

**PRESS RELEASE
5/2000****Drott makes a cash offer of SEK 135 for each share in Balder**

Drott is launching a public offer regarding all shares in Balder. The bid premium amounts to 32 per cent.

- The Board of Directors of Drott has decided to make a public cash offer to the shareholders and the holders of convertible loans in Balder.
- The offer implies that for each share in Balder, SEK 135 cash is offered. The offer represents a premium of approximately 32 per cent, based on the last paid price for Balder on February 8 and a premium of approximately 34 per cent, based on the average last price paid for Balder during the last 10 trading days.
Furthermore, the offer implies that for each full nominal amount of SEK 96 related to the company's convertible loans, SEK 135 cash is offered.
- Shareholders in Balder representing 22,5 per cent of the capital and votes are in favour of the offer.
- Through the acquisition of Balder, Drott will strengthen its position in Stockholm, increase its project portfolio with interesting projects and improve its operating result and cash flow.

Background to and reasons for the offer

Drott shall as an investment alternative generate shareholder value through profitable property management and property transactions. Furthermore, Drott shall concentrate its holdings towards growth markets, actively manage its financial structure and acquire and divest property and property companies.

With this background, the Board of Directors of Drott considers an acquisition of Balder to be strategically correct. The majority of Balder's properties are located in Stockholm. Other areas of importance are Gothenburg and the Öresund region. There are high growth expectations for all these three regions for the coming years. After the acquisition and based on the situation as of September 30, 1999, the book value of Drott's properties within these three regions will amount to approximately 83% of the company's total holdings. Solely the properties in Stockholm will amount to approximately 65%. The property holdings will primarily comprise of commercial properties.

Drott's property holdings will, through an acquisition of Balder, be strengthened with several very interesting property objects within the Stockholm area. With an expanded property holding in attractive parts of Stockholm, Drott's possibilities to provide for office premises to its larger commercial tenants will increase. An acquisition will also increase the possibilities for Drott's development projects, as Drott's project portfolio will merge with Balder's project portfolio.

Furthermore, the Board of Directors of Drott estimates that an acquisition of Balder will result in positive short and long term effects on Drott's key ratios, primarily due to synergies related to the property holdings and the organisations as well as financial synergies.

The acquisition is estimated to have a positive effect on both the operating result and the cash flow. Drott's reported equity/assets ratio will, as an effect of the acquisition of Balder, decrease from 31 per cent to 19 per cent, based on a pro forma balance sheet as of September 30, 1999. However, there are significant surplus values within Drott's property portfolio, and Drott is planning to make a write-up of properties per Dec 31, 1999. In connection with Drott's press release regarding the full year 1999, which will be published on February 16, 2000, Drott will present a current external valuation of the property holdings.

Short description of the companies

The description is based on the companies' interim reports as of September 30, 1999

As of September 30, 1999, Drott's property holdings comprised of 539 properties with a total lettable area of approximately 2.9 million square meters. The properties' total rental value amounted to SEK 2,661m and the book value to SEK 19,334m. Approximately 82 per cent of the properties book value were related to properties in the Stockholm-, Gothenburg and Öresund area. Based on the rental value approximately 67 per cent of the property holdings comprised of commercial properties. Drott's equity as of September 30, 1999, amounted to SEK 6,226m, the reported equity/assets ratio to 31 per cent and the employees to approximately 300.

As of September 30, 1999, Balder's property holdings comprised of 214 properties with a total lettable area of approximately 1.2 million square meters. The properties' total rental value amounted to SEK 1,230m and the book value to SEK 10,841m. Approximately 85 per cent of the properties book value were related to properties in the Stockholm-, Gothenburg and Malmö/Helsingborg area. Based on the rental value approximately 85 per cent of the property holdings comprised of commercial properties. Balder's equity as of September 30, 1999, amounted to SEK 2,339m, the reported equity/assets ratio to 21 per cent and the employees to approximately 540.

Property holding after an acquisition¹

Drott's property holdings will after the acquisition comprise of 753 properties with 4.2 square meters. The total rental value will amount to SEK 3,891m. The properties' allocation per geographical market and category is described in the tables below.

The properties' booked value as of September 30, 1999, per geographical market

%	Drott	Balder	Drott+Balder
Stockholm	62	72	65
Gothenburg	9	6	8
Öresund	11	7	10
Other, including foreign properties	18	15	17
Total	100	100	100

The rental value's per category as of September 30, 1999

%	Drott	Balder	Drott+Balder
Office	47	48	47
Retail	7	13	9
Industrial/warehouse	6	12	8
Residential	36	15	29
Other	4	12	7
Total	100	100	100

¹ Based on respective company's property holdings as of September 30, 1999.

The offer

The offer implies the following:

- For each share in Balder, SEK 135 in cash is offered with deduction for a possible dividend for 1999.
- For each full nominal amount of SEK 96 related to the company's convertible loans 1998/2004, SEK 135 cash is offered

In the event that a dividend is decided upon by the Annual General Meeting of Balder on March 30, 2000, the offer will be reduced correspondingly.

No commission will be charged.

The value of the offer

The offer represents a premium of approximately 32 per cent, based on the last paid price, SEK 102, for Balder on February 8, 2000, the last trading day before the launch of the offer. The offer represents a premium of approximately 34 per cent to the average last price paid of approximately SEK 101 for Balder shares during the last 10 trading days before the launch of the offer.

At the time of the offer, Drott did not own any shares in Balder.

The total value of the offer, including the offer to the holders of the convertible loans, amounts to SEK 3,257m.

Drott intends to finance the acquisition with cash and existing and new credit facilities.

Conditions for the offer

Drott's offer is conditional upon

- that it is accepted to the degree that Drott becomes the owner of more than 90 per cent of the total number of shares and votes in Balder. However, Drott reserves the right to implement the offer even if it is accepted to a lesser degree,
- that Balder does not dispose of any material assets, which in Drott's opinion are essential,
- that the acquisition, prior to a public announcement that the offer is being implemented, in Drott's opinion, is not rendered partly or wholly impossible or significantly impeded as a result of legislation, a court ruling, the decision of a public authority or a comparable circumstance in Sweden or in another country that is in effect or may be anticipated at the time such judgement is made, or by any other circumstance beyond Drott's control.

Preliminary financial effects

The information regarding Drott and Balder is based on the balance sheets as of September 30, 1999 and the income statements for the period January–September, 1999. As a result of the chosen accounting period, PriFast is only included in Balder's accounts from April 1, 1999.

The accounts above have not been adjusted for divested and acquired properties. Neither has adjustments been made for Balder's divestment disposition of a hotel management company.

Drott after the acquisition of Balder

Pro forma accounts for the period January–September 1999 have been made based on the purchase method. The value of the offer for Balder has been calculated to SEK 3,257m. The deviation between the value of the offer and shareholders' equity in Balder has been assigned to Balder's properties. Deferred tax on this surplus value has been calculated to 15 per cent.

The acquisition is assumed to have taken place on January 1, 1999 and wholly financed by debt, with an assumed yearly interest of 6 per cent.

Synergies have not been considered in the pro forma accounts for the new Drott. No adjustments have been made for the purpose of adjusting Balder's accounting principles to the accounting principles used by Drott.

Preliminary financial information for Drott after the acquisition of Balder are shown in the table below, under the assumption of full acceptance for the offer.

SEKm	Drott	Balder	Drott after acquisition ¹
Rental revenues, Jan-Sep 1999	1,865	827	2,692
Operating surplus Jan-Sep 1999	1,179	535	1,714
Profit real estate mgmt, before tax ² , Jan-Sep 1999	590	161	596
Profit after financial net, Jan-Sep 1999	1,056	216	1,117
Profit after tax, Jan-Sep 1999	888	179	938 ³
Properties, book value, Sep 30, 1999	19,334	10,841	31,222
Interest bearing debt, Sep 30, 1999	12,316	7,808	23,353
Shareholders' equity, Sep 30, 1999	6,226	2,339	6,226
Total balance sheet, Sep 30, 1999	20,094	11,020	32,161
Equity/assets ratio, Sep 30, 1999, %	31	21	19
Number of shares, mill.	101.7	23.8	101.7
Profit real estate mgmt, before tax ² , per share, Jan-Sep 1999, SEK	5.8	6.8	5.9
Earnings per share, Jan-Sep 1999, SEK	8.7	7.5	9.2
Shareholders' equity per share, Sep 30, 1999, SEK	61.2	98.3	61.2

¹ The pro forma account have not been audited by the auditors of Drott.

² Profit before tax excluding one time items.

³ Estimated efficient tax rate of 16 per cent.

Profit after financial net, profit after tax and profit per share include capital gains in Drott and Balder of SEK 466m and SEK 55m, respectively.

After Balder has published its press release for the full year 1999, Drott will based on the income statement, the balance sheet and the property holdings for 1999, publish the effects of the acquisition of Balder.

Preliminary time table

Prospectus estimated to be published	February 24, 2000
Acceptance period	February 25, 2000 – March 16, 2000
Settlement is estimated to begin	March 24, 2000

Drott reserves the right to prolong the acceptance period as well as the right to postpone the time for settlement.

Advisor

Alfred Berg is the advisor to Drott in connection with the Offer.

Stockholm, February 9, 2000

Drott AB (publ)

The Board of Directors

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