

PRESS RELEASE

21 August 2003

Nordisk Renting Interim Report 1 January – 30 June 2003

- Group profit before profit from sales of property and tax amounted to SEK 154 m (156). Profit after tax totalled SEK 128 m (126).
- Profit from the Group's interest-linked lease agreements increased by SEK 19 m over last year, while earnings from non interest-linked lease agreements were down on last year, primarily as a result of property sales in 2002.
- Properties were acquired and new investments made to a total of SEK 1,075 m (1,037). In addition, agreements concerning future new investments worth SEK 340 m (222) were entered into. Sales of property for the period amounted to SEK 60 m (563).
- The Group's net sales for the period amounted to SEK 749 m (716), and on 30 June the balance sheet total equalled SEK 17,310 m compared with SEK 16,946 m at the beginning of the year.
- At the end of the period, the Group managed 203 properties corresponding to a total of 1.9 million square metres, with a book value of SEK 16.8 bn.
- At the beginning of May 2003, The Royal Bank of Scotland signed an agreement with Nordea to acquire all shares in Nordisk Renting AB.

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Nordisk Renting enables financially strong companies and public sector organisations to focus on their core business by offering long-term leasing solutions. By leasing property on a long-term basis from Nordisk Renting, rather than owning it, companies create room to expand and develop their regular operations. Nordisk Renting's turnover amounts to SEK 17 bn and the domestic market is the Nordic region. Nordisk Renting is owned by The Royal Bank of Scotland, which is one of the largest banks in the world and the leading player in Europe within Structured Finance.

www.nordiskrenting.se

This interim report has been prepared in accordance with recommendation RR 20 of the Swedish Financial Accounting Standards Council, and the same accounting principles have been applied as those used in the Annual Report for 2002.

Nordisk Renting acquired by The Royal Bank of Scotland

At the beginning of May 2003, The Royal Bank of Scotland signed an agreement with Nordea to acquire all shares in Nordisk Renting AB. The Royal Bank of Scotland is the world's fifth largest bank with a market capitalisation of £51 billion and the second largest in Europe, with a very strong market position in structured finance solutions, partly in real estate. In recent years the bank has established representation in Italy, Spain, France and Germany, and the acquisition of Nordisk Renting takes The Royal Bank of Scotland's European expansion a step further.

Development during the period

The first half of 2003 was characterised by high business activity, and approximately one-third of contracts were with public sector organisations. Acquisitions and new investments worth SEK 1,075 m (1,037) were entered into during the period. In addition, agreements concerning future investments worth SEK 340 m (222) were entered into during the period. Of the volume of acquisitions and investments agreed during the period, SEK 532 m (545) referred to properties in Sweden, and SEK 543 m (492) to properties in Finland. 12 properties were acquired during the period, one of which was in Finland.

During the first half of the year, 3 properties (6) were sold for a total sum of SEK 60 m (561) in accordance with options being exercised prematurely, resulting in a capital gain of SEK 2.4 m.

In all acquisitions and new investments, long-term rental and business agreements were reached with financially strong parties.

Acquisitions and new investments during the period, as well as agreements on future new investments, included:

- acquisition of the head office of the world-leading consultancy and engineering company Jaakko Pöyry Group Oyj in Vantaa, outside Helsinki, for EUR 48 m,
- conversion and extension of a storage and logistics property outside Norrköping for SEK 91 m, with Green Cargo as the tenant,
- acquisition of three residential homes for the elderly and two school properties for a total of SEK 154 m in partnership with the construction and property company JM, with the municipalities in Malmö, Örebro, Göteborg, Södertälje and Gustavsberg outside Stockholm as long-term tenants,
- acquisition of a care property in Höör and an indoor car-park in Lund for a total of SEK 89 m, with the Region Skåne County Council as the tenant,
- conversion and extension of Dahl's – a wholesale and trading company for plumbing products – central warehouse next to its head office in Järfälla outside Stockholm for a total of SEK 35 m, and

- acquisition and new construction in Umeå, northern Sweden, of an ultra-modern production and distribution facility for bakery products for Cerealia, one of the Nordic region's leading food corporations, to a value of SEK 155 m.

Earnings trend and volume development

Group profit before capital gains and tax amounted to SEK 154 m (156). Group profit including capital gains amounted to SEK 156 m (170) before tax. Profit after tax totalled SEK 128 m (126). Net sales for the Group increased on the previous year, amounting to SEK 749 m (716).

At the end of the period, the balance sheet total was SEK 17,310 m, compared to SEK 16,946 m at the beginning of the year.

Capital and financing structure

During the period, a dividend was paid to previous shareholder Nordea amounting to SEK 1,239 m. At the end of the period shareholders' equity amounted to SEK 752 m, and capital injected by minority shareholders to SEK 206 m. The equity ratio was 4.3 per cent, compared with 11.1 per cent at the beginning of the year, and including minority shares the equity/assets ratio amounted to 5.5 per cent (12.2).

Nordisk Renting is to operate at low risk and with safe returns. This is achieved by means of long-term leasing agreements with financially strong partners. As a result, the proportion of risk capital is kept low compared with traditional property companies.

Of the Group's total property holdings at the end of the period, properties corresponding to 89 per cent of the book value had lease agreements with interest-linked rent. The financing of these properties is undertaken with fixed interest periods that correspond to the terms of the lease, which means that the interest rate risk for these properties can be minimised.

For properties with non interest-linked rent, corresponding to 11 per cent of the Group's property holdings, financing is undertaken by way of loans with longer fixed interest periods. At the end of the period, the average fixed interest term of these loans was 3,5 years. The average remaining term of lease for these properties amounted to 15 years.

Property holdings and the rental situation

At the end of the period the Group owned 203 properties covering a total area of 1.9 million square metres. Nordisk Renting's long-term lease agreements with financially sound tenants entail very low leasing or vacancy risk. The weighted average of the remaining term of lease for all properties was 16 years at the end of the period. The book value of property holdings with regard to operational lease agreements was SEK 16,803 m, compared to SEK 16,001 m at the beginning of the year.

Nordisk Renting's customers are mainly large private Nordic companies. However, customers also include the Swedish and Finnish governments, Swedish municipalities and other public sector parties.

Events after the end of the period

Nordisk Renting carried out further property acquisitions in partnership with public sector customers in early July. Five care facilities were acquired in Gagnef, Malung, Linköping and Norrköping, in each case with the municipality as the long-term tenant. Nordisk Renting also acquired an energy plant in Nordanstig, northern central Sweden, with the municipality as the tenant. The acquisitions encompassed a total volume of SEK 176 m.

Forecast for 2003 as a whole

Group profit before capital gains and tax is expected to exceed the corresponding figure for 2002.

The Parent Company

In the period January-June 2003, net sales in the parent company Nordisk Renting AB amounted to SEK 4 m (16), and profit after tax including profit share in Group companies totalled SEK 156 m (130). New investments in the parent company worth SEK 0.6 m (21.6) were carried out during the period.

Stockholm, 20 August 2003

Reinhold Geijer
CEO

Examination report

I have reviewed this interim report in accordance with the recommendation issued by the Swedish Institute of Authorised Public Accountants (FAR). A review is considerably limited in scope compared with an audit. Nothing has come to my attention that causes me to believe that the interim report does not comply with the requirements of the Swedish Annual Accounts Act.

Stockholm, 20 August 2003

Carl Lindgren
Authorised Public Accountant

Consolidated Income Statement

SUMMARY, SEK m	Apr-Jun 2003	Apr-Jun 2002	Jan-Jun 2003	Jan-Jun 2002	2002
Net turnover	380	384	749	716	1 478
Property and operating costs	-82	-97	-161	-180	-369
Operating surplus	298	287	588	536	1 109
Property depreciation	-36	-33	-72	-62	-128
Gross profit	262	254	516	474	981
Central company and Group expenses	-17	-15	-30	-30	-62
Profit share in associated companies	8	15	14	24	44
Profit from sale of property etc.	0	0	2	14	134
Operating profit	253	254	502	482	1 097
Interest expense	-174	-166	-346	-312	-654
Profit before tax	79	88	156	170	443
Tax	-9	-21	-28	-44	-94
Profit for the period	70	67	128	126	349

Consolidated Balance Sheet

SUMMARY, SEK m	30 Jun 2003	30 Jun 2002	31 Dec 2002
Assets			
Fixed assets	1 882	1 258	1 686
Investment property	15 140	14 113	14 562
Other current assets	288	385	698
Total assets	17 310	15 756	16 946
Shareholders' equity and liabilities			
Shareholders' equity	752	1 648	1 882
Minority share	206	167	186
Provisions	605	560	599
Long-term liabilities	15 214	12 791	13 576
Current liabilities	533	590	703
Total shareholders' equity and liabilities	17 310	15 756	16 946

Change in shareholders' equity

SUMMARY, SEK m	Jan-Jun 2003	Jan-Jun 2002	2002
Equity, opening balance	1 882	1 654	1 654
Dividend	-1 239	-130	-130
Profit for the period	128	126	349
Translation difference for the period	-19	-2	9
Equity, closing balance	752	1 648	1 882

Consolidated Cash Flow Statement

SUMMARY, SEK m	Jan-Jun 2003	Jan-Jun 2002	2002
Profit before tax	156	170	443
Depreciation	72	63	129
Profit from sale of property and shares	-2	-14	-134
Other adjustments not included in cash flow	9	-9	-5
Tax	2	-28	-40
Cash flow from operating activities before changes in working capital	237	182	393
Changes in working capital	-104	147	276
Cash flow from operating activities	133	329	669
Acquisition of properties and shares	-1 075	-1 037	-2 907
Sale of properties and shares	60	563	1 591
Change in long-term receivables	19	7	66
Cash flow from investing activities	-996	-467	- 1 250
Changes in minority share	20	21	40
Changes in borrowing	1 667	229	971
Dividend paid	-1 239	-130	-130
Cash flow from financing activities	448	120	881
Cash flow for the period	-415	-18	300
Liquid funds at end of period	89	186	504