

Q1

2019

Summary, SEKm

	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Rental income	718	614	2,517
Net operating income	509	439	1,875
Profit from property management	366	274	1,246
Profit before tax	1,449	3,097	9,103
Profit after tax	1,148	2,539	7,699
Surplus ratio, %	71	72	74
Loan-to-value ratio, properties, %	38	41	39
EPRA NAV, SEK per share	130	110	125

January – March 2019¹

- Rental income increased to SEK 718m (614), primarily as a result of completed project properties generating revenue and increased rent levels through renegotiations. In an identical portfolio, income rose by approximately 19 per cent (13).
- Net operating income increased to SEK 509m (439). In an identical portfolio, net operating income rose by approximately 19 per cent (17).
- The surplus ratio was 71 per cent (72)
- Profit from property management rose to SEK 366m (274).
- Realised and unrealised changes in value amounted to SEK 1,324m (2,783) in properties and SEK –238m (40) in fixed-income derivatives.
- Profit before tax for the period amounted to SEK 1,449m (3,097).
- Profit after tax for the period was SEK 1,148m (2,539), corresponding to earnings per share of SEK 3.47 (7.68).
- Net lettings during the period totalled SEK –107m (9) following termination of the lease for Nöten 4 by the Swedish Tax Agency to vacate the premises. Rent levels from renegotiated leases increased by an average of 19 per cent (20).
- The equity/assets ratio was 50 per cent (51) and the loan-to-value ratio 38 per cent (39).
- The Board has appointed Stefan Dahlbo as the new President and CEO. Stefan will start his new role as soon as possible.

¹ The comparison figures for income and expense items relate to values for the period January–March 2018 and for balance sheet items as at 31 December 2018.



Christian Hermelin, CEO

Continued growth in revenue and profit from property management

The year began with increased rental income, improved profit from property management and continued rising property values.

Strong rental market

The Stockholm rental market is still characterised by low vacancies and rising rent levels. New lettings and renegotiations contribute to growing cash flows. I see no signs of a slowdown at this time. The negative net lettings during the period were the result of the decision by the Swedish Tax Agency to move to new premises. This poses a challenge, but with our good locations and dedicated employees, I am convinced that we will soon be able to announce more newly signed leases.

Growing cash flow

At the end of last year we completed several of our major new construction projects. These projects, combined with the renegotiations of the past year, contribute to the current growing cash flow. Meanwhile, interest rates remain low and taken together, this meant growth in profit from property management of an impressive 33 per cent. The surplus ratio declined compared with the previous year. As a result of new tax assessment values the property tax rose substantially, as expected, compared with the previous year. Although the increase is largely covered by the customers, it had a negative impact on the surplus ratio, which was 71 per cent (72).

Project investments

Since several project properties were completed at the end of last year, the total project volume dropped somewhat. Investments during the first quarter totalled SEK 658m, of which SEK 451m related to project investments with a return of 142 per cent. Our value-generating projects continue to contribute to Fabège's total performance. We are intensively working on completing more scheduled development rights to offer to office customers on the Stockholm market.

High financing activity

The capital market, which was characterised by great turmoil at the end of last year, has recovered. Investors continue to show strong interest in Fabège's bonds and we have taken advantage of this opportunity to increase borrowing through our green MTN programme. We are also extremely pleased to have obtained new financing with a ten-year term. Both the level of capital tied up and fixed-term maturity increased during the quarter.

Time to hand over the baton

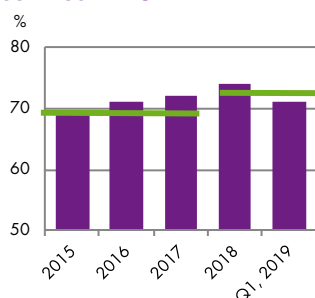
Stefan Dahlbo was recruited as my successor and I will hand the baton over to him as soon as possible. Stefan is an excellent choice. With his well-known humble leadership style and his background in both property and finance, I am convinced that he will be a great leader as Fabège continues on its successful journey. And of course he has an entire organisation with talented and dedicated employees to help him along the way.

Market outlook

Fabège has every opportunity to continue its successful value-creating development. Stockholm is strong and growing, which provides excellent prospects for Fabège's continued growth. Fabège is well-positioned and can offer office space in attractive, modern and sustainable districts in Greater Stockholm - both north and south. Creating the right conditions for customers is largely related to being where the customers want to be.

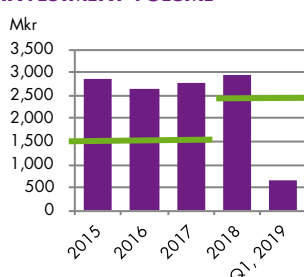
Christian Hermelin, CEO

SURPLUS RATIO



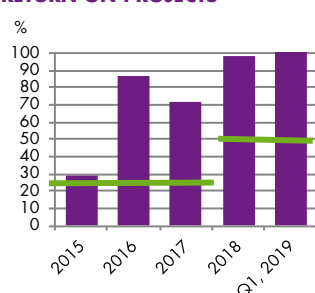
Target 2019: 73%
Long-term target: 75% by 2022

INVESTMENT VOLUME



Target: SEK 2,500m per year over a business cycle

RETURN ON PROJECTS



Target: at least 50% (from 2018)
Result Q1 2019 142%

NET LETTINGS



Target: at least SEK 80m

Earnings Jan–Mar 2019¹

The year began with rising rental income, improved profit from property management and continued value growth, primarily via projects and higher rent levels.

Revenues and earnings

Profit after tax for the period was SEK 1,148m (2,539), corresponding to earnings per share of SEK 3.47 (7.67). Profit before tax for the period amounted to SEK 1,449m (3,097). Earnings from property management improved, but lower changes in value meant that profit before tax fell in comparison with the previous year.

Rental income rose to SEK 718m (614) and net operating income rose to SEK 509m (439), of which SEK 7m that related to ground rent, which will be recognised beginning in 2019 as a separate line item under net financial items. In an identical portfolio, rental income grew by roughly 19 per cent (13), of which around 75 per cent related to growth through tenants moving in to completed project properties. The remaining increase was primarily growth due to new lettings and renegotiated rent levels. Net operating income in an identical portfolio rose by approximately 19 per cent (17). New accounting policies for ground rent, which is no longer included in net operating income as of 2019, had a positive impact on the surplus ratio. As a result of new tax assessment values the property tax rose substantially, as expected, compared with the previous year. Although the increase is largely covered by the customers, it had a negative impact on the surplus ratio, which was 71 per cent (72).

No property transactions were carried out during the first quarter, for which reason realised changes in value of properties were SEK 0m (83).

Total unrealised changes in value amounted to SEK 1,324m (2,700). The unrealised change in the value of the investment property portfolio of SEK 683m (1,430) was mainly attributable to increased rent levels for new lettings and renegotiations. The average yield requirement declined to 4.11 per cent (4.13). The project portfolio contributed to an unrealised change in value of SEK 641m (1,138), primarily due to development gains in the major project properties.

The share in profit of associated companies was SEK –7m (–21) and related to a capital contribution to Arenabolaget during the year.

Unrealised changes in value in the derivatives portfolio totalled SEK –238m (40). Newly subscribed interest rate swaps and somewhat lower long-term interest rates led to an increase in the deficit value during the period. Net interest items declined to SEK –108m (–126). Increased borrowing was offset by lower average interest.

Segment reporting

The Property Management segment generated net operating income of SEK 503m (424), representing a surplus ratio of 73 per cent (72). The occupancy rate was 95 per cent (95). Earnings from property management totalled SEK 388m (284). Unrealised changes in the value of properties amounted to SEK 683m (1,430).

The Property Development segment generated net operating income of SEK 6m (15), giving a surplus ratio of 22 per cent (58). Earnings from property management totalled SEK –22m (–10). Unrealised changes in the value of properties totalled SEK 641m (1,138), corresponding to a yield of 142 per cent on invested capital in the project portfolio.

Earnings from transactions totalled SEK 0m (215).

Quarter 1 in brief

- Continued healthy demand for office premises in Stockholm and rising rent levels in all our submarkets.
- New lettings totalled SEK 36m (55) and net lettings amounted to SEK –107m (9) since the Swedish Tax Agency terminated its lease to vacate the premises.
- The surplus ratio was 71 per cent (72).
- Earnings from property management totalled SEK 366m (274).
- The property portfolio showed unrealised value growth of SEK 1,324m (2,700), of which projects accounted for SEK 641m (1,138).
- Realised changes in property values totalled SEK 0m (83).
- Unrealised changes in value in the derivatives portfolio totalled SEK –238m (40).
- After-tax profit for the quarter amounted to SEK 1,148m (2,539).

BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

SEKm	2019	2018
	Jan-Mar	Jan-Mar
Profit from Property Management activities	388	284
Changes in value (portfolio of investment properties)	683	1,430
Contribution from Property Management	1,071	1,714
Profit from Property Management activities	-22	-10
Changes in value (profit from Property Development)	641	1,138
Contribution from Property Development	619	1,128
Realised changes in value	0	215
Contribution from Transactions	0	215
Total contribution from the operation	1,690	3,057

33%

Growth in profit/loss from Property Management

¹ The comparison figures for income and expense items relate to values for the period January–March 2018 and for balance sheet items as at 31 December 2018.

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 is striving for a balance between different forms of financing on both the capital and banking markets, with long-term relationships with the major financiers having high priority.

During the first quarter, Fabege extended and expanded a green bank loan of just over SEK 1bn at 10 years. It is pleasing to see that the bank market can now offer long maturities at competitive rates. The number of green funding sources is also increasing, which is a good sign that the financial market is becoming increasingly serious about taking responsibility for long-term sustainability.

After the turmoil at the end of last year and the beginning of this year, the bond market has stabilised and demand is robust once again, especially for green bonds. In March Fabege issued bonds for a total of SEK 650m, including SEK 400m with settlement date in early April, with about 5 years to maturity within the scope of its MTN programme.

The proportion of outstanding commercial paper is being kept at the lower level that was initiated during the fall, as part of the company's efforts to extend the maturity of the debt portfolio. The company has available credit facilities covering all outstanding commercial paper at any given time.

In the first quarter of the year, fixed-interest periods of a total of SEK 1,400bn were agreed in the form of interest rate swaps with maturities of between seven and ten years. At the end of the quarter, Fabege's derivatives portfolio comprised interest rate swaps totalling SEK 13,800m with terms of maturity extending through 2029 and carrying fixed interest at annual rates of between 0.24 and 2.08 per cent before margins.

Net financial items included other financial expenses of SEK 13m, mainly pertaining to accrued opening charges for credit agreements and costs relating to bond and commercial paper programmes. During the period, interest totalling SEK 4m (17) relating to project properties was capitalised.

FINANCING 31/03/2019

	2019-03-31	2018-12-31
Interest-bearing liabilities, SEKm	26,518	26,275
of which outstanding MTN, SEKm	6,250	6,000
of which outstanding SFF, SEKm	2,511	2,511
of which outstanding certificates, SEKm	2,500	2,510
Unutilized facilities, SEKm	4,290	4,529
Capital maturity, year	5.1	5.0
Fixed-rate period, year	4.3	3.6
Fixed-rate, share of the portfolio, %	52	54
Derivative market value, SEKm	-371	-132
Average interest, %	1.77	1.65
Average interest, %	1.67	1.55
Loan-to-value, %	38	39

GREEN FINANCING, 31/03/2019

	Credit lines	Outstanding loans and bonds
Green MTN-bonds, SEKm	6,250	6,250
Green bonds vis SFF, SEKm	2,086	2,086
Green loans, other, SEKm	9,510	9,130
Total green financing, SEKm	17,846	17,466
Share of green financing, %	58	66
Total green facilities, SEKm	45,296	
of which free green facilities, SEKm	12,545	

INTEREST RATE MATURITY STRUCTURE, 31/03/2019

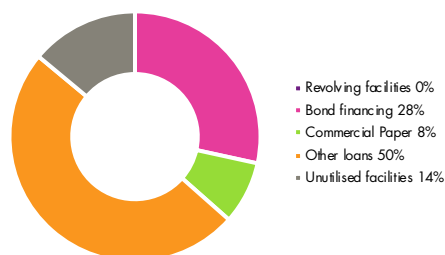
	Amount SEKm	Average interest rate, %	Share, %
< 1 year	10,232	2.68	39
1-2 years	760	0.47	3
2-3 years	0	0.00	0
3-4 years	1,100	1.04	4
4-5 years	1,650	0.79	6
5-6 years	2,400	0.78	9
6-7 years	1,900	0.90	7
7-8 years	2,700	0.94	10
8-9 years	3,114	1.40	12
9-10 years	2,662	1.35	10
Total	26,518	1.67	100

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

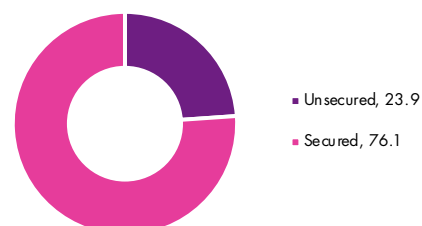
LOAN MATURITY STRUCTURE, 31/03/2019

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	2,500
< 1 year	1,561	1,151
1-2 years	7,330	3,330
2-3 years	2,900	1,400
3-4 years	7,200	6,700
4-5 years	1,000	1,000
5-10 years	9,564	9,184
10-15 years	0	0
15-20 years	1,253	1,253
20-25 years	0	0
Total	35,808	26,518

BREAKDOWN OF SOURCES OF FUNDING, 31/03/2019



PLEDGED ASSETS, 31/01/2019



Tax

The tax expense for the period amounted to SEK –301m (–558). The amount includes resolution of deferred tax in the amount of SEK 0m (105) in connection with property sales. Current tax of SEK 9m relates to a tax refund in the first quarter. Tax was calculated at a rate of 21.4 per cent on taxable earnings. In accordance with the new corporate taxation method, the deferred tax liability has been recalculated at the new tax rate of 20.6 per cent. The valuation of the loss carryforwards that are expected to be utilised between 2019 and 2020 has been calculated based on the current tax rate for these years of 21.4 per cent.

The new rules apply as of 1 January 2019. Fabega is of the opinion that the new rules are unlikely to have any material impact on the tax calculation for 2019, provided net interest items can be efficiently distributed across the Group. However, rising market rates will increase the negative effect (assuming cash flow remains generally the same).

Financial position and net asset value

Shareholders' equity amounted to SEK 36,102m (34,964) at the end of the period and the equity/assets ratio was 50 per cent (51). Equity per share attributable to Parent Company shareholders totalled SEK 109 (106), based on the number of shares after the split. EPRA NAV was SEK 130 per share (125) and EPRA NNNNAV amounted to SEK 125 per share (120).

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 370m (295). Changes in working capital had an impact on cash flow of SEK 93m (–382). Investing activities had an impact of SEK –655m (–615) on cash flow, while financing activities had a positive impact of SEK 243m (353) on cash flow. In investing activities, cash flow was driven by property transactions and projects. Overall, cash and cash equivalents changed by SEK 51m (–349) during the period.

Financial targets

Fabega'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 a maximum of 13.0.
- Equity/assets ratio of min. 35 per cent.

Operational targets

- The return on projects shall be at least 50 per cent.
- The investment volume shall amount to at least SEK 2,500m per year.
- Net lettings at least SEK 80m
- Surplus ratio to 2020: 75 per cent

SEK 130/share

EPRA NAV

31 Mar 2019

Locally sourced energy at Haga Norra!

We will produce our own heating and cooling in the vibrant new Haga Norra district. Bilia was first with 43 wells for geothermal energy at a depth of 330 metres. Once the district is completed in 2027, about 160 geopipes will supply climate smart energy to all offices, homes and retail premises in the district.

Geothermal energy enables us to take advantage of the thermal energy stored in the ground in order to produce heating and cooling in a locally sourced, sustainable and energy efficient manner.

"For us at Fabega it is important to always consider the environment and our footprint when we create new buildings and districts. It feels great knowing that we will be able to supply the entire Haga Norra district with geothermal energy, with no stress on the climate," says Mia Häggström, head of sustainability at Fabega.



Operations Jan–Mar 2019¹

Property values increased during the period, fuelled primarily by project development and higher rent levels for new and renegotiated leases.

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, Hammarby Sjöstad and Flemingsberg. At 31 March 2019, Fabege owned 89 properties with a total rental value of SEK 3.0bn, lettable floor space of 1.3m sqm and a book value of SEK 69.6bn, of which development and project properties accounted for SEK 7.7bn. The financial occupancy rate for the entire portfolio, including project properties, was 94 per cent (94). The occupancy rate in the investment property portfolio was 95 per cent (95).

During the period, 36 new leases were signed at a total rental value of SEK 36m (55), of which xx per cent pertained to Green leases. Lease terminations amounted to SEK 143m (46) after the Swedish Tax Agency terminated its lease to vacate the premises. Thus net lettings totalled SEK –107m (9). Rental contracts totalling SEK 78m were renegotiated, with an average rise in rental value of 19 per cent, reflecting the persistently strong trend on the rental market during the year. The retention rate during the period was 63 per cent (79). The decrease is due to the Swedish Tax Agency terminating its agreement for relocation.

Changes in the property portfolio

No property transactions were completed during the period. Realised changes in value totalled SEK 0m (83).

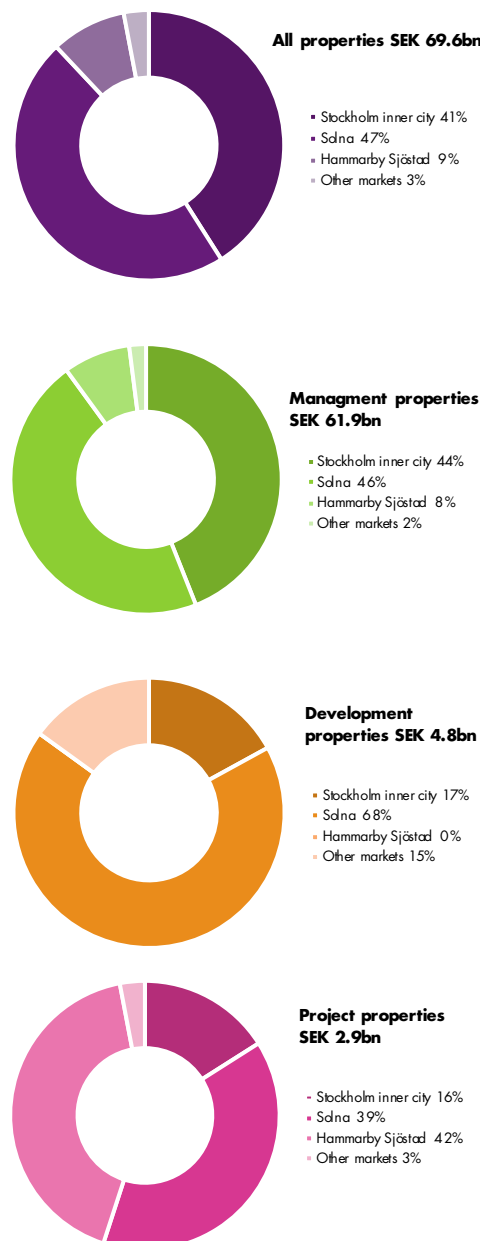
Changes in value of properties

The entire property portfolio is externally valued at least once annually. Approximately 46 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 69.6bn (67.6).

Unrealised changes in value totalled SEK 1,324m (2,700). The average yield requirement saw a slight decline to 4.11 per cent (4.13). The change in value in the investment property portfolio of SEK 683m (1,430) was principally due to higher rent levels and somewhat lower yield requirements. The project portfolio contributed a change in value of SEK 641m (1,138), mainly due to development gains in major project properties.

BREAKDOWN OF MARKET VALUE

31 March 2019



¹ The comparison figures for income and expense items relate to values for the period January–March 2018 and for balance sheet items as at 31 December 2018.

Environmental certification of properties

Fabege's objective is for the company's entire property portfolio to be certified to BREEAM-SE/BREEAM In-Use standard. Fabege's new builds are certified in accordance with BREEAM-SE, with the minimum level of Very Good. Of Fabege's 89 properties, 56 were certified, or in the process of certification, at the end of the period. Overall, this represents 82 per cent of the combined area of Fabege's existing portfolio. The properties that have not yet begun certification relate to land and development property for future project development.

Green leases

A green lease means that both parties agree on a joint environmental agenda for the premises. Choice of materials, renewable electricity, flexible building design and sorting of waste at source are examples of commitments under this kind of lease. Green leases are an important basis for environmental certification of the building. Fabege's aim is for Green leases to account for at least 75 per cent of total newly signed lettable space. During the period, the proportion totalled 93 per cent based on lettable space and 96 per cent based on annual rental value. Green leases account for 71 per cent of the total office space within Fabege.

Green financing

In 2016, Fabege launched the world's first green MTN programme. Green financing offers Fabege better conditions on the capital market and access to more financing alternatives. All Fabege's Swedish bank financiers are providing opportunities for green financing, as are the capital market and European Investment Bank. The aim is for 100 per cent of the company's financing to be green. The proportion of green financing totalled 66 per cent of outstanding credits at the end of the period.

Focus on health

Employees who are fit and well are more committed and have more energy to look after our customers, which is why here at Fabege we have a broad and long-term focus on health. This manifests itself partly in spreading knowledge within a broad spectrum of issues covering everything from diet and exercise to sleep and relationships, and partly via collective physical training sessions paired with time for recovery. We want our employees to have a sound work environment and to have time and energy for life outside of work. Health is also an important factor when developing sustainable districts. The most important part of the city are the people! Fabege wants to make it easier for everyone in our districts to live a healthier life. For example, we are now offering running at lunchtime in Hagaparken in collaboration with Anna Hellström and SOS Children's Villages for the third consecutive year.

Fabege's energy efficiency targets

Fabege's new energy efficiency targets are divided into phases. The first sub-target is 50 per cent more efficient energy use in 2019 compared with 2005. The next milestone is an average energy consumption of 80 kWh/sqm in the entire management portfolio for 2023, which is close to a 60 per cent reduction compared with 2005. The portfolio is divided into two parts: newer properties that have received planning permission after 2012 and have a target of 50 kWh/m² and older properties that have a target of 90 kWh/m². In 2018, Fabege's average energy consumption was 98 kWh/sqm for the entire management portfolio.

SUSTAINABILITY PERFORMANCE MEASURES

	2019 Jan-Mar	2018 jan-dec
Energy performance, kWh/sqm LOA	34	108
Environmental certification, number of pro	56	56
Environmental certification, of total area,	82	82
Green lease, share of newly signed area, %	93	90
Green lease, share of total office space	71	71
Green financing, %	66	60

Green financing

66 per cent

New CEO and President for Fabege

The Board of Directors of Fabege has appointed Stefan Dahlbo to serve as the new CEO and President. He is currently CEO and President of the listed investment company Byggmästare Anders J Ahlström Holding AB and has solid and extensive experience both as CEO and board member of both listed and unlisted companies. For example, in the past he has served on the Boards of Directors of Fabege, Wihlborgs and Klövern. Stefan Dahlbo will take over in his new role as soon as possible.

In previous roles, Stefan Dahlbo has been known for his excellent leadership and entrepreneurial skills, which are important properties in a company that is strongly influenced by visionary and complex urban development projects with many parties involved and where good relationships are crucial.

Christian Hermelin notified the Board on 16 December 2018 that he intended to leave the company in 2019. He has been active at Fabege for 26 years, including as CEO and President for the past 13 years.



Projects and investments

The purpose of Fabeges 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 Fabeges business model and should make a significant contribution to consolidated profit. Our target is to achieve a return on invested capital of at least 50 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 658m (786), of which investments in projects and development properties accounted for SEK 451m (638). The return on capital invested in the project portfolio was 142 per cent.

The capital invested in the investment property portfolio, which amounted to SEK 206m (148) and encompassed energy investments and tenant customisations, also contributed to the total growth in value.

Completed projects

During the fourth quarter of 2018, several major projects were completed that were transferred to the management portfolio. No additional projects were completed in the first quarter of 2019.

Major ongoing projects

Work is continuing on the project relating to the conversion and extension of Trikäfabriken 9 in Hammarby Sjöstad. The project is in its final phase and the Swedish Environmental Protection Agency will move in as the first tenant in April. As a result of increased costs and an accelerated schedule, the final cost forecast was adjusted up to SEK 555m. The occupancy rate is 76 per cent. Other tenants will move in during the summer and fall of 2019.

Construction of the office building at Bätturen 2 in Hammarby Sjöstad is progressing according to schedule, with completion expected this summer. The investment is estimated at SEK 186m. The property is fully let to Goodbye Kansas, with occupancy scheduled for June 2019.

The redevelopment project relating to part of Paradiset 23, Västra Kungsholmen, is continuing. Now that the demolition has been completed, work is under way on installations. The investment is estimated at SEK 239m. The property will be completed ready for occupancy in the first quarter of 2020. The occupancy rate is 48 per cent.

The conversion of Fortet 2 into a hotel, long-stay accommodation, coworking and restaurant facilities has gained momentum. The investment is estimated at SEK 120m. The property is fully let to KOM Hotell, which is owned by KFUM Central. Planning and some interior demolition work is underway.

Planning and groundwork has begun on the investment concerning Bilias new facility at the Stora Frösunda 2 property in Solna. A turnkey contract has been procured. The investment is expected to amount to roughly SEK 1,270m and the facility will be ready by the first quarter of 2021. The investment also extends to some costs relating to foundation work for the planned residential areas at the property.

The project for construction of a hotel, long-stay accommodation and offices at the Nationalarenan 3 property in Solna is proceeding according to plan. The building is planned for to be a zero-energy structure and will be certified to the standards BREEAM-SE excellent. The total investment is estimated to be SEK 730m. The property is now fully let to Nordic Choice Hotels and is expected to be ready for occupancy in Q1 2021. Planning and foundation work are underway and the contract has been procured.

After ICA left part of Fräsaren 12 in Solna Business Park, tenant customisation has been initiated for the Swedish National Agency for Education (Skolverket). The investment is expected to amount to SEK 170m and will be completed for occupancy in November 2019.

CHANGES IN PROPERTY VALUES 2019

Changes in property value	2019
Opening fair value 2019-01-01	67,634
Property acquisitions	0
Investments in new builds, extensions and conversions	658
Changes in value	1,324
Sales and disposals	0
Closing fair value 2019-12-31	69,616

TOTAL INVESTMENTS, JAN-MAR 2019

Changes in property value	2019 Jan-Mar
Opening fair value 2018-01-01	451
Property acquisitions	207
Closing fair value 2018-12-31	658

AVERAGE YIELD REQUIREMENT PER AREA, 2019-03-31

Area	Average yield, %
Stockholm city	3.87
Solna	4.24
Hammarby Sjöstad	4.47
Other	4.52
Average yield	4.11

SALES OF PROPERTIES 2019

No property sales were made during the first quarter of 2019.

PROPERTY ACQUISITIONS 2019

No property acquisitions took place during the first quarter of 2019.

Housing developments in joint ventures

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. A parking area and residential units are currently under construction as part of stage 1, including 69 apartments. The selling rate in stage 1 amounts to 87 per cent. Planning is underway for stages 2 and 3, with a total of an additional 207 apartments. The project is financed externally with a construction loan. Income recognition will not occur until the end of the project.

In August, a decision was made regarding the development of the Lagern 3 property in Råsunda into tenant-owner apartments. The project will be managed together with the TB Group in a 50/50 per cent co-owned company. The property, which is owned by Fabège, will be sold to the co-owned development company in the spring. The investment is estimated to be SEK 240m in total excluding purchase of the land.

Furthermore, a decision has been taken to develop a housing project in cooperation with Brabo at the Stora Frösunda property in Haga Norra. The project includes 422 apartments that will be produced in a 3D allotment above the facility that Fabège is building for Bilia at the property. The project is currently in the planning phase.

The current JV projects are not being consolidated, but will be recognised as an associated company in accordance with the equity method.

142%

Return Projects

ONGOING PROJECTS > SEK 50M

31 March 2019

Property listing	Property type	Area	Completed	Lettable area, sqm	Occupancy rate, area, % ¹	Carrying amount SEKm	Estimated investment, SEKm	of which, worked up, SEKm
Trikåfabriken 9	Offices	Hammarby Sjöstad	Q2-2019	16,300	76%	55	835	463
Båtturen 2 (part of)	Offices	Hammarby Sjöstad	Q2-2019	5,200	100%	18	297	163
Frösaren 12 (part of)	Offices	Solna Business Park	Q4-2019	12,900	100%	41	537	29
Paradiset 23 (part of)	Offices	Stadshagen	Q1-2020	7,200	48%	29	344	116
Fortet 2	Hotell	Arenastaden	Q1-2020	7,533	100%	20	227	6
Stora Frösunda (part of)3	Offices	Arenastaden	Q1-2021	44,400	100%	60	1,270	321
Nationalarenan 3	Offices	Arenastaden	Q1-2021	19,100	100%	55	266	83
Total				112,633	93%	278	2,673	1,181
Other land and project properties						915		
Other development properties						4,661		
Total projects, land and development properties						8,249		

¹ Operational occupancy rate 31 december 2018.

² Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 226m (fully let) from SEK 0m in annualised current rent as of 31 December 2018.

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

DEVELOPMENT RIGHTS

31 March 2019

Commercial, sqm		Residential, sqm	
Inner city	41,000	Inner city	19,000
Solna	246,000	Solna	251,000
Hammarby Sjöstad	43,000	Hammarby Sjöstad	-
Others	97,000	Others	-
Total	427,000	Total	270,000
Legal binding, %	44	Legal binding, %	44
Booked value, SEK/sqm	3,400	Booked value, SEK/sqm	8,800

Space and carrying amount relates to additional development rights space. Development will in some cases require demolition of existing areas, which will impact the overall calculation. The volumes are not maximised. Ongoing planning work aims to increase the volume of future development rights. Flemingsberg is not included, as work is under way on the vision and overall plan. The conclusion is that Flemingsberg will bring a substantial volume of development rights at low initial values.

PROPERTY PORTFOLIO

31 March 2019

Property holdings	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value ²	Financial occupancy rate %
Investment properties ¹	64	1,122	61,904	2,908	95
Development properties ¹	10	128	4,828	126	81
Land and Project properties ¹	15	12	2,884	5	0
Total	89	1,262	69,616	3,039	94
Of which, Inner city	28	390	28,461	1,219	95
Of which, Solna	45	720	32,958	1,478	94
Of which, Hammarby Sjöstad	10	105	6,046	253	87
Of which, Other	6	47	2,151	89	100
Total	89	1,262	69,616	3,039	94

¹ See definitions on page 19.

² In the rental value, time limited deductions of about SEK 167m (in rolling annual rental value at 30 March) have not been deducted.

SEGMENT REPORTING IN SUMMARY¹

	2019 Jan-Mar	2019 Jan-Mar	2019 Jan-Mar	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Mar	2018 Jan-Mar	2018 Jan-Mar
SEKm	Property Management	Property Development	Transaction	Total	Property Management	Property Development	Transaction	Total
Rental income	691	27		718	588	26		614
Property expenses	-188	-21		-209	-164	-11		-175
Net operating income	503	6	0	509	428	15	0	439
Surplus ratio, %	73%	22%		71%	72%	58%		71%
Central administration	-17	-4		-21	-15	-3		-18
Net interest expense	-85	-23		-108	-105	-21		-126
☺	-7			-7				
Share in profits of associated companies	-6	-1		-7	-20	-1		-21
Profit from property management activities	388	-22	0	366	288	-10	0	274
Realised changes in value of properties	0	0	0	0	0	0	83	83
Unrealised changes in value of properties	683	641		1,324	1,430	1,138	132	2,700
Profit/loss before tax per segment	1,071	619	0	1,690	1,718	1,128	215	3,057
Changes in value, fixed income derivatives and equities				-241				40
Profit before tax				1,449				3,097
Properties, market value	61,904	7,712		69,616	50,905	10,470		61,375
Occupancy rate, %	95%	81%		94%	95%	89%		94%

¹ See definitions on page 19

Reclassifications during the period between the Property Management and Property Development segments are stated in the note on Segment Reporting on page 17.

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.

Other financial information

SENSITIVITY ANALYSIS – PROPERTY VALUES

Change in value, %	Impact on after-tax profit, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	543	50.5%	37.9%
0	0	50.2%	38.1%
-1	-543	49.9%	38.3%

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.

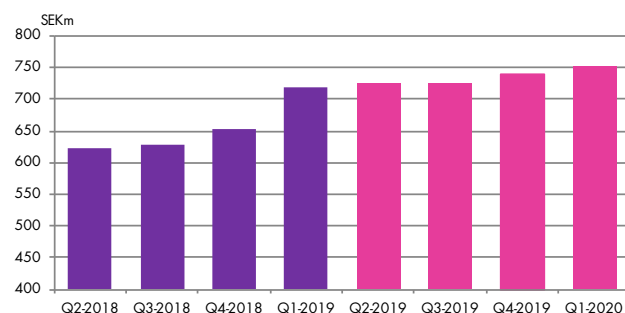
SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change / effect, SEKm
Rental income, total	1% 28.7
Rent level, commercial income	1% 20.0
Financial occupancy rate	1 percentage point 30.5
Property expenses	1% 27.0
Interest expense, rolling 12 months ¹	+/-1 percentage point 47 / 7
Interest expenses, longer term perspective	1 percentage point 265.2

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.

¹ In 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 period, 184 people (167) were employed by the Fabège Group.

Parent Company

Sales during the year amounted to SEK 99m (72) and earnings before appropriations and tax were SEK -327m (-88).

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

LEASE MATURITY STRUCTURE

Maturity, year	No. of leases	Annual value, SEKm	Share, %
2019	544	422 ¹	19%
2020	561	561	26%
2021	580	280	13%
2022	224	224	10%
2023	189	188	9%
2024+	745	745	35%
Commercial	2,843	1,998	93%
Residential	128	12	1%
Garage and parking	907	142	7%
Total	3,878	2,152	100%

¹ Of which just over SEK 177m has already been renegotiated

BIGGEST CUSTOMERS

	Share ¹ , %	Valid to year
SEB	6%	2037
Telia Company	5%	2031
ICA Fastigheter Sverige AB	4%	2030
Skatteverket	4%	2020
Swedbank	2%	2029
Migrationsverket	2%	2028
Hi3G Access AB	2%	2028
Carnegie Investment Bank AB	1%	2019
Telenor AB	1%	2028
Svea Ekonomi AB	1%	2023
Total	28%	

¹ Share of contracted rent

Acquisition and transfer of treasury shares

The 2019 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 shares outstanding at any time. No shares were bought back during the period and the Fabège does not own any treasury shares.

Events after balance sheet date

On 2 April, in accordance with the Board's proposal, the AGM resolved on a dividend of SEK 2.65 per share, totalling SEK 877m. The dividend was paid on 9 April 2018.

On 2 April the Board of Directors of Fabège appointed Stefan Dahlbo to serve as the new CEO and President. He is currently CEO and President of the listed investment company Byggmästare Anders J Ahlström Holding AB and has solid and extensive experience both as CEO and board member of both listed and unlisted companies. For example, in the past he has served on the Boards of Directors of Fabège, Wihlborgs and Klövern. Stefan Dahlbo will take over in his new role as soon as possible. Christian Hermelin will remain as CEO until Stefan Dahlbo takes over.

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 2018 Annual Report (pages 54–59).

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 2018 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 2018 Annual Report (pages 54–59).

No material changes in the company's assessment of risks have arisen following publication of the 2018 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

The Stockholm market is robust and Fabège is well equipped to harness the opportunities that exist and to cope with any challenges. Although an economic slowdown is fast approaching, we can see that Stockholm will continue to grow for the foreseeable future. Given prevailing market conditions and Fabège's attractive property and project portfolio, circumstances are favourable for a continued positive trend in 2019. Completed project properties and continued low interest expenses are expected to yield an improved profit from property management. Our attractive development rights in prime locations allow us the opportunity for continued successful, value-generating project development.

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, with the exception of what is stated below regarding IFRS 16. Other new or revised IFRS standards or other IFRIC -interpretations that came into effect after 1 January 2019 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 that enter into force from 1 January 2019 onwards

IFRS 16 Leases

This standard replaced IAS 17 on 1 January 2019, and among other things, lessees must record leases in the balance sheet. Fabège does not apply the standard retroactively. Given Fabège's status as a landlord and lessor, the change is not expected to affect the company's statements. Of the Group's leases, management of ground rents is the most significant. At 1 January 2019, the lease liability for ground rents amounts to SEK 942m. A corresponding right-of-use asset is included in the balance sheet. The cost of ground rents is recognised as a financial expense. Earnings from property management are therefore not affected. The ground rent is restored as an operating expense in the calculation of the interest coverage ratio, as with previous accounts. The accounting has a negligible impact on key ratios such as the equity/assets ratio.

No other new and amended standards approved by the EU and interpretative statements from IFRS Interpretations Committee are deemed to impact the Group's financial position to any significant extent.

Stockholm, 12 April 2019



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 the Nasdaq Stockholm and included in the Large-Cap segment.

Owners

On 31 March 2019, Fabège had a total of 39,015 known shareholders. The 15 largest owners controlled 45.7 per cent of the total number of shares and votes.

Dividend policy

Fabège will issue as a dividend to its shareholders the portion of the company's profit that is not required to consolidate or develop operations. Under current market conditions, this means that the dividend is expected to sustainably account for at least 50 per cent of profit from continuous property management and realised gains from the sale of properties after tax.

On 2 April, in accordance with the Board's proposal, the AGM resolved on a dividend of SEK 2.65 per share, totalling SEK 877m. The dividend was paid on 9 April 2018.

Number of shares

At the 2018 AGM, a decision was made to carry out a 2:1 share split. The share split meant that the number of shares in Fabège AB (publ) increased from 165,391,572 to 330,783,144. The new shares were registered in the shareholders' accounts on 30 April 2018.

OWNER DISTRIBUTION, 31/03/2019

	Number of shares*	Proportion of equity, %	Proportion of votes, %
Erik Paulsson and company	50,186,718	15.2	15.4
BlackRock	14,658,395	4.4	4.4
Fourth AP-fund	13,500,068	4.1	3.7
Länsförsäkringar Funds	11,721,313	3.5	3.6
Vanguard	8,959,213	2.7	2.7
Investment AB Öresund	7,904,715	2.4	2.5
Mats Qviberg with family	7,495,736	2.3	2.3
E.N.A City AB	6,120,000	1.9	1.9
AMF Insurance & Funds	5,600,000	1.7	1.8
Handelsbanken Funds	5,429,962	1.6	1.7
TR Property Investment Trust	5,106,969	1.5	1.2
Norges Bank	3,969,343	1.2	1.2
Pensionskassan SHB Försäkringsförening	3,840,000	1.2	1.2
Swedbank Robur Funds	3,459,160	1.0	1.1
CBRE Clarion Securities	3,398,518	1.0	1.1
Total 15 largest shareholders	151,350,110	45.7	45.8
Other	179,433,034	54.3	54.2
Total no. of shares outstanding	330,783,144	100.0	100.0
Treasury shares	0	0	0
Total no. of registered shares	330,783,144	100.0	100.0

* The verification date may vary for foreign shareholders

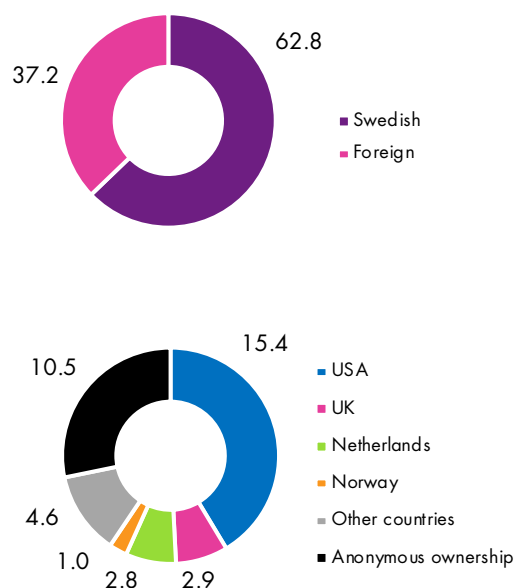
TURNOVER AND TRADING, JAN-MAR 2019

	Fabège	Large Cap Nasdaq Stockholm (average)
Lowest price, SEK	115.00	-
Highest price, SEK	136.14	-
VWAP, SEK	127	-
Average daily turnover, SEK	84,016,967	123,685,502
Number of traded shares, no	661,532	-
Average number of transactions, no	2,294	2,218
Number of transactions, no	144,488	17,738,815
Average value per transaction, SEK	36,633	39,248
Daily turnover relative to market capitalization	0.20	0.25

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

DISTRIBUTION OF OWNERSHIP, 31 MARCH 2019

	Number of shares	Capital & votes, %
Foreign institutional owners	88,657,412	26.8
Swedish institutional owners	87,245,214	26.4
Other owners	73,275,600	22.2
Swedish private individuals	50,429,744	15.2
Anonymous ownership	31,175,174	9.4
Total	330,783,144	100



CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2019 Jan-Mar	2018 Jan-Mar	2018 jan-dec	LTM apr-mar
Rental income ¹	718	614	2,517	2,621
Property expenses	-209	-175	-642	-676
Net operating income	509	439	1,875	1,945
Surplus ratio, %	70%	72%	74%	74%
Central administration	-21	-18	-80	-83
Net interest/expense	-108	-126	-485	-467
Ground rent	-7	-	-	-7
Share in profits of associated companies	-7	-21	-64	-50
Profit/loss from property management	366	274	1,246	1,345
Realised changes in value of properties	0	83	153	70
Unrealised changes in value of properties	1,324	2,700	7,685	6,309
Unrealised changes in value, fixed income derivatives	-238	40	16	-262
Changes in value of shares	-3	0	3	0
Profit/loss before tax	1,449	3,097	9,103	7,462
Current tax	9	-	-5	-5
Deferred tax	-310	-558	-1,399	-1,151
Profit/loss for period/year	1,148	2,539	7,699	6,306
Items that will not be restated in profit or loss				
Revaluation of defined-benefit pensions	-	-	-2	-2
Comprehensive income for the period/year	1,148	2,539	7,697	6,304
Off which attributable to the minority	-23		-4	-27
Total comprehensive income attributable to Parent Company shareholders	1,125	2,539	7,693	6,277
Non-controlling interest	-	-	-	-
Earnings per share, SEK ²	3:47	7:68	3:47	17:03
Total earnings per share, SEK ²	3:47	7:68	3:47	16:98
No. of shares at period end, millions	330,783	330,783	330,783	330,783
Average no. of shares, thousands	330,783	330,783	330,783	330,783

¹ Additional payment, service and other income amounts to SEK 30m, corresponding to 4% of total rental income for the period January - March 2019.

² Conversion per share has been made with regard to split 2: 1, according to the Annual General Meeting of 9 April 2018. No. of shares in previous periods has been recalculated accordingly.

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2019 Mar 31	2018 Mar 31	2018 Dec 31
Assets			
Properties	69,616	61,375	67,634
	942	-	-
Other tangible fixed assets	3	3	3
Financial fixed assets	424	400	429
Current assets	735	728	622
Short-term investments	128	153	127
Cash and cash equivalents	66	0	15
Total assets	71,914	62,659	68,830
Equity and liabilities			
Shareholder's equity	36,102	30,551	34,964
Deferred tax	6,691	5,546	6,381
Other provisions	167	235	166
Interest-bearing liabilities ¹	26,518	25,194	26,275
Lease liability	942	-	-
Derivative instrument	371	251	132
Non-interest-bearing liabilities	1,123	882	912
Total equity and liabilities	71,914	62,659	68,830

¹ Of which short-term SEK 3,651m (3,241)

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 2018, according to adopted Statement of financial position	28,012	27,956	-
Cash dividend	-744	-744	-
Profit for the period	7,698	7,702	-4
Other comprehensive income	-2	-2	-
Shareholders' equity, 31 December 2018	34,964	34,912	-4
Cash dividend	-10	0	-
Profit for the period	1,148	1,125	23
Other comprehensive income	-	-	-
Shareholders' equity, 31 March 2019	36,102	36,037	19

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Operations			
Net operating income	509	439	1,875
Central administration	-21	-19	-80
Reversal of depreciation	0	0	0
Interest received	2	3	12
Interest paid	-129	-129	-608
Income tax paid	9	0	-5
Cash flow before changes in working capital	370	295	1,194
Change in working capital			
Change in current receivables	100	-210	-98
Change in current liabilities	-7	-172	-173
Total change in working capital	93	-382	-271
Cash flow from operating activities	463	-87	923
Investing activities			
Investments in new-builds, extensions and conversions	-647	-769	-2,911
Acquisition of properties	0	0	-751
Divestment of properties	0	-211	1,930
Other tangible fixed assets	-8	-57	-72
Cash flow from investing activities	-655	-615	-1,804
Financing activities			
Dividend to shareholders	-	-	-774
Change in interest bearing liabilities	243	353	1,434
Realised changes in value, fixed income derivatives	0	0	-143
Cash flow from investing activities	243	353	547
Cash flow for the period	51	-349	-334
Cash and cash equivalents at beginning of period	15	349	349
Cash and cash equivalents at end of period	66	0	15

CONSOLIDATED KEY FIGURES

Financial ²	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Return on capital employed, %	9.9	23.7	16.4
Return on equity, %	12.9	34.7	24.5
Interest coverage ratio, multiple	4.5	3.3	3.7
Equity	50	49	51
Loan-to-value ratio, properties, %	38	41	39
Debt ratio, multiple	14.2	15.1	14.6
Debt/equity ratio, multiple	0.7	0.8	0.8
Share related ^{1 2}			
Earnings per share, SEK ³	3:47	7:67	23:28
Total earnings per share, SEK	3:47	7:67	23:27
Equity per share, SEK	109	92	106
Cash flow from operating activities per share, SEK	1:40	-0:26	2:95
Average no. of shares, thousands	330,783	330,783	330,783
No. of outstanding shares at end of period, thousands	330,783	330,783	330,783
Property-related			
No. of properties	89	90	89
Carrying amount, Properties, SEKm	69,616	61,375	67,634
Lettable area, sqm	1,262,000	1,131,000	1,252,000
Financial occupancy rate, %	94	94	94
Total return on properties, %	2.7	5.5	16.3
Surplus ratio, %	71	72	74

¹ Conversion per share has been made with regard to split 2: 1, according to the Annual General Meeting of 9 April 2018. No. of shares in previous periods has been recalculated accordingly.

² Unless otherwise stated, the key figure is not defined under IFRS. Please see page 19 for definitions

³ Definitions according to IFRS

EPRA KEY RATIOS

	2019 Jan-Mar	2018 Jan-Mar
EPRA Earnings (income from property mgmt after tax), SEKm	325	246
EPRA Earnings (EPS) , SEK/share	0.98	0.74
EPRA NAV (long term net asset value, MSEK)	43,164	36,348
EPRA NAV, SEK/share	130	110
EPRA NNNNAV (net asset value), SEKm	41,424	34,822
EPRA NNNNAV, SEK/share	125	105
EPRA Vacancy rate, %	6	6

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. All callable swaps expired in 2018. The derivatives portfolio is measured at the present value of future cash flows. Changes in value are recognised in profit or loss. Changes in value are of an accounting nature and have no impact on cash flow. At the due date, the market value of derivative instruments is always zero.

	Group		Parent Company	
	2019 Mar 31	2018 Dec 31	2019 Mar 31	2018 Dec 31
IFRS, level 3, SEKm				
Opening value	0	-66	0	-66
Acquisitions/Investments	0	0	0	0
Changes in value	0	66	0	66
Matured	0	0	0	0
Closing value	0	0	0	0
Carrying amount	0	0	0	0

¹ Is attributable in its entirety to derivative instruments that were held by the company at the beginning of the year and were due during the period.

DEFERRED TAX

	2019 Mar 31	2018 Mar 31	2018 Dec 31
Deferred tax attributable to:			
- tax loss carryforwards, SEKm	-853	-978	-908
- difference between book value and tax value in respect of properties, SEKm	7,651	6,602	7,341
- derivatives, SEKm	-107	-73	-52
- other, SEKm	0	-5	0
Net debt, deferred tax, SEKm	6,691	5,546	6,381

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.

	2019 Mar 31	2018 Mar 31	2018 Dec 31
Equity/assets ratio			
Equity, SEKm	36,102	30,551	34,964
Total assets, SEKm	71,914	62,659	68,830
Equity/assets ratio	50%	49%	51%

	2019 Mar 31	2018 Mar 31	2018 Dec 31
Loan-to-value ratio, properties			
Interest-bearing liabilities, SEKm	26,518	25,194	26,275
Booked value properties, SEKm	69,616	61,375	67,634
Loan-to-value ratio, properties	38%	41%	39%

	2019 Mar 31	2018 Mar 31	2018 Dec 31
Debt ratio			
Operating surplus, SEKm	1,945	1,740	1,875
Central administration, SEKm	-83	-73	-80
Total, SEKm	1,862	1,667	1,795
Interest-bearing liabilities, SEKm	26,518	25,194	26,275
Debt ratio, multiple	14.2	15.1	14.6

	2019 Mar 31	2018 Mar 31	2018 Dec 31
Interest coverage ratio, multiple			
Net operating income, SEKm	509	439	1,875
Ground rent	-7	-	-
Central administration, SEKm	-21	-18	-80
Total, SEKm	481	-126	1,795
Net interest/expense, SEKm	-108	-126	-485
Interest coverage ratio, multiple	4.5	3.3	3.7

	2019	2018	2018
	Jan-Mar	Jan-Mar	Jan-Dec
Return on equity			
Profit for the period, SEKm	1,148	2,539	5,632
Average shareholders' equity, SEKm	35,533	29,281	25,507
Return on equity	12.9%	34.7%	22.1%

	2019	2018	2018
	Jan-Mar	Jan-Mar	Jan-Dec
Total return on properties			
Net operating income, SEKm	509	439	1,875
Unrealized and realized value changes properties, SEKm	1,324	2,783	7,838
Market value including capital investment during the period, SEKm	68,292	58,675	59,679
Total return on properties, %	2.7%	5.5%	16.3%

	2019	2018	2018
	Jan-Mar	Jan-Mar	Jan-Dec
EPRA NAV & EPRA NNNAV			
Shareholders' equity, SEKm	36,102	30,551	34,964
Reversal of fixed-income derivatives, SEKm	371	251	132
Reversal of deferred tax according to the balance sheet, SEKm	6,691	5,546	6,381
Sum, SEKm	43,164	36,348	41,477
Number of shares, millions	330.8	330.8	330.8
EPRA NAV, SEK per share	130	110	125
Deduction of interest rate derivatives	-371	-251	-132
Deduction of actual deferred tax ¹	-1,369	-1,275	-1,587
EPRA NNNAV (Short-term net asset value)	41,424	34,822	39,758
EPRA NNNAV (Short-term net asset value) SEK per share	125	105	120

¹ Conversion per share has been made with regard to split 2: 1, according to the Annual General Meeting of 9 April 2018. No. of shares in previous periods has been recalculated accordingly.

	2019	2018	2018
	Jan-Mar	Jan-Mar	Jan-Dec
EPRA EPS			
Profit from property management, SEKm	366	274	1,246
Tax-deductible depreciation, SEKm	-180	-145	-721
Sum, SEKm	186	129	525
Nominal tax (22%), SEKm	41	28	116
EPRA earnings in total, (Profit from property management minus nominal tax) SEKm	325	246	1,131
Number of shares, millions	330.8	330.8	330.8
EPRA EPS, SEK per share	0.98	0.74	3.42

¹ Conversion per share has been made with regard to split 2: 1, according to the Annual General Meeting of 9 April 2018. No. of shares in previous periods has been recalculated accordingly.

	2019	2018	2018
	Jan-Mar	Jan-Mar	Jan-Dec
EPRA Vacancy rate			
ERV of vacant space, SEKm	176	148	176
Rental value, yearly, entire portfolio, SEKm	3,039	2,641	2,960
Sum, SEKm	6%	6%	6%

CONTINGENT LIABILITIES

Contingent liabilities comprise the balance sheet date guarantees and commitments in favour of associated companies of SEK 423m (390) and other 0 (0).

SEGMENT REPORTING – CLASSIFICATIONS AND RECLASSIFICATIONS DURING THE PERIOD

No reclassifications took place during the first quarter.

PARENT COMPANY CONDENSED INCOME STATEMENT

	2019	2018	2018
	Jan-Mar	Jan-Mar	Jan-Dec
SEKm			
Income	99	72	260
Expenses	-172	-163	-346
Net financial items	-16	-37	1,896
Share in profits of associated companies	0	0	-4
Changes in value, fixed-income derivatives	-238	40	16
Changes in value, equities	0	0	3
Group Contribution	-	-	1,208
Profit before tax	-327	-88	3,033
Current tax	-	-	0
Deferred tax	125	-9	-237
Profit for the period	-202	-97	2,796

PARENT COMPANY CONDENSED BALANCE SHEET

SEKm	2019 Mar 31	2018 Mar 31	2018 Dec 31
Participation in Group companies	12,516	12,516	12,516
Other fixed assets	41,274	41,495	41,092
of which, receivables from Group companies	40,999	41,120	40,945
Current assets	591	357	614
Cash and cash equivalents	61	0	1
Total assets	54,442	54,368	54,223
Shareholders' equity	11,979	10,032	12,180
Provisions	70	69	69
Long-term liabilities	39,387	38,937	38,911
of which, liabilities to Group companies	17,608	21,337	17,830
Current liabilities	3,006	5,330	3,063
Total equity and liabilities	54,442	54,368	54,223

Quarterly overview

CONDENSED INCOME STATEMENT, SEKm

SEKm	2019		2018		2017			
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Rental income	718	653	627	623	614	592	580	562
Property expenses	-209	-167	-146	-154	-175	-142	-145	-146
Net operating income	509	486	481	469	439	450	435	416
Surplus ratio	70%	74%	77%	75%	71%	76%	75%	74%
Central administration	-21	-20	-21	-21	-18	-21	-17	-17
Net interest expense	-108	-114	-114	-131	-126	-126	-127	-123
	-7	-	-	-	-	-	-	-
Share in profits of associated companies	-7	-1	-23	-19	-21	-24	-27	-43
Profit/loss from property management	366	351	323	298	274	279	264	233
Realised changes in value of properties	0	65	0	5	83	0	0	20
Unrealised value of properties	1,324	1,560	847	2,578	2,700	1,643	2,463	1,156
Unrealised changes in value, fixed-income derivatives	-238	-125	103	-2	40	41	71	67
Changes in value, equities	-3	-1	4	0	0	-1	0	0
Profit for the period/year	1,449	1,850	1,277	2,879	3,097	1,962	2,798	1,476
Current tax	9	-6	-1	0	0	0	-1	0
Deferred tax	-310	-412	-186	-243	-558	-532	-596	-337
Comprehensive income for the period	1,148	1,432	1,090	2,636	2,539	1,430	2,201	1,139

CONDENSED FINANCIAL POSITION, SEKm

SEKm	2019		2018		2017			
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Assets								
Properties	69,616	67,634	65,024	63,391	61,375	57,889	55,509	52,464
	942	-	-	-	-	-	-	-
Other tangible fixed assets	3	3	3	3	3	4	3	2
Financial fixed assets	424	429	409	424	400	342	495	497
Current assets	735	622	549	481	728	647	586	636
Short-term investments	128	127	154	153	153	153	152	142
Cash and cash equivalents	66	15	61	67	0	349	161	19
Total assets	71,914	68,830	66,200	64,519	62,659	59,384	56,906	53,760
Equities and liabilities								
Shareholders' equity	36,102	34,964	33,532	32,443	30,551	28,012	26,597	24,396
Deferred tax	6,691	6,381	5,991	5,789	5,546	4,988	4,455	3,859
Other provisions	167	166	229	229	235	233	216	216
Interest-bearing liabilities	26,518	26,275	25,435	24,947	25,194	24,841	24,436	23,886
	942	-	-	-	-	-	-	-
Derivative instruments	371	132	39	254	251	291	332	402
Non-interest bearing liabilities	1,123	912	974	857	882	1,019	870	1,001
Total equity and liabilities	71,914	68,830	66,200	64,519	62,659	59,384	56,906	53,760

KEY RATIOS

	2019	2018				2017			
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	
Financial²									
Return on capital employed, %	9.9	13.0	9.5	21.3	23.7	16.4	23.1	13.4	
Return on equity, %	12.9	16.7	13.2	16.7	34.7	20.9	34.5	18.8	
Interest coverage ratio, multiple ²	4.5	4.1	4.0	3.4	3.3	3.4	3.3	3.2	
Equity/assets ratio, %	50	51	51	50	49	47	47	45	
Loan-to-value ratio, properties, %	38	39	39	39	41	43	44	46	
Debt ratio, multiple	14.2	14.6	14.5	14.5	15.1	15.5	15.8	15.8	
Debt/equity ratio, multiple	0.7	0.8	0.8	0.8	0.8	0.9	0.9	1.0	
Share-related^{1 2}									
Earnings per share, SEK ³	3.47	4.33	3.29	7.97	7.67	4.32	6.65	3.38	
Total earnings per share, SEK	109	106	101	98	92	85	80	74	
Cash flow from operating activities per share, SEK	1.40	0.36	1.23	1.62	-0.26	0.45	-3.88	0.12	
No. of shares outstanding at the end of the period, thousands	330,783	330,783	330,783	330,783	330,783	330,783	330,783	330,783	
Average no. of shares, thousands	330,783	330,783	330,783	330,783	330,783	330,783	330,783	330,783	
Property-related									
Financial occupancy rate, %	94	94	95	95	94	94	94	94	
Total return on properties, %	2.7	3.2	2.1	4.9	5.5	3.7	5.5	3.1	
Surplus ratio, %	71	72	77	75	72	76	75	74	

¹ Conversion per share has been made with regard to split 2: 1, according to the Annual General Meeting of 9 April 2018. No. of shares in previous periods has been recalculated accordingly.

² Unless otherwise stated, the key figure is not defined under IFRS. Please see page 19 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.

RETURN ON EQUITY

Profit for the period/year divided by average shareholders' equity including non-controlling interest. In interim reports, the return is converted into its annualised value without taking account of seasonal variations.

RETURN ON CAPITAL EMPLOYED

Profit before tax plus interest expenses, divided by average capital employed. In interim reports, the return is converted into its annualised value without taking account of seasonal variations.

LOAN-TO-VALUE RATIO, PROPERTIES

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

RETURN, SHARE

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

EQUITY PER SHARE

Parent Company shareholders' share of equity according to the balance sheet, divided by the number of shares at the end of the period.

FINANCIAL OCCUPANCY RATE*

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

EPRA EPS

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

EPRA NAV

– LONG-TERM NET ASSET VALUE

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

EPRA NNAV

– SHORT-TERM NET ASSET VALUE

Shareholders' equity at the end of the period adjusted for actual deferred tax instead of nominal deferred tax, and the minority's share of the capital divided by the number of shares outstanding at the end of the period.

EPRA VACANCY RATE

Estimated market rent for vacant rents divided by the annual rental value for the entire property portfolio.

INVESTMENT PROPERTIES*

Properties that are being actively managed on an ongoing basis.

DEVELOPMENT PROPERTIES*

Properties in which a conversion or extension is in progress or planned that has a significant impact on the property's net operating income. Net operating income is affected either directly by the project or by limitations on lettings prior to impending improvement work.

RENTAL VALUE*

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

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

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

LEASE VALUE*

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

LAND AND PROJECT PROPERTIES*

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

NET LETTINGS*

New lettings during the period less terminations to vacate.

PROFIT/EARNINGS PER SHARE

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

INTEREST COVERAGE RATIO

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

DEBT RATIO

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

DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity.

EQUITY/ASSETS RATIO

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

CAPITAL EMPLOYED

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

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.

ACTUAL DEFERRED TAX

Estimated actual deferred tax has been calculated at approximately 4 per cent based on a discount rate of 3 per cent. Furthermore, it has been assumed that loss carryforwards are realised over four years with a nominal tax rate of 21.4 per cent, which gives a net present value for deferred tax assets of 19.7 per cent. The calculation is also based on the property portfolio being realised over 50 years, with 10 per cent being sold directly with a nominal tax rate of 20.6 per cent and the remaining 90 per cent being sold indirectly via companies with a nominal tax rate amounting to 6 per cent, which gives a net present value for deferred tax liabilities of 4 per cent.

RETENTION RATE*

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

SURPLUS RATIO*

Net operating income divided by rental income.

*This key ratio is operational and is not regarded as an alternative performance measure according to 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 2019, Fabège owned 89 properties with a total market value of SEK 69.6bn. The rental value was SEK 3.0bn.

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 take advantage of opportunities to generate capital growth through acquisitions and divestments.

CALENDAR

Interim report Jan–June 2019	5 July 2019, 7:30 am CET
Interim report Jan–Sep 2019	21 October 2019, 7:30 am CET
Year-end report 2019	5 February 2020, 12:00 noon CET

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There will also be a web presentation on the Group's website on 12 April 2019, at which Christian Hermelin and Åsa Bergström will present the report.



PRESS RELEASES DURING THE FIRST QUARTER 2019¹

21/01/2019	Fabege leases out 3,000 sqm in Hammarby Sjöstad
23/01/2019	Fabege has signed a green borrowing agreement for SEK 1.6 billion with Brunswick Real Estate
29/01/2019	Swedish Tax Agency moves
05/02/2019	Year-end report 2018
15/02/2019	Nominating Committee's proposal concerning Board of Directors and Chair of Fabege AB (publ)
25/02/2019	Fabege publishes its annual report for 2018
28/02/2019	Notice of Annual General Meeting in Fabege AB (publ)
18/03/2019	Fabege and SEI launch a new initiative for achieving the
19/03/2019	UN's global goals
25/03/2019	Pär Nuder declines reelection to Fabege's Board of Directors
	Revision of Nominating Committee's proposal to Fabege's
27/03/2019	2019 Annual General Meeting
	Geothermal energy in Haga Norra

¹Including regulatory and non-regulatory press releases during the period.



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