

Vasakronan

INTERIM REPORT JANUARY – MARCH 2003

Rental revenues increased to SEK 755 M (712). The rental increase for new and renegotiated leases was 1% (33). The financial vacancy rate increased to 7% (6).

Income after financial items amounted to SEK 182 M (155). Excluding gains on property sales, income amounted to SEK 165 M (155).

The forecast for full-year 2003 is that income after financial items will be approximately SEK 550 M (617), assuming the existing portfolio and before gains on property sales and possible writedowns.

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FINANCIAL DATA

SEK M	Jan.–Mar. 2003	Jan.–Mar. 2002	Apr. 2002– Mar. 2003	Full year 2002
Rental revenues	755	712	2,941	2,899
Income after financial items	182	155	629	601
Income after financial items, excluding property sales and writedowns	165	155	627	617
Cash flow	191	231	885	925
Investments, including property acquisitions	93	230	571	693
Property sales	70	–	–	–
Equity/assets ratio, %	32	35	33	33
Vacancy rate, rent, %	7	6	7	7



The market

The market was characterized by continued uncertainty and poor business conditions during the first quarter of 2003. The weak economy has had a negative impact on demand in the premises leasing market.

Stockholm has been affected more than other urban centers, and rents in central Stockholm have continued to decline. Demand for centrally located, modern and efficient offices in Stockholm continues to be satisfactory, however. Demand for premises in Kista and at InfraCity continues to be limited.

Demand has also declined in Göteborg and Malmö, although rents are stable for the most part. Demand for premises in Lund, Uppsala and Linköping is limited, but rental levels continue to be stable. A considerable proportion of premises in central Stockholm are vacant, and many companies are taking the opportunity to review their premises requirements. This situation has also resulted in a protracted decision-making process, prior to the conclusion of an agreement.

Activity in the property market is relatively limited, although a number of sales have occurred, primarily to foreign buyers such as Whitehall Funds, which purchased 14 properties from companies in which Länsförsäkringar has an interest. Business conducted by Swedish players in this

LEASE PORTFOLIO, MARCH 31, 2003

Lease period until	No. of leases	Annual rent, SEK M	Share, %
2003	610	336	11
2004	632	579	19
2005	546	556	19
2006	313	415	14
2007	100	222	7
2008–	154	837	29
Residential	897	41	1
Total	3,252	2,986	100

market included an exchange transaction between Tornet and JM and a bid by LRF/Stena for Mandamus.

Rental revenues

Vasakronan's rental revenues for the first quarter of 2003 increased by SEK 43M to SEK 755 M (712), an increase of 6% (decline: 3). The increase for a comparable portfolio was 6% (10) and the impact of property divestments and acquisitions was 0% (decline: 13). The increase for a comparable portfolio was because most new and renegotiated leases have a term of 3-5 years and, as a result, rent increases occur in connection with renegotiation. The average duration for the lease portfolio was 3.9 years (3.8).

PROPERTY HOLDINGS, MARCH 31, 2003

	Rental revenues		Income before depreciation		Vacancy rate		Floor space		No. of registered properties 3 mths 2003	Book value 3 mths 2003 SEK M
	3 mån 2003	3 mån 2002	3 mån 2003	3 mån 2002	3 mån 2003	3 mån 2002	3 mths 2003	3 mths 2002		
	Mkr	Mkr	Mkr	Mkr	Rent, %	Rent, %	1,000 m²	1,000 m²		
Stockholm region										
Central business district	94	99	55	65	6	2	129	129	11	4,176
Old Town	13	9	9	0	5	0	23	23	8	435
Vasastan	34	25	26	7	8	6	54	54	10	1,079
Östermalm	126	120	86	81	11	7	307	307	11	3,007
Other central districts	74	68	54	47	6	5	162	162	10	1,574
Total	341	322	230	200	8	5	675	675	50	10,271
Greater Stockholm-Uppsala region										
Greater Stockholm, South	28	24	18	13	10	13	79	79	7	636
Greater Stockholm, North	75	70	45	47	2	2	271	274	24	1,681
Kista	5	5	4	4	0	0	10	10	2	160
Infracity	41	42	13	22	26	25	190	190	7	1,376
Uppsala	21	20	13	11	4	0	67	67	9	449
Total	170	161	93	97	10	10	617	620	49	4,302
Göteborg/Linköping region										
Göteborg	108	100	74	69	10	13	299	299	27	3,543
Linköping	20	18	12	11	3	3	77	77	9	511
Total	128	118	86	80	4	5	376	376	36	4,054
Öresund region										
Malmö ²	100	100	58	64	6	4	338	346	35	3,087
Lund	24	19	16	13	3	1	70	70	11	595
Total	124	119	74	77	5	4	408	416	46	3,682
Eliminations	-8	-8	-1	-3	-	-	-	-	-	-
Group total	755	712	482	451	7	6	2,076	2,087	181	22,309

¹ Including surplus value and deferred tax. Excluding work in progress.

² This item also includes registered property in Växjö.

Average rental revenue rose to SEK 1,413/m² of floor space (1,309), and the average rental revenue for office premises was SEK 1,658/m² (1,497). The increase was due to new and renegotiated leases.

Leases corresponding to SEK 171 M (35) in annual rent were renegotiated during the first quarter of 2003, and rents increased by an average of 1% (33). Renegotiations in the Stockholm region resulted in rent reductions, but rents increased in other regions by 6% on average. In all, 15% (10) of leases will be renegotiated during 2003, of which 6% (1) were renegotiated during the first three months. The largest leases signed during the period were with the Police College in Solna (42,000 m² of floor space), the Patent and Registration Office in Östermalm (16,000 m²) and the Confederation of Swedish Enterprise in the Hötorg block in the central business district in Stockholm (3,400 m²). The proportion of central government tenants is 32% (31) in terms of rental revenues. As a result, the proportion of other tenants is 68% (69).

The vacancy rate amounted to 8% (7) of the premises floor space, corresponding to 164,000 m² (146,000). The estimated rent loss was 7% (6), corresponding to SEK 231 M (173). Of the total vacancy rate property projects represented 1% of the premises floor space and the estimated rent loss. The higher vacancy rate was due to the current downturn in the economy.

Expenses and income

Operating expenses increased by SEK 18 M to SEK 183 M (165), an increase of 11% (decrease: 9). The increase for a comparable portfolio was 11% (10), and the impact of acquisitions and divestments was 0% (decrease: 19). The

increase was primarily due to higher heating costs. Credit losses amounted to SEK 0 M.

Costs for maintenance and tenant adaptations declined by SEK 9 M to a total of SEK 37 M (46), a reduction of 20% (18). The reduction for a comparable property portfolio was 20% (increase 4) and the impact of acquisitions and divestments was 0% (decrease: 22). The reduction was due to postponed maintenance and reduced tenant adaptation requirements. A high proportion of maintenance expenses are related to ongoing projects in Stockholm.

Property tax increased by SEK 3 M to SEK 53 M (50). The increase was due to higher conversion factors for tax assessment values. Since 90% (95) of property tax is paid by tenants, this cost increase was almost entirely offset.

Income before depreciation increased by SEK 31 M to SEK 482 M (451), an increase of 7% (decrease: 1). The increase for a comparable portfolio was mainly due to increased rental revenues. The income before depreciation margin improved to 64% (63).

Depreciation on properties increased by SEK 4 M and amounted to SEK 115 M (111). The increase was due to the investments implemented. Office and retail properties are depreciated at 2% a year.

Gains on property sales amounted to SEK 17 M (0), following divestment of the Handelplats I11 property in Växjö for SEK 15 M and the reversal of the previously eliminated gain on the sale of properties to the Norrporten associated company.

Expenses for central administration and marketing declined to SEK 23 M (32).

Net financial items amounted to an expense of SEK 178 M (expense: 152), representing a decline of SEK 26 M.

DEVELOPMENT PROJECTS

Location	Property	Scheduled completion	Total property investment, SEK M
Linköping	Blandaren 17	Jun. 2003	63
Upplands Väsby	InfraCity, P-hus	Jun. 2003	98
Stockholm	Uppfinnaren 1, Östermalm	Jun. 2003	65
Stockholm	Uppfinnaren 2, Östermalm	Jun. 2003	238
Stockholm	Gamen 8, etapp 1 Södermalm	Dec. 2003	72
Stockholm	Grönlandet Norra, Vasastaden	Jun. 2003	210
Stockholm	Kungliga Trädgården 7, Centrum	Apr. 2006	100
Stockholm	Garnisonen 3, Östermalm	Dec. 2003	146
Total			992
Other minor projects			248
Total			1,240

MATURITY DATE STRUCTURE – FINANCING, MARCH 31, 2003

	Fixed-interest term			Loan maturity		Committed credit facilities	
	SEK M	Interest %	Share %	SEK M	Share %	SEK M	Share %
2003	3,680	4.6	22	4,180	25	1,025	23
2004	3,046	4.9	18	3,496	21	700	15
2005	3,128	5.7	19	3,128	19	1,000	22
2006	2,927	5.7	18	3,077	18	1,000	22
2007	2,563	6.3	15	2,063	12	800	18
2008	572	5.5	3	772	5	0	0
2009	300	4.3	2	–	–	–	–
2010	500	4.4	3	–	–	–	–
Total	16,716	5.3	100	16,716	100	4,525	100

The fixed-interest term includes derivatives. Loans reported at nominal amounts.

SOURCES OF FUNDING, MARCH 31, 2003

SEK M	Borrowing framework	Of which utilized
Commercial paper programs	5,000	1,600
MTN program	15,300	13,934
EMTN program EUR 1 billion	9,223	722
Bank loans	460	460
Committed lines of credit	4,525	0
Total	–	16,716

Higher average borrowing had an adverse effect of SEK 9 M on the financial net, and a higher average interest rate for borrowing had a negative impact of SEK 19 M. Interest income on interest-bearing receivables improved the financial net by SEK 9 M. Income from participation in associated companies had an adverse effect of SEK 7 M on net financial items.

Income after financial items, excluding property sales, amounted to SEK 165 M (155).

Income after financial items, including property sales of SEK 17 M (0), amounted to SEK 182 M (155).

Changes in the property portfolio

Vasakronan sold properties for SEK 70 M during the first quarter. The Handelsplats I11 property in Växjö was sold for SEK 70 M in March. Land was acquired for SEK 6 M at InfraCity in January.

Investments

Investments amounted to SEK 93 M (230) during the first quarter, of which SEK 6 M (0) involved property acquisitions and SEK 87 M (230) investments in properties and improvements. Property projects in progress amounted to SEK 1.2 billion (1.4). These projects were mainly located in Stockholm, where the largest project is the Uppfinnaren 2 development in Östermalm.

Funding

Liquid assets amounted to SEK 1,883 M (434) at March 31, 2003. The increase was due to advance borrowing during the first quarter. Interest-bearing receivables amounted to SEK 2,203 (1,151). The increase was due to the reclassification of financial fixed assets. In addition, there are unutilized lines of credit amounting to SEK 4,525 (4,825).

Interest-bearing liabilities were SEK 16,725 M (15,042) at March 31. Net interest-bearing liabilities amounted to SEK

12,640 M (13,197). The cash flow interest coverage ratio was 2.6 (2.8).

The average lending rate increased to 5.3% (4.9). The average lending rate at March 31, 2003 was 5.3% (5.1).

The average fixed-term interest rate for borrowing increased to 2.5 years (2.1) at March 31. The average duration amounted to 21 years (2.1). Committed credit facilities and liquid assets represented 141% (121) of current interest-bearing liabilities. The average term for committed credit facilities was 2.4 years (1.9).

On April 16, Standard & Poor's changed its credit rating for Vasakronan's long-term EMTN and MTN programmes from a BBB+ negative outlook to BBB stable outlook. The domestic credit rating for short-term borrowing under the commercial paper programme was changed at the same time from K-1 to K-2.

Shareholders' equity

Vasakronan had a visible shareholders' equity of SEK 9,250 M (9,310) at March 31, 2003. The equity/assets ratio was 32% (35).

Vasakronan's properties were valued at SEK 34.1 billion at December 31, 2002. The book value at year-end amounted to SEK 23.3 billion. The adjusted equity/assets ratio was 44%.

Cash flow

The cash flow from current operations, before changes in current receivables and liabilities, declined to SEK 191 M (231). The lower cash flow was due to increased tax paid and a weaker financial net.

Employees

Vasakronan had 360 employees (333) at March 31, 2003. The average number of employees during the period was 358 (323).

Outlook for 2003

Vasakronan's rental revenues will continue to increase, due to higher rents for renegotiated leases. Operating and maintenance expenses will increase slightly. Depreciation will increase as a result of the investments carried out and the acquisition of the Kista Entré property. Central administration and marketing expenses will decline. Overall, this will result in an improvement in operating income. Net financial items will be weaker, mainly due to an increased borrowing volume.

Vasakronan's forecast is that income after net financial items, assuming the existing portfolio and excluding gains/losses on property sales and possible writedowns, will amount to approximately SEK 550 M (617).

Annual General Meeting

At the Annual General Meeting on April 29, 2003, a dividend of SEK 216 M (165) was approved.

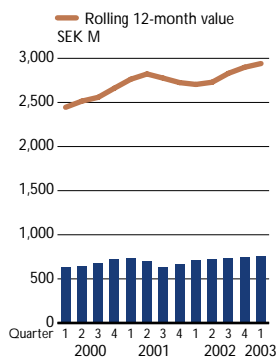
The Annual General Meeting re-elected Egon Jacobsson, Chairman, Lars V Kylberg, Vice Chairman, Håkan Bryngelson, Georg Danell, Gerd Engman and Birgitta Kantola. Maria Lilja who had been a member since 1993 declined re-election. Lars-Johan Cederlund of the Ministry of Industry, Employment and Communications, and Christina Ragsten Pettersson of the Ministry of Industry, Employment and Communications was elected as new members of the Board.

Stockholm, April 29, 2003

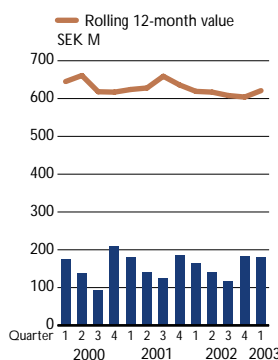


Håkan Bryngelson, President
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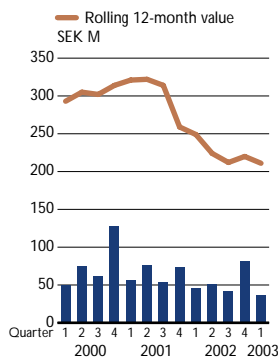
RENTAL REVENUES



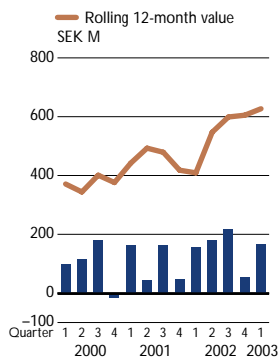
OPERATING EXPENSES



MAINTENANCE



**INCOME AFTER FINANCIAL
ITEMS, EXCLUDING
PROPERTY SALES**



INCOME STATEMENT

SEK M	Jan.-Mar. 2003	Jan.-Mar. 2002	Full year 2002
Rental revenues	755	712	2,899
Operating expenses	-183	-165	-600
Maintenance	-37	-46	-220
Property tax	-53	-50	-197
Income before depreciation	482	451	1,882
Property depreciation, writedowns	-115	-111	-471
Gross income	367	340	1,411
Gain on sale of properties	17	-	6
Other operating income and expenses	-1	-1	-11
Central administration and marketing	-23	-32	-112
Operating income	360	307	1,294
Net financial items	-178	-152	-693
Income after financial items	182	155	601
Tax	-50	-43	-148
Minority participation in income	0	0	1
Income for the period	132	112	454

BALANCE SHEET

SEK M	Mar. 3, 2003	Mar. 3, 2002	Dec. 31, 2002
Assets			
Intangible fixed assets	31	27	30
Properties and improvements	23,301	23,284	23,371
Financial fixed assets	2,301	1,933	2,207
Current receivables	1,192	1,217	1,181
Liquid assets	1,883	434	444
Total assets	28,708	26,895	27,233

Shareholders' equity and liabilities

Shareholders' equity	9,250	9,310	9,116
Minority interest	14	1	0
Provisions	449	444	448
Non-interest-bearing liabilities	2,288	2,113	2,337
Interest-bearing liabilities	16,707	15,027	15,332
Total shareholders' equity and liabilities	28,708	26,895	27,233

KEY RATIOS

SEK M	Mar. 3, 2003	Mar. 3, 2002	Dec. 31, 2002
Property-related			
Book value, SEK M	22,309	22,166	22,191
Premises floor space, 1,000 m ²	2,076	2,087	2,084
Vacancy rate, floor space, %	8	7	7
Vacancy rate, rent space, %	7	6	7

Financial

Income before depreciation margin, %	64	63	65
Cash flow interest coverage ratio, multiple	2.6	2.8	2.6
Cash flow, SEK M	191	231	925
Average shareholders equity, SEK M	9,183	8,591	9,157
Shareholders' equity, %	5.1	18.7	5.0
Equity/assets ration, %	32	35	33
Net interest-bearing liabilities, SEK M	12,640	13,457	12,785
Debt/equity ratio, multiple	1.4	1.4	1.4

Share-related

No. of shares	4,000,000	4,000,000	4,000,000
Earnings per share, SEK	33	28	114
Cash flow per share, SEK	48	58	231
Shareholders' equity per share, SEK	2,312	2,328	2,279

CASH FLOW STATEMENT

SEK M	Mar. 3, 2003	Mar. 3, 2002	Dec. 31, 2002
Current operations			
Income before financial items	360	307	1,294
Depreciation, writedowns	121	114	488
Other items that do not affect liquidity	-16	1	-3
Interest income	50	32	142
Interest expenses	-223	-186	-821
Tax paid, excl. property sales	-101	-37	-175
Cash flow before changes in working capital	191	231	925
Increase(+)/decrease(-) in current receivables	12	125	214
Increase(+)/decrease(-) in operating liabilities	-34	-161	79
Cash flow from current operations	169	195	1,218
Investment operations			
Investments	-87	-230	-693
Acquisition of properties	-6	-	-15
Acquisition of subsidiaries	-	-	1
Less acquired consolidated goodwill	-	-	-
Properties sold	70	-	-
Tax paid on property sales	-	-600	-590
Increase(+)/decrease(-) in financial fixed assets	-110	-90	-390
Cash flow from investment operations	-133	-920	-1,687
Funding operations			
Increase(+)/decrease(-) in interest-bearing liabilities	1,375	766	1,084
Group contribution paid/received	-	-	1
Dividend paid	-	-	-537
Cash flow from funding operations	1,375	766	548
Cash flow for the period	1,411	41	79
Liquid assets at Jan.1	472	393	393
Liquid assets at Dec. 31	1,883	434	472
Net interest-bearing liabilities at Jan. 1	-12,785	-12,708	-12,708
Net interest-bearing liabilities at Dec. 31	-12,640	-13,457	-12,785
Net increase(+)/decrease(-) in interest-bearing liabilities	145	-749	-77

Accounting principles

The accounting principles employed in this interim report are the same as those used in the preceding annual report.

DEFINITIONS**Average shareholders' equity**

Average visible shareholders' equity.

Cash flow

Operating income before financial items, including reversal of depreciation and writedowns, deduction for items that do not affect liquidity, net interest received/paid and income tax paid.

Cash flow interest coverage ratio

Operating income excluding capital gains/losses, with reversal of depreciation, divided by net financial items.

Cash flow per share

Cash flow divided by the number of shares.

Debt/equity ratio

Net interest-bearing liabilities, divided by shareholders' equity at year-end.

Earnings per share

Income after estimated tax, divided by the number of shares.

Equity/assets ratio

Shareholders' equity at yer-end as a percentage of total assets.

Income before depreciation

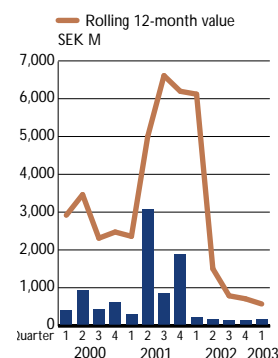
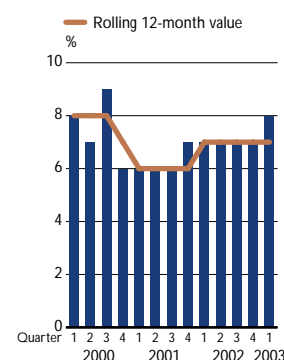
Rental revenues less operating and maintenance expenses and property tax.

Income before depreciation margin

Income before depreciation divided by rental revenues.

Net interest-bearing liabilities

Interest-bearing liabilities including pension liabilities, less liquid assets and interest-bearing receivables.

INVESTMENTS INCLUDING PROPERTY ACQUISITIONS**VACANCY RATE, FLOOR SPACE****Premises floor space**

Rentable floor space.

Return on shareholders' equity

12-month rolling income less estimated tax, divided by shareholders' equity.

Shareholders equity per share

Shareholders' equity at year-end, divided by the number of shares.

Vacancy rate, floor space

Percentage of floor space not rented.

Vacancy rate, rent

Estimated annual rent loss due to vacant premises floor space as a percentage of the total annual rent if fully rented.

Vasakronan AB is one of the leading real estate companies in Sweden, with a focus on commercial premises in Stockholm, Göteborg, Malmö, Lund, Linköping and Uppsala. The property portfolio comprises 181 properties with a total floor space of 2.1 million m², providing agreeable and effective working facilities for about 65,000 people, and services that function smoothly. Vasakronan offers efficient workplaces and customized services, focusing on a strong local position, with properties mainly in central urban locations.

REPORTS SCHEDULE

Interim report January – June 2003	July 11, 2003
Interim report January – September 2003	October 22, 2003
Year-end report	February 2004
Annual report 2003 (Swedish)	February 2004
Annual report 2003 (English)	February 2004

Financial information may be order from Corporate Communications,
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You are welcome to visit our website for current information about Vasakronan and vacant premises.



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