

# Q4

## Summary, SEKm

	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Rental income	505	522	1,998	2,087
Net operating income	349	365	1,429	1,485
Profit from property management	172	174	688	682
Profit before tax	1,596	835	4,233	1,867
Profit after tax	1,178	910	3,232	1,738
Surplus ratio,%	69	70	72	71
Equity ratio,%	-	-	39	38
EPRA NAV, SEK per share	-	-	115	95

## January – December 2015<sup>1</sup>

- Rental income declined to SEK 1,998m (2,087), due to a smaller property portfolio than in 2014. In an identical portfolio, income rose slightly more than 3 per cent.
- Net operating income declined to SEK 1,429m (1,485). In an identical portfolio, net operating income rose slightly more than 3 per cent. The surplus ratio was 72 per cent (71).
- Profit from property management rose to SEK 688m (682).
- Realised and unrealised changes in value amounted to SEK 3,273m (1,639) for properties and SEK 262m (-473) for fixed-income derivatives.
- Profit before tax for the year amounted to SEK 4,233m (1,867). Profit after tax for the year was SEK 3,232m (1,738), corresponding to earnings per share of SEK 19.54 (10.51).
- Net lettings for the year amounted to SEK 74m (243), following major lettings to such tenants as ICA, Telenor Sweden, KPMG and SBAB, and a number of management lettings. The rent levels from renegotiated leases were an average of 12 per cent higher.
- The equity/assets ratio was 39 per cent (38) and the loan-to-value ratio 52 per cent (60).
- The Board proposes a dividend of SEK 3.50 per share (3.25).

<sup>1</sup> The comparison figures for income and expense items relate to values for the period January–December 2014 and for balance sheet items as at 31 December 2014.



Christian Hermelin, CEO

Comments by Christian Hermelin, CEO

## Fabega delivers record results

**2015 was a highly successful year characterised by strong KPIs and high value growth in both the project and the property management portfolio.**

### Very strong market conditions

Our uncertain business environment has kept interest rates at a low level for a long time. Combined with a strong Swedish economic climate, which benefitted both rent growth and property market yields, this also generated very favourable conditions for Swedish property companies. The strong growth in Stockholm was particularly favourable for Fabega with our geographic concentration and large proportion of project development.

### A value-adding business model

Not only were the external conditions good. Fabega also had the capacity, expertise and drive to capitalise on the favourable conditions. Successively over the year, we renegotiated rents at increasingly higher levels and we signed leases with several new customers. The historically high proportion of existing customers who have chosen to remain with us is even more gratifying. In our view, the two relatively large lease terminations we received at the end of the year do not only represent a risk. We also view them as an opportunity because we currently have very few vacancies in the property management portfolio, particularly in the inner city. We have demonstrated that our value-adding business model works. I am also proud that our multi-year investment in the sustainable development of our operations has been recognised through a number of external acknowledgements. Sustainability work is now an integral feature of our operations and generates both pride and value. We have also continued to focus on enhancing the efficiency of operations and it is gratifying that the surplus ratio continues to increase and has now landed at 72 per cent.

### Projects in focus

If 2014 was a year of intense transactions, the focus in 2015 was on projects. The major lettings in the past two years enabled us to significantly increase the pace of project development. During the year, we invested some SEK 2bn in our major projects, yielding very healthy returns. We also implemented major investments in our investment properties in, for example, energy efficiency and tenant customisations, which contributed to the strong value growth of the property management portfolio. The transactions in 2015 have assured us of additional development rights for future projects in Solna.

### More ambitious objectives

Due to our strong trend during the year, we also decided to sharpen our objectives. With a loan-to-value ratio that does not exceed 55 per cent, we will protect our strong balance sheet and reduce the financial risk. And with a target of 75 per cent for the surplus ratio to be achieved within five years, we will challenge the organisation to continue to strive for higher income and lower costs. This, combined with high sustainability targets, will generate the prerequisites for further value growth.

### Outlook

At the start of 2016, performance in both the property and the rental market in Stockholm is remaining very strong. At the same time as the unrest globally is continuing to keep interest rates at a low level, it appears that the Swedish market will remain strong in the year ahead too. This means that I see excellent potential to deliver strong results in 2016 as well. By completing projects, the rent volume will increase which, combined with continued operational efficiency and low interest expense, will generate better profit from property management. Fabega is well positioned, with the perfect line-up, to capitalise on the opportunities arising ahead. We foresee an exciting year with several interesting business opportunities.

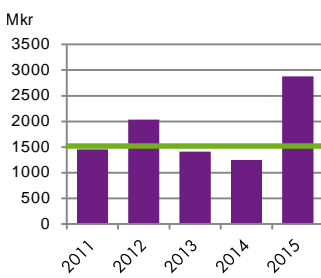
### SURPLUS RATIO



Target: 70 per cent

New long-term target as of 2016: 75 per cent

### INVESTMENT VOLUME<sup>1</sup>



Target: At least SEK 1,500m per year

### RETURN ON PROJECTS<sup>1</sup>



Target: At least 20 per cent



# Earnings Jan–Dec 2015<sup>1</sup>

During the year, rental income and net operating income increased in identical portfolios. The healthy trend in the property market, together with continued successful project development, formed a foundation for very strong value growth in the property portfolio.

## Revenues and earnings

Profit after tax for the year increased to SEK 3,232m (1,738), corresponding to earnings per share of SEK 19.54 (10.51). Profit for the year before tax rose to SEK 4,233m (1,867). Unrealised value changes in the property portfolio increased due to the strong trend in the rental and property market.

Rental income amounted to SEK 1,998m (2,087) and net operating income to SEK 1,429m (1,485). The decline was attributable in full to a smaller portfolio, resulting from the sales of properties in 2014. In an identical portfolio, rental income and net operating income rose about 3 per cent thanks to reduced rent discounts early in the year and improved rent levels. The surplus ratio rose by nearly half a percentage point to 72 per cent (71), after rounding off. A more modern portfolio with more efficient operations, together with a mild winter, contributed to lower running costs.

Realised changes in the value of properties amounted to SEK 21m (300), pertaining to the result of two minor property sales in the fourth quarter, and lags from previously implemented transactions. Unrealised changes in value amounted to SEK 3,252m (1,339). The SEK 2,603m (1,063) unrealised rise in the value of the property management portfolio resulted from properties with higher rent levels and a lower yield requirement in all Fabege submarkets. The average yield requirement declined to 4.9 per cent after rounding off (5.4). The project portfolio contributed to an unrealised change in value of SEK 649m (276), primarily due to development gains in the major project properties.

Share in profit of associated companies amounted to SEK -94m (-72), and pertained primarily to Arenabolaget i Solna KB.

Unrealised value changes in the derivative portfolio amounted to SEK 262m (-473) as a result of higher long-term interest rates. Changes in the value of shareholdings amounted to SEK 10m (19), and pertained primarily to the Catena holding, which was divested at the end of the year. Net interest expense declined to SEK 582m (expense: 664), due to lower market interest rates.

## Segment reporting

The Property Management segment generated net operating income of SEK 1,371m (1,427), corresponding to a surplus ratio of 73 per cent (72). The occupancy rate was 94 per cent (95). Profit from property management was SEK 705m (692). Unrealised changes in the value of properties amounted to SEK 2,603m (1,063).

The Property Development segment reported net operating income of SEK 58m (58), making a surplus ratio of 53 per cent (59). The result from property management was SEK -17m (-10). Unrealised changes in property values totalled SEK 649m (276).

The Transaction segment realised changes in value of SEK 21m (300), through the sale of two minor sites. Profit also includes income from previously implemented transactions.

Reclassifications during the year between the Property Management and Property Development segments are stated in the Note on Segment reporting on page 13.

<sup>1</sup> The comparison figures for income and expense items relate to values for the period January–December 2014 and for balance sheet items as at 31 December 2014.

## Quarter 4 in brief<sup>1</sup>

- Continued healthy demand for office premises in Stockholm and rising rent levels in all our submarkets.
- New lettings totalled SEK 76m (77). New lettings for the quarter include the previously reported letting to Telenor Sweden in the Lagern 2 property, which was acquired in its entirety in December. After two large lease terminations during the quarter, net lettings amounted to SEK -4m (-3).
- The surplus ratio was 69 per cent (70).
- Profit from property management was SEK 172m (174).
- The property portfolio showed unrealised value growth of SEK 1,282m (570), of which projects accounted for SEK 310m (75).
- The proportion of green financing rose after issues of SEK 406m in Nya SFF.
- Due to higher long-term interest rates, the negative fair value of the derivative portfolio decreased by SEK 151m (increase: 96).
- After-tax profit for the quarter amounted to SEK 1,178m (910).

## BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

SEKm	2015	2014
	Jan-Dec	Jan-Dec
Profit from Property Management activities	705	692
Changes in value (portfolio of investment properties)	2,603	1,063
<b>Contribution from Property Management</b>	<b>3,308</b>	<b>1,755</b>
Profit from Property Management activities	-17	-10
Changes in value (profit from Property Development)	649	276
<b>Contribution from Property Development</b>	<b>632</b>	<b>266</b>
Realised changes in value	21	300
<b>Contribution from Transactions</b>	<b>21</b>	<b>300</b>
<b>Total contribution from the operation</b>	<b>3,961</b>	<b>2,321</b>

**72%**  
Surplus ratio

## Financing

Fabege employs long-term credit facilities subject to fixed terms and conditions. The company's lenders mainly comprise the major Nordic banks.

Interest-bearing liabilities at year-end totalled SEK 21,068m (19,551), with an average interest rate of 2.58 per cent excluding and 2.67 per cent including commitment fees on the undrawn portion of committed credit facilities. Unutilised committed lines of credit amounted to SEK 1,739m.

During the fourth quarter, existing credit agreements totalling SEK 2,000m were extended. During the year, existing credit agreements totalling SEK 11,400m were re-financed at maturities of between one and three years.

During the quarter, Fabege increased its green funding by issuing a covered green property bond in the framework of the co-owned company, Nya Svensk FastighetsFinansiering AB (Nya SFF). Thereafter, on 31 December, Fabege had outstanding bonds of SEK 1,273m via Nya SFF. The covered property bond of SEK 1,170m, with scheduled maturity in February 2016, was also repaid in advance.

Fabege has a commercial paper programme of SEK 5,000m. At 31 December, outstanding commercial paper totalled SEK 3,805m (2,889). Fabege has available credit facilities covering all outstanding commercial paper at any given time.

At 31 December, the loan-to-value ratio was 52 per cent and the average maturity 4.1 years.

The average fixed-rate period for Fabege's loan portfolio was 2.5 years, including the effects of derivative instruments. The average fixed interest term for variable-interest loans was 89 days. During the fourth quarter, additional interest-rate swaps were signed totalling SEK 1,000m, with maturities of between seven and nine years. Fabege's derivatives portfolio then comprised interest-rate swaps totalling SEK 9,000m with terms of maturity extending through 2025 and carrying fixed interest at annual rates of between 0.85 and 2.73 per cent before margins. Fabege also holds callable swaps totalling SEK 5,700m at interest rates of between 2.87 and 3.98 per cent before margins and with maturity between 2016 and 2018. Interest rates on 70 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 December 2015, the recognised deficit value of the portfolio was SEK 658m (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.

Net financial items included other financial expenses of SEK 24m, mainly pertaining to accrued opening charges for borrowing agreements and bond programmes. The total loan volume per quarter included SEK 2,592m (656) in loans for projects, on which interest of SEK 46m (13) had been capitalised.

## Tax

Tax expenses for the year amounted to SEK -1,001m (-129). Operating taxes are calculated at a rate of 22 per cent on taxable earnings.

## Financial position and net asset value

Shareholders' equity amounted to SEK 16,479m (13,783) at year-end and the equity/assets ratio was 39 per cent (38). Shareholders' equity per share was SEK 100 (83). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 118 (97). EPRA NAV was SEK 115 (95).

## Cash flow

Cash flow from operating activities before changes in working capital were SEK 700m (-893). Changes in working capital affected cash flow by SEK 1,661m (-1,021). The positive cash flow from working capital resulted from purchase considerations received for previously sold properties and restricted amounts for loans that were settled during the second quarter. Investing activities affected cash flow by SEK -2,711m (+1,821), while affecting cash flow from financing activities by SEK 978m (18). In the investing activities, cash flow was driven by property acquisitions and by projects. Cash and cash equivalents changed by a total of SEK 9m (-75) during the year.

## INTEREST RATE MATURITY STRUCTURE, 31 DECEMBER 2015

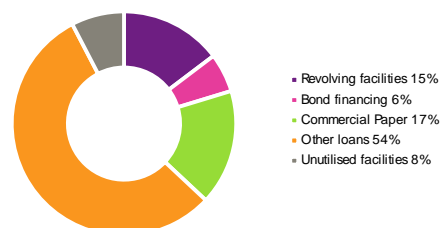
	Amount SEKm	Average interest rate,%	Share,%
< 1 year	8,033	2.79	38
1-2 years	3,285	2.46	16
2-3 years	4,750	3.37	22
3-4 years	1,000	2.13	5
4-5 years	-	-	-
5-6 years	1,000	2.68	5
6-7 years	800	0.99	4
7-8 years	700	1.00	3
8-9 years	700	1.04	3
9-10 years	800	1.01	4
Total	21,068	2.58	100

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 AT 31 DECEMBER 2015

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	3,805
< 1 year	6,138	3,254
1-2 years	4,346	3,441
2-3 years	6,652	4,897
3-4 years	-	-
4-5 years	425	425
5-10 years	3,993	3,993
10-15 years	-	-
15-20 years	-	-
20-25 years	1,253	1,253
Total	27,807	21,068

## BREAKDOWN OF SOURCES OF FUNDING



## GREEN FINANCING FROM NYA SFF

In October, Fabege issued a green bond of SEK 406m via Nya SFF. The bonds are secured by collateral in a BREEAM-SE certified property.

# Operations Jan-Dec 2015<sup>1</sup>

The year was characterised by a very strong property market with rising property values and higher rent levels. The occupancy rate, which declined early in the year, increased again in the fourth quarter. Good net lettings, successful renegotiations and completed projects bode well for a stronger future cash flow.

## Property portfolio and property 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. On 31 December 2015, Fabege owned 83 properties with a total rental value of SEK 2.3bn, lettable floor space of 1.1m sqm and a carrying amount of SEK 40.3bn, of which development and project properties accounted for SEK 7.7bn. The financial occupancy rate for the entire portfolio, including project properties, was 93 per cent (94). The occupancy rate in the property management portfolio was 94 per cent (95).

During the year, 207 new agreements were signed at a total rental value of SEK 278m (428), of which SEK 241m pertained to Green leases. Lease terminations totalled SEK 204m (185), while net lettings were SEK 74m (243). The net lettings in 2014 included large project lettings such as SEB and TeliaSonera. Large lettings during 2015 pertained to Telenor Sweden in Lagern 2, Råsunda, ICA in Signalen 3 and KPMG in Uarda 7, Arenastaden, as well as SBAB in Fräsaren 10, Solna Business Park. A number of smaller leases were also signed pertaining to management lettings. Large lease terminations pertained to ICA in the Fräsaren 11 property in Solna Business Park and Peab in the Stigbygeln 6 property in Arenastaden. However, Peab will remain a tenant until mid-2018.

Work to extend and renegotiate existing customer leases was successful. A lease value of just over SEK 280m was renegotiated in 2015, with an average rise in rental value of 12 per cent. The retention rate during 2015 was 73 per cent (64).

## Changes in the property portfolio

During the second quarter, three properties were acquired in two transactions. The Stora Frösunda 2 and Hagalund 2:2 properties were acquired from Catena and transferred on 23 June. An agreement was also signed for the acquisition of the Fräsaren 9 property in Solna Business Park with transfer in the first quarter of 2016. The Grönlandet Södra 13 property, which was sold in late 2014, was vacated in June. In December, the Lagern 2 property, including commercial development rights from the co-owned Visio, was acquired when Fabege and Peab divided up ownership of the former Råsunda Stadium. Two smaller sites in Upplands Väsby were also sold. The transactions generated a realised profit of SEK 21m before tax including income from previously implemented transactions.

## Changes in value of properties

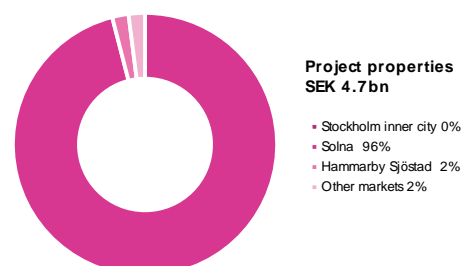
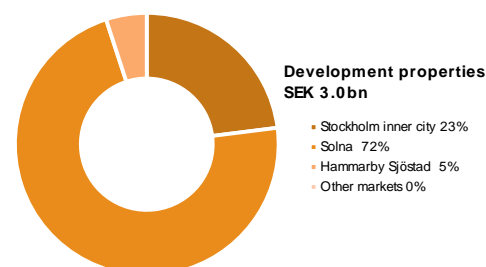
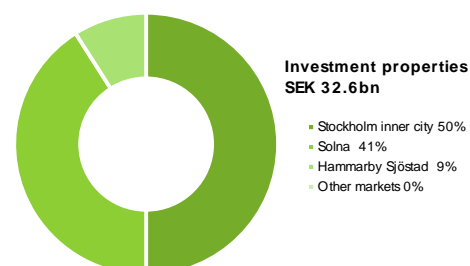
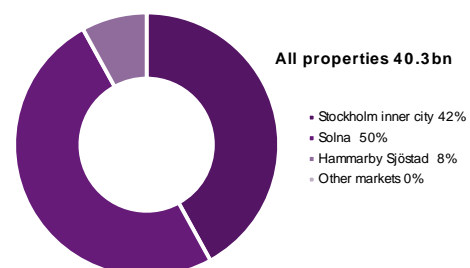
The entire property portfolio is externally valued at least once annually. Approximately 23 per cent of the properties were externally valued in the fourth quarter and the remainder were internally valued based on the most recent external valuations. The total market value was SEK 40.3bn (32.6).

Unrealised changes in value totalled SEK 3,252m (1,339). The average yield requirement declined during 2015 to a rounded off figure of 4.9 per cent (5.4). The SEK 2,603m (1,063) change in the value of the property management portfolio primarily resulted from the lower yield requirement in the market, and to properties with rising rent levels. The project portfolio contributed to a change in value of SEK 649m (276), mainly due to development gains in major project properties.

<sup>1</sup> The comparison figures for income and expense items relate to values for the period January–December 2014 and for balance sheet items as at 31 December 2014.

## BREAKDOWN OF MARKET VALUE

31 December 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. Property development 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. Another aim is to have all new builds certified under BREEAM-SE.

During the year, investments in existing properties and projects totalled SEK 2,879m (1,249), of which investments in projects and development properties accounted for SEK 2,269m. The return on capital invested in the project portfolio was 29 per cent. The capital invested in the property management portfolio, which amounted to SEK 610m and encompassed energy investments and tenant customisations, contributed to the total growth in value.

## Completed projects

In December, The Winery Hotel on the Järvakrogen 3 property was completed. The final inspection was conducted in November. The property is fully let to The Winery Hotel, with occupancy starting in January 2016. In conjunction with the completion, the property was transferred from projects to property management.

## Major on-going projects

The new build of Nationalarenan 8 will be completed on time. The total investment is some SEK 1.3bn. The property is fully let to TeliaSonera, with occupancy scheduled for the second quarter of 2016.

The Uarda 7 project at Arenastaden is also proceeding as planned. The investment totals some SEK 570m and final inspection was performed in December. Occupancy will start in January and continue in February-July 2016. After the latest lettings, such as to KPMG, the occupancy rate is 89 per cent. The property will be transferred to the property management portfolio in the second quarter of 2016.

The erection of the office building on the Uarda 6 property is continuing. Construction of the framework has been completed and work on the facade is in progress. All installation contracts have been procured. The investment totals about SEK 500m. The property is let to H&M and Siemens with occupancy in April and November 2017, respectively. The occupancy rate is 70 per cent.

The construction of SEB's offices in the Pyramiden 4 property in Arenastaden is proceeding. Work on the framework is currently ongoing, as is internal work. To date, the procurements implemented are within the budget framework. Through a supplementary agreement with SEB, the office space was expanded to about 72,200 sqm, with a total rental value of SEK 182m per year. The investment amounts to some SEK 2.3bn and the office is scheduled for completion in two phases, spring 2017 and 2018, respectively. The property is fully let to SEB.

In August, a decision was made to build an office building on the Signalen 3 property in Arenastaden. The investment totals about SEK 1,080m. ICA has signed a lease on about 75 per cent of the lettable space. Construction will commence in 2016, with scheduled completion in the third quarter of 2018.

In December, the Lagern 2 property was acquired in its entirety. A new office building is to be constructed on the property. The investment totals about SEK 500m pertaining to an office building of about 16,000 sqm. Foundation work started in January 2016. The property is partly let to Telenor Sweden, with occupancy starting in the third quarter of 2018. The occupancy rate is 63 per cent.

## CHANGE IN PROPERTY VALUE 2015

Changes in property value	2015
Opening fair value 2015-01-01	32,559
Property acquisitions	1,600
conversions	2,879
Changes in value	3,252
Sales and disposals	-11
<b>Closing fair value 2015-12-31</b>	<b>40,279</b>

## SALES OF PROPERTIES JAN-DEC 2015

Property name	Area	Category	Lettable area, sqm
<b>Quarter 1</b>			
No divestments			
<b>Quarter 2</b>			
No divestments			
<b>Quarter 3</b>			
No divestments			
<b>Quarter 4</b>			
Hammarby-Smedby			
1:464	Upplands-Väsby	Mark	0
Hammarby-Smedby			
1:473	Upplands-Väsby	Mark	0
<b>Total sales of properties</b>			<b>0</b>

## PROPERTY ACQUISITIONS JAN-DEC 2015

Property name	Area	Category	Lettable area, sqm
<b>Quarter 1</b>			
No acquisitions			
<b>Quarter 2</b>			
Stora Frösunda 2	Solna	Industri/ kontor	40,723
Hagalund 2:2	Solna	Mark	-
<b>Quarter 3</b>			
No acquisitions			
<b>Quarter 4</b>			
Lagern 2	Solna	Kontor	12,617
<b>Total acquisitions of properties</b>			<b>53,340</b>

### CITYLAB ACTION – IN SOLNA BUSINESS PARK

Fabege has decided to participate in the Swedish initiative Citylab Action. The initiative is driven by Sweden GreenBuilding Council and various national development projects are involved in the effort aimed at providing support for sustainable urban development. Neighbourhood environments and public areas were the focus in 2015. Actions were also taken to make the area greener and create areas to encourage outdoor activities. The aim is for the companies' employees to experience Solna Business Park as a modern, safe and green city district, where it is easy to make everyday life work.



## ON-GOING PROJECTS >SEK 50M

31 December 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
Hörnan (del av Lagern 2)	Offices	Solna	Q2-2018	15,930	63%	44	116	503	6
Nationalarenan 8	Offices	Arenastaden	Q2-2016	42,000	100%	109	1,684	1,311	1,228
Pyramiden 4	Offices	Arenastaden	Q2-2018	72,200	100%	182	1,139	2,350	852
Signalen 3	Offices	Arenastaden	Q3-2018	30,500	75%	87	235	1,080	9
Uarda 6	Offices	Arenastaden	Q4-2017	18,000	70%	50	432	511	284
Uarda 7	Offices	Arenastaden	Q1-2016	17,641	89%	52	777	570	525
<b>Total</b>				<b>196,271</b>	<b>88%</b>	<b>524</b>	<b>4,383</b>	<b>6,325</b>	<b>2,904</b>
Other land and project properties							269		
Other development properties							3,001		
<b>Total projects, land and development properties</b>							<b>7,653</b>		

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

<sup>2</sup> Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 524m (fully let) from SEK 0m in annualised current rent as of 31 December 2015.

## PROPERTY PORTFOLIO

30 September 2015

	Dec 31 2015					Jan-Dec 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	946	32,626	2,131	94	1,903	-397	1,506
Development properties <sup>1</sup>	6	110	3,001	111	80	97	-27	70
Land and Project properties <sup>1</sup>	16	36	4,652	58	78	43	-18	25
<b>Total</b>	<b>83</b>	<b>1,092</b>	<b>40,279</b>	<b>2,300</b>	<b>93</b>	<b>2,043</b>	<b>-442</b>	<b>1,601</b>
Of which, Inner city	29	403	17,064	1,048	94	950	-224	726
Of which, Solna	38	570	19,918	1,022	93	909	-180	729
Of which, Hammarby Sjöstad	11	118	3,200	229	85	182	-38	144
Of which, Other	5	1	97	1	100	2	0	2
<b>Total</b>	<b>83</b>	<b>1,092</b>	<b>40,279</b>	<b>2,300</b>	<b>93</b>	<b>2,043</b>	<b>-442</b>	<b>1,601</b>
Expenses for lettings, project development and property administration								
								-127
<b>Total net operating income after expenses for lettings, project development and property administration</b>								<b>1,474</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 109m (in rolling annual rental value at 31 December 2015) have not been deducted.

<sup>3</sup> The table refers to Fabege's property portfolio on 31 December 2015. Income and expenses were recognised as if the properties were owned for the entire period. The difference between recognised net operating income above, SEK1.474m, and net operating income in profit or loss, SEK 1.429m, 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–December 2015. Intercompany rentals have been included in the table.

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

SEKm	2015			2014				
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec		
	Property Management	Property Development	Transaction	Total	Property Management	Property Development	Transaction	Total
Rental income	1,888	110		1,998	1,988	99		2,087
Property expenses	-517	-52		-569	-561	-41		-602
<b>Net operating income</b>	<b>1,371</b>	<b>58</b>	<b>0</b>	<b>1,429</b>	<b>1,427</b>	<b>58</b>	<b>0</b>	<b>1,485</b>
Surplus ratio, %	73%	53%	0%	72%	72%	59%	0%	71%
Central administration	-57	-8		-65	-60	-7		-67
Net interest expense	-515	-67		-582	-606	-58		-664
Share in profits of associated companies	-94			-94	-69	-3		-72
<b>Profit from property management activities</b>	<b>705</b>	<b>-17</b>	<b>0</b>	<b>688</b>	<b>692</b>	<b>-10</b>	<b>0</b>	<b>682</b>
Realised changes in value of properties			21	21			300	300
Unrealised changes in value of properties	2,603	649		3,252	1,063	276		1,339
<b>Profit/ loss before tax per segment</b>	<b>3,308</b>	<b>632</b>	<b>21</b>	<b>3,961</b>	<b>1,755</b>	<b>266</b>	<b>300</b>	<b>2,321</b>
Changes in value, fixed income derivatives and equities				272				454
<b>Profit before tax</b>				<b>4,233</b>				<b>1,867</b>
Properties, market value	32,626	7,653		40,279	28,715	3,844		32,559
Occupancy rate, %	94%	79%		93%	95%	77%		94%

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

# Other financial information

## Human resources

At the end of the quarter, 148 people (136) were employed in the Fabège Group.

## Parent Company

Sales during 2015 amounted to SEK 146m (130) and profit before appropriations and tax to SEK 370m (773).

Net financial items include dividends of SEK 800m (1,700) to the Parent Company. Net investments in property, equipment and shares were SEK 0m (0).

## 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.

# +10%

## Accumulated value growth in 2015

## Board of Directors' motion to the 2016 AGM

The Board of Directors will propose to the AGM on 11 April 2016 to resolve on the following:

- Cash dividend of SEK 3.50 per share, a total of SEK 579m.
- To authorise the Board, no longer than up to the next AGM, to buy back Fabège shares corresponding to a maximum of 10 per cent of the shares outstanding.

## 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 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 Fabège'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. Fabège'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). The aim for the loan-to-value ratio is a maximum of 55 per cent.

## SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change	Effect, SEKm
Rental income, total	1%	20.0
Rent level, commercial income	1%	19.8
Financial occupancy rate	1 percentage point	22.9
Property expenses	1%	5.7
Interest expense, rolling 12 months <sup>1</sup>	-1 percentage point	-18/ -69
Interest expenses, longer term perspective	1 percentage point	210.7

The sensitivity analysis shows the effects on the Group's cash flow and profit on an annualised basis after taking account of the full effect of each parameter.

<sup>1</sup> Due to interest-rate floors in loan agreements, Fabège is not able to fully utilise negative interest rates, whereby a negative outcome arises even when interest rates are reduced.

## SENSITIVITY ANALYSIS – PROPERTY VALUE

Change in value, %	Impact on after-tax profit, SEKm	Equity/ assets ratio, %	Loan-to-value ratio, %
+1	314	39.8%	51.8%
0	0	39.5%	52.3%
-1	-314	39.1%	52.8%

Profit and key figures are affected by realized and unrealized changes in the value of properties on properties. The table shows the effect of a 1 percentage point of change in value after deferred tax deduction.



### 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 both the first and fourth quarters, the warm and snowless winter season contributed to lower running 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 are usually higher.

### Outlook

In early 2016, performance in both the property and rental markets remains very strong. Given the prevailing market conditions and Fabege's attractive property and project portfolio, the prerequisites are favourable for strong earnings in 2016 as well. By completing projects, the rent volume will increase which, combined with continued operational efficiency and low interest expense, will generate better profit from property management. Fabege is well positioned to capitalise on the exciting opportunities ahead.

### ACCOUNTING POLICIES

Fabège prepares its consolidated financial statements according to International Financial Reporting Standards (IFRS). The year-end

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. New or revised IFRS standards or other IFRIC interpretations that came into effect after 1 January 2015 have not had any material impact on consolidated financial statements.

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

Stockholm, 4 February 2016



CHRISTIAN HERMELIN  
Chief Executive Officer

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

# Share information

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

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

	Number of shares	Proportion of equity, %	Proportion of votes, %
Erik Paulsson with family, privately and company	25,455,013	15.4	15.4
BlackRock Inc. <sup>2</sup>	8,924,247	5.4	5.4
Investment AB Öresund	5,500,000	3.3	3.3
FIM Funds	4,913,748	3.0	3.0
Länsförsäkringar Funds	4,076,506	2.5	2.5
Qviberg Mats with family	3,747,868	2.3	2.3
Norges Bank Investment Management	3,421,546	2.1	2.1
SHB Funds	3,362,398	2.0	2.0
Stichting Pensioenfonds ABP	2,889,063	1.7	1.7
ENA City AB	2,735,300	1.7	1.7
ING Funds	2,640,000	1.6	1.6
SHB pension fund	2,484,255	1.5	1.5
Principal Funds	2,420,000	1.4	1.4
Fourth APFund	1,910,292	1.1	1.1
Blue Sky Group Pensioenfonds	1,814,797	1.1	1.1
<b>Total 15 largest shareholders</b>	<b>76,295,033</b>	<b>46.1</b>	<b>46.1</b>
Other foreign shareholders	42,786,899	25.9	25.9
Other Swedish shareholders	46,309,640	28.0	28.0
<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: Modular Finance AB, according to data from Euroclear Sweden AB.

<sup>2</sup>The shares are wholly or partly owned by trustee-managed accounts. Ownership has been confirmed via a disclosure press release to the Swedish Financial Supervisory Authority and amounted to 5-10 per cent of the share capital/votes as per 31 December 2015.

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

No. of shareholders as of 31 December 2015: 39,435

## SHARE INFORMATION



## FABEGE AND PEAB DIVIDED UP OWNERSHIP OF RÅSUNDA

Through the co-owned company Visio, Fabege and Peab jointly owned the development rights on the former Råsunda Stadium. The original property comprised some 16,000 sqm of existing office buildings, about 19,000 sqm of commercial development rights and about 70,000 sqm of housing development rights. Fabege and Peab have now divided up the ownership whereby, in December, Fabege acquired the commercial portion, comprising the existing office buildings and commercial development rights. Peab acquired all the housing development rights. As previously announced, Fabege will use its commercial development rights to construct an office building for such companies as Telenor Sweden.



## CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2015	2014	2015	2014
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Rental income	505	522	1,998	2,087
Property expenses	-156	-157	-569	-602
<b>Net operating income</b>	<b>349</b>	<b>365</b>	<b>1,429</b>	<b>1,485</b>
Surplus ratio, %	69	70	72	71
Central administration	-17	-21	-65	-67
Net interest/ expense	-146	-155	-582	-664
Share in profits of associated companies	-14	-15	-94	-72
<b>Profit/ loss from property management</b>	<b>172</b>	<b>174</b>	<b>688</b>	<b>682</b>
Realised changes in value of properties	17	165	21	300
Unrealised changes in value of properties	1,282	570	3,252	1,339
Unrealised changes in value, fixed income derivatives	151	-96	262	473
Changes in value of shares	-26	22	10	19
<b>Profit/ loss before tax</b>	<b>1,596</b>	<b>835</b>	<b>4,233</b>	<b>1,867</b>
Current tax	-2	0	-2	-61
Deferred tax	-416	75	-999	-68
<b>Profit/ loss for period/ year</b>	<b>1,178</b>	<b>910</b>	<b>3,232</b>	<b>1,738</b>
Items that will not be restated in profit or loss				
Revaluation of defined-benefit pensions	2	-10	2	-10
<b>Comprehensive income for the period/ year</b>	<b>1,180</b>	<b>900</b>	<b>3,234</b>	<b>1,728</b>
Earnings per share, SEK	7:12	5:51	19:54	10:51
Total earnings per share, SEK	7:13	5:44	19:55	10:45
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
	Dec 31	Dec 31
<b>Assets</b>		
Properties	40,279	32,559
Other tangible fixed assets	1	1
Financial fixed assets	923	1,542
Current assets	446	1,859
Short-term investments	70	34
Cash and cash equivalents	32	23
<b>Total assets</b>	<b>41,751</b>	<b>36,018</b>
<b>Equity and liabilities</b>		
Shareholder's equity	16,479	13,783
Provisions	1,936	1,084
Interest-bearing liabilities <sup>1</sup>	21,068	19,551
Other long-term liabilities	619	-
Derivative instrument	658	920
Non-interest-bearing liabilities	991	680
<b>Total equity and liabilities</b>	<b>41,751</b>	<b>36,018</b>
Equity/ assets ratio, %	39	38
Contingent liabilities	433	1,058

<sup>1</sup> Of which short-term SEK 7,058m (7,071)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Of which, attributable to	
	Shareholders' equity	Parent Company shareholders
Shareholders' equity, 1 January 2014, according to adopted Statement of financial position	12,551	12,551
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	-538	-538
Profit for the period	3,232	3,232
Other comprehensive income	2	2
<b>Shareholders' equity, 31 December 2015</b>	<b>16,479</b>	<b>16,479</b>

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

SEKm	2015	2014
	Jan-Dec	Jan-Dec
<b>Operations</b>		
Net operating income	1,429	1,485
Central administration	65	67
Reversal of depreciation	0	1
Interest received	25	19
Interest paid	689	724
Income tax paid <sup>1</sup>	0	-1,607
<b>Cash flow before changes in working capital</b>	<b>700</b>	<b>-893</b>
<b>Change in working capital</b>		
Change in current receivables	831	-919
Change in current liabilities	211	-102
<b>Total change in working capital</b>	<b>1,042</b>	<b>-1,021</b>
<b>Cash flow from operating activities</b>	<b>1,742</b>	<b>-1,914</b>
<b>Investing activities</b>		
Investments in new-builds, extensions and conversions	-2,770	-1,233
Acquisition of properties	-985	-105
Divestment of properties	604	3,259
Other tangible fixed assets	440	-100
<b>Cash flow from investing activities</b>	<b>-2,711</b>	<b>1,821</b>
<b>Financing activities</b>		
Dividend to shareholders	-538	-496
Change in interest bearing liabilities	1,516	514
<b>Cash flow from investing activities</b>	<b>978</b>	<b>18</b>
Cash flow for the period	9	-75
Cash and cash equivalents at beginning of period	23	98
<b>Cash and cash equivalents at end of period</b>	<b>32</b>	<b>23</b>

<sup>1</sup> The amount of SEK -1 607m for the full year 2014 income tax paid is composed entirely of tax payments as a result of convictions in the tax matters relating to previous real estate transactions.

## CONSOLIDATED KEY FIGURES

Financial	2015	2014
	Jan-Dec	Jan-Dec
Return on capital employed, %	13.2	7.6
Return on equity, %	21.4	13.2
Interest coverage ratio, multiple	2.1	2.4
Equity	39	38
Loan-to-value ratio, properties, %	52	60
Debt/ equity ratio, multiple	1.3	1.4
<b>Share related<sup>1</sup></b>		
Earnings per share, SEK	19:54	10:51
Total earnings per share, SEK	19:55	10:45
Equity per share, SEK	100	83
Cash flow from operating activities per share, SEK <sup>2</sup>	14:27	-1:58
EPRA NAV, SEK per share	115	95
EPRA, EPS	3.94	4.09
No. of outstanding shares at end of period, thousands	165,392	165,392
Average number of shares, thousands	165,392	165,392
<b>Property-related</b>		
No. of properties	83	80
Carrying amount, Properties, SEKm	40,279	32,559
Lettable area, sqm	1,092,000	1,030,000
Financial occupancy rate, %	93	94
Surplus ratio, %	72	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 as a result of convictions in the 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 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.

	Group		Parent Company	
	2015 Dec 31	2014 Dec 31	2015 Dec 31	2014 Dec 31
<b>IFRS, level 3</b>				
Opening value	-521	-358	-521	-358
Acquisitions/ Investments	-	-	-	-
Changes in value	125	-163	125	-163
Matured	-	-	-	-
<b>Closing value</b>	<b>-396</b>	<b>-521</b>	<b>-396</b>	<b>-521</b>
Carrying amount	-396	-521	-396	-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.

## SEGMENT REPORTING – RECLASSIFICATION DURING THE YEAR

Through re-allotment, the Uarda 1 property has been partitioned into three properties. In the first quarter, the Uarda 1 property was reclassified from a project property to an investment property. Following the property re-allotment, Uarda 6 and Uarda 7 were formed. The latter two remain as project properties. The newly acquired properties Stora Frösunda 2, Hagalund 2:2, Solna and Lagern 2, Råsunda, are all reclassified as project properties and included in the Property Development segment. The Järvakrogen 3 property was transferred to the property management segment on completion. Another property was reclassified from property management to development in the fourth quarter.

## PARENT COMPANY CONDENSED INCOME STATEMENT

SEKm	2015	2014
	Jan-Dec	Jan-Dec
Income	146	130
Expenses	-226	-212
Net financial items	152	1,309
Income from other financial assets	0	0
Changes in value, fixed-income derivatives	262	473
Changes in value, equities	36	19
<b>Profit before tax</b>	<b>370</b>	<b>773</b>
Current Tax	-	-
Deferred	8	193
<b>Profit for the period/ year</b>	<b>378</b>	<b>996</b>

## PARENT COMPANY CONDENSED BALANCE SHEET

SEKm	2015	2014
	Dec 31	Dec 31
Participation in Group companies	12,592	12,992
Other fixed assets	41,892	39,888
<i>of which, receivables from Group companies</i>	<i>41,103</i>	<i>39,003</i>
Current assets	129	1,090
Cash and cash equivalents	30	21
<b>Total assets</b>	<b>54,643</b>	<b>53,991</b>
Shareholders' equity	12,301	12,461
Provisions	68	68
Long-term liabilities	35,118	34,708
<i>of which, liabilities to Group companies</i>	<i>21,724</i>	<i>21,658</i>
Current liabilities	7,156	6,754
<b>Total equity and liabilities</b>	<b>54,643</b>	<b>53,991</b>

## Quarterly overview

### CONDENSED INCOME STATEMENT, AMOUNTS IN SEKM

	2015				2014			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Rental income	505	495	496	502	522	526	526	513
Property expenses	-156	-130	-131	-152	-157	-144	-137	-164
<b>Net operating income</b>	<b>349</b>	<b>365</b>	<b>365</b>	<b>350</b>	<b>365</b>	<b>382</b>	<b>389</b>	<b>349</b>
Surplus ratio, %	69%	74%	74%	70%	70%	73%	74%	68%
Central administration	-17	-16	-16	-16	-21	-16	-15	-15
Net interest expense	-146	-143	-140	-153	-155	-158	-180	-171
Share in profits of associated companies	-14	-59	-8	-13	-15	-17	-27	-13
<b>Profit/ loss from property management</b>	<b>172</b>	<b>147</b>	<b>201</b>	<b>168</b>	<b>174</b>	<b>191</b>	<b>167</b>	<b>150</b>
Realised changes in value of properties	17	3	0	1	165	-	52	83
Unrealised value of properties	1282	590	673	707	570	258	299	212
Unrealised changes in value, fixed-income derivatives	151	-26	194	-57	-96	-90	-146	-141
Changes in value, equities	-26	-28	-3	67	22	-13	-16	26
<b>Profit for the period/ year</b>	<b>1596</b>	<b>686</b>	<b>1065</b>	<b>886</b>	<b>835</b>	<b>346</b>	<b>356</b>	<b>330</b>
Current tax	-2	0	0	0	-	-3	16	-74
Deferred tax	-416	-167	-235	-181	75	-78	49	-16
<b>Comprehensive income for the period/ year</b>	<b>1178</b>	<b>519</b>	<b>830</b>	<b>705</b>	<b>910</b>	<b>265</b>	<b>323</b>	<b>240</b>

### CONDENSED FINANCIAL POSITION, AMOUNTS IN SEKM

	2015				2014			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
<b>Assets</b>								
Properties	40,279	37,630	36,361	33,763	32,559	33,868	33,257	33,640
Other tangible fixed assets	1	1	1	1	1	1	1	1
Financial fixed assets	923	1,562	1,644	1,634	1,542	1,475	1,492	1,610
Current assets	446	438	506	1,933	1,859	318	856	744
Short-term investments	70	50	48	38	34	-	-	-
Cash and cash equivalents	32	37	411	62	23	198	263	148
<b>Total assets</b>	<b>41,751</b>	<b>39,718</b>	<b>38,971</b>	<b>37,431</b>	<b>36,018</b>	<b>35,860</b>	<b>35,869</b>	<b>36,143</b>
<b>Equities and liabilities</b>								
Shareholders' equity	16,479	15,299	14,780	13,951	13,783	12,883	12,618	12,295
Provisions	1,936	1,661	1,494	1,265	1,084	1,218	1,142	1,097
Interest-bearing liabilities	21,068	20,513	20,436	19,733	19,551	20,136	20,402	20,073
Other long-term liabilities	619	617	615	-	-	-	-	-
Derivative instruments	658	809	783	977	920	824	734	588
Non-interest bearing liabilities	991	819	863	1,505	680	799	973	2,090
<b>Total equity and liabilities</b>	<b>41,751</b>	<b>39,718</b>	<b>38,971</b>	<b>37,431</b>	<b>36,018</b>	<b>35,860</b>	<b>35,869</b>	<b>36,143</b>

### KEY FIGURES

	2015				2014			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
<b>Financial</b>								
Return on capital employed, %	18.4	9.2	13.7	12.2	11.7	6.1	6.4	6.2
Return on equity, %	29.7	13.8	23.2	20.3	27.3	8.3	10.3	7.7
Interest coverage ratio, multiple	2.0	1.9	2.3	2.0	3.1	2.1	2.2	2.3
Equity/ assets ratio, %	39	39	38	37	38	36	35	34
Loan-to-value ratio, properties, %	52	55	56	58	60	59	61	60
Debt/ equity ratio, multiple	1.3	1.3	1.4	1.4	1.4	1.6	1.6	1.6
<b>Share-related</b>								
Earnings per share, SEK	7:12	3:14	5:02	4:26	5:50	1:60	1:95	1:45
Total earnings per share, SEK	100	93	89	84	83	78	76	74
Cash flow from operating activities per share, SEK <sup>1</sup>	4:82	1:10	6:99	1:36	-5:27	0:26	-2:07	-4:50
EPRA NAV, SEK per share	115	107	102	97	95	89	87	84
EPRA EPS	0:99	0:91	1:17	1:01	1:04	1:12	1:01	0:93
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	165,392	165,392	165,392
<b>Property-related</b>								
Financial occupancy rate, %	93	92	92	93	94	92	92	92
Surplus ratio, %	69	74	74	70	70	73	74	68

<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.

## 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.

### 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 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 leads to greater customer proximity and, coupled with Fabege's extensive local expertise, creates a solid foundation for efficient property management and high occupancy.

As at 31 December 2015, Fabege owned 83 properties with a total market value of SEK 40.3bn. The rental value was SEK 2.3bn.

## Business concept

Fabege is to focus on city-district development with a particular emphasis on commercial properties in a limited number of well-located submarkets in the Stockholm area.

Fabege aims to create value by managing, improving and actively adjusting its property portfolio through sales and acquisitions.

## 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 while 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

A number of external factors affect Fabege's operations and these, together with the transaction volume and the office market trend in Stockholm, represent the prerequisites for the company's success.

### Stockholm is growing

Stockholm is one of the five metropolitan areas in Western Europe where the population is rising the most. According to forecasts, Stockholm County will have half a million inhabitants more than today by 2030. People in the active labour force will account for the largest growth, thus resulting in higher demand for office premises.

### Changed demand

New technology and new work methods contribute to boosting demand for flexible and space-efficient premises in prime locations. Excellent peripheral service and good communication links in the form of public transport services are in increasing demand, as are environmentally certified offices and green leases.

### Financial trend

The trend for both the Swedish and global economy impacts the property market. Low vacancy rates in Stockholm's inner city and a stronger economic climate have historically meant rising rents.

### Sustainable urban development

Sustainability issues are becoming increasingly important, in terms of both individual properties and the entire area. Environmental considerations involving choices of material and energy-saving measures are on the rise. Demand is rising for premises in areas with a favourable mix of offices, retail, service and residential units, as well as excellent transport links and environmental commitment.





## FINANCIAL CALENDAR

Annual General Meeting	11 April 2016
Interim report Jan-Mar	26 April 2016
Interim report Jan-Jun	8 July 2016
Interim report Jan-Sep	20 October 2016

## PRESS RELEASES DURING THE FOURTH QUARTER

- 21 December 2015 Fabege and Peab divide up ownership of Råsunda
- 17 November 2015 Solna Business Park joins Citylab Action
- 13 November 2015 Fabege sharpens its objectives
- 10 November 2015 Disclosure press release
- 6 November 2015 Fabege continues with green financing
- 20 November 2015 Higher profit for Fabege
- 12 October 2015 Fabege signs lease with EVRY at Solna Business Park.
- 9 October 2015 Fabege named "CERO Challenger of the Year"
- 7 October 2015 Green framework for Nya SFF's MTN programme
- 6 October 2015 Green financing from the European Investment Bank
- 1 October 2015 Fabege prepays outstanding bond loan

## 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. There will also be a web presentation on 4 February 2016, at which Christian Hermelin and Åsa Bergström will present the year-end report.



**CHRISTIAN HERMELIN**  
Chief Executive Officer  
Phone: +46 (0)8-555 148 25  
+46 (0)733-87 18 25



**ÅSA BERGSTRÖM**  
CFO/Executive Vice President  
Phone: +46 (0)8-555 148 29,  
+46 (0)706 66 13 80

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 4 February 2016.

Fabege AB (publ)  
Box 730, 169 27 Solna  
Besök: Pyramidvägen 7, 169 56 Solna  
Telefon: 08-555 148 00  
E-post: [info@fabege.se](mailto:info@fabege.se)  
Internet: [www.fabege.se](http://www.fabege.se)  
Organisationsnummer: 556049-1523  
Styrelsens säte: Stockholm

**Fabege**