

INTERIM REPORT

JANUARY–JUNE 2000

- *Income after financial items amounted to SEK 256 M (251).*
- *Rental revenues increased by 12% to SEK 1,271 M (1,136). The demand for rented premises is very strong.*
- *Investments amounted to SEK 1,374 M (655), of which property acquisitions accounted for SEK 826 (236) and investment in properties represented SEK 548 M (419). Property divestments amounted to SEK 192 M (61), with a capital gain of SEK 43 M (8). An exchange transaction with Skanska was implemented in April, and Vasakronan acquired a property in Lund from Ericsson in June.*
- *The outlook for full-year 2000 is an income of approximately SEK 400 M after net financial items, based on the existing portfolio and before gains/losses on the sale of properties.*

FINANCIAL DATA

SEK M	Apr.-June 2000	Apr.-June 1999	Jan.-June 2000	Jan.-June 1999	July 1999- June 2000	Full year 1999
Rental revenues	639	569	1,271	1,136	2,515	2,380
Income after financial items	152	145	256	251	442	437
Income after financial items, excluding property sales	115	142	213	243	344	374
Cash flow from current operations	363	–1	445	423	848	826
Investments, including property acquisitions	954	332	1,374	655	3,463	2,744
Shareholders' equity	7,623	8,438	7,623	8,438	7,623	7,593
Book value of properties	18,784	16,593	18,784	16,593	18,784	18,159
Equity/assets ratio, %	36	46	36	46	36	38
Vacancy rate, floor space, %	7	7	7	7	7	8
Vacancy rate, rental value, %	5	5	5	5	5	6

Lease portfolio, June 30, 2000

Lease period until	No. of leases	Annual rent, SEK M	Share, %
2000	365	197	7
2001	716	391	14
2002	622	539	20
2003	501	390	14
2004	163	282	10
2005–	169	861	33
Housing	1,387	45	2
Total	3,923	2,705	100

Vasakronan AB, June 30, 2000

	No. of registered properties	Floor space, 1,000 m ²	Rental revenues ¹ , SEK M	Vacancy rate, % floor space	Vacancy rate, % rental value	Book value ² , SEK M
Southern region						
Malmö	33	325	154	6	4	2,714
Lund	11	68	17	1	1	535
Kristianstad	9	66	24	7	3	157
Växjö	10	75	24	17	8	285
Linköping	9	61	28	3	1	305
Total	72	595	247	7	3	3,996
Western region						
Western Gothenburg	8	108	53	3	1	1,056
Eastern Gothenburg	15	105	56	1	1	838
Karlstad	7	77	32	3	2	322
Örebro	9	84	44	6	0	541
Jönköping	8	102	44	2	2	537
Other	4	13	1	62	72	30
Total	51	489	230	5	2	3,324
Stockholm region						
Stockholm						
– City	9	83	98	0	0	2,419
– Old Town	7	20	16	0	0	206
– Östermalm	10	290	154	7	4	1,902
– Vasastan	8	38	28	4	3	269
– Other central areas	12	165	110	0	0	1,522
– Northern Greater Stockholm	29	303	134	6	3	1,806
– Southern Greater Stockholm	7	78	40	8	9	495
– InfraCity	7	190	48	25	32	747
– Uppsala	9	67	32	5	3	433
Total	98	1,234	660	8	6	9,799
Northern region						
Sundsvall	20	125	54	4	3	641
Gävle	18	116	43	9	8	439
Umeå	16	60	22	5	5	239
Luleå	13	74	25	10	7	346
Other	1	0	1	0	0	0
Total	68	375	145	7	5	1,665
Elimination	–	–	–11	–	–	–
Group total	289	2,693	1,271	7	5	18,784

¹ Jan.–June 2000.² Including surplus value and deferred tax, excluding work in progress.**Markets**

The premises market is continuing to develop very favorably. In Stockholm the market is characterized by considerable demand for office premises and a limited supply. Rental levels continue to rise in all sub-markets. Rents are increasing strongly in Stockholm, Gothenburg and Malmö. University towns are also experiencing favorable rental trends. The vacancy rate is declining in all parts of the country.

There has been continued restructuring of the Swedish property market. Drott has acquired Balder and Skandia Liv has acquired

Diligentia. The discount on the net asset value of property shares is still high. Ericsson has started to divest its office properties. SPP, Kungsliden and Vasakronan have purchased the first properties sold.

Rental revenues

During the first six months of the year, Vasakronan's rental revenues totaled SEK 1,271 M (1,136), an increase of 12%. The increase for comparable property portfolios was 10%, and the effect of acquisitions and divestment of properties was 2%. Leases corresponding to annual rents of SEK 114 M were renegotiated during the first half

of the year, with an increase of 42% in rents. In all, 12% of leases will be renegotiated during 2000, of which 4% were renegotiated during the first six months. The largest leases during the first quarter were signed with in Stockholm with Boston Consulting Group, Linq Systems Svenska AB and Mercuri Urval.

Rental revenues included property taxes of SEK 58 M (49) paid by tenants. Tenants paid 89% (82) of property taxes. The average duration in the lease portfolio was 4.3 years.

The vacancy rate amounted to 7% (7) of total floor space. The estimated rent loss of 5% (5) was lower.

The proportion of central government tenants has declined to 45% as a result of the property acquisitions which have been implemented. The proportion of other tenant categories increased to 55%.

Income

Operating expenses increased by 12% to SEK -313 M (-280). The increase in comparable portfolios was 11% and the effect of acquisitions and divestments was 1%. Maintenance costs increased by 10%, and amounted to SEK -124 M (-113). The increase for comparable portfolios was 8%, and the impact of acquisitions and divestments was 2%. Major projects are still under way, primarily in Stockholm.

The operating surplus improved by 13% and amounted to SEK 769 M (683). The increase in comparable portfolios was 10% and the effect of acquisitions and divestments was 3%. The operating surplus margin amounted to 61% (60).

Depreciation increased to SEK -183 M (-164) as a result of property acquisitions and investments. Office and retail properties are depreciated at a rate of 2% per year.

Central administration and marketing costs amounted to SEK -35 M (-23). The results for 1999 included a gain of SEK 18 M due to the redemption of pension liabilities.

Net financial items amounted to SEK -342 M (-255), an increase of SEK -87 M. Of this increase, SEK -99 M was due to higher average borrow-

ing as a result of property acquisitions, investments and dividends. This was offset by a lower average interest expense which had a positive impact of SEK 12 M on income.

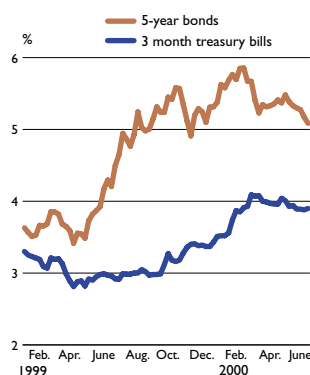
Income after financial items excluding property sales amounted to SEK 213 M (243). The decline in earnings was due to an increase in net financial items as a result of an increase of SEK 3.3 billion in net debt.

The gain on property sales amounted to SEK 43 M (8). The income after financial items including divested properties increased to SEK 256 M (251).

Changes in the property portfolio

During the first six months of 2000, Vasakronan acquired properties for SEK 826 M (236), including land

Interest rate – 18 months



Bond interest-rates have increased substantially during the last 18 months. Despite that average interest-rate on borrowings at June 30, 2000 decreased to 6.1% compared to 6.8% at December 31, 1998 due to redemption of loans with higher interest-rate than current market rate.

Income before financial items

SEK M	Rental revenues		Operating surplus		Operating income	
	Jan.-June 2000	Jan.-June 1999	Jan.-June 2000	Jan.-June 1999	Jan.-June 2000	Jan.-June 1999
Southern region	247	228	147	131	116	107
Western region	230	208	150	133	119	107
Stockholm region	660	566	407	353	359	266
Northern region	145	144	70	69	41	49
Eliminations	-11	-10	-5	-3	-2	-
Total	1,271	1,136	769	683	633	529
Unallocated costs	-	-	-	-	-35	-23
Total	1,271	1,136	769	683	598	506

registration fees, and divested properties totaling SEK 192 M (61), resulting in a capital gain of SEK 43 M.

In January, Vasakronan acquired the Estländaren 10 in Sollentuna, to the north of Stockholm, from SIFO for SEK 22 M. The Gamen 10 on Södermalm in central Stockholm was acquired from Skanska for SEK 151 M.

Transactions with Skanska continued in April. The Lagern 11 property on Kungsgatan in downtown Stockholm was acquired for SEK 329 M, and the Grönland Södra 13 property on Adolf Fredriks Kyrkogatan in central Stockholm was sold to Skanska for SEK 153 M.

The Nya Vattentornet 2 property in Lund was acquired from Ericsson for SEK 324 M in June. In June, two properties in the Northern Region were sold for a total of SEK 2 M.

Investments

Investments amounted to SEK 1,374 M (655) in the period January-June 2000, of which SEK 826 M (236) re-

presented property acquisitions and SEK 548 M (419) was investment in properties and fixed assets.

Financing

At June 30, 2000 liquid assets amounted to SEK 496 M (445). In addition, there were unutilized committed credit facilities of SEK 6,607 M (7,416).

Interest-bearing liabilities amounted to SEK 11,438 M (8,025) at June 30. Net interest-bearing liabilities increased by SEK 3,346 M to SEK 10,951 M (7,605). This increase was due to property acquisitions, investments and dividends. On average, net interest-bearing liabilities were SEK 10,668 M (7,689) during the first six months.

Vasakronan's average interest-rate decreased to 6.4% (6.7). At June 30, the average interest-rate on borrowing was 6.1% (6.5).

The interest coverage ratio was 1.7 (2.0). The average interest-rate term at June 30 was 2.2 years (2.4), which is slightly lower than for the standard portfolio.

Standard & Poor's has given Vasakronan's commercial paper program a K1 rating. Vasakronan's MTN program (launched in June 1998) was updated on June 22, 2000. The loan framework was simultaneously increased to SEK 10 billion, or the equivalent value in euros. This program has a Standard and Poor's BBB+ rating.

Shareholders' equity

At June 30, 2000, Vasakronan had visible shareholders' equity of SEK 7,623 M (8,438). Unrestricted equity amounted to SEK 2,328 M. Vasakronan has restricted equity of SEK 5,295 M, of which share capital amounts to SEK 4,000 M. There are 4,000,000 shares.

At year-end 1999, Vasakronan's properties were valued at SEK 27.2 billion, and the book value amounted to SEK 18.2 billion.

Cash flow

Cash flow in current operations amounted to SEK 445 M (423).

Property transactions

SEK M	Jan.-June 2000	Full year 1999	Full year 1998	Full year 1997	Full year 1996	Full year 1995	Full year 1993/94	Total 1993- 2000
Sales	192	277	2,192	6,541	577	415	50	10,244
Capital gains	43	63	834	2,008	144	61	17	3,170
Acquisitions	826	1,809	4,992	2,357	246	148	64	10,442

Property acquisitions

Contract date	Location	Property	Seller	Price ¹ SEK M	Date of possession	Rental revenue full year	Operating surplus full year
Jan. 21, 2000	Sollentuna	Estländaren 10	SIFO	22	June 6, 2000	4	3
Feb. 24, 2000	Stockholm	Gamen 10	Skanska	151	Feb. 29, 2000	16	15
Apr. 3, 2000	Stockholm	Lagern 11	Skanska	329	Sep. 1, 2000	26	24
June 29, 2000	Lund	Nya Vattentornet 2	Ericsson	324	June 29, 2000	33	27
Total				826		79	69

¹ The purchase price includes land registration fees.

Property sales

Contract date	Location	Property	Buyer	Price SEK M	Date of surrender	Rental revenue full year	Operating surplus full year
Jan. 4, 2000	Växjö	Växjö 10:51 (part)	Thomas Rosenlund	14	Jan. 4, 2000	-	-
Feb. 1, 2000	Stockholm	Mälärhöjden 1:1 etc.	School properties in Stockholm	2	Feb. 1, 2000	0	0
Mar. 3, 2000	Gothenburg	Annedal 23:1	Äpplet tenant-owners' association	18	Jan. 1, 2000	2	1
Mar. 21, 2000	Kristianstad	Kristianstad 4:28 (part)	Kristianstad municipality	3	Apr. 1, 2000	0	0
Apr. 3, 2000	Stockholm	Grönlandet Södra 13	Skanska	153	Sep. 1, 2000	21	19
June 14, 2000	Arvidsjaur	Orren 3	P. Johansson	1	June 15, 2000	0	0
June 30, 2000	Strömsund	Risselås 1:28-1:32	Kreativ Fastighets AB	1	June 30, 2000	1	0
Total				192		24	20

Personnel

The average number of employees during the period was 355 (331). At June 30, 2000, the Vasakronan had 357 employees (332).

Parent Company

Rental revenues for Vasakronan AB, the Parent Company, amounted to SEK 1,122 (1,031) during the first six months. Income after net financial items was SEK 249 M (281). At June 30, 2000, liquid assets amounted to SEK 478 M (439). Investments during the first six months amounted to SEK 1,185 M (584), including property acquisitions. Net interest-bearing liabilities amounted to SEK 11,438 M (8,025), of which SEK 5,615 M (3,362) was short-term borrowing and SEK 5,823 M (4,663) was long-term.

Outlook for 2000

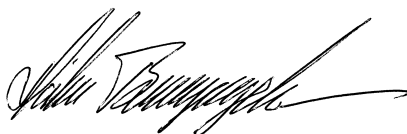
Rental revenues will increase, due to the renegotiation of leases and fewer vacancies. Operating and maintenance costs will remain at approxi-

mately the current level. Depreciation will increase, due to investments and the property acquisitions which have been implemented. The redemption of pension liabilities in 1999 had a positive nonrecurring effect on administration and marketing costs.

Net financial expense is rising as a result of increased borrowing due to the acquisitions completed.

Vasakronan forecasts that income after financial items for the existing portfolio, before gains/losses on property sales, will amount to approximately SEK 400 M.

Stockholm, July 14, 2000



Håkan Bryngelson
President

This report has not been audited.

Maturity date structure, June 30, 2000

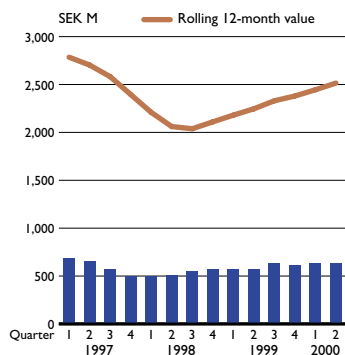
	Fixed-interest term		Committed lines of credit	
	SEK M	Interest %	Due date SEK M	SEK M
2000	3,683	5.0	4,377	3,125
2001	1,499	8.4	1,969	2,649
2002	1,651	6.3	867	1,300
2003	1,665	6.6	1,635	–
2004	1,310	5.5	1,310	–
2005	900	5.8	550	–
2006	660	7.3	660	–
2007	100	9.0	100	–
Total	11,468	6.1	11,468	7,074

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

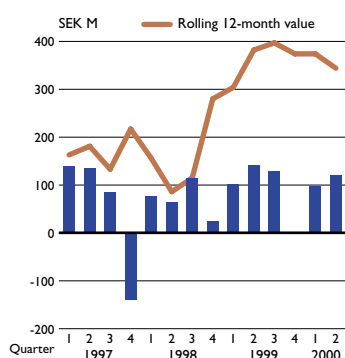
Sources of financing, June 30, 2000

SEK M	Credit framework	Of which utilized
Commercial paper programs	5,000	2,003
MTN program 2000	10,000	4,750
MTN program 1995	2,220	2,220
Committed lines of credit	7,074	467
Private placements	477	477
Bank loans	–	141
Loans from sister companies	–	1,410
Total	–	11,468

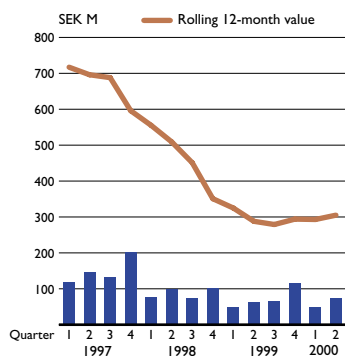
Rental revenues



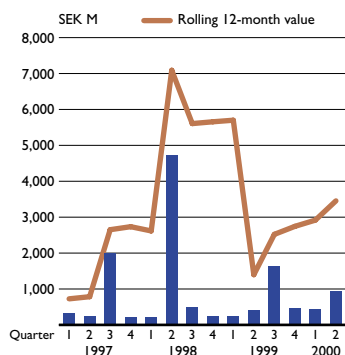
Income after financial items, excluding property sales



Maintenance



Investments including property acquisitions



Income statement

SEK M	Jan.-June 2000	Jan.-June 1999	Full year 1999
Rental revenues	1,271	1,136	2,380
Operating expenses	-313	-280	-628
Maintenance	-124	-113	-294
Property tax	-65	-60	-121
Operating surplus	769	683	1,337
Property depreciation	-183	-164	-347
Gross income	586	519	990
Other operating revenues and expenses	4	2	3
Gain on sale of properties	43	8	63
Administration and marketing	-35	-23 ¹	-38 ¹
Operating income	598	506	1,018
Net financial items	-342	-255	-581
Income after financial items	256	251	437
Tax	-69	-66	-116
Net income for the period	187	185	321

¹ Redemption of pension liabilities increased administrative expenses by SEK 18 M.

Balance sheet

SEK M	June 30, 2000	June 30, 1999	Dec. 31, 1999
Assets			
Immaterial assets	10	—	—
Properties and fixed assets	20,226	17,459	19,201
Financial fixed assets	20	23	20
Current receivables	303	252	469
Liquid assets	496	445	359
Total assets	21,055	18,179	20,049
Shareholders' equity and liabilities			
Shareholders' equity	7,623	8,438	7,593
Provisions	497	476	470
Interest-free liabilities	1,497	1,240	1,593
Interest-bearing liabilities	11,438	8,025	10,393
Total shareholders' equity and liabilities	21,055	18,179	20,049

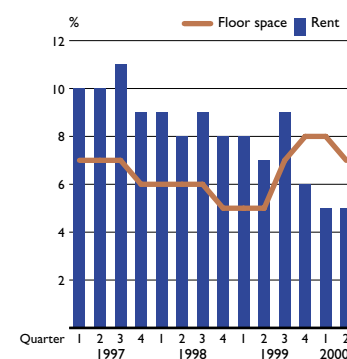
Cash-flow analysis

SEK M	Jan.-June 2000	Jan.-June 1999	Full year 1999
Current operations			
Income before financial items	598	506	1,018
Depreciation	189	170	358
Other items which do not affect liquidity	-43	-46	-117
Interest income	3	2	6
Interest expense	-345	-257	-538
Tax paid, excl. property sales	-57	-54	-83
Increase(-)/decrease(+) in current receivables	177	169	-13
Increase(+)/decrease(-) in current liabilities	-77	-67	195
Cash flow from current operations	445	423	826
Investment operations			
Investments in immaterial assets	-10	-	-
Investments in buildings	-534	-406	-912
Investments in machinery and equipment	-4	-13	-23
Acquisition of properties	-826	-236	-1,809
Acquisition of subsidiaries	-56	-	-293
Less acquired consolidated goodwill (non-cash item)	346	-	794
Properties sold	192	61	275
Tax paid on property sales	-12	-2	-18
Divestment/amortization of other financial assets	-	-	3
Cash flow from investment operations	-904	-596	-1,983
Financing operations			
Change in interest-bearing liabilities	753	490	2370
Redemption of pension liability	-	-224	-224
Dividend paid	-157	-	-982
Cash flow from financing operations	596	266	1,164
Cash flow for the year	137	93	7
Liquid assets at January 1	359	352	352
Liquid assets at December 31	496	445	359
Interest-bearing net liabilities at January 1	-10,043	-7,463	-7,463
Change in pension liabilities	-	255	271
Change in interest-bearing liabilities at acquisition	-292	-	-488
Change in interest-bearing liabilities	-753	-490	-2,370
Change in liquid assets	137	93	7
Net interest-bearing liabilities at end of period	-10,951	-7,605	-10,043

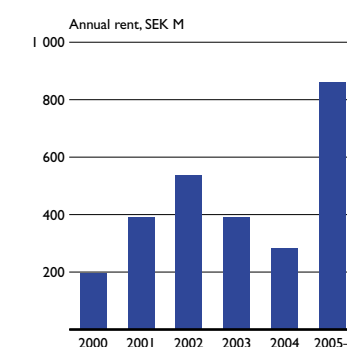
Key data

	June 30, 2000	June 30, 1999	Dec. 31, 1999
Property-related			
Book value	18,784	16,593	18,159
Premises floor space, 1,000 m ²	2,693	2,447	2,674
Yield, %	8.0	7.8	7.7
Vacancy rate, floor space, %	7	7	8
Vacancy rate, rental value, %	5	5	6
Financial			
Operating surplus margin, %	61	60	56
Interest coverage ratio, multiple	1.7	2.0	1.7
Shareholders' equity, SEK M	8,030	8,170	7,923
Yield on shareholders' equity, %	4.0	3.5	4.1
Equity/assets ratio, %	36	46	38
Net interest-bearing liabilities, SEK M	10,951	7,605	10,043
Debt/equity ratio, multiple	1.4	0.9	1.3
Share-related			
Earnings per share, SEK	47	46	80
Cash flow per share, SEK	111	106	207
Equity per share, SEK	1,906	2,110	1,898

Vacancy rate, floor space and rent



Terms for leases, annual rent



Definitions

Cash flow from current operations. Operating income before financial items with restitution of depreciation and deduction for items which do not affect liquidity, net interest received/paid, income tax paid and changes in working capital.

Cash flow per share. Cash flow from current operations divided by the number of shares.

Debt/equity ratio. Interest-bearing liabilities, including liabilities, less liquid assets divided by shareholders' equity at year-end.

Earnings per share. Income after estimated tax divided by the number of shares.

Equity/assets ratio. Shareholders' equity at year-end as a percentage of total assets.

Floor space. Rentable space.

Interest coverage ratio. Income after net financial items plus financial expense, divided by financial expense.

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

Operating surplus. Rental revenues less operating and maintenance costs, and also property tax.

Operating surplus margin. Operating surplus divided by rental revenues.

Return on shareholders' equity. 12-month rolling income after estimated tax divided by shareholders' equity.

Shareholders' equity. Average visible shareholders' equity.

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

Vacancy rate, floor space. Proportion of space not rented.

Vacancy rate, rent. Estimated annual rent loss due to vacant premises as a percentage of the total annual rent of properties when fully tenanted.

Yield. 12-month rolling operating surplus divided by average book value of properties.

Vasakronan is one of the leading real estate companies in Sweden, and is the largest owner of commercial premises, particularly offices. Vasakronan focuses on locations in Stockholm, Malmö, Gothenburg and 12 other urban centers in Sweden. The total portfolio comprises 289 properties, with a total floor space of 2,693,000 m². providing agreeable working facilities for about 65,000 people. Vasakronan endeavors to ensure that they feel that their workplaces and the services provided function well.

Vasakronan's financial report schedule

Interim report January-September 2000	October 25, 2000
Year-end report 2000	February 2001
Annual Report 2000 (Swedish)	February 2001
Annual Report 2000 (English)	March 2001

Financial information may be ordered from
Corporate Communications, Vasakronan AB, P.O. Box 24234, SE-104 51 Stockholm, Sweden.
Tel: +46-8-783 21 00. Fax: +46-8-783 21 76.

You are welcome to visit our website for current information about
Vasakronan and vacant premises. www.vasakronan.com



Mailing address: P.O. Box 24234, SE-104 51 Stockholm, Sweden
Visiting address: Karlavägen 108, 13th floor
Tel: +46-8-783 21 00 Fax: +46-8-783 21 01
www.vasakronan.com
E-mail: info@vasakronan.se

Vasakronan is a public company. Registered Corporate No. 556474-0123