

Key figures, SEKm

	2013 July-Sep	2012 July-Sep	2013 Jan-Sep	2012 Jan-Sep
Rental income	513	469	1,545	1,389
Net operating income	367	336	1,071	953
Profit from property management activities	162	154	462	436
Profit before tax	511	165	1,750	1,492
Profit/loss after tax	420	118	1,451	-708
Surplus ratio, %	72	72	69	69
Equity/assets ratio, %	-	-	35	32
Equity per share, SEK	-	-	75	66

INTERIM REPORT

2013

JANUARY
SEPTEMBER

- Rental income increased to SEK 1,545m (1,389). The year-on-year change was due to growth through positive net lettings and completed projects.
- Realised and unrealised value changes amounted to SEK 717m (1,210) for properties and SEK 463m (-133) for fixed-income derivatives.
- Profit from property management increased 6 per cent to SEK 462m (436).
- Profit before tax for the period amounted to SEK 1,750m (1,492). Profit after tax for the period was SEK 1,451m (-708), corresponding to earnings per share of SEK 8.79 (-4.36). Profit in the year-earlier period was charged with a provision of SEK 1,900m pertaining to ongoing tax cases.
- Net lettings for the period amounted to SEK 32m (146).
- The Administrative Court of Appeal issued rulings in a number of Fabege's tax cases. Fabege is currently standing by its previous decision to reserve SEK 1.9bn.

Chief executive's review

During the third quarter, we continued to demonstrate revenue growth and increasing values for both the property management portfolio and the project portfolio. All three business areas contributed to overall earnings.

We have highly set goals for our operations moving forward. A stable market with healthy demand for modern office premises in prime locations provides a solid platform ensuring that Fabège can progress towards achieving our ambitious goals. The result for the third quarter demonstrated continued revenue growth as a result of positive net lettings and occupancies of project properties completed earlier.

Fabège is now creating growth through value-generating investments in the company's project portfolio and via value increases in the property management portfolio, primarily due to the signing of leases and higher rents. At Fabège, we have extensive experience of developing properties and completing major development projects. We have solid knowledge of the markets we serve and are thus well placed for continued favourable net lettings. We have signed a number of key major contracts entailing that we will continue to develop properties, not least in Arenastaden. Our aim of return on investment exceeding 20 per cent value growth is met amply. However, certain improvements still have to be made before I

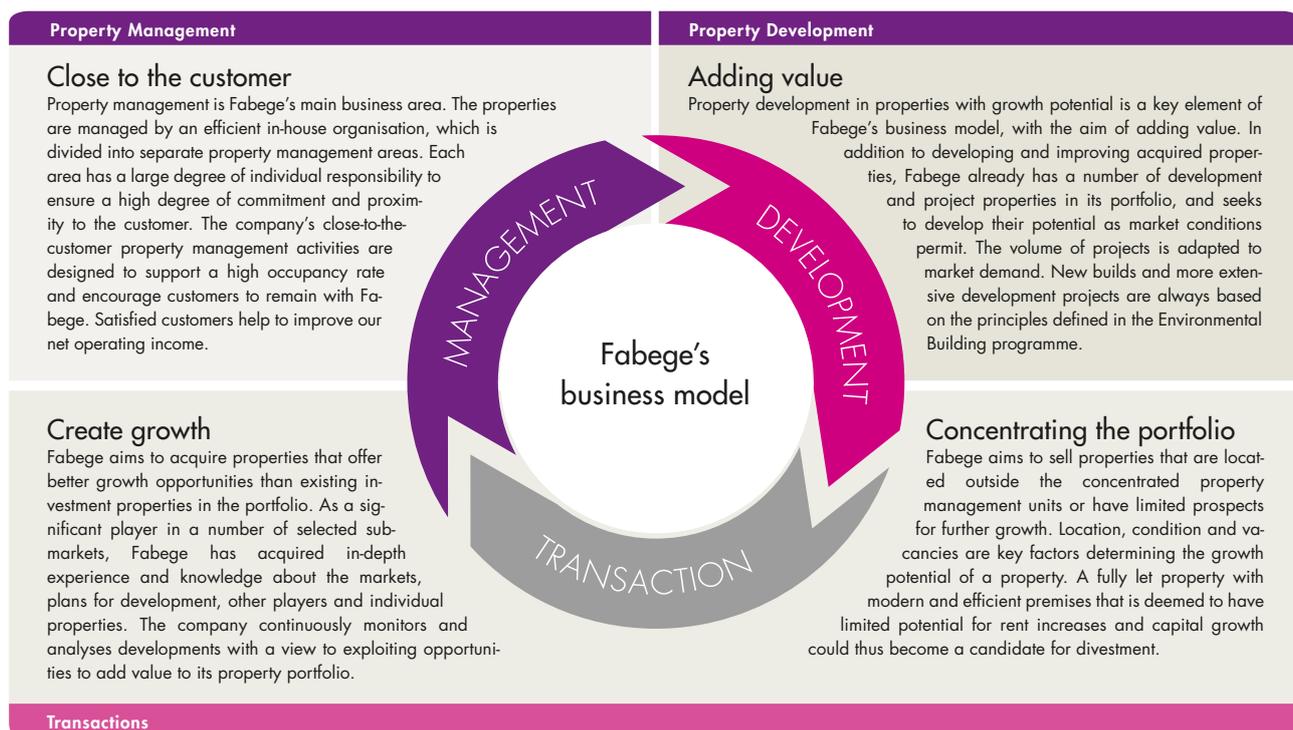
will be satisfied with net lettings. Although the rental market in Stockholm is stable, the processes are often protracted and we have still not completed a number of the attractive processes we have under way. However, we have time on our side and project properties that will attract attention in a number of ways due to, for example, prime locations, modern flexible floor space and an advanced service concept. We strive for sustainable property ownership and endeavour to ensure that our property development activities and the properties we own have the smallest possible environmental footprint. We have already come a very long way, but there is more work to be done to contribute to sustainable urban development.

Arenastaden is an integral part of Fabège's continued development. I become increasingly impressed by Arenastaden's fantastic location, with its proximity to Stockholm City and excellent communications. For a large portion of Stockholmers, Arenastaden will be one of the most accessible and closest workplaces. The pieces of the puzzle for the vibrant city district are

starting to fall into place. Quality Hotel Friends was inaugurated in September and work on the infrastructure and the Mall of Scandinavia is proceeding. There is great potential to continue to develop and do something good with the assets we already own or jointly own in the area.

On 30 September, we received the rulings in a number of our ongoing tax cases. On the basis of these rulings, we stand by the decision we took last summer to reserve SEK 1.9bn. We anticipate that a decision on most of the cases outstanding will be issued in the near future. We are lodging an appeal. Meanwhile, we are confident in our ability to cope with a future eventual payment and that Fabège will remain on a strong footing.

CHRISTIAN HERMELIN
Chief Executive Officer



Results¹⁾

As a result of the strong net lettings in the year-earlier period and the completion of projects, rental income increased and net operating income improved. Development operations and realised changes in value also contributed to the continued positive trend.

REVENUES AND EARNINGS

Profit before tax for the period increased to SEK 1,750m (1,492). The factors underlying the earnings trend included an increase in net operating income and positive unrealised changes in the value of derivatives and shares, although unrealised changes in the value of the property portfolio declined. Profit after tax for the period amounted to SEK 1,451m (-708), corresponding to earnings per share of SEK 8.79 (-4.36).

Profit in the year-earlier period was charged with a provision of SEK 1,900m pertaining to ongoing tax cases.

Rental income increased to SEK 1,545m (1,389) and net operating income to SEK 1,071m (953). The increase in rental income was attributable to positive net lettings and completed project properties. While the surplus ratio increased slightly, it was unchanged when rounded off at 69 per cent (69), despite operating profit being charged with higher costs resulting from the cold and snowy winter early in the year. In a comparable portfolio, rental income increased 14 per cent while operating income rose approximately 15 per cent.

Realised changes in the value of properties amounted to SEK 125m (146) and unrealised changes in value to SEK 592m (1,064). The unrealised change of SEK 278m (447) in the value of the portfolio of investment properties was primarily attributable to proper-

ties with potential for an increase in rent levels and a reduction in vacancy rates, as well as a marginally lower yield requirement.

The project portfolio contributed to an unrealised change in value of SEK 314m (617), primarily due to development gains in the major project properties.

Shares in the profit of associated companies were a SEK -32m (0), mainly due to high initial costs for Sweden Arena Management, which runs Friends Arena. Changes in the value of interest-rate derivatives and shares totalled SEK 571m (-154). Higher long-term interest rates resulted in a sharp decline in the deficit value of the derivative portfolio during the period. Revaluation of the Catena holdings at market value (current price), resulted in an unrealized change in value of SEK 115m. Net interest expense increased to SEK -531m (-476), due to higher indebtedness and a somewhat higher average interest rate.

TAX

Tax for the period amounted to SEK -299m (-2,200). The preceding year's tax expense included a provision of SEK 1,900m for ongoing tax cases. Operating taxes are calculated at a rate of 22 per cent on taxable earnings. Property sales led to deferred tax revenue totalling SEK 44m.

Business model's contribution to earnings

SEKm	Jan-Sep 2013	Jan-Sep 2012
Profit from Property Management	478	459
Changes in value (portfolio of investment properties)	278	447
Contribution from Property Management	756	906
Profit from Property Management	-16	-23
Changes in value (profit from Property Development)	314	617
Contribution from Property Development	298	594
Contribution from Transactions (Realised changes in value)	125	146
Total contribution from the operation	1,179	1,646

CASH FLOW

Profit contributed SEK 647m (598) to liquidity. After an increase of SEK 229m (-179) in working capital, which varies primarily as a result of the impact of occupancy/final settlement for acquired and sold properties, the liquidity of operating activities changed by SEK 421m (419).

Investments in properties exceeded sales by SEK -963m (-1,447). Accordingly, the total change in liquidity resulting from operating activities was SEK -171 (27). After the increase in debt, consolidated cash and cash equivalents totalled SEK 29m (101).

¹⁾ The comparison figures for income and expense items relate to values for the period January–September 2012 and for balance sheet items as at 31 December 2012.

Quarter 3 in brief²⁾

JULY–SEPTEMBER 2013

- The rental market remained robust with good demand for office premises in Stockholm.
- New lettings amounted to SEK 80m (48), while net lettings totalled SEK 9m (15).
- Profit from property management increased to SEK 162m (154), as result of higher rental income from strong net lettings and completed projects.
- The surplus ratio was unchanged at 72 per cent (72).
- The property portfolio showed unrealised value growth of SEK 162m (255), of which projects accounted for SEK 90m (102).
- Due to higher long-term interest rates, the negative fair value of the derivative portfolio decreased by SEK 46m (233).
- Revaluation of Catena holdings at market value (current price), resulting in an unrealized change in value of SEK 115m.
- Profit after tax for the quarter amounted to SEK 420m (118).

²⁾ The comparison figures for income and expense items relate to values for the period July–September 2012 and for balance sheet items as at 31 December 2012.

FINANCING

Fabege utilises long-term lines of credit subject to fixed terms and conditions. At 30 September 2013, these had an average maturity of 5.1 years. The company's lenders are primarily the major Nordic banks, supplemented by funding in the capital market.

Interest-bearing liabilities at end of the period totalled SEK 18,780m (18,035) and the average interest rate was 3.69 per cent excluding and 3.79 per cent including commitment fees on the undrawn portion of committed credit facilities. The average fixed-rate period was 2.8 years, including the effects of derivative instruments. The average fixed-rate period for variable-rate loans was 69 days.

Fabege's derivatives portfolio comprised interest-rate swaps totalling SEK 7,000m with terms of maturity extending through 2021 and carrying fixed interest at annual rates of between 1.87 and 2.73 per cent before margins. Fabege also holds cancellable swaps totalling SEK 5,700m at interest rates of between 2.87 and 3.98 per cent before margins and maturity between 2016 and 2018. During the third quarter SEK 1,850m of the callable swaps expired. Interest rates on 68 per cent of Fabege's loan portfolio were fixed using fixed-income derivatives.

The derivatives portfolio is measured at market value and the change in value is recognised in profit or loss. At 30 September 2013, the recognised negative fair value adjustment of the portfolio was SEK 392m (854). 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.

Fabege has a commercial paper programme in an amount of SEK 5,000m. At the end of the quarter, outstanding commercial paper amounted to SEK 2,470m (2,740).

Fabege has available long-term credit facilities covering all outstanding commercial paper at any given time. At 30 September, the company had unutilised committed lines of credit of SEK 3,607m, and a total of SEK 1,160m in bonds outstanding within the framework of its bond program, which was launched in December 2011. The programme, which has a limit of SEK 5,000m, was introduced via the co-owned company Svensk Fastighetsfinansiering AB (SFF). During the third quarter, a further issue was conducted of SEK 230m of which SEK 115m Fabege borrowed. The bonds are secured by collateral in property mortgage deeds. SFF is jointly owned by Fabege, Wihlborgs and Peab. Fabege owns 33.3 per cent of the company. The aim is to expand the company's financing base with a new source of financing. Fabege also has a three-year secured property bond of SEK 1,170m, which was issued in February.

During the third quarter, Fabege extended a SEK 1,200m borrowing agreement. Fabege simultaneously increased the overall framework by SEK 800m.

Net financial items included other financial expenses of SEK 15m, mainly pertaining to costs for the issue of new property mortgages and opening charges for new borrowing agreements and bond programmes. Opening charges for credit lines are distributed over the duration of the agreements.

The total loan volume at the end of the quarter included SEK 702m in loans for projects, on which interest of SEK 15m was capitalised.

FINANCIAL POSITION AND NET ASSET VALUE

Shareholders' equity amounted to SEK 12,459m (11,382) at the end of the period and the equity/assets ratio was 35 per cent (34). Shareholders' equity per share totalled SEK 75 (70). Excluding deferred tax on fair value adjustments of properties, net asset value per share amounted to SEK 87 (81).

Interest rate maturity structure

30 September 2013

	Amount SEKm	Average interest rate %	Share %
< 1 year	6,574	5.09*	35
1-2 years	206	3.80	1
2-3 years	2,400	2.68	13
3-4 years	3,100	2.58	16
4-5 years	4,500	3.51	24
> 5 years	2,000	2.41	11
Total	18,780	3.69	100

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

Loan maturity structure

30 September 2013

	Credit agreement SEKm	Drawn SEKm
Certificate programme	5,000	2,470
< 1 year	2,560	40
1-2 years	6,590	3,907
2-3 years	8,110	7,710
3-4 years	151	151
4-5 years	0	0
> 5 years	4,976	4,502
Total	27,387	18,780

Property sales – Jan–Sep 2013

Properties	Area	Category	Lettable area, sqm
Quarter 1			
Masugnen 7	Bromma	Office	11,427
Quarter 2			
Fiskaren Större 3	Södermalm	Residential	2,603
Murmästaren 7	Kungsholmen	Office	3,070
Skeppshandeln 1	Hammarby Sjöstad	Project	0
Söderbymalm 3:405 (part of)	Haninge	Office	3,000
Quarter 3			
Glädjen 13	Statshagen	Land	0
Söderbymalm 3:405(part of)	Haninge	Office	10,016
Total property sales			30,116

Property acquisitions – Jan–Sep 2013

Properties	Area	Category	Lettable area, sqm
Quarter 1 and 2			
No property acquisitions			
Quarter 3			
Solna National- arenan 5	Arenastaden	Garage	25,482
Total property acquisitions			25,482

Operations

The rental market in Stockholm was stable with favourable demand and low vacancy rates in central locations. The rate of investment was high and there was value growth in the property portfolio, both through projects and cash flows in the investment property portfolio. Sales of property during the period also made a healthy contribution to the overall result.

FABEGE'S 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's inner city, Solna and Hammarby Sjöstad are the company's principal markets. On 30 September 2013, Fabege owned 91 properties with a total rental value

of SEK 2.3bn, a lettable floor area of 1,1m sqm and a carrying amount of SEK 32.8bn, including development and project properties totalling SEK 3.3bn. The lower project volume was due to the completion of several project properties at the end of 2012. The financial occupancy rate for the entire property portfolio, including project properties, was 92 per cent (91). The occupancy rate in

the portfolio of investment properties was unchanged at 93 per cent (93).

New lettings during the period totalled SEK 159m (233), while net lettings amounted to SEK 32m (146). The healthy net lettings in the year-earlier period included SEK 60m for the letting to the Swedish Tax Agency. Notable lettings during the period included a further letting to The Winery Hotel in the Jär-

vakrogen 3 property in Solna, Svenska Spel in Uarda 1, Arenastaden, the Tax Agency through an expansion of the Nöten 4 property, Solna Strand, and leases with SATS in Luma 1, Hammarby Sjöstad. Net lettings were charged with a major lease termination at the beginning of the year.

During the third quarter, the leases with DN and Expressen for the DN building were renegotiated and these will run until 2021. Lettings to Svenska Spel and DN respectively Expressen meant corresponding layoffs and thus had no effect on net leasing.

Efforts to extend and renegotiate leases with existing customers were successful. The rents from all renegotiated leases increased 10 per cent on average. A relatively large proportion of leases were renegotiated in the period.

CHANGES IN THE PROPERTY PORTFOLIO

Six properties were divested as part of four transactions during the quarter. One property (containing about 850 garage spaces in Arenastaden) was acquired. The transactions comprised part of the continued strategy of streamlining Fabege's business and focusing on office properties in prioritized areas and a strengthened cash flow.

The combined sales consideration regarding sales was SEK 1,190m. The transactions generated a profit of SEK 125m before tax and SEK 169m after tax.

CHANGES IN THE VALUE OF PROPERTIES

The entire property portfolio is externally valued at least once annually. Approximately 28 per cent of the properties were externally valued at 30 September 2013 and the remainder were internally valued based on the most recent external valuations. The combined market value was SEK 32.8bn (31.6).

Unrealised changes in value amounted to SEK 592m (1,064). The average required yield declined slightly during the period, amounting to a rounded off figure of 5.6 per cent.

The SEK 278m (447) increase in the value of the portfolio of investment properties was primarily attributable to rising rents and properties for which the risk of vacancies has declined. The project portfolio contributed to a change in value of SEK 314m (617), primarily due to development gains in the major project properties.

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. The development of properties 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.

In 2013, the ambition is to maintain a high rate of development in the project portfolio. Investments in existing properties and projects during the period totalled SEK 1,027m (1,389). The investments pertained to new builds, extensions and conversions. The return on capital invested in the project portfolio was 31 per cent.

Completed projects

During the first quarter of 2013, the project in the Uarda 1 property, Sjöstad, was completed and the tenants moved in. This project was the first of three phases in the property.

Major ongoing projects

The project in the Nöten 4 property, Solna Strand, is proceeding as planned. Phase 2 was completed as scheduled and the Swedish Tax Agency has assumed occupancy. The conversion and customisation of the remaining phases is currently under way, with occupancy scheduled for late 2013 and early 2014. The property is fully occupied.

The previously approved office property new build on part of the Båtturen 2 property in Hammarby Sjöstad is in progress. The building comprises part of the screen required between the heat plant and the residential site divested earlier. Work on constructing the framework is currently ongoing. Leasing work is under way and the building is scheduled for occupancy in May 2014. The occupancy rate amounts to 27 per cent.

The total investment, including acquisition of development rights, regarding Nationalarenan 8 (Scandinavian Office Building) will be approximately SEK 1.3bn. Work on the foundations and project engineering is in progress. The start of construction, including work on the structural system of the building, starts during late autumn of 2013. Meanwhile, work on profiling and leasing the property is ongoing.

During the third quarter, a decision was made concerning investment of SEK 570m in the next phase of Uarda I, Arenastaden. The investment covers approximately 17,600 sqm and the occupancy rate is 40 per cent. Construction will start in late autumn 2013.

SUSTAINABILITY

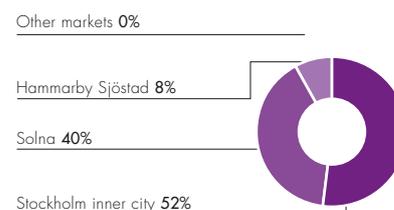
Fabega works actively for a sustainable urban environment that satisfies the needs of today without compromising the ability of future generations to meet their own needs. Reducing the carbon footprint and promoting a good working environment for the people who are present each day in the company's buildings are central to sustainability, as Fabega sees it. Another area of priority is the auditing of suppliers from a quality and sustainability perspective.

Fabega has reduced the number of suppli-

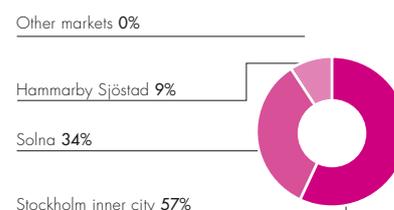
Distribution of market value

30 September 2013

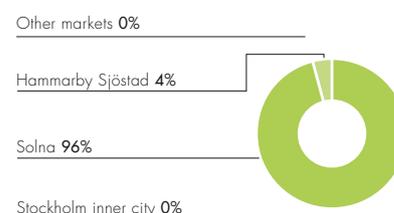
All properties, SEK 32.8bn



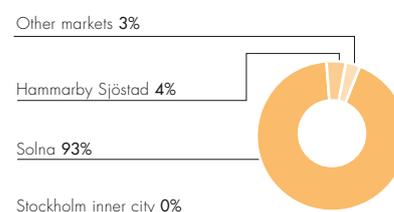
Investment properties, SEK 29.4bn



Development properties, SEK 0.2bn



Project properties, SEK 3.2bn



ers from 4,500 to about 1,500, thereby developing closer cooperation, and has introduced continuous quality measurements. In 2012, 20 suppliers were reviewed in detail regarding sustainability issues and a further 40 suppliers will be evaluated in 2013.

SEGMENT REPORTING

The segment Property Management generated net operating income of SEK 1,025m (864), corresponding to a surplus ratio of 70 per cent (70). The occupancy rate was 93 per cent (93). Profit from Property Management amounted to SEK 478m (459). Realised and unrealised changes in value totalled SEK 371m (481).

The segment Property Development generated net operating income of SEK 46m (89), corresponding to a surplus ratio of 61 per cent (61). Profit from Property Management totalled SEK -16m (-23). Realised and unrealised changes in value amounted to SEK 346m (729).

Projects in progress >SEK 50m 30 September 2013

Property name	Property type	Area	Completed	Lettable area, sqm	Occupancy rate, area, % ¹⁾	Estimated rental value, SEKm ³⁾	Carrying amount, SEKm	Estimated investment, SEKm	Of which, accrued, SEKm
Nöten 4	Office	Solna Strand	Q1-2014	53,237	100%	101	1,310	750	667
Nationalarenan 8	Office	Arenastaden	Q1-2016	40,000	0%	104	125	1,311	103
Bätturen 2 (Kanalhuset) ²⁾	Office	Hammarby Sjöstad	Q1-2014	2,823	27%	7	59	76	39
Uarda 1, building C	Office	Arenastaden	Q1-2016	17,641	40%	47	144	570	7
Total				113,701	54%	259	1,638	2,707	816
Other Land and Project properties							1,573		
Other Development properties							188		
Total Project, Land and Development properties							3,399		

¹⁾ Operational occupancy rate at 30 september 2013.

²⁾ Bätturen 2 (Kanalhuset) is recognised as an investment property in accordance with the main purpose principle.

³⁾ The annual rent for the largest projects in progress could increase to SEK 259m (fully let) from SEK 53m in annualised current rent as of 30 September 2013.

Property portfolio 30 September 2013

	30 September 2013					1 January – 30 September 2013		
	No. of properties	Lettable area, '000 sqm	Market value, SEKm	Rental value ²⁾ , SEKm	Financial occupancy rate, %	Rental income, SEKm	Property expenses, SEKm	Net operating income, SEKm
Property holdings								
Investment properties ¹⁾	72	1,025	29,433	2,163	93	1,464	-357	1,107
Development properties ¹⁾	4	23	189	24	61	12	-4	8
Land and Project properties ¹⁾	15	89	3,151	118	79	62	-19	43
Total	91	1,137	32,773	2,305	92	1,538	-380	1,158
of which, inner city	34	470	16,860	1,192	93	816	-215	601
of which, Solna	38	542	13,137	895	91	592	-126	466
of which, Hammarby Sjöstad	13	124	2,692	217	89	129	-39	90
of which, Other	6	1	84	1	100	1	0	1
Total	91	1,137	32,773	2,305	92	1,538	-380	1,158
Expenses for lettings, project development and property administration								-84
Total net operating income after expenses for lettings, project development and property administration								1,074³⁾

¹⁾ See definitions on page 9.

²⁾ Time-limited deductions of approximately SEK 112m (in rolling annual rental value at 30 September 2013) have not been recognised in the rental value.

³⁾ The table refers to Fabege's property portfolio at 30 September 2013. Income and expenses are recognised as if the properties had been held during the entire period. The difference between recognised net operating income, SEK 1,074m, and net operating income in the profit and loss account, SEK 1,071m, is attributable to net operating income from divested properties being excluded completed properties being adjusted upwards as if they had been owned/completed throughout the January–September 2013 period.

Segment report (summary)¹⁾

SEKm	Property Management Jan–Sep 2013	Property Development Jan–Sep 2013	Total Jan–Sep 2013	Property Management Jan–Sep 2012	Property Development Jan–Sep 2012	Total Jan–Sep 2012
Rental income	1,470	75	1,545	1,243	146	1,389
Property expenses	-445	-29	-474	-379	-57	-436
Net operating income	1,025	46	1,071	864	89	953
Surplus ratio, %	70%	61%	69%	70%	61%	69%
Central administration and marketing	-42	-4	-46	-32	-9	-41
Net interest expense	-479	-52	-531	-373	-103	-476
Share in profit/loss of associated companies	-26	-6	-32	0	0	0
Operating profit/loss	478	-16	462	459	-23	436
Realised changes in value, properties	93	32	125	34	112	146
Unrealised changes in value, properties	278	314	592	447	617	1,064
Profit/loss before tax per segment	849	330	1,179	940	706	1,646
Changes in value, fixed income derivatives and equities			571			-154
Profit/loss before tax			1,750			1,492
Properties, market value	29,433	3,340	32,773	25,019	6,552	31,571
Occupancy rate, %	93%	76%	92%	93%	78%	91%

¹⁾ See definitions on page 9.

Other financial information

STAFF

At the end of the period, the Fabege Group had 133 employees (132).

PARENT COMPANY

Sales during the period amounted to SEK 93m (70) and the result before appropriations and tax was SEK 467m (-373).

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

ACQUISITION AND TRANSFER OF TREASURY SHARES

The Annual General Meeting (AGM) 2013 passed a resolution authorising the Board, not longer than up to the next AGM, to buy back and transfer shares in the company. Share buybacks are subject to a limit of 10 per cent of the total number of outstanding shares at any time. Following a decision by the Board of Directors, the remaining holding of treasury shares, a total of 1,836,114 shares, was sold on the Stockholm Stock Exchange early during the year. Subsequently, the company holds no treasury shares. No shares were bought back during the period.

FABEGE'S NOMINATING COMMITTEE AHEAD OF THE 2014 AGM

In accordance with the resolutions passed at Fabege's AGM 2013, the following Nominating Committee has been formed, based on the ownership at 31 August 2013: Bo Forsén (Brinova Fastigheter AB), Mats Qviberg (Investment AB Öresund), Eva Gottfridsdotter-Nilsson (Länsförsäkringar Fund Management) and Anders Rydin (SEB funds). The Nominating Committee jointly represents about 28.7 per cent of the votes in Fabege. The AGM will be held in Stockholm on 25 March 2014.

ONGOING TAX CASES

As previously announced, the Swedish Tax Agency has decided to increase taxation on the Fabege Group concerning a number of property sales through limited partnerships

(see Fabege's Annual Report for 2012, pages 63-64). The transactions derive from the former company Tornet, the former Fabege and former Wihlborgs, during the years 2003-2005. Since 2007, Fabege has been involved in legal proceedings in the Administrative Court and the Administrative Court of Appeal.

On September 30, the Administrative Court of Appeal issued rulings in a number of Fabege's tax cases. Collectively, the judgments that were passed comprise about 20 per cent of the combined tax demand.

The Administrative Court of Appeal found that the Swedish Tax Evasion Act is applicable and that the transactions in questions are to be taxed. The verdicts that have been passed demonstrate that Fabege has prevailed to some extent in its motions regarding how taxable profit should be calculated.

Based on the verdicts that have been announced, the total assessment of Fabege's taxable income has been reduced to SEK 7,623m and the total tax demand, including miscellaneous charges and fees, has been reduced to SEK 2,373m.

Fabege has reserved a total of SEK 1.9bn. The remaining amount of the Swedish Tax Agency's full demand, i.e. SEK 0.5bn, will be recognised as a contingent liability. Fabege is currently standing by its previous decision to reserve SEK 1.9bn.

Fabege is now awaiting rulings on the remaining tax cases that are currently under consideration in the Administrative Court and the Administrative Court of Appeal. The Administrative Court of Appeal has yet to announce a time schedule for when the remaining rulings are expected to be announced.

Fabege is contesting the Administrative Court of Appeal's rulings and intends to submit an appeal to the Supreme Administrative Court.

Backed by a strong balance sheet and available facilities, Fabege is capable of coping with potential forthcoming payments.

RISKS AND UNCERTAINTIES

Risks and uncertainties relating to cash flow from operating activities are primarily attributable to changes in rents, vacancies and interest rates. A more detailed description is presented in the risk section of the 2012 Annual Report (pages 38-41), and a description of the effect of these changes on consolidated earnings is presented in the risk analysis and in the sensitivity analysis in the 2012 Annual Report (pages 62-63).

Properties are recognised at fair value and changes in value are recognised in profit and loss. The effects of changes in value on consolidated earnings, the equity/assets ratio and the loan-to-value ratio are also shown in the sensitivity analysis in the 2012 Annual Report. A description of financial risk, which is the risk that the company will have insufficient access to long-term loan funding, and Fabege's management of this risk is presented in the 2012 Annual Report (pages 42-43 and 75).

No material changes in the company's assessment of risks have been made after publication of the 2012 Annual Report. Under its adopted targets for capital structure, Fabege aims to have an equity/assets ratio of at least 30 per cent and an interest coverage ratio of at least 2 (including realised changes in value).

ACCOUNTING PRINCIPLES

Fabege prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The Group has applied the same accounting policies and valuation methods as in the most recent annual report. The parent company prepares its accounts in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act and has applied the same accounting policies and valuation methods as in the most recent annual report.



Fair value of derivatives and loan liabilities is determined by discounting future cash flows by the quoted market interest rate for each maturity. Future cash flows in the derivative portfolio are calculated as the difference between the fixed contractual interest under each derivatives contract and the implied Stockholm Interbank Offered Rate (STIBOR) for the period concerned. The present value of future interest flows arising there from is calculated using the implied STIBOR curve. For the callable swaps included in the portfolio the option component has not been assigned a value, as the swaps can only be called at par value and thus do not have an

impact on earnings. Decisions to call swaps are made by the banks. Shareholdings have been categorised as "Financial assets held for trading". These are measured at fair value and changes in value are recognised in profit or loss. Quoted market prices are used in determining the fair value of shareholdings. Where no such prices are available fair value is determined using the company's own valuation technique.

As of 2013, Fabege applies the amended IAS 19, whereby the principal change for Fabege is the elimination of the corridor rule. This entails that all actuarial gains and losses will be recognized in other

comprehensive income as they are incurred. Another change is that a single interest rate will be applied and calculated on the basis of the net of the pension liability and plan assets, instead of different interest rates for the liability and the assets.

Stockholm, 16 October 2013



CHRISTIAN HERMELIN
Chief Executive Officer

REVIEW REPORT

Introduction

We have reviewed the interim report for the period 1 January 2013 – 30 September 2013 for Fabege AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410 *Review of Interim Financial Information Performed by*

Company's Auditors. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 16 October 2013
Deloitte AB

Kent Åkerlund
Authorised Public Accountant

Monitor developments at Fabege's website!

You are most welcome to visit Fabege's website, which is one of our main information channels. The aim is to continuously provide you with relevant, up-to-date information.

The website provides information on the company and its operations and strategies. You can also find financial information, share data, details about our properties and ongoing projects and much more. Visitors to the website can also search for vacant premises, and our tenants are able to easily find contact details or other information related to the property in which they are located.



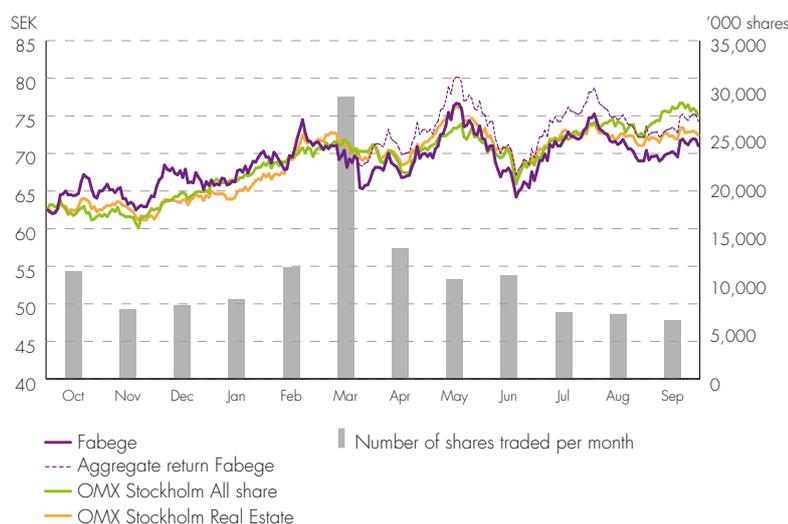
Financial calendar

Year-end report for 2013	6 February 2014
Annual report for 2013	March 2014
Annual General Meeting 2014	25 March 2014

Fabege share

Fabege's shares are quoted on the Nasdaq OMX Nordic Exchange Stockholm in the Large Cap segment.

Share price performance



Fabege's shares are traded on Nasdaq OMX Stockholm and Burgundy Sweden.

15 Largest shareholders¹⁾ 30 September 2013

Shareholder	No. of shares	Share of capital, %	Share of votes, %
Brinova AB	24,691,092	14.9	14.9
BlackRock funds	8,938,454	5.4	5.4
Länsförsäkringar Fund Management	7,560,550	4.6	4.6
SEB Funds	7,336,441	4.4	4.4
Öresund Investment AB	7,000,736	4.2	4.2
Norges Bank Investment Management	5,356,549	3.2	3.2
SHB funds	4,771,168	2.9	2.9
Mats Qviberg and family	3,709,244	2.2	2.2
Henderson funds	2,775,000	1.7	1.7
Nordea funds	2,742,902	1.7	1.7
ENA City AB	2,711,000	1.6	1.6
Swedbank Robur funds	2,607,244	1.6	1.6
Fourth AP-fund	2,196,057	1.3	1.3
Blue Sky Group Stichting	2,085,923	1.3	1.3
Principal funds	1,843,887	1.1	1.1
Other foreign shareholders	35,940,196	21.7	21.7
Other Swedish shareholders	42,125,129	26.1	26.1
Total	165,391,572	100.0	100.0
Treasury shares	0	0.0	0.0
Total no. of registered shares	165,391,572	100.0	100.0

¹⁾ Certain shareholders may, through custodial accounts, have had different holdings than are apparent from the shareholder's register.

Source: SIS Ägarservice AB, data derived from Euroclear Sweden AB, as of 30 September 2013.

Definitions

CASH FLOW PER SHARE

Profit before tax plus depreciation-, plus/minus unrealised changes in value less current tax, divided by average number of shares.

CAPITAL EMPLOYED

Total assets less non-interest bearing liabilities and provisions.

CONTRACT VALUE

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

DEBT/EQUITY RATIO

Interest-bearing liabilities divided by shareholders' equity.

DEVELOPMENT PROPERTIES

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

DIVIDEND YIELD

Dividend for the year divided by the share price at yearend.

EQUITY/ASSETS RATIO

Shareholders' equity (including minority share) divided by total assets.

EQUITY PER SHARE

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

FINANCIAL OCCUPANCY RATE

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

INTEREST COVERAGE RATIO

Profit after financial items plus financial expenses and plus/minus unrealised changes in value, divided by financial expenses.

INVESTMENT PROPERTIES

Properties that are being actively managed on an ongoing basis.

LAND & PROJECT PROPERTIES

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

LEVERAGE, PROPERTIES

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

NET LETTINGS

New lettings during the period less terminations to vacate.

PROFIT/EARNINGS PER SHARE

Parent company shareholders' share of profit after tax for the period divided by average number of outstanding shares during the period.

RENTAL VALUE

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

RETURN ON CAPITAL EMPLOYED

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

RETURN ON EQUITY

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

SEGMENT REPORT

In accordance with IFRS 8, segments are reported as viewed by management, i.e. broken down into two segments: Investment Properties and Development Properties. 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 will be allocated to either segment based on the period of time that the property belonged to the segment. Central administration and items in net financial items 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).

The property asset is directly attributable to each segment and is recognised as of the closing date.

SURPLUS RATIO

Net operating income divided by rental income.

Consolidated statement of comprehensive income (summary)

SEKm	2013 July-Sep	2012 July-Sep	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec	Rolling 12 m Oct 12 - Sep 13
Rental income	513	469	1,545	1,389	1,869	2,025
Property expenses	-146	-133	-474	-436	-605	-643
Net operating income	367	336	1,071	953	1,264	1,382
Surplus ratio, %	72%	72%	69%	69%	68%	68%
Central administration and marketing	-16	-15	-46	-41	-64	-69
Net interest expense	-178	-168	-531	-476	-644	-699
Share in profit/loss of associated companies	-11	1	-32	0	137	105
Profit/loss from property management activities	162	154	462	436	693	719
Realised changes in value of properties	30	0	125	146	167	146
Unrealised changes in value of properties	162	255	592	1,064	1,409	937
Unrealised change in value of fixed income derivatives	46	-233	463	-133	-190	406
Change in value of equities	111	-11	108	-21	-47	82
Profit/loss before tax	511	165	1,750	1,492	2,032	2,290
Current tax	2	0	2	-1,900	-1,900	2
Deferred tax	-93	-47	-301	-300	-220	-221
Profit/loss for period/year	420	118	1,451	-708	-88	2,071
Items that will not be restated in profit or loss						
Revaluation of defined-benefit pensions	-	-	-	-	-6	-6
Total profit/loss for period/year	420	118	1,451	-708	-94	2,065
Earnings per share, SEK	2.54	0.73	8.79	-4.36	-0.58	12.55
No. of shares available at end of period, millions	165.4	162.2	165.4	162.2	163.6	165.4
Average no. of shares, millions	165.4	162.2	165.1	162.2	162.4	164.5

Consolidated statement of financial position (summary)

SEKm	30 Sep 2013	30 Sep 2012	31 Dec 2012
Assets			
Properties	32,773	31,571	31,636
Other tangible fixed assets	0	1	1
Financial fixed assets	1,567	1,192	1,398
Current assets	954	350	474
Cash and cash equivalents	29	101	200
Total assets	35,323	33,215	33,709
Equity and liabilities			
Equity	12,459	10,695	11,382
Provisions	1,051	827	753
Interest-bearing liabilities ¹⁾	18,780	18,296	18,035
Derivatives	392	797	854
Non-interest-bearing liabilities	2,641	2,600	2,685
Total equity and liabilities	35,323	33,215	33,709
Equity/assets ratio, %	35	32	34
Contingent liabilities	1,418	1,626	2,124

¹⁾ Of which short-term SEK 3,227m (3,975).

Statement of changes in equity

SEKm	Equity	Of which, attributable to parent company shareholders	Of which, attributable to minority
Equity as of 1 Jan 2012, according to the adopted statement of financial position	11,890	11,890	-
Effect of a change in accounting policy	-16	-16	-
Equity as of 1 Jan 2012, adjusted in accordance with the new accounting policy	11,874	11,874	-
Divestment of treasury shares	89	89	-
Cash dividend	-487	-487	-
Profit/loss for the period	-88	-88	-
Other comprehensive income	-6	-6	-
Equity, 31 Dec 2012	11,382	11,382	-
Divestment of treasury shares	122	122	-
Cash dividend	-496	-496	-
Profit/loss for the period	1,451	1,451	-
Other comprehensive income	-	-	-
Equity, 30 Sep 2013	12,459	12,459	-

Derivatives

Derivatives are classified as interest-bearing liabilities in the balance sheet and measured at fair value in compliance with level 2, IFRS 7, Section 27a, with the exception of the closable swaps and performance swaps, measured in accordance with level 3, IFRS 7. Changes in value are recognised in profit or loss under a separate item, Changes in value, fixed income derivatives. IAS 39 has been applied also in the Parent Company since 2006.

IFRS, level 3	Group		Parent Company	
	30 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
Value at beginning of year	-577	-532	-577	-532
Acquisitions/Investments	0	0	0	0
Changes in value	244	-45	244	-45
Matured	0	0	0	0
Value at end of year	-333	-577	-333	-577
Carrying amount	-333	-577	-333	-577

The change in value of SEK 244m (-45) was attributable in its entirety to derivative instruments held by the company at the end of the quarter, except for three callable swaps in a total nominal amount of SEK 1,850 m that matured during the third quarter, and shown in the statement of comprehensive income. The swaps that matured all year-end were valued at SEK -33m.

Statement of cash flows

SEKm	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec
Net operating income and realised changes in the value of existing property portfolio excluding depreciation	1,223	1,100	1,431
Central administration	-46	-41	-64
Net financial items paid	-529	-461	-615
Income tax paid	2	0	0
Change in other working capital	-229	-179	-247
Cash flow from operations	421	419	505
Investments and acquisition of properties	-1,574	-1,541	-2,191
Sale of properties, carrying amount of divested properties	1,003	306	1,236
Other investments (net)	-392	-212	-306
Cash flow from investing activities	-963	-1,447	-1,261
Dividend to shareholders	-496	-487	-487
Divestment of treasury shares	122	-	89
Change in interest-bearing liabilities	745	1,542	1,280
Cash flow from financing activities	371	1,055	882
Change in cash and cash equivalents	-171	27	126
Cash and cash equivalents at beginning of period	200	74	74
Cash and cash equivalents at end of period	29	101	200

Key ratios

SEKm	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec
Financial			
Return on capital employed, %	5.1	8.9	9.0
Return on equity, %	16.2	-8.4	-0.8
Interest coverage ratio, times	2.1	2.2	2.3
Equity/assets ratio, %	35	32	34
Loan-to-value ratio, properties, %	57	58	57
Debt/equity ratio, times	1.5	1.7	1.6
Share-related¹⁾			
Earnings per share for the period, SEK	8.79	-4.36	-0.54
Equity per share, SEK	75	66	70
Cash flow per share, SEK	3.57	3.60	4.52
No. of outstanding shares at end of period, '000	165,392	162,225	163,555
Average no. of shares, '000	165,086	162,225	162,391
Property-related			
No. of properties	91	97	95
Carrying amount, properties, SEKm	32,773	31,571	31,636
Lettable area, sqm	1,137,000	1,151,000	1,130,000
Financial occupancy rate, %	92	91	92
Surplus ratio, %	69	69	68

¹⁾ No dilution effect arises, since there are no potential shares (such as convertibles).

Parent Company profit and loss account (summary)

SEKm	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec
Income	93	70	100
Expenses	-145	-124	-180
Net financial items	-63	-189	627
Share in profit/loss of associated companies	3	-	-
Change in value, fixed income derivatives	463	-133	-190
Change in value, equities	116	3	0
Profit/loss before tax	467	-373	357
Tax	-78	96	-21
Profit/loss for period/year	389	-277	336

Parent Company balance sheet (summary)

SEKm	30 Sep 2013	30 Sep 2012	31 Dec 2012
Interests in Group companies	12,992	13,328	12,992
Other fixed assets	38,880	41,049	42,061
<i>of which, receivables from Group companies</i>	<i>38,091</i>	<i>40,422</i>	<i>41,311</i>
Other current assets	362	11	58
Cash and cash equivalents	29	99	199
Total assets	52,263	54,487	55,310
Equity	10,335	9,620	10,320
Provisions	67	67	67
Long-term liabilities	39,287	39,100	38,200
<i>of which, liabilities to Group companies</i>	<i>23,561</i>	<i>26,531</i>	<i>27,126</i>
Short-term liabilities	2,574	5,700	6,723
Total equity and liabilities	52,263	54,487	55,310



This is Fabege

Fabege, which is one of the leading property companies in Sweden, conducts operations that are primarily focused on letting office premises and property development.

The company's portfolio is highly concentrated to three sub-markets offering robust growth in the Stockholm area; Stockholm's inner city, Solna and Hammarby Sjöstad. Fabege offers attractive and efficient premises, principally for offices but also for retail and other operations.

Fabege manages a well-located property portfolio, which is developed continuously through improvements, sales and acquisitions. By collecting properties in clusters, increased customer proximity is achieved which, combined with comprehensive market knowledge, creates conditions for efficient management and a high occupancy rate.

At 30 September 2013, Fabege owned 91 properties with a combined market value of SEK 32.8bn. The rental income amounted to SEK 2.3bn.

Questions concerning the report will be answered by:

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ÅSA BERGSTRÖM

Deputy CEO and Chief Financial Officer

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www.fabege.se

More information about Fabege and its operations is available on the Group's website. The website also includes a webcast presentation from 16 October 2013, in which Christian Hermelin and Åsa Bergström present earnings for the quarter.

The information contained in this report is such that Fabege is legally obliged to disclose under the Securities Market Act and/or the Financial Instruments Trading Act. The information was released for publication on 16 October 2013.

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Registered office of the Board: Stockholm

The logo for Fabege, featuring the word "Fabege" in a bold, sans-serif font. Above the letter "e" is a stylized key icon.