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YEAR-END REPORT 1999, VASAKRONAN AB

- Income after financial items, excluding property sales, increased by 34% to SEK 374 M, primarily due to lower maintenance costs.
- Rental revenues rose by 13% to approximately SEK 2.4 billion. The premises market was characterized by higher rents in city center areas and a low vacancy rate.
- Investments in properties and maintenance totalled SEK 1.2 billion.
- Properties were acquired for SEK 1.8 billion. The largest transactions were InfraCity AB in Stockholm, acquisitions from JM and NCC in Gothenburg, and the purchase of an NCC portfolio in Jönköping.
- The concentration on commercial premises continued. All housing properties acquired from Gothic in 1997 have been divested.
- The outlook for 2000 is that income after net financial items for the existing portfolio, prior to the gain on property sales, will amount to approximately SEK 400 M.

"During the year, Vasakronan signed new leases representing an annual rent of SEK 226 M. This corresponds to 9% of the lease portfolio," Håkan Bryngelson, Vasakronan's President commented. "On average, the rent level increased by 33%."

"Vasakronan's extensive restructuring process has resulted in a new customer mix. The proportion of central government authorities has declined and now amounts to 47%. There has been a marked increase in the proportion of other tenant categories to 53%."

"There has been some increase in vacancies, due to the purchase of InfraCity which has a high initial vacancy rate. In the long term, Vasakronan is aiming for a structural vacancy rate of 4-5%, and this can be achieved in 2001."

"There is a marked increase in rents, and we forecast that income after net financial items in 2000, excluding the sale of properties, will amount to about SEK 400 M," Håkan Bryngelson says.

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Vasakronan AB is one of the leading real estate companies in Sweden. Vasakronan focuses on office properties and has locations in Stockholm, Malmö, Gothenburg and 12 other urban centers in Sweden. Vasakronan is owned by the Kingdom of Sweden.