



## *Interim Report, 1 January – 30 September 2002*

- **Further improvement in management profit: for January–September the figure was SEK 131m (114m).**
- **Pre-tax profit totalled SEK 52m (61m) for the third quarter, including items affecting comparability of SEK –7m (2m).**
- **Pre-tax profit for January–September amounted to SEK 124m (154m), including profit from property sales totalling SEK –7m (33m).**
- **During the period under review, 20 properties were sold for SEK 114m and six were acquired for SEK 143m.**
- **Management profit for the whole year is expected to amount to some SEK 160m (148m).**

### **OPERATIONS**

#### **Rent and profit trends**

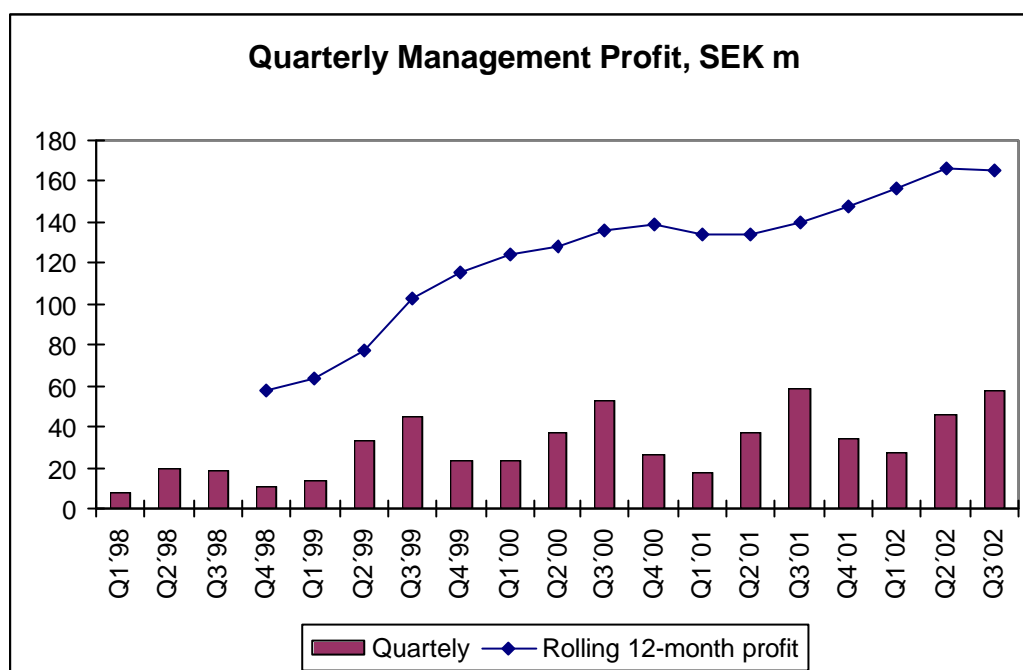
Rental income totalled SEK 679m (649m), just over 5 per cent higher than in the previous year. This rise in the annual figure mainly reflects additional rental income from properties acquired over the past 12 months. Rental income for the third quarter amounted to SEK 228m (221m). The average economic letting ratio for the period was 98.0 per cent, which is 0.2 percentage point higher than in the corresponding period in 2001. Vacancies in the property stock are mainly in commercial premises, while the vacancy ratio for housing was only 0.6 per cent at 30 September. In Mandamus' growth areas, the residential vacancy rate at 30 September 2002 was only 0.2 per cent. This indicates a persistent massive demand for homes in Mandamus' market areas.

Property costs for the period totalled SEK 333m (311m). The increase was due both to the impact on volume of properties acquired in the past 12-month period and to raised maintenance costs in the third quarter due to measures to remedy damp and mould damage in two properties. Net operating income (NOI) for the period amounted to SEK 346m (335m). Lower heating costs than in a normal year contributed to this NOI improvement. Third-quarter NOI totalled SEK 129m (128m). The surplus ratio for the period was 51.0 (51.9) per cent. Depreciation on properties amounted to SEK 39m (39m) and central administrative expense to SEK 13m (12m). During the period, just under SEK 3m (1m) 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 20m (16m). This income comprises just under SEK 3m (1m) in management remuneration, plus SEK 17m (10) in interest on shareholder loans and the company's share of profit in the associated company for the period. The nine-month interim profit for 2001 also included a non-recurring payment of SEK 5m for formation of the consortium. Compared with the previous year, it should be noted that income from the associated company in 2001 relates only to four months, since the consortium was formed in June 2001. The profit trend of the associated company, which has a market profile as a member of the Mandamus group, exceeded expectations for the first three quarters of the year.

## Management profit



Interest expense amounted to SEK 184m (182m). This rise of SEK 2m on the previous year is due to an increase in borrowing to finance property 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 non-recurring profit, totalled SEK 131m (114m). The figure for the past 12-month period amounted to SEK 165m, which is SEK 25m higher than the corresponding figure for 2001. One factor contributing to this improvement is the addition to profit from the associated company, Mandamus Förvaltning i Haninge AB. Management profit for the third quarter of 2002 totalled SEK 58m (59m).

The loss from property sales during the third quarter amounted to SEK –8m (33m), of which SEK –7m (0) relates to third-quarter property sales. Altogether, 20 properties with a total rentable area of 35,000 m<sup>2</sup>, including 12,000 m<sup>2</sup> of commercial premises, were sold for SEK 114m during the first nine months of the year.

Pre-tax profit, including items affecting comparability, amounted to SEK 124m (154m). The decrease compared with 2001 was entirely due to profit from property sales falling below the figure for the corresponding period in the previous year. Profit after estimated tax amounted to SEK 89m (111m), corresponding to earnings per share of SEK 4.35 (5.57). Current cash flow per share continued to improve, and was SEK 6.65 (5.87) at 30 September.

### Concentration and improvement of property stock

At 30 September 2002, the group owned properties with a book value of SEK 5,759m (5,709m). During the period under review, six properties — four in Malmö and two in Värnamo — and the site of a site-leasehold property in Solna owned previously were acquired for a total of SEK 143m. During the same period, 20 properties with a book value of SEK 123m were sold.

With the implementation of these sales, Mandamus has left another five areas: Enköping, Falkenberg, Gävle, Landskrona and Valdemarsvik. During the period, 30 properties were amalgamated through property regulation, and at 30 September 2002 Mandamus owned 264 properties.

Investments in the existing property stock for the period amounted to SEK 57m (36m), of which SEK 30m relates to major conversion and extension projects in Malmö and Trollhättan. These projects involve conversion of lofts and office premises into residential space, and upgrading of kitchens and bathrooms.

Since Mandamus' admission to the stock exchange four years ago, the book value of the property stock has broadly doubled. This has coincided with the restructuring of the property stock and its concentration in growth areas. The share of properties in growth areas corresponded to 32 per cent of book value at the quotation date; by 30 September 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 81 per cent of the total number of flats.

**Property stock, by region  
30 September 2002**

	Rentable area, '000 m <sup>2</sup>	Rental income, SEK m	Econ. letting ratio, %	Book value, SEK m
Skåne	238	126	97.4	1,104
Småland/Halland	158	84	98.6	694
West	302	167	97.2	1,438
East	504	300	98.7	2,514
<i>Total, Sweden</i>	<i>1,202</i>	<i>677</i>	<i>98.0</i>	<i>5,750</i>
Abroad	5	2	71.9	9
<b>Total</b>	<b>1,207</b>	<b>679</b>	<b>98.0</b>	<b>5,759</b>

Share in growth areas, %	65	67	99	70
Housing properties, %	81	85	99	86

<b>Change in property holdings</b>	Book value, SEK m	No.	Rentable area, '000 m <sup>2</sup>
At 15 June 1998	2,957	547	919
Properties sold	-1,852	-418	-581
Remaining stock	1,105	129	338
Properties acquired	4,495	178	869
Investments/property regulation	380	-43	-
Depreciation/write-downs	-224	-	-
Changes in exchange rates	3	-	-
At 30 September 2002	5,759	264	1,207

**Financial position**

At 30 September 2002, the company had interest-bearing liabilities of SEK 4,221m (4,230m). Of these liabilities, SEK 9m (10m) were in foreign currencies. The loan portfolio has an average fixed-interest term of 2.11 (2.00) years, and average interest was 5.81 (5.77) per cent.

Net debt at 30 September 2002 amounted to SEK 4,103m (4,118m). Since year-end, net debt has increased by SEK 17m, mainly owing to the new loans taken out to finance property acquisitions for the period. At 30 September, the group had confirmed unutilised credit pledges of SEK 306m (345m).

<b>Loan structure, fixed- interest terms until (year)</b>	Loans, SEK m	Average interest, %	% of loans
2002	970	5.64	23
2003	1,087	6.10	26
2004	536	5.75	13
2005	591	5.70	14
2006	487	5.44	11
2007	-	-	-
2008-	550	6.06	13
<b>Total</b>	<b>4,221</b>	<b>5.81</b>	<b>100</b>

Group shareholders' equity amounted to SEK 1,387m at 30 September 2002, representing a rise of SEK 44m since year-end. Shareholders' equity has increased by SEK 42m through sale of the company's own shares and SEK 89m in the form of profit for the period, while dividend paid has reduced it by SEK 87m. The visible equity ratio at 30 September 2002 was 23.4 (22.2) per cent, and the adjusted equity ratio at the same date was 29.2 (27.0) 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 676m (643m), and pre-tax profit amounted to SEK 118m (154m). Investments for the period totalled SEK 200m (522m), of which SEK 143m (486m) related to property acquisitions. The parent company's net debt at 30 September was SEK 4,098m (4,122m).

**Forecast**

The whole-year figure for management profit is expected to reach some SEK 160m (148). In addition, there will be a loss from property sales, which to date amounts to SEK –8m.

Stockholm, 22 October 2002

Anders Johansson  
*Managing Director*

## Profit and loss accounts

Figures in SEK m	3 mths		9 mths		12 mths	
	2002 July–Sept	2001 July–Sept	2002 Jan–Sept	2001 Jan–Sept	2001/02 Oct–Sept	2001 Jan–Dec
Rental income	228	221	679	646	900	867
Operating costs	–49	–56	–189	–184	–257	–251
Repairs and maintenance	–26	–15	–70	–53	–93	–76
Ground rent	–2	–1	–4	–4	–5	–6
Property tax	–8	–8	–23	–24	–24	–25
Property management	–14	–13	–47	–46	–67	–66
<i>Total property expense</i>	<i>–99</i>	<i>–93</i>	<i>–333</i>	<i>–311</i>	<i>–446</i>	<i>–424</i>
<b>Net operating income</b>	<b>129</b>	<b>128</b>	<b>346</b>	<b>335</b>	<b>454</b>	<b>443</b>
Depreciation on properties	–13	–13	–39	–39	–52	–52
<b>Gross profit</b>	<b>116</b>	<b>115</b>	<b>307</b>	<b>296</b>	<b>402</b>	<b>391</b>
Central administrative expense	–4	–4	–13	–12	–18	–17
Income from property assignments	1	1	3	1	4	2
Non-recurring income	0	2	–	5	0	5
Profit from property sales	–7	0	–8	33	–8	33
<b>Operating profit</b>	<b>106</b>	<b>114</b>	<b>289</b>	<b>323</b>	<b>380</b>	<b>414</b>
<i>Profit from associated companies</i>	<i>7</i>	<i>10</i>	<i>17</i>	<i>10</i>	<i>21</i>	<i>14</i>
Interest contributions	1	0	1	2	1	2
Financial income	0	0	1	1	1	1
Financial expense	–62	–63	–184	–182	–245	–243
<i>Net interest income/expense</i>	<i>–61</i>	<i>–63</i>	<i>–182</i>	<i>–179</i>	<i>–243</i>	<i>–240</i>
<b>Pre-tax profit</b>	<b>52</b>	<b>61</b>	<b>124</b>	<b>154</b>	<b>158</b>	<b>188</b>
Tax expense	–15	–17	–35	–43	–33	–41
<b>Profit for the period</b>	<b>37</b>	<b>44</b>	<b>89</b>	<b>111</b>	<b>125</b>	<b>147</b>
<b><u>Profit-related key figures</u></b>						
Gross margin (%)	25.4	26.7	19.3	17.6	18.3	17.1
Surplus ratio (%)	56.6	57.9	51.0	51.9	50.4	51.1
Interest-coverage ratio (times)	1.95	1.97	1.72	1.66	1.68	1.64
Return on equity (%)	n.a.	n.a.	n.a.	n.a.	9.3	11.2
Return on total assets (%)	n.a.	n.a.	n.a.	n.a.	6.8	7.5
Management profit (SEK m)	58	59	131	114	165	148
Earnings per share after tax (SEK)	1.80	2.21	4.35	5.57	6.15	7.38
Cash flow per share (SEK)	2.77	2.86	6.65	5.87	9.21	8.43
P/E ratio per share (times)	n.a.	n.a.	n.a.	n.a.	11.7	9.3
Average number of shares ('000)	20,542	19,918	20,447	19,918	20,315	19,918

## Balance sheets

Figures in SEK m	2002 30 Sept	2001 30 Sept	2001 31 Dec
<b>Assets</b>			
Properties	5,759	5,709	5,720
Other tangible fixed assets	8	8	8
Participations in associated companies	19	10	16
Other financial fixed assets	93	95	95
Other current assets	32	56	34
Liquid funds	25	17	16
<b>Total assets</b>	<b>5,936</b>	<b>5,895</b>	<b>5,889</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	1,387	1,306	1,343
Provisions	156	155	174
Interest-bearing liabilities	4,221	4,230	4,203
Non-interest-bearing liabilities	172	204	169
<b>Total, shareholders' equity and liabilities</b>	<b>5,936</b>	<b>5,895</b>	<b>5,889</b>
<b>Change in shareholders' equity</b>			
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	89	111	147
<b>Closing shareholders' equity</b>	<b>1,387</b>	<b>1,306</b>	<b>1,343</b>

<b>Balance-related key figures</b>	2002 30 Sept	2001 30 Sept	2001 31 Dec
Equity ratio (%)	23.4	22.2	22.8
Debt/equity ratio (times)	3.0	3.2	3.1
Property gearing (%)	73.3	74.1	73.5
Average interest on loans (%)	5.81	5.77	5.66
Closing share (SEK)	72.00	70.00	69.00
Equity per share (SEK)	67.52	65.57	67.43
Share price in relation to visible shareholders' equity (%)	107	107	102
Closing number of shares ('000)	20,542	19,918	19,918
Company's holdings of bought-back shares ('000)	-	624	624
Closing market value (SEK m)	1,479	1,394	1,374

## Cash-flow statements

Figures in SEK m	3 mths		9 mths		12 mths	
	2002	2001	2002	2001	2001/02	2001
	July–Sept	July–Sept	Jan–Sept	Jan–Sept	Oct–Sept	Jan–Dec
Cash flow before change in working capital	57	57	136	117	187	168
Change in working capital	28	9	5	33	–8	20
<b>Cash flow from operations</b>	<b>85</b>	<b>66</b>	<b>141</b>	<b>150</b>	<b>179</b>	<b>188</b>
Property acquisitions	–8	–9	–143	–486	–143	–486
Property sales	74	10	114	240	114	240
Change in stakes in associated companies	–4	–	–3	–10	–9	–16
Current investments	–7	–13	–57	–36	–82	–61
Provisions made	–13	8	–18	4	2	23
<b>Cash flow from investments</b>	<b>42</b>	<b>–4</b>	<b>–107</b>	<b>–288</b>	<b>–118</b>	<b>–300</b>
Dividend paid	–	–	–87	–80	–87	–79
Buy-back/sale of own shares	–	–	42	–	42	–
<b>Cash flow from shareholders</b>	<b>–</b>	<b>–</b>	<b>–45</b>	<b>–80</b>	<b>–45</b>	<b>–79</b>
<b>Total cash flow</b>	<b>127</b>	<b>62</b>	<b>–11</b>	<b>–218</b>	<b>16</b>	<b>–191</b>
Opening net debt	–4,230	–4,180	–4,092	–3,900	–4,118	–3,900
Cash flow for the period	127	62	–11	–218	16	–191
Exchange-rate effect	0	0	0	0	–1	–1
<b>Closing net debt</b>	<b>–4,103</b>	<b>–4,118</b>	<b>–4,103</b>	<b>–4,118</b>	<b>–4,103</b>	<b>–4,092</b>

### Definitions

<b>Cash flow:</b>	cash flow before change in working capital.
<b>Economic letting ratio:</b>	rental income and rental losses in relation to rental value.
<b>Gross margin:</b>	management profit in relation to rental income.
<b>Interest-coverage ratio:</b>	pre-tax profit, excluding profit from property sales and financial expense, in relation to financial expense.
<b>Management profit:</b>	pre-tax profit excluding items affecting comparability, such as profit from sales, write-downs, interest contributions and non-recurring income.
<b>Net debt:</b>	interest-bearing liabilities less long-term claims and liquid funds.
<b>Property gearing:</b>	interest-bearing liabilities in relation to the properties' book value.
<b>Surplus ratio:</b>	net operating income in relation to total rental income.

### Accounting principles

The same accounting principles and calculation methods were used in this interim report as in the group's latest annual report.

Shareholders at 30 September 2002	Stake of votes and capital, %
Akelius Insurance Funds	39.9
LRF Group	26.8
CF Funds	1.0
Skandia	0.9
Independent savings banks	0.8
Northern Trust Co	0.7
Bengt Norman	0.7
Tonold Konsult AB	0.7
Wasa Property Fund	0.3
Handelsbanken unit trusts	0.2
Total (10 owners)	72.0
Other foreign shareholders	2.2
Other Swedish shareholders	25.8
Total	100.0

### Financial information

Summarised Financial Statements	6 February 2002
Annual Report on 2002	March 2003

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