

# **COLUMNNA FASTIGHETER AB (publ)**

## **Interim report for the half-year ended 30 June 1999**

### **THE GROUP**

#### **Principal activities**

Columnna Fastigheter is a property development company established in the European real estate market. The company pursues its development business both by carrying on development projects within its own real estate portfolio, and by active participation in associated undertakings engaged in property management.

The real estate portfolio, which is mainly commercial, is concentrated geographically to the areas of Greater Stockholm, central Brussels and central Rotterdam.

Realia Fastighets AB, Criterion Properties Plc, Manhattan Center bvba and Oceanview Investments VOF are all associated undertakings in the property management business. Realia owns Swedish managed properties concentrated in Greater Stockholm and the Öresund region; Criterion is a project development company which owns properties in southern England and Wales; Manhattan Center's properties are concentrated in Brussels; and Oceanview's properties are mostly in Holland, primarily Rotterdam. Columnna Fastigheter manages and administers Manhattan Center and Oceanview.

#### **Income and profits**

Profits for the period totalled SEK 55.2 (17.2) million, which is equivalent to 6.1 (2.4) öre per share. Cash inflow from operating activities before changes in working capital totalled SEK 20.3 (15.6) million for the period, equivalent to 2.3 (2.1) öre per share. The improvement in profits is primarily due to income from the sale of shares totalling SEK 33.5 (0.2) million.

Rental income for the period totalled SEK 34.7 (63.6) million. The previous year's rental income also included the Swedish managed properties that were sold in September last year.

#### **Financial items**

Financial income and expense totalled SEK 30.2 million, compared with a deficit of SEK 13.6 million for the same period the previous year. Included in this sum is income from the sale of shares totalling SEK 33.5 (0.2) million.

#### **Financial position, financing and liquidity**

Reported equity totalled SEK 691.9 (637.2) million and reported equity per share totalled SEK 0.77 (0.71). The ratio of equity to assets calculated as reported equity in relation to total assets amounted to 52 (49) per cent.

Interest-bearing liabilities fell to 608.7 (617.9) million. The average borrowing rate at the end of the period was 5.0 (5.3) per cent.

The Group's liquid assets at the end of the period totalled SEK 32.5 (38.3) million, of which blocked and pledged bank assets accounted for SEK 1.0 (1.0) million.

#### **Capital expenditure**

A property in Amsterdam was acquired during the period for the sum of SEK 101 million.

Realia carried out a directed issue to shareholders for SEK 119 million, in which Columnna Fastigheter acquired 970,555 Class A shares and 7,003,482 Class B shares.

#### **Sales**

All the shares in Mandamus Fastigheter AB were sold for the sum of SEK 78 million, which is equivalent to SEK 44 per share.

#### **The property portfolio**

A property in Amsterdam comprising 20,000 sq.m. of rental space was acquired during the period. Following this deal, Columnna Fastigheter's wholly owned property portfolio now totals 63,000 sq.m. in Sweden, 20,000 sq.m. in Belgium and 20,000 sq.m. in Holland.

#### **Associated undertakings**

Associated undertakings are accounted for by the equity method. Income from interests in the associated undertaking Criterion is accounted for with a delay of two quarters.

### Other shareholdings

On 26 March an agreement was signed with Lars-Erik Magnusson and the Larmag group. Under the terms of the agreement, Columna Fastigheter acquired a property in Amsterdam comprising 20,000 sq.m. of rental space from the Larmag group for the sum of NLG 25 million (approx. SEK 100 million). The property has been independently valued at approx. SEK 100 million, which is equivalent to a yield of approx. 8 per cent. On an annualised basis, the property is estimated to provide an additional income of approx. SEK 4 million. As payment for the property, Columna Fastigheter transferred 4,000,000 of its total holding of 13,800,000 shares in Larmag Energy NV. The shares were discounted to approx. SEK 7.5 each. In addition, Columna Fastigheter will not exercise its put option in respect of the remaining 9,800,000 shares in Larmag Energy. This shareholding was valued in the agreement to approx. SEK 7.5 million. The remainder of the purchase price will be funded by loans, for which reason the acquisition has had no effect on liquidity.

### Outlook for 1999

Profits after financial items are expected to total some SEK 85 million (9.5 öre per share). The forecast includes profits of SEK 33.5 million that have arisen thus far on the sale of shares.

<b>CONSOLIDATED PROFIT &amp; LOSS ACCOUNT</b>	<b>1999</b>	<b>1998</b>	<b>1998</b>
SEKm	Jan-June	Jan-June	Jan-Dec
Rental income	34,7	63,6	121,1
Other management income	1,3	0,5	0,5
Property-related expenses	-4,5	-23,0	-33,2
Net operating income	31,5	41,1	88,4
Depreciation, properties	-3,2	-4,6	-7,9
Gross income	28,3	36,5	80,5
Administrative and selling expenses	-15,5	-17,1	-35,5
Other operating income	1,1	0,2	1,2
Income from interests in associated undertakings	14,1	7,6	24,4
Income from sale of interests in associated undertakings	-3,0	3,6	2,8
Operating profit	25,0	30,8	73,4
Profit from sale of shares	33,5	0,2	0,2
Write-down of shares	-	-	-13,3
Interest subsidy	-	0,7	1,0
Financial income	13,4	9,7	16,7
Financial expense	-16,7	-24,2	-45,1
Profit after financial items	55,2	17,2	32,9
Taxation	-	-	-
Profit for the period	55,2	17,2	32,9

<b>CONSOLIDATED BALANCE SHEET</b>	<b>1999</b>	<b>1998</b>	<b>1998</b>
SEKm	30 June	30 June	31 Dec
Properties	669,9	898,4	578,4
Interests in associated undertakings	293,9	225,4	249,5
Other fixed assets	251,3	131,6	212,2
Other current assets	85,2	73,3	210,6
Liquid assets	32,5	65,1	38,3
<b>Total assets</b>	<b>1332,8</b>	<b>1393,8</b>	<b>1289,0</b>
Equity	691,9	508,1	637,2
Long-term liabilities	608,7	835,2	617,9

Current liabilities	32,2	50,5	33,9
<b>Total equity and liabilities</b>	<b>1332,8</b>	<b>1393,8</b>	<b>1289,0</b>

<b>SOURCE AND APPLICATION OF FUNDS</b>	<b>1999</b>	<b>1998</b>	<b>1998</b>
SEKm	<b>Jan-June</b>	<b>Jan-June</b>	<b>Jan-Dec</b>
Cash inflow/outflow from operating activities before changes in working capital	20	16	29
Cash flow from operating activities	74	-46	-107
Cash flow from investments	-18	-150	-413
Cash flow from financing	-61	112	397
<b>Change in liquid assets</b>	<b>6</b>	<b>-85</b>	<b>-119</b>

<b>KEY RATIOS</b>	<b>1999</b>	<b>1998</b>	<b>1998</b>
	<b>30 June</b>	<b>30 June</b>	<b>31 Dec</b>
Equity/assets ratio, per cent	52	36	49
Reported equity per share after full conversion (öre)	77	70	71
Reported equity per share after full conversion (öre)	80	74	74
Earnings per share (öre)	6,1	2,4	3,7
Earnings per share after full conversion (öre)	5,8	2,2	3,5
Cash flow per share (öre)	2,3	2,1	3,2

See 1998 Annual Report and Accounts for definitions

Cash flow = cash flow from operating activities before changes in working capital

### THE PARENT COMPANY

Income for the period amounted to SEK 1.4 (0.9) million and profit after tax for the period amounted to SEK 54.7 (8.4) million. The results for the period include SEK 33.5 (0.2) million profit on the sale of shares.

The number of shares held by Columna Fastigheter AB at the end of the period was 898,068,722, of which 81,000,000 are Class A shares. The nominal value per share is SEK 0.10.

### ASSOCIATED UNDERTAKINGS

The financial information given below is in respect of the whole associated undertaking. Columna's shareholding is indicated below.

#### Realia

Columna's holding in Realia at the end of the period amounted to 46.7 per cent of the votes and 33.5 per cent of the capital. In addition, Columna Fastigheter owns convertible participating debentures in Realia with a nominal value of SEK 290.8 million. Columna's holding in Realia should amount to 57.4 per cent of the votes and 51.6 per cent of the capital after the conversion of the debentures into Class B shares, and to 82.7 per cent of the votes and 49.3 per cent of the capital after conversion into Class A shares. Columna Fastigheter's Board has stated that Columna Fastigheter intends to avoid any group relationship arising between Columna Fastigheter and Realia.

In the first half of 1999, Realia carried out two new issues of shares which brought the company SEK 134 million in capital, of which SEK 119 million with preferential rights for Realia's shareholders. Columna Fastigheter exercised its preferential rights.

**Financial information Realia (SEKm)**

<b>Income statements</b>	<b>1999</b>	<b>1998</b>	<b>1998</b>
	<b>Jan - June</b>	<b>Jan - June</b>	<b>Jan - Dec</b>
Rental income	306	170	405
Net operating income	152	86	208
Profit/loss on sale of properties	-	7	6
Profit after financial items	36	16	37
<b>Balance sheets</b>	<b>1999,0</b>	<b>1998</b>	<b>1998</b>
	<b>30 June</b>	<b>30 June</b>	<b>31 Dec</b>
Book-value of properties	4915	2591	3 917
Equity	704	517	560
Total assets	5 113	2 698	4 064
Total area of properties in sq.m.	1 095 070	539 203	851 130

**Criterion**

Columna's holding in Criterion at the end of the period amounted to 29.9 (29.9) per cent of the votes and capital. Criterion is listed on the London Stock Exchange. Criterion changed its financial year to the calendar year in 1998.

**Financial information, Criterion (£m)**

<b>Income statements</b>	<b>1999</b>	<b>1997 - 1998</b>
	<b>April - Dec</b>	<b>April - Mars</b>
	(9 months)	(12 months)
Rental income	2,4	4,5
Profit after financial items	0,8	1,4
<b>Balance sheets</b>	<b>31 Dec</b>	<b>31 March</b>
Book-value of properties	26,3	21,1
Equity	9,3	9,3
Total assets	30,4	25,0
Total area of properties in sq.m.	47430	45301

**Manhattan Center**

Columna's holding in Manhattan Center at the end of the period amounted to 50 (50) per cent of the votes and capital. The remaining 50 per cent is owned by the North American property unit trust, Apollo Fund II. During the first half of 1998, an extensive programme of renovation began on the Manhattan Center property, which is currently undergoing rebuilding work. Thirteen floors of twenty-four in all are currently let, with twelve floors let to Belgium's largest insurance company, AG 1824 and one floor to Sheraton. Negotiations are in progress to let a further six floors. Each floor comprises 1,500 sq.m.

**Financial information, Manhattan Center (BEFm)**

<b>Income statements</b>	<b>1999</b>	<b>1998</b>
	<b>Jan - June</b>	<b>Jan - Dec</b>
Rental income	13,9	81
Net operating income	7,5	59
Profit/loss after financial items	-1,7	0
<b>Balance sheets</b>	<b>1999</b>	<b>1998</b>
	<b>30 June</b>	<b>31 Dec</b>
Book-value of properties	1916	1708
Equity	-98	-96
Total assets	2151	1977
Total area of properties in sq.m	73.430	73.430

## **Oceanview**

In the fourth quarter of 1998, Oceanview, in conjunction with Oaktree Capital Management LLC, a North American investment management company, acquired a total of 70,000 sq.m. of commercial properties in Holland and Germany, most of them situated in central Rotterdam. Columna has a 30 per cent share in these properties.

### **Financial information, Oceanview (NLGm)**

<b>Income statements</b>	<b>1999</b>	<b>1998</b>
	<b>Jan - June</b>	<b>Jan - Dec</b>
Rental income	6,4	-
Net operating income	5,7	-
Profit after financial items	1,5	-
<b>Balance sheets</b>		
	<b>1999</b>	<b>1998</b>
	<b>30 June</b>	<b>31 Dec</b>
Book-value of properties	158	158
Equity	16	15
Total assets	165	165
Total area of properties in sq.m.	70 282	70 282

### **FINANCIAL CALENDAR**

Third quarter results to 30 September 1999  
Preliminary accounts for 1999

5 November 1999  
18 February 2000

Stockholm, 27 August 1999

Anders Lövgren  
Managing Director

### **Audit report**

I have reviewed this half-yearly report according to the recommendations of the Swedish Institute of Authorised Public Accountants. A review is considerably limited in comparison with a full audit.

I have found nothing to indicate that the interim report to 30 June 1999 does not fulfil the requirements of the Swedish Annual Accounts Act.

Further information may be obtained from the MD, Anders Lövgren, or from  
Corporate Treasurer Gösta Lundgren, tel. +46 (0)8-679 05 90.

Columna Fastigheter AB (publ), Mäster Samuelsgatan 4, SE-111 44 Stockholm, Sweden  
Telephone +46 (0)8-679 05 90, fax +46 (0)8-679 05 99, e-mail: info@columna.com