

Fabege Interim report

January–March 2007

- Profit after tax totalled SEK 356m (180) and diluted earnings per share was SEK 3.72 (1.79)
- Rental income totalled SEK 517m (636)
- Occupancy rate was 90 per cent (87)

Fabege in summary

	2007 Jan-Mar	2006 Jan-Mar	2006 Jan-Dec
Rental income, SEKm	517	636	2,343
Net operating income, SEKm	306	335	1,401
Profit after financial items, SEKm	420	249	1,863
Profit after tax, SEKm	356	180	2,266
Earnings per share, SEK	3.72	1.79	23.47
Equity/assets ratio, %	38	34	41
Occupancy rate, %	90	87	89

The first quarter in brief

The rental market in the Stockholm region continued to strengthen during the first quarter. Fabege's occupancy rate increased by one percentage point to 90 per cent in comparison with the previous quarter. The reduced vacancy rate is principally the result of improvements in the existing property stock and can be attributed to the inner city of Stockholm, where occupancy rate rose by two per-

centage points to 93 per cent. Strong growth in the financial and services sectors has led to demand for smaller and medium-sized premises in the Stockholm City district outstripping demand, which has had a positive impact on rent levels in this sub-market.

New lettings were made during the period to an aggregate contracted value of SEK 62m, while terminations totalled SEK 28m.

Two properties were acquired in Fabege's principal markets during the quarter, while one property outside the principal markets was sold. Another eight properties in non-priority markets were sold after the end of the period. Fabege has thus continued the restructuring of its operations according to the strategy of concentrating the property stock on efficient management units in sub-markets showing high rates of growth.



Planen 4 with 5,000 sq.m lettable space in Råsunda, Solna was acquired during the first quarter.

Fabege

Property stock at 31-03-2007

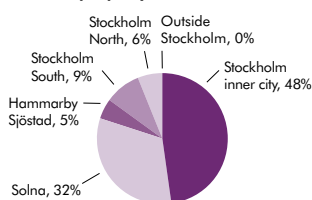
	31 March 2007					1 Jan-31 March 2007		
	Number of properties	Floor space, 000 sq.m	Book value SEKbn	Rental value SEKm	Economic occupancy rate, %	Rental income SEKm	Property expenses SEKm	Net operating income SEKm
Operational categorisation¹								
Investment properties	100	1,114	21,165	1,800	93	409	-122	287
Improvement properties	42	388	4,689	456	83	87	-43	44
Project and land properties	32	97	1,677	72	51	10	-10	0
Total	174	1,599	27,531	2,328	90	506	-175	331
Market segment								
Stockholm inner city	49	416	13,131	938	93	209	-64	145
Solna	34	518	8,796	772	91	170	-47	123
Hammarby Sjöstad	13	156	1,489	165	87	35	-16	19
Stockholm South	29	288	2,547	264	82	52	-24	28
Stockholm North	47	218	1,539	187	85	40	-24	16
Outside Stockholm	2	3	29	2	32	0	0	0
Total	174	1,599	27,531	2,328	90	506	-175	331
Letting, project development and property adm. expenses								-24
Total are letting, project development and property adm.								307²

¹ See definitions, page 8.

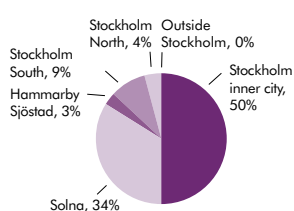
² The table relates to Fabege's property stock at 31.03.2007, and revenue and expenses are reported as though the properties had been owned throughout the period. The difference between the operating surplus reported above, SEK 307m, and the operating surplus in the income statement of SEK 306m is explained by the fact that the operating surplus from sold properties has been excluded and acquired properties have been counted as though they had been owned throughout the first quarter of 2007.

Breakdown of book value/market value

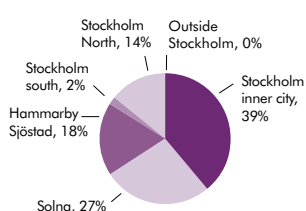
Whole property stock, SEK 27.5bn



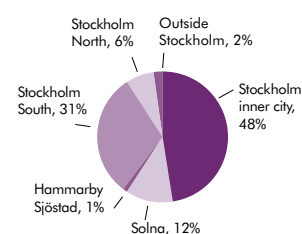
Investment properties, SEK 21.2bn



Improvement properties, SEK 4.7bn



Project and land properties, SEK 1.7bn



Fabege's operations and development

Fabege is one of Sweden's leading property companies focusing on commercial premises and is a significant property developer. Its operations are heavily concentrated on a small number of sub-markets with a high rate of growth in the Stockholm region. Fabege manages and improves a well-positioned property stock, while the property portfolio is constantly developed through sales and acquisitions. According to Fabege's property improvement strategy, acquired properties are to have better growth opportunities and greater future potential than existing investment properties.

Property acquisitions

	Area	Category	Fl. sp., sq.m
Quarter 1			
Mimer 5	Vasastan	Office	11,997
Planen 4	Solna	Office	4,985
Total property acquisitions Jan–Mar 2007			16,982

Property sales

	Area	Category	Fl. sp., sq.m
Quarter 1			
Racketen 10	Alvik	Office	38,378
Total property sales Jan–Mar 2007			38,378

Revenue and profit^{1 2}

Profit after tax for the period January–March totalled SEK 356m (180) and earnings per share was SEK 3.72 (1.79). Rental revenues totalled SEK 517m (636) and operating surplus SEK 306m (335), giving a surplus ratio of 59 per cent (53). Non-realised changes in the value of properties totalled SEK 210m (15) and changes in value of interest-rate derivatives totalled SEK 7m (98).

Cash flow and financial position

Equity totalled SEK 11,752m (12,177) and equity/assets ratio was 38 per cent (41). Interest-bearing liabilities (excluding negative surplus value of derivatives of SEK 14m) at the end of the period totalled SEK 16,057m (14,977) with an average interest rate of 3.90 per cent (3.72) excluding loan commitments and 3.94 per cent including loan commitment expenses. Of total liabilities, SEK 48m comprise convertible debenture loan and SEK 4,959m outstanding certificates. The total volume of loans at 31 March includes loan amounts for projects in progress of SEK 162m, interest on which of SEK 1m has been capitalised. The average fixed-rate interest term of the loans including effects of utilised derivative instruments at 31 March was 9 months (10). Of the total amount of loans at variable interest rate, SEK 15,059m, SEK 5,940m has been extended using interest-rate swaps with terms of up to 5.4 years. The average capital tie-up period was 4.0 years (4.2).

Financial assets totalled SEK 2.0m (1.9), of which Fabège's shareholding in Klövern amounted to SEK 1,250m (1,205). Current assets totalled SEK 1.4bn (0.8), of which SEK 0.8bn (0.2) pertained to properties sold but not yet vacated. Non-interest-bearing liabilities totalled SEK 2.1bn (1.8), of which SEK 0.8bn (-) pertained to dividend decided

Structure of interest maturities at 31-03-2007

	Loan sum, SEKm	Av. intr. rate, %	Proportion, %
< 1 year	11,869	3.93	74
1 - 2 years	1,300	3.76	8
2 - 3 years	2,298	3.60	14
3 - 4 years	0	0.00	0
4 - 5 years	300	4.88	2
> 5 years	290	4.64	2
Total	16,057	3.90	100
Deficit on derivatives	14		
Total incl derivatives	16,071		

Structure of loan maturities at per 31-03-2007

	Credit agree-, ments, SEKm	Utilised, SEKm
< 1 year	8,620*	5,630
1 - 2 years	0	0
2 - 3 years	548	102
3 - 4 years	4,500	2,400
4 - 5 years	6,500	5,385
> 5 years	2,540	2,540
Total	22,708	16,057
Deficit on derivatives		14
Total incl derivatives		16,071

*Including certificate framework at SEK 5,000m.

upon but not yet paid. The comparison figure (31.12.2006) for non-interest-bearing liabilities also included SEK 0.4bn pertaining to properties acquired but not yet moved into.

The profit produced an addition to liquidity of SEK 195m (135). After increase in working capital of SEK 1,155m, principally due to property sales at the end of the reporting period and where relinquishing of possession/final assessment has not taken place, operating activities produced a change in liquidity of SEK -960m (4,487). Investments and acquisitions exceeded property sales by SEK 162m (3,729).

Operating activities therefore produced an aggregate change in liquidity of SEK -1,122m (758). Group cash and cash equivalents totalled SEK 121m (164).

Market trend

Fabège's property management and project development activities are highly

concentrated on a small number of sub-markets in and around Stockholm. The inner city of Stockholm, Solna and Hammarby Sjöstad represent Fabège's principal markets.

Rent levels are stable and on a gradual rising trend, particularly in the Stockholm City district. Demand is generally good for modern offices that make efficient use of space.

In the inner-city sub-market (Stockholm City), demand is rising and the proportion of vacant premises is falling at a quicker pace than previously. Strong demand, particularly for smaller and medium-sized premises, is leading to a positive trend in rent levels. Demand for larger premises is also increasing as a consequence of the favourable economic climate.

The market in the inner city sub-markets Östermalm, Södermalm, Kungsholmen and Vasastan is characterised by strong demand, with stable rents. As rent levels in Stockholm City rise, there will

¹ The property stock has undergone significant changes since the corresponding period of 2006, and this has had a substantial impact on income and profits.

² The comparison figures for profit items relate to values for the period Jan-Mar 2006 and for balance-sheet items at 31.12.2006.

probably be a further increase in interest in the rest of the inner city sub-market.

The rental market in Solna is continuing to strengthen. The level of interest in setting up in the Solna Business Park sub-market, where Fabège owns most of the properties, is high. Interest is also increasing around Solna Station, where it is planned that the new National Arena will be erected.

Hammarby Sjöstad is developing at a rapid rate, and with the area's good communications and the lake-side location will become increasingly attractive to service-providing companies. Interest and levels of rent have continued to develop favourably during the first few months of the year.

The property market in Stockholm remains strong, with a high level of interest among both Swedish and international investors.

Property stock and management

Fabège's property stock at 31 March comprised commercial and residential properties with a rental value of SEK 2.3bn. lettable space of 1.6 million sq.m and a book value including project properties of SEK 27.5bn. Of the rental value, 97 per cent pertained to commercial premises while 3 per cent related to residential properties. Occupancy rate improved by one percentage point during the first quarter to 90 per cent (89) in comparison with the previous quarter.

Acquisitions and sales

One property was sold for SEK 700m during the quarter with a realised change in value before tax of SEK 60m, while two properties were acquired for a total of SEK 480m. The acquired properties Mimer 5 and Planen 4 reinforce the stocks in the priority markets of the inner city of Stockholm and Solna respectively.

Projects and investments

A total of SEK 232m was invested in existing properties and projects and related to land, new construction, extension and refurbishment. The largest investments related to Sicklaön 145:17 and 145:19 (Stockholm Fashion Centre) in Järla Sjö and Kåkenhusen 38 in Stockholm City.

The plan for Paradiset, formerly the Skogholm bakery, on western Kungsholmen

was approved during the quarter and construction will begin during the year. This property, which will accommodate around 13,000 sq.m of retail space and around 10,500 sq.m of offices and car parking, is expected to be completed at the end of 2008. The Stockholm Fashion Centre in Järla Sjö was officially opened on 15 February in the presence of HRH Crown Princess Victoria. Following the refurbishment, all approximately 18,000 sq.m in the distinctive older industrial properties in the area has been let to a large number of fashion companies.

Changes in value of properties

A market valuation for each property was made at 31 March 2007 on the basis of the year-end valuation. The aggregate market value totalled SEK 27.5bn. Unrealised changes in value of properties during the period totalled SEK 210m and are wholly attributable to the priority sub-markets of Stockholm City, the Solna Station area and Solna Business Park.

Net asset value per share

Equity per share at 31 December was SEK 123 (128). Excluding deferred tax on the surplus value of properties, net worth totalled SEK 141 (145).

Employees

The number of employees in the Fabège Group at the end of the year was 141 (213).

Parent Company

Revenues during the period totalled SEK 27m (37) and profit before appropriations and tax SEK -89m (-72). Net investments in properties, equipment and participations totalled SEK 1m (3,114). The Parent Company applies RR32 "Accounting for Legal Entities".

Annual General Meeting on 27 March 2007

The Annual General Meeting of Fabège held on 27 March 2007 re-elected the Board members Mats Qviberg, Göte Dahlin, Sven-Åke Johansson, Märtha Josefsson and Erik Paulsson and elected Christian Hermelin, Helen Olausson and Svante Paulsson as new members. Erik Paulsson was elected Chairman of the Board. The AGM also

resolved that a total Board fee of SEK 2,405,000 be paid, broken down as follows: SEK 365,000 to the Chairman of the Board, who also receives a special fee of SEK 835,000 for work on projects, SEK 180,000 for other members of the Board who are not employees of the company and SEK 125,000 as compensation for work on the Board's audit committee, to be divided into SEK 50,000 for the chairman and SEK 25,000 for each member. The AGM adopted the Board's proposal for a dividend for 2006 of SEK 8.00 per share. The AGM also decided on a redemption procedure entailing an offer to the shareholders to redeem every 16th share in Fabège against receipt of eight (8) shares in Klöver AB (publ).

The AGM resolved to withdraw 5,441,000 own shares with a subsequent bonus issue to restore the share capital. The meeting also resolved on a split of the company's shares (2:1) to be implemented in June 2007.

The Annual General Meeting resolved to authorise the Board to acquire own shares up to the time of the next AGM. Acquisition may take place of such a quantity of shares that the company's holding amounts to no more than the number of shares that at any time is equivalent to 10 per cent of all the company's issued shares. The Annual General Meeting additionally resolved that the company's shareholders, in the event that the Board so decides, will be offered commission-free purchase or sale of the number of shares required to obtain a holding equivalent to whole rounds. Decisions on the timing of the offer and the more detailed terms and conditions are left to the Board.

Appeal against tax ruling

The National Tax Agency has given notice in several rulings that the tax assessment of the Fabège Group will be raised with respect to a number of property sales through limited partnerships. (See also press release dated 7 December 2006.) The aggregate increased in tax assessment at 3 May 2007 is SEK 2,591m (unchanged in comparison with 31.12.2006). The decisions have led to aggregate tax demands of SEK 725m plus tax surcharge of SEK 143m, i.e. a total tax demand including tax surcharge of SEK 868m excluding interest. Fabège vigorously

contests the tax demands the Swedish Tax Agency has decided on, and the decisions will be appealed. It is Fabege's firm view that the sales have been reported and declared in accordance with applicable regulations, and no reservation is therefore made on Fabege's balance sheet. Fabege's view is shared by external lawyers and tax advisers who have analysed the sales and the Swedish Tax Agency's arguments.

Events after the end of the reporting period

Sale of eight properties for SEK 1,350m

Fabege has sold eight properties in Årsta and Botkyrka to Diös & Kuylenstierna Förvaltning AB for SEK 1,350m. The sale yields a profit after tax of around SEK 200m.

Seven of the properties disposed of are located in Årsta, four of which are in Årsta Park. The single largest property is Botvid Business Center (otvidsgymnasium 3) in Botkyrka with approximately 56,000 sq.m. The total floor space in the sold properties is around 182,000 sq.m including car parking. The rental value (incl. vacancies) totals SEK 148m. Diös & Kuylenstierna took possession of the properties on 16 April.

Acquisition of property in Haninge

Fabege has acquired Haninge municipal centre, which is located in central Handen. The seller is the Municipality of Haninge, and the purchase consideration is SEK 80m. The municipal administration will move to the former Telia building in Haninge. The premises in the property totalling around 10,000 sq.m will be converted to homes, creating around 100 apartments in a central and attractive location in Handen. The acquisition and conversion of the municipal centre into homes will have a positive impact on the rental market for commercial premises in Haninge and the rental commitments Fabege has had in the area since previous property deals.

The redemption offer

The take-up of the redemption offer has been very good and exceeds 97 per cent. As the deadline for applications has now passed, we are currently calculating the final take-up. As announced previously, the transfer of shares in Klöver to those shareholders that have accepted the offer will take place around 10 May.

Accounting policies

The accounting policies are unchanged from the 2006 annual accounts. This interim report has been prepared in accordance with IAS 34 and the Annual Accounts Act.

Stockholm, 3 May 2007

Christian Hermelin
President and Chief Executive Officer

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Mimer 5 with about 12,000 sq.m lettable space was acquired in February 2007. The property strengthens the portfolio in the Norrtull/Norra station-area.



Income statements, SEKm

	2007 Jan-Mar	2006 Jan-Mar	2006 Jan-Dec	Rolling 12 months Apr 2006-Mar 2007
Rental income	517	636	2,343	2,224
Property expenses	-211	-301	-942	-852
Net operating income	306	335	1,401	1,372
Surplus percentage	59%	53%	60%	62%
Gross profit	306	335	1,401	1,372
Central administration and marketing	-14	-23	-109	-100
Realised changes in value of properties	60	2	61	119
Unrealised changes in value of properties	210	15	911	1,106
Operating profit	562	329	2,264	2,497
Net interest income	-149	-178	-646	-617
Changes in value of interest-rate derivatives	7	98	230	139
Realised changes in value of shares	-	-	15	15
Profit after financial items	420	249	1,863	2,034
Current tax	0	0	-8	-8
Deferred tax	-64	-69	411	416
Profit for period/year	356	180	2,266	2,442
Parent company's share of profit for period/year	356	173	2,257	2,440
Earnings per share before dilution effect, SEK	3.74	1.80	23.59	25.57
Earnings per share after dilution effect, SEK	3.72	1.79	23.47	25.43
Number of shares at end of period after dilution effect, million	95.2	96.2	95.2	95.2
Number of shares at end of period before dilution effect, million	95.7	96.8	95.7	95.7
Average number of shares before dilution effect, million	95.2	96.2	95.7	95.4
Average number of shares after dilution effect, million	95.7	96.8	96.2	96.0

Changes in equity, SEKm

	Equity	Of which attributable to parent comp. shareholders	Of which attributable to the minority
Equity 01.01.2006	10,727	10,727	-
New share issue, conversion of debt instruments	6	6	-
Minority interest acquisition of subsidiary	665	-	665
New share issue	723	723	-
Acquisition of minority in part-owned subsidiary	-723	-77	-646
Cash acquisitions, minority percentage of shares in subsidiaries	-6	-	-6
Exchange-rate differences	-21	-20	-1
Cash dividend	-754	-754	-
Share buyback	-706	-706	-
Net profit for the year	2,266	2,257	9
Equity 31.12.2006	12,177	12,156	21
New share issue, conversion of debt instruments	1	1	-
Change in minority interest through pre-emption shares in subsidiaries	-21	-	-21
Cash dividends	-761	-761	-
Profit/loss for the period	356	356	-
Equity 31.03.2007	11,752	11,752	-

Balance sheets, SEKm

	31.03.2007	31.12.2006	31.03.2006
Assets			
Properties	27,531	27,188	31,541
Other tangible fixed assets	8	11	15
Financial fixed assets	1,973	1,889	460
Current assets	1,402	757	1,036
Cash and cash equivalents	121	164	1,210
Total assets	31,035	30,009	34,262
Equity and liabilities			
Equity	11,752	12,177	11,566
- of which minority share	-	21	671
Provisions	1,066	1,001	1,673
Interest-bearing liabilities	16,071	14,999	19,301
Non-interest-bearing liabilities	2,146	1,832	1,722
Total equity and liabilities	31,035	30,009	34,262
Equity/asset ratio	38%	41%	34%

Cash flow analysis, SEKm

	2007 Jan-Mar	2006 Jan-Mar	2006 Jan-Dec
Operating profit excl. depreciation and changes in value existing property stock	353	316	1,311
Net financial expenses paid	-158	-181	-657
Income tax paid	-	-	-8
Changes in other operating capital	-1,155	4,365	4,562
Cash flow from operating activities	-960	4,500	5,208
Acquisition of shares in subsidiaries	-	-2,530	-2,536
Investments and acquisitions of properties	-711	-1,211	-8,014
Property sales, book value properties sold	578	11	12,112
Other investments (net)	-29	1	-1,414
Cash flow from investing activities	-162	-3,729	148
Dividend paid to shareholders	-	-	-754
Buyback of shares	-	-	-706
Change in interest-bearing liabilities	1,079	368	-3,803
Cash flow from financial activities	1 079	368	-5,263
Change in liquid assets	-43	1,139	93
Liquid assets at start of period	164	71	71
Liquid assets at end of period	121	1,210	164

Key ratios¹

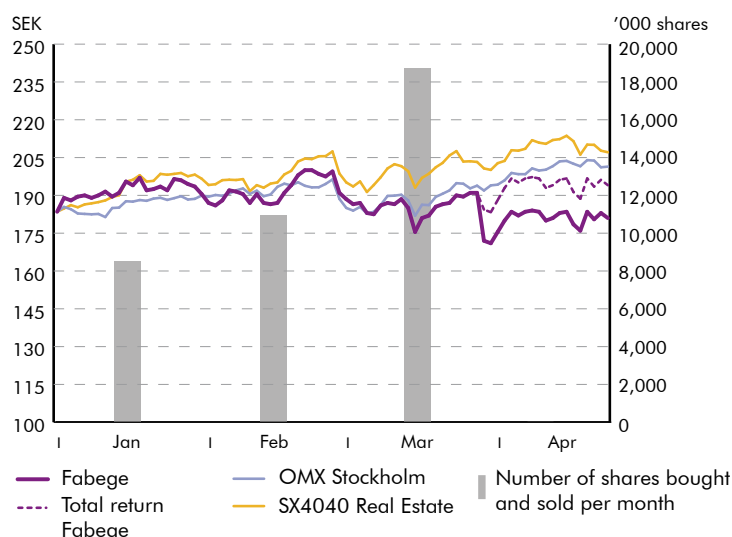
	2007 Jan-Mar	2006 Jan-Mar	2006 Jan-Dec
Financial			
Return on capital employed, %	8.4	6.3	9.0
Return on equity, %	11.9	6.5	19.8
Interest coverage ratio, multiple	2.3	2.3	3.2
Equity/assets ratio, %	38	34	41
Loan-to-value, properties, %	58	61	55
Debt/equity ratio, multiple	1.4	1.7	1.2
Share-related			
Profit for period per share, SEK	3.72	1.79	23.47
Equity per share, SEK	123	113	128
Cash flow per share, SEK	2.13	1.43	7.88
Number of shares at end of period, before dilution effect, thousands	95,158	96,177	95,158
Number of shares at end of period, after dilution effect, thousands	95,699	96,753	95,699
Average number of shares before dilution effect, thousands	95,152	96,163	95,666
Average number of shares after dilution effect, thousands	95,699	96,753	96,230
Property-related			
Number of properties	174	324	174
Book value of properties, SEKm	27,531	31,541	27,188
Lettable space, sq.m	1,599,000	2,629,000	1,624,000
Economic occupancy rate, %	90	87	89
Surplus ratio, %	59	53	60

¹ Dilution effects of potential ordinary shares have been taken into account in calculating key ratios per share. As at 31.03.2007 there is a convertible debenture loan with a book value of SEK 48m (nom SEK 46m). The loan runs at an interest rate of 5.25% and falls due for payment on 01.10.2009. Conversion can take place up to 01.09.2009. Conversion price SEK 85.70. On full conversion there will be an additional 528,069 shares.

Major shareholders at 31-03-2006

Shareholders	Number of shares	Proportion of capital and votes, %
Brinova	12,421,915	13.1
Maths O Sundqvist	10,650,022	11.2
Öresund	4,063,800	4.3
Canadian Pension Funds	2,949,871	3.1
Robur Fonder	2,836,496	3.0
Mats Qviberg with family	1,136,893	1.2
SHB/SPP Fonder	1,119,235	1.2
SEB Fonder	975,516	1.0
Andra AP-fonden	868,853	0.9
Länsförsäkringar fonder	617,750	0.6
Other foreign shareholders	26,202,266	27.5
Other shareholders	31,328,669	32.9
Total number of outstanding shares	95,171,286	100.0
Repurchase of own shares	5,441,100	
Total number of shares	100,612,386	

Share trend



Financial reporting 2007

Interim report January-June 2007
Interim report January-September 2007

15 August 2007
30 October 2007

Definitions

Capital employed

Balance-sheet total less non-interest-bearing liabilities and provisions.

Cash flow per share

Income before tax plus depreciation, plus/minus unrealised changes in value and minus current tax in relation to average number of shares.

Contract value

Current basic rent on an annual basis according to rental contract after indexation, adjusted for rent rebates and surcharges.

Debt/equity ratio

Interest-bearing liabilities in relation to shareholders' equity.

Earnings per share

Parent company shareholders' proportion share of profit for period after tax in relation to the average number of outstanding shares in period.

Economic occupancy rate

Contracted rental income in relation to rental value at end of period.

Equity/assets ratio

Shareholders' equity, including minority interest, in relation to balance-sheet total.

Improvement properties

Properties with refurbishment or extension in progress or planned which materially affect the operating surplus of the property. The operating surplus is affected either directly by the project or by restrictions on letting ahead of improvement. Recently acquired properties (within one year) with work in progress to substantially enhance the property's operating surplus in relation to the time of acquisition.

Interest coverage ratio

Profit/loss after financial items plus financial expenses plus/minus unrealised changes in value in relation to financial expenses.

Investment properties

Properties under continuous and active management.

Land and project properties

Land and development properties and properties with new production/complete refurbishment in progress.

Mortgage ratio, properties

Interest-bearing liabilities in relation to book value of properties at end of period.

Rental value

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

Return on capital employed

Profit before tax plus interest expenses divided by average capital employed. In interim accounts return is converted to a full-year basis without taking account of seasonal variations.

Return on shareholders' equity

Profit for the period/year divided by average equity. In interim accounts return is converted to a full-year basis without taking account of seasonal variations.

Shareholders' equity per share

Parent company shareholders' proportion of equity according to balance sheet in relation to the number of shares at end of period.

Surplus ratio

Net operating income in relation to rental income.

Yield, shares

Dividend in relation to share price at year end.

Fabège AB (publ)

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