

Wihlborgs'  
Interim report

**2019**

January–September

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JANUARY–SEPTEMBER 2019

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Rental income increased by 11 percent to SEK 2,218 million (1,997)

Operating surplus increased by 10 percent to SEK 1,615 million (1,462)

Income from property management increased by 25 percent to SEK 1,319 million (1,051)

Result for the period amounts to SEK 1,377 million (1,469), corresponding to earnings per share of SEK 8.96 kr (9.56)

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# January-September 2019

Group key figures, SEK m	2019	2018	2019	2018
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
Rental income	743	667	2,218	1,997
Operating surplus	552	505	1,615	1,462
Income property management	446	372	1,319	1,051
Changes in value of properties	179	174	456	458
Changes in value of derivatives	-56	110	-272	127
Result for the period	450	546	1,377	1,469
Earnings per share, SEK	2.93	3.55	8.96	9.56
Surplus ratio, %	74	76	73	73
Equity/assets ratio, %	35.3	35.7	35.3	35.7
Occupancy rate, %*	92	93	92	93
EPRA NAV per share, SEK	130.23	120.58	130.23	120.58

\*) Excluding Projects & Land.

Wihlborgs' office building Dungen (Gimle 1) in Hyllie has been awarded the Urban Design Prize in Malmö. The building was ready for occupancy in the spring and the largest tenant is Swedish Customs, who are renting 7,500 m<sup>2</sup>. From the jury's motivation: "Through the high quality of its architecture and attention to detail, the Dungen office building makes an exemplary contribution to Hyllie. In the evening, the generous, north-facing atrium that forms the building's heart becomes a brilliant lighthouse at the end of Arenagatan."

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## Forthcoming reports

Year-end report Jan–Dec	11 Feb 2020
Annual report 2019	April 2020
Interim report Jan–Mar	28 April 2020
Interim report Jan–Jun	6 juli 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 interim report 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 **24 October 2019 at 07:30 CEST**.

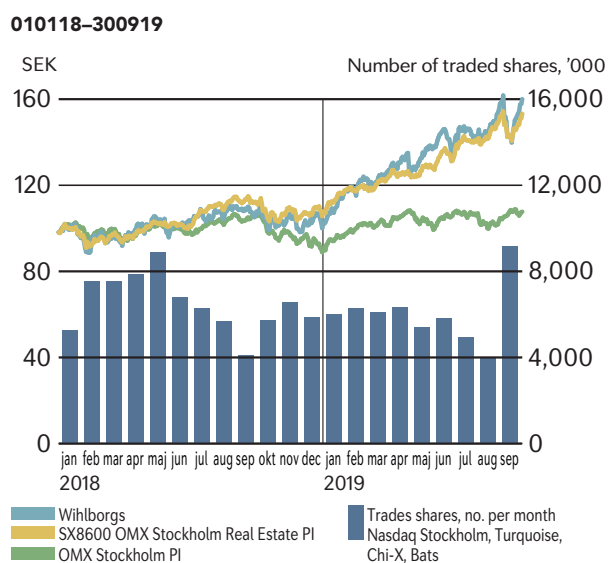
Wihlborgs Fastigheter AB (publ) is a property company that focuses on commercial properties in the Öresund region. Its property portfolio is located in Malmö, Lund, Helsingborg and Copenhagen. In Malmö, Lund and Helsingborg Wihlborgs is the leading property company. The book value for the Company's properties totals SEK 45 billion. The annual rental value of the properties is SEK 3,3 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



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## CEO's comments

We can see that demand in our markets remains high. Our customers continue to demonstrate positive activity and confidence, even if factors in our macro environment indicate a slowdown in growth.

Our net lettings in the third quarter were SEK 28 million, which matched the pace we set in the second quarter of SEK 30 million. Some major contracts we signed included letting 6,800 m<sup>2</sup> at Origo (Bure 2) to Ingka Services, a new agreement with Galenica for 2,600 m<sup>2</sup> in the new building at Medeon (Forskaren 1) and letting all 4,600 m<sup>2</sup> of Urnes 3 to a public sector tenant. We also signed an agreement to construct new facilities of 3,000 m<sup>2</sup> for VeHo Bil, a Mercedes-Benz dealer. These transactions, all in Malmö, indicate that activity in the region remains high. Both Ericsson and Axis Communications have increased need for space in Lund and our acquisition of Nya Vattenornet 2-4 will, over time, give us good opportunity to continue to contribute to their development. Earlier in the week, the United Nations Office for Project Services opened its Global Innovation Centre at Ideon in Lund. This means that the UN has noticed the innovative spirit in Lund and sees that it can help solve the 17 Sustainable Development Goals.

For a number of years, Denmark and the Copenhagen region have posted lower growth than Sweden, but it is worth noting that we do not see any sign of

a slowdown there. Over the summer we let around 25,000 m<sup>2</sup> of our Danish portfolio to several different tenants, including Assa Abloy, RTC Transport A/S and Scandinavian Tobacco Group.

Our vacancies, particularly office space in Malmö and Helsingborg, have been at very low levels for some time and the healthy net letting gives us a strong position for the coming year. We took advantage of the favourable market and posted healthy growth in like-for-like rental value – up 3.9 percent across the entire portfolio, excluding projects.

Overall, including acquisitions and sales, rental income in the third quarter increased 11 percent, the operating surplus increased 9 percent and income from property management increased 20 percent.

After the major transactions during the first half of the year, in the third quarter we acquired two slightly smaller properties in Copenhagen. We have also signed agreements to sell Gångtappen 1 in Dockan, Malmö to Länsförsäkringar Skåne, which is moving its headquarters there.

We still have a very large number of ongoing projects, both large and small. During the quarter, we completed redevelopment of parts of the Kranen 2 property in Dockan, Malmö for police training at Malmö University. We have also finished the extension and redevelopment of the Polisen 5 property for

Helsingborg District Court. Here we are continuing with the Prisma project and in Lund we are working with future opportunities both at Central Station and at Ideontorget, where the new tramway will enter service in less than a year. It is likely that our first project at Ideontorget will start construction in 2020. In Malmö, we can now intensify planning for Pulpeten 5 – our next project in Hyllie.

*“Our vacancy levels are very low and net lettings are robust. We are well-positioned for the future.”*

Our obligation to build a sustainable Wihlborgs has many aspects. The cornerstones for sustainability and long-term success include our stable earnings and our solid financial base. We continue to deliver positive results, we have a strong balance sheet and our access to capital remains favourable. Another cornerstone in building our sustainable business is our region. It continues to record healthy growth and through our business and our commitment, we can contribute to long-term sustainable development. As a major market participant, we can achieve more than many others and we place strong emphasis on collaborating closely with our municipalities, Skåne Regional Council and other regional actors.

Sustainable action from Wihlborgs when it comes to the environment and energy is also a given. We have come a long way in reducing the environmental impact of our property management but we, and the industry, have a long way to go before we can truthfully say that our entire business does not affect the climate. Good examples, persistence and dedication to the task will help us contribute to solutions here as well.

Given this background, I can say that Wihlborgs is well equipped for moving forward. Even if the economy slows, we are operating in a growing market. We take a long-term perspective with our operations and we are convinced that our strategic focus will continue to benefit the company's development.

Ulrika Hallengren, vd

## Market comments

In its Swedish Economy report for October 2019, the Swedish National Institute of Economic Research made the assessment that the strong economy has drawn to a close. A cloud of unease is hanging over the global economy – international trade conflicts and uncertainty over Brexit – which is affecting Swedish exports. To a degree, a mildly expansionary financial policy will help to maintain growth in 2020. GDP growth is expected to reach 1.2 percent this year and 1.1 percent in 2020. Everything points to inflation remaining under 2 percent for the rest of 2019 and during 2020. Riksbank (the Swedish Central Bank) is therefore not expected to raise the repo rate either this year or next.

Employment is decreasing somewhat, which has an indirect effect on consumption and retail sales. It also has a direct effect on the office rental market, since changes in personnel strength can impact the demand for office premises. However, there is certain amount of inertia inherent in the situation, since the lease structure is such that lease contracts run for several years.

SEB writes in its Nordic Outlook, September 2019 that the Danish GDP seems to have recovered after a weak start to the year. Full-year growth is expected to reach just under 2 percent and domestic drivers will extend the rise for several more years. GDP growth is expected to reach 1.9 percent in 2019 and 1.7 percent in 2020. Housing prices in Denmark have recovered in the last few months, supported by lower housing loan interest rates. Negotiations have led to lower interest costs for households, which frees up liquidity. Continued healthy job growth and increased disposable income are powerful driving forces for continued consumption.

### The 2019 property market

For the first three quarters this year, Swedish transaction volume was very high. According to Savills, it totalled SEK 152 billion, up 37 percent year-on-year. Over the last 12 months, the transaction volume amounted to SEK 202 billion. Transactions are fewer, but the volume per transaction is the highest ever. The average volume for 2019 was SEK 400 million and 35 transactions with an underlying property value of over one billion kronor were completed. The corresponding figure for 2018 was 25. Interest in property investment remains strong. A cooling economy means that Riksbank is unlikely to raise the interest rate in the near future, which means that the conditions for property investment will remain advantageous.

The property transaction market in Denmark posted a different trend, and volume was down significantly during the first half of the year compared with the preceding year, according to Colliers. Only one transaction with an underlying property value of over one billion Danish kronor was completed. During the third quarter, the number of large transactions was weak, but Colliers has noted a satisfactory volume of potential transactions in the market and therefore expects the transaction volume to increase significantly during the last months of the year.

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

# Income, expenses and profits, Jan-Sep 2019

## Rental income

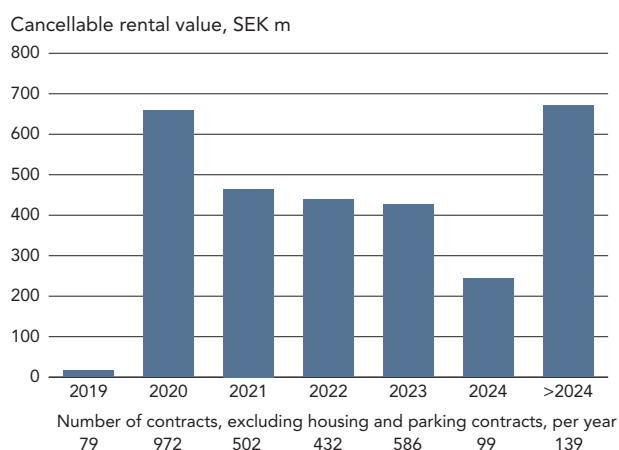
Rental income was SEK 2,218 million (1,997). Service income was SEK 224 million (188). Property acquisitions and divestments have contributed with SEK 106 million to rental income growth. Of income, SEK 14 million pertains to supplementary billing as final settlement for costs in 2018. Remaining increase 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 14 million.

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

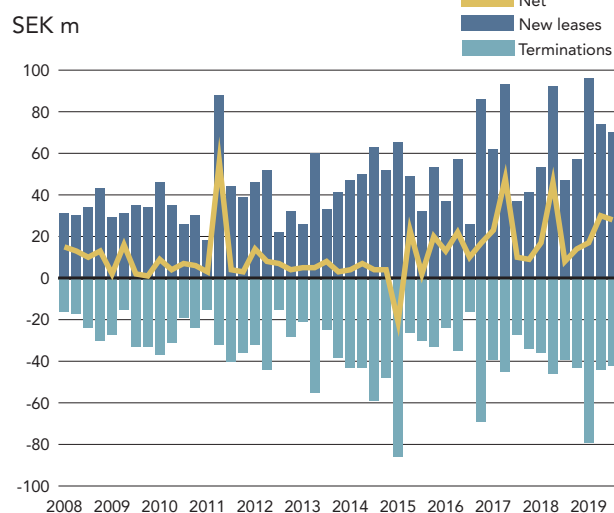
At the end of the period the occupancy rate for investment properties, excluding Projects & Land, is 92 percent which is two percentage points lower compared with year-end 2018.

During the period new leases were signed to a value of SEK 240 million (192) on an annualized basis. Lease terminations totalled SEK 165 million (121). This represents a net letting of SEK 75 million (71).

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



## Net letting, quarterly



In the third quarter, Wihlborgs signed a lease to let the entire Urnes 3 property, a total of 4,600 m<sup>2</sup> at Svågertorp in Malmö, Sweden, to a public sector tenant.

## Property expenses

Total property expenses amounted to SEK 603 million (535). 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 1,615 million (1,462) representing a surplus ratio of 73 percent (73). Of this increase, SEK 65 million was attributable to property acquisitions and divestments.

## Central administration

The costs for central administration were SEK 53 million (47).

## Financial income and expense

Net interest totalled SEK –241 million (–364), of which interest income accounted for SEK 11 million (9).

The interest expense for the period, incl. realized effects from interest rate derivatives, was SEK 252 million (373). 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 47 million (217) during the period. At the end of the period, the average interest rate, including the cost of credit agreements, was 1.29 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 4 million (4).

## Income from property management

Income from property management amounted to SEK 1,319 million (1,051).

## Pre-tax profit

The pre-tax profit, i.e. after value changes on properties and derivatives, was SEK 1,503 million (1,636). During the period value changes on properties amounted to SEK 456 million (458). Value changes on derivatives amounted to SEK –272 million (+127), mainly affected by changes in market interest rates.

## Profit after taxes

The profit after taxes was SEK 1,377 million (1,469). Total tax amounted to SEK 126 million (167), of which current tax SEK 54 million and deferred tax SEK 72 million. The expected tax paid has increased somewhat due to the current limitations in the new corporate sector tax rules regarding the loss carry-forwards. Deferred tax has been affected positively by SEK 198 million due to the sale of a property as a company.



There is a strong community at Wihlborgs and effective collaboration between employees in different roles. Marie Olsson, administrative assistant, Martin Hyll, operator, Svetislav Joksimovic, property caretaker and Hassan Mahdi, property manager, work at Wihlborgs' regional office in Lund.

# Assets

## Property portfolio as of 30 September 2019

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

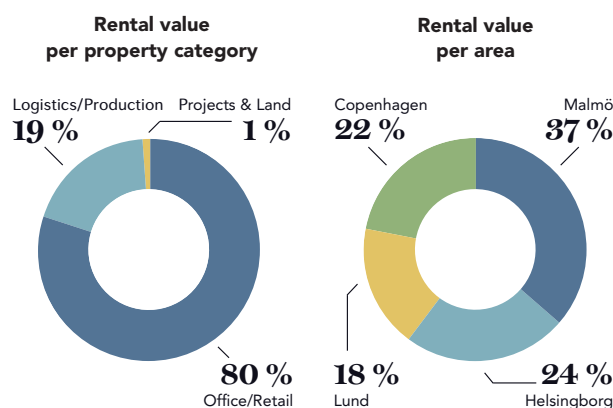
The operating surplus is based on the properties' earning capacity on an annual basis based on rental income for October 2019, operating and maintenance costs, property administration on a rolling twelve-month basis, property tax and leasehold rent.

Wihlborgs' property portfolio consists of commercial properties in the Öresund region, located in Malmö, Helsingborg, Lund and Copenhagen. The property portfolio 30 September 2019 consisted of 314 properties (310) with a lettable area of 2,194,000 m<sup>2</sup> (2,106,000).

10 of the properties (10) are leasehold rights. The properties' carrying amount was SEK 45,306 million (42,146), which corresponds to the estimated market value. The total rental value was SEK 3,287 million (2,997) and the contracted rental income on annual basis SEK 3,021 million (2,796). The like-for-like increase in contracted rental income was 3.6 percent compared to 12 months previously.

The economic occupancy rate for Office/Retail properties was 93 percent (95) and for Logistics/Production properties 92 percent (90). The rental value for Office/Retail properties represented 80 percent, Logistics/Production properties 19 percent of the total rental value and the remaining 1 percent is attributable to Projects/Land.

The operating surplus from investment properties, excluding property administration and Projects/Land, is SEK 2,313 million (2,168) which with a carrying amount of SEK 43,141 million (40,039) corresponds to a yield of 5.4 percent (5.4). Broken down by property category, this is 5.1 percent (5.2) for Office/Retail and 6.9 percent (6.7) for Logistics/Production.



In September, the symbolic construction kick-off was celebrated for the production facility that Wihlborgs is constructing for voestalpine Böhler weldCare AB in Fosie, Malmö. In attendance were Wihlborgs CEO Ulrika Hallengren, Veidekke Project Manager Mattias Carlberg, Dr. Martin Peruzzi, Chief Technical Officer at voestalpine Böhler Welding Group and voestalpine Böhler weldCare AB CEO André Fasth. The facility will be completed in autumn 2020.



## 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 September 2019 has mainly been made internally and resulted in a value increase at SEK 456 million (458). 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. The method for valuation is the same as in the previous year. There is a comprehensive description of the method for valuation of properties on pages 86-87 and 106 in the Company's 2018 Annual Report.

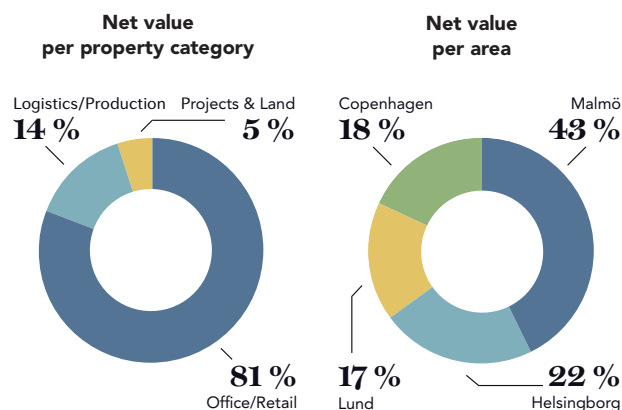
As of 30 September 2019 the carrying amount for the properties was SEK 45,306 million (42,146).

### Changes in carrying amount of properties

Changes	Group total, SEK m
Carrying amount 1 January 2019	42,146
Acquisitions	2,881
Investments	1,184
Properties sold	-1,710
Change in value	456
Currency translations	349
<b>Carrying amount 30 September 2019</b>	<b>45,306</b>

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

Property	Category of use	Municipality	Completion date	Lettable area, m <sup>2</sup>	Occupancy rate, %	Estimated investment, SEK m	Expended 300919, SEK m
Bure 2	Office/Retail	Malmö	Q4 2019	6,800	100	238	182
Elefanten 40	Office/Retail	Malmö	Q4 2019	8,200	100	57	27
Raffinaderiet 5	Office/Retail	Lund	Q4 2019	1,900	25	63	41
Forskaren 1	Office/Retail	Malmö	Q3 2020	4,000	70	97	47
Kirseberg 31:53	Logistics/Production	Malmö	Q3 2020	2,300	100	58	1
Stenåldern 7	Logistics/Production	Malmö	Q4 2020	4,300	100	78	31
Ursula 1	Office/Retail	Helsingborg	Q4 2020	13,000	30	405	160
Terminalen 1	Office/Retail	Helsingborg	Q4 2020	8,800	30	257	81
Musköten 20	Office/Retail	Helsingborg	Q4 2020	4,400	100	97	11
<b>Total</b>				<b>53,700</b>		<b>1,350</b>	<b>581</b>



## Investments and current projects

Investments in the property portfolio totalled SEK 1,184 million (777).

Approved investments in ongoing projects amount to SEK 2,163 million, of which SEK 1,093 million had been invested at end of period.

## Liquid assets

The Groups liquid assets totalled SEK 502 million (371) including unutilised overdraft facilities.

At the end of the period unutilized credit facilities amounted to SEK 2,206 million (940).

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

Area	Office, m <sup>2</sup>	Retail, m <sup>2</sup>	Logistics/ Production, m <sup>2</sup>	Education/ Health care, m <sup>2</sup>	Misc., m <sup>2</sup>	Total, m <sup>2</sup>	Share, %
Malmö	357,352	47,913	262,026	32,556	17,188	717,035	33
Helsingborg	202,408	61,180	286,482	41,535	12,408	604,013	28
Lund	201,213	18,191	32,752	4,429	9,224	265,809	12
Copenhagen	418,003	7,402	84,119	12,699	85,350	607,573	27
<b>Total</b>	<b>1,178,976</b>	<b>134,686</b>	<b>665,379</b>	<b>91,219</b>	<b>124,170</b>	<b>2,194,430</b>	<b>100</b>
<b>Share, %</b>	<b>54</b>	<b>6</b>	<b>30</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 6,991 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	50	442	15,465	968	2,189	95	916	695	76	727	4.7
Logistics/Production	47	245	2,397	222	904	93	206	152	74	164	6.9
Projects & Land	23	30	1,574	33	1,092	-	15	5	-	7	-
<b>Total Malmö</b>	<b>120</b>	<b>717</b>	<b>19,436</b>	<b>1,222</b>	<b>1,704</b>	<b>93</b>	<b>1,137</b>	<b>853</b>	<b>75</b>	<b>898</b>	<b>4.6</b>
<b>Helsingborg</b>											
Office/Retail	31	231	6,246	451	1,949	94	425	319	75	333	5.3
Logistics/Production	62	373	3,159	323	867	92	298	216	72	233	7.4
Projects & Land	12	-	410	-	-	-	-	-1	-	-	-
<b>Total Helsingborg</b>	<b>105</b>	<b>604</b>	<b>9,814</b>	<b>774</b>	<b>1,281</b>	<b>93</b>	<b>723</b>	<b>534</b>	<b>74</b>	<b>565</b>	<b>5.8</b>
<b>Lund</b>											
Office/Retail	25	243	7,376	558	2,295	90	503	356	71	395	5.4
Logistics/Production	4	23	195	18	790	99	18	15	82	15	7.9
Projects & Land	4	-	167	-	-	-	-	-	-	-	-
<b>Total Lund</b>	<b>33</b>	<b>266</b>	<b>7,738</b>	<b>576</b>	<b>2,166</b>	<b>90</b>	<b>521</b>	<b>371</b>	<b>71</b>	<b>411</b>	<b>5.3</b>
<b>Köpenhamn</b>											
Office/Retail	47	554	7,730	669	1,208	90	604	384	64	418	5.4
Logistics/Production	8	54	573	46	858	78	36	26	72	27	4.7
Projects & Land	1	-	14	-	-	-	-	-	-	-	-
<b>Total Copenhagen</b>	<b>56</b>	<b>608</b>	<b>8,318</b>	<b>715</b>	<b>1,177</b>	<b>90</b>	<b>640</b>	<b>409</b>	<b>64</b>	<b>445</b>	<b>5.3</b>
<b>Total Wihlborgs</b>	<b>314</b>	<b>2,194</b>	<b>45,306</b>	<b>3,287</b>	<b>1,498</b>	<b>92</b>	<b>3,021</b>	<b>2,167</b>	<b>72</b>	<b>2,319</b>	<b>5.1</b>
<b>Total excluding projects and land</b>	<b>274</b>	<b>2,164</b>	<b>43,141</b>	<b>3,254</b>	<b>1,503</b>	<b>92</b>	<b>3,007</b>	<b>2,163</b>	<b>72</b>	<b>2,313</b>	<b>5.4</b>



In July, Wihlborgs purchased the Hørkær 12 property in Herlev (pictured) and the Brydehusvej 30 property in Ballerup, a total of 17,000 m<sup>2</sup>, from ATP Ejendomme.

## Property transactions

On 1 July, Wihlborgs acquired the Hørkær 12 property in Herlev and the Brydehusvej 30 property in Ballerup, Denmark encompassing a total of 17,000 m<sup>2</sup>, from ATP Ejendomme. The major tenants include Coor, Dansk Sundhedssikring, HP Elektronik, Descom and Bakholmen Auction. The properties are located in areas where Wihlborgs has already established a presence. In the third quarter Wihlborgs signed an agreement to sell Gängtappen 1 in Dockan to Länsförsäkringar Skåne's property company, Länssem Skåne. Ownership will be transferred on 1 December 2019.

### Property transactions January–September 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	-		
3	Hørkaer 12	Copenhagen	East Copenhagen	Office/Retail	17,000		
3	Brydehusvej 30	Copenhagen	West Copenhagen	Office/Retail			
<b>Total acquisitions 2019</b>					<b>117,000</b>	<b>2,881</b>	<b>77</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 September 2019 equity totalled SEK 16,362 million (15,530) and the equity/assets ratio amounted to 35.3 percent (36,3).

## Interest-bearing liabilities

The group's interest-bearing liabilities as of 30 September amounted to SEK 24,948 million (22,814) with an average interest rate including costs for credit agreements of 1.29 percent (1.40).

With consideration to the company's net debt of SEK 24,9 billion, as a percentage of property values, the loan-to-value ratio is 55.1 percent (54.1).

The loans' average fixed interest period including effects of derivatives on 30 September 2019 amounted to 3.4 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 September 2019

Matures, year	Interest maturity		Loan maturity	
	Loan amount, SEK m	Av. interest rate, %	Credit ag., SEK m	Utilised, SEK m
2019	8,819	1.07	0	0
2020	3,041	0.77	4,986	4,386
2021	2,130	1.02	7,923	7,617
2022	1,630	1.13	7,032	5,732
2023	2,130	1.38	290	290
<2023	7,198	1.81	6,923	6,923
<b>Total</b>	<b>24,948</b>	<b>1.27*</b>	<b>27,154</b>	<b>24,948</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 September 2019

Interest rate swaps		
Maturity	Amount, SEK m	Interest, %
2020	1,630	-0.04
2021	2,130	0.05
2022	1,630	0.16
2023	2,130	0.41
2024	1,288	0.56
2025	788	0.82
2026	1,252	0.59
2027	752	1.05
2028	752	1.12
2029	500	0.12
<b>Total</b>	<b>12,852</b>	<b>0.39</b>

The deficit in Wihlborgs' interest rate derivative portfolio amounted to SEK 298 million (26) by the end of the period, which represents a negative value change at SEK 272 million (+127) during the period.

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 end of the period, the number of FTEs at Wihlborgs was 217 (187), of which 97 were in property service.

Of the total number of FTEs, 71 were in Malmö, 31 in Helsingborg, 27 in Lund and 88 in Copenhagen. The average age of employees is 43 and women make up 41 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 731 million (23), 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.

### Nomination Committee

It was decided at the Annual General Meeting of 25 April 2019 that Wihlborgs' Nomination Committee, whose tasks include submitting proposals for board members, shall consist of members appointed by the three largest shareholders, who wish to participate, as well as one representative for the minor shareholders.

Based on the ownership at 31 August 2019, Wihlborgs' Nomination Committee comprises:

- Lennart Mauritzson (Backahill AB)
- Eva Gottfridsdotter-Nilsson (Länsförsäkringar Funds)
- Hans Ek (SEB Investment Management AB)
- Krister Eurén (minor shareholders)

## 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 40 percent. The number of shareholders is approximately 26,000.

### Largest shareholders in Wihlborgs 30 September 2019

	Number of shares, thousands	Proportion of equity and votes, %
Erik Paulsson with family, privately and via company	15,766	10.3
SEB Investment Mgmt	10,295	6.7
Länsförsäkringar funds	6,987	4.5
Qviberg family	4,062	2.6
Bank of Norway	4,045	2.6
Handelsbanken funds	2,291	1.5
Swedbank Robur funds	1,824	1.2
Tibia Konsult AB	1,625	1.1
ODIN funds	1,576	1.0
The Fourth Swedish National Pension Fund	1,562	1.0
Other shareholders reg. in Sweden	47,199	30.7
Other shareholders reg. abroad	56,480	36.8
<b>Total outstanding shares</b>	<b>153,713</b>	<b>100.0</b>

## 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.

## 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.



Wihlborgs is extending Medeon Science Park in Malmö with a further 4,000 m<sup>2</sup> to make room for more life sciences companies. In September, Wihlborgs signed an agreement with Galenica for 2,640 m<sup>2</sup> with occupancy scheduled for 1 October 2020. In addition to these new areas, Galenica is also retaining the majority of the laboratory premises it currently leases in the existing building for a total of around 4,700 m<sup>2</sup>. Galenica started at Medeon in 1999.

## 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 as a separate item in the statement of financial position, remaining leases are recognised as other fixed assets. The lease liability referable to the leasehold rent 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.

Malmö 24 October 2019

**Wihlborgs Fastigheter AB (publ)**

Ulrika Hallengren, CEO

This interim report has been subject to review by the company's auditors.

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## Review report

### Introduction

We have reviewed the interim report for Wihlborgs Fastigheter AB (publ) for the period 1 January–30 September 2019. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed

in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Malmö, 24 October 2019

Deloitte AB, Richard Peters, Authorized Public Accountant

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**Consolidated income statement summary**

SEK m	2019 Jul–Sep 3 months	2018 Jul–Sep 3 months	2019 Jan–Sep 9 months	2018 Jan–Sep 9 months	2018/2019 Oct–Sep 12 months	2018 Jan–Dec 12 months
<b>Rental income</b>	<b>743</b>	<b>667</b>	<b>2,218</b>	<b>1,997</b>	<b>2,905</b>	<b>2,684</b>
Operating costs	-87	-74	-307	-274	-412	-379
Repairs and maintenance	-19	-19	-59	-59	-88	-88
Property tax	-54	-39	-148	-116	-187	-155
Leasehold rent	-	-2	-	-4	-1	-5
Property administration	-31	-28	-89	-82	-123	-116
<b>Total property costs</b>	<b>-191</b>	<b>-162</b>	<b>-603</b>	<b>-535</b>	<b>-811</b>	<b>-743</b>
<b>Operating surplus</b>	<b>552</b>	<b>505</b>	<b>1,615</b>	<b>1,462</b>	<b>2,094</b>	<b>1,941</b>
Central administration	-18	-15	-53	-47	-71	-65
Interest income	2	4	11	9	13	11
Interest expense	-91	-122	-252	-373	-361	-482
Leasehold rent	-1	-	-4	-	-4	-
Share in results of joint ventures	2	-	2	-	3	1
<b>Income from property management</b>	<b>446</b>	<b>372</b>	<b>1,319</b>	<b>1,051</b>	<b>1,674</b>	<b>1,406</b>
Change in value of properties	179	174	456	458	1,310	1,312
Change in value of derivatives	-56	110	-272	127	565	964
Change in value of terminated derivatives	-	-	-	-	-927	-927
<b>Pre-tax profit</b>	<b>569</b>	<b>656</b>	<b>1,503</b>	<b>1,636</b>	<b>2,622</b>	<b>2,755</b>
Current tax	-25	-10	-54	-30	-63	-39
Deferred tax	-94	-100	-72	-137	-248	-313
<b>Profit for the period<sup>1</sup></b>	<b>450</b>	<b>546</b>	<b>1,377</b>	<b>1,469</b>	<b>2,311</b>	<b>2,403</b>
OTHER TOTAL PROFIT/LOSS <sup>2</sup>						
Translation differences and hedging for international activities, including tax	7	-4	31	19	27	15
<b>Total comprehensive income for the period<sup>1</sup></b>	<b>457</b>	<b>542</b>	<b>1,408</b>	<b>1,488</b>	<b>2,338</b>	<b>2,418</b>
Earnings per share <sup>3</sup>	2.93	3.55	8.96	9.56	15.03	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	30-09-2019	30-09-2018	31-12-2018
<b>ASSETS</b>			
Investment properties	45,306	40,260	42,146
Right-of-use assets, leaseholds	146	-	-
Other fixed assets	350	348	351
Current receivables	253	110	62
Liquid assets	263	165	183
<b>Total assets</b>	<b>46,318</b>	<b>40,883</b>	<b>42,742</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	16,362	14,600	15,530
Deferred tax liability	3,358	3,119	3,295
Borrowings	24,948	21,336	22,814
Lease liability	152	-	-
Derivatives	298	816	26
Other long-term liabilities	69	59	67
Current liabilities	1,131	953	1,010
<b>Total equity &amp; liabilities</b>	<b>46,318</b>	<b>40,883</b>	<b>42,742</b>

**Consolidated statement of changes in equity**

SEK m	Jan-Sep 2019	Jan-Sep 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	1,377	1,469	2,403
Other comprehensive income	31	19	15
<b>Closing amount</b>	<b>16,362</b>	<b>14,600</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>16,362</b>	<b>14,600</b>	<b>15,530</b>



**Consolidated cash flow statement** summary

SEK m	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
<b>Operating activities</b>					
Operating surplus	552	505	1,615	1,462	1,941
Central administration	-18	-15	-53	-47	-65
Depreciation	4	1	9	2	4
Net financial items paid	-87	-119	-250	-367	-489
Income tax paid	-	-1	-2	-2	-14
Change in other working capital	34	-10	-126	-57	112
<b>Cashflow from operating activities</b>	<b>485</b>	<b>361</b>	<b>1,193</b>	<b>991</b>	<b>1,489</b>
<b>Investment activities</b>					
Acquisitions of properties	-216	-97	-2,881	-305	-900
Investments in existing properties	-377	-234	-1,184	-777	-1,239
Sales of properties	-	51	1,710	195	195
Change in other non-current assets	-9	-5	4	-38	-42
<b>Cash flow from investment activities</b>	<b>-602</b>	<b>-285</b>	<b>-2,351</b>	<b>-925</b>	<b>-1,986</b>
<b>Financing activities</b>					
Dividend paid	-	-	-576	-480	-480
Increase in borrowing	244	-131	1,853	397	1,896
Increase in other long-term liabilities	-37	1	-39	3	12
Early termination of derivatives	-	-	-	-	-927
<b>Cash flow from financing activities</b>	<b>207</b>	<b>-130</b>	<b>1,238</b>	<b>-80</b>	<b>501</b>
<b>Cash flow for the period</b>	<b>90</b>	<b>-54</b>	<b>80</b>	<b>-14</b>	<b>4</b>
<b>Opening cash flow</b>	<b>173</b>	<b>219</b>	<b>183</b>	<b>179</b>	<b>179</b>
<b>Closing cash flow</b>	<b>263</b>	<b>165</b>	<b>263</b>	<b>165</b>	<b>183</b>

**Historical summary of last eight quarters**

SEK m	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
<b>Rental income</b>	<b>743</b>	<b>757</b>	<b>718</b>	<b>687</b>	<b>667</b>	<b>662</b>	<b>668</b>	<b>633</b>
Operating costs	-87	-96	-124	-105	-74	-81	-119	-99
Repairs and maintenance	-19	-19	-21	-29	-19	-20	-20	-24
Property tax	-54	-50	-44	-39	-39	-36	-41	-36
Leasehold rent	-	-	-	-1	-2	-1	-1	-2
Property administration	-31	-29	-29	-34	-28	-27	-27	-32
<b>Operating surplus</b>	<b>552</b>	<b>563</b>	<b>500</b>	<b>479</b>	<b>505</b>	<b>497</b>	<b>460</b>	<b>440</b>
Income from property management	446	467	406	355	372	354	325	295
Profit for the period	450	616	311	934	546	620	303	1,073
Surplus ratio, %	74.3	74.4	69.6	69.7	75.7	75.1	68.9	69.5
Investment yield, %	4.9	5.1	4.6	4.7	5.0	5.0	4.7	4.7
Equity/assets ratio, %	35.3	35.1	35.2	36.3	35.7	34.7	34.7	34.7
Return on equity, %	11.2	15.5	7.9	24.8	15.2	17.7	8.8	32.9
Earnings per share, SEK	2.93	4.01	2.02	6.08	3.55	4.03	1.97	6.98
Income property management per share, SEK	2.90	3.04	2.64	2.31	2.42	2.30	2.11	1.92
Cash flow fr operating activities per share, SEK	3.16	2.97	1.63	3.23	2.35	2.23	1.87	2.26
EPRA net asset value per share, SEK	130.23	126.29	125.75	122.64	120.58	117.11	116.41	114.00
Share price as % of Equity II	122.9	106.6	100.8	83.5	88.7	88.5	83.1	86.1
Carrying amount of properties	45,306	44,455	43,839	42,146	40,260	39,856	39,396	38,612
Equity	16,362	15,905	15,853	15,530	14,600	14,058	13,913	13,592
Total assets	46,318	45,330	45,039	42,742	40,883	40,549	40,127	39,217

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

**Consolidated segment reporting Jan-Sep**

Property management SEK m	Malmö		Helsingborg		Lund		Köpenhamn		Totalt	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Rental income	837	792	515	443	405	309	461	453	2 218	1 997
Property costs	-208	-202	-122	-115	-117	-78	-156	-140	-603	-535
<b>Operating surplus</b>	<b>629</b>	<b>590</b>	<b>393</b>	<b>328</b>	<b>288</b>	<b>231</b>	<b>305</b>	<b>313</b>	<b>1 615</b>	<b>1 462</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 1,615 million (1,462) and the pre-tax profit of SEK 1,503 million (1,636) consists of central administration SEK -53 million (-47), financial net -241 million (-364) and changes in value of properties and derivatives 184 million (585).

**Parent company's income statement summary**

SEK m	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Income	136	116	162
Expenses	-141	-125	-176
<b>Operating profits</b>	<b>-6</b>	<b>-9</b>	<b>-14</b>
Financial income	1,515	1,714	1,682
Financial expenses	-610	-483	-586
<b>Pre-tax profit</b>	<b>899</b>	<b>1,222</b>	<b>1,082</b>
Appropriations	-	-	156
Tax	81	9	-18
<b>Profit for the period</b>	<b>980</b>	<b>1,231</b>	<b>1,220</b>

**Parent company's balance sheet summary**

SEK m	30-09-2019	30-09-2018	31-12-2018
Participations in Group companies	10,236	9,077	9,860
Receivables fr Group companies	13,145	12,135	12,008
Other assets	663	603	576
Cash and bank balances	221	3	2
<b>Total assets</b>	<b>24,265</b>	<b>21,818</b>	<b>22,446</b>
Equity	5,012	4,620	4,608
Liabilities to credit institutions	16,449	13,861	14,974
Derivatives	298	816	26
Liabilities to Group companies	2,415	2,300	2,752
Other liabilities	91	221	86
<b>Total equity and liabilities</b>	<b>24,265</b>	<b>21,818</b>	<b>22,446</b>

**Key figures for the group**

SEK m	Jan–Sep 2019	Jan–Sep 2018	Oct–Sep 2018/2019	Jan–Dec 2018
<b>Financial</b>				
Return on equity, %	11.5	13.9	14.9	16.5
Return on total capital, %	6.8	7.1	8.6	8.8
Equity/assets ratio, %	35.3	35.7	35.3	36.3
Interest coverage ratio, multiple	6.2	3.8	5.6	3.9
Leverage properties, %	55.1	53.0	55.1	54.1
Debt/equity ratio, multiple	1.6	1.5	1.6	1.5
<b>Share-related</b>				
Earnings per share, SEK	8.96	9.56	15.03	15.63
Earnings per share before tax, SEK	9.78	10.64	17.06	17.92
EPRA EPS, SEK	7.91	6.14	9.83	8.06
Cashflow from operations per share, SEK	7.76	6.45	11.00	9.69
Equity per share I, SEK	106.45	94.98	106.45	101.03
Equity per share II, SEK	128.29	115.27	128.29	122.47
EPRA NAV (net asset value) per share, SEK	130.23	120.58	130.23	122.64
Market value per share, SEK	160.00	106.92	160.00	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	13.4	8.4	10.7	6.6
P/E-ratio II, multiple	15.2	13.1	15.4	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	314	307	314	310
Carrying amount of properties, SEK m	45,306	40,260	45,306	42,146
Estimated investment yield, % – all properties	4.8	4.8	4.8	4.9
Estimated direct return, % – excl project properties	5.0	5.1	5.0	5.1
Lettable area, m <sup>2</sup>	2,194,430	2,083,394	2,194,430	2,105,851
Rental income, SEK per m <sup>2</sup>	1,498	1,384	1,498	1,423
Operating surplus, SEK per m <sup>2</sup>	988	935	988	972
Financial occupancy rate, % – all properties	92	93	92	93
Financial occupancy rate, % – excl project properties	92	93	92	94
Estimated surplus ratio, %	72	73	72	73
<b>EMPLOYEES</b>				
Number of employees at period end	217	180	217	187

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

**Definitions and basis for key ratios are available at [www.wihlborgs.se/en/investor-relations/reports/](http://www.wihlborgs.se/en/investor-relations/reports/)**

# 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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