

## Press Release

12 August 1999

# Interim Report January – June 1999

- The profit after financial items increased by 28% to SEK 203.7 million (SEK 158.7 m)
- EPS increased by 68% to SEK 0.47 (SEK 0.28) after full tax.
- Cash flow per share, including the profit on the sale of properties, increased by 31 % to SEK 0.93 (SEK 0.71)
- 10 residential properties in Malmö were sold 12 August for a total of SEK 225 million, yielding a profit of SEK 20 million.

## Results

The profit after financial items increased to SEK 203.7 million (SEK 158.7 m)<sup>1</sup>. EPS after full tax, including profits on the sale of properties, totalled SEK 0.47<sup>2</sup> (SEK 0.28). The improvement in the profit is primarily due to lower interest expenses and lower central administration costs. Rental income for the period totalled SEK 1,085.8 million (SEK 1,121.3 m). The operating surplus before depreciation totalled SEK 646.2 million (SEK 679.1 m). The operating profit was SEK 554.6 million (SEK 563.3 m). The profit includes a profit/loss on the sale of properties of SEK 19.4 million (SEK 13.1 m), and interest grants totalling SEK 24.4 million (SEK 24.6 m). The operating surplus for comparable property holdings has during the first 6 months of 1999 increased by SEK 15 million in comparison with the corresponding period in 1998.

## Operations

Wihlborgs is one of Sweden's larger property companies. Since its merger with Fastighetsaktiebolaget Storheden in the latter half of 1998, the operations have been concentrated on the growth regions of Stockholm and Öresund, which collectively account for 88% of the company's total rental income. The property holding comprises commercial premises and residential accommodation with an annual rental value of SEK 2.3 billion, a total leasable floor area of 3 million m<sup>2</sup> and a book value of SEK 19.3 billion.

## The market and property holdings

42%, 46% and 12% of the total property holding's rental value are to be found in the Stockholm, Öresund and other regions, respectively. 37%, 39% and 24% of the property holding's rental value

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<sup>1</sup> Fastighetsaktiebolaget Storheden i Stockholm is included in the Wihlborgs accounts as of 1 July 1998. The comparative figures in respect of Profit & Loss items up to and including Profit after financial items, are a pro forma combination of the results for Wihlborgs and Storheden for the period from January-March 1998. The comparative figures for the EPS refer to the Wihlborgs Group, as of 30 June 1998. The comparative figures for Balance Sheet items refer to the values as of 31 December 1998.

2) For definitions, please see page 10.

comprises Residential Premises, Offices/Shops and Industrial/Hotel Premises, respectively. At the period end, the economic letting level for the Group's property holding was 94%. Broken down by Wihlborgs' market areas, the letting levels in the Stockholm and Öresund regions are 97% and 92%, respectively, and 89% for other properties.

The commercial premises rental market remains strong in Wihlborgs' primary markets, namely the Stockholm and Öresund regions. The first 6 months of the year in the Stockholm region were characterised by an increased interest in most types of commercial premises and areas, with the most positive trend seen in Wihlborgs' Stockholm North market area.

An upward trend is also apparent in the Öresund region's commercial premises market, with generally falling vacancy levels and higher rental levels. The strongest trend was noted amongst offices in central and good locations in Malmö and Helsingborg.

Demand for residential premises in the Stockholm region is extremely high, and Wihlborgs has virtually no residential property holding vacancies there. Rental levels have remained unchanged during the first half of the year and hence have followed the trend within the public housing companies. Demand for residential premises in the Öresund region has successively increased during the period. There are few vacancies in Wihlborgs' residential premises in Helsingborg, whilst the Malmö region have 5% vacancyrate in the residential property holdings. Residential rental levels in Malmö have increased by an average of 2% during the first six months of the year, corresponding to the trend in the public housing companies.

## Summary of the property holding as of 30 June 1999

### *Breakdown by geographic area*

Region	No. prop- Erties	Area, m <sup>2</sup>	Book value SEK m <sup>1)</sup>	Rental value SEK m <sup>2)</sup>	Econ. letting level %	Rental income SEK m <sup>3)</sup>	Operatin g surplus SEK m <sup>3)</sup>	Interes t grant, SEK m <sup>3)</sup>
Stockholm	243	1,114,478	8,975	944	97.0	466	282	16
Öresund	426	1,465,078	8,234	1,035	92.0	477	288	5
Other	109	414,377	2,111	275	89.0	124	73	3
<b>Total</b>	<b>778</b>	<b>2,993,933</b>	<b>19,320</b>	<b>2,254</b>	<b>94.0</b>	<b>1,067</b>	<b>643</b>	<b>24</b>

<sup>1)</sup> Book value includes undeveloped land and project properties with a value of SEK 818 million.

<sup>2)</sup> Rental value is defined as rental income plus estimated market rent for unoccupied floor area on a full year basis.

<sup>3)</sup> Rental income, operating surplus and interest grants refer to the period from 1 Jan. 1999 to 30 June 1999 for Wihlborgs' property holding as of 30 June 1999.

36%, 40%, 18%, 2% and 4% of the property holdings' book value refers to residential premises, offices/shops, industrial premises/warehouses, hotels, and projects/land, respectively.

## Investments and sales

Investments have totalled SEK 594 million during the first quarter, with property acquisitions and investments in existing properties and projects comprising SEK 265 million and SEK 329 million, respectively, of this sum. Property sales during the first six months of 1999 comprised SEK 797 million. The biggest transaction completed during the first quarter was the property swap between Wihlborgs and Stockholmshem. Wihlborgs received 10 properties with commercial premises to a value of SEK 240 million, and SEK 135 million in cash, in exchange for residential properties to a value of SEK 375 million. The process of restructuring the Group's property holding continued

during the second quarter, and a total of 18 properties have been sold to a value of SEK 386 million, yielding a profit of SEK 19 million. 2 properties, of which possession was taken during the second quarter, have been acquired to a value of SEK 25 million.

The first quarter's investments in existing properties and projects, which refer to land, new construction work, extensions and renovations totalled SEK 329 million. The total of SEK 329 million includes investments in the Jordbromalm, Söderbymalm and Granen projects in Stockholm (totalling SEK 152 million), the project in the Kranen area of Malmö (totalling SEK 40 million), and the Karnan and Manovern properties in Helsingborg (totalling SEK 23 million).

#### *Part-owned projects*

The development of Wihlborgs' part-owned projects Blamannen in the centre of Stockholm and project Jarla Sjö in Nacka outside Stockholm, are proceeding according to plan.

## **Financial position**

Wihlborgs' shareholders' equity totalled SEK 4,641 million (SEK 4,603 m) as of 30 June. The equity/assets ratio is 22.8% (22.3%).

The Group's liquid assets, including unutilised current account overdrafts and loan guarantees, totalled SEK 462 million (SEK 395 m) as of 30 June.

The loan volume was SEK 14,290 million (SEK 14,585 m) at the period end, with an average interest rate of 5.40% in comparison with 5.93%, as of 31 December 1998. The average fixed interest term for the loans, including the effects of derivative instruments utilised, was 3.2 years (2.4 years) as of 30 June 1999. SEK 5,150 million of the loans totalling SEK 6,367 million, the interest rates of which will be renegotiated in 1999, are covered by so-called interest caps with durations of between 1 and 6 years. SEK 2,400 million of total interest caps of SEK 5,150 million have been taken out at the 4% level, with SEK 2,750 million being taken out at the 6% level. The remainder of the loans maturing in 1999, i.e. SEK 1,217 million, have a fixed interest term of 90 days.

#### *Summary of the Group's loan structure, as of 30 June 1999*

	<b>SEK m</b>	<b>Average interest, %</b>	<b>Percentage share, %</b>
1999	6,367	4.09	45
2000	2,541	5.96	18
2001	1,601	6.33	11
2002	654	6.58	4
2003	659	7.08	4
2004	749	5.45	5
2005	440	8.25	3
2006	173	9.02	1
2007	125	5.29	1
>2007	114	4.48	1
Current account	25	3.70	0
Debenture loan	842	7.24	6

<b>Total</b>	<b>14,290</b>	<b>5.40</b>	<b>100</b>
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## Events after the period end

### *Property sales and acquisitions*

Wihlborgs have sold 10 residential properties in the outskirts of Malmö during the third quarter of 1999 for a total of SEK 225 million, yielding a profit of SEK 20 million. The purchaser is the Danish listed property company, EjendomsSelskabet Norden A/S.

A final payment of SEK 33 million has been made to Burlöv municipality in respect of Wihlborgs' previous acquisition of the Stora Bernstorp project property in Burlöv. The property is located in an extremely attractive area, close to the outer Ringroad in Malmö, and comprises 115,000m<sup>2</sup> of undeveloped land with the potential for the development of commercial and industrial premises. Two smaller properties in Malmö were sold for a combined purchase price of SEK 4 million.

### *The shipyard crane in the Kranen area of Malmö*

Title to the crane in the Kranen area of Malmö was acquired by Wihlborgs, as of 1 July 1999, after a number of years' ownership by the Danish shipbuilding company, Burmeister & Wein. The crane is located in a part of the Kranen area that is not subject to immediate extension and development. The maintenance costs for the shipyard crane are estimated at SEK 5 million/annum. The intention is, however, to sell the crane.

## The Parent Company

Turnover during the period totalled SEK 104.6 million (SEK 102.6 m) and the profit after net financial items, SEK 15.9 million (SEK 14.5 m). The company's liquid assets, including unutilised current account overdraft facilities and loan guarantees, totalled SEK 169.5 million (SEK 99.1 m), as of 30 June.

## Forecast for full year, 1999

The forecast issued in conjunction with the Q1 Report for 1999 stands, and the profit after financial items for 1999 is thus to exceed SEK 400 million.

## Financial report dates, 1999

Interim Report, January-September

4 November

This Interim Report has not been subject to review by the company's Auditors.

Malmö, 12 August 1999

Wihlborgs Fastigheter AB (publ.)

*Erik Paulsson*

President

### **For additional information, please contact:**

Erik Paulsson, President, tel: +46 8 623 69 55 or +46 70 595 02 00 (mobile)

Olle Knaust, Financial Director, tel: +46 8 623 69 04 or +46 70 557 58 01 (mobile)

Anders Lundquist, Director of Corporate Communications, tel: +46 8 623 67 45 or +46 70 528 43 33 (mobile)

***This is Wihlborgs***

*Wihlborgs Fastigheter AB (publ.) is one of Sweden's largest listed property companies, holding properties with a book value of approximately SEK 19.3 billion. The property holding is concentrated on the Stockholm and Öresund regions and has a leasable floor area of 3 million m<sup>2</sup> broken down into 2 million m<sup>2</sup> commercial premises and 1 million m<sup>2</sup> residential premises. The Wihlborgs share is quoted on the A-list of the Stockholm Stock Exchange.*

Wihlborgs Fastigheter AB (publ.), Box 97, S-201 20 Malmö, Sweden

Tel: +46 40 20 09 00 • Fax: +46 40 23 45 52

E-mail: info @ wihlborgs.se • Home page: <http://www.wihlborgs.se>

**CONSOLIDATED PROFIT & LOSS  
ACCOUNTS (SEK m)**

	Jan-June 1999	Pro forma Jan-June 1998	Jan-Dec. 1998
Rental income	1,085.8	1,121.3	2,210.0
Property costs	-439.6	-442.2	-872.6
<b>Operating surplus</b>	<b>646.2</b>	<b>679.1</b>	<b>1,337.4</b>
Depreciation	-89.6	-96.2	-189.7
<b>Gross profit</b>	<b>556.6</b>	<b>582.9</b>	<b>1,147.7</b>
Central administration	-21.8	-33.2	-53.2
Profit on sale of properties	19.4	13.1	16.0
Other operating income and expenses	0.4	0.5	0.4
<b>Operating profit</b>	<b>554.6</b>	<b>563.3</b>	<b>1,110.9</b>
Interest income	8.8	11.3	29.3
Interest grants	24.4	24.6	54.4
Interest expenses	-384.1	-440.5	-840.8
<b>Profit after financial items</b>	<b>203.7</b>	<b>158.7</b>	<b>353.8</b>
Profit/loss in Storheden for the part of the financial year when it did not belong to the Group	=	-88.6	-88.6
<b>Profit after financial items</b>	<b>203.7</b>	<b>70.1</b>	<b>265.2</b>
Taxes	-57.1	-21.3	-70.6 <sup>1</sup>
<b>Profit after taxes</b>	<b>146.6</b>	<b>48.8</b>	<b>194.6</b>
Minority holdings	0.0	-0.6	-0.6
<b>Net profit</b>	<b>146.6</b>	<b>48.2</b>	<b>194.0</b>

<sup>1</sup> Deferred tax and paid tax comprise SEK 64.7 million and SEK 5.9 million, respectively, of the amount

<b>CONSOLIDATED BALANCE SHEETS (SEK m)</b>	<b>30 June 99</b>	<b>30 June 98<sup>1</sup></b>	<b>31 Dec. 98</b>
<b>Assets</b>			
Properties	19,320.3	10,385.8	19,664.5
Other tangible fixed assets	23.8	17.8	26.5
Financial fixed assets	298.6	253.5	314.8
Current assets	744.5	959.5	667.9
<b>Total assets</b>	<b>20,387.2</b>	<b>11,616.6</b>	<b>20,673.7</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	4,641.0	2,536.4	4,603.1
Allocations	533.3	308.9	484.5
Interest bearing liabilities	14,289.8	8,289.0	14,584.7
Non-interest bearing liabilities	923.1	482.3	1,001.4
<b>Total shareholders' equity and liabilities</b>	<b>20,387.2</b>	<b>11,616.6</b>	<b>20,673.7</b>

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<sup>1</sup> The Balance Sheet, as of 30 June 1998, refers to the then *Wihlborgs* Group, and hence excludes Fastighets AB Storheden

**CONSOLIDATED FUNDS STATEMENT  
(SEK m)**

	30 June 99	30 June 98	31 Dec. 98
Profit after financial items	203.7	70.1	265.2
Adjustments for items not included in the cash flow etc.	35.3	40.9	76.8
	239.0	111.0	342.0
Taxes paid	-	-2.5	-5.9
Cash flow before change in operating capital	239.0	108.5	336.1
Change in operating capital	-85.2	-732.5	-55.5
<b>Cash flow from current operations</b>	<b>153.8</b>	<b>-624.0</b>	<b>280.6</b>
Acquisition of subsidiaries	-	-	-1,911.0
Investments in properties	-593.5	-135.0	-850.2
Sale of properties	797.0	1 282.8	1,527.0
Other investments	14.7	15.2	-43.7
<b>Cash flow from investments</b>	<b>218.2</b>	<b>1 163.0</b>	<b>-1,277.9</b>
New share issues	-	-	1,912.6
Dividends	-93.6	-16.7	-16.7
Decrease in interest bearing liabilities	-231.9	-522.8	-757.8
Decrease in minority shares	-	-53.8	-54.4
<b>Cash flow from funding</b>	<b>-325.5</b>	<b>-593.3</b>	<b>1,083.7</b>
<b>The period's cash flow</b>	<b>46.5</b>	<b>-54.3</b>	<b>86.4</b>
Liquid assets at the beginning of the period	240.0	153.2	153.2
Exchange rate difference in liquid assets	-0.1	0.0	0.4
<b>Liquid assets at the period end</b>	<b>286.4</b>	<b>98.9</b>	<b>240.0</b>



<b>CONSOLIDATED KEY RATIOS</b>	<b>30 June 99</b>	<b>30 June 98</b>	<b>31 Dec. 98</b>
Return on capital employed including profit on sale of properties, %	6.2	5.9	6.0
Return on capital employed excluding profit on sale of properties, %	6.0	5.9	6.0
Return on shareholders' equity including profit on sale of properties, %	6.3	3.8	5.5
Return on shareholders' equity excluding profit on sale of properties, %	5.7	3.8	5.4
EPS, after full tax including profit on sale of properties, SEK	0.47	0.28	0.79
EPS, after full tax excluding profit on sale of properties, SEK	0.42	0.28	0.78
Equity/assets ratio, %	22.8	21.8	22.3
Cash flow per share from the ongoing operations, SEK	0.48	-3.49	1.14
Cash flow per share including profit on sale of properties, SEK	0.93	0.71	1.68
Cash flow per share excluding profit on sale of properties, SEK	0.87	0.71	1.67
Reported shareholders' equity per share, SEK	14.72	14.59	14.48
Weighted average no. shares after dilution and conversion, million	322.0	178.7	250.3

## List of property acquisitions and sales during the first half of 1999

### **Property acquisitions Q1**

<b>Property acquisitions Q1</b>	<b>Region</b>	<b>Area, Sq.m.</b>	<b>Category</b>
Biblioteket 1, Stockholm	Stockholm	495	Shops
Bordsduken 7, Stockholm	Stockholm	8367	Office
Bygeln 3, Stockholm	Stockholm	4741	Shops
Grammet 1, Stockholm	Stockholm	6957	Office
Högsätra 10, 11, 12, Stockholm	Stockholm	6152	Shops
Myntkabinettet 1, Stockholm	Stockholm	1634	Shops
Pedestalen 1, Stockholm	Stockholm	1450	Shops
Vävnaden 1, Stockholm	Stockholm	299	Industry

### **Property acquisitions Q2**

Brämaregården 13:2, Gothenburg	Other	-	Project/Land
Tingstadsvasen 34:1, Gothenburg	Other	-	Project/Land

### **Total property acquisitions january-june 1999**

**30 095**

### **Property sales Q1**

Spillkråkan 1, Danderyd	Stockholm	600	Industry
Ankaret 1, Stockholm	Stockholm	2706	Residentials
Nederland 21, Stockholm	Stockholm	6975	Residentials
Postiljonen 4, 18, Stockholm	Stockholm	12874	Residentials
Rostugnen 4, Stockholm	Stockholm	3532	Residentials
Sabbatsberg 25, Stockholm	Stockholm	1049	Residentials
Sjuksköterskan 5, Stockholm	Stockholm	3089	Residentials
Vitbetan 19, Stockholm	Stockholm	1628	Residentials
Östergötland 28, 30, 31, Stockholm	Stockholm	1284	Residentials
Lundåkra 12:10, Landskrona	Öresund	-	Project/Land
Skeppsbyggaren 1, Landskrona	Öresund	-	Project/Land
Varvsarbetaren 1, Landskrona	Öresund	618	Offices
Hammaren 9, Kungsör	Other	-	Project/Land
Lindö 1, Västervik	Other	3788	Residentials

### **Property sales Q2**

Dykärret mindre 12, Stockholm	Stockholm	2535	Hotel
Gladan 6, Stockholm	Stockholm	4570	Offices
Högklippan 2, Stockholm	Stockholm	881	Residentials
Porslinsbruket 22, Stockholm	Stockholm	1774	Residentials
Skissen 1, Stockholm	Stockholm	1 467	Residentials
Åkerby 9, Täby	Stockholm	1000	Industry
Hamnpaviljongen 1, Malmö	Öresund	385	Shops
Filtret 1, 2, Borås	Other	11917	Industry
Gårda 4:11, Gothenburg	Other	7803	Offices
Axeln 3, Kumla	Other	738	Industry
Rhodin 19, Kungälv	Other	2802	Offices
Furan 1,9,10, Söderhamn	Other	8788	Offices
Myskje 4:15, Söderhamn	Other	2802	Residentials
Hökerberg 9, Örebro	Other	5010	Residentials
Prästgården, Örebro	Other	-	Project/Land

### **Total property sales january-june 1999**

**90 615**

## Definitions

### **Calculation of key ratios per share**

Key ratios based on the average number of shares, shareholders' equity and capital employed have been calculated on the basis of the weighted average.

The dilution effect of subscription warrants issued has been taken into account for key ratios per share. Convertible debenture loans have, furthermore, been reported as if conversion to shares had already occurred.

### **Capital employed**

Balance Sheet total less non-interest bearing liabilities and allocations.

### **Return on capital employed**

Profit before tax plus interest expenses in relation to average capital employed.

### **Return on shareholders' equity**

Profit after tax in relation to average shareholders' equity.

### **Profit including profit on sale of properties**

The net profit for the year after full tax.

### **Profit excluding profit on sale of properties**

The net profit for the year after full tax excluding the profit on the sale of properties and taxes deriving therefrom.

### **Equity/assets ratio**

Shareholders' equity including minority holdings in relation to the Balance Sheet total.

### **Cash flow**

Profit before tax plus depreciation and writing down, less tax paid.

### **Cash flow from the ongoing operations**

Profit after net financial items, adjusted for items not included in the cash flow, and for tax paid and changes in operating capital. See Consolidated Funds Statement.