



Wihlborgs  
Annual Report  
**2014**



# Invitation to attend Annual General Meeting

The Annual General Meeting (AGM) of shareholders in Wihlborgs Fastigheter AB (publ) will be held at **4.00 p.m. on Wednesday, 29 April 2015 at Slagthuset**, Jörgen Kocksgatan 7 A, Malmö, Sweden. Shareholders wishing to attend the meeting must:

- be entered in the register of shareholders maintained by Euroclear Sweden AB on Thursday 23 April 2015,
- notify the Company of their intention to attend, with any assistant, no later than 4.00 p.m. on 23 April 2015.

**Notification of intention to attend the AGM may be made in any of the following ways:**

- by post to: Wihlborgs Fastigheter AB, Box 97, SE-201 20 Malmö, Sweden
- by telephone on: +46 (0)40 690 57 32
- by e-mail to: [catharina.lachmann@wihlborgs.se](mailto:catharina.lachmann@wihlborgs.se)
- via the Wihlborgs website – [www.wihlborgs.se](http://www.wihlborgs.se) – where further information on the AGM is also available.

**Those who have notified the Company of their intention to attend the AGM will receive an attendance card by post. This card must be presented during registration at the AGM.**

At notification of intention to attend, the shareholder must give details of name, civic registration number/corporate registration number, address, telephone number and shareholding. Shareholders who have registered their shares in the name of a trustee must, in order to be able to attend the AGM, temporarily re-register their shares in their own name with Euroclear Sweden AB. Any request for such re-registration must be made in good time before 23 April 2015.

Wihlborgs Fastigheter AB (publ) is a property company that focuses on commercial properties in the Öresund region. Its property portfolio is located in Malmö, Helsingborg, Lund and Copenhagen. In Malmö, Lund and Helsingborg, Wihlborgs is the leading property company. The book value for the Company's properties totals SEK 24.3 billion. The annual rental value of the properties is SEK 2 billion. Wihlborgs is traded on the Mid Cap List of Nasdaq OMX Stockholm.

# Highlights of the Year

Rental income rose 9 percent to SEK 1,856 million (1,704)

The operating surplus\* increased 10 percent at SEK 1,357 million (1,235)

Income from property management\* improved 12 percent to SEK 839 million (746)

Profit for the year totalled SEK 395 million (1,063), corresponding to earnings per share of SEK 5.14 (13.83)

The Board of Directors proposes a dividend of SEK 4.75 (4.25).

Key Ratios for the Group, SEK m.	2014 Jan–Dec	2013 Jan–Dec
Rental income	1,856	1,704
Operating surplus*	1,357	1,235
Income from property management*	839	746
Changes in value	-396	616
Profit for the year	395	1,063
Earnings per share, SEK	5.14	13.83
Surplus ratio, %*	73	73
Equity/assets ratio, %	28.2	29.7
Occupancy rate, %**	91	91

\* Excluding settlements regarding early lease terminations.

\*\* Excluding Projects & Land

## Financial Information 2015

Wihlborgs prints its annual report and sustainability report in both Swedish and English. The Annual Report will be sent to any shareholders notifying the Company that they wish to receive the document in printed form. The reports are also available in digital form at [wihlborgs.se](http://wihlborgs.se). Our sustainability report is prepared in accordance with at B+ level of the Global Reporting Initiative (GRI). We also publish our interim reports on our website, as follows:

Interim Report, Jan.–Mar. **29 April**

Interim Report, Jan.–June **6 July**

Interim Report, Jan.–Sept. **21 October**

# Major events

## Quarter 1

### Wihlborgs expands in Denmark

- Four office blocks in Ballerup are acquired for a total of DKK 250 million.
- Wihlborgs issues corporate bonds in the Swedish bond market.

## Quarter 2

### Wihlborgs consolidates in Helsingborg

- Wihlborgs buys three properties in Helsingborg for a total of SEK 115 million.
- Wihlborgs issues further corporate bonds.
- At the AGM held on 29 April, dividend of SEK 4.25 per share for 2013 is approved.
- Wihlborgs starts an 8,000 m<sup>2</sup> extension of Knutpunkten, central Helsingborg.
- Wihlborgs is the first in Skåne with a beehive on the roof of one of its properties.

## Quarter 3

### Wihlborgs signs a new agreement with Kockums

- Wihlborgs signs an agreement with SAAB Kockums, which is vacating Gängtappen 1 and relocating to premises of 6,000 m<sup>2</sup> at Skrovet 6 in early 2015. Once Gängtappen 1 is empty, a major redevelopment will begin to modernize the building for new tenants.

## Quarter 4

### New HQ to Dockan

- Wihlborgs signs an agreement with Orkla Foods, which is moving its headquarters from Eslöv to Dockan in Malmö.
- Wihlborgs establishes an MTN programme.
- Länsförsäkringar Skåne signs a lease for a third of the floor area of Gängtappen 1.



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# After ten years on the stock market, we are doing better than ever.

Our property portfolio has more than tripled since 2005.

Over that period, our net worth has grown by an annual average of 15 percent – and to sum up 2014 we recorded our best-ever result for income from property management, SEK 839 million.

This places Wihlborgs at the top among Sweden's property companies and confirms that our strategy is working. Because property management represents three quarters of our income, we enjoy strong cash flows, which give us the resources for growth.

Our ambition is to further consolidate our position as the leading commercial property company in the Öresund region.

We aim to keep playing an active role in developing the region, by constantly demonstrating our ability to meet the current and future needs of the business sector better than others.

## We live with our properties

And properties have long lives.

To us, it is part of the routine to choose solutions that offer optimal benefit throughout the lifetime of a building. This philosophy plays a vital role when we are choosing whether to invest in existing or new buildings.

Rather than fixing blindly on what offers the lowest initial cost, we choose to see every new investment as a long-term relationship that we can nurture and develop. This gives us the added benefit of opportunities to develop the environmental performance of the properties and create the conditions for low running costs.

As long-term owners, we also create security for our tenants. When leases come up for renegotiation, or when our customers need to expand or downsize, they know that we are still there and that together we have a clear idea of the needs and conditions that may need to be re-examined.

With our market share of 25-30 percent, we have also been

able to create a powerful local organization that knows the situation, both present and future, in our region.

## We are biggest where the Nordic region is strongest

The Öresund region is the biggest metropolitan area in the Nordic region.

And it is going to get bigger.

The population, the cities and the number of jobs are all expanding. In Malmö alone, the number of people employed rose 18 percent in the 2001-2010 period and employment in Lund and Helsingborg showed similar trends. This may be compared with the rest of Sweden, which had average growth of 10 percent over the same period.

The major concern has been the economic downturn in Denmark, but there is much to suggest that the Danish economy will take off in 2015.

A boost to investment in the infrastructure – in particular the rail network – would quickly generate new employment and better economic growth throughout the region.

Another fixed Öresund link is just a matter of time – the issue is simply how long the wait will be. It will take political decisions, but pressures from the real world are ultimately making the go-ahead for a new link more and more likely.

## Today and tomorrow, not yesterday

Things are moving fast now.

The Öresund region has been transformed from a decidedly industrial region into a knowledge-based community that has created new demands for modern, sustainable and adaptable





"We can see many excellent opportunities before us for starting up new projects in Malmö, Lund and Helsingborg", says Anders Jarl, Chief Executive Officer at Wihlborgs since 2004.

premises in attractive locations. The same could also be said of our strategy for buying and selling properties. While we are acquiring and developing premises that meet the needs of today and tomorrow, we are disposing of properties that belong to yesterday.

In a market characterized by rising prices, a measure of caution is called for and it is important to keep our feet on the ground and not get ahead of ourselves. But when the right project crops up, we do not sit still – we can swing into action. We can see many excellent opportunities ahead for starting up new projects in Malmö, Lund and Helsingborg.

## To step on the gas, but keep a foot on the brake

In Malmö we slowed down and took a cautious line in 2014.

Building is going on everywhere in Malmö and in the short term this is also pushing up vacancy rates.

Wihlborgs is of course affected as well, and the challenge in 2015 will initially be to fill the vacancies that arise in Dockan. At the same time, we see an increased demand and willingness to pay for good premises in attractive areas, which opens up opportunities for us to create and nurture new business relationships.

In Lund, a number of structural changes are taking place. Where the big corporations are pulling back, small enterprises are growing in their place. The Ideon Science Park is today home to 350 active businesses, with 3,000 employees, all based in our premises. But Lund is also at the very leading edge with some outstanding projects. In partnership with PEAB, we are progressing with the construction of MAX IV, the most powerful synchrotron radiation research facility in the world. In 2014, the first earth was turned for the ESS research centre, an investment of SEK 18 billion that will play an extremely important role in the region's development.

In Helsingborg, our work on transforming Knutpunkten continues, with an extension offering Helsingborg state-of-the-

art facilities in the city's best location. We are also building a nine-storey office block in Berga to meet the need for offices attuned to the real conditions in and requirements for sustainability of our time.

When the upturn comes in Copenhagen, we will be the ones forcing the pace. We can already recognize several positive signals; businesses that are taking on new employees and are seeking larger premises. But we are also aware that the vacancy rate is still running high, so we are not acting hastily.

Our projects are located in the west of Greater Copenhagen, near Copenhagen Airport and the rest of the world.

## We focus on what we believe in

We believe in having a long-term perspective, we believe in knowing the needs of the local market, we believe in efficient, cost-conscious management via our own personnel, we believe in skilled project development – and we also believe that all this together will continue to allow us to enjoy stable growth and sound profitability.

Above all, we believe – no, we are sure – that the most important factor in our success is our knowledgeable and committed personnel, who feel a strong connection with our customers and our properties. They more than merit all our gratitude for the successful year we are now leaving behind.

They are also – every one of them – the reason why we can look forward with our self-confidence at a high and not a little pride in what we can achieve together.

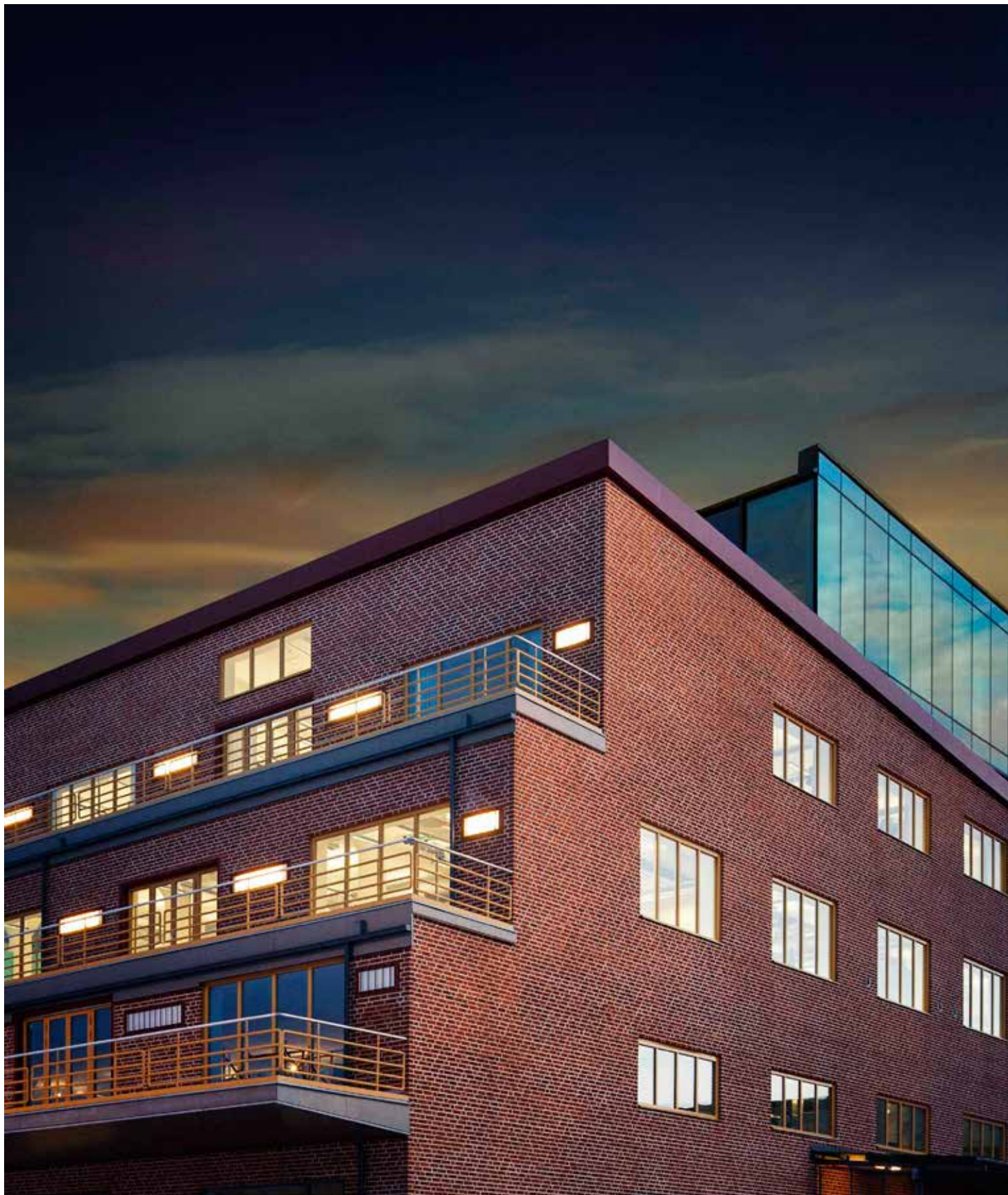
This is called job satisfaction, and it produces results.

Malmö, March 2015  
Anders Jarl, Chief Executive Officer

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## Historical review

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Magasinet – registered as Hamnen 22:188 – was redeveloped into modern commercial premises in 2012. In 2014, the property was approved as an environmentally classified building, Bronze status, under Sweden's Miljöbyggnad system.



# Ten successful years

In 1924, master builder O. P. Wihlborg established a construction company in Malmö. The company operates as builder, owner and manager of properties in Malmö for many years. In 1985, the construction business is sold off and the company becomes a traditional property company. Five years later, Wihlborgs is listed on the "O" List of the Stockholm Stock Exchange.

The Company gradually acquires a concentration of properties both in the Öresund region and in Stockholm. The Stockholm operation becomes even more focused with the acquisition of Fastighets AB Storheden in 1998.

When Wihlborgs acquires the Stockholm-based property company Fabege in 2004, a resolution is passed at the 2005 AGM to the effect that the property portfolio in the Stockholm and Öresund regions should be spun off. The "old" Wihlborgs is concentrated within the Stockholm region and renamed Fabege AB. The Öresund portfolio is distributed to the shareholders and listed under the name of Wihlborgs Fastigheter AB.

## Our "new life"

**In 2005** we start writing the second part of our history. On 23 May 2005, Wihlborgs Fastigheter AB is listed on the "O" List of the Stockholm Stock Exchange.

**In 2006** Wihlborgs acquires 14 properties in Malmö from Tornet. The properties have a total lettable area of 182,000 m<sup>2</sup>. In June, Wihlborgs acquires 40 percent of the shares in Ideon AB. The acquisition includes the property Betahuset (kv Vätet 1), with a total area of 24,000 m<sup>2</sup>. In May, a 2-for-1 share split is carried out, in which two new shares are issued for every existing share held.

**In 2007** Wihlborgs continues to invest in the Ideon district of Lund, opening its fourth local office there. Wihlborgs launches a share buy-back programme.

**In 2008** Wihlborgs acquires the Scandinavian Center property in Malmö, with a total area of 8,000 m<sup>2</sup>.

**In 2009** Wihlborgs acquires Gängtappen in the Dockan area and the SVT building in the adjacent Varvsstaden area. We acquire the remaining 60 percent of the shares in Ideon AB.

**In 2010** Wihlborgs, in partnership with Peab, wins the contract for the MAX IV research facility in Lund, and on 22 November, the first earth is turned. In central Helsingborg, the Knutpunkten centre, measuring 18,500 m<sup>2</sup> of offices, travel centre, shops and restaurants, is acquired. The Bytarebacken 39 property in central Lund, with a total area of 15,400 m<sup>2</sup> of shops and offices, is acquired.

**In 2011** the AGM approves a 2-for-1 share split. The first day of trading in shares after the split was Monday 23 May. The number of shares outstanding and registered increased to 76,856,728. Wihlborgs avails itself of a new channel of financing, in the form of part-owned property finance company Svensk FastighetsFinansiering AB. During the year, Wihlborgs starts out on its biggest single newbuild/redevelopment project, Landsdomaren 6, in Lund.

**In 2012**, the Media Evolution City project in Dockan is completed. The project is a property of 7,600 m<sup>2</sup> and a centre for various businesses in the media sector. The Baltzar City building in central Malmö is acquired at a cost of SEK 473 million. Two properties are acquired in Denmark in Wihlborgs' sub-region Herlev/Ballerup. The Magasinet project near Malmö Central Station is completed.

**In 2013** Wihlborgs acquires the remaining ten properties in Ideon and thereby becomes sole owner of the whole of the Ideon Science Park. Wihlborgs' biggest single newbuild/redevelopment project, Landsdomaren 6, Lund, is completed and Psykiatri Skåne (the Skåne Psychiatric Service) moves in.

**In 2014** Wihlborgs expands its presence in Ballerup via four new office buildings with an area of 39,000 m<sup>2</sup> and now has a total of 155,000 m<sup>2</sup> in Ballerup and Herlev. The Terminalen 3 building in central Helsingborg is acquired, making Wihlborgs the sole owner of the entire Knutpunkten complex.



# Those of us who believe in new opportunities and successes belong together

No business is like any other.

Just ask us – we are landlord to 1,800 businesses in the Öresund region. 1,800 businesses with different views on most issues, 1,800 businesses that right now are working with us on shaping their own future.

Wihlborgs is the largest commercial property owner in the Öresund region.

We have no residential properties, we have specialized in meeting the needs and wishes of the business sector in the best way with regard to office and other commercial premises.

Many of the most successful Skåne-based companies are already tenants in our properties – a small indication that those of us who believe in new opportunities and successes belong together.

We intend continue in our role as the property company for business in the Öresund region, with a profit-driving strategy and strong cash flows.

### Our mission

Specializing in efficient sub-markets in the Öresund region, Wihlborgs will own, manage – in-house – and develop commercial properties.

### Overall goals and strategy

Wihlborgs will operate a business model for growth and will be one of the leading and most profitable property companies on the Stockholm Stock Exchange. To achieve this goal, Wihlborgs will:

- Consolidate and further secure its market position in the Öresund region by concentrating on selected sub-markets.
- Actively enhance its property portfolio by acquisition, development and sale of properties. Realization of value growth will form a key part of operations.
- Actively and efficiently manage its property portfolio, focusing on high cost-efficiency and a high occupancy rate, by maintaining a market-leading position in each sub-market.
- Strengthen customer relationships by active commitment and a high degree of service to create the conditions for long-term rental relationships.
- Actively cultivate the rental market to acquire new customers and reinforce our brand, to become the preferred choice for customers.

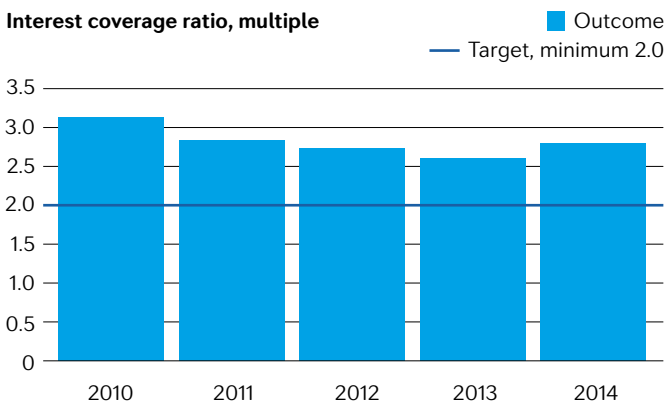
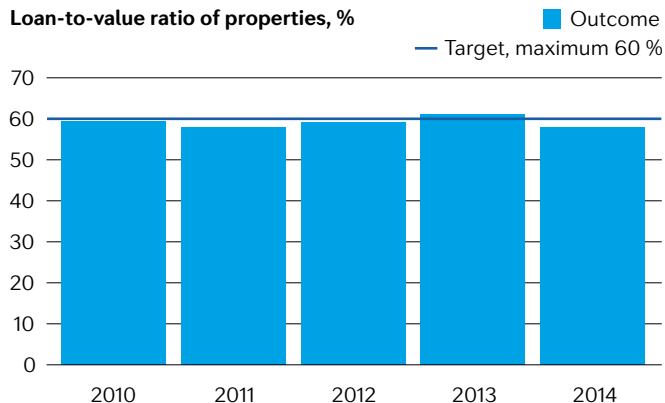
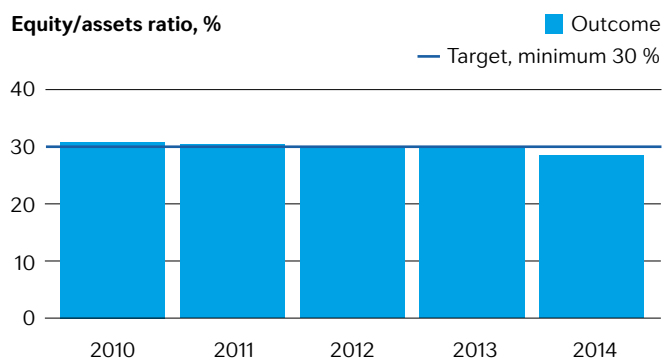
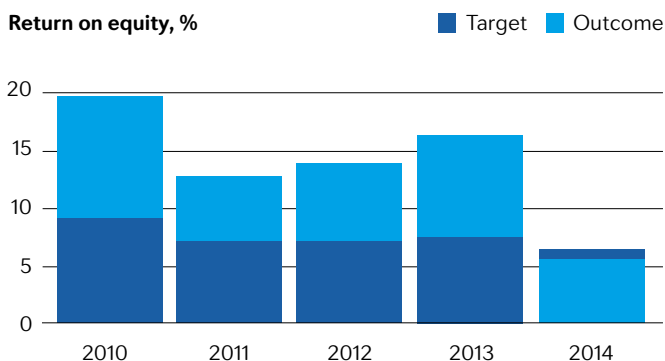
### Financial targets

Wihlborgs will achieve:

- A return on equity that exceeds the risk-free interest rate by no less than six percentage points.<sup>1</sup>
- An equity/assets ratio of no less than 30 percent.
- A loan-to-value ratio of no more than 60 percent.
- An interest coverage ratio of no less than 2.0.
- These financial goals will be achieved by active management of assets, liabilities and capital structure. Wihlborgs will at all times maintain a capital structure that delivers the best return to shareholders, with due regard taken to risk.

Lower market interest rates led to a further rise in the deficit value of the derivative portfolio. As a result, the targets for return on equity and equity ratio have not been met at year-end.

<sup>1</sup>Risk-free interest rate is defined as the rate on a 5-year Swedish government bond.



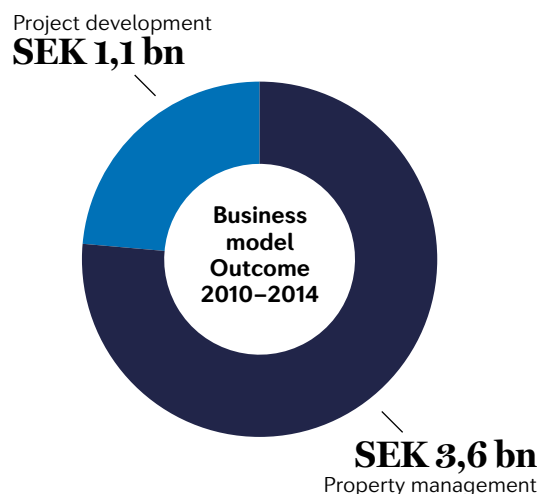
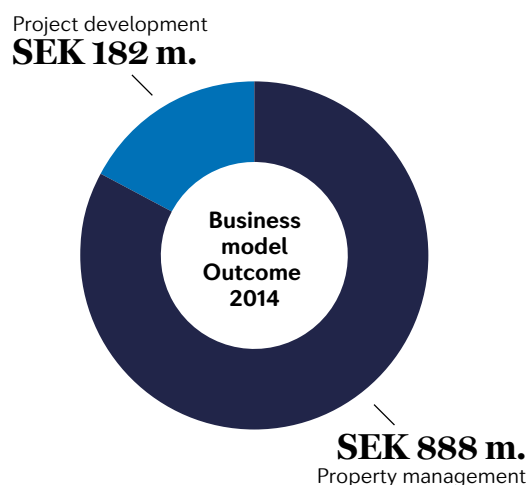
## Business model and valuedriving factors

Wihlborgs' business model is based on growth. It rests on two pillars: project development and property management. The model consists of actively enhancing the property portfolio by:

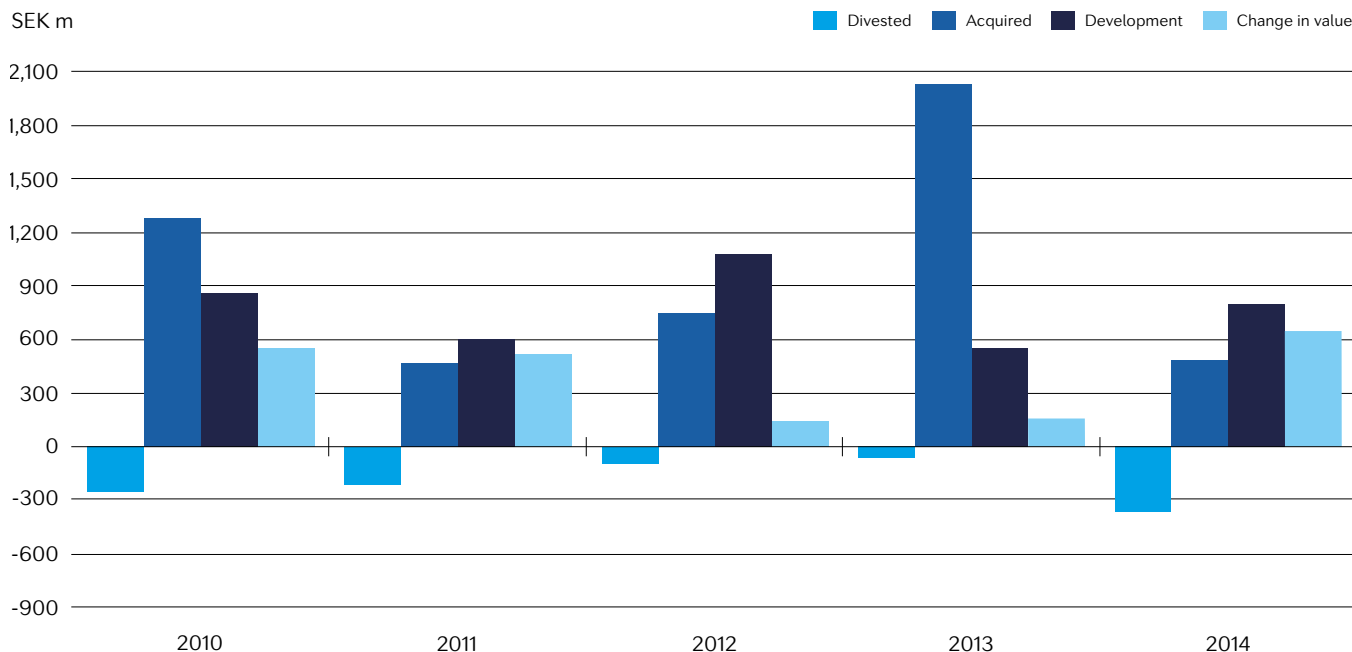
- Starting new projects, acquiring, adding value and selling properties.
- Actively managing the property portfolio with our own personnel to assure a focus on high cost efficiency and a high occupancy rate. By being a market leader in each sub-market, the business model can be developed and strengthened.

The financial impact of the model is illustrated in the charts alongside (right). Factors that drive the value of this business model include the fact that Wihlborgs has a property portfolio comprising an attractive range of modern properties for our tenants to conduct business in, and thus create conditions for their own growth. To achieve this goal, we must develop and add value to existing properties in the form of redevelopment and extension, in combination with acquisition of new properties and sale of properties for which development is complete. The changes made in the property portfolio are shown in the chart alongside. Substantial property value may be created via new production, where the strategy is not to build speculatively, and indeed to have tenants signed up for the major share of the project before the start of construction. Market conditions determine the size and the pace at which projects may be started off.

With an experienced in-house project organization, costs can be kept within budgeted investment amounts. Wihlborgs has had extensive access to land holdings in the former dockyard area, Dockan, in Malmö. Since 2000, 164,000 m<sup>2</sup> of commercial premises have been developed, and further opportunities exist, in the area.



### Development of the property value, 2010-2014







# Sustainability is a prerequisite for profitability

There is no other way.

With every passing year, it becomes clearer and clearer that we have a responsibility to think outside our own narrow business areas – and to see ourselves as part of a larger whole.

We look at our work on sustainability with both respect and humility. To us, taking responsibility means maintaining a balance within our organization and examining how the business can continue to grow in a sustainable way.

We are also seeing rising demands from heavyweight investors – if you do not have a clear sustainability strategy, you are not a player to be reckoned with. But we have every intention of being just that.

Since 2011, Wihlborgs has been presenting a sustainability report audited in accordance with the Global Reporting Initiative (GRI).

More businesses are doing the same as us, but we have nothing against being a trend-setter.



Wihlborgs' work environment committee, with representative from the offices in Helsingborg, Lund and Malmö.

# What is sustainability to us?

By playing a part in stimulating the local economy, Wihlborgs can contribute to securing long-term growth in the entire Öresund region. It is here that the Company operates and can make the biggest positive difference. To us, this is sustainability.

In purely practical terms, this means managing risks and opportunities in our operations in a proactive and flexible way, thus ensuring long-term profitability. It means being willing to take responsibility for the entire value chain and for the impact of our business activities – positive and negative alike.

## Meaning, pride and growth

By taking active responsibility in various issues, Wihlborgs is building a long-term sustainable organization. These include financial responsibility, environmental/climate impact and how we structure working conditions and/or act to combat corruption.

We believe that this inspires confidence, which is essential to all long-term relationships with investors, employees, tenants and decision-makers in the region. During the past year, we inducted new employees into the organization via a more active procedure that included training in our stance on ethical issues such as bribery. We also focused on leadership as a direct result of our employee survey, which revealed feedback as an area needing development.

## Measurability and transparency

Since 2011, we have been reporting on our sustainability work in accordance with the Global Reporting Initiative (GRI) on level B+ (on a scale from C–A). The plus sign indicates that the report is externally certified. The areas that we decided to include also

reflect the ten global principles that we signed up to under the UN Global Compact.

Producing a sustainability report helps towards the openness that we are striving for in the area. And over the years, we have maintained dialogue with our stakeholders as a source of feedback on what Wihlborgs needs to focus on. That enables learning – an important prerequisite for developing our relationships, our business and ourselves.

## Next level – to carry on with what's important

We are continually re-evaluating our role, our responsibilities and our actions. And we mean to carry on doing that from the foundations we have laid.

The Global Reporting Initiative has come up with new guidelines on sustainability reporting, "G4". As we move to adopt GRI G4 in 2015, we will be prioritizing a number of areas for focus with regard to our proactive work. We will continue to report on areas that are not considered to have the same impact on our environment, but not on such an active level. The process has begun and will be integrated into the work of the Board and into stakeholder dialogues going forward. The objective is, by concentrating our focus, to achieve better positive impact.

One such priority centres around "digging where you stand": focusing on aspects that create positive impact in the Öresund region.

More information will be available in Wihlborgs' 2014 Sustainability Report.

# About Wihlborgs

## Simple structure provides freedom of action

During 2014, we continued to work on the organization which was established a year earlier, with four regions each headed by a regional director, in accordance with Wihlborgs philosophy. Each region operates from a local office: Malmö HQ (Dockan), Lund (Ideon), Helsingborg (Berga) and Copenhagen (Herlev).

Our ambition is to keep the structure simple and flat, to avoid bureaucracy and long hold-ups. And to create clarity around roles and responsibilities. We also believe in person-to-person relationships with our tenants. Thus all property management is conducted by our own personnel (property managers and caretakers) who know our customers and are available to respond to their wishes and expectations.

Relationships with our tenants are our top priority and our conviction is that geographical closeness and short decision paths create the freedom of action and flexibility that are appreciated by our tenants. A clearly defined mandate also imparts meaning to the work of employees.

The Wihlborgs organization comprises property management plus a number of group executive functions: Economy/Finance, Procurement, Environment, HR/CSR, Communication and Customer Relations. These functions conduct Group-wide development initiatives and supply functional expertise to support the property management.

Improvements to the property portfolio are handled by a project department staffed by dedicated project managers. The project managers are responsible for newbuild and redevelopment projects, procurement and follow-up. Property management and project units work closely together on preparing and evaluating investments in new properties.

Wihlborgs' Group Management consists of the CEO, CFO, Director of Corporate Communication, Director of HR/CSR and Projects & Development Director. Group Management has overall responsibility for coordinating the Company's operations.

## Strong culture creates sense of community

With a simple structure and a clear strategy, we have laid down a solid framework for long-term stability.

However, to meet new expectations from a new generation of both customers and employees, we need to offer something extra. And we mean to go on being an attractive employer in the future. Our corporate culture, based on the values of action, knowledge, honesty and community, represents something tangible that we can cite when introducing new employees, but also in connection with feedback on behaviour, attitudes and approach to each other and our customers.

During 2014, we employed 20 people and 16 people left the company – a net increase of four. Our average age is 45 years (45), and we face a change-of-generation process, during which key members of personnel will retire over a period of 5-7 years.

In addition, Wihlborgs is constantly expanding and our regions are becoming more and more autonomous. With large numbers of new colleagues, we need to prioritize induction, coaching and feedback if we want to maintain and develop our philosophy and expertise as an organization.

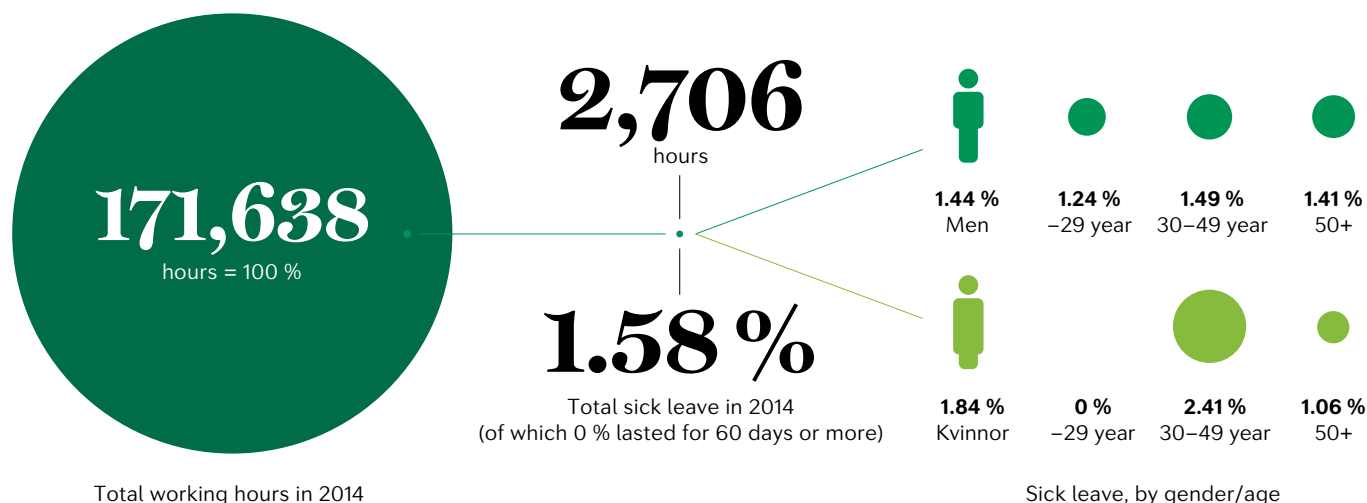
With this in mind we invested resources in leadership, feedback training and induction programmes for new employees during 2014. We designed our own leadership model to define the role of leader more clearly, and created community in our management group. We will continue with this work over the next two years.

During the year, our work environment committee focused actively on an action plan based on the comments we gathered during our employee survey.

## Pride that spreads

Playing a part in stimulating growth in the region and the local business community by offering modern, adaptable premises gives meaning and satisfaction to day-to-day work. This inspires pride in representing the Company and shows clearly in the findings from the year's employee survey. We also believe that this pride leaves its mark on motivation and behaviour – in other words how we act vis-à-vis our surroundings. And we know that our actions (response) towards tenants affects customer satisfaction.

We are pleased to note that the results from this year's NKI (Customer Satisfaction Index) showed that the proportion of "very satisfied" customers had increased, as had the proportion of "would recommend". The highest rating went to our caretakers' response and availability.



## Employees

At year-end, Wihlborgs had 117 (113) employees, of whom 72 (75) were administrators and 45 (38) caretakers. 103 employees work full-time and 14 part-time. The gender breakdown among administrators is 46 percent men and 54 percent women. 39 percent (39) of employees in the Group are women. The average age was 45 years (45). Employee turnover in 2014 was 14.2 percent (9.9).

Sickness absenteeism at Wihlborgs is low; in 2014, it was measured at 1.58 percent (1.42). Long-term absence (60 days or more) represented 0 percent (17.10) of total sickness absence.

## Health, security and safety

Of course, we must keep our workplace secure and safe, without risk of near-accidents and accidents. We have a work environment committee that conducts and evaluates activities to improve our shared work environment. Responsibility for the work environment is shared by everyone who works for the Company. We have a system for internal control in accordance with the Swedish Work Environment Act, whose intentions we strive to exceed.

Our systematic management of work environment issues, determines how we plan, manage and monitor every aspect of the organization.

Day-to-day action on the work environment is facilitated by routines for sick leave, rehabilitation, ergonomics, management of ill-health and accidents, and reporting of near-accidents.

Personal commitment and mutual care and attention minimize the risk of occupational injury and create a healthy work environment. Everyone is also formally obliged to adhere to instructions and routines and be mindful of – and to report without delay – any risks and threats that may arise in the work environment.

As far as the actual property portfolio is concerned, regular safety rounds are carried out. These are performed by personnel specifically qualified to inspect work environments and assess risks. The inspection personnel write reports on the risks found, and draw up action plans leading to acceptable outcomes.

Our policy is also to work proactively and, in addition to offering a fitness allowance to our employees, we arranged a “Wihlborgs Classic” to encourage exercise and strengthen the sense of community.

## Next level

Clearly defined structure and a strong culture help make a sustainable business and we have a strong framework. We are now ready for the next level. For 2015, our focus is to develop our business culture and link the individual’s contribution to the overall result. We will also continue to work on the competence transfer needed for the change of generation in which we are engaged, and finally we will be integrating our work on sustainability even more clearly into our operational activities.

## Incentives

Since 2005 Wihlborgs has a profit-sharing fund for which all employees, except for the CEO, are eligible. This is to encourage the Company’s personnel to achieve set goals, and to increase participation in Wihlborgs’ activities. All contributions allocated to the fund are invested in Wihlborgs shares. The maximum allocation is the same for all, and is equal to one base amount geared to the price index per employee per year. The shares in the foundation are restricted for five years after the allocation is made.



# 117 major investments

We're nothing without our employees

If Wihlborgs is to expand and stay fit, our employees must feel that they themselves have the opportunity to grow.

We now have a total of 117 employees whose competence is our most important success factor. To ensure that we stay at the forefront of developments, we regularly invest in new learning at every level.

When our employees develop, the Company does too; it's the simple truth.



## Helen Seffers, Administrative Assistant, Helsingborg

### What does your job involve?

I support management on the administration side, and I'm in charge of our lease management system Vitec. Most of what I do centres around leases – registration and notification. I also like being out meeting our tenants. Along with a colleague, I'm also involved in renting out our serviced office hotels and smaller premises. It's perfectly varied work for me.

### Do you have any particular challenge ahead of you in 2015?

We're working flat out on expanding our electronic invoicing system in 2015. So my challenge is to produce as many rent invoices as possible electronically, rather than on paper. Our tenants are showing a great interest in this.

### What do you like about Wihlborgs as an employer?

What I like is that my employer makes me feel that I can shape my job and develop it. I feel they trust me, my comments matter and that gives me a sense that I am developing.



## Marie Olsson, Finance Assistant, Malmö

### What does your job involve?

I work in our finance department as key account manager. That means I deal with all the day-to-day activities for some of our companies, from keeping records to the annual report. I also take care of the Group's accounts payable and record rent payments from our tenants. Then I am responsible for quite a number of sub-projects as well, such as the software we use for scanning our supplier invoices, and contacts with suppliers who want to start e-billing.

### Do you have any particular challenge ahead of you in 2015?

The biggest challenge for me will be a change of roles, when I start working in administration. I also want to work on getting more supplier to change over to e-billing, which is also one of our environmental goals.

### What do you like about Wihlborgs as an employer?

My duties are extremely varied. Another advantage is the ability to develop and move from one role to another. The Company invests in us employees via health care, health insurance and other benefits.



## Magnus Andersson, Property Management Executive, Lund

### What does your job involve?

I'm in charge of development and letting of properties in the Ideon Science Park. It's important to maintain good relationships with our customers, to be responsive and to grow as they do, and to develop our own personnel into a high-performance team.

### Do you have any particular challenge ahead of you in 2015?

The focus will be on letting vacant premises and to continue developing Ideon.

### What do you like about Wihlborgs as an employer?

Wihlborgs is an active, stable and long-term landlord who is playing a part in – and influencing – Lund's development.

We work with short decision paths, which mean we can act fast when necessary, decisions are mostly just a telephone call away. We enjoy great freedom allied with responsibility, a good atmosphere and good employment benefits.

# Focused environmental initiatives

## Keeping track of carbon dioxide

Wihlborgs reports on its carbon dioxide emissions annually. To keep track of our carbon dioxide footprint, we compile data every year in the areas in which we affect the environment. Scopes 1, 2 and 3 indicate the areas represented in the table for tons of carbon dioxide.

If you would like further information on carbon dioxide emissions, energy consumption and measurable climate data, see Wihlborgs' Sustainability Report.

### Wihlborgs' total carbon dioxide emissions in tons over the past three years:

Year	Scope 1 Tons	Scope 2 Tons	Scope 3 Tons	Total Tons
2012	515	8,267	97	8,879
2013	652	9,559	168	10,379
2014	516	9,177	203	9,896

Wihlborgs' environmental vision for 2020 is to continue to expand with reduced environmental impact. The year for comparison is 2005 since Wihlborgs was established in its current form in that year. In 2005, Wihlborgs' carbon dioxide emissions totalled 13,959 tons. This means that since that year, Wihlborgs has cut its carbon dioxide emissions by 4,064 tons.

Relative to last year, we have reduced our environmental impact. In all, emissions fell by 483 tons. The biggest reduction in carbon dioxide was in the area of district heating (Scope 2), where levels in the district heating services from two of our energy suppliers fell dramatically. This was made possible by our decision to accept paying a slightly higher price for district heating services with lower environmental impact. We can also see a reduction in emissions of gas, losses of cooling media,

emissions from company cars and service vans, and lower emissions due to less use of air travel. On the other hand, carbon dioxide emissions have risen in the areas of district cooling, commuting to and from the workplace and waste.

## Solar cells in Berga

As part of Wihlborgs' focus on sustainability, a solar power facility was installed at Berga Centrum, Helsingborg, in August 2013. The system covers an area of 380 m<sup>2</sup>, and at the project planning stage its electricity output was estimated at 53,500 kWh/year. Over the year, we were able to establish that the solar power facility outperformed expectations. In August 2014, electricity output had totalled 55,300 kWh, representing a reduction of just over 33 tons in carbon dioxide emissions. At year end, output totalled 56,000 kWh. At year end, output totalled 56,000 kWh (following the start of operations of the facility in August 2013).

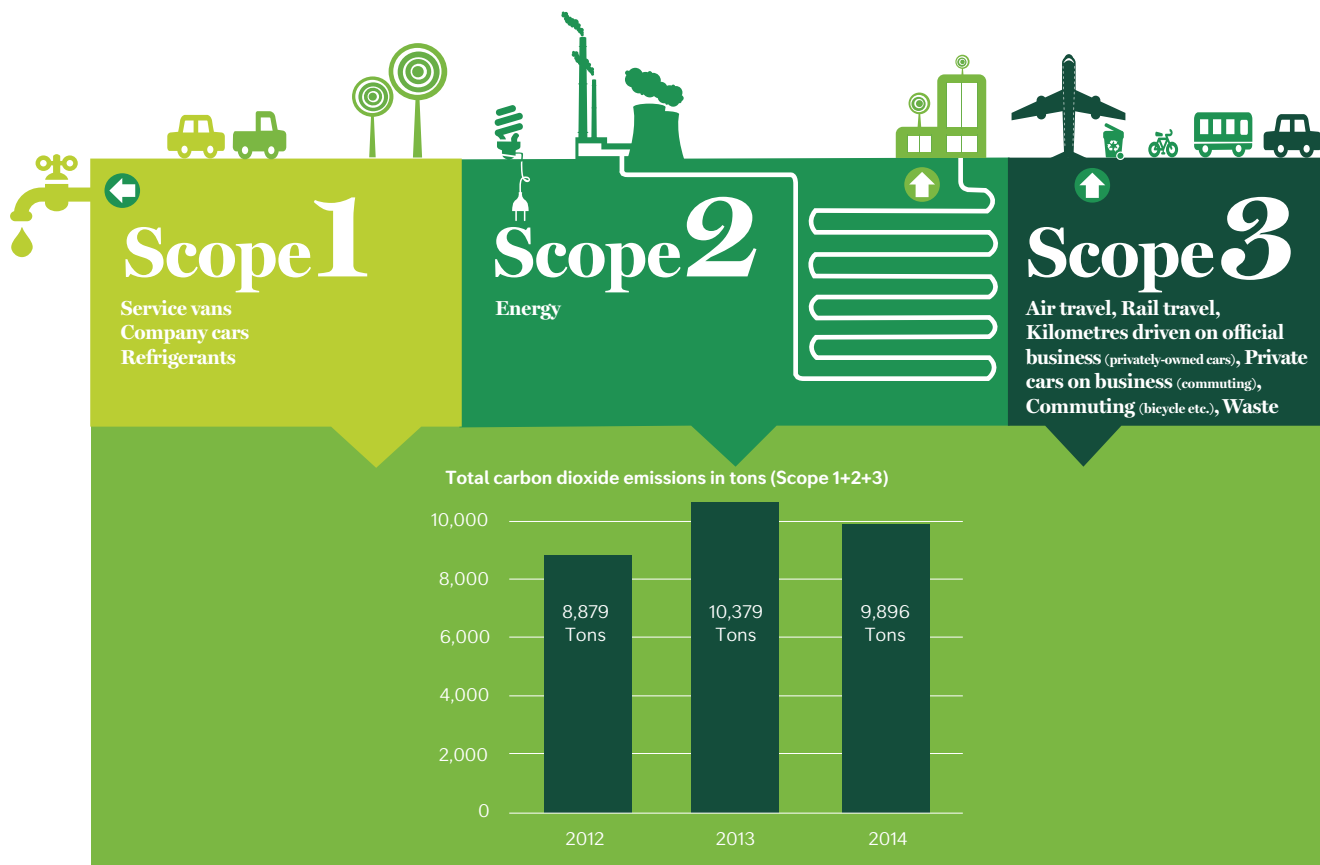
Experience from the system's first year of operation is positive, partly because output is higher than anticipated, but also because the system itself was totally maintenance- and problem-free in operation. Wihlborgs also sees the facility as part of internal training and development in the environmental field. The facility will also be used as a source of reference data for future solar power installations.

The electricity generated is used internally, to power the property. Any surplus is sold to Öresundskraft, which subsequently manages and sells the related electricity certificates. To date, the system has generated 55 electricity certificates.

## Environment certification of existing portfolio

In 2014, the Hamnen 22:188 (Magasinet) property in Malmö was approved as an environmentally classified building under





Sweden's Miljöbyggnad system. Magasinet is located on Stockholmskajen in Malmö, right next to the former ferry terminal. Its purpose when built was to enable cargos to be quickly lifted out of the ships by huge cranes into a warehouse.

The building was awarded Miljöbyggnad Bronze status (where the highest classification is Gold), a very high rating for this type of project. The application process began in 2012, at which time few projects of the type had been examined under Miljöbyggnad. The project consisted of an existing building accommodating several types of business, where the ground floor was left unchanged but the upper levels were totally redeveloped. In addition, a new residential floor was added on top and judged as a newbuild. However, the Bronze status awarded to the building does not mean that every assessment indicator was classified as Bronze. In the Magasinet project, nine indicators were awarded Silver, one Gold and the remaining six Bronze.

The environmental certification system comprises 16 indicators covering energy, indoor environment and building materials. The indicators assess energy usage, energy category, sound environment, indoor climate (winter and summer) and availability of daylight.

Wihlborgs has several properties certified under Miljöbyggnad and where new construction projects are concerned its first consideration is Gold level. The greatest challenge, however, is to achieve environmental certification for properties in the

Company's existing portfolio. We have decided that the environmental certification process is only to be engaged in where certification will lead to lower environmental impact once the building has been redeveloped.

## Wihlborgs' bee project

In June 2014, Wihlborgs entered into a collaboration with the BeeUrban organization, installing a beehive for 60,000 honey bees on the roof of the Flundran building at Gibraltargatan 2, Malmö. After the summer, we harvested our first production from the roof, but the honey is just a bonus. The main point of the venture is to promote biodiversity.

The bee population is in decline, and as a result many plant species are also disappearing every year. BeeUrban entrusts guardianship of beehives to companies in metropolitan areas. BeeUrban tends and maintains the hives, and the honey produced goes to the company. The bees do not represent any threat to people in the vicinity because, unlike wasps, they are not interested in what people eat, as bees live on nectar and pollen alone.

The Flundran building is located right next to one of Malmö's canals, which runs alongside the central park Slottsparken. The location is perfect, as bees roam over a distance of up to 3 kilometres, with some no doubt alighting in Slottsparken.

# Our environmental goals 2014

Wihlborgs sets environmental goals for three-year periods. The goals for 2014 extended over the 2012–2014 period. Over these years, we have been working to environmental goals that were linked directly to Wihlborgs' areas of operation.

The status on 31 January 2014 was as follows:

- Wihlborgs' energy target of an annual consumption of 142 kWh/m<sup>2</sup> within the scope of environmental goals was not achieved. Consumption on 31 December 2014 was 143.2 kWh/m<sup>2</sup> (electricity, heating and cooling). Consumption is based on figures from properties representing approximately 70 percent of our portfolio, selected on the basis of any form of potential for energy savings, excluding cold storage areas. Including all premises, energy consumption totalled 140.4 kWh/m<sup>2</sup>.
- In 2014, the green appendix to leases was updated with the inclusion of new processes. As a result the appendix forms part of practically all new leases signed or renegotiated.\*
- Three projects were Miljöbyggnad and Green Building certified during 2014. The projects were Magasinet in Malmö (existing property – conversion and newbuild), Floretten in Helsingborg (newbuild) and MAX IV in Lund (newbuild). We were therefore unable to achieve our target of having five buildings in our existing portfolio environmentally classified. Of the newbuild projects started in 2014, 75 percent were registered for environmental certification. Certification is taking place in 2015. For full details of the status of Wihlborgs' environmentally certified projects, see Wihlborgs' Sustainability Report for 2014.
- Regarding the provision of an environmental prospectus at viewing of premises, we have chosen a different option. Up-to-date environmental information on the vacant premises concerned is now posted on our website. This also includes information on public transport connections and on whether building is environmentally certified.
- In 2014, Wihlborgs did not sign any new contracts with suppliers with level 3 risk classification (high risk). The goal of documenting all transactions in Wihlborgs' environmental indicator was not achieved. However, the questionnaire is used during acquisitions.
- Regarding the goal of ensuring that energy statistics for 50 percent of our properties are available on the Web, another option was also chosen here. In late 2014, a working party was formed to develop a new process. As a result, all tenants signing up to the green appendix will in future be presented with energy statistics at annual invoicing (trial version in 2015, full implementation in 2016).
- The goal of EDI invoicing from 50 percent of our suppliers was not achieved. The outcome was 30 percent, corresponding to an increase of 5 percent over the previous year.

In early 2014, the environmental goal strategies for 2015-2017 were set. These were produced via activities including a workshop involving representatives of Wihlborgs' management. Over the years ahead, Wihlborgs will be operating in a new way and on a number of new areas. For more information on this, see the illustration on the next page.

\*Not in cases where contracts were in English/German or in cases where the premises were not fit for the purpose.

Environmental goals 2015-2017

# Energy

Eco-  
systems

Green  
leases

Environ-  
mental  
certification

Sustainable  
innovation

Environ-  
mental  
training

Wihlborgs' Environmental Vision 2020

Con-  
struction  
waste

Business  
travel

**We will continue to  
expand, while reducing our  
environmental impact.**

[Watch the video on our environmental strategies at wihlborgs.se/2020](http://wihlborgs.se/2020)



# The Wihlborgs share is moving up with increased confidence

It is showing consistent value growth.

And that is proof as good as any that we have our targets and strategies right. Over the nearly ten years that we have been on the stock market, we have consistently observed increased confidence in the Wihlborgs share. We cannot believe otherwise than that it is our own strong belief in the future that is reflected in the interest shown in investing in our shares.

As we see the value of our share rise, we are energized to maintain our focus on a wide-ranging project portfolio, along with a systematic focus on sustainability.

### The Wihlborgs share

The Wihlborgs share is quoted in the Real Estate sector of the Mid Cap List on the OMX Nordic Exchange, Stockholm. Wihlborgs' shares were listed on the Stockholm Stock Exchange in 2005, when the Company was spun off from the listed company Fabege.

A two-for-one share split has twice been carried out, in 2006 and 2011, with every existing share being replaced by two new ones each time. The number of shares outstanding has risen to 76,856,728.

At year-end, the Company's share capital totalled SEK 192 million. Each share entitles the holder to one vote and each person with a voting entitlement may at the AGM vote for the full number of shares held and represented by that person.

During the year, the Board did not exercise its mandate to approve a new issue of shares amounting to no more than 10 percent of the shares outstanding. Furthermore, the Board did not exercise its mandate to buy back any of the Company's own shares. Wihlborgs did not hold any of its own shares on 31 December 2014.

The company's market capitalization at year end was SEK 11.0 billion.

### Share turnover

During 2014, Wihlborgs shares were traded to a total value of SEK 3.4 billion (2.4) on the Stockholm Stock Exchange. A total of 27.1 million (22.6) Wihlborgs shares were traded on the Stockholm Stock Exchange in 2014, corresponding to 109,000 (90,000) shares per day. This represents a turnover rate of 35 (29) percent of the average number of shares outstanding.

### Change in share price

At year end, Wihlborgs shares were trading at SEK 142.75. The highest and lowest prices quoted for Wihlborgs shares in 2014 were SEK 144.75 and 109.00, respectively. Over 2014, the total yield on the share, including dividend of SEK 4.25, was 27.5 percent.

### Net worth as per balance sheet

The assets and liabilities on the balance sheet are to reflect a company's market value. The net worth may thus be calculated from the equity on the balance sheet. It should be noted at this point that Wihlborgs' effective tax rate is lower than the nominal tax rate.

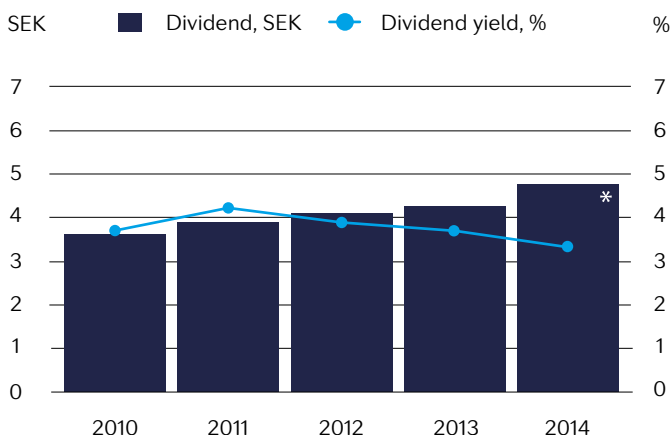
Wihlborgs' equity per share is SEK 90.65 at a tax rate of 22 percent. At a tax rate of 0 percent, Wihlborgs' equity per share is SEK 111.82.

### Dividend and dividend policy

Wihlborgs' dividend policy is based on transferring to shareholders 50 percent of income from day-to-day property management and 50 percent of income realized from property sales. In both cases, a deduction is made for tax at a standard rate of 22 percent. The dividend proposed by the Board for 2014 is SEK 4.75 (4.25). This represents a dividend yield of

3.3 percent, based on the share price at year-end. Provided that the AGM approves the Board's proposed dividend of SEK 4.75 and 4 May as the record date, dividend will be paid on 7 May 2015. Wihlborgs shares will then be traded, including dividend, up to and including the day of the AGM, Wednesday, 29 April 2015.

#### Dividend/share and dividend yield



\*Proposed dividend, subject to approval by the AGM.

### Ownership structure

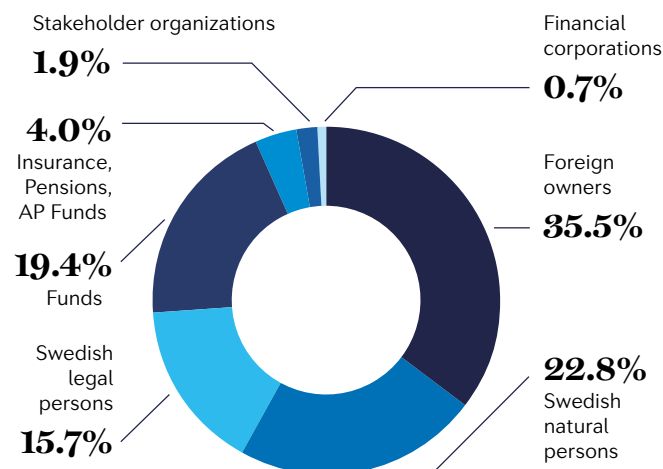
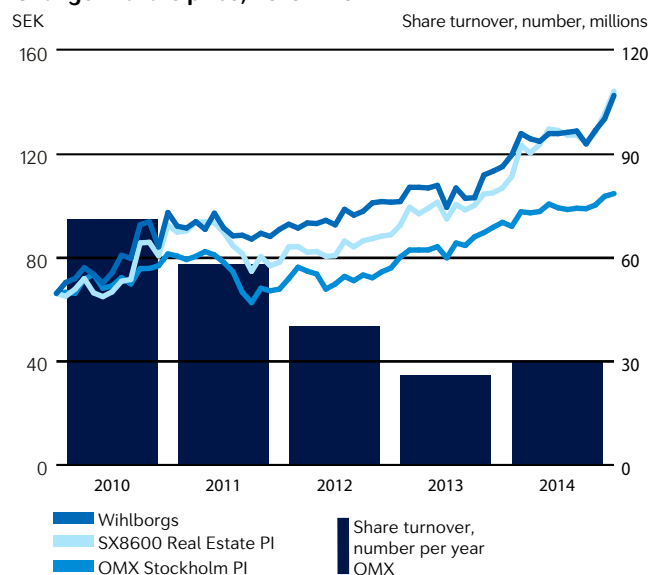
The largest shareholder in Wihlborgs is Erik Paulsson and family, with 10.1 percent of the shares outstanding. At the end of December 2014, the ten largest Swedish shareholders owned 33.2 percent of the shares.

The number of shareholders was 24,507, more or less the same as at the preceding year-end.

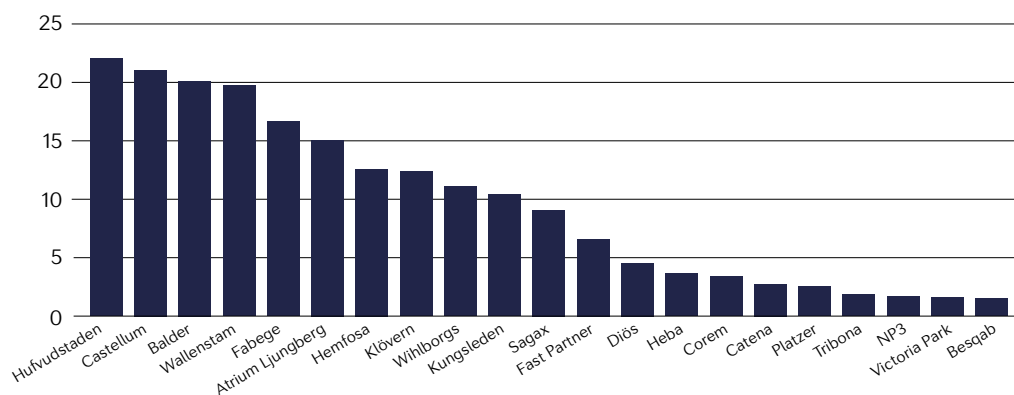
At the end of December, foreign shareholders accounted for 35.5 percent of the shares outstanding, 3.1 percentage points lower than at the previous year-end. Of foreign ownership, the UK accounted for 39 percent, the USA for 38 percent, Luxembourg for 9 percent and the Netherlands for 6 percent.

#### Largest shareholders in Wihlborgs on 31 December 2014

Shareholder	No. of shares, '000	Share of capital and votes, %
Erik Paulsson and family, privately and via company	7,769	10.1
SEB Funds	3,362	4.4
Länsförsäkringar Funds	3,072	4.0
Handelsbanken Funds	2,969	3.9
Qviberg Family	2,162	2.8
Robur Funds	1,800	2.3
Skandia Funds	1,333	1.7
Lannebo Funds	1,209	1.6
Tibia Konsult AB	1,113	1.4
DnB Carlson Funds	735	1.0
Other shareholders registered in Sweden	24,075	31.3
Other shareholders registered abroad	27,258	35.5
<b>Total number of shares outstanding</b>	<b>76,857</b>	<b>100.0</b>

**Ownership structure**

**Change in share price, 2010 – 2014**

**Listed property companies**

Market capitalization, 31 December 2014, SEK bn\*



\*All public limited companies.



Obtain the latest share price on your mobile or tablet PC.

Share/Key ratio <sup>1</sup>	2014	2013	2012	2011	2010
Market price at year-end, SEK	142.75	115.25	101.50	91.00	97.50
Change in share price during the year, %	23.9	13.5	11.5	-6.7	47.2
Earnings per share, SEK	5.14	13.83	10.71	8.65	12.05
Income from property management per share, SEK	11.55	9.75	8.91	8.54	7.90
P/E ratio I, multiple	27.8	8.3	9.5	10.5	8.1
P/E ratio II, multiple	15.8	15.2	15.5	14.5	16.7
Equity per share I, SEK	90.65	89.70	79.86	72.86	67.74
Equity per share II, SEK	111.82	110.49	96.96	91.85	84.92
Dividend per share, SEK (2014 = proposed dividend)	4.75	4.25	4.00	3.75	3.50
Dividend yield per share, %	3.3	3.7	3.9	4.1	3.6
Total yield per share, %	27.5	17.5	15.7	-3.1	52.3
Number of shares at year-end, thousands	76,857	76,857	76,857	76,857	76,857
Average number of shares, thousands	76,857	76,857	76,857	76,857	76,492

<sup>1</sup> For definitions of key ratios, see page 135.





# The Greater Öresund region

No-one is bigger than us in the Öresund region.

269 properties with a market value of SEK 24.3 billion.

In view of the growth expected in the region, we can safely claim that we are in the right place. It is said that by 2021 the total population here will exceed 4 million.

Being the biggest commercial property company gives us the capacity needed to meet the needs of our tenants with great flexibility.

It is when day-to-day circumstances change that size matters. It is then that you want quick decisions; it is then you appreciate easy access to everyone you need to talk to. Properties cannot solve problems, but people can. And we would like to think that this is one of the reasons why we are continuing to get bigger and bigger in our region.

### The leading property company in the Öresund region

Wihlborgs is the biggest commercial property owner on the Swedish side of Öresund. Our strategy is to be present in locations in the Öresund region where there is potential for long-term growth, both population-wise and economically. That is why Wihlborgs invests in Malmö, Lund, Helsingborg and Copenhagen. In these locations, we also are geographically highly focused on, and dominant in, a number of selected sub-markets. This makes us uniquely able to conduct cost-efficient management, to the benefit of our tenants. Our local representation gives us a depth and breadth of knowledge of these markets, which enables us to offer our customers a higher quality of service.

### A growing region

Geographically, the Öresund region consists of Skåne on the Swedish side of Öresund and Själland, Lolland, Falster, Møn and Bornholm on the Danish side. The population, estimated at just under 3.9 million, is concentrated around Öresund, most densely on the Danish side, where two thirds of the total live. According to the Öresund Population Forecast 2012, Region Skåne, the population will exceed four million by as early as 2021.

Infrastructure investments have been a huge factor in the development of the Öresund region, helping to boost both regional expansion and mobility. Since the Öresund Bridge was opened in 2000, the rail-bound infrastructure has expanded rapidly, with developments such as the City Tunnel in Malmö and the Copenhagen Metro. According to a survey conducted by the Swedish Transport Administration on behalf of the Öresund Bridge Consortium, more than 11.5 million people crossed the Öresund Bridge in 2014. The number of passenger trains exceeded 55,000. With completion of the Fehmarn Belt Link in 2021, the Öresund region will increasingly become integrated with the Hamburg region and the continent. The capacity limit for the Öresund Bridge will soon be reached, which will hinder future development in the region and, by extension, the rest of Sweden. This makes the case even more pressing for a second link across Öresund.

Despite the relatively limited geographical area of the Öresund region – less than five percent of the total area of Sweden and Denmark<sup>1</sup> – the region accounts for more than a quarter of the GDP for Sweden and Denmark combined. The region is also home to the highest concentration of highly educated labour in the whole of northern Europe. There are eleven universities and institutes of higher education in the Öresund region.

The Öresund region can boast several world-class research projects. MAX IV, the most powerful synchrotron radiation research facility in the world, will be inaugurated on Mid-Summer Day 2016. For more information on MAX IV, see page 55. Work on the construction of ESS, a multi-disciplinary research centre based around the most powerful neutron source in the world, began next to MAX IV in northeast Lund on 2 September 2014. ESS will support future research breakthroughs in medicine, environmental science, climate, communication and transport.

<sup>1</sup> Excluding Greenland and the Faeroes.

### Economic outlook

The Swedish economy has been performing relatively strongly and Nordea Bank's Economic Outlook forecast, published in December 2014, estimates that the Swedish GDP grew 1.5 percent during 2014. Growth was driven by domestic demand, while exports remained weak. Exports are recovering slowly against the background of the sluggish growth in our main export markets, the eurozone and the neighbouring countries of the Nordic region.

Household debt has been a point of concern for several years, with the debt ratio rising sharply. To curb household indebtedness, the Swedish Financial Supervisory has announced repayment requirements for new housing loans. Nordea takes the view that this will subdue the rise in house prices but will not result in a decline in house prices or a fall in household consumption. Nordea forecasts GDP growth of 2.5 percent in 2015. Inflation remains weak, and on 29 October 2014, the Bank of Sweden lowered its repo rate to 0 percent. In its forecast of 16 December, the bank foresees that the first increase in interest rates will take not take place until the second half of 2016.

The Danish economy has been growing since mid-2013, the longest period of growth in eight years. In the third quarter we observed falls in exports and private consumption, so this growth is built on shaky foundations. Nordea forecasts that growth will pick up over the next few years since demand – both domestic and international – is regarded as likely to increase. Denmark, too, is in a low-interest rate situation. The country's key interest rate has been held at 0.2 percent since May 2013. Inflationary pressure in Denmark is also at a record low.

#### Regional growth, gross regional product, annual real change, %

	2012F	2013F	2014F	2015F	2016F
South Sweden	-0.6	1.9	0.9	2.2	2.0
Mälardalen	0.3	2.3	2.8	3.3	2.8
West Sweden	-0.2	1.1	2.1	2.3	2.3
Rest of Sweden	-1.0	0.7	1.7	1.8	1.8
Total (GDP)	-0.3	1.5	2.1	2.5	2.3

Source: Nordea, Regional Outlook, October 2014

### Labour market outlook

Employment in South Sweden fell unexpectedly in the second half of 2013 and showed weak growth in 2014, having risen sharply in the preceding years. However, survey data indicates that more businesses are optimistic about growth and the slowing in the labour market is thought to be temporary. The Danish economy remains weak, which is having negative impact on South Sweden. The supply of labour in South Sweden has expanded rapidly but employment has not fully kept up. Unemployment in South Sweden is regarded as structural, as the majority of jobseekers are disadvantaged, that is, have low educational qualifications, were born abroad or have impaired capacity for work.

According to Nordea's December 2014 Economic Outlook, the Danish labour market gained strength and employment rose by more than 20,000 people over the past year. Unemployment is at its lowest level since 2009. The number of unfilled vacancies and recruitment plans among businesses indicate that this positive trend will continue during 2015.

#### Trend of employment, annual change, %

	2012F	2013F	2014F	2015F	2016F
South Sweden	1.3	1.6	0.2	0.8	0.6
Mälardalen	1.3	1.8	1.9	1.5	1.0
West Sweden	1.1	0.7	1.3	0.8	0.7
Rest of Sweden	0.1	0.3	0.9	0.4	0.2
Total	1.7	1.0	1.2	0.9	0.6

Source: Nordea, Regional Outlook, October 2014

## The rental market

The office rental market varies quite considerably across our locations and sub-markets.

Malmö is a relatively stable market, with vacancies and rents remaining fairly constant. There are plenty of project opportunities, but because property developers have historically exercised a restrictive approach to new developments, vacancies have been kept at relatively constant levels. Rents are not especially volatile either, and show a gentle upward trend. At the current time, a few more newbuild projects than normal are in progress. These developments are largely taking place around Malmö Central Station and in the Hyllie suburb.

In Lund, the office rental market may be divided into two sub-markets, central Lund and northeast Lund, including Ideon. In central Lund, modern office premises are in short supply and very little new development is taking place. Vacancies are practically non-existent, which means that rents appear to be rising slightly for newly-renovated office space. Northeast Lund, including Ideon, was hard hit by cutbacks in the Ericsson Group and the closure of AstraZeneca's facility a few years ago. This led to a sharp rise in vacancies, but the premises are now gradually filling up again. Rents are stable.

Helsingborg has, practically speaking, not witnessed any new development for more than 20 years. Early in the 1990s, amidst the property crisis, the Knutpunkten complex was completed. It took many years for the offices to be fully occupied, but in recent years the level of vacancies has been very low. Rents have been stable, but new developments under way are helping to create a certain acceptance of higher rents for better-quality premises.

The Copenhagen market has been hard hit, undergoing a prolonged recession and a substantial decline in employment. That has made conditions tough for many years in the rental market in our sub-markets. Vacancy levels have been seen to rise and rents exposed to downward pressure. The market now appears to have bottomed out and the outlook seems somewhat brighter going forward.

## Property market

With a backdrop of low interest rates and an excellent supply of capital, the transaction market operated at record levels in 2014. The transaction volume has now reached the same levels as before the financial crisis. According to Newsec, the transaction volume in 2014 totalled SEK 148 billion. The residential and office segments accounted for half of sales. As in previous years, nearly half of sales took place in Greater Stockholm. Malmö represented just over 6 percent of the total volume. This is in line with the average over the past six years.

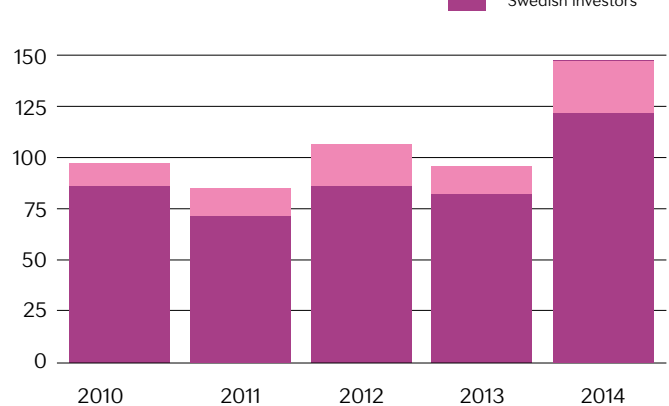
Swedish investors provided 83 percent of the capital, but interest from international investors is rising. The reasons why the proportion of total transactions represented by foreign investors has nevertheless remained low are, perhaps, the relatively limited offering of major property portfolios and high prices.

Wihlborgs has been active, making a number of acquisitions and sales. For more information on our transactions, see "Acquisitions and Sales" on pages 57–59.

The transaction volume in Denmark has been relatively low in recent years, but rose slightly to DKK 30 billion in 2014.

#### Transaction volume Sweden

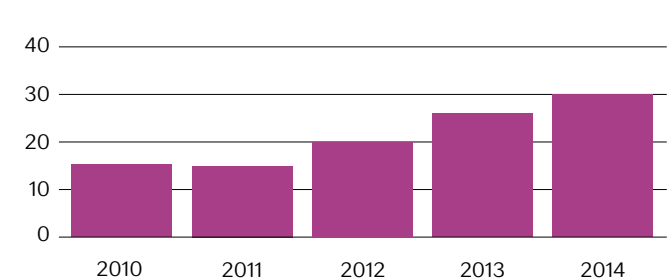
Total volume, SEK bn



Source: Newsec

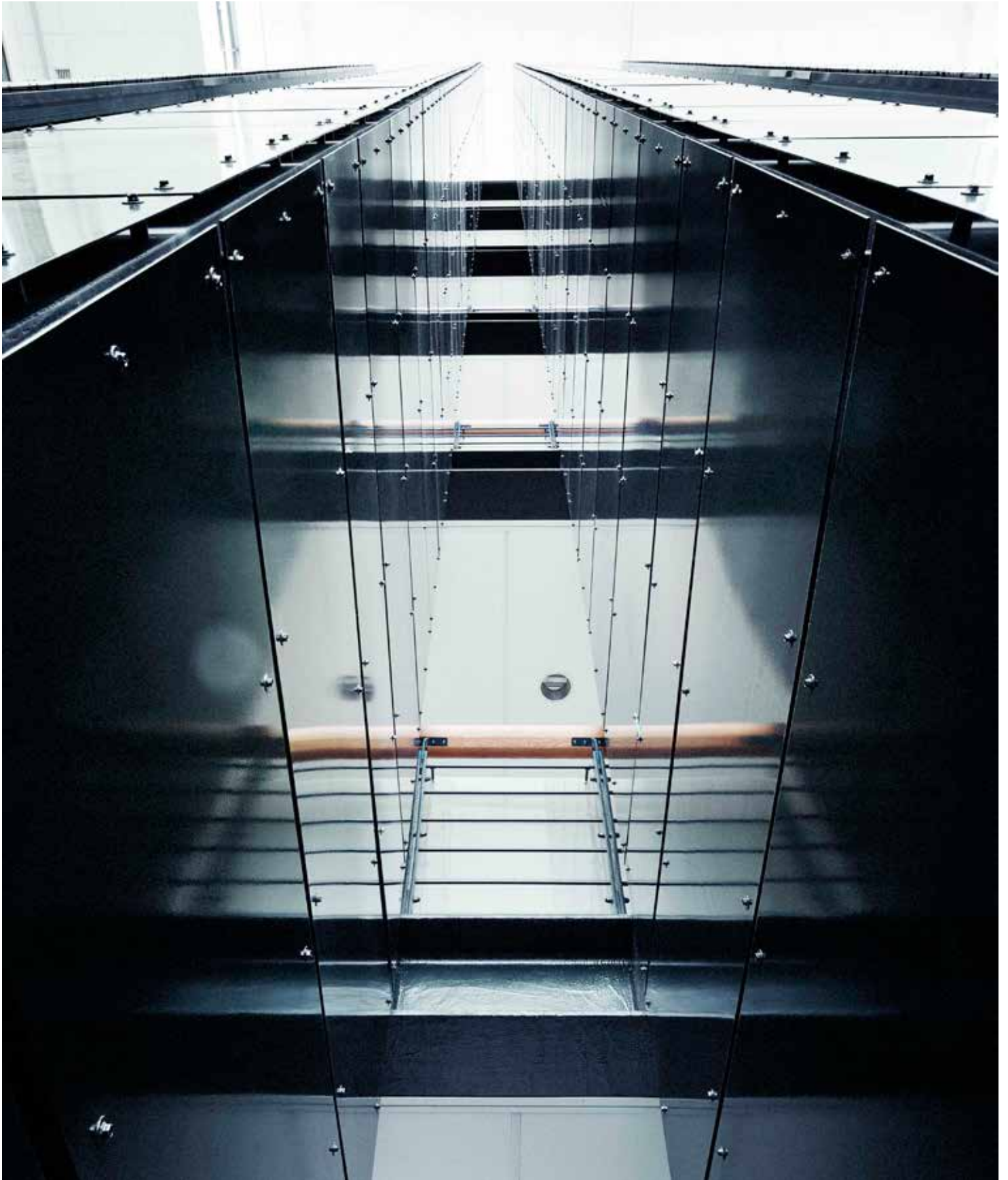
#### Transaction volume Denmark

Total volume, DKK bn



Source: Newsec

## The Öresund region



Interior view, Torrdockan 6, Dockan, Malmö.



# Malmö

## 318,107

Population on 31 December, 2014

**6.5%** (3.3%) Population trend, 2009–2013

**9.4%** (7.6%) Trend of employment, 2009–2013<sup>1</sup>

**64%** (77%) Percentage in employment, 20–64 years, 2013

**24%** (19%) Percentage with higher education, 2013<sup>2</sup>

Figures in brackets refer to Sweden as a whole.

<sup>1</sup> Gainfully employed, workplace in the municipality, 16+ years.

<sup>2</sup> At least 3 years of post upper secondary school education, 16+ years.

Source: SCB.

Malmö, now a city with a knowledge- and service-based economy, is a fast-growing metropolis. According to a population forecast from the City of Malmö in 2014, its population will exceed 375,000 as early as in 2025. The building of the Öresund Bridge and Malmö's City Tunnel, and not least the establishment of Malmö University in 1998, have helped to transform Malmö following the collapse of shipbuilding and other industry in the area. Malmö University today has around 25,000 students and 1,400 employees. Malmö University also has the highest percentage of women professors among all higher education institutions in Sweden.

Property development in Malmö is largely concentrated around the city's transport nodes. The area around the Central Station is being developed with a new congress centre, concert hall and hotel complex, "Malmö Live" and new buildings for Malmö University. Work began on a detailed comprehensive plan for Nyhamnen, north of Central Station, in 2014. A certain amount of industrial and warehousing activity remains in the area, but long term Nyhamnen will become part of the mixed-use, high-density city. The Dockan area of Västra Hamnen, just a few minutes from Central Station, is a consistently popular, modern city centre area. In the course of 2014, several major leases in the Dockan were signed. Orkla will relocate its headquarters from Eslöv to the area, while Länsförsäkringar is moving from central Malmö to the former Kockums headquarters in Gängtappen 1 and SAAB Kockums is to continue to operate from the classic former shipyard area, although in a different building. Hyllie is beginning to establish itself in the market and several office, residential and hotel projects are in progress there.



Regional Director Lennart Jönsson

## Wihlborgs in Malmö

	2014	2013
Number of properties	120	118
Lettable area	666,000 m <sup>2</sup>	665,000 m <sup>2</sup>

Wihlborgs is the largest commercial property owner in Malmö, with just under 670,000 m<sup>2</sup>. Other major commercial property owners include Fastighets AB Briggen, Klöver, Kungsleden, Stena Fastigheter, Vasakronan and Volito Fastigheter. Interest in investing in properties in Malmö remained strong in 2014. Malmö's largest property transaction ever was completed in 2014. This was the divestment of the estate of Ulla Åberg, widow of property magnate Hugo Åberg. The estate, consisting of a major housing portfolio, was sold for around SEK 2.8 billion to the Akelius property company. Several investors made their first acquisitions in Malmö during 2014, including Areim, which acquired Hansagallerian, and Rikshem, which acquired 212 student apartments. Wihlborgs acquired the Söderhavet 4 property, a warehouse building strategically located in the Nyhamnen development area.

In 2014, a major redevelopment of the Östersjön 1 property in Nyhamnen was completed, with modern office premises being fitted out on behalf of Nordea. The biggest redevelopment project in 2015 will be that of Gängtappen 1, formerly the headquarters of the Kockums Group. The building was constructed in 1958 and in spring 2015 a total renovation of the property will begin. Modern offices will be created on behalf of tenants such as Länsförsäkringar, which signed the first lease. The property offers highly flexible accommodation and we will also be able to offer space for tenants with smaller requirements.

Wihlborgs is highly focused within four management areas in Malmö: Västra Hamnen, Centrum, Fosie/Limhamn and Norra Hamnen/Arlöv. Wihlborgs has project opportunities in all management areas. We have also arranged land reservations for office developments in Hyllie and Nyhamnen. For further information on our projects and development opportunities, see Projects & Development on pages 51-55.

## The Öresund region



Property Manager Johnny Hansson and Property Management Executive Louise Ahnelöv.



Property Managers Micha Nadel, Helen Hansson and Sofie Karlsryd.

### Västra Hamnen

Number of properties	18
Lettable area	164,000 m <sup>2</sup>

The Dockan development area in Västra Hamnen is Wihlborgs' biggest management area in terms of value. In 15 years, the area has been transformed from an industrial area into a modern urban district. It includes homes, offices, restaurants, shops and schools.

In 2000, the Dockan Exploatering development company was established and acquired the land area within Dockan. Wihlborgs, JM and Peab each own a one third share. Wihlborgs is responsible for developing the commercial sites in Dockan.

The Dockan development has won Malmö's City Architectural Award on several occasions. In 2002, we first won the award for the Tyréns Building; in 2011 the prize recognized the Region Skåne building and in 2012 it was for Media Evolution City, the hub of Malmö's media industry.

Wihlborgs owns and manages a total of 164,000 m<sup>2</sup> in the area. The area offers further opportunities for development in the form of newbuilds, conversion and extension.

Major lettings in 2014 included Skrovet 6, where Telia and SAAB are each renting 6,000 m<sup>2</sup> of office space. Orkla is to relocate its headquarters from Eslöv and take up occupancy of 4,500 m<sup>2</sup> of space in Kranen 1. Länsförsäkringar will also set up in Dockan by renting offices in Gängtappen 1.

Wihlborgs' major tenants in Västra Hamnen include SAAB Kockums, Tieto Sweden, Malmö University, Mercedes-Benz Sverige, Region Skåne, SVT and ÅF.

#### Market information

	Rent excl. heating, SEK/m <sup>2</sup>	Economic, vacancy <sup>1</sup> , %	Yield requirement <sup>2</sup> , %
<b>Offices</b>	1,800-2,500	6-10	5.25-6.0

Source: Malmöbyggnads Fastighetsekonomi AB, standard property.

<sup>1</sup>Long-term economic vacancy.

<sup>2</sup>Yield requirement, fully let.

### Centrum

Number of properties	21
Lettable area	184,000 m <sup>2</sup>

Centrum is characterized by mixed-use construction. Buildings dating from mediaeval times stand alongside new developments. Wihlborgs manages 184,000 m<sup>2</sup>, mainly office properties, in Centrum. The focus of Wihlborgs' property portfolio in Malmö Centrum is in the area next to Central Station and along Norra Vallgatan.

In 2014, Wihlborgs acquired Söderhavet 4, strategically located in Nyhamnen. Bukowskis Market signed a lease for the major part of the 2,900 m<sup>2</sup> building, which was adapted to the requirements of the company's business.

In Nyhamnen, north of Central Station, work on transformation of the area into a modern urban district has begun. Wihlborgs is represented by a number of properties here, developed and undeveloped. One is the Sirius 3 site, for which a detailed development plan has been approved, allowing the construction of 8,000 m<sup>2</sup> of offices. We have also been allocated a land reservation of approximately 25,000 m<sup>2</sup> GTA (gross total area) in Nyhamnen. For more information on our portfolio and opportunities in Nyhamnen, see Projects & Development, pages 51-55.

Successful new lettings in 2014 were concluded in Medeon Science Park, where Region Skåne rented new premises for its Child and Adolescent Psychiatry Unit.

Wihlborgs' major tenants in the management area include Svenska Prize Hotel, Nordea, Försäkringskassan (Swedish Social Insurance Agency), Region Skåne, the Municipality of Malmö, Tullverket (Swedish Customs) and Ubisoft Entertainment.

#### Market information

	Rent excl. heating, SEK/m <sup>2</sup>	Economic, vacancy <sup>1</sup> , %	Yield requirement <sup>2</sup> , %
<b>Offices</b>	1,500-2,200	7-11	5.5-6.25



Property Management Executive Tobias Andersson and Property Manager Jan Andersson.

## Fosie and Limhamn

Number of properties	43
Lettable area	163,000 m <sup>2</sup>

The well-known commercial districts of Fosie and Limhamn are located in a favourable transport location with good links to the European road network.

Work on the development of Fosie, one of the biggest commercial districts in Malmö, began in the 1970s and several new-build projects are in progress. The area, situated between the Inner and Outer Orbitals, is home to businesses of various sizes.

Wihlborgs' Limhamn portfolio is located in the Annetorp industrial area, and is characterized by small industrial businesses, plus a number of office units. Svågertorp also falls within the property management area. The areas are conveniently located with good links to the Inner and Outer Orbitals.

Wihlborgs manages 163,000 m<sup>2</sup> in the area, primarily industrial/warehousing properties. We have various development opportunities in the property management area.

Wihlborgs acquired an old industrial property, Gjuteriet 18, from Dresser Wayne when relocating that company to one of our properties in the Norra Hamnen area. Demolition of the buildings and decontamination of the site were completed in 2014, in parallel with the production of a new detailed development plan.

Wihlborgs' major tenants in the management area include ABB, Honda Motor Europe, Papyrus Sverige, Scandinavian Cosmetics, Bravida Sverige and Securitas Sverige.

### Market information

	Rent excl. heating, SEK/m <sup>2</sup>	Economic, vacancy <sup>1</sup> , %	Yield requirement <sup>2</sup> , %
<b>Offices</b>	800-1,300	10-15	7.0-8.0
<b>Industrial/Warehousing</b>	500-800	6-12	7.25-8.5



Property Management Executive Ivana Stankovic and Property Manager Stefan Eklöf.

## Norra Hamnen and Arlöv

Number of properties	38
Lettable area	155,000 m <sup>2</sup>

The harbourside area, which has hosted industrial activity since the early 1900s, is undergoing redevelopment and renewal. The district is one of the biggest commercial areas in Malmö. The harbourside area has close access to the region's extensive rail and motorway network. The area is typified by industrial and warehouse businesses of various sizes.

The Arlöv industrial district occupies a strategic location between Malmö and Lund, with direct links to the region's motorways. The property management area also includes Bulltofta, adjacent to the Inner Orbital. Development activities here started in the 1970s, when the airport that had operated there since the 1920s, was closed down and operations moved to Sturup. The area is populated mainly by small industrial businesses and minor office properties.

Wihlborgs manages 155,000 m<sup>2</sup>, primarily industrial/warehousing properties. We have various development opportunities in the management area.

Examples of major new lettings in the property management area include Harley Davidson, which is renting 1,500 m<sup>2</sup> in Spillepengshagen 3, and Lokaltidningen Mediacenter Sverige, which is renting 1,200 m<sup>2</sup> in Arlöv 19:133.

Wihlborgs' major tenants in the management area include TransFargo, Ahlsell Sverige, Axfood Sverige, Dresser Wayne, Mechanum Sverige and Nordic Sugar.

### Market information

	Rent excl. heating, SEK/m <sup>2</sup>	Economic, vacancy <sup>1</sup> , %	Yield requirement <sup>2</sup> , %
<b>Offices</b>	800-1,100	10-15	7.5-9.0
<b>Industrial/Warehousing</b>	400-700	12-16	8.0-9.0



## The Öresund region



Terminalen 1, Knutpunkten, central Helsingborg. 8,000 m<sup>2</sup> of new office space is being created here. It will be ready for occupancy in spring 2016.



# Helsingborg

## 135,344

Population on 31 December, 2014

**3.6%** (3.3%) Population trend, 2009-2013

**8.2%** (7.6%) Trend of employment, 2009-2013<sup>1</sup>

**72%** (77%) Percentage in employment, 20-64 years, 2013

**18%** (19%) Percentage with higher education, 2013<sup>2</sup>

Figures in brackets refer to Sweden as a whole.

<sup>1</sup> Gainfully employed, workplace in the municipality, 16+ years.

<sup>2</sup> At least 3 years of post upper secondary school education, 16+ years.

Source: SCB.

According to the latest population forecast in 2014, Perspective Helsingborg, from the City of Helsingborg, the city's population is predicted to reach nearly 140,000 by as early as 2018. At the end of the forecast period, 2035, the population is expected to total 164,400.

Helsingborg is situated at the narrowest part of Öresund, only four kilometres from Helsingør on the Danish side. The city's geography is dominated by the steep slopes of the Landborgen ridge. It is likely that a settlement existed on the Landborgen ridge as early as in the 10th Century, making Helsingborg one of the oldest cities in Sweden. Officially, the city was founded in 1085. In the 14th century, Helsingborg was one of the most important cities in Denmark. At that time, Helsingborg Castle, of which the tower house Kärnan remains, was one of the most important forts in Denmark and a strategic point in the struggle for power in northern Europe.

Although Helsingborg is an old city, it does not have many old buildings. The many wars of last century led to much of the old architecture being destroyed. Most of the buildings in the central parts of the city date from the late 19th Century/early 20th Century.

The city's excellent location has meant that several logistics companies and distribution centres have established themselves here. Furthermore, the harbour is the second largest container port in Sweden.

In Helsingborg, work progresses on the H+ project, which aims to increase the density of development in southern Helsingborg to create an attractive and cohesive urban area. A sub-project has plans for the Oceanpiren area – a stone's throw from Knutpunkten – which is to be developed into an urban archipelago in central Helsingborg.



Regional Director Thomas Bråhagen.

## Wihlborgs in Helsingborg

	2014	2013
Number of properties	103	105
Lettable area	512,000 m <sup>2</sup>	522,000 m <sup>2</sup>

Wihlborgs is the largest commercial property owner in Helsingborg, with just over 510,000 m<sup>2</sup>. Other major commercial property owners in Helsingborg include Alecta, Fastighets AB Briggen and Norrporten.

In 2014, Wihlborgs completed a major redevelopment project in the Ruuth 23 property, a 4,000 m<sup>2</sup> old apartment building. The building was converted into school and care facilities. Alongside Route 111 in Berga, work continued on a new nine-storey office building, which is scheduled for completion in spring 2015.

Wihlborgs has long worked on enabling an upgrade of Knutpunkten, the Terminalen 1 property, which was acquired in 2010. Work on extending the property began in 2014, providing for around 8,000 m<sup>2</sup> of new lettable office space. First to sign a lease was Tyréns, which will be renting 1,400 m<sup>2</sup>. For more information on our projects and examples of development opportunities, see "Projects & Development" on pages 51–55.

During the year, Wihlborgs carried out a number of transactions in Helsingborg; for more information see the Acquisitions and Sales section, pages 57–59. One major strategic acquisition was the leasehold property Terminalen 3, the only office building in the Knutpunkten complex that we did not own before.

Wihlborgs is highly focused within our three property management areas: Centrum, Berga and Söder. We have project and development opportunities in all areas.



The Huggjärnet 12 building is located in Berga, in the north of Helsingborg.



Property Manager Peter Siroky and Property Management Executive Jan-Erik Johansson.

## Centrum

Number of properties	20
Lettable area	107,000 m <sup>2</sup>

The architecture of central Helsingborg creates a grandiose, metropolitan impression along the city's main thoroughfare, the fashionable parades of Drottninggatan and Järnvägsgatan. The architecture in the streets behind is on a smaller scale. Central Helsingborg is a high-density urban environment built in stone. Wihlborgs manages 107,000 m<sup>2</sup> in the area, primarily office properties.

In 2014, Wihlborgs acquired Terminalen 3 and we now own all office properties in the Knutpunkten complex. Terminalen 2, the hotel property on the site, was sold to Elite Hotels. The mixed-use property Iris 6 was also divested.

Since acquiring Terminalen 1 (Knutpunkten) Wihlborgs has focused on a long-term upgrade of the property. In 2014, work began on an extension comprising 8,000 m<sup>2</sup> of office space. It is estimated that the project will be ready for occupancy in spring 2016. Work on development of the adjacent Polisen property is in progress. A detailed development plan allowing for 12,000 m<sup>2</sup> of office space was passed in 2014. For more information on our projects and development opportunities, see "Projects & Development" on pages 51–55.

New lettings in the area include Tyréns, which will move into the Terminal 1 extension, and Coop Sverige Fastigheter, which opened a shop in the Svea 7 building, a stone's throw from Knutpunkten.

Wihlborgs' major tenants in the property management area include Domstolsverket (the Swedish National Courts Administration), Stena Line Öresund, ProCivitas, the City of Helsingborg, Region Skåne and Ljud & Bildskolan (LBS).

### Market information

	Rent excl. heating, SEK/m <sup>2</sup>	Economic, vacancy <sup>1</sup> , %	Yield requirement <sup>2</sup> , %
<b>Offices</b>	1,500–2,000	4-7	5.75-6.0

Source: Malmöbryggan Fastighetsekonomi AB, standard property.

<sup>1</sup>Long-term economic vacancy.

<sup>2</sup>Yield requirement, fully let.



Property Management Executive Mathias Bengtsson.



Regional Director Thomas Bråhagen and Property Manager Ola Caapsgård.

## Berga

Number of properties	40
Lettable area	183,000 m <sup>2</sup>

Berga is the biggest of Helsingborg's commercial areas, handily located next to the E4/E6 and E20 motorways, and so in an outstanding position for communication links. The area is characterized mainly by small-scale industrial, warehouse and retail properties, with extensive services and efficient public transport facilities. Wihlborgs manages 183,000 m<sup>2</sup> in the area, above all industrial/warehousing properties.

In 2014, Wihlborgs made two acquisitions in Berga. One was a warehouse and office property, Armborstet 6, which was purchased from Tools Sverige AB. The vendor remains as a tenant, occupying the major part of the building. Land next to Visiret 5 was acquired to accommodate any future needs for expansion.

A nursery school in Laröd, with adjacent land made up of properties Nackstycket 8 and 9, was divested during the year.

On the Floretten 4 site, a 5,000 m<sup>2</sup> office building is under construction. The property, which is more or less fully let, is scheduled for completion in spring 2015. Future tenants include NCC, SAAB and Connect4u. Leaseholders will also be served by the Holy Greens restaurant and Sikén Kiropraktikcenter (Chiropractic Centre).

A newbuild project is also under way in the Kniven 2 property, comprising 3,500 m<sup>2</sup> of warehousing space into which Tullverket will move in spring 2015.

The Berga property portfolio offers a number of substantial project opportunities.

Wihlborgs' major tenants in the property management area include Eimskip Transport, NetOnNet, AM Depot, Tools Sverige, Peab and Victoria Scandinavian Soap.

### Market information

	Rent excl. heating, SEK/m <sup>2</sup>	Economic, vacancy <sup>1</sup> , %	Yield requirement <sup>2</sup> , %
<b>Offices</b>	900-1,400	9-12	7.0-8.0
<b>Industrial/Warehousing</b>	500-900	7-10	7.5-8.5

## Söder

Number of properties	43
Lettable area	223,000 m <sup>2</sup>

The buildings in the area are fairly heterogeneous, ranging all the way from small warehouse and industrial properties through large logistical facilities to office and commercial buildings. Wihlborgs is represented in four sub-areas in Söder: Hamn-City, located adjacent to the important container port, Gåsebäck, Planteringen and Ättekulla. Wihlborgs manages 223,000 m<sup>2</sup> in the area, mainly industrial/warehousing properties, making Söder our biggest management area in Helsingborg in terms of floor area.

In 2014, the industrial property Valsen 1 was sold to its tenant, WM Press.

A lease comprising 5,000 m<sup>2</sup> was signed with Optimera, which will take up occupancy of a new building on the Sadelplatsen 13 site. The building will be completed in autumn 2015 and the shop is expected to open at the turn of the year 2015/2016. Bolist Logistik, which leased extensive areas from us in the Gymnasten 9 property in 2013, has further expanded its business and is today renting more than 10,000 m<sup>2</sup> from us.

Wihlborgs has major development options in its existing property portfolio in Söder. The property management area also includes six undeveloped sites in Landskrona.

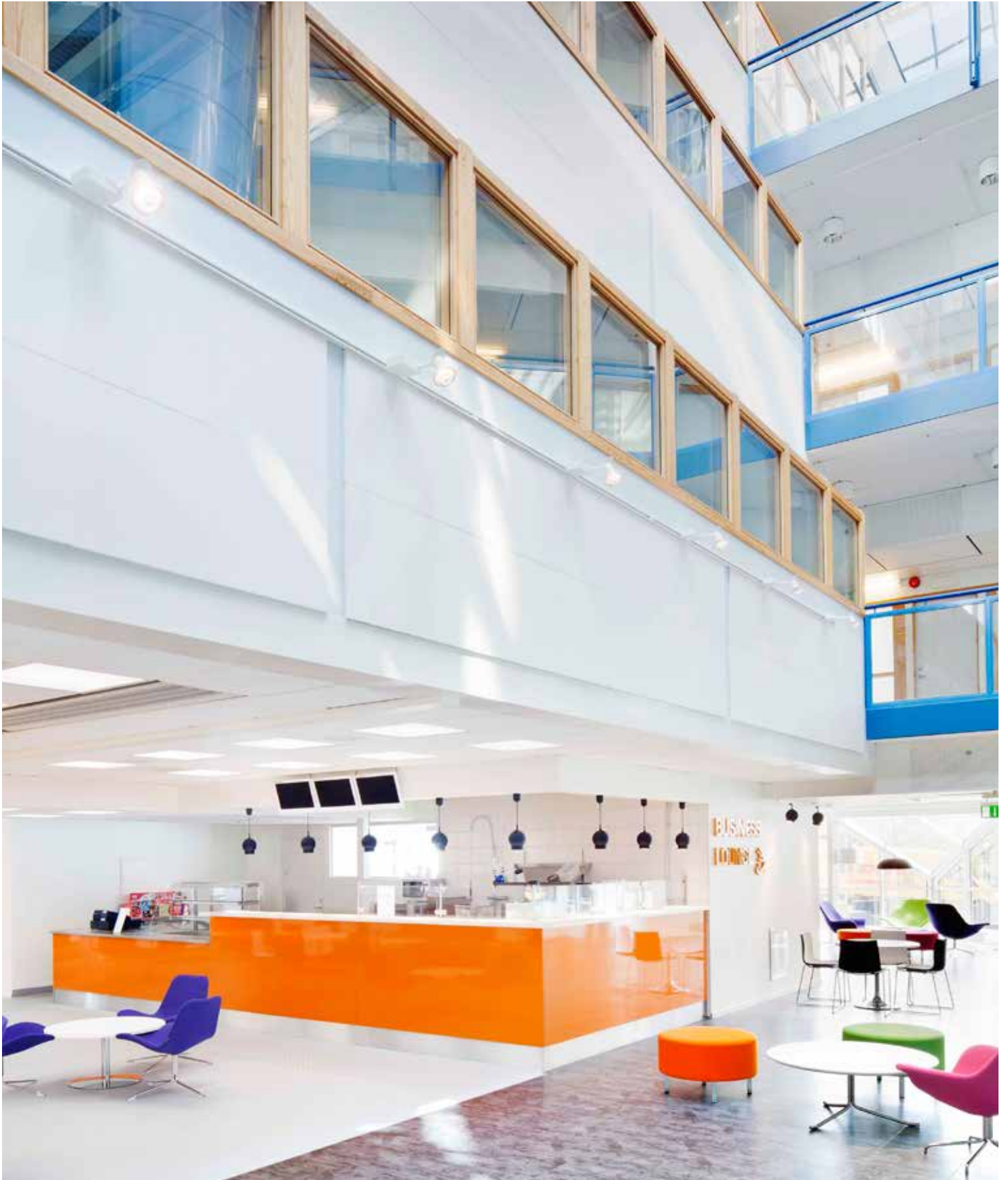
Wihlborgs' major tenants in the Söder area include Axfood Sverige, PH Nedermans & Co, Bolist Logistik, Posten Meddelande, Unilever Sverige and Yves Rocher Suède.

### Market information

	Rent excl. heating, SEK/m <sup>2</sup>	Economic, vacancy <sup>1</sup> , %	Yield requirement <sup>2</sup> , %
<b>Offices</b>	600-1,000	9-12	7.5-9.0
<b>Industrial/Warehousing</b>	400-700	8-19	8.25-9.5



## The Öresund region



Interior view from Vätet, Ideon, Lund.

# Lund

## 115,968

Population on 31 December, 2014

**4.7%** (3.3%) Population trend, 2009–2013

**5.5%** (7.6%) Trend of employment, 2009–2013<sup>1</sup>

**68%** (77%) Percentage in employment, 20–64 years, 2013

**41%** (19%) Percentage with higher education, 2013<sup>2</sup>

Figures in brackets refer to Sweden as a whole.

<sup>1</sup> Gainfully employed, workplace in the municipality, 16+ years.

<sup>2</sup> At least 3 years of post upper secondary school education, 16+ years.

Source: SCB.

According to the latest population forecast from Lund Municipality in 2014, the rate of population increase will rise from 2015, when the planned residential building projects under Lund's land and housing supply programme will go ahead as planned. By 2022, Lund's population is expected to pass 130,000.

Lund, one of Sweden's oldest cities, was founded in around 990 AD. In 1060, Lund became a cathedral city. Lund was part of Denmark until the Roskilde Peace in 1658, and to assist in the process of "Swedification", the University of Lund was founded in 1666. Today, the university has nearly 48,000 students and employs 7,500 people.

Lund has a strong tradition of research and entrepreneurship. The city is home to several world-leading multinational corporations and new small business start-ups. Sweden's first science park, Ideon, was opened in Lund in 1983. The aim was to put knowledge obtained at Lund University to good use and create new growth companies with local roots, thus generating higher employment in the region.

The tradition of research continues and two of the leading materials research facilities in the world are now being built in Lund – the MAX IV laboratory, which will be the world's foremost synchrotron radiation research facility and Europe's ESS research centre, which will have the world's most powerful neutron source. The two centres will have a significant role in the scientific and industrial development of the future, in both materials science and life sciences.

Plans are currently in progress for a Science Village Scandinavia, to be located between MAX IV and ESS. Science Village Scandinavia is envisaged primarily as a research park for businesses and research institutes to complement the research facilities, but it will also provide support functions, services, recreation facilities and a certain residential element.



Regional Director Cecilia Larsson.

## Wihlborgs in Lund

	2014	2013
Number of properties	27	26
Lettable area	205,000 m <sup>2</sup>	205,000 m <sup>2</sup>

Wihlborgs is one of the biggest commercial property owners in Lund, with 205,000 m<sup>2</sup> under management in the area. The majority of the properties are located in and around the Ideon Science Park. Our portfolio has doubled in Lund over recent years, not least through the acquisition of Ikano's properties in Ideon during 2013.

Other major commercial property owners in Lund include Fastighets AB Briggen and Vasakronan. Akademiska Hus, which principally provides educational premises, is another major player in Lund.

The Spettet 11 investment property, comprising an area of 1,500 m<sup>2</sup> and located in central Lund, was acquired from Niam in May 2014. The building is fully let to tenants including Region Skåne and Domstolsverket. Adjacent to our project property Postterminalen 1, Wihlborgs acquired land from the Swedish Transport Administration. Planning is in progress for 13,000 m<sup>2</sup> for offices and 9,000 m<sup>2</sup> for residential.

In 2013, an office property was acquired from the Municipality of Lund, Landstinget 2. The municipality vacated the premises during 2014. We signed a lease with Sparbanken Skåne for the entire property, and during 2014 completed modern office facilities on behalf of the tenant. A stone's throw from the Landstinget site, we embarked on an extension project at Armaturen 4. The project is intended to create an additional 1,000 m<sup>2</sup> of office space. For further information on our projects and development opportunities, see "Projects & Development" on pages 51-55.

Wihlborgs operates in two property management areas in Lund, Ideon and Rest of Lund, and we have project and development opportunities in both.



## The Öresund region

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The Lund caretaker team seen against a backdrop formed by Ideon Gateway.



Property Manager Anders Grönvall and Property Management Executive Magnus Andersson.



Property Manager Max Alsborn and Regional Director Cecilia Larsson.

## Ideon

Number of properties	13
Lettable area	102,000 m <sup>2</sup>

Sweden's first science park, Ideon, is situated directly adjacent to the University of Lund's Faculty of Engineering amidst the green spaces of Pålssjö. The aim was to put knowledge obtained at Lund University to good use and create new growth companies with local roots, thus generating higher employment in the region. Inspiration was obtained from the USA, but the concept was adapted to Swedish conditions and work began on creating Sweden's first science park.

The first building, Gamma, went up in 1983, followed by the rest of the buildings in the intervening period. Ideon Gateway, completed in 2013, is the latest. Ideon Gateway has become a rendezvous point for the whole area. Today, Ideon comprises just over 100,000 m<sup>2</sup> of office and laboratory premises. Since our acquisition of Ikano's holding in 2013, Wihlborgs is the sole property owner; for more information see Wihlborgs Annual Report 2013.

Over the past year, major lettings included one to Axis Communications, a steadily expanding business. As the company takes up occupancy, the premises will be adapted to its activities. Other tenants who are expanding and adding to our project portfolio include Camurus and Probi.

Wihlborgs' major tenants in the property management area include Elite Hotels of Sweden, Axis Communications, Bio Invent International, Nokia Sales International, Camurus and the University of Lund.

### Market information

	Rent excl. heating, SEK/m <sup>2</sup>	Economic, vacancy <sup>1</sup> , %	Yield requirement <sup>2</sup> , %
<b>Offices</b>	1,500-2,500	7-8	6.0-6.5

## Other Lund

Number of properties	14
Lettable area	103,000 m <sup>2</sup>

The property management area Other Lund comprises the bulk of our property value in the close vicinity of Lund Central Station. Most of the other properties in the portfolio are to be found largely within the Gastelyckan district. Central Lund is characterized to a major extent by old and even mediaeval buildings. Lund Central Station is the third busiest central station in Sweden and work has been in progress since 2011 on developing an outline programme for the entire station area. In 2014, an architectural competition decided the future of the Clemenstorget/Bangatan area, a particularly important part of the city. A new travel centre will be linked with Clemenstorget, Knut den stores torg and Bantorget. Few office buildings have been constructed in Lund in recent decades, and so it is especially pleasing that Wihlborgs succeeded in acquiring the Spettet 11 office property, built in 2008 and located just west of Central Station.

In addition to the projects described on page 45, we have a major ongoing project at Bytarebacken 39. In the property, 2,300 m<sup>2</sup> has been totally renovated on behalf of the Municipality of Lund's Health and Social Care Unit. Work included the replacement of windows, installations and parts of the roof. Armaturen 4 is having a new office storey added, which at completion in 2015 was fully let to Kommunförbundet Skåne (Skåne Joint Statutory Authority) and the Glimstedt law firm.

Wihlborgs major tenants in the management area include Region Skåne, ICA Sverige, Gambro Lundia, Capio Närsjukvård, QlikTech International and the Municipality of Lund.

### Market information

	Rent excl. heating, SEK/m <sup>2</sup>	Economic, vacancy <sup>1</sup> , %	Yield requirement <sup>2</sup> , %
<b>Offices</b>	1,300-2,200	5-11	6.0-8.0
<b>Industrial/Warehousing</b>	500-900	10-15	7.5-8.5



## The Öresund region



Interior view from Borupvang 5, Ballerup, Greater Copenhagen.

# Copenhagen

## 1,768,125

Population, 1 January, 2015

**5.3%** (2.2%) Population trend, 2009–2014

**2.8%** (0.0%) Change in no. of people in employment, 2009-2014<sup>1</sup>

**75.2%** (73.5%) Percentage of people in employment, 2014<sup>1</sup>

Figures refer to the Capital Region of Denmark. Figures in brackets refer to Denmark as a whole.

<sup>1</sup> 15–64 years.

Source: Statistics Denmark

The Capital Region of Denmark (Region Hovedstaden) has a population of nearly 1.8 million. According to a forecast from Region Hovedstaden, the population will rise to 2,065,000 in 2040. Copenhagen is an ancient city that traces its roots to the Viking era. It was mentioned for the first time as Havn in one of the Norse sagas, Knýtlinga saga (1043). In the 13th Century, the city became known as Købmannahavn.

Copenhagen is the hub of the Öresund region and is home to the Nordic countries' biggest airport, Kastrup or Copenhagen Airport. In 2014, a new passenger record was set for the fourth consecutive year with 25.6 million passengers, an increase of 6.5 percent from the preceding year. The airport is consolidating its position as an important north European node, with transfer traffic rising by all of 12.6 percent in 2014.

Wihlborgs has been established in the Copenhagen region since 1996, but in recent years has also been joined by several Swedish operators who have made their first acquisitions here.

## Wihlborgs in Copenhagen

	2014	2013
Number of properties	19	15
Lettable area	168,000 m <sup>2</sup>	132,000 m <sup>2</sup>

All of Wihlborgs' properties are located near main transport routes in the west of Greater Copenhagen. The majority of the properties are situated in the Municipalities of Herlev and Ballerup. The Herlev business park was established in the 1950s and has undergone continuous development. Herlev has good



Peter Nielsen, Regional Director, Copenhagen.

public transport provision in the form of both bus and rail services. Approximately 6,500 people are employed in the area. A number of properties are located in the Lautrup business park in Ballerup, which is characterized by large office buildings largely used by IT enterprises. We also have a logistics facility in Brøndby and one in Furesø. Wihlborgs manages 168,000 m<sup>2</sup> in the property management area.

In the course of 2014, Wihlborgs made a major acquisition in Denmark. This was also Wihlborgs' biggest acquisition in 2014. Wihlborgs paid DKK 250 million to acquire four properties, at Lautrupvang 1, Lautrupvang 3, Industriparken 29 and Literbuen 16-18, representing a total area of 39,000 m<sup>2</sup>. The vendor was MP Pension (Magistrenes Pensionskasse).

For 2014, Wihlborgs recorded a positive net leasing result in Copenhagen. The biggest letting was 14,000 m<sup>2</sup> to Schneider Electric, in the Lautrupvang 1 property. Other major lettings were 1,400 m<sup>2</sup> to MS Branding in the Ellekær 6 property, 1,100 m<sup>2</sup> to Administrea in Hørkær 26 and 800 m<sup>2</sup> to Ingeniørfirma Jord Miljø at Borupvang 5.

Wihlborgs' major tenants in the management area include Schneider Electric, Pfizer, KMD, FORD Danmark, Formpipe, SOSU-skolen i Herlev, EG Gruppen and Caverion.

### Market information

	Rent excl. heating, DKK/m <sup>2</sup>	Vacant space, %	Yield requirement <sup>2</sup> , %
<b>Herlev</b>			
Offices	550-900	13.0	6.75-8.5
Industrial/Warehousing	300-450	6.5	8.0-10.0
<b>Ballerup</b>			
Offices	550-900	13.0	6.5-8.5
Industrial/Warehousing	300-450	6.5	8.0-10.0

Source: DTZ, standard property. <sup>2</sup> Fully let.



# If there's something that nobody else is doing, we'll do it

That's how we think.

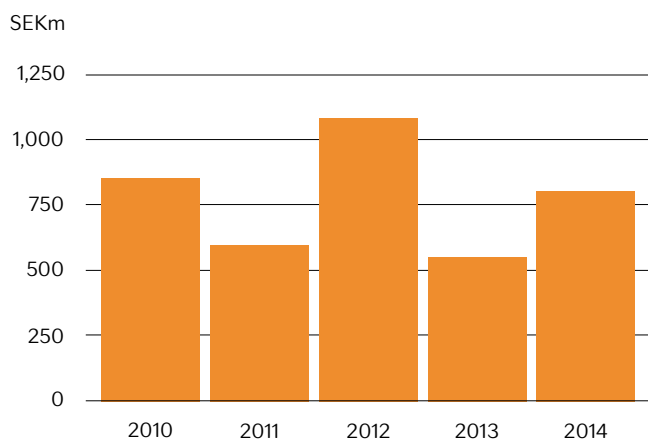
We want to be part of shaping events and so influence the way society develops – and that means we can't sit still. We committed to taking over Knutpunkten in Helsingborg, we bought up the properties in the Ideon district of Lund, we are deeply involved in the completion of the MAX IV project in Lund and we are going into one of the most iconic buildings in Malmö, "Gängtappen", the historic headquarters of the Kockums Group.

That's the kind of day-to-day work we're doing right now in new projects. But then we haven't mentioned anything that has been completed recently. Take a look at [wihlborgs.se](http://wihlborgs.se).

# Optimizing the property portfolio

Wihlborgs seeks to increase its cash flow and market value by actively enhancing its property portfolio, not just through acquisitions and sales but also by upgrading its existing property stock. In 2014, we invested SEK 802 million in redevelopment, extension and newbuilding – the chart below shows the trend since 2010. Approved investments in ongoing projects amount to SEK 928 million, of which SEK 660 million had been invested at the turn of the year.

## Requiring investments



The strategy for new production is that an adequate proportion of revenue must be assured before starting; we do not normally engage in speculative building.

## Continuous development

Wihlborgs' property portfolio offers opportunities to redevelop or extend existing properties in order to meet most wishes that tenants may have. We can also offer newbuilding, either on undeveloped sites or in partly developed properties. We work continuously on detailed development plans to optimize the value of our properties, to change the use of land and to meet the needs of tenants. A number of current and future projects are described in the following.

## Major development projects

Wihlborgs' biggest development area is Dockan in Malmö, see the section Dockan on page 54.

North of Malmö Central Station, in the Nyhamnen area, a modern business area is currently in development. Wihlborgs is a major property owner in the area and has also been allocated a land reservation for the construction of approximately 25,000 m<sup>2</sup> of offices. Just east of Slagthuset, Malmö, we own the Sirius 3 site, where we already have planning permission for an 8,000 m<sup>2</sup> office building.

In Limhamn, we acquired two industrial properties, Gjuteriet 18 and Limhamn 156:90, as part of a transaction in which we relocated the former owner and user, Dresser Wayne. The properties are located in an attractive area near the coast, an area that is undergoing conversion into a popular residential area. Extensive demolition and decontamination work was carried out in parallel with work on the detailed development plan for the site. The plan was passed in late 2014, allowing for 60,000 m<sup>2</sup>





Visualization of a new office building on Sirius 3 site, Nyhamnen, Malmö. Illustration by Tema Architects.

GTA, primarily residential, in our properties. As Wihlborgs does not develop residential properties itself, it has started the process of selling the building rights.

A new suburb is under construction around the station at Hyllie, southern Malmö. New offices and homes are being created at Malmö Arena, the Malmömässa exhibition complex and Emporia, the biggest shopping centre in the Nordic region. Wihlborgs has been allocated land reservations for two areas. Planning for one of the areas, allowing for 7,000 m<sup>2</sup> GTA of offices, is in progress. We expect to have a detailed development plan passed in winter 2015/2016.

We have several project options in the outer regions of Malmö for industrial/warehousing facilities.

In Helsingborg, work continues on the development of Knutpunkten. In the first stage, 8,000 m<sup>2</sup> of lettable office space is being created and will be ready for occupancy in spring 2016. Basically, no new office space has come into being in Helsingborg since the Knutpunkten complex as a whole was completed in the early 1990s. A detailed development plan for the Polisen

site adjacent to Knutpunkten was passed in 2014, permitting the construction of new offices. The first stage will comprise 4,000 m<sup>2</sup> and the second 8,000 m<sup>2</sup>. In Helsingborg, work is also in progress on developing the Oceanpiren property in association with the municipality. Berga and Söder offer several opportunities for industrial and warehousing properties.

In autumn 2014, Lund Municipal Council passed a detailed development plan for Postterminalen 1, although the decision was appealed. The plan allows for 13,000 m<sup>2</sup> for offices and 9,000 m<sup>2</sup> for residential and commercial use. Demand for modern offices in central Lund is strong, but the supply is practically speaking zero.

In Ideon, Lund, we have building rights with detailed development plans approved for the 8,000 m<sup>2</sup> Syret site. In the long term, we also expect to increase the density of development in Ideon through new building rights. At Gastelyckan, we have an option to develop industrial and warehouse buildings for stakeholders.

### The Dockan area

The Dockan area, where the Kockums shipyard once enjoyed its period of greatness, has been transformed from an industrial area into a mixed modern urban environment. Since 2000, developments in Dockan have been driven by Dockan Exploatering AB, a joint venture owned by Wihlborgs, Peab and JM. In the area, Wihlborgs has developed and completed more or less one building a year since 2000, when the first office block – Torrdockan 6 – stood ready for use. By engaging different architects on the projects, an exciting mix of building styles has emerged. Our newbuild projects have been awarded the Malmö Stadsbyggnadspris (City Architectural Award) three times; in 2002 for the Tyréns building, in 2011 for Regionhuset and in 2012 for Media Evolution City. Once development of the area is complete, it is estimated that Wihlborgs will have developed just over 200,000 m<sup>2</sup> of office space in Dockan.

In 2014, work began on redevelopment of Skrovat 6, in which 6,000 m<sup>2</sup> was upgraded on behalf of SAAB Kockums AB, which will take up occupancy in the first half of 2015. When the company vacates Gångtappen 1, Kockums former headquarters, we will be able to undertake total renovation of the approximately 13,000 m<sup>2</sup> building. Following the redevelopment, tenants including Länsförsäkringar Skåne will take up occupancy of 5,000 m<sup>2</sup> of the building.

In 2015, 5,000 m<sup>2</sup> of office space in Kranen 1 will also be prepared for occupancy by Orkla Foods AB, which is relocating its headquarters from Eslöv to Dockan.

The next newbuild project in Dockan will be Rondellhuset, which will be erected at the Stora Varvsgatan/Östra Varvsgatan intersection. This will be a half-moon-shaped office block with 7,000 m<sup>2</sup> of lettable area. The building will be environmentally classified in the Miljöbyggnad category Gold.

To enable further development in Dockan, planning is in progress for the area around Ubåtshallen. The plans envisage another multi-storey car park and an office building.

### Projects completed in 2014

Four projects requiring investments of more than SEK 10 million were completed in 2014.

On the Gjuteriet 18 site, demolition of existing buildings and

decontamination of the land went ahead in parallel with the work on detailed planning. The process extended over a long period but was completed in 2014.

In Östersjön 1, an office building right next to Malmö Central Station, 6,000 m<sup>2</sup> of office space were renovated on behalf of Nordea, which relocated operations to the premises from Södergatan in the first half of 2014.

In central Helsingborg, work on a major redevelopment project on the Ruuth 23 property, a 4,000 m<sup>2</sup> old residential building, was completed. The property consists of a street-side building and a courtyard building. The courtyard building was converted into school premises which will be leased in entirety by AcadeMedia. The street-side building will accommodate office and reception areas and is being leased by Region Skåne.

Just west of Lund Central Station, modern office premises were created in the Landstinget 2 property, which Wihlborgs purchased in 2013 from the Municipality of Lund. The municipality had operated in the premises since 1972 but relocated to Kristallen in spring 2014. At the same time, a lease was signed with Sparbanken Skåne, which will take up occupancy in early 2015 following total renovation.

### Projects in progress in 2014

A number of projects requiring investments of more than SEK 10 million were started in 2014. The biggest current project is an 8,000 m<sup>2</sup> expansion of office space at Knutpunkten, Helsingborg, a welcome addition of new office space in Helsingborg.

New building is also in progress at Berga, Helsingborg. A nine-storey office block is under construction on the Floretten 4 site. The project extends to 5,000 m<sup>2</sup> and is largely let to NCC. The building will be completed in spring 2015.

Also in Helsingborg, two warehouse projects are in progress. On the Kniven 2 site, also in Berga, we are constructing a new 3,500 m<sup>2</sup> warehouse building for Tullverket, and on the Sadelplatsen 13 site in Söder we are building new premises for Optimera.

An extension to the Armaturen 4 property, close to Lund Station, is under construction. Ultra-modern office premises extending to 1,000 m<sup>2</sup> are being created in the existing building, with superb views over the roofs of the mediaeval city.

The Bytarebacken 39 property is a stone's throw from the

#### Projects in progress requiring investments of > SEK 50 million

Municipality	Property	Project	Category of use	Completion date	Lettable area, m	Occupancy rate, % <sup>1</sup>	Estimated investment, SEK m.	Earned, SEK m. <sup>1</sup>
Helsingborg	Floretten 4	Newbuild	Office/Retail	Q2 2015	4,800	85	104	73
Helsingborg	Terminalen 1	Newbuild	Office/Retail	Q1 2016	8,000	20	315	138
Copenhagen	Lautrupvang 1	Redevelopment	Office/Retail	Q1 2015	14,000	100	116	90
<b>Total</b>					<b>26,800</b>		<b>535</b>	<b>301</b>

<sup>1</sup> 31 Dec. 2014



Armaturen 4 building. During the refitting and renovation of 2,300 m<sup>2</sup> of space for the Municipality of Lund's Health and Social Care Unit, it was decided that a more thorough renovation should be carried out, with windows, installations and parts of the roof being replaced.

## Sustainable building

The property sector is becoming increasingly engaged in the sustainable building issue and Wihlborgs is working on various levels of environmental certification for buildings. We set our environmental goals for three-year periods. In 2011, the environmental goals for the 2012-2014 period were established. According to the environmental goals for 2014, 100 percent of new construction starts of 500 m<sup>2</sup> and more are to be environmentally classified under a recognized environmental classification system.

Floretten 4, for example, will be classified under the Miljöbyggnad system. We are aiming for Miljöbyggnad Gold, the highest category. Miljöbyggnad is a Swedish system that addresses 16 environmental points, including procured energy, noise classification, radon levels, damp-proofing, daylight and checks of materials, chemicals and building products used. We are also setting our sights on Miljöbyggnad Gold for the Knutpunkten extension. The goal for the redevelopment of Landstinget 2 and the extension of Armaturen 4 in Lund is Miljöbyggnad Silver.

MAX IV will be certified under three schemes, including Green Building. Green Building certification of a property confirms that the building's energy performance has improved. In the case of new production in South Sweden, a building's energy consumption must not exceed 75 kWh/m<sup>2</sup>. In redevelopments, energy consumption must be reduced by at least 25 percent.

In support of its redevelopment and newbuild operations, Wihlborgs has also developed its own environmental programme, which is more comprehensive than the Miljöbyggnad system.

Under the new environmental goals for 2015-2017, all newbuild projects are to be environmentally certified and environmental certification is to be considered for all major redevelopments. During the period, the volume of waste at our building sites is also to be analyzed. The goal for 2017 is that we should be able to report on the volume of sorted waste from all our projects. For more information, see Wihlborgs' Sustainability Report 2014.

## Hälsostaden

Hälsostaden Ängelholm AB is a joint venture – a Public Private Partnership (PPP) – involving three partners with different specialist areas: Region Skåne with care, Peab with construction and Wihlborgs with property management. The company owns, develops and manages the properties in the site around Ängelholm Hospital. The owner's directive is that operational facilities in the south of the site are to be run down and transferred to the north of the area. The process will consist of demolition and conversion of existing buildings and new construction.



Extension for Terminalen 1 in Helsingborg, also known as Knutpunkten. An illustration by the Tengbom Group.

The company has no profit-making purpose and any surpluses are invested in its operations.

An agreement has been signed with Region Skåne on a policy for a development and a major newbuild in the north of the hospital site. The investment is estimated at SEK 700 million. To date, a mortuary and a multi-storey car park have been built and a new technology building is under construction. Project planning is under way for redevelopment of a 5,500 m<sup>2</sup> treatment building and construction of a new 11,000 m<sup>2</sup> care building. The project as a whole is expected to be completed in 2018.

## MAX IV

Wihlborgs and Peab jointly own Fastighets AB ML4, the development company that is building the MAX IV facility in Lund. MAX IV will be a world-class synchrotron radiation research facility, in which the University of Lund will be the tenant and the MAX IV laboratory will be user and specifier of requirements.

In its up to 28 beam tubes, the facility will produce very short-wave light – synchrotron light. Synchrotron light is produced using electrons accelerated to near the speed of light. With the aid of the short-wave light, the properties of different materials can be studied, opening the way to new advances in a number of areas, including biomedicine, medicine, materials science, nanotechnology and environmental science.

The property is leased to the University of Lund, with definitive access scheduled for 1 June 2015 and a lease term of 25 years from that date. Construction began in June 2011 and occupancy of the first ten buildings was taken up early, in October 2013. All the buildings were completed in 2014 and the final groundworks and various commissioning procedures are all that now remain before the project is completed. MAX IV is to be inaugurated on 21 June 2016, the lightest day of the year, when the sun is highest in the sky.

In all, the facility consists of around 20 buildings with a GTA of approximately 50,000 m<sup>2</sup>. In the construction process, the project developed new technology, for example for damping vibration in coolant flows, and also devised better calculation methods for geodynamic damping. The project is being completed a few months ahead of schedule and slightly below budget.



# A quiet year on the acquisition front

We decided on a cautious approach to acquisitions and sales in 2014. Not everything fits with our investment philosophy, even if we do have the muscle to strike when the right opportunity emerges.

We also believe that our financial prudence creates new opportunities for us to look a little further ahead and, for example, await developments on the Danish side where light is beginning to appear on the horizon.

However, we acquired new properties in both Helsingborg and Malmö, including Terminalen 3 in Knutpunkten, the only property in the Knutpunkten complex that we did not own before. Now we have full control over what is to be done there, and that is a position that we value.

### Strategic transactions

While the volume of transactions during the year did not match that of the preceding year, we nevertheless carried out 11 transactions in 2014. In all, seven separate transactions were completed, comprising land and properties at a cost of SEK 489 million, down from SEK 2,010 million in 2013. Over the year, five properties were divested via four transactions. The total received amounted to SEK 347 million, considerably higher than in 2013, when the value of properties divested totalled just SEK 25 million. In total, this represents net acquisitions of SEK 142 million in 2014, compared to SEK 1,985 million in 2013.

Wihlborgs' biggest acquisitions in 2014 were in Copenhagen, where we took up occupancy of four properties totalling 39,000 m<sup>2</sup> on 1 February – see fact box below for further information.

The second quarter saw a great deal of activity, with five acquisitions being made. In April, three properties were acquired in Helsingborg. The biggest was the leasehold property Terminalen 3, the only building in the Knutpunkten complex not owned by Wihlborgs before. The leasehold rights comprise 4,000 m<sup>2</sup>. In Berga, the Armborstet 6 industrial/warehouse property, consisting of 4,300 m<sup>2</sup> of lettable area, was acquired. Land measuring 5,600 m<sup>2</sup> adjacent to Wihlborgs' Visiret 5 property was acquired, offering possibilities for future expansion.

In April, the Söderhaven 4 warehouse property in Malmö was also acquired, comprising 2,900 m<sup>2</sup> of lettable area. The property is strategically placed in the up-and-coming development area of Nyhamnen, near Malmö Central Station.

In Lund, Wihlborgs also strengthened its presence via the acquisition of a small office property comprising 1,500 m<sup>2</sup> of lettable space right next to Lund Central Station. The property is fully let.

In Lund, we have a project for the future in the form of the Postterminalen 1 property, see Projects & Development on page 53. As part of implementation of the strategy, adjacent land extending to approximately 3,200 m<sup>2</sup> was acquired from the Swedish Transport Administration. The acquisition comprised part of the Innerstaden 1:1 property.

Some non-strategic properties were sold, all located in Helsingborg. The biggest divestment in 2014 was the hotel property in Terminalen 2, which was sold to Elite Hotels. Otherwise, a number of minor properties in non-priority districts of Helsingborg were sold. A nursery school in Läröd, Nackstykett 8 och 9, was sold to a minor property investor, an industrial property, Valsen 1, on Malmöleden was sold to the biggest tenant in the property and an industrial/warehouse property, Iris 6, on Ängelholmsleden, was sold to a minor property investor.

#### 4 properties in Copenhagen

<b>Properties</b>	Lautrupvang 1, Lautrupvang 3 and Industriparken 29 in Ballerup; Literbuen 16-18 in Herlev
<b>Seller</b>	MP Pension (Magistrenes Pensionskasse)
<b>Purchase consideration</b>	DKK 250 million
<b>Lettable area</b>	App. 39,000 m <sup>2</sup>
<b>Tenants</b>	FDC, Sony, Caverion, Schneider Electric etc.

At the beginning of the year, Wihlborgs acquired four properties in west Copenhagen, where the focus of the portfolio is in Ballerup. The lettable area is 39,000 m<sup>2</sup> of which around 50 percent was vacant at the time of acquisition. Just after the acquisition, a 12-year lease on 14,000 m<sup>2</sup> was signed with Schneider Electric Denmark. The company is bringing together several of its Danish units and establishing a headquarters for approximately 500 employees in the Lautrupvang 1 property. Occupancy will be taken up in the first quarter of 2015 and the property underwent extensive renovation in 2014 to create premises that are up-to-date both technically and environmentally.



Industriparken 29 in Ballerup, just outside Copenhagen, was acquired in quarter 1, 2014.



The Spettet 11 property in Lund was acquired in quarter 2, 2014.

## Property acquisitions and sales

### Acquisitions

Quarter	Property	Municipality	Management area	Category	Lettable area, m <sup>2</sup>	Price, SEK m.	Operating surplus 2014, SEK m. <sup>1</sup>
1	Lautrupvang 1	Ballerup	Copenhagen	Projects & Land	14,000		
1	Lautrupvang 3	Ballerup	Copenhagen	Office/Retail	12,260		
1	Industriparken 29	Ballerup	Copenhagen	Office/Retail	3,118		
1	Literbuen 16-18	Ballerup	Copenhagen	Office/Retail	8,333		
2	Armborstet 6	Helsingborg	Berga	Ind./Warehousing	4,268		
2	Terminalen 3	Helsingborg	Centrum	Office/Retail	3,985		
2	Visiret 1, part	Helsingborg	Berga	Projects & Land			
2	Spettet 11	Lund	Other Lund	Office/Retail	1,527		
2	Söderhavet 4	Malmö	Centrum	Office/Retail	2,940		
4	Innerstaden 1:1, part	Lund	Other Lund	Projects & Land			
<b>Total acquisitions 2014</b>					<b>50,431</b>	<b>489</b>	<b>25</b>

### Sales

1	Terminalen 2	Helsingborg	Centrum	Office/Retail	13,216		
2	Iris 6	Helsingborg	Centrum	Ind.Warehousing	3,938		
3	Valsen 1	Helsingborg	Söder	Ind./Warehousing	4,302		
4	Nackstycket 8, 9	Helsingborg	Berga	Office/Retail	316		
<b>Total sales 2014</b>					<b>21,769</b>	<b>347</b>	<b>2</b>

<sup>1</sup>Operating surplus from properties acquired and sold that are included in the results for the period.

**512,000** m<sup>2</sup>

**32**

Office/Retail

**57**

Industrial/  
Warehousing

**14**

Projects & Land

**205,000** m<sup>2</sup>

**20**

Office/Retail

**4**

Industrial/  
Warehousing

**3**

Projects & Land



**168,000** m<sup>2</sup>

**14**

Office/Retail

**3**

Industrial/  
Warehousing

**2**

Projects & Land

**666,000** m<sup>2</sup>

**46**

Office/Retail

**49**

Industrial/  
Warehousing

**25**

Projects & Land

# 24 billion - and expected to grow

That's the value of our properties.

As new acquisitions are made and new projects are created, both the aggregate area we can rent out and the total value of our properties increase.

With our strategies for growth, we are consolidating our strong position and our role as a player to be reckoned within the Öresund region.

24 billion inspires respect, but it also gives us the power we need to be bold in providing new needs with new solutions.



## Property portfolio

Wihlborgs' property portfolio consists of commercial properties in the Öresund region. Of the carrying amount for the portfolio, office and retail units account for 77 percent and industrial and warehousing facilities for 17 percent. The properties are located in selected sub-markets in Malmö, Helsingborg, Lund and Copenhagen. The property portfolio on 31 December 2014 consisted of 269 properties, including 12 with site leasehold rights, with a total lettable area of around 1,552,000 m<sup>2</sup>. The carrying amount for the properties on 31 December 2014 was SEK 24,299 million, corresponding to the estimated market value at that point in time. The total rental value is SEK 2,058 million and the annualized contracted rental income SEK 1,863 million. The economic occupancy rate was 91 percent. Wihlborgs' properties in Malmö and Helsingborg accounted for 75 percent of the total rental value and 73 percent of the carrying amount for the properties. The rental value of office and retail properties and for industrial and warehouse properties accounted for 76 percent and 24 percent, respectively, of the total rental value.

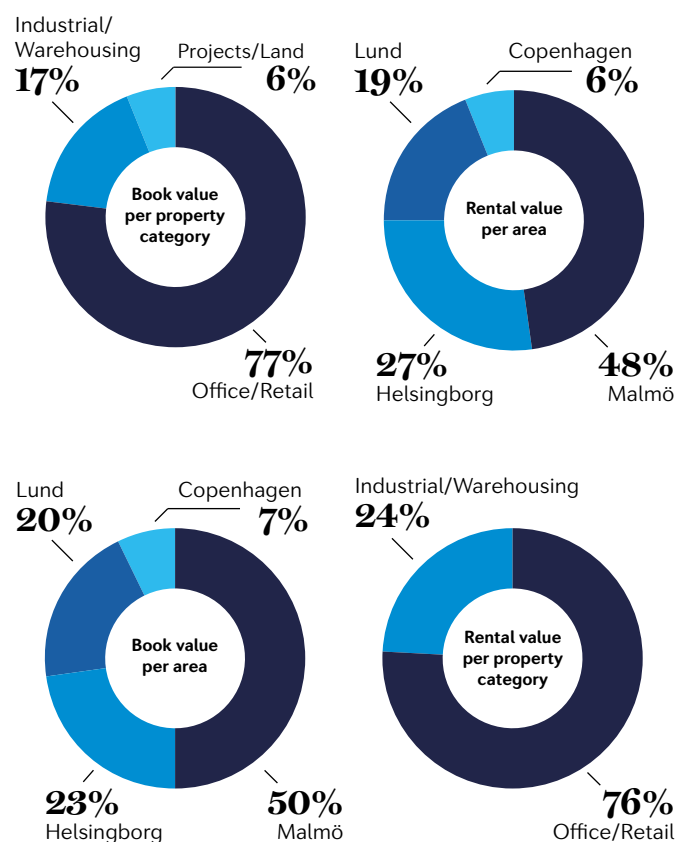
In Malmö, Helsingborg and Lund, where Wihlborgs is the leading property company, the property portfolio is divided into management areas operating under different market conditions.

In Malmö, Wihlborgs owns properties valued at SEK 12,096 million, divided into the property management areas of Västra Hamnen, Centrum, Fosie and Limhamn, plus Norra Hamnen and Arlov. Västra Hamnen, with a lettable space of 164,000 m<sup>2</sup> is Wihlborgs' biggest management area in terms of value.

Helsingborg, with properties valued at SEK 5,518 million, is divided into the management areas of Centrum, Söder and Berga, of which Centrum is the biggest in terms of value.

In Lund, Wihlborgs owns properties valued at SEK 4,832 million, and in Copenhagen properties valued at SEK 1,853 million.

Within the existing property portfolio, ongoing value-adding projects are conducted in the form of redevelopment/extension and new production. Of the total carrying amount for the property portfolio, properties in Projects & Land account for SEK 1,495 million. Wihlborgs' largest development area is Dockan in Västra Hamnen, Malmö, where Wihlborgs' future building rights are estimated at 50,000 m<sup>2</sup> in gross area.



## Property portfolio on 31 December 2014

The following summaries are based on Wihlborgs' property portfolio on 31 December 2014. "Rental income" refers to annualized contracted rental income on 1 January 2015. "Operating surplus" is calculated from the annualized earnings capacity of the properties, based on rental income for January 2015 and the estimated annual costs of operations, repairs, maintenance, property management, property tax and site lease rent. In the tables, each area is rounded off separately and so certain rounding-off differences may arise.

### Analysis of lettable area 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>	Other, m <sup>2</sup>	Total: m <sup>2</sup>	Share, %
Malmö	306,893	47,615	246,102	49,465	15,618 <sup>1</sup>	665,692	43
Helsingborg	149,804	56,217	274,430	19,126	12,910 <sup>2</sup>	512,487	33
Lund	120,390	10,598	32,116	33,272	8,619 <sup>3</sup>	204,995	13
Copenhagen	152,752	0	15,740	0	0	168,492	11
<b>Total</b>	<b>729,839</b>	<b>114,430</b>	<b>568,388</b>	<b>101,863</b>	<b>37,147</b>	<b>1,551,666</b>	<b>100</b>
<b>Share, %</b>	<b>47</b>	<b>7</b>	<b>37</b>	<b>7</b>	<b>2</b>	<b>100</b>	

<sup>1</sup> Includes 10,275 m<sup>2</sup> hotels.

<sup>2</sup> Includes 5,390 m<sup>2</sup> housing.

<sup>3</sup> Includes 8,215 m<sup>2</sup> hotels.

**Analysis per area and category of property**

Area/property category	Number of properties	Area, thousand m <sup>2</sup>	Carrying amount, SEKm	Rental value, SEKm	Rental value, SEK/m <sup>2</sup>	Economic occupancy rate, %	Rental income, SEKm	Operating surplus incl. property mgmt, SEKm	Surplus ratio, %	Operating surplus excl. property mgmt, SEKm	Yield excl. property mgmt, %
<b>Analysis/area</b>											
Malmö	120	666	12,096	983	1,476	91	897	671	75	700	5.8
Helsingborg	103	512	5,518	546	1,066	90	491	343	70	364	6.6
Lund	27	205	4,832	401	1,954	90	362	260	72	275	5.7
Copenhagen	19	168	1,853	128	762	88	113	85	75	91	4.9
<b>Total, Wihlborgs</b>	<b>269</b>	<b>1,552</b>	<b>24,299</b>	<b>2,058</b>	<b>1,326</b>	<b>91</b>	<b>1,863</b>	<b>1,359</b>	<b>73</b>	<b>1,430</b>	<b>5.9</b>
<b>Analysis/category</b>											
Office/Retail	112	882	18,787	1,536	1,739	93	1,422	1,053	74	1,103	5.9
Industrial/Warehousing	113	626	4,017	489	781	86	423	297	70	317	7.9
Projects & Land	44	42	1,494	33	784	–	18	9	–	10	–
<b>Total, Wihlborgs</b>	<b>269</b>	<b>1,552</b>	<b>24,299</b>	<b>2,058</b>	<b>1,326</b>	<b>91</b>	<b>1,863</b>	<b>1,359</b>	<b>73</b>	<b>1,430</b>	<b>5.9</b>

**Analysis per property category in each management area**

Area/property category	Number of properties	Area, thousand m <sup>2</sup>	Carrying amount, SEKm	Rental value, SEKm	Rental value, SEK/m <sup>2</sup>	Economic occupancy rate, %	Rental income, SEKm	Operating surplus incl. property mgmt, SEKm	Surplus ratio, %	Operating surplus excl. property mgmt, SEKm	Yield excl. property mgmt, %
<b>MALMÖ</b>											
Office/Retail	46	397	9,608	753	1,898	93	702	534	76	554	5.8
Industrial/Warehousing	49	249	1,715	203	816	89	180	129	71	136	7.9
Projects & Land	25	20	773	27	1,329	–	15	9	–	10	–
<b>Total, Malmö</b>	<b>120</b>	<b>666</b>	<b>12,096</b>	<b>983</b>	<b>1,476</b>	<b>91</b>	<b>897</b>	<b>671</b>	<b>75</b>	<b>700</b>	<b>5.8</b>
<b>HELSINGBORG</b>											
Office/Retail	32	171	3,128	283	1,653	95	270	193	71	202	6.5
Industrial/Warehousing	57	337	2,062	263	780	84	220	151	68	162	7.9
Projects & Land	14	4	327	0	98	–	0	0	–	0	–
<b>Total, Helsingborg</b>	<b>103</b>	<b>512</b>	<b>5,518</b>	<b>546</b>	<b>1,066</b>	<b>90</b>	<b>491</b>	<b>343</b>	<b>70</b>	<b>364</b>	<b>6.6</b>
<b>LUND</b>											
Office/Retail	20	181	4,549	380	2,103	91	346	248	73	263	5.8
Industrial/Warehousing	4	20	119	14	714	96	14	11	78	11	9.4
Projects & Land	3	4	164	6	1,458	–	2	1	–	1	–
<b>Total, Lund</b>	<b>27</b>	<b>205</b>	<b>4,832</b>	<b>401</b>	<b>1,954</b>	<b>90</b>	<b>362</b>	<b>260</b>	<b>72</b>	<b>275</b>	<b>5.7</b>
<b>COPENHAGEN</b>											
Office/Retail	14	134	1,502	120	892	87	104	78	75	84	5.6
Industrial/Warehousing	3	20	120	9	428	100	9	7	82	8	6.3
Projects & Land	2	14	230	–	–	–	–	–	–	0	–
<b>Total, Copenhagen</b>	<b>19</b>	<b>168</b>	<b>1,853</b>	<b>128</b>	<b>762</b>	<b>88</b>	<b>113</b>	<b>85</b>	<b>75</b>	<b>91</b>	<b>4.9</b>
<b>Total, Wihlborgs</b>	<b>269</b>	<b>1,552</b>	<b>24,299</b>	<b>2,058</b>	<b>1,326</b>	<b>91</b>	<b>1,863</b>	<b>1,359</b>	<b>73</b>	<b>1,430</b>	<b>5.9</b>
<b>Total, excluding Projects &amp; Land</b>	<b>225</b>	<b>1,509</b>	<b>22,804</b>	<b>2,025</b>	<b>1,342</b>	<b>91</b>	<b>1,845</b>	<b>1,351</b>	<b>73</b>	<b>1,420</b>	<b>6.2</b>

## Rental value and occupancy rate

The total rental value for the property portfolio on 1 January 2015 was SEK 2,058 million, of which the estimated rental value for vacant premises amounted to SEK 195 million.

The total lettable area on 1 January 2015 was approximately 1,552,000 m<sup>2</sup>, of which 217,000 m<sup>2</sup> was unlet. The economic occupancy rate averaged 91 percent for the entire property portfolio including the project portfolio, with Malmö at 91, Helsingborg at 90, Lund at 90 and Copenhagen 88 percent. The respective economic occupancy rates were 93 percent for office and retail properties and 86 percent for industrial and warehousing.

## Rental income and contract structure

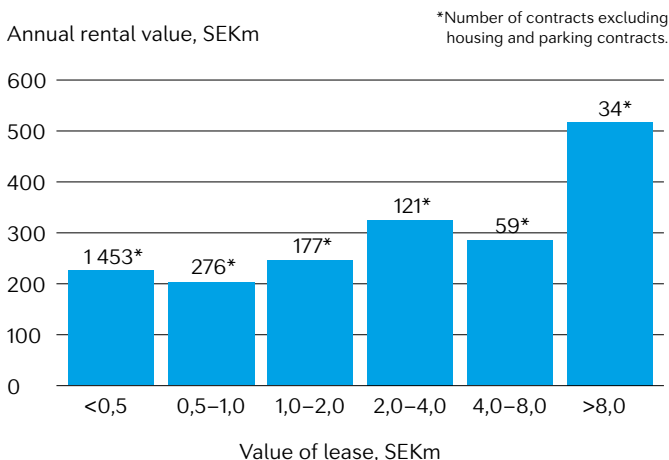
Contracted annual rental income for Wihlborgs' property portfolio on 1 January 2015 on an annualized basis was SEK 1,863 million. Rental income includes additional charges such as property tax, heating and electricity costs that Wihlborgs passes on to its tenants. At the same point in time, Wihlborgs had in all 2,120 commercial lease agreements with contracted rental income totalling SEK 1,802 million and an average term of 4.0 years. Leases with a term of three years or more are normally subject to an annual rent adjustment based on changes in the consumer price index or a fixed percentage increase. For Wihlborgs, the rent adjustments in existing leases means that the income for 2015 increases by approx. 0.5 percent. Annualized rental income from Wihlborgs' ten highest-value tenants totalled SEK 372 million, corresponding to 20 percent of contracted rental income.



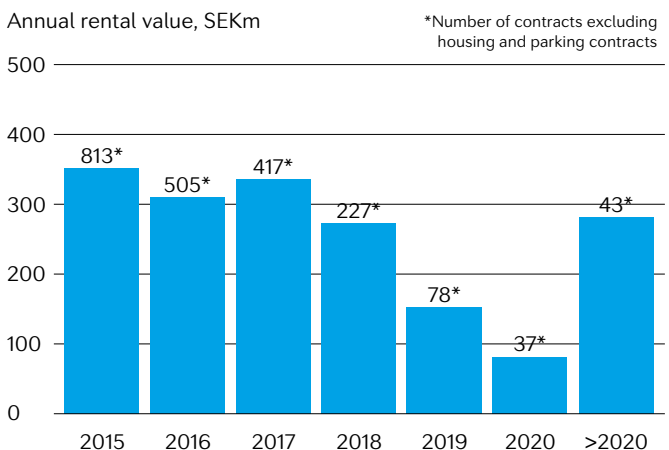
### Wihlborgs 10 highest-value tenants on 31 December 2014

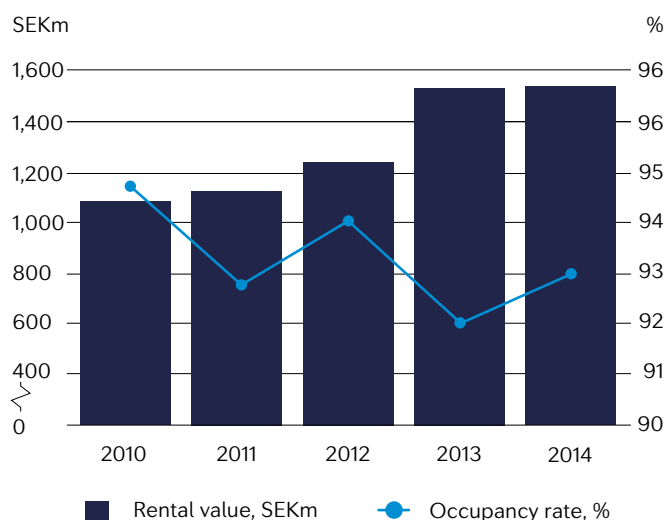
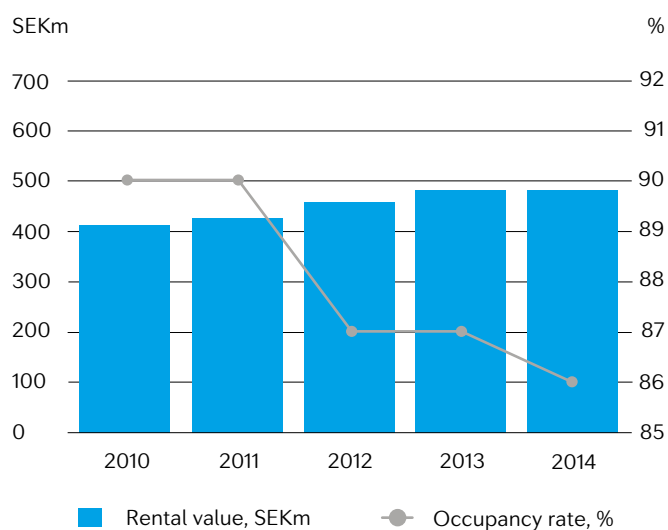
Tenant	Area
City of Helsingborg	Helsingborg
City of Malmö	Malmö
Comfort Hotel	Malmö
Malmö University	Malmö
QlikTech	Lund
Region Skåne	Malmö/Lund/Helsingborg
SAAB Kockums	Malmö
Swedish Customs (Tullverket)	Malmö/Helsingborg
TeliaSonera	Malmö
ÅF Group	Malmö/Lund

### Contracted rental income on 1 January 2015 by value of lease



### Terms of Wihlborgs leases on 1 January 2015



**Rental value and occupancy rate, Office/Retail****Rental value and occupancy rate, Industrial/Warehousing**

## Property costs

**Operating costs**

Wihlborgs major operating cost items are heating, electricity, water and caretaking. Other operating costs include insurance, security and alarm systems and waste management. Operating costs in 2014 totalled SEK 240 million.

Wihlborgs' organization focuses closely on efficient management and works continuously with its tenants to reduce operating costs. Because a large proportion of operating costs are charged to tenants in addition to their rental charges, the effect of changes in these costs on Wihlborgs' operating surplus is limited.

**Repair and maintenance costs**

To maintain the condition and standard of the properties, both continuous and scheduled maintenance and repairs are carried out. The cost of repairs and maintenance in 2014 totalled SEK 77 million.

**Property tax and site leasehold rent**

Property tax in 2014 amounted to 1 percent of the tax assessment value for commercial rental properties and 0.5 percent for industrial properties. Special-purpose properties such as schools and health care centres are not attributed a tax assessment value and are not charged with property tax. The tax assessment value for Wihlborgs' property portfolio in Sweden on 31 December 2014 totalled SEK 9,617 million and property tax for 2014 amounted to SEK 87 million. Of the total property tax charged to the Group, SEK 71 million was passed on to the tenants in the form of a rent surcharge.

Site leasehold rent for 2014 amounted to SEK 5 million.

**Allocation of responsibilities between property owner and tenants**

Tenants of commercial premises, especially in industrial and warehousing properties, bear a relatively large measure of responsibility for operating and maintenance costs.

Normally, Wihlborgs is responsible only for external maintenance, while the tenants are responsible for internal maintenance of the buildings. In Denmark, tenants are basically responsible for all operating and maintenance costs.

**Property management**

The costs of property management consist in large part of the expense associated with renting, rent negotiation, rent debiting and marketing. The cost of property management in 2014 totalled SEK 90 million.

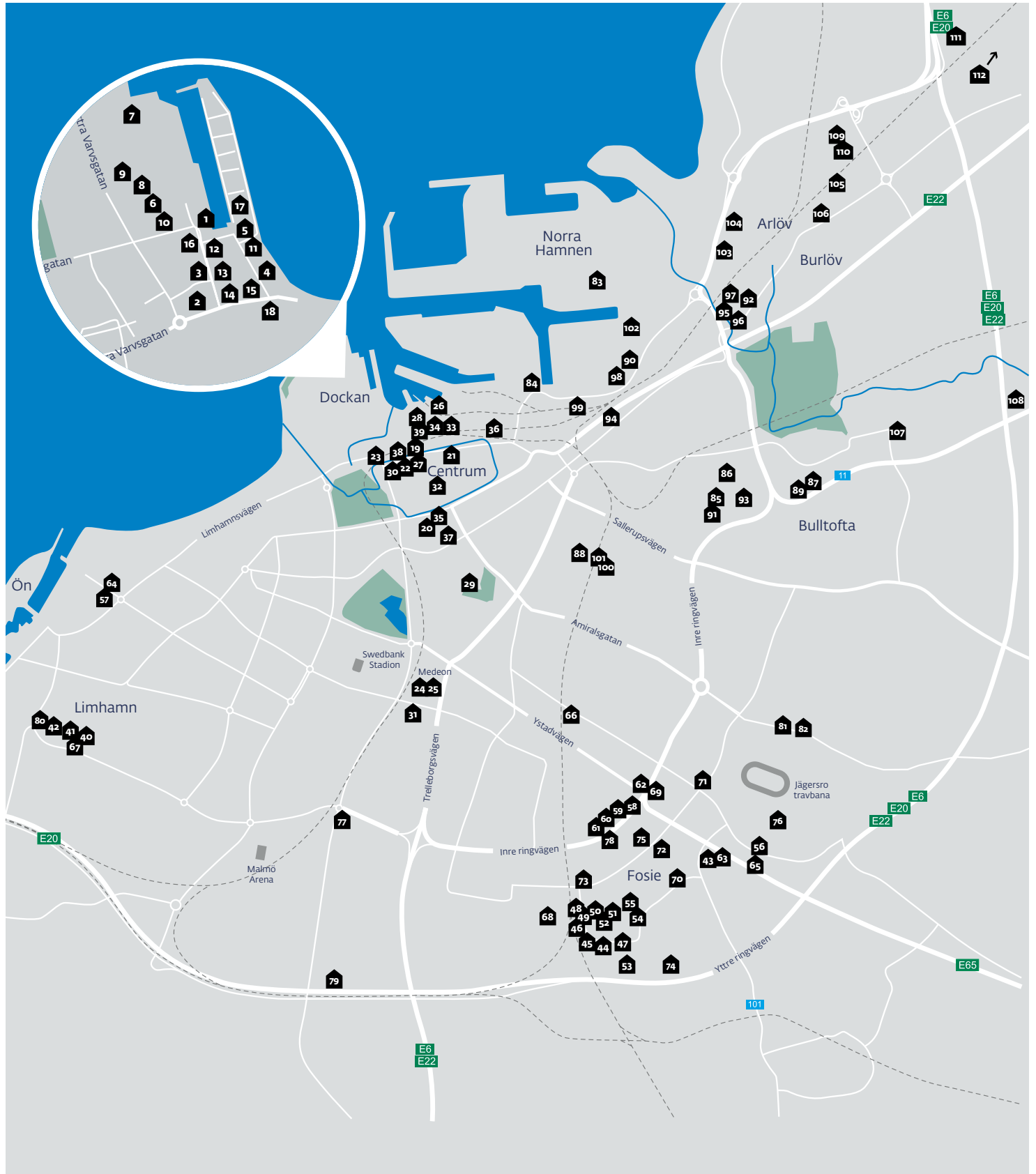
**Surplus ratio**

The operating surplus as a proportion of rental income – the surplus ratio – was 73 percent.

## Investments

Expenditure on value-adding measures in existing properties is recognized as investment and is not expensed. Examples of investment include the cost of redevelopments, extensions and tenant adjustments. Investments in 2014 amounted to SEK 802 million. A more detailed account of project activities appears on pages 51–56

# Malmö



# Malmö

## Västra Hamnen

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEKm	Site leasehold rights	Offices, m <sup>2</sup>	Retail, m <sup>2</sup>	Industrial/Warehousing, m <sup>2</sup>	Health care, m <sup>2</sup>	Miscellaneous, m <sup>2</sup>	Total, m <sup>2</sup>
1	Dockporten 1	Dockgatan 1 A-F	Malmö	Office/Retail	103		4,120	450	0	0	0	4,570
2	Gängtappen 1	Stora Varvsgatan 11	Malmö	Office/Retail	230		14,893	660	18	0	0	15,571
3	Gängtappen 2	Hallenborgsg./Lovartsg.	Malmö	Office/Retail	118		9,165	680	19	0	0	9,864
4	Kranen 1	St Varvsg/Isbergs gata	Malmö	Projects & Land			9,850	534	0	698	0	11,082
5	Kranen 10	Isbergs gata	Malmö	Projects & Land			0	0	0	0	0	0
6	Kranen 2, Högskolan	Östra Varvsgatan 11 A-F	Malmö	Office/Retail			0	650	707	15,987	0	17,344
7	Kranen 4	Östra Varvsgatan 23	Malmö	Office/Retail	43		4,053	0	25	0	170	4,247
8	Kranen 6 Båghallarna	Östra Varvsgatan 13 A-C	Malmö	Office/Retail			0	0	5,484	2,830	3,050	11,364
9	Kranen 7	Östra Varvsgatan 15	Malmö	Projects & Land	2		650	0	2,737	0	0	3,387
10	Kranen 8 Ubåtshallen	Östra Varvsgatan 9 A-B	Malmö	Office/Retail			2,524	375	10	12,406	0	15,315
11	Kranen 9	Isbergs gata 15	Malmö	Office/Retail	69		3,710	0	0	0	0	3,710
12	Skrovet 3	Dockplatsen/Hallonborgsg.	Malmö	Office/Retail	222		8,720	1,605	21	0	0	10,346
13	Skrovet 4	Hallenborgs gata 7	Malmö	Office/Retail	32		0	0	0	0	0	0
14	Skrovet 5	Hallenborgsg./St Varvsg.	Malmö	Office/Retail	185		7,482	1,243	0	0	0	8,724
15	Skrovet 6	Stora Varvsg. 3-7/Isbergs g. 2	Malmö	Office/Retail	253		11,992	439	0	0	0	12,431
16	Skåneland 1	L Varvsg./Dockplatsen	Malmö	Office/Retail	224		11,206	325	0	0	0	11,531
17	Torrdockan 6	Dockplatsen 1	Malmö	Office/Retail	206		10,530	601	0	0	1	11,132
18	Ubåten 2	Stora Varvsg./Gamla Dockan	Malmö	Office/Retail	154		11,771	369	0	768	0	12,908
<b>Total, Västra Hamnen</b>					<b>1,840</b>		<b>110,665</b>	<b>7,931</b>	<b>9,021</b>	<b>32,689</b>	<b>3,221</b>	<b>163,526</b>

## Centrum

19	Börshuset 1	Skeppsbron 2	Malmö	Office/Retail	104		4,372	934	36	0	0	5,342
20	Elefanten 40	Storg./S Förstadsg.	Malmö	Office/Retail	267		12,111	2,742	8	0	0	14,861
21	Erik Menved 37	M Nilsg./Kattsundsg./Österg.	Malmö	Office/Retail	315		17,647	3,308	2,065	0	203	23,223
22	Fisken 18	N Vallg./Västerg./L Bruksq.	Malmö	Office/Retail	115		5,929	0	86	813	0	6,828
23	Flundran 1	Gibraltarg./Suezg.	Malmö	Office/Retail			0	0	0	2,451	0	2,451
24	Forskaren 1	PA Hanssons väg/Cronquist g.	Malmö	Office/Retail	151		12,939	225	632	0	0	13,796
25	Forskaren 4	PA Hanssons väg 35	Malmö	Office/Retail			2,730	0	0	0	0	2,730
26	Hamnen 22:188	Hans Michelsensgatan 8-10	Malmö	Office/Retail	79		5,946	700	1,921	0	0	8,567
27	Högvakten 6	Gråbrödersg/N Vallg/Västerg.	Malmö	Office/Retail	69		3,086	537	0	0	0	3,623
28	Kolga 4	Jörgen Kocksg./Stormg.	Malmö	Office/Retail	47		2,266	0	0	0	0	2,266
29	Malmen 12	Barkg./Möllevångsg.	Malmö	Office/Retail			3,250	0	10	3,437	814	7,511
30	Neptun 6	Västerg./Slotsg./N Vallg.	Malmö	Office/Retail	75		3,391	0	239	1,486	0	5,116
31	Ritaren 1	Stadiog./Ingenjörsg.	Malmö	Office/Retail	14	S	3,088	0	0	0	0	3,088
32	Sankt Jörgen 21	Söderg./Baltzarg./Kalendeg.	Malmö	Office/Retail	313		7,821	3,449	76	0	0	11,346
33	Sirius 3	Carlsg./Navigationsg.	Malmö	Projects & Land			0	0	0	0	0	0
34	Slagthuset 1	Carlsg./Utställng./Jörgen Kocks	Malmö	Office/Retail	243		6,656	8,225	30	1,267	10,275	26,453
35	Sparven 15	V Kanalq./Storg./Drottng.	Malmö	Office/Retail	110		7,637	0	5,899	7,052	0	20,588
36	Söderhavet 4	Carlsg./Elbeg./Donaug.	Malmö	Office/Retail	10		0	2,940	0	0	0	2,940
37	Uven 9	Diskontogången/Lugna gatan	Malmö	Office/Retail	72		6,091	0	1,010	0	0	7,101
38	Väktaren 3	Hjälmareg./Nordenskiöldsg.	Malmö	Office/Retail	174		8,275	0	60	0	0	8,335
39	Östersjön 1	Carlsg./Stormg.	Malmö	Office/Retail	115		7,918	0	80	0	0	7,998
<b>Total, Centrum</b>					<b>2,273</b>		<b>121,153</b>	<b>23,060</b>	<b>12,152</b>	<b>16,506</b>	<b>11,292</b>	<b>184,163</b>



## Our properties

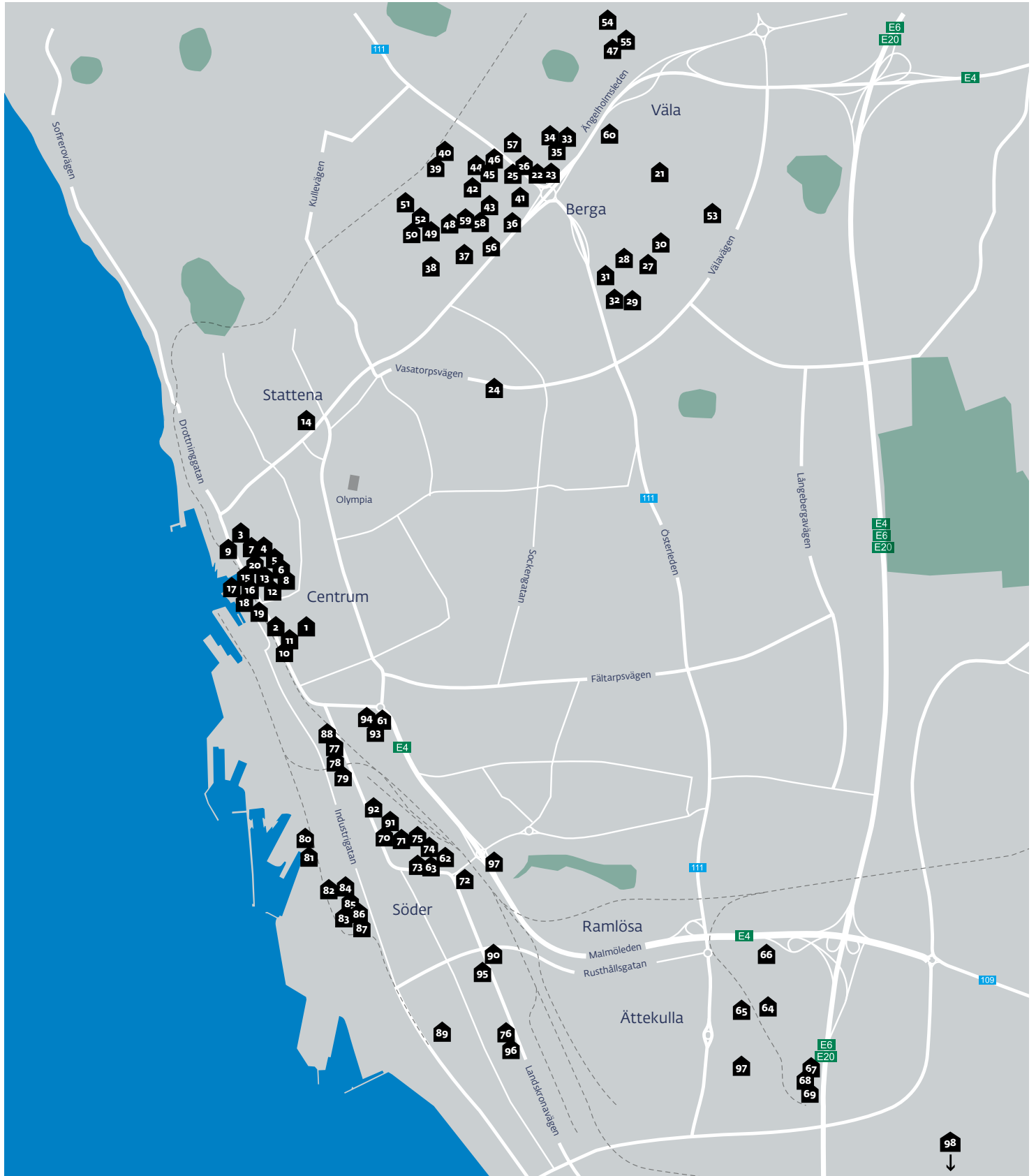
### Fosie & Limhamn

No.	Name of property	Address	Municipality	Type of property	Tax ass. SEKm	Site leasehold rights	Offices, m <sup>2</sup>	Retail, m <sup>2</sup>	Industrial/Warehousing, m <sup>2</sup>	Health care, m <sup>2</sup>	Miscellaneous, m <sup>2</sup>	Total, m <sup>2</sup>
40	Balken 10	Ringugngsgatan 3	Malmö	Ind./Warehousing	21		0	0	3,725	0	0	3,725
41	Balken 7	Schaktugngsgatan 5	Malmö	Ind./Warehousing	8		618	0	1,202	0	0	1,820
42	Blocket 1	Limhammsg Allé/Krossverksg.	Malmö	Ind./Warehousing	39		2,835	0	3,018	270	721	6,844
43	Boplatsen 3	Boplatsgatan 4-8	Malmö	Office/Retail	124		21,917	660	2,218	0	0	24,795
44	Bronsdolken 10	Stenyxegatan 27	Malmö	Ind./Warehousing	5		0	0	1,271	0	0	1,271
45	Bronsdolken 11	Stenyxegatan 29	Malmö	Ind./Warehousing	5		432	0	521	0	0	953
46	Bronsdolken 18	Stenyxegatan 17	Malmö	Ind./Warehousing	8		0	0	1,311	0	0	1,311
47	Bronsdolken 25	Stenyxegatan 33-35	Malmö	Office/Retail	38		480	6,872	2,881	0	0	10,233
48	Bronsdolken 3	Stenyxegatan 13-15	Malmö	Ind./Warehousing	53		176	4,242	7,458	0	0	11,876
49	Bronsspannen 13	Trehögsgatan 3	Malmö	Ind./Warehousing	7		0	0	1,765	0	0	1,765
50	Bronsspannen 5	Trehögsgatan 7	Malmö	Ind./Warehousing	3		0	0	735	0	0	735
51	Bronsspannen 8	Flintyxegatan 3	Malmö	Ind./Warehousing	6		0	0	1,067	0	0	1,067
52	Bronsspannen 9	Flintyxegatan 5	Malmö	Ind./Warehousing	9		351	0	1,718	0	0	2,069
53	Bronsåldern 2	Bronsåldersgatan 2	Malmö	Ind./Warehousing	57		2,145	0	10,162	0	0	12,307
54	Dubbelknappen 15	Kantyxegatan 23	Malmö	Office/Retail	9		1,555	0	78	0	0	1,633
55	Dubbelknappen 23	Risyxegatan 3	Malmö	Ind./Warehousing	26		0	0	4,027	0	0	4,027
56	Förbygeln 1	Ridspögatan/Skrittgatan	Malmö	Ind./Warehousing	21		0	0	5,146	0	0	5,146
57	Gjuteriet 18	Limhamnsvägen 109	Malmö	Projects & Land	13					0	0	0
58	Hindbygården 10	Ö Hindbyvägen	Malmö	Projects & Land	1					0	0	0
59	Hindbygården 7	Ö Hindbyvägen 70-72	Malmö	Projects & Land	4		0	0	0	0	0	0
60	Hindbygården 8	Ö Hindbyvägen 74	Malmö	Office/Retail	5		1,630	0	0	0	0	1,630
61	Hindbygården 9	Ö Hindbyvägen	Malmö	Projects & Land	2					0	0	0
62	Hundlokan 10	Cypressvägen 21 - 23	Malmö	Ind./Warehousing	20		0	0	5,985	0	0	5,985
63	Hällristningen 5	Boplatsgatan 5	Malmö	Projects & Land	3					0	0	0
64	Limhamn 156:90	Gjejersgatan 2	Malmö	Projects & Land						0	0	0
65	Löplinan 7	Sporregatan 13	Malmö	Ind./Warehousing	8		0	0	2,489	0	0	2,489
66	Mandelblomman 5	Lönngatan 75	Malmö	Ind./Warehousing	7		640	0	1,995	0	0	2,635
67	Muren 5	Ringugngsgatan 8	Malmö	Ind./Warehousing	7		0	0	1,593	0	0	1,593
68	Olgård 8	Olgårdsgatan 3	Malmö	Ind./Warehousing	26		0	0	3,714	0	0	3,714
69	Revolversvarven 11	Jägershillgatan 20	Malmö	Office/Retail	8	S	0	1,170	480	0	0	1,650
70	Ringspännat 3	Kantyxegatan 5 and 3	Malmö	Ind./Warehousing	14		207	0	3,420	0	0	3,627
71	Rosengård 130:403	Agnesfridsvägen 113 B	Malmö	Office/Retail	44		7,801	415	0	0	0	8,216
72	Spännbucklan 9	Agnesfridsv. 182/Skivyxeg. 7	Malmö	Ind./Warehousing	35		0	0	6,800	0	0	6,800
73	Stenyxan 20	Stenyxegatan 16	Malmö	Office/Retail	7		1,415	0	175	0	0	1,590
74	Stenåldern 7	Stenåldersgatan	Malmö	Projects & Land						0	0	0
75	Stridsyxan 4	Agnesfridsvägen 179	Malmö	Ind./Warehousing	26		564	87	5,933	0	0	6,584
76	Stångbettet 15	Ridbanegatan 6	Malmö	Ind./Warehousing	20		270	0	3,687	0	0	3,957
77	Sufflören 3	Axel Danielssons väg 259	Malmö	Ind./Warehousing	11		828	0	1,486	0	0	2,314
78	Trindyxan 3	Bronsyxegatan 9	Malmö	Ind./Warehousing	34		576	0	7,037	0	0	7,613
79	Urnes 3	Långhusgatan 4	Malmö	Office/Retail	39		4,600	0	0	0	0	4,600
80	Valvet 1	Krossverksgatan 5 A-M	Malmö	Ind./Warehousing	16		2,810	0	629	0	0	3,439
81	Vårbuketten 2	Husievägen 19	Malmö	Ind./Warehousing	15		0	0	2,837	0	0	2,837
82	Vårbuketten 4	Husievägen 17	Malmö	Projects & Land	4		0	0	0	0	0	0
<b>Total, Fosie &amp; Limhamn</b>					<b>807</b>		<b>51,850</b>	<b>13,446</b>	<b>96,563</b>	<b>270</b>	<b>721</b>	<b>162,850</b>

**Norra Hamnen & Arlöv**

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEKm	Site leasehold rights	Offices, m <sup>2</sup>	Retail, m <sup>2</sup>	Industrial/Warehousing, m <sup>2</sup>	Health care, m <sup>2</sup>	Miscellaneous, m <sup>2</sup>	Total, m <sup>2</sup>
83	Finngrundet 4	Blidögatan/Bjurögatan	Malmö	Ind./Warehousing	17		1,469	0	2,152	0	0	3,621
84	Flintan 3	Borrgatan/Lodgatan	Malmö	Projects & Land	9		0	0	3,277	0	0	3,277
85	Flygledaren 9	Höjdrodergatan 16 & 24	Malmö	Ind./Warehousing	24		0	0	5,573	0	0	5,573
86	Flygvärdinnan 5	Höjdrodergatan 28	Malmö	Ind./Warehousing	24		5,230	0	0	0	0	5,230
87	Fältsippan 11	Källvattengatan 6	Malmö	Projects & Land	6		0	0	0	0	0	0
88	Grytan 3	Industrigatan 21	Malmö	Ind./Warehousing	10		1,263	0	1,100	0	0	2,363
89	Gulsippan 4	Källvattengatan 9	Malmö	Ind./Warehousing	16		735	0	2,662	0	0	3,397
90	Hanö 1	Hanögatan 2	Malmö	Ind./Warehousing	20		814	270	3,936	0	0	5,020
91	Höjdmätaren 1	Flygledaregatan 5	Malmö	Ind./Warehousing	10		1,010	0	887	0	0	1,897
92	Kirseberg 31:53	Strömgatan/Lundavägen	Malmö	Ind./Warehousing	155		1,790	300	22,808	0	0	24,898
93	Skevrodret 2	Kabingatan 7	Malmö	Ind./Warehousing	6		0	0	1,830	0	0	1,830
94	Skjutsstallslyckan 11	Lundavägen 60	Malmö	Ind./Warehousing	9		0	692	3,073	0	0	3,765
95	Spillepengshagen 1	Ågatan 8	Malmö	Ind./Warehousing	7		115	0	1,915	0	0	2,030
96	Spillepengshagen 3	Lundavägen/Ågatan	Malmö	Office/Retail	15	S	2,412	1,916	0	0	0	4,328
97	Spillepengsmarken 8	Strömgatan 11	Malmö	Office/Retail	17		2,414	0	610	0	0	3,024
98	Stenshuvud 3	Hanög./Borrg./Brännögatan	Malmö	Ind./Warehousing	67		1,213	0	16,189	0	0	17,402
99	Stocken 2	Västkustvägen 17	Malmö	Ind./Warehousing	32		0	0	4,390	0	0	4,390
100	Syret 12	Scheelegatan/Industrigatan	Malmö	Ind./Warehousing	7	S	0	0	1,803	0	0	1,803
101	Syret 13	Industrigatan 31-33	Malmö	Ind./Warehousing	8		0	0	1,585	0	0	1,585
102	Utgrunden 8	Sturkögatan 8-10	Malmö	Ind./Warehousing	25	S	0	0	10,084	0	0	10,084
103	Vinkeln 8	Arlövs./Vinkelg./Hakeg.	Malmö	Ind./Warehousing	39	S	1,777	0	6,249	0	0	8,026
104	Arlöv 17:4	Arlösvägen 23	Burlöv	Ind./Warehousing	14	S	212	0	4,024	0	0	4,236
105	Arlöv 19:133	Hantverkaregatan 18	Burlöv	Office/Retail	11		1,674	0	0	0	0	1,674
106	Arlöv 19:58	Hantverkaregatan 4	Burlöv	Projects & Land	7		540	0	1,449	0	384	2,372
107	Sunnanå 12:2	Staffanstorpsvägen	Burlöv	Projects & Land	12		0	0	0	0	0	0
108	Sunnanå 12:27	Starrvägen 100-102	Burlöv	Ind./Warehousing	74		0	0	14,525	0	0	14,525
109	Tågarp 16:19	Hammarvägen 3	Burlöv	Ind./Warehousing	11		0	0	4,316	0	0	4,316
110	Tågarp 16:42	Företagsv./Hammarv.	Burlöv	Ind./Warehousing	30		558	0	8,653	0	0	9,211
111	Åkarp 1:69	Tegelvägen 4	Burlöv	Ind./Warehousing			0	0	5,277	0	0	5,277
112	Borgeby 15:14 etc.	Norra Västkustvägen	Lomma	Projects & Land	3		0	0	0	0	0	0
<b>Total, Norra Hamnen &amp; Arlöv</b>					<b>685</b>		<b>23,226</b>	<b>3,178</b>	<b>128,367</b>	<b>0</b>	<b>384</b>	<b>155,154</b>
<b>Total, Malmö</b>					<b>5,606</b>		<b>306,893</b>	<b>47,615</b>	<b>246,102</b>	<b>49,465</b>	<b>15,618</b>	<b>665,692</b>

# Helsingborg



# Helsingborg

## Centrum

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEKm	Site leasehold rights	Offices, m <sup>2</sup>	Retail, m <sup>2</sup>	Industrial/Warehousing, m <sup>2</sup>	Health care, m <sup>2</sup>	Miscellaneous, m <sup>2</sup>	Total, m <sup>2</sup>
1	Belgien Norra 19	Gasverksg./N.Eneborgsv.	Helsingborg	Office/Retail	101		1,939	728	200	2,547	3,645	9,059
2	Kalifornien 10	Järnvägs-gatan 35-37	Helsingborg	Office/Retail	77		5,831	0	0	0	77	5,908
3	Kullen Västra 19	Kullagatan 30	Helsingborg	Office/Retail	25		1,083	401	0	0	372	1,856
4	Kärnan Norra 21	Stortorget 17	Helsingborg	Office/Retail	31		2,330	303	138	0	0	2,771
5	Kärnan Södra 8	Södra Storgatan 7	Helsingborg	Office/Retail	25		1,524	0	0	166	0	1,690
6	Kärnan Södra 9	Södra Storgatan 11-13	Helsingborg	Office/Retail			382	1,002	8	1,336	3,543	6,271
7	Magnus Stenbock 7	Strömgränd/N Storgatan	Helsingborg	Office/Retail	8		403	200	0	0	0	603
8	Minerva 19	Södra Storgatan 31	Helsingborg	Office/Retail			1,181	0	0	0	0	1,181
9	Najaden 14	Drottninggatan/Sundstorget	Helsingborg	Office/Retail	171		8,669	1,552	589	2,724	42	13,576
10	Polisen 2	Nedre Holländaregatan 1	Helsingborg	Projects & Land							0	0
11	Polisen 3	Carl Krooks gata 24	Helsingborg	Office/Retail	136		12,033	0	16	1,457	0	13,506
12	Ruuth 23	Bruks-gatan 29	Helsingborg	Office/Retail	23		3,885	295	0	0	0	4,180
13	Ruuth 35	Bruks-gatan/Prästgatan	Helsingborg	Office/Retail			457	589	136	1,273	0	2,455
14	Stattena 10	Stattena Cent, Nelly Krooks g.	Helsingborg	Office/Retail	42		0	2,537	0	257	541	3,335
15	Svea 7	Järnvägsg. 7-11/S. Strandg.	Helsingborg	Office/Retail	119		5,056	1,859	0	108	313	7,336
16	Terminalen 1	Järnvägsg./Kungstorg./Terminalg.	Helsingborg	Office/Retail		S	7,413	8,421	213	705	1,402	18,154
17	Terminalen 3	Järnvägsgatan 14	Helsingborg	Office/Retail	60	S	3,834	151	0	0	0	3,985
18	Terminalen 4	Järnvägsgatan 18	Helsingborg	Office/Retail	51	S	3,348	0	0	0	25	3,373
19	Terminalen 5	Järnvägsgatan 22-24	Helsingborg	Office/Retail	86	S	5,591	142	0	0	0	5,733
20	Vikingen 10	N Kyrkogatan/Mariagatan	Helsingborg	Office/Retail	22		229	831	0	182	615	1,857
<b>Total, Centrum</b>					<b>976</b>		<b>65,188</b>	<b>19,011</b>	<b>1,300</b>	<b>10,755</b>	<b>10,575</b>	<b>106,829</b>

## Berga

21	Ametisten 5	Porfyrgatan 1	Helsingborg	Ind./Warehousing	41		0	0	7,669	0	0	7,669
22	Armborstet 4	Lilla Garnisonsgatan 31	Helsingborg	Ind./Warehousing	12		880	1,970	0	0	0	2,850
23	Armborstet 6	Lilla Garnisonsgatan 41	Helsingborg	Ind./Warehousing	14		309	3,798	0	0	0	4,107
24	Barrikaden 3	Fyrverkaregatan	Helsingborg	Projects & Land								0
25	Floretten 3	Garnisonsgatan 25 A-C	Helsingborg	Office/Retail	40		5,248	44	444	0	0	5,736
26	Floretten 4	Garnisonsgatan 23	Helsingborg	Projects & Land								0
27	Grusbacken 1	Mogatan 12	Helsingborg	Ind./Warehousing	11		0	0	1,278	0	0	1,278
28	Grusgropen 3	Grustagsgatan 22	Helsingborg	Ind./Warehousing	24		531	0	4,200	0	0	4,731
29	Grushögen 2	Makadamgatan 1	Helsingborg	Ind./Warehousing	12		0	0	3,057	0	0	3,057
30	Grusplanen 2	Blockgatan 8	Helsingborg	Ind./Warehousing	10		3,352	0	0	0	0	3,352
31	Grustaget 1	Grustagsgatan 35-37	Helsingborg	Office/Retail	20		4,008	0	0	0	0	4,008
32	Grustaget 2	Grustagsgatan 11-15	Helsingborg	Ind./Warehousing	19		992	0	2,712	0	0	3,704
33	Hakebössan 1	Karbingatan 28-32	Helsingborg	Ind./Warehousing	22		997	0	3,885	0	0	4,882
34	Hakebössan 2	Karbingatan 10-20	Helsingborg	Ind./Warehousing	43		715	366	7,717	576	0	9,374
35	Hakebössan 3	Karbingatan 22, 26	Helsingborg	Ind./Warehousing	24		1,123	0	4,202	0	0	5,325
36	Hillebarden 1	Garnisonsgatan 16, 18 A-B	Helsingborg	Ind./Warehousing	39		2,416	2,321	4,294	0	0	9,031
37	Huggjärnet 12	Garnisonsgatan/Kastellgatan	Helsingborg	Office/Retail	28		4,242	420	820	0	0	5,482
38	Huggjärnet 13	Kastellgatan 2	Helsingborg	Ind./Warehousing	16		454	163	3,842	0	0	4,459
39	Kniven 2	Mörsaregatan 17	Helsingborg	Projects & Land	15		0	0	3,515	0	0	3,515
40	Kniven 3	Mörsaregatan 19	Helsingborg	Ind./Warehousing	19		200	0	4,591	0	0	4,791
41	Kroksabeln 11	Muskötgatan/Garnisonsgatan	Helsingborg	Ind./Warehousing	29		729	864	6,339	0	0	7,932
42	Kroksabeln 19	Florettgatan 14	Helsingborg	Ind./Warehousing	22		835	192	7,083	0	0	8,110
43	Kroksabeln 20	Florettgatan 16	Helsingborg	Office/Retail	27		972	2,463	842	0	0	4,277
44	Lansen 1	Florettgatan 15-29	Helsingborg	Ind./Warehousing	97		9,579	0	13,581	0	0	23,160
45	Lansen 2	Florettgatan 31-39	Helsingborg	Ind./Warehousing	23		1,818	0	3,855	0	30	5,703
46	Lansen 3	Florettgatan 29 A	Helsingborg	Office/Retail	5	S	0	0	1,340	0	0	1,340
47	Lövskogen 3	Ekvåndan	Helsingborg	Projects & Land	0							0
48	Musköten 13	Muskötgatan 8 B	Helsingborg	Office/Retail	13		2,308	0	0	0	0	2,308
49	Musköten 20	Muskötgatan 6-8	Helsingborg	Ind./Warehousing	12		0	0	1,881	0	0	1,881
50	Musköten 9	Muskötgatan 4 B	Helsingborg	Office/Retail	15		864	3,420	864	0	0	5,148

continued on next page

## Our properties

### Berga (cont.)

No.	Name of property	Address	Municipality	Type of property	Tax ass. SEKm	Site leasehold rights	Offices, m <sup>2</sup>	Retail, m <sup>2</sup>	Industrial/Warehousing, m <sup>2</sup>	Health care, m <sup>2</sup>	Miscellaneous, m <sup>2</sup>	Total, m <sup>2</sup>
51	Mörsaren Västra 13	Florettgatan 4	Helsingborg	Ind./Warehousing	16		404	0	3,566	0	0	3,970
52	Mörsaren Västra 5	Muskötgatan 5 B	Helsingborg	Ind./Warehousing	7		1,701	0	0	0	0	1,701
53	Rubinen 1	Basaltgatan 9	Helsingborg	Ind./Warehousing	37		0	0	11,202	0	0	11,202
54	Snårskogen 4	Ekvåndan 5	Helsingborg	Ind./Warehousing	11		0	0	2,276	0	0	2,276
55	Snårskogen 5	Ekvåndan	Helsingborg	Projects & Land	2							0
56	Spjutet 1	Garnisonsgatan 12	Helsingborg	Ind./Warehousing	13		168	1,328	1,512	0	0	3,008
57	Visiret 5	Garnisonsgatan 47 A	Helsingborg	Ind./Warehousing	8		0	0	1,800	0	0	1,800
58	Värjan 12	Muskötgatan 12	Helsingborg	Office/Retail	11		1,871	0	0	0	0	1,871
59	Värjan 13	Muskötgatan 10	Helsingborg	Ind./Warehousing	22		0	0	5,145	0	0	5,145
60	Zirkonen 2	Andesitgatan 16	Helsingborg	Ind./Warehousing	22		0	4,628	0	0	0	4,628
<b>Total, Berga</b>					<b>801</b>		<b>46,716</b>	<b>21,977</b>	<b>113,512</b>	<b>576</b>	<b>30</b>	<b>182,811</b>

### Söder

61	Afrika 18	Verkstadsgatan 13	Helsingborg	Ind./Warehousing	9		1,434	0	0	0	0	1,434
62	Brottaren 15	Kapplöpningsgatan 14, 16	Helsingborg	Ind./Warehousing	19		3,250	100	1,005	0	0	4,355
63	Brottaren 17	Hästhagsvägen 3	Helsingborg	Office/Retail	33		0	5,547	700	0	0	6,247
64	Bunkagården Mellersta 1	Bunkagårdsgatan 1	Helsingborg	Ind./Warehousing	11		0	0	2,463	0	0	2,463
65	Bunkagården Västra 8	Bunkalundsvägen 5	Helsingborg	Ind./Warehousing	35		30	0	10,345	0	0	10,375
66	Bunkalund Östra 8	Bunkagårdsgatan 13	Helsingborg	Ind./Warehousing	20		0	0	6,300	0	0	6,300
67	Flintyxan 1	Stenbrovägen 40-42	Helsingborg	Ind./Warehousing	11		0	0	3,115	0	0	3,115
68	Flintyxan 3	Stenbrovägen 36-38	Helsingborg	Ind./Warehousing	11		0	0	3,118	0	0	3,118
69	Flintyxan 5	Stenbrovägen 32-34	Helsingborg	Ind./Warehousing	18		436	0	4,086	0	0	4,522
70	Gymnasten 4	Planteringsvägen 11	Helsingborg	Office/Retail	28		65	2,020	3,740	0	60	5,885
71	Gymnasten 9	Kapplöpningsgatan 6	Helsingborg	Ind./Warehousing	39		2,714	0	16,329	0	0	19,043
72	Hästhagen 7	La Cours g./Landskronav.	Helsingborg	Office/Retail	64		7,350	1,609	621	1,297	320	11,197
73	Manövern 3	Hästhagsvägen 1	Helsingborg	Office/Retail	18		240	4,739	0	0	0	4,979
74	Olympiaden 7	Kapplöpningsgatan 5	Helsingborg	Ind./Warehousing	8		812	0	890	0	0	1,702
75	Olympiaden 8	Kapplöpningsgatan 3	Helsingborg	Ind./Warehousing	18		1,190	0	5,910	0	0	7,100
76	Orkanen 5	Landskronavägen 18	Helsingborg	Ind./Warehousing	7		578	0	2,384	0	0	2,962
77	Persien 1	V Sandg./Cindersgatan	Helsingborg	Ind./Warehousing	7		104	0	3,235	0	515	3,854
78	Persien 14	Cindersgatan 13-15	Helsingborg	Ind./Warehousing	9		44	0	1,336	2,472	0	3,852
79	Persien 15	Cindersgatan 17-19	Helsingborg	Ind./Warehousing			0	0	0	4,026	0	4,026
80	Planteringen 1:8	V Tallgatan 32	Helsingborg	Ind./Warehousing	5		540	0	1,325	0	0	1,865
81	Planteringen 1:9	V Tallgatan 32	Helsingborg	Ind./Warehousing	16		1,191	0	4,882	0	0	6,073
82	Plåtförädlingen 11	Strandbadsvägen 19-21	Helsingborg	Ind./Warehousing	72		2,527	0	20,048	0	0	22,575
83	Plåtförädlingen 13	Strandbadsvägen 15-17	Helsingborg	Ind./Warehousing	67		1,674	0	15,193	0	0	16,867
84	Plåtförädlingen 15	Strandbadsvägen 7	Helsingborg	Ind./Warehousing	17		0	0	2,496	0	0	2,496
85	Plåtförädlingen 18	Strandbadsvägen 9	Helsingborg	Ind./Warehousing	5		170	0	862	0	0	1,032
86	Plåtförädlingen 7	Strandbadsvägen 11	Helsingborg	Ind./Warehousing	4		0	0	1,210	0	0	1,210
87	Plåtförädlingen 8	Strandbadsvägen 13	Helsingborg	Ind./Warehousing	43		2,451	0	9,365	0	0	11,816
88	Posten 1	Västra Sandgatan 7	Helsingborg	Office/Retail			3,074	0	2,949	0	0	6,023
89	Påfågeln 9	Frejagatan 8	Helsingborg	Projects & Land	3		0	0	797	0	0	797
90	Rausgård 21	Landskronavägen 9	Helsingborg	Ind./Warehousing	43		4,200	0	6,172	0	190	10,562
91	Sadelplatsen 10	Fäktmästaregatan 5	Helsingborg	Ind./Warehousing	7		485	0	2,725	0	0	3,210
92	Sadelplatsen 13	Planteringsv./Fäktmästareg.	Helsingborg	Ind./Warehousing	52		109	706	13,551	0	520	14,886
93	Spanien 11	Kvarnsg./Motorg./Ö Sandg.	Helsingborg	Ind./Warehousing	24		2,133	508	2,910	0	0	5,551
94	Spanien 5	Gåsebäcksvägen 6	Helsingborg	Projects & Land	0		0	0	0	0	0	0
95	Stormen 13	Landskronavägen 2-12	Helsingborg	Ind./Warehousing	16		0	0	4,303	0	0	4,303
96	Tyfonen 1	Landskronavägen 20	Helsingborg	Ind./Warehousing	16		370	0	3,365	0	700	4,435
97	Ättehögen Mellersta 6	Torbornavägen 22	Helsingborg	Ind./Warehousing	11		729	0	1,888	0	0	2,617
98	Pedalen 16 etc.	Rattgatan 48	Landskrona	Projects & Land	3							0
<b>Total, Söder</b>					<b>768</b>		<b>37,900</b>	<b>15,229</b>	<b>159,618</b>	<b>7,795</b>	<b>2,305</b>	<b>222,847</b>
<b>Total, Helsingborg</b>					<b>2,545</b>		<b>149,804</b>	<b>56,217</b>	<b>274,430</b>	<b>19,126</b>	<b>12,910</b>	<b>512,487</b>

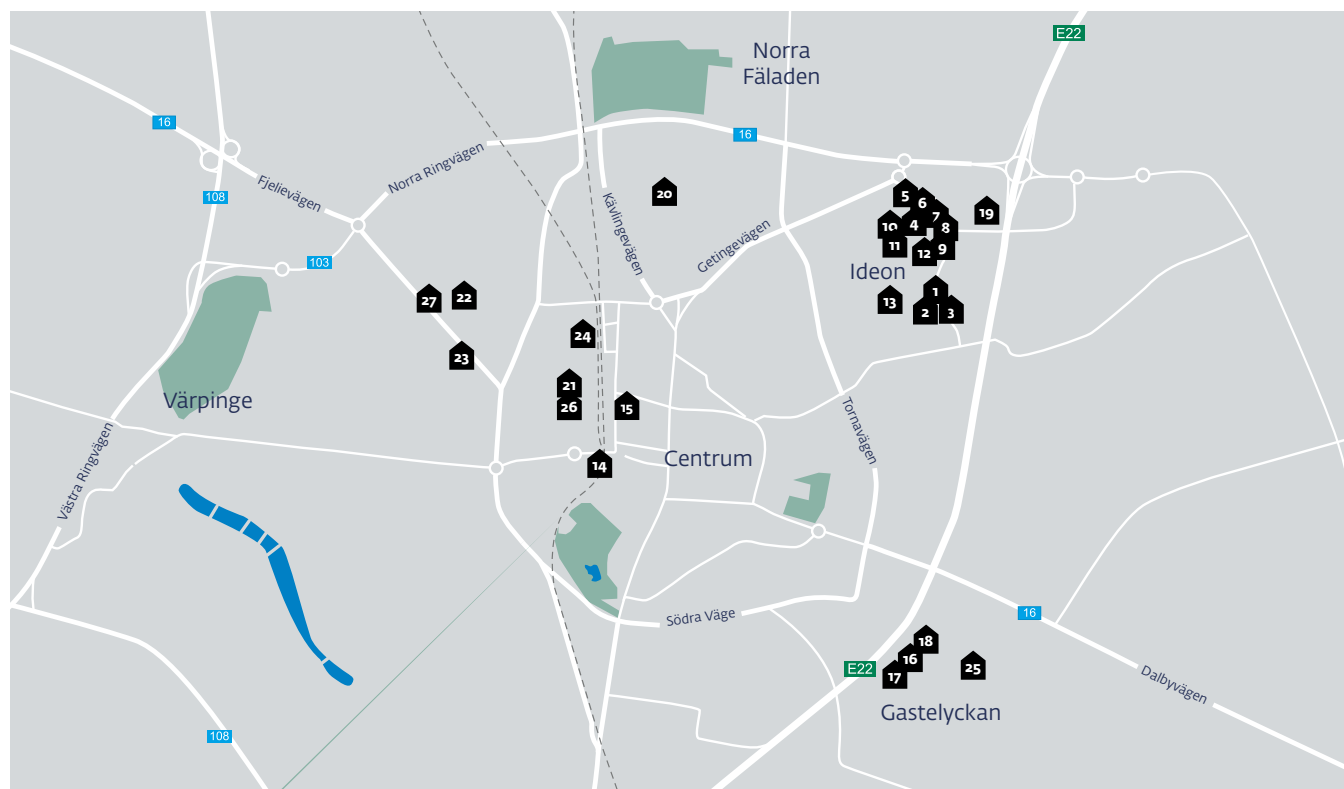




The Våktaren 3 building is located next to one of the entrances to Malmö City Tunnel.

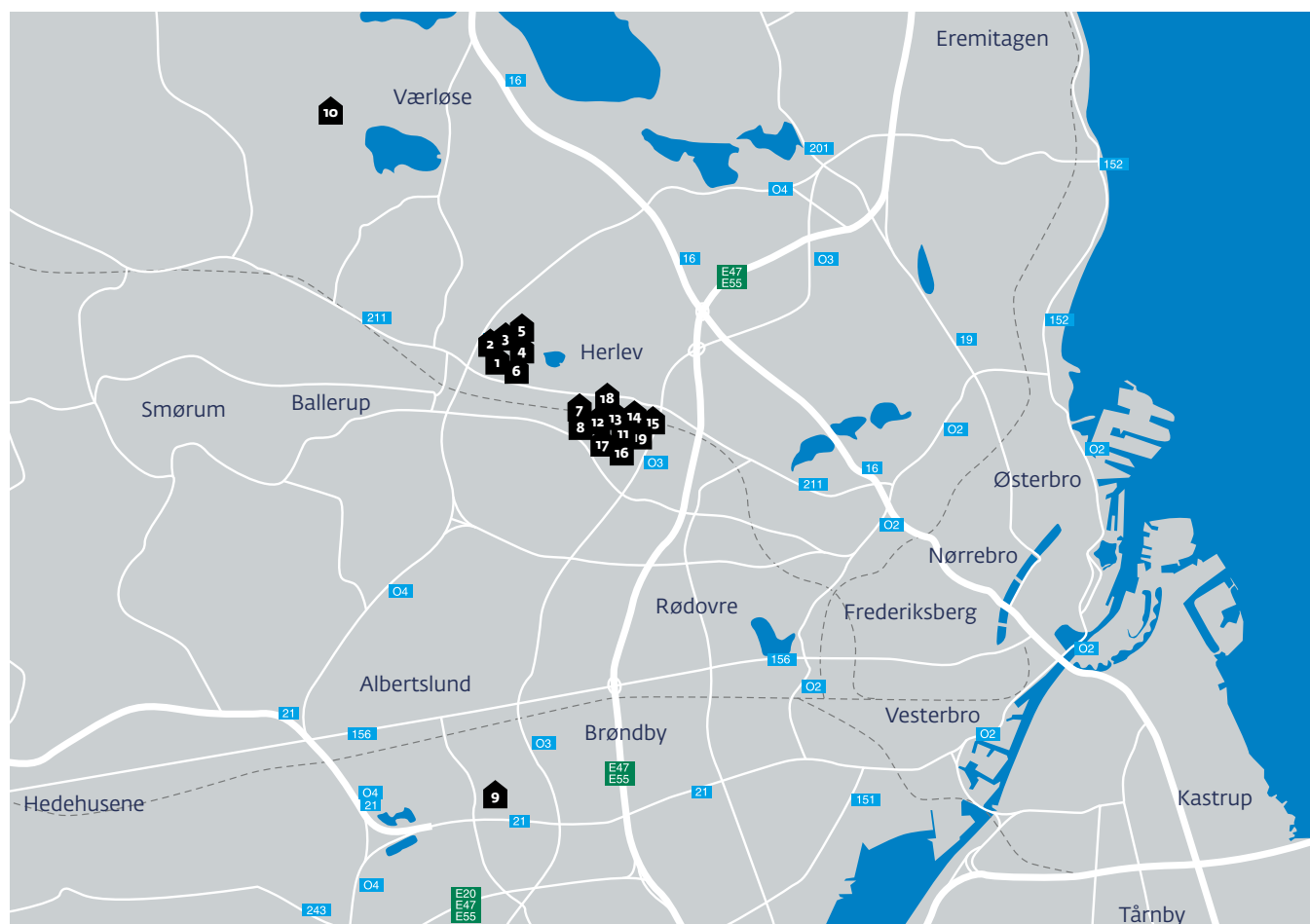


## Our properties



## Lund

No.	Name of property	Address	Municipality	Type of property	Tax ass. SEKm	Site lease-val. hold rights	Offices, m <sup>2</sup>	Retail, m <sup>2</sup>	Industrial/Warehousing, m <sup>2</sup>	Health care, m <sup>2</sup>	Miscellaneous, m <sup>2</sup>	Total, m <sup>2</sup>
1	Studentkåren 2	Scheelev. 15/ Ole Römers v.	Lund	Office/Retail	60		10,044	1,183	185	0	22	11,434
2	Studentkåren 5	Scheelevågen 15 B-D	Lund	Office/Retail			8,150	0	0	0	0	8,150
3	Studentkåren 6	Scheelevågen 15 A	Lund	Office/Retail	33		4,707	0	0	0	0	4,707
4	Syret 1 (Delta)	Molekylvägen 3	Lund	Office/Retail	20		0	0	0	0	0	0
5	Syret 3 (Gateway)	Scheelevågen 27	Lund	Office/Retail	277		9,114	0	251	0	8,217	17,582
6	Syret 4 (Delta 2)	Scheelevågen 25	Lund	Projects & Land		2						0
7	Syret 5 (Delta 3)	Scheelevågen 23	Lund	Office/Retail	37		3,545	0	2,448	0	0	5,993
8	Syret 6 (Delta 4)	Scheelevågen 21	Lund	Office/Retail	45		8,123	0	0	0	0	8,123
9	Syret 7 (Delta 5)	Scheelevågen 19	Lund	Office/Retail	40		5,875	0	227	0	0	6,102
10	Syret 8 (Gamma)	Sölvegatan 41	Lund	Office/Retail	43		9,549	0	330	0	0	9,879
11	Syret 9 (Delta 6)	Sölvegatan 43	Lund	Office/Retail	20		3,407	0	41	0	0	3,448
12	Vätet 1 (Beta)	Scheelevågen 17	Lund	Office/Retail	151		23,169	710	1,045	1,016	5	25,945
13	Vätet 3 (Minideon)	Ole Römers väg 5	Lund	Office/Retail			0	0	0	335	0	335
14	Armaturen 4	Trollebergsv. 1/Gasverksg.	Lund	Office/Retail	60		5,466	0	50	0	208	5,724
15	Bytarebacken 39	Bangatan/Clemenstorget	Lund	Office/Retail	210		4,156	7,223	988	3,078	167	15,612
16	Diabasen 1	Skiffervågen 26	Lund	Ind./Warehousing	14		710	0	2,630	0	0	3,340
17	Diabasen 3	Skiffervågen 30-86	Lund	Office/Retail	39		1,825	0	6,392	0	0	8,217
18	Flintan 3	Skiffervågen 24	Lund	Ind./Warehousing	26		0	0	5,979	0	0	5,979
19	Forskaren 3	Scheelevågen 24-26	Lund	Office/Retail	221		11,253	0	0	0	0	11,253
20	Landsdomaren 6	Baravågen 1	Lund	Office/Retail			0	0	0	27,495	0	27,495
21	Landstinget 2	Byggmästaregatan 4	Lund	Projects & Land			3,069	0	0	0	0	3,069
22	Länsmannen 1	Måsvågen 23	Lund	Ind./Warehousing	32		27	0	7,740	0	0	7,767
23	Måsen 17	Starvågen/Grisslevågen	Lund	Office/Retail	49		3,829	0	452	0	0	4,281
24	Postterminalen 1	Fabrikgatan 1	Lund	Projects & Land			0	0	0	1,348	0	1,348
25	Skiffern 2	Skiffervågen/Porfyrvägen	Lund	Ind./Warehousing	10		0	0	2,910	0	0	2,910
26	Spettet 11	Byggmästaregatan 5	Lund	Office/Retail	26		1,527	0	0	0	0	1,527
27	Töebacken 7	Bondev./Fjelliev./Åldermansg.	Lund	Office/Retail	47		2,845	1,482	448	0	0	4,775
<b>Total, Lund</b>					<b>1,462</b>		<b>120,390</b>	<b>10,598</b>	<b>32,116</b>	<b>33,272</b>	<b>8,619</b>	<b>204,995</b>



## Copenhagen

No.	Name of property	Address	Municipality	Type of property	Tax ass. SEKm	Site lease-val. hold rights	Offices, m <sup>2</sup>	Retail, m <sup>2</sup>	Industrial/Warehousing, m <sup>2</sup>	Health care, m <sup>2</sup>	Miscellaneous, m <sup>2</sup>	Total, m <sup>2</sup>
1	Borupvang 5	Borupvang 5	Ballerup	Office/Retail			10,273	0	0	0	0	10,273
2	Industriparken 29	Industriparken 29	Ballerup	Office/Retail			3,118	0	0	0	0	3,118
3	Lautrupvang 1 A+B	Lautrupvang 1 A+B	Ballerup	Projects & Land			14,000	0	0	0	0	14,000
4	Lautrupvang 12	Lautrupvang 12	Ballerup	Office/Retail			9,396	0	0	0	0	9,396
5	Lautrupvang 3	Lautrupvang 3	Ballerup	Office/Retail			12,260	0	0	0	0	12,260
6	Lautrupvang 8	Lautrupvang 8	Ballerup	Office/Retail			8,542	0	0	0	0	8,542
7	Literbuen 16-18	Literbuen 16-18	Ballerup	Office/Retail			8,333	0	0	0	0	8,333
8	Literbuen 6-10	Literbuen 6-10	Ballerup	Office/Retail			11,932	0	0	0	0	11,932
9	Abildager 8-14	Abildager 8-14	Brøndby	Ind./Warehousing			0	0	14,512	0	0	14,512
10	Lejrvej 1	Lejrvej 1	Furesø	Ind./Warehousing			0	0	1,228	0	0	1,228
11	Ellekær 2-4	Ellekaer 2-4	Herlev	Office/Retail			4,828	0	0	0	0	4,828
12	Ellekær 6	Ellekaer 6	Herlev	Office/Retail			5,834	0	0	0	0	5,834
13	Ellekær 9	Ellekaer 9	Herlev	Office/Retail			7,149	0	0	0	0	7,149
14	Hørkær 14 & 26	Hørkaer 14, 26	Herlev	Office/Retail			5,379	0	0	0	0	5,379
15	Hørkær 16-28	Hørkaer 16-28	Herlev	Office/Retail			34,360	0	0	0	0	34,360
16	Marielundvej 28-30	Marielundvej 28-30	Herlev	Office/Retail			9,700	0	0	0	0	9,700
17	Marielundvej 29	Marielundvej 29	Herlev	Ind./Warehousing			4,442	0	0	0	0	4,442
18	Smedeholm 10	Smedeholm 10	Herlev	Office/Retail			3,206	0	0	0	0	3,206
19	Vasekær 9	Vasekaer 9	Herlev	Projects & Land			0	0	0	0	0	0
<b>Total, Copenhagen</b>					<b>0</b>		<b>152,752</b>	<b>0</b>	<b>15,740</b>	<b>0</b>	<b>0</b>	<b>168,492</b>
<b>Total, Wihlborgs</b>					<b>9,613</b>		<b>729,839</b>	<b>114,430</b>	<b>568,388</b>	<b>101,863</b>	<b>37,147</b>	<b>1,551,666</b>



# The figures don't lie, but they don't tell the whole story

The figures speak their own clear language.

All our calculations are based on generally accepted valuation principles and legal requirements. But the figures become even more meaningful if you look at what lies behind them. There you will find the thousands of people who work in our properties and produce the results that make the figures what they are. There are no tricks, no figures have been massaged; there's no way of getting good results other than believing in your mission and working systematically to achieve it.

### Market value

Wihlborgs' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and we have elected to account for our properties at fair value, that is, at their market value. On acquisition of an asset, the value of the property is reduced by a discount for deferred tax. In establishing a fair value after the date of acquisition, the property value is adjusted by the discount obtained. On 31 December 2014, this amounted to SEK 226 m. The carrying amount for the Group's properties on 31 December 2014 was SEK 24,299 million (22,584) million, an increase of SEK 642 million (167) in value during the year. For details of all value change items, see the table below.

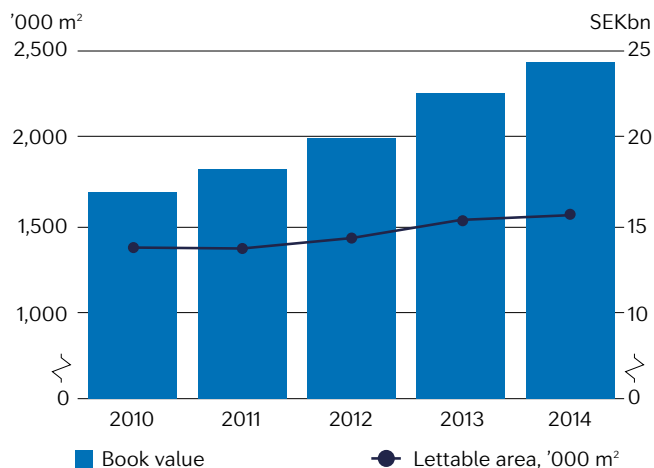
#### Change in carrying amount for the properties in 2014

Value change item	Group total, SEKm
Carrying amount, 1 January 2014	22,584
Reclassification <sup>1</sup>	51
Acquisitions	489
Investments	802
Divestment <sup>2</sup>	-376
Change in value	642
Currency translations	107
Carrying amount, 31 December 2014	24,299

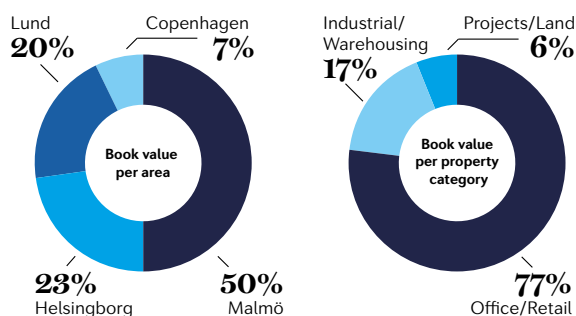
<sup>1</sup> Properties and property value created through reclassification of partnership arrangements.

<sup>2</sup> Including provisional insurance indemnity for total loss on property.

#### Amendment of the properties' book value and lettable area 2010–2014



#### Carrying amount per property category and per area in 2014



Excluding property administration, the yield for the investment properties, excluding projects, was 6.2 percent (6.3). The yield per property category was 5.9 percent (6.0) for office properties and 7.9 percent (7.8) for industrial/warehousing properties.

### External market valuation

On the valuation date, 31 December 2014, Wihlborgs arranged for an external valuation of its entire property portfolio, where the market values of the individual properties were assessed. The Swedish portfolio was valued by ASPECT-certified valuers at Malmöbryggan Fastighetsekonomi AB and Savills Sweden AB, while the Danish portfolio was valued by DTZ Egeskov & Lindquist A/S. The valuation was conducted in accordance with International Valuation Standards. The currently used definition of market value in Sweden is:

**“The probable price obtained in a sale on the general property market.”**

This definition is assumed to fall within the scope of, and lead to the same valuation result as, application of the IVSC's (International Valuation Standards Committee) definition:

**“Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”**

The valuations are based partly on quality-assured contract- and property-related information from Wihlborgs, data obtained from public sources and relevant market information. All built properties were inspected in 2012-2014.

### Valuation methods

In this valuation, a combination of a yield-based method (market simulation) and a comparable sales method is used, in which transactions completed in the sub-markets concerned are analyzed in order to calibrate the parameters for the yield-based method (cash flow method). The market parameters derived from analysis of comparable transactions include, for example, investment yield requirements, which include an appropriate risk premium. The market value is considered to correspond to the yield value that is calculated from – normally 5-year – cash flow forecasts. In cases where it is considered justified in view of long-term leases, longer estimate periods are used. Newbuild projects in progress are valued as if the project were completed, less the budgeted remaining cost of the project. As for unbuilt properties and upgrade projects, a newbuild value for a possible future land use is estimated, taking into account clearing and development costs, based on current planning criteria and prices for similar projects sold.

The property values are affected by the assumed market parameters that are used. By varying a number of parameters,



The Sparven 15 building is situated in a canal-side location in central Malmö.

a measure of the sensitivity of the valuation is obtained. For example, lowering the yield requirement by 0.25 percent results in an increase of 2.8 percent in the yield value for the built properties in Sweden. A similar increase results in a reduction of 3.4 percent in the yield value. For a sensitivity analysis, see the table below.

#### Aggregated sensitivity analysis, built properties in Sweden

Parameter	Assumed change, %	Change in yield value, %
Market rent level	10	9.3
Market rent level	-10	-10.5
Operating and maintenance costs	20	-7.3
Operating and maintenance costs	-20	6.4
Investment yield, residual value	0.25	-3.4
Investment yield, residual value	-0.25	2.8

Source: Malmöbryggan Fastighetsekonomi AB

All assumptions on which value assessments are based reflect market conditions known at the time of valuation.

- After the end of the lease contracts, the rents have been adjusted to market levels while at the same time account has been taken of a property-specific, long-term vacancy risk. The long-term trend of rents for office and commercial premises in existing condition is assumed to be no more than the rate of inflation.

- It is calculated that operating and maintenance costs will rise by 0.5 percent above the rate of inflation over the period of the calculation. Standardized operating and maintenance costs are used in calculating the value, taking the specific characteristics of the property into account. These are based on analyses of historical outcomes and budgeted costs at both property and aggregated level for the market segments and property categories concerned.

- Over the calculation period, it is assumed that the Consumer Price Index (CPI) will be 0.4 percent during 2015 and otherwise that inflation will parallel Riksbanken's (the Swedish Central Bank) long-term target of 2 percent.

#### Estimated cost of capital and investment yield requirements

Area	Cost of capital for current value calculation of the net operating income, %	Investment yield requirement for calculation of residual value, %
Västra Hamnen	5.25-7.7	5.0-6.0
Centrum Malmö	6.0-8.0	4.75-6.25
Fosie and Limhamn	7.2-8.7	5.75-7.5
Norra Hamnen and Arlöv	7.4-9.0	5.75-7.5
Centrum Helsingborg	5.5-7.7	5.5-6.0
Berga	7.4-9.1	6.0-7.75
Söder	7.3-9.0	6.0-7.75
Ideon	6.9-7.7	5.5-6.25
Other Lund	5.25-8.5	6.0-7.5
Copenhagen	-	6.75-8.25





# Not turning a blind eye to the risks means we can see the opportunities

There are risks to all business activities.

Our risks are to be found in areas such as the market value of our properties, the level of rental income, maintenance costs, project costs, financing, political decisions and taxes.

It's always been that way.

If you just focus on risks, everything stands still and that doesn't suit the way we are. Instead, we try to be fast in picking up on changes that are taking place. That means we can prepare in time and turn any risks into new opportunities.

If at all possible before anyone else does it.

# Cash flow risks

The factors that are critical to the cash flow from operating activities are variations in rental income, property costs and interest rates. These factors not only affect cash flow, but also results and key ratios.

## Rental income

### RISK OF FALLING RENTS

#### Description of risk

Rents are mainly driven by demand for premises, which in turn is driven by growth in various sub-markets. In localities showing economic growth, higher demand for premises is to be expected, and thus potential for higher rents and scope for new construction. An economic downturn and downward pressure on rents through over-production may lead to more tenants moving out and relocating, resulting in higher vacancy rates and falling rents. The rental market is traditionally late in the economic cycle.

#### Risk management

Because the term of lease contracts is normally between three and five years, changes in market rents do not immediately impact rental income. Most of Wihlborgs' leases with a term of more than three years have index-linking clauses involving annual rental increases based either on changes in the Consumer Price Index or a fixed percentage increase. Under the index-linking clauses in Wihlborgs' contracted leases, rents are normally adjusted by 85 percent of the rate of inflation.

#### Outcome

Income from like-for-like portfolios at year-end 2014 was 1.3 percent higher than at the same time last year, despite yet another year of negative Consumer Price Index (CPI) data. This is partly because of leases including a fixed percentage annual increase and partly because rents are relatively stable despite increased competition, above all in Malmö. At year-end, the average term for Wihlborgs leases was 4.1 years. The table below shows the years in which the terms of Wihlborgs' property leases end.

#### Terms of lease contracts

	Number of leases	SEKm	Share, %
2015	813	357	20
2016	505	309	17
2017	417	337	19
2018	227	273	15
2019	78	154	8
2020	37	91	5
>2020	43	281	16
<b>Total</b>	<b>2,120</b>	<b>1,802</b>	<b>100</b>

### RISK OF VACANCIES

#### Description of risk

The occupancy rate in the portfolio is largely determined by the Company's own activities, but it is also affected by changes in the economic cycle. Concentration on individual markets creates many opportunities through closeness to customers and knowledge of the market. However, it can also represent a risk if structural changes affect a particular city or region. For example, construction of new office space in Malmö is currently running at a high level, making for increased competition for tenants.

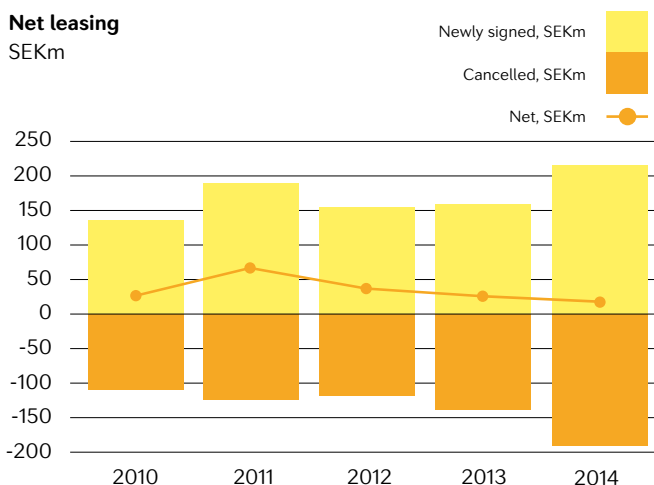
#### Risk management

The Öresund region is regarded long term as a strong market in terms of location, population growth, employment and public transport. Through local knowledge, active engagement and high-quality service among the personnel who manage the properties and contacts with tenants, we create the basis of long-term rental relationships, and in that way reduce the risk of new vacancies. A certain level of vacancies creates opportunities in the form of new lease contracts and flexibility vis-à-vis existing tenants. For example, SAAB Kockums in Malmö downsized by moving from Gängtappen 1 to Skrovat 6, in turn enabling Länsförsäkringar to relocate to Gängtappen 1 by leaving Uven 9 for occupancy by other new or existing tenants. In 2014, an NKI (Customer Satisfaction Index) survey was also carried out to establish what is working well and where we can improve.

#### Outcome

Wihlborgs has been able to report a positive net leasing result for 28 consecutive quarters. In 2014, this was achieved despite a higher volume of terminated leases, which in turn indicates increased activity in the market. The occupancy rate at year-end was unchanged at 91 percent and vacancies in SEK during 2014 totalled SEK 199 million (178). The NKI rating was slightly higher than in the previous survey in 2012. Most notably, the proportion of "very satisfied" customers had increased from 11 to 17 percent, and the proportion of tenants who "could consider recommending Wihlborgs highly or very highly to another company" had risen from 69 to 75 percent.

#### Net leasing SEKm



## CUSTOMER DEPENDENCE/BAD DEBT LOSSES

### Description of risk

During an economic downturn, the risk of bankruptcies and tenancy terminations increases. When a tenant moves out, the risk is that it will take time before a new tenant moves in. This affects both rental income and cash flow. In addition, most premises will need to be adapted to some extent before a new tenant moves in.

### Risk management

A broad leasehold portfolio with partners from a variety of sectors and companies, large and small, attenuates the risk of major fluctuations in vacancies and bad debts resulting from dependence. All new leases are subject to a credit check of tenants, and if necessary the lease is backed by a security, deposit or bank guarantee. All rents are payable quarterly or monthly in advance.

### Outcome

Wihlborgs has around 2,100 commercial leases spread over the office, retail, industrial/warehousing, education/care and hotel sectors. The ten biggest single leases accounted for 20 percent of the tenancy value on 1 January 2015. 19 percent of income at that time originated from municipalities, county councils and government agencies. Bad debt losses in 2014 amounted to SEK 9 million (7), 0.5 percent (0.4) of total income. Of this amount, one tenant who had been declared bankrupt accounted for the major share.

## Interest costs

### FIXED-INTEREST PERIOD

#### Description of risk

Interest expense, including the cost of interest swaps, credit agreements etc., represents Wihlborgs' biggest single item of cost. Changes in interest rates have considerable impact on cash flow, results and key ratios. The extent to which and how quickly an interest rate change shows through in income will depend on the fixed-interest period chosen for the loans.

#### Risk management

Wihlborgs uses a combination of variable interest rates and interest rate derivatives to adjust its fixed-interest period and interest rate levels to achieve its goals for financing activities with limited interest rate risk and without the need to renegotiate loans. Interest rate derivatives are accounted for at fair value. If the rate agreed for the derivative deviates from the anticipated future market interest rate during the term, a change in value arises that affects the Company's balance sheet and income statement, but not its cash flow. In many cases, the lower risk in interest payments through long fixed-interest terms creates a higher risk in the value of the derivative, because of the time factor. At the end of term of the derivatives, the value of interest rate derivatives is always zero.

### Outcome

In December, two closable swaps for SEK 1,500 million were converted into standard fixed swaps with a longer term and a lower interest rate paid. The average fixed-interest period was 6.0 years (5.0) at year-end. The average interest rate, including the cost of credit agreements, decreased to 3.20 percent (3.50) at year-end.

## Property costs

### Description of risk

Major operating cost items are tariff-based costs for heating, electricity, water and waste management. Other costs include property tax, caretaking and administration. Under many of the leases, the bulk of these costs are passed on to the tenant. As a result, the impact of any change in the costs is relatively limited. Unforeseen repairs on a major scale may have a negative effect on results.

### Risk management

Many of Wihlborgs' environmental goals are linked to improvements in energy efficiency, to curb cost increases and limit environmental impact. Work is under way both in-house and with tenants, since in most cases tenants are responsible for operating costs. Through plans for maintenance and repair measures, Wihlborgs strives continuously to maintain the condition and standard of its properties. The importance of cost-efficient management also comes into focus during acquisitions. All properties are insured against major negative impact through damage. Final settlement of operating costs with tenants takes place once a year using an in-house developed system linked to both rent and financial management systems.

### Outcome

The rise in property costs is mainly due to an increase in the property portfolio. The costs for a like-for-like portfolio were lower than a year earlier, mainly as a result of favourable weather conditions. For more information on the energy savings made during the year in relation to our environmental goals, see the report and description of outcome on pages 26-27.

## Sensitivity analysis

All variations in the above risk factors directly affect the income from property management. The following table illustrates the impact on the income from property management (SEK m.):

### Sensitivity analysis – income from property management

	Change	Impact on income, SEKm
Economic occupancy rate	+/- 1%-point	+/- 21
Rental income	+/- 1%	+/- 19
Property costs	+/- 1%	+/- 5
Market interest rate	+/- 1%-point	+/- 42

# Risks in property valuation

The property portfolio is valued every quarter at fair value. This directly affects both income and key ratios.

## Changes in values of properties

### Description of risk

The extent of such changes in value is partly determined by Wihlborgs' own capacity, through alteration and upgrading of properties, as well as through lease contract and client structures, to increase the market value of the properties, and partly by external factors that affect supply and demand in Wihlborgs' property markets.

### Risk management

For information on estimates and judgements in the valuation of properties, see pages 78-79. At acquisition, the transaction department analyzes the property concerned to determine the fair value, as well as the future opportunities and risks. In general, the values of properties are less volatile in concentrated portfolios of properties in good locations. Wihlborgs' properties are highly concentrated in Malmö, Helsingborg, Lund and Copenhagen.

### Outcome

Changes in value for Wihlborgs in 2014 totalled SEK 642 million, including SEK 182 million attributable to project development. The investment properties increased in value by SEK 460 million. The requirements for return were lowered slightly during the year. The table below illustrates the impact on Wihlborgs' results and financial position of changes of +/- 5-10 percent in property values.

### Sensitivity analysis, change in property values

	-10%	-5%	0	5%	10%
Profit before tax, SEKm	-1,938	-723	492	1,707	2,922
Equity/assets ratio, %	22.8	25.7	28.2	30.6	32.7
Loan-to-value ratio of properties, %	64.7	61.3	58.2	55.5	52.9

# Risks in investments

Wihlborgs' goal is to continue to grow. This will require investments in new and existing properties alike.

### Description of risk

The principal risk at acquisition of properties consists of unexpected vacancies or costs arising in the properties after acquisition, that are not covered by the agreement. If an acquisition is made as a company, risks are also associated with that company, such as VAT and other taxes. If a newbuild, extension or redevelopment project is more expensive than expected, is not leased on completion or is delayed, both valuation and cash flow are adversely affected.

### Risk management

For all new acquisitions and investment projects, calculations are made of the estimated cost and return. These calculations are subject to approval via set internal routines. Projects valued at more than SEK 10 million are subject to approval by the Board of Directors. The risks involved in acquisition of properties/companies are limited by due diligence analyses performed by suitably qualified in-house and external personnel. The risks in internal projects managed by in-house, experienced project managers are limited partly via agreements with contractors and partly via regular internal follow-ups versus budget to reveal and address any deviations in good time. In the prevailing economic situation, no newbuilds are started without leases in place for the major share of the new space.

### Outcome

In 2014, ten properties were acquired, the largest being a package of four properties in Copenhagen. One major project was completed during the year, the Ruuth 23 property in Helsingborg. The project was completed on schedule, but the cost was slightly over budget as a result of problems with dry rot discovered during the renovation process. A further three major projects were in progress at year-end: a redevelopment on behalf of Schneider Electric in Copenhagen, for completion in Quarter 1 2015; a 9-storey office newbuild at Floretten 4, for completion in Quarter 2 2015; and an 8,000 m<sup>2</sup> extension to Knutpunkten in Helsingborg, for completion in Quarter 1 2016. For more information, see "Projects & Development" on pages 51-56.

# Risks in financing

Wihlborgs is dependent on external loans to be able to fulfil its commitments and complete transactions.

## Supply of capital

### Description of risk

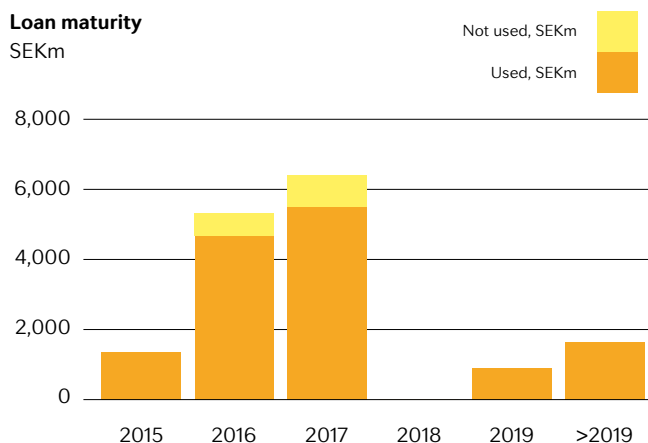
Turbulence in the credit markets in recent years demonstrates how the conditions for and supply of credit can change quickly. If Wihlborgs cannot extend, or raise new, loans, or if the terms and conditions are extremely unfavourable, our ability to fulfil our obligations and complete transactions becomes limited.

### Risk management

Every year, the Board of Directors adopts a financial policy that sets out overall principles for the Economy/Finance function and for how risks in the Company's financial function are to be limited. The policy states, for example, that the spread of loans over various credit institutions must be such that there are 4–6 main lenders, each of whose share of the total loan portfolio should not exceed 30 percent per year. Wihlborgs is also required to seek to ensure that the final maturity dates for loans are spread out as far as allowed by conditions in the market. To reduce our dependence on the banks, Wihlborgs has borrowed from the part-owned company Svensk FastighetsFinansiering and has issued secured bond loans. In late 2014, Wihlborgs also established a medium-term note programme in order to be able to issue non-secured bonds. For further information on financial goals and financial risk management, see Note 2.

### Outcome

At year-end, Wihlborgs reported a loan-to-value ratio 58.2 percent and had six main lenders, of whom the largest represented 21 percent of the total loan portfolio. 83 percent is made up of loans from banks and 17 percent bond loans (including Svensk FastighetsFinansiering). The maturity of the loans and the unutilized portions of the loans are shown in the table below.



# Other risks

## Operational risk

### Description of risk

The risk of sustaining losses as a result of inadequate routines for day-to-day procedures.

### Risk management

Wihlborgs seeks to continuously monitor, evaluate and improve the Company's internal controls. Operational risks are reduced by effective internal controls for essential processes, fit-for-purpose administrative systems, competence development and reliable valuation models and principles.

### Outcome

As a result of the growth in recent years and certain change-of-generation developments, several new recruits started work at Wihlborgs. This led to a closer focus on process descriptions and instructions to facilitate competence transfer. New employees often come up with useful ideas for changes, which in turn create increased efficiency and other improvements.

## Environment

### Description of risk

Not only existing buildings, but also the construction of new properties, affect the environment in different ways. Under the Swedish Environmental Code, whoever has conducted an activity and has caused pollution is responsible for remedying any damage. If the party responsible cannot remedy this damage or pay for the damage to be remedied, then the party that owns the property is responsible.

### Risk management

Wihlborgs is actively working to reduce negative impact on the environment and has set environmental goals. These are presented in the section entitled Sustainable Enterprise, on pages 24-27. Environmental risks are analyzed and assessed in the course of any acquisitions.

### Outcome

The outcome with regard to the environmental goals is described on page 26.



# Taxes

In the business conducted by Wihlborgs, several areas are subject to taxation. As well as tax on income that is charged to the companies in the Group, taxes include property taxes, value added tax, stamp duty and energy taxes. The way these taxes impact Wihlborgs is described in the following. Political decisions such as changes in company taxation and tax legislation, and interpretations of that legislation, may either favourably or adversely impact Wihlborgs' tax situation.

## Income tax

The nominal rate of corporation tax in Sweden is 22 percent (22) and in Denmark 24.5 percent (25). In Denmark, corporation tax will be lowered to 23.5 percent in 2015 and to 22 percent from the beginning of 2016.

### Corporation Tax Committee

In the past year, the Corporation Tax Committee presented its final report. Its recommendation includes:

- \* No tax deductibility for negative net financial items.
- \* Halving of tax loss carry-forwards arising before the recommendation is enacted.
- \* Financing deduction of 25% from taxable income, which represents a de facto cut in the nominal tax rate from 22 to 16.5 percent.
- \* The interest component of lease charges is to be accounted for separately among financial income/expense. This does not apply, however, to leasing of properties.

As far as Wihlborgs is concerned, the recommendation represents an increase of around SEK 75 million in current (paid) tax on an annualized basis. This calculation has not taken into account any remaining tax loss carry-forwards and taxable gains on property sales.

The recommendation has aroused strong opposition and in the current situation it is not clear if and when it will be enacted. The date set for enactment is 1 January, 2016

### Current tax

Wihlborgs' current tax in 2014 totalled SEK 5 million (4). The taxable base does not include changes in value of properties and derivatives. Income from the sale of companies is not included either, as this item is not normally taxable/deductible. In addition, taxation may be deferred via depreciation allowances for tax purposes, as well as direct deductions. Tax loss carry-forwards can also be used. Note 14 on page 112 details how taxable income is calculated.

### Deferred tax

The deferred tax liability calculation is based on the net of temporary differences between the recognized and tax values for assets and liabilities and on tax loss carry-forwards. The income statement reports the tax on any change in the deferred tax liability over the year.

### Tax deductible depreciation

Investments in properties in Sweden are shown in the categories of buildings, land improvements, fixtures and fittings and land. Wihlborgs applies depreciation at the following rates for tax purposes:

Buildings	2-5% (Office 2%, Ind./Warehousing 4%)
Land improvements	5%
Fixtures and fittings	25%
Land	0%

Depreciation of buildings and land improvements is based on the accumulated acquisition cost and depreciation on fixtures and fittings based on the taxable residual value at the beginning of the year, adjusted to reflect investments and disposals during the year. In the case of newbuilds, fixtures and fittings often represent a major part of the investment.

In Denmark, the following categories of depreciation are used:

Buildings	0-4% (Office 0%, Ind./Warehousing 4%)
Installations	4%
Fixtures and fittings	25%
Land	0%

In Denmark it is also possible to apply extra initial depreciation for buildings and installations during the year of investment.

### Direct tax deductions in minor redevelopments

Direct tax deductions are allowed for tenant adjustments, replacement of components and minor modifications, even when these add value and are capitalized in the accounts.

### Sale of properties as companies

Any profit from the sales of properties as companies is tax-free and any loss is not tax-deductible. This concerns shares that are business-related.

### Tax loss carry-forwards

The tax loss carry-forwards that have been used to calculate deferred tax amount to SEK 1,178 million (1,469).

## Property tax

Property tax is paid for nearly all the Group's properties. Particular categories of buildings, such as those for communication, education and health care, are tax-exempt. The tax rate for other types of building is determined by the type of building and land use. The rate for office buildings is 1 percent of the tax assessment value. For industrial/warehousing the rate is 0.5 percent. In Denmark, tax rates vary, depending on which municipality the properties are located in. Property tax paid for 2014 totalled SEK 87 million (82).

## Value added tax

Properties are exempt from compulsory registration for value added tax. If premises are leased to a tenant permanently operating a business subject to compulsory value added tax registration, the property owner can voluntarily register for value added tax and thereby have ongoing value added tax deducted from both operating costs and investment. Where premises are leased to central or local government, there is no requirement regarding compulsory value added tax registration. No deduction may be made for ongoing value added tax relating to operating costs or investments in premises that have not been registered for voluntary liability for value added tax. In 2014, non-deductible ongoing value added tax on operating costs totalled SEK 6 million (6). This amount is recognized as an operating cost in the annual accounts. Non-deductible ongoing value added tax on investments for 2014 totalled SEK 24 million (2) and is recognized as investment in property.

## Stamp duty

Sale of property in Sweden is subject to stamp duty (transfer of title) of 4.25 percent on purchase price or tax assessment value, whichever is the higher. In Denmark, the tax rate is 0.6 percent and the tax is charged in the same way. In the case of intra-Group property transactions, it is possible to be granted deferral of stamp duty until the property is sold outside the Group. If properties are purchased or sold as companies (i.e. are “packaged” as holding companies) no stamp duty is payable. In 2014, SEK 7 million (1) was paid as stamp duty on the transactions in which Wihlborgs was involved. In addition, stamp duty of 2 percent (1.5 percent in Denmark) was payable on mortgages taken out on properties. This tax amounted to SEK 5 million (32) in 2014.

## Energy taxes

In 2014, Wihlborgs procured energy at a cost of SEK 131 million (134) for use in its properties, primarily for heating, cooling, ventilation and lighting. Of this cost, energy taxes accounted for SEK 20 million (19). Wihlborgs is striving actively to reduce its energy consumption, which in the long term, and assuming an unchanged tax rate and property portfolio, will lead to lower energy tax costs.

## Summary

In 2014, Wihlborgs' operations generated a total of SEK 154 million (146) in different categories of paid tax, as described above and detailed below:

Breakdown of taxes paid (SEK m)	2014	2013
Income tax	5	4
Property tax	87	82
Value added tax	30	8
Stamp duty	12	33
Energy tax	20	19
<b>Total tax paid</b>	<b>154</b>	<b>146</b>

In addition to taxes paid, Wihlborgs has liabilities in the form of taxes that have been deferred. Deferred income tax totals SEK 1,627 million (1,598) and stamp duty SEK 30 million (30). Assuming an unchanged rate of expansion, deferred income tax is not expected to fall due for payment within the foreseeable future.



Caretaker Magnus Leo replaces one of the flags in Dockan.





Måsen 17, in west Lund, comprises 4,000 m<sup>2</sup> of office space.

# Administration Report

The Board of Directors and Chief Executive Officer of Wihlborgs Fastigheter AB (publ), co. reg. no. 556367-0230, hereby present their Annual Report on Group and Parent Company operations in 2014.

## Operations

Wihlborgs is a property company with operations focused in the Öresund region. The Company's property portfolio comprises 269 (264) commercial properties, primarily in Malmö, Helsingborg, Lund and Copenhagen with a carrying amount on the balance sheet date of SEK 24,299 million (22,584). The total rental value on 1 January 2015, was SEK 2,058 million (2,012) and contracted rental income on an annualized basis on that day was SEK 1,863 million (1,826), giving an economic occupancy rate, excluding projects and land, of 91 percent, which is unchanged from the preceding year.

## Organization

Wihlborgs' operational organization comprises Property Management and Project Development. Property Management is adapted to local market conditions and organized in four regions, which in turn are divided into ten geographical sub-regions for efficient management close to the customer. All management is performed by company employees. The Project Development operation, with in-house project managers, is responsible for newbuild and redevelopment projects, procurement and follow-up. The Company head office accommodates central functions such as Finance, HR/CSR, Purchasing, Communication, Environment and Customer Relations. These functions conduct Group-wide development and supply functional expertise to support the administration. The head office has its own premises in the Dockan area of Malmö. The Company also has branch offices in Helsingborg, Lund and Copenhagen. The number of full-time employees at year-end was 113 (111). The average age is unchanged at 45 years.

## Results

In 2014, Group rental income rose by 9 percent to SEK 1,856 million (1,704), excluding other income arising from non-recurring compensation for early termination of leases, amounting to SEK 49 million (3). The increase is attributable to continued

strength in letting, property acquisitions and completed projects. Wihlborgs can now report 28 consecutive quarters of positive net leasing results; the net leasing result for the full year 2014 was SEK 19 million (21). Total property costs amounted to SEK 499 million, up from SEK 469 in the preceding year. The increase is attributable mainly to property acquisitions and completed projects. The costs for comparable properties were lower than a year earlier, mainly as a result of favourable weather conditions. The Group's operating surplus, including other income, increased SEK 168 million to SEK 1,406 million (1,238). The operating surplus, excluding compensation for early termination of leases, totalled SEK 1,357 million (1,235), resulting in a surplus ratio that was unchanged from the previous year-end, at 73 percent.

Interest income totalled SEK 11 million (14). As a result of a higher level of loan debt than in the preceding year, interest costs rose from SEK 469 million to SEK 488. The average interest rate was somewhat lower than a year earlier, amounting to 3.20 percent (3.50) at year-end, including the cost of interest swaps and credit agreements.

The property portfolio rose in value by SEK 642 million (167), with SEK 182 million (112) being attributable to project development and SEK 460 million (55) to a rise in value of the portfolio under management. The yield requirement was lowered slightly during the year. Low market interest rates resulted in a negative value change of SEK 1,038 million in the interest rate derivative portfolio during the year, in contrast to a positive value change of SEK 449 million in the preceding year.

## Cash flow and financial position

Cash flow from operating activities produced a surplus of SEK 945 million, as against SEK 770 million in the preceding year, mainly through a higher operating surplus. The cash flow from investment activities totalled SEK 863 million during the year, compared with SEK 2,476 million a year earlier, when the acquisition of Ikano's properties in Ideon, Lund was completed. Investments and acquisitions are largely financed via loans, meaning that loans increased by SEK 305 million (1,902) during the year. Shareholders received SEK 327 million (307) in dividend in 2014. Total cash flow for the Group during the year amounted to SEK 60 million (-91).



The Group's equity increased by SEK 73 million to SEK 6,967 million, giving an equity/assets ratio of 28.2 percent (29.7) at year-end. Interest-bearing liabilities at year-end totalled SEK 14,148 million (13,740), resulting in a loan-to-value ratio of 58.2 percent (60.8). The equity ratio target of 30 percent and the target for return on equity were not met, due to the negative change in value in the interest rate derivatives. At year-end 2014, the Group had met its other financial targets for loan-to-value ratio and interest coverage.

## Acquisition and sale of properties and subsidiary companies

The biggest acquisitions of the year were made in the first quarter, when 4 properties in Ballerup, Copenhagen, were purchased. In addition to this, 3 properties were acquired in Helsingborg, 2 in Lund and 1 in Malmö, four of which were via company acquisition. In total 10 (14) properties were acquired at a cost of SEK 489 million (2,010). 5 (2) properties were divested, realizing SEK 347 million (25), all in Helsingborg, of which one was via a company transaction. For more information on changes to the property portfolio during the year, see Acquisitions and Sales on pages 57–59.

## Investments in existing properties and current projects

A total of SEK 802 million (548) was invested in properties in 2014. One major project was completed during the year, the Ruuth 23 property in Helsingborg. At year-end, 3 major investments were in progress: Lautrupvang 1 in Copenhagen, which is being renovated on behalf of Schneider Electric, the Floretten 4 newbuild in Berga, Helsingborg, and the 8,000 m<sup>2</sup> extension comprising offices at Knutpunkten, Helsingborg. Approved investments in ongoing projects at year-end amounted to SEK 928 million (367), of which SEK 660 million (162) had been invested. See pages 51–55 for further information on project activities and future projects.

## Parent Company

The Parent Company does not have any property holdings itself, instead managing issues related to the stock market and Group-wide management, administration and financial services. Turn-over amounted to SEK 119 million (118), primarily from the sale of services to other companies within the Group. The Parent Company made a loss of SEK -52 million (profit of 668) after tax. The decline relative to the preceding year is attributable for the most part to the value change in derivatives, which was negative this year at SEK -1,038 million, but positive in the preceding year at SEK 449 million. On the other hand, the result from interests in Group companies, SEK 752 million (376), Group contributions received, SEK 256 million (17), and deferred tax, SEK 226 million (-83), also rose in comparison with the preceding year. Cash flow for the year was positive with SEK 29 million (-71). During the year,

the Parent Company invested SEK 444 million (3,885), mainly in shares in subsidiaries, including shareholder contributions.

## The Wihlborgs share

Wihlborgs shares are quoted on the Mid Cap List of Nasdaq OMX Stockholm. Wihlborgs' share capital totals SEK 192 million, represented by 76,856,728 shares. Each share has a quota value of SEK 2.50. All shares have equal voting rights, one vote per share. During the year, 27.1 million shares were traded (22.6). The Company's stock market capitalization on 31 December 2014 was SEK 11.0 billion, compared to SEK 8.9 billion in the preceding year. The Board of Directors proposes that the Annual General Meeting (AGM) should renew the Board's mandate firstly to re-purchase a maximum of 10 percent of the shares registered in the Company, which could mean the acquisition of a maximum of 7,685,672 shares, and secondly to authorize a new share issue corresponding to no more than 10 percent of the shares outstanding.

## Ownership

The largest shareholder in Wihlborgs on 31 December 2014 was Erik Paulsson and family, who own 10.1 percent of both the capital and voting rights. The figure is unchanged from the previous year. The proportion of shareholders registered abroad was 35.5 percent (38.6). At year-end, the ten largest Swedish shareholders in Wihlborgs held 33.2 percent (29.6) of the shares outstanding. The number of shareholders at year-end totalled 24,507 (24,617).

## Profit-sharing fund

Employee holdings of shares via Wihlborgs' profit-sharing fund totalled 278,789 on 31 December 2014.

## Corporate Governance Report

A separate Corporate Governance Report is presented on pages 126–133.

## Board of Directors

According to Wihlborgs' Articles of Association, the Company's Board shall be made up of no less than four and no more than eight members. In 2014, the Board consisted of seven regular members. No member of the Board is entitled to compensation at the end of his/her term of office.

## Senior executive remuneration

Fees are paid to the Chair and Board members in accordance with resolution of the AGM. At the 2014 AGM, the following guidelines on remuneration were approved. Remuneration to the CEO and other senior executives will be made up of basic salary, other benefits and pension. Basic salary is renegotiated



annually; for more information on amounts in 2014, see Note 8. "Other benefits" refers to company cars and health insurance. No specific variable or share price based remuneration is paid to members of Group Management. The pensionable age is 65. The costs of the CEO's pension are paid in the form of a premium amounting to 35 percent of the pensionable income during the CEO's period of service. Other senior executives are covered by an ITP plan or equivalent. Other senior executives refers to the three persons (four during part of the year) who, together with the CEO, make up Group Management. For information on the composition of Group Management, see page 132.

## Risks and uncertainties

Wihlborgs' results, cash flow, profit and financial position are affected by a number of factors that to varying degrees can be influenced by the Company's own actions. By analyzing the risks that the Group faces and how Wihlborgs should address them in the short and long terms, many such risks may also be regarded as opportunities.

### *Rental income*

Demand for premises is affected by fluctuations in the general economy and local growth in the various sub-markets. Wihlborgs' operations are focused on properties in the Öresund region, which is viewed as an attractive market in the long-term, in view of location, population growth, employment and general communication links. The average term for Wihlborgs leases is 4.0 years, which means changes in market rents do not immediately impact rental income. In most cases, leases with a term of over three years have indexing clauses with annual rent adjustments, the majority of which are based either on changes in the Consumer Price Index or a fixed percentage increase. The Company's broad lease portfolio reduces the risk of significant changes in vacancies. Wihlborgs has 2,120 commercial leases spread over the office, retail, industrial/warehousing, education/care and hotel sectors. The highest-value individual lease accounts for just under 3 percent of total rental income and on 31 December 2014, the ten highest value tenants represented 20 percent of contracted rental income. The occupancy rate in Wihlborgs' portfolio is largely determined by the Company's own efforts, but it is also affected by fluctuations in the economic cycle and structural changes. At year-end 2014, Wihlborgs' occupancy rate, excluding projects, was 91 (91) percent. Over and above the risk of vacancies, there is a risk of credit losses if tenants fail to pay up. All new leases are subject to a credit check on prospective tenants, and if necessary the lease is backed by a personal guarantee, deposit or bank guarantee. All rents are payable quarterly or monthly in advance.

### *Property costs*

Major operating cost items are tariff-based costs for heating, electricity, water and waste management. Under many leases, the bulk of the tariff-based costs are passed on to the tenant. Wihlborgs' exposure to any change in these costs is therefore relatively limited. Property tax is based on the tax assessment value of the properties and is affected by political decisions on

the tax rate and the tax assessment value fixed by the authorities. Property tax, too, is generally passed on to the tenants.

### *Interest costs and financing*

Wihlborgs is dependent on loans from lending institutions, to be able to finance and meet its commitments and complete transactions. To reduce our dependence on the banks, a further bond programme was launched in 2014 for a total of SEK 785 million. The bond is guaranteed by Region Skåne, which receives a guarantee fee from Wihlborgs. In December, Wihlborgs also established a medium-term note programme in order to be able to issue non-secured bonds. At year-end, no notes had been issued within the programme. On 31 December 2014, the loan-to-value ratio was 58.2 percent (60.8). Borrowing leads in turn to interest expense, including the cost of interest swaps, credit agreements etc., which is the biggest single item of cost that Wihlborgs incurs. Through a combination of variable interest rates and interest rate derivatives, Wihlborgs can adjust its fixed-interest period and interest rate levels to achieve the goals for its financing activities, while limiting interest rate risk and without needing to renegotiate its loans. Loan agreements with the banks include a provision that margins are normally renegotiated annually. On 31 December 2014, the average fixed-interest period, including the effects of interest rate derivatives, was 6.0 years (5.0).

### *Financial instruments and financial risk management*

To manage its financial risks, Wihlborgs has drawn up a finance policy that sets goals for its financial activities. The policy is subject to annual approval by the Board of Directors. For further information on financial instruments and financial risk management, see Note 2 on pages 106-107.

### *Changes in value of properties*

Changes in values of properties are determined partly by Wihlborgs' own capacity, through modifications and upgrades to properties and via lease and tenant structures, to increase the market value of its properties, and partly by external factors affecting supply and demand in Wihlborgs' property markets. In general, the values of properties are less volatile in concentrated portfolios of properties in good locations. Wihlborgs' properties are highly concentrated in Malmö, Helsingborg, Lund and Copenhagen. Property valuations are calculated using generally accepted principles based on certain assumptions, and have a considerable effect on the Group's results. For more information on property valuations see Principles of Valuations on pages 78-79, and Note 16.

### *Taxes*

The Group's current tax is lower than the nominal tax on profit before tax. This is due to higher depreciation charges on the properties for tax purposes than in the accounting for the legal entities, direct deductions for tax purposes in certain redevelopments, unrealized value changes not recognized in taxable income, and because property sales have been conducted as companies and are therefore tax-exempt. Political decisions such as changes in company taxation and tax legislation, and interpretations of that legislation, may either favourably or adversely impact Wihlborgs' tax situation.

## Administration Report

### Operational risk

Operational risks are reduced by effective internal controls for essential processes, fit-for-purpose administrative systems, competence development and reliable valuation models and principles. Wihlborgs seeks to continuously monitor, evaluate and improve the Company's internal controls.

### Environment

Wihlborgs is actively working to reduce the negative impact on the environment and has established environmental goals. Environmental risks are analyzed and assessed in the course of any acquisitions. One of Wihlborgs' properties, Gjuteriet 18 in Limhamn, is subject to environmental requirements with regard to contaminated land and demolition. The need for remediation was known when the property was acquired and the major part of the operation had been completed at year-end 2014. The relevant cost is included in the project budget for developing the property. Wihlborgs is not aware of or subject to any significant environmental requirements.

## Events after the financial year-end

In January, Wihlborgs acquired the Kroksabeln 12 property with leasehold rights in Helsingborg for SEK 151 million. The property, located in Berga, comprises office and warehousing space measuring 15,000 m<sup>2</sup> and undeveloped land extending to 30,000 m<sup>2</sup>. In February, the Bunkagården Mellersta 1 property in Helsingborg was sold for SEK 22 million via a company transaction. In March, the Stationsalleen property in Denmark was acquired for DKK 46 million. In addition, an agreement was signed for the sale of Högvakten property for SEK 91 million via a company transaction.

In January 2015, Nya Svensk FastighetsFinansiering AB was established, a new finance company with a secured MTN programme of SEK 8 billion. The company is owned by Catena AB, Diös Fastigheter AB, Fabege AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB, each with a 20 percent share. The objective is to broaden the base for the company's borrowing structure in a situation where the capital market is showing a strong appetite for bonds. In February, the company offered an issue that was fully subscribed. At the same time, bonds worth SEK 2,025 million were subscribed with maturities of between two and five years, at both fixed and variable interest rates. Wihlborgs' portion was SEK 1,343 million.

## Outlook for 2015

Wihlborgs' business model is based on growth via project development and property management. We anticipate a higher operating surplus in 2015 and an increase in the project portfolio. As far as new production is concerned, the strategy is not to build speculatively. Our balance sheet is strong and the hope is to acquire more properties in our existing sub-areas. Our net leasing result has been positive through 28 consecutive quarters, and we will continue to focus on it during 2015.

## Proposed distribution of profit

The following unappropriated profit in the Parent Company is at the disposal of the Annual General Meeting:

Retained profit	1,576,385,715
Profit for the year	-51,934,520
<b>Total, SEK</b>	<b>1,524,451,195</b>

The Board proposes that the unappropriated profit be distributed as follows:

Dividend to shareholders, SEK 4.75 per share	365,069,458
To be carried forward	1,159,381,737
<b>Total, SEK</b>	<b>1,524,451,195</b>

Wihlborgs has 76,856,728 registered shares. If the number of outstanding shares changes before the date of record, the dividend sum of SEK 365,069,458 will be adjusted.

## Board's statement regarding proposed distribution of profit

### Basis of decision

The Group's equity has been calculated in accordance with the IFRS standards and interpretations of those standards (IFRIC), as adopted by the EU, and in accordance with Swedish law, via application of the Swedish Financial Reporting Board's Recommendation RFR 1 (Supplementary Accounting Rules for Groups).

The Parent Company's equity has been calculated in accordance with Swedish law, via application of the Swedish Financial Reporting Board's Recommendation RFR 2 (Accounting Rules for Legal Entities). The proposed distribution of unappropriated profit is based on 50 percent of the Group's day-to-day income from property management and 50 percent of the proceeds realized from property sales, less a deduction for tax at a standard rate of 22 percent, which is in line with Wihlborgs' dividend policy. The Board is of the view that full provision will be available for the Company's restricted equity once the proposed distribution of unappropriated profit is carried out. The Board also considers that the proposed dividend to shareholders is justifiable in terms of the parameters stipulated in Section 17, subsection 3, paragraphs 2 and 3 of the Swedish Companies Act; nature, scope and risks of the business, as well as consolidation requirement, liquidity and general position.

The Board's judgement is that the proposed dividend will not affect the Group's future business opportunities or its ability to fulfil its commitments. The dividend does not conflict with the Group's financial targets.

# Financial statements

## Financial statements

### CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

Amounts in SEKm	Note	2014	2013
	1-3		
Rental income	4	1,856	1,704
Other income	5	49	3
Property costs	6-8	-499	-469
<b>Operating surplus</b>		<b>1,406</b>	<b>1,238</b>
Other income	9	9	14
Central administration and marketing	7-8, 10-11	-50	-51
Interest income		11	14
Interest costs		-488	-469
Share in results of joint ventures		0	3
<b>Income from property management</b>		<b>888</b>	<b>749</b>
Change in value, investment properties	12	642	167
Change in value, derivatives	13	-1,038	449
<b>Profit before tax</b>		<b>492</b>	<b>1,365</b>
Current tax	14	-5	-4
Deferred tax	14	-92	-298
<b>Profit for the year</b>		<b>395</b>	<b>1,063</b>
<b>Other comprehensive income</b>	15		
Items that may be retransferred to income for the year			
Year's exchange differences in translation of foreign operations		29	12
Year's hedging of exchange risk in foreign operations		-29	-15
Tax attributable to items that may be retransferred to income for the year		5	3
<b>Other comprehensive income for the year</b>		<b>5</b>	<b>0</b>
<b>Comprehensive income for the year</b>		<b>400</b>	<b>1,063</b>
Of which, attributable to:			
Shareholders in Parent Company		395	1,063
Non-controlling interests		-	-
Of which, attributable to:			
Shareholders in Parent Company		400	1,063
Non-controlling interests		-	-
PER-SHARE DATA (NO DILUTION AFFECT, AS THERE ARE NO POTENTIAL SHARES)			
Earnings per share, SEK		5.14	13.83
Dividend per share (2014, proposed dividend)		4.75	4.25
Number of shares outstanding at end of period, millions		76.9	76.9
Average number of shares outstanding, millions		76.9	76.9

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Amounts in SEKm	Note	2014	2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	16	24,299	22,584
Equipment	17	7	7
Interests in joint ventures	18	6	124
Receivables from joint ventures	19	–	51
Other long-term securities	20	1	1
Derivative instruments	29	–	110
Other long-term receivables	21	183	176
<b>Total non-current assets</b>		<b>24,496</b>	<b>23,053</b>
<b>Current assets</b>			
Accounts receivable	22	26	40
Other receivables		17	22
Prepaid expenses and accrued income	23	68	64
Cash and cash equivalents	24	71	11
<b>Total current assets</b>		<b>182</b>	<b>137</b>
<b>Total assets</b>		<b>24,678</b>	<b>23,190</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		192	192
Other contributed capital		2,178	2,178
Reserves	15	50	45
Retained profit including profit for the year		4,547	4,479
<b>Equity attributable to shareholders in Parent Company</b>		<b>6,967</b>	<b>6,894</b>
<b>Non-controlling interests</b>		<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>6,967</b>	<b>6,894</b>
<b>Non-current liabilities</b>			
Deferred tax liability	26	1,627	1,598
Other provisions	27	37	36
Non-current interest-bearing liabilities	28	14,148	13,078
Derivative instruments	29	1,148	220
Other non-current liabilities		16	16
<b>Total non-current liabilities</b>		<b>16,976</b>	<b>14,948</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	28	–	662
Accounts payable		96	80
Current tax liabilities		5	18
Other liabilities		182	168
Accrued expenses and deferred income	30	452	420
<b>Total current liabilities</b>		<b>735</b>	<b>1,348</b>
<b>Total equity and liabilities</b>		<b>24,678</b>	<b>23,190</b>

For information on the Group's pledged assets and contingent liabilities, see Note 31

## Financial statements

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEKm	Note	Share capital	Other contribut- ed capital	Reserves	Retained profit	Total equity	Non-controlling interests	Total equity
	15, 25	┌─── attributable to shareholders in Parent Company ──┐						
<b>Equity, 1 January 2013</b>		<b>192</b>	<b>2,178</b>	<b>45</b>	<b>3,723</b>	<b>6,138</b>	-	<b>6,138</b>
<b>Comprehensive income for the year</b>								
Profit for the year		-	-	-	1,063	1,063	-	1,063
Other comprehensive income		-	-	0	-	<b>0</b>	-	0
<b>Comprehensive income for the year</b>		-	-	<b>0</b>	<b>1,063</b>	<b>1,063</b>	-	<b>1,063</b>
<b>Transactions with the Group's owners</b>								
Dividend paid		-	-	-	-307	-307	-	-307
<b>Total transactions with the Group's owners</b>		-	-	-	<b>-307</b>	<b>-307</b>	-	<b>-307</b>
<b>Equity, 31 December 2013</b>		<b>192</b>	<b>2,178</b>	<b>45</b>	<b>4,479</b>	<b>6,894</b>	-	<b>6,894</b>
<b>Comprehensive income for the year</b>								
Profit for the year		-	-	-	395	395	-	395
Other comprehensive income		-	-	5	-	5	-	5
<b>Comprehensive income for the year</b>		-	-	<b>5</b>	<b>395</b>	<b>400</b>	-	<b>400</b>
<b>Transactions with the Group's owners</b>								
Dividend paid		-	-	-	-327	-327	-	-327
<b>Total transactions with the Group's owners</b>		-	-	-	<b>-327</b>	<b>-327</b>	-	<b>-327</b>
<b>Equity, 31 December 2014</b>		<b>192</b>	<b>2,178</b>	<b>50</b>	<b>4,547</b>	<b>6,967</b>	-	<b>6,967</b>



**CONSOLIDATED CASH FLOW STATEMENT**

Amounts in SEKm	Note	2014	2013
<b>OPERATING ACTIVITIES</b>			
Operating surplus		1,406	1,238
Other income		9	14
Central administration		-50	-51
Depreciation items		1	1
Interest received		5	19
Interest paid		-486	-466
Income tax paid		-18	-6
<b>Cash flows before changes in working capital</b>		<b>867</b>	<b>749</b>
<b>CHANGES IN WORKING CAPITAL</b>			
Changes in operating receivables		22	-64
Changes in operating liabilities		56	85
<b>Total changes in working capital</b>		<b>78</b>	<b>21</b>
<b>Cash flow from operating activities</b>		<b>945</b>	<b>770</b>
<b>INVESTMENT ACTIVITIES</b>			
Acquisition of properties		-489	-2,010
Investments in existing properties		-802	-548
Disposal of properties		376	65
Change in receivables from joint ventures		-	22
Changes in other non-current assets		52	-5
<b>Cash flow from investment activities</b>		<b>-863</b>	<b>-2,476</b>
<b>FINANCING ACTIVITIES</b>			
Dividend paid		-327	-307
Settlement of derivatives		-	22
Borrowing		3,406	5,310
Amortization of loan liabilities		-3,101	-3,408
Change in other non-current liabilities		-	-2
<b>Cash flow from financing activities</b>		<b>-22</b>	<b>1,615</b>
Change in cash and cash equivalents		60	-91
Cash and cash equivalents at start of period		11	102
<b>Cash and cash equivalents at end of period</b>	24	<b>71</b>	<b>11</b>

## Financial statements

### PARENT COMPANY INCOME STATEMENT

Amounts in SEKm	Note	2014	2013
	1-2		
Net sales	32	119	118
Operating costs	8, 11, 32	-122	-117
<b>Operating profit/loss</b>		<b>-3</b>	<b>1</b>
<b>Result from financial items</b>			
Result from interests in Group companies	33	752	376
Result from other securities and receivables accounted for as non-current assets	34	343	434
Other interest income and similar profit/loss items		0	2
Interest expense and similar profit/loss items	35	-588	-528
Change in value, derivatives	13	-1,038	449
<b>Profit after financial items</b>		<b>-534</b>	<b>734</b>
Appropriations	36	256	17
<b>Profit before tax</b>		<b>-278</b>	<b>751</b>
Tax on profit for the year	14	226	-83
<b>Profit for the year</b>		<b>-52</b>	<b>668</b>

### PARENT COMPANY STATEMENT OF INCOME AND COMPREHENSIVE INCOME

<b>Profit for the year</b>	<b>-52</b>	<b>668</b>
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income for the year</b>	<b>-52</b>	<b>668</b>

**PARENT COMPANY BALANCE SHEET**

Amounts in SEKm	Note	2014	2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Property, plant and equipment</i>			
Equipment	17	3	4
<i>Financial assets</i>			
Interests in Group companies	37	8,029	7,626
Receivables from Group companies		9,028	8,998
Interests in joint ventures	18	36	53
Receivables from joint ventures	19	45	51
Other long-term securities held as non-current assets	20	1	1
Derivative instruments	29	–	110
Other long-term receivables	21	176	169
Deferred tax receivable	38	268	41
<i>Total financial assets</i>		17,583	17,049
<b>Total non-current assets</b>		<b>17,586</b>	<b>17,053</b>
<b>Current assets</b>			
Accounts receivable		1	4
Other receivables		2	2
Prepaid expenses and accrued income	23	620	163
Cash in hand and on deposit	24	33	4
<b>Total current assets</b>		<b>656</b>	<b>173</b>
<b>Total assets</b>		<b>18,242</b>	<b>17,226</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	25		
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital		192	192
<i>Unrestricted equity</i>			
Retained profit		1,576	1,235
Comprehensive income for the year		-52	668
<i>Total unrestricted equity</i>		1,524	1,903
<b>Total equity</b>		<b>1,716</b>	<b>2,095</b>
<b>Provisions</b>			
Other provisions for pensions	27	7	6
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	28	12,152	11,626
Liabilities to Group companies		3,061	3,133
Derivative instruments	29	1,148	220
<b>Total non-current liabilities</b>		<b>16,361</b>	<b>14,979</b>
<b>Current liabilities</b>			
Accounts payable		3	4
Other liabilities		60	60
Accrued expenses and deferred income	30	95	82
<b>Total current liabilities</b>		<b>158</b>	<b>146</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,242</b>	<b>17,226</b>
<b>Pledged assets</b>	31	<b>13,930</b>	<b>12,840</b>
<b>Contingent liabilities</b>	31	<b>2,108</b>	<b>1,436</b>

## Financial statements

### STATEMENT OF CHANGES IN EQUITY FOR PARENT COMPANY

Amounts in SEKm	Note	Share capital	Restricted reserves	Unrestricted equity	Total equity
	25				
<b>Equity, 1 January 2013</b>		<b>192</b>	<b>0</b>	<b>1,542</b>	<b>1,734</b>
Comprehensive income for the year		–	–	668	668
Dividend paid		–	–	-307	-307
<b>Equity, 31 December 2013</b>		<b>192</b>	<b>0</b>	<b>1,903</b>	<b>2,095</b>
<b>Equity, 1 January 2014</b>		<b>192</b>	<b>0</b>	<b>1,903</b>	<b>2,095</b>
Comprehensive income for the year		–	–	-52	-52
Dividend paid		–	–	-327	-327
<b>Equity, 31 December 2014</b>		<b>192</b>	<b>0</b>	<b>1,524</b>	<b>1,716</b>

### PARENT COMPANY CASH FLOW STATEMENT

Amounts in SEKm	Note	2014	2013
<b>OPERATING ACTIVITIES</b>			
Operating profit/loss		-3	1
Depreciation items		1	0
Interest and dividend received		676	821
Interest paid		-576	-529
<b>Cash flows before changes in working capital</b>		<b>98</b>	<b>293</b>
<b>CHANGES IN WORKING CAPITAL</b>			
Changes in operating receivables		5	-5
Changes in operating liabilities		0	59
<b>Total changes in working capital</b>		<b>5</b>	<b>54</b>
<b>Cash flow from operating activities</b>		<b>103</b>	<b>347</b>
<b>INVESTMENT ACTIVITIES</b>			
Acquisitions of non-current assets		0	-2
Shareholder contributions paid		-116	-2,987
Acquisitions of interests in Group companies		-328	-896
Change in receivables from Group companies		-30	1,148
Change in other financial non-current assets		16	24
<b>Cash flow from investment activities</b>		<b>-458</b>	<b>-2,713</b>
<b>FINANCING ACTIVITIES</b>			
Dividend paid		-327	-307
Termination of derivatives		0	22
Borrowing		2,673	5,084
Amortization of loan liabilities		-2,147	-3,241
Changes in other non-current liabilities and provisions		-71	720
Group contributions received		256	17
<b>Cash flow from financing activities</b>		<b>384</b>	<b>2,295</b>
Change in cash and cash equivalents		29	-71
Cash and cash equivalents at start of period		4	75
<b>Cash and cash equivalents at end of period</b>	24	<b>33</b>	<b>4</b>

# Notes

Unless otherwise stated, amounts are in SEK million.

## Note 1 - Principal accounting policies

### General information

The consolidated accounts and the annual accounts of Wihlborgs Fastigheter AB (the Parent Company) for the 2014 financial year have been approved by the Board of Directors and the Chief Executive Officer for publication on 19 March 2015 and will be presented to the Annual General Meeting (AGM) on 29 April 2015 for adoption. The Parent Company is a Swedish public limited company with its registered office in Malmö. The Parent Company's functional currency is Swedish kronor (SEK), which is also the reporting currency of the Parent Company and the Group.

### Compliance with standards and statutory requirements

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB), as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and approved by the European Union. Furthermore, the Swedish Financial Accounting Standards Council's recommendation RFR 1, Supplementary Rules for Consolidated Financial Statements, has been applied. The Parent Company accounts have been prepared in accordance with the Swedish Annual Accounts Act and by application of Recommendation RFR 2, Accounting Rules for Legal Entities issued by the Swedish Financial Reporting Board. Deviations between the Group and Parent Company accounting policies are described in the section "Accounting policies – Parent Company", below.

### Basis of preparation

Assets and liabilities are recognized at historical cost, other than investment properties and derivative instruments, which are reported at fair value.

### Use of judgements and estimates

To be able to prepare financial statements in accordance with generally accepted accounting practice, management and board have to make judgements and assumptions that affect the amounts recognized for assets, liabilities, income and expenses, as well as other information disclosed.

These judgements are based on experience and the various assumptions that are considered reasonable by the management and the board in view of prevailing circumstances. The

conclusions drawn form the basis of decisions regarding book values for assets and liabilities in cases where such amounts cannot readily be determined on the basis of information from other sources. Actual outcomes may differ from these assessments if other assumptions are made or if the relevant conditions change.

The accounts are particularly sensitive to the judgements and estimates on which the valuation of investment properties are based. Further information on the basis of valuation and the methods used in the valuation of properties is provided on pages 78–79 of this annual report and also in Notes 11 and 15. Tax claims and tax loss carry-forwards are assessed, and if they are encumbered with significant uncertainty they are not taken into account in calculation of tax on the year's income and tax claims, that is to say, they are not included in the total tax loss carry-forwards recognized.

### Principal accounting policies applied

The accounting policies presented in the following have been applied consistently in all periods that are presented in the Group's financial statements, unless otherwise indicated below.

### New accounting policies

#### *Changes effective 1 January 2014*

The amended accounting policies that the Group has applied since 1 January 2014 are described in the following. Other new and amended standards and interpretations of IFRS applied since the beginning of 2014 have not affected the Group's financial statements.

IFRS 11 Joint Arrangements defines the difference between joint operations and joint ventures, depending on whether the Group has direct rights to the assets and obligations for the liabilities or not. The assessment is based on the structure of the investment, its legal form, contractual arrangements and other factors and circumstances. Under previous rules, the assessment was solely based on the structure of the investment. Wihlborgs is affected by IFRS 11 in that the holdings in Dockan Exploater AB and Nyckel 0328 AB that were previously classified as joint ventures are as of 1 January 2014, classified as joint operations. As before, joint ventures are recognized in accordance with the equity method. In the case of the companies classified as joint operations, the joint operation's assets, liabilities, income and costs that are directly attributable to Wihlborgs are recognized in the Group, as are Wihlborgs' share of the joint operation's assets, liabilities, income and costs that cannot be attributed to any of the other partners. The above amendment is not considered to affect to any material extent either profit or total assets, and therefore the figures for the preceding year have not been adjusted. For further information on joint ventures and joint operations, see Note 18. Fastighets AB ML4, which was formerly accounted for as a joint venture, has been reclassified as other securities held as non-current



assets and the figures for the preceding year amended accordingly in the statement of financial position. The amendment does not affect either profit or total assets. On the other hand, IFRS 12 introduced stricter disclosure requirements regarding the participations concerned.

Effective 1 January 2014, the Parent Company accounts for Group contributions in accordance with the alternative rule, under which Group contributions received and paid are both recognized as appropriations. Group contributions received in the preceding year, which were recognized last year as a financial income item in accordance with the main rule, were in this year's accounts recognized as an appropriation.

### *New standards and interpretations effective 1 January 2015*

IFRIC 21 Levies states that government levies are to be recognized as a liability in their entirety when the obligation arises. The standard entered into force on 1 January 2015. Property tax is a government levy that is incurred by whoever owns any particular property on 1 January that year. Wihlborgs adopted IFRIC 21 early, on 1 January 2014, with the result that the full tax liability is recognized in Q1. The new interpretation affects the statement of financial position to a minor extent in the quarterly reporting but does not affect the position in full-year reporting. The interpretation has no impact on the income statement.

### *New and amended standards and interpretations that have not yet taken effect*

The new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretation Committee, but applicable to financial years started after 1 January 2014, have not yet been applied by the Group. The new and amended standards and interpretations judged to impact on the Group's financial statements in the period when they are applied for the first time are described below.

IFRS 15 Revenue from Contracts with Customers will enter into force no earlier than in financial years starting on or after 1 January 2017. As a result, no analysis of how this is thought likely to affect the Group has yet been carried out. Management's view is that implementation of IFRS 9 Financial Instruments, which is to take effect in 2018 or later, may in the financial statements affect the carrying amounts for the Group's financial assets and liabilities. Management has not yet performed a detailed analysis of what effects the application of this standard may have.

Management is of the view that other new and amended standards and interpretations that have not yet entered force, are not expected to have any material effect on the Group's financial statements when they are applied for the first time.

### **Definition of segment**

Wihlborgs reports on four geographical market areas: Malmö, Helsingborg, Lund and Copenhagen. Each market area corresponds to a business segment whose revenues and costs are

regularly monitored by reporting to the Chief Executive Officer, who is the highest executive decision-maker. Group Management monitors operating results and changes in property values; other profit and loss items are not broken down by market area. On the assets side, investments in properties and their book values are monitored.

### **Basis of consolidation**

The consolidated accounts include the Parent Company, Wihlborgs Fastigheter AB, and all companies in which the Parent Company has a direct or indirect controlling interest. A "controlling interest" consists of a direct or indirect right to determine a company's financial and operational strategies in order to obtain economic benefits. The consolidated accounts are based on accounting documents produced for all Group companies as per 31 December, and are prepared in accordance with the historical cost convention. However, the Group companies acquired in December 2004 are reported in this Group at the values reported in the Fabege Group in accordance with the rules on joint control.

The consolidated income statement includes companies acquired or disposed of during the year at values only with respect to the period in which the company was owned. Intra-Group sales, balances and profits and losses are eliminated on consolidation.

### **Acquisition of properties via companies**

A company acquisition may be regarded either as an asset acquisition or a business acquisition. A company acquisition where the primary purpose is to acquire the purchased company's properties, and where any management organization and administration of the acquired company are of subordinate importance to the completion of the acquisition, is normally treated as an asset acquisition. A company acquisition where the acquired company's management organization and administration are of major importance to the completion and value of the acquisition, is instead treated as a business acquisition.

In the case of an asset acquisition, no deferred tax on the surplus value of the properties is recognized; any discount attributable to the deferred tax is instead deducted from the property value. In establishing a fair value after the date of acquisition, the property value is adjusted by the discount obtained. On the other hand, in the case of a business transaction, deferred tax is recognized at the nominal tax rate on the surplus value of the property and other temporary differences attributable to the assets or liabilities acquired. The company acquisitions made after formation of the Group are treated as asset acquisitions.

### **Currency translation for foreign operations**

The functional currency for the Group's foreign operations is the currency in which the Group entity concerned conducts its business activities. The Group's financial reports are presented in Swedish kronor (SEK), the functional currency of the Parent Company. The income statements and balance sheets for foreign operations are translated to SEK; the balance sheets are translated at the rates prevailing at the balance sheet date,

apart from equity, which is translated at the historical rate. The income statements are translated at the average rate for the period. Any translation differences arising in translation to SEK are taken to other comprehensive income and are accumulated as a reserve within equity.

#### Joint arrangements

Companies in which Wihlborgs has a long-term ownership stake and, with one or several joint venture partners, exercises a controlling influence, are from 2014 classified either as a joint venture or joint operation, depending on whether the Group has direct rights to assets and direct obligations for liabilities (joint operation) or not (joint venture). The assessment is based on the structure of the investment, its legal form, contractual arrangements and other factors and circumstances.

Joint ventures are accounted for in the consolidated income statement and balance sheet using the equity method, and so Wihlborgs' share of this result is recognized annually in the consolidated balance sheet, with any change in surplus or deficit values, as appropriate. The value of these interests is adjusted on the balance sheet to reflect the share of income and any dividend payments. Any internal gains are adjusted in the income statement.

Joint operations are accounted for in the Group and recognized Wihlborgs' direct share of assets, liabilities, income and costs. The assets, liabilities, income and costs that cannot be attributed directly to the partners are allocated on the basis of the respective ownership share. Intra-Group balances are eliminated on consolidation.

Joint arrangements are accounted for on the basis of the latest available accounts for the company concerned, adjusted for any deviation in accounting policies and with an adjustment for the estimated effect of events and transactions in the period until the end of the reporting period for the Wihlborgs Group.

#### Transactions denominated in foreign currencies

Transactions in foreign currency are translated to SEK using the exchange rate at the time of the transaction. Monetary assets and liabilities in foreign currency are translated at the balance sheet rate, with any exchange gains or losses being credited or charged to the income statement. Exchange differences on operating receivables and liabilities are taken to the operating profit, while exchange differences attributable to financial assets and liabilities are reported under the heading Result from financial items.

#### Hedging of new investment in a foreign operation

In order to reduce foreign exchange risks related to net assets in foreign operations, foreign currency loans have been raised. At the end of the accounting periods, these loans are translated at the rate prevailing on the balance sheet date. The effective portion of the period's changes in exchange rates attributable to the hedging instruments is recognized in other comprehensive income in order to take account of the translation differences in connection with the net assets in the foreign operations. The accumulated translation differences from both net investment and

hedging instruments are settled up and recognized in profit for the year when the foreign operation is divested. Where a hedging arrangement is not wholly effective, the ineffective portion is recognized in profit for the year.

#### Income

Rental income from property management is notified in advance and recognized as income in the period to which it relates. Rental income includes invoiced supplementary charges for electricity, heating, property tax etc. In cases where a leaseholder is for a specific period granted a rent reduction and in another period is charged a higher rent, the under- or over-payment, respectively, is recognized as accrued on a linear basis over the term of the lease, provided that the rent reduction is not associated with phased occupancy or the like. Income relating to leases terminated early is recognized with immediate effect unless the tenant is subject to any outstanding obligations. Income from property sales is recognized when the significant risks and benefits associated with ownership of the properties have been transferred to the buyer and when it is probable that the economic benefits associated with the sale will accrue to Wihlborgs. This means that the income is generally recognized from the point at which occupancy is taken up.

#### Leasing

Lease contracts attributable to investment properties are treated as operational leases. These contracts are reported in accordance with the principles of income recognition as described above. Under site leasehold agreements that from an accounting perspective are operational leases, Wihlborgs is the lessee. The site leasehold rent is recognized as a cost for the period concerned. Wihlborgs is also party, as lessee, to a minor number of lease agreements of insignificant scale. These leases, which pertain in large part to cars, are reported as operational leases, with the expense being recognized in income on a linear basis over the period of the lease.

#### Costs

The concept of property costs includes all costs associated with the investment properties. This includes direct property costs such as costs of operations, maintenance, site leasehold rent and property tax. The term also includes indirect property costs, such as costs of leasing and property administration. The term central administration comprises costs of group management, the costs of being a public limited company and other costs associated with the corporate form, including centralized advertising and other marketing.

#### Employee compensation

Compensation to employees, in the form of wages/salaries, paid holiday, paid sick leave etc. is accounted for as it is earned. As regards pensions and other post-employment benefits, these are classified as defined-contribution or defined-benefit plans. Commitments under the defined-contribution plans are fulfilled via premiums to independent public bodies or companies that administer the plans. A number of employees at Wihlborgs are

covered by the ITP Plan, with regular contributions to Alecta. According to IFRS, this is to be classified as a defined-benefit plan to which several employers subscribe. Since sufficient information to report these as defined-benefit is not available, they are reported as defined-contribution plans.

All employees, except for the CEO, who can elect to receive shares in the Wihlborgs Profit-Sharing Fund, which is entirely independent of Wihlborgs. Allocations to the profit-sharing fund are recognized as a personnel cost in the period to which the profit shares pertain.

### Income from property management

IAS 1 prescribes which information is to be presented in the income statement and the supplement describes how this may be set up. However, neither what is prescribed nor what is described is exhaustive or specific to developments at a property management company in Sweden, and a fairly clear tendency can be discerned. Against that background, income from property management is recognized in a section of the income statement and changes in the values of properties and derivatives in a separate section between income from property management and the profit before tax.

### Financial income and expense

Financial income comprises interest income and realized gains on available-for-sale financial assets. Interest income is recognized in the period in which it arises. Dividend on shares is recognized in the period in which the entitlement to receive payment is considered certain.

Financial expense includes interest and other costs attributable to the financing of operations, plus continuous interest on interest rate derivatives. This item also includes impairment losses and realized losses on available-for-sale financial assets. Interest expenses are charged to income in the period in which they are incurred, other than when they are incorporated into the historical cost of a construction project, and are recognized by application of the effective interest convention. Wihlborgs capitalizes interest expense attributable to the production of major newbuilds, extensions and redevelopments in the consolidated accounts. In the accounts of individual companies, all borrowing costs are charged to income in the year in which they are incurred. When calculating a borrowing cost to be capitalized, the average interest rate for the loan portfolio is used.

Charges for mortgages raised are not expensed but capitalized as investment in property.

### Income tax

Tax on profit for the year includes both current and deferred income tax for Swedish and foreign Group entities. Current tax is based on taxable profit for the year, which differs from the recognized profit for the year, in that it has been adjusted for non-taxable income, non-deductible expenses and for any change in temporary differences between recognized and taxable values for assets and liabilities. Current tax for the Group is based on the tax rates that applied on the balance sheet date.

Deferred tax has been calculated using the balance sheet method. This method is used to account for deferred tax liabilities and claims for all temporary differences between reported and taxable values for assets and liabilities and for other taxable deductions or deficits. Deferred tax liabilities and tax claims are calculated on the basis of the tax rate anticipated for the time at which the temporary difference is reversed. When valuing taxable tax loss carry-forwards, an assessment is made of the likelihood that the deficit can be utilized. When determining deferred tax claims, deficits are included in the amount that can be offset with certainty against future profits. In the case of asset acquisition, initially no deferred tax is reported on surplus or deficit values on consolidation of assets and liabilities acquired. Deferred taxes are reported at the nominal tax rate prevailing, undiscounted.

Deferred tax claims and deferred tax liabilities are offset if they relate to income tax to the same tax authority, and if the Group can settle the tax by paying a net amount. Both current and deferred tax are recognized in the income statement as income or costs except where the underlying transaction is recognized in other comprehensive income. In such cases, the tax is also recognized in other comprehensive income.

### Appropriations and untaxed reserves

Tax legislation in Sweden and certain other countries allows the payment of tax to be postponed by appropriation to untaxed reserves in the balance sheet via the income statement heading "Appropriations". Rules in the legislation allow depreciation over and above depreciation according to plan. However appropriations and untaxed reserves are not presented in the consolidated accounts. In the consolidated balance sheet, untaxed reserves are divided into deferred tax liability and equity. Equity is then eliminated so that only equity earned after the date of acquisition remains. In the consolidated income statement, the appropriation to or withdrawal from untaxed reserves is divided between deferred tax and net profit for the year.

### Properties

All properties in the Group are classified as investment properties on the basis that they are held to earn rental income or for capital appreciation, or a combination of the two. Investment properties are accounted for using the fair value method on the balance sheet, in accordance with IAS 40. Any change in value is recognized on a separate line in the income statement. The Group's properties are accounted for on the balance sheet as non-current assets. Since the properties are accounted for fair value, no provision for depreciation is made in the consolidated accounts. Investment properties are valued quarterly on the basis of an internal valuation model. The valuation of investment properties has been classified as falling within level 3 in the fair value hierarchy, as the estimated value is materially affected by non-observable input data used in the valuation. At year-end, all properties are valued by independent external valuers with recognized and appropriate qualifications. The valuation model used is based on a long-term assessment of return, taking into

account the current value of future payment flows and differentiated requirements for return per property, as determined by location, purpose, condition, standard etc. In the case of properties acquired via asset acquisition, the carrying amount is downwardly adjusted by an amount equal to any discount provided, in respect of the deferred tax, at acquisition.

Additional expenses relating to redevelopment/extension are added to the carrying amount only when it is probable that the future economic benefits associated with the asset will accrue to the Company and the acquisition cost can be measured in a reliable manner. All other subsequent costs are expensed in the period when they occur. The decisive factor in determining when an additional expense is added to the carrying amount is whether the expense relates to replacement of whole or parts of identified components, in which case the expenditure is capitalized. Expenditure on entirely new components is also added to the carrying amount. In major projects, interest during the project period is capitalized. Expenditure on repairs is recognized in the period in which it arises.

Further information on the valuation of the property portfolio and the carrying amounts included therein is provided on pages 78–79 and in Note 16.

#### **Financial instruments**

Financial assets and liabilities are recognized in the balance sheet when the company becomes a party under the contractual terms and conditions for the instrument. A financial asset is derecognised from the balance sheet when the contractual rights expire or become due or when the company loses control over the asset. On every reporting occasion, the company determines whether there are objective indications of any impairment requirement for a financial asset or group of financial assets. A financial liability is removed from the balance sheet when the obligation has been fulfilled or has otherwise expired.

Financial assets and liabilities are offset and recognized as a net amount on the balance sheet when there is a legally enforceable right to offset, and when there is an intention to settle, the items on a net basis, or to realize the asset and settle the liability simultaneously. Financial income and expense are offset in the income statement in cases where they are linked to the financial assets and liabilities where offsetting occurs.

Financial instruments are recognized either at accumulated acquisition cost or fair value, depending on how they are categorized under IAS 39, see Note 29 for information on classification.

*Cash in hand and on deposit* consist of bank balances at the end of the reporting period and are reported at their nominal value.

*Loan and accounts receivable* are financial assets that are not derivatives, that have fixed or determinable payments and that are not quoted in an active market. The receivables are recognized at acquisition cost, with a provision for bad debt. The need for such provision is assessed on a case-by-case basis, with any impairment being recognized among operating costs. Any portion of the receivables that falls due within a year is accounted for among other receivables.

*Loan liabilities* – are recognized at accumulated acquisition cost.

*Derivative instruments* – are measured regularly at fair value in accordance with IAS 39. Any changes in value are recognized in the income statement. The principles for hedge accounting stated in IAS 39 are not applied to interest rate derivatives. Derivative instruments are valued at the current value of future cash flows. In determining future cash flows, anticipated market rates during the remaining term of the derivatives portfolio has been used. In the closable swaps included in the portfolio, the option component has not been attributed any value, since swaps can only be closed in pairs and so do not give rise to any impact on income at Wihlborgs. The banks decide whether a swap is closed.

*Accounts payable* – are subject to a short payment date and are recognized at acquisition cost.

#### **Equipment**

Assets are recognized on the balance sheet at accumulated acquisition cost, less a deduction for accumulated depreciation according to plan and impairment. Annual depreciation is applied at 20 percent, on a straight-line basis, to the acquisition cost.

#### **Equity**

If any buy-back of Wihlborgs' own shares takes place, equity is reduced by the purchase consideration paid, including transaction costs. Payments received from any sale of the Company's own shares are recognized as an increase in equity. Any transaction costs are taken directly to equity.

Dividends are recognized as a reduction in equity following approval by the AGM.

#### **Provisions**

A provision differs from other liabilities in that uncertainty is attached to the time of payment or the size of the amount to effect the provision. A provision is recognized on the balance sheet when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably calculated.

#### **Parent Company's accounting policies**

The deviations that occur between the Parent Company's and the Group's policies arise from limitations in the Parent Company's ability to apply IFRS as a result of statutory provisions in, above all, the Swedish Annual Accounts Act, and in view of the relationship between accounting and taxation.

#### **Shares in subsidiaries**

Shares in subsidiaries are accounted for within the Parent Company using the acquisition cost method. The carrying amount is regularly tested by reference to the fair value of the assets and liabilities of the subsidiaries. In cases where the carrying amount of the shares in subsidiaries exceeds the fair value of the subsidiaries, an impairment charge is applied and charged to the

income statement. Where an earlier impairment is no longer justified, it is reversed.

### Anticipated dividend

Anticipated dividends from subsidiaries are reported as financial income.

### Group contributions

Group contributions are recognized in accordance with the alternative rule of Recommendation RFR 2. According to the alternative rule, Group contributions received and paid are both recognized as appropriations.

### Shareholder contributions

Shareholder contributions are recognized at the provider as an increase in shares in subsidiaries and at the receiver as an increase in unrestricted equity.

## Note 2 – Financial risk management

### Financial policy

Wihlborgs' financial activities are governed by the financial policy that is placed before the Board annually for approval. This financial policy sets out the overall rules determining how Wihlborgs' financial operations are to be managed and how the risks of these financial activities are to be limited. Operations are financed by equity and loans. The major share of these loans are interest-bearing. The Parent Company's Economy/Finance function is a group executive function with responsibility for the Group's financing, interest rate risk management, liquidity planning and management of other financial risks. The function reports quarterly to the Board in accordance with guidelines established in the financial policy. The overall goals for the Economy/Finance function are:

- To secure Wihlborgs' short- and long-term capital requirements
- To optimize financial netting within set risk parameters.
- On the basis of Wihlborgs' operations, continuously to adapt financing in order to achieve and maintain a capital structure that is stable in the long term.

### Management of financial risks

#### Liquidity and financial risk

Liquidity and financial risk refers to the risk of not being able to meet payment obligations as a result of insufficient liquidity or difficulties in raising new loans. Wihlborgs must be able to carry out transactions when the opportunity arises and must always be able to meet its commitments. Refinancing risk increases if the Company's creditworthiness deteriorates or if a large portion of its loan portfolio falls due on one or a few occasions.

Liquidity risk is managed partly via regular liquidity forecasts and partly by ensuring that Wihlborgs has access to credit lines or cash/cash equivalents that can be used at short notice to even out fluctuations in payment flows.

Borrowing risk is the risk that finance will be unavailable or obtainable only at highly unfavourable terms at a certain time. According to the financial policy, the objective for the capital structure is established in order to provide return on equity, enable the Company to obtain the necessary loan financing and secure scope for investment. Wihlborgs' aim for capital structure is to show an equity/assets ratio of no less than 30 percent and no more than 60 percent. On 31 December, the equity ratio was 28.2 percent (29.7) and the loan-to-value ratio 58.2 percent (60.8). In order to limit its financial risk, Wihlborgs endeavours to ensure that the maturities of its credit lines are spread as far as possible, taking market conditions into account; for more information on the maturity structure at year-end, see the table below. Wihlborgs' total available credit is SEK 15,612 million (14,049), of which SEK 14,148 million (13,740) had been utilized on 31 December 2014. Wihlborgs has secured access to finance via long-term credit facilities.

The average loan maturity, including credit facility, was 4.1 (4.0) years. For more information on loan maturity per year, see the table below.

### INTEREST AND LOAN MATURITY STRUCTURE PER 31 DECEMBER 2014

	Interest maturity		Credit agreements, SEK m.	Loan maturity	
	Loan amount, SEK m.	Average interest %		Used, SEKm	Not used, SEKm
2015	4,238	1.48	1,350	1,350	0
2016	0	0	5,340	4,715	625
2017	0	0	6,390	5,551	839
2018	0	0	0	0	0
2019	1,000	3.24	906	906	0
After 2019	8,910	3.92	1,626	1,626	0
<b>Total</b>	<b>14,148</b>	<b>3.14</b>	<b>15,612</b>	<b>14,148</b>	<b>1,464</b>

#### Interest rate risk

Interest expense is the biggest single item of cost to which Wihlborgs is exposed. The extent to which and how quickly an interest rate change shows through in income will depend on the fixed-interest period. A rise in interest rates is often set off by a rise in inflation. In commercial leases, it is normal for rents to be index-linked for inflation.

Interest rate risk is the risk that income and cash flow will be affected by a change in market interest rates; the interest rate risk is calculated as the difference between the current average interest rate in the portfolio and the market interest rate. According to the financial policy, the goal for the interest coverage ratio is to exceed 2.0 times; at year-end the interest coverage ratio was 2.8 (2.6) times.

By a combination of loans with a short fixed-interest period and the use of financial instruments in the form of interest swaps, a high degree of flexibility can be obtained and the fixed-interest period and interest rate level adapted to ensure that the goals for financial operations can be achieved at a limit-



ed level of interest rate risk. This can be done without any need for renegotiation of underlying loans. To manage the interest rate risk and obtain an even growth in net financial items, the average fixed-interest period for Wihlborgs' interest-bearing loan debt is adjusted to reflect the estimated risk level and interest rate expectations. Wihlborgs has an Interest Rate Committee that presents the Board with proposals for fixed-interest periods and interest rate levels as a basis for decision by the Board. Wihlborgs has an interest rate derivative portfolio of SEK 9.5 billion, comprising 11 separate interest rate swaps. For more detailed information see the table below. Because of lower market rates, the deficit in Wihlborgs' interest rate derivative portfolio rose to SEK 1,148 million, a negative change of SEK 1,038 million over the year. This change in value does not affect cash flow, a derivative has always zero value when it matures.

#### The interest rate portfolio includes 11 interest-rate swaps

Amount, SEKm	Rate, %	Can be closed	Expiry
<b>Closable swaps</b>			
500	2.63	quarterly	2026
500	2.52	quarterly	2026
500	2.33	quarterly	2026
500	2.58	quarterly	2027
1,000	1.96	quarterly	2021
<b>Interest rate swaps</b>			
2,000	2.70		2021
1,000	2.04		2022
1,000	2.01		2022
1,000	3.40		2024
500	3.32		2024
<b>Threshold swap</b>			
1,000	3.07	Threshold 4.75 %	2021

#### Counterparty risk

Counterparty risk refers to the risk that the counterparty will not be able to fulfil a delivery or payment. In Wihlborgs' financial activities, counterparty risk arises above all when the Company invests excess liquidity, engages in interest rate swap contracts and obtains long-term credit facilities. To reduce counterparty risk, Wihlborgs' financial policy states that the Company must deal only with banks or similar credit institutions with a rating corresponding to no less than A from both Moody's and Standard & Poor's. Svensk FastighetsFinansiering AB can also be a lender, as long as Wihlborgs has an ownership stake in the company. According to the financial policy, the spread of loans between various credit institutions must be such that there are at least four to six main lenders, none of whom should have a share of the total loan portfolio exceeding 30 percent. At year-end, Wihlborgs had 6 main lenders, none of whom represented more than 30 percent of the overall loan portfolio. Wihlborgs has also previously issued a programme of its own secured bonds. Furthermore, in late 2014, Wihlborgs established

a medium-term note programme in order to be able to issue non-secured bonds.

As regards Wihlborgs' accounts receivable, standard customer credit checks are performed before a new tenant is accepted, and if necessary the lease is backed by a personal guarantee, deposit or bank guarantee. In the case of receivables older than three months, provision is made in the accounts if no repayment plan or the like has been entered into with the tenant. Similarly, credit checks are carried out in connection with any promissory note receivables that may arise in connection with divestment of companies or properties.

#### Currency risk

Currency risk refers to the risk that negative impact of changes in exchange rates may have on Wihlborgs' income statement and balance sheet. Wihlborgs owns properties in Denmark via its subsidiary Wihlborgs A/S. To moderate the impact of changes in exchange rates, properties in Denmark are financed in Danish kroner (DKK) via the Danish subsidiary direct. In addition, Wihlborgs has also raised in DKK loan via the Parent Company.

#### Operational risk

Operational risk in Wihlborgs' financial activities concerns the risk of incurring losses as a result of inadequate routines and/or irregularities. Effective internal controls, fit-for-purpose administrative routines, competence development and the availability of reliable valuation and risk models are a sound framework for minimizing operational risks. Wihlborgs Finance function focuses continuously on monitoring the Company's administrative security and control.

## Note 3 - Business segments

The Group's operations are focused on commercial properties in the Öresund region. In internal reporting to Group Management, operations are evaluated per market area, which represents the Group's only division into segments. These market areas are Malmö, Helsingborg, Lund and Copenhagen.

### Segment reporting

Market areas Items classified per segment	Malmö		Helsingborg		Lund		Copenhagen		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Rental income	895	862	494	498	356	261	111	83	1,856	1,704
Other income	0	2	2	0	47	1	0	0	49	3
Property costs	-217	-220	-152	-148	-101	-76	-29	-25	-499	-469
<b>Operating surplus</b>	<b>678</b>	<b>644</b>	<b>344</b>	<b>350</b>	<b>302</b>	<b>186</b>	<b>82</b>	<b>58</b>	<b>1,406</b>	<b>1,238</b>
Change in value of properties	299	49	130	23	191	110	22	-15	642	167
<b>Segment profit</b>	<b>977</b>	<b>693</b>	<b>474</b>	<b>373</b>	<b>493</b>	<b>296</b>	<b>104</b>	<b>43</b>	<b>2,048</b>	<b>1,405</b>

### ITEMS NOT CLASSIFIED BY SEGMENT

Other income	-	-	-	-	-	-	-	-	9	14
Central administration	-	-	-	-	-	-	-	-	-50	-51
Net interest etc.	-	-	-	-	-	-	-	-	-477	-452
Change in value, derivatives	-	-	-	-	-	-	-	-	-1,038	449
Tax on profit for the year	-	-	-	-	-	-	-	-	-97	-302
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>395</b>	<b>1,063</b>

### PROPERTY VALUES AND INVESTMENTS PER SEGMENT

Properties	12,096	11,586	5,518	5,249	4,832	4,433	1,853	1,316	24,299	22,584
Property acquisitions during the year	27	441	115	-	47	1,569	300	-	489	2,010
Other investments in properties	139	263	394	164	161	107	108	14	802	548

### Rental income and property value per country

	Rental income		Property valuation	
	2014	2013	2014	2013
Denmark	111	83	1,853	1,316
Sweden	1,745	1,621	22,446	21,268
	<b>1,856</b>	<b>1,704</b>	<b>24,299</b>	<b>22,584</b>

## Note 4 - Rental income

	Group	
	2014	2013
Rental income, gross	2,055	1,882
Cost unlet	-199	-178
	<b>1,856</b>	<b>1,704</b>

Rental income, gross, includes not only rent excluding heating, supplementary charges for heating, electricity, water and sewerage and property tax passed on to the tenant, but also deduction of rent discounts granted. SEK 50 (43) million of rental income is turnover based rent on premises. Rents and rent discounts only charged during a specific part of the term of the lease have been recognized on an accruals and straight-line basis over the entire term of the lease.

Rental income is based on leases that are to be regarded as operational leases, where the Group is the lessor. Future rent payments not subject to lease termination are as follows, by maturity:

	Group	
	2014	2013
Within 1 year	1,753	1,746
Between 1 and 5 years	3,668	3,462
More than 5 years	2,206	2,164
	<b>7,627</b>	<b>7,372</b>

Of the above-mentioned future rent payments not subject to lease termination, SEK 344 million (238) million relates to leases signed before the year-end but with occupancy being taken up on a later occasion in the following year. For more information on rents and leases, see pages 64-65.

## Note 5 - Other income

This item consists of non-recurring compensation from tenants in connection with early lease termination.

## Note 6 - Property costs

	Group	
	2014	2013
Heating, electricity and water/sewage	141	143
Other operating costs	99	95
Repairs and maintenance	77	70
Property tax	87	82
Site leasehold rent	5	6
Property management	90	73
	<b>499</b>	<b>469</b>

## Note 7 - Depreciation

Investment properties are accounted for at fair value, in accordance with IAS 40. As a result, no depreciation is shown for the property portfolio.

Equipment	Group	
	2014	2013
Property management	1	1
Central administration and marketing	-	-
	<b>1</b>	<b>1</b>

## Note 8 - Employees, personnel costs and executive remuneration

Average number of employees	Of whom,		Of whom,	
	2014	men	2013	men
Parent Company, Sweden	91	58	88	56
Subsidiaries, Sweden	6	0	6	2
Subsidiaries, Denmark	19	13	12	9
<b>Group, total</b>	<b>116</b>	<b>71</b>	<b>106</b>	<b>67</b>

Gender distribution, Board and senior executives	Board of Directors		Senior executives	
	2014	2013	2014	2013
Men	4	5	3	3
Women	3	3	2	2
<b>Total</b>	<b>7</b>	<b>8</b>	<b>5</b>	<b>5</b>

<sup>1</sup> Since September 2014, 2 persons.

Salaries, other remuneration and social security costs	Group		Parent Company	
	2014	2013	2014	2013
Board fees	0.9	1.0	0.9	1.0
Chief Executive Officer				
Salaries and other remuneration	3.9	3.7	3.9	3.7
Benefits	0.1	0.1	0.1	0.1
Other senior executives				
Salaries and other remuneration	4.7	4.7	4.7	4.7
Benefits	0.1	0.2	0.1	0.2
Other employees	48.0	44.1	39.9	36.8
<b>Total</b>	<b>57.7</b>	<b>53.8</b>	<b>49.6</b>	<b>46.5</b>

Pension costs (excl. special payroll tax)

Chief Executive Officer	1.4	1.3	1.4	1.3
Other senior executives	1.3	1.3	1.3	1.3
Other employees	6.8	7.4	6.3	7.1

Other social security costs	19	18.7	17.9	17.9
<b>Total</b>	<b>28.5</b>	<b>28.7</b>	<b>26.9</b>	<b>27.6</b>

### Senior executive remuneration

#### Principles

Fees are paid to the Chair and Board members in accordance with resolution of the AGM. The Chair was paid SEK 230 th. (230) and other Board members excluding the CEO SEK 135 th. (125) each. Remuneration to the CEO and other senior executives will be made up of basic salary, other benefits and pension. "Other senior executives" refers to the Group Management, which in addition to the CEO consists of the Chief Financial Officer, the Director of Corporate Communication, the Director of Projects & Development (until the end of August) and, from the beginning of August 2013, the Director of HR & CSR. Group Management is not entitled to any specific variable or share price related remuneration.

#### Remuneration and other benefits during the year

"Other benefits" refers to use of company cars. "Pension cost" refers to the cost charged to profit for the year. The pensionable age for the CEO is 65 years. The costs of the CEO's pension are paid in the form of a premium amounting to 35 percent of the pensionable income during the CEO's period of service. Other senior executives are covered by an ITP plan or equivalent, with the pensionable age being 65.

A number of administrative personnel in Sweden are covered by the ITP2 Plan's defined-benefit pension commitments for retirement and family pensions via a policy with Alecta. According to a statement from the Swedish Financial Reporting Board – UFR 3 Classification of ITP plans financed via insurance with Alecta – this consists of a defined-benefit plan to which several employers subscribe. For the 2014 financial year, the Company has not had access to information to enable it to report its proportional share of the plan's commitments, assets under management and costs. As a result, the Company has been unable to account for it as a defined-benefit plan. Against that background, the ITP 2 Pension Plan that is secured via insurance with Alecta is accounted for as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated individually on the basis of factors such as salary, previously earned pension entitlement and estimated remaining period of employment. Anticipated charges for the next reporting period for ITP 2 insurance policies held with Alecta totals SEK 165 th. The collective consolidation level is the market value of Alecta's assets as a percentage of its insurance commitments, calculated by Alecta's actuarial methods and assumptions, which do not accord with IAS 19. Normally, the collective consolidation shall be allowed to vary between 125 and 155 percent. If Alecta's collective consolidation level falls short of 125 percent or exceeds 155 percent, steps are to be taken to enable the consolidation level to be brought back within the normal range. In the case of low consolidation, one step can be to increase the price for new, and extending existing, benefits. In the case of high consolidation, one step can be to reduce premiums. At year-end 2014, Alecta's surpluses in the form of the collective consolidation level was 144 percent (148).

#### Severance pay

The CEO's employment is subject to notice of termination of six months by either party. If employment is terminated by Wihlborgs, the CEO is entitled to severance pay corresponding to 18 months' salary. The severance pay is offset against other sources of income. If the employment is terminated by the CEO, no severance pay is due. In the case of other senior executives, employment is subject to notice of termination of 6 months by either party. If employment is terminated by the Company, the senior executive is entitled to severance pay for up to 12 months. The severance pay is offset against other sources of income. If the employment is terminated by the senior executive, no severance pay is due.

#### Remuneration-setting procedure

Remuneration to the CEO for the 2014 financial year has been approved by the Board. Remuneration to other senior executives has been approved by the CEO.

#### Profit-sharing fund

Wihlborgs has a profit-sharing fund for which all employees are eligible, apart from the CEO. Allocations to the profit-sharing fund may not exceed one basic amount geared to the price index per employee per year and is based on a combination of Wihlborgs' profits, excluding value appreciation in properties and derivatives, return on equity requirements and dividend to shareholders. The profit-sharing fund is required to invest its assets in shares in Wihlborgs Fastigheter AB. Payments to employees are made in accordance with the fund's articles of association. Personnel costs for 2014 include an allocation of SEK 4,040 th. (3,770) to the profit-sharing fund.

## Note 9 - Other income

Other income not related to own property management.

## Note 10 - Central administration and marketing

This item comprises costs of Group Management and Group executive functions for finance, HR, accounting, IT and investor relations etc., as well as other costs associated with being a public company. Property-related administration is not included, but is instead accounted for among property costs.

## Note 11 - Fees and reimbursement of costs to auditors, SEK th.

	Group		Parent Company	
	2014	2013	2014	2013
<b>Deloitte AB</b>				
Auditing services	2,200	2,055	2,200	2,055
Accounting assignments other than auditing services	435	400	435	400
Tax advice	141	246	141	246
Other services	-	-	-	-
<b>Aaen &amp; Co. statsautoriserede revisorer p/s</b>				
Auditing services	64	58	-	-
Accounting assignments other than auditing services	102	104	-	-
Tax advice	70	64	-	-
Other services	158	-	-	-

Fees charged to Swedish subsidiaries are invoiced to the Parent Company.

Auditing services consist of statutory auditing of the annual accounts, the consolidated accounts and the accounting records, as well as examination of the performance of the Board and CEO and other auditing functions performed by agreement or under contract.

Auditing services also include other duties that fall to a company's auditor, together with advice and other support occasioned by observations made during audits or the performance of such other duties.

## Note 12 - Change in value, investment properties

The change in value during the year relates not only to properties sold but also the property portfolio at year-end.

	Group	
	2014	2013
Change in value, properties sold	24	2
Change in value, property portfolio on 31 Dec.	618	165
	<b>642</b>	<b>167</b>

The realized change in value, that is, the difference between on the one hand the selling price of properties sold and on the other hand the total capital invested in these properties, was SEK 157 million (6). "Total capital invested" refers to the original investment or acquisition, plus the investments made to the property concerned during the remainder of the period of ownership.

To determine the change in value for each period, the properties are valued at the end of every quarter. Internal valuations are performed on 31 March, 30 June and 30 September. To confirm internal valuations at these times, a small selection of properties are valued externally. The properties are selected with a focus on properties showing major changes in rental levels, vacancy rates or substantial investments. At every year-end, all properties are valued externally. Malmöbryggan Fastighetsekonomi AB and Savills Sweden AB performed a valuation of all Wihlborgs' properties in Sweden as per 31/12/2014. The values of the properties are determined individually to correspond to the fair value of the property concerned. In Denmark, the properties were valued by DTZ Egeskov & Lindquist A/S. For further information, see Note 16.

For more details on valuation methods, valuation bases, market parameters etc. used in determining the value of the property portfolio, see pages 78-79.

## Note 13 - Change in value, derivatives

Derivatives are financial instruments that in accordance with IAS 39 are recognized at fair value in the balance sheet. Changes in the value of interest rate derivatives are recognized as "Change in value, derivatives" in the income statement. For information on the principles for valuation of derivatives, see Note 2.



## Note 14 - Tax on profit for the year

	Group		Parent Company	
	2014	2013	2014	2013
Current tax on profit for the year	-5	-3	-	-
Adjustment of current tax, previous years	-	-1	-	-
Total current tax	-5	-4	0	0
Deferred tax	-92	-298	226	-83
<b>Total tax</b>	<b>-97</b>	<b>-302</b>	<b>226</b>	<b>-83</b>
Nominal tax on profit before tax	-108	-300	61	-165
Tax effect, adjustment items				
- Dividend from Group companies	-	-	174	91
- Impairment/reversal of interests in Group companies	-	-	-9	-8
- Sale of properties as companies	46	-	-	-
- Restructuring of Group	-14	-	-	-
- Tax-free income	-	22	-	-
- Non-deductible costs	-27	-15	0	-1
- Profit shares in joint ventures	-	-8	-	-
- Other adjustment items	6	-	-	-
<b>Total tax, excl. current tax, previous years</b>	<b>-97</b>	<b>-301</b>	<b>226</b>	<b>-83</b>
Adjustment of current tax, previous years	-	-1	-	-
	<b>-97</b>	<b>-302</b>	<b>226</b>	<b>-83</b>

In addition to that reported above, the Group has a tax cost attributable to components of other comprehensive income amounting to -5 (3).

The nominal tax rate is 22 (22) percent in Sweden and 24.5 (25) percent in Denmark. Effective 1 January 2015, corporation tax in Denmark was lowered to 23.5 percent, which affected the calculation of deferred tax in this year's accounts.

The Group reports current tax amounting to SEK -5 million (-4). The current tax is based on the taxable income of the companies incorporated in the Group. This is lower than the Group's net profit before tax.

This is primarily because:

- The change in value for investment properties and derivatives is not included in the taxable profit
- Tax deductible depreciation on buildings, land improvements and fixtures and fittings in buildings is not charged to the consolidated profit
- Directly tax deductible amounts for certain redevelopment investments in properties are not charged to the consolidated profit
- Tax loss carry-forwards used are not charged to the consolidated profit

Calculation of current tax on profit for the year in the Group	2014	2013
Profit before tax	492	1 365
Changes in value	396	-616
Tax deductible depreciation on buildings	-464	-635
Direct deductions, tenant modifications and replacement of components etc.	-184	-202
Restructuring, Group	63	-
Taxable profit/loss property sales	6	26
Miscellaneous	6	8
Taxable profit before tax loss carry-forwards	315	-54
Tax loss carry-forwards, opening balance	-1,469	-1,400
Tax loss carry-forwards, closing balance	1,178	1,469
Taxable profit	24	15
<b>Current tax on profit for the year</b>	<b>-5</b>	<b>-3</b>

## Note 15 - Statement of other comprehensive income and change in reserves

The translation reserve includes all currency differences that arise in translation of financial reports from foreign subsidiaries that have prepared their financial reports in a currency other than the one in which the Group's financial reports are presented.

The translation reserve also includes currency differences that arise in translation of liabilities and other items accounted for as hedging instruments for a net investment in a foreign operation. When the foreign subsidiary is wound up or sold, its portion of the translation reserve is taken to profit for the year. These reserves are presented as a separate item in shareholders' equity. Various reserves may appear here, but at present the only one included is the translation reserve.

2014	Opening balance	Change during the year in translation reserve	Transferred to profit for the year	Closing balance
Translation of net investments in foreign operations	4	29	-	33
Hedging of currency risk in foreign operations	57	-29	-	28
Tax attributable to hedging of currency risk in foreign operations	-16	5	-	-11
	<b>45</b>	<b>5</b>	<b>-</b>	<b>50</b>

2013	Opening balance	Change during the year in translation reserve	Transferred to profit for the year	Closing balance
Translation of net investments in foreign operations	-8	12	-	4
Hedging of currency risk in foreign operations	72	-15	-	57
Tax attributable to hedging of currency risk in foreign operations	-19	3	-	-16
	<b>45</b>	<b>0</b>	<b>-</b>	<b>45</b>

In order to minimize the impact from exchange rate fluctuations on translation of the net assets of foreign operations into Swedish kronor, both forward currency contracts and loans in foreign currency have historically been used. At present, only loans denoted in foreign currency are used for hedging in this way.

## Note 16 – Investment properties

All Wihlborgs' properties are classified as investment properties. Investment properties are those owned in order to earn rental income or for capital appreciation or a combination of the two. Investment properties are accounted for in the statement of financial position at fair value.

Wihlborgs rents offices in Copenhagen, Lund, Malmö and Helsingborg in its own properties. The rental value for own renting amounts in all cases to a negligible portion of the total rental value for the property concerned and consequently none of these properties is classified as operating property.

Wihlborgs does not own any property that was acquired or redeveloped with a view to reselling it quickly thereafter. As a result, no property is accounted for as property held for resale.

Approved investments amount to SEK 928 million (367), of which SEK 660 million (162) had been invested at year-end.

Of the carrying amounts for the properties, it is estimated that SEK 116 (108) million relates to capitalized loan costs. To calculate the loan cost for capitalization, an interest rate corresponding to the average interest rate on the loan portfolio was used. On 31/12/2014, the interest rate was 3.20 percent (3.50).

At year-end, the residual value of the property portfolio for tax purposes was SEK 11,818 million (11,343).

	2014	2013
Tax assessment value Swedish properties	9,613	9,586
Carrying amount, Swedish properties	22,466	21,268

Fair value is determined by a combination of a comparable sales method, based on recorded local purchases, and a yield-based method. The yield-based method is based on a current value calculation of future actual cash flows, which is continually

adjusted to the market, normally over 5 years, and the current value of the estimated residual value at the end of the calculation period. The valuation of investment properties has been classified as falling within level 3 in the fair value hierarchy, as the estimated value is materially affected by non-observable input data used in the valuation. The values of the properties are determined individually to correspond to the fair value of the property concerned.

The fair value of investment properties has been assessed by impartial external property valuers with appropriate professional qualifications and experience not of only the market areas concerned but also the type of properties valued. In Sweden, the valuations were performed by Malmöbryggan Fastighetsekonomi AB and Savills Sweden AB. In Denmark, the properties were valued by DTZ Egeskov & Lindquist A/S. For further information on the valuation of the property portfolio, see pages 77–79.

### Adjustment of property valuation

	Group	
	2014	2013
Property value according to external valuations	24,525	22,800
Adjustment for initial tax refund received on acquisition of asset	-226	-216
<b>Carrying amount</b>	<b>24,299</b>	<b>22,584</b>

### Change in carrying amount for the year

	Group	
	2014	2013
Carrying amount, beginning of year	22,584	19,876
Reclassification <sup>1</sup>	51	-
Property acquisitions	489	2,010
Investments	802	548
Properties sold <sup>2</sup>	-376	-65
Change in value	642	167
Currency translations	107	48
<b>Carrying amount</b>	<b>24,299</b>	<b>22,584</b>

<sup>1</sup> Properties and property value acquired as a result of reclassification of joint arrangements

<sup>2</sup> Including provisional insurance indemnity for total loss on property.

### Aggregated sensitivity analysis, built properties in Sweden

Parameter	Assumed change, %	Change in yield value, %
Market rent level	10	9.3
Market rent level	-10	-10.5
Operating and maintenance costs	20	-7.3
Operating and maintenance costs	-20	6.4
Investment yield, residual value	0.25	-3.4
Investment yield, residual value	-0.25	2.8

Source: Malmöbryggan Fastighetsekonomi AB

## Financial statements

### Summary

Date of valuation	31 Dec. 2014
Fair value	SEK 24,299 m.
Calculation period	Normally 5 years for Swedish properties and 10 years for Danish properties. However, for certain properties, different calculation periods are justified on the basis of the length of the lease.
Estimated direct return requirement, residual value	Between 4.75% and 8.25%.
Cost of capital	Between 5% and 9%
Long-term vacancy rate	Normally between 5% and 12%
Operating and maintenance costs	In assessing the value, maintenance and maintenance costs are calculated on a standardized basis taking type of property, valuation year and location into account.
Inflation assumption	CPI is estimated to rise by 2% per year except in 2015 when it is estimated to rise by no more than 0.40%.

## Note 17 - Equipment

	Group		Parent Company	
	2014	2013	2014	2013
Opening balance, acquisition costs	43	34	10	8
Investments	1	11	0	2
Sales and disposals	-4	-2	-	-
Closing balance, acquisition costs	40	43	10	10
Opening balance, depreciation	-36	-29	-6	-6
Depreciation items in acquired companies	-	-8	-	-
Sales and disposals	4	2	-	-
Depreciation during year	-1	-1	-1	-
Closing balance, depreciation	-33	-36	-7	-6
<b>Carrying amount</b>	<b>7</b>	<b>7</b>	<b>3</b>	<b>4</b>

## Note 18 - Interests in joint ventures and holdings in joint operations

IFRS 11 Joint arrangements has been applied since 1 January 2014. This standard defines the difference between joint operations and joint ventures, depending on whether the Group has direct rights to the assets and obligations for the liabilities or not. The assessment is based on the structure of the investment, its legal form, contractual arrangements and other factors and circumstances. To Wahlborgs the effect of the change is that Dockan Exploatering AB and Nyckel 0328 AB are

classified as joint operations as of 1 January 2014, meaning that certain assets, liabilities, income and costs have been added while assets in the form of capital interests and income items such as shares in profits have been reduced. No adjustment has been made to figures from the preceding year as neither profit nor total assets were materially affected.

Fastighets AB ML4, which owns the MAX IV research facility in Lund and which was previously accounted for as a joint venture is now reported as a non-consolidated structured entity.

	Group		Parent Company	
	2014	2013	2014	2013
Carrying amount at beginning of year	124	129	53	53
Reclassifications	-118	-	-	-
Share of profit	-	3	-	-
Repayment of shareholder contributions	-	-	-17	-
Deferred tax	-	-8	-	-
<b>Carrying amount at year-end</b>	<b>6</b>	<b>124</b>	<b>36</b>	<b>53</b>

Name/Co. reg. no.	Registered office	Capital interest, %	Group	Parent Company
Dockan Exploatering AB 556594-2645	Malmö	33.3	-	31
Hälsostaden Ängelholm Holding AB/556790-5723	Ängelholm	33.3	5	5
Medeon AB 556564-5198	Malmö	40.0	0	0
Ideon AB 556862-4026	Lund	60.0	1	-
			<b>6</b>	<b>36</b>

### Description of interests classified as joint ventures

- Hälsostaden Ängelholm Holding AB was established to develop the site around Ängelholm Hospital into a health care city with a wide range of hospital and health-promoting activities. A major conversion and newbuild project valued at around SEK 700 million began in the northern hospital district and is expected to be completed in 2018. The project is part-financed by the Nordic Investment Bank (NIB).
- Medeon AB is marketing Medeon Science Park, a research park in Malmö focusing on life sciences (pharmaceuticals, medical technology, biotechnology and healthcare).
- Ideon AB, owned jointly with Lunds Universitets Innovations system AB and Lund's municipal corporation, was established to strengthen and develop Ideon as a creative and active research community in close contact with universities and other institutes of higher education.

### Description of interests classified as joint operations

- Dockan Exploatering AB conducts development activities in the Dockan area of Malmö. The company's purpose is to source development land for its owners.
- Nyckel 0328 AB conducts, via its subsidiary Svensk FastighetsFinansiering AB, financial activities in the form of raising loans in the capital markets and issuing cash loans. The com-

pany is jointly owned by Fabege, Wihlborgs and Peab. Wihlborgs ownership share is 33.33 percent. The intention is to extend the Company's financing options via a new financing source. During 2011, a bond programme with an upper limit of SEK 5 billion was launched. On 31 December 2014, a total of SEK 1,380 million (2,320) of this amount had been utilized, including SEK 690 million (1,160) by Wihlborgs.

- In January 2015, Nya Svensk FastighetsFinansiering AB was established, a new finance company with a secured MTN programme of SEK 8 billion. The company is owned by Catena AB, Diös Fastigheter AB, Fabege AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB, each with a 20 percent share. The objective is to broaden the base for the company's borrowing structure in a situation where the capital market is showing a strong appetite for bonds. In February, the company offered an issue that was fully subscribed. At the same time, bonds worth SEK 2,025 million were subscribed with maturities of between two and five years, at both fixed and variable interest rates. Wihlborgs' portion was SEK 1,343 million.

Summary of joint venture company profits/losses and financial position (100%)

Results	2014	2013
Income	81	237
Costs	-81	-229
	<b>0</b>	<b>8</b>
<b>Assets</b>		
Non-current assets	403	4,069
Current assets	12	532
	<b>415</b>	<b>4,601</b>
<b>Liabilities and equity</b>		
Equity	17	188
Non-current liabilities	382	4,079
Current liabilities	16	334
	<b>415</b>	<b>4,601</b>
<b>Carrying amount</b>	<b>6</b>	<b>124</b>

## Note 19 – Receivables from joint ventures

	Group		Parent Company	
	2014	2013	2014	2013
Maturity date between 1–5 years from balance sheet date	–	51	45	51
Maturity date more than 5 years from balance sheet date	–	–	–	–
<b>Carrying amount</b>	<b>–</b>	<b>51</b>	<b>45</b>	<b>51</b>

## Note 20 – Other long-term securities

Carrying amount	Group		Parent Company	
	2014	2013	2014	2013
Opening/closing value	1	1	1	1
	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

Name/Co. reg. no.	Registered office	Capital interest, %	Carrying amount
Fastighets AB ML4 556786-2155	Malmö	50.0	1

Fastighets AB ML4's purpose is to develop, build, own and manage the MAX IV research centre in Lund. The company is owned jointly with Peab Sverige AB. Work started on construction in 2011 and is scheduled for completion in summer 2015, when occupancy will be taken up by the tenant, the University of Lund. The lease is for 25 years. The investment is estimated at just under SEK 2 billion, financed mainly by a loan from a credit institution, with an option to extend the credit agreement until 2017. The loan has been guaranteed 50 percent by each of the partners via securities and pledging of the shares in the company. At year-end, Wihlborgs' guarantee commitment totalled SEK 659 million. Wihlborgs has loaned SEK 169 million to the company, which is accounted for as a non-current receivable in the consolidated statement of financial position.

## Note 21 – Other long-term receivables

	Group		Parent Company	
	2014	2013	2014	2013
Maturity date between 1–5 years from balance sheet date	178	172	171	165
Maturity date more than 5 years from balance sheet date	5	4	5	4
<b>Carrying amount</b>	<b>183</b>	<b>176</b>	<b>176</b>	<b>169</b>

SEK 176 (165) million of the above receivables are interest-bearing.

## Note 22 - Accounts receivable - trade

Maturity structure – accounts receivable due	Group	
	2014	2013
Accounts receivable that are neither due nor impaired	5	23
Accounts receivable that are due		
0-30 days	5	4
31-60 days	3	5
61-90 days	2	2
>90 days	32	21
Of which, provision made (excluding VAT)	-21	-15
<b>Total</b>	<b>26</b>	<b>40</b>

In all, the total cost during the year for confirmed and anticipated bad debts amounted to SEK 9 million (7).

## Note 23 - Prepaid expenses and accrued income

	Group		Parent Company	
	2014	2013	2014	2013
Rental income	8	7	-	-
Insurance payments	40	39	-	-
Anticipated dividends	-	-	612	152
Interest income	4	6	4	6
Miscellaneous	16	12	4	5
<b>Total</b>	<b>68</b>	<b>64</b>	<b>620</b>	<b>163</b>

## Note 24 - Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and on deposit. Unused overdraft facilities which are not included in cash and cash equivalents amounted to SEK 114 million (157), SEK 114 million (157) in the Parent Company.

## Note 25 - Equity

Number of shares registered and outstanding at beginning and end of year

76,856,728

All shares have equal voting rights, one vote per share. Quota value per share, 2.50 SEK (2.50). In 2014, shareholders received a dividend of SEK 4.25 (4.00) per share, representing a total of SEK 327 (307) million.

After the balance sheet date, the Board proposed the following dividend

Per share	SEK 4.75
Total	SEK 365 million

The dividend proposal will be subject to approval by the Annual General Meeting, to be held on 29 April 2015.

The dividend proposal complies with the Company's dividend policy and is based on:

- 50 percent of income from property management, after deduction of tax at 22 percent.
- 50 percent of profit realized from property sales, that is, the selling price, less total invested capital, after deduction of tax at 22 percent.

In order to control and manage the Company's assets, a number of financial goals have been established to provide Wihlborgs with a capital structure that delivers the best return to shareholders, with due account taken of risk. Equity refers to shareholders' equity.

	Goal 2014	Outcome 2014	Average, 2010-2014
Return on equity should exceed the risk-free interest rate by at least six percentage points, %	>6.4	5.7	13.5
Equity/assets ratio, %	>30.0	28.2	29.7
Loan-to-value ratio of properties, %	<60.0	58.2	59.2
Interest coverage ratio, mult.	>2.0	2.8	2.8

The Company's lenders have been furnished with guarantees (financial covenants) concerning the equity/assets ratio and interest coverage ratio. There is an adequate margin between, respectively, the level of guarantees furnished and goals/outcomes for 2014. For more information on the Group's financial goals, dividend policy etc., as well as the relevant definitions, see pages 14 and 135.

## Note 26 - Deferred tax liability

	Group	
	2014	2013
Deferred tax is based on the net of:		
- Tax loss carry-forwards	-259	-324
- Difference between carrying amount and taxable value of properties	2,054	1,812
- Difference in carrying amount and taxable value related to derivatives	-253	-24
- Other temporary differences	67	121
- Untaxed reserves	18	13
	<b>1,627</b>	<b>1,598</b>

The tax loss carry-forwards that have been used to calculate deferred tax amount to SEK 1,178 million (1,469). Of these SEK 5 million (-) is a deficit that is non-allowable through being Group contributions or merger-related.

The tax loss carry-forwards include a deficit of SEK 2 million (20) in the Danish subsidiary. In the calculation of deferred tax on unused tax loss carry-forwards, deficits encumbered with considerable uncertainty have been excluded.



## Note 27 - Other provisions

	Group		Parent Company	
	2014	2013	2014	2013
Stamp duty, property acquisition	30	30	-	-
Other provisions for pensions	7	6	7	6
<b>Carrying amount</b>	<b>37</b>	<b>36</b>	<b>7</b>	<b>6</b>

The stamp duty liability arose in connection with sales of properties within the Group. The liability only falls due for payment when the properties or the Group companies that own the properties are sold to an external party.

## Note 28 - Interest-bearing liabilities

	Group		Parent Company	
	2014	2013	2014	2013
Maturity date up to				
1 year from balance sheet date	1,350	970	1,000	250
Maturity date between				
1 and 5 years from balance sheet date	11,172	11,524	10,743	10,992
Maturity date more than				
5 years from balance sheet date	1,626	1,246	409	384
	<b>14,148</b>	<b>13,740</b>	<b>12,152</b>	<b>11,626</b>
- of which, long-term portion	14,148	13,078	12,152	11,626
- of which, current portion	-	662	-	-
	<b>14,148</b>	<b>13,740</b>	<b>12,152</b>	<b>11,626</b>

The amounts above include the unused bank overdraft facility, which was SEK 80 million (39) for the Group and SEK 61 million (18) for the Parent Company. The credit limit approved as a bank overdraft facility is SEK 194 million (196) for the Group and SEK 175 million (175) for the Parent Company. The current portion of loans has been wholly or partly reduced by unused long-term credit agreements. The loan portfolio includes, in addition to loans from banks and credit institutions, loans from finance company Svensk FastighetsFinansiering AB, a subsidiary of Nyckel 0328 AB, in the amount of SEK 690 million (1,160) and bond loans of SEK 1,785 million (1,000).

## Note 29 - Derivative instruments

Analysis of value of derivative instruments based on maturity				
	Group		Parent Company	
	2014	2013	2014	2013
Less than 1 year from balance sheet date	-	-	-	-
Between 1 and 5 years from balance sheet date	-	-	-	-
More than 5 years from balance sheet date	1,148	110	1,148	110
	<b>1,148</b>	<b>110</b>	<b>1,148</b>	<b>110</b>
of which, recognized as				
Non-current receivable				
- Interest rate derivative, surplus value	-	110	-	110
Non-current liability				
- Interest rate derivative, deficit value	1,148	220	1,148	220

Derivative instruments are classified as non-current liabilities on the balance sheet and measured regularly in accordance with IAS 39 at fair value at level 2, except for the closable swaps that are measured at level 3 (IFRS 7). Interest rate derivatives are not expected to be settled in cash. See also Note 1 – Accounting policies.

Any change in the value of interest rate derivatives is recognized in the income statement on a separate line entitled “Change in value, derivatives”.

The changes in value of interest rate derivatives during the year totalled SEK -1,038 million (449), all of which are unrealized.

For more detailed information on Wihlborgs' derivative instruments and the risks they are intended to minimize, see Note 2 – Financial risk management.

	Group/ Parent Company
<b>Swaps value IFRS 7, level 3</b>	
Opening balance, fair value 01/01/14, liability	<b>183</b>
Change from level 3 to level 2, no longer closable	<b>-125</b>
Changes in value, negative	269
Maturity	-
<b>Closing balance, fair value 31/12/14, liability, level 3</b>	<b>327</b>
<b>Closing balance, fair value 31/12/14, liability, level 2</b>	<b>821</b>

## Note 30 - Accrued expenses and deferred income

	Group		Parent Company	
	2014	2013	2014	2013
Prepaid rent	271	233	-	-
Interest costs	78	76	76	64
Additional costs, sale of properties	15	25	-	-
Miscellaneous	88	86	19	18
	<b>452</b>	<b>420</b>	<b>95</b>	<b>82</b>

## Note 31 - Pledged assets and contingent liabilities

	Group		Parent Company	
	2014	2013	2014	2013
Pledged assets				
Property mortgages	15,583	15,191	-	-
Interests in Group companies	1,909	1,122	823	482
Other interests	1	1	1	1
Endowment insurance	5	5	5	5
Promissory notes	-	-	13,100	12,351
Bank deposits	1	1	1	1
	<b>17,499</b>	<b>16,320</b>	<b>13,930</b>	<b>12,840</b>

### Contingent liabilities

Guarantee commitments on behalf of subsidiary companies	-	-	1,306	971
Other contingent liabilities	781	465	781	465
	<b>781</b>	<b>465</b>	<b>2,108</b>	<b>1,436</b>

## Note 32 - Net sales and Operating costs

Net sales consist for the most part of the Parent Company's onward invoicing to other Group companies of costs, primarily relating to property administration, caretaking and a share of central administration.

	2014	2013
<b>Operating costs</b>		
Personnel costs	83	80
Administration costs	39	37
	<b>122</b>	<b>117</b>

## Note 33 - Result from interests in Group companies

	Parent Company	
	2014	2013
Dividends on interests	793	415
Impairment of interests	-41	-85
Reversal of interests	-	46
	<b>752</b>	<b>376</b>

An impairment loss on interests in Group companies occurs when the carrying amount in the Parent Company exceeds the fair value of an individual Group company. In cases where the impaired value of interests has risen and exceeds the carrying amount in the Parent Company, these impairments are reversed, wholly or in part. In 2014, an impairment loss was recorded on the value of the interest in 6 Group companies.

## Note 34 - Result from other securities and receivables accounted for as non-current assets

	Parent Company	
	2014	2013
Interest income, Group companies	333	420
Interest income, other	10	14
	<b>343</b>	<b>434</b>

## Note 35 - Interest costs and similar profit/loss items

	Parent Company	
	2014	2013
Interest costs, Group companies	123	87
Interest costs, other	465	441
	<b>588</b>	<b>528</b>

## Note 36 - Appropriations

This items consists entirely of Group contributions received from other Group companies. Group contributions are recognized in accordance with the alternative rule of Recommendation RFR 2. According to the alternative rule, Group contributions received and paid are both recognized as appropriations.

## Note 37 - Interests in Group companies

	Parent Company	
	2014	2013
Opening balance, acquisition costs	9,261	5,378
Acquisitions	328	896
Shareholder contributions paid/new share issues	117	2,987
Sales	0	-
Closing balance, acquisition cost	9,706	9,261
Opening balance, impairment losses	-1,635	-1,596
Impairment losses during the year	-42	-85
Reversals for the year	-	46
Closing balance, impairment losses	-1,677	-1,635
<b>Carrying amount</b>	<b>8,029</b>	<b>7,626</b>

Subsidiaries Name	Co. reg. no.	Carrying amount
Balken 10 i Malmö AB	556705-3334	19
Bastionen Syd AB	556072-2042	115
Berga V5, AB	556742-9443	1
Bruksgatans Fastighets AB	556401-0675	21
Bunium Fastigheter AB	556700 5474	24
Exab Utvecklings AB	556353-2828	0
Fastighets AB Altimeter	556786-2213	5
Fastighets AB Bergakniven	556742-7454	11
Fastighets AB Flygvärdinnan 5	556708-8512	19
Fastighets AB Fortet	556090-5621	97
Fastighets AB Hundstjärnan	556824-7679	0
Fastighets AB Kastrullen	556754-8812	0
Fastighets AB Kvävet	556222-8071	7
Fastighets AB Oxigenium	556754-8820	207
Fastighets AB Plinius	556033-6538	23
Fastighets AB Rentabel	556252-6284	1
Fastighets AB Stillman	556082-1752	39
Fastighets AB Yxstenen	556691-4437	7
FR Förvaltning AB	556281-3559	0
Första Fastighets AB Ideon	556233-7765	842
Förvaltnings AB Haspen	556466-2533	17
Hilab Fastigheter AB	556112-0345	12
Hundlokan 10 i Malmö AB	556730-4489	31
Ishavet Malmö AB	556928-0737	15
Kalinehuset AB	556129-5824	127
Kniven 2 AB	556706-9355	15
Kolgafour AB	556627-7843	7
Lund Lagret 1 AB	556730-3820	35
Lunds Byggmästaregille, AB	556058-9888	1
M2 Fastigheter AB	556101-4332	389
Malmö Börshus AB	556115-8543	109
Medeon Fastigheter AB	556034-1140	31
Neptuninnan AB	556743-5465	96

Subsidiaries Name	Co. reg. no.	Carrying amount
Ringcentralen i Hälsingborg Fastighets AB	556115-9483	0
Ringcentralen i Tingsryd Fastighets AB	556100-7641	0
Spillepengen Fastighets AB	556107-5002	67
Studentkåren 6 Fastighets AB	556730-3499	129
Tågarp 16:19 Fastighets AB	556692-9336	8
Utvecklings AB Kranen	556286-9999	117
Weraco AB	556509-6418	58
Wihlborgs A/S	14 12 50 43	144
Wihlborgs Ametisten 5 AB	556686-0457	11
Wihlborgs Armborstet 6 AB	556966-7081	15
Wihlborgs Boplatsgatan 5 AB	556675-2449	0
Wihlborgs Borgeby AB	556675-2639	0
Wihlborgs Bronsdolken AB	556232-5919	4
Wihlborgs Bytarebacken AB	556822-0171	257
Wihlborgs Cinder AB	556518-5732	6
Wihlborgs Cityfastighet AB	556862-2848	0
Wihlborgs Erik Menved 37 AB	556704-3699	417
Wihlborgs Fastigheter i Helsingborg AB	556101-6295	424
Wihlborgs Fastigheter i Nordvästra Skåne AB	556271-3924	3
Wihlborgs Fisken 18 AB	556675-2357	145
Wihlborgs Flintan 3 AB	556675-2647	5
Wihlborgs Flounderone AB	556727-7909	20
Wihlborgs Forskaren 3 AB	556690-0667	128
Wihlborgs Fosieberg AB	556188-3223	50
Wihlborgs Fosiering AB	556721-4225	22
Wihlborgs Gallerian AB	556704-3632	181
Wihlborgs Gjuteriet 18 AB	556717-2282	118
Wihlborgs Gåsebäck AB	556303-1326	9
Wihlborgs Gäddan 6 AB	556704-3681	0
Wihlborgs Gångtappen 1 AB	556776-3585	324
Wihlborgs Gångtappen 2 AB	556813-3572	147
Wihlborgs Havskryssaren AB	556703-0613	54
Wihlborgs Holding AB	556701-2827	0
Wihlborgs Ideon Fastigheter AB	556239-8718	194
Wihlborgs Kirseberg AB	556691-4874	0
Wihlborgs Kranen 10 AB	556824-7703	33
Wihlborgs Kranen AB	556704-6387	112
Wihlborgs Kärnan Södra 9 AB	556824-7661	76
Wihlborgs Lönngatan AB	556704-3657	10
Wihlborgs Mauritzborg AB	556753-3483	339
Wihlborgs Mobergsgården Västra 8 AB	556831-9130	23
Wihlborgs Motorseglaren AB	556703-0605	0
Wihlborgs Måsen 17 AB	556627-7835	2
Wihlborgs N. Vallgat. 80-82 AB	556675-2613	56
Wihlborgs Nils 24 AB	556704-3731	0
Wihlborgs Olsgård 8 AB	556775-6019	10
Wihlborgs Poliset AB	556703-0589	87
Wihlborgs Rigger AB	556701-5028	202
Wihlborgs Ritaren 1 AB	556675-2605	1
Wihlborgs Rosengård AB	556699-7986	48
Wihlborgs Rubinen AB	556862-2855	10
Wihlborgs Sjöstaden AB	556831-0246	0
Wihlborgs Skrovat 3 AB	556468-5385	170

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Subsidiaries Name	Co. reg. no.	Carrying amount
Wihlborgs Skrovet 4 AB	556173-9417	5
Wihlborgs Skrovet 5 AB	556237-6268	145
Wihlborgs Skrovet 6	556681-1898	281
Wihlborgs Spanien 5 AB	556710-4574	0
Wihlborgs Sparven 15 AB	556704-3624	292
Wihlborgs Spettet 11 AB	556761-9050	12
Wihlborgs Stenåldern 7 AB	556120-9759	0
Wihlborgs Stridsyxan 4 AB	556825-9948	4
Wihlborgs Stångbettet 15 AB	556683-1615	15
Wihlborgs Sufflören 3 AB	556704-3640	6
Wihlborgs Sunnanå 12:27 AB	556766-4098	50
Wihlborgs Sydporten AB	556726-0202	36
Wihlborgs Tegelvägen 4 AB	556824-7653	0
Wihlborgs Terminalen 1 AB	556726-1663	78
Wihlborgs Terminalen 3 AB	556962-9859	62
Wihlborgs Tyfonen 1 AB	556692-2570	0
Wihlborgs Uvenine AB	556695-2502	30
Wihlborgs Vikingen 10 AB	556675-3082	32
Wihlborgs Våktaren 3 AB	556743-6109	173
Wihlborgs Zirkonen 2 AB	556788-4852	17
Wihlborgs Östersjön 1 AB	556637-7361	138
Wihlborgsporten AB	556630-3797	87
Wihlodia AB	556301-8109	2
WJ Bygg AB	556060-0529	5
		<b>8,029</b>

An impairment loss on interests in Group companies occurs when the carrying amount in the Parent Company exceeds the fair value of an individual Group company. In cases where the impaired value of interests has risen and exceeds the carrying amount in the Parent Company, these impairments are reversed, wholly or in part.

Of the subsidiaries listed above, 11 are parent companies of sub-groups. All subsidiary companies are wholly owned subsidiaries and all have their registered address in Malmö, except Wihlborgs A/S, which has its registered address in Copenhagen. There are a total of 153 (150) companies in the Group.

## Note 38 - Deferred tax receivable

	Parent Company	
	2014	2013
Deferred tax is based on:		
- Tax loss carry-forwards	4	13
- Difference between recognized and taxable value related to derivatives	253	24
Other temporary differences	11	4
	<b>268</b>	<b>41</b>

The tax loss carry-forwards that have been used to calculate deferred tax amount to SEK 18 million (57).

## Note 39 – Fair value of financial assets and liabilities

Group	Financial assets/liabilities measured at fair value via the income statement		Available-for-sale financial assets		Loan and accounts receivables		Financial liabilities measured at accrued acquisition cost	
	2014	2013	2014	2013	2014	2013	2014	2013
	<i>Assets</i>							
Non-current receivables					183	228		
Financial investments			1	1				
Derivatives		110						
Accounts receivable					26	40		
Other receivables					33	22		
Cash in hand and on deposit					71	11		
<i>Liabilities</i>								
Interest-bearing liabilities							-14,148	-13,740
Derivatives	-1,148	-220						
Accounts payable							-96	-80
Other liabilities							-198	-184

Parent Company	Financial assets/liabilities measured at fair value via the income statement		Available-for-sale financial assets		Loan and accounts receivables		Other liabilities measured at accrued acquisition cost	
	2014	2013	2014	2013	2014	2013	2014	2013
	<i>Assets</i>							
Non-current receivables					221	220		
Derivatives		110	1	1				
Accounts receivable					1	4		
Other receivables					2	2		
Cash in hand and on deposit					33	4		
<i>Liabilities</i>								
Interest-bearing liabilities							-15,213	-14,759
Derivatives	-1,148	-220						
Accounts payable							-3	-4
Other liabilities							-60	-60



## Financial statements

Accounts receivable, other receivables, prepaid expenses and accrued income, cash in hand and on deposit, accounts payable, other liabilities and accrued expenses and deferred income are recognized at accumulated acquisition cost, less any impairment; as a result the fair value is considered to be the same as the carrying amount. Interest-bearing liabilities are mainly subject to a short fixed-interest period, meaning that the accrued acquisition value is the same as fair value.

### Note 40 - Closely related parties

#### Joint arrangements

The Group and Parent Company have close relationships with joint venture companies and joint operations, see Note 18.

#### Group companies

The Parent Company has close relationships with wholly owned companies in the Group, see Note 37.

#### Senior executives

For more information on salaries and other remuneration to the Board, CEO and other senior executives, as well as costs and commitments regarding pensions and similar benefits and agreements on severance payments, see Note 8.

All transactions with related parties are priced in line with market conditions.

#### Summary of transactions with closely related parties

TRANSACTIONS WITH JOINT ARRANGEMENTS	Group	
	2014	2013
Sales to joint arrangements	2	4
Invoicing from joint arrangements	10	24
Interest income from joint arrangements	2	2
Interest costs to joint arrangements	37	37
Receivables from joint arrangements on 31 December	45	51
Liability to joint arrangements on 31 December	691	1,160

TRANSACTIONS WITH JOINT VENTURE COMPANIES	Parent Company	
	2014	2013
Sales to joint arrangements	0	0
Invoicing from joint arrangements	0	0
Interest income from joint arrangements	2	2
Receivables from joint arrangements on 31 December	45	51

#### TRANSACTIONS WITH GROUP COMPANIES

Sales to Group companies	105	98
Purchases from Group companies	5	5
Interest income from Group companies	333	420
Dividend from Group companies	793	415
Interest costs to Group companies	123	87
Receivables from Group companies on 31 December	9,028	8,998
Liabilities to Group companies on 31 December	3,060	3,133

# Signatures

The consolidated statement of income and consolidated statement of financial position, together with the parent company income statement and balance sheet are subject to approval by the Annual General Meeting, to be held on 29 April 2015.

The Board of Directors and the Chief Executive Officer hereby declare that the annual accounts have been prepared in accordance with generally accepted accounting practice in Sweden and that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards as referred to in Regulation (EC) No. 1606/2002/EC of the European Parliament and of the Council dated 19 July 2002 on the application of international accounting standards.

The annual accounts and the consolidated accounts give a true and fair view of the financial position and results of the Parent Company and the Group.

The administration report for the Parent Company and the Group provides a true and fair picture of the development of the operations, financial position and performance of the Parent Company and the Group and also describes material risks and uncertainties to which the Parent Company and the other companies in the Group are exposed.

Malmö, 19 March 2015



Erik Paulsson  
Chair



Per-Ingemar Persson  
Deputy Chair



Anders Jarl  
Chief Executive Officer



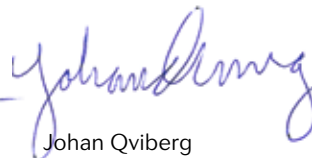
Tina Andersson  
Board member



Helen Olausson  
Board member



Sara Karlsson  
Board member



Johan Qviberg  
Board member

Our Audit Report was submitted on 20 March 2015  
Deloitte AB



Torbjörn Svensson  
Authorized Public Accountant

# Auditors' Report

## Auditors' Report to the Annual General Meeting of Wihlborgs Fastigheter AB, company registration number 556367-0230

### Report on the Annual Report and Consolidated Accounts

We have conducted an audit of the annual accounts and the consolidated accounts of Wihlborgs Fastigheter AB (publ) for the financial year from 1 January 2014 to 31 December 2014. The Company's annual accounts and the consolidated accounts are included as pages 89-123 of the printed version of this document.

*The Board of Directors and the Chief Executive Officer are responsible for the annual accounts and the consolidated accounts.*

The Board of Directors and the CEO are responsible for preparing an annual report that provides a true and fair view in accordance with the Swedish Annual Accounts Act and consolidated accounts that provide and a true and fair view in accordance with International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act, as well as for the internal systems of control that the Board of Directors and CEO deem to be necessary, in order to prepare an annual report and consolidated accounts that are free of material misstatement, whether caused by irregularity or error.

### Auditor's responsibility

Our responsibility is to express our opinion on the annual report and consolidated accounts on the basis of our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden. Those standards require that we observe the requirements of

professional ethics and that we plan and perform the audit to obtain reasonable assurance that the annual report and the consolidated accounts are free from material misstatement. An audit includes obtaining, by variety of measures, accounting evidence supporting the amounts and disclosures in the annual accounts and consolidated accounts. The auditor decides which actions should be taken, for example by determining the risks of material misstatements in the annual report and the consolidated accounts, whether caused by irregularity or error. In determining risks in this way, the auditor considers which aspects of internal systems of control are relevant to how the company prepares the annual report and the consolidated accounts to provide a true and fair view, in order to devise audit measures that are fit-for-purpose with regard to the circumstances, but not in order to state an opinion as to the efficacy of the company's internal systems of control. An audit also includes an assessment of the suitability of the accounting policies applied and of the reasonableness of the estimates by the Board of Directors and the CEO in the accounts, as well as an assessment of the overall presentation of the annual report and the consolidated accounts.

We believe that the accounting evidence we have obtained provides an adequate and appropriate basis for our opinions.

### Statement

In our view, the annual report has been prepared in accordance with the Swedish Annual Accounts Act and provides in all material respects a true and fair view of the parent company's financial position on 31 December 2014 and of its financial results and cash flows for the year in accordance with the Swedish Annual Accounts Act. The annual report has been prepared in accordance with the Swedish Annual Accounts Act and provides in all material respects a true and fair view of the group's financial position on 31 December 2014 and of its financial results and cash flows for the year in accordance with Interna-

tional Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted.

#### **Report on other requirements under legislation and other regulations**

In addition to our audit of the annual report and the consolidated accounts, we have also conducted an audit of the proposed treatment of the company's profit or loss and the administration of the affairs of Wihlborgs Fastigheter AB (publ) by the Board and the CEO in the financial year of 01/01/2014 to 31/12/2014.

#### *Responsibilities of the Board of Directors and CEO*

The Board of Directors is responsible for the proposed arrangements for the company's profit or loss, and the Board and CEO are responsible for administration under the Swedish Annual Accounts Act.

#### *Auditor's responsibility*

Our responsibility is to express an opinion with a reasonable degree of assurance as to the proposed treatment of the company's profit or loss and as to the administration based on our review. We conducted our audit in accordance with generally accepted auditing practice in Sweden.

As a basis for our opinion on the Board's proposed arrangements for the company's profit or loss, we have examined the Board's reasoned statement, as well as documents, on a test basis, in support of this statement, in order to be able to determine whether the proposed arrangements are consistent with the Swedish Annual Accounts Act.

As a basis for our opinion concerning discharge from liability,

in addition to our audit of the annual report and the consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the CEO. We also examined whether any Board member or the CEO has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the company's Articles of Association.

We believe that the accounting evidence we have obtained provides an adequate and appropriate basis for our opinions.

#### *Statement*

We recommend to the Annual General Meeting of shareholders that the profit be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Malmö, 20 March 2015

Deloitte AB

Torbjörn Svensson  
Authorized Public Accountant

# Corporate Governance Report

Wihlborgs is a Swedish public limited company that is listed on Nasdaq OMX Stockholm. Wihlborgs applies the Swedish Code of Corporate Governance (the Code). This is a separate report and does not form part of the formal annual report. Wihlborgs' corporate governance report has been examined by the Company's auditors.

The shareholders influence the governance of the Company by participating in and exercising their voting rights at the Annual General Meeting (AGM), Wihlborgs' highest decision-making body. Under the Swedish Companies Act, other legislation and regulations, the NASDAQ OMX Stockholm's Rules for Issuers, the Swedish Code of Corporate Governance, the Company's Articles of Association and internal instruments of control, such as the Rules of Procedure for the Board, instructions to the Chief Executive Officer and the financial policy, the management and responsibilities of the Wihlborgs Group are divided between the Board and Chief Executive Officer.



## Shareholders

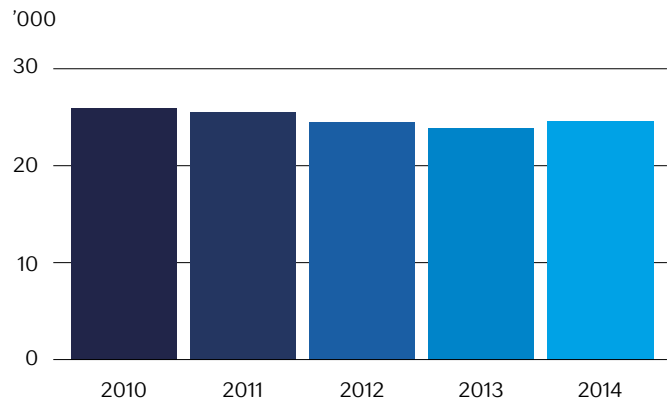
Wihlborgs shares were listed on the Stockholm Exchange on 23 May 2005. Since October 2006, Wihlborgs shares have been listed on the Mid Cap List of the OMX Nordic Exchange. At year-end, the Company's share capital totalled SEK 192

million. The number of shares registered and outstanding was 76,856,728 with a quota value per share of SEK 2.50. Each share entitles the holder to one vote and each person with a voting entitlement may at the AGM vote for the full number of shares held and represented by that person. All shares carry an entitlement to an equal share in Wihlborgs profits.

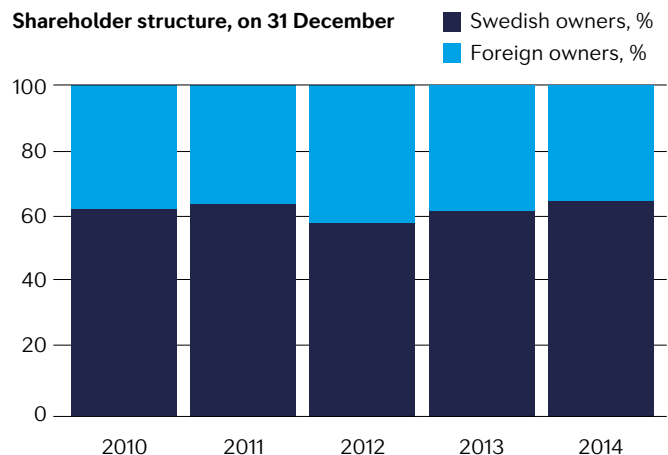
The largest shareholder in Wihlborgs is Erik Paulsson and family, with 10.1 percent of the shares outstanding. At the end of December 2014, the ten largest Swedish shareholders owned 33.2 percent of the shares. The number of shareholders was 24,507, more or less the same compared with the preceding year. Of total share ownership, 77 percent was represented by legal persons and 23 percent by physical persons.

At the end of December, foreign shareholders represented 35.5 percent of the total, 3.1 percentage points lower than at the previous year-end.

Number of shareholders, on 31 December



Shareholder structure, on 31 December



For further information on the Wihlborgs share and shareholders, see pages 29–31.

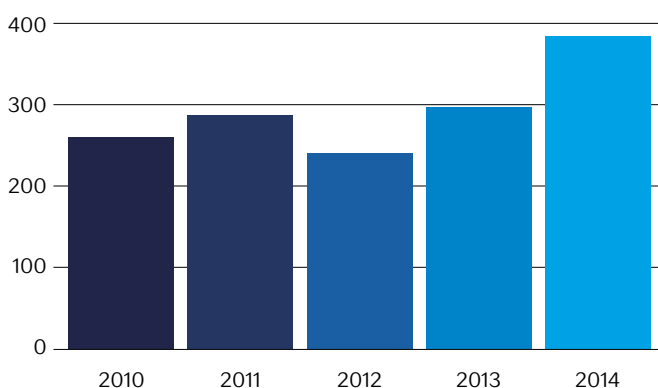
## Articles of Association

Wihlborgs' Articles of Association were most recently amended at the 2011 AGM. The purpose of the Company's operations is to acquire, manage, upgrade and sell properties mainly in the Öresund region, and to conduct other compatible activities. The Company's registered address is in Malmö. The company's Articles of Association are reproduced in full on page 137.

## Annual General Meeting 2014

Wihlborgs' Annual General Meeting was held on 29 April 2014. The AGM was attended by 384 shareholders, representing 36.2 percent of the shares outstanding. The AGM minutes are available on the Wihlborgs website, at [www.wihlborgs.se](http://www.wihlborgs.se)

### Numbers in attendance, AGMs, 2010–2014



In brief, the most significant resolutions were:

*Election of Board members and auditors* – It was resolved that the number of Board members should be eight. The following Board members were re-elected: Anders Jarl, Sara Karlsson, Helen Olausson, Erik Paulsson, Per-Ingemar Persson and Johan Qviberg. Tina Andersson was elected for the first time. Erik Paulsson was appointed Chair. It was resolved to appoint Deloitte AB as auditors, with Torbjörn Svensson senior auditor.

*Nomination Committee* – It was resolved that the Nomination Committee should consist of representatives of the three largest shareholders wishing to participate, plus one representative of the smaller shareholders, in the Company six months before the 2015 AGM. The Nomination Committee can also resolve whether the Chair of the Company should serve on the Committee. The Chair of the Nomination Committee shall be the member who represents the largest shareholder, unless otherwise agreed by the Committee. No fee is paid to members of the Committee, but the company will reimburse reasonable costs so that the Nomination Committee can perform its duties.

*Acquisition and transfer of shares in the company* – It was resolved to authorize the Board, in the period until the next AGM, to acquire and transfer Wihlborgs shares corresponding to no more than ten percent of the shares outstanding.

*New share issue* – It was resolved to authorize the Board, in the period until the next AGM, to approve a new share issue corresponding to no more than ten percent of the shares outstanding.

## The Nomination Committee and proposals for Annual General Meeting 2015

The Code states that AGM resolutions on nominations for the Board and auditors should be prepared by a structured and transparent process managed by the shareholders, such as to provide all shareholders with the opportunity to present their views on and proposals for each individual issue and to create the conditions for well-prepared decisions. The Nomination Committee is the body responsible for preparing the AGM's resolutions on nomination issues. The Wihlborgs Nomination Committee has therefore prepared proposals for the Chair of the AGM, Chair of the Board, Board members, fees to the Board and auditors and their fees.

In accordance with the resolution of the AGM, the names of the members of the Nomination Committee were published in October 2014. The Nomination Committee consists of Bo Forsén representing Erik Paulsson, Per Trygg from SEB Funds, Eva Gottfridsdotter-Nilsson from Länsförsäkringar Funds and Krister Eurén representing the smaller shareholders. The representatives of the three largest shareholders on the Nomination Committee account for 18.5 percent of the votes in Wihlborgs. Bo Forsén was appointed Chair of the Nomination Committee.

The Nomination Committee met twice. To support its work, the Nomination Committee has been in dialogue with the members of the Board and held meetings with the Chair and the CEO. The Nomination Committee was notified of the Company's strategy, risk management and control functions. The Committee has also taken part of the Board's own assessment.

In advance of the AGM on 29 April 2015, the Nomination Committee proposes that the Board should consist of seven members. The Nomination Committee also proposes that Board members Anders Jarl, Sara Karlsson, Helen Olausson, Erik Paulsson, Per-Ingemar Persson, Johan Qviberg and Tina Andersson be re-elected. Erik Paulsson is proposed as Chair of the Board. It is proposed the total fees of SEK 905,000 (905,000) be paid to the Board. It is proposed that a fee of SEK 230,000 (230,000) be paid to the Chair and SEK 135,000 (135,000) be paid to the other Board members, except for CEO Anders Jarl.

The Nomination Committee proposes that Deloitte AB be re-elected as auditor, with Torbjörn Svensson as senior auditor.



## Nomination Committee until 2015 AGM

Name	Representing	Percent of votes, 30 Sept. 2014	Percent of votes, 30 Dec. 2014
Bo Forsén	Erik Paulsson and family, privately and via company	10.1	10.1
Per Trygg	SEB Funds	3.8	4.4
Eva Gottfridsdotter-Nilsson	Länsförsäkringar Funds	4.2	4.0

## Other resolutions for the 2015 AGM

The Board has proposed that the following proposals be submitted to the AGM, to be held on 29 April:

- Dividend of SEK 4.75 per share, with record day 4 April
- Guidelines on principles for remuneration to Group Management
- Authorization to the Board, in the period until the next AGM, to acquire and transfer Wihlborgs shares corresponding to no more than ten percent of the shares outstanding.
- Authorization to the Board, in the period until the next AGM, to approve a new share issue corresponding to a maximum of ten percent of the shares outstanding.

## Board of Directors

The overall duty of the Board is, on behalf of the owners, to manage the Company's affairs in a way that meets the interests of the owners for satisfactory long-term return on capital in the best possible way, in accordance with set rules of procedure. According to Wihlborgs' Articles of Association, the Board shall consist of no less than four and no more than eight members. At the AGM held in April 2014, Erik Paulsson was re-elected Chair of the Board and at the subsequent Board meeting Per-Ingemar Persson was appointed Deputy Chair. The Company's Chief Financial Officer, Arvid Liepe, served as Secretary to the Board.

Wihlborgs' Board possesses skills and experience in areas that are of major importance in terms of its ability to support, monitor and control the activities of a leading property company in Sweden. The various Board members have in-depth knowledge of property, the property market, financing and business development. The Board satisfies the requirement of the Code and the listing requirement of the Stockholm Stock Exchange that no more than one board member may have an operational role in day-to-day business. Chief Executive Officer Anders Jarl is a member of the Board. The majority of Board members are independent of any relationship with the Company and the company management. In 2014, the Board held eleven meetings, including statutory and per capsulam meetings. Seven of these eleven meetings were ordinary Board meetings.

## Members of the Board, independence, number of meetings and attendance

	Indep. of Company	Indep. of major owners	No. of Board m./attendance
Erik Paulsson, Chair	no	no	11 out of 11
Per-Ingemar Persson, Deputy Chair	yes	yes	11 out of 11
Tina Andersson**	yes	yes	7 out of 11
Kerstin Fredriksson*	yes	yes	4 out of 11
Anders Jarl	no	yes	11 out of 11
Sara Karlsson	yes	yes	11 out of 11
Helen Olausson	yes	yes	11 out of 11
Tommy Qvarfort*	yes	yes	4 out of 11

\* Member of Board of Directors until the 2014 Annual General Meeting

\*\* Member of Board of Directors from the 2014 Annual General Meeting

## The work of the Board of Directors

February	No. 1	Bond issue
February	No. 2	Unaudited year-end report, final audit, financial report, acquisitions, projects, resolutions for AGM, costings of completed projects.
March	No. 3	Acquisitions
April	No. 4	Quarter 1 report, financial report, projects, acquisitions and sales, terms and conditions of employment for CEO and Group Management.
April	No. 5	Statutory meeting
June	No. 6	Projects, acquisitions and sales, interest rates, market analysis
September	No. 7	Quarter 2 report, projects, acquisitions and sales, financial report, review of rules of procedure and ethical guidelines.
November	No. 8	Quarter 3 report, acquisitions, financial report, evaluation of CEO's performance, planning for audit
December	No. 9	Bond issue
December	No. 10	Budget, strategy, financial and environmental goals, market, financial report, interim audit, acquisitions and sales, review of financial policy, evaluation of work of the Board.
December	No. 11	Acquisitions

## Committees

In view of the Company's size, Wihlborgs does not have separate audit and remuneration committees. To monitor developments in the credit market, Wihlborgs has an Interest Rate Committee. The Interest Rate Committee meets every other month and regularly presents proposals and reports to the Board. Up to the 2014 Annual General Meeting, the Interest Rate Committee consisted of Sara Karlsson, Per-Ingemar Persson, Tommy Qvarfort, Anders Jarl and Chief Financial Officer Arvid Liepe. After the 2014 AGM, Tommy Qvarfort was replaced by Tina Andersson. The Committee is not mandated to make decisions on financial issues.

## Rules of Procedure and instructions

The Board observes Rules of Procedure providing instructions on delegation of work and financial reporting. The Rules of Procedure, which supplement the provisions of the Swedish Companies Act and Wihlborgs' Articles of Association, are reviewed annually.

Under the Rules of Procedure, the Board is required to ensure that the CEO fulfils his obligations. The performance of the CEO is measured annually against set long- and short-term objectives.

The Board is further required, on an ongoing basis, to evaluate Wihlborgs' administrative routines and guidelines on property management and investment of the Company's assets. The Board is required to establish objectives, major policies and strategic plans for the Company and to continuously monitor not only compliance with the same, but also that they are updated and reviewed following reports from the CEO.

In addition to the statutory meeting, five ordinary Board meetings are normally to be held per calendar year. The meetings shall consider economic and financial reports, sales and investments, and shall address current market issues and personnel issues.

Extraordinary meetings may be held to discuss and resolve matters that cannot be referred to ordinary Board meetings.

According to the Rules of Procedure, the Chair is required via contacts with the CEO to monitor developments at Wihlborgs and to ensure that the Board members receive the information they need through the agency of the CEO. The Chair is also required to consult with the CEO on strategic issues and ensure that the conduct of business does not conflict with the provisions of the Swedish Companies Act, the Article of Association or the Code of Corporate Governance.

## Group Management

The CEO is responsible for overseeing the Company's day-to-day management and for leading the organization in accordance with the Board's guidelines, instructions and directions. Wihlborgs' Rules of Procedure for the Board include an instruction to the CEO, who is required to ensure that the Board receives the necessary information and supporting documentation for decisions, that the Board is kept informed between Board meetings and that financial reporting is conducted in such a way that the Board can make a properly based judgement. This also includes separate instructions on reporting, specifying timetables.

Group Management consists of:  
Anders Jarl, Chief Executive Officer  
Arvid Liepe, Chief Financial Officer  
Irène Johansson, Director of Corporate Communication  
Anna Nambord, Director of HR and CSR

As of February 2015, Ulrika Hallengren, Director of Projects & Development, has served as a member of Group Management.

## Principles for conditions of employment for the CEO and Group Management

Under the Code of Corporate Governance, the Board is to present proposals to the AGM on principles for remuneration and other conditions of employment for the CEO and Group Management. Wihlborgs' Board of Directors proposes that remuneration and other conditions of employment should be in line with the market, and competitive. Remuneration is paid in the form of fixed salary to all members of Group Management. Any remuneration over and above the fixed salary shall be subject to a maximum and related to the fixed salary; it is to be paid in the form of cash. Where appropriate, remuneration in addition to the fixed salary shall be based on outcomes relative to set goals and must accord with the interests of the shareholders. The conditions for other benefits shall, where available, represent a limited proportion of the remuneration components and shall in the main consist of company car benefits.

Wihlborgs has a profit-sharing fund for which all employees are eligible, apart from the CEO. Any allocation to the fund is based on the return on equity and is subject to a maximum of one basic amount geared to the price index per year and employee.

The pensionable age is 65 years for all members of Group Management. The cost of the CEO's pension is paid in the form of a premium amounting to 35 percent of the pensionable salary per year during the CEO's period of service. Other members of Group Management are covered by an ITP plan or equivalent. The notice of termination of employment, on either side, for the CEO and other members of Group Management is six months. Severance pay for the CEO consists of 18 monthly salary payments and for other members of Group Management up to 12 monthly salary payments. Severance pay shall be offset against other sources of income.

The principles for remuneration and conditions of employment for the Company's management and the remuneration to, and conditions of employment of, the CEO are decided by the entire Board except the CEO. The principles for the conditions of employment are unchanged.

### Remuneration and other benefits 2014 SEK th.

	Salary	Other benefits	Pension	Total
Chief Executive Officer	3,916	68	1,367	5,352
Other members of Group Management	4,688	140	1,331	6,159

Other benefits consist of company car and fuel.

## Auditing

Under the Swedish Companies Act, the Company's auditor is required to examine the Company's annual accounts and day-to-day accounting records, as well as the administration of the Company by the Board of Directors and the CEO. This examina-

## Board of Directors



**Erik Paulsson**

Chair of the Board  
Båstad, born 1942  
Elected to the Board 2004

*Other Board duties*  
Chair, Backahill AB, Fabege AB and SkiS-tar AB. Board member, Catena AB.

*No. of Wihlborgs shares*  
7,768,058 in private holding and via company.



**Helen Olausson**

Board member  
Stockholm, born 1968  
Elected to the Board 2007

*Principal employment*  
CEO, Ekonord Invest AB and Årehus AB.

*Other Board duties*  
Chair, AB Jämtsol.  
Board member, Lantmäteriet, Skärvångens Byme-  
jeri AB, Böle Garveri AB, and others.

*No. of Wihlborgs shares*  
1,000



**Tina Andersson**

Board member  
Malmö, born 1969  
Elected to the Board 2014

*Principal employment*  
Marketing and Communications Director,  
Duni AB.

*Other Board duties*  
Board member, Midsona AB.

*No. of Wihlborgs shares*  
-



**Per-Ingemar Persson**

Deputy Chair  
Lund, born 1956  
Elected to the Board 2010

*Principal employment*  
Group Director, Veidekke ASA

*Other Board duties*  
Chair, Northern Environmental and Water  
Solutions.  
Board member, Swedish Construction  
Federation

*No. of Wihlborgs shares*  
2,000 in personal endowment insurance  
plan.



**Anders Jarl**

Board member  
Malmö, born 1956  
Elected to the Board 2004

*Principal employment*  
Chief Executive Officer, Wihlborgs AB

*Other Board duties*  
Board member, Platzer Fastigheter AB.

*No. of Wihlborgs shares*  
477,530 in private holding and via  
company.



**Johan Qviberg**

Board member  
Stockholm, born 1981  
Elected to the Board 2004

*Principal employment*  
CEO, Quinary Investment AB.

*Other Board duties*  
Chair, Ingager AB.  
Board member, eWork AB, Nattaro Labs  
AB, Svolder AB and Virtusize.

*No. of Wihlborgs shares*  
780,000



**Sara Karlsson**

Board member  
Båstad, born 1969  
Elected to the Board 2007

*Principal employment*  
Entrepreneur, Båstad Företagsby

*Other Board duties*  
Board member, Topeja Holding AB, Scan-  
dinavian Resort AB and Backahill AB.

*No. of Wihlborgs shares*  
21,880, via family

tion results in an audit report that is presented, after the end of the financial year, to the AGM.

The Nomination Committee proposes auditors to the AGM.

At the 2014 AGM, Deloitte AB was re-elected as the Company's auditor, with Torbjörn Svensson as senior auditor, for a period of one year. The next election of auditors will therefore be at the 2015 AGM. He has no assignments with companies that are till closely related to Wihlborgs' major owners or to the CEO. Torbjörn Svensson is responsible for the following major auditing assignments, alongside the auditing assignment on behalf of Wihlborgs: Mellby Gård, Braganza, Fairford and Skånemejerier.

At the meeting to discuss the year-end accounts, Torbjörn Svensson is personally in attendance and delivers a report on the final examination of the Company's accounts. The auditor also provides information to the Board on a regular basis on the examinations that are performed during the year.

In addition to its auditing services, Deloitte has also advised Wihlborgs in areas related to tax and accounting issues.

As a resolution for the 2015 AGM, the Nomination Committee has proposed re-election of Deloitte AB as the Company's auditors, with Torbjörn Svensson as senior auditor.

#### Fees and reimbursement of expenses to auditors, SEK th.

Group	2014	2013
Deloitte AB		
Auditing services	2,200	2,055
Accounting assignments other than auditing services	435	400
Tax advice	141	246
Other services	-	-
Aaen & Co. statsautoriserede revisorer p/s		
Auditing services	64	58
Accounting assignments other than auditing services	102	104
Tax advice	70	64
Other services	158	-

## Code of Corporate Governance

The overall aim of the Code is to promote positive development in the governance of Swedish companies so that they meet their owners' requirements for return on the capital invested. Any deviations from the rules of the Code must be described and justified, on the principle of "comply or explain". The reasons for every deviation must be clearly presented. Wihlborgs' deviations were as follows:

A separate audit committee has not been established. Instead, the functions of an audit committee were performed by the entire Board except for the CEO.

A separate remuneration committee has not been established. Instead, the functions of a remuneration committee were performed by the entire Board except for the CEO. During discussions of these matters, no-one from Group Management was present.

The reason why the Board did not establish an audit or remuneration committee is that it is not justified by the size of the Company. The issues can be addressed on the occasion of a regular Board meeting.

## Internal controls related to financial reporting

Under the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal control. Wihlborgs uses COSO, Internal Control – Integrated Framework, an internationally recognized and very widely accepted system, to describe the Company's control structure. COSO describes internal control as being divided into five components: control environment, risk assessment, control activities, information and communication and follow-up.

The control environment is represented by the Board, Group Management and the Company's personnel, in order to ensure that the Company observes laws and regulations and has an efficient organization, and that the Company operates an effective system of financial reporting.

*Control environment* – has an important part to play in the organization and provides the foundation for effective internal control.

To be able to assure adequate internal control and perform an accurate risk assessment, Rules of Procedure have been established. These describe the allocation of responsibilities between Board and CEO to provide for an effective assessment of risks in the organization and its financial reporting. The Rules of Procedures and the ethical guidelines that apply to the Board and the Company's employees are updated annually.

In its Rules of Procedure, the Board has clearly set out its delegation of decision-making to management for financial reporting. The organizational structure at Wihlborgs enables effective internal control to be performed. The Company's organization into property management areas led by a property management executive, shows defined responsibilities with authority. This is described in an instruction governing the signing of leases, rules on authorization and project applications. Consolidated reporting for Wihlborgs' approximately 150 subsidiaries is standardized. Internal accounting is reconciled with external accounting on every reporting occasion. In accordance with Wihlborgs' personnel policy, employees working in the financial area have individual training plans to ensure competence in the field.

Overall policies are in place for finance, IT, communication, purchasing, equal opportunity and personnel.

Wihlborgs has signed up to the UN's Global Compact, which means that the Company has committed itself to supporting the ten principles in human rights, labour law, the environment and anti-corruption. As a result, the Company will be reporting annually on the current status in its "Communication On Progress". Wihlborgs has decided to report on sustainability in accordance with GRI (the Global Reporting Initiative). Sustainability reporting is carried out at implementation level B+ and presented for the



## Group Management



**Anders Jarl**  
Chief Executive Officer  
Malmö, born 1956  
Employed at Wihlborgs since 2001

*No. of Wihlborgs shares*  
477,530 in private holding and via company.



**Iréne Johansson**  
Director of Corporate Communication  
Malmö, born 1953  
Employed at Wihlborgs since 1992

*No. of Wihlborgs shares*  
13,263 in private holding and via company.



**Arvid Liepe**  
Chief Financial Officer  
Falsterbo, born 1967  
Employed at Wihlborgs since 2013

*No. of Wihlborgs shares*  
11,803 via company



**Anna Nambord,**  
Director of HR and CSR  
Lomma, born 1973  
Employed at Wihlborgs since 2013

*No. of Wihlborgs shares*  
-



**Ulrika Hallengren\***  
Director of Projects & Development  
Lomma, born 1970  
Employed at Wihlborgs since 2010

*No. of Wihlborgs shares*  
11,803 via company

fourth time, for the 2014 financial year. This reporting is integrated with the reporting required for the Global Compact.

*Risk assessment* – Wihlborgs continuously conducts risk assessment in respect of its financial reporting. A risk analysis indicates that internal control is especially important regarding:

- Procedures for rent invoicing, including supplementary billing to tenants
- Buying and selling of properties, individually and as companies
- Property costs, primarily energy
- Financing, interest rates and derivatives
- the IT system
- Property valuation
- Project activities
- Taxes

These risks are assessed annually in consultation with the management and the auditors.

*Control activities* – are intended to create methods enabling the Company to manage risks. Such activities are designed to prevent, record and correct any errors that may arise. The purpose of control activities is to secure the Company's income and assets, check the accuracy and reliability of its financial reports and also ensure that systems of rules established are observed. Reports are submitted quarterly from the operations. Monitoring takes the form of measuring the financial outcome against budget. In addition, project managers and the property management organization meet once a quarter to coordinate redevelopment and newbuild issues with day-to-day management. Group Management and property management executives meet regularly during the quarter to report deviations, major new lets and lease terminations.

Every quarter, a central unit prepares consolidated accounts and financial reporting. On these occasions, a table of properties is also drawn up showing details, at the particular point in time, of: rental value, current rental income, vacancies, operating surplus, property valuation and yield.

*Information and communication* – The Communications Department is responsible for ensuring that external information is provided in accordance with the Nasdaq OMX Exchange agreement. The Company's communication policy describes, for example, how financial reporting should be performed.

The Board receives information about risks of error in the Company's financial reporting and the internal control by the auditors in connection with the year-end accounts and their auditing of the Company's interim reports.

Wihlborgs employees receive continuous information on updated guidelines and policies via the Company's intranet.

The Wihlborgs website is updated regularly in order to adapt and improve the provision of external information in line with market requirements.

\* Member of Group Management as of 1 February 2015

*Monitoring* – To guarantee the quality of the control system, it is monitored and evaluated on an ongoing basis. Feedback on each sub-market is regularly communicated to management and any failings that have emerged in internal controls are rectified.

Group Management reports to the Board in accordance with the instructions on financial reporting. The Company's auditors review the financial reporting in connection with the year-end accounts and carry out a general examination of the accounts for the third quarter. At least twice a year, the auditors present to the Board their judgement on the Company's internal control.

*Internal audit* – To complement the external audit, internal assessments of the internal control for the most important routines in the Company are maintained continuously. Moreover, as the organization is simple and the business is geographically limited in extent, the Board has concluded that the appointment of an internal auditor is not necessary.

Malmö, 17 March 2014



Erik Paulsson  
Chair



Anders Jarl  
Chief Executive Officer



Sara Karlsson



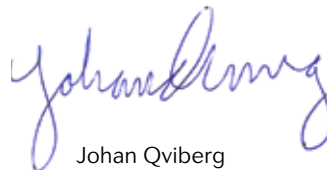
Tina Andersson



Helen Olausson



Per-Ingemar Persson



Johan Qviberg

## Auditors' Statement on the Corporate Governance Report

To the Annual General Meeting of Wihlborgs Fastigheter AB,  
co. reg. no. 556367-0230

The Board of Directors is responsible for the corporate governance report for 2014, which is included in the printed version of this document on pages 126-133, and for verifying that it has been prepared in accordance with the Swedish Annual Accounts Act.

As a basis for our opinion that the corporate governance report has been prepared and is consistent with the annual accounts and the consolidated accounts, we have read the corporate governance report and assessed its statutory content based on our knowledge of the company. This means that our

statutory review of the corporate governance report is of a different nature and is substantially less in scope than an audit in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

In our opinion, the corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Malmö, 20 March 2015

Deloitte AB



Torbjörn Svensson  
Authorized Public Accountant



## Five-Year Review

	2014	2013	2012	2011	2010
<b>Comprehensive income, SEKm</b>					
Rental income	1,856	1,704	1,497	1,428	1,290
Operating surplus	1,406	1,238	1,099	1,042	921
Income from property management	888	749	685	656	604
Changes in value	-396	616	4	179	603
Tax	-97	-302	134	-170	-285
Profit for the year	395	1,063	823	665	922
Comprehensive income for the year	400	1,063	826	663	906
<b>Financial position, SEKm</b>					
Investment properties	24,299	22,584	19,876	18,046	16,678
Other non-current assets	197	469	382	234	160
Current receivables	111	126	89	97	75
Cash and cash equivalents	71	11	102	206	175
Total assets	24,678	23,190	20,449	18,583	17,088
Equity	6,967	6,894	6,138	5,600	5,206
Deferred tax liability	1,627	1,598	1,314	1,459	1,321
Other non-current liabilities	15,349	13,350	12,412	10,974	8,263
Current liabilities	735	1,348	585	550	2,298
Total equity and liabilities	24,678	23,190	20,449	18,583	17,088
<b>Key financial ratios</b>					
Return on equity, %	5.7	16.3	14.0	12.3	19.0
Return on total capital, %	8.4	6.4	6.2	8.6	9.0
Equity/assets ratio, %	28.2	29.7	30.0	30.1	30.5
Interest coverage ratio, mult.	2.8	2.6	2.7	2.8	3.1
Loan-to-value ratio of properties, %	58.2	60.8	59.3	58.1	59.6
Debt/equity ratio, mult.	2.0	2.0	1.9	1.9	1.9
<b>Share-related key ratios</b>					
Earnings per share, SEK	5.14	13.83	10.71	8.65	12.05
Earnings per share before tax, SEK	6.40	17.76	8.96	10.86	15.78
Income from property management per share, SEK	11.55	9.75	8.91	8.54	7.90
Cash flow from operating activities per share, SEK	12.30	10.02	9.72	8.94	8.28
Equity per share I, SEK	90.65	89.7	79.86	72.86	67.74
Equity per share II, SEK	111.82	110.49	96.96	91.85	84.92
Long term net worth (EPRA NAV) per share, SEK	126.76	111.92	104.23	97.32	86.03
Market price per share, SEK	142.75	115.25	101.50	91.00	97.50
Dividend per share, SEK (2014 = proposed dividend)	4.75	4.25	4.00	3.75	3.50
Dividend yield per share, %	3.3	3.7	3.9	4.1	3.6
Total yield per share, %	27.5	17.5	15.7	-3.1	52.3
P/E ratio I, mult.	27.8	8.3	9.5	10.5	8.1
P/E-tal II, mult.	15.8	15.2	15.5	14.5	16.7
Number of shares at year-end, thousands	76,857	76,857	76,857	76,857	76,857
Average number of shares, thousands	76,857	76,857	76,857	76,857	76,492
<b>Property-related key ratios</b>					
Number of properties	269	264	253	247	249
Carrying amount for properties, SEK m.	24,299	22,584	19,876	18,046	16,678
Investment yield, % – all properties	5.6	5.9	5.6	5.8	6.1
Investment yield, % – excl. project properties	5.9	6.0	6.1	6.2	6.3
Lettable area, m <sup>2</sup>	1,551,666	1,523,125	1,425,072	1,365,170	1,369,064
Rental income, SEK per m <sup>2</sup>	1,201	1,199	1,085	1,057	1,034
Operating surplus, SEK per m <sup>2</sup>	876	876	786	760	741
Economic occupancy rate, % – all properties	91	91	92	91	93
Economic occupancy rate, % – excl. project properties	91	91	92	92	94
Surplus ratio, %	73	73	72	72	72
<b>Employees</b>					
No. of employees at end of period	113	111	87	87	86

For definitions of key ratios, see page 135.

## Definitions

### Key financial ratios

In key ratios incorporating profit for the year or equity, profit for the year or equity includes holdings without a controlling influence, if not otherwise indicated.

#### *Return on equity*

Profit as a percentage of average equity, excluding holdings with a controlling influence.

#### *Return on total assets*

Profit before tax, including reversal of interest costs and change in value of derivatives, as a percentage of average total assets.

#### *Equity/assets ratio*

Equity as a percentage of total assets.

#### *Interest coverage ratio*

Income from property management, plus interest costs, divided by interest costs.

#### *Loan-to-value of properties*

Interest-bearing liabilities as a percentage of the carrying amount for the properties

#### *Debt/equity ratio*

Interest-bearing liabilities divided by equity.

### Share-related key ratios

These key ratios are based on the Parent Company's shareholders' shares in equity and profit. There is no dilution effect of potential shares to factor in. An adjustment has been made to reflect the two-for-one share split carried out in 2011.

#### *Earnings per share*

Earnings divided by the average number of shares outstanding.

#### *Earnings per share before tax*

Earnings per share before tax divided by the average number of shares outstanding.

#### *Income from property management, per share*

Income from property management divided by the average number of shares outstanding.

#### *Cash flow from operating activities per share*

Cash flow from operating activities (after change in working capital) divided by the average number of shares outstanding.

#### *Equity per share I*

Equity at the end of the period in relation to the number of shares at the end of the period.

#### *Equity per share II*

Calculated as Equity per share I, but not charged with deferred tax. Equity is increased by the addition of the carrying amount for deferred tax.

#### *Long term net worth (EPRA NAV) per share*

Equity per share, including reversal of interest rate derivatives and deferred tax, as shown on the balance sheet.

#### *Dividend yield per share*

Proposed dividend as a percentage of market price at year-end.

#### *Total yield per share*

Changes in the share price and actual dividend relative to market price at the beginning of the year.

#### *P/E ratio I, mult.*

Market price per share divided by earnings per share.

#### *P/E-tal II, mult.*

Market price per share divided by income from property management, charged with tax at the nominal rate, per share.

### Property-related key ratios

These key ratios are based on the property portfolio on 31 December of the year concerned. Rental income refers to annual contracted rental income as per 1 January in the following year. The operating surplus is based on the earning capacity of the properties as per 1 January in the following year.

#### *Number of properties*

Total number of properties in Wihlborgs' ownership at the end of the period.

#### *Carrying amount for the properties*

Carrying amount for the Group's property portfolio at the end of the period.

#### *Rental value*

Rental income plus estimated market-level rents for unlet space.

#### *Investment yield*

Operating surplus as a percentage of the carrying amount for the properties at the end of the period.

#### *Lettable area*

Total area available to let.

#### *Rental income per m<sup>2</sup>*

Rental income on an annualized basis divided by lettable area.

#### *Operating surplus per m<sup>2</sup>*

Operating surplus divided by lettable area.

#### *Economic occupancy rate*

Rental income as a percentage of rental value.

#### *Surplus ratio*

Operating surplus as a percentage of rental income.



Hans Andersson, Customer and Market Manager, in conversation with Dennis Rosinder, CEO of Magisty and tenant of Media Evolution City, Malmö. Magisty develops mobile applications.

# Articles of Association

- § 1 The Company's name is Wihlborgs Properties AB. The Company is a public limited liability company.
- § 2 The purpose of the Company's operations is to acquire, manage, upgrade and sell properties mainly in the Öresund region, as well as to conduct other compatible activity.
- § 3 The Company's registered office is in Malmö.
- § 4 The Company's share capital shall be no less than SEK 155,000,000 and no more than SEK 620,000,000.
- § 5 The number of shares shall be no fewer than 21,500,000 and no more than 86,000,000.
- § 6 The Board shall consist of no fewer than 4 and no more than 8 members.
- § 7 No fewer than one auditor and no fewer than one deputy auditor, of whom no fewer than one auditor and his or her deputy shall be authorized public accountants, or a registered auditing firm, shall be appointed.
- § 8 The company's financial year shall be 1 January to 31 December.
- § 9 The Annual General Meeting of shareholders (AGM) shall be held annually within six months of the end of the financial year. The AGM shall be held in Malmö. At the Annual General Meeting, the following items of business shall be considered:
1. Election of Chair of the AGM.
  2. Preparation and approval of voting list.
  3. Election of one or two minutes-checkers.
  4. Approval of the agenda.
  5. Determination of whether the meeting has been duly convened.
  6. Presentation of the annual report and auditor's report plus, where appropriate, the consolidated accounts and the auditor's report on the consolidated accounts.
  7. Resolutions
    - a) adoption of the income statement and the balance sheet, and where appropriate, the consolidated income statement and consolidated balance sheet,
    - b) on the treatment of the company's profit or loss according to the balance sheet adopted,
    - c) discharge from liability for the members of the Board and the Chief Executive Officer, and
    - d) day of record for the event the Annual General Meeting resolves to pay a dividend.
  8. Resolution on the number of Board members and, where appropriate, auditors and deputy auditors.
  9. Determination of fees for Board members and where appropriate, fees for auditors.
  10. Election of Board of Directors.
  11. Where appropriate, election of auditors and deputy auditors.
  12. Election of Nomination Committee.
  13. Any other business to be addressed at the meeting in accordance with the Swedish Companies Act or the Company's Articles of Association.
- § 10 Invitations to attend the Annual General Meeting or Extraordinary General Meeting at which any issue concerning amendment to the Articles of Association will be addressed are to be issued no earlier than six and no later than four weeks before the meeting. Invitations to attend other Extraordinary General Meetings shall be issued no earlier than six and no later than three weeks before the meeting. Notice of the AGM are to be made via advertisements in Post- och Inrikes Tidningar and on the Company's website.
- The announcement of the AGM is to be advertised in Svenska Dagbladet and in Sydsvenska Dagbladet or other daily newspaper published in Skåne. If publication of Svenska Dagbladet were to be discontinued, notice of the meeting is instead to be published in Dagens Industri.
- § 11 Shareholders wishing to participate in the proceedings of a general meeting, must be listed as such on the printout or equivalent of the entire shareholders register five business days before the meeting, and are to apply to the Company on behalf of the shareholder and no more than two proxies no later than the day stated in the notice of the meeting. This day may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not fall earlier than five business days before the meeting.
- § 12 The Company's shares shall be registered in a registered in a reconciliation record (Sw.: avstämningsregister) in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).





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# Where job satisfaction is key

With the commitment of our employees and the quality of our properties, we will create conditions for strong growth for business in the Öresund region.



[wihlborgs.se](http://wihlborgs.se)