



Faberge AB (publ)

PRESS RELEASE
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Faberge to appeal tax decision

In a recent decision the Swedish Tax Agency has announced a rise in the tax assessment of companies in the Faberge group by SEK 1,797m in respect of the year 2003. The decision results in a tax claim of SEK 503m and a tax supplement of SEK 99m, i.e. a total tax claim including the supplement of SEK 602m excluding interest.

The Tax Agency's decision relates to property sales made via limited partnerships in 2003 in what was then the Drott Group. Faberge strongly contests the tax claims made by the Swedish Tax Agency and intends to appeal the decisions. It is the company's firm opinion that the sales were reported and declared in accordance with the applicable rules, and no provisions will therefore be made in Faberge's balance sheet.

Faberge's assessment is shared by external legal experts and tax advisors that have analysed the sales as well as the Tax Agency's reasoning. The partners of the limited partnerships reported and declared their share of the proceeds in full accordance with the applicable tax rules. The sales resulted in a low income tax, but it should be pointed out that in the Tax Agency's own opinion it is perfectly permissible and accepted to sell commercial properties tax-free in package form, i.e. the small amount of tax resulting from the sales was neither unexpected nor controversial.

"The way in which the properties were sold was chosen exclusively for business reasons, and not to reduce the amount of tax payable. The most immediate alternative option – selling the properties through limited liability companies – would not have resulted in a higher tax charge for any Group company", Erik Paulsson, Faberge's CEO, says.

The type of property sale via a trading/limited partnership that the Swedish Tax Agency has made a tax decision on in the present case has been used on numerous occasions in the industry. For companies in the Faberge Group the Tax Agency's decision relates to the single largest transaction and, to the company's best knowledge, a significant share of the total potential amount. Information about any further decisions made by the Tax Agency with corresponding reasoning behind the decisions will be presented in Faberge's interim reports. Any changes in current assessments and any court rulings will be announced in press releases.

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For further information, please contact:

Erik Paulsson, CEO, phone +46 (0)8-555 148 18, +46 (0)733-87 18 18

Olle Knaust, CFO, phone +46 (0)8-555 148 10, +46 (0)733-87 18 10

Mats Berg, Director of Communications and Investor Relations, phone +46 (0)8-555 148 20, +46 (0)733-87 18 20

Faberge AB (publ) is one of Sweden's leading property companies. The book value of the company's property portfolio is approx. SEK 26 billion. The portfolio, which is concentrated to the Stockholm region, has a lettable area of approx. 1.6 million square metres. Faberge's shares are listed on the Stockholm Stock Exchange, Large cap segment.

