

**ASTICUS AB (publ)
INTERIM REPORT
JANUARY-SEPTEMBER, 1999**

17 NOVEMBER, 1999
GOTHENBURG
SWEDEN

- **Profit before financial items for the period has increased by SEK 48 million and totalled SEK 242 million (194).**
- **Profit after tax for the period has increased by SEK 109 million and totalled SEK 124 million (15) or SEK 3,94 per share (0,49).**
- **Cash flow from operating activities during the period amounted to SEK 142 million (57) or SEK 4,51 per share (1,83).**
- **IVG Holding AG ("IVG") has, through a Swedish subsidiary, acquired 98,7 per cent of the shares of Asticus AB ("Asticus").**

Market overview

Asticus is an international property company whose operations are focused entirely on the European market. As at 30 September, 1999, the book value of the Company's total portfolio was SEK 7 643 million, of which properties in Brussels accounted for 51 per cent, properties in London for 28 per cent and properties in Paris for 21 per cent. In all the Group owned 39 properties

Rental values have improved in all our market areas.

In Brussels occupancy in our portfolio is steadily improving. The vacancy rate of 13 per cent as per 30 September is however still too high. In general, demand is particularly strong outside the nineteen communes due to lower property taxes. The rental markets are improving in both Antwerp and Luxembourg.

Demand for modern office space in London is still strong. The remaining 4 000 sq.m. office space, of in total 15 000 sq.m., has been let in our Great Marlborough Street project, which was completed in October. Our portfolio in London is therefore now fully let.

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Demand is strong in Paris. Vacancy rates are decreasing and rental levels are increasing. Our portfolio in Paris is fully let.

Developments in the property investment markets have been positive in all our market areas. Improved occupancy and increasing rental levels have led to increased activity on the investment market in all our market areas. We expect to see this high level of activity to last the year out.

Operations to date

Rental income for the period increased by 11 percent and totalled SEK 449 million (406), of which SEK 247 million (254) was derived from the Brussels portfolio, SEK 105 million (66) from the London portfolio and SEK 97 million (86) from the Paris portfolio. Operating expenses, maintenance and adaptation costs etc. totalled SEK 118 million (127). Net operating income totalled SEK 331 million (279), of which SEK 168 million (164) was attributable to the portfolio in Brussels, SEK 89 million (46) in London and SEK 74 million (69) in Paris. Depreciation totalled SEK 42 million (42). The Group's administration expenses totalled SEK 47 million (43). Exceptional items, amounting to SEK 5 million, are included in the administration expenses for this period. Profit before financial items was SEK 242 million (194).

A tax case in France, which has been in progress since 1983, has during the period been decided in favour of Asticus. Tax provisions of SEK 25 million made in previous years have now been written back.

Profit after tax for the period, including the tax write backs, has increased by SEK 109 million and totalled SEK 124 million (15). Increased profit, as compared to the first nine months of 1998, is otherwise mainly due to higher rental income and lower interest costs.

Profit expressed as a percentage (yield) on all investment properties, compared to 30 September 1998, increased from 5,5 percent to 6,3 per cent. The corresponding figures in respect of the individual markets were: Brussels 5,9 per cent (5,2); London 7,5 per cent (6,3); and Paris 6,2 per cent (5,7).

Financing, liquidity and currency effects

The Group's equity is exposed to fluctuations in rates of exchange in direct proportion to the values of its property portfolios in the countries concerned. The consolidated effect of conversion, arising as a result of these fluctuations, is reported as equity and does not affect the profit and loss account. During the period differences arising out of conversion had a net negative effect on equity totalling SEK 238 million. This is mainly due to the strengthening of the Swedish krona in relation to the euro and British pound.

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Consolidated interest-bearing liabilities as at 30 September totalled SEK 3 829 million (4 123).

With a view to minimising exposure to fluctuations in rates of exchange, the Group's property portfolios are financed in local currencies. Of the property loan total of SEK 3 827 million, the equivalent of SEK 2 679 million is in euros and SEK 1 148 million in British pounds. As at 30 September the consolidated average interest rate on loans was 5,00 per cent (5,97).

Consolidated liquid assets as at 30 September, 1999, totalled SEK 155 million (145). Equity as at 30 September totalled SEK 3 733 million (3 726).

Property portfolios

The book value of the Group's total property portfolio as at 30 September, 1999, was SEK 7 643 million, made up as follows.

Market area	Investment properties			Development properties			Total		
	Book value			Book value			Book value		
	SEK million	% of total	No of properties	SEK million	% of total	No of properties	SEK million	% of total	No of properties
Brussels	3 830	56	23	45	5	1	3 875	51	24
London	1 378	20	4	782	95	2	2 160	28	6
Paris	1 608	24	9				1 608	21	9
Total	6 816	100	36	827	100	3	7 643	100	39

As the development of the Long Acre and the Conduit Street properties in London were completed during 1998, they are classified as investment properties in 1999.

During the period Asticus sold a site in Luxembourg at book value. Simultaneously an agreement was signed with the buyer for the construction of an office building of about 7 200 sq.m. on the site.

Following changes in rates of exchange for the Swedish krona during the period, the book value of the Company's total property portfolio decreased by SEK 507 million.

Important subsequent events

Asticus has in October bought an office building of about 5.400 sq.m. at 20 Soho Square in London's West End from Diageo (pension fund) at a price of about GBP 21 million. This is the first acquisition by Asticus since their take over by the German real estate group IVG earlier this year. At present the property is fully let. Asticus intends to undertake a major reconstruction of 20 Soho Square after expiry of the present leases in February, 2001.

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The parent company IVG has together with Asticus during November this year signed a syndicated seven year loan agreement. The intention is primarily to replace the project financing for Great Marlborough Street and existing financing for the Group's properties in London and Paris.

Investments

Asticus continues to invest in its property portfolios. Investments during the period totalled SEK 145 million, and were mainly on the Great Marlborough Street project in London, which includes two office buildings with a total lettable area of approx. 15 000 sq. m. Work was completed in October, 1999.

Parent company

The parent company Asticus owns directly the Long Acre property in London and apart from this, it carries on the conventional parent company activities vis-à-vis the Group. The turnover of the parent company totalled SEK 39 million (30). The result after financial items was SEK -41 million (-14). Liquid assets as at 30 September were SEK 3 million (42).

Shareholders structure

IVG announced on 8 March, 1999, a public offer to the shareholders of Asticus to acquire all the shares of Asticus at a price of SEK 117 per share. The offer has so far been accepted to such an extent, that IVG as per 8 November, 1999, is the owner of 98,7 per cent of the total number of shares and votes of Asticus.

Through its Swedish subsidiary IVG owns more than 90 per cent of the total of shares and votes in Asticus. Under the Swedish Companies Act IVG therefore has the right to redeem the shares of the remaining shareholders. On 11 May, 1999, IVG decided to exercise this right by submitting the dispute to arbitration. The arbitration process is currently in progress.

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The information contained in this report has not been the subject of examination by the Company's auditors.

Gothenburg, 17 November, 1999
ASTICUS AB (publ)

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PROFIT AND LOSS ACCOUNT IN SUMMARY

Figures in SEK millions

	1/1-30/9 1999	1/1-30/9 1998	Year 1998
Rental income	449	406	550
Operating expenses	-58	-61	-81
Maintenance and adaptation expenses	-13	-23	-29
Property taxes	-41	-36	-48
Leasehold rents	-6	-7	-9
Net operating income	331	279	383
Property depreciation	-42	-42	-57
Property sales	0	-	11
Administration expenses	-47	-43	-61
Profit before financial items	242	194	276
Net interest income/expense and other financial items	-143	-179	-244
Profit after financial items	99	15	32
Tax	25	0	0
Profit after tax for the period	124	15	32

BALANCE SHEET IN SUMMARY

Figures in SEK millions

	Sep. 30 1999	Sep. 30 1998	Dec. 31 1998
Assets			
Properties	7 643	8 024	8 051
Property receivable	102	107	111
Other assets	139	168	151
Liquid assets	155	145	106
Total assets	8 039	8 444	8 419
Equity and liabilities			
Equity	3 733	3 726	3 847
Provisions	208	213	227
Interest bearing liabilities	3 829	4 123	3 946
Non-interest bearing liabilities	269	382	399
Total equity and liabilities	8 039	8 444	8 419

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CASH FLOW STATEMENT

	1/1-30/9 1999	1/1-30/9 1998	Year 1998
Figures in SEK million			
Cash flow from operating activities before change in working capital	142	57	78
Change in working capital	-118	997	1 023
Cash flow from operating activities	24	1 054	1 101
Cash flow from capital expenditures/disposals	-145	-249	-70
Cash flow from financing	170	-796	-1 093
Change in liquid assets	49	9	-62

KEY FINANCIAL FIGURES

Yield ¹⁾, %

Total	6,3 ²⁾	5,5 ²⁾	5,4
Brussels	5,9 ²⁾	5,2 ²⁾	5,1
London	7,5 ²⁾	6,3 ²⁾	6,9
Paris	6,2 ²⁾	5,7 ²⁾	5,8

Economic occupancy rate ¹⁾, %

Total	90	86	86
Brussels	85	84	83
London	98	100	100
Paris	94	86	88

Other key figures

Equity per share, SEK	119	119	123
Share price, SEK	116	78	79,50
Earnings per share after tax, SEK	3,93	0,49	1,01
Cash flow per share, SEK ³⁾	4,51	1,83	2,49
Book value of properties per share, SEK	244	256	257
Net operating income, SEK million	331	279	383
Equity/Asset ratio, %	46	44	46
Loan to property book value, %	50	51	49
Total shares issued	31 354 581	31 354 581	31 354 581

1) Figures are for investment properties

2) The yield for the period for investment properties is adjusted to reflect the yield for the whole year. The adjustment does not consider quarterly differences, which are normal for the business. In converting net operating income and the book value of the properties to Swedish kronor, the average rate of exchange for the currencies concerned have been applied.

3) Figures relate to cash flow from the operating activities before changes in working capital.