

# 2010

## Year-end Report

- After-tax profit for the year improved to SEK 1,697m (425), corresponding to earnings per share of SEK 10.38 (2.59).
- Profit from property management declined to SEK 782m (838), and rental income declined to SEK 2,007m (2,194) as a result of net sales of properties.
- Earnings before tax from the segment Property Management amounted to SEK 1,562m (488) and from the segment Property Development to SEK 300m (97).
- Transaction profit amounted to SEK 237m (57).
- The Board of Directors proposes a dividend of SEK 3.00 per share. (2.00)

### Key figures, SEKm

|   | 2010<br>Oct-Dec | 2009<br>Oct-Dec | 2010<br>Jan-Dec | 2009<br>Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|
| Rental income                                   | 487             | 547             | 2,007           | 2,194           |
| Running costs and central costs                 | -180            | -208            | -721            | -791            |
| Net financial items<br>(excl. changes in value) | -125            | -125            | -504            | -565            |
| Profit from property management<br>activities   | 182             | 214             | 782             | 838             |
| Changes in value                                | 423             | 57              | 1,147           | -158            |
| Tax   | 1               | -48             | -232            | -255            |
| Profit/loss after tax                           | 606             | 223             | 1,697           | 425             |
| Surplus ratio, %                                | 66              | 65              | 67              | 67              |
| Equity/assets ratio, %                          | -               | -               | 39              | 32              |
| Equity per share, SEK                           | -               | -               | 69              | 61              |
| Return on equity, %                             | -               | -               | 16,0            | 4,3             |

# Chief executive's review

**Fabege reported a positive earnings trend for 2010 and all vital key ratios improved. This is the consequence of an upward turn in the general market and strong trends in our priority submarkets.**

Increased activity in the transactions market enabled us to continue with the strategic streamlining of our property portfolio. Following divestments made during the year, our prioritised submarkets account for 98 per cent of Fabege's property portfolio.

Despite the significantly smaller portfolio, we are delivering excellent property management earnings, which totalled SEK 782m. It is even more pleasing that profit contributions from various business areas are once again accounting for more than half of the profits. Our most essential key indicators improved during the year, such as the return on equity which increased from 4 to 16 per cent. Our employees contributed in a very committed manner to this positive development during 2010.

If the current forecast of a positive economic trend comes true, I am convinced that 2011 will be another year of strong earnings, and we expect all business areas to continue to contribute substantially.

We have attractive buildings in good locations and the goals for next year are to increase the lettings ratio, thereby maintaining stable earnings from property management in the long term, and to achieve an increase in the surplus ratio.

With a strong balance sheet and an attractive project portfolio, a platform is now in place to intensify project volumes and create conditions for new acquisitions with potential for value growth.

CHRISTIAN HERMELIN  
*Chief Executive Officer*

# Performance in the fourth quarter<sup>1)</sup>

During the fourth quarter, trends in both the lettings market and the transactions market remained positive.

Activity in the lettings market was favourable and rents in Fabege's submarkets remained stable. New lettings in the quarter totalled SEK 53m, while net lettings amounted to SEK 21m. Renegotiations were limited and had a marginally negative impact on the rental value.

The company's rental income fell to SEK 487m (547) as a result of net sales of properties. The occupancy rate was 88 per cent (90). The surplus ratio increased to 66 per cent (65).

Realised changes in the value of properties amounted to SEK 47m (39). Properties were divested during the period for a combined price of SEK 1,717m.

Unrealised changes in property value amounted to SEK 166m (35). The value increase in the project portfolio totalled SEK 77m. The SEK 89m increase in the value of the portfolio of investment properties was attributable to individual new lettings and declining yield requirements for good buildings in attractive locations. The more positive outlook of the property market was supported by the transactions executed during the period.

The negative fair value adjustment of the derivatives portfolio decreased by SEK 213m as a result of higher long-term interest rates. Earnings after tax rose to SEK 606m (223).

## This is Fabege

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

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

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

At 31 December 2010, Fabege owned 103 properties with a combined market value of SEK 27.0bn. The rental income amounted to SEK 2.1bn.

<sup>1)</sup> The comparison figures for income and expense items relate to values for the period October–December 2009 and for balance sheet items as at 31 December 2009.

# Results<sup>1)</sup>

**The earnings trend was very strong during the year which was marked by stable rental income in the existing portfolio, increased interest expenses and positive value growth in the property portfolio. Development gains in the project portfolio and higher transaction gains made a positive contribution to Fabege's earnings.**

## REVENUES AND EARNINGS

Profit for the period improved by SEK 1,272m from SEK 425m to SEK 1,697m. Before tax, Property Management generated earnings of SEK 1,562m (488) and Property Development earnings of SEK 300m (97), making a total of SEK 1,862m (585). Earnings per share after tax amounted to SEK 10.38 (2.59).

Rental income totalled SEK 2,007m (2,194) and net operating income SEK 1,348m (1,465). The decline in rental income was due to net sales of properties combined with a decrease in rental guarantees and a negative index adjustment for the existing portfolio. To this was added net vacating of properties, although this was offset by increased rental revenue from completed property projects. Continued efficiency enhancements in the Property Management operations enabled the surplus ratio to stay unchanged at 67 per cent (67), despite increased snow clearance costs during the first quarter. In a comparable portfolio, rental income decreased by approximately 1 per cent and net operating income by about 2 per cent.

Realised changes in the value of properties amounted to SEK 237m (57). The entire portfolio has been externally appraised at least once during the year and unrealised changes in value totalled SEK 843m (-310). The SEK 579m increase in the value of the portfolio of investment properties was attributable to properties for which the risk of vacancies and declining rent levels decreased and to declining yield requirements. The project portfolio contributed to an unrealised value change of SEK 264m, which comfortably surpassed Fabege's return requirement of 20 per cent on invested capital. Share in profit of associated companies rose to SEK 18m (-5) and were primarily attributable to the shareholding in Fastighets AB Tornet. Changes in the value of interest-

rate derivatives and equities amounted to SEK 67 (95), and net interest expense declined to SEK -522m (-560) as a result of a reduction in borrowing (refer to the Financing section).

## Business model contributions to earnings

| SEKm  | Jan-Dec 2010 | Jan-Dec 2009 |
|---|--------------|--------------|
| Profit from Property Management                                   | 768          | 779          |
| Changes in value (portfolio of investment properties)             | 579          | -327         |
| <b>Contribution from Property Management</b>                      | <b>1,347</b> | <b>452</b>   |
| Profit from Property Management                                   | 14           | 59           |
| Changes in value (profit from Property Development)               | 264          | 17           |
| <b>Contribution from Property Development</b>                     | <b>278</b>   | <b>76</b>    |
| <b>Contribution from Transactions (Realised changes in value)</b> | <b>237</b>   | <b>57</b>    |
| Changes in value, derivatives and equities                        | 67           | 95           |
| <b>Profit before tax</b>  | <b>1,929</b> | <b>680</b>   |

## TAX

The tax expense for the year amounted to SEK -232m (-255), corresponding to 26.3 per cent tax on continuous taxable earnings. Sales of properties resulted in a total reversal of deferred tax of SEK 156m.

## CASH FLOW

Profit contributed SEK 1,015m (789) to liquidity. After an increase of SEK 1,099m (288) in working capital, which varies primarily as a result of the impact of occupancy/final settlement for acquired and divested properties, the liquidity of operating activities increased by SEK -84m (501). Sales exceeded acquisitions of and investments in properties by SEK 2,837m (-259). Accordingly, the total change in liquidity resulting from operating activities was SEK 2,753m (242). Cash flow during the year was charged with SEK 329m (329) for dividend payment. Share buybacks amounted to SEK 61m (0). After the reduction in debt, consolidated cash and cash equivalents totalled SEK 73m (173).

## FINANCING

Fabege employs long-term credit lines with fixed terms and conditions. At 31 December 2010, these had an average maturity of 5.3 years. The company's lenders are the major Nordic banks.

Interest-bearing liabilities at the end of the period totalled SEK 16,646m (19,109) and the average interest rate was 3.45 per cent excluding and 3.57 per cent including commitment fees on the undrawn portion of committed credit facilities. In line with rising market interest rates, Fabege's average interest during the year rose by 1 per cent compared with the beginning of the year, when the interest rate was 2.57 per cent.

Interest rates on 47 per cent of Fabege's loan portfolio were fixed using fixed-income derivatives. The average fixed-rate period was 23 months, taking the effect of derivative instruments into account, while the average fixed-rate period for variable-rate loans was 39 days.

Fabege has callable swaps totalling SEK 7,550m with interest rates ranging from 3.33 to 3.98 per cent. In addition, the company holds performance swaps amounting to SEK 300m with maturities up to May 2011.

In compliance with the accounting rules contained in IAS 39, the derivatives portfolio has been measured at market value and the change in value is recognised in the profit and loss account. At 31 December 2010, the recognised negative fair value adjustment of the portfolio amounted to SEK 267m (373). The derivatives portfolio has been measured at the present value of future cash flows. The change in value is of an accounting nature and has no impact on the company's cash flow.

During the fourth quarter, Fabege extended a credit limit of SEK 1bn to 2012. After year-end, an additional SEK 2bn was extended until 2016, while credit facilities totalling SEK 1bn were terminated. At 31 December 2010, the company had unused committed lines of credit of SEK 4,939m.

Fabege has a commercial paper programme in an amount of SEK 5bn. At 31 December commercial paper worth

<sup>1)</sup>The comparison figures for income and expense items relate to values for the period January–December 2009 and for balance sheet items as at 31 December 2009.

| Property sales                     |                 |                    | Lettable area, sqm |
|------------------------------------|-----------------|--------------------|--------------------|
| Properties                         | Area            | Category           |                    |
| <b>Quarter 1</b>                   |                 |                    |                    |
| Paradiset 29 (50%)                 | Stadshagen      | Office/Retail      | 17,749             |
|                                    |                 | Office/            |                    |
| Harpan 51                          | Östermalm       | Residential        | 4,661              |
| Gjutaren 27                        | Vasastan        | Residential        | 1,616              |
| Fotkvarnen 1                       | Rinkeby         | Residential        | 9,312              |
| Fotkvarnen 2                       | Rinkeby         | Land               | 0                  |
| Handkvarnen 3                      | Rinkeby         | Residential        | 10,463             |
| Hjulkvarnen 1                      | Rinkeby         | Residential        | 5,818              |
| Hjulkvarnen 2                      | Rinkeby         | Residential        | 6,039              |
| Hjulkvarnen 3                      | Rinkeby         | Land               | 0                  |
| Rinkeby 2:1                        | Rinkeby         | Land               | 0                  |
| Rinkeby 2:13                       | Rinkeby         | Land               | 0                  |
| Rinkeby 2:14                       | Rinkeby         | Land               | 0                  |
| Skvaltkvarnen 1                    | Rinkeby         | Residential        | 8,804              |
| Skvaltkvarnen 2                    | Rinkeby         | Residential        | 4,542              |
| Skvaltkvarnen 3                    | Rinkeby         | Land               | 0                  |
| Hyppinge 1                         | Tensta          | Land               | 0                  |
| Kulling 1                          | Tensta          | Residential        | 13,724             |
| Risinge 1                          | Tensta          | Residential        | 13,938             |
| Vättinge 1                         | Tensta          | Residential        | 7,223              |
| Vättinge 2                         | Tensta          | Residential        | 5,358              |
| Vättinge 3                         | Tensta          | Residential        | 9,490              |
| Öninge 1                           | Tensta          | Land               | 0                  |
| <b>Quarter 2</b>                   |                 |                    |                    |
| Induktorn 28                       | Bromma          | Office/Retail      |                    |
|                                    |                 | Industry           | 5,388              |
| Hallen 6                           | Solna           | Hotel              | 4,600              |
| Orgelpipan 4                       | Normalm         | Office/Retail      | 6,858              |
| Päronet 8                          | Solna           | Office             | 20,216             |
| Vallentuna Rikkeby 1:480           | Vallentuna      | Land               | 0                  |
| <b>Quarter 3</b>                   |                 |                    |                    |
| Ferdinand 9                        | Bromsten        | Industry/Warehouse | 4,643              |
|                                    |                 | Office/            |                    |
| Påsen 10                           | Hammarby-hamnen | Industry/Warehouse | 9,839              |
| Rovan 3, 4, 5                      | Huvudsta        | Land               | 0                  |
| Sicklaön 145:17                    | Nacka           | Retail             | 5,087              |
| Vallentuna Rikkeby 1:327 (part of) | Vallentuna      | Land               | 0                  |
| Vallentuna Rikkeby 1:477           | Vallentuna      | Land               | 1,167              |
| <b>Quarter 4</b>                   |                 |                    |                    |
| Bordduken 7                        | Brommaplan      | Office/Retail      | 8,173              |
| Brandsprutan 2                     | Näsbypark       | Office             | 13,270             |
| Domnarvet 18                       | Lunda           | Office             | 5,624              |
| Domnarvet 36                       | Lunda           | Office             | 3,790              |
| Elementet 1                        | Ulvsunda        | Industry           | 9,519              |
| Grammet 1                          | Brommaplan      | Office/Retail      | 7,060              |
| Guldfisken 18                      | Östermalm       | Office             | 5,092              |
| Hammarby-Smedby 1:471              | Upplands Väsby  | Land               | 0                  |
| Jollen 4                           | Näsbypark       | Office             | 8,302              |
|                                    |                 | Industry/Warehouse |                    |
| Karlsr 1                           | Järva           | Industry/Warehouse | 12,970             |
|                                    |                 | Industry/          |                    |
| Lillsätra 3                        | Sätra           | Industry/Warehouse | 8,519              |
| Linneduken 5                       | Brommaplan      | Office             | 2,608              |
| Täby Näsbypark 73:5Näsbypark       | Land            | 0                  |                    |
| Sicklaön 145:19                    | Nacka           | Retail             | 17,028             |
| Sicklaön 145:2                     | Nacka           | Office             | 2,100              |
| Sjukhuset 9 och 10                 | Danderyd        | Industry/Warehouse | 1,410              |
| Styckjunkaren 3                    | Huvudsta        | Office             | 12,911             |
|                                    |                 | Office/            |                    |
| Veddesta 2:68                      | Veddesta        | Industry/Warehouse | 2,777              |
| Vävnaden 1                         | Brommaplan      | Retail             | 299                |
| <b>Total property sales</b>        |                 |                    | <b>297,985</b>     |

SEK 2,249m was outstanding. Fabege has available long-term credit facilities covering all outstanding commercial paper at any given time.

The total loan volume includes SEK 698m in loans for projects, on which interest of SEK 13m has been capitalised.

## FINANCIAL POSITION AND NET ASSET VALUE

Shareholders' equity amounted to SEK 11,276m (9,969) at the end of the period and the equity/assets ratio was 39 per cent (32). Shareholders' equity per share totalled SEK 69 (61). Excluding deferred tax on fair value adjustments of properties, net asset value per share was SEK 77 (67).

## Loan maturity structure

31 December 2010

|              | Amount SEKm   | Average interest rate % | Share %    |
|--------------|---------------|-------------------------|------------|
| < 1 year     | 9,096         | 3.09                    | 55         |
| 1-2 years    | 0             | 0.00                    | 0          |
| 2-3 years    | 4,550         | 3.84                    | 27         |
| 3-4 years    | 0             | 0.00                    | 0          |
| 4-5 years    | 0             | 0.00                    | 0          |
| > 5 years    | 3,000         | 3.97                    | 18         |
| <b>Total</b> | <b>16,646</b> | <b>3.45</b>             | <b>100</b> |

|                       | Credit agreements SEKm | Drawn SEKm    |
|-----------------------|------------------------|---------------|
| Certificate programme | 5,000                  | 2,249         |
| < 1 year              | 4,730                  | 3,550         |
| 1-2 years             | 1,000                  | 1,000         |
| 2-3 years             | 6,875                  | 3,667         |
| 3-4 years             | 0                      | 0             |
| 4-5 years             | 4,000                  | 3,200         |
| > 5 years             | 4,980                  | 2,980         |
| <b>Total</b>          | <b>26,585</b>          | <b>16,646</b> |

# Operations

**During the year, the Stockholm lettings market gained in strength, while the transaction market became more robust as a result of considerably more transactions and rising property values.**

## FABEGE'S PROPERTY PORTFOLIO AND PROPERTY MANAGEMENT

Fabege's activities in Property Management and Property Development are concentrated to a few selected submarkets in and around Stockholm. Stockholm's inner city, Solna and Hammarby Sjöstad are the company's principal markets. At 31 December 2010, Fabege owned 103 properties with a total rental value of SEK 2,1bn, a lettable floor area of 1,1m sqm and a carrying amount of SEK 27.0bn, including development and project properties totalling SEK 5.5bn. The financial occupancy rate for the entire property portfolio, including project properties, was 88 per cent (90). The occupancy rate in the portfolio of investment properties was 91 per cent (92).

New lettings during the year totalled SEK 211m (299), while net lettings amounted to SEK 27m (112). The letting to Vattenfall had a significant impact on net lettings in the year-earlier period. Rents in negotiated contracts increased an average of 1 per cent. Both demand and rents advanced steadily throughout the year, as reflected in net lettings, which amounted to SEK 21m (13) in the fourth quarter.

## CHANGES IN THE PROPERTY PORTFOLIO

During the year, 54 properties were sold for a total of SEK 4,350m. The sales generated after-tax profit of SEK 393m. SEK 677m of property sales pertained to the residential portfolio sold to partly owned Fastighets AB Tornet.

In the fourth quarter, a portfolio of 16 properties outside Fabege's priority submarkets was sold to Profi for SEK 1,350m. These sales were part of efforts to streamline Fabege's property portfolio, which is now 98 per cent focused on the three priority sub-markets.

## CHANGES IN THE VALUE OF PROPERTIES

A total of 24 per cent of Fabege's properties were externally valued at 31 December 2010 and the remaining properties were internally valued based on the latest valuations. All properties were appraised by third party at least once during 2010. The total market value at 31 December was SEK 27.0bn (29.2).

Unrealised changes in the value of properties amounted to SEK 843m (-310). The yield requirement decreased somewhat during the fourth quarter and the yield requirement for the portfolio averaged

5.9 per cent (6.0). The SEK 579m (-327) increase in the value of the portfolio of investment properties was attributable to properties for which the risk of vacancies and declining rent levels has decreased and to lower yield requirements. The project portfolio contributed to a value increase of SEK 264m (17).

#### PROJECTS AND INVESTMENTS

Fabege's project investments are designed to reduce vacancy rates and increase rents in the property portfolio, thereby improving cash flows and adding value. The development of properties is a key feature of Fabege's business model and should make a significant contribution to consolidated profit. The aim is to achieve a return of at least 20 per cent on invested capital.

Investments in existing properties and projects during the period totalled SEK 907m (1,082). The investments involved new builds, extensions and conversions.

#### Completed projects

The projects in the properties Päronet 8, Solna Strand (let to the Swedish Tax Agency), and Tygeln 3, Arenastaden (let to Adidas), were completed during the first quarter. The properties have been transferred to the portfolio of investment properties.

#### Major ongoing projects

The project in the Uarda 5 property, Arenastaden, pertaining to the construction of Vattenfall's new headoffice, is proceeding as planned. Assembly of the concrete frame and windows is under way and expected to be completed during the spring.

In the Fräsaren 10 property, Solna Business Park, façade renovation is finished and the remaining task of completing adjustments on behalf of Vectura was finalised in conjunction with the moving in of the tenant in January 2011. The property will be transferred to Property Management during the first quarter of 2011.

The project in the Bocken 39 property, Lästmakargatan 14, is proceeding as planned. During the fourth quarter, a property division was undertaken, which involved the transfer of a residential project to the Bocken 51 property, while a property with existing rental rights was partitioned off to form a separate property, Bocken 52. The work on raising the frame for the Bocken 39 office building is essentially complete. Bocken 51 was sold in January 2011 to the Lästmakarpalatset Tenant Owners Association, which also took over the contract.

During the fourth quarter, it was decided to invest in the extension and conversion of a small portion of commercial space at Bocken 52. The investment amounts to SEK 47m and the project is expected to start up in April 2011.

The project at Farao 20, Arenastaden, is also developing as planned. Egmont moved in at year-end and the final stage of the work, involving adjustments on behalf of Nordisk Film, is in progress and the tenant is scheduled to move in during February. The property is fully let and will be transferred to Property Management during the first quarter of 2011.

In the Klamparen 10 property, at Fleminggatan 12, some minor work commenced and the project on behalf of the National Agency for Education will gain momentum during January 2011. Meanwhile, detailed planning work is in progress for the building of an extension.

During the fourth quarter, a decision was made to invest in basic standard facilities (excluding customisations for tenants) in the Apotekaren 22 property at Tulegatan/Rådmansgatan in respect of the vacated premises previously rented by the Swedish Educational Broadcasting Company. The investment totals SEK 95m. Project planning and a letting programme are under way.

#### SEGMENT REPORTING

During the first quarter, two major project properties (Päronet 8 and Tygeln 3) were transferred from Property Development to Property Management. During the year, eight former development properties, where renovations and lettings are now creating the conditions for a stable cash flow, were reclassified as investment properties. Three properties have been transferred from Property Management to Property Development, including, one in the fourth quarter.

Property Management generated net operating income of SEK 1,233m (1,274), corresponding to a surplus ratio of 68 per cent (69). The occupancy rate was 91 per cent. Profit from Property Management amounted to SEK 768m (779). Unrealised changes in value totalled SEK 579m (-327).

The portfolio of development properties generated net operating income of SEK 115m (191), corresponding to a surplus ratio of 57 per cent (56). Profit from Property Management totalled SEK 14m (59). Unrealised changes in value amounted to SEK 264m (17).

#### Distribution of carrying amount/ market value

31 December 2010

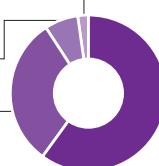
All properties, SEK 27.0bn

Other markets 2%

Hammarby Sjöstad 7%

Solna 31%

Stockholm inner city 60%



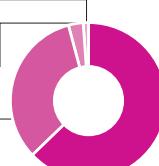
Investment properties, SEK 21.5bn

Other markets 1%

Hammarby Sjöstad 3%

Solna 33%

Stockholm inner city 63%



Development properties, SEK 3.3bn

Other markets 0%

Hammarby Sjöstad 25%

Solna 11%

Stockholm inner city 64%



Project properties, SEK 2.2bn

Other markets 10%

Hammarby Sjöstad 19%

Solna 39%

Stockholm inner city 32%



The arena project is emerging and proceeding according to plan.

## Projects in progress >SEK 50m

31 December 2010

| Property name   | Property type      | Area        | Completed | Lettalbe area, sqm | Occupancy rate, area, % <sup>1)</sup> | Estimated rental value, SEKm <sup>2)</sup> | Carrying amount, SEKm | Estimated investment, SEKm | Of which, accrued, SEKm |
|---|--------------------|-------------|-----------|--------------------|---------------------------------------|--|-----------------------|----------------------------|-------------------------|
| Fräsaren 10   | Office             | Solna       | Q1-2011   | 11,470             | 88                                    | 21   | 240                   | 155                        | 117                     |
| Uarda 5 (former Uarda 2)                              | Office             | Arenastaden | Q3-2012   | 44,500             | 97                                    | 103  | 390                   | 1,050                      | 218                     |
| Faraa 20  | Office             | Arenastaden | Q1-2011   | 8,400              | 100                                   | 16   | 203                   | 110                        | 99                      |
| Bocken 39 <sup>3)</sup>                               | Office/Residential | Östermalm   | Q4-2011   | 19,800             | 74                                    | 69   | 980                   | 147                        | 84                      |
| Klamparen 10 <sup>3)</sup>                            | Office             | Kungsholmen | Q4-2011   | 22,530             | 46                                    | 60   | 533                   | 160                        | 6                       |
| <b>Total</b>  |                    |             |           | <b>106,700</b>     | <b>81</b>                             | <b>269</b>                                 | <b>2,346</b>          | <b>1,622</b>               | <b>524</b>              |
| Other Land and Project properties                     |                    |             |           |                    |                                       |  | 875                   |                            |                         |
| Other Development properties                          |                    |             |           |                    |                                       |  | 2,295                 |                            |                         |
| <b>Total Project, Land and Development properties</b> |                    |             |           |                    |                                       |  | <b>5,516</b>          |                            |                         |

<sup>1)</sup> Operational occupancy rate at 31 December 2010.

<sup>2)</sup> The annual rent for the largest projects in progress could increase to SEK 269m (fully let) from SEK 65m in annualised current rent as of 31 December 2010.

<sup>3)</sup> Information regarding area, rental value and carrying amount pertains to the entire property. The investment amount pertains to only a portion of the property.

## Property portfolio

31 December 2010

|  | 31 December 2010  |                         |                    | 1 January – 31 December 2010 |                             |                     |                         |                            |
|--|-------------------|-------------------------|--------------------|------------------------------|-----------------------------|---------------------|-------------------------|----------------------------|
|  | No. of properties | Lettalbe area, '000 sqm | 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>  | 69                | 917                     | 21,453             | 1,759                        | 91                          | 1,569               | -404                    | 1,165                      |
| Development properties <sup>1)</sup>   | 9                 | 149                     | 3,325              | 233                          | 76                          | 193                 | -59                     | 134                        |
| Land and Project properties <sup>1)</sup>  | 25                | 72                      | 2,191              | 69                           | 44                          | 34                  | -23                     | 11                         |
| <b>Total</b>   | <b>103</b>        | <b>1,138</b>            | <b>26,969</b>      | <b>2,061</b>                 | <b>88</b>                   | <b>1,796</b>        | <b>-486</b>             | <b>1,310</b>               |
| of which, inner city   | 42                | 502                     | 16,215             | 1,167                        | 90                          | 1,069               | -281                    | 788                        |
| of which, Solna  | 34                | 461                     | 8,333              | 685                          | 86                          | 556                 | -138                    | 418                        |
| of which, Hammarby Sjöstad   | 12                | 132                     | 1,987              | 175                          | 82                          | 140                 | -54                     | 86                         |
| of which, South Stockholm  | 4                 | 13                      | 123                | 4                            | 78                          | 5                   | -3                      | 2                          |
| of which, North Stockholm  | 10                | 30                      | 290                | 30                           | 86                          | 26                  | -10                     | 16                         |
| of which, outside Stockholm  | 1                 | 0                       | 21                 | 0                            | 0                           | 0                   | 0                       | 0                          |
| <b>Total</b>   | <b>103</b>        | <b>1,138</b>            | <b>26,969</b>      | <b>2,061</b>                 | <b>88</b>                   | <b>1,796</b>        | <b>-486</b>             | <b>1,310</b>               |
| Expenses for lettings, project development and property administration   |                   |                         |                    |                              |                             |                     |                         | -98                        |
| <b>Total net operating income after expenses for lettings, project development and property administration</b> |                   |                         |                    |                              |                             |                     |                         | <b>1,212<sup>2)</sup></b>  |

<sup>1)</sup> See definitions on page 9.

<sup>2)</sup> The table refers to Fabege's property portfolio at 31 December 2010. Income and expenses are recognised as if the properties had been held during the entire period. The difference between recognised net operating income, SEK 1,212m, and net operating income in the profit and loss account, SEK 1,348m, is attributable to net operating income from divested properties being excluded and acquired/completed properties being adjusted upwards as if they had been owned/completed throughout the January–December 2010 period.

## Segment report (summary)<sup>1)</sup>

| SEKm   | Investment properties<br>Jan-Dec 2010 | Development properties<br>Jan-Dec 2010 | Total<br>Jan-Dec 2010 | Investment properties<br>Jan-Dec 2009 | Development properties<br>Jan-Dec 2009 | Total<br>Jan-Dec 2009 |
|--|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Rental income  | 1,806                                 | 201                                    | 2,007                 | 1,852                                 | 342                                    | 2,194                 |
| Property expenses                                      | -573                                  | -86                                    | -659                  | -578                                  | -151                                   | -729                  |
| <b>Net operating income</b>                            | <b>1,233</b>                          | <b>115</b>                             | <b>1,348</b>          | <b>1,274</b>                          | <b>191</b>                             | <b>1,465</b>          |
| Surplus ratio, %                                       | 68                                    | 57                                     | 67                    | 69                                    | 56                                     | 67                    |
| Central administration and marketing                   | -50                                   | -12                                    | -62                   | -50                                   | -12                                    | -62                   |
| Net interest expense                                   | -432                                  | -90                                    | -522                  | -444                                  | -116                                   | -560                  |
| Share in profit/loss of associated companies           | 17                                    | 1                                      | 18                    | -1                                    | -4                                     | -5                    |
| <b>Operating profit/loss</b>                           | <b>768</b>                            | <b>14</b>                              | <b>782</b>            | <b>779</b>                            | <b>59</b>                              | <b>838</b>            |
| Realised changes in value, properties                  | 215                                   | 22                                     | 237                   | 36                                    | 21                                     | 57                    |
| Unrealised changes in value, properties                | 579                                   | 264                                    | 843                   | -327                                  | 17                                     | -310                  |
| <b>Profit/loss before tax per segment</b>              | <b>1,562</b>                          | <b>300</b>                             | <b>1,862</b>          | <b>488</b>                            | <b>97</b>                              | <b>585</b>            |
| Change in value, fixed income derivatives and equities |                                       |  | 67                    |                                       |  | 95                    |
| <b>Profit/loss before tax</b>                          |                                       |  | <b>1,929</b>          |                                       |  | <b>680</b>            |
| Properties, market value                               | 21,453                                | 5,516                                  | 26,969                | 23,266                                | 5,927                                  | 29,193                |
| Occupancy rate, %                                      | 91                                    | 69                                     | 88                    | 92                                    | 79                                     | 90                    |

<sup>1)</sup> See definitions on page 9.

# Other financial information

## STAFF

At the end of the period, the Fabege Group had 126 employees (135).

## PARENT COMPANY

Sales during the period amounted to SEK 102m (89) and the result before appropriations and tax was SEK -150m (-437). Net investments in property, equipment and shares totalled SEK -30m (1,659).

The parent company applies Recommendation RFR 2.3, Accounting for Legal Entities, and the Swedish Annual Accounts Act (see also the profit and loss account and the balance sheet on page 11).

## SHARE BUYBACK PROGRAMME

The 2010 AGM passed a resolution authorising the Board, not longer than up to the next AGM, to buy back and transfer shares in the company. Share buybacks are subject to a limit of 10 per cent of the total number of outstanding shares at any time. During the period, 1,411,488 shares were bought back (average price: SEK 43.04 per share). At 31 December 2010, the company held 2,411,488 treasury shares, representing 1.5 per cent of the total number of registered shares.

## THE BOARD'S PROPOSALS TO THE AGM

The board of Directors will propose that the Annual General Meeting on 30 March 2011 authorise:

- the payment of a cash dividend of SEK 3.00 per share, worth a total of SEK 489m.
- the Board to buy back Fabege shares representing no more than 10 per cent of the total number of outstanding shares during the period up to the next Annual General Meeting.
- Amendment of the Articles of Association to reflect changes in the Swedish Companies Act.

## 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 December 2006 and page 45 of Fabege's 2009 Annual Report). As at 31 December 2010, the total increase in taxable income amounts to SEK 7,098m. The decisions have resulted in total tax demands of SEK 1,874m plus a tax penalty of SEK 164m, making a total demand of SEK 2,038m excluding interest payments. Fabege strongly contests the tax demands resulting from the Tax Agency's and

Administrative Court's decisions and has appealed the decisions.

During 2010, the Administrative Court issued verdicts concerning several of Fabege's tax cases, whereby the Administrative Court approved the Tax Agency's decisions to increase Fabege's taxable income. The decisions have been appealed to the Administrative Court of Appeal and Fabege has been granted a respite for paying the tax until the Administrative Court of Appeal has issued its verdict. In December 2010, the Administrative Court of Appeal announced that the tax matters would be subject to a stay of proceedings pending the advance ruling of the Council for Advance Tax Rulings in respect of the "Cyprus case."

Fabege considers that the Tax Agency and the Administrative Court has disregarded a number of important aspects and that the verdicts are therefore incorrect – an assessment shared by Fabege's advisors on the matters. Fabege is of the opinion that it is highly probable that the Administrative Court of Appeal will amend the Administrative Court's rulings to the benefit of Fabege.

The Administrative Court's verdicts pertain to cases for which the matter of reallocation of earnings has been tried. They do not encompass other cases in which only the matter of tax avoidance is to be tried. For the cases remaining to be considered by the Administrative Court, correspondence pertaining to the parties' submissions is continuing.

Fabege is adhering to its view that the sales were accounted for and declared in compliance with applicable rules. This assessment is shared by external legal experts and tax advisors that have analysed the sales and the Tax Agency's reasoning.

No provision has been made in Fabege's balance sheet. However, until further notice, the amount is instead being recognised as a contingent liability, as in previous financial statements.

## RISKS AND UNCERTAINTIES

Risks and uncertainties relating to cash flow from operating activities are primarily attributable to changes in rents, vacancies and interest rates. A detailed description of the effect of these changes on consolidated earnings is presented in the sensitivity analysis in the 2009 Annual Report (pages 43–44).

Properties are recognised at fair value and changes in value are recognised in profit and loss. The effects of changes in value on consolidated earnings, the equity/assets ratio

and the loan-to-value ratio are shown in the sensitivity analysis in the 2009 Annual Report (pages 43–44).

A description of financial risk, which is the risk that the company will have insufficient access to long-term loan funding, and Fabege's management of this risk is presented in the 2009 Annual Report (page 56).

No material changes in the company's assessment of risks have been made after publication of the 2009 Annual Report. Under its adopted targets for capital structure, Fabege aims to have an equity/assets ratio of at least 30 per cent and an interest coverage ratio of at least 2 (including realised changes in value).

## EVENTS AFTER THE END OF THE REPORTING PERIOD

In January, Fabege extended a credit limit of SEK 2bn by five years to 2016, while credit facilities totalling SEK 1bn were terminated.

Effective 4 January, the Bocken 51 property at Lästmakargatan was sold to the Lästmakarpalatset Tenant Owners Association. Since the selling price of SEK 139m corresponded to the latest market valuation as of 31 December 2010, the transaction did not give rise to a capital gain.

Following the sale of the Bocken 51 property and the settlement on 12 January of the outstanding sales consideration for the Profi transaction, the equity ratio rose to 40 per cent and the loan-to-value ratio declined to 57 per cent.

## OUTLOOK FOR 2011

Both the rental market and transaction market strengthened during 2010. The positive market trend facilitates Fabege's efforts to continue to create and add to earnings from all components of the business model, meaning management, development and transactions. The streamlined property portfolio – with modern properties in prime locations in Stockholm inner city, Solna and Hammarby Sjöstad – facilitates a continuing favourable trend for Fabege's operations and earnings during 2011.

## 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. As of 1 January 2010, the revised IFRS 3 affects business combinations occurring on

or after 1 January 2010. In the revised standard, the definition of a business combination has been amended, which could affect the classification. Acquisition-related costs may no longer be included in the cost of a business combination but must instead be recognised as a cost in profit and loss. In other respects, the Group has applied the same accounting policies and valuation methods as in the most recent annual report.

The parent company prepares its accounts in accordance with RFR 2.3 Accounting for Legal Entities and the Swedish Annual Accounts Act and has applied the same accounting policies and valuation methods as in the most recent annual report.

Stockholm 2 February 2011



CHRISTIAN HERMELIN  
Chief Executive Officer

## REVIEW REPORT

### Introduction

We have reviewed the interim report for Fabege AB (publ) for the period 1 January 2010 to 31 December 2010. Responsibility for preparing this interim statement in accordance with IAS 34 and the Annual Accounts Act rests with the Board of Directors and Chief Executive Officer. Our responsibility is to express a conclusion on this interim statement based on our review.

### Focus and scope

We have performed our review in accordance with the SÖG 2410 Standard on Review Engagements, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is significantly more limited in scope than an audit performed in accordance with the Auditing Standard in Sweden (RS) and generally accepted auditing standards.

The review procedures taken in a review do not enable us to obtain a degree of certainty that would make us aware of all important circumstances that would have been identified if an audit had been performed. The conclusion based on a review therefore does not have the same certainty as a conclusion based on an audit.

### Conclusion

Based on our review, we have not discovered any circumstances that would give us reason to consider that the interim financial statement has not, in all material respects, been prepared, in respect of the Group, in accordance with IAS 34 and the Annual Accounts Act and, in respect of the parent company, with the Annual Accounts Act.

Stockholm, 2 February 2011

Deloitte AB

Svante Forsberg

*Authorised Public Accountant*

## Monitor developments at Fabege's website!

You are welcome to visit Fabege's website. The Internet is one of our main information channels. Accordingly, we have carried out a thorough upgrade of the content and functionality of our website to further improve usability and accessibility. The aim is to continuously provide our priority stakeholders with relevant, up-to-date information.

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



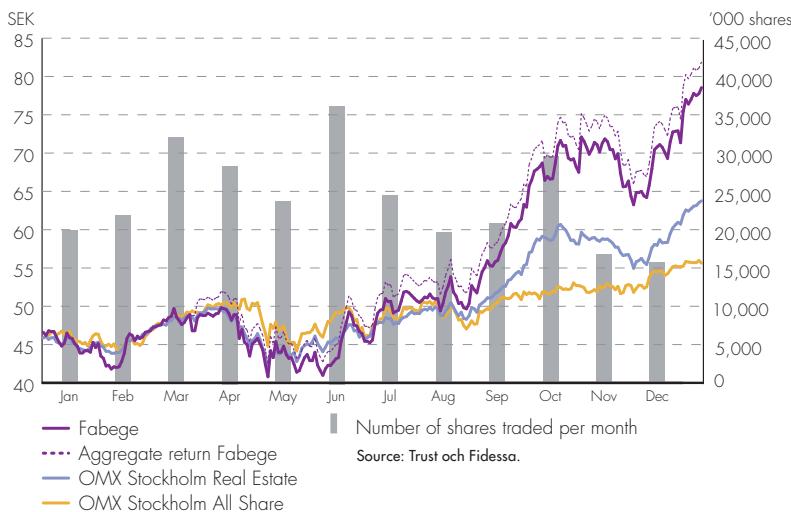
## Financial calendar

|                              |       |                |
|------------------------------|-------|----------------|
| Annual report for 2010:      | ..... | .7 March 2011  |
| Annual General Meeting 2011: | ..... | .30 March 2011 |
| Interim report Jan–March:    | ..... | .3 May 2011    |

# Fabege share

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

## Share price performance



## Largest shareholders

31 December 2010

| Shareholder                            | No. of shares      | Share of capital and votes, % |
|--|--------------------|-------------------------------|
| Brinova AB                             | 23,291,092         | 14.3                          |
| Investment AB Öresund                  | 10,746,597         | 6.6                           |
| BlackRock funds                        | 8,938,454          | 5.5                           |
| Cohen & Steers funds                   | 8,377,466          | 5.1                           |
| SEB funds                              | 5,694,059          | 3.5                           |
| Nordea funds                           | 5,634,243          | 3.5                           |
| Länsförsäkringar funds                 | 5,510,248          | 3.4                           |
| Carnegie funds                         | 4,390,100          | 2.7                           |
| Swedbank Robur funds                   | 4,334,381          | 2.6                           |
| Mats Qviberg and family                | 2,890,036          | 1.8                           |
| SHB funds                              | 2,572,209          | 1.6                           |
| Norska Staten                          | 2,514,557          | 1.5                           |
| Second AP-fund                         | 1,910,679          | 1.2                           |
| ENA City AB                            | 1,880,000          | 1.2                           |
| AMF Försäkring & Fonder                | 1,630,000          | 1.0                           |
| Other Swedish shareholders             | 43,970,399         | 26.9                          |
| Other foreign shareholders             | 28,695,564         | 17.6                          |
| <b>Total no. of outstanding shares</b> | <b>162,980,084</b> | <b>100.0</b>                  |
| Treasury shares                        | 2,411,488          |                               |
| <b>Total no. of shares</b>             | <b>165,391,572</b> |                               |

## Definitions

### RETURN ON EQUITY

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

### RETURN ON CAPITAL EMPLOYED

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

### LEVERAGE, PROPERTIES

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

### DIVIDEND YIELD

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.

### DEVELOPMENT PROPERTIES

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

### 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.

### SEGMENT REPORT

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

Rental income and property expenses as well as realised and unrealised changes in value including tax are directly attributable to properties in each segment (direct income and expenses). In cases where a property changes character during the year, earnings attributable to the property will be allocated to either segment based on the period of time that the property belonged to the segment. Central administration and items in net financial items have been allocated to the segments in a standardised manner based on each segment's share of the total property value (indirect income and expenses).

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

### 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.

### Consolidated statement of comprehensive income (summary)

| SEKm  | 2010<br>Oct-Dec | 2009<br>Oct-Dec | 2010<br>Jan-Dec | 2009<br>Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|
| Rental income   | 487             | 547             | 2,007           | 2,194           |
| Property expenses   | -165            | -191            | -659            | -729            |
| <b>Net operating income</b>   | <b>322</b>      | <b>356</b>      | <b>1,348</b>    | <b>1,465</b>    |
| Surplus ratio, %  | 66%             | 65%             | 67%             | 67%             |
| Central administration and marketing                                    | -15             | -17             | -62             | -62             |
| Net interest expense  | -139            | -124            | -522            | -560            |
| Share in profit/loss of associated companies                            | 14              | -1              | 18              | -5              |
| <b>Profit from property management activities</b>                       | <b>182</b>      | <b>214</b>      | <b>782</b>      | <b>838</b>      |
| Realised changes in value of properties                                 | 47              | 39              | 237             | 57              |
| Unrealised changes in value of properties                               | 166             | 35              | 843             | -310            |
| Change in value of fixed income derivatives                             | 213             | -7              | 106             | 98              |
| Change in value of equities   | -3              | -10             | -39             | -3              |
| <b>Profit/loss before tax</b>   | <b>605</b>      | <b>271</b>      | <b>1,929</b>    | <b>680</b>      |
| Current tax   | -3              | -2              | -3              | -100            |
| Deferred tax  | 4               | -46             | -229            | -155            |
| <b>Profit/loss for period/year</b>                                      | <b>606</b>      | <b>223</b>      | <b>1,697</b>    | <b>425</b>      |
| <b>Comprehensive income attributable to parent company shareholders</b> | <b>606</b>      | <b>223</b>      | <b>1,697</b>    | <b>425</b>      |
|   |                 |                 |                 |                 |
| Earnings per share before dilution, SEK                                 | 3.72            | 1.36            | 10.38           | 2.59            |
| Earnings per share after dilution, SEK                                  | 3.72            | 1.36            | 10.38           | 2.59            |
| No. of shares at end of period before dilution, millions                | 163.0           | 164.4           | 163.0           | 164.4           |
| No. of shares at end of period after dilution, millions                 | 163.0           | 164.4           | 163.0           | 164.4           |
| Average no. of shares before dilution, millions                         | 163.0           | 164.4           | 163.5           | 164.4           |
| Average no. of shares after dilution, millions                          | 163.0           | 164.4           | 163.5           | 165.1           |

### Consolidated statement of financial position (summary)

| SEKm                                | 31 Dec 2010   | 31 Dec 2009   |
|-------------------------------------|---------------|---------------|
| <b>Assets</b>                       |               |               |
| Properties                          | 26,969        | 29,193        |
| Other tangible fixed assets         | 3             | 2             |
| Financial fixed assets              | 714           | 620           |
| Current assets                      | 1,504         | 704           |
| Cash and cash equivalents           | 73            | 173           |
| <b>Total assets</b>                 | <b>29,263</b> | <b>30,692</b> |
| <b>Equity and liabilities</b>       |               |               |
| Equity                              | 11,276        | 9,969         |
| Provisions                          | 423           | 439           |
| Interest-bearing liabilities        | 16,646        | 19,109        |
| Derivatives                         | 267           | 373           |
| Non-interest-bearing liabilities    | 651           | 802           |
| <b>Total equity and liabilities</b> | <b>29,263</b> | <b>30,692</b> |
| Equity/assets ratio, %              | 39            | 32            |
| Contingent liabilities              | 2,520         | 2,172         |

### Statement of changes in equity

| SEKm  | Equity        | Of which,<br>attributable<br>to parent<br>company<br>shareholders | Of which,<br>attributable<br>to minority |
|---|---------------|---|--|
| <b>Shareholders' equity, 1 Jan 2009</b>       | <b>9,873</b>  | <b>9,873</b>  | —  |
| New shares, conversion<br>of debt instruments | 0             | 0   | —  |
| Cash dividend                                 | -329          | -329  | —  |
| Profit/loss for the year                      | 425           | 425   | —  |
| <b>Shareholders' equity,<br/>31 Dec 2009</b>  | <b>9,969</b>  | <b>9,969</b>  | —  |
| Share buybacks                                | -61           | -61   | —  |
| Cash dividend                                 | -329          | -329  | —  |
| Profit/loss for the year                      | 1,697         | 1,697   | —  |
| <b>Shareholders' equity,<br/>31 Dec 2010</b>  | <b>11,276</b> | <b>11,276</b>   | —  |

## Statement of cash flows

| SEKm  | 2010<br>Jan-Dec | 2009<br>Jan-Dec |
|---|-----------------|-----------------|
| <b>Net operating income and realised changes in the value of existing property portfolio excluding depreciation</b> | <b>1,600</b>    | <b>1,510</b>    |
| Central administration  | -62             | -62             |
| Net financial items paid  | -520            | -559            |
| Income tax paid   | -3              | -100            |
| Change in other working capital   | -1,099          | -288            |
| <b>Cash flow from operations</b>  | <b>-84</b>      | <b>501</b>      |
| Investments and acquisition of properties   | -940            | -1,138          |
| Sale of properties, carrying amount of divested properties  | 3,978           | 1,160           |
| Other investments (net)   | -201            | -281            |
| <b>Cash flow from investing activities</b>  | <b>2,837</b>    | <b>-259</b>     |
| Dividend to shareholders  | -329            | -329            |
| Share buybacks  | -61             | -               |
| Change in interest-bearing liabilities  | -2,463          | 206             |
| <b>Cash flow from financing activities</b>  | <b>-2,853</b>   | <b>-123</b>     |
| Change in cash and cash equivalents   | -100            | 119             |
| Cash and cash equivalents at beginning of period  | 173             | 54              |
| <b>Cash and cash equivalents at end of period</b>   | <b>73</b>       | <b>173</b>      |

## Key ratios

|  | 2010<br>Jan-Dec | 2009<br>Jan-Dec |
|--|-----------------|-----------------|
| <b>Financial</b>   |                 |                 |
| Return on capital employed, %                                    | 8.7             | 4.2             |
| Return on equity, %  | 16.0            | 4.3             |
| Interest coverage ratio, times                                   | 3.0             | 2.6             |
| Equity/assets ratio, %   | 39              | 32              |
| Loan-to-value ratio, properties, %                               | 62              | 65              |
| Debt/equity ratio, times   | 1.5             | 1.9             |
| <b>Share-related</b>   |                 |                 |
| Earnings per share for the period, SEK                           | 10.38           | 2.59            |
| Equity per share, SEK  | 69              | 61              |
| Cash flow per share, SEK   | 6.13            | 4.87            |
| No. of outstanding shares at end of period before dilution, '000 | 162,980         | 164,392         |
| No. of outstanding shares at end of period after dilution, '000  | 162,980         | 164,392         |
| Average no. of shares before dilution, '000                      | 163,504         | 164,386         |
| Average no. of shares after dilution, '000                       | 163,504         | 165,052         |
| <b>Property-related</b>  |                 |                 |
| No. of properties  | 103             | 148             |
| Carrying amount, properties, SEKm                                | 26,969          | 29,193          |
| Lettable area, sqm   | 1,138,000       | 1,429,000       |
| Financial occupancy rate, %                                      | 88              | 90              |
| Surplus ratio, %   | 67              | 67              |

## Parent Company profit and loss account (summary)

| SEKm                                      | 2010<br>Jan-Dec | 2009<br>Jan-Dec |
|---|-----------------|-----------------|
| Income                                    | 102             | 89              |
| Expenses                                  | -190            | -174            |
| Net financial items                       | -139            | -447            |
| Change in value, fixed income derivatives | 106             | 98              |
| Change in value, equities                 | -29             | -3              |
| <b>Profit/loss before tax</b>             | <b>-150</b>     | <b>-437</b>     |
| Tax                                       | 29              | 28              |
| <b>Profit/loss for period/year</b>        | <b>-121</b>     | <b>-409</b>     |

## Parent Company balance sheet

| SEKm   | 31 Dec 2010   | 31 Dec 09     |
|--|---------------|---------------|
| Interests in Group companies                             | 13,328        | 13,328        |
| Other fixed assets                                       | 37,669        | 37,458        |
| of which, receivables from Group companies <sup>1)</sup> | 37,524        | 37,099        |
| Other current assets                                     | 25            | 62            |
| Cash and cash equivalents                                | 64            | 161           |
| <b>Total assets</b>                                      | <b>51,086</b> | <b>51,009</b> |
| Equity   | 9,363         | 9,714         |
| Provisions   | 63            | 63            |
| Long-term liabilities                                    | 35,771        | 38,302        |
| of which, liabilities to Group companies <sup>1)</sup>   | 24,676        | 21,931        |
| Short-term liabilities                                   | 5,889         | 2,930         |
| <b>Total equity and liabilities</b>                      | <b>51,086</b> | <b>51,009</b> |

<sup>1)</sup> For the items receivables from Group companies and liabilities to Group companies, the comparative figures have been adjusted. This is because these items should in fact have been recognised net at 31 December 2009, although they were previously recognised gross.



**Questions concerning the report  
will be answered by:**

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[www.fabege.se](http://www.fabege.se)

More information about Fabege and its operations is available on the Group's website. The website also includes a webcast presentation from 2 February 2011, in which Christian Hermelin and Åsa Bergström present earnings for the quarter.

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The information contained in this report is such that Fabege is legally obliged to disclose under the Securities Market Act and/or the Financial Instruments Trading Act. The information was released for publication on 2 February 2011.

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