

Wihlborgs'  
Interim report

**2019**

January–June

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JANUARY–JUNE 2019

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Rental income increased by 11 percent to SEK 1,475 million (1,330)

Operating surplus increased by 11 percent to SEK 1,063 million (957)

Income from property management increased by 29 percent to SEK 873 million (679)

Result for the period amounts to SEK 927 million (923), corresponding to earnings per share of SEK 6.03 (6.00)

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# January-June 2019

Group key figures, SEK m	2019	2018
	Jan-Jun	Jan-Jun
Rental income	<b>1,475</b>	1,330
Operating surplus	<b>1,063</b>	957
Income property management	<b>873</b>	679
Changes in value of properties	<b>277</b>	284
Changes in value of derivatives	<b>-216</b>	17
Result for the period	<b>927</b>	923
Earnings per share, SEK	<b>6.03</b>	6.00
Surplus ratio, %	<b>72</b>	72
Equity/assets ratio, %	<b>35.1</b>	34.7
Occupancy rate, %*	<b>93</b>	94
EPRA NAV per share, SEK	<b>126.29</b>	117.11

\*) Excluding Projects & Land.



Wihlborgs is constructing the Origo office building in Hyllie (Bure 2), where in the second quarter, Ingka Services AB signed a lease for 6,300 m<sup>2</sup>. At the end of 2019, the employees of Ingka Group, which is a strategic partner for IKEA's franchise system and operates IKEA stores in 30 markets, will move into the premises. With this, all office space in the building has now been let.

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## Forthcoming reports

Interim report Jan-Sep	24 October 2019
Year-end report Jan-Dec	11 Feb 2020
Interim report Jan-Mar	28 April 2020

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 contact people below on **8 July 2019 at 07:30 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 44,5 billion. The annual rental value of the properties is SEK 3,2 billion. Wihlborgs shares are quoted on the Large Cap List of NASDAQ Stockholm.

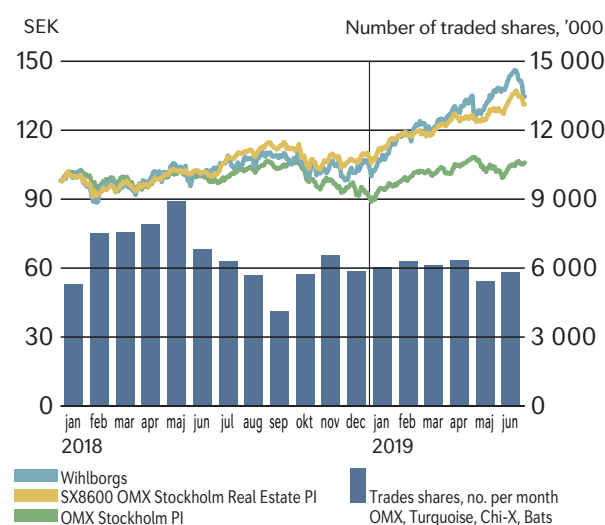
## Financial targets

- 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

010118-300619



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## CEO's comments

Wihlborgs maintains high intensity in the active Öresund region. We are investing more than ever in projects, we have completed transactions to a value of SEK 4.4 billion and we have signed more leases than ever before. Investments during the period totalled SEK 807 million and are of strategic importance for our continued expansion.

All of which positively impacted profit and loss. In the second quarter, our rental income grew 14 percent to SEK 757 million. The operating surplus increased 13 percent and lower financing costs led to an upward leap in income from property management of 32 percent.

Net lettings for the quarter were favourable at more than SEK 30 million. The largest new lease encompassed 6,300 m<sup>2</sup> at the Origo property (Bure 2 in Hyllie), where Ingka Services will, from the end of 2019, lease all remaining office space. In Malmö, we also signed a ten-year lease with Region Skåne for the construction

of a new building for Skånetransport at the Kirseberg 31:53 property. In Helsingborg, we signed agreements with the new tech hub HETCH covering 1,900 m<sup>2</sup> at the Prisma property when construction of the building has been completed at the end of 2020. Overall, we noted continued strong demand in all our markets.

During the year we completed two major transactions. In April, we acquired the Hermes 10 and 16 properties in Helsingborg, which encompass a total of 51,000 m<sup>2</sup> of space. The properties are ideally located just south of Helsingborg C, and in the slightly longer term, there remains continued scope for development. The acquisition further strengthens our position in the office market in Helsingborg. In May, we sold the Landsdomaren 6 property in Lund, which encompasses 27,000 m<sup>2</sup> and is fully let to Region Skåne.

This means we have divested an asset with a long remaining lease term with a public sector tenant, but

also an asset with limited development potential over the next decade. We are convinced that our active management can create greater value moving forward in the properties we have acquired in Helsingborg and Lund during the year.

In Denmark as well, we are creating new value through long-term management and development. The opportunity arose in early July to acquire the Hörkaer 12 property in Herlev, in an area where we already own several properties. Now that we are essentially the sole

*“We are investing more than ever, we have completed several strategically important transactions and we have signed more leases than ever before.”*

property owner in the block, we can be even more active in the development of the area, which is fully aligned with our strategy of holding strong positions in the sub-markets where we operate.

Following a number of major transactions, and the distribution of a dividend to shareholders, our loan-to-value ratio is just over 55 percent. While our aim is to reduce this over the forthcoming quarters, our healthy equity/assets ratio of more than 35 percent and not least our strong interest coverage ratio at a multiple of 6.3 means the company has a solid financial footing.

We are also highly active as regards sustainability. For many years, we have worked purposefully to reduce our climate impact and we can now, in 2019, reach the goal of being climate neutral in terms of the entire property management operations in Sweden. This is a step on the path to stimulating continued improvement for ourselves and our entire industry, but it is also a way of gaining another perspective on the issue and clearly showing the cost of doing wrong.

At the same time as we are highly active within the Group, we continue to remain true to our strategy and doing what we believe we do best – to own, manage and develop commercial properties in the Öresund region. We intend to continue to pursue this path and thereby help our tenants to grow and contribute to the development of the region. And as a result – Wihlborgs will also continue to grow.



Ulrika Hallengren, CEO

## Market comments

In its latest Nordic Outlook issue, May 2019, SEB has adjusted its global growth outlook for 2019 somewhat lower, by 20 basis points to 3.3 percent. Signs of stabilisation are starting to emerge in terms of the global industrial downturn and optimism is increasing in emerging market economies in pace with, inter alia, expansionary economic policies in China. SEB's assessment is that global GDP will accelerate to 3.5 percent in 2020.

SEB has downgraded its projection for Euro zone growth to 1.1 percent for 2019, primarily due to downturns in Germany and Italy. Economic sentiment has weakened over the past year and manufacturing sector confidence has declined considerably. However, the service and construction sectors have a significantly brighter outlook and the Services PMI has returned to the same level as the positive growth years from 2016 through 2017.

GDP in Sweden is slowing due to subdued international demand and falling residential construction. However, a weak krona in combination with an expansionary monetary policy mean that growth will still closely track its trend rate during 2019 and 2020. SEB remains firm on its previous growth forecast of 1.6 percent for 2019. The strength of preliminary first quarter data means that SEB has identified an upside risk in the forecast. Growth in Sweden will continue to be stronger than in many other parts of Europe.

Denmark's GDP recovered in the fourth quarter of 2018 and posted a year-on-year growth rate of 2.4 percent. This supports SEB's perception, which is that there has only been a mild economic slowdown. Denmark remains competitive and exports are expected to drive growth moving forward. For 2019, GDP growth is forecast to remain unchanged at 2.0 percent.

Despite unemployment in the industrial economies approaching its lowest level since the 1970s, inflation remains limited, which allows the central banks to postpone the economic downturn until a later date. In Sweden, SEB believes the Riksbank will postpone its next rate hike again until June 2020. Thereafter, SEB's assessment is that there will be no further increases over the forecast period and, accordingly, the repo rate is expected to be at 0 percent at the end of 2020.

# Income, expenses and profits, Jan-Jun 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 1,475 million (1,330). Service income was SEK 161 million (132). Property acquisitions and divestments have contributed with SEK 70 million to rental income growth. Of income, SEK 12 million pertains to supplementary billing as final settlement for costs in 2018. 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 9 million.

The total growth in rental income was 11 percent compared with the corresponding period 2018.

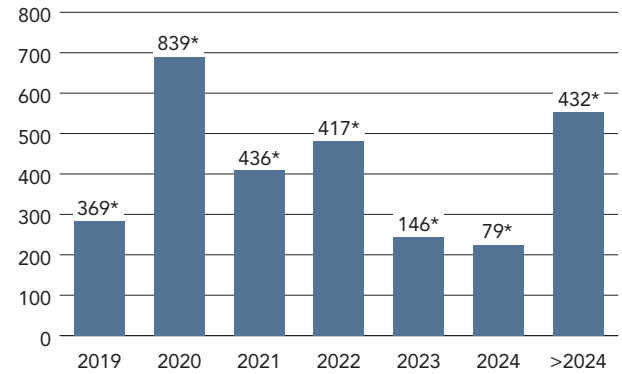
The occupancy rate for investment properties, excluding Projects & Land, is 93 percent which is one percentage point lower compared with year-end 2018.

During the period new leases were signed to a value of SEK 169 million (146) on an annualized basis. Lease terminations totalled SEK 122 million (82). This represents a net letting of SEK 47 million (64).

### Terms of Wihlborgs' rental contracts per 30 June 2019

Rental value, SEK m

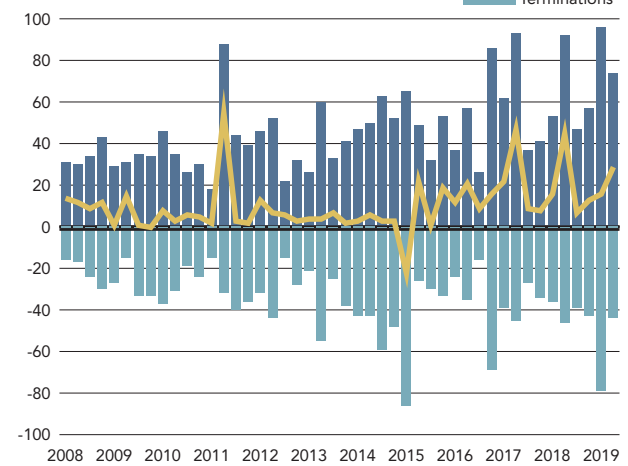
\*Number of contracts excluding housing and parking contracts.



### Net letting, quarterly

SEK m

Net  
New leases  
Terminations



During the second quarter, the office building Dungen (Gimle 1) in Hyllie was completed, where Swedish Customs is a major tenant. The new building has been environmentally certified in line with SGBC Gold, built with soundly chosen material and a generous verdant atrium with large sections of glazing.



## Property expenses

Total property expenses amounted to SEK 412 million (373). 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 1,063 million (957) representing a surplus ratio of 72 percent (72). Of this increase, SEK 45 million was attributable to property acquisitions and divestments.

## Central administration

The costs for central administration were SEK 35 million (32).

## Financial income and expense

Net interest totalled SEK -152 million (-246), of which interest income accounted for SEK 9 million (5).

The interest expense for the period, incl. realized effects from interest rate derivatives, was SEK 161 million (251). The decrease in interest cost has been affected by the restructuring of the interest rate derivatives portfolio which was effected in the fourth quarter 2018. Interest expense relating to interest derivatives amounted to SEK 29 million (145) during the period. At the end of the period, the aver-

age interest rate, including the cost of credit agreements, was 1.39 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 3 million (2).

## Income from property management

Income from property management amounted to SEK 873 million (679).

## Pre-tax profit

The pre-tax profit, i.e. after value changes on properties and derivatives, was SEK 934 million (980). During the period value changes on properties amounted to SEK 277 million (284). Value changes on derivatives amounted to SEK -216 million (17) are mainly affected by changes in market interest rates.

## Profit after taxes

The profit after taxes was SEK 927 million (923). Total tax amounted to SEK 7 million (57), of which current tax SEK 29 million and deferred tax was positive at SEK 22 million. Defferd tax has been affected positively by SEK 198 million due to the sale of a property as a company.



On 25 April, the Wihlborgs AGM was held at Slaghuset in Malmö. As per tradition, Wihlborgs employees were present to welcome participants who learned more about both city development and sustainability work.

# Assets

## Property portfolio as of 30 June 2019

The summaries below are based on Wihlborgs' property portfolio as of 30 June 2019. Rental income relates to contracted rental income on an annual basis as of 1 July 2019.

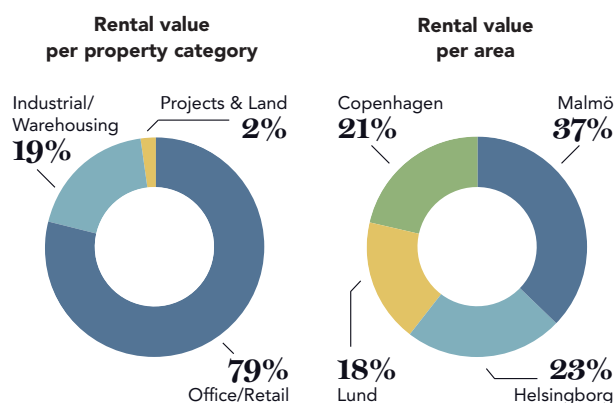
The operating surplus is based on the properties' earning capacity on an annual basis based on rental income for July 2019, operating and maintenance costs, property administration on a rolling twelve-month basis, property tax and leasehold rent.

Wihlborgs' property portfolio consists of commercial properties in the Öresund region, located in Malmö, Helsingborg, Lund and Copenhagen. The property portfolio 30 June 2019 consisted of 313 properties (310) with a lettable area of 2,175,000 m<sup>2</sup> (2,106,000).

10 of the properties (10) are leasehold rights. The properties' carrying amount was SEK 44,455 million (42,146), which corresponds to the estimated market value. The total rental value was SEK 3,242 million (2,997) and the contracted rental income on annual basis SEK 2,982 million (2,796). The like-for-like increase in contracted rental income was 2.9 percent compared to 12 months previously.

The economic occupancy rate for Office/Retail properties was 93 percent (95) and for Industrial/Warehousing properties 91 percent (90). The rental value for Office/Retail properties represented 79 percent, Industrial/Warehousing properties 19 percent of the total rental value and the remaining 2 percent are attributable to Projects/Land.

The operating surplus from investment properties, excluding property administration and Projects/Land, is SEK 2,278 million (2,168) which with a carrying amount of SEK 41,891 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 6.9 percent (6.7) for Industrial/Warehousing.



Wihlborgs has signed an agreement with the new tech hub HETCH that starts operations in Helsingborg in August 2019. At HETCH, start-ups, fast-growing technology companies and established companies can conduct research and development in the tech sector. When Wihlborgs' Prisma office building project in Oceanhamnen is completed at the end of 2020, HETCH will occupy 1,900 m<sup>2</sup>.



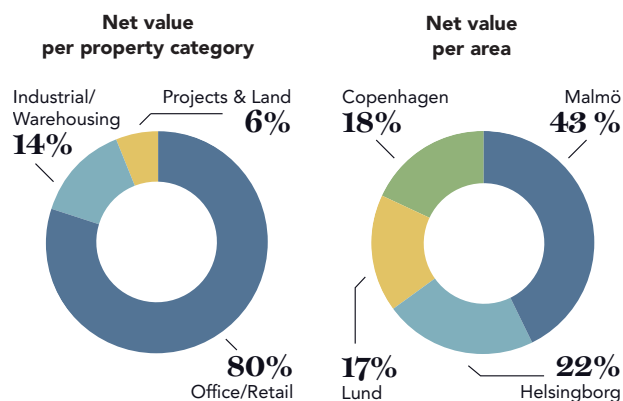
## Changes in values of properties

By year-end the valuation of all Wihlborgs' properties is carried out by external valuers. The valuation of the properties as of 30 June 2019 has mainly been made internally and resulted in a value increase at SEK 277 million (284). 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 30 June 2019 the carrying amount for the properties was SEK 44,455 million (42,146).

Changes in carrying amount of properties	
Changes	Group total, SEK m
Carrying amount 1 January 2018	42,146
Acquisitions	2,665
Investments	807
Properties sold	-1,710
Change in value	277
Currency translations	270
<b>Carrying amount 30 June 2019</b>	<b>44,455</b>



## Investments and current projects

Investments in the property portfolio totalled SEK 807 million (543).

Approved investments in ongoing projects amount to SEK 2,242 million, of which SEK 1,200 million had been invested at end of period.

## Liquid assets

The Groups liquid assets totalled SEK 272 million (371) including unutilised overdraft facilities.

At the end of the period unutilized credit facilities amounted to SEK 1,693 million (940).

### Investments in progress >SEK 50 million, 30 June 2019

Property	Category of use	Municipality	Completion date	Lettable area, m <sup>2</sup>	Occupancy rate, %	Estimated investment, SEK m	Expended 300619, SEK m
Kranen 2	Office/Retail	Malmö	Q3 2019	9,000	100	209	174
Polisen 5	Office/Retail	Helsingborg	Q3 2019	4,000	100	182	175
Bure 2	Office/Retail	Malmö	Q4 2019	6,800	100	238	154
Elefanten 40	Office/Retail	Malmö	Q4 2019	8,200	100	57	2
Raffinaderiet 5	Office/Retail	Lund	Q4 2019	1,900	25	63	41
Forskaren 1	Office/Retail	Malmö	Q3 2020	4,000	0	97	32
Kirseberg 31:53	Industrial/Wareh.	Malmö	Q3 2020	2,300	100	58	0
Stenåldern 7	Industrial/Wareh.	Malmö	Q4 2020	4,300	100	78	8
Ursula 1	Office/Retail	Helsingborg	Q4 2020	13,000	20	405	120
Terminalen 1	Office/Retail	Helsingborg	Q4 2020	8,800	30	257	61
Musköten 20	Office/Retail	Helsingborg	Q4 2020	4,400	100	97	4
<b>Total</b>				<b>66,700</b>		<b>1,741</b>	<b>771</b>

**Analysis of lettable space per area and category of use**

Area	Office, m <sup>2</sup>	Retail, m <sup>2</sup>	Ind./Ware- housing, m <sup>2</sup>	Education/ Health care, m <sup>2</sup>	Misc., m <sup>2</sup>	Total, m <sup>2</sup>	Share, %
Malmö	357,192	47,913	262,026	32,556	17,188	716,875	33
Helsingborg	198,789	61,180	286,271	41,535	12,408	600,183	28
Lund	201,159	18,191	32,752	4,429	9,224	265,755	12
Copenhagen	393,085	7,402	92,122	12,699	86,814	592,122	27
<b>Total</b>	<b>1,150,225</b>	<b>134,686</b>	<b>673,171</b>	<b>91,219</b>	<b>125,634</b>	<b>2,174,935</b>	<b>100</b>
<b>Share, %</b>	<b>53</b>	<b>6</b>	<b>31</b>	<b>4</b>	<b>6</b>	<b>100</b>	

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

Area/ property category	Number of properties	Area, m <sup>2</sup> thousand	Carrying amount, SEK m	Rental value, SEK m	Rental value, SEK/m <sup>2</sup>	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., %
<b>Malmö</b>											
Office/Retail	49	425	14,777	922	2,173	95	879	670	76	701	4.7
Industrial/Warehousing	47	245	2,388	221	903	91	201	148	74	160	6.7
Projects & Land	24	47	1,931	70	1,481	-	45	35	-	37	-
<b>Total Malmö</b>	<b>120</b>	<b>717</b>	<b>19,097</b>	<b>1,214</b>	<b>1,693</b>	<b>93</b>	<b>1,125</b>	<b>853</b>	<b>76</b>	<b>898</b>	<b>4.7</b>
<b>Helsingborg</b>											
Office/Retail	32	228	6,133	436	1,916	95	413	312	76	326	5.3
Industrial/Warehousing	62	373	3,155	323	867	93	299	218	73	235	7.4
Projects & Land	12	-	452	-	-	-	-	-1	-	-	-
<b>Total Helsingborg</b>	<b>106</b>	<b>600</b>	<b>9,740</b>	<b>759</b>	<b>1,265</b>	<b>94</b>	<b>712</b>	<b>529</b>	<b>74</b>	<b>560</b>	<b>5.8</b>
<b>Lund</b>											
Office/Retail	25	243	7,341	556	2,288	90	498	353	71	393	5.4
Industrial/Warehousing	4	23	194	18	791	99	18	15	82	15	7.9
Projects & Land	4	-	167	-	-	-	-	-	-	-	-
<b>Total Lund</b>	<b>33</b>	<b>266</b>	<b>7,701</b>	<b>574</b>	<b>2,160</b>	<b>90</b>	<b>516</b>	<b>368</b>	<b>71</b>	<b>408</b>	<b>5.3</b>
<b>Copenhagen</b>											
Office/Retail	45	539	7,357	649	1,204	91	592	382	65	423	5.7
Industrial/Warehousing	8	54	546	46	863	80	37	24	63	26	4.7
Projects & Land	1	-	15	-	-	-	-	-	-	-	-
<b>Total Copenhagen</b>	<b>54</b>	<b>592</b>	<b>7,917</b>	<b>695</b>	<b>1,173</b>	<b>91</b>	<b>629</b>	<b>405</b>	<b>64</b>	<b>449</b>	<b>5.7</b>
<b>Total Wihlborgs</b>	<b>313</b>	<b>2,175</b>	<b>44,455</b>	<b>3,242</b>	<b>1,491</b>	<b>92</b>	<b>2,982</b>	<b>2,155</b>	<b>72</b>	<b>2,315</b>	<b>5.2</b>
<b>Total excluding projects and land</b>	<b>272</b>	<b>2,128</b>	<b>41,891</b>	<b>3,172</b>	<b>1,491</b>	<b>93</b>	<b>2,937</b>	<b>2,121</b>	<b>72</b>	<b>2,278</b>	<b>5.4</b>





In April, Wihlborgs acquired the Hermes 10 and 16 properties in central Helsingborg with a total lettable area of 51,000 m<sup>2</sup>. The properties are located immediately south of Helsingborg C.

## Property transactions

In the second quarter, Wihlborgs acquired the Hermes 10 and 16 properties, known as Tretornfabriken, in central Helsingborg. The properties encompass a total of 51,000 m<sup>2</sup> of lettable area, and the major tenants include Lund University, the City of Helsingborg, WSP, IKEA IT and Capgemini.

During the quarter, the Landsdomaren 6 property in Lund encompassing a total of 27,500 m<sup>2</sup> of lettable area was divested.

### Property transactions January–June 2019

Quarter	Property	Municipality	Management area	Category	Area, m <sup>2</sup>	Price, SEK m	Operating surplus 2019, SEK m <sup>1</sup>
<b>Acquisitions</b>							
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	Central Helsingborg	Projects & Land	-		
1	Pulpeten 5	Malmö	Malmö City Centre South	Projects & Land	-		
2	Hermes 10	Helsingborg	Central Helsingborg	Office/Retail	51,000		
2	Hermes 16	Helsingborg	Central Helsingborg	Office/Retail	-		
<b>Total acquisitions 2019</b>					<b>100,000</b>	<b>2,665</b>	<b>40</b>
<b>Sales</b>							
1	Glentevej 61–65	Copenhagen	East Copenhagen	Projects & Land	9,935		
1	Glentevej 67–69	Copenhagen	East Copenhagen	Office/Retail	8,490		
2	Landsdomaren 6	Lund	Central Lund/Gastelyckan	Office/Retail	27,500		
<b>Total sales 2019</b>					<b>45,925</b>	<b>1,710</b>	<b>28</b>

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

# Liabilities and equity

As of 30 June 2019 equity totalled SEK 15,905 million (15,530) and the equity/assets ratio amounted to 35.1 percent (36.3).

## Interest-bearing liabilities

The group's interest-bearing liabilities as of 30 June amounted to SEK 24,667 million (22,814) with an average interest rate including costs for credit agreements of 1.39 percent (1.40).

With consideration to the company's net debt of SEK 24.7 billion, as a percentage of property values, the loan-to-value ratio is 55.5 percent (54.1).

The loans' average fixed interest period including effects of derivatives on 30 June 2019 amounted to 3.1 years (3.5). The average loan maturity, including committed credit facilities, amounted to 5.9 years (6.0).

### Structure of interest and loan maturities as of 30 June 2019

Matures, year	Interest maturity		Loan maturity	
	Loan amount, SEK m	Av. interest rate, %	Credit ag., SEK m	Utilised, SEK m
2019	10,740	1.15	1,250	1,250
2020	2,887	0.82	4,920	4,420
2021	1,630	1.11	7,115	6,828
2022	1,130	1.31	6,351	5,445
2023	2,130	1.40	0	0
<2023	6,149	2.07	6,724	6,724
<b>Total</b>	<b>24,667</b>	<b>1.37*</b>	<b>26,360</b>	<b>24,667</b>

\* 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 30 June 2019

Interest rate swaps		
Maturity	Amount, SEK m	Interest, %
2020	1,630	-0.04
2021	1,630	0.20
2022	1,130	0.32
2023	2,130	0.41
2024	1,288	0.56
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 242 million (26), by the end of the period, which represents a negative value change at 216 million (+17) in the first six months of the year.

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 208 (187), 94 of whom in property service.

There were 70 employees in Malmö, 29 in Helsingborg, 25 in Lund and 84 in Copenhagen. The average age is 44 years and the proportion of women is 38 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 (20), in shares in subsidiaries and other shares, 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. Information about holdings at 30 June 2019 was not available when this report was being prepared.

## 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.



In June, Wihlborgs began a new-build project for the defence company Mildef at Musköten 20 at Berga in Helsingborg. The project began with Adam Mentel (Mildef), Ulrika Hallengren (Wihlborgs) and Christian Orsing (member of the City Planning Committee) turning the first earth.

## 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 July, Wihlborgs acquired two properties in Denmark for a consideration of DKK 153 million. The Hörkaer 12 property is located in Herlev and the Brydehusvej 30 lies in Ballerup. In total, the properties comprise a lettable area of some 17,000 m<sup>2</sup>.

Malmö 8 July 2019

### Wihlborgs Fastigheter AB (publ)

The Board

Anders Jarl <i>Chairman</i>	Per-Ingemar Persson <i>Deputy Chairman</i>	Tina Andersson <i>Board member</i>
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Sara Karlsson <i>Board member</i>	Jan Litborn <i>Board member</i>	Helen Olausson <i>Board member</i>
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Johan Qviberg  
*Board member*

This interim report has not been reviewed by the company's auditors. The Board of Directors and the CEO offer assurance that the interim report provides a fair summary of the parent company's and the Group's business activities, status and profits, and describes the significant risks and uncertainty factors faced by the parent company and the companies that are part of the Group.



During the second quarter, an agreement was signed with Region Skåne after Wihlborgs won a tender for a transportation facility for Skånetransport. Wihlborgs will build a facility of 2,300 m<sup>2</sup> with adjacent parking and logistics areas, and Region Skåne will lease the facility on an 11,000 m<sup>2</sup> plot over a ten-year agreement.



**Consolidated income statement summary**

SEK m	2019 Apr-Jun 3 months	2018 Apr-Jun 3 months	2019 Jan-Jun 6 months	2018 Jan-Jun 6 months	2018/2019 Jul-Jun 12 months	2018 Jan-Dec 12 months
<b>Rental income</b>	<b>757</b>	<b>662</b>	<b>1,475</b>	<b>1,330</b>	<b>2,829</b>	<b>2,684</b>
Operating costs	-96	-81	-220	-200	-399	-379
Repairs and maintenance	-19	-20	-40	-40	-88	-88
Property tax	-50	-36	-94	-77	-172	-155
Leasehold rent	0	-1	0	-2	-3	-5
Property administration	-29	-27	-58	-54	-120	-116
<b>Total property costs</b>	<b>-194</b>	<b>-165</b>	<b>-412</b>	<b>-373</b>	<b>-782</b>	<b>-743</b>
<b>Operating surplus</b>	<b>563</b>	<b>497</b>	<b>1,063</b>	<b>957</b>	<b>2,047</b>	<b>1,941</b>
Central administration	-18	-17	-35	-32	-68	-65
Interest income	5	2	9	5	15	11
Interest expense	-81	-128	-161	-251	-392	-482
Leasehold rent	-2	0	-3	0	-3	0
Share in results of joint ventures	0	0	0	0	1	1
<b>Income from property management</b>	<b>467</b>	<b>354</b>	<b>873</b>	<b>679</b>	<b>1,600</b>	<b>1,406</b>
Change in value of properties	204	238	277	284	1,305	1,312
Change in value of derivatives	-135	0	-216	17	731	964
Change in value of terminated derivatives	0	0	0	0	-927	-927
<b>Pre-tax profit</b>	<b>536</b>	<b>592</b>	<b>934</b>	<b>980</b>	<b>2,709</b>	<b>2,755</b>
Current tax	-20	-10	-29	-20	-48	-39
Deferred tax	100	38	22	-37	-254	-313
<b>Profit for the period<sup>1</sup></b>	<b>616</b>	<b>620</b>	<b>927</b>	<b>923</b>	<b>2,407</b>	<b>2,403</b>
OTHER TOTAL PROFIT/LOSS <sup>2</sup>						
Translation differences and hedging for international activities, including tax	12	5	24	23	16	15
<b>Total comprehensive income for the period<sup>1</sup></b>	<b>628</b>	<b>625</b>	<b>951</b>	<b>946</b>	<b>2,423</b>	<b>2,418</b>
Earnings per share <sup>3</sup>	4.01	4.03	6.03	6.00	15.66	15.63
No. of shares at end of the period, thousands <sup>4</sup>	153,713	153,713	153,713	153,713	153,713	153,713
Average no. of shares, thousands <sup>4</sup>	153,713	153,713	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	30-06-2019	30-06-2018	31-12-2018
<b>ASSETS</b>			
Investment properties	44,455	39,856	42,146
Right-of-use assets, leaseholds	146	-	-
Other fixed assets	348	345	351
Current receivables	208	129	62
Liquid assets	173	219	183
<b>Total assets</b>	<b>45,330</b>	<b>40,549</b>	<b>42,742</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	15,905	14,058	15,530
Deferred tax liability	3,266	3,018	3,295
Borrowings	24,667	21,513	22,814
Lease liability	156	-	-
Derivatives	242	926	26
Other long-term liabilities	69	57	67
Current liabilities	1,025	977	1,010
<b>Total equity &amp; liabilities</b>	<b>45,330</b>	<b>40,549</b>	<b>42,742</b>

**Förändringar i eget kapital för koncernen**

SEK m	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
<b>Total equity at beginning of period</b>	<b>15,530</b>	<b>13,592</b>	<b>13,592</b>
<b>Equity attributable to parent company's shareholders</b>			
Opening amount	15,530	13,592	13,592
Dividend paid	-576	-480	-480
Profit for the period	927	923	2,403
Other comprehensive income	24	23	15
<b>Closing amount</b>	<b>15,905</b>	<b>14,058</b>	<b>15,530</b>
<b>Equity attributable to minority shares with non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity at end of period</b>	<b>15,905</b>	<b>14,058</b>	<b>15,530</b>

**Consolidated cash flow statement** summary

SEK m	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
<b>Operating activities</b>					
Operating surplus	563	497	1,063	957	1,941
Central administration	-18	-17	-35	-32	-65
Depreciation	3	0	5	1	4
Net financial items paid	-82	-124	-163	-248	-489
Income tax paid	0	0	-2	-1	-14
Change in other working capital	-9	-13	-160	-47	112
<b>Cashflow from operating activities</b>	<b>457</b>	<b>343</b>	<b>708</b>	<b>630</b>	<b>1,489</b>
<b>Investment activities</b>					
Acquisitions of properties	-1,255	-59	-2,665	-208	-900
Investments in existing properties	-401	-261	-807	-543	-1,239
Sales of properties	1,400	144	1,710	144	195
Change in other non-current assets	-3	-7	13	-33	-42
<b>Cash flow from investment activities</b>	<b>-259</b>	<b>-183</b>	<b>-1,749</b>	<b>-640</b>	<b>-1,986</b>
<b>Financing activities</b>					
Dividend paid	-576	-480	-576	-480	-480
Increase in borrowing	77	329	1,609	528	1,896
Increase in other long-term liabilities	0	2	-2	2	12
Early termination of derivatives	-	-	-	-	-927
<b>Cash flow from financing activities</b>	<b>-499</b>	<b>-149</b>	<b>1,031</b>	<b>50</b>	<b>501</b>
<b>Cash flow for the period</b>	<b>-301</b>	<b>11</b>	<b>-10</b>	<b>40</b>	<b>4</b>
<b>Opening cash flow</b>	<b>474</b>	<b>208</b>	<b>183</b>	<b>179</b>	<b>179</b>
<b>Closing cash flow</b>	<b>173</b>	<b>219</b>	<b>173</b>	<b>219</b>	<b>183</b>

**Historical summary of last eight quarters**

SEK m	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
<b>Rental income</b>	<b>757</b>	<b>718</b>	<b>687</b>	<b>667</b>	<b>662</b>	<b>668</b>	<b>633</b>	<b>613</b>
Operating costs	-96	-124	-105	-74	-81	-119	-99	-69
Repairs and maintenance	-19	-21	-29	-19	-20	-20	-24	-17
Property tax	-50	-44	-39	-39	-36	-41	-36	-33
Leasehold rent	-	-	-1	-2	-1	-1	-2	-1
Property administration	-29	-29	-34	-28	-27	-27	-32	-26
<b>Operating surplus</b>	<b>563</b>	<b>500</b>	<b>479</b>	<b>505</b>	<b>497</b>	<b>460</b>	<b>440</b>	<b>467</b>
Income from property management	467	406	355	372	354	325	295	333
Profit for the period	616	311	934	546	620	303	1,073	603
Surplus ratio, %	74.4	69.6	69.7	75.7	75.1	68.9	69.5	76.2
Investment yield, %	5.1	4.6	4.7	5.0	5.0	4.7	4.7	5.3
Equity/assets ratio, %	35.1	35.2	36.3	35.7	34.7	34.7	34.7	33.3
Return on equity, %	15.5	7.9	24.8	15.2	17.7	8.8	32.9	19.7
Earnings per share, SEK	4.01	2.02	6.08	3.55	4.03	1.97	6.98	3.92
Income property management per share, SEK	3.04	2.64	2.31	2.42	2.30	2.11	1.92	2.17
Cash flow fr operating activities per share, SEK	2.97	1.63	3.23	2.35	2.23	1.87	2.26	2.79
EPRA net asset value per share, SEK	126.29	125.75	122.64	120.58	117.11	116.41	114.00	105.72
Share price as % of Equity II	106.6	100.8	83.5	88.7	88.5	83.1	86.1	94.2
Carrying amount of properties	44,455	43,839	42,146	40,260	39,856	39,396	38,612	36,928
Equity	15,905	15,853	15,530	14,600	14,058	13,913	13,592	12,513
Total assets	45,330	45,039	42,742	40,883	40,549	40,127	39,217	37,580

Definitions are available at [wihlborgs.se](http://wihlborgs.se)



**Consolidated segment reporting Jan-Jun**

Property management SEK m	Malmö		Helsingborg		Lund		Copenhagen		Totalt	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Rental income	552	530	335	294	273	201	315	305	1,475	1,330
Property costs	-142	-142	-80	-81	-79	-53	-111	-97	-412	-373
<b>Operating surplus</b>	<b>410</b>	<b>388</b>	<b>255</b>	<b>213</b>	<b>194</b>	<b>148</b>	<b>204</b>	<b>208</b>	<b>1,063</b>	<b>957</b>

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 1,063 million (957) and the pre-tax profit of SEK 934 million (980) consists of central administration SEK -35 million (-32), financial net -155 million (-246) and changes in value of properties and derivatives SEK 61 million (301).

**Parent company's income statement summary**

SEK m	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Income	85	76	162
Expenses	-91	-84	-176
<b>Operating profits</b>	<b>-6</b>	<b>-8</b>	<b>-14</b>
Financial income	1,453	1,508	1,682
Financial expenses	-453	-383	-586
<b>Pre-tax profit</b>	<b>994</b>	<b>1,117</b>	<b>1,082</b>
Appropriations	-	-	156
Tax	63	31	-18
<b>Profit for the period</b>	<b>1,057</b>	<b>1,148</b>	<b>1,220</b>

**Parent company's balance sheet summary**

SEK m	30-06-2019	30-06-2018	31-12-2018
Participations in Group companies	10,241	9,075	9,860
Receivables fr Group companies	14,338	12,295	12,008
Other assets	669	626	576
Cash and bank balances	258	57	2
<b>Total assets</b>	<b>25,506</b>	<b>22,053</b>	<b>22,446</b>
Equity	5,089	4,536	4,608
Liabilities to credit institutions	17,690	14,136	14,974
Derivatives	242	926	26
Liabilities to Group companies	2,320	2,215	2,752
Other liabilities	165	240	86
<b>Total equity and liabilities</b>	<b>25,506</b>	<b>22,053</b>	<b>22,446</b>

**Key figures for the group**

SEK m	Jan–Jun 2019	Jan–Jun 2018	Jul–Jun 2018/2019	Jan–Dec 2018
<b>Financial</b>				
Return on equity, %	11.8	13.4	16.1	16.5
Return on total capital, %	6.6	7.0	8.6	8.8
Equity/assets ratio, %	35.1	34.7	35.1	36.3
Interest coverage ratio, multiple	6.3	3.7	5.1	3.9
Leverage properties, %	55.5	54.0	55.5	54.1
Debt/equity ratio, multiple	1.6	1.5	1.6	1.5
<b>Share-related</b>				
Earnings per share, SEK	6.03	6.00	15.66	15.63
Earnings per share before tax, SEK	6.08	6.38	17.62	17.92
EPRA EPS, SEK	5.27	4.05	9.28	8.06
Cashflow from operations per share, SEK	4.61	4.10	10.19	9.69
Equity per share I, SEK	103.47	91.46	103.47	101.03
Equity per share II, SEK	124.72	111.09	124.72	122.47
EPRA NAV (net asset value) per share, SEK	126.29	117.11	126.29	122.64
Market value per share, SEK	134.60	103.64	134.60	102.40
Proposed dividend per share, SEK	-	-	-	3.75
Dividend yield, % <sup>1</sup>	-	-	-	3.7
Total return from share, % <sup>1</sup>	-	-	-	7.5
P/E-ratio I, multiple	11.2	8.6	8.6	6.6
P/E-ratio II, multiple	12.8	12.8	14.5	12.7
Number of shares at the end of period, thousands <sup>1</sup>	153,713	153,713	153,713	153,713
Average number of shares, thousands <sup>1</sup>	153,713	153,713	153,713	153,713
<b>Property-related</b>				
Number of properties	313	308	313	310
Carrying amount of properties, SEK m	44,455	39,856	44,455	42,146
Estimated investment yield, % – all properties	4.8	4.9	4.8	4.9
Estimated direct return, % – excl project properties	5.1	5.1	5.0	5.1
Lettable area, m <sup>2</sup>	2,174,936	2,068,249	2,174,936	2,105,851
Rental income, SEK per m <sup>2</sup>	1,491	1,386	1,491	1,423
Operating surplus, SEK per m <sup>2</sup>	991	943	991	972
Financial occupancy rate, % – all properties	92	93	92	93
Financial occupancy rate, % – excl project properties	93	94	93	94
Estimated surplus ratio, %	72	73	72	73
<b>EMPLOYEES</b>				
Number of employees at period end	208	165	208	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](http://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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