



DILIGENTIA

PRESS RELEASE

Diligentia AB Interim report January – March 2000

Operating results

- **Net operating income for the Swedish operations rose by 8 percent during the period to SEK 192 million (178). Total net operating income rose by 9 percent during the period to SEK 195 million (179).**
- **Income after net financial items excluding the gain on property sales rose by 19 percent compared with the corresponding period of the previous year to SEK 69 million (58).**
- **The net gain on property sales during the period amounted to SEK 4 million (91), of which sales in Sweden accounted for SEK 4 million.**
- **Net income amounted to SEK 54 million (58), corresponding to earnings per share of SEK 0.86 (0.92).**
- **Cash flow per share from operating activities amounted to SEK 1.26 (1.21).**

Operating results

Rental income for the period totaled SEK 327 million (314), of which SEK 323 million (307) related to the Swedish property portfolio and SEK 4 million (7) to the international property portfolio.

Expenses for operations, management, maintenance, tenancy modifications, tax and rents totaled SEK 132 million (135), of which the Swedish property portfolio accounted for SEK 131 million (129) and the international portfolio for SEK 1 million (6). The Group's administrative expenses amounted to SEK 20 million (18), of which SEK 5 million relates to expenses in connection with the takeover offer.

Net operating income for the Group amounted to SEK 195 million (179) during the period, an increase of 9 percent. In the Swedish portfolio, net operating income rose by 8 percent compared with the corresponding period of 1999, from SEK 178 million to SEK 192 million.

The net gain on property sales during the period was SEK 4 million (91).

Operating income for the period amounted to SEK 156 million (231).

Income after net financial items amounted to SEK 73 million (149). For the Swedish operations, income amounted to SEK 77 million (95).

Income for the period after tax and minority interests amounted to SEK 54 million (58).

Figure 1. Income statement for the period Jan.-March 2000 compared with the corresponding quarter of 1999 divided between Swedish and international properties

SEK million	Sweden 2000	Sweden 1999	Int'l 2000	Int'l 1999	Total 2000	Total 1999
Rental income	323	307	4	7	327	314
Operations, maintenance, tax	-131	-129	-1	-6	-132	-135
Net operating income	192	178	3	1	195	179
Depreciation	-23	-21	0	0	-23	-21
Property sales gain	4	25	0	66	4	91
Administrative expenses	-19 ¹⁾	-17	-1	-1	-20 ¹⁾	-18
Operating income	154	165	2	66	156	231
Net financial income and expenses	-77	-70	-6	-12	-83	-82
Income/loss after net financial items	77	95	-4	54	73	149
Minority interests and tax	-19	-24	0	-67	-19	-91
Net income/loss	58	71	-4	-13	54	58

1) of which SEK 5 million relates to expenses in connection with the takeover offer.

Income, expressed as the yield on the property portfolio compared with the first quarter of 1999, improved from 7.1 percent to 7.2 percent for management properties.

Financing and liquidity

Interest-bearing financing for the majority of the Swedish properties in the Diligentia Group consists of consortium mortgage loans.

Diligentia's remaining international properties and its international property-related receivables are nearly all fully financed directly or indirectly in local currency.

Interest-bearing liabilities in the Group amounted to SEK 6,842 million (6,717). As of March 31, 2000, the Group's average borrowing rate was 5.7 percent (5.3). The Swedish loan portfolio of SEK 5,505 million (5,290) had an average interest rate of 5.9 percent, while the international portfolio of SEK 1,337 million (1,427) had an average rate of 5.1 percent (4.0).

At the end of the period, the average fixed interest period for the Swedish loan portfolio was 1.8 years.

The Group's liquid assets amounted to SEK 167 million (127) as of March 31, 2000. Unutilized loan facilities, including the consortium mortgage loan limit, amounted to slightly over SEK 1,100 million (800) on March 31.

Cash flow from operating activities was SEK 79 million (76) for the period.

As of March 31, 2000, shareholders' equity amounted to SEK 5,173 million (5,086).

Property portfolio

Of the property portfolio's total book value of SEK 11,730 million (11,305) on March 31, 2000, SEK 11,325 million (10,455) related to Sweden and SEK 405 million (850) to international properties. The total number of properties in the Group was 276 (303), of which 269 (285) were in Sweden and 7 (18) abroad.

Depreciation on the Swedish properties amounted to SEK 23 million (21) during the first quarter. Because the international properties are reported as current assets, there is no depreciation. Any revaluations or write-downs of international properties are made at year-end.

During the period, Diligentia signed new leases and actively renegotiated existing contracts in Sweden with annual rents of SEK 71 million and lettable area of 67,780 square meters.

Changes in the property portfolio

During the period, Diligentia sold 8 properties (7) for an aggregate sales value of SEK 74 million (479). The net capital gain on property sales during the period was SEK 4 million (91).

Diligentia concluded the previously announced acquisition of a property in Copenhagen, Österbro, for SEK 71 M. The property's lettable area is 5,721 square meters.

Net operating income on properties sold during the period amounted to SEK 1 M (1).

In total, 6 (4) properties were sold in Sweden for a sales value of SEK 30 million (137) and 2 (3) internationally for SEK 44 million (342).

Diligentia's remaining international property portfolio amounts to approximately SEK 405 M (850).

As of March 31, 2000, the total liquidation reserve for international operations amounted to SEK 43 million. A dissolution of the reserve of SEK 15 million has occurred during the first quarter in connection with the sale of properties in Germany and Portugal.

Capital expenditures

Diligentia allocates capital expenditures for its property portfolio on an ongoing basis. During the period, capital expenditures totaled SEK 112 million (38).

Parent Company

Diligentia AB is the Group's Parent Company, in which the Group's shareholders' equity is concentrated. Borrowing in the Group is done in large part through the Parent Company. The Parent Company carries on customary Group-wide activities, the expenses for which amounted to SEK 16 million (13) during the period. As of March 31, 2000, 9 (11) people were employed by the Parent Company.

Summary of Skandia Liv's offer for Diligentia

On March 20, 2000, Livförsäkringsbolaget Skandia (Skandia Liv) announced a public offer to Diligentia's shareholders to tender each of their shares in Diligentia for SEK 90 in cash, including any dividend paid for the financial year 1999.

The Board of Directors of Diligentia has begun an evaluation of Skandia Liv's public offer to the shareholders of Diligentia. The Board will release a statement regarding the offer within a reasonable time prior to the expiration of the acceptance period.

Annual General Meeting and dividend recommendation

Because Skandia Liv's public offer may lead to significant changes in Diligentia's ownership, Diligentia's Board of Directors has decided to delay a dividend recommendation and postpone the Annual General Meeting to a future date that will be determined once conditions have been clarified.

Financial reports in 2000

(dates subject to change)

Interim report, January-June

Thursday, August 17

Interim report, January-September

Thursday, October 26

The information in the interim report has not been reviewed by the company's auditors.

Diligentia is one of Sweden's largest real estate companies. The book value of the Group's Swedish property portfolio amounted to SEK 11,325 million on March 31, 2000. The book value of the international properties amounted to SEK 405 million. Diligentia's overall strategy is to concentrate and develop its operations in select market sectors in Stockholm, Gothenburg and the Öresund region. Diligentia is listed on the A-list of the Stockholm Stock Exchange.

Stockholm, April 27, 2000

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Condensed income statement

	1/1-3/31 2000	1/1-3/31 1999	1/1-12/31 1999
Property management			
Rental income	327	314	1,253
Operating and management expenses	-85	-90	-291
Expenses for maintenance and tenancy modifications	-24	-24	-117
Ground rents	-3	-3	-10
Property tax	-20	-18	-70
Net operating income from property	195	179	765
Depreciation of properties	-23	-21	-84
Income from property management	172	158	681
Property sales			
Sales proceeds	74	479	1,212
Sales expenses	-2	-12	-90
Book value of properties sold	-68	-376	-991
Result from property sales	4	91	131
Income after property sales	176	249	812
Administrative expenses	-20	-18	-70
Operating income	156	231	742
Interest subsidies			
Net interest expense and other financial income and expenses	2	3	12
	-85	-85	-333
Total financial income and expenses	-83	-82	-321
Income after net financial items	73	149	421
Tax paid	-15	-67 ¹⁾	-76 ¹⁾
Deferred tax	0	-18	-40
Minority interest in income	-4	-6	-20
Net income for the period	54	58	285

1) of which Japan SEK -62 million.

Condensed balance sheet

	Diligentia Group 3-31-2000	Diligentia Group 3-31-1999	Diligentia Group 12-31-1999
ASSETS			
Fixed assets			
Properties	11,325	10,455	11,203
Participating interests in associated companies	379	369	380
Other fixed assets	9	13	10
Receivable from minority	-	67	-
Total fixed assets	11,713	10,904	11,593
Current assets			
Properties	405	850	466
Current receivables	489	733	475
Cash and bank balances	167	127	137
Total current assets	1,061	1,710	1,078
TOTAL ASSETS	12,774	12,614	12,671
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity	5,173	5,086	5,119
Due to minority	4	0	7
Deferred tax	52	32	53
Interest-bearing liabilities	6,842	6,717	6,711
Non-interest-bearing liabilities	703	779	781
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	12,774	12,614	12,671

Cash flow statement

SEK million	Group 1/1-3/31 2000	1/1-3/31 1999
Result from property sales	195	179
Administrative expenses excl. depreciation of equipment	-19	-18
Net financial items	-83	-82
Tax payments (excl. property sales)	-14	-3
Cash flow from operating activities	79	76
Change in working capital		
Increase (-)/decrease (+) in current receivables	-14	-20
Increase (+)/decrease (-) in current liabilities	-79	-185
Change in working capital	-93	-205
Cash flow from operating activities before capital expenditures and property sales	-14	-129
Capital expenditures and acquisitions	-183	-4
Property sales, net, after tax paid	71	412
Cash flow before financing	-126	279
Financing		
Debt financing	156	-302
Net change in financing	156	-302
Change in liquid assets	30	-23
Liquid assets at beginning of year	137	150
Change in liquid assets	30	-23
Liquid assets at year-end	167	127

Property portfolio March 31, 2000

	Book value		Area ¹⁾			No. of
	SEK m.	%	000 sq.m.	%	SEK/sq.	properties
Sweden	11,325	97	1,575	98	7,192	269
International	405	3	30	2	13,669	7
Total	11,730	100	1,604	100	7,311	276

Swedish property portfolio

Book value	SEK m.	%	000 sq.m.	%	SEK/sq.	Number
Stockholm	5,972	53	603	38	9,904	110
Gothenburg	3,202	28	594	38	5,391	96
Öresund region ^{*)}	2,151	19	378	24	5,691	63
Sweden, total	11,325	100	1,575	100	7,191	269

Type of property	SEK m.	%	000 sq.m.	%	SEK/sq.	Number
Multi-family housing	2,862	25	451	29	6,346	101
Office buildings	7,906	70	869	55	9,098	114
Warehouses and industrial	548	5	255	16	2,149	49
Land	9	0	0	0	0	5
Sweden, total	11,325	100	1,575	100	7,191	269

International property portfolio

Diligentia Real Estate	SEK m.	%	000 sq.m.	%		Number
Germany	325	80	23	77		5
Portugal (land)	33	8	0	0		1
USA	47	12	7	23		1
Total	405	100	30	100		7

1) The area used for projects in progress refers to both the area after completion and area for garage spaces

*) Including Copenhagen

Key financial ratios

	3/31 2000	3/31 1999
Yield, %¹⁾		
Sweden, excluding interest subsidies	7.2	7.1

Economic occupancy rate, %¹⁾

Sweden	95	94
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Book value of properties per share, SEK

Total	187	181
Sweden	181	167
International	6	14

Other key ratios

Debt to property book value, % ²⁾	58	59
Equity/assets ratio, % ³⁾	40	40
Equity per share, SEK	83	81
Net asset value per share, SEK ⁴⁾	115	96
Net operating income, SEK million	195	179
Share price, SEK	88.50	65.00
Earnings per share after tax, SEK	0.86	0.92
Cash flow per share, SEK ⁵⁾	1.26	1.21
Number of shares	62,709,163	62,709,163

1) Management properties

2) Interest-bearing liabilities/book value of properties

3) Shareholders' equity/total assets

4) Shareholders' equity plus surplus values as of 12/31 after deduction of deferred tax (28 percent)

5) Refers to cash flow from operating activities