

Wihlborgs'
Interim report

2019

January–March

JANUARY–MARCH 2019

Rental income increased by 7 percent to SEK 718 million (668)

Operating surplus increased by 9 percent to SEK 500 million (460)

Income from property management increased by 25 percent to SEK 406 million (325)

Result for the period amounts to SEK 311 million (303), corresponding to earnings per share of SEK 2.02 (1.97)

January–March 2019

Group key figures, SEK m	2019 Jan–Mar	2018 Jan–Mar
Rental income	718	668
Operating surplus	500	460
Income property management	406	325
Changes in value of properties	73	46
Changes in value of derivatives	-81	17
Result for the period	311	303
Earnings per share, SEK	2.02	1.97
Surplus ratio, %	70	69
Equity/assets ratio, %	35.2	34.7
Occupancy rate, %*	93	94
EPRA NAV per share, SEK	125.75	116.41

*) Excluding Projects & Land.

The Posthornet office building in Lund is located right next to Lund Central Station, which facilitates sustainable travel. The property has a roof-top solar cell facility and environmental certification to SGBC Gold.

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Forthcoming reports

Interim report Jan–Jun	8 July 2019
Interim report Jan–Sep	24 October 2019

Wihlborgs' interim reports and the Annual Report are distributed electronically. The Annual Report is printed in Swedish and sent to any shareholders notifying the Company that they wish to receive it in printed form.

This information is of such a kind that Wihlborgs Fastigheter AB (publ) is legally required to disclose pursuant to the EU's Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication through the agency of the above contact people on **25 April 2019 at 07:30 a.m. CEST.**

Wihlborgs Fastigheter AB (publ) is a property company that focuses on commercial properties in the Öresund region. Its property portfolio is located in Malmö, Lund, Helsingborg and Copenhagen. In Malmö, Lund and Helsingborg Wihlborgs is the leading property company. The book value for the Company's properties totals SEK 43.8 billion. The annual rental value of the properties is SEK 3.1 billion. Wihlborgs shares are quoted on the Large Cap List of NASDAQ Stockholm.

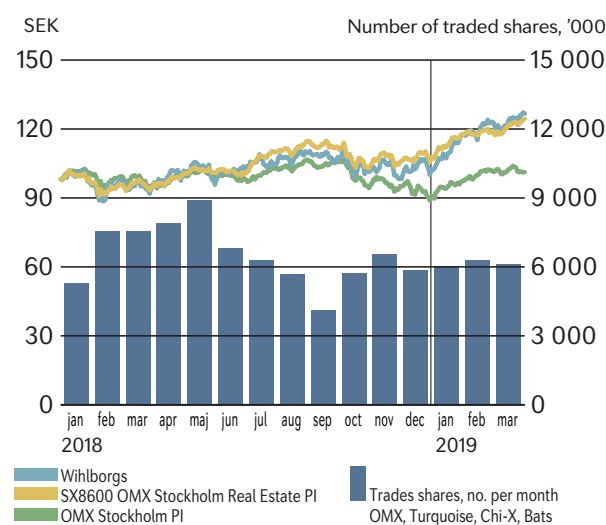
Financial targets

- A return on equity that exceeds the riskfree interest rate by no less than six percentage points
- An equity/assets ratio of no less than 30 percent
- An interest coverage ratio of no less than 2.0
- The loan-to-value ratio is not to exceed 60 percent

See page 19 for outcome

Development of share price

010118–310319



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CEO's comments

Wihlborgs continues to leverage the exciting growth possibilities that the Öresund market offers. During the year we completed two major acquisitions. In February, we acquired the Nya Vattentorget 2 and 4 properties, which encompass a total of 49,000 m² of office space. After this transaction, we now have a very strong position in the Ideon area in northeast Lund. This means we can leverage and positively impact the area's long-term development with improved communications and links between business and research.

In April, we acquired the Hermes 10 and 16 properties in Helsingborg, which encompass a total of 51,000 m² of office space. This reflects almost a third of our existing office portfolio in Helsingborg.

Both of these transactions are entirely in line with our strategy to create strong positions in selected

markets with growth potential. By virtue of already being the largest commercial property owner in these markets, we are convinced that we have the best preconditions for being able to take care of these properties and to help our new tenants grow their operations.

In April we have also signed an agreement to sell the property Landsdomaren 6 in Lund in which the Skåne Regional Council leases 27,500 m². This is a fully developed property with a long lease and with limited potential to continue adding value. The sale of the property means we can free up resources and focus on developing properties where we can create new value and new opportunities.

We are also growing by developing several projects for new and existing tenants. During the quarter, we signed an agreement with MilDef to build

4,400 m² of office and production facilities at Berga in Helsingborg. In Malmö, we signed an agreement with voestalpine Böhler WeldCare to construct a production facility of 4,300 m² in Fosie. We have also let 8,200 m² of office space at Elefanten 40 to the City of Malmö. Additionally, Malmö University is expanding its space at Kranen 2 in Dockan. In Copenhagen, we signed an agreement with RTC Transport to renovate a logistics property of 14,000 m², which they will then rent on a nine-year lease.

“Our growth model works. We can acquire and build new properties, but the ability to develop existing properties is just as important, if not more so.”

Demand from these and many other tenants continues to be strong and during the first quarter we have signed new leases with a value of SEK 96 million, which is the highest level ever for a single quarter.

We are confident that this demonstrates that our growth model works. We can acquire and build new properties, but the ability to develop existing properties is just as important, if not more so.

Naturally all of these activities have an effect on earnings and the balance sheet. In the second quarter, our rental income grew 7 percent to SEK 718 million. The operating surplus rose 9 percent to SEK 500 million, corresponding to a surplus ratio of 70 percent for the quarter. Income from property management increased a full 25 percent, due to lower interest expenses.

By the end of the first quarter, our loan-to-value ratio is 55.8 percent. However, we are generating a strong cash flow and the interest coverage ratio is now a very strong multiple of 6.

Our focus on increasing operating surplus and income from property management has, over time, strengthened our balance sheet and made it possible for us to complete several major acquisitions. This is also our strategy. When the opportunity arises, we will be ready. Moving forward, this is how we will continue to develop the company and the region.

Ulrika Hallengren, CEO

Market comments

Despite the slowdown in global trade and lower growth rates in parts of the EU, the Swedish economy has shown strong resilience. Exports and industrial production have continued to increase. However, domestic demand has been weak, which can be explained by uncertainty regarding trends in the housing market. Despite this, the underlying housing need is still strong. GDP is expected to grow 1.4 percent this year and 1.7 percent in 2020.

In the beginning of 2019, the inflation outcome was surprisingly low, which led Swedbank to revise the inflation path for all of 2019 compared with the January forecast. The Riksbank (the Swedish Central Bank) expects to raise the key interest rate to zero in September and leave it unchanged for 2020. Both long- and short-term interest rates are deemed to remain low for an extended period, despite a positive trend in the global economy.

Economic indicators for March point to somewhat stronger sentiment than normal, 101.7 compared with 101.9 in February. The most positive signal is that the service sector's confidence indicator climbed a whole 5.1 points in March, even if it remains slightly under the historical average. Service companies are reporting increased demand.

Danske Bank has stated that the Danish economy performed surprisingly well at the end of 2018, despite the downturn seen in Europe. Exports, among other areas, performed surprisingly well. However, the Danish economy was strongly affected by trends in Europe and Danske Bank has revised its growth forecast down to 1.8 percent this year, though it remains at 1.6 percent for 2020. The interest rate is expected to remain at a low level, and Danmarks Nationalbank is not expected to raise the interest rate before the European Central Bank.

Property market

Property consultants are reporting a record strong first quarter in terms of volume in the property transaction market. According to Savills, transaction volumes amounted to SEK 42 billion in the first quarter, up 54 percent year-on-year. There is continued strong interest from foreign investors, and 44 percent of the transaction volume was with foreign investors. The strongest segment was office properties, which accounted for 29 percent, followed closely by warehouse and industrial properties, which accounted for 28 percent. Housing fell to third place, with a 24 percent share of the total transaction volume. It is worth noting that approximately two-thirds of housing transactions concerned unfinished residential property. Warehouse and industrial properties saw their strongest quarter ever.

Savills' forecast is that the rest of 2019 will have high transaction volumes based on strong fundamentals and a strong demand for property investments. It is possible for the turnover of warehouse and industrial properties to post record highs in 2019 and demand from foreign investors is deemed to remain strong.

Income, expenses and profits, Jan-Mar 2019

Comparative figures for income statement items relate to values for the corresponding period 2018 and balance sheet items as of 31-12-2018.

Rental income

Rental income was SEK 718 million (668). Service income was SEK 74 million (66) of the rental income. Property acquisitions have contributed with SEK 28 million to rental income growth. Remaining increase is attributable to completed projects, renegotiations, new lettings and indexation in contracts. Furthermore, a stronger Danish Krona has resulted in an increase in income by SEK 6 million.

The total growth in rental income was 7 percent compared with the corresponding period 2018.

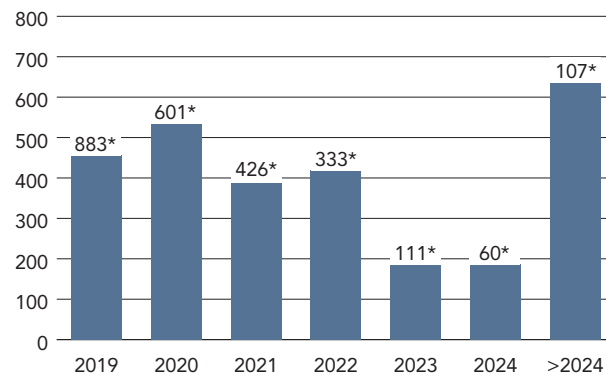
The occupancy rate for investment properties, excluding Projects & Land, is 93 percent which is one percentage point lower compared with year-end 2018.

During the period new leases were signed to a value of SEK 96 million (53) on an annualized basis. Lease terminations totalled SEK 79 million (35). This represents a net letting of SEK 17 million (18).

Terms of Wihlborgs' rental contracts per 31 March 2019

Rental value, SEK m

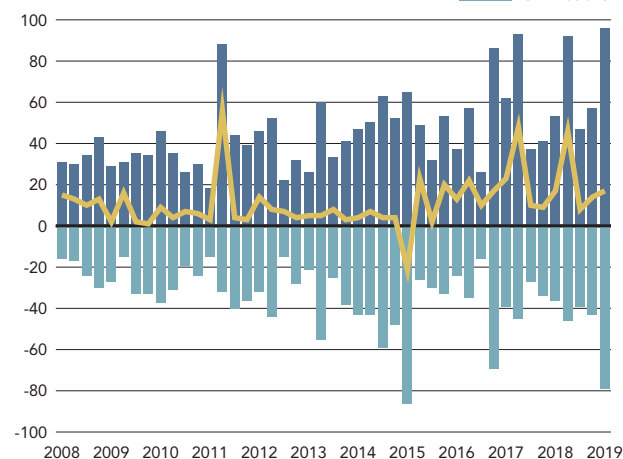
*Number of contracts excluding housing and parking contracts.



Net letting, quarterly

SEK m

Legend: Net (yellow), New leases (dark blue), Terminations (light blue)



In March, Wihlborgs once again made it on Great Place to Work's list of Sweden's Best Workplaces. Here are some of the staff at the head office in Malmö.

Property expenses

Total property expenses amounted to SEK 218 million (208). The increase is mainly due to property acquisitions and completed projects.

The historical summary at the bottom of page 17 illustrates how costs vary over the different quarters of the year.

Operating surplus

The operating surplus amounted to SEK 500 million (460) representing a surplus ratio of 70 percent (69). Of this increase, SEK 16 million was attributable to property acquisitions.

Central administration

The costs for central administration were SEK 17 million (15).

Financial income and expense

Net interest totalled SEK -76 million (-120), of which interest income accounted for SEK 4 million (3).

The interest expense for the period, incl. realized effects from interest rate derivatives, was SEK 80 million (123). Interest expense relating to interest derivatives amounted to SEK 16 million during the period. At the end of the peri-

od, the average interest rate, including the cost of credit agreements, was 1.36 percent, compared with 1.40 percent at year-end.

From 1 January 2019, leasehold rent is recognised as a financial expense, which differs from the previous principle whereby this was recognised as a property expense. Leasehold rent amounted to SEK 1 (1).

Income from property management

Income from property management amounted to SEK 406 million (325).

Pre-tax profit

The pre-tax profit, i.e. after value changes on properties and derivatives, was SEK 398 million (388). During the period value changes on properties amounted to SEK 73 million (46) and value changes on derivatives amounted to SEK -81 million (17).

Profit after taxes

The profit after taxes was SEK 311 million (303). Total tax amounted to SEK 87 million (85), of which current tax SEK 9 million and deferred tax SEK 78 million.



In the first quarter, Wihlborgs started the major transformation of Helsingborg C. A new facade, new entrances, new spaces and an entirely new food destination are just some of the features that will create an attractive environment for travellers and visitors. The project is expected to be completed by the end of 2020.

Assets

Property portfolio as of 31 March 2019

The summaries below are based on Wihlborgs' property portfolio as of 31 March 2019. Rental income relates to contracted rental income on an annual basis as of 1 April 2019.

The surplus ratio is based on the properties' earning capacity on an annual basis based on rental income for April 2019, operating and maintenance costs, property administration on a rolling twelve-month basis, property tax and leasehold rent.

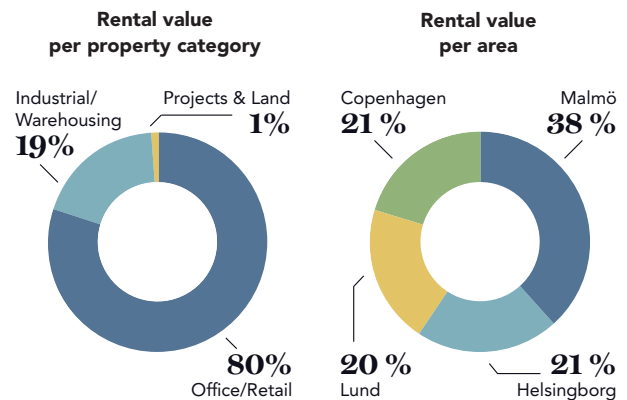
Wihlborgs' property portfolio consists of commercial properties in the Öresund region, located in Malmö, Helsingborg, Lund and Copenhagen. The property portfolio 31 March 2019 consisted of 312 properties (310) with a lettable area of 2,149,000 m² (2,106,000).

10 of the properties (10) are leasehold rights. The properties' carrying amount was SEK 43,839 million (42 146), which corresponds to the estimated market value. The total rental value was SEK 3,143 million (2,997) and the contracted rental income on annual basis SEK 2,904 million (2,796). The like-for-like increase in contracted rental income was

4,0 percent compared to 12 months previously.

The economic occupancy rate for Office/Retail properties was 94 percent (95) and for Industrial/Warehousing properties 91 percent (90). The rental value for Office/Retail properties represented 80 percent, Industrial/Warehousing properties 19 percent of the total rental value and the remaining one percent is attributable to Projects/Land.

The operating surplus from investment properties, excluding property administration and Projects/Land, is SEK 2,277 million (2,168) which with a carrying amount of SEK 41,889 million (40,039) corresponds to a yield of 5.4 percent (5.4). Broken down by property category, this is 5.2 percent (5.2) for Office/Retail and 7.0 percent (6.7) for Industrial/Warehousing.



In March, the City of Malmö signed a ten-year lease with Wihlborgs for 8,200 m² at the Elefanten 40 property in central Malmö for the medical, health and social care administration (HVO).

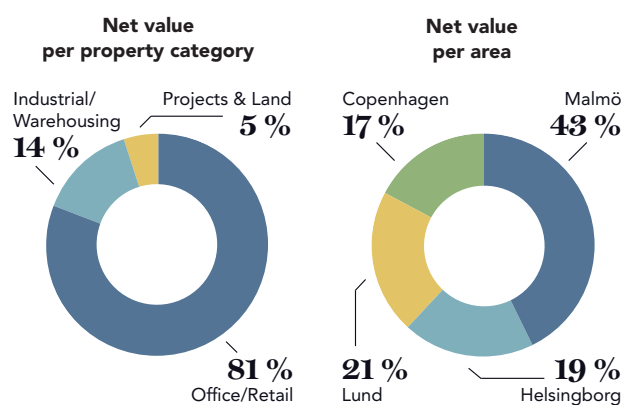
Changes in values of properties

By year-end the valuation of all Wihlborgs' properties is carried out by external valuers. The valuation of the properties as of 31 March 2019 has been made internally and resulted in a value increase at SEK 73 million (46). The majority of the value increase is due to rising occupancy in projects and higher rents, while the yield requirement has remained largely unchanged.

Fair value is determined by a yield-based method. The value is considered to correspond to the yield value that is calculated from normally five-year cash flow analyses. The value of newbuild projects in progress is determined as the value as if the project were complete, less deduction of the remaining cost. Undeveloped land is valued according to the comparable sales method.

As of 31 March 2019 the carrying amount for the properties was SEK 43,839 million (42,146).

Changes in carrying amount of properties	
Changes	Group total, SEK m
Carrying amount 1 January 2018	42,146
Acquisitions	1,410
Investments	406
Properties sold	-310
Change in value	73
Currency translations	114
Carrying amount 31 March 2019	43,839



Investments and current projects

Investments in the property portfolio totalled SEK 406 million (282).

Approved investments in ongoing projects amount to SEK 2,466 million, of which SEK 1,315 million had been invested at end of period.

Liquid assets

The Groups liquid assets totalled SEK 554 million (329) including unutilised overdraft facilities.

At the end of the period unutilized credit facilities amounted to SEK 1,323 million (1,941).

Investments in progress >SEK 50 million, 31 March 2019

Property	Category of use	Municipality	Completion date	Lettable area, m ²	Occupancy rate, %	Estimated investment, SEK m	Expended 310319, SEK m
Gimle 1	Kontor/Butik	Malmö	Q2 2019	9,000	100	392	358
Kranen 2	Kontor/Butik	Malmö	Q3 2019	9,000	100	209	116
Polisen 5	Kontor/Butik	Helsingborg	Q3 2019	4,000	100	182	169
Bure 2	Kontor/Butik	Malmö	Q4 2019	6,800	5	238	136
Elefanten 40	Kontor/Butik	Malmö	Q4 2019	8,200	100	57	1
Raffinaderiet 5	Kontor/Butik	Lund	Q4 2019	1,900	25	63	39
Forskaren 1	Kontor/Butik	Malmö	Q3 2020	4,000	0	97	18
Stenåldern 7	Industri/Logistik	Malmö	Q4 2020	4,300	100	78	2
Ursula 1	Kontor/Butik	Helsingborg	Q4 2020	13,000	5	405	91
Terminalen 1	Kontor/Butik	Helsingborg	Q4 2020	8,800	30	257	40
Musköten 20	Kontor/Butik	Helsingborg	Q4 2020	4,400	100	97	3
Summa				73,400		2,075	973

Analysis of lettable space per area and category of use

Area	Office, m ²	Retail, m ²	Ind./Ware- housing, m ²	Education/ Health care, m ²	Misc., m ²	Total, m ²	Share, %
Malmö	357,203	47,913	262,026	32,556	17,188 ¹	716,886	33
Helsingborg	169,879	60,308	284,714	22,345	11,870 ²	549,116	26
Lund	201,110	18,191	32,752	31,924	9,224 ³	293,201	14
Köpenhamn	389,835	7,402	93,948	12,699	85,870 ⁴	589,754	27
Total	1,118,027	133,814	673,440	99,524	124,152	2,148,957	100
Andel, %	52	6	31	5	6	100	

1) Includes 10,275 m² hotel.2) Includes 1,819 m² residential.3) Includes 8,215 m² hotel.4) Includes 38,848 m² data center, 5,600 m² hotel and 7,464 m² residential.**Analysis per property category in each management area**

Area/ property category	Number of properties	Area, m ² thousand	Carrying amount, SEK m	Rental value, SEK m	Rental value, SEK/m ²	Economic occupancy rate, %	Rental income, SEK m	Operating surplus incl. property ad- min., SEK m	Surplus ratio, %	Operating surplus excl. property ad- min., SEK m	Yield excl property admin., %
Malmö											
Office/Retail	50	439	15,129	948	2,156	96	907	691	76	722	4.8
Industrial/Warehousing	47	245	2,357	227	927	89	203	152	75	163	6.9
Projects & Land	23	32	1,256	19	577	-	4	-	-	2	-
Total Malmö	120	717	18,742	1,193	1,665	93	1,113	843	76	887	4.7
Helsingborg											
Office/Retail	30	177	4,795	341	1,928	95	323	243	75	254	5.3
Industrial/Warehousing	62	372	3,141	321	862	92	295	214	72	231	7.4
Projects & Land	12	-	395	-	-	-	-	-	-	-	-
Total Helsingborg	104	549	8,331	662	1,205	93	618	457	74	485	5.8
Lund											
Office/Retail	26	270	8,727	618	2,286	90	559	423	76	462	5.3
Industrial/Warehousing	4	23	188	18	788	99	18	15	83	15	8.2
Projects & Land	4	-	165	-	-	-	-	-	-	-	-
Total Lund	34	293	9,080	636	2,169	91	576	437	76	478	5.3
Copenhagen											
Office/Retail	44	523	7,030	609	1,165	93	558	382	68	402	5.7
Industrial/Warehousing	8	55	522	44	790	86	37	26	69	27	5.1
Projects & Land	2	12	134	-	-	-	1	-	-	-	-
Total Copenhagen	54	590	7,686	653	1,107	93	596	408	68	429	5.6
Total Wihlborgs	312	2,149	43,839	3,143	1,463	92	2,904	2,145	74	2,279	5.2
Total excluding projects and land	271	2,105	41,889	3,125	1,485	93	2,900	2,145	74	2,277	5.4



In February, Wihlborgs followed up its acquisition of Nya Vattentornet 3 at Ideon in Lund in the autumn with the purchase of two adjacent office properties, Nya Vattentornet 2 and Nya Vattentornet 4 (picture), which comprise a total lettable area of 49,000 m².

Property transactions

In the first quarter, Wihlborgs acquired the Nya Vattentornet 2 and 4 office properties in Lund with a total lettable area of 49,000 m². The properties are located in the Ideon area and major tenants include Sony Mobile, Schneider Electric and several companies within the Sigma group. Other acquisitions during the quarter comprised the Ursula 1 project property in Helsingborg, where the Prisma office project is under construction, and the Pulpeten 5 property in Hyllie, Malmö. The Glentevej 61–65 and 67–69 properties in Denmark were sold due to the ongoing development of the area, which is primarily residential.

Property transactions January–March 2019

Quarter	Property	Municipality	Management area	Category	Area, m ²	Price, SEK m	Operating surplus 2019, SEK m ¹
Acquisitions							
1	Nya Vattentornet 2	Lund	Lund Ideon	Office/Retail	24,000		
1	Nya Vattentornet 4	Lund	Lund Ideon	Office/Retail	25,000		
1	Ursula 1	Helsingborg	Helsingborg City	Projects & Land	-		
1	Pulpeten 5	Malmö	Malmö City Söder	Projects & Land	-		
Total acquisitions 2019					49,000	1,410	7
Sales							
1	Glentevej 61–65	Copenhagen	East Copenhagen	Projects & Land	9,900		
1	Glentevej 67–69	Copenhagen	East Copenhagen	Office/Retail	8,500		
Total sales 2019					18,400	310	2

1) Operating surplus from properties acquired and sold that are included in the results for the period.

Liabilities and equity

As of 31 March 2019 equity totalled SEK 15,853 million (15,530) and the equity/assets ratio amounted to 35.2 percent (36.3).

Interest-bearing liabilities

The group's interest-bearing liabilities as of 31 March 2019 amounted to SEK 24,449 million (22,814) with an average interest rate including costs for credit agreements of 1.36 percent (1.40).

With consideration to the company's net debt of SEK 24.4 billion, as a percentage of property values, the loan-to-value ratio is 55.8 percent (54.1).

The loans' average fixed interest period including effects of derivatives on 31 March 2019 amounted to till 3.1 years (3.5). The average loan maturity, including committed credit facilities, amounted to 6.1 years (6.0).

Structure of interest and loan maturities as of 31 March 2019

Matures, year	Interest maturity		Loan maturity	
	Loan amount, SEK m	Av. interest rate, %	Credit ag., SEK m	Utilised, SEK m
2019	12,117	1.12	1,241	1,241
2020	2,887	0.82	4,809	4,309
2021	1,630	1.11	6,912	6,869
2022	1,130	1.31	6,150	5,370
2023	1,130	1.49	0	0
<2023	5,555	2.16	6,660	6,660
Total	24,449	1.34*	25,772	24,449

* Excluding costs for credit agreements

Wihlborgs use interest rate derivatives in order to reduce the risk level in the loan portfolio. A summary of the terms is shown in the table below.

Interest rate derivatives portfolio 31 March 2019

Interest rate swaps		
Maturity	Amount, SEK m	Interest, %
2020	1,630	-0.04
2021	1,630	0.13
2022	1,130	0.32
2023	1,130	0.50
2024	788	0.66
2025	788	0.82
2026	752	0.96
2027	752	1.05
2028	752	1.12

The deficit in Wihlborgs' interest rate derivative portfolio amounted to SEK 106 million (26) by the end of the period, which represents a negative value change at 81 million (+17)

Interest-rate derivatives are recognised at fair value in accordance with IAS 9.

For information on the valuation approach for interest rate derivatives, see page 99 of the 2018 Annual Report.

Miscellaneous

Employees

At the period end Wihlborgs' number of full-time employees was 193 (187), 84 of whom are property caretakers.

There were 66 employees in Malmö, 31 in Helsingborg, 25 in Lund and 71 in Copenhagen. The average age is 44 years and the proportion of women is 35 percent.

Parent company

The parent company owns no properties, but deals with questions relating to the stock market and joint Group functions for administration, management and borrowing. The parent company's turnover is mostly related to the billing of services to Group companies.

The parent company has invested SEK 736 million (11), in shares in subsidiaries, including shareholders' contributions, during the period.

The parent company's income statement and balance sheet are found on page 18.

Participations in other companies

A description of all participations held by Wihlborgs in other companies will be found on pages 106–107 in the Company's 2018 Annual Report.

Largest shareholders

The largest shareholder in Wihlborgs is Erik Paulsson with family and company, with 10.3 percent of the shares outstanding. Shares held by owners registered abroad account for 42 percent. The number of shareholders is 25,041.

Largest shareholders in Wihlborgs 31 March 2019		
Shareholder	Number of shares, thousands	Proportion of equity and votes, %
Erik Paulsson with family, privately and via company	15,766	10.3
SEB funds	10,853	7.1
Länsförsäkringar funds	4,755	3.1
Qviberg family	4,277	2.8
Bank of Norway	3,850	2.5
Handelsbanken funds	3,639	2.3
Tibia Konsult AB	1,625	1.1
Eklund family, privately and via company	1,562	1.0
Swedbank Robur funds	1,492	1.0
Öhman funds	1,402	0.9
Other shareholders reg. in Sweden	43,503	28.3
Other shareholders reg. abroad	60,989	39.6
Total outstanding shares	153,713	100.0



95 percent of Wihlborgs' employees think that Wihlborgs is a very good place to work. Environmental Manager Staffan Fredlund, Head of Analysis Jenny Moberg and Analyst Martin Sääf.

Significant risks and uncertainty factors

Wihlborgs operations, financial status and profit are affected by a number of risk factors. Risks that have a decisive influence on the Group's profit trend are variations in rental income, interest rate changes, costs, property valuations and taxes. There are also risks relating to liquidity and funding.

There is a comprehensive description of the risks facing the Group on pages 79–84 and 100–101 in the Company's 2018 Annual Report.

Accounting policies

Wihlborgs follows the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as interpretations issued by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Union. The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Information under IAS 34 Interim Financial Reporting is submitted in the notes and elsewhere in the interim report.

The Group applies the same accounting policies and valuation methods as in the most recent annual report, with exceptions for what is stated below regarding IFRS 16. In addition, the Group applies the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups and the Parent Company applies RFR 2.

The financial reports are found on page 15.

As of 1 January 2019, IFRS 16 – Leases replaces IAS 17. Wihlborgs does not apply the standard retroactively, which means that the comparative figures for 2018 have not been restated. The standard means that essentially all leases will be recognised in the statement of financial position as right-of-use assets. The right-of-use and the liability are valued at the present value of future lease payments. As the lessor, the change is not expected to impact Wihlborgs' financial reporting. As a lessee, the most material items for Wihlborgs have been identified as the leasehold rents. As of 1 January 2019, the lease liability amounted to SEK 157 million, of which SEK 146 million pertained to leasehold rents. The corresponding right-of-use asset is recognised in the statement of financial position. The lease liability is not amortised, rather the value remains unchanged until the fee is renegotiated. Costs for leasehold rents are recognised as financial expenses, which differs from the previous principle whereby these were recognised as operating costs. The calculated leasehold rents for 2019 amount to approximately SEK 4 million. Income from property management will remain unaffected. Reporting is slightly affected in some key metrics, for example the equity/assets ratio.

New corporate sector tax rules

The new corporate sector tax rules entered force on 1 January 2019, which means that limits to tax relief for interest expenses, among other rules, began to apply. The rules also include a tax reduction in two stages: 21.4 percent in 2019–2020 and 20.6 percent as of 2021.

For Wihlborgs, the new rules mean an increase in the tax assessment basis in parallel with a lower nominal tax rate. However, the new rules are not expected to result in any material increase in tax paid in the next few years, assuming that net interest income can be consolidated efficiently in the Group.

Events after the accounting period

In April 2019, Wihlborgs acquired the Hermes 10 and 16 properties, known as Tretornfabriken, in central Helsingborg. The properties encompass a total of 51,000 m² of lettable area, and the tenants include Lund University, the city of Helsingborg, IKEA IT and Capgemini.

In April Wihlborgs has also signed an agreement to sell the Landsdomaren 6 property in Lund encompassing a total of 27,500 m² of lettable area. The property was sold to Intea Fastigheter AB (publ) through a corporate wrapper for a consideration of SEK 1.4 billion. The rental value is around SEK 65 million and the ownership will transfer on 31 May 2019.

Malmö 25 April 2019

Wihlborgs Fastigheter AB (publ)

Ulrika Hallengren, CEO

This interim report has not been reviewed by the company's auditors.



In April, Wihlborgs acquired the property known as Tretornfabriken (the Hermes 10 and 16 properties) in Helsingborg with a lettable area of 51 000 m². The properties are immediately adjacent to Helsingborg C and tenants include Lund University, the City of Helsingborg, IKEA IT and Capgemini. The co-working operation Mindpark is also located here.

Consolidated income statement summary

SEK m	2019 Jan-Mar 3 months	2018 Jan-Mar 3 months	2018/2019 Apr-Mar 12 months	2018 Jan-Dec 12 months
Rental income	718	668	2,734	2,684
Operating costs	-124	-119	-384	-379
Repairs and maintenance	-21	-20	-89	-88
Property tax	-44	-41	-158	-155
Leasehold rent	-	-1	-4	-5
Property administration	-29	-27	-118	-116
Total property costs	-218	-208	-753	-743
Operating surplus	500	460	1,981	1,941
Central administration	-17	-15	-67	-65
Interest income	4	3	12	11
Interest expense	-80	-123	-439	-482
Leasehold rent	-1	-	-1	-
Share in results of joint ventures	-	-	1	1
Income from property management	406	325	1,487	1,406
Change in value of properties	73	46	1,339	1,312
Change in value of derivatives	-81	17	866	964
Change in value of terminated derivatives	-	-	-927	-927
Pre-tax profit	398	388	2,765	2,755
Current tax	-9	-10	-38	-39
Deferred tax	-78	-75	-316	-313
Profit for the period¹	311	303	2,411	2,403
OTHER TOTAL PROFIT/LOSS ²				
Translation differences and hedging for international activities, including tax	12	18	9	15
Total comprehensive income for the period¹	323	321	2,420	2,418
Earnings per share ³	2.02	1.97	15.69	15.63
No. of shares at end of the period, thousands ⁴	153,713	153,713	153,713	153,713
Average no. of shares, thousands ⁴	153,713	153,713	153,713	153,713

1) The entire profit/income is attributable to the parent company's shareholders.

2) Refers to records that will be transferred to the result for the period.

3) Key ratios per share have been calculated based on a weighted average number of shares during the period. There are no outstanding subscription options, convertibles or other potential ordinary shares and accordingly, no dilution effects to take into consideration.

4) Recalculation for share split 2:1 in May 2018 has been made.

Consolidated balance sheet summary

SEK m	31-03-2019	31-03-2018	31-12-2018
ASSETS			
Investment properties	43,839	39,396	42,146
Right-of-use assets, leaseholds	146	-	-
Other fixed assets	344	338	351
Current receivables	236	185	62
Liquid assets	474	208	183
Total assets	45,039	40,127	42,742
EQUITY AND LIABILITIES			
Equity	15,853	13,913	15,530
Deferred tax liability	3,370	3,055	3,295
Borrowings	24,449	21,145	22,814
Lease liability	157	-	-
Derivatives	106	926	26
Other long-term liabilities	65	55	67
Current liabilities	1,039	1,033	1,010
Total equity & liabilities	45,039	40,127	42,742

Consolidated statement of changes in equity

SEK m	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Total equity at beginning of period	15,530	13,592	13,592
Equity attributable to parent company's shareholders			
Opening amount	15,530	13,592	13,592
Dividend paid	-	-	-480
Profit for the period	311	303	2,403
Other comprehensive income	12	18	15
Closing amount	15,853	13,913	15,530
Equity attributable to minority shares with non-controlling interests	-	-	-
Total equity at end of period	15,853	13,913	15,530

Consolidated cash flow statement summary

SEK m	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Operating activities			
Operating surplus	500	460	1,941
Central administration	-17	-15	-65
Depreciation	2	1	4
Net financial items paid	-81	-124	-489
Income tax paid	-2	-1	-14
Change in other working capital	-151	-34	112
Cashflow from operating activities	251	287	1,489
Investment activities			
Acquisitions of properties	-1,410	-149	-900
Investments in existing properties	-406	-282	-1,239
Sales of properties	310	-	195
Change in other non-current assets	16	-26	-42
Cash flow from investment activities	-1,490	-457	-1,986
Financing activities			
Dividend paid	-	-	-480
Increase in borrowing	1,532	199	1,896
Increase in other long-term liabilities	-2	-	12
Early termination of derivatives	-	-	-927
Cash flow from financing activities	1,530	199	501
Cash flow for the period	291	29	4
Opening cash flow	183	179	179
Closing cash flow	474	208	183

Historical summary of last eight quarters

SEK m	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Rental income	718	687	667	662	668	633	613	556
Operating costs	-124	-105	-74	-81	-119	-99	-69	-62
Repairs and maintenance	-21	-29	-19	-20	-20	-24	-17	-19
Property tax	-44	-39	-39	-36	-41	-36	-33	-32
Leasehold rent	-	-1	-2	-1	-1	-2	-1	-1
Property administration	-29	-34	-28	-27	-27	-32	-26	-20
Operating surplus	500	479	505	497	460	440	467	422
Income from property management	406	355	372	354	325	295	333	290
Profit for the period	311	934	546	620	303	1,073	603	603
Surplus ratio, %	69.6	69.7	75.7	75.1	68.9	69.5	76.2	75.9
Investment yield, %	4.6	4.7	5.0	5.0	4.7	4.7	5.3	5.0
Equity/assets ratio, %	35.2	36.3	35.7	34.7	34.7	34.7	33.3	34.4
Return on equity, %	7.9	24.8	15.2	17.7	8.8	32.9	19.7	20.4
Earnings per share, SEK	2.02	6.08	3.55	4.03	1.97	6.98	3.92	3.92
Income property management per share, SEK	2.64	2.31	2.42	2.30	2.11	1.92	2.17	1.89
Cash flow fr operating activities per share, SEK	1.63	3.23	2.35	2.23	1.87	2.26	2.79	1.84
EPRA net asset value per share, SEK	125.75	122.64	120.58	117.11	116.41	114.00	105.72	101.65
Share price as % of Equity II	100.8	83.5	88.7	88.5	83.1	86.1	94.2	87.6
Carrying amount of properties	43,839	42,146	40,260	39,856	39,396	38,612	36,928	34,019
Equity	15,853	15,530	14,600	14,058	13,913	13,592	12,513	11,916
Total assets	45,039	42,742	40,883	40,549	40,127	39,217	37,580	34,604

Definitions are available at wihlborgs.se

Consolidated segment reporting Jan-Mar

Property management SEK m	Malmö		Helsingborg		Lund		Copenhagen		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Rental income	270	267	154	145	133	98	161	158	718	668
Property costs	-76	-80	-45	-48	-42	-28	-55	-52	-218	-208
Operating surplus	194	187	109	97	91	70	106	106	500	460

In the Group's internal reporting, activities are divided into the above segments, which are the same as described in the latest annual report. The total operating surplus shown above corresponds with the operating surplus recorded in the income statement.

The difference between the operating surplus of SEK 500 million (460) and the pre-tax profit of SEK 398 million (388) consists of central administration SEK -17 Mkr (-15), financial net -77 Mkr (-120) and changes in value of properties and derivatives SEK -8 Mkr (63).

Parent company's income statement summary

SEK m	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Income	42	38	162
Expenses	-45	-39	-176
Operating profits	-3	-1	-14
Financial income	74	151	1,682
Financial expenses	-191	-240	-586
Pre-tax profit	-120	90	1,082
Appropriations	0	0	156
Tax	25	20	-18
Profit for the period	-95	-70	1,220

Parent company's balance sheet summary

SEK m	31-03-2019	31-03-2018	31-12-2018
Participations in Group companies	10,595	9,084	9,860
Receivables fr Group companies	12,604	11,792	12,008
Other assets	613	604	576
Cash and bank balances	11	42	2
Total assets	23,823	21,522	22,446
Equity	4,513	3,799	4,608
Liabilities to credit institutions	16,703	13,786	14,974
Derivatives	106	926	26
Liabilities to Group companies	2,392	2,820	2,752
Other liabilities	109	191	86
Total equity and liabilities	23,823	21,522	22,446

Key figures for the group

SEK m	Jan–Mar 2019	Jan–Mar 2018	Apr/Mar 2018/2019	Jan–Dec 2018
FINANCIAL				
Return on equity, %	7.9	8.8	16.2	16.5
Return on total capital, %	5.7	5.7	8.6	8.8
Equity/assets ratio, %	35.2	34.7	35.2	36.3
Interest coverage ratio, multiple	6.0	3.6	4.4	3.9
Leverage properties, %	55.8	53.7	55.8	54.1
Debt/equity ratio, multiple	1.6	1.5	1.6	1.5
SHARE-RELATED				
Earnings per share, SEK	2.02	1.97	15,69	15.63
Earnings per share before tax, SEK	2.59	2.53	17,99	17.92
EPRA EPS, SEK	2.38	1.95	8.49	8.06
Cashflow from operations per share, SEK	1.63	1.87	9.45	9.69
Equity per share I, SEK	103.13	90.52	103.13	101.03
Equity per share II, SEK	125.06	110.39	125.06	122.47
EPRA NAV (net asset value) per share, SEK	125.75	116.41	125.75	122.64
Market value per share, SEK	126.72	96.70	126.72	102.40
Proposed dividend per share, SEK	-	-	-	3.75
Dividend yield, % 1	-	-	-	3.7
Total return from share, % ¹	-	-	-	7.5
P/E-ratio I, multiple	15.7	12.3	8.1	6.6
P/E-ratio II, multiple	13.3	12.4	14.9	12.7
Number of shares at the end of period, thousands ¹	153,713	153,713	153,713	153,713
Average number of shares, thousands ¹	153,713	153,713	153,713	153,713
PROPERTY-RELATED				
Number of properties	312	311	312	310
Carrying amount of properties, SEK m	43,839	39,396	43,839	42,146
Estimated investment yield, % – all properties	4.9	4.9	4.9	4.9
Estimated direct return, % – excl project properties	5.1	5.2	5.1	5.1
Lettable area, m ²	2,148,957	2,084,445	2,148,957	2,105,851
Rental income, SEK per m ²	1,463	1,376	1,463	1,423
Operating surplus, SEK per m ²	998	936	998	972
Financial occupancy rate, % - all properties	92	93	92	93
Financial occupancy rate, % - excl project properties	93	94	93	94
Estimated surplus ratio, %	74	73	74	73
EMPLOYEES				
Number of employees at period end	193	162	193	187

1) Recalculation for share split 2:1 in May 2018 has been made.

Definitions and basis for key ratios are available at wihlborgs.se

Room for more

The Öresund region continues to win people over and at Wihlborgs, we demonstrate daily how genuine commitment and engagement creates scope for more possibilities. For our tenants. In cities and neighbourhoods. And for all of our fantastic region. Welcome, and discover more with us.



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