

Interim Report, 1 January – 30 June 2000

- **Management profit rose by nearly 30 per cent to SEK 60m (47m).**
- **Pre-tax profit amounted to SEK 91m (90m), of which profits from property sales made up 27m (34m).**
- **Mandamus has expanded its operations in Greater Stockholm through the acquisition of four housing properties comprising 590 flats in Åkersberga.**
- **The company's ongoing concentration and increasing focus means that 90 (81) per cent of the property stock is now located in Mandamus' selected areas. The proportion of housing properties continues to rise, and is now 82 (75) per cent.**
- **In June, Mandamus bought back 624,400 of its own shares, corresponding to more than 3 per cent of outstanding shares.**
- **The forecast for pre-tax profit for the year has been adjusted upwards by SEK 10m to SEK 155m.**

Mandamus is a property company that seeks to own, develop and manage a stock of high-yield, low-risk properties. The aim is for the property stock to be located in growth areas in Southern and Central Sweden, with residential properties making up at least 80%. Mandamus owns properties with a book value of some SEK 5,500m, with annual rental income of around SEK 830m.

OPERATIONS IN THE FIRST HALF OF 2000

Continued focus on housing and concentration in growth areas

Mandamus is continuing to focus its operations on residential properties, with the emphasis on areas of strong growth. This concentration of activities is reducing the group's operating risk, which permits lower equity ratio. The aim is to keep an equity ratio of at least 20 per cent.

For the purpose of consolidating this focus on growth areas, acquisitions in suburbs of Stockholm and Gothenburg -- five properties containing more than 650 flats -- took place during the first half of the year. During this period 49 properties were sold, further concentrating the property stock in metropolitan areas and housing properties. At 30 June, 61 per cent of Mandamus' stock of flats was located in the metropolitan areas of Stockholm, Gothenburg and Malmö/Lund.

Residential Enhancement

Co-operation with Telia continues to develop well. In Borås, Mandamus' apartment buildings have now obtained access to ADSL broadband technology, and tenants' interest in getting connected has exceeded expectations. Installation of broadband in co-operation with Telia is now to be carried out, in the immediate future, in Lund and Trollhättan. This venture with Telia is among those that benefit Mandamus' tenants within the framework of *Residential Enhancement*. Co-operation with Birka Energi, another example, is presented in detail elsewhere in this interim report.

Rent and profit trends

Rental income amounted to SEK 408m (389m), just under 5 per cent up on the previous year. The average economic letting ratio for the period was 96.7 per cent, which is 1.2 percentage points higher than at year-end and 2.1 percentage points higher than the corresponding period in 1999.

Net of property costs, trading profit was SEK 197m (187m). Depreciation on the properties amounted to SEK 24m (23m) and central administrative expense to SEK 10m (18m). Compared with the previous year, the administrative expense attributable to operations was roughly SEK 12m higher on an annual basis. Interest expense totalled SEK 104m (100m). Management profit, i.e. profit before items affecting comparability, amounted to SEK 60m (47m), corresponding to a gross margin of 14.7 (12.1) per cent. Management profit for the (rolling) past 12-month period was SEK 128m, which represents an improvement of SEK 13m compared with the figure for the 1999 financial year. The diagram below shows quarterly management profit and rolling 12-month profit.

| Quarterly outcome | Q1 | Q2 | Q3 | Q4 | Whole year |
|--------------------------|------|------|------|------|------------|
| Rental income, SEK m | | | | | |
| 2000 | 204 | 204 | | | |
| 1999 | 196 | 193 | 201 | 204 | 794 |
| 1998 | 127 | 127 | 125 | 168 | 547 |
| Management profit, SEK m | | | | | |
| 2000 | 23 | 37 | | | |
| 1999 | 14 | 33 | 45 | 23 | 115 |
| 1998 | 8 | 20 | 19 | 11 | 58 |
| Gross margin, % | | | | | |
| 2000 | 11.3 | 18.1 | | | |
| 1999 | 7.1 | 17.1 | 22.4 | 11.3 | 14.5 |
| 1998 | 6.3 | 15.7 | 15.2 | 6.5 | 10.6 |

| | | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Diagram: management profit, rolling 12-month basis | Q1 '98 | Q2 '98 | Q3 '98 | Q4 '98 | Q1 '99 | Q2 '99 | Q3 '99 | Q4 '99 | Q1 '00 | Q2 '00 |
| Bars: quarterly figures | 8 | 20 | 19 | 11 | 14 | 33 | 45 | 23 | 23 | 37 |
| Graph line, rolling 12-month basis | - | - | - | 58 | 64 | 77 | 103 | 115 | 124 | 128 |

| Comparison between first six months of 1999 and 2000 | Rental income, SEK m | Trading profit, SEK m | Surplus ratio, % |
|---|----------------------|-----------------------|------------------|
| Profit and loss account, first 6 mths 1999 | 389 | 187 | 48 |
| Increment for properties acquired | +78 | +39 | 50 |
| Deduction for properties sold | - 67 | - 27 | 40 |
| <i>Total change in volume</i> | <i>11</i> | <i>12</i> | - |
| Change in unchanged property stock | 8 | -2 | - |
| Profit and loss account, first 6 mths 2000 | 408 | 197 | 49 |

Pre-tax profit, which includes such items affecting comparability as profits from property sales, interest grants, quotation expense and depreciation, amounted to SEK 91m (90m). The profit improvement of SEK 1m compared with the corresponding period in the previous year was the outcome of a rise of SEK 13m in profit in current operations, a fall of SEK 7m in profit from property sales and a decrease of SEK 5m in interest grants.

Profit after estimated tax amounted to SEK 66m (64m), representing earnings per share of SEK 3.20 (3.12), based on the average number of shares during the period.

Further concentration

At 30 June, the group has properties with a book value of SEK 5,571m, against SEK 5,433m at 31 December 1999. Since 30 June 1999, property volume has risen by SEK 537m or 10.7 per cent.

During the first half of 2000, a total of 49 properties with a book value of SEK 193m were sold, while six properties were acquired for SEK 326m. The acquisitions comprised four housing properties containing 590 flats in Åkersberga, Greater Stockholm; a complementary housing property containing 62 flats in the Gothenburg suburb of Partille; and an undeveloped site in Borås. The intention is to build 50 student flats on the latter, and Mandamus expects to complete this project at the end of this year. Investments in existing property stock during the period amounted to SEK 29m (56m).

At 30 June the group owned a total of 347 properties, 45 fewer than at year-end. This year, with Mandamus' property sales, the group has left an additional seven municipalities. At the end of the second quarter, it owned properties in 45 municipalities. At 30 June, 90 per cent of the property stock -- two percentage points higher than at year-end -- was located in the group's selected areas. The proportion of residential properties at the same date was 82 per cent, against 81 per cent at year-end.

| Change in property holdings | Book value, SEK m | Number | Rentable area, '000 m ² |
|------------------------------------|-------------------|--------|------------------------------------|
| At 31 December 1999 | 5,433 | 392 | 1,260 |
| Properties sold | -193 | -49 | -77 |
| Remaining stock | 5,240 | 343 | 1,183 |
| Properties acquired | 326 | 6 | 47 |
| Investments/property regulation | 29 | -2 | - |
| Depreciation | -24 | - | - |
| At 30 June 2000 | 5,571 | 347 | 1,230 |

Financial position

During the first half of 2000, the group's interest-bearing liabilities increased by SEK 314m to SEK 3,861m (3,437m). Of these liabilities, SEK 14m (338m) were loans in foreign currencies. The average fixed-interest

term was 1.9 (2.4) years, and average interest was 5.61 per cent (5.60). Net debt at 30 June 2000 totalled SEK 3,827m (3,391m), SEK 307m higher than at year-end. At 30 June, the group had SEK 361m in confirmed unutilised credit pledges.

| Loan structure, fixed-interest terms until years | Total loans, SEK m | Average interest, % | Percentage of total |
|---|---------------------------|----------------------------|----------------------------|
| 2000 | 1,403 | 4.68 | 36 |
| 2001 | 660 | 6.15 | 17 |
| 2002 | 486 | 6.40 | 13 |
| 2003 | 869 | 6.11 | 23 |
| 2004 | 91 | 5.50 | 2 |
| 2005 | 274 | 6.06 | 7 |
| 2006- | 78 | 6.06 | 2 |
| Total | 3,861 | 5.61 | 100 |

The visible equity ratio at 30 June was 20.7 per cent, representing a decrease by 4.7 percentage points since year-end. During the period under review, shareholder's equity and the equity ratio were reduced by SEK 301m owing to the dividend payment of just over SEK 272m and also the buy-back of Mandamus' own shares for just under SEK 29m.

Parent company

The parent company's rental income amounted to SEK 274m (241m) and its pre-tax profit was SEK 115m (72m). Investments for the period amounted to SEK 344m (408m), of which SEK 326m (373m) related to property acquisitions. The parent company's net debt at 30 June amounted to SEK 2,459m (2,018m).

In line with the annual general meeting's decision in April, buy-back of the company's own shares was commenced during June. Altogether, 624,400 shares -- corresponding to 3.04% of all shares issued -- were bought back at an average price of SEK 45.24 each. This reduced the number of remaining shares on the market to 19,917,562 at 30 June 2000.

For the purpose of further concentrating and rationalising operations, a merger with most of the parent company's Swedish subsidiaries, including Mandamus Förstaden AB, has been initiated. A final decision on the merger is expected to be announced at year-end.

Forecast

In the light of profit for the first six months, pre-tax profit for the year is expected to total some SEK 155m. This forecast corresponds to earnings per share of SEK 5.52 (9.80) after tax. This profit forecast exceeds the last forecast made by SEK 10m, and the figure may be adjusted as a result of disposal profits from further property sales during the year.

Stockholm, 10 August 2000

Anders Johansson
Managing Director

| GROUP PROFIT AND LOSS ACCOUNT | 2000 | 1999 | 1999 |
|--------------------------------------|---------------|---------------|-------------------|
| Figures in SEK m | 6 mths | 6 mths | whole year |
| Rental income | 408 | 389 | 794 |
| <i>Property expense</i> | | | |
| Operating costs | -151 | -143 | -276 |
| Repairs and maintenance | -40 | -38 | -78 |
| Ground rent | -3 | -3 | -6 |
| Property tax | -17 | -18 | -36 |
| <i>Total property expense</i> | -211 | -202 | -396 |
| Trading profit | 197 | 187 | 398 |
| Depreciation on properties | -24 | -23 | -47 |
| Gross profit | 173 | 164 | 351 |
| Central administrative expense | -10 | -18 | -34 |
| Profit from property sales | 27 | 34 | 166 |
| Quotation expense etc | - | - | -4 |
| Write-down on property | - | - | -7 |
| Operating profit | 190 | 180 | 472 |
| Interest contribution | 4 | 9 | 18 |
| Financial income | 1 | 1 | 2 |
| Financial expense | -104 | -100 | -204 |
| Net interest income/expense | -99 | -90 | -184 |
| Pre-tax profit | 91 | 90 | 288 |
| Tax expense | -25 | -26 | -87 |
| Net profit for the period | 66 | 64 | 201 |

| GROUP BALANCE SHEET | 2000 | 1999 | 1999 |
|---|----------------|----------------|--------------------|
| Figures in SEK m | 30 June | 30 June | 31 December |
| Assets | | | |
| Properties | 5,571 | 5,034 | 5,433 |
| Other tangible fixed assets | 9 | 10 | 9 |
| Financial fixed assets | 4 | 13 | 16 |
| Other current assets | 73 | 33 | 87 |
| Liquid funds | 30 | 33 | 11 |
| Total assets | 5,687 | 5,123 | 5,556 |
| Shareholders' equity and liabilities | | | |
| Total shareholders' equity | 1,179 | 1,280 | 1,414 |
| Minority shareholding | 0 | 0 | 0 |
| Provisions | 137 | 66 | 137 |
| Interest-bearing liabilities | 3,861 | 3,437 | 3,547 |
| Non-interest-bearing liabilities | 510 | 340 | 458 |
| Total shareholders' equity and liabilities | 5,687 | 5,123 | 5,556 |

| GROUP CASH-FLOW STATEMENT | 2000 | 1999 | 1999 |
|---|---------------|---------------|-------------------|
| Figures in SEK m | 6 mths | 6 mths | whole year |
| Cash flow before change in working capital | 63 | 53 | 126 |
| Quotation expense etc | - | - | -4 |
| Change in working capital | 66 | 135 | 189 |
| Cash flow from operations | 129 | 188 | 311 |
| Current investments | -29 | -58 | -105 |
| Property acquisitions | -326 | -389 | -1,291 |
| Property sales | 220 | 320 | 974 |
| Provisions made | - | - | 48 |
| Cash flow from investments | -135 | -127 | -374 |
| Dividend to shareholders | -272 | -46 | -46 |
| Buy-back of Mandamus shares | -29 | - | - |
| Cash flow from/to shareholders | -301 | -46 | -46 |
| Opening net debt | -3,520 | -3,433 | -3,433 |
| Total cash flow | -307 | 15 | -109 |
| Exchange-rate effect on debts in foreign currency | 0 | 27 | 22 |
| Closing net debt | -3,827 | -3,391 | -3,520 |

| Property stock by region | Rentable area, '000 m ² | Rental income, SEK m | Economic letting ratio, % | Book value, SEK m |
|---------------------------------|---------------------------------------|-------------------------|------------------------------|----------------------|
| Skåne | 233 | 86 | 96.7 | 1,006 |
| Småland/Halland | 206 | 68 | 96.8 | 837 |
| Väst | 308 | 100 | 96.1 | 1,429 |
| Öst | 477 | 153 | 97.3 | 2,291 |
| Sweden, total | 1,224 | 407 | 96.7 | 5,563 |
| Abroad | 6 | 1 | 66.0 | 8 |
| Total | 1,230 | 408 | 96.7 | 5,571 |
| Of which in selected areas, % | 89 | 88 | 97 | 90 |
| Of which housing property, % | 76 | 80 | 98 | 82 |

| KEY FIGURES | 2000 | 1999 | 1999 |
|---|----------------------------|----------------------------|------------------------------------|
| | 6 mths/ 30 June | 6 mths/ 30 June | whole year/ 31 December |
| Book value of properties, SEK m | 5,571 | 5,034 | 5,433 |
| Economic letting ratio, % | 96.7 | 94.6 | 95.5 |
| Spatial letting ratio, % | 96.1 | 93.8 | 95.8 |
| Surplus ratio (rolling 12-month basis), % | 50.2 | 46.8 | 50.1 |
| Gross margin (rolling 12-month basis), % | 15.7 | 11.3 | 14.5 |
| Equity ratio, % | 20.7 | 25.0 | 25.4 |
| Debt/equity ratio, times | 3.3 | 2.7 | 2.5 |
| Pledge ratio, % | 69 | 68 | 65 |
| Interest-coverage ratio, times | 1.6 | 1.6 | 1.6 |
| Average interest on loans, % | 5.61 | 5.60 | 5.43 |
| Book value of properties per m ² , SEK | 4,529 | 4,140 | 4,311 |

Definitions

Gross margin: management profit in relation to rental income.

Economic letting ratio: rental income and losses in relation to rental value.

Pledge ratio: interest-bearing liabilities in relation to the properties' book value.

Management profit: pre-tax profit excluding items affecting comparability, such as profit from property sales, write-downs, quotation expense and interest contribution.

Cash flow: cash flow before change in working capital.

Net debt: interest-bearing liabilities less long-term claims and liquid funds.

Interest-coverage ratio: profit after financial items, excluding items affecting comparability and financial expense, in relation to financial expense.

Surplus ratio: trading profit in relation to total rental income.

Residential Enhancement

With its roughly 13,000 rental apartments in Southern and Central Sweden, Mandamus is one of the major players on the housing market. As part of Mandamus' management philosophy, the *Residential Enhancement* service concept has been developed. This programme imparts a new dimension to the notion of living in a rented apartment.

Residential Enhancement is based on thorough customer surveys of tenants' needs and wishes for various products and services. On the basis of these studies, Mandamus has refined its services, creating extra value and increasing the tenants' influence over their own residential situation.

Thanks to its size, Mandamus has been able to establish a network of strategic business partners that can offer the tenants high-quality services and products that represent good value for money.

"Mandamus aims to raise the status of tenancy and add value to the tenant's situation. The content of *Residential Enhancement* is, as such, nothing new. The important aspect is the comprehensive packaging. The aim is to make it easy for our tenants to save both time and money," comments Mandamus' MD Anders Johansson.

'We expect the introduction of *Residential Enhancement* to result in fewer vacancies, as well as a lower tenant turnover.'

Value-for-money electricity from Birka Energi

Birka Energi is one of the largest electricity producers in Sweden. Mandamus has concluded a co-operation agreement with this company whereby Mandamus' tenants can now take out electricity subscriptions on highly advantageous conditions.

All the tenants may choose for themselves -- by means of simple routines -- between ordinary electricity and a supply with an 'ecofriendly' label. The tenants no longer have to familiarise themselves with a market that is difficult to survey. By subscribing to the fixed-price pricing system offered by Birka Energi, customers are assured of a low electricity price without fixed additional charges and with supplementary product offers. The fixed-price system can be a simple way of strengthening household finances.

The co-operation between Mandamus, Birka and Telia also has a more far-reaching dimension. They share a vision of creating the "intelligent" apartment building. Pilot projects involving individual heating regulation for flats will be conducted. The overriding purpose is, of course, to make energy use more efficient and contribute to a better environment.

Share diagram for the period from 15 June 1998 to 31 July 2000

| KEY FIGURES PER SHARE | 2000 6 mths/ 30 June | 1999 6 mths/ 30 June | 1999 whole year/ 31 December |
|---|----------------------------|----------------------------|------------------------------------|
| Closing share price, SEK | 51.00 | 45.00 | 53.00 |
| Shareholders' equity, SEK | 59.19 | 62.31 | 68.83 |
| Earnings per share after tax, SEK | 3.20 | 3.12 | 9.80 |
| P/E ratio (rolling 12-month basis) | 5.2 | 8.3 | 5.4 |
| Share price in relation to visible equity, % | 86 | 72 | 77 |
| Closing number of shares ('000) | 19,918 | 20,542 | 20 542 |
| Average number of shares during the period ('000) | 20,486 | 20,542 | 20,542 |
| Holdings of bought-back shares ('000) | 624 | - | - |
| Closing market value, SEK m | 1,016 | 924 | 1,089 |

| Shareholders at 30 June 2000 | Proportion of votes and capital, % |
|------------------------------|--|
| LRF-gruppen | 17.4 |
| Nordico fonder | 10.3 |
| Skandia | 5.0 |
| SPP | 4.2 |
| KPA Fond & Finans | 4.1 |
| Fjärde AP-fonden | 3.2 |
| Independent savings banks | 3.0 |
| Volvo foundations | 2.6 |
| Savings-bank foundations | 1.8 |
| Mikael Lönn | 1.0 |
| Total (10 owners) | 52.6 |
| Registered abroad | 5.7 |
| Other shareholders | 41.7 |
| Sum total | 100.0 |

Financial information

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|---|-----------------|
| Interim accounts for January-September | 23 October 2000 |
| Summarised financial statements for the 2000 financial year | 8 February 2001 |
| Annual general meeting, 2001 | 26 April 2001 |

Please address any queries concerning this interim report to Mandamus' Managing Director Anders Johansson or Financial Director Bengt Evaldsson, +46 8 556 130 00.

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