

2016

Q4

Summary, SEKm

	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Rental income	532	505	2,105	1,998
Net operating income	382	349	1,507	1,429
Profit from property management	-166	172	471	688
Profit before tax	3,514	1,596	8,680	4,233
Profit after tax	2,761	1,178	7,107	3,232
Surplus ratio, %	72	69	72	72
Loan-to-value ratio, properties, %	-	-	46	52
EPRA NAV, SEK per share	-	-	163	115

January – December 2016¹

- Rental income increased to SEK 2,105m (1,998), primarily as a result of completed project properties generating revenue. In an identical portfolio, income rose by approximately 10 per cent (3).
- Net operating income increased to SEK 1,507m (1,429). In an identical portfolio, net operating income rose by approximately 12 per cent. The surplus ratio was 72 per cent (72).
- In connection with the ownership restructuring in Arenabolaget i Solna KB, an impairment of the value of interests and receivables in the amount of SEK 417m was recognised in the fourth quarter.
- Profit from property management was SEK 471m (688). Adjusted for shares in profit of associated companies, which consisted mainly of extraordinary items, profit from property management totalled SEK 895m (782).
- Realised and unrealised changes in value amounted to SEK 8,105m (3,273) in properties and SEK 99m (262) in interest-rate derivatives.
- Profit before tax for the year amounted to SEK 8,680m (4,233).
- After-tax profit for the year amounted to SEK 7,107m (3,232), corresponding to SEK 42.97 per share (19.54).
- Net lettings during the year totalled SEK 127m (74). The rent levels from renegotiated leases were an average of 23 per cent higher.
- The equity/assets ratio was 46 per cent (39) and the loan-to-value ratio was 46 per cent (52).
- The Board proposes a dividend of SEK 4:00 per share (3.50).

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

Fabege

CREATING THE RIGHT CONDITIONS



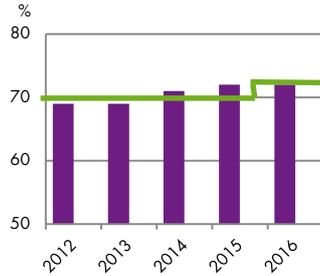
Christian Hermelin, CEO

Comments by Christian Hermelin, CEO

Good end to successful year

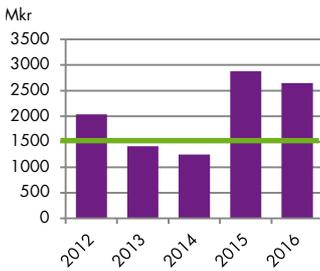
Healthy market conditions and committed employees produced solid earnings for 2016 – the best in Fabega’s history.

SURPLUS RATIO



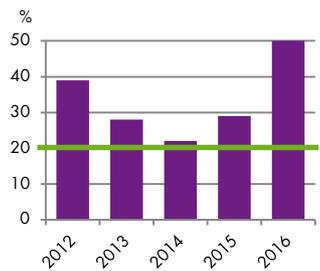
Target 2016: 72
Long-term target 2020: 75%

INVESTMENT VOLUME



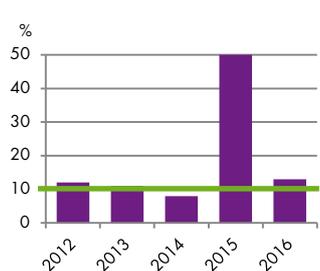
Target: At least SEK 1,500m per year

RETURN ON PROJECTS¹



Target: At least 20%
1) The return for projects in 2016 totalled 87%

TRANSACTION PROFIT²



Target: 10%
2) The transaction profit for 2015 amounted to 84%

A strong 2016

Market conditions in 2016 were excellent, with rising rent levels and property values combined with persistently low interest expenses. This climate has been extremely beneficial for the property sector. But Fabega’s record-strong earnings are not solely down to favourable conditions. Our employees conducted a number of renegotiations during the year and we have raised rents while retaining good relations with our customers. This has meant an average increase of 23 per cent in relation to prior leases, which were normally signed approximately three years previously. We have sold properties and created new yield levels via our transactions, particularly in Arenastaden. We have acquired properties with potential for creating increased value in the future. Our business model is working.

Contributions from all business areas

Increased rent levels and completed projects have gradually impacted positively on recognised rental income during the year. Net operating income grew in absolute terms and we achieved our target of a surplus ratio of 72 per cent. The target of 75 per cent within a five-year period remains in place.

In December, we took on greater responsibility for Friends Arena via the acquisition of the City of Solna, Jernhusen and Peab’s stakes. In connection with the transaction being capitalised, Arenabolaget and Fabega chose to carry out an impairment of the value of receivables and share capital in the amount of approximately SEK 417m. Fabega is thus recognising a cautious valuation of its holding in Arenabolaget. Our goal now is to create the right conditions to develop Friends Arena.

Value growth in the property management portfolio continued. The entire portfolio was valued by external appraisers in the second half of 2016. Both increased rent levels and reduced yield requirements had a positive impact on property values. The project portfolio also added strong value growth. During the year, the project portfolio has contributed a return on invested capital of 87 per cent, which is way above our target of at least 20 per cent. All our major projects are progressing according to schedule and I am delighted that after several significant lettings during the year we have been able to launch more projects, such as the new construction of Pelaren at Globen and the substantial conversion and extension of Grand Central Sundbyberg (Orgeln 7).

We have expanded our development rights portfolio via several acquisitions during the year, and thus increased the potential and opportunities to create value going forward. One particularly exciting acquisition was the Fortet 2 property, or HagaHuset, in Solna. The building offers considerable opportunities for creating an attractive product featuring a combination of offices, residential units and services; something that we are seeing increasing demand for from our clients. Date of access will take place in February 2017.

In the fourth quarter, we sold the Uarda 7 property to Union Investment. Once again, a new yield level record was set in Arenastaden. I am very happy with the transactions during the year, which have helped generate value and released capital for forthcoming projects. Customer-focused management will remain of vital importance in our priority areas and I am pleased that we have been entrusted with the task of continuing to manage the two properties we sold in Arenastaden.

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. In Q4 we issued bonds both in our own green MTN programme and within the framework of SFF. Our aim is to have more green financing and through our various sources of financing we have now achieved a proportion of 19 per cent. We are working with our banks to further increase this figure.

Market outlook

Market conditions remain positive. I am confident that both rent levels and property values will continue upward, albeit at a slower pace than we have seen over the past year. Completed projects will help boost cash flow in 2017. Our development rights bring considerable potential and we have a committed organisation, which is working hard to create value. We are well positioned to capitalise on the business opportunities that lie ahead.

Earnings Jan–Dec 2016¹

Rising rental income and an increased net operating income, coupled with substantial unrealised changes in value and transaction gains helped boost Fabege's solid earnings for 2016.

Revenues and earnings

Profit after tax for the year increased to SEK 7,107m (3,232), corresponding to earnings per share of SEK 42.97 (19.54). Profit for the year before tax rose to SEK 8,680m (4,233). Unrealised value changes in the property portfolio increased due to the strong trend in the rental and property market.

Rental income amounted to SEK 2,105m (1,998) and net operating income to SEK 1,507m (1,429). 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 10 per cent and net operating income increased by roughly 12 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 491m (21) and related mainly to profit from the sale of Uarda 5 and Uarda 7 in Arenastaden and Pan 1, Gamla Stan. Furthermore, the outcome of an additional consideration of SEK 200m was recognised in the fourth quarter, relating to a transaction carried out in 2010. Unrealised changes in value totalled SEK 7,614m (3,252). The SEK 5,731m (2,603) unrealised change 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 4.53 per cent (4.94). The project portfolio contributed to an unrealised change in value of SEK 1,883m (649), primarily due to development gains in the major project properties.

Earnings in associated companies totalled SEK –424m (–94). The item included a positive gain of SEK 59m from the liquidation of joint operations in Gamla SFF. Otherwise, the item related mainly to Arenabolaget i Solna KB. In connection with the restructuring and capitalisation of Arenabolaget, Fabege recognised an impairment of the value of interests and receivables in the amount of SEK 417m.

Unrealised changes in value in the derivative portfolio totalled SEK 99m (262), primarily due to higher long-term interest rates. Net interest expense declined to SEK –542m (–582), largely due to lower market interest rates.

Segment reporting

The Property Management segment generated net operating income of SEK 1,369m (1,371), corresponding to a surplus ratio of 75 per cent (73). The occupancy rate increased to 95 per cent (94). Profit from property management was SEK 478m (705), including extraordinary costs relating to earnings from associated companies. Unrealised changes in the value of properties amounted to SEK 5,731m (2,603).

The Property Development segment generated net operating income of SEK 138m (58), making a surplus ratio of 51 per cent (53). Earnings from property management totalled SEK –7m (–17). Unrealised changes in the value of properties amounted to SEK 1,883m (649).

The Transactions segment realised changes in value of SEK 491m (21) 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 4 in brief¹

- Continued healthy demand for office premises in Stockholm and rising rent levels in all our submarkets.
- New lettings totalled SEK 102m (76) and net lettings amounted to SEK 40m (–4).
- The surplus ratio was 72 per cent (69).
- Earnings from property management totalled SEK –166m (172). Adjusted for shares in profit of associated companies, which consisted mainly of extraordinary items, profit from property management totalled SEK 236m (186).
- The property portfolio exhibited unrealised value growth of SEK 3,136m (1,282), of which projects accounted for SEK 717m (310).
- Realised changes in property values totalled SEK 309m (17).
- Due to higher long-term interest rates, the negative fair value of the derivative portfolio decreased by SEK 230m (151).
- After-tax profit for the quarter amounted to SEK 2,761m (1,178).

BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

SEKm	2016	2015
	Jan-Dec	Jan-Dec
Profit from Property Management activities	478	705
Changes in value (portfolio of investment properties)	5,731	2,603
Contribution from Property Management	6,209	3,308
Profit from Property Management activities	-7	-17
Changes in value (profit from Property Development)	1,883	649
Contribution from Property Development	1,876	632
Realised changes in value	491	21
Contribution from Transactions	491	21
Total contribution from the operation	8,576	3,961

19%

Value growth from properties

¹The comparison figures for income and expense items relate to values for the January–December 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 year-end totalled SEK 21,978m (21,068), with an average interest rate of 2.54 per cent excluding and 2.64 per cent including commitment fees on the undrawn portion of committed credit facilities. Unutilised committed credit facilities amounted to SEK 1,891m.

In 2016, Fabege secured green financing of SEK 4bn and total green frameworks now amount to almost SEK 5bn. The green loans finance environmentally-certified properties. A welcome break in the trend occurred in the fourth quarter, when the first green bank loan with a lower margin for the green portion of the loan was secured. 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 on the capital market in April of SEK 2,000m. An initial issue of SEK 600m was carried out in May, and a second of SEK 300m with a maturity of two years was carried out in November. In the fourth quarter, Fabege also issued an additional green bond of SEK 700m with a maturity of two years within the framework of the co-owned company Svensk FastighetsFinansiering AB (SFF). In addition to this, the company has previous green financing from the European Investment Bank, along with a green bank loan. At year-end, green financing totals 19 per cent of outstanding loans, or 21 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 31 December, Fabege had outstanding bonds of SEK 2,248m via SFF, of which SEK 1,566m related to green bonds.

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

At 31 December, the average maturity was 3.8 years and the loan-to-value ratio was 46 per cent.

The average fixed-interest term for Fabege's loan portfolio was 2.2 years, including the effects of derivative instruments. The average fixed-interest term for variable-interest loans was 84 days. At year-end, Fabege's derivatives portfolio comprised interest-rate swaps totalling SEK 8,800m with terms of maturity extending through 2026 and carrying fixed interest at annual rates of between 0.26 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 63 per cent of Fabege's loan portfolio were fixed using fixed-income derivatives. The derivatives portfolio is measured at market value and the change in value is recognised in profit or loss. At 31 December, the recognised negative fair value adjustment of the portfolio was SEK 559m (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 44m, mainly pertaining to accrued opening charges for credit agreements and bond programmes. The total loan volume per quarter included SEK 2,553m (2,592) in loans for projects, on which interest of SEK 55m (46) had been capitalised.

INTEREST RATE MATURITY STRUCTURE, 31 DECEMBER

2016

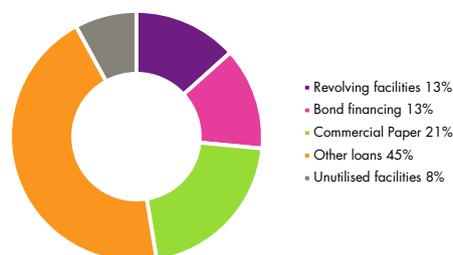
	Amount SEKm	Average interest rate,%	Share,%
< 1 year	10,928	2.82	50
1-2 years	4,750	3.37	21
2-3 years	1,000	2.13	4
3-4 years	0	0.00	0
4-5 years	1,000	2.68	4
5-6 years	800	0.99	4
6-7 years	800	0.91	4
7-8 years	800	0.96	4
8-9 years	900	0.95	4
9-10 years	1,000	1.02	5
Total	21,978	2.54	100

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, 31 DECEMBER 2016

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	4,992
< 1 year	5,666	2,006
1-2 years	8,712	6,697
2-3 years	2,320	1,612
3-4 years	1,925	1,425
4-5 years	0	0
5-10 years	3,993	3,993
10-15 years	0	0
15-20 years	0	0
20-25 years	1,253	1,253
Total	28,869	21,978

BREAKDOWN OF SOURCES OF FUNDING



19%
of financing is now
green

Tax

Tax expenses for the year amounted to SEK –1,573m (–1,001). The figure includes current tax relating to prior years of SEK 83m, as well as the resolution of a deferred tax liability in the amount of SEK 368m 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 23,002m (16,479) at the end of the period and the equity/assets ratio was 46 per cent (39). Shareholders' equity per share was SEK 139 (100). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 166 (118). EPRA NAV was SEK 163 per share (115).

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 805m (700). Changes in working capital had an impact on cash flow of SEK –1,413m (1,042). The change relates to the sale of Uarda 7, which will be vacated in February 2017. Investing activities had a positive impact of SEK 633m (–2,711) on cash flow, while financing activities had a positive impact of SEK 4m (978) on cash flow. In investing activities, cash flow was driven by property transactions and projects. Overall, cash and cash equivalents changed by SEK 30m (9) during the period.

SEK
163/share

EPRA NAV
31 December 2016

DIVESTMENT OF THE UARDA 7 PROPERTY IN ARENASTADEN

The selling price amounted to SEK 1,184m and the buyer was Union Investment. The transaction generated a profit of SEK 104m before taxes and SEK 202m after taxes. The property is roughly 17,400 sqm and is 95 per cent leased. Some of the larger tenants include Svenska Spel, KPMG, Sodexo, Nordea and Handelsbanken. The property is designed to achieve BREEAM-SE Very Good. Fabega will continue to manage the property to retain customer relationships and pursue development of the area. The property will be vacated in February 2017.



Operations Jan–Dec 2016¹

2016 featured rising rent levels and property values and consequently significant changes in value. Healthy sales allow scope for continued project investment and acquisitions that help increase future potential.

Property portfolio and property management

Fabege's Property Management and Property Development activities are concentrated to a few selected submarkets in and around Stockholm, Stockholm inner city, Solna and Hammarby Sjöstad. On 31 December 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 47.8bn, of which development and project properties accounted for SEK 9.0bn. The financial occupancy rate for the entire portfolio, including project properties, was 94 per cent (93). The occupancy rate in the property management portfolio was 95 per cent (94).

During the year, 182 new leases were signed at a total rental value of SEK 262m (278), of which 86 per cent pertained to Green leases. Lease terminations totalled SEK 135m (204), while net lettings were SEK 127m (74). Major new lettings in 2016 related to project lettings to Migrationsverket in Orgeln 7, Sundbyberg, 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 194m was renegotiated in the period, with an average rise in the rental value of 23 per cent, reflecting the strong trend on the rental market during the year. The retention rate during the year was 81 per cent (73).

Changes in the property portfolio

The Fräsaren 9 property in Solna Business Park was taken over in the first quarter. In the second quarter, the investment property Sadelplatsen 1, Järva krog, was acquired and taken over. Furthermore, the Uarda 5 property was sold to Union Investment. Three more properties were sold in the third quarter, all of which were outside Fabege's priority markets and had low potential. In the fourth quarter the Uarda 7 property in Arenastaden was sold to Union Investment, to be taken over on 1 February, 2017. The land property Selfoss 1, Kista, was acquired from the City of Stockholm. The property will be developed for housing. In addition, Fabege entered an agreement on the acquisition of three properties in Solna from Peab, to be taken over in January 2017. Fabege also acquired Peab's stake in Visio, which owns development rights in Solna, also to be taken over in January 2017. An additional property, Fortet 2 in Solna, was acquired from AFA properties, to be taken over in February 2017.

The combined purchase consideration for the sales totalled SEK 3,647m, generating a capital gain of SEK 491m before taxes and SEK 859m after taxes. During the year, three properties were taken over with a combined value of SEK 459m. The total purchase price for acquired but not yet occupied properties amounted to SEK 1.3bn.

Changes in value of properties

The entire property portfolio is externally valued at least once annually. Approximately 67 per cent of the properties were externally valued in the fourth quarter and the remainder were internally valued based on the most recent external valuations. The total market value was SEK 47.8bn (40.3).

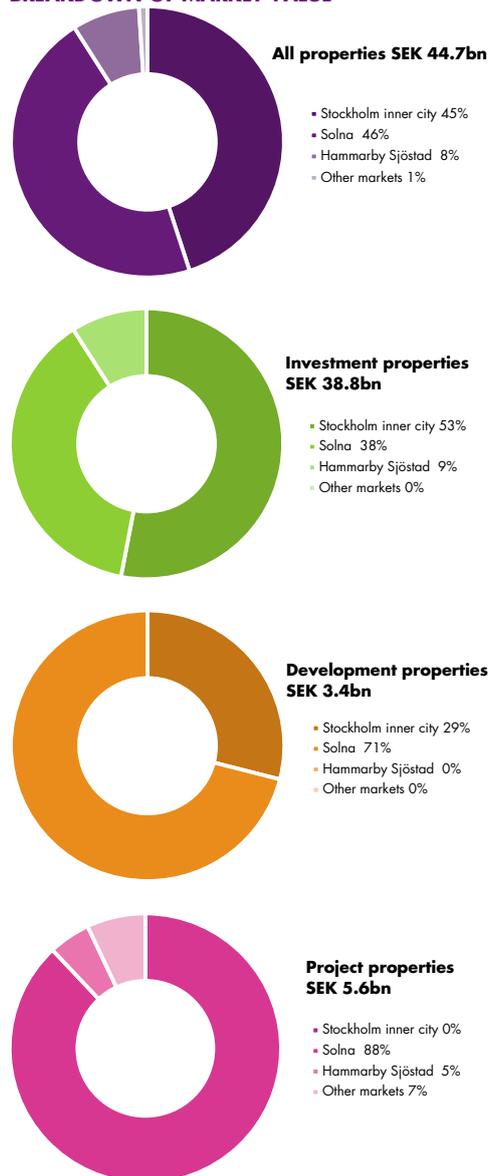
Unrealised changes in value totalled SEK 7,614m (3,252). The average yield requirement declined during the year to a rounded off figure of 4.53 per cent (4.94 at year-end). The SEK 5,731m (2,603) change in the value of the property management portfolio primarily resulted from the lower yield requirement 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 1,883m (649), mainly due to development gains in major project properties.

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

31 December 2015.

31 December 2016

BREAKDOWN OF MARKET VALUE



Projects and investments

The purpose of Fabege's project investments is to reduce vacancy rates and increase rents in the property portfolio, thereby improving cash flows and adding value. Property development is a key feature of Fabege's business model and should make a significant contribution to consolidated profit. The aim is to achieve a return of at least 20 per cent on invested capital. Another aim is to have all new builds certified under BREEAM-SE.

During the year, investments in existing properties and projects totalled SEK 2,649m (2,879), of which investments in projects and development properties accounted for SEK 2,159m (2,269). The return on capital invested in the project portfolio was 87 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 490m (610) and encompassed energy investments and tenant customisations, 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. The property was then sold in the fourth quarter. In Q2, Nationalarenan 8 was completed and Telia Company 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 installations and furnishings. The investment amounts to an estimated total of just over 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. Work is continuing on completing the frame, installations and furnishings ahead of the first stage of occupancy in May 2017. The investment amounts to an estimated total of just over SEK 2.3bn. 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 an estimated 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 in 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. The investment amounts to an estimated total of just under SEK 530m. The foundation work is complete and work is now under way on the frame. The property is partly let to Telenor Sweden, with occupancy scheduled for summer 2018. The occupancy rate is 69 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 the company 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 amounts to an estimated total of SEK 944m. Migrationsverket has signed a lease relating to part of the office space. The office is scheduled to be ready for occupancy in June 2018. The occupancy rate is 48 per cent.

CHANGES IN PROPERTY VALUE 2016

Changes in property value	2016
Opening fair value 2016-01-01	40,279
Property acquisitions	460
Investments in new builds, extensions and conversions	2,673
Changes in value	7,614
Sales and disposals	-3,184
Closing fair value 2016-12-31	47,842

AVERAGE YIELD REQUIREMENT PER AREA

Area	Average yield, %
Stockolm city	4.17
Solna	4.83
Hammarby Sjöstad	4.99
Average yield	4.53

SALE OF PROPERTIES JAN-DEC 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
Hammarby-Smedby 1:472	Upplands-Väsby	Land	0
Ulvsunda 1:1	Bromma	Industry	1,241
Quarter 4			
Uarda 7	Arenastaden	Office	17,514
Total sales of properties			66,173

PROPERTY ACQUISITIONS JAN-DEC 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			
Selfoss 1	Kista	Land	0
Total acquisitions of properties			15,904

NEW LEASE WITH MIGRATIONSVERKET FOR 17,000 SQM

Migrationsverket (the Swedish Migration Agency) has decided to bring large sections of the Stockholm region's operations together under one roof at Grand Central Sundbyberg. The lease covers approximately 17,000 sqm of the total office space of 36,000 sqm, and will continue for a period of at least 6 years. The annual rental value amounts to roughly SEK 45m. Occupancy is scheduled to take place after summer 2018. Since Migrationsverket is moving from Fabege's property Kairo 1 in Arenastaden, the net letting effect amounts to just over SEK 20m. The primary reasons behind the location were the excellent public transport connections and flexible nature of the new premises.



ONGOING PROJECTS >SEK 50M

31 December 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
Hörnån (Part of Lagern 2)	Offices	Solna	Q2-2018	16,300	69%	45	370	530	176
Pyramiden 4	Offices	Arenastaden	Q2-2018	72,200	100%	182	2,470	2,350	1,985
Signalen 3	Offices	Arenastaden	Q3-2018	30,500	78%	90	457	1,080	230
Uarda 6	Offices	Arenastaden	Q4-2017	18,000	90%	52	760	570	497
Pelaren 1	Offices	Globen	Q3-2018	21,000	70%	69	205	750	76
Orgeln 7	Offices/retail	Sundbyberg	Q2-2018	36,000	48%	109	669	944	175
Total				194,000	80%	547	4,931	6,224	3,139
Other land and project properties							677		
Other development properties							3,431		
Total projects, land and development properties							9,039		

¹ Operational occupancy rate 31 December 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 31 December 2016.

PROPERTY PORTFOLIO

31 December 2016

	Dec 31 2016					Jan-Dec 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	60	921	38,803	2,190	95	1,956	-392	1,564
Development properties ¹	7	128	3,431	143	83	116	-31	85
Land and Project properties ¹	15	13	5,608	2	100	11	-17	-6
Total	82	1,062	47,842	2,335	94	2,083	-440	1,643
Of which, Inner city	29	400	21,513	1,097	95	989	-221	768
Of which, Solna	38	557	22,014	1,014	94	900	-181	719
Sjöstad	11	105	3,938	224	92	193	-38	155
Of which, Other	4	0	377	0	0	1	0	1
Total	82	1,062	47,842	2,335	94	2,083	-440	1,643
Expenses for lettings, project development and property administration								-147
Total net operating income after expenses for lettings, project development and property administration								1,496 ³

¹ See definitions on page 17.

² In the rental value, time limited deductions of about SEK 220m (in rolling annual rental value at 31 December 2016) have not been deducted.

³ The table refers to Fabeges property portfolio on 31 December 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 496m, and net operating income in profit or loss, SEK 1 507m, 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	
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
	Property Management	Property Development	Transaction	Total	Property Management	Property Development	Transaction	Total
Rental income	1,833	272		2,105	1,888	110		1,998
Property expenses	-464	-134		-598	-517	-52		-569
Net operating income	1,369	138	0	1,507	1,371	58	0	1,429
Surplus ratio, %	75%	51%		72%	73%	53%		72%
Central administration	-55	-15		-70	-57	-8		-65
Net interest expense	-424	-117		-541	-515	-67		-582
Share in profits of associated companies	-412	-13		-425	-94			-94
Profit from property management activities	478	-7	0	471	705	-17	0	688
Realised changes in value of properties			491	491			21	21
Unrealised changes in value of properties	5,731	1,883		7,614	2,603	649		3,252
Profit/loss before tax per segment	6,209	1,876	491	8,576	3,308	632	21	3,961
Changes in value, fixed income derivatives and equities				104				272
Profit before tax				8,680				4,233
Properties, market value	38,803	9,039		47,842	32,626	7,653		40,279
Occupancy rate, %	95%	84%		94%	94%	79%		93%

¹ See definitions on page 17

Other financial information

Human resources

At the end of the year, 158 people (136) were employed by the Fabege Group.

Parent Company

Sales during the period amounted to SEK 221m (146) and earnings before appropriations and tax amounted to SEK -1,073m (370).

Net investments in property, equipment and shares totalled SEK 1m (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.

Board of Directors' proposal to the AGM

The Board of Directors will propose to the AGM on 29 March 2017 to resolve on the following:

- Cash dividend of SEK 4:00 per share, a total of SEK 662m.
- To authorise the Board, for the period extending up until the next AGM, to buy back Fabege shares corresponding to a maximum of 10 per cent of the shares outstanding.

Opportunities and risks

Risks and uncertainties relating to cash flow from operations 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%	20.6
Financial occupancy rate	1 percentage point	23.3
Property expenses	1%	6.0
Interest expense, rolling 12 months ¹	+/-1 percentage point	43 / 79
Interest expenses, longer term perspective	1 percentage point	219.8

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	373	46.1%	45.5%
0	0	45.8%	45.9%
-1	-373	45.5%	46.4%

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

No significant events occurred after the balance sheet date.

SEK 127m

Net lettings Jan–Dec 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 remain very strong. Given the prevailing market conditions and Fabege's attractive property and project portfolio, the prerequisites are favourable for strong earnings in 2017. 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 business opportunities that lie ahead.

Accounting policies

Faberge 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, 2 February 2017



CHRISTIAN HERMELIN
Chief Executive Officer.

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

Share information

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

THE 15 LARGEST SHAREHOLDERS AT 31 DECEMBER 2016*

	Number of shares*	Proportion of equity, %	Proportion of votes, %
Erik Paulsson with family, privately and company	25,456,763	15.4	15.4
BlackRock Inc.	6,398,443	3.9	3.9
Investment AB Öresund	5,500,000	3.3	3.3
Länsförsäkringar Funds	4,624,421	2.8	2.8
Fourth AP-fund	4,095,674	2.5	2.5
Mats Qviberg with family	3,747,868	2.3	2.3
Vanguard	3,581,013	2.2	2.2
Norges Bank	3,184,225	1.9	1.9
Principal Global Investors	3,008,983	1.8	1.8
BNP Paribas Investment Partners	3,007,114	1.8	1.8
ENA City AB	2,810,000	1.7	1.7
Handelsbanken Funds	2,732,981	1.7	1.7
Stichting Pensionfonds ABP	1,997,177	1.2	1.2
State Street Global Advisors	1,984,189	1.2	1.2
Pensionskassan SHB Försäkringsförening	1,920,000	1.2	1.2
Total 15 largest shareholders	74,048,851	44.8	44.8
Other	91,342,721	55.2	55.2
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.

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 December 2016: 40,302. The share price at the end of the year was SEK 148.90.

SHARE INFORMATION



FABEGE DEVELOPS LIVE-WORK-PLAY CONCEPT IN NEW PROPERTY

Fabega acquired Hagahuset (Fortet 2) for SEK 172m from AFA-fastigheter in order to develop the Live-Work-Play concept. The concept has emerged in most of the major urban regions around the world, but it is relatively new in Sweden. The idea is to gather housing, workplaces and social/recreation areas together under one roof. A place where, for example, employees at international companies, trainees from major companies or entrepreneurs can meet and share knowledge and experiences with one another. Occupancy will take place in February 2017.

- "This building offers unique opportunities to come up with an attractive concept that is in high demand among many of our tenants for their employees and business partners who are a long way from home. The property's location at the entrance to Haga National City Park creates the perfect conditions for this," says Carl Michael Augustsson, Fabega's Director of Urban Development.

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2016	2015	2016	2015
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Rental income	532	505	2,105	1,998
Property expenses	-150	-156	-598	-569
Net operating income	382	349	1,507	1,429
Surplus ratio, %	72%	69%	72%	72%
Central administration	-17	-17	-70	-65
Net interest/expense	-129	-146	-541	-582
Share in profits of associated companies	-402	-14	-425	-94
Profit/loss from property management	-166	172	471	688
Realised changes in value of properties	309	17	491	21
Unrealised changes in value of properties	3,136	1,282	7,614	3,252
Unrealised changes in value, fixed income derivatives	230	151	99	262
Changes in value of shares	5	-26	5	10
Profit/loss before tax	3,514	1,596	8,680	4,233
Current tax	-89	-2	-88	-2
Deferred tax	-664	-416	-1,485	-999
Profit/loss for period/year	2,761	1,178	7,107	3,232
Items that will not be restated in profit or loss				
Revaluation of defined-benefit pensions	-5	2	-5	2
Comprehensive income for the period/year	2,756	1,180	7,102	3,234
Earnings per share, SEK	16:70	7:12	42:97	19:54
Total earnings per share, SEK	16:66	7:13	42:94	19:55
No. of shares at period end, millions	165.4	165.4	165.4	165.4
Average no. of shares, million	165.4	165.4	165.4	165.4

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2016	2015
	Dec 31	Dec 31
Assets		
Properties	47,842	40,279
Other tangible fixed assets	2	1
Financial fixed assets	516	923
Current assets	1,687	446
Short-term investments	114	70
Cash and cash equivalents	62	32
Total assets	50,223	41,751
Equity and liabilities		
Shareholder's equity	23,002	16,479
Deferred tax	3,271	1,786
Other provisions	215	150
Interest-bearing liabilities ¹	21,978	21,068
Other long-term liabilities	0	619
Derivative instrument	559	658
Non-interest-bearing liabilities	1,198	991
Total equity and liabilities	50,223	41,751
Equity/assets ratio, %	46	39

¹ Of which short-term SEK 7,458m (7,058)

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	Of which, attributable to	
	Shareholders' equity	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	7,107	7,107
Other comprehensive income	-5	-5
Shareholders' equity, 31 December 2016	23,002	23,002

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	2016	2015
	Jan-Dec	Jan-Dec
Operations		
Net operating income	1,507	1,429
Central administration	-70	-65
Reversal of depreciation	0	0
Interest received	11	25
Interest paid	-647	-689
Income tax paid	4	0
Cash flow before changes in working capital	805	700
Change in working capital		
Change in current receivables	84	831
Change in current liabilities	-112	211
Total change in working capital	-28	1,042
Cash flow from operating activities	777	1,742
Investing activities		
Investments in new-builds, extensions and conversions	-2,600	-2,770
Acquisition of properties	-460	-985
Divestment of properties	2,315	604
Other tangible fixed assets	-332	440
Cash flow from investing activities	-1,076	-2,711
Financing activities		
Dividend to shareholders	-579	-538
Change in interest bearing liabilities	908	1,516
Cash flow from financing activities	329	978
Cash flow for the period	30	9
Cash and cash equivalents at beginning of period	32	23
Cash and cash equivalents at end of period	62	32

CONSOLIDATED KEY RATIOS

Financial ³	2016	2015
	Jan-Dec	Jan-Dec
Return on capital employed, %	29.5	13.2
Return on equity, %	36.0	21.4
Interest coverage ratio, multiple ²	2.7	2.3
Equity	46	39
Loan-to-value ratio, properties, %	46	52
Debt/equity ratio, multiple	1.0	1.3
Share related ^{1 3}		
Earnings per share, SEK ⁴	42.97	19.54
Total earnings per share, SEK	42.94	19.55
Equity per share, SEK	139	100
Cash flow from operating activities per share, SEK	4.70	14.27
EPRA NAV, SEK per share	163	115
EPRA, EPS	3.01	3.94
No. of outstanding shares at end of period, thousands	165,392	165,392
Average number of shares, thousands	165,392	165,392
Property-related		
No. of properties	82	83
Carrying amount, Properties, SEKm	47,842	40,279
Lettable area, sqm	1,062,000	1,092,000
Financial occupancy rate, %	94	93
Surplus ratio, %	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 Dec 31	2015 Dec 31	2016 Dec 31	2015 Dec 31
IFRS, level 3, SEKm				
Opening value	-396	-521	-396	-521
Acquisitions/Investments	-	-	-	-
Changes in value	178	125	178	125
Matured	-	-	-	-
Closing value	-218	-396	-218	-396
Carrying amount	-218	-396	-218	-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 Dec 31	2015 Dec 31
Deferred tax attributable to:		
- tax loss carryforwards, SEKm	-1,129	-1,092
- difference between book value and tax value in respect of properties, SEKm	4,516	3,077
- derivatives, SEKm	-123	-144
- other, SEKm	7	-55
Net debt, deferred tax, SEKm	3,271	1,786

RECONCILIATION OF KEY RATIOS

Details are provided below regarding reconciliation of the financial key ratios that Fabège 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 Dec 31	2015 Dec 31
Equity/assets ratio		
Equity, SEKm	23,002	16,479
Total assets, SEKm	50,223	41,751
Equity/assets ratio	46%	39%

	2016 Dec 31	2015 Dec 31
Loan-to-value ratio, properties		
Interest-bearing liabilities, SEKm	21,978	21,068
Booked value properties, SEKm	47,842	40,279
Loan-to-value ratio, properties	46%	52%

	2016 Dec 31	2015 Dec 31
Interest coverage ratio, multiple		
Net operating income, SEKm	1,507	1,429
Central administration, SEKm	-70	-65
Total, SEKm	1,437	1,364
Net interest/expense, SEKm	-541	-582
Interest coverage ratio, multiple	2.7	2.3

	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
EPRA EPS				
Profit from property management, SEKm	-166	172	471	688
Tax-deductible depreciation, SEKm	-197	-165	-590	-524
Sum, SEKm	-363	7	-119	164
Nominal tax (22%), SEKm	-80	2	-26	36
EPRA earnings in total, (Profit from property management minus nominal tax) SEKm	-86	170	497	652
Number of shares, millions	165	165	165	165
EPRA EPS, SEK per share	-0.52	0.99	3.01	3.94

	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
EPRA NAV				
Shareholders' equity, SEKm	23,002	16,479	23,002	16,479
Reversal of fixed-income derivatives, SEKm	559	658	559	658
Reversal of deferred tax according to the balance sheet, SEKm	3,271	1,786	3,271	1,786
Sum, SEKm	26,832	18,923	26,832	18,923
Number of shares, millions	165	165	165	165
EPRA NAV, SEK per share	163	115	163	115

	2016	2015	2016	2015
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Return on equity				
Profit for the period, SEKm	2,761	519	7,107	3,232
Average shareholders' equity, SEKm	21,624	15,040	19,741	15,131
Return on equity	51.1%	13.8%	36.0%	29.7%

CONTINGENT LIABILITIES

Contingent liabilities comprise the balance sheet date guarantees and commitments in favour of associated companies of SEK 202]m (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. Uarda 7 was divested in the fourth quarter. The Fräsaren 9 property in Solna Business Park and Selfoss 1 in Kista acquired during the year were classified as development properties. The newly acquired property Sadelplatsen 1, Järva krog, was classified as an investment property. The newly acquired Selfoss 1 property, Kista, was classified as a project 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

	2016	2015
SEKm	Jan-Dec	Jan-Dec
Income	221	146
Expenses	-263	-226
Net financial items	-932	-152
Changes in value, fixed-income derivatives	99	262
Changes in value, equities	6	36
Group Contribution	-204	-67
Profit before tax	-1,073	370
Current tax	-19	-
Deferred tax	50	8
Profit for the period/year	-1,042	378

PARENT COMPANY CONDENSED BALANCE SHEET

	2016	2015
SEKm	Dec 31	Dec 31
Participation in Group companies	12,516	12,592
Other fixed assets	43,105	41,892
<i>of which, receivables from Group companies</i>	<i>42,671</i>	<i>41,103</i>
Current assets	184	129
Cash and cash equivalents	53	30
Total assets	55,858	54,643
Shareholders' equity	10,681	12,301
Provisions	-55	68
Long-term liabilities	38,279	35,118
<i>of which, liabilities to Group companies</i>	<i>24,783</i>	<i>21,724</i>
Current liabilities	6,953	7,156
Total equity and liabilities	55,858	54,643

Quarterly overview

CONDENSED INCOME STATEMENT, AMOUNTS IN SEK M

SEK M	2016				2015			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Rental income	532	534	520	519	505	495	496	502
Property expenses	-150	-133	-151	-164	-156	-130	-131	-152
Net operating income	382	401	369	355	349	365	365	350
Surplus ratio	72%	75%	71%	68%	69%	74%	74%	70%
Central administration	-17	-17	-20	-16	-17	-16	-16	-16
Net interest expense	-129	-139	-142	-131	-146	-143	-140	-153
Share in profits of associated companies	-402	-16	6	-13	-14	-59	-8	-13
Profit/loss from property management	-166	229	213	195	172	147	201	168
Realised changes in value of properties	309	20	2	160	17	3	0	1
Unrealised value of properties	3,136	1,760	1,199	1,519	1,282	590	673	707
Unrealised changes in value, fixed-income derivatives	230	42	-55	-118	151	-26	194	-57
Changes in value, equities	5	0	0	0	-26	-28	-3	67
Profit for the period/year	3,514	2,051	1,359	1,756	1,596	686	1,065	886
Current tax	-89	2	0	-1	-2	0	0	0
Deferred tax	-664	-437	-294	-90	-416	-167	-235	-181
Comprehensive income for the period/year	2,761	1,616	1,065	1,665	1,178	519	830	705

CONDENSED FINANCIAL POSITION, AMOUNTS IN SEK M

SEK M	2016				2015			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Assets								
Properties	47,842	44,659	42,418	40,467	40,279	37,630	36,361	33,763
Other tangible fixed assets	2	2	2	1	1	1	1	1
Financial fixed assets	516	916	886	906	923	1,562	1,644	1,634
Current assets	1,687	500	529	533	446	438	506	1,933
Short-term investments	114	89	64	66	70	50	48	38
Cash and cash equivalents	62	36	195	33	32	37	411	62
Total assets	50,223	46,202	44,094	42,006	41,751	39,718	38,971	37,431
Equities and liabilities								
Shareholders' equity	23,002	20,246	18,630	18,144	16,479	15,299	14,780	13,951
Deferred tax	3,271	2,648	2,211	1,876	1,786	1,502	1,335	1,099
Other provisions	215	142	154	148	150	159	159	166
Interest-bearing liabilities	21,978	20,818	20,574	19,269	21,068	20,513	20,436	19,733
Other long-term liabilities	0	625	623	621	619	617	615	-
Derivative instruments	559	789	831	777	658	809	783	977
Non-interest bearing liabilities	1,198	934	1,071	1,171	991	819	863	1,505
Total equity and liabilities	50,223	46,202	44,094	42,006	41,751	39,718	38,971	37,431

KEY RATIOS

Financial ³	2016				2015			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Return on capital employed, %	33.2	21.2	15.2	19.6	18.4	9.2	13.7	12.2
Return on equity, %	51.1	33.3	23.2	38.5	29.7	13.8	23.2	20.3
Interest coverage ratio, multiple ²	2.8	2.8	2.5	2.6	2.0	1.9	2.3	2.0
Equity/assets ratio, %	46	44	42	43	39	39	38	37
Loan-to-value ratio, properties, %	46	47	49	48	52	55	56	58
Debt/equity ratio, multiple	1.0	1.0	1.1	1.1	1.3	1.3	1.4	1.4
Share-related^{1 3}								
Earnings per share, SEK ⁴	16:70	9:77	6:44	10:07	7:12	3:14	5:02	4:26
Total earnings per share, SEK	139	122	113	110	100	93	89	84
Cash flow from operating activities per share, SEK	1:75	0:52	0:52	1:75	4:82	1:10	6:99	1:36
EPRA NAV, SEK per share	163	144	131	126	115	107	102	97
EPRA EPS	-0:52	1:26	1:18	1:09	0:99	0:91	1:17	1:01
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	94	93	93	93	92	92	93
Surplus ratio, %	72	75	71	68	69	74	74	70

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

² No dilution is possible because no potential dilution shares (such as convertible debentures) exist.

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.

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 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 31 December 2016, Fabege owned 82 properties with a total market value of SEK 47.8bn. 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.



CALENDAR

AGM 2017	29 Mar 2017
Interim report Jan–Mar 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 THE FOURTH QUARTER

7 Oct 2016	Fabege reports additional consideration of SEK 200m regarding property sale
18 Oct 2016	Fabege investing SEK 944m in Sundbyberg
17 Nov 2016	Fabege sells Uarda 7, Arenastaden
18 Nov 2016	More green financing in Fabege
21 Nov 2016	Price differentiation on green loans
22 Nov 2016	Migrationsverket signs new agreement with Fabege
25 Nov 2016	Fabege closes deal with Peab
25 Nov 2016	Fabege takes on greater responsibility for Friends Arena
20 Dec 2016	Fabege acquires HagaHuset and develops a concept building for our era

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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 2 February 2017, at which Christian Hermelin and Åsa Bergström will present the year-end report.



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