

Interim Report, 1 January – 30 June 2002

- **Management profit amounted to SEK 73m (55m), the highest figure ever for the first half-year. The figure for the second quarter, also the best ever, is SEK 46m (37m).**
- **Pre-tax profit, which totalled SEK 72m (93m), included a loss of SEK –1m (+33m) from property sales.**
- **During the first half-year, five residential properties were acquired: three in Malmö, with a total of 164 flats, and two in Värnamo containing 46 flats.**
- **In July, an office building in southern Greater Stockholm was sold for SEK 37m, at a sale profit of just under SEK 4m.**
- **Pre-tax profit for the year is expected to amount to at least SEK 160m.**

OPERATIONS

Rent and profit trends

Rental income totalled SEK 451m (425m), just over 6 per cent higher than in the previous year. This increase mainly reflects additional rental income from properties acquired over the past 12 months. The average economic letting ratio for the period was 98 per cent, 0.1 percentage point higher than at year-end and 0.3 percentage point higher than in the corresponding period in 2001. Vacancies in the stock are mainly in commercial premises, while the vacancy ratio for housing was only 0.8 per cent at 30 June. This indicates a persistent massive demand for homes in Mandamus' market areas.

After deduction of property costs, net operating income (NOI) of SEK 217m (207m) remained, entailing a surplus ratio of 48.1 (48.7) per cent. Lower heating costs than in a normal year contributed to this NOI improvement. Depreciation on properties amounted to SEK 26m and central administrative expense to SEK 9m (8m). During the period, just under SEK 2m (0) in management remuneration was received from the associated company Mandamus Förvaltning i Haninge AB.

Income from associated companies

Income from Mandamus' associated company in Haninge totalled just under SEK 12m (3m). This income comprises just under SEK 2m (0) in management remuneration, plus SEK 10m (0) in shareholder loans and the company's share of profit in the associated company for the period. The six-month interim profit for 2001 also included a non-recurring payment of SEK 3m for formation of the consortium. The profit trend of the associated company, which has a market profile as a member of the Mandamus group, exceeded expectations for the first half-year.

Management profit

Interest expense amounted to SEK 122m (119m). This rise of SEK 3m is due mainly to an increase in borrowing to finance Mandamus' own property acquisitions and participation in consortium acquisitions. Financial income totalled SEK 1m (1m).

Management profit for the period, i.e. profit before items affecting comparability such as sale profit, interest contributions and profit of a non-recurring nature, totalled SEK 73m (55m). The figure for the second quarter was SEK 46m (37m) and is, like the six-month figure, the highest ever for the corresponding period of the year. For the past 12-month period (on a rolling 12-month basis), management profit amounted to SEK 166m, which is SEK 18m higher than the corresponding figure for 2001.

The loss from property sales during the period amounted to SEK –1m (+33m), of which SEK –3m (14m) relates to second-quarter profit from property sales. Altogether, nine properties with a total rentable area of 11,600 m², including 8,000 m² of commercial premises, were sold during the first half of the year. With these disposals, Mandamus has left another four areas: Enköping, Falkenberg, Gävle and Landskrona.

Pre-tax profit, which includes such items affecting comparability as sale profit, interest contributions and profits of a non-recurring nature, amounted to SEK 72m (93m). This deterioration compared with 2001 is due entirely to profit from property sales being lower than during the corresponding period in the previous year.

Profit after estimated tax amounted to SEK 52m (67m), corresponding to earnings per share of SEK 2.55 (3.36). Cash flow per share totalled SEK 3.87 (3.01).

Further marked focus of property stock on residential properties in growth areas

At 30 June 2002, the group owned properties with a book value of SEK 5,838m (5,709m). The rise of SEK 129m since the previous year was due primarily to property acquisitions in Malmö and Värnamo during the period under review.

During the first half-year, five residential properties and the site for a site-leasehold property owned previously were acquired for a total of SEK 135m. Also during the first half of the year, nine properties with a book value of SEK 41m were sold. The number of properties owned was, moreover, reduced through property regulation involving amalgamation of 26 properties. At 30 June, the number of properties owned was 278. Investments in the existing property stock for the period amounted to SEK 50m (23m), of which SEK 23m relates to major conversion and extension projects in residential properties in Malmö, Borås and Trollhättan.

Since Mandamus' admission to the stock exchange four years ago, the book value of the property stock has virtually doubled. This has occurred simultaneously with the restructuring of the property stock and its concentration in growth areas. The share of properties in growth areas was 32 per cent of book value at the time of quotation; by 30 June 2002 this figure had risen to 70 per cent. During the same period, the proportion of managed flats in growth areas, i.e. including the management assignment in Haninge, rose to 80 per cent of the total number of flats managed.

Change in property holdings	Book value, SEK m	No.	Rentable area, '000 m ²
At 15 June 1998	2,957	547	919
Properties sold	–1,770	–405	–558
Remaining stock	1,187	142	361
Properties acquired	4,487	177	867
Investments/property regulation	372	–41	–
Depreciation/write-downs	–211	–	–
Changes in exchange rates	3	–	–
At 30 June 2002	5,838	278	1,228

Financial position

At 30 June 2002, the company had interest-bearing liabilities of SEK 4,344m (4,292m). Of these liabilities, SEK 9m (9m) were in foreign currencies. The loan portfolio has an average fixed-interest term of 2.13 (2.16) years, and average interest was 5.77 (5.75) per cent. For SEK 550m of the group's loans, interest-ceiling agreements have been signed up to the level of 6 per cent. At present, an interest-rate change of 1 percentage point changes profit for the present year by just under SEK 4m.

Net debt at 30 June 2002 amounted to SEK 4,230m (4,180m). Since year-end, net debt had increased by SEK 138m, mainly owing to the new loans taken out to finance property acquisitions for the period. At 30 June, the group had confirmed unutilised credit pledges of SEK 183m (345m).

Loan structure, fixed-interest terms until (year)	Loans, SEK m	Average interest, %	% of loans
2002	1,326	5.45	31
2003	1,088	6.10	25
2004	537	5.75	12
2005	356	5.98	8
2006	487	5.44	11
2007	–		

2008–	550	6.06	13
Total	4,344	5.77	100

Group shareholders' equity amounted to SEK 1,350m at 30 June 2002, representing a rise of SEK 7m since year-end. Shareholders' equity increased by SEK 42m through sale of the company's own shares and SEK 52m in the form of profit for the period, while dividend paid reduced it by SEK 87m. The visible equity ratio at 30 June 2002 was 22.4 (21.4) per cent, and the adjusted equity ratio at the same date was 28.3 (26.4) per cent. To calculate the adjusted equity ratio, the external valuation carried out at year-end was used.

Parent company

The parent company's rental income during the first half of the year totalled SEK 449m (422m), and pre-tax profit amounted to SEK 72m (89m). Investments for the period totalled SEK 185m (500m), of which SEK 135m (477m) related to property acquisitions. The parent company's net debt at 30 June was SEK 4,214m (4,183m).

Events since 30 June

In July an office property in Huddinge, in southern Greater Stockholm, has been sold for SEK 37m. This represents a sale profit of just under SEK 4m.

Forecast

Given the trend for the first six months of 2002, the whole-year figure for management profit is expected to reach at least SEK 160m. In addition, there will be profits from property sales; to date, these amount to more than SEK 2m. This forecast corresponds to earnings per share of SEK 5.67 (7.38) after tax.

Stockholm, 25 July 2002

Anders Johansson
Managing Director

Profit and loss accounts

Figures in SEK m

	2002 April–June 3 mths	2001 April–June 3 mths	2002 Jan–June 6 mths	2001 Jan–June 6 mths	2001/02 July–June 12 mths	2001 Jan–Dec 12 mths
Rental income	227	221	451	425	893	867
Operating costs	–59	–54	–140	–128	–265	–251
Repairs and maintenance	–24	–22	–44	–38	–82	–76
Ground rent	–1	–2	–2	–3	–4	–6
Property tax	–8	–9	–15	–16	–24	–25
Property management	–17	–17	–33	–33	–65	–66
<i>Total property expense</i>	<i>–109</i>	<i>–104</i>	<i>–234</i>	<i>–218</i>	<i>–440</i>	<i>–424</i>
Net operating income	118	117	217	207	453	443
Depreciation on properties	–13	–13	–26	–26	–52	–52
Gross profit	105	104	191	181	401	391
Central administrative expense	–5	–4	–9	–8	–18	–17
Income from property assignments	1	0	2	0	4	2
Non-recurring income	–	3	–	3	2	5
Profit from property sales	–3	14	–1	33	–1	33
Operating profit	98	117	183	209	388	414
<i>Profit from associated companies</i>	<i>6</i>	<i>0</i>	<i>10</i>	<i>0</i>	<i>24</i>	<i>14</i>
Interest contributions	0	1	0	2	0	2
Financial income	1	1	1	1	1	1
Financial expense	–62	–64	–122	–119	–246	–243
<i>Net interest income/expense</i>	<i>–61</i>	<i>–62</i>	<i>–121</i>	<i>–116</i>	<i>–245</i>	<i>–240</i>
Pre-tax profit	43	55	72	93	167	188
Tax expense	–12	–15	–20	–26	–35	–41
Profit for the period	31	40	52	67	132	147

Profit-related key figures

Gross margin (%)	20.3	16.7	16.2	12.9	18.6	17.1
Surplus ratio (%)	52.0	52.9	48.1	48.7	50.7	51.1
Interest-coverage ratio (times)	1.74	1.64	1.60	1.50	1.68	1.64
Return on equity (%)	n.a.	n.a.	n.a.	n.a.	9.6	11.2
Return on total assets (%)	n.a.	n.a.	n.a.	n.a.	6.9	7.5
Management profit (SEK m)	46	37	73	55	166	148
Earnings per share after tax (SEK)	1.51	2.01	2.55	3.36	6.55	7.38
Cash flow per share (SEK)	2.24	1.96	3.87	3.01	9.28	8.43
P/E ratio per share (times)	n.a.	n.a.	n.a.	n.a.	11.1	9.3
Average number of shares ('000)	20,542	19,918	20,400	19,918	20,159	19,918

Cash-flow statements

Figures in SEK m

	2002 April–June 3 mths	2001 April–June 3 mths	2002 Jan–June 6 mths	2001 Jan–June 6 mths	2001/02 July–June 12 mths	2001 Jan–Dec 12 mån
Cash flow before change in working capital	46	39	79	60	187	168
Change in working capital	–109	–417	–23	24	–27	20
Cash flow from operations	–63	–378	56	84	160	188
Property acquisitions	–29	–11	–135	–477	–144	–486
Property sales	7	73	40	230	50	240
Acquisition of participations in associated companies	–2	–10	1	–10	–5	–16
Current investments	–35	–16	–50	–23	–88	–61
Provisions made	–2	–1	–5	–4	23	23
Cash flow from investments	–61	35	–149	–284	–164	–300
Dividend paid	–87	–80	–87	–80	–87	–79
Buy-back/sale of own shares	–	–	42	–	42	–
Cash flow from shareholders	–87	–80	–45	–80	–45	–79
Total cash flow	–211	–423	–138	–280	–49	–191
Opening net debt	–4,019	–3,757	–4,092	–3,900	–4,180	–3,900
Cash flow for the period	–211	–423	–138	–280	–49	–191
Exchange-rate effect	0	0	0	0	–1	–1
Closing net debt	–4,230	–4,180	–4,230	–4,180	–4,230	–4,092

Balance sheets

Figures in SEK m

	2002 30 June	2001 30 June	2001 31 Dec
Assets			
Properties	5,838	5,709	5,720
Other tangible fixed assets	8	9	8
Participations in associated companies	15	10	16
Other financial fixed assets	94	96	95
Other current assets	47	52	34
Liquid funds	20	16	16
Total assets	6,022	5,892	5,889
Shareholders' equity and liabilities			
Shareholders' equity	1,350	1,262	1,343
Provisions	169	147	174
Interest-bearing liabilities	4,344	4,292	4,203
Non-interest-bearing liabilities	159	191	169
Total, shareholders' equity and liabilities	6,022	5,892	5,889
Change in shareholders' equity			
Opening shareholders' equity	1,343	1,275	1,275
Dividend paid	–87	–80	–79
Company's own shares bought back/sold	42	–	–
Profit for the period	52	67	147
Closing shareholders' equity	1,350	1,262	1,343

Balance-related key figures

	2002 30 June	2001 30 June	2001 31 Dec
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Equity ratio (%)	22.4	21.4	22.8
Debt/equity ratio (times)	3.2	3.4	3.1
Property gearing (%)	74.4	75.2	73.5
Average interest on loans (%)	5.77	5.75	5.66
Share price at 30 June (SEK)	73.00	67.00	69.00
Equity per share (SEK)	65.72	63.36	67.43
Share price in relation to visible shareholders' equity (%)	111	106	102
No. of shares at 30 June ('000)	20,542	19,918	19,918
Holdings of bought-back shares ('000)	–	624	624
Market value at 30 June (SEK m)	1,500	1,335	1,417

Definitions

Cash flow: cash flow before change in working capital.

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

Gross margin: management profit in relation to rental income.

Interest-coverage ratio: pre-tax profit, excluding profit from property sales and financial expense, in relation to financial expense.

Management profit: pre-tax profit excluding items affecting comparability, such as profit from sales, write-downs, interest contributions and income of a non-recurring nature.

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

Property gearing: interest-bearing liabilities in relation to the properties' book value.

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

Shareholders at 30 June 2002	Stake of votes and capital, %
Akelius Insurance Funds	39.9
LRF Group	25.7
CF Funds	1.0
Independent savings banks	0.8
Wasa Property Fund	0.8
Bengt Norman	0.6
Skandia	0.5
Handelsbanken unit trusts	0.2
Swedish Municipal Workers' Union	0.2
Mandamus' company management	0.2
Total (10 owners)	69.9
Other foreign shareholders	3.9
Other Swedish shareholders	26.2
Total	100.0

Financial information

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Summarised Financial Statements for 2002 6 February 2002

Annual Report on 2002 March 2003

An overview of this interim report has been carried out by the company's auditors.

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