

Wihlborgs'  
Interim report

**2015**

January – June

## Wihlborgs raises performance again

**Rental income increased by  
2 percent to SEK 950 million (930)**

**Operating surplus\* increased by  
3 percent to SEK 689 million (671)**

**Income from property management\*  
increased by 9 percent to SEK 452 mil-  
lion (415)**

**Result for the period amounts to  
SEK 961 million (112), corresponding  
to earnings per share of SEK 12.50  
(1.46)**

Group key figures, SEKm	2015	2014	2015	2014
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
Rental income	480	468	950	930
Operating surplus*	357	351	689	671
Income property management*	240	223	452	415
Changes in value	562	-164	744	-362
Result for the period	646	39	961	112
Earnings per share, SEK	8.41	0.51	12.50	1.46
Surplus ratio, %*	74	75	73	72
Equity/assets ratio, %	29.3	28.3	29.3	28.3
Occupancy rate, %**	91	91	91	91

\* Excluding payments for early lease termination.

\*\* Excluding Projects & Land.



Skrovet 6 is one of the first buildings that visitors to Dockan meet. Telia has had offices in the building since its construction in 2004 and has now been joined by SAAB Kockums.

Wihlborgs Fastigheter AB (publ) is a property company that focuses on commercial properties in the Öresund region. Its property portfolio is located in Malmö, Lund, Helsingborg and Copenhagen. In Malmö, Lund and Helsingborg Wihlborgs is the leading property company.

The book value for the Company's properties totals SEK 25.1 billion. The annual rental value of the properties is SEK 2.1 billion.

Wihlborgs shares are quoted on Nasdaq OMX Nordic, Mid Cap.

## Business concept

Focusing on selected sub-markets in the Öresund region, Wihlborgs will own, manage in-house and develop commercial properties.

## Objective

Wihlborgs will operate according to a business model for growth and will be one of the leading and most profitable property companies on the Stockholm Stock Exchange.

## Financial targets

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

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## Financial information 2015/16

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

Interim report Jan–Sep  
Year-end report Jan–Dec  
Interim report Jan–Mar

**21 October 2015**  
**9 February 2016**  
**28 April 2016**

# CEO's comments

Once again, performance was up for almost every key indicator in the second quarter of 2015. In fact, in the second quarter, we posted the highest ever rental income, the highest ever operating surplus and the highest ever income from property management that we have ever been able to report for a single quarter. Income from property management increased by 7.6 percent to SEK 240 million excluding payments for early lease termination.

Rental income for the quarter was SEK 480 million, up 2.6 percent. The increase in revenue was driven partly by completed projects but also by achieving higher rents than previously on signing new contracts.

The operating surplus excluding payments for early lease termination was SEK 357 million, corresponding to a surplus ratio of 74.4 percent. A small increase in property tax for completed projects resulted in slightly higher operating costs.

Despite an increase in debt, the net financial items decreased to an expense of SEK 106 million compared with the year-earlier period due to declining interest rates. With

regard to funding, in April, we completed the first issue of bonds under our medium-term note (MTN) programme, a three-year bond with an interest rate set at STIBOR 3M plus 100 basis points. In times where considerable uncertainty prevails in the financial markets, having access to several sources of capital provides security. During the quarter, market interest rates have gradually risen, which resulted in a positive revaluation effect of SEK 449 million on our derivative portfolio.

We have now completed the 4,800 m<sup>2</sup> new build of the Floretten 4 property in Helsingborg. The entire building has already been leased with the exception of part of the top floor. Moreover, we have completed MaxLab IV in Lund which the tenant, the University of Lund, moved into during June. The figures for this project are not being consolidated since it is part of a company in which we are only a part-owner. Nevertheless, we are extremely proud of having handed over this world-leading research facility, both ahead of schedule and below budget, to the University of Lund. With regard to future projects, the pipeline is very



busy, but I would like to give special mention to the fact that we have made the efforts to develop the Nyhamn area in Malmö tangible, an area where we are the single largest private property owner. It will take many years to develop the area, but we are convinced that this is an area with substantial potential and we intend to take an active role in its development.

Net lettings totalled SEK 23 million in the second quarter and we thereby succeeded in recovering the ground lost in the first quarter. Total net lettings for the first six months were up SEK 2 million.

During the quarter, we sold two office properties and one project property, and acquired two project properties in the Nyhamn area in Malmö. Moreover, on 1 July, we acquired the Karin 11 and Nora 11 properties in Malmö, which have a combined lettable area of about 45,000 m<sup>2</sup>. Through the above, we have strengthened our position in Malmö and the region, at the same time as we have acquired stable, long-term rental flows from public-sector tenants. Given this background, Wihlborgs is well equipped mov-

ing forward. We will note a certain increase in vacancies in the autumn when, for example, the Gångtappen 1 and Ubåtshallen properties in Malmö will be emptied prior to their rebuild for tenants including Länsförsäkringar and Försäkringskassan (the Swedish Social Insurance Agency). However, our total rental income will still increase and we will also continue to boost income from property management. We assess underlying growth in our markets as healthy and our project portfolio guarantees our ability to continue growing.



### Market comments

Global growth is making a recovery but, according to the OECD's latest forecast, the pace is slower than previously forecast. The OECD has lowered the projections for 2015 and 2016. In 2015, the global economy is expected to grow 3.1 percent, which has been revised downward from 3.6 percent. Growth for 2016 has been adjusted from 3.9 percent down to 3.8 percent. This was mainly attributable to unexpectedly weak growth in the US. However, the OECD has raised its growth forecast for 2015 in the Euro area from 1.1 percent to 1.4 percent. In 2016, Euro-area growth is expected to be 2.1 percent, revised upward from 1.7 percent. The weakening of the Euro against the dollar acts as a boost for European exports.

According to figures from Statistics Sweden, GDP continued to grow during the first quarter of 2015 in Sweden, though at a slower pace than in the preceding quarter. Excluding seasonal effects, Sweden GDP rose 0.4 percent compared with the previous quarter. Growth was primarily attributable to the service sector and increased housing construction, while production declined in the manufacturing industry. Foreign trade also declined, in terms of both imports and exports. However, foreign trade posted extremely strong figures for the fourth quarter of 2014, which

will be difficult to surpass. Overall, households' consumption has slowed down, even if expenditure on items including hotel and restaurants increased. The trend of households spending more on durable goods continued. In the first quarter, the savings levels were high since, in general, household finances were healthy due to salary increases and interest rate cuts.

The Swedish consumer price index (CPI) rose from -0.2 in April to +0.1 percent in May, while the CPIF (CPI with a fixed mortgage rate) rose from 0.7 percent to 1.0 percent during the same period. Accordingly, both measurements were 0.1 percentage points above the forecasts of Sweden's central bank, the Riksbank. Nevertheless, the Riksbank in July chose to cut the repo rate with 0.1 percent to -0.35 percent.

Growth in Denmark is gaining momentum and in May, the government revised the country's forecast upward. The forecast was raised from 1.4 percent in the December 2014 forecast to 1.7 percent. The GDP forecast for 2016 is unchanged at 2.0 percent. The expected budget deficit is 1.3 percent of GDP as opposed to the previous 2.0 percent.

The effects of the currently highly unstable situation regarding Greece are particularly difficult to assess.

# Income, expenses and profits, Jan-Jun 2015

Comparative figures for income statement items relate to values for the corresponding period 2014 and balance sheet items as of 31-12-2014.

## Rental income

Rental income was SEK 950 million (930). This includes SEK -1 million (9) of additional charges relating to the final settlement of costs in 2014. Other revenues from property management was SEK 20 million (49) relating to payments for early lease termination.

The increase in rental income is attributable to property acquisitions, completed projects, renegotiations, new lettings and indexation in contracts.

The total growth in rental income was 2.2 percent compared with the corresponding period 2014.

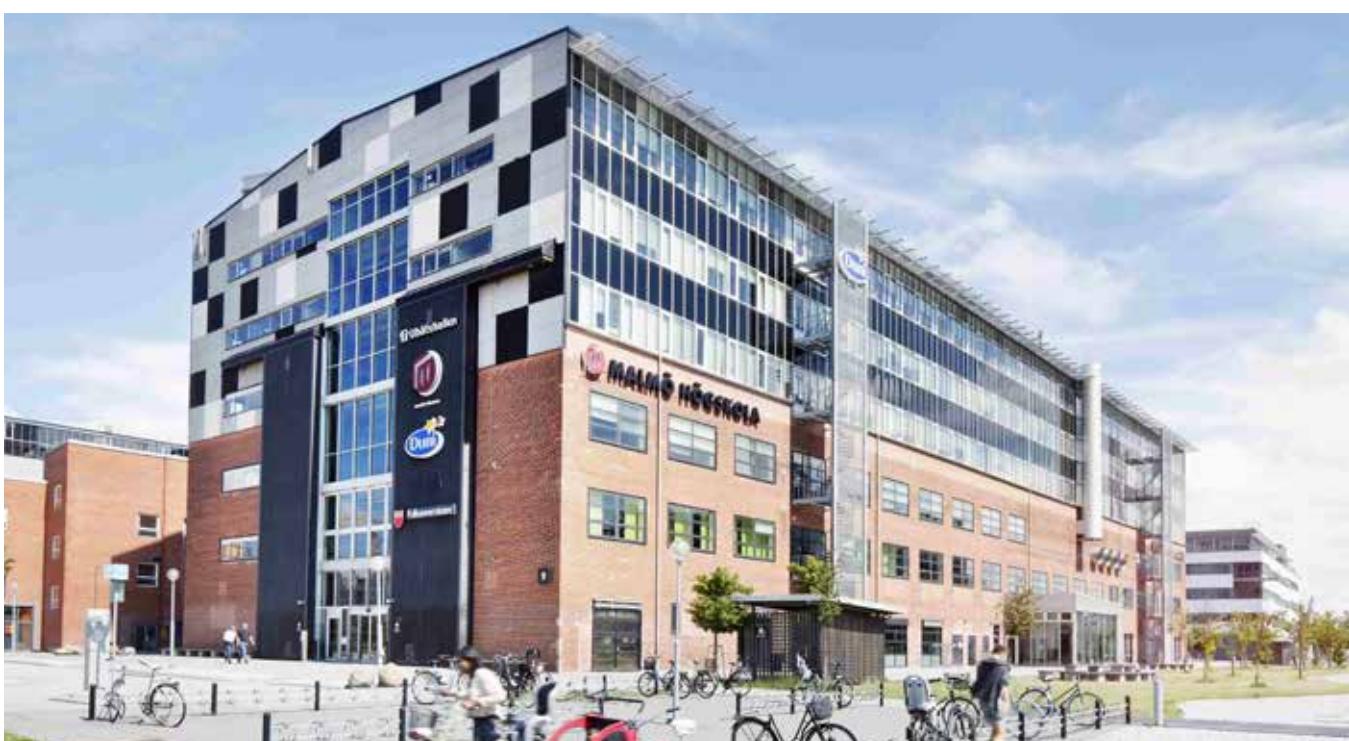
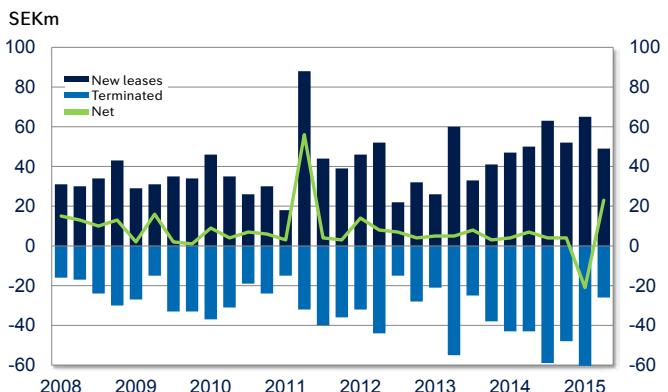
The occupancy rate for managed properties, excluding Projects & Land, remains unchanged compared with previous year-end, 91 percent (91).

During the period new leases were signed to a value of SEK 114 million (97) on an annualized basis. Lease terminations totalled SEK 112 million (86). This represents a net letting income of SEK 2 million (11).

Terms of Wihlborgs' rental contracts per 30 June 2015



Net letting per quarter



The Ubåtshallen property in Dockan is being rebuilt for Försäkringskassan (the Swedish Social Insurance Agency), which has signed a lease for 12,300 m<sup>2</sup>. For a number of years, both Malmö University and Mediegymnasiet held courses at this address. The first five floors of the building will now be converted to dedicated office space. The sixth and top floor is leased by Duni.



In line with tradition, Wihlborgs's Annual General Meeting was held in our own premises at Slagthuset. A large number of shareholders attended the Meeting.

## Property expenses

Total property expenses amounted to SEK 261 (259) million. The increase was mainly attributable to completed projects which also generated slightly higher property tax.

The historical summary at the foot of page 16 illustrates how costs vary over the different quarters of the year.

## Operating surplus

The operating surplus including other income amounted to SEK 709 million (720). Excluding payments for early lease termination, the operating surplus totalled SEK 689 million (671), representing a surplus ratio of 73 percent (72).

## Central administration

The costs for central administration were SEK 22 million (20).

## Financial income and expense

Net interest totalled SEK -215 million (-236), of which interest income accounted for SEK 5 million (5).

The interest expense for the period was SEK 220 million (241). Accordingly, interest expenses were lower year-on-year despite higher borrowings. The average interest rate was lower than in the first half of 2014 and also lower than at the end of 2014. At the end of the period, the average interest rate, including the cost of credit agreements, was 3.01 percent, compared with 3.20 percent at year-end.

## Income from property management

Income from property management including other income amounted to SEK 472 million (464). Excluding payments for early lease termination, the income from property management amounted to SEK 452 million (415).

## Pre-tax profit

The pre-tax profit, i.e. after value changes on properties and derivatives, was SEK 1,216 million (102). During the period value changes on properties amounted to SEK 491 million (107) and value changes on derivatives amounted to SEK 253 million (-469).

## Profit after taxes

The profit after taxes was SEK 961 million (112).

# Assets

## Property portfolio as of 30 June 2015

The summaries below are based on Wihlborgs' property portfolio as of 30 June 2015. Rental income relates to contracted rental income on an annual basis as of 1 July 2015.

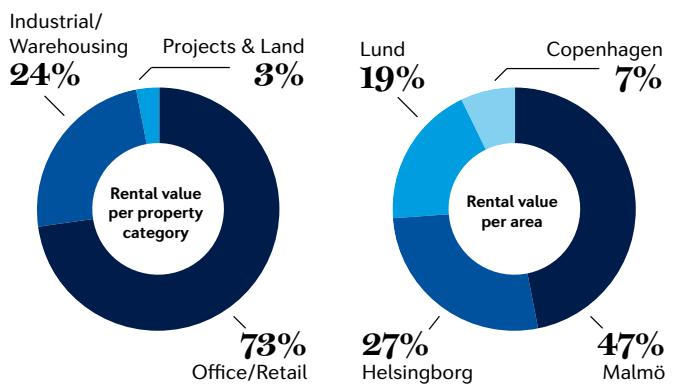
The surplus ratio is based on the properties' earning capacity on an annual basis based on rental income for July 2015, operating and maintenance costs, property administration on a rolling twelve-month basis, property tax and leasehold rent.

Wihlborgs' property portfolio consists of commercial properties in the Öresund region, located in Malmö, Helsingborg, Lund and Copenhagen. The property portfolio 30 June 2015 consisted of 269 properties (269) with a lettable area of 1,575,000 m<sup>2</sup> (1,552,000).

Eleven of the properties (12) are leasehold rights. The properties' carrying amount was SEK 25,142 million (24,299), which corresponds to the estimated market value. The total rental value was SEK 2,101 million (2,058) and the contracted rental income on annual basis SEK 1,888 million (1,863).

The economic occupancy rate for Office/Retail properties was 93 percent (93) and for Industrial/Warehousing properties 86 percent (86). The rental value for Office/Retail properties represented 73 percent, Industrial/Warehousing properties 24 percent and the remaining 3 percent is attributable to Projects & Land of the total rental value.

The operating surplus from managed properties, excluding property administration and Projects & Land, is SEK 1,452 million (1,420) which with a carrying amount of SEK 23,586 million (22,804) corresponds to a direct return of 6.2 percent (6.2). Broken down by property category, this is 5.8 percent (5.9) for Office/Retail and 7.8 percent (7.9) for Industrial/Warehousing.



On 1 June, the Max IV facility was handed over by Wihlborgs to the University of Lund and then onward to the Max IV Laboratory. Ulrika Hallengren, President of Fastighets AB ML 4 and Director of Projects at Wihlborgs, handed over a symbolic key, fashioned from the names of the slightly more than 3,000 people who have been involved in the project, to the Vice-Chancellor of Lund University, Torbjörn von Schantz.

## Changes in values of properties

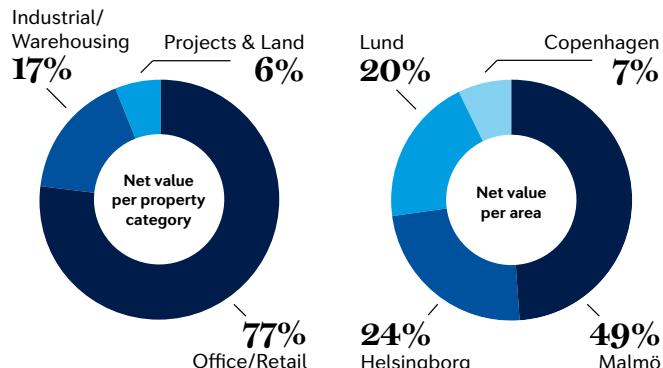
According to an internal valuation, with external support from Malmöbryggan Fastighetsekonomi, of the properties on 30 June 2015, their value had risen by SEK 491 million (107).

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

As of 30 June 2015, the carrying amount for the properties was SEK 25,142 million.

### CHANGES IN CARRYING AMOUNT OF PROPERTIES

Changes	Group total, SEKm
Carrying amount 1 January 2015	24,299
Acquisitions	220
Investments	450
Properties sold	-249
Change in value	491
Currency translations	-69
Carrying amount 30 June 2015	25,142



## Investments and current projects

Investments in the property portfolio totalled SEK 450 million (320).

Approved investments in ongoing projects amount to SEK 1,208 million, of which SEK 806 million had been invested at end of period.

## Liquid assets

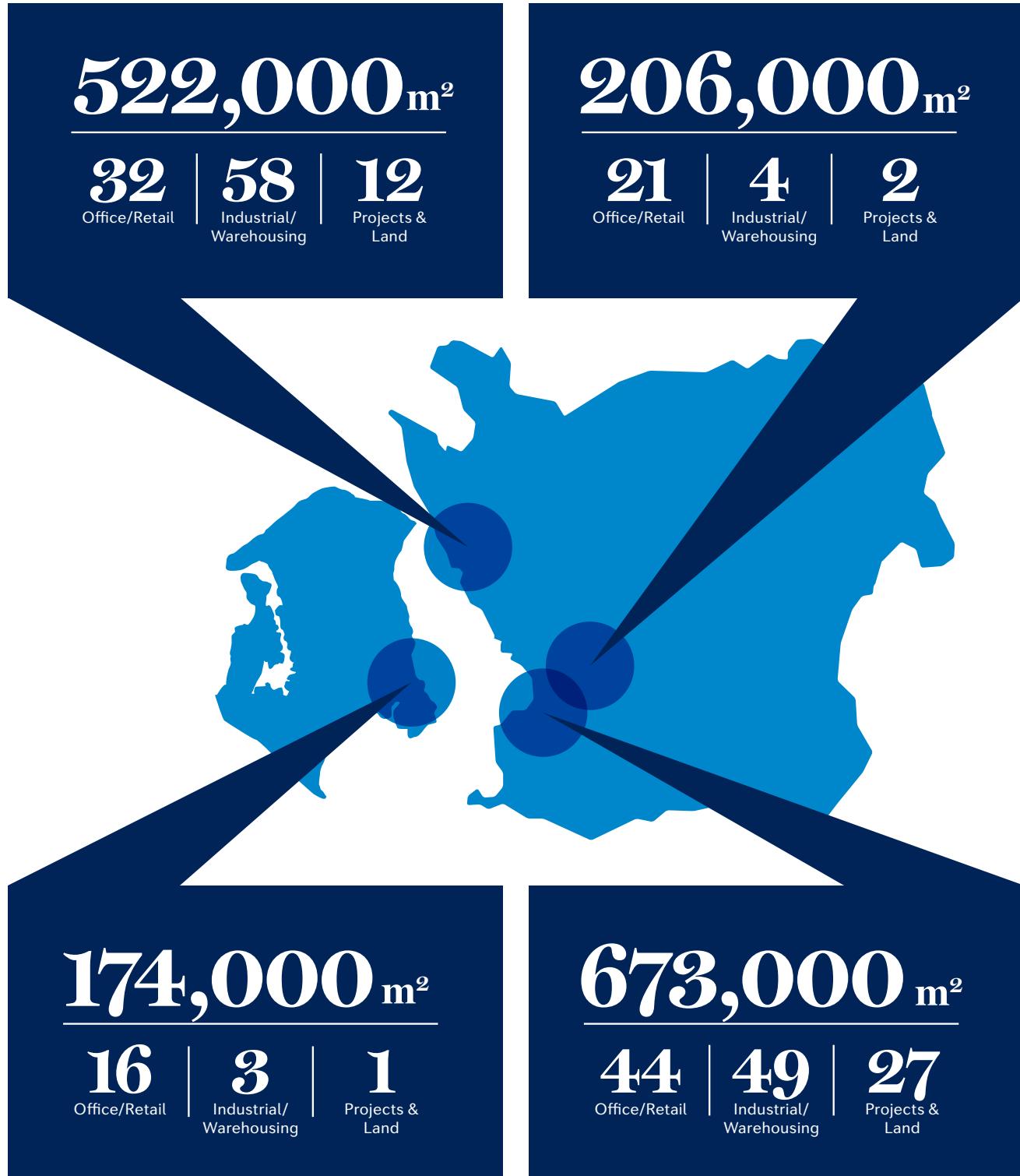
The Groups liquid assets totalled SEK 535 million (185) including unutilised overdraft facilities.



At the Ideon Science Park in Lund, Wihlborgs has refurbished and specially adapted premises for Probi, which has increased its area by 400 m<sup>2</sup>. The company is remaining in the Gamma building where the existing laboratory facilities have been adjoined by new office space. Probi now leases a total of 1,400 m<sup>2</sup> of the property.

### INVESTMENTS IN PROGRESS >SEK 50 MILLION, 30 JUNE 2015

Property	Category of use	Municipality	Completion date	Lettable area, m <sup>2</sup>	Occupancy rate, %	Estimated investment, SEKm	Expended 150630, SEKm
Terminalen 1	Office/Retail	Helsingborg	Q1 2016	8,000	40	315	278
Gångtappen 1	Office/Retail	Malmö	Q2 2016	14,000	40	242	9
<b>Total</b>				<b>22,000</b>		<b>557</b>	<b>287</b>



**ANALYSIS OF LETTABLE SPACE PER AREA AND CATEGORY OF USE**

Area	Office, m <sup>2</sup>	Retail, m <sup>2</sup>	Ind./Ware- housing, m <sup>2</sup>	Education/ Health care, m <sup>2</sup>	Misc., m <sup>2</sup>	Total, m <sup>2</sup>	Share, %
Malmö	304,683	47,078	255,921	49,465	15,618 <sup>1</sup>	672,764	43
Helsingborg	157,333	53,132	279,729	19,126	12,914 <sup>2</sup>	522,234	33
Lund	120,568	11,161	32,357	33,272	8,619 <sup>3</sup>	205,977	13
Copenhagen	157,793	0	15,740	0	559	174,092	11
<b>Total</b>	<b>740,377</b>	<b>111,371</b>	<b>583,747</b>	<b>101,863</b>	<b>37,710</b>	<b>1,575,067</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>	

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

 2) Includes 5,260 m<sup>2</sup> residential.

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

**ANALYSIS PER PROPERTY CATEGORY IN EACH MANAGEMENT AREA**

Area/ property category	Number of properties thousand	Area, 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	Direct return, excl. property admin., %
<b>MALMÖ</b>											
Office/Retail	44	377	9,552	726	1,925	93	677	517	76	537	5.6
Industrial/Warehousing	49	249	1,727	202	811	88	177	125	71	133	7.7
Projects & Land	27	47	1,084	54	1,165	-	16	4	-	6	-
<b>Total Malmö</b>	<b>120</b>	<b>673</b>	<b>12,363</b>	<b>982</b>	<b>1,460</b>	<b>89</b>	<b>870</b>	<b>646</b>	<b>74</b>	<b>677</b>	<b>5.5</b>
<b>HELSINGBORG</b>											
Office/Retail	32	169	3,290	286	1,690	96	274	197	72	206	6.3
Industrial/Warehousing	58	352	2,258	275	780	85	233	163	70	176	7.8
Projects & Land	12	1	376	0	477	-	0	0	-	0	-
<b>Total Helsingborg</b>	<b>102</b>	<b>522</b>	<b>5,924</b>	<b>561</b>	<b>1,075</b>	<b>90</b>	<b>507</b>	<b>361</b>	<b>71</b>	<b>382</b>	<b>6.4</b>
<b>LUND</b>											
Office/Retail	21	184	4,786	393	2,129	92	363	263	73	279	5.8
Industrial/Warehousing	4	20	120	14	714	95	14	11	78	11	9.4
Projects & Land	2	1	58	2	1,362	-	2	1	-	1	-
<b>Total Lund</b>	<b>27</b>	<b>206</b>	<b>4,964</b>	<b>409</b>	<b>1,985</b>	<b>93</b>	<b>378</b>	<b>275</b>	<b>73</b>	<b>292</b>	<b>5.9</b>
<b>COPENHAGEN</b>											
Office/Retail	16	154	1,737	141	913	88	124	95	76	101	5.8
Industrial/Warehousing	3	20	117	9	422	99	8	7	83	7	6.3
Projects & Land	1	-	37	-	-	-	-	-	-	-	-
<b>Total Copenhagen</b>	<b>20</b>	<b>174</b>	<b>1,891</b>	<b>149</b>	<b>856</b>	<b>89</b>	<b>132</b>	<b>102</b>	<b>77</b>	<b>109</b>	<b>5.8</b>
<b>Total Wihlborgs</b>	<b>269</b>	<b>1,575</b>	<b>25,142</b>	<b>2,101</b>	<b>1,334</b>	<b>90</b>	<b>1,888</b>	<b>1,384</b>	<b>73</b>	<b>1,459</b>	<b>5.8</b>
<b>Total excluding Projects &amp; Land</b>	<b>227</b>	<b>1,526</b>	<b>23,586</b>	<b>2,045</b>	<b>1,340</b>	<b>91</b>	<b>1,870</b>	<b>1,379</b>	<b>74</b>	<b>1,452</b>	<b>6.2</b>



At Knutpunkten in Helsingborg, the new extension is taking shape and facade sections are starting to appear. In the first phase, 7,700 m<sup>2</sup> of offices are being built with views of the sound and the city-centre roofline. Future phases will include a rebuild of the transport hub.

## Property transactions

Two properties were acquired and three divested in the second quarter. The Polstjärnan 1 and Polstjärnan 2 properties, with a total floor space of 11,100 m<sup>2</sup>, were acquired in Malmö.

The Högvakten 6 property in Malmö, with a lettable area of 3,600 m<sup>2</sup>, was divested in the second quarter, as was the Brottaren 17 property in Helsingborg which has a lettable area of 6,200 m<sup>2</sup>. In addition, the Limhamn 156:90 property, comprising a site of 3,000 m<sup>2</sup> and retail and residential unit development rights of 10,000 m<sup>2</sup>, was divested.

### PROPERTY ACQUISITIONS AND SALES JANUARY–JUNE 2015

Quarter	Property	Municipality	Management area	Category	Area, m <sup>2</sup>	Price, SEKm	Operating surplus 2015, SEKm <sup>1</sup>
1	Kroksabeln 12	Helsingborg	Berga	Ind/Warehousing	13,980		
	Stationsalléen 40-46	Herlev	Copenhagen	Office/Retail	5,585		
2	Polstjärnan 1	Malmö	Centre	Projects & Land			
	Polstjärnan 2	Malmö	Centre	Projects & Land	11,055		
<b>Total acquisitions 2015</b>					<b>30,620</b>	<b>220</b>	<b>6</b>
1	Bunkagården Mellersta 1	Helsingborg	South	Ind/Warehousing	2,463		
	Gjuteriet 18, part of	Malmö	Limhamn	Projects & Land			
	Högvakten 6	Malmö	Centre	Office/Retail	3,623		
	Brottaren 17	Helsingborg	South	Office/Retail	6,247		
<b>Total sales 2015</b>					<b>12,333</b>	<b>249</b>	<b>2</b>

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

# Liabilities and equity

As of 30 June 2015, equity totalled SEK 7,561 million (6,967) and the equity/assets ratio 29.3 percent (28.2).

## Interest-bearing liabilities

The group's interest-bearing liabilities as of 30 June amounted to SEK 14,674 million (14,148) with an average interest rate including costs for credit agreements of 3.01 percent (3.20).

With consideration to the company's net debt of SEK 14.7 billion, as a percentage of property values, the loan-to-value ratio is 58.4 percent (58.2).

The loans' average fixed interest period including effects of derivatives on 30 June 2015, amounted to 5.2 years (6.0). The average loan maturity, including committed credit facilities, amounted to 4.0 years (4.1).

### STRUCTURE OF INTEREST AND LOAN MATURITIES AS OF 30 JUNE 2015

Matures, year	Interest maturity		Loan maturity	
	Loan amount, SEKm	Avg. interest rate, %	Credit ag, SEKm	Utilised, SEKm
2015	4,329	1.17	61	61
2016	146	1.19	4,642	3,573
2017	300	0.80	3,877	3,667
2018	0	0	5,268	4,918
2019	0	0	902	902
>2019	9,900	3.83	1,553	1,553
<b>Total</b>	<b>14,674</b>	<b>2.95</b>	<b>16,303</b>	<b>14,674</b>

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

### INTEREST RATE DERIVATIVES PORTFOLIO 30 JUNE 2015

Amount, SEKm	Interest, %	Can be closed	End date
<b>Cancellable swaps*</b>			
500	2.63	quarterly	2026
500	2.69	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

\* Cancellable at the initiative of the counterpart.

As a result of higher market rates, the deficit in Wihlborgs' interest rate derivative portfolio decreased to SEK 895 million, a positive change during the year totalling SEK 253 million. The change in value for the interest rate derivatives does not affect the cash flow. When the term of the derivative expires, the value is always zero.

Wihlborgs' interest derivatives are recognized at fair value in accordance with IAS 39. The cancellable swaps are classified at level 3 in accordance with IFRS 13. The change during year for these swaps amounts to SEK 90 million. The remaining swaps are classified at level 2 in accordance with IFRS 13.

In the second quarter, the first issue of unsecured corporate bonds was completed under the medium-term note (MTN) programme established in the fourth quarter of 2014. Wihlborgs issued bonds with a nominal value of SEK 500 million and a maturity of three years carrying a floating interest rate set at STIBOR 3M plus 100 basis points.



Media Evolution City has established itself as the natural meeting place for creative and high-tech Malmö. A long list of companies in advertising, media and innovation are found at this address. Daily seminars and meetings are organised to attract visitors to the building.

# Miscellaneous

## Employees

At the period end Wihlborgs' number of full-time employees was 116 (113), 43 of whom are property caretakers.

There were 55 employees in Malmö, 23 in Helsingborg, 18 in Lund and 20 in Copenhagen. The average age was 45 and the proportion of women was 39 percent.

## Parent company

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

The parent company has invested SEK 251 (173) in shares in subsidiaries, including shareholders' contributions, during the period.

The parent company's income statement and balance sheet are found on page 19.

## Participations in other companies

A description of all participations held by Wihlborgs in other companies will be found on pages 114-115 in the Company's 2014 annual report.

## Largest shareholders 30 June 2015

The largest shareholder in Wihlborgs is Erik Paulsson with family and company, with 10.1 per cent of the shares outstanding.

Information concerning owners as of 30 June has not been published at the report's preparation.

## Significant risks and uncertainty factors

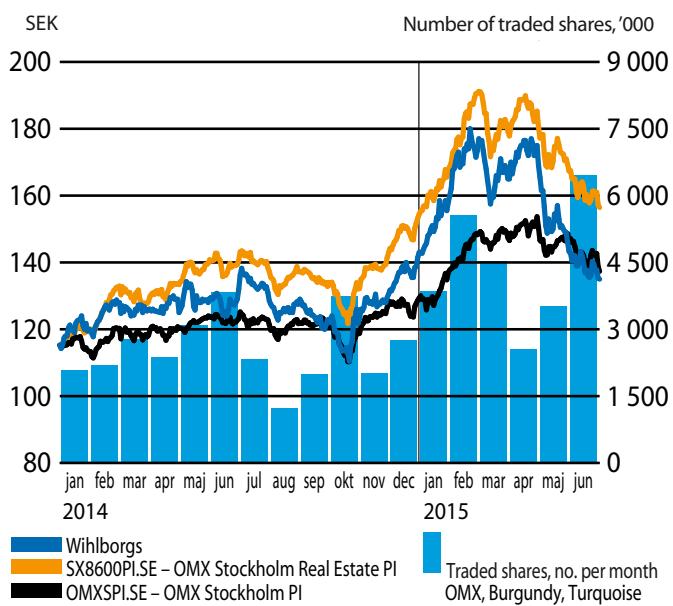
Wihlborgs operations, financial status and profit are affected by a number of risk factors. Risks that have a decisive influence on the Group's profit trend are variations in rental income, interest rate changes, costs, property valuations and taxes. There are also risks relating to cash flow and borrowing.

There is a comprehensive description of the risks facing the Group on pages 82–85 and 106–107 in the Company's 2014 annual report.

## Accounting policies

Wihlborgs complies with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB), as well as interpretations issued by the IFRS and approved by the European Union. The interim report has been prepared in accordance with IAS 34.

### DEVELOPMENT OF SHARE PRICE 01-01-2014 – 30-06-2015



Accounting policies and calculation methods are identical to those applied in Wihlborgs' latest annual report.

In accordance with IFRIC 21 Levies, which was adopted by the EU in May 2014, the entire property tax liability is accounted for in quarter 1. As the cost is accrued in the same way as previously, the result is not affected. However, the balance sheet total increases during the year.

Furthermore, the Group applies the Swedish Financial Accounting Standards Council's recommendation RFR 1, Supplementary Rules for Consolidated Financial Statements. The Parent Company applies RFR 2.

## Events after the reporting end

As of 1 July, the Karin 11 and Nora 11 properties in Malmö were acquired. The total lettable area is about 45,000 m<sup>2</sup>, of which 38,000 m<sup>2</sup> is office space. Karin 11 comprises two buildings and the tenants include the police authorities and the County Administrative Board. The west section of Nora 11 has been totally refurbished since 2014. In spring 2015, about 14,000 m<sup>2</sup> of office premises were occupied by the Swedish Tax Agency, which has leased the premises under a ten-year lease. The redevelopment of the east section of the property has started. The Swedish Tax Agency is leasing a further 2,200 m<sup>2</sup> in this section and a ten-year lease with another tenant for 6,400 m<sup>2</sup> has recently been signed. Only 3,600 m<sup>2</sup> remains to be leased in Nora 11. On completion, Wihlborgs' total investment will be SEK 1 billion.



23 May 2015 was the tenth anniversary of Wihlborgs's listing. This was celebrated with a party for current and retired employees.

## Forthcoming reports

**21 Oct 2015**

Interim report Jan–Sep

**9 Feb 2016**

Year-end report Jan–Dec

**28 Apr 2016**

Interim report Jan–Mar

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

Malmö, 6 July 2015

**Wihlborgs Fastigheter AB (publ)**

The Board

Erik Paulsson  
*Chairman*

Per-Ingemar Persson  
*Deputy Chairman*

Anders Jarl  
*CEO, Board member*

Tina Andersson  
*Board member*

Sara Karlsson  
*Board member*

Helen Olausson  
*Board member*

Johan Qviberg  
*Board member*

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**CONSOLIDATED INCOME STATEMENT Summary**

SEKm	2015 Apr-Jun 3 months	2014 Apr-Jun 3 months	2015 Jan-Jun 6 months	2014 Jan-Jun 6 months	2014/2015 Jul-Jun 12 months	2014 Jan-Dec 12 months
Rental income	480	468	950	930	1,876	1,856
Other revenues	7	0	20	49	20	49
<b>Total income</b>	<b>487</b>	<b>468</b>	<b>970</b>	<b>979</b>	<b>1,896</b>	<b>1,905</b>
Operating costs	-53	-52	-126	-132	-234	-240
Repairs and maintenance	-20	-20	-37	-38	-76	-77
Property tax	-25	-22	-47	-44	-90	-87
Leasehold rent	-2	-1	-3	-2	-6	-5
Property administration	-23	-22	-48	-43	-95	-90
<b>Total property costs</b>	<b>-123</b>	<b>-117</b>	<b>-261</b>	<b>-259</b>	<b>-501</b>	<b>-499</b>
<b>Operating surplus</b>	<b>364</b>	<b>351</b>	<b>709</b>	<b>720</b>	<b>1,395</b>	<b>1,406</b>
Central administration	-11	-10	-22	-20	-43	-41
Net interest	-106	-118	-215	-236	-456	-477
<b>Income from property management</b>	<b>247</b>	<b>223</b>	<b>472</b>	<b>464</b>	<b>896</b>	<b>888</b>
Change in value of properties	113	93	491	107	1,026	642
Change in value of derivatives	449	-257	253	-469	-316	-1,038
<b>Pre-tax profit</b>	<b>809</b>	<b>59</b>	<b>1,216</b>	<b>102</b>	<b>1,606</b>	<b>492</b>
Current tax	-3	-2	-5	-4	-6	-5
Deferred tax	-160	-18	-250	14	-356	-92
<b>Profit for the period<sup>1</sup></b>	<b>646</b>	<b>39</b>	<b>961</b>	<b>112</b>	<b>1,244</b>	<b>395</b>
OTHER TOTAL PROFIT/LOSS <sup>2</sup>						
Translation differences and hedging for international activities, including tax	-1	1	-2	1	2	5
<b>Total comprehensive income for the period<sup>1</sup></b>	<b>645</b>	<b>40</b>	<b>959</b>	<b>113</b>	<b>1,246</b>	<b>400</b>
Earning per share <sup>3</sup>	8.41	0.51	12.50	1.46	16.19	5.14
No. of shares at end of the period, thousands	76,857	76,857	76,857	76,857	76,857	76,857
Average no. of shares, thousands	76,857	76,857	76,857	76,857	76,857	76,857

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

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

3) Key ratios per share have been calculated based on a weighted average number of shares during the period.

There are no outstanding subscription options, convertibles or other potential ordinary shares to take into consideration.

**HISTORICAL SUMMARY OF LAST EIGHT QUARTERS**

SEKm	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Rental income	480	470	468	458	468	462	453	451
Other revenues	7	13	0	0	0	49	0	1
Operating costs	-53	-73	-68	-40	-52	-80	-68	-44
Repairs and maintenance	-20	-17	-21	-18	-20	-18	-22	-19
Property tax	-25	-22	-22	-21	-22	-22	-21	-23
Leasehold rent	-2	-1	-1	-2	-1	-1	-2	-1
Property administration	-23	-25	-24	-23	-22	-21	-24	-20
<b>Operating surplus</b>	<b>364</b>	<b>345</b>	<b>332</b>	<b>354</b>	<b>351</b>	<b>369</b>	<b>316</b>	<b>345</b>
Income from property management	247	225	200	224	223	241	185	211
Surplus ratio, % *	74.4	70.6	70.9	77.3	75.0	69.3	69.8	76.3
Investment yield, % *	5.7	5.4	5.6	6.1	6.1	5.6	5.6	6.4
Equity/assets ratio, %	29.3	28.5	28.2	28.2	28.3	29.9	29.7	29.4
Return on equity, %	34.8	17.7	11.9	4.6	2.3	4.2	10.0	16.0
Earnings per share, SEK	8.41	4.10	2.67	1.01	0.51	0.95	2.22	3.42
Income property management per share, SEK	3.21	2.93	2.60	2.91	2.90	3.14	2.41	2.75
Cash flow per share, SEK	2.94	3.45	2.62	3.23	2.37	4.09	2.65	3.79
EPRA net asset value, SEK	134.47	134.59	126.76	118.12	114.34	114.49	111.92	109.02
Market value as % of Equity II	100.4	123.7	112.6	105.0	111.9	110.1	103.0	94.7

The above key ratios are based on the results for each quarter. The investment yield and the return on equity have been converted into annual figures without taking seasonal variations into account.

\* Excluding payments for early lease termination.

**CONSOLIDATED BALANCE SHEET** summary

SEKm	2015-06-30	2014-06-30	2014-12-31
<b>ASSETS</b>			
Managed properties	25,142	23,178	24,299
Other fixed assets	199	188	197
Current receivables	132	148	111
Liquid assets	367	103	71
<b>Total assets</b>	<b>25,840</b>	<b>23,617</b>	<b>24,678</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	7,561	6,680	6,967
Deferred tax liability	1,879	1,529	1,627
Borrowings	14,674	14,033	14,148
Derivatives	895	579	1,148
Other long-term liabilities	53	52	53
Current liabilities	778	744	735
<b>Total equity &amp; liabilities</b>	<b>25,840</b>	<b>23,617</b>	<b>24,678</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

SEKm	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
<b>Total equity at beginning of period</b>	6,967	6,894	6,894
<b>Equity attributable to parent company's shareholders</b>			
Opening amount	6,967	6,894	6,894
Dividend paid	-365	-327	-327
Profit for the period	961	112	395
Other comprehensive income	-2	1	5
<b>Closing amount</b>	<b>7,561</b>	<b>6,680</b>	<b>6,967</b>
<b>Equity attributable to minority shares</b>	-	-	-
<b>Total equity at end of period</b>	<b>7,561</b>	<b>6,680</b>	<b>6,967</b>

**CONSOLIDATED CASH FLOW STATEMENT** summary

SEKm	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
<i>Operating activities</i>			
Operating surplus	709	720	1,406
Central administration	-22	-20	-41
Depreciation	0	0	1
Net financial items paid	-214	-233	-481
Income tax paid	-2	-20	-18
Change in other working capital	20	49	78
<b>Cashflow from operating activities</b>	<b>491</b>	<b>496</b>	<b>945</b>
<i>Investment activities</i>			
Investments in and acquisitions of properties	-220	-484	-489
Investments in existing properties	-450	-320	-802
Sales of properties	249	332	376
Change in other non-current assets	-2	118	52
<b>Cash flow from investment activities</b>	<b>-423</b>	<b>-354</b>	<b>-863</b>
<i>Financing activities</i>			
Dividend paid	-365	-327	-327
Change in borrowing	593	277	305
<b>Cash flow from financing activities</b>	<b>228</b>	<b>-50</b>	<b>-22</b>
<b>Cash flow for the year</b>	<b>296</b>	<b>92</b>	<b>60</b>
<b>Opening cash flow</b>	<b>71</b>	<b>11</b>	<b>11</b>
<b>Closing cash flow</b>	<b>367</b>	<b>103</b>	<b>71</b>

**CONSOLIDATED SEGMENT REPORTING JAN-JUN**

Property management SEKm	Malmö		Helsingborg		Lund		Copenhagen		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenues	460	448	260	252	187	228	63	51	970	979
Costs	-115	-113	-77	-80	-53	-52	-16	-14	-261	-259
Operating surplus	345	335	183	172	134	176	47	37	709	720

In the Group's internal reporting, activities are divided into the above segments, which are the same as described in the latest annual report. The total operating surplus shown above corresponds with the operating surplus recorded in the income statement. Revenues includes both rental income and income relating to payments for early lease termination with SEK 20 million respectively 49.

The difference between the operating surplus of SEK 709 million (720) and the pre-tax profit of SEK 1,216 million (102) consists of central administration SEK -22 million (-20), net interest SEK -215 million (-236) and changes in value of properties and derivatives SEK 744 million (-362).

## Definitions

**Financial***Return on equity*

Profit for the period as a percentage of average shareholders' equity excluding minority shares. In interim reports the return is converted to its annualised value without taking account of seasonal variations.

*Return on total capital*

Profit before tax plus interest expenses and value changes of derivatives as a percentage of average balance sheet total. In interim reports the return is converted to its annualised value without taking account of seasonal variations.

*Equity/assets ratio*

Shareholders' equity as a percentage of balance sheet total.

*Interest coverage ratio*

Income from property management increased by interest expenses divided by interest expenses.

*Leverage of properties*

Borrowings as a percentage of the carrying amount for the properties.

*Debt/equity ratio*

Interest-bearing liabilities divided by shareholders' equity.

**Share-related***Earnings per share*

Profit for the period divided by average number of outstanding shares.

*Earnings per share before tax*

Profit before tax divided by the average number of outstanding shares.

*Income from property management/share*

Income from property management divided by the average number of outstanding shares.

*Cash flow from operations per share*

Cash flow from operations divided by the average number of outstanding shares.

*Equity per share I*

The parent company's shareholders' share of the equity at the end of year in relation to the number of shares at period end.

*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.

*EPRA NAV*

Equity per share, including reversal of interest rate derivatives and deferred tax, as shown on the balance sheet.

*Dividend yield from shares*

Proposed dividend as a percentage of the stock exchange market value at the year end.

*The share's total return*

The share price growth and actual dividend in relation to the market value at the beginning of the year.

*P/E-ratio I, times*

The market value per share divided by the profit per share. The conversion has been carried out to full-year basis without taking account of seasonal variations.

*P/E-ratio II, times*

The market value divided by the income from property management charged with nominal

tax, per share. The conversion has been carried out to full-year basis without taking account of seasonal variations.

**Property related**

The key figures are based on property stocks at the end of each quarter.

*No. of properties*

Total number of properties owned by Wiilborgs at the end of the period.

*Carrying amount of properties*

Carrying amount of the Group's property portfolio at the end of the period.

*Lease value*

Lease income plus estimated market rent on unrented areas.

*Investment yield*

Net operating income as a percentage of the book value of the properties at period end.

*Lettable area*

Total area that is available to let.

*Rental income per m<sup>2</sup>*

Annualized rental income divided by lettable area.

*Net operating income per m<sup>2</sup>*

Net operating income divided by lettable area.

*Financial occupancy rate*

Rental income as a percentage of rental value.

*Surplus ratio*

Net operating income as a percentage of rental income.

**KEY FIGURES FOR THE GROUP**

SEKm	Jan-Jun 2015	Jan-Jun 2014	Jul/Jun 2014/15	Jan-Dec 2014
<b>FINANCIAL</b>				
Return on equity, %	26.5	3.3	17.5	5.7
Return on total capital, %	9.4	6.9	9.7	8.4
Equity/assets ratio, %	29.3	28.3	29.3	28.2
Interest coverage ratio, multiple	3.1	2.9	2.9	2.8
Leverage properties, %	58.4	60.5	58.4	58.2
Debt/equity ratio, multiple	1.9	2.1	1.9	2.0
<b>SHARE-RELATED</b>				
Earnings per share, SEK	12.50	1.46	16.19	5.14
Earnings per share before tax, SEK	15.82	1.33	20.90	6.40
Income from property management per share, SEK	6.14	6.04	11.66	11.55
Cashflow from operations per share, SEK	6.39	6.45	12.23	12.30
Equity per share I, SEK	98.38	86.91	98.38	90.65
Equity per share II, SEK	122.83	106.81	122.83	111.82
EPRA net asset value per share, SEK	134.47	114.34	134.47	126.76
Market value per share, SEK	135.00	128.00	135.00	142.75
Dividend per share, SEK	-	-	-	4.75
Dividend yield, %	-	-	-	3.3
Total return from share, %	-	-	-	27.5
P/E-ratio I, multiple	5.4	43.9	8.3	27.8
P/E-ratio II, multiple	14.1	13.6	14.8	15.8
Number of shares at the end of period, thousands	76,857	76,857	76,857	76,857
Average number of shares, thousands	76,857	76,857	76,857	76,857
<b>PROPERTY-RELATED</b>				
Number of properties	269	271	269	269
Carrying amount of properties, SEKm	25,142	23,178	25,142	24,299
Investment yield, % – all properties	5.5	5.7	5.5	5.6
Direct return, % – excl project properties	5.8	6.0	5.8	5.9
Lettable area, m <sup>2</sup>	1,575,067	1,555,051	1,575,067	1,551,666
Rental income, SEK per m <sup>2</sup>	1,199	1,177	1,199	1,201
Operating surplus, SEK per m <sup>2</sup>	879	856	879	876
Financial occupancy rate, % - all properties	90	90	90	91
Financial occupancy rate, % - excl project properties	91	91	91	91
Surplus ratio, %	73	73	73	73
<b>EMPLOYEES</b>				
Number of employees at period end	116	109	116	113

**PARENT COMPANY'S INCOME STATEMENT summary**

SEKm	Jan-Jun 2015	Jan-Jun 2014	Jan-Dec 2014
Income	60	61	119
Expenses	-61	-60	-122
<b>Operating profits</b>	<b>-1</b>	<b>1</b>	<b>-3</b>
Financial income	1,958	338	1,095
Financial expenses	-249	-748	-1,626
<b>Pre-tax profit</b>	<b>1,708</b>	<b>-409</b>	<b>-534</b>
Appropriations	0	0	256
Tax	-37	127	226
<b>Profit for the year</b>	<b>1,671</b>	<b>-282</b>	<b>-52</b>
Other comprehensive income	0	0	0
<b>Comprehensive income for the year</b>	<b>1,671</b>	<b>-282</b>	<b>-52</b>

**PARENT COMPANY'S BALANCE SHEET summary**

SEKm	2015-06-30	2014-06-30	2014-12-31
Participations in Group companies	8,224	7,786	8,029
Receivables from Group companies	10,923	8,927	9,028
Other assets	484	478	1,152
Cash and bank balances	278	2	33
<b>Total assets</b>	<b>19,909</b>	<b>17,193</b>	<b>18,242</b>
Equity	3,023	1,486	1,717
Liabilities to credit institutions	11,961	11,448	12,152
Derivatives	895	579	1,148
Liabilities to Group companies	3,865	3,505	3,060
Other liabilities	165	175	165
<b>Total equity and liabilities</b>	<b>19,909</b>	<b>17,193</b>	<b>18,242</b>

# Where job satisfaction is key

Through our commitment and our properties  
we create conditions for strong growth for business  
in the Öresund region.



wihlborgs.se

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