

Interim report January – September 2004

Stockholm, October 28, 2004

- Total revenues for the period January-September 2004 amounted to SEK 1,486 M (2,675).
- Profit after tax for the period amounted to SEK 811 M (-155), corresponding to earnings per share of SEK 10.87 (-1.75).
- Pro forma cash flow per share amounted to SEK 6.43, of which SEK 2.36 related to the third quarter.
- Strong leasing results, with 35,000 sq. m. added in the third quarter of a total of 120,000 sq. m. thus far this year.

SEK M	3 months July-September		9 months January-September	
	2004	2003	2004	2003
REVENUES				
Rental revenues	392	791	1,427	2,639
Other operations	21	15	59	36
Total revenues	413	806	1,486	2,675
RESULTS				
Ongoing property management operations	115	199	347	544
Property sales gains	25	245	585	291
Nonrecurring items	-5	-355	-5	-1,057
Profit before tax	135	89	927	-222
Current tax	2	-131	-6	-133
Deferred tax	-27	127	-110	200
Profit after tax	110	85	811	-155
Earnings per share, SEK	1.64	0.96	10.87	-1.75

HIGHLIGHTS FOLLOWING THE CONCLUSION OF THE REPORTING PERIOD

Following the extension of its public offer, Wihlborgs owns 97 percent of the shares and 96.7 percent of the voting rights in Fabège.

- As it no longer fulfills the requirement in terms of ownership concentration, the Fabège share has been moved to the O-list's observation list.
- Fabège will convene an extraordinary general meeting on November 1 to appoint a new Board of Directors.
- Wihlborgs has called for a compulsory redemption of the remaining shares in Fabège.

In connection with company acquisitions, Fabège has obtained tax loss carryforwards of approximately SEK 2.8 bn which it expects to utilize as of tax year 2005.



CONTENTS

Business model and market development	2
Profit and cash flow	4
Pro forma results	6
Balance sheet	7
Employees	9
Parent Company	9
Highlights following the conclusion of the reporting period	9
Scheduled financial reports	10
Property facts	11
Financial statements	13
The share	18

Business model and market development

BUSINESS MODEL

Fabege invests in commercial properties in the Stockholm region, working with a high number of transactions. The business model is to contribute to increase the Group's property values and cash flow through acquisitions, improvements, property management and divestments.

ACQUISITIONS

During the first nine months of the year, Fabege acquired Torsnäs 1 (14,500 sq. m. incl. garage space of 3,000 sq. m.) in Kista, with the closing scheduled for January 31, 2005.

IMPROVEMENTS AND PROPERTY MANAGEMENT

Fabege has decided to invest approximately SEK 110 M to renovate and expand the property Stigbygeln 2 at Solna Station. The construction company Peab has signed an 8-year lease on 8,900 sq. m. in the property for its Stockholm office and will handle the construction work. The rent will be set in relation to the final production cost. Move-in is scheduled for October 2005. The project has very strong potential in that it raises the property to a high standard in a strategically important area.

During the first half year, Fabege acquired the property Torsnäs 1 in Kista, which will be vacant at closing on January 31, 2005. Efforts to fill the property continue, and during the third quarter a lease was signed with Enea for slightly over 3,000 sq. m. The property's open layout and high technical standard are reflected in the number of quotes that have been requested.

The share of new leases Fabege has been able to secure overall significantly exceeds its market share. During the first three quarters, it signed leases on a total of 120,000 sq. m.,

of which 35,000 sq. m. was in the third quarter. In addition to Peab and Enea, major leases were signed with, among others, the Swedish National Labour Market Administration, which has taken slightly over 5,000 sq. m. in the property Elefanten in central Stockholm. The signing of a high-class tenant like the Labour Market Administration means that the final step will soon be taken in a successful effort to increase the property's value.

The economic occupancy rate at the end of the period was 83.5 percent, the same as at mid-year. Taking into account new leases with scheduled move-ins after the conclusion of the period as well as evictions within six months, the occupancy rate was 85.5 percent as of September 30 (operational occupancy rate).

PROPERTY SALES

In the third quarter, the residential properties Höken 10 and Älgskyttarna 4 were sold for SEK 58 M, 32 percent above their market value as of December 31, 2003 and 5 percent above their valuation as of June 30, 2004. As a result, 11 of the 12 original residential properties have been sold during the first three quarters of the year as Fabege concentrates its portfolio on commercial properties in the Stockholm region.

Excluding Bostads AB Drott, Fabege sold six commercial properties during the first three quarters for SEK 0.4 bn and 11 residential properties for SEK 1.1 bn, exceeding their market values at year-end 2003 by 22 and 23 percent, respectively.

MARKET DEVELOPMENT

The commercial rental market in Stockholm continues to stabilize in terms of vacancy rates and rental rates. This is especially true in Marievik and Kista, where a rebound can be seen in increased activity, lower vacancies and a trend toward higher rent levels. The recovery in the Stockholm market is slower, however. In the inner city, the turnaround may seem less apparent during the fourth quarter, when additional vacated and unused space is expected to come on the market. Generally higher vacancy rates are expected in Stockholm in early 2005 with rising rent levels in 2006.

In the investment market, demand remains good, especially for high-occupancy properties, where both foreign and local players are seeking investment opportunities. Demand from Swedish institutional investors has gradually risen during the period. The investment market, like the rental market, is strongest for commercial properties with a high technical standard and efficient space use.

Profit and cash flow

Figures in parentheses refer to January- September 2003. The distributed subsidiary Bostads AB Drott was included in the Group through the first quarter of 2004 (demerged April 2, 2004).

Profit before tax for the period January-September 2004 was SEK 927 M (-222) and earnings per share after tax was SEK 10.87 (-1.75).

Profit from ongoing property management operations amounted to SEK 347 M (544) before tax, while property sales gains contributed SEK 585 M (291). Items affecting comparability totaled SEK 5 M in 2004, while 2003 was charged with writedowns of SEK 702 M and other items affecting comparability totaling SEK 355 M. Profits and the profit trend have been affected by the large property sales and demerger of the Group in 2003 and early 2004.

Pro forma profit¹ for the period January-September 2004 amounted to SEK 780 M before tax, divided between SEK 302 M from ongoing property management operations, SEK 483 M from property sales and SEK -5 M from items affecting comparability. Pro forma cash flow from operations amounted to SEK 6.43 per share, of which SEK 2.36 relates to the third quarter.

RENTAL REVENUES AND OPERATING SURPLUS

Rental revenues and the operating surplus decreased to SEK 1,427 M (2,639) and SEK 832 M (1,600), respectively, as a result of the major property sales completed in 2003 and the distribution of the shares in Bostads AB Drott.

In the like-for-like portfolio – defined as the management properties Fabege owned during January-September of both 2004 and 2003 – rental revenues fell by SEK 57 M (-5 percent). The reason is a lower occupancy rate compared with 2003, mainly due to evictions and early lease terminations in Kista in late 2003.

The operating surplus in the like-for-like portfolio fell by SEK 61 M due to a decrease in revenues of SEK 57 M and an increase in expenses of SEK 4 M. Rental and tenant modification expenses have increased as a result of successful leasing results (which generate revenues later). Thanks to an earlier cost reduction program, efficiencies in purchasing, consumption and personnel have reduced expenses; utilities, on the other hand, have risen.

PROPERTY SALES GAINS

During the first nine months of 2004, the Group sold 22 properties (including sales by Bostads AB Drott during the first quarter) for a total of SEK 1.8 bn, exceeding their independently appraised value as of Dec. 31, 2003 by an average of 23 percent. The pre-tax capital gain from these sales was SEK 585 M (291). During the third quarter, two residential properties were sold for SEK 58 M with a gain of SEK 25 M (32 percent above their independently appraised value as of Dec. 31, 2003 and 5 percent above their value as of June 30, 2004).

Excl. Bostads AB Drott, 17² properties were sold during the first nine months of 2004 for SEK 1.5 bn, exceeding their independently appraised value as of December 31, 2003 by an average of 23 percent. The pre-tax capital gain was SEK 483 M.

¹ See pro forma results and assumptions on page 6.

² See the specification of properties purchased and sold on page 12.

OTHER OPERATIONS

External sales from other operations³ amounted to SEK 59 M (36) and the loss to SEK -5 M (-7).

CENTRAL CORPORATE AND GROUP EXPENSES

Central corporate and Group expenses amounted to SEK 47 M (64), of which SEK 11 M (20) relates to the third quarter. The third quarter was also charged with expenses of SEK 5 M to evaluate the offer from Wihlborgs and the alternatives with the aim of maximizing shareholder value. The third quarter of the previous year was charged with SEK 75 M for savings program and demerger of the Group, including expenses for the market listing of Bostadsaktiebolaget Drott.

NET FINANCIAL ITEMS

During the period, interest expense amounted to SEK 318 M (807) and interest income to SEK 29 M (62). Owing to a reduction in loan debt, net financial items in the previous year were charged with interest income compensation of SEK 280 M to eliminate or adapt portions of the derivative portfolio to current market terms.

As of September 30, 2004, the average interest rate on Fabege's interest-bearing liabilities including commitment commissions was 4.0 percent.

TAX

Due to accelerated depreciation and tax loss carryforwards, no current tax was charged against profit from ongoing property management. It was charged, however, with deferred tax of SEK 47 M, which does not impact cash flow. Property sales gains were charged with current tax of SEK 6 M and deferred tax of SEK 63 M. The total tax expense amounted to SEK 116 M (-67), of which SEK 25 M (4) relates to the third quarter.

³ Facility Management business area, the operations of Stockholm Modecenter and the facility in Ekerum/Öland.

Pro forma results

The following table of pro forma results for January-September 2004 has been prepared as if the distribution of Bostads AB Drott and the share redemption had taken place as of January 1, 2004. No pro forma adjustment has been made for third quarter results (the distribution and share redemption were finalized during the second quarter of 2004).

RESULTS 9 MONTHS

SEK M	January – September 2004					
	GROUP	Adjustments		FABEGE		
		Distribution of BABD ⁴	Redemption ⁵	After distribution and redemption	Of which ongoing property management operations	Of which property sales and items affecting comparability
	Outcome			Pro forma	Outcome	
Rental revenues property mgmt. (A)	1,427	-239		1,188	1,188	
Revenues other operations (B)	59	-		59	59	
Total revenues	1,486	-239		1,247	1,247	
Expenses property mgmt. (C)	-595	138		-457	-457	
Expenses other operations (D)	-64	-		-64	-64	
Operating surplus property mgmt. (A+C)	832	-101		731	731	
Profit other operations (B+D)	-5	-		-5	-5	
Depreciation	-145	17		-128	-128	
Gross profit	682	-84		598	598	
Gains on property sales	585	-102		483	-	483
Central corporate and Group expenses	-47	5		-42	-42	-
Items affecting comparability	-5	-		-5		-5
Operating profit	1,215	-181		1,034	556	478
Net financial income and expense	-288	72	-38	-254	-254	-
Profit before tax	927	-109	-38	780	302	478
Current tax (=paid tax)	-6	-	-	-6	-	-6
Deferred tax	-110	37	5	-68	-41	-27
Profit after tax	811	-72	-33	706	261	445

CASH FLOW 9 MONTHS

Pro forma

Profit from ongoing property mgmt. before tax	302
Current tax (=paid tax)	-
Profit after current tax	302
Reversal of depreciation	128
Cash flow	430
Cash flow per share, SEK	6.43

⁴ Bostads AB Drott was included in the Group through the first quarter. The pro forma table above has been prepared as if the distribution of the shares in Bostads AB Drott had taken place on January 1, 2004, due to which the profit contribution from Bostads AB Drott has been deducted.

⁵ The redemption offer has reduced shareholders' equity by SEK 3.3 bn, with the proceeds paid out on June 22, 2004. The pro forma results have been calculated as if the redemption and payment of SEK 3.3 bn had taken place on January 1, 2004 and using an average interest rate on interest-bearing liabilities of 4.1 percent through June 22, 2004.

Balance sheet

Figures in parentheses refer to Dec. 31, 2003.

PROPERTIES

In 2004, one property was acquired and 22 properties were sold (including five properties from Bostads AB Drott during the first quarter). During the period, the property portfolio changed as shown below⁶. SEK 518 M was invested in existing properties, including the buyout of the leasehold on Stuten 17.

CHANGE IN BOOK VALUE OF PROPERTIES, SEK M January-September 2004	Fabege Group	Fabege excl. BABD
At beginning of period	24,985	17,188
Sales	-1,151	-961
Acquisitions	85	85
Investments in existing properties ⁷	518	514
Depreciation	-136	-117
Distribution of Bostads AB Drott as of Q2	-7,592	
At end of period	16,709	16,709

As of September 30, four major constructions with a book value of SEK 2.6 M were under way. Remaining investments are estimated at SEK 0.3 bn. Upon completion, annual rent from these properties can rise from SEK 145 M at present to SEK 224 M (fully leased), of which SEK 196 M (88 percent) is leased.

PROPERTIES UNDER CONSTRUCTION OR RENOVATION September 30, 2004				
	Region	Space added sq. m.	Space when completed, sq. m.	Com- pletion
Marievik 23, Marievik	Stockholm	4,000	17,000	Dec. 04
Stuten 12+17, Norrmalm	Stockholm	4,000	14,600	Dec. 04
Fatburssjön 5, Södermalm, Fabege's share (50%)	Stockholm	4,200	25,900	Dec. 04
Färöarna 1, Kista	Kista	0	60,000	Dec. 05
TOTAL incl. garages		12,200	117,500	

OTHER ASSETS

Other fixed assets amounted to SEK 0.4 bn (0.4) and mainly related to the promissory note received in connection with a property sale in 2003. Current receivables amounted to SEK 0.1 bn (0.9).

Deferred tax assets from tax loss carryforwards amounted to SEK 36 M (175). As of September 30, 2004, the Group had remaining tax loss carryforwards of approximately SEK 0.2 bn.

SHAREHOLDERS' EQUITY

As of September 30, 2004, shareholders' equity amounted to SEK 6,918 M (10,085), divided among 66,929,530 shares outstanding (88,788,865). During the second quarter, shareholders' equity was reduced by SEK 675 M through the distribution of shares in Bostads AB Drott and by SEK 3,295 M through the share redemption. The change in shareholders' equity is shown in the table on page 14.

⁶ A property portfolio report and specification of properties purchased and sold during the period can be found on pages 11-12.

⁷ Including capitalized interest expense of SEK 9 M (23) during major new construction and additions.

NUMBER OF SHARES	Outstanding I	Own holding II	Registered I+II
Dec. 31, 2003	88,788,865	450,000	89,238,865
Conversion	+75,824	-	+75,824
March 31, 2004	88,864,689	450,000	89,314,689
Conversion (Q2)	+32,245	-	+32,245
Cancellation (Q2)	-	-450,000	-450,000
Redemption (Q2)	-21,967,404		-21,967,404
September 30, 2004	66,929,530	-	66,929,530

PROVISIONS

Provisions for deferred tax amounted to SEK 1,191 M, of which SEK 1,010 M related to provisions for differences between book value and fiscal residual value.

Other provisions amounted to SEK 188 M and related to provisions for pensions of SEK 79 M, provisions for the remaining expenditures for the cost reduction program and demerger of SEK 17 M, and provisions of SEK 92 M for the estimated commitment (lease guarantee) remaining from the last year's property sale to the U.S. real estate investment fund Whitehall.

In the year-end report for 2003 it was reported that Whitehall, which had acquired properties from Fabege in 2003, had in writing put forth demands in connection with what it asserted were guarantee breaches and that Fabege fundamentally disputed this claim. In a new letter, Whitehall has stated that it intends to seek arbitration. Nothing has occurred that would change Fabege's opinion. Fabege continues to dispute Whitehall's claim, which it believes to be groundless. A small portion of the claim relates to the application of the rental guarantee, for which provisions have been allocated (see above). Fabege remains of the opinion that no further provisions are required.

INTEREST-BEARING LIABILITIES

As of September 30, 2004, interest-bearing liabilities amounted to SEK 8,355 M (13,389) with an average interest rate of 3.9 percent.

FINANCING

Fabège's financing is largely in the form of long-term bilateral credit facilities from Swedish and international banks. As of September 30, 2004, the Fabège Group had credit facilities of SEK 13.3 bn, of which SEK 10.4 bn was long-term. The weighted average expiration on these facilities was 7.0 years.

Fabège also has a commercial paper program in the Swedish capital market. As of September 30, commercial paper with a nominal value of SEK 1.5 bn had been utilized. The participating dealers are Nordea, FöreningsSparbanken and Handelsbanken. Outstanding commercial paper as of October 27 30, 2004 amounted to nominal SEK 1.9 bn. Fabège guarantees the commercial paper program by ensuring that it has unutilized bilateral credit facilities to cover all outstanding commercial paper.

INTEREST RATE STRUCTURE

The company's fixed interest structure is achieved by extending loans with short fixed interest periods over time using interest rate swaps.

As of September 30, 2004, Fabège's average fixed interest term was 18 months. The average interest rate for the loan portfolio was 3.9 percent (4.0 percent including commitment commissions).

MATURITY	Interest rate maturity structure		Loan maturity structure	
	Amount	Avg. interest rate	Credit limit	Utilized
0-12 months *	3,905	3.4	2,870	2,652
12-24 months	1,600	4.1	175	20
24-36 months	1,500	4.5	0	0
36-48 months	700	4.7	2,200	1,439
48-60 months	650	4.4	5,985	2,204
>60 months	0	0.0	2,040	2,040
Total	8,355	3.9	13,270	8,355
* of which commercial paper				
	1,473	2.3	(Limit 2,500)	1,473

Employees

As of September 30, 2004, Fabege had 157 employees, of whom 30 work for Fabege Service.

Parent Company

For the period, the Parent Company reported a loss before tax of SEK -205 M (-606). Revenues, which consist of intra-Group services, amounted to SEK 91 M (58). Investments of SEK 2 M (2) were made during the period.

Highlights following the conclusion of the reporting period

Following the extension of its public offer, Wihlborgs owns 97 percent of the shares and 96.7 percent of the voting rights in Fabege.

- As it no longer fulfills the requirement in terms of ownership concentration, the Fabege share has been moved to the O-list's observation list.
- Fabege will convene an extraordinary general meeting on November 1 to appoint a new Board of Directors.
- Wihlborgs has called for a compulsory redemption of the remaining shares in Fabege.

In connection with company acquisitions, Fabege has obtained tax loss carryforwards of approximately SEK 2.8 bn which it expects to utilize as of tax year 2005. In accordance with Fabege's accounting principles, the acquisition does not have an instantaneous effect on reported shareholders' equity.

Scheduled financial reports

Year-end report for 2004	February 15, 2005
Annual report 2004	March 2005

Stockholm, October 28, 2004

Fabege AB (publ)

Lennart Sten
President

The interim report has not been reviewed by the company's auditors.

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Property facts

PROPERTY PORTFOLIO

September 30, 2004	Management properties	Properties under construction	Other project properties	Total, Fabège
Registered properties	95	5	49	149
Book value, SEK bn	13.5	2.6	0.6	16.7
Commercial space, sq. m.	1,132,000	110,000	42,000	1,284,000
Residential apartments, sq. m.	3,000	0	1,000	4,000
Rentable space, sq. m.	1,135,000	110,000	43,000	1,288,000
Commercial leases	1,594	36	5	1,635
Residential apartments	50	0	6	56
Annual rent, SEK M	1,409	145	19	1,573
Vacant rent, SEK M	214	77	21	312
Annual rent incl. vacant rent, SEK M	1,623	222	40	1,885
- of which commercial rents, SEK M	1,619	222	40	1,881
- of which residential rents, SEK M	4	0	0	4
Economic occupancy rate, %	86.8	65.4	47.0	83.5

DISTRIBUTION BY ANNUAL RENT AND SPACE

September 30, 2004	Annual rent incl. vacant rent, SEK M	Rentable space, 000 sq. m.
Stockholm inner city	584	297
Stockholm Kista	410	299
Stockholm Marievik	241	125
Northern Stockholm	233	189
Southern Stockholm	411	371
Total, Stockholm	1,879	1,281
Other	6	7
Total	1,885	1,288

LEASE EXPIRATIONS

	Total, SEK M	Share, %
2004	187	12
2005	251	16
2006	229	15
2007	321	20
2008+	518	33
Garages and parking	63	4
Total, commercial leases	1,569	100
Residential leases	4	0
Total	1,573	100
Vacant annual rent	312	
Total, incl. vacant annual rent	1,885	

SPECIFICATION OF PROPERTIES PURCHASED AND SOLD

PURCHASED PROPERTIES	No. of registered properties	Property	Area	Rentable space	Closing
Purchased Q2					
	1	Torsnäs 1	Kista	14,500	Jan. 3, 2005
Total, purchased Q2	1			14,500	
Purchased Q3					
Total, purchased Q3	0			0	
Total purchased properties Jan-Sep 2004	1			14,500	

SOLD PROPERTIES⁸	No. of registered properties	Property	Area	Rentable space	Closing
Sold Q1					
	1	Forellen 16	Östermalm	5,799	Jan. 19, 2004
	1	Kvadraten 35	Södermalm	7,218	Mar. 31, 2004
	1	Sjökatten 14	Vasastan	1,249	Mar. 30, 2004
Total, sold Q1	3			14,266	
Sold Q2					
	1	Brunfisken 24	Östermalm	5,041	June 3, 2004
	1	Haren 1	Södermalm	23,111	May 27, 2004
	1	Lavetten 16	Kungsholmen	4,969	May 6, 2004
	1	Mandelblomman 16	Lunda	3,890	Sept. 1, 2004
	1	Mimer 5	Vasastan	12,584	Sept. 1, 2004
	1	Pilen 7	Norrmalm	1,573	April 1, 2004
	1	Rörstrand 30	Norrmalm	1,632	May 19, 2004
	1	Sjöhästen 26	Östermalm	1,656	June 29, 2004
	1	Söderbymalm 7:45	Haninge	0	June 29, 2004
	1	Valfisker 32	Östermalm	2,415	May 19, 2004
	1	Verkstaden 24	Huddinge	3,132	June 3, 2004
	1	Verkstaden 4	Tullinge	3,956	June 3, 2004
Total, sold Q2	12			63,958	
Sold Q3					
	1	Höken 10	Södermalm	2,022	Sept. 1, 2004
	1	Älgskytterne 4	Fredhäll	4,404	Sept. 1, 2004
Total, sold Q3	2			6,426	
Total sold properties, Jan-Sep 2004	17			84,650	

⁸ Excluding five properties from Bostads AB Drott in the first quarter of 2004.

Financial statements

INCOME STATEMENT

	3 months July-September		9 months January-September		12 months	
SEK M	2004	2003	2004	2003	Oct-Sept rolling	Jan-Dec 2003
Rental revenues property management	392	791	1,427	2,639	2,325	3,537
Revenues other operations	21	15	59	36	68	45
Total revenues	413	806	1,486	2,675	2,393	3,582
Operating, maintenance and tenant modification costs	-84	-189	-387	-654	-634	-901
Site lease rents	-12	-14	-36	-47	-48	-59
Property tax	-26	-44	-86	-152	-135	-201
Rental and property administration	-18	-49	-86	-186	-155	-255
Expenses property management	-140	-296	-595	-1,039	-972	-1,416
Expenses other operations	-21	-14	-64	-43	-79	-58
Operating surplus property management	252	495	832	1,600	1,353	2,121
Profit other operations	0	1	-5	-7	-11	-13
Depreciation	-43	-74	-145	-243	-213	-311
Gross profit	209	422	682	1,350	1,129	1,797
Gains on property sales	25	245	585	291	1,354	1,060
Write-downs/reversals	-	-	-	-702	-334	-1,036
Other items affecting comparability	-5	-75	-5	-75	-20	-90
Central corporate and Group expenses	-11	-20	-47	-64	-74	-91
Operating profit	218	572	1,215	800	2,055	1,640
Interest subsidy	0	1	1	3	2	4
Interest income	8	55	29	62	51	84
Interest expense	-91	-259	-318	-807	-502	,-991
Interest income compensation (item affecting comparability)	-	-280	-	-280	-	-280
Profit for the period before tax	135	89	927	-222	1,606	457
Current and deferred tax	-25	-4	-116	67	80	263
Profit for the period	110	85	811	-155	1,686	720
Average number of shares outstanding (million)	66.9	88.5	74.6	88.6	81.7	88.6
Earnings per share, SEK	1.64	0.96	10.87	-1.75	20.64	8.12

BALANCE SHEET

SEK M	Sept. 30, 2004	June 30, 2004	Dec. 31, 2003	Sept. 30, 2003
Properties	16,709	16,500	24,985	29,228
Deferred tax assets	36	55	175	95
Other fixed assets	365	365	388	131
Fixed assets	17,110	16,920	25,548	29,454
Accounts receivable	135	660	918	6,672
Liquid assets	272	295	330	167
Current assets	407	955	1,248	6,839
ASSETS	17,517	17,875	26,796	36,293
Shareholders' equity	6,918	6,808	10,085	9,188
Provisions	1,379	1,392	2,168	2,256
Non-interest-bearing liabilities	865	755	1,154	1,353
Interest-bearing liabilities	8,355	8,920	13,389	23,496
SHAREHOLDERS' EQUITY AND LIABILITIES	17,517	17,875	26,796	36,293

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	3 months July-Sept.		9 months January-September		12 mos. Jan-Dec
	2004	2003	2004	2003	2003
Reported opening balance	6,808	9,091	10,085	9,904	9,904
Effect of change in accounting principle	-	-	-15	-	-
Adjusted opening balance	6,808	9,091	10,070	9,904	9,904
Dividend	-	-	-	-442	-442
Share redemption	-	-	-3,295	-	-
Distribution of shares in Bostads AB Drott	-	-	-675	-	-
Share repurchase	-	-	-	-131	-131
Conversion of convertible debenture loan, etc.	-	12	7	12	34
Profit for the period	110	85	811	-155	720
Balance at end of period	6,918	9,188	6,918	9,188	10,085

RESULTS BY BUSINESS AREA	Property operations				Business area FM		Other operations		Group eliminations		Total	
SEK M	Excl. BABD		Total									
January-September			2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Revenues	1,188	239	1,427	2,639	132	32	17	17	-90	-13	1,486	2,675
Expenses	-457	-138	-595	-1,039	-138	-39	-16	-17	90	13	-659	-1,082
Operating surplus/profit	731	101	832	1,600	-6	-7	1	0	-	-	827	1,593
Depreciation	-128	-17	-145	-243							-145	-243
Gross profit	603	84	687	1,357	-6	-7	1	0			682	1,350
Gains on property sales	483	102	585	291							585	291
Central corporate and Group expenses		-5	-5						-42	-64	-47	-64
Other items affecting comparability									-5	-777	-5	-777
Operating profit	1,086	181	1,267	1,648	-6	-7	1	0	-47	-841	1,215	800

CASH FLOW STATEMENT

GROUP	3 months		9 months		12 months	
	July-Sep	July-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
SEK M	2004	2003	2004	2003	rolling	2003
OPERATING ACTIVITIES						
Operating surplus property management	252	495	832	1,600	1,219	1,987
Result other operations	0	1	-5	-7	-11	-13
Central corporate and Group expenses	-11	-20	-47	-64	-74	-91
Interest subsidies	0	1	1	3	2	4
Interest income	8	55	29	62	49	82
Interest expense	-91	-259	-318	-807	-502	-991
Tax paid on ongoing property management operations	-	-3	-	-5	-5	-10
Cash flow from operations	158	270	492	782	678	968
<i>Cash flow from nonrecurring items, etc.</i>						
Nonrecurring items and difference between paid and expensed interest	-14	-238	-122	-371	-89	-338
Cash flow before change in working capital	144	32	370	411	589	630
Cash flow from change in working capital	-7	65	-462	-72	-376	14
Cash flow from operating activities (A)	137	97	-92	339	213	644
INVESTING ACTIVITIES						
Investments, properties	-85	-235	-495	-783	-686	-974
Investments, machinery and equipment	-3	-	-7	-8	-7	-8
Property sales (incl. selling expenses)	491	214	2,498	598	12,852	10,952
Tax paid on capital gains	2	-	-6	-	-226	-220
Cash flow from investing activities (B)	405	-21	1,990	-193	11,933	9,750
FINANCING ACTIVITIES						
Interest-bearing loans raised/amortized	-565	-146	1,341	521	-8,744	-9,564
Redemption of options	-	-	-2	-	-2	-
Share repurchases	-	-	-	-131	-	-131
Dividend	-	-	-	-442	-	-442
Redemption of shares	-	-	-3,295	-	-3,295	-
Cash flow from financing activities (C)	-565	-146	-1,956	-52	-12,041	-10,137
CHANGE IN LIQUID ASSETS (A+B+C)	-23	-70	-58	94	105	257
Liquid assets at beginning of period	295	237	330	73	167	73
LIQUID ASSETS AT END OF PERIOD	272	167	272	167	272	330

KEY RATIOS

GROUP	3 months		9 months		12 months	
	July-Sep 2004	July-Sep 2003	Jan-Sep 2004	Jan-Sep 2003	Oct-Sep rolling	Jan-Dec 2003
SEK M						
PROPERTY-RELATED						
Rental revenues	392	791	1,427	2,639	2,325	3,537
Operating surplus – ongoing property management	252	495	832	1,600	1,353	2,121
Surplus ratio, %	64	63	58	61	58	60
At end of period						
Rentable space, sq. m.	1,288	2,922	1,288	2,922	1,288	2,510
Economic occupancy rate, %	83.5	90.0	83.5	90.0	83.5	88.0
Book value of properties	16,709	29,228	16,709	29,228	16,709	24,985
FINANCIAL						
Ongoing property management operations						
Profit before tax	115	199	347	544	470	667
Profit after current and deferred tax	95	171	300	460	398	558
Cash flow	158	270	492	782	678	968
Interest coverage ratio, multiple	2.7	2.1	2.5	2.0	2.4	2.0
Total						
Profit before tax	135	89	927	-222	1,606	457
Profit after tax	110	85	811	-155	1,686	720
Return on equity, %	n.a.	n.a.	n.a.	n.a.	17.0	7.2
At end of period						
Interest-bearing liabilities	8,355	23,496	8,355	23,496	8,355	13,389
Equity	6,918	9,188	6,918	9,188	6,918	10,085
Total assets	17,517	36,293	17,517	36,293	17,517	26,796
Equity/assets ratio, %	39	25	39	25	39	38
Debt/equity ratio, multiple	1.2	2.6	1.2	2.6	1.2	1.3
PER SHARE, SEK^{9 10}						
Avg. number of shares outstanding during period	66,929,530	88,455,865	74,606,836	88,638,465	81,674,698	88,643,435
Profit, total	1.64	0.96	10.87	-1.75	20.64	8.12
Cash flow (ongoing property management)	2.36	3.05	6.59	8.82	8.30	10.92
Number of shares outstanding at end of period	66,929,530	88,527,821	66,929,530	88,527,821	66,929,530	88,788,865
Equity at end of period	103.36	103.79	103.36	103.79	103.36	113.58
Number of registered shares at end of period	66,929,530	88,977,821	66,929,530	88,977,821	66,929,530	89,238,865

⁹ Key data per share are calculated based on the number of shares outstanding, i.e. the number of registered shares less the number of shares Fabège owns.

¹⁰ During the second quarter of 2004, Fabège AB issued a convertible debenture loan of SEK 30 M. The dilution effect from potential conversions has not been taken into account in the key ratio table, since it would only marginally impact the ratios.

ACCOUNTING PRINCIPLES

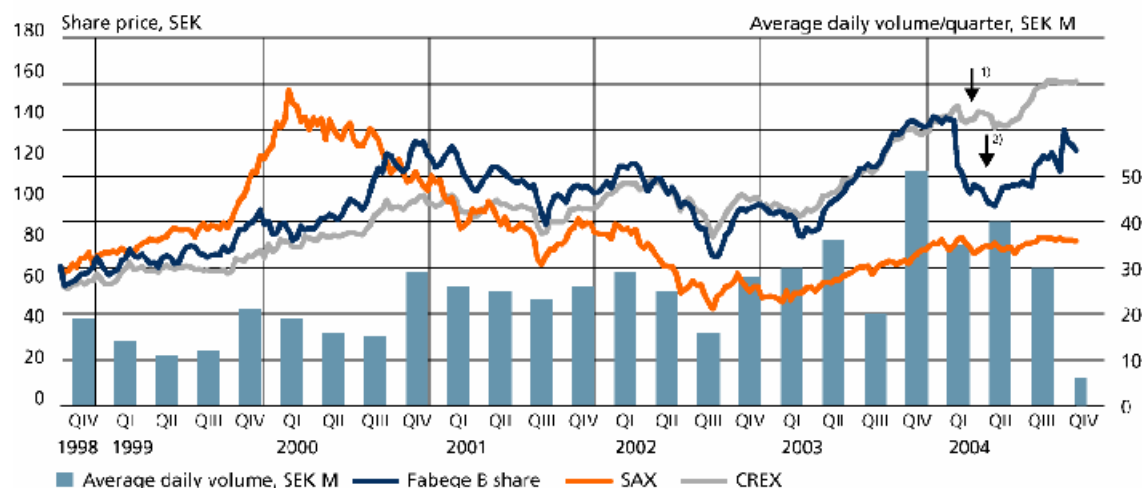
Fabege complies with the recommendations of the Swedish Financial Accounting Standards Council and the pronouncements of the Swedish Emerging Issues Task Force. The interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20, Interim reports.

DEFINITIONS

PROPERTY-RELATED	
Economic occupancy rate	Annual rent for leases that extend to the end of the period divided by the sum of annual rents, incl. vacant rent.
Like-for-like portfolio - profit	Properties included in the Fabege Group from the beginning of a period until the corresponding period a year later.
Annual rent	Basic annual leased-based rent after indexing and adjustments for rent discounts and surcharges.
Annual rent incl. vacant rent	The sum of annual rent and vacant rent.
Rentable space	Leased space generating rental revenues at the end of the period plus vacant space. Rentable space includes indoor garages.
Vacant rent	Estimated rent for vacant housing plus annual market rent for vacant commercial space after reasonable refurbishment.
Surplus ratio	Operating surplus as a percentage of rental revenues.
FINANCIAL	
Return on equity	Profit for the period as a percentage of average equity.
Central corporate and Group expenses	Expenses not directly attributable to property management, such as corporate management, group staff functions and maintenance of the company's stock exchange listing.
Cash flow	Profit before tax after the reversal of depreciation, the result from property sales and nonrecurring items less current tax on ongoing property management operations.
Nonrecurring items	All income and expenses not included in ongoing property management operations or in the result from property sales.
Profit - ongoing property management operations	Profit excluding result from property sales and nonrecurring items.
Interest coverage ratio – ongoing property management operations	Profit after net financial items after the reversal of interest expense, the result from property sales, depreciation and nonrecurring items divided by interest expense.
Debt/equity ratio	Interest-bearing liabilities divided by equity.
Equity/assets ratio	Equity plus minority interest as a percentage of total assets.
Earnings per share	Profit for the period divided by the average number of shares outstanding.
Annual cash flow	Sum of cash flow over the last four quarters.

The share

Share price and trading volume September 24, 1998–October 21, 2004



¹⁾ Share listed exclusive Bostads AB Drott, March 31, 2004. ²⁾ Share listed exclusive of redemption rights, April 23, 2004.

As it no longer fulfills the requirement in terms of ownership concentration, the Fabège share has been moved to the O-list's observation list as of November 11, 2004.

NUMBER OF SHARES	Outstanding I	Own holding II	Registered I+II
December 31, 2003	88,788,865	450,000	89,238,865
Conversion	+75,824	-	+75,824
March 31, 2004	88,864,689	450,000	89,314,689
Conversion (Q2)	+32,245	-	+32,245
Cancellation (Q2)	-	-450,000	-450,000
Redemption (Q2)	-21,967,404	-	-21,967,404
September 30, 2004	66,929,530	-	66,929,530

LARGEST SHAREHOLDERS

As of October 22, 2004 Wihlborgs Fastigheter AB owns 97 percent of the capital and 96.7 percent of the voting rights. As of the same date, Fabège had 4,358 shareholders directly registered in their own names.