

Q2

Summary SEKm

	2014 April-Jun	2013 April-Jun	2014 Jan-Jun	2013 Jan-Jun
Rental income	526	519	1,039	1,032
Net operating income	389	374	738	704
Profit from property management	167	165	317	300
Profit before tax	356	619	686	1,239
Profit after tax	323	515	563	1,031
Surplus ratio,%	74	72	71	68
Equity/assets ratio,%	-	-	35	35
Equity per share, SEK	-	-	76	73

January - June 2014

- Rental income amounted to SEK 1,039m (1,032). In an identical portfolio, income rose nearly 2 per cent.
- Net operating income increased about 5 per cent to SEK 738m (704). The surplus ratio rose to 71 per cent (68).
- Profit from property management increased 6 per cent to SEK 317m (300).
- Realised and unrealised changes in value amounted to SEK 646m (525) on properties and SEK -287m (417) on interest-rate derivatives.
- Profit before tax for the period amounted to SEK 686m (1,239). The decline was entirely due to higher deficit value in the portfolio of derivative instruments. Profit after tax for the period amounted to SEK 563 (1,031), corresponding to SEK 3.40 per share (6.25). Tax on profit for the year includes SEK 58m for an increase in the provision for ongoing tax cases.
- Net lettings for the period amounted to SEK 258m (23) after project lettings to both TeliaSonera and SEB, Arenastaden. The rent levels from all renegotiated leases were an average of 7 per cent higher.



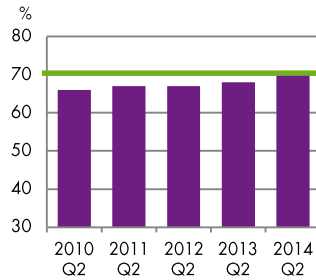
Christian Hermelin, CEO

Comments by Christian Hermelin, CEO

Several major pieces of the jigsaw are in place, providing for a continuing strong profit growth

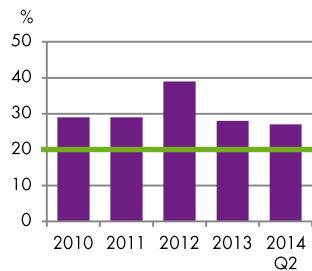
The first six months of the year were marked by a positive financial climate, with low interest rates and favorable access to capital. On the rental market, we are experiencing a steady demand for modern, flexible and sustainable office space offering good transportation links. Fabège's property portfolio is well positioned to meet this demand. Not least, this is reflected in our key figures.

SURPLUS RATIO¹



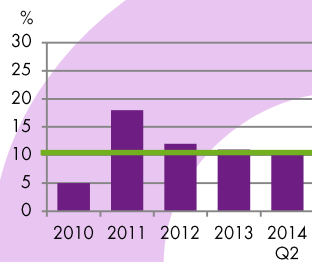
Target: 70 per cent

RETURN ON PROJECTS¹



Target: 20 per cent

TRANSACTION PROFIT¹



Target: 10 per cent

¹ Q2 in the above bar chart relates to accumulated first half year. Remaining bars represent full year.

TeliaSonera and SEB chooses Arenastaden

A record hard to beat was set as a result of the lettings to TeliaSonera and SEB in Arenastaden. Net letting for the quarter is unprecedented in Fabège's history and beckons continuing value creation, while Arenastaden's position as a modern and attractive workplace was further strengthened. I am very proud that Fabège is given the trust to create future office facilities for TeliaSonera and SEB. Modern offices with stringent environmental and energy requirements, excellent location in terms of transport links and a wide range of services for employees were a few of the requirements stipulated in the procurement. It is gratifying to see that Fabège could meet all requirements. The fact that they chose Arenastaden confirms our success in creating an attractive site and attracting two of Sweden's largest companies to the district. Both agreements are Green Leases, which enables us to work closely with our new tenants to operate the properties in a long-term responsible manner. Our line-up and favorable teamwork are solid contributing factors to the positive results for the past six months, and I am proud of our coworkers, who so often deliver results far beyond expectations.

Property management provides a solid foundation

Fabège's property management portfolio offers favorable potential to create value and we work constantly to increase customer satisfaction. This is reflected in, among other factors, the repurchasing level, which during the period amounted to 72 per cent. The best efficiency measure for property management is the operating surplus, which amounted to 71 per cent for the first six months of the year, which also represents a record in our history, and which also means that the goal for the full-year of 70 per cent is now within reach. We also expect that cash flow in property management will continue to strengthen during the second half of the year.

Major potential in the project portfolio

Thanks to the signing of new contracts, we are accelerating our project operations. Ahead, we see the potential to increase the investment volume to SEK 2 billion per year during the coming years. The investments create value and future cash flow while simultaneously raising the quality of the project portfolio.

Smoothly functioning transaction market

The strong transaction market makes it possible to highlight Fabège's strategic streamlining. Sales during the first six months amounted to SEK 1,310m and are in line with Fabège's ambition to concentrate its portfolio to office properties in prioritised areas, while it also provides the conditions for value-creating investments in projects and stronger future cash flow.

Our goal is to have a healthy balance between investments and sales and a loan-to-value ratio of a maximum of 60 per cent. In this manner, Fabège can constantly develop its property portfolio, increase its potential and quality, while at the same time providing offices that meet demands.

Market prospects for 2014

Looking ahead, we note increased activity in project activities and in the transaction market. Given the current favorable financial climate, combined with favorable demand on the rental market, Fabège has all the conditions to deliver favorable earnings for 2014, to which all operating segments will contribute.

Results Jan-Jun 2014¹

The first half year offered an improved net operating income and a record-high surplus ratio. Transaction gains, as well as continued value growth in both the property management and the project portfolio confirmed that all operating segments contributed to Fabege's total earning.

Revenues and earnings

Profit before tax for the period declined to SEK 686m (1,239), which was entirely due to the negative value changes in the portfolio of derivative instruments. Net operating income and profit from property management rose. The realised and unrealised value changes in the property portfolio also rose compared with the year-earlier period. Profit after tax for the period was SEK 563m (1,031), corresponding to SEK 3.40 per share (6.25). Rental income amounted to SEK 1,039m (1,032) and net operating income increased to SEK 738m (704). In an identical portfolio, rental income rose slightly less than 2 per cent and net operating income by slightly more than 6 per cent. Decreased discounts in the coming quarters outweigh the decrease in rental income due to the sale of properties. The surplus ratio increased to 71 per cent (68) primarily because of the warm and snowless winter season.

Realised changes in the value of properties amounted to SEK 135m (95) and unrealised changes in value to SEK 511m (430). The SEK 370m (206) unrealised change in the value of the property management portfolio was primarily attributable to properties with higher rent as well as a marginally lower yield requirement primarily in Stockholm city center. The weighted yield declined to 5.5 per cent when rounded off (5.6 at year-end). The project portfolio contributed to an unrealised change in value of SEK 141m (224), primarily because of development gains in the major project properties.

The share in profit of associated companies was a loss of SEK 40m (loss:21) and is mainly attributable to Tornet Fastigheter AB (one-off effect on sales of properties) and Sweden Arena Management KB. Lower long-term interest rates resulted in an SEK 287m increase in the deficit value of the derivative portfolio (compared with a reduced deficit value of SEK 417m in the year-earlier period.) During the period 850,000 shares in Catena were divested. Holdings thereafter amounted to approximately 10.2 per cent. Realised and unrealised changes in the shareholdings, primarily for Catena, amounted to SEK 10m (-3). Net interest expense declined to SEK -351m (-353). Higher borrowing was counteracted by lower market interest rates.

Segment reporting

Segment reporting was adapted during the fourth quarter of 2013 to comply with Fabege's follow-up of the three areas encompassed by the business model. This resulted in the transaction business being broken out and recognised separately. The comparative figures have been adjusted to match the new segment distribution. The Property management segment generated net operating income of SEK 714m (674), corresponding to a surplus ratio of 71 per cent (69). The occupancy rate was 93 per cent (93). Profit from property management was SEK 320m (312). Unrealised changes in property values amounted to SEK 370m (206).

The Property Development segment generated net operating income of SEK 24m (30), corresponding to a surplus ratio of 69 per cent (61). Profit from property management was SEK -3m (loss: 12). Unrealised changes in property values amounted to SEK 141m (224). The Transaction segment, through the sale of six properties, realised changes in value of SEK 135m (95).

Financial position and net asset value

Shareholders' equity amounted to SEK 12,618m (12,551) at the end of the period and the equity/assets ratio was 35 per cent (35). Shareholders' equity per share totalled SEK 76 (76). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 89 (88).

¹ The comparative figures for income and expense items related to the period January-June 2013 and for balance sheet items as at 31 December 2013.

Quarter 2 in brief¹

- Continued healthy demand for office premises in Stockholm.
- New lettings amounted to SEK 291m (32), while net lettings totalled SEK 241m (18) after project lettings totalling 255 million to TeliaSonera and SEB.
- The surplus ratio rose to 74 per cent (72).
- Profit from property management increased to SEK 167m (165).
- The property portfolio showed unrealised value growth of SEK 299m (211), of which projects accounted for SEK 52m (112).
- Four properties were sold during the quarter. Transaction profit amounted to SEK 52m (15).
- The deficit value in the derivative portfolio rose by SEK 146m (-229) due to falling long-term interest rates.
- Profit after tax for the quarter amounted to SEK 323m (515).

BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

SEKm	2014	2013
	Jan-Jun	Jan-Jun
Profit from property management activities	320	312
Changes in value (portfolio of investment properties)	370	206
Contribution from Property Management	690	518
Profit from property management activities	-3	-12
Changes in value (profit from Property Development)	141	224
Contribution from Property Development	138	212
Contribution from Transactions		
Realised changes in value	135	95
Total contribution from the operation	963	825

Financing

Fabege employs long-term lines of credit subject to fixed terms and conditions. At 30 June 2014, these had an average maturity of 4.0 years. The company's lenders are primarily the major Nordic banks.

Interest-bearing liabilities at the end of the period totalled SEK 20,402m (18,631) and the average interest rate was 3.30 per cent excluding and 3.37 per cent including costs for unutilised committed lines of credit. At 30 June, unutilised committed lines of credit amounted to SEK 2,958m. The loan-to-value ratio, which increased as a result of tax payments pertaining to Administrative Court judgments, amounted to 61 per cent. At future settlement of the outstanding purchase price of approximately SEK 500m, the loan-to-value ratio is again approaching Fabege's target level of a maximum of 60 per cent.

During the second quarter, a new loan facility of SEK 975m was signed, for the financing of the construction of Nationalarenan 8, TeliaSonera's new headquarters in Arenastaden. The financing of SEB's new office in Pyramiden 4, Arenastaden, was also completed in the form of a committed financing offer on agreed conditions.

Fabege has a commercial paper programme of SEK 5,000m. At the end of the period, outstanding commercial paper amounted to SEK 2,279m (2,515). Fabege has available long-term credit facilities covering all outstanding commercial paper at any given time. Fabege also has a covered property bond of SEK 1,170m, which will mature in February 2016. Furthermore, on 30 June, Fabege had outstanding bonds totalling SEK 1,385m within the framework of the bond programme, which was introduced via the co-owned company Svensk Fastighetsfinansiering AB (SFF). The programme has a total limit of SEK 5,000m. The bonds are secured by collateral in property mortgage deeds. SFF is jointly owned by Fabege, Wihlborgs and Peab. Fabege owns 33.3 per cent of the company.

The average fixed-rate period for Fabege's loan portfolio was 2.0 years, including the effects of derivative instruments. The average fixed interest term for variable-interest loans was 67 days.

Fabege's derivatives portfolio comprised interest-rate swaps totalling SEK 6 bn, with terms of maturity extending through 2021 and carrying fixed interest at annual rates of between 1.87 and 2.73 per cent before margins. Fabege also holds callable swaps totalling SEK 5.7bn at interest rates of between 2.87 and 3.98 per cent before margins and maturity between 2016 and 2018. During the second quarter interest rate swaps totalling SEK 1 bn matured. Interest rates on 57 per cent of Fabege's loan portfolio were fixed using fixed-income derivatives. The derivatives portfolio is measured at market value and the change in value is recognized in profit or loss. At 30 June 2014, the recognised deficit value of the portfolio was SEK 734m (447). The derivatives portfolio is measured at the present value of future cash flows. The change in value is of an accounting nature and has no impact on the company's cash flow. At the due date, the market value of derivative instruments is always zero.

Net financial items included other financial expenses of SEK 6m, mainly pertaining to opening charges for borrowing agreements and bond programmes. Opening charges are accrued over the duration of the agreements.

The total loan volume at the end of the quarter included SEK 404m (277) in loans for projects, of which interest of SEK 5m has been capitalised.

Tax

Tax for the period amounted to SEK -123m (-208). Tax for the period was charged with an additional SEK 58m pertaining to ongoing tax matter since SEK14m of the reserved amount was reversed during the second quarter. Operating taxes are calculated at a rate of 22 per cent of taxable earnings. Property sales led to deferred tax income totalling SEK 60m.

Cash flow

Cash flow from operating activities before change in working capital amounted to a deficit of SEK -1,068m (383). Paid income tax comprised, in its entirety, pertaining to ongoing tax cases totalling SEK 1,473m. Change in working capital had a positive impact of SEK -20m (-312) on cash flow. Investing activities had a negative impact of SEK 386m (-481) on cash flow, while financing activities had a positive impact of SEK 868 (223) on cash flow. Cash flow related to investing activities was driven by projects. Regarding financing activities the cash flow was affected by loans raised including payment related to ongoing tax matters. Overall, changes in cash and cash equivalents amounted to SEK 165m (-187) for the period.

INTEREST-RATE MATURITY STRUCTURE, 30 JUNE 2014

	Amount SEKm	Average interest rate,%	Share,%
< 1 year	8,902	3.78	44
1-2 years	300	3.70	1
2-3 years	4,200	2.71	21
3-4 years	4,000	3.46	20
4-5 years	1,500	2.58	7
> 5 years	1,500	2.30	7
Total	20,402	3.30	100

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

LOAN MATURITY STRUCTURE, 30 JUNE 2014

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	2,279
< 1 year	8,730	5,243
1-2 years	6,715	6,615
2-3 years	3,016	1,841
3-4 years	110	110
4-5 years	0	0
> 5 years	4,789	4,314
Total	28,360	20,402

Operations Jan-Jun 2014

During the second quarter, two major project lettings were signed with TeliaSonera and SEB, both in Arenastaden. Net lettings thereby became the highest in the history of Fabege. The rental market in Stockholm was stable with favorable demand for modern office premises with good transportation links. Investments and a continued strong property market gave opportunities for value growth in both the Property Development and the Property Management portfolio.

Fabège's property portfolio and management

Fabège's Property Management and Property Development activities are concentrated to a few selected submarkets in and around Stockholm. Stockholm inner city, Solna and Hammarby Sjöstad are the company's principal markets. On 30 June 2014, Fabège owned 87 properties with a total rental value of SEK 2.3bn, lettable floor space of 1.1m sqm and a carrying amount of SEK 33.3bn, of which development and project properties accounted for SEK 2.4bn. The financial occupancy rate for the entire portfolio, including project properties, was 92 per cent (93 at year-end) following earlier announced vacancies at the beginning of the year. The occupancy rate in the property management portfolio was 93 per cent (93).

New lettings for the period amounted to SEK 327m (79), while net lettings were SEK 258m (23). A few lease terminations contributed to a slight decline in net lettings, excluding project lettings, during the second quarter. Major lettings during the period pertained to the letting to TeliaSonera in the Nationalarenan 8 property, Arenastaden, and SEB in the property Pyramiden 4, Arenastaden. Furthermore, a number of smaller contracts for Property Management lettings were signed. The retention rate during the quarter was 72 per cent (62).

Efforts to extend and renegotiate leases with existing customers were successful. A lease value of approximately SEK 53m was renegotiated during the period. Rent levels in all renegotiated contracts rose with an average of 7 per cent.

Changes in the property portfolio

Six properties were divested during the first half-year, as part of the continued strategy of streamlining Fabège's business and focusing on office properties in prioritised areas and a strengthened cash flow.

The combined purchase consideration for the divestments was SEK 1,310m. The transactions generated a profit of SEK 135m before tax and SEK 195m after tax.

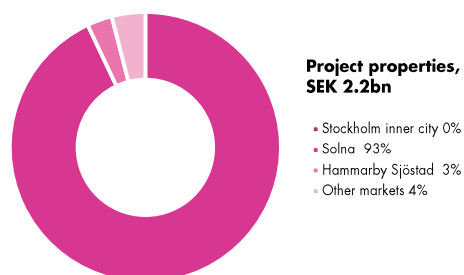
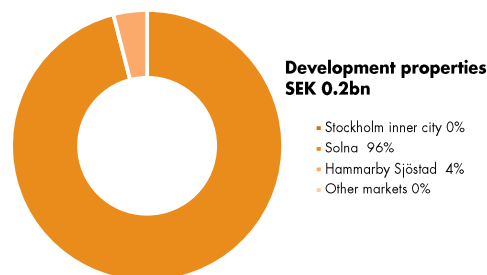
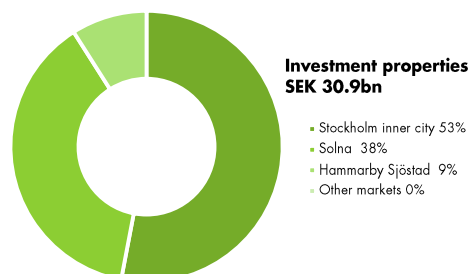
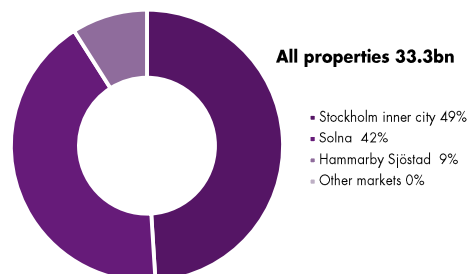
Changes in value of properties

The entire property portfolio is externally valued at least once annually. Approximately 40 per cent of the properties were externally valued at 30 June 2014 and the remainder was internally valued based on the most recent external valuations. The combined market value was SEK 33,3bn (33.4).

Unrealised changes in value amounted to SEK 511m (430). The average required yield declined slightly during the period, to a rounded off figure of 5.5 per cent (5.6). The SEK 370m (206) increase in the value of the property management portfolio was primarily attributable to rising rents and properties for which the risk of vacancies has declined. The project portfolio contributed to a change in value of SEK 141m (224), primarily because of development gains in the major project properties.

DISTRIBUTION OF MARKET VALUE

30 June 2014



Projects and investments

The purpose of Fabege's project investments is to reduce vacancy rates and increase rents in the property portfolio, thereby improving cash flows and adding value. The development of properties is a key feature of Fabege's business model and should make a significant contribution to consolidated profit. The aim is to achieve a return of at least 20 per cent on invested capital.

In 2014, the company's ambition is to maintain a high rate of development in the project portfolio, with an investment volume of approximately SEK 1.6bn during the year, even if the investments during the first half-year lag behind somewhat. The investment rate is expected to increase further in coming years, as the new project lettings are completed. Investments in existing properties and projects during the second quarter totalled SEK 520m (709). The investments pertained to new builds, extensions and conversions. The return on capital invested in the project portfolio was 27 per cent. A large portion of the investments was related to value-enhancing investments, which also contributed to the value growth in the property management portfolio.

Completed projects

During the fourth quarter of 2013, the final phase of the refurbishment of Nöten 4, Solna strand, was completed and the Swedish Tax Agency moved in. At year-end, the property was transferred to the property management portfolio.

During the second quarter 2014 the construction of Bätturen 2, Hammarby Sjöstad was completed except for the tenant improvements regarding vacant spaces. The first tenants have moved in. The occupancy rate amounted to 45 per cent at half-year. The property will be transferred to the property management portfolio as of the third quarter 2014.

Major on-going projects

The project involving the new build of the Nationalarenan 8 property (TeliaSonera's office) is proceeding as planned. A turnkey contract has been signed with Peab concerning the entire project. The work currently under way pertains to the raising of structures and facade assembly, as well as certain initiated installation work. The investment, including acquisition of development rights, totals approximately SEK 1.3bn. The property is fully let to TeliaSonera, with occupancy scheduled for spring 2016.

The new build of a hotel on the Järvakrogen 3 property continues. Foundation engineering is currently under way. Veidekke/Arcona have been procured as turnkey contractors. The investment amounts to about SEK 260m. The property is fully let to The Winery Hotel, with occupancy scheduled for the first quarter of 2016.

The Uarda 1 (building C) project at Arenastaden is also proceeding as planned. The investment amounts to about SEK 570m. Earthworks and foundation engineering are currently under way. A turnkey contract has been signed with Peab. Raising of the structure will start during the summer. The leasing rate is 40 per cent.

The decision was made to invest approximately SEK 2.3 bn for the building of SEB offices in the Pyramiden 4, Arenastaden. The project will begin in the summer and is expected to be ready for occupancy in two phases spring 2017 and spring 2018. The property is fully let to SEB.

Sustainability efforts

Fabega works actively for a sustainable urban environment that satisfies the needs of today without compromising the ability of future generations to meet their own needs. Reducing the carbon footprint and promoting a healthy working environment for the people who are present each day in the company's buildings are central to Fabega's sustainability effort.

Fabega's activities with Green leases have long been successful. The second quarter will be hard to beat with the two new Green Leases with TeliaSonera and SEB, which together cover more than 100,000 sq.m. During the period 93 per cent of the newly signed space comprised Green Leases.

PROPERTY DIVESTMENTS JAN-JUN 2014

Property name	Area	Category	Lettable area, sqm
Quarter 1			
Kolonnen 7	Södermalm	Office	3,771
Luma 3	Hammarby Sjöstad	Land	0
Quarter 2			
Duvan 6	Norrmalm	Office	9,867
Lammet 17	Norrmalm	Office	6,869
Skogskarlen 3	Bergshamra	Office	9,118
Skogskarlen 1	Bergshamra	Land	0
Quarter 3			
Quarter 4			
Total sales of properties			29,625

PROPERTY ACQUISITIONS, JAN-JUN 2014

Property name	Area	Category	Lettable area, sqm
Quarter 1			
No acquisitions			
Quarter 2			
No acquisitions			
Quarter 3			
Quarter 4			
Total purchases of properties			0

93 %

Historical record of newly signed space regarding Green Leases as a result of lettings to TeliaSonera and SEB.

ONGOING PROJECTS >SEK 50M

30 June 2014

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
Järvakrogen 3	Hotels	Solna	Q1-2016	7,460	100%	24	74	260	25
Nationalarenan 8	Offices	Arenastaden	Q2-2016	42,000	100%	109	360	1,311	306
Båtturen 2 (part off) ³	Offices	Hammarby Sjöstad	Q2-2014	2,823	45%	7	94	76	76
Uarda 1 (building C)	Offices	Arenastaden	Q1-2016	17,641	40%	52	232	570	80
Total				69,924	84%	192	760	2,217	487
Other land and project properties							1,546		
Other development properties							189		
Total projects, land and development properties							2,495		

¹ Operational occupancy rate 30 June 2014.

² The annual rent for the largest projects in progress could increase to SEK 192m (fully let) from SEK 2m in annualised current rent as of 30 June 2014.

³ Båtturen 2 is recognised as an investment property according to the principle of principalty.

PROPERTY PORTFOLIO

30 June 2014

	30 June 2014					Jan - June 2014		
	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value ²	Financial occupancy rate %	Rental income ⁴ SEKm	Property expenses SEKm	Net operating income SEKm
Property holdings								
Investment properties ¹	69	1,066	30,856	2,245	92	1,003	-219	784
Development properties ¹	4	24	189	24	65	7	-3	4
Land and Project properties ¹	14	24	2,212	62	94	28	-5	23
Total	87	1,114	33,257	2,331	92	1,038	-227	811
Of which, Inner city	31	449	16,405	1,143	92	513	-124	389
Of which, Solna	37	538	13,921	957	93	432	-82	350
Of which, Hammarby								
Sjöstad	12	126	2,849	230	90	92	-21	71
Of which, Other	7	1	82	1	100	1	0	1
Total	87	1,114	33,257	2,331	92	1,038	-227	811
Expenses for lettings, project development and property administration								-56
Total net operating income after expenses for lettings, project development and property administration								755 ³

¹ See definitions on page 15.

² In the rental value, time limited deductions of about SEK 98m (in rolling annual rental value at 30 June 2014) have not been deducted.

³ The table refers to Fabeges' property portfolio on 30 June 2014. Income and expenses were recognised as if the properties were owned for the entire period. The difference between recognised net operating income above, SEK 755m, and net operating income in profit or loss, SEK 738m, is due to net operating income from divested properties being excluded, and acquired properties being adjusted upwards as if they had been owned/completed during the period of January-June 2014.

⁴ Rental income has been adjusted for a discount of SEK 23m that expire during the second quarter of 2014.

SEGMENT REPORTING IN SUMMARY¹

SEKm	2014	2014	2014	2014	2013	2013	2013	2013
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
	Property Management	Property Development	Transaction	Total	Property Management	Property Development	Transaction	Total
Rental income	1,004	35		1,039	983	49		1,032
Property expenses	-290	-11		-301	-309	-19		-328
Net operating income	714	24	0	738	674	30	0	704
Surplus ratio, %	71%	69%	0%	71%	69%	61%	0%	68%
Central administration	-28	-2		-30	-27	-3		-30
Net interest expense	-327	-24		-351	-319	-34		-353
Share in profits of associated companies	-39	-1		-40	-16	-5		-21
Profit from property management activities	320	-3	0	317	312	-12	0	300
Realised changes in value of properties			135	135			95	95
Unrealised changes in value of properties	370	141		511	206	224		430
Profit/loss before tax per segment equities	690	138	135	963	518	212	95	825
				-277				414
Profit before tax				686				1,239
Properties, market value	30,856	2,401		33,257	28,999	3,173		32,172
Occupancy rate, %	93%	86%		92%	93%	81%		93%

¹ See definitions on page 15

Other financial information

Human resources

At the end of the period, 137 people (132) were employed in the Fabege Group.

Parent Company

Sales during the period amounted to SEK 65m (71) and the result before appropriations and tax was a negative SEK 375m (pos: 361).

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

Acquisition and transfer of treasury shares

The 2014 AGM renewed the authorisation of the Board, no longer than up to the next AGM, to buy back and transfer shares in the company. 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.

SEK 258m

Net lettings during the first half year were the highest ever reported in Fabege history.

Ongoing tax cases

As previously announced, the Swedish Tax Agency has decided to increase taxation on the Fabege Group concerning a number of properties sold through limited partnerships (see also Fabege's Annual Report for 2013, pages 61–62). The transactions derive from the former company Tornet, the old Fabege and the old Wihlborgs during the years 2003–2005. Since 2007, Fabege has been involved in legal proceedings in the Administrative Court and the Administrative Court of Appeal.

The Administrative Court of Appeal has handed down rulings in approximately 80 per cent of the cases. The Administrative Court of Appeal found that the Swedish Tax Evasion Act is applicable and that the transactions in question are to be taxed. Fabege had sought leave for appeal, which has been rejected in the Supreme Administrative Court. Cases corresponding to total exposure of about SEK 400m are being pursued further in the Administrative Court and the Administrative Court of Appeal.

Fabège's total exposure amounts to SEK 6,843m and the total tax demand, including miscellaneous charges and fees, to SEK 2,075m. Provisions have been posted in full for the entire amount.

In total, in accordance with the Administrative Court of Appeal's verdicts as of 30 June 2014, Fabege has paid about SEK 1.9bn. Backed by a strong balance sheet and available credit facilities, Fabege is capable of coping with the remaining tax payment.

Opportunities and risks

Risks and uncertainties relating to cash flow from operations pertain primarily to changes in rents, vacancies and interest rates. A more detailed description is presented in the risk section of the 2013 Annual Report (pages 39–41). The effect of the changes on consolidated profit

is shown in the risk analysis and in the sensitivity analysis in the 2013 Directors' Report (page 58–63).

Properties are recognised at fair value and changes in value are recognised in profit or loss. The effects of changes in value on consolidated profit, the equity/assets ratio and the loan-to-value ratio are also presented in the risk analysis and the sensitivity analysis in the 2013 annual report. Financial risk, defined as the risk of insufficient access to long-term funding through loans, and Fabege's management of this risk are described in the 2013 annual report (pages 40–41 and 73–74).

No material changes in the company's assessment of risks have arisen following publication of the 2013 annual report. Fabege's aims for the capital structure are to have an equity/assets ratio of at least 30 per cent and an interest coverage ratio of at least 2.0 (including realised changes in value).

SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change	Effect, SEKm
Rental income, total	1%	20.8
Rent level, commercial income	1%	20.9
Financial occupancy rate	1 percentage point	23.2
Property expenses	1%	6.0
Interest expense, rolling 12 months	1 percentage point	96.0
Interest expenses, longer term perspective	1 percentage point	204.0

SENSITIVITY ANALYSIS – PROPERTY VALUE

Change in value, %	Impact on after-tax profit, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	262	35.6%	60.7%
0	0	35.2%	61.3%
-1	-262	34.8%	62.0%

The sensitivity analysis shows the effects on the Group's cash flow and profit after financial items on an annual basis after taking account of the full effect of each parameter. Earnings are also affected by realized and unrealised changes in the value of properties and derivatives.

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. During the first half of 2014, the warm and snowless winter season contributed to lower operating costs and a strong surplus ratio.

Outlook for 2014

Fabege is well equipped with a strong balance sheet and a well-located property portfolio with good development potential. We envision an increased activity in both the project activity and the transaction market. With the favorable financial climate that prevails, and in combination with good demand in the rental market, Fabege has all the prerequisites for being able to deliver a good performance in 2014 with contribution from all operating segments.

Accounting policies

Fabege prepares its consolidated financial statements according to International Financial Reporting Standards (IFRS). The interim report

has been prepared in accordance with IAS 34 Interim Financial Reporting.

The Group applies the same accounting policies and valuation methods as in the latest annual report, with the exception of IFRS 11 and IFRIC 21 Levies.

The Parent Company prepares its financial statements according to 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.

As of 2014, Fabege applies IFRIC 21 Levies and IFRS 11. IFRIC 21 Levies specifies that state fees, for Fabege property tax, have to be recognised entirely as a debt when the obligation arises. Since this obligation arises annually on 1 January, Fabege has recognised the entire liability starting with the interim report for January-June 2014. In addition, a prepaid cost of property tax has been recognised, which was distributed straight-line over the financial year. The adoption of IFRS 11 has not had a significant effect on Fabege's financial statements.

Signing of the interim report

The Board of Directors and Chief Executive Officer hereby certify that the half-yearly report gives a true and fair overview of the business, financial position and earnings of the parent company and the Group and describes material risks and uncertainties faced by the company and the companies included in the Group.

Stockholm, 4 July 2014

Erik Paulsson
Chairman of the Board

Eva Eriksson
Board Director

Märtha Josefsson
Board Director

Pär Nuder
Board Director

Svante Paulsson
Board Director

Mats Qviberg
Board Director

Christian Hermelin
Board Director and Chief Executive Officer

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



Fabege has signed a 20-year lease with SEB for premises at Arenastaden, Solna. SEB will gather large portions of its operations in Stockholm and create 4,500 workplaces in new office buildings adjacent to the Mall of Scandinavia. The annual rental value is SEK 157m, excluding supplements.

Share information

The Fabege share is listed on the NASDAQ OMX Stockholm Nordic Exchange and included in the Large-Cap segment.

THE 15 LARGEST SHAREHOLDERS AS OF 31 MAY 2014¹

	Number of shares	Proportion of equity, %	Proportion of votes, %
Brinova Inter AB	24,691,092	14.9	14.9
BlackRock Inc	8,938,454	5.4	5.4
Länsförsäkringar fondförvaltning	7,299,255	4.4	4.4
Öresund Investment AB	5,500,000	3.3	3.3
SHB funds	4,748,989	2.9	2.9
Norways Bank Inv. Management	4,601,096	2.8	2.8
Mats Qviberg with family	3,709,244	2.2	2.2
SEB funds	2,780,646	1.7	1.7
ENA City AB	2,711,000	1.6	1.6
Nordea funds	2,475,470	1.5	1.5
Swedbank Robur funds	2,219,252	1.3	1.3
Principal funds	1,938,389	1.2	1.2
Blue Sky Group Stichting	1,747,412	1.1	1.1
Fourth AP fund	1,568,121	1.0	1.0
Henderson funds	1,470,000	0.9	0.9
Total 15 largest shareholders	76,398,420	46.2	46.2
Other foreign shareholders	43,761,898	26.5	26.5
Other Swedish shareholders	45,231,254	27.3	27.3
Total no. of shares outstanding	165,391,572	100.0	100.0
Treasury shares	0	0.0	0.0
Total no. of registered shares	165,391,572	100.0	100.0

The shareholdings of certain shareholders whose shares are managed by trustees may differ from what is stated in the share register.

Source: SIS Ägarservice, according to data from Euroclear Sweden AB at 31 May 2014

The Fabege share is traded on Nasdaq OMX Stockholm, BOAT, BATS Chi-X and London Stock Exchange.

Number of shareholders at 31 May 2014: 40,989

The list of the 15 largest shareholders as of June 30 will be available on www.fabege.se on July 15.

SHARE INFORMATION



FABEGE - WINNER OF HUGIN & MUNIN PRIZE

With its open and modern communications where customers and investors are at the center Fabege took home first place in the Hugin & Munin Award for 2014, with 78 points out of 100.

Hugin & Munin is a competition that Fastighetsvärlden conducts since 1997 where communications from big companies in the real estate industry are examined. The vision is to improve the companies' communication with the entire market. The competition was reviewed previously only companies' annual reports, but this year, for the first time, Fastighetsvärlden has expanded the scope of the audit and included also the companies other communication through wider channels such as websites.



CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Rolling 12 m					
	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec	Jul 13 - Jun 14
Rental income	526	519	1,039	1,032	2,059	2,066
Property expenses	-137	-145	-301	-328	-648	-621
Net operating income	389	374	738	704	1,411	1,445
Surplus ratio, %	74%	72%	71%	68%	69%	70%
Central administration	-15	-16	-30	-30	-62	-62
Net interest expense	-180	-176	-351	-353	-705	-703
Share in profits of associated companies	-27	-17	-40	-21	-30	-49
Profit/loss from property management	167	165	317	300	614	631
Realised changes in value of properties	52	15	135	95	135	175
Unrealised changes in value of properties	299	211	511	430	739	820
Unrealised changes in value, fixed income derivatives	-146	229	-287	417	408	-296
Changes in value of equities	-16	-1	10	-3	96	109
Profit/loss before tax	356	619	686	1,239	1,992	1,439
Current tax	16	0	-58	0	-116	-174
Deferred tax	-49	-104	-65	-208	-346	-203
Profit/loss for period/year	323	515	563	1,031	1,530	1,062
Items that will not be restated in profit or loss						
Revaluation of defined-benefit pensions	-	-	-	-	13	13
Comprehensive income for the period/year	323	515	563	1,031	1,543	1,075
Earnings per share, SEK	1:95	3:11	3:40	6:25	9:26	6:42
Total earnings per share, SEK	1:95	3:11	3:40	6:25	9:34	6:50
No. of shares at end period, millions	165.4	165.4	165.4	165.4	165.4	165.4
Average no. of shares, million	165.4	164.9	165.4	164.9	165.1	165.4

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2014 30 Jun	2013 30 Jun	2013 31 Dec
Assets			
Properties	33,257	32,172	33,384
Other tangible fixed assets	1	1	0
Financial fixed assets	1,492	1,434	1,584
Current assets	856	988	365
Cash and cash equivalents	263	13	98
Total assets	35,869	34,608	35,431
Equity and liabilities			
Shareholder's equity	12,618	12,039	12,551
Provisions	1,142	959	1,083
Interest-bearing liabilities ¹	20,402	18,631	19,038
Derivative instrument	734	438	447
Non-interest-bearing liabilities	973	2,541	2,312
Total equity and liabilities	35,869	34,608	35,431
Equity/assets ratio, %	35	35	35
Contingent liabilities	1,068	1,774	1,252

¹ Of which short-term SEK 2,279m (3,227)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Shareholders' equity	Of which, attributable to Parent Company shareholders
Shareholders' equity, 1 January 2013, according to adopted Statement of financial position	11,382	11,382
Divestment of treasury shares	122	122
Cash dividend	-496	-496
Profit for the period	1,530	1,530
Other comprehensive income	13	13
Shareholders' equity, 31 December 2013	12,551	12,551
Cash dividend	-496	-496
Profit for the period	563	563
Other comprehensive income	-	-
Shareholders' equity, 31 March 2014	12,618	12,618

CONSOLIDATED STATEMENT OF CASH FLOWS¹

SEKm	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Operations			
Net operating income	738	704	1,411
Central administration	-30	-30	-62
Reversal of depreciation	1	0	1
Interest received	13	17	39
Interest paid	-317	-308	-739
Income tax paid ²	-1,473	0	-465
Cash flow before change in working capital	-1,068	383	185
Change in working capital			
Change in current receivables	36	-104	-61
Change in current liabilities	-56	-208	-21
Total change in working capital	-20	-312	-82
Cash flow from working activities	-1,088	71	103
Investing activities			
Investments in new-builds, extensions and conversions	-513	-1,036	-1,738
Acquisition of properties	-	-	-298
Divestment of properties	848	615	1,332
Other tangible fixed assets	51	-60	-130
Cash flow from investing activities	386	-481	-834
Financing activities			
Dividend to shareholders	-496	-496	-496
Transfer of treasury shares	-	122	122
Change in interest bearing liabilities	1,364	597	1,003
Cash flow from financing activities	868	223	629
Cash flow for the period	165	-187	-102
Cash and cash equivalents at beginning of period	98	200	200
Cash and cash equivalents at end of period	263	13	98

¹ To better reflect the Group's operations the format of the cash flow statement has been changed from 1 January 2014, the comparative figures have also been changed.

² The amount of SEK -1 473m income tax paid is composed entirely of tax payments as a result of convictions in the ongoing tax matters relating to previous real estate transactions. The corresponding figures for the full year 2013 amounts to SEK -465m.

CONSOLIDATED KEY FIGURES

Financial	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Return on capital employed, %	6.3	5.8	8.7
Return on equity, %	8.9	17.6	12.8
Interest coverage ratio, multiple	2.3	2.1	2.0
Equity/assets ratio	35	35	35
Loan-to-value ratio, properties	61	58	57
Debt/equity ratio, multiple	1.6	1.5	1.5
Share related¹			
Earnings per share, SEK	3:40	6:25	9:26
Total earnings per share, SEK	3:40	6:25	9:34
Equity per share, SEK	76	73	76
Cash flow per share, SEK ²	-6:57	0:43	3:89
No. of outstanding shares at end of period, thousands	165,392	165,392	165,392
Average number of shares, thousands	165,392	164,933	165,162
Property-related			
No. of properties	87	92	92
Carrying amount, Properties, SEKm	33,257	32,172	33,384
Lettable area, sqm	1,114,000	1,125,000	1,142,000
Financial occupancy rate, %	92	93	93
Surplus ratio, %	71	68	69

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

² The key figure changed from 1 January 2014. Performance measure is affected during the first half year of 2014 of tax payments of SSEK -1 473m and fourth quarter of 2013, about SEK -465m as a result of convictions in the ongoing tax matters relating to previous real estate transactions.

DERIVATIVES

Derivatives are measured continuously at fair value in compliance with level 2, IFRS 7, Section 27a, with the exception of callable swaps measured in accordance with level 3, IFRS 7. Changes in value are recognised in profit or loss. IAS 39 has been applied also in the Parent Company since 2006.

IFRS, level 3	Group		Parent Company	
	2014 30 Jun	2013 31 Dec	2014 30 Jun	2013 31 Dec
Opening value	-358	-577	-358	-577
Acquisitions/Investments	0	0	0	0
Changes in value	-114	219	-114	219
Matured	0	0	0	0
Closing value	-472	-358	-472	-358
Carrying amount	-472	-358	-472	-358

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.

PARENT COMPANY CONDENSED INCOME STATEMENT

SEKm	2014 Jan-Mar	2013 Jan-Mar	2013 Jan-Dec
Income	65	71	122
Expenses	-103	-101	-194
Net financial items	-60	-31	1,856
Share in profits of associated companies	-	4	4
Changes in value, fixed-income derivatives	-287	417	408
Changes in value, equities	10	1	42
Profit before tax	-375	361	2,238
Current Tax	-	0	-103
Deferred	84	-80	-90
Profit for the period/year	-291	281	2,045

PARENT COMPANY CONDENSED BALANCE SHEET

SEKm	2014 30 Jun	2013 30 Jun	2013 31 Dec
Participation i Group companies	12,992	12,992	12,992
Other fixed assets	39,997	38,467	40,721
<i>of which, receivables from Group companies</i>	39,201	37,780	39,967
Current assets	49	130	83
Cash and cash equivalents	268	11	98
Total assets	53,306	51,600	53,894
Shareholders' equity	11,203	10,227	11,991
Provisions	68	67	67
Long-term liabilities	39,608	37,954	39,462
<i>of which, liabilities to Group companies</i>	21,914	23,074	23,426
Current liabilities	2,427	3,352	2,374
Total equity and liabilities	53,306	51,600	53,894

Quarterly overview

CONDENSED INCOME STATEMENT, AMOUNTS IN SEKm

	2014		2013			2012		
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Rental income	526	513	514	513	519	513	480	469
Property expenses	-137	-164	-174	-146	-145	-183	-169	-133
Net operating income	389	349	340	367	374	330	311	336
Surplus ratio, %	74%	68%	66%	72%	72%	64%	65%	72%
Central administration	-15	-15	-16	-16	-16	-14	-23	-15
Net interest expense	-180	-171	-174	-178	-176	-177	-168	-168
Share in profits of associated companies	-27	-13	2	-11	-17	-4	137	1
Profit/loss from property management	167	150	152	162	165	135	257	154
Realised changes in value of properties	52	83	10	30	15	80	21	0
Unrealised value of properties	299	212	147	162	211	219	345	255
Unrealised changes in value, fixed-income derivatives	-146	-141	-55	46	229	188	-57	-233
Changes in value, equities	-16	26	-12	111	-1	-2	-26	-11
Profit for the period/year	356	330	242	511	619	620	540	165
Current tax	16	-74	-118	2				
Deferred tax	-49	-16	-45	-93	-104	-104	80	-47
Comprehensive income for the period/year	323	240	79	420	515	516	620	118

CONDENSED FINANCIAL POSITION, AMOUNTS IN SEKm

	2014		2013			2012		
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Assets								
Properties	33,257	33,640	33,384	32,773	32,172	32,098	31,636	31,571
Other tangible fixed assets	1	1	0	0	1	1	1	1
Financial fixed assets	1,492	1,610	1,584	1,567	1,434	1,372	1,398	1,192
Current assets	856	744	365	954	988	682	474	350
Cash and cash equivalents	263	148	98	29	13	124	200	101
Total assets	35,869	36,143	35,431	35,323	34,608	34,277	33,709	33,215
Equities and liabilities								
Shareholders' equity	12,618	12,295	12,551	12,459	12,039	11,524	11,382	10,695
Provisions	1,142	1,097	1,083	1,051	959	847	753	827
Interest-bearing liabilities	20,402	20,073	19,038	18,780	18,631	18,021	18,035	18,296
Derivative instruments	734	588	447	392	438	667	854	797
Non-interest bearing liabilities	973	2,090	2,312	2,641	2,541	3,218	2,685	2,600
Total equity and liabilities	35,869	36,143	35,431	35,323	34,608	34,277	33,709	33,215

KEY FIGURES

	2014		2013			2012		
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Financial								
Return on capital employed, %	6.4	6.2	5.3	8.9	10.4	10.5	9.6	4.5
Return on equity, %	10.3	7.7	2.5	13.7	17.6	18.0	22.5	4.4
Interest coverage ratio, multiple	2.2	2.3	1.9	2.1	2.0	2.2	2.7	1.9
Equity/assets ratio, %	35	34	35	35	35	34	34	32
Loan-to-value ratio, properties, %	61	60	57	57	58	56	57	58
Debt/equity ratio, multiple	1.6	1.6	1.5	1.5	1.5	1.6	1.6	1.7
Share-related								
Earnings per share, SEK	1.95	1.45	0.48	2.54	3.11	3.14	3.82	0.73
Total earnings per share, SEK	76	74	76	75	73	70	70	66
Cash flow from operating activities per share, SEK	-2.07	-4.50	-1.84	2.04	0.07	0.36	1.27	1.77
No. Of shares outstanding at the end of the period, thousands	165,392	165,392	165,392	165,392	165,392	165,392	163,555	162,225
Average number of shares, thousands	165,392	165,392	165,162	165,086	164,933	164,474	162,391	162,225
Property-related								
Financial occupancy rate, %	92	92	93	92	93	92	92	91
Surplus ratio, %	74	68	66	72	72	64	70	72

¹ The key figure is affected during the first half year of 2014 of tax payments of SEK -1 473m and fourth quarter of 2013, about SEK -465 m as a result of convictions in the ongoing tax matters relating to previous real estate transactions.

Definitions

RETURN ON EQUITY

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

LEVERAGE, 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.

INVESTMENT PROPERTIES

Properties that are being actively managed on an on-going 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

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

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

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

LEASE VALUE

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

LAND AND PROJECT PROPERTIES

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

NET LETTINGS

New lettings during the period less terminations to vacate.

PROFIT/EARNINGS PER SHARE

Parent Company shareholders' share of profit after tax for the period divided by average number of outstanding shares during the period.

INTEREST COVERAGE RATIO

Profit/loss before tax plus financial expenses and plus/minus unrealised changes in value, divided by financial expenses.

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 Transaction. Rental income and property expenses, as well as realised and unrealised changes in value including tax, are directly attributable to properties in each segment (direct income and expenses).

In cases where a property changes character during the year, earnings attributable to the property are allocated to each segment based on the period of time that the property belonged to each segment. Central administration and items in net financial expense have been allocated to the segments in a standardised manner based on each segment's share of the total property value (indirect income and expenses). Property assets are directly attributed to each segment and recognised on the balance sheet date.

DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity.

EQUITY/ASSETS RATIO

Shareholders' equity divided by total assets.

CAPITAL EMPLOYED

Total assets less non-interest bearing liabilities and provisions.

TOTAL RETURN

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

RETENTION RATE

Percentage of contracts that are extended in relation to the proportion of cancellable contracts.

SURPLUS RATIO

Net operating income divided by rental income.

This is Fabege

Fabege is one of Sweden's leading property companies, focusing mainly on letting and managing office premises as well as property development. The company offers modern premises in prime locations in fast-growing submarkets in the Stockholm region, such as Stockholm inner city, Solna and Hammarby Sjöstad.

Fabege offers attractive and efficient premises, mainly offices but also retail and other premises. The concentration of properties to well-contained clusters brings the company closer to its customers, which, coupled with Fabege's extensive local expertise, creates a solid foundation for efficient property management and high occupancy.

As of 30 June 2014, Fabege owned 87 properties with a total market value of SEK 33.3bn. The rental value was SEK 2.3bn.

Business concept

Fabege's business concept focuses on commercial properties in the Stockholm region, with a particular emphasis on a limited number of fast-growing sub-markets. Fabege aims to create value by managing, improving and actively adjusting its property portfolio through sales and acquisitions. Accrued value will be realised at the right time.

Business model

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

Strategy

Fabege's strategy is to create value by managing and developing the property portfolio and through transactions acquiring properties with favourable growth potential and divesting properties located outside the company's prioritised areas. Fabege's properties are located in the most liquid market in Sweden.

Attractive locations lead to a low vacancy rate in the property management portfolio. Modern properties permit flexible solutions and attract customers. With its concentrated portfolio and high-profile local presence, investments aimed at raising the attractiveness of an area benefit many of Fabege's customers.

Value-driving factors

Fabege's operations are impacted by a number of external factors, which together with the transaction volume and the trend in the office market in Stockholm form the prerequisites for the company's success.

Stockholm is growing

The Stockholm region is one of the five metropolitan areas in Western Europe where the population is increasing the most. According to forecasts, by 2030 Stockholm County will have half a million inhabitants more than today. The largest growth will also occur among people in the active labour force, which will result in higher demand for office premises.

Changed demand

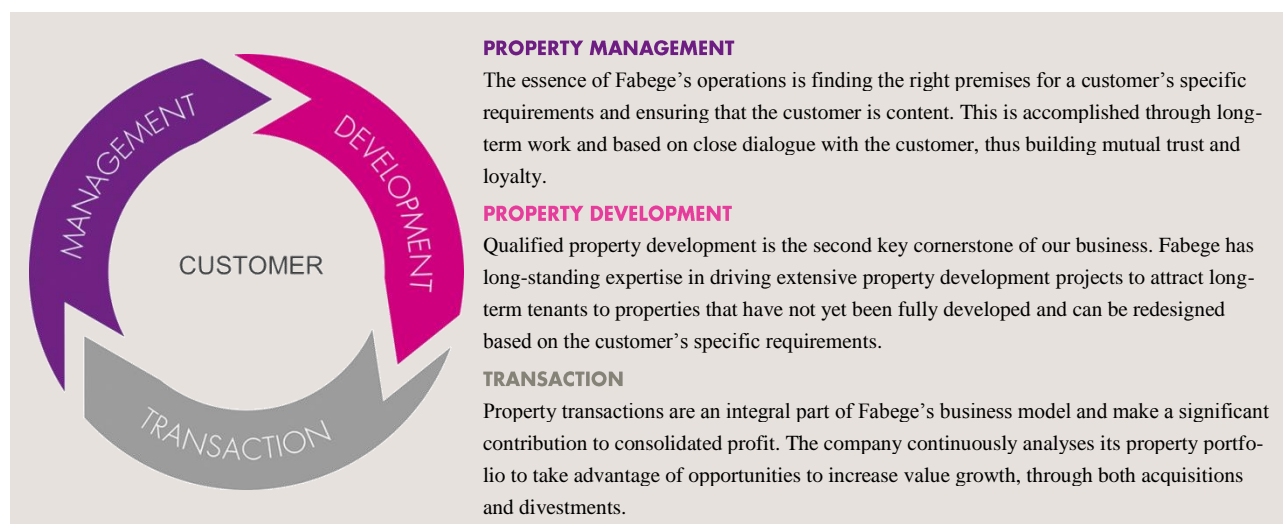
New technology and new work methods contribute to higher demand for flexible and space-efficient premises in prime locations. Excellent peripheral service and good communication links in the form of public transport services are increasingly requested, as well as environmental classification.

Financial trend

The trend for both the Swedish and global economy has an impact on the property market. Low vacancy rates in Stockholm's inner city and strengthened economic climate have historically meant rising rents.

Sustainable urban development

Sustainability issues are becoming increasingly important, with respect to both individual properties and the entire area. There is an increase in interest in environmental consideration pertaining to choices of material and energy saving measures. 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.



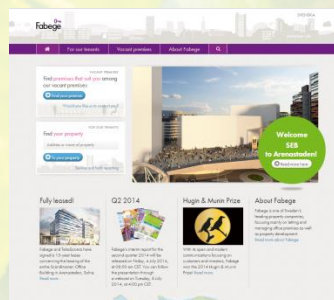
Financial calendar

Interim report July-September 16 October 2014
Year-end report for 2014..... 4 February 2015

Press releases during the first quarter

24 April 2014	Record-high surplus ratio
24 April 2014	Interim report January–March 2014
23 April 2014	Arenastaden attracts TeliaSonera to Solna
17 April 2014	Fabege sells property in Bergshamra
15 April 2014	Keolis Sverige AB to move into the DN building
23 May 2014	Klaus Hansen Vikström appointed Deputy CEO of Fabege
9 June 2014	Fabege sells two leaseholds in Stockholm City
27 June 2014	SEB chose Arenastaden

Follow us on the Internet, www.fabege.se



Visit the Group's website for more information about Fabege and its operations. A web presentation will also be made, in which Christian Hermelin and Åsa Bergström present the results for the first quarter on 8 July 2014 at 16.00 pm CET.



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