Fabege Interim Report
January-June 2008

- **Rental income increased to SEK 1,125 million (1,021)**
- **The profit after tax decreased to SEK 523 million (865) and earnings per share after dilution were SEK 3.10 (4.60)**
- **The ongoing property management increased to SEK 220 million (212)**
- **The surplus ratio increased to 65 per cent (61%)**
- **The occupancy rate increased to 93 per cent (91%)**

Fabege in summary	2008 April–June	2007 April–June	2008 Jan–June	2007 Jan–June	2007 Jan–Dec
Rental income, SEKm	564	504	1,125	1,021	2,066
Net operating income, SEKm	382	316	726	622	1,312
Profit after financial items, SEKm	92	541	440	961	2,066
Profit after tax, SEKm	135	509	523	865	1,812
Ongoing property management	123	109	220	212	463
Earnings per share after dilution, SEK	0.81	2.75	3.10	4.60	9.98
Surplus ratio, %	68	63	65	61	64
Equity/assets ratio, %	-	-	35	38	36
Occupancy rate, %	-	-	93	91	92

Overview of the second quarter[1)]

The profit after tax was SEK 135 million (509). The profit includes unrealised changes in value relating to properties of SEK -95 million (184). The changes in value were primarily attributable to raised yield requirements. (See also page 6.) Deferred tax was SEK 45 million (-32), primarily due to elimination of deferred tax in connection with property sales.

The surplus ratio improved by five percentage points to 68 per cent (63), primarily due to to increased rental income.

Six properties were sold, resulting in a total profit of SEK 4 million (114) before tax or SEK 72 million (203) after tax. Fabege continued to concentrate its holdings to priority markets and clusters that can be managed efficiently. One property was sold in Örebro and two in Farsta. 92 per cent (89) of the total market value of the property portfolio is now concentrated to Stockholm's inner city, Solna and Hammarby Sjöstad.

The rental market remained good, with strong demand for efficient and flexible commercial premises. New lettings had a total contracted annual value of SEK 71 million (66) while net lettings were SEK 23 million (33). Renegotiations during the quarter resulted in an increase in annual rental income of SEK 5 million.

Fabege's major projects (see table on page 5) developed according to plan. During the quarter a decision was taken to initiate another project in the "Bocken" block on Lästmakargatan in Stockholm City. In Bocken 39, Fabege will be creating about 4,500 m^2 of office space and 3,000 m^2 of residential space.

The average interest rate in the loan portfolio increased by 16 basis points during the quarter to 4.62 per cent.

Net asset value per share at 30 June was SEK 75 (76) excluding tax on excess value of properties.

[1)] The comparison figures for income and expense items relate to values for the period April-June 2007, and for balance-sheet items, values as at 31 December 2007.

Market overview

By DTZ Sweden

The office rental market in Stockholm

In the last 24 months the office rental market in Stockholm has experienced strong growth. Vacancy rates have improved in all key sub-markets and market rents have risen by 10-15 per cent for good office premises in attractive locations. Letting activities for the current new build projects have also developed well. For office projects scheduled for completion in 2008 and 2009 the property owners have announced new lets corresponding to a lettings rate of 70 per cent of the newly created space.

The current situation in the rental market is relatively stable. Despite a certain loss of momentum recently, recent figures show that the Swedish economy continues to create new office jobs, ensuring continued strong demand for office space in the major conurbations in 2008 (full-year basis). The rental market is currently sending mixed signals, with some market players pointing to a slowdown in demand while others still have a very positive view. Vacancy rates in Stockholm continued to decline in 2008, albeit at a somewhat slower pace than in 2007. There is still a significant difference in vacancy rates between good and poor quality office premises. Vacancy rates for office premises in Greater Stockholm are expected to remain stable around 10-11 per cent through the remainder of 2008. The newly created office space creates no risk of excess supply this year. In 2009 and 2010, however, a large amount of newly produced office space will become available, which, failing a recovery in the global economy, will lead to a resurgence in vacancy rates. Higher vacancies will affect older office properties in the first hand.

In terms of rents, DTZ estimates that current levels are very close to the top of the current rental cycle. Generally speaking, average rents are expected to remain largely flat through the remainder of 2008. For prime office space there is still a certain upward potential in 2008 on an annual basis but this will depend on how tough landlords dare to be in negotiations. At present rents for prime office space in central Stockholm range from SEK 4,200-4,700/m^2 incl. heating. Average rents for equivalent locations are about SEK 3,500/m^2. In the rest of the inner city rents range from SEK 2,000-3,500/m^2 for good space. In other attractive sub-markets such as Solna, Marievik and Sundbyberg rents range from SEK 1,700-2,500/m^2 for good quality office space.

The investment market in Sweden and Stockholm

The investment market for properties in Sweden has experienced historically high transaction volumes in the last three years. Volumes remained high in early 2008 but have not reached up to the same levels as in 2006 and 2007. Properties worth a total of SEK 52 billion had changed hands by mid-June 2008, compared with SEK 72 billion in the equivalent periods in 2006 and 2007.

Investor appetite has declined overall, and this applies particularly to lower-quality properties and portfolios. Buyers and sellers have struggled to come to terms, and buyers' estimates have come under pressure from increasingly tough funding requirements and, to some extent, lower potential rental income. Three developments that buck the predominant trend during the period 2005-2007 have become clearer in the first two quarters of 2008. One is that the share of foreign buyers has declined. Another is that major individual transactions, defined as transactions with a value in excess of SEK 1 billion, now account for a smaller share of the total transaction volume. And finally, a larger share of the transaction volume is now concentrated to high-quality properties in large and secure markets compared with the situation in 2005-2007.

Stockholm has long been the most attractive and largest property market in Sweden in terms of transaction volume. In early 2008 the Stockholm market accounted for over 50 per cent, or SEK 27 billion, of the total transaction volume in Sweden.

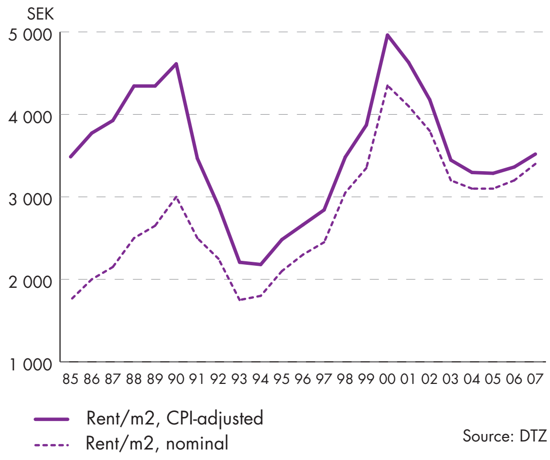
Yield requirements

In 2008 yield requirements, especially for lower-quality properties and portfolios, edged higher. The Stockholm market has fared better, and a number of sales of individual office properties show that there are still buyers that are interested at normalised yields of 4.50-4.75 per cent for properties in good locations.

For the remainder of 2008 DTZ estimates that yields for office properties as a whole are set to increase. The main fundamental reason for this are higher funding costs, increasingly difficult conditions for obtaining funding and that expectations for rent increases that were previously included in yield requirements have fallen.

DTZ also expects that the spread in yield requirements between properties of differing standards and location, and consequently differing rents, will increase. Good properties in the relatively strong Stockholm market will perform well in relation to properties offering weaker prospects for high rents.

Average rents 1985 - 2007, Stockholm locations (CBD)



Source: DTZ

This is Fabege

A highly concentrated and focused property company

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

The property portfolio is highly concentrated to a limited number of well located sub-markets with a strong development potential. The properties are mainly located in the inner city of Stockholm and in Solna and Hammarby Sjöstad, where Fabege has strong market positions.

Fabege's business model

Fabege aims to create value by managing, improving and adapting its property portfolio, both through sales and acquisitions. Accrued values are to be realised at the right time.

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

Income and earnings[1)]

The profit after tax was SEK 523 million (865) after increased financial expenses and positive tax. Earnings per share after dilution were SEK 3.10 (4.60). The profit after financial items was SEK 440 million (961).

Rental income was SEK 1,125 million (1,021) and net operating income SEK 726 million (622). The increase in rental income is due in equal parts to net acquisitions of properties and higher rents in the existing portfolio. For comparable properties, rental income increased by 6 per cent and net operating income by 7 per cent. Realised and unrealised changes in the value of properties were SEK 143 million (174) and SEK -7 million (394), respectively. Changes in the value of interest rate derivatives were SEK 2 million (40). The net interest expense was SEK -388 million (-298). The average interest rate was 4.62 per cent (4.28) excluding loan commitments, or 4.64 per cent including expenses relating to loan commitments. The recent rise in interest rates is reflected in Fabege's higher interest expense during the period. Differing interest bases in loan agreements create a delayed impact on average interest expense.Fabege uses derivatives as a means of cutting costs, and the fixed-rate terms in the loan portfolio refer primarily to derivatives transactions.

Cash flow and financial position

The profit increased liquidity by SEK 419 million (478). After an increase of SEK 1,721 million in operating capital, which varies primarily as a result of occupancy/final settlement for acquired and divested properties, operating activities resulted in an increase in liquidity of SEK -1,302 million (-328). Property sales exceeded investments and acquisitions by SEK 712 million (643). Operations thus resulted in an overall change in liquidity of SEK -590 million (315).

Share buybacks totalled SEK 292 million (64). After the increase in debt, consolidated cash and cash equivalents were SEK 85 million (75).

Shareholders' equity at the end of the period was SEK 10,976 million (11,415) and the equity/assets ratio 35 per cent (36).

Interest-bearing liabilities were SEK 18,757 million (17,210) at the end of the period. Out of total liabilities, SEK 47 million referred to a convertible bond loan and SEK 2,848 million to

Interest rate maturity structure, 30 June 2008

	Loan amount SEKm	Average interest rate %	Share %
< 1 years	18,410	4.62	98
1–2 years	347	5.00	2
2–3 years	0	0.00	0
3–4 years	0	0.00	0
4–5 years	0	0.00	0
> 5 years	0	0.00	0
Total	**18,757**	**4.62**	**100**

Deficit, derivatives, SEK 15m

Loan maturity structure, 30 June 2008

	Credit agreements SEKm	Used SEKm
< 1 year*	8,620	2,948
1–2 years	1,048	1,397
2–3 years	500	4,392
3–4 years	4,500	7,480
4–5 years	8,000	0
> 5 years	2,540	2,540
Total	**25,208**	**18,757**

Deficit, derivatives, SEK 15m

*Including certificate programme, SEK 5,000m.

[1)] The comparison figures for income and expense items relate to values for the period Jan-June 2007, and for balance-sheet items, values as at 31 December 2007.

outstanding certificates. The total volume of loans as at 30 June included loans relating to projects in progress of SEK 1,387 million, of which the interest, SEK 15 million, has been capitalised.

The average fixed-rate term for the loans including the effects of exercised derivate instruments was 2 months (3) as at 30 June.

Fabege's derivates portfolio has a value of SEK 5,250 million with maturities of up to 2 years. The average maturity was 4.7 years (5.1). Out of total credit lines of SEK 25,208 billion, SEK 18,757 billion had been used. Fabege has concluded long-term framework agreements with its providers of finance, with fixed terms and conditions during the term of agreement. The impact on the company from the past year's financial turbulence is therefore limited to that part which relates to the general rise in interest rates.

Net asset value per share

Equity per share at 30 June was SEK 66 (67). Net asset value per share, excluding deferred tax on the surplus value of properties, was SEK 75 (76).

Fabege's property portfolio and management

Fabege's business in property management and improvement and project development is highly concentrated to a small number of selected sub-markets with good growth prospects in and around Stockholm. Stockholm's inner city, Solna and Hammarby Sjöstad are Fabege's main markets.

On 30 June Fabege owned 159 properties with a total rental value of SEK 2.4 billion, a lettable floor area of 1.5 million m^2 and a book value, including project properties, of SEK 30.1 billion.

Commercial premises represented 97 per cent of the rental value and residential premises 3 per cent. The financial occupancy rate for the portfolio as a whole, including project properties, was 93 per cent (91). For investment properties the occupancy rate was 96 per cent (95).

New lettings totalled SEK 125 million (128) during the period while net lettings were SEK 12 million (67). Net lettings were significantly affected by a major expected termination of SEK 40 million in a future project property.

Property portfolio, 30 June 2008

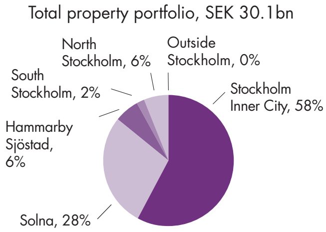
	30 June 2008					1 Jan-30 Jun 2008		
Market segment	No. of properties	Lettable area, '000 m2	Market value, SEKm	Rental value SEKm	Financial occupancy rate, %	Rental income SEKm	Property expenses SEKm	Net operating income SEKm
Property holdings								
Investment properties [1)]	92	1,085	24,584	1,942	96	925	-242	683
Improvement properties [1)]	35	302	3,577	335	82	130	-64	66
Land and project properties [1)]	32	77	1,931	74	58	28	-16	12
Total	**159**	**1,464**	**30,092**	**2,351**	**93**	**1,083**	**-322**	**761**
of which, Inner City	50	554	17,331	1,204	95	569	-152	417
of which, Solna	34	492	8,565	726	92	327	-79	248
of which, Hammarby Sjöstad	13	155	1,663	174	84	71	-39	32
of which, South Stockholm	14	47	764	59	88	28	-7	21
of which, North Stockholm	47	216	1,746	188	90	88	-45	43
of which, outside Stockholm	1	0	23	0	0	0	0	0
Total	**159**	**1,464**	**30,092**	**2,351**	**93**	**1,083**	**-322**	**761**
Expenses for lettings, project development and property adm.								-51
Total net operating income after expenses for lettings, project development and property administration.								**710**

1 See definitions on page 10.

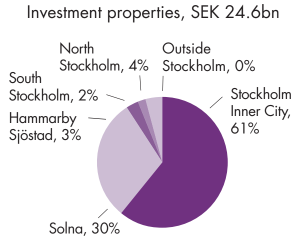
2 The table refers to Fabege's property portfolio as at 30 June 2008. Income and expenses are reported as if the properties had been held during the whole period. The difference between the reported net operating income above, SEK 710 million, and net operating income in the profit and loss account, SEK 726 million, is explained by the fact that net operating income from divested properties has been excluded and acquired/completed properties have been adjusted upwards as if they had been owned/completed during the whole of the period January-June 2008.

Distribution of book value/market value

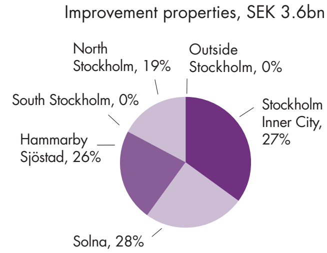
Total property portfolio, SEK 30.1bn



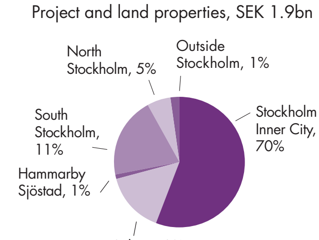
Investment properties, SEK 24.6bn



Improvement properties, SEK 3.6bn



Project and land properties, SEK 1.9bn



Rent levels in renegotiated contracts (35 contracts covering a total area of approx. 24,000m^2) increased by an average of 16 per cent.

Developments in Fabege's main markets

In Stockholm City demand for office space remains good. Fabege's vacancy is very low in Stockholm City and is primarily attributable to two properties, including Getingen 15 in the Norrtull area, which was acquired in early 2008 as a project opportunity with about 7,000 m^2 of vacant space. In June 2008 Fabege signed an agreement for a major new let in the property, comprising some 4,200 m^2, with a new government agency, the Swedish Schools Inspectorate. This will significantly reduce the remaing vacancy as of autumn 2008, when the new tenant moves in. In the western part of Stockholm City work continues on the redevelopment of the area around Norra Bantorget, where Fabege owns two properties, Läraren 5 and 13. In Läraren 13, which is almost fully let, improvements to the property and the general renewal of Norra Bantorget have helped to raise rents from about SEK 2,500/m^2 to about SEK 3,600/m^2 for the most attractive spaces. This part of town, which is strategically located close to the Stockholm Central Station, is currently undergoing a major regeneration, and interest in the area is expected to increase further in line with the continued renewal and development of the area.

In Fabege's other inner city sub-markets, Kungsholmen and Södermalm, market conditions are favourable. Kungsholmen is experiencing rising demand, especially in the eastern parts, where the proximity of the Central Station and the renewal of the adjoining area in the western part of Stockholm City have helped to raise rents. Fabege's largest property in the area, Klamparen 10, will be renewed and rebuilt when the current tenant moves to new premises in autumn 2009. The western part of Kungsholmen is also experiencing a positive trend thanks to the redevelopment and renewal of the area, but the supply of commercial space is large and competition is tough.

Property acquisitions

Properties	Area	Category	Lettable area, m^2
Q1			
Uarda 2	Arenastaden	Warehouse	5,586
Krejaren 2	Östermalm	Land	-
Total property acquisitions, Jan-Jun 2008			**5,586**

Sale of properties

Properties	Area	Category	Lettable area, m^2
Q1			
Marievik 14	Marievik	Office	16,923
Marievik 19	Marievik	Office	20,706
Verdandi 9	Vasastan	Residential	1,399
Landbyska Verket 10	Östermalm	Office	1,266
Krejaren 2	Östermalm	Land	-
Q2			
Axet 1/Bladet 1	Bergshamra	Office	31,688
Gräddö 2&4	Farsta	Office	14,321
Kurland 17	Vasastan	Office	1,798
Ånsta 20:17	Örebro	Industry	3,011
Total property sales Jan-Jun 2008			**91,112**

Projects in progress >50 SEKm 30 June 2008, SEKm

Property name	Property type	Area	Completed	Lettable area, m^2	Occupancy rate %, Area**	Established rental value	Book value 08-06-30	Estimated investment	Of which, accrued 08-06-30
Lammet 17	Office	City/Gamla Klara	Q3 2008	6,800	64	22	285	60	44
Läraren 13	Office	Norrmalm	Q3 2008	6,800	95	22	365	85	66
Paradiset 29 (50 %)	Retail/Office/ Garage	Stadshagen	Q3 2009	18,100	50	29	152	380	195
Rovan 1	Office/Retail	Huvudsta	Q3 2009	16,400	22*	24	71	181	21
Hammarby Gård 7	Office	Hammarby Sjöstad	Q4 2008	8,900	6*	20	57	185	22
Bocken 35 och 46	Office	Normalm	Q4 2009	15,300	90	55	445	390	74
Skvaltkvarnen 1 m fl	Residential	Tensta/Rinkeby	2008-2011	95,300	96	102	577	600	204
Summa				**167,600**	**77**	**274**	**1,952**	**1,881**	**626**
Other Project & land properties							613		
Other Improvement properties							2,943		
Total Project, land and improvement properties							**5,508**		

* During the period of redevelopment the property has rental income from existing tenants that are expected to remain in the building during the redevelopment.
** Operational occupancy rate, 4 July 2008.
The annual rent for the largest projects in progress can increase to SEK 274 million (fully let) from SEK 97 million currently as of 30 June 2008.

Fabege's 50 per cent-owned project in Paradiset 29, which has become a profile property - named "Lindhagen" - in an ideal location for signage exposure by the E4/Essingeleden motorway, is developing well, attracting a steady flow of new tenants. The market in Södermalm, where Fabege owns three properties, can be characterised as stable with low vacancy rates.

Fabege's main sub-markets in Solna are Arenastaden (by Solna Station) and Solna Business Park. Interest in establishing offices in Arenastaden is growing steadily. Rents are stable around SEK 1,800-2,000/m^2 in modern properties and are expected to increase as the area is developed. Construction on Swedbank Arena, Sweden's new national arena, and Mall of Scandinavia, Scandinavia's largest shopping centre, in Arenastaden is scheduled to begin in spring 2009 and to be completed in 2012. However, the renewal of the area has already begun, and the second quarter of 2008 saw the completion of work on renovating the façades of Farao 16 and 17, two Fabege-owned properties at the entrance the area. In Solna Business Park the market remains strong, with good demand and top rents in excess of SEK 2,000/m^2. A clear trend is that existing tenants choose to expand their premises. In new lettings there is demand for offices of all sizes.

In Hammarby Sjöstad the market is still developing at a rapid pace. The redevelopment and renewal of the former industrial area is turning this part of town into an attractive office location, putting upward pressure on rents, which now exceed SEK 2,000/m^2 in locations close to the waterfront.

Changes in the property portfolio

In the first half of 2008 Fabege acquired two properties for a total consideration of SEK 201 million and sold 11 properties for SEK 1,956 million. The sales resulted in a profit of SEK 143 million before tax and SEK 311 million after tax. The transactions during the period resulted in a further concentration of the portfolio to Fabege's priority sub-markets, which accounted for 92 per cent (89) of the total value of the Group's properties at 30 June.

Changes in the value of properties

About 40 per cent of the properties have been externally valued as at 30 June. The remaining properties have been valued internally based on the latest valuations. The total market value at 30 June was SEK 30.1 billion. Unrealised changes in the value of properties during the quarter totalled SEK -95 million (184). Negative changes in value refer to writedowns occasioned by raised yield requirements. These have been offset by positive changes in value attributable to improved cash flows in properties after adjusting for investments during the period.

Yield requirement, residual value

	Weighted yield requirement, % Q2-08	Q1-08	Spread
Inner City	5.2	5.1	4.8-6.0
Solna	6.0	5.8	5.5-6.8
Hammarby Sjöstad	6.4	6.3	6.1-7.5
Total	**5.5**	**5.4**	

Projects and investments

A total of SEK 857 million (386) was invested in existing properties and projects. The investments referred to, new builds, extensions and conversions. The largest investments referred to Marievik 19, Bocken 35 and Lillsätra 3.

Major projects (see also table Projects in progress)

In the Bocken 35 and 46 properties by Lästmakargatan-Regeringsgatan in Stockholm City Fabege is developing the premises let to Carnegie/Max Mathiesson, comprising some 13,500 m^2, according to plan. Occupancy is scheduled for the fourth quarter of 2009. During the quarter a decision was also taken to make improvements to the neighbouring Bocken 39 property, creating about 4,500 m^2 of office space and 3,000 m^2 of residential space. Construction is expected to begin in autumn 2008.

Läraren 13 at Norra Bantorget has a lettable area of about 6,800 m^2. In 2007/08 the property has undergone a complete internal renovation. Work on renovating the façade is under way. The attractive location by the renewed Norra Bantorget has helped to ensure that the property is practically fully let at high rents, up to about SEK 3,600/m^2.

In Lammet 17, between Drottninggatan and Vasagatan in the western part of Stockholm City, tenant improvements were completed during the quarter, and the new tenant, Unionen, has since moved in. A few smaller office spaces comprising about 750 m^2 remain to be let. The property stands in a strategic location close to the Central Station and the commercial centre of Stockholm City.

The Paradiset 29/Lindhagen project on Kungsholmen, which will comprise 36,200 m^2 of retail space, offices and parking, is proceeding according to plan.

In Hammarby Gård 7, a property in Hammarby Sjöstad, an existing building is being converted and extended. Preparatory work for two further buildings has been initiated and work on letting new office space is under way. Projects in progress comprise 9,000 m^2 of lettable space in a location close to the waterfront.

Staff

At the end of the period 140 persons (146) were employed in the Fabege Group.

The renovation of the façades of Farao 16 and 17, two properties in Arenastaden in Solna, was completed in the second quarter. Demand for premises is good and rents are stable around SEK 1,800/m^2.

Parent company

Sales during the period were SEK 58 million (54) and earnings before appropriations and tax were SEK -176 million (-87). Net investments in property, equipment and shares were SEK 1 million (25). The parent company applies Recommendation RR 32 "Accounting for Legal Entities" of the Swedish Financial Accounting Standards Council. (See also the profit and loss account on page 9.)

Share buyback programme

During the period Fabege bought back 4,845,351 shares for SEK 292 million (average price SEK 60.26). Of these, 1,628,400 were bought back in the second quarter for SEK 86 million (average price 53.01). At 30 June 2008 Fabege owned 3,330,300 treasury shares, representing 1.97 per cent of the total number of shares in the company.

Ongoing tax cases

As announced previously, the Swedish Tax Agency has decided to increase the Fabege Group's taxable income in respect of a number of property sales made through limited partnerships (see also the press release from 7 Dec 2006). At 30 June 2008 the total increase in taxable income 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 demand of SEK 1,302 million excluding interest. Fabege has strong reasons to contest the Tax Agency's decisions and has filed appeals against them.

Fabege is also contesting the ruling of the Administrative Court of Appeal that we reported on in our 2007 Annual Report (see pages 40-41).

The status of the two cases is unchanged since year-end.

Risks and uncertainties

Risks and uncertainties relating to cash flow from operations are primarily attributable to changes in rent levels, vacancy rates and interest rates. A detailed description of the effect of these changes on consolidated earnings is given in the sensitivity analysis in the 2007 Annual Report (page 46).

Properties are recognised at fair value and changes in value are recognised in the profit and loss account. The effects of changes in value on consolidated earnings, the equity/assets ratio and leverage are shown in the sensitivity analysis in the 2007 Annual Report (page 47).

Financial risk, i.e. the risk of insufficient access to long-term funding through loans, and Fabege's management of this risk are described in the 2007 Annual Report (page 63).

No significant changes in the company's risk assessments have been made since then.

Under its adopted targets for capital structure, Fabege aims to have an equity/assets ratio of at least 30 per cent and an interest coverage ratio of at least 2 times (incl. realised changes in value).

Accounting principles

Fabege prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The Group has applied the same accounting principles and valuation methods as in the last annual report.

The parent company prepares its accounts in accordance with the Swedish Annual Accounts Act and has applied the same valuation principles and valuation methods as in the last annual report.

Signatures

The Board of Directors and Chief Executive Officer hereby certify that the half-yearly report gives a true and fair overview of the business, financial position and earnings of the parent company and the Group and describes material risks and uncertainties faced by the company and the companies included in the Group.

Stockholm, 10 July 2008

Erik Paulsson *Chairman*	Sven-Åke Johansson *Deputy Chairman*	Göte Dahlin *Board Director*	Märtha Josefsson *Board Director*
Helen Olausson *Board Director*	Svante Paulsson *Board Director*	Mats Qviberg *Board Director*	Christian Hermelin *Chief Executive Officer*

This interim report has not been examined by the company's auditors.

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Profit and loss account, SEKm

	2008 Apr-Jun	2007 Apr-Jun	2008 Jan-Jun	2007 Jan-Jun	2007 Jan-Dec	Rolling, 12 months Jul 2007-Jun 2008
Rental income	564	504	1,125	1,021	2,066	2,170
Property expenses	-182	-188	-399	-399	-754	-754
Net operating income	**382**	**316**	**726**	**622**	**1,312**	**1,416**
Surplus ratio, %	*68*	*63*	*65*	*61*	*64*	*65*
Central administration and marketing	-15	-16	-32	-30	-60	-62
Realised changes in value, properties	4	114	143	174	446	415
Unrealised changes in value, properties	-95	184	-7	394	893	492
Operating profit	**276**	**598**	**830**	**1,160**	**2,591**	**2,261**
Dividends	2	60	2	60	60	2
Net interest income	-196	-149	-388	-298	-609	-699
Change in value, interest rate derivatives	17	33	2	40	37	-1
Change in value, equities	-7	-1	-6	-1	-13	-18
Profit after financial items	**92**	**541**	**440**	**961**	**2,066**	**1,545**
Current tax	-2	-	-3	-	-7	-10
Deferred tax	45	-32	86	-96	-247	-65
Profit for the period/year	**135**	**509**	**523**	**865**	**1,812**	**1,470**
Attributable to parent company shareholders	135	509	523	865	1,812	1,470
Earnings per share before dilution, SEK	0.81	2.77	3.11	4.62	10.03	8.59
Earnings per share after dilution, SEK	0.81	2.75	3.10	4.60	9.98	8.54
No. of shares at end of period before dilution, millions	166.0	177.6	166.0	177.6	170.8	166.0
No. of shares at end of period after dilution, millions	167.0	178.7	167.0	178.7	171.9	167.0
Average no. of shares before dilution, millions	166.8	184.0	168.0	187.1	180.7	171.2
Average no. of shares after dilution, millions	167.9	185.0	169.1	188.2	181.8	172.2

Balance sheet, SEKm

	2008-06-30	2007-12-31	2007-06-30
Assets			
Properties	30,092	30,829	26,826
Other tangible fixed assets	3	6	8
Financial fixed assets	386	387	753
Current assets	1,192	458	863
Cash and cash equivalents	85	75	109
Total assets	**31,758**	**31,755**	**28,559**
Equity and liabilities			
Equity	10,976	11,415	10,946
Provisions	1,230	1,393	1,058
Interest-bearing liabilities	18,757	17,210	15,414
Non-interest-bearing liabilities	795	1,737	1,141
Total equity and liabilities	**31,758**	**31,755**	**28,559**
Equity/assets ratio, %	35	36	38

Change in equity, SEKm

	Share-holders' equity	Of which attributable to parent company shareholders	Of which, attributable to minority
Shareholders' equity, 1 Jan 2007	**12,177**	**12,156**	**21**
New shares, conversion of debt instruments	2	2	-
Change in minority share through pre-emption rights to the shares in Fastighets AB Tornet.	-21	-	-21
Redemption of shares paid in the form of shares in Klövern	-1,251	-1,251	-
Cash dividend	-761	-761	-
Share buybacks	-543	-543	-
Profit for the year	1,812	1,812	-
Shareholders' equity, 31 Dec 2007	**11,415**	**11,415**	**-**
New shares, conversion of debt instruments	0	0	-
Cash dividend	-670	-670	-
Share buybacks	-292	-292	-
Profit for the year	523	523	-
Shareholders' equity, 30 Jun 2008	**10,976**	**10,976**	**-**

Cash flow statement, SEKm

	2008 Jan-Jun	2007 Jan-Jun	2007 Jan-Dec
Operating profit excl. depreciation and changes in value, existing property holdings	**840**	**767**	**1,706**
Net financial items paid	-418	-289	-557
Income tax paid	-3	-	-7
Change in other working capital	-1,721	-806	491
Cash flow from operations	**-1,302**	**-328**	**1,633**
Investments and acquisitions of properties	-1,058	-948	-4,984
Sale of properties, book value of divested properties	1,788	1,704	2,231
Other investments (net)	-18	-113	100
Cash flow from investing activities	**712**	**643**	**-2,653**
Dividend to shareholders	-670	-761	-761
Share buybacks	-292	-64	-543
Change in interest-bearing liabilities	1,562	455	2,235
Cash flow from financing activities	**600**	**-370**	**931**
Change in cash and cash equivalents	10	-55	-89
Cash and cash equivalents at beginning of period	75	164	164
Cash and cash equivalents at end of period	**85**	**109**	**75**

Key figures[1)]

	2008 Jan-Jun	2007 Jan-Jun	2007 Jan-Dec
Financial			
Return on capital employed, %	5.6	9.4	9.9
Return on equity, %	9.3	15.0	15.4
Interest coverage ratio, times	2.1	2.7	2.8
Equity/assets ratio, %	35	38	36
Leverage properties, %	62	57	56
Debt/equity ratio, times	1.7	1.4	1.5
Share-related			
Earnings per share for the period, SEK	3.10	4.60	9.98
Equity per share, SEK	66	62	67
Cash flow per share, SEK	2.67	2.81	6.32
No. of outstanding shares at end of period before dilution, '000	165,981	177,590	170,823
No. of outstanding shares at end of period after dilution, '000	167,048	178,669	171,893
Average no. of shares before dilution, '000	168,005	187,148	180,730
Average no. of shares after dilution, '000	169,073	188,216	181,801
Property-related			
No. of properties	159	168	167
Book value of properties, SEKm	30,092	26,826	30,829
Lettable area, m2	1,464,000	1,420,000	1 546,000
Financial occupancy rate, %	93	91	92
Surplus ratio, %	65	61	64

[1)] Dilution effects of potential ordinary shares have been taken into account in calculating key figures per share. As at 30 June 2008, Fabege has a convertible bond loan with a book value of SEK 47 million (nominally SEK 45m). The loan has an interest rate of 5.25 per cent and matures on 1 October 2009. Bonds may be converted into shares up to 1 September 2009. The conversion price is SEK 41.80. Full conversion would result in an increase of 1,066,558 shares.

PARENT COMPANY

Profit and loss account, SEKm

	2008 Jan-Jun	2007 Jan-Jun	2007 Jan-Dec
Income	58	54	108
Expenses	-99	-104	-196
Net financial items	-131	-77	1,112
Change in value, interest rate derivatives	2	40	37
Change in value, equities	-6	-	-13
Profit before tax	**-176**	**-87**	**1,048**
Tax	45	19	-10
Profit for the period/year	**-131**	**-68**	**1,038**

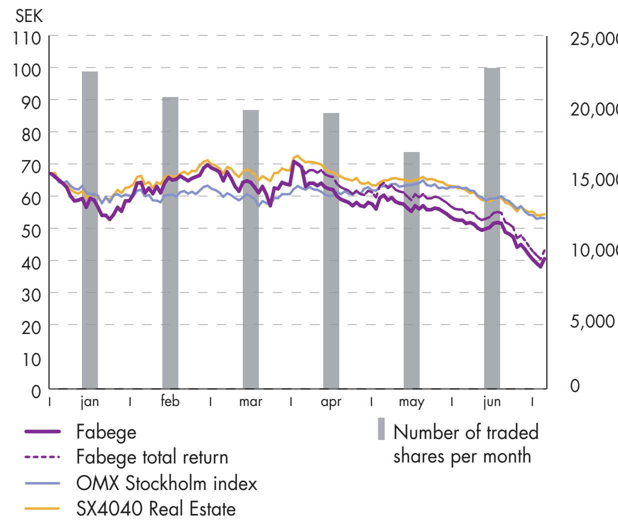
Balance sheet, SEKm

	2008-06-30	2007-12-31	2007-06-30
Interests in Group companies	15,116	15,116	15,116
Other fixed assets	33,665	32,313	28,387
Other current assets	87	3	57
Cash and cash equivalents	68	58	31
Total assets	**48,936**	**47,490**	**43,591**
Equity	9,738	10,831	9,994
Provisions	63	62	60
Long-term liabilities	34,757	32,776	28,523
Current liabilities	4,378	3,821	5,284
Total equity and liabilities	**48,936**	**47,490**	**43,591**

Largest shareholders, 30 June 2008

Shareholder	No. of shares	Share of capital and votes, %
Brinova	23,291,092	14.0
Mats O Sundqvist	19,527,800	11.8
Öresund	8,205,526	5.0
Andra AP-fonden	3,865,871	2.3
Swedbank Robur fonder	3,401,549	2.1
SEB fonder	2,850,571	1.7
Mats Qviberg and family	2,653,636	1.6
Sjunde AP-fonden	1,633,532	1.0
DFA funds (USA)	1,547,140	0.9
Länsförsäkringar fonder	1,381,700	0.8
Other foreign owners	58,792,387	35.4
Other owners	38,830,450	23.4
Total no. of outstanding shares	**165,981,254**	**100**
Share buybacks	3,330,300	
Total no. of registered shares	**169,311,554**	

Share price performance



Financial reports 2008

Interim Report Jan-Sep	4 November
Year End Financial Statement Jan-Dec	5 February 2009

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 during the period.

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.

Profit/loss from property management activities
Profit/loss for the period after financial items and reversal of changes in value and dividends less 28 per cent tax.

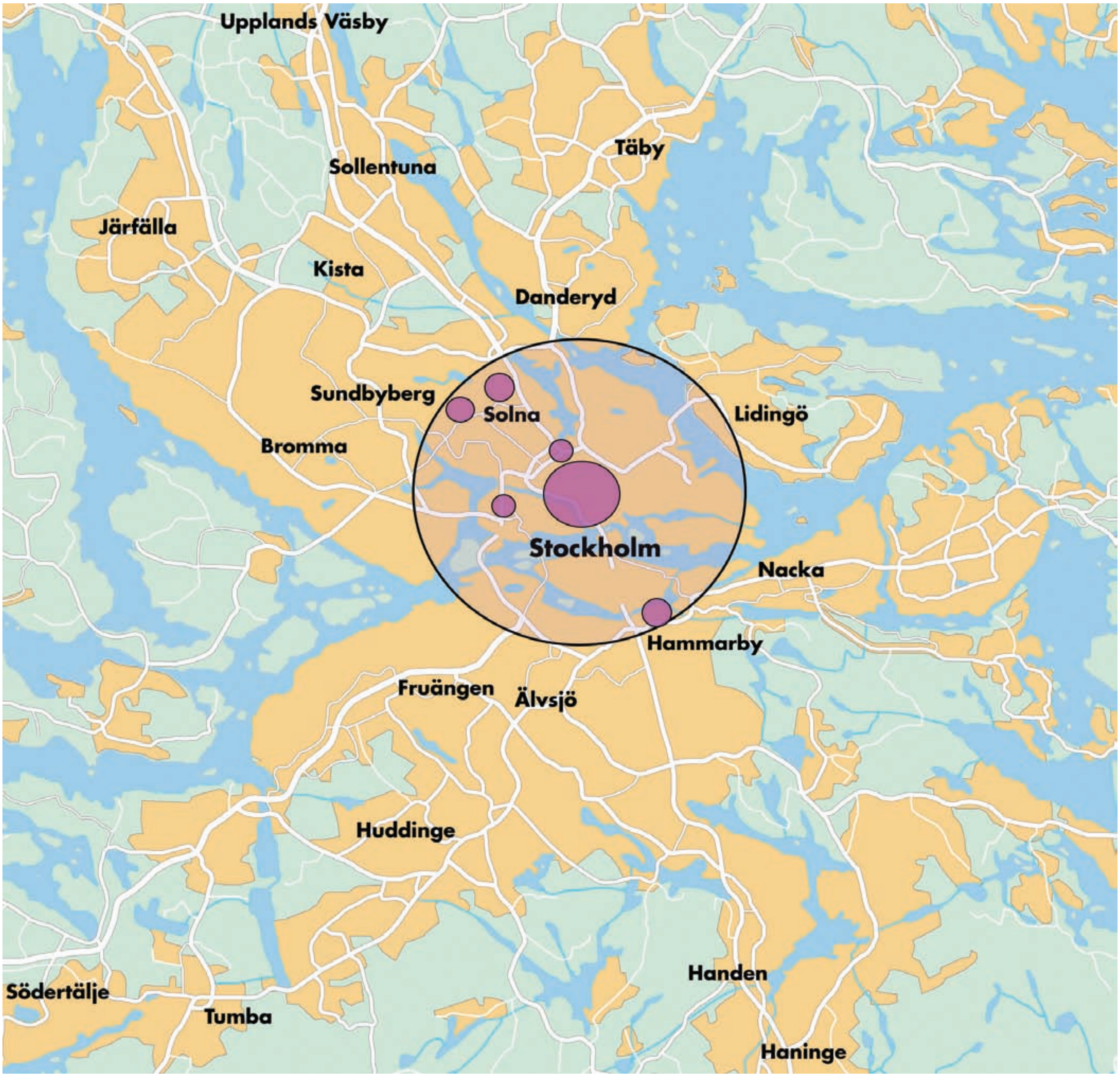
Interest coverage ratio
Profit after financial items plus financial expenses and plus/minus unrealised changes in value, divided by financial expenses.

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.



Fabege's property holdings are concentrated to clusters that can be managed efficiently and 92 per cent of the market value of the portfolio is located in the company's three priority markets – Stockholm's inner city, Solna and Hammarby Sjöstad – all within 5 km range from Kungsgatan in Stockholm.

Production Fabege in partnership with Halvarsson & Halvarsson **Images** Per-Erik Adamsson **Printed by** Veinge Tryckeri AB 2008.

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