



FEBRUARY 16, 2000

REPORT ON OPERATIONS IN 1999

- **Profit before tax totaled SEK 1,247 M (672)**
 - of which, capital gains on property sales accounted for SEK 511 M (487)
- **Earnings per share after tax amounted to SEK 10.41 (4.35)**
- **Cash flow from current property management operations was up 29%**
 - cash flow per share rose 45% to SEK 8.22 (5.68)
- **Rental revenues increased 4% and the operating surplus advanced 8% for the comparable portfolio**
- **Total value of real estate amounted to 24.8 billion**
 - value growth for the year was 2.1 billion, or 10%
- **Offer for Fastighets AB Balder**
 - on February 9, 2000 Drott made an offer to acquire all shares in Balder
- **Proposals to the Annual General Meeting**
 - dividend of SEK 3.50 /share (3.00)
 - mandate for repurchase of own shares

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Drott AB (publ) Drott is a dedicated real estate company which focuses on the Swedish market. The Company's mission is to acquire, develop and manage commercial and residential real estate in growth areas and to realize the value growth in completed properties on appropriate occasions. With satisfied tenants, profitable properties and a strong local position in growth markets – primarily in office and residential real estate – Drott seeks to achieve a rising real operating surplus per property as well as increased cash flow per share.

Drott is the largest real estate company listed on the Stockholm Stock Exchange. The number of shareholders amounts to 50,600.

I. Comments

Income statement for 1999

Figures in parentheses refer to 1998¹

- **Rental revenues and operating surplus**

Rental revenues amounted to 2,498 M (2,439). The change was affected by acquisitions, sales and completed properties, as well as by changes in the comparable portfolio (renegotiated leases and new leasing).

- Rental revenues in the comparable portfolio increased by SEK 79 M from 1998, or 4 percent. The increase is mainly attributable to the renegotiation of leases on premises, and by a higher occupancy ratio. The Stockholm office market is very buoyant, while Drott's residential portfolio noted a higher occupancy ratio and fewer tenant relocations.
- The occupancy ratio amounted to 94 percent (93) at December 31, 1999. Drott gained a large number of new tenants on January 1, 2000, which raised the occupancy rate to 95 percent by the end of January.
- Drott's operating surplus increased to SEK 1,519 M (1,438). The operating surplus in the comparable portfolio rose by SEK 95 M, corresponding to 8 percent.

In addition to changes in the comparable portfolio, total reported rental revenues were also affected by restructuring programs – in 1999 Drott's net property acquisitions amounted to some SEK 0.5 billion (acquisitions of SEK 2.6 billion, sales of SEK 2.1 billion). On average, acquisitions were completed at a lower yield than sales. Operating surplus in the acquired properties is expected to progress far better than in those sold.

- **Operating profit**

Operating profit increased to SEK 1,783 M (1,566), of which capital gains from property sales accounted for SEK 511 M (487).

- **Net financial items**

Interest expense totaled SEK 597 M (584²). Drott's average loan volume was higher in 1999 than in 1998, but the average interest rate was lower.

At December 31, 1999 Drott's average rate of interest was 4.7 percent, with an average period of fixed interest of 1.8 years.

Interest subsidy declined to SEK 51 M (55).

¹ Drott acquired Närkebro in 1998 for SEK 3.4 billion. Närkebro was consolidated as of Jan. 1, 1999. The 1998 results include Närkebro's income statement in its entirety, with deductions for acquired profit through Sept. 30, 1998.

² In addition, operations for the first six months of 1998 were charged with a non-recurring interest payment of SEK 97 M in connection with the establishment of the Drott Group.

- **Net profit before tax**

Net profit before tax rose SEK 575 M to SEK 1,247 M (672). The improvement is attributable to higher capital gains on property sales, superior earnings from current property management operations³, plus the fact that 1998 profit was affected by non-recurring costs. Earnings from current property management operations increased by SEK 84 M to 736 M (652).

- **Net profit for the year**

Net profit for the year amounted to SEK 1,059 M (495) after tax expense of SEK 188 M (177). Capital gains on property sales accounted for SEK 424 M of profit after tax.

Balance sheet as of December 31, 1999

Figures in parentheses refer to December 31, 1998

- **Properties**

At the end of the period, Drott owned 538 properties (500) - with a book value of SEK 23,321 M (18,310) - and a rentable space of 2,932,000 sq. m. (2,911,000)⁴.

DROTT, TOTAL	Dec 31, 1999	Dec. 31, 1998
Number of properties	538 ⁵	500
Book value, SEK M	23 321	18 310
Rentable space, sq. m.	2 932 365	2 910 570
Number of residential units	18 094	17 454
Annual rent, inc. vacancy rental value	2 666	2 619

BOOK VALUE OF REAL ESTATE, SEK M	Sweden	Overseas	Total
Dec. 31, 1999	16 365	1 945	18 310
Acquisitions	2 606	-	2 606
Investments (mainly projects)	675	14	689
Write-ups	3 600	-	3 600
Divestments	-991	-605	-1 596
Depreciation	-162	-14	-176
Exchange-rate effects	-	-112 ⁶	-112
Dec. 31, 1999	22 093	1 228	23 321

As of December 31, 1999, the Group's Swedish real estate was written up by SEK 3,600 M. The write-up represents 72 percent of surplus values according to the real estate valuation at December 31, 1999. (See page 12).

³ See definitions on page 11.

⁴ A complete schedule of real estate, as of Dec. 31, 1999, is available at www.drott.se

⁵ Of which eight properties are 50-percent owned (50 percent of the space, book value, annual rent, etc. of these properties is included in Drott's financial statements)

⁶ Due to the appreciation of the Swedish krona against the particular foreign currencies, the book value of properties decreased in terms of SEK. In order to limit the effect of changes in exchange rates, Drott has foreign loans that correspond to the value of property holdings. This means that interest-bearing liabilities in SEK have decreased to a corresponding degree as the book value of properties.

⁷ Including those leases that expired on Dec. 31, 1999.

The project portfolio totaling some SEK 1.1 billion developed as planned. Investments in 1999 of totaling SEK 675 M largely involved projects.

TYPE OF SPACE	Dec. 31, 1999	Dec. 31, 1998
Annual rent, inc. vacancy rental value, SEK M	2 666	2 619
Office	47%	46%
Retail	7%	8%
Warehouse/Industrial	6%	6%
Other	4%	6%
Residential	36%	34%
Total	100%	100%

REGION	Dec. 31, 1999	Dec. 31, 1998
Annual rent, inc. vacancy rental value, SEK M	2 666	2 619
Stockholm	51%	47%
Göteborg	14%	14%
Öresund	15%	16%
Rest of Sweden	15%	15%
Overseas	5%	8%
Total	100%	100%

Lease expiration, Dec. 31 1999	SEK M	Percentage
2000 ⁷	307	12%
2001	371	15%
2002	332	13%
2003	123	5%
2004-	362	15%
Garage, parking, etc.	75	3%
Residential	934	37%
Total	2 504	100%

Properties acquired, 1999	Sweden	Overseas	Total
Number	113	-	113
Rentable space, sq. m.	331 784	-	331 784
- of which residential	181 073	-	181 073
Book value of acquisitions, SEK M	2 606	-	2 606

Properties divested, 1999	Sweden	Overseas	Total
Number	63	14	77
Rentable space, sq. m.	261 139	48 850	309 989
- of which residential	140 321	-	140 321
Sales price, SEK M,	1 428	679	2 107
Capital gains from sale of properties, SEK M	437	74	511

During the year, 113 properties – amounting to 332,000 sq. m. – were acquired at a total cost of SEK 2.6 billion, and 77 properties were sold for SEK 2.1 billion. Capital gains on property sales amounted to SEK 511 M.

After the close of the reporting period, additional property sales were conducted, see page 7.

- **Current assets**

⁸ Drott's real estate portfolio was valued internally as of December 31, 1998 in accordance with the Swedish Real Estate Index (SFI). External valuations undertaken by Drott of 10 percent of the properties confirmed the value. The calculation of the change in value has been conducted in accordance with SFI's definitions.

Liquid funds, including short-term investments, amounted to SEK 248 M (126). Group current assets totaled SEK 719 M (320). These include current receivables pertaining to properties sold during the period but which the buyer has not yet occupied.

- **Shareholders' equity**

Following a decision of the 1999 Annual General Meeting concerning a reduction in the Parent Company's share capital by SEK 24.3 M, the number of Drott shares was reduced by 12,166,209.

A write-up SEK 3,600 M of real estate was conducted as of December 31, 1999, which raised shareholders' equity by a corresponding amount. The write-up was allocated to the revaluation reserve. Group shareholders' equity amounted on December 31, 1999 to SEK 9,995 M (5,628), distributed among 101,688,759 shares.

- **Provisions**

Total provisions amounted to SEK 280 M (163), of which SEK 250 M (149) pertained to a provision for deferred tax.

- **Interest-bearing liabilities**

As of December 31, 1999, the Drott Group had interest-bearing liabilities totaling SEK 12,510 M (11,776). The average rate of interest was 4.7 percent, with an average fixed interest period of 1.8 years. The average rate of interest on Drott's loan portfolio at December 31, 1999, including derivatives, is lower than the corresponding refinancing rate of interest. The discounted value of this differential was about SEK 250 M at year-end.

FIXED INTEREST-RATE STRUCTURE, Dec. 31, 1999								
Interest due, year	2000	2001	2002	2003	2004	2005	2006-	Total
Swedish kronor, SEK M	5 478	1 036	1 504	501	2 004	200	600	11 323
- average interest rate, %	4,8	5,0	5,0	4,0	4,1	4,6	4,5	4,7
Foreign currency, SEK M	1 187	-	-	-	-	-	-	1 187
- average interest rate, %	5,3	-	-	-	-	-	-	5,3
Interest-bearing liabilities, SEK M	6 665	1 036	1 504	501	2 004	200	600	12 510
Proportion, %	53	8	12	4	16	2	5	100
- average interest rate, %	4.9	5.0	5.0	4.0	4.1	4.6	4.5	4,7

On February 9, 2000 the average rate of interest was 5.0 percent and the average fixed interest period was 3.2 years.

At year-end, Drott had loan pledges which exceeded the utilized loan volume (SEK 12,510 M) by 2.2 billion. The maturity of these loan pledges was extended during 1999. The weighted maturity of utilized volume at December 31, 1999 was 3.8 years.

MATURITY STRUCTURE FOR UNUTILIZED LOAN VOLUME, Dec. 31, 1999								
Loan maturity, year	2000	2001	2002	2003	2004	2005	2009	Total
Interest-bearing liabilities, SEK M	2 221	370	3 353	2 401	2 028	0	2 137	12 510
Proportion, %	18	3	27	19	16	0	17	100

- **Noninterest-bearing liabilities**

Noninterest-bearing liabilities amounted to 1,302 M (1,112). These include current liabilities pertaining to properties acquired during the period but not yet occupied.

Parent Company

The Parent Company reported a loss of SEK 243 M (loss: 798). Revenues, which derive from intra-Group services, amounted to SEK 21 M (0) in 1999.

Value of real estate

In 1999, Drott became a member of the Swedish Real Estate Index (SFI), which measures the return on real estate assets. Through SFI, Drott gains a basis for appraising the return and value appreciation of its real estate portfolio, as well as for comparisons with other real estate owners. The basis for the analysis is an external valuation of the real estate portfolio, which was conducted by DTZ VärderingsHuset AB (for the Swedish portfolio) on a commission from Drott. Drott has decided to publicize the value of its real estate on December 31 of each year in an effort to provide a basis for a valuation of the company's net asset value. A summary of the valuation is presented on page 12. This shows that Drott's real estate holdings had a market value of SEK 24.8 M at year-end. The growth in value⁸ in 1999 was SEK 2.1 billion, or 10%. After the write-up of real estate by SEK 3.6 billion as of December 31, 1999, the market value of real estate exceeds the book value by SEK 1.5 billion.

Organization

Dec. 31, 1999	Drott Kontor	Drott Bostad	Drott Riks	Overseas	Other⁹	Group
Rentable space, sq. m.	789 000	1 481 000	527 000	135 000	-	2 932 000
Annual-rent, inc. vacancy rental value, SEK M	1 008	1 110	411	137	-	2 666
Rent-based occupancy rate	92%	98%	91%	89%	-	94%
Number of properties	101	316	118	3	-	538
Number of employees	65	184	44	18	18	329
CEO	Per Berggren	Daniel Skoghäll	Jan-Erik Höjvall			Mats Mared

ADJUSTED BALANCE SHEET, Dec. 31, 1999, SEK M						
Market value of real estate	11.3	9.0	3.2	1.3	-	24,8
Other assets	-	-	-	-	0.8	0,8
Assets	11.3	9.0	3.2	1.3	0.8	25,6
Adjusted shareholders' equity ¹⁰	2.9	1.8	1.0	0.6	5.2	11,5
Liabilities/provisions	8.4	7.2	2.2	0.7	-4.4	14,1
Adjusted shareholders' equity and liabilities	11.3	9.0	3.2	1.3	0.8	25.6

Outlook

The Board of Directors of Drott has established the company's future objectives and strategy. By means of intensive leasing and real estate development programs in subsidiaries, Drott shall gain an annual average

⁹ "Other" refers to the Drott Group less Drott Kontor, Drott Bostad, Drott Riks and Overseas.

¹⁰ Consolidated adjusted shareholders' equity distributed among the subsidiaries in accordance with the principle of 25% equity/assets in Drott Kontor, 20% in Drott Bostad, 30% in Drott Riks and 50% in the overseas portfolio (essentially reflects the mortgage capacity of the properties). In calculating the total consolidated adjusted shareholders' equity, surplus values in properties have been taken into consideration. Other balance sheet items have been included on the basis of the reported values in the balance sheet of Dec. 31, 1999. This means that adjustments have not been made for deferred tax on surplus values in real estate, or for loss carry-forwards or for surplus values in the loan portfolio

¹¹ A specification of the properties acquired/sold by Drott to date in 2000 is available at www.drott.se.

growth in current property management earnings per share /after tax and excluding capital gains from property (sales) of at least 15 percent. The combined earnings from current property management and value growth (after deferred tax) shall provide an annual return on adjusted shareholders' equity of at least 15 percent.

Integration with Närkebro is now complete and the company is well equipped to meet future challenges. During 1999, acquisitions and sales of SEK 2.6 and 2.1 billion, respectively, were conducted in an attempt to further sharpen the company's focus on the major metropolitan areas – particularly Stockholm. Restructuring will continue. Drott has divested almost all its overseas real estate, and the company is continuing to actively develop and consolidate its market-leading position in selected Swedish markets. Drott's volume growth through project operations and acquisitions is expected to exceed SEK 2 billion annually, in addition to large individual acquisitions.

Outlook for 2000

Strong demand in the major metropolitan regions, notably in Stockholm, is expected to continue, and thus a rising property management result is anticipated. Project operations and real estate acquisitions will contribute to the improvement.

Events after the close of the reporting period

After year-end, Drott sold its largest single property overseas - the leasehold property, World Fashion Centre in Holland - for SEK 835 M. Overall, Drott sold four properties for a total of SEK 1,115 M¹¹. Two properties were acquired for a total of SEK 167 M. In cooperation with AP-Fastigheter, Drott has established a jointly and equally owned property and project company which initially owns real estate valued at almost SEK 1 billion in Värtan, 3 km from central Stockholm.

On February 9, Drott announced an offer for all shares in Fastighets AB Balder (Balder). Following the offer, the Board of Directors of Balder make an offer to shareholders in Diligentia AB. Drott's Board will shortly make a statement on the situation that has arisen.

Proposals to the Annual General Meeting

- **Dividend**

The Board of Directors proposes that the Annual General Meeting approves an increase in the dividend of SEK 0.50 to SEK 3.50 per share.

- **Repurchase of shares**

The Board of Directors proposes that the Annual General Meeting authorizes the Board to repurchase up to 10 percent of the company's shares during 2000.

Drott's Annual General Meeting will be held on Wednesday April 12, 2000 at 4.00 p.m. in Industrihuset, Storgatan 19 in Stockholm.

Stockholm, February 16, 2000

Drott AB (publ)

Mats Mared
President and Chief Executive Officer

II. Financial statements for 1999

Consolidated income statement

SEK M	1999	1998
Rental revenues	2 498	2 439
Other revenues	17	18
Operating expense, maintenance and cost of improvements for tenants	-652	-686
Leasehold rent	-50	-49
Property tax	-135	-134
Property management	-159	-150
Operating surplus	1 519	1 438
Depreciation	-185	-174
Profit from real estate operations	1 334	1 264
Profit from other operating units	-	10
Gross profit	1 334	1 274
Capital gains from sale of properties	511	487
Central Corporate and Group expenses	-62	-65
Restructuring costs	-	-130
Operating profit	1 783	1 566
Interest subsidy	51	55
Interest income	10	16
Interest expense	-597	-584
Nonrecurring interest expense prior to capital contribution	-	-97
Profit after net financial items	1 247	956
Acquired profit	-	-284
Profit before taxes	1 247	672
Taxes	-188	-177
Net profit after taxes	1 059	495

Consolidated balance sheet

SEK M	Dec. 31, 1999	Dec. 31, 1999
Properties	23 321	18 310
Machinery and equipment	21	19
Other fixed assets	26	30
Fixed assets	23 368	18 359
Current assets	471	194
Liquid funds	248	126
Current assets	719	320
ASSETS	24 087	18 679
Shareholders' equity	9 995	5 628
Provisions	280	163
Noninterest-bearing liabilities	1 302	1 112
Interest-bearing liabilities	12 510	11 776
SHAREHOLDERS' EQUITY AND LIABILITIES	24 087	18 679

Cash flow analysis

SEK M	1999	1998 Pro forma ¹²
• CURRENT OPERATIONS		
Operating surplus	1 519	1 438
Central Corporate and Group expenses	-62	-65
Interest subsidy	51	55
Interest income	10	16
Interest expense	-597	-584
Tax paid on current property management operations	-85	-92
Cash flow in eliminated acquired profit	-	-121
Cash flow from current property management operations	836	647
<i>Cash flow from non-recurring items, etc:</i>		
Non-recurring items and difference between paid and charged interest	-98	-145
Tax paid on non-recurring items	-	38
Cash flow before change in working capital	738	540
Cash flow from changes in working capital	301	232
Cash flow from current property management operations	1 039	772
• INVESTMENT OPERATIONS		
Net investments in fixed assets ¹³	-	1 126
Investments, properties	-3 287	-
Investments, machinery and equipment	-11	-
Property sales (inc. sales expenses)	1 919	-
Tax paid on capital gains on property sales	-70	-50
Cash flow from investment operations	-1 449	1 076
♦ FINANCING OPERATIONS		
Interest-bearing loans issued/amortization of interest-bearing loans	842	-819
Dividends paid	-305	-
Näckebo's acquisition cost for acquisition of shares in Drott	-	-1 079
Dividend paid by Näckebo	-	-31
Cash flow from financing operations	537	-1 929
Change in liquid funds	127	-81
Change in liquid funds on January 1	126	207
Exchange-rate difference in liquid funds	-5	-
Liquid funds on December 31	248	126

¹² If the write-up of real estate (1998: SEK 786 M, 1999: SEK 3 600 M) was to be charged with full tax, shareholders' equity would be reduced by SEK 1,228 M.

¹³ In the 1998 pro forma financial statements, investment operations were presented in brief as "Net investments, fixed assets".

III. Key Data

SEK M	1999 12 months	1998 12 months
PROPERTY-RELATED DATA		
Rental revenues	2 498	2 439
Rentable space, sq. m.	2 932 000	2 911 000
Rent-based occupancy rate, %	94	93
Operating surplus	1 519	1 438
Book value of properties	23 321	18 310
Yield on properties, %	6,5	7,6
Surplus ratio, %	61	59
FINANCIAL		
Profit	1 059	495
Shareholders' equity ¹⁴	9 995	5 628
Return on shareholders' equity, %	17,6 ¹⁵	9,2
Balance sheet total	24 087	18 679
Equity/assets ratio, %	41,5	30,1
Interest-bearing liabilities	12 510	11 776
Interest-coverage ratio, times	3,1	3,5 ¹⁶
Interest-coverage ratio – current property management operations, times	2,2	4,7 ¹⁶
Debt/equity ratio, times	1,3	2,1
Cash flow	836	647 ¹⁶
Cash flow, inc. capital gains on property sales	1 277	836 ¹⁶
DATA PER SHARE¹⁷		
Number of shares	101 688 759	113 854 968
Earnings, SEK ,	10,41	4,35
Shareholders' equity, SEK	98,29	49,43
Cash flow, SEK	8,22	5,68
Cash flow, inc. capital gains on property sales, SEK	12,56	7,34

¹⁴ Since the write-up of SEK 3,600 M was conducted as of Dec. 31, 1999, it has not been taken into consideration in calculating the return on shareholders' equity.

¹⁵ Taken into account in items included in "Acquired profit".

¹⁶ In June 1999, Drott issued a convertible debenture loan of SEK 46.2 M with preferential rights for Drott employees in Sweden. To date, employees have subscribed for SEK 24.8 M, while the outstanding convertibles have been subscribed for by a wholly owned subsidiary of Drott AB for future allotment to employees. Conversion may be conducted no later than April 30, 2004 at a conversion price of SEK 84. On full conversion, the number of Series B shares in Drott will increase by 550,000. In the key data presentation, the dilution effect in the event of any conversion has not been taken into account since dilution has only a marginal impact on the key ratio.

¹⁷ DTZ VärderingsHuset AB's report is presented in its entirety on Drotts website, www.drott.se

Definitions

PROPERTY-RELATED DATA	
Yield on properties	Adjusted operating surplus as a percentage of adjusted book value.
Rent-based occupancy ratio	Contractual rent for leases extending to Dec., 31, 1999, divided by the rent, inc. vacancy rental value
Adjusted book value	Closing book value of property adjusted for land, properties in progress and acquisitions at the end of the reporting period.
Adjusted operating surplus	Reported operating surplus adjusted for properties acquired and sold during the year, exchange-rate effects, land and so forth.
Contractual rent	Annual basic rent pursuant to the lease after indexation, adjusted for rent discounts and rent surcharges.
Rentable space	Total of the rented and vacant space. Rentable space includes space for garages inside buildings.
Vacancy rental value	Estimated rent for vacant residential facilities plus market rent for vacant commercial premises, after reasonable general renovation work.
Annual rent, inc. vacancy rental value	Total of contractual rent and vacancy rental value.
Surplus ratio	Operating surplus as a percentage of rental income.
FINANCIAL	
Return on shareholders' equity	Profit for the period as a percentage of average shareholders' equity.
Central Corporate and Group costs	Costs that are not directly related to property management, such as costs for company management, staff functions and stock exchange listing.
Cash flow	Profit before tax with the reversal of depreciation, capital gains from property sales and nonrecurring items, plus a deduction for paid tax on current property management operations.
Profit - current property management operations	Profit, exc. capital gains on property sales and nonrecurring items.
Interest-coverage ratio	Profit after net financial items, with a reversal of interest expense, divided by interest expense.
Interest-coverage ratio – current property management operations	Profit after net financial items, with a reversal of interest expense, capital gains on the sale of property and nonrecurring items, divided by interest expense.
Debt/equity ratio	Interest-bearing liabilities divided by shareholders' equity.
Equity/assets ratio	Shareholders' equity plus minority interests as a percentage of the balance sheet total.
Earnings per share	Profit for the period divided by the number of shares.

Information on Drott

Drott AB (publ)		55 60 50-2113
Telephone		08-545 83 000
Telefax		08-545 83 096
Website		www.drott.se
Postal address		Box 5530, 114 85 Stockholm
Visiting address		Nybrogatan 57A, Stockholm
Planned information		
Annual Report for 1999		Late March, 2000
Annual General Meeting, 2000		April 12, 2000, 4.00 p.m. (Industrihuset, Stockholm)
Three-month interim report, 2000		May 5, 2000
Six-month interim report, 2000		August, 21 2000
Nine-month interim report 2000		October 31, 2000
Further information		
Mats Mared (President and CEO)		telephone 08-545 83 010 e-mail mats.mared@drott.se
Claes Linné (Vice President)		telephone 08-545 83 012 e-mail claes.linne@drott.se
Johan Nordenson (Communications/IR)		telephone 08-545 83 019

IV. Market value of real estate

I. Valuation report on the Swedish portfolio

Summary of the report presented by DTZ VärderingsHuset AB¹⁸

Assignment

As commissioned by Drott AB, DTZ VärderingsHuset AB (DTZ) conducted a valuation of all the company's properties in Sweden, totaling 535 registered properties. The purpose of the valuation is to individually appraise the market value of each property on the valuation date, December 31, 1999. Market value is briefly defined as the most likely price in the event of a sale in a free and open market. This definition complies with the European definition as presented in "Approved European Property Valuation Standard".

Valuation method and implementation

The main method used in the valuation was cash flow calculations, meaning the present value of, firstly, the estimated future operating surplus, interest subsidy and investments during a calculation period and, secondly, the residual value at the end of the calculation period. A calculation period of five years was normally used.

All properties were inspected during the period October - December 1999.

The cash flow analyses were based on an assumed rate of inflation of 2 percent annually during the calculation period..

Market value of properties

*On the basis of the analyses described above, the aggregate market value of Drott's Swedish property portfolio is estimated to be **SEK 23.5 billion** on the valuation date, December 31, 1999. This amount consists of the total of the individually calculated market value of each property.*

Stockholm, Januari 31, 2000

DTZ VärderingsHuset AB

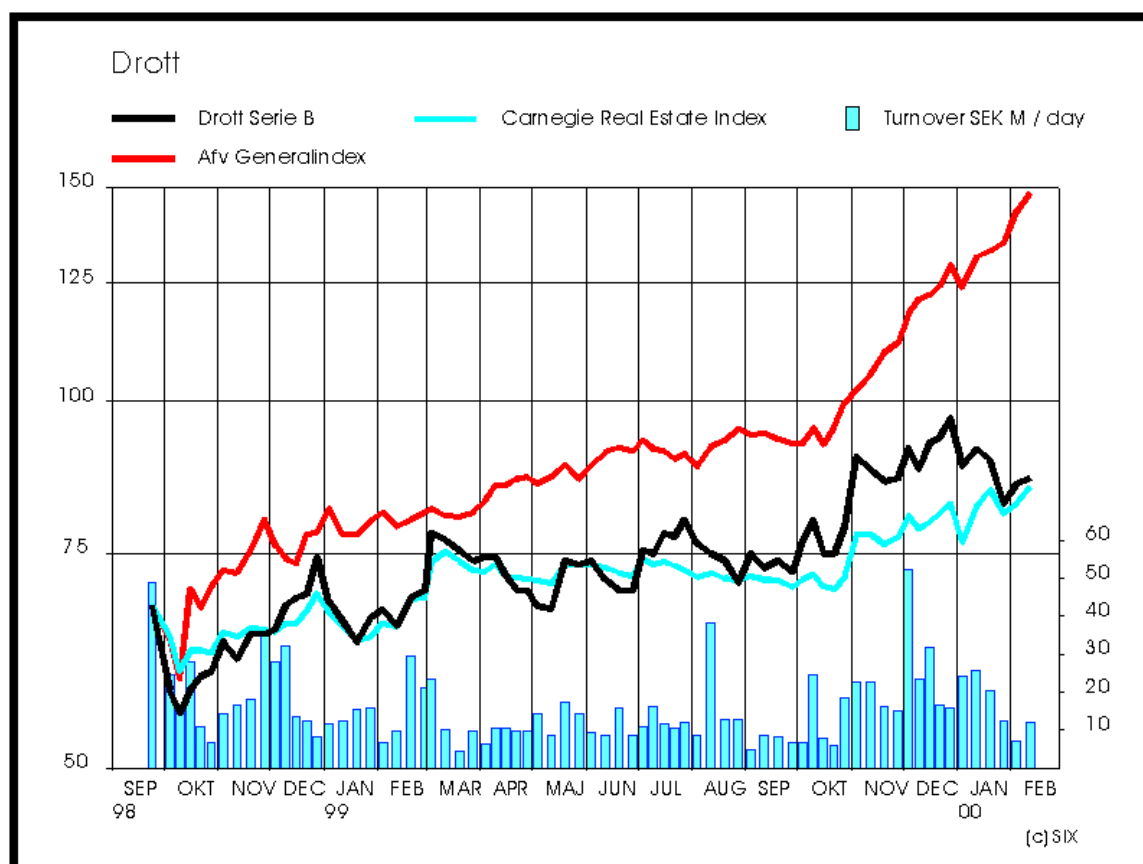
II. Overseas portfolio

At December 31, 1999, Drott owned three properties abroad with an internally estimated market value of **SEK 1.3 billion**. The market value assigned to the World Fashion Centre in Holland - which was sold in January 2000 - complies with the selling price of SEK 835 M.

III. Total value of Drott's real estate

Based on the above valuations, the market value of Drott's total real estate portfolio (Swedish and overseas) as of 1999-12-31 amounted to **SEK 24.8 billion**.

V. The Drott share



Major shareholders in Drott 1999-12-31 (adjusted for subsequently known changes)

Shareholder	Series A	Series B	Total number	Share of capital	Share of voting rights
Föreningssparbanken's mutual funds	-	13 588 647	13 588 647	13.4%	12.7%
Nordbanken's mutual funds	-	10 204 084	10 204 084	10.0%	9.5%
Fourth Pension Fund	112 988	6 707 456	6 820 444	6.7%	7.3%
Handelsbanken's mutual funds	-	4 263 400	4 263 400	4.2%	4.0%
Skandia	-	3 826 296	3 826 296	3.8%	3.6%
SEB's mutual funds	-	3 684 020	3 684 020	3.6%	3.4%
SEB-Trygg Försäkring	-	2 085 499	2 085 499	2.1%	1.9%
AMF Försäkring	-	1 299 140	1 299 140	1.3%	1.2%
SPP	-	1 131 470	1 131 470	1.1%	1.1%
KP Pension & Försäkring	-	1 115 450	1 115 450	1.1%	1.0%
Foreign shareholders	32 680	14 447 079	14 479 759	14.2%	13.8%
Others (50 600)	457 892	38 732 658	39 190 550	38.5%	40.5%
Total	603 560	101 085 199	101 688 759	100.0 %	100.0%

The opportunity to reclassify Series A shares to Series B shares during 1999 was utilized by shareholders representing 140,317 Series A shares. The number of Series A shares in Drott was thus reduced by 140,317 and the number of Series B shares increased by a corresponding number.