

Vasakronan Interim report

January–September 2007

Income after tax rose to SEK 3,494 M (2,037). The increase was primarily attributable to unrealized increase in the value of the property portfolio and an improved operating surplus.

The market value of the properties increased to SEK 42,999 M (36,165). The unrealized increase in value during the first nine months was SEK 3,645 M (1,567), an increase of 9.6% (4.7).

Income after financial items before realized and unrealized value changes increased to SEK 1,164 M (1,110) as a result of improvements in the operating surplus and net financial items.

Rental revenues increased to SEK 2,146 M (2,015). Leased annual rent increased to SEK 3,173 M and exceeded the rolling 12-month rental revenues of SEK 2,837 M by 12%. The rent level for new and renegotiated leases increased by 5% (2).

The vacancy rate declined to 5% (7) of rental revenues.

The project portfolio increased to SEK 3,049 M (1,808) and investments increased to SEK 1,054 M (687).

The outlook for 2007 is unchanged. Profit after net financial items, before value changes, is expected to increase to approximately SEK 1,450 M (1,333).

FINANCIAL DATA

SEK M	Jan.–Sept. 2007	Jan.–Sept. 2006	July–Sept. 2007	July–Sept. 2006	Oct. 1, 2006– Sept. 30, 2007	Full year 2006
Rental revenues	2,146	2,015	714	678	2,837	2,706
Income after financial items	1,164	1,110	387	433	1,387	1,333
Income after tax	3,494	2,037	1,156	402	4,866	3,409
Vacancy rate, rent, %	5	7	5	7	5	7
Operating surplus margin, %	68	67	71	71	67	66
Interest-coverage ratio, multiple	5.5	4.5	5.0	5.0	3.9	3.5
Cash flow	1,147	451	395	308	1,429	733
Market value, properties	42,999	36,165	42,999	36,165	42,999	38,122
Equity/assets ratio, %	54	53	54	53	54	55

VASAKRONAN
Real offices for real people

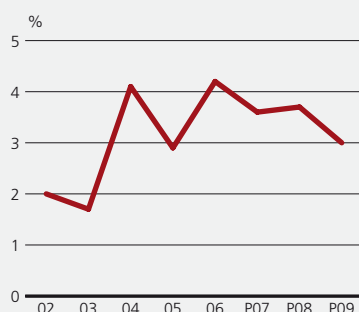
Market

The Swedish economy

According to the National Economic Research Council, the Swedish economy will continue to grow, with an anticipated GDP growth of 3.6% in 2007, 3.7%

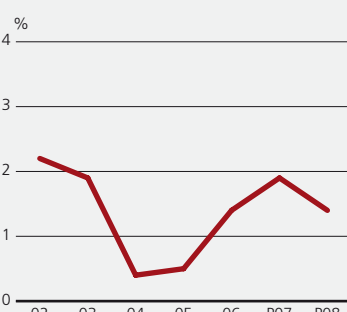
in 2008 and 3.0% in 2009. Employment in offices continues to increase primarily in large urban areas. Inflation remains low and interest levels have continued to increase during 2007.

GDP TREND
(ANNUAL PERCENTAGE CHANGE)



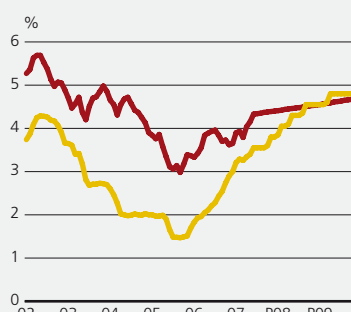
Source: Statistics Sweden and the National Economic Research Council

INFLATION TREND



Source: Statistics Sweden and Nordea

INTEREST-RATE TREND



10-year Swedish Government bonds

3-month interest rate

Source: The National Economic Research Council

Stockholm

Commercial premises market

There is continued strong demand for premises in central Stockholm. The largest demand is for small and medium-sized office premises that are modern and efficient. The rent level continues to increase and rents in the Stockholm CBD are between SEK 4,300 and SEK 4,600/m². However, the supply of larger premises in Stockholm City is substantial as a result of a number of major tenants relocating to other premises. Since most of the large empty office premises in the Stockholm CBD are currently being renovated, they are not available for use in the short term. The project portfolio in Stockholm CBD is comprehensive for the coming years and offices, hotels and residences will be built primarily in the area between Stockholm Central Station and

Norra Bantorget. Vacancies are decreasing in Stockholm, particularly in central areas.

In Stockholm's suburbs, vacancies are higher, with improved demand for modern premises. In Kista, demand has increased considerably, which has led to significantly fewer vacancies. West Kungsholmen has attracted large tenants to newly built premises.

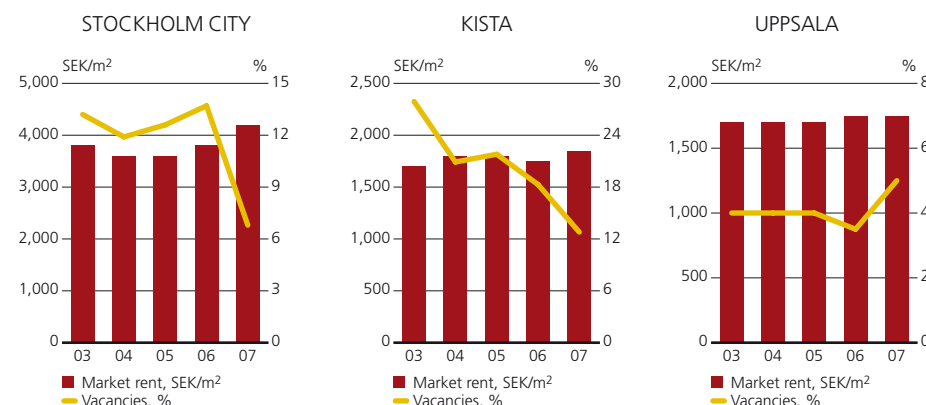
In Uppsala, the market remains stable, with favorable demand.

Property market

Activities in the property market remain high. Foreign players have shown considerable interest in both properties and projects. During the recent quarter, a number of transactions were completed involving

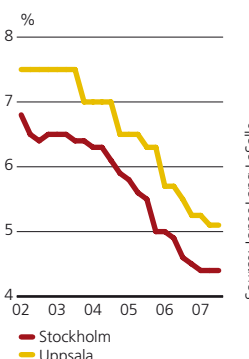
both Swedish and foreign players. LaSalle Investment Management sold Kungshuset to GIC Real Estate, owned by the Singapore government, for slightly more than SEK 1.1 billion, which is assessed to correspond to a yield of 4.25%. Aberdeen Property Fund Pan-Nordic acquired the Swedish Match head office on Södermalm for SEK 995 M, which is assessed to correspond to a yield of less than 5%. Aberdeen Fastighetsfond Sverige acquired four shopping centers in Stockholm from GE Real Estate for approximately SEK 450 M. ING Real Estate acquired a shopping center in Sollentuna from CA Fastigheter for approximately SEK 1.3 billion. GE Real Estate acquired office properties in Danderyd from AMF Pension for SEK 665 M.

MARKET RENT LEVELS AND VACANCY RATES



The diagrams show Jones Lang LaSalle's assessment of market rent levels and vacancies during the third quarter of each year. The market rent level indicates the rent for central locations. Vacancies are shown excluding vacancies due to renovation.

YIELD REQUIREMENT FOR MODERN OFFICES IN PRIME LOCATIONS



Source: Jones Lang LaSalle

The yield requirement continued to decline primarily in central Stockholm, but also in Uppsala. For offices in prime locations, the yield requirement is estimated to be between 4–4.5% in Stockholm and 5.5–6% in Uppsala.

Göteborg

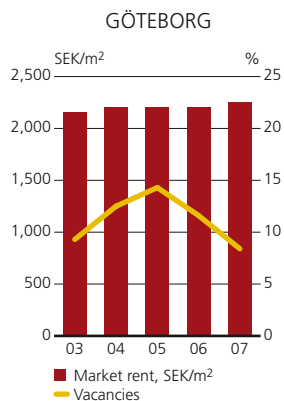
Commercial premises market

The rent level in Göteborg is characterized by increasing rent levels in most office locations. At the same time, new construction is limited, despite such major projects as Vasakronan's extension of Polishuset and NCC's renovation of Hasselbladshuset. In the most attractive locations, the rent levels are SEK 2,800/m² and on Östra Hamngatan rent levels are SEK 2,200/m² for modern offices. The relationship between top rent levels in central Göteborg and rent levels outside the inner city itself is declining. Vacancies in the Göteborg market continued to decrease and are now approximately 9%.

Property market

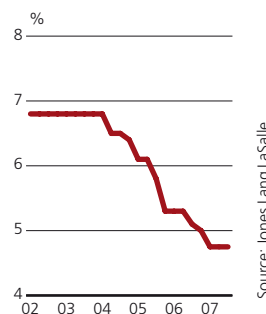
Transactions in the property market increased during the third quarter. Prices for office properties increased somewhat during the quarter due to expectations of continued rent increases. However, there remains a shortage in the market for office premises in attractive locations. Aberdeen acquired, for one of its funds, the Askungen Förvaltning's property portfolio for SEK 1.3 billion. The portfolio comprises primarily offices in B and C locations. Teesland remains active in the market and continues to make acquisitions. The Irish company, MKO Partners, is a new player in the market, which acquired a shopping center in Göteborg. Aberdeen Property Fund Pan-Nordic signed an agreement to acquire a property portfolio comprising mainly office premises located in Göteborg and Mölndal. The property value totals SEK 1.3 billion. The Högsbo 421 shopping center was acquired by the Dutch company, Eurocommercial Properties, for SEK 811 M, which corresponds to a yield of approximately 5%.

MARKET RENT LEVEL AND VACANCY RATE



The diagram shows Jones Lang LaSalle's assessment of market rent levels and vacancies during the third quarter of each year. The market rent level indicates the rent for central locations. Vacancies are shown excluding vacancies due to renovation.

YIELD REQUIREMENT FOR MODERN OFFICES IN PRIME LOCATIONS



Also in Göteborg, the yield requirement in prime locations continued to decline and is now at 4.75 – 5.25%.

Malmö–Lund

Commercial premises market

The rent levels in Malmö and Lund continue to increase. The labor market in these cities improved significantly, particularly within the consulting and telecommunication sectors. The demand for small and medium size office premises remains strong. The vacancy rate decreased in central locations. New construction activities are distinct, with a focus on Västra

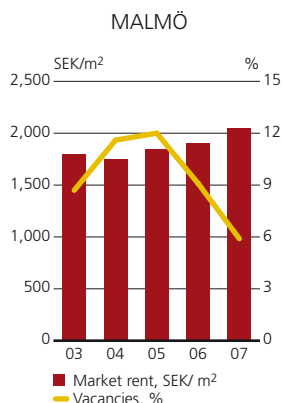
Hamnen in Malmö.

Demand in Lund remains very high and vacancy rates are generally low. There is considerable activity in progress with the construction of new office premises, and the largest construction project is Vasakronan's new project for Sony Ericsson in Lund, valued at SEK 540 M.

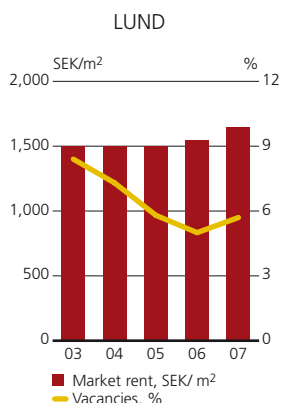
Property market

The property market is characterized by major demand and increasing interest from foreign investors. Dagon divested 16 properties including offices, logistics and warehouses to Niam for approximately SEK 350 M. Wihlborgs acquired properties at IDEON in Lund from Ikano for SEK 320 M. Ikano acquired a property from Kungsleden in Malmö for SEK 263 M.

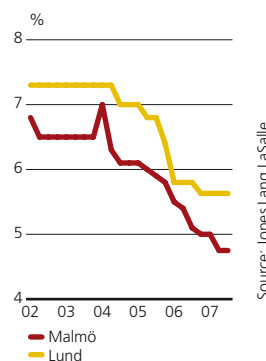
MARKET RENT LEVEL AND VACANCY RATE



The diagrams show Jones Lang LaSalle's assessment of market rent levels and vacancies during the third quarter of each year. The market rent level indicates the rent for central locations, except Lund, which also includes IDEON. Vacancies are shown excluding vacancies due to renovation.



YIELD REQUIREMENT FOR MODERN OFFICES IN PRIME LOCATIONS



In Malmö and Lund, the yield requirement in prime locations decreased to between 5 and 5.75%.

Income Statement

GROUP

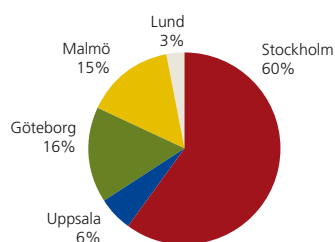
SEK M	Jan.–Sept. 2007	Jan.–Sept. 2006	July–Sept. 2007	July–Sept. 2006	Oct. 2006– Sept. 2007	Full year 2006
Rental revenues	2,146	2,015	714	678	2,837	2,706
Operating expenses	–437	–430	–135	–117	–612	–605
Maintenance	–45	–55	–7	–17	–74	–84
Site leaseholds	–52	–50	–17	–16	–69	–67
Property tax	–142	–126	–49	–47	–188	–172
Operating surplus	1,470	1,354	506	481	1,894	1,778
Sales proceeds, building rights	–	290	–	290	–	290
Acquisition costs, building rights	–	–229	–	–229	69	–160
Income from shares in associated companies	6	55	–5	14	5	54
Income from service operations	3	7	1	1	1	5
Central administration and marketing	–56	–54	–18	–16	–97	–95
Operating income	1,423	1,423	484	541	1,872	1,872
Financial items						
Interest income	29	27	2	1	31	29
Interest expense	–288	–340	–99	–109	–516	–568
Total financial items	–259	–313	–97	–108	–485	–539
Income after financial items	1,164	1,110	387	433	1,387	1,333
Realized change in value, properties	7	102	1	39	–38	57
Unrealized change in value, properties	3,645	1,567	1,223	47	5,331	3,253
Unrealized change in value, financial derivatives	25	–	–13	–	25	–
Income before tax	4,841	2,779	1,598	519	6,705	4,643
Current tax	–9	–26	–9	45	23	6
Deferred tax	–1,338	–716	–433	–162	–1,862	–1,240
Tax	–1,347	–742	–442	–117	–1,839	–1,234
Income after tax¹⁾	3,494	2,037	1,156	402	4,866	3,409

KEY DATA

Operating surplus margin, %	68	67	71	71	67	66
Interest-coverage ratio, multiple	5.5	4.5	5.0	5.0	3.9	3.5
Earnings per share, SEK	874	509	289	101	1,217	852

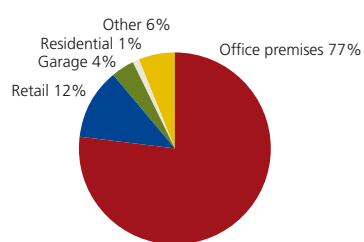
¹⁾ Income for the year, as a whole, is attributable to the Parent Company's shareholders.

RENTAL REVENUE BY
GEOGRAPHIC MARKET



Vasakronan's rental revenue is concentrated to Sweden's growth regions.

RENTAL REVENUE BY
PREMISES TYPE



Vasakronan has streamlined its property portfolio toward office and retail premises in locations close to the inner-city area.

Comments on the Income Statement

Rental revenues

Vasakronan's rental revenues for January – September rose by SEK 131 M and amounted to SEK 2,146 M (2,015), an increase of 7% (0). For comparable property portfolios, the increase was 6% (3) and the effect of property acquisitions and divestments was an increase of 1% (decrease: 3). The increase was due to a reduction in vacancies and rent increases for new and renegotiated leases.

The leased annual rent of SEK 3,173 M exceeded the rolling 12-month period's rental revenues by SEK 336 M. The average rental revenue increased to SEK 1,561/ m² (1,479), while the average rental revenue increase for office premises was SEK 1,842/ m² (1 715). The average term of the lease portfolio increased to 4.2 years (4.0), which was due to the signing of long-term leases in property projects.

Leases corresponding to SEK 121 M (134) in annual rents were negotiated or renegotiated, which represents 4% (5) of the rental portfolio. Rents increased by an average of 5% (2), due to the high market rent levels.

The largest lease contracts were signed with Hotel Hilton Plaza in Malmö, 17,482 m², Laird Technologies in Kista, 4,099 m², Ernst & Young in Malmö, 3,538 m², Fujitsu Siemens in Kista, 3,225 m², Munter in Kista, 2,595 m², Svenska Kyrkan in Solna, 2,385 m², Söderberg & Partners Insurance in Stockholm City, 2,221 m², Powerwave Technologies Sweden in Kista 1,993 m², Polismyndigheten in Malmö, 1,920 m² and Steen & Ström Sverige in Stockholm City, 1,333 m².

The portion of government tenants decreased to 32% (33) of rental revenues.

Vacancy rate

The vacancy rate declined to 5% (7) of rental revenue. The decline for comparable property portfolios was 2 percentage points (3) and the effect of acquisitions and divestments of properties was 0 percentage points (negative: 1). Of the total vacancy rate of

5%, Kista declined to 1 percentage point. Based on a full year, the vacancy rate represents rent losses of SEK 165 M (208).

The vacancy rate, based on premises floor space, decreased to 7% (8) and represented 120,000 m² (150,000).

TYPES OF PREMISES, SEPTEMBER 30, 2007

	Rental revenues, SEK M ¹⁾	Share, %	Rental value, SEK/m ²
Office premises	2,176	77	1,842
Retail	357	12	2,447
Garage/warehouse	115	4	393
Residential	28	1	868
Other	161	6	1,129
Total	2,837	100	1,561

Vasakronan's property portfolio is focused on office premises, which represent 77% of rental revenues.

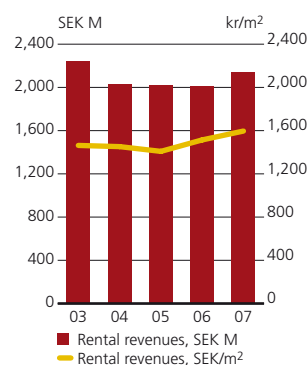
¹⁾ Rolling 12-month figures.

LEASE PORTFOLIO, SEPTEMBER 30, 2007

Lease period until	No. of leases	Annual rent, SEK M	Share, %
2007	290	135	4
2008	933	475	15
2009	669	539	17
2010	578	622	19
2011	213	256	8
2012	130	258	8
2013	32	182	6
2014	26	110	3
2015	26	147	5
2016	6	15	1
2017– et seq.	15	372	12
Residential, parking spaces	1,080	62	2
Total	3,998	3,173	100

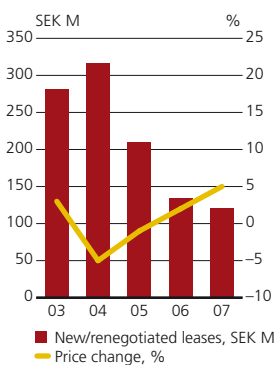
The average term of the lease portfolio amounted to 4.2 years. The lease portfolio contains signed leases in ongoing projects.

RENTAL REVENUES



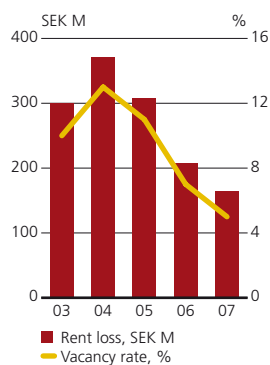
Rental revenues increased as a result of reduced vacancies and increased rents.

NEW AND RENEGOTIATED LEASES



Negotiated and renegotiated leases in 2007 resulted in rental revenues increasing by 5%.

VACANCY RATE/RENT LOSS



The vacancy rate continued to decrease to 5%.

Operating expenses

Operating expenses include costs for energy, property operations and property administration.

Operating expenses increased by SEK 7 M and amounted to SEK 437 M (430), an increase of 2% (decrease: 10). For comparable property portfolios, the change was 0% (1) and the effect of acquisitions and divestments was 2% (decrease: 11). For comparable property portfolios, costs for administration decreased, while costs for energy and property operations increased.

Maintenance

Vasakronan expenses work relating to regular maintenance and maintenance work in conjunction with renovation and tenant adaptations that do not result in an increase in value.

The cost for maintenance decreased to SEK 45 M (55).

Site leaseholds

An annual site leasehold fee is charged for buildings on land owned by the municipality.

The site leasehold fees increased by SEK 2 M to SEK 52 M (50).

Property tax

Property tax amounts to 1% of the taxable value of offices and retail premises.

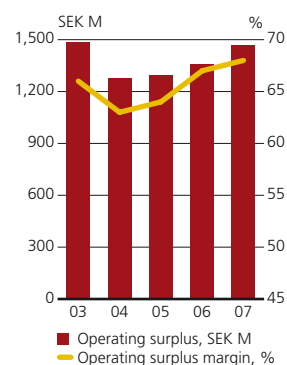
Property tax increased by SEK 16 M to SEK 142 M (126). Repayment of property tax declined to SEK 5 M (14).

Tenants pay 82% of the property tax.

Operating surplus

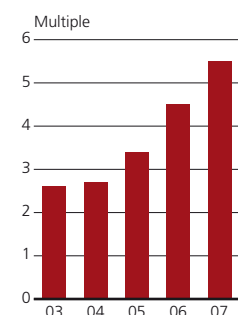
The operating surplus improved by SEK 116 M and amounted to SEK 1,470 M (1,354), an increase of 8% (5). The increase for comparable property portfolios was 7% (9), and the effect of acquisitions and divestments was 1% (decrease: 4). The operating surplus margin improved to 68% (67), which was attributable to higher rental revenues.

OPERATING SURPLUS



The operating surplus margin improved primarily due to higher revenues.

INTEREST-COVERAGE RATIO



The interest-coverage ratio improved primarily due to the low interest rate on borrowing.

Income from shares in associated companies

Income from shares in associated companies refers to Järvastaden and Stora Ursvik.

Income decreased to SEK 6 M (55). The outcome for the preceding year refers primarily to the sale of shares in NS Holding (Norrporten).

Income from service operations

This item includes services under the restaurant, conference, tenant services, telephony and reception services offered by Vasakronan Service Partner to tenants in Stockholm, Göteborg and Malmö.

Revenues increased to SEK 86 M (83) and earnings declined to SEK 3 M (7), primarily due to the winding up of InfraCity and reduced conference revenues.

Central administration and marketing

Central administration and marketing expenses include costs for the Board of Directors, the President, Group staff and Group-wide marketing.

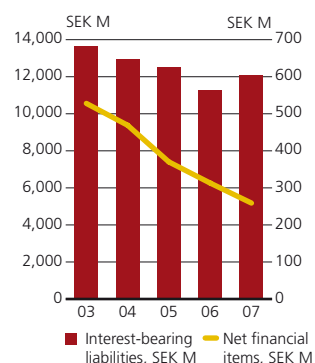
The cost for central administration and marketing increased to SEK 56 M (54), of which marketing costs amounted to SEK 8 M (5).

Financial items

Net interest income and expense declined by SEK 54 M and amounted to an expense of SEK 259 M (expense: 313). The decline was primarily due to the lower interest rate on borrowing as a result of financial derivatives, whose interest rates were higher compared with the market rates, which were closed during the fourth quarter of 2006 and shorter average interest term.

On September 30, 2007, the interest rate on borrowing was 3.8% (3.6), while market rates for comparable portfolio amounted to 4.5%. The average interest term on borrowing during the first nine months declined to 3.5% (3.7). The average in-

NET FINANCIAL ITEMS/NET INTEREST-BEARING LIABILITIES



Net financial expenses for 2007 improved despite an increase in net indebtedness.

interest term decreased to 1.1 years (1.8). The percentage of expiring fixed-interest term during the next 12 months increased to 68% (58). The interest-coverage ratio improved to 5.5 (4.5). Vasakronan's goal is that the interest-coverage ratio should not be lower than 2.0.

An increase in interest rates by 1 percentage point at September 30, 2007, based on the current loan volume and fixed-interest term, would increase interest expenses by SEK 93 M over the next 12 months. This increase corresponds to approximately 7% of income after net financial items.

Income after financial items

Income after financial items increased to SEK 1,164 M (1,110), primarily due to improvements in the operating surplus and net financial items.

Realized change in value, properties

Realized changes in value are the difference between the selling price for properties, less selling expenses, and the assessed value in accordance with the preceding financial report increased by the investments during the quarter.

The realized change in value amounted to SEK 7 M (102).

Unrealized change in value, properties

At full-year and half-year, external valuation of the entire property portfolio including the project portfolios, are performed by DTZ and Newsec.

At the end of the first and third quarters, an internal updating of the preceding external valuation is conducted. The market

value of properties was affected by property-specific occurrences that have an impact on values, such as new leases and negotiation of leases, the vacating of properties and investments. The market value was also influenced by changes in market rent levels, yield requirements and vacancies, following reconciliation with DTZ and Newsec. For more detailed information on the valuation method, refer to the 2006 Annual Report, pages 12-13.

The internal valuation resulted in an unrealized increase in value amounting to SEK 3,645 M (1,567), of which SEK 1,223 M (47) during the third quarter. Since the beginning of the year, the market value has increased by 9.6% (4.7), due to reduced yield requirement and increased market rent levels, reduced vacancy rates and project profits.

Unrealized change in value of financial derivatives

Unrealized change in the value of financial derivatives increased to SEK 25 M. The increase was due to the reversal of accumulated changes in value of previously hedge-reported derivatives.

Taxes

Current tax expenses decreased to SEK 9 M (26). The reduction is due to the possibility of tax deductions for certain investments and increased tax depreciation of building equipment.

Deferred tax increased to SEK –1,338 M (–716), primarily due to unrealized increase in value of properties and tax depreciations.

FINANCING – MATURITY DATE STRUCTURE, SEPTEMBER 30, 2007

	Interest term			Loan maturity		Committed credit facilities	
	SEK M	Interest, %	Share, %	SEK M	Share, %	SEK M	Share, %
0–1	8,498	3.8	68	4,433	35	2,010	40
1–2	1,995	3.7	16	3,340	27	1,000	20
2–3	800	3.5	6	1,400	11	1,000	20
3–4	500	3.9	4	700	6	–	–
4–5	–	–	–	1,800	14	1,000	20
5–6	380	3.9	3	650	5	–	–
7–8	400	4.5	3	250	2	–	–
Total	12,573	3.8	100	12,573	100	5,010	100

The average interest term was 1.1 years. The average loan maturity structure amounted to 2.0 years.

FINANCING – SOURCES, SEPTEMBER 30, 2007

SEK M	Limit	of which, utilized	Interest, %	Loan maturity, years
Commercial papers program	5,000	3,030	4.1	0.2
MTN program	20,000	5,882	4.2	1.8
EMTN program	9,174	631	5.6	0.3
Bank loans	–	3,030	4.2	4.8
Committed credit facilities	5,010	–	–	2.0
Total	–	12,573	4.0	2.0

Borrowing is reported at nominal value. Vasakronan's principal source of financing consists of market loan programs with standard documentation under which Vasakronan may issue commercial papers and bonds within uncommitted borrowing limits.

Balance Sheet

GROUP

SEK M	Sept. 30, 2007	Sept. 30, 2006	Dec. 31, 2006
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>	47	23	27
<i>Tangible fixed assets</i>			
Managed properties	41,138	35,324	37,208
Work in progress in managed properties	1,861	841	914
Equipment and inventories	25	31	29
Total tangible fixed assets	43,024	36,196	38,151
Deferred tax claims	353	523	356
Shares in associated companies	41	45	45
Financial assets	225	532	498
Total fixed assets	43,690	37,319	39,077
Current assets			
Current receivables	989	706	615
Tax claims	409	316	241
Cash and cash equivalents	74	152	51
Total current assets	1,472	1,174	907
TOTAL ASSETS	45,162	38,493	39,984
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	4,000	4,000	4,000
Reserves	22	–88	44
Profit brought forward, incl. net income for the period	20,565	16,461	17,769
Total shareholders' equity¹⁾	24,587	20,373	21,813
Long-term liabilities			
Deferred tax liabilities	5,891	4,169	4,554
Provisions for pensions	9	7	7
Interest-bearing liabilities	8,086	7,668	7,267
Non-interest-bearing liabilities	471	520	486
Total long-term liabilities	14,457	12,364	12,314
Current liabilities			
Interest-bearing liabilities	4,459	4,227	4,445
Non-interest-bearing liabilities	1,659	1,529	1,412
Total current liabilities	6,118	5,756	5,857
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	45,162	38,493	39,984

¹⁾ Attributable to the Parent Company's shareholders.

KEY DATA

Return on shareholders' equity, %	21.1	14.0	16.8
Interest-bearing liabilities, net	12,078	11,280	11,284
Equity/assets ratio, %	54	53	55

Comments on the Balance sheet

Managed properties

On September 30, 2007, an internal update of the preceding external half-yearly valuation was conducted. The market value of properties was affected by property-specific occurrences that have an impact on values, such as new leases and renegotiation of leases, the vacating of properties and investments. The market value was also influenced by changes in market rent levels, yield requirements and vacancies, following reconciliation with both valuation companies, DTZ and Newsec.

The properties' assessed value, including projects in progress, increased by SEK 4,877 M to SEK 42,999 M (38,122) during the first nine months of 2007. Adjusted for acquisitions and divestments of properties and investments, the unrealized change in value amounted to SEK 3,645 M (1,567), an increase of 9.6% (4.7).

Work in progress on properties

Work in progress rose by SEK 1,020 M to SEK 1,861 M (841), due to an enlarged project portfolio. The total project portfolio increased to SEK 3,049 M (1,808). The projects have a low vacancy rate and mainly comprise long lease agreements with government tenants.

Share in associated companies

Shares in associated companies comprise development companies jointly owned with NCC and Skanska.

Shares in associated companies decreased by SEK 4 M to SEK 41 M (45).

Financial assets

Financial assets declined by SEK 307 M to SEK 225 M (532), due to amortization and reclassification to current receivables.

Interest-bearing liabilities, net

The Group's interest-bearing liabilities rose by SEK 798 M to SEK 12,078 M (11,280), due to the increase in the dividend amount and increased investments.

Net interest-bearing liabilities amounted on average to SEK 11,767 M (11,411).

Cash and cash equivalents decreased by SEK 78 M to SEK 74 M (152). Interest-bearing receivables declined by SEK 68 M to SEK 402 M (470).

Gross interest-bearing liabilities increased by SEK 650 M to SEK 12,545 M (11,895). The average loan maturity decreased to 2.0 years (2.6).

Deferred tax claims and tax liabilities

Deferred tax is calculated on the basis of temporary differences between the reported amount for properties and their tax base. The valuation is made in a nominal amount without discounting. Reporting is in the form of deferred tax claims and tax liabilities.

Deferred tax claims declined by SEK 170 M to SEK 353 M (523). The decline was due to the reversal of earlier impairments. Deferred tax liabilities increased by SEK 1,722 M to SEK 5,891 M (4,169), due to unrealized value increases in properties and depreciations for tax purposes.

Shareholders' equity

Shareholders' equity increased by SEK 4,214 M to SEK 24,587 M (20,373), primarily due to unrealized value increases in properties.

Return

The return on shareholders' equity increased to 21.1% (14.0).

MARKET VALUE

SEK M	Sept. 30, 2007	Sept. 30, 2006
Market value, Jan. 1	38,122	32,827
Investments	1,031	706
Acquired properties	237	1,355
Divested properties	–36	–290
Unrealized changes in value	3,645	1,567
Market value, September 30	42,999	36,165

YIELD REQUIREMENT

Valuations were based on the following yield requirements:	%
Stockholm – Central	4.30–5.75
Stockholm – Greater	5.00–6.00
Uppsala	5.40–6.25
Göteborg	4.75–6.25
Malmö	5.00–6.40
Lund	5.40–6.60

MARKET VALUE, COMPARABLE PROPERTIES

SEK M	Sept. 30, 2007	Dec. 31, 2006	Changes	%	Investments 2007	Net changes, %
Stockholm	26,142	23,387	2,755	12	–482	10
Uppsala	2,090	1,912	178	9	–67	6
Göteborg	7,013	6,239	774	12	–317	7
Malmö	5,776	5,247	529	10	–94	8
Lund	1,580	1,272	308	24	–166	11
Total	42,601	38,057	4,544	12	–1,126	9

ONGOING PROPERTY PROJECTS

Location	Property	Investment, SEK M	In progress, Sept. 30, 2007	Floor space, m ²	Estimated completion	Vacancy rate area, %
Göteborg	Heden 705:14, Polishuset	710	315	43,000	Dec 2009	0
Stockholm	Fruktkorgen 1, Kungsholmen	550	102	23,910	Dec 2009	0
Lund	Nya Vattentornet 4	540	159	27,550	Dec 2008	0
Stockholm	Bremen 3, Gärdet	236	230	25,256	Dec 2007	0
Uppsala	Kungsängen 1:25	230	226	9,995	June 2008	6
Stockholm	Tegen 1, Solna	126	126	5,808	Dec 2007	0
Göteborg	Nordstan 8:27	123	68	16,260	June 2008	0
Stockholm	Beridarebanan 11, City	112	66	8,800	Dec 2008	48
Stockholm	Vega 4, City	88	42	3,931	Dec 2008	100
Malmö	Kronan 10 & 11	84	41	13,369	Aug 2008	25
Lund	Spettet 3	80	23	8,680	Dec 2008	0
Total		2,879	1,398	186,559		
Other smaller projects		170	120			
Total		3,049	1,518			

The project portfolio increased to SEK 3,049 M (1,808). The portfolio has a low vacancy rate and mainly comprises long-term leases with government tenants. The project portfolio is valued quarterly and is included in the assessed value for managed properties.

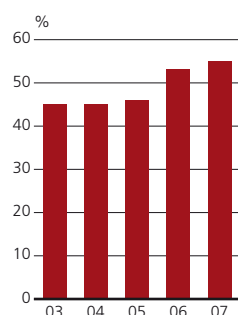
Equity/assets ratio and loan to market value of properties

The equity/assets ratio rose to 54% (53), primarily due to unrealized increases in value of the property portfolio.

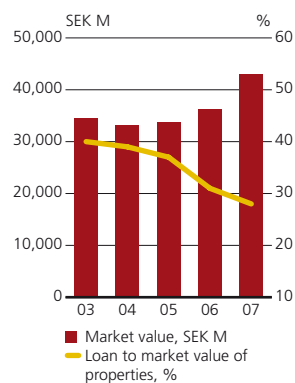
The loan to market value of properties declined to 28% (31) of the assessed market value of the properties.

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	2007	2006
Opening shareholders' equity, Jan 1	21,813	18,524
Dividend	–698	–254
Unrealized value changes in financial instruments	–22	66
Income for the period	3,494	2,037
Closing shareholders' equity, September 30	24,587	20,373

EQUITY/ASSETS RATIO,
SEPTEMBER 30

The equity/assets ratio increased due to unrealized increases in value and exceeded the target of 35%.

MARKET VALUE/LOAN TO
MARKET VALUE OF PROPERTIES

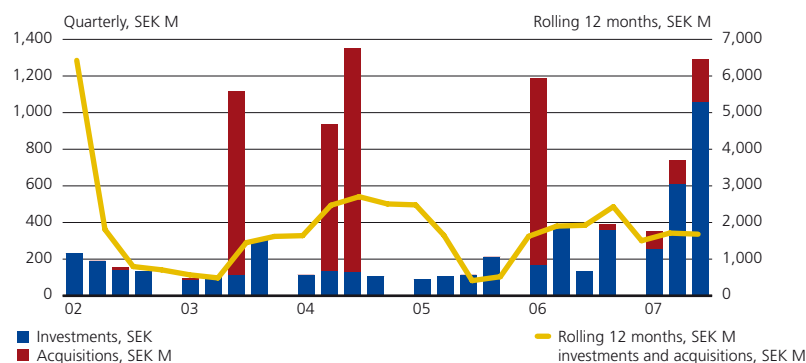
The loan to market value of properties declined, due to the increase in market value and amounted to 28%.

Cash-flow statement

GROUP

SEK M	Jan.–Sept. 2007	Jan.–Sept. 2006	Full year 2006
CURRENT OPERATIONS			
Operating income	1,423	1,423	1,872
Adjustment for items not included in cash flow	–17	–92	–141
Interest income	29	27	29
Interest expenses	–288	–340	–568
Tax paid	0	–567	–459
Cash flow before changes in working capital	1,147	451	733
Change in current receivables	–105	–74	17
Change in current liabilities	84	76	–3
Cash flow from current operations	1,126	453	747
INVESTING OPERATIONS			
Investments	–1,054	–687	–1,047
Acquisition of properties	–237	–1,355	–1,385
Acquisition of subsidiaries and associated companies	–3	–9	–4
Divestment of properties and companies	45	290	390
Divestment of associated companies	–	819	819
Acquisition of financial assets	–2	–2	–17
Divestment of financial assets	17	1,299	1,387
Cash flow from investing operations	–1,234	355	143
FINANCING OPERATIONS			
Dividend paid	–698	–254	–254
Loans raised	4,964	3,408	5,910
Amortization of loans	–4,131	–4,138	–6,823
Cash flow from financing operations	135	–984	–1,167
Cash flow for the period	27	–176	–277
Cash and cash equivalents at Jan. 1	51	328	328
Cash and cash equivalents at the end of the period	78	152	51

INVESTMENTS AND ACQUISITIONS



Comments on the cash-flow statement

Cash flow from current operations

Cash flow from current operations, before changes in current receivables and liabilities, increased by SEK 696 M to SEK 1,147 M (451). This was due to the reduction in tax paid.

Cash flow from current operations, after changes in current receivables and liabilities, increased by SEK 673 M to SEK 1,126 M (453).

Cash flow from investing operations

Cash flow from investing operations declined to a negative of SEK 1,234 M (positive: 355). The change is primarily due to the divestment of shares and debenture loans in Norrporten for SEK 1,905 M in the preceding year.

Investments in properties increased by SEK 367 M and amounted to SEK 1,054 M (687), which was attributable to a larger project portfolio. The acquisition of properties decreased and amounted to SEK 237 M (1,355). Acquisitions refer to two office building rights in Frösunda acquired from JM and two properties in Göteborg. The divestment of companies amounted to SEK 45 M (290), which represents 50% of two development companies in Ullevi, Göteborg, which were sold to NCC.

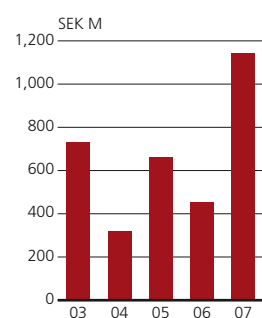
Cash flow from financing operations

Cash flow from financing operations amounted to SEK 135 M (negative: 984). Paid dividends increased to SEK 698 M (254). Loans raised, reduced by amortization, resulted in a net increase of loans of SEK 833 M (net amortization: 730).

PROPERTY ACQUISITIONS

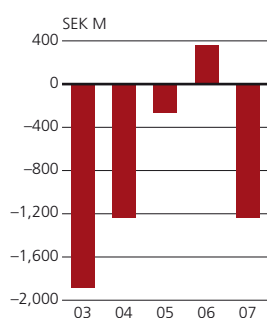
Contract date	Location	Property	Seller	Purchase consideration, SEK M	Date of transfer
Feb. 1, 2007	Solna	Frösunda (building rights)	JM	97	Mar. 7, 2007
May 22, 2007	Göteborg	Masthugget 10:3	Sätilla Holding	35	June 14, 2007
June 14, 2007	Göteborg	Lindholmen 28:1	GFK Personal	105	July 2, 2007
Total				237	

CASH FLOW BEFORE CHANGE IN WORKING CAPITAL



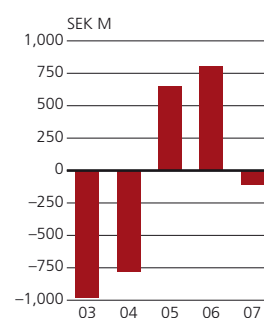
Cash flow increased in 2007, primarily as a result of a reduction in tax paid.

CASH FLOW FROM INVESTING OPERATIONS



Cash flow was negative for 2007, due to increased investments in own properties.

CASH FLOW BEFORE FINANCING OPERATIONS



Cash flow from current operations, less deductions for investing operations, was negative for 2007.

Other information

Human resources

Vasakronan had 394 (355) employees at September 30, 2007, of whom 149 (116) were employed by Vasakronan Service Partner.

Risks and uncertainty factors

In order to prepare the report in accordance with generally accepted accounting principles in Sweden, company management must perform assessments and assumptions that will influence the amounts reported in the financial statement for asset and liability items, income and expense items and other reported information. Actual outcome can differ from these assessments.

The report is particularly sensitive to assessments and assumptions involving the valuation of managed properties.

Risks in Vasakronan are described in the 2006 Annual Report on pages 10–11. No major changes have occurred since that statement.

Accounting and valuation principles

This interim report was prepared in accordance with IAS 34 and the Annual Accounts Act, based on the same accounting and valuation principles and methods of calculation as used in the most recent annual report.

Modified reporting with respect to financial derivatives

Vasakronan has modified its reporting with respect to financial derivatives by ceasing hedge accounting. As of January 1, 2007, value changes have been reported in the income statement under “Unrealized change in values, financial derivatives.” Derivatives were previously reported, depending on the type of hedging involved, either as a provision in shareholders’ equity, which applied to the majority of derivatives, or over financial items in the income statement.

The provision in shareholders’ equity of SEK 44 M pertaining to the derivative portfolio at December 31, 2006 is being dissolved in step with the remaining term of the derivatives.

Events after the close of the period

At the Extraordinary General Meeting on October 25, Håkan Erixon was elected as a new Board member.

Forecast for 2007

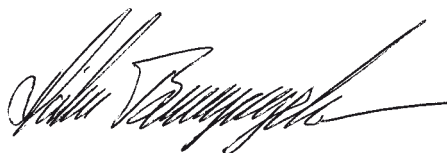
The Swedish economy remains strong, despite expectations that GDP growth will be slightly lower in 2007. Growth is being increasingly driven by domestic demand due to strong trends in the more labor-intensive service sector.

For Vasakronan, 2007 will involve a continued focus on leasing with the aim of further reducing vacancies. A clear focus on customers combined with a customer-oriented range of services will result in strengthened market positions. Vasakronan’s strategy includes continued project development combined with acquisitions and exchange transactions.

Rental revenue is increasing as a result of new leasing and tenants moving into certain project properties, which is leading to an improved operating surplus. Income from the sale of building rights has been postponed and is expected to be lower than in 2006. Net financial items are improving due to the premature redemption of loans that was charged to income in 2006. Investments in project properties are expected to increase to approximately SEK 2 billion.

Vasakronan’s forecast remains unchanged. Assuming the existing property portfolio and before realized and unrealized changes in the value, income after net financial items is expected to increase to approximately SEK 1,450 M (1,333).

Stockholm, October 25, 2007



Håkan Bryngelson
President

This report has not been reviewed by the company’s auditors.

Property portfolio, September 30, 2007

	Rental revenues		Operating surplus		Market value		Vacancy rate		Premises floor space		Properties
	Jan.–Sept. 2007 SEK M	Jan.–Sept. 2006 SEK M	Jan.–Sept. 2007 SEK M	Jan.–Sept. 2006 SEK M	Jan.–Sept. 2007 SEK M	Jan.–Sept. 2006 SEK M	Sept. 30, 2007 Rent, %	Sept. 30, 2006 Rent, %	Sept. 30, 2007 1,000 m ²	Sept. 30, 2006 1,000 m ²	Sept. 30, 2007 Number
Stockholm - Central	956	917	670	637	20,138	16,889	6	6	602	602	43
Stockholm - Greater	340	304	205	171	6,131	5,362	9	15	384	387	29
Uppsala	125	99	84	64	2,090	1,844	5	7	124	124	20
Göteborg	353	330	252	232	7,284	5,864	2	3	300	294	27
Malmö	327	320	221	212	5,776	5,070	3	4	335	334	34
Lund	72	69	48	46	1,580	1,136	1	1	71	70	14
Eliminations	–27	–24	–10	–8	–	–	–	–	–	–	–
Group total	2,146	2,015	1,470	1,354	42,999	36,165	5	7	1,816	1,811	167



Leasing was very strong in Kista during 2007. The vacancy rate is 11% for Kista Science Tower and 7% for Kista Entré.

Key data and definitions

	Sept. 30, 2007	Sept. 30, 2006	Full year 2006
Property-related			
Market value, SEK M	42,999	36 165	38 122
Floor space, 1,000 m ²	1,816	1 811	1 803
Investments, SEK M	1,054	687	1 047
Property acquisitions, SEK M	237	1 077	1 385
Property divestments, SEK M	45	–	390
Vacancy rate rent, %	5	7	7
Vacancy rate floor space, %	7	8	8
Financial			
Operating surplus margin, %	68	67	66
Interest-coverage ratio, multiple	5.5	4.5	3.5
Shareholders' equity, average, SEK M	23,066	19 490	20 290
Return on shareholders' equity, %	21.1	14.0	16.8
Cash flow, SEK M	1 147	451	733
Equity/assets ratio, %	54	53	55
Loan to market value of properties, %	28	31	30
Net interest-bearing liabilities, SEK M	12,078	11,280	11,284
Loan interest on closing day, %	3.8	3.6	3.2
Share-related			
Earnings per share, SEK	874	509	852
Cash flow per share, SEK	287	113	183
Shareholders' equity per share, SEK	6,147	5,093	5,453
Number of shares, 000s	4,000	4,000	4,000

Return on shareholders' equity

Rolling 12-month income after tax divided by shareholders' equity.

Loan to market value of properties

Net interest-bearing liabilities divided by the assessed market value of properties.

Operating surplus

Rental revenues less operating and maintenance costs, site lease-holds and property tax.

Operating surplus margin

Operating surplus divided by rental revenues.

Shareholders' equity

Average shareholders' equity.

Shareholders' equity per share

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

Cash flow

Cash flow before changes in current receivables and liabilities.

Cash flow per share

Cash flow divided by the number of shares.

Premises floor space

Leasable floor space (including garage).

Earnings per share

Income after tax divided by the number of shares.

Net interest-bearing liabilities

Interest-bearing liabilities including pension liabilities, less cash and cash equivalents and interest-bearing receivables.

Interest-coverage ratio

Operating income divided by net financial items.

Equity/assets ratio

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

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.

Real offices for real people

Vasakronan is one of the leading real estate companies in Sweden. The focus is on office and retail premises, supplemented by a wide range of services.

Vasakronan has operations in Stockholm, Göteborg, Malmö, Lund and Uppsala.

The property portfolio comprises 167 properties with a total floor space of slightly more than 1.8 million m², providing facilities for about 65,000 people who appreciate surroundings that encourage them to be creative. Service and functionality are crucial and, as a landlord, Vasakronan must meet high standards.

REPORTS SCHEDULE

Year-end report 2007	January 31, 2008
Annual Report 2007 (Swedish)	February 2008
Annual Report 2007 (English)	March 2008

ANNUAL GENERAL MEETING

Open Annual General Meeting	April 22, 2008, at 4:00 p.m.
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MEDIA AND ANALYSTS' MEETINGS

Interim Report January – September	October 25, 2007, at 3:00 p.m.
Year-end report 2007	January 31, 2008

VASAKRONAN

Real offices for real people

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Vasakronan is a public company with its head office in Stockholm. Corporate Registration No. 556474-0123