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Interim Report January-June 2003

Vasakronan AB

- Rental revenues increased to SEK 1,503 M (1,436). The rental increase for new and renegotiated leases was 2% (43). The financial vacancy rate increased to 7% (6).
- Income after financial items amounted to SEK 357 M (334). Excluding gains on property sales, income amounted to SEK 338 M (337).
- The forecast for 2003 remains unchanged. Income after net financial items, before items affecting comparability, will amount to approximately SEK 550 M.

“The market was characterized by continued economic uncertainty and poor business conditions during the first half of 2003. The weak economic trend had a negative impact on demand in the premises leasing market,” comments Håkan Bryngelson, President of Vasakronan.

“Stockholm and suburbs were affected the most, and rents continued to decline. The low rents in the downtown area led to strong demand for modern, efficient offices in central Stockholm. Demand for office premises in Kista, at InfraCity, in Solna/Sundbyberg and in Liljeholmen continues to be limited.”

“Göteborg and Malmö were also affected to some extent, although rents remain unchanged for the most part. Demand for premises in Lund, Uppsala and Linköping remains low, but rental levels continue to be stable. There is a large range of vacant premises in central Stockholm and the suburbs of Stockholm, and many companies are taking the opportunity to review their premises requirements. The high vacancy rate, combined with considerable uncertainty about the economy, has resulted in a protracted decision-making process prior to the conclusion of an agreement says Håkan Bryngelson”.

Leases corresponding to SEK 225 M (143) in annual rent were renegotiated during the first quarter of 2003, and rents increased by an average of 2% (43).

“Renegotiations in the Stockholm region resulted in rent reductions, but rents increased in other regions by 6% on average. In all, 15% (14) of leases will be renegotiated during 2003, of which 8% (5) were renegotiated during the first six 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, in Stockholm, (16,000 m²) and the Confederation of Swedish Enterprise in the Hötorg block in Stockholm (3,400 m²), comments Håkan Bryngelson.

The Interim-report will be published at

<http://www.vasakronan.se/templates/PageRightColumnMenu.aspx?id=2841>

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Vasakronan AB is one of the leading real estate companies in Sweden. Vasakronan is the largest supplier of commercial premises, primarily office properties, with locations in Stockholm, Göteborg, Malmö, Lund, Linköping and Uppsala.

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