Q3

2014

Summary SEKm

	2014 Jul-Sep	2013 Jul-Sep	2014 Jan-Sep	2013 Jan-Sep
Rental income	526	513	1,565	1,545
Net operating income	382	367	1,120	1,071
Profit from property management	191	162	508	462
Profit before tax	346	511	1,032	1,750
Profit after tax	265	420	828	1,451
Surplus ratio,%	73	72	72	69
Equity ratio,%	-	-	36	35
Equity per share, SEK	-	-	78	75

January - September 2014

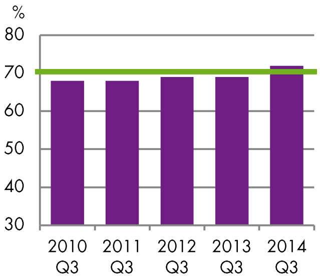
- Rental income amounted to SEK 1,565 (1,545). In an identical portfolio, income rose slightly more than 3 per cent.
- Net operating income increased about 5 per cent to SEK 1,120m (1,071). The surplus ratio rose to 72 per cent (69).
- Profit from property management increased about 10 per cent to SEK 508m (462).
- Realised and unrealised changes in value amounted to a gain of SEK 904m (717) on properties and a loss of SEK 377m (gain: 463) on interest-rate derivatives.
- Profit before tax for the period amounted to SEK 1,032m (1,750). The decline was entirely due to higher deficit value in the portfolio of derivative instruments. Profit after tax for the period amounted to SEK 828 (1,451), corresponding to SEK 5.01 per share (8.79).
- Net lettings for the period amounted to SEK 246m (32) after project lettings to both TeliaSonera and SEB in Arenastaden. The rent levels from all renegotiated leases were an average of 10 per cent higher.
- The equity ratio rose to 36 per cent and the loan-to-value ratio improved to 59 per cent.

Fabege

CREATING THE RIGHT CONDITIONS

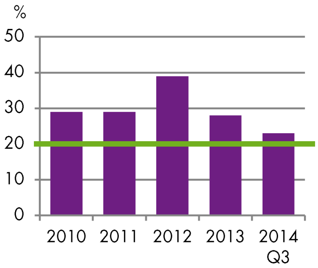
Christian Hermelin, CEO

SURPLUS RATIO[1]



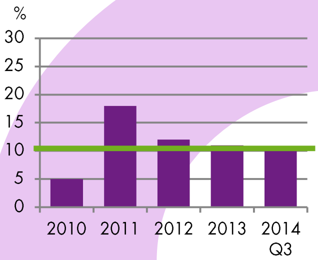
Target: 70 per cent

RETURN ON PROJECTS[1]



Target: 20 per cent

TRANSACTION PROFIT[1]



Target: 10 per cent

[1] Q3 in the above bar chart relates to accumulated for the period January to September. Remaining bars represent full year.

Comments by Christian Hermelin, CEO

Continued strong market

We are currently experiencing a market that is contributing healthy prerequisites for favourable transactions. Both the rental and the transaction market are more active now than six months ago and we see stable or slightly increasing rents and more potential investors. Our customers are requesting, to an ever greater extent, modern, flexible and cost-efficient offices in prime locations with excellent transport links. Fabege's property and project portfolios meet this demand well.

Property Management – increased rents and improved margin

We have seen fantastic net lettings during the year, with our major project lettings. Nevertheless, I am not satisfied with the outcome for the third quarter, which was weaker than anticipated. We will continue to focus on retaining existing customers, while securing new customers for the property management vacancies and projects. Since the vacancies existing in our property management portfolio mainly pertain to modern offices in prime locations, I see great potential in reducing the vacancy rate in the future. The strong rental market enables us to renegotiate rents at significantly better levels; we have increased rents by an average of 10 per cent during the January to September period.

The surplus ratio remains very strong, at 72 per cent during the period, the best in Fabege's history.

High activity in the project portfolio

During the third quarter, the turf-cutting ceremony was performed for SEB's future office in Arenastaden and other projects are progressing according to plan. The large volume of projects will result in a higher investment volume, totalling approximately SEK 2bn annually for the next few years. We will continue to generate value through the projects.

Continued healthy transaction market

The transaction market is currently very strong. As a result of Stockholm's expansion, the favourable rental market and the excellent financial climate, more investors are being attracted to Stockholm, thus generating major potential for doing good business. Our objective is to have a sound balance between investments and sales. Through value-creating investments and sales of properties outside our prioritised markets, we have a strong balance sheet and the loan-to-value ratio is now under 60 per cent and in line with our objective. This is also in addition to the payment of slightly more than SEK 2bn for the tax cases, which we can now finally put behind us.

This year, Fabege participated for the first time in Global Real Estate Sustainability Benchmark (GRESB) and received the Green Star rating, which is the highest level. The fine results will inspire us to continue our efforts in future sustainability work.

Market prospects for 2014

With our attractive portfolio, we see excellent potential to capitalise on the strong market –despite some uncertainty and insecurity in the world around us. Our geographical concentration, which provides us with excellent market know-how, combined with our driven organisation that continuously strives to become better, bodes well for Fabege being able to deliver favourable results, not only for 2014 but also in coming years, with significant contribution from property development, development and transaction

Results Jan-Sep 2014[1]

During the period, the net operating income improved and the surplus ratio rose to a record high of 72 per cent. Transaction gains and value growth in both the property management portfolio and the project portfolio confirmed that all operational sectors continued to contribute to Fabege's total earnings.

Revenues and earnings

Profit before tax for the period declined to SEK 1,032m (1,750). The decline was due in its entirety to negative value changes in the portfolio of derivative instruments. Net operating income increased to nearly 5 per cent and profit from property management improved by some 10 per cent. The realised and unrealised value changes in the property portfolio also increased compared with the year-earlier period. Profit after tax for the period amounted to SEK 828m (1,451), corresponding to SEK 5.01 per share (8.79).

Rental income amounted to SEK 1,565m (1,545) and net operating income increased to SEK 1,120m (1,071). In an identical portfolio, rental income rose slightly more than 3 per cent and net operating income by about 6 per cent. The surplus ratio increased to

72 per cent (69) primarily due to the warm and snow-free winter season.

Realised changes in the value of properties amounted to SEK 135m (125) and unrealised changes in value to SEK 769m (592). The SEK 568m (278) unrealised change in the value of the property management portfolio was primarily attributable to properties with higher rent levels and a somewhat lower yield requirement, mainly in Stockholm inner city. The average required yield declined slightly during the period, amounting to a rounded off figure of 5.5 per cent (5.6 at year-end). The project portfolio contributed to an unrealised change in value of SEK 201m (314), primarily due to development gains in the major project properties.

Share in profit in associated companies amounted to a negative SEK 57m (neg: 32) and was primarily due to Tornet Fastighets AB (non-recurring effect in the divestment of properties) and Sweden Arena Management KB. Lower long-term interest rates resulted in an increase of SEK 377m in the deficit value in the derivative portfolio (compared with a reduced deficit value of SEK 463m in the year-earlier period.) Realised and unrealised changes in the value of shareholdings, mainly pertaining to Catena, amounted to a negative SEK 3m (pos: 108). During the second quarter, 850,000 Catena shares were divested. Net interest expense declined to SEK 509m (expense: 531). 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 away and recognised separately. The comparative figures have been adjusted to match the new segment distribution. In the third quarter, three properties were reclassified from investment properties to development and project properties. This pertained to Pyramiden 4, where existing buildings were demolished to make way for SEB's new offices at Arenastaden, and two properties on Västra Kungsholmen, which are to be further developed.

The Property Management segment generated net operating income of SEK 1,075m (1,025), corresponding to a surplus ratio of 72 per cent (70). The occupancy rate was 93 per cent (93). Profit from property management was SEK 509m (478). Unrealised changes in property values amounted to SEK 568m (278).

The Property Development segment generated net operating income of SEK 45m (46), corresponding to a surplus ratio of 68 per cent (61).
The result of property management amounted to a loss of SEK 1m (loss: 16). Unrealised changes in property values amounted to SEK 201m (314).

The Transaction segment, through the sale of six properties, realised changes in value of SEK 135m (125).

Financial position and net asset value

Shareholders' equity amounted to SEK 12,883m (12,551) at the end of the period and the equity/assets ratio was 36 per cent (35). Shareholders' equity per share totalled SEK 78 (75). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 91 (87).

[1] The comparative figures for income and expense items relate to values for the period January–September 2013 and for balance sheet items as at 31 December 2013.

Quarter 3 in brief[1)]

- Continued healthy demand for office premises in Stockholm, although the level of activity was lower during the summer months.
- New lettings totalled SEK 25m (80), while net lettings amounted to a negative SEK 12m (pos: 9).
- The surplus ratio rose to 73 per cent (72).
- Profit from property management increased to SEK 191m (162).
- The property portfolio showed unrealised value growth of SEK 258m (162), of which projects accounted for SEK 60m (90).
- No property transactions were made during the quarter.
- Due to lower long-term interest rates, the negative fair value of the derivative portfolio rose by SEK 90m (reduction by SEK 46m).
- Profit after tax for the quarter amounted to SEK 265m (420).

BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

SEKm	2014 Jan-Sep	2013 Jan-Sep
Profit from Property Managment activities	509	478
Changels in value (portfolio of investment properties)	568	278
Contribution from Property Management	**1,077**	**756**
Profit from Property Management activites	-1	-16
Changes in value (profit from Property Development)	201	314
Contribution froim Property Development	**200**	**298**
Contribution from Transactions		
Realised changes in value	**135**	**125**
Total contribution from the operation	**1,412**	**1,179**

Financing

Fabege utilises long-term lines of credit subject to fixed terms and conditions. At 30 September 2014, these had an average maturity of 3.8 years. The company's lenders are primarily the major Nordic banks.

Interest-bearing liabilities at the end of the period totalled SEK 20,136m (19,038), with an average interest rate of 3.15 per cent excluding and 3.24 per cent including commitment fees on the undrawn portion of committed lines of credit. At 30 September, the company had unutilised committed lines of credit of SEK 3,233m. The loan-to-value ratio, which increased temporarily due to tax payments following rulings by the Administrative Court of Appeal, amounted to 59 per cent after sales of properties and the decline in value growth.

Fabege has a commercial paper programme of SEK 5,000m. At the end of the period, outstanding commercial paper amounted to SEK 2,537m (2,168). Fabege has available long-term credit facilities covering all outstanding commercial paper at any given time. During the third quarter, the number of retailers of the company's commercial papers increased to four Swedish banks. Fabege also has a covered property bond of SEK 1,170m, which will mature in February 2016. Furthermore, at 30 September, 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 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 69 days.

Fabege's derivatives portfolio comprised interest-rate swaps totalling SEK 6bn 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. Interest rates on 58 per cent of Fabege's loan portfolio were fixed using fixed-income derivatives. The derivatives portfolio is measured at market value and the change in value is recognised in profit or loss. At 30 September 2014, the recognised negative fair value adjustment of the portfolio was SEK 824m (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 8m, mainly pertaining to opening charges for borrowing agreements and the running costs for commercial paper programmes.

The total loan volume at the end of the quarter included SEK 460m (702) in loans for projects, of which interest of SEK 8m has been capitalised.

Tax

Tax expenses for the period amounted to SEK 204m (299). Tax for the period was charged with SEK 60m pertaining to the tax cases that have now concluded. All tax related to Fabege's tax cases have been paid in full since August 2014. Operating taxes are calculated at a rate of 22 per cent on 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 negative SEK 1,093m (pos: 498). The paid income tax line comprises, in its entirety, paid tax of SEK 1,607m pertaining to ongoing tax cases. Change in working capital had a positive impact of SEK 48m (neg: 90) on cash flow. Investing activities had a positive impact of SEK 542m (neg: 950) on cash flow, while financing activities had a positive impact of SEK 603m (371) on cash flow. In investing activities, the cash flow is impacted by projects and in financing activities, the cash flow is impacted by loans raised to cover payments resulting from the rulings of the tax cases. Cash and cash equivalents changed by a total of SEK 100m (neg: 171) during the period.

INTEREST-RATE MATURITY STRUCTURE, 30 SEPTEMBER 2014

	Amount SEKm	Average interest rate,%	Share,%
< 1 year	8,136	3.48	40
1-2 years	2,400	2.68	12
2-3 years	3,100	2.58	16
3-4 years	4,500	3.51	22
4-5 years	1,000	2.13	5
> 5 years	1,000	2.68	5
Total	20,136	3.15	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 SEPTEMBER 2014

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	2,537
< 1 year	9,110	5,333
1-2 years	9,310	7,792
2-3 years	150	150
3-4 years	0	0
4-5 years	0	0
> 5 years	4,799	4,324
Total	28,369	20,136

Operations Jan-Sep 2014

During the second quarter, two major project lettings were signed with TeliaSonera and SEB, both in Arenastaden. Net lettings were thus the highest in Fabege's history. The rental market in Stockholm was stable with favourable demand for modern offices in prime locations in terms of transport links. Investments and continued healthy property market generated the conditions for value growth in both project and property management portfolios.

Fabege's property portfolio and management

Fabege'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 September 2014, Fabege owned 87 properties with a total rental value of SEK 2.3bn, lettable floor space of 1.1 million sqm and a carrying amount of SEK 33.9bn, of which development and project properties accounted for SEK 3.4bn. 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 during the period totalled SEK 351m (159), while net lettings were SEK 246m (32). Terminations entailed that net lettings excluding project lettings declined slightly during the second and third quarters. Major lettings during the period pertained to TeliaSonera in the Nationalarenan 8 property in Arenastaden, and SEB in the Pyramiden 3 & 4 property in Arenastaden. In addition, a number of smaller leases were signed pertaining to management lettings. The retention rate during the period was 71 per cent (69).

Efforts to extend and renegotiate leases with existing customers were successful. A lease value of approximately SEK 72m was renegotiated during the period. The rent levels from all renegotiated leases increased 10 per cent on average.

Changes in the property portfolio

Six properties were divested during the first six months of the year. No further transactions were carried out in the third quarter. The transactions comprised part of the continued strategy of streamlining Fabege's business and focusing on office properties in prioritised areas and a strengthened cash flow.

The combined purchase consideration for sales amounted to SEK 1,310m. The transactions generated a profit of SEK 135m before taxes and SEK 195m after taxes.

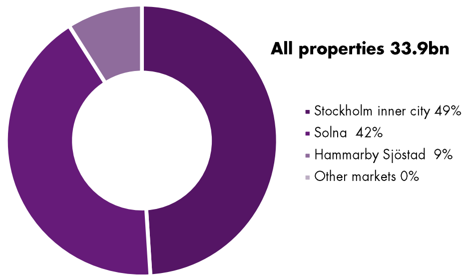
Changes in value of properties

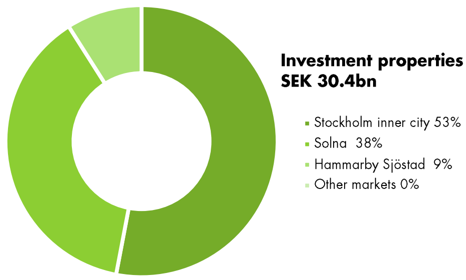
The entire property portfolio is externally valued at least once annually. Approximately 27 per cent of the properties were externally valued at 30 September 2014 and the remainder were internally valued based on the most recent valuations. The combined market value was SEK 33.9bn (32.8).

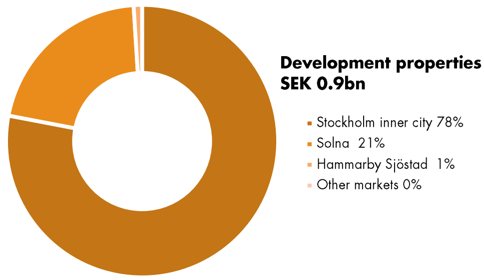
Unrealised changes in value amounted to SEK 769m (592). The average required yield declined slightly during the period, amounting to a rounded off figure of 5.5 per cent (5.6). The SEK 568m (278) increase in the value of the property management portfolio was primarily attributable to rising rents and properties for which the risk of vacancies has declined. The project portfolio contributed to a change in value of SEK 201m (314), primarily due to development gains in the major project properties.

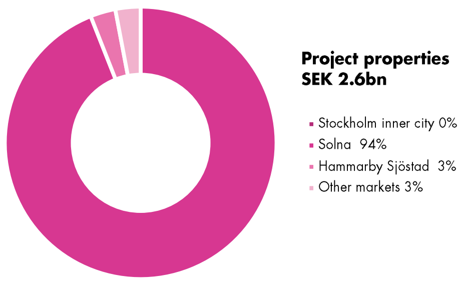
DISTRIBUTION OF MARKET VALUE

30 September 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 ambition is to maintain a high rate of development in the project portfolio, with an investment volume of approximately SEK 1.6bn. The outcome is estimated to be slightly lower due to some backlog in the current year. The investment rate is expected to increase during the coming years as a result of the new project lettings. Investments in existing properties and projects during the period totalled SEK 873m (1,027). The investments pertained to new builds, extensions and conversions. The return on capital invested in the project portfolio was 23 per cent. Invested capital in the property management portfolio contributed to the total growth in value.

Completed projects

During the second quarter of 2014, new builds of Båtturen 2, Hammarby Sjöstad were completed. Letting of remaining vacant spaces is in progress. The property was transferred to the property management portfolio from the third quarter.

Major ongoing projects

The project involving the new build of Nationalarenan 8 property (TeliaSonera's offices) 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 the Winery Hotel on the Järvakrogen 3 property is proceeding. 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 in Arenastaden is also proceeding as planned. The investment amounts to about SEK 570m. Earthworks and foundation engineering have been completed and work with framework construction has commenced. A turnkey contract with has been signed with Peab. The occupancy rate is 40 per cent.

During the second quarter, an investment of approximately SEK 2.3bn was approved for the construction of SEB's offices in the Pyramiden 3 & 4 property in Arenastaden. The existing building was demolished during the summer and excavation work has now commenced. The new office is scheduled for completion in two phases, spring 2017 and 2018, respectively. The property is fully let to SEB.

Sustainability efforts

Fabege 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 good working environment for the people who are present each day in the company's buildings are central to Fabege's sustainability effort.

For a number of years, Fabege has had an overall objective to environmentally certify all new builds and major redevelopments. At the end of September 2014, approximately 355,000 sqm had been environmentally- and energy certified or involved in environmental or energy certification processes.

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PROPERTY DIVESTMENTS JAN-SEP 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			
No divestments			
Quarter 4			
Total sales of properties			**29,625**

PROPERTY ACQUISITIONS, JAN-SEP 2014

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

FABEGE GREEN STAR IN GRESB

This year, Fabege participated for the first time in Global Real Estate Sustainability Benchmark (GRESB) and received the Green Star rating, which is the highest level. Fabege was also ranked the best in its comparison group. The fine results will inspire us to continue efforts in Fabege's future sustainability work.

The aim of the GRESB Foundation is to stimulate participants to achieve the best practice in economically sound behaviour in the property sector. GRESB is sustainability reporting that is based on the entire property portfolio, which gives a picture of how the company's sustainability efforts are integrated in the company's operations, procedures and systems. One idea is that companies and investors are able to compare different sustainability work of companies in the form of a figure.

ONGOING PROJECTS >SEK 50M

30 September 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	108	260	59
Nationalarenan 8	Offices	Arenastaden	Q2-2016	42,000	100%	109	479	1,311	400
Uarda 1 (building C)	Offices	Arenastaden	Q1-2016	17,641	40%	52	293	570	122
Pyramiden 3 & 4	Offices	Arenastaden	Q2-2018	67,700	100%	175	299	2,350	33
Total				**134,801**	**92%**	**360**	**1,179**	**4,491**	**614**
Other land and project properties							1,368		
Other development properties							883		
Total projects, land and development properties							**3,430**		

[1] Operational occupancy rate 30 September 2014.

[2] Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 360m (fully let) from SEK 0m in annualised current rent as of 30 September 2014.

PROPERTY PORTFOLIO

30 September 2014

	30 Sep 2014					Jan - Sep 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]	66	1,021	30,438	2,181	93	1,465	-315	1,150
Development properties [1]	6	64	883	89	77	52	-17	35
Land and Project properties [1]	15	24	2,547	61	96	43	-8	35
Total	**87**	**1,109**	**33,868**	**2,331**	**92**	**1,560**	**-340**	**1,220**
Of which, Inner city	31	449	16,620	1,144	92	770	-185	585
Of which, Solna	37	533	14,252	950	93	649	-123	526
Of which, Hammarby Sjöstad	12	126	2,910	236	90	140	-32	108
Of which, Other	7	1	86	1	100	1	0	1
Total	**87**	**1,109**	**33,868**	**2,331**	**92**	**1,560**	**-340**	**1,220**
Expenses for lettings, project development and property administration								-88
Total net operating income after expenses for lettings, project development and property administration								**1,132** [3]

[1] See definitions on page 15.

[2] In the rental value, time limited deductions of about SEK 84m (in rolling annual rental value at 30 September 2014) have not been deducted.

[3] The table refers to Fabege's property portfolio on 30 September 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 1.132m, and net operating income in profit or loss, SEK 1,120m, 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–September 2014.

[4] Rental income has been adjusted for a discount of SEK 33m that expired during the second quarter of 2014.

SEGMENT REPORTING IN SUMMARY[1]

SEKm	2014 Jan-Sep Property Management	2014 Jan-Sep Property Development	2014 Jan-Sep Transaction	2014 Jan-Sep Total	2013 Jan-Sep Property Management	2013 Jan-Sep Property Development	2013 Jan-Sep Transaction	2013 Jan-Sep Total
Rental income	1,499	66		1,565	1,470	75		1,545
Property expenses	-424	-21		-445	-445	-29		-474
Net operating income	**1,075**	**45**	**0**	**1,120**	**1,025**	**46**	**0**	**1,071**
Surplus ratio, %	72%	68%	0%	72%	70%	61%	0%	69%
Central administration	-42	-4		-46	-42	-4		-46
Net interest expense	-469	-40		-509	-479	-52		-531
Share in profits of associated companies	-55	-2		-57	-26	-6		-32
Profit from property management activitie	**509**	**-1**	**0**	**508**	**478**	**-16**	**0**	**462**
Realised changes in value of properties			135	135			125	125
Unrealised changes in value of properties	568	201		769	278	314		592
Profit/loss before tax per segment	**1,077**	**200**	**135**	**1,412**	**756**	**298**	**125**	**1,179**
Changes in value, fixed income derivatives and equities				-380				571
Profit before tax				**1,032**				**1,750**
Properties, market value	30,438	3,430		33,868	29,433	3,340		32,773
Occupancy rate, %	93%	85%		92%	93%	76%		92%

[1] See definitions on page 15

Other financial information

Human resources

At the end of the period, 138 people (133) were employed in the Fabege Group.

Parent Company

Sales during the period amounted to SEK 96m (93) and the result before appropriations and tax was a loss SEK 666m (profit: 467).

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

Acquisition and transfer of treasury shares

The 2014 Annual General Meeting renewed the authorisation of the Board, not 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 246m

Net lettings for the period were the highest ever recognised in Fabege's 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 Fabege's Annual Report for 2013, pages 61–62).

The total tax demand, including miscellaneous charges and fees, amounted to SEK 2,075m and has been paid in full since August 2014.

However, cases corresponding to about SEK 400m are being pursued further in the Administrative Court of Appeal with the aim of recovering part of the paid amount.

Opportunities and risks

Risks and uncertainties relating to cash flow from operations are primarily attributable 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%	20.9
Rent level, commercial income	1%	20.4
Financial occupancy rate	1 percentage point	23.5
Property expenses	1%	5.9
Interest expense, rolling 12 months	1 percentage point	97.0
Interest expenses, longer term perspective	1 percentage point	201.4

SENSITIVITY ANALYSIS – PROPERTY VALUE

Change in value, %	Impact on after-tax profit, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	267	36.3%	58.9%
0	0	35.9%	59.5%
-1	-267	35.5%	60.1%

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.

Events after the balance sheet date

In early October, Fabege sold the leasehold Godsfinkan 1to Stockholm city. The purchase price amounted to SEK 190m and the transaction resulted in a profit of SEK 15m before tax, which will be reported in the fourth quarter.

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 quarter, the warm and snowless winter season contributed to lower running costs and a strong surplus ratio.

Outlook for 2014

Fabege is well equipped with a strong balance sheet and a well-situated property portfolio with healthy development potential. We look forward to a higher level of activity in both project operations and the transaction market. With the prevailing favourable financial climate, combined with healthy demand in the rental market, Fabege has all the prerequisites to be able to deliver excellent results in 2014, with contributions from all parts of the operation.

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 the updated 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 the amended 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-September 2014. In addition, a prepaid cost of property tax has been recognised, which was distributed straight-line over the financial year. The introduction of IFRS 11 has not had any significant impact on Fabege's profit and loss or balance sheet.

Stockholm, 16 October 2014

Hermelin

CHRISTIAN HERMELIN
Chief Executive Officer

Review report

Introduction

We have reviewed the interim report for Fabege AB (publ) for the period 1 January 2014 – 30 September 2014. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 16 October 2014
Deloitte AB

Kent Åkerlund
Authorised Public Accountant

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 30 SEPTEMBER 2014[1]

	Number of shares	Proportion of equity, %	Proportion of votes,%
Erik Paulsson with family, privately and company	25,051,150	15.1	15.1
BlackRock Inc.	8,938,454	5.4	5.4
Länsförsäkringar fond management	7,681,942	4.6	4.6
Öresund Investment AB	5,500,736	3.3	3.3
SHB funds	5,015,367	3.0	3.0
Norges Bank Investment Management	4,391,352	2.7	2.7
Mats Qviberg with family	3,714,244	2.2	2.2
SEB funds	3,071,901	1.9	1.9
ENA City AB	2,711,000	1.6	1.6
Nordea funds	2,477,561	1.5	1.5
Blue Sky Group Stichting	2,275,856	1.4	1.4
Principal funds	2,131,902	1.3	1.3
Fourth AP-fund	1,542,713	0.9	0.9
TR Property Investment Trust	1,290,558	0.8	0.8
Standard Life Investment fond	1,277,969	0.8	0.8
Total 15 largest shareholders	**77,072,705**	**46.6**	**46.6**
Other foreign shareholders	44,710,757	27.0	27.0
Other Swedish shareholders	43,608,110	26.4	26.4
Total no. of shares outstanding	**165,391,572**	**100.0**	**100.0**
Treasury shares	0	0	0
Total no. of registrated shares	**165,391,572**	**100.0**	**100.0**

[1]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 30 September 2014.

The Fabege share is traded on Nasdaq OMX Stockholm, BOAT, BATS Chi-X and London Stock Exchange.
Number of shareholders at 30 September 2014: 40,556

SHARE INFORMATION

Smeden 1, Solna Business Park

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2014 Jul-Sep	2013 Jul-Sep	2014 Jan-Sep	2013 Jan-Sep	2013 Jan-Dec	Rolling 12 m Oct 13 - Sep 14
Rental income	526	513	1,565	1,545	2,059	2,079
Property expenses	-144	-146	-445	-474	-648	-619
Net operating income	**382**	**367**	**1,120**	**1,071**	**1,411**	**1,460**
Surplus ratio, %	73%	72%	72%	69%	69%	70%
Central administration	-16	-16	-46	-46	-62	-62
Net interest expense	-158	-178	-509	-531	-705	-683
Share in profits aof associated companies	-17	-11	-57	-32	-30	-55
Profit/loss from property management	**191**	**162**	**508**	**462**	**614**	**660**
Realised changes in value of properties	-	30	135	125	135	145
Unrealised changes in value of properties	258	162	769	592	739	916
Unrealised changes in value, fixed income derivatives	-90	46	-377	463	408	-432
Changes in value of equities	-13	111	-3	108	96	-15
Profit/loss before tax	**346**	**511**	**1,032**	**1,750**	**1,992**	**1,274**
Current tax	-3	2	-61	2	-116	-179
Deferred tax	-78	-93	-143	-301	-346	-188
Profit/loss for period/year	**265**	**420**	**828**	**1,451**	**1,530**	**907**
Items that will not be restated in profit or loss						
Revaluation of defined-benefit pensions	-	-	-	-	13	13
Comprehensive income for the period/year	**265**	**420**	**828**	**1,451**	**1,543**	**920**
Earnings per share, SEK	1:60	2:54	5:01	8:79	9:26	5:50
Total earnings per share, SEK	1:60	2:54	5:01	8:79	9:34	5:58
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	165.4	165.4	165.1	165.1	165.4

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2014 30 Sep	2013 30 Sep	2013 31 Dec
Assets			
Properties	33,868	32,773	33,384
Other tangible fixed assets	1	0	0
Financial fixed assets	1,475	1,567	1,584
Current assets	318	954	365
Cash and cash equivalents	198	29	98
Total assets	**35,860**	**35,323**	**35,431**
Equity and liabilities			
Shareholder's equity	12,883	12,459	12,551
Provisions	1,218	1,051	1,083
Interest-bearing liabilities [1]	20,136	18,780	19,038
Derivative instrument	824	392	447
Non-interest-bearing liabilities	799	2,641	2,312
Total equity and liabilities	**35,860**	**35,323**	**35,431**
Equity/assets ratio, %	36	35	35
Contingent liabilities	1,068	1,418	1,252

[1] Of which short-term SEK 7,870m (2,878)

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	828	828
Other comprehensive income	-	-
Shareholders' equity, 30 September 2014	**12,883**	**12,883**

CONSOLIDATED STATEMENT OF CASH FLOWS[1]

SEKm	2014 Jan-Sep	2013 Jan-Sep	2013 Jan-Dec
Operations			
Net operating income	1,120	1,070	1,411
Central administration	-46	-46	-62
Reversal of depreciation	1	1	1
Interest received	15	23	39
Interest paid	-576	-552	-739
Income tax paid [2]	-1,607	2	-465
Cash flow before change in working capital	**-1,093**	**498**	**185**
Change in working capital			
Change in current receivables	39	-40	-61
Change in current liabilities	9	-50	-21
Total change in working capital	**48**	**-90**	**-82**
Cash flow from working activities	**-1,045**	**408**	**103**
Investing activities			
Investments in new-builds, extensions and conversions	-849	-1,357	-1,738
Acquisition of properties	-	-217	-298
Divestment of properties	1,345	1,015	1,332
Other tangible fixed assets	46	-391	-130
Cash flow from investing activities	**542**	**-950**	**-834**
Financing activities			
Dividend to shareholders	-496	-496	-496
Transfer of treasury shares	-	122	122
Change in interest bearing liabilities	1,099	745	1,003
Cash flow from investing activities	**603**	**371**	**629**
Cash flow for the period	100	-171	-102
Cash and cash equivalents at beginning of period	98	200	200
Cash and cash equivalents at end of period	**198**	**29**	**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 607m 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-Sep	2013 Jan-Sep	2013 Jan-Dec
Return on capital employed, %	6.2	5.1	8.7
Return on equity, %	8.7	16.2	12.8
Interest coverage ratio, multiple	2.2	2.1	2.0
Equity/assets ratio	36	35	35
Loan-to-value ratio, properties	59	57	57
Debt/equity ratio, multiple	1.6	1.5	1.5
Share related[1]			
Earnings per share, SEK	5:01	8:79	9:26
Total earnings per share, SEK	5:01	8:79	9:34
Equity per share, SEK	78	75	76
Cash flow per share, SEK[2]	-6:32	3:57	3:89
No. of outstanding shares at end of period, thousands	165,392	165,392	165,392
Average number of shares, thousands	165,392	165,086	165,162
Property-related			
No. of properties	87	91	92
Carrying amount, Properties, SEKm	33,868	32,773	33,384
Lettable area, sqm	1,109,000	1,137,000	1,142,000
Financial occupancy rate, %	92	92	93
Surplus ratio, %	72	69	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 2014 of tax payments of SSEK -1 607m 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, with the exception of callable swaps measured in accordance with level 3. Changes in value are recognised in profit or loss. IAS 39 has been applied also in the Parent Company since 2006. No changes have been made in the valuation model.

IFRS, level 3	Group 2014 30 Sep	Group 2013 31 Dec	Parent Company 2014 30 Sep	Parent Company 2013 31 Dec
Opening value	-358	-577	-358	-577
Acquisitions/Investments	0	0	0	0
Changes in value	-138	219	-138	219
Matured	0	0	0	0
Closing value	-496	-358	-496	-358
Carrying amount	-496	-358	-496	-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-Sep	2013 Jan-Sep	2013 Jan-Dec
Income	96	93	122
Expenses	-154	-145	-194
Net financial items	-86	-63	1,856
Income from other financial assets	-142	-	-
Share in profits of associated companies	-	3	4
Changes in value, fixed-income derivatives	-377	463	408
Changes in value, equities	-3	116	42
Profit before tax	**-666**	**467**	**2,238**
Current Tax	-	-	-103
Deferred	146	-78	-90
Profit for the period/year	**-520**	**389**	**2,045**

PARENT COMPANY CONDENSED BALANCE SHEET

SEKm	2014 30 Sep	2013 30 Sep	2013 31 Dec
Participation in Group companies	12,992	12,992	12,992
Other fixed assets	39,784	38,880	40,721
of which, receivables from Group companies	*38,939*	*38,091*	*39,967*
Current assets	75	362	83
Cash and cash equivalents	196	29	98
Total assets	**53,047**	**52,263**	**53,894**
Shareholders' equity	10,974	10,335	11,991
Provisions	68	67	67
Long-term liabilities	35,135	39,287	39,462
of which, liabilities to Group companies	*22,102*	*23,561*	*23,426*
Current liabilities	6,870	2,574	2,374
Total equity and liabilities	**53,047**	**52,263**	**53,894**

Quarterly overview

CONDENSED INCOME STATEMENT, AMOUNTS IN SEKm

	2014			2013				2012
	Quarter 3	**Quarter 2**	**Quarter 1**	**Quarter 4**	**Quarter 3**	**Quarter 2**	**Quarter 1**	**Quarter 4**
Rental income	526	526	513	514	513	519	513	480
Property expenses	-144	-137	-164	-174	-146	-145	-183	-169
Net operating income	**382**	**389**	**349**	**340**	**367**	**374**	**330**	**311**
Surplus ratio, %	73%	74%	68%	66%	72%	72%	64%	65%
Central administration	-16	-15	-15	-16	-16	-16	-14	-23
Net interest expence	-158	-180	-171	-174	-178	-176	-177	-168
Share in profits of associated companies	-17	-27	-13	2	-11	-17	-4	137
Profit/loss from property management	**191**	**167**	**150**	**152**	**162**	**165**	**135**	**257**
Realised changes in value of properties	-	52	83	10	30	15	80	21
Unrealised value of properties	258	299	212	147	162	211	219	345
Unrealised changes in value, fixxed-income derivatives	-90	-146	-141	-55	46	229	188	-57
Changes in value, equities	-13	-16	26	-12	111	-1	-2	-26
Profit for the period/year	**346**	**356**	**330**	**242**	**511**	**619**	**620**	**540**
Current tax	-3	16	-74	-118	2			
Deferred tax	-78	-49	-16	-45	-93	-104	-104	80
Comprehensive income for the period/year	**265**	**323**	**240**	**79**	**420**	**515**	**516**	**620**

CONDENSED FINANCIAL POSITION, AMOUNTS IN SEKm

	2014			2013				2012
	Quarter 3	**Quarter 2**	**Quarter 1**	**Quarter 4**	**Quarter 3**	**Quarter 2**	**Quarter 1**	**Quarter 4**
Assets								
Properties	33,868	33,257	33,640	33,384	32,773	32,172	32,098	31,636
Other tangible fixed assets	1	1	1	0	0	1	1	1
Financial fixed assets	1,475	1,492	1,610	1,584	1,567	1,434	1,372	1,398
Current assets	318	856	744	365	954	988	682	474
Cash and cash equivalents	198	263	148	98	29	13	124	200
Total assets	**35,860**	**35,869**	**36,143**	**35,431**	**35,323**	**34,608**	**34,277**	**33,709**
Equitites and liabilities								
Shareholders' equity	12,883	12,618	12,295	12,551	12,459	12,039	11,524	11,382
Provisions	1,218	1,142	1,097	1,083	1,051	959	847	753
Interest-bearing liabilities	20,136	20,402	20,073	19,038	18,780	18,631	18,021	18,035
Derivative instruments	824	734	588	447	392	438	667	854
Non-interest bearing liabilitis	799	973	2,090	2,312	2,641	2,541	3,218	2,685
Total equity and liabilities	**35,860**	**35,869**	**36,143**	**35,431**	**35,323**	**34,608**	**34,277**	**33,709**

KEY FIGURES

	2014			2013				2012
	Quarter 3	**Quarter 2**	**Quarter 1**	**Quarter 4**	**Quarter 3**	**Quarter 2**	**Quarter 1**	**Quarter 4**
Financial								
Return on capital employed, %	6.1	6.4	6.2	5.3	8.9	10.4	10.5	9.6
Return on equtiy, %	8.3	10.3	7.7	2.5	13.7	17.6	18.0	22.5
Interest coverage ratio, multiple	2.1	2.2	2.3	1.9	2.1	2.0	2.2	2.7
Equity/assets ratio, %	36	35	34	35	35	35	34	34
Loan-to-value ratio, properties, %	59	61	60	57	57	58	56	57
Debt/equity raio, multiple	1.6	1.6	1.6	1.5	1.5	1.5	1.6	1.6
Share-related								
Earnings per share, SEK	1:60	1:95	1:45	0:48	2:54	3:11	3:14	3:82
Total earnings per share, SEK	78	76	74	76	75	73	70	70
Cash flow from operating activities per share, SEK	0:26	-2:07	-4:50	-1:84	2:04	0:07	0:36	1:27
No. Of shares outstanding at the end of the period, thousands	165,392	165,392	165,392	165,392	165,392	165,392	165,392	163,555
Average nuber of shares, thousands	165,392	165,392	165,392	165,162	165,086	164,933	164,474	162,391
Property-related								
Financial occupancy rate, %	92	92	92	93	92	93	92	92
Surplus ratio, %	73	74	68	66	72	72	64	70

[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 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 September 2014, Fabege owned 87 properties with a total market value of SEK 33.9bn. The rental value was SEK 2.3bn.

Business concept

Fabege's business concept centres on commercial property in the Stockholm region, with a particular emphasis on a limited number of fast-growing sub-markets. Fabege aims to create value by managing, developing and actively adjusting its property portfolio through sales and acquisitions. Accrued value should 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

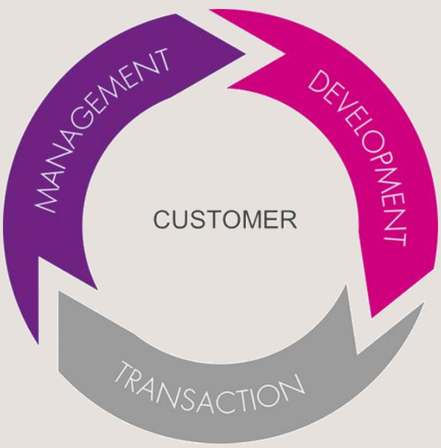
New technology and new work methods contribute to higher demand for flexible and space-efficient premises in prime locations. Excellent peripheral service and good communication links in the form of public transport services are increasingly requested, as well as environmental classification.

Financial trend

The trend for both the Swedish and global economy has an impact on the property market. Low vacancy rates in Stockholm 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.



PROPERTY MANAGEMENT

The essence of Fabege'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

Qualified property development is the second cornerstone of our business. Fabege has long-standing expertise in driving extensive property development projects to attract long-term tenants to properties that have not yet been fully developed and can be redesigned based on the customer's specific requirements.

TRANSACTION

Property transactions are an integral part of Fabege's business model and make a significant contribution to consolidated profit. The company continuously analyses its property portfolio to take advantage of opportunities to increase value growth, through both acquisitions and divestments.

Financial calendar

Year-end report for 2014	4 February 2015
Annual report 2014	March 2015
Annual General Meeting 2014	26 March 2015
Interim report January – March 2015	23 April 2015
Interim report January – June 2015	6 July 2015
Interim report January – September 2015	20 October 2015

Press releases during the third quarter

25 August 2014 Fabege's Nominating Committee for AGM 2015

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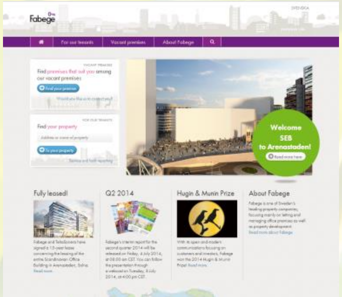

Visit the Group's website for more information about Fabege and its operations. A web presentation will also be made on 16 October 2014, in which Christian Hermelin and Åsa Bergström present the results for the third quarter.

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The information in this report is of the type that Fabege is required to disclose according to the Securities Market Act. The information was released for publication at 8:00 am CET on 16 October 2014.

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Fabege