

Nine-month report – January–September 2000

- Cash flow increased 17 percent as a result of a 6 percent rise in rents in the identical portfolio and other factors.
- Continuing focus on growth markets as reflected in acquisitions of SEK 14 billion and sales of SEK 3 billion.
- Pretax profit for the period: SEK 1,043 M.
- Forecast for 2000:
 - pretax profit from current real estate management operations expected to exceed SEK 800 M,
 - in addition, gains are expected from sales, etc., which as of October 31, amounted to SEK 425 M before tax.

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Information on Drott

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Year-end report on operations in 2000	February 20, 2001
Annual General Meeting, 2001	April 18, 2001
Three-month report, 2001	May 4, 2001
Six-month report, 2001	August 20, 2001
Nine-month report, 2001	October 26, 2001
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Drott AB (publ) is one of the largest publicly traded real estate companies in Europe. The Company's mission is to acquire, develop and manage commercial properties and housing in Swedish growth markets. Annual rental revenues (including vacant premises) total SEK 3.9 billion, of which the Stockholm region accounts for 60 percent.

Continuing strong rental trend

For the eighth consecutive quarter, the Drott Group reports a rising annual cash flow (four rolling quarters). A major factor underlying this development is the Company's greater exposure to growth markets. Since its stock exchange listing in September 1998, Drott has made net investments of slightly more than SEK 22 billion in the three major metropolitan regions, and these regions now account for 82 percent of the Group's annual rental revenues. During this two-year period, market rents for commercial premises have risen sharply, and office rents have doubled in certain sub-markets. This trend is steadily reflecting itself in Drott's income statement via the renegotiating of existing and the signing of new leases.

In the Stockholm region, office rents differ sharply depending on location, and this differential continues to widen. The peak rents noted, which exceed SEK 6,000/sq. m., apply only to a limited area within the district known as the Golden Triangle. Lease periods are becoming shorter, whereby three-year rather than five-year leases are becoming more common.

Currently, Drott's commercial rents amount to some SEK 2 billion in the Stockholm region (incl. vacant premises), and each year about 25 percent of leases are renegotiated. Current office leases range from a little more than SEK 1,000 to slightly more than SEK 5,000/sq. m. per year (rent for unheated premises, excl. property tax). The project portfolio includes almost exclusively Stockholm projects, and a number of projects will be finalized in the immediate future (from autumn 2000 to the end of next year, additional investment properties will add approximately SEK 150 M to annual rental revenues.)

Drott believes that the total new production that is about to enter market will not threaten current market rents, since the demand for commercial premises is also expected to grow. Although extensive amounts of speculative new production could adversely affect the rent trend, the risk of such a sharp rise in the supply of commercial space without contracted tenants is regarded as limited.

Also in real terms, Stockholm rents now exceed the peak rates noted in 1990 and office rents in the Golden Triangle are among the highest in Europe. The future rent trend will largely be determined by economic development in the region. The Swedish Economic Research Institute forecasts continuing vibrant GDP growth in Sweden in the years ahead, with the highest expansion expected in the major cities. In the foreseeable future, rent growth in Stockholm is expected to outpace other parts of the country. Moreover, the rent differential between attractive and less attractive properties and regions is expected to widen.

Comparison with the preceding year

In the presentation below, the results for the period under review are compared with the corresponding period of the preceding year. Note that the comparison does not provide an accurate impression of the result trend in 2000, since certain properties were written up as of December 31, 1999 (by SEK 3,600 M, or 72 percent of the properties' surplus value as indicated by the external property appraisals as of December 31, 1999).

After a write-up of properties, the capital gain from property sales, for accounting purposes, is lower than the gain that would have arisen in the absence of such a write-up (difference = write-up amount)¹⁾. Also, depreciation increases as a result of a higher book value.

Drott reported a pretax profit of SEK 1,043 M for the first nine months of 2000. If the properties had not been written up, Drott would have reported pretax profit of SEK 1,369 M (compared with SEK 1,056 M for the corresponding period of 1999.)

¹⁾ For tax purposes, the acquisition value of properties is not affected by the write-up, and thus, for tax purposes, the capital gain from property sales is equally large, as it would have been if the write-up had not been made.

Income statement, January–September 2000

Figures in parenthesis refer to the corresponding period in 1999.

Rental revenues and operating surplus

Rental revenues amounted to SEK 2,447 M (1,865). The change is attributable to acquisitions¹⁾, sales and changes in the identical portfolio (renegotiated and new leases). In the identical portfolio³⁾, rental revenues amounted to SEK 139 M or 6 percent higher than in 1999.

At September 30, 2000, the occupancy rate was 95 percent (94).

The operating surplus rose to SEK 1,535 M (1,179). The operating surplus in the identical portfolio²⁾ increased by SEK 114 M, or 8 percent.

Operating profit

Operating profit amounted to SEK 1,664 M (1,464), of which gains from property sales accounted for SEK 360 M (466) and a repayment of surplus funds from SPP for 34 M (0)³⁾.

Net financial items

Interest expense totaled SEK 663 M (455). The increase is attributable to a larger loan volume as a result of net acquisitions. At the close of the period, the average interest rate for Drott's borrowing was 5.0 percent, with an average fixed-interest term of 22 months.

Net financial items were favorably affected by a capital gain of SEK 11 M from the sale of shares⁴⁾. Interest subsidies declined to SEK 20 M (40) as a result of scheduled reductions.

Pretax profit for the period

Pretax profit declined SEK 13 M till SEK 1,043 M (1,056). The change was due to lower gains from property sales (–SEK 106 M), an improvement in profit from current property management operations (+ SEK 48 M), a sale of shares (+SEK 11 M) and the repayment of surplus funds by SPP (+ SEK 34 M).

Pretax profit from current real estate management operations⁵⁾ rose to SEK 638 M (590). Among other factors, profit was affected by property sales and a higher operating surplus in the identical portfolio.

Net profit for the period

Net profit for the period totaled SEK 761 M (888), after tax expenses of SEK 282 M (168).

Net profit from current real estate management operations⁵⁾ rose to SEK 553 M (509).

¹⁾ The Balder properties are included as of April 1, 2000. The Ericsson properties are included as of September 1, 2000.

²⁾ Incl. the Balder properties.

³⁾ Surplus funds from SPP, amounting to SEK 34 M – which are reported as revenue during the third quarter of 2000 – comprise the total of funds already paid out and the present value of future payments.

⁴⁾ Refers to shares in OM-Gruppen AB, which were received via the takeover of Näckebro.

⁵⁾ See page 14 for definitions.

Acquired properties, 9 months 2000

	Number	Rentable space, sq. m.	– of which housing	Book value of acquisitions, SEK M
Sweden	238	1,736,782	240,357	13,970
Outside Sweden	3	18,598	–	225
Total	241	1,755,380	240,357	14,195

Sold properties, 9 months 2000

	Number	Rentable space, sq. m.	– of which housing	Selling price, SEK M	Gains from sales of properties, SEK M
Sweden	58	285,624	161,029	1,808	333
Outside Sweden	2	118,292	–	1,142	27
Total	60	403,916	161,029	2,950	360

Book value of properties, SEK M

	Sweden	Outside Sweden	Total
December 31, 1999	22,093	1,228	23,321
Acquisitions	13,970	225	14,195
Investments	769	9	778
Formation of Position Stockholm	–106	–	–106
Sales	–1,475	–1,115	–2,590
Depreciation	–199	–3	–202
Exchange-rate effect	–	–13	–13
September 30, 2000	35,052	331	35,383

Drott total¹⁾

	Sept. 30, 2000	Dec. 31, 1999
Number of properties	720	538
Book value, SEK M	35,383	23,321
Rentable space, sq. m	4,315,242	2,932,365
Number of residential units	19,103	18,094
Annual rental revenues, incl. vacant space, SEK M	3,939	2,666
Rent-based occupancy ratio	95	94

¹⁾ Including 50% of properties in 50%-owned companies
(10 properties at September 30, 2000).

Distribution by type of floor space

	Sept. 30, 2000	Dec. 31, 1999
Annual rental revenues, incl. vacant space, SEK M	3,939	2,666
Office, %	49	47
Retail, %	8	7
Industrial/warehouse, %	12	6
Other, %	5	4
Housing, %	26	36
Total, %	100	100

Distribution by region

	Sept. 30, 2000	Dec. 31, 1999
Annual rental revenues, incl. vacant space, SEK M	3,939	2,666
Stockholm, %	60	51
Öresund, %	12	15
Gothenburg, %	10	14
Rest of Sweden, %	17	15
Outside Sweden, %	1	5
Total, %	100	100

Rental distribution Sept. 30, 2000

	Commercial incl. parking	Housing	Total
Annual rental revenues incl. vacant space, SEK M			
Central city	645	166	811
Globen, Marievik, Alvik	373	–	373
Kista	344	–	344
Rest of Stockholm region ¹⁾	621	207	828
Stockholm region	1,983	373	2,356
Öresund region	238	226	464
Gothenburg	146	264	410
Rest of Sweden	514	156	670
Outside Sweden	39	–	39
Total	2,920	1,019	3,939

¹⁾ Solna, Danderyd, Årsta, Danvikstull, Huddinge, Botkyrka, Haninge and other areas.

Distribution of floor space, Sept. 30, 2000

	Commercial incl. parking	Housing	Total
Rentable space. Sq. m.			
Central city	433,000	180,000	613,000
Globen, Marievik, Alvik	281,000	–	281,000
Kista	239,000	–	239,000
Rest of Stockholm region ¹⁾	736,000	255,000	991,000
Stockholm region	1,689,000	435,000	2,124,000
Öresund region	291,000	290,000	581,000
Gothenburg	183,000	376,000	559,000
Rest of Sweden	802,000	213,000	1,015,000
Outside Sweden	36,000	–	36,000
Total	3,001,000	1,314,000	4,315,000

¹⁾ Solna, Danderyd, Årsta, Danvikstull, Huddinge, Botkyrka, Haninge and other areas.

Balance sheet at September 30, 2000

Figures in parenthesis pertain to December 31, 1999.

Properties

During the period, 241 properties, with a total of 1,755 000 square meters of floor space were acquired for SEK 14.2 billion, of which SEK 11.9 billion related to Balder and SEK 2.0 M to Ericsson properties.

60 properties were divested for SEK 3,0 billion¹⁾. Sales prices for Swedish properties exceeded independent property appraisals at December 31, 1999 by an average of 11 percent. Capital gains from property sales amounted to SEK 360 M. At September 30, 2000, Drott owned 720 properties (538) with rentable space of 4,315,000 square meters (2,932,000), and a book value of SEK 35,383 M (23,321). See page 5.

Projects

In the consolidated balance sheet, the item "Book value of properties" includes land, buildings and building investments in ongoing projects. SEK 989 M pertains to building investments made to date in the major projects on page 7.

In addition to ongoing projects, Drott has project potential equivalent to more than 300,000 square meters in the Stockholm region, entailing possible building investments totaling approximately SEK 5 billion. Since Drott's policy is to conduct projects associated with a low risk, project start-ups normally require that a large share of the building is leased to reliable tenants. The project potential in the immediate future are as follows on page 7.

Current assets

Liquid funds, including short-term investments, amounted to SEK 194 M (248). Total current assets in the Drott Group amounted to SEK 812 M (719). These include current receivables relating to properties sold during the period but not yet taken over by the purchaser.

Shareholders' equity

Shareholders' equity in the Group totaled SEK 10,305 M (9 995), distributed among 100,644,789 outstanding shares.

The Group's own holding of Drott shares

During the third quarter, Drott acquired 1,043,600 Series B Drott shares for a total of SEK 105 M, equal to an average of SEK 101 per share. The transactions were conducted within the price range of SEK 98–107. It is planned to use the shares as means of payment in connection with company acquisitions. At the Annual General Meeting, the Board of Directors of Drott was given a mandate – extending to the AGM of the following year – to acquire Drott shares corresponding to a maximum of 10 percent of the total number of Drott shares. In addition to the acquired shares, Drott received 370 Drott shares free of charge from Skanska (surplus shares in conjunction with the spin-off). Subsequently, the total holding amounted to 1,043,970 Series B of Drott shares, corresponding to 1.03 percent of the total number of Drott shares.

¹⁾ See Appendix page 15 for a specification of transactions in Q3 (July–September).

Ongoing renovation and new building projects

> SEK M 50, Sept. 30, 2000	Region	Project start Year	Planned occupancy Month	Space added Sq. m.	Total building- investment SEK M ¹⁾	– of which invested to date SEK M	Extra annual rent SEK M ²⁾	– of which contracted to date, SEK M
Arenan 8, Globen	Stockholm	1999	00-10	11,820	189	160	22	22
Helgafjäll 7, Kista (leasehold)	Stockholm	1999	01-04	33,650	373	290	42	42
Idétävlingen 4	Linköping	2000	01-07	5,600	63	30	8	8
Marievik 26 (Millenniumhuset)	Stockholm	1999	01-03	23,000	387	281	54	43
Stockshem 11, Danderyd	Stockholm	2000	01-02	5,650	80	66	7	6
Verktyget 4, Vapensmeden 15	Eskilstuna	1998	00-12	7,700	103	101	8	8
Helgafjäll 2, Kista (leasehold)	Stockholm	2000	02-06	900	60	6	6	6
Von Conow 54	Malmö	1999	01-12	0	100	55	12	7
Total				88,320	1,355	989	159	142

¹⁾ Excluding investments in land and development rights (development rights and land purchased are included in the book value of properties).

²⁾ Additional rent from newly produced and renovated space.

Project potential

Sept. 30, 2000	Region	Detailed development plan available	Building investment approx. SEK M	Space added sq. m.
Elefanten 16, central city	Stockholm	No	100	5,000
Geysir 1–2, Kista Port (leasehold)	Stockholm	Yes	250	25,000
Isafjord 1–2, Kista	Stockholm	Yes	1,500	100,000
Järvakrogen 3, Solna	Stockholm	Yes	200	11,000
Lustgården 12, Stadshagen (leasehold)	Stockholm	No	100	3,000
Marievik 28 (Storseklet)	Stockholm	Yes	400	23,000
Mimer 5, central city	Stockholm	Yes	100	0
Mörbylund, Danderyd	Stockholm	No	150	10,000
Racketen 10, Alvik	Stockholm	Yes	50	4,000
Riga 2, Värtahamnen (50%)	Stockholm	Yes	200	15 000
Stuten 17, central city (leasehold)	Stockholm	No	100	3,000
Tallarna, Sollentuna	Stockholm	No	350	30,000
Tvålfvingan 5, Telefonplan	Stockholm	No	400	25,000
Ynglingen 10, central city	Stockholm	Yes	50	0
Total			3,950	254,000

Interest rate maturity structure, September 30, 2000

Interest due, year	2000	2001	2002	2003	2004	2005	2006–	Total
Swedish kronor, SEK M	9,102	3,028	4,206	1,283	2,550	412	2,303	22,884
– average interest rate, %	4.96	4.32	5.30	4.74	4.36	5.45	6.03	4.97
Foreign currency, SEK M	500	–	–	–	–	–	–	500
– average interest rate, %	5.63	–	–	–	–	–	–	5.63
Interest-bearing liabilities, SEK M	9,602	3,028	4,206	1,283	2,550	412	2,303	23,384
Proportion, %	41	13	18	5	11	2	10	100
– average interest rate, %	4.99	4.32	5.30	4.74	4.36	5.45	6.03	4.99

Provisions

Total provisions amounted to SEK 870 M (280), of which SEK 820 M (250) related to a provision for deferred tax.

Interest-bearing liabilities

At September 30, 2000, the Drott Group had interest-bearing liabilities totaling SEK 23,384 M (12,510), carrying an average interest rate of 5.0 percent (4.7) and an average term of fixed interest of 22 months (21).

A. Committed lines of credit

During the year, Drott renegotiated and signed new agreements covering a total credit volume of approximately SEK 18 billion, and thus secured access to loan capital for a long period ahead. As of September 30, Drott had committed lines of credit of SEK 24.9 billion and other unutilized credit lines amounting to SEK 2.5 billion. The weighted duration for the utilized volume (SEK 23.4 billion) was 5.5 years (3.8). The duration of the contracted credit lines was 6.1 years. More than 70 percent of the loan portfolio will be renegotiated in 2005 or later. Loan maturity structure – see page 9.

B. Terms of fixed interest

Drott's policy is to have an average fixed-interest term of two years +/-12 months. In order to attain the desired fixed-interest term, Drott utilizes the derivatives market. At September 30, 2000, Drott's derivatives portfolio had a nominal value SEK 8.2 billion, with an average interest rate that was less than the market rate. The discounted added value of this differential was approximately SEK 152 M.

As of October 31, the average rate of interest for the Drott Group was 4.9 percent. Interest rate maturity structure – see page 7.

Interest-free liabilities

Interest-free liabilities amounted to SEK 1,732 M (1,302), largely attributable to accrued expenses and prepaid rent.

Parent Company

The Parent Company reported a loss of SEK 121 M (loss: 169). Parent Company sales, which result from the provision of intra-Group services, amounted to SEK 17 M (0).

Significant events following the report period

Acquisitions and sales

During October, Drott acquired six properties for SEK 375 M. Rental revenues from existing leases in the acquired properties amount to some SEK 30 M. Among other developments, Drott's portfolio around Solna Station, near Stockholm, was increased by 28,000 square meters to about 60,000 square meters.

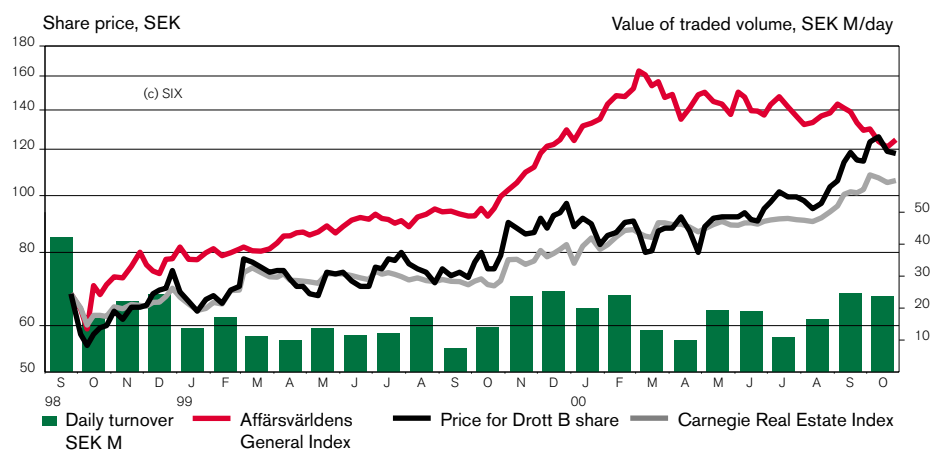
12 properties were sold for SEK 227 M. The sales gave rise to a capital gain of some SEK 20 M, which will accrue in Q4, (to be reported in Drott's year-end report on operations in 2000, which will be published February 20, 2000). See Appendix page 15.

Ownership structure at Oct. 5, 2000

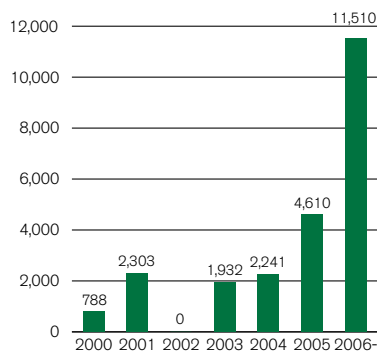
Shareholder	Series A shares	Series B shares	Total number of shares	Percentage of share capital	Percentage of voting rights
Föreningssparbanken's mutual funds	–	12,825,313	12,825,313	12.6	12.1
Nordbanken's mutual funds	–	10,415,064	10,415,064	10.2	9.8
Fourth AP Fund	112,988	6,707,456	6,820,444	6.7	7.4
AMF Pension	–	4,500,000	4,500,000	4.4	4.2
Skandia	–	3,841,798	3,841,798	3.8	3.6
SEB mutual funds	–	3,605,820	3,605,820	3.5	3.4
Handelsbanken Liv	–	2,315,110	2,315,110	2.3	2.2
SEB-Trygg Försäkring	–	1,641,750	1,641,750	1.6	1.5
KP Pension & Försäkring	–	1,220,650	1,220,650	1.2	1.1
Foreign shareholders	35,774	18,474,002	18,509,776	18.2	17.7
<i>Drott</i>	–	1,043,970	1,043,970	1.0	1.0
Others (47,600)	377,175	34,571,889	34,949,064	34.5	36.0
Total	525,937	101,162,822	101,688,759	100.0	100.0

To date during 2000, the facility for reclassifying Series A shares to Series B shares has been utilized by the owners of 77,623 Series A shares. Consequently, since year-end 1999, the number of Series A shares in Drott has been reduced by 77,623 and the number of Series B shares has risen by a corresponding amount.

Share price and trading volume



Loan maturity structure June 30, 2000, SEK M



Compulsory redemption

On October 5, 2000 an arbitration tribunal set the redemption price at SEK 141 per share for the shares in Närkebro AB that were not transferred as part of Drott's public offer in September 1998. The redemption amount complies with Drott's offer. An arbitration decision regarding shares in Fastighets AB Balder is expected during 2001.

Forecast for 2000

The buoyant market trend in Sweden's major cities is expected to be sustained, entailing continuing rental and value increases. Profit from current property management operations is expected to exceed SEK 800 M (736) before tax (736), which represents a cash flow of more than SEK 10 per share. In addition, there were gains from property sales and nonrecurring items amounting to SEK 380 M and SEK 45 M, respectively during the period through October, making a total of SEK 425 M.

In view of the sales conducted to date this year and the robust rental market, notably in Stockholm, the value of Drott's real estate holdings is expected to continue to rise. New, independent appraisals of market value will be conducted as of year-end.

Stockholm, October 31, 2000

Drott AB (publ)

Mats Mared
President and Chief Executive Officer

This interim report is unaudited.

Income statement and balance sheet

Consolidated income statement					
SEK M	Nine months 2000 Jan–Sept	Nine months 1999 Jan–Sept	Q 3 2000 July–Sept	Q 3 1999 July–Sept	12 months 1999 Jan–Dec
Rental revenues	2,447	1,865	917	630	2,498
Other revenues	44	12	12	4	17
Operating, maintenance and property modification costs	–637	–451	–218	–119	–652
Ground rent	–41	–37	–16	–12	–50
Property tax	–134	–101	–54	–36	–135
Property management	–144	–109	–53	–32	–159
Operating surplus	1,535	1,179	588	435	1,519
Depreciation	–212	–138	–80	–48	–185
Gross profit	1,323	1,041	508	387	1,334
Gains from property sales	360	466	17	116	511
Items affecting comparability	34	–	34	–	–
Central Corporate and Group expenses	–53	–43	–15	–17	–62
Operating profit	1,664	1,464	544	486	1,783
Interest subsidy	20	40	5	17	51
Interest income	22 ¹⁾	7	2	1	10
Interest expense	–663	–455	–257	–150	–597
Profit for the period before taxes	1,043	1,056	294	354	1,247
Taxes	282	–168	–53	–53	–188
Net profit for the period	761	888	241	301	1,059

Current real estate management operations²⁾, SEK M

Profit for the period before taxes	638	590	243	238	736
Profit for the period after taxes	553	509	210	207	635
Cash flow	782	671	297	263	836

Consolidated balance sheet

SEK M	Sept. 30, 2000	Sept. 30, 1999	Dec. 31, 1999
Properties	35,383	19,334	23,321
Other fixed assets	92	47	47
Fixed assets	35,475	19,381	23,368
Current receivables	618	529	471
Liquid funds	194	184	248
Current assets	812	713	719
ASSETS	36,287	20,094	24,087
Shareholders' equity	10,305	6,226	9,995
Provisions	870	274	280
Interest-free liabilities	1,728	1,278	1,302
Interest-bearing liabilities	23,384	12,316	12,510
SHAREHOLDERS' EQUITY AND LIABILITIES	36,287	20,094	24,087

¹⁾ In addition to interest income, the figure includes a gain of SEK 11 M from the sale of listed shares (OM-Gruppen AB).

²⁾ See page 14 for definitions.

Cash flow statement

Cash flow statement			
SEK M	2000 9 months	1999 ¹⁾ 9 months	1999 12 months
CURRENT OPERATIONS			
Operating surplus	1,535	1,179	1,519
Central Corporate and Group expenses	-53	-43	-62
Interest subsidies	20	40	51
Interest income	11	7	10
Interest expense	-663	-455	-597
Taxes paid for current real estate management operations	-68	-57	-85
Cash flow from current real estate management operations	782	671	836
Cash flow from nonrecurring items, etc.:			
Nonrecurring items plus difference between paid and expensed interest	43	-140	-98
Cash flow before change in working capital	825	531	738
Cash flow from change in working capital	660	21	301
Cash flow from current operations	1,485	552	1,039
INVESTMENT OPERATIONS			
Investments, properties	-14,875	-2,162	-3,287
Investments, equipment	-40	-7	-11
Sales, listed shares	11	-	-
Sales of properties (incl. selling expenses)	3,089	1,508	1,919
Taxes paid on capital gains	-156	-68	-70
Cash flow from investment operations	-11,971	-729	-1,449
FINANCING OPERATIONS			
Raising of interest-bearing loans/amortization of interest-bearing loans	10,893	540	842
Repurchase of shares	-105	-	-
Dividend	-356	-305	-305
Cash flow from financing operations	10,432	235	537
Change in liquid funds	-54	58	127
Liquid funds on January 1	248	126	126
Exchange-rate differences in liquid funds	-	-	-5
Liquid funds at end of period	194	184	248

¹⁾ In line with recommendation No. 7 of the Financial Accounting Standards Council, an adjustment has been made from Drott's nine-month interim report in 1999.

Key data

Key data			
SEK M	2000 9 months	1999 9 months	1999 12 months
PROPERTY-RELATED DATA			
Rental revenues	2,447	1,865	2,498
Operating surplus	1,535	1,179	1,519
Surplus ratio, %	63	63	61
Rentable space, sq. m.	4,315,000	2,948,000	2,932,000
Rent-based occupancy ratio, %	95	94	94
Book value of properties	35,383	19,334	23,321
FINANCIAL DATA			
Profit	761	888	1,059
Cash flow	782	671	836
Cash flow, incl. gains from property sales and items affecting comparability	1,023	1,069	1,277
Interest-coverage ratio, times	2.6	3.3	3.1
Interest-coverage ratio – current real estate management operations, times	2.0	2.3	2.2
Interest-bearing liabilities	23,384	12,316	12,510
Shareholders' equity ¹⁾	10,305	6,226	9,995
Total assets	36,287	20,094	24,087
Equity/assets ratio, %	28	31	41
Debt/equity ratio, times	2.3	2.0	1.3
Return on equity, %	7.5	15.0	17.6
Yearly return on equity, %	10.0	20.0	17.6
DATA PER SHARE^{2) 3)}			
Total number of shares at end of period	101,688,759	101,688,759	101,688,759
Number of shares outstanding at end of period	100,644,789	101,688,759	101,688,759
Weighted number of outstanding shares during period	101,514,764	101,688,759	101,688,759
Earnings, SEK	7.50	8.73	10.41
Earnings from current real estate operations, SEK	5.45	5.01	6.26
Cash flow, SEK	7.70	6.60	8.22
Cash flow, incl. Gains from property sales and items affecting comparability, SEK	10.08	10.51	12.56
Shareholders' equity, SEK	102.39	61.23	98.29

Current real estate operations

Per quarter	1998 Q4	1999 Q1	Q2	Q3	Q4	2000 Q1	Q2	Q3
Cash flow, SEK M	146	192	216	263	165	206	279	297
Cash flow, SEK/share	1.28	1.89	2.12	2.59	1.62	2.03	2.74	2.92
Rolling annual cash flow, SEK	647	701	744	817	836	850	913	947
Rolling annual cash flow, SEK/share	5.68	6.32	6.90	7.80	8.22	8.36	8.98	9.32

- ¹⁾ If the write-up of properties implemented in 1998 and 1999, in amounts of SEK 786 M and SEK 3 600 M, respectively, were charged with full tax, shareholders' equity would be reduced as follows: Sept. 1999: SEK 220 M, Dec 1999: SEK 1,228 M, Sept. 2000: SEK 1,119 M.
- ²⁾ In calculating the key data per share, the total number of shares has been adjusted by the number of shares that Drott holds. Of the total number of Drott shares (101,688,759), Drott held 1,043,970 at year-end, meaning that the number of Drott shares outstanding was 100,644,789. Shareholders' equity per share is calculated on the basis of 100,644,789, and earnings and cash flow per share is calculated using 101,514,764 shares (the weighted number of shares outstanding during the period – two quarters with 101,688,759 shares and one quarter with an average of 101,166,774 shares).
- ³⁾ In June 1999, Drott raised a convertible debenture loan in an amount of SEK 46.2 M with preferential rights for Drott employees in Sweden. To date, employees have subscribed for SEK 43.1 M, while the remaining convertible debentures have been subscribed by a wholly owned subsidiary of Drott AB for future allotment to employees. Conversion may occur no later than April 30, 2004 at a price of SEK 84. Based on full conversion, the number of Series B Drott shares will increase by 550,000. The dilution effect resulting from possible conversion to shares has not been taken into account in the summary of key data, since such dilution will have only a minor impact on key data.

Definitions

Property-related

Rent-based occupancy rate

Contracted rent for leases that extend to Dec. 31, divided by rental revenues, incl. Rent for vacant premises.

Contracted rent

Basic annual leased-based rent, after indexing, adjusted for rent discounts and rent surcharges.

Rentable space

Total of leased and vacant space. Rentable space includes garage space within buildings.

Vacancy rent

Estimate rent for unleased housing, plus market rent for unleased commercial premises after reasonable upgrading measures.

Annual rental revenues, include. rent for vacant premises

Sum total of contracted rent and rent for vacant premises.

Surplus ratio

Operating surplus as a percentage of rental revenues.

Financial

Return on equity

Net profit for the period as a percentage of average shareholders' equity.

Central Corporate and Group costs

Costs that are not directly attributable to real estate management operations, such as costs for corporate management, Group Staff functions and maintaining a stock-exchange listing.

Cash flow

Pretax profit for the period after the reversal of depreciation, gains from sales of properties and nonrecurring items, less taxes paid for current real estate management operations.

Profit from current real estate management operations

Profit excluding gains from sales of properties and nonrecurring items.

Interest-coverage ratio

Profit after net financial items after the reversal of interest expense divided by interest expense.

Interest-coverage ratio – continuing real estate management operations

Profit after net financial items after the reversal of interest expense, gains from sales of properties and nonrecurring items, divided by interest expense.

Debt/equity ratio

Interest-bearing liabilities divided by shareholders' equity.

Equity/assets ratio

Shareholders' equity plus minority interest as a percentage of total assets.

Earnings per share

Profit for the period divided by the number of shares.

Appendix: Specification of property transactions ¹⁾

Specification of real estate transactions, Q3 2000¹⁾

Region	Properties acquired Q3, 2000	Rentable space, sq. m.	– of which housing, sq. m.	Access date
Stockholm	Packrummet 10 (leasehold)	2,100	–	00-09-01
Total		2,100	–	

Region	Properties sold Q3, 2000	Rentable space, sq. m.	– of which housing, sq. m.	Vacating date
Stockholm (Södermalm)	Båtsmannen Större 3	2,995	1,999	00-07-04
Stockholm (Södermalm)	Ingenjören 12	4,097	3,465	00-07-04
Stockholm (Sollentuna)	Haken 18	land	–	00-09-05
Stockholm (Lidingö)	Högvattnet 33	1,610	160	00-12-15
Stockholm (Råsunda)	Rosklinten 6	1,751	1,411	00-11-01
Helsingborg (Laröd)	Grimskaftet 1, Sadelgjorden 6, Sadeln 7	4,196	4,196	00-10-01
Karlstad (Skoghall)	Mörmon 33:1, 39:1, 48:1	10,013	6,001	00-09-01
Oslo	Liertoppen	33,060	–	00-09-29
Tidaholm	Köpmannen 2	395	–	00-09-01
Total		58,117	17,232	

Specification of real estate transactions, October 2000

Region	Properties acquired October 2000	Rentable space, sq. m.	– of which housing, sq. m.	Access date
Stockholm (Solna)	Farao 14	8,064	–	00-11-01
Stockholm (Solna)	Farao 15 (leasehold)	8,486	–	00-11-01
Stockholm (Solna)	Farao 18	11,442	–	00-11-01
Stockholm (CBD)	Stuten 12	43	–	00-10-05
Stockholm (CBD)	Stuten 15	2,563	–	00-10-05
Stockholm (CBD)	Bocken 34	138	–	00-10-05
Total		30,736	–	

Region	Properties sold October 2000	Rentable space, sq. m.	– of which housing, sq. m.	Vacating date
Stockholm (Kungsholmen)	Vattenborgen 8	964	964	00-10-05
Stockholm (Kungsholmen)	Vattenborgen 10	966	966	00-10-05
Stockholm (Östermalm)	Skvalberget 31	2,266	1,326	00-10-05
Jönköping	Del av Hälsan 1–3	7,717	–	00-10-01
Alingsås	Solen 9	558	558	00-12-01
Alingsås	Solen 13	2,608	2,291	00-12-01
Alingsås	Gustav 3	4,297	3,102	00-12-01
Alingsås	Pärulan 11	1,468	260	00-12-01
Alingsås	Russinet 1	2,192	2,192	00-12-01
Alingsås	Pumpan 1	3,285	2,929	00-12-01
Alingsås	Kvarnberget 5,6	4,723	4,723	00-12-01
Total		31,044	19,311	

¹⁾ A specification of all properties acquired/sold by Drott during 2000, though October, is available from Drott – contact Ingemo Österberg, telephone +46-8-545 83 011.

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