

Q3

Summary, SEKm

	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep
Rental income	534	495	1,573	1,493
Net operating income	401	365	1,125	1,080
Profit from property management	229	147	637	516
Profit before tax	2,051	686	5,166	2,637
Profit after tax	1,616	519	4,346	2,054
Surplus ratio, %	75	74	72	72
Loan-to-value ratio, properties, %			47	55
EPRA NAV, SEK per share			144	107

January – September 2016¹

- Rental income increased to SEK 1,573m (1,493), primarily as a result of completed project properties generating revenue. In an identical portfolio, income rose by roughly 9 per cent (4).
- Net operating income for the period increased to SEK 1,125m (1,080). In an identical portfolio, net operating income rose by approximately 10 per cent. The surplus ratio was 72 per cent (72).
- Profit from property management rose by 23 per cent to SEK 637m (516).
- Realised and unrealised changes in value amounted to SEK 4,660m (1,974) in properties and SEK –131m (111) in interest-rate derivatives.
- Profit before tax for the period amounted to SEK 5,166m (2,637).
- After-tax profit for the period amounted to SEK 4,346m (2,054), corresponding to SEK 26.28 per share (12.42).
- Net lettings during the period totalled SEK 87m (78). The rent levels from renegotiated leases were an average of 24 per cent higher.
- The equity/assets ratio was 44 per cent (39) and the loan-to-value ratio was 47 per cent (55).

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



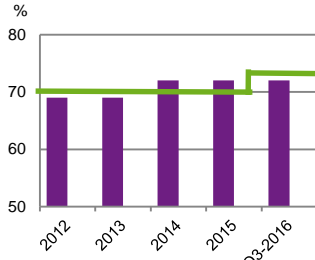
Christian Hermelin, CEO

Comments by Christian Hermelin, CEO

Persistent rental growth and rising property values

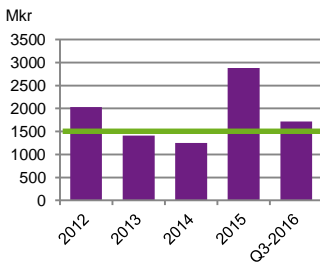
The favourable conditions, with rising rent levels, falling yield requirements and persistently very low interest rates are enduring, and we are seeing continued strong demand and rising values for quality properties, which is also reflected in earnings for the period.

SURPLUS RATIO



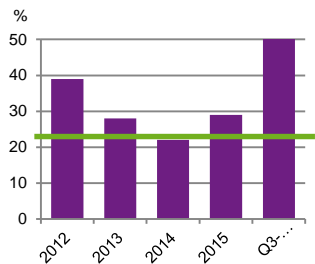
Long-term target as of 2020: 75%

INVESTMENT VOLUME



Target: At least SEK 1,500m per year

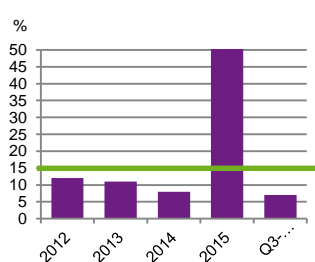
RETURN ON PROJECTS¹



Target: At least 20%

1) The return for projects in Q3, 2016, totalled 82%.

TRANSACTION PROFIT²



Target: 10%

2) The transaction profit for 2015 amounted to 84%.

Persistently strong market

Following an intensive spring, the pace of new lettings was, as expected, slightly calmer in the summer and at the start of autumn. Net lettings in the third quarter amounted to SEK 4m. Renegotiations continue to contribute, with rental growth of over 20 per cent in relation to the most recently completed renegotiations, which are normally three years previously. The levels at which we are currently signing leases indicate that rental growth has accelerated since the beginning of the year.

Positive earnings contributions from all parts of business model

We are now seeing that rental income in identical portfolios is growing, both as a result of completed projects and owing to the fact that higher rent levels are gradually impacting on earnings. The surplus ratio was 72 per cent. We are satisfied with this figure for the time being, but are continuing to work towards our long-term target of 75 per cent. It is pleasing to see an improvement in earnings from property management as a result of growing rental income and persistently low interest expenses.

Value growth in the property management portfolio continued. At the beginning of the year, much of the value increase was attributed to a lower yield requirement. In the third quarter, value growth was primarily fuelled by higher rent levels.

The project portfolio also contributed with strong value growth. All our major projects are progressing according to schedule. In the current strong market, the return after nine months is 82 per cent, which is way above our target of at least 20 per cent. Now that the last tenants have moved out of the Orgeln 7 property in Sundbyberg, we have launched a conversion and extension project at the property. The investment totals SEK 944m. By completely renovating the existing house and building on four floors, we create a modern office building of about 36,000 square meters, including shops and services. The project creates exactly what customers demands today, namely modern offices in an attractive location with good service and excellent public communications. Given these conditions, I am confident that we will have leases signed well in advance of the project's completion during summer 2018.

We also sold a few properties in the autumn, all of which were outside Fabege's priority areas, with low development potential. Together with the sale of Uarda 5 in February, the transactions made a substantial contribution to total earnings. After the end of the quarter, we announced that Fabege will receive an additional consideration from a transaction that took place in 2010. The additional consideration will provide an earnings boost of at least SEK 200m, which will be reported in the fourth quarter of 2016.

Competitive capital market and more green financing

There is a considerable level of interest in our bond issues on the capital market, and the terms remain extremely favourable. We have yet to see any negative effect from the decision of several banks not to publish shadow ratings. SEB has chosen to continue providing shadow ratings and has given Fabege a BBB- rating. The commercial paper programme is now fully subscribed and after the summer we issued an additional SEK 460m in a green bond via Nya SFF.

Market outlook

The equities market has seen a turbulent few months, with falls in share prices in the property sector following concerns about an economic slowdown and interest rate hikes. However, STIBOR looks set to remain negative for the coming year and will continue to be low for the foreseeable future, which is good for the property sector.

Both the property and rental markets have remained very strong. Given the prevailing market conditions and Fabege's attractive property and project portfolio, the prerequisites are favourable for strong earnings in 2016. 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.

Earnings Jan–Sep 2016¹

Increased rental income, lower interest expenses and improved earnings from associated companies led to a 23 per cent rise in profit from property management. Continued value growth in the property portfolio contributed to the strong earnings for the period.

Revenues and earnings

Profit after tax for the period increased to SEK 4,346m (2,054), corresponding to earnings per share of SEK 26.28 (12.42). Profit before tax for the period rose to SEK 5,166m (2,637). Unrealised value changes in the property portfolio increased due to the strong trend in the rental and property market.

Rental income amounted to SEK 1,573m (1,493) and net operating income to SEK 1,125m (1,080). 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 around 9 per cent and net operating income increased by roughly 10 per cent. The surplus ratio was 72 per cent (72).

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 182m (4) and related mainly to profit from the sale of Uarda 5 in Arenastaden and Pan 1, Gamla stan. Unrealised changes in value totalled SEK 4,478m (1,970). The SEK 3,312m (1,631) 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 4.70 per cent (4.94 at year-end). The project portfolio contributed to an unrealised change in value of SEK 1,166m (339), primarily due to development gains in the major project properties.

The share in profit of associated companies amounted to SEK –23m (–80). 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 –131m (111), primarily due to lower long-term interest rates. Net interest expense declined to SEK –412m (–436), mainly due to lower market interest rates.

Segment reporting

The Property Management segment generated net operating income of SEK 1,044m (1,035), corresponding to a surplus ratio of 73 per cent (73). The occupancy rate was 94 per cent (92). Profit from property management was SEK 663m (515). Unrealised changes in the value of properties amounted to SEK 3,312m (1,631).

The Property Development segment reported net operating income of SEK 81m (45), making a surplus ratio of 56 per cent (58). Earnings from property management totalled SEK –26m (1). Unrealised changes in the value of properties amounted to SEK 1,166m (339).

The Transactions segment realised changes in value of SEK 182m (4) through property sales during the period.

Reclassifications during the period between the Property Management and Property Development segments are stated in the note on Segment Reporting on page 15.

Quarter 3 in brief¹

- Continued healthy demand for office premises in Stockholm and rising rent levels in all our submarkets.
- New lettings totalled SEK 23m (95) and net lettings amounted to SEK 4m (28).
- The surplus ratio was 75 per cent (74).
- Profit from property management was SEK 229m (147).
- The property portfolio exhibited unrealised value growth of SEK 1,760m (590), of which projects accounted for SEK 464m (121).
- Due to lower long-term interest rates, the negative fair value of the derivative portfolio decreased by SEK 42m (increase: 26).
- After-tax profit for the quarter amounted to SEK 1,616m (519).

BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

SEKm	2016	2015
	Jan-Sep	Jan-Sep
Profit from Property Management acti	663	515
Changes in value (portfolio of investment properties)	3,312	1,631
Contribution from Property Management	3,975	2,146
Profit from Property Management acti	-26	1
Changes in value (profit from Property Development)	1,166	339
Contribution from Property Development	1,140	340
Realised changes in value	182	4
Contribution from Transactions	182	4
Total contribution from the operation	5,297	2,490

11%

Value growth

¹The comparison figures for income and expense items relate to values for the January–September 2015 period 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 20,818m (21,068), with an average interest rate of 2.63 per cent excluding, and 2.75 per cent including commitment fees on the undrawn portion of committed credit facilities. Unutilised committed credit facilities amounted to SEK 3,086m.

In the third quarter, Fabege issued an additional green bond of SEK 460m with two-year maturity within the framework of the co-owned company Nya Svensk FastighetsFinansiering (Nya SFF). Through the establishment of an MTN programme subject to special conditions with regard to sustainability and the 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. In addition to this, the company has previous green financing from the European Investment Bank, along with a green bank loan. Green financing totals 12 per cent of outstanding loans, or 16 per cent of total loan facilities. 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.

On 30 September, Fabege had outstanding bonds of SEK 1,733m via Nya SFF, of which SEK 866m related to green bonds.

Fabege has a commercial paper programme of SEK 5,000m, which was fully subscribed at the end of the quarter. Fabege has available credit facilities covering all outstanding commercial paper at any given time.

At 30 September, the average maturity was 3.9 years and the loan-to-value ratio was 47 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 84 days. During the period, additional fixed-interest terms over seven to ten years were set for SEK 1,300m. Fabege's derivatives portfolio then comprised interest-rate swaps totalling SEK 8,800m with terms of maturity extending through 2026 and carrying fixed interest at annual rates of between 0.40 and 2.73 per cent before margins. Fabege also holds callable swaps totalling SEK 5,100m at interest rates of between 2.87 and 3.98 per cent before margins and with maturity between 2017 and 2018. Interest rates on 67 per cent of Fabege's loan portfolio were fixed using fixed-income derivatives. The derivatives portfolio is measured at market value and the change in value is recognised in profit or loss. At 30 September, the recognised negative fair value adjustment of the portfolio was SEK 789m (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 20m, mainly pertaining to accrued opening charges for credit agreements and bond programmes. The total loan volume per quarter included SEK 2,000m (1,904) in loans for projects, on which interest of SEK 39m (30) had been capitalised.

INTEREST RATE MATURITY STRUCTURE, 30 SEPTEMBER

2016

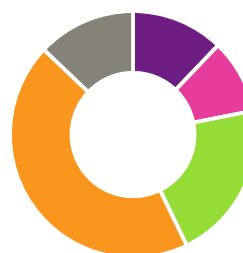
	Amount SEKm	Average interest rate,%	Share,%
< 1 year	8,321	3.47	40
1-2 years	5,210	3.10	25
2-3 years	1,987	1.52	9
3-4 years	-	-	-
4-5 years	1,000	2.68	5
5-6 years	400	1.01	2
6-7 years	800	0.85	4
7-8 years	1,000	0.96	5
8-9 years	1,100	1.00	5
9-10 years	1,000	1.02	5
Total	20,818	2.63	100

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 SEPTEMBER 2016

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programn	5,000	4,994
< 1 year	7,260	1,840
1-2 years	4,878	4,223
2-3 years	5,395	3,390
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	28,904	20,818

BREAKDOWN OF SOURCES OF FUNDING



- Revolving facilities 12%
- Bond financing 10%
- Commercial Paper 21%
- Other loans 44%
- Unutilised facilities 13%

**12% of
financing is now
green**

Tax

Tax on profit for the period amounted to SEK –820m (–583). The figure includes the resolution of a deferred tax liability in the amount of SEK 270m 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 20,246m (16,479) at the end of the period and the equity/assets ratio was 44 per cent (39). Shareholders' equity per share was SEK 122 (100). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 145 (118). EPRA NAV was SEK 144 per share (115).

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 568m (551). Changes in working capital had an impact on cash flow of SEK –80m (1,013). Investing activities had a positive impact of SEK 345m (–1,973) on cash flow, while financing activities had a negative impact of SEK –829m (423) on cash flow. In investing activities, cash flow was driven by property transactions and projects. Overall, cash and cash equivalents changed by SEK 4m (14) during the period.

SEK 144/share
EPRA NAV
30 September 2016

FABEGE HIGH IN GRESB RANKING

In GRESB's global survey of sustainability work within the world's property companies, Fabege is still ranked highest in Sweden and number two among Europe's listed property companies in the 'office' category. We were delighted to note that the number of companies participating in the survey has increased, and that many companies and organisations have been successful in their sustainability efforts.

Fabega maintains high ambitions in this area and is intensifying efforts to achieve certification of the entire property portfolio, reduce energy consumption and increase the proportion of green financing.



Operations Jan–Sep 2016¹

The strong rental market, with rising rent levels for new and renegotiated leases coupled with falling yield requirements, resulted in a continued increase in property values. The effect of new lettings and renegotiations at good levels has gradually had a greater impact on valuations during the year.

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 September 2016, Fabege owned 82 properties with a total rental value of SEK 2.3bn, lettable floor space of 1.1m sqm and a carrying amount of SEK 44.7bn, of which development and project properties accounted for SEK 7.6bn. 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 period, 128 new leases were signed at a total rental value of SEK 160m (202), of which 84 per cent pertained to Green leases. Lease terminations totalled SEK 73m (124), while net lettings amounted to SEK 87m (78). Major new lettings in the period 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 SEK 134m was renegotiated during the period, with an average rise in the rental value of 24 per cent, reflecting the strong rental market since the start of the year. The retention rate during the period was 79 per cent (82).

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. Three more properties were sold in the third quarter, all of which were outside Fabege's priority markets and had low potential. The sales generated a capital gain of SEK 182m before taxes and SEK 452m after taxes (including reversal 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.

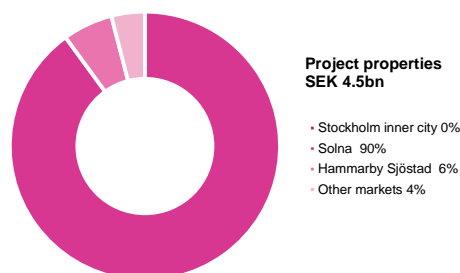
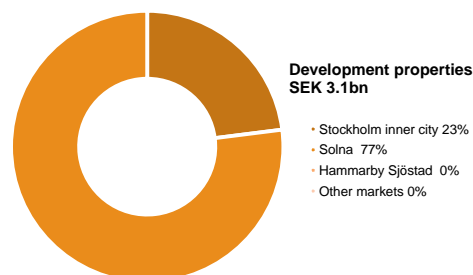
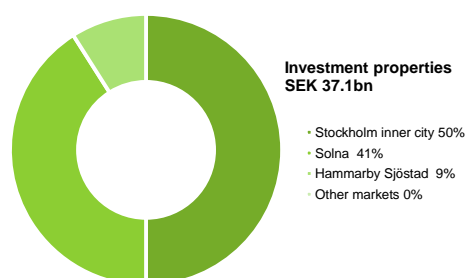
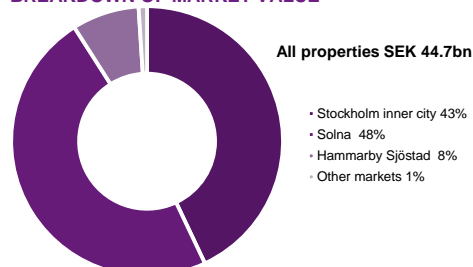
Changes in value of properties

The entire property portfolio is externally valued at least once annually. Approximately 28 per cent of the properties were externally valued in the third quarter and the remainder were internally valued based on the most recent external valuations. The total market value was SEK 44.7bn (40.3).

Unrealised changes in value totalled SEK 4,478m (1,970). The average yield requirement declined during the period to a rounded off figure of 4.70 per cent (4.94 at year-end). The SEK 3,312m (1,631) 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. Rising rent levels have gradually had an increasing impact on the positive change in value during the year. The project portfolio contributed to a change in value of SEK 1,166m (339), mainly due to development gains in major project properties.

30 September 2016

BREAKDOWN OF MARKET VALUE



¹The comparison figures for income and expense items relate to values for the January–September 2015 period 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 1,719m (1,685), of which investments in projects and development properties accounted for SEK 1,420m (1,353). 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 299m 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 took over occupancy 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 have now been assembled and work is under way on completing the frame and installations. The investment is estimated at around SEK 570m. 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 is estimated at around SEK 2.3bn and the office is scheduled to be ready for occupancy in two phases: spring 2017 and spring 2018. 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 is estimated at SEK 1,080m. ICA has signed a lease on about 78 per cent of the lettable space. The office is scheduled to be ready for occupancy 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 is estimated at almost SEK 530m. The foundation work is largely complete and work is now under way on the framework. The property is partly let to Telenor Sweden, with occupancy scheduled for summer 2018. The occupancy rate is 67 per cent.

In June 2016, a decision was made on an investment of approximately SEK 750m regarding the construction of an office building at the Pelaren 1 property, Globen. Work is currently in progress on the foundations and assembly of the frame. The property is 70 per cent leased to 3.

The Grand Central Sundbyberg project has been launched, following a decision regarding an investment to convert and extend the Orgeln 7 property in Sundbyberg. Demolition and work on reinforcing the frame is currently under way. The investment is estimated at around SEK 944m. The building will be extended by 11,500 sqm, to bring the total lettable area to 36,000 sqm. The property is empty and efforts are under way on the lettings side. The new office is scheduled to be ready for occupancy in June 2018.

GRAND CENTRAL SUNDBYBERG

We are rebuilding and extending Grand Central Sundbyberg, to include four floors totalling roughly 11,500 sqm to create space of a size that few other buildings in the Stockholm area are able to offer. The new property will have a total area corresponding to around 36,000 sqm and it will be ready for occupancy in summer 2018. Grand Central Sundbyberg offers a vast range of services and excellent transport links. Sundbyberg is currently the only place in Stockholm that offers underground railway, commuter train, light-railway and inter-city connections. There is also an entrance to the commuter, underground and inter-city railways in the building.



CHANGES IN PROPERTY VALUE 2016

Changes in property value	2016
Opening fair value 2016-01-01	40,279
Property acquisitions	332
Investments in new builds, extensions and conv	1,719
Changes in value	4,479
Sales and disposals	-2,150
Closing fair value 2016-09-30	44,659

AVERAGE YIELD REQUIREMENT PER AREA

Aera	Genomsnittligt avkastningskrav, %
Stockholm innerstad	4.32
Solna	4.98
Hammarby Sjöstad	5.13
Average yield	4.70

SALES OF PROPERTIES JAN-SEP 2016

Property name	Area	Category	Lettable area, sqm
Quarter 1			
Uarda 5	Arenastaden	Office	44,269
Quarter 2			
Quarter 3			
Pan 1	Gamla Stan	Office	3,149
1:472	Upplands-Väsby	Land	0
Ulvsunda 1:1	Bromma	Industry	1,241
Quarter 4			
Total sales of properties			48,659

PROPERTY ACQUISITIONS JAN-SEP 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

ONGOING PROJECTS >SEK 50M

30 September 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
2)	Offices	Solna	Q2-2018	16,300	67%	44	283	530	113
Pyramiden 4	Offices	n	Q2-2018	72,200	100%	182	2,059	2,350	1,665
Signalen 3	Offices	n	Q3-2018	30,500	78%	87	343	1,080	116
Uarda 6	Offices	n	Q4-2017	18,000	90%	52	651	570	441
Pelaren 1	Offices	Globen	Q3-2018	21,000	70%	66	146	750	16
Orgeln 7	Offices/retail	Sundbyberg	Q2-2018	36,000	0%	107	518	944	88
Total				194,000	69%	538	4,000	6,224	2,439
Other land and project properties								518	
Other development properties								3,068	
Total projects, land and development properties								7,586	

¹ Operational occupancy rate 30 September 2016.

² Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 543m (fully let) from SEK 0m in annualised current rent as of 30 September 2016.

PROPERTY PORTFOLIO

30 September 2016

	Sep 30 2016					Jan-Sep 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	61	938	37,073	2,191	94	1,495	-298	1,197	
¹	7	130	3,068	142	84	87	-23	64	
properties ¹	14	53	4,518	4	74	11	-15	-4	
Total	82	1,121	44,659	2,337	93	1,593	-336	1,257	
Of which, Inner city	29	400	19,371	1,073	94	739	-162	577	
Of which, Solna	39	605	21,435	1,043	93	708	-143	565	
Sjöstad	11	116	3,675	221	90	145	-31	114	
Of which, Other	3	0	178	0	0	1	0	1	
Total	82	1,121	44,659	2,337	93	1,593	-336	1,257	
Expenses for lettings, project development and property administration								-114	
Total net operating income after expenses for lettings, project development and property administration								1,143 ³	

¹ See definitions on page 17.

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

³ The table refers to Fabege's property portfolio on 30 September 2016. Income and expenses were recognised as if the properties were owned for the entire period. The difference between recognised net operating income above, SEK 1 143m, and net operating income in profit or loss, SEK 1 114m, is due to net operating income from divested properties being excluded, and acquired properties being adjusted upwards as if they had been owned/completed during the period of January–September 2016. Intercompany rentals have been included in the table.

SEGMENT REPORTING IN SUMMARY¹

SEKm	2016		2016		2015		2015		2015	
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	
	Property Management	Property Development	Transaction	Total	Property Management	Property Development	Transaction	Total		
Rental income	1,428	145		1,573	1,416	77		1,493		
Property expenses	-384	-64		-448	-381	-32		-413		
Net operating income	1,044	81	0	1,125	1,035	45	0	1,080		
Surplus ratio, %	73%	56%	0%	72%	73%	58%	0%	72%		
Central administration	-41	-12		-53	-43	-5		-48		
Net interest expense	-320	-92		-412	-397	-39		-436		
Share in profits of associated companies	-20	-3		-23	-80	0		-80		
Profit from property management activities	663	-26	0	637	515	1	0	516		
Realised changes in value of properties	0	0	182	182			4	4		
Unrealised changes in value of properties	3,312	1,166		4,478	1,631	339		1,970		
Profit/loss before tax per segment	3,975	1,140	182	5,297	2,146	340	4	2,490		
equities				-131				147		
Profit before tax				5,166				2,637		
Properties, market value	37,073	7,586		44,659	31,552	6,078		37,630		
Occupancy rate, %	94%	84%		93%	92%	80%		92%		

¹ See definitions on page 17

Other financial information

Human resources

At the end of the quarter, 155 people (147) were employed by the Fabege Group.

Parent Company

Sales during the period amounted to SEK 120m (113) and earnings before appropriations and tax amounted to SEK -627m (29).

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 Fabege'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. Fabege'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%	21.0
Rent level, commercial income	1%	20.5
Financial occupancy rate	1 percentage point	23.3
Property expenses	1%	6.0
Interest expense, rolling 12 months ¹	-1 percentage point	40 / 79
perspective	1 percentage point	208.2

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, Fabege 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	348	44.1%	46.2%
0	0	43.8%	46.6%
-1	-348	43.5%	47.1%

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

In 2010, Fabege divested a property portfolio to Profi Fastigheter. The parties have subsequently jointly pursued detailed planning work to enable the development of housing at two of the properties. Profi Fastigheter has now concluded an agreement to carry out a housing project with a third party, which will result in additional consideration being paid to Fabege.

Provided a new zoning plan gains legal approval, the additional consideration is estimated to be at least SEK 200m and will be reported as a realised change in value in the fourth quarter of 2016.

SEK 87m

Net lettings Jan–Sep 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. Given the prevailing market conditions and Fabège's attractive property and project portfolio, the prerequisites are favourable for strong earnings in 2016. 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. Fabège is well positioned to capitalise on the opportunities ahead.

Accounting policies

Fabège 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 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, 20 October 2016



CHRISTIAN HERMELIN
Chief Executive Officer.

Review report

We have conducted a limited assurance review of the interim report for Fabège AB (publ) for the 1 January – 30 September 2016 period. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our limited assurance review.

Scope and focus of the limited assurance review

We conducted our limited assurance review in accordance with the International Standard on Review Engagements ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A limited assurance review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance review vary in nature from, and are considerably less in scope than for a reasonable assurance engagement conducted in accordance with the ISA and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that this interim report has not been prepared for the Group, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm, 20 October 2016

Deloitte AB

Kent Åkerlund
Authorised Public Accountant

Share information

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

THE 15 LARGEST SHAREHOLDERS AT 30 SEPTEMBER 2016*

	Number of shares	Proportion of equity, %	Proportion of votes, %
Erik Paulsson with family, privately and company	25,455,013	15.3	15.3
BlackRock Inc. **	6,398,443	3.9	3.9
Investment AB Öresund	5,500,000	3.3	3.3
Länsförsäkringar Funds	3,870,207	2.3	2.3
Mats Qviberg with family	3,747,868	2.3	2.3
Norges Bank	3,695,007	2.2	2.2
Vanguard	3,593,147	2.2	2.2
Handelsbanken Funds	3,501,344	2.1	2.1
Principal Global Investors	3,276,933	2.0	2.0
BNP Paribas Investment Partners	3,243,492	2.0	2.0
ENA City AB	2,735,700	1.7	1.7
Stichting Pensionfonds ABP	2,518,219	1.5	1.5
Pensionskassan SHB Försäkringsfi	2,420,000	1.5	1.5
State Street Global Advisors	2,333,572	1.4	1.4
TR Property Investment Trust	1,799,235	1.1	1.1
Total 15 largest shareholders	74,088,180	44.8	44.8
Other foreign shareholders	49,228,960	31.9	31.9
Other Swedish shareholders	42,074,432	23.3	23.3
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 30 September 2016: 40,081. The share price at the end of the quarter was SEK 156.10.

SHARE INFORMATION



SOLNA BUSINESS PARK



Fabège has decided to develop Solna Business Park into an urban, compact district with a mixture of different buildings. Our vision is a combination of 36,000 workers (currently 8,500), 5,000 residents (currently none), 60,000 sqm of services and shops (currently 20,000 sqm) and decking over of tracks.

Christian Hermelin, CEO comments:

“We know where buildings need to be constructed and other major features of the development, but there is still a great deal yet to be decided. And that’s how we want it. A good district for companies, residents and visitors needs to be the fruit of an open dialogue between several different stakeholders. We want customers, customers’ representatives, the city, architects, consultants, other property owners, developers and of course ordinary members of the public to be involved.”

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2016	2015	2016	2015	2015	Rolling 12 m
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec	Oct 15 - Sep 16
Rental income	534	495	1,573	1,493	1,998	2,078
Property expenses	-133	-130	-448	-413	-569	-604
Net operating income	401	365	1,125	1,080	1,429	1,474
Surplus ratio, %	75%	74%	72%	72%	72%	71%
Central administration	-17	-16	-53	-48	-65	-70
Net interest/expense	-139	-143	-412	-436	-582	-558
Share in profits of associated companies	-16	-59	-23	-80	-94	-37
Profit/loss from property management	229	147	637	516	688	809
Realised changes in value of properties	20	3	182	4	21	199
Unrealised changes in value of properties	1,760	590	4,478	1,970	3,252	5,760
Unrealised changes in value, fixed income derivatives	42	-26	-131	111	262	20
Changes in value of shares	0	-28	0	36	10	-26
Profit/loss before tax	2,051	686	5,166	2,637	4,233	6,762
Current tax	2	0	1	0	-2	-1
Deferred tax	-437	-167	-821	-583	-999	-1,237
Profit/loss for period/year	1,616	519	4,346	2,054	3,232	5,524
Items that will not be restated in profit or loss						
Revaluation of defined-benefit pensions	-	-	-	-	2	2
Comprehensive income for the period/year	1,616	519	4,346	2,054	3,234	5,526
Earnings per share, SEK	9:77	3:14	26:28	12:42	19:54	33:40
Total earnings per share, SEK	9:77	3:14	26:28	12:42	19:55	33:41
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	2015	2015
	Sep 30	Sep 30	Dec 31
Assets			
Properties	44,659	37,630	40,279
Other tangible fixed assets	2	1	1
Financial fixed assets	916	1,562	923
Current assets	500	438	446
Short-term investments	89	50	70
Cash and cash equivalents	36	37	32
Total assets	46,202	39,718	41,751
Equity and liabilities			
Shareholder's equity	20,246	15,299	16,479
Deferred tax	2,648	1,502	1,786
Other provisions	142	159	150
Interest-bearing liabilities ¹	20,818	20,513	21,068
Other long-term liabilities	625	617	619
Derivative instrument	789	809	658
Non-interest-bearing liabilities	934	819	991
Total equity and liabilities	46,202	39,718	41,751
Equity/assets ratio, %	44	39	39

¹ Of which short-term SEK 6,833m (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	4,346	4,346
Other comprehensive income	-	-
Shareholders' equity, 30 September 2016	20,246	20,246

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Operations			
Net operating income	1,125	1,080	1,429
Central administration	-54	-48	-65
Reversal of depreciation	0	1	0
Interest received	3	21	25
Interest paid	-506	-503	-689
Income tax paid	0	0	0
Cash flow before changes in working capital	568	551	700
Change in working capital			
Change in current receivables	-50	906	831
Change in current liabilities	-30	107	211
Total change in working capital	-80	1,013	1,042
Cash flow from operating activities	488	1,564	1,742
Investing activities			
Investments in new-builds, extensions and conversions	-1,677	-1,651	-2,770
Acquisition of properties	-332	-800	-985
Divestment of properties	2,367	554	604
Other tangible fixed assets	-13	-76	440
Cash flow from investing activities	345	-1,973	-2,711
Financing activities			
Dividend to shareholders	-579	-538	-538
Change in interest bearing liabilities	-250	961	1,516
Cash flow from financing activities	-829	423	978
Cash flow for the period	4	14	9
Cash and cash equivalents at beginning of period	32	23	23
Cash and cash equivalents at end of period	36	37	32

CONSOLIDATED KEY RATIOS

Financial ³	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Return on capital employed, %	18.4	11.5	13.2
Return on equity, %	31.6	18.8	21.4
Interest coverage ratio, multiple ²	2.6	2.4	2.3
Equity	44	39	39
Loan-to-value ratio, properties, %	47	55	52
Debt/equity ratio, multiple	1.0	1.3	1.3
Share related ^{1 3}			
Earnings per share, SEK ⁴	26:28	12:42	19:54
Total earnings per share, SEK	26:28	12:42	19:55
Equity per share, SEK	122	93	100
Cash flow from operating activities per share, SEK	2:95	9:45	14:27
EPRA NAV, SEK per share	144	107	115
EPRA, EPS	3.54	3.09	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	82	84	83
Carrying amount, Properties, SEKm	44,659	37,630	40,279
Lettable area, sqm	1,121,000	1,072,000	1,092,000
Financial occupancy rate, %	93	92	93
Surplus ratio, %	72	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 17 for definitions

⁴ Definitions 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 Sep 30	2015 Dec 31	2016 Sep 30	2015 Dec 31
IFRS, level 3, SEKm				
Opening value	-396	-521	-396	-521
Acquisitions/Investments	-	-	-	-
Changes in value	124	125	124	125
Matured	-	-	-	-
Closing value	-272	-396	-272	-396
Carrying amount	-272	-396	-272	-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.

DEFERRED TAX

	2016 Sep 30	2015 Dec 31
Deferred tax attributable to:		
- tax loss carryforwards, SEKm	-947	-1,092
- difference between book value and tax value in respect of properties, SEKm	3,793	3,077
- derivatives, SEKm	-173	-144
- other, SEKm	-25	-55
Net debt, deferred tax, SEKm	2,648	1,786

RECONCILIATION OF KEY RATIOS

Details are provided below regarding reconciliation of the financial key ratios that Fabege continually monitors and for which established financial targets are in place. The following financial targets have been established by the Board of Directors:

- The loan-to-value ratio shall not exceed 55 per cent
- The equity/assets ratio shall be at least 35 per cent
- The interest coverage ratio shall amount to at least 2.0

	2016 Sep 30	2015 Sep 30	2015 Dec 31
Equity/assets ratio			
Equity, SEKm	20,246	15,299	16,479
Total assets, SEKm	46,202	39,718	41,751
Equity/assets ratio	44%	39%	39%

	2016 Sep 30	2015 Sep 30	2015 Dec 31
Loan-to-value ratio, properties			
Interest-bearing liabilities, SEKm	20,818	20,513	21,068
Booked value properties, SEKm	44,659	37,630	40,279
Loan-to-value ratio, properties	47%	55%	52%

	2016 Sep 30	2015 Sep 30	2015 Dec 31
Interest coverage ratio, multiple			
Net operating income, SEKm	1,125	1,080	1,429
Central administration, SEKm	-53	-48	-65
Total, SEKm	1,072	1,032	1,364
Net interest/expense, SEKm	-412	-436	-582
Interest coverage ratio, multiple	2.6	2.4	2.3

	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
EPRA EPS					
Profit from property management, SEKm	229	147	637	516	688
Tax-deductible depreciation, SEKm	-131	-165	-393	-495	-524
Sum, SEKm	98	-18	244	21	164
Nominal tax (22%), SEKm	-22	-4	54	5	36
EPRA earnings in total, (Profit from property management minus nominal tax) SEKm	207	151	583	511	652
Number of shares, millions	165	165	165	165	165
EPRA EPS, SEK per share	1.26	0.91	3.54	3.10	3.94

	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
EPRA NAV					
Shareholders' equity, SEKm	20,246	15,299	20,246	15,299	16,479
Reversal of fixed-income derivatives, SEKm	789	809	789	809	658
Reversal of deferred tax according to the balance sheet, SEKm	2,648	1,502	2,648	1,502	1,786
Sum, SEKm	23,683	17,610	23,683	17,610	18,923
Number of shares, millions	165	165	165	165	165
EPRA NAV, SEK per share	144	107	144	107	115

	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Return on equity					
Profit for the period, SEKm	1,616	519	4,346	2,054	3,232
Average shareholders' equity, SEKm	19,438	15,040	18,363	14,541	15,131
Return on equity	33.3%	13.8%	31.6%	18.8%	21.4%

CONTINGENT LIABILITIES

Contingent liabilities comprise the balance sheet date of guarantees and commitments in favor of associated companies of SEK 202m (333) and other 0 (100).

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-Sep	Jan-Sep	Jan-Dec
Income	120	113	146
Expenses	-196	-161	-226
Net financial items	-420	-70	152
Changes in value, fixed-income derivatives	-131	111	262
Changes in value, equities	0	36	36
Profit before tax	-627	29	370
Current tax	0	0	-
Deferred tax	59	2	8
Profit for the period/year	-568	31	378

PARENT COMPANY CONDENSED BALANCE SHEET

SEKm	2016	2015	2015
	Sep 30	Sep 30	Dec 31
Participation in Group companies	12,516	12,992	12,592
Other fixed assets	43,247	40,945	41,892
<i>of which, receivables from Group companies</i>	<i>42,545</i>	<i>39,989</i>	<i>41,103</i>
Current assets	103	108	129
Cash and cash equivalents	34	35	30
Total assets	55,900	54,080	54,643
Shareholders' equity	11,155	11,954	12,301
Provisions	-105	68	68
Long-term liabilities	37,960	31,258	35,118
<i>of which, liabilities to Group companies</i>	<i>24,625</i>	<i>21,191</i>	<i>21,724</i>
Current liabilities	6,890	10,800	7,156
Total equity and liabilities	55,900	54,080	54,643

Quarterly overview

CONDENSED INCOME STATEMENT, AMOUNTS IN SEK M

SEK m	2016				2015		2014	
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
Rental income	534	520	519	505	495	496	502	522
Property expenses	-133	-151	-164	-156	-130	-131	-152	-157
Net operating income	401	369	355	349	365	365	350	365
Surplus ratio	75%	71%	68%	69%	74%	74%	70%	70%
Central administration	-17	-20	-16	-17	-16	-16	-16	-21
Net interest expense	-139	-142	-131	-146	-143	-140	-153	-155
Share in profits of associated companies	-16	6	-13	-14	-59	-8	-13	-15
Profit/loss from property management	229	213	195	172	147	201	168	174
Realised changes in value of properties	20	2	160	17	3	0	1	165
Unrealised value of properties	1,760	1,199	1,519	1,282	590	673	707	570
Unrealised changes in value, fixed-income derivatives	42	-55	-118	151	-26	194	-57	-96
Changes in value, equities	0	0	0	-26	-28	-3	67	22
Profit for the period/year	2,051	1,359	1,756	1,596	686	1,065	886	835
Current tax	2	0	-1	-2	0	0	0	-
Deferred tax	-437	-294	-90	-416	-167	-235	-181	75
Comprehensive income for the period/year	1,616	1,065	1,665	1,178	519	830	705	910

CONDENSED FINANCIAL POSITION, AMOUNTS IN SEK M

SEK m	2016				2015		2014	
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
Assets								
Properties	44,659	42,418	40,467	40,279	37,630	36,361	33,763	32,559
Other tangible fixed assets	2	2	1	1	1	1	1	1
Financial fixed assets	916	886	906	923	1,562	1,644	1,634	1,542
Current assets	500	529	533	446	438	506	1,933	1,859
Short-term investments	89	64	66	70	50	48	38	34
Cash and cash equivalents	36	195	33	32	37	411	62	23
Total assets	46,202	44,094	42,006	41,751	39,718	38,971	37,431	36,018
Equities and liabilities								
Shareholders' equity	20,246	18,630	18,144	16,479	15,299	14,780	13,951	13,783
Deferred tax	2,648	2,211	1,876	1,786	1,502	1,335	1,099	918
Other provisions	142	154	148	150	159	159	166	166
Interest-bearing liabilities	20,818	20,574	19,269	21,068	20,513	20,436	19,733	19,551
Other long-term liabilities	625	623	621	619	617	615	-	-
Derivative instruments	789	831	777	658	809	783	977	920
Non-interest bearing liabilities	934	1,071	1,171	991	819	863	1,505	680
Total equity and liabilities	46,202	44,094	42,006	41,751	39,718	38,971	37,431	36,018

KEY RATIOS

	2016				2015		2014	
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
Financial³								
Return on capital employed, %	21.2	15.2	19.6	18.4	9.2	13.7	12.2	11.7
Return on equity, %	33.3	23.2	38.5	29.7	13.8	23.2	20.3	27.3
Interest coverage ratio, multiple ²	2.8	2.5	2.6	2.3	2.4	2.5	2.2	2.2
Equity/assets ratio, %	44	42	43	39	39	38	37	38
Loan-to-value ratio, properties, %	47	49	48	52	55	56	58	60
Debt/equity ratio, multiple	1.0	1.1	1.1	1.3	1.3	1.4	1.4	1.4
Share-related³								
Earnings per share, SEK ⁴	9.77	6.44	10.07	7.12	3.14	5.02	4.26	5.50
Total earnings per share, SEK	122	113	110	100	93	89	84	83
Cash flow from operating activities per share, SEK ¹	0.52	0.75	1.75	4.82	1.10	6.99	1.36	-5.27
EPRA NAV, SEK per share	144	131	126	115	107	102	97	94
EPRA EPS	1.26	1.18	1.09	0.99	0.91	1.17	1.01	1.04
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, %	94	93	93	93	92	92	93	94
Surplus ratio, %	75	71	68	69	74	74	70	70

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 17 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.

CAPITAL EMPLOYED

Total assets less non-interest-bearing liabilities, provisions and deferred tax.

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.

DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity.

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

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.

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.

EQUITY/ASSETS RATIO

Shareholders' equity divided by total assets.

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.

INTEREST COVERAGE RATIO

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

INVESTMENT PROPERTIES*

Properties that are being actively managed on an ongoing basis.

LAND AND PROJECT PROPERTIES*

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

LEASE VALUE*

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

LOAN-TO-VALUE RATIO, PROPERTIES

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

NET LETTINGS*

New lettings during the period less terminations to vacate.

RENTAL VALUE*

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

RETENTION RATE*

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

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.

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, SHARE

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

equity according to the balance sheet, divided by the number of shares at the end of the period

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.

SURPLUS RATIO*

Net operating income divided by rental income.

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.

*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 city district 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 September 2016, Fabege owned 82 properties with a total market value of SEK 44.7bn. 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 account for the largest growth, which is boosting demand for office premises.

Changes in demand

New technology and new working methods are fuelling 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. Interest in environmental considerations involving choice of material and energy-saving measures is 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

Year-end report 2016	2 February 2017, 8:00 am CET
2017 AGM	29 March 2017
Interim report Jan–March 2017	27 April 2017, 8:00 am CET
Interim report Jan–June 2017	7 July 2017, 8:00 am CET
Interim report Jan–Sep 2017	19 October 2017, 8:00 am CET

PRESS RELEASES DURING IN THE THIRD QUARTER

25 Aug 2016	Fabege increases its green financing
16 Sep 2016	Fabege's Nominating Committee for the 2017 AGM
30 Sep 2016	Fabege sells property in Gamla stan

FOLLOW US ONLINE, WWW.FABEGE.SE



Visit the Group's website for further information about Fabege and its operations. There will also be a web presentation on 20 October 2016, at which Christian Hermelin and Åsa Bergström will present the interim report.



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This information is of the type that Fabege AB is required to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. This information was released, through the provision of the above-mentioned contact person, for publication on 20 October 2016, at 8:00 am CET.

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