

November 6, 2002

Interim report January-September 2002

	July- September 3 months		January- September 9 months	
SEK M	2002	2001	2002	2001
Ongoing property management operations ("operations")	201	239	547	693
Gain from property sales	-	91	175	442
Nonrecurring items	-	89	-	102
Profit before tax	201	419	722	1,237
Current tax	-5	-62	-38	-217
Deferred tax	-33	-73	-89	-39
Profit after tax	163	284	595	981
Cash flow/share, SEK (operations)	3.10	3.18	8.64	9.24

- Quarterly profit from operations before tax: SEK 201 M (239)
- Quarterly cash flow: SEK 3.10 per share (3.18)
- New leases signed in downtown Stockholm and Kista
- Unchanged full-year forecast

Drott owns commercial and residential properties in regions and metropolitan areas with faster long-term growth than the rest of the country. Three-quarters of rental revenues are from the Stockholm region, and the rest from the Öresund and Gothenburg regions.

property values as of Dec. 31, 2001: SEK 39.3 billion.

Appraised

Drott is the

largest real estate company listed on the Stockholm Stock Exchange. 50,000 shareholders. Market capitalization SEK 8 billion.

COMMENT

Market

Despite problems in the IT and telecom sectors and a 60-percent decline in stock prices since the spring of 2000, the Swedish economy is still growing, mainly thanks to the automotive, pharmaceutical and forestry industries. The latest economic forecasts estimate GNP growth at slightly over 2 percent in 2003, although the bearish stock market's future impact remains uncertain.

Local economic growth ("regional GNP") is the single most important factor behind growth in the rental market. Since 1985, office rents in Stockholm's CBD have risen by an average of 5 percent per year (through autumn 2002), although there have been significant fluctuations between years. Since peaking in 2000, average office rents in Stockholm's CBD have stabilized at a level about 10 percent lower, while vacancies have risen from approximately 2 percent to 9 percent in terms of space. No recovery is expected in 2003. Essentially the same conditions persist in the rest of the Stockholm region – some areas are in fact at risk for a further decline before turning around. Many companies, especially in and around the IT and telecom sectors, still have too much space.

In Gothenburg and Malmö, long-term growth – and volatility – in office rents is lower than in Stockholm. Vacancy rates are largely unchanged compared with last year.

For residential units in attractive metropolitan areas, rents are expected to continue to rise, not least due to a gradual adjustment to market rates.

Drott

Drott continues to work methodically to build up and manage a significant property portfolio in regions where long-term growth is faster than the rest of the country – particularly office and residential properties in prime locations. Although its holdings are long-term, Drott frequently reevaluates whether each individual property can contribute over time to its financial objectives. During the first three quarters of the year, Drott sold properties for SEK 0.6 billion (4 percent above their independently appraised market values as of December 31, 2002). Investments amounted to SEK 1.9 billion, of which property acquisitions accounted for SEK 0.8 billion.

Contacts with Drott's commercial tenants have intensified. The goal is to meet changing tenant needs with flexible leases and alternative locations. Drott's commercial tenants are now being offered expanded services, including cleaning, receptionist and janitorial services as well as security and refreshments, through its subsidiary Drott Service. This year's survey of how tenants rate Drott as a landlord – "Customer Satisfaction Index" – indicates a clear improvement over last year.

In ongoing property management operations ("operations"), profit and cash flow were lower in the third quarter of 2002 than the corresponding period a year earlier due to, among other things, the elimination of a large property portfolio outside the metropolitan regions as of year-end 2001. In addition, the occupancy rate for the commercial portfolio is lower than a year ago, due partly to properties vacated for major renovations and partly to the economic downturn and imbalance in Kista. The slow economy has also resulted in higher costs for marketing/rental activities and tenant modifications compared with the corresponding quarter of last year.

Positive factors include a continued rise in residential and commercial rents (expiring leases are still being renegotiated at higher levels). Moreover, fully leased properties that have recently been renovated or constructed are affecting profit and cash flow positively. Drott is in a more favorable tax situation this year, which has reduced its tax charge compared with the corresponding quarter

of 2001. Share repurchases have lowered profit and cash flow in absolute terms due to higher interest expenses, while profit and cash flow per share have been affected positively.

Forecast

The forecast for 2002 is unchanged since the previous interim report: Full-year profit from operations is estimated at approximately SEK 700 M before tax and cash flow is expected to exceed SEK 11.00 per share. This does not include gains on property sales (through November 6: SEK 195 M) and nonrecurring items.

PROFIT AND CASH FLOW July-September

Third quarter 2002

Figures in parentheses refer to the third quarter of 2001

Rental revenues for the third quarter amounted to SEK 913 M (901), of which residential rents accounted for SEK 222 M (224). The **operating surplus** amounted to SEK 583 M (604) and the surplus ratio was 64 percent (67).

Commercial rents renegotiated in 2002 average 28 percent higher than expiring leases. Rental revenues and operating surpluses have been affected, however, by lower occupancy rates and higher rental costs.

In the like-for-like portfolio – i.e. the portfolio that Drott owned in the third quarters of both 2001 and 2002 – rental revenues rose by SEK 26 M or 3 percent. The operating surplus decreased by SEK 5 M or 1 percent.

The occupancy rate (ongoing leases) fell during the quarter by 0.2 percentage points to 91.0 percent (September 30, 2001: 95.0 percent). In the residential portfolio, the occupancy rate remained unchanged during the quarter at 99.4 percent, while it fell by 0.2 percentage points to 88.6 percent in the commercial portfolio. As of September 30, 2002, Drott's total annual rent from ongoing leases amounted to SEK 3.6 billion, of which SEK 2.7 billion is from commercial leases with a weighted average of 3.0 years remaining until expiration. The five largest tenants accounted for SEK 0.5 billion, with a weighted average of 4.3 years remaining until their leases expire.

Interest expenses amounted to SEK 286 M (269). At the end of the period, the average interest rate on Drott's interest-bearing liabilities was 5.0 percent (5.0).

Profit before tax amounted to SEK 201 M (419). Last year's quarterly profit included gains from property sales (SEK 91 M) and nonrecurring items (SEK 89 M). This year's quarterly profit from operations amounted to SEK 201 M (239).

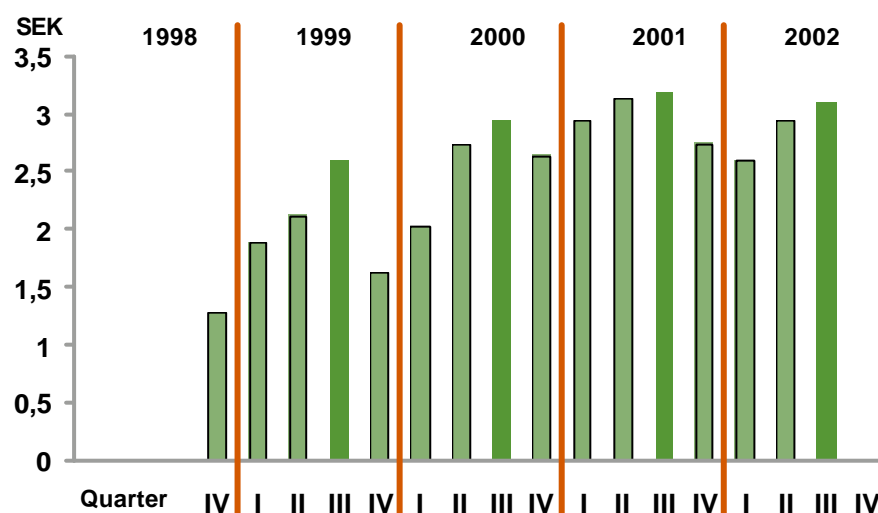
Profit after tax amounted to SEK 163 M (284) after a tax charge of SEK 38 M (135). The low reported tax charge and the low current tax are attributable to Drott's tax loss carryforwards.

By utilizing tax loss carryforwards, profit from operations was charged with current tax of only SEK 5 M or 2 percent.

PROFIT 2002 SEK M	July-September 3 months				January-September 9 months			
	Operations	Prop- erty sales	Non- recurring items	Total	Operations	Prop- erty sales	Non- recurring items	Total
Profit before tax	201	-	-	201	547	175	-	722
Current tax (= tax paid)	-5	-	-	-5	-10	-28	-	-38
Deferred tax	-32	-1	-	-33	-81	-8	-	-89
Profit after tax	164	-1	-	163	456	139	-	595

Cash flow from operations amounted to SEK 279 M (296). Cash flow per share declined by 2.5 percent to SEK 3.10 (3.18).

Cash flow per share (from operations)



Seasonal variations are fairly great. Normally, the third quarter is the year's strongest in terms of profit, while the first and fourth quarters are the weakest, mainly due to higher heating costs during the winter months, though also because tenant modifications and maintenance are largely done during the autumn and winter.

BALANCE SHEET, September 30, 2002

I. PROPERTIES

CHANGE IN BOOK VALUE OF PROPERTIES 2002 SEK M	July- September 3 months	January- September 9 months
Balance at beginning of period	35,770	35,001
Sales	-20	-391
Acquisitions	24	804
Investments in new construction and renovations	579	1,098
Depreciation	-79	-238
Balance at end of period	36,274	36,274

A table showing the properties bought and sold thus far in 2002 can be found at www.drott.se.

During the third quarter, the new building Elefanten 17 in downtown Stockholm was completed and is now being used for Drott's operations. The company thus has coordinated its operations in Stockholm, including the head office, in its own property.

Breakdown of property space

RENTABLE SPACE, Sept. 30, 2002, thousands of sq. m.	Commercial	%	Residen- tial	%	Total	%
Inner city	445	19	157	15	602	18
Globen, Marievik, Alvik	331	14	-	-	331	10
Kista	309	13	-	-	309	9
Other, Stockholm region	727	31	247	25	974	29
Stockholm region	1,812	77	404	40	2,216	66
Uppsala	52	2	68	7	120	4
Öresund region	287	13	247	24	534	16
Gothenburg region	169	7	325	29	494	14
Rest of Sweden	14	1	-	-	14	0
TOTAL	2,334	100	1,044	100	3,378	100

Of total commercial space (2,334,000 sq. m.), 60% was offices, 8% retail, 16% industrial/warehouse, 14% garages and 2% other.

Breakdown of rents

GEOGRAPHIC BREAKDOWN OF RENTS, Sept 30, 2002, SEK M	Commercial	%	Residen- tial	%	Total	%
Inner city	837	27	153	17	990	25
Globen, Marievik, Alvik	546	18	-	-	546	14
Kista	458	15	-	-	458	11
Other, Stockholm region	763	24	213	24	976	25
Stockholm region	2,604	84	366	41	2,970	75
Uppsala	53	2	55	6	108	3
Öresund region	262	9	212	24	474	12
Gothenburg region	150	5	258	29	408	10
Rest of Sweden	13	0	-	-	13	0
ANNUAL RENT incl. vacant rent	3,082	100	891	100	3,973	100

Of total commercial rents incl. vacant rent (SEK 3,082 M), offices accounted for 76%, retail for 9%, industrial/warehouses for 8%, garages for 5% and other for 2%.

PROPERTY PORTFOLIO	MANAGEMENT		PROJECT		ALL PROPERTIES
	Commer- cial prop- er- ties	Residen- tial prop- er- ties	Properties under construction or renovation	Other project prop- erties	
September 30, 2002					
NO. OF REGISTERED PROPERTIES	234	232	9	39	514
RENTABLE SPACE, thousand sq. m.	2,003	1,263	98	14	3,378
- of which commercial space	1,970	258	95	11	2,334
- of which residential space	33	1,005	3	3	1,044
Number of residential units	496	14,390	81	44	15,011
Number of commercial leases	3,186	924	66	1	4,177
SEK M					
BOOK VALUE	25,373	8,519	2,049	333	36,274
Annual rent A	2,586	989	38	4	3,617
Vacant annual rent	272	15	65	4	356
ANNUAL RENT INCL. VACANT RENT B	2,858	1,004	103	8	3,973
- of which commercial rents	2,828	149	100	6	3,083
- of which residential rents	30	855	3	2	890
Occupancy rate A/B	90.5%	98.5%			91.0%

Properties under construction or renovation

At the end of the period, two new constructions and six renovations (nine registered properties) were under way; see below. Remaining investments: SEK 0.9 billion. Annual rent rises from SEK 38 M (see table above) to SEK 292 M, of which SEK 203 M (70 percent) is leased as of November 6, 2002.

NEW CONSTRUCTION September 30, 2002	Region	Space added sq. m.	Space when completed, sq. m.	Com- pletion
Marievik 28, Marievik	Stockholm	21,100	21,100	Oct 02
Solsten 1:132 (formerly 1:19), Mölnlycke	Gothenburg	5,000	5,000	Dec 02
Total incl. garages		26,100	26,100	

RENOVATIONS >SEK 50 M September 30, 2002	Region	Space added Sq. m.	Space when completed, sq. m.	Com- pletion
Von Conow 54	Malmö	-	27,600	Dec 02
Marievik 23, Marievik	Stockholm	4,000	17,900	Mar 03
Mimer 5, Vasastan	Stockholm	-	12,100	Jun 03
Lustgården 12, Stadshagen	Stockholm	-	18,400	Aug 03
Stuten 12+17, Norrmalm	Stockholm	1,800	12,500	Sep 03
Fatburssjön 5, Södermalm, Drott's share (50%)	Stockholm	4,200	25,900	Oct 04
Total incl. garages		10,000	114,400	

II. EQUITY

Changes in equity during the third quarter are indicated in the table on page 10.

As of September 30, 2002, equity amounted to SEK 9,956 M, distributed among 89,781,385 shares outstanding.

	I	II	I+II
NUMBER OF SHARES	Outstanding	Own holding	Registered
Dec. 31, 2001	92,739,435	8,949,324	101,688,759
Repurchases quarter I	-874,150	+874,150	-
March 31, 2002	91,865,285	9,823,474	101,688,759
Retired	-	-9,273,474	-9,273,474
Repurchases quarter II	-1,683,900	+1,683,900	-
June 30, 2002	90,181,385	2,233,900	92,415,285
Repurchases quarter III	-400,000	+400,000	-
September 30, 2002	89,781,385	2,633,900	92,415,285

III. PROVISIONS

At the end of the period, the Group's provisions for deferred tax amounted to SEK 2,533 M, of which SEK 2,335 M related to provisions for deferred tax for differences between book value and fiscal residual value.

The Group's total provisions amounted to SEK 2,587 M.

IV. INTEREST-BEARING LIABILITIES

Interest-bearing liabilities rose during the quarter from SEK 23,515 M to SEK 23,707 M, and at the end of the period the average interest rate was 5.0 percent.

Loan structure

Financing is secured largely in the form of bilateral credit facilities with Swedish and international banks. In total, Drott has credit facilities of SEK 25.8 billion, of which SEK 23.5 billion is committed lines of credit with fixed loan margins and a weighted average expiration of 5.2 years.

Moreover, Drott has a commercial paper program in the Swedish capital market. Outstanding commercial paper amounted to SEK 2.0 billion as of September 30, 2002.

Interest rate structure

By utilizing the derivatives market, Drott can choose its desired fixed interest structure. This gives it the flexibility to change the fixed interest structure on short notice. As of September 30, 2002, the average fixed interest term was 15 months.

Parent Company

The Parent Company reported a loss before tax of SEK -243 M (6) for the first nine months of the year. Sales, which are generated primarily from intra-Group services, amounted to SEK 41 M (30) during the first nine months. Investments amounted to SEK 0.7 M (0.6).

FOLLOWING THE CONCLUSION OF THE REPORT PERIOD

- An 8-year lease has been signed with the law firm Linklaters Advokatbyrå for 6,540 sq. m. of office space on the block Stuten 17 ("Kungstrappan") in central Stockholm. Closing is scheduled for January 1, 2004. In addition, Drott has signed new leases with Flextronics and Kevab on 5,200 sq. m. of space in the property Färöarna 1 in Kista.
- In the Kungsholmen section of Stockholm, the residential property Karlsvik 33 has been sold to a condominium association for SEK 45 M (SEK 16,600 per sq. m.), with a capital gain of SEK 20 M. The price corresponds to a direct yield of 2.7 percent and is 25 percent higher than the market value as of December 31, 2001. Closing took place on October 1, 2002. In total, Drott has sold three properties since the conclusion of the report period for SEK 99 M and acquired two properties for SEK 61 M.

Stockholm, November 6, 2002

Drott AB (publ)

Mats Mared

President and CEO

The interim report has not been reviewed by the company's auditors.

FINANCIAL STATEMENTS

Income statement

GROUP	July-September 3 months		January-September 9 months		Rolling 12 months	Full- year 2001
SEK M	2002	2001	2002	2001	Oct-Sep	Jan-Dec
Rental revenues	913	901	2,701	2,842	3,607	3,748
Other revenues	8	4	25	26	39	40
Operating, maintenance and tenant modification costs	-198	-174	-664	-684	-908	-928
Site lease rents	-17	-16	-51	-49	-67	-65
Property tax	-59	-50	-165	-154	-202	-191
Rental and property administration	-64	-61	-189	-186	-259	-256
Operating surplus	583	604	1,657	1,795	2,210	2,348
Depreciation	-83	-84	-250	-253	-337	-340
Gross profit	500	520	1,407	1,542	1,873	2,008
Gains on property sales	-	91	175	442	241	508
Write-downs	-	-	-	-	-389	-389
Items affecting comparability	-	89	-	102	-	102
Central corporate and Group expenses	-19	-18	-68	-64	-94	-90
Operating profit	481	682	1,514	2,022	1,631	2,139
Interest subsidy	2	1	4	6	6	8
Interest income	4	5	15	12	23	20
Interest expense	-286	-269	-811	-803	-1,068	-1,060
Profit for the period before tax	201	419	722	1,237	592	1,107
Current and deferred tax	-38	-135	-127	-256	-128	-257
Profit for the period	163	284	595	981	464	850
Average number of shares outstanding (million)	90.0	93.2	91.1	95.1	91.5	94.5
Earnings per share after current and deferred tax, SEK	1.81	3.05	6.53	10.32	5.07	8.99

ONGOING PROPERTY MANAGEMENT	July-September 3 months		January-September 9 months		Rolling 12 months	Full- year 2001
SEK M	2002	2001	2002	2001	Oct-Sep	Jan-Dec
Profit for the period before tax	201	239	547	693	740	886
Profit for the period after current tax	196	212	537	626	705	794
Profit for the period after current and deferred tax	164	172	456	499	595	638
Cash flow	279	296	787	879	1,042	1,134
Average number of shares outstanding (million)	90.0	93.2	91.1	95.1	91.5	94.5
Earnings per share after current and deferred tax, SEK	1.82	1.85	5.01	5.25	6.50	6.75
Cash flow per share, SEK	3.10	3.18	8.64	9.24	11.39	12.00

Balance sheet

GROUP				
SEK M	Sept 30, 2002	June 30, 2002	Dec 31, 2001	Sept 30, 2001
Properties	36,274	35,770	35,001	35,935
Deferred tax claim	253	269	296	131
Other fixed assets	139	140	139	141
Fixed assets	36,666	36,179	35,436	36,207
Accounts receivable	573	922	1,469	494
Liquid assets	305	59	92	287
Current assets	878	981	1,561	781
ASSETS	37,544	37,160	36,997	36,988
Equity	9,956	9,836	10,145	10,277
Provisions	2,587	2,568	2,532	2,649
Non-interest-bearing liabilities	1,294	1,241	1,822	1,770
Interest-bearing liabilities	23,707	23,515	22,498	22,292
EQUITY AND LIABILITIES	37,544	37,160	36,997	36,988

CHANGE IN EQUITY	July-September 3 months		January-Sept 9 months		Jan-Dec 12 mos.
SEK M	2002	2001	2002	2001	2001
Balance at beginning of period	9,836	10,089	10,145	10,321	10,321
Dividend	-	-	-459	-384	-384
Repurchase of shares	-43	-97	-325	-646	-646
Option premium received	-	-	-	4	4
Change in translation differences, etc.	-	1	-	1	-
Net profit for period	163	284	595	981	850
Balance at end of period	9,956	10,277	9,956	10,277	10,145

Accounting principles

Drott's accounting principles have remained unchanged since the latest annual report. The company complies with the recommendations of the Swedish Financial Accounting Standards Council and the directives of the Council's "Emergency Group."

Cash flow statement

GROUP	July-September 3 months		January-September 9 months		Rolling 12 mos.	Full- year 2001
SEK M	2002	2001	2002	2001	Oct-Sep	Jan-Dec
• OPERATING ACTIVITIES						
Operating surplus	583	604	1,657	1,795	2,210	2,348
Central corporate and Group expenses	-19	-18	-68	-64	-94	-90
Interest subsidies	2	1	4	6	6	8
Interest income	4	5	15	12	23	20
Interest expense	-286	-269	-811	-803	-1,068	-1,060
Tax paid on ongoing property management operations	-5	-27	-10	-67	-35	-92
Cash flow from ongoing property management operations	279	296	787	879	1,042	1,134
<u>Cash flow from nonrecurring items, etc.</u>						
Nonrecurring items and difference between paid and expensed interest	35	169	-55	68	-222	-99
Cash flow before change in working capital	314	465	732	947	820	1,035
Cash flow from change in working capital	330	-64	-435	-400	-135	-100
Cash flow from operating activities (A)	644	401	297	547	685	935
• INVESTING ACTIVITIES						
Investments, properties	-807	-508	-2,112	-1,789	-2,871	-2,548
Investments, machinery and equipment	-3	-1	-9	-6	-12	-9
Property sales (incl. selling expenses)	263	344	1,640	3,668	1,665	3,693
Tax paid on capital gains	-	-35	-28	-147	-77	-196
Cash flow from investing activities (B)	-547	-200	-509	1,726	-1,295	940
• FINANCING ACTIVITIES						
Interest-bearing loans raised/amortized interest-bearing loans	192	98	1,209	-1,167	1,413	-963
Option premium received	-	-	-	4	-	4
Repurchase of shares	-43	-96	-325	-645	-326	-646
Dividend	-	-	-459	-384	-459	-384
Cash flow from financing activities (C)	149	2	425	-2,192	628	-1,989
CHANGE IN LIQUID ASSETS (A+B+C)	246	203	213	81	18	-114
Liquid assets at beginning of period	59	84	92	206	287	206
LIQUID ASSETS AT END OF PERIOD	305	287	305	287	305	92

OPERATIONS Quarter	1998 IV	1999 I	II	III	IV	2000 I	II	III	IV	2001 I	II	III	IV	2002 I	II	III
Cash flow, SEK M	146	192	216	263	165	206	279	297	263	286	297	296	255	240	268	279
Avg. number of shares outstanding, million	113.9	101.7	101.7	101.7	101.7	101.7	101.7	101.2	99.5	97.3	94.9	93.2	92.7	92.3	91.0	90.0
Cash flow, SEK/share	1.28	1.89	2.12	2.59	1.62	2.03	2.74	2.94	2.64	2.94	3.13	3.18	2.75	2.60	2.94	3.10
Rolling annual cash flow, SEK M	647	701	744	817	836	850	913	947	1,045	1,125	1,143	1,142	1,134	1,088	1,059	1,042
Avg. number of shares outstanding, million	113.9	110.8	107.8	104.7	101.7	101.7	101.7	101.6	101.0	99.9	98.2	96.2	94.5	93.3	92.3	91.5
Rolling annual cash flow, SEK/share	5.68	6.32	6.90	7.80	8.22	8.36	8.98	9.32	10.34	11.26	11.64	11.87	12.00	11.67	11.47	11.39

Key ratios

GROUP	July-September 3 months		January-September 9 months		Rolling 12 mos.	Full-year 2001
	2002	2001	2002	2001	Oct-Sep	Jan-Dec
PROPERTY-RELATED, SEK M						
Rental revenues	913	901	2,701	2,842	3,607	3,748
Operating surplus	583	604	1,657	1,795	2,210	2,348
Surplus ratio, %	64	67	61	63	61	63
At end of period						
Rentable space, sq. m.	3,378,000	3,538,000	3,378,000	3,538,000	3,378,000	3,335,000
Economic occupancy rate, %	91.0	95.0	91.0	95.0	91.0	93.5
Book value of properties	36,274	35,936	36,274	35,936	36,274	35,001
FINANCIAL, SEK M						
Ongoing property management operations						
Profit before tax	201	239	547	693	740	886
Profit after current tax	196	212	537	626	705	794
Profit after current and deferred tax	164	172	456	499	595	638
Cash flow	279	296	787	879	1,042	1,134
Interest coverage ratio, multiple	2.0	2.2	2.0	2.2	2.0	2.2
Total						
Profit before tax	201	419	722	1,237	592	1,107
Profit after tax	163	284	595	981	464	850
Return on equity on annual basis, %	6.6	11.2	7.9	12.7	4.6	8.3
Cash flow incl. result from property sales	279	352	934	1,174	1,206	1,446
Interest coverage ratio, multiple	1.7	2.6	1.9	2.5	1.6	2.0
At end of period						
Interest-bearing liabilities	23,707	22,292	23,707	22,292	23,707	22,498
Shareholders' equity	9,956	10,277	9,956	10,277	9,956	10,145
Total assets	37,544	36,988	37,544	36,988	37,544	36,997
Equity/assets ratio, %	27	28	27	28	27	27
Debt/equity ratio, multiple	2.4	2.2	2.4	2.2	2.4	2.2
PER SHARE, SEK¹						
Average number of shares outstanding during period	89,981,385	93,171,548	91,102,360	95,095,287	91,511,629	94,506,324
- Earnings total	1.81	3.05	6.53	10.32	5.07	8.99
- Cash flow (operations)	3.10	3.18	8.64	9.24	11.39	12.00
- Cash flow incl. result from property sales	3.10	3.78	10.25	12.35	13.18	15.30
Number of shares outstanding at end of period	89,781,385	92,739,435	89,781,385	92,739,435	89,781,385	92,739,435
- Shareholders' equity at end of period	110.89	110.82	110.89	110.82	110.89	109.39
Number of registered shares at end of period	92,415,285	101,688,759	92,415,285	101,688,759	92,415,285	101,688,759

¹In June 1999, Drott issued a convertible debenture loan in the amount of SEK 46.2 M with preferential rights for its employees in Sweden. To date, employees have subscribed for SEK 43.1 M, while the remaining convertibles have been subscribed for by a wholly owned subsidiary of Drott AB for future allotment to employees. Conversion may take place until April 30, 2004, at an exercise price of SEK 84. Upon full conversion, the number of Class B shares in Drott will increase by 550,000.

In March 2001, 36 senior executives acquired 443,800 call options on Class B shares in Drott. The options expire on March 20, 2004 and have a strike price of SEK 134.50 per share. If fully exercised, the options will therefore increase the number of Class B shares in Drott by 443,800.

The dilution effect from conversions/subscriptions has not been taken into account in the key ratio table, since the dilution has only a marginal impact on the ratios.

Definitions

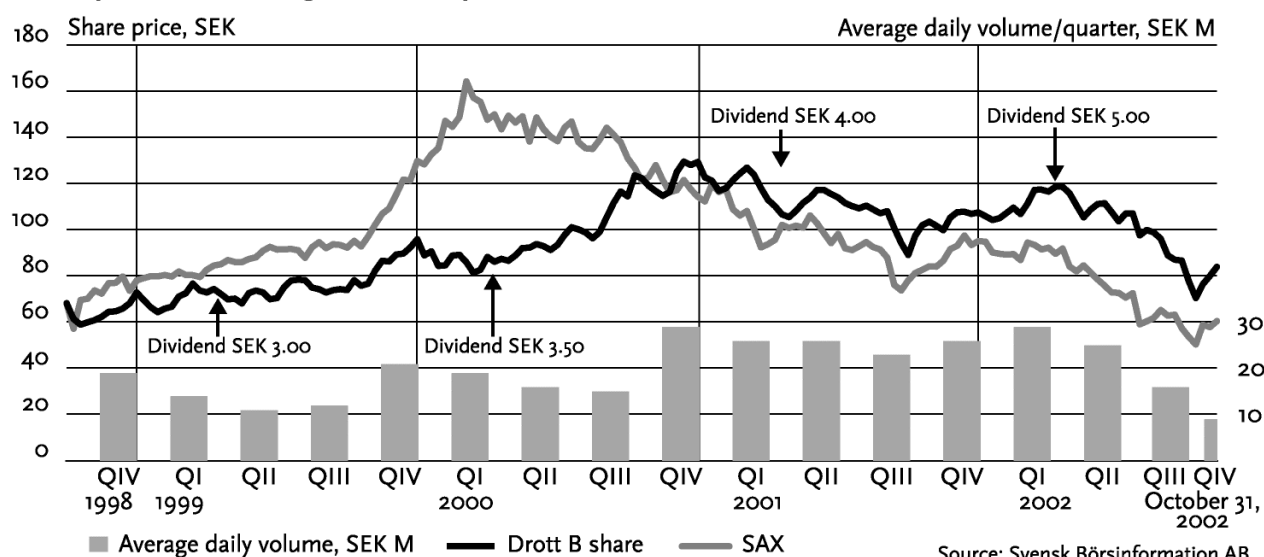
PROPERTY-RELATED	
Economic occupancy rate	Annual rent for leases that extend to the end of the period divided by the sum of annual rents, incl. vacant rent.
Like-for-like portfolio	Properties included in the Drott Group from the beginning of a period until the corresponding period a year later.
Annual rent	Basic annual leased-based rent, after indexing and adjustments for rent discounts and surcharges.
Annual rent incl. vacant rent	The sum of annual rents and vacant rent.
Rentable space	Leased space generating rental revenues at the end of the period plus vacant space. Rentable space includes indoor garages.
Vacant rent	Estimated rent for vacant housing plus annual market rent for vacant commercial space after reasonable refurbishment.
Surplus ratio	Operating surplus as a percentage of rental revenues.
FINANCIAL	
Return on equity	Profit for the period as a percentage of average equity.
Central corporate and Group expenses	Expenses not directly attributable to property management, such as corporate management, group staff functions and maintenance of the company's stock exchange listing.
Cash flow	Profit before tax after the reversal of depreciation, the result from property sales and nonrecurring items less current tax on ongoing property management operations.
Nonrecurring items	All income and expenses not included in ongoing property management operations or in the result from property sales.
Profit - ongoing property management operations	Profit excluding result from property sales and nonrecurring items.
Interest coverage ratio	Profit after net financial items after the reversal of interest expense divided by interest expense.
Interest coverage ratio – ongoing property management operations	Profit after net financial items after the reversal of interest expense, the result from property sales and nonrecurring items divided by interest expense.
Debt/equity ratio	Interest-bearing liabilities divided by equity.
Equity/assets ratio	Equity plus minority interest as a percentage of total assets.
Earnings per share	Profit for the period divided by the average number of shares outstanding.
Annual cash flow	Sum of cash flow over the last four quarters.

Further information

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Scheduled information		
Year-end report	February 11, 2003	
Annual report 2002	March 2003	
Annual General Meeting 2003	April 8, 2003	
Interim report January-March 2003	May 6, 2003	
Interim report January-June 2003	August 22, 2003	
Interim report January-September 2003	October 29, 2003	
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THE DROTT SHARE

Share price and trading volume September 24, 1998–October 31, 2002



Largest shareholders, October 5, 2002

SHAREHOLDER	Class A shares	Class B shares	Total number	Shares outstanding (%)		Registered shares (%)	
				Capital	Votes	Capital	Votes
Robur mutual funds	-	6,436,462	6,436,462	7.2	6.8	7.0	6.6
AMF Pension	-	5,617,000	5,617,000	6.3	5.9	6.1	5.8
Nordea mutual funds	-	4,035,802	4,035,802	4.5	4.3	4.4	4.2
HQ mutual funds	-	3,721,700	3,721,700	4.1	3.9	4.0	3.8
Skandia	-	3,599,698	3,599,698	4.0	3.8	3.9	3.7
Douglas sphere	11,800	2,590,400	2,602,200	2.9	2.9	2.8	2.8
AFA Försäkring	-	2,334,240	2,334,240	2.6	2.5	2.5	2.4
4 th Pension Insur. Fund	28,000	2,011,000	2,039,000	2.3	2.4	2.2	2.4
Melker Schörling cos.	9,578	1,266,000	1,275,578	1.4	1.4	1.4	1.4
Didner & Gerge fund	-	1,232,900	1,232,900	1.4	1.3	1.3	1.3
Foreign shareholders	35,968	17,451,780	17,487,748	19.5	18.9	18.9	18.3
Other	431,881	38,967,176	39,399,057	43.9	45.8	42.6	44.6
Shares outstanding	517,227	89,264,158	89,781,385	100.0	100.0	97.1	97.3
Drott	-	2,633,900	2,633,900			2.9	2.7
Registered shares	517,227	91,898,058	92,415,285			100.0	100.0