



## Year-end report 1 January – 31 December 2017

- Rental income increased to SEK 995 million (687)
- Income from property management improved by 51% to SEK 486 million (322)
- Profit for the period amounted to SEK 1,393 million (500)
- Property portfolio increased in value to SEK 15,559 million (13,615)
- Long-term net asset value (EPRA NAV) per share was SEK 58.39 (45.72)
- Earnings per share amounted to SEK 11.54 (4.92)
- The Board of Directors proposes a dividend of SEK 1.50/share (1.10)
- Acquisition of Piren<sup>2</sup> in Lindholmen
- Acquisition of 50% of the Merkur building in the Skeppsbron area
- Agreement with NCC on joint project development in Gårda and option on acquisition of office project in the centre of Mölndal
- Sales of building rights in Södra Änggården to four housing developers for a total of SEK 1.7 billion
- Office space of 15,000 sq. m. in the Gårda Vesta project let to the Swedish Tax Agency

# PLATZER - THE BEST LOCATIONS IN GOTHENBURG

Platzer is one of the largest and leading commercial property companies in Gothenburg, primarily in office property. We are proud to be participating in the creation, preservation and regeneration of the best locations in Gothenburg. Best in Gothenburg, best for Gothenburg. Quite simply the best Platzer in Gothenburg. We own and develop 69 properties with a total area of 800,000 sq. m., worth SEK 16 billion.

## Business concept

Platzer creates value by owning and developing commercial properties in the Gothenburg area.

## Vision

Platzer aims to be the leading property company in commercial property in the Gothenburg area.

## Strategy

- To grow and be the leading company in the Gothenburg area with a focus on selected segments.
- Develop long-term relationships on a commercial, sustainable and ethical basis by actively working with customers and suppliers.
- Conduct continuous improvements of the property portfolio through value added property and project development.
- Debt financing of the business based on the value of properties. Use existing cash for value-added property investments.

## Sustainability

Sustainability is about continually taking decisions that facilitate long-term, sustainable development. This is achieved by reaching a balance between several factors: a healthy financial

position, satisfied employees, minimal environmental impact and a positive contribution to society. At Platzer, sustainability is an integral part of operating activities and applies to economic, ecological and social sustainability. Platzer takes a systematic approach to day-to-day environmental performance and Platzer has held ISO 14001 certification since 2009.

## Financial targets

In order to reduce financial risk, the board decided during the autumn to lower the target loan-to-value ratio to not more than 60% from 65%.

- Long-term net asset value (EPRA NAV) to increase by > 10% per year
- Equity/assets ratio > 30%
- Loan-to-value ratio must not exceed 60% in the long term
- Interest coverage ratio > 2.0
- Property and project investments to achieve a return on investment of >20%

For outcome, see Key Performance Indicators on page 14 and Key Performance Indicators per share on page 27.

## Value-generating

Platzer adds value through letting and management, property projects and urban development, as well as acquisitions and disposals of properties. Platzer prioritises good relationships with tenants and offers a service that focuses on close relationships and commitment.



EMPLOYEES



FINANCING



LETTING AND PROPERTY  
MANAGEMENT



PROPERTY  
TRANSACTIONS



PROPERTY, PROJECT AND  
URBAN DEVELOPMENT



VALUE



# A WORD FROM THE CEO

A record year for the best Platzer in Gothenburg



**P**latzer's ambition is to own and develop properties in the very best locations in Gothenburg. This strategy was successful also in 2017. Both income from property management and EPRA NAV rose to record levels. We also signed major lease agreements for future projects in Gårda and sold future building rights in Södra Änggården, which will contribute to continued strong growth in EPRA NAV in the future.

#### **EPRA NAV significantly above target**

One of our financial targets is to increase our EPRA NAV per share by 10% a year. In 2017 we exceeded this target by a significant margin. Investment gains from projects such as Gamlestadstorg and the net lettings was surplus in the property portfolio, together with lower investment yield requirements, resulted in higher property values and thus an increase in EPRA NAV of 28%.

#### **Property assets up by SEK 1.9 billion**

In 2017 the property portfolio increased by SEK 1.9 billion, which meant we achieved our ambition of annual growth in the property portfolio of approx. SEK 1.5 billion. This was partly due to net investments of SEK 0.7 billion in acquisitions and projects, and partly because of a large increase of SEK 1.2 billion in the value of the properties.

In addition, we agreed disposals worth around SEK 1.7 billion in Södra Änggården which will have an impact on our financial performance once the detailed development plan becomes legally binding. We estimate this will take place in 2018.

#### **Stronger financial position and lower loan-to-value ratio**

In 2017, the board decided to lower the target loan-to-value ratio from 65% to 60%. At the end

of the year the loan-to-value ratio was 54%. In the financial year we increased our borrowing through yet another Green bond via SFF and we renegotiated the terms of several bank loans. Our improved financial position will facilitate further growth.

#### **Income from property management improved by 51%**

Our operating surplus increased by 44% to SEK 727 million and income from property management grew by 51%, while the surplus ratio remained high at 73%. An ever growing property portfolio meant that we could achieve a significantly better cash flow.

The net lettings surplus in the property portfolio rose to SEK 17 million on an annual basis, and project lettings totalled SEK 54 million in terms of annual rent. Demand in central Gothenburg, particularly for newly built premises, was high, causing rents to increase.

The improvement in income from property management also forms the basis for the dividend we pay to our shareholders, and the board is proposing to raise the dividend to SEK 1.50/share, an increase of 36%.

#### **New detailed development plans delayed by issues relating to areas of national interest**

In addition to Södra Änggården, where we took several steps to be able to proceed with the detailed development plan, the detailed development plans for both Gårda Vesta and Kineum were approved, but the County Administrative Board later applied for a review of these decisions. Applications for review by the County Administrative Board and the Swedish Transport Administration have become an increasingly common feature in Gothenburg, and they represent a significant obstacle to urban development. However, I believe that those plans will become legally binding in early 2018 and that the detailed development plan for Södra Änggården will be completed in the third quarter of 2018.

#### **Ongoing projects produce returns on investment**

Our ambition is for our own development projects to account for the majority of our growth. At the same time, all investments should generate a return on investment of over 20%. In 2017, investments increased to SEK 526 million. Both premises customised for tenants and our large-scale projects achieved their financial tar-

gets and contributed to the increase in property values. Our major new-build projects Gårda Vesta and Kineum have not been included in our property valuations because the detailed development plans are not yet legally binding.

#### **Improved environmental performance indicators**

At the end of 2017, 82% of our properties had been certified according to the Green Building, BREEAM, LEED or Miljöbyggnad environmental standards. Despite the fact that many acquisitions have involved non-certified buildings, we are now getting close to our objective of all our properties being environmentally certified. Energy consumption in our portfolio declined by 4.6%. At the same time, we are going a step further by entering into green lease appendices with our tenants in order to work with our tenants on their environmental impact. The aim is to achieve green lease appendices for 80% of leases within 5 years.

#### **Writing workshop organisation Berättarministeriet starts operations**

After several years of preparatory work, the first writing workshop under the auspices of Berättarministeriet was launched in Gothenburg in the autumn. As the main sponsor, we are thrilled that this fantastic activity, which was previously only available to children in Stockholm and Södertälje, can now also be offered to children in our area.

#### **Platzer's outlook remains good**

When I look to the future I see challenges relating to major projects and getting approval for detailed development plans. Aside from this there are no clouds on the horizon for neither the commercial property market in Gothenburg nor Platzer. Our earning capacity points to a stable financial performance in 2018, although this is not a forecast, just a snapshot of the next 12 months.

The major employers in the automotive industry are making large-scale investments, the service sector is doing well, hotel occupancy rates are high and the housing market is much more balanced than in many other cities. The property market is still reporting high demand from institutional property investors, which suggests required yields should continue to decline or at least remain unchanged, since I believe market rates will remain low.



P-G Persson  
CEO

# CURRENT PROJECTS IN GÅRDA - OFFICE DEVELOPMENTS

The development of Gårda has been overshadowed by the development of other areas such as Älvstaden and Gamlestaden. However, the development of this area is at least as extensive as developments in other parts of the city. Platzer is a leading property owner in the area, particularly in northern Gårda, and takes an active interest in everything relating to Gårda's development. In addition to existing properties, Platzer is currently involved in several development projects.

At the northern end of the area, Gårda has merged with Stampen. Together the two areas are being developed into one vibrant city district comprising homes, schools, shops and offices. Norra Gårda is also easily accessible by both bicycles, public transport and car. In southern Gårda, several tall buildings are being planned to complement existing high-rise buildings.

## GÅRDA VESTA

The detailed development plan for Platzer's Gårda Vesta project was given the go-ahead in 2017. At 25 and 14 storeys high respectively, the towers will make Gårda Vesta a striking feature of the Gothenburg skyline.

Gårda Vesta will be Gothenburg's first office building to achieve the Well Building standard. This means taking a holistic approach to construction of the building, looking at factors such as health, wellbeing, operation and design. The project has attracted a lot of interest and Platzer has already signed a green lease agreement with the Swedish Tax Agency for 15,000 square metres.

## KINEUM

In southern Gårda, the detailed development plan for Kineum was approved in 2017. This office building is a collaboration project between NCC and Platzer. The detailed development plan has been submitted.

The project will involve flexible premises where tenants can choose to customise their workplaces or use coworking areas. There are also plans for a hotel in the building.

## KÄLLHUSET

Källhuset, which is being planned in northern Gårda, is a so-called townhouse, accommodating one or more tenants.

## OTHER PROJECTS

In 2017, Platzer submitted an application for an amendment to the detailed development plan for the Ceres block in northern Gårda. Platzer is looking to convert an existing parking garage into an office/residential building.

Together with other companies, Platzer is also actively working on the development of the arena district in southern Gårda in order to closer ties between Gårda and the city centre.



Picture: Gårda 2:12, Gårda Vesta

PROJECT	GÅRDA VESTA	KINEUM	KÄLLHUSET
Address	Vestagatan 4-6	Drakegatan	Källhuset 4
Projectstart	2017	2018, estimated	2018, etimated
Proposed occupancy	2020	2020	2019
Area, LOA	27,000 sq.m.	25,500 sq.m.	1,650 sq.m.
Number of floors	14/25	27, Total heights 110 metres	5
Certifieringar	Well Building/Breeam Excellent	Breeam Excellent	Ambition Breeam Very Good



# COMMENTS JAN-DEC 2017

*Comparative values for income statement items refer to the corresponding period in the previous financial year and for balance sheet items as at 31/12/2016.*

## Financial performance

Income from property management, excluding changes in value of SEK 22 million attributable to associates, amounted to SEK 486 million (322), up by 51%. The improved performance compared with the previous year was primarily due to the acquisition from Volvo (the Artosa portfolio) in December 2016. Completed development projects which are now occupied and lettings in existing buildings also contributed to income. Changes in the value of properties in 2017 amounted to SEK 1,214 million (450), while changes in the value of financial instruments totalled SEK 54 million (-137). The changes in the value of properties were primarily attributable to falling required yields and project development. Profit after tax for the period amounted to SEK 1,393 million (500).

## Rental income

Rental income for the year amounted to SEK 995 million (687), an increase of 45%. The Artosa portfolio accounted for most of the increase, SEK 281 million. The remainder was due to completed development projects and new lettings. Rental income from existing lease agreements was estimated to amount to SEK 1,044 million (990) on an annual basis as at 31 December 2017. The economic occupancy rate for the period was 95% (94).

## Property costs

Property costs for the period amounted to SEK -268 million (-181). The increase was primarily due to the larger property portfolio. Property operating expenses and maintenance costs are subject to seasonal variations. Costs in the first and fourth quarter are normally higher than in the second and third quarters, primarily due to utilities expenses and snow clearance costs. Planned maintenance of the acquired Artosa portfolio mostly took place in the fourth quarter, resulting in a shift in maintenance costs towards the fourth quarter.

## Operating surplus

The operating surplus in 2017 increased by 44% and amounted to SEK 727 million (506). The surplus ratio was 73% (74), slightly down on the previous year because of the acquisition of the Artosa portfolio, which historically has had a lower surplus ratio. The investment yield for the properties was 5.0% (4.9). Both the acquisition of

the Artosa portfolio, which was implemented at an average yield of 7.5%, and the continued fall in yields over the year affected the yield for 2017.

## Central administration

Central administration costs for the full year amounted to SEK -46 million (-39). The increase was primarily attributable to the larger property portfolio, which led to an increase in staff numbers to 69 at the end of 2017 from 64 as at 31 December 2016. In addition, results were weighed down by moving costs of around SEK -2 million. The ongoing share incentive programme weighed down the result for the year by SEK -2 million (-3).

## Share of profit of associates

Platzer owns 20% of SFF Holding AB and acquired 50% of KB Biet as at 31 December 2017. Share of profit of associates for the year amounted to SEK 22 million (0), of which SEK 22 million (0) comprised unrealised changes in value.

## Net financial income/expense

Net financial expense for the year amounted to SEK -195 million (-145). Net financial income/expense, too, was affected by the larger property portfolio, with the associated increase in borrowings accounting for almost the entire increase in financial expense. Market rates were more or less unchanged compared with the same period a year ago. At year-end, the average interest rate, including the effects of signed derivative contracts, was 2.21% (2.33).

## Tax

Tax expense for the financial year amounted to SEK -383 million (-135), of which SEK -327 million (SEK -95) comprised deferred tax, while current tax amounted to SEK -56 million (-40). Property disposals, which give rise to realised changes in value, are normally conducted as company divestments. This means the gains are exempt from tax, which also had an impact on tax for the year. Two proposals for changes in taxation were put forward during the year, both of which were put out to consultation, where the consultation period expired in September. Because Platzer focuses on development and long-term management of its own properties, the long-term effects of the so-called packaging study presented at the end of March, which looked at taxation of the real estate sector, are

expected to be limited. It is also unclear when the legislation proposal will be submitted. In June, the corporate taxation committee presented a proposal for a reform of income tax which would involve a limitation of the right to deduct interest expenses. The government is intending to introduce a proposition in spring 2018. Platzer's view is that, on the assumption that the proposal becomes law, the reform will have a limited effect on current tax.

### Cash flow

Cash flow from investing activities for the year amounted to SEK -672 million (-3,364). This included investments in existing properties of SEK -526 million (-502). Cash flow from disposals included a down-payment of SEK 97 million (-) received in connection with the sale of future residential building rights in Södra Änggården. Net investments in associates amounted to SEK -33 million (0).

Cash flow for the year, after payment of dividends of SEK 132 million to shareholders, totalled SEK 9 million (-95). Cash and cash equivalents stood at SEK 141 million (132) as at the end of the reporting period. In addition to cash and cash equivalents, as at 31 December 2017 the company had available credit facilities and an unutilised overdraft facility of SEK 634 million (SEK 614).

### Investment properties and changes in the value of properties

Properties were recognised at a fair value of SEK 15,559 million (13,615), which was based on an internal valuation as at the balance sheet date. The properties are valued internally at the end of each quarter, using a ten-year cash flow model for all properties. At each year-end, Platzer also carries out an external valuation of selected properties that represent a cross-section of the property portfolio in order to ensure the quality of the internal valuation. In 2017, the external valuation covered around 50% of the portfolio at 31 December 2017 and resulted in a value that was 0.7 %, or SEK 52 million, below the internal valuation. The investment properties are valued within level 3 in the IFRS 13 fair value hierarchy.

The internal property valuation for 2017 showed a change in the value of investment properties of SEK 1,214 million (450). Half of the changes in value in the period were due to lower required yields in the market, while around 25% were due to project development and the remainder to active management. The average required yield

based on the valuation at the end of the reporting period was 5.4%, down from 5.7% as at 31 December 2016.

In September, Platzer completed the acquisition of the property Lindholmen 39:3 from Skanska in a company acquisition worth SEK 410 million. In December, the company completed the acquisition of 50% of KB Biet, which owns the property Inom Vallgraven 49:1, from Bygg-Göta, which retains ownership of the remaining 50%. The value of the property was SEK 158 million. KB Biet is accounted for as an associate.

The properties Balltorp 1:135, Fänkålen 2 and Åseby 7:2 were sold during the year in transactions involving company divestments. The realised change in value totalled SEK 22 million. In addition, we reached an agreement with NCC on the sale of 50% of the property Gårda 16:17 in a deal that involves jointly developing a future building right of around 25,500 sq. m. of lettable area over the next few years. Once the property is completed, the parties have agreed that Platzer will purchase NCC's share. The transactions are being conducted as company acquisitions and are conditional on the detailed development plan being approved. At the same time, Platzer has acquired an option to acquire NCC's future office project in the centre of Mölndal.

In the financial year, Platzer concluded agreements on the sale of future residential building rights in Södra Änggården, an area where Platzer is actively involved in working on a new detailed development plan. In total, this involves 12 project properties in the Högsbo area. The transaction comprised ten agreements and is conditional on the detailed development plan becoming legally binding, which is expected to take place in the third quarter of 2018. The transaction will be implemented in three stages, with the first completion expected at the end of 2018. The received down payment of SEK 97 million will be recognised as a liability until the terms and conditions of sale have been fulfilled. Total income from the disposals in this project are estimated to amount to SEK 1.8 billion, of which SEK 1.7 billion is attributable to the agreements concluded so far. The properties are being sold as ready for construction, which means that Platzer is responsible for the costs of e.g. demolition, decontamination and development of roads and parks. The impact of the disposal on financial performance was not accounted for in 2017, and instead valuation of building rights is expected to take place when

the detailed development plan has become legally binding (in accordance with Platzer's valuation principles). At that point, the impact on financial performance will primarily be recognised as changes in the value of properties and is expected to boost equity by SEK 6-7 per share. Investments in existing properties in the period amounted to SEK 526 million (521), with the largest individual investment comprising the new-build project Gamlestaden 740:132.

### Equity

Equity for the Group amounted to SEK 5,962 million (4,703) as at 31 December 2017. The equity/assets ratio at the end of the reporting period was 37% (34). Equity per share at the end of the reporting period stood at SEK 49.36 (38.90), while the long-term net asset value (EPRA NAV) was SEK 58.39 (45.72).

### Debt financing and changes in the value of derivatives

As at the balance sheet date, interest-bearing liabilities amounted to SEK 8,391 million (7,989), which corresponded to a loan-to-value ratio of 54% (59). Current interest-bearing liabilities refer to loans that will be renegotiated in the next twelve months. Debt financing primarily comprises bank loans secured by mortgages on property. In addition, Platzer has borrowed SEK 1,113 million through three Green Bond issues via Svensk Fastighetsfinansiering (SFF). In the financial year, Platzer launched a commercial paper programme with a framework amount of SEK 2 billion. As at the balance sheet date, outstanding commercial paper amounted to SEK 600 million. The average fixed interest term, including the effect of signed derivatives contracts, was 3.2 years (3.7) as at 31 December 2017. The average loan term was 1.6 years (2.0).

In order to achieve the desired fixed interest rate structure the company uses interest rate derivatives in the form of interest rate swaps, which are recognised at fair value in the balance sheet, while gains/losses are recognised in the income statement without applying hedge accounting. Platzer has concluded interest rate swap agreements totalling SEK 4,920 million, of which SEK 800 million involves swaps with forward start dates. The market value as at 31 December 2017 was SEK -276 million, which corresponded to a change in value of SEK 54 million for the full year. The changes in value do not affect cash flow. During the remaining term of the derivatives, the undervalue will be resolved and will reduce financial costs in the income statement by an equivalent amount.

The financial assets and liabilities that are measured at fair value in the Group comprise the derivative instruments and capital redemption policies described above. Both the derivative instruments and the capital redemption policies are included in Level 2 in the IFRS 13 fair value hierarchy. The fair value of non-current, interest-bearing liabilities is equivalent to their carrying value because the discounting effect is not significant when the interest rate on the loans is variable and in line with market rates.

### Personnel and organisation

The company had 69 employees (64) at the end of the reporting period.

Platzer's property portfolio is organised into two market segments with responsibility for daily operations and management as well as development of properties. The market segments are supported by two specialist units: project development and lettings. Platzer's Group and staff functions comprise the CEO, transactions, finance and accounting, HR, communication/marketing and sustainability/procurement.

### Fourth quarter 2017

Rental income increased by 29% in the fourth quarter and amounted to SEK 251 million (195). In the same quarter, the operating surplus increased to SEK 173 million (142). Property costs in the fourth quarter included a disproportionately large share of the annual maintenance costs relating to the acquired Artosa portfolio. Income from property management, excluding changes in value of SEK 22 million attributable to associates, amounted to SEK 107 million (90), an improvement of 19%. Changes in the value of investment properties in the period amounted to SEK 841 million (199), while changes in the value of financial instruments weighed down results by SEK 1 million (114). Profit after tax amounted to SEK 760 million (317).

Significant events during the fourth quarter:

- 6,570 sq. m. in the Gamlestads torg project was let to the City of Gothenburg Education Board, bringing the occupancy rate for the project to 60%. Construction of the project is expected to be completed in Q3 2018 and occupancy starts in August this year.
- Lease agreement signed with the Swedish Tax Agency for 15,000 sq. m. in the Vesta project, in the property Gårda 2:12. Construction is expected to commence at the beginning of the year and occupancy is planned for autumn 2020.
- Acquisition of 50% of the associate company KB Biet, which owns the property Inom Vallgraven 49:1.



### Events after the end of the reporting period

No significant events have taken place after the reporting period.

### Parent company

The parent company does not own any properties of its own, but instead manages certain groupwide functions relating to management, strategy and financing. Parent company revenue comprises invoicing for services to Group companies.

### Significant risks and uncertainty factors

The property business, as all businesses, is always exposed to risks. Good internal controls and audits performed by external auditors, well-functioning administrative systems and policies, as well as proven procedures for property valuations are among the methods used by Platzer to manage and reduce risks. The main risks and uncertainty factors that affect Platzer have not changed over the year, and they are described in detail in the Annual Report for 2016 on pages 42-43, 48-50 and 64-65.

### Related party transactions

The company's ongoing transactions with related parties are described in the Annual Report for 2016, page 77. Aside from these continuing agreements, there are no significant transactions with related parties, and this situation did not change in the reporting period.

### Accounting principles

Platzer prepares its consolidated financial statements in accordance with IFRS (International Financial Reporting Standards) as adopted by the EU. The same accounting policies and measurement principles have been applied as in the previous annual report. New or revised IFRS standards that came into force in 2017 have not had any material effect on the Group's financial statements. The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The parent company applies the Annual Accounts Act and RFR2.

Information about future standards:

A number of new standards will come into force in 2018 and 2019: IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers, IFRS 16 Leases.

The group will apply IFRS 9 from the financial year beginning 1 January 2018. The group will not restate comparative figures for the financial year 2017, in accordance with the transition requirements of the standard. In autumn 2017 the group conducted a project to discuss classi-

fication and measurement of the group's financial instruments. On completion of the analysis, the group determined that the new rules for classification and measurement will not have a material effect on the group's financial position at the date of initial application. Nor will the new impairment model, which is based on expected credit losses, have a material impact on the group since customer loss have historically been low.

The group will apply IFRS 15 from the financial year beginning 1 January 2018. The group will not restate comparative figures for the financial year 2017, in accordance with the transition requirements of the standard. In autumn 2017 the group conducted a project to analyse the impact of IFRS 15 on the accounting policies currently applied by the company. The group's revenue essentially comprises rental income, which is not covered by this standard. On completion of the analysis, the group determined that other revenues, the amounts of which are not significant, will only have an impact on financial reporting through increased disclosure requirements and changes in the presentation of revenue in the income statement. With regard to property disposals, Platzer currently recognises these as at the completion date, subject to customary terms and conditions of contract, and they are not expected to be affected by IFRS 15.

IFRS 16 will have an effect on how the group recognises lease agreements where the company is the lessee. Our assessment is that the introduction of the standard will have a limited impact on financial reporting since the group essentially operates as lessor and the number of leases where the group is the lessee is small in comparison with the group's other activities. The effects will be quantified in 2018.

### Proposed dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 1.50 per share be paid (1.10).

Gothenburg, 8 February 2018

Platzer Fastigheter Holding AB (publ)

P-G Persson  
CEO

This year-end report has not been reviewed by the company's auditors.

# CONSOLIDATED INCOME STATEMENT

CONDENSED

SEK million	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Rental income	251	195	995	687
Property costs	- 78	-53	-268	- 181
<b>Operating surplus</b>	<b>173</b>	<b>142</b>	<b>727</b>	<b>506</b>
Central administration	- 17	-14	-46	- 39
Share of profit of associates	22	-	22	-
Net financial income/expense	- 49	-38	-195	- 145
<b>Income from property management (including associate companies)</b>	<b>129</b>	<b>90</b>	<b>508</b>	<b>322</b>
Change in value, investment properties	841	199	1,214	450
Change in value, financial instruments	1	114	54	- 137
<b>Profit before tax</b>	<b>971</b>	<b>403</b>	<b>1,776</b>	<b>635</b>
Tax on profit for the period	- 211	-86	-383	- 135
<b>Profit for the period <sup>1)</sup></b>	<b>760</b>	<b>317</b>	<b>1,393</b>	<b>500</b>
<b>Profit for the period attributable to:</b>				
Parent company's shareholders	755	318	1,381	494
Non-controlling interests	5	- 1	12	6
Earnings per share <sup>2)</sup>	6.31	2.95	11.54	4.92

<sup>1)</sup> There is no other comprehensive income for the Group and therefore the consolidated profit for the period is the same as the comprehensive income for the period.

<sup>2)</sup> There is no dilution effect because there are no potential shares. However, the number of outstanding shares will increase by 250,000 when the share savings scheme is completed.

# CONSOLIDATED BALANCE SHEET

CONDENSED

SEK million	31/12/2017	31/12/2016
<b>Assets</b>		
Investment properties	15,559	13,615
Other non-current assets	10	6
Non-current financial assets	117	45
Current assets	109	67
Cash and cash equivalents	141	132
<b>Total assets</b>	<b>15,936</b>	<b>13,865</b>
<b>Equity and liabilities</b>		
Equity	5,962	4,703
Deferred tax liability	815	493
Non-current, interest-bearing liabilities	4,520	5,764
Other non-current liabilities	354	358
Current interest-bearing liabilities	3,871	2,225
Other current liabilities	414	322
<b>Total equity and liabilities</b>	<b>15,936</b>	<b>13,865</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONDENSED

SEK million	2017 Jan-Dec	2016 Jan-Dec
<b>Equity attributable to parent company's shareholders</b>		
At the beginning of the period	4,656	3,548
New issue	-	708
Reversal, share saving scheme	2	2
Comprehensive income for the period	1,381	494
Dividend	-132	-96
<b>At the end of the period</b>	<b>5,907</b>	<b>4,656</b>
<b>Equity attributable to non-controlling interests</b>		
At the beginning of the period	47	44
Consolidation of subsidiary	-	1
Withdrawals	-4	-4
Comprehensive income for the period	12	6
<b>At the end of the period</b>	<b>55</b>	<b>47</b>
<b>Total equity</b>	<b>5,962</b>	<b>4,703</b>

## CHANGE IN THE VALUE OF PROPERTIES

SEK million	2017 Jan-Dec	2016 Jan-Dec
<b>Value of properties, opening balance</b>	<b>13,615</b>	<b>9,784</b>
Investments in existing properties	526	521
Property acquisitions	412	3,112
Property sales	-208	-252
Changes in value	1,214	450
<b>Value of properties, closing balance</b>	<b>15,559</b>	<b>13,615</b>



# CONSOLIDATED CASH FLOW STATEMENT

CONDENSED

SEK million	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
<b>Operating activities</b>				
Operating surplus	173	142	727	506
Central administration	-17	-13	-42	-35
Net financial income/expense	-49	-37	-195	-144
Income tax	-9	-2	-26	-20
<b>Cash flow from operating activities before changes in working capital</b>	<b>98</b>	<b>90</b>	<b>464</b>	<b>307</b>
Change in current receivables	-14	-13	-43	-
Change in current liabilities	8	68	7	60
<b>Cash flow from operating activities</b>	<b>92</b>	<b>145</b>	<b>428</b>	<b>367</b>
<b>Investing activities</b>				
Investments in existing investment properties	-183	-114	-526	-502
Acquisitions of investment properties	-36	-2,675	-412	-3,112
Sale of investment properties	39	210	305	252
Investments in associates	-33	-	-33	-
Other investments	-5	-1	-6	-2
<b>Cash flow from investing activities</b>	<b>-218</b>	<b>-2,580</b>	<b>-672</b>	<b>-3,364</b>
<b>Financing activities</b>				
Change in interest-bearing liabilities	163	1,739	402	2,299
Change in non-current receivables	-17	-6	-17	-6
Dividend	-	-	-132	-96
New issue	-	705	-	705
<b>Cash flow from financing activities</b>	<b>146</b>	<b>2,438</b>	<b>253</b>	<b>2,902</b>
<b>Cash flow for the period</b>	<b>20</b>	<b>3</b>	<b>9</b>	<b>-95</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>121</b>	<b>129</b>	<b>132</b>	<b>227</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>141</b>	<b>132</b>	<b>141</b>	<b>132</b>

The group has an unutilised overdraft facility of SEK 50 million (50) and unutilised credit facilities of SEK 584 million (564).

# INCOME STATEMENT, PARENT COMPANY

CONDENSED

SEK million	2017 Jan-Dec	2016 Jan-Dec
Net sales	14	16
Operating expenses	- 18	- 16
Net financial income/expense	- 93	- 86
Change in value, financial instruments	54	- 137
<b>Profit before tax and appropriations</b>	<b>- 43</b>	<b>- 223</b>
Appropriations	350	242
Tax	- 68	- 7
<b>Profit for the period <sup>1)</sup></b>	<b>239</b>	<b>12</b>

<sup>1)</sup> The parent company has no other comprehensive income and total comprehensive income is therefore the same as the profit for the period.

# BALANCE SHEET, PARENT COMPANY

CONDENSED

SEK million	31/12/2017	31/12/2016
<b>Assets</b>		
Participations in Group companies	1,844	1,809
Other non-current financial assets (primarily financing of Group companies)	2,773	2,784
Receivables from Group companies	1,350	735
Other current assets	19	13
Cash and cash equivalents	35	0
<b>Total assets</b>	<b>6,021</b>	<b>5,341</b>
<b>Equity and liabilities</b>		
Equity	2,652	2,544
Untaxed reserves	50	50
Non-current liabilities	1,265	2,702
Current liabilities	2,054	45
<b>Total equity and liabilities</b>	<b>6,021</b>	<b>5,341</b>

# GROUP KEY PERFORMANCE INDICATORS

	2017 Jan-Dec	2016 Jan-Dec
<b>Financial</b>		
Debt/equity ratio (multiple)	1.4	1.7
Interest coverage ratio (multiple)	3.5	3.2
Loan-to-value ratio, %	54	59
Equity/assets ratio, %	37	34
Return on equity, %	26.2	12.0
<b>Property-related</b>		
Investment yield, %	5.0	4.9
Surplus ratio, %	73	74
Economic occupancy rate, %	95	94
Rental value, SEK/sq. m.	1,326	1,538
Lettable area, sq. m. (thousand)	805	801

For definitions and calculations of Key Performance Indicators, please see pages 28-29.

## REPORTING BY SEGMENT JAN-DEC 2017

	Central Gothen- burg		South/West Gothenburg		North/East Gothenburg		Project properties		Total	
SEK million	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Rental income	386	389	89	115	493	182	27	1	995	687
Property costs	-90	-93	-21	-36	-144	-51	-13	-1	-268	-181
<b>Operating surplus</b>	<b>296</b>	<b>296</b>	<b>68</b>	<b>79</b>	<b>349</b>	<b>131</b>	<b>14</b>	<b>0</b>	<b>727</b>	<b>506</b>
<b>Investment properties, fair value</b>	<b>7,155</b>	<b>6,625</b>	<b>1,112</b>	<b>1,332</b>	<b>6,096</b>	<b>5,188</b>	<b>1,196</b>	<b>470</b>	<b>15,559</b>	<b>13,615</b>

In the Group's internal reporting, activities are divided into the segments shown above. We have chosen to remove the Artosa segment and include this in the North/East Gothenburg segment, as we see no reason to continue separate reporting of the portfolio acquired from Volvo. The total operating surplus above is the same as the operating surplus reported in the income statement.

The difference between the operating surplus of SEK 727 million (506) and profit before tax of SEK 1,776 million (635) consists of central administration costs of SEK -46 million (-39), share in earnings from associates 22 MSEK (0), net financial expense of SEK -195 million (-145) and changes in the value of property and derivatives of SEK 1,268 million (313).



# INTEREST-BEARING LIABILITIES

Year	Loan amount, SEK million	Average interest, %	Loan maturity	
			Credit agreements, SEK m	Utilised, SEK m
2018	3,871	1.26	3,278	2,974
2019	700	1.32	3,045	2,995
2020	300	4.27	1,530	1,530
2021	670	3.10	619	619
2022	550	3.62	274	274
2023	100	3.62		
2024	1,600	3.19		
2025	300	2.63		
2026	300	2.48		
<b>Total</b>	<b>8,391</b>	<b>2.16</b>	<b>8,745</b>	<b>8,391</b>

The table takes into account the effect of current derivatives contracts. In addition, the company has interest rate swaps worth SEK 800 million with forward start dates.

In addition to the above, the group has construction loans of SEK 230 million.

Pledged assets as at 31 December 2017 amounted to SEK 6,445 million (6,682).

Contingent liabilities as at 31 December 2017 amounted to SEK 8 million (8).

# QUARTERLY SUMMARY

SEK million	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Rental income	251	247	246	251	195	176	159	157
Property costs	-78	-60	-65	-65	-53	-46	-37	-45
<b>Operating surplus</b>	<b>173</b>	<b>187</b>	<b>181</b>	<b>186</b>	<b>142</b>	<b>130</b>	<b>122</b>	<b>112</b>
Central administration	-17	-8	-9	-12	-14	-5	-9	-11
Share of profit of associates	22	0	0	0	0	0	0	0
Net financial income/expense	-49	-49	-49	-48	-38	-39	-34	-34
<b>Income from property management</b>	<b>129</b>	<b>130</b>	<b>123</b>	<b>126</b>	<b>90</b>	<b>86</b>	<b>79</b>	<b>67</b>
Change in value, investment properties	841	113	122	138	199	79	95	77
Change in value, financial instruments	1	10	30	13	114	-38	-85	-128
<b>Profit before tax</b>	<b>971</b>	<b>253</b>	<b>275</b>	<b>277</b>	<b>403</b>	<b>127</b>	<b>89</b>	<b>16</b>
Tax on profit for the period	-211	-52	-61	-59	-86	-28	-20	-1
<b>Profit for the period</b>	<b>760</b>	<b>201</b>	<b>214</b>	<b>218</b>	<b>317</b>	<b>99</b>	<b>69</b>	<b>15</b>
Investment properties	15,559	14,533	13,972	13,730	13,615	10,813	10,588	9,924
Investment yield, %	4.6	5.2	5.2	5.4	5.0	4.9	4.8	4.6
Surplus ratio, %	69	76	74	74	73	74	77	71
Economic occupancy rate, %	97	94	94	96	95	94	94	93
Return on equity, %	18.8	9.8	10.2	10.6	12.7	8.2	7.1	4.7
Equity per share, SEK	49.36	43.04	41.41	40.72	38.90	37.91	36.92	37.20
Long-term net asset value (EPRA NAV) per share, SEK	58.39	50.70	48.78	47.87	45.72	46.96	45.33	44.57
Share price, SEK	52.00	50.75	51.25	43.70	46.20	56.75	44.60	44.50
Earnings after tax per share, SEK	6.31	1.63	1.79	1.81	2.95	0.99	0.71	0.14
Cash flow from operating activities per share, SEK	0.77	1.19	0.54	1.08	1.35	1.41	0.37	0.55

# EARNING CAPACITY

	Number of properties	Lettable area, sq. m.	Fair value, SEK million	Rental value, SEK million	Economic occupancy rate, %	Rental income, SEK million	Operating surplus, SEK million	Surplus ratio, %
Central Gothenburg	22	206,758	7,155	425	96	406	315	78
South/West Gothenburg	8	60,407	1,112	95	97	92	71	77
North/East Gothenburg	14	488,015	6,096	536	96	515	370	72
<b>Total investment properties</b>	<b>44</b>	<b>755,180</b>	<b>14,363</b>	<b>1,056</b>	<b>96</b>	<b>1,013</b>	<b>756</b>	<b>75</b>
<b>Project properties</b>	<b>24</b>	<b>50,273</b>	<b>1,196</b>	<b>45</b>	<b>80</b>	<b>36</b>	<b>22</b>	
<b>Total Platzer</b>	<b>68</b>	<b>805,453</b>	<b>15,559</b>	<b>1,101</b>	<b>95</b>	<b>1,049</b>	<b>778</b>	<b>74</b>

The summary comprises the property portfolio as at 31 December 2017 and provides a snapshot of the company's earning capacity. It is not a forecast.

We have chosen to remove the Artosa segment and include this in the North/East Gothenburg segment, as we see no reason to continue separate reporting of the portfolio acquired from Volvo. With effect from 2017, the summary includes nine properties in Högsbo under the item project properties. These are part of the project Södra Änggården, where Platzer is actively working on a new detailed development plan which is expected to take place in the third quarter of 2018. The information in the table on rental value, income and operating surplus for project properties refers to the current situation, before project start.

The profit-related columns include valid lease agreements, including for future occupancy over the next six months, if occupancy relates to existing properties. Lease agreements which have a later occupancy date, or relate to properties currently under construction, are not included.

Rental value refers to rental income plus the estimated market rent for vacant premises in their existing condition.

Rental income refers to contracted rental income including agreed supplements, such as payments for heating and property taxes, and excluding limited period discounts of approximately SEK 17 million.

The operating surplus shows the properties' earning potential on an annual basis, defined as contracted rental income as at 1 January 2018, less estimated property costs including property management costs for a rolling 12-month period.

# PROPERTY PORTFOLIO

Platzer owns and develops commercial properties in the Gothenburg area. The properties can be divided into three geographical areas: Central Gothenburg (Centre, Gårda, Krokslätt and Gullbergsvass), South/West Gothenburg (Högsbo, Långedrag and Mölndal) and North/East Gothenburg (Backaplan, Gamlestad, Lindholmen, Mölnlycke, Arendal and Torslanda). Platzer aims to be the leading player in all prioritised areas through profitable growth. Today, the company is the leading player in Gullbergsvass, Gårda, Gamlestad and Högsbo.

## Property portfolio

As at 31 December 2017, the property portfolio comprised a total of 68 properties, including 24 project properties with a fair value of SEK 15,559 million.

The total lettable area was 805,453 sq. m., divided as follows: offices 52%, retail 2%, industrial/warehouses 30% and other 16%.

The economic occupancy rate in the period was 95% (94).

## Rental performance

Platzer has 787 lease agreements for non-residential premises generating total rental income of SEK 1,044 million. The main tenants include Damco, DB Schenker, DFDS, DHL, the Swedish National Courts Administration, the Swedish Social Insurance Agency, the Swedish Migration Agency, Nordea, Plastal, SSAB, Sveafjord and Zenuity.

The twenty largest lease agreements accounted for 36% of rental value. The average remaining maturity was 41 months.

In addition, Platzer has concluded lease agreements for new-build and conversion projects with occupancy in 2018 - 2020. Apart from lease agreements for non-residential premises, the company has parking agreements for indoor and outdoor parking, short-term parking, and agreements for advertising signs and masts with a total rental value of SEK 47 million.

## Contract structure per year of maturity





# RENTAL AND PROPERTY MARKET

The Gothenburg property market continues to see strong interest from investors and good access to capital. The forecast for 2018 are also good. Interest rates are expected to remain at current levels at least in the short term. Unemployment remained low, with the automotive industry the driving force behind Gothenburg's economic growth.

## **Transaction volumes remain high**

The fourth quarter got off to a slightly slow start. This was probably an impact of uncertainty in the housing market in Stockholm. On the whole, the market remained strong in the fourth quarter, however, with institutional investors accounting for a large proportion of transaction volumes.

Total transaction volumes in 2017 amounted to SEK 17 billion in Gothenburg and SEK 175 billion in Sweden.

Yield requirements continued to fall in all areas of Gothenburg, albeit at a slower rate than before. It is worth mentioning the low yield requirements in Norra Älvstranden, where vacancy rates are very low. Once again it is the automotive industry that is the driving force behind development of the area.

Even though the market situation is currently good, restraining factors include fear of interest rate increases, tighter lending and future changes in legislation.

## **Strong rental market**

The vacancy rate in Gothenburg is the lowest for more than ten years, according to JLL. At the same time, lettings volumes in 2017 remained high despite being slightly hampered by limited supply. This was evident in Norra Älvstranden and the Central Business District (CBD) in particular, and volumes in these areas would probably have been higher if supply had been greater. In 2017, Platzer concluded several major lease agreements for its projects in Gårda and Gamlestaden.

In the coming years, the company expects a large amount of new office space to come on stream in central Gothenburg and Mölndal. This will probably lead to a significant amount of relocation and will hopefully enable the company to better meet customers' need for modern offices that make efficient use of space.

The continued strong economic situation in the Gothenburg area bodes well for a continued strong rental market.

## Office space data by geographical area, fourth quarter 2017

Area	SEK/sq m/year Prime Rent	Prime yield (required yield, high-quality asset), %
Central Business District (CBD)	3,200	4.00
City centre excl. CBD	2,600	4.75
Norra Älvstranden	2,600	4.50
Hisingen, other	2,000	5.50
Mölndal	2,000	6.00
West Gothenburg	1,200	6.75
East Gothenburg	2,500	6.00

Area	Vacancy rate Q4 2017, %	Vacancy rate Q4 2011, %	Change in % points 2011-2017
Central Business District (CBD)	2.1	4.5	-2.4
City centre excl. CBD	3.2	6.0	-2.8
Norra Älvstranden	0.8	13.0	-12.2
Hisingen, other	5.9	8.0	-2.1
Mölndal	11.2	10.1	1.1
West Gothenburg	19.8	15.4	4.4
East Gothenburg	7.1	9.2	-2.1
<b>Total</b>	<b>5.1</b>	<b>7.9</b>	<b>-2.8</b>

Source: JLL's property market data



# PROPERTY TRANSACTIONS

## Acquisitions

Platzer acquired Lindholmen 39:3 (Piren<sup>2</sup>) on 14 September 2017. The property, which comprises a total of 9,000 sq. m., was valued at SEK 410 million in the transaction and it is fully let to Zenuity. The company, which is co-owned by Volvo Cars and Autoliv, will develop self-driving technology and is now moving its head office to Lindholmen. The acquisition was conducted as a company acquisition. The seller was Skanska Fastigheter.

On 31 December 2017, Platzer completed the acquisition of 50% of the property Inom Vallgraven 49:1 (Merkurhuset building) at Skeppsbron 5-6. The transaction was conducted as

a company acquisition. The property, which comprises a total of 5,300 sq. m., was valued at SEK 158 million in the transaction. The property was sold by Bygg-Göta, which remains joint owner. The company, and therefore the property, is accounted for as an associate company, with a shareholding of 50%.

In June, Platzer and NCC signed an agreement on an option for Platzer to acquire NCC's future project comprising 25,000 sq. m. of lettable area in the centre of Mölndal. The properties are expected to be completed in stages in 2021-2023.

Blocks	Property designation	Area	Address	Segment in Gothenburg	Inv./Proj. property	Lettable area, sq. m.	Completion	Agreed property value, SEK million
3	Lindholmen 39:3	Lindholmen	Lindholmspiren 2	North/East	A	8,922	14/09/2017	410
<b>Total</b>						<b>8,922</b>		<b>410</b>
4	Inom Vallgraven 49:1*	City centre	Skeppsbron 5-6	not consolidated	A	5,369	31/12/2017	

\*) 50% jointly owned property, accounted for as associate (figures refer to the whole property)



Inom Vallgraven 49:1, Skeppsbron 5-6



## Disposals

In the first quarter, Platzer sold two office properties in Mölndal/Åbro for an agreed price of SEK 108 million. The properties, which were sold to L2 Fastigheter, are Balltorp 1:135 and Fänkålen 2. The sale took the form of a company divestment and the price of SEK 108 million was slightly above the carrying amount. The sale was completed on 31 March.

On 1 September, Platzer sold the property Åseby 7:2 (Säve Depå) with an underlying property value of SEK 100 million to Serneke. The property was sold by way of a company divestment.

In June, Platzer and NCC concluded an agreement to jointly develop the property Gårda 16:17, which is currently owned by Platzer. Under the agreed deal, Platzer will sell 50% of the property for SEK 300 million, which corresponds to the underlying property value for half of the property, plus an additional purchase consideration of SEK 45 million on completed development. The expected completion date is 31 March 2018. Platzer will buy back NCC's share when the property has been developed. The project is estimated to comprise future lettable area of 25,500 sq. m. and it is expected to be completed in late 2020. The deal is conditional on a legally binding detailed development plan.

In July, Platzer concluded an agreement for the sale of future properties in Södra Änggården, an area where Platzer is actively working on a new detailed plan. The transaction comprises a total of 12 project properties in the Högsbo area. The sale is conditional on the detailed development plan becoming legally binding, which is expected to take place in the third quarter of 2018. The transaction will be implemented in three stages, with the first completion expected at the end of 2018. The project is described in more detail in the Interim Report January - September 2017. The impact of the disposal on financial performance was not recognised in 2017, and instead valuation (in accordance with Platzer's valuation principles) of building rights, not including development plan risks, is expected to take place when the detailed development plan has become legally binding, when it is expected to boost equity by SEK 6-7-share.

Blocks	Property designation	Area	Address	Segment in Gothenburg	Inv./Proj. property	Lettable area, sq. m.	Completion	Agreed property value, SEK million
1	Balltorp 1:135	Mölndal	Taljegårdsgatan 11	South/West	A	6,407	31/03/2017	72
1	Fänkålen 2	Mölndal	Johannefredsgatan 4	South/West	A	4,494	31/03/2017	36
3	Åseby 7:2	Säve	Säve Depot	North/East	A	5,337	01/09/2017	100
<b>Total</b>						<b>16,238</b>		<b>208</b>

# DEVELOPMENT PROJECTS

Platzer's development projects comprise both individual properties with a service element, and entire areas of mixed-use development. Projects currently underway comprise 70,000 sq. m. of lettable area, while the potential development projects have a gross floor area (GFA) of 700,000 sq. m.

The total project volume is estimated at SEK 17 billion, of which SEK 10 billion comprises commercial property and SEK 7 billion residential property. Platzer develops detailed development plans for housing and then sells these building rights so that the company itself can focus on developing the commercial properties.

## Property development

During the year, Platzer launched yet another property development project, (Gullbergsvass 5:10). The project involves the creation of 2,000 sq. m of office space. Letting is underway and Platzer moved its head office to this building in the fourth quarter.

## Project development

Construction is underway at Gamlestads torg (Gamlestaden 740:132), where occupancy is expected in summer 2018. The project comprises 17,000 sq. m. In addition to lease agreements already concluded with Västtrafik and a world literature library, Platzer signed a 10-year lease agreement for 6,570 sq. m. with the City of Gothenburg Education Board.

## Urban development

### *Södra Änggården*

Norra Högsbo is being developed into Södra Änggården – a vibrant city district comprising both housing and commercial space. A total of 2,000 new housing units are planned, 600 of which form part of BoStad 2021 and are therefore subject to a fast-track planning process. A decision on the detailed development plan is expected in the third quarter of 2018. Construction is expected to start in 2019. In 2017, Platzer concluded agreements to sell a large proportion of the future building rights to Bonava, Peab Bostad, Magnus Månsson Fastigheter and Hökerum Bygg.

### *Gamlestaden*

Gamlestaden is one of the most interesting districts in Gothenburg, and one that is well served by public transport. In the next 10 years, large changes will take place in this district, where Platzer owns three large properties and projects.

Adjacent to Gamlestads torg is Gamlestadens

Fabriker (Olskroken 18:7), where work is underway on a detailed development plan. Platzer has previously concluded/signed an agreement on the sale of future residential building rights to JM, which is now participating in development of the area.

In the neighbouring property Bagaregården 17:26, Platzer has submitted an application for an amendment to the detailed development plan for a total of 60,000 sq. m.

### *Gårda*

Platzer has two detailed development plans (one of which, Kineum, has been submitted) involving building rights of a total of 50,000 sq. m. with construction potentially starting in 2018. Platzer is planning two high-rise projects here – Gårda Vesta and Kineum. There is also a detailed development plan for a further office building of 2,000 sq. m. In the fourth quarter, Platzer concluded a lease agreement with the Swedish Tax Agency for 15,000 sq. m. in Gårda Vesta. In respect of Kineum, NCC will own 50% of the property, during the implementation of the project, and the transaction is expected to be completed in the first half of 2018.

### *Backaplan*

Backaplan is to be developed into vibrant city district with housing, offices and retail. Work on the detailed development plan is currently underway in collaboration with the municipality and several property owners. Platzer owns properties comprising around 80,000 sq. m. of gross floor area (GFA) in this district.

### *Torslanda/Arendal*

Torslanda/Arendal is one of Sweden's best logistics locations. Here, Platzer has begun work on identifying potential projects. Platzer currently owns 787,000 sq. m. of land in Torslanda, including building rights for 180,000 sq. m. GFA for logistics/industrial use, for which a detailed development plan is in place.

## Major projects underway

Property	Type <sup>1)</sup>	Converted area, lettable area, sq. m.	New area, lettable area, sq. m.	Total inv. incl. land, SEK million	Of which outstanding inv., SEK million	Occupancy rate, %	Completed
Livered 1:329	Property Dev.	14,000		110	3	100	Q1 2018
Gamlestaden 740:132	Project Dev.		16,800	550	175	60	Q2 2018
Gullbergsvass 5:10	Property Dev.	12,000	2,000	250	187	50 <sup>*)</sup>	Q3 2019
Gårda 2:12 <sup>m</sup> , Gårda Vesta	Project Dev.		27,000	1,020	965	56	Q2 2021
<b>Total</b>		<b>26,000</b>	<b>45,800</b>	<b>1,930</b>	<b>1,330</b>		

<sup>\*)</sup> The current occupancy rate is 97%, the stated 50% refers to leases with long-term tenants

<sup>\*\*)</sup> The detailed development plan has not become legally binding because it is the subject of an appeal for a review

## Potential development projects

Property	Type <sup>1)</sup>	Type of property	New floor area (gross) sq. m.	Project phase	Potential construction start <sup>2)</sup>
Gårda 4:11 (Källhuset building)	Project Dev.	offices	2,000	detailed development plan available	2018
Gårda 16:17 <sup>m</sup> , Kineum	Project Dev.	offices	30,000	detailed development plan adopted	2018
Södra Änggården (multiple properties) multiple development phases	Project Dev./ Property Dev.	mixed use development	approx. 200,000	detailed development plan in progress	2018
Sörred 7:21	Project Dev.	Logistics/industrial	30,000	detailed development plan available	2018
Sörred 3:1	Project Dev.	Logistics/industrial	60,000	detailed development plan available	2018
Sörred 8:12	Project Dev.	Logistics/industrial	90,000	detailed development plan available	2018
Olskroken 18:71	Projekt Dev./ Property Dev.	mixed use development	100-120,000	detailed development plan in progress	2019
Krokslätt 34:13	Property Dev./ Project Dev.	mixed use development	10-15,000	detailed development plan to commence 2018	2019/2020
Skår 57:14	Project Dev.	offices	20,000	detailed development plan in progress	2019/2020
Älvsborg 178:9	Property Dev.	housing	10-12,000	detailed development plan to commence 2018	2021
Backaplan (multiple properties)	Project Dev.	mixed use development	60-90,000	detailed development plan in progress	2021/2022
Bagaregården 17:26	Project Dev.	mixed use development	60,000	decision on detailed development plan applied for, Nov 2016	2021/2022
<b>Total</b>			<b>672,000 - 729,000</b>		

<sup>\*\*)</sup> The detailed development plan has not become legally binding because it is the subject of an appeal for a review

The summary includes potential projects that have been identified for properties that the company owns or has agreed to acquire.

- 1) Type refers to property development (Property Dev), when existing buildings are used as a base or project development (Project Dev), which is new construction from ground up.
- 2) Potential construction start means the date when it is estimated the project could commence, provided that work on the detailed development plan proceeds as expected and letting has reached a satisfactory level.

# REAL ESTATE INVENTORY

AS AT 31 DECEMBER 2017

				Lettable area, sq. m.				
Investment property	Area	Address	Year of construction	Offices	Retail	Industrial/ warehouse	Other	Total
Krokslätt 148:13	Almedal	Mölndalsvägen 40-42	1952	2,581		616	20	3,217
Krokslätt 149:10	Almedal	Mölndalsvägen 36-38	1952/98	7,008				7,008
Skår 57:14	Almedal	Gamla Almedalsvägen 1-51	1929	8,286		119		8,405
Krokslätt 34:13	Almedal	Mölndalsv 91-93 / Varbergsg 2 A-C	1950/88	10,905	725	1,308	375	13,313
Arendal 764:720	Arendal	Arendal	1960/2009	77,003	68	193,470	11,953	282,494
Backa 173:2	Backaplan	Deltavägen 4	1979	151	5,380	420		5,951
Bråmregården 35:4	Backaplan	Vågmästaregatan 1	1984/1991	12,370		222	855	13,447
Tingstadsvassen 3:8	Backaplan	Krokegårdsgatan 5	1991	29	3,966	11	859	4,865
Tingstadsvassen 4:3	Backaplan	Motorgatan 2	1943/1986	517	3,268			3,785
Lorensberg 62:1	City centre	Götabergsgatan 17	1932/1965	4,541				4,541
Nordstaden 13:12	City centre	Packhusplatsen 6 / N Hamngatan 2	1929/1993	5,070				5,070
Nordstaden 14:1	City centre	Postgatan 5 / Smedjegatan 2	1993/1995	8,607				8,607
Nordstaden 20:5	City centre	Packhusplatsen 3 / Kronhusg 1A	1943	2,537		53		2,590
Stampen 4:42	City centre	Odinsgatan 8-10 / Barnhusgatan 1	2009	5,769			2,847	8,616
Stampen 4:44	City centre	Polhemsplatsen 5-7 / Odinsg 2-4	1930	13,538				13,538
Bagaregården 17:26	Gamlestaden	Gamlestadsv 3 / Byfogdeg 1-3, 11	1941/2010	24,977	365	7,010	2,555	34,907
Olkroken 18:7	Gamlestaden	Gamlestadsvägen 2-4	1729/1960	41,796	102	6,842	13,289	62,029
Gullbergsvass 1:1	Gullbergsvass	Lilla Bommen 3	1988	16,003				16,003
Gullbergsvass 1:17	Gullbergsvass	Lilla Bommen 8	1993	5,400				5,400
Gullbergsvass 5:10	Gullbergsvass	Kämpegatan 3-7	1988	11,925		336	463	12,724
Gullbergsvass 5:26	Gullbergsvass	Kilsgatan 4	2010	15,298			1,383	16,681
Gårda 1:15	Gårda	Vestagatan 2	1971/1992	11,888				11,888
Gårda 13:7	Gårda	Johan Willins gata 5	2003				14,925	14,925
Gårda 16:17	Gårda	Drakegatan 6-10	1986	15,234		278	604	16,116
Gårda 3:12	Gårda	Anders Personsgatan 2-6	1956/2015	3,503		242	165	3,910
Gårda 3:14	Gårda	Anders Personsgatan 8-10	2015	8,758				8,758
Gårda 4:11	Gårda	Anders Personsgatan 14-16	1965/2002	7,468			481	7,949
Högsbo 1:4	Högsbo	Olof Askulunds gata 11-19	1980	1,638		1,444		3,082
Högsbo 2:1	Högsbo	Olof Askulunds gata 6-10	1991	6,325				6,325
Högsbo 32:3	Högsbo	J A Wettergrens gata 5	1974	6,381		1,053	715	8,149
Lindholmen 30:2	Lindholmen	Lindholmospiren 9	2003	8,667			996	9,663
Lindholmen 39:3	Lindholmen	Lindholmospiren 2	2016	8922				8922
Älvsborg 178:9	Långedrag	Redegatan 1	1993	9,718		296	3,862	13,876
Stigberget 34:12	Masthugget	Masthuggstorget 3	1967/1999	4,457	2,801	264	229	7,751
Stigberget 34:13	Masthugget	Fjärde Långgatan 46-48	1969	7,246	120		2,382	9,748
Bosgården 1:71	Mölndal	Södra Ägatan 4	1988	4,711	56		50	4,817
Forsåker 1:196	Mölndal	Kvarnbygatan 10-14	1955/2002	5,317			150	5,467
Hårddisken 1	Mölndal	Betagatan 1	2016	2,146		2,608		4,754
Livered 1:329	Mölndal	Streteredsvägen 100	1962				13,937	13,937
Solsten 1:110	Mölnlycke	Företagsvägen 2	1991	1,678		1,089	356	3,123
Solsten 1:132	Mölnlycke	Konstruktionsvägen 14	2002	4,953				4,953
Syrhåla 3:1	Torslanda	Bulyckevägen 25	1975	2,758		21,984	3,280	28,022
Sörred 7:24	Torslanda	Gunnar Engellaus väg	1972	11,035			4,006	15,041
Sörred 8:11	Torslanda	Amazonvägen 8-10	1984	10,813				10,813
Total investment properties				417,927	16,851	239,665	80,737	755,180

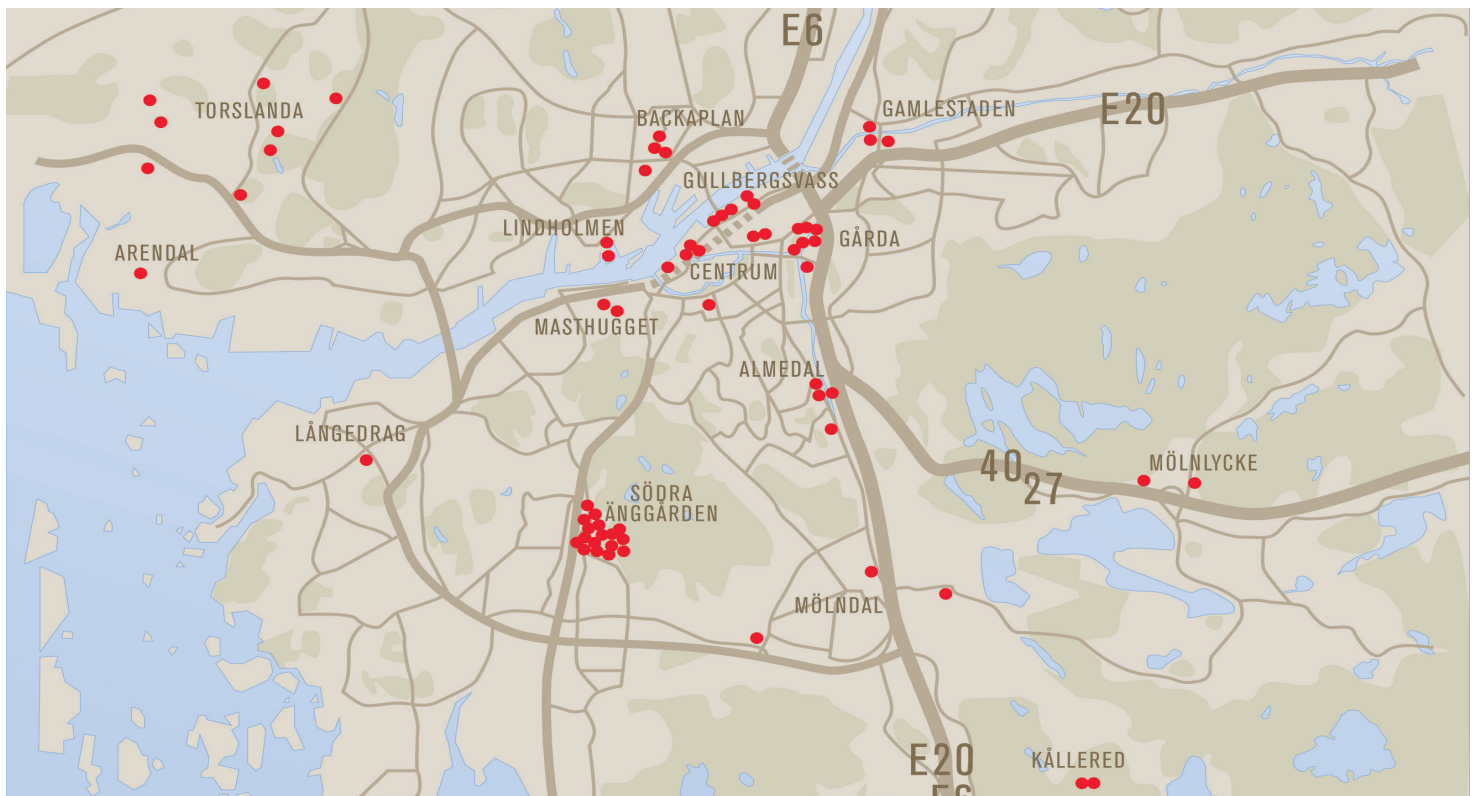


Project properties	Area	Address	Site area	Lettable area, sq. m.	
Gamlestaden 740:132	Gamlestaden	Gamlestads torg	1,600	-	
Gårda 2:12	Gårda	Venusgatan 2-6	3,600	-	
Högsbo 2:2 <sup>1)</sup>	Högsbo	Gruvgatan 1	4,400	-	
Högsbo 3:5 <sup>1)</sup>	Högsbo	Fältspatsgatan 14	11,300	-	
Högsbo 3:11 <sup>1)</sup>	Högsbo	Fältspatsgatan 6	1964	6,000	8,243
Högsbo 3:12 <sup>1)</sup>	Högsbo	Fältspatsgatan 2-4	1964	8,400	10,363
Högsbo 3:13 <sup>1)</sup>	Högsbo	Fältspatsgatan 2	3,100	-	
Högsbo 3:6 <sup>1)</sup>	Högsbo	Fältspatsgatan 8-12	1964	8,200	6,535
Högsbo 3:9 <sup>1)</sup>	Högsbo	Olof Asklunds gata 14	1971	4,700	4,333
Högsbo 33:1	Högsbo	Gruvgatan	5,500	-	
Högsbo 34:13 <sup>1)</sup>	Högsbo	Gruvgatan 2	1981	3,200	1,780
Högsbo 39:1 <sup>1)</sup>	Högsbo	Ingela Gathenhielms gata 4	1972	8,200	3,390
Högsbo 4:1 <sup>1)</sup>	Högsbo	Fältspatsgatan 1 / A Odhners gata 8	1965/1972	10,400	4,643
Högsbo 4:4 <sup>1)</sup>	Högsbo	Fältspatsgatan 3	1962	10,300	6,388
Högsbo 4:6 <sup>1)</sup>	Högsbo	A Odhners gata 14	1974	6,500	3,898
Högsbo 757:118 <sup>1)</sup>	Högsbo	Fältspatsgatan	2,800	-	
Högsbo 757:121 <sup>1)</sup>	Högsbo	Fältspatsgatan	1,000	-	
Högsbo 757:122 <sup>1)</sup>	Högsbo	Fältspatsgatan	1,000	-	
Backen 2:18	Möln dal	Streteredsvägen 100	6,900	-	
Syrhåla 2:3	Torslanda	Hamneviksvägen	60,000	-	
Syrhåla 4:2	Torslanda	Bulyckevägen 7	172,000	700	
Sörred 7:21	Torslanda	Hisingsleden	65,000	-	
Sörred 8:12	Torslanda	Sörred Norra	254,000	-	
Sörred 7:25	Torslanda	Sörredsronellen	110,000	-	
Total project properties			768,100	50,273	
TOTAL investment properties and project properties				805,453	

<sup>1)</sup> Part of the project Södra Änggården

#### Jointly owned properties accounted for as associates

Investment property	Area	Address	Year of construction	Offices	Retail	Industrial/ warehouse	Other	Total
Inom Vallgraven 49:1	City centre	Skeppsbron 5	1929/2012	4,702	371	296		5,369



# THE SHARE AND SHAREHOLDERS

Platzer's Class B shares have been listed on NASDAQ OMX Stockholm, Mid Cap, since 29 November 2013. In conjunction with the listing, the company carried out a new issue of shares priced at SEK 26.50 each, which raised SEK 651 million net of issue costs. The company's share price at 31 December 2017 was SEK 52.00 per share, corresponding to a market capitalisation of SEK 6,224 million based on the number of outstanding shares. A total of 15.2 (17.9) million shares, worth a total of SEK 735 million (792), changed hands during the year. Average turnover was around 60,000 (71,000) shares per day.

## Share capital

Platzer's share capital as at the balance sheet date amounted to SEK 11,993,429.20, divided into 20,000,000 Class A shares with 10 votes per share, and 99,934,292 Class B shares carrying one vote per share. Each share has a quotient value of SEK 0.10. Platzer's holding of own shares remains 250,000 Class B shares.

The most recent change in share capital took place in the fourth quarter of 2016, when Platzer carried out a rights issue of SEK 718 million.

## Dividend policy and dividend

The long-term policy is to pay a dividend of 50% of the income from property management after tax (22% flat-rate tax).

The Board of Directors proposes a dividend of SEK 1.50/share (1.10)

## Ownership

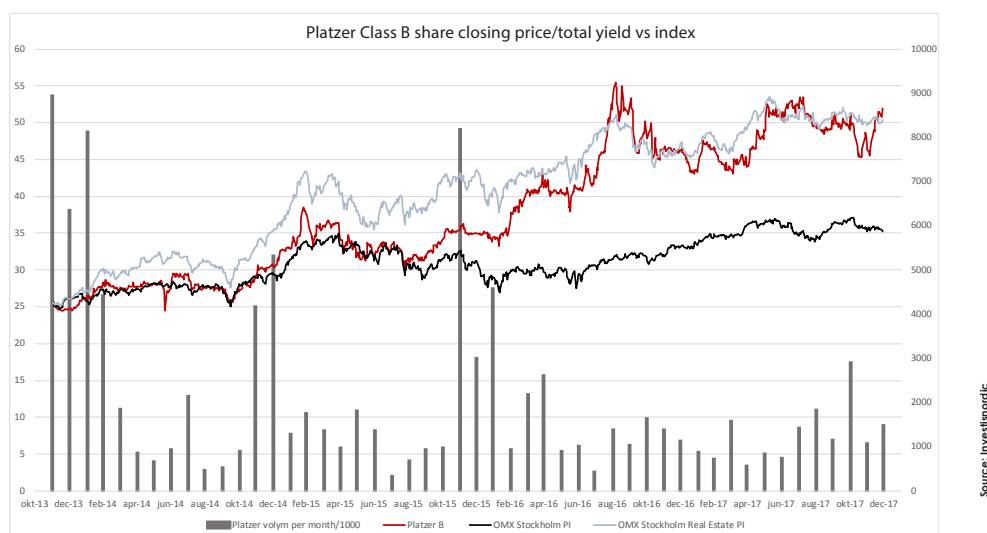
The company had 3,809 shareholders at 31 December 2017 (4,354). Foreign ownership amounted to five per cent of equity.

In the fourth quarter, Backahill, a former owner of Class A shares, sold all its shares in Platzer to Länsförsäkringar Skaraborg, which following the acquisition owns 4,000,000 Class A shares and 1,000,000 Class B shares in the company. The remaining Class A shares continue to be held by Ernström & C:o and Länsförsäkringar Göteborg och Bohuslän.

## Information for shareholders

Platzer's primary information channel is platzer.se. All press releases and financial reports are published here. Press releases and reports can be obtained by email or SMS in connection with publication. The website also includes presentations, general information about the share and reports on corporate governance and financial data.

## Share price performance



# MAJOR SHAREHOLDERS

Major shareholders in Platzer Fastigheter Holding AB (publ) as at 31 December 2017

Owners	Number of Class A shares	Number of Class B shares	Number of shares	Voting rights, %	Share of equity, %
Ernström & Co	11,000,000	2,973,164	13,973,164	37.7%	11.7%
Länsförsäkringar Göteborg och Bohuslän	5,000,000	15,203,112	20,203,112	21.8%	16.9%
Länsförsäkringar Skaraborg	4,000,000	1,000,000	5,000,000	13.7%	4.2%
Family Hielte/Hobohm		22,644,016	22,644,016	7.6%	18.9%
Fourth Swedish National Pension Fund		11,849,808	11,849,808	4.0%	9.9%
Länsförsäkringar fondförvaltning AB		10,635,999	10,635,999	3.5%	8.9%
Carnegie Fonder		7,692,826	7,692,826	2.6%	6.4%
Lesley Invest (incl. private holdings)		3,464,362	3,464,362	1.2%	2.9%
Svolder AB		3,570,163	3,570,163	1.2%	3.0%
RBC Investor Services Bank SA		2,804,091	2,804,091	0.9%	2.3%
Other shareholders		17,846,751	17,846,751	6.0%	14.9%
<b>Total number of shares outstanding</b>	<b>20,000,000</b>	<b>99,684,292</b>	<b>119,684,292</b>	<b>100.0%</b>	<b>100.0%</b>
Buyback of own shares		250,000	250,000		
<b>Total number of registered shares</b>	<b>20,000,000</b>	<b>99,934,292</b>	<b>119,934,292</b>		

# KEY PERFORMANCE INDICATORS PER SHARE

	2017 Jan-Dec	2016 Jan-Dec
Equity, SEK <sup>3)</sup>	49.36	38.90
Long-term net asset value (EPRA NAV), SEK <sup>3)</sup>	58.39	45.72
Share price, SEK <sup>3)</sup>	52.00	46.20
Profit after tax, SEK <sup>1)</sup>	11.54	4.92
Income from property management, SEK <sup>4)</sup>	4.06	3.21
Cash flow from operating activities, SEK	3.58	3.66
Dividend, SEK <sup>2)</sup>	1.50	1.10
Number of shares as at the balance sheet date, thousand	119,684	119,684
Average number of shares, thousand	119,684	100,534

For definitions and calculations of Key Performance Indicators, please see pages 28-29.

- 1) There is no dilution effect, as there are no potential shares.. However, the number of outstanding shares will increase by 250,000 when the share saving scheme is completed.
- 2) Proposed dividend for 2017.
- 3) The rights issue conducted in 2016, in which shareholders were offered 1 new share for every 4 shares held at a price of SEK 30, has had an impact on Key Performance Indicators relating to net asset value, as well as on the share price.
- 4) Income from property management excluding changes in value attributable to associates.

# DEFINITIONS

Platzer applies ESMA guidelines on alternative performance measures. The Company discloses some financial performance measures in its interim reports which are not defined in IFRS. The Company believes that these measures provide valuable supplementary information to investors and Company management since they facilitate evaluation of the Company's performance. Because not all companies calculate financial measures in the same way, these are not always comparable with measures used by other companies. These financial measures should therefore not be seen as replacing measures defined according to IFRS. The table below shows the alternative performance measures considered relevant. Platzer uses the alternative key performance indicators debt/equity ratio, interest coverage ratio, loan-to-value ratio, equity/assets ratio and return on equity because these are considered to provide relevant

supplementary information to readers of the report to enable them to assess the ability to pay dividends, carry out strategic investments and also to assess the Company's ability to meet its financial commitments. In addition, the Company uses the key indicators investment yield and surplus ratio, which are measures that are considered to be relevant to investors who want to understand how the Company generates results. As a listed company, Platzer has also opted to use key performance indicators per share that are relevant to the industry sector, such as long-term net asset value (EPRA NAV).

The performance measures are based on statements of financial performance, financial position, changes in equity and cash flow. In the event that the performance measures cannot be directly derived from the above statements, the basis for and method by which these indicators are calculated is shown below.

ALTERNATIVE PERFORMANCE MEASURES	DEFINITION AND CALCULATION METHOD
Debt/equity ratio	Interest-bearing liabilities divided by equity.
Interest coverage ratio	Profit after financial income/expense divided by interest expense. Excluding changes in value attributable to associates. See next page for calculation.
Loan-to-value ratio	Interest-bearing liabilities divided by the value of properties.
Equity/assets ratio	Equity divided by total assets.
Return on equity	Profit after tax as a percentage of average equity, translated into full-year value for interim periods. Attributable to parent company's shareholders. See next page for calculation.
Key performance indicators per share: Equity, Long-term net asset value (EPRA NAV), Profit after tax, Income from property management, Cash flow from operating activities	Equity and long-term net asset value are calculated on the basis of the number of outstanding shares on the balance sheet date. Other key ratios are calculated on the basis of the average number of outstanding shares. Profit after tax refers to profits attributable to the parent company's shareholders (definition as per IFRS). Income from property management excluding changes in value attributable to associates.
Long-term net asset value (EPRA NAV)	Equity as per the balance sheet including reversals of interest rate derivatives and deferred taxes. Attributable to parent company's shareholders. See next page for calculation.
Investment yield	Operating surplus as a percentage of the average value of the properties, translated into full-year value for interim periods. See next page for calculation.
Surplus ratio	Operating surplus as a percentage of rental income.
Economic occupancy rate*	Rental income as a percentage of rental value, where rental income is defined as rents charged plus supplements for heating and property tax, and rental value is defined as rental income plus estimated market rent (excluding supplements) for vacant areas (in their 'as is' condition).
Rental value, SEK/sq. m.*	Rental value divided by average lettable area, where rental value is defined as rental income plus estimated market rent (excluding supplements) for vacant areas (in their 'as is' condition). Translated into full-year value for interim periods.

\*) The key performance indicators are operational and are not considered to be alternative performance measures according to ESMA guidelines.

# CALCULATION OF KEY PERFORMANCE INDICATORS

	2017 Jan-Dec	2016 Jan-Dec
<b>Interest coverage ratio (multiple)</b>		
Operating surplus	727	506
Central administration	-46	-39
Interest income	0	0
<b>Total</b>	<b>681</b>	<b>467</b>
Interest expense	-195	-145
	<b>3.5</b>	<b>3.2</b>
<b>Return on equity, %</b>		
Attributable to parent company's shareholders:		
Profit after tax	1,381	494
<b>Total</b>	<b>1,381</b>	<b>494</b>
Average equity	5,282	4,102
	<b>26.2</b>	<b>12.0</b>
<b>Long-term net asset value (EPRA NAV), SEK</b>		
Attributable to parent company's shareholders:		
Equity	5,907	4,656
Reversal of deferred tax	805	486
Reversal of interest rate derivatives	276	330
<b>Total</b>	<b>6,988</b>	<b>5,472</b>
Number of shares	119,684	119,684
	<b>58.39</b>	<b>45.72</b>
<b>Investment yield, %</b>		
Operating surplus (translated into full year for interim periods)	727	506
Average value of properties	14,587	10,432
	<b>5.0</b>	<b>4.9</b>

With regard to lettable area used to calculate rental value, the weighted average for the full year 2016 has been calculated using an average area of 470,000 sq. m. for 11.5 months and 801,000 sq. m. for 0.5 months (following the acquisition from Volvo as at 15 December 2016), which gives an average for the full year of 484,000 sq. m. Correspondingly, the calculation of the average area has been calculated for key ratios for 2017.

With regard to the property value used to calculate investment yield, the weighted average for the full year 2016 has been calculated by taking the average of the opening value of SEK 9,784 million and the closing value excluding acquisitions of SEK 10,850 million, plus the value of the Volvo portfolio for the 15-day period of ownership, which gives an average for the full year of SEK 10,432 million (see Key Performance Indicators above).

With regard to the number of shares used to calculate performance-related indicators, the weighted average for the full year 2016 has been calculated by taking an average of 95,747 shares for four quarters (31/12/2015 to 30/09/2016) and 119,684 shares for one quarter, which gives an average for the financial year 2016 of 100,534 shares. Corresponding weighted averages have been used to calculate Key Performance Indicators for 2017.



# Q4

## CALENDAR

Interim Report January-March 2018	26 April 2018 at 08:00
Annual General Meeting 2018	26 April 2018 at 15:00
Interim Report January-June 2018	9 July 2018 at 08:00
Interim Report January-September 2018	25 October 2018 at 08:00

For further information, please visit [platzer.se](http://platzer.se) or contact  
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