

Vasakronan Year-end Report

2007

Income after tax rose to SEK 4,650 M (3,409). The increase was attributable to unrealized increase in the value of the property portfolio, improved operating surplus and net financial items.

The market value of the properties increased to SEK 45,236 M (38,122). The unrealized increase in value amounted to SEK 4,750 M (3,253), an increase of 12.5% (9.9). The increase was mainly attributable to rising market rents.

Income after financial items before value changes increased to SEK 1,605 M (1,333) as a result of improvements in the operating surplus and net financial items.

Income after financial items for the fourth quarter of 2007 increased to SEK 441 M, compared with SEK 223 M for the fourth quarter of 2006.

Rental revenues increased to SEK 2,847 M (2,681). Contracted annual rent increased to SEK 3,324 M and exceeded the reported annual rent of SEK 2,874 M by 16%.

The vacancy rate declined to 4% (7) of rental revenues.

The project portfolio increased to SEK 3,145 M (2,841) and investments increased to SEK 1,667 M (1,074).

The dividend is proposed in an amount of SEK 791 M (698).

The outlook for 2008 is that profit after net financial items, before value changes and excluding gains from the sale of building rights, is expected to amount to approximately SEK 1,500 M (1,477).

FINANCIAL DATA

SEK M	Full-year 2007	Full-year 2006	Oct-Dec 2007	Oct-Dec 2006
Rental revenues	2,874	2,681	728	685
Income after financial items	1,605	1,333	441	223
Income after tax	4,650	3 409	1,156	1,372
Vacancy rate, rent, %	4	7	4	7
Operating surplus margin, %	67	66	62	62
Interest-coverage ratio, multiple	5.5	3.5	5.5	2.0
Cash flow	1,567	733	420	282
Market value, properties	45,236	38,122	45,236	38,122
Equity/assets ratio, %	55	55	55	55

VASAKRONAN
Real offices for real people

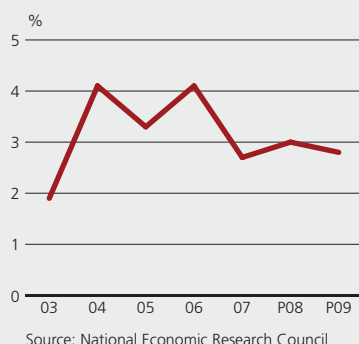
Market

The Swedish economy

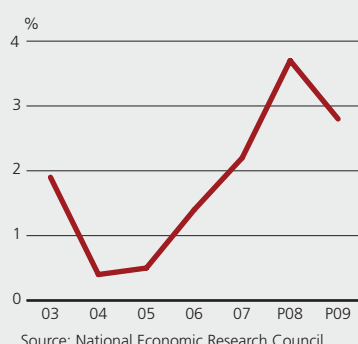
The Swedish economy has had highly positive growth for a number of years, which has led to increased employment, primarily in the service sector. During the final months of 2007, GDP growth decreased as a result of turbulence in the financial markets. The prospects for growth remain favorable, although growth in the Swedish economy has slowed. The forecast of the National Economic Research Council is that a continued relatively strong but declining rate

of growth will contribute to an increase in GDP of an average of 2.9% in 2008 and 2009. Growth has led to increased employment and many companies, mainly in the service sector, have expanded their operations. This has generated increased demand for office premises in the major cities of Stockholm, Göteborg and Malmö, which has led to lower vacancy rates and somewhat higher rents. Employment is expected to increase in 2008.

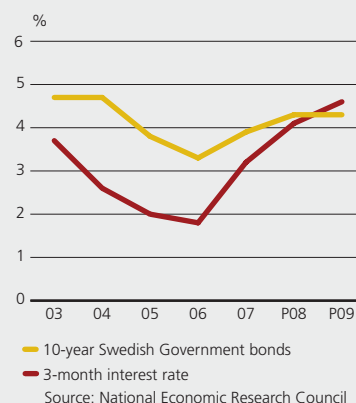
GDP TREND
(ANNUAL PERCENTAGE CHANGE)



INFLATION TREND



INTEREST-RATE TREND



Stockholm-Uppsala

Commercial premises market

In 2007, the demand for office premises in central Stockholm was high. Demand was largely driven by the strong growth in employment. A large number of companies, primarily in the service sector, underwent substantial expansion. This has led to several major relocations and also expansion, primarily in central Stockholm. It has also resulted in companies from Stockholm's suburbs relocating to more attractive locations in the central areas of the city.

The rent level in the Stockholm CBD increased by approximately 10% and the top rent levels are beginning to approach SEK 5,000/m². Vacancies are declining in central Stockholm and totaled 7% at year-end. At the same time as vacancies are declining, several major renovation projects are commencing.

In Stockholm's suburbs, vacancies are higher, but declined during the year, primarily in Kista. A favorable market for technology and IT companies contributed to new leases. In Kista and Solna/Sundbyberg, the vacancy rate declined by 12%.

In Uppsala, the rent trend was stable in 2007.

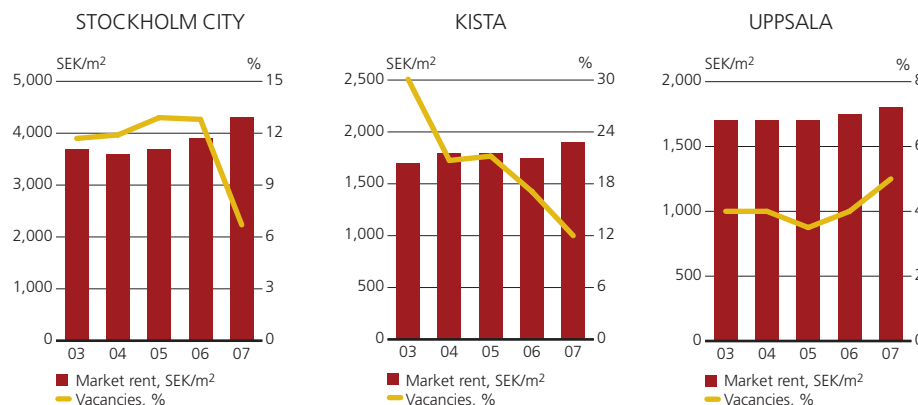
Property market

The property market was strong in 2007. A number of major transactions took place in Stockholm in 2007 involving a number of new foreign investors. The largest transaction was when the UK company Boulton acquired Centrumkompaniet from the City of Stockholm. The portfolio contained ten shopping centers in Stockholm and was divested for SEK 10.4 billion. Norwegian company DnB NOR acquired properties in

Kista from Doughty Hanson for approximately SEK 2.9 billion and the Klarabergshuset property from Jernhusen for SEK 1.3 billion, the US company Carlyle Group acquired the property in Globen City from Whitehall Funds for about SEK 3 billion, and Ireland's Vico Capital bought the Fatburen block from Keops (Landic) for slightly more than SEK 2.6 billion. Faberge acquired the DN Building and the Grönlandet Södra 13 property from Niam for about SEK 2 billion.

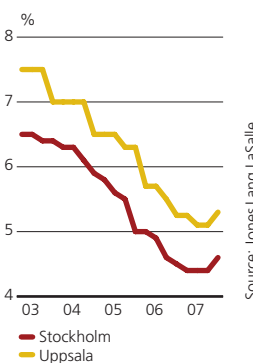
According to Jones Lang LaSalle the yield requirements for prime locations increased somewhat during the fourth quarter of 2007. In Stockholm their estimation of the yield requirement amounted to about 4.25–4.75% and in Uppsala to about 5.5–6%.

MARKET RENT LEVELS AND VACANCY RATES



The diagrams show Jones Lang LaSalle's assessment of market rent levels and vacancies during the fourth 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



The diagram shows Jones Lang LaSalle's assessment of yield requirements for modern offices in prime locations for each quarter.

Göteborg

Commercial premises market

Favorable growth in employment means that the demand for office space in Göteborg remains strong. It is particularly within the finance and consulting sector that demand has increased. There is a limited offering of modern and efficient offices. New construction is limited, although Vasakronan's expansion in the Ullevi area is a very large project.

There has been a rise in rent levels in central Göteborg to approximately SEK 2,300/m² and the top rents are at a level of SEK 2,800/m². The vacancy rate for the market in central Göteborg continued to decline and is at about 7%.

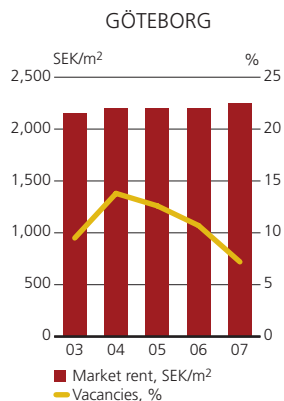
Property market

Interest in the property market in Göteborg remains extensive, from both Swedish and foreign investors. There is a limited offering of properties for sale.

During the autumn, Nordea Markets Norway acquired the Europahuset property in Göteborg from the US company Blackstone for SEK 700 M. Interest in project properties increased. Vasakronan has major projects in progress in the Ullevi area and Alecta has its Mektagonen project in Mölndal.

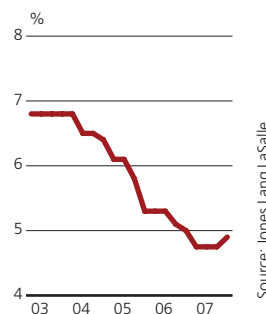
According to Jones Lang LaSalle the yield requirements for prime locations increased somewhat during the fourth quarter of 2007. In Göteborg their estimation of the yield requirement amounted to about 4.75–5.25%.

MARKET RENT LEVELS AND VACANCY RATES



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YIELD REQUIREMENT FOR MODERN OFFICES IN PRIME LOCATIONS



The diagram shows Jones Lang LaSalle's assessment of yield requirements for modern offices in prime locations for each quarter.

Malmö–Lund

Commercial premises market

The Öresund region had an extremely strong trend in 2007. Employment increased in office-intensive industries, such as finance and consulting. The rent levels in Malmö and Lund continue to increase. The vacancy rate decreased in central locations and in the Västra Hamnen district to slightly less than 6%. New construction activities remain high, particularly in Västra Hamnen. The construction of the City Tunnel is already affecting the rental market in locations close to the entrances.

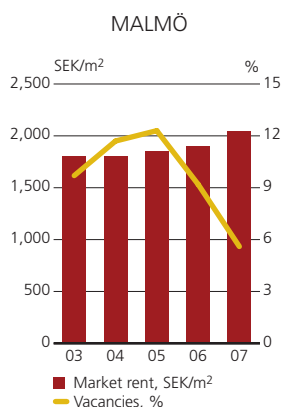
Demand in Lund remains very high and vacancy rates are generally low. There is a high level of new construction and the largest construction project is Vasakronan's new construction project for Sony Ericsson in Lund, valued at SEK 540 M.

Property market

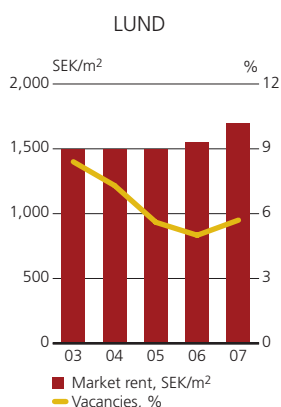
The property market in Malmö and Lund was characterized by major activity on the part of several international players in 2007. German company Oppenheim and Dutch company Rodamco acquired properties during the year.

According to Jones Lang LaSalle the yield requirements for prime locations increased somewhat during the fourth quarter of 2007. In Malmö and Lund their estimation of the yield requirement amounted to about 5–6%.

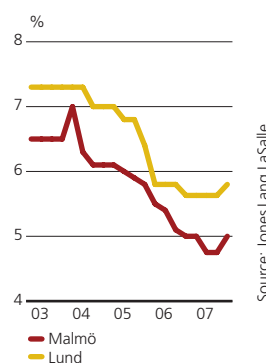
MARKET RENT LEVELS AND VACANCY RATES



The diagram shows Jones Lang LaSalle's assessment of market rent levels and vacancies during the fourth 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



The diagram shows Jones Lang LaSalle's assessment of yield requirements for modern offices in prime locations for each quarter.

Income statement

GROUP

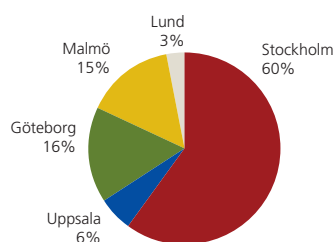
SEK M	Full-year 2007	Full-year 2006	Oct-Dec 2007	Oct-Dec 2006
Rental revenues	2,874	2,681	728	685
Operating expenses	-604	-580	-167	-169
Maintenance	-66	-84	-21	-29
Site leasehold fee	-72	-67	-20	-17
Property tax	-214	-172	-72	-46
Operating surplus	1,918	1,778	448	424
Sales revenues, building rights	154	290	154	–
Acquisition costs, building rights	-26	-160	-26	69
Income from shares in associated companies	1	54	-5	-1
Income from service operations	4	5	1	-2
Central administration and marketing	-90	-95	-34	-41
Operating income	1,961	1,872	538	449
Financial items				
Interest income	41	29	12	2
Interest expense	-397	-568	-109	-228
Total financial items	-356	-539	-97	-226
Income after financial items	1,605	1,333	441	223
Realized change in value, properties	5	57	-2	-45
Unrealized change in value, properties	4,750	3,253	1,105	1,686
Unrealized change in value, financial derivatives	20	–	-5	–
Income before tax	6,380	4,643	1,539	1,864
Current tax	-28	6	-19	32
Deferred tax	-1,702	-1,240	-364	-524
Tax	-1,730	-1,234	-383	-492
Income after tax¹⁾	4,650	3,409	1,156	1,372

KEY DATA

Operating surplus margin, %	67	66	62	62
Interest-coverage ratio, multiple	5.5	3.5	5.5	2.0
Earnings per share, SEK	1,163	852	289	343

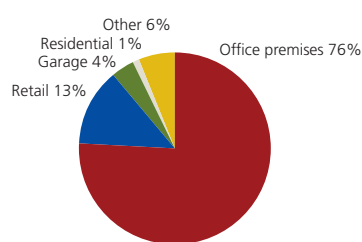
¹⁾ Income for the year, as a whole, is attributable to the Parent Company's shareholders.

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 inner-city areas.

Comments on the Income statement

Rental revenues

Vasakronan's rental revenues for 2007 rose by SEK 193 M and amounted to SEK 2,874 M (2,681), an increase of 7% (1). For comparable property portfolios, the increase was 6% (3) and the effect of property acquisitions and divestments was an increase of 1% (decrease: 2). The increase was due to a reduction in vacancies and rent increases for new and renegotiated leases.

The contracted annual rent of SEK 3,324 M exceeded rental revenues by SEK 450 M. The average rental revenue increased to SEK 1,583/m² (1,500), while the average rental revenue increase for office premises was SEK 1,856/m² (1 750). The average term of the lease portfolio was 4.3 years (4.5).

Leases corresponding to SEK 176 M (368) in annual rents were negotiated or renegotiated, which represents 7% (13) of the rental portfolio. Rents increased by an average of 6% (8). The preceding year's high increase was attributable to new leases in renovated properties.

The largest lease contracts were signed with Hotel Hilton Plaza in Malmö, 17,482 m², the City of Stockholm Property Office in central Stockholm, 7,106 m², Polismyndigheten in Göteborg, 4,534 m², Laird Technologies in Kista, 4,099 m², Ernst & Young in Malmö, 3,538 m², Fujitsu Siemens in Kista, 3,225 m², Munters in Kista, 2,595 m², Svenska Kyrkan in Solna, 2,385 m², Söderberg & Partners Insurance in Stockholm City, 2,221 m², and Powerwave Technologies Sweden in Kista 1,993 m².

The portion of government tenants decreased to 32% (35) of rental revenues.

Vacancy rate

The vacancy rate declined to 4% (7) of rental revenue. The decline for comparable property portfolios was 3 percentage points (decline: 1) and the effect of acquisitions and divestments of properties was 0 percentage points (0). Based on a full year,

RENTAL REVENUES – GROWTH

SEK M	Dec. 31, 2007	Dec. 31, 2006
Contracted annual rent	3,324	2,991
Reported annual rent	2,874	2,681
Rental growth	450	310
Rental growth, %	16	12

Contracted annual rent exceeded reported annual rent by SEK 450 M.

LEASE PORTFOLIO, DECEMBER 31, 2007

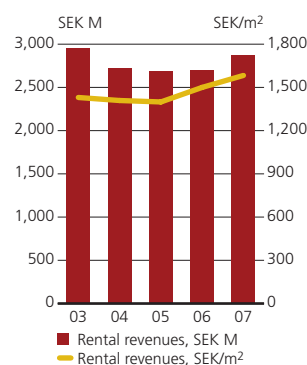
Lease period until	No. of leases	Annual rent, SEK M	Share, %
2008	967	488	15
2009	702	549	16
2010	608	655	20
2011	283	297	9
2012	175	370	11
2013	44	206	6
2014	37	122	4
2015	28	151	5
2016	7	27	1
2017– et seq.	182	411	12
Residential, parking spaces	1,042	48	1
Total	4,075	3,324	100

The average term of the lease portfolio amounted to 4.3 years. The lease portfolio contains signed leases in ongoing projects.

the vacancy rate represents rent losses of SEK 134 M (196).

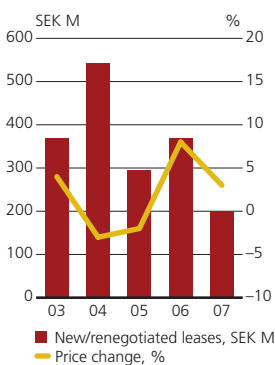
The vacancy rate, based on premises floor space, decreased to 6% (8) and represented 103,000 m² (136,000).

RENTAL REVENUES



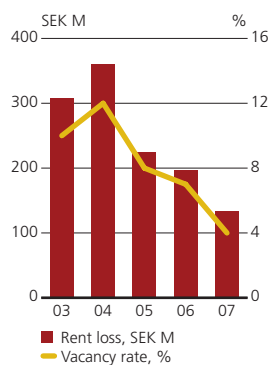
Rental revenues increased as a result of reduced vacancies and increased rents.

NEW AND RENEGOTIATED LEASES



Negotiated and renegotiated leases in 2007 resulted in rental revenues increasing by 6%.

VACANCY RATE/RENT LOSS



The vacancy rate continued to decrease to 4%.

Operating expenses

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

Operating expenses increased by SEK 24 M and amounted to SEK 604 M (580), an increase of 4% (decrease: 12). For comparable property portfolios, the change was 4% (decrease: 2) and the effect of acquisitions and divestments was 0% (decrease: 10). This increase is due to higher costs for energy.

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 66 M (84).

Site leasehold fee

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

The site leasehold fees increased by SEK 5 M to SEK 72 M (67).

Property tax

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

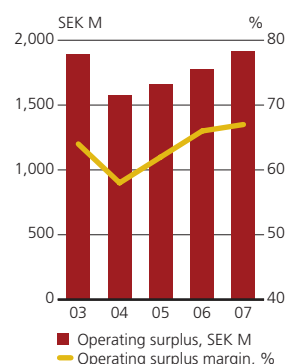
Property tax increased by SEK 42 M to SEK 214 M (172). The increase is primarily due to higher tax values. However, the effect of the increase is reduced since tenants pay 86% of the property tax.

Repayment of property tax increase to SEK 15 M (10).

Operating surplus

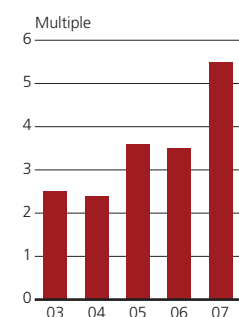
The operating surplus improved by SEK 140 M and amounted to SEK 1,918 M (1,778), an increase of 8% (7). The increase for comparable property portfolios was 7% (12), and the effect of acquisitions and divestments was 1% (decrease: 5). The operating surplus margin improved to 67% (66), which was attributable 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 improved operating income and the low interest rate on borrowing.

Sales revenues and acquisition costs of building rights

Sales revenues of SEK 154 M refer to sold residential building rights that were acquired from the associated company Stora Ursvik and subsequently sold to NCC. The acquisition cost was reduced by reversing previously eliminated capital gains.

Income from shares in associated companies

Income from shares in associated companies refers to Järva-staden and Stora Ursvik.

Income declined to SEK 1 M (54). The outcome for the preceding year refers primarily to the sale of shares in NS Holding (Norrtorpen).

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 126 M (119) and earnings declined to SEK 4 M (5), primarily due to conference operations.

Central administration and marketing

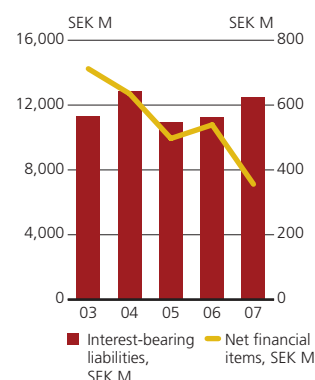
Central administration and marketing expenses include costs for the Board of Directors, the President, Group staff and Group-wide marketing.

The cost for central administration and marketing decreased to SEK 90 M (95), of which marketing costs amounted to SEK 13 M (19). Central administration was charged with SEK 8 M (0) in pension costs pertaining to discontinuation of personnel positions.

Financial items

Net interest income and expense declined by SEK 183 M and amounted to an expense of SEK 356 M (539). The decline was primarily due to the lower interest rate on borrowing as a result of financial derivatives, whose interest rates were higher com-

NET FINANCIAL ITEMS/NET INTEREST-BEARING LIABILITIES



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

pared with the market rates, which were closed during the fourth quarter of 2006, and shorter average interest term.

On December 31, 2007, the interest rate on borrowing was 4.3% (3.2), while market rates for comparable portfolio amounted to 4.8%. The average interest rate on borrowing during 2007 declined to 3.6% (3.7). The average fixed-interest period for borrowing decreased to 1.0 years (1.1). The percentage of expiring fixed-interest terms during the next 12 months increased to 71% (69). The interest-coverage ratio improved to 5.5 (3.5). 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 December 31, 2007, based on the current loan volume and fixed-interest term, would increase interest expenses by SEK 72 M over the next 12 months. This increase corresponds to approximately 5% of income after net financial items.

Income after financial items

Income after financial items increased to SEK 1,605 M (1,333), 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 5 M (57).

Unrealized change in value, properties

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

The assessed 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.

The external valuation resulted in an unrealized increase in value amounting to SEK 4,750 M (3,253), since year-end, of which SEK 1,105 M (1,686) during the fourth quarter. Compared with the preceding year-end, the market value increased by 12.5% (9.9). Approximately 50% of this increase in value is due to increased market rent levels and about 40% is attributable to reduced yield requirements, as well as reduced vacancy rates and investment gains in projects. The market value of certain potential building rights without detailed plans, which had not previously been assigned any value, entailed an unrealized increase in value amounting to SEK 312 M.

Unrealized change in value of financial derivatives

Unrealized change in the value of financial derivatives increased to SEK 20 M. The increase was due to the reversal of accumulated changes in value of previously hedge-reported derivatives.

Taxes

Current tax amounted to SEK 28 M (income, 6). The low tax expenses are primarily due to the possibility of tax deductions for certain investments and increased tax depreciation.

Deferred tax increased to SEK -1,702 M (-1,240), due to unrealized increase in the value of properties and increased tax depreciation.

Fourth quarter

Rental revenues increased to SEK 728 M (685) and operating surplus improved to SEK 448 M (424). Income after net financial items increased to SEK 441 M (223), due to improved operating surplus, net financial items and sales proceeds, building rights. Changes in value amounted to SEK 1,098 M (1,641) and income after tax declined to SEK 1,156 M (1,372).

FINANCING – MATURITY DATE STRUCTURE, DECEMBER 31, 2007

	Interest term			Loan maturity		Committed credit facilities	
	SEK M	Interest, %	Share, %	SEK M	Share, %	SEK M	Share, %
0–1	9,265	4.3	71	4,355	34	2,010	40
1–2	1,500	4.3	12	3,390	26	1,000	20
2–3	900	3.6	7	900	7	1,000	20
3–4	400	3.8	3	1,000	8	–	–
4–5	380	3.9	3	2,400	18	1,000	20
5–6	–	–	–	650	5	–	–
6–7	500	4.6	4	250	2	–	–
Total	12,945	4.3	100	12,945	100	5,010	100

The average interest term was 1.0 years. The average loan maturity amounted to 2.2 years. Committed credit facilities and cash and cash equivalents exceeded loans reaching maturity in the next 12 months.

FINANCING – SOURCES, DECEMBER 31, 2007

SEK M	Limit	of which, utilized	Share %
Commercial paper program	5,000	2,914	23
MTN program	20,000	5,664	44
EMTN program	9,435	333	2
Bank loans	4,034	4,034	31
Committed credit facilities	5,010	–	–
Total	–	12,945	100

Borrowing is reported at nominal value. Bank loans with mortgage deeds amounted to SEK 1,000 M.

Balance sheet

GROUP

SEK M	Dec. 31, 2007	Dec. 31, 2006
ASSETS		
Fixed assets		
<i>Intangible fixed assets</i>	47	27
<i>Tangible fixed assets</i>		
Investment properties	43,598	37,208
Work in progress on investment properties	1,638	914
Equipment and inventories	27	29
Total tangible fixed assets	45,263	38,151
Deferred tax claims	210	356
Shares in associated companies	43	45
Financial assets	269	498
Total fixed assets	45,832	39,077
Current assets		
Current receivables	398	615
Tax claims	181	241
Cash and cash equivalents	247	51
Total current assets	826	907
TOTAL ASSETS	46,658	39,984
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	4,000	4,000
Reserves	15	44
Profit brought forward, incl. net income for the period	21,721	17,769
Total shareholders' equity¹⁾	25,736	21,813
Long-term liabilities		
Deferred tax liabilities	6,116	4,554
Provisions for pensions	10	7
Interest-bearing liabilities	8,549	7,267
Non-interest-bearing liabilities	375	486
Total long-term liabilities	15,050	12,314
Current liabilities		
Interest-bearing liabilities	4,384	4,445
Non-interest-bearing liabilities	1,488	1,412
Total current liabilities	5,872	5,857
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	46,658	39,984

¹⁾ Attributable to the Parent Company's shareholders.

KEY DATA

Return on shareholders' equity, %	19.3	16.8
Interest-bearing liabilities, net	12,517	11,285
Equity/assets ratio, %	55	55

Comments on the Balance sheet

Investment properties

External valuations of the entire property portfolio including the project portfolios and building rights are performed by DTZ and Newsec. Vasakronan's properties are valued individually. The market value is deemed to exceed the total of the individual properties, since the market values portfolios higher than individual properties. The market value 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, vacancies and investment gains in projects.

The properties' assessed value, including projects in progress and building rights, increased by SEK 7,114 M to SEK 45,236 M (38,122). Adjusted for acquisitions and divestments of properties and investments, the unrealized change in value amounted to SEK 4,750 M (3,253), an increase of 12.5% (9.9).

Work in progress on properties

Work in progress rose by SEK 724 M to SEK 1,638 M (914), due to an enlarged project portfolio and an increase in incurred amounts in projects in progress. The total project portfolio increased to SEK 3,145 M (2,841). The projects have a low vacancy rate and mainly comprise long lease agreements with government tenants.

During the fourth quarter, the Bremen project in Stockholm, the Kungsängen project in Uppsala and the Tegen project in Solna were commenced with a total investment amount of SEK 592 M. The Svea Artilleri project in Stockholm and Heden 46:1 project in Göteborg were initiated with a total investment amount of SEK 585 M.

Share in associated companies

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

Shares in associated companies decreased by SEK 2 M to SEK 43 M (45).

Financial assets

Financial assets declined by SEK 229 M to SEK 269 M (498), due to amortization.

Interest-bearing liabilities, net

The Group's interest-bearing liabilities rose by SEK 1,232 M to SEK 12,517 M (11,285), due to increased investments and the increase in the dividend amount. Net interest-bearing liabilities amounted on average to SEK 11,893 M (11,625).

Cash and cash equivalents rose by SEK 196 M to SEK 247 M (51). Interest-bearing receivables declined by SEK 204 M to SEK 179 M (383).

Gross interest-bearing liabilities increased by SEK 1,221 M to SEK 12,933 M (11,712). The average loan maturity decreased to 2.2 years (2.5).

Deferred tax assets and tax liabilities

Deferred tax is calculated on the basis of temporary differences between the carrying 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 assets and tax liabilities.

Deferred tax assets declined by SEK 146 M to SEK 210 M (356). The decline was due to the reversal of earlier impairments. Deferred tax liabilities increased by SEK 1,562 M to SEK 6,116 M (4,554), due to unrealized value increases in properties and increased depreciation for tax purposes.

Shareholders' equity

Shareholders' equity increased by SEK 3,923 M to SEK 25,736 M (21,813), primarily due to unrealized value increases in properties.

Return

The return on shareholders' equity increased to 19.3% (16.8).

MARKET VALUE

SEK M	2007	2006
Market value, Jan. 1	38,122	32,827
Investments	1,656	1,047
Acquired properties	868	1,385
Divested properties	-160	-390
Unrealized changes in value	4,750	3,253
Market value, December 31	45,236	38,122

The unrealized change in value amounted to 12.5%.

YIELD REQUIREMENT

Valuations were based on the following yield requirements:	%
Stockholm – Central	4.25–5.75
Stockholm – Greater	5.25–6.00
Uppsala	5.25–6.25
Göteborg	4.60–5.80
Malmö	5.10–6.50
Lund	5.40–6.50

The yield requirement in Stockholm, Göteborg and Malmö fell slightly in 2007.

MARKET VALUE, COMPARABLE PROPERTIES

SEK M	2007	2006	Changes	%	Investments 2007	Net changes, %
Stockholm	26,479	22,928	3,551	15	-459	13
Uppsala	2,148	1,912	236	12	-83	8
Göteborg	7,646	6,205	1,441	23	-477	16
Malmö	5,688	5,175	513	10	-135	7
Lund	1,796	1,272	524	41	-337	15
Total	43,757	37,492	6,265	17	-1,491	13

The high net increase in market value in Göteborg and Lund is explained by investment gains in projects.

ONGOING PROPERTY PROJECTS

Location	Property	Investment, SEK M	In progress, Dec. 31, 2007	Floor space, m ²	Estimated completion	Vacancy rate area, %
Göteborg	Heden 705:14, Polishuset	753	390	43,000	Dec. 2009	0
Stockholm	Fruktkorgen 1, Kungsholmen	550	150	23,910	Dec. 2009	0
Lund	Nya Vattentornet 4	540	294	27,550	Dec. 2008	0
Stockholm	Svea Artilleri 14, Östermalm	419	21	17,233	Dec. 2010	100
Göteborg	Heden 46:1, Tingsrätten ¹⁾	160	16	16,455	Dec. 2009	0
Göteborg	Nordstan 8:27	135	110	16,260	June 2008	0
Stockholm	Beridarebanan 11, City	114	86	8,800	June 2008	30
Stockholm	Vega 4, City	88	45	3,931	June 2008	87
Malmö	Kronan 10 & 11	84	42	13,369	Dec. 2008	13
Lund	Spettet 3	80	51	8,680	Dec. 2008	0
Total		2,923	1,205	179,188		
Projects between SEK 10 M - 50 M		222	128			
Total		3,145	1,333			

¹⁾ Half-owned with NCC. Vasakronan's holding is reported.

The project portfolio increased to SEK 3,145 M (2,841). 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

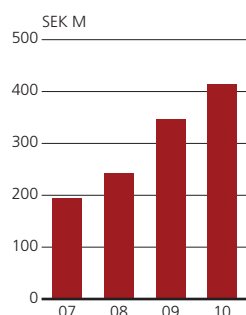
The equity/assets ratio rose to 55% (55). The high ratio is due to large unrealized increases in value of the property portfolio.

The loan to market value of properties declined to 28% (30) of the assessed market value of the properties.

CHANGES IN SHAREHOLDERS' EQUITY

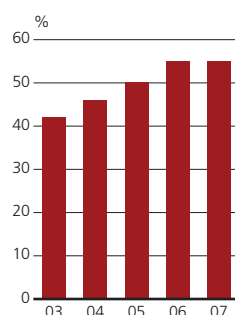
SEK M	2007	2006
Opening shareholders' equity, January 1	21,813	18,524
Dividend	-698	-254
Unrealized value changes in financial instruments	-29	134
Income for the period	4,650	3,409
Closing shareholders' equity, December 31	25,736	21,813

TREND IN OPERATING SURPLUS, PROPERTY PROJECT IN PROGRESS



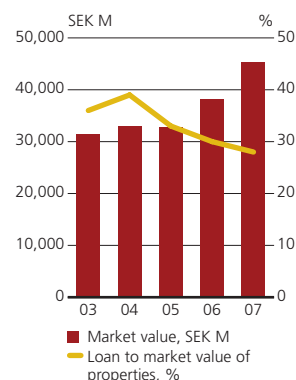
Operating surplus is expected to increase in line with projects being completed and tenants taking possession of properties.

EQUITY/ASSETS RATIO, DECEMBER 31



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



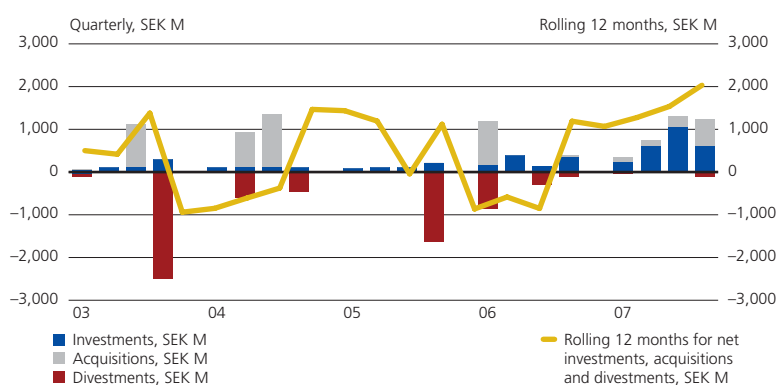
The loan to market value of properties declined, due to the increase in market value and amounted to 28%.

Cash-flow statement

GROUP

SEK M	2007	2006
CURRENT OPERATIONS		
Operating income	1,961	1,872
Adjustment for items not included in cash flow	-70	-141
Interest income	41	29
Interest expenses	-397	-568
Tax paid	32	-459
Cash flow before changes in working capital	1,567	733
Change in current receivables	217	17
Change in current liabilities	66	-3
Cash flow from current operations	1,850	747
INVESTING OPERATIONS		
Investments	-1,667	-1,047
Acquisition of properties	-868	-1,385
Acquisition of associated companies	-3	-4
Divestment of properties	160	390
Divestment of associated companies	0	819
Acquisition of financial assets	-97	-17
Divestment of financial assets	300	1,387
Cash flow from investing operations	-2,175	143
FINANCING OPERATIONS		
Dividend paid	-698	-254
Loans raised	7,410	5,910
Amortization of loans	-6,191	-6,823
Cash flow from financing operations	521	-1,167
CASH FLOW FOR THE PERIOD	196	-277
Cash and cash equivalents at Jan. 1	51	328
Cash and cash equivalents at the end of the period	247	51

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS



Investments and acquisitions exceeded divestments of properties during the period.

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 834 M to SEK 1,567 M (733). This was mainly due to the reduction in tax paid and improved net financial items.

Cash flow from current operations, after changes in current receivables and liabilities, increased by SEK 1,103 M to SEK 1,850 M (747).

Cash flow from investing operations

Cash flow from investing operations amounted to a negative of SEK 2,175 M (positive: 143). 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 620 M and amounted to SEK 1,667 M (1,047), which was attributable to a larger project portfolio. The acquisition of properties decreased and amounted to SEK 868 M (1,385). The divestment of properties declined and amounted to SEK 160 M (390).

Cash flow from financing operations

Cash flow from financing operations amounted to SEK 521 M (negative: 1,167). Paid dividends increased to SEK 698 M (254). Loans raised, reduced by amortization, resulted in a net increase of loans of SEK 1,219 M (net amortization: 913). This net increase of loans is attributable to investments and acquisitions exceeding divestments.

PROPERTY ACQUISITIONS

Contract date	Location	Property	Seller	Purchase consideration, SEK M	Date of transfer
Feb. 1, 2007	Solna	Rosenborg 2 & 3 ¹⁾	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
Dec. 3, 2007	Solna	Rosenborg 1	JM	380	Dec. 19, 2007
Dec. 11, 2007	Malmö	Priorn 2	Wihlborgs	145	Dec. 18, 2007
Dec. 19, 2007	Uppsala	Kungsängen 4:4	GE Real Estate	107	Dec. 19, 2007
Dec. 19, 2007	Göteborg	Lorensberg 45:16	Folksam	125	Feb. 1, 2008 ²⁾
Total				993	

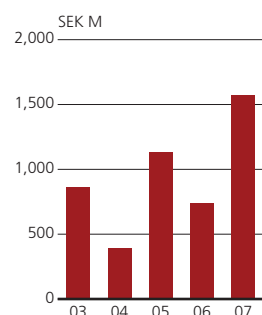
¹⁾ Building rights.

²⁾ To be reported on the date of taking possession.

PROPERTY DIVESTMENTS

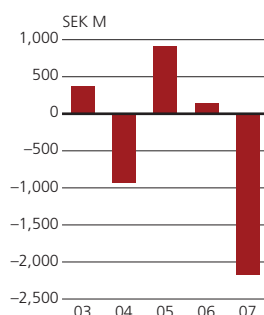
Contract date	Location	Property	Buyer	Purchase consideration, SEK M	Date of transfer
Mar. 1, 2007	Göteborg	Heden 46:1, 46:2	Half-owned company with NCC	45	Mar. 1, 2007
May 30, 2007	Sundbyberg	Sundbyberg 2:84	Pysslingen	15	Dec. 5, 2007
Dec. 11, 2007	Malmö	Neptun 6	Wihlborgs	84	Dec. 18, 2007
Dec. 21, 2007	Sundbyberg	Sundbyberg 2:44	NCC	16	Dec. 21, 2007
Total				160	

CASH FLOW BEFORE CHANGE IN WORKING CAPITAL



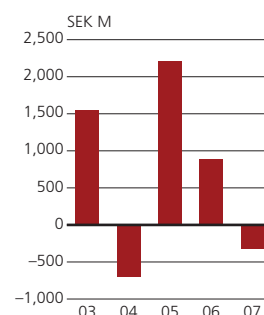
Cash flow increased in 2007, primarily as a result of a reduction in tax paid and improved net financial items.

CASH FLOW FROM INVESTING OPERATIONS



Cash flow was negative for 2007, due to increased investments and property acquisitions.

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 403 (396) employees at December 31, 2007, of whom 157 (146) were employed by Vasakronan Service Partner.

Dividend

The Board of Vasakronan AB proposes that the Annual General Meeting approves a dividend of SEK 791 M (698), an increase of 13%. The dividend follows the established dividend target which is 50% of income after financial expenses and realized changes in value, less current tax.

Risks and uncertainty factors

In order to prepare the report in accordance with generally accepted accounting standards 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 year-end 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.

Modified reporting with respect to re-invoiced electricity costs

Vasakronan has modified its reporting with respect to re-invoiced electricity costs, known as expense reporting. Electricity costs and similar revenues are reported at net amount when Vasakronan conveys electricity to tenants and no markup is charged. The effect for Vasakronan in 2007 is that rental revenues and energy expenses declined by SEK 29 M (25). The figures for the preceding year have been restated.

Parent Company

Rental revenues for the Parent Company, Vasakronan AB, up to and including December 31, 2007, amounted to SEK 2,390 M (2,293). The Parent Company's income after financial items was SEK 1,606 M (1,499). The Parent Company's purchasing from other Group companies amounted to SEK 22 M (22).

As of the closing date, cash and cash equivalents amounted to SEK 239 M (48). Investments including property acquisitions amounted to SEK 1,119 M (789). Interest-bearing liabilities amounted to SEK 12,919 M (11,877). Of these liabilities, SEK 4,383 M (4,445) were short-term and SEK 8,536 M (7,432) long-term.

Events after the close of the period

Vasakronan acquired the Tigern 1 property in Malmö on January 15 for SEK 69 M with the company scheduled to take possession on February 1. The seller is a private individual.

Forecast for 2008

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. Interest expenses are increasing due to higher borrowing volumes and higher interest rate in the loan portfolio. Investments in project properties are expected to increase to approximately SEK 3 billion.

Vasakronan's forecast is that income after net financial items before changes in value and excluding income from the sale of building rights is expected to amount to approximately SEK 1,500 M (1,477).

Stockholm, January 31, 2008



Håkan Bryngelson
President

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

Property portfolio, December 31, 2007

	Rental revenues		Operating surplus		Market value		Vacancy rate		Premises floor space		Properties
	Jan.–Dec. 2007 SEK M	Jan.–Dec. 2006 SEK M	Jan.–Dec. 2007 SEK M	Jan.–Dec. 2006 SEK M	Dec. 31, 2007 SEK M	Dec. 31, 2006 SEK M	Dec. 31, 2007 Rent, %	Dec. 31, 2006 Rent, %	31 dec 2007 1,000 m ²	Dec. 31, 2006 1,000 m ²	Dec. 31, 2007 Number
Stockholm – Central	1,276	1,223	875	840	20,693	17,842	5	7	602	602	43
Stockholm – Greater	442	391	284	224	6,787	5,537	7	14	396	384	32
Uppsala	169	138	107	83	2,255	1,912	5	7	141	124	21
Göteborg	482	444	328	308	7,872	6,312	2	3	300	294	27
Malmö	442	424	274	270	5,833	5,247	3	4	340	329	34
Lund	98	94	64	62	1,796	1,272	1	1	71	70	14
Eliminations	–35	–33	–14	–9	–	–	–	–	–	–	–
Group total	2,874	2,681	1,918	1,778	45,236	38,122	4	7	1,850	1,803	171

TYPES OF PREMISES, DECEMBER 31, 2007

	Rental revenues, SEK M	Proportion, %	Rental value, SEK/m ²
Office premises	2,196	76	1,856
Retail	366	13	2,510
Garage/warehouse	120	4	405
Residential	28	1	861
Other	164	6	1,170
Total	2,874	100	1,583

Vasakronan's property portfolio focuses on office premises, which constitute 76% of rental revenues.



Leasing was very strong in Kista during 2007. The vacancy rate is 5% for both Kista Science Tower and Kista Entré.

Key data and definitions

	2007	2006
Property-related		
Market value, SEK M	45,236	38,122
Floor space, 1,000 m ²	1,850	1,803
Investments, SEK M	1,667	1,047
Property acquisitions, SEK M	868	1,385
Property divestments, SEK M	160	390
Vacancy rate rent, %	4	7
Vacancy rate floor space, %	6	8
Financial		
Operating surplus margin, %	67	66
Interest-coverage ratio, multiple	5.5	3.5
Shareholders' equity, average, SEK M	24,048	20,290
Return on shareholders' equity, %	19.3	16.8
Cash flow	1,567	733
Equity/assets ratio, %	55	55
Loan to market value of properties, %	28	30
Net interest-bearing liabilities, SEK M	12,517	11,285
Loan interest on closing day, %	4.3	3.2
Share-related		
Earnings per share, SEK	1,163	852
Cash flow per share, SEK	392	183
Shareholders' equity per share, SEK	6,434	5,453
Number of shares, 000s	4,000	4,000

Cash flow

Cash flow before changes in current receivables and liabilities.

Cash flow per share

Cash flow divided by the number of shares.

Earnings per share

Income after tax divided by the number of shares.

Equity/assets ratio

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

Interest-coverage ratio

Operating income divided by net financial items.

Loan to market value of properties

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

Net interest-bearing liabilities

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

Premises floor space

Leasable floor space (including garage).

Return on shareholders' equity

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

Operating surplus

Rental revenues less operating and maintenance costs, site leasehold fee 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.

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 the leading real estate company 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 171 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

Interim Report, January – March 2008	April 22, 2008
Six-month Report 2008	July 11, 2008
Interim Report, January – September 2008	October 27, 2008
Year-end report 2008	January 2009
Annual Report 2008 (Swedish)	February 2009
Annual Report 2008 (English)	March 2009

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 – March	April 23, 2008
Six-month Report 2008	July 11, 2008, at 11:00 a.m.
Interim Report January – September	October 27, 2008

VASAKRONAN

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