

# Faberge

## Interim Report January–March 2009

- **Net operating income increased to SEK 348m (344), despite a fall in rental income to SEK 548m (561) due to net sales of properties**
- **The surplus ratio increased to 64 per cent (61)**
- **Earnings from property management activities grew by 10 per cent to SEK 148m (135)**
- **The loss after changes in value and tax was SEK –81m (388) and earnings per share after dilution were SEK –0.49 (2.28)**
- **Equity per share was SEK 57 (60)**

<b>Results for the period, SEKm</b>	2009 Jan–Mar	2008 Jan–Mar
Rental income	548	561
Running costs and central costs	–216	–234
Net financial items (excl. changes in value)	–184	–192
<b>Profit from property management activities</b>	<b>148</b>	<b>135</b>
Changes in value	–117	213
Tax	–112	40
<b>Profit/loss after tax</b>	<b>–81</b>	<b>388</b>
Surplus ratio, %	64	61
Equity/assets ratio, %	31	36
Occupancy rate, %	92	92

## Chief executive's review

A few months into the new year the impact of the recession is becoming more apparent; it takes longer to conclude a deal or new let. So far, however, we have not noticed any pressure on rents or a marked increase in rental losses. The downturn in the market is expected, and we have taken measures to meet the new situation.

Our ambitions for 2009 are clear:

- *Increase tenant retention:* Today many of our customers choose to stay put and renegotiate their contracts upon expiry. Businesses are uncertain about the future and therefore reluctant to make the decision to move. Our strategy of concentrating our property holdings to attractive locations enables us to meet tenants' wishes and offer solutions in existing premises or other nearby properties. We also work hard to ensure that we take good care of our customers and develop strong relationships.
- *Improve the surplus ratio:* Our rental income is expected to remain stable throughout 2009. By squeezing costs and streamlining our organisation, we improved the surplus ratio by 3 percentage points in the first quarter.
- *Maintain a strong balance sheet:* As in 2008, we have in the first few months of 2009 made net sales in line with project investments for the period. Two low-yielding properties with limited development potential were sold at prices that exceeded the most recent valuations.

It is highly satisfying that we managed to achieve a strong result from property management activities in the first quarter, the highest since operations were concentrated to Stockholm. Low vacancies, stable revenues and a strong cost focus have boosted earnings from property management activities. With interest rates moving in a direction that is favourable for Fabege, good access to capital and a portfolio of well located and attractive properties, I feel confident about the rest of 2009.

*Christian Hermelin*

## This is Fabege

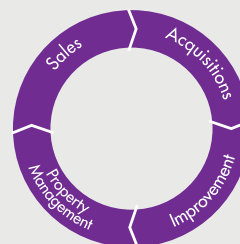
*A highly concentrated and focused property company*

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 and develops existing properties, and project development plays a prominent role in the Group.

Our portfolio 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's business model

Fabège aims to create value by managing, improving and adapting its property portfolio, both through sales and acquisitions. Accrued values must 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

## Performance in the first quarter

In the first few months of 2009 the weakening economic climate has been reflected mainly in a greater degree of caution in the market and the longer time it takes to reach a deal. Despite a noticeable softening, demand has remained relatively good. New lettings were SEK 150m and net lettings SEK 76m. A major new let to Vattenfall in Arenastaden accounts for about SEK 100m of total new lettings.

Fabège's focus is now on caring for and developing our relationships with our customers. Rents in renegotiated contracts increased by 6 per cent on average. The changed economic situation has so far had little impact on rents in Fabège's main markets, where rents can be characterised as stable. The occupancy

rate at the end of the period was 92 per cent. Rental income fell to SEK 548m (561) due to net sales of properties.

The loss after tax was SEK -81m (388). Unrealised changes in value were SEK -119m (88) due to continued pressure on property values.

The surplus ratio improved by 3 percentage points to 64 per cent (61), primarily due to more efficient management. The average interest rate in the loan portfolio fell by 32 basis points to 2.95 per cent.

Net asset value per share at 31 March was SEK 64 (67), excluding deferred tax on the surplus value of the properties.

## Revenues and earnings<sup>1)</sup>

The loss after tax was SEK –81m (388) and earnings per share after dilution were SEK –0.49 (2.28). The profit after financial items was SEK 31m (348).

Rental income was SEK 548m (561) and net operating income SEK 348m (344). The fall in rental income is due to net sales of properties.

For comparable properties, rental income increased by 2 per cent and net operating income by 4 per cent.

Realised changes in the value of properties totalled SEK 3m (139) while unrealised changes were SEK –119m (88) due to increased yield in peripheral positions and in buildings where vacancies are expected to increase. Changes in the value of fixed income derivatives were SEK –7m (–15) and the net interest expense decreased to SEK –183m (–192) due to falling market rates. The interest expense includes a one-off charge of SEK –21m relating to interest on taxes paid (see the press release from 18 March 2009).

## Tax

The tax expense (current and deferred) for the period was SEK –112m (40). The figure includes SEK –97m of taxes paid due to the decision of the Supreme Administrative Court not to allow a review of an ongoing tax case, as reported in press release dated 18 March 2009.

## Cash flow

The profit increased liquidity by SEK 155m (264). After an increase of SEK 127m (1,947) in working capital, which varies primarily as a result of occupancy/final settlement for acquired and divested properties, operating activities resulted in a change in liquidity of SEK 28m (–1,683). Acquisitions and investments in properties exceeded sales by SEK 22m (–460). The total change in liquidity resulting from operating activities was thus SEK 6m (–1,223). Share buybacks totalled SEK 0m (206). Consolidated cash and cash equivalents were SEK 44m (54) after repayments of debts.

## Financing

Fabega employs long-term credit lines with fixed terms and conditions and an average maturity of 6.4 years. The company's

creditors are major Nordic banks. Interest-bearing liabilities were SEK 18,886m (18,902) at the end of the period. The continued fall in market interest rates has partially affected Fabega's average interest rate, which fell from 3.27 per cent at year-end to 2.95 per cent at the end of period excluding the cost of unused committed lines of credit, or 3.01 per cent including this cost.

The interest rate on 44 per cent of Fabega's loan portfolio is fixed using fixed income derivatives. The average fixed-rate period was 27 months, including the effect of derivatives. At 31 March the company's derivatives portfolio amounted to SEK 8,250m with maturities of up to nine years. Of these, SEK 7,550m referred to callable swaps at levels ranging from 3.33 per cent to 3.98 per cent. The derivatives contracts were concluded in summer 2008 to improve cash flow in a situation where the market was expecting interest rates to rise. The aim was to obtain a discount on interest rates or fix rates at a level that was attractive from a long-term perspective.

In compliance with the accounting rules contained in IAS 39, the derivatives portfolio has been valued at market value and the change has been passed through the profit and loss account. At 31 March 2009 the deficit in the portfolio was SEK 478m. The derivatives portfolio has been valued at the present value of future cash flows. The change in value is of an accounting character and does not affect cash flow or leverage.

The average fixed-rate period for variable-rate loans is 37 days. Expected reductions in interest rates will thus quickly affect about 56 per cent of the loan portfolio.

At 31 March the company had unused committed lines of credit of SEK 3,309m. During the period the SEK 1,439m in new funding raised during the previous quarter was effected, and an additional SEK 875m in new project funding was raised in the market.

Fabega has available long-term credit facilities covering all outstanding commercial paper at any given time. In 2009 the volume of outstanding commercial paper has increased slightly, to SEK 804m at 31 March 2009.

The total loan volume includes loans for projects worth SEK 893m, on which the interest of SEK 5m has been capitalised.

## Interest rate maturity structure, 31 Mar 2009

	Amount SEKm	Average interest rate %	Share %
< 1 year	11,036	2.27	58
1–2 years	0	0.00	0
2–3 years	300	4.43	2
3–4 years	0	0.00	0
4–5 years	4,550	3.84	24
> 5 years	3,000	3.97	16
<b>Total</b>	<b>18,886</b>	<b>2.95</b>	<b>100</b>

## Loan maturity structure, 31 Mar 2009

	Credit agreements SEKm	Drawn SEKm
Certificate programme	5,000	804
< 1 year	1,867	1,048
1–2 years	500	460
2–3 years	4,900	4,085
3–4 years	4,000	4,000
4–5 years	6,675	4,302
> 5 years	4,253	4,187
<b>Total</b>	<b>27,195</b>	<b>18,886</b>

<sup>1)</sup> The comparison figures for income and expense items relate to values for the period January–March 2008, and for balance sheet items as at 31 December 2008.

### Financial position and net asset value

Shareholders' equity at the end of the period was SEK 9,463m (9,873) and the equity/assets ratio was 31 per cent (32).

Equity per share was SEK 57 (60). Net asset value per share, excluding deferred tax on the surplus value of properties, was SEK 64 (67).

### Fabege's property portfolio and property management

Fabege's activities in management and improvement of properties and project development are concentrated to a few select sub-markets with strong growth prospects in and around Stockholm. Stockholm's inner city, Solna and Hammarby Sjöstad are the company's main markets.

At 31 March Fabege owned 157 properties with a total rental value of SEK 2.4bn, a lettable floor area of 1.4m m<sup>2</sup> and a book value, including project properties, of SEK 29.4bn.

Commercial premises, primarily offices, 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 92 per cent (93). The vacancy rate in the investment property portfolio was 6 per cent.

New lettings totalled SEK 150m (54) during the period while net lettings were SEK 76m (–12). A 43,000 m<sup>2</sup> let to Vattenfall in Arenastaden, Solna had a significant impact on net lettings.

Rent levels in renegotiated contracts (16 contracts covering a total area of approx. 7,000 m<sup>2</sup>) increased by an average of 6 per cent.

### Developments in Fabege's main markets

Despite the weakening economy, demand for premises in Fabege's main markets remained relatively good, although the process of concluding a deal is now more protracted, with longer lead times from initial contact to agreed lease. The new economic sit-

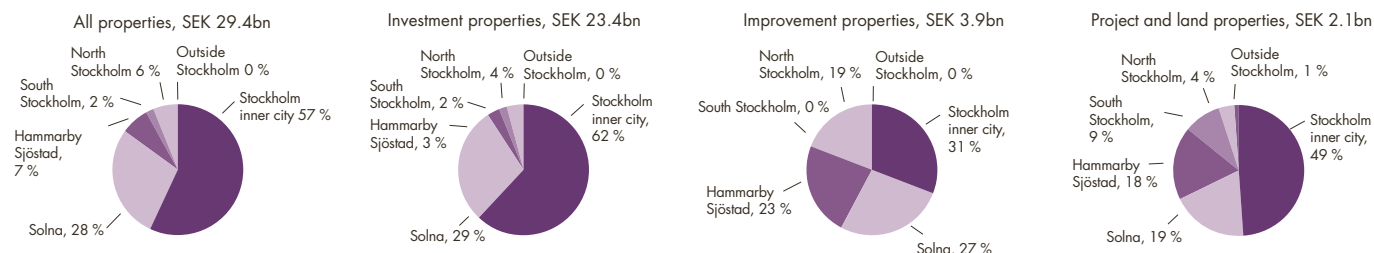
### Property portfolio 31 Mar 2009

Market segment	31 March 2009					1 Jan–31 Mar 2009		
	No. of properties	Lettable area, '000 m <sup>2</sup>	Market value, SEKm	Rental value, SEKm	Financial occupancy rate, %	Rental income, SEKm	Property expenses, SEKm	Net operating income, SEKm
<b>Property holdings</b>								
Investment properties <sup>1)</sup>	91	1,071	23,438	1,997	94	466	–125	341
Improvement properties <sup>1)</sup>	35	288	3,878	337	88	70	–36	34
Land and project properties <sup>1)</sup>	31	88	2,096	54	48	5	–9	–4
<b>Total</b>	<b>157</b>	<b>1,447</b>	<b>29,412</b>	<b>2,388</b>	<b>92</b>	<b>541</b>	<b>–170</b>	<b>371</b>
of which, Inner City	48	545	16,677	1,217	94	282	–75	207
of which, Solna	35	492	8,332	734	91	163	–45	118
of which, Hammarby Sjöstad	13	147	1,931	178	80	36	–16	20
of which, South Stockholm	14	46	700	60	88	13	–6	7
of which, North Stockholm	46	217	1,749	199	93	47	–28	19
of which, outside Stockholm	1	0	23	0	0	0	0	0
<b>Total</b>	<b>157</b>	<b>1,447</b>	<b>29,412</b>	<b>2,388</b>	<b>92</b>	<b>541</b>	<b>–170</b>	<b>371</b>
Expenses for lettings, project development and property adm.								–26
<b>Total net operating income after expenses for lettings, project development and property administration.</b>								<b>345<sup>2)</sup></b>

<sup>1</sup> See definitions on page 11.

<sup>2</sup> The table refers to Fabege's property portfolio as at 31 March 2009. Income and expenses are reported as if the properties had been held during the whole period. The difference between reported net operating income, SEK 345m, and net operating income in the profit and loss account, SEK 348m, 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–March 2009.

### Distribution of book value/market value



uation has so far had little impact on market rents, which can be characterised as stable.

### Changes in the property portfolio

Two properties were sold for SEK 384m in the first quarter. The sales resulted in a profit of SEK 3m before tax and SEK 2m after tax. One property was acquired for SEK 56m.

### Changes in the value of properties

About 25 per cent of the properties have been externally valued as at 31 March. The remaining properties have been valued internally based on the latest valuations. The total market value at 31 March was SEK 29.4bn. Unrealised changes in the value of properties in the first quarter totalled SEK –119m (88). Negative changes in value referred to increased yield requirements in peripheral locations and in properties where vacancies are expected to increase.

### Projects and investments

Fabege's project investments are forward-looking and are designed to reduce vacancy rates and raise rents in the portfolio, thereby improving cash flows and adding value.

A total of SEK 332m (470) was invested in existing properties and projects. The investments referred to new builds, extensions and conversions. The largest investments are shown in the table below.

### Sale of properties

Properties	Area	Category	Lettable area, m <sup>2</sup>
<b>Q1</b>			
Elefanten Mindre 1	Norrmalm	Office	4,825
Signalen 1	Södermalm	Office	3,263
<b>Total property sales Jan–Mar 2009</b>			<b>8,088</b>

### Major projects (see also table Projects in progress)

The project in Bocken 35 and 46 at the junction of Lästmakargatan–Regeringsgatan in Stockholm City is proceeding according to plan and is expected to be completed in the fourth quarter of 2009.

The Paradiset 29 project, an office and retail property on Kungsholmen, is proceeding according to plan, and the retail area will open in August 2009. Since year-end several major office lets have been agreed. IFS and Fazer (after the end of the period) have signed contracts for 2,300 m<sup>2</sup> and 3,000 m<sup>2</sup>, respectively. Paradiset 29 has been certified under the European Commission's GreenBuilding programme.

Fabege's Pärnet 8 property in Solna Strand is undergoing an internal renovation and conversion. The project will be completed in the first quarter of 2010 and is fully let to the Swedish Tax Agency.

Fabege's principle is that no investment projects should be initiated before the project has essentially been let and fully funded.

### Staff

At the end of the period the Fabege Group had 147 employees (141).

### Parent company

Sales during the period were SEK 24m (28) and earnings before appropriations and tax were SEK –91m (–111). Net investments in property, equipment and shares were SEK –750m (1). The parent company applies Recommendation RFR 2.2 Accounting for

### Property acquisitions

Properties	Area	Category	Lettable area, m <sup>2</sup>
<b>Q1</b>			
Gjutaren 27	Vasastan	Residential	1,616
<b>Total property acquisitions Jan–Mar 2009</b>			<b>1,616</b>

### Projects in progress >SEK 50m 31 Mar 2009, SEKm

Property name	Property type	Area	Completed	Lettable area, m <sup>2</sup>	Occupancy rate, %*	Estimated rental value	Book value, 31 Mar 2009	Estimated investment	Of which, accrued 31 Mar 2009
Risinge 1 et al	Residential	Tensta/Rinkeby	Q2 2009	53,400	100	53	437	333	290
Paradiset 29 (50 %)	Retail/Office/Garage	Stadshagen	Q3 2009	18,100	68	29	299	390	322
Bocken 35 and 46	Office	Norrmalm	Q4 2009	15,300	90	55	679	404	258
Pärnet 8	Office	Solna Strand	Q1 2010	24,125	97	39	309	305	98
<b>Total</b>				<b>110,925</b>	<b>93</b>	<b>176</b>	<b>1,724</b>	<b>1,432</b>	<b>968</b>
Other Project & land properties							1,118		
Other Improvement properties							3,132		
<b>Total Project, land and improvement properties</b>							<b>5,974</b>		

\* Operational occupancy rate, 20 Apr 2009

The annual rent for the largest projects in progress can increase to SEK 176m (fully let) from SEK 63m currently as of 31 March 2009.



Legal Entities of the Swedish Financial Accounting Standards Council, and the Swedish Annual Accounts Act. (See also the profit and loss account on page 9.)

### Share buyback programme

The 2009 AGM passed a resolution authorising the Board, during the period up to the next AGM, to buy back shares in the company. Share buybacks are subject to a limit of 10 per cent of the total number of outstanding shares at any time. No share buybacks were made during the period. At 31 March 2009 the company held 4,929,400 treasury shares, representing 2.9 per cent of the total number of registered shares.

### Annual General Meeting on 31 March 2009

At Fabege's Annual General Meeting held on 31 March the shareholders approved the Board's proposal for a dividend for 2008 of SEK 2.00 per share. For information about other resolutions and AGM documents, see the Fabege website.

### Ruling of Administrative Court of Appeal upheld

In a ruling delivered in 2006 the Stockholm Administrative Court of Appeal dismissed Fabege's appeal in a tax case concerning a review of Fabege Storstockholm AB's income tax assessment for 2002. In March 2009 the Supreme Administrative Court decided not to allow the case to be heard, and thus rejected the company's application for a review. The ruling of the Supreme Administrative Court means that the Tax Agency's decision to increase Fabege's taxable income by SEK 346m has been upheld, resulting in a tax expense, including interest, of SEK 119m. The increase in taxable income is due to the fact that the Tax Agency takes 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. As Fabege, along with external legal and tax advisors, did not share this view, the company applied for the case to be reviewed by the Supreme Administrative Court (see also page 38 of Fabege's Annual Report 2008). This item has previously been reported as a contingent liability.

### Ongoing tax case

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 December 2006). At 31 March 2009 the total increase in taxable income is SEK 4,045m. The decisions have resulted in total tax demands of SEK 1,132m plus a tax penalty of SEK 170m, i.e. a total demand of SEK 1,302m excluding interest. Fabege has strong reasons to contest the Tax Agency's decisions and has therefore appealed the decisions. No provision has been made in Fabege's balance sheet, but the amount has been recognised as a contingent liability, as in previous financial reports.

## Billion deal with Vattenfall



*In January, Vattenfall signed a contract with Fabege to lease 43 000 m<sup>2</sup> office in Arenastaden in Solna. The new office building is expected to be completed in 2012 and the twelve year lease contract has an annual rental value of approximately SEK 100 million.*

### 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 2008 Annual Report (page 37).

Properties are reported 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 2008 Annual Report (page 37).

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 2008 Annual Report (page 51).

No material changes in the company's assessment of risks have been made after the publication of the annual report for 2008.

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. From 1 January 2009 the Group applies the new standard, IFRS 8 Operating Segments, which requires disclosure of information as used internally by management. As a result, the Group's reportable segments have changed and two reportable segments have been defined for the Group, Investment Properties and Project/Improvement Properties.

IAS 1 Presentation of Financial Statements has been revised with effect from 1 January 2009. The revised standard states that transactions with owners must be separated from other transactions resulting in a change in the value of the company's assets and liabilities. As the Group has not previously reported any non-owner changes in equity, the only changes required in Fabège's financial reporting under the revised standard refer to the naming of the consolidated balance sheet, profit and loss account, statement of changes in equity and cash flow statement. These reports will in future be called: Statement of financial position, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows.

IAS 23, which relates to borrowing costs, applies from 1 January 2009. Fabège currently capitalises borrowing costs that are attributable to the purchase, construction or production of an asset that takes a significant amount of time to complete for its intended use or sale. IAS 40 has been revised in respect of investment properties so that projects in progress must now also be stated at fair value. This change has no significant impact on Fabège. In other respects, 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 RFR 2.2 Accounting for Legal Entities and the Swedish Annual Accounts Act and has applied the same accounting policies and valuation methods as in the last annual report.

Stockholm, 28 April 2009

Christian Hermelin  
Chief Executive Officer

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

## Sold property in Stockholm City



*In March, Fabège sold the property Elefanten Mindre 1 at Drottninggatan in Stockholm City to AFA Sjukförsäkringsaktiebolag. The property, which includes about 5 000 m<sup>2</sup> offices and retail space, is fully let.*

## Questions concerning the report will be answered by:

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**Consolidated statement of comprehensive income (summary), SEKm**

	2009 Jan–Mar	2008 Jan–Mar	2008 Jan–Dec	Rolling 12 months Apr 08–Mar 09
Rental income	548	561	2,214	2,201
Property expenses	–200	–217	–776	–759
<b>Net operating income</b>	<b>348</b>	<b>344</b>	<b>1,438</b>	<b>1,442</b>
Surplus ratio, %	64%	61%	65%	66%
Central administration and marketing	–16	–17	–60	–59
Realised changes in value, properties	3	139	143	7
Unrealised changes in value, properties	–119	88	–1,545	–1,752
<b>Operating profit/loss</b>	<b>216</b>	<b>554</b>	<b>–24</b>	<b>–362</b>
Dividends	–	–	2	2
Net interest expense	–183	–192	–804	–795
Share in profit/loss of associated companies	–1	–	–8	–9
Change in value, fixed income derivatives	–7	–15	–485	–477
Change in value, equities	6	1	–21	–16
<b>Profit/loss after financial items</b>	<b>31</b>	<b>348</b>	<b>–1,340</b>	<b>–1,657</b>
Current tax	–98	–1	3	–94
Deferred tax	–14	41	826	771
<b>Profit/loss for period/year</b>	<b>–81</b>	<b>388</b>	<b>–511</b>	<b>–980</b>
<b>Comprehensive income attributable to parent company shareholders</b>	<b>–81</b>	<b>388</b>	<b>–511</b>	<b>–980</b>
Profit from property management activities before tax	148	135	568	581
Earnings per share before dilution, SEK	–0.49	2.29	–3.07	–5.93
Earnings per share after dilution, SEK	–0.49	2.28	–3.07	–5.93
No. of shares at end of period before dilution, millions	164.4	167.6	164.4	164.6
No. of shares at end of period after dilution, millions	165.4	168.7	165.4	165.4
Average no. of shares before dilution, millions	164.4	169.2	166.5	165.3
Average no. of shares after dilution, millions	165.4	170.3	167.5	167.6

**Consolidated statement of financial position (summary), SEKm**

	31 Mar 2009	31 Mar 2008	31 Dec 2008
<b>Assets</b>			
Properties	29,412	30,476	29,511
Other tangible fixed assets	2	3	3
Financial fixed assets	513	356	586
Current assets	605	1,672	388
Cash and cash equivalents	44	74	54
<b>Total assets</b>	<b>30,576</b>	<b>32,581</b>	<b>30,542</b>
<b>Equity and liabilities</b>			
Equity	9,463	11,597	9,873
Provisions	593	1,306	624
Interest-bearing liabilities	18,886	18,640	18,902
Derivatives	478	2	471
Non-interest-bearing liabilities	1,156	1,036	672
<b>Total equity and liabilities</b>	<b>30,576</b>	<b>32,581</b>	<b>30,542</b>
Equity/assets ratio, %	31	36	32
Contingent liabilities	1,762	1,721	1,901

**Statement of changes in equity, SEKm**

	Equity	Of which, attributable to parent company shareholders	Of which, attributable to minority
<b>Shareholders' equity, 1 Jan 2008</b>	<b>11,415</b>	<b>11,415</b>	<b>–</b>
New shares, conversion of debt instruments	0	0	–
Cash dividend	–670	–670	–
Share buybacks	–361	–361	–
Profit/loss for the year	–511	–511	–
<b>Shareholders' equity, 31 Dec 2008</b>	<b>9,873</b>	<b>9,873</b>	<b>–</b>
Approved dividend 2009-03-31	–329	–329	–
Profit/loss for the year	–81	–81	–
<b>Shareholders' equity, 31 Mar 2009</b>	<b>9,463</b>	<b>9,463</b>	<b>–</b>



## Statement of cash flows, SEKm

	2009 Jan–Mar	2008 Jan–Mar	2008 Jan–Dec
<b>Operating profit excl. depreciation and changes in value, existing property holdings</b>	<b>336</b>	<b>469</b>	<b>1,517</b>
Net financial items paid	–180	–204	–880
Income tax paid	–1	–1	3
Change in other working capital	–127	–1,947	–1,104
<b>Cash flow from operations</b>	<b>28</b>	<b>–1,683</b>	<b>–464</b>
Investments and acquisition of properties	–388	–671	–2,164
Sale of properties, book value of divested properties	368	1,113	1,942
Other investments (net)	–2	18	5
<b>Cash flow from investing activities</b>	<b>–22</b>	<b>460</b>	<b>–217</b>
Dividend to shareholders	0	0	–670
Share buybacks	0	–206	–361
Change in interest-bearing liabilities	–16	1,428	1,691
<b>Cash flow from financing activities</b>	<b>–16</b>	<b>1,222</b>	<b>660</b>
Change in cash and cash equivalents	–10	–1	–21
Cash and cash equivalents at beginning of period	54	75	75
<b>Cash and cash equivalents at end of period</b>	<b>44</b>	<b>74</b>	<b>54</b>

## Key ratios <sup>1)</sup>

	2009 Jan–Mar	2008 Jan–Mar	2008 Jan–Dec
<b>Financial</b>			
Return on capital employed, %	2.8	7.4	–1.7
Return on equity, %	–3.4	13.5	–4.8
Interest coverage ratio, times	1.9	2.4	1.9
Equity/assets ratio, %	31	36	32
Leverage properties, %	64	61	64
Debt/equity ratio, times	2.0	1.6	1.9
<b>Share-related</b>			
Earnings per share for the period, SEK	–0.49	2.28	–3.07
Equity per share, SEK	57	69	60
Cash flow per share, SEK	0.34	1.62	4.33
No. of outstanding shares at end of period before dilution, '000	164,382	167,608	164,382
No. of outstanding shares at end of period after dilution, '000	165,449	168,676	165,449
Average no. of shares before dilution, '000	164,382	169,216	166,459
Average no. of shares after dilution, '000	165,449	170,285	167,526
<b>Property-related</b>			
No. of properties	157	164	157
Book value of properties, SEKm	29,412	30,476	29,511
Lettable area, m <sup>2</sup>	1,447,000	1,512,000	1,454,000
Financial occupancy rate, %	92	92	93
Surplus ratio, %	64	61	65

<sup>1)</sup> Dilution effects of potential ordinary shares have been taken into account in calculating key figures per share. At 31/03/2009, there were convertibles with a book value of SEK 47m (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 (summary), SEKm

	2009 Jan–Mar	2008 Jan–Mar	2008 Jan–Dec
Income	24	28	108
Expenses	–48	–58	–181
Net financial items	–66	–67	554
Change in value, fixed income derivatives	–7	–15	–485
Change in value, equities	6	1	–21
<b>Profit/loss before tax</b>	<b>–91</b>	<b>–111</b>	<b>–25</b>
Tax	22	28	254
<b>Profit/loss for period/year</b>	<b>–69</b>	<b>–83</b>	<b>229</b>

## Balance sheet, SEKm

	31 Mar 2009	31 Mar 2008	31 Dec 2008
Interests in Group companies	14,240	15,116	14,987
Other fixed assets	22,705	34,286	21,246
<i>of which, receivables from Group companies</i>	22,237	34,069	20,788
Other current assets	21	17	39
Cash and cash equivalents	32	56	43
<b>Total assets</b>	<b>36,998</b>	<b>49,475</b>	<b>36,315</b>
Equity	10,214	10,542	10,282
Provisions	63	63	63
Long-term liabilities	25,760	34,376	24,980
<i>of which, liabilities to Group companies</i>	7,495	19,818	6,725
Current liabilities	961	4,494	990
<b>Total equity and liabilities</b>	<b>36,998</b>	<b>49,475</b>	<b>36,315</b>

**Segment report (summary), SEKm**

	Investment properties 2009 Jan–Mar	Project/improve- ment properties 2009 Jan–Mar	Total, Faberge 2009 Jan–Mar	Investment properties 2008 Jan–Mar	Project/improve- ment properties 2008 Jan–Mar	Total, Faberge 2008 Jan–Mar
Rental income	471	77	548	480	81	561
Property expenses	–151	–49	–200	–170	–47	–217
<b>Net operating income</b>	<b>320</b>	<b>28</b>	<b>348</b>	<b>310</b>	<b>34</b>	<b>344</b>
Surplus ratio, %	68	36	64	65	42	61
Central administration and marketing	–13	–3	–16	–14	–3	–17
Realised changes in value, properties	3	–	3	35	104	139
Unrealised changes in value, properties	–117	–2	–119	–24	112	88
<b>Operating profit/loss</b>	<b>193</b>	<b>23</b>	<b>216</b>	<b>307</b>	<b>247</b>	<b>554</b>
Net interest expense	–146	–37	–183	–161	–31	–192
Share in profit/loss of associated compa- nies	–	–1	–1	–	–	–
Change in value, fixed income derivatives	–6	–1	–7	–13	–2	–15
Change in value, equities	5	1	6	1	–	1
<b>Profit/loss after financial items</b>	<b>46</b>	<b>–15</b>	<b>31</b>	<b>134</b>	<b>214</b>	<b>348</b>
Current tax	–98	–	–98	–1	–	–1
Deferred tax	–11	–3	–14	–20	61	41
<b>Profit/loss for period/year</b>	<b>–63</b>	<b>–18</b>	<b>–81</b>	<b>113</b>	<b>275</b>	<b>388</b>
<b>Total assets</b>	<b>24,366</b>	<b>6,210</b>	<b>30,576</b>	<b>26,876</b>	<b>5,705</b>	<b>32,581</b>
<i>of which, properties</i>	<i>23,438</i>	<i>5,974</i>	<i>29,412</i>	<i>25,139</i>	<i>5,337</i>	<i>30,476</i>
<b>Total liabilities</b>	<b>24,366</b>	<b>6,210</b>	<b>30,576</b>	<b>26,876</b>	<b>5,705</b>	<b>32,581</b>

In accordance with IFRS 8, segments are reported as viewed by management, i.e. broken down into two segments: Investment Properties and Project/Improvement Properties.

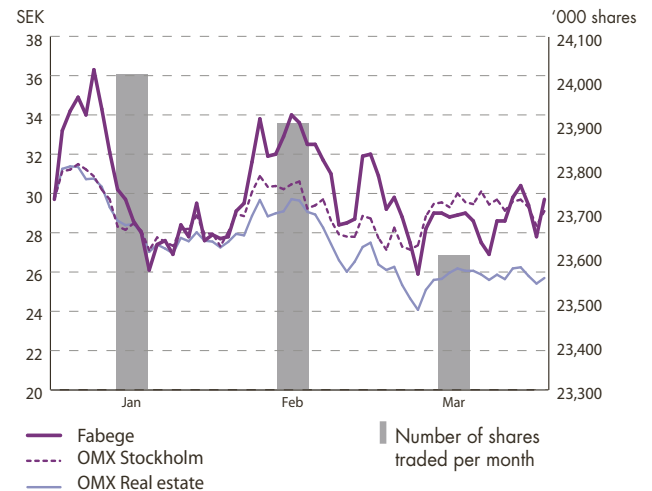
Rental income and property expenses as well as realised and unrealised changes in value including tax are directly attributable to properties in each segment (direct income and expenses). In cases where a property changes character during the year earnings attributable to the property will be allocated to either segment based on the period of time that the property belonged to the segment. Central administration and items in net financial items have been allocated to the segments in a standardised manner based on each segment's share of the total property value (indirect income and expenses). This applies also to tax that is not directly attributable to earnings from property management activities or sales.

Assets and liabilities are stated as at the balance sheet date and the property asset is directly attributable to the respective segments. Other assets and liabilities are allocated in a standardised manner based on their share of the property value.

## Largest shareholders, 31 March 2009

Shareholder	No. of shares	Share of capital and votes, %
Brinova AB	23,291,092	14.2
Carnegie Investment Bank AB	19,527,800	11.9
Öresund	11,523,869	7.0
Barclays Global Investors	8,547,571	5.2
Danske fonder	5,753,065	3.5
Swedbank Robur fonder	4,032,908	2.4
SHB	3,778,787	2.3
SEB fonder	2,961,955	1.8
Mats Qviberg and family	2,808,636	1.7
Andra AP-Fonden	2,431,326	1.5
Other foreign owners	28,316,159	17.2
Other owners	51,408,986	31.3
<b>Total no. of outstanding shares</b>	<b>164,382,154</b>	<b>100.0</b>
Share buybacks	4,929,400	
<b>Total no. of shares</b>	<b>169,311,554</b>	

## Share price performance



## Financial reports 2009

Interim report Jan–Jun	10 July	Year-end financial statement	2 February 2010
Interim report Jan–Sep	27 October		

## 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..

### Profit from property management activities

Profit/loss for the period after financial items and reversal of changes in value.

### 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.

### 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.



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