

2015

# Q1

## Summary SEKm

	2015 Jan-Mar	2014 Jan-Mar	2014 Jan-Dec
Rental income	502	513	2,087
Net operating income	350	349	1,485
Profit from property management	168	150	682
Profit before tax	886	330	1,867
Profit after tax	705	240	1,738
Surplus ratio, %	70	68	71
Equity ratio, %	37	34	38
EPRA NAV, SEK per share	97	84	95

### January - March 2015

- Rental income amounted to SEK 502m (513). In an identical portfolio, income increased approximately 9 per cent.
- Net operating income rose to SEK 350m (349). In an identical portfolio, net operating income increased approximately 10 per cent. The surplus ratio rose to 70 per cent (68).
- Profit from property management increased 12 per cent to SEK 168m (150).
- Realised and unrealised changes in value amounted to SEK 708m (295) for properties and a negative SEK 57m (neg: 141) for interest-rate derivatives.
- Profit before tax for the period amounted to SEK 886m (330). Profit after tax for the period amounted to SEK 705m (240), corresponding to SEK 4.26 per share (1.45).
- Net lettings for the period amounted to SEK 12m (17), following a major letting to SBAB and a number of management lettings. The rent levels for all renegotiated leases increased by an average of 14 per cent.
- The adjusted equity/assets ratio was 39 per cent and the adjusted loan-to-value ratio 56 per cent.





Christian Hermelin, CEO

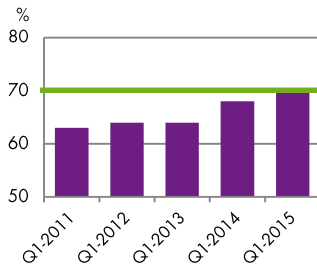
Comments by Christian Hermelin, CEO

## Strong market conditions – now even better!

### The market trends

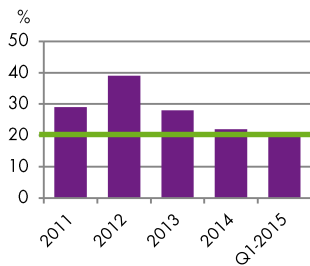
high demand in the rental market, low market interest rates and increasing rent levels have now gained momentum and become even more pronounced at the start of the current year. The activity we are experiencing in the market and the figures we are now reporting reflect continued positive performance by Fabège.

### SURPLUS RATIO



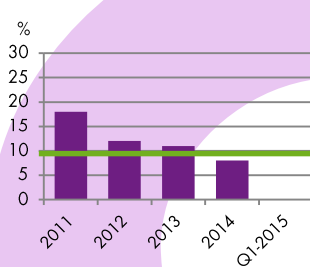
Target: 70 per cent

### RETURN ON PROJECTS



Target: 20 per cent

### TRANSACTION GAINS



Target: 10 per cent

### Favourable performance during the quarter

Fabège's operations performed well during the first quarter. We are now seeing more distinct rental growth, not only in the CBD and our development areas but also in all of our areas. Efforts to extend and renegotiate leases with existing customers have been successful and we noted a 14 per cent average increase in renegotiated leases. With the positive conditions we see in the rental market, we now believe that rents will continue to increase following forthcoming re-negotiations.

### 70 per cent surplus ratio in the first quarter

Increasing income in a comparable portfolio and lower costs contributed to a surplus ratio of 70 per cent, reflecting a record first quarter for Fabège. Improved cost effectiveness together with the mild winter contributed to lower costs.

### Continued strong transaction market contributing to increased property values

At the start of 2015, we are now seeing increased interest in properties, not least from funds, both Swedish and international, partly due to a weakening of the Swedish krona. We can state that yield requirements continue to decline and I believe that the floor has not yet been reached. The strong market conditions have contributed to healthy changes in value, which amounted to SEK 707m during the first quarter. At the start of the year, transaction volume has not been at the same record-high level as in autumn 2014. This is partly because the pace of transactions is usually slower in the first quarter but probably also to certain market inertia before potential buyers have adapted to the sellers' ever higher expectations concerning price levels.

### Successful issues by Nya SFF

It is gratifying to note that the capital market has shown keen interest in Nya SFF and that our issues via this company have been implemented on competitive terms. Nya SFF, provides new sources of financing, offered on competitive prices, serving as a solid supplement to today's borrowing structure.

### Outlook for 2015

At the beginning of the current year, the rental and property markets in Stockholm have remained highly robust, with considerable demand from investors. Fabège's property portfolio favourably matches customer requirements for modern and sustainable offices in attractive locations with access to rail services. We are looking forward to continued healthy development, in which all parts of the operation contribute to an increase in total earnings.

# Profit Jan-Mar 2015<sup>1</sup>

The year got off to a good start with increasing rental income in a comparable portfolio and a surplus ratio of 70 per cent, a record first-quarter result. Investments in projects and a continued decrease in the required yield contributed to value growth in the property portfolio.

## Revenues and earnings

Profit after tax for the period amounted to SEK 705m (240), corresponding to SEK 4.26 per share (1.45). Profit before tax for the period amounted to SEK 886m (330). Net operating income increased slightly year-on-year, despite a smaller portfolio. Profit from property management improved approximately 12 per cent. The strong conditions in the property market led to an increase in unrealised value changes in the property portfolio.

Rental income totalled SEK 502m (513) and net operating income rose to SEK 350m (349). In an identical portfolio, rental income rose about 9 per cent due to reduced rent discounts, a higher occupancy rate and improved rent levels. Net operating income was 10 per cent higher and the surplus ratio increased to 70 per cent (68), mainly due to a more modern portfolio with higher income and more efficient operation. For the second consecutive year, the mild winter contributed to low operating costs.

Realised changes in the value of properties amounted to SEK 1m (83), resulting from lags from previously implemented transactions. Unrealised changes in value totalled SEK 707m (212). The SEK 620m (123) unrealised change in the value of the property management portfolio was attributable to properties with higher rent levels and to a lower yield requirement, not just in Stockholm inner city but also in Solna and Hammarby Sjöstad. The average yield requirement declined by just over 0.1 per cent to 5.3 per cent after rounding off (5.4 at year-end). The project portfolio contributed to an unrealised change in value of SEK 87m (89), primarily because of development gains in the major project properties.

Share in profit of associated companies amounted to a loss of SEK 13m (loss: 13), primarily related to Arenabolaget in Solna KB. Due to lower long-term interest rates, the deficit value of the derivative portfolio increased by SEK 57m (141). Changes in the value of shareholdings, mainly Catena, totalled SEK 67m (26). Net interest expense declined to SEK -153m (-171), mainly because of lower market interest rates.

## Segment reporting

Through a re-allotment, the Uarda 1 property has been partitioned into three properties. Accordingly, Uarda 1 (formerly Building A) has been reclassified from a project property to an investment property. Following the property re-allotment, Uarda 6 (formerly Building B) and Uarda 7 (formerly Building C) were formed. The latter two remain as project properties.

The Property Management segment generated net operating income of SEK 329m (337), corresponding to a surplus ratio of 70 per cent (68). The occupancy rate was 94 per cent (92). Profit from property management was SEK 167m (150). Unrealised changes in property values were SEK 620m (123).

The Property Development segment generated net operating income of SEK 21m (12), leading to a surplus ratio of 62 per cent (71). Profit from property management was SEK 1m (0). Unrealised changes in property values totalled SEK 87m (89).

No property transactions were conducted in the Transaction segment during the first quarter. Realised changes in the value of properties amounted to SEK 1m (83), resulting from lags in previously implemented transactions.

## Financial position and net asset value

Shareholders' equity amounted to SEK 13,951m (13,783) at the end of the period and the equity/assets ratio was 37 per cent (38). Shareholders' equity per share was SEK 84 (83). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 99 (97). EPRA NAV was SEK 97 (95).

1) The comparison figures for income and expense items relate to values for the period January-March 2014 and for balance sheet items as at 31 December 2014.

## Quarter 1 in brief<sup>1</sup>

- Continued healthy demand for office premises in Stockholm and increasing rent levels.
- New lettings amounted to SEK 44m (36) and net lettings to SEK 12m (17).
- The surplus ratio rose to 70 per cent (68).
- Profit from property management increased to SEK 168m (150).
- The property portfolio showed unrealised value growth of SEK 707m (212), of which projects accounted for SEK 87m (89).
- No property transactions were implemented during the quarter.
- The deficit value in the derivative portfolio rose SEK 57m (141) due to falling long-term interest rates.
- Profit after tax for the quarter amounted to SEK 705m (240).

## BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

SEKm	2015	2014
	Jan-Mar	Jan-Mar
Profit from Property Management activities	167	150
Changes in value (portfolio of investment properties)	620	123
<b>Contribution from Property Management</b>	<b>787</b>	<b>273</b>
Profit from Property Management activities	1	0
Changes in value (profit from Property Development)	87	89
<b>Contribution from Property Development</b>	<b>88</b>	<b>89</b>
Realised changes in value	1	83
<b>Contribution from Transactions</b>	<b>1</b>	<b>83</b>
<b>Total contribution from the operation</b>	<b>876</b>	<b>445</b>

# 70%

## Surplus ratio

In line with full-year target and at a record level for a first quarter.

## Financing

Fabege employs long-term lines of credit subject to fixed terms and conditions. At 31 March 2015, these had an average maturity of 3.5 years. The company's lenders are the major Nordic banks.

Interest-bearing liabilities at period-end totalled SEK 19,733m (19,551) and the average interest rate was 3.04 per cent excluding and 3.16 per cent including commitment fees on the undrawn portion of committed credit facilities. Unutilised committed lines of credit amounted SEK 4,543m.

The loan-to-value ratio was 58 per cent. Adjusted for dividends that have not yet been paid, outstanding purchase considerations for sold properties and restricted amounts for loans that were settled during the second quarter in a total amount of SEK 829m, the loan-to-value ratio declines to 56 per cent.

Fabege has a commercial paper programme in an amount of SEK 5,000m. At the end of the quarter, outstanding commercial paper amounted to SEK 2,679m (2,889). Fabege has available long-term credit facilities covering all outstanding commercial paper at any given time. It also has a covered property bond of SEK 1,170m, which will mature in February 2016. At 31 March, Fabege also had outstanding bonds of SEK 112m within the framework of the co-owned company Svensk Fastighetsfinansiering AB. Nya Svensk Fastighetsfinansiering AB, a newly formed finance company with a covered MTN programme of SEK 8,000m, was launched in January 2015. The company is owned by Catena AB, Diös Fastigheter AB, Fabege AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB, each of which hold a 20-per cent share. Within the parameters of this programme, Fabege issued SEK 682m in February. Nya SFF implemented an additional issue in early April, through which Fabege borrowed SEK 185m.

The average fixed-rate period for Fabege's loan portfolio was 2.1 years, including the effects of derivative instruments. The average fixed interest term for variable-interest loans was 71 days. During the first quarter, additional interest-rate swaps in a total amount of SEK 1,000m were agreed with maturities of eight to ten years, following which Fabege's portfolio of derivative instruments comprised interest-rate swaps totalling SEK 7,000m, with maturities extending through 2025 and carrying fixed interest at annual rates of between 0.88 and 2.68 per cent before margins, and callable swaps totalling SEK 5,700m at interest rates of between 2.87 and 3.98 per cent before margins and maturity between 2016 and 2018. Interest rates on 64 per cent of Fabege's loan portfolio were fixed using fixed-income derivatives. The derivatives portfolio is measured at market value and the change in value is recognised in profit or loss. At 31 March 2015, the recognised deficit value of the portfolio was SEK 977m (920). 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. In early April, additional interest-rate swaps totalling SEK 600m were agreed with maturities of nine and ten years.

Net financial items included other financial expenses of SEK 3m, mainly pertaining to accrued opening charges for borrowing agreements and bond programmes.

The total loan volume per quarter included SEK 1,006m (656) in loans for projects, on which interest of SEK 7m had been capitalised.

## Tax

Tax for the period amounted to SEK -181m (-90). Operating taxes are calculated at a rate of 22 per cent on taxable earnings.

## Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 197m (neg: 798). Change in working capital had a positive impact of SEK 27m (53) on cash flow. Investing activities had a negative impact of SEK 366m (neg: 240) on cash flow, while financing activities had a positive impact of SEK 182m (1,035). In the investing activities, cash flow was driven by the projects. Cash and cash equivalents increased by a total of SEK 40m (50) during the year.

## INTEREST RATE MATURITY STRUCTURE, 31 MARCH 2015

	Amount SEKm	Average interest rate,%	Share,%
< 1 year	6,783	3.64	35
1-2 years	4,200	2.71	21
2-3 years	1,250	1.72	6
3-4 years	4,500	3.54	23
4-5 years	1,000	2.13	5
> 5 years	2,000	1.85	10
Total	19,733	3.04	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, 31 MARCH 2015

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	2,679
< 1 year	11,340	7,371
1-2 years	5,916	4,497
2-3 years	414	259
3-4 years	1,395	190
4-5 years	899	425
> 5 years	4,312	4,312
Total	29,276	19,733

# Business, Jan-Mar 2015

**At the start of the year, the trend of an ever stronger rental market and continued increasing property values was enhanced. Net lettings in Fabege's portfolio were positive following a number of successful management lettings.**

## 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's inner city, Solna and Hammarby Sjöstad are the company's principal markets. On 31 March 2015, Fabège owned 82 properties with a total rental value of SEK 2.2bn, lettable floor space of 1.0 million sqm and a carrying amount of SEK 33.8bn, of which development and project properties accounted for SEK 3.5bn. The financial occupancy rate for the entire portfolio, including project properties, was 93 per cent (92). The occupancy rate in the property management portfolio was 94 per cent (92).

During the first quarter, 54 new leases were signed at a combined rental value of SEK 44m (36). Lease terminations amounted to SEK 32m (19), while net lettings were SEK 12m (17). Major lettings during the period pertained to SBAB at Fräsaren 10, Solna Business Park, and Digital Route at Barnhusväderkvarn 36 in the City of Stockholm. A number of smaller leases were also signed pertaining to management lettings.

Work to extend and renegotiate leases with existing customers was successful. During the period, a lease value of just over SEK 30m was renegotiated, an average rise in rental value of 14 per cent. The retention rate during the period was 81 per cent (89).

## Changes in the property portfolio

No property transactions were conducted in the first quarter. The Grönlandet Södra 13 property, which was sold at the end of 2014, will be vacated during the second quarter. The property has already been derecognised under IFRS, but the purchase consideration will be paid in connection with formally vacating the premises.

Through property re-allotment, the Uarda 1 property has been partitioned into three properties.

In general, conditions in the property market remained highly robust at the start of the year, with increasing property prices.

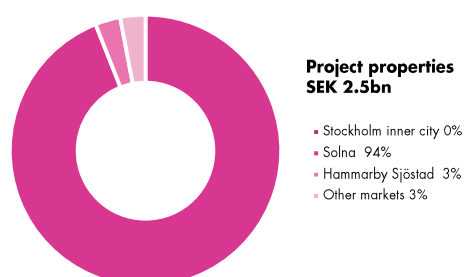
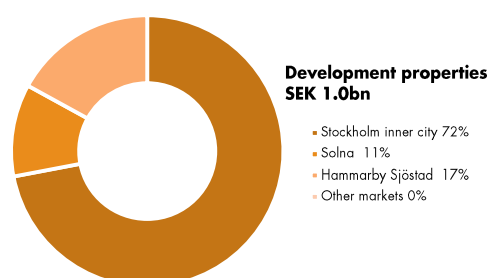
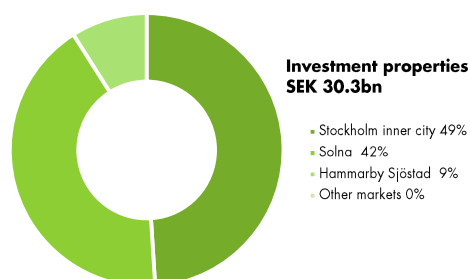
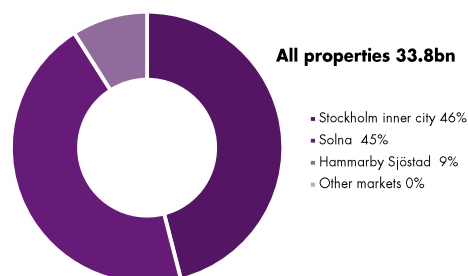
## Changes in value of properties

The entire property portfolio is externally valued at least once annually. Approximately 34 per cent of the properties were externally valued at 31 March 2015 and the remainder were internally valued based on the most recent external valuation. The combined market value was SEK 33.8bn (32.6).

Unrealised changes in value amounted to SEK 707m (212). The average required yield declined during the year, amounting to a rounded off figure of 5.3 per cent (5.4 at year-end). The SEK 620m (123) increase in the value of the property management portfolio was primarily attributable to the lower market yield requirement and to rising rents and lower vacancies. The project portfolio contributed to a change in value of SEK 87m (89), primarily due to development gains in the major project properties.

## DISTRIBUTION OF MARKET VALUE

31 March 2015



## 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.

During 2014, investments slightly exceeded SEK 1.2bn. Due to the considerable volume of on-going projects, the rate of investment is expected to rise in 2015. During the first quarter, investments in existing properties and projects totalled SEK 496m (242), of which investments in projects and development properties pertaining to new builds, extensions and conversions accounted for SEK 423m. The return on capital invested in the project portfolio slightly exceeded 20 per cent. SEK 73m was invested in the property management portfolio and contributed to the total growth in value.

## Completed projects

No major projects were completed during the period.

## Major on-going projects

The project involving the new build of Nationalarenan 8 property (TeliaSonera's offices) is proceeding as planned. The work currently under way pertains to framework additions, roof work and work on fan rooms. 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 continues. Construction of the framework is currently under way. Veidekke/Arcona have been procured as turnkey contractors. The investment has increased, due to difficult ground conditions, and is now estimated at about SEK 300m. The property is fully let to The Winery Hotel, with occupancy scheduled for January 2016.

The Uarda 7 (formerly Uarda 1, Building C) project at Arenastaden is also proceeding as planned. The investment totals about SEK 570m. Work on framework additions and on completing the facades is currently ongoing. The occupancy rate is 60 per cent.

During the fourth quarter, an investment slightly exceeding SEK 500m was decided regarding construction of Uarda 6 (formerly Uarda 1, Building B), after Siemens had signed a lease. Earthworks and foundation engineering have recently been completed and framework assembly commences in April. The occupancy rate is 58 per cent.

The project involving construction of SEB's offices in the Pyramiden 4 property in Arenastaden is proceeding. Earthworks and foundation engineering are currently under way. The investment is some SEK 2.3bn and the new office is scheduled for completion in two phases, spring 2017 and 2018, respectively. The property is fully let to SEB.

## SALES OF PROPERTIES JAN-MAR 2015

Property name	Area	Category	Lettable area, sqm
<b>Quarter 1</b>			
No divestments			
<b>Quarter 2</b>			
<b>Quarter 3</b>			
<b>Quarter 4</b>			
<b>Total sales of properties</b>			<b>0</b>

## PROPERTY ACQUISITIONS JAN-MAR 2015

Property name	Area	Category	Lettable area, sqm
<b>Quarter 1</b>			
No acquisitions			
<b>Quarter 2</b>			
<b>Quarter 3</b>			
<b>Quarter 4</b>			
<b>Total acquisitions of properties</b>			<b>0</b>



Svetsaren I, Solna Business Park

## ON-GOING PROJECTS > SEK 50M

31 March 2015

Property listing	Property type	Area	Completed	Lettable area, sqm	Occupancy rate, area, % <sup>1</sup>	Estimated rental value, SEKm <sup>2</sup>	Carrying amount SEKm	Estimated investment, SEKm	of which, worked up, SEKm
Järvakrogen 3	Hotel	Solna	Q1-2016	7,460	100%	24	208	300	156
Nationalarenan 8	Offices	Arenastaden	Q2-2016	42,000	100%	109	816	1,311	650
Uarda 6 (building B)	Offices	Arenastaden	Q4-2017	18,000	58%	50	216	511	126
Uarda 7 (building C)	Offices	Arenastaden	Q1-2016	17,641	60%	52	492	570	300
Pyramiden 4	Offices	Arenastaden	Q2-2018	67,700	100%	175	450	2,350	184
<b>Total</b>				<b>152,801</b>	<b>90%</b>	<b>410</b>	<b>2,182</b>	<b>5,042</b>	<b>1,416</b>
Other land and project properties							339		
Other development properties							960		
<b>Total projects, land and development properties</b>							<b>3,481</b>		

<sup>1</sup> Operational occupancy rate 31 March 2015.

<sup>2</sup> Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 410m (fully let) from SEK 0m in annualised current rent as of 31 March 2015.

## PROPERTY PORTFOLIO

31 March 2015

	31 Mar 2015					Jan - Mar 2015		
	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value <sup>2</sup>	Financial occupancy rate %	Rental income SEKm	Property expenses SEKm	Net operating income SEKm
<b>Property holdings</b>								
Investment properties <sup>1</sup>	61	960	30,282	2,097	94	485	-109	376
Development properties <sup>1</sup>	6	70	960	100	76	19	-6	13
Land and Project properties <sup>1</sup>	15	0	2,521	1	0	1	-1	0
<b>Total</b>	<b>82</b>	<b>1,030</b>	<b>33,763</b>	<b>2,198</b>	<b>93</b>	<b>505</b>	<b>-116</b>	<b>389</b>
Of which, Inner city	29	402	15,651	1,034	92	239	-61	178
Of which, Solna	35	509	15,158	939	95	219	-44	175
Of which, Hammarby Sjöstad	11	118	2,862	224	89	47	-11	36
Of which, Other	7	1	92	1	100	0	0	0
<b>Total</b>	<b>82</b>	<b>1,030</b>	<b>33,763</b>	<b>2,198</b>	<b>93</b>	<b>505</b>	<b>-116</b>	<b>389</b>
Expenses for lettings, project development and property administration								-35
<b>Total net operating income after expenses for lettings, project development and property administration</b>								<b>354</b> <sup>3</sup>

<sup>1</sup> See definitions on page 15.

<sup>2</sup> In the rental value, time limited deductions of about SEK 63m (in rolling annual rental value at 31 March 2015) have not been deducted.

<sup>3</sup> The table refers to Fabege's property portfolio on 31 March 2015. Income and expenses were recognised as if the properties were owned for the entire period. The difference between recognised net operating income above, SEK354m, and net operating income in profit or loss, SEK 350m, 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–March 2014.

## SEGMENT REPORTING IN SUMMARY<sup>1</sup>

SEKm	2015	2015	2015	2015	2014	2014	2014	2014
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
	Property Management	Property Development	Transaction	Total	Property Management	Property Development	Transaction	Total
Rental income	468	34		502	496	17		513
Property expenses	-139	-13		-152	-159	-5		-164
<b>Net operating income</b>	<b>329</b>	<b>21</b>		<b>350</b>	<b>337</b>	<b>12</b>		<b>349</b>
Surplus ratio, %	70%	62%		70%	68%	71%		68%
Central administration	-14	-2		-16	-14	-1		-15
Net interest expense	-137	-16		-153	-160	-11		-171
Share in profits of associated companies	-11	-2		-13	-13	0		-13
<b>Profit from property management activities</b>	<b>167</b>	<b>1</b>		<b>168</b>	<b>150</b>	<b>0</b>		<b>150</b>
Realised changes in value of properties	0	0	1	1	0	0	83	83
Unrealised changes in value of properties	620	87		707	123	89	0	212
<b>Profit/loss before tax per segment</b>	<b>787</b>	<b>88</b>	<b>1</b>	<b>876</b>	<b>273</b>	<b>89</b>	<b>83</b>	<b>445</b>
equities				10				-115
<b>Profit before tax</b>				<b>886</b>				<b>330</b>
Properties, market value	30,282	3,481		33,763	31,408	2,232		33,640
Occupancy rate, %	94%	76%		93%	92%	86%		92%

<sup>1</sup> See definitions on page 15

# Other financial information

## Human resources

At the end of the quarter, 141 people (136) were employed in the Fabege Group.

## Parent Company

Sales during the period amounted to SEK 38m (39) and profit before appropriations and tax to SEK 37m (loss: 166).

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

## Annual General Meeting, 26 March 2015

At Fabege's Annual General Meeting (AGM) on 26 March, the Board of Directors' proposed dividend for 2014 of SEK 3.25 per share was adopted. For other resolutions, see the press release and AGM documents on Fabege's website.

## Acquisition and transfer of treasury shares

The 2015 AGM 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 year.

# + 14%

**Continued strong growth in rental value following re-negotiations.**

## 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 2014 Annual Report (pages 38–41). The effect of the changes on consolidated profit is shown in the risk analysis and in the sensitivity analysis in the 2014 Directors' Report (page 62–67).

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 2014 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 2014 annual report (pages 39–40 and 78–79).

No material changes in the company's assessment of risks have arisen following publication of the 2014 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%	20.1
Rent level, commercial income	1%	19.3
Financial occupancy rate	1 percentage point	22.0
Property expenses	1%	6.1
Interest expense, rolling 12 months	1 percentage point	65.0
Interest expenses, longer term perspective	1 percentage point	197.3

## SENSITIVITY ANALYSIS – PROPERTY VALUE

Change in value, %	Impact on after-tax profit, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	263	37.6%	57.9%
0	0	37.3%	58.4%
-1	-263	36.9%	59.0%

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

## Events after balance sheet date

Nya SFF implemented an additional issue in early April, through which Fabege is borrowing SEK 185m. Additional interest-rate swaps totalling SEK 600m were also agreed with maturities of nine and ten years.



### Seasonal variations

Expenses for the operation 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 both the first and fourth quarters, the warm and snowless winter season contributed to lower operating costs and a strong surplus ratio. Activity in the rental market is seasonal. Normally, more business transactions are completed in the second and fourth quarters, whereby net lettings in these quarters is usually higher.

### Outlook for full-year 2015

At the beginning of the current year, the rental and property markets in Stockholm have remained highly robust, with considerable demand from investors. Fabege's property portfolio favourably matches customer requirements for modern and sustainable offices in good locations. We are looking forward to continued healthy development, in which all parts of the operation contribute to an increase in total earnings.

### Accounting policies

Fabega 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 principles and valuation methods as in the latest annual report. New or revised IFRS standards or other IFRIC interpretations that became effective after January 1, 2015 have not had any significant impact on the Group's income statement or balance sheet.

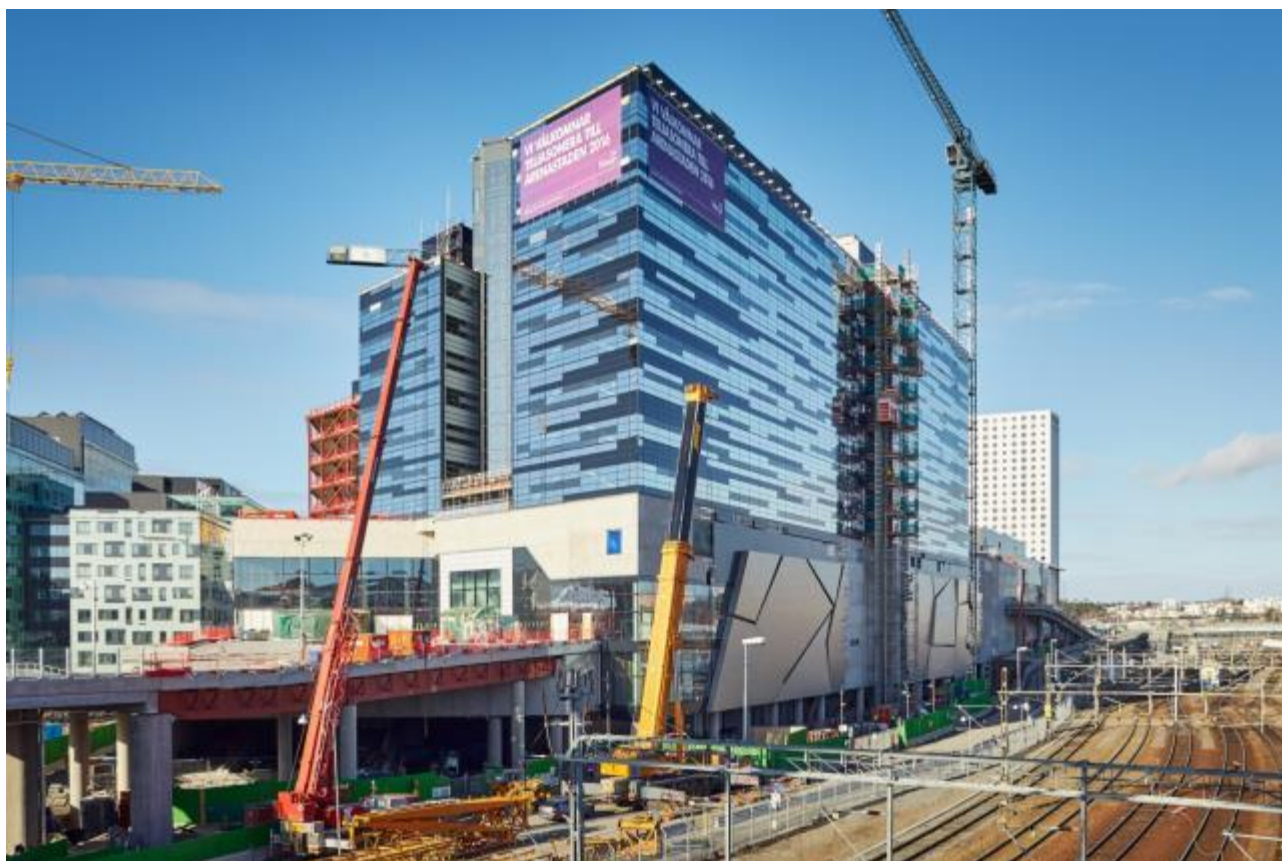
The Parent Company prepares its financial statements according to RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act and applies the same accounting policies and valuation methods as in the latest annual report.

Stockholm, 23 April 2015



CHRISTIAN HERMELIN  
Chief Executive Officer

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



TeliaSoneras new office in the making

# Share information

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

## SHARE INFORMATION

### THE 15 LARGEST SHAREHOLDERS AS OF 31 MARCH 2015<sup>1</sup>

	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
Öresund Investment AB	5,500,000	3.3	3.3
Länsförsäkringar fond management	5,080,649	3.1	3.1
SHB funds	3,788,897	2.3	2.3
Mats Qviberg with family	3,707,244	2.2	2.2
ENA City AB	2,734,000	1.7	1.7
SHB pension fund	2,420,000	1.5	1.5
Principal funds	2,327,389	1.4	1.4
ING (I) Invest funds	1,680,000	1.0	1.0
SEB funds	1,581,478	1.0	1.0
Fourth AP-fund	1,440,132	0.9	0.9
Folketrygdfondet	1,398,826	0.8	0.8
TR Property Investment Trust	1,149,238	0.7	0.7
Nordea funds	1,041,876	0.6	0.6
<b>Total 15 largest shareholders</b>	<b>67,839,333</b>	<b>41.0</b>	<b>41.0</b>
Other foreign shareholders	55,531,068	33.6	33.6
Other Swedish shareholders	42,021,171	25.4	25.4
<b>Total no. of shares outstanding</b>	<b>165,391,572</b>	<b>100.0</b>	<b>100.0</b>
Treasury shares	0	0	0
<b>Total no. of registered shares</b>	<b>165,391,572</b>	<b>100.0</b>	<b>100.0</b>



<sup>1</sup>The shareholdings of certain shareholders whose shares are managed by trustees may differ from what is stated in the share register.

Source: SIS Ägarservice AB, according to data from Euroclear Sweden AB at 31 March 2015.

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

Number of shareholders at 31 March 2015: 39,957

### FABEGE'S SUSTAINABILITY WORK

Fabege works actively to achieve 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.

On 21 April, Fabege participated in *Dagens Industri's* sustainability seminar and Fabege's CEO Christian Hermelin talked about the social responsibility of a city district developer and also participated in a panel discussion on how sustainability generates value.

## CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2015	2014	2014	Rolling 12 m April
	Jan-Mar	Jan-Mar	Jan-Dec	14- mar 15
Rental income	502	513	2,087	2,076
Property expenses	-152	-164	-602	-590
<b>Net operating income</b>	<b>350</b>	<b>349</b>	<b>1,485</b>	<b>1,486</b>
Surplus ratio, %	70%	68%	71%	72%
Central administration	-16	-15	-67	-68
Net interest/expense	-153	-171	-664	-646
Share in profits of associated companies	-13	-13	-72	-72
<b>Profit/loss from property management</b>	<b>168</b>	<b>150</b>	<b>682</b>	<b>700</b>
Realised changes in value of properties	1	83	300	218
Unrealised changes in value of properties	707	212	1,339	1,834
Unrealised changes in value, fixed income derivatives	-57	-141	-473	-389
Changes in value of shares	67	26	19	60
<b>Profit/loss before tax</b>	<b>886</b>	<b>330</b>	<b>1,867</b>	<b>2,423</b>
Current tax	0	-74	-61	13
Deferred tax	-181	-16	-68	-233
<b>Profit/loss for period/year</b>	<b>705</b>	<b>240</b>	<b>1,738</b>	<b>2,203</b>
Items that will not be restated in profit or loss				
Revaluation of defined-benefit pensions	-	-	-10	-10
<b>Comprehensive income for the period/year</b>	<b>705</b>	<b>240</b>	<b>1,728</b>	<b>2,193</b>
Earnings per share, SEK	4:26	1:45	10:51	13:32
Total earnings per share, SEK	4:26	1:45	10:45	13:26
No. of shares at period end, millions	165.4	165.4	165.4	165.4
Average no. of shares, million	165.4	165.4	165.4	165.4

## CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2015	2014	2014
	31 Mar	31 Mar	31 Dec
<b>Assets</b>			
Properties	33,763	33,640	32,559
Other tangible fixed assets	1	1	1
Financial fixed assets	1,634	1,610	1,542
Current assets	1,933	744	1,859
Short-term investments	38		34
Cash and cash equivalents	62	148	23
<b>Total assets</b>	<b>37,431</b>	<b>36,143</b>	<b>36,018</b>
<b>Equity and liabilities</b>			
Shareholder's equity	13,951	12,295	13,783
Provisions	1,265	1,097	1,084
Interest-bearing liabilities <sup>1</sup>	19,733	20,073	19,551
Derivative instrument	977	588	920
Non-interest-bearing liabilities	1,505	2,090	680
<b>Total equity and liabilities</b>	<b>37,431</b>	<b>36,143</b>	<b>36,018</b>
Equity/assets ratio, %	37	34	38
Contingent liabilities	1,058	1,096	1,058

<sup>1</sup> Of which short-term SEK 4,312m (7,071)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Of which, attributable to	
	Shareholders' equity	Parent Company shareholders
<b>Shareholders' equity, 1 January 2014, according to adopted Statement of financial position</b>	<b>12,551</b>	<b>12,551</b>
Cash dividend	-496	-496
Profit for the period	1,738	1,738
Other comprehensive income	-10	-10
<b>Shareholders' equity, 31 December 2014</b>	<b>13,783</b>	<b>13,783</b>
Cash dividend	-537	-537
Profit for the period	705	705
Other comprehensive income	-	-
<b>Shareholders' equity, 31 March 2015</b>	<b>13,951</b>	<b>13,951</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS<sup>1</sup>

SEKm	2015 Jan-Mar	2014 Jan-Mar	2014 Jan-Dec
<b>Operations</b>			
Net operating income	350	349	1,485
Central administration	-16	-15	-67
Reversal of depreciation	0	0	1
Interest received	3	6	19
Interest paid	-140	-155	-724
Income tax paid <sup>2</sup>	0	-983	-1,607
<b>Cash flow before changes in working capital</b>	<b>197</b>	<b>-798</b>	<b>-893</b>
<b>Change in working capital</b>			
Change in current receivables	-133	2	-919
Change in current liabilities	160	51	-102
<b>Total change in working capital</b>	<b>27</b>	<b>53</b>	<b>-1,021</b>
<b>Cash flow from operating activities</b>	<b>224</b>	<b>-745</b>	<b>-1,914</b>
<b>Investing activities</b>			
Investments in new-builds, extensions and conversions	-490	-244	-1,233
Acquisition of properties	-	-	-105
Divestment of properties	163	20	3,259
Acquisition of shares in associated companies	-	-	-
Other tangible fixed assets	-39	-16	-100
<b>Cash flow from investing activities</b>	<b>-366</b>	<b>-240</b>	<b>1,821</b>
<b>Financing activities</b>			
Dividend to shareholders	-	-	-496
Transfer of treasury shares	-	-	-
Change in interest bearing liabilities	182	1,035	514
<b>Cash flow from financing activities</b>	<b>182</b>	<b>1,035</b>	<b>18</b>
Cash flow for the period	39	50	-75
Cash and cash equivalents at beginning of period	23	98	98
<b>Cash and cash equivalents at end of period</b>	<b>62</b>	<b>148</b>	<b>23</b>

<sup>2</sup> The amount of SEK -1 607m income tax paid is composed entirely of tax payments as a result of convictions in the tax matters relating to previous real estate transactions. The corresponding figures for the full year 2013 amounts to SEK -465m.

## CONSOLIDATED KEY FIGURES

Financial	2015 Jan-Dec	2014 Jan-Dec	2014 Jan-Dec
Return on capital employed, %	12.2	6.2	7.6
Return on equity, %	20.3	7.7	13.2
Interest coverage ratio, multiple	2.0	2.3	2.4
Equity/assets ratio	37	34	38
Equity ratio, % after adjustment <sup>3</sup>	39	-	40
Loan-to-value ratio, properties	58	60	60
Loan-to value, properties, % after adjustment <sup>3</sup>	56	-	56
Debt/equity ratio, multiple	1.4	1.6	1.4
<b>Share related<sup>1</sup></b>			
Earnings per share, SEK	4:26	1:45	10:51
Total earnings per share, SEK	4:26	1:45	10:45
Equity per share, SEK	84	74	83
Cash flow from operating activities per share, SEK <sup>2</sup>	1:36	-4:50	-11:58
Cash flow from operating activities per share, SEK adjusted <sup>2,3</sup>	1:36	-4:50	-5:77
EPRA NAV, SEK per share	97	84	95
EPRA, EPS	1.01	0.93	4.09
No. of outstanding shares at end of period, thousands	165,392	165,392	165,392
Average number of shares, thousands	165,392	165,392	165,392
<b>Property-related</b>			
No. of properties	82	91	80
Carrying amount, Properties, SEKm	33,763	33,640	32,559
Lettable area, sqm	1,030,000	1,137,000	1,030,000
Financial occupancy rate, %	93	92	94
Surplus ratio, %	70	68	71

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

<sup>2</sup> 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 tax matters relating to previous real estate transactions.

<sup>3</sup> Key figures adjusted for non-received purchase prices for properties sold and restricted funds for loans to be paid off at the beginning of 2015.

## DERIVATIVE INSTRUMENTS

Derivatives are measured continuously at fair value in compliance with level 2, with the exception of the callable swaps measured in accordance with level 3. Changes in value are recognised in profit or loss. IAS 39 has been applied also in the Parent Company since 2006. No changes in the measurement model have occurred.

IFRS, level 3	Group		Parent Company	
	2015 31 Mar	2014 31 Dec	2015 31 Mar	2014 31 Dec
Opening value	-521	-358	-521	-358
Acquisitions/Investments	0	0	0	0
Changes in value	-8	-163	-8	-163
Matured	0	0	0	0
Closing value	-529	-521	-529	-521
Carrying amount	-529	-521	-529	-521

<sup>1</sup> 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	2015 Jan-Mar	2014 Jan-Mar	2014 Jan-Dec
Income	38	39	130
Expenses	-60	-62	-212
Net financial items	-25	-28	1,309
Share in profits of associated companies	-	-	0
Changes in value, fixed-income derivatives	-57	-141	-473
Changes in value, equities	67	26	19
<b>Profit before tax</b>	<b>-37</b>	<b>-166</b>	<b>773</b>
Current Tax	-	-	-
Deferred	22	42	193
<b>Profit for the period/year</b>	<b>-15</b>	<b>-124</b>	<b>966</b>

## PARENT COMPANY CONDENSED BALANCE SHEET

SEKm	2015 31 Mar	2014 31 Mar	2014 31 Dec
Participation in Group companies	12,992	12,992	12,992
Other fixed assets	40,000	41,803	39,888
<i>of which, receivables from Group companies</i>	<i>39,029</i>	<i>40,924</i>	<i>39,003</i>
Current assets	1,060	56	1,090
Cash and cash equivalents	59	147	21
<b>Total assets</b>	<b>54,111</b>	<b>54,998</b>	<b>53,991</b>
Shareholders' equity	12,409	11,391	12,461
Provisions	68	68	68
Long-term liabilities	32,778	40,459	34,708
<i>of which, liabilities to Group companies</i>	<i>21,383</i>	<i>23,420</i>	<i>21,658</i>
Current liabilities	8,856	3,080	6,754
<b>Total equity and liabilities</b>	<b>54,111</b>	<b>54,998</b>	<b>53,991</b>

## Quarterly overview

### CONDENSED INCOME STATEMENT, AMOUNTS IN SEK M

	2015		2014		2013			
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Rental income	502	522	526	526	513	514	513	519
Property expenses	-152	-157	-144	-137	-164	-174	-146	-145
<b>Net operating income</b>	<b>350</b>	<b>365</b>	<b>382</b>	<b>389</b>	<b>349</b>	<b>340</b>	<b>367</b>	<b>374</b>
Surplus ratio, %	70%	70%	73%	74%	68%	66%	72%	72%
Central administration	-16	-21	-16	-15	-15	-16	-16	-16
Net interest expense	-153	-155	-158	-180	-171	-174	-178	-176
Share in profits of associated companies	-13	-15	-17	-27	-13	2	-11	-17
<b>Profit/loss from property management</b>	<b>168</b>	<b>174</b>	<b>191</b>	<b>167</b>	<b>150</b>	<b>152</b>	<b>162</b>	<b>165</b>
Realised changes in value of properties	1	165	-	52	83	10	30	15
Unrealised value of properties	707	570	258	299	212	147	162	211
Unrealised changes in value, fixed-income derivatives	-57	-96	-90	-146	-141	-55	46	229
Changes in value, equities	67	22	-13	-16	26	-12	111	-1
<b>Profit for the period/year</b>	<b>886</b>	<b>835</b>	<b>346</b>	<b>356</b>	<b>330</b>	<b>242</b>	<b>511</b>	<b>619</b>
Current tax	0	-	-3	16	-74	-118	2	-
Deferred tax	-181	75	-78	-49	-16	-45	-93	-104
<b>Comprehensive income for the period/year</b>	<b>705</b>	<b>910</b>	<b>265</b>	<b>323</b>	<b>240</b>	<b>79</b>	<b>420</b>	<b>515</b>

### CONDENSED FINANCIAL POSITION, AMOUNTS IN SEK M

	2015		2014		2013			
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
<b>Assets</b>								
Properties	33,763	32,559	33,868	33,257	33,640	33,384	32,773	32,172
Other tangible fixed assets	1	1	1	1	1	0	0	1
Financial fixed assets	1,634	1,542	1,475	1,492	1,610	1,584	1,567	1,434
Current assets	1,933	1,859	318	856	744	365	954	988
Short term investments	38	34	-	-	-	-	-	-
Cash and cash equivalents	62	23	198	263	148	98	29	13
<b>Total assets</b>	<b>37,431</b>	<b>36,018</b>	<b>35,860</b>	<b>35,869</b>	<b>36,143</b>	<b>35,431</b>	<b>35,323</b>	<b>34,608</b>
<b>Equities and liabilities</b>								
Shareholders' equity	13,951	13,783	12,883	12,618	12,295	12,551	12,459	12,039
Provisions	1,265	1,084	1,218	1,142	1,097	1,083	1,051	959
Interest-bearing liabilities	19,733	19,551	20,136	20,402	20,073	19,038	18,780	18,631
Derivative instruments	977	920	824	734	588	447	392	438
Non-interest bearing liabilities	1,505	680	799	973	2,090	2,312	2,641	2,541
<b>Total equity and liabilities</b>	<b>37,431</b>	<b>36,018</b>	<b>35,860</b>	<b>35,869</b>	<b>36,143</b>	<b>35,431</b>	<b>35,323</b>	<b>34,608</b>

### KEY FIGURES

	2015		2014		2013			
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
<b>Financial</b>								
Return on capital employed, %	12.2	11.7	6.1	6.4	6.2	5.3	8.9	10.4
Return on equity, %	20.3	27.3	8.3	10.3	7.7	2.5	13.7	17.6
Interest coverage ratio, multiple	2.0	3.1	2.1	2.2	2.3	1.9	2.1	2.0
Equity/assets ratio, %	37	38	36	35	34	35	35	35
Equity ratio, % after adjustment <sup>2</sup>	39	40	-	-	-	-	-	-
Loan-to-value ratio, properties, %	58	60	59	61	60	57	57	58
Loan-to-value ratio, properties, % after adjustment <sup>2</sup>	56	56	-	-	-	-	-	-
Debt/equity ratio, multiple	1.4	1.4	1.6	1.6	1.6	1.5	1.5	1.5
<b>Share-related</b>								
Earnings per share, SEK	4:26	5:50	1:60	1:95	1:45	0:48	2:54	3:11
Total earnings per share, SEK	84	83	78	76	74	76	75	73
Cash flow from operating activities per share, SEK <sup>1</sup>	1:36	-5:27	0:26	-2:07	-4:50	-1:84	2:04	0:07
Cash flow from operating activities per share, SEK adjusted <sup>1,2</sup>	1:36	0:54	-	-	-	-	-	-
EPRA NAV	97	95	89	87	84	84	83	80
EPRA EPS	1.01	1.04	1.12	1.01	0.93	0.86	0.91	0.92
No. Of shares outstanding at the end of the period, thousands	165,392	165,392	165,392	165,392	165,392	165,392	165,392	165,392
Average number of shares, thousands	165,392	165,392	165,392	165,392	165,392	165,162	165,086	164,933
<b>Property-related</b>								
Financial occupancy rate, %	93	94	92	92	92	93	92	93
Surplus ratio, %	70	70	73	74	68	66	72	72

<sup>1</sup> The key figure is affected during 2014 of tax payments of SEK-1 607m and fourth quarter of 2013, about SEK-465 m as a result of convictions in the tax matters relating to previous real estate transactions.

<sup>2</sup> The key figure is adjusted for purchase considerations outstanding for sold properties and for restricted amounts for loans to be paid off at the beginning of 2015.

## 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.

### LOAN-TO-VALUE RATIO, PROPERTIES

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

### RETURN, SHARE

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

### EQUITY PER SHARE

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

### FINANCIAL OCCUPANCY RATE

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

### EPRA EPS

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

### EPRA NAV - LONG-TERM NET ASSET VALUE

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

### 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

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

### CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

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

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 YIELD

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

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

### 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. At 31 March 2015, Fabege owned 82 properties with a total market value of SEK 33.8bn. The rental value was SEK 2.2bn.

## 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 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 – via 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, represent 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, Stockholm County will have half a million inhabitants more than today by 2030. 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 is environmental certification.

### 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 a 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. Environmental considerations involving choices of material and energy-saving measures are on the rise. Demand is increasing for premises in areas with a favourable mix of offices, retail, service and residential units, as well as excellent transport links and environmental commitment.



### PROPERTY MANAGEMENT

The essence of 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.

### TRANSACTION

Property transactions are an integral part of Fabege's business model and contribute significantly to consolidated profit. The company continuously analyses its property portfolio to capitalise on opportunities to increase capital growth, through both acquisitions and divestments.

### PROPERTY DEVELOPMENT

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



## FINANCIAL CALENDAR

Interim report Jan–Jun 2015	6 July 2015
Interim report Jan–Sept 2015	20 October 2015
Year-end report 2015	4 February 2016

## PRESS RELEASES DURING THE FIRST QUARTER

- 26 March 2015 Resolutions passed at Fabege's AGM on 26 March 2015
- 24 Feb 2015 Fabege's annual report is available via the company's website
- 19 Feb 2015 SBAB to move to Solna Business Park
- 18 Feb 2015 Notice to convene AGM of Fabege AB (publ)
- 18 Feb 2015 Successful issue via Nya SFF
- 4 Feb 2015 Fabege has strong finish to the year and implements many business transactions
- 12 Jan 2015 Fabege becomes joint owner in new finance company with MTN programme for SEK 8,000m

## Follow us on the Internet, [www.fabege.se](http://www.fabege.se)



Visit the Group's website for more information about Fabege and its operations. On the website, there is also a web presentation, in which Christian Hermelin and Åsa Bergström present the first quarter report on 23 April 2015.



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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 on 23 April 2015.

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**Fabege**