	1.3	1.3
AFA Försäkringar	2,014,822	1.2	1.2
Pensionskassan SHB Försäkringsförening	1,920,000	1.2	1.2
Stichting Pensioenfonds ABP	1,825,699	1.1	1.1
Total 15 largest shareholders	75,841,667	45.9	45.9
Other	89,549,905	54.1	54.1
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 MARCH 2018



DISTRIBUTION OF FOREIGN OWNERSHIP, 31 MARCH 2018



TURNOVER AND TRADING, JAN-MAR 2018

Turnover and trading, Jan-Mars 2018	Fabège	Large Cap Nasdaq Stockholm (average)
Lowest price, SEK	158	-
Highest price, SEK	184.70	-
VWAP, SEK	174.84	-
Average daily turnover, SEK	77,147,321	97,055,206
Number of traded shares, no	27,795,049	-
Number of transactions, no	441,191	-
Average transactions per day, no	1,931	2,614
Average value per transaction, SEK	39,952	37,129
Daily turnover relative to market capitalization	0.27	0.27

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	2018	2017	2017 Rolling 12 m	
	Jan-Mar	Jan-Mar	Jan-Dec	apr -mars
Rental income ¹	614	546	2,280	2,348
Property expenses	-175	-167	-600	-608
Net operating income	439	379	1,680	1,740
Surplus ratio, %	72%	69%	74%	74%
Central administration	-18	-19	-74	-73
Net interest/expense	-126	-133	-509	-502
Share in profits of associated companies	-21	-11	-105	-115
Profit/loss from property management	274	216	992	1,050
Realised changes in value of properties	83	0	0	83
Unrealised changes in value of properties	2,700	833	6,095	7,962
Unrealised changes in value, fixed income derivatives	40	89	268	219
Changes in value of shares	0	-3	-4	-1
Profit/loss before tax	3,097	1,135	7,351	9,319
Current tax	-	-	-1	-1
Deferred tax	-558	-253	-1,718	-2,023
Profit/loss for period/year	2,539	882	5,632	7,289
Items that will not be restated in profit or loss				
Revaluation of defined-benefit pensions	-	-	-15	-15
Comprehensive income for the period/year	2,539	882	5,617	7,274
Total comprehensive income attributable to:				
Parent company shareholders	2,539	882	5,617	7,274
Non-controlling interest	-	0	-	-
Earnings per share, SEK	15:36	5:33	34:05	44:08
Total earnings per share, SEK	15:36	5:33	33:96	43:99
No. of shares at period end, millions	165,392	165,392	165,392	165,392
Average no. of shares, thousands	165,392	165,392	165,392	165,392

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2018	2017	2017
	Mar 31	Mar 31	Dec 31
Assets			
Properties	61,375	50,832	57,889
Other tangible fixed assets	3	2	4
Financial fixed assets	400	360	342
Current assets	728	647	647
Short-term investments	153	142	153
Cash and cash equivalents	0	24	349
Total assets	62,659	52,007	59,384
Equity and liabilities			
Shareholder's equity	30,551	23,277	28,012
Deferred tax	5,546	3,521	4,988
Other provisions	235	218	233
Interest-bearing liabilities ¹	25,194	22,548	24,841
Derivative instrument	251	470	291
Non-interest-bearing liabilities	882	1,973	1,019
Total equity and liabilities	62,659	52,007	59,384

¹ Of which short-term SEK 6,276m (7,817)

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	Shareholders' equity	Of which,	Of which
		attributable to Parent Company shareholders	attributable to non-controlling interest
Shareholders' equity, 1 January 2016, according to adopted Statement of financial position	23,002	23,002	-
Cash dividend	-662	-662	-
Acquired minority interest	55	-	55
Profit for the period	5,632	5,632	-
Other comprehensive income	-15	-15	-
Shareholders' equity, 31 December 2016	28,012	27,957	55
Cash dividend	-	-	-
Acquired minority interest	-	-	-
Profit for the period	2,539	2,539	-
Other comprehensive income	-	-	-
Shareholders' equity, 31 Dec 2017	30,551	30,496	55

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	2018 Jan-Mar	2017 Jan-Mar	2017 Jan-Dec
Operations			
Net operating income	439	379	1,680
Central administration	-18	-19	-74
Reversal of depreciation	0	0	1
Interest received	3	2	9
Interest paid	-129	-145	-624
Income tax paid	0	-29	0
Cash flow before changes in working capital	295	188	992
Change in working capital			
Change in current receivables	-210	898	40
Change in current liabilities	-172	789	-249
Total change in working capital	-382	1,687	-209
Cash flow from operating activities	-87	1,874	783
Investing activities			
Investments in new-builds, extensions and conversions	-769	-2,131	-2,676
Acquisition of properties	0	-345	-1,314
Divestment of properties	211	-	1,439
Other tangible fixed assets	-57	-306	-146
Cash flow from investing activities	-615	2,782	-2,697
Financing activities			
Dividend to shareholders	-	-	-622
Change in interest bearing liabilities	353	870	2,863
Cash flow from investing activities	353	870	2,201
Cash flow for the period	-349	-38	287
Cash and cash equivalents at beginning of period	349	62	62
Cash and cash equivalents at end of period	0	24	349

CONSOLIDATED KEY RATIOS

Financial ²	2018 Jan-Mar	2017 Jan-Mar	2017 Jan-Dec
Return on capital employed, %	23.6	11.7	21.1
Return on equity, %	34.7	15.2	22.1
Interest coverage ratio, multiple	3.3	2.7	3.2
Equity	49	45	47
Loan-to-value ratio, properties, %	41	44	43
Debt ratio, multiple	15.1	15.5	15.5
Debt/equity ratio, multiple	0.8	1.0	0.9
Share related ^{1 2}			
Earnings per share, SEK ³	15:36	5:33	34:05
Total earnings per share, SEK	15:36	5:33	33:96
Equity per share, SEK	185	141	169
Cash flow from operating activities per share, SEK	0:53	11:33	4:73
EPRA NAV, SEK per share	220	165	201
EPRA, EPS	1:47	1:22	5:45
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	88	90
Carrying amount, Properties, SEKm	61,375	50,832	57,889
Lettable area, sqm	1,131,000	1,084,000	1,136,000
Financial occupancy rate, %	94	93	94
Total return on properties, %	5.5	2.5	15.0
Surplus ratio, %	72	69	74

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	
	2018 Mar 31	2017 Dec 31	2018 Mar 31	2017 Dec 31
IFRS, level 3, SEKm				
Opening value	-66	-218	-66	-218
Acquisitions/Investments	0	0	0	0
Changes in value	34	117	34	117
Matured	0	35	0	35
Closing value	-32	-66	-32	-66
Carrying amount	-32	-66	-32	-66

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

	2018 Mar 31	2017 Mar 31	2017 Dec 31
Deferred tax attributable to:			
- tax loss carryforwards, SEKm	-978	-1,079	-1,066
- difference between book value and tax value in respect of properties, SEKm	6,602	4,699	6,124
- derivatives, SEKm	-73	-103	-64
- other, SEKm	-5	4	-6
Net debt, deferred tax, SEKm	5,546	3,521	4,988

RECONCILIATION OF KEY RATIOS

Details are provided below regarding reconciliation of the financial key ratios that Fabège 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 50 per cent.
- The equity/assets ratio shall be at least 35 per cent.
- The interest coverage ratio is to be at least 2.2.
- The long-term debt ratio will amount to a maximum of 13.

	2018 Mar 31	2017 Mar 31	2017 Dec 31
Equity/assets ratio			
Equity, SEKm	30,551	23,277	28,012
Total assets, SEKm	62,659	52,007	59,384
Equity/assets ratio	49%	45%	47%

	2018 Mar 31	2017 Mar 31	2017 Dec 31
Loan-to-value ratio, properties			
Interest-bearing liabilities, SEKm	25,194	22,548	24,841
Booked value properties, SEKm	61,375	50,832	57,889
Loan-to-value ratio, properties	41%	44%	43%

	2018 Mar 31	2017 Mar 31	2017 Dec 31
Debt ratio			
Operating surplus, SEKm	1,740	1,531	1,680
Central administration, SEKm	-73	-73	-74
Total, SEKm	1,667	1,458	1,606
Interest-bearing liabilities, SEKm	25,194	22,548	24,841
Debt ratio, multiple	15.1	15.5	15.5

	2018 Mar 31	2017 Mar 31	2017 Dec 31
Interest coverage ratio, multiple			
Net operating income, SEKm	439	379	1,680
Central administration, SEKm	-18	-19	-74
Total, SEKm	421	360	1,606
Net interest/expense, SEKm	-126	-133	-509
Interest coverage ratio, multiple	3.3	2.7	3.2

	2018 Jan-Mar	2017 Jan-Mar	2017 Jan-Dec
EPRA EPS			
Profit from property management, SEKm	274	216	992
Tax-deductible depreciation, SEKm	-137	-148	-580
Sum, SEKm	137	69	412
Nominal tax (22%), SEKm	-31	-15	-91
EPRA earnings in total, (Profit from property management minus nominal tax) SEKm	243	201	901
Number of shares, millions	165.4	165.4	165.4
EPRA EPS, SEK per share	1:47	1:22	5:45

	2018	2017	2017
EPRA NAV	Jan-Mar	Jan-Mar	Jan-Dec
Shareholders' equity, SEKm	30,551	23,222	28,012
Reversal of fixed-income derivatives, SEKm	251	470	291
Reversal of deferred tax according to the balance sheet, SEKm	5,546	3,521	4,988
Sum, SEKm	36,348	27,213	33,291
Number of shares, millions	165.4	165.4	165.4
EPRA NAV, SEK per share	220	165	201

	2018	2017	2017
Return on equity	Jan-Mar	Jan-Mar	Jan-Dec
Profit for the period, SEKm	2,539	882	5,632
Average shareholders' equity, SEKm	29,281	23,140	25,507
Return on equity	34.7%	15.2%	22.1%

	2018	2017	2017
Total return on properties	Jan-Mar	Jan-Mar	Jan-Dec
Net operating income, SEKm	439	379	1,680
Unrealized and realized value changes properties, SEKm	2,783	833	6,095
Market value including capital investment during the period, SEKm	58,675	48,684	51,794
Total return on properties, %	5.5%	2.5%	15.0%

CONTINGENT LIABILITIES

Contingent liabilities comprise the balance sheet date guarantees and commitments in favour of associated companies of SEK 337m (340) and other 0 (0).

SEGMENT REPORTING – CLASSIFICATIONS AND RECLASSIFICATIONS DURING THE PERIOD

The Pyramiden 4 property was reclassified as an investment property at the end of the first quarter.

PARENT COMPANY CONDENSED INCOME STATEMENT

SEKm	2018	2017
	Jan-Mar	Jan-Mar
Income	72	61
Expenses	-163	-70
Net financial items	-37	-18
Changes in value, fixed-income derivatives	40	89
Changes in value, equities	0	-3
Group Contribution	-	-
Profit before tax	-88	59
Current tax	-	-
Deferred tax	-9	-20
Profit for the period	-97	39

PARENT COMPANY CONDENSED BALANCE SHEET

SEKm	2018	2017
	Mar 31	Mar 31
Participation in Group companies	12,516	12,516
Other fixed assets	41,495	42,888
<i>of which, receivables from Group companies</i>	<i>41,120</i>	<i>42,541</i>
Current assets	357	86
Cash and cash equivalents	0	24
Total assets	54,368	55,514
Shareholders' equity	10,032	10,059
Provisions	69	-35
Long-term liabilities	38,937	36,558
<i>of which, liabilities to Group companies</i>	<i>21,337</i>	<i>24,510</i>
Current liabilities	5,330	8,932
Total equity and liabilities	54,368	55,514

Quarterly overview

CONDENSED INCOME STATEMENT, AMOUNTS IN SEKM

SEKm	2018		2017			2016		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Rental income	614	592	580	562	546	532	534	520
Property expenses	-175	-142	-145	-146	-167	-150	-133	-151
Net operating income	439	450	435	416	379	382	401	369
Surplus ratio	72%	76%	75%	74%	69%	72%	75%	71%
Central administration	-18	-21	-17	-17	-19	-17	-17	-20
Net interest expense	-126	-126	-127	-123	-133	-129	-139	-142
Share in profits of associated companies	-21	-24	-27	-43	-11	-402	-16	6
Profit/loss from property management	274	279	264	233	216	-166	229	213
Realised changes in value of properties	83	0	0	0	0	309	20	2
Unrealised value of properties	2,700	1,643	2,463	1,156	833	3,136	1,760	1,199
Unrealised changes in value, fixed-income derivatives	40	41	71	67	89	230	42	-55
Changes in value, equities	0	-1	0	0	-3	5	0	0
Profit for the period/year	3,097	1,962	2,798	1,456	1,135	3,514	2,051	1,359
Current tax	-	0	-1	0	-	-89	2	0
Deferred tax	-558	-532	-596	-337	-253	-664	-437	-294
Comprehensive income for the period	2,539	1,430	2,201	1,119	882	2,761	1,616	1,065

CONDENSED FINANCIAL POSITION, AMOUNTS IN SEKM

SEKm	2018		2017			2016		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Assets								
Properties	61,375	57,889	55,509	52,464	50,832	47,842	44,659	42,418
Other tangible fixed assets	3	4	3	2	2	2	2	2
Financial fixed assets	400	342	495	497	360	516	916	886
Current assets	728	647	586	636	647	1,687	500	529
Short-term investments	153	153	152	142	142	114	89	64
Cash and cash equivalents	0	349	161	19	24	62	36	195
Total assets	62,659	59,384	56,906	53,760	52,007	50,223	46,202	44,094
Equities and liabilities								
Shareholders' equity	30,551	28,012	26,597	24,396	23,277	23,002	20,246	18,630
Deferred tax	5,546	4,988	4,455	3,859	3,521	3,271	2,648	2,211
Other provisions	235	233	216	216	218	215	142	154
Interest-bearing liabilities	25,194	24,841	24,436	23,886	22,548	21,978	20,818	20,574
Other long-term liabilities	-	-	-	-	-	-	625	623
Derivative instruments	251	291	332	402	470	559	789	831
Non-interest bearing liabilities	882	1,019	870	1,001	1,973	1,198	934	1,071
Total equity and liabilities	62,659	59,384	56,906	53,760	52,007	50,223	46,202	44,094

KEY RATIOS

	2018		2017			2016		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Financial¹								
Return on capital employed, %	23.6	16.1	23.4	13.4	11.7	33.2	21.2	15.2
Return on equity, %	8.7	5.2	8.5	4.7	3.7	12.8	8.3	5.6
Interest coverage ratio, multiple ²	3.3	3.4	3.3	3.2	2.7	2.8	2.8	2.5
Equity/assets ratio, %	49	47	47	45	45	46	44	42
Loan-to-value ratio, properties, %	41	43	44	46	44	46	47	49
Debt ratio, multiple	15.1	15.5	14.6	16.1	15.5	15.3	14.8	15.0
Debt/equity ratio, multiple	0.8	0.9	0.9	1.0	1.0	1.0	1.0	1.1
Share-related^{1 2}								
Earnings per share, SEK ³	15:36	9:18	13:30	6:77	5:33	16:70	9:77	6:44
Total earnings per share, SEK	185	169	161	147	141	139	122	113
Cash flow from operating activities per share, SEK	0:53	0:91	-7:76	0:25	11:33	1:75	0:52	0:52
EPRA NAV, SEK per share	220	201	190	173	165	163	144	131
EPRA EPS	1:47	1:50	1:44	1:29	1:22	-0:52	1:26	1:18
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	94	94	93	94	94	93
Total return on properties, %	5.5	3.7	5.5	3.1	2.5	8.6	5.1	3.8
Surplus ratio, %	72	76	75	74	69	72	75	71

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

³ 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.

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.

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.

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 remodelling.

EPRA NAV

– LONG-TERM NET ASSET VALUE

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

EQUITY/ASSETS RATIO

Equity, including non-controlling interests, divided by balance sheet total.

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 RATIONET

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.

RENTAL VALUE*

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

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

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 31 March 2018, Fabège owned 90 properties with a total market value of SEK 61.4bn. The rental value was SEK 2.6bn.

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 enhancing 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.

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.



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.

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.

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.

CALENDAR

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
Year-end report 2018	5 February 2019, 12:00 noon CET

PRESS RELEASES DURING THE FIRST QUARTER 2018*

31 Jan 2018	Moody's gives the highest score to Fabège's green bond
5 Feb 2018	Year-end report 2017
9 Feb 2018	Nominating Committee's proposal concerning Board of Directors and Chair of Fabège AB (publ)
16 Feb 2018	Fabège assigned investment grade rating by Moody's (Baa3, stable outlook)
7 Mar 2018	Notice of Annual General Meeting in Fabège AB (publ)
8 Mar 2018	Fabège leases 3,800 sqm to North Alliance in Stockholm city centre
9 Mar 2018	Fabège selling Uarda 6, Arenastaden

*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 Fabège and its operations. There will also be a web presentation at which Christian Hermelin, CEO and Åsa Bergström, CFO will present the interim-report on 24 April 2018.



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This information is of the type that Fabège 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 24 April 2018, at 8:00 am CET.

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Fabège