

PRESS RELEASE

1 March 2004

Nordisk Renting AB – year-end report 2003

- Increased growth of profit from current operations
- An increasing part of public sector customers both in Sweden and Finland
- Powerful new recruitment drive

Profit from current operations before tax increased to SEK 318m (310). Group profit before tax, including profit from sale of properties etc. of SEK 13m (134), amounted to SEK 331m (443), and the corresponding figure after tax totalled SEK 298m (349).

Post-tax return on average shareholders' equity amounted to 21.2 per cent (19.7). Excluding profit from property sales, the return was 20.4 per cent (14.2).

Real estate acquisition and new investments during the year amounted to SEK 2,874m (2,907). In addition, investments in property-related assets were made for 353m and agreements concerning future investments worth SEK 923m (543) were entered into. SEK 2,499m of this year's volume of investments referred to investments in Sweden and SEK 728, to Finland.

The balance sheet total increased from SEK 16,946m to SEK 19,315m, and at year-end the Group owned 211 properties covering 2.0 million square metres.

During the year there were eight new recruits and the total number of employees amounted at year-end to 34.

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Nordisk Renting enables financially strong companies and public sector organisations to focus more on their core business, by offering long-term leasing solutions. By leasing property in the long term from Nordisk Renting, rather than owning it, companies create room to expand and develop their regular operations. Nordisk Renting has a balance sheet total of approximately SEK 19 billion, and its domestic market is the Nordic region. Nordisk Renting is owned by The Royal Bank of Scotland, the second largest bank in Europe, by market capitalisation. Read more at www.nordiskrenting.se or www.rbs.co.uk

Nordisk Renting AB (publ)
Reg. No. 556066-2578

ADMINISTRATION REPORT

The Board of Directors and CEO of Nordisk Renting AB hereby present the annual report for the year 2003.

Business focus

Nordisk Renting's business concept is to acquire, own and develop properties for long-term leasing to financially strong private and public sector business partners in the Nordic countries with strategic interest in long-term property ventures. Acquisitions may also be undertaken in other European countries in co-operation with strong Nordic business partners. Leasing is to be characterised by a low risk-taking and secure returns, while offering tenants specifically adapted and competitive terms. Properties may be sold to tenants or other interested parties when an opportunity arises, providing that good relationships with tenants and partners are maintained.

The Group's current tenants mainly comprise large private Nordic companies, but can also be found among the Swedish and Finnish states, Swedish local and county authorities and other public sector parties.

The tenants' interest in utilising the properties in the long term justifies long-term leasing periods, often with interest-linked rent. Tenants can also be offered an option to buy the property in the future to benefit from any rise in its value.

Significant events during the year

The Group acquired a total of 17 properties for a sum of SEK 2,874m, including investments in existing properties. In addition investments in property-related assets were made for SEK 353m and agreements concerning future investments worth SEK 923m were entered into. Of the year's total investment volume, SEK 2,499m (77 per cent) referred to business on the Swedish market and the remaining SEK 728m, equivalent to €80m (23 per cent), to business in Finland.

Developed co-operations

Agreements for major Swedish acquisitions and new investments concluded during the year include the acquisition, reconstruction and construction of two modern bakery production and distribution facilities. One is located in Umeå and one in Gothenburg, both for Cerealia, one of the leading food Groups in the Nordic region, for a total of SEK 228m. In November, agreements were entered into to acquire and construct new police headquarters in central Uppsala in collaboration with Skanska for SEK 430m, with the local police, prison, probation and prosecution authorities as long-term tenants. In the same month, an agreement was signed with SAS to acquire the airline's corporate headquarters in Frösundavik outside Stockholm for just over SEK 1,100m, with SAS as the long-term tenant.

Agreements entered into with Swedish public sector parties during the year include the acquisition of three residential homes for the elderly and two school properties for a total of SEK 154m in partnership with the construction and property company JM, with the local authorities in Malmö, Örebro, Gothenburg, Södertälje and Gustavsberg outside Stockholm as long-term tenants. Care

facilities such as residential homes for the elderly and medical centres were also acquired in partnership with the local authorities in Linköping, Norrköping, Gagnef, Malung and Hagfors. In each case, long-term leases were agreed with the relevant local authority. During the year, several energy plants were also acquired in co-operation with Hagfors local authority, amongst others.

New Finnish public customers

In Finland, the head office of the world-leading consultancy and engineering company Jaakko Pöyry Group Oyj in Vantaa, outside Helsinki, was acquired for €48m at the beginning of the year. During the year, several business deals were also concluded with public sector bodies in Finland. In September, an agreement was signed with the municipally owned Laurea Polytechnic to construct an education building also in Vantaa, for approximately €32m, in partnership with YIT construction group. An agreement was concluded with the neighbouring Espoo local authority in October to convert an office property into a modern health centre in partnership with Finnish NCC for a total of €22m, and with the City of Espoo as the long-term tenant.

Nordisk Renting acquired by The Royal Bank of Scotland Group

On 2 June 2003 The Royal Bank of Scotland acquired all shares in Nordisk Renting AB, via its wholly-owned subsidiary Strand European Holdings AB from Nordea. The Royal Bank of Scotland is the second largest bank in Europe by market capitalisation (as at 31 December 2003). Nordisk Renting is part of the Corporate Banking and Financial Markets division. Extensive work took place in the autumn to develop the relations between Nordisk Renting and The Royal Bank of Scotland. At the beginning of December 2003, an application was submitted to the Financial Services Authority (FSA) in the UK for approval of Nordisk Renting as a satisfactorily integrated unit within The Royal Bank of Scotland.

In connection with the changes of ownership, a decision was taken in December at an extra general meeting to change Authorised Public Accountant to Jan Palmqvist, who is partner at the accountancy firm Deloitte.

Growth in the profit and volume development

The Group

Net sales for the Group increased to SEK 1,493m (1,473). Gross profit increased to SEK 1,019 (976).

Profit from current operations before tax remained largely unchanged at SEK 318m (310). Group profit before tax, including profit from sale of properties etc. of SEK 13m (134), amounted to SEK 331m (443), and the corresponding figure after tax totalled SEK 298m (349). The profit before tax includes integration costs of SEK 5m (-).

This made return on shareholders' equity 21.2 per cent (19.7). Excluding capital gains, the return was 20.4 per cent (14.2).

Property acquisitions and new investments during the year amounted to SEK 2,874m (2,907). Moreover, investments were made in property-related assets for SEK 353m and agreements for new investments to a value of SEK 923m (543) were signed for execution after the year-end.

Properties to a value of SEK 241m (1,575) were sold off, of which properties worth SEK 116m (0) in accordance with previously established option agreements.

The balance sheet total at year-end was SEK 19 315m (16 946).

Parent Company

Parent company profit after financial items amounted to SEK 257m (423).

The balance sheet total at year-end was SEK 16,156m (12,474).

Liquidity and solidity

The cash flow from current operations and profit from sales of property and equipment amounted to SEK 435m (523), which financed 23 per cent (18) of the year's new acquisitions and investments.

After an increase in long-term liabilities of SEK 2,715m (971), the Group's liquid funds on 31 December 2003 were SEK 172m (504). Unutilised bank overdraft facilities amounted to SEK 215m (213).

Shareholders' equity amounted to SEK 926m (1,882) at the end of 2003. The equity/assets ratio including minority shares amounted to 5.9 per cent (12.2), and excluding minority shares to 4.8 per cent (11.1). The equity/assets ratio is assessed as satisfactory for the goals and purposes of the business. Nordisk Renting's owner, The Royal Bank of Scotland, is also the main financier, which gives Nordisk Renting great financial strength and good opportunities for continued expansion. In addition there are credit limits with other financiers.

Outlook for 2004

For 2004, continued good growth and a strengthened position in the Nordic market are expected.

Group profit from current operations is expected to exceed the corresponding figure for 2003.

Significant events after the year-end

In February two elderly care properties were acquired from the municipal property company Gnestahem in Gnesta, south of Stockholm. The total investment amounted to SEK 77m and a long-term renting agreement was signed with the municipality.

Proposed appropriation of profits

The Group's total unrestricted equity as stated in the balance sheet amounts to SEK 355m. No transfer to restricted reserves is proposed.

The following parent company earnings are at the disposal of the annual general meeting:

| | | |
|-------------------------------|-----|-------------|
| Profit brought forward | SEK | 25 004 186 |
| Net profit for the year | SEK | 195 802 276 |
| Total unappropriated earnings | SEK | 220 806 462 |

The Board of Directors and CEO propose that the unappropriated earnings be brought forward.

INCOME STATEMENT (SEK thousands)

| | G R O U P | | P A R E N T C O M P A N Y | |
|---|------------------|------------------|---------------------------|----------------|
| | 2003 | 2002 | 2003 | 2002 |
| Net sales | 1 493 107 | 1 472 926 | 12 123 | 36 103 |
| Property and operating costs | -326 459 | -369 219 | - | - |
| Operating surplus | 1 166 648 | 1 103 707 | 12 123 | 36 103 |
| Depreciation | -147 679 | -127 802 | - | - |
| Gross profit | 1 018 969 | 975 905 | 12 123 | 36 103 |
| Business and marketing expenses | -31 313 | -27 883 | -28 616 | -26 772 |
| Administrative expenses | -37 476 | -34 080 | -34 248 | -32 722 |
| Profit share in associated companies | 25 565 | 44 180 | - | - |
| Profit from sale of property and securities, etc. | 12 504 | 133 590 | - | - |
| Other income | - | 5 350 | - | - |
| Operating profit | 988 249 | 1 097 062 | -50 741 | -23 391 |
| <i>Profit from financial items</i> | | | | |
| Profit from shares in Group companies | - | - | 775 850 | 1 046 487 |
| Profit from shares in associated companies | - | - | 22 000 | 20 000 |
| Interest income | 7 375 | 6 795 | 48 480 | 4 985 |
| Interest expense | -664 791 | -660 524 | -538 120 | -625 091 |
| Profit after financial items | 330 833 | 443 333 | 257 469 | 422 990 |
| <i>Appropriations</i> | | | | |
| Other appropriations | - | - | -24 749 | -24 000 |
| Profit before tax | 330 833 | 443 333 | 232 720 | 398 990 |
| Current tax | -2 142 | -41 122 | -11 103 | -14 860 |
| Deferred tax | -30 942 | -53 174 | -25 815 | -26 920 |
| PROFIT FOR THE YEAR | 297 749 | 349 037 | 195 802 | 357 210 |



BALANCE SHEET (SEK thousands)

| | G R O U P | | P A R E N T C O M P A N Y | |
|---------------------------------------|-------------------|-------------------|---------------------------|-------------------|
| | 2003 | 2002 | 2003 | 2002 |
| ASSETS | | | | |
| Fixed assets | | | | |
| <i>Tangible fixed assets</i> | | | | |
| Equipment | 3 138 | 2 095 | 2 619 | 1 356 |
| Investment property | 16 573 964 | 14 562 214 | - | - |
| | <u>16 577 102</u> | <u>14 564 309</u> | <u>2 619</u> | <u>1 356</u> |
| <i>Financial assets</i> | | | | |
| Shares in Group companies | - | - | 672 665 | 676 659 |
| Receivables from Group companies | - | - | 14 471 030 | 10 919 094 |
| Shares in associated companies | 243 310 | 247 171 | 220 000 | 220 000 |
| Other securities held as fixed assets | 50 | 50 | 50 | 50 |
| Financial leasing agreements | 1 664 611 | 1 372 672 | - | - |
| Other long-term receivables | 51 018 | 63 605 | 47 548 | 50 584 |
| | <u>1 958 989</u> | <u>1 683 498</u> | <u>15 411 293</u> | <u>11 866 387</u> |
| Total fixed assets | 18 536 091 | 16 247 807 | 15 413 912 | 11 867 743 |
| Current assets | | | | |
| <i>Current receivables</i> | | | | |
| Accounts receivable | 164 496 | 67 781 | 3 133 | 1 365 |
| Receivables from Group companies | - | - | 246 132 | 91 534 |
| Receivables from associated companies | 3 | 25 003 | 3 | 25 003 |
| Other receivables | 420 665 | 80 409 | 330 055 | 1 160 |
| Prepaid expenses and accrued income | 22 113 | 20 831 | 6 632 | 7 261 |
| | <u>607 277</u> | <u>194 024</u> | <u>585 955</u> | <u>126 323</u> |
| <i>Cash and bank balances</i> | 171 994 | 504 001 | 156 009 | 480 383 |
| Total current assets | 779 271 | 698 025 | 741 964 | 606 706 |
| TOTAL ASSETS | 19 315 362 | 16 945 832 | 16 155 876 | 12 474 449 |



BALANCE SHEET (SEK thousands)

| | G R O U P | | P A R E N T C O M P A N Y | |
|---|-------------------|-------------------|---------------------------|-------------------|
| | 2003 | 2002 | 2003 | 2002 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | | |
| Shareholders' equity | | | | |
| <i>Restricted equity</i> | | | | |
| Share capital | 129 600 | 129 600 | 129 600 | 129 600 |
| Restricted reserves | 441 877 | 469 179 | 25 920 | 25 920 |
| | <u>571 477</u> | <u>598 779</u> | <u>155 520</u> | <u>155 520</u> |
| <i>Non-restricted equity</i> | | | | |
| Profit brought forward | 57 150 | 934 486 | 25 004 | 881 918 |
| Profit for the year | 297 749 | 349 037 | 195 802 | 357 210 |
| | <u>354 899</u> | <u>1 283 523</u> | <u>220 806</u> | <u>1 239 128</u> |
| Total shareholders' equity | 926 376 | 1 882 302 | 376 326 | 1 394 648 |
| Minority share in shareholders' equity | 215 601 | 186 028 | - | - |
| Untaxed reserves | - | - | 74 435 | 49 686 |
| Provisions | | | | |
| Deferred tax | 666 624 | 570 674 | 244 837 | 219 021 |
| Other provisions | 15 711 | 28 462 | 14 188 | 27 429 |
| | <u>682 335</u> | <u>599 136</u> | <u>259 025</u> | <u>246 450</u> |
| Long-term liabilities | | | | |
| Bank overdraft facilities | 31 799 | 34 588 | 31 799 | 34 588 |
| Liabilities to credit institutions | 2 145 632 | 13 216 750 | 374 968 | 10 269 659 |
| Liabilities to Group companies | 14 520 612 | - | 14 576 101 | 80 343 |
| Other liabilities | 302 961 | 323 952 | - | - |
| | <u>17 001 004</u> | <u>13 575 290</u> | <u>14 982 868</u> | <u>10 384 590</u> |
| Current liabilities | | | | |
| Liabilities to credit institutions | 7 533 | 25 492 | - | - |
| Accounts payable | 101 189 | 261 989 | 45 440 | 10 610 |
| Liabilities to Group companies | - | - | 334 143 | 301 799 |
| Liabilities to associated companies | - | 14 805 | - | 14 805 |
| Tax liabilities | 16 206 | 35 229 | 7 568 | 4 673 |
| Other liabilities | 62 725 | 117 025 | 3 525 | 2 468 |
| Accrued expenses and prepaid income | 302 393 | 248 536 | 72 546 | 64 720 |
| | <u>490 046</u> | <u>703 076</u> | <u>463 222</u> | <u>399 075</u> |
| Total provisions and liabilities | 18 173 385 | 14 877 502 | 15 705 115 | 11 030 115 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 19 315 362 | 16 945 832 | 16 155 876 | 12 474 449 |