



100 years of turning ambition into reality

In 2024, Wihlborgs celebrates 100 years as a company. As we searched through archives and interviewed key individuals to obtain an in-depth view of Wihlborgs' history, we were amazed at how the concepts and strategies of days past still form the essence of who we are today.

As early as 1924, when O.P. Wihlborgs founded his construction company, he established Wihlborgs recipe for success: good people and good ideas in the right locations. With his skilled employees, the master builder quickly expanded his operations by acquiring land to build houses and develop properties in the Malmö region.

Even today, we are blessed with competent and committed employees who guarantee continuous development. We like to talk about the energy innovation "the Janne solution," a reversible heat pump invented by our operations manager Jan Larsson, which we have installed in ten properties so far. Or the "Ivan effect," which refers to the 35-percent reduction in energy consumption achieved by service technician Ivan Bicanic in one of our newly acquired properties.

At Wihlborgs, each individual can make a big difference and develop within their role, while new roles are created as skills requirements change. In the most recent employee survey we conducted in collaboration with Great Place to Work, our overall trust index rose from 86 to 90 percent. A full 98 percent of our employees think that in all aspects, Wihlborgs is a very good place to work. Wihlborgs has particularly high scores when it comes to, for example, the opportunity to take on major responsibilities, that the work feels meaningful and that there is pride in what we accomplish and contribute to society.

Wihlborgs is not the work of one person – it is the outcome of the efforts of many dedicated employees. At the same time, a number of people have made their mark in a big way, not least Erik Paulsson who, during his tenure as the CEO and later Chairman of the Board, was as much a driving force in the development of the modern office, as a role model, an entrepreneur and a leader. Many of us still refer repeatedly to his wisdom and business acumen.

Continued strong demand

Our emphasis on the "right place" is still at the core of our strategy. By concentrating the portfolio on selected cities, quarters and businesses, Wihlborgs aims to create unique values and positive synergies. This gives us an unrivalled overview of what is happening within our area. It also enables us to meet many decision-makers and participate in various forums that focus on the development of cities and regions.

We are continuing to note strong demand for high-standard workplaces in attractive locations. Some of our newest profile properties, such as Kvartetten (Pulpeten 5) in Hyllie and

Raffinaderiet 3 in Lund, are now fully let. A stone's throw from Kvartetten is Vista (Bläckhornet 1), another triple-certified office building that will be completed by late 2025, for which we have now signed the first leases. In consultation with Malmö University and the City of Malmö, we plan to construct a new university building with a potential completion date of 2027. We began 2024 by signing a ten-year lease for 62,000 m² at Girostrøget 1 in Høje-Taastrup, Denmark – this will be the largest lease in Wihlborgs' history, and we will have a virtually seamless transition from the previous tenant.

Our performance in 2023 indicates that we have succeeded in balancing uncertainties around us with all the positive work we have undertaken, which is yielding results. Despite sharp increases in financing and construction costs, we had positive net lettings in all four quarters of 2023, and ended the year with increased rental income and a record-high operating surplus. In our Swedish operations, the rental value in like-for-like portfolios rose 6.5 percent.

This is not to say that it has been easy. In the final quarter of 2023, we broke our lettings record, with the highest number of newly signed leases, alongside numerous terminations. These intense activities have imposed considerable demands on our organisation, and I am incredibly proud of how we have managed to meet our tenants' needs time and time again.

The decline in value of our properties totalled 2 percent during the year, which, given the economic situation, is a good result. Much of this is thanks to our efforts regarding lettings, indexation, cost-efficiency enhancements, investments and project development – all of which have contributed to an improved net operating income. Our properties do not comprise a static asset and are, instead, a product that we are constantly working on and improving.

Challenges are part of the journey

Wihlborgs' history has been marked by numerous challenges linked to external factors: the Great Depression of the 1930s, times of war, oil crises, financial crises, the closure of Kockums, the pandemic and several recurring recessions. With these experiences behind us, we remain confident in our approach of always keeping some hay in the loft (a saying of our esteemed Erik Paulsson), and in our continuous investment, regardless of the state of economy. Because times change, and our perspective is for the long term. In 2023 alone, we had six new turf cuttings. We may have to stretch our calculation horizons in these times, but we have managed to find solutions that enable us to leverage our potential and launch new projects.

Since being listed on the stock exchange in 2005, we have invested SEK 18 billion in projects within the region. We invest in what we believe will benefit the many, not only in what gener-

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Ulrika Hallengren, CEO

ates immediate profit. We create platforms for development, we connect people, we add stimulus to achieve indirect effects – because we know that it will pay off. And you can't celebrate the victories without participating in the work behind them.

Therefore, I am somewhat disappointed to see that in this time of recession and geopolitical instability, parts of the business community are succumbing to anxiety and refraining from investment, instead of helping to maintain the momentum. I am well aware that times are tough, and I feel for the many businesses that are struggling to make ends meet, but even when taking this factor into account, a widespread wait-and-see attitude prevails. This is also the case politically with regard to, for example, much-needed system-changing investments in infrastructure. This wait-and-see attitude that is symptomatic of our times, has become an illusion of virtue that actually holds back social development. I hope we will see more activity and enterprise in 2024.

High sustainability ambitions throughout the chain

The construction and real estate industry is responsible for a large climate footprint. However, it is also a sector that operates with a long-term perspective, in the sense that constructed buildings become part of the environments that affect people for a long time to come, and also because most people who invest in properties do so with the aim of long-term ownership. A major footprint entails a major responsibility. Long-term investments lead to long-term commitments.

In autumn 2023, we presented the world's first building made with fossil-free steel – Tomaten 1 in Lund, where the contract manufacturer Inpac will be the first tenant. For Wihlborgs, it goes without saying that our industrial projects should also feature high environmental performance. Even if not all customers today demand or are willing to pay for higher environmental performance, we know that tomorrow's customers will impose unconditional demands to have the best possible operational data and the smallest possible climate footprint for the products they use. This means that we need to make investments today, if our product is to be of value tomorrow. As a purchaser, we also have a key responsibility to continuously raise our own requirements, so that the entire chain is characterised by high sustainability ambitions. We then gain experiences that will benefit subsequent projects.

Another aspect that makes the Tomaten 1 project so exemplary, is that the fossil-free steel on the facade is noticeably dark grey in colour, in contrast to "regular" light-grey steel. It is seldom possible to determine with the naked eye whether a

building has a high or low carbon footprint. At first glance, Kvar tetten in Hyllie, one of Sweden's first NollCO₂-certified office buildings, may with its steel and concrete framework appear to be the result of conventional construction techniques. However, the fact is that, from the perspective of the entire lifecycle, including the construction phase, its climate footprint is smaller than that of buildings made of wood in the same area.

We applied the same motto – the right materials in the right place – when developing another NollCO₂-certified building, Space (Kunskapen 1) in Lund (see page 71). At the Swedish Green Building Awards 2023, Sweden's most prestigious award ceremony for sustainable construction, Space won in the category, NollCO₂ Project of the Year. Let me share an excerpt from the nomination: "By engaging in target-oriented work and collaborating closely with clients, contractors and suppliers, they have jointly managed to find new and innovative technical solutions with the lowest possible climate impact. Furthermore, the project continued to reduce its climate impact even after achieving the threshold value. It is clear that their past experiences and determination had a major role in the achievements." Our other nominated property, Delta 3 (Syret 5), was awarded Miljöbyggnad iDrift of the Year, which I am just as proud of.

No-drama management

The year 2023 was a turbulent one, as was 2022. Unfortunately, there are many indicators that this will also be the case for 2024. Regardless, we at Wihlborgs will continue to raise our ambitions and focus on what we can influence. We will also continue to pursue what we call "no-drama management," which entails avoiding abrupt strategic changes, in favour of smaller and thoughtful daily adjustments, in order to continuously improve and become more competitive. Even in times of change, there are opportunities to be seized. These may pertain to tenants with new needs, a demand for high standard properties in terms of design and sustainability, the role of the office in a new world of hybrid working, and so forth. We cannot offer everything to everyone, but our customers can always stay abreast with us as we evolve.



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Ulrika Hallengren
Chief Executive Officer