

## Another record year for Wihlborgs

**Profit for the year totalled SEK 1,063 million (823), corresponding to earnings per share of SEK 13.83 (10.71)**

**Rental income increased by 13 per cent to SEK 1,707 million (1,505)**

**The operating surplus was up 13 per cent at SEK 1,238 million (1,099)**

**Income from property management increased by 9 per cent to SEK 749 million (685)**

**The Board of Directors proposes a dividend of SEK 4.25 (4.00)**

Group key figures, SEKm	2013	2012	2013	2012
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Rental income	453	380	1,707	1,505
Operating surplus	316	267	1,238	1,099
Income property management	185	158	749	685
Changes in value	33	-59	616	4
Result for the period	171	378	1,063	823
Earnings per share, SEK	2.22	4.92	13.83	10.71
Surplus ratio, %	70	70	73	73
Equity/assets ratio, %	29.9	30.0	29.9	30.0
Occupancy rate, %	91	92	91	92



View from Skrovet 5 at Dockan, Malmö.

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 carrying value for the Company's properties totals SEK 22.6 billion. The lettable space totals 1.5 million sq.m. The annual rental value of the properties is SEK 2 billion. Wihlborgs shares are quoted on the Mid Cap List of the OMX Nordic Exchange.

## 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 per cent
- An interest coverage ratio of no less than 2.0
- The loan-to-value ratio is not to exceed 60 per cent

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### Financial information 2014

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.

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Interim report Jan–Sep

**29 April 2014**  
**7 July 2014**  
**21 October 2014**

Production Wihlborgs.  
Photographer Peter Westrup, Felix Gerlach.

# CEO's comments

We can report that robust growth continued in 2013. Income from property management rose from SEK 685 million to SEK 749 million, almost ten per cent.

Rental income for the full year rose by more than 13 per cent to SEK 1,707 million and for the fourth quarter by all of 19 per cent. This growth has been driven above all by acquisitions and project completions. During the first half-year, Fören in Malmö and Landsdomaren in Lund were taken under management, both on – or even slightly better than – schedule and budget. The biggest acquisition of the year comprised the ten Ideon properties in Lund, which we bought in the summer, but we also made some important acquisitions in Malmö – Östersjön, right by Central Station – and Sunnunå, with an excellent logistics location on Yttre Ringvägen (the Outer Orbital).

Fundamental to our growth, however, is the net rental yield, for which we can now report positive figures through 24 consecutive quarters, despite the market being characterized by relatively prolonged decision-making processes at our customers during the year. But because we are constantly building new and buying existing properties with vacancies, the occupancy rate is not increasing.

The Company's operating surplus rose by 13 per cent to SEK 1,238 million, representing a surplus ratio of just over 72.5 per cent. Cost efficiency in our management is an important factor in our success and we also focus strongly on this while acquiring properties.

During the year, we observed a certain improvement in the climate in the banking market, and it is also satisfying to have diversified our financing via the corporate bond we issued during the summer. Over the year, our average interest expense fell from 3.57 to 3.50 per cent.

The changes in value of our properties totalled SEK 167 million. The total carrying amount was SEK 22,584 million. Following the investments and acquisitions of the past year, we are now market leader not only in Malmö and Helsingborg but also in Lund.

As in previous years, the Board of Directors proposes an increase of SEK 0.25 in dividend to SEK 4.25. This corresponds to an increase of 6.3 per cent. The direct return, based on a market price of SEK 115.25 on 31 December, is calculated at 3.7 per cent.

Our clear objective is to continue expanding and increasing our income from property management.

When we bought the remaining parts of Ideon in the summer, I promised that our loan-to-value ratio would be restored to 60 per cent by year-end. We did not quite fulfil that aim, but following the sale of Marina Plaza it was achieved at the end January.

As far as the market in our Swedish cities is concerned, we identify a rate of growth that has been weak in recent years but is now expected to rise. At the same time, new production of office properties in Malmö has been higher than this growth, which has resulted in a somewhat higher vacancy rate.

In Denmark, the trend of the economy has been negative for several years. However, several separate signals now indicate that the economy has bottomed out and optimism has returned.

Against that background, we look forward to continued growth in 2014.

## Market comments

In autumn 2013, Nordea issued a regional report studying developments in four regions – Mälardalen (central Sweden), South Sweden, West Sweden and Rest of Sweden. The gross regional product (GRP) in South Sweden is expected to have shown the clearly highest increase – all of 2.4 per cent – in 2013. In 2014, South Sweden and Mälardalen are expected to top the growth table with GRP growth of three per cent. One factor that is influencing developments in the South Sweden economy is the improvement noted in the Danish economy.

Growth in employment in South Sweden was surprisingly robust in the past year and Nordea's report anticipates that it will rise by as much as 2.5 per cent in 2013. At that level, South Sweden will be by far the strongest-performing region in the country. Growth during 2014 is estimated at 1.4 per cent. Strong growth in employment will have a positive impact on the rental market, going forward.

In Copenhagen, the rise in vacancies for offices in central Copenhagen has slowed and is now running at about nine per cent. In the outer regions it has risen to ten per cent, according to Sadolin & Albaek. However, a recent survey by PWC indicates that Danish company managers are the most optimistic of all through Europe, with regard to profit growth in 2014. Danish households, too, are optimistic. According to Statistics Denmark, the index figure for household expectations has not been as high since summer 2007.



# Income, expenses and profits, Jan-Dec 2013

Comparative figures for income statement items relate to values for the corresponding period 2012 and balance sheet items as of 31-12-2012.

## Rental income

Rental income was SEK 1,707 million (1,505). This figure includes SEK 3 million (5) relating to the final settlement for 2012 in respect of additional charges. It also includes SEK 3 million (8) relating to premature cancellation of rental contracts.

The increases in rental income are attributable to property acquisitions, renegotiations, new lettings and indexation in contracts.

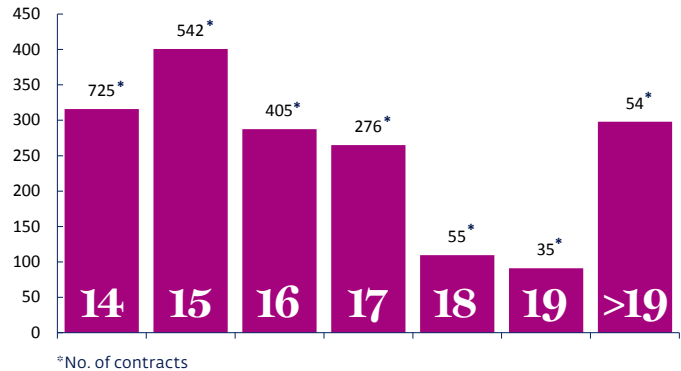
The total growth in rental income was 13 per cent compared with 2012. Adjusted for non-recurring income in the year, the increase was 14 per cent.

The occupancy rate for managed properties was 91 per cent, compared with 92 per cent at the preceding year-end.

During the year, new leases were signed to a value of SEK 160 million (153) on an annualized basis. Lease terminations during the year totalled SEK 139 million (119). This represents net leasing income of SEK 21 million (34).

## Terms of Wihlborgs' rental contracts per 31 December 2013

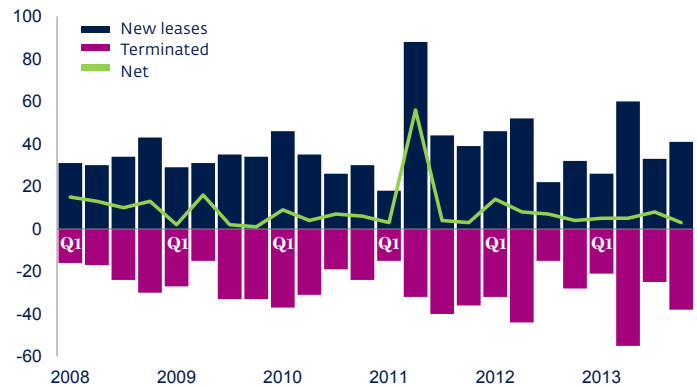
Rental value, SEKm



\*No. of contracts

## Net rental surplus

SEKm



In 2005 Skånes Dansteater moved to Dockan and many of their performances are shown here.



The cultural project ColourVision borrowed a couple of Wihlborgs' Malmöproperties in 2013 for its decoration.

## Property costs

Total property costs amounted to SEK 469 million (406). The increase from the preceding year is mainly attributable to growth in the property portfolio, but also in part to higher costs due to the winter conditions in early 2013.

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

## Operating surplus

The operating surplus totalled SEK 1,238 million (1,099), with a surplus ratio of 73 per cent (73). Of the total, SEK 59 million (11) is attributable to property acquisitions during the year.

## Central administration

The costs for central administration were SEK 37 million (35).

## Financial income and expenses

Net interest totalled SEK -452 million (-379), of which interest income represented SEK 17 million (13).

Interest costs for the year amounted to SEK 469 million (392). The increase in interest costs was the result of a higher loan debt than a year earlier.

At the end of the year, the average interest rate, including the cost of credit agreements, was 3.50 per cent (3.57).

## Income from property management

Income from property management, i.e. the profit before value changes and taxes, totalled SEK 749 million (685).

## Pre-tax profit

The pre-tax profit for the year, ie after changes in value on properties and derivatives, was SEK 1,365 million (689).

## Profit after taxes

The profit after taxes was SEK 1,063 million (823). Comparative figures for 2012 have been impacted by a one-time gain of 265 million since the lowering of the corporate tax to 22 per cent resulted in a revaluation of deferred tax.

### RESULTS

SEK million	<b>2013</b>	2012
	Jan–Dec 12 months	Jan–Dec 12 months
Income from property management	749	685
Pre-tax profit for the year	1,365	689
Profit for the year	1,063	823
<b>PER SHARE, SEK</b>		
Income from property management	9.75	8.91
Pre-tax profit for the year	17.76	8.96
Profit for the year	13.83	10.71
	<b>31-12-2013</b>	31-12-2012
Equity I (22 % deferred tax)	89.70	79.86
Equity II (0 % deferred tax)	110.49	96.96

# Assets

## Property portfolio as of 31 December 2013

The summaries below are based on Wihlborgs' property portfolio as of 31 December 2013. Rental income relates to contracted rental income on an annual basis as of 1 January 2014.

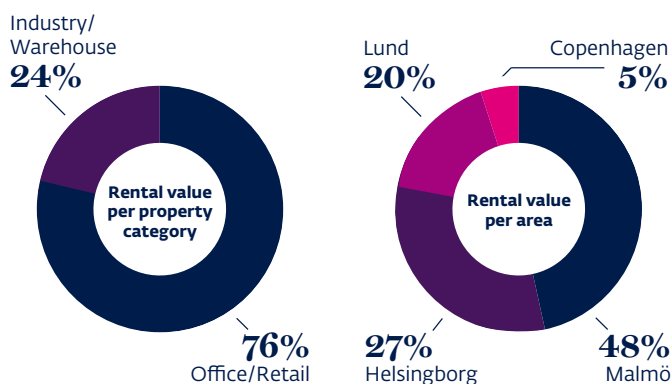
The surplus ratio is based on the properties' earning capacity on an annual basis based on rental income for January 2014, operating and maintenance costs, property administration on a rolling twelve-month basis, property tax and leasehold rent.

Wihlborgs' property portfolio consists of commercial properties in the Öresund region, located in Malmö, Helsingborg, Lund and Copenhagen. The property portfolio 31 December 2013 consisted of 264 properties with a lettable area of 1,523,000 m<sup>2</sup>.

Twelve of the properties are leasehold rights. The properties' carrying amount was SEK 22,584 million, which corresponds to the estimated market value. The total rental value was SEK 2,012 million and the contracted rental income on annual basis SEK 1,826 million.

The economic occupancy rate for office/retail properties was 92 per cent and for industry/warehouse properties 87 per cent. The properties in Malmö and Helsingborg accounted for 75 per cent of total rental value and 74 per cent of properties' carrying amount. The rental value of office/retail properties as well as industry/warehouse was 76 and 24 per cent respectively of the total rental value.

The operating surplus from managed properties, excluding property administration, is SEK 1,399 million which with a carrying amount of SEK 22,584 million corresponds to a current yield of 6.2 per cent. Broken down by property category, this is 6.0 per cent for office/retail and 7.8 per cent for industry/warehouse.



## Value changes in properties

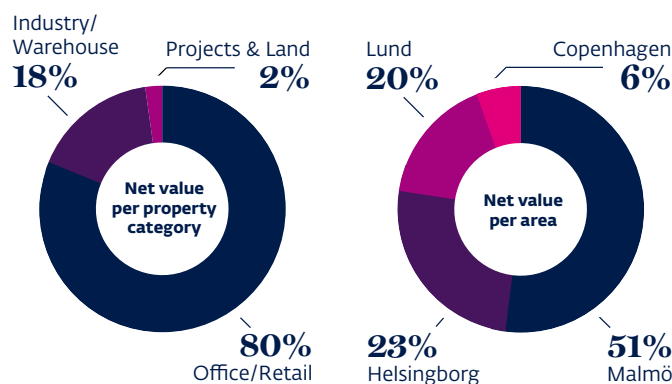
Malmöbryggan Fastighetsekonomi AB and Savills Sweden AB performed a valuation of all Wihlborgs' properties in Sweden. The values of the properties are determined individually as the market value of the property concerned. In Denmark, the properties were valued by DTZ.

As a result of the valuation, the value of the properties rose SEK 167 million (140). The return on capital requirements remained more or less unchanged. As of 31 December 2013, the carrying amount for the properties was SEK 22,584 million.

### CHANGE IN CARRYING AMOUNT OF PROPERTIES

Change	Group total, SEKm
Carrying amount 1 January 2013	19,876
Acquisitions	2,010
Investments	548
Properties sold <sup>1</sup>	-65
Changes in value	167
Currency translations	48
Book value 31 December 2013	22,584

<sup>1</sup> Includes preliminary insurance compensation for totally damaged property.



## Investments and projects in progress

There were investments in the property portfolio to the order of SEK 548 million.

Approved investments in ongoing projects amount to SEK 367 million, of which SEK 162 million had been invested at the year-end.

## Liquid assets

The Group's liquid assets totalled SEK 168 million (141) including unutilised overdraft facilities.

### PROJECTS IN PROGRESS >SEK 50 MILLION, 31 DECEMBER 2013

Property	Category	Area	Completed	Lettable area, m <sup>2</sup>	Occupancy-rate, %	Estimated investment, SEKm	Expended 311213, SEKm
Floretten 3, part of	Office/retail	Helsingborg	Q1, 2015	4,800	40	104	1.4
Ruuth 23	Office/retail	Helsingborg	Q3, 2014	3,900	100	61	7.3
<b>Total</b>				<b>8,700</b>		<b>165</b>	<b>8.7</b>



## Property transactions

During the fourth quarter, Wihlborgs acquired two properties at a cost of SEK 200 million. No properties were sold.

### PROPERTY ACQUISITIONS AND SALES JAN- 2013

Quarter	Property	Municipality	Management area	Category	Area m <sup>2</sup>	Price, SEKm	Operating surplus 2013, SEKm <sup>1</sup>
<b>Acquisitions</b>							
1	Östersjön 1	Malmö	Centre	Office/Retail	8,301		
2	Landstinget 2	Lund	Lund	Office/Retail	3,069		
3	Syret 1 (car park)	Lund	Lund	Office/Retail	-		
3	Vätet 3	Lund	Lund	Office/Retail	335		
3	Syret 3	Lund	Lund	Office/Retail	17,352		
3	Syret 4	Lund	Lund	Projects & Land			
3	Syret 5	Lund	Lund	Office/Retail	5,978		
3	Syret 6	Lund	Lund	Office/Retail	8,123		
3	Syret 7	Lund	Lund	Office/Retail	6,501		
3	Syret 8	Lund	Lund	Office/Retail	9,874		
3	Syret 9	Lund	Lund	Office/Retail	3,450		
3	Studentkåren 2	Lund	Lund	Office/Retail	11,216		
4	Stenåldern 7	Malmö	Fosie	Projekt & Mark			
4	Sunnanå 12:27	Burlöv	Arlöv	Industri/Lager	14 525		
<b>Total acquisitions</b>					<b>88,724</b>	<b>2,010</b>	<b>59</b>
<b>Sales</b>							
1	Gäddan 6	Malmö	Centrum	Projects & Land	2,530		
1	Vipan 7	Malmö	Limhamn	Industry/Wareh.	1,002		
<b>Total sales</b>					<b>3,532</b>	<b>25</b>	<b>0</b>

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



Interior från Wihlborgs' headquarters at Dockan in Malmö.

**522,000m<sup>2</sup>**

**34**

Office/  
Retailer

**58**

Industry/  
Warehouse

**13**

Projects &  
Land

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

**21**

Office/  
Retailer

**4**

Industry/  
Warehouse

**1**

Projects &  
Land



**132,000m<sup>2</sup>**

**11**

Office/  
Retailer

**3**

Industry/  
Warehouse

**1**

Projects &  
Land

**665,000m<sup>2</sup>**

**45**

Office/  
Retailer

**50**

Industry/  
Warehouse

**23**

Projects &  
Land

**DISTRIBUTION OF LETTABLE SPACE PER AREA AND PROPERTY CATEGORY**

Area	Office, m <sup>2</sup>	Retail, m <sup>2</sup>	Ind/Wareh, m <sup>2</sup>	Edu/Care, m <sup>2</sup>	Other, m <sup>2</sup>	Total, m <sup>2</sup>	Proportion, %
Malmö	306,315	44,742	248,981	49,024	15,618 <sup>1</sup>	664,680	44
Helsingborg	147,281	52,249	275,118	20,684	26,875 <sup>2</sup>	522,207	34
Lund	121,331	10,598	31,203	32,952	8,609 <sup>3</sup>	204,693	13
Köpenhamn	115,806	0	15,740	0	0	131,546	9
<b>Total</b>	<b>690,732</b>	<b>107,589</b>	<b>571,042</b>	<b>102,660</b>	<b>51,102</b>	<b>1,523,125</b>	<b>100</b>
<b>Proportion, %</b>	<b>45</b>	<b>7</b>	<b>38</b>	<b>7</b>	<b>3</b>	<b>100</b>	

<sup>1</sup> Including 10,275 m<sup>2</sup> hotel in Malmö.

<sup>2</sup> Including 5,390 sq.m. residential and 13,158 m<sup>2</sup> hotel in Helsingborg.

<sup>3</sup> Including 8,215 m<sup>2</sup> hotel in Lund.

**DISTRIBUTION PER CATEGORY WITHIN EACH AREA**

Area/ property category	Number of properties	Area, '000 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	Investment yield excl. property mgmt, %
<b>MALMÖ</b>											
Office/Retail	45	407	9,537	762	1,872	92	701	529	75	549	5.8
Industry/Warehouse	50	252	1,720	201	798	87	175	124	71	130	7.6
Projects & Land	23	6	328	3	507	-	1	0	-	0	-
<b>Total Malmö</b>	<b>118</b>	<b>665</b>	<b>11,586</b>	<b>966</b>	<b>1,453</b>	<b>91</b>	<b>877</b>	<b>653</b>	<b>74</b>	<b>679</b>	<b>5.9</b>
<b>HELSINGBORG</b>											
Office/Retail	34	177	3,148	290	1,642	95	275	198	72	207	6.6
Industry/Warehouse	58	341	2,021	257	753	87	223	152	68	163	8.1
Projects & Land	13	5	80	1	131	-	1	-1	-	-1	-
<b>Total Helsingborg</b>	<b>105</b>	<b>522</b>	<b>5,249</b>	<b>547</b>	<b>1,048</b>	<b>91</b>	<b>498</b>	<b>348</b>	<b>70</b>	<b>369</b>	<b>7.0</b>
<b>LUND</b>											
Office/Retail	21	183	4,292	389	2,119	91	355	261	73	273	6.4
Industry/Warehouse	4	21	124	15	715	87	13	11	81	11	9.1
Projects & Land	1	-	17	-	-	-	-	-	-	-	-
<b>Total Lund</b>	<b>26</b>	<b>205</b>	<b>4,433</b>	<b>404</b>	<b>1,972</b>	<b>91</b>	<b>368</b>	<b>271</b>	<b>74</b>	<b>285</b>	<b>6.4</b>
<b>COPENHAGEN</b>											
Office/Retail	11	111	1,152	87	784	85	75	55	74	59	5.1
Industry/Warehouse	3	20	114	8	394	100	8	7	82	7	6.1
Projects & Land	1	-	50	-	-	-	-	-	-	-	-
<b>Total Copenhagen</b>	<b>15</b>	<b>132</b>	<b>1,316</b>	<b>95</b>	<b>724</b>	<b>87</b>	<b>83</b>	<b>61</b>	<b>74</b>	<b>66</b>	<b>5.0</b>
<b>Total Wihlborgs</b>	<b>264</b>	<b>1 523</b>	<b>22,584</b>	<b>2,012</b>	<b>1,321</b>	<b>91</b>	<b>1,826</b>	<b>1,334</b>	<b>73</b>	<b>1,398</b>	<b>6.2</b>
<b>Total excluding projects and land</b>	<b>226</b>	<b>1 512</b>	<b>22,110</b>	<b>2,008</b>	<b>1,328</b>	<b>91</b>	<b>1,824</b>	<b>1,335</b>	<b>73</b>	<b>1,399</b>	<b>6.3</b>



Wihlborgs builds a new office building at Berga in Helsingborg, which is ready for occupation in 2015. The building will be the tallest and most modern in Berga.

# Liabilities and equity

As of 31 December equity totalled SEK 6,894 million (6,138) and the equity/assets ratio 29.9 per cent (30.0).

## Interest-bearing liabilities

The group's interest-bearing liabilities as of 31 December amounted to 13,740 Mkr (11,786) with an average interest rate including costs for credit agreements of 3.50 per cent (3.57).

With consideration to the company's net debt of SEK 13.7 billion, as a percentage of property values, the leverage ratio is 60.8 per cent (59.3).

The loans' average fixed interest period including effects of derivatives on 31 December 2013, amounted to 5.0 years (7.0). The average loan maturity, including committed credit facilities, amounted to 4.0 years (4.2).

### STRUCTURE OF INTEREST AND LOAN MATURITIES AS OF 31 DECEMBER 2013

Matures, years	Interest maturity		Loan maturity	
	Loan amount, SEKm	Av. interest rate, %	Credit ag, SEKm	Utilised, SEKm
2014	3,896	1.84	970	970
2015	45	1.35	1,442	1,442
2016	1,500	3.56	8,500	8,193
2017	1,500	4.04	1,890	1,890
2018	0	-	0	0
>2018	6,799	4.31	1,247	1,246
<b>Total</b>	<b>13,740</b>	<b>3.49</b>	<b>14,049</b>	<b>13,740</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 31 DEC 2013

Amount, SEKm	Interest, %	Can be closed	End date
<b>Closable swaps</b>			
1,000	3.95	quarterly	2021
500	3.83	quarterly	2021
500	2.63	quarterly	2026
500	2.51	quarterly	2026
500	2.33	quarterly	2026
500	2.58	quarterly	2027
1,000	1.96	August 2014	2021
<b>Interest rate swaps</b>			
2,000	2.70		2021
1,000	2.04		2022
1,000	2.01		2022
<b>Threshold swap</b>			
1,000	3.07	Threshold 4.75	2021

As a result of higher market rates, the deficit in Wihlborgs' interest rate derivative portfolio decreased to SEK 110 million, a positive change totalling SEK 449 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.

According to the accounting standard IAS 39, derivatives are subject to market valuation. If the agreed interest rate deviates from the market interest rate, a surplus or deficit arises in the value of the interest rate derivatives, which is reported as a change in value of derivatives in the income statement. The interest rate derivatives are valued through a present value computation of future cash flows based on the implied Stockholm Interbank Offered Rate (STIBOR). In determining future cash flows, anticipated market rates during the remaining term of each derivative agreement have been used. For the closable swaps included in the portfolio, the counterparty's option to close the swap has been valued to zero. The closable swaps are classified in level 3 according to IFRS 13. The change in value of the closable swaps during the year amounts to SEK +164 million, which in total refers to an increase in market value. The remaining interest swaps are classified in level 2 according to IFRS 13.

In June, Wihlborgs launched a senior secured bond loan with a term of 18 months and a coupon of 3-month STIBOR + 120 basis points. Over the third quarter, a total of SEK 1,000 million was issued. In addition, in September a further SEK 115 million was borrowed via the part-owned finance company Svensk FastighetsFinansiering AB.

## Employees

At the year end Wihlborgs employed 111 people (87), 37 of whom as property caretakers. The rise in the number of employees is attributable mainly to the fact that operations relating to Ideon after the acquisition in the third quarter have now been consolidated. Employee numbers have also increased as a result of organizational changes in Copenhagen.

There were 54 employees in Malmö, 25 in Helsingborg, 22 in Lund and 10 in Copenhagen. The average age was 45 and the proportion of women was 39 per cent.

## 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 3,883 million (115) in shares in subsidiaries, including shareholders' contributions, during the period.

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

## Shares in joint ventures

Wihlborgs has interests in Fastighets AB ML4 in association with PEAB. The building, MaxLab 4, is expected to be completed in summer 2015. The investment is estimated at SEK 2.2 billion. A lease agreement with the University of Lund has been signed, according to which the building will be unencumbered by debt after the end of the 25-year lease term.

In association with Region Skåne and PEAB, a joint venture company under the name of Hälsostaden Ängelholm Holding AB was established in 2009. The objective of the company is to redevelop the Ängelholm Hospital area.

The part-owned finance company Svensk FastighetsFinansiering AB has established an MTN-programme amounting to SEK 5 billion through which Wihlborgs since 2011 has borrowed SEK 1,160 million.

Wihlborgs accounts for its commitments within these companies via the equity method. A description of all joint ventures is found on pages 113–114 in the Annual Report for 2012.

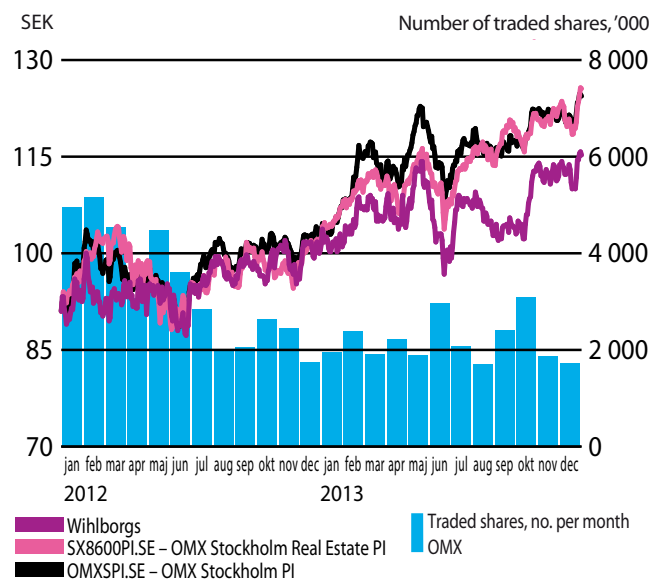
## Largest shareholders

The largest shareholder in Wihlborgs is Brinova Fastigheter AB, who hold 10.1 per cent of the outstanding shares. Shares held by owners registered abroad accounted for 38.6 per cent of the total. The number of shareholders was 24,617.

### LARGEST SHAREHOLDER IN WIHLBORGS 31 DEC 2013

	No. of shares thousands	Share of capital per cent
Brinova Fastigheter	7,734	10.1
SEB Funds	2,755	3.6
Handelsbanken Funds	2,318	3.0
Länsförsäkringar Funds	2,304	3.0
Family Qviberg	2,133	2.8
Robur Funds	1,554	2.0
Skandia Funds	1,204	1.6
Tibia Konsult	1,203	1.6
Lannebo Funds	873	1.1
Avanza Pension	611	0.8
Other shareholders reg in Sweden	24,476	31.8
Other shareholders reg abroad	29,692	38.6
<b>Total outstanding shares</b>	<b>76 857</b>	<b>100.0</b>

### DEVELOPMENT OF SHARE PRICE 01-01-2012 – 31-12-2013



## 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 is also risks relating to cash flow and borrowing.

There is a comprehensive description of the risks facing the Group on pages 82–85 and 105–107 of the Annual Report 2012.

## Accounting policies

Wihlborgs applies International Financial Reporting Standards (IFRS), which are issued by the International Accounting Standards Board (IASB), as well as IFRIC interpretations as adopted by the EU. The interim report was prepared in accordance with IAS 34 Interim Financial Reporting.

Accounting policies and calculation methods are identical to those applied in Wihlborgs' latest annual report, other than to reflect an amendment in IAS 1 which requires items in Other comprehensive income to be grouped in two categories, depending on whether they will be reclassified to profit/loss for the period or not. Furthermore, the new IFRS 13 standard Fair Value Measurement, which came into effect on 1 January 2013, introduced stricter disclosure requirements regarding measurement of the value of derivatives.

The Group has also applied the Swedish Financial Accounting Standards Council's recommendation RFR 1, Supplementary Rules for Consolidated Financial Statements. The Parent Company applies RFR2.

## Proposal for dividend and repurchase

The Board of Directors will recommend that the Annual General Meeting approve the following resolutions:

- a dividend of SEK 4.25 (4.00) per share, making a total payment of SEK 327 million. The proposal represents an increase of 6 per cent over the figure for the preceding year. The proposal is also in line with Wihlborgs' dividend policy, which states that the dividend paid will represent 50 per cent of the income from day-to-day property management and 50 per cent of profit realized from property sales, after deduction of tax at a standard rate of 22 per cent.
- authorization to the Board, in the period until the next AGM, to acquire and transfer Wihlborgs shares corresponding to no more than ten per cent 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 per cent of the shares outstanding.

## Events after the accounting period

In January, Wihlborgs sold the Terminalen 2 property with leasehold rights in central Helsingborg for SEK 318m. The building houses Helsingborg's leading hotel, the 194-room Elite Hotel Marina Plaza. The buyer is the tenant, Elite Hotels Sweden AB, through a subsidiary.

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## Forthcoming reports

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**29 Apr 2014**

Interim report Jan – Mar

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**29 Apr 2014**

Annual General Meeting

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**7 Jul 2014**

Interim report Jan – Jun

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**21 Oct 2014**

Interim rep Jan – Sep

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*Malmö, 4 February 2014*

### **Wihlborgs Fastigheter AB (publ)**

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This Year End Report has not been reviewed by the company's auditors.

## CONSOLIDATED INCOME STATEMENT Summary

SEKm	2013 Oct-Dec 3 months	2012 Oct-Dec 3 months	2013 Jan-Dec 12 months	2012 Jan-Dec 12 months
Rental income	453	380	1,707	1,505
Operating costs	-68	-62	-238	-213
Repairs and maintenance	-22	-17	-70	-62
Property tax	-21	-17	-82	-69
Leasehold rent	-2	-1	-6	-6
Property administration	-24	-16	-73	-56
<b>Operating surplus</b>	<b>316</b>	<b>267</b>	<b>1,238</b>	<b>1,099</b>
Central administration	-10	-9	-37	-35
Net interest	-121	-100	-452	-379
<b>Income from property management</b>	<b>185</b>	<b>158</b>	<b>749</b>	<b>685</b>
Change in value of properties	43	7	167	140
Change in value of derivatives	-10	-66	449	-136
<b>Pre-tax profit</b>	<b>218</b>	<b>99</b>	<b>1,365</b>	<b>689</b>
Current tax	1	1	-4	-5
Deferred tax	-48	278	-298	139
<b>Profit for the period<sup>1</sup></b>	<b>171</b>	<b>378</b>	<b>1,063</b>	<b>823</b>
OTHER TOTAL PROFIT/LOSS <sup>2</sup>				
Translation differences and hedging for international activities, including tax	0	0	0	3
<b>Total comprehensive income for the period<sup>1</sup></b>	<b>171</b>	<b>378</b>	<b>1,063</b>	<b>826</b>
Earning per share <sup>3</sup>	2.22	4.92	13.83	10.71
No. of shares at end of the period, thousands	76,857	76,857	76,857	76,857
Average no. of shares, thousands	76,857	76,857	76,857	76,857

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

<sup>2</sup> Refers to records that have been or can be transferred to the result for the period.

<sup>3</sup> 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	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Rental income	453	452	405	397	380	372	373	380
Operating costs	-68	-44	-49	-77	-62	-41	-44	-66
Repairs and maintenance	-22	-19	-16	-13	-17	-15	-14	-16
Property tax	-21	-23	-20	-18	-17	-18	-17	-17
Leasehold rent	-2	-1	-2	-1	-1	-2	-2	-1
Property administration	-24	-20	-14	-15	-16	-14	-13	-13
<b>Operating surplus</b>	<b>316</b>	<b>345</b>	<b>304</b>	<b>273</b>	<b>267</b>	<b>282</b>	<b>283</b>	<b>267</b>
Income from property management	185	211	188	165	158	180	183	164
Surplus ratio, %	69.8	76.3	75.1	68.8	70.3	75.8	75.9	70.3
Direct return, %	5.6	6.5	6.0	5.4	5.4	5.9	6.1	5.9
Equity/assets ratio, %	29.9	29.6	30.8	30.7	30.0	28.7	30.1	30.9
Return on equity, %	10.0	16.0	21.9	17.7	25.4	1.9	9.3	19.7
Earnings per share, SEK	2.22	3.42	4.58	3.60	4.92	0.36	1.76	3.67
Income property management per share, SEK	2.41	2.75	2.45	2.15	2.06	2.34	2.38	2.13
Cash flow per share, SEK	2.91	3.54	1.39	2.17	2.02	3.90	1.13	2.56
Equity per share II, SEK	110.49	107.71	103.40	101.60	96.96	95.76	95.29	96.73
Market value as % of Equity II	104.3	95.9	96.2	105.6	104.7	102.3	97.3	96.7

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



**CONSOLIDATED BALANCE SHEET** summary

SEKm	31-12-2013	31-12-2012
<b>ASSETS</b>		
Managed properties	22,584	19,876
Other fixed assets	359	382
Derivatives	-	22
Current receivables	126	67
Liquid assets	11	102
<b>Total assets</b>	<b>23,080</b>	<b>20,449</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	6,894	6,138
Deferred tax liability	1,598	1,314
Borrowings	13,740	11,786
Derivatives	110	560
Other long-term liabilities	67	66
Current liabilities	671	585
<b>Total equity &amp; liabilities</b>	<b>23,080</b>	<b>20,449</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

SEKm	Jan-Dec 2013	Jan-Dec 2012
<b>Total equity at beginning of period</b>	6,138	5,600
<b>Equity attributable to parent company's shareholders</b>		
Opening amount	6,138	5,600
Dividend paid	-307	-288
Profit for the period	1,063	823
Other comprehensive income	0	3
<b>Closing amount</b>	<b>6,894</b>	<b>6,138</b>
<b>Equity attributable to minority shares</b>	-	-
<b>Total equity at end of period</b>	<b>6,894</b>	<b>6,138</b>

**CONSOLIDATED CASH FLOW STATEMENT** summary

SEKm	Jan-Dec 2013	Jan-Dec 2012
<b>Operating activities</b>		
Operating surplus	1,238	1,099
Central administration	-37	-35
Depreciation	1	-
Net financial items paid	-447	-354
Income tax paid	-6	-4
Change in other working capital	21	41
<b>Cashflow from operating activities</b>	<b>770</b>	<b>747</b>
<b>Investment activities</b>		
Investments in and acquisitions of properties	-2,558	-1,827
Sales of properties	65	93
Change in other non-current assets	17	-156
<b>Cash flow from investment activities</b>	<b>-2,476</b>	<b>-1,890</b>
<b>Financing activities</b>		
Dividend paid	-307	-288
Expiry of derivatives	22	-
Change in borrowing	1,902	1,327
Change in other long-term liabilities	-2	-
<b>Cash flow from financing activities</b>	<b>1,615</b>	<b>1,039</b>
<b>Cash flow for the year</b>	<b>-91</b>	<b>-104</b>
<b>Opening cash flow</b>	<b>102</b>	<b>206</b>
<b>Closing cash flow</b>	<b>11</b>	<b>102</b>

**CONSOLIDATED SEGMENT REPORTING JAN-DEC**

SEKm	Malmö		Helsingborg		Lund		Copenhagen		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Rental income	864	795	498	488	262	149	83	73	1 707	1 505
Property costs	-220	-198	-148	-145	-76	-46	-25	-17	-469	-406
Operating surplus	644	597	350	343	186	103	58	56	1 238	1 099

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

The difference between the operating surplus of SEK 1,238 million (1,099) and the pre-tax profit of SEK 1,365 million (689) consists of central administration SEK -37 million (-35), net interest SEK -452 million (-379) and changes in value of properties and derivatives SEK 616 million (4).

## 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 costs divided by interest costs.

#### 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 per share

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

#### Cash flow from operations per share

Cash flow from operations (after change in working capital) 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.

#### Direct return from shares

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

#### The share's total return

The share's 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 loaded 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 Wihlborgs 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.

#### Direct return

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 m2

Annualized rental income divided by lettable area.

#### Net operating income per m2

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-Dec 2013	Jan-Dec 2012
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**FINANCIAL**

Return on equity, %	16.3	14.0
Return on total capital, %	6.4	6.2
Equity/assets ratio, %	29.9	30.0
Interest coverage ratio, multiple	2.6	2.7
Leverage properties, %	60.8	59.3
Debt/equity ratio, multiple	2.0	1.9

**SHARE-RELATED**

Earnings per share, SEK	13.83	10.71
Earnings per share before tax, SEK	17.76	8.96
Operating earnings per share, SEK	9.75	8.91
Cashflow from operations per share, SEK	10.02	9.62
Equity per share I, SEK	89.70	79.86
Equity per share II, SEK	110.49	96.96
Market value per share, SEK	115.25	101.50
Dividend per share, SEK	4.25	4.00
Return from share, % <sup>1</sup>	3.7	3.9
Total return from share, % <sup>1</sup>	17.5	15.7
P/E-ratio I, multiple	8.3	9.5
P/E-ratio II, multiple	15.2	15.5
Number of shares at the end of period, thousands	76,857	76,857
Average number of shares, thousands	76,857	76,857

**PROPERTY-RELATED**

Number of properties	264	253
Carrying amount of properties, SEKm	22,584	19,876
Direct return, % – all properties	5.9	5.6
Direct return, % – excl project properties	6.0	6.1
Lettable area, m <sup>2</sup>	1,523,125	1,425,072
Rental income, SEK per m <sup>2</sup>	1,199	1,085
Operating surplus, SEK per m <sup>2</sup>	876	786
Financial occupancy rate, % – all properties	91	92
Financial occupancy rate, % – excl project properties	91	92
Surplus ratio, %	73	72

**EMPLOYEES**

Number of employees at period end	111	87
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**PARENT COMPANY'S INCOME STATEMENT** summary

SEKm	Jan-Dec 2013	Jan-Dec 2012
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Income	118	98
Expenses	-117	-108

**Operating profits**

Operating profits	<b>1</b>	<b>-10</b>
Financial income	1,277	671
Financial expenses	-527	-585

**Pre-tax profit**

Pre-tax profit	<b>751</b>	<b>76</b>
Tax	-83	6

**Profit for the period**

Profit for the period	<b>668</b>	<b>82</b>
Other comprehensive income	0	0

**Comprehensive income for the period**

Comprehensive income for the period	<b>668</b>	<b>82</b>
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**PARENT COMPANY'S BALANCE SHEET** summary

SEKm	31-12-2013	31-12-2012
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Participations in Group companies	7,626	3,782
Receivables from Group companies	8,998	10,146
Other assets	488	559
Cash and bank balances	4	75

**Total assets**

Total assets	<b>17,116</b>	<b>14,562</b>
Equity	2,095	1,734
Liabilities to credit institutions	11,626	9,783
Liabilities to Group companies	3,132	2,414
Other liabilities	263	631

**Total equity and liabilities**

Total equity and liabilities	<b>17,116</b>	<b>14,562</b>
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<sup>1</sup> Calculated only per calendar.

# Where job satisfaction is key

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



wihlborgs.com

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