

Interim report January – September 2003

Nine months

- Rental revenues SEK 2.7 billion (2.7)
- Property sales gains SEK 0.3 billion (0.2)
- Write-downs, etc. SEK -1.1 billion (-)
- Loss after tax SEK -0.2 billion (0.6)
- Loss per share SEK -1.75 (6.53)

Unchanged full-year forecast (ongoing property management operations)

Strategic work progressing according to plan

- Property sales of SEK 8.5 billion (through October 29, 2003)
- Savings and efficiency program
- New organization, Bostadsaktiebolaget Drott independent subsidiary

Results, SEK million

	3 months July-September			9 months January-September		
	2003	2002	△	2003	2002	△
GROUP						
Ongoing property management operations ("Operations")	199	201	-1.0%	544	547	-0.5%
Gain on property sales	245	-		291	175	
Nonrecurring items	-355	-		-1,057	-	
Profit/loss before tax	89	201		-222	722	
Current tax	-131	-5		-133	-38	
Deferred tax	+127	-33		200	-89	
Profit/loss after tax	85	163		-155	595	
Earnings/loss per share, SEK	0.96	1.81		-1.75	6.53	
OPERATIONS	2003	2002	△	2003	2002	△
Cash flow per share, SEK	3.05	3.10	-1.6%	8.82	8.64	+2.1%

Shareholders at the Annual General Meeting in 2004 will vote on the Board of Directors' proposal to distribute **Bostadsaktiebolaget Drott**, a streamlined residential real estate company active in around ten Swedish growth regions. As proposed, today's Drott would at the same time change its name to **Fabege AB**, an active, streamlined commercial real estate company focused on Stockholm.

COMMENT

Market

The office rental market in the Stockholm region remains weak. Hidden vacancies are gradually becoming evident in connection with lease renegotiations. In the inner city, demand and rent levels have stabilized, while the market in outlying areas is weak. Outside the Stockholm area, the office rental market is stable.

New construction of offices is limited, and no increase is expected for the foreseeable future. Among Europe's major cities, Stockholm has the lowest volume of new projects in 2003 and 2004 (Jones Lang LaSalle).

The investment market is strong. A number of major acquisitions have recently been finalized. International interest in offices and other commercial properties, particularly in Stockholm, remains significant.

Interest among tenant-owner associations in purchasing their buildings continues to rise in Gothenburg and Malmö and remains strong in Stockholm.

New direction and strategy for Drott Group

In June, the Board of Directors adopted a new direction and strategy for the Drott Group, including a demerger into two separate companies:

- **Bostadsaktiebolaget Drott** – an active, streamlined residential real estate company in growth regions
- **Fabege** – an active, streamlined commercial real estate company focused on Stockholm

The plan is to propose to the Annual General Meeting in 2004 to distribute to shareholders all the shares in Bostadsaktiebolaget Drott. In connection with the changes, it is also proposed that today's Drott changes its name to Fabege.

The new strategy will necessitate the sale of certain residential and office properties in Stockholm as well as commercial properties outside the capital. Drott will return the funds it frees to shareholders through a one-time distribution, redemption and/or repurchase.

Property sales

During the third quarter, the following most important property sales were completed:

- 31 commercial properties – including 10 leaseholds – in the Stockholm area for the equivalent of SEK 5.0 billion. Rentable space: 280,000 sq. m. (of which 112,000 sq. m. in Globen area, 56,000 sq. m. in Stockholm inner city, and 112,000 sq. m. in rest of the Stockholm region). Buyer: Whitehall, a real estate investment fund managed by Goldman Sachs. Financial handover date: July 1, 2003, with official closing this autumn.
- 2 commercial properties for SEK 1.5 billion - Hammaren 15 (leasehold) in Stockholm inner city and Marievik 28 in Marievik, south of the city. Rentable space: 46,000 sq. m. Buyer: Grundbesitz Global, a German real estate investment fund managed by Deutsche Bank. Closing: October 1, 2003.
- 5 residential properties for SEK 200 M. Buyers: tenant-owner associations.

Following the conclusion of the third quarter (through October 29, 2003):

- 27 commercial properties in Gothenburg for SEK 1.4 billion. Rentable space: 118,000 sq. m. Buyer: Lennart Wallenstam Byggnads AB (publ). Closing: December 30, 2003. Following the sale, Drott owns only residential properties in Gothenburg.
- 2 residential properties for SEK 55 M. Buyers: tenant-owner associations.

Thus far in 2003 (through October 29, 2003), Drott has therefore sold a total of 82 properties for SEK 8.5 billion. The sales prices were an average of 4 percent below the properties' market value according to independent appraisals as of December 31, 2002. Of the sales gain of SEK 476 million, SEK 185 M accrues in the fourth quarter.

New organization and cost review

During the summer, a review was made of the organization and its efficiency and cost structure.

The Group's new organization, presented in Press Release dated September 1, 2003, will primarily result in two major changes:

- Bostadsaktiebolaget Drott is being managed as of September 1, 2003 as an independent Group subsidiary:
 - Daniel Skoghäll, former president of Drott Bostad, has been appointed president.
 - Bengt Evaldsson has been named CFO as of November 10, 2003; he has previously held similar positions at Mandamus, Prifast and Stancia.
 - Preparations for the distribution and market listing of Bostadsaktiebolaget Drott are progressing according to plan.
- The Group's other operations (which will become Fabege) are being divided into two business areas:
 - **Properties**, which is responsible for management and leasing of commercial properties, and
 - **FM** (Facility Management), which is responsible for purchasing, external and internal project-based technical support, and other property management services.

In parallel with the organizational work, a cost review was conducted. The savings potential is estimated at SEK 85 M on an annual basis, with a full impact within one year. The majority of the savings will be in personnel and purchasing. Scheduled maintenance, tenant modifications, tariff-based fees and property tax will not be affected other than through increased efficiency.

The costs of the savings program and demerger, including the market listing of Bostadsaktiebolaget Drott, total approximately SEK 75 M, which has been earmarked in the third quarter of 2003. Moreover, other items attributable to the demerger are expected to be capitalized, including a stamp tax of approximately SEK 65 M. These items will be expensed through the first half of 2004.

Financing

The Group's financing currently consists largely of long-term bank loans. Desired fixed interest terms are secured through derivatives. Finalized and planned property sales are significantly reducing the Group's loans, which has resulted in a review of the derivative portfolio. Derivatives have been eliminated or adapted to current interest rate levels, leading to a charge of SEK 280 M for interest income compensation in the third quarter of 2003. The average interest expense for the Group's interest-bearing liabilities has thereby been reduced from 4.4 percent to 3.9 percent as of September 30, 2003 (fixed interest term 1.3 years).

Preparations for Drott AB's Annual General Meeting in 2004

A listing prospectus with a detailed description of its operations and property portfolio will be distributed to shareholders prior to the Annual General Meeting next spring.

In accordance with the decision of the Board of Directors at the Annual General Meeting on April 8, 2003, Drott's six largest shareholders have appointed a nominating committee with the following members: Mats Qviberg (Wihlborgs), Jan-Erik Erenius (AMF Pension), John Helgesson (Stena Fastigheter), Stefan Dahlbo (Öresund), Marianne Nilsson (Robur), and Hans Hedström (HQ Fonder). Drott Chairman Urban Jansson is also a member.

The Group's full-year forecast

The six-month interim report released on August 21, 2003 reiterated the forecast from the year-end report for 2002 that profit from ongoing property management operations for the full-year 2003 would be approximately 10% lower than the previous year, i.e. 10% lower than SEK 698 M.

Press release 12/2003 dated September 1 announced changes in the derivative portfolio, which, after a nonrecurring expense of SEK 280 M (everything else being equal), are expected to improve profit from ongoing property management operations for the period September-December 2003 by a total of approximately SEK 30 M.

Operations are developing in accordance with previous forecasts, and full-year profit for 2003 is therefore expected to exceed SEK 650 M.

NINE-MONTH RESULTS January-September 2003

Figures in parentheses refer to January-September 2002

The Group's nine-month loss before tax amounted to SEK -222 M (722).

The change from 2002 [SEK -944 M] is due to:

- profit from ongoing property management operations [SEK -3 M]
- property sales gains [SEK +116 M]
- nonrecurring items [SEK -1,057 M]

The loss after tax amounted to SEK -155 M (595).

ONGOING PROPERTY MANAGEMENT OPERATIONS 9 MONTHS

9-month results (January-September) SEK M	2003	2002			
Rental revenues, etc.	2,675	2,726			
Property expenses, etc.	-1,082	-1,069			
Operating surplus	1,593	1,657			
Depreciation	-243	-250			
Central expenses	-64	-68			
Operating profit	1,286	1,339			
Net financial items	-742	-792	Cash flow 9 months	2003	2002
Profit before tax	544	547	Profit before tax	544	547
Current tax (= tax paid)	-5	-10	Current tax	-5	-10
Deferred tax	-79	-81	Profit after current tax	539	537
Profit after tax	460	456	Reversal of depreciation	243	250
Tax (current +deferred)/profit before tax	15%	17%	Cash flow	782	787
Current tax /profit before tax	1%	2%	Cash flow per share, SEK	8.82	8.64

● PROPERTY SALES 9 MONTHS

During the period, 52 properties were sold for SEK 7,066 M with a sales gain of SEK 291 M before tax. Tax charge: SEK 7 M. The sales prices were an average of 4 percent lower than the properties' independently appraised values as of December 31, 2002.

● NONRECURRING ITEMS 9 MONTHS

Write-down of property book values as of June 30, 2003 of SEK 702 M, costs for savings program and demerger (including the market listing of Bostadsaktiebolaget Drott) of SEK 75 M, and eliminations or changes in the derivative portfolio of SEK 280 M are charged against nine-month results. Total: SEK -1,057 M before tax and SEK -899 M after tax.

THREE-MONTH RESULTS July-September 2003

Figures in parentheses refer to July-September 2002

The Group's quarterly profit before tax amounted to SEK 89 M (201).

The change from 2002 [SEK -112 M] is due to:

- profit from ongoing property management operations [SEK -2 M]
- property sales gains [SEK +245 M]
- nonrecurring items [SEK -355 M]

Profit after tax amounted to SEK 85 M (163).

● ONGOING PROPERTY MANAGEMENT OPERATIONS 3 MONTHS

3-month results (July-September) SEK M	2003	2002			
Rental revenues, etc.	806	921			
Property expenses, etc.	-310	-338			
Operating surplus	496	583			
Depreciation	-74	-83			
Central expenses	-20	-19			
Operating profit	402	481			
Net financial items	-203	-280			
Profit before tax	199	201	Cash flow 3 months	2003	2002
Current tax (= tax paid)	-3	-5	Profit before tax	199	201
Deferred tax	-25	-32	Current tax	-3	-5
Profit after tax	171	164	Profit after current tax	196	196
Tax (current +deferred)/profit before tax	14%	18%	Reversal of depreciation	74	83
Current tax /profit before tax	2%	2%	Cash flow	270	279
			Cash flow per share, SEK	3.05	3.10

Third-quarter rental revenues amounted to SEK 793 M (913), of which residential rents accounted for SEK 240 M (222). The lower rental revenues are due entirely to property sales (primarily the Whitehall sale of SEK 5 billion with a financial handover date of July 1, 2003). Excluding the impact of property sales, rental revenues were negatively affected by a lower commercial occupancy rate and were positively affected by completed renovation and new construction projects, renegotiations and indexation of current leases.

The Group's occupancy rate fell in July-September by 0.2 percentage points to 90.0 percent. On September 30, 2003, the occupancy rate was 99.7 percent for residential space and 86.6 percent for commercial space (85.2 percent for office space and 90.8 percent for other space).

In the like-for-like portfolio, operating costs rose mainly due to higher electricity and other tariff-based costs, while tenant modification costs were lower than the corresponding period of 2002. Costs for scheduled maintenance and tenant modifications will rise according to plan during the fourth quarter. Major marketing efforts are being made, and new rentals will directly result in higher modification costs (but will take longer to impact revenues).

The operating surplus was SEK 496 M (583) and the surplus ratio 63 percent (64).

➡ *In the like-for-like portfolio – i.e. in the portfolio Drott owned in the third quarters of both 2002 and 2003 – rental revenues were 0.5 percent higher than the corresponding quarter of the previous year.*

The operating surplus in the like-for-like portfolio fell by SEK 7 M or –1.7 percent.

Interest income during the quarter amounted to SEK 55 M (4) and was attributable to staggered payments from the Whitehall sale¹.

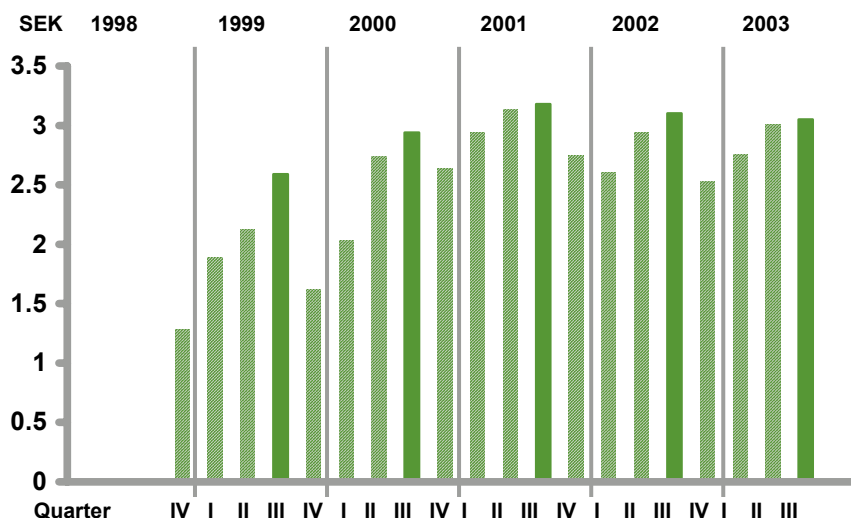
Quarterly interest expenses amounted to SEK 259 M (286). Interest expenses were positively affected by a lower average interest rate level than the corresponding period a year earlier. At the end of the period, the average interest rate on Drott's interest-bearing liabilities was 3.9 percent (5.0).

Profit from ongoing property management operations amounted to SEK 199 million (201).

Profit from operations was charged with taxes of SEK 28 M, of which current tax accounted for SEK 3 M and deferred tax for SEK 25 M. Profit after tax amounted to SEK 171 M (164).

Cash flow amounted to SEK 270 M (279). Cash flow per share decreased by 1.6 percent to SEK 3.05 (3.10).

Cash flow per share (from operations)



¹ The nominal underlying transaction price of the sale was SEK 5.2 billion. The financial handover date (i.e. when the results generated from the properties pass to the buyer) was July 1, 2003. The proceeds, on the other hand, will be received during the fourth quarter of 2003, with the exception of a five-year, SEK 400 million promissory note with a 6-percent nominal interest rate. After adjusting for the terms of the promissory note and the staggered payments, the sales price corresponds to SEK 5.0 billion. In accordance with recommendation RR:11 of the Swedish Financial Accounting Standards Council, the sales price has therefore been adjusted downward to fair value. According to same recommendation, the difference between fair value and nominal value of the payments is subsequently reported as interest income on an ongoing basis until full payment has been received.

- **PROPERTY SALES 3 MONTHS**

A total of 42 properties were sold² for SEK 6,846 M with a gain of SEK 245 M before tax. Tax charge: SEK 1 million. The largest sales consisted of 31 Stockholm properties for SEK 5.0 billion to the real estate investment fund Whitehall and two Stockholm properties for SEK 1.5 billion to the real estate investment fund Grundbesitz Global.

- **NONRECURRING ITEMS 3 MONTHS**

Nonrecurring expenses for the savings program and demerger (including the market listing of Bostadsaktiebolaget Drott) of SEK 75 M and eliminations/changes in the derivative portfolio of SEK 280 M have been charged against third-quarter results. Total: SEK -355 M before tax and SEK -330 M after tax.

² A list of acquired and divested properties is available on Drott's website, www.drott.se.

COMMENTS ON THE BALANCE SHEET AS OF SEPTEMBER 30, 2003

Figures in parentheses refer to December 31, 2002

● PROPERTIES

Book value

CHANGE 2003	Jul-Sep	Jan-Sep
SEK M	3 mos.	9 mos.
Book value of properties at start of period	35,491	35,978
Sales	-6,433	-6,605
Acquisitions	10	64
Investments in new construction and renovations	228	722
Depreciation	-68	-229
Write-offs	-	-702
Book value of properties at end of period	29,228	29,228

Breakdown of property space

September 30, 2003	OFFICES	OTHER SPACE ³	RESIDENTIAL	TOTAL	
RENTABLE SPACE, sq. m.					
Inner city	214,000	135,000	137,000	486,000	17%
Globen, Marievik, Alvik	109,000	69,000	-	178,000	6%
Kista	240,000	44,000	-	284,000	10%
Rest of Stockholm region	338,000	275,000	205,000	818,000	28%
Stockholm region	901,000	523,000	342,000	1,766,000	61%
Uppsala	33,000	20,000	67,000	120,000	4%
Öresund region	165,000	124,000	242,000	531,000	18%
Gothenburg region	74,000	98,000	326,000	498,000	17%
Rest of Sweden	-	7,000	-	7,000	0%
Rentable space	1,173,000	772,000	977,000	2,922,000	100%
ANNUAL RENT, SEK M					
Inner city	492	144	140	776	22%
Globen, Marievik, Alvik	222	82	-	304	11%
Kista	348	42	-	390	12%
Rest of Stockholm region	473	172	185	830	24%
Stockholm region	1,535	440	325	2,300	69%
Uppsala	38	17	56	111	3%
Öresund region	181	89	213	483	15%
Gothenburg region	95	69	264	428	13%
Rest of Sweden	-	6	-	6	0%
Annual rent incl. vacant rent	1,849	621	858	3,328	100%
Occupancy rate	85.2%	90.8%	99.7%	90.0%	
Annual rent	1,575	563	856	2,994	
Vacant rent	274	58	2	334	
Annual rent incl. vacant rent	1,849	621	858	3,328	

³ Retail, industrial, warehouses, garages, etc.

Property categories

September 30, 2003		MANAGEMENT ⁴		PROJECT		ALL PROPERTIES
		Commercial properties	Residential properties	Properties under construction or renovation	Other project properties	
Registered properties	no.	193	215	5	42	455
Book value	SEK bn	18.9	8.1	1.6	0.6	29.2
Commercial space	sq. m.	1,624,000	244,000	50,000	27,000	1,945,000
Residential space	sq. m.	27,000	947,000	0	3,000	977,000
Rentable space	sq. m.	1,651,000	1,191,000	50,000	30,000	2,922,000
Commercial leases	no.	2,783	901	27	28	3,739
Residential leases	no.	361	13,780	16	12	14,169
Occupancy rate		87.8%	98.7%			90.0%
Annual rent	SEK M	1,963	958	61	12	2,994
Vacant rent	SEK M	272	13	32	17	334
Annual rent incl. vacant rent	SEK M	2,235	971	93	29	3,328
- of which commercial rent	SEK M	2,208	142	93	26	2,469
- of which residential rent	SEK M	27	829	0	3	859

Lease structure (current leases)

As of September 30, 2003, Drott's current leases generate total annual rent of SEK 3.0 billion, of which SEK 2.1 billion is from commercial leases with a weighted average expiration of 2.8 years. The five largest tenants accounted for SEK 0.4 billion with a weighted average expiration of 3.8 years.

Properties under construction or renovation

At the end of the period, four major renovations were under way. Remaining investments: SEK 0.4 billion. When completed, annual rent from these properties can rise from SEK 61 M at present to SEK 176 M (fully leased), of which SEK 122 M (69 percent) is leased as of September 30, 2003.

September 30, 2003	Region	Space added sq. m.	Space when completed, sq. m.	Completion
Mimer 5, Vasastan	Stockholm	-	12,100	Dec. 03
Marievik 23, Marievik	Stockholm	4,000	17,000	Dec. 03
Stuten 12+17, Norrmalm	Stockholm	4,000	14,600	Apr. 04
Fatburssjön 5, Södermalm, Drott's share (50%)	Stockholm	4,200	25,900	Dec. 04
TOTAL incl. garages		12,200	69,600	

● OTHER ASSETS

Current receivables amounted to SEK 6,672 million as of September 30, 2003 and essentially referred to properties that were sold but not yet vacated.

As of September 30, 2003, Drott had tax loss carryforwards, which it expects to offset against future surpluses, totaling SEK 1.3 billion. In accordance with recommendation RR:9 of the Swedish Financial Accounting Standards Council, these tax loss carryforwards are carried at acquisition value (less utilized percentage) in the case of acquisitions of material assets or otherwise at nominal value (28 percent). As a result of these principles, Drott's balance sheet included deferred tax assets of SEK 95 M (237).

⁴ "Commercial properties": over half of rental revenues are from commercial space.

"Residential properties": over half of rental revenues are from residential space.

● EQUITY

As of September 30, 2003, equity amounted to SEK 9,188 M (9,904), distributed among 88,527,821 shares outstanding (89,781,385). Changes in equity are indicated in the table on page 13.

No shares were repurchased during the third quarter. At the end of the period, Drott owned 450,000 of its own shares, corresponding to 0.5 percent of registered shares.

NUMBER OF SHARES	Outstanding I	Own holding II	Registered I+II
Dec. 31, 2002	89,781,385	2,633,900	92,415,285
Share repurchases	-1,404,500	+1,404,500	-
March 31, 2003	88,376,885	4,038,400	92,415,285
Share retirement	-	-3,588,400	-3,588,400
Conversion	+7,023	-	+7,023
June 30, 2003	88,383,908	450,000	88,833,908
Conversion	+143,913	-	+143,913
September 30, 2003	88,527,821	450,000	88,977,821
Conversion	+90,227	-	+90,227
October 29, 2003	88,618,048	450,000	89,068,048

● PROVISIONS

Provisions for deferred tax amounted to SEK 2,109 M, of which SEK 1,880 M related to provisions for deferred tax on differences between the book value and fiscal residual value of the properties.

The Group's total provisions amounted to SEK 2,256 M (2,519).

● INTEREST-BEARING LIABILITIES

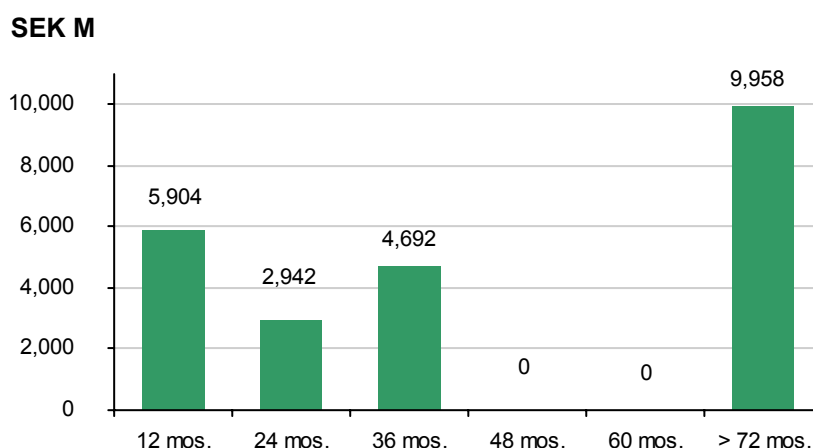
Drott's interest-bearing liabilities amounted to SEK 23,496 M (22,987) with an average interest rate of 3.9 percent (4.9). *As of October 29, 2003, the average interest rate was 3.9 percent.*

Loan structure

Loan capital has been secured long-term. Financing is largely in the form of long-term bilateral credit facilities with Swedish and international banks. In total, Drott has credit facilities of SEK 25.0 billion with a weighted average expiration of 4.8 years. Pledged assets consist primarily of mortgage deeds (Drott had pledged mortgage deeds of SEK 18.3 billion for utilized loans as of September 30, 2003).

Moreover, Drott has a commercial paper program in the Swedish capital market. Outstanding commercial paper had a nominal value of SEK 3.0 billion as of September 30, 2003. *As of October 29, 2003, outstanding commercial paper amounted to SEK 3.5 billion.*

Loan maturity structure, September 30, 2003



Interest rate structure

By utilizing the derivatives market, Drott can choose its fixed interest structure. This gives it the flexibility to change the structure on short notice. As of September 30, 2003, the average fixed interest term⁵ was 16 months.

INTEREST RATE MATURITY STRUCTURE September 30, 2003							
Interest due within	12 mos.	24 mos.	36 mos.	48 mos.	60 mos.	72 mos.-	Total
SEK M	14,925	3,439	400	2,950	650	1,132	23,496
average interest rate, %	3.8 %	3.5 %	3.8 %	4.2 %	4.5 %	5.2 %	3.9 %
Share	63%	15%	2%	12%	3%	5%	100%

As of October 29, 2003, the average fixed interest term was 16 months.

PARENT COMPANY

The Parent Company reported a loss before tax of SEK -606 M (-243) for the first nine months of 2003. This includes a nonrecurring charge of SEK 280 M (-) to adapt the derivative portfolio to current interest rate levels. Sales, which consist largely of intra-Group services, amounted to SEK 58 M (41). Investments amounted to SEK 2 M (1) during the nine-month period.

FOLLOWING THE CONCLUSION OF THE REPORT PERIOD

Following the conclusion of the report period, Drott sold a total of 30 properties for SEK 1.5 billion with a gain of approximately SEK 185 M.

The largest sale consisted of Drott's commercial portfolio in Gothenburg (see press release 15/2003).

In addition, Drott has sold the residential properties Propellern 10 and Folkungaträdet 4 in Stockholm for a total of SEK 55 million with a gain of SEK 19 M. The price is 28 percent higher than the properties' independently appraised values as of December 31, 2002. The properties have rentable space of 2,300 sq. m. The buyers are tenant-owner associations, and the closings are scheduled for October 1, 2003 and October 15, 2003. Drott also sold Frillesås-Rya 2:128, outside Kungsbacka, for SEK 3 M.

Stockholm, October 29, 2003

Drott AB (publ)

Anders Böös
President

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

⁵Drott works with, among other things, so-called structured swaps (SEK 4.9 billion, 1.25 years), which, when their interest rate (Stibor 3-month) exceeds 5.5-6.0 percent, convert from fixed to variable. With today's interest rate forecasts, the likelihood that the 3-month rate will exceed 5.5-6.0 percent within 1.25 years is considered very low. The swaps are reported at their delta value, i.e. the likelihood that the fixed rate will convert to variable.

Income statement

GROUP	3 months		9 months		12 months	
	Jul-Sep 2003	Jul-Sep 2002	Jan-Sep 2003	Jan-Sep 2002	rolling Oct-Sep 2002	Jan-Dec 2002
SEK M						
Rental revenues	793	913	2,641	2,701	3,574	3,634
Other revenues	13	8	34	25	50	41
Operating, maintenance and tenant modification costs	-195	-198	-689	-664	-950	-925
Site lease rents	-14	-17	-47	-51	-64	-68
Property tax	-44	-59	-152	-165	-202	-215
Rental and property administration	-57	-64	-194	-189	-275	-270
Operating surplus	496	583	1,593	1,657	2,133	2,197
Depreciation	-74	-83	-243	-250	-328	-335
Profit from property management operations	422	500	1,350	1,407	1,805	1,862
Gains on property sales	245	-	291	175	373	257
Write-downs	-	-	-702	-	-1,040	-338
Other items affecting comparability	-75	-	-75	-	-75	-
Central corporate and Group expenses	-20	-19	-64	-68	-94	-98
Operating profit	572	481	800	1,514	969	1,683
Interest subsidy	1	2	3	4	4	5
Interest income	55	4	62	15	68	21
Interest expense	-259	-286	-807	-811	-1,088	-1,092
Interest income compensation (item affecting comparability)	-280	-	-280	-	-280	-
Profit for the period before tax	89	201	-222	722	-327	617
Current and deferred tax	-4	-38	67	-127	121	-73
Profit for the period	85	163	-155	595	-206	544
Average number of shares outstanding (million)	88.5	90.0	88.6	91.1	88.9	90.8
Earnings per share after current and deferred tax, SEK	0.96	1.81	-1.75	6.53	-2.32	5.99

ONGOING PROPERTY MANAGEMENT	3 months		9 months		12 months	
	Jul-Sep 2003	Jul-Sep 2002	Jan-Sep 2003	Jan-Sep 2002	rolling Oct-Sep 2002	Jan-Dec 2002
SEK M						
Profit for the period before tax	199	201	544	547	695	698
Profit for the period after current tax	196	196	539	537	681	679
Profit for the period after current and deferred tax	171	164	460	456	588	584
Cash flow	270	279	782	787	1,009	1,014
Average number of shares outstanding (million)	88.5	90.0	88.6	91.1	88.9	90.8
Earnings per share after current and deferred tax, SEK	1.93	1.82	5.19	5.01	6.61	6.43
Cash flow per share, SEK	3.05	3.10	8.82	8.64	11.35	11.17

Profit per property category

July-September 2003	MANAGEMENT		PROJECTS	SERVICE	GROUP
	Commercial properties	Residential properties	Project properties	Drott Service	
SEK M					
Rental revenues, etc.	527	240	27	12	806
Property costs, etc.	-169	-113	-14	-14	-310
Operating surplus	358	127	13	-2	496

Balance sheet

GROUP				
SEK M	Sep. 30, 2003	June 30, 2003	Dec. 31, 2002	Sep. 30, 2002
Properties	29,228	35,491	35,978	36,274
Deferred tax assets	95	202	237	253
Other fixed assets	131	151	141	139
Fixed assets	29,454	35,844	36,356	36,666
Current receivables	6,672	320	449	573
Liquid assets	167	237	73	305
Current assets	6,839	557	522	878
ASSETS	36,293	36,401	36,878	37,544
Equity	9,188	9,091	9,904	9,956
Provisions	2,256	2,425	2,519	2,587
Non-interest-bearing liabilities	1,353	1,231	1,468	1,294
Interest-bearing liabilities	23,496	23,654	22,987	23,707
EQUITY AND LIABILITIES	36,293	36,401	36,878	37,544

CHANGE IN EQUITY	Jul-Sep 3 months		Jan-Sep 9 months		Jan-Dec 12 mos.
SEK M	2003	2002	2003	2002	2002
Balance at beginning of period	9,091	9,836	9,904	10,145	10,145
Dividend	-	-	-442	-459	-459
Share repurchases	-	-43	-131	-325	-325
Redemption of convertibles	12	-	12	-	-
Change in translation differences, etc.	-	-	-	-	-1
Net profit for period	85	163	-155	595	544
Balance at end of period	9,188	9,956	9,188	9,956	9,904

Accounting principles

Drott's accounting principles are unchanged since the latest annual report. The company 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 recommendation RR20 Interim reporting of the Swedish Financial Accounting Standards Council.

Cash flow statement

GROUP	3 months		9 months		12 months	
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	rolling	Jan-Dec
SEK M	2003	2002	2003	2003	Oct-Sep	2002
OPERATING ACTIVITIES						
Operating surplus	496	583	1,593	1,657	2,133	2,197
Central corporate and Group expenses	-20	-19	-64	-68	-94	-98
Interest subsidies	1	2	3	4	4	5
Interest income	55	4	62	15	68	21
Interest expense	-259	-286	-807	-811	-1,088	-1,092
Tax paid on ongoing property management operations	-3	-5	-5	-10	-14	-19
Cash flow from operations	270	279	782	787	1,009	1,014
<i>Cash flow from nonrecurring items, etc.</i>						
Nonrecurring items and difference between paid and expensed interest	-238	35	-371	-55	-394	-78
Cash flow before change in working capital	32	314	411	732	615	936
Cash flow from change in working capital	65	330	-72	-435	416	53
Cash flow from operating activities (A)	97	644	339	297	1,031	989
INVESTING ACTIVITIES						
Investments, properties	-235	-807	-783	-2,112	-1,166	-2,495
Investments, machinery and equipment	-	-3	-8	-9	-22	-23
Property sales (incl. selling expenses)	214	263	598	1,640	793	1,835
Tax paid on capital gains	-	-	-	-28	-2	-30
Cash flow from investing activities (B)	-21	-547	-193	-509	-397	-713
FINANCING ACTIVITIES						
Interest-bearing loans raised/amortized	-146	192	521	1,209	-199	489
Share repurchases	-	-43	-131	-325	-131	-325
Dividend	-	-	-442	-459	-442	-459
Cash flow from financing activities (C)	-146	149	-52	425	-772	-295
CHANGE IN LIQUID ASSETS (A+B+C)	-70	246	94	213	-138	-19
Liquid assets at beginning of period	237	59	73	92	305	92
LIQUID ASSETS AT END OF PERIOD	167	305	167	305	167	73

OPERATIONS	1999		2000				2001				2002				2003		
Quarter	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
Cash flow, SEK M	263	165	206	279	297	263	286	297	296	255	240	268	279	227	246	266	270
Average number of shares outstanding, million	101.7	101.7	101.7	101.7	101.2	99.5	97.3	94.9	93.2	92.7	92.3	91.0	90.0	89.8	89.1	88.4	88.5
Cash flow, SEK/share	2.59	1.62	2.03	2.74	2.94	2.64	2.94	3.13	3.18	2.75	2.60	2.94	3.10	2.53	2.76	3.01	3.05
Rolling annual cash flow, SEK M	817	836	850	913	947	1,045	1,125	1,143	1,142	1,134	1,088	1,059	1,042	1,014	1,020	1,018	1,009
Average number of shares outstanding, million	104.7	101.7	101.7	101.7	101.6	101.0	99.9	98.2	96.2	94.5	93.3	92.3	91.5	90.8	90.0	89.3	88.9
Rolling annual cash flow, SEK/share	7.80	8.22	8.36	8.98	9.32	10.34	11.26	11.64	11.87	12.00	11.67	11.47	11.39	11.17	11.34	11.40	11.35

Key ratios

GROUP	3 months		9 months		12 months	
	Jul-Sep 2003	Jul-Sep 2002	Jan-Sep 2003	Jan-Sep 2003	rolling Oct-Sep	Jan-Dec 2002
SEK M						
PROPERTY-RELATED						
Rental revenues	793	913	2,641	2,701	3,574	3,634
Operating surplus	496	583	1,593	1,657	2,133	2,197
Surplus ratio, %	63	64	60	61	60	60
At end of period						
Rentable space, sq. m.	2,922,000	3,378,000	2,922,000	3,378,000	2,922,000	3,344,000
Economic occupancy rate, %	90.0	91.0	90.0	91.0	90.0	91.1
Book value of properties	29,228	36,274	29,228	36,274	29,228	35,978
FINANCIAL						
Ongoing property management operations						
Profit before tax	199	201	544	547	695	698
Profit after current and deferred tax	171	164	460	456	588	584
Cash flow	270	279	782	787	1,009	1,014
Interest coverage ratio, multiple	2.1	2.0	2.0	2.0	1.9	1.9
Total						
Profit before tax	89	201	-222	722	-327	617
Profit after tax	85	163	-155	595	-206	544
Return on equity, %	iu	iu	iu	iu	-2.2	5.4
Cash flow incl. property sales gain	387	279	945	934	1,252	1,241
Interest coverage ratio, multiple	1.3	1.7	0.7	1.9	0.7	1.6
At end of period						
Interest-bearing liabilities	23,496	23,707	23,496	23,707	23,496	22,987
Equity	9,188	9,956	9,188	9,956	9,188	9,904
Total assets	36,293	37,544	36,293	37,544	36,293	36,878
Equity/assets ratio, %	25	27	25	27	25	27
Debt/equity ratio, multiple	2.6	2.4	2.6	2.4	2.6	2.3

PER SHARE, SEK ^{6 7}

Avg. number of shares outstanding during period	88,455,865	89,981,385	88,638,465	91,102,360	88,924,195	90,772,116
Profit	0.96	1.81	-1.75	6.53	-2.32	5.99
Cash flow (ongoing property management)	3.05	3.10	8.82	8.64	11.35	11.17
Cash flow incl. gain on property sales	4.38	3.10	10.66	10.25	14.08	13.67
Number of shares outstanding at end of period	88,527,821	89,781,385	88,527,821	89,781,385	88,527,821	89,781,385
- Equity at end of period	103.79	110.89	103.79	110.89	103.79	110.31
Number of registered shares at end of period	88,977,821	92,415,285	88,977,821	92,415,285	88,977,821	92,415,285

⁶ 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 Drott owns.

⁷ In June 1999, Drott issued a convertible debenture loan of SEK 46.2 M with preferential rights for employees in Sweden. Employees have subscribed for SEK 43.1 M, and the remaining convertibles have been subscribed for by a wholly owned subsidiary of Drott AB. Conversions are permitted until April 30, 2004, at an exercise price of SEK 84. Upon full conversion, the number of Class B shares will increase by 550,000. As of September 30, 2003, 150,936 Class B shares had been added through conversions. The dilution effect from potential conversions has not been taken into account in the key ratio table, since the dilution has only a marginal impact on the ratios.

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 Drott 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 rents 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	Profit after net financial items after the reversal of interest expense divided by interest expense.
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.

Further information

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Scheduled information			
Year-end report 2003	February 19, 2004		
Annual report 2003	Early March 2004		
Annual General Meeting	March 30, 2004		
Interim report January-March 2004	May 4, 2004		
Interim report April-September 2004	August 19, 2004		
Interim report July-September 2004	October 26, 2004		
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THE DROTT SHARE



Largest shareholders, September 30, 2003

Adjusted for known subsequent changes

SHAREHOLDER	Class A shares	Class B shares	Total number	Shares outstanding (%)		Registered shares (%)	
				Capital	Votes	Capital	Votes
Wihlborgs	28,000	9,436,500	9,464,500	10.7	10.4	10.6	10.4
AMF Pension	-	5,317,000	5,317,000	6.0	5.7	6.0	5.7
Sten A Olsson	28,000	5,237,000	5,265,000	5.9	5.9	5.9	5.9
Öresund	15,700	5,131,800	5,147,500	5.8	5.7	5.8	5.6
Robur mutual funds	-	4,022,977	4,022,977	4.5	4.3	4.5	4.3
HQ mutual funds	-	3,121,253	3,121,253	3.5	3.3	3.5	3.3
Skandia	-	2,029,398	2,029,398	2.3	2.2	2.3	2.2
Latour	15,400	1,500,000	1,515,400	1.7	1.8	1.7	1.8
Jonas Wahlström	-	1,073,000	1,073,000	1.2	1.2	1.2	1.1
Foreign shareholders	20,580	12,839,075	12,859,655	14.5	14.0	14.4	13.9
Other	409,547	38,392,818	38,802,365	43.8	45.6	43.6	45.3
Shares outstanding	517,227	88,100,821	88,618,048	100.0	100.0	99.5	99.5
Drott	-	450,000	450,000			0.5	0.5
Registered shares	517,227	88,550,821	89,068,048			100.0	100.0