

Year-end report 2000

Ongoing property management

- profit before tax rose 19 percent to MSEK 873
- operating surplus up 13 percent in the identical portfolio
- cash flow per share improved by 26 percent to SEK 10.34

Value

- value growth of SEK 5.1 billion in the real estate portfolio, corresponding to SEK 52 per share
- adjusted equity per share estimated at SEK 160, an increase of 47 percent
- real estate valued at SEK 42.0 (24.8) billion

The year's profit

- profit before tax was MSEK 1,566 (1,247) and profit after tax was MSEK 1,050 (1,059)

Proposals to the Annual General Meeting

- a dividend of SEK 4.00 (3.50) per share
- extension of mandate to repurchase up to 10 percent of the company's shares

Contents

3	Development of the Drott Group
4	Comments on the income statement and the balance sheet
4	Income statement for 2000
6	Balance sheet per Dec. 31, 2000
12	Forecast for 2001
12	Proposal to the Annual General Meeting
13	Financial statements
15	Key ratios
16	The Drott share
17	Definitions
18	Appendix I: Appraised value of the properties
19	Appendix II: Specification of property transactions

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Financial calendar		
Annual report for 2000		To be published in mid-March 2001
Annual General Meeting for 2001		April 18, 2001
3-month report for 2001		May 4, 2001
6-month report for 2001		August 20, 2001
9-month report for 2001		October 26, 2001
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Drott is one of the largest publicly traded real estate companies in Europe. The company's mission is to acquire, develop and manage commercial and residential properties in Swedish growth markets. On December 31, 2000, the properties were valued at SEK 42 billion, of which 70% in the Stockholm region. Annual rents total SEK 4 billion (including vacant rent). The company has more than 400 employees, a market capitalization of around SEK 13 billion and 48,500 shareholders.

Development of the Drott Group

The forecast in the 9-month report for 2000 was MSEK >800

Results for 2000

	1998	1999	2000
Ongoing property management			
Profit before tax, MSEK	652	736	873
Profit after tax, MSEK	480	635	719
– earnings per share, SEK	4.22	6.24	7.12
Cash flow, MSEK	647	836	1,045
– Cash flow per share, SEK	5.68	8.22	10.34

Total Group

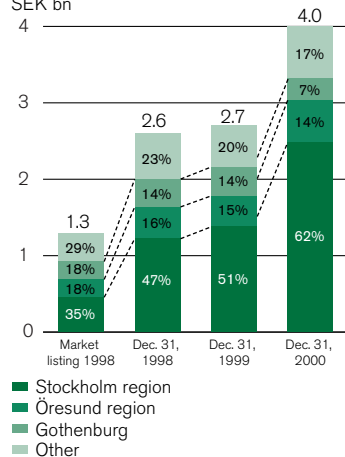
Profit before tax, MSEK	672	1,247	1,566
Profit after tax, MSEK	495	1,059	1,050
– earnings per share, SEK	4.35	10.41	10.39

Value Dec. 31

	1998	1999	2000
Real estate value, SEK billion	21.5	24.8	42.0
Estimated adjusted shareholders equity (10% deferred tax) per share, SEK	–	109	160
Market price, SEK	74	97	130
Market capitalization, SEK billion	8.4	9.9	13.2

Annual rents including vacant rent

SEK bn



A 47% increase during 2000

Drott has reported an increasing cash flow for the year (rolling four quarters) every quarter since the company's listing in 1998 – see page 14

Comments on the income statement and the balance sheet

Income statement for 2000

Figures in brackets refer to 1999. See page 13 for the accounts.

Rental revenues

Rental revenues increased to MSEK 3,416 (2,498), an improvement attributable to acquisitions, sales and changes in the identical portfolio (renegotiated and new leases). The effects of the robust rental trend, particularly in Stockholm, are gradually having a positive impact on Drott's income statement. Rental revenues in the identical portfolio (including Balder) were MSEK 195 higher than in the preceding year, an increase of 7 percent. The occupancy rate on December 31, 2000 was 95 (94) percent.

The Operating surplus

The Operating surplus improved to MSEK 2,136 (1,519). The operating surplus in the identical portfolio increased by MSEK 217, or 13 percent.

Operating profit

Operating profit amounted to MSEK 2,457 (1,783), of which MSEK 648 (511) pertained to gains on the sale of properties and MSEK 34 (0) to repayment of surplus funds from SPP.

Net financial items

Net financial items totaled MSEK -891 (-536). Interest expenses amounted to MSEK 945 (597). The increase is explained by a larger volume of loans attributable to net acquisitions. Drott's average interest rate at year-end was 4.9 (4.7) percent.

Net financial items were strengthened by a capital gain of MSEK 11 on the sale of shares in OM-Gruppen. Interest subsidies decreased to MSEK 24 (51) due to planned reduction and the net sale of interest-subsidized properties.

Profit before tax

Profit before tax rose by MSEK 319 to MSEK 1,566 (1,247). The increase is attributable to higher earnings in ongoing property management operations (+137), higher gains on property sales (+137), the sale of shares (+11) and surplus funds from SPP (+34). If the MSEK 3,600 write-up of properties on December 31, 1999 had not been carried out, Drott would have reported a pre-tax profit of MSEK 2,077.

Profit before tax in ongoing property management operations was MSEK 873 (736).

Profit for the year

Profit for the year amounted to MSEK 1,050 (1,059) after tax of MSEK 516 (188). The higher tax expense is mainly a result of substantial property sales with low fiscal residual values. Since the book value of sold properties was significantly higher than the fiscal residual value the reported gain on the property sales was charged with tax equivalent to 54 percent.

Properties acquired in 2000			
	Sweden	Outside Sweden	Total
Number	273	3	276
Rentable space, sq. m.	1,887,257	18,598	1,905,855
– of which residential, sq. m.	298,088	–	298,088
Book value of acquisitions, MSEK	15,241	225	15,466

Properties sold in 2000			
	Sweden	Outside Sweden	Total
Number	120	2	122
Rentable space, sq. m.	514,889	118,292	633,181
– of which residential, sq. m.	343,172	–	343,172
Sales price, MSEK	3,165	1,142	4,307
Gains of the sale of properties, MSEK	621	27	648

Real estate portfolio¹⁾		
	Dec. 31, 2000	Dec. 31, 1999
No. of properties	693	538
Market value, SEK billion	42.0	24.8
Book value, MSEK	35,796	23,321
Rentable space, sq. m.	4,221,496	2,932,365
Number of residential apartments	17,219	18,094
Annual rents incl. vacant rent, MSEK	3,989	2,666
Economic occupancy rate	95	94

¹⁾ Including 50% of properties in 50%-owned companies (11 properties as of December 31, 2000).

Market value of properties	
	SEK billion
Dec. 31, 1999	24.8
Sales	–4.0
Acquisitions	15.5
Investments	0.9
Value growth, portfolio as per Dec. 31, 2000	4.8
Dec. 31, 2000	42.0

Added to value growth in the portfolio per year-end is capitalized value growth of SEK 0.3 billion pertaining to properties sold during 2000 (sales price minus independent appraisal per Dec. 31, 1999). Total value growth in 2000 thus amounts to SEK 5.1 billion.

Book value of properties	
	MSEK
Dec. 31, 1999	23,321
Acquisitions	15,467
Investments	950
Sales	–3,659
Depreciation	–276
Exchange rate effects	–7
Dec. 31, 2000	35,796

Value distribution by region		
	Dec. 31, 2000	Dec. 31, 1999
<i>Market value, SEK billion</i>	42.0	24.8
Stockholm, %	70	60
Öresund, %	12	13
Gothenburg, %	6	10
Rest of Sweden, %	11	11
Outside Sweden, %	1	5
Total, %	100	100

Distribution by region		
	Dec. 31, 2000	Dec. 31, 1999
<i>Annual rents incl. vacant rent, MSEK</i>	3,989	2,666
Stockholm, %	62	51
Öresund, %	14	15
Gothenburg, %	7	14
Rest of Sweden, %	16	15
Outside Sweden, %	1	5
Total, %	100	100

Distribution by type of space		
	Dec. 31, 2000	Dec. 31, 1999
<i>Annual rents incl. vacant rent, MSEK</i>	3,989	2,666
Office, %	51	47
Retail, %	8	7
Industrial/warehouse, %	12	6
Other, %	5	4
Residential, %	24	36
Total, %	100	100

Profit from ongoing property management operations after tax amounted to MSEK 719 (635) and was charged with tax corresponding to 18 percent (paid tax 13.6 percent).

Balance sheet per Dec. 31, 2000

Figures in brackets refer to December 31, 1999. See page 13 for the accounts.

Properties

During the year, 276 properties with a combined 1.9 million square meters of floor space were acquired for SEK 15.5 billion (of which SEK 11.9 billion refers to the Balder properties and SEK 2.0 billion to the Ericsson properties)¹⁾. In addition, 122 properties were sold for SEK 4.3 billion, providing capital gains of MSEK 648²⁾. The sales prices for the Swedish properties exceeded the independently appraised values per December 31, 2000 by an average of 11 percent.

At year-end, Drott owned 693 (538) properties with rentable space of 4,221,000 square meters (2,932,000) and a book value of MSEK 35,796 (23,321). As per December 31, 2000, DTZ VärderingsHuset AB appraised the value of the Swedish properties at more than SEK 41.6 billion and Drott assessed the value of the properties outside Sweden at more than SEK 0.3 billion, or a total of SEK 42.0 billion – see appendix I. Also see tables on page 5.

Ongoing projects

In the consolidated balance sheet, the item "Book value of properties" includes land, buildings and building investments in ongoing projects. MSEK 897 pertains to building investments made to date in the major projects, as shown in tables on page 9.

Project potential

In addition to ongoing projects, Drott has project potential equivalent to more than 300,000 square meters in the Stockholm region, representing possible building investments of more than SEK 6 billion. The potential projects in the immediate future is shown in table on page 9.

Current assets

Liquid funds, including short-term investments, amounted to MSEK 206 (248). Total current assets in the Drott Group amounted to MSEK 591 (719).

Shareholders' equity

Consolidated shareholders' equity totaled MSEK 10,321 (9,995), distributed among 98,407,789 shares outstanding. Repurchased shares have reduced shareholders' equity by MSEK 378.

¹⁾ Specifications of all properties sold/acquired by Drott in 2000 and to date in 2001 are found on Drott's web site www.drott.se. These can also be ordered directly from Drott – call Åsbor Brynnel, telephone +46 8 545 83 082.

²⁾ For a specification of properties sold/acquired during the fourth quarter of 2000 (October-December) – see appendix II.

Rental distribution, Dec. 31, 2000			
MSEK	Commercial incl. parking	Residential	Total
<i>Annual rents incl. vacant rent</i>			
Inner-city	675	154	829
Globen, Marievik, Alvik	408	–	408
Kista	346	–	346
Rest of Stockholm region ¹⁾	668	200	868
Stockholm region	2,097	354	2,451
Öresund region	269	279	548
Gothenburg	131	167	298
Rest of Sweden	508	146	654
Outside Sweden	38	–	38
Total	3,043	946	3,989

¹⁾ Solna, Danderyd, Årsta, Danvikstull, Huddinge, Botkyrka, Haninge and other areas.

Average rent for commercial space (including garage) in downtown Stockholm: SEK 1,570 per sq.m.

Distribution of floor space, Dec. 31, 2000			
Sq. m.	Commercial incl. parking	Residential	Total
<i>Rentable space</i>			
Inner-city	430,000	167,000	597,000
Globen, Marievik, Alvik	296,000	–	296,000
Kista	238,000	–	238,000
Rest of Stockholm region ¹⁾	762,000	246,000	1,008,000
Stockholm region	1,726,000	413,000	2,139,000
Öresund region	328,000	356,000	684,000
Gothenburg	149,000	232,000	381,000
Rest of Sweden	785,000	196,000	981,000
Outside Sweden	36,000	–	36,000
Total	3,024,000	1,197,000	4,221,000

¹⁾ Solna, Danderyd, Årsta, Danvikstull, Huddinge, Botkyrka, Haninge and other areas.

Term of commercial leases		
	MSEK	Share, %
2001 ¹⁾	512	18
2002	508	18
2003	639	22
2004	332	12
2005-	730	25
Garage, parking, etc.	151	5
Total	2,872	100

¹⁾ Including leases expiring as of December 31, 2000.

The Group's own holding of Drott shares

During the year Drott acquired 3,280,600 Series B Drott shares for a total of MSEK 378, or an average of SEK 115 per share. The transactions were conducted within a price range of SEK 98–129. In addition to the acquired shares, Drott received 370 Drott shares from Skanska (surplus shares in conjunction with the spin-off). As per December 31, 2000, Drott owned shares corresponding to 3.2 percent of the total number of shares. Drott has acquired additional shares after the end of the reporting period – see “Events after the end of the reporting period” on page 12.

Provisions

Total provisions amounted to MSEK 954 (280), of which MSEK 909 (250) pertained to provisions for deferred tax.

Interest-bearing liabilities

At year-end the Drott Group had interest-bearing liabilities of MSEK 23,439 (12,510), carrying an average interest rate of 4.9 (4.7) percent and an average fixed interest term of 24 (21) months. See table on page 11.

Committed lines of credit

During the year, Drott renegotiated and signed new agreements covering a total credit volume of approximately SEK 18 billion, and thus secured access to loan capital for a long period ahead. As of December 31, 2000, Drott had committed lines of credit amounting to SEK 24.9 billion with a fixed margin against Stibor, and other credit lines amounting to SEK 2.6 billion. The weighted duration of the committed lines of credit was 5.7 years. For the utilized volume (SEK 23.4 billion), the weighted duration was 5.2 (3.8) years. 70 percent of the loan portfolio will be renegotiated in 2005 or later. See diagram on page 11.

Fixed interest

Drott's policy is to maintain an average fixed interest term of 2 years +/- 12 months, and as of December 31, 2000 it was exactly 2 years. In order to attain the desired interest term, Drott utilizes the derivatives market. On December 31, 2000, the derivatives portfolio had a nominal value of SEK 8.8 billion and the discounted value of the derivatives and loan portfolio was equivalent to the market value (no revaluation surpluses or deficits).

As of February 19, 2001, the average rate of interest for the Drott Group was 4.9 percent. See table on page 11.

Non interest-bearing liabilities

Non interest-bearing liabilities amounted to MSEK 1,826 (1,302), of which the bulk referred to accrued expenses and prepaid rent.

Ongoing remodeling and new building projects

> 50 MSEK, Dec. 31, 2000	Region	Project start Year	Planned occupancy Month	Added rentable space Sq. m. ¹⁾	Total building investment MSEK ²⁾	of which, invested to date MSEK	Added annual rent MSEK ³⁾	of which, leased to date MSEK
Helgafjäll 7, Kista	Stockholm	1999	01-04	23,400	373	324	42	42
Marievik 26	Stockholm	1999	01-06	23,000	387	337	54	43
Stockshem 11, Danderyd	Stockholm	2000	01-01	4,100	82	77	8	8
Helgafjäll 2, Kista (leasehold)	Stockholm	2000	02-07	900	59	23	6	6
Marievik 28	Stockholm	2000	02-10	18,750	370	1	48	41
Isafjord 2, Kista	Stockholm	2000	02-04	19,300	326	4	38	38
Lustgården 12, Stadshagen	Stockholm	2000	02-02	2,600	112	4	16	0
Idétävlingen 4	Linköping	2000	01-07	5,600	63	48	8	8
Von Conow 54	Malmö	1999	01-12	0	100	79	12	7
Total				97,650	1,872	897	232	193

¹⁾ Excluding garage space.

²⁾ Excluding investments in land and building rights (building rights and freeholds are included in the book value of the properties).

³⁾ Additional rent from both newly produced and remodeled space

Project potential

Dec. 31, 2000	Region	Detail plan available	Building investment, MSEK	Space added, Sq. m.
Elefanten 16, inner-city	Stockholm	Yes	100	5,000
Geysir 1–2, Kista Port (leasehold)	Stockholm	Yes	250	25,000
Isafjord 1–2, Kista	Stockholm	Yes	1,700	80,000
Järvakrogen 3, Solna	Stockholm	Yes	250	11,000
Lillsätra, Skärholmen	Stockholm	Yes	200	20,000
Mimer 5, inner-city	Stockholm	Yes	100	0
Mörbylund, Danderyd	Stockholm	Yes	150	10,000
Racketen 10, Alvik	Stockholm	Yes	50	4,000
Ynglingen 10, inner-city	Stockholm	Yes	50	0
Riga 2, Värtahamnen (50%)	Stockholm	Yes	200	15,000
Inom Vallgraven 23:11	Gothenburg	Yes	50	1,000
Stuten 17, inner-city (leasehold)	Stockholm	No	200	3,500
Pelaren 1, Globen	Stockholm	No	400	17,000
Påsen 10, Hammarby	Stockholm	No	150	8,000
Visthusbodarna	Stockholm	No	1,000	50,000
Tallarna, Sollentuna	Stockholm	No	400	30,000
Tvålfvingan 5, Telefonplan	Stockholm	No	1,150	60,000
Total			6,400	339,500

Parent Company

The Parent Company reported a loss of MSEK –434 (624). Parent Company sales, comprising the provision of intra-group services, amounted to MSEK 22 (21) in 2000.

During the year, compulsory redemption of 63,000 synthetic options was requested with no profit effect for Drott.

Drott's tax situation and adjusted equity on December 31, 2000

As a result of the acquisitions of Balder, the Ericsson properties and Ragne, the difference between the consolidated book values and fiscal residual values of the Drott properties has increased from SEK 8.1 billion to SEK 11.5 billion. The fiscal residual value has increased from SEK 15.2 billion to SEK 24.3 billion.

In calculating adjusted equity, the fiscal revaluation surplus (the difference between the market value of properties and the taxable residual value), should be charged with a certain deferred tax. Furthermore, the value of the Group's loss carryforwards should be taken into account and consideration should be given to prior balance sheet provisions for deferred tax on fiscal revaluation surpluses.

- The choice of tax rate for deferred tax on the fiscal revaluation surplus is based on assessment of when and how future sales will take place and which properties are expected to be sold. An imputed deferred tax of 10 percent can be warranted for long-term holdings and when the opportunity to sell unprioritized properties through the sale of companies will be exploited.
- The Group's loss carryforwards have decreased during the year and amounted to SEK 0.7 billion on December 31, 2000.
- Provisions of SEK 0.8 for deferred tax on fiscal revaluation surpluses were made in the balance sheet as per December 31, 2000.

According to the above calculation, adjusted equity rose from SEK 109 to SEK 160 per share in 2000, an increase of 47 percent.

Changed accounting principles for taxes in the three-month report for 2001

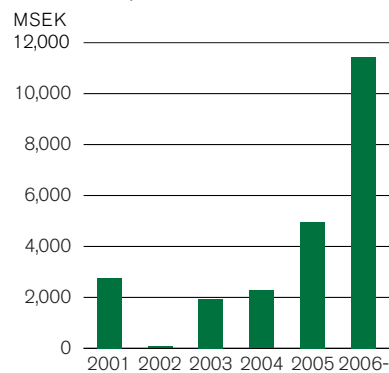
In the three-month report for 2001 – which will be adapted to the Swedish Financial Accounting Standards Council's recommendation on income tax (RR:9) – Drott will make provisions for 28 percent deferred tax on the property write-ups carried out in 1998 and 1999. Since provisions for 28 percent deferred tax were made on the original write-ups, the property write-ups will now be completed. As a result, the book value of the properties will increase by an amount equivalent to the provision for deferred tax. Neither visible nor adjusted equity will be affected.

Other effects of the new accounting recommendation are that Drott will report a tax expense of 28 percent on profit from ongoing property management operations and the reported tax on capital gains from property sales will decrease significantly. The above effects of the reported tax expense have no effect on paid tax, which remains low thanks to loss carryforwards. For the year 2000, tax paid on profit from ongoing property management operations amounted to MSEK 117, or 13.6 percent. The tax rate in 2001 is expected to be around 15 percent.

Interest rate maturity structure Dec. 31, 2000

Interest due, year	2001	2002	2003	2004	2005	2006–	Total
Swedish kronor, MSEK	10,073	4,754	1,897	3,031	911	2,303	22,969
average interest rate, %	4.73	5.07	4.51	4.52	5.52	6.03	4.92
Foreign currency, MSEK	470	–	–	–	–	–	470
average interest rate, %	5.89						5.89
Interest-bearing liabilities, MSEK	10,543	4,754	1,897	3,031	911	2,303	23,439
Proportion, %	45	20	8	13	4	10	100
average interest rate, %	4.78	5.07	4.51	4.52	5.52	6.03	4.94

Loan maturity structure interest-bearing liabilities on Dec. 31, 2000



Change in shareholders' equity

	MSEK
Dec. 31, 2000	9,995
Dividend	–356
Repurchase of shares	–378
Change in exchange rate difference, etc.	10
Net profit for the year	1,050
Dec. 31, 2000	10,321

Forecast for 2001/Proposals to the Annual General Meeting

Forecast for 2001

Market outlook

Growth in the U.S. economy is breaking fast, which will eventually affect the European economies. Sweden is well poised to fend off this downward trend, but the most recent market forecasts predict somewhat lower growth than in the preceding year. However, the Stockholm region is expected to continue outpacing the rest of the country and demand for space in this market is expected to exceed supply. In attractive submarkets of the three metropolitan areas, rising rents are anticipated throughout the year – though not at the same exceptional rate as in the past few years. Demand for housing in the major cities will remain intense and a slight increase in housing rents is awaited.

Outlook for Drott

During the year Drott will renegotiate leases that were signed 3-7 years ago, since which time market rents in the major cities have risen dramatically. This and continued growth in market rents will have a positive effect on Drott's rental revenues in 2001. The volume to be renegotiated in 2001 amounts to approximately MSEK 500. Furthermore, Drott will complete project properties with combined annual rents of MSEK 124 during the year.

Profit in ongoing property management operations is thus expected to show further improvement in 2001. Added to this are gains on the sale of properties.

Events after the end of the reporting period

Repurchase of shares

In 2001 (through February 19), Drott has acquired 500,000 Series B shares at an average price of SEK 121.50 per share. Drott thus owns 3,780,970 Series B shares, corresponding to 3.7 percent of the total number of shares.

Proposals to the Annual General Meeting

The Annual General Meeting of Drott will be held on Wednesday, April 18, 2001 at 4:00 p.m. at Industrihuset in Stockholm (Storgatan 19). The annual report for 2000 will be published in mid-March 2001.

Dividend

The Board proposes the Annual General Meeting that the dividend be raised by 50 öre to SEK 4.00 per share.

Repurchase of shares

The Board proposes that the Annual General Meeting extend the Board's mandate to repurchase up to ten percent of the shares in the company during the period extending to the next Annual General Meeting.

Stockholm, February 20, 2001

Drott AB (publ)

Mats Mared
President and Chief Executive Officer

Financial statements

CONSOLIDATED INCOME STATEMENT

MSEK	Quarter IV Oct–Dec		Full year Jan–Dec	
	2000	1999	2000	1999
Rental revenues	969	633	3,416	2,498
Other	13	5	57	17
Operating, maintenance and tenant adaptation costs	–250	–201	–887	–652
Ground rent	–17	–13	–58	–50
Property tax	–48	–34	–182	–135
Property management	–66	–50	–210	–159
Operating surplus	601	340	2,136	1,519
Depreciation	–77	–47	–289	–185
Gross profit	524	293	1,847	1,334
Gains on the sale of properties	288	45	648	511
Items affecting comparability	–	–	34	–
Central corporate and group expenses	–19	–19	–72	–62
Operating profit	793	319	2,457	1,783
Interest subsidies	4	11	24	51
Interest income	8	3	30 ¹⁾	10
Interest expense	–282	–142	–945	–597
Profit for the year before tax	523	191	1,566	1,247
Tax	–234	–20	–516	–188
Net profit for the year	289	171	1,050	1,059

Ongoing property management, MSEK

Profit for the period before tax	235	146	873	736
Profit for the period after tax	166	126	719	635
Cash flow	263	165	1,045	836

CONSOLIDATED BALANCE SHEET

MSEK	Dec. 31, 2000	Dec. 31, 1999
Properties	35,796	23,321
Other fixed assets	153	47
Fixed assets	35,949	23,368
Current receivables	385	471
Liquid assets	206	248
Current assets	591	719
ASSETS	36,540	24,087
Shareholders' equity	10,321	9,995
Provisions	954	280
Non interest-bearing liabilities	1,826	1,302
Interest-bearing liabilities	23,439	12,510
SHAREHOLDERS' EQUITY AND LIABILITIES	36,540	24,087

¹⁾ In addition to interest income, the figure includes a gain of MSEK 11 on the sale of listed shares (OM-Gruppen AB).

CASH FLOW STATEMENT

MSEK

2000

1999

OPERATING ACTIVITIES

Operating surplus	2,136	1,519
Central corporate and group expenses	-72	-62
Interest subsidies	24	51
Interest income	19	10
Interest expense	-945	-597
Taxes paid for ongoing property management operations	-117	-85
Cash flow from ongoing property management operations	1,045	836
<i>Cash flow from nonrecurring items, etc:</i>		
Nonrecurring items plus difference between paid and expensed interest	13	-98
Cash flow before change in working capital	1,058	738
Cash flow from change in working capital	968	301
Cash flow from operating activities	2,026	1,039

INVESTING ACTIVITIES

Investments, properties	-16,401	-3,287
Investments, equipment	-40	-11
Sale of listed shares	11	-
Property sales (including selling expenses)	4,430	1,919
Taxes paid on capital gains	-280	-70
Cash flow from investing activities	-12,280	-1,449

FINANCING OPERATIONS

Interest-bearing loans raised /amortized	10,946	842
Repurchase of own shares	-378	-
Dividend	-356	-305
Cash flow from financing activities	10,212	537

Change in liquid assets	-42	127
Liquid assets on January 1	248	126
Exchange rate differences in liquid assets	0	-5
Liquid assets on December 31	206	248

Ongoing property management

Ongoing property management									
	1998		1999				2000		
Quarter	IV	I	II	III	IV	I	II	III	IV
Cash flow, MSEK	146	192	216	263	165	206	279	297	263
Cash flow, SEK/share	1.28	1.89	2.12	2.59	1.62	2.03	2.74	2.94	2.64
Rolling annual cash flow, MSEK	647	701	744	817	836	850	913	947	1,045
Rolling annual cash flow, SEK/share	5.68	6.32	6.90	7.80	8.22	8.36	8.98	9.32	10.34

Key ratios

KEY RATIOS

MSEK	2000 12 months	1999 12 months
PROPERTY-RELATED		
Rental revenues	3,416	2,498
Operatins surplus	2,136	1,519
Surplus ratio, %	62.5	61
Rentable space, sq. m.	4,221,000	2,932,000
Economic occupancy rate, %	95	94
Book value of properties	35,796	23,321

FINANCIAL

Profit before taxes	1,566	1,247
Profit after taxes	1,050	1,059
Cash flow	1,045	836
Cash flow including gains on the sale of properties and nonrecurring items	1,450	1,277
Interest coverage ratio, times	2.7	3.1
Interest coverage ratio – ongoing property management, times	1.9	2.2
Interest-bearing liabilities	23,439	12,510
Shareholders' equity ¹⁾	10,321	9,995
Total assets	36,540	24,087
Equity/assets, %	28	41
Debt/equity ratio, times	2.3	1.3

DATA PER SHARE^{2) 3)}

Number of registered shares at year-end	101,688,759	101,688,759
Number of shares outstanding at year-end	98,407,789	101,688,759
Average number of shares outstanding during the year	101,017,645	101,688,759
Earnings, SEK	10.39	10.41
Profit from ongoing property management operations, SEK	7.12	6.24
Cash flow, SEK	10.34	8.22
Cash flow including gains on the sale of properties and nonrecurring items, SEK	14.35	12.56
Shareholders' equity per December 31, SEK	104.88	98.29
Estimated adjusted equity per December 31 (10% deferred tax), SEK	160	109

¹⁾ If the write-up of properties in 1998 and 1999, in the amounts of MSEK 786 and MSEK 3,600, respectively, were charged with full tax, shareholders' equity would be reduced as follows: Dec. 1999: MSEK 1,228; Dec. 2000: MSEK 1,073.

²⁾ In calculating key ratios per share, the total number of shares has been adjusted by the number of shares held by Drott. Of the total number of Drott shares (101,688,759) Drott owned 3,280,970 at year-end, whereby the total number of Drott shares outstanding was 98,407,789. Shareholders' equity per share is calculated on 98,407,789 shares, and earnings and cash flow per share are calculated 101,017,645 shares.

³⁾ In June 1999, Drott issued a convertible debenture loan in an amount of MSEK 46.2 with preferential rights for Drott employees in Sweden. To date, the employees have subscribed for MSEK 43.1, while the remaining convertible debentures have been subscribed for by a wholly owned subsidiary of Drott AB for future allotment to employees. Conversion may take place no later than April 30, 2004 at an exercise price of SEK 84. Upon full conversion, the number of Series B shares in Drott will increase by 550,000. In the summary of key ratios, the dilution effect of a possible conversion to shares has not been taken into account, since such dilution would have only a marginal impact on the key ratios.

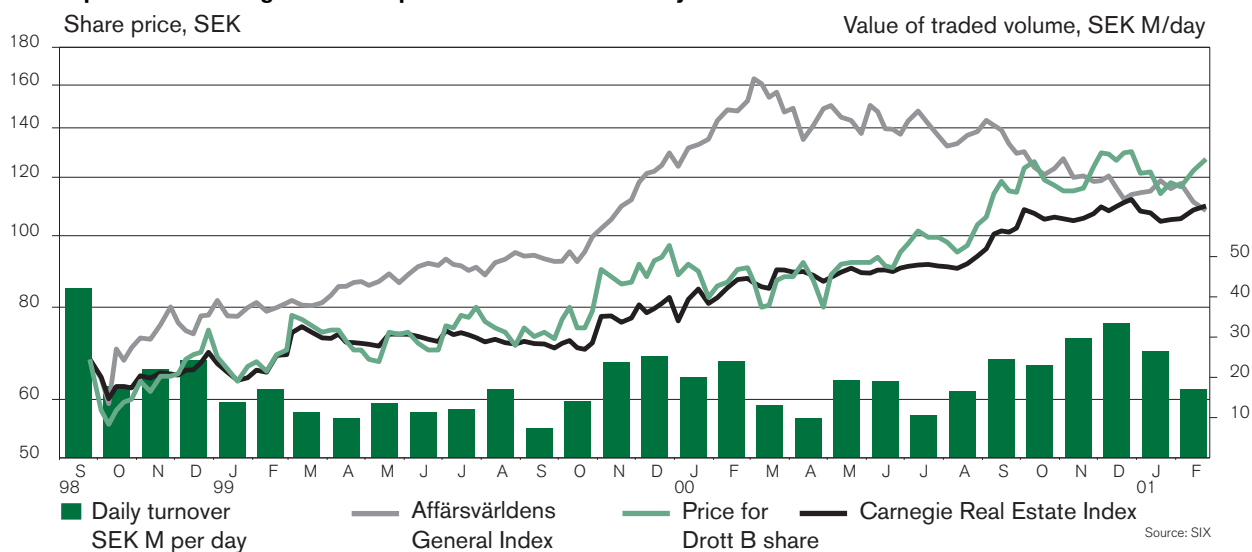
The Drott share

In 2000, the opportunity to reclassify Series A to Series B shares was exercised by owners of 77,623 of A shares. The number of A shares in Drott has thus been reduced by 77,623 and the number of B shares has increased by a corresponding number.

Ownership structure on Dec. 31, 2000 – adjusted for known changes thereafter

Shareholder	A shares	B shares	Total holding	% of capital	% of votes
Robur mutual funds	–	10,928,447	10,928,447	10.7	10.3
Nordea mutual funds	–	6,974,964	6,974,964	6.9	6.6
AMF Pension	–	4,955,000	4,955,000	4.9	4.7
Skandia	–	3,825,898	3,825,898	3.8	3.6
SEB mutual funds	–	3,143,120	3,143,120	3.1	3.0
SEB-Trygg Försäkring	–	2,273,450	2,273,450	2.2	2.1
Första AP Fund	28,000	1,675,000	1,703,000	1.7	1.8
Andra AP Fund	28,000	1,675,000	1,703,000	1.7	1.8
Tredje AP Fund	28,000	1,675,000	1,703,000	1.7	1.8
Fjärde AP Fund	28,000	1,675,000	1,703,000	1.7	1.8
Handelsbanken Liv	–	1,715,110	1,715,110	1.7	1.6
Foreign shareholders	35,570	21,508,030	21,543,600	21.2	20.5
Others (48,500)	378,367	35,357,833	35,736,200	35.0	36.8
Shares outstanding, Feb. 20, 2001	525,937	97,381,852	97,907,789	96.3	96.4
<i>Drott</i>	–	3,780,970	3,780,970	3.7	3.6
Total	525,937	101,162,822	101,688,759	100.0	100.0

Share price and trading volume September 1998 to February 2001



Definitions

Property-related data

Economic occupancy rate

Contractual rent for leases expiring on December 31, divided by the sum of contractual rents including rents for vacant premises.

Contractual rent

Basic annual lease-based rent after indexing and adjusted for rent discounts and rent surcharges.

Rentable space

The sum of leased and vacant space, including indoor garage space.

Vacant rent

Estimated rent for vacant housing plus market rent for vacant commercial premises after reasonable general refurbishment measures.

Annual rent including vacant rent

The sum of contractual rents and rents for vacant premises.

Surplus ratio

Operating surplus as a percentage of rental revenues.

Financial

Central corporate and group expenses

Expenses not directly attributable to property management, such as costs for corporate management, group staff functions and maintenance of the company's stock exchange listing.

Cash flow

Pretax profit after the reversal of depreciation, gains on the sale of properties and nonrecurring items, less tax paid in ongoing property management operations.

Profit from ongoing property management operations

Profit excluding gains on the sale of properties and non-recurring items.

Interest coverage ratio

Profit after net financial items after the reversal of interest expense, divided by interest expenses.

Interest coverage ratio – ongoing property management operations

Profit after net financial items after the reversal of interest expense, gains on the sale of properties 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 total assets.

Earnings per share

Profit for the period divided by the average number of shares outstanding.

Appendix I: Appraised value of properties

Appraised value of properties

Properties in Sweden

DTZ VärderingsHuset AB (DTZ) appraised the value of all of the Drott Group's properties in Sweden, a total of 574 objects (689 registered properties) . The purpose of the appraisal was to assess the market value of each individual object on December 31, 2000. In simple terms, the market value is defined as the most probable price obtained on a sale in a free and open market. This definition corresponds to the European definition stated in "European Valuation Standard".

The primary valuation method used was cash flow analysis, i.e. calculation of the present value of anticipated future operating surpluses, interest subsidies and investments over a calculation period and of a residual value at the end of the calculation period. In most cases, a five-year calculation period was used.

All properties were inspected during October–December 1999, and properties acquired or remodeled in 2000 were inspected during September–December 2000.

Based on the analyses mentioned above, the aggregate market value of Drott's Swedish real estate portfolio is appraised at MSEK 41 per December 31, 2000.

Properties outside Sweden

On December 31, 2000, Drott owned four properties outside Sweden with a combined market value of MSEK 339 as appraised by Drott. This value corresponds to the book value.

Total

Based on the above appraisals, the market value of Drott's aggregate real estate portfolio per December 31, 2000 was MSEK 41,975, rounded off to SEK 42.0 billion.

¹⁾ DTZ's full statement is available on Drott's web site (www.drott.se).

Appendix II: Specification of real estate transactions

Specification of real estate transactions, Fourth quarter 2000					
Region	Properties acquired during October–December 2000	Rentable space Sq.m.	of which residential Sq. m.	Access date	Press release
Stockholm	6 properties reported in 9-month 2000	30,736	–	Oct–Nov 2000	–
Stockholm (Marievik)	50% of Marievik 23 ("Vita Huset")	5,908	–	29/12/00	26/2000
Malmö	Fastighets AB Ragne	102,280	64,401	28/12/00	25/2000
Uppsala	Fjärdingen 10:4	2,395	–	29/12/00	–
Total		141,319	64,401		

Region	Properties sold during October–December 2000	Rentable space Sq.m.	of which residential Sq. m.	Vacancy date	Press release
Stockholm etc	11 properties reported in 9-month 2000	31,044	19,311	Oct–Dec 2000	–
Stockholm (Huddinge)	Slipstenen 1 (part of)	land	–	15/12/00	–
Stockholm (Norrholm)	Lindbacken 7	1,954	1,348	15/11/00	1/2001
Stockholm (Fredhäll)	Folkungaträdet 5	1,264	1,216	01/12/00	1/2001
Stockholm (Södermalm)	S:t Göran 1,9,11	5,927	5,186	06/12/00	1/2001
Stockholm (Norrholm)	Facklan 7–9	7,872	4,921	07/12/00	1/2001
Stockholm (Vasastan)	Baggen 5	2,333	2,012	15/12/00	1/2001
Stockholm (Kungsholmen)	Vårdtorner 8	2,560	2,146	29/12/00	1/2001
Stockholm (Johanneshov)	Botanikern 1 (leasehold)	1,261	446	29/12/00	–
Stockholm (Nacka)	Igelboda 41:1, 41:3–4	2,005	1,482	29/12/00	–
Gothenburg (Hisingen)	South and North Biskopsgården	154,151	144,075	01/12/00	24/2000
Gothenburg (Hisingen)	Tuve 86:2	4,660	–	15/12/00	–
Grästorps	Bleckslagaren 7, 14, 19, 20	land	–	15/12/00	–
Karlskrona	Möllebacken 15	6,310	–	31/12/00	–
Kungälv	Bulten 2 (part of)	land	–	09/10/00	–
Nyköping	Kompaniet 29/Brädgården 3	2,044	–	29/12/00	–
Nyköping	Lansen 4	5,880	–	29/12/00	–
Ängelholm	Kaptenen 21	land	–	15/11/00	–
Total		229,265	182,143		

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