

Förvaltnings AB Framtiden

Registration number 556012-6012

Interim Report January – August 2004

Summary

- Profit after financial items SEK 373 million (201).
- The number of vacant apartments was 161, equivalent to 0.2% (144, 0.2).
- Group investments during the period totalled SEK 620 million (683).

Operations

Förvaltnings AB Framtiden owns and manages, through subsidiaries, around 69,000 (68,700) apartments, 569,000 (593,000) square metres of non-residential floor space and approximately 62,000 (62,000) parking spaces, all located within the City of Gothenburg. The wholly-owned subsidiaries are Bostads AB Poseidon, Göteborgs stads bostadsaktiebolag, Familjebostäder i Göteborg AB, Gårdstensbostäder AB, AB HjällboBostaden, Göteborgs Egnahems AB, Göteborgs Stads Parkerings AB, Förvaltnings AB GöteborgsLokaler, Idrotts- och Kulturcentrum Scandinavium i Göteborg AB, Framtiden Bostadsfinansiering Nr 1 AB (publ), Framtiden Housing Finance No 2 AB (publ), Framtiden Residential Housing Finance No. 3 AB (publ), Framtiden Multi-Family Housing Finance No. 4 AB (publ), Framtiden Public Housing Finance No. 5 AB (publ), Störningsjouren i Göteborg AB and Mässans Gata AB.

Economic trends during the year

The global economy has progressed to the next stage in the economic cycle. Companies' profits are good and the propensity to invest among companies is increasing. This has in turn had an impact on the belief in new recruitment. At the same time, high oil prices and uncertainty regarding developments in the USA have checked the upturn and led to concern for the future.

Growth in the euro area has been restrained for several years but now things appear to be brighter. Growing external demand is having a clear impact on the export trend. Despite this there appears to be something of a division, with German and Italian households appearing to be more pessimistic about the future. In time, however, it is felt that exports will be stronger and an upturn in investment will lead to an increase on a broader level.

In Sweden the next few years appear to be more promising and growth is expected to be just over three per cent both this year and next year. The labour market is still giving cause for concern although employment is expected to increase during 2005 and 2006, contributing to expectations that the rate of consumption will rise. Short-term interest rates continued to fall slightly during 2004 although long-term interest rates, which affect Group profit in the long term to a greater extent than short-term interest rates, are on approximately the same level now as at the end of 2003.

The rental and property market in Sweden

The situation in the Stockholm office rental market is still subdued even if there is cautious optimism. The level of vacant space for office premises remains high but did not increase during the first half of 2004.

As regards residential property, supply in Stockholm is not in line with demand. Between 2002 and 2006 construction of around 20,000 apartments is planned.

In Malmö, house and co-operative apartment prices rose by 10-15 per cent during the first half of 2004. The number of residents forming co-operative associations has also increased. Vacant space on the residential side is low. New construction of residential units has once again increased and during spring 2004 approximately 1,000 apartments were under construction. On the office side the level of vacant space has increased slightly in recent years and is currently around 10 per cent. The rent level for office premises has remained relatively unchanged.

Gothenburg is showing continued growth. During the first half of 2004 approximately 850 apartments were completed. At mid-year almost 2,000 apartments were under construction, which is considerably more than previous years. As there is a considerable demand for housing in Gothenburg the number of vacant apartments is low and newly constructed residential units are not difficult to let or sell. As the demand for residential properties, co-operative owned properties and single-family dwellings has continued to be high, prices have increased accordingly. The price rise during the past year has been approximately 14 per cent for single-family dwellings. The price of co-operative-owned apartments has shown a similar increase.

The historically low interest levels have contributed to a strong property market in Gothenburg. This applies mainly to residential properties where co-operative associations are the purchasers. It is principally in the city centre that co-operative associations are buying up properties but there are also transformations into co-operatives in less central locations. Generally, yield requirements throughout Gothenburg has fallen with rising prices as a result.

A number of major deals in Sweden during the year involving residential properties have indicated a lower yield requirement. One reason for this is the high demand for larger residential portfolios. Commercial properties with stable tenants with long leases are also interesting investments targets, primarily for foreign investors.

Rental income and vacant property

Rental revenue for the period increased by SEK 87 million compared with the same period last year and totalled SEK 2,690 million. The bulk of the increase can be attributed to the rent increases that took place during 2004. Rents within the Group's companies have risen by 2.5 -3.9 per cent. The total rent shortfall has decreased by SEK 4 million compared with the same period during 2003. For apartments the rent shortfall is SEK 4 million lower as a result of lower costs for vacant properties and reduced discounts. The rent shortfall for non-residential premises is on the same level as the corresponding period in 2003.

<u>Rent shortfall, SEK m</u>	<u>31-8-2004</u>	<u>31-8-2003</u>	<u>31-12-2003</u>
Apartments	32	36	53
Non-residential premises	22	22	33
Parking spaces	<u>8</u>	<u>8</u>	<u>11</u>
	62	66	97

The number of vacant apartments as of August 31 was 161(144), equivalent to 0.2 per cent (0.2). These are to be found mainly in the north-eastern parts of the city, where there are 64 (61) vacant apartments. The vacancy level for non-residential premises as of August 31 was 7.9 per cent (9.4).

<u>Vacant apartments</u>	<u>31-8-2004</u>	<u>31-8-2003</u>	<u>31-12-2003</u>
Poseidon	53	41	33
Bostadsbolaget	55	58	73
Familjebostäder	18	11	18
Gårdstensbostäder	31	33	21
HjällboBostaden	4	1	1
Egnahemsbolaget	0	0	0
	161	144	146

Rent negotiations for 2005 will commence during the latter half of autumn 2004.

Financial results

Profit after financial items totalled SEK 373 million, which is an improvement of SEK 172 million compared with the same period last year.

The increase in income of SEK 96 million can be attributed largely to the rent increases that took place during 2004.

Operating costs have increased by SEK 50 million to SEK 1,167 million. This is equivalent to approximately SEK 10/m². The largest increase in costs is to be found among tariff charges and the upkeep of properties, which have together increased by SEK 12/m² compared with the preceding period. The cost of property administration fell during the same period by SEK 4/m².

Maintenance costs totalled SEK 328 million, which is SEK 48 million lower than the same period the preceding year. The figure of SEK 328 million includes extra maintenance within all the Group's residential property companies and the rebuilding of one of the market squares within GöteborgsLokaler at a total cost of SEK 82 million (95). The extra maintenance is expected to amount to SEK 166 million (159) for the full year. The total planned maintenance for 2004 is estimated to exceed the planned maintenance for 2003 by around SEK 9 million.

Property tax increased by SEK 20 million compared with the same period during the preceding year and totalled SEK 90 million. The increase can be attributed to the inclusion in the comparative figures of the repayment of SEK 20 million in property tax for 2003 in respect of vacant apartments.

Depreciation and write-downs in property management increased by SEK 27 million compared with the corresponding period the preceding year. The largest proportion of the increase can be attributed to property investments.

Central costs increased by SEK 1 million and totalled SEK 70 million for the reported period.

Other operating items include capital gains totalling SEK 83 million. SEK 81 million of these are capital gains that have arisen on sales of properties within Poseidon and Egnahemsbolaget, whilst the remaining SEK 2 million are capital gains on the sale of parking meters. Income from Egnahemsbolaget's construction work is included under Other operating items. Other operating expenses comprise mainly costs that have arisen in Egnahemsbolaget's construction work. During the reporting period, Egnahemsbolaget completed 102 housing units, which is an increase of 84 compared with the same period the preceding year.

Net financial items amounted to SEK -446 million (-481), of which the interest subsidy accounted for SEK 18 million (17).

Investments

Investments during the period totalled SEK 620 million (683) and refer, among other things, to current new construction at Stampen in central Gothenburg and at Amhult in Torslanda, as well as current redevelopment of Tuve, Hjällbo, Gårdsten and other areas.

Financial position and liquid funds

The Framtiden Group equity as of August 31 totalled SEK 6,199 million (5,648), which gives a reported equity ratio of 27.0% (25.5%).

The Group's total borrowing volume as of August 31, 2004 was SEK 14,482 million (14,311). The average fixed interest term for the Group's loan portfolio was 2.1 years (2.0). The equivalent fixed interest term at the year-end was 2.2 years. The average interest regarding net exposure totalled 4.50 per cent (5.13). The Group's average financing cost during the period totalled 4.88 per cent (5.30), excluding the interest subsidy, and 4.69 per cent (5.12) including the interest subsidy.

Interest exposure, August 31, 2004

<u>Year</u>	Net exposure, SEK m	Average rate of interest, %	Premium, SEK m
2004	-4,590	2.80	-1.0
2005	-3,629	5.54	-0.9
2006	-1,876	5.33	4.0
2007	-1,475	5.25	-1.2
2008	-100	4.25	-4.0
2009	-960	4.88	-3.8
2010	-401	5.30	-2.4
2011	-850	5.01	-0.1
<u>2012 -</u>	<u>-460</u>	<u>5.17</u>	<u>0.0</u>
Total	-14,341	4.50	-9.4

Credit portfolio due date structure (incl. loan assurances) 31-8-2004

<u>Year</u>	<u>SEK m</u>	<u>Share %</u>
2004	1,055	7
2005	3,388	23
2006	3,114	22
2007	2,527	18
2008	198	1
2009	2,500	17
2010-13	401	3
2014-17	1,299	9
Total	14,482	100

Financing sources 31-8-2004

	SEK m
City of Gothenburg	641
Bond loans	7,500
Foreign credit institutions	929
Swedish credit institutions	5,336
Others	76
Total	14,482

Events after the period end

In September 2004 borrowing on the European capital market was concluded with the issue of a five-year bond loan totalling EUR 295 million, equivalent to SEK 2,700 million, mainly to refinance existing loans. The issue took place through a new company within the Group, Framtiden Public Housing Finance No. 5 AB (publ.), which was founded purely for this purpose. The funds borrowed were lent on to Poseidon, SEK 1,150 million, Bostadsbolaget, SEK 1,000 million, and Familjebostäder, SEK 550 million.

Parent company

The parent company's net sales totalled SEK 15.9 million (14.6) and refer to invoicing to subsidiaries for Group costs. The company's pre-tax result was SEK -5.9 million (-8.5). The financial results are affected by an interest expense of SEK -5.5 million (-8.9).

The parent company had 10 (10) employees.

Personnel

The number of employees in the Group was 954 (903).

Forecast for the full year 2004

The profit after financial items is estimated at just under SEK 300 million for the full year. At the end of the year there could be a reversal of write-downs made previously. The amount is currently not known as any reversals are based on the valuation made of the Group's property holdings at the turn of the year. The Group's investments are estimated at just over SEK 1,000 million for the full year.

Accounting principles

With effect from January 1, 2004, Items affecting comparability has been removed from the Income Statement. This type of item is instead reported under each income statement heading. The items included are: Write-downs and reversed write-downs, which are reported under Depreciation and write-downs in management; Contractual early retirement, which is reported under Operating costs, and Property tax recovered, which is reported under Property tax. The outcome for 2003 has been recalculated according to this principle.

Since January 1, 2004, RR29, remuneration to employees, has been applied with regard to the Group's liability to PRI.

In other respects the company applies the same accounting principles as applied in the most recent annual report.

Gothenburg, October 22, 2004

Kurt Eliasson
Managing Director

INCOME STATEMENT

(SEK m)	1-1-2004 <u>--31-8-2004</u>	1-1-2003 <u>--31-8-2003</u>	1-1-2003 <u>--31-12-2003</u>
Rental revenue	2,690	2,603	3,912
Property management revenue	<u>118</u>	<u>109</u>	<u>167</u>
	2,808	2,712	4,079
<i>Property management costs</i>			
Operating expenses	-1,167	-1,117	-1,743
Maintenance expenses	-328	-376	-630
Property tax	<u>-90</u>	<u>-70</u>	<u>-115</u>
	-1,585	-1,563	-2,488
Operating surplus	1,223	1,149	1,591
Depreciation and write-downs in property administration	-431	-404	-200
Gross income	792	745	1,391
Central costs (incl. depreciation)	-70	-69	-104
Other operating income	265	35	181
Other operating expenses	<u>-168</u>	<u>-29</u>	<u>-167</u>
Operating income	819	682	1,301
Net financial items	<u>-446</u>	<u>-481</u>	<u>-722</u>
Profit after financial items	373	201	579
Tax on income for the period	<u>-115</u>	<u>-53</u>	<u>-155</u>
Net income for the period	258	148	424

BALANCE SHEET

(SEK m)	<u>31-8-2004</u>	<u>31-8-2003</u>	<u>31-12-2003</u>
ASSETS			
Fixed assets			
Tangible assets	22,284	21,684	22,163
Financial assets	<u>49</u>	<u>51</u>	<u>39</u>
	22,333	21,735	22,202
Current assets	621	458	813
Total assets	22,954	22,193	23,015

(SEK m)	<u>31-8-2004</u>	<u>31-8-2003</u>	<u>31-12-2003</u>
EQUITY, PROVISIONS AND LIABILITIES			
Equity	6,199	5,648	5,924
Provisions	1,195	1,066	1,217
Loan liabilities (interest-bearing)	14,482	14,311	14,528
Operating liabilities (non-interest-bearing)	<u>1,078</u>	<u>1,168</u>	<u>1,346</u>
Total equity, provisions and liabilities	22,954	22,193	23,015
Pledged assets and contingent liabilities	14,070	14,751	14,215

CHANGES IN GROUP EQUITY

(SEK m)	1-1-2004 <u>--31-8-2004</u>	1-1-2003 <u>--31-8-2003</u>	1-1-2003 <u>--31-12-2003</u>
Opening balance according to the balance sheet as at January 1	5,924	5,500	5,500
Change in accounting principles	17	-	-
Profit for the period	258	148	424
Closing amount for the period	6,199	5,648	5,924

CASH FLOW STATEMENT

(SEK m)	1-1-2004 <u>--31-8-2004</u>	1-1-2003 <u>--31-8-2003</u>	1-1-2003 <u>--31-12-2003</u>
Cash flow from current operations	408	488	759
Cash flow from investment operations	-449	-685	-966
Cash flow from financing operations	<u>-105</u>	<u>65</u>	<u>258</u>
Cash flow for the period	-146	-132	51
Liquid funds at the beginning of the year	276	225	225
Liquid funds at the end of the year	130	93	276

PROFIT AFTER FINANCIAL ITEMS PER COMPANY

(SEK m)	1-1-2004 <u>--31-8-2004</u>	1-1-2003 <u>--31-8-2003</u>	1-1-2003 <u>--31-12-2003</u>
Poseidon	104	100	436
Bostadsbolaget	80	95	155
Familjebostäder	100	91	135
Gårdstensbostäder	-28	-35	-58
HjällboBostaden	-6	-18	-27
Parkeringsbolaget	37	3	15
Egnahemsbolaget	60	-1	8
Göteborgslokaler	6	-24	-70
Scandinavium	<u>0</u>	<u>0</u>	<u>0</u>
Total, subsidiaries	353	211	594
Parent company	-6	-8	209
Elimination	<u>26</u>	<u>-2</u>	<u>-224</u>
Total, Group	373	201	579

GROUP KEY RATIOS

	<u>31-8-2004</u>	<u>31-8-2003</u>	<u>31-12-2003</u>
Cash flow, SEK m	804	607	783
Investments, SEK m	620	683	960
Equity ratio, %	27.0	25.5	25.7
Vacancy rate, apartments, %	0.2	0.2	0.2
Total floor space, 1,000 m ²	4,937	4,944	4,943

Definitions

Cash flow

Profit after financial items plus depreciation.

Investments

Investments in properties after investment grants and investments in other fixed assets.

Equity ratio

Reported equity in relation to total assets.

Vacancy rate, apartments

Number of vacant apartments as a percentage of the number of apartments available for rent.