

2017

Q4

Summary, SEKm

	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Rental income	592	532	2,280	2,015
Net operating income	450	382	1,680	1,507
Profit from property management	279	-166	992	471
Profit before tax	1,962	3,514	7,351	8,680
Profit after tax	1,430	2,761	5,632	7,107
Surplus ratio, %	76	72	74	72
Loan-to-value ratio, properties, %	-	-	43	46
EPRA NAV, SEK per share	-	-	201	163

January – December 2017¹

- Rental income increased to SEK 2,280m (2,105), primarily as a result of completed project properties generating revenue. In an identical portfolio, income rose by approximately 9,5 per cent.
- Net operating income increased to SEK 1,680m (1,507). In an identical portfolio, net operating income rose by approximately 13 per cent (12). The surplus ratio was 74 per cent (72).
- Profit from property management rose to SEK 992m (471). The previous year, earnings were affected by an impairment in the value of participations and receivables in Arenabolaget in the amount of SEK -417m.
- Realised and unrealised changes in value amounted to SEK 6,095m (8,105) in properties and SEK 268m (99) in interest-rate derivatives.
- Profit before tax for the year amounted to SEK 7,351m (8,680).
- After-tax profit for the year amounted to SEK 5,632m (7,107), corresponding to SEK 34.05 per share (42.97).
- Net lettings during the year totalled SEK 244m (127).
- The rent levels from renegotiated leases were an average of 26 per cent (23) higher. The equity/assets ratio was 47 per cent (46) and the loan-to-value ratio was 43 per cent (46).
- The Board proposes a dividend of SEK 4.50 per share (4.00).

¹The comparison figures for income and expense items relate to values for the January–December 2016 period and for balance sheet items at 31 December 2016.

Faberge

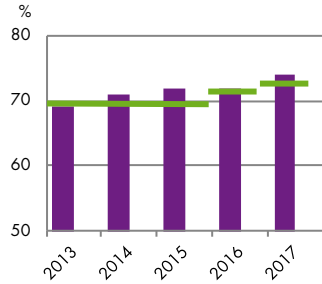


Christian Hermelin, CEO

Clearing the bar with room to spare!

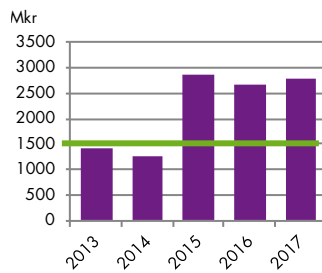
I admit I am a keen sports fan, hence the metaphor. The office market in Stockholm was persistently robust in 2017, and combined with our continued positive trend we generated strong earnings with rising revenues, a significant improvement in earnings from property management and sustained value growth in the property portfolio.

SURPLUS RATIO



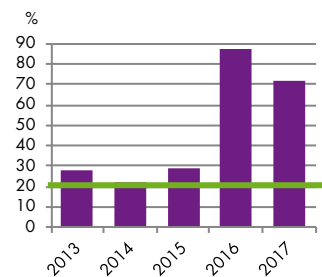
Target 2017: 73%
Long-term target 2020: 75%

INVESTMENT VOLUME



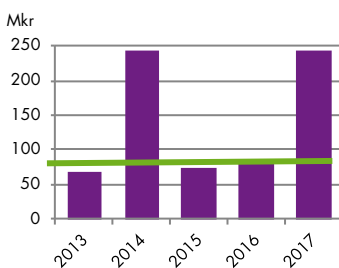
Target: At least SEK 1,500m per year

RETURN ON PROJECTS



Target: At least 20%

NET LETTINGS



Target: At least SEK 80m per year.

Favourable market conditions

2016 saw Fabège pushing boundaries and setting records in almost all areas, owing to solid performances and extremely favourable market conditions. Over the past year, conditions have remained highly positive, although not quite as optimal as the previous year.

Persistent value creation via new lettings and projects

There was intensive activity on the projects side in 2017, with a substantial project volume that has contributed towards strong value growth. The Uarda 6 project was concluded after Siemens took up occupancy in November, and 2018 will see the completion of no less than six projects, all of which will begin generating revenue. We announced a number of major project lettings in 2017 and thus initiated several new big projects, which means that value growth will continue over the next few years. It also means that the level of risk in the project portfolio is minimal.

Targets and target fulfilment

We had ambitious targets for 2017. One of the targets we adopted was to achieve a surplus ratio (a measure of efficiency in our property management operations) of 73 per cent for 2017, a target that we exceeded, achieving 74 per cent. We were also determined to retain high income growth and in an identical portfolio, income rose by more than 10 per cent. Our most important target, and something we focused on a great deal, was to achieve high net lettings. This was partly to continue topping up our project portfolio, and partly because nothing generates as much future profit as high net lettings. We achieved a record result, as illustrated by the graph to the side, so we are more than satisfied.

“Exceeding ambitious targets together is a feeling that’s hard to beat!”

We are proud, but not surprised. We work hard in order to constantly improve. Our employees are our greatest asset in terms of development work, and we are convinced that Fabège’s success is a direct result of the contributions of our creative, down-to-earth and capable colleagues. We have worked actively with our core values, SPEAK, for over ten years now, and they are being continually honed, although the fundamental principles remain the same. Fabège’s core values prioritise our conduct and inspiration over control, and put people first. Increasing our employees’ knowledge within a broad spectrum of health issues to promote long-term wellbeing and motivation creates commitment and a sense of belonging. It is for this reason that we work actively to develop our corporate culture and provide courses within physical activity, recovery, diet, relationships and work environment. As with top-flight sportsmen and women, we work to ensure that all employees feel well and achieve a healthy balance in their lives. Only then can they perform to the best of their ability. And in order to look after our customers in the best possible way, we need to start with ourselves.

Market outlook

We have now entered 2018 and market conditions remain consistently good, and as long as the economy remains healthy, which it is expected to in 2018, I look forward to another strong year with persistently high net lettings, rising revenue and falling average interest rates, as well as the odd exciting transaction. Our high ambitions and constant efforts to improve mean Fabège is stronger than ever.

Reaching for greater heights!

Christian Hermelin, CEO

Earnings Jan–Dec 2017¹

Net operating income and the surplus ratio rose and earnings from property management saw a significant increase compared with the previous year. Meanwhile, growth in value continued both in the investment property portfolio and in the major projects.

Revenues and earnings

Profit after tax for the year was SEK 5,632m (7,107), corresponding to earnings per share of SEK 34.05 (42.97). Profit before tax for the year amounted to SEK 7,351m (8,680). Earnings from property management increased, but lower unrealised changes in value in the property portfolio meant that profit before tax fell in comparison with the previous year.

Rental income amounted to SEK 2,280m (2,105) and net operating income increased to SEK 1,680m (1,507). In an identical portfolio, rental income rose by around 9.5 per cent (10), of which 5.5 per cent was related to growth due to occupations in completed project properties. The remaining 4 per cent increase was primarily due to growth due to renegotiated rent levels. The net operating income increased by roughly 13 per cent (10). The surplus ratio was 74 per cent (72).

The Selfoss 1 land property was sold in the second quarter to co-owned Selfoss Invest. The transaction did not have any impact on earnings. No further transactions were carried out during the year, and realised changes in the value of properties were consequently SEK 0m (491). Unrealised changes in value totalled SEK 6,095m (7,614). The unrealised change in the value of the investment property portfolio of SEK 3,831m (5,731) was largely attributable to increased rent levels for new lettings and renegotiations. The average yield requirement declined to 4.36 per cent (4.53). The project portfolio contributed to an unrealised change in value of SEK 1,569m (1,883), primarily due to development gains in the major project properties. Following the signing of an agreement with Bilia regarding vacation and construction of a new facility at the Stora Frösunda 2 property in Solna, the value of the remaining development rights was adjusted upwards by SEK 695m in the third quarter.

The share in profit of associated companies was SEK –105m (–424) and related to a capital contribution to Arenablaget during the year. The amount includes non-recurring items in connection with the change of operator.

Unrealised changes in value in the derivatives portfolio totalled SEK 268m (99), primarily due to higher long-term interest rates and the fact that some of the older, more expensive swaps have expired. Net interest items declined to SEK –509m (–541). Increased borrowing was offset by lower average interest.

Segment reporting

The Property Management segment generated net operating income of SEK 1,536m (1,369), representing a surplus ratio of 76 per cent (75). The occupancy rate was 94 per cent (95). Earnings from property management totalled SEK 974m (478). Unrealised changes in the value of properties amounted to SEK 3,831m (5,731).

The Property Development segment generated net operating income of SEK 144m (138), giving a surplus ratio of 54 per cent (51). Earnings from property management totalled SEK 18m (–7). Unrealised changes in the value of properties totalled SEK 1,569m (1,883), corresponding to a yield of 72 per cent on invested capital in the project portfolio. In addition, development rights were revised upwards by SEK 695m.

The only divestment during the period concerned the land property Selfoss 1, which was sold to a co-owned company. The transaction did not generate any recognised earnings, which is why the Transactions segment had realised changes in value of SEK 0m (491).

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 92m (102) and net lettings amounted to SEK 53m (40).
- The surplus ratio was 76 per cent (72).
- Earnings from property management totalled SEK 279m (–166).
- The property portfolio exhibited unrealised value growth of SEK 1,643m (3,136), of which projects accounted for SEK 497m (717).
- Realised changes in property values totalled SEK 0m (309).
- Due to persistently rising long-term interest rates, the negative fair value of the derivatives portfolio decreased by SEK 41m (230).
- After-tax profit for the quarter amounted to SEK 1,430m (2,761).

BUSINESS MODEL CONTRIBUTIONS TO EARNINGS

	2017	2016
SEKm	Jan-Dec	Jan-Dec
Profit from Property Management activities	974	478
Changes in value (portfolio of investment properties)	3,831	5,731
Contribution from Property Management	4,805	6,209
Profit from Property Management activities	18	-7
Changes in value (profit from Property Development)	2,264	1,883
Contribution from Property Development	2,282	1,876
Realised changes in value	0	491
Contribution from Transactions	0	491
Total contribution from the operation	7,087	8,576

72%
Return
Projects

¹The comparison figures for income and expense items relate to values for the January–December 2016 period and for balance sheet items at 31 December 2016.

Financing

Fabege employs long-term credit facilities subject to fixed terms and conditions. The company's creditors mainly comprise the major Nordic banks and investors on the capital market. The company regards the capital market as an excellent complement to bank financing and at year-end, it amounted to 43 per cent of total debt, including commercial papers.

Interest-bearing liabilities at year-end totalled SEK 24,841m (21,978), with an average interest rate of 2.10 per cent excluding and 2.20 per cent including commitment fees on the undrawn portion of committed credit facilities. Undrawn committed credit facilities amounted to SEK 2,718m.

Demand for Fabege's green bonds has been extremely healthy during the year. In the third quarter, the framework for the green MTN programme was extended from SEK 2,000m to SEK 5,000m, and at 31 December outstanding bonds totalled SEK 2,700m. The green MTN programme allows the company opportunities to issue non-covered green bonds. Interest on bond loans is calculated without a Stockholm Interbank Offered Rate (STIBOR) floor, which with the current negative STIBOR rate means the financing cost at present will be extremely advantageous. In addition, Fabege also had outstanding covered bonds of SEK 3,068m via SFF, of which SEK 2,386m related to green bonds.

The proportion of green financing totalled 47 per cent of outstanding loans at the end of the period. As the company's properties gain environmental certification, the objective is for financing to be sustainable as well, and Fabege welcomes and encourages the new responsible financing opportunities that are being established on the market. During the last quarter of the year, new green bank loans totalling SEK 2,605m have been raised with two different banks. All Fabege's Swedish bank financiers are now providing opportunities for green financing, as are the capital market and European Investment Bank.

Fabege also has a commercial paper programme of SEK 5,000m, which was fully subscribed at year-end, as it has been for most of the year. The company has available credit facilities covering all outstanding commercial papers at any given time.

At 31 December, the average maturity was 4.0 years and the loan-to-value ratio was 43 per cent (46). The level of capital tied up in certificate loans is calculated on the basis of underlying loan commitments.

The average fixed-interest term for Fabege's loan portfolio was 2.5 years, including the effects of derivative instruments. During the fourth quarter, new ten-year interest rate swaps were agreed, totalling SEK 800m. At 31 December, Fabege's derivatives portfolio then comprised interest rate swaps totalling SEK 10,500m with terms of maturity extending through 2027 and carrying fixed interest at annual rates of between 0.24 and 2.73 per cent before margins. Fabege also holds callable swaps totalling SEK 3,000m at interest rates of between 3.95 and 3.98 per cent before margins, maturing in June 2018. Interest rates on 54 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 291m (559). 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 25m, mainly pertaining to accrued opening charges for credit agreements and costs relating to bond and commercial paper programmes. The total loan volume at the end of the quarter included SEK 5,229m (2,553) in loans for projects, on which interest of SEK 58m (55) had been capitalised.

INTEREST RATE MATURITY STRUCTURE, 31 DECEMBER 2017

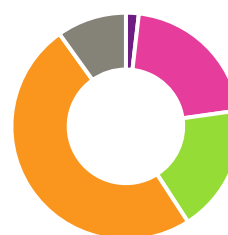
	Amount SEKm	Average interest rate,%	Share,%
< 1 year	15,571	2.58	63
1-2 years	1,270	1.76	5
2-3 years	0	0.00	0
3-4 years	1,000	2.68	4
4-5 years	1,000	0.84	4
5-6 years	1,000	0.85	4
6-7 years	1,000	0.93	4
7-8 years	1,000	0.96	4
8-9 years	1,000	1.02	4
9-10 years	2,000	1.19	8
Total	24,841	2.10	100

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 2017

	Credit agreement SEKm	Drawn, SEKm
Commercial paper programme	5,000	5,000
< 1 year	6,827	2,817
1-2 years	3,046	2,338
2-3 years	6,925	5,425
3-4 years	1,800	300
4-5 years	3,200	3,200
5-10 years	4,508	4,508
10-15 years	0	0
15-20 years	0	0
20-25 years	1,253	1,253
Total	32,559	24,841

BREAKDOWN OF SOURCES OF FUNDING



- Revolving facilities 2%
- Bond financing 21%
- Commercial Paper 18%
- Other loans 49%
- Unutilised facilities 10%

47%
green financing

Tax

Tax on profit for the year amounted to SEK -1,719m (-1,573). Last year's figure included the resolution of a deferred tax liability in the amount of SEK 368m in connection with property sales. Tax was calculated at a rate of 22 per cent on taxable earnings.

The new tax proposals

The Swedish Ministry of Finance's proposal regarding changes to corporate taxation and the previously announced proposal on changes to taxation for property transactions both have a negative impact on the property sector's ability to pursue operations.

For Fabege, the tax rate cut to 20 per cent combined with restrictions on interest deductions will initially have a positive effect due to current low market rates. However, rising market rates will increase the negative effect (assuming cash flow remains generally the same). The proposal to halve deductions against loss carryforwards will impact liquidity as Fabege will pay a certain amount of income tax. Furthermore, there will be a positive non-recurring accounting effect when the deferred tax liability is measured at the new tax rate.

The packaging inquiry proposal and effect on Fabege are entirely dependent on future property sales. There is a provision in the balance sheet for deferred tax on properties, which amounted to roughly SEK 6.1bn at year-end. Full application would increase the deferred tax liability by an additional SEK 1.3bn, based on the current tax rate of 22 per cent. However, in accounting terms this liability would not be activated until the properties to which it relates are divested.

The proposal regarding changes to the charging of transaction tax (stamp duty) means that the deferred stamp duty of 2 per cent will most likely have a directly negative impact on property valuations. For Fabege, this effect corresponds to 2 per cent of the current property value, roughly SEK 1.2bn.

The consultation period for both proposals ended in September. Fabege has submitted its views on the proposals to the Ministry of Finance.

Financial position and net asset value

Shareholders' equity amounted to SEK 28,012m (23,002) at year-end and the equity/assets ratio was 47 per cent (46). Equity per share attributable to Parent Company shareholders totalled SEK 169 (139). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 206 (166). EPRA NAV was SEK 201 per share (163).

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 992m (805). Changes in working capital had an impact on cash flow of SEK 209m (-28). Investing activities had an impact of SEK -2,697m (-1,076) on cash flow, while financing activities had a positive impact of SEK 2,201m (329) on cash flow. In investing activities, cash flow was driven by property transactions and projects. Overall, cash and cash equivalents changed by SEK 286m (30) during the period.

SEK 201/share

EPRA NAV 31 Dec 2017

New financial targets

The Board of Directors of Fabege has decided to strengthen the company's financial profile by updating the financial targets and adding a new target.

- The loan-to-value ratio target is being reduced from max. 55 per cent to max. 50 per cent.
- The interest coverage ratio target is being raised from 2.0 to 2.2.
- A new target, debt ratio, is being introduced. The debt ratio (see definition on page 17) will amount to max. 13.0 long-term.
- The target of an equity/assets ratio of at least 35 per cent remains in place.

SEK 244M IN NET LETTINGS

The figure for net lettings in 2017 of SEK 244m (127) is the highest in the history of Fabege. According to the journal *Fastighetsvärlden*, Fabege carried out the two largest new lettings of office premises in Stockholm during the year.

Some of Fabege's most significant new lettings in 2017 included:

- Swedbank, 16,500 sqm, Sundbyberg
- Bilia, 15,600 sqm (excluding parking) in Haga Norra, Solna
- Skolverket, 13,800 sqm, Solna Business Park
- Naturvårdsverket, 7,700 sqm, Hammarby Sjöstad
- Goodbye Kansas, 5,200 sqm, Hammarby Sjöstad
- Solna Stad, 5,100 sqm in Råsunda, Solna
- Snow Software, 4,100 sqm, Solna Business Park

The image is of Skolverket's new premises at Svetsarvägen 16 in Solna Business Park. Skolverket will take up occupancy of the offices in Q4 2019. The building will be customised to satisfy Skolverket's requirements, and Fabege's investment is estimated at roughly SEK 170m.



Operations Jan–Dec 2017¹

Following major investments in projects and strong value growth, the total property value amounted to SEK 57.9bn. Net lettings reached a record-high SEK 244m, which means more potential project start-ups and continued value creation.

Property portfolio and property management

Fabege's Property Management and Property Development activities are concentrated on a few selected submarkets in and around Stockholm: Stockholm inner city, Solna and Hammarby Sjöstad. On 31 December 2017, Fabege owned 90 properties with a total rental value of SEK 2.6bn, lettable floor space of 1.1m sqm and a carrying amount of SEK 57.9bn, of which development and project properties accounted for SEK 13.0bn. The financial occupancy rate for the entire portfolio, including project properties, was 94 per cent (94). The occupancy rate in the property management portfolio was 94 per cent (95).

During the year, 182 new leases were signed at a total rental value of SEK 389m (262), of which 96 per cent pertained to green leases. Lease terminations totalled SEK 145m (135), while net lettings amounted to SEK 244m (127). Rental contracts totalling SEK 211m were renegotiated, with an average rise in rental value of 26 per cent, reflecting the persistently strong trend on the rental market in 2017. The retention rate during the year was 84 per cent (81).

Changes in the property portfolio

Three new properties – Hörnan 1, Lagern 3 and Lagern 4 – have been separated from Lagern 2 via property reallocation.

In the first quarter, the previously agreed transactions pertaining to the Distansen 4, 6 and 7 and Fortet 2 properties, all in Solna, were taken over. Uarda 7 in Arenastaden was vacated. In addition, Peab's share of Visio, which owns the development rights in Solna, was taken over. In the second quarter, the housing development right Selfoss 1, Kista, was sold to the co-owned company Selfoss Invest AB. The transaction did not generate any recognised realised profit. As no other transactions were carried out during the year, realised changes in value totalled SEK 0m (491).

Changes in value of properties

The entire property portfolio is externally valued at least once annually. Just over 50 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 at year-end was SEK 57.9bn (47.8).

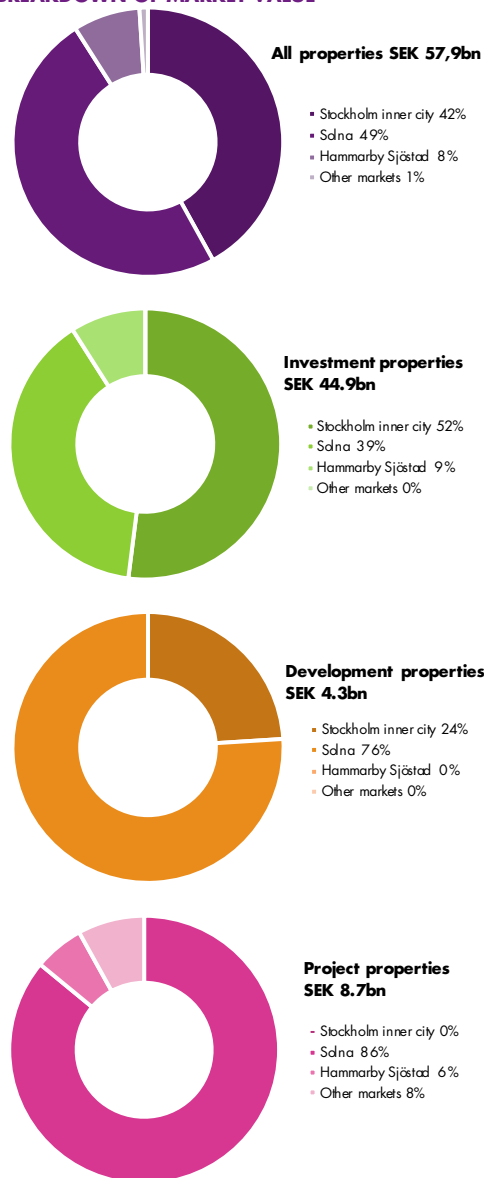
Unrealised changes in value totalled SEK 6,095m (7,614). The average yield requirement saw a slight decline to 4.36 per cent (4.53). The change in value in the investment property portfolio of SEK 3,831m (5,731) was principally due to higher rent levels and somewhat lower yield requirements. The project portfolio contributed to a change in value of SEK 1,569m (1,883), mainly due to development gains in major project properties. Furthermore, in the third quarter, the value of development rights was revised upwards by SEK 695m.

Environmental certification of properties

Fabege's objective is for the company's entire property portfolio to be certified in accordance with BREEAM-SE/BREEAM In-Use. At year-end, a total of 61 per cent of the combined area of Fabege's existing portfolio was certified.

31 Dec 2017

BREAKDOWN OF MARKET VALUE



¹The comparison figures for income and expense items relate to values for the January–December 2016 period and for balance sheet items at 31 December 2016.

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 2,778m (2,649), of which investments in projects and development properties accounted for SEK 2,193m (2,159). The return on capital invested in the project portfolio was 72 per cent. The capital invested in the investment property portfolio, which amounted to SEK 585m (490) and encompassed energy investments and tenant customisations, also contributed to the total growth in value.

Completed projects

Uarda 6, Arenastaden, was completed in November and the property was transferred from projects to management. The occupancy rate is 95 per cent.

Major ongoing projects

In the construction of SEB's offices in the Pyramiden 4 property, Arenastaden, the first stage, corresponding to just over 70 per cent of the total space, has been completed and that part of the building is now occupied. Stage 2 is under way, with completion of office space ready for occupancy in February and April 2018. The total investment is estimated at around SEK 2.6bn.

The office project at the Signalen 3 property in Arenastaden is progressing according to plan. The facade and roof are now complete and work is under way on installations and furnishings. The investment is expected to total SEK 1,130m and ICA has signed leases corresponding to 78 per cent of the lettable area, with occupancy scheduled for December 2018.

The office project relating to Hörnan 1, Råsunda, is also progressing according to plan. The investment amounts to an estimated total of just under SEK 530m. The production has entered its final phase in preparation for Telenor Sverige taking up occupancy in summer 2018. The occupancy rate is 69 per cent.

The new construction project relating to Pelaren 1, Globen, is under way, with facade and roof work as well as interior work on completing the frame. The investment is estimated at SEK 780m. The occupancy rate is 94 per cent. The office will be ready for occupancy in summer and autumn 2018.

The conversion and extension of the Orgeln 7 property in Sundbyberg is progressing as planned. Work is currently continuing on installations and furnishings. Since the expansion of the project's lettable area and following the Swedbank lease, the estimated investment has risen to SEK 1,070m. The occupancy rate is 90 per cent. The remaining vacancies relate exclusively to storage and retail space on the ground floor. The office is scheduled to be ready for occupancy in June and December 2018 respectively.

Work is continuing on constructing the frame on the project relating to the conversion and extension of Trikäfabriken 9, Hammarby Sjöstad. The investment is estimated at SEK 450m. The occupancy rate is 50 per cent. The property is expected to be ready for occupancy during the spring of 2019.

In the second quarter, a decision was made regarding two new projects: the construction of a new office building on part of the Båtturen 2 property in Hammarby Sjöstad with an investment of around SEK 170m, and the conversion of Lagern 4, Råsunda, into a preschool, school and supported housing for people with disabilities with an investment of roughly SEK 140m. Both projects are fully let. Work is continuing according to plan.

In the third quarter a decision was taken regarding an investment in the new construction of a facility for Bilia at the Stora Frösunda 2 property in Solna. The investment is expected to amount to approximately SEK 1.1bn and the facility will be completed by summer 2020.

In the fourth quarter, a decision was made regarding an investment relating to the forthcoming redevelopment of Fräsaren 12 in Solna Business Park. ICA is quitting the office space in connection with its relocation to Arenastaden, and part of the property has been leased to Skolverket, which will take up occupancy in Q4 2019. The investment is estimated at SEK 170m.

Via co-owned Selfoss Invest AB, Fabege and Svenska Hyreshus AB are leading a housing development project in Kista. The total investment is estimated to be SEK 450m excluding purchase of the land. The project is currently in the planning stage. Selfoss Invest will not be consolidated but will instead be reported as an associated company.

CHANGES IN PROPERTY VALUES 2017

Changes in property value	2017
Opening fair value 2017-01-01	47,842
Property acquisitions	1,314
Investments in new builds, extensions and conversions	2,778
Changes in value	6,095
Sales and disposals	-140
Closing fair value 2017-12-31	57,889

AVERAGE YIELD REQUIREMENT

PER AREA

Area	Average yield, %
Stockolm city	4.05
Solna	4.58
Hammarby Sjöstad	4.77
Average yield	4.36

SALE OF PROPERTIES JAN-DEC 2017

Property name	Area	Cat-egory	Lettable area, sqm
Quarter 1			
Quarter 2			
Selfoss 1	Kista	Land	0
Quarter 3			
Quarter 4			
Total sales of properties			0

PROPERTY ACQUISITIONS JAN-DEC 2017

Property name	Area	Category	Lettable area, sqm
Quarter 1			
Distansen 4	Solna	Land	0
Distansen 6	Solna	Offices	11,052
Distansen 7	Solna	Garage	9,810
Fortet 2	Solna	Land	6,400
Nationalarenan 3	Solna	Land	0
Järva 4:17	Solna	Land	0
Quarter 2			
Quarter 3			
Quarter 4			
Total acquisitions of properties			27,262

ONGOING PROJECTS > SEK 50M

31 December 2017

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
Orgeln 7	Offices/retail	Sundbyberg	Q4-2018	38,500	90%	120	1,416	1,070	617
Hörnån 1	Offices	Solna	Q2-2018	16,300	69%	51	779	530	432
Pyramiden 4 ³	Offices	Arenastaden	Q2-2018	72,200	100%	182	3,409	2,600	2,492
Pelaren 1	Offices	Globen	Q4-2018	21,300	94%	69	684	780	456
Lager 4	School	Solna	Q3-2018	5,100	100%	14	127	140	32
Signalen 3	Offices	Arenastaden	Q4-2018	31,100	78%	92	1,015	1,130	543
Triåfabriken 9	Offices	Hammarby Sjöstad	Q2-2019	16,700	50%	54	359	450	132
Båtturen 2 (part of)	Offices	Hammarby Sjöstad	Q2-2019	5,200	100%	18	60	170	15
Total				206,400	88%	600	7,849	6,870	4,719
Other land and project properties							861		
Other development properties							4,273		
Total projects, land and development properties							12,983		

¹ Operational occupancy rate 31 December 2017.

² Rental value including additions. The annual rent for the largest projects in progress could increase to SEK 600m (fully let) from SEK 125m in annualised current rent as of 31 March 2017.

³ More than 70% of the project is completed with occupation in May 2017

PROPERTY PORTFOLIO

31 December 2017

Property holdings	No. of properties	Lettable area, '000 sqm	Market value SEKm	Rental value ²	Financial occupancy rate %
Development properties ¹	10	119	4,274	127	81
Land and Project properties ¹	19	58	8,709	133	100
Total	90	1,136	57,889	2,594	94
Of which, Inner city	29	400	24,127	1,144	94
Of which, Solna	47	631	28,341	1,223	94
Of which, Hammarby Sjöstad	11	105	4,704	227	95
Of which, Other	3	0	717	0	0
Total	90	1,136	57,889	2,594	94

¹ See definitions on page 17.

² In the rental value, time limited deductions of about SEK 61m (in rolling annual rental value at 31 December) have not been deducted.

SEGMENT REPORTING IN SUMMARY¹

SEKm	2017	2017	2017	2017	2016	2016	2016	2016
	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	2,014	266		2,280	1,833	272		2,105
Property expenses	-477	-123		-600	-464	-134		-598
Net operating income	1,537	143	0	1,680	1,369	138	0	1,507
Surplus ratio, %	76%	54%		74%	75%	51%		72%
Central administration	-58	-16		-74	-55	-15		-70
Net interest expense	-400	-109		-509	-424	-117		-541
Share in profits of associated companies	-105	0		-105	-412	-13		-425
Profit from property management activities	974	18	0	992	478	-7	0	471
Realised changes in value of properties	0	0	0	0	0	0	491	491
Unrealised changes in value of properties	3,831	2,264		6,095	5,731	1,883		7,614
Profit/loss before tax per segment	4,805	2,282	0	7,087	6,209	1,876	491	8,576
Changes in value, fixed income derivatives and equities				264				104
Profit before tax				7,351				8,680
Properties, market value	44,906	12,983		57,889	38,803	9,039		47,842
Occupancy rate, %	94%	91%		94%	95%	84%		94%

¹ See definitions on page 17

Other financial information

SENSITIVITY ANALYSIS – PROPERTY VALUES

Change in value, %	Impact on after-tax profit, SEKm	Equity/assets ratio, %	Loan-to-value ratio, %
+1	452	47.5%	42.5%
0	0	47.2%	42.9%
-1	-452	46.9%	43.3%

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.

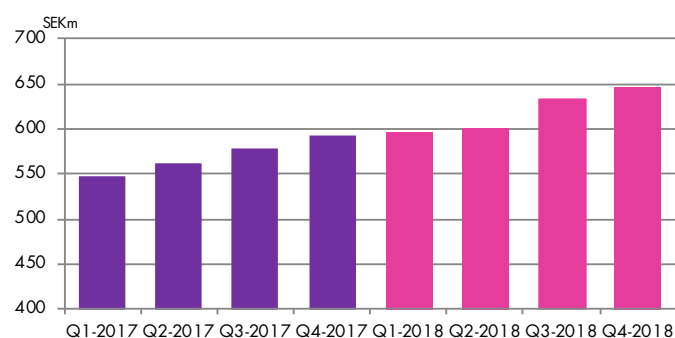
SENSITIVITY ANALYSIS – CASH FLOW AND EARNINGS

	Change	Effect, SEKm
Rental income, total	1%	23.7
Rent level, commercial income	1%	22.9
Financial occupancy rate	1 percentage point	26.0
Property expenses	1%	6.0
Interest expense, rolling 12 months ¹	+/-1 percentage point	52 / 68
Interest expenses, longer term perspective	1 percentage point	248.4

The sensitivity analysis shows the effects on the Group's cash flow and earnings on an annual-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, Fabège is not able to fully utilise negative interest rates, whereby a negative outcome arises even when interest rates are reduced.

RENTAL INCOME – GROWTH OVER NEXT FOUR QUARTERS



The graph above shows the development of contracted rental income, including occupancies and vacations that are known about and renegotiations, but excluding letting targets. The graph therefore does not constitute a forecast, but rather aims to demonstrate the rental trend in the existing contract portfolio on the balance sheet date.

Human resources

At the end of the year, 161 people (158) were employed by the Fabège Group.

Parent Company

Sales during the period amounted to SEK 203m (221) and earnings before appropriations and tax amounted to SEK 142m (-1,073).

Net investments in property, equipment and shares totalled SEK 2m (1).

Acquisition and transfer of treasury shares

The 2017 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 9 April 2018 to resolve on the following:

- Cash dividend of SEK 4.50 per share, a total of SEK 744m.
- To authorise the Board, for the period extending up until the next AGM, to buy back Fabège shares corresponding to a maximum of 10 per cent of the shares outstanding.

Forthcoming changes to Fabège's Board of Directors

Fabège's Chairman of the Board, Erik Paulsson, has informed the Nominating Committee of his intention to step down from his position on the Board of Directors at the AGM on 9 April 2018. According to standard procedures, the Nominating Committee will now be tasked with proposing candidates for election to the Board, including a new chairman, ahead of the 2018 AGM. In accordance with a decision by the AGM, a Nominating Committee has been established chaired by Bo Forsén, who also represents Backahill AB. The Nominating Committee's proposals will be announced to coincide with the publication of the notice convening the AGM.

Events after balance sheet date

In 2010, Fabège divested a property portfolio to Profi Fastigheter. The parties agreed on an additional consideration which, since the detailed plan for the property in question has become legally binding, can now be established. The additional consideration amounts to a realised gain of just over SEK 80m in addition to previously recognised profit. The amount will be recognised under realised changes in value in Q1 2018.

SEK 244m
Net lettings
Jan–Dec 2017

Opportunities and risks

Risks and uncertainties relating to cash flow from operations relate primarily to changes in rents, vacancies and interest rates. The effect of the changes on consolidated profit, including a sensitivity analysis and a more detailed description of risks and opportunities, are presented in the section on Risks and opportunities in the 2016 Annual Report (pages 56–59).

Properties are recognised at fair value and changes in value are recognised in profit or loss. Effects of changes in value on consolidated profit, the equity/assets ratio and the loan-to-value ratio are also presented in the section on Risks and opportunities and the sensitivity analysis in the 2016 Annual Report. Financial risk, defined as the risk of insufficient access to long-term funding through loans, and Fabège's management of this risk are also described in the Risks and opportunities section of the 2016 Annual Report (pages 56–59).

No material changes in the company's assessment of risks have arisen following publication of the 2016 Annual Report. Fabège'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 2.2. The target for the loan-to-value ratio is a maximum of 50 per cent. The long-term debt ratio will amount to a maximum of 13.

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 often higher.

Market outlook

Both the property and rental markets remain strong. Given prevailing market conditions and Fabège's attractive property and project portfolio, circumstances are favourable for a continued positive trend in 2018. More completed projects will increase rental volumes which, combined with sustained operational efficiency and low interest expense, is expected to boost profit from property management, while project operations continue to generate value. Fabège is well positioned to capitalise on the business opportunities that lie 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 2017 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.

New accounting policies as of 1 January 2018

IFRS 15 Revenue from Contracts with Customers

The transition to IFRS 15 will be applied from 2018 and relates to recognition of revenue from contracts with customers, with revenue being separated into rental income (including on-charging of property tax) and service income, such as on-charging of heating, electricity, etc. Fabège's income largely comprises rental income and the change is not expected to have any material impact on Fabège's financial reporting.

As a rule, IFRS 15 states that property transactions should be recognised on the date that ownership is transferred. This is different to the procedure under current accounting policies, in which such transactions are normally recognised on the contract date. Fabège does not believe this change would have had any material impact on the profit and loss statement for 2017, but that the balance sheet at 1 January 2017 would have changed with respect to the Uarda 7 property, which was divested in 2016 with transfer of ownership taking place in 2017. Under the new standard, the property would have continued to be treated as an investment property in the balance sheet in the 2016 year-end accounts, and there would not have been any claim from the sale. The financial report at 31 December 2017 does not include any such transactions.

It is therefore concluded that the transition to IFRS 15 will not have any material impact on total income or recognised earnings.

IFRS 9 Financial instruments

IFRS 9 replaces IAS 39 on 1 January 2018. The standard introduces new principles for the classification of financial assets, for hedge accounting and for credit reserves. The single largest item within the framework of IFRS 9 concerns derivatives that continue to be recognised at fair value through profit or loss. IFRS 9 also means that the principles for credit loss provisioning should be based on an estimation of expected losses. Since the credit losses are minimal, the transition is not expected to have any material impact on Fabège's financial reporting.

IFRS 16 Leases

This standard replaces IAS 17 and is applied from 2018, and it means among other things that lessees must record leases in the balance sheet. Given Fabège's status as a landlord and lessor, the change is not expected to affect the company's statements. The standard also covers reporting of leaseholds, which will involve a change to Fabège's accounts, however, it is not expected to have any material impact on financial reporting.

Stockholm, 5 February 2018



CHRISTIAN HERMELIN
Chief Executive Officer.

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

The Fabege share

Fabège's shares are listed on Nasdaq Stockholm and are included in the Large Cap segment.

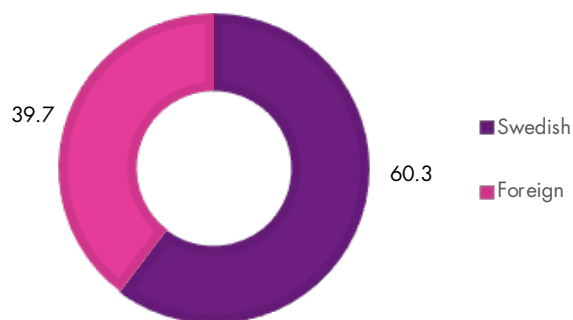
OWNERS

Fabège had a total of 38,424 shareholders on 31 December 2017. The 15 largest owners controlled 45.0 per cent of the total number of shares and votes.

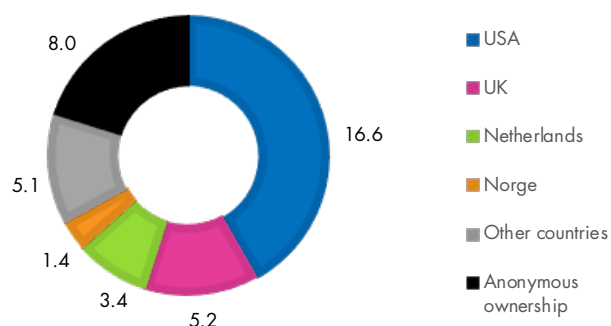
2017-12-31	Number of shares*	Proportion of equity, %	Proportion of votes, %
Erik Paulsson with family, privately and company	25,310,825	15.3	15.3
Fourth AP-fund	7,488,323	4.4	4.4
BlackRock	6,397,201	3.9	3.9
Investment AB Öresund	5,500,000	3.3	3.3
Vanguard	4,054,574	2.5	2.5
Mats Qviberg with family	3,747,868	2.3	2.3
Länsförsäkringar Funds	3,631,100	2.2	2.2
E.N.A City AB	2,867,200	1.7	1.7
Handelsbanken Funds	2,785,873	1.7	1.7
Principal Global Investors	2,429,504	1.5	1.5
Swedbank Robur Funds	2,350,550	1.4	1.4
TR Property Investment Trust	2,133,221	1.3	1.3
Stichting Pensioenfond ABP	1,960,997	1.2	1.2
Pensionskassan SHB Försäkringsförening	1,920,000	1.2	1.2
Lannebo Funds	1,823,376	1.1	1.1
Total 15 largest shareholders	74,400,612	45.0	45.0
Other	90,990,960	55.0	55.0
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.

DISTRIBUTION OF OWNERSHIP, 31 DECEMBER 2017



DISTRIBUTION OF FOREIGN OWNERSHIP, 31 DECEMBER 2017



OWNER DISTRIBUTION, 31 DECEMBER 2017

	Number of shares	Capital & votes, %
Foreign institutional owners	51,265,718	31.0
Swedish institutional owners	40,378,701	24.4
Other owners	36,126,799	21.8
Swedish private individuals	24,308,596	14.7
Anonymous ownership	13,311,758	8.0
Total	165,391,572	100

TURNOVER AND TRADING

In 2017, the Fabège share was traded in a large number of different trading places, both on regulated marketplaces (stock exchanges) and on other trading platforms. The largest trading places in 2017 were Cobe Europe, Nasdaq Stockholm, LSE Group and BOAT, which together accounted for approximately 96 per cent of share turnover. The share price at the end of the period was SEK 174.60.

Turnover and trading, Oct-Dec 2017	Fabège	Large Cap Nasdaq Stockholm (average)
Lowest price, SEK	166.20	-
Highest price, SEK	181.70	-
VWAP, SEK	174.70	-
Average daily turnover, SEK	64,964,426	128,890,586
Number of traded shares, no	23,426,788	-
Number of transactions, no	371,854	-
Average transactions per day, no	1,592	2,172
Number of transactions, no	100,296	16,731,697
Average value per transaction, SEK	40,807	40,223
Daily turnover relative to market capitalization	0.22	0.26

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

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Rental income	592	532	2,280	2,105
Property expenses	-142	-150	-600	-598
Net operating income	450	382	1,680	1,507
Surplus ratio, %	76%	72%	74%	72%
Central administration	-21	-17	-74	-70
Net interest/expense	-126	-129	-509	-541
Share in profits of associated companies	-24	-402	-105	-425
Profit/loss from property management	279	-166	992	471
Realised changes in value of properties	0	309	0	491
Unrealised changes in value of properties	1,643	3,136	6,095	7,614
Unrealised changes in value, fixed income derivatives	41	230	268	99
Changes in value of shares	-1	5	-4	5
Profit/loss before tax	1,962	3,514	7,351	8,680
Current tax	-1	-89	-1	-88
Deferred tax	-531	-664	-1,718	-1,485
Profit/loss for period/year	1,430	2,761	5,632	7,107
Items that will not be restated in profit or loss				
Revaluation of defined-benefit pensions	-15	-5	-15	-5
Comprehensive income for the period/year	1,415	2,756	5,617	7,102
Total comprehensive income attributable to:				
Parent company shareholders	1,415	2,756	5,617	7,102
Non-controlling interest	-	-	-	-
Earnings per share, SEK	8:65	16:70	34:05	42:97
Total earnings per share, SEK	8:65	16:70	33:96	42:97
No. of shares at period end, millions	165,392	165,392	165,392	165,392
Average no. of shares, thousands	165,392	165,392	165,392	165,392

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

SEKm	2017	2016
	Dec 31	Dec 31
Assets		
Properties	57,889	47,842
Other tangible fixed assets	4	2
Financial fixed assets	342	516
Current assets	647	1,684
Short-term investments	153	114
Cash and cash equivalents	349	62
Total assets	59,384	50,223
Equity and liabilities		
Shareholder's equity	28,012	23,002
Deferred tax	4,988	3,271
Other provisions	233	215
Interest-bearing liabilities ¹	24,841	21,978
Derivative instrument	291	559
Non-interest-bearing liabilities	1,019	1,198
Total equity and liabilities	59,384	50,223

¹ Of which short-term SEK 7,817m (7,458)

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	Shareholders' equity	Of which,	
		attributable to Parent Company shareholders	attributable to non-controlling interest
Shareholders' equity, 1 January 2016, according to adopted Statement of financial position	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	-
Cash dividend	-662	-662	-
Acquired minority interest	55	-	55
Profit for the period	5,632	5,632	-
Other comprehensive income	-15	-15	-
Shareholders' equity, 31 Dec 2017	28,012	27,957	55

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	2017 Jan-Dec	2016 Jan-Dec
Operations		
Net operating income	1,680	1,507
Central administration	-74	-70
Reversal of depreciation	1	0
Interest received	9	11
Interest paid	-624	-647
Income tax paid	0	4
Cash flow before changes in working capital	992	805
Change in working capital		
Change in current receivables	40	84
Change in current liabilities	-249	-112
Total change in working capital	-209	-28
Cash flow from operating activities	783	777
Investing activities		
Investments in new-builds, extensions and conversions	-2,676	-2,600
Acquisition of properties	-1,314	-460
Divestment of properties	1,439	2,315
Other tangible fixed assets	-146	-332
Cash flow from investing activities	-2,697	-1,076
Financing activities		
Dividend to shareholders	-662	-579
Change in interest bearing liabilities	2,863	908
Cash flow from investing activities	2,201	329
Cash flow for the period	287	30
Cash and cash equivalents at beginning of period	62	32
Cash and cash equivalents at end of period	349	62

CONSOLIDATED KEY RATIOS

Financial ²	2017 Jan-Dec	2016 Jan-Dec
Return on capital employed, %	21.1	29.5
Return on equity, %	22.1	36.0
Interest coverage ratio, multiple	3.2	2.7
Equity	47	46
Loan-to-value ratio, properties, %	43	46
Debt ratio, multiple	15.5	15.3
Debt/equity ratio, multiple	0.9	1.0
Share related ^{1 2}		
Earnings per share, SEK ³	34.05	42.97
Total earnings per share, SEK	33.96	42.97
Equity per share, SEK	169	139
Cash flow from operating activities per share, SEK	4.73	4.70
EPRA NAV, SEK per share	201	163
EPRA, EPS	5.45	3.01
Average no. of shares, thousands	165,392	165,392
No. of outstanding shares at end of period, thousands	165,392	165,392
Property-related		
No. of properties	90	82
Carrying amount, Properties, SEKm	57,889	47,842
Lettable area, sqm	1,136,000	1,062,000
Financial occupancy rate, %	94	94
Total return on properties, %	15.0	22.4
Surplus ratio, %	74	4

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

² Unless otherwise stated, the key figure is not defined under IFRS. Please see page 17 for definitions

³ 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	
	2017 Dec 31	2016 Dec 31	2017 Dec 31	2016 Dec 31
IFRS, level 3, SEKm				
Opening value	-218	-396	-218	-396
Acquisitions/Investments	0	-	0	-
Changes in value	117	178	117	178
Matured	35	-	35	-
Closing value	-66	-218	-66	-218
Carrying amount	-66	-218	-66	-218

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

	2017 Dec 31	2016 Dec 31
Deferred tax attributable to:		
- tax loss carryforwards, SEKm	-1,066	-1,129
- difference between book value and tax value in respect of properties, SEKm	6,124	4,516
- derivatives, SEKm	-64	-123
- other, SEKm	-6	7
Net debt, deferred tax, SEKm	4,988	3,271

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 adopted by the Board:

- The loan-to-value ratio is not to exceed 50 per cent.
- The equity/assets ratio shall be at least 35 per cent.
- The interest coverage ratio is to be at least 2.2.
- The debt ratio will amount to a maximum of 13 multiple long-term.

	2017 Dec 31	2016 Dec 31
Equity/assets ratio		
Equity, SEKm	28,012	23,002
Total assets, SEKm	59,384	50,223
Equity/assets ratio	47%	46%

	2017 Dec 31	2016 Dec 31
Loan-to-value ratio, properties		
Interest-bearing liabilities, SEKm	24,841	21,978
Booked value properties, SEKm	57,889	47,842
Loan-to-value ratio, properties	43%	46%

	2017 Dec 31	2016 Dec 31
Debt ratio		
Operating surplus, SEKm	1,680	1,507
Central administration, SEKm	-74	-70
Total, SEKm	1,606	1,437
Interest-bearing liabilities, SEKm	24,841	21,978
Debt ratio, multiple	15.5	15.3

	2017 Dec 31	2016 Dec 31
Interest coverage ratio, multiple		
Net operating income, SEKm	1,680	1,507
Central administration, SEKm	-74	-70
Total, SEKm	1,606	1,437
Net interest/expense, SEKm	-509	-541
Interest coverage ratio, multiple	3.2	2.7

	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
EPRA EPS				
Profit from property management, SEKm	279	-166	992	471
Tax-deductible depreciation, SEKm	-137	-197	-580	-590
Sum, SEKm	142	-363	412	-119
Nominal tax (22%), SEKm	-31	-80	-91	-26
EPRA earnings in total, (Profit from property management minus nominal tax) SEKm	248	-86	901	497
Number of shares, millions	165.4	165.4	165.4	165.4
EPRA EPS, SEK per share	1:50	-0:52	5:45	3:01

	2017	2016
	Jan-Dec	Jan-Dec
EPRA NAV		
Shareholders' equity, SEKm	28,012	23,002
Reversal of fixed-income derivatives, SEKm	291	559
Reversal of deferred tax according to the balance sheet, SEKm	4,988	3,271
Sum, SEKm	33,291	26,832
Number of shares, millions	165.4	165.4
EPRA NAV, SEK per share	201	163

	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Return on equity				
Profit for the period, SEKm	1,430	2,761	5,632	7,107
Average shareholders' equity, SEKm	27,304	21,624	25,507	19,741
Return on equity	5.2%	12.8%	22.1%	36.0%

	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Total return on properties				
Net operating income, SEKm	450	382	1,680	1,507
Unrealized and realized value changes properties, SEKm	1,643	3,445	6,095	8,105
Market value including capital investment during the period, SEKm	56,248	45,588	51,794	42,927
Total return on properties, %	3.7%	8.4%	15.0%	22.4%

CONTINGENT LIABILITIES

Contingent liabilities comprise the balance sheet date guarantees and commitments in favour of associated companies of SEK 340m (202) and other 0 (0).

SEGMENT REPORTING – CLASSIFICATIONS AND RECLASSIFICATIONS DURING THE PERIOD

The Distansen 6 and 7 properties in Solna were taken over in the first quarter and classified as investment properties. Fortet 2 was classified as a development property. Distansen 4 (land) and the land properties and development rights (not reallocated), which were acquired through Råsta, were classified as land and project properties. In the second quarter, the project property Hörnan 1 was established via separation from the Lagern 2 project property. Sliparen 2 was reclassified from a development property to an investment property. In the third quarter, the project properties Lagern 3 and Lagern 4 were created via separation from Lagern 2. The Uarda 6 project property was completed in Q4 and reclassified as an investment property. Three properties in Arenastaden, Farao 15, Farao 16 and Farao 17, were reclassified from investment to development properties. The three properties were prepared for forthcoming project development.

PARENT COMPANY CONDENSED INCOME STATEMENT

	2017	2016
	Jan-Dec	Jan-Dec
SEKm		
Income	203	221
Expenses	-257	-263
Net financial items	-147	-932
Changes in value, fixed-income derivatives	268	99
Changes in value, equities	-4	6
Group Contribution	79	-204
Profit before tax	142	-1,073
Current tax	0	-19
Deferred tax	-32	50
Profit for the period	110	-1,042

PARENT COMPANY CONDENSED BALANCE SHEET

	2017	2016
	Dec 31	Dec 31
SEKm		
Participation in Group companies	12,516	12,516
Other fixed assets	40,721	43,105
<i>of which, receivables from Group companies</i>	<i>40,402</i>	<i>42,671</i>
Current assets	85	184
Cash and cash equivalents	347	53
Total assets	53,669	55,858
Shareholders' equity	10,129	10,681
Provisions	4	-55
Long-term liabilities	36,724	38,279
<i>of which, liabilities to Group companies</i>	<i>21,252</i>	<i>24,783</i>
Current liabilities	6,812	6,953
Total equity and liabilities	53,669	55,858

Quarterly overview

CONDENSED INCOME STATEMENT, AMOUNTS IN SEK M

SEKm	2017				2016			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Rental income	592	580	562	546	532	534	520	519
Property expenses	-142	-145	-146	-167	-150	-133	-151	-164
Net operating income	450	435	416	379	382	401	369	355
Surplus ratio	76%	75%	74%	69%	72%	75%	71%	68%
Central administration	-21	-17	-17	-19	-17	-17	-20	-16
Net interest expense	-126	-127	-123	-133	-129	-139	-142	-131
Share in profits of associated companies	-24	-27	-43	-11	-402	-16	6	-13
Profit/loss from property management	279	264	233	216	-166	229	213	195
Realised changes in value of properties	0	0	0	0	309	20	2	160
Unrealised value of properties	1,643	2,463	1,156	833	3,136	1,760	1,199	1,519
Unrealised changes in value, fixed-income derivatives	41	71	67	89	230	42	-55	-118
Changes in value, equities	-1	0	0	-3	5	0	0	0
Profit for the period/year	1,962	2,798	1,456	1,135	3,514	2,051	1,359	1,756
Current tax	0	-1	0	-	-89	2	0	-1
Deferred tax	-532	-596	-337	-253	-664	-437	-294	-90
Comprehensive income for the period	1,430	2,201	1,119	882	2,761	1,616	1,065	1,665

CONDENSED FINANCIAL POSITION, AMOUNTS IN SEK M

SEKm	2017				2016			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Assets								
Properties	57,889	55,509	52,464	50,832	47,842	44,659	42,418	40,467
Other tangible fixed assets	4	3	2	2	2	2	2	1
Financial fixed assets	342	495	497	360	516	916	886	906
Current assets	647	586	636	647	1,687	500	529	533
Short-term investments	153	152	142	142	114	89	64	66
Cash and cash equivalents	349	161	19	24	62	36	195	33
Total assets	59,384	56,906	53,760	52,007	50,223	46,202	44,094	42,006
Equities and liabilities								
Shareholders' equity	28,012	26,597	24,396	23,277	23,002	20,246	18,630	18,144
Deferred tax	4,988	4,455	3,859	3,521	3,271	2,648	2,211	1,876
Other provisions	233	216	216	218	215	142	154	148
Interest-bearing liabilities	24,841	24,436	23,886	22,548	21,978	20,818	20,574	19,269
Other long-term liabilities	-	-	-	-	-	625	623	621
Derivative instruments	291	332	402	470	559	789	831	777
Non-interest bearing liabilities	1,019	870	1,001	1,973	1,198	934	1,071	1,171
Total equity and liabilities	59,384	56,906	53,760	52,007	50,223	46,202	44,094	42,006

KEY RATIOS

	2017				2016			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Financial¹								
Return on capital employed, %	16.1	23.4	13.4	11.7	33.2	21.2	15.2	19.6
Return on equity, %	5.2	8.5	4.7	3.7	12.8	8.3	5.6	9.5
Interest coverage ratio, multiple ²	3.4	3.3	3.2	2.7	2.8	2.8	2.5	2.6
Equity/assets ratio, %	47	47	45	45	46	44	42	43
Loan-to-value ratio, properties, %	43	44	46	44	46	47	49	48
Debt ratio, multiple	6.96	14.6	16.1	15.5	15.3	14.8	15.0	14.1
Debt/equity ratio, multiple	0.9	0.9	1.0	1.0	1.0	1.0	1.1	1.1
Share-related^{1, 3}								
Earnings per share, SEK ⁴	9:18	13:30	6:77	5:33	16:70	9:77	6:44	10:07
Total earnings per share, SEK	169	161	147	141	139	122	113	110
Cash flow from operating activities per share, SEK	0.91	-7:76	0:25	11:33	1:75	0:52	0:52	1:75
EPRA NAV, SEK per share	201	190	173	165	163	144	131	126
EPRA EPS	1:50	1:44	1:29	1:22	-0:52	1:26	1:18	1:09
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 no. 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	94	93	94	94	93	93
Total return on properties, %	3.7	5.5	3.1	2.5	8.6	5.1	3.8	5.0
Surplus ratio, %	76	75	74	69	72	75	71	68

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 performance 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 performance measures in the same way, these are not always comparable to measures used by other companies. These financial performance 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 including non-controlling interest. 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 remodeling.

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.

PROFIT/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 RATIO

Interest-bearing liabilities divided by rolling twelve-month net operating income less central administration.

DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity.

EQUITY/ASSETS RATIO

Equity, including non-controlling interests, divided by balance sheet total.

CAPITAL EMPLOYED

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

TOTAL RETURN PROPERTIES

Net operating income for the period plus unrealised and realised changes in the value of properties, divided by market value at start of period plus investments for the period.

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 performance measure 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: 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 2017, Fabege owned 90 properties with a total market value of SEK 57.9bn. The rental value was SEK 2.6bn.

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 investment property 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.

Change 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 increasing demand, as are environmentally certified offices and green leases.

Economic 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

Year-end report 2017	5 February 2018, 12:00 noon CET
2017 Annual General Meeting	9 April 2018
Interim report Jan–March 2018	24 April 2018, 8:00 am CET
Interim report Jan–June 2018	6 July 2018, 8:00 am CET
Interim report Jan–Sep 2018	18 October 2018, 8:00 am CET

PRESS RELEASES DURING THE FOURTH QUARTER 2017*

5 Oct 2017	Fabege's Nominating Committee for the 2018 AGM
11 Oct 2017	Fabege commissions Skanska to build office in Hammarby Sjöstad
19 Oct 2017	Interim report January – September 2017
19 Oct 2017	Fabege shows positive development of all key ratios
9 Nov 2017	Arenastaden home to Sweden's most attractive offices
21 Dec 2017	Fabege leases 13,800 sqm to Skolverket in Solna Business Park

*Including regulatory and non-regulatory press releases during the period.

This is a translation of the Swedish original. In case of any inconsistency between the Swedish and the English version, the Swedish version shall prevail.

FOLLOW US ONLINE: WWW.FABEGE.COM



Visit the Group's website for further information about Fabege and its operations. There will also be a web presentation at which Christian Hermelin and Åsa Bergström will present the year-end report on 5 February 2018.



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



ÅSA BERGSTRÖM
Vice President and CFO
Tel: +46 (0)8 555 148 29,
+46 (0)706 66 13 80

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 5 February 2018, at 12:00 noon CET.

Fabege AB (publ)
Box 730, SE 169 27 Solna, Sweden
Visitors: Pyramidvägen 7, 169 56 Solna, Sweden
Telephone: +46 (0)8-555 148 00
Email: info@fabege.se
www.fabege.se
Corporate registration number: 556049-1523
Registered office of the Board of Directors: Stockholm

Fabege