

# Year-end report 2005

- ▶ Profit after tax increased to SEK 2,666m (1,384) and earnings per share after dilution to SEK 27.50 (19.02)
- ▶ Rental income grew to SEK 2,778m (2,169)
- ▶ Equity/assets ratio increased to 41 per cent (30)
- ▶ The Board proposes a dividend of SEK 7.50 per share (6.50)

## Fabege in summary

	Oct-Dec 2005	Oct-Dec 2004	Oct-Dec 2005	Oct-Dec 2004
Rental income, SEKm	556	874	2,778	2,169
Net operating income, SEKm	336	526	1,722	1,312
Profit after financial items, SEKm	1,034	253	2,761	970
Profit after tax, SEKm	1,410	777	2,666	1,384
Earnings per share after dilution, SEK	14.58	8.20	27.50	19.02
Equity/asset ratio, %	-	-	41	30
Occupancy rate, %	-	-	86	87

## CEO's comments

### Profit after tax up 93 per cent

In 2005, Fabege achieved its best result yet, as the profit after tax shot up by 93 per cent to SEK 2,666m. Earnings per share increased to SEK 27.50 and the equity/assets ratio also strengthened, to 41 per cent. Fabege is well prepared to face both an upward turn in interest rates and any new business opportunities that may arise.

2005 proved to be an eventful year for Fabege. It began with the integration of the former Fabege, acquired in 2004, which was followed in spring by a name change and a concentration to the Stockholm region, after the company's Öresund properties had been distributed. Turnover in the property portfolio was high, totalling SEK 17bn, of which SEK 14bn in sales. A number of large property transactions towards the end of the year led to a further concentration of our property portfolio to a number of prioritised sub-markets in the region. We sold properties in nearby suburbs of Stockholm such as Haninge, Huddinge, Sollentuna and Järfälla, while strengthening our portfolio in the inner city of Stockholm.

At the end of 2005, Fabege signed an agreement with Ratos and Lehman Brothers Real Estate Partners for the acquisition of 82.4 per cent of the shares in Fastighets AB Tornet at a price of SEK 146 per share, or SEK 3.1bn in total. The shares were transferred to Fabege on 1 February 2006. Tornet's other shareholders will be offered SEK 146 per share or a share swap. Upon conclusion of the transaction, Fabege intends to continue the ongoing concentration of the company's property portfolio in line with the company's strategic business plan. A full prospectus will be published on 10 March. (See also the 3 February 2006 press release relating to the Offer).

### Fabege's business and development

Fabege is one of Sweden's leading property companies in the area of commercial premises. The company concentrates on a number of fast-growing sub-markets in the Stockholm region. Fabege's properties in the inner city of Stockholm, Kista and Solna account for about 60 per cent of the group's rental value. Fabege manages and improves its existing properties while continuously developing its portfolio through sales and acquisitions. Realising value is an integral part of the business.

The company, which was called Wihlborgs Fastigheter until 2005, has undergone major changes in the last few years. From having been active in several regions with a relatively large share of residential premises in the property portfolio, the company has increasingly concentrated its holdings to the Stockholm region and focused on commercial premises. In 2004 the former Fabege was acquired

#### Profit and dividend per share, SEK<sup>1</sup>

	2005	2004	2003	2002	2001	2000
Profit	27.50	19.51	11.66	15.55	8.6	7.42
Dividend	7.50 <sup>2</sup>	6.50	6.00	4.50	4.00	3.50

<sup>1</sup>No dilution effect has been used in calculating earnings per share. The figures for 2000-2001 have been adjusted to take account of the share split in 2002

<sup>2</sup>According to the proposal of the board

### Performance in the fourth quarter

Net operating income was SEK 336m (526) and the profit after financial items SEK 1,034m. The profit includes unrealised changes in value on properties and fixed income derivatives of SEK 165m.

During the quarter, Fabege sold 39 properties for a total of SEK 7.3bn, resulting in a realised gain of SEK 675m. The largest transactions were the sale of eleven properties to Keops EjendomsHolding for SEK 2.9bn, the sale of 21 properties to GE Real Estate Norden for SEK 2.1bn and the sale of Stuten 12 (Kungstrappan) to Bank of Ireland Private Banking for SEK 1.2bn. Notable acquisitions include Kåkenhusen 38 on Norrlandsgatan for SEK 350m and Läsaren 5 on Norra Bantorget for SEK 225m. Both properties were acquired from AFA Sjukförsäkrings AB.

Fabege's occupancy rate at year-end was 86 per cent, a reduction by one percentage point on the third quarter. The reduction is wholly due to the sale of properties with higher-than-average occupancy rates. New lettings in the existing portfolio totalled 31,000 m<sup>2</sup> during the quarter, while terminations were SEK 14,000 m<sup>2</sup>.

## Revenues and earning<sup>1</sup>

The profit after financial items for the twelve-month period was SEK 2,761m (970) and earnings per share after tax were SEK 27.50 (19.02). The boost to profits was primarily due to significantly higher realised and unrealised changes in value on properties. Rental income was SEK 2,778m (2,169) and net operating income SEK 1,722m (1,312). Realised changes in the value of properties were SEK 844m (128), of which SEK 432m on the remaining property stock, while changes in the value of fixed income derivatives and equities were SEK 22m (-) and SEK 59m (-), respectively. Net interest income was negative, SEK -669m (-645).

## Tax

The tax cost (current and deferred tax) was SEK -95m (414). The low tax cost is primarily due to the reversal of deferred tax in connection with sales. Current tax is also reduced through depreciation and by using accumulated tax loss carry-forwards.

As at 31 December 2005, the difference between the book and tax residual value of the properties was approximately SEK 5.5bn. At the same time, the company had unused tax loss carry-forwards of approximately SEK 2.4bn.

## Cash flow and financial position

Shareholders' equity was SEK 10,727m (11,330) and the equity/assets ratio 41 per cent (30). The equity/assets

<sup>1</sup> The benchmark figures for profit and loss items refer to values for the period Jan-Dec 2004 and for balance sheet items to 31 Dec 2004. The acquisition of the former Fabege in 2004, the distribution of Wihlborgs Syd and the large net sale of properties have had a considerable impact on the company's revenues, earnings and balance-sheet total.

### Profit excluding Wihlborgs Syd

Wihlborgs Syd AB, the subsidiary distributed in the second quarter, is included in the profit and loss account up to the reconciliation date, 12 May 2005. The following profit and loss account for January-December 2005 has been drawn up as though the distribution of Wihlborgs Syd AB had taken place at 1 Jan 2005.

Profit Jan-Dec, SEKm	Group, total	Less Wihlborgs Syd	Fabège excl Wihlborgs Syd
Rental income	2,778	262	2,516
Property expenses	-1,056	-94	-962
Net operating income	1,722	168	1,554
Depreciation, equipment	-8	-	-8
Gross profit	1,714	168	1,546
Central administration	-68	-9	-59
Realised value changes properties	859	2	857
Unrealised value changes properties	844	91	753
Operating profit	3,349	252	3,097
Net interest income	-669	-57	-612
Change in value, fixed income derivatives	22	-3	25
Change in value, equities	59	-	59
Profit after financial items	2,761	192	2,569
Current tax	-85	-11	-74
Deferred tax	-10	-38	28
Profit for the year	2,666	143	2,523

### Structure of interest maturities as at 2005.12.31

	Loan sum, SEKm	Av. int. rate, %	Proportion, %
< 1 year	4,511	2.86	37
1-2 year	3,396	3.90	27
2-3 year	2,600	3.91	21
3-4 year	705	4.00	6
4-5 year	500	6.08	4
> 5 year	590	4.76	5
Totalt	12,302	3.65	100
Deficit on derivatives	201		
Total incl derivatives	12,503		

### Structure of loan maturities as at 2005.12.31

	Credit agreements, SEKm	Utilised, SEKm
< 1 year	3,600	2,418
1-2 year	46	46
2-3 year	0	0
3-4 year	2,255	2,156
4-5 year	7,055	2,526
> 5 year	5,540	5,156
Totalt	18,496	12,302
Deficit on derivatives		201
Total incl derivatives		12,503

ratio improved as a result of the considerable property sales during the year. Return on equity was 24 per cent (17).

The profit increased liquidity by SEK 1,746m (694). After an increase in operating capital of SEK 3,393m, which was largely attributable to property sales at the end of the reporting period where no vacating/final settlement has taken place, operating activities resulted in a change in liquidity of SEK -1,647m (-63). Property sales exceeded investments and acquisitions by SEK 8,631m (-3,102). The overall increase in liquidity from operations was thus SEK 6,984m (-3,165). The paid cash dividend was SEK 624m (365) and group liquid assets were SEK

71m (298) after repayments of debts.

Interest-bearing liabilities (excluding a deficit from fixed income derivatives of SEK 201m) were SEK 12,302 (23,703) at the end of the period with an average interest rate of 3.65 per cent (3.91) excluding loan commitments and 3.75 per cent including costs relating to loan commitments. Out of total liabilities SEK 55m refers to a convertible bond loan and SEK 2,395m to outstanding certificates. The total loan volume as at 31 December includes loans for works in progress of SEK 296m, on which interest of SEK 10m has been capitalised. The average fixed-rate term for the loans, including the effects of utilised derivative instruments, was 19 months (15) on 31 December. Out of the total volume of loans with short-term interest rates, SEK 11,251m, loans of SEK 8,740m were extended through interest rate swaps with maturities ranging from three months to seven years. The average capital tie-up period was 6.9 years (4.5).

## Marketdevelopment

Fabège is active on several sub-markets in and around Stockholm, of which Stockholm's inner city, Kista and Solna are the three most important.

Rental levels stabilised on most sub-markets in 2005. Generally speaking, demand is good for modern premises with efficient use of space and a high technical standard. As there is a growing supply of this type of property, pricing pressures on premises with older standards in less attractive locations are considerable.

In Stockholm City activity is high and demand for premises of 100-1,000 m<sup>2</sup> is good, while there is tough competition for tenants looking for larger premises. In the rest of the inner city the market is stable and demand is good, not least from companies outside the inner city that are looking for a more central location.

The market in Kista is still feeling the effects of rationalisation measures at Ericsson and other major players, but interest from companies from outside Kista has increased. Rents have stabilised and the occupancy rate is edging up. To develop and market Kista as an attractive office location, Fabège has formed a special project group that began its work in the fourth quarter.

There is growing demand for premises in Solna, but the vacancy rate is still relatively high. In Solna, and on the market generally, the products offered in today's market situation need to be modern and efficient

## Property holdings and management

Fabège's property holdings comprise commercial and residential premises with a total rental value of SEK 2.2bn, a lettable floor area of 1.7m m<sup>2</sup> and a book value, including project properties, of SEK 21.3bn. As at 31 December, commercial premises accounted for 96 per cent of the rental value and residential premises for 4 per cent. The

Property stock as at 2005.12.31					
	Number prop- erties	Floor, sp., 000 sq.m	Book value <sup>1</sup> , SEKbn	Rental value, SEKm	Econ. occu- pancy rate, %
Stockholm inner city	38	303	8.2	651	88
Kista	21	294	3.4	358	84
Solna	19	233	3.1	350	83
Other northern Stockholm	82	375	3.0	370	88
Other southern Stockholm	55	498	3.5	442	86
Outside Stockholm	4	10	0.1	11	90
<b>Total</b>	<b>219</b>	<b>1,713</b>	<b>21,3</b>	<b>2,182</b>	<b>86</b>

<sup>1</sup> Book value/market value includes projects and land at SEK 2.6bn

#### Rental value by geographical area, %

Stockholm inner city, 651 MSEK (30%)

Outside Stockholm, 11 MSEK (1%)

Other Southern Stockholm, 442 MSEK (20%)

Other Northern Stockholm, 370 MSEK (17%)

Solna, 350 MSEK (16%)

Kista, 358 MSEK (16%)

#### Book value by geographical area, %

Stockholm inner city, 8 207 MSEK (39%)

Outside Stockholm, 120 MSEK (1%)

Other Southern Stockholm, 3 483 MSEK (16%)

Other Northern Stockholm, 2 950 MSEK (14%)

Solna, 3 126 MSEK (15%)

Kista, 3 390 MSEK (16%)

#### Property acquisitions

Property	Area	Category	Fl. sp. sq.m
Quarter 1			
Vanda 1	Kista	Offices	26,000
Quarter 2			
Polacken 25	Norrmalm	Offices	2,470
Sparven 18	Norrmalm	Hotel/Offices	8,760
Rovan 1	Huvudsta	Hotell	17,000
Gräddö 2 & 4	Farsta	Offices	14,426
Hangaren 1	Skarpnäck	Offices/Wareh	10,810
Fenix 1	Norrmalm	Offices	3,648
Signalen 1	Södermalm	Offices	3,318
Ynglingen 10	Östermalm	Offices	11,052
Stigbygelin 5	Solna	Offices	7,184
Stigbygelin 6	Solna	Offices	10,252
Tygeln 3	Solna	Offices	2,713
Quarter 4			
Kåkenhusen	Norrmalm	Offices	7,600
Skogskarlen 1 & 2	Solna	Offices	9,068
Holar 1	Kista	Offices	5,616
Paradiset 23	Stadshagen	Offices/Wareh	11,682
Läraren 5	Norrmalm	Offices/Resi- dentials	11,125
Lidarände 1	Kista	Offices/Wareh	13,900

Total property acquisitions  
January-December 2005

176,624

Property sales			
Property	Area	Category	Fl. sp. sq.m
Quarter 1			
Fatburssjön 5, ML65-ML67, (50%)	Södermalm	Offices	23,750
Drabanten 2	Kungsholmen	Offices	3,482
Trålarén 1	Södertälje	Ind./wareh.	3,887
Quarter 2			
Härden 15 & 18	Vasastan	Offices	21,715
Gengasen 4	Örby/Älvsjö	Resid./Offices	9,744
Lejonet 6	Södertälje	Offices	10,977
Konvojen 2 (avstyckning fr Hammarby Gård 7)	Hammarby- hamnen	Land	
Pennfåktaren 11	Norrmalm	Offices	11,400
Antwerpen 2 (50%)	Värtahamnen	Land	
Neapel 3 (50%)	Värtahamnen	Hotel/Offices	26,412
Pireus 1 (50%)	Värtahamnen	Ind./wareh.	2,652
Reval 1 (50%)	Värtahamnen	Ind./wareh.	2,075
Riga 2 (50%)	Värtahamnen	Garage	1,988
Rotterdam 1 (50%)	Värtahamnen	Ind./wareh.	15,015
Färöarna 1	Kista	Offices	58,318
Reykjavik 1	Kista	Offices	31,817
Lilla Katrineberg 4	Marievik	Offices	2,296
Marievik 22	Marievik	Offices	4,800
Marievik 23	Marievik	Offices	16,992
Marievik 25	Marievik	Offices	10,712
Marievik 26	Marievik	Offices	23,895
Marievik 27	Marievik	Offices	11,500
Marievik 29	Marievik	Garage	
Marievik 30	Marievik	Garage/ wareh.	22
Fatburssjön 8, ML63, (50%)	Södermalm	Offices	8,000
Quarter 3			
Tallbacken 7-15 m fl (23 fastigheter)	Sollentuna	Land	600
Falan 21	Falun	Offices/Stores	12,124
Kallhäll 9:18	Järfälla	Stores	3,418
Ballerinan 1	Fruängen	Stores	1,997
Dansösen 1	Fruängen	Resid./Offices	1,863
Direktrisen 1 (del av)	Fruängen	Stores	3,546
Förkunnelsen 3	Fruängen	Offices/Stores	4,264
Guvernanten 1	Fruängen	Stores	2,125
Servitrisen 1	Fruängen	Offices/Stores	826
Åkermytan 9	Hässelby	Stores	8,382
Bygeln 3	Rågsved	Stores	4,800
Kvartal 4			
Jordbromalm 6:11	Haninge	Ind./wareh.	4,252
Söderbymalm 3:462	Haninge	Offices	52,698
Söderbymalm 3:481	Haninge	Offices	14,878
Söderbymalm 3:482	Haninge	Offices	10,703
Medicinaren 19	Huddinge	Other/Offices	38,685
Tröskan 9	Sollentuna	Offices	1,784
Ålänningen 7	Bromma	Offices	3,352
Sicklaön 358:1	Nacka	Offices	16,630
Görväln 1	Årsta	Offices	3,606
Smälleklingan 3	Rågsved	Ind/lager	2,092
Postiljonen 17	Södermalm	Offices/other	6,384
Stuten 12	Norrmalm	Offices/Stores	14,640
Skjutgossen 12	Södermalm	Offices/Stores	31,983
Fyrkanten 11	City	Offices/Stores	6,685
Veddesta 2:37	Veddesta	Ind/lager	2,895
Veddesta 2:65	Veddesta	Ind/lager	15,540
Veddesta 2:69	Veddesta	Offices/Stores	1,797
Veddesta 2:73	Veddesta	Offices/Ind/ warh.	6,776
Gärdsmygen 4	Sollentuna	Offices/Stores	2,367
Elektriken 2	Sollentuna	Offices/Ind/ warh.	2,492
Päronet 1	Sundbyberg	Ind/warh.	4,219
Mandelblomman 3	Lunda	Ind/warh.	1,813
Furudal 2	Lunda	Ind/warh.	1,840
Blästern 14	Vasastaden	Offices/Ind/ warh.	15,558
Härden 14	Vasastaden	Offices/Ind/ warh.	8,756
Lustgården 11	Stadshagen	Offices/Ind/ warh.	9,633

continue. Property sales			
Property	Area	Category	Fl. sp. sq.m
Quarter 4			
Lustgården 12	Stadshagen	Office/Store/ Ind./wareh.	19,127
Tegeludden 8	Gärdet	Office/Store/ Ind./wareh.	12,247
Tegeludden 16	Gärdet	Offices	7,590
Torsnäs 1	Kista	Offices	14,500
Holar 1	Kista	Offices	5,616
Gelbgjutaren 4	Hagalund	Office/Ind./ wareh.	2,189
Mjölner 4	Hagalund	Office/Ind./ wareh.	4,428
Ugnen 3	Hagalund	Office/Store/ Ind./wareh.	1,974
Ugnen 7	Hagalund	Office/Store/ Ind./wareh.	4,983
Runö 7:14	Åkersberga	Land	0
Högsätra 11	Sätra	Office/wareh.	1,305
Hammarby Gärd 8, del av	Hammarby- hamnen	Land	0
Total property sales January-December 2005 (excl Wahlborgs Syd)			701,411

occupancy rate was 86 per cent, which is one percentage point less than the preceding quarter following the sale of properties with a high occupancy rate.

#### Acquisitions and sales

Property transactions worth SEK 17bn were concluded during the year. 98 properties were sold for a total of SEK 13.8bn, resulting in a realised gain of SEK 859m (128). 18 properties were acquired for a total SEK 2.9bn.

#### Projects and investments

SEK 830m (1,022), of which SEK 766m in Stockholm, was invested in existing properties and projects. The money was invested in land, new buildings and the extension and redevelopment of existing buildings. The largest investments refer to Färöarna 1 in Kista, Stuten 12 and Elefanten Mindre 1 on Norrmalm, and Stigbygel 2 in Solna.

#### Changes in value

Fabège's property portfolio was externally valued as at 31 December 2005. The estimated market value was SEK 21.3bn. As in previous years, the market value was reduced by a transaction cost of three per cent, equivalent to the stamp duty. Unrealised changes in value on properties excluding Wahlborgs Syd AB totalled SEK 753m, primarily as a result of a reduction in the estima-

ted required rate of return on the market. The average weighted yield requirement used in the valuation as at 31 December was 6.7 per cent (7.2).

#### Net asset value per share

As at 31 December, Fabège's equity per share, after full tax (28%) and based on the market value of fixed income derivatives, was SEK 111. Net asset value per share (NAVPS), excluding valuations of fixed income derivatives and deferred tax on goodwill - properties, was SEK 128.

#### Share buyback

As at 31 December, Fabège held 5,700 (-) shares in the company, or 0.01 per cent of the total number of registered shares. The shares were bought at an average price of SEK 130.82 per share.

#### Acquisition of 82.4 per cent of the shares of Fastighets AB Tornet

On 23 December, Fabège concluded an agreement with Ratos and Lehman Brothers Real Estate Partners for the acquisition of all shares in LRT Acquisition AB, which holds 21,307,711 shares, or 82.4 per cent of all outstanding shares, in Fastighets AB Tornet. The transaction price is SEK 146 per share, or SEK 3.1 billion in total. The shares were transferred to Fabège on 1 February 2006, and Fastighets AB Tornet is included in Fabège's consolidated accounts from this time. See also the 3 February 2006 press release for information about the offer made to Tornet's remaining shareholders.

#### Staff

At the end of the year, the Fabège group had 142 (148) employees.

#### Parent company

The parent company made a net profit of SEK 2,781m (693) in 2005. Sales were SEK 124m (63), and net investments in property, equipment and shares were SEK 1m (5,211). On 31 December the company had liquid assets of SEK 59m (226). The parent company applies RR32 "Accounting for legal entities".

Project portfolio as at 2005.12.31								
Property name	Property type	Area	Completed	Lettable space, sq.m	Occupancy rate, %	Book value 31.12.2005	Additional building invest- ment, SEKm	Rental value <sup>1)</sup> fully let, SEKm
Glädjen 12	Office	Stadshagen	Q4 2006	11,800	100	130	100	20
Elefanten Mindre 1	Office	Norrmalm	Q2 2006	5,800	42	230	7	16
Other project and land						1,335		
Total						1,695		

<sup>1)</sup> Annual rent for the largest projects in progress can increase to SEK 36m (fully let) from SEK 3m in current annual rent as at 31.12.2005. Of the rental value of SEK 36m, SEK 27m (75%) is leased.

## Proposal to AGM

The Board will propose that the Annual General Meeting decide:

- on a dividend of SEK 7.50 (6.50) per share
- on the issue of new shares up to the number required to pay for the Tornet shares not yet owned by Fabege
- whether to authorise 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
- whether to authorise the Board to offer Fabege's shareholders to buy or sell shares free of commission to the nearest round lot

## Other

### Sale of Fabege's holding in Connecta

On 8 November 2005, Fabege sold its entire holding of 2,434,997 shares in Connecta AB, representing 23.4 per cent of Connecta's capital and votes. The net effect of the Connecta sale in respect of 2005 was SEK 59m.

11,646 shareholders participated in the offer of commission-free trading

The 2005 AGM decided to offer shareholders with holdings that are not evenly divisible by 100 (one round lot) to either complement their holding by buying shares or to sell shares, free of commission, to the nearest round lot. The offer was implemented on 7-18 November 2005. 11,646 shareholders choose to avail themselves of the offer. Overall, the offer resulted in a net purchase of 180,877 shares. The price per share was SEK 140.70.

## Events after the end of the period

### Fabege develops new fashion district in Järla Sjö

In early 2006, Fabege presented a venture aimed at creating a new fashion district in Järla Sjö, where Stockholm Modecenter will develop and modernise its concept. The ambition is to create one of northern Europe's most attractive fashion districts. Initially, the new centre in Järla Sjö will be home to about 300 fashion companies, and efforts are already under way to attract new and exciting brands. Stockholm Modecenter is owned by Fabege, which also owns the property. Stockholm Modecenter is run as an independent company within Fabege. Its business concept is to be a business centre for tomorrow's fashion industry, with a focus on commerce and inspiration.

On 13 January 2006, Fabege acquired Klamparen 10 for SEK 0.7m, thus completing the transaction between Fabege and GE Real Estate initiated on 22 December 2005, when Fabege sold 21 properties.

## Prospects for 2006

Thanks to its strong performance in 2005, Fabege is well prepared to meet the challenges and opportunities of 2006. The company has rapidly concentrated its property portfolio to a number of prioritised markets and efficient units in the Stockholm region, and this restructuring work will continue in 2006. We believe the property market will remain strong, with a significant transaction volume. For Fabege overall the prospects of a continued positive development in 2006 are good.

Stockholm, 3 February 2006

Fabege AB (publ)

The Board of Directors

This year end financial statement has not been examined by the company's auditors.

Questions concerning the report, will be answered by:

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Income statements, SEKm				
	Oct-Dec 2005 3 months	Oct-Dec 2004 3 months	Jan-Dec 2005 12 months	Jan-Dec 2004 12 months
Rental income	556	874	2,778	2,169
Property expenses	-220	-348	-1,056	-857
Net operating income	336	526	1,722	1,312
Depreciation, equipment	-2	-10	-8	-13
Gross profit	334	516	1,714	1,299
Central administration and marketing	-14	-51	-68	-89
Realised changes in value of properties	675	21	859	128
Unrealised changes in value of properties	62	6	844	23
Operating profit	1,057	492	3,349	1,361
Result from participations in associated companies	-	-	-	254
Net interest income	-128	-239	-669	-645
Realised changes in value of interest-rate derivatives	103	-	22	-
Realised changes in value of shares	2	-	59	-
Profit after financial items	1,034	253	2,761	970
Current tax	-37	-2	-85	-8
Deferred tax	413	526	-10	422
Profit for period/year	1,410	777	2,666	1,384
Parent companys' shareholders' participation of profit for period	1,410	709	2,656	1,316
Earnings per share before dilution effect, SEK	14.67	8.59	27.73	19.30
Earnings per share after dilution effect, SEK	14.58	8.20	27.50	19.02
Number of shares at end of period before dilution effect, million	96.1	93.5	96.1	93.5
Number of shares at end of period after dilution effect, million	96.8	96.6	96.8	96.6
Average number of shares before dilution effect, million	96.1	90.5	95.8	68.2
Average number of shares after dilution effect, million	96.8	95.4	96.7	69.4

Balance sheets, SEKm			
	2005.12.31	2005.09.30	2004.12.31
Assets			
Properties	21,296	26,065	36,379
Other tangible fixed assets	11	13	32
Financial fixed assets	330	259	830
Current assets	4,185	1,126	864
Cash and cash equivalents	71	40	298
Total assets	25,893	27,503	38,403
Equity and liabilities			
Equity	10,727	9,317	11,330
Provisions	1,356	1,477	1,946
Interest-bearing liabilities	12,503	15,552	23,703
Non-interest-bearing liabil.	1,307	1,157	1,424
Total equity and liabilities	25,893	27,503	38,403

Change in equity, SEKm			
	Equity	Of which attrib- utable to par- ent company shareholders	Of which attributable to minority interest
Equity acc. to IFRS balance sheet at 01.01.2004	6 411	6 411	-
Cash dividend	-365	-365	-
Exchange-rate differences	-7	-7	-
New share issue, acquisition of Fabegre	3 360	3 360	-
New share issue, conversion of debt instruments	324	324	-
Effect of reclassification of associated companies	67	67	-
Rebooking of minority interest excl. net profit for the year	156	-	156
Net profit for the year	1 384	1 316	68
Equity at 31.12.2004	11 330	11 106	224
Effect of change in accounting policies, financial instruments (IAS39)	-178	-178	-
Exchange-rate differences	4	4	-
New share issue, conversion of debt instruments	297	297	-
Distribution of shares in Wihlborgs Syd AB	-2 533	-2 533	-
Cash dividend	-624	-624	-
Share buyback	-1	-1	-
Change in minority interest through acquisition of shares	-18	-	-18
Change in minority interest through pre-emption shares	-216	-	-216
Net profit for the period	2 666	2 656	10
Equity at 31.12.2005	10 727	10 727	-

Cash flow analysis, SEKm		
	Jan-Dec 2005	Jan-Dec 2004
Operating profit excl. depreciation and unrealised changes in value	2,513	1,354
Net financial expenses paid	-703	-621
Income tax paid	-64	-39
Change in other operating capital	-3,393	-757
Cash flow from operating activities	-1,647	-63
Acquisition of shares in subsidiaries	-18	-913
Investments and acquisition of properties	-3,741	-4,909
Book value of sold properties	12,373	2,600
Other investments (net)	17	120
Cash flow from investing activities	8,631	-3,102
Dividend paid to shareholders	-624	-365
Buy back of shares	-1	-
Change in interest-bearing liabilities	-6,489	2,689
Cash flow from financing - activities	-7,114	2,324
Change in liquid assets	-130	-841
Liquid assets in distributed companies	-97	-
Liquid assets at start of period	298	1,139
Liquid assets at end of period	71	298

Key figures <sup>1)</sup>		
	2005	2004
<b>Financial</b>		
Return on capital employed, %	12.7	7.1
Return on equity, %	24.2	17.4
Interest coverage ratio, multiple	3.7	2.4
Equity/assets ratio, %	41	30
Loan-to-value ratio, properties, %	59	65
Debt/equity ratio, multiple	1.2	2.1
<b>Share-related</b>		
Profit for period per share, SEK	27.50	19.02
Equity per share, SEK	111	119
Cash flow per share, SEK	18.83	3.64
Dividend per share, SEK	-	6.50
Number of shares at end of period before dilution effect, thousands	96,150	93,474
Number of shares at end of period after dilution effect, thousands	96,753	96,630
Average number of shares before dilution effect, thousands	95,774	68,196
Average number of shares after dilution effect, thousands	96,709	69,443
<b>Property-related</b>		
Number of properties	219	492
Book value of properties, SEKm	21,296	36,379
Lettable space, sq.m	1,713,000	3,194,000
Economic occupancy rate, %	86	87
Surplus ratio, %	62	60

<sup>1)</sup> In calculating key ratios per share, account has been taken of dilution effects of potential ordinary shares. As at 31.12.2005 there is a convertible debenture loan with a book value of SEK 55m (nominal SEK 52m). The loan runs with an interest rate of 5.25% and matures on 01.10.2009. Conversion can take place up to 01.09.2009. Conversion rate: SEK 85.70. On full conversion 603,512 shares will be added

## Accounting policies - change-over to IFRS

With effect from 1 January 2005, Fabège draws up its consolidated accounts in accordance with EU-approved IFRS (International Financial Reporting Standards), which also contain applicable IAS (International Accounting Standards). This report is drawn up in accordance with IAS 34, Interim Financial Reporting and The Swedish Annual Accounts Act. Until the end of

2004, Fabège presented its Group financial reports in accordance with the recommendations of the Swedish Financial Accounting Standards Council. For Fabège, the change-over to IFRS has a material effect on the reporting of investment property (IAS 40) and financial instruments (IAS 39).

Investment property is reported in accordance with IAS 40 at fair value on the balance sheet and with unrealised changes in value in the income statement. This means that depreciation and write-downs on properties disappear and that profits from sales of properties are replaced by realised changes in value.

Fabège uses interest-rate derivatives to achieve the desired interest maturity structure in relation to interest-bearing liabilities. Interest-rate derivatives are a financial instrument which in accordance with IAS 39 are valued at fair value on the balance sheet. Changes in value on interest-rate derivatives are reported as unrealised changes in value in the income statement.

The change-over to IFRS has taken place in accordance with transitional rules in IFRS 1, which means that an opening balance has been drawn up as at 01.01.2004 and that 2004 has been converted in accordance with the new rules. However, the standard for financial instruments (IAS 39) is applied, in accordance with the transitional rules, with effect from 2005 without conversion of 2004. The effects reported are preliminary and based on standards currently valid, which may be amended up to 31 December 2005. In other respects the accounting principles and methods of calculations used in this report are the same as in the 2004 Annual Report

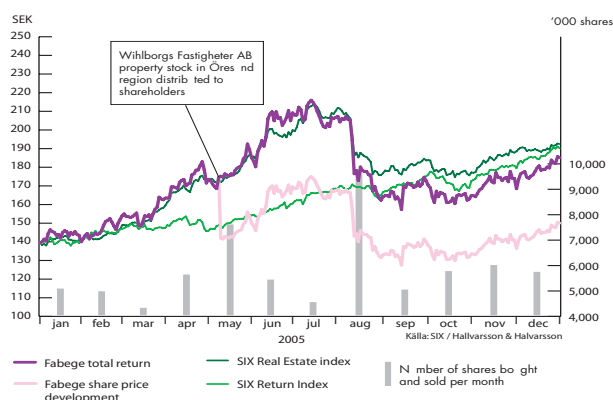
Harmonisation of previous accounting policies and IFRS		
Net profit for the year/period, SEKm	Oct-Dec 2004	Jan-Dec 2004
Net profit for year/period acc. to previous accounting policies	684	1,352
Reversal of depreciation of properties	80	192
Reversal of gain from sales of properties	-63	-384
Acquired properties, realised changes in value	21	128
Acquired properties, unrealised changes in value	6	23
Deferred tax, 28%	-12	12
Change in reporting of minority interest	61	61
Net profit for year/period according to IFRS	777	1,384
<b>Equity, SEKm</b>		
	2004.12.31	2004.01.01
Equity according to previous accounting policies	11,120	6,389
Revaluation of investment properties	-10	31
Deferred tax on revaluation, 28 %	3	-9
Changed reporting of minority interest <sup>1)</sup>	217	-
Equity according to IFRS	11,330	6,411

<sup>1)</sup> Minority interest according to IFRS 3 is to be reported as part of equity.

## The Fabege Share

Fabège's aim is to give its shareholders the best overall return among the property companies listed on the Stockholm Stock Exchange. In 2000-2005, Fabège's overall return, including reinvested dividends and the distributed Wihlborgs Syd, was 431 per cent

### Share during 2005



## Financial reporting 2006

The 2005 Annual Report is scheduled to be available from Fabège's head office and on the company's website as of 10 March 2006. The report will be distributed to shareholders and others who have expressed an interest in receiving financial information from the company in mid-March.

Interim report 4 May  
Interim report 15 August  
Interim report 1 November

## Definitions

### Return on equity

Profit in relation to average equity

### Return on capital employed

Profit before tax plus interest expenses in relation to average capital employed.

### Loan-to-value ratio, properties

Interest-bearing liabilities as a percentage of the book value of properties.

### Yield

Net operating income as a percentage of the book value of the properties at the end of the period.

### Equity per share

The parent company's shareholders' participation in equity according to the balance sheet in relation to the number of shares at the end of the period.

### Economic occupancy rate

Rental income as a percentage of rental value.

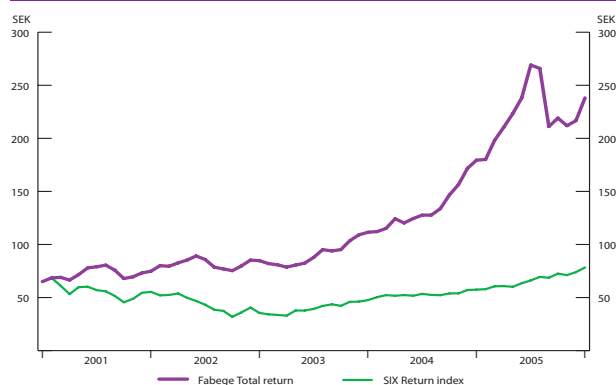
### Book value of properties

Book value of buildings, land, construction in progress and building fittings and fixtures.

### Shareholders as at 31.12.2005

	Number of shares	Proportion of capital and votes, %
Brinova	9,667,415	10.1
Öresund	8,268,600	8.6
AMF Pension	5,030,000	5.2
Robur Fonder	3,437,087	3.6
SHB/SPP Fonder	2,637,206	2.7
SEB Fonder	2,318,920	2.4
Sundqvist Maths O with family	2,154,022	2.2
HQ Fonder	2,143,693	2.2
Första AP-fonden	1,209,950	1.3
Mats Qviberg with family	1,136,893	1.3
Foreign shareholders	28,644,510	29.8
Others	29,507,275	30.6
Total outstanding shares	96,155,571	100.0

### Total return 2000-2005



## Annual General Meeting 2006

The AGM of Fabège AB (publ) is held April 4, 2006 at 16.00 in Stockholm.

At Fabège's website investors and others can download and subscribe to press releases and interim reports.

### Cash flow per share

Profit before tax plus depreciation, plus/less unrealised changes in value and less current tax in relation to average number of shares.

### Earnings per share

The parent company's shareholders' share of the profit after tax in relation to the average number of outstanding shares in the period.

### Interest coverage ratio

Profit after financial income and expense plus financial costs and plus/minus unrealised changes in value in relation to financial expenses.

### Debt/equity ratio

Interest-bearing liabilities divided by equity.

### Equity/assets ratio

Equity (including minority interest) in relation to balance-sheet total.

### Capital employed

Balance-sheet total less non-interest-bearing liabilities and provisions.

### Surplus ratio

Net operating income as a percentage of rental income.

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