

Press Release

4 November 1999

Interim Report January – September 1999

- The profit after financial items increased by 40% to SEK 364 million (SEK 261 m)
- EPS increased by 54% to SEK 0.83 (SEK 0.54) after full tax.
- Properties have been sold for a total of SEK 1,071 million between January and September, yielding a profit of SEK 39 million (SEK 13 m).
- The forecast profit after net financial items for 1999 as a whole is raised from in excess of SEK 400 million to approximately SEK 470 million.
- At the Annual General Meeting, the Board will propose that a dividend of SEK 0.55 (SEK 0.30) per share be paid for the 1999 financial year.

Results

The profit after financial items increased to SEK 363.9 million (SEK 260.7 m)¹. EPS after full tax, including profits on the sale of properties, totalled SEK 0.83² (SEK 0.54). The improvement in the profit is primarily due to lower interest expenses, an increase in profit on the sale of properties and lower property costs. Rental income for the period totalled SEK 1,635.2 million (SEK 1,656.3 m). The operating surplus before depreciation totalled SEK 1,006.2 million (SEK 1,006.9 m). The operating profit was SEK 877.8 million (SEK 835.0 m). The profit includes a profit/loss on the sale of properties of SEK 39.4 million (SEK 13.2 m), and interest grants totalling SEK 34.8 million (SEK 43.9 m). The operating surplus for comparable property holdings has during the first 9 months of 1999 increased by SEK 48 million in comparison with the corresponding period in 1998.

Operations

Wihlborgs is one of Sweden's larger property companies. The operations are 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 2.2 billion, a total leasable floor area of 3 million m² and a book value of SEK 20.4 billion.

¹ 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-September 1998. The comparative figures for the EPS refer to the Wihlborgs Group, as of 30 September 1998. The comparative figures for Balance Sheet items refer to the values as of 31 December 1998.

2) For definitions, please see page 12.

The market and property holdings

43%, 45% and 12% of the total property holding's rental value are to be found in the Stockholm, Öresund and other regions, respectively. 36%, 40% and 24% of the property holding's rental value 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 rental market remains strong within Wihlborgs' primary markets, namely the Stockholm and Öresund regions. The commercial property rental market in the Stockholm region was characterised in the first 3 quarters of this year by a high level of demand for all types of premises throughout the region. The commercial premises market is also showing an upward trend in the Öresund region, with successively falling vacancy levels and higher rental levels. Demand for residential premises in the Stockholm region is extremely high and vacancies in Wihlborgs' housing holdings are virtually non-existent. Rental levels have remained largely unchanged in the first nine months of the year, in line with the trend in the public housing sector. Rental levels will, however, be raised by an average of 9 % as of the fourth quarter of 1999 for one third of Wihlborgs' apartment holdings in the Stockholm region in an adjustment of rents in previously renovated residential areas. On a yearly basis, this will mean an increase in rental revenues of SEK 11 million.

Residential demand has increased in the Öresund region during the period. Vacancies in Wihlborgs' holdings of residential premises in Helsingborg are in extremely short supply, whilst in Malmö, the vacancy level for the Group's residential premises has gradually fallen over the period as a result of increased letting levels and the sale of properties. Residential rental levels in Malmö have increased by an average of 2% during the first three quarters, in line with the trend in the public housing sector.

Summary of the property holding as of 30 September 1999

Breakdown by geographic area

Region	No. properties	Area, m ²	Book value SEK m ¹⁾	Rental value SEK m ²⁾	Econ. letting level %	Rental income SEK m ³⁾	Operating surplus SEK m ³⁾	Interest grant, SEK m ³⁾
Stockholm	243	1,124,526	10,150	955	97.0	697	438	22
Öresund	414	1,413,119	8,083	1,005	92.0	701	441	9
Other	108	417,537	2,125	278	89.0	185	113	4
Total	765	2,955,182	20,358	2,238	94.0	1,583	992	35

¹⁾ Book value includes undeveloped land and project properties with a value of SEK 1 908 million, of which the property Blåmannen 20 comprises SEK 1 146 million.

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

³⁾ Rental income, operating surplus and interest grants refer to the period from 1 Jan. 1999 to 30 Sep. 1999 for Wihlborgs' property holding as of 30 September 1999.

33%, 38%, 18%, 2% and 9% 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 1,936 million during the first three quarters, with property acquisitions and investments in existing properties and projects comprising SEK 1,444 million and SEK 492 million, respectively, of this sum. Property sales during the first six months of 1999 comprised SEK 1,071 million.

Property acquisitions

The increase in Wihlborgs' proprietary share of Property AB Blåmannen (which owns the Blåmannen 20 project property in central Stockholm) from 25 % to 75 % has resulted in the consolidation of Wihlborgs' Property AB Blåmannen property in Wihlborgs' Balance Sheet, as of 30 September 1999, and in an increase in the value of the property holding of SEK 1,146 million. A total of 11 other properties have also been acquired this year for a total purchase price of SEK 298 million.

Properties sold

The restructuring of the Group's property holding has continued during the period from January to September, and 49 properties have been sold for a total of SEK 1,071 million, yielding a profit of SEK 39 million. The biggest individual transactions were the sale of 11 residential premises for SEK 375 million to Stockholmshem in Q1 and of 10 residential properties in a suburb of Malmö to the Danish listed property company, EjendomsSelskabet Norden A/S, for SEK 225 million.

Summary of acquisitions and sales during the first three quarters 1999¹⁾

	SEK m	Area Sqm	No of properties
Acquisitions			
Acquisitions, Q1	240	30 095	10
Acquisitions, Q2	25	0	1
Acquisitions, Q3 ¹⁾	1 179	0	1
Total property acquisitions	1 444	30 095	12
Sales			
Sales, Q1	411	38 143	16
Sales, Q2	386	52 472	18
Sales, Q3	274	59 576	15
Total property sales	1 071	150 191	49

1) Please see pages 11-12 for a list of this year's property acquisitions and sales.

2) The amount includes SEK 1,146 million for the Blåmannen property. This property is categorised as a project and the area shown here is thus 0.

Investments in existing properties and ongoing projects

The first nine months' investments in existing properties and projects, comprising land, new construction and renovation, totalled SEK 492 million. This sum included investments in the Jordbromalm 6:11 and 6:13, and Söderbymalm and Granen projects in Stockholm, projects in the Krane area of Malmö, properties in Copenhagen, the Svante 24 property in Malmö and the Kärnan and Manövern properties in Helsingborg, totalling SEK 194 million, SEK 66 million, SEK 30 million, SEK 32 million and SEK 24 million, respectively. The Jordbromalm 6:11 and Jordbromalm 6:13 projects in Haninge, Svante 24 in Malmö and Vågskålen 24 in Eskilstuna were taken under management during the period.

The Blåmannen property in central Stockholm

The Blåmannen 20 property is located on Drottninggatan, one of the most attractive shopping and office locations in the city of Stockholm, in the immediate vicinity of the Stockholm Central underground station and the Arlanda airport rail link. The whole block will undergo comprehensive renovation over the next few years, with the emphasis on stores, offices and the new construction of around 100 residential apartments. The additional investment in the project is calculated at approximately SEK 600 million, and will yield an estimated total leasable area in the region of 64,000m² comprising 31,500 m² of office space, 17,500 m² shops, 5,000 m² residential premises and 10,000 m² other types of premises, respectively. Much of the work in the initial stage of the project has gone into developing proposals for changes to the property's detailed development plan. On 2 September, the Stockholm town planning board accepted Wihlborgs' proposed new detailed development plan for the Blåmannen 20 property, which was adopted on 7 October. During the third quarter in 1999, Wihlborgs' announced its acquisition of Svedeg GmbH's 50% share of the company that owns the Blåmannen 20 property, thereby increasing Wihlborgs' proprietary holding in Blåmannen to 75%. The remaining 25% was already owned by Peab.

Financial position

Wihlborgs' shareholders' equity totalled SEK 4,757 million (SEK 4,603 m) as of 30 September. The equity/assets ratio is 22.4% (22.3%).

The Group's liquid assets, including unutilised current account overdrafts and loan guarantees, totalled SEK 394 million (SEK 395 m) as of 30 September.

The loan volume was SEK 14,985 million (SEK 14,585 m) at the period end, with an average interest rate of 5.66% 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 3.4 years (2.4 years) as of 30 September 1999. Former interest rate caps of SEK 1,400 million have been replaced during the third quarter by interest swaps with durations of between 3 and 7 years. New interest swaps totalling SEK 700 million have also been raised with the same durations. SEK 3,750 million of the loans totalling SEK 4,237 million subject to interest recalculation in 1999 are covered by interest rate caps with durations of between 1 and 6 years. SEK 2,400 million of total interest rate caps of SEK 3,750 million have been taken out at 4% and SEK 1,350 million at 6%. The remainder of the loans maturing in 1999, i.e. SEK 487 million, have a fixed interest term of 90 days.

Summary of the Group's loan structure, as of 30 September 1999

	SEK m	Average interest, %	Percentage share, %
1999	4,237	4.07	28
2000	1,165	5.41	8
2001	1,615	6.31	10
2002	2,793	5.24	19
2003	1,366	6.06	9
2004	1,198	5.72	8
2005	959	5.53	6
2006	467	6.29	3
2007	57	5.64	1
>2007	280	5.13	2
Current account	60	3.70	1
Debenture loan	790	7.03	5
Total	14,985	5.66	100

Events after the period end

Property acquisitions and sales

Actions have also been taken after the end of the period to concentrate the property holding on the company's primary markets. Wihlborgs has acquired 32 properties from Realia AB for a total of SEK 410 million, and will take possession in Q4 1999. The properties comprise

73,000 m² of residential premises and 11,000 m² of commercial premises in Åstorp, in the Öresund region, together with 30,000 m² of commercial premises in Södertälje, Årsta and Upplands Väsby in the Stockholm region.

22 properties have been sold to Realia AB for SEK 217 million, with the buyer taking possession in Q4 1999 in a transaction yielding a loss of SEK 15 million. The properties sold comprise a total of SEK 71,000 m², and will mean the end of Wihlborgs' presence in seven of the company's non-prioritised areas, mainly located in northern Sweden.

A total of 7 properties have also been sold for SEK 107 million in all, corresponding to a profit of SEK 18 million. The buyer will take possession in Q4 1999 and Q1 2000.

Change in Wihlborgs' ownership structure and board of Directors

On 5 October, the Swedish Building Workers' Union (Svenska Byggnadsarbetareförbundet) sold its entire shareholding in Wihlborgs to the Swedish Metalworkers' Union (Svenska Metallindustriarbetareförbundet) and the Swedish Municipal Workers' Union (Svenska Kommunalarbetareförbundet). The Swedish Metalworkers' Union and the Swedish Municipal Workers' Union simultaneously bought 100% of the shares in Bergaliden, a company jointly owned by the trade unions. Upon completion of the transactions, the Swedish Metalworkers' Union and the Swedish Municipal Workers' Union, accordingly, jointly own, directly and through Bergaliden, approximately 39% of the shares in Wihlborgs. On 27 October, Board Members Klemens Lundin and Lars Öberg resigned their seats on the Wihlborgs Board. The Board has subsequently held discussions with the principal owners regarding the future composition of the Board. The Board has resolved to call an Extraordinary General Meeting to elect Members of the Board to replace those who have resigned their seats.

Refund from SPP

SPP has announced, in the information issued to companies within the Wihlborgs Group, that Wihlborgs' share of company-linked funds totals approximately SEK 23 million. No final decision has yet been reached on the form in which the refund from SPP may be credited to Wihlborgs, and these amounts have consequently not been included in the Company's Profit & Loss Accounts and Balance Sheets. Nor have they been included in the full year forecast for 1999.

Outlook for 1999 as a whole - raised forecast and proposed dividend

In the light of the company's performance during the first nine months of the year, the effects of lower interest rate levels, profits on the sale of properties and improved property management profits, the forecast profit after net financial items for 1999 is raised from one in excess of SEK 400 million to approximately SEK 470 million. The Board will also propose an increase in the dividend from SEK 0.30 per share in 1998 to SEK 0.55 per share for the 1999 financial year at the Annual General Meeting.

Financial report dates, 1999

Preliminary financial report for 1999,	3 February 2000
1999 Annual Report,	March 2000
Annual General Meeting,	6 April 2000
Interim Report, January – March 2000,	26 April 2000

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

Malmö, 4 November 1999
Wihlborgs Fastigheter AB (publ.)

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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 20.4 billion. The property holding is concentrated on the Stockholm and Öresund regions and has a leasable floor area of 3 million m² broken down into 2 million m² commercial premises and 1 million m² residential premises. The Wihlborgs share is quoted on the A-list of the Stockholm Stock Exchange.

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

	Jan-Sep. 1999	Jan-Sep. 1998	Jan-Dec. 1998
Rental income	1,635.2	1,656.3	2,210.0
Property costs	-629.0	-649.4	-872.6
Operating surplus	1,006.2	1,006.9	1,337.4
Depreciation	-137.2	-144.2	-189.7
Gross profit	869.0	862.7	1,147.7
Central administration	-31.6	-41.4	-53.2
Profit on sale of properties	39.4	13.2	16.0
Other operating income and expenses	1.0	0.5	0.4
Operating profit	877.8	835.0	1,110.9
Interest income	19.0	23.0	29.3
Interest grants	34.8	43.9	54.4
Interest expenses	-567.7	-641.2	-840.8
Profit after financial items	363.9	260.7	353.8
Profit/loss in Storheden for the part of the financial year when it did not belong to the Group	-	-88.6	-88.6
Profit after financial items	363.9	172.1	265.2
Taxes	-102.2 ¹⁾	-51.5	- 70.6 ¹⁾
Profit after taxes	261.7	120.6	194.6
Minority holdings	0.0	-0.6	-0.6
Net profit	261.7	120.0	194.0

1) Deferred tax and paid tax comprise SEK 101.9 million and SEK 0.3 million, respectively, of the amount

2) Deferred tax and paid tax comprise SEK 64.7 million and SEK 5.9 million, respectively, of the amount

CONSOLIDATED BALANCE SHEETS (SEK m)	30 Sep. 99	30 Sep. 98	31 Dec. 98
Assets			
Properties	20,357.9	19,323.0	19,664.5
Other tangible fixed assets	22.1	23.1	26.5
Financial fixed assets	243.9	378.6	314.8
Current assets	643.4	604.7	667.9
Total assets	21,267.3	20,329.4	20,673.7
Shareholders' equity and liabilities			
Shareholders' equity	4,756.9	4,530.5	4,603.1
Minority holdings	6.8	0.0	0.0
Allocations	659.6	500.6	484.5
Interest bearing liabilities	14,985.3	14,276.5	14,584.7
Non-interest bearing liabilities	858.7	1,021.8	1,001.4
Total shareholders' equity and liabilities	21,267.3	20,329.4	20,673.7

CONSOLIDATED FUNDS STATEMENT ¹
(SEK m)

	30 Sep. 99	30 Sep. 98	31 Dec. 98
Profit after financial items	363.9	172.1	265.2
Adjustments for items not included in the cash flow etc.	83.8	73.6	76.8
	447.7	245.7	342.0
Taxes paid	-0.3	-6.7	-5.9
	447.4	239.0	336.1
Cash flow before change in operating capital			
Change in operating capital	-131.7	-26.0	-55.5
Cash flow from current operations	315.7	213.0	280.6
Acquisition of subsidiaries	-14.3 ²	-1,911.0	- 1,911.0
Investments in properties	-789.5	-357.1	-850.2
Sale of properties	1,071.0	1,370.9	1,527.0
Other investments	-88.3	-88.4	-43.7
Cash flow from investments	178.9	-985.6	-1,277.9
New share issues	-	1,916.6	1,912.6
Dividends	-93.6	-16.7	-16.7
Decrease in interest bearing liabilities	-386.4	-1,042.3	-757.8
Decrease in minority shares	-	-53.8	-54.4
Cash flow from funding	-480.0	803.8	1,083.7
The period's cash flow	14.6	31.2	86.4
Liquid assets at the beginning of the period	240.0	153.2	153.2
Exchange rate difference in liquid assets	-0.1	0.3	0.4
Liquid assets at the period end	254.5	184.7	240.0

1) Sums relating to foreign subsidiaries have been adjusted to take into account the effects of fluctuating exchange rates.

2) The amount as of 30 September 1999 refers to the acquisition of shares in the Fastighets AB Blåmannen subsidiary, yielding a total of SEK 1,146 million and SEK 843 million in properties and interest bearing loans, respectively, for the Group.

CONSOLIDATED KEY RATIOS	30 Sep. 99	30 Sep. 98	31 Dec. 98
Return on capital employed Including profit on sale of properties, %	6.5	6.1	6.0
Return on capital employed Excluding profit on sale of properties, %	6.2	6.0	6.0
Return on shareholders' equity Including profit on sale of properties, %	7.5	5.0	5.5
Return on shareholders' equity Excluding profit on sale of properties, %	6.6	5.0	5.4
EPS, after full tax Including profit on sale of properties, SEK	0.83	0.54	0.79
EPS, after full tax Excluding profit on sale of properties, SEK	0.74	0.54	0.78
Equity/assets ratio, %	22.4	22.3	22.3
Cash flow per share from the Ongoing operations, SEK	1.00	0.96	1.14
Cash flow per share Including profit on sale of properties, SEK	1.59	1.22	1.68
Cash flow per share Excluding profit on sale of properties, SEK	1.47	1.22	1.67
Reported shareholders' equity per share, SEK	15.16	14.21	14.48
Weighted average no. shares after Dilution and conversion, million	318.4	225.8	250.3

List of property acquisitions and sales during the first three quarters of 1999 ¹⁾

Property acquisitions Q1	Region	Area, Sq.m.	Category
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/Office
Myntkabinettet 1, Stockholm	Stockholm	1634	Shops
Pedestalen 1, Stockholm	Stockholm	1450	Shops
Vävnaden 1, Stockholm	Stockholm	299	Industry
Property acquisitions Q2			
Brämaregården 13:2, Göteborg (acquisition of remaining part)	Other	-	Project/Land
Tingstadsvasen 34:1, Göteborg	Other	-	Project/Land
Property acquisitions Q3			
Sunnanå 12:2 (acquisition of remaining part)	Öresund	-	Project/Land
Blåmannen 20	Stockholm	-	Project
Total acquisitions jan – sep 1999		30 095	

1) The projects Jordbromalm 6:11, Jordbromalm 6:13, Svante 24 and Vågskålen, toatalling 25,135 sqm were taken under management during the period.

PropertySales 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 (part of the property)	Öresund	-	Project/Land
Skeppsbyggaren 1, Landskrona	Öresund	-	Project/Land
Varvsarbetaren 1, Landskrona	Öresund	618	Office
Hammarén 9, Kungsör	Other	-	Project/Land
Lindö 1, Västervik	Other	3788	Residentials

PropertySales Q2

Dykärret mindre 12, Stockholm	Stockholm	2535	Hotel
Gladan 6, Stockholm	Stockholm	4570	Office
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, Göteborg	Other	7803	Office
Axeln 3, Kumla	Other	738	Industry
Rhodin 19, Kungälv	Other	2802	Office
Furan 1,9,10, Söderhamn	Other	8788	Office
Myskje 4:15, Söderhamn	Other	2802	Residentials
Hökerberg 9, Örebro	Other	5010	Residentials
Prästgården, Örebro	Other	-	Project/Land

PropertySales Q3	Region	Area, Sq.m.	Category
Katthuvudet 37, Stockholm	Stockholm	2 917	Residentials
Arlöv 19:7, Burlöv	Öresund	350	Residentials
Väderö 4, Malmö	Öresund	1 253	Industry
Docenten 1, Malmö	Öresund	6 408	Residentials
Docenten 7, Malmö	Öresund	5 143	Residentials
Laboratorn 1, Malmö	Öresund	7 025	Residentials
Laboratorn 6, Malmö	Öresund	5 429	Residentials
Professorn 14, Malmö	Öresund	6 258	Residentials
Professorn 15, Malmö	Öresund	4 133	Residentials
Professorn 4, Malmö	Öresund	2 850	Residentials
Professorn 5, Malmö	Öresund	3 035	Residentials
Professorn 6, Malmö	Öresund	2 851	Residentials
Stacken 9, Malmö	Öresund	4 569	Residentials
Klockan 10, Malmö	Öresund	5 357	Industry
Vargen 15, Borås	Other	1 998	Residentials
Totalt property sales jan - sep 1999		150 191	

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.