



**Annual Report 2007**

**Fabege**<sup>07</sup>

# This is Fabege

Fabège is one of Sweden's leading property companies focusing on commercial premises and property development. The business is highly concentrated to fast growing sub-markets in the Stockholm region, with a particular concentration to the inner city of Stockholm, Solna and Hammarby Sjöstad.

Fabège manages and adds value to a well positioned property portfolio that is continuously developed through sales and acquisitions.

At year-end 2007 Fabège owned 167 properties with an overall market value of SEK 30.8 billion. Fabège's rental income in 2007 was just over SEK 2 billion.

The company's vision is to be the most proactive, innovative and competent commercial property company in Stockholm, and an important partner for its clients and for society as a whole.

Fabège's operational activities are conducted by the company's Property Management and Projects & Developments units.



The DN building in Marieberg.

## Property management

Fabège's properties are managed by an organisation consisting of four property management areas: Stockholm City, Malmarna, Solna Business Park and Arenastaden. Fabège has chosen to manage its properties using its own staff to ensure a high degree of commitment and close contact with clients, enabling rapid decisions.

In addition to the area manager, each property management area has designated individuals with responsibility for operations and lettings as well as building maintenance technicians and support staff. Each management area is responsible for its own profit and loss accounts and balance sheets and thus constitutes a company within the company.



Project Bocken in Stockholm City.

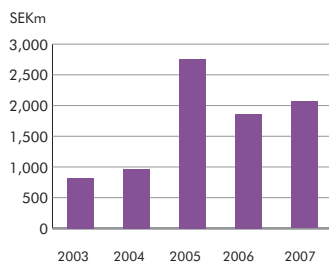
## Projects & Development

Activities aimed at raising the value of existing properties are conducted in the Projects & Development unit, which is responsible for new construction and redevelopment projects, procurement and follow-up, as well as marketing and letting of new projects. Projects & Development strives to be self-sufficient in respect of practically all the expertise required in the projects, including financial control.

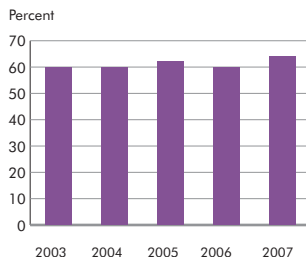
In 2007 Fabège stepped up the pace of its project activities, taking decisions on new project investments worth SEK 2.4 billion. Ten new team members were recruited to create a strong foundation for successful project work.

## The year in brief

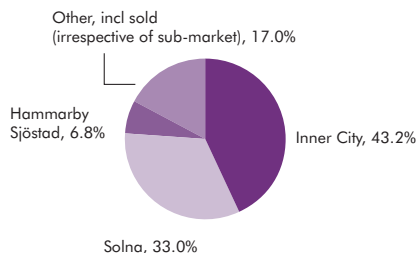
**Profit after financial items  
2003–2007**



**Surplus ratio, 2003–2007**



**Rental income by geographical  
region 2007, Totally SEKm 2,006**



- Fabege continued to concentrate its business to a limited number of well located sub-markets in the Stockholm region. 17 properties were sold and 8 were acquired, resulting in a further strengthening of the company's positions in its main markets. 90 per cent of the property value is now concentrated to Stockholm's inner city, Solna and Hammarby Sjöstad.
- The rental market was strong thanks to the buoyant Swedish economy. The financial occupancy rate improved by three percentage points to 92 percent and the surplus ratio increased by 4 percentage points to 64 percent. Fabege's ongoing effort to concentrate its business and create large, well contained holdings to ensure efficient property management contributed significantly to the strong performance.
- Fabege increased the pace of its project activities and made decisions on project investments worth about SEK 2.4 billion (excluding acquisitions). The projects have developed successfully, with a high rate of new contract signings thanks to favourable market conditions.
- In 2007 Fabege generated a profit after financial items of SEK 2,066 million (1,863), or SEK 1,812 million (2,266) after tax. Earnings per share were SEK 9.98 (11.74).
- The Board proposes a dividend of SEK 4.00 per share.

### Key figures

	2007	2006
Rental income, SEKm	2,066	2,343
Net operating income, SEKm	1,312	1,401
Profit after financial items, SEKm	2,066	1,863
Return on equity, %	15.4	19.8
Equity/assets ratio, %	35.9	40.5
Interest coverage ratio, times	2.8	2.1
Earnings per share after dilution, SEK	9.98	11.74
Dividend per share, SEK	4.00 <sup>1)</sup>	4.00

<sup>1)</sup> Proposed cash dividend for 2007.



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The formal annual report that has been audited is found on pages 43-72.

## Our business model holds up throughout the economic cycle



2007 was a good year for Fabège, as we continued to concentrate business to our main markets, cut vacancy levels, improved our surplus ratio and stepped up the pace of our project activities. Net lettings reached an unprecedented SEK 142 million. Despite a smaller property portfolio, profit before tax increased on last year.

Fabège's commercial property portfolio is one of the most concentrated in the market. 90 per cent of the portfolio's value is located within a radius of 5 kilometres from Kungsgatan in Stockholm City, and modern office space makes up a large share of the lettable area.

We have chosen to concentrate our business to a small number of well located and dynamic sub-markets with strong growth prospects in and around Stockholm. Stockholm's inner city, Solna and Hammarby Sjöstad are our main markets, where we have strong market positions. In our main markets we strive to build large, well contained property holdings to create the best possible environment for efficient, high-quality property management in close proximity to our clients and the market.

Project development is one of the cornerstones of our business, and our organisation has a long and qualified experience of running and implementing projects. We develop and improve the properties in our project portfolio in line with changing market conditions and opportunities to generate value-added profits.

### Operational goals achieved

In early 2007 we could look back at a several year period of strength in the property market. At the same time the rental market was starting to really take off thanks to the strong economy, especially in the most central parts of the Stockholm market. We had already reached an advanced stage in our ongoing effort, initiated a few years previously, to shift our property portfolio to attractive high-growth locations, and therefore defined targets for optimising the results of our property management business while increasing the pace of our project activities.

Our primary operational goals are to increase the surplus ratio, cut vacancies, speed up our project activities and further concentrate our holdings to our selected main markets.

At the end of the year we were able to tick all these boxes after strong improvements in all areas. This would not have been possible without a strong commitment from the whole organisation, and I would like to say a big thank you to all our employees who through their extraordinary efforts helped us to develop the business and achieve our goals.

Yet we have no plans to settle down and take it easy. There is still a good development potential, and for 2008 our aim is to continue to improve our record on the points listed above.

### Strong results

Fabège generated a profit of SEK 2,066 million (1,863) before tax, or SEK 1,812 million (2,266) after tax. We thus managed to exceed last year's profit before tax despite operating with a smaller portfolio. For comparable property stock, net operating income increased by 8.2 per cent on the back of a strong rental market and improved efficiency in our property management business.

The Board proposes a dividend of SEK 4.00 per share to the Annual General Meeting in Stockholm on 3 April.

### Sharp declines in stock markets

Despite Fabège's strong performance, 2007 would prove a disappointing year for shareholders, as financial fears and changing attitudes to risk took a heavy toll on stock markets. After a bull run lasting several years – in Fabège's case (previously Wihlborgs) no less than eight years – the rising trend was broken, and stock markets ended the year in the red. For Fabège the full-year decline was -22.6 per cent.

”

We achieved  
our opera-  
tional goals:

- ✓ Further  
concentrate  
the portfolio
- ✓ Reduce  
vacancies
- ✓ Increase the  
surplus ratio
- ✓ Step up  
the pace of  
our project  
activities

### Stable platform for the future

I am convinced that we have the best prospects and the right people to continue to deliver strong property management results and value-added profits while taking advantage of opportunities in a property market that is likely to present even more interesting business opportunities than last year.

We have a portfolio of modern properties in highly attractive high-growth locations. These remain attractive in the property and rental markets regardless of the state of the economy, ensuring a low risk while promising the best possible opportunities to generate gains from adding value.

Our focus on managing well contained holdings in close proximity to our clients has also led to a clear improvement of the efficiency and quality of our property management business. In 2007 we set a record for new lettings, which reached an all-time high of 150,000 square metres.

During the year we also stepped up the pace of our project activities, making decisions on project investments of about SEK 2.4 billion. To help run the new projects, we recruited several new highly qualified and experienced project managers. Our project lettings performed very well, and we were able to find takers for the new premises in little time. In the next few years new premises representing about 2 per cent of the total supply will be added to the Stockholm market, so the risk of excess supply is low.

We will thus continue to develop Fabège in accordance with our established business model, in which we build value through efficient property management in close proximity to our clients, improvements to existing properties and profitable property deals.

### Our common vision

To be successful, we need to ensure that all our employees strive for the same goals and share a common set of values. In 2007 we developed a common vision that is now being implemented in the company:

“To be the most proactive, innovative and competent commercial property company in Stockholm, and an important partner for our clients and for society as a whole. We will be the natural first choice provider”.

Our company culture is based on our five core values: Speed – Informality – Entrepreneurship – Business Orientation – Client Proximity. In line with its core values, Fabège aims to be a partner that rapidly, attentively and creatively fulfils its clients' expectations by remaining in close proximity to its clients and building personal relationships. Our employees are the best creators and carriers of the Fabège brand, and it is therefore crucial to our future success that our company culture is based on our core values. To ensure this, we will be conducting a training programme in the spring in which our staff will be able to gain a deeper understanding of how these values should inspire their work.

### Fabège strongly positioned for year ahead

With a pool of highly skilled and motivated staff, a portfolio of modern properties in good locations with potential for further growth and an attractive project portfolio, we have a business that offers a high potential at relatively little risk. In early 2008 the rental market remains resilient. In the event that we enter a period of weaker economic growth, I believe we will be in a good position thanks to our business model, which enables us to take advantage of business opportunities in all stages of the economic cycle.

Solna, March 2008

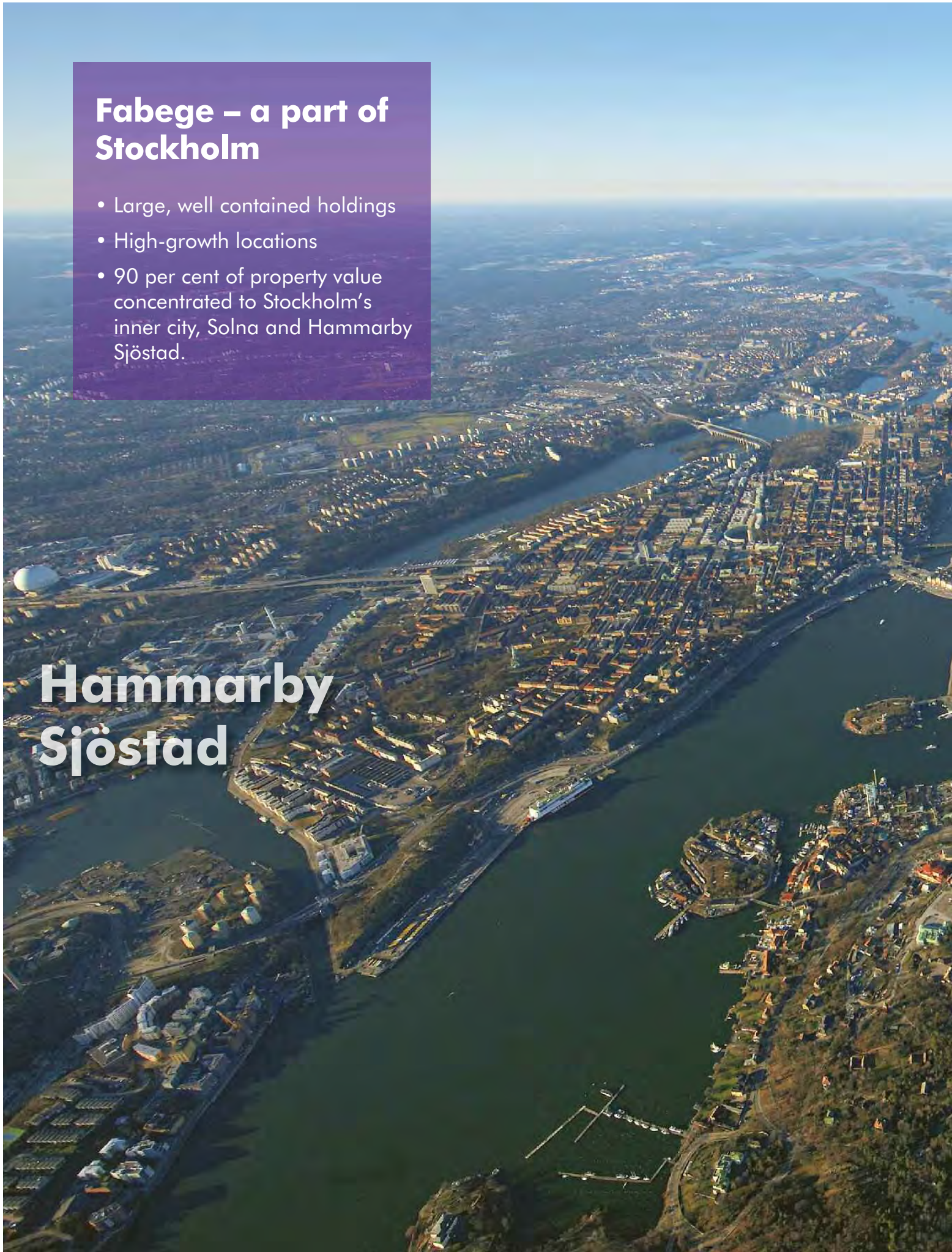


Christian Hermelin  
Chief Executive Officer

## Fabege – a part of Stockholm

- Large, well contained holdings
- High-growth locations
- 90 per cent of property value concentrated to Stockholm's inner city, Solna and Hammarby Sjöstad.

# Hammarby Sjöstad

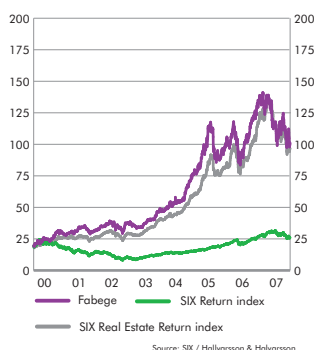




# Solna Inner City

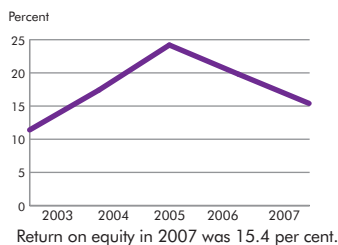
## Business concept and strategic focus

Total return 2000–2007 \*

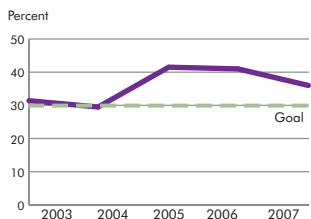


\* Aggregate return is calculated by reinvesting dividends paid in Fabège shares. In 2007 the aggregate return was -22.6 per cent.

Return on equity 2003–2007



Equity/assets ratio 2003–2007



The equity/assets ratio on 31 December 2007 was 36 per cent.

Interest coverage ratio 2003–2007



The interest coverage ratio in 2007 was 2.8.

### Well defined markets and segments

Fabège offers efficient premises that are adapted to tenant requirements, primarily offices but also retail and other premises, in the Stockholm area. The company manages as well as develops existing properties, and project development plays a prominent role in the Group.

Our portfolio of 167 properties is highly concentrated to a limited number of well located sub-markets with a strong development potential. A majority are located in the inner city of Stockholm and in Solna and Hammarby Sjöstad, where Fabège has strong market positions. Fabège strives to create large, well contained holdings to ensure that proximity to and knowledge about the market provides the best possible opportunities for efficient management and a high occupancy rate.

Fabège has chosen to concentrate its business to the Stockholm area, the Nordic region's largest and most dynamic office market, where business opportunities are deemed to be good throughout the economic cycle. Stockholm is undergoing rapid development, and Fabège has a significant presence in several of the capital's main up-and-coming development areas, including the Norra Stationsområdet district and West Kungsholmen. In Solna Fabège has a large property holding in the number one future development area, Arenastaden/Solna Station district.

Project development is one of the cornerstones of Fabège's business, and the company has several major ongoing property projects in attractive locations as well as a large portfolio of potential project opportunities and some of the market's strategically best located land properties. Fabège develops and improves properties in response to changing market conditions and opportunities to generate strong returns.

During the years 2004–2006 Fabège implemented a major programme aimed at restructuring and concentrating its property portfolio. The portfolio is continually being developed through acquisitions and sales of properties. Property transactions are a natural part of Fabège's business model and make a significant contribution to the company's performance.

### Fabège's business concept, vision and goal

#### Business concept

Fabège's business concept centres on commercial property in the Stockholm region, with a focus on a limited number of sub-markets with high growth rates. The aim is to create value by managing, improving and working actively with its property portfolio, both through sales and acquisitions. Accrued values must be realised at the right time.

#### Vision

Fabège's vision is to be the most proactive, innovative and competent property company in commercial premises in Stockholm, an important partner for our clients and for society as a whole. The natural first choice provider.

#### Overall goal

Fabège's overall goal is to use its size, strength and focus to create and realise values and give its share-

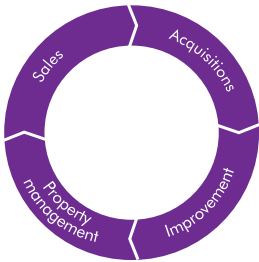
holders the best overall return among property companies listed on the Stockholm Stock Exchange.

#### Financial targets

Fabège aims to be one of the most profitable property companies on the Stockholm Stock Exchange (as measured by return on equity). The equity/assets ratio should be at least 30 per cent and the interest coverage ratio at least 2.0 (including realised changes in value).

#### Efficiency targets

Fabège aims to retain a high level of cost-efficiency and to be the leader in comparisons with other Swedish property companies.



### Fabege's business model

#### Acquisitions

Acquire properties with better growth opportunities than existing investment properties

#### Improvement

Realise the potential in our improvement and project portfolios

#### Property management

Property management in close proximity to the client to reduce vacancy levels and increase net operating income.

#### Sales

Divest properties offering limited growth opportunities

### Client focus

Fabege has a flat organisation and a strong client focus that is clearly expressed in the company's core values (Speed – Informality – Entrepreneurship – Business Orientation – Client Proximity, see below). Stockholm's dynamic rental and property market and the high pace of business constantly create new challenges. As a client-oriented and entrepreneurial company, Fabege is continually adapting to changing market requirements and our clients' development. Each market area in Fabege serves as a company within the company with its own responsibility and ability to react rapidly to changes and identify new business opportunities.

### Fabege's employees and values

Fabege's 140 employees are its most important resource. Practically all employees have daily contacts with some of the company clients, shareholders or other stakeholders. A key priority is therefore to ensure that our staff have the right expertise and a strong commitment to their work. Fabege offers skills development and further education through its customised training programmes, which are arranged on a regular basis. The building blocks of Fabege's company culture are its five core values: Speed, Informality, Entrepreneurship, Business Orientation and Client Proximity, and the company provides special training centring on these values to all employees as part of an effort to build a common value basis.

For the future the company's ability to attract and retain the right individuals will be a key success factor. Fabege works consistently to improve its knowledge about and strengthen the image of the company among potential future employees, especially university students.

### Strategic purchasing process

Every year the Fabege Group buys goods and services worth around two billion Swedish kronor. Fabege has for several years been working on coordinating and centralising its purchasing activities throughout the Group. The intention is to lower the total purchasing costs by ensuring efficient use of the company's resources through rational and efficient purchasing and payment procedures.

Responsibility for coordination and control of purchasing lies with the purchasing team, which prepares framework agreements and maintains a central register of agreements. All procurement must be made on commercial terms by competitive bidding among different suppliers and entrepreneurs.

### Clear strategies to achieve the company's objectives:

#### Portfolio strategy

Commercial properties and projects in the Stockholm region constitute Fabege's core business. Fabege strives to gather its properties into units that can be managed efficiently while divesting anomalous properties located outside these concentrated units. Another key aspect of the strategy is to continually develop and improve the portfolio through acquisitions, sales and improvements. The aim is to consolidate and strengthen the company's market positions by concentrating on selected market segments.

#### Value-adding strategy

Fabege aims to acquire properties offering better growth opportunities than its existing investment properties. New projects should be 35 per cent financed by the company's funds and generate a return on equity of at least 15 per cent. The average turnaround time should be 3–5 years and properties should be sold at the right time to realise the accrued values.



#### The logotype

The logotype consists of the company name plus a graphic symbol in the form of a key. The key is a commonly used symbol for knowledge and opportunities. For an entrepreneurial, business-oriented property company the key is an ideal symbol for opening doors, metaphorically and literally. But it should be seen primarily as the key to good deals – for Fabege, clients and shareholders.

## The Fabege brand

The Fabege brand should support the company's business, create value and contribute to achieving the goals for the business. Fabege's brand should be associated with the company's five core values (see page 12), which should inspire the organisation and the company culture. In line with its core values, Fabege's aim is to combine the opportunities available to a big company with the client proximity and personal relationships offered by a small company and to be a partner that rapidly, attentively and creatively fulfils its clients' expectations.

Developing the strength of the brand is crucial to the company's continued success. Developing Fabege's intangible assets also involves building strong brands in the company's prioritised areas, both for the area as a whole and for individual properties/concepts. These brands should be clearly linked to and strengthen the main Fabege brand.

Our employees are the best creators and carriers of the Fabege brand. The brand should be built from the inside out, and it is to a large extent our employees' expertise and conduct in contacts with clients, owners and other stakeholders that make up the Fabege brand.

Fabege should have a strong and clear link to the Stockholm region, and especially to the company's main markets: the inner city of Stockholm, Solna and Hammarby Sjöstad. Through its strong concentration to the Swedish capital, Fabege aims to be seen as the company that best understands the Stockholm market and the people who live there. Fabege is an integral part of the Swedish capital, hence the pay-off: A part of Stockholm.

#### Raised activity level

Fabege's business and market are concentrated to a geographically limited area in the Stockholm region. This creates clear advantages in terms of the costs and efficiency of the company's marketing work. In 2007 Fabege continued to invest in its brand through planned and structured communications. In concrete terms, this involved advertising in selected media and using the companies' own buildings as carriers of messages. In 2008 Fabege will continue to develop its marketing communication.

Sponsorship exposes and strengthens the Fabege brand. In 2007 the company completed a three-year sponsorship of the internationally acclaimed Polar Music Prize. In early 2008 a new agreement has been concluded with the Swedish Football Association under which Fabege will become an official partner. The agreement runs for three years and gives Fabege wide opportunities to expose its brand in connection with the team's matches and its players.

Fabege makes regular measurements of brand awareness and attitudes. These surveys form the basis for our continued branding activities.



## Fabege then and now

The Fabege brand and company name have an older and a more recent history. When the current Fabege was created in spring 2005 this was the third time that the name Fabege was given to a property company. The name has its origins in a company created by one of the leading property moguls of the 1980s, Birger Gustavsson. Originally, the name Fabege was coined as an abbreviation for Fastighetsbolaget Birger Gustavsson. However, today's Fabege has very little to do with Birger Gustavsson's creation. The then Fabege was acquired by Närkebro, which in turn was bought by Drott. Drott was then divided up into two companies, of which one was given the name Fabege. In 2004 this company was acquired by Wihlborgs Fastigheter, which changed its name to Fabege the following year.

Today's Fabege has the same Corporate Identity Number as the former Wihlborgs Fastigheter and can thus trace its origins to the building firm set up by master-builder O.P. Wihlborg in Malmö in 1924.

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## Important events

**1990** Wihlborgs' B shares are listed on the O List of the Stockholm Stock Exchange..

**1993** Bergaliden becomes the new main owner of Wihlborgs.

**1996** In December Wihlborgs' B shares are listed on the A List of the Stockholm Stock Exchange.

**1997** In the spring Wihlborgs completes the acquisition of M2 Fastigheter. In September the Board of Wihlborgs submits a public offer to acquire Klöver Fastigheter AB.

**1998** At the beginning of the year Wihlborgs completes the acquisition of Klöver Fastigheter AB. On 13 April 1998 Wihlborgs puts in an offer for Fastighets AB Storheden. The merger is carried out in late summer the same year.

**2000** High-voting A shares are converted into B shares.

**2001** The main owner Bergaliden sells its entire shareholding of 30.2 per cent in Wihlborgs. Wihlborgs acquires Postfastigheter along with its portfolio of 73 properties. In December Wihlborgs' shares are listed on the O List of the Stockholm Stock Exchange.

**2002** Wihlborgs sells 60 properties in non-priority locations to Adcore, which is reorganised into a property company under the name of Klöver AB. In June Wihlborgs effects a 1:5 reverse split. In December Wihlborgs acquires the remaining 25 per cent of the shares in Klara Zenit.

**2003** Wihlborgs acquires shares in Drott AB (later divided into Bostads AB Drott and Fabege AB), and

becomes the company's largest shareholder during the year. At the end of the year Wihlborgs sells Klara Zenit for SEK 2,950 million, generating a profit of SEK 400 million.

**2004** Wihlborgs completes its acquisition of Fabege AB after a public offer to other shareholders of the company, adding about 150 commercial properties to its portfolio. In December the company announces its proposal to spin off its Öresund properties to the shareholders and concentrate the business to the Stockholm region.

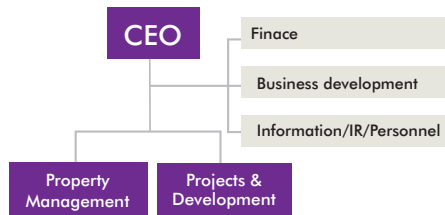
**2005** The Öresund business is distributed to the shareholders and listed on the O List of the Stockholm Stock Exchange under the name of Wihlborgs Fastigheter AB. "Old" Wihlborgs is thus concentrated to the Stockholm region and changes its name to Fabege AB. Fabege divests properties worth SEK 14 billion during the year. In December the company concludes an agreement to acquire 82.4 per cent of the shares of Fastighets AB Tornet.

**2006** Fabege acquires Fastighets AB Tornet along with its portfolio of 104 properties. Other acquisitions include the Wenner-Gren Center and Solna Business Park. Fabege's property holdings in Kista and Täby are sold to Klöver for SEK 4 billion. Fabege's property transactions total SEK 28 billion, of which SEK 12 billion are sales and SEK 16 billion purchases.

**2007** Fabege continues to concentrate its business to its main markets, Stockholm Inner City, Solna and Hammarby Sjöstad. 17 properties are sold and 8 are acquired. In June the company effects a 2:1 share split, doubling the number of shares.

## Corporate Social Responsibility

### Organisation



As a significant property owner in the Stockholm region, Fabège provides good work environments for businesses, public authorities and organisations in Sweden's most important region. About 60,000 people work in properties that are managed and developed by Fabège. Fabège also provides employment to 140 people.

As a listed company, employer and property owner, Fabège has a responsibility to its clients, suppliers, local communities, public authorities, employees and shareholders. Fabège believes long-term profitability requires that the company take account of the financial as well as the social and environmental dimensions. Being able to offer our customers premises with strong environmental and energy efficiency credentials improves our competitiveness and good relationships with our main stakeholders improves our overall ability to run a successful business. In a long-term perspective Fabège's conscientious approach to doing business thus helps to build shareholder value.

To further intensify our work on climate issues and other areas of concern, Fabège adopted a new, more detailed environmental policy in 2007. Since a number of years, systematic improvement of energy efficiency is one of Fabège's top priorities in its environmental work. The company's target is to cut energy use by 5 per cent a year in each individual property. Since 2006, Fabège has been operating on the basis of a common set of values and ethical guidelines, which, together with the company's other policy documents, provide guidance on responsible enterprise to management and staff.

### Taking responsibility for our employees

Fabège's organisation is continually being developed in response to changing business requirements. In the last few years the pace of change has been very high as a result of acquisitions and the restructuring of our portfolio. Fabège's 140 employees need a high degree of preparedness for change and openness to new challenges. To be successful as an owner and manager of properties, Fabège is entirely dependent on qualified and highly committed staff. Our clients' view of Fabège is to a large extent determined by the commitment and professionalism of our employees. Their skills development has a direct impact on Fabège's competitiveness.

### *Vision and values*

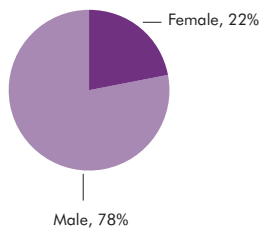
To support the organisation, Fabège has formulated a number of values that underpin our company culture. These fundamental values must inspire our work and our relationships with clients and other stakeholders. The values must guide our efforts to achieve Fabège's vision: "To be the most proactive, innovative and competent commercial property company in Stockholm, an important partner for our clients and for society as whole. The natural first choice provider".

The five core values are Speed, Informality, Entrepreneurship, Business Orientation and Client Proximity. These values lie at the heart of a company culture that stimulates and encourages individual initiative and creative solutions.

Fabège has a flat organisation with short decision-making paths, which enables us to take swift action. Fabège is inspired by an entrepreneurial spirit in which individ-

**Employees,  
age structure**

Age	Woman	Men
–19	0	1
20–29	11	5
30–39	16	26
40–49	17	32
50–59	8	12
60–69	5	7
	<b>57</b>	<b>83</b>

**Proportion of men resp women in  
management positions  
(totally 18 persons)**

ual initiative is rewarded. Our employees are thus given a large measure of freedom and are encouraged to innovate. Fabege and its staff aim to combine the opportunities available to a big company with the client proximity and personal relationships offered by a small company. Fabege wants to build lasting client relationships with development potential through a personal and professional approach.

*Attractive employer*

At year-end 2007 Fabege had 140 employees, which was slightly less than in 2006. Staff turnover was 18 per cent (32%). The average period of employment was 5.4 years, unchanged from 2006. Ensuring that Fabege is able to attract talent also in future requires continued efforts in human resources, which in turn requires that the company work continuously on creating a good work environment while promoting the well-being of its employees. In 2008 the company will conduct an employee survey that will be used as a basis for priority-setting in the time ahead.

All permanent Fabege staff receive compensation, in addition to their fixed salaries, from a profit-sharing fund established in 2000. The compensation is paid in the form of Fabege shares and is linked to the company's profitability, defined as return on equity. The shares are issued personally to each employee and are tied up for a period of five years after the allocation. The purpose of the profit-sharing fund is to encourage the employees to develop the company and achieve the adopted targets. It should serve as a long-term incentive for our staff and emphasise the importance of generating financial value for Fabege and its employees.



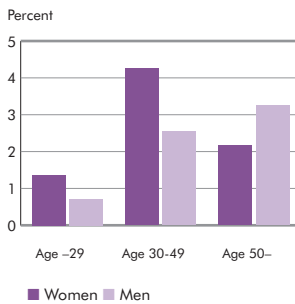
Åsa Lindblom, Assistant Property Manager.

Johan Rudberg, Director of Business Development.



Janneth Rodriguez, Assistant Economist.

**Sick leave January-December 2007**  
Leave in relation to ordinary working time



### *Balance in life*

The average age in the Group has fallen over time as a result of the recruitment of younger staff. The average age is now 42, which is the same as in 2006. Fabege supports a balance between work and leisure time and encourages fathers as well as mothers to take time off to care for their newly-born children. The company therefore pays parental leave compensation that goes beyond that provided by the National Insurance Office. Parents receive 90 per cent of their salary for a period of 120 days, regardless of salary level.

Equal opportunities is a factor that is taken into account in all recruitment and promotion decisions. The share of female staff was 41 per cent, up from 39 per cent in 2006. Among white-collar workers the share of women was 53 per cent (52%).

### *Health and sick leave*

Fabege aims to offer a safe and healthy work environment to its employees. In 2007 the company set up a safety committee, which is gradually auditing the business with a view to eliminating any health risks to the company's employees. Fabege is committed to promoting health and fitness, and has introduced health and fitness checks for all employees. Each year all full-time employees receive vouchers worth SEK 3,000, which can be used at a wide range of fitness and sports facilities.

The company has a group health insurance policy covering all employees, which ensures that all employees receive qualified care in case of illness.

Our health work is closely tied to our ambition to ensure a low level of sick leave. Total sick leave in the Group was 2.85 per cent in 2007, down from 3.97 per cent in 2006. Out of this figure, long-term sick leave (60 days or more) represented 57.86 per cent, down from 63.84 in 2006. Average short-term sick leave was 2.92 days per employee, which is an improvement on 2006, when the figure was 3.41.

## **The Fabege spirit**

Five core values form the foundation for the company culture. These are, without order of priority:

### **Speed**

A flat organisation with short decision-making paths enables to act swiftly, whether in concluding a transaction or solving a problem encountered by a tenant. An employee of Fabege doesn't complicate things, but seeks to find simple, efficient solutions.

### **Informality**

All members of staff must be prepared to step in wherever they are most needed for the moment. Internal communication is characterised by humility and honest, informal and personal dialogue.

### **Entrepreneurship**

Entrepreneurship is a key driving force behind the Group's development. This includes far-reaching decentralisation and individual responsibility. Staff are encouraged to be innovative and take initiatives.

### **Business Orientation**

Employees are results-oriented and cost-conscious.

### **Client Proximity**

Employees must operate in close proximity to our clients, remaining attentive to their needs and requirements and always striving to further improve our client relationships.

"I try not to complicate things, but to find quick and simple solutions when something needs to be fixed. What matters most to me is that our client is happy."

*Mikael Rintala, Building Maintenance Technician in Stockholm City*

**THE FABEGE SPIRIT | SPEED**



The stairwell in Bocken 39, a property on Kungsgatan, has retained most of its original features.

### *Skills development*

The high pace of change in Fabège often involves changes in the content of the work for individual employees, which puts pressure on both the company and individual employees to raise their level of competence. In 2007 Fabège actively promoted skills development for several employees, through English tuition, both individually and in groups. A growing share of Fabège's tenants are international companies, especially in the inner city of Stockholm.

In 2007 an induction course for new employees was introduced, which focuses on knowledge of Fabège's core values. This helps to improve the understanding of our vision and value base and brings forward the point where new employees can better represent the company before clients. Several employees have now completed individually tailored leadership training programmes. Fabège's executives are important representatives for and carriers of the company's vision and value basis, and their expertise and training is therefore particularly important. A priority task for the future is to train skilled managers from within the organisation.

In 2008 Fabège will be working intensively on leadership development. The upcoming employee survey will be used as a basis for preparing individual development plans. This will strengthen Fabège as an employer and improve opportunities for talented individuals to pursue a career in the Group. More and better career paths within the company will make Fabège an even more attractive employer, which should help to further reduce our staff turnover and promote equal opportunities.

### *Organisation*

Property Management and Projects & Development make up the operational organisation. Property Management consists of property management staff as well as a marketing unit for marketing and lettings of properties. The unit is divided into four property management areas: City, Malmarna, Solna Business Park and Arenastaden.

Fabège strives to build concentrated property holdings that enable efficient property management in close proximity to our clients. This also creates good opportunities for optimising the organisation. To be able to rapidly and efficiently meet tenant needs and requirements, the management of properties is handled primarily by in-house staff.

Projects & Development is responsible for new building and redevelopment projects, environmental issues, purchasing and operations optimisation. The unit works closely with Property Management. We work to ensure that Projects & Development has access to all the knowledge and experience that is required for the development and financial control of projects. Construction services are purchased externally. In addition to the operating units, Fabège has three Group-level units: Business Development, Finance and Information/IR/Personnel.

### **Environmental responsibility**

The work on promoting environmental responsibility is aimed at reducing and preventing negative effects on the environment, thereby contributing to sustainable development and helping to reduce the greenhouse effect.

### **Fabege's environmental policy**

- ensure that energy, water and other natural resources are used in an efficient and environmentally sound manner.
- offer opportunities for sorting of waste at source and facilitate efficient, environmentally friendly waste management.
- strive to reduce the total amount of waste.
- set clear environmental requirements for the purchase of goods and services.
- replace hazardous chemicals with less hazardous alternatives where possible.
- reduce the environmental impact of transports in service assignments and goods deliveries.
- select building methods and building materials on the basis of environmental concerns and in accordance with Fabege's environmental programme for new builds and conversions.
- prevent the generation and spreading of pollution.
- raise the level of environmental expertise among employees through training and communicate environmental issues internally and externally.
- regularly document, follow up, evaluate and improve our environmental work.
- comply with or exceed applicable environmental legislation and other requirements affecting the business.

Fabege does not conduct activities that are subject to permit and notification requirements, but there are a small number of facilities that are subject to notification requirements, such as bedrock heating and seawater cooling plants. The company's tenants include a few that conduct activities which are subject to permit requirements. Fabege is not involved in any ongoing environmental disputes.

#### *New environmental policy*

In 2007 Fabege adopted a new environmental policy that is designed to intensify the company's work on energy and climate issues. This means a raising of ambition in terms of reduced energy use and other aspects of Fabege's environmental work. The new policy is more detailed than its predecessor, taking in areas such as transports, waste management, environmental training and choice of building materials in conversion and extension projects.

#### *Energy assessments*

In 2007 the Swedish government introduced, through the National Board of Housing, Building and Planning, a new requirement for property owners to conduct energy assessments for their properties. In an energy assessment an independent expert works together with the property owner to produce data on energy consumption in the building. The results may lead to energy-saving measures which both cut the cost of electricity and help to reduce the impact on the environment. Energy assessments are one component of the Swedish Parliament's environmental target of cutting energy consumption by 20 per cent by 2020 and by 50 per cent by 2050 compared with 1995 levels. In early 2008 Fabege had completed energy assessments for 20 properties. Work on energy assessments will continue through 2008, and the goal is to have completed assessments for all properties by the end of the year. The ambition is that the assessments will make our tenants more aware of their energy costs and increase their willingness to reduce energy use in a joint effort with Fabege.

#### *Systematic energy optimisation*

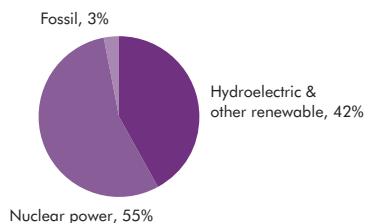
Since a number of years, systematic improvement of energy efficiency in Fabege's properties is one of the company's top environmental priorities. The ambition is to optimise operations costs and energy use based on the characteristics of each property and to develop an operations strategy for each property. Fabege's ambitious target is to cut energy use by 5 per cent a year in each individual property.

A key means by which Fabege can promote the environment is to work with its clients to cut energy consumption for heating buildings in winter and cooling in summer. Our tenants want to save energy partly for economic reasons, but also because they, too, want to help reduce their impact on the climate. By providing data on energy use, Fabege can thus help its tenants in their environmental work.

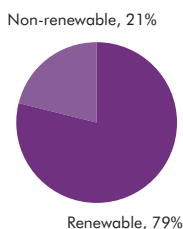
#### *Operational environmental work*

Our operational activities are supported by five full-time employee equivalents in the

#### Energy types for electrical production



#### Energy types for district heating, total



#### Total consumption figures for 2007

<b>Water use</b> , m <sup>3</sup>	968,615
<b>Energy use</b> , MWh	192,761
of which:	
Heating	108,147
Cooling	11,396
Electricity	73,218
<b>Renewable energy</b> , MWh	124,695
<b>CO2 emissions</b> , tonnes	
(Heating, electricity, cooling)	7,609

areas of environment, work environment, safety and other social issues. The work is documented in Fabege's nyckelknippan ("bunch of keys") database, which is used to store information about the company's properties, e.g. government inspections, fire protection work, radon measurements and other assessments and inspections.

On the energy side we have, since a few years, been using a web-based database of energy consumption data. Based on the figures provided, we then make regular follow-ups and evaluations to optimise operations in our properties. The goal is to systematically and in a structured manner gather common procedures in a single business management system and make environmental work a natural part of Fabege's business.

#### Acquisitions and sales

The energy consumption and improvement potential of buildings have become significant factors in connection with the acquisition and sale of properties, and Fabege's energy specialists are increasingly being drawn into the acquisition process. Analyses are made to determine the property's energy use and environmental risks to provide data for a more accurate assessment of its financial value.

#### Sustainable travelling

Together with Solna Municipality and Stockholm Transport (SL), Fabege initiated a partnership called *Hållbart resande* (Sustainable Travelling) in 2007. The initiative is aimed at encouraging more people to use public transport to get to and from work in Solna Business Park, where Fabege owns the majority of the properties. SL has expanded its service by adding another stop, with part-funding from Fabege. In exchange Fabege has received SL's business card for public transport to hand out to its tenants. Employees at Fabege's head office are also encouraged to use public transport rather than travel by car.

Under Fabege's car policy from January 2007, preference is given to environmentally classified cars and cars running on electricity, hybrid engines or alternative fuels. At year-end 2007 Fabege's vehicle fleet comprised 74 company cars and service vehicles. 100 per cent of the fleet was environmentally classified and just over 28 per cent of these vehicles were hybrid/electrical or ethanol cars. As of 2008 Fabege will introduce a new, environmentally improved car policy that is adapted to current definitions of green vehicles with a compulsory requirement to always choose a green vehicle when purchasing a company car or service vehicle.

#### Hazardous substances

A new regulation on PCBs, a group of industrial chemicals that are dangerous to health and the environment, was introduced in 2007. Under the regulation, owners of industrial buildings or apartment buildings constructed between 1956 - 1973 are required to conduct PCB assessments for these buildings. Fabege is implementing the required measures. In accordance with government requirements, Fabege is also assessing the presence of radon in residential and school buildings.

#### Waste management

Fabège works continuously to improve its waste management. In properties where

Fabege is responsible for waste management and that Fabege has owned for some time waste is already sorted at source. When new buildings are acquired sorting at source for recycling is introduced. Fabege also makes continual improvements to refuse rooms to enable sorting and recycling of more types of waste. At year-end 2007 an average of 9 different types of waste were being sorted and recycled at Fabege's properties.

#### *Environmental work in construction projects and among suppliers*

Fabege has an environmental programme for new building projects and redevelopments that covers materials, waste management, building methods and other factors. When a building is redeveloped or renovated a demolition plan is drawn up. In new builds and redevelopment projects only building materials and products with limited environmental impact may be used. In all projects a plan for handling of waste products is prepared together with the building contractor and waste management contractor. The full text of Fabege's procurement policy can be read on our website, [www.fabege.se](http://www.fabege.se). It contains a set of environmental requirements as well as other requirements, e.g. that our suppliers have a collective wage agreement.

#### *Fabege's requirements on its suppliers*

Fabege has for several years been working on coordinating and centralising purchases of products and services throughout the Group. The company sets high standards for the suppliers it engages. After the evaluation, a framework agreement is concluded with the best supplier in each area based on the following criteria:

- commercial terms and conditions
- expertise
- experience
- financial soundness
- environmental and quality assurance work

### **Responsibility in the local community**

Fabege gets involved in social issues that have a close connection to the company's business. The company wants to be a "good citizen" in those places where it operates and owns properties. Good relationships with the local community and local stakeholders are a prerequisite to success in the property industry. A natural part of this responsibility is to develop the properties and further increase the attractiveness of the areas in which the properties are located. Fabege collaborates with local authorities and universities to identify common solutions that help to develop society as well as the company.

#### *Social commitments in Tensta and Rinkeby*

In recent years Fabege has invested significant amounts in the company's residential properties in Tensta and Rinkeby, two suburbs of Stockholm. It goes without saying for Fabege that all of the Group's properties must live up to a high standard of quality as well as Fabege's own requirements for a good living environment. In Tensta and Rinkeby Fabege also offers summertime work to local youths. In summer 2007 Fabege

## Belok

Fabege is a member of Belok, the Swedish Energy Authority's purchasing group, which consists of the Energy Authority and Sweden's largest property owners. The group runs various development projects focusing on energy efficiency and environmental issues. The partnership was initiated by the Energy Authority in 2001. For more information, see [www.belok.se](http://www.belok.se).

offered 30 such jobs. This is one way of creating a greater understanding for Fabege's business among local residents and of providing stimulating employment to young people during the summer months.

### *Supporting youth sports*

Fabege has a commitment to and supports sports activities for young people. The company supports the basketball club Akropol, which conducts extensive youth activities in Tensta and Rinkeby, where Fabege owns residential properties. In connection with the building of the new national arena in Solna, Fabege launched a new initiative to support youth football through a partnership with the Swedish Football Association.

### *Supporting student arrangements and public art*

Another social commitment concerns Fabege's future access to talented individuals. The ability to attract skilled and well educated staff is a strategically important issue for Fabege. Fabege participates in labour market days and supports various student arrangements. Students from the Royal Institute of Technology are offered summer jobs and project employment, which in many cases result in employment at a later stage.

Fabege also supports Hammarby Artport, which is working on project management of public art in Hammarby Sjöstad on behalf of Fabege.

### *CDP Leadership Index 2007*

Fabege was ranked among the top five companies in the CDP Leadership Index 2007, in the low emissions category. This is the first Nordic survey published by the Carbon Disclosure Project (CDP), which ranks companies based on the transparency of disclosures on their own climate impact. CDP is a global partnership among 380 institutional investors that is aimed at facilitating dialogue between investors and businesses on climate issues.

### *Fabege one of the world's 100 most sustainable companies*

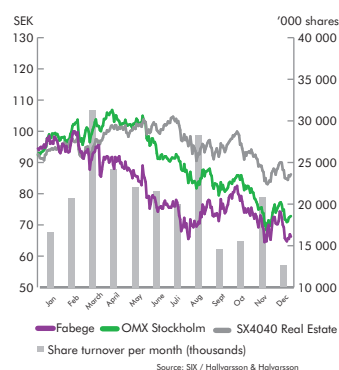
Fabege has been voted one of the 100 most sustainable companies in the world in 2007 by Innovest, a research company. Innovest has evaluated how companies in 16 countries manage environmental and social issues, including emissions management, energy efficiency, work conditions and health & safety. Fabege is one of four European property companies to make it into the top 100.

### *Member of CSR Sweden*

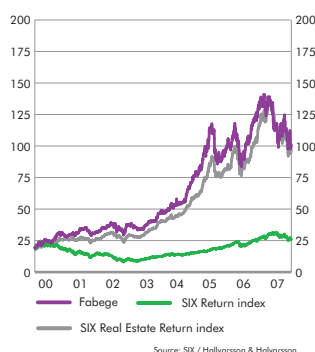
As of 2008 Fabege is a member of CSR Sweden, a Swedish business network for corporate social responsibility. The move is part of our ambition to strengthen Fabege's commitment to CSR issues in dialogue with its stakeholders. CSR Sweden works to encourage CSR activities among Swedish businesses through dialogue and offers a forum for knowledge exchange among companies wishing to strengthen their relationships with stakeholders.

## The Fabege share and value growth

**Share Trend 2007**

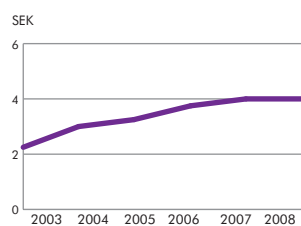


**Total return 2000–2007 \***



\* The calculation of total return is based on the value of the dividend being reinvested in Fabege shares.

**Cash dividends per share 2003–2007\***



\* Fabeges board of Directors proposes a cash dividend of SEK 4.00 per share.

With a market capitalisation of some SEK 12 billion (31 Dec 2007), Fabege is one of the largest listed property companies in the Nordic region. The company's shares are included in the Large Cap segment of the Stockholm Stock Exchange.

### Share performance

Fabège's share declined in value during the year from SEK 91.75 to SEK 66.25 (adjusted for redemptions), a fall of 27.8 per cent. The OMX Real Estate Index, which measures the performance of property companies, declined by 20.6 per cent. The aggregate return on the shares, including reinvested dividends of SEK 4.00 per share and redemption proceeds in the form of Klövern shares, was -22.6 per cent.

### Turnover and trading

In the last few years turnover in Fabège's shares has increased steadily, to 248 million shares in 2007 (108), representing a total value of SEK 22.6 billion (16.7). This is equivalent to a turnover rate of 139 per cent (108) of the average number of outstanding shares. The turnover rate on the Stockholm Stock Exchange as a whole in 2007 was 139 per cent. On an average day of trading 990,000 Fabège shares (430,000) exchanged hands in 729 transactions (400). A round lot in Fabège comprises 100 shares.

### Shares and share capital

At Fabège's AGM on 27 March 2007 the shareholders passed a resolution to carry out a 2:1 split, doubling the number of shares.

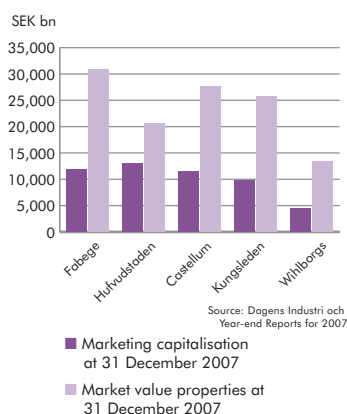
In 2007 a number of holders of convertibles also continued to convert their convertibles into Fabège shares (see more below). The share capital at year-end was SEK 5,086 million (5,030), represented by 178,458,921 shares (100,599,382). All shares carry the same voting rights and entitle the holder to the same share of the company's capital.

The 2007 AGM authorised the Board of Directors to buy back shares during the period until the 2008 AGM. Acquisitions must be made by purchase on the Stockholm Stock Exchange and are subject to the provision that the company's share of the total number of outstanding shares not exceed 10 per cent. The authorisation was aimed at enabling the company to continuously adapt its capital requirements and thereby improve shareholder value. In 2007 7,635,622 shares (5,435,400) were acquired for SEK 543 million (average share price SEK 71.05). At year-end Fabège had bought back 7,635,622 shares, or 4.28 per cent of the number of shares in the company.

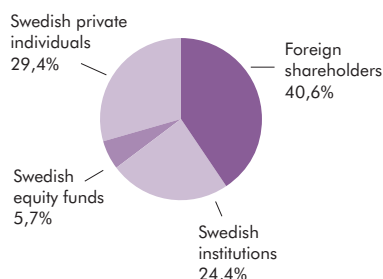
### Convertibles

When "old" Wihlborgs acquired "old" Fabège in 2004 many shareholders opted to receive payment for the shares in the form of convertible bonds ("convertibles"). 6,055,578 convertibles worth a total of SEK 639 million were issued. As at 31 December 2007, Fabège has a convertible bond loan with a book value of SEK 47 million (nominally SEK 45m). The convertibles bear interest at 5.25 per cent and mature on 1 October 2009. The bonds can be converted up to 1 September 2009. The conversion

### The largest listed property companies



### Distribution of shareholding per Category at 31 January 2007



Source: SIS Ägarservice/VPC

### Breakdown of ownership by country, 31 January 2008

Country	Share of capital and votes, %
Sweden	59.5
USA	18.9
UK	6.4
Netherlands	3.6
France	2.5
Luxembourg	2.4
Australia	1.1
Switzerland	1.1
Ireland	0.8
Belgium	0.8
Japan	0.6
Other countries incl. owners of ≤ 500 shares	2.3
	100

Source: SIS Ägarservice/VPC

price is SEK 41.80. Full conversion would result in an increase of 1,069,864 shares. In 2007 conversions resulting in the issue of 25,763 new shares were made. If all remaining convertibles are converted into shares the additional shares would result in a dilution of 0.6 per cent.

### Dividend policy and distribution and assignment of shares in Klöver AB to the shareholders

Fabège shall pay a dividend to the shareholders comprising that part of the company's profit which is not required for the consolidation or development of the business. In current market conditions this means that the dividend will comprise at least 50 per cent of the profit from the management of the company's property portfolio and realised gains from the sale of properties.

The Board proposes that the 2008 AGM resolve to pay a dividend of SEK 4.00.

In 2007 Fabège's shareholding in Klöver AB was distributed to the shareholders through a redemption procedure in which each shareholder received 8 shares in Klöver for every 16th share in Fabège. Together with the ordinary cash dividend of SEK 4.00, this resulted in a total transfer of value to the shareholders of about SEK 2.0 billion.

### Ownership structure

On 31 January 2008 Fabège had 32,663 (35,802) shareholders. The largest owners were Brinova, with 13.6 per cent of the number of shares, followed by Maths O Sundqvist and Öresund with 11.5 and 4.3 per cent, respectively. At the end of January the ten largest shareholders held 38.6 per cent of the shares. Foreign share ownership in Fabège was 40.6 per cent.

### Information to the shareholders

All shareholders of Fabège have been asked whether they wish to receive printed financial information by mail. To shareholders requesting this Fabège sends interim reports for the first, second and third quarters as well as the annual report. The year-end financial statement is not printed. All financial reports and press releases are available in Swedish and English on the company's website, [www.fabège.se](http://www.fabège.se). The website also contains information about Fabège's share price.

### Distribution by size of shareholding as at 31 January 2008

	No. of shareholders	Share of no. of shareholders, %	No. of shares	Share of capital and votes, %
1–500	21,864	66.9	4,185,738	2.5
501–1,000	4,939	15.1	3,746,549	2.2
1,001–5,000	4,629	14.2	9,788,928	5.7
5,001–10,000	572	1.8	4,044,221	2.4
10,001–100,000	500	1.5	13,917,247	8.2
100,001–1,000,000	140	0.4	46,278,660	27.1
1,000,001–	19	0.1	88,719,126	51.9
<b>Total number of outstanding shares</b>	<b>32,663</b>	<b>100</b>	<b>170,680,469</b>	<b>100</b>

Source: SIS Ägarservice / VPC

## Analysts covering Fabège

**ABG Sundal Collier**  
Jonas Andersson

**D. Carnegie**  
Fredrik Skoglund  
Erik Granström

**Deutsche Bank**  
Hans Derninger

**Glitnir**  
Bertil Nilsson

**HQ Bank**  
Olof Nyström

**Handelsbanken Markets**  
Tobias Kaj

**Kaupthing Bank Sverige**  
Erik Nyman  
Daniel Anderbring

**Kempen**  
Robert Woerdeman

**Merrill Lynch**  
Bernd Stahl

**SEB Enskilda**  
Bengt Claesson

**Standard & Poor's**  
Erik Söderlund

**Swedbank**  
Andreas Daag

**UBS Investment Bank**  
Albin Sandberg

## Share data

Stock symbol: FABG  
ID: SSE861  
ISIN code: SE0000950636  
Listed since 1990  
Marketplace: Stockholm Stock Exchange  
Segment: Large Cap  
Round lot: 100 shares

## High take-up of offer on commission-free trading

In 2007 shareholders with holdings that are not evenly divisible by 100 (one round lot) were offered to either complement their holding by buying shares or to sell shares, free of commission, to the nearest round lot. The offer had a take-up of 44 per cent, with roughly 10,900 shareholders requesting to either purchase (82%) or sell (18%) shares under the offer.

## Net asset value per share

Equity per share as at 31 December was SEK 67 (64). Net asset value per share, excluding deferred tax on goodwill – properties, was SEK 76 (73).

## Largest shareholders on 31 December 2007

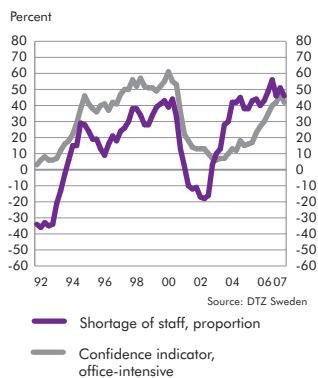
	No. of shares	Share of capital and votes, %
Brinova	23,291,092	13.6
Maths O Sundqvist	19,557,700	11.5
Öresund	7,274,626	4.3
Swedbank Robur Fonder	3,468,647	2.0
Second AP Fund	3,117,203	1.8
SEB fonder	2,726,009	1.6
Mats Qviberg and family	2,358,786	1.4
DFA funds (USA)	1,912,170	1.1
SHB/SPP fonder	1,192,376	0.7
Seventh AP fund	1,075,045	0.6
Cogent funds (AUS)	988,832	0.6
Blue Sky Group Stichting	859,098	0.5
SEB-Trygg Försäkring	823,420	0.5
Folksam Försäkring	764,207	0.4
Other foreign owners	65,497,759	38.4
Other owners	35,773,499	21.0
<b>Total no. of outstanding shares</b>	<b>170,680,469</b>	<b>100.0</b>
Share buybacks	7,778,452	
<b>Total no. of registered shares</b>	<b>178,458,921</b>	

Source: SIS Ägarservice/VPC

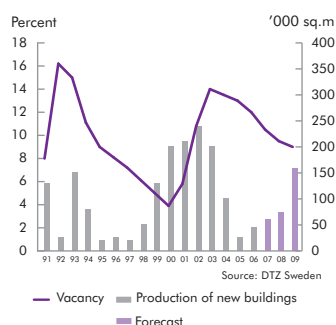
## Market overview

By DTZ Sweden

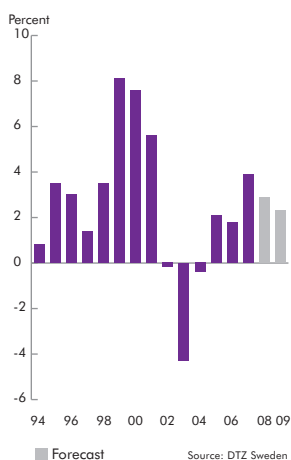
**Confidence indicator and shortage of staff for office-intensive industries, Stockholm market**



**Annual production of new buildings and degree of vacancy, Stockholm market.**



**Office staff employed, annual change Stockholm market**



### The Stockholm office market – the economy and demand

For a number of years investors have been expecting rents in the Stockholm property market to rise, and in the last 12 months their expectations have been realised. Rents in the central parts of Stockholm have increased by 5-15 per cent and in the great majority of sub-markets vacancy rates have fallen sharply. The underlying economy is strong and prospects of further increases in rents are deemed to be good.

Office employment, which is the crucial determinant of demand for office space, remained relatively weak up until 2006 in view of the strength of the economy. This was largely due to the fact that the growth was export-led as well as the industrial sector's success in implementing productivity improvements and restructuring measures. Today the office-intensive sectors have taken over, thanks to strong domestic demand, and are driving the Stockholm economy forward. Office employment in Stockholm increased by 3.9 per cent in 2007 and is expected to grow by a further 2.9 per cent in 2008, despite downward adjustments of economic forecasts in late 2007.

In late 2007 confidence indicators for office-intensive industries point to resilient optimism among business owners. The indicator is now more or less in line with its peak from 2000. The indicator for businesses' reported shortage of staff is also at a high level.

The number of people employed in office-intensive industries in the Stockholm market is expected to increase in the years ahead, with a forecast 20,000-25,000 new office employees in 2008 - 2009. Based on a forecast increase in employment of this magnitude, and assuming that these new employees use an average of 20 sqm of office space, demand for office space in Stockholm's sub-markets is expected to increase by 400,000-500,000 sqm over the next few years.

### Supply, vacancy and rents for the total office market in Stockholm

With 12 million sqm, Greater Stockholm's office market is the largest office market in the Nordics. The most central office market, CBD, represents about 1.8 million sqm.

Outside Stockholm City there are a number of large and important office sub-markets, of which Kista, West Kungsholmen, Frösunda, Solna and Marievik/Liljeholmen are the most established.

Supply has increased marginally in recent years. In the last three years only about 130,000 sqm have been added. In the next two years approximately 230,000 sqm will be added to the existing supply, representing an increase of about 2 per cent. For projects that are expected to be completed up until 2009 a large share of the space is already under contract, and DTZ deems that the risk of over-supply of newly developed premises is very low.

Based on the amount of new office space and the forecast demand, there is thus room for an increase in net lettings of about 170,000-250,000 sqm in the Stockholm market in 2008-2009.

Since mid-2000 vacancy rates in the office market as a whole have increased from 3-4 per cent to 10-11 per cent at the end of 2007. In central Stockholm the vacancy rate peaked at around 12 per cent in the first quarter of 2004. Today vacancy rates are just

### The largest office property owners

#### Stockholm inner city

Property company	sqm
Vasakronan	480,000
Fabege	415,000
AMF	395,000
AFA	260,000
AP Fastigheter	240,000

#### Solna

Property company	sqm
Fabege	410,000
Humlegården	153,000
AP fastigheter	104,000
Vasakronan	74,000
Mengus	71,000

#### Hammarby Sjöstad

Property company	sqm
Fabege	83,000
KB Textilvägen	9,000
BRF Sjöstaden	6,000
Skanska	5,000
Stockholmshem	3,000

Source: DTZ Sweden

under 8 per cent in this sub-market. In the rest of Stockholm vacancy rates peaked slightly later in 2004 and have improved markedly in 2007. Modern premises in all sub-markets still have significantly lower vacancy rates compared with older premises, but the biggest improvement in vacancy in 2007 occurred in premises of a good to fairly good quality. These premises have gone from being stone-cold to something that tenants are willing to accept if the property owner makes normal tenant adaptations.

Vacancy rates in the Stockholm office market are expected to fall further in the next few years as a result of the forecast increase in demand and the relatively stable supply. DTZ believes modern office premises will continue to show lower vacancy rates than the rest of the market, and that central locations and locations with good transport connections will show very low vacancy rates.

Rents fell sharply in the first few years of the 21st century. Levels stabilised only in 2004 and 2005, and then started to rise at a slow pace in 2006 for the most attractive office space. In 2007 rents in most sub-markets have improved by 5-10 per cent, and for high-quality offices in the most central locations rents of SEK 4,500/sqm have become established. DTZ expects to see further improvements in rents in 2008 owing to strong demand and a limited increase in supply.

### Some key sub-markets

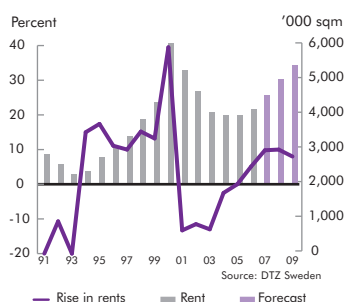
#### CBD

The most central parts of Stockholm, known as the Central Business District (CBD), are attractive to tenants from a number of perspectives. The central location is highly sought after, transport connections are excellent and the level of local services in the area is very high. A move to CBD is generally seen as prestigious, and the addresses in the area are widely known. In many industries a central location is a very high priority, and price sensitivity is low. The area's attraction is reflected in the high rents compared with other areas.

In recent years CBD has expanded to also comprise the area around the Central Station and Blekholmen as well as the new office buildings being erected around Norra Bantorget. The supply of office space in this area has thereby increased to about 1.8 million sqm. High-quality modern office properties and space-efficient office plans have been and continue to be in short supply, but in 2009 - 2011 at least 80,000 sqm of newly built office space will be added to the market.

Over the last year rents have increased. The cost of renting office premises in this sub-market ranges from SEK 3,200-4,500/sqm. Vacancy rates for high-quality office space are estimated at 6-7 per cent, with higher levels for older premises. We believe a large share of the forecast increase in employment will initially be allocated to modern offices in CBD. As the supply of modern offices and opportunities for new builds in the area are still limited, the increased demand should stimulate an increase in rents for high-quality offices in CBD

### Annual rental growth and office rental levels at prime location



#### *Rest of the inner city*

The other parts of the inner city of Stockholm, i.e. Central Kungsholmen, Östermalm and Södermalm, are also relatively attractive in terms of location and local services. Transport connections are good and the areas are well known. The supply of offices varies both in terms of quality and age. There are a small number of modern office buildings in these areas, and although some new builds and conversion projects are under way, it is clear that modern offices are in short supply also in these sub-markets. Vacancy rates in these sub-markets are about 12 per cent and rents range from SEK 1,900-3,600/sqm. Our assessment is that these four sub-markets will experience an increase in demand in the years ahead. All these areas could be regarded as substitute markets for CBD, and some of the increased demand that spills over from there will benefit these areas.

#### *Solna*

Solna's office market is estimated at about 1 million sqm, which is about 9 per cent of the total supply in Greater Stockholm. The Solna office market can be divided into five sub-markets: Solna Strand, Solna Centrum, Solna Business Park, Solna Station and Frösunda. The municipality of Sundbyberg includes the nearby, competing sub-markets Sundbybergs Centrum and Hallonbergen/Rissne.

Solna Strand is a part of Solna that largely consists of large-scale office buildings erected mostly in the 1970s and 80s. In the late 1990s the area experienced an upsurge, as a number of major tenants relocated to the area, pushing rents higher. Rents for good-quality office space soared from SEK 1,000/sqm to SEK 1,400-2,000/sqm in only a few years and have remained at these levels since then. Solna Strand's main competitive asset is its excellent transport location, with the nearby Vreten metro station and access to commuter trains. The area's property owners have also taken a joint initiative to market the area with the aim of attracting more tenants. Vacancy rates in the area range from 8-12 per cent.

Solna Business Park (Vireberg) has a number of very high-class office properties that have been upgraded in recent years, but there are also a number of office properties of considerably lower standard. In the last 4-5 years the office park has established itself as a strong office location, as large and attractive tenants such as ICA, EDB, Coop and IFS have located their head offices to the area. As in Solna Strand, rent levels in the area have increased from SEK 1,000/sqm a few years ago to SEK 1,400-2,200/sqm today. Vacancies in the area are concentrated almost entirely to poor-quality offices, but for the area as a whole the vacancy rate is about 10-15 per cent.

Solna Centrum is primarily a retail centre that includes a number of office premises of average quality. Close to the shopping centre there are a number of office blocks around Skytteholmsvägen and Sundbybergsvägen, providing offices of low to medium quality. The Råsunda football stadium adds some higher-quality office space to the overall supply in the sub-market. The metro station and bus terminal provide good access to the sub-market. Rents in the area range from SEK 1,300-2,200/sqm.

Like Solna Strand, Solna Station was built largely in the 1970s and 80s. Here, too, there are large office units of varying quality. In recent years property owners in the

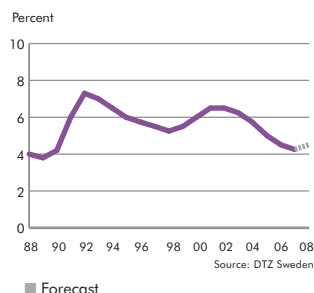
Whether you're dealing with a big or a small property deal makes little difference. The preparations before any transaction are always the same. It's a teamwork, we just have to roll up our sleeves and grab what has to be done"

*Torbjörn Fager, Business Developer*

**THE FABEGE-SPIRIT | INFORMALITY**



Fabege's head office is located on Dalvägen in Solna, in the heart of Arenastaden ("Arenatown"), where the new national arena, Swedbank Arena, will be built.

**Prime office yield, Stockholm**

Solna Business Park.

area have suffered from high vacancy rates, but the lettings situation has improved considerably in recent years. Planning and preparations for the new national arena and surrounding blocks are currently under way. As this work progresses the area's attractiveness will increase. The area has good transport connections thanks to the commuter train services, with a station centrally located in the area. Rents are similar to those in Solna Strand.

Frösunda is another strong office area in Solna. The area's location close to the E4 motorway and Solna station ensures good access to transport and provides excellent locations for billboards and signage. The area contains modern office properties of a very high standard. Although created relatively recently, the area has rapidly established itself as one of Greater Stockholm's most popular office locations. Rents in the area range from SEK 1,800-2,400/sqm for modern office space, with older premises fetching SEK 1,500-1,800/sqm. The area's supply of offices is still growing, and if the space currently being constructed is included, the vacancy rate would be about 15 per cent.

***Hammarby Sjöstad/Södra Hammarbyhamnen***

In the last decade Hammarby Sjöstad has been one of the most interesting development areas in Greater Stockholm. An entirely new part of town has been built and 20,000 people have moved here following the area's transformation. Södra Hammarbyhamnen, an adjoining area that was previously home to light industry, has also undergone a transformation into an alternative place of establishment for office tenants. Transport connections have improved considerably with the extension of the Tvärbanan light rail line, and a number of property owners have invested capital and time in raising the standard of their properties in the area. The supply of office space in the area is highly varied, with a mix of modern and old. This situation is reflected in the wide price range, with rents ranging from SEK 700-1,900/sqm. Vacancy rates are expected to be 12-15 per cent, with a large share of the space being of a character that requires major investments.

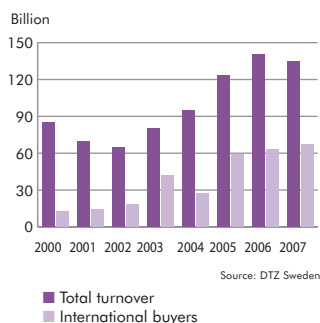
**The investment market**

The investment market for properties in Sweden has in recent years experienced historically high transaction volumes, and 2007 was no exception. The total annual investment volume was SEK 135 billion, which is a slight decrease on the year before (SEK 140bn).

The first two quarters differed somewhat from the last two. In the first and second quarters the mood in the investment market was buoyant, with forecasts of rapid economic growth, easy access to credit and high liquidity. During this period yield requirements were squeezed to record lows. Towards the autumn credit market fears, downgraded forecasts and investor worries reduced liquidity in the market considerably. Yield requirements increased somewhat in the last two quarters of the year, especially for poorer-quality products and portfolios as well as for more complicated development projects.

During the year as a whole, however, a lot of capital, both domestic and foreign, con-

**Total annual turnover in the Swedish transaction market**



tinued to flow to the Swedish property market. As in 2005 and 2006, competition for those properties that were put up for sale was intense, although it lessened somewhat in the latter part of the year.

Stockholm has long been the most attractive and largest property market in Sweden in terms of transaction volume. In 2007 Stockholm accounted for 42 per cent, or close to SEK 59 billion, of the total transaction volume in Sweden. The corresponding figures for 2005 and 2006 are SEK 48 billion and SEK 60 billion, respectively. About 50 per cent of all transactions in Stockholm in 2007 had international buyers, and net sales of properties in the capital by Swedish owners reached SEK 20 billion. However, this figure includes the year's single largest property transaction, in which the City of Stockholm sold Centrumkompaniet to UK-based Boulton for SEK 11.2 billion. In terms of sectors, the office sector was the largest, accounting for over 50 per cent of the total transaction volume in Stockholm.

In 2007 yield requirements for the Stockholm market continued to fall. For office properties in good locations yield requirements currently range from 4.25-5.25 per cent, depending on the standard and contract situation.

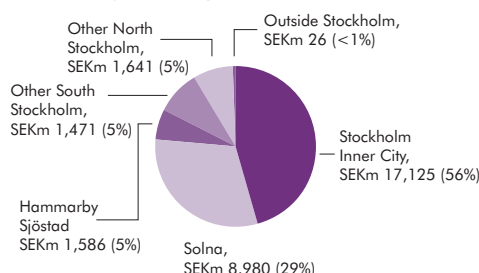
For 2008 DTZ estimates that yield requirements for office properties as a whole are set to increase. The key underlying reason is that the high expectations of rent increases that have previously been embedded in yield requirements have fallen slightly. The second reason is the current turbulence in financial markets, which, coupled with higher inflation, creates a risk of higher nominal interest rates and greater caution on the part of lenders. This, in turn, has made it more difficult for highly leveraged companies to fund acquisitions, and buyers have tightened their purse strings slightly. Internationally, a clear trend is discernible, with rising yield requirements for the large European investment markets in the last six months. Historically, yield requirements in Stockholm have followed London and other markets with a delay of roughly a quarter, which suggests that yield requirements will be squeezed by 25-50 basis points in one or a few quarters' time. We also expect that the spread in yield requirements between properties of differing standards and location, and thus potential rents, will increase. Good properties in the relatively strong Stockholm market will perform well in relation to properties with less rent potential.

Luma Park, Hammarby Sjöstad.

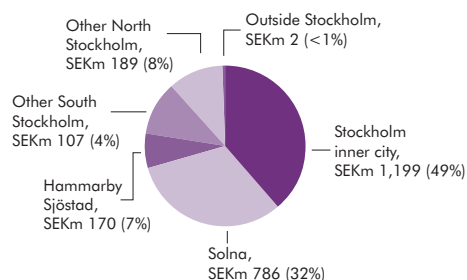


## Fabege's business

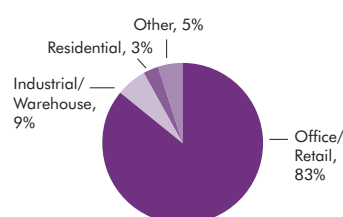
**Market value by geographical region, totally SEKm 30,8**



**Rental value by geographical region, totally SEKm 2,453**



**Rental value by property, totally SEKm 2,453**



Fabege is one of Sweden's leading property companies in the area of commercial premises and property development. The business is highly concentrated to a small number of priority sub-markets offering good growth opportunities in and around Stockholm. The most important of these for us are the inner city of Stockholm, Solna and Hammarby Sjöstad. Together, these account for 88 per cent of the Group's total rental value and 90 per cent of the value of its property portfolio.

Fabege's properties are already well positioned, and the portfolio is continually being developed through sales and acquisitions. Under Fabege's value-adding strategy, potential acquisitions must offer better growth prospects and display greater potential than the Group's existing investment properties.

The Stockholm region, where Fabege has concentrated its business, is the single largest rental and property market in Sweden with 12 million sqm of office space.

Fabege's property management organisation consists of four property management areas: City, Malmarna, Solna Business Park and Arenastaden. Improvement projects are conducted in the operating unit Projects & Development. On top of that, the organisation comprises the shared supporting units Accounting/Finance, Business Development and Information/IR/HR.

### Acquisitions and sales of properties in 2007

Fabege's property transactions in 2007 resulted in a further concentration to a small number of centrally located growth markets in the Stockholm region. 17 properties were sold during the year for a total of SEK 2.9 billion, and 8 properties were acquired for a total of SEK 4.0 billion. The acquired properties include Trångskåren 7 (DN Building) and Grönlandet Södra 13, which was bought for SEK 2.0 billion.

#### Property acquisitions, 2007\*

	Floor area, sqm
Q1	16,982
Q2	10,000
Q3	3,032
Q4	140,451
<b>Total</b>	<b>170,465</b>

#### Property sales, 2007\*

	Floor area, sqm
Q1	38,378
Q2	181,864
Q3	1,350
Q4	17,859
<b>Total</b>	<b>239,451</b>

\* For more detailed information, see the list of properties at the end of the annual report.

## PROPERTY MANAGEMENT

Faberge's property portfolio comprises 167 properties located primarily in Stockholm and Solna. Commercial premises, primarily office space, accounts for 97 per cent of the rental value, with residential space accounting for the remaining three per cent. The total lettable floor area is 1.5 million sqm and the rental value SEK 2.5 billion.

Faberge's commercial contract portfolio comprises about 2,300 contracts with about 1,500 tenants. In terms of value, the largest tenants are OMX, Bonnier Dagstidningar, If Skadeförsäkring AB and the Swedish Tax Agency.

Faberge's property management comprises four property management areas: City, Malmarna, Solna Business Park and Arenastaden. City and Malmarna essentially cover the same area as the sub-market Stockholm Inner City. Malmarna also covers the sub-market Hammarby Sjöstad.

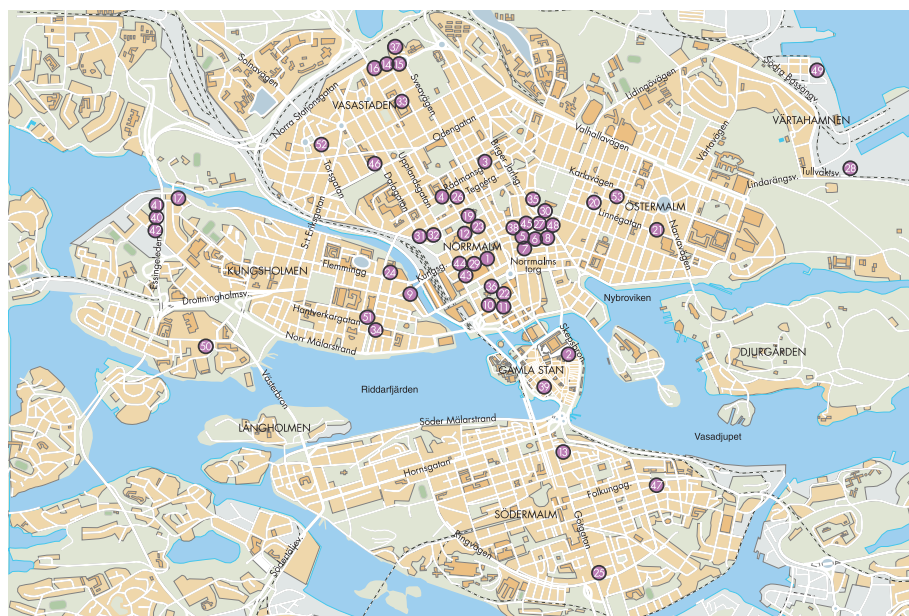
Faberge has chosen to manage its properties using its own staff to ensure a high degree of commitment in each property while remaining in close contact with clients, enabling rapid decisions. Each property management area is headed by an area manager with responsibility for profit and loss accounts and balance sheets. Each area also has designated individuals with responsibility for operations, marketing and lettings as well as building maintenance technicians and support staff. Each property management area thus constitutes a company within the company. In practice, this means that an area manager is authorised to initiate the sale and acquisition of properties within his or her area.

### Property stock at 31 December 2007

Market segment	31 Dec 2007					1 jan–31 Dec 2007		
	Number of properties	Lettable space '000 sqm	Fair value, SEKm	Rental value, SEKm	Economic occupancy, %	Rental income, SEKm	Property expenses	Operating surplus
<b>Real Estate Holding</b>								
Investmet properties <sup>1)</sup>	96	1,104	24,994	1,975	95	1,832	-497	1,335
Properties for improvment <sup>1)</sup>	39	353	4,354	418	83	339	-153	186
Land and Project properties <sup>1)</sup>	32	89	1,481	60	56	35	-28	7
<b>Total</b>	<b>167</b>	<b>1,546</b>	<b>30,829</b>	<b>2,453</b>	<b>92</b>	<b>2,206</b>	<b>-678</b>	<b>1,528</b>
Of which Inner City	53	557	17,125	1,199	95	1,122	-298	824
Of which Solna	34	519	8,980	786	92	692	-184	508
Of which Hammarby Sjöstad	13	156	1,586	170	88	140	-66	74
Of which Southern Stockholm	18	95	1,471	107	70	73	-36	37
Of which Northern Stockholm	47	216	1,641	189	86	178	-93	85
Of which outside Stockholm	2	3	26	2	31	1	-1	0
<b>Total</b>	<b>167</b>	<b>1,546</b>	<b>30,829</b>	<b>2,453</b>	<b>92</b>	<b>2,206</b>	<b>-678</b>	<b>1,528</b>
Letting, project development and property adm. expenses.								-85
<b>Total operating surplus after letting, project development and property adm. expenses.</b>								<b>1,443</b> <sup>2)</sup>

<sup>1)</sup> See definitions on page 88.

<sup>2)</sup> The table relates to Faberge's property stock at 31.12.2007, and income and expenses are reported as though the properties had been owned throughout the period. The deviation between the reported operating surplus of SEK 1,443m and the operating surplus in the income statement of SEK 1,312m is explained by operating surplus from sold properties having been excluded and acquired/ completed properties having been counted as though they were owned/completed throughout the period Jan-Dec 2007.



Fabege's properties in the inner city of Stockholm.

### Stockholm Inner City

Fabege is one of the largest owners of office property in the inner city of Stockholm, with a market share of about 5 per cent in terms of floor area. The company owns 53 properties with a total floor area of 557,000 sqm in the inner city. The properties primarily contain office and retail space and have a rental value of about SEK 1.2 million.

The holdings comprise fully developed properties as well as properties with development potential.

In Stockholm City the emphasis is on the area around Kungsgatan and Drottninggatan. A well contained group is located around Stureplan, where Fabege owns eight properties in the area Kungsgatan-Norrandsgatan-Lästmakargatan. Our holdings around Drottninggatan comprise 12 properties. In the area around Kungsgatan Fabege has consolidated its position among tenants requiring modern and efficient premises, such as the Financial Supervisory Authority, which moved into its newly converted offices on Norrandsgatan in 2007, and Carnegie Investment Bank and Max Matthiessen, which signed new leases with Fabege during the year.

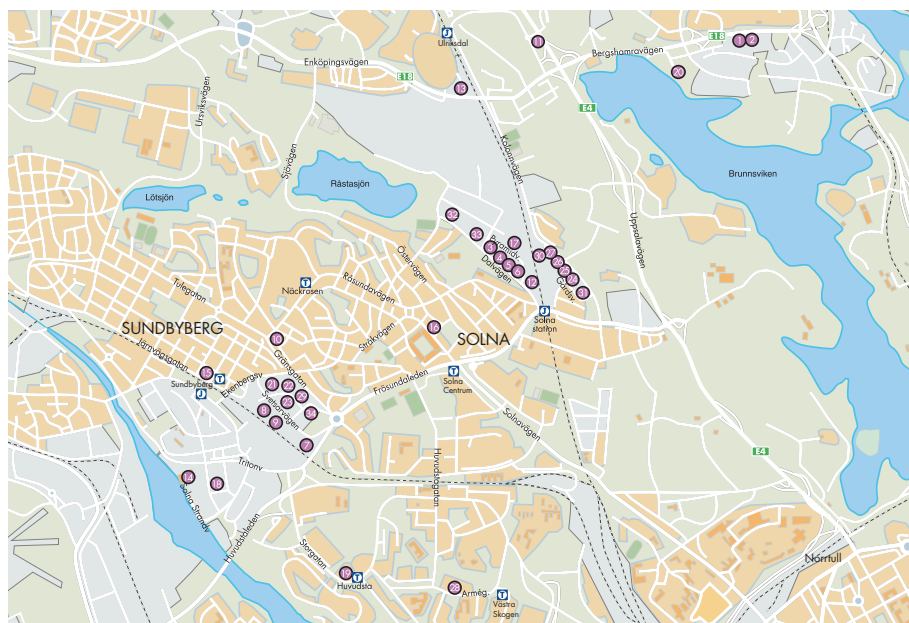
Another priority area for Fabege is Norrtull/Norra Station, where the company now owns five properties, including the landmark Wenner-Gren Center property.

In Malmarna the main priority areas are East and West Kungsholmen and the Lindhagen area. In the Lindhagen area an old industrial district is currently being redeveloped for residential and office use, with Fabege as one of the leading players. East Kungsholmen, especially the area around Kungsboplan and the east end of Fleminggatan, is also seeing a rise in demand for premises, and this area links up with the area around the Central Station, Norra Bantorget and the historic Klara district, which is also undergoing rapid development.

### Largest tenants by value

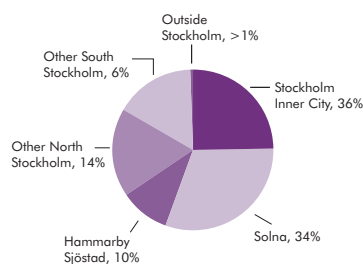
OMX AB
Bonnier Dagstidningar
Swedish Tax Agency
If Skadeförsäkring
ICA
National Courts Administration
AFA Sjukförsäkrings AB
National Insurance Office
EDB Business Partner Sverige AB
COOP Sverige Fastigheter AB

On 31 December 2007 the ten largest tenants by value represented a total contract value of SEK 490 million, or 22 per cent of total contract value.



Fabège's properties in Solna.

### Lettable area by sub-market, total 1,546,000 sqm



In Stockholm City financial companies, law firms, management consultancies and other consulting firms make up a large share of our tenants. Consultancies, financial companies and brokerages are also well represented in Norra Stationsområdet, while the area around the Central Station is not dominated by any particular industries. Our largest tenant in Frihamnen is OMX. Other major tenants in the area include the Financial Supervisory Authority, the Stockholm District Court and the Bonnier Group.

### Changes in 2007

In 2007 Fabège strengthened its portfolio of properties in the inner city of Stockholm. We acquired six properties with a total lettable area of 155,480 sqm.

Fabège also strengthened its presence in the dynamic Norrtull area through a series of acquisitions.

The purchase of Mimer 5 added 12,100 sqm of lettable space to the portfolio, a large share of which is already let to Cybergymnasiet. Later in the year we also acquired Getingen 15, a property with 26,500 sqm of lettable space, including 14,000 sqm of office space.

In October Fabège signed an agreement with the City of Stockholm for the acquisition of the Apotekaren 22 property in Norrmalm. The property takes up an entire block by Tegnérsgatan/Döbelnsgatan and has a lettable floor area of about 30,000 sqm including garages. Fabège also acquired the freehold Bocken 46 from the City. In a parallel transaction we sold the freehold properties Visthusboden 1, 2 and 3 in Enskede and Orgelpipan 5 on Norrmalm to the City of Stockholm.

The largest acquisitions in 2007 were Kvarteret Trängkåren 7 (DN Building) in Marieberg on Kungsholmen and Grönlandet Södra 13 in Norrmalm. Both properties

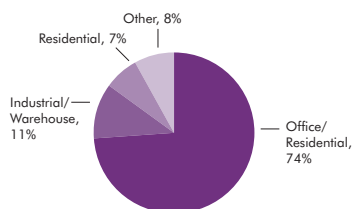
### Lease terms at 31 December 2007, commercial premises

Year due	Lease value SEKm of value, %	Proportion of value, %
2008	554	26
2009	442	20
2010	311	15
2011	191	9
>2012	639	30
<b>Total</b>	<b>2,117</b>	<b>100</b>

Total lease values at 31 December 2007 (incl residential and parking) amounted to SEK 2 256.

The average contractual period for the approx. 2,300 contracts in the commercial portfolio, weighted in accordance with the rental value, is 3,62 years.

### Lettable space by property type, totally 1,546,000 sqm



were bought from Niam in a single transaction. DN Building has a lettable area of 76,000 sqm, including 50,000 sqm of office space. The single largest tenant is the Bonnier Group, which publishes the major Swedish dailies Dagens Nyheter and Expressen. Grönlandet Södra 13 is located on Adolf Fredriks Kyrkogata and comprises 8,000 sqm. The entire property is rented by the National Insurance Office.

### Solna

Fabege is one of the largest owners of commercial property in Solna, which is one of the company's priority markets for the future. Fabege owns 34 properties with a combined floor area of 519,000 sqm in the area. Most of this is office space, giving Fabege a 40 per cent share of the office market in Solna. The rental value of Fabege's Solna properties is SEK 787 million, or 32 per cent of the Group's total rental value.

The properties are located in the areas Solna Strand, Solna Station, which is now often referred to as Arenastaden after the new National Arena, and Solna Business Park. Solna Business Park is a dynamic, expanding area mainly consisting of office and retail premises. In 2008 further development projects will be initiated in the area.

In the next few years Arenastaden is expected to become one of the most interesting areas in the Stockholm region, outside the inner city. A decision has now been taken on the future National Arena, around which an entire new part of town will be built. Fabege already has a strong position in Arenastaden and is taking an active role in developing the area.

Fabege's tenants in Solna include a number of large, established companies and organisations such as Fazer, Nike, Peab, BMW, 24hPoker, Otis, If Skadeförsäkring and the Swedish Tax Agency. During the year Fabege concluded a new ten-year lease with If.

### Changes in 2007

In a swap transaction with Carnegie Fastigheter AB Fabege acquired Planen 4, a property in the Råsunda area of Solna.

### Hammarby Sjöstad

Hammarby Sjöstad is an area that is undergoing rapid development and is currently in a phase that is 4 - 5 years ahead of the Lindhagen area. Here, too, an old industrial area is being converted into housing and offices with good access to transport in a location not far from the centre of town. Fabege is by far the largest player in commercial property in the area and has recently noticed a steady increase in demand, especially from service companies. Fabege's share of the office market is about 65 per cent.

Fabege owns 13 properties in Hammarby Sjöstad with a total lettable area of 156,000 sqm and a rental value of SEK 170 million. The flagship property is the stylish 1930s Lumahuset, where an improvement project is under way.

The tenants include advertising and media companies, and businesses providing services to the media industry, such as photographers and designers, have also been attracted to the area. MTV, Strix TV, the building consultant WSP, Strängbetong and the card reader company Point are some of our major tenants.

"The starting-point for successful lettings is to offer the customers smart and efficient solutions. In 'my' properties the task is simple – there are thousands and thousands of opportunities to take advantage of".

*Silvia Samuelsson, Property Manager, Stockholm City*

**FABEGE-ANDAN | ENTREPRENEURSHIP**



The main entrance to Wenner-Gren Center in the Norrtull area of Stockholm makes as imposing and elegant impression today as when it was opened in 1962.

### Largest office tenants in terms of space

#### Inner City

Tenant	sqm
OMX	34,000
Stockholm District Court	18,541
LRF	12,240
AFA Sjukförsäkring	8,583
National Institute for Working Life	7,660

#### Solna

Tenant	sqm
National Tax Agency	42,615
If Skadeförsäkring	31,653
Svenska Spel	17,945
ICA	15,503
EDB Business Partner	15,219

#### Hammarby Sjöstad

Tenant	sqm
Scientific Games	5,916
WSP Sverige	3,889
MTG Facility Management	3,185
Point Transaction Systems i Sverige	2,688
Information & Kompetens	2,536



Fabège's properties in Hammarby Sjöstad.

### Changes in 2007

Fabège has developed parts of the Luma 1 property for conversion into residential units. The project covers 6,000 sqm. After planning permission was received for the project, this space was sold to Oscar Properties.

### Other properties

In the rest of the Stockholm area Fabège has 67 properties with a total lettable area of 314,000 sqm. The total rental value of these properties is SEK 298 million.

The properties are mainly located in a number of sub-markets, such as Täby, Bromma, Järla Sjö and Tensta/Rinkeby.

### Changes in 2007

Fabège continued to divest properties outside its priority geographic areas in 2007. Eight properties in Årsta and Botkyrka were sold to Diös & Kuylenstierna Förvaltning AB. The

### Distribution of lettable area, 31 December 2007

	Offices, t.sqm	Retail, t.sqm	Industrial/ Warehouse, t.sqm	Hotels, t.sqm	Other, t.sqm	Residential, t.sqm	Garages, t.sqm	Total, t.sqm
Stockholm Inner City	414,628	28,955	35,509	7,674	2,251	15,153	52,737	556,907
Solna	410,463	30,831	40,078	15,287	6,509	523	15,080	518,771
Hammarby Sjöstad	82,858	11,265	55,135	0	128	691	5,996	156,073
Other Southern Stockholm	53,587	28,361	3,016	0	61	94	9,588	94,707
Other Northern Stockholm	72,931	14,348	37,422	0	1,888	86,886	3,000	216,475
Outside Stockholm	0	0	3,011	0	0	0	0	3,011
<b>Total</b>	<b>1,034,467</b>	<b>113,760</b>	<b>174,171</b>	<b>22,961</b>	<b>10 837</b>	<b>103,347</b>	<b>86,401</b>	<b>1,545,944</b>

land property Marievik 31 was sold to JM. Racketen 10 in Alvik was sold to Carnegie Fastigheter.

## PROJECTS & DEVELOPMENT

One of the cornerstones of Fabège's business concept, and one a key success factor, is an active and qualified property improvement business. Over the years the company has built up a wide and deep expertise in running development projects, ranging from tenant adaptations, conversions and area projects to planning and development of land areas.

Our improvement operations are conducted in the Projects & Development unit, which is responsible for new construction and redevelopment projects, procurement and follow-up, and marketing and letting of new projects. The unit is also responsible for contacts with local authorities and other planning agencies.

Our ambition is that Projects & Development should be self-sufficient in respect of practically all the expertise required in the projects, including financial control. Construction services are purchased externally, however.

In 2007 Fabège stepped up the pace of its project activities, and decisions were made on new project investments worth SEK 2.4 billion.

We therefore strengthened the Projects & Development organisation in 2007, recruiting 11 new staff. At year-end 2007 the unit had 28 employees.

At present about 10 major development projects are under way in the Stockholm area.

### Completed projects, 2007

*Kåkenhusen 38, Norrlandsgatan, Stockholm*

After a comprehensive redevelopment, this property was ready for occupation in 2007 and now provides a modern head office for the Financial Supervisory Authority. The tenants also include two restaurants.

### Projects in progress >50 Mkr at 31 Dec 2007, SEKm

Name of property	Property type	Area	Completed	Lettable space, sqm	Occupancy rate, % space <sup>2)</sup>	Rental value, excl. supplements	Book value 31.12.2007	Estimated investment	Of which accrued at 31.12.2007
Lillsätra 3	Warehouse	Sätra	Q2 2008	9,000	100	10	35	75	21
Lammet 17	Office	City	Q3 2008	6,800	52	20	150	60	1
Läraren 13	Office	Norrmalm	Q3 2008	6,800	53	19	270	85	18
Marievik 19	Office/Parking	Marievik	Q3 2008	24,700	67	40	400	170	38
Paradiset 29 (50%)	Retail/Office/Parking	Stadshagen	Q3 2009	18,100	50	29	100	380	120
Rovan 1	Office/Retail	Huvudsta	Q3 2009	8,100	0 <sup>1)</sup>	24	57	181	7
Hammarby Gård 7	Office	Hammarby Sjöstad	Q4 2008	8,900	0 <sup>1)</sup>	20	37	185	2
Bocken 35 and 46	Office	Norrmalm	Q4 2009	15,300	90	55	373	390	2
Skvaltkvarnen 1 etc	Residential	Tensta/Rinkeby	2007–2011	95,300	96	102	487	600	115
<b>Total</b>				<b>193,000</b>	<b>79</b>	<b>319</b>	<b>1,909</b>	<b>2,126</b>	<b>324</b>
Other Project&Land properties							619		
Other Properties for improvement							3,307		
<b>Total Projects, Land and Properties for improvement</b>							<b>5,835</b>		

<sup>1)</sup> The property has rental income during refurbishment from existing tenants who it is expected will stay during the conversion.

<sup>2)</sup> Operating occupancy rate at 05.02.2008

*Kvarteret Pan*

Kvarteret Pan is a unique building located between Stora Nygatan and Lilla Nygatan in Stockholm's Old Town. The oldest part dates from 1640 and has been joined with the neighbouring building from 1863.

Adaptations of the property, into offices and restaurants, were made in 2007, and the building will be completely ready in the second quarter of 2008. The office space is currently let to Acne Jeans.

**Projects in progress***Paradiset 29, Lindhagen area, Kungsholmen*

The Lindhagen area in West Kungsholmen is currently undergoing rapid development. A new area of town is being created with offices, flats, hotels, restaurants and shops. The intention is to combine modern workplaces with housing and lush greenery and walkways.

Paradiset 29, a former bakery, is now undergoing a complete redevelopment, including a new office complex on the roof. Upon completion, the building will provide 36,200 sqm of retail, office and garage space. In 2007 Fabege signed a lease with ICA for about 9,000 sqm of retail space plus garage space. The project is expected to be completed in the third quarter of 2009.

*Kvarteret Marievik 19*

The former Modecenter on the Årstaviken quay was modernised in 2007. The unique, palace-like building will have a total lettable area of 24,700 sqm upon completion, which is scheduled for third quarter of 2008. At year-end 2007 67 per cent of the floor area had been let, and one of the tenants is H&M.

*Kvarteret Lammet*

The property is located at Bryggargatan/Gamla Brogatan and comprises some 6,800 sqm of office space in a very central yet quiet location. At year-end 2007 52 per cent of



Paradiset 29, Lindhagen Office and Retail centre.



Kvarteret Bocken at Regeringsgatan/Lästmakargatan.

"The investments involved in our projects are very significant. That's why I work hard to find contractors that can deliver optimal solutions – the right price and the right quality always pay off in the long term"

*Helena Lundberg, Project Planner*

**THE FABEGE SPIRIT | BUSINESS ORIENTATION**



In the Lindhagen project in Paradiset 29 in West Kungsholmen Fabege is creating 13,500 sqm of retail space and 10,500 sqm of offices as well as garages.

the floor area had been let, and the project is scheduled for completion in the third quarter of 2008.

#### *Solna*

In Solna, to the north of central Stockholm, a decision has been taken to build a new Swedish national arena. It is designed for football matches, concerts and other major events and will be built on undeveloped land next to Solna Station. Next to the arena, a new area of town with housing, offices, hotels, restaurants and shops is now being built. With several properties in the area, Fabege is taking part in this development along with other players, including Solna Municipality, the Swedish Football Association, Jernhusen and Peab.

After the decision to build the new arena a growing interest has been registered in the area among potential tenants. Projects in progress in Fabege include renovations of exteriors and tenant adaptations in our existing properties in the area around the site of the new arena.

#### *Kvarteret Järvakrogen*

In 2007 Fabege obtained planning permission to erect a 10,000 sqm office building next to the intersection of the region's two main motorways, the E4 and E18, and overlooking the beautiful Brunnsviken bay.

#### *Kvarteret Läraren 13*

Läraren 13 is a turn-of-the-century building with a lot of charm, located Torsgatan 4 by the new Lilla Bantorget square that is being created next to Norra Bantorget. Under Fabege's leadership, the property is undergoing a complete external and internal renovation, which will also involve careful preservation of the listed façade towards Torsgatan.

The project will result in 6,800 sqm of lettable space in the form of ultra-modern offices and is scheduled for completion in the third quarter of 2008.

Among contracted tenants are the clothing company Tiger, the mattress making company Tempur and the forestry company Sveaskog.

#### *Kvarteret Bocken*

The property is located at Lästmakargatan/Regeringsgatan. The purpose behind the ongoing project is to create a lively street environment offering attractive offices as well as housing. The character of the site will be changed from that of a street lined by loading bays to a street designed for people. The buildings follow the slope of the Brunkebergsåsen ridge ending in a tall residential building, like an exclamation mark. The project comprises a lettable area of 15,300 sqm and is expected to be completed in the fourth quarter of 2009. Carnegie Investment Bank and Max Mathiessen have signed rental agreements for a total of 13,500 sqm.

## Market valuation of Fabege's property portfolio

Fabege has undergone a major restructuring in the last few years. Through property transactions worth several tens of millions of kronor and by spinning off our properties in the Öresund region, Fabege's portfolio has been concentrated to a small number of select, dynamic sub-markets in the Stockholm region. The composition of the property portfolio has changed considerably as residential properties and other properties outside the company's priority segments have been divested to concentrate the business on commercial property, primarily office premises.

On 31 December 2007 Fabege's property portfolio comprised 167 properties, which was 7 less than the year before. The total property value increased by SEK 3.6 billion to SEK 30.8 billion (27.2) year-on-year.

### Property valuation

Each year Fabege's property holdings are externally valued as at 31 December by an independent valuer with recognised qualifications. As at 31 December 2007 the properties were valued by DTZ Sweden AB and Newsec Analys AB. The estimated market value was SEK 30.8 billion. Market value refers to the most likely price that each property would obtain in a sale on an open and free property market at the time of valuation.

The valuation covered all properties and developable land in Sweden. The data provided by Fabege on leases, vacant areas, operations and maintenance costs and investments was used as a basis for the valuation. All properties were surveyed during the period 2005-2007.

The property valuation is based on cash flow statements, in which the present value of net operating incomes are normally calculated during a five-year calculation period, and the residual value of the property at the end of the period are calculated. The discount rate for Fabege's property portfolio is 7.3 per cent (7.8%), based on a long-term discount rate plus a supplement for property-related risk. The average yield requirement at the end of the calculation period is 5.5 per cent (5.8%). The property valuation was performed in accordance with the Valuation Guidelines of the Swedish Property Index.

### Yield per sub-market based on assumptions used in external valuation

Sub-Market	Market value 31 dec 2007, SEKbn	Yield, %
Inner City	17.1	5.1
Solna	9.0	5.8
Hammarby Sjöstad	1.6	6.3
South Sthlm	1.5	6.0
North Sthlm	1.6	5.9
Other	0.0	10.0
<b>Total</b>	<b>30.8</b>	<b>5.5</b>

## Tax situation

### Tax situation

#### Current tax

Unused tax loss carry-forwards, which are expected to reduce the Group's tax expense in future years, are estimated at SEK 3.8 billion (4.3) as at 31 December 2007.

Payment of income tax can also be delayed through tax depreciation of the properties. In case of a direct sale of property a tax profit equivalent to the difference between the selling price and the tax residual value of the property is realised. In case of a sale of property through a business sale this effect can be mitigated.

#### Deferred tax liability/tax asset

As at 31 December 2007, the difference between the book and tax residual values of the properties was approximately SEK 10.5 billion (8.9). Under IFRS rules on deferred tax, differences between book and tax values should be recognised at the nominal tax rate (28%) with no discount. Exceptions can be made for business combinations, which can be classified as asset acquisitions. See also the section entitled Accounting principles on page 60 and Note 28 on page 69 in respect of deferred tax.

As at 31 December 2007 net deferred tax liabilities were SEK 0.6 billion (0.4), in accordance with the following specification:

#### Distribution of deferred tax liability, 31 December 2007, SEKm

Deferred tax attributable to	
- loss carry-forwards	-1,069
- difference between book and tax values in respect of properties	1,656
- untaxed reserves/other	-7
<b>Net liability deferred tax</b>	<b>580</b>

#### Ongoing tax cases

The Administrative Court of Appeal in Stockholm has decided to reject Fabege's appeal in the ongoing and previously reported tax case concerning a review of the 2002 income tax for Fabege Storstockholm AB. The adopted increase in Fabege's taxed income is due to the fact that the Tax Agency has taken the view that a dividend paid by a subsidiary to Fabege Storstockholm AB is taxable. The reason for this is that the Tax Agency has reclassified Fabege Storstockholm AB from a property management company to a property trading company. The ruling of the Administrative Court of Appeal means that the Tax Agency's decision to increase Fabege's taxable income by SEK 346 million has been upheld, resulting in a tax expense, including interest, of approximately SEK 113 million. The company is contesting the ruling and has applied for the case to be reviewed by the Supreme Administrative Court. No provision has been made in Fabege's balance sheet, but the amount has been recognised, as in previous financial reports, as a contingent liability.

The Tax Agency has in several decisions announced that companies in the Fabege Group will have their taxable incomes increased in respect of a number of property sales made through limited partnerships. As at 31 December 2007 the total increase in taxable incomes is SEK 4,045 million. The decisions have resulted in total tax demands of SEK 1,132 million plus a tax penalty of SEK 170 million, i.e. a total tax demand including penalties of SEK 1,302 million excluding interest.

Fabege strongly contests the tax demands made by the Tax Agency and has appealed the decisions. It is the company's firm opinion that the sales were reported and declared in accordance with applicable rules, and no provisions have therefore been made in Fabege's balance sheet.

Fabege's assessment is shared by external legal experts and tax advisors who have analysed the sales and the Tax Agency's reasoning. The partners of the limited partnerships reported and declared their share of the proceeds in full compliance with applicable tax rules. The sales resulted in a low income tax, but it should be pointed out that in the Tax Agency's own opinion it is perfectly permissible and acceptable to sell commercial properties tax-free in package form, i.e. the small amount of tax resulting from the sales was neither unexpected nor controversial. The way in which the properties were sold was chosen exclusively for business reasons, and not to reduce the amount of tax payable. The most immediate alternative option, which was to sell the properties through limited liability companies, would not have resulted in a higher tax charge for any Group company.

The type of property sale through a trading/limited partnership that the Tax Agency has made a tax decision on has been used on numerous occasions in the industry. See also the press release from 7 December 2006. Information about any further decisions made by the Tax Agency and the reasoning behind the decisions will be presented in Fabege's interim reports. Any changes in current assessments and any court rulings will be announced through press releases.

“All my customers are within walking distance of our local office in Solna Business Park. I highly value the personal contacts created through these meetings – my tenants sometimes become more like colleagues than customers.”

*Jessica Dehmer, Assistant Property Manager*

**THE FABEGE-SPIRIT | CLIENT PROXIMITY**



To ensure the best possible service for our customers, Solna Business Park has its own service centre.

# Administration Report

The Board of Directors and Chief Executive Officer of Fabege AB (publ), organisation number 556049-1523, hereby present their 2007 report for the Group and parent company.

## The business

Fabege is one of Sweden's leading property companies focusing on commercial premises. The business is concentrated to a small number of fast-growing priority sub-markets in the Stockholm region. Fabege manages and improves its existing properties while continuously developing its portfolio through sales and acquisitions. Realising value is an integral and key part of the business.

In recent years the company has undergone major changes. Fabege was previously active in several regions and had a relatively large share of residential space in its portfolio, but has increasingly concentrated its holdings to the Stockholm region, with a focus on commercial premises. In 2007 the company continued to concentrate its business to the inner city of Stockholm and a small number of other priority sub-markets. As at 31 December 2007, Fabege had a rental value of SEK 2.5 billion, a lettable area of 1.5 million m<sup>2</sup> and a book value, including project properties, of SEK 30.8 billion. On 31 December 2007 Fabege's property portfolio in the inner city of Stockholm, Solna and Hammarby Sjöstad represented 88 per cent (78%) of the total rental value.

Out of the rental value, 97 per cent (97%) refers to commercial premises and 3 per cent (3%) to residential premises.

## Results

The profit after tax was SEK 1,812 million (2,266) and earnings per share after dilution were SEK 9.98 (11.74). The profit after financial items was SEK 2,066 million (1,863).

Rental income was SEK 2,066 million (2,343) and net operating income SEK 1,312 million (1,410). For comparable property stock, rental income increased by 7.6 per cent and net operating income by 8.2 per cent.

Realised changes in the value of properties totalled SEK 446 million (61), while unrealised changes in the value of properties were SEK 893 million (911), of which SEK 886 million (960) referred to remaining properties, while changes in the value of fixed income derivatives and equities were SEK 37 million (230) and SEK -13 million (15), respectively.

The net interest expense improved to SEK -609 million (-646) as a result of net sales of properties at the beginning of the year.

The tax expense (current and deferred) for the year was SEK -254 million (403). As at 31 December 2007, the difference between the book and tax residual values of the properties was approximately SEK 10.5 billion. At the same time, the Group had valued tax loss carry-forwards of SEK 3.8 billion.

## Cash flow and financial position

The results produced an increase in liquidity of SEK 1,142 million (646). After a decrease of SEK 491 million (3,197) in working capital, which varies primarily as

result of the effect of occupancy/final settlement for acquired and divested properties, operating activities resulted in an increase in liquidity of SEK 1,633 million (3,843). Investments and acquisitions exceeded property sales by SEK 2,653 million (-1,513). Operations thus resulted in an overall decrease in liquidity of SEK 1,020 million (-5,356). Dividends to the shareholders and share buybacks were SEK 761 million (754) and SEK 534 million (706), respectively. After the increase in debt, consolidated cash and cash equivalents were SEK 75 million (164).

Shareholders' equity was SEK 11,415 million (12,177) and the equity/assets ratio 36 per cent (41%). Return on equity was 15 per cent (20%).

Interest-bearing liabilities (excluding a surplus in the fixed income derivatives portfolio of SEK 13 million) were SEK 17,210 million (14,978) at the end of the year with an average interest rate of 4.28 per cent (3.72%) excluding loan commitments and 4.31 per cent (3.85%) including expenses relating to loan commitments. Out of total liabilities, SEK 47 million refers to a convertible bond loan and SEK 3,540 million to outstanding certificates. I den total lånevolymen. The total loan volume as at 31 December includes loans for works in progress of SEK 323 million, on which interest of SEK 8 million has been capitalised. The average fixed-rate term for the loans, including the effects of exercised derivatives, was 3 months (10) on 31 December. During the year Fabège increased the average term of loan agreements, resulting in an average maturity at year-end of 5.1 years (4.2). Out of total credit lines of SEK 25.5 billion, SEK 17.2 billion had been used. In the fourth quarter increased long-term credit lines of SEK 2.5 billion were agreed on terms equivalent to those attaching to previous credit lines. The company's concentration to priority markets in the Stockholm region improves its ability to obtain long-term funding on favourable terms. Fabège's access to long-term funding has not been affected by the turbulence in financial markets. See also Note 3 on financial instruments and financial risk management.

### **Acquisitions and sales**

Investments in 2007 were SEK 4,984 million (17,044), of which SEK 4,018 million (16,110) refers to property acquisitions and SEK 966 million (934) to investments in existing properties and projects. Eight properties were acquired for a total consideration of SEK 4,018 million and 17 properties were sold for SEK 2,919 million.

Major divestments refers to one property in Alvik (SEK 697 million) and eight properties in Årsta and Botkyrka (SEK 1,350 million). Major acquisitions were made in transactions with the City of Stockholm (SEK 814 million) and Niam (SEK 2,013 million). Fabège's property transactions in 2007 resulted in a further concentration of the Group's holdings to centrally located markets in the Stockholm region.

### **Investments in existing properties and projects in progress**

In 2007 the Group significantly increased the pace of activities aimed at adding value through improvements to properties, and decisions were made on major project investments of approximately SEK 2.4 billion. Investments of SEK 966 million (934) in existing properties and projects referred to land, new builds, extensions and conversions. The

biggest investments referred to Luma 1 (Hammarby sjöstad), Kåkenhusen 38 (Norrmalm) and Marievik 19 (Marievik).

### Parent company

Sales in 2007 were SEK 108 million (147) and the profit before appropriations and tax was SEK 1,048 million (1,955). Net investments in properties, equipment and interests were SEK 32 million (3,856). On 31 December cash and cash equivalents were SEK 58 million (93).

### Shares and share capital

Fabege's share capital at year-end was SEK 5,086 million (5,030m), represented by 178,458,921 shares (100,599,382). In accordance with a resolution made at the 2007 AGM, a 2:1 share split was effected during the year. All shares carry the same voting rights and entitle the holder to the same share of the company's capital. Full conversion of all outstanding convertible bonds would result in an increase of 1,069,864 shares.

The following indirect or direct shareholdings in the company as at 31 December 2008 represent one tenth or more of the votes for all shares in the company:

Shareholding	Share of votes
Brinova	13.6%
Maths O Sundqvist	11.5%

Through Fabege's profit-sharing fund and the Wihlborgs & Fabege profit-sharing fund the employees own a total of 680,283 shares in the company.

At the 2007 AGM the shareholders voted to make the following changes to the Articles of Association: The Board of Directors shall comprise at least four and not more than eight members. The number of shares shall be at least 66,800,000 and no more than 267,200,000.

### Redemption of shares in Fabege AB paid in the form of shares in Klöver AB

In accordance with the resolution passed at the 2007 AGM, Fabege has transferred 47.6 million shares in Klöver AB (publ) to the shareholders through a redemption procedure. The procedure involved an offer to redeem every 16th share in Fabege for eight shares in Klöver AB.

### Share buyback programme

The 2007 AGM passed a resolution authorising the Board, during the period up to the next AGM, to acquire shares. Share buybacks are subject to a limit of no more than 10 per cent of the total number of outstanding shares at any time. In 2007 the company bought back 7,635,622 shares (5,435,400), which was also the number of shares held by the company at year-end. The holding represents 4.28 per cent of the total number of registered shares. The shares were bought at an average price of SEK 71.05 per share.

### Commission-free trading

The 2007 AGM adopted a resolution to offer shareholders the opportunity to buy or sell, free of commission, the number of shares required to achieve a shareholding consisting of round lots (100 shares). The offer was implemented during the period 15-30 November 2007. 10,869 shareholders chose to avail themselves of the offer, which resulted in a net purchase of 184,611 shares.

### Sensitivity analysis

The sensitivity analysis is based on Fabege's property holdings and balance sheet as at 31 December 2007. The sensitivity analysis shows the effects on the Group's profit after financial items on an annualised basis after taking account of the full effect of each parameter.

#### Sensitivity analysis, cash flow

SEKm	Change	SEKm
Rent level, commercial	1%	21,8
Rent level, residential	1%	0,8
Financial occupancy rate, %	1% point	24,6
Property expenses	1%	7,6
Interest expenses 2008 <sup>1)</sup>	1% point	130,0
Interest expenses, longer-term perspective	1% point	172,0

<sup>1)</sup> The effect of the change on interest expenses in 2008 is based on the assumption of a change in the yield curve of 1 percentage point, an unchanged loan volume and fixed-rate term, with effect from 1 January 2008.

The result will also be affected by realised and unrealised changes in the value of properties.

#### Rental income

Fabege's business in property management and project development is highly concentrated to sub-markets with good growth prospects in and around Stockholm. Occupancy rates and rent levels have continued to improve. Out of Fabege's total rental income, 97 per cent refers to commercial premises and 3 per cent to residential premises. As the commercial leases run for a certain number of years, the full impact of changes in rents will not be felt in any single year. New contracts normally run for 3-5 years and are subject to 9 months' notice with an index clause linked to inflation. The average term of commercial leases is 3.6 years. Normally, more than 20 per cent of the contract portfolio is renegotiated each year. The risk of increased vacancies in the property management portfolio is estimated to be small thanks to the central locations of the properties. The 10 largest tenants account for about 20 per cent of the total contract value. The largest tenants in terms of value make up a small share of the total number. Rent losses are insignificant. Vacancies in improvement properties constitute a potential, of which a large share of contracts have already been signed.

*Property expenses*

Property expenses include operations and maintenance expenses, property tax, ground rent and expenses for administration and lettings. Operations expenses largely consist of tariff-based expenses such as heating, electricity, water, etc. Fabege conducts contract negotiations and works continuously to optimise the operation of its properties. A large share of the Group's expenses is passed on to the tenants, which reduces the exposure. The standard of the property management portfolio is deemed to be high.

*Interest expenses*

The fixed-rate term of the loan portfolio is about 3 months. Fabege employs financial instruments to limit interest risk and as a flexible means of adjusting the average fixed-rate term of the loan portfolio. Changes in the value of derivatives are reported in the profit and loss account as they occur. A more detailed description of financial risks is presented in Note 3.

**Sensitivity analysis, property value**

Change in value, %	Effect after tax, SEKm	Equity/assets ratio, %	Leverage, %
+10	2,220	39	51
0	-	36	56
-10%	-2,220	32	62

*Property values*

Properties are reported at fair value and changes in value are recognised in the profit and loss account. Fabege's concentration to central Stockholm and neighbouring areas ensures that opportunities to maintain or increase property values are good even in case of unchanged or slowly increasing yield requirements. In the current market situation opportunities for adding value to existing project properties remain good. The table above shows the effect of a 10 per cent change in the value of a property on profits, the equity/assets ratio and leverage.

**Asset management***Capital structure*

Fabège manages its capital for the purpose of generating for its owners the best overall return among property companies listed on the Stockholm Stock Exchange. The company seeks to optimise the equity/debt ratio to ensure that its capital base is sufficient in relation to the nature, scope and risks of the business. Under the adopted targets for capital structure, the company shall 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). Current key figures are shown in the five-year summary on page 87.

*Debt management*

The main task of Fabège's debt management activities is to ensure that the company maintains at all times a stable, well balanced and cost-efficient financial structure

through borrowing in the bank and capital markets. The company's financial policy defines how financial risks should be managed, which is described in greater detail in Note 3.

#### *Dividend*

Under its dividend policy, Fabège aims to pay a dividend to its shareholders comprising that part of the company's profit which is not required for the consolidation or development of the business. Based on current market conditions, this means that the dividend will comprise at least 50 per cent of the profit from the management of the company's property portfolio and realised gains from sales of properties.

#### **Ongoing tax cases**

The Swedish Tax Agency has in several decisions announced that the taxable incomes of companies in the Fabège Group will be increased as a result of a number of property sales made through limited partnerships. As at 31 December 2007, the total increase in taxable incomes is SEK 4,045 million. The decisions have resulted in total tax demands of SEK 1,132 million plus a tax penalty of SEK 170 million, i.e. a total tax demand including penalties of SEK 1,302 million excluding interest. The companies have been granted respite for payment. Fabège has strong reasons to contest the decisions of the Tax Agency, which have been appealed. It is the company's firm opinion that the sales were reported and declared in compliance with applicable rules, and no provisions have therefore been made in Fabège's balance sheet (reported as contingent liability). Fabège's assessment is shared by external legal experts and tax advisors that have analysed the sales as well as the Tax Agency's reasoning. See also Fabège's tax situation on pages 40-41.

The Administrative Court of Appeal in Stockholm has decided to reject Fabège's appeal in the ongoing and previously reported tax case concerning a review of the 2002 income tax for Fabège Storstockholm AB. The adopted increase in Fabège's taxed income is due to the fact that the Tax Agency takes the view that a dividend paid by a subsidiary to Fabège Storstockholm AB is taxable. The reason for this is that the Tax Agency has reclassified Fabège Storstockholm AB from a property management company to a property trading company. The ruling of the Administrative Court of Appeal means that the Tax Agency's decision to increase Fabège's taxable income by SEK 346 million has been upheld, resulting in a tax expense, including interest, of approximately SEK 113 million. The company appeal against the ruling of the Administrative Court of Appeal and has so far not made any provision in its balance sheet (reported as contingent liability). The company's assessment is shared by external legal experts and tax advisors that have analysed the sales as well as the ruling of the Administrative Court of Appeal. Fabège has applied for the case to be reviewed by the Supreme Administrative Court.

#### **The work of the Board of Directors**

A separate description of the work of the Board of Directors is given in the Corporate Governance Report on pages 74-85.

### **Environment**

Fabege does not conduct activities that are subject to permit and notification requirements under Chapter 9, Section 6 of the Environmental Code. Out of Fabege's tenants, only a few conduct such activities. More information about Fabege's environmental work is given in the section on the environment on pages 14-17.

### **Staff**

The average number of employees in the Group during the year was 146 (194), of which 60 (76) were women and 86 (118) were men. Out of these, 33 were employed in the parent company (30). At year-end the number of employees was 140, of which 58 were women. See also page 64, Note 5.

### **Guidelines for compensation and employment terms for company management**

The term 'company management' refers to the Chief Executive Officer and other members of Group management. The entire Board of Directors (except the CEO) is responsible for drawing up a draft statement of principles governing compensation and other terms of employment for Company management and for preparing decisions on the CEO's compensation and other terms of employment.

The 2007 AGM resolved to adopt the following guidelines for compensation and other employment terms for company management:

The compensation should be market-based and competitive. Responsibilities and performance that are in the interest of shareholders should be reflected in the compensation. The fixed salary should be reviewed each year. Fabege has a profit-sharing fund that covers all employees of the Company. Allocations to the profit-sharing fund should be based on the achieved return on equity and are subject to a ceiling of one base amount per year per employee. Any compensation in addition to the fixed salary should be subject to a ceiling and related to the fixed salary. Any other benefits should constitute a limited part of the compensation. The retirement age should be 65. Pension benefits should correspond to the ITP occupational pension plan or be contribution-based with a maximum contribution of 35 per cent of the pensionable salary. Termination salary and severance pay combined must not exceed 24 months.

Information about compensation paid to senior executives in 2007 is provided in Note 5.

The Board's proposal to the 2008 AGM is that the guidelines remain unchanged.

### **Events after the end of the period**

#### *Share buyback programme*

After the end of the year, during the period up to 29 February 2008, a further 1,515,051 shares have been bought back at an average price of SEK 63.73 per share. The company's total shareholding as at 29 February 2008 was 9,150,673 shares, or 5.13 per cent of the total number of registered shares.

### Outlook for 2008

With a good financial position, a property portfolio concentrated to growth locations and an attractive project portfolio, Fabege is currently very well positioned in the Stockholm property and rental market, which remains strong at the start of 2008.

### Proposed allocation of profits

The following amounts are at the disposal of the AGM:

Retained earnings	1,540,612,432
Profit for the year	1,038,261,998
<b>Total</b>	<b>2,578,874,430</b>

The Board of Directors and the Chief Executive Officer propose that the amount be allocated as follows:

Dividend of SEK 4.00 per share to the shareholders	677,232,992
Carried forward	1,901,641,438
<b>Total</b>	<b>2,578,874,430</b>

The dividend amount is based on the total number of outstanding shares as at 29 February 2008, i.e. 169,308,248 shares. The total dividend amount is subject to alteration up to and including the record date, depending on conversions of convertible bonds and share buybacks.

### Statement of the Board of Directors on the proposed dividend

#### Grounds

The Group's equity has been calculated in accordance with the EU-approved IFRS standards, the interpretations of these (IFRIC) and Swedish law through the application of Recommendation RR 30 (Supplementary Accounting Rules for Corporate Groups) of the Swedish Financial Accounting Standards Council. Equity in the parent company has been calculated in accordance with Swedish law, applying Recommendation RR 32 (Accounting for Legal Entities) of the Swedish Financial Accounting Standards Board.

The Board of Directors has established that the company will have full coverage for its restricted equity after the proposed dividend.

The Board of Directors considers that the proposed dividend is defensible based on the criteria contained in the second and third paragraphs of Section 3 of Chapter 17 of the Swedish Companies Act (Nature and scope of the business and associated risks, Consolidation requirements, Liquidity and other financial circumstances). The Board would like to make the following comments pertaining thereto:

#### Nature, scope and risks of the business

The Board estimates that the company's and Group's equity after the proposed dividend will be sufficient in view of the nature and scope of the business and the associated risks. In this connection the Board has taken into account the equity/assets ratio, historical performance, budgeted performance, investment plans and overall economic conditions.

## **Consolidation requirements, liquidity and other financial circumstances**

### *Consolidation requirements*

The Board of Directors has made a general assessment of the company's and Group's financial position and its ability to meet its commitments. The proposed dividend constitutes 6.3 per cent of the company's equity and 5.9 per cent of consolidated equity. The stated target for the Group's capital structure is a minimum equity/assets ratio of 30 per cent, and it is estimated that the Group will be able to maintain an interest coverage ratio of at least 2.0 also after the proposed dividend. In view of the current situation on the property market, the company and Group have a good equity/assets ratio. Against this background the Board considers that the company and Group have good opportunities to take advantage of future business opportunities and ride out any losses that may be incurred. Planned investments were taken into account in deciding the proposed dividend. Nor will the dividend adversely affect the company's or Group's ability to make further commercially motivated investments in accordance with the adopted plans.

In the parent company assets and liabilities have been valued at fair value in accordance with Chapter 4, Section 14 of the Annual Accounts Act. The effect of this valuation on parent company equity is negligible.

### *Liquidity*

The proposed dividend will not affect the company's and Group's ability to meet its payment obligations at the right time. The company and Group have good access to liquidity reserves in the form of both short- and long-term credit. The credit can be raised at short notice, which means that the company and Group are well prepared to deal with variations in liquidity and any unexpected events.

### *Other financial circumstances*

The Board of Directors has assessed all other known circumstances that may be significant for the company's and Group's financial position and that have not been addressed in the above. No circumstance has been discovered in the course of the assessment that would cast doubt on the defensibility of the proposed dividend.

Stockholm, 6 March 2008

The Board of Directors

## Consolidated income statements

SEK million	Note	Group	
		2007	2006
Rental income	7	2,066	2,343
Property expenses	8	-754	-942
<b>Net operating income</b>		<b>1,312</b>	<b>1,401</b>
Central administration and marketing	9	-60	-109
Realised changes in value, investment properties	10, 15	446	61
Unrealised changes in value, investment properties	10, 15	893	911
<b>Operating profit</b>	1-6, 16, 18, 45	<b>2,591</b>	<b>2,264</b>
Profit from other securities and assets that are fixed assets	11	75	12
Interest income	12	18	14
Interest expenses	12	-642	-672
Changes in value, fixed income derivatives	27	37	230
Changes in value, equities	13	-13	15
<b>Profit after financial items</b>		<b>2,066</b>	<b>1,863</b>
Tax on profit for the year	14	-254	403
<b>Profit for the year</b>		<b>1,812</b>	<b>2,266</b>
<b>Attributable to parent company shareholders</b>		<b>1,812</b>	<b>2,257</b>
Earnings per share before dilution, SEK		10.03	11.80
Earnings per share after dilution, SEK		9.98	11.74
No. of shares at end of period before dilution, millions		170.8	190.3
No. of shares at end of period after dilution, millions		171.9	191.4
Average no. of shares before dilution, millions		180.7	191.3
Average no. of shares after dilution, millions		181.8	192.5

## Consolidated balance sheets

SEK million	Note	2007	Group 2006
<b>ASSETS</b>			
Investment properties	15	30,829	27,188
Equipment	16	6	11
Interests in associated companies	17	-3	1,204
Receivables from associated companies		-	8
Other long-term securities holdings	19	76	98
Derivatives	27	13	-
Other long-term receivables	20	301	579
<b>Total fixed assets</b>		<b>31,222</b>	<b>29,088</b>
Trade debtors	21	54	51
Tax assets		-	120
Other receivables	22	351	554
Prepayments and accrued income		53	32
Cash and cash equivalents	36	75	164
<b>Total current assets</b>		<b>533</b>	<b>921</b>
<b>TOTAL ASSETS</b>		<b>31,755</b>	<b>30,009</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		5,086	5,030
Other contributed capital		3,017	3,016
Translation reserve		-23	-23
Retained earnings incl. profit for the year		3,335	4,133
Minority interest		-	21
<b>Total equity</b>	23	<b>11,415</b>	<b>12,177</b>
Liabilities to credit institutions	25	13,485	10,015
Convertible bonds	25, 26	47	49
Derivatives	27	-	21
Deferred tax liability	28	580	356
Provisions	29	645	527
<b>Total long-term liabilities</b>		<b>14,757</b>	<b>10,968</b>
Liabilities to credit institutions	24, 25	3,678	4,914
Trade creditors		21	257
Provisions	29	168	118
Other liabilities	30	1,082	664
Accruals and deferred income	31	634	911
<b>Total current liabilities</b>		<b>5,583</b>	<b>6,864</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,755</b>	<b>30,009</b>
<b>Commitments</b>	32	<b>15,606</b>	<b>15,072</b>
<b>Contingent liabilities</b>	32	<b>1,735</b>	<b>1,129</b>

## Changes in consolidated equity

SEK million	Attributable to parent company shareholders				Total	Minority interest	Total equity
	Share capital	Other contributed capital	Translation reserves	Retained earnings incl. profit for the year			
<b>Opening balance, 1 January 2006</b>	<b>4,808</b>	<b>2,586</b>	<b>-3</b>	<b>3,336</b>	<b>10,727</b>	<b>0</b>	<b>10,727</b>
Exchange rate differences			-20		-20	-1	-21
Income and expenses for the period that are recognised in equity	-	-	-20	-	-20	-1	-21
Profit for the year				2,257	2,257	9	2,266
<b>Total income and expenses for the period</b>	<b>-</b>	<b>-</b>	<b>-20</b>	<b>2,257</b>	<b>2,237</b>	<b>8</b>	<b>2,245</b>
Cash dividend				-754	-754		-754
New shares, conversion of debt instruments	3	3			6		6
Share buybacks				-706	-706		-706
Minority share in acquisition of subsidiaries						665	665
Cash acquisition of minority in part-owned subsidiary						-6	-6
Issue of new shares	219	504			723		723
Acquisition of minority in part-owned subsidiary		-77			-77	-646	-723
<b>Closing balance, 31 December 2006</b>	<b>5,030</b>	<b>3,016</b>	<b>-23</b>	<b>4,133</b>	<b>12,156</b>	<b>21</b>	<b>12,177</b>
<b>Opening balance, 1 January 2007</b>	<b>5,030</b>	<b>3,016</b>	<b>-23</b>	<b>4,133</b>	<b>12,156</b>	<b>21</b>	<b>12,177</b>
Exchange rate differences							
Income and expenses for the period that are recognised in equity	-	-	-	-	-	-	-
Profit for the year				1,812	1,812		1,812
<b>Total income and expenses for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,812</b>	<b>1,812</b>	<b>-</b>	<b>1,812</b>
Cash dividend				-761	-761		-761
New shares, conversion of debt instruments	1	1			2		2
Share buybacks				-543	-543		-543
Withdrawal of previously repurchased shares	-272			272			
Bonus issue	272			-272			
Redemption of every 16th share under redemption offer	-314			-936	-1,250		-1,250
Bonus issue	369			-369			
Expenses for implementing the redemption				-1	-1		-1
Change in minority share through pre-emption rights to the shares in Fastighets AB Tornet						-21	-21
<b>Closing balance, 31 December 2007</b>	<b>5,086</b>	<b>3,017</b>	<b>-23</b>	<b>3,335</b>	<b>11,415</b>	<b>-</b>	<b>11,415</b>

# Consolidated cash flow statement

SEK million	Note	Group 2007	2006
<b>OPERATIONS</b>			
Operating profit excl. depreciation and changes in value of existing property holdings		1,706	1,311
Interest received and dividend		93	26
Interest paid	33	-650	-683
Income tax paid		-7	-8
<b>Cash flow before change in operating capital</b>		<b>1,142</b>	<b>646</b>
<b>Change in operating capital</b>			
Current receivables		452	3,354
Current liabilities		39	-157
<b>Total change in operating capital</b>	34	<b>491</b>	<b>3,197</b>
<b>Cash flow from operations</b>		<b>1,633</b>	<b>3,843</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments and acquisition of properties		-4,984	-8,014
Property sales, book value at beginning of year	15	2,231	12,112
Acquisition of shares in subsidiaries	35	-	-2,536
Acquisition of interests in other companies		-20	-8
Sale of interests in other companies		48	-
Other tangible fixed assets		-	-1
Other financial fixed assets		72	-40
<b>Cash flow from investing activities</b>		<b>-2,653</b>	<b>1,513</b>
<b>FINANCING ACTIVITIES</b>			
Dividend		-761	-754
Share buybacks		-543	-706
Loans received/repayment of loans		2,235	-3,803
<b>Cash flow from financing activities</b>		<b>931</b>	<b>-5,263</b>
Change in cash and cash equivalents		-89	93
Cash and cash equivalents at beginning of period	36	164	71
<b>Cash and cash equivalents at end of period</b>	36	<b>75</b>	<b>164</b>

## Parent Company income statements (Annual Accounts Act)

SEK million	Note	Parent company	
		2007	2006
Net sales	40	108	147
Operating expenses	41	-196	-239
<b>Operating loss</b>	1-3, 5, 45	<b>-88</b>	<b>-92</b>
Profit from shares and interests in Group companies	42	1,305	2,025
Profit from other securities and assets			
that are fixed assets	11, 13	432	410
Changes in value, fixed income derivatives	27	37	176
Interest income	12	1	1
Interest expenses	12	-639	-565
<b>Profit before tax</b>		<b>1,048</b>	<b>1,955</b>
Tax on profit for the year	14	-10	16
<b>Profit for the year</b>		<b>1,038</b>	<b>1,971</b>

# Parent Company balance sheets (Annual Accounts Act)

SEK million	Note	Parent company	
		2007	2006
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>Tangible fixed assets</b>			
Buildings and land	43	2	2
Equipment	16	1	1
<b>Total tangible fixed assets</b>		<b>3</b>	<b>3</b>
<b>Financial fixed assets</b>			
Shares and interests in Group companies	44	15,116	15,092
Receivables from Group companies		32,089	27,014
Interests in associated companies	17	-	1,205
Receivables from associated companies		70	7
Other long-term securities holdings	19	72	65
Deferred tax asset	28	8	89
Derivatives	27	13	-
Other long-term receivables	20	58	97
<b>Total financial fixed assets</b>		<b>47,426</b>	<b>43,569</b>
<b>TOTAL FIXED ASSETS</b>		<b>47,429</b>	<b>43,572</b>
<b>CURRENT ASSETS</b>			
<b>Current receivables</b>			
Trade debtors		1	2
Other receivables		1	26
Prepayments and accrued income		1	4
<b>Total current receivables</b>		<b>3</b>	<b>32</b>
<b>Cash and cash equivalents</b>	36	<b>58</b>	<b>93</b>
<b>TOTAL CURRENT ASSETS</b>		<b>61</b>	<b>125</b>
<b>TOTAL ASSETS</b>		<b>47,490</b>	<b>43,697</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	23		
<i>Restricted equity</i>			
Share capital		5,086	5,030
Reserve fund		3,166	3,673
<i>Unrestricted equity</i>			
Retained earnings		1,541	1,493
Profit for the year		1,038	1,971
<b>Total equity</b>		<b>10,831</b>	<b>12,167</b>
<b>Provisions</b>			
Provisions for pensions	29	62	52
<b>Total provisions</b>		<b>62</b>	<b>52</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions	25	13,485	10,015
Convertible bonds	25, 26	47	49
Derivatives	27	-	21
Loans from Group companies		19,244	16,320
<b>Total long-term liabilities</b>		<b>32,776</b>	<b>26,405</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	25	3,678	4,914
Trade creditors		-	9
Other liabilities		2	2
Accruals and deferred income	31	141	148
<b>Total current liabilities</b>		<b>3,821</b>	<b>5,073</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>47,490</b>	<b>43,697</b>
<b>Commitments</b>	32	<b>12,696</b>	<b>13,704</b>
<b>Contingent liabilities</b>	32	<b>102</b>	<b>150</b>

## Changes in Parent Company equity

SEK million	Note	Share capital	Reserve fund	Unrestricted equity	Total equity
<b>Equity, 31 December 2005</b>	23	<b>4,808</b>	<b>3,166</b>	<b>3,099</b>	<b>11,073</b>
Effect of change of accounting principles, financial instruments (IAS 39)				-146	-146
Profit for the year				1,971	1,971
Cash dividend				-754	-754
Share buybacks				-706	-706
New shares, conversion of debt instruments		3	3		6
New shares, acquisition of minority's share of shares in subsidiaries		219	504		723
<b>Equity, 31 December 2006</b>		<b>5,030</b>	<b>3,673</b>	<b>3,464</b>	<b>12,167</b>
Share premium reserve			-507	507	
Profit for the year				1,038	1,038
Cash dividend				-761	-761
Share buybacks				-543	-543
New shares, conversion of debt instruments		1		1	2
Withdrawal of previously repurchased shares		-272		272	
Bonus issue		272		-272	
Redemption of every 16th share under redemption offer		-314		-936	-1,250
Bonus issue		369		-369	
Expenses for implementing the redemption				-1	-1
Net Group contributions received				179	179
<b>Equity, 31 December 2007</b>		<b>5,086</b>	<b>3,166</b>	<b>2,579</b>	<b>10,831</b>

# Parent Company cash flow statements (Annual Accounts Act)

SEK million	Note	Parent company	
		2007	2006
<b>OPERATIONS</b>			
Operating profit excl. depreciation		-87	-91
Interest received		446	395
Interest paid	33	-647	-554
Income tax paid		0	-8
<b>Cash flow before change in operating capital</b>		<b>-288</b>	<b>-258</b>
<b>Change in operating capital</b>			
Current receivables		29	440
Current liabilities		-7	-34
<b>Total change in operating capital</b>	34	<b>22</b>	<b>406</b>
<b>Cash flow from operations</b>		<b>-266</b>	<b>148</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of interests in Group companies		-24	-3,123
Acquisition of interests in other companies		-20	-1,216
Other tangible fixed assets		-1	-1
Other financial fixed assets		-5,811	-7,423
<b>Cash flow from investing activities</b>		<b>-5,856</b>	<b>-11,763</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid		-761	-754
Group contribution received		250	-
Dividends received		2,020	2,890
Share buybacks		-543	-706
Loans received/repayment of loans		5,121	10,219
<b>Cash flow from financing activities</b>		<b>6,087</b>	<b>11,649</b>
Change in cash and cash equivalents		-35	34
Cash and cash equivalents at beginning of period	36	93	59
<b>Cash and cash equivalents at end of period</b>	36	<b>58</b>	<b>93</b>

# Notes

(SEK million, unless otherwise specified)

## Not 1 General information

Fabege AB (publ), organisation number 556049-1523, with registered office in Stockholm, is the parent company of a corporate group with subsidiary companies, as stated in Note 44. The company is registered in Sweden and the address of the company's head office in Stockholm is: Fabege AB, Box 730, 169 27 Solna. Visiting address: Dalvägen 8.

Fabege is one of Sweden's leading properties companies, with a business that is concentrated to the Stockholm region. The company operates through subsidiaries and its property portfolio consists primarily of commercial premises.

## Note 2 Accounting policies

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, the International Financial Reporting Standards (IFRS), as adopted by the EU, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as at 31 December 2007. The Group also applies Recommendation RR 30, Supplementary Accounting Rules for Corporate Groups, of the Swedish Financial Accounting Standards Council, which specifies the supplementary rules that are required in addition to IFRS under provisions contained in the Swedish Annual Accounts Act. The annual accounts of the parent company have been prepared in accordance with the Annual Accounts Act, Recommendation RR 32, Accounting for Legal Entities, of the Swedish Financial Accounting Standards Council and statements issued by the Urgent Issue Committee of the Swedish Financial Accounting Standards Council. The parent company's accounts comply with the Group's principles, except in respect of what is stated below in the section entitled Differences between the accounting principles of the Group and the parent company. Items included in the annual accounts have been valued at acquisition cost, except in the case of revaluation of investment properties and in respect of financial instruments. The following is a description of some significant accounting principles that have been applied.

### Consolidated financial statements

#### Subsidiaries

Subsidiaries are those companies in which the Group directly or indirectly holds more than 50 per cent of the votes or in other ways exercises a controlling influence. Controlling influence means that the Group has the right to draw up financial and operational strategies. The existence and effect of potential voting rights that can currently be used or converted is taken into account in assessing whether the Group exercises a controlling influence. Subsidiaries are included in the consolidated financial statements as of the time when the controlling influence is transferred to the Group and are excluded from the consolidated financial statements as of the time when the controlling influence ceases. Subsidiaries are reported in accordance with the acquisition method. Acquired identifiable assets, liabilities and contingent liabilities are valued at fair value on the date of acquisition. The surplus, which is defined as the difference between the acquisition cost and fair value of the acquired interests and the sum of fair value of acquired identifiable assets and liabilities, is recognised as goodwill. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in the profit and loss account. All inter-company transactions and balances within the Group have been eliminated in preparing the consolidated financial statements. In case of the acquisition of a group of assets or net assets that do not constitute an operation, the costs for the Group are instead allocated to the individually identifiable assets and liabilities in the group based on their relative fair values at the time of acquisition.

### Interests in associated companies

A company is reported as an associated company if Fabege holds at least 20 per cent and no more than 50 per cent of the votes or otherwise exercises a significant influence on the company's operational and financial control. In the consolidated financial statements associated companies are reported in accordance with the equity method. Interests in associated companies are reported in the balance sheet at acquisition cost after adjusting for changes in the Group's share of the associated company's net assets, less any decrease in the fair value of individual interests. In transactions among Group companies and associated companies that part of unrealised gains and losses which represents the Group's share of the associated company is eliminated, except as regards unrealised losses that are due to impairment of an assigned asset.

### Joint ventures

For companies that are 50 per cent owned in which Fabege exercises a joint controlling influence together with another party, the company's assets, liabilities, income and expenses have been included in the consolidated financial statements in proportion to Fabege's ownership share (proportionate consolidation). In transactions between the Group and a joint venture that part of unrealised gains and losses which represents the Group's share of the jointly controlled company is eliminated.

### Minority interest

Minority interest consists of the market value of minority interests in net assets for subsidiaries that were included in the consolidated financial statements at the time of the original acquisition and the minority owners' share of changes in equity after the acquisition.

### Reporting of income

All investment properties are let to tenants under operational leases. Rental income from the company's property management activities is recognised in the period to which it refers. Gains or losses from the sale of properties are recognised on the date of contract unless the purchase contract contains special provisions which prohibit this. Rental income for investment properties is recognised on a straight-line basis in accordance with the terms and conditions of the applicable leases. In cases where the lease provides for a discounted rent during a certain period that is offset by a higher rent at other times, the resulting deficit or surplus is distributed over the term of the lease.

Interest income is distributed over the term of the contract. Dividends on shares are recognised when the shareholder's right to receive payment is deemed to be secure.

### Leasing – Fabege as lessee

Leasing agreements in which the risks and benefits associated with ownership of the assets are in all material respects borne by the lessor are classified as operational leases. All of the Group's leases are classified as operational leases. Leasing fees are reported as an expense in the profit and loss account and distributed across the term of the agreement on a straight-line basis.

### Investment properties

All properties in the Group are classified as investment properties, as they are held for the purpose of earning rental income or for capital appreciation or a combination of the two.

The concept of investment property includes buildings, land and land improvements, new builds, extensions or conversions in progress and property fixtures.

Investment properties are recognised at fair value on the balance sheet date. Fair value for the property portfolio is determined at the time of preparing the year-end financial statement through external valuations. All properties are valued in connection with quarterly state-

ments, of which a certain share by external valuers. Gains and losses attributable to changes in the fair value of investment properties are recognised for the period in which they arise in the income and expense item unrealised changes in value, investment properties.

Gains or losses from the sale or disposal of investment properties consist of the difference between the selling price and carrying amount based on the most recent revaluation to fair value. Gains or losses from sales or disposals are recognised in the income and expense item Realised changes in value, investment properties. Projects involving conversion/maintenance and tenant adaptations are recognised as an asset to the extent that the measure adds value in relation to the latest value. Other expenses are charged to expense immediately. In case of major new builds, extensions and conversions interest expenses are recognised as assets over the period of production. Sales and acquisitions of properties are recognised at the time when the risks and benefits associated with ownership are transferred to the buyer or seller, which is normally on the contract date.

#### **Tangible fixed assets**

Equipment is recognised at acquisition cost less accumulated depreciation and any write-downs. Depreciation of equipment is expensed by writing off the value of the asset on a straight-line basis over its estimated period of use.

#### **Impairment**

In case of an indication of a decrease in the value of an asset (excluding investment properties and financial instruments, which are valued at fair value), the recoverable amount of the asset is determined. If the carrying amount of the asset exceeds the recoverable amount, the asset is written down to this value. Recoverable amount is defined as the higher of market value and value in use. Value in use is defined as the present value of estimated future payments generated by the asset.

#### **Loan expenses**

In the consolidated financial statements loan expenses have been charged to earnings in the year to which they refer, except to the extent that they have been included in the acquisition cost of a building project. The interest rate used to calculate the capitalised borrowing cost is the average interest rate of the loan portfolio. In the accounts of individual companies the main principle, that all loan expenses should be charged to expense in the year to which they refer, has been applied.

#### **Income tax**

The income and expense item Tax on profit for the year includes current and deferred income tax for Swedish and foreign Group units. The current tax liability is based on the taxable profit for the year. Taxable profit for the year differs from reported profit for the year in that it has been adjusted for non-taxable and non-deductible items. The Group's current tax liability is calculated on the basis of tax rates that have been prescribed or announced on the balance sheet date.

Deferred tax refers to tax on temporary differences that arise between the carrying amount of assets and the tax value used in calculating the taxable profit. Deferred tax is reported in accordance with the balance sheet liability method.

Deferred tax liabilities are recognised for practically all taxable temporary differences, and deferred tax assets are recognised when it is likely that the amounts can be used to offset future taxable profits. The carrying amount of deferred tax assets is tested for impairment at the end of each fiscal year and an impairment loss is recognised to the extent that it is no longer probable that sufficient taxable profits will be available against which the deferred tax asset can be fully or partially offset. Deferred tax is recognised at the nominal current tax rate with no discount. Deferred tax is recognised as an

income or expense in the profit and loss account, except in those cases where it refers to transactions or events that have been recognised directly in equity. In such cases the deferred tax is also recognised directly in equity.

Deferred tax assets and tax liabilities are offset against one another when they refer to income tax payable to the same tax authority and when the Group intends to settle the tax by paying the net amount.

#### **Foreign currencies**

Transactions in foreign currencies are translated, upon inclusion in the accounts, to the functional currency at the exchange rates applying on the transaction date. Monetary assets and liabilities in foreign currencies are translated on the balance sheet date at the exchange rates applying on the balance sheet date. Any resulting exchange rate differences are recognised in the profit and loss account for the period.

In preparing consolidated financial statements, the balance sheets of the Group's foreign businesses are translated from their functional currencies into Swedish kronor based on the exchange rates applying on the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Any translation differences that arise are recognised in equity and transferred to the Group's translation reserve. The accumulated translation difference is transferred and reported as part of a capital gain or loss in cases where the foreign business is divested.

#### **Cash flow statement**

Fabege reports cash flows from the company's main sources of income: net operating income from the property management business and gains from property sales in the company's operating activities.

#### **Information about related parties**

For information about the company's transactions with related parties, see Note 5 in respect of compensation to senior executives and Note 37 for other related-party transactions.

#### **Provisions and contingent liabilities**

Provisions are recognised when the company has a commitment and it is likely that an outflow of resources will be required and the amount can be reliably estimated.

Contingent liabilities are recognised if there exists a possible commitment that is confirmed only by several uncertain future events and it is not likely that an outflow of resources will be required or that the size of the commitment can be calculated with sufficient accuracy.

#### **Financial instruments**

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the commercial terms and conditions of the instrument. A financial asset is removed from the balance sheet when the rights inherent in the agreement are realised, expire or if the company loses control over them. A financial liability is removed from the balance sheet when the obligation arising from the agreement has been met or ceased for other reasons.

Transaction date accounting is used for derivatives while settlement date accounting is used for spot purchases and sales of financial assets.

In connection with each financial report the company assesses whether there are objective indications that a financial asset or group of financial assets requires impairment.

Financial instruments are recognised at accrued acquisition cost or fair value, depending on the initial categorisation under IAS 39.

#### **Calculation of fair value of financial instruments**

Official quoted prices on the closing date are used in determining the

fair value of derivatives while fair value of loan liabilities is determined by discounting future cash flows by the quoted market interest rate for each maturity.

Quoted market prices are used in determining fair value of shareholdings. In the absence of such prices, fair value is determined through a valuation technique devised by the company.

For all financial assets and liabilities, unless otherwise stated in the Notes, the carrying amount is considered to be a good approximation of fair value.

#### **Offset of financial assets and liabilities**

Financial assets and liabilities are offset against each other and the net amount is recognised in the balance sheet when there is a legal right to offset and there is an intention to settle the items by a net amount or to simultaneously realise the asset and settle the liability.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of cash assets held at financial institutions. The item also includes short-term investments that have a maturity from the time of acquisition of less than three months and that are exposed to insignificant risk of fluctuations in value. Cash and cash equivalents are recognised at their nominal amounts.

#### **Trade debtors**

Trade debtors are categorised as "Loan receivables and trade debtors", which means that the item is recognised at accrued acquisition cost. Fabège's trade debtors are recognised at the amount that is expected to be received after deducting for uncertain receivables, which are assessed individually. The expected maturity of a trade debtor is short, and the value is therefore recognised at the nominal amount with no discount. Impairment of trade debtors is recognised in operating expenses.

#### **Long-term receivables and other receivables**

Long-term receivables and other (current) receivables primarily consist of promissory note receivables relating to sales proceeds for properties that have been sold but not yet vacated. These items are categorised as "Loan receivables and trade debtors", which means that the items are recognised at accrued acquisition cost. Receivables are recognised at the amount that is expected to be received after deducting for uncertain receivables, which are assessed individually. Receivables with short maturities are recognised at nominal amounts with no discount.

#### **Other long-term securities holdings**

Other long-term securities holdings primarily consists of shareholdings. These are categorised as financial assets and are valued at fair value via the profit and loss account.

#### **Derivatives**

Fabège does not apply hedge accounting of derivatives and therefore categorises derivatives as "Financial assets or financial liabilities that are held for trading purposes". Assets and liabilities in these categories are valued at fair value and changes in value are recognised in the profit and loss account.

#### **Accounts payable – trade**

Accounts payable - trade are categorised as "Other liabilities", which entails recognition at accrued acquisition value. The expected term of accounts payable - trade is short, and the liability has therefore been recognised undiscounted at nominal sum.

#### **Issued convertible bonds**

Convertible bonds are recognised as a compound financial instrument consisting of a debt component and an equity component. The

breakdown of the value into these components is made by calculating the fair value of the liability and assuming that the residual item represents the value of the equity component. The debt component is then recognised at accrued acquisition cost. Transactions incurred in connection with the issue of a compound financial instrument must be divided into debt and equity components in proportion to the breakdown of the proceeds of the issue.

The interest on the current convertible bonds was 5.25 per cent, which was higher than the market interest rate, as Fabège's average borrowing rate at the time (1 Oct 2004) was 4.35 per cent. For that reason no breakdown by equity component has been recognised as at 31 December 2007.

#### **Other liabilities**

Fabège's liabilities to credit institutions and certificate holders and other liabilities are categorised as "Other liabilities" and valued at accrued acquisition cost. Long-term liabilities have an expected maturity of more than 1 year while current liabilities have a maturity of less than 1 year.

#### **Compensation to employees**

Compensation to employees in the form of salaries, holiday pay, paid sick leave, etc. as well as pensions are recognised as it is earned. Pensions and other compensation paid after termination of employment are classified as defined contribution or defined benefit pension schemes. Premiums relating to these pension schemes are expensed as they are incurred.

For defined benefit pension schemes, the cost of the pension commitments is calculated according to the projected unit credit method, in which an actuarial calculation is made on each balance sheet date. Actuarial gains and losses are recognised immediately to the extent that compensation is already secure, or in other cases as a cost distributed linearly over the average period until the compensation has become secure.

Defined benefit pension commitments recognised in the balance sheet consist of the present value of defined benefit pension commitments, after adjusting for unreported actuarial gains and losses as well as unrealised expenses relating to service during previous periods, less the fair value of the investment assets. The asset resulting from the above calculation is limited to unreported net accumulated actuarial losses and costs relating to service in previous periods, plus the present value of available economic benefits in the form of repayments under the scheme or in the form of reductions of future fees to the scheme.

Employees in the former Fabège have defined benefit pension schemes. As of 2005 no accrual is made of the PRI defined benefit pension scheme. Any actuarial gains/losses are recognised in the profit and loss account in the periods to which they refer.

#### **Differences between the accounting principles of the Group and the parent company**

The accounts of the parent company are prepared in accordance with the Annual Accounts Act, Recommendation RR 32, Accounting for Legal Entities, of the Swedish Financial Accounting Standards Council and statements issued by the Urgent Issue Committee of the Swedish Financial Accounting Standards Council. Tax laws in Sweden allow companies to defer tax payments through provisions to untaxed reserves in the balance sheet via the income and expense item appropriations. In the consolidated balance sheet these are treated as temporary differences, i.e. a breakdown is made between deferred tax liability and equity. Changes in untaxed reserves are recognised in the consolidated profit and loss account and broken down between deferred tax and profit for the year. Interest during the building period that is included in the acquisition cost of the building is only recognised in the consolidated financial statements.

Group contributions and shareholder contributions are reported in accordance with Statement URA7 of Urgent Issue Committee of the Swedish Financial Accounting Standards Council. This means that Group contributions and shareholder contributions are recognised based their economic significance. The contributions are reported as a capital transfer, i.e. as a decrease or increase of unrestricted equity. The consequence of this accounting principle is that only tax that is attributable to income and expense items is recognised in the profit and loss account.

Defined benefit and defined contribution pension schemes are reported in accordance with hitherto applicable Swedish accounting standards, which are based on the provisions of the Pension Obligations Vesting Act (Tryggandelagen).

### Note 3 Financial instruments and financial risk management

#### Principles for financing and financial risk management

As a net borrower, Fabège is exposed to financial risks. In particular, Fabège is exposed to financing risk, interest risk, currency risk and credit risk. Operational responsibility for the Group's borrowing, liquidity management and financial risk exposure rests with the finance function, which is a central unit in the parent company. Fabège's financial policy, as adopted by the Board of Directors, specifies how financial risks should be managed and defines the limits within which the finance function may operate. Fabège's risk exposure will be restricted and as far as possible controlled with regard to choice of investments, tenants and terms of contract, financing terms and business partners.

#### Financing and liquidity risk

Financing and liquidity risk is defined as the borrowing requirement that can be covered in a tight market. The borrowing requirement can refer to refinancing of existing loans or new borrowing.

Fabège strives to ensure a balance between short-term and long-term borrowing, distributed among a number of different sources of funding. Fabège's financial policy states that unused credit facilities must be available to ensure good liquidity. Committed long-term credit lines with predefined terms as well as revolving credit facilities have been agreed with major lenders. Fabège's main credit providers are the Swedish commercial banks.

The Group's borrowing is secured mainly by mortgages on properties. Since autumn 2004 the Group has been active in the Swedish certificate market. The company's ambition is to participate in this market as a major player. At year-end 2007 Fabège had unused credit facilities of SEK 7,998 million.

Committed lines of credit, 31 December 2007

Year, maturity	Used amount, SEK	Committed amount, SEK
< 1 year	3,678	8,621
1–2 year	47	47
2–3 year	680	1,500
3–4 year	4,500	4,500
4–5 year	5,765	8,000
> 5 year	2,540	2,540
<b>Total</b>	<b>17,210</b>	<b>25,208</b>
<b>Excess value, derivatives</b>	<b>-13</b>	
<b>Total incl. derivatives</b>	<b>17,197</b>	

#### Interest risk

Interest risk refers to the risk that changes in interest rates will affect the Group's borrowing expense. Interest expenses constitute the Group's single largest expense item. Under the financial policy, fixed-

interest borrowing shall be employed on the basis of forecast interest rates, cash flow and capital structure. Fabège employs financial instruments, primarily interest rate swaps, to limit interest risk and as a flexible means of adjusting the average fixed-rate term of the loan portfolio. The sensitivity analysis in the Directors' Report shows how a change in interest rates affects the Group's earnings in the short term and the long term. Interest-bearing liabilities (excluding the value of fixed income derivatives, SEK 13 million) were SEK 17,210 million (14,978) on 31 December with an average interest rate of 4.28 per cent (3.72%) excluding loan commitments and 4.31 per cent including costs relating to loan commitments. Out of total liabilities, SEK 47 million refers to a convertible bond loan and SEK 3,540 million to outstanding certificates. In February 2008 outstanding certificates were SEK 4 billion. The total loan volume as at 31 December includes loans for works in progress of SEK 323 million, on which interest of SEK 8 million has been capitalised. The average fixed-rate term for the loans, including the effects of exercised derivatives, was 3 months (10) on 31 December. The average maturity was 5.1 years (4.2). Average leverage at year-end was 56 per cent. The derivatives portfolio is valued at fair value under IAS 39. The value of the portfolio is SEK 13 million. Realised changes in value in profit for the year is SEK 2 million (34) and unrealised changes in value SEK 35 million (196). Changes in market value occur as a result of changes in market interest rates and volatility, as the company's portfolio includes structured derivatives products. A market valuation of the loan portfolio (excl. derivatives products) shows a deficit of SEK 5 million. For all other financial assets and liabilities, unless otherwise stated in the Notes, the carrying amount is considered to be a good approximation of fair value.

Interest rate maturity structure, 31 December 2007

Year, maturity	SEKm	Average interest rate, %	Share, %
< 1 år	15,413	4.29	89
1–2 år	1,497	4.10	9
2–3 år	0	0.00	0
3–4 år	300	4.43	2
4–5 år	0	0.00	0
> 5 år	0	0.00	0
<b>Total</b>	<b>17,210</b>	<b>4.28</b>	<b>100</b>
<b>Excess value, derivatives</b>	<b>- 13</b>		
<b>Total incl. derivatives</b>	<b>17,197</b>		

#### Currency risk

Currency risk refers to the risk that Fabège's profit and loss account and balance sheet will be negatively affected by a change in exchange rates. Fabège owns a land property in Belgium. Under the Group's policy, properties must be financed in the currency of the country in which they are located. To avoid currency risks, the value of the Belgian property has been hedged through loans in euros (EUR 2m). Any changes in exchange rates will thus affect only the net profit for the property.

#### Credit risk

Credit risk is the risk of loss as a result of the failure of a counterparty to fulfil its obligations. The risk is limited by the requirement, contained in the financial policy, that only creditworthy counterparties be accepted in financial transactions. The credit risk of financial counterparties is limited through netting/ISDA agreements and was deemed to be non-existent at year-end. As regards Fabège's trade debtors, the policy states that customary credit assessments must be made before a new tenant is accepted. Similarly, the company also assesses creditworthiness in respect of any promissory note receivables arising from the sale of properties and businesses. The maximum credit ex-

(Note 3, continued)

posure in respect of trade debtors and promissory note receivables is its reported value. See also the sensitivity analysis in the Directors' Report.

#### Parent company

The parent company is responsible for the Group's external borrowing. The company uses these funds to finance the subsidiaries at market terms.

#### Note 4 Significant estimates and assessments for accounting purposes

The valuation at fair value of the investment properties includes estimates and assessments that are to be regarded as significant for accounting purposes (see also Note 15). The estimates and assessments made in connection with the realisation of investment properties, primarily with respect to rental guarantees, are also to be regarded as significant. For rental guarantees an assessment is made of the probability of payment and any investment costs for the preparing of premises for rental during the remaining term of the guarantee. Rental guarantees etc. are included in the balance sheet item Provisions.

Upon acquisition of a company the company makes an assessment of whether the acquisition is to be regarded as an asset acquisition or a business combination. Businesses that only contain properties and have no property management organisation/administration are normally classified as asset acquisitions.

In valuing loss carry-forwards, the company makes an assessment of the probability that the carry-forwards can be used. Confirmed loss carry-forwards are used as a basis for calculating deferred tax assets if it is highly likely that they can be used against future profits.

#### Note 5 Employees and salary expenses, etc.

Average no. of employees	2007	Of which men	2006	Of which men
Parent company	33	14	30	11
Subsidiaries	113	72	164	107
<b>Group, total</b>	<b>146</b>	<b>86</b>	<b>194</b>	<b>118</b>
	Salaries and other compensation	Social security contributions	Salaries and other compensation	Social security contributions
	2007	2007	2006	2006
Parent Company	24	20	25	17
- of which pension expenses		9		6
Subsidiaries	46	24	66	34
- of which pension expenses		7		9
<b>Group, total</b>	<b>70</b>	<b>44</b>	<b>91</b>	<b>51</b>
<b>- of which pension expenses, total</b>		<b>16</b>		<b>15</b>

#### Sick leave January-December 2007

Total sick leave as a percentage of total ordinary working time	2.9
of which, share of long-term sick leave (continuous leave of 60 days or more)	57.9
Sick leave, women	3.3
Sick leave, men	2.6
Sick leave, employees <30 years	1.1
Sick leave, employees 30-49 years	3.1
Sick leave, employees >49 years	2.9

#### Breakdown by sex and senior executives

	Board 2007	Board 2006	Senior executives 2007	Senior executives 2006
Men	6	6	6	6
Women	2	1	1	1
<b>Total</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>7</b>

#### Compensation of senior executives

Other senior executives refers to six persons who together with the Chief Executive Officer made up Group management in 2007. During the year Group management was increased by three individuals: a Director of Business Development, a Director of Projects & Development and one further Property Director. As of December 2007, Group management consisted of the CEO, CFO, Director of Communications and Investor Relations, Director of Business Development, Property Director (Stockholm City), Property Director (Other) and Director of Projects & Development. The compensation paid to senior executives is based on market terms, in accordance with guidelines adopted by the Annual General Meeting. For information about the current composition of Group management, see page 81.

Fabege has a profit-sharing fund that covers all employees of the Company. Allocations to the profit-sharing fund should be based on the achieved return on equity and are subject to a ceiling of one base amount per year per employee. Other benefits refers to company cars and household-related services.

#### Pension

Pension expenses refers to the expense recognised in the profit and loss account for the year. The retirement age for the Chief Executive Officer is 65 years. A pension premium of 35 per cent of the CEO's pensionable salary is paid during the term of employment. For other senior executives the ITP occupational pension plan applies and the retirement age is 65 years.

#### Severance pay

A mutual period of notice of six months applies between the company and Chief Executive Officer, who is entitled to 18 months' severance pay. Other senior executives have a mutual period of notice of three to six months and are entitled to 18 months' severance pay. Severance pay is only paid in case of termination by the company and is offset by other income for all persons in senior positions.

#### Basis of preparation

The Board of Directors with the exception of the CEO is responsible for preparing a proposal for compensation and other terms of employment for the CEO and a set of principles for compensation and other terms of employment for other senior executives.

#### The Board of Directors

The Directors are paid Directors' fees in accordance with the decisions of the Annual General Meeting. In 2007 total Directors' fees of SEK 2,380,000 (1,325,000) were paid. Out of this amount, the Chairman of the Board received SEK 365,000 plus a separate fee of SEK 835,000 and the other Directors, excluding the CEO, received a total of SEK 1,180,000 (750,000). No other fees or benefits were paid to the Board.

### Compensation and other benefits to senior executives 2007, SEK '000

	Basic salary/fee	Other benefits <sup>1)</sup>	Pension	Total
Group management				
Chief Executive Officer	2,020	142	705	2,867
Other senior executives	5,723	534	1,392	7,649

<sup>1)</sup> Includes allocations to a profit-sharing fund of SEK 41,000/person

During the year extra compensation/bonuses of a total of SEK 110,000 were paid to the group other senior executives. No other variable or share-related compensation was paid to Group management.

	Directors' fees	Audit Committee	Total
Board of Directors			
Erik Paulsson (Chairman)	1,200	-	1,200
Sven-Åke Johansson (Deputy Chairman)	180	50	230
Göte Dahlin	180	25	205
Mårta Josefsson	180	25	205
Helene Olausson	180	-	180
Svante Paulsson	180	-	180
Mats Qviberg	180	-	180
<b>Total</b>	<b>2,280</b>	<b>100</b>	<b>2,380</b>

### Note 6 Reporting by segment

The company's business is concentrated to commercial property in the Stockholm region, which also constitutes the company's only segment.

### Note 7 Rental income

#### Operational leasing – the Group as lessor

All investment properties are let to tenants under operational leases and generate rental income. A breakdown by remaining maturity of future rental income attributable to non-terminable operational leases is shown in the following table:

	Group	
	2007	2006
Maturity:		
Within 1 year	554	300
1 to 5 years	924	1,176
Later than 5 years	639	458
Residential, garage/parking	139	141
<b>Total</b>	<b>2,256</b>	<b>2,075</b>

The difference between total rents on 31 December 2007 and income, as stated in the profit and loss account for 2007, is due to bought/sold properties, renegotiations and changes in occupancy rates in 2007. Contracts relating to residential premises and garage/parking spaces remain in force until further notice.

### Note 8 Property expenses

	Group	
	2007	2006
Operating expenses, maintenance and tenant adaptations	-479	-614
Property tax	-133	-113
Ground rent	-32	-76
VAT expense	-25	-25
Property/project adm. and lettings	-85	-114
<b>Total</b>	<b>-754</b>	<b>-942</b>

### Note 9 Central administration and marketing

Refers to Group management expenses, expenses attributable to the public nature of the company and other expenses connected with the company type.

Property- and property management-related administration is not included, as it is treated as a property expense.

The 2006 figures include one-off charges of about SEK 35 million attributable to the acquisition of Fastighets AB Tornet, which refer to temporary double functions and the winding-up/merger of organisations and operations.

### Note 10 Realised and unrealised changes in value, investment properties

	Group	
	2007	2006
<i>Realised changes in value:</i>		
Sale proceeds	2,919	12,614
Book value and expenses	-2,473	-12,553
	<b>446</b>	<b>61</b>
<i>Unrealised changes in value:</i>		
Changes in value relating to properties owned on 31 Dec 2007	888	960
Changes in value during the year relating to properties divested during the year	5	-49
	<b>893</b>	<b>911</b>
<b>Total realised and unrealised changes in value</b>	<b>1,339</b>	<b>972</b>

Book/fair value and resulting unrealised changes in value are determined quarterly based on valuations. If a property is sold in quarters 2-4, the sale will give rise, in addition to the unrealised change in value, to a realised change in value that is based on the selling price in relation to confirmed fair value for the last quarter.

In measuring the results for the full year, the following breakdown is instead obtained, irrespective of revaluations during the year:

	Group	
	2007	2006
<i>Gain from property sales, full year:</i>		
Sale proceeds	2,919	12,614
Book value and expenditure (based on value at beginning of year)	-2,468	-12,602
	<b>451</b>	<b>12</b>
<i>Changes in value:</i>		
Changes in value relating to properties owned on 31 Dec 2007	888	960
	<b>888</b>	<b>960</b>
<b>Total gain from property sales and changes in value</b>	<b>1,339</b>	<b>972</b>

Breakdown between positive and negative results

	2007	2006
Positive	2,225	2,326
Negative	-886	-1,354
<b>Total</b>	<b>1,339</b>	<b>972</b>

### Note 11 Result from other securities and receivables that are fixed assets

	Group		Parent Company	
	2007	2006	2007	2006
Dividends	60	-	60	-
Interest income, Group companies	-	-	372	390
Interest income, promissory notes	15	12	13	5
<b>Total</b>	<b>75</b>	<b>12</b>	<b>445</b>	<b>395</b>

### Note 12 Interest income and interest expenses

	Group		Parent company	
	2007	2006	2007	2006
Interest income	18	14	1	1
<b>Total</b>	<b>18</b>	<b>14</b>	<b>1</b>	<b>1</b>
Interest expenses	-642	-672	-639	-565
<b>Total</b>	<b>-642</b>	<b>-672</b>	<b>-639</b>	<b>-565</b>

All interest income is attributable to financial assets valued at accrued acquisition cost.

Interest expenses refers primarily to financial liabilities valued at accrued acquisition cost. The item includes an early redemption penalty of SEK 5 million.

### Note 13 Changes in value, shares

The result of SEK -13 million (15) refers to a change in the value of shares in Diös Fastigheter AB of SEK -7 million (15) and of shares in AIK Fotboll AB of SEK -6 million (-).

### Note 14 Tax on the profit for the year

	Group		Parent company	
	2007	2006	2007	2006
Current tax on profit for the year	-7	-8	-	-
Adjustment for current tax from previous years	-	-	-	-16
<b>Total current tax</b>	<b>-7</b>	<b>-8</b>	<b>-</b>	<b>-16</b>
Deferred tax	-247	411	-10	32
<b>Total tax</b>	<b>-254</b>	<b>403</b>	<b>-10</b>	<b>16</b>
Nominal tax (28%) on profit after financial items	-578	-522	-293	-538
Tax effects of adjustment items				
- Adjustment for deficits and temporary differences from previous years	133	-	1	-
- Dividends from subsidiaries	-	-	364	566
- Tax-exempt profit from sale of Group companies/properties	185	923	-	-
- Other	6	2	-82	4
<b>Total tax excl. current tax from previous years</b>	<b>-254</b>	<b>403</b>	<b>-10</b>	<b>32</b>
Adjustment for current tax from previous years	-	-	-	-16
<b>Total tax</b>	<b>-254</b>	<b>403</b>	<b>-10</b>	<b>16</b>

### Note 15 Investment properties – Buildings, land and land improvements – Group

At year-end Fabège's property portfolio is valued by external independent valuers with recognised qualifications. The properties should be valued at fair value, i.e. at their estimated market values. This year's valuers were DTZ and Newsec, each of which valued, as at 31 December, half of Fabège's properties evenly distributed across our sub-markets. Fabège provides information about existing and future rental agreements, operations and maintenance expenses and estimated investments based on maintenance plans and estimated future vacancies to the valuers. On-site inspections were carried out in all properties on at least one occasion during the period 2005-2007. The properties have also been inspected on site in connection with major investments or other changes that affect the value of a property.

The property valuation is based on cash flow statements, in which the present value of net operating incomes during a five-year calculation period and the residual value of the property at the end of the period are calculated. Long-term vacancies are estimated on the basis of the property's location and condition. The valuers' assessments of outgoing payments for operations and regular maintenance are based on experience of comparable properties and information on current and historical costs provided by Fabège. Expenses are expected to increase in line with the assumed inflation rate. Ground rents are calculated on the basis of agreements or, alternatively, in reference to market grounds rents if the ground rent period expires during the calculation period.

Property tax is estimated on the basis of the general property taxation for 2007. The discount rate used is a nominal required return on total capital before tax. The required rate of return is based on experience-based assessments of the market's required returns for similar properties. The discount rate for Fabège's property portfolio is 7.3 per cent (7.8%) and is based on the nominal yield for 5-year Treasury bonds plus a certain percentage for property-related risk. The residual value is the market value of the leasehold/property at the end of the period of calculation, which is estimated on the basis of forecast net operating income for the first year after the calculation period. The weighted yield requirement at the end of the calculation period is 5.5 per cent (5.8%).

The market assessments were performed in accordance with guidelines produced by the Swedish Property Index.

#### Valuation assumptions

Annual inflation, %	2
Weighted discount rate, %	7,3
Weighted yield requirement, residual value, %	5,5
Average long-term vacancy, %	5,0

#### Operations and maintenance

Commercial, SEK/sqm	344
Residential, SEK/sqm	485

**Market values, 31 December 2007**

	2007	Weighted yield, %	Change- in value after deducting for investments, %
Inner City	17,125	5.1	4.1
Solna	8,980	5.8	1.2
Hammarby Sjöstad	1,586	6.3	3.4
Rest of Stockholm	3,112	5.9	7.7
Other outside Stockholm	26	10.0	-12.6
	<b>30,829</b>	<b>5.5</b>	<b>3.5</b>

	2007	Group 2006
Opening fair value	27,188	21,296
Property acquisitions	4,018	16,110
Investments in new builds, extensions and conversions	966	934
Changes in value, existing property portfolio	888	960
Changes in value relating to properties divested during the year	5	-49
Sales and disposals	-2,236	-12,063
<b>Closing fair value</b>	<b>30,829</b>	<b>27,188</b>

Book/fair value and the resulting unrealised changes in value are determined quarterly based on valuations. If a property is sold in quarters 2-4, the sale will give rise, in addition to the unrealised change in value, to a realised change in value that is based on the selling price in relation to confirmed fair value for the last quarter.

Assessed value of Swedish properties	15,560	13,668
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Fabege has mortgaged certain properties, see also Note 32 Commitments and contingent liabilities.

**Note 16 Equipment**

	Group 2007	Group 2006	Parent company 2007	Parent company 2006
Opening acquisition cost	95	88	2	1
Investments	1	7	1	1
Sales and disposals	-68	-	-	-
Closing accrued acquisition costs	28	95	3	2
Opening depreciation	-84	-77	-1	0
Sales and disposals	65	-	-	-
Depreciation charge for the year	-3	-7	-1	-1
Closing accumulated depreciation	-22	-84	-2	-1
<b>Book value</b>	<b>6</b>	<b>11</b>	<b>1</b>	<b>1</b>

The Group has operational leases to a small extent for cars and other technical equipment. All agreements are subject to normal market terms.

**Note 17 Interests in associated companies**

	Group 2007	Group 2006	Parent company 2007	Parent company 2006
Opening acquisition cost	1,204	17	1,205	20
Acquisition/share in profit/loss	46	1,215	46	1,213
Reclassifications	-2	-28	-	-28
Redemption of shares paid in the form of shares in Klöver AB	-1,251	-	-1,251	-
Closing acquisition cost	-3	1,204	-	1,205
<b>Book value</b>	<b>-3</b>	<b>1,204</b>	<b>-</b>	<b>1,205</b>

Name/Corporate Identity Number	Registered office	Capital share i % <sup>1)</sup>	Book value
Järla Sjö Exploatering AB 556615-3952	Stockholm	33.3	-2
Arenastaden Holding AB 556742-6761	Stockholm	25.0	0
Ny Nationalarena i Solna AB 556702-8682	Stockholm	20.0	0
Fastighetsbolaget Tullarken KB 916590-0243	Stockholm	33.3	-1
			<b>-3</b>

<sup>1)</sup>Applies also to the share of votes for the total number of shares.

**Note 18 Joint Ventures**

Joint venture refers to a company in which Fabege together with another party has a controlling influence.

Owned by subsidiaries:	Registered office	Capital share, % <sup>1)</sup>
Centralbadet HB 916609-6017	Stockholm	50
Värtan Fastigheter KB 969601-0793	Stockholm	50
Zeolit Exploaterings AB 556604-9440	Stockholm	50

<sup>1)</sup> Applies also to the share of votes for the total number of shares.

Through companies Fabege owns properties that are run as joint ventures. In these companies Fabege controls its share of future earnings through its share of the assets and liabilities of the jointly owned company. This net asset value is best expressed if Fabege's share of the assets, liabilities, income and expenses are included in the consolidated financial statements item by item. In the consolidated financial statements proportionate consolidation (item by item) is therefore used for these joint ventures.

**The following properties are owned as joint ventures**

Islandet 3  
Stralsund 1  
Paradisat 29

(Note 18, continued)

The following table shows the impact of these joint ventures on the Fabege Group.

	Group	
	2007	2006
Profit and loss account		
Rental income	11	58
Net operating income	7	42
Profit for the year	3	31
Balance sheet		
Fixed assets	249	228
Current assets	15	1
<b>Total assets</b>	<b>264</b>	<b>229</b>
Equity	254	225
Other liabilities	10	4
<b>Total equity and liabilities</b>	<b>264</b>	<b>229</b>
Average no. of employees	-	-

#### Note 19 Other long-term securities holdings

	Group		Parent company	
	2007	2006	2007	2006
Opening acquisition cost	98	22	65	22
Acquisitions	42	33	20	-
Changes in value	-13	15	-13	15
Reclassifications	-	28	-	28
Sales	-51	-	-	-
Closing acquisition cost	76	98	72	65
<b>Book value</b>	<b>76</b>	<b>98</b>	<b>72</b>	<b>65</b>

Shareholding	Book value
Parent company	
Diös Fastigheter AB – Fabege's capital share is 2.9% and the number of shares 979,800	30
Svelands Säk-försäkring AB – Fabege's capital share is 15.8% and the number of shares 26,500	28
AIK Fotboll AB – Fabege's capital share is 18.5% and the number of shares 1,554,865	14
Subsidiaries	
Arenabolaget i Solna AB – Fabege's capital share is 16.7% and the number of shares 167	0
Swedish Arena Management AB – Fabege's capital share is 16.7% and the number of shares 167	0
Interests in BRF Ädelmannen Större 11	4
	<b>76</b>

#### Note 20 Other long-term receivables

	Group		Parent company	
	2007	2006	2007	2006
Maturity:				
1-5 years from balance sheet date	301	398	58	46
later than 5 years from balance sheet date	-	181	-	51
<b>Total</b>	<b>301</b>	<b>579</b>	<b>58</b>	<b>97</b>

Other long-term receivables refers to promissory note receivables arising from the sale of properties. No impairment charge has been recognised.

#### Note 21 Trade debtors

	Koncernen
	2007
Age structure of trade debtors	
0-30 days	48
31-60 days	1
61-90 days	3
>90 days	20
Of which reserved (excluding VAT)	-18
<b>Total</b>	<b>54</b>

#### Note 22 Other receivables

In the consolidated financial statements the item includes sales proceeds of SEK 130 million for properties that have been sold but not yet vacated and promissory notes maturing within one year of SEK 164 million (75). No impairment charge has been recognised.

#### Note 23 Shareholders' equity

Accumulated translation differences in the Group are SEK -23 million.

	Outstanding shares	Registered shares
No. of shares at beginning of year	95,158,282	100,599,382
New shares, conversion of convertible bonds	25,763	25,763
Redemption offer Klövern AB (publ)	-5,948,205	-5,948,205
Withdrawal of repurchased shares	-	-5 441 100
2:1 split	89,223,081	89,223,081
Share buybacks	-7,635,622	-
<b>Total</b>	<b>170,823,299</b>	<b>178,458,921</b>

Full conversion of all outstanding convertible bonds would result in an increase of 1,069,864 shares.

All shares carry equal voting rights, one vote per share.

The quota value of a share is SEK 28.50.

Proposed dividend per share, SEK 4.00.

For other changes in shareholders' equity, see the consolidated and parent company statements of changes in equity.

#### Note 24 Overdraft facility

	Group		Parent company	
	2007	2006	2007	2006
Available credit limit	120	130	120	120
Unused share	-120	-130	-120	-120
<b>Unused share</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Note 25 Liabilities by maturity date

	Group		Parent company	
	2007	2006	2007	2006
Interest-bearing liabilities				
Maturity date up to 1 year from balance-sheet date	3,678	4,914	3,678	4,914
Maturity date 1-5 years from balance sheet date	10,992	7,524	10,992	7,524
Maturity date later than 5 years from balance sheet date	2,540	2,540	2,540	2,540
<b>Total</b>	<b>17,210</b>	<b>14,978</b>	<b>17,210</b>	<b>14,978</b>

Non-interest-bearing liabilities are estimated to become due for payment within one year. For the interest rate maturity structure, see Note 3.

## Note 26 Convertible bond loan

The loan has a nominal value of SEK 47 million and matures on 1 October 2009. The bonds can be converted up to 1 September 2009. The conversion price is SEK 41.80.

Full conversion would result in an increase of 1,069,864 shares.

The interest on the convertible bonds is 5.25 per cent, which was higher than the market interest rate at the time (1 Oct 2004). For this reason no equity component from the breakdown under IAS 32 has been reported. Fabege's average interest rate at the same point in time was 4.35 per cent.

## Note 27 Derivative instrument

	Group		Parent Company	
	2007	2006	2007	2006
Short-term excess value	6	-	6	-
Long-term excess value	10	4	10	4
<b>Total excess value</b>	<b>16</b>	<b>4</b>	<b>16</b>	<b>4</b>
Short-term deficit	-	-	-	-
Long-term deficit	3	25	3	25
<b>Total deficit</b>	<b>3</b>	<b>25</b>	<b>3</b>	<b>25</b>
<b>Total</b>	<b>13</b>	<b>-21</b>	<b>13</b>	<b>-21</b>

Changes in value for the year are SEK 37 million, of which SEK 3 million refers to realised changes in value.

The Group does not apply hedge accounting, see "Financial instruments" in Note 2 Accounting principles. Derivatives are classified as interest-bearing liabilities in the balance sheet and valued at fair value. Changes in value are recognised in the profit and loss account in a separate item, Changes in value, fixed income derivatives. As of 2006 IAS 39 has been applied also in the parent company.

## Note 28 Deferred tax liability

	Group		Parent company	
	2007	2006	2007	2006
<i>Deferred tax has been calculated on the basis of:</i>				
-Tax loss carry-forwards	-1,069	-1,199	-13	-87
-Difference between book and tax values in respect of properties	1,656	1,495	-	-
-Untaxed reserves/other	-7	60	5	-2
<b>Net deferred tax liability</b>	<b>580</b>	<b>356</b>	<b>-8</b>	<b>-89</b>

Total valued loss carry-forwards in the Group, which have been taken into account in calculating deferred tax, are SEK 3.8 billion (4.3). See also Tax situation on page 40.

## Note 29 Provisions

Out of total provisions of SEK 813 million (645), SEK 584 million (497) refers to obligations relating to rental guarantees for divested properties. Other amounts refers to stamp duty on properties that are payable upon the sale of properties, SEK 51 million (66), and a provision for tax in the subsidiary company Fastighets AB Tornet of SEK 96 million (previously classified as other liabilities).

	Rental guarantees	Other	Provisions for pension	Total
As at 1 January 2007	497	66	82	645
Reclassification	306	96	-	402
Provisions for the year	9	-	-	9
Used during the year	-228	-15	-	-243
As at 31 December 2007	584	147	82	813
The provisions comprise				
Long-term component	416	147	82	645
Short-term component	168	-	-	168
	<b>584</b>	<b>147</b>	<b>82</b>	<b>813</b>

### Rental guarantees

The rental guarantees have remaining maturities of up to 6.5 years.

The criteria for assessing the size of provisions are described in Note 4.

### Provisions for pensions

Obligations relating to defined contribution pension schemes are met through payments to the government agencies or companies that administer the schemes. A number of Fabege employees have defined benefit ITP occupational pension schemes which involve regular payments to Alecta. These are classified as defined benefit pension schemes involving several employers. As there is not sufficient information to report these as defined benefit schemes, they have been reported as defined contribution schemes. It is unclear how a surplus or deficit in the plan would affect the size of future fees for each individual company and for the plan as a whole. Alecta is a mutual insurance company that is governed by the Swedish Insurance Business Act as well as by agreements concluded between employers and unions.

The year's fees for pension insurance policies provided by Alecta are approximately SEK 8 million (14). Alecta's surplus can be distributed to the policy owners and/or insured parties. At year-end 2007 Alecta's surplus in the form of the capitalisation ratio was 152.0 per cent (143.1%). Capitalisation ratio is defined as the market value of Alecta's assets as a percentage of insurance obligations calculated in accordance with Alecta's actuarial assumptions, which do not comply with IAS 19.

Fabege has a PRI liability, which is a defined benefit pension scheme. However, no new payments are made to PRI. Defined benefit pension obligations recognised in the balance sheet comprise the present value of defined benefit pension obligations. Any actuarial gains/losses are recognised in the profit and loss account in the periods to which they refer.

The parent company's pension provision refers to a PRI liability. During the year a PRI liability from another Group company was transferred to the parent company.

## Note 30 Other liabilities

The item consists primarily of acquisition payments of SEK 975 million (449) for properties that have been purchased but not yet accessed.

**Note 31 Accruals and deferred income**

	Group		Parent company	
	2007	2006	2007	2006
Advance payment of rents	304	481	-	-
Accrued interest expenses	114	122	114	122
Other	216	308	27	26
<b>Total</b>	<b>634</b>	<b>911</b>	<b>141</b>	<b>148</b>

**Note 32 Commitments and contingent liabilities**

	Group		Parent company	
	2007	2006	2007	2006
Commitments				
Property mortgages	14,249	14,261	-	-
Shares in subsidiaries	1,357	810	-	-
Frozen assets	-	1	-	-
Promissory notes	-	-	12,696	13,704
<b>Total</b>	<b>15,606</b>	<b>15,072</b>	<b>12,696</b>	<b>13,704</b>

**Contingent liabilities**

Ongoing tax case	1,415	977	-	-
Other	320	152	102	150
<b>Total</b>	<b>1,735</b>	<b>1,129</b>	<b>102</b>	<b>150</b>

Fabege AB has pension commitments of SEK 44 million (45), which are secured through a pension fund. The capitalisation ratio of the pension fund is 126.2 per cent. No provision has been made, as the pension commitment is fully covered by the assets of the fund.

As regards ongoing tax cases, see the section entitled Tax situation on pages 40–41 and the Directors' Report on pages 47–48.

**Note 33 Interest paid**

Interest paid during the year in the Group was SEK 658 million (689), of which SEK 8 million (6) has been capitalised in the investment business. No capitalisation of interest has been made in the parent company.

**Note 34 Change in operating capital**

	Group		Parent company	
	2007	2006	2007	2006
Change acc. to balance sheet	483	2,703	14	419
Operating capital in acquired Group company	-	505	-	-
Change in assets and liabilities in respect of interest income, dividends and interest expenses	8	-11	8	-13
<b>Total</b>	<b>491</b>	<b>3,197</b>	<b>22</b>	<b>406</b>

**Note 35 Acquisition of shares in subsidiaries**

The 2006 acquisition refers to Fastighets AB Tornet and has been classified as a business combination. Other acquisitions in 2006 and 2007 refers to asset acquisitions and are therefore not specified in the following.

Specification	Carrying amount, acquired company	Fair value, adjustment	Fair value in the Group
Investment properties	8,465	565	9,030
Other fixed assets	137	-	137
Current assets	1,345	-54	1,291
Cash and cash equivalents	587	-	587
Deferred tax liabilities	-120	-63	-183
Interest-bearing liabilities (incl. derivatives)	-6,529	-	-6,529
Non-interest-bearing liabilities	-551	-	-551
<b>Acquired net assets</b>	<b>3,334</b>	<b>448</b>	<b>3,782</b>
Consideration paid incl. acquisition expenses <sup>1)</sup>			3,123
Less cash and cash equivalents in acquired company			-587
<b>Effect on consolidated cash and cash equivalents</b>			<b>2,536</b>

<sup>1)</sup> In addition to the cash consideration, 4,381,376 new Fabege shares were issued through a private placement (share swap).

The contribution of Fastighets AB Tornet to the consolidated profit after tax in 2006 was SEK 630 million. As a large share of the profit referred to property sales and changes in value, it was not meaningful to prepare pro forma accounts for the full year 2006.

**Note 36 Cash and cash equivalents**

Cash and cash equivalents comprise cash assets and bank balances. The Group has unused overdraft facilities, which are not included in cash and cash equivalents, of SEK 120 million (130).

**Note 37 Related-party transactions**

Erik Paulsson and his family and company have a controlling influence in Peab AB. In 2007 Fabege received income from lettings activities of SEK 22 million (22) from the Peab Group. Fabege has paid compensation of SEK 234 million (261) to the Peab Group for contract work.

In 2007 Fabege sold 4 apartments in BRF Bacchus 3 as well as BRF Ädelmannen Större 11 for a total price of SEK 23 million.

In 2007 Fabege earned income of SEK 0.5 million (1.0) from joint ventures. No significant transactions were made with associated companies.

The transactions are deemed to have been made on market terms.

**Note 38 Dividend per share**

The dividends that were adopted at Annual General Meetings and paid out in 2007 and 2006 were SEK 4.00 per share and SEK 3.75 per share, respectively. At the AGM on 3 April 2008 the Board will propose a dividend for 2007 of SEK 4.00 per share, resulting in a total dividend payment of SEK 677,232,992. The dividend amount is based on the total number of outstanding shares as at 29 February 2008, i.e. 169,308,248 shares. The total dividend amount is subject to alteration up to and including the record date, depending on share buybacks and conversions of convertible bonds.

### Note 39 Adoption of the annual report

The annual report was adopted by the Board of Directors and approved for publication on 6 March 2008.

### Note 40 Net sales

The parent company's income consists primarily of inter-company invoicing.

### Note 41 Operating expenses

	Parent company	
	2007	2006
Employee expenses	-46	-48
Administration and operations expenses	-149	-190
Depreciation of equipment	-1	-1
<b>Total</b>	<b>-196</b>	<b>-239</b>

### Note 42 Profit from shares and interests in Group companies

	Parent company	
	2007	2006
Share in the profits of trading and limited partnerships	5	5
Anticipated dividends on shares and interests	1,300	2,020
<b>Summa</b>	<b>1,305</b>	<b>2,025</b>

### Note 43 Buildings and land

	Parent company	
	2007	2006
Opening acquisition cost	2	2
<b>Closing accrued acquisition costs</b>	<b>2</b>	<b>2</b>
Opening depreciation	0	0
<b>Closing accumulated depreciation</b>	<b>0</b>	<b>0</b>
<b>Book value</b>	<b>2</b>	<b>2</b>
of which buildings	2	2
of which land improvements	-	-
of which land	-	-
Assessed value of Swedish properties	0	0

### Note 44 Shares and interests in Group companies

	Parent company	
	2007	2006
Opening acquisition cost	15,138	11,289
Acquisitions	24	3,849
<b>Closing accrued acquisition costs</b>	<b>15,162</b>	<b>15,138</b>
Opening depreciation	-46	-46
<b>Closing accumulated depreciation</b>	<b>-46</b>	<b>-46</b>
<b>Book value</b>	<b>15,116</b>	<b>15,092</b>

### Directly owned subsidiaries

Name/Org.no.	Registered office	Capital share, % <sup>1)</sup>	Book value
Hilab Holding Stockholm AB 556670-7120	Stockholm	100.0	11,114
LRT Holding Company AB 556647-7294	Stockholm	100.0	3,126
Fastighets AB Tornet 556256-1208	Stockholm	100.0	747
Invys Fastigheter KB 916539-9057	Malmö	100.0	30
KB Arholma 1 969621-7406	Stockholm	100.0	3
KB Järnet 969627-5677	Kristianstad	100.0	5
KB Kamelen 4 969604-8207	Malmö	100.0	15
KB Olga 1 969604-8215	Malmö	100.0	38
KB Tjudget i Malmö 969634-4333	Stockholm	100.0	38
			<b>15,116</b>

<sup>1)</sup> Applies also to the share of votes for the total number of shares.

The stated capital share includes shares from other Group companies. The Group comprises 337 (362) companies.

### Note 45 Fees and compensation to auditors

The following fees have been paid to the company's auditors:

#### Fees and expenses, SEK '000

	Group		Parent company	
	2007	2006	2007	2006
Deloitte				
audit assignments <sup>1)</sup>	4,040	4,295	4,040	4,295
other assignments	2,021	1,862	2,021	1,862
Öhrlings PricewaterhouseCoopers				
audit assignments <sup>1)</sup>	-	708	-	-
other assignments	-	-	-	-

<sup>1)</sup> Audit assignments refers to the examination of the annual report and accounting records and of the Board of Directors' and CEO's management of the company, other tasks incumbent upon the company's auditor as well as advice and other assistance occasioned by observations made in the course of such examinations or the carrying-out of such other tasks.

### Note 46 Events after the balance sheet date

#### Share buyback programme

After the end of the year, during the period up to 29 February 2008, a further 1,515,051 shares have been bought back at a price of SEK 63.73 per share. The company's total shareholding as at 29 February 2008 was 9,150,673 shares, or 5.13 per cent of the total number of registered shares.

## Signing of the annual report

The Board of Directors and CEO hereby certify that:

- the annual report has been prepared in accordance with the Swedish Annual Accounts Act and Recommendation RR 32 of the Swedish Financial Accounting Standards Board.
- the annual report gives a true and fair picture of the company's financial position and results, and
- the Directors' Report gives a true and fair overview of the development of the company's business, position and results and describes significant risks and uncertainties faced by the company.

The Board of Directors and Chief Executive Officer furthermore certify that:

- the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as referred to in Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards.
- the consolidated financial statements give a true and fair picture of the Group's financial position and results, and
- the Directors' Report for the Group gives a true and fair overview of the development of the Group's business, results and position and describes significant risks and uncertainties faced by the companies included in the Group.

Stockholm, March 6, 2008

Erik Paulsson  
*chairman*

Sven-Åke Johansson  
*Deputy Chairman*

Göte Dahlin

Märtha Josefsson

Helen Olausson

Svante Paulsson

Mats Qviberg

Christian Hermelin  
*Chief Executive Officer*

We submitted our audit report on March 6, 2008  
Deloitte AB

Svante Forsberg  
*Authorised Public Accountant*

# Audit Report

To the annual meeting of the shareholders of Fabège AB (publ)  
Corporate Identity Number 556049-1523

We have audited the annual accounts, the consolidated accounts, the accounting records, and the administration of the board of directors and the managing director of Fabège AB for the financial year 2007. The annual accounts of the Company are included in the printed version of this document on pages 43–72. These accounts and the administration of the Company and the application of the Annual Accounts Act when preparing the annual accounts and the consolidated accounts, as well as the application of IFRS as adopted by the EU when preparing the consolidated accounts, are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated account have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the Company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been performed in accordance with the international auditing standards IFRS as adopted by the European Union and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

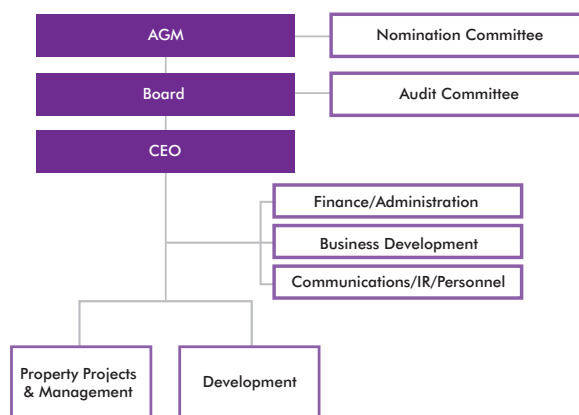
Stockholm, March 6, 2008  
Deloitte AB

Svante Forsberg  
*Authorised Public Accountant*

## Corporate Governance Report

Fabege is a Swedish public limited-liability company with registered office in Stockholm. The company's corporate governance is based on the Articles of Association, the Swedish Companies Act and other applicable laws and regulations. Fabege applies the Swedish Corporate Governance Code (the Code), whose main purpose is to contribute to improved governance of Swedish businesses. The Code is based on the principle of 'comply or explain'. The reasons for Fabege's departures from the Code are explained in greater detail below. This Corporate Governance Report does not form part of the formal annual report documents, but constitutes a separate report. Nor has it been examined by the company's auditors.

Responsibility for the governance, management and control of Fabege's business is divided among the shareholders at the Annual General Meeting, the Board of Directors and the Chief Executive Officer. Fabege also works to achieve a more efficient and appropriate governance of the company.



### THE SHAREHOLDERS

The Annual General Meeting is the company's highest decision-making body. In Fabege all shares carry the same voting rights at the AGM, which means that opportunities to exercise influence as an owner agree with each shareholder's capital share in the company. Fabege's ownership structure is described on page 20.

### Articles of Association

Fabege's Articles of Association state that the company shall acquire, manage, add value to and divest properties. The Board of Directors has its registered office in Stockholm. In other respects, the Articles of Association contain provisions on the number of shares, on the number of Directors and auditors and on the Annual General Meeting. The full text of the Articles of Association is found on page 86.

### The 2007 Annual General Meeting

The Annual General Meeting was held in Stockholm on 27 March 2007. Mats Qviberg

was elected to chair the meeting. The AGM was attended by shareholders holding a total of 34.2 million shares, corresponding to 36 per cent of the number of votes represented. A full set of minutes from the AGM is available on Fabège's website, [www.fabège.se](http://www.fabège.se). The following are some of the main resolutions adopted at the AGM:

*Election of Directors and resolution on Directors' fees (proposal of the Nomination Committee)*

It was decided that the Board consist of eight Directors and that the Directors Mats Qviberg, Göte Dahlin, Sven-Åke Johansson, Märtha Josefsson and Erik Paulsson be re-elected and that Christian Hermelin, Helen Olausson and Svante Paulsson be appointed as new Directors. Erik Paulsson was elected Chairman of the Board.

*Dividend, cash (proposal of the Board)*

The dividend was fixed at SEK 4.00 (after implementation of the share split) and the record date was set at 30 March 2007.

*Reduction of share capital and bonus issue (proposal of the Board)*

The shareholders adopted a resolution on the withdrawal of shares and reimbursement of the shareholders through a redemption procedure in which shareholders were offered to redeem every 16th share in Fabège for 8 shares in Klöver AB (publ) and on a bonus issue aimed at restoring the share capital. The AGM also voted to approve the withdrawal of 5,441,100 company-owned shares and a subsequent bonus issue aimed at restoring the share capital.

*Split of the company's shares (proposal of the Board)*

The AGM resolved to amend the company's Articles of Association in respect of the maximum number of shares and to effect a 2:1 split of the company's shares.

*Authorisation on share buybacks (proposal of the Board)*

The AGM decided to authorise the Board, for a period ending no later than the next AGM, to acquire shares. Share buybacks are subject to a limit of no more than 10 per cent of the total number of outstanding shares at any time.

*Commission-free trading (proposal of the Board)*

The AGM adopted a resolution to offer shareholders the opportunity to buy or sell, free of commission, the number of shares required to achieve a shareholding consisting of round lots.

*Principles for the appointment of the Nomination Committee (proposal of the Nomination Committee)*

The AGM adopted a set of principles for the appointment of the Nomination Committee and passed a resolution on the proposals that the Nomination Committee is required to prepare. The Nomination Committee will consist of representatives for the four largest owners.

### **The Nomination Committee**

The Nomination Committee is the AGM's body for preparing decisions relating to appointments. The Committee's task is to draw up proposals for AGM chairman, Board Chairman, the Board of Directors, Directors' fees, auditors, auditors' fees and any changes to the principles governing the election of the Nomination Committee. The proposal for Directors' must specify a breakdown between the Board Chairman, Directors and committee work.

On 3 October 2007 a Nomination Committee was announced consisting of representatives for the four largest owners, in accordance with the resolution adopted at the 2007 AGM. As a result of changes in ownership, the Nomination Committee now consists of the following members: Peter Lindh (representing Maths O Sundqvist), Anders Silverbåge (Brinova Fastigheter AB), Per Ovrén (Investment AB Öresund) and Carl Rosén (Second AP Fund). Anders Silverbåge is chairman of the Nomination Committee. The four owner representatives represent about 32 per cent of the votes in Fabège.

The Nomination Committee has held three minuted meetings and has remained in contact during the intervening periods. As a basis for its work, the Committee has met the Board Chairman and listened to the CEO's views on the work of the Board. The Committee has also contacted the other Directors as well as the company's auditors to obtain a clear idea of the work of the Board. It has also studied the company's strategy, risk management and control functions. In addition, the chairman of the Nomination Committee has obtained information about the work of the Audit Committee through interviews with its chairman.

The Nomination Committee has discussed the size and composition of the Board of Directors in respect of industry experience, expertise, and the need for continuity and renewal of the work of the Board. The Committee has also discussed and taken into account the issue of the Directors' independence (see below for a description of the Board).

The Nomination Committee's report on how it has conducted its work and its proposals for the 2008 AGM are available on the company's website. The proposals of the Nomination Committee are also described in the notice of AGM.

### **THE BOARD OF DIRECTORS**

Under the Companies Act, the Board of Directors is responsible for the company's organisation and the administration of the company's affairs. The Board is required to continuously assess the financial situation of the company and Group. Its main task is to manage the company's business on behalf of the owners in a way that secures the owners' interest in a strong long-term return on capital.

In 2007 the Board consisted of eight Directors elected at the 2007 AGM. The 2007 AGM also elected Erik Paulsson as Chairman of the Board. Sven-Åke Johansson was appointed Deputy Chairman at the constituent Board meeting. Fabège's Chief Financial Officer Åsa Begström (who replaced Roger Johansson on 1 December 2007) is the Board's secretary.

Fabège's Board of Directors includes members that have skills and experience that are of great significance for the support, monitoring and control of the operations of a

leading property company in Sweden. There are members with knowledge of property, the property market, financing and business development. At the end of the year an assessment was made of the Board, which showed that the Board was operating in a highly satisfactory manner. Together, the members of the Board have, directly or indirectly, significant investments in Fabega shares.

Fabega's Board meets the requirements on independent Directors contained in the Code and in the Listing Agreement of the Stockholm Stock Exchange. The Nomination Committee proposes that all Directors be re-elected. Out of the proposed Directors, Erik Paulsson is to be regarded as dependent both in relation to the company and in relation to major shareholders, Helen Olausson and Svante Paulsson as dependent in relation to major owners and the CEO Christian Hermelin as dependent in relation to the company. The other proposed Directors are, according to the definitions contained in the Code and the Listing Agreement, independent in relation to both the company and major shareholders.

In 2007 the Board held six ordinary meetings and a total of ten meetings, including one constituent meeting and three telephone meetings. During the year the Board made decisions on several major transactions and investments in the existing property portfolio. In 2007 the Group acquired properties for a total of SEK 4.0 billion and sold properties for a total of SEK 2.9 billion. Decisions were made on project investments of approximately SEK 2.4 billion relating to the development and improvement of properties in the company's existing portfolio. The Board also reviewed the company's business concept, goals, strategies, budget and interim reporting.

Information about the Directors' attendance at the meetings is provided in the table below. The table also shows which Directors are members of the Audit Committee. The Directors are paid Directors' fees in accordance with the decisions of the Annual General Meeting. For 2007 total fees of SEK 2,405,000 were paid, of which the Chairman received SEK 365,000 plus extra compensation of SEK 835,000 for project work. Other Directors except the CEO received SEK 180,000 and SEK 100,000 for work in the Board's Audit Committee, of which the chairman received SEK 50,000 and the other members SEK 25,000.

### Attendance, number of meetings

During the period 10 Board meetings and four Audit Committee meetings were held.

	Board	Audit Committee
Erik Paulsson, Chairman	10	<sup>1)</sup>
Sven-Åke Johansson, Deputy Chairman	10	4
Göte Dahlin, Director	10	4
Christian Hermelin, Director	10	<sup>1)</sup>
Märtha Josefsson, Director	10	4
Helen Olausson, Director from 27 March 2007	7	<sup>1)</sup>
Svante Paulsson, Director from 27 March 2007	7	<sup>1)</sup>
Mats Qviberg, Director	10	<sup>1)</sup>
Stefan Dahlbo, Director up to 27 March 2007	3	<sup>1)</sup>
Maths O Sundqvist, Director up to 27 March 2007	3	<sup>1)</sup>

<sup>1)</sup> Not a member of the Audit Committee, therefore no attendance is registered.

### **Rules of procedure and instructions**

Each year, the Board of Directors of Fabege adopts a set of rules of procedure, including instructions on division of labour and reporting, to supplement the provisions of the Companies Act, Fabege's Articles of Association and the Swedish Corporate Governance Code.

In addition to the general provisions of the Swedish Companies Act, the Rules of Procedure, among other things, govern the following:

- The number of Board meetings (normally five ordinary meetings in addition to the constituent meeting)
- The forms for extra meetings and telephone meetings
- Items to be included in the agenda at each meeting
- When Board material should be made available
- Minute-keeping
- The tasks of the Board
- The special role played by the Chairman in the Board and the special tasks consequent on that role
- The appointment of an Audit Committee and a specification of the tasks of the Committee
- The forms for preparing compensation issues
- Delegation of decision-making powers by the Board
- The Auditors' reporting, meetings with the auditors

The items that should normally be included in the agenda are financial and operational reporting, decisions on acquisitions, sales and investments in existing properties, current market issues, staff issues and reporting by the Audit Committee. At the November/December meeting the Board reviews goals and strategies and discusses the budget. Other agenda items, such as assessments of the Board and Chief Executive Officer as well as compensation issues, are included as fixed agenda items in the annual plans.

### **The Audit Committee**

The Board of Directors has appointed an Audit Committee from among its own members. The Audit Committee consists of Sven-Åke Johansson (chairman), Göte Dahlin and Märtha Josefsson and serves as an extension of the Board for closer examination of the company's accounting/reporting, governance and control, risk management and the performance of audits.

The Committee has a separate set of rules of procedure, which is reviewed annually and approved by the Board. Fabege's Audit Committee meets the Code's requirements on composition and its members possess skills and experience on accounting issues and other issues within the Committee's area of responsibility.

In 2007 four meetings were held. The minutes were handed to all Directors and the chairman of the Committee submitted a report to the Board of Directors.

During the year a lot of emphasis continued to be placed on the company's internal control system. Issues that were discussed included the process for new lettings and renegotiation, the purchasing process, the valuation process and the acquisition and

## The Board of Directors of Fabège



### Erik Paulsson

*Born:* 1942.

Chairman of the Board since 2007 and Director since 1998.

*Other assignments:* Chairman of SkiStar AB, Wihlborgs Fastigheter AB and Diös Fastigheter AB. Director of Nolatu AB and Investment AB Öresund.

*Education:* Secondary school. Company executive since 1959.

*Shareholding:* 60,100 and via Brinova.

*Dependent in relation to the company and major shareholders under the Swedish Corporate Governance Code and the Listing Agreement with the Stockholm Stock Exchange.*



### Sven-Åke Johansson

*Born:* 1939.

Deputy Chairman.

Deputy Chairman since 2001. Director since 2000.

*Other assignments:* Chairman of Stiftelsen Industrifonden and Nordisk Renting AB.

*Education:* Doctor of Engineering and M.Sc. in Economics and Business.

*Shareholding:* 20,800.

*Independent under the Swedish Corporate Governance Code and the Listing Agreement of the Stockholm Stock Exchange in relation to both the company and major shareholders.*



### Göte Dahlin

*Born:* 1941.

Director since 2000.

*Other assignments:* Chairman of Veidekke ASA and Deputy Chairman of Nordisk Renting AB. Director of Reztelsen Industrifonden and Svensk Inredning Viking AB.

*Education:* B.Sc. in Natural Sciences.

*Shareholding:* 15,000.

*Independent under the Swedish Corporate Governance Code and the Listing Agreement of the Stockholm Stock Exchange in relation to both the company and major shareholders.*



### Märtha Josefsson

*Born:* 1947.

Director since 2005.

*Other assignments:* Chairman of Lärfunder AB, Director of Second AP Fund, Anoto Group AB, Luxonen S.A., Skandia Fonder AB, AB Upsala Nya Tidning and Telelogic AB.

*Education:* B.Sc. in Economics.

*Shareholding:* 8,560.

*Independent under the Swedish Corporate Governance Code and the Listing Agreement of the Stockholm Stock Exchange in relation to both the company and major shareholders.*



### Helen Olausson

*Born:* 1968.

Director since 2007.

Chief Executive Officer of Landmärke Norra Europa AB.

*Other assignments:* Chairman of Fältjägaren Fastigheter AB, Fabös and Norrvidden Fastigheter AB. Director of the National Land Survey of Sweden and Wihlborgs Fastigheter AB.

*Education:* M.Sc. in Engineering, MBA Stockholm School of Economics.

*Shareholding:* 0.

*Dependent in relation to major shareholders under the Swedish Corporate Governance Code and the Listing Agreement with the Stockholm Stock Exchange. Independent in relation to the company.*



### Svante Paulsson

*Born:* 1972.

Director since 2007.

Chief Executive Officer of Backahill AB. *Other assignments:* Director of Brinova Fastigheter AB, Peab AB, Platzer Fastigheter and ÄNAB Ängelholms Näringsliv AB.

*Education:* High school in USA.

*Shareholding:* 143,438

*Dependent in relation to major shareholders under the Swedish Corporate Governance Code and the Listing Agreement with the Stockholm Stock Exchange. Independent in relation to the company.*



### Mats Qviberg

*Born:* 1953.

Director since 2001.

*Other assignments:* Chairman of HQ AB and Bilia AB, Deputy Chairman of Investment AB Öresund and Director of SkiStar AB.

*Education:* M.Sc. in Economics and Business.

*Shareholding:* 2,358,786.

*Independent under the Swedish Corporate Governance Code and the Listing Agreement of the Stockholm Stock Exchange in relation to both the company and major shareholders.*



### Christian Hermelin

*Born:* 1964.

Director since 2007.

Chief Executive Officer of Fabège AB. Employed since: 1998, in current position since 2007.

*Education:* B.Sc. in Business Administration

*Shareholding:* 51,400.

*Dependent in relation to the company under the Swedish Corporate Governance Code and the Listing Agreement with the Stockholm Stock Exchange. Independent in relation to major shareholders.*

*Dependent in relation to the company under the Swedish Corporate Governance Code and the Listing Agreement with the Stockholm Stock Exchange. Independent in relation to major shareholders.*

sale process. The Committee also reviewed the company's insurance policies and current accounting and tax issues.

At the meetings the company's auditors submit reports on their audits during the year. The Committee's members also discussed risks in the business and accounting practices as well as the focus of audits.

### **Issues relating to compensation for company management**

In accordance with the principles of compensation and other employment terms for company management adopted by the AGM, the Board has adopted a decision on compensation and other terms of employment for the Chief Executive Officer. All members of the Board except the CEO perform the tasks incumbent on a remuneration committee and thus participate in the process of drafting and making decisions on compensation issues.

The compensation and other benefits and terms of employment for the CEO and company management are described in Note 5 on page 64. The principles of compensation and terms of employment will also be presented at the 2008 AGM.

## **COMPANY MANAGEMENT**

### *The Chief Executive Officer*

The Chief Executive Officer is responsible for operational governance and for the day-to-day management and leadership of the business, in accordance with the guidelines, instructions and decisions adopted by the Board of Directors.

In addition to the general provisions relating to division of responsibility contained in the Swedish Companies Act, the instructions for the CEO specify:

- the CEO's task and duty to ensure that the Board of Directors receives information and the necessary documentation on which to base decisions.
- the CEO's role of presenting reports at Board meetings..
- the CEO's task and duty to ensure that the necessary information is retrieved on a continuous basis from each company in the Group.
- the CEO's task and duty to monitor compliance with the Board's decisions in respect of goals, business concept, strategic plans, ethical and other guidelines and, where necessary, request a review of the same by the Board.
- tasks that must always be submitted to the Board, such as major acquisitions and sales or major investments in exiting properties.
- the CEO's task and duty to ensure that Faberge fulfils its obligations in respect of information, etc. under the company's listing agreement with the Stockholm Stock Exchange.

The rules of procedure also contain a separate reporting instruction, which governs the content and timing of reporting to the Board.

### *Group management*

In 2007 Group management consisted of six persons in addition to the CEO (for current Group management, see page 81):

## Group management



### **Christian Hermelin**

*Born:* 1964.

Chief Executive Officer.

*Employed since:* 1998, in current position since 2007.

*Previous employment:* Project Manager at Fastighets AB Storheden.

*Education:* B.Sc.

*Shareholding:* 51,400.



### **Åsa Bergström**

*Born:* 1964.

Chief Financial Officer.

*Employed since:* 2007.

*Previous employment:* Senior Manager at KPMG, CFO positions in the property companies Granit & Beton Fastighetsrenting AB and Oskarsborg AB.

*Education:* M.Sc. in Economics and Business.

*Shareholding:* 20,000.



### **Urban Sjölund**

*Born:* 1962.

Director of Properties.

*Employed since:* 1991, in current position since 2007.

*Previous employment:* Construction and Project Manager at JCC AB, Arsenalen AB and MacGruppen AB. Property Manager at BPA Fastigheter AB, and various executive positions in Bergaliden AB, Storheden AB, Wihlborgs Fastigheter AB and Fabege AB.

*Education:* M.Sc. in Engineering.

*Shareholding:* 21,668.



### **Per Tyrén**

*Born:* 1960.

Director of Properties.

*Employed since:* 1992, in current position since 2007.

*Previous employment:* Property Analyst at the Stockholm Property Owners Association, Director of Properties at Fastighets AB Stadsgården, Area Manager at Fabege.

*Education:* M.Sc. in Engineering.

*Shareholding:* 20,000.



### **Jens Lackmann**

*Born:* 1960.

Director of Projects & Development.

*Employed since:* 2007.

*Previous employment:* Regional Director at Byggnalys AB, Project Manager at Platzer Bygg AB, own business (Byggekonom AB), Regional Director at Peab AB.

*Education:* Engineer.

*Shareholding:* 22,000.



### **Johan Rudberg**

*Born:* 1961.

Director of Business Development

*Employed since:* 2004, previously

Director of Project Development.

*Previous employment:* Director of Project Development at Drott, Stockholm Director at Centralkonsult, Works Manager at Reinhold Bygg AB.

*Education:* M.Sc. in Engineering.

*Shareholding:* 20,450.



### **Mats Berg**

*Born:* 1958.

Director of Communications and Investor Relations.

*Employed since:* 2001 in current position.

*Previous employment:* Director of Marketing Communications in AssiDomän AB, Director of Communications in AssiDomän Packaging, Director of Communications in IBM Svenska AB and IBM Healthcare EMEA and various executive communications positions in Ericsson, Telia and Nynäs Petroleum.

*Education:* B.Sc., DIHR.

*Shareholding:* 20,000.

- Chief Financial Officer
- Director of Communications and Investor Relations
- Director of Business Development
- Director of Properties (Stockholm City)
- Director of Properties (Other)
- Director of Projects & Development

Group management meetings are normally held every two weeks. During the meetings management addresses strategic and operational issues such as property transactions, lettings, market trends, organisational issues and monthly and quarterly business reviews.

#### **REPORT ON INTERNAL CONTROL IN RESPECT OF FINANCIAL REPORTING**

Internal control is the process that is run by the Board of Directors, company management and other staff for the purpose of building confidence that the company

- has an appropriate and efficient organisation for its business operations
- produces reliable financial reports, and
- complies with applicable laws and regulations

This report has been prepared in accordance with the Swedish Corporate Governance Code (Sections 3.7.2 and 3.7.3). The report, which is limited to internal control in respect of financial reporting, does not constitute a part of the formal annual report and has not been examined by the company's auditors.

In its work the company uses the established COSO framework (Internal Control – Integrated Framework).

#### **Control environment**

Fabege has a geographically well contained organisation and a homogenous operating business, but its legal structure is complex. The business is capital-intensive and is characterised by large monetary flows, including rental income, expenses for project activities, acquisitions/sales of properties and financial expenses.

Overall responsibility for ensuring good internal control and efficient risk management rests with the Board of Directors. To be able to perform its work in an appropriate and efficient manner, the Board has adopted a set of rules of procedure. The rules of procedure contain guidelines for the work of the Board and its committees, the tasks of the Chief Executive Officer and financial reporting. The rules of procedure are updated annually.

In 2007 the Board conducted its annual review and defined the rules of procedure for the Board, the rules of procedure for the Audit Committee and a set of ethical guidelines for the company's conduct. The company's financial reporting is governed by policies and guidelines. The company has existing policies for issues such as the environment, equal opportunities and information, accounting principles and instructions for year-end financial statements, and payment authorisation instructions, which are reviewed and updated continuously.

### **Risk assessment**

Risks and critical processes, functions and areas are defined on the basis of the control environment, significant results and balance sheet items as well as significant business processes. Examples of processes, functions and areas that have been defined as critical for Faberge include the processes for the acquisition, sale and valuation of properties, the project process, the finance function, taxes and the year-end accounting and reporting process. Faberge conducts annual reviews and evaluations of risk areas for the purpose of identifying and managing risks through consultation between management, the Audit Committee, the company's auditors and other parties.

### **Control activities**

The Board's rules of procedure are aimed at ensuring a clear division of responsibility between the Board of Directors (and its committees) and the Chief Executive Officer (and his management group) with a view to achieving efficient risk management in the company's business operations as well as its financial reporting.

Company management is responsible for designing and documenting and for maintaining and testing the systems/processes and the internal controls that are required to manage significant risks in the accounts and the company's business operations.

Critical processes, functions and areas are described and documented in respect of division of responsibility, risks and controls. The necessary instructions, procedures and manuals are produced, updated and communicated to the relevant staff to ensure that they have up-to-date knowledge and adequate tools. The measures are aimed at integrating risk management in the company's daily procedures. Compliance with policies, guidelines and instructions is monitored on an ongoing basis. Employees are given frequent training in how to secure the required expertise.

The operating units, Property Management and Projects & Development, have a separate controller function which supplements the central controller function at Group level. Operating reports are prepared monthly and quarterly based on a standardised reporting package. Executives with responsibility for the operating business comment on/approve the reports.

A central function prepares consolidated financial statements and other financial reports in close collaboration with the controller function/operating units and the finance function. This work includes integrated control activities in the form of reconciliation with stand-alone systems/specifications of outcomes for income and expense items and balance sheet items.

### **Information and communication**

Company management is responsible for informing the staff concerned about their responsibility to maintain good internal control. The company's Intranet and information meetings are used to ensure that employees are kept up-to-date on the company's governing policies and guidelines.

The communications department is responsible for external information. The company's IR work is conducted on the basis of principles for regular and accurate information in accordance with stock exchange regulations. The ambition is to create under-

standing and build confidence in the business among investors and other stakeholders.

In addition to financial reporting to the Board, more detailed reports are prepared, at more frequent intervals, in support of the company's internal governance and control. Monthly reports are presented and discussed at meetings of Group management.

### **Follow-up**

The internal control system also needs to change over time. The aim is to ensure that this is monitored and addressed on an ongoing basis through management work at various levels of the company, both through monitoring of the individuals holding responsibility for each defined critical process, function and area and through annual evaluations of the internal control system.

The company's management reports regularly to the Board in accordance with the instructions for financial reporting, which are designed to ensure that the information provided is relevant, sufficient, up-to-date and appropriate.

The Audit Committee also reports to the Board. It constitutes an extension of the Board in the work of monitoring the formulation and reliability of financial reports. The Audit Committee has, in addition to examining the content of and methods used in preparing financial reports, studied the way in which the more detailed and frequent internal reporting is used for the evaluation and management of the various parts of the business. Such use also provides an indication of the quality of the control environment. The Audit Committee also performs regular reviews and evaluations of internal controls in respect of the company's critical processes.

The Audit Committee regularly studies the results of the external auditors' examination of the company's accounts and internal controls. The company's auditors examine the company's financial reporting relating to the full-year financial statements and review a quarterly report.

The Board regularly evaluates the information submitted by management and the Audit Committee. Of particular significance, when required, is the Audit Committee's task of monitoring management's work on developing the internal controls and of ensuring that measures are taken to address any problems and proposals that have been identified in the course of examinations by the Board, Audit Committee or auditors.

The Board of Directors has informed itself through its members and through the Audit Committee on risk areas, risk management, financial reporting and internal control and has discussed the risks of errors in financial reporting in consultation with the external auditors.

In the course of its examinations the Audit Committee has not found it necessary to draw the Board's attention to any significant issues or significant unaddressed risks in its financial reports.

### **Internal auditing**

In view of the homogenous and geographically limited nature of the business as well as the simple structure of the organisation, the Board has not found it necessary to set up an internal audit unit, based on the view that the monitoring and examination described above are sufficient to maintain, in accord with the external auditors, effective internal controls in respect of financial reporting.



**Svante Forsberg**

Born: 1952

Chief auditor of Faberge since 2005.

Authorised Public Accountant at Deloitte AB.

Audit assignments in other major companies: Skandia Liv, Anticimex and Connecta.

## AUDITING

Under the Companies Act, the company's auditor is required to examine the company's annual report and accounts as well as the management of the Board of Directors and Chief Executive Officer. After the end of each fiscal year, the auditor is required to submit an audit report to the Annual General Meeting. Auditors are appointed and compensated in accordance with the resolutions adopted at the Annual General Meeting based on proposals from the Nomination Committee.

At the 2005 AGM the auditing firm Deloitte was appointed as auditor with the authorised public accountant Svante Forsberg as chief auditor for the period up to the 2009 AGM.

In addition to Faberge, Svante Forsberg has audit assignment for the following major companies: Skandia Liv, Anticimex and Connecta. He has no other assignments for companies that are closely related to Faberge's major owners or the CEO. In the last four years Deloitte has also assisted Faberge in audit-related assignments relating primarily to prospectus and accounting issues.

The auditors reported their observations and simultaneously presented their views on the quality of internal controls in Faberge at the Board meeting in February 2008. The auditors have participated in and presented reports at all meetings with the Audit Committee (4 in 2007). During the year reports have also been presented to company management.

The fees paid to the company's auditors are presented in Note 45 on page 71.

## DIFFERENCES IN RELATION TO THE CODE

The Code is based on the principle of 'comply or explain', which means that it is not always necessary to follow all rules and that departures from one or several individual rules do not constitute a breach of the Code if there are reasons for and explanations are provided for the departures.

- The entire Board of Directors has met the company's auditors, but not without the presence of the Chief Executive Officer or another person from company management. After consulting with the company's auditors, the Board has not found it necessary to arrange such a meeting, partly because the auditors have on several occasions presented reports to the Audit Committee without the presence of the CEO.

Stockholm, 6 March 2008

The Board of Directors

# Articles of Association<sup>1)</sup>

Articles of Association (proposal) for Fabege AB (publ), Corporate Identity Number: 556049-1523

- Art 1** The company's name is Fabege AB. The company is a public company (publ).
- Art 2** The company's object is to acquire, manage, improve and sell properties and conduct such other activities as are compatible therewith.
- Art 3** The Board of Directors has its registered office in Stockholm.
- Art 4** The share capital shall be at least one billion six hundred and seventy million (1,670,000,000) and not more than six billion six hundred and eighty million (6,680,000,000) Swedish kronor
- Art 5** The number of shares shall be at least sixty-six million eight hundred thousand (66,800,000) and not more than two hundred and sixty-seven million two hundred thousand (267,000,000).
- Art 6** The Board of Directors shall comprise at least four and not more than eight members
- Art 7** The company shall have at least one and not more than two auditors and the same number of deputies, or at least one and not more than two registered auditing companies. The auditor(s) and deputy auditor(s), or the main auditor, shall be authorised public accountants.
- Art 8** The calendar year shall be the company's financial year.
- Art 9** The Annual General Meeting (AGM) shall be held in Stockholm once a year. At the AGM the shareholders shall transact the following business:
1. Elect a chairman for the AGM.
  2. Prepare and approve the list of voters.
  3. Elect one or two persons to check the minutes.
  4. Approve the agenda.
  5. Establish whether the AGM has been duly convened.
  6. Listen to a presentation of the annual report and audit report and of the consolidated accounts and consolidated audit report.
  7. Decide
    - a) whether to adopt the profit and loss account, balance sheet and the consolidated profit and loss account and consolidated balance sheet,
    - b) on the treatment of the company's profit or loss in accordance with the adopted balance sheet,,
    - c) whether to discharge the Directors and Chief Executive Officer from liability,
    - d) a record date for payment of a dividend, in the event that such dividend is approved by the AGM.
  8. Decide on the number of Directors and, where applicable, auditors and deputy auditors
  9. Decide on the fees to be paid to the Directors and auditors.
  10. Elect a Board of Directors and Board Chairman
  11. Where required, appoint auditors and deputy auditors.
  12. Transact any other business that is incumbent on the shareholders in accordance with the Companies Act or the company's Articles of Association.
- Art 10** Notice of the AGM shall be made by advertisement in Post- och Inrikes Tidningar and in Svenska Dagbladet.
- Art 11** Shareholders wishing to take part in the negotiations at the AGM must be included in a transcript of the entire shareholders' register describing the situation five weekdays before the AGM and must notify their intention to attend the AGM to the company, stating the name(s) of any assistant(s), which may not exceed two in number, no later than 4 p.m. on the day stated in the notice of AGM. This day must not be a Sunday or other public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve, and must not be earlier than five weekdays before the AGM.
- Art 12** The Board of Directors may decide that a person who is not a shareholder of the company shall have the right to attend the AGM on terms specified by the Board of Directors.
- Art 13** The company's shares shall be registered in a reconciliation register in accordance with the Accounting of Financial Instruments Act (1998:1479).

<sup>1)</sup> Adopted at Fabege's Annual General Meeting on 27 March 2007 and registered at the Swedish Companies Registration Office (Bolagsverket) on 30 May 2007.

# Five-year summary <sup>1)</sup>

	2007 (IFRS)	2006 (IFRS)	2005 (IFRS)	2004 (IFRS)	2004 Swedish rules	2003 Swedish rules
Profit and loss account, SEKm						
Rental income	2,066	2,343	2,778	2,169	2,169	1,994
Net operating income	1,312	1,401	1,716	1,299	1,312	1,195
Gross profit	1,312	1,401	1,716	1,299	1,107	1,030
Realised changes in value/Gain from property sales	446	61	859	128	384	740
Unrealised changes in value, properties	893	911	844	23	-	-
Impairment	-	-	-	-	-	-205
Operating profit	2,591	2,264	3,349	1,361	1,402	1,512
Profit after financial items	2,066	1,863	2,761	970	1,011	826
Profit after tax	1,812	2,266	2,666	1,384	1,413	718
Balance sheet, SEKm						
Investment properties	30,829	27,188	21,296	36,379	36,389	16,580
Other tangible fixed assets	6	11	11	32	32	15
Financial fixed assets	374	1,889	330	830	830	2,305
Current assets	458	757	4,185	864	864	313
Cash and cash equivalents	75	164	71	298	298	1,139
Equity	11,415	12,177	10,727	11,330	11,120	6,389
of which minority share of equity <sup>4)</sup>	-	21	-	224	-	-
Minority interest	-	-	-	-	217	-
Provisions	1,393	1,001	1,356	1,946	1,949	793
Interest-bearing liabilities	17,197	14,999	12,503	23,703	23,703	12,108
Non-interest-bearing liabilities	1,737	1,832	1,307	1,424	1,424	1,062
Total assets	31,755	30,009	25,893	38,403	38,413	20,352
Key ratios <sup>2)</sup>						
Surplus ratio, %	64	60	62	60	60	60
Interest coverage ratio, times	2.8	2.1	3.6	2.4	2.5	2.1
Capital employed, SEKm	28,625	27,176	23,230	35,033	35,040	18,497
Equity/assets ratio, %	35.9	40.5	41.4	29.5	29.5	31.4
Debt/equity ratio, times	1.5	1.2	1.2	2.1	2.1	1.9
Leverage, properties, %	55.8	55.2	58.7	65.1	65.1	73
Return on equity, %	15.4	19.8	24.2	17.4	17.3	11.4
Return on capital employed, %	9.9	9.0	12.7	7.1	7.3	8.1
Average interest rate on interest-bearing liabilities, %	4.28	3.72	3.65	3.91	3.91	5.31
Property acquisitions and investments in existing properties, SEKm	4,984	17,045	3,741	22,042	22,042	1,766
Property sales, selling price, SEKm	2,919	12,064	13,771	2,728	2,728	5,487
Average no. of employees	146	194	173	182	182	152
Data per share, SEK <sup>2)</sup>						
Earnings	9.98	11.74	13.75	9.51	9.76	5.80
Equity	67	64	56	60	60	53
Dividend <sup>3)</sup>	4.00	4.00	3.75	3.25	3.25	3.00
Yield, %	6.0	4.4	9.9	4.6	4.6	6.5
Share price at year-end <sup>5)</sup>	66.25	91.75	75.75	70.00	70.00	46.25
No. of shares at year-end before dilution, millions	171	190	192	187	186	122
Average no. of shares after dilution, millions	182	192	193	139	138	124

<sup>1)</sup> 2004-2007 have been prepared and translated in accordance with IFRS. The year 2003 has not been translated in accordance with IFRS. To obtain continuity in the comparison, 2004 is reported in accordance with the rules applicable at the time.

<sup>2)</sup> Key figures based on the average number of shares, equity, capital employed and interest-bearing liabilities have been calculated based on weighted averages. For 2004-2007 dilution effects from outstanding convertible bonds have been taken into account in calculating per share data and ratios. For the years 2003-2006 the key figures have been translated to enable comparisons with key figures for 2007 due to the 2:1 split of the company's shares.

<sup>3)</sup> Cash dividend in accordance with the proposal.

<sup>4)</sup> Under IFRS, minority interests are recognised in equity. Under previous Swedish rules, equity did not include minority interests, which were instead reported separately as minority interest.

<sup>5)</sup> Last price paid.

## Definitions

### Return on equity

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

### Leverage, properties

Interest-bearing liabilities divided by the book value of the properties at the end of the period.

### Yield, 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

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

### Investment properties

Properties that are being actively managed on an ongoing basis.

### Improvement 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. Recently acquired properties (last twelve months) in which work is in progress that is aimed at significantly improving the property's net operating income compared with the time of acquisition.

### Rental value

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

### Cash flow per share

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

### Contract value

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

### Land & project properties

Land and developable 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 profit after tax for the period divided by average number of outstanding shares during the period.

### Interest coverage ratio

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

### Debt/equity ratio

Interest-bearing liabilities divided by shareholders' equity.

### Equity/assets ratio

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

### Capital employed

Total assets less non-interest bearing liabilities and provisions.

### Surplus ratio

Net operating income divided by rental income..

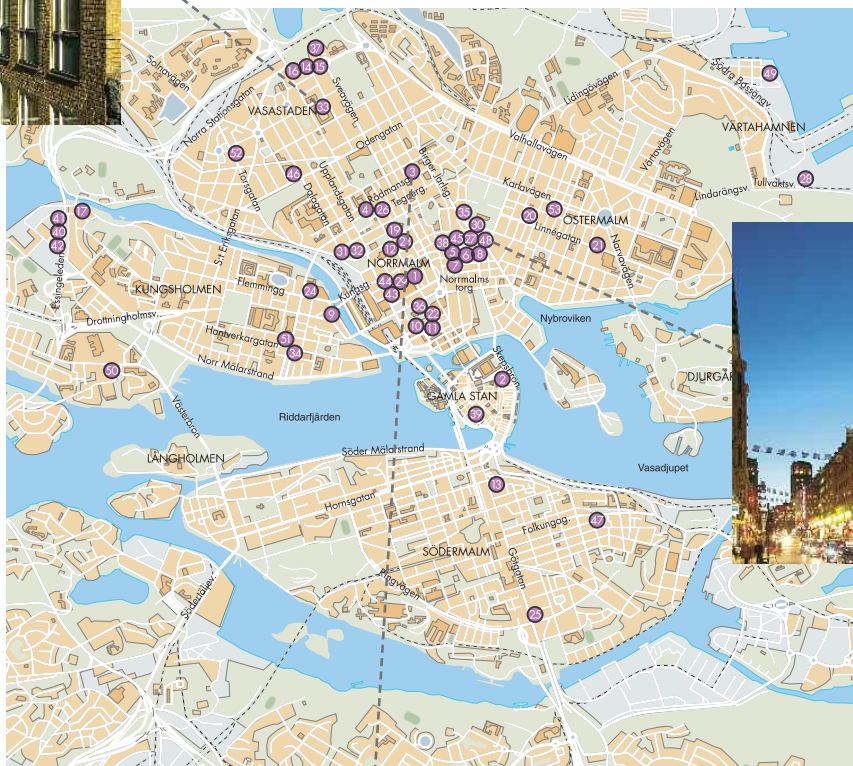


**List of properties 31.12.2007**  
 – with properties acquired and sold

**Fabege**



**Mimer 5,**  
on Hagagatan.



Inner city.

Map: Kartena AB



**Sparven 18,**  
on Kungsgatan.

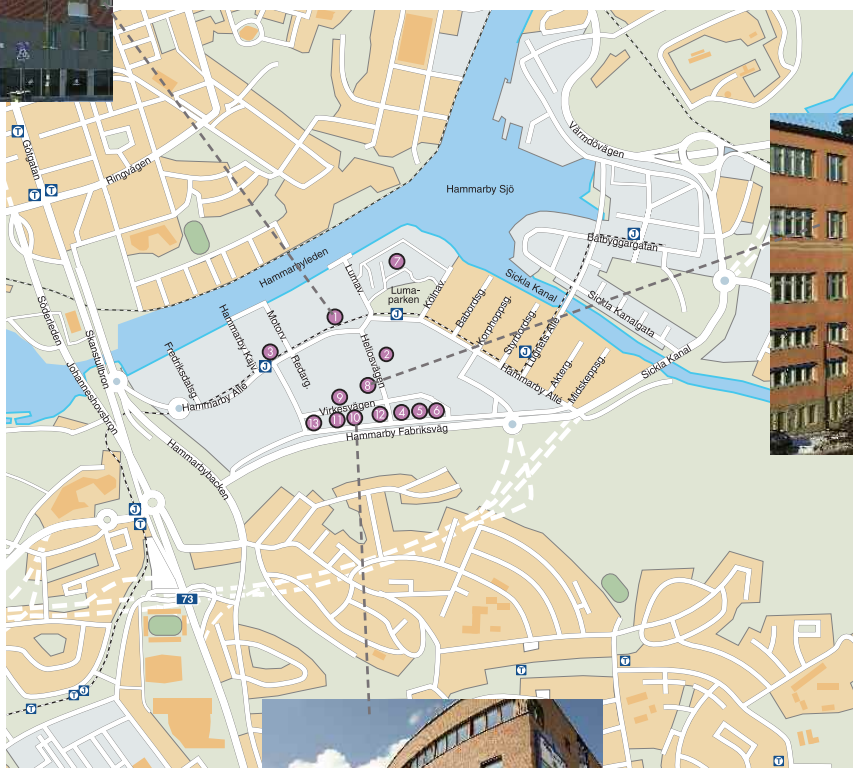


**Apotekaren 22,**  
on Kungstensgatan.

Map number	Property name	Area	Address	Site/Land/Landhold	Year built	Residential, sqm	Office, sqm	Retail, sqm	Hotel, sqm	Industry/warehouse, sqm	Other, sqm	Garage, sqm	Total, sqm	Tax assessed value, SEK thousands
<b>INNER CITY</b>														
1	Adam & Eva 10 <sup>1)</sup>	Norrmalm	Drottningg 70		1929	0	1,871	508	0	26	0	0	2,405	93,000
2	Aeolus 1 <sup>1)</sup>	Gamla Stan	Skeppsbron 2		1600	0	6,421	306	0	35	0	0	6,762	167,000
3	Apotekaren 22 <sup>1)</sup>	Norrmalm	Döbelnsg 20, 24, Kungstensg 21–23		1902/2002	0	25,500	0	0	801	0	3,000	29,301	0
4	Barnhusväderkvarnen 36 <sup>1)</sup>	Norrmalm	Rådmansg 61–65		1963	0	14,564	1,270	0	1,103	0	8,544	25,481	402,000
5	Bocken 35 <sup>2)</sup>	Norrmalm	Lästmakarg 22–24		1951	0	6,184	0	0	572	0	0	6,756	160,000
6	Bocken 39 <sup>2)</sup>	Norrmalm	Lästmakarg 14, Kungsg 7–15		1931	1,182	17,131	1,746	0	1,591	0	0	21,650	681,400
7	Bocken 46 <sup>2)</sup>	Norrmalm	Regeringsgatan 56		1977	0	3,146	0	0	0	0	0	3,146	74,000
8	Bocken 47 <sup>1)</sup>	Norrmalm	Lästmakarg 8	T	1929	0	361	665	0	0	0	0	1,026	31,600
9	Drabanten 3 <sup>1)</sup>	Kungsholmen	Kungsbroplan 3 ao		1907	0	6,478	0	0	203	0	0	6,681	108,000
10	Duvan 6 <sup>1)</sup>	Norrmalm	Klara Södra Kyrkogata 1		1975	0	9,625	0	0	22	0	0	9,647	343,000
11	Elefanten Mindre 1 <sup>1)</sup>	Norrmalm	Drottninggatan 25		1973	0	3,943	810	0	72	0	0	4,825	157,000
12	Fenix 1 <sup>1)</sup>	Norrmalm	Barnhusgatan 3	T	1929	0	3,385	48	0	238	0	0	3,671	82,000
13	Fiskaren Större 3 <sup>1)</sup>	Södermalm	Götgatan 2		1930	1,180	235	987	0	0	0	0	2,402	42,000
14	Getingen 13 <sup>1)</sup>	Vasastan	Sveavägen 149	T	1963	0	10,772	432	0	2,609	0	0	13,813	186,000
15	Getingen 14 <sup>1)</sup>	Vasastan	Sveavägen 143–147	T	1953	0	11,082	0	0	473	61	219	11,835	125,000
16	Getingen 15 <sup>1)</sup>	Vasastan	Sveavägen 159	T	1963	0	14,401	1,128	0	7,382	0	3,600	26,511	90,980
17	Glädjen 12 <sup>1)</sup>	Stadshagen	Franzéng 6, Hornsbergs Strand 17	T	1949	0	12,240	0	0	0	0	0	12,240	198,000
18	Glädjen 13 <sup>2)</sup>	Stadshagen		T	0	0	0	0	0	0	0	0	0	0
19	Grönlandet Södra 13 <sup>1)</sup>	Norrmalm	Adolf Fredriks Kyrkogata 8		1932	0	8,193	0	0	0	0	0	8,193	221,000
20	Guldfisken 18 <sup>1)</sup>	Östermalm	Nybrogatan 57		1936	699	4,401	0	0	0	0	0	5,100	117,400
21	Harpan 51 <sup>1)</sup>	Östermalm	Gumshornsg 2, Linnég 69–71		1920	2,028	2,199	356	0	0	0	0	4,583	0
22	Hägern Mindre 7 <sup>1)</sup>	Norrmalm	Drottninggatan 27–29	T	1971	0	8,144	1,637	0	768	2,167	0	12,716	324,000
23	Islandet 3 (50%) <sup>1)</sup>	Norrmalm	Holländargatan 11–13	T	1904	0	4,189	10	0	0	0	0	4,199	86,000
24	Klamparen 10 <sup>1)</sup>	Kungsholmen	Fleminggatan 12		1986	0	22,418	0	0	42	0	0	22,460	363,000
25	Kolonnen 7 <sup>1)</sup>	Södermalm	Götgatan 95, m fl		1965	1,082	2,161	116	0	67	0	700	4,126	65,200
26	Kurland 17 <sup>1)</sup>	Norrmalm	Holländargatan 25		1898	520	1,210	65	0	3	0	0	1,798	35,653
27	Kåkenhusen 38 <sup>1)</sup>	Östermalm	Brunnsgatan 3, Norrlandsgatan 31–33		1932	0	5,581	1,096	0	0	4	0	6,681	272,000
28	Ladugårdsgärdet 1:48 <sup>1)</sup>	Värtahamnen	Tullvaktsvägen 9		1930/49	0	37,500	0	0	0	0	1,570	39,070	539,698
29	Lammet 17 <sup>2)</sup>	Norrmalm	Bryggarg 4, G:a Brog 13A, Korgmakargr 4	T	1982	0	6,678	137	0	43	0	0	6,858	0
30	Landbyska Verket 10 <sup>1)</sup>	Östermalm	Birger Jarlsgatan 22		1899	0	870	265	0	131	0	0	1,266	42,400
31	Läraren 13 <sup>2)</sup>	Norrmalm	Torsgatan 4		1904/29	0	6,875	0	0	0	0	0	6,875	0
32	Läraren 5 <sup>2)</sup>	Norrmalm	Torsgatan 2		1904/29	524	3,689	0	0	0	0	0	4,213	178,895
33	Mimer 5 <sup>1)</sup>	Vasastan	Hagagatan 25 A–C, Vanadisvägen 9		1957	0	11,832	0	0	256	5	0	12,093	0
34	Murmästaren 7 <sup>1)</sup>	Kungsholmen	Kungsholmstorg 16		1898	0	2,534	502	0	52	0	0	3,088	60,200
35	Norrälje 24 <sup>1)</sup>	Norrmalm	Engelbrektsgatan 5–7		1881	0	6,407	0	0	91	0	680	7,178	201,000
36	Orgelpipan 4 <sup>1)</sup>	Norrmalm	Klarabergsgatan 33–35	T	1957	0	3,603	1,718	0	251	0	1,311	6,883	166,000
37	Ormträsket 10 <sup>1)</sup>	Vasastan	Sveavägen 166–170, 186		1962/67	0	13,406	3,644	0	623	0	0	17,673	223,200
38	Oxen Mindre 33 <sup>1)</sup>	Norrmalm	Luntmakarg 18, Malmskillnadsg 47 A, B		1979	2,823	9,337	0	0	154	3	1,053	13,370	227,000
39	Pan 1 <sup>1)</sup>	Gamla Stan	S Nygatan 40–42, L Nygatan 23		1929	157	2,263	48	0	0	0	0	2,468	49,507
40	Paradiset 23 <sup>1)</sup>	Stadshagen	Strandbergsg 53–57		1944	0	8,380	316	0	3,778	5	0	12,479	144,000
41	Paradiset 27 <sup>1)</sup>	Stadshagen	Strandbergsg 59–65		1959	0	19,449	3,905	0	1,463	4	3,800	28,621	344,000
42	Paradiset 29 (50%) <sup>2)</sup>	Stadshagen	Lindhagensg 120, Strandbergsg 45		1946	0	0	0	0	7,500	0	7,500	15,000	14,300
43	Pilen 27 <sup>1)</sup>	Norrmalm	Bryggarg 12A		1907	0	1,965	0	0	116	0	0	2,081	67,000
44	Pilen 31 <sup>1)</sup>	Norrmalm	Gamla Brog 27–29, Vasag 38	T	1988	0	5,148	1,134	2,577	60	0	760	9,679	317,000
45	Polacken 25 <sup>1)</sup>	Norrmalm	Kungsg 26		1929	0	1,941	304	0	222	0	0	2,467	80,000
46	Resedan 3 <sup>1)</sup>	Vasastan	Dalagatan 13		1929	800	2,768	0	0	0	0	0	3,568	64,000
47	Signalen 1 <sup>1)</sup>	Södermalm	Folkungag 122–124		1905	0	2,627	691	0	0	2	0	3,320	48,200
48	Sparven 18 <sup>1)</sup>	Östermalm	Birger Jarlsg 21–23, Kungsg 2		1929	0	2,006	1,616	5,097	0	0	0	8,719	297,000
49	Stralsund 1 (50%) <sup>2)</sup>	Värtahamnen	Fjärde Bassängvägen 10			0	0	0	0	0	0	0	0	0
50	Trängkåren 7 <sup>1)</sup>	Marieberg	Gjörwellsg 30–34, Rålambsv 7–15		1963	0	50,005	1,927	0	4,514	0	20,000	76,446	795,000
51	Valnöten 8 <sup>1)</sup>	Kungsholmen	Hantverkarg 26, Scheeleg 1		1885	360	1,864	780	0	28	0	0	3,032	50,118
52	Verdandi 9 <sup>1)</sup>	Vasastan	Torsgatan 62–64		1923	1,399	0	0	0	0	0	0	1,399	22,800
53	Ynglingen 10 <sup>1)</sup>	Östermalm	Jungfrug 23, 27, Karlav 58–60		1929	2,399	7,646	788	0	220	0	0	11,053	253,000
<b>Total Inner City</b>						<b>15,153</b>	<b>414,628</b>	<b>28,955</b>	<b>7,674</b>	<b>35,509</b>	<b>2,251</b>	<b>52,737</b>	<b>556,907</b>	<b>8,609,551</b>



**Fartygstrafiken 2,**  
in Hammarby Sjöstad.



Hammarby Sjöstad.



**Påsen 10,**  
in Hammarby Sjöstad.



**Trikåfabriken 12,**  
in Hammarby Sjöstad.

Map: Kartena AB

Map number	Property name	Area	Address	Site/Land/Landhold Year built	Residential, sqm	Office, sqm	Retail, sqm	Hotel, sqm	Industry/warehouse, sqm	Other, sqm	Garage, sqm	Total, sqm	Tax assessed value, SEK thousands
<b>HAMMARBY SJÖSTAD</b>													
1	Fartygstrafiken 2 <sup>2)</sup>	Hammarby Sjöstad	Hammarby Allé 91–95	1955	0	6,950	1,182	0	199	0	0	8,331	63,800
2	Godsfinkan 1 <sup>1)</sup>	Hammarby Sjöstad	Heliosvägen 1	T 1990	0	7,780	0	0	55	23	0	7,858	56,359
3	Hammarby Gärd 7 <sup>2)</sup>	Hammarby Sjöstad	Hammarby Allé 21, 25, Hammarby Kajv 2–8,12–18	1937	0	15,126	646	0	4,483	0	0	20,255	159,800
4	Korhoppet 1 <sup>2)</sup>	Hammarby Sjöstad	Hammarby Fabriksväg 41–43	1949	0	1,831	372	0	10,823	17	1,200	14,243	35,372
5	Korhoppet 5 <sup>3)</sup>	Hammarby Sjöstad	Hammarby Fabriksväg 37–39	T 1968	0	0	759	0	2,993	65	0	3,817	11,321
6	Korhoppet 6 <sup>2)</sup>	Hammarby Sjöstad	Hammarby Fabriksväg 33	T 1988	0	86	4,466	0	0	0	0	4,552	31,800
7	Luma 1 <sup>2)</sup>	Hammarby Sjöstad	Ljusslingan 1–17, 2–36, Glödlampsgränd 1–6, Lumaparksv 2–18, 5–21, Kölnag 3	1930	691	23,464	2,328	0	14,760	11	0	41,254	206,115
8	Påsen 10 <sup>1)</sup>	Hammarby Sjöstad	Heliosg 11–13, Virkesv 9	1942	0	3,490	0	0	6,575	0	0	10,065	34,692
9	Påsen 8 <sup>1)</sup>	Hammarby Sjöstad	Virkesvägen 5	T 1974	0	0	0	0	3,089	0	0	3,089	13,096
10	Trikkåfabriken 12 <sup>2)</sup>	Hammarby Sjöstad	Hammarby Fabriksväg 27	1942	0	679	0	0	345	0	285	1,309	4,355
11	Trikkåfabriken 4 <sup>1)</sup>	Hammarby Sjöstad	Hammarby Fabriksväg 25	1991	0	5,711	0	0	4,190	0	3,325	13,226	67,400
12	Trikkåfabriken 8 <sup>1)</sup>	Hammarby Sjöstad	Hammarby Fabriksväg 29–31	1930	0	10,185	692	0	4,538	12	0	15,427	60,400
13	Trikkåfabriken 9 <sup>1)</sup>	Hammarby Sjöstad	Hammarby Fabriksväg 19–21	1928	0	7,556	820	0	3,085	0	1,186	12,647	43,249
<b>Total Hammarby Sjöstad</b>					<b>691</b>	<b>82,858</b>	<b>11,265</b>	<b>0</b>	<b>55,135</b>	<b>128</b>	<b>5,996</b>	<b>156,073</b>	<b>787,759</b>
<b>SOLNA</b>													
1	Axet 1 <sup>1)</sup>	Bergshamra	Barks Väg 1–19	1987	0	0	0	0	0	0	0	0	0
2	Bladet 1 <sup>1)</sup>	Bergshamra	Barks Väg 1–19	1987	0	31,688	0	0	0	0	0	31,688	298,000
3	Farao 14 <sup>2)</sup>	Arenastaden	Dalvägen 10, Pyramidvägen 7, 9	1964	0	15,870	406	0	3,337	0	405	20,018	129,400
4	Farao 15 <sup>1)</sup>	Arenastaden	Dalvägen 8, Pyramidvägen 5	1981	0	7,050	708	0	409	1,740	319	10,226	77,400
5	Farao 16 <sup>2)</sup>	Arenastaden	Dalvägen 4–6, Pyramidvägen 3	1973	0	3,927	1,288	0	606	877	0	6,698	49,600
6	Farao 17 <sup>2)</sup>	Arenastaden	Dalvägen 2, Pyramidvägen	1975	0	4,640	0	0	460	316	520	5,936	36,800
7	Fräsaren 10 <sup>2)</sup>	Solna Business Park	Svetsarvägen 24	1964	0	10,044	295	0	0	9	0	10,348	61,400
8	Fräsaren 11 <sup>1)</sup>	Solna Business Park	Englundavägen 2–4, Svetsarvägen 4–10	1962	0	34,099	0	1,840	2,625	1,152	0	39,716	404,000
9	Fräsaren 12 <sup>1)</sup>	Solna Business Park	Svetsarvägen 12–18, 20, 20A	1964	0	19,404	10,109	0	173	60	0	29,746	394,946
10	Hallen 6 <sup>1)</sup>	Solna	Råsundavägen 175	1992	0	0	0	4,600	0	0	0	4,600	39,600
11	Järvakrogen 3 <sup>2)</sup>	Frösunda	Enköpingsvägen 1		0	0	0	0	0	0	0	0	2,328
12	Kairo 1 <sup>1)</sup>	Arenastaden	Pyramidvägen 2	1983	0	10,741	0	0	0	0	0	10,741	107,400
13	Karlsro 1 <sup>1)</sup>	Järva	Karlsrogatan 2	1968	0	1,824	0	0	11,141	0	0	12,965	41,400
14	Nöten 4 <sup>1)</sup>	Solna Strand	Solna strandväg 2–60	1971	0	38,720	670	0	7,497	259	11,736	58,882	406,000
15	Orgeln 7 <sup>1)</sup>	Sundbyberg	Järnvägsgr 12–20, Lysgränd 1, Roseng2,4, Stureg 11–19	1966	0	23,154	3,694	0	166	74	0	27,088	208,000
16	Planen 4 <sup>1)</sup>	Råsunda	Bollgatan 1–5, Solnavägen 102 A–C	1992	0	4,509	389	0	85	61	0	5,044	54,800
17	Pyramiden 4 <sup>2)</sup>	Arenastaden	Pyramidvägen 20	1960	0	3,111	0	0	75	10	0	3,196	38,000
18	Päronet 8 <sup>1)</sup>	Solna Strand	Solna strandväg 13–15, Torggatan	1976	0	19,700	0	0	915	0	0	20,615	180,000
19	Rovan 1 <sup>2)</sup>	Huvudsta	Storgatan 60–68	1972	91	2,007	5,440	8,847	618	1	0	17,004	159,000
20	Skogskarlen 1 & 3 <sup>1)</sup>	Bergshamra	Björnstigen 81, Pipers väg 2	1929/1971	0	8,168	814	0	334	0	0	9,316	109,895
21	Sliparen 1 <sup>2)</sup>	Solna Business Park	Ekensbergsv 115, Svetsarv 1–3	1963	0	3,893	0	0	693	0	0	4,586	17,151
22	Sliparen 2 <sup>1)</sup>	Solna Business Park	Ekensbergsv 113, Svetsarv 3–5	1964	0	19,148	0	0	464	783	0	20,395	201,800
23	Smeden 1 <sup>1)</sup>	Solna Business Park	Englundav 6–14, Smidesv 5–7, Svetsarv 5–17	1967	432	38,224	5,128	0	679	19	0	44,482	371,718
24	Stigbygeln 2 <sup>1)</sup>	Arenastaden	Gårdsvägen 6	1955	0	8,898	0	0	0	0	0	8,898	25,318
25	Stigbygeln 3 <sup>1)</sup>	Arenastaden	Gårdsvägen 8	1960	0	5,794	0	0	0	0	0	5,794	59,600
26	Stigbygeln 5 <sup>2)</sup>	Arenastaden	Gårdsvägen 10 A, B	1963	0	6,545	0	0	791	0	0	7,336	78,600
27	Stigbygeln 6 <sup>1)</sup>	Arenastaden	Gårdsvägen 12–18	2001	0	9,505	581	0	99	6	0	10,191	156,200
28	Styckjunkaren 3 <sup>1)</sup>	Huvudsta	Armégatan 38	1974	0	12,557	0	0	0	1,142	0	13,699	207,600
29	Svetsaren 1 <sup>2)</sup>	Solna Business Park	Englundavägen 7–13	1964	0	30,552	329	0	2,652	0	0	33,533	327,000
30	Tygeln 3 <sup>1)</sup>	Arenastaden	Gårdsvägen 13–21	2001	0	2,713	0	0	0	0	0	2,713	44,200
31	Tömmen 2 <sup>2)</sup>	Arenastaden	Arenastaden		0	0	0	0	0	0	2,100	2,100	0
32	Uarda 1 <sup>2)</sup>	Arenastaden	Dalvägen 22A–C, 22–30	1987	0	21,332	980	0	4,565	0	0	26,877	180,000
33	Uarda 4 <sup>1)</sup>	Arenastaden	Dalvägen 14–16	1992	0	6,375	0	0	1,549	0	0	7,924	89,200
34	Yrket 3 <sup>1)</sup>	Solna Business Park	Smidesvägen 2–8	1982	0	6,271	0	0	145	0	0	6,416	32,725
<b>Total Solna</b>					<b>523</b>	<b>410,463</b>	<b>30,831</b>	<b>15,287</b>	<b>40,078</b>	<b>6,509</b>	<b>15,080</b>	<b>518,771</b>	<b>4,589,081</b>

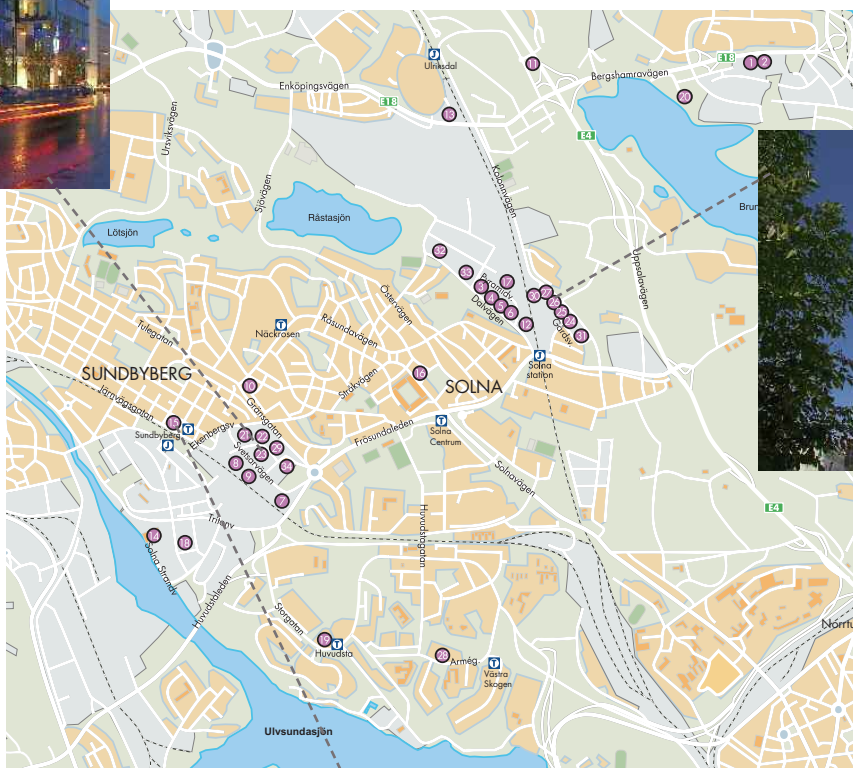
**Trängkåren 7** – (DN building) in  
Marieberg was acquired in 2007.







**Smeden 1,**  
in Solna Business Park.



Solna.

Map: Kartena AB



**Stigbygeln 3,**  
in Arenastaden.



**Orgeln 7,** in Sundbyberg.

Map number	Property name	Area	Address	Site/Land/Landhold Year built	Residential, sqm	Office, sqm	Retail, sqm	Hotel, sqm	Industry/warehouse, sqm	Other, sqm	Garage, sqm	Total, sqm	Tax assessed value, SEK thousands
<b>OTHER NORTHERN STOCKHOLM</b>													
1	Berga 6:558 <sup>2)</sup>	Åkersberga			0	0	0	0	0	0	0	0	0
2	Bergklacken 5 & 6 <sup>1)</sup>	Bromma	Grindstuvägen 40–50	T 1972	0	6,190	0	0	4,662	1,420	0	12,272	42,476
3	Bordduken 7 <sup>1)</sup>	Brommaplan	Klädesvägen 12–14	T 1984	0	5,572	2,661	0	92	0	0	8,325	88,800
4	Brandsprutan 2 <sup>1)</sup>	Näsby Park	Nytorpsvägen 5–7	1988	0	10,991	256	0	47	0	3,000	14,294	0
5	Domnarvet 18 <sup>1)</sup>	Lunda	Fagerstagatan 11–13	T 1991	0	5,274	0	0	267	–28	0	5,513	0
6	Domnarvet 36 <sup>1)</sup>	Lunda	Fagerstagatan 15	T 1991	0	3,622	0	0	52	0	0	3,674	17,695
7	Elementet 1 <sup>1)</sup>	Ulvunda	Ulvundavägen 106	1938	0	3,353	2,612	0	3,804	0	0	9,769	55,076
8	Ferdinand 9 <sup>1)</sup>	Bromsten	Bromstensvägen 168–172	1956	0	0	0	0	4,508	0	0	4,508	17,593
9	Fotkvarnen 1 <sup>2)</sup>	Rinkeby	Sunnanbyplan 9–10	T 1970	8,858	454	0	0	0	0	0	9,312	43,107
10	Fotkvarnen 2 <sup>2)</sup>	Rinkeby	Sunnanbyplan 3–25, 6–16	T 1970	0	0	0	0	0	0	0	0	819
11	Generatörn 17 <sup>1)</sup>	Bromma	Ranhammarsvägen 27–29	T 1955	0	0	1,920	0	4,013	0	0	5,933	26,987
12	Grammet 1 <sup>1)</sup>	Brommaplan	Tunnlandet 3, 11–13	1962	0	4,509	2,239	0	233	80	0	7,061	66,800
13	Hammarby Smedby 1:464 <sup>3)</sup>	Upplands Väsby	Johanneslundsvägen 3–5		0	0	0	0	0	0	0	0	0
14	Handkvarnen 3 <sup>2)</sup>	Rinkeby	Sörbyplan 3–13, 4–32	T 1970	9,428	346	0	0	689	0	0	10,463	46,531
15	Hjulkvarnen 1 <sup>2)</sup>	Rinkeby	Mellanbyplan 9–11	T 1970	5,094	361	0	0	242	0	0	5,697	28,591
16	Hjulkvarnen 2 <sup>2)</sup>	Rinkeby	Mellanbyplan 8–10	T 1970	5,450	360	0	0	228	0	0	6,038	27,814
17	Hjulkvarnen 3 <sup>2)</sup>	Rinkeby	Mellanbyplan	T 1970	0	0	0	0	0	0	0	0	924
18	Hyppinge 1 <sup>2)</sup>	Tensta	Hyppingeplan	T 1970	0	0	0	0	0	0	0	0	1,762
19	Induktörn 28 <sup>1)</sup>	Bromma	Ranhammarsvägen 24	T 1942	0	2,773	1,118	0	1,430	35	0	5,356	17,698
20	Induktörn 33 <sup>1)</sup>	Bromma	Ranhammarsvägen 16–18	1943	0	5,708	640	0	10,886	360	0	17,594	59,879
21	Jollen 4 <sup>1)</sup>	Näsby Park	Kutervägen 1–3	1970	0	7,722	0	0	742	0	0	8,464	32,000
22	Kallhäll 9:35 <sup>3)</sup>	Järfälla	Golgbacken 5									0	799
23	Kullinge 1 <sup>2)</sup>	Tensta	Risingeplan 9–11	T 1970	13,004	448	64	0	208	0	0	13,724	63,606
24	Linneduken 5 <sup>1)</sup>	Brommaplan	Brommaplan 403–405	T 1948	0	2,180	222	0	379	0	0	2,781	23,996
25	Masugnen 7 <sup>2)</sup>	Bromma	Karlsbodavägen 18–20	1991	0	10,715	0	0	0	21	0	10,736	66,200
26	Märsta 15:5 <sup>3)</sup>	Märsta			0	0	0	0	0	0	0	0	402
27	Racketen 11 <sup>3)</sup>	Alvik	Gustavslundsvägen		0	0	0	0	0	0	0	0	0
28	Rinkeby 2:1 <sup>2)</sup>	Rinkeby	Parkering	T 1970	0	0	0	0	0	0	0	0	0
29	Rinkeby 2:13 <sup>2)</sup>	Rinkeby	Parkering	T 1970	0	0	0	0	0	0	0	0	0
30	Rinkeby 2:14 <sup>2)</sup>	Rinkeby	Parkering	T 1970	0	0	0	0	0	0	0	0	0
31	Risinge 1 <sup>2)</sup>	Tensta	Risingeplan 8–10	T 1970	13,378	252	173	0	73	0	0	13,876	64,636
32	Sjukhuset 9 <sup>1)</sup> och 10 <sup>3)</sup>	Danderyd	Mörbylund 3–5	1972	0	0	0	0	1,410	0	0	1,410	6,200
33	Skvaltkvarnen 1 <sup>2)</sup>	Rinkeby	Storbyplan 9–11	T 1970	8,336	422	0	0	45	0	0	8,803	39,095
34	Skvaltkvarnen 2 <sup>2)</sup>	Rinkeby	Storbyplan 8–10	T 1970	4,542	0	0	0	0	0	0	4,542	22,268
35	Skvaltkvarnen 3 <sup>2)</sup>	Rinkeby	Storbyplan	T 1970	0	0	0	0	0	0	0	0	924
36	Tekniken 1 <sup>3)</sup>	Sollentuna			0	0	0	0	0	0	0	0	1,638
37	Täby Näsbypark 73:5 <sup>3)</sup>	Näsby Park			0	0	0	0	0	0	0	0	0
38	Ulvunda 1:1 <sup>1)</sup>	Bromma flygplats	Flygplansinfarten 27	A 2004	0	0	0	0	1,241	0	0	1,241	0
39	Vallentuna Rickeby 1:327 <sup>3)</sup>	Vallentuna			0	0	0	0	0	0	0	0	0
40	Veddesta 2:68 <sup>1)</sup>	Veddesta	Fakturavägen 6	1990	0	998	0	0	1,779	0	0	2,777	14,889
41	Vättinge 1 <sup>2)</sup>	Tensta	Hyppingeplan 8–10	T 1970	6,780	292	75	0	76	0	0	7,223	33,827
42	Vättinge 2 <sup>2)</sup>	Tensta	Hyppingeplan 20–31	T 1970	5,250	108	0	0	0	0	0	5,358	24,536
43	Vättinge 3 <sup>2)</sup>	Tensta	Hyppingeplan 9–11	T 1970	6,766	281	2,069	0	316	0	0	9,432	40,077
44	Vävnaden 1 <sup>1)</sup>	Brommaplan	Tunnlandet 2	T 1987	0	0	299	0	0	0	0	299	6,084
45	Öninge 1 <sup>2)</sup>	Tensta	Risingeplan 3–31, 4–32	T 1970	0	0	0	0	0	0	0	0	437
<b>Total other Northern Stockholm</b>					<b>86,886</b>	<b>72,931</b>	<b>14,348</b>	<b>0</b>	<b>37,422</b>	<b>1,888</b>	<b>3,000</b>	<b>216,475</b>	<b>984,166</b>

Map number	Property name	Area	Address	Site/Land/Landhold Year built	Residential, sqm	Office, sqm	Retail, sqm	Hotel, sqm	Industry/warehouse, sqm	Other, sqm	Garage, sqm	Total, sqm	Tax assessed value, SEK thousands
<b>OTHER SOUTHERN STOCKHOLM</b>													
1	Elektra 20 <sup>3)</sup>	Västberga	Elektravägen 49–53	T 1962	0	0	0	0	0	0	0	0	2,904
2	Gräddö 2&4 <sup>1)</sup>	Farsta	Fryksdalsbacken 12–14, Mårbackagatan 31	T 1982	0	11,836	285	0	2,095	0	0	14,216	60,303
3	Lillsätra 3 <sup>3)</sup>	Sätra		T	0	0	0	0	0	0	0	0	0
4	Marievik 14 <sup>1)</sup>	Marievik	Årstaängsvägen 31–33	1944	0	16,157	265	0	488	13	0	16,923	144,206
5	Marievik 19 <sup>3)</sup>	Marievik	Årstaängsvägen 13	1989	0	11,655	7,279	0	0	2	1,770	20,706	151,806
6	Näsby 4:1472 <sup>3)</sup>	Tyresö	Studiovägen 1		0	0	0	0	0	0	0	0	0
7	Pelaren 1 <sup>3)</sup>	Globen	Pastellvägen 2–6		0	0	0	0	0	0	0	0	4,208
8	Sicklaön 145:13 <sup>3)</sup>	Nacka	Herrgårdsparken 1–5	1680	0	0	0	0	0	0	0	0	559
9	Sicklaön 145:14 <sup>3)</sup>	Nacka	Herrgårdsparken 7–9	1700	94	116	0	0	0	0	0	210	0
10	Sicklaön 145:15 <sup>3)</sup>	Nacka	Herrgårdsparken 11–13	1700	0	0	0	0	0	0	0	0	241
11	Sicklaön 145:17 <sup>1)</sup>	Nacka	Garverigränd 7–13, Winborgs väg 26–30	1888	0	87	4,730	0	290	0	0	5,107	54,200
12	Sicklaön 145:19 <sup>1)</sup>	Nacka	Turbinv 1–11	1900	0	2,209	11,922	0	143	9	2,818	17,101	146,400
13	Sicklaön 145:2 <sup>3)</sup>	Nacka	Turbinv 1		0	2,100	0	0	0	0	0	2,100	0
14	Sicklaön 145:20 <sup>1)</sup>	Nacka	Järla Gårdsväg 11–17	1900	0	0	3,344	0	0	0	0	3,344	19,630
15	Sicklaön 364:1 <sup>3)</sup>	Nacka	Turbinvägen 1		0	0	0	0	0	0	0	0	675
16	Sicklaön 392:1 <sup>3)</sup>	Danvikstull	Kvarnholmsvägen 12	1986	0	0	0	0	0	0	5,000	5,000	4,252
17	Söderbymalm 3:405 <sup>3)</sup>	Haninge	Nynäsvägen 65, Stores Gr. 20–22	1972	0	9,427	536	0	0	37	0	10,000	0
<b>Total other Southern Stockholm</b>					<b>94</b>	<b>53,587</b>	<b>28,361</b>	<b>0</b>	<b>3,016</b>	<b>61</b>	<b>9,588</b>	<b>94,707</b>	<b>589,384</b>
<b>OTHER OUTSIDE STOCKHOLM</b>													
	Grimbergen <sup>3)</sup>	Belgien	St Annastraat		0	0	0	0	0	0	0	0	0
	Ånsta 20:17 <sup>3)</sup>	Örebro	Sanatorievägen	1968	0	0	0	0	3,011	0	0	3,011	0
<b>Total other outside Stockholm</b>					<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,011</b>	<b>0</b>	<b>0</b>	<b>3,011</b>	<b>0</b>
<b>TOTAL GROUP</b>					<b>103,347</b>	<b>1,034,467</b>	<b>113,760</b>	<b>22,961</b>	<b>174,171</b>	<b>10,837</b>	<b>86,401</b>	<b>1,545,944</b>	<b>15,599,941</b>

<sup>1)</sup> **Investment property** – properties that is actively managed on an ongoing basis.

<sup>2)</sup> **Improvement property** – 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. Recently acquired properties (last twelve months) in which work is in progress that is aimed at significantly improving the property's net operating income compared with the time of acquisition.

<sup>3)</sup> **Land & project property** – Land and developable properties and properties in which a new build/complete redevelopment is in progress.

# Properties acquired and sold

Property name	Area	Category	Floor space, sqm
<b>PROPERTIES SOLD</b>			
<b>Quarter 1</b>			
Racketen 10	Alvik	Office	38,378
<b>Quarter 2</b>			
Botvid Gymnasium 3	Botkyrka	Industrial/Warehouse/Office	55,810
Ostmästaren 3	Årsta Park	Office/Industrial/Warehouse	18,467
Ostmästaren 4	Årsta Park	Office/Industrial/Warehouse	36,149
Ostmästaren 5	Årsta Park	Office/Industrial/Warehouse	10,427
Ostmästaren 6	Årsta Park	Office/Warehouse	7,254
Packrummet 10	Årsta	Office	2,100
Packrummet 12	Årsta	Industrial/Warehouse/Office	36,386
Varuhissen 1	Årsta	Industrial/Warehouse/Office	15,271
<b>Quarter 3</b>			
Bacchus 3	Old Town	Residential	1,350
<b>Quarter 4</b>			
Orgelpipan 5	Norrmalm	Office	2,579
Visthusboden 1	Johanneshov	Office/Warehouse/Retail	4,087
Visthusboden 2	Johanneshov	Office/Warehouse/Retail	4,740
Visthusboden 3	Johanneshov	Office/Warehouse/Retail	5,560
Marievik 31	Marievik	Land	0
Kurland 18	Norrmalm	Office	893
Luma 1, part of	Hammarby Sjöstad	Residential	0
<b>TOTAL PROPERTY SALES JAN-DEC 2007</b>			<b>239,451</b>

## PROPERTIES ACQUIRED \*)

<b>Quarter 1</b>	
Mimer 5	Inner City
Planen 4	Solna
<b>Quarter 2</b>	
Söderbymalm 3:405	Other Southern Stockholm
<b>Quarter 3</b>	
Valnöten 8	Inner City
<b>Quarter 4</b>	
Apotekaren 22	Inner City
Gefingen 15	Inner City
Grönlandet Södra 13	Inner City
Trängskåren 7	Inner City

\*) For further information on properties acquired, see list of properties.



Fabege<sup>0</sup>

## **The 2008 Annual General Meeting**

The Annual General Meeting of Faberge AB (publ) will be held at 4 p.m. on Thursday 3 April 2008 at Moderna Museet in Stockholm. Registration for the AGM begins at 3 p.m. Notice of the AGM will be made by advertisement in Post- och Inrikes Tidningar and Svenska Dagbladet. Information about the AGM is provided on Faberge's website, [www.faberge.se](http://www.faberge.se).

## **Financial reports 2008**

Interim report January-March: 6 May

Interim report January-June: 10 July

Interim report January-September: 4 November

“Our vision is to be the most proactive, innovative and competent commercial property company in Stockholm, and an important partner for our clients and society at large, ensuring that Fabege is the natural first choice provider for companies and organisations in need of need premises.”

*Christian Hermelin, CEO*



**Fabege AB** (publ)

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