

Vasakronan Interim report

January–June 2008

- **Rental revenues** increased by 9% to SEK 1,539 M (1,418). Leased annual rent increased to SEK 3,427 M and exceeded the reported annual rent of SEK 2,995 M by 14%.
- **The vacancy rate** declined to 4% (5) of rental revenues.
- **Income after financial items** before value changes increased to SEK 952 M (777), as a result of improved operating income.
- **The market value of properties** increased to SEK 47,085 M (41,243). The unrealized increase in value for the first six months amounted to SEK 160 M (2,422).
- **Income after tax** decreased to SEK 873 M (2,338). The decrease was attributable to a lower unrealized increase in the value of the property portfolio.
- **Property acquisitions** amounted to SEK 3,184 M and property divestments totaled SEK 3,236 M.
- **The project portfolio** increased to SEK 5,369 M (3,515) and investments increased to SEK 1,099 M (609). Major projects have commenced in Göteborg and Malmö. The rental rate in the project portfolio amounted to 91%.
- **During the first six months of 2008, rental levels increased somewhat** in the central parts of Stockholm, Göteborg and Malmö. The property market was characterized by lower sales and a somewhat higher yield requirement.
- **After the end of the period**, Vasakronan was sold to AP Fastigheter. According to the transaction, the property portfolio is valued at SEK 41.1 billion. The Swedish Competition Authority has approved the transaction and the transfer will occur on September 1, 2008. AP Fastigheter has sold 41 properties to Niam with transfer on October 1, 2008. All properties, with the exception of one, are from Vasakronan's portfolio and are located in all cities in which Vasakronan conducts operations.

FINANCIAL DATA

SEK M	Jan–June 2008	Jan–June 2007	April–June 2008	April–June 2007	July 2007–June 2008	Full-year 2007
Rental revenues	1,539	1,418	782	710	2,995	2,874
Income after financial items	918	777	539	416	1,746	1,605
Income after tax	839	2,338	458	1,714	3,151	4,650
Vacancy rate, rent, %	4	5	4	5	4	4
Operating surplus margin, %	70	68	72	70	68	67
Interest-coverage ratio, multiple	4.6	5.8	5.2	6.7	4.9	5.5
Cash flow	783	752	401	391	1,598	1,567
Market value, properties	46,685	41,243	46,685	41,243	46,685	45,236
Equity/assets ratio	53	54	53	54	53	55



VASAKRONAN
Real offices for real people

The Swedish economy

According to the Swedish Institute of Economic Research, the GDP growth in Sweden will weaken further during 2008. The international economic trend is expected to improve in 2009, which, combined with falling inflation and an expansive finance policy will counteract a deeper economic decline in Sweden. GDP in Sweden is expected to increase by slightly more than 2% in 2008 and 2009 and increase to nearly 3% in 2010. Growth in the Swedish economy will be slower in the coming quarters, primarily due to the weaker international economic trend and more pessimistic households. Higher home-interest rates, reduced financial wealth

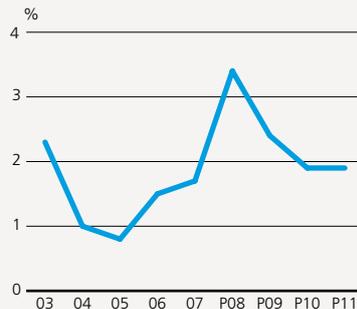
and high inflation are factors that have contributed to the subdued mood and the weak level of growth in consumption. From the second half of 2008, there will be basically no increase in the rate of employment. Employment is expected to rise again slightly when the economic trend turns upward during 2009. Employment will increase primarily within the public sector. Within industry and commerce, employment will continue to increase somewhat within a number of service sectors, while downsizing will occur in industry.

GDP TREND
(ANNUAL PERCENTAGE CHANGE)



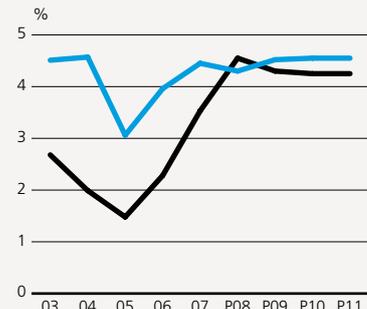
Source: Swedish Institute of Economic Research

INFLATION TREND



Source: Swedish Institute of Economic Research

INTEREST-RATE TREND



— 10-year Swedish Government bonds
— 3-month interest rate
Source: The Swedish Central Bank and the Swedish Institute of Economic Research

Stockholm-Uppsala

Commercial premises market

During the first six months of 2008, demand for office premises in central Stockholm remained high. The rent level in Stockholm City continued to increase somewhat and top levels are beginning to approach SEK 5,000/m². Vacancies continued to decline and amounted to slightly more than 6%. In this market situation with increasing rent levels and low vacancies, property companies can be more selective with premises that are leased and await the correct prices.

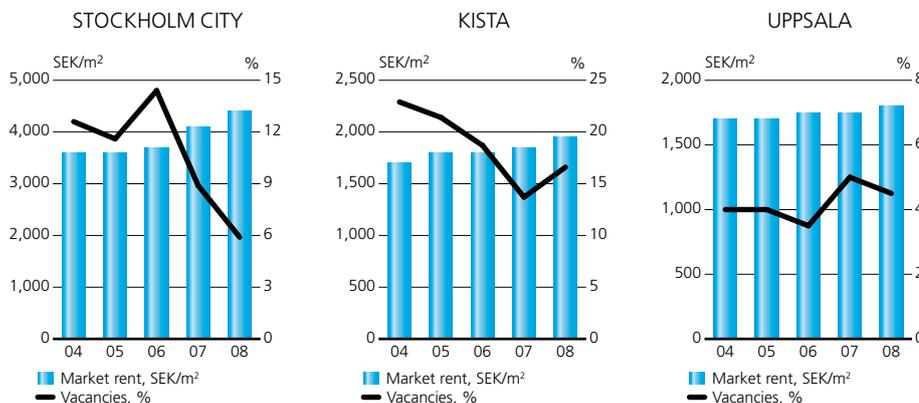
In Stockholm's suburbs, vacancies are higher but continue to decline. In Uppsala, the rent trend was stable during the first six months of 2008.

Property market

Sales in the Swedish property market have slowed down, which is partly due to increased difficulties in financing but probably also due to varying opinions between purchasers and sellers pertaining to current price levels. Demand for prime properties remained good. Interest in project properties is not as strong since it is difficult to

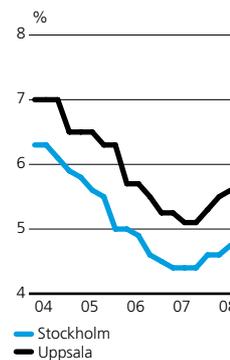
raise capital for something that does not generate cash flow. Several large objects are for sale, including Kista Galleria with three development projects and Skandia's current head office (Träsket 17) on Sveavägen. AxFast has acquired the Sporren 16 property at Sergels Torg for approximately SEK 900 M from John Mattson Fastigheter. "Skrapan" on Södermalm was acquired by AP Fastigheter. The purchase occurred through a corporate acquisition, in which the property value was put at slightly more than SEK 1.2 billion. Akademiska Hus sold Svettishuset in Uppsala (Fjårdingen 34:1) to Sh Bygg.

MARKET RENT LEVELS AND VACANCY RATES



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

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

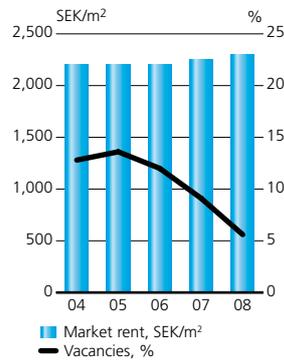
Commercial premises market

During the first six months of 2008, demand for office premises in Göteborg remained at a high level. Rent levels continued to increase 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 remained at about 8%.

Property market

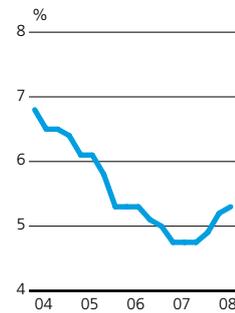
There is a limited offering of properties for sale in Göteborg. There is still major interest, both from Swedish and foreign investors. It is taking longer to conclude business transactions and it is primarily financing issues that are under discussion. Skanska announced that it will start a project in Gårda of 16,000 m². Nordic Real Estate Partners has divested Sisjö Entré, (the Kobbegården 6:8 property) to German property fund DEFO for approximately SEK 350 M.

MARKET RENT LEVEL AND VACANCY RATE
GÖTEBORG



The diagram shows Jones Lang LaSalle's assessment of market rent levels and vacancies during the second 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 yield requirements for modern offices in prime locations for each quarter.

Malmö-Lund

Commercial premises market

Demand for office premises in central Malmö remained high. The rent trend is positive and the rent levels in prime locations in central Malmö are approximately SEK 2,100/m². The vacancy rate in central Malmö remained at 7%.

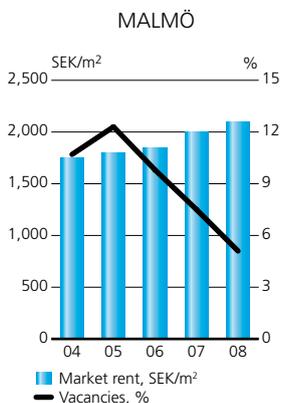
Demand for offices in Lund remains high with continued low vacancies. There is a high level of new construction and the largest construction project is Vasakronan's

new construction project for Sony Ericsson in Lund, valued at SEK 540 M, which was completed in June 2008.

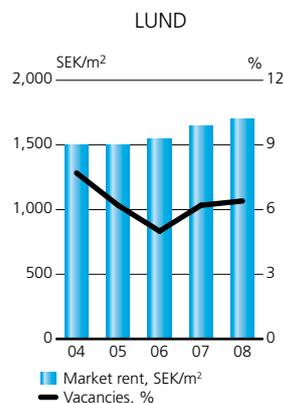
Property market

The property market in Malmö and Lund was characterized by low activity during the first six months of 2008. Wihlborgs have acquired the office property, Scandinavian Center, at Universitetsholmen in Malmö from Skanska for approximately SEK 250 M.

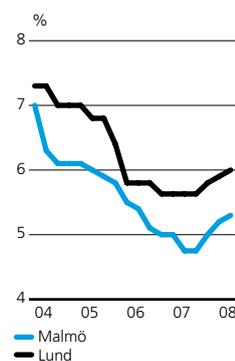
MARKET RENT LEVELS AND VACANCY RATES



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



YIELD REQUIREMENT FOR MODERN OFFICES IN PRIME LOCATIONS



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

Income statement

Group

SEK M	Jan-June 2008	Jan-June 2007	April-June 2008	April-June 2007	Juli 2007-June 2008	Full-year 2007
Rental revenues	1,539	1,418 ¹⁾	782	710 ¹⁾	2,995	2,874
Operating expenses	-278	-288 ¹⁾	-122	-128 ¹⁾	-594	-604
Maintenance	-26	-38	-17	-21	-54	-66
Site leaseholds	-45	-35	-23	-18	-82	-72
Property tax	-110	-93	-58	-48	-231	-214
Operating surplus	1,080	964	562	495	2,034	1,918
Sales proceeds, building rights	54	-	54	-	208	154
Acquisition costs, building rights	-34	-	-34	-	-60	-26
Income from shares in associated companies	122	11	123	11	112	1
Income from service operations	5	2	3	2	7	4
Central administration and marketing	-57	-38	-40	-19	-109	-90
Operating income	1,170	939	668	489	2,192	1,961
Financial items						
Interest income	5	27	3	25	19	41
Interest expense	-257	-189	-132	-98	-465	-397
Total financial items	-252	-162	-129	-73	-446	-356
Income after financial items	918	777	539	416	1,746	1,605
Realized change in value, properties	3	6	3	-1	2	5
Unrealized change in value, properties	160	2,422	-2	1,925	2,488	4,750
Unrealized change in value, financial derivatives	29	38	42	40	11	20
Income before tax	1,110	3,243	582	2,380	4,247	6,380
Current tax	0	0	0	0	-28	-28
Deferred tax	-271	-905	-124	-666	-1,068	-1,702
Tax	-271	-905	-124	-666	-1,096	-1,730
Income after tax²⁾	839	2,338	458	1 714	3,151	4,650

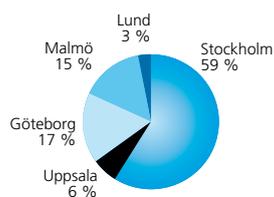
KEY DATA

Operating surplus margin, %	70	68	72	70	68	67
Interest-coverage ratio, multiple	4.6	5.8	5.2	6.7	4.9	5.5
Earnings per share, SEK	210	585	115	429	788	1,163

¹⁾ Recalculation was conducted for changed reporting of re-invoiced electricity costs of SEK 14 M and SEK 7 M, respectively.

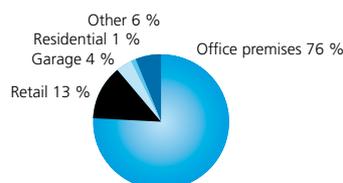
²⁾ Income for the year, as a whole, is attributable to the Parent Company's shareholders.

RENTAL REVENUE BY GEOGRAPHIC MARKET



Vasakronan's rental revenue are 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 January – June increased by SEK 121 M and amounted to SEK 1,539 M (1,418), an increase of 9% (7). For comparable property portfolios, the increase was 4% (6) and the effect of property acquisitions, new construction and divestments was 5% (1). The increase in comparable portfolios was due to a reduction in vacancies and rent increases for new and renegotiated leases.

The leased annual rent amounted to SEK 3,427 M and exceeded reported rental revenues by SEK 432 M. The average rental revenue increased to SEK 1,620/m² (1,541) and the average rental revenue increase for office premises was SEK 1,898/m² (1,822). The average term of the lease portfolio increased to 6.2 years (4.3) as a result of signed lease agreements in the project portfolio.

Leases corresponding to SEK 193 M (97) in annual rents were negotiated or renegotiated, which represents 6% (3) of the rental portfolio. Rents increased by an average of 9% (5). The largest lease contracts were signed with the National Tax Board in Stockholm City (13,194 m²), property company Polstjärnan in Liljeholmen, Stockholm (7,500 m²), IBM in Kista (4,688 m²), Folksam in Göteborg (4,159 m²), the National Courts Administration in Stockholm City (4,103 m²), BDO in Stockholm City (2,845 m²), Akademiker- nas erkända Arbetslöshetskassa (unemployment fund for graduates) in Stockholm City (2,477 m²), Hannover RE in Stockholm City (2,293 m²) and T.A.T in Malmö (2,625 m²).

Vacancy rate

The vacancy rate declined to 4% (5) of rental revenue. The decline for comparable property portfolios was 1 percentage point (2) and the effect of acquisitions and divestments of properties was 0 percentage points (0). Based on a full year, the vacancy rate represents rent losses of SEK 143 M (154).

The vacancy rate, based on premises floor space, decreased to 6% (7) and represented 106,000 m² (109,000). The vacancy rate in project properties amounted to 24,527 m².

RENTAL REVENUES – GROWTH

SEK M	June 30, 2008	June 30, 2007
Contracted annual rent	3,427	3,123
Reported annual rent ¹⁾	2,995	2,801
Rental growth	432	322
Rental growth, %	14	11

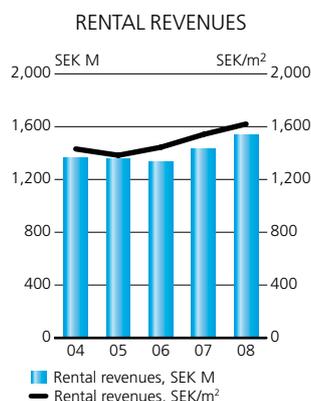
Contracted annual rent exceeded reported annual rent by SEK 432 M. The contracted annual rent will gradually increase the reported annual rent during 2008 – 2011.

¹⁾ Rolling 12-month figure.

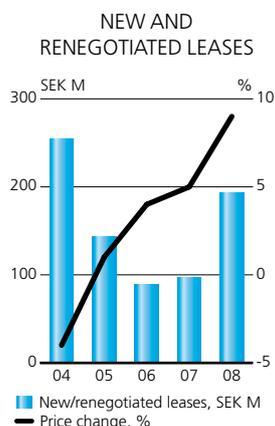
LEASE PORTFOLIO, JUNE 30, 2008

Lease period until	No. of leases	Annual rent, SEK M	Share, %
2008	650	189	6
2009	991	519	15
2010	655	578	17
2011	664	569	17
2012	240	370	11
2013	88	275	8
2014	41	140	4
2015	33	152	4
2016	10	18	1
2017	7	50	1
2018-et seq.	28	519	15
Residential, parking spaces	1,111	48	1
Total	4,518	3,427	100

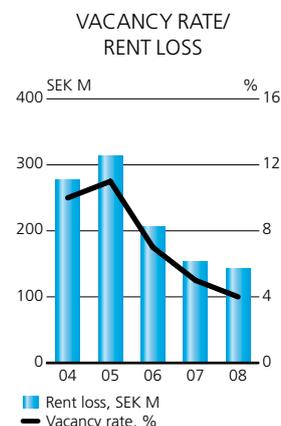
The average term of the lease portfolio increased to 6.2 (4.3) years due to rental leases signed in property projects in progress.



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



Negotiated and renegotiated leases in 2008 resulted in rental revenues increasing by 9%.



The vacancy rate continued to decrease to 4%.

Comments on the Income statement

Operating expenses

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

Operating expenses decreased by SEK 10 M and amounted to SEK 278 M (288), a decrease of 3% (decrease: 4). For comparable property portfolios, the decrease was 4% (decrease: -4) and the effect of acquisitions, new constructions and divestments was 1% (0).

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 26 M (38).

Site leaseholds

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

The site leasehold fees increased by SEK 10 M to SEK 45 M (35).

Property tax

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

Property tax increased by SEK 17 M to SEK 110 M (93). 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 increased to SEK 6 M (3).

Operating surplus

The operating surplus improved by SEK 116 M and amounted to SEK 1,080 M (964), an increase of 12% (10). The increase for comparable property portfolios was 7% (10) and the effect of acquisitions, new constructions and divestments was 5% (0). The operating surplus margin improved to 70% (68) and was attributable to higher rental revenues and lower operating and maintenance costs.

Sales proceeds from building rights

Sales proceeds of SEK 54 M pertain to the dissolution of capital gains eliminated earlier in conjunction with the sale of building rights by associated company Järvastaden.

Income from shares in associated companies

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

Income increased to SEK 122 M (11), as a result of Järvastaden selling building rights.

Income from service operations

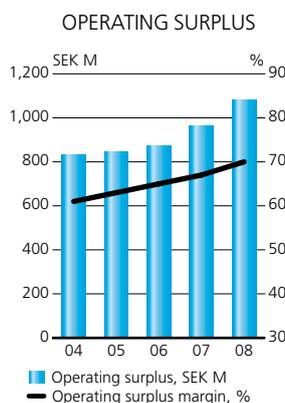
This item includes services under the restaurant, conference, tenant services, telephony and reception services offered by Vasakronan Service Partner to tenants in Stockholm, Göteborg and Malmö.

Revenues increased to SEK 69 M (62) and earnings rose to SEK 5 M (2).

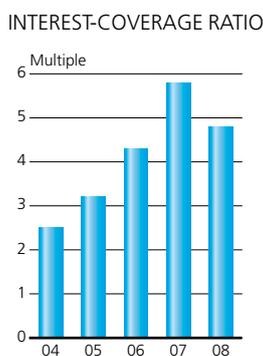
Central administration and marketing

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

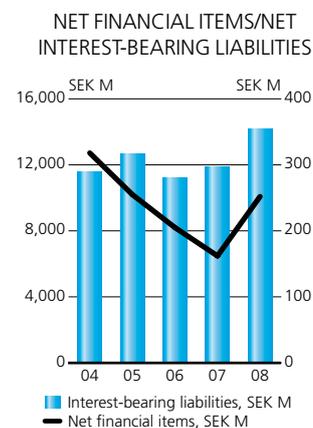
The cost for central administration and marketing increased by SEK 19 M to SEK 57 M (38). The increase is attributable to costs in conjunction with the sale of Vasakronan.



The operating surplus margin improved due to higher revenues and lower costs.



The interest-coverage ratio exceeded the 2.0 target but weakened due to increased interest expense.



Net financial items and net interest-bearing liabilities increased.

Financial items

Net interest income and expense increased by SEK 90 M and amounted to an expense of SEK 252 M (expense: 162). The increase was due to higher interest rates on borrowing and increased loan volumes.

On June 30, 2008, the interest rate on borrowing was 4.7% (3.5), while market rates for corresponding portfolios amounted to 5.6%. The average interest rate on borrowing during the first six months increased to 4.4% (3.4). The average fixed-interest period for borrowing decreased to 0.7 years (1.0). The percentage of expiring fixed-interest terms during the next 12 months increased to 81% (75).

A rise in the interest rates by 1 percentage point at June 30, 2008, based on current loan volume and fixed-interest terms, would increase interest expenses by SEK 92 M in the next 12 months. The increase corresponds to approximately 5% of income after net financial items.

Income after financial items

Income after financial items increased to SEK 952 M (777), due to improvement in operating income.

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 3 M (6).

Unrealized change in value, properties

At half-year, the preceding external full-year valuation was updated internally.

The assessed market value of property 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 DTZ and Newsec.

The internal valuation resulted in an unrealized increase in value amounting to SEK 160 M (2,422), since the beginning of the year. Compared with the start of the preceding year, the market value increased by 0.4% (6.4). The value increase is mainly attributable to investment profits in projects. For certain smaller, well-located properties, the yield requirement was increased, which had a negative effect on the market value.

Unrealized change in value of financial derivatives

Unrealized change in the value of financial derivatives amounted to SEK 29 M (38).

Taxes

Current tax expenses amounted to SEK 0 M (0), which is primarily due to the possibility of deferring taxes through tax deductions for certain investments and tax depreciations.

Deferred tax decreased to SEK 271 M (decrease: 905), due to lower unrealized increase in the value of properties.

Second quarter

Rental revenues increased to SEK 782 M (710) and the operating surplus improved to SEK 562 M (495). Income after financial items rose to SEK 539 M (416), due to improved operating surplus and earnings in associated companies.

Value changes amounted to SEK 43 M (1,964) and income after tax declined to SEK 458 M (1,714).

FINANCING – MATURITY DATE STRUCTURE, JUNE 30, 2008

	Interest term			Loan maturity	
	SEK M	Interest %	Proportion %	SEK M	Proportion %
0–1	11,915	4.9	81	4,949	34
1–2	900	4.5	6	2,240	15
2–3	1,100	3.7	8	1,026	7
3–4	800	4.5	5	2,100	14
4–5	–	–	–	4,150	28
5–6	–	–	–	–	–
6–7	–	–	–	250	2
Total	14,715	4.7	100	14,715	100

The average interest term was 0.7 years. The average loan maturity amounted to 2.5 years. Borrowing is reported at nominal value.

FINANCING – SOURCES, JUNE 30, 2008

SEK M	Limit	Of which, utilized	Proportion, %
Commercial paper program	5,000	2,027	14
MTN program	20,000	5,140	35
Bank loans	12,623	7,548	51
Total	–	14,715	100

Vasakronan utilized bank loans of SEK 5,075 M. Bank loans with mortgage deeds amounted to SEK 2,500 M. During the first six months, long-term bank loans of SEK 3,500 M were signed.

Balance sheet

Group

SEK M	June 30, 2008	June 30, 2007	Dec. 31, 2007
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>	56	40	47
<i>Tangible fixed assets</i>			
Managed properties	44,225	39,794	43,598
Work in progress in managed properties	2,460	1,449	1,638
Equipment and inventories	26	27	27
Total tangible fixed assets	46,711	41,270	45,263
Deferred tax claims	194	354	210
Shares in associated companies	165	42	43
Financial assets	283	254	269
Total fixed assets	47,409	41,960	45,832
Current assets			
Building rights	366	–	–
Current receivables	383	867	398
Tax claims	328	361	181
Cash and cash equivalents	409	3	247
Total current assets	1,486	1,231	826
TOTAL ASSETS	48,895	43,191	46,658
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	4,000	4,000	4,000
Reserves	5	29	15
Profit brought forward, incl. net income for the period	21,769	19,409	21,721
Total shareholders' equity	25,774	23,438	25,736
Long-term liabilities			
Deferred tax liabilities	6,371	5,453	6,116
Provisions for pensions	12	9	10
Interest-bearing liabilities	9,750	7,836	8,549
Non-interest-bearing liabilities	307	472	375
Total long-term liabilities	16,440	13,770	15,050
Current liabilities			
Interest-bearing liabilities	5,014	4,453	4,384
Non-interest-bearing liabilities	1,667	1,530	1,488
Total current liabilities	6,681	5,983	5,872
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	48,895	43,191	46,658
KEY DATA			
Return on shareholders' equity, %	12.3	18.6	19.3
Interest-bearing liabilities, net	14,186	11,892	12,517
Equity/assets ratio, %	53	54	55

Comments on the Balance sheet

Managed properties

On June 30, 2008, an internal updating of the preceding external full-year valuation was conducted. Vasakronan's properties were valued as individual objects. The market value is 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 is 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 during the first six months of 2008 by SEK 1,849 M to SEK 47,085 M (45,236). Adjusted for acquisitions and divestments of properties and investments, the unrealized change in value amounted to SEK 160 M (2,442), an increase of 0.4% (6.4).

Work in progress on managed properties

Work in progress increased by SEK 1,011 M to SEK 2,460 M (1,449), due to an enlarged project portfolio and an increase in incurred amounts in projects in progress. The total project portfolio increased to SEK 5,369 M (3,515). The projects have a low vacancy rate and mainly comprise long lease agreements with government tenants. It is estimated that ongoing property projects will increase the operating surplus by slightly more than SEK 280 M during 2008 – 2010.

During the first six months of 2008, work began on Heden 42:4 in Göteborg, new construction of office and detention premises for the Swedish Prison and Probation Service (SEK 794 M), Gasklockan 3 in Malmö, refurbishment and new construction for the Swedish Prison and Probation Service (SEK 1,100 M) and Päronet 17 in Lund, new construction of office premises (SEK 123 M).

Interest-bearing liabilities, net

Net interest-bearing liabilities increased by SEK 2,294 M to SEK 14,186 M (11,892), due to increased investments and property acquisitions. The average net interest-bearing liabilities amounted to SEK 13,398 M (11,587).

Cash and cash equivalents rose by SEK 406 M to SEK 409 M (3). Interest-bearing receivables declined by SEK 222 M to SEK 181 M (403).

Gross interest-bearing liabilities increased by SEK 2,475 M to SEK 14,764 M (12,289). The average tied-up capital increased to 2.5 years (2.1).

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 at full tax of 28% without discounting. Reporting is in the form of deferred tax assets and tax liabilities.

Deferred tax assets declined by SEK 160 M to SEK 194 M (354). The decline was due to the reversal of earlier impairments. Deferred tax liabilities increased by SEK 918 M to SEK 6,371 M (5,453) due to unrealized value increases in properties, tax deductions for certain investments and increases in depreciation for tax purposes.

Shareholders' equity

Shareholders' equity increased by SEK 2,370 M to SEK 25,808 M (23,438), primarily due to unrealized value increases in properties.

Return

The return on shareholders' equity decreased to 12.5% (18.6).

MARKET VALUE

SEK M	June 30, 2008	June 30, 2007
Market value, Jan. 1	45,236	38,122
Investments	1,089	603
Acquired properties	200	132
Divested properties	–	–36
Unrealized changes in value	160	2,422
Market value, June 30	46,685	41,243

Unrealized increase in value amounted to 0.4%.

Comments on the Balance sheet

ONGOING PROPERTY PROJECTS

Location	Property	Investment, SEK M	Utilized on June 30, 2008	Floor space, m ²	New construction	Renovation	Estimated completion	Vacancy rate area, %
Malmö	Gasklockan 3	1,100	21	62,869	36,428	26,441	Dec 2009	0
Göteborg	Heden 42:1, Polishuset	794	516	43,000	30,000	13,000	Dec 2009	0
Stockholm	Fruktkorgen 1, Kungsholmen	650	303	23,910	9,000	14,910	Dec 2009	0
Göteborg	Heden 42:4 & 42:1, Kriminalvården	620	25	28,715	20,800	7,915	June 2011	0
Lund	Nya Vattentornet 4	540	470	27,750	27,750	–	Dec 2008	0
Stockholm	Svea Artilleri 14, Östermalm	448	82	18,548	–	18,548	Dec 2010	87
Göteborg	Heden 46:1, Tingsrätten ¹⁾	160	63	16,455	16,455	–	Dec 2009	0
Göteborg	Nordstan 8:27	145	145	16,260	–	16,260	Sept 2008	0
Lund	Päronet 17	123	2	4,458	4,458	–	Oct 2009	45
Stockholm	Beridarebanan 11, City	112	105	8,800	–	8,800	Dec 2008	10
Lund	Spettet 3	108	80	8,680	1,500	7,180	Dec 2008	0
Stockholm	Vega 4, City	88	78	3,931	–	3,931	June 2009	55
Malmö	Kronan 10 & 11	84	55	13,369	–	13,369	Dec 2008	25
Göteborg	Lorensberg 45:16	55	5	7,685	–	7,685	June 2009	0
Subtotal		5,027	1,950	284,430	146,391	138,039		9
Projects between SEK 10 M and SEK 50 M		342	166					
Total		5,369	2,116					

¹⁾ Jointly with NCC, Vasakronan's 50% holding is reported.

The project portfolio increased to SEK 5,369 M (3,515). 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. The project is estimated to increase operating surplus by slightly more than SEK 280 M during 2008 – 2010.

Equity/assets ratio and loan to market value of properties

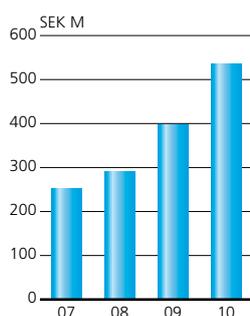
The equity/assets ratio declined to 53% (54), primarily due to large unrealized increases in value of the property portfolio.

The loan to market value of properties rose to 30% (29) of the assessed market value of the properties.

CHANGES IN SHAREHOLDERS' EQUITY

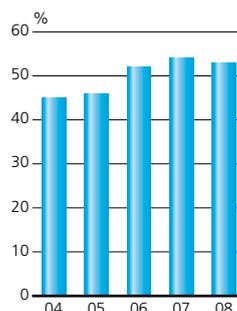
SEK M	2008	2007
Opening shareholders' equity, January 1	25,736	21,813
Dividend	-791	-698
Unrealized value changes in financial instruments	-10	-15
Income for the period	839	2,338
Closing shareholders' equity, June 30	25,774	23,438

TREND IN OPERATING SURPLUS, PROJECTS IN PROGRESS



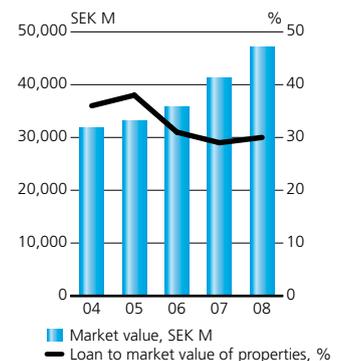
Operating surplus is expected to increase in line with projects commencing and tenants taking possession of properties.

EQUITY/ASSETS RATIO, JUNE 30



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

MARKET VALUE/LOAN TO MARKET VALUE OF PROPERTIES

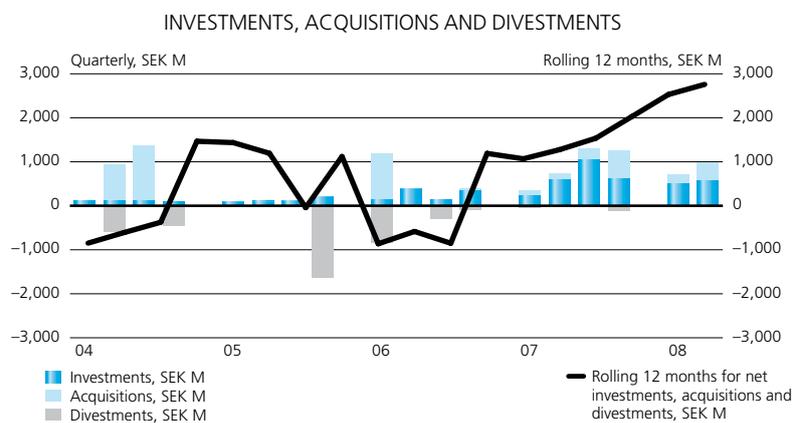


The loan to market value of properties increased to 30%.

Cash-flow statement

Group

SEK M	Jan-June 2008	Jan-June 2007	Full-year 2007
Current operations			
Operating income	1,170	939	1,961
Adjustment for items not included in cash flow	-135	-25	-70
Interest income	5	27	41
Interest expenses	-257	-189	-397
Tax paid	0	0	32
Cash flow before changes in working capital	783	752	1,567
Change in current receivables	14	18	217
Change in current liabilities	22	4	66
Cash flow from current operations	819	774	1,850
Investing operations			
Investments	-1,099	-609	-1,667
Acquisition of properties	-600	-132	-868
Acquisition of associated companies	-	-3	-3
Divestment of properties	3	45	160
Divestment of associated companies	-	-	0
Acquisition of financial assets	-2	-	-97
Divestment of financial assets	-	-	300
Cash flow from investing operations	-1,698	-699	-2,175
Financing operations			
Dividend paid	-791	-698	-698
Loans raised	5,638	4,002	7,410
Amortization of loans	-3,807	-3,427	-6,191
Cash flow from financing operations	1,040	-123	521
Cash flow for the period	161	-48	196
Cash and cash equivalents at Jan. 1	247	51	51
Cash and cash equivalents at the end of the period	408	3	247



Investments and acquisitions exceeded divestments of properties.

Comments on cash-flow statement

Cash flow from current operations

Cash flow from current operations, before changes in current receivables and liabilities, increased by SEK 31 M to SEK 783 M (752). This was due to improved operating income.

Cash flow from current operations, after changes in current receivables and liabilities increased by SEK 45 M to SEK 819 M (774).

Cash flow from investing operations

Cash flow from investing operations was a negative of SEK 1,698 M (negative: 699).

Investments in properties increased by SEK 490 M and amounted to SEK 1,099 M (609), which was attributable to a larger project portfolio. The

acquisition of properties increased and amounted to SEK 600 M (132), of which SEK 400 M pertains to building rights that are planned for onward sale. The sale of properties declined, amounting to SEK 3 M (45).

Cash flow from financing operations

Cash flow from financing operations amounted to SEK 1,040 M (negative: 123). Loans raised, reduced by amortization, resulted in a net increase in loans of SEK 1,831 M (increase: 575). This net increase of loans is attributable to increased investments and acquisitions.

PROPERTY ACQUISITIONS¹⁾

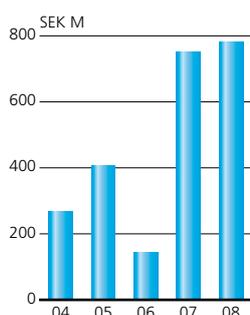
Date of transfer	Location	Property	Seller	Purchase consideration, SEK M	Floor space, m ²	Occupancy date
Feb. 1, 2008	Göteborg	Lorensberg 45:16	Folksam	129	6,800	Feb. 1, 2008
Jan. 8, 2008	Malmö	Tigern 1	Private persons	71	2,500	Feb. 1, 2008
May 16, 2008	Stockholm	Tre Vapen 2	Akademiska hus	1,110	38,000	Sep. 1, 2008
May 28, 2008	Stockholm	Axet 1 & Bladet 1	Fabege	570	31,650	Sep. 2, 2008
June 9, 2008	Stockholm	Uggleborg 12	National Property Board	1,304	35,700	Oct. 1, 2008
Total				3,184	114,650	

PROPERTY DIVESTMENTS¹⁾

Date of transfer	Location	Property	Purchaser	Purchase consideration, SEK M	Floor space, m ²	Occupancy date
May 14, 2008	Solna	Ekelund 1	Sjaelsö gruppen	290	25,000	Oct. 1, 2008
June 3, 2008	Stockholm	Tre Vapen 4	Specialfastigheter	1,135	59,333	Dec. 15, 2008
June 3, 2008	Stockholm	Fruktkorgen 1	Specialfastigheter	1,185	15,774	Dec. 14, 2009
June 9, 2008	Stockholm	Atomena 1	National Property Board	125	3,738	Oct. 1, 2008
June 9, 2008	Stockholm	Kungliga Myntet 1	National Property Board	265	6,166	Oct. 1, 2008
June 9, 2008	Stockholm	Cepheus 2 & 3	National Property Board	46	1,312	Oct. 1, 2008
June 9, 2008	Stockholm	Ladugårdsbron 14	National Property Board	190	6,186	Oct. 1, 2008
Total				3,236	117,509	

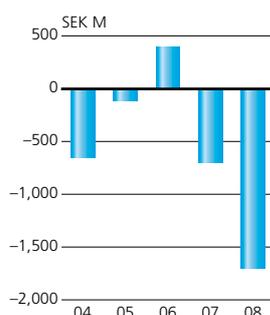
¹⁾ Property acquisitions and property divestments are reported as per the date of transfer.

CASH FLOW BEFORE CHANGE IN WORKING CAPITAL



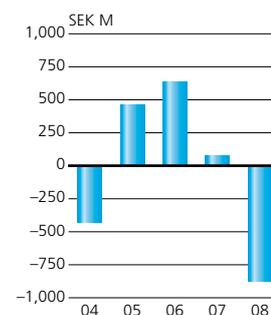
Cash flow increased due to improved operating income.

CASH FLOW FROM INVESTING OPERATIONS



Cash flow was negative for 2008 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 2008.

Vasakronan AB – Parent Company

INCOME STATEMENT – PARENT COMPANY

SEK M	Jan–June 2008	Jan–June 2007
Rental revenue	1,262	1,213
Operating expenses	–233	–265
Maintenance	–59	–40
Site leaseholds	–41	–32
Property tax	–98	–79
Operating surplus	831	797
Property depreciation	–307	–218
Gross income	524	579
Sales proceeds	3	–1
Central administration and marketing	–62	–38
Operating income	465	540
Financial items		
Dividends from subsidiaries	1,864	943
Interest income	147	143
Interest expense	–343	–259
Total financial items	1,668	827
Income after financial items	2,133	1,367
Current tax	0	0
Deferred tax	–71	–118
Income after tax	2,062	1,249

BALANCE SHEET – PARENT COMPANY

SEK M	June 30, 2008	June 30, 2007
ASSETS		
Intangible fixed assets	52	36
Tangible fixed assets	19,883	18,911
Deferred tax assets	116	196
Financial assets	6,945	5,550
Total fixed assets	26,996	24,693
Current receivables	1,390	753
Cash and cash equivalents	400	0
Total current assets	1,790	753
TOTAL ASSETS	28,786	25,446
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	11,646	10,321
Untaxed reserves	219	232
Provisions	238	173
Interest-bearing loan liabilities	14,700	12,452
Non-interest-bearing liabilities	1,983	2,268
Total liabilities	16,563	14,681
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	28,786	25,446

Parent Company

Through June 2008, rental revenues for the Parent Company, Vasakronan AB, amounted to SEK 1,262 M (1,213). Income after financial items was SEK 2,133 M (1,367). Purchases from other Group companies amounted to SEK 9 M (9).

Cash and cash equivalents on balance-sheet date was SEK 400 M (0). Investments including property acquisitions amounted to SEK 824 M (382). Interest-bearing liabilities amounted to SEK 14,700 M (12,452). Of these, current liabilities accounted for SEK 5,014 M (4,616) and long-term liabilities for SEK 9,686 M (7,836).

Other information

Human resources

Vasakronan had 399 (393) employees at June 30, 2008, of whom 162 (146) were employed by Vasakronan Service Partner.

Risks and uncertainties

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 statements 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 2007 Annual Report on pages 10 – 11. No significant changes have occurred since that statement.

Accounting and valuation principles

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

Events after the end of the period

On July 3, 2008, Vasakronan was sold to AP Fastigheter. According to the transaction, the property portfolio is valued at SEK 41.1 billion. Transfer will occur on September 1, 2008.

On July 24, 2008, the Swedish Competition Authority approved the merger of AP Fastigheter and Vasakronan (Civitas Holding) without objection.

On August 18, 2008, AP Fastigheter sold 41 properties to Niam with transfer occurring on October 1, 2008. All properties, with the exception of one, are from Vasakronan's portfolio and are located in all cities in which Vasakronan has operations, meaning, Stockholm, Gothenburg, Uppsala, Malmö and Lund.

The property portfolio corresponds to a property value of SEK 7.1 billion. The transaction is conditional upon AP Fastigheter taking possession of Vasakronan on September 1, 2008.

The Board of Directors and President assure that the six-month report provides an accurate view of the company's and Group's operations, position and income as well as describing the essential risks and uncertainties facing the company and the companies included in the Group.

Stockholm, August 26, 2008

Lars V Kylberg
Chairman

Birgitta Kantola

Lars Johan Cederlund

Christina Liffner

Jan Roxendal

Kristina Schauman

Håkan Erixon

Marianne Gustafsson
Employee Representative

Ronny Bergström
Employee Representative

Håkan Bryngelson
President

Auditors' report on the review of the interim report prepared in accordance with IAS 34 and the Annual Accounts Act.

To the Board of Directors of Vasakronan AB

Introduction

We have conducted a review of the condensed financial interim information (interim report) for Vasakronan AB at June 30, 2008 and of the six-month-period ending on that date. The Board of Directors and the President are responsible for preparing this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of the review

We have conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different direction and is substantially more limited in scope than an audit conducted in accordance with Swedish GAAP and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the opinion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects, the accompanying interim report for the Group has not been prepared in accordance with IAS 34 and the Annual Accounts Act, and the interim report for the Parent Company has not been prepared in accordance with the Annual Accounts Act.

Stockholm, August 26, 2008

Ernst & Young AB



Ingemar Rindstig
Authorized Public Accountant

Property portfolio, June 30, 2008

	Rental revenues		Operating surplus		Market value		Vacancy rate		Premises floor space		Properties
	Jan–June 2008	Jan–June 2007	Jan–June 2008	Jan–June 2007	30 June, 2008	30 June, 2007	30 June, 2008	31 June, 2007	30 June, 2008	30 June, 2007	30 June, 2008
	SEK M	SEK M	SEK M	SEK M	SEK M	SEK M	Rent, %	Rent, %	1,000 m ²	1,000 m ²	Number
Stockholm – Central	663	633	471	450	20,986	19,421	4	6	603	602	43
Stockholm – Greater	244	222	164	125	6,898	5,849	8	11	402	384	31
Uppsala	90	79	61	48	2,264	2,063	5	6	141	124	21
Göteborg	277	236	199	168	8,401	6,848	2	2	325	296	29
Malmö	235	217	158	149	6,117	5,514	3	3	342	335	34
Lund	49	49	33	29	2,019	1,548	1	1	73	71	14
Eliminations	-19	-18	-6	-5	-	-	-	-	-	-	-
Group total	1,539	1,418	1,080	964	46,685	41,243	4	5	1,886	1,812	172

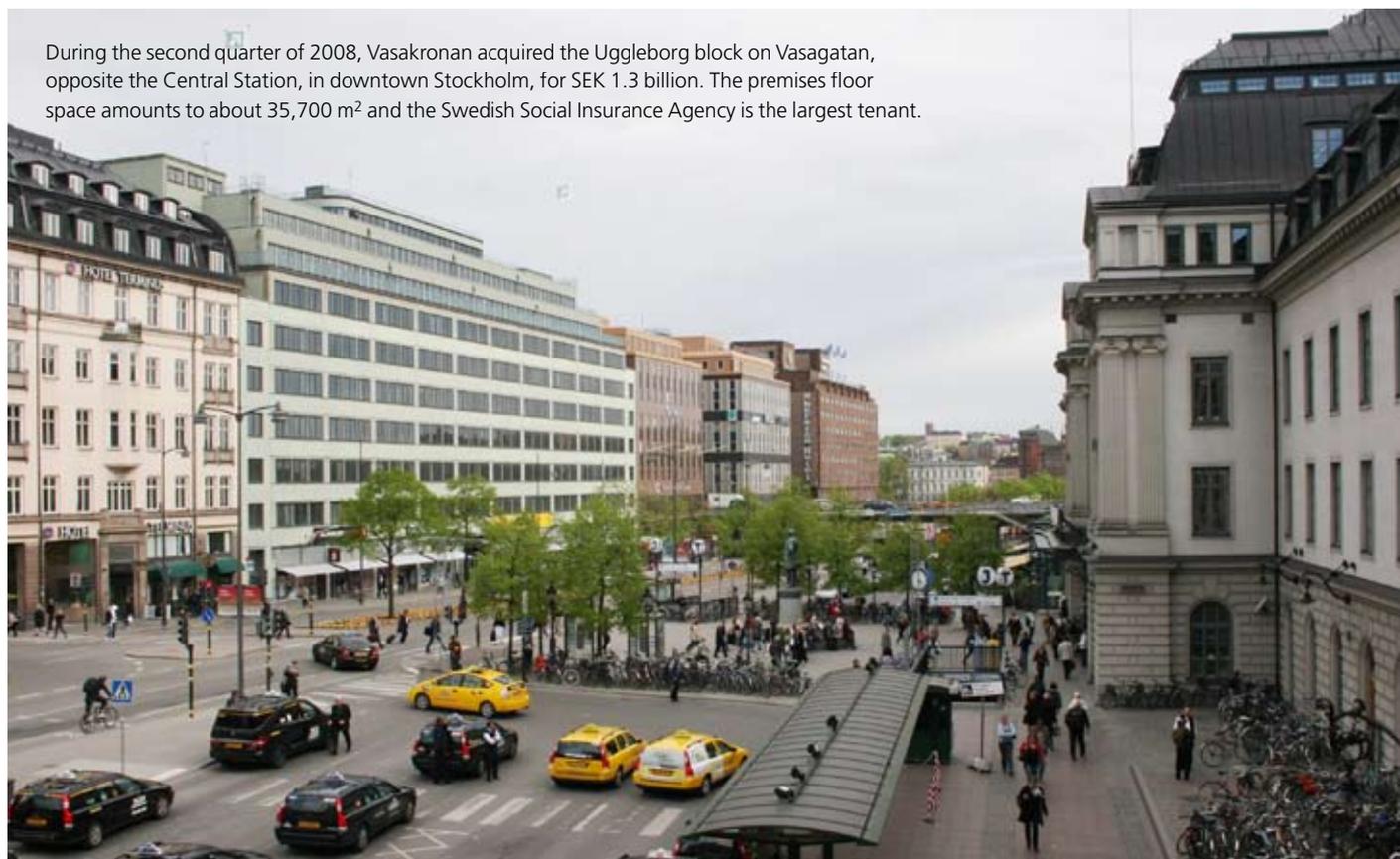
TYPES OF PREMISES, JUNE 30, 2008

	Rental revenues, SEK M ¹⁾	Proportion, %	Rental value, SEK/m ²
Office premises	2,289	76	1,898
Retail	381	13	2,577
Garage/warehouse	127	4	423
Residential	30	1	876
Other	168	6	1,187
Total	2,995	100	1,620

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

¹⁾ Rolling 12-month figure.

During the second quarter of 2008, Vasakronan acquired the Uggleborg block on Vasagatan, opposite the Central Station, in downtown Stockholm, for SEK 1.3 billion. The premises floor space amounts to about 35,700 m² and the Swedish Social Insurance Agency is the largest tenant.



Key data and definitions

	30 June, 2008	30 June, 2007	Full-year 2007
Property-related			
Market value, SEK M	46,685	41,243	45,236
Floor space, 1,000 m ²	1,886	1,812	1,850
Investments, SEK M	1,099	609	1,667
Property acquisitions, SEK M	600	132	868
Property divestments, SEK M	3	45	160
Vacancy rate rent, %	4	5	4
Vacancy rate floor space, %	6	7	6
Financial			
Operating surplus margin, %	70	67	67
Interest-coverage ratio, multiple	4.6	5.8	5.5
Shareholders' equity, average, SEK M	25,552	22,050	24,048
Return on shareholders' equity, %	12,3	18,6	19,3
Cash flow	783	752	1 567
Equity/assets ratio, %	53	54	55
Loan to market value of properties, %	30	29	28
Net interest-bearing liabilities, SEK M	14,186	11,892	12,517
Loan interest on closing day, %	4,7	3,5	4,3
Share-related			
Earnings per share, SEK	210	585	1,163
Cash flow per share, SEK	196	188	392
Shareholders' equity per share, SEK	6,444	5,860	6,434
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 leaseholds 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.

Vasakronan is the leading property company in Sweden. Its strategy is to focus on satisfied customers and develop its property portfolio, which is **concentrated** to Stockholm, Göteborg, Malmö, Lund and Uppsala. Vasakronan owns and manages a total of 172 commercial properties with a combined area of 1,850,000 m². Vasakronan has **Sweden's largest project portfolio** with development projects valued at approximately SEK 10 billion. Many of the properties are situated in clusters and the business model offers **supplementary services** through Vasakronan Service Partner. Vasakronan has **the property industry's most satisfied tenants** according to the Satisfied Customer Index (NKI). AP Fastigheter recently acquired Vasakronan. In the autumn of 2008, work will commence to create the new company that will be called Vasakronan.

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