

# Lundbergs

## Year-End Report 2000

- Profit after full tax amounted to SEK 806.0 m. (1,659.6), which corresponds to SEK 11.36 (21.87) per share. The decrease in profit was due to higher extraordinary dividends, as well as sales of properties during 1999.
- On December 31, 2000, estimated net asset value per share was SEK 239 (225) and SEK 205 (196) after deferred tax. The corresponding values on February 16, 2000 were SEK 238 and SEK 204, respectively.
- An increase in the dividend to SEK 5.25 (4.75) per share is proposed.
- The Board of Directors requests renewed authorization to repurchase Company shares.

**L E Lundbergföretagen AB (publ)**

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Company registration number: 556056-8817

Registered Head Office: Stockholm

## SALES AND PROFIT

The Group's net sales amounted to SEK 1,378.3 m. (2,435.4). Profit after financial items amounted to SEK 857.8 m. (1,876.0). Profit after full tax was SEK 806.0 m. (1,659.6), which corresponds to SEK 11.36 (21.87) per share. The main reason for the decrease in net sales and profit is that the figures for 1999 include higher extraordinary dividends, as well as sales of properties.

## REAL ESTATE

Operating profit for Lundbergs' Real Estate business area amounted to SEK 276.6 m. (711.4). Adjusted for capital gains, the operating net from sold properties, other net sales and nonrecurring items during 1999, profit rose by 5.5%.

The rental market continued to improve during 2000, which resulted in a further reduction in vacancy rates for both housing and commercial premises compared with the preceding year.

Total rental revenues declined to SEK 737.3 m. (764.8), due to sales of properties during 1999. Housing accounted for 50.6% and commercial premises, etc. for 49.4% of total rental revenues.

The average vacancy rate for the entire portfolio during the year corresponded to 3.9% (5.0) of rental revenues. The vacancy rate for housing was 1.8% (3.5), while the vacancy rate for commercial premises was 5.8% (6.5). The overall vacancy rate in February 2001 was 2.7%, which comprised a vacancy rate of 1.2% for housing and of 4.1% for commercial premises.

In total, properties were sold for SEK 24.5 m. (941.8), generating pretax capital gains of SEK 3.9 m. (425.2). The Group's completed properties accounted for SEK 0.6 m. (409.5) and properties held for future development for SEK 3.3 m. (15.7) of total gains on property sales.

Adjustments of the value of completed properties, based on independent property valuations, had a negative effect of SEK 3.9 m. (positive: 2.5) on profit.

Property costs decreased to SEK 433.6 m. (453.0). The decrease was due to the sale of properties, as well as SEK 9.3 m. for the write-off of project costs incurred during 1999. Property costs include SEK 194.5 m. (197.8) for maintenance and tenant-oriented property improvement costs.

Net investments in wholly and partly owned properties during the year amounted to SEK 59.2 m. (44.8).

The tax assessment value of all completed properties and properties held for future development was SEK 4,168.9 m. (3,864.3).

The Group's completed properties (excluding sold properties), which have a book value of SEK 2,680.9 m. (2,608.2), generated an annualized yield (operating net in relation to book value) of 13.0% (13.4). The book value of properties held for future development was SEK 153.9 m. (154.8).

SEK m.	Floor space thousand m <sup>2</sup>	Rental revenues	Operating net	Book value, Dec 31, 2000	Operating net as a % of book value (annualized)
Completed properties	1,006	732	347	2,681	13.0
Properties held for future development	11	4	2	154	
Properties sold during the year		1	0		
<b>TOTAL</b>	<b>1,017</b>	<b>737</b>	<b>349</b>	<b>2,835</b>	

Lundbergs' Real Estate's income statement, with profit adjusted for capital gains, the operating net from sold properties and nonrecurring items, is presented below:

SEK m.	January – December	
	2000	1999
Net sales	736.4 <sup>1</sup>	715.1 <sup>1</sup>
Operating costs	-156.4 <sup>1</sup>	-150.6 <sup>1,2</sup>
Property tax	-37.3 <sup>1</sup>	-40.4 <sup>1,2</sup>
Costs for maintenance and tenant-oriented improvements	-193.9 <sup>1</sup>	-183.2 <sup>1</sup>
<b>Operating net</b>	<b>348.8</b>	340.9
Direct sales and administrative costs	-40.9	-44.5
Depreciation	-3.7	-4.5
<b>Gross profit, Real Estate</b>	<b>304.2</b>	291.9
Central administrative costs, etc.	-24.8	-27.1
<b>Operating profit, Real Estate (adjusted)</b>	<b>279.4</b>	264.8

<sup>1)</sup> The impact of sold properties has been eliminated. <sup>2)</sup> Adjustments have been made for nonrecurring items.

## INVEST

Lundbergs Invest reported operating profit of SEK 626.6 m. (1,235.3). The decrease in operating profit was due to the higher extraordinary dividends received from listed companies during 1999.

Invest's net sales of SEK 643.3 m. (1,243.9) include dividends of SEK 505.6 m. (1,175.7) from major shareholdings in listed companies. An extraordinary dividend from NCC accounted for SEK 97.7 m. of the total. The remaining SEK 137.7 m. of net sales was attributable to the sale of Vasaterminalen shares (89.2), sales of securities in asset management operations (35.1) and dividends from other listed companies (13.4). Net sales in 1999 included extra dividends of SEK 711.9 m. from Holmen and of SEK 39.1 m. from NCC.

The subsidiary, L E Lundberg Kapitalförvaltning, whose results are reported in Lundbergs Invest, reported operating profit of SEK 15.0 m. (26.6) and profit after financial items of SEK 14.6 m. (23.8). On December 31, 2000, exposure to shares and interest-bearing paper amounted to approximately SEK 28 m. (115).

## MAJOR SHAREHOLDINGS IN PUBLICLY TRADED COMPANIES

During 2000, additional Cardo, Holmen and Hufvudstaden shares were acquired in a total amount of SEK 1,074 m. Lundbergs' share of the voting rights in Holmen increased to 51.4%, due mainly to Holmen's repurchases of its own shares during the autumn. This resulted in a Group relationship between L E Lundbergföretagen and Holmen as of the fourth quarter of 2000. The Group's proportion of NCC's voting rights was also affected by share repurchases.

The tables below show the voting rights, percentage shareholding, book value and market value of the Group's holdings in publicly traded companies.

%	February 16, 2001		December 31, 2000		December 31, 1999	
	Voting rights	Share-holding	Voting rights	Share-holding	Voting rights	Share-holding
Cardo	33.5	33.5	33.5	33.5	31.5	31.5
Holmen	52.0	27.2	51.4	27.0	49.5	22.9
Hufvudstaden	87.4	44.1	87.2	43.1	86.1	37.9
NCC	16.6	12.9	16.5	12.9	16.3	12.9

SEK m.	February 16, 2001		December 31, 2000		December 31, 1999	
	Book value	Market value	Book value	Market value	Book value	Market value
Cardo	1,890	1,730	1,890	1,539	1,795	1,603
Holmen	2,547	5,971	2,503	6,263	2,181	6,246
Hufvudstaden	2,825	2,908	2,761	2,827	2,104	1,914
NCC	1,076	984	1,076	974	1,076	1,382
<b>TOTAL</b>	<b>8,338</b>	<b>11,593</b>	<b>8,230</b>	<b>11,603</b>	<b>7,156</b>	<b>11,145</b>

## PORTFOLIO INVESTMENTS

In addition to the major shareholdings in publicly traded companies, the Group had holdings of publicly traded shares with a book value on December 31, 2000 of SEK 250.1 m. (304.2) and a market value of SEK 224.3 m. (348.6). On February 16, 2001, the book and market values were SEK 244.7 m. and SEK 246.6 m., respectively.

## LUNDBERGS' SHARE OF SPP'S SURPLUS FUNDS

It has been decided that Lundbergs' allocated share of SPP's surplus funds will be used to amortize Lundbergs' liabilities to the Pension Registration Institute (PRI) at the beginning of 2001. Accordingly, the entire allocation of SEK 33 m. was credited to income during 2000 at nominal value.

## FINANCIAL ITEMS

Financial items amounted to an expense of SEK 65.3 m. (expense: 61.3), of which net interest items accounted for an expense of SEK 69.9 m. (expense: 45.3).

## FINANCIAL POSITION

Liquid assets (excluding credit facilities) and interest-bearing short-term investments decreased to SEK 8.3 m. (386.9). Interest-bearing liabilities totaled SEK 2,539.4 m. (1,067.2). The average period of fixed interest was approximately two months and the average interest rate was 4.4%.

The Group's net indebtedness rose to approximately SEK 2,500 m. (650). The increase was due to repurchases of Company shares and investments in the major shareholdings in listed companies. The debt/equity ratio was 0.29 (0.07). The Group's reported shareholders' equity on December 31, 2000 was approximately SEK 8,550 m. (9,400). The equity/assets ratio declined to 74% (84).

## NET ASSET VALUE

On December 31, 2000, estimated net asset value per share was SEK 239 (225). After a deduction for deferred tax, net asset value per share was SEK 205 (196). Reported shareholders' equity accounted for SEK 130 (124) of net asset value per share.

On February 16, 2001, estimated net asset value per share was SEK 238, and SEK 204 after deferred tax.

	December 31, 2000		December 31, 1999	
	SEK m.	SEK/share	SEK m.	SEK/share
Real Estate	6,692	102	6,383	84
Invest				
Cardo	1,539	24	1,603	21
Holmen	6,263	96	6,246	82
Hufvudstaden	2,827	43	1,914	25
NCC	974	15	1,382	18
Vasaterminalen			447	6
Other publicly traded shares	224	3	349	5
Other assets/liabilities, net	-2,872	-44	-1,212	-16
NET ASSET VALUE BEFORE DEFERRED TAX	15,647	239	17,112	225
NET ASSET VALUE AFTER DEFERRED TAX	13,380	205	14,874	196
Market value	9,287	142	8,726	115
Price/NAV, %		69		59

Net asset value is calculated as follows: Publicly traded shares are included at current market price. Vasaterminalen at December 31, 1999 is included at the sales price received from the purchaser. The Group's completed properties are included at estimated market value on December 31, 2000, in accordance with independent and internal valuations. Other assets and liabilities are included at book value on December 31, 1999 and December 31, 2000.

## REPURCHASE OF OWN SHARES

An Extraordinary General Meeting on August 9, 2000 authorized the Board to repurchase additional shares in Lundbergs up to a maximum of 10% of the total number of the Company, corresponding to 6,829,000 shares, during the period up to the next Annual General Meeting in March 2001. As of February 20, 2001, 2,888,800 of these shares had been repurchased for SEK 390.9 m., or an average of SEK 135.06 per share. The repurchased shares correspond to 4.2% of the share capital and 1.0% of the voting rights.

As a result of the repurchases during 2000, shareholders' equity was reduced by SEK 1,300.3 m. The average number of shares outstanding during 2000 was 70,971,321. The number of shares outstanding on February 20, 2001, was 65,403,583.

The Board has decided to propose that the Annual General Meeting on March 28, 2001 renew the Board's authorization to repurchase Company shares during the period up to the following Annual General Meeting. The purchases are to be made on the OM Stockholm Exchange and be subject to the limit that Lundbergs' holding may not exceed 10% of the total number of Company shares at any point in time. The reason for the repurchases is to increase the Board's freedom of action in efforts to generate shareholder value.

## PARENT COMPANY

L E Lundbergföretagen AB (publ) reported net sales of SEK 469.9 m. (1,230.3) and profit of SEK 503.8 m. (1,321.7) after taxes. In net terms, the receipt of extra dividends and intra-Group transfers of properties had a favorable impact on Parent company profit during 1999.

## DIVIDEND

The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 5.25 (4.75) per share. The total dividend payment will be SEK 343.4 m. (360.4).

## SIGNIFICANT EVENTS DURING 2001

The Board of Directors of Holmen have proposed that the company's Annual General Meeting during spring 2001 distribute an extra dividend of SEK 60 per share, or a total of SEK 4,800 m., to shareholders. Lundbergs' share would total SEK 1,300 m.

Due to the high turnover in the Company's shares during the second half of 2000, Series B shares in L E Lundbergföretagen have been traded on the OM Stockholm Exchange's Attract 40 List since January 1, 2001.

During January 2001, Standard & Poor's granted Lundbergs a high short-term and long-term corporate credit rating. The long-term rating is A with a stable outlook and the short-term ratings are A-1 and K-1. This facilitates less expensive borrowing and more effective access to money and bond markets.

During January 2001, the wholly owned subsidiary Fastighets AB L E Lundberg (publ), with a surety from the Parent company, signed an agreement regarding the issue of commercial paper in the Swedish money market in a total nominal amount of not more than SEK 2,000,000,000, or the equivalent value in EUR.

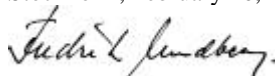
## ANNUAL REPORT

The Annual report will be distributed to shareholders during the week commencing March 5, 2001 and be available at the Company's offices in Stockholm and Norrköping as of the same date.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the World Trade Center, Stockholm, at 4 p.m. on March 28, 2001.

Stockholm, February 20, 2001



FREDRIK LUNDBERG  
President

### FORTHCOMING FINANCIAL INFORMATION

Annual report, with complete consolidation of subsidiaries and associated companies during January - December 2000		week commencing March 5, 2001
Interim report, January - March 2001		May 14, 2001
Interim report, January - June 2001		August 22, 2001
Interim report, January - September 2001		November 13, 2001

**CONSOLIDATED INCOME STATEMENT**

SEK m.	2000	1999
<b>REAL ESTATE</b>		
Net sales		
Rental revenues, etc.	737.3	764.8
Sales of properties	3.9	425.2
Other net sales	-6.2	1.5
	<b>735.0</b>	1,191.5
Property costs		
Operating expenses	-157.2	-165.1
Property tax	-37.3	-41.1
Maintenance and tenant-oriented property improvements	-194.5	-197.8
Direct sales and administrative costs	-40.9	-44.5
Depreciation	-3.7	-4.5
	<b>-433.6</b>	-453.0
Central administrative costs, etc.	<b>-24.8</b>	-27.1
<b>OPERATING PROFIT, REAL ESTATE</b>	<b>276.6</b>	711.4
<b>INVEST</b>		
Net sales	643.3	1,243.9
Operating expenses	-16.7	-8.6
<b>OPERATING PROFIT, INVEST</b>	<b>626.6</b>	1,235.3
Central administrative costs, etc.	-7.8	-9.4
Items affecting comparability	<b>27.7</b>	
<b>OPERATING PROFIT</b>	<b>923.1</b>	1,937.3
Financial items	<b>-65.3</b>	-61.3
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>857.8</b>	1,876.0
Taxes	-51.8	-216.4
Minority share	<b>-0.0</b>	-0.0
<b>NET PROFIT FOR THE YEAR</b>	<b>806.0</b>	1,659.6

**CONSOLIDATED CASH FLOW STATEMENT**

SEK m.	2000	1999
Cash flow from operations	618.7	1,376.7
Cash flow from investment activities	-2,032.8	-957.0
Cash flow from financing activities	1,310.5	-391.6
Change in cash and bank balances	<b>-103.6</b>	28.1
Cash and bank balances, January 1	111.9	83.8
Cash and bank balances, December 31	<b>8.3</b>	111.9

**CONSOLIDATED BALANCE SHEET**

SEK m.	December 31, 2000	December 31, 1999
<b>ASSETS</b>		
Fixed assets		
Tangible fixed assets	13.0	14.1
Financial fixed assets	8,576.2	7,833.5
	<b>8,589.2</b>	7,847.6
Current assets		
Properties classified as current assets	2,834.8	2,775.7
Other current assets	120.2	533.7
	<b>2,955.0</b>	3,309.4
<b>TOTAL ASSETS</b>	<b>11,544.2</b>	11,157.0
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity	8,525.3	9,379.9
Minority interest	0.4	0.4
Provisions	229.0	258.9
Long-term liabilities	2,062.0	691.3
Current liabilities	727.5	826.5
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>11,544.2</b>	11,157.0

**KEY FIGURES**

	December 31, 2000	December 31, 1999
Earnings per share after full tax, SEK	11.36	21.87
Reported shareholders' equity per share, SEK	130	124
Debt/equity ratio, multiple	0.29	0.07
Equity/assets ratio, %	74	84
Number of shares outstanding	65,403,583	75,880,383

For definitions and principles used for the preparation of the consolidated financial statements, reference is made to the 1999 Annual report.