

PRESS RELEASE

6/99

Drott continues to consolidate

- **Sells properties for SEK 658 M yielding a SEK 192 M gain**
 - **Acquires new properties for SEK 171 M**
- **All hotel properties sold and Drott withdraws from four more locations**
 - **Capital gain before taxes of SEK 192 M (SEK 1.89 per share)**

Sales of hotel properties

Drott AB has signed an agreement with Nordisk Renting AB regarding the sales of two hotel properties in Stockholm - Hotel Ariadne i Värtahamnen¹ and Hotel Hasselbacken on Djurgården. In addition, Hotel Noble House in Malmö² is being sold to HKC Hotellfastigheter AB. These properties will be taken over during the second half of 1999. The total sale price amounts to SEK 405 M, with a capital gain before taxes of SEK 36 M. The sale price corresponds to a yield of about 7 percent, based on the operating surplus forecast for 1999. With today's sale, Drott is accomplishing its decision from last autumn to divest all hotel properties.

Exchange deal with Mandamus

Drott AB sold seven properties in Borås, Trollhättan and Vänersborg to Mandamus Fastigheter AB for a total purchase price of SEK 241 M with a capital gain of SEK 152 M before taxes. At the same time, Drott acquired 17 properties in Karlstad, Eskilstuna, Örebro and Täby at a cost of SEK 171 M. The take-over date will be July 1, 1999.

With this transaction, Drott is withdrawing completely from three locations and increasing the residential holdings in Karlstad and the commercial holdings in Eskilstuna, Örebro and Täby.

¹ part of the property Neapel 3

² part of the property Söderport 9

Sales in Munkedal

Two smaller retail and office properties were sold for SEK 12 M. The capital gain was SEK 4 M before tax. The take-over date is July 1, 1999. With these sales, Drott is leaving Munkedal.

Other events

The properties taken over in conjunction with the acquisition of Näckebro were managed by external property companies. Drott has reached an agreement with Serco for transferring the management of commercial properties in Stockholm to Drott's own organization as of July 1, 1999. Thereafter, Drott will have inhouse management of all wholly owned commercial properties in Stockholm. Drott and Serco intend to jointly offer services to Drott's tenants in the area of facility management.

Drott AB (publ)

For further information, contact Mats Mared, CEO (Tel: +46-8-545 83 010)

Drott is a pure real estate company which focuses on the Swedish market. The Company's mission is to generate a return on shareholders' equity through management of its own real estate and active use of its capital structure (real estate transactions, dividends, redemption and the like). With the support of satisfied tenants, profitable properties and a strong position in local growth markets – mainly for offices and housing – Drott aims to secure a favorable operating surplus in real terms combined with growth in cash flow per share. Following the above transactions, Drott owns 558 properties with approximately 3.0 million square meters of rentable floor space, of which housing (18.513 apartments) accounts for about 1.3 million square meters. Contracted annual rental revenues from these properties is approximately SEK 2.7 billion, with the Stockholm area accounting for approximately half. Drott has about

300 employees. The Company has 57,000 shareholders and is the largest real estate company on the Stockholm Stock Exchange.

Transactions announced today

Transaction	No. of properties	Rentable area sq. m.	Of which housing sq. m.
Sales			
Stockholm	2	27 705	-
Malmö	1	5 661	-
Munkedal	2	1 763	-
Borås	2	65 411	59 813
Trollhättan	3	6 767	3 193
Vänersborg	2	5 418	3 607
Total	12	112 725	66 613
Acquisitions			
Karlstad	14	15 223	12 849
Eskilstuna	2	9 639	227
Örebro	2	5 478	-
Täby	1	8 514	-
Total	19	38 854	13 076
Net	7	-73 871	-53 537

Change in Drott's real estate portfolio since January 1, 1999

Drott's properties ³	Year-end portfolio	Sales 1999	Acquisitions 1999	Current portfolio
No. of properties	500	36	92	558 ⁴
Rentable space, sq. m.	2 910 570	218 773	282 236	2 960 878 ⁵
No. of housing units	17 454	1 556	2 615	18 513
Rents on Dec. 31, 1998, incl vacant space, SEK M	2 619	157	231 ⁶	2 697 ^{6,7}
Interest subsidies, 1999e, SEK M	40	1	3	42

Type of premises	Year-end portfolio	Current portfolio
Rents on Dec. 31, 1998, incl vacant space, SEK M	2 619	2 697⁷
Office	46%	46%
Retail	8%	8%
Storage/Industrial	7%	6%
Other	6%	4%
Housing	34%	36%
Total	100%	100%

Region	Year-end portfolio	Current portfolio
Rents on Dec. 31, 199, incl vacant space, SEK M	2 619	2 697⁷
Stockholm	47%	48%
Gothenburg	13%	14%
Öresund	16%	15%
Övriga Sverige	15%	16%
Utland	8%	7%
Total	100%	100%

³ A specification of the properties sold/acquired by Drott to date during 1999 can be ordered from Drott. Call Pia Oscarius (Tel: +46-8-545 83 018).

⁴ Including 50% of properties in half-owned companies.

⁵ Including parts of the properties Neapel 3 and Söderport 9, which Drott will retain.

⁶ The difference between this figure and the figures on December 31, 1998 adjusted for sales and acquisitions during 1999, corresponds to the changes during 1999 in Drott's existing portfolio.

⁷ For acquired properties, the figure for rents including vacant space refer to the level at the time of acquisition.

