

Q2

Summary, SEKm

	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun
Rental income	520	496	1 039	998
Net operating income	369	365	724	715
Profit from property management	213	201	408	369
Profit before tax	1 359	1 065	3 115	1 951
Profit after tax	1 065	830	2 730	1 535
Surplus ratio, %	71	74	70	72
Loan-to-value ratio, properties, %			49	56
EPRA NAV, SEK per share			131	102

January – June 2016¹

- Rental income increased to SEK 1,039m (998) mainly as a result of completed project properties generating revenue. In an identical portfolio, income rose by just short of 7 per cent.
- Net operating income rose to SEK 724m (715). In an identical portfolio, net operating income increased by slightly more than 5 per cent. The surplus ratio was 70 per cent (72).
- Profit from property management rose by 10 per cent to SEK 408m (369).
- Realised and unrealised changes in value amounted to SEK 2,880m (1,381) for properties and SEK -173m (137).
- Profit before tax for the period amounted to SEK 3,115m (1,951). Profit after tax for the period was SEK 2,730m (1,535), corresponding to earnings per share of SEK 16.51 (9.28).
- Net lettings during the period totalled SEK 83m (51). The rent levels from renegotiated leases were an average of 27 per cent higher.
- The equity/assets ratio was 42 per cent (39) and the loan-to-value ratio 49 per cent (52).

¹ The comparison figures for income and expense items relate to values for the period January–June 2015 and for balance sheet items at 31 December 2015.





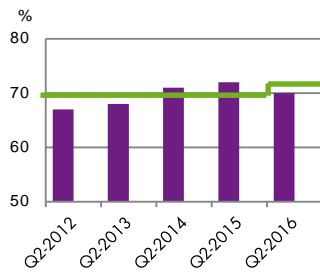
Christian Hermelin, CEO

Comments by Christian Hermelin, CEO

Rental growth and increasing values

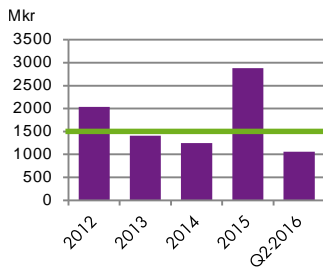
Improved earnings from property management and solid value growth in both management and project portfolios produced strong earnings for the first six months.

SURPLUS RATIO



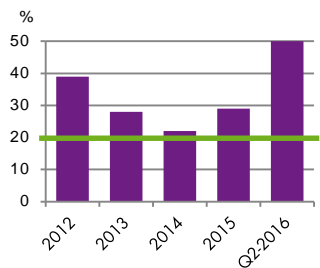
New long-term target as of 2016: 75 %

INVESTMENT VOLUME



Target: At least SEK 1,500m per year

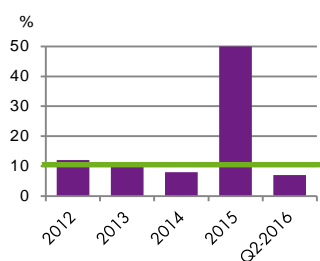
RETURN ON PROJECTS¹



Target: At least 20 %

1) The return for projects in Q2, 2016, totalled 82 %

TRANSACTION PROFIT²



Target: 10 %

2) The transaction profit for 2015 amounted to 84 %

Continued robust market boosts the coffers

Conditions on Stockholm's property market are currently excellent. Rising rent levels, falling yield requirements and persistently low interest rates combine to provide the conditions for both increased cash flow and rising property values. During the spring we focused our attention on new lettings and renegotiations, and we can now note new record levels in several of our properties, not just in the city but also in both Solna and Hammarby Sjöstad.

Our surplus ratio for the quarter ended up at 70 per cent, which is below that of the year-earlier period, largely due to more normal winter conditions and the sale of Uarda 5. However, we stand by our objective of achieving a surplus ratio of 75 per cent within five years.

It is pleasing to see an improvement in earnings from property management. We anticipate that we will see continued growth in rental income, while interest costs remain low.

Effective business model creates value

All parts of the business model are performing well. The sale of Uarda 5, Arenastaden, in February established a new yield level, which we are now seeing in the top suburb locations as well. In the second quarter we announced a new major lease with 3, which will be establishing their office next to Globen. We are therefore launching an additional project, this time on the south side of Stockholm. In the first half of the year we completed two major projects in Arenastaden. Other projects are proceeding according to plan and contributing strong value growth, well above our target of 20 per cent.

Value growth in the property management portfolio was also very strong. In the first quarter it was primarily fuelled by falling yield requirements. The average yield requirement in the portfolio continued to drop during the second quarter, but higher rent levels had an increasingly positive impact on property values.

Green financing in focus

In May we saw our first issue under our newly established green MTN programme. There was a considerable amount of interest and bond financing is a competitive complement to our bilateral bank financing. Now the banks are also coming on board, and in Q2 we signed our first green bank financing agreement. I anticipate sustainable financing becoming an increasingly significant proportion of our total financing, and that in the long term it will also offer better terms.

Market outlook

Brexit has created concern on the equities and finance markets. This concern is currently manifesting itself in the form of lower long-term interest rates. However, it is too early to predict how it will affect economic trends going forward.

Both the property and rental markets remain strong, with accelerating rent levels and rising property values. We achieved high earnings in the first half of the year and the conditions are in place for strong earnings for the full year 2016. More completed projects will increase rental volumes which, combined with continued operational efficiency and low interest expense, will generate better profit from property management. Fabegis is well positioned to capitalise on the opportunities ahead.

Earnings Jan–June 2016¹

Increased rental income and lower interest expenses led to a 10 per cent rise in profit from property management. Continued value growth in the property portfolio contributed to the extremely strong earnings for the first six months.

Revenues and earnings

Profit after tax for the period increased to SEK 2,730m (1,535), corresponding to earnings per share of SEK 16.51 (9.28). Profit before tax for the period increased to SEK 3,115m (1,951). Unrealised value changes in the property portfolio increased due to the strong trend in the rental and property market.

Rental income amounted to SEK 1,039m (998) and net operating income was SEK 724m (715). Completed projects contributed to income growth, which was to some extent offset by the divestment of Uarda 5. In an identical portfolio, rental income rose by 7 per cent and net operating income increased by just over 5 per cent. The surplus ratio fell to just over 70 per cent (72) following a more normal winter, and as a result of the divestment of Uarda 5. The increase in central administration costs was largely due to the fact that the provision for Fabege's profit-sharing scheme has doubled in accordance with a decision by the AGM.

Realised changes in property values totalled SEK 162m (1) and related to profit from the sale of Uarda 5 in Arenastaden. Unrealised changes in value totalled SEK 2,718m (1,380). The SEK 2,016m (1,162) 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 4.75 per cent (4.9 at year-end). The project portfolio contributed to an unrealised change in value of SEK 702m (218), primarily due to development gains in the major project properties.

The share in profit of associated companies amounted to SEK –7m (–21). The item included a positive gain of SEK 18m from the liquidation of joint operations in Gamla SFF. Otherwise, the item related mainly to Arenabolaget i Solna KB.

Unrealised changes in value in the derivative portfolio totalled SEK –173m (137), primarily due to lower long-term interest rates. Net interest expense declined to SEK –273m (–293), due to lower market interest rates.

Segment reporting

The Property Management segment generated net operating income of SEK 676m (685), corresponding to a surplus ratio of 72 per cent (72). The occupancy rate was 94 per cent (92). Profit from property management was SEK 438m (358). Unrealised changes in the value of properties amounted to SEK 2,016m (1,162).

The Property Development segment reported net operating income of SEK 48m (30), making a surplus ratio of 48 per cent (58). Earnings from property management totalled SEK –30m (11). Unrealised changes in property values amounted to SEK 702m (218).

The Transactions segment realised changes in value of SEK 162m (1) through the divestment of the Uarda 5 property.

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

Quarter 2 in brief¹

- Continued healthy demand for office premises in Stockholm and rising rent levels in all our submarkets.
- New lettings totalled SEK 94m (63) and net lettings amounted to SEK 70m (39).
- The surplus ratio was 71 per cent (74).
- Profit from property management was SEK 213m (201).
- The property portfolio exhibited unrealised value growth of SEK 1,199m (673), of which projects accounted for SEK 157m (131).
- Due to lower long-term interest rates, the deficit value of the derivative portfolio rose by SEK 55m (decrease: 194).
- After-tax profit for the quarter amounted to SEK 1,065m (830).

BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

SEKm	2016	2015
	Jan-Jun	Jan-Jun
Profit from Property Management activities	438	358
Changes in value (portfolio of investment properties)	2 016	1 162
Contribution from Property Management	2 454	1 520
Profit from Property Management activities	-30	11
Changes in value (profit from Property Development)	702	218
Contribution from Property Development	672	229
Realised changes in value	162	1
Contribution from Transactions	162	1
Total contribution from the operation	3 288	1 750

6.7%

Value growth

¹The comparison figures for income and expense items relate to values for the period January–June 2015 and for balance sheet items at 31 December 2015.

Financing

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

Interest-bearing liabilities at the end of the quarter totalled SEK 20,574m (21,068), with an average interest rate of 2.71 per cent excluding and 2.82 per cent including commitment fees on the undrawn portion of committed credit facilities. Unutilised committed lines of credit amounted to SEK 2,870m.

Through the establishment of an MTN programme subject to special conditions with regard to sustainability and environment, Fabege launched a new green financing opportunity in April of SEK 2,000m. An initial issue of SEK 600m with a maturity of two years was carried out in May. During the quarter, the company also signed its first green bank loan, which was Fabege's fourth green form of financing. The company has previous green financing from the European Investment Bank, as well as a green bond via Nya SFF. As the company's properties gain environmental certification, the objective is for financing to be sustainable as well, and Fabege welcomes and encourages the new responsible financing opportunities that are being established on the market.

During the quarter, the company also extended existing credit agreements totalling SEK 2,800m for periods of three and four years respectively.

On 30 June, Fabege had outstanding bonds of SEK 1,273m via Nya Svensk FastighetsFinansiering AB (Nya SFF), of which SEK 406m related to green bonds.

Fabege has a commercial paper programme of SEK 5,000m. At mid-year, outstanding commercial paper totalled SEK 3,974m (4,496). Fabege has available credit facilities covering all outstanding commercial paper at any given time.

At 30 June, the average maturity was 4.2 years and the loan-to-value ratio was 49 per cent. The average fixed-interest term 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 81 days. During the period, additional fixed-interest periods of 10 years were applied to SEK 700m. Fabege's derivatives portfolio then comprised interest-rate swaps totalling SEK 9,700m with terms of maturity extending through 2026 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 75 per cent of Fabege's loan portfolio were fixed using fixed-income derivatives. The derivatives portfolio is measured at market value and the change in value is recognised in profit or loss. At 30 June 2016, the recognised deficit value of the portfolio was SEK 831m (658). 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 15m, mainly pertaining to accrued opening charges for credit agreements and bond programmes. The total loan volume per quarter included SEK 1,930m (1,506) in loans for projects, on which interest of SEK 27m (17) had been capitalised.

Tax

Tax on profit for the period amounted to SEK -385m (-416). The figure includes the resolution of a deferred tax liability in the amount of SEK 261m in connection with property sales. 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 18,630m (16,479) at the end of the period and the equity/assets ratio was 42 per cent (39). Shareholders' equity per share was SEK 113 (100). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 133 (118). EPRA NAV was SEK 131 (115). The dividend totalling SEK 579m that was adopted by the AGM on 11 April 2016 reduced shareholders' equity in the second quarter.

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 427m (425). Changes in working capital had an impact on cash flow of SEK -25m (957). Investing activities had a positive impact of SEK 834m (-1,340) on cash flow, while financing activities had a negative impact of SEK -1,073m (346) on cash flow. In investing activities, cash flow was driven by property transactions and by projects. Overall, cash and cash equivalents changed by a total of SEK 163m (388) during the period.

INTEREST RATE MATURITY STRUCTURE, 30 JUNE 2016

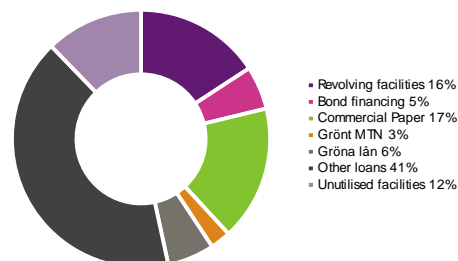
	Amount SEKm	Average interest rate,%	Share,%
< 1 year	7,537	3.71	37
1-2 years	4,350	2.88	21
2-3 years	2,987	2.25	15
3-4 years	1,000	2.13	5
4-5 years	-	-	-
5-6 years	1,000	2.68	5
6-7 years	1,100	0.97	5
7-8 years	900	1.02	4
8-9 years	1,000	1.04	5
9-10 years	700	1.12	3
Total	20,574	2.71	100

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

LOAN MATURITY STRUCTURE, 30 JUNE 2016

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	3,974
< 1 year	4,461	826
1-2 years	7,217	5,463
2-3 years	5,395	3,940
3-4 years	1,125	1,125
4-5 years	-	-
5-10 years	3,993	3,993
10-15 years	-	-
15-20 years	-	-
20-25 years	1,253	1,253
Total	28,444	20,574

BREAKDOWN OF SOURCES OF FUNDING



First green MTN issue SEK 600m

Operations Jan–June 2016¹

New project lettings and several management lettings combined with a high retention rate to generate a high level of net lettings. The strong rental market meant continued rising rent levels for new and renegotiated leases. Higher rent levels and lower yield requirements on the property market also resulted in persistently rising property values.

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 30 June 2016, Fabege owned 85 properties with a total rental value of SEK 2.3bn, lettable floor space of 1.1m sqm and a carrying amount of SEK 42.4bn, of which development and project properties accounted for SEK 6.7bn. 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 half of the year, 97 new agreements were signed at a total rental value of SEK 136m (107), of which 80 per cent pertained to Green leases. Lease terminations totalled SEK 53m (56), while net lettings amounted to SEK 83m (51). Major new lettings in the second quarter related to project lettings to 3 in Pelaren 1, Globen and Ambea in Uarda 6, Arenastaden, as well as a number of management lettings. Efforts to extend and renegotiate existing customer leases were consistently successful. A lease value of just over SEK 92m was renegotiated during the period, with an average rise in the rental value of 27 per cent. The volume of renegotiations increased as expected in the second quarter and a few individual leases had an extremely positive effect on the rental value. The retention rate during the period was 80 per cent (81).

Changes in the property portfolio

The Fräsaren 9 property in Solna Business Park was taken over in the first quarter. The purchase price was SEK 152m. The property is classified as a development property. In the second quarter, the investment property Sadelplatsen 1, Järva krog, was acquired and taken over. The purchase price was SEK 172m. Furthermore, the Uarda 5 property was sold to Union Investment for a purchase price of just over SEK 2.2bn. The sale generated a capital gain of SEK 159m before taxes and SEK 420m after taxes (including resolution of a deferred tax liability).

Through reallocation, the Oxen Mindre 33, City, property was divided into two properties, in which the residential part was partitioned into a separate 3D property above.

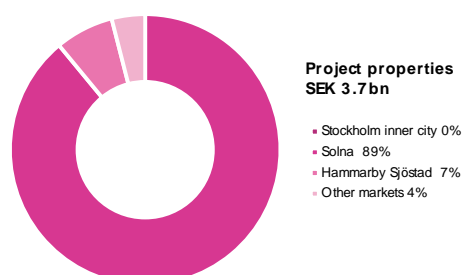
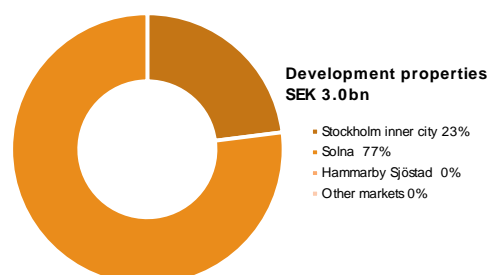
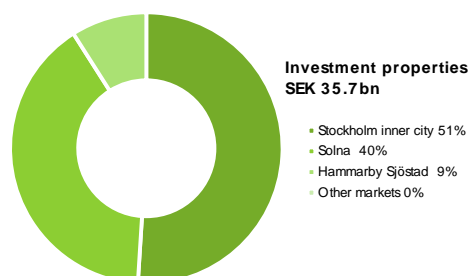
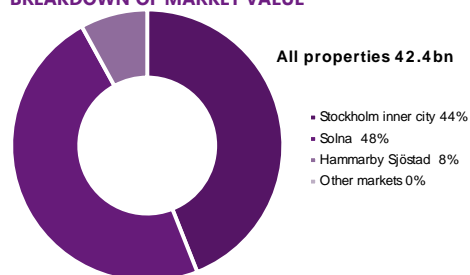
Changes in value of properties

The entire property portfolio is externally valued at least once annually. Just over 30 per cent of the properties were externally valued in the second quarter and the remainder were internally valued based on the most recent external valuations. The total market value was SEK 42.4bn (40.3).

Unrealised changes in value totalled SEK 2,718m (1,380). The average yield requirement declined during the period to a rounded off figure of 4.75 per cent (4.9). The SEK 2,016m (1,162) 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 702m (218), mainly due to development gains in major project properties.

30 June 2016

BREAKDOWN OF MARKET VALUE



¹The comparison figures for income and expense items relate to values for the period January–June 2015 and for balance sheet items at 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 period, investments in existing properties and projects totalled SEK 1,058m (1,006), of which investments in projects and development properties accounted for SEK 858m (841). The return on capital invested in the project portfolio was 82 per cent. Revaluations of three project properties that are either completed or near completion contributed to the strong change in the value of the project portfolio. The capital invested in the property management portfolio, which amounted to SEK 200m and encompassed energy investments and tenant customisations, also contributed to the total growth in value.

Completed projects

February saw the completion of Uarda 7, Arenastaden, and the property was transferred from projects to management. In Q2, Nationalarenan 8 was completed and Telia moved in in June, at which point the property was transferred to the property management portfolio.

Major ongoing projects

The erection of the office building at the Uarda 6 property is continuing. The frame and facade are now largely complete. Work is progressing on completing the frame and installations. The investment amounts to just over SEK 570m. In June, a lease was signed with Ambea on the rental of approx. 3,600 sqm. The property is in the process of completion, with tenants gradually moving in from April to November 2017. The occupancy rate is 90 per cent.

The construction of SEB's offices in the Pyramiden 4 property in Arenastaden is proceeding. The entire frame, roof and the first office floors are now complete. Work is continuing on completing the frame, installations and furnishings. The investment amounts to some SEK 2.3bn and the office is scheduled for completion in two phases, spring 2017 and spring 2018, respectively. The property is fully let to SEB.

The groundwork and project design on the office building at the Signalen 3 property in Arenastaden has begun. The investment totals SEK 1,080m. ICA has signed a lease on about 78 per cent of the lettable space. The office is scheduled for completion during the third quarter of 2018.

The project relating to the Hörnan district, which is part of the Lagern 2 property in Råsunda, is also progressing. A new office building with a total area of around 16,000 sqm is being constructed at the property. The investment totals SEK 530m. Foundation work started in January 2016. The property is partly let to Telenor Sweden, with occupancy scheduled for the latter half of 2018. The occupancy rate is 67 per cent.

In June 2016, a decision was made on an investment of just over SEK 750m regarding the construction of an office building at the Pelaren 1 property, Globen. The property is 70 per cent leased to 3.

CHANGE IN PROPERTY VALUE 2016

Changes in property value	2016
Opening fair value 2016-01-01	40,279
Property acquisitions	332
conversions	1,058
Changes in value	2,718
Sales and disposals	-1,969
Closing fair value 2016-06-30	42,418

SALES OF PROPERTIES JAN-JUN 2016

Property name	Area	Cat-egory	Lettable area.sqm
Quarter 1			
Uarda 5	Arenastaden	Office	44,269
Quarter 2			
Quarter 3			
Quarter 4			
Total sales of properties			44,269

PROPERTY ACQUISITIONS JAN-JUN 2016

Property name	Area	Category	Lettable area.sqm
Quarter 1			
Fräsaren 9	Solna	Office	9,541
Quarter 2			
Sadelplatsen 1	Solna	Office/ Retail	6,363
Quarter 3			
Quarter 4			
Total acquisitions of properties			15,904

PELAREN 1, NEW LANDMARK IN SÖDERSTADEN

The new office will include a lettable area of roughly 21,000 sqm. Fabege and 3 (HI3G Access) have signed a 10-year green lease on a 14,700 sqm office space, at an annual rental value of approx. SEK 39m excluding additional charges.

The project is ready to start and occupancy is expected to take place in late summer 2018. The property will be environmentally certified in accordance with BREEAM Very Good as a minimum requirement, and the designers are Strategisk Arkitektur.



ONGOING PROJECTS > SEK 50M

30 June 2016

Property listing	Property type	Area	Completed	Lettable area, sqm	Occupancy rate, area, % ¹	Estimated rental value, SEKm ²	Carrying amount SEKm	Estimated investment, SEKm	of which, worked up, SEKm
Hörnan (Part of Lagern 2)	Offices	Solna	Q2-2018	16,300	67%	44	197	530	49
Pyramiden 4	Offices	Arenastaden	Q2-2018	72,200	100%	182	1,668	2,350	1,331
Signalen 3	Offices	Arenastaden	Q3-2018	30,500	78%	87	279	1,080	53
Jarda 6	Offices	Arenastaden	Q4-2017	18,000	90%	66	597	570	410
Pelaren 1	Offices	Globen	Q3-2018	21,000	70%	62	117	750	4
Total				158,000	87%	441	2,858	5,280	1,847
Other land and project properties							862		
Other development properties							3,038		
Total projects, land and development properties							6,758		

¹ Operational occupancy rate 30 June 2016.

² Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 441m (fully let) from SEK 0m in annualised current rent as of 30 June 2016.

PROPERTY PORTFOLIO

30 June 2016

	Jun 30 2016					Jan-Jun 2016		
	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value ²	Financial occupancy rate %	Rental income SEKm	Property expenses SEKm	Net operating income SEKm
Property holdings								
Investment properties ¹	63	937	35,661	2,184	94	985	-210	775
Development properties ¹	7	130	3,038	142	86	59	-16	43
Land and Project properties ¹	15	55	3,719	7	84	8	-12	-4
Total	85	1,122	42,418	2,333	93	1,052	-238	814
Of which, Inner city	30	403	18,685	1,073	94	497	-117	380
Of which, Solna	39	600	20,066	1,036	93	458	-99	359
Of which, Hammarby Sjöstad	11	118	3,509	223	89	96	-22	74
Of which, Other	5	1	158	1	100	1	0	1
Total	85	1,122	42,418	2,333	93	1,052	-238	814
Expenses for lettings, project development and property administration								-75
Total net operating income after expenses for lettings, project development and property administration								739 ³

¹ See definitions on page 16.

² In the rental value, time limited deductions of about SEK 213m (in rolling annual rental value at 30 June 2016) have not been deducted.

³ The table refers to Fabège's property portfolio on 30 June 2016. Income and expenses were recognised as if the properties were owned for the entire period. The difference between recognised net operating income above, SEK739m, and net operating income in profit or loss, SEK 724m, is due to net operating income from divested properties being excluded, and acquired properties being adjusted upwards as if they had been owned/ completed during the period of January–June 2016. Intercompany rentals have been included in the table.

SEGMENT REPORTING IN SUMMARY¹

SEKm	2016				2015			
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
	Property Management	Property Development	Transaction	Total	Property Management	Property Development	Transaction	Total
Rental income	938	101		1,039	946	52		998
Property expenses	-262	-53		-315	-261	-22		-283
Net operating income	676	48	0	724	685	30	0	715
Surplus ratio, %	72%	48%	0%	70%	72%	58%	0%	72%
Central administration	-27	-9		-36	-30	-2		-32
Net interest expense	-204	-69		-273	-277	-16		-293
Share in profits of associated companies	-7	0		-7	-20	-1		-21
Profit from property management activities	438	-30	0	408	358	11	0	369
Realised changes in value of properties	0	0	162	162	0	0	1	1
Unrealised changes in value of properties	2,016	702		2,718	1,162	218		1,380
Profit/ loss before tax per segment	2,454	672	162	3,288	1,520	229	1	1,750
Changes in value, fixed income derivatives and equities				-173				201
Profit before tax				3,115				1,951
Properties, market value	35,661	6,757		42,418	30,915	5,446		36,361
Occupancy rate, %	94%	83%		93%	92%	80%		92%

¹ See definitions on page 16

Other financial information

Human resources

At the end of the quarter, 154 people (142) were employed by the Faberge Group.

Parent Company

Sales during the period amounted to SEK 86m (79) and earnings before appropriations and tax amounted to SEK -580m (123). The dividend totalling SEK 579m that was adopted by the AGM on 11 April 2016 was paid out in the second quarter.

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

Acquisition and transfer of treasury shares

The 2016 AGM renewed the authorisation of the Board to buy back and transfer shares in the company for the period extending up until the next AGM. Share buybacks are subject to a limit of 10 per cent of the total number of outstanding shares at any time. No shares were bought back during the period.

Opportunities and risks

Risks and uncertainties relating to cash flow from operations relate primarily to changes in rents, vacancies and interest rates. A more detailed description is presented in the risk section of the 2015 Annual Report (pages 56–59). The effect of the changes on consolidated earnings is shown in the risk analysis and in the sensitivity analysis in the 2015 Directors' Report (pages 49–61).

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 section and the sensitivity analysis in the 2015 Annual Report. Financial risk, defined as the risk of insufficient access to long-term funding through loans, and Faberge's management of this risk are described in the 2015 Annual Report (pages 58–59 and 71–74).

No material changes in the company's assessment of risks have arisen following publication of the 2015 Annual Report. Faberge's aims for the capital structure are to have an equity/assets ratio of at least 35 per cent and an interest coverage ratio of at least 2.0. 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%	20.8
Rent level, commercial income	1%	20.4
Financial occupancy rate	1 percentage point	23.2
Property expenses	1%	6.3
Interest expense, rolling 12 months ¹	+/- 1 percentage point	49 / 87
Interest expenses, longer term perspective	1 percentage point	205.7

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.

¹In the short term, interest expenses increase regardless of whether the short-term rate rises or falls. Due to interest rate floors in loan agreements, Faberge 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	331	42.6%	48.0%
0	0	42.3%	48.5%
-1	-331	41.9%	49.0%

Earnings and key ratios are affected by realised and unrealised changes in the value of properties. The table shows the effect of a 1 percentage point change in value after deferred tax deduction.

Events after balance sheet date

After the end of the reporting period, additional fixed-interest periods of seven to ten years were applied in the form of interest rate swaps of SEK 600m.

SEK 83m

Net lettings

Jan-Jun 2016

Seasonal variations

Expenses for the running and maintenance of properties are subject to seasonal variations. For example, cold and snowy winters give rise to higher costs for heating and snow clearance, while hot summers result in higher cooling costs. Activity in the rental market is seasonal. Normally, more business transactions are completed in the second and fourth quarters, whereby net lettings in these quarters are usually higher.

Market outlook

Both the property and rental markets have remained very strong during the first half of 2016. Given the prevailing market conditions and Fabege's attractive property and project portfolio, the prerequisites are favourable for strong earnings in 2016 as well. More completed projects will increase rental volumes which, combined with continued operational efficiency and low interest expense, is expected to generate better profit from property management. Fabege is well positioned to capitalise on the opportunities ahead.

Accounting policies

Fabege prepares its consolidated financial statements according to International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

Disclosures in accordance with IAS 34 Interim Financial Reporting are submitted both in the notes and in other sections of the interim report.

The Group applies the same accounting policies and valuation methods as in the latest annual report. New or revised IFRS standards or other IFRIC interpretations that came into effect after 1 January 2016 have not had any material impact on consolidated financial statements. The ESMA's guidelines on Alternative Performance Measurements are being applied as of and including this interim report.

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, 8 July 2016



CHRISTIAN HERMELIN
Chief Executive Officer.

Signing of the report

The Board of Directors and Chief Executive Officer hereby certify that this half-year report provides a true and fair overview of the development of the Parent Company and Group's operations, position and earnings and describes significant risks and uncertainties faced by the company and Group companies.

Stockholm, 8 July 2016

Erik Paulsson
Chairman of the Board

Anette Asklin
Board member

Anna Engebretsen
Board member

Eva Eriksson
Board member

Märtha Josefsson
Board member

Pär Nuder
Board member

Svante Paulsson
Board member

Mats Qviberg
Board member

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

TELIA MOVES INTO NATIONALARENEN 8, TELIAHUSET

On 7 June, some 3,500 employees took up residence at Telia's new head office, just a stone's throw away from the entrance to Arenastaden's commuter train station. The Telia building is connected by an inner plaza that with its three atriums is elevated by some 25 metres, above Mall of Scandinavia. The building is home to shared premises such as conference facilities and meeting rooms, training venues, cafés and restaurants. All materials and solutions are selected with the utmost care in order to suit Telia's activity-based working model.

For example, there are quiet rooms for individual work, meeting and project rooms of various sizes, touchdown spaces, sofa areas and standing desks. The flexible office floors have a ceiling height of 2.80 metres throughout. Telia's new head office satisfies requirements for the environmental classification system BREEAM-SE, Excellent. The lease with Telia is for 15 years.



Share information

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

THE 15 LARGEST SHAREHOLDERS AT 31 MAY 2016*

	Number of shares	Proportion of equity, %	Proportion of votes, %
Erik Paulsson with family, privately and company	25,350,253	15.3	15.3
BlackRock Inc. **	6,398,443	3.9	3.9
Investment AB Öresund	5,500,000	3.3	3.3
BNP Paribas Investment Partners	5,077,666	3.1	3.1
Länsförsäkringar Funds	3,948,557	2.4	2.4
Qviberg Mats with family	3,747,868	2.3	2.3
Vanguard	3,541,222	2.1	2.1
Handelsbanken Funds	3,326,344	2.0	2.0
Principal Global Investors	3,253,354	2.0	2.0
Norges Bank Investment Management	3,161,791	1.9	1.9
ENA City AB	2,760,000	1.7	1.7
SHB Pensionskassa	2,420,000	1.5	1.5
Slate Street Global Advisors	2,397,555	1.4	1.4
NN Investment Partners	2,120,283	1.3	1.3
Carnegie Funds	2,012,000	1.2	1.2
Total 15 largest shareholders	75,015,336	45.4	45.4
Other foreign shareholders	46,491,195	28.1	28.1
Other Swedish shareholders	43,885,041	26.5	26.5
Total no. of shares outstanding	165,391,572	100.0	100.0
Treasury shares	0	0	0
Total no. of registered shares	165,391,572	100.0	100.0

*The verification date may vary for foreign shareholders.

**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 verified on 6 April 2016.

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

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

Number of shareholders at 31 May 2016: 38,658.

SHARE INFORMATION



NASDAQ STOCKHOLM SUSTAINABLE BONDS LIST

On 23 May, Fabege's new green bond was listed on the Nasdaq Stockholm Sustainable Bonds List under the name FABE 101.



CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec	Rolling 12 m Jul 15 - Jun 16
Rental income	520	496	1,039	998	1,998	2,039
Property expenses	-151	-131	-315	-283	-569	-601
Net operating income	369	365	724	715	1,429	1,438
Surplus ratio, %	71	74	70	72	72	71
Central administration	-20	-16	-36	-32	-65	-69
Net interest/ expense	-142	-140	-273	-293	-582	-562
Share in profits of associated companies	6	-8	-7	-21	-94	-80
Profit/ loss from property management	213	201	408	369	688	727
Realised changes in value of properties	2	0	162	1	21	182
Unrealised changes in value of properties	1,199	673	2,718	1,380	3,252	4,590
Unrealised changes in value, fixed income derivatives	-55	194	-173	137	262	-48
Changes in value of shares	0	-3	0	64	10	-54
Profit/ loss before tax	1,359	1,065	3,115	1,951	4,233	5,397
Current tax	0	0	-1	0	-2	-3
Deferred tax	-294	-235	-384	-416	-999	-967
Profit/ loss for period/ year	1,065	830	2,730	1,535	3,232	4,427
Items that will not be restated in profit or loss						
Revaluation of defined-benefit pensions	-	-	-	-	2	2
Comprehensive income for the period/ year	1,065	830	2,730	1,535	3,234	4,429
Earnings per share, SEK	6:44	5:02	16:51	9:28	19:54	26:77
Total earnings per share, SEK	6:44	5:02	16:51	9:28	19:55	26:78
No. of shares at period end, millions	165.4	165.4	165.4	165.4	165.4	165.4
Average no. of shares, million	165.4	165.4	165.4	165.4	165.4	165.4

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2016 Jun 30	2015 Jun 30	2015 Dec 31
Assets			
Properties	42,418	36,361	40,279
Other tangible fixed assets	2	1	1
Financial fixed assets	886	1,644	923
Current assets	529	506	446
Short-term investments	64	48	70
Cash and cash equivalents	195	411	32
Total assets	44,094	38,971	41,751
Equity and liabilities			
Shareholder's equity	18,630	14,780	16,479
Deferred tax	2,211	1,335	1,786
Other provisions	154	159	150
Interest-bearing liabilities ¹	20,574	20,436	21,068
Other long-term liabilities	623	615	619
Derivative instrument	831	783	658
Non-interest-bearing liabilities	1,071	863	991
Total equity and liabilities	44,094	38,971	41,751
Equity/ assets ratio, %	42	38	39
Contingent liabilities	453	1,058	433

¹ Of which short-term SEK 4,800m (7,058)

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	Shareholders' equity	Of which, attributable to Parent Company shareholders
Shareholders' equity, 1 January 2015, according to adopted Statement of financial position	13,783	13,783
Cash dividend	-538	-538
Profit for the period	3,232	3,232
Other comprehensive income	2	2
Shareholders' equity, 31 December 2015	16,479	16,479
Cash dividend	-579	-579
Profit for the period	2,730	2,730
Other comprehensive income	-	-
Shareholders' equity, 30 June 2016	18,630	18,630

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Operations			
Net operating income	724	715	1,429
Central administration	-36	-32	-65
Reversal of depreciation	0	0	0
Interest received	0	14	25
Interest paid	-261	-272	-689
Income tax paid	0	0	0
Cash flow before changes in working capital	427	425	700
Change in working capital			
Change in current receivables	-9	907	831
Change in current liabilities	-16	50	211
Total change in working capital	-25	957	1,042
Cash flow from operating activities	402	1,382	1,742
Investing activities			
Investments in new-builds, extensions and conversions	-1,032	-987	-2,770
Acquisition of properties	-332	-800	-985
Divestment of properties	2,143	519	604
Other tangible fixed assets	55	-72	440
Cash flow from investing activities	834	-1,340	-2,711
Financing activities			
Dividend to shareholders	-579	-538	-538
Change in interest bearing liabilities	-494	884	1,516
Cash flow from financing activities	-1,073	346	978
Cash flow for the period	163	388	9
Cash and cash equivalents at beginning of period	32	23	23
Cash and cash equivalents at end of period	195	411	32

CONSOLIDATED KEY RATIOS

Financial ³	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Return on capital employed, %	17.2	13.7	13.2
Return on equity, %	29.7	21.5	21.4
Interest coverage ratio, multiple ²	2.5	2.5	2.3
Equity	42	38	39
Loan-to-value ratio, properties, %	49	56	52
Debt/ equity ratio, multiple	1.1	1.4	1.3
Share related ^{1 3}			
Earnings per share, SEK ⁴	16:51	9:28	19:54
Total earnings per share, SEK	16:51	9:28	19:55
Equity per share, SEK	113	89	100
Cash flow from operating activities per share, SEK	2.41	8:35	14:27
EPRA NAV, SEK per share	131	102	115
EPRA, EPS	2.28	2.18	3.94
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
Property-related			
No. of properties	85	84	83
Carrying amount, Properties, SEKm	42,418	36,361	40,279
Lettable area, sqm	1,122,000	1,071,000	1,092,000
Financial occupancy rate, %	93	92	93
Surplus ratio, %	70	72	72

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

² The interest coverage ratio definition has been changed from 1 January 2016. The comparative figures have been restated according to the new definition.

³ Unless otherwise stated, the key figure is not defined under IFRS. Please see page 16 for definitions

⁴ Definition according to IFRS

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 in the Parent Company as well since 2006. No changes have been made to the measurement model.

	Group		Parent Company	
	2016 Jun 30	2015 Dec 31	2016 Jun 30	2015 Dec 31
IFRS, level 3, SEKm				
Opening value	-396	-521	-396	-521
Acquisitions/ Investments	-	-	-	-
Changes in value	69	125	69	125
Matured	-	-	-	-
Closing value	-327	-396	-327	-396
Carrying amount	-327	-396	-327	-396

¹ Is attributable in its entirety to derivative instruments held by the company at the end of the quarter and shown in the statement of comprehensive income.

RECONCILIATION OF KEY RATIOS

	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
EPRA EPS					
Profit from property management, SEKm	213	201	408	369	688
Tax-deductible depreciation, SEKm	-131	-165	-262	-330	-524
Sum, SEKm	82	36	146	39	164
Nominal Tax (22%), SEKm	18	8	32	9	36
EPRA earnings in total, SEKm	195	193	376	360	652
Number of shares, millions	165	165	165	165	165
EPRA EPS, SEK per share	1.18	1.17	2.28	2.18	3.94

	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
EPRA NAV					
Shareholders' equity, SEKm	18,630	14,780	18,630	14,780	16,479
Reversal of fixed-income derivatives, SEKm	831	783	831	783	658
Reversal of deferred tax according to the balance sheet, SEKm	2,211	1,335	2,211	1,335	1,786
Sum, SEKm	21,672	16,898	21,672	16,898	18,923
Number of shares, millions	165	165	165	165	165
EPRA NAV, SEK per share	131	102	131	102	115

	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Return on equity					
Profit for the period	1,065	830	2,730	1,535	3,232
Average shareholders' equity	18,387	14,282	18,387	14,282	15,131
Return on equity	23.2%	23.2%	29.7%	21.5%	21.4%

SEGMENT REPORTING – RECLASSIFICATIONS DURING THE PERIOD

Following their completion in February and April, the Uarda 7 and Nationalarenan 8 properties were reclassified from project properties to investment properties. The newly acquired Fräsaren 9 property in Solna Business Park was classified as a development property. The newly acquired property Sadelplatsen 1, Järva krog, was classified as an investment property. The Orgeln 7 property in Sundbyberg was reclassified from an investment property to a project property, as the property was vacated and will be completely renovated and enlarged.

PARENT COMPANY CONDENSED INCOME STATEMENT

SEKm	2016	2015	2015
	Jan-Jun	Jan-Jun	Jan-Dec
Income	86	79	146
Expenses	-96	-113	-226
Net financial items	-397	-44	152
Changes in value, fixed-income derivatives	-173	137	262
Changes in value, equities	0	64	36
Profit before tax	-580	123	370
Current Tax	-	-	-
Deferred	126	-16	8
Profit for the period/ year	-454	107	378

PARENT COMPANY CONDENSED BALANCE SHEET

SEKm	2016	2015	2015
	Jun 30	Jun 30	Dec 31
Participation in Group companies	12,516	12,992	12,592
Other fixed assets	42,911	40,715	41,892
<i>of which, receivables from Group companies</i>	<i>42,078</i>	<i>39,749</i>	<i>41,103</i>
Current assets	100	143	129
Cash and cash equivalents	195	409	30
Total assets	55,722	54,259	54,643
Shareholders' equity	11,281	12,031	12,301
Provisions	-115	68	68
Long-term liabilities	39,623	36,051	35,118
<i>of which, liabilities to Group companies</i>	<i>23,890</i>	<i>21,082</i>	<i>21,724</i>
Current liabilities	4,933	6,109	7,156
Total equity and liabilities	55,722	54,259	54,643

Quarterly overview

CONDENSED INCOME STATEMENT

SEKm	2016			2015			2014	
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Rental income	520	519	505	495	496	502	522	526
Property expenses	-151	-164	-156	-130	-131	-152	-157	-144
Net operating income	369	355	349	365	365	350	365	382
Surplus ratio, %	71%	68%	69%	74%	74%	70%	70%	73%
Central administration	-20	-16	-17	-16	-16	-16	-21	-16
Net interest expense	-142	-131	-146	-143	-140	-153	-155	-158
Share in profits of associated companies	6	-13	-14	-59	-8	-13	-15	-17
Profit/ loss from property management	213	195	172	147	201	168	174	191
Realised changes in value of properties	2	160	17	3	0	1	165	-
Unrealised value of properties	1,199	1,519	1,282	590	673	707	570	258
Unrealised changes in value, fixed-income derivatives	-55	-118	151	-26	194	-57	-96	-90
Changes in value, equities	0	0	-26	-28	-3	67	22	-13
Profit for the period/ year	1,359	1,756	1,596	686	1,065	886	835	346
Current tax	0	-1	-2	0	0	0	-	-3
Deferred tax	-294	-90	-416	-167	-235	-181	75	-78
Comprehensive income for the period/ year	1,065	1,665	1,178	519	830	705	910	265

CONDENSED FINANCIAL POSITION

SEKm	2016			2015			2014	
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Assets								
Properties	42,418	40,467	40,279	37,630	36,361	33,763	32,559	33,868
Other tangible fixed assets	2	1	1	1	1	1	1	1
Financial fixed assets	886	906	923	1,562	1,644	1,634	1,542	1,475
Current assets	529	533	446	438	506	1,933	1,859	318
Short-term investments	64	66	70	50	48	38	34	-
Cash and cash equivalents	195	33	32	37	411	62	23	198
Total assets	44,094	42,006	41,751	39,718	38,971	37,431	36,018	35,860
Equities and liabilities								
Shareholders' equity	18,630	18,144	16,479	15,299	14,780	13,951	13,783	12,883
Deferred tax	2,211	1,876	1,786	1,502	1,335	1,099	918	1,060
Other provisions	154	148	150	159	159	166	166	158
Interest-bearing liabilities	20,574	19,269	21,068	20,513	20,436	19,733	19,551	20,136
Other long-term liabilities	623	621	619	617	615	-	-	-
Derivative instruments	831	777	658	809	783	977	920	824
Non-interest bearing liabilities	1,071	1,171	991	819	863	1,505	680	799
Total equity and liabilities	44,094	42,006	41,751	39,718	38,971	37,431	36,018	35,860

KEY RATIOS

Financia ¹	2016			2015			2014	
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Return on capital employed, %	15.2	19.6	18.4	9.2	13.7	12.2	11.7	6.1
Return on equity, %	23.2	38.5	29.7	13.8	23.2	20.3	27.3	8.3
Interest coverage ratio, multiple ²	2.5	2.6	2.3	2.4	2.5	2.2	2.2	2.3
Equity/ assets ratio, %	42	43	39	39	38	37	38	36
Loan-to-value ratio, properties, %	49	48	52	55	56	58	60	59
Debt/ equity ratio, multiple	1.1	1.1	1.3	1.3	1.4	1.4	1.4	1.6
Share-related³								
Earnings per share, SEK ⁴	6:44	10:07	7:12	3:14	5:02	4:26	5:50	1:60
Total earnings per share, SEK	113	110	100	93	89	84	83	78
Cash flow from operating activities per share, SEK ¹	0.75	1:75	4:82	1:10	6:99	1:36	-5:27	0:26
EPRA NAV, SEK per share	131	126	115	107	102	97	94	89
EPRA EPS	1.18	1:09	0:99	0.91	1.17	1.01	1.04	1.12
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
Property-related								
Financial occupancy rate, %	93	93	93	92	92	93	94	92
Surplus ratio, %	71	68	69	74	74	70	70	73

¹ The key figure is affected during 2014 of tax payments of SEK -1 607m as a result of convictions in the tax matters relating to previous real estate transactions.

² The interest coverage ratio definition has been changed from 1 January 2016. The comparative figures have been restated according to the new definition.

³ Unless otherwise stated, the key figure is not defined under IFRS. Please see page 16 for definitions

⁴ Definitionen according to IFRS

Definitions

The company presents certain financial measures in the interim report that are not defined according to IFRS. The company considers that these measures provide valuable supplementary information for investors and company management, as they enable an assessment and benchmarking of the company's presentation. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should not therefore be regarded as substitutes for measures defined according to IFRS. The following key ratios are not defined according to IFRS, unless otherwise stated.

RETURN ON EQUITY

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

RETURN ON CAPITAL EMPLOYED

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

LOAN-TO-VALUE RATIO, PROPERTIES

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

RETURN, SHARE

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

EQUITY PER SHARE

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

FINANCIAL OCCUPANCY RATE

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

EPRA EPS

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

DEVELOPMENT PROPERTIES*

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

RENTAL VALUE*

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

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

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

EARNINGS PER SHARE

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

INTEREST COVERAGE RATIO

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

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

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, provisions and deferred tax.

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 key ratio is operational and is not regarded as an alternative key ratio according to ESMA's guidelines.

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.

At 30 June 2016, Fabege owned 85 properties with a total market value of SEK 42.4bn. The rental value was SEK 2.3bn.

Business concept

Fabege works with sustainable city district development, with a primary focus on commercial properties within a limited number of well located submarkets in the Stockholm area.

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 Transactions.

Strategy for growth

Fabege's strategy is to create value by managing and developing the property portfolio and through transactions, acquiring and divesting properties with the aim of increasing potential in the property portfolio. 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.

Changes in 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. Lower vacancy rates in Stockholm's inner city and a stronger economic climate have historically meant rising rents.

Sustainable urban development

Sustainability issues are becoming increasingly important, in terms of both individual properties and entire areas. Environmental considerations involving choice 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.

TRANSACTIONS

Property transactions are an integral part of Fabege's business model and make a significant contribution to the company's earnings. The company continuously analyses its property portfolio to utilise 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.

CALENDAR

Interim report Jan–Jun	8 July 2016
Interim report Jan–Sep	20 October 2016
Year-end report 2016	2 February 2017

PRESS RELEASES DURING THE SECOND QUARTER

- 11 April 2016 Resolution by Fabege's Annual General Meeting on 11 April 2016
- 22 April 2016 Fabege launches green MTN programme
- 26 April 2016 Interim report January – March 2016
- 17 May 2016 Successful first issue under the new Green MTN programme
- 1 June 2016 Ambea moves to Arenastaden
- 8 June 2016 3's new head office to become a landmark in Söderstaden
- 8 June 2016 Fabege acquires property in Järva Krog, Solna

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Visit the Group's website for further information about Fabege and its operations. There will also be a web presentation on 8 July 2016, at which Christian Hermelin and Åsa Bergström will present the interim report.



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