

Interim Report

1 January – 31 March 1999

- Profit before tax for the first quarter of 1999 amounted to SEK 29m (5m).
- During the period, properties for SEK 73m were sold at a capital gain of SEK 10m. Mandamus has thereby withdrawn from another nine municipalities, and now owns properties in 57 municipalities.
- The economic letting ratio has improved further, to 94.5 (91.6) per cent in the first quarter.
- During the period, two residential properties in central Trollhättan and one centrally located residential property in Borås were acquired for an aggregate purchase price of SEK 47m.
- Estimated pre-tax profit for 1999 is SEK 130m (103m), corresponding to earnings per share before tax of SEK 6.32 (5.73).

All the tenants are members of the Mandamus BoKlubb (Residents' Club) and regularly receive a club folder with their rent advice. This contains central and regional information and various discount offers, all for the purpose of creating additional value for Mandamus' customers.



Mandamus aims to own, develop and manage properties with a high yield. The property stock is to be concentrated in a limited number of priority areas in Southern and Central Sweden, with a high proportion of residential properties.

Interim accounts, 31 March 1999

Rent and profit trends

Rental income during the first quarter amounted to SEK 196m (127m), representing an improvement in income of SEK 69m or 54 per cent against the corresponding period last year. Additional rental income from properties acquired during 1998 and 1999 totalled SEK 79m, and the loss of rental income from properties sold during the corresponding period was SEK 15m. The remaining part of the increase, SEK 5m, relates to the existing property stock and is due partly to an improved letting ratio. The average economic letting ratio during the first quarter was 94.5 (91.6) per cent.

Comparison between Q1 1998 and Q1 1999

Figures in SEK m unless otherwise specified	Rental income	Trading profit	Surplus ratio
Profit and loss account, Q1 1998	127	52	41%
Additional income from properties acquired	79	35	44%
Less income from properties sold	– 15	– 5	33%
<i>Total change in volume</i>	64	30	
Change in unchanged property stock	5	3	
Profit and loss account, Q1 1999	196	85	43%

After deduction of property costs, a trading profit of SEK 85m (52m) remained, of which SEK 79m (45m) was derived from Sweden. Service costs are higher in the first quarter than during the rest of the year, owing to seasonally high heating costs: roughly 35 per cent of the annual cost of heating is charged to this quarter. This year, the first quarter also entailed more extensive maintenance work than usual, which was undertaken to obtain the tax reduction currently available for building improvement.

Depreciation of the properties amounted to SEK 12m (7m), and central administrative expense to SEK 9m (8m). Interest expense totalled SEK 50m (30m), and profit before items affecting comparability was SEK 14m (8m). This figure represents a gross margin of 7.1 per cent, which is an improvement of 0.8 percentage points compared with the previous year.

Pre-tax profit, which includes such items affecting comparability as profits from disposals and interest contribution, amounted to SEK 29m (5m). Of the rise in profit compared with the previous year, SEK 10m was due to profits from property sales and SEK 10m to elimination of the quotation expense charged to profit in 1998.

Profit after standard tax totalled SEK 21m or SEK 1.02 (0.18) per share.

Continued concentration

At 31 March, the Group's properties had a book value of SEK 4,903m (2,954m), SEK 23m lower than at year-end. During the period, properties with a book value of SEK 63m were sold while properties for SEK 47m were acquired. At quarter-end the stock comprised 441 properties, of which four were abroad. The Swedish properties are now located in 57 municipalities, nine fewer than at year-end. At 31 March 84 per cent of the property stock, in terms of book value, was located in priority areas. Of the Swedish property stock, 90 (73) per cent was located in priority areas. The proportion of residential properties has continued to rise, to 73 (60) per cent of the stock at quarter-end.

During the first three months of 1999 SEK 24m (12m) was invested in the properties. Of this sum, SEK 4m relates to conversion of a residential property in Lund and SEK 7m to completion of office space in the Copenhagen property.

Financial position

At 31 March 1999 the Group had interest-bearing liabilities of SEK 3,488m, of which SEK 353m was in foreign currency. The loan portfolio has an average fixed-interest term of 2.6 years, and average interest at quarter-end was 5.70 per cent, i.e. 0.06 percentage points lower than at year-end 1998. The foreign property stock, which Mandamus intends to phase out over the year ahead, is financed mainly through short-term loans in the respective country's currency.

Net debt at quarter-end amounted to SEK 3,463m, SEK 30m higher than at year-end. At 31 March the Group had SEK 350m in confirmed unutilised credit pledges. The visible equity ratio, at 25.5 per cent, was up 0.5 percentage points on the year-end figure.

Forecast

In view of profits during the first quarter, which are entirely according to plan, and to the advanced stage of negotiations for the sale of properties in non-priority areas, pre-tax profit for the year is expected to reach at least SEK 130m. This profit forecast, which is SEK 10m higher than the forecast made previously, may need adjusting in due course owing to profits from further property disposals.

Stockholm, 19 April 1999
Mandamus Fastigheter AB (publ)



Anders Johansson
Managing Director

Profit and loss account

Figures in SEK m	1999 3 mths	1998 3 mths	1998 12 mths
Rental income	196	127	547
Operating costs	– 81	– 55	– 202
Repairs and maintenance	– 19	– 13	– 66
Ground rent	– 2	– 1	– 2
Property tax	– 9	– 6	– 28
Total property expense	– 111	– 75	– 298
Trading profit	85	52	249
Depreciation on properties	– 12	– 6	– 30
Gross profit	73	46	219
Central administrative expense	– 9	– 8	– 32
Profit from property sales	10	–	35
Quotation expense	–	– 10	– 15
Operating profit	74	28	207
Interest contribution	5	7	25
Financial income	0	0	4
Financial expense	– 50	– 30	– 133
Net interest income/expense	– 45	– 23	– 104
Pre-tax profit	29	5	103
Tax expense	– 8	– 1	– 27
Net profit for the period	21	4	76

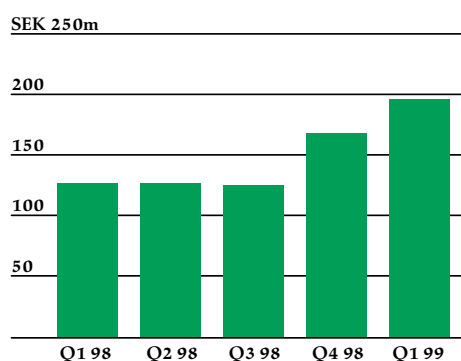
Key figures

	1999 31 March	1998 31 March	1998 31 Dec.
Current investments, SEK m	24	12	102
Cash flow, SEK m	23	20	98
Economic letting ratio, %	94.5	91.6	93.7
Spatial letting ratio, %	93.3	90.6	93.9
Pledge ratio of properties, %	71.1	62.5	70.8
Interest-coverage ratio, times	1.4	1.5	1.6
Debt/equity ratio, times	2.7	1.7	2.8
Surplus ratio, %	43.4	40.9	45.5
Equity ratio, %	25.5	34.8	25.0
Book value per m ² , SEK	4,106	3,201	4,038
Average no. of employees	140	76	88

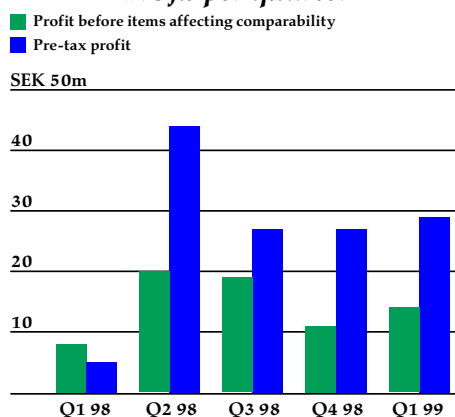
Rental income and profit per quarter

Figures in SEK m	Q1 1999	Q4 1998	Q3 1998	Q2 1998	Q1 1998
Rental income	196	168	125	127	127
Profit before items affecting comparability	14	11	19	20	8
Gross margin (%)	7.1	6.5	15.2	15.7	6.3
Items affecting comparability:					
Interest contribution	5	7	5	6	7
Profit from disposals	10	9	3	23	–
Quotation expense	–	–	–	– 5	– 10
Pre-tax profit	29	27	27	44	5

Rental income per quarter



Profit per quarter



Balance sheet

Figures in SEK m	1999 31 March	1998 31 March	1998 31 December
Properties	4,903	2,954	4,926
Other fixed assets	22	5	21
Other current assets	86	30	48
Liquid funds	12	60	45
Total assets	5,023	3,049	5,040
Shareholders' equity	1,282	1,060	1,262
Provisions	68	0	68
Interest-bearing liabilities	3,488	1,845	3,490
Non-interest-bearing liabilities	185	144	220
Total shareholders' equity, provisions and liabilities	5,023	3,049	5,040

Cash-flow statement

Figures in SEK m	1999 3 mths	1998 3 mths	1998 12 mths
Trading profit	85	52	249
Central administrative expense	– 9	– 8	– 31
Net interest income/expense	– 45	– 23	– 104
Tax expense	– 8	– 1	– 16
Cash flow before change in working capital	23	20	98
Quotation expense	–	– 10	– 15
Change in working capital	– 74	27	84
Cash flow from operations	– 51	37	167
Current investments	– 24	– 12	102
Property acquisitions	– 47	–	– 2,239
Property sales	73	–	399
Change in deferred tax	–	–	57
Cash flow from investments	2	– 12	– 1,885
New share issues	–	–	128
Dividend to shareholders	–	–	–
Cash flow from shareholders	–	–	128
Opening net debt	– 3,433	– 1,817	– 1,817
Cash flow from operations	– 51	37	167
Cash flow from investments	2	– 12	– 1,885
Cash flow from shareholders	–	–	128
Exchange-rate effect on debts in foreign currency	19	8	– 26
Closing net debt	– 3,463	– 1,784	– 3,433
Interest-bearing liabilities	– 3,488	– 1,845	– 3,490
Long-term claims	12	1	12
Liquid funds	13	60	45
Closing net debt	– 3,463	– 1,784	– 3,433

Definitions

Gross margin

Profit for the period before such items affecting comparability as interest contribution, profit from property sales and quotation expense, in relation to rental income for the period.

Economic letting ratio

Rental income for the period plus rental losses in relation to rental value, which is defined as rental income plus estimated market rent for vacant premises.

Pledge ratio

Interest-bearing liabilities in relation to the properties' book value at the end of the period under review.

Cash flow

"Cash flow" refers to cash flow before change in working capital.

Net borrowings

Interest-bearing liabilities less long-term claims and liquid funds.

Interest-coverage ratio

Profit after financial items, excluding costs of stock-exchange quotation and profit/loss from property sales and financial expense, in relation to financial expense.

Debt/equity ratio

Interest-bearing liabilities at the end of the period under review, in relation to shareholders' equity.

Equity ratio

Shareholders' equity, including minority interest, in relation to balance-sheet total.

Spatial letting ratio

Floor space let in relation to total rentable space at the end of the period under review.

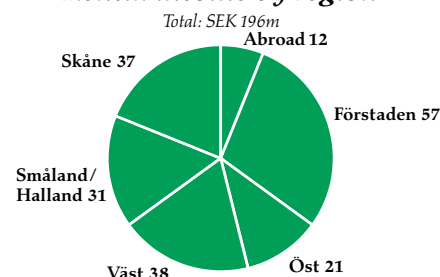
Surplus ratio

Trading profit in relation to total rental income.

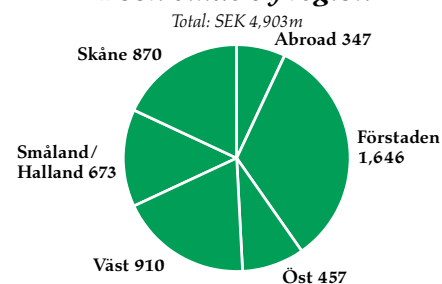
Property stock, 31 March 1999

Area and letting ratio, by region	Rentable area 1,000 m ²	Economic letting ratio, %
Skåne	229	93.3
Småland/Halland	195	95.6
Väst	238	92.1
Öst	165	89.7
Förstaden	320	98.5
Subtotal	1,147	94.6
Abroad	47	94.0
Total	1,194	94.5
By type of property		
Residential	812	95.9
Office	261	90.8
Industry/warehouse	108	91.9
Hotel	13	98.6
Land	—	—
Total	1,194	94.5

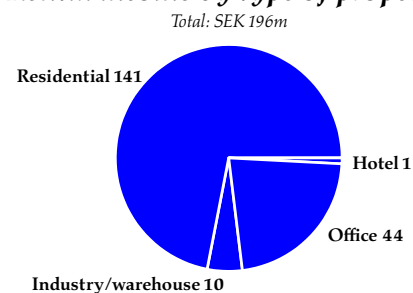
Rental income by region



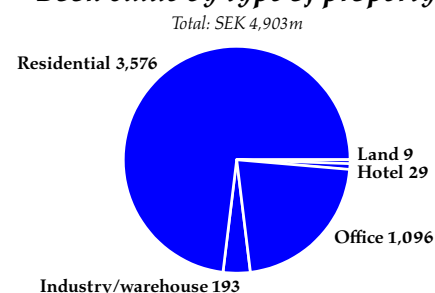
Book value by region



Rental income by type of property



Book value by type of property



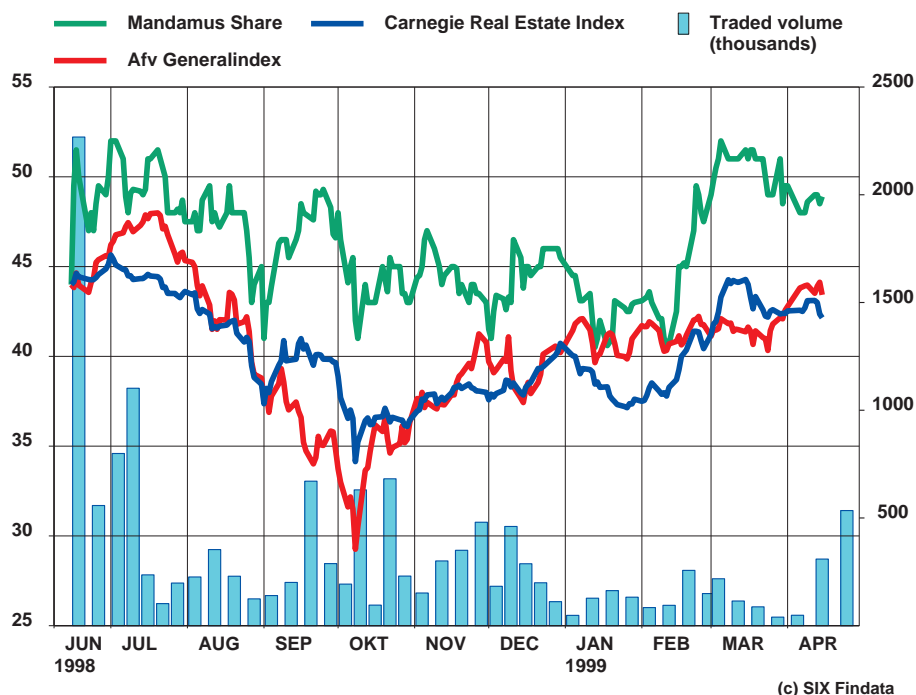
Change in property holdings

Figures in SEK m	Book value	Number	Rentable area 1,000 m ²
At 31 December 1998	4,926	480	1,220
Properties acquired	47	3	8
Properties sold	— 63	— 42	— 34
Investments activated	24		
Depreciation	— 12		
Exchange-rate fluctuations	— 19		
At 31 March 1999	4,903	441	1,194

Loan structure at 31 March 1999

Fixed-interest terms until	Loans in SEK m	Av. interest %	Loans in foreign currency, SEK m	Av. interest %	Total loans SEK m	Av. interest %	Percentage of total
1999	824	4.86	245	3.87	1,069	4.63	31
2000	243	6.24	54	6.25	297	6.24	8
2001	666	6.15	—	—	666	6.15	19
2002	486	6.40	54	6.69	540	6.43	15
2003	691	6.17	—	—	691	6.17	20
2004	91	5.50	—	—	91	5.50	3
2005 —	134	5.51	—	—	134	5.51	4
Total	3,135	5.82	353	4.67	3,488	5.70	100

Average interest incl. limit charges: 5.76%. Average fixed-interest term: 2.6 years.



Data per share

Figures in SEK unless otherwise specified	1999 31 March	1998 31 March	1998 31 December
Closing share price	49.50	N/A	45.50
Shareholders' equity	62	60	61
Price-equity ratio, %	79	N/A	74
Profit after tax	1.02	0.18	4.23
Book value of properties	239	168	240
Average no. of shares ('000)	20,542	17,594	17,946
Closing market value (SEK m)	1,017	N/A	935

N/A = not applicable

Interim accounts at 30 June 1999 (six months) will be published on 9 August 1999.

Interim accounts at 30 September 1999 (nine months) will be published on 29 October 1999.

Summarised financial statements for the 1999 financial year (12 months) will be published on 15 February 2000.

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



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