



Faberge AB (publ)

PRESS RELEASE

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Faberge comments on ongoing tax cases

As previously announced, the Swedish Tax Agency has decided to increase taxation on the Faberge Group concerning a number of property sales through limited partnerships. The transactions derive from Tornet, the old Faberge and Wihlborgs during the years 2003-2005. The combined increase taxation amounts unchanged to SEK 8,368m. The decisions have resulted in total tax demands including penalty and fees of SEK 2,692m.

On 30 May, the Supreme Administrative Court (SAC) announced a verdict in what is known as the Cyprus case. SAC's ruling entails that the Swedish Tax Evasion Act was deemed applicable in the Cyprus case and that the transaction will be taxed. The processes in Faberge's cases that were issued with a stay of proceedings were subsequently resumed in the Administrative Court of Appeal and the Swedish Administrative Court.

SAC's verdict pertains to the hearings on an appealed preliminary verdict in which certain schematically described transactions were ruled on. None of the transactions that the Faberge companies have completed were undertaken in that manner. Accordingly, it is impossible to claim that the verdict is immediately applicable to the transactions conducted by Faberge's companies.

SAC has stated that the Cyprus case was a matter of elaborate procedure that "evidently" was unrelated to the organisation of a commercial operation. In Faberge's case, there are both organisational and commercial reasons for the current transaction formats.

In conclusion, Faberge strongly contests the tax demand decided on by the Swedish Tax Agency and the Swedish Administrative Court and the decisions have been appealed. Faberge's belief remains unchanged that the divestments were recognized and declared in accordance with the prevailing regulatory framework. Faberge believes that the Swedish Tax Agency and the Swedish Administrative Court have disregarded several key aspects and that the verdicts are therefore incorrect. This belief is shared by external legal experts and tax advisors who have analysed the divestments, the Swedish Tax Agency's arguments and the Swedish Administrative Court's verdicts.

In view of SAC's verdict and the uncertain legal scenario that has arisen, Faberge has resolved to provision SEK 1.9bn. This assessment is based on a review and evaluation of each individual case. The

Faberge AB (publ) is one of Sweden's leading property companies focusing mainly on letting and managing office premises and property development. The carrying amount of the company's property portfolio is approximately SEK 30.0bn. The portfolio is concentrated in the Stockholm region and has an annualised rental value of SEK 2.1bn and a lettable area of 1.1m sqm. Faberge's shares are listed on Nasdaq OMX Stockholm, Large Cap segment.

difference between the Swedish Tax Agency's demands is based on matters that are evidently unrelated to SAC's verdict and erroneous reasoning in the Swedish Tax Agency's argument.

The processes are now being advanced in the Administrative Court of Appeal. A verdict by the Administrative Court of Appeal is expected in autumn 2012. Backed by a strong balance sheet and available facilities, Faberge is capable of coping with potential forthcoming payments.

In the six-month accounts for 2012, a provision of SEK 1.9bn will be made in Faberge's balance sheet. The remaining amount pursuant to the Swedish Tax Agency's total requirements, i.e. SEK 0.8bn, the amount will be recognised as a contingent liability, as in previous financial statements.

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This constitutes information that Faberge AB (publ) may be legally obliged to publish under the Securities Market Act and/or the Financial Instruments Trading Act. The information was released for publication at 8.00 am CET on 3 July 2012.

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