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Highlights of the Year

Rental income rose 12 percent to SEK 2,275 million (2,030)

The operating surplus was up 13 percent at SEK 1,717 million (1,518) Income from property management improved 14 percent to

Profit for the year totalled SEK 2,568 million (2,976), corresponding to earnings per share of SEK 33.41 (38.72)

The Board of Directors proposes a dividend of SEK 6.25 (5.75) per share, and a two-for-one share split

Key Ratios for the Group, SEK m	2017 Jan-Dec	2016 Jan-Dec
Rental income	2,275	2,030
Operating surplus	1,717	1,518
Income from property		
management	1,179	1,035
Changes in property values	1,851	2,504
Changes in derivative values	201	-265
Profit for the year	2,568	2,976
Earnings per share, SEK	33.41	38.72
Surplus ratio, %	75	75
Equity/assets ratio, %	34.7	34.3
Occupancy rate, %*	93	92

^{*} Excluding Projects & Land.

SEK 1,179 million (1,035)

38.6 ■

2.



PROPERTY VALUE. SEK BILLION

1.2

93

Major events



Q1

The first earth is turned for the Dungen office building in Hyllie, Malmö. Swedish Customs has signed an agreement to occupy $6,300~\text{m}^2$ of the property.

Wihlborgs acquires planning permission for the Origo office project involving 6,800 \mbox{m}^{2} in Hyllie.

In Dockan, a 2,200 m² extension of Kranen 9 begins, with 1,500 m² designated for Tyréns.



$\mathbf{Q2}$

At Stora Bernstorp outside Malmö, Wihlborgs begins construction on a 2,300 m² service centre for trucks and buses for the German company MAN Truck & Bus.

Wihlborgs signs a lease with the medical technology company Mediplast for $11,500 \text{ m}^2$ of warehouse and office space in Fosie, Malmö.



Q3

Wihlborgs strengthens its presence in Denmark through the acquisition of a total of 16 properties for approximately DKK 1.9 billion in Herlev/Ballerup and Høje-Taastrup, among others.

In Helsingborg, planning begins on the spectacular Prisma office property that Wihlborgs is to build in the new Oceanhamnen district.

Veidekke and VTI sign leases for Posthornet, which is under construction in Lund. Folktandvården, Avensia, Trivector and Trägårdh Law Firm will also be moving here.



Q4

City block Sirius in Nyhamnen, Malmö is ready for occupancy. Tele 2, LA Partners, JM and The Confederation of Swedish Enterprise are among the tenants.

Following a renovation, the City of Malmö moves in to all of the 7,250 m² of office space in the Karin 14 property that the County Administrative Board vacated in September.

Wihlborgs purchases the Kalifornien 11 property in central Helsingborg, the neighbour of Kalifornien 10 of which Wihlborgs has been an owner for some time.



CEO of Wihlborgs Anders Jarl by Gängtappen in Dockan, to which Wihlborgs will be moving its headquarters in 2018.

Now is the time to look to the future

Wihlborgs is a company on the move, and we are always moving forwards.

Our vision for the future is based on all the activities that are ongoing – and how we can use our experience and long-term approach to be a part of developments. The Öresund region is our home territory and it is here that we want to create the conditions for a thriving business community by pursuing initiatives that promote the attractiveness of the region.

It is against this background that our new investments in the Copenhagen area should be viewed – Wihlborgs is now the seventh largest market participant and the value of our investment in Copenhagen is now as large as our entire portfolio was when we became listed in 2005. In Malmö, our future investments will mainly be centred around Nyhamnen, an enormous area totalling 93 hectares that will be developed for an estimated investment of SEK 50–60 billion. Helsingborg and Lund will also be a part of our future, however. Wihlborgs is in both of these cities to meet new needs and changes with new initiatives.

Year after year, we report stronger results than the previous year, and this was the case this year too. This does not mean we will rest on our laurels, however; our curiosity and desire to understand developments constantly gives us new zest and inspiration to face the future. And the future is looking bright.

We have believed in Denmark for 20 years

And we will continue to do so. Wihlborgs' first investments in Denmark were made in 1996, while the latest acquisitions were made in 2017 when we took over 16 properties from the pension company Danica. The purchase price amounted to DKK 1.9 billion and the current rental income is around DKK 130 million per year. The properties are mainly located in areas of Copenhagen where Wihlborgs is already established.

After a number of difficult years, Denmark is now showing

positive economic developments and we have also observed that competitors are beginning to take note of Danish properties. With our extensive experience of the Danish market, we are continuing to look round the corner to find properties at an early stage that fit into our strategy. Looking further ahead, with its 4 million inhabitants, the Öresund region and its strategic location near the continent will continue to enjoy positive developments. Furthermore, our investment in Denmark could have a balancing effect as we know that there can be differing economic conditions on each side of the Öresund over time. Our total Danish holdings now amount to SEK 6.5 billion and there are around 60 Wihlborgs employees there.

Looking to the future with tunnel vision

Thanks to the major Nyhamnen project, Malmö will get a whole new city district connected to central Malmö. Nyhamnen will take 30 years to complete, and we at Wihlborgs estimate that we will be able to invest SEK 10 billion in the area.

We would like to participate in realising the City of Malmö's idea of a tunnel connecting Norra Hamnen with Dockan and Västra Hamnen. This would entail many infrastructural benefits as well as an opportunity to build Nyhamnen without major traffic routes for through traffic. It is still a mere proposal at this stage, but thinking about future infrastructure from the beginning has proved to be a successful approach in other areas, so we are keeping the idea alive.

Malmö continues to serve as the engine of the region, and during the year we acquired the Origo property in Hyllie, where the construction of the Dungen property is also under way. Things are generally going well in Malmö with a very high occupancy rate – and we are sticking to our strategy of long-term solutions where we can influence the development of society in collaboration with the business community and municipality.

A facelift in Helsingborg and pressure in Lund

Helsingborg is on the way to receiving a real lift by way of the new Oceanhamnen city district: a business district with 32,000 square metres of new office space is being created here. Wihlborgs' contribution involves a spectacular modern office building comprising 13,000 flexible square metres. The property has been named Prisma after the architectonic design with magnificent sections of glazing. Oceanhamnen is a stone's throw from Knutpunkten, Helsingborg's travel centre with trains, buses and ferries connecting to Denmark. We are further reinforcing our standing in the area around Knutpunkten by acquiring the close-by Kalifornien 11 property. Helsingborg is in the process of being given a modern facelift adapted to future requirements for functional and comfortable working environments.

Lund is growing, employment is increasing and central Lund is experiencing intense pressure and high demand for appropri-

defines a true entrepreneur. If we are to promise Erik one thing, it is that we will continue to ensure things remain in "good order," both at the company and in our finances.

I say this in light of the fact that I have accepted the Nomination Committee's proposal for me to succeed Erik Paulsson as Executive Chairman of the company. This will give us both continuity and renewal ahead of our future challenges – challenges we intend to face with the same entrepreneurial spirit that characterised Wihlborgs under Erik Paulsson's Chairmanship.

As a result of this, it is with great satisfaction that I can announce that the Board is proposing Ulrika Hallengren as my successor in the role of CEO. As Director of Projects & Developments, Ulrika has shown that she is a great asset to Wihlborgs with her energy and original ideas. I look forward to our joint efforts to further reinforce Wihlborgs' position in the market. Wihlborgs is firmly placed on a foundation of competence and experience and propelled by a drive and desire to develop and grow in line with the needs and requirements of new eras.



The Öresund region is our home territory and it is here that we want to create the conditions for a thriving business community. It is against this background that our investments in the Copenhagen area should be viewed – Wihlborgs is now the seventh largest player."

ate office premises. The Posthornet block by the central station is now complete and fully leased. The Max IV Laboratory is in full swing and ESS is on the road to completion. The construction of the iconic Space building in Science Village has not gotten under way yet due to appeals, but we believe it will only be a matter of time before this future project is given the go-ahead.

A clearer and more flexible organisation

We restructured our organisation during the year to make it more decentralised. The regional directors now have full responsibility for their areas and are to manage all transactions and projects in their cities. This will increase our efficiency and enable us to make the transition from words to action by way of a faster process. Our high ranking in the Great Place to Work certification is tangible proof that our employees are content, and our vision is to be the best company to work for in our sector. We have fantastic employees who do their best each and every day to ensure that we continue to be a successful company. Furthermore, by summer 2018 Wihlborgs will have moved its Malmö organisation and central staff functions into Gängtappen, the newly modernised historical building that once housed Kockum's headquarters – an eagerly-awaited move that will carry us into the future on the wings of history.

Thanks to Erik

As Erik Paulsson leaves his post as Chairman of Wihlborgs' Board of Directors, we are able to look back on many years of stable growth. Erik has had a fantastic career during which he succeeded in combining courage and creativity in a way that

Everything happens sooner or later

Development cannot be held back, and the Öresund region will continue to develop. Infrastructure will be expanded, likely in the form of both a metro between Malmö and Copenhagen and a fixed link between Helsingborg and Helsingør. The business community is growing, knowledge environments are expanding, housing environments are developing and we are seeing an increasingly integrated Öresund region. Wihlborgs will continue to play an active role in that future. Our sustainability initiatives are conducted with sustainability topics high on the agenda, and we believe that collaboration between the various societal actors will generate the best results for the region. The UN Global Compact relating to companies' responsibilities for labour law, human rights, the environment and anti-corruption is a good platform, which we will continue to support. Moreover, the global sustainable development goals also provide a shared objective to work toward. In our sustainability initiatives, we focus on sustainable properties, responsible business, being an attractive employer and commitment to the region and its community. Through our focus, we can influence and contribute energy.

We may not be able to see into the future, but we can take note of current developments and even ensure that they happen.

Malmö, March 2018

Anders Jarl, Chief Executive Officer



Ahead of the AGM on 25 April 2018, the Nomination Committee has proposed the election of Wihlborg's current CEO, Anders Jarl, as Executive Chairman of the company. With the prerequisite that the AGM resolve in line with the proposal, the Board of Wihlborgs intends to appoint the current Director of Projects & Developments, Ulrika Hallengren, as the company's new CEO.



The business community is growing, knowledge environments are expanding, housing environments are developing and we are seeing an increasingly integrated Öresund region. Wihlborgs will continue to play an active role in that future. We may not be able to see into the future, but we can take note of current developments and even ensure that they happen.

Wihlborgs in brief

Our operations

Wihlborgs offers commercial premises to companies and organisations in the Öresund region. We have properties in Malmö, Lund, Helsingborg and Copenhagen. Wihlborgs is the market leader in the three Swedish cities. Our customers include public and private sector organisations. The property portfolio comprises office and retail premises, and industrial and warehouse units, as well as land for future projects. Our operations allow us to be a part of creating the preconditions for the region's business community to develop favourably.

Our mission

Specialising in efficient sub-markets in the Öresund region, Wihlborgs will own, manage – in-house – and develop commercial properties.



Our sustainability

Wihlborgs is to ensure the company's and region's longterm sustainable development. Our environmental vision for the period up to 2020 is to continue to expand, while reducing our environmental impact.

1,950 COMPANIES AS TENANTS

308

PROPERTIES

2.1

MILLION SQUARE METRES

38.6

PROPERTY VALUE, SEK BILLION

149 ***

FULL-TIME EMPLOYEES

2.5

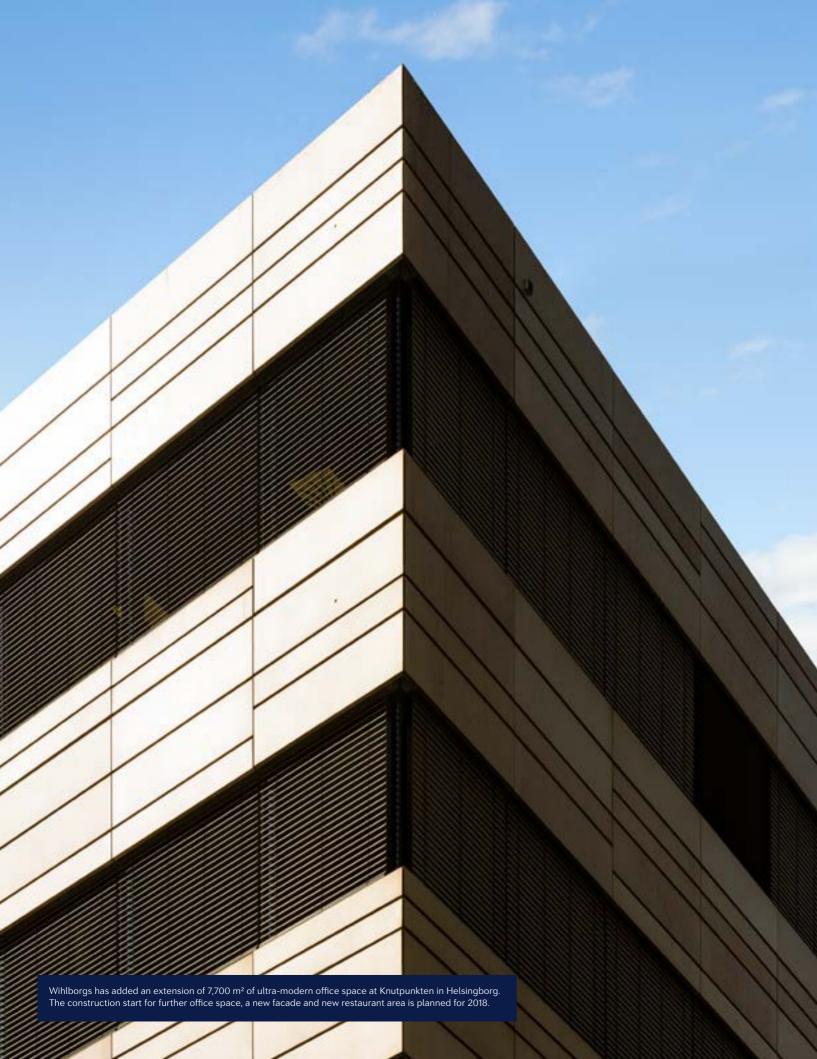
RENTAL INCOME, SEK BILLION

The Wihlborgs share

The Wihlborgs share is listed on the Large Cap List of Nasdaq Stockholm.

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MARKET CAPITALISATION, SEK BILLION



Holding course and deflecting the winds

In the Öresund region, the distance to the coast and the sea is seldom far. And just like the seafarers of old, at Wihlborgs we know how to navigate, even when strong winds are blowing. With our sights set on the horizon, and the guiding stars showing the way, we always reach our goals. Of course, we must be prepared to deflect unexpected gusts of wind, but what carries us safely forward is experience and the ability to stay the course.



Our mission

Specialising in efficient sub-markets in the Öresund region, Wihlborgs will own, manage – in-house – and develop commercial properties.



Business model

Wihlborgs has a growth-based business model that rests on two pillars: property management and project management. This business model entails that Wihlborgs continuously works to enhance its property portfolio by:

- Managing the property portfolio with its own personnel to assure a focus on high cost-efficiency and a high occupancy rate. By being a market leader in each sub-market, the business model can be developed and strengthened.
- Starting new projects and new builds, and acquiring, adding value and selling properties.

Factors driving the value of this business model include Wihlborgs' property portfolio, which encompasses a range of modern properties that are attractive for existing and potential tenants to operate in. By offering modern and flexible premises and the possibility to grow within Wihlborgs' portfolio, we enable growth in the companies that are our tenants. To have an attractive offering, we must actively develop and add value to existing properties in the form of redevelopment and extension, and acquire new properties. Through new-build projects, Wihlborgs can create significant property value.

Prior to each project start, Wihlborgs conducts a thorough analysis of the market conditions before a decision is made regarding the project's scope and the time of the construction start.

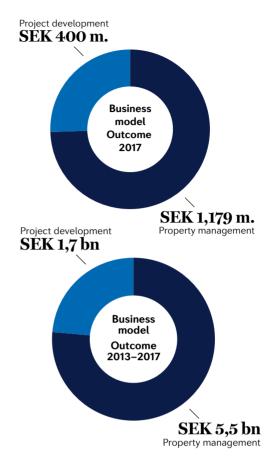
Outcome 2017

For 2017, Wihlborgs recognised income from property management of SEK 1,179 million (1,035). The increase in income from property management is attributable to several factors: the acquisition of 16 properties in Denmark, strong net lettings and continued effective cost controls.

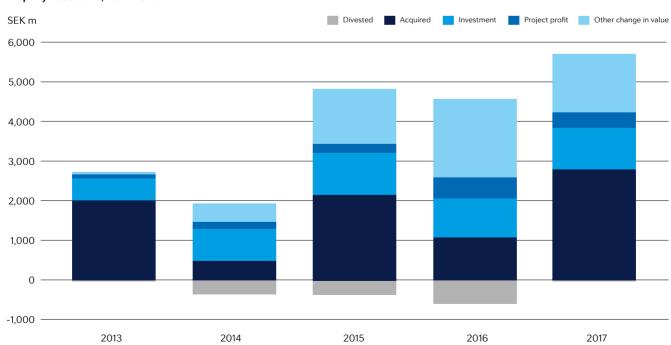
During the year, project development generated a surplus of SEK 400 million (529). Wihlborgs has a strong project portfolio, historically and moving forward, which will be of great importance to our business model in the future.

The financial impact of the business model in 2017 and over the past five-year period is illustrated in the chart on the right.

The changes in the property portfolio over the past five years is illustrated in the diagram below.



Property value trend, 2012-2016



Overall goals

Wihlborgs will operate a business model for growth and will be one of the leading and most profitable property companies on



Consolidate its market position in the Öresund region by concentrating on selected and particularly attractive sub-markets that are ripe for development.



Actively enhance its property portfolio through the acquisition, development and sale of properties.



Actively and efficiently manage its property portfolio, focusing on high cost-efficiency and a high occupancy rate, by maintaining a market-leading position in each sub-market.

the Nasdaq Stockholm Exchange. To achieve this goal, Wihlborgs will:



Strengthen customer relationships by active commitment and a high degree of service to create the conditions for long-term rental relationships.



Actively cultivate the rental market to acquire new customers and reinforce our brand, to become the preferred choice for customers.



Act to ensure the company's and the region's long-term sustainable development.

Long-term business and relationships

Wihlborgs takes a long-term ownership approach to the management and development of its property portfolio and in its relationships with tenants, suppliers and partners. Our properties are managed by our own staff, which gives us a closeness to our customers and means that we can be sensitive to their needs and wishes. In many cases, our suppliers have

direct contact with our tenants, thus influencing the business relations in Wihlborgs' value chain. Accordingly, we require that they comply with our strict demands regarding quality, business ethics, the environment and service. We prioritise business activities with local suppliers, which is in line with our strategy. See also pages 58–60.

Growth

Wihlborgs' business model is based on growth via property management and development. Through strong commitment and attractive properties, we create the preconditions for long-term sustainable, positive development our operations, the region and our tenants' businesses

Suppliers

Close collaboration with our suppliers enables us to ensure that they meet our requirements in terms of quality, ethics, competence and service. Local suppliers are prioritised.

Property management

Active and efficient management of the property portfolio, focusing on high costefficiency, a high occupancy rate and a high degree of service.

Development

Active and efficient improvement of the property portfolio by starting new construction projects and by upgrading.

Know-how | Honesty Drive | Community

Tenants

Through close dialogue with our tenants, we create the preconditions for providing good service and continuous development of our offering.

Financial targets

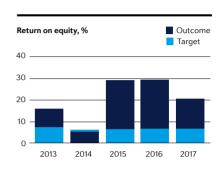
Target

Outcome

A return on equity that exceeds the riskfree interest rate by no less than six percentage points.



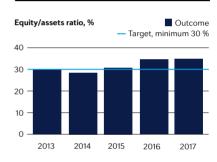
Return on equity amounted to 20.5 percent in 2017, thereby exceeding the target of achieving six percentage points above the risk-free interest rate by a large margin. The average interest rate on a five-year government bond was -0.08 percent, which led to a target of 5.92 percent for 2017. This strong outcome was influenced by substantial positive changes in property values.



An equity/assets ratio of no less than 30 percent.



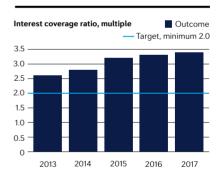
At year end, the equity/assets ratio amounted to 34.7 percent. Despite higher borrowings, the strong results led to an improvement in the equity/assets ratio.



An interest coverage ratio of no less than 2.0.



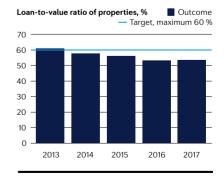
The interest coverage ratio was a multiple of 3.4 in 2017, which is somewhat stronger than in 2016. Income from property management increased at a faster pace than interest expenses, despite growing borrowings. The average interest-rate level declined somewhat during the year.



A loan-to-value ratio of no more than 60 percent.



At the end of 2017, the loan-to-value ratio totalled 53.5 percent. A combination of increased income from property management and positive changes in the value of properties has led to the loan-to-value ratio being considerably lower than the target of a maximum of 60 percent.



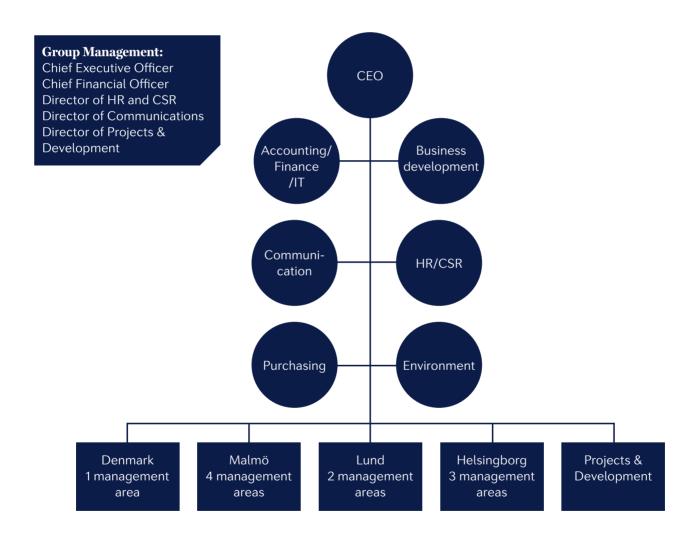
Organisation

Wihlborgs has a straightforward and flat organisation that keeps decision-making paths short. This is a competitive advantage as it creates drive and means we can take decisions quickly. The property management organisation is the core of our operations. It is divided up into four regions, with each regional director reporting directly to the CEO. In turn, each region is divided into geographical sub-areas managed individually by a property director. All property management is handled by our own personnel, which is a conscious and strategic investment intended to create strong customer relationships and ensure we are highly aware of our customers' current and future needs. The personnel in each sub-area have clearly defined areas of

responsibility and thorough knowledge of the properties, thus ensuring continuity and security. Continuous contact with tenants is maintained principally via our property caretakers, who are available on site in each area every day.

The Project Department works closely with the property management and is responsible for implementing both newbuild and redevelopment projects.

In addition to this, there are six Group-wide functions – Accounting/Finance/IT, Communication, HR/CSR, Purchasing, Environment and Business Development – that support the property management and project operations with their respective specialist skills and drive Group-wide development initiatives.





Agneta Axelsson is head of Accounting at Wihlborgs.

The Wihlborgs share

The Wihlborgs share is listed in the Real Estate sector of the Large Cap segment of Nasdaq Stockholm. Wihlborgs was floated on the stock exchange in 2005 following a spin-off from the listed company, Fabege. Since then, a two-for-one share split has been carried out on two occasions. Each time, one old share has been replaced with two new shares.

Share price performance

Development of share price, 2013 - 2017



Dividend for 2017

Wihlborgs' dividend policy is based, in part, on distributing a proportion of the earnings generated by property management and, in part, on distributing realised gains from property upgrades. In both cases, a deduction is made for tax at a standard rate of 22 percent.

- The dividend should amount to 50 percent of earnings from day-to-day property management.
- Moreover, 50 percent of gains realised from property sales should also be distributed.

The Board proposes a dividend of SEK 6.25 (5.75) for 2017. This corresponds to a dividend yield of 3.2 percent based on the year-end market price. Provided that the AGM adopts the Board's proposed dividend of SEK 6.25 and that the record date is set for 27 April, the dividend will be paid on 3 May 2018. Wihlborgs shares will be traded, including dividend, up to and including the date of the AGM, Wednesday, 25 April 2018.

In addition, the Board proposes the implementation of a two-for-one share split.

Dividend/share and dividend yield



Share/Kay ratios¹	2017	2016	2015	2014	2013
Share price at year end, SEK	196.30	169.40	171.00	142.75	115.25
Change in share price during the year, %	26.9	-0.9	19.8	23.9	13.5
Earnings per share, SEK	33.41	38.72	29.64	5.14	13.83
Income from property management per share, SEK	15.34	13.47	12.69	11.55	9.75
P/E ratio I, multiple	5.9	4.4	5.8	27.8	8.3
P/E ratio II, multiple	16.4	16.1	17.3	15.8	15.2
EPRA NAV per share, SEK	228.01	194.76	155.54	126.76	111.92
Dividend per share, SEK (2017 = proposed dividend)	6.25	5.75	5.25	4.75	4.25
Dividend yield per share, %	3.2	3.4	3.1	3.3	3.7
Total yield per share, %	19.3	2.1	23.1	27.5	17.5
Number of shares at year end, thousand	76,857	76,857	76,857	76,857	76,857
Average number of shares, thousand	76,857	76,857	76,857	76,857	76,857

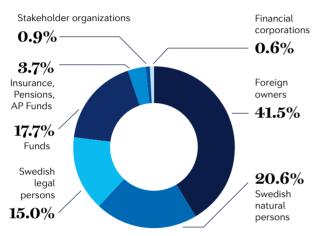
¹ For definitions of key ratios, see pages 129–130.

Ownership structure

At the end of December 2017, the ten largest shareholders in Wihlborgs owned 32 percent of the shares. The number of shareholders was 23,781, around 300 fewer year-on-year.

The number of foreign shareholders was 42 percent, which is an increase of 5 percentage points year-on-year. The US accounted for 53 percent of foreign shareholders, the UK for 22 percent, Luxembourg for 7 percent and Ireland for 3 percent.

Ownership structure



The largest shareholders in Wihlborgs at	31 December 20	17
Shareholders	No. of shares, thousand	Share of capital and votes, %
Erik Paulsson and family, privately and		
through companies	7,884	10.3
SEB Funds	4,229	5.5
Länsförsäkringar Funds	2,686	3.5
SHB Funds	2,548	3.3
The Qviberg family	2,162	2.8
Norges Bank	2,000	2.6
Nordea Funds	1,077	1.4
Tibia Konsult AB	813	1.1
Odin Ejendom	755	1.0
DnB Carlson Funds	738	1.0
Other shareholders registered in Sweden	22,811	29.7
Other shareholders registered abroad	29,154	37.9
Total number of shares outstanding	76,857	100.0

Wihlborgs - a long-term participant with strong profitability

A profitable company

Wihlborgs has had strong and stable profitability growth for many years. This is due to such factors as cost-efficiency and continuous focus on increasing the operating surplus and income from property management. Cash flow has also seen stable increases over time.

Strong financial position

Wihlborgs has a strong operating profit relative to borrowings. Interest-rate sensitivity is low as a result of a combination of floating interest rates and interest-rate derivatives.

Value increases

For a long time, Wihlborgs has demonstrated strong and stable increase in its property value. The property portfolio is dominated by modern, flexible properties in A-grade locations and is constantly improved through acquisitions and divestments. Wihlborgs also has an attractive portfolio of projects that are in progress and planned.

An attractive region

Wihlborgs is active in a region with strong population growth and increasing employment. Investments in infrastructure, education and research benefit the development of enterprise in the region.

Concentrated property portfolio

Wihlborgs is the market leader in Malmö, Lund and Helsingborg. The properties are located in selected, stable sub-markets that have growth and development potential. We have an attractive mix of tenants and a high occupancy rate over time.

Commitment to the region

properties are managed by the company's own staff. A high level of service and strong customer focus creates long-term relations with the tenants. Wihlborgs also works actively to ensure the long-term, sustainable development of the Öresund region.



United by similarities and differences

They say it is pointless to cross the river for water. But what about crossing the strait? Although we Swedes and Danes are similar in many ways, there are also differences that we can leverage. Wihlborgs has one foot on each side of the Öresund and enjoys seeing the different cultures enrich each other. After all, if the Swedes were to become a little more Danish and the Danes a little more Swedish, nothing could hold back the force of a coherent and integrated Öresund region.



Consistently strong property market

2017 was another strong year for the property market, even if it did not reach the record level seen in 2016. That said, the forecasts for 2017 were exceeded, partly due to a very strong fourth quarter. According to Newsec's market report for 2017, the total transaction volumes came to SEK 148 billion (201).

The transaction volumes for office properties fell in 2017 from 30 percent of the total volume to 18 percent. This is mainly attributable to the fact that institutional owners, who view their ownership from a more long-term perspective, have been acquiring this type of property for a long time. In other words, supply is limited. Another explanation is that many of these office properties are located in the best locations and consequently command the highest prices.

In June 2015, the government decided to task a special investigator to look into whether the property sector, where properties are often sold through companies, are given beneficial tax treatment. The conclusions contained in the "packaging inquiry" (paketeringsutredningen) were that this is not the case.

However, most of the 84 groups consulted saw deficiencies in the proposal, which aims to create tax-neutrality between direct and indirect (via companies) sales of properties. Uncertainty surrounding the future legal position in relation to taxation of property sales may have had a restraining effect on the transaction volumes for 2017.

The Öresund region is growing

The Öresund region is a partner region comprising Skåne in Sweden and Zealand, Lolland, Falster, Møn and Bornholm in eastern Denmark. Since 2000, the two countries have been connected by the Öresund Bridge that links Malmö with Copenhagen. The link serves as a catalyst in terms of developing the joint market for business, work, housing and education.

From a Nordic perspective, the Öresund region, with its some 4 million inhabitants, is the largest and most densely populated urban region. The region is growing steadily and is expected to see a stable rate of growth over the coming years.

Since the bridge opened in 2000, the integrated housing market on both sides of the Öresund has seen a stream of people moving in both directions. One of the reasons for a Dane to move to the other side of the strait is that housing prices are more favourable in Sweden. During the first three guarters of 2017, 992 people moved from eastern Denmark to Skåne, while 1,578 people moved from Skåne to eastern Denmark.

The Öresund region is also significant economically -27 percent of Sweden and Denmark's combined GDP is generated here. With its 14 colleges and universities hosting some 145,000 students and 8,000 researchers, it is hardly surprising that the Öresund region holds a prominent position within the areas of high-tech and high-tech service.

The labour market

Sweden has a strong economy which grew 3.2 percent in 2017. The situation is better on the Danish side than it has been for many years, with growth in the economy of around 2 percent.

According to forecasts by Arbetsförmedlingen (Sweden's public employment agency), labour market conditions in Skåne are positive. The rate of employment increased by 12,500 people in 2017, while the forecast for 2018 estimates that a further 9,600 will find work. The Swedish side of the Öresund region therefore continues to represent a driver of the labour market. with an upturn distributed over most sectors.

Despite the strong economy and a robust labour market, unemployment is high in Skåne. In December 2017, 9.9 percent of the population was openly unemployed. An explanation of this high figure is that the supply of labour is increasing faster than demand, which is due to a high level of immigration. This means that unemployment in Skåne is more structural than economy-related.

On the Danish side of the Öresund, conditions are positive with an unemployment rate of around 4 percent in 2017. Employment has increased for several years in a row, particularly in the capital region of Copenhagen. During the first six months of 2017, the number of people employed in Denmark rose by 0.8 percent.

Efficient infrastructure

The Öresund region has well-developed infrastructure that encourages cross-border travel. The Öresund Bridge dominates in terms of journeys across the strait with its 7.5 million vehicles and frequent train services, while the Helsingborg-Helsingør ferry route handles some 1.6 million journeys by vehicle.

On the Danish side, central Copenhagen can be traversed by metro, local trains (S-trains) and regional buses. There are also plans to develop public transport to the suburbs by way of a high-speed tram line, known as the Ring 3 Light rail, which is expected to be completed around 2023-2024. It is easy to commute for work across Skåne using the Pågatåg (regional commuter trains) and regional buses, as well as the Öresundtrains that also traverse the Öresund Bridge.

Copenhagen Airport is northern Europe's largest airport, with over 29 million passengers per year. In order to manage the increasing demand for travel, the airport will expand and increase its capacity to 40 million passengers. The project, which is already under way, is expected to cost approximately DKK 20 billion and will represent one of the largest privately financed infrastructure projects in the history of Denmark.

Well-developed infrastructure is an important prerequisite for the function and development of the business community. Good accessibility and opportunities for commuting help to expand the region and create a broad foundation for employment.

Rental market for premises

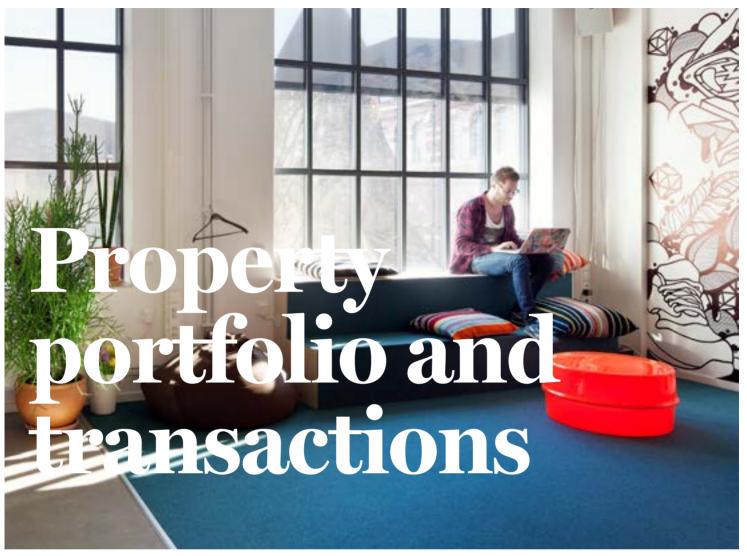
The positive economic trend has contributed to increased employment and thus a greater need for office and operational premises. In general, demand is often for office premises located close to rail-based traffic, and this is an increasingly clear trend. Operational facilities also deem locations close to transport links to be highly important, but in this case the road network is the most relevant factor.

Demand has been strong in Wihlborgs' regions, though primarily on the Skåne side of the Öresund, with Malmö seeing strong growth and continuing to attract new companies from other regions to set up there.

Sources: Örestat, Swedish Property Federation, News Øresund, City of Malmö, Newsec, Arbetsförmedlingen, Öresund Bridge.



Peter Nielsen is responsible for Wihlborgs' operations in Denmark



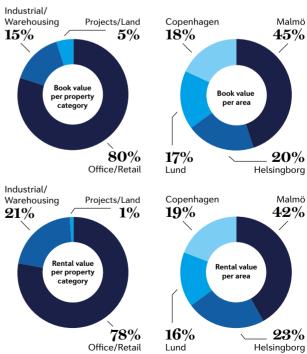
Since 2005, Wihlborgs' property value has increased from SEK 7.2 to 38.6 billion. Our strategy is to keep growing and developing by way of acquisitions and development of our properties. This will further increase our opportunities to identify new solutions that can meet the needs and requirements of both existing and new tenants.

We also want to be a major, confident participant in the dynamic and sustainable development of the Öresund region.

Property portfolio

Wihlborgs' property portfolio consists of commercial properties located in selected sub-markets in Malmö, Helsingborg, Lund and Copenhagen.

At 31 December 2017, the property portfolio consisted of 308 properties, including ten leasehold properties, with a total lettable area of around 2,067,000 m². The carrying amount totalled SEK 38,612 million. The total rental value was SEK 2,678 million and the annualised contractual rental income was SEK 2,485 million. The economic occupancy rate was 93 percent.



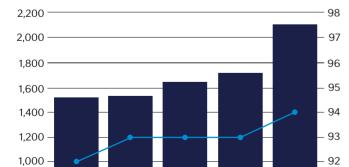
Total, excluding Projects & Land	267	2,009	36,821	2,656	1,322	93	2,480	1,886	76	1,997	5.4
Total, Wihlborgs	308	2,067	38,612	2,678	1,296	93	2,485	1,886	76	1,999	5.2
Total, Copenhagen	53	577	6,920	522	904	94	490	393	80	416	6.0
Projects & Land	2	12	72	0	_	_	0	0	_	0	_
Ind/Warehousing	6	42	354	30	718	99	30	26	87	27	7.5
Office/Retail	45	524	6,493	492	939	94	460	367	80	389	6.0
COPENHAGEN											
Total, Lund	27	215	6,537	419	1,950	92	386	288	75	318	4.9
Projects & Land	2	11	476	0	_	_	-	-1	_	0	-
Ind/Warehousing	4	20	145	15	755	84	13	9	74	10	6.9
Office/Retail	21	184	5,916	404	2,193	92	373	279	75	309	5.2
LUND											
Total, Helsingborg	102	547	7,718	624	1,141	91	570	417	73	441	5.7
Projects & Land	11	_	169	0	_	_	0	0	_	0	_
Ind/Warehousing	61	370	2,935	305	825	88	270	192	71	208	7.1
Office/Retail	30	177	4,614	318	1,801	94	300	224	75	234	5.1
HELSINGBORG											
Total, Malmö	126	728	17,437	1,113	1,529	93	1,039	788	76	823	4.7
Projects & Land	26	36	1,074	21	601		5	0	_	2	_
Ind/Warehousing	51	263	2,271	214	814	94	202	154	76	163	7.2
Office/Retail	49	429	14,091	877	2,045	95	832	634	76	658	4.7
MALMÖ											
	properties	m ²	SEK m	ue, sek iii	SEK/m ²	rate, %	SEK m	property mgmt, SEK m		property ngmt, SEK m	mgmt, %
Area/property category	No. of properties	Area, thousand	, ,	Rental val- ue, SEK m	Rental value,	Economic occupancy	Rental income,	Operating surplus incl.	Surplus	Operating surplus excl.	Yield excl. property

%

- 91

- 90

2017



2015

2016

Occupancy rate, %

Rental value and occupancy rate, Office/Retail

2014

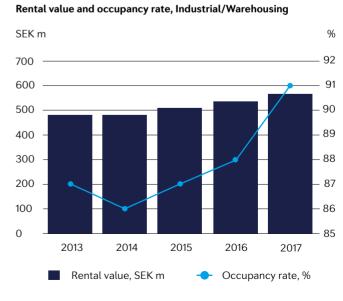
Rental value, SEK m

SEK m

800

0

2013



Rental value and occupancy rate

Wihlborgs' rental value on 1 January 2018 was SEK 2,678 million. The estimated rental value of vacant premises corresponded to SEK 193 million. The lettable area was $2,009,000 \text{ m}^2$.

The economic occupancy rate for the entire property portfolio, including the project portfolio, was 93 percent. When divided up geographically, Malmö was at 93 percent, Helsingborg 91 percent, Lund 92 percent and Copenhagen 94 percent. The economic occupancy rate divided up by property category was offices/retail at 94 percent and industrial/warehousing at 91 percent.

Rental income

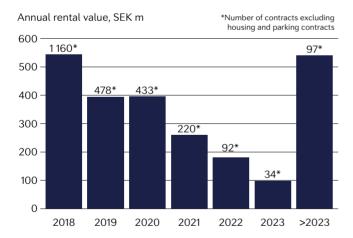
Wihlborgs' annualised contractual rental income on 1 January 2018 was SEK 2,485 million. This includes additional rental charges such as property tax, heating and electricity that are passed on to tenants.

At the same date, Wihlborgs had about 2,514 commercial lease agreements with contractual rental income totalling SEK 2,406 million and an average term of 3.9 years. Rental income pertaining to contracts for parking places, land, housing, etc., amounted to SEK 79 million.

Leases with a term of three years or more are normally subject to an annual rent adjustment based on changes in the consumer price index or a fixed percentage increase. For Wihlborgs, the rent adjustments in existing leases mean that income for 2018 will increase by about 1.7 percent.

Annualised rental income from Wihlborgs' ten largest tenants totalled SEK 503 million, corresponding to 20 percent of contractual rental income.

Terms of Wihlborgs leases on 1 january 2018



Property expenses

Wihlborgs' property expenses are divided among operations, repairs and maintenance, property tax, ground rents and property management. The cost distribution is presented in Note 6 on page 99.

Wihlborgs' organisation focuses extensively on efficient management and works together with its tenants to reduce operating costs. A major portion of these are charged to tenants in addition to their rental charges.

To maintain the condition and standard of the properties, both ongoing and scheduled maintenance and repairs are carried out continuously. Tenants of commercial premises, especially in industrial and warehousing properties, bear a relatively large measure of responsibility for operating and maintenance costs. Normally, Wihlborgs is responsible for external maintenance while the tenants are responsible for internal maintenance of the buildings. In Denmark, tenants are in principle responsible for all operating and maintenance costs.

Property tax in 2017 amounted to 1 percent of the tax assessment value for commercial rental properties and 0.5 percent for industrial properties. Special-purpose properties such as schools and health care centres are not charged with property tax. The tax assessment value for Wihlborgs' property portfolio in Sweden at 31 December 2017 totalled SEK 11,531 million, which led to the Group's property tax for 2017 amounting to SEK 108 million. Of this, SEK 100 million was passed on to tenants through additional rental charges.

Property management costs mainly comprise expenses associated with renting, rent negotiation, rent debiting and marketing.

Investments

Expenditure on value-adding measures in existing properties is recognised as investments and is not expensed. Examples of investments include the cost of redevelopments, extensions and tenant improvements. These investments are important in terms of maintaining customer satisfaction and meeting tenants' needs.

In 2017, SEK 1,061 million was invested in redevelopment, extensions and new builds. For a more detailed description of project activities, see pages 50–55.



Munkeengen 4–32 in Hillerød was one of the properties that Wihlborgs acquired in 2017.

Acquisitions and sales

2017 was a strong year for transactions, and thus for Wihlborgs too. During the year, Wihlborgs completed net property acquisitions of SEK 2,769 million. A strategically important acquisition of 15 properties in the Copenhagen area comprising 165,000 m² of lettable area was completed during the third quarter for a purchase price of DKK 1.8 billion. Danica was the seller, one of Denmark's largest pension companies. Rental income amounted to DKK 130 million with 9 percent vacancy and the initial investment yield amounted to 6 percent. Later in the same quarter, Wihlborgs made an additional acquisition from Danica for an office building in Allerød. At the end of 2017, Wihlborgs owned a total of 580,000 m² in the Copenhagen area.

Hyllie is one of Malmö's strongest office markets, and in 2017 Wihlborgs acquired land from the City of Malmö to carry out the Dungen project, which involves building office premises for Swedish Customs and Ferrero, among others.

During the first quarter, a project named Origo was acquired that had been developed by Sundprojekt, and which offered the opportunity to build $6,800~\text{m}^2$ of offices. Two industry/ warehousing properties in Fosie were also acquired in Malmö, comprising approximately $10,800~\text{m}^2$.

Wihlborgs acquired the Kalifornien 11 property in central Helsingborg from Hälsingborgs Byggmästares Bostad AB. The property is located right next to Knutpunkten and complements Wihlborgs' portfolio in the area. The property comprises a lettable area of around 6,500 m². Wihlborgs also strengthened its presence in Långeberga in Helsingborg through the acquisition of Ackumulatorn 17, an industrial/warehousing property comprising some 4,200 m².

	acquisitions and sales					
Acquisit	ions					
Quarter	Property	Municipality	Management area	Category	Lettable area, m²	Price, SEK m Operating surplu 2017, SEK ^m
1	Ackumulatorn 17	Helsingborg	Berga	Ind/Warehousing	4,214	
1	Benkammen 16	Malmö	Fosie	Ind/Warehousing	6,260	
1	Bure 2	Malmö	City centre	Projects & Land	-	
1	Gimle 1	Malmö	City centre	Projects & Land	-	
3	Sortemosevej 2	Allerød	Copenhagen	Office/Retail	9,257	
3	Borupvang 2/Lautrupcentret	Ballerup	Copenhagen	Office/Retail	20,872	
3	Lautruphøj 8-10	Ballerup	Copenhagen	Office/Retail	15,542	
3	Lautrupvang 2	Ballerup	Copenhagen	Office/Retail	12,705	
3	Lejrvej 15-19	Furesø	Copenhagen	Office/Retail	8,889	
3	Bymosevej 4	Gribskov	Copenhagen	Office/Retail	3,972	
3	Knapholm 7	Herlev	Copenhagen	Office/Retail	5,411	
3	Lyskær 9	Herlev	Copenhagen	Office/Retail	5,528	
3	Munkeengen 4-32	Hillerød	Copenhagen	Office/Retail	16,193	
3	Husby Alle 8	Høje-Taastrup	Copenhagen	Office/Retail	2,443	
3	Oldenburg Alle 1-5	Høje-Taastrup	Copenhagen	Office/Retail	14,686	
3	Slotsmarken 10-18	Hørsholm	Copenhagen	Office/Retail	26,986	
3	Digevej 114	Copenhagen	Copenhagen	Office/Retail	7,389	
3	Ny Østergade 7-11	Roskilde	Copenhagen	Office/Retail	15,750	
3	Kongevejen 400	Rudersdal	Copenhagen	Office/Retail	4,617	
3	Røjelskær 11-15	Rudersdal	Copenhagen	Office/Retail	4,350	
4	Kalifornien 11	Helsingborg	Helsingborg	Office/Retail	6,416	
4	Olsgård 7	Malmö	Malmö	Ind/Warehousing	4,475	
Total ac	quisitions, 2017				195,955	2,780 6
Sales						
1	Gängtappen 1, part	Malmö	Dockan	Projects & Land	-	
Total sal	les, 2017				-	11

¹ The operating surplus from acquired and sold properties that is included in the results for the year.



Copenhagen

577,000 m²

53 | SEK 6.9 billion

Properties | Property value

 $\frac{\text{Malm\"{o}}}{728,000 \text{ m}^2} \\ \frac{126 \text{ SEK 17.4 billion}}{\text{Properties}}$



Malmö

Properties: 126 | Amount: SEK 17,400 million Lettable area: 728,000 m²

On course for the future

Malmö has the wind in its sails and its sights set on the horizon. The results of the last few decades of purposeful investments in constructing an attractive city are growing day by day. Thanks to its strategic location, Malmö is currently South Sweden's hottest growth region for business, higher education and housing.

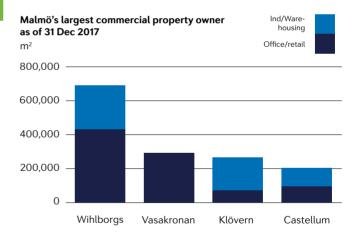
A long-term approach and belief in the future are two characteristics of Malmö's investments. This has been shown in both major investments in infrastructure such as the Öresund Bridge and the City Tunnel and major urban regeneration projects in Västra Hamnen, Hyllie and Nyhamnen. Attractive locations with easy access are catalysts of development in themselves. Many companies rate Malmö for precisely these two qualities, and the city has therefore seen greater numbers of companies establishing themselves there over the past few years.

Access to qualified labour is another factor for success. On 1 January 2018, Malmö University raised its status from college to university. With its 24,000 students, Malmö University is the country's ninth largest academic institution. Statistics show that new graduates prefer to live in a large city, which means the business community can take advantage of the skills that assemble in and around Malmö.

Expansive market conditions

Demand for modern and efficient offices in good locations remains strong in Malmö. The positive market conditions are

due in part to a growing service sector, stimulated by the strong trend towards urbanisation. This is strengthened by several good locations that offer rail-based commuting, such as Universitetsholmen/Dockan, Nyhamnen and Hyllie. The proximity to Copenhagen Airport is positive – when the ongoing extension of the airport is complete, capacity is expected to increase from 29 to 40 million passengers per year.



Wihlborgs the largest in Malmö

Wihlborgs is the largest commercial property owner in Malmö, with approximately 730,000 m² in its portfolio. The property value of Wihlborgs' portfolio in Malmö amounts to SEK 17,437 million. Net lettings in Malmö amounted to SEK 76 million in 2017, which will build the foundation for increased earnings moving forward. We have noted that there is increased interest in our property portfolio in the city centre. The economic occupancy rate for office/retail rose from 92 to 95 percent during the year. Demand for industrial/warehousing is also relatively high, which has led to the occupancy rate rising from 89 to 94 percent.

Other major property owners include Vasakronan, Stena Fastigheter, Klövern, Castellum and Corem.

New management areas

During the year, Wihlborgs established a new organisation in Malmö with four management areas. A new regional management team is to plan and follow up activities within property management. As part of the new organisation, Wihlborgs has divided up the property portfolio in Malmö into four areas; Dockan, City Norr, City Söder (City North and South) and Malmö Yttre (Outer Malmö).

Dockan

Properties: 19 | Value: SEK 6,600 million Lettable area: 161.000 m²

Dockan is historic land in Malmö; it is the place where Kockums' dockyard was established in the early 1900s before being developed in the following decades into one of the world's largest shipping dockyards. Today, the area is a modern and attractive city district by the sea that combines offices and stores with housing units and restaurants, all the while retaining its clear historical maritime features. When the area began to be developed around the turn of the millennium, Wihlborgs, JM and Peab founded the joint development company Dockan Exploatering AB, which then acquired the land in Dockan. Since then, Wihlborgs has been responsible for developing the commercial portfolio in Dockan – currently Wihlborgs' largest development area.

Over the course of 2017, Wihlborgs completed a new eightstorey car park. The Ubåten multistorey car park is an attractive building with exciting architecture and a facade that alternates between tones of champagne and bronze. The building is located next to Ubåtshallen in Dockan and contains some 410 car parking spaces, of which 12 are designed for charging electric cars using sustainable energy from solar panels on the roof of the car park.

Wihlborgs is continuing its development of Gängtappen, Kockums' old headquarters. Gängtappen is a building with timeless architecture that feels as relevant today as when the building was opened in the 1950s. At a height of 65 metres and with 15 storeys, it was Sweden's highest office building at the time. New tenants to move in during the year included communications firm FEW Agency and Additude, which operates in the IT and technology sector. Bombay Works moved in to the property in early 2018, Wihlborgs' head office will also move in here in spring 2018.

Tyréns is a leading consultancy firm involved in community building with offices in the Kranen 9 property in Dockan. This tenant is growing and needs larger premises, which has led to a 2,200 m² extension of the property, of which 1,500 m² will go to Tyréns, to give a total of 5,500 m². Occupancy is planned for November 2018 after which a redevelopment and renovation of the existing premises will also begin.

City Norr

Properties: 15 | Value: SEK 4,500 million Lettable area: 129,000 m²

The City Norr management area includes Nyhamnen and the area surrounding Malmö Central Station, as well as the city centre between Malmö Central Station and Södertull.

Nyhamnen is Malmö's next major area for development. During the year, Wihlborgs completed its new build in the Sirius block. All of the office space in the building is leased to the Confederation of Swedish Enterprise, Tele2, the law firm LA Partners and JM.

After LRF Media had vacated its premises of 1,900 m² on the upper two storeys of Magasinet (Hamnen 22:188), ArjoHuntleigh and Jayway – both tenants at the property – announced that they needed larger premises. Through internal transfers within the building, both of these companies' needs could be met and, in parallel, 545 m² became available for the medical technology company Getinge to move into in January 2018. The property is now fully leased, which was made possible through close collaboration and continuous dialogue between Wihlborgs and the tenants.

Baltzar City (Sankt Jörgen 21) is a modern property in the very centre of Malmö. A number of new tenants moved into this property during the year, including CDON, law firm Foyen, Twilio, Espresso House and Resurs Bank.

At Norra Vallgatan 100, 2,900 m² in Fisken 18 has been redeveloped and adapted to the Swedish Defence Recruitment Agency, which is establishing a selection testing unit in Malmö. The authority moved in at the beginning of 2018.

In early 2017, VA Syd moved its head office to the Scandinavian Center in the Väktaren 3 block on Bagers plats. The new premises comprising around 4,000 m² have been newly renovated and adapted to the tenant's operations.

City Söder

Properties: 12 | Value: SEK 3,200 million Lettable area: 112.000 m²

City Söder comprises Malmö's city centre between Södertull, Triangeln, Medeon – whose focus is on knowledge-intensive companies within the area of life sciences – and the development area of Hyllie.

During the year, Wihlborgs and the City of Malmö signed a ten-year lease for 5,400 m² in the Karin 14 property on Kungsgatan. The County Administrative Board vacated on 30 September, after which the premises were renovated quickly to enable the City of Malmö to move in from 1 December. In addition to this, later in the year the City of Malmö signed a lease for the remaining office space of 1,850 m², meaning the property is now fully leased.

Wihlborgs has signed a lease with the confectionary company Ferrero Scandinavia for 900 m^2 in the Dungen (Gimle 1) office building, under construction in Hyllie. Dungen comprises approximately $9{,}000 \text{ m}^2$, and Swedish Customs has previously signed a lease to occupy $6{,}300 \text{ m}^2$ of this.

During the year, Emmaus Björkå opened a major secondhand store comprising 1,450 m² in the Elefanten 40 property at Södra Förstadsgatan 14. This represents a real addition to the city's retail landscape, as the store promotes reuse and focuses on a sustainable business model.

Wihlborgs acquired the Bure 2 property in Hyllie from Sundprojekt during the year. Here, in the ongoing Origo project, 6,800 m^2 of office premises will be ready for occupancy in 2019. Thanks to this acquisition, Wihlborgs is able to offer more modern premises in an attractive location close to transport links in Hyllie.

Malmö Yttre

Properties: 80 | Amount: SEK 3,100 million Lettable area: 325,000 m²

Malmö Yttre comprises all industrial and warehousing properties with strong links along Malmö's ring roads and immediate suburbs.

Wihlborgs signed a lease during the year with the medical technology company Mediplast for 11,500 m^2 at Bronsåldern 2 in Fosie. Mediplast is moving its central warehouse and head office to the property, which was redeveloped to suit their operations.

MAN Truck & Bus has signed a 20-year lease for 2,300 m 2 at Stora Bernstorp in the municipality of Burlöv. Wihlborgs is building a new service centre here for lorries and buses with accompanying office space, all in an excellent location next to the major E Roads.

Thanks to the acquisition of the Olsgård 7 property in Fosie, Wihlborgs is strengthening its position in the area. The property was acquired by Malmö Tidningstryck Ab's bankruptcy estate and comprises a site of 14,000 m² as well as a warehouse and office building of 4,500 m². In conjunction with the acquisition, a lease was signed with Sydsvenska Dagbladets AB.

Focus in 2018

In 2017, Wihlborgs conducted the Great Place to Work employee survey. The results for the Malmö region showed an increase of 10 percentage points in the confidence index to 88. Over the course of the coming year, Wihlborgs will continue to focus on leadership, clarifying targets and expectations and reinforcing a culture based on openness and feedback. Read more about this in the Attractive employer section on pages 66–67.

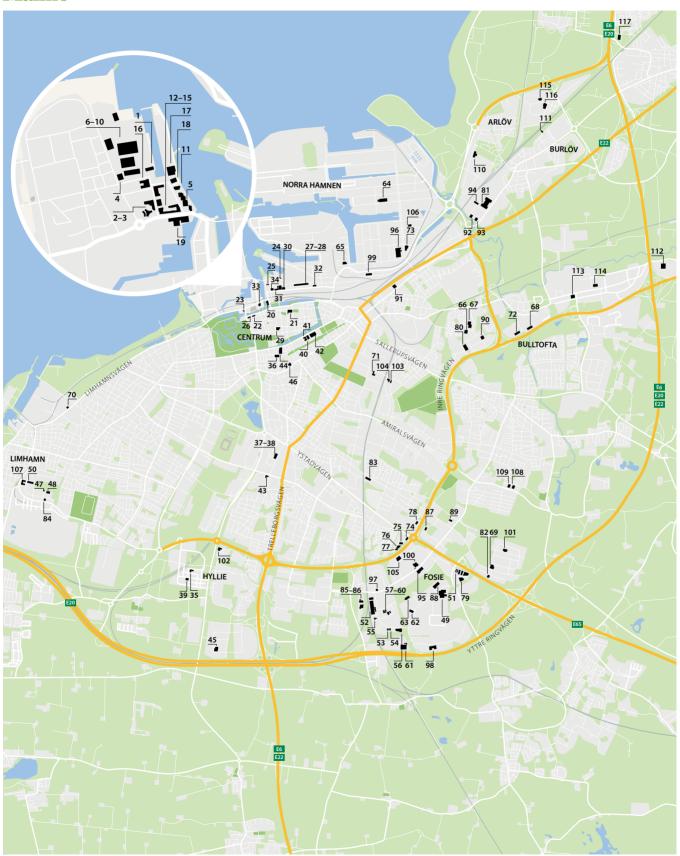
An important part of building up strong customer relationships are the moments where Wihlborgs' employees meet our customers in their day-to-day work. We create the conditions for long-term rental relationships through active commitment and a high level of service. In late autumn, Wihlborgs produced its customer care plans for next year. The goal is to hold regular meetings with all tenants in the future, as well as to coordinate our customer events.

Wihlborgs will continue to actively participate in the development work around Nyhamnen, which will be ongoing for many years to come. We will also expand our investment in Hyllie, which is an attractive and highly accessible area.



At Gängtappen in Malmö, Wihlborgs has created modern offices for the companies of the future following the move of Saab Kockums to another property in Dockan. Gängtappen was built in 1958 for Kockums

Malmö



7,014

181 112,039

Malmö Dockan										
No. Name of property	Address	Munici- pality	Type of property	Tax ass. Lea val. I SEK m	ase- Office hold m		Industrial/ warehous- ing, m²	Education/ Health- care, m²	Other m²	Total m²
1 Dockporten 1	Dockgatan 1	Malmö	Office/Retail	107	4,12) 450	0	0	0	4,570
2 Gängtappen 1	Stora Varvsg 11/Lovartsg 14	Malmö	Office/Retail	351	13,17	3 660	531	0	0	14,364
3 Gängtappen 2	Hallenb. g 4-12/Lovartsg 2-8	Malmö	Office/Retail	227	9,16	680	19	0	0	9,864
4 Hordaland 1	Östra Varvsg 7 B/Fartygsg 1-3	Malmö	Office/Retail		(117	0	0	0	117
5 Kranen 1	St Varvsg 1/Isbergs gata 1-13	Malmö	Office/Retail	164	8,26	534	0	698	0	9,501
6 Kranen 2	Östra Varvsgatan 11	Malmö	Projects & Land		(650	685	15,987	0	17,322
7 Kranen 4	Östra Varvsgatan 23	Malmö	Office/Retail	45	3,98	3 0	25	0	170	4,182
8 Kranen 6	Östra Varvsgatan 13	Malmö	Office/Retail			0 0	5,484	2,830	3,050	11,364
9 Kranen 7	Östra Varvsgatan 15	Malmö	Projects & Land	2	65	0 0	3,449	0	0	4,099
10 Kranen 8	Ö Varvsgatan 9/Dockg 2	Malmö	Office/Retail	267	15,07	375	10	0	0	15,455
11 Kranen 9	Isbergs gata 15	Malmö	Office/Retail	70	3,71	0 0	0	0	0	3,710
12 Skrovet 3	Dockpl 10/Hallenb g 9-19	Malmö	Office/Retail	210	8,69	1,605	21	0	0	10,320
13 Skrovet 4	Hallenborgs gata 7	Malmö	Office/Retail	45		0 0	0	0	0	0
14 Skrovet 5	Hallenborgs g 1-5/St Varvsg 9	Malmö	Office/Retail	187	7,42	2 1,243	0	0	0	8,664
15 Skrovet 6	St Varvsg 3-7/Isbergs gata 2	Malmö	Office/Retail	253	12,14	7 284	0	0	0	12,431
16 Skåneland 1	L Varvsg/Läg/Dockpl 22-26	Malmö	Office/Retail	221	11,20	325	0	0	0	11,531
17 Torrdockan 6	Dockplatsen 1	Malmö	Office/Retail	204	10,67	451	0	0	1	11,126
18 Torrdockan 7	Isbergs gata 2-6	Malmö	Projects & Land	39		0 0	0	0	0	0
19 Ubåten 2	St Varvsg 2-6/Gamla Dockan 1	Malmö	Office/Retail	161	12,17	2 369	0	0	0	12,541
Malmö Dockan total				2,553	120,45	7,743	10,224	19,515	3,221	161,161
Malmö City Norr										
No. Name of property	Address	Munici- pality	Type of property	Tax ass. Lea val. H SEK m	ase- Office nold m		Industrial/ I warehous- ing, m²	Education/ Health- care, m²	Other m²	Total m²
20 Börshuset 1	Skeppsbron 2	Malmö	Office/Retail	117	4,349	934	36	0	0	5,319
21 Erik Menved 37	M Nilsg/Kattsundsg/Österg	Malmö	Office/Retail	335	17,270		2,102	0	740	23,315
22 Fisken 18	N Vallg/Västerg/L Bruksg	Malmö	Office/Retail	130	5,129		119	1,508	0	6,756
23 Flundran 1	Gibraltarg 2/Hovrättstorget 5	Malmö	Office/Retail) 0	0	2,451	0	2,451
24 Hamnen 22:188	Hans Michelsensgatan 8-10	Malmö	Office/Retail	107	6,710	700	1,151	0	0	8,567
25 Kolga 4	Jörgen Kocksg 4/Stormg 12	Malmö	Office/Retail	47	2,26			0	0	2,285
26 Neptun 6	Västerg/Slottsg/N Vallg	Malmö	Office/Retail	76	3,39		293	1,486	0	5,170
27 Polstjärnan 1	Jupiterg/J Kocksg/Marsg	Malmö	Projects & Land		·			,		Ċ
28 Polstjärnan 2	Jupiterg/J Kocksg/Marsg	Malmö	Projects & Land	27	(0	11,055	0	0	11,055
29 Sankt Jörgen 21	Söderg/Baltzarg/Kalendeg	Malmö	Office/Retail	314	7,82	1 3,449	61	0	0	11,331
30 Sirius 3	Carlsg/Navigationsg	Malmö	Office/Retail	161	6,828		20	0	0	7,173
31 Slagthuset 1	Carlsg/Utställng/J Kocksg	Malmö	Office/Retail	309	6,66		30	1,267	10,275	26,462
32 Söderhavet 4	Carlsg 54/Elbeg/Donaug	Malmö	Office/Retail	11		2,940	0	0	0	2,940
33 Väktaren 3	Hjälmareg/Nordenskiöldsg	Malmö	Office/Retail	166	8,30			0	0	8,335
34 Östersjön 1	Carlsgatan 6-8, Stormgatan 5	Malmö	Office/Retail	162	7,950		80	0	0	8,036
Malmö City Norr, total	-			1,963	76,69	19,776	14,996	6,712	11,015	129,195
					•					•
Malmö City Söder										
No. Name of property	Address	Munici- pality	Type of property	Tax ass. Le val. SEK m	ase- Office hold m		Industrial/ warehous- ing, m²	Education/ Health- care, m²	Other m²	Total m²
35 Bure 2	Bures g 7-13, Friggs gr 2	Malmö	Projects & Land	31						0
36 Elefanten 40	Storg 20/S Förstadsg 12-14	Malmö	Office/Retail	247	12,11	1 2,742	8	0	0	14,861
37 Forskaren 1	PA Hanssons v/Cronquist g	Malmö	Office/Retail	183	12,85	2 225	841	0	0	13,918
38 Forskaren 4	PA Hanssons väg 35	Malmö	Office/Retail		2,73			0	0	2,730
39 Gimle 1	Hyllie Allé/Nannas g	Malmö	Projects & Land							0
40 Karin 13	Fänriksg 2/Drottningg 18	Malmö	Office/Retail	77	6,17	1 0	749	0	181	7,101
41 Karin 14	Kungsg/Brandmästareg	Malmö	Office/Retail	75	7,21			0	0	9,000
	Kungsg/Drottningg/Hjalmar G		Office/Retail	231	27,20			0	0	28,612
42 Nora 11										
42 Nora 11 43 Ritaren 1	Stadiongatan/Ingenjörsg	Malmö	Office/Retail	16L	3,08	8 0	0	0	0	3,088
	Stadiongatan/Ingenjörsg	Malmö Malmö	Office/Retail Office/Retail	16L 85				0 7,014	0	
43 Ritaren 1					3,08 7,58 4,60	8 0	5,937			3,088 20,539 4,600

1,062

91,150

2,967

10,727

Malmö City Söder, total

No. Name of proper	ty Address	Munici-	Type of property			Offices		ndustrial/ E		Other	Tota
	· 	pality			hold	m²		varehous- ing, m²	Health- care, m²	m²	m²
47 Balken 7	Schaktugnsgatan 5	Malmö	Ind/Warehousing	8		618	0	1,202	0	0	1,820
48 Balken 10	Ringugnsgatan 3	Malmö	Ind/Warehousing	21		0	0	3,725	0	0	3,725
49 Benkammen 16	Kantyxegatan 14	Malmö	Ind/Warehousing	33		0	0	6,260	0	0	6,260
50 Blocket 1	Limhamnsg Allé 3-37/ Krossv.g.12	Malmö	Ind/Warehousing	38		2,926	0	2,990	179	721	6,816
51 Boplatsen 3	Boplatsgatan 4-8	Malmö	Office/Retail	126		21,917	660	2,218	0	0	24,795
52 Bronsdolken 3	Stenyxegatan 13-15	Malmö	Ind/Warehousing	53		0	4,242	7,332	0	0	11,574
53 Bronsdolken 10	Stenyxegatan 27	Malmö	Ind/Warehousing	5		0	0	1,271	0	0	1,271
54 Bronsdolken 11	Stenyxegatan 29	Malmö	Ind/Warehousing	5		432	0	521	0	0	953
55 Bronsdolken 18	Stenyxegatan 17	Malmö	Ind/Warehousing	8		0	0	1,311	0	0	1,311
56 Bronsdolken 25	Stenyxegatan 33-35	Malmö	Office/Retail	38 3		480 0	6,872	2,881 735	0 0	0	10,233 735
57 Bronsspannen 5 58 Bronsspannen 8		Malmö Malmö	Ind/Warehousing Ind/Warehousing	5 6		0	0	1,067	0	0	1,067
59 Bronsspannen 9	, •	Malmö	Ind/Warehousing	9		0	0	2,069	0	0	2,069
60 Bronsspannen 1	, •	Malmö	Ind/Warehousing	7		0	0	1,765	0	0	1,765
61 Bronsåldern 2	Bronsåldersgatan 2	Malmö	Ind/Warehousing	57		2,435	0	9,952	0	0	12,387
62 Dubbelknappen	•	Malmö	Office/Retail	12		1,549	0	78	0	0	1,627
63 Dubbelknappen	· -	Malmö	Ind/Warehousing	26		0	0	4,027	0	0	4,027
64 Finngrundet 4	Blidögatan 24/Bjurögatan 25	Malmö	Ind/Warehousing	17		1,647	0	1,974	0	0	3,621
65 Flintan 3 (Malmi	i) Borrgatan 4/Lodgatan 3	Malmö	Projects & Land	9		0	0	3,277	0	0	3,277
66 Flygledaren 9	Höjdrodergatan 16 and 24a	Malmö	Ind/Warehousing	24		0	0	5,573	0	0	5,573
67 Flygvärdinnan 5	Höjdrodergatan 28	Malmö	Ind/Warehousing	24		5,230	0	0	0	0	5,230
68 Fältsippan 11	Källvattengatan 6	Malmö	Projects & Land	6		0	0	0	0	0	0
69 Förbygeln 1	Ridspögatan 1/Skrittgatan 1	Malmö	Ind/Warehousing	21		0	0	5,146	0	0	5,146
70 Gjuteriet 22	Limhamnsvägen 109	Malmö	Projects & Land	13		0	0	0	0	0	0
71 Grytan 3	Industrigatan 21	Malmö	Ind/Warehousing	10		1,263	0	1,100	0	0	2,363
72 Gulsippan 4 73 Hanö 1	Källvattengatan 9	Malmö Malmö	Ind/Warehousing	16 20		735 814	0 270	2,662 3,936	0 0	0	3,397 5,020
73 Hano i 74 Hindbygården 7	Hanögatan 2 Ö Hindbyvägen 70-72	Malmö	Ind/Warehousing Projects & Land	20		0 14	0	3,936	0	0	5,020
75 Hindbygården 8	. , ,	Malmö	Office/Retail	5		1,630	0	0	0	0	1,630
76 Hindbygården 9		Malmö	Projects & Land	2		1,000	Ü	Ü	Ü	Ü	0
77 Hindbygården 1		Malmö	Projects & Land	1							0
78 Hundlokan 10	Cypressvägen 21-23	Malmö	Ind/Warehousing	33		0	0	5,985	0	0	5,985
79 Hällristningen 5	Boplatsgatan 5	Malmö	Projects & Land	3							0
80 Höjdmätaren 1	Flygledaregatan 5	Malmö	Ind/Warehousing	10		985	0	887	0	0	1,872
81 Kirseberg 31:53	Strömg 3-5a /Lundav 146	Malmö	Ind/Warehousing	155		1,556	300	23,042	0	0	24,898
82 Löplinan 7	Sporregatan 13	Malmö	Ind/Warehousing	8		0	0	2,489	0	0	2,489
83 Mandelblomma	9	Malmö	Ind/Warehousing	7		640	0	1,995	0	0	2,635
84 Muren 5	Ringugnsgatan 8	Malmö	Ind/Warehousing	7		0	0	1,593	0	0	1,593
85 Olsgård 7	Olsgårdsgatan 5	Malmö	Ind/Warehousing	31				4,475			4,475
86 Olsgård 8	Olsgårdsgatan 3	Malmö	Ind/Warehousing	26		0	0	3,714	0	0	3,714
87 Revolversvarven 88 Ringspännet 3		Malmö Malmö	Office/Retail	8L 14		0 207	1,650	2 420	0 0	0	1,650 3,807
89 Rosengård 130:	Kantyxegatan 3 403 Agnesfridsvägen 113 B	Malmö Malmö	Ind/Warehousing Office/Retail	55		387 7,801	0 415	3,420 0	0	0	8,216
90 Skevrodret 2	Kabingatan 7	Malmö	Ind/Warehousing	6		7,801	0	1,830	0	0	1,830
91 Skjutsstallslycka	•	Malmö	Ind/Warehousing	9		0	692	3,073	0	0	3,765
92 Spillepengshage	_	Malmö	Ind/Warehousing	7		115	0	1,915	0	0	2,030
93 Spillepengshage		Malmö	Office/Retail	15L		2,607	1,916	28	0	0	4,551
94 Spillepengsmark	en 8 Strömgatan 11	Malmö	Office/Retail	17		2,414	0	610	0	0	3,024
95 Spännbucklan 9	Agnesfridsv 182/Skivyxeg 7	Malmö	Ind/Warehousing	35		0	0	6,800	0	0	6,800
96 Stenshuvud 3	Hanög 4-10/Borrg/Brännög	Malmö	Ind/Warehousing	68		1,213	0	16,189	0	0	17,402
97 Stenyxan 20	Stenyxegatan 16	Malmö	Office/Retail	7		1,415	0	175	0	0	1,590
98 Stenåldern 7	Stenåldersgatan	Malmö	Ind/Warehousing	4		0	0	9,713	0	0	9,713
99 Stocken 2	Västkustvägen 17	Malmö	Ind/Warehousing	32		0	0	4,390	0	0	4,390
100 Stridsyxan 4	Agnesfridsvägen 179	Malmö	Ind/Warehousing	26		555	87	7,880	0	0	8,522
101 Stångbettet 15	Ridbanegatan 6	Malmö	Ind/Warehousing	20		0	0	3,943	0	0	3,943
102 Sufflören 3	Axel Danielssons väg 259	Malmö	Ind/Warehousing	3		828	0	1,470	0	0	2,298
103 Syret 12	Scheeleg 19-21/Industrig 33	Malmö Malmö	Ind/Warehousing	7L		0	0	1,803	0	0	1,803
104 Syret 13	Industrigatan 31-33	Malmö Malmö	Ind/Warehousing	8		0 576	0	1,585	0	0	1,585
105 Trindyxan 3 106 Utgrunden 8	Bronsyxegatan 9 Sturkögatan 8-10	Malmö Malmö	Ind/Warehousing Ind/Warehousing	34 25L		576 0	0 0	6,928 10,084	0 0	0	7,504 10,084
107 Valvet 1	Krossverksgatan 5 A-M	Malmö	Ind/Warehousing	25L 16		2,810	0	645	0	0	3,455
108 Vårbuketten 2	Husievägen 19	Malmö	Ind/Warehousing	15		2,610	0	2,837	0	0	2,837
109 Vårbuketten 4	Husievägen 17	Malmö	Projects & Land	4		0	0	0	0	0	2,007
	Arlövsv 23/Västkustv	Burlöv	Ind/Warehousing	14L		212	0	4,024	0	0	4,236

continued on next page

Malmö Yttre, continued											
No. Name of property	Address	Munici- pality	Type of property	Tax ass. val. SEK m	Lease- hold	Offices m ²		Industrial/ E warehous- ing, m²	Education/ Health- care, m²	Other m²	Total m²
111 Arlöv 19:133	Hantverkaregatan 18	Burlöv	Office/Retail	11		1,662	0	0	0	0	1,662
112 Sunnanå 12:27	Mor Marnas v 6-10/Starrv 100	Burlöv	Ind/Warehousing	74		0	0	14,525	0	0	14,525
113 Sunnanå 12:53	Vattenverksv/Toftanäsv	Burlöv	Projects & Land								0
114 Sunnanå 12:54	Staffanstorpsvägen	Burlöv	Projects & Land								0
115 Tågarp 16:19	Hammarvägen 3	Burlöv	Ind/Warehousing	11		0	0	4,316	0	0	4,316
116 Tågarp 16:42	Företagsv 30/Hammarv 2	Burlöv	Ind/Warehousing	27		976	0	8,235	0	0	9,211
117 Åkarp 1:69	Tegelv 4	Burlöv	Ind/Warehousing]		0	0	5,277	0	0	5,277
118 Borgeby 15:14, etc.	Norra Västkustv	Lomma	Projects & Land	5		0	0	0	0	0	0
Malmö Yttre, total				1,480		68,428	17,104	238,947	179	721	325,379
Malmö, total				7,059		356,732	47,590	274,893	33,420	15,138	727,773



Kranen 9 in Dockan was built in 2001 and won Malmö's City Architectural Award in 2002. We are now extending the property to meet the growing tenant Tyréns' need for larger premises.



Lund

Properties: 27 | Value: SEK 6,500 million Lettable area: 215,000 m²

An ever-youthful thousand-year-old

Lund is the thousand-year-old city with an ability to constantly regenerate. Lund University was established as far back as 1666, which makes it Sweden's second-oldest university after Uppsala. Over 40,000 students come to study here every year and its research efforts are world-class. The Tetra Pak, the artificial kidney and diagnosis by ultrasound are just three examples of innovations produced by Lund that connect scientific research with entrepreneurship.

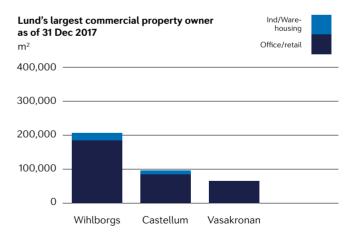
The Lund of today is in the midst of a unique transformation that affects the area stretching from Lund Central Station to the new area of Brunnshög in the city's northeast region. An entirely new city district is growing around the research facilities MAX IV and ESS, and the district is expected to make space for 40,000 residents and employees. Lund's vision for Brunnshög is for it to become an international example of sustainable city development and a destination for science, culture and recreation.

To better connect Lund's city centre with Ideon and Brunnshög, an extension of a tram line connection is under way and expected to be opened in autumn 2019. The 5.5 km route, known as Kunskapsstråket (Route of Knowledge), will have nine stops and will run from Lund Central Station via the University Hospital, Lund University's Faculty of Engineering and Ideon to its final destination at Brunnshög. At the Ideontorget stop, Wihlborgs has the opportunity to build up to 30,000 m² (GFA) of new office space. The area surrounding Clemenstorget will become the heart of Lund's transport links with a new travel centre. An efficient hub for rail and tram traffic as well as

city and regional buses will be created here, thus leading to increased accessibility both to and within Lund. Wihlborgs' Posthornet property is being built right next to this, with a completion date set for the first quarter of 2018.

Stable market conditions

Central Lund is an old, cultural city with limited land to develop. For this reason, demand has been intense for modern offices in good locations for a long time. As Lund's infrastructure becomes more efficient, interest in the city is expected to become even greater. Lund has a strategically favourable location near the Öresund Bridge and two airports: Malmö Airport for domestic flights and the rapidly expanding Copenhagen Airport which serves as South Sweden's gateway to the world.



Wihlborgs the largest in Lund

In Lund, Wihlborgs has concentrated its portfolio on two management areas: Ideon and Central Lund/Gastelyckan.

Wihlborgs is the largest commercial property owner in Lund, with approximately 215,000 $\rm m^2$ in its portfolio. The property value amounted to SEK 5,916 million. Net lettings in

Lund amounted to SEK 13 million in 2017. The economic occupancy rate for offices/retail is at 92 percent and 84 percent for industrial/warehousing. Demand is stable in all of our management areas in Lund, and there is a consistently upward trend.

Other major property owners include Castellum, Vasakronan and Akademiska Hus, which mainly owns academic premises.

Ideon

Properties: 14 | Value: SEK 3,400 million

In hindsight, Ideon has proved to be a particularly good idea for the city, the university and the business community. Since it was created in 1983, Sweden's first science park has expanded both in terms of operations and geographically, as it now also covers the bordering areas of Edison Park, Lundaporten and Nya Vattentornet in the northern part of Lund. Wihlborgs owns the entire original Ideon area of 112,000 m².

In June 2017, work began on the construction of a tram stop and an adjacent new square, Ideontorget, located right in the middle of Wihlborgs' property portfolio. The stop will become a hub for commuters and will offer greater access to Ideon when the tram line begins operating, providing Wihlborgs with the opportunity to build new office premises.

Since 2016, Wihlborgs has been collaborating with property owners Castellum and Vasakronan under the brands Ideon and Ideon Science Park. The collective aim is to work to strengthen the area's position as an international melting pot for research and development in fields such as IT and life sciences. The visit by King Carl XVI Gustaf in the autumn is one example of how Ideon is regularly the focus of attention. The aim of the royal visit was to study how the innovation climate and entrepreneurship within different sectors in the region can create companies, jobs and help ensure positive urban development.

Volvo Cars has a research and development centre in the Delta 5 (Syret 7) property. The company announced in 2017 that it needed to expand, so their leased area has now grown from 600 m^2 to 1.400 m^2 .

The Medtech company Bonesupport signed a lease in 2017 to expand its head office located in the Delta 5 property from $600 \ m^2$ to $1,400 \ m^2$.

Bosch also expanded its lease by a further 400 m² during the year. Bosch now leases 2,000 m² in the Alfa 2 (Studentkåren 6) property to develop its software that is used in industries such as the automotive industry.

Central Lund/Gastelyckan

Properties: 13 | Value: SEK 3,100 million Lettable area: 102 000 m²

Wihlborgs' new Posthornet 1 property in the centre of Lund, by Lund Central Station, will be opened in spring 2018. The property was named after the postal centre that was located in the area, and the brass-coloured details in the building's architecture were inspired by historical post horns. This top location now has everything that the companies of today require – ultra-modern premises, excellent commuting options and proximity to the city. In principle, all 11,000 m² have already been leased to Avensia, Veidekke, Trivector, Trägårdh Advokatbyrå, Folktandvården and others.

Gastelyckan is Lund's largest industrial area and is in an easily accessible location in the city's southeastern area right next to the E22 motorway. The area consists of industrial/warehousing buildings, retail outlets and offices.

Together with Peab, Wihlborgs owns the property in which Max IV manages its activities in Brunnshög, north Lund. This comprises around twenty buildings totalling 50,000 m². The MAX IV Laboratory is a national laboratory hosted by Lund University. An entirely new city district is forming around Max IV. When fully built, a total of about 40,000 people are expected to live and work in Brunnshög, which also includes the ESS research facility and Science Village with research scientist accommodation, a visitor centre and more.

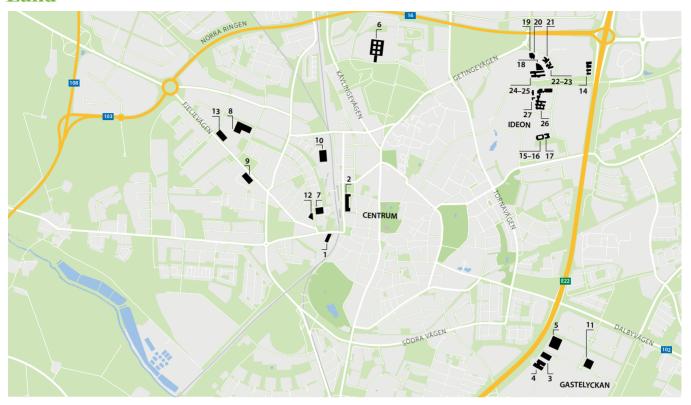
Wihlborgs won a competition in Science Village for land allocation for the iconic building "Space", which will house a research hotel and conference centre, among other things. The date for the construction start has not yet been determined, however, as the County Administrative Board declared the detailed development plan void. The City of Lund appealed against that decision in January 2017, and the matter will now be determined by the government.

Focus in 2018

The customer satisfaction survey carried out among Wihlborgs' tenants in 2016 resulted in several measures being taken over the past year. Responses to the survey showed a desire to see a greater focus on outdoor environments. Wihlborgs will also continue to focus on following up the customer satisfaction survey in 2018, at which point a new survey will be carried out.

Planning of new builds linked to the new tram stop at Ideontorget will continue throughout 2018. The older properties at Ideon will also undergo improvements during the year, which involves renovating and freshening up facades and entrances at the original Ideon buildings built in the 1980s.

Lund



Central Lund/Gastelycka	ın									
No. Name of property	Address	Munici- pality	Type of property	Tax ass. Lea val. h SEK m			l Industrial/I warehous- ing, m²	Education/ Health- care, m²	Other m²	Total m²
1 Armaturen 4	Trollebergsv 1/Gasverksg 1-9	Lund	Office/Retail	77	6,5	35	50	0	208	6,843
2 Bytarebacken 39	Bangatan 10-12/Clemenst 5	Lund	Office/Retail	191	4,1	47 7,15°	7 1,057	3,078	167	15,606
3 Diabasen 1	Skiffervägen 26	Lund	Ind/Warehousing	14	6	61	2,245	0	0	2,906
4 Diabasen 3	Skiffervägen 30-86	Lund	Office/Retail	39	2,2	50	5,870	0	0	8,120
5 Flintan 3	Skiffervägen 24	Lund	Ind/Warehousing	26		0	5,979	0	0	5,979
6 Landsdomaren 6	Baravägen 1	Lund	Office/Retail			0	0 0	27,495	0	27,495
7 Landstinget 2	Byggmästaregatan 4	Lund	Office/Retail	62	3,2	15	0 0	0	4	3,219
8 Länsmannen 1	Åldermansg 2/Måsv 23	Lund	Ind/Warehousing	32	2:	20	7,740	0	0	7,960
9 Måsen 17	Starv 19/Grisslev 15-19	Lund	Office/Retail	46	3,8	28	452	0	0	4,280
10 Posthornet 1	Bruksg 8/Vävareg 21-23	Lund	Projects & Land	251	10,5	93 19	7 48	0	0	10,838
11 Skiffern 2	Skiffervägen 14/Porfyrvägen 7	Lund	Ind/Warehousing	10		0	2,910	0	0	2,910
12 Spettet 11	Byggmästaregatan 5	Lund	Office/Retail	21	1,48	36) 41	0	0	1,527
13 Töebacken 7	Bondev/Fjeliev/Åldermansg	Lund	Office/Retail	42	2,8	1,48	2 448	0	0	4,775
Central Lund/Gastelycka	ın, total			810	35,8	30 8,83	26,840	30,573	379	102,458

Lund Ideon										
No. Name of property	Address	Munici- pality	Type of property	Tax ass.Lease- val. hold SEK m	Offices m²		ndustrial/E varehous- ing, m²	ducation/ Health- care, m²	Other m²	Total m²
14 Forskaren 3	Scheelevägen 24-26	Lund	Office/Retail	220	11,253	0	0	0	0	11,253
15 Studentkåren 2 (Alfa)	Scheelev 15/Ole Römers v 16	Lund	Office/Retail	63	9,388	1,183	260	0	22	10,853
16 Studentkåren 5	Scheelevägen 15 B-D	Lund	Office/Retail		8,150	0	0	0	0	8,150
17 Studentkåren 6	Scheelevägen 15 A	Lund	Office/Retail	33	4,558	0	15	0	0	4,573
18 Syret 1 (Delta P-hus)	Molekylvägen 3	Lund	Office/Retail	14	0	0	0	0	0	C
19 Syret 3 (Gateway)	Scheelevägen 27	Lund	Office/Retail	390	9,105	0	257	0	8,217	17,579
20 Syret 4 (Delta 2)	Scheelevägen 25	Lund	Projects & Land	2						C
21 Syret 5 (Delta 3)	Scheelevägen 23	Lund	Office/Retail	37	5,459	0	496	0	0	5,955
22 Syret 6 (Delta 4)	Scheelevägen 21	Lund	Office/Retail	45	7,619	563	0	0	0	8,182
23 Syret 7 (Delta 5)	Scheelevägen 19	Lund	Office/Retail	40	5,945	0	205	0	0	6,150
24 Syret 8 (Gamma)	Sölvegatan 41	Lund	Office/Retail	43	9,712	0	237	0	0	9,949
25 Syret 9 (Delta 6)	Sölvegatan 43	Lund	Office/Retail	20	3,407	0	41	0	0	3,448
26 Vätet 1	Scheelevägen 17	Lund	Office/Retail	151	23,074	710	1,198	1,016	5	26,003
27 Vätet 3 (Minideon)	Ole Römers väg 5	Lund	Office/Retail		0	0	0	335	0	335
Lund Ideon, total				1,059	97,670	2,456	2,709	1,351	8,244	112,430
Lund, total				1,869	133,500	11,292	29,549	31,924	8,623	214,888



Helsingborg

Properties: 102 | Value: SEK 7,700 million Lettable area: 547,000 m²

Enterprise and urban development

It is no coincidence that Helsingborg is where it is. With a strategic position at the narrowest part of the Öresund, and with Helsingør on the other side, the port has held an important position for centuries. Today, it is the second largest container port in Sweden. Combined with its proximity to the E4, E6 and E20 motorway arteries, Helsingborg is a strategic logistical hub that is attracting a growing number of companies. In addition to logistics, the business community is dominated by retail, food and pharmaceutical companies. In recent years, Helsingborg has also made efforts to profile itself as one of Sweden's leading e-commerce cities, with a strong logistical location and extensive skills in the field of IT.

Helsingborg is growing and represents the country's eighth largest municipality with its 140,000 inhabitants. By 2035, Helsingborg is expected to have grown by a further 40,000 inhabitants. The city is at the forefront of new approaches and innovation, as well as services and care. An example of achievement in the latter area was 2017's Sveriges Kvalitetskommun (High-quality Municipality) award.

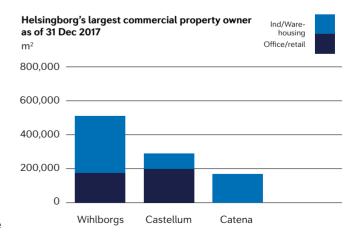
H+ is the name of the largest city regeneration project in Helsingborg in modern times. The city districts of Oceanhamnen, the University area, Husar area and Gåsebäck are to be regenerated by 2035. The old port and industrial areas will make way for new city districts that will be connected to the city centre and surrounding districts to form a dense and exciting urban environment. Around 1 million square metres will be developed in total, making space for 5,000 housing units, offices, schools, retail outlets and services. The first phase of H+ will begin in the

spring of 2018 with the Oceanhamnen district, which will have space for 340 housing units and 32,000 m² of offices, including Wihlborgs' Prisma office project in the Ursula 1 property.

The Helsingborg Campus - a branch of Lund University - has been located in the city since 2001. The Campus provides education for around 4,000 students each year, and the establishment of the Campus has contributed to the positive developments in the southern parts of the city,

Expansive market conditions

It is clear that Helsingborg is actively investing in growth and regeneration. A new business programme was adopted in 2015, which included a strategic objective to equip Helsingborg with the best climate for enterprising people. Combined with ambitious urban development plans, this positive business climate will form the foundations of belief in the future and expansion. Each year, Wihlborgs signs some 150 leases in Helsingborg, which is also an indicator of the level of activity and development among the city's companies.



Wihlborgs the largest in Helsingborg

Wihlborgs is the largest commercial property owner in Helsingborg, owning approximately 547,000 m² and a property value of SEK 7,718 million. Net lettings in Helsingborg amounted to SEK 13 million in 2017. The economic occupancy rate was 91 percent at the turn of the year. The Office/Retail segment has occupancy of 94 percent, while Industrial/Warehousing is 88 percent. Wihlborgs' size gives it the power and flexibility to help customers with their changing requirements.

Other commercial property owners in Helsingborg include Castellum, Catena which primarily has logistical properties, Alecta and others

Central Helsingborg

Properties: 18 | Value: SEK 3,800 million Lettable area: 114,000 m²

In 2017, Wihlborgs acquired the Kalifornien 11 property comprising 6,500 m² for SEK 157.5 million. The property is located on Järnvägsgatan 39 near Knutpunkten and is a positive complement to Wihlborgs' central portfolio.

The work involved in stage 1 of Terminalen 1 (Knutpunkten) is complete and the final tenants moved in during the course of 2017. This means that the entire area of around 9,000 m² has been leased to companies such as Tyréns Sweco, Teva, Tengbom and others. Planning of stage 2 has now begun, with construction due to start in 2018.

Knutpunkten is also the location of one of Wihlborgs' partnerships with the City of Helsingborg. As part of Wihlborgs' societal commitment, four long-term unemployed young people have been employed as station hosts who will help create a positive experience for visitors and passengers in Knutpunkten. Read more about this on page 68.

At Knutpunkten, Wihlborgs signed a lease for 830 m² with Helsingborg's Lärlingsgymnasium secondary school in the Terminalen 3 property. Wihlborgs also signed a lease with Folktandvården (Region Skåne) for a further 350 m² in addition to the 1,000 m² they already lease in Terminalen 1.

Arcus Utblidning signed a lease for 335 m² in the Najaden 14 property, where Wihlborgs also signed a lease for 775 m² with Region Skåne, who opened a new cardiac treatment centre in 2017.

Berga

Properties: 44 | Value: SEK 2,300 million Lettable area: 216 000 m²

Berga is located in the north of Helsingborg, with Berga, Väla Södra, Ättekulla and Långeberga all included in the management area. The properties mainly consist of corporate premises for light industry, services and offices. Berga is in an excellent location for transport links, next to the E4/E6 and E20.

An extension of Grusropen 3 for Bädd & Bad was completed during the year, while an extension for Pharmaxim Sales Group was carried out at Flintyxan 5.

Wihlborgs acquired the Ackumulatorn 17 property in Långeberga in 2017, comprising a site of 16,800 m² as well as a modern warehouse and office building of about 4,300 m². Långeberga is located immediately west of the E6 and E20 motorways. The largest letting of the year was at the Ametisten 5 property, whereby Nowaste Logistics signed a lease for 6,010 m². Other

major lettings include the Bunkalund Östra 8 property where Gaia signed a lease for 4,005 m² and Grushögen 2, where Hjulex signed a lease for 3,150 m².

There is an opportunity for new building projects at the Snårskogen 4–5 and Musköten 20 properties.

Söder

Properties: 40 | Value: SEK 1,600 million

The sub-areas Hamn-City, Gåsebäck and Planteringen are included in the Helsingborg Söder management area. The property portfolio consists mainly of logistics and office properties as well as a small proportion of retail properties.

During the year, Yves Rocher, which has been a tenant of Wihlborgs for more than 30 years, chose to extend its agreement and lease 7,800 m² in the Plåtförädlingen 8 property.

At Gymnasten 4 on Planteringsvägen, Helsingborg City Handel has opened an international food store. Imported foods from countries such as Lebanon, Egypt and Syria are sold at the extensive store comprising 2,000 m².

Training organisation Astar won a procurement in 2017 for mass catering training and chose Wihlborgs to be their landlord. Astar has set up in the 1,015 m² offered at Sadelplatsen 13.

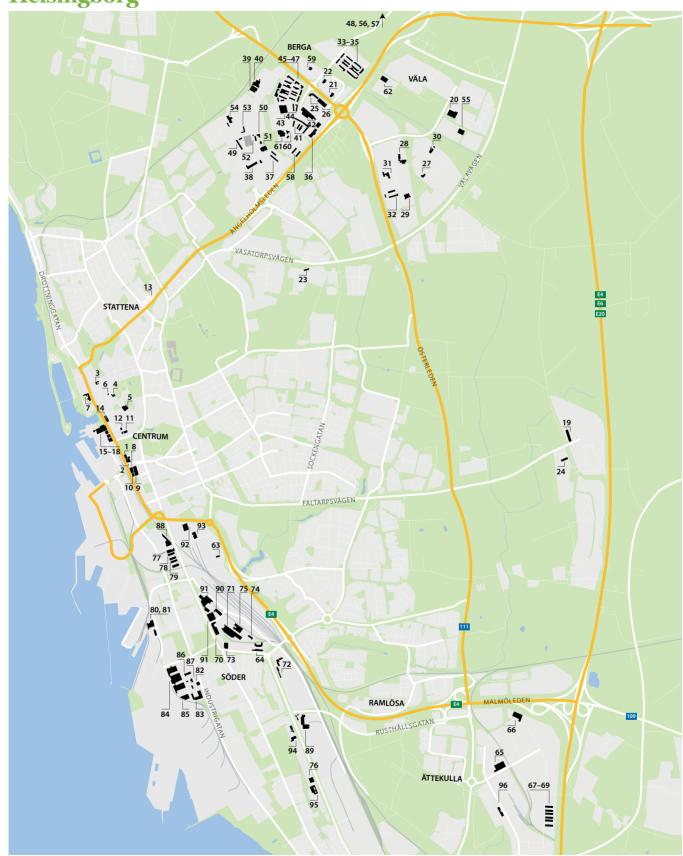
Focus in 2018

Construction will begin on the Prisma office building in Ocean-hamnen in 2018. Prisma will become a new landmark with spectacular architecture right by the Öresund. Wihlborgs is creating $13,000~\text{m}^2$ of new office space here, with occupancy planned to begin in 2020.

Construction will begin on stage 2 of Terminalen 1 (Knutpunkten) in 2018. A new glass facade facing Kungstorget with a modern and inviting design will be created here. Internally, space will be planned for 3,000 m² of new office space, along with a new lounge for Helsingborg offering food and relaxation. Once these parts have been completed, the City of Helsingborg will redevelop Kungstorget with new bicycle parking, new entrances and exits and a new taxi zone.

In the Söder area, Wihlborgs will complete the extension of Helsingborg's district court at the Polisen 5 property and begin the renovation of existing premises. The extension is being constructed in direct connection to the existing building, meaning the district court will have 9,700 \mbox{m}^2 at its disposal when everything is complete.

Helsingborg



Central Helsingborg											
No. Name of property	Address	Municipality	Type of property	Tax ass. Le val. SEK m	ease- hold	Offices m²		ndustrial/ E rarehous- H ing, m²	,	Other m²	Total m²
1 Kalifornien 10	Järnvägsgatan 3537	Helsingborg	Office/Retail	63		5,831	0	0	0	77	5,908
2 Kalifornien 11	Gasverksg/Järnvg/Kalifornieg	Helsingborg	Office/Retail	59		3,072			2,182	1,162	6,416
3 Kullen Västra 19	Kullagatan 30	Helsingborg	Office/Retail	22		1,078	402	0	0	372	1,852
4 Kärnan Norra 21	Stortorg 17/Norra Storg 6	Helsingborg	Office/Retail	28		2,309	303	159	0	0	2,771
5 Kärnan Södra 9	Södra Storg 9, 11-13	Helsingborg	Office/Retail			382	1,002	16	1,336	3,543	6,279
6 Magnus Stenbock 7	Strömgränd 3/N Storgatan 7	Helsingborg	Office/Retail	7		404	200	0	0	0	604
7 Najaden 14	Drottningg 7,11/Sundstorg 2-6	Helsingborg	Office/Retail	143		8,657	1,552	602	2,775	42	13,628
8 Polisen 5	Konsul Perssons plats 1	Helsingborg	Office/Retail	113		5,021	0	0	0	0	5,021
9 Polisen 6	Carl Krooksgatan 24	Helsingborg	Office/Retail	82		7,012	0	16	1,457	0	8,485
10 Polisen 7	Nedre Holländaregatan 1	Helsingborg	Projects & Land	7							0
11 Ruuth 23	Bruksgatan 29	Helsingborg	Office/Retail			1,145	313	0	2,740	0	4,198
12 Ruuth 35	Bruksgatan 25/Prästgatan 10	Helsingborg	Office/Retail			0	589	136	1,730	0	2,455
13 Stattena 7	Stattena Cent/Nelly Krooksg	Helsingborg	Office/Retail	67		1,112	5,545	0	124	2,766	9,547
14 Svea 7	Järnvägsg 7-11/S Strandg 2-6	Helsingborg	Office/Retail	99		5,016	2,009	62	0	313	7,400
15 Terminalen 1	Järnvägsg/Kungst/Terminalg	Helsingborg	Office/Retail		L	15,411	7,438	226	705	1,391	25,171
16 Terminalen 3	Järnvägsgatan 14	Helsingborg	Office/Retail	50	L	2,969	151	0	1,620	0	4,740
17 Terminalen 4	Järnvägsgatan 18	Helsingborg	Office/Retail	45	L	3,348	0	0	0	25	3,373
18 Terminalen 5	Järnvägsgatan 22-24	Helsingborg	Office/Retail	69	L	5,591	142	0	0	0	5,733
Central Helsingborg, tota	il			855		68,358	19,646	1,217	14,669	9,691	113,581

Helsingborg Berga

No. Name of property	Address	Municipality	Type of property	Tax Lease ass. val. ho SEK m			Industrial/ E warehous- ing, m²	Education/ Health- care, m²	Other m²	Total m²
19 Ackumulatorn 17	Knut Påls väg 1	Helsingborg	Ind/Warehousing	23	0	0	4,214	0	0	4,214
20 Ametisten 5	Porfyrgatan 1	Helsingborg	Ind/Warehousing	41	570	0	7,099	0	0	7,669
21 Armborstet 4	Lilla Garnisonsgatan 31	Helsingborg		12	899	1,970	0	0	0	2,869
22 Armborstet 6	Lilla Garnisonsgatan 41	Helsingborg	Ind/Warehousing	14	421	3,798	0	0	0	4,219
23 Barrikaden 3	Fyrverkaregatan	Helsingborg	Projects & Land							0
24 Cylindern 2	Fältarpsvägen 396	Helsingborg	Ind/Warehousing	14	0	0	2,173	0	0	2,173
25 Floretten 3	Garnisonsgatan 25 A-C	Helsingborg	Office/Retail	36	5,218	44	444	0	0	5,706
26 Floretten 4	Garnisonsgatan 23	Helsingborg	Office/Retail	61	4,649	138	0	0	0	4,787
27 Grusbacken 1	Mogatan 12	Helsingborg	Ind/Warehousing	11	0	0	1,278	0	0	1,278
28 Grusgropen 3	Grustagsgatan 22	Helsingborg	Ind/Warehousing	26	531	0	4,776	0	0	5,307
29 Grushögen 2	Makadamgatan 1	Helsingborg	Ind/Warehousing	12	0	0	3,150	0	0	3,150
30 Grusplanen 2	Blockgatan 8	Helsingborg	Ind/Warehousing	15	405	0	2,934	0	0	3,339
31 Grustaget 1	Grustagsgatan 35-37	Helsingborg	Office/Retail	20	4,008	0	0	0	0	4,008
32 Grustaget 2	Grustagsgatan 11-15	Helsingborg	Ind/Warehousing	19	1,316	0	2,388	0	0	3,704
33 Hakebössan 1	Karbingatan 28-32	Helsingborg	Ind/Warehousing	22	997	0	3,886	0	0	4,883
34 Hakebössan 2	Karbingatan 10-20	Helsingborg	Ind/Warehousing	43	823	366	8,185	0	0	9,374
35 Hakebössan 3	Karbingatan 22, 26	Helsingborg	Ind/Warehousing	24	1,483	0	4,201	0	0	5,684
36 Hillebarden 1	Garnisonsgatan 16, 18 A-B	Helsingborg	Ind/Warehousing	39	2,014	2,732	4,294	0	0	9,040
37 Huggjärnet 12	Garnisonsg 7a/Kastellg 8	Helsingborg	Office/Retail	30	4,238	424	820	0	0	5,482
38 Huggjärnet 13	Kastellgatan 2	Helsingborg	Ind/Warehousing	16	0	600	3,842	0	0	4,442
39 Kniven 2	Mörsaregatan 17	Helsingborg	Ind/Warehousing	4	0	0	3,515	0	0	3,515
40 Kniven 3	Mörsaregatan 19	Helsingborg	Ind/Warehousing	19	200	0	4,591	0	0	4,791
41 Kroksabeln 11	Muskötg 17-27, Garnisonsg 17	Helsingborg	Ind/Warehousing	29	488	1,511	5,933	0	0	7,932
42 Kroksabeln 12	Garnisonsgatan 19	Helsingborg	Ind/Warehousing	74	2,810	3,982	8,267	0	0	15,059
43 Kroksabeln 19	Florettgatan 14	Helsingborg	Ind/Warehousing	22	1,205	192	6,543	0	0	7,940
44 Kroksabeln 20	Florettgatan 16	Helsingborg	Office/Retail	27	972	2,463	842	0	0	4,277
45 Lansen 1	Florettgatan 15-29 B-C	Helsingborg	Ind/Warehousing	106	9,147	0	14,023	0	0	23,170
46 Lansen 2	Florettgatan 31-39	Helsingborg	Ind/Warehousing	23	1,248	0	4,425	0	30	5,703
47 Lansen 3	Florettgatan 29 A	Helsingborg	Office/Retail	6	0	0	1,340	0	0	1,340
48 Lövskogen 3	Ekvändan	Helsingborg	Projects & Land	0						0
49 Musköten 9	Muskötgatan 4	Helsingborg	Office/Retail	15	975	2,805	1,368	0	0	5,148
50 Musköten 13	Muskötgatan 8 B	Helsingborg	Office/Retail	14	2,210	0	0	0	0	2,210
51 Musköten 17	Kastellgatan 5	Helsingborg	Ind/Warehousing	17	0	0	5,187	0	0	5,187
52 Musköten 20	Muskötgatan 6-8	Helsingborg	Ind/Warehousing	16	0	0	2,380	0	0	2,380
53 Mörsaren Västra 5	Muskötgatan 5	Helsingborg	Ind/Warehousing	7	1,701	0	0	0	0	1,701
54 Mörsaren Västra 13	Florettgatan 4	Helsingborg	Ind/Warehousing	16	404	0	3,566	0	0	3,970
55 Rubinen 1	Basaltgatan 9	Helsingborg	Ind/Warehousing	51	355	0	10,724	0	0	11,079

continued on next page

No. Name of property	Address	Municipality	Type of	Tax Lease	- Offices	Retail	Industrial/E	ducation/	Other	Total
			property	ass. val. hold SEK m	d m²	m ²	warehous- ing, m²	Health- care, m²	m²	m²
56 Snårskogen 4	Ekvändan 5	Helsingborg	Ind/Warehousing	14	0	0	3,015	0	0	3,015
57 Snårskogen 5	Ekvändan	Helsingborg	Projects & Land	4						0
58 Spjutet 1	Garnisonsgatan 12	Helsingborg	Ind/Warehousing	13	168	1,328	1,512	0	0	3,008
59 Visiret 5	Garnisonsgatan 47 A	Helsingborg	Ind/Warehousing	10	0	0	1,800	0	0	1,800
60 Värjan 12	Muskötgatan 12	Helsingborg	Office/Retail	13	1,871	0	0	0	0	1,871
61 Värjan 13	Muskötgatan 10	Helsingborg	Ind/Warehousing	22	0	0	5,145	0	0	5,145
62 Zirkonen 2	Andesitgatan 16	Helsingborg	Ind/Warehousing	23	0	4,628	0	0	0	4,628
Helsingborg Berga, tota	t			1,024	51,326	26,981	137,860	0	30	216,197

Helsingborg Söder

No. Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Lease- hold	Offices m ²		Industrial/ E warehous- ing, m²	ducation/ Health- care, m²	Other m²	Total m²
63 Afrika 18	Verkstadsg 13/Rågångsg 7	Helsingborg	Ind/Warehousing	9		1,434	0	0	0	0	1,434
64 Brottaren 15	Kapplöpningsgatan 14, 16	Helsingborg	Ind/Warehousing	19		3,246	100	1,005	0	0	4,351
65 Bunkagården Västra	8 Bunkalundsvägen 5	Helsingborg	Ind/Warehousing	38		30	0	10,674	0	0	10,704
66 Bunkalund Östra 8	Bunkagårdsgatan 13	Helsingborg	Ind/Warehousing	20		0	0	6,300	0	0	6,300
67 Flintyxan 1	Stenbrovägen 40-42	Helsingborg	Ind/Warehousing	11		0	0	3,115	0	0	3,115
68 Flintyxan 3	Stenbrovägen 36-38	Helsingborg	Ind/Warehousing	11		0	0	3,118	0	0	3,118
69 Flintyxan 5	Stenbrovägen 32-34	Helsingborg	Ind/Warehousing	18		324	0	4,523	0	0	4,847
70 Gymnasten 4	Planteringsvägen 11	Helsingborg	Office/Retail	28		65	3,040	2,865	0	60	6,030
71 Gymnasten 9	Kapplöpningsgatan 6	Helsingborg	Ind/Warehousing	39		2,248	0	15,253	0	0	17,501
72 Hästhagen 7	La Cours g, Landskronav	Helsingborg	Office/Retail	62		7,350	1,289	1,062	1,297	320	11,318
73 Manövern 3	Hästhagsvägen 1	Helsingborg	Office/Retail	21		360	3,857	762	0	0	4,979
74 Olympiaden 7	Kapplöpningsgatan 5	Helsingborg	Ind/Warehousing	8		812	0	930	0	0	1,742
75 Olympiaden 8	Kapplöpningsgatan 3	Helsingborg	Ind/Warehousing	18		1,190	0	5,910	0	0	7,100
76 Orkanen 5	Landskronavägen 18	Helsingborg	Ind/Warehousing	7		498	0	2,464	0	0	2,962
77 Persien 1	V Sandg 10-12/Cindersg 11	Helsingborg	Ind/Warehousing	7		104	0	3,235	0	515	3,854
78 Persien 14	Cindersgatan 13-15	Helsingborg	Ind/Warehousing	9		44	0	2,824	1,022	0	3,890
79 Persien 15	Cindersgatan 17-19	Helsingborg	Ind/Warehousing			0	0	0	4,026	0	4,026
80 Planteringen 1:8	V Tallgatan 32	Helsingborg	Ind/Warehousing	5		540	0	1,317	0	0	1,857
81 Planteringen 1:9	V Tallgatan 32	Helsingborg	Ind/Warehousing	16		979	0	5,217	0	0	6,196
82 Plåtförädlingen 7	Strandbadsvägen 11	Helsingborg	Ind/Warehousing	4		0	0	1,230	0	0	1,230
83 Plåtförädlingen 8	Strandbadsvägen 13	Helsingborg	Ind/Warehousing	43		2,457	0	9,365	0	0	11,822
84 Plåtförädlingen 11	Strandbadsvägen 19-21	Helsingborg	Ind/Warehousing	72		2,759	276	18,021	0	0	21,056
85 Plåtförädlingen 13	Strandbadsvägen 15-17	Helsingborg	Ind/Warehousing	67		1,674	0	15,193	0	0	16,867
86 Plåtförädlingen 15	Strandbadsvägen 7	Helsingborg	Ind/Warehousing	17		0	0	2,496	0	0	2,496
87 Plåtförädlingen 18	Strandbadsvägen 9	Helsingborg	Ind/Warehousing	9		170	0	2,338	0	0	2,508
88 Posten 1	Västra Sandgatan 7	Helsingborg	Office/Retail			3,051	0	2,972	0	0	6,023
89 Rausgård 21	Landskronavägen 9	Helsingborg	Ind/Warehousing	43		4,312	0	5,872	0	190	10,374
90 Sadelplatsen 10	Fäktmästaregatan 5	Helsingborg	Ind/Warehousing	7		385	0	2,725	0	0	3,110
91 Sadelplatsen 13	Planteringsv/Fäktmästareg	Helsingborg	Ind/Warehousing	42		728	5,680	11,344	1,270	520	19,542
92 Spanien 5	Gåsebäcksv 6/Motorg 1	Helsingborg	Projects & Land	0		0	0	0	0	0	0
93 Spanien 11	Kvarnstensg/Motorg	Helsingborg	Ind/Warehousing	28		2,188	451	2,882	0	0	5,521
94 Stormen 13	Landskronavägen 2-12	Helsingborg	Ind/Warehousing	16		1,480	0	2,763	0	60	4,303
95 Tyfonen 1	Landskronavägen 20	Helsingborg	Ind/Warehousing	16		1,095	0	2,517	0	700	4,312
96 Ättehögen Mellersta	6 Torbornavägen 22	Helsingborg	Ind/Warehousing	11		385	0	2,220	0	0	2,605
97 Pedalen 16 etc.	Rattgatan	Landskrona	Projects & Land	3		0	0	0	0	0	0
Helsingborg Söder, total	l			724		39,908	14,693	152,512	7,615	2,365	217,093
Helsingborg, total				2,603		159,592	61,320	291,589	22,284	12,086	546,871



Copenhagen

Properties: 53 | Value: SEK 6,900 million Lettable area: 577,000 m²

The hub of the Öresund region

Together with Malmö, Copenhagen represents the hub of the expansive Öresund region, with the Öresund Bridge as the connecting link. Thanks to the rapidly developing Copenhagen Airport, access to and from Copenhagen is very easy.

The business climate in Copenhagen is considered to be highly favourable. Several independent rankings, including those of the World Bank and Forbes, rated Denmark as the easiest country in Europe in which to do business. Some of the reasons include a relatively low rate of corporation tax, a flexible labour market and lower costs in terms of salaries and local rents. Good logistics and access to skills are other factors that favour the establishment of companies here.

Copenhagen has a good infrastructure. The city centre, the southeastern suburbs and one suburb to the west are served by a metro, while the other districts are served by local S-train rail services and buses. As Copenhagen is growing, better public transport is needed and the city is therefore planning a high-speed tram line, known as the Ring 3 Light rail, which is expected to be completed around 2023–2024. An extended and efficiently functioning public transport system connecting the different areas of Copenhagen is a strong motivator for the market.

Economic upturn

The Danish economy developed relatively weakly in the years leading up to 2016. Since then, things have improved and commentators believe Denmark is on the way out of its decline thanks

to the strongest economic growth seen for many years. The expectation is for GDP growth to go beyond 2 percent in 2018.

Wihlborgs is growing in Denmark

Ever since Wihlborgs established itself in Copenhagen in 1996, its position in the market has become increasingly strong, with the property portfolio growing considerably over the last few years. Wihlborgs purchased 16 properties in 2017, comprising a total of 175,000 m². The year before, Wihlborgs purchased 15 properties, comprising a total of 115,000 m². In Copenhagen, Wihlborgs currently owns and manages properties comprising 577,000 m² with a property value of SEK 6,920 million. This places Wihlborgs among the 6–7 largest property owners in Copenhagen.

Wihlborgs' strategic focus in the Danish market is on continued growth. Once the portfolio has surpassed a critical mass in terms of size, Wihlborgs will be better equipped and in a position to serve customers and their changing needs for greater flexibility.

Specialised management

For many years, the Danish property market has been characterised by overcapacity. This was due in part to the lengthy economic downturn, but also the fact that companies amended their working methods. It is now more common for staff at companies to work flexible hours and in smaller premises. Overcapacity has also led to tenants now being able to place greater demands on service and flexibility. Many property owners therefore offer ancillary services such as canteens.

Wihlborgs considers service to be a crucial competitive factor. In Denmark, there is a greater focus on managing resources than managing capital. Wihlborgs has identified three factors that form the basis of its offering to the market: accessibility, comfort and experience.

Accessibility involves Wihlborgs' properties being located within easy reach of transport links and commuter routes, either by car or public transport. Comfort refers to the service that Wihlborgs offers in the form of canteens, receptions and other services. Experience relates to how the property looks and functions. Wihlborgs wants to offer its tenants unique added value in order to foster loyalty and long-term relationships.

Concentrated portfolio

Around 90 percent of Wihlborgs' property portfolio is concentrated in west Copenhagen and the districts of Herlev, Ballerup, Høje-Taastrup, Glostrup and Brøndby. These five municipalities are all among the most expansive in Denmark with the largest increase in workplaces. The portfolio consists of office and warehousing properties offering multiple project opportunities. In 2017, Wihlborgs completed a major redevelopment for the transport company M Larsen.

North Copenhagen

Properties: 9 | Value: SEK 1,100 million Lettable area: 86.000 m²

In North Copenhagen, Wihlborgs properties can be found in areas such as Hillerød, Allerød, Kr. Værløse, Holte, and Hørsholm. Danske Bank, ATP, HP and Sanofi Avensis all figure among the tenants here.

West Copenhagen

Properties: 9 | Value: SEK 1,800 million Lettable area: 111,000 m²

Ballerup is located in west Greater Copenhagen and represents one of Wihlborgs' core areas with its nine properties. Ballerup is located 14 kilometres west of Copenhagen and has very good transport links with several commuter train stations, a number of bus routes and fast connections to major roads. CGI, Pfizer, T-Systems and Sony are among the tenants here.

East Copenhagen

Properties: 22 | Value: SEK 1,700 million Lettable area: 169 000 m²

East Copenhagen includes areas such as Herlev, which is one of Wihlborgs' core areas. Herlev is located 12 kilometres from Copenhagen and, like Ballerup, has good transport links for commuting by train, bus or car. Wihlborgs has 22 properties here with its head office based in one of them. Mercedes, Bürkert, SOSU secondary school and Tyréns are among the tenants here. Several properties in Skovlunde and the outskirts of Copenhagen are also included in this area.

South Copenhagen

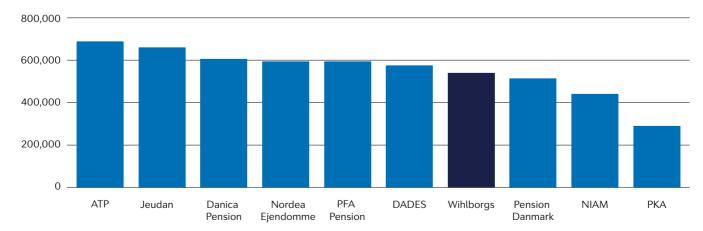
Properties: 13 | Value: SEK 2,300 millior Lettable area: 212,000 m²

South Copenhagen mainly covers Brøndby and Høje-Taastrup. Both areas are connected to the motorway network, have good public transport links and are near Copenhagen Airport. PostNord, M. Larsen, Sodexo and Danske Bank are among the tenants here. Properties in Glostrup and Roskilde are also included in this area.

Focus in 2018

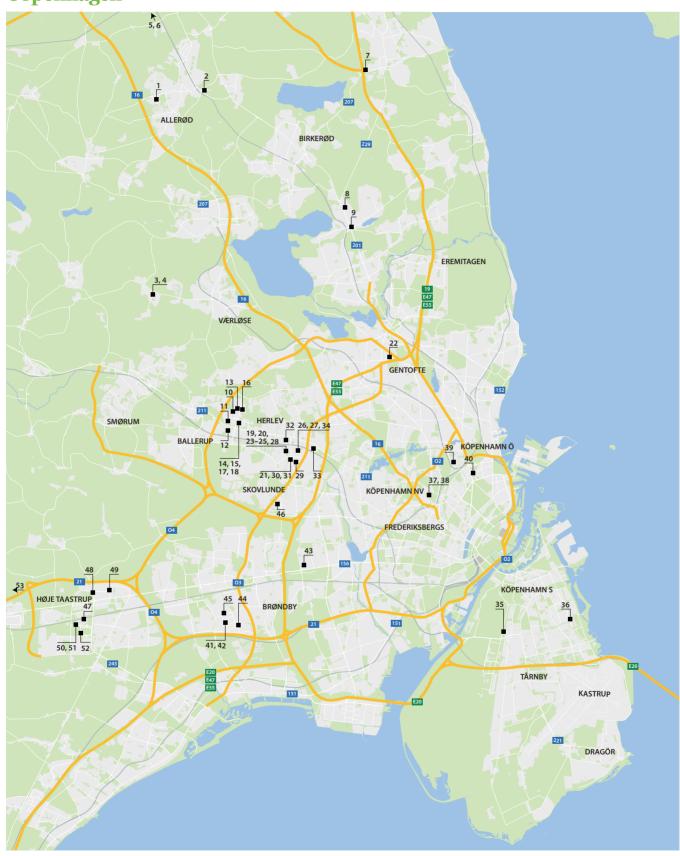
The focus in 2018 will be placed on continued growth. Wihlborgs will also start work on a number of new-build and redevelopment projects to meet customers' needs for modern and appropriate premises. During the year, the focus will also be on developing the organisation and on reviewing processes, procedures and reporting within, for example, HR, Purchasing and Environment to ensure that these functions in the Danish operations are in tune with the rest of the Group.

Property owners office, Copenhagen (Capital Region) 31 December 2017



Source: Sadolin & Albæk A/S

Copenhagen



North Copenhagen								1		
No. Name of property	Address	Municipality	Type of property	Tax Lease- ass. val. hold SEK m	Offices m ²		Industrial/ E warehous- ing, m²	Education/ Health- care, m ²	Other m²	Total m²
1 Engholm Parkvej 8	Engholm Parkvej 8	Allerød	Office/Retail		9,916	0	0	0	1,111	11,027
2 Sortemosevej 2	Sortemosevej 2	Allerød	Office/Retail		7,252	0	0	0	2,005	9,257
3 Lejrvej 1	Lejrvej 1	Furesø	Ind/Warehousing		183	0	,	0	0	1,402
4 Lejrvej 15-19	Lejrvej 15-19	Furesø	Office/Retail		7,324	0		0	750	8,292
5 Bymosevej 4	Bymosevej 4	Gribskov	Office/Retail Office/Retail		2,943	0		0	1,029	3,972
6 Munkeengen 4-32 7 Slotsmarken 10-18	Munkeengen 4-32 Slotsmarken 10-18	Hillerød Hørsholm	Office/Retail		3,586 24,424	0		4,31 <u>2</u> 0	8,092 2,685	15,990 27,349
8 Kongevejen 400	Kongevejen 400	Rudersdal	Office/Retail		4,629	0		0	2,003	4,629
9 Røjelskær 11-15	Røjelskær 11-15	Rudersdal	Office/Retail		4,358	0		0	0	4,358
North Copenhagen, total				0	64,615	0	1,677	4,312	15,672	86,276
West Copenhagen										
No. Name of property	Address	Municipality	Type of property	Tax Lease- ass. val. hold SEK m	Offices m ²		Industrial/ E warehous-H ing, m²		Other m²	Total m²
10 Borupv. 2/Lautrupc.	Borupvang 2/Lautrupcentret	-	Office/Retail		9,203	5,268		170	6,235	20,876
11 Borupvang 5	Borupvang 5		Office/Retail		9,844	0		0	429	10,273
12 Industriparken 29	Industriparken 29		Office/Retail		3,118	0		0	0	3,118
13 Lautruphøj 8-10	Lautruphøj 8-10		Office/Retail		14,617	0		0	2,428	17,045
14 Lautrupvang 1 15 Lautrupvang 2	Lautrupyang 1 A+B		Office/Retail Office/Retail		11,619	0	,	0	0	14,558
16 Lautrupvang 3	Lautrupvang 2 Lautrupvang 3		Office/Retail		12,164 11,514	0		0	58 1,926	12,222 13,440
17 Lautrupvang 8	Lautrupvang 8		Office/Retail		7,679	0		0	2,094	9,773
18 Lautrupvang 12	Lautrupvang 12		Office/Retail		8,135	0		0	1,261	9,396
West Copenhagen, total				0	87,893	5,268	2,939	170	14,431	110,701
East Copenhagen										
No. Name of property	Address	Municipality	Type of property	Tax Lease- ass. val. hold SEK m	Offices m²		Industrial/E warehous- ing, m²	ducation/ Health- care, m²	Other m²	Total m²
19 Literbuen 610	Literbuen 6-10	Ballerup	Office/Retail		1,602	0	9,653	0	450	11,705
20 Literbuen 16-18	Literbuen 16-18	Ballerup	Office/Retail		4,696	0	3,637	0	0	8,333
21 Mileparken 22	Mileparken 22	Ballerup	Projects & Land		0	0	11,651	0	67	11,718
22 Sandtoften 9	Sandtoften 9	Gentofte	Office/Retail		4,970	0	0	0	0	4,970
23 Ellekær 2-4	Ellekær 2-4	Herlev	Office/Retail		0	0	4,828	0	0	4,828
24 Ellekær 6	Ellekær 6	Herlev	Office/Retail		4,763	0	1,071	0	0	5,834
25 Ellekær 9	Ellekær 9	Herlev	Office/Retail Office/Retail		5,587	0	380 0	0	309	6,276
26 Hørkær 14 & 26 27 Hørkær 16-28	Hørkær 14 & 26 Hørkær 16-28	Herlev Herlev	Office/Retail		4,298 23,264	0	3,199	2,781	1,289 5,116	5,587 34,360
28 Knapholm 7	Knapholm 7	Herlev	Office/Retail		3,763	0	528	2,761	1,120	5,411
29 Lyskær 9	Lyskær 9	Herlev	Office/Retail		5,091	0	0	0	437	5,528
30 Marielundvej 28-30	Marielundvej 28-30	Herlev	Office/Retail		2,420	0	6,956	0	294	9,670
31 Marielundvej 29	Marielundvej 29	Herlev	Ind/Warehousing		1,619	0	2,221	0	602	4,442
32 Smedeholm 10	Smedeholm 10	Herlev	Office/Retail		2,990	0	0	0	216	3,206
33 Stationsalleen 40-46	Stationsalleen 40-46	Herlev	Office/Retail		1,781	914	0	1,549	1,078	5,322
34 Vasekær 9	Vasekær 9		Projects & Land		0	0	0	0	0	0
35 Digevej 114	Digevej 114		Office/Retail		7,358	0	0	0	30	7,388
36 Engvej 139	Engvej 139		Office/Retail		0	0	0	2,660	0	2,660
37 Glentevej 61-65 38 Glentevej 67-69	Glentevej 61-65 Glentevej 67-69		Office/Retail Office/Retail		2,815 8,490	0	400 0	6,650 0	70 0	9,935 8,490
39 Lersø Park Alle 103-10			Office/Retail		9,859	0	0	0	0	9,859
40 Lyngbyvej 20	Lyngbyvej 20		Office/Retail		2,708	0	0	0	572	3,280
East Copenhagen, total			-	0	98,074	914	44,524	13,640	11,650	168,802
South Copenhagen										
No. Name of property	Address	Municipality	Type of property	y Tax Lease- ass. val. hold SEK m			Industrial/ E warehous- ing, m²	ducation/ Health- care, m²	Other m²	Total m²
41 Abildager 8-14	Abildager 8-14	Brøndby	Ind/Warehousin	ıg	322	0	14,190	0	0	14,512
42 Abildager 16	Abildager 16	Brøndby	Ind/Warehousin		0	0	9,336	0	0	9,336
43 H.J. Holst vej 3-5	H.J. Holst vej 3-5	Brøndby	Office/Retail		7,263	0	0	0	844	8,107
44 Midtager 35	Midtager 35	Brøndby	Ind/Warehousin	-	0	0	7,963	0	0	7,963
45 Park Allé 363	Park Allé 363	Brøndby	Ind/Warehousin	g	4,000	0	0	0	0	4,000
46 Ejby Industrivej 41	Ejby Industrivej 41	Glostrup	Office/Retail		25,480	0	0	0	23,695	49,175
47 Girostrøget 1	Girostrøget 1		p Office/Retail		46,296	0	0	0	15,153	61,449
48 Helgeshøj Alle 9-15, 49 Husby Alle 8	Helgeshøj Alle 9-15 & 49-55 Husby Alle 8				13,347 1,434	0	0 0	0	0 329	13,347
50 Høje-Taastru Blvd 33	Høje-Taastru Boulevard 33-39		p Office/Retail p Office/Retail		1,434 4,160	294	0	888	1,239	1,763 6,581
•	P. Høje-Taastrup Boulev. 52-58		•		2,636	926	0	0	720	4,282
52 Oldenburg Alle 1-5	Oldenburg Alle 1-5		p Office/Retail		13,686	0	0	0	1,612	15,298
53 Ny Østergade 7-11	Ny Østergade 7-11	Roskilde	Office/Retail		14,679	0	137	339	595	15,750
South Copenhagen, total				0	133,303	1,220	31,626	1,227	44,187	211,563
				-	202.005	7.402	90.766	10.240	.,	

0

Copenhagen, total

383,885

7,402

80,766

19,349

85,940 577,342



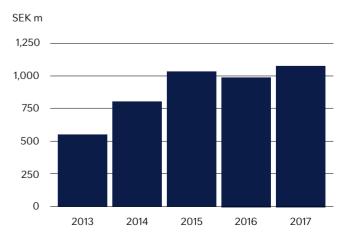
Wihlborgs has a growth-based business model that rests on two pillars: property management and project development. An important part of creating growth is to continuously start new, profitable projects in the form of both new builds and development of existing properties.

Using customers' needs as a basis, Wihlborgs is able to develop existing properties by way of redevelopments or extensions. We can also produce new builds, both on undeveloped land and on already-developed properties. In addition, we are continuously working to locate new land and develop new detailed development plans that can supply future market needs.

We produce new builds with a view to owning and managing them long-term, and we therefore prioritise high quality in terms of architecture, building materials and technical installations. Wihlborgs places focus on sustainability and the environment. Our goal is to see all new developments certified Gold by Sweden Green Building Council (SGBC), as this enables us to ensure that the building has a strong environmental performance and provides a good environment for those who work in it. In 2017, SEK 1,061 million was invested in redevelopment,

extensions and new builds. Approved investments in ongoing projects amount to SEK 1,530 million, of which SEK 715 million had been invested at the turn of the year.

Total investments



Completed projects

Ten projects requiring investments of more than SEK 10 million were completed in 2017 of which the largest was the Ubåten multistorey car park and the Sirius block in Malmö. For more information, see pages 52-53.

Ongoing projects

There were eight ongoing projects requiring investments of more than SEK 10 million at the end of 2017. Among these are several new-build projects, such as Bure 2 (Origo) and Gimle 1 (Dungen) in Hyllie, as well as Posthornet 1 in Lund. An extension is also being carried out on Kranen 9 for Tyréns in Dockan, Malmö. For more information, see pages 54-55.

Future projects

Wihlborgs has a number of project opportunities in Malmö, Lund, Helsingborg and Copenhagen. See also page 55.

Malmö

Dockan, Kockums' former dockyard area, has been gradually transformed from a dockyard to a modern city district since 2000. Today, Wihlborgs manages 160,000 m² of premises here, but there are further opportunities for development. A potential future project is the Rondellhuset building, containing 7,000 m² at the junction of Stora Varvsgatan/Östra Varvsgatan. Redevelopment and extension of existing properties are also carried out on an ongoing basis.

The next major development area is Nyhamnen, which extends from the Central Station to Frihamnen in the north and Västkustvägen in the east. Wihlborgs is a major property owner in the area with older properties and the new Sirius office building. Wihlborgs has also been allocated land for a further 25,000 m² of offices. The vision is for Nyhamnen to become a high-density, green and mixed city district with 6,000 housing units and 13,000 new workplaces along with schools, nursery schools and parks. Together with Wihlborgs, the City of Malmö has implemented the "Uppstart Nyhamnen" (Start-up Nyhamnen) project, in which proposals were produced and then used to form the basis of the central plan for Nyhamnen, which is expected to be adopted by the Municipal Council in 2018.

Another development area is Hyllie in south-west Malmö. In addition to Bure 2 (Origo) and Gimle 1 (Dungen), Wihlborgs has one other land allocation in Hyllie with the option of building offices.

Wihlborgs has several project options in the outer areas of Malmö involving industrial/warehousing facilities.

Helsinabora

Oceanhamnen represents an important development area in Helsingborg, whereby old port and industrial land will be developed into a completely new city district. Wihlborgs will build the spectacular Prisma office building here. The district will be attractively located, close to water, at the entrance to the city and linked to Helsingborg's central station, Knutpunkten, by a new pedestrian and cycle bridge.

Work will start on a new facade for Terminalen 1 (Knutpunkten) in 2018, as well as a new restaurant area and more new, modern office space.

Lund

A tram line is being constructed between Lund Central Station and Brunnshög. One of the stops will be located at Ideon, and Wihlborgs has the opportunity to build office space in several stages here in connection with the new Ideontorget square. Wihlborgs already has development rights with a detailed development plan for 8,000 m² of offices in the Syret block.

Science Village Scandinavia is being built between MAX IV and ESS. In 2015, Wihlborgs won a competition for land allocation together with FOJAB Arkitekter for the proposal "Space", which will house a research hotel and conference centre, among other things. The County Administrative Board declared the detailed development plan void, and, following an appeal from the City of Lund, the matter will be determined by the government. This decision is expected in 2018.

Wihlborgs will also participate in the development of Västerbro in west Lund, where we own two properties. The area will be gradually transformed from an industrial area into a sustainable city district containing housing units, schools, workplaces, shops and services.

Copenhagen

Market conditions in Denmark have previously been such that new-build and redevelopment projects have not been on the agenda, but as the Danish economy begins to pick up speed, Wihlborgs is now assessing future project opportunities.

Jointly owned projects

Wihlborgs and Peab jointly own Fastighets AB ML4, the company that built the Max IV facility in Lund. MAX IV is the world's brightest synchrotron-light facility and was inaugurated in 2016. Lund University is the tenant and has a 25-year lease. Max IV consists of around 20 buildings with a GFA of approximately 50,000 m². Max IV was extended by 3,700 m² in 2016, while in 2017 construction began on an electrical substation. Discussions are held on an ongoing basis with Lund University about further extensions.

Hälsostaden Ängelholm AB

Hälsostaden Ängelholm AB is a joint venture between Region Skåne, Peab and Wihlborgs. The company owns, develops and manages the properties at the Ängelholm Hospital site, at which the premises in the southern area of the hospital will be decommissioned and concentrated on the northern area.

An agreement was reached with Region Skåne in 2013 regarding the redevelopment of 5,500 m² in a treatment building as well as a new build of an 8,000 m² care building in the northern area of the hospital. The investment is estimated at SEK 700 million. Furthermore, a varied care facility spanning 3,000 m² will become operational in spring 2018. A multistorey car park, mortuary, technology building and redevelopment of a treatment centre have all been completed to date. The project is expected to be completed in the first guarter of 2018, with the opening taking place in June 2018.

There are also plans for a health hotel that will enable patients and their relatives to have a close, secure and comfortable place to stay.

Discussions with Region Skåne regarding the phasing out of the remaining premises in the southern area of the hospital continued in 2017. When this is complete, plans for a new city district near the city centre and public transport can take shape.

Completed projects over SEK 10 million



Sirius 3, Malmö

AREA: 7,200 m² LOCATION: Nyhamnen, Malmö COMPLETION: Q4, 2017 INVESTMENT: SEK 217 million

In one of Malmö's most exciting development areas – Nyhamnen – Wihlborgs has built the Sirius office building, neighbour to Slagthuset and a stone's throw from Malmö Central Station.

The building has five stories and a subterranean garage, with premises for shops and services on the ground floor. The grey-black brick facade blends in with the older buildings' facades and forms an evocative contrast to the metal sections of the building.

The property was ready for occupancy in December 2017. Tele2, LA Partners, JM and The Confederation of Swedish Enterprise are among the tenants.

The building will be certified Gold by SGBC.



Fisken 18, Malmö

AREA: 2,900 m²
LOCATION: City centre,
Malmö
COMPLETION: Q4, 2017
INVESTMENT: SEK 35 millior

At the Fisken 18 property, Wihlborgs has redeveloped 2,900 m² for the Swedish Defence Recruitment Agency since the authority chose Malmö as the new location for its testing activities.

The premises have been redeveloped to be suitable for the authority's testing activities for those subject to conscription and those applying to various training courses.



Karin 14, Malmö

AREA: 7,250 m²
LOCATION: City centre,
Malmö
COMPLETION: Q4, 2017
INVESTMENT: SEK 19 millior

In September 2017, the County Administrative Board vacated Karin 14 on Kungsgatan. A renovation of the outer surface, floorplan amendments, a replacement of suspended ceilings and a new automation system were all carried out in the space of two months. In December 2017, the City of Malmö's Medical, Health and Social Care Administration moved into the premises, followed by the Labour Market & Social Services Department in January 2018.



Hordaland 1 (Ubåten), Malmö

AREA: 12,000 m² LOCATION: Dockan, Malmö COMPLETION: Q4, 2017 INVESTMENT: SEK 119 million

Wihlborgs has built the Ubåten multistorey car park at the Hordaland 1 property in Dockan, containing 410 parking spaces over eight floors.

The multistorey also has 200 bicycle stalls and 12 spaces for charging electric vehicles. On top of the property is a solar cell facility that will supply the car park with electricity.

The car park is located next to Ubåtshallen (Kranen 8), in which Försäkringskassan (the Swedish Social Insurance Agency) has its premises. The facade consists of expanded metal in tones such as champagne and bronze, while climbing plants adorn the various stories.

The operation and leasing of parking spaces is handled by Parkering Malmö.



Bunkagården Vä. 8, Helsingborg

AREA: 4,600 m²
LOCATION: Ättekulla, Helsingborg
COMPLETION: Q1, 2017
INVESTMENT: SEK 15 million

The Bunkagården Västra 8 property has undergone an extensive renovation both internally and externally, and has also been equipped with a new facade. Stena Stål, which previously based its business in Berga, moved into the premises in March.



Stenshuvud 3, Malmö

AREA: 17,000 m² LOCATION: Norra hamnen, Malmö COMPLETION: Q1, 2017 INVESTMENT: SEK 13 million

The Stenshuvud 3 property – in which Wayne AB leases the majority of the space – underwent improvements in 2016–2017, involving the replacement of windows and renovation of the facade.



Kranen 2, Malmö

AREA: 17,300 m² LOCATION: Dockan, Malmö COMPLETION: Q2, 2017 INVESTMENT: SEK 10 millior

Malmö University previously hosted academic activities in Kranen 2. To prepare for new activities, Wihlborgs carried out internal demolition that opened up the old academic premises to create a large atrium.



Stridsvxan 4, Malmö

AREA: 2 000 m² LOCATION: Fosie, Malmö COMPLETION: Q3, 2017 INVESTMENT: SEK 11 millior

Areco has been leasing premises totalling 3,000 m 2 at Stridsyxan 4 in Fosie for a while now. In 2016–2017, Wihlborgs carried out an extension of a store/warehouse and built a new warehouse totalling 2,000 m 2 on behalf of Areco.



Persien 15, Helsingborg

AREA: 4,000 m²
LOCATION: South Helsingborg
COMPLETION: Q1, 2017

In the Persien 15 property, Rönnowska school carries out educational activities with a focus on vehicles.

Wihlborgs totally renovated these premises.



Abildager 16, Copenhagen

AREA: 7,500 m²
LOCATION: Brøndby, Copenhagen
COMPLETION: Q3, 2017
INVESTMENT: DKK 57 million

The transport company M. Larsen signed an agreement in 2016 to lease the Abildager 16 property. Wihlborgs renovated this office building which now offers light, open office space with a lot of glass and good ventilation/cooling. Other buildings have been modernised and adapted to the needs of tenants.

Ongoing projects

Ongoing projects with investments exceeding SEK 50 million, Dec 31, 2017 Municipality Property Project Category of use Completion date Lettable Occupancy Estimated Farned. investment. SEK m SEK m area, m2 rate, % Lund Posthornet 1 New-build Office/Retail Q1, 2018 11,000 90 347 252 Ind./Warehousing Q3, 2018 2,300 100 Malmö Sunnanå 12:53 New-build 66 12 Malmö Kranen 9 New-build Office/Retail O4, 2018 2.200 90 114 28 Office/Retail Malmö Gimle 1 New-build Q1, 2019 9,000 80 392 118 Helsingborg Polisen 5 New-build Office/Retail O3, 2019 4 000 100 182 93 Malmö Bure 2 New-build Office/Retail Q3, 2019 6,800 0 238 46 1,339 Total 35,300 549

Ongoing projects over SEK 10 million



Bure 2 (Origo), Malmö

AREA: 6,800 m² LOCATION: Hyllie, Malmö COMPLETION: Q3, 2019 INVESTMENT: SEK 238 million

In March 2017, Wihlborgs acquired the Bure 2 property in Hyllie comprising development rights for an office building of 6,800 m². The seller, Sundprojekt, had developed the Origo project on which Wihlborgs started construction in autumn 2017 after some modifications.

The property will have six stories, a subterranean garage and premises for stores and services on the ground floor. All office premises in Origo will have their own terrace and tenants will have access to a shared sport depot to help people commute by bicycle. The facade consists of slate brick with wooden elements.

The property will be certified to SGBC Gold standard.



Gimle 1 (Dungen), Malmö

AREA: 9,000 m² LOCATION: Hyllie, Malmö COMPLETION: Q1, 2019 INVESTMENT: SEK 392 million Next to Hyllie station, Wihlborgs is building the Dungen office building on the Gimle 1 site. The building has six floors and an underground car park. There is space on the ground floor for stores and services. The largest tenant will be Swedish Customs, which will lease 6.300 m².

The property will be certified to SGBC Gold standard.



Posthornet 1, Lund

AREA: 11,000 m² LOCATION: City centre, Lund COMPLETION: Q2, 2018 INVESTMENT: SEK 347 million Right next to Lund Central Station, Wihlborgs is building the Posthornet office project. The largest tenant will be Folktandvården Skåne, which will lease 4,800 m². Other tenants include Avensia, Trivector, Trägårdh, the Transport Research Institute and Veidekke.

The property will have a roof-top solar cell facility and environmental certification to SGBC Gold.



Kranen 9, Malmö

AREA: 2,200 m² + 4,000 m² LOCATION: Dockan, Malmö COMPLETION: Q4, 2018 INVESTMENT: SEK 114 million Wihlborgs is extending the Kranen 9 property in Dockan with a further 2,200 m² to meet the growing tenant Tyréns' need for larger premises. The project also includes the refurbishment of Tyréns' existing premises totalling 4,000 m², which will be carried out during 2019.

The new building has been certified Gold by SGBC.



Polisen 5, Helsingborg

AREA: 4,000 m² + 5,000 m² LOCATION: City centre, Helsingborg COMPLETION: Q2, 2019 INVESTMENT: SEK 182 millio Wihlborgs is extending Helsingborg District Court by 4,000 m². The new building, which will contain new office space and several court rooms, is expected to be ready in autumn 2018. At that point, work will start on a redevelopment of 5,000 m² in the Court's existing premises.

The new building will be certified Gold by SGBC.



Terminalen 1, Helsingborg

AREA: 350 m²
LOCATION: City centre, Helsingborg
COMPLETION: Q2, 2018
INVESTMENT: SEK 12 million

Folktandvården needs to expand its dental clinic at Knutpunkten in Helsingborg, so Wihlborgs is redeveloping 350 m² of office premises into dental premises.



Bronsåldern 2, Malmö

AREA: 11,500 m² LOCATION: Fosie, Malmö COMPLETION: Q2, 2018 INVESTMENT: SEK 28 million

Wihlborgs has signed a lease with the medical technology company Mediplast to redevelop on their behalf 11,500 m² of warehouses and office space that Papyrus vacated at the turn of the year 2016/2017



Sunnanå 12:53, Malmö

AREA: 2,300 m² LOCATION: Stora Bernstorp, Malmö/Burlöv COMPLETION: Q3, 2018 INVESTMENT: SEK 66 million

At Stora Bernstorp in Burlöv municipality, Wihlborgs is constructing a service centre for trucks and buses for MAN Truck & Bus. The facility is being built in a strategic location, near the outer ring road that connects to the E6 and E22 motorways. The property will be certified Silver by SGBC.

Future projects (selection)



Ursula 1 (Prisma), Helsingborg

AREA: 13,000 m²
LOCATION: City centre, Helsingborg
CONSTRUCTION START: Q2, 2018 (prel

In Helsingborg's new Oceanhamnen Waterfront Business District and directly opposite Helsingborg's central station Knutpunkten, Wihlborgs is building the Prisma office building at the Ursula 1 property. Prisma will be a unique and distinctive property by the side of the Öresund with magnificent glazing sections that reflect the glittering of the sea and the sun's rays.

Oceanhamnen is the first phase of the H+ urban regeneration project, whereby one million square metres of old port and industrial land will be developed into a completely new city district. The city district will be connected to Knutpunkten by a new pedestrian and bicycle bridge.

There are plans for certification to Gold standard by SGBC.



Campus Hyllie, Malmö

AREA: Approx. 20,000 m² LOCATION: Hyllie, Malmö CONSTRUCTION START: Not decided

In addition to the ongoing Dungen and Origo projects in Hyllie, Wihlborgs has also been allocated land with the potential for new builds of at least one office building by the railway. The building could suit either one major tenant or several smaller tenants.



Terminalen 1, Helsingborg

AREA: 3,000 m²
LOCATION: City centre, Helsingborg
CONSTRUCTION START: Q2, 2018
COMPLETION: Q4, 2019 (prel)

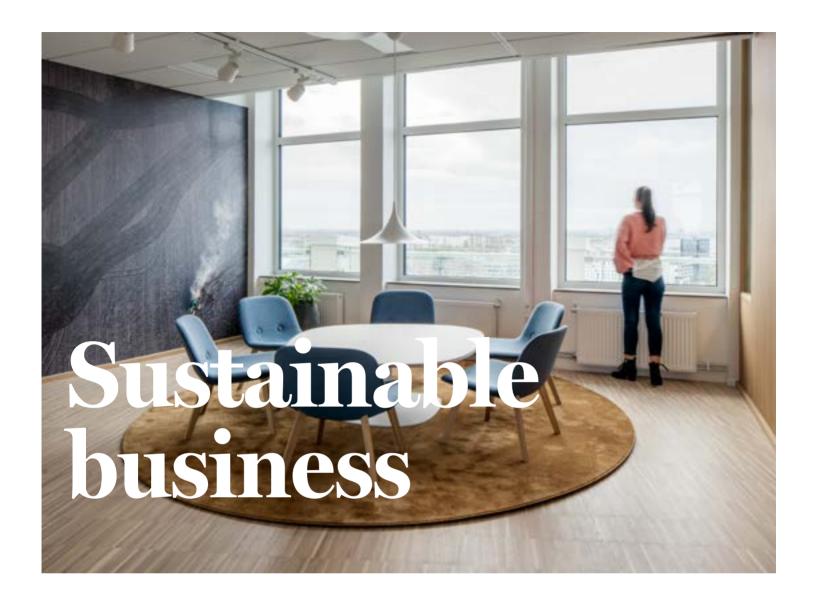
During the second stage of the redevelopment of Knutpunkten (Terminalen 1), the property will be given a new facade, a new restaurant area and more new, modern office space. The City of Helsingborg will redevelop the square in front of Knutpunkten to create an attractive environment for visitors.



Ideontorget, Lund

AREA: Not determined
LOCATION: Ideon, Lund
CONSTRUCTION START: Not decided

A tram line is being constructed between Lund Central Station and Max IV/ESS in Brunnshög. One of the stops will be located at Ideon, and a new square, Ideontorget, will be created in connection to the stop. Wihlborgs has the opportunity here to build more office space in several stages.



The fact that the Öresund region is growing and developing is not only positive for the region and its inhabitants, but also for Wihlborgs and the companies operating there. If the business community and corporate climate is to develop further, efficiently functioning city districts, access to good infrastructure, skills, attractive housing and living environments, and other qualities that lead to companies and people wanting to live and work in the region are all required.

Wihlborgs' ambition is to look at the bigger picture in everything we do – and this is deeply rooted in the way we run our business. We also understand the importance of collaborating with other participants and stakeholders.

Wihlborgs has many roles: employer, societal actor, regional developer and landlord. We want to be a reliable and long-term partner in all of these relationships. To succeed in that and to maintain our success, we need to understand what our employees, tenants, suppliers and the operating environment expect of us. We therefore attach great importance to listening to the expectations and needs expressed by our stakeholders.

In addition to daily contact with tenants among others, structured follow-up activities are also carried out with key stakeholders. We conduct a customer survey every second year (customer satisfaction index, CSI) as well as an employee survey (Great Place to Work) each year. The data from these provides us with valuable knowledge about expectations and needs and the areas that should be prioritised.

Wihlborgs' strategy involves having a focused property portfolio, which means a large share of the properties are concentrated in selected sub-areas. It is important for these areas to be efficient, comfortable and secure, and Wihlborgs therefore works actively on urban development by way of close dialogue with municipalities and stakeholders organisations via various collaborative and networking groups.

To enhance knowledge internally about societal issues and innovations, we entered a partnership during the year with Opportunity Space Festival and with Mötesplats Social Innovation. Taking responsibility for and engaging with issues that have a positive impact on the region in this way creates pride and

purpose within the organisation. Naturally, it is important for our long-term success to be able to attract skilled employees to Wihlborgs and customers to the region.

Goals

One of Wihlborgs' overall goals is to act to ensure the company's and the region's long-term sustainable development. Concrete intermediate goals are formulated in the areas described in the Our framework section below.

Governance

The Board of Directors takes decisions on the strategy, while Wihlborgs' CEO has overall responsibility for governing operations. The company's CEO, who is also a Board member, reports directly to Wihlborgs' Board, which establishes the company's ethical guidelines and policies in the area of sustainability. Sustainability issues are reported by Group Management through presentations by the individuals responsible for environment, HR, purchasing, communication and finance. The company's CSR Group works laterally on these issues.

Our framework

Wihlborgs' sustainability framework was produced in 2015 and comprises four main areas: responsible business, sustainable properties, attractive employer and commitment to the region and the community.

The purpose of defining these four areas is to provide a clear focus and ensure our efforts have a greater impact. We have prioritised a number of topics within each area that we measure and follow up systematically.

During the year, the CSR Group held workshops to analyse risks and revise the topics we deem most important to our business, both in terms of the risk perspective and the opportunity to positively influence. The risks with the greatest potential impact are described in the administration report. Other sustainability risks are mainly described in the GRI appendix.

Responsible business

Acting in a responsible and trustworthy manner in all of our relationships is crucial to our long-term success. We therefore prioritise the reporting of topics such as economic performance, ethics and anti-corruption. These topics were already a priority in stakeholder dialogues in 2015 and were also assessed to be highly material in terms of our long-term success in the evaluation we carried out ourselves during the year. Reviews carried out by the CSR Group during the year also led to a greater focus on supplier assessments relating to the environment and human rights. For more information, see pages 58-60.

Sustainable properties

As a major property owner, Wihlborgs naturally considers sustainable properties to be vital. It is self-evident to our stakeholders that we assume responsibility, follow up and report various topics in this area, such as certified buildings, energy use and climate impact. In addition, we also choose to provide

information about use of materials, waste management and efforts to promote biodiversity via the internet and social media, for example. For more information, see pages 61-65.

Attractive employer

To deliver excellent service to customers and positive earnings to shareholders, Wihlborgs needs competent employees. By instilling a sense of trust, pride and community, we want to create an attractive workplace in which it is natural to do "that bit extra" for a customer or colleague and in which there is a desire to be an ambassador for Wihlborgs. Prioritised areas include the work environment, skills development, equality and diversity. For more information, see pages 66-67.

Commitment to the region and its community

There is an expectation that Wihlborgs should actively influence the development of the Öresund region and the cities in which we operate. This is our market and it is here that we can make a positive impact by helping to create the preconditions for a growing business community, sustainable development and increased employment. Prioritised topics include local investments, purchasing and societal commitment. For more information, see pages 68-69.

Sustainability reporting

Since 2011, we have been reporting our sustainability work in accordance with the Global Reporting Initiative (GRI). We will be reporting in accordance with GRI Standards in 2017. We base our choice of prioritised sustainability topics on feedback received during the course of the year, as well as on stakeholder dialogues and our own assessments.

In 2017, our focus was on ensuring compliance with the new legislative requirements, updating our risk analysis and integrating the Danish operations in our reporting.

We have compiled in-depth information about the process of identifying our four focus areas and prioritising topics, as well as how we govern and follow up those topics in more detail in a GRI appendix available at www.wihlborgs.se/gri. The GRI index and references to where the various topics are reported can be found on page 126.



Responsible business

For Wihlborgs, it is self-evident that our brand should represent sound values and that financial stability is a prerequisite of enabling us to assume responsibility for our role in societal development.

Wihlborgs' overall goal and strategy is to apply a growth business model and to be one of the leading and most profitable property companies on the Stockholm Exchange. To achieve this goal, Wihlborgs will consolidate and further secure its market positions in the Öresund region by concentrating on various regional sub-markets. We will actively enhance the property portfolio through the acquisition, development and sale of properties. We will also manage the property portfolio, focusing on high cost-efficiency and high occupancy rates. Active commitment and high levels of service will help strengthen our customer relationships further. We will also act to ensure the company's and the region's long-term sustainable development.

Our activities influence the communities in which we operate. The goals linked to our sustainability work must be integrated with the financial targets set by the Board for the company's operations, as both aspects affect each other. When all these goals come together, we will be able to strengthen our brand and thereby raise our chances of becoming the first choice of customers looking for new premises.

The management and responsibilities of the Wihlborgs Group are distributed between the Board and the CEO in accordance with the Swedish Companies Act, other legislation and regulations, Nasdaq Stockholm's Rule Book for Issuers, the Code, the Articles of Association and internal governance instruments, such as the rules of procedure for the Board and instructions to the CEO.

Financial performance

A profitable Wihlborgs is vital if we are to be able to implement our strategies and achieve our targets. To be able to invest in a sustainable way of working, we have to reach our financial targets; at the same time, we must operate in a sustainable manner to achieve these targets in the long term. Wihlborgs' financial targets are to produce:

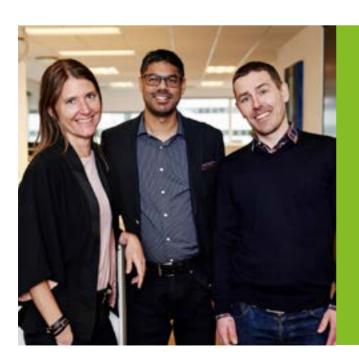
- A return on equity that exceeds the risk-free interest rate by no less than six percentage points
- An equity/assets ratio of not less than 30 percent
- A loan-to-value ratio of not more than 60 percent
- A minimum interest coverage ratio of 2.0

Achieving our financial targets also affects our ability to contribute to sustainable development in other ways. A solid financial base is a prerequisite for operating as a stable business partner to suppliers and customers alike. This, combined with our ability to offer functional and adaptable premises for a range of sectors, can help the business community in our region to continue growing.

Financial success is also an important factor in standing out as an attractive employer; it affords us the scope to develop our employees and create an attractive workplace, which in turn enables us to attract the right personnel.

Through our stakeholder dialogue, we have established that it is important for Wihlborgs to achieve its financial targets. The value we create arises primarily from our rental income, and the stakeholder dialogue indicates that one of the most important areas is the quality of our premises and the customer service we deliver. Without satisfied customers, we cannot achieve our rental income targets. Rental income also affects the scope of value changes in our properties.

The economic value we create benefits various groups: employees, lenders, the community and suppliers. Our shareholders share in this value via dividends, which are determined by the Board through a dividend policy. The size of the dividend depends on the income from property management generated



Greater focus on suppliers

Many of Wihlborgs' suppliers and contractors operate in our properties and have direct contact with our customers, which is why we place strict requirements on them, just as we do for ourselves. New suppliers are assessed from a comprehensive viewpoint and we require them to sign Wihlborgs' Code of Conduct. We also run a check on their financial status. In 2017, we implemented the Code of Conduct in our Danish operations as well. We will establish procedures in 2018 that ensure suppliers in project activities adhere to the Code of Conduct even in cases where we sign separate project agreements. We will also continue to conduct random checks in which we interview suppliers at their premises about areas such as environment, work environment, quality and ethics.

Image: Work with setting supplier requirements is carried out in collaboratively by Director of HR & CSR Anna Nambord, Procurement Director Mats Wessman and Environmental Manager Staffan Fredlund.

by the company and the sales price achieved on property transactions. Once all stakeholders have received their share, the remainder is retained in the company to strengthen operations, create new projects and acquire new properties with the aim of growing the company in a sustainable manner.

Information on Wihlborgs' financial position can be found on pages 85-110.

Responsibility at every stage

As the market leader, Wihlborgs has a responsibility to be ethically correct in its business affairs and to serve as a positive example. Our business relationships and working methods are to be consistently characterised by our values: knowledge, honesty, action and community. We conduct business on the basis of our core values and our organisation has short decisionmaking paths. We work continuously on our work environment, culture and skills to retain and develop our positive business climate. Our hope is that this may have a positive effect on both tenants and suppliers.

However, our ability to exert influence varies across different parts of our value chain. In the course of direct contact with tenants, suppliers and contractors, we have greater influence than with contacts further back in the value chain - such as subcontractors to our contractors.

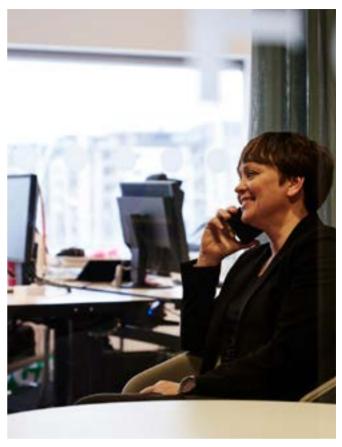
Responsible customer relationships

We manage our own properties, which immediately entails a close relationship to the customers. This enables us to pursue a continuous dialogue with them and to be keenly aware of any needs that arise. In addition to continuous dialogue with our tenants, a customer survey is conducted biennially through which tenants have the opportunity to offer their views and thereby influence Wihlborgs' actions and offerings in the long term.

The overall score in the customer survey conducted in 2016 was 4.13 on a five-point scale, which was the best result achieved since Wihlborgs began surveying in 2003. The survey indicated that 82 percent (75) of the tenants could consider recommending or highly recommending Wihlborgs to other companies. Analyses of the results have been carried out in each location and area, which has resulted in a range of initiatives to further increase customer satisfaction. Examples of such measures include facelifts of green spaces, facades and entrances, replacement of cleaning companies and improvements to communication, for instance when faults are reported. A new customer survey will be conducted in spring 2018.

Suppliers and contractors

In many cases, Wihlborgs' suppliers have direct contact with our tenants, thus influencing the business relations in Wihlborgs' value chain. Consequently, it is of paramount importance that we impose requirements on suppliers with regard to business ethics, professional competence and service, since very often they represent Wihlborgs in their contact with tenants. Their actions have a direct impact on how our customers perceive Wihlborgs. We want to ensure that everyone who works on behalf of Wihlborgs has acceptable working conditions and a good work



Christina Spångäng works as a purchaser at Wihlborgs' head office in Malmö.

environment. We also want to ensure that the suppliers work to reduce their environmental impact, which is why we place strict requirements on the suppliers, just as we do on ourselves.

Wihlborgs' purchasing function is responsible for ensuring the company has a professional purchasing process, that we select suppliers who are sustainable from both a financial and a sustainability perspective. The purchasing function is there to ensure that agreements are drawn up with a majority of our suppliers, and for checking that the suppliers with whom we enter into agreements have sound finances and have signed with Wihlborgs' Code of Conduct, which comprises requirements within areas such as environment, work environment and ethics, and anti-corruption (in line with the UN Global Compact's recognised principles).

During the year, Wihlborgs updated the Code of Conduct that suppliers (to the property management operations) are to follow. By signing the Code of Conduct, our suppliers confirm that they have familiarised themselves with Wihlborgs' guidelines and policies and that they undertake to comply with those guidelines during the period of the agreement. This includes ethical guidelines, an environmental policy, quality policy, work environment policy and purchasing policy. Major suppliers should also complete a self-declaration describing how they manage such areas as environment, quality, work environment and ethics. Based on this declaration, Wihlborgs conducts a risk assessment that rates suppliers on a scale from U, 3, 2, 1 to 1+. Suppliers who receive a rating of 3 do not fulfil the requirements Wihlborgs expects of its suppliers. It is therefore a requirement that they have a rating of at least 2 at the beginning of the agreement.

Wihlborgs' ambition is for its suppliers to have a rating of 1 or 1+, that is, the same level as Wihlborgs itself. This is communicated to suppliers with whom we have a longer-term strategic business relationship.

In 2017, we created a new procedure for reviewing suppliers. The reviews are conducted in the form of random checks and are based on interviews assessing environment, quality, work environment and ethics that we carry out with suppliers at their premises. We carried out three such reviews during the year, and these allow us to learn more about the suppliers' regional systems and results. We will continue to carry out reviews during 2018 as they give us a valuable picture of potential weaknesses and risks at suppliers.

The same framework agreements are largely used in the project activities as in the property management operations, thus ensuring that our building projects also use suppliers who adhere to Wihlborgs' Code of Conduct. For major building projects, we produce specific project agreements based on templates in which we specify more far-reaching requirements than in the Code of Conduct, particularly in terms of environment and work environment. Major contractors are used for these projects, and they are often signatories of the UN Global Compact and pursue their own active sustainability initiatives. We will continue to work in 2018 to ensure that all project agreements for new projects should at the very least meet all the requirements contained in Wihlborgs' Code of Conduct and with self-declarations.

We have also implemented the Code of Conduct into Wihlborgs' Danish operations, where it is sent to the largest suppliers who must then complete a self-declaration in the same manner as the Swedish suppliers. These are then evaluated by Wihlborgs according to the same procedure as in Sweden.

As a local company, we prioritise business activities with local suppliers, as this is in line with our strategy and mission and brings a sense of proximity to the value chain. Read more about this on page 69.

Ethics and anti-corruption

We at Wihlborgs naturally work hard to act in an ethically correct manner and actively counter corruption.

Wihlborgs always has these issues on the agenda, with the aim of ensuring a zero incidence for cases of corruption or unethical action. This is ensured in the following ways:

As a guide for Board members, employees, suppliers and contractors, Wihlborgs has established ethical guidelines that are evaluated and updated annually by the Board. These guidelines are available to read in their entirety at www.wihlborgs.se.

We have also produced a practical guide, "Wihlborgs' business ethics", in which we clearly define our view of what is to be regarded as bribery and how people are expected to act in their day-to-day work. All new employees undertake practical training each year at which potential dilemmas are discussed and guidance is provided as to how they should act in various situations that may arise.

Wihlborgs' CSR group annually evaluates the risk of corrup-

tion in the business and assesses that the project management and administration units, as well as the central purchasing function, are the most vulnerable, since it is these units that purchase goods and services for Wihlborgs' operations.

Documenting procurement processes and allowing more people – from both purchasing and property management – to be involved in these processes increases transparency and reduces the risk of individual influence.

As a part of the approval process for new framework agreement suppliers, and prior to all larger procurements, suppliers are also informed about Wihlborgs' ethical guidelines. The Code of Conduct and self-declaration completed by major suppliers (regarding environment, work environment and ethics) was updated in 2016. The new procedure was implemented for all suppliers, both when agreements were renegotiated or newly signed in 2017.

As a listed company, Wihlborgs is obliged to adhere to rules regarding distribution of information and insider information that are regulated by law and in the listing agreement with the Stockholm Exchange. New employees are informed about these rules in connection with the introductory training they all receive when joining. Information about this can also be found on Wihlborgs' intranet.

To enable suspicions about corruption or similar improprieties to be expressed, Wihlborgs has established a whistle-blower function for this purpose. No corruption-related incidents occurred during the year.

Ambitions and targets moving forward

Wihlborgs will continue to achieve the financial targets set by the Board by consistently adhering to the company's mission and strategy. By pursuing a dialogue relating to ethics and morals and highlighting potential dilemmas that could arise in day-to-day work, we are able to prevent the risk of individuals making the wrong judgment.

Our ambition is also to improve our results further in relation to customer and employee satisfaction by continuing to measure, follow up and take action based on the knowledge provided by the employee and customer surveys. We must ensure that we act in a manner that makes customers and employees feel that they want to be associated with Wihlborgs.

Our work to assess suppliers will be developed further in 2018 with a focus on suppliers with large volumes and a high level of risk. We will continue to evaluate framework agreement suppliers and, going forward, we will deepen our understanding of the building maintenance and window cleaning category in order to follow up on the areas of human rights, work environment and safety. We will also establish procedures to ensure that suppliers in project activities also fulfil the requirements set out in Wihlborgs' Code of Conduct. In 2018, we will also classify suppliers in terms of risk in Denmark just as we do in Sweden.

Due to the fact the UN will begin charging for membership in Global Compact, we will consider whether membership will remain a requirement for obtaining the highest rating in Wihlborgs' supplier assessment.

Sustainable properties

In 2017, Wihlborgs expanded and intensified its efforts relating to sustainable properties. Our three focus areas are environmentally certified buildings, energy use and environmental impact. We undertook specific environmental initiatives during the year to develop sustainable transportation, as well as reinforced biodiversity in prioritised green spaces and began environmental certification of older properties.

We also ensured that the Swedish operations use almost 100 percent fossil-free energy while continuing to make our buildings more energy-efficient. Thanks to a Group-wide environmental programme and a joint environmental management structure, we can drive forward our environmental and climate efforts and make them more systematic. Wihlborgs' operations are ultimately subject to Swedish and Danish legislation. We are not subject to a duty of licensing or notification for environmentally harmful operations. Our environmental reporting refers to our operations in Malmö, Helsingborg, Lund and Copenhagen unless stated otherwise.

Wihlborgs receives frequent requests for different kinds of environmental data from various stakeholder groups, such as investors, non-profit organisations and tenants. Above all, we have noticed that financial companies and banks are becoming increasingly professional in terms of reviewing companies' sustainability and asking appropriate questions about our sustainability management. For this reason we have ambitious targets, an accessible organisation and are transparent about our sustainability efforts. Our stakeholders primarily seek a dialogue concerning Wihlborgs' commitment, skills and innovative ability in relation to the climate issue. There is also increased interest in Wihlborgs' role in the value chain and in how we prioritise and ensure our contribution to the UN's global sustainability targets.

Environmental vision, policy and targets

Wihlborgs' environmental vision for the period up to 2020 is to continue to expand while reducing our environmental impact. Our environmental policy, the Group's environmental targets and its environmental programme were maintained during the year and we continued to undertake measures to reduce our climate impact and increase biodiversity in our properties' green spaces.

Wihlborgs' environmental handbook contains procedures that describe how our operations should take into consideration and follow up various environmental topics, as well as guidelines and descriptions of procedures governing day-to-day environmental efforts. The current environmental handbook is based on the environmental management classification in ISO 14001:2005 and the precautionary principle contained in Swedish environmental legislation. We carried out an audit of the environmental handbook against the updated ISO 14001:2015 standard during the year, and work has begun on supplementing the current environmental handbook in order to develop it into a complete environmental management system. The new environmental management system will take effect in the first half of 2018, replacing the current environmental handbook.

The operating environment and collaboration

Wihlborgs takes part in multiple networks and conferences. We report our results to the UN Global Compact (Signatory membership) and GRESB (Global Real Estate Sustainability Benchmark) on an annual basis. During the year, we became a member of the Global Compact Nordic Network in order to learn how we can use the UN's 17 sustainability targets in our own sustainability initiatives.



Collaboration with universities



In 2017, we conducted an energy-saving initiative at the Uven 9 property and began Bronze-level SGBC certification linked to a renovation. Thanks to efforts relating to property technology, we have reduced the need for heating by approximately 25 percent and consumption of electricity in properties by some 40 percent. This entails a saving of 210,000 kWh, which means financial savings of some SEK 200,000 per year.

Wihlborgs participated in an innovation project linked to circular services of illuminated property signs (Vinnova project), a project about biodiversity in urban developments (IVL) and an initiative about how we as developers can set requirements to prevent and reduce construction waste.

We also collaborate with Sweden Green Building Council on a project called Advancing Net Zero, which focuses on zero or near-zero carbon buildings (reduced climate impact).

Certified buildings

Wihlborgs actively pursues environmental certification of its buildings. Our environmental policy states that the Swedish environmental standard, Sweden Green Building Council (SGBC) (Gold level), is to be our first choice for new production. In the case of redevelopment, the construction of the building or other special conditions may mean the building is certified to Silver of Bronze level instead. Wihlborgs also has properties that are certified under BREEAM (Building Research Establishment Environmental Assessment Method) and LEED (Leadership in Energy and Environmental Design).

Environmental certification can be seen as evidence that the building is energy-efficient and has a strong environmental performance. Compliance with a leading environmental certification programme also minimises the risk in connection with existing and potential new regulatory requirements. The precautionary principle is reinforced through proactive environmental assessments and the traceability of chosen building materials. A large amount of the environmental certification's

criteria concern the indoor climate of the building, for example acoustics, lighting and air quality.

An environmental certification is verified two years after the original certification, so it is important to follow up on established criteria and maintain a strong environmental performance in the building over time.

In 2017, one building was awarded a preliminary SGBC environmental certification. We also carried out an obligatory two-year verification of two buildings. Ten ongoing projects are working towards preliminary environmental certification, of which eight are at SGBC Gold level.

We also launched a pilot project during the year in which we environmentally certify three older properties based on the English BREEAM In-Use certification. We certify both the building and our management/governance. This initiative highlighted areas in which we have the potential to improve our property management – for example by way of joint procedures and templates. The results of the certification will be announced in early 2018.

In total, our certified properties comprise nine percent, or 189,000 m², of Wihlborgs' total property portfolio. The market value of these properties is estimated at SEK 7,375 million, corresponding to 19 percent of the total property value. Demand for environmentally certified buildings is increasing and Wihlborgs has received procurement requirements in which tenants were seeking environmentally certified premises.

Project-adapted environmental programme

We implemented Wihlborgs' new environmental programme for new-build and redevelopment projects in 2017. The environmental programme is a governing document within our environmental management work with a specific focus on our building projects. In addition to SGBC's criteria, expanded and complementary environmental requirements have been introduced into the project-adapted environmental programme in areas such as climate and energy, biodiversity, materials and waste and other aspects such as damp and noise.

We also opted to become members of the Byggvarubedömning association, which entails us compiling our environmental assessments of building products with accompanying logbooks in a Group-wide tool. The advantages of this are that we will have a high level of continuity, improved traceability and, over time, better quality of information within our projects. Using a digital tool for this type of assessment and traceability is a requirement of all environmental certifications in the market.

Green Commercial Leases

Wihlborgs' goal is to gradually increase the number of Green Leases. The goal for the period until 2018 is to annually sign green leases with at least 90 percent of new tenants and for the number of green leases to exceed 40 percent by 31 December 2018.

In total, Wihlborgs had 458 active green leases in Sweden at year end, compared with 399 in 2016 and 99 in 2014. There are a total of 2,514 active leases, meaning the number of green leases totals approximately 18 percent. From a surface area perspective, the green leases account for 26 percent of all premises. In 2017, around 34 percent of the newly signed leases

Green leases fill a key function by creating a platform for collaboration between landlord and tenant regarding energy use, indoor environment, material selection and waste management. The parties should work together to optimise aspects such as operating times for heating, cooling and ventilation of the premises.

Energy

Wihlborgs' energy consumption and choice of energy sources is the area in which our operations have had the single greatest environmental impact over time, which is why we have prioritised this for several years. The energy we consume today therefore comes exclusively from renewable sources.

Wihlborgs' total energy consumption was 175 GWh¹ in 2017, which is a reduction of 8 GWh compared with 2016. Energy consumption per square metre has been reduced 6 percent, from 113 kWh/m² to 106 kWh/m². This reduction is due to a warmer spring and autumn, combined with our energy-saving efforts and the fact that we have ongoing control over consumption trends and energy costs at the property management unit. Electricity consumption has continued to fall somewhat compared with previous years, as has the demand for cooling.

In Sweden, our electricity agreements include environmentally certified electricity from renewable energy sources such as wind and hydropower, in addition to the solar power we produce ourselves. The district heating we purchase in Sweden is renewable or certified in terms of origin (fossil-free). We use 100 percent biogas in Sweden in our service vehicles and have continued our work on converting the facilities heated by fossil gas to biogas. From 2018, all of Wihlborgs' facilities in Sweden that run on natural gas will be converted to a product using 100 percent biogas. In 2017, 29 percent of our total purchases of gas was biogas. We have also converted a number of buildings in Malmö from heating using fossil-fuelled gas to environmentally-friendly district heating.

Focus on enhancing energy efficiency

Wihlborgs considers energy efficiency to be a question of finding a balance between low levels of energy consumption and tenants' desire for comfort. Property management uses a digital tool to monitor consumption of district heating, gas, electricity, cooling and water. We are also increasingly using smart meters to read consumption. These help us to obtain a clear overview of consumption in all properties and mean we can identify potential energy-saving initiatives. The larger share of environmentally certified properties together with the ambitions contained in our environmental policy also contribute to energy-optimised buildings.

Our target as part of the environmental programme 2016–2018 is to reduce energy consumption by at least three percent per square metre. A follow up between 2016 and 2017 showed that we are on track to meet our environmental targets for energy savings by 2018. At the same time, it is difficult to pinpoint cause and effect as many factors affect consumption, for example occupancy rates, warehousing operations (non-heated/heated warehouses), agreement arrangements with tenants and the tenants' own consumption may vary.

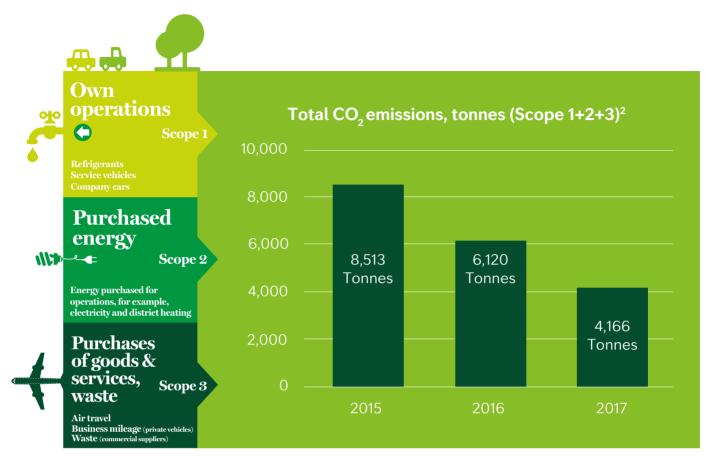
We implement energy efficiency-enhancement measures each year in the properties that offer the potential to make savings. This often involves fine-tuning the building's energy system and optimising the ventilation system. We continued our efforts to replace older light fittings with LEDs during the year. One example of this is Medeon in Malmö, where we replaced older fittings (including strip lighting) with LED lighting, which entailed a total of 57 facade fittings, 24 bollards, 20 posts and over 100 bulbs in existing fittings being changed. This will provide us with an average energy saving of approximately 80 percent for lighting this year.

Our own solar power systems

One of Wihlborgs' environmental goals is to increase the proportion of renewable and locally produced energy used, by installing a minimum of one solar power system per year between 2016 and 2018. Actively exploiting the solar power

Wihlborgs' energy consumption - properties in Sweden, total 1,489,532 m² Cooling Electricity Heating Gas Total 2 kWh/m² 110 kWh/m² Wihlborgs' energy consumption - all Group properties, total 1,653,584 m² Electricity **Cooling** Heating Gas **Total** 106 kWh/m² 2.4 kWh/m^2 413,290 m² in Denmark is not included because a portion of this area pertains to acquired properties for which energy data has not been quality-assured and another part pertains to cold storage

¹⁾ This information has been compiled based on energy purchased for Wihlborgs' properties. Certain tenants have private contracts for their premises and these are therefore excluded. Information from the Danish portfolio refers to 20 properties (a total of 164,000 m²).



Scope 1: Direct emissions from fossil fuels (e.g. petrol, oil and coal) from manufacturing/processes within production, or emissions from owned/leased vehicles or machinery. Scope 2: Indirect emissions from purchased energy for operations, for example, electricity and district heating.

Scope 3: Indirect emissions from the purchase of goods and services, such as logistics, air travel, taxis, hotel stays and materials.

For more detail regarding emissions by scope, refer to the GRI appendix at www.wihlborgs.se/gri

created from our roofs and facades will help us purchase less energy and ensure lower consumption figures. At the end of 2017, we had solar panels on six properties with a total area of 3,600 m². During the year, these produced around 356,000 kWh of renewable energy.

In the Ubåten multistorey car park in Malmö, we installed a small solar panel (178 m²) at the end of 2017, which is expected to produce around 30,000 kWh per year for use in the building locally. We also launched two projects in Malmö in which we will install solar panels on existing office buildings.

Climate impact

Wihlborgs' greatest environmental challenge is how it contributes to reducing the climate impact of its operations and value chain. Our environmental policy states that we should promote resource-efficient operations based on a climate and eco-cycle perspective through our decisions and actions. We have set a climate target in our environmental programme that entails a reduction of absolute $\rm CO_2$ emissions within operations by at least 50 percent and $\rm CO_2$ emissions falling to a level lower than 2 kg/m² based on purchased and self-produced energy. We are reducing our climate impact by focusing on enhancing the

energy efficiency of our properties, moving towards renewable sources of energy, making active choices regarding transportation and focusing on a high level of environmental performance for new builds and redevelopments. We acquired two new electric cars for our Malmö office, and have worked with partners to bring about the installation of a rapid charger for electric cars at Dockplatsen in Malmö.

Our purchases of environmentally certified building materials and products can also contribute to a reduced environmental and climate impact depending on the selection of materials. their application in the building and how they are produced. The new SGBC manual 3.0 now requires climate calculations to be carried out on building frames and foundations. We have also expanded the requirements in our project-adapted environmental programme in the area of construction waste, with the aim of preventing and reducing the amount of waste by way of good design and circular service requirements for pallets and plasterboard, for example. Wihlborgs' future environmental strategy for 2019 onwards - will place greater focus on calculating and reporting emissions from the choice of building materials or life-cycle analyses of completed buildings. We need to develop our climate-impact calculations to ensure that building materials purchased for buildings are included.

In relation to the last year, Wihlborgs' emissions fell by 1,954 tonnes to a total of 4,166 tonnes.² The largest reduction can be seen in relation to district heating (scope 2) and is based on the fact that we are now using 100 percent fossil-free district heating and electricity in our Swedish operations. We can also see a reduction as a result of higher purchasing volumes of renewable biogas. During the year we saw an increase (52 percent) in refrigerant leakage in our cooling facilities (scope 1) compared to 2016. We also saw greater emissions (18 percent) from fossil-fuelled company and service vehicles. There was a reduction in scope 3 of emissions linked to air travel, while climate-related emissions from waste (private players within Sweden) were at the same level as previous years.

In its current corporate form, Wihlborgs has seen (since 2005) a clear reduction in energy-related CO₂ emissions. This year we are already below our relative target of 2 kg carbon dioxide per square metre and we have hit the target of reducing absolute emissions by 50 percent since 2005. This is all despite the lettable area having essentially doubled. Continuous energy-efficiency enhancements combined with a conversion to renewable sources of energy are largely the key to these results. The trend is heading in the right direction and is in line with our vision to continue growing while reducing our environmental impact.

Operations in Denmark

Although Wihlborgs' operations in Denmark are not fully integrated with the Swedish environmental management at the present time, there is an ongoing strategic collaboration and a continuous exchange of experience. Employees took part in the Group-wide environmental training during the year, and one employee from Denmark is a member of Wihlborgs' environmental management group. Our environmental goals apply to operations in both Sweden and Denmark, although areas such as certified buildings. Green Leases and involvement in external environmental and climate initiatives are somewhat

less developed in Denmark. The Danish operations will gradually be integrated into the Group-wide environmental management. To calculate the climate impact of our Danish properties, our environmental report compiles the total energy and fuel consumption linked to our travel and vehicles.

Ambitions and targets moving forward

The environmental programme will continue in 2018, focusing principally on environmentally certified buildings, energy and climate - both for new builds and existing properties. The number of solar panels on our roofs will increase since installation costs are falling, maintenance is marginal and demand is increasing among our tenants. We are similarly seeing strong demand for charging stations for electric cars among our tenants, and so the number of these will increase in our car parks over the year. Projects for public charging stations (rapid chargers) will likely also be realised in collaboration with local energy and parking companies.

Our new environmental management system, adapted to ISO 14001:2015, will be implemented in 2018.

We will continue with our efforts to enhance biodiversity and comfort in our green spaces, which will entail more nesting boxes, insect hotels, bat boxes, replanting of greenery to benefit pollinators and collaboration with our local beekeepers.

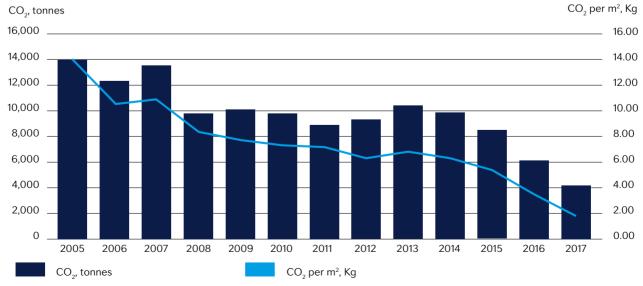
We will continue to environmentally certify office properties in attractive city locations.

Environmental reporting of our Danish operations will be developed in line with the same system we apply to our Swedish operations.

A review of our environmental strategy and our adopted Group targets will also be carried out during the year. The current environmental programme applies until 31 December 2018.

Trend concerning our climate impact²

Greenhouse gas emissions since 2005 have primarily been linked to energy, with a growing property portfolio - from 994,693 till 2,066,874 m²*



- * For more detail regarding calculations of carbon dioxide, refer to the GRI appendix at www.wihlborgs.se/gri
- ²⁾ For our Danish operations, the figure is based on a template of 72 percent of Wihlborgs' property portfolio (energy consumption + energy mix based on the average across 20 properties that have actual values for 2017). Fuel consumption in Denmark corresponds to actual values for 2016 plus an increase of 20% in the volume of fuel.

Attractive employer

Wihlborgs is to be an attractive, efficient and sustainable company to work for and lease properties from. Our ambition is to be the best workplace in the property sector by 2020 – a vision we are working systematically to achieve.

We measure our corporate climate and workplace culture every year via Great Place to Work. We have chosen this model as it offers the chance to make external comparisons and ensure we measure the aspects considered significant in terms of developing a committed organisation.

Our fundamental view is that by creating contentment at work in our own organisation, we can spread this feeling to our tenants, suppliers and other stakeholders. This way we can create more Wihlborgs ambassadors.

Offering a modern and attractive workplace is also crucial in terms of attracting the right skills and abilities.

Willingness to recommend

	2016	2017
Employees – Statement: I would recommend my employer to others. Often/almost always (4 or 5)	93%	96%
I feel I can recommend our products and services. Often/almost always (4 or 5)	97%	98%

Organisation and management

Our HR strategy is established each year by the Board of Directors, with targets also being set at Group Management level. Based on the results of the 2016 employee survey, several initiatives were carried out in 2017 relating to leadership, formulation of targets and feedback. We have also reinforced our organisation by way of more leaders, to ensure that there is sufficient

time for leadership and coaching. We were able to note a clear improvement in the 2017 employee survey in the areas we focused on. However, we also noted a need for better premises and IT resources, and accordingly Group Management has decided to focus on this in 2018. The overall result improved, producing a confidence index of 88 percent (84). A full 96 percent of employees think that Wihlborgs is a very good place to work.

Health, environment and safety

One of the foundations of contentment at work is a safe, secure and healthy workplace, and for a number of years we have been pursuing active health-related initiatives.

Wihlborgs' work environment committee is a cross-functional group that continuously sets targets, plans and follows up systematic work environment initiatives. The basic mission is to reduce the risk of accidents and heighten safety awareness at the company, but this mission has been expanded to include the psychosocial work environment and health-promoting initiatives. As Wihlborgs has grown rapidly in Denmark, we have also established a work environment committee there.

All near-accidents and accidents that occur are reviewed by the group and proposals are produced for measures to reduce the risk of a repeat scenario. In recent years, our aim has also been to enhance knowledge on organisational and social work environments. This has been achieved through training and the preparation of a clear policy and action plan to combat discriminatory treatment. This area is now followed up via annual health checks. By working with these issues for a number of years, and through decisive action in a couple of tangible instances, we were well-placed when the #metoo movement spread at the end of 2017.

Our work on health-promoting measures takes the form of regular health checks, a wellness allowance and lectures about health. With the Wihlborgs Classic we want to motivate employees to take regular exercise and promote a sense of community.

Our proactive efforts have yielded results. Wihlborgs has a



Certified workplace

Wihlborgs measures its corporate climate and culture every year via Great Place to Work. This model offers the chance to make external comparisons and ensure we measure the aspects considered significant according to research in terms of developing a committed organisation. It is also one of few employee surveys that does not focus on satisfaction, instead surveying the areas that influence the degree of employee commitment, that is, trust, pride and friendship.

Wihlborgs was certified as an excellent workplace for the second year in 2017. Our confidence index, which is a metric measuring employee perceptions of trust, pride and friendship, increased from 84 to 88 percent, while a full 96 percent of employees think that Wihlborgs is a very good place to work. Based on the results of the survey, we will continue our work towards achieving the vision of Wihlborgs becoming the best workplace in the property sector by 2020.

low rate of sick leave. In 2017, the rate was 1.73 percent (1.03) in Sweden with the corresponding figure for Denmark totalling 2.54 percent (2.52). Long-term absence (60 days or more) represented 31.15 percent (0) of total sick leave. In 2017, we had no near-accidents, one minor work-related accident, no workrelated illnesses and no fatalities.

Culture, skills and leadership

Wihlborgs' organisation and working practices are characterised by simplicity, and so should our culture be. Four values are at the core of what we do - action, honesty, knowledge and community. Our framework includes a Code of Conduct, ethical guidelines, a business culture and policies relating to HR.

Career development reviews are conducted each year with all permanent employees (98 percent in 2017) at which areas such as work environment, motivation, objectives and development are followed up. Clear, structured feedback is given at these reviews to both the manager and the employee. Employees are also offered a follow-up meeting after six months. The process is continuously updated, and in 2017 the section that deals with individual results and behavioural objectives was clarified.

Based on these career development reviews, development needs are identified to help achieve established objectives and keep us updated. The investment we have made in developing our business culture was implemented based on needs expressed during career development reviews.

Wihlborgs has a flat organisation, meaning there are no explicit career paths. However, employees are able to develop and broaden their expertise, for instance by taking part in cross-functional groups and/or development projects. It is also possible to develop by changing area of responsibility; several caretakers changed area during the year, for example.

When appointing managers, we have a clear ambition to fill the majority of posts with an internal candidate. In 2017, we recruited five managers of whom four were internal candidates.

In order to improve our leadership, we replaced a number of managers during the year and appointed a number of a new ones; all with the intention of making more time for leadership. We also trained managers in terms of setting targets, giving feedback and coaching. These efforts have proven to lead to clear results in terms of employee experience and thus the level of commitment at the company.

Equality and diversity

Providing an attractive, efficient and sustainable workplace means being an inclusive workplace, and this applies irrespective of age, gender, ethnicity and sexual orientation. The average age of employees is 45. The age structure is varied (see more in the GRI appendix), and we have broadened our recruitment base and tested new forms when recruiting landlords, station hosts and property managers.

It is self-evident that women and men should have the same opportunities for development at Wihlborgs, which is why we monitor gender distribution at different levels. A total of 33 percent (37) of employees in the Group are women. Our goal is for the distribution among managers to match this. Group Management and the Board of Directors have a gender distribution that can be considered equal, and Wihlborgs has

made it onto AllBright's list of the Stockholm Exchange's most gender-equal companies for several years in a row.

Gender distribution remains unequal in the property caretaker group, which is why we place extra emphasis on attracting female candidates when recruiting new caretakers. One way we do this is by asking employees to tip off anyone in their contact network who may be interested. We recruited one female caretaker in this way during the year (we recruited two caretakers in total during the year).

Diversity is an aspect we take into consideration whenever we employ someone. Wihlborgs has also taken specific steps to increase diversity and employ people from different backgrounds. In 2016, Wihlborgs launched an initiative to employ young, longterm unemployed people from different backgrounds as station hosts at Knutpunkten in Helsingborg. For more information, see pages 68-69.

Gender distribution at Wihlborgs

	No. of individuals	No. of women	Percentage women
Board of Directors	7	3	43%
Group Management	5	3	60%
Managers	22	9	41%
White-collar employees	91	45	49%
Blue-collar employees	65	7	11
Total	156	52	33%

Ambitions and targets moving forward

Playing a part in stimulating growth in the local business community by offering modern premises contributes to the pride in Wihlborgs that our employees feel. It is evident that Wihlborgs is part of a wider context when we assess our stakeholder dialogue. We set a good example by the way in which we work on areas such as work environment, skills development and inclusion, and we are able to influence others in the value chain and thus exert an even greater positive influence in society. Our ambition is to cultivate even more partnerships linked to societal responsibility and learn more about how we can contribute to societal initiatives through our employees' commitment to the region.

We are also working towards our target of being the best place to work in the property sector by 2020. We have a clear action plan for this containing activities within the areas of improvement we have identified: clarifying expectations, giving feedback and cultivating a trustworthy leadership style.

An HR manager has been appointed in Denmark with the aim of facilitating our efforts to harmonise processes and ambitions in the area of HR. We will continue to work further on this area in 2018.

In terms of work environment, our ambition is to work more systematically on risk assessments - both physical and psychosocial.

Finally, we aim to implement a succession plan in which we combine the Wihlborgs philosophy with new and inspiring ideas. To achieve this, we will continue to collaborate with universities.

Commitment to the region and its community

Wihlborgs' mission and operations both contribute to the development of the Öresund region. We construct properties and city districts that enable companies to grow. As a major player, we also have a responsibility to contribute to the long-term growth and development of both the cities and the region as a whole. Our stakeholder groups have also expressed their expectations in various contexts, including that Wihlborgs should be a part of driving forward the region's growth.

We want to achieve this by contributing our knowledge, resources and networks that can help promote sustainable development economically, environmentally and socially. Our commitment to the region and society has led to us choosing to focus principally on initiatives that benefit employment, training, inclusion and equality. We do this via:

- Local investments and purchasing
- Societal commitment through collaboration
- Partnerships that are expected to have a positive impact on work, training, inclusion and equality.

Societal commitment through collaboration

To foster positive developments, collaboration is required between different sectors such as business, academia, volunteer organisations, authorities and municipalities.

One example of an initiative taken by Wihlborgs but conducted in collaboration with the Swedish Transport Administration,

Skånetrafiken and the City of Helsingborg, is the station hosts at Knutpunkten in Helsingborg – see below.

Wihlborgs has been collaborating for several years with Good Malmö, which matches companies and young talent and through which companies employ a young, unemployed person for a year. In 2016, Wihlborgs employed a property caretaker through Good Malmö – something we will do again in 2018. We also make a contribution by making premises available for Good Malmö's various networking sessions.

Wihlborgs entered a partnership agreement in 2017 with Mötesplats Social Innovation at Malmö University with the aim of focusing on societal entrepreneurship and increasing awareness of this area. As part of this partnership we took part in the Social Innovation Summit in Malmö, which is a meeting place for academia, the business community and the city.

Wihlborgs' "Kontaktyta" is a forum we launched in 2014 and through which we invite customers, partners and others to development meetings and create a platform for collaboration and knowledge exchange. Two meetings were held in 2017 – one with the theme "Nyhamnen – a city district of the future" and one with the theme "How a move can lead to contentment at work."

Stakeholders have highlighted in stakeholder dialogues that they expect Wihlborgs to help promote new business creation and support entrepreneurs, which is why we support institutions such as Ideon Science Park, Ideon Open, Ideon Innovation, Medeon, Media Evolution City, the Swedish Jobs and Society Foundation and Citysamverkan in the regions in which we operate.

From sponsorship to commitment

We have worked consciously for several years on making the transition from traditional sponsorship of sports associations and teams, for example, to supporting activities and initiatives linked to training, mentorship, jobs and other forms of social responsibility. We want to influence sports associations to enable



Project with multiple positive effects

In 2016, Wihlborgs took the initiative to introduce station hosts at Knutpunkten in Helsingborg – our major travel hub through which upwards of 50,000 people travel every day. Wihlborgs employs four long-term unemployed young people who will help create a positive experience for visitors and passengers by answering questions on everything from tourist sites to bus routes. At the same time, they gain work experience that could help them find their next job. The venture was made together with the Swedish Transport Administration, Skånetrafiken and the City of Helsingborg. This initiative is now in its second year and all participants from the first year have gone on to other jobs or studies. The initiative has received a great deal of attention and Wihlborgs was named "Corporate Star" by the City of Helsingborg in 2017 for this project.

Image: Anita Mitrovic, station host at Knutpunkten in 2016–2017 and Sebastian Jönsson 2017–2018

focused support for social initiatives within the framework of the associations' operations. This work is governed by our sponsorship policy and is continuously evaluated.

In 2017, 50 percent (43) of the initiatives we classify as being sponsorship activities were directly connected to societal commitment and other forms of community commitment (own indicator). These figures refer to the Swedish operations. The corresponding figure for the entire Group is 53 percent (historical comparative figures not available).

In order to increase the number of initiatives with a social focus, we take different kinds of action as part of the dialogue with our partners. Starting in 2018, Wihlborgs will become the partner of Malmö Redhawks hockey team's "Medspelaren" (Teammate) initiative that is to provide the conditions for a sustainable life outside the world of sport by focusing on values, training and opportunities for work. The initiative has been jointly designed by Malmö Redhawks and Wihlborgs.

Wihlborgs has also initiated discussions with the Malmö FF and Helsingborg IF football teams regarding values and spectator stand culture. In its agreements, Wihlborgs has introduced a clause in which the clubs undertake to take robust action against - and to clearly distance themselves from - any violence, hooliganism, verbal threats, abuse, racism, discrimination and anything else that could cause offence or be considered unethical. The clubs also undertake to actively work towards a responsible spectator stand culture. If this is not adhered to, Wihlborgs is entitled to break off the agreement.

We also signed several new agreements with a societal focus in 2017. In Malmö, Wihlborgs sponsored the Opportunity Space Festival - an initiative by the American Van Alen Institute that was undertaken in collaboration with the City of Malmö with the aim of promoting integration and employment.

A smaller but highly important sponsorship collaboration is TeamUp Soccer - a Junior Achievement company where four young people created an app through which users can find other people who want to play a spontaneous game of football, learn Swedish or become integrated into society more quickly.

Wihlborgs' annual Christmas present went to Sports Without Borders that wants to help children be seen, receive affirmation and enjoy meaningful leisure time by way of testing different leisure activities.

We have been supporting Drivkraft Helsingborg and Drivkraft Malmö for a while now – two initiatives that provide mentors and homework helpers.

In Denmark, Wihlborgs carried out an essay competition in 2017 together with Copenhagen Business Academy, in which 100 economics students took on the task of presenting proposals for improvements to Wihlborgs' business model and strategies.

Local investments and purchasing

Part of Wihlborgs' strategy is to be active locally, and we therefore favour local purchases as far as possible. This approach helps the business community grow and develop, thus creating new business opportunities for us in turn. Another positive effect is a reduction in transportation. Wihlborgs has 371 agreements distributed across 170 suppliers, of which 95 percent (94) are local. Read more about our purchasing procedures on page 60.

Ambitions and targets moving forward

Wihlborgs is a long-term and strong player in the Öresund region. Our stakeholders expect us both to be engaged and to use our position to make a difference in terms of social aspects. We will maintain our focus on increasing the number of sponsorships linked to social initiatives in 2018, and will also continue to test new forms of support and commitment as a complement to our sponsorship activities. Our partnership with Mötesplats Social Innovation will continue in 2018 and represents one example of this.

In terms of purchasing operations, the goal is to retain the high proportion of local suppliers (95 percent as of 31 December 2017).



As part of the partnership with Mötesplats Social Innovation, Wihlborgs took part in the Social Innovation Summit in Malmö in November 2017.



Why leading matters

Being a leader carries obligations – something every leader knows. As do we at Wihlborgs. Leading is accompanied by a responsibility to nurture, develop and pass on a sustainable society to the next generation. Being a leader also offers the possibility to be flexible. This is appreciated, in particular by the tenants who remain with Wihlborgs year after year because we can always offer alternative premises regardless of their changing needs. This is why leading matters.

Administration Report

The Board of Directors and CEO of Wihlborgs Fastigheter AB (publ), corporate registration number 556367-0230, hereby present their 2017 Annual Report for the Group and Parent Company.

Review of 2017

Operations

Wihlborgs is a property company with operations focused in the Öresund region. The company's property portfolio comprises 308 (282) commercial properties, located primarily in Malmö, Helsingborg, Lund and Copenhagen with a carrying amount on the balance-sheet date of SEK 38,612 million (32,755). At 1 January 2018, the total rental value excluding projects and land was SEK 2,656 million (2,327) and the corresponding contractual rental income on an annualised basis was SEK 2,480 million (2,132). This gave an economic occupancy rate, excluding projects and land, of 93 percent (92).

Organisation

Wihlborgs' operational organisation comprises property management and project development. Property management is adapted to local market conditions and organised in four regions, which in turn are divided into ten geographical sub-areas for efficient, customer-centric management. During the year, the organisation was strengthened by the recruitment of a new regional director in Malmö and several new property directors. All management is performed by company employees. The project development operation, with in-house project managers, is responsible for new-build and redevelopment projects, procurement and follow-up. The company head office accommodates central functions such as accounting/finance/IT, HR/CSR, purchasing, environment and business development. These functions drive Group-wide development initiatives and supply functional expertise to support the administration and the project department. The head office has its own premises in the Dockan area of Malmö. In addition, local offices are located in Helsingborg, Lund and Copenhagen. The year end number of full-time employees increased from 132 to 149 during the year, and the average age increased from 44 to 45.

Results

In 2017, Group rental income rose 12 percent to SEK 2,275 million (2,030). Interest income from early lease termination totalled SEK 21 million (5). The increase in rental income was attributable to property acquisitions, completed projects, positive net lettings and the indexation of contracts. During the second half of the year, the acquired properties in Denmark contributed rental income of SEK 77 million. Rental income from like-for-like portfolios at year-end 2017 was 4.6 percent higher year-on-year. The demand for premises was high during the year, which led to strong net lettings for full-year 2017, amounting to SEK 90 million (62). Property expenses totalled SEK 579 million, compared with SEK 517 million for the preceding year. Of the increase of SEK 60 million, more than half, SEK 34 million, pertained to increased operating costs, largely attributable to property acquisitions and completed projects. The operating surplus, including other income, increased SEK 199 million to SEK 1,717 million (1,518). Excluding payments for early lease termination, the surplus ratio was 75 percent, unchanged compared with the preceding year end.

Interest income totalled SEK 12 million (12). Interest expense rose to SEK 495 million compared with SEK 459 million in the preceding year, due to increased borrowings and also because loan agreements with banks limited the impact of lower floating interest rates. The average interest rate was 2.53 percent (2.80) at year end, including the cost of interest-rate derivatives and credit agreements.

The rise in the value of the property portfolio during the year was SEK 1,851 million (2,504). Most of the value increase derives from a higher occupancy rate and rising rents, while the yield requirement has largely remained unchanged. However, SEK 400 million of the increase was the result of our project activities. The deficit value of Wihlborgs' interest-rate derivative portfolio fell to SEK 943 million (1,144), entailing a positive value change in the interest-rate derivative portfolio of SEK 201 million (negative: 265) during the year. The measurement of interest-rate derivatives is based on forecast interest rates until expiry, and utilises data from external parties (banks) related to interest-rate curves, etc.

During the year, interest expense related to interest-rate derivatives amounted to SEK 293 million. Change in value for the year was impacted partly by shorter remaining tenors and partly by changes in market interest rates.

Cash flow and financial position

Cash flow from operating activities generated a surplus of SEK 1,299 million, compared with SEK 1,064 million in the preceding year, mainly through a higher operating surplus. The cash flow relating to the year's investments amounted to SEK 3,854 million, compared with SEK 1,513 million in the preceding year, and was mainly impacted by the acquisition of 16 properties in Denmark for SEK 2,410 million in the third quarter. Investments in existing properties were in line with 2016, while only part of one property was divested in 2017. Investments and acquisitions are largely financed through loans, which means that borrowings increased SEK 2,924 million (1,154) during the year. Shareholders received dividends of SEK 442 million (403) in 2017. Total cash flow for the Group during the year was a net outflow of SEK 73 million (inflow: 177).

The Group's equity increased SEK 2,129 million to SEK 13,592 million, giving an equity/assets ratio of 34.7 percent (34.3) at year end. Interest-bearing liabilities at year end totalled SEK 20,653 million (17,553), resulting in a loan-to-value ratio of 53.5 percent (53.6). All of the Group's financial targets (return on equity, equity/assets ratio, interest coverage ratio and loanto-value ratio) were met at the end of 2017.

Acquisition and sale of properties and subsidiaries

In 2017, the portfolio was expanded by an additional approximately 196,000 m² following the acquisition of 22 properties (19) during the year for a total of SEK 2,780 million (1,074). Most of the properties, 16 of them, were acquired in Denmark during the third quarter. In addition, four acquisitions were completed in Malmö and two in Helsingborg. Six of these acquisitions were via a company acquisition. One (part of) property was divested for SEK 11 million (581), compared with nine in the preceding year. For more information on changes to the property portfolio during the year, refer to Acquisitions and Sales on page 29.

Investments in existing properties and ongoing projects

The project portfolio remains large and SEK 1,061 million (989) was invested in existing properties during 2017. At year end, approved investments in ongoing projects amounted to SEK 1,530 million (1,487), of which SEK 715 million (386) had been invested. During the year, two new builds were completed in Malmö: Sirius 3, which is an office building close to Malmö Central Station and the Ubåten multistorey car park (Hordaland 1). At year end, there were six major ongoing projects, all of which pertained to new builds or conversions: Sunnanå 12:53; Kranen 9; Gimle 1; Bure 2; Polisen 5 in Helsingborg; and Posthornet 1 in Lund, which this next in line to be completed at the end of the first guarter in 2018. See pages 50-55 for further information on project activities and forthcoming projects.

Parent Company

The Parent Company does not have any property holdings itself and, instead, manages issues related to the stock market and Group-wide management, administration and financial services. Sales amounted to SEK 145 million (131), primarily from the sale of services to other companies within the Group. The Parent Company's after-tax profit was SEK 1,024 million (865). The improved profit is primarily attributable to the positive value change in derivatives compared with the preceding year's negative change, which is to a certain extent offset by lower earnings from shares in subsidiaries and higher interest expense due to higher borrowings. During the year, the Parent Company invested SEK 774 million (224), in shares in subsidiaries, including shareholders' contributions and SEK 1 million in equipment.

The Wihlborgs share

Since 1 January 2016, the Wihlborgs share has been listed in the Real Estate sector of Nasdag Stockholm Large Cap. The share capital totalled SEK 192 million and was allocated over 76.856.728 shares.

Each share has a quotient value of SEK 2.50. All shares carry equal voting rights, one vote per share. During the year, the Board did not exercise its mandate to buy back and transfer a maximum of 10 percent of the registered shares, or its mandate to approve a new issue of shares amounting to not more than 10 percent of the shares outstanding.

A total of 34.6 million (33.9) Wihlborgs shares were traded on the Stockholm Exchange at a value of SEK 6.4 billion (5.8), corresponding to a daily turnover of 138,000 shares (134,000). This represents a turnover rate of 45 percent (44) of the number of shares outstanding. See page 21 for a summary of the largest shareholders at 31 December 2017.

At 31 December 2017, the market capitalisation was SEK 15.1 billion, compared with SEK 13.0 billion last year. The EPRA NAV per share was SEK 228.01 (194.76) at year end. The share price at the same date was SEK 196.30 (169.40).

The Board of Directors proposes that the Annual General Meeting (AGM) renew the Board's mandate firstly to repurchase a maximum of 10 percent of the shares registered in the company, which could mean the acquisition of a maximum of 7,685,672 shares, and secondly to authorise a new share issue corresponding to not more than 10 percent of the shares outstanding. The Board also proposes that the Annual General Meeting resolve on a two-for-one share split.

Ownership

With 10.3 percent (10.3) of both the shares outstanding and the voting rights at 31 December 2017, the largest shareholder in Wihlborgs is Erik Paulsson and family, privately and through companies. The proportion of shareholders registered abroad was 42 percent (37). At year end, the ten largest Swedish shareholders in Wihlborgs held 32.5 percent (32.1) of the shares outstanding. The number of shareholders at year end totalled 23,781 (24,112).

Profit-Sharing Fund

At 31 December 2017, employee holdings of shares via Wihlborgs' Profit-Sharing Fund totalled 275,872 shares (281,392).

Sustainability reporting

The Wihlborgs Annual Report with its accompanying GRI appendix comprise Wihlborg's Sustainability Report for 2017 in accordance with the GRI Standards: Core option and Wihlborgs' Communication on Progress to the UN Global Compact. On page 130, there is an index that shows where the sustainability information in accordance with the Annual Accounts Act can be found. The GRI appendix is available at wihlborgs.se/GRI

Corporate Governance Report

A separate Corporate Governance Report is presented on pages 118–125.

Board of Directors

Under Wihlborgs' Articles of Association, the company's Board is to comprise not less than four and no more than eight members. The Board is unchanged compared with the preceding year and consists of seven regular members. No Board members are entitled to compensation at the end of their term of office. Directors' fees for 2017 are detailed in Note 8.

Remuneration for senior executives

Senior executives are defined as the Chief Executive Officer and other members of Group Management, see page 124 for a presentation of these. The entire Board, excluding the CEO, prepares issues pertaining to the principles governing remuneration and terms and conditions of employment for the Group Management and decides the remuneration and terms and conditions of employment for the CEO.

The 2017 Annual General Meeting resolved to adopt the following guidelines for remuneration and other terms and conditions of employment for the Group Management: remuneration and terms of employment should be market-based and competitive. All members of Group Management receive fixed remuneration. Any remuneration over and above the fixed salary is subject to a cap and related to the fixed remuneration, and is to be settled in cash. Where appropriate, remuneration in addition to the fixed salary is based on outcomes relative to set targets and must accord with the interests of the shareholders. At present, Wihlborgs has no remuneration commitments to Group Management other than fixed salary. Wihlborgs has a profit-sharing fund for which all employees are eligible, apart from the CEO. Allocations to the fund are based on the return on equity and are limited to a maximum of an annual amount for each employee. See Note 8 for amounts pertaining to remuneration in 2017.

The retirement age is 65 for all members of Group Management. The cost of the CEO's pension comprises a premium

amounting to 35 percent of the pensionable salary per year during the CEO's period of service. Other members of Group Management are covered by an ITP plan or equivalent. The notice period on termination of employment is six months for the CEO. Severance pay for the Chief Executive Officer amounts to 18 months' salary and for other members of Group Management is maximised at 12 months' salary. Severance pay is deducted from other sources of income. The principles governing remuneration and terms and conditions of employment are unchanged compared with 2016.

The Board conducts an annual follow-up to ensure compliance with the guidelines for remuneration of Group Management adopted by the AGM.

The Board's proposal to the AGM regarding guidelines for 2018 is the same as for 2017, with the exception that any remuneration over and above fixed salary is capped at half of the fixed salary.

Outlook for 2018

Wihlborgs' business model is based on growth via project development and property management. We anticipate a higher operating surplus in 2018 and that the project portfolio will remain large with a number of new builds. Our balance sheet is strong and the hope is to acquire more properties in our existing sub-areas. As in previous years, net lettings will also remain in focus in 2018. If the Annual General Meeting resolves in accordance with the proposal from the Nomination Committee, the current CEO Anders Jarl will take over as Chairman of the Board, while the Board has declared the intention of electing Ulrika Hallengren as CEO.

Proposed appropriation of profit

The following unappropriated profit in the Parent Company is at the disposal of the AGM:

Retained earnings	2,652,957,392
Profit for the year	1,023,501,340
Total, SEK	3,676,458,732
The Board proposes that the unappropriated profit be	distributed as follows:
Dividend to shareholders, SEK 6.25 per share	480,354,550
To be carried forward	3,196,104,182
Total, SEK	3,676,458,732

Wihlborgs has 76,856,728 registered shares. If the number of shares outstanding changes prior to the record date, the dividend sum of SEK 480,354,550 will be adjusted.

Statement of the Board of Directors on the proposed dividend

Reasoned statement

The Group's equity has been calculated in accordance with the IFRS standards and interpretations of those standards (IFRIC), as adopted by the EU, and in accordance with Swedish law through the application of the Swedish Financial Reporting Board's Recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups. The Parent Company's equity has been calculated in accordance with Swedish law, via application of the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities.

The proposed distribution of unappropriated profit is based on 50 percent of the Group's income from day-to-day property management and 50 percent of the proceeds realised from property sales, less a deduction for tax at a standard rate of 22 percent, which is in line with Wihlborgs' dividend policy.

The Board is of the view that full provision will be available for the company's restricted equity following the proposed distribution of unappropriated profit.

The Board also considers that the proposed dividend to shareholders is justifiable in terms of the parameters stipulated in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act; nature, scope and risks of the business, as well as consolidation requirement, liquidity and general position.

Nature, scope and risks of the business

The Board's opinion is that, even after the proposed dividend, the equity of the company and the Group is sufficient for capitalising on future business opportunities and for being able to fulfil its undertakings. In this context, the Board has considered factors such as the company's and the Group's equity/assets ratio, investment plans and economic conditions.

Consolidation requirement, liquidity and general position

The Board has conducted a comprehensive assessment of the company's and the Group's financial positions and its potential to fulfil its undertakings. The proposed dividend represents less than 3.5 percent of the Group's and 12.4 percent of the Parent Company's equity. The proposed dividend also fulfils the stated target for the Group's capital structure, of an equity/assets ratio of at least 30 percent and an interest coverage ratio of at least 2.0. The company's and the Group's capital structures remain solid, taking into account the conditions prevailing in the property sector. Against this background, the Board is of the opinion that the company and the Group have excellent potential to capitalise on future business opportunities and also to withstand any losses that may arise. Planned investments have been taken into account when determining the proposed dividend. Derivatives and other financial instruments have been measured at fair value pursuant to Chapter 4, Section 14a of the Annual Accounts Act. This valuation has a negative impact of SEK 943 million (negative: 1,144) on equity.

The proposed dividend will not affect the company's and the Group's ability to promptly fulfil their payment obligations. The company and the Group have good access to liquidity reserves in the form of both short and long-term loans. The loans can be accessed at short notice, whereby the company and the Group have the preparedness necessary to withstand both variations in liquidity and any unforeseen events.

The Board has considered all known circumstances that could be of significance to the company's and the Group's financial positions and that have not been taken into account within the above framework. While so doing, no circumstance has arisen that would make the proposed dividend not appear defensible.

Risks and uncertainties

Wihlborgs' results, cash flow, profit and financial position are affected by a number of factors that to varying degrees can be influenced by the company's own actions. By illuminating and analysing the risks and uncertainties facing the Group, it is possible to limit them in part through Wihlborgs' strategic long-term efforts through procedures and guidance in daily work. In many cases, risks and uncertainties also represent opportunities.

The risks and uncertainties that are regarded as most significant for Wihlborgs are described in the following section.

Rental income

Rental income is of vital importance to cash flow from operating activities and also has a considerable impact on both earnings and key ratios, as well as valuations of our properties. Declining rent levels and increased vacancies lead to lower property values.

RISK OF FALLING RENTS

Description of risk

Rents are mainly driven by demand for premises, which in turn is driven by growth in various sub-markets. In areas of economic growth, higher demand for premises is to be expected, and thus potential for higher rents and scope for new production. An economic downturn and downward pressure on rents through overproduction could lead to more tenants moving out and relocating, resulting in higher vacancy rates and falling rents. The rental market is traditionally late in the economic cycle.

Risk management

Because the term of leases is normally between three and five years, changes in market rents do not immediately impact rental income. Most of Wihlborgs' leases with a term of three years and longer have index-linking clauses involving annual rental increases based either on changes in the consumer price index (CPI) or a fixed percentage increase. In the long term, attractive and sustainable properties are required in order to maintain or raise rent levels.

Outcome

Income from like-for-like portfolios at year-end 2017 was 4.6 percent higher year-on-year. The increase was mainly attributable to new lettings, but also to CPI and fixed-percentage index increases per year. Rent levels are relatively stable despite increased competition, primarily in Malmö. At year end, the average term for Wihlborgs' leases was 3.9 years (4.3). The following table shows when the property leases expire.

Terms of lease contracts

Total	2,514	2,406	100
>2023	97	537	22
2023	34	97	4
2022	92	180	8
2021	220	260	11
2020	433	397	16
2019	478	394	16
2018	1,160	541	23
	Number of leases	SEK m	Share, %

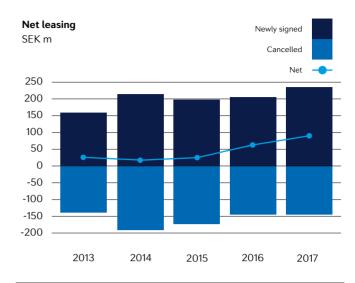
RISK OF VACANCIES

Description of risk

The portfolio's occupancy rate is largely determined by the company's own activities, but is also influenced by changes in the economic cycle. Concentration on individual markets creates many opportunities through close customer relations and knowledge of the market. However, it can also represent a risk if structural changes affect a particular city or region. For example, the planned construction of new office space in Malmö remains high, making for increased competition for tenants. Vacancies are relatively high in the Ideon area of Lund, at the same time as new office spaces are also being planned and produced here.

Risk management

In the long term, the Öresund region is regarded as a strong market in terms of location, population growth, employment and public transport. Through local knowledge, active engagement and a high level of service from the personnel who manage the properties and in contacts with tenants, we create the basis for long-term rental relationships and, thereby, reduce the risk of new vacancies. A certain level of vacancies creates opportunities in the form of new lettings and flexibility vis-à-vis existing tenants. In operating activities, substantial focus is placed on keeping existing tenants satisfied, at the same time as involvement in a development of the areas in which Wihlborgs is active is important for growth.



Outcome

For the tenth consecutive year, Wihlborgs recorded positive net lettings, see table above. Distributed by region, all of them except Copenhagen displayed positive net lettings for 2017. Activity in the market is deemed to be at a continued high level. Vacancies in SEK in 2017 amounted to SEK 237 million (263). The decline is mainly attributable to new lettings from among the existing portfolio. As per 1 January 2018, annualised vacancies excluding projects and land amounted to SEK 176 million (195), with an occupancy rate at the same date of 93 percent (92).

CUSTOMER DEPENDENCE/BAD DEBT LOSSES

Description of risk

During an economic downturn, the risk of bankruptcies and tenancy terminations increases. When a tenant moves out, the risk is that it will take time before a new tenant moves in, which affects rental income, cash flow and property valuations. In addition, most premises will need to be adapted to some extent before a new tenant moves in.

Risk management

A broad lettings portfolio with partners from a variety of sectors and companies, large and small, reduces the risk of major fluctuations in vacancies and bad debt losses. Lettings to government agencies, county councils and municipalities reduces the risk of bad debt losses. All new leases are subject to a credit check of tenants, and if necessary the lease is backed by a security, deposit or bank guarantee. All rents are payable quarterly or monthly in advance.

Outcome

Wihlborgs has around 2,500 commercial leases diversified across the office, retail, industrial/warehousing, education/care and hotel sectors. The ten largest tenants accounted for 20 percent (21) of rental income at 1 January 2018. 20 percent (21) of income at that time originated from municipalities, county councils and

government agencies. Bad debt losses in 2017 amounted to SEK 7 million (2), corresponding to 0.3 percent (0.1) of total income.

Interest expense

Description of risk

Interest expense, including the cost of interest-rate derivatives, credit agreements etc., represents Wihlborgs' largest cost item. Changes in interest rates and interest margins with banks have considerable impact on cash flow, results and key ratios. The extent to which and how quickly an interest-rate change shows through in income will depend on the fixed-interest period chosen for the loan.

Risk management

Wihlborgs uses a combination of floating interest rates and interest-rate derivatives to adjust its fixed-interest period and interest-rate levels to achieve its goals for financing activities with limited interest-rate risk and without the need to renegotiate loans. Interest-rate derivatives are measured at fair value. If the interest rate agreed for the derivative deviates from the anticipated future market interest rate during the term, a change in value arises that affects the company's balance sheet and income statement, but not its cash flow. In many cases, the lower risk in interest payments through long fixed-interest periods creates a higher risk in the value of the derivative, because of the time factor. When the derivatives expire, the value of interest-rate derivatives is always zero.

Outcome

At year end, the average fixed-interest period for the loans was 4.0 years (4.8), including the effects of interest-rate derivatives. The average interest rate, including the cost of credit agreements and the effect of interest-rate derivatives, increased slightly to 2.53 percent (2.80). Due to interest-rate floors in credit agreements, Wihlborgs is not able to fully leverage negative market interest rates. The deficit value of Wihlborgs' interest-rate derivative portfolio had a positive effect of SEK 201 million (negative: 265) on profit. Change in value for the year was impacted partly by shorter remaining tenors and partly by changes in market interest rates.

Property expenses

Description of risk

Major operating cost items are tariff-based costs for heating, electricity, water and waste management. Other costs include property tax, property upkeep, repairs and maintenance and administration. Under many of the leases, the bulk of these costs are passed on to the tenants. As a result, the impact of any change in the costs is relatively limited. Unforeseen repairs on a major scale may have a negative effect on profit, with the risk of this increasing if ongoing maintenance is inadequate. Climate changes increase the risk of storm and water damage in the future.

Risk management

Many of Wihlborgs' environmental goals are linked to improvements in energy efficiency to curb cost increases and limit environmental impact. Work is under way both in-house and with tenants, since in most cases tenants are responsible for the operating costs. Wihlborgs works continuously with plans for maintenance and repair measures to maintain the condition and standard of its properties. The importance of cost-efficient management also comes into focus during acquisitions. All properties are insured against major negative impact through damage. Final settlement of operating costs with tenants takes place once a year using a proprietarily developed system linked to both rent and financial management systems.

Outcome

Property expenses increased SEK 62 million (9) compared with the preceding year. Of this increase, SEK 34 million was an increase in operating costs, which were mainly a result of a larger portfolio, higher property tax of SEK 12 million and property management that was SEK 16 million higher. The increase in property management was partly attributable to the strengthening of the property management organisation.

Sensitivity analysis - income from property management

All variations in the above risk factors directly impact income from property management. The following table illustrates the impact on income from property management (SEK m):

Sensitivity analysis — income from property management

	Change	Annual earnings impact, SEK m
Economic occupancy rate	+/-1 percentage point	+/- 27
Rental income	+/-1%	+/- 23
Property expenses	+/-1%	+/- 6
Market interest rate	+/-1 percentage point	- 43/-33

Changes in property values

Description of risk

The property portfolio directly affects both income and key ratios. The extent of changes in value is partly determined by Wihlborgs' own capacity, through alteration and upgrading of properties, as well as by lease contracts and client structures, to increase the properties' market value, and partly by external factors that affect supply and demand in Wihlborgs' property markets.

Risk management

For information on estimates and judgements in property valuations; see pages 82–83. On acquisition, the transaction department analyses the property concerned to determine its fair value as well as the future possibilities and risks. In general, the property values are less volatile in concentrated property portfolios in good locations. Wihlborgs' properties are highly concentrated to various sub-areas of Malmö, Helsingborg, Lund and Copenhagen.

Outcome

In 2017, changes in value for Wihlborgs totalled SEK 1,851 million (2,504), including SEK 400 million (529) attributable to project development. The remaining increase was attributable to the investment properties and was mainly due to new lettings and renegotiations.

The table below illustrates the impact of a +/- 5–10 percent change in property values on Wihlborgs' results and financial position.

Sensitivity analysis, change in property values

	-10%	-5%	0	5%	10%
Profit before tax, SEK m	-630	1,300	3,231	5,162	7,092
Equity/assets ratio, %	29.9	32.4	34.7	36.7	38.5
Loan-to-value ratio, properties, %	59.4	56.3	53.5	50.9	48.6

Projects and acquisitions

Description of risk

Wihlborgs' goal is to continue to grow, which will require investment in new and existing properties alike. The principal risk in conjunction with property acquisitions consists of unexpected vacancies or costs arising in the properties after acquisition that are not covered by the agreement. If an acquisition is made as a company, other risks, such as VAT and other taxes, are also associated with that company. If a new build, extension or redevelopment project is more expensive than expected, is not leased on completion or is delayed, both value and cash flow are adversely affected. If there are few investment objects and these are not considered profitable, growth may be impeded.

Risk management

For all new acquisitions and investment projects, calculations are made of the estimated cost and the yield. These calculations are subject to approval via set internal procedures. Projects valued at more than SEK 10 million are subject to approval by the Board and the risks involved in the acquisition of properties/companies are limited by conducting due diligence processes using appropriately qualified in-house and external personnel. The risks associated with internal projects managed by experienced, in-house project managers are limited partly

via agreements with contractors and partly via regular internal follow-ups versus budget to identify and address any deviations in good time. By showing commitment to our own sub-markets and thus participating in the development of new areas, growth opportunities are created.

Outcome

During the year, Wihlborgs mainly expanded in Copenhagen, where 16 properties were acquired. As with earlier years, 2017 was intensive in terms of investments in existing and new projects. At year end, approved investments amounted to SEK 1,530 million (1,487), of which SEK 715 million (386) had been invested. For more information concerning the projects, see pages 50–55, and concerning Wihlborgs' sustainability efforts and societal commitment, see pages 56–69.

Financing

Description of risk

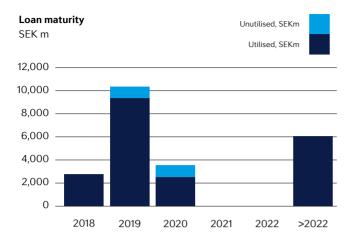
Wihlborgs is dependent on external loans to be able to fulfil its commitments and complete transactions. Turbulence in the credit markets in recent years demonstrates how conditions for and access to credit can rapidly change. If Wihlborgs is unable to extend loans or raise new loans, or if the terms and conditions are extremely unfavourable, our ability to meet our undertakings and complete transactions becomes limited.

Risk management

Each year, the Board adopts a financial policy that sets out overall principles for the finance function and for how risks in the company's financial activities are to be limited. The policy states, for example, that the spread of loans between various credit institutions must be such that there are four to six main lenders, each of whose share of the total loan portfolio should not exceed 30 percent. Wihlborgs is also required to endeavour to ensure that the final maturity dates for loans are spread over as long a period as the market allows. To reduce our dependence on the banks, Wihlborgs has firstly borrowed from the part-owned company Svensk FastighetsFinansiering and secondly issued covered and uncovered bonds. For further information on other financial targets and financial risk management; see Note 2.

Outcome

At year end, Wihlborgs reported a loan-to-value ratio of 53.5 percent (53.6) and had eight main lenders, of whom the largest represented 15 percent (17) of the total loan portfolio. The bond market remained positive during the year and the share of bond loans (incl. Svensk FastighetsFinansiering) increased to 23 percent (18) and the share of bank loans declined to 77 percent (82). The maturity of the loans and the unutilized portions of the loans are shown in the table below. Refer to Note 28 for the recognition of current interest-bearing liabilities in the financial statements.



Operational risk

Description of risk

The risk of sustaining losses due to inadequate procedures for day-to-day operations, or to ignorance concerning new laws and regulations that affect operations, as well as the risk of unethical or unlawful action harming the company.

Risk management

Wihlborgs seeks to continuously monitor, evaluate and improve the company's internal controls. Operational risks are reduced by sound internal controls for essential processes, appropriate administrative systems, skills development and reliable valuation models and principles. Wihlborgs also works on core values and ethical matters so that the employees perform their duties in a responsible manner. All employees undergo regular training to ensure that they retain and develop their expertise in relevant areas.

The company's ethical guidelines are updated and evaluated by the Board annually. All new employees are trained in business ethics. Wihlborgs' CSR group annually evaluates the risk of corruption in the business and assesses that the project management and administration units, as well as the central purchasing function, are the most vulnerable, since it is these units that purchase goods and services for Wihlborgs' operations. Procurement processes are documented and involve several individuals to increase transparency and reduce the risk of individual influence. As a part of the approval process for new framework suppliers, and prior to all larger procurements, suppliers are informed about Wihlborgs' ethical guidelines. To improve the options for expressing suspicions about corruption and similar improprieties, Wihlborgs has established a whistleblower function.

Outcome

The systems for the management of leases, accounting, budgeting and follow-up of projects were upgraded. No cases of corruption or other unethical behaviour were reported.

Environment

Description of risk

Both existing buildings and the construction of new properties impact and are affected by the environment in different ways. Climate change, increased official requirements and expanded environmental demands from tenants entail that Wihlborgs is under intense pressure to meet environmental challenges. There is also an environmental and business risk related to the tenants' operations. Anyone who has operated a business that has contributed to pollution has a responsibility to perform after-treatment. If the party responsible cannot conduct this after-treatment, then the owner of the property is responsible.

Successive changes in the weather related to climate change, such as more intense rainfall, increased groundwater levels or more heavy storms, could impact Wihlborgs' costs for moisture and claims settlement. As a single event, fire is also an operational risk with a high environmental impact.

Risk management

Wihlborgs works proactively to reduce negative environmental impact on the basis of the principles of the UN Global Compact and Wihlborgs' own ethical guidelines and environmental policy. For internal environmental control, there is a management system that is administered by the environmental manager, as well as established environmental goals. A compliance service is used for control and updating in relation to environmental legislation. An environmental aspect and risk list with an action plan is evaluated by Group Management annually.

In conjunction with property acquisition, an assessment is made of environmental risks and environmental and energy performance in the building. Such factors as control of environmental certification, choice of building materials and the need for local climate adaptation in relation to new builds and redevelopment are managed in Wihlborgs' project-adapted environmental programme. The operations enjoy positive relations with county councils and municipalities and comply with their decisions and recommendations.

Read more in the Sustainable properties section on pages 61-65 and the GRI supplement published on www.wihlborgs.se/gri.

Outcome

The outcome with regard to the environmental goals is described on pages 61-65.

Taxes

In the operations conducted by Wihlborgs, several areas are subject to taxation. As well as income tax that is charged to the companies in the Group, taxes include property taxes, value added tax, stamp duties and energy taxes. Political decisions such as changes in company taxation and tax legislation, and interpretations of that legislation, may either favourably or adversely impact Wihlborgs' tax situation.

Income tax

The nominal rate of corporation tax 22 percent (22) applies in both Sweden and Denmark.

Proposal for changed corporation tax

In 2017, two proposals were presented for changed corporation tax. The proposal for interest deduction limitations based on an EU directive entails a general limitation of interest deductions being introduced in the corporate sector. Two alternatives have been proposed – firstly, a deduction of a maximum of 35 percent of EBIT and, secondly, a deduction of a maximum of 25 percent of EBITDA. At the same time, a deduction in corporate tax is proposed from 22 percent to 20 percent, and a temporary limitation of the possibility to fully exercise loss carryforwards. For Wihlborgs, the proposal means an increase in the tax assessment basis and, in the long term, also an increase in income tax paid, depending on the future interest-rate level and the possibility to exercise loss carryforwards.

The Government intends to present a bill on 16 April 2018. The packaging investigation's proposal for a change to the tax legislation is aimed at offsetting the tax benefits of packaged transactions with properties. Tax neutral is to prevail between the sale of a property directly or through companies. When a property is sold through companies, income tax and stamp duty are charged in the same way as in a direct sale. Wihlborgs will be adversely impacted if the proposal is implemented to the extent that future property divestments were intended to be made through companies. There is currently no information about when and where a final proposal will be presented.

Current tax

In 2017, Wihlborgs' current tax totalled SEK 27 million (7). The taxable base does not include changes in the value of properties and derivatives. Nor is income from the sale of companies included either, as this item is not normally taxable/deductible. In addition, taxation may be deferred via tax depreciation allowances for tax purposes, as well as direct deductions. Loss carryforwards can also be used. Note 14 on page 101 details how taxable income is calculated.

Deferred tax

The deferred tax is calculated using the net of temporary differences between the recognised and tax values for assets and liabilities and on loss carryforwards. The income statement reports the tax on any change in the deferred tax liability over the year.

Tax deductible depreciation

Investments in properties in Sweden are divided among the categories of buildings, land improvements, fixtures and fittings, and land. Wihlborgs applies depreciation at the following rates for tax purposes:

Buildings 2-5% (Offices 2%, Ind./warehouse 4%)

Land improvements 5% Fixtures and fittings 25% Land 0%

The depreciation of buildings and land improvements is based on the accumulated cost and depreciation of fixtures and fittings based on the

taxable residual value at the start of the year, adjusted to reflect investments and disposals during the year. In the case of new builds, fixtures and fittings often represent a major part of the investment.

In Denmark, the following depreciation categories are used:

Buildings 0–4% (Offices 0%, Ind./warehouse 4%)

Installations 4%
Fixtures and fittings 25%
Land 0%

In Denmark, it is also possible to apply extra initial depreciation for buildings and installations during the year of investment.

Direct tax deductions in minor redevelopments

Direct tax deductions are allowed for tenant improvements, the replacement of components and minor redevelopments, even when these add value and are capitalized in the accounts.

Sale of properties as companies

Any profit from the sales of properties as companies is tax-free and any loss is not tax-deductible.

This applies for shares that are business-related.

Loss carryforwards

The loss carryforwards that have been utilised to calculate deferred tax amounted to SEK 2,779 million (3,120).

Property tax

Property tax is paid for nearly all the Group's properties. Particular categories of buildings, such as those for communication, education and health care, are tax-exempt. Tax rates for other types of buildings are determined by the type of building and land use. The rate for office properties is 1 percent of the tax assessment value and for industrial and warehousing properties the rate is 0.5 percent. In Denmark, tax rates vary, depending on which municipality the properties are located in. Property tax paid by the Group for 2017 totalled SEK 108 million (96).

Value added tax

Properties are exempt from compulsory registration for value added tax (VAT). If premises are leased to a tenant permanently operating a business subject to compulsory VAT registration, the property owner can voluntarily register for VAT and thereby have input VAT deducted from both operating costs and the investment. Where premises are leased to central or local government, there is no requirement regarding compulsory VAT registration. No deduction may be made for input VAT relating to operating costs or investments in premises that have not been registered for voluntary liability for VAT. In 2017, non-deductible input VAT on operating costs totalled SEK 6 million (6). This amount was recognised as an operating cost in the annual accounts. In 2017, non-deductible input VAT on investments totalled SEK 6 million (11) and was recognised as investment in property.

Stamp duties

The sale of real property in Sweden is subject to stamp duty (transfer of title) of 4.25 percent on the purchase price or tax assessment value, whichever is the higher. In Denmark, the tax rate is 0.6 percent and the tax is charged in the same way. In the case of intra-Group property transactions, it is possible to be granted deferral of stamp duty until the property is sold outside the Group. If properties are purchased or sold as companies (packaged in holding companies) no stamp duty is payable. In 2017, SEK 4 million (11) was paid as stamp duty on the transactions in which Wihlborgs was involved. Stamp duty of 2 percent (1.5 percent in Denmark) was also payable on mortgages taken out on properties. This tax amounted to SEK 28 million (17) in 2017.

Energy taxes

In 2017, Wihlborgs procured energy at a cost of SEK 141 million (134) for use in its properties, primarily for heating, cooling, ventilation and lighting. Of this cost, energy taxes accounted for SEK 19 million (19). Wihlborgs is striving actively to reduce its energy consumption, which in the long term, and assuming an unchanged tax rate and property portfolio, will lead to lower energy tax costs.

Summary

In 2017, Wihlborgs' operations generated a total of SEK 198 million (167) in different categories of tax, as described above and detailed below:

Breakdown of taxes paid (SEK m)	2017	2016
Income tax	27	7
Property tax	108	96
Value added tax	12	17
Stamp duty	32	28
Energy tax	19	19
Total tax paid	198	167

In addition to taxes paid, Wihlborgs has liabilities in the form of deferred taxes. Deferred income tax was SEK 2,989 million (2,362) and stamp duty SEK 27 million (27).

Assuming an unchanged rate of expansion, deferred income tax is not expected to fall due for payment within the foreseeable future.

Property valuation principles

Market valuation

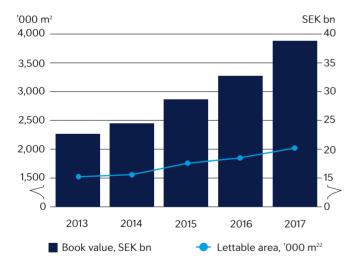
Wihlborgs' consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS) and we have elected to account for our properties at fair value, that is, at their market value. The properties' carrying amount at 31 December 2017 was SEK 38,612 million (32,755), a year-on-year increase of SEK 1,851 million (2,504).

For details of all value changes, see the table below.

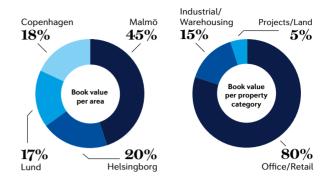
Change in properties' carrying amount in 2017

Value change item	Group total, SEK m
Carrying amount, 1 January 2017	32,755
Acquisitions	2,780
Investments	1,061
Divestments	-11
Change in value	1,851
Currency translations	176
Carrying amount, 31 December 2017	38,612

Amendment of the properties' book value and lettable area 2013-2017



Carrying amount per property category and per area in 2017



Excluding property management, the yield on the investment properties, excluding projects, was 5.4 percent (5.4). The yield per property category was 5.1 percent (5.0) for office properties and 7.1 percent (7.3) for industrial/warehousing properties.

External market valuation

At the valuation date, 31 December 2017, Wihlborgs arranged for an external valuation of its entire property portfolio, whereby the market values of the individual properties were assessed. The Swedish portfolio was valued, by Samhällsbyggarna-certified valuers from Malmöbryggan Fastighetsekonomi AB, while the Danish portfolio was valued by Newsec Egeskov & Lindquist AS. The valuations were performed pursuant to International Valuation Standards. The customary definition of market value used in Sweden is:

"The probable price obtained from a sale in the general property market."

This definition is assumed to fall within the scope of, and lead to the same valuation result as, application of the definition from the International Valuation Standards Committee (IVSC):

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuations are based on data including quality-assured contract and property-related information from Wihlborgs, data obtained from public sources and relevant market information. All developed properties were inspected in the 2015-2017 period.

Valuation methods

In this valuation, a combination of a yield-based method (market simulation) and a location-price method is used, in which transactions completed in the sub-markets concerned are analysed in order to calibrate the parameters for the yield-based method (cash-flow method). The market parameters derived from analysis of comparable transactions encompass investment yield requirements, which include an appropriate risk premium. The market value is considered to correspond to the yield value that is normally calculated from five-year cash-flow forecasts. In cas-

es where it is considered justified in view of long-term leases, longer estimate periods are used. Ongoing new-build projects are valued as if the project were completed, less the budgeted remaining cost of the project. For undeveloped properties and upgrade projects, a new-build value for a possible future land use is estimated, taking into account clearing and development costs, based on current planning criteria and prices for similar projects sold.

The property values are affected by the assumed market parameters that are applied. By varying a number of parameters, a measure of the sensitivity of the valuation is obtained. For example, lowering the investment yield requirement by 0.25 percent results in an increase of 3.5 percent in the yield value for the developed properties in Sweden. A corresponding increase results in a reduction of 4.0 percent in the yield value. For a sensitivity analysis; see the table below.

Aggregated sensitivity analysis, developed properties in Sweden

Parameter	Assumed change, %	Change in yield value, %
Market rent level	10	9.0
Market rent level	-10	-10.4
Operating and maintenance costs	20	-6.1
Operating and maintenance costs	-20	5.3
Investment yield, residual value	0.25	-4.0
Investment yield, residual value	-0.25	3.5

Source: Malmöbryggan Fastighetsekonomi AB

All assumptions on which value assessments are based reflect known market conditions at the time of valuation.

- When leases expired, rents were adjusted to market levels while consideration was given to the property-specific, longterm vacancy risk. The long-term rent trends for office and commercial premises in their existing state is assumed to be no more than the rate of inflation.
- Operating and maintenance costs are expected to rise by 0.5 percentage points above the rate of inflation during the calculation period. Standardised operating and maintenance costs are applied when assessing values, and the specific characteristics of the property are also taken into account. These estimates are based on analyses of historical outcomes and budgeted costs at both property and aggregated level for the market segments and property categories concerned.
- Over the calculation period, it is assumed that the CPI will be 1.9 percent in 2017 and that inflation will follow Riksbanken's (the Swedish Central Bank) long-term target of 2 percent.

Estimated cost of capital and investment yield requirements					
Area	Cost of capital for current value calcula- tion of net operating income, %	Investment yield requirement for calculation of residual value, %			
OFFICE/RETAIL					
Malmö Dockan	4.5-6.6	4.25-5.0			
Malmö City, South	4.5-7.0	4.25-5.5			
Malmö City, North	5.8-7.4	4.25-5.5			
Outer Malmö	6.5-8.4	5.0-7.0			
Central Helsingborg	5.0-7.1	4.75-5.5			
Helsingborg Berga	7.0-8.2	5.5-6.5			
Helsingborg, South	4.5-7.7	5.5-6.5			
Lund Ideon Lund Centrum/Gastelyckan Copenhagen	6.0-6.5 4.5-7.4	4.75 4.5-6.25 6,0-8,5			
WAREHOUSE/INDUSTRY					
Outer Malmö	7,0-8,2	5,75-7,0			
Helsingborg, South	7,4-8,2	6,25-6,75			
Helsingborg Berga	6,25-8,1	5,75-6,75			
Lund Centrum/Gastelyckan	7,5-8,1	6,25-7,0			
Copenhagen	-	6,5-7,5			



Financial statements

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME			
SEK m	Note	2017	2016
	1–3		
Rental income	4	2,275	2,030
Other income	5	21	5
Property expenses	6-8	-579	-517
Operating surplus		1,717	1,518
Other income	9	1	4
Central administration and marketing	7–8, 10–11	-56	-53
Interest income		12	12
Interest expense		-495	-459
Share in results of joint ventures		0	13
Income from property management		1,179	1,035
Change in value, investment properties	12	1,851	2,504
Change in value, derivatives	13	201	-265
Profit before tax		3,231	3,274
Current tax	14	-27	-7
Deferred tax	14	-636	-291
Profit for the year		2,568	2,976
Other comprehensive income	15		
Items that will be reclassified to profit or loss for the year			
Year's translation differences on recalculation of foreign operations		72	47
Year's hedging of currency risk in foreign operations		-76	-38
Tax attributable to items that may be reclassified to profit or loss for the year		7	5
Other comprehensive income for the year		3	14
Comprehensive income for the year		2,571	2,990
Profit for the year, attributable to:			
Parent Company shareholders		2,568	2,976
Non-controlling interests		-	-
Comprehensive income for the year, attributable to:			
Parent Company shareholders		2,571	2,990
Non-controlling interests		-	-
PER-SHARE DATA (NO DILUTION AFFECT, AS THERE ARE NO POTENTIAL SHARES)			
Earnings per share, SEK		33.41	38.72
Dividend per share (2017, proposed dividend)		6.25	5.75
No. of shares at end of period, million		76.9	76.9
Average number of shares, million		76.9	76.9

SEK m	Note	2017	2016
ASSETS			
Non-current assets			
Investment properties	16	38,612	32,755
Equipment	17	11	10
Participations in joint ventures	18	19	19
Other long-term securities holdings	20	21	21
Long-term receivables	21	261	240
Total non-current assets		38,924	33,045
Current assets			
Accounts receivable	22	38	34
Current tax assets		1	0
Other receivables		29	48
Prepaid expenses and accrued income	23	46	35
Cash and cash equivalents	24	179	252
Total current assets		293	369
Total assets		39,217	33,414
EQUITY AND LIABILITIES			
Equity	25		
Share capital		192	192
Other contributed capital		2,178	2,178
Reserves	15	63	60
Retained earnings including profit for the year		11,159	9,033
Equity attributable to Parent Company shareholders		13,592	11,463
Non-controlling interests		-	_
Total equity		13,592	11,463
Non-current liabilities			
Deferred tax liability	26	2,989	2,362
Other provisions	27	40	38
Non-current interest-bearing liabilities	28	19,934	16,680
Derivatives	29	943	1,144
Deferred income		15	15
Total non-current liabilities		23,921	20,239
Current liabilities			
Current interest-bearing liabilities	28	719	873
Accounts payable		282	188
Current tax liabilities		0	6
Other liabilities		196	137
Accrued expenses and deferred income	30	507	508
Total current liabilities		1,704	1,712

For information on the Group's pledged assets and contingent liabilities; see Note 31.

CONSOLIDATED STATEMENT OF CHANGE						-		
SEK m	Note	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity	Non- controlling interests	Tota equity
	15, 25	Li	attributable to f	Parent Compa	ny shareholde	ers		
Equity, 1 January 2016		192	2,178	46	6,460	8,876	_	8,876
Comprehensive income for the year								
Profit for the year		_	_	_	2,976	2,976	_	2,976
Other comprehensive income		_	_	14	_	14	-	14
Comprehensive income for the year		-	-	14	2,976	2,990	-	2,990
Transactions with the Group's owners								
Dividends paid		_	-	_	-403	-403	_	-403
Total transactions with the Group's owners		-	-	-	-403	-403	-	-403
Equity, 31 December 2016		192	2,178	60	9,033	11,463	-	11,463
Comprehensive income for the year								
Profit for the year		_	_	_	2,568	2,568	_	2,568
Other comprehensive income		_	_	3	_	3	_	3
Comprehensive income for the year		-	-	3	2,568	2,571	-	2,571
Transactions with the Group's owners								
Dividends paid		-	_	=	-442	-442	_	-442
Total transactions with the Group's owners		-	-	_	-442	-442	_	-442
Equity, 31 December 2017		192	2,178	63	11,159	13,592	_	13,592

SEK m	Note	2017	2016
OPERATING ACTIVITIES			
Operating surplus		1,717	1,518
Other income		1	.,0.10
Central administration		-56	-53
Depreciation/amortisation		2	2
Interest received		12	12
Interest paid		-489	-454
Income tax paid		-34	-5
Cash flows before change in working capital		1,153	1,024
CHANGE IN WORKING CAPITAL			
Changes in operating receivables		4	-28
Changes in operating liabilities		142	68
Total changes in working capital		146	40
Cash flows from operating activities		1,299	1,064
INVESTMENT ACTIVITIES			
Property acquisitions		-2,780	-1,074
Investments in existing properties		-1,061	-989
Disposal of properties		11	581
Increase in other non-current assets		-24	-31
Cash flows from investment activities		-3,854	-1,513
FINANCING ACTIVITIES			
Dividends paid		-442	-403
Borrowings	32	5,933	5,653
Loan repayments	32	-3,009	-4,499
Decrease in other non-current liabilities		-	-125
Cash flows from financing activities		2,482	626
Change in cash and cash equivalents		-73	177
Opening cash and cash equivalents		252	75
Closing cash and cash equivalents	24	179	252

PARENT COMPANY INCOME STATEMENT			
SEK m	Note	2017	2016
	1–2		
Net sales	33	145	131
Operating costs	8, 11, 33	-153	-138
Operating profit		-8	-7
Result from financial items			
Result from interests in Group companies	34	1,015	1,182
Result from other securities and receivables accounted for as non-current assets	35	406	345
Other interest income and similar profit/loss items		0	0
Interest expense and similar profit/loss items	36	-587	-535
Change in value, derivatives	13	201	-265
Profit after financial items		1,027	720
Appropriations	37	0	56
Profit before tax		1,027	776
Tax on profit for the year	14	-3	89
Profit for the year		1,024	865
PARENT COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME			
Profit for the year		1,024	865
Other comprehensive income for the year		-	_
Comprehensive income for the year		1,024	865

SEK m	Note	2017	2016
ASSETS	1-2		
Non-current assets			
Property, plant and equipment			
Equipment	17	5	5
Financial assets			
Participations in Group companies	38	9,073	8,472
Receivables from Group companies		11,615	10,432
Participations in joint ventures	18	22	22
Receivables from joint ventures	19	17	17
Other long-term securities holdings	20	21	21
Other long-term receivables	21	209	208
Deferred tax assets	39	299	302
Total financial assets		21,256	19,474
Total non-current assets		21,261	19,479
Current assets			
Accounts receivable		0	0
Other receivables		0	1
Prepaid expenses and accrued income	23	18	11
Cash at bank and in hand	24	19	152
Total current assets		37	164
Total assets		21,298	19,643
EQUITY AND LIABILITIES			
Equity	25		
Restricted equity			
Share capital		192	192
Unrestricted equity			
Retained earnings		2,653	2,230
Comprehensive income for the year		1,024	865
Total unrestricted equity		3,677	3,095
Total equity		3,869	3,287
Provisions			
Other provisions for pensions	27	13	11
Non-current liabilities			
Non-current interest-bearing liabilities	28	13,624	12,638
Liabilities to Group companies		2,712	1,988
Derivatives	29	943	1,144
Total non-current liabilities		17,279	15,770
Current liabilities			
Current interest-bearing liabilities	28	_	453
Accounts payable		12	5
Other liabilities		5	6
Accrued expenses and deferred income	30	120	111
Total current liabilities		137	575

SEK m	Note	Share capital	Restricted reserves	Unrestricted equity	Tota
JEKIII	25	Сарітат		equity	equit
Facility 4 January 2016	23	100	•	2.622	2.02
Equity, 1 January 2016		192	0	2,633 -403	2,82 -40
Dividends paid		_	_	-403 865	-40 86
Profit for the year/Comprehensive income for the year Equity, 31 December 2016		- 192	0	3,095	3,28
Equity, 31 December 2016		192	U	3,093	3,20
Equity, 1 January 2017		192	0	3,095	3,28
Dividends paid		-	-	-442	-44
Profit for the year/Comprehensive income for the year		_		1,024	1,02
Equity, 31 December 2017		192	0	3,677	3,86
PARENT COMPANY CASH FLOW STATEMENT					
SEK m	Note			2017	201
OPERATING ACTIVITIES					
Operating profit/loss				-8	
Depreciation/amortisation				1	
nterest and dividends received				1,549	1,67
nterest paid				-507	-49
Cash flows before change in working capital				1,035	1,17
CHANGE IN WORKING CAPITAL					
Changes in operating receivables				-6	
Changes in operating liabilities				12	
Total changes in working capital Cash flows from operating activities				6 1,041	1,17
INVESTMENT ACTIVITIES					
Acquisitions of non-current assets				-1	
Shareholder contributions paid and new share issues				-597	-21
Acquisition of participations in Group companies				-176	
Disposal of participations in Group companies				0	21
ncrease/decrease in receivables from Group companies				-1,139	53
Decrease in other financial assets				0	1
Cash flows from investment activities				-1,913	54
FINANCING ACTIVITIES					
Dividends paid				-442	-40
Borrowings			32	2,984	3,88
Loan repayments			32	2,529	-3,88
ncrease/decrease in other non-current liabilities and provisions Group contributions received				726	-1,20 5
Cash flows from financing activities				739	-1,56
Change in cash and cash equivalents				-133	15
Opening cash and cash equivalents				-133 152	13

Notes

Unless otherwise stated amounts are in SEK million

NOTE 1 - Significant accounting policies

General information

The consolidated accounts and the annual accounts of Wihlborgs Fastigheter AB (the Parent Company) for the 2017 financial year have been approved by the Board of Directors and the Chief Executive Officer for publication on 12 March 2018 and will be presented to the Annual General Meeting (AGM) on 25 April 2018 for adoption. The Parent Company is a Swedish public limited company with its registered office in Malmö. The Parent Company's functional currency is Swedish kronor (SEK), which is also the reporting currency of the Parent Company and the Group

Compliance with standards and statutory requirements

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as interpretations issued by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Union. Furthermore, the consolidated accounts have been prepared pursuant to the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups. The Parent Company's annual accounts have been prepared in accordance with the Annual Accounts Act and by application of recommendation RFR 2, Accounting for Legal Entities issued by the Swedish Financial Reporting Board. Deviations between the Group's and the Parent Company's accounting policies are described in the "Parent Company's accounting policies" section, below.

Basis of preparation

Assets and liabilities are recognised at cost, other than investment properties and derivatives, which are measured at fair value.

Judgements and estimates used

The preparation of financial statements in accordance with IFRS requires that the management and Board make judgements and assumptions that affect the amounts recognised for assets, liabilities, income and expenses, as well as other information disclosed. These judgements are based on experience and the various assumptions that are considered reasonable by the management and the Board in view of the prevailing circumstances. Actual outcomes may differ from these judgements if other assumptions are made or if the conditions change.

The accounts are particularly sensitive to the judgements and assumptions applied in the valuation of investment properties. Further information on the input data and the methods used in the valuation of properties is provided on pages 82-83 of this annual report and also in Notes 12 and 16.

Significant accounting policies applied

The following accounting policies have been applied consistently in all periods that are presented in the Group's financial statements, unless otherwise indicated below.

New accounting policies

Changes effective 1 January 2017

No new standards that entered force in 2017 have had any material impact on Wihlborgs' financial reporting.

New standards and interpretations effective 1 January 2018 and thereafter The overwhelming majority of Wihlborgs' revenue consists of rental income, which is covered by IFRS 17 Leasing. From an analysis in conjunction with IFRS 15 - Revenue from Contracts with Customers entering force on 1 January 2018. Wihlborgs has reviewed total revenue and determined that the Group's revenue should be split between rental income and service income. Rental income comprises standard invoiced rent including index and property tax, while service income relates to all other onward invoicing in the form of

heating, electricity, etc. Wihlborgs has analysed whether the Group is the principal or the agent for these services and determined that the Group, in its role as landlord, acts primarily as the principal. The transition to IFRS will be reported using the retrospective approach, in other words, the comparative figures for 2017 will be presented pursuant to IFRS 15. Wihlborgs has identified service income in Denmark that was previously reported as a net figure. From 2018, this income will be reported gross. The change will have no impact on operating profit but will entail an increase in total revenue together with a corresponding increase in operating costs. If the same principles had been applied for the reporting in 2017, both total revenue and operating costs would have increased by around SEK 60 million.

The standard also entails expanded disclosure requirements concerning sales: i.e. if there is some form of variable or conditional purchase consideration and/or element of financing. In respect of property sales and assuming customary contractual conditions, Wihlborgs currently recognises these items on the date of taking possession and is not adjudged to be affected by the new rules.

IFRS 9 — Financial Instruments will replace IAS 39 as of 1 January 2018. The recommendation contains new principles regarding classification and measurement of financial assets. The largest single item encompassed by IFRS 9 is derivatives, which will continue to be recognised at fair value through profit or loss, and the new policies will not have any material impact on Wihlborgs' accounting, IFRS 9 also includes a new model for provisions for credit losses. which takes into account the company's expected credit losses. In practice, this will not have a material impact on Wihlborgs, since most income is paid in advance, and both historic and expected credit losses are small. Wihlborgs applies hedge accounting for the net investment in Denmark via loans in DKK. Wihlborgs will continue to use hedge accounting in accordance with the new standard and deems the hedge to be effective. The transition to IFRS 9 is not expected to have any significant impact on the Group's reporting.

IFRS 16 - Leases 16 will replace IAS 17 - Leases as of 1 January 2019. Wihlborgs' rental income is encompassed by the rules for lessors in IFRS 16, which are essentially unchanged compared with IAS 17 and should not have any material impact on the accounting for rental income. The introduction of IFRS 16 means significant rule changes for lessees, and entails that essentially all leases have to be recognised in the statement of financial position. Lessees are not to classify leases as operating or financial. Asset depreciation and interest expense for the liabilities are recognised in profit or loss instead of being expensed as lease fees, as previously. With the exception of contracted site leasehold agreements, Wihlborgs exposures as a lessee is very limited. The recognition of site leasehold agreements under IFRS is currently being analysed and investigated and, accordingly, the effect on earnings and the financial position can therefore not be estimated at present.

According to Wihlborgs, other new and amended standards and interpretations that have not yet entered force, are not expected to have any material effect on the Group's financial statements when they are applied for the first time.

Definition of segments

Wihlborgs reports on four geographical market areas: Malmö, Helsingborg, Lund and Copenhagen. Each market area corresponds to an operating segment whose revenue and costs are regularly monitored through reporting to the CEO, who is the chief operating decision maker. The Group Management monitors operating profit and changes in property values; other profit and loss items are not broken down by market area. On the assets side, investments in properties and their fair values are monitored.

Consolidated accounts

The consolidated accounts include the Parent Company, Wihlborgs Fastigheter AB, and all companies in which the Parent Company has a direct or indirect controlling interest.

A "controlling interest" comprise a direct or indirect right to design a company's financial and operational strategies in order to obtain economic benefits. The consolidated accounts are based on accounting documents prepared for all Group companies as per 31 December, and have been prepared in accordance with the acquisition method. The Group companies acquired in December 2004 are reported in the Wihlborgs Group up to the amounts recognised in the Fabege Group in accordance with the rules on joint control.

The functional currency for the Group's foreign operations is the currency in which the Group entity concerned conducts its business activities. The income statements and balance sheets for foreign operations are translated NOTES

to SEK, which means that assets and liabilities are translated at the closing day rate. The income statements are translated at the average exchange rate for the period. Any translation differences arising in translation to SEK are recognised in other comprehensive income.

Acquisition of properties via companies

A company acquisition may be regarded either as an asset acquisition or a business combination. A company acquisition where the primary purpose is to acquire the purchased company's properties, and where its management organisation and administration are of subordinate importance to the completion of the acquisition, is treated as an asset acquisition. A company acquisition where the acquired company's management organisation and administration are of major importance to the completion and value of the acquisition, is instead treated as a business combination.

In the case of an asset acquisition, no deferred tax is recognised on the surplus value of the properties; any discount attributable to the deferred tax is instead deducted from the property value. When establishing an initial fair value after the acquisition date, the valuation is impacted by the tax discount.

Joint arrangements

Companies in which Wihlborgs has a long-term ownership stake and in which it exercises a controlling influence, together with one or several joint venture partners, are classified as a joint venture or joint operation, depending on whether the Group has direct rights to assets and obligations for liabilities (joint operation) or not (joint venture). The assessment is based on the structure of the investment, its legal form, contractual agreements and other factors and circumstances. Joint ventures are reported in the consolidated income statement and balance sheet using the equity method, which means that Wihlborgs' share of this result is recognised annually in the consolidated statement of income. The values of these participations are adjusted in the balance sheet to reflect the share of earnings and any dividend payments. For joint operations, Wihlborgs' direct share of the assets, liabilities, income and costs is recognised in the consolidated accounts. The assets, liabilities, income and costs that cannot be attributed directly to the partners are allocated on the basis of the respective participating interest. Intra-Group balances corresponding to ownership shares are eliminated on consolidation.

Joint arrangements are accounted for on the basis of the latest available accounts for the company concerned, adjusted for any deviation in accounting policies.

Foreign currency

Transactions in foreign currency are translated to SEK using the exchange rate at the transaction date. Monetary assets and liabilities in foreign currency are translated at the closing day rate, with any resulting exchange-rate differences recognised in profit or loss. Exchange-rate differences on operating receivables and liabilities are recognised in profit or loss, while exchange-rate differences attributable to financial assets and liabilities are recognised under "Result from financial items."

Hedging of net investments in foreign operations

To reduce currency risks related to net assets in foreign operations, foreign currency loans have been raised. At the end of accounting periods, monetary assets and liabilities in foreign currency are translated at the closing day rate. The effective portion of the period's changes in exchange rates attributable to the hedging instruments is recognised in other comprehensive income to take into account the translation differences pertaining to the net assets of foreign operations. Where a hedge is not wholly effective, the ineffective portion is recognised in profit for the year. The accumulated translation differences from both net investments and hedging instruments are settled and recognised in profit or loss when the foreign operation is divested.

Income

Rental income from property management is notified in advance and recognised as income in the period to which it relates. Rental income includes invoiced supplementary charges for electricity, heating, property tax, etc. In cases where a tenant is granted a time-limited rent reduction and charged a higher rent in another period, the respective underpayment or overpayment is accrued on a straight-line basis over the term of the lease, provided that the rent reduction is not associated with phased occupancy or the like. Income relating to early lease termination is recognised immediately unless any outstanding obligations exist vis-à-vis the tenant. Income from property sales is recognised when the significant risks and benefits associated with

ownership of the properties have been transferred to the buyer and when it is probable that the economic benefits associated with the sale will accrue to Wihlborgs. Generally, this means that the income is recognised from the date the buyer takes occupancy. The result of a property sale is recognised as a change in value and pertains to the difference between the received sales price after deductions for selling costs and the carrying amount in the most recent quarterly report, adjusted for subsequent investments. Should the sale of a property be effected via a company sale, the portion of profit/loss that is attributable to the recognised deferred tax is to be recognised in profit/loss on the line for tax on profit for the year.

Leaseholds and agreements as lessee

Wihlborgs is the lessee in site leasehold agreements that are operational leases from an accounting perspective. Ground rents are expensed over the period concerned. Wihlborgs is also a lessee to a small number of lease agreements of insignificant scale. These leases, which largely pertain to cars, are also recognised as operating leases, with the expense recognised in profit or loss on a straight-line basis over the period of the lease.

Costs

The concept of property expenses includes all costs associated with the investment properties. This includes direct property expenses such as costs of operations, maintenance, ground rents and property tax. The term also includes indirect property expenses, such as costs of leasing and property management. The term central administration comprises costs of Group Management, the costs of being a public limited company and other costs associated with the corporate form, including centralised advertising and other marketing.

Remuneration of employees

Remuneration of employees, in the form of salaries, paid holiday, paid sick leave etc., is recognised as it is earned. Pensions and other post-employment benefits are classified as defined-contribution or defined-benefit plans. Commitments under the defined-contribution plans are fulfilled via premiums to independent government agencies or companies that administer the plans. A number of Wihlborgs employees are covered by the ITP Plan, with regular contributions to Alecta. According to IFRS, this is to be classified as a multi-employer defined-benefit plan. Since sufficient information to recognise these plans as defined-benefit is not available, they are recognised as defined-contribution plans.

All employees, except for the CEO, can receive shares in the Wihlborgs Profit-Sharing Fund, which is entirely independent of Wihlborgs. Allocations to the Profit-Sharing Fund are recognised as personnel costs in the period to which the profit shares pertain.

Financial income and expenses

Financial income comprises interest income and realised gains on availablefor-sale financial assets. Interest income is recognised in the period it which it arises. Dividends on shares are recognised in the period in which the entitlement to receive payment is considered certain.

Financial expenses includes interest and other costs attributable to the financing of operations.

Financial expenses also includes impairment losses and realised losses on available-for-sale financial assets.

Wihlborgs capitalises interest expense attributable to the production of major new builds, extensions and redevelopments in the consolidated accounts. The average interest rate for the loan portfolio is used when calculating borrowing costs to be capitalised. Interest expense is charged to income in the period in which they are incurred, except to the extent they are incorporated into the cost of a construction project, and are recognised by application of the effective interest method. Charges for mortgages raised are not expensed but capitalised as investment in property.

Income from property management

IAS 1 prescribes the information that is to be presented in the statement of income and the appendix describes how it is to be presented. However, neither what is prescribed nor what is described is exhaustive or specific to developments at a property management company in Sweden, and a fairly clear tendency can be discerned. Against that background, income from property management is recognised in one section and changes in the value of properties and derivatives in a separate section between income from property management and profit before tax.

Taxes

Tax on profit for the year includes both current and deferred income tax for Swedish and foreign Group entities. Current tax is based on taxable profit for the year, which differs from the recognised profit for the year, in that it has been adjusted for non-taxable income, non-deductible expenses and for any change in temporary differences between recognised and taxable values for assets and liabilities. Current tax for the Group is based on the tax rates that applied on the balance-sheet date.

Deferred tax has been calculated using the balance sheet method. This method is used to account for deferred tax liabilities and claims for all temporary differences between recognised and taxable values for assets and liabilities and for other taxable deductions or deficits. Deferred tax liabilities and tax assets are calculated on the basis of the tax rate anticipated for the time at which the temporary difference is reversed. When valuing tax loss carryforwards, an assessment is made of the likelihood that the deficit can be utilised. Loss carryforwards associated with significant uncertainty have been excluded from the base data for deferred tax assets.

Deferred tax assets and deferred tax liabilities are offset if they relate to income tax to the same tax authority, and if the Group can settle the tax by paying a net amount. Both current and deferred tax are recognised in profit or loss as income or expenses except where the underlying transaction is recognised in other comprehensive income. In such cases, the tax is also recognised in other comprehensive income.

Appropriations and untaxed reserves

Tax legislation in Sweden allows the payment of tax to be postponed by appropriation to untaxed reserves in the balance sheet via the income statement item "Appropriations." Depreciation rules in legislation allow accelerated depreciation. However, appropriations and untaxed reserves are not recognised in the consolidated accounts. In the consolidated balance sheet, untaxed reserves are divided into deferred tax liabilities and equity. Equity is then eliminated so that only equity earned after the date of acquisition remains. In the consolidated income statement, the appropriation to or withdrawal from untaxed reserves is divided between deferred tax and profit for the year.

Investment properties

All properties in the Group are classified as investment properties on the basis that they are held to earn rental income or for capital appreciation, or a combination of the two. Wihlborgs rents offices in Copenhagen, Lund, Malmö and Helsingborg in its own properties. The rental value for own renting represents, in all cases, a negligible portion of the total rental value for the property concerned and consequently none of these properties is classified as owner-occupied property. Investment properties are measured at fair value in the balance sheet in accordance with IAS 40, which means that depreciation is not recognised in profit or loss. Any change in value is recognised on a separate line in the income statement and is calculated on the basis of the period-end valuation compared with the preceding year's valuation, or alternatively cost if the property was acquired during the year, plus capitalised additional expenditure during the year. The change in value for divested properties is described in the accounting policies for income from property sales. Investment properties are valued quarterly on the basis of an internal valuation model. The valuation of investment properties has been classified as falling within Level 3 in the fair value hierarchy, since the estimated value is materially affected by non-observable input data used in the valuation. At year end, all properties are valued by independent external appraisers with recognised and appropriate qualifications. Further information on the valuation of the property portfolio and the carrying amounts included therein is provided on pages 82-83 and in Note 16.

In the case of properties acquired via asset acquisition, the fair value is downwardly adjusted by an amount equal to any discount provided, in respect of the deferred tax, at acquisition. This means that changes in value will be impacted by the tax discount at any subsequent valuation.

Additional expenses relating to redevelopment/extension are added to the carrying amount only when it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured in a reliable manner. All other subsequent costs are expensed in the period in which they arise. The decisive factor in determining when an additional expense is added to the carrying amount is whether the expense relates to replacement of whole or parts of identified components, in which case the expenditure is capitalised. Expenditure on entirely new components is also added to the carrying amount. In major projects, interest during the

project period is capitalised. Expenditure on repairs is recognised in the period in which it arises.

Financial instruments

Financial instruments are recognised either at amortised cost or fair value, depending on how they are categorised under IAS 39, see Note 29 for information on classification.

Cash and bank balances consist of bank balances at the end of the reporting period and are recognised at their nominal value.

Loan and accounts receivable are financial assets that are not derivatives, that have fixed or determinable payments and that are not quoted in an active market. The receivables are recognised at cost, with a provision for bad debt. The need for such provision is assessed on a case-by-case basis, with any impairment recognised among operating costs. Any portion of the receivables that falls due within a year is recognised among other receivables.

Borrowings are recognised at amortised cost. Most of the borrowings are non-current. Current credits covered by unutilised long-term credit agreements are also recognised as non-current.

Derivatives are measured regularly at fair value in accordance with IAS 39 and pertain entirely to interest-rate swaps. The changes in value are recognised in the statement of income. Hedge accounting under IAS 39 has not been applied. The swaps are measured at the present value of future cash flows. In determining cash flows, discounted market interest rates during the remaining term of the derivative portfolio have been used. The remaining term for cancellable swaps is determined by anticipated market interest rates in relation to the interest rate for the particular swap. The option component included in the cancellable swaps in the portfolio has been valued at SEK 0, since swaps can only be cancelled in pairs and thus do not give rise to any earnings impact for Wihlborgs. The banks decide when a swap can be cancelled. The cancellable swaps are measured at fair value in accordance with Level 3 and other swaps in accordance with Level 2.

Accounts payable are subject to a short payment date and are recognised at cost.

Equipment

Assets are recognised in the balance sheet at accumulated cost, less accumulated depreciation according to plan and impairment. Annual depreciation is applied at 20 percent, on a straight-line basis, to the acquisition cost.

Share buy-backs

If any buy-back of Wihlborgs' own shares takes place, equity is reduced by the purchase consideration paid, including transaction costs. Payments received from any sale of the company's own shares are recognised as an increase in equity. Any transaction costs are recognised directly against equity.

Parent Company's accounting policies

The deviations between the Parent Company's and the Group's policies arise from limitations in the Parent Company's ability to apply IFRS as a result of statutory provisions in, above all, the Swedish Annual Accounts Act, and in view of the relationship between accounting and taxation.

Group contributions

Group contributions are recognised in accordance with the alternative rule of recommendation RFR 2. According to the alternative rule, Group contributions received and paid are both recognised as appropriations.

Shareholders' contributions

Shareholders' contributions are recognised by the donor as an increase in shares in subsidiaries and by the recipient as an increase in unrestricted equity.

NOTE 2 | Financial risk management

Financial policy

Wihlborgs' financial activities are governed by the financial policy that is approved by the Board annually. This financial policy sets out the overall rules determining how Wihlborgs' financial operations are to be managed and how the risks of these financial activities are to be limited. Operations are financed by equity and loans. The major share of these loans are interest-bearing liabilities. The Parent Company's Finance function is a Group executive function with responsibility for the Group's financing, interest-rate risk management, liquidity planning and management of other financial risks. The function reports quarterly to the Board in accordance with guidelines established in the financial policy. The overall goals for the Finance function are to:

- Ensure Wihlborgs' short and long-term capital requirements.
- Optimise net financial items within set risk parameters
- Continuously to adapt financing based on Wihlborgs' operations, in order to achieve and maintain a capital structure that is stable in the long term.

Management of financial risks

Liquidity and financing risk

Liquidity and financing risk refers to the risk of not being able to meet payment obligations as a result of insufficient liquidity or difficulties in raising new loans. Wihlborgs must be able to carry out transactions when the opportunity arises and must always be able to meet its commitments. The financing risk increases if the company's creditworthiness deteriorates or if a large portion of its loan portfolio falls due on one or a few occasions.

Liquidity risk is managed by performing regular liquidity forecasts and by ensuring that Wihlborgs has access to credit lines or cash and cash equivalents that can be used at short notice to even out fluctuations in payment flows. The bank overdraft facility at year end amounted to SEK 233 million (234), of which SEK 111 million (32) was unutilised.

Financing risk is the risk that financing will be unavailable or obtainable only at highly unfavourable terms at a certain time. According to the financial policy, the objective for the capital structure is to generate return on equity. enable the company to obtain the necessary loan financing and ensure scope for investment. Most of the interest-bearing liabilities, which amounted to SEK 20,653 million (17,553) at year end, were raised by the Parent Company by pledging collateral in the form of promissory notes from subsidiaries containing pledged property mortgages. Most of the collateral contains conditions regarding loan-to-value ratio and interest coverage ratio in the agreements with lenders, known as financial covenants. These covenants to lenders are issued with satisfactory margins for Wihlborgs' capital structure targets. These targets are an equity/assets ratio of no less than 30 percent and a loan-to-value ratio of no more than 60 percent. On 31 December, the equity/assets ratio was 34.7 percent (34.3) and the loan-to-value ratio

53.5 percent (53.6), which provides a stable platform for future expansion.

Wihlborgs endeavours to ensure that the final maturity dates for loans are spread over as long a period as the market allows so as to limit financing risk. Wihlborgs' total available credit is SEK 22,648 million (18,900), of which SEK 20,653 million (17,553) had been utilised on 31 December 2017. Wihlborgs has secured access to financing via long-term credit facilities. The average loan maturity, including credit facility, was 6.2 (5.9) years. The table below shows the credit facilities that existed at year end.

I rapport över finansiell ställning har kortfristig del av räntebärande skuld reducerats med outnyttjade långfristiga kreditavtal, se not 28.

Credit facilities, SEK m

	20)17	2016		
	Amount	Utilised	Amount	Utilised	
Long-term binding loan agreements with banks	17,817	15,944	15,161	14,016	
Short-term binding loan agreements with banks	2,713	2,713	2,220	2,220	
Overdraft facilities	233	111	234	32	
Total loan agreements	20,763	18,768	17,615	16,268	
Bond, covered, frame- work SEK 880 m	785	785	785	785	
Bond, uncovered, framework SEK 4,000 m	1,100	1,100	500	500	
	22,648	20,653	18,900	17,553	

Maturity structure of credit framework agreements, SEK m

	31 Dec.	2017	31 Dec. 2016		
	Agreement	Utilised	Agreement	Utilised	
0-1 year	2,713	2,713	2,220	2,220	
1-2 years	10,321	9,288	4,310	3,960	
2-3 years	3,582	2,620	8,716	7,719	
3-4 years	0	0	226	226	
4-5 years	0	0	0	0	
> 5 years	6,032	6,032	3,428	3,428	
	22,648	20,653	18,900	17,553	

Interest-rate risk

Interest expense is the largest single cost item to which Wihlborgs is exposed. The extent to which and how quickly an interest rate change impacts earnings depends on the fixed-interest period. An interest expense sensitivity analysis showed that an increase or a decrease in the market interest rate of 1 percentage point would result in interest expense increasing SEK 42.8 million (29.7) and SEK 33.0 million (30.4) respectively.

Interest-rate risk is the risk that income and cash flow will be affected by a change in market interest rates; the interest-rate risk is calculated as the difference between the current average interest rate in the portfolio and the market interest rate. According to the financial policy, the target for the interest coverage ratio is to exceed 2.0 times; at year end, the interest coverage ratio was 3.4 times (3.3).

A combination of loans with a short fixed-interest period and the use of financial instruments in the form of interest-rate swaps leads to, a high degree of flexibility and the fixed-interest period and interest-rate level can be adapted to ensure that the goals for financial operations can be achieved with a limited level of interest-rate risk. This can be done without any need for renegotiation of underlying loans. To manage the interest-rate risk and obtain an even growth in net financial items, the average fixed-interest period for Wihlborgs' interest-bearing borrowings is adjusted to reflect the estimated risk level and interest rate expectations. Wihlborgs has an Interest Rate Committee that presents the Board with proposals for fixed-interest periods and interest-rate levels as a basis for Board decisions. The tables below show the interest maturity structure as per 31 December 2016 and 2017, respectively.

Interest maturity structure 2017, SEK m

		nterest-rate derivatives	Net	Average interest, %
2018	18,612	-9,500	9,112	1.23
2019	436	0	436	0.53
2020	0	0	0	0.00
2021	0	4,000	4,000	3.71
2022	0	2,000	2,000	3.08
>2022	1,605	3,500	5,105	3.74
	20,653	0	20,653	2.49

Interest maturity structure 2016, SEK m

		Excl. Interest-rate derivatives		Average interest, %
2017	16,559	-9,500	7,059	1.36
2018	0	0	0	0.00
2019	154	0	154	0.97
2020	0	0	0	0.00
2021	0	4,000	4,000	3.74
>2021	840	5,500	6,340	3.76
	17,553	0	17,553	2.76

Wihlborgs has an interest-rate derivative portfolio of SEK 9.5 billion, comprising 11 separate interest-rate swaps. For more detailed information see the table below. Due to shorter remaining tenors, together with changes in the market interest rate, the deficit value in Wihlborgs' interest-rate derivative portfolio declined to SEK 946 million (1,144), entailing a positive change of SEK 201 million (negative: 265) during the year.

Interest-rate derivative portfolio

	-		
Amount, SEK m	Interest	Can be cancelled	Expiry
	rate, %		
Cancellable swaps			
500	2.63	quarterly	2026
500	2.72	quarterly	2026
500	2.34	quarterly	2026
500	2.58	quarterly	2027
1,000	1.96	quarterly	2021
Interest-rate swaps	s		
2,000	2.70		2021
1,000	2.04		2022
1,000	2.01		2022
1,000	3.40		2024
500	3.32		2024
Threshold swap			
1,000	3.07	Threshold 4.75%	2021

Future liquidity flows

Future liquidity flows attributable to credits are described below. The STIBOR rate at the end of the reporting period was used in the calculation of credits and the variable components of the interest-rate swaps. Outstanding borrowings and credit margins were assumed to be the same at the end of the reporting period until the maturity of each credit, at which point the final payment is assumed to have been made.

Future liquidity flows for credits, calculated at 31 Dec. 2017, SEK m

	20,653	1,563	1,679	23,895
>2022	6,032	995	337	7,364
2022	0	74	160	234
2021	0	74	261	335
2020	2,620	83	307	3,010
2019	9,288	141	307	9,736
2018	2,713	196	307	3,216
	Maturity of credits	Interest on credits	Interest on derivatives	Total

Future liquidity flows for credits, calculated at 31 Dec. 2016, SEK m

2021 >2021	0 3,428	48 367	261 499	309 4,294
2020	226	50	306	582
2019	7,719	84	306	8,109
2018	3,960	154	306	4,420
2017	2,220	173	306	2,699
	Maturity of credits	Interest on credits	Interest on derivatives	Total

Prepaid income pertains to income from parking up to 2036. Accounts payable and other liabilities are current and mature within one year. Wihlborgs' commitments associated with these financial liabilities are largely met by rental income that primarily falls due every quarter.

Counterparty risk

Counterparty risk refers to the risk that the counterparty will not be able to fulfil a delivery or payment. In Wihlborgs' financial activities, counterparty risk primarily arises when the company invests excess liquidity, engages in interest-rate swap contracts and obtains long-term credit facilities. To reduce counterparty risk, Wihlborgs' financial policy states that the company must work only with banks or similar credit institutions with a rating corresponding to no less than A from both Moody's and Standard & Poor's. Svensk FastighetsFinansiering (SFF) may also be a lender, as long as Wihlborgs has an ownership stake in the company. According to the financial policy, the spread of loans between various credit institutions must be such that there are at least four to six main lenders, none of whom should represent more than 30 percent of the total loan portfolio. At year end, Wihlborgs had eight main lenders, of whom the largest represented 15 percent (17) of the total loan portfolio. In addition to the above, during the year Wihlborgs increased the bond loan share of total loans from 17 percent to 23 percent. Wihlborgs has previously issued a programme of its own covered bonds totalling SEK 785 million, as well as a non-covered bond of SFK 500 million in a Medium Term Note programme via SFF. The latter has been expanded by a further SFK 600 million during the year.

Regarding Wihlborgs' accounts receivable, standard customer credit checks are performed before a new tenant is accepted, and if necessary the lease is backed by a personal guarantee, deposit or bank guarantee. For receivables older than three months, a provision is made in the accounts if no repayment plan or similar has been entered into with the tenant. Similarly, credit checks are carried out in connection with any promissory notes that may arise in connection with the disposal of properties or companies. The maximum credit exposure for accounts receivable and promissory notes corresponds to the carrying amount, refer to Note 22 for an age analysis of accounts receivable.

Currency risk/translation exposure

Currency risk refers to the risk of an impact from changes in exchange rates on Wihlborgs' income statement and balance sheet. Wihlborgs owns properties in Denmark through Wihlborgs A/S and its subsidiaries. At 31 December 2017, Wihlborgs' exposure in DKK comprised the following: net assets in the Danish operations of the Group amounting to DKK 1,197 million; lending to the same operations of DKK 747 million; and Danish kronor bank loans in the Swedish Parent Company of DKK 1,926 million, which have been taken up as a currency hedge for net investments and lending. The net exposure was DKK 18 million. A movement in the exchange-rate of one percentage point would have an impact on other comprehensive income of SEK 4 million, including fiscal effects. Note 15 states the amounts for the translation of net investments and hedging of currency risk.

Operational risk

Operational risk in Wihlborgs' financial activities concerns the risk of incurring losses as a result of inadequate routines and/or irregularities. Effective internal controls, fit-for-purpose administrative routines, competence development and the availability of reliable valuation and risk models comprise a sound framework for minimising operational risks. Wihlborgs Finance function focuses continuously on monitoring the company's administrative security and control.

NOTE 3 | Operating segment

The Group's operations are focused on commercial properties in the Öresund region. In internal reporting to Group Management, operations are evaluated per market area, which represents the Group's only division into segments. These market areas are Malmö, Helsingborg, Lund and Copenhagen.

Segment reporting

Market areas	Ma	lmö	Helsin	gborg	Lu	nd	Copen	hagen	То	tal
Items classified per segment	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Rental income	975	914	547	522	381	373	372	221	2,275	2,030
Other income	16	1	5	3	0	1	0	0	21	5
Property expenses	-250	-226	-154	-145	-100	-92	-75	-54	-579	-517
Operating surplus	741	689	398	380	281	282	297	167	1,717	1,518
Changes in property values	857	1,358	442	475	359	627	193	44	1,851	2,504
Segment profit	1,598	2,047	840	855	640	909	490	211	3,568	4,022
ITEMS NOT CLASSIFIED BY SEGMENT										
Other income	_	-	-	_	_	_	_	_	1	4
Central administration	_	-	_	-	-	-	-	-	-56	-53
Net interest, etc.	_	-	_	-	-	-	-	-	-483	-434
Change in value, derivatives	_	-	_	-	-	-	-	-	201	-265
Tax on profit for the year	-	-	-	-	-	-	-	-	-663	-298
Net profit	=	-	-	-	_	-	-	-	2,568	2,976
PROPERTY VALUES AND INVESTMENT	TS PER SEGMEN	NT								
Properties	17,434	15,839	7,721	6,890	6,537	5,979	6,920	4,047	38,612	32,755
Property acquisitions for the year	173	78	197	32	0	0	2,410	964	2,780	1,074
Other investments in properties	576	617	192	234	199	110	94	28	1,061	989

Rental income and property value per country

	Rer	Rental income		operty value
	2017	2016	2017	2016
Denmark	372	221	6,920	4,047
Sweden	1,903	1,809	31,692	28,708
	2,275	2,030	38,612	32,755

Wihlborgs has no tenant whose rent represents more than 10 percent or more of the Group's total rental income.

NOTE 4 | Rental income

	Gro	ир
	2017	2016
Rental income, gross	2,512	2,293
Unlet	-237	-263
	2,275	2,030

Rental income, gross, includes not only rent excluding heating, property tax and rent discounts, but also service income for items including heating, electricity, and water and sewerage. SEK 52 (52) million of rental income is sales-based rent on premises. Rents and rent discounts only charged during a specific part of the term of the lease have been recognised on an accrual and straight-line basis over the entire term of the lease.

Rental income is based on leases that are to be regarded as operating leases, where the Group is the lessor. Future rent payments not subject to lease termination are as follows, by maturity:

	Group		
	2017	2016	
Within 1 year	2,296	2,040	
Between 1 and 5 years	5,149	4,565	
More than 5 years	3,158	3,192	
	10,603	9,797	

Of the above-mentioned future rent payments not subject to lease termination, SEK 1,155 million (818) relates to leases signed before year-end but with occupancy taking place on a later date in the following year. For more information on rents and leases, see pages 27–28.

NOTE 5 | Other income

This item consists of non-recurring compensation from tenants in connection with early lease termination.

NOTE 6 | Property expenses

	Group		
	2017	2016	
Heating, electricity and water/sewerage	152	145	
Other operating costs	138	113	
Repairs and maintenance	78	76	
Property tax	108	96	
Ground rents	5	5	
Property management	98	82	
	579	517	

Ground rents

Ground rents pertain to the fee that the owner of a building on municipally-owned land pays every year to the municipality. These fees are currently calculated so that the municipality receives a real interest rate on the estimated market value of the land. Ground rents are distributed over time and are normally renegotiated with a 10 year interval. Wihlborgs' ten site leasehold agreements expire between 2028 and 2048.

Future ground rents*	Grou	ıb
	2017	2016
Contracted ground rents within 1 year	5	4
Contracted ground rents between 2 and 5 years	17	17
Contracted ground rents more than 5 years	100	105
Total	122	126

^{*}Applicable ground rents for the remaining contracted period

NOTE 7 | Expenses by nature

Property expenses and costs for central administration are divided according to their nature.

	Group		
	2017	2016	
Employee benefits	126	108	
Heating, electricity and water/sewerage	152	145	
Repairs and maintenance	78	76	
Property tax	108	96	
Miscellaneous	171	145	
	635	570	

NOTE 8 | Employees, personnel costs and executive remuneration

Average number of employees	Of whom,		Of	whom,
	2017	men	2016	men
Parent Company, Sweden	101	68	97	63
Subsidiaries, Sweden	6	1	6	0
Subsidiaries, Denmark	39	26	24	16
Group, total	146	95	127	79

Gender distribution, Board and	Board of D	irectors	Senior e	executives
senior executives	2017	2016	2017	2016
Men	4	4	2	2
Women	3	3	3	3
Total	7	7	5	5

Salaries, other remuneration and	Gro	up	Parent Con	npany
social security costs	2017	2016	2017	2016
Board fees	1.0	0.9	1.0	0.9
Chief Executive Officer				
Salaries and other remuneration	4.9	4.4	4.9	4.4
Benefits	0.1	0.1	0.1	0.1
Other senior executives				
Salaries and other remuneration	4.8	4.5	4.8	4.5
Benefits	0.2	0.2	0.2	0.2
Other employees	74.1	62.0	52.7	47.8
Total	85.1	72.1	63.7	57.9
Pension costs (excl. special employer's contribution)				
Chief Executive Officer	1.7	1.5	1.7	1.5
Other senior executives	1.5	1.5	1.5	1.5
Other employees	10.3	7.3	8.3	6.1
Other social security costs	24.2	22.8	23.5	22.2
Total	37.7	33.1	35.0	31.3

Remuneration of senior executives

Principles

Fees are paid to the Chairman and Board members in accordance with the resolution passed by the AGM. The Chairman was paid SEK 250,000. (230,000) and other Board members excluding the CEO SEK 150,000 (135,000) each. Remuneration of the CEO and other senior executives comprises basic salary, other benefits and pension. "Other senior executives" refers to the Group Management, which in addition to the CEO consists of the Chief Financial Officer, the Director of Communications, the Director of Projects & Developments and the Director of HR & CSR. Group Management is not entitled to any specific variable or share-price related remuneration.

Remuneration and other benefits during the year

"Other benefits" refers to company cars. "Pension cost" refers to the cost charged to profit for the year. The retirement age for the CEO is 65 years. The cost of the CEO's pension comprises a premium amounting to 35 percent of pensionable salary per year during the CEO's period of service. Other senior executives are covered by an ITP plan or equivalent, with the retirement age being 65.

A number of administrative personnel in Sweden are covered by the ITP2 Plan's defined-benefit pension commitments for retirement and family pensions via an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board UFR 3 Classification of ITP plans financed by insurance with Alecta, this comprises a multi-employer defined-benefit plan. For the 2017 financial year, the company did not have access to information to enable it to recognise its proportional share of the plan's commitments, plan assets and costs. As a result, the company was unable to recognise it as a defined-benefit plan. Accordingly, the ITP 2 Pension Plan secured via insurance with Alecta was recognised as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated individually on the basis of such factors as salary, previously earned pension entitlement and estimated remaining period of employment. Anticipated charges for the next reporting period for ITP 2 insurance policies held with

Alecta totalled SEK 3.3 million (2.5). The collective consolidation level is the market value of Alecta's assets as a percentage of its insurance commitments, calculated according to Alecta's actuarial methods and assumptions, which do not correspond to IAS 19. Normally, the collective consolidation is permitted to vary between 125 and 155 percent. If Alecta's collective consolidation level falls below 125 percent or exceeds 155 percent, action is to be taken to create the conditions for returning the consolidation level to within the normal range. In the case of low consolidation, one step can be to increase the price of new, and extending existing, benefits. In the case of high consolidation, one step can be to reduce premiums. At year-end 2017, Alecta's surpluses in the form of the collective consolidation level was 154 percent (149).

Severance pay

The notice of termination of employment, on either side, for the CEO is six months. If employment if terminated by Wihlborgs, the CEO is entitled to severance pay corresponding to 18 months' salary. Severance pay is deducted from other sources of income. If the employment is terminated by the CEO, no severance pay is due. In the case of other senior executives, employment is subject to a mutual notice of termination of four to six months. If employment is terminated by the company, the senior executive is entitled to severance pay for up to 12 months. Severance pay is deducted from other sources of income. If the employment is terminated by the senior executive, no severance pay is due.

Remuneration-setting procedure

Remuneration of the CEO for the 2017 financial year was approved by the Board. Remuneration of other senior executives was approved by the CEO.

Profit-Sharing Fund

Wihlborgs has a Profit-Sharing Fund for which all employees are eligible, apart from the CEO. Allocations to the Profit-Sharing Fund may not exceed one price base amount per employee per year and is based on a combination of Wihlborgs' profits, excluding changes in the value of properties and derivatives, return on equity requirements and dividend to shareholders. The Profit-Sharing Fund is required to invest its assets in shares in Wihlborgs Fastigheter AB. Payments to employees are made in accordance with the Fund's articles of association. Personnel costs for 2017 include an allocation of SEK 4.4 million (4.3) to the Profit-Sharing Fund.

NOTE 9 | Other income

Pertains to income other than income attributable to own property management, including project management and property management on behalf of external companies.

NOTE 10 | Central administration and marketing

This item comprises costs of Group Management and Group-wide functions for finance, HR, accounting, IT and investor relations etc., as well as other costs associated with being a public listed company. Property-related administration is not included, and is instead recognised under property expenses.

NOTE 11 | Fees and cost compensation to auditors, SEK 000s

	Group		Parent	Company
	2017	2016	2017	2016
Deloitte AB				
Audit engagement	2,582	2,300	2,135	2,300
Auditing activities				
other than the audit engagement	325	524	250	524
Tax advice	122	162	122	162
Other services	-	270	-	270
Aaen & Co. statsautoriserede revis	sorer p/s			
Audit engagement	_	89	_	_
Auditing activities				
other than the audit engagement	_	165	_	_
Tax advice	_	38	_	_
Other services	-	187	-	-

Fees charged to Swedish subsidiaries are invoiced to the Parent Company.

The audit engagement encompasses statutory auditing of the annual accounts, the consolidated accounts and the accounting records, as well as examination of the administration of the Board and CEO and other auditing functions performed by agreement or under contract.

This also includes other duties that fall to a company's auditor, together with advisory services and other support caused by observations made during audits or the performance of such other duties.

NOTE 12 | Change in value, investment properties

The change in value during the year relates to properties sold and the property portfolio at year end.

	Group	
	2017	2016
Change in value, properties sold	10	101
Change in value, property portfolio on 31 Dec.	1,841	2,403
	1,851	2,504

The realised change in value, that is, the difference between the sales price of properties sold and the total capital invested in these properties, was SEK 10 million (210). "Total capital invested" refers to the original investment or acquisition, plus the investments made in the property concerned during the remainder of the period of ownership. To determine the change in value for each period, the properties are valued at the end of every quarter. Internal valuations are performed on 31 March, 30 June and 30 September. To confirm internal valuations at these times, a small selection of properties are valued externally. The properties are selected with a focus on properties showing major changes in rental levels, vacancy rates or substantial investments. At every year end, all properties are valued externally. Malmöbryggan Fastighetsekonomi AB performed a valuation of all Wihlborgs' properties in Sweden as per 31 December 2017. The values of the properties are determined individually to correspond to the fair value of each property. In Denmark, the properties were valued by Newsec Egeskov & Lindquist A/S. For further information, see Note 16.

For more details on valuation methods, valuation bases, market parameters etc. used in determining the value of the property portfolio, refer to pages 82–83.

NOTE 13 | Change in value, derivatives

Derivatives are financial instruments that in accordance with IAS 39 are measured at fair value in the balance sheet. Changes in the value of interest-rate derivatives are recognised as "Change in value, derivatives" in profit or loss. For information on the principles for valuation of derivatives, refer to Note 1.

NOTE 14 | Tax on profit for the year

	Group		Parent Compa	
	2017	2016	2017	2016
Current tax on profit for the year	-27	-7	-	-
Adjustment of current tax, previous years	-	-	-	-
Total current tax	-27	-7	0	0
Deferred tax	-636	-291	-3	89
Total tax	-663	-298	-3	89
Nominal tax on profit before tax	-711	-720	-226	-170
Tax effect, adjustment items				
Dividend from Group companiesImpairment/reversal of	-	-	261	295
participations in Group companies	_	-	-37	-75
Sale of properties via companiesEffect of acquisitions of previously	-	78	-	-
jointly owned companies	_	302	-	-
– Gain from sale of subsidiaries	_	-	-	40
 Revaluation of previous provisions 	49	34	-	-
– Other adjustment items	-1	8	-1	-1
Total tax, excl. current				
tax, previous years	-663	-298	-3	89
Adjustment of current tax, previous years	-		-	_
	-663	-298	-3	89

In addition to that reported above, the Group has tax revenue attributable to components of other comprehensive income amounting to SEK 7 million (5). The nominal tax is 22 percent in both Sweden and Denmark.

The Group reports current tax amounting to SEK 27 million (7). Current tax is based on the taxable income of the companies incorporated in the Group. This is lower than the Group's profit before tax.

This is primarily because:

- The change in value for investment properties and derivatives is not included in the taxable profit.
- Tax deductible depreciation on buildings, land improvements and fixtures and fittings in buildings is not charged to consolidated profit.
- Directly tax deductible amounts for certain redevelopment investments in properties are not charged to consolidated profit.
- Loss carryforwards utilised are not charged to consolidated profit.

Calculation of current tax on		
profit for the year in the Group	2017	2016
Profit before tax	3,231	3,274
Changes in value	-2,052	-2,239
Tax deductible depreciation on buildings	-399	-704
Direct deductions, tenant improvements		
and replacement of components, etc.	-204	-355
Taxable profit property sales	11	9
Miscellaneous	37	-12
Taxable profit before loss carryforwards	624	-27
Loss carryforwards, opening balance	-3,120	-1,059
Adjustment of opening deficit for		
revaluation and acquisitions	-162	-2,004
Loss carryforwards, closing balance	2,779	3,120
Taxable profit	121	30
Current tax on profit for the year	-27	-7

NOTE 15 | Statement of other comprehensive income and change in reserves

The translation reserve includes all currency differences that arise in translation of financial statements from foreign subsidiaries that have prepared their financial statements in a currency other than the one in which the Group's financial statements are presented.

The translation reserve also includes currency differences that arise in translation of liabilities and other items accounted for as hedging instruments for a net investment in a foreign operation. When the foreign subsidiary is wound up or sold, its portion of the translation reserve is transferred to profit for the year. These reserves are recognised as a separate item in equity. Various reserves may appear here, but at present the only one included is the translation reserve.

2017	Opening balance	Change in translation reserve for the year	Transferred to profit for the year	Closing balance
Translation of net investments in foreign operations	57	72	_	129
Hedging of currency risk in foreign operations	13	-76	_	-63
Tax attributable to the above items	-10	7	-	-3
	60	3	-	63

	46	14	_	60
Tax attributable to the above items	-15	5	_	-10
Hedging of currency risk in foreign operations	51	-38	_	13
Translation of net investments in foreign operations	10	47	_	57
2016	Opening balance	Change in translation reserve for the year	Transferred to profit for the year	Closing balance

In order to minimise the impact of exchange rate fluctuations on translation of the net assets of foreign operations into SEK, both forward currency contracts and loans in foreign currency have historically been used. At present, only loans denominated in foreign currency are used for hedging in this way.

NOTE 16 | Investment properties

All Wihlborgs' properties are classified as investment properties. Investment properties are those owned in order to earn rental income or for capital appreciation or a combination of the two. Investment properties are measured at fair value in the statement of financial position.

Wihlborgs rents offices in Copenhagen, Lund, Malmö and Helsingborg in its own properties. The rental value for own renting represents, in all cases, a negligible portion of the total rental value for the property concerned and consequently none of these properties is classified as owner-occupied property.

Wihlborgs does not own any property that was acquired or redeveloped with a view to reselling it quickly thereafter. As a result, no property is recognised as property held for resale.

Approved investments amount to SEK 1,530 million (1,487), of which SEK 715 million (386) had been invested at year end.

Of the carrying amounts for the properties, it is estimated that SEK 153 million (138) relates to capitalised borrowing costs. The interest rate used to calculate the capitalised borrowing cost is based on the average interest rate of the loan portfolio. On 31 December 2017, the interest rate was 2.76 percent (3.12).

At year-end, the residual value of the property portfolio for tax purposes was SEK 17,609 million (14,387).

	2017	2016
Tax assessment value, Swedish properties	11,531	10,896
Carrying amount, Swedish properties	31,692	28,708

When determining fair value, the point of departure has been the maximum and best use.

Fair value is determined by a combination of the location-price method, based on recorded local purchases, and a yield-based method. The yield-based method is based on a present value calculation of future actual cash flows, which is continually adjusted to the market, normally over five years, and the present value of the estimated residual value at the end of the calculation period. The valuation of investment properties has been classified as falling within Level 3 in the fair value hierarchy, since the estimated value is materially affected by non-observable input data used in the valuation. The values of the properties are determined individually to correspond to the fair value of each property. For undeveloped properties, a new-build value for a possible future land use is estimated, taking into account clearing and development costs, based on current planning criteria and prices for similar projects sold.

The fair value of investment properties was assessed by impartial external property appraisers with appropriate professional qualifications and experience not of only the market areas concerned but also the type of properties valued. In Sweden, the valuations were performed by Malmöbryggan Fastighetsekonomi AB. In Denmark, the properties were valued by Newsec Egeskov & Lindquist A/S. For further information on the valuation of the property portfolio, see pages 82–83.

Change in carrying amount for the year

	Group		
	2017	2016	
Carrying amount, beginning of year	32,755	28,623	
Property acquisitions	2,780	1,074	
Investments	1,061	989	
Divested properties	-11	-581	
Change in value	1,851	2,504	
Currency translations	176	146	
Carrying amount	38,612	32,755	

Aggregated sensitivity analysis, developed properties in Sweden

Parameter	Assumed change, %		ange in
	0	2017	2016
Market rent level	10	9.0	9.1
Market rent level	-10	-10.4	-10.6
Operating and maintenance costs	20	-6.1	-6.6
Operating and maintenance costs	-20	5.3	5.6
Investment yield, residual value	0.25	-4.0	-4.0
Investment yield, residual value	-0.25	3.5	3.3

Source: Malmöbryggan Fastighetsekonomi AB

Summary of valuation assumptions

Date of valuation	31 Dec. 2017	31 Dec. 2016		
Fair value	SEK 38,612 million	SEK 32,755 million		
Calculation period	Normally five years for Swedish properties and ten years for Danish properties. Howeve for certain properties, different calculation periods are justified on the basis of the lengt of the lease.			
Estimated investment yield requirement, residual value	Between 4.25 percent (9.0).	(4.0) and 8,5 percent		
Cost of capital	Between 4.5 percent (4.5) and 8.5 percent (8.7).			
Long-term vacancy rate	Normally between 3 p percent (12).	ercent (3) and 12		
Operating and maintenance costs				
Inflation assumption		e by 2 percent per year t is estimated to rise by		

NOTE 17 | Equipment

	Group		Parent C	ompany
	2017	2016	2017	2016
Opening balance, cost	46	42	13	10
Investments	3	4	1	3
Sales and disposals	-2	-0	-0	-0
Closing balance, cost	47	46	14	13
Opening balance, depreciation	-36	-34	-8	-7
Sales and disposals	2	0	0	0
Depreciation for the year	-2	-2	-1	-1
Closing balance, depreciation	-36	-36	-9	-8
Carrying amount	11	10	5	5

NOTE 18 | Participations in joint ventures and holdings in joint operations

In accordance with IFRS 11, joint arrangements are to be adjudged as either a joint operation or a joint venture, depending on whether the Group has direct

rights to the assets and obligations for the liabilities (joint operation) or not (joint venture). The assessment is based on the structure of the investment, its legal form, contractual agreements and other factors and circumstances. For Wihlborgs, the effect of this is that Dockan Exploatering AB and Svensk FastighetsFinansiering AB are classified as joint operations, which means that Wihlborgs' share of assets, liabilities, income and expenses in these companies has been consolidated into the consolidated accounts. Joint ventures are recognised according to the equity method. Refer to Note 1, for a more detailed description of the accounting policies.

Fastighets AB ML4, which owns the MAX IV research facility in Lund, is recognised as a unconsolidated structured entity.

	Group	Group		ompany
	2017	2016	2017	2016
Carrying amount at beginning of year	19	6	22	36
Share of profit	-	13	-	-
Repayment of shareholders' contributions	-	-	-	-14
Carrying amount at year end	19	19	22	22

Name/Corp. Reg. No.	Registered	Proportion of		Parent
	office	equity, %	Group	Company
Dockan Exploatering AB 556594-2645	Malmö	33.3	_	17
Hälsostaden Ängelholm Holding AB/556790-5723	Ängelholm	33.3	18	5
Medeon AB 556564-5198	Malmö	40.0	0	0
Ideon AB 559033-2598	Lund	33.3	0	0
Ideon Open AB 556862-4026	Lund	60.0	1	-
			19	22

Description of participations classified as joint ventures

- Hälsostaden Ängelholm Holding AB was established to develop the site around Ängelholm Hospital into a health care city with a wide range of hospital and health-promoting activities. A major conversion and new build project is under way in the northern hospital district and is expected to be completed in the first quarter of 2018. The investment is estimated at SEK 700 million and is financed through the Nordic Investment Bank and the European Investment Bank.
- Medeon AB is marketing Medeon Science Park, a research park in Malmö focusing on life sciences (pharmaceuticals, medical technology, biotechnology and healthcare).
- Ideon AB, which is owned jointly with Vasakronan and Castellum, has the mission of marketing the Ideon area.
- Ideon Open AB, owned jointly with Lund University Innovationssystem AB and the City of Lund, was established to strengthen and develop Ideon as a creative and active research community in close contact with universities and other institutes of higher education.

Description of holdings classified as joint operations

- Dockan Exploatering AB conducts development activities in the Dockan area of Malmö. The company's purpose is to source development land for its owners.
- Svensk FastighetsFinansiering AB, is a finance company that issues bonds in the Swedish capital markets under a covered MTN programme of SEK 12 billion. The bonds are secured against collateral in immovable property and are listed on Nasdaq Stockholm. SFF is owned equally by the property company Catena AB, Diös Fastigheter AB, Fabege AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB. The objective is to broaden the base for the company's borrowing structure in a situation where the capital market is showing a strong appetite for bonds. At the end of the year, bonds of SEK 9,172 million had been issued, of which Wihlborgs' share amounted to SEK 2,907 million.

	1,121	840
Current liabilities	28	35
Non-current liabilities	1,033	745
Equity	60	60
Liabilities and equity		
	1,121	840
Current assets	110	40
Non-current assets	1,011	800
Assets		
Earnings	0	40
Tax	0	-12
Changes in value	-16	39
Net financial items	-9	-10
Operating costs	-49	-63
Operating income	74	86
Earnings	2017	2016
Summary of joint venture company earnings	and financial position (100%)

NOTE 19 | Receivables from joint ventures

	Group		Parent Company	
	2017	2016	2017	2016
Maturity date between 1–5 years from balance-sheet date	_	_	17	17
Maturity date more than 5 years from balance-sheet date	_	_	_	_
Carrying amount	-	-	17	17

NOTE 20 | Other securities held as non-current assets

	Grou	Group		Company
	2017	2016	2017	2016
Opening balance	21	21	21	21
Carrying amount	21	21	21	21
Name/Corp. Reg. No.	Registered office	Proportion of equity, %		Carrying amount
Fastighets AB ML4				
556786-2155	Malmö		50.0	21

Fastighets AB ML4's purpose is to develop, build, own and manage the MAX IV research centre in Lund. The company is owned jointly with Peab Sverige AB. Work started on construction in 2011 and was completed in 2015, when the tenant, Lund University, moved in. The lease is for 25 years. In September 2016, Lund University also took possession of an extension of the facility. The investment amounted to nearly SEK 2 billion, and in 2015, a 24-year loan agreement totalling SEK 1.5 billion was signed with the Nordic Investment Bank (NIB). As collateral for the loan, the bank has mortgages in the lease

with Lund University and in rental payments, liens in insurance receivables and mortgages in site leaseholds and buildings. The NIB also hold collateral through the pledging of all shares in Fastighets AB ML4. If Lund University neglects to make rental payments due to mandatory legislation in the Swedish Land Code/Tenancy Act, Wihlborgs has agreed an indemnity bond for 50 percent of unpaid, due payments of interest and repayment instalments that Fastighets AB ML4 has not paid. At year end, 50 percent of the (unpaid but not due) liability amounted to SEK 726 million (738). Both of the owner companies each lent SEK 200 million to Fastighets AB ML4, which falls due at the same time as the loan to NIB is to be repaid. The loan was recognised as a non-current receivable in both the consolidated and Parent Company statement of financial position. During the year, both of the owner companies received SEK 10 million (10) in interest income from Fastighets AB ML4.

NOTE 21 | Non-current receivables

	Group		Parent Company	
	2017	2016	2017	2016
Maturity date between 1–5 years from balance-sheet date	44	28	_	_
Maturity date more than 5 years from balance-sheet date	217	212	209	208
Carrying amount	261	240	209	208

SEK 219 million (218) of the above receivables are interest-bearing.

NOTE 22 | Analysis of credit exposures in accounts receivable

	Group			
Maturity structure – accounts receivable due	2017	2016		
Accounts receivable that are neither due nor impaired	12	18		
Accounts receivable that are due				
0-30 days	8	4		
31-60 days	4	1		
61-90 days	5	3		
>90 days	29	25		
Of which, provision made (excluding VAT)	-20	-17		
Total	38	34		

The total cost for the year for confirmed and anticipated bad debts amounted to SEK 7 million (2).

NOTE 23 | Prepaid expenses and accrued income

	Group	Group		Parent Company	
	2017 2016		2017	2016	
Rental income	9	8	_	_	
Miscellaneous	37	37 27		11	
Total	46	35	18	11	

NOTE 24 | Cash and cash equivalents

Cash and cash equivalents comprise bank balances. Unused overdraft facilities that are not included in cash and cash equivalents amounted to SEK 122 million (202), of which SEK 120 million (200) in the Parent Company.

NOTE 25 | Equity

The number of shares registered and outstanding at the beginning and the end of the year was

76.856.728

All shares have equal voting rights, one vote per share. Quotient value per share, SEK 2.50 (2.50). In 2017, shareholders received a dividend of SEK 5.75 (5.25) per share, representing a total of SEK 442 million (403).

PROPOSED DISTRIBUTION OF PROFIT

The Board proposes that the funds available for appropriation by the AGM, an amount of SEK 3,676,458,732, be distributed as follows: dividend to shareholders SEK 6.25/share, a total of SEK 480,354,550, and that SEK 3,196,104,182 be carried forward.

The dividend proposal will be subject to approval by the AGM, to be held on 25 April 2018.

The dividend proposal complies with the company's dividend policy and is based on:

- 50 percent of income from property management, after deduction of tax at 22 percent.
- 50 percent of profit realised from property sales, that is, the sales price, less total capital invested, after deduction of tax at 22 percent.

In order to control and manage the company's capital, a number of financial targets have been established to provide Wihlborgs with a capital structure that delivers the best return to shareholders, with due account taken of risk. Capital refers to equity. For definitions and calculation bases, refer to pages 116–117.

	Target Outcome		Average
	2017	2017	2013-2017
Return on equity			
is to exceed the risk-free interest rate			
by at least six percentage points, %	5.9	20.5	20.1
Equity/assets ratio, %	30	34.7	31.5
Loan-to-value ratio, %	60	53.5	56.6
Interest coverage ratio, multiple	2.0	3.4	3.1

The company's lenders have been given guarantees (financial covenants) concerning the equity/assets ratio and interest coverage ratio. There is an adequate margin between the level of guarantees provided and targets/outcomes for 2017. For more information on the Group's financial targets, dividend policy etc., see pages 17 and 20.

NOTE 26 | Deferred tax liability

	Group		
	2017	2016	
Deferred tax is based on the net of:			
 Loss carryforwards 	-611	-686	
 Difference between carrying amount 			
and taxable value of properties	3,789	3,245	
 Difference between carrying amount 			
and taxable value related to derivatives	-207	-252	
 Other temporary differences 	18	55	
	2,989	2,362	

The loss carryforwards that have been utilised to calculate deferred tax amounted to SEK 2,779 million (3,120). Of this amount, SEK 2,005 million (1,990) is a deficit that is non-permissible since it comprises Group contributions or is merger-related.

In the calculation of deferred tax on unutilised loss carryforwards, loss carryforwards encumbered with considerable uncertainty have been excluded. Excluded loss carryforwards amounted to SEK 417 million (552).

NOTE 27 | Other provisions

	Group		Parent Company	
	2017	2016	2017	2016
Stamp duty, property acquisition	27	27	_	_
Other provisions for pensions	13	11	13	11
Carrying amount	40	38	13	11

The stamp duty liability arose in connection with sales of properties within the Group. The liability only falls due for payment when the properties or the Group companies that own the properties are sold to an external party.

NOTE 28 | Interest-bearing liabilities

	Group		Parent (Company
	2017	2016	2017	2016
Maturity date up to	·			
1 year from balance-sheet date	2,713	2,220	1,485	1,800
Maturity date between				
1 and 5 years from balance-sheet date	11,908	11,905	10,137	10,364
Maturity date more than 5 years	6.032	3.428	2,002	927
from balance-sheet date	.,	,	,	
	20,653	17,553	13,624	13,091
- of which, non-current portion	19,934	16,680	13,624	12,638
 of which, current portion 	719	873	-	453
	20,653	17,553	13,624	13,091

The amounts above include the utilised bank overdraft facility, which was SEK 111 million (32) for the Group and SEK 80 million (0) for the Parent Company. The credit limit approved as a bank overdraft facility was SEK 233 million (234) for the Group and SEK 200 million (200) for the Parent Company. The current portion of loans has been wholly or partly reduced by unutilised long-term credit agreements. In addition to loans from banks and credit institutions, the loan portfolio also includes bond loans from the finance company Svensk FastighetsFinansiering AB in the amount of SEK 2,907 million (1,874) and own bond loans of SEK 1,885 million (1,285).

NOTE 29 | Derivatives

Analysis of value of derivatives based	on mat	urity		
	Group)	Parent Company	
	2017	2016	2017	2016
Less than 1 year from	_	_	_	_
balance-sheet date	459	426	459	426
Between 1 and 5 years from balance-sheet date	484	718	484	718
More than 5 years from balance-sheet date				
	943	1,144	943	1,144
of which, recognised as				
Non-current receivable				
– Interest-rate derivative, surplus value	-	-	-	-
Non-current liability				
– Interest-rate derivative, deficit value	943	1,144	943	1,144

Derivatives are classified as non-current liabilities in the balance sheet and measured regularly in accordance with IAS 39 at fair value at Level 2, except for the cancellable swaps that are measured at Level 3 (IFRS 7). See also Note 1 – Accounting policies.

Any change in the value of interest-rate derivatives is recognised in profit or loss on a separate line entitled "Change in value, derivatives." The year's changes in value of interest-rate derivatives totalled SEK 201 million (neg: 265), all of which is unrealised.

For more detailed information on Wihlborgs' derivatives and the risks they are intended to minimise, refer to Note 2 – Financial risk management.

	Gro Parent Co	oup/ ompany
Swaps value IFRS 7, Level 3	2017	2016
Opening balance, fair value – liability	345	235
Changes in value	-47	110
Closing balance, fair value – liability, Level 3	298	345
Closing balance, fair value – liability, Level 2	645	799

NOTE 30 | Accrued expenses and deferred income

	Group 2017	2016	Parent C 2017	ompany 2016
Prepaid rent	294	287	-	-
Interest expense	95	89	89	86
Additional expenses,				
sale of properties	11	18	-	-
Other	107	114	31	25
	507	508	120	111

NOTE 31 | Pledged assets and contingent liabilities

	Group)	Parent C	Company
Pledged assets	2017	2016	2017	2016
Property mortgages	20,094	17,670	_	_
Participations in Group companies	2,386	1,727	1,270	1,101
Other participations	21	21	21	21
Endowment insurance	9	8	9	8
Promissory notes	-	-	12,725	12,585
Bank deposits	8	92	-	85
	22,518	19,518	14,025	13,800
Contingent liabilities				
Guarantee commitments on behalf of subsidiaries	_	_	4,143	2,609
Other contingent liabilities	341	245	341	245
	341	245	4,484	2,854

NOTE 32 | Summary of interest-bearing liabilities

	Group		Parent C	Company
	2017	2016	2017	2016
Opening balance – loans	17,553	16,265	13,091	13,059
Borrowings	5,933	5,653	2,984	3,881
Loan repayments	-3,009	-4,499	2,529	-3,886
Total cash flow items	2,924	1,154	455	-5
Translation of loans in foreign companies	99	97	-	-
Exchange rate changes for loans in foreign currencies	77	37	77	37
Total non-cash items				
	176	134	77	37
Closing balance – loans	20,653	17,553	13,623	13,091

NOTE 33 | Net sales and operating costs

Net sales largely comprise the Parent Company's onward invoicing of costs to other Group companies, primarily relating to property management, property upkeep and a share of central administration.

Operating costs	2017	2016
Personnel costs	107	95
Administration costs	46	43
	153	138

NOTE 34 | Result from participations in Group companies

	Parent Company		
	2017	2016	
Dividends on participations	1,188	1,342	
Impairment of participations	-173	-343	
Gain from sale of participations	-	183	
	1,015	1,182	

Participations in Group companies are impaired when the carrying amount in the Parent Company exceeds the fair value of an individual Group company. In cases where the impaired value of participations has risen and exceeds the carrying amount in the Parent Company, these impairments are reversed, wholly or in part. In 2017, an impairment loss was recognised on the value of shareholdings in eight (three) Group companies.

NOTE 35 | Result from other securities and receivables recognised as non-current assets

	Parent Company		
	2017	2016	
Interest income, Group companies	394	334	
Interest income, other	12	11	
	406	345	

NOTE 36 | Interest expense and similar profit/loss items

	Parent Company	
	2017	2016
Interest expense, Group companies	68	72
Interest expense, other	519	463
	587	535

NOTE 37 | Appropriations

This items consists entirely of Group contributions received from other Group companies. Group contributions are recognised in accordance with the alternative rule of recommendation RFR 2. According to the alternative rule, Group contributions received and paid are both recognised as appropriations.

NOTE 38 | Participations in Group companies

	Parent Company		
	2017	2016	
Opening balance, cost	10,636	10,609	
Acquisitions	175	8	
Shareholders' contributions paid/new share	599	215	
Sales	0	-33	
Liquidation	0	-163	
Closing balance, cost	11,410	10,636	
Opening balance, impairment	2,164	-1,985	
Sales	0	2	
Liquidation	0	162	
Impairment for the year	173	-343	
Closing balance, impairment	2,337	-2,164	
Carrying amount	9,073	8,472	

Subsidiaries		Carrying
Name	Corp. Reg. No.	amount
Balken 10 i Malmö AB	556705-3334	19
Bastionen Syd AB	556072-2042	115
Berga V5, AB	556742-9443	1
Bruksgatans Fastighets AB	556401-0675	28
Bunium Fastigheter AB	556700-5474	24
Exab Utvecklings AB	556353-2828	0
Fastighets AB Altimeter	556786-2213	6
Fastighets AB Bergakniven	556742-7454	11

Subsidiaries		Carrying
Name	Corp. Reg. No.	amount
Fastighets AB Flygvärdinnan 5	556708-8512	20
Fastighets AB Fortet	556090-5621	2
Fastighets AB Hundstjärnan	556824-7679	7
Fastighets AB Kastrullen	556754-8812	0 7
Fastighets AB Kvävet Fastighets AB Oxigenium	556222-8071 556754-8820	207
Fastighets AB Plinius	556033-6538	23
Fastighets AB Stillman	556082-1752	39
Fastighets AB Yxstenen	556691-4437	7
Första Fastighets AB Ideon	556233-7765	842
Förvaltnings AB Haspen	556466-2533	13
Hilab Fastigheter AB	556112-0345	17
Hundlokan 10 i Malmö AB	556730-4489	33
Ishavet Malmö AB	556928-0737	15
Kalinehuset AB Kniven 2 AB	556129-5824 556706-9355	129 4
Kolgafour AB	556627-7843	7
Lund Lagret 1 AB	556730-3820	35
M2 Fastigheter AB	556101-4332	47
Malmö Börshus AB	556115-8543	109
Medeon Fastigheter AB	556034-1140	31
Neptuninnan AB	556743-5465	96
Ringcentralen i Hälsingborg Fastighets AB	556115-9483	0
Spillepengen Fastighets AB	556107-5002	67
Studentkåren 6 Fastighets AB	556730-3499	129 8
Tågarp 16:19 Fastighets AB Utvecklings AB Kranen	556692-9336 556286-9999	117
Weraco AB	556509-6418	58
Wihlborgs A/S	14 12 50 43	820
Wihlborgs Ackumul 17 AB	556742-5813	15
Wihlborgs Ametisten 5 AB	556686-0457	7
Wihlborgs Armborstet 6 AB	556966-7081	15
Wihlborgs Benkammen 16 AB	559096-6213	18
Wihlborgs Boplatsgatan 5 AB	556675-2449	0
Wihlborgs Borgeby AB Wihlborgs Bronsdolken AB	556675-2639 556232-5919	0 4
Wihlborgs Bure 2 AB	559053-5372	34
Wihlborgs Bytarebacken AB	556822-0171	257
Wihlborgs Cinder AB	556518-5732	6
Wihlborgs Cityfastighet AB	556862-2848	1
Wihlborgs Cylindern 2 AB	559015-5023	7
Wihlborgs Erik Menved 37 AB	556704-3699	417
Wihlborgs Fastigheter i Helsingborg AB	556101-6295	424
Wihlborgs Fastigheter i Nordvästra Skåne AB Wihlborgs Fisken 18 AB	556271-3924 556675-2357	3 145
Wihlborgs Flintan 3 AB	556675-2647	5
Wihlborgs Flounderone AB	556727-7909	20
Wihlborgs Forskaren 3 AB	556690-0667	128
Wihlborgs Fosieberg AB	556188-3223	50
Wihlborgs Fosiering AB	556721-4225	21
Wihlborgs Gallerian AB	556704-3632	181
Wihlborgs Gimlett AB	556704-3681	0
Wihlborgs Gjuteriet 18 AB Wihlborgs Gåsebäck AB	556717-2282 556303-1326	0 9
Wihlborgs Gängtappen 1 AB	556776-3585	324
Wihlborgs Gängtappen 2 AB	556813-3572	147
Wihlborgs Havskryssaren AB	556703-0613	43
Wihlborgs Holding AB	556701-2827	0
Wihlborgs Hordaland 1 AB	556704-3731	2
Wihlborgs Ideon Fastigheter AB	556239-8718	194
Wihlborgs Kalifornien 11 AB	556093-4944	107
Wihlborgs Karin 13 AB	556761-8987	119
Wihlborgs Karin 14 AB Wihlborgs Kirseberg AB	559063-5511 556691-4874	0
Wihlborgs Kranen 10 AB	556824-7703	33
Wihlborgs Kranen AB	556704-6387	112
Wihlborgs Kroksabeln 12 AB	556654-0331	101
Wihlborgs KV 9 AB	559063-5495	0
Wihlborgs Kärnan Södra 9 AB	556824-7661	76

Subsidiaries		Carrying
Name	Corp. Reg. No.	amount
Turie		
Wihlborgs Lönngatan AB	556704-3657	10
Wihlborgs Mauritzborg AB	556753-3483	346
Wihlborgs Mobergsgården Västra 8 AB	556831-9130	23
Wihlborgs Motorseglaren AB	556703-0605	0
Wihlborgs MS 9 AB	559025-2598	0
Wihlborgs Musköten 17 AB	559021-1081	21
Wihlborgs Måsen 17 AB	556627-7835	2
Wihlborgs Nora 11 AB	556761-9001	204
Wihlborgs Obligation Holding AB	556240-3633	361
Wihlborgs Olsgård 8 AB	556775-6019	10
Wihlborgs Pajao 9 AB	559025-2614	0
Wihlborgs Pajao 11 AB	559063-5487	0
Wihlborgs Pajao 15 AB	559063-5529	0
Wihlborgs Pajao 16 AB	559063-5537	0
Wihlborgs Pajao 17 AB	559063-3821	0
Wihlborgs Pajao 18 AB	559063-5545	0
Wihlborgs Polisett AB	556703-0589	118
Wihlborgs Riggen AB	556701-5028	202
Wihlborgs Ritaren 1 AB	556675-2605	1
Wihlborgs Rosengård AB	556699-7986	48
Wihlborgs Rubinen AB	556862-2855	3
Wihlborgs Skrovet 3 AB	556468-5385	170
Wihlborgs Skrovet 4 AB	556173-9417	5
Wihlborgs Skrovet 5 AB	556237-6268	145
Wihlborgs Skrovet 6 AB	556681-1898	281
Wihlborgs Spanien 5 AB	556710-4574	0
Wihlborgs Sparven 15 AB	556704-3624	292
Wihlborgs Spettet 11 AB	556761-9050	12
Wihlborgs Stattena 7 AB	559012-4995	0
Wihlborgs Stenåldern 7 AB	556120-9759	0
Wihlborgs Stridsyxan 4 AB	556825-9948	4
Wihlborgs Stångbettet 15 AB	556683-1615	14
Wihlborgs Sufflören 3 AB	556704-3640	6
Wihlborgs Sunnanå 12:27 AB	556766-4098	50
Wihlborgs Sunnanå 12:53 AB	559063-5479	0
Wihlborgs Sydporten AB	556726-0202	36
Wihlborgs Tegelvägen 4 AB	556824-7653	0
Wihlborgs Terminalen 1 AB	556726-1663	78
Wihlborgs Terminalen 3 AB	556962-9859	62
Wihlborgs Tyfonen 1 AB	556692-2570	1
Wihlborgs Ursula 1 AB	559063-5503	0
Wihlborgs Uvenine AB	556695-2502	30
Wihlborgs Väktaren 3 AB	556743-6109	173
Wihlborgs Zirkonen 2 AB	556788-4852	17
Wihlborgs Östersjön 1 AB	556637-7361	140
Wihlborgsporten AB	556630-3797	87
Wihlodia AB	556301-8109	2
WJ Bygg AB	556060-0529	0
		9,073
		3,073

Participations in Group companies are impaired when the carrying amount in the Parent Company exceeds the fair value of an individual Group company. In cases where the impaired value of participations has risen and exceeds the carrying amount in the Parent Company, these impairments are reversed, wholly or in part

Of the subsidiaries listed above, 11 are parent companies of sub-groups. All subsidiaries are wholly owned and all have their registered office in Malmö, except Wihlborgs A/S, which has its registered office in Copenhagen, Denmark. There are a total of 158 (155) companies in the Group.

NOTE 39 | Deferred tax assets

	Parent Company	
	2017	2016
Deferred tax is calculated on:		
– Loss carryforwards	59	35
– Difference between carrying amount and taxable		
value related to derivatives	207	252
– Other temporary differences	33	15
	299	302

At year end, the Parent Company had unutilised loss carryforwards of SEK 267 million (159).

NOTE 40 | Fair value of financial assets and liabilities

			oan receiva	
Group	2017	2016	2017	2016
Non-current receivables			261	240
Financial investments	21	21		
Accounts receivable			24	27
Other receivables			43	55
Cash and cash equivalents			179	252
Parent Company	2017	2016	2017	2016
Non-current receivables			209	208
Financial investments	21	21		
Other receivables			0	1
Cash and cash equivalents			19	152

	measu	Financial liabilities measured at fair value via profit or loss		ir measured	
Group	2017	2016	2017	2016	
Interest-bearing liabilities			-20,653	-17,553	
Derivatives	-943	-1,144			
Accounts payable			-282	-188	
Other liabilities			-196	-137	
Parent Company	2017	2016	2017	2016	
Interest-bearing liabilities			-13,623	-13,091	
Derivatives	-943	-1,144			
Accounts payable			-12	-5	
Other liabilities			-5	-6	

Accounts receivable, other receivables, cash and bank balances, accounts payable and other liabilities are recognised at amortised cost less any impairment; as a result, the fair value is considered to be the same as the carrying amount. Interest-bearing liabilities are mainly subject to a short fixed-interest period, meaning that the amortised cost is the same as fair value.

NOTE 41 | Related parties

Joint arrangements

The Group and Parent Company have close relationships with joint ventures and joint operations, refer to Note 18. For those joint arrangements for which Wihlborgs acquired remaining participations during 2016, transactions up to the date of acquisition are included in the table below for joint arrangements. For subsequent transactions and the position on the balance-sheet date, these companies are included in the table for Group companies.

Group companies

The Parent Company has a close relationship with its subsidiaries; refer to Note 38.

Senior executives

For more information on salaries and other remuneration of the Board, CEO and other senior executives, as well as costs and commitments regarding pensions and similar benefits and agreements on severance pay; refer to Note 8. Two Board members invoice Board fees via the companies InPower AB and PEKE Konsult AB.

All transactions with related parties are priced in line with market conditions.

Summary of related-party transactions

	Gr	oup
TRANSACTIONS WITH JOINT ARRANGEMENTS	2017	2016
Sales to joint arrangements	1	1
Invoicing from joint arrangements	5	6
Acquisition of properties from joint arrangements	15	7
Interest income from joint arrangements	1	1
Interest expense to joint arrangements	-13	-8
Dividend from joint arrangements	0	121
Receivables from joint arrangements on 31 December	17	17
Liability to joint arrangements on 31 December	-3,082	-1,987
	Parent (Company

TRANSACTIONS WITH JOINT ARRANGEMENTS	Parent Company	
	2017	2016
Sales to joint arrangements	1	0
Interest income from joint arrangements	1	1
Receivables from joint arrangements on 31 December	17	17
TRANSACTIONS WITH GROUP COMPANIES		
Sales to Group companies	141	125
Purchases from Group companies	5	5
Interest income from Group companies	394	334
Dividend from Group companies	1,187	1,342
Interest expense to Group companies	-67	-72
Receivables from Group companies on 31 December	11,615	10,432
Liabilities to Group companies on 31 December	-2,712	-1,988

NOTE 42 | Events after the balance-sheet date

After the end of the period, Wihlborgs acquired the Raffinaderiet 3 investment property and the Raffinaderiet 5 project property in Lund, comprising 4,900 and 1,800 m² respectively. In addition, two properties in the Copenhagen area were acquired: Mileparken 9–11 and Blokken 84, comprising 5,000 and 8,600 m² respectively.

Ahead of the Annual General Meeting in April, the Nomination Committee has proposed that the Board of Directors for Wihlborgs consist of Tina Andersson, Anders Jarl, Sara Karlsson, Jan Litborn, Helen Olausson, Perlingemar Persson and Johan Qviberg, with Anders Jarl as Chairman of the Board. Provided that the Annual General Meeting resolves in accordance with the Committee's proposal, the Board intends to appoint Ulrika Hallengren as the new Chief Executive Officer of Wihlborgs.

Signatures

The consolidated statement of income and consolidated statement of financial position, together with the Parent Company income statement and balance sheet are subject to approval by the Annual General Meeting on 25 April 2018.

The Board of Directors and the Chief Executive Officer hereby certify that the annual accounts have been prepared in accordance with generally accepted accounting practice in Sweden and that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards as referred to in Regulation No. 1606/2002/EC of the European Parliament and of the Council dated 19 July 2002 on

the application of international accounting standards. The annual accounts and the consolidated accounts provide a true and fair view of the financial position and results of the Parent Company and the Group.

The administration report for the Parent Company and the Group provides a true and fair view of the development of the operations, financial position and performance of the Parent Company and the Group and also describes the material risks and uncertainties facing the Parent Company and the other companies in the Group.

Malmö, 12 March 2018

Erik Paulsson Chairman

Per-Ingemar Persson Deputy Chairman

Anders Jarl CEO

Tina Andersson Board member

Helen Olausson **Board Member**

Sara Karlsson **Board Member** Johan Qviberg **Board Member**

Our Audit Report was submitted on 13 March 2018 Deloitte AB

Richard Peters Authorised Public Accountant

Auditors Report

This auditor's report is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

To the general meeting of the shareholders of Wihlborgs Fastigheter AB (publ), corporate identity number 556367-0230

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Wihlborgs Fastigheter AB (publ) for the financial year 2017-01-01 - 2017-12-31 except for the corporate governance statement on pages 118 to 125. The annual accounts and consolidated accounts of the company are included on pages 72-110 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 118-125.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and balance sheet for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of investment properties

Description of risk

The most significant transactions and assets of Wihlborgs are related to investment properties and their valuation. The carrying amount represents 98 percent of total assets and is reported at fair value of 38 612 MSEK and this year's change in value amounts to 1851 MSEK in profit. The valuation is based on estimates and assumptions of factors such as the individual property's type, its location, future earning capacity and the market's required return. For project properties are also remaining construction costs assessed and for undeveloped real estate projects location price. These estimates and assumptions may cause a significant impact on the Group's results and financial position.

For further particulars please refer to the section on risks and uncertainties on page 75, Group accounting policies on page 93, note 12 and note 16.

Our audit procedures

Our audit covered the following audit actions, but was not limited to these:

We have reviewed and assessed Wihlborgs' routines to produce input for external valuations, that the routines are consistently applied and that there is integrity in the process.

- We have examined input on a property level for a selection of properties in the external valuations and studied these to ensure that they are complete and accurate.
- For a selection of properties we have evaluated the assumptions of the external valuers about the underlying parameters relating to inflation, rental development, cost development, yield and vacancies. We have also evaluated the competence and objectivity of the external valuers.
- We have examined for a selection of acquired and divested properties that these have been reported in accordance with underlying agreements, applicable tax rules and accounting principles.
- We have reviewed and assessed Wihlborgs routines for development and processing of real estate, including the process of investment decisions, authorization instructions and follow-up of project outcomes.
- We have reviewed that appropriate accounting policies are applied and that adequate information is provided in the relevant notes to the financial statements.

Accounting for derivatives

Description of risk

To minimize interest rate risk, Wihlborgs uses financial instruments in the form of interest rate derivatives. Interest rate derivatives are recognized at fair value including value changes in the income statement. Reported fair values are based on data from an internal market valuation and validated against data from an external party (bank) and is among others based on the present value of discounted future cash flows. The calculations are complex and an incorrect valuation might give a significant impact on the Group's result and financial position. On 31 December 2017 the sub value of the interest derivatives portfolio amounted to 943 MSEK.

For further information please refer to the section on risks and uncertainties on page 75, accounting policies on page 93, note 2 and note 13.

Our audit procedures

Our audit covered the following audit actions, but was not limited to these:

- For all derivatives we have reconciled the carried costs against the internal market valuation based on data from an external party (bank).
- We have made checking calculations on a selection of derivatives of the real value in Wihlborgs' internal market valuation.
- Our specialists have participated in the review and assessed the correctness and completeness of the valuation model.
- We have reviewed that appropriate accounting policies are applied, that financial policies are complied with and that the necessary information is disclosed in the relevant notes to the financial statements.

Accounting for tax

Description of risk

Wihlborgs' activities are taxed in a number of areas including income tax and value added tax (VAT) which require that the company makes assessments of how taxes are calculated, are accounted for and classified in current and deferred tax. Time for tax authorities to make their final verdict on tax matters can be up to five years and tax legislation and its interpretation is complex

and changes over time. Incorrect assessments and assumptions may affect the Group's result and financial position.

For further information please refer to the section on risks and uncertainties on page 75, accounting policies on page 93 and note 14.

Our audit procedures

Our audit covered the following audit actions, but was not limited to these:

- We have reviewed and assessed Wihlborgs' routines for the assessment of whether significant uncertainty in tax losses and other risks exist as well as accounting of current and deferred tax.
- We have examined, in detail, the calculations of current and deferred tax in a sample of the legal companies in the Group and evaluated the calculations against the applicable tax legislation.
- We have reviewed that realised and unrealised gains and losses on derivatives and that completed real estate transactions have been treated properly in the tax calculations.
- In our review we include our own tax experts to assist us in analysing the assumptions and assessments that Wihlborgs made based on our knowledge and experience of local legislation and practice.

We have reviewed that appropriate accounting policies are applied and that adequate information is provided in the relevant notes to the financial statements.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-71 and 126-130. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated

accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a quarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

- However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Wihlborgs Fastigheter AB (publ) for the financial year 2017-01-01 - 2017-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 118-125 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB was appointed auditor of Wihlborgs Fastigheter AB by the annual general meeting of the shareholders on the 26 April 2017 and has been the company's auditor since the 28 December 2004.

Malmö, 13 March 2018 Deloitte AB

Signature on Swedish original

Richard Peters Authorized Public Accountant

Five-year review

	2017	2016	2015	2014	2013
Comprehensive income, SEK m					
Rental income	2,275	2,030	1,910	1,856	1,704
Operating surplus	1,717	1,518	1,445	1,406	1,238
Income from property management	1,179	1,035	975	888	749
Changes in value	2,052	2,239	1,884	-396	616
Tax	-663	-298	-581	-97	-302
Profit for the year	2,568	2,976	2,278	395	1,063
Comprehensive income for the year	2,571	2,990	2,274	400	1,063
Financial position, SEK m					
Investment properties	38,612	32,755	28,623	24,299	22,584
Other non-current assets	312	290	247	197	469
Current receivables	114	117	88	111	126
Cash and cash equivalents	179	252	75	71	11
Total assets	39,217	33,414	29,033	24,678	23,190
Equity	13,592	11,463	8,876	6,967	6,894
Deferred tax liability	2,989	2,362	2,199	1,627	1,598
Other non-current liabilities	20,932	17,877	16,016	15,349	13,350
Current liabilities	1,704	1,712	1,942	735	1,348
Total equity and liabilities	39,217	33,414	29,033	24,678	23,190
Key financial ratios					
Return on equity, %	20.5	29.3	28.8	5.7	16.3
Return on total assets, %	9.7	12.8	11.3	8.4	6.4
Equity/assets ratio, %	34.7	34.3	30.6	28.2	29.7
Interest coverage ratio, multiple	3.4	3.3	3.2	2.8	2.6
Loan-to-value ratio, properties, %	53.5	53.6	56.8	58.2	60.8
Debt/equity ratio, multiple	1.5	1.5	1.8	2.0	2.0
Share-related key ratios					
Earnings per share, SEK	33.41	38.72	29.64	5.14	13.83
Earnings per share before tax, SEK	42.04	42.60	37.20	6.40	17.76
Income from property management per share, SEK	15.34	13.47	12.69	11.55	9.75
Cash flows from operating activities per share, SEK	16.90	13.84	13.32	12.30	10.02
Equity per share I, SEK	176.85	149.15	115.49	90.65	89.7
Equity per share II, SEK	215.74	179.88	144.10	111.82	110.49
EPRA NAV per share, SEK	228.01	194.76	155.54	126.76	111.92
Market price per share, SEK	196.30	169.40	171	142.75 4.75	115.25
Dividend per share, SEK (2017 = proposed dividend) Dividend yield per share, %	6.25 3.2	5.75 3.4	5.25 3.1	3.3	4.25 3.7
Total yield per share, %	3.2 19.3	2.1	23.1	27.5	17.5
P/E ratio I, multiple	5.9	4.4	5.8	27.8	8.3
P/E ratio II, multiple	16.4	16.1	17.3	15.8	15.2
Number of shares at year end, thousands	76,857	76,857	76,857	76,857	76,857
Average number of shares, thousands	76,857	76,857	76,857	76,857	76,857
Property-related key figures					
Number of properties	308	282	276	269	264
Carrying amount for properties, SEK m	38,612	32,755	28,623	24,299	22,584
Investment yield, % – all properties	4.9	4.9	5.1	5.6	5.9
Investment yield, % – excl. project properties	5.1	5.1	5.5	5.9	6.0
Lettable area, m ²	2,066,874	1,848,738	1,745,992	1,551,666	1,523,125
Rental income, SEK per m ²	1,202	1,156	1,136	1,201	1,199
Operating surplus, SEK per m ²	912	868	832	876	876
Economic occupancy rate, % – all properties	93	91	88	91	91
Economic occupancy rate, % – excl. project properties	93	92	91	91	91
Surplus ratio, %	76	75	73	73	73
Employees					

Calculation bases and definitions of Group metrics

Metrics and definitions

Some of the financial metrics that Wihlborgs presents are not defined in accordance with IFRS. Wihlborgs is of the opinion that these metrics provide valuable complementary information to investors and the company's management, since they enable evaluation of the company's performance. As all companies do not apply the same approach to calculating these financial metrics, they are not always comparable to metrics used by other companies. Accordingly, these metrics should not be viewed as replacements for metrics defined under IFRS. Presented below are calculation bases and definitions of metrics that, with a few exceptions, are not defined in accordance with IFRS.

Calculation bases

	31 Dec 2017	31 Dec 2016
Return on equity		
Profit for the period	2,568	2,976
Equity, opening balance	11,463	8,876
Equity, closing balance	13,592	11,463
Average equity	12,528	10,170
Return on equity, %	20.5	29.3
Return on total assets		
Profit before tax	3,231	3,274
Interest expense	495	459
Change in value, derivatives	-201	265
Onange in value, derivatives	3,525	3,998
Total assets, opening balance	33,414	29,033
Total assets, closing balance	39,217	33,414
Average total assets	36,316	31,224
Return on total assets, %	9.7	12.8
Equity/assets ratio		
Equity	13,592	11,463
Total assets	39,217	33,414
Equity/assets ratio, %	34.7	34.3
Interest coverage ratio		
Income from property management	1,179	1,035
Interest expense	495	459
	1,674	1,494
Interest expense	495	459
Interest coverage ratio, multiple	3.4	3.3
Loan-to-value ratio, properties		
Borrowings	20,653	17,553
Carrying amount, investment properties	38,612	32,755
Loan-to-value ratio, properties, %	53.5	53.6

:	31 Dec 2017	31 Dec 2016
Debt/equity ratio		
Interest-bearing liabilities	20,653	17,553
Equity	13,592	11,463
Debt/equity ratio, multiple	1.5	1.5
Earnings per share (defined in accordance with IFRS)		
Profit for the year	2,568	2,976
Average number of shares, million	76.9	76.9
Earnings per share, SEK	33.41	38.72
Earnings per share before tax		
Profit before tax	3,231	3,274
Average number of shares, million	76.9	76.9
Earnings per share before tax, SEK	42.04	42.60
Income from property management per share		
Income from property management	1,179	1,035
Average number of shares, million	76.9	76.9
Income from property management per share, S	EK 15.34	13.47
Cash flows from operating activities per share		
Cash flows from operating activities	1,299	1,064
Average number of shares, million	76.9	76.9
Cash flow per share, SEK	16.90	13.84
Equity per share I		
Equity	13,592	11,463
Number of shares at year end, million	76.9	76.9
Equity per share I, SEK	176.85	149.15
Equity per share II		
Equity	13,592	11,463
Deferred tax liability	2,989	2,362
	16,581	13,825
Number of shares at year end, million	76.9	76.9
Equity per share II, SEK	215.74	179.88
EPRA NAV per share		
Equity	13,592	11,463
Deferred tax liabilities	2,989	2,362
Derivatives	943	1,144
	17,524	14,969
Number of shares at year end, million	76.9	76.9
EPRA NAV per share	228.01	194.76

Definitions

Key financial ratios

When profit for the year or equity is included in key ratios, profit and equity are stated including non-controlling interests unless otherwise indicated.

Return on equity

Profit for the period as a percentage of average equity, excluding non-controlling interests. Average equity refers to the average of the opening and closing values for the respective period. The ratio comprises a measure of the profitability in terms of the shareholders' equity.

Return on total assets

Earnings before interest, value changes in derivatives and taxes (EBIT) as a percentage of average total assets. Average total assets refers to the average of the opening and closing values for the respective period. The ratio comprises a measure of the profitability in terms of the total assets employed.

Equity/assets ratio

Equity as a percentage of total assets at the end of the period. The ratio provides a measure of the financial strength of the company.

Interest coverage ratio

Income from property management, plus interest expense, divided by interest expense. The ratio measures the degree to which earnings can decline without jeopardising interest payments or, alternatively, how much interest expense can increase before income from property management becomes negative.

Loan-to-value ratio, properties

Borrowings as a percentage of the properties' carrying amounts. The ratio shows the degree of borrowing on the property portfolio.

Debt/equity ratio

Interest-bearing liabilities relative to equity. Interest-bearing liabilities correspond to borrowings in the balance sheet. The ratio illustrates the relationship between borrowings and equity and, thereby, the gearing and financial strength.

Surplus ratio

The operating surplus, excluding payments for early lease termination, shown as a percentage of rental income. In the income statement, the item "other income" is used for payments for early lease termination. The ratio illustrates the proportion of rental income that remains after deducting property management costs.

Investment yield

The operating surplus, excluding payments for early lease termination, shown as a percentage of the properties' average carrying amount. The average carrying amount refers to the average of the opening and closing values for the respective year. In the income statement, the item "other income" is used for payments for early lease termination. The ratio illustrates the yield on the property portfolio without taking account of its financing costs.

Share-related key ratios

Earnings per share for the year

Profit for the year divided by the average number of shares outstanding. Definition in accordance with IFRS.

Earnings per share before tax

Earnings per share before tax divided by the average number of shares outstanding.

Income from property management, per share

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

Cash flows from operating activities per share

Cash flows from operating activities divided by the average number of shares outstanding.

Equity per share I

The relationship between the closing balances for equity and the number of shares at the same date.

Equity per share II

Calculated as Equity per share I, but not charged with deferred tax. Equity is increased by the addition of the carrying amount for deferred tax liabilities.

EPRA NAV per share

Equity per share following the reversal of interest-rate derivatives and deferred tax according to the balance sheet.

Dividend yield per share

Proposed dividend as a percentage of the year-end market price.

Total yield per share

Share price performance plus actual dividend relative to the market price at the start of the year.

P/E ratio I, multiple

Market price per share divided by earnings per share.

P/E ratio II, multiple

Market price per share divided by income from property management, charged with nominal tax at 22%, per share.

Property-related key figures*

These key figures are based on the property table on page 27. The table shows the estimated rental value, rental income and property expenses on an annualised basis with an unchanged property portfolio, rental income and lettings portfolio compared with the most recent year end.

Rental value

Rental income plus estimated market-level rents for unlet space.

Estimated investment yield

Operating surplus as a percentage of the carrying amount for the properties at year end.

Rental income per m²

Rental income on an annualised basis divided by lettable area.

Operating surplus per m²

Operating surplus divided by lettable area.

Economic occupancy rate

Rental income as a percentage of rental value.

Estimated surplus ratio

Operating surplus as a percentage of rental income.

*These key ratios are operational and do not constitute alternative performance measures in accordance with the guidelines of the European Securities and $% \left(1\right) =\left(1\right) \left(1\right) +\left(1\right) \left(1\right)$ Markets Authority (ESMA).

Corporate Governance Report

Wihlborgs is a Swedish public limited company that is listed on Nasdag Stockholm and applies the Swedish Corporate Governance Code (the Code). This is a separate report and does not form part of the formal Annual Report. Wihlborgs' Corporate Governance Report has been reviewed by the company's auditors.

The shareholders influence the governance of the company through participating in and exercising their voting rights at the Annual General Meeting (AGM), Wihlborgs' highest decisionmaking body.

The management and responsibilities of the Wihlborgs Group are allocated between the Board and the CEO in accordance with the Swedish Companies Act, other legislation and regulations, Nasdaq Stockholm's Rule Book for Issuers, the Code, the Articles of Association and internal governance instruments, such as the rules of procedure for the Board, instructions to the Chief Executive Officer and the financial policy.

number of shares held and represented by that individual. All shares are entitled to an equal share in Wihlborgs' profits.

With 10.3 percent of the shares outstanding, the largest shareholder in Wihlborgs is Erik Paulsson and family, privately and through companies. At the end of December 2017, the ten largest shareholders owned 32 percent of the shares. The number of shareholders was 23,781, down around 300 year-on-year. Of total share ownership, 79 percent was represented by legal entities and 21 percent by natural persons.

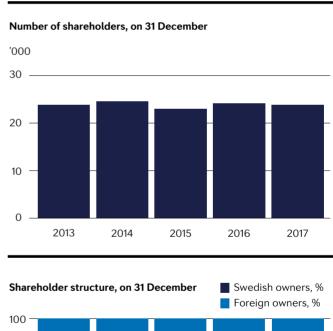
At the end of December, foreign shareholders represented 42 percent of the total, up 5.3 percentage points year-on-year.

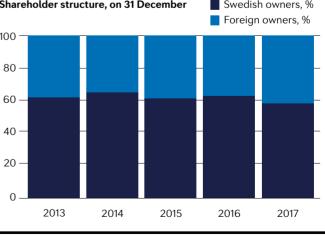
Further information on the share and shareholders is available on pages 20-21.



Shareholders

Wihlborgs' shares were listed on the Stockholm Stock Exchange on 23 May 2005. Since January 2016, Wihlborgs has been included in the Large Cap segment on the Nasdaq Nordic market. At year end, the company's share capital totalled SEK 192 million. The number of shares registered and outstanding was 76,856,728 with a quotient value of SEK 2.50 per share. Each share entitles the holder to one vote and, at general meetings, each person entitled to vote may vote for the full





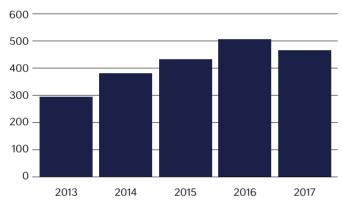
Articles of Association

Wihlborgs' Articles of Association were most recently amended at the 2011 AGM. The object of the company's operations is to acquire, manage, develop and sell properties, primarily in the Öresund region, and conduct associated operations. The company's registered address is in Malmö. The full text of the Articles of Association is available on the company's website: www.wihlborgs.se/en/investor-relations/corporategovernance.

2017 Annual General Meeting

Wihlborgs' AGM was held on 26 April 2017. A total of 464 shareholders participated in the AGM, either personally or by proxy. The shareholders represented 47.2 percent of the votes in the company. The AGM minutes are available at www.wihlborgs.se.

Number of participants at the 2013-2017 AGMs



In brief, the most significant resolutions were:

Election of Board members and auditors - It was resolved that the number of Board members should be seven. The following Board members were re-elected: Tina Andersson, Anders Jarl, Sara Karlsson, Helen Olausson, Erik Paulsson, Per-Ingemar Persson and Johan Qviberg. Erik Paulsson was appointed Chairman. It was resolved to appoint Deloitte AB as auditors, with Richard Peters as Auditor-in-Charge.

Nomination Committee - A Nomination Committee is to be formed by the three largest shareholders each appointing a representative not less than six months prior to the AGM. Should any of the three largest shareholders abstain from appointing a member, the next largest shareholder will instead be entitled to appoint a member. The Nomination Committee should also include one member to represent the smaller shareholders. The Nomination Committee may also decide to include the Chairman of the Board as a member of the Nomination Committee. The names of the Nomination Committee's members and the owners they represent is to be announced not later than six months before the AGM and are to be based on the known ownership at the end of August of the respective year. The Committee's term of office extends until such time as a new Nomination Committee has been appointed. The Committee's Chairman should be the member appointed by the largest shareholder unless agreed otherwise by the Committee.

Acquisition and transfer of treasury shares - A resolution was passed to authorise the Board, for the period until the next AGM, to buy back and transfer Wihlborgs shares corresponding to a maximum of 10 percent of the shares outstanding.

New share issue – A resolution was passed to authorise the Board, for the period until the next AGM, to approve a new share issue corresponding to no more than 10 percent of the shares outstanding.

The Nomination Committee and proposals for the 2018 AGM

The Code states that AGM resolutions on nominations for the Board and auditors should be prepared through a structured and transparent process, managed by the shareholders, that provides all shareholders with the opportunity to present their views on and proposals for each individual issue and to create the requisite conditions for well-prepared decisions. The Nomination Committee is the AGM's body for preparing decisions relating to appointments. Wihlborgs' Nomination Committee has therefore prepared proposals for the Chairman of the AGM, Chairman of the Board, Board members, Directors' fees, and auditors and their fees.

In accordance with the AGM's resolution, the names of the Nomination Committee members were published in September 2017. The Nomination Committee comprises Bo Forsén representing Erik Paulsson, Hans Ek from SEB Funds, Eva Gottfridsdotter-Nilsson from Länsförsäkringar Funds and Krister Eurén representing minor shareholders. The representatives of the three largest shareholders on the Committee account for 20 percent of the votes in Wihlborgs. Bo Forsén was appointed Chairman of the Committee.

The Nomination Committee has met three times, and to support its work, the Committee has held dialogues with the Board members and held meetings with the Chairman and CEO. The Committee was notified of the company's strategy, risk management and control functions. It has also studied the Board's self-evaluation, which comprised a questionnaire that was answered by all of the Board members.

Ahead of the AGM on 25 April 2018, the Nomination Committee proposes that the Board consist of seven members. Given the decision by the Board's current Chairman, Erik Paulsson, to step down from the Board, the Committee proposes re-election of the following Board members: Tina Andersson, Sara Karlsson, Helen Olausson, Anders Jarl, Per-Ingemar Persson and Johan Qviberg, and the election of a new member, Jan Litborn. Furthermore, the Committee proposes that Anders Jarl be elected as Executive Chairman.

It is proposed that total fees of SEK 3,400,000 (1,000,000) be paid to the Board. It is proposed that a fee of SEK 250,000 (250,000) be paid to the Chairman and SEK 150,000 (150,000) be paid to the other Board members. Moreover, the Chairman of the Board will receive SEK 2,250,000 as a separate fee for providing assistance to the management until the next AGM.

The Nomination Committee proposes that Deloitte AB be re-elected as auditor, with Richard Peters as Auditor-in-Charge.

The Nomination Committee until the 2018 AGM Percent of Name Representing Percent of votes. votes 31 Dec 2017 31 Aug 2017 Frik Paulsson and Bo Forsén 10.3 10.3 family, privately and through companies Hans Ek SEB Funds 5.1 5.5 Eva Gottfridsdotter-Nilsson Länsförsäkringar 4 2 3.5 **Funds** Krister Eurén Minor shareholders

Members of the Board, independence, number of meetings and attendance

	Indep. of company	Indep. of major owners	No. of meetings/ attendance
Erik Paulsson, Chairman	no	no	9 of 9
Per-Ingemar Persson, Deputy Chairman	yes	yes	8 of 9
Tina Andersson	yes	yes	9 of 9
Anders Jarl	no	yes	9 of 9
Sara Karlsson	yes	yes	8 of 9
Helen Olausson	yes	yes	9 of 9
Johan Qviberg	yes	yes	9 of 9

Other resolutions for the 2018 AGM

The Board has submitted the following proposals ahead of the AGM on 25 April:

- A dividend of SEK 6.25 per share, with the record date 27 April
- Guidelines on remuneration principles for Group Management
- Authorisation of the Board, for the period until the next AGM, to acquire and transfer Wihlborgs shares corresponding to no more than 10 percent of the shares outstanding.
- Authorisation of the Board, for the period until the next AGM, to approve a new share issue corresponding to a maximum of 10 percent of the shares outstanding.
- to implement a two-for-one share split.

Board of Directors

The overriding duty of the Board is, on behalf of the owners, to administer the company's affairs in a way that optimally secures the owners' interests in a healthy long-term return on capital, in accordance with set rules of procedure. According to Wihlborgs' Articles of Association, the Board may consist of no fewer than four and no more than eight members. At the April 2017 AGM, Erik Paulsson was re-elected Chairman of the Board and Per-Ingemar Persson was appointed Deputy Chairman at the subsequent Board meeting. The company's Chief Financial Officer, Arvid Liepe, served as Secretary to the Board.

Wihlborgs' Board possesses skills and experience in areas that are of major importance in terms of being able to support, monitor and control the activities of a leading property company in Sweden. The various Board members possess in-depth knowledge of property, the property market, financing and business development.

The Board meets the requirement of the Code and the listing requirement of the Stockholm Stock Exchange that not more than one board member has an operational role in day-to-day business. CEO Anders Jarl is a member of the Board. The majority of Board members are independent in relation to the company and its executive management. In 2017, the Board held nine meetings, including the statutory and per capsulam meetings. Of these nine meetings, six were scheduled Board meetings.

The work of the Board of Directors

January	No. 1	Prospectus for MTN programme
February	No. 2	Year-end report, final audit, financial report, projects, resolutions for the AGM, costings of completed projects, and the employment terms for the CEO and executive management
March	No. 3	Property acquisitions
April	No. 4	Q1 interim report, financial report and projects
April	No. 5	Statutory meeting
June	No. 6	Projects, acquisitions and sales, financial report and market analysis
August	No. 7	Q2 interim report, projects, acquisitions and sales, financial report, review of rules of procedure and ethical guidelines
November	No. 8	Q3 interim report, acquisitions, financial report, evaluation of the CEO's performance, audit planning, principles for remuneration of executive management
December	No. 9	Budget, strategy, financial and environmental goals, market, financial report, interim audit, acquisitions and sales, review of financial policy and evaluation of the Board's work.

Committees

Wihlborgs has no separate audit or remuneration committees as this allows the full competence of the Board to be utilised for these issues and makes the meetings more efficient. To monitor developments in the credit market, Wihlborgs has an Interest Rate Committee. This Committee meets every other month and regularly presents proposals and reports to the Board. The Interest Rate Committee comprises Tina Andersson, Per-Ingemar Persson, Anders Jarl and CFO Arvid Liepe. The Committee is not empowered to make decisions on financial issues.

Rules of procedure and instructions

The Board observes Rules of Procedure comprising instructions for the delegation of work and financial reporting. The Rules of Procedure, which supplement the provisions of the Swedish Companies Act and Wihlborgs' Articles of Association, are reviewed annually.

Under the above rules, the Board is also required to ensure that the CEO discharges his obligations. The performance of the CEO is evaluated each year against set long and short-

The Board is further required, on an ongoing basis, to evaluate Wihlborgs' administrative procedures, and guidelines on property management and investment of the company's assets. The Board is required to establish goals, major policies and strategic plans for Wihlborgs and to continuously monitor not only compliance with the same, but also that they are updated and reviewed following reports from the CEO.

In addition to the statutory meeting, six scheduled Board meetings are normally held each calendar year. The meetings address issues including economic and financial reports, sales and investments, and current market and personnel issues. Extraordinary meetings may be held to discuss and resolve issues that cannot be referred to scheduled Board meetings.

According to the Rules of Procedure, the Chairman is required, through contact with the CEO, to monitor developments at Wihlborgs and to ensure that the Board members receive the information they need through the agency of the CEO. The Chairman is also required to consult with the CEO on strategic issues and ensure that the conduct of business does not conflict with the provisions of the Swedish Companies Act, the Articles of Association or the Code.

Group Management

The CEO is responsible for the company's day-to-day management and for leading the organisation in accordance with the Board's guidelines, instructions and directions. Wihlborgs' rules of procedure for the Board include instructions to the CEO, who is required to ensure that the Board receives the necessary information and decision data ahead of Board meetings, that the Board is kept informed between its meetings and that financial reporting is conducted in such a way that the Board can make well-founded decisions. This also includes separate reporting instructions specifying timetables.

The Group Management consists of: Anders Jarl, CEO Ulrika Hallengren, Director of Projects & Developments Arvid Liepe, Chief Financial Officer Anna Nambord, Director of HR and CSR Karin Wittsell Heydl, Director of Corporate Communications

Principles for employment terms and conditions for the CEO and Group Management

Under the Swedish Corporate Governance Code, the Board is tasked with presenting proposals to the AGM on the principles for remuneration and other terms and conditions of employment for the Group Management. Wihlborgs' Board of Directors proposes that remuneration and other employment terms and conditions should be competitive and on market terms. Remuneration is paid in the form of fixed salary to all members of Group Management. Any remuneration over and above the fixed salary is subject to a cap of 50 percent of fixed salary, and is to be paid in the form of cash. Where appropriate, remuneration in addition to the fixed salary is based on outcomes relative to set targets and must accord with the interests of the shareholders. The conditions for other benefits, if such funds are provided, represent a limited part of total remuneration and mainly consist of company car benefits.

Wihlborgs has a profit-sharing fund for which all employees are eligible, apart from the CEO. Allocations to the fund are based on the return on equity and are limited to a maximum of one basic amount (as defined by Statistics Sweden) per year for each employee.

The retirement age is 65 for all members of Group Management. The cost of the CEO's pension comprises a premium amounting to 35 percent of the pensionable salary per year during the CEO's period of service. Other members of Group Management are covered by an ITP plan or equivalent. The notice of termination of employment, on either side, for the CEO and other members of Group Management is four to six months. Severance pay for the CEO consists of 18 months' salary and for other members of Group Management up to 12 months' salary. Severance pay is to be offset against other sources of income.

The principles governing remuneration and terms and conditions of employment for the Group Management and remuneration and terms and conditions of employment for the CEO are decided by the entire Board except the CEO. The principles for the conditions of employment are unchanged.

Remuneration and other benefits 2017, SEK thousand

	Salary	Other benefits	Pension	Total
Chief Executive Officer Other members of Group Management	4,810 4,750		1,708 1,546	-,

Other benefits consist of company car and fuel.

Auditing

Under the Swedish Companies Act, the company's auditor is required to examine the company's annual accounts and dayto-day accounting records, as well as the administration of the company by the Board of Directors and the CEO. This examination results in an audit report that is presented to the AGM after the end of the financial year.

The Nomination Committee proposes auditors to the AGM. At the 2017 AGM, Deloitte AB was re-elected as the company's auditor, with Richard Peters as the Auditor-in-Charge, for a period of one year and, accordingly, the next election of auditors will be at the 2018 AGM. He has no assignments with any companies that are closely related to Wihlborgs' major owners or to the CEO. Alongside the audit engagement on behalf of Wihlborgs, Richard Peters is also responsible for the following major auditing assignments: BRA Sverige AB, Diös Fastigheter AB, Greenfood TC AB, Mellby Gård AB and TUIfly Nordic AB.

Board of Directors



Erik Paulsson Chairman of the Board

Båstad, born 1942 Elected to the Board in 2004

Other Board assignments Chairman of Backahill AB, and Fabege AB. Board member of Catena AB and Brihova Fastigheter AB.

No. of Wihlborgs shares: 7,862,088 shares held privately and through companies.



Helen Olausson

Board Member Stockholm, born 1968 Elected to the Board in 2007

Principal employment: CEO of EkoNord Invest AB and CEO of Årehus AB.

Other Board assignments: Chairman of AB Jämtsol Board member of Lantmäteriet, Skärvångens Bymejeri AB, and others.

No. of Wihlborgs shares: 1,000 shares.



Tina Andersson

Board Member Malmö, born 1969 Elected to the Board in 2014

Principal employment: SVP Strategy and Growth, Paulig Group.

Other Board assignments Board member of Älvsbyhus AB.

No. of Wihlborgs shares: 2,000 shares through companies.



Per-Ingemar Persson

Deputy Chairman Lund, born 1956 Elected to the Board in 2010

Principal employment: Own consultancy business.

Other Board assignments: Chairman of Northern Environmental and Water Solutions and ELUKonsult AB. Board member of Hemfosa Fastigheter AB.

No. of Wihlborgs shares: 2,000 shares in a personal endowment insurance



Anders Jarl

Board Member Malmö, born 1956 Elected to the Board in 2004

Principal employment: Chief Executive Officer of Wihlborgs AB.

Other Board assignments Board member of Platzer Fastigheter AB.

No. of Wihlborgs shares: 518,714 shares held privately and through companies.



Johan Qviberg

Board Member Stockholm, born 1981 Elected to the Board in 2004

Principal employment: CEO of Quinary Investment AB.

Other Board assignments: Board member of Ework Group AB, Nattaro Labs AB and Svolder AB

No. of Wihlborgs shares: 780,000 shares.



Sara Karlsson

Board Member Båstad, born 1969 Elected to the Board in 2007

Principal employment: Båstad Företagsby and Backahill AB.

Other Board assignments: Board member of Backahill AB, Skistar AB, Destination Bjäre Holding AB.

No. of Wihlborgs shares: 21,880 shares with family

Richard Peters attends the meeting in person to discuss the year-end accounts and delivers a report on the final examination of the company's accounts. The auditor also provides information to the Board on a regular basis regarding the examinations conducted during the year.

In addition to its auditing services, Deloitte has also advised Wihlborgs in areas related to tax and accounting issues.

Fees and reimbursement of expenses to auditors, SEK thousand			
Group	2017	2016	
Deloitte AB			
Audit engagement	2,582	2,300	
Auditing activities other than the audit engagement	325	524	
Tax advice	122	162	
Other services	-	270	
Aaen & Co. statsautoriserede revisorer p/s			
Audit engagement	-	89	
Auditing activities other than the audit engagement	_	165	
Tax advice	_	38	
Other services	_	187	

Swedish Corporate Governance Code

The overall aim of the Code is to promote positive development of governance in Swedish companies so that they meet their owners' requirements for return on the capital invested. Any deviations from the rules of the Code must be described and justified in accordance with the comply or explain principle. The reasons for each deviation must be clearly presented. Wihlborgs' deviations from the Code are presented below:

No separate audit committee has been established and, instead, the functions of an audit committee were performed by the entire Board excluding the CEO.

No separate remuneration committee has been established and, instead, the functions of a remuneration committee were carried out by the entire Board excluding the CEO. During discussions of these matters, no member of Group Management was present.

The Board's motivation for not establishing any separate audit or remuneration committees is that this allows the full competence of the Board to be utilised and makes the meetings more efficient.

Internal controls related to financial reporting

Under the Swedish Companies Act and the Swedish Corporate Governance Code, the Board is responsible for internal control. Wihlborgs applies the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) framework for internal control, which is an internationally recognised and widely

accepted system, to describe the company's control structure. COSO describes internal control as being divided into five components: Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities.

The control environment is designed by the Board, Group Management and the company's personnel to ensure that the company observes laws and regulations, has an efficient organisation and that the company operates an effective system of financial reporting.

Control environment — has key significance for the organisation and provides the foundation for effective internal control.

Rules of procedure have been established to ensure adequate internal control and to perform accurate risk assessment. These describe the allocation of responsibilities between the Board and the CEO to provide for an effective assessment of risks in the organisation and its financial reporting. The rules of procedures and the ethical guidelines that apply to the Board and the company's employees are updated each year.

In its rules of procedure, the Board has clearly set out its delegation of decision-making to management for financial reporting. The organisational structure at Wihlborgs enables effective internal control. The company's organisation into management areas led by a property director shows defined responsibilities together with authorities. This has been described in an instruction governing the signing of leases, authorisation rules and project applications. Consolidated reporting for Wihlborgs' approximately 150 subsidiaries is standardised. Internal accounting is reconciled with external accounting on each reporting occasion. In accordance with Wihlborgs' personnel policy, employees working with financial issues have individual training plans to ensure competence in the field.

Overall policies are in place for finance, IT, communication, purchasing, equal opportunities and personnel.

Wihlborgs has signed up to the UN Global Compact, which means that the company has committed itself to supporting the ten principles in the areas of human rights, labour law, the environment and anti-corruption. As a result, the company will be reporting annually on the current status in its "Communication on Progress." Wihlborgs has decided to report on sustainability in accordance with the Global Reporting Initiative (GRI). Sustainability reporting for the 2017 financial year follows the GRI Standards: Core option. This reporting is integrated with the reporting required for the Global Compact.

Risk assessment - Wihlborgs continuously conducts risk assessment in respect of its financial reporting. A risk analysis indicates that internal control is especially important regarding:

- Procedures for rent invoicing, including supplementary billing
- Buying and selling properties, individually and as companies
- Property expenses, primarily energy
- Financing, interest rates and derivatives
- The IT system
- Property valuation
- Project activities
- Taxes

These risks are assessed each year in consultation with the management and the auditors.

Control activities - are intended to create methods that en-

able the company to manage risks. Such activities are designed to prevent, record and correct any errors that may arise. The aim of control activities is to secure the company's income and assets, to check the accuracy and reliability of its financial reports and also to ensure that established systems of rules are complied with.

Quarterly reports are submitted by operations. Monitoring takes the form of measuring the financial outcome against budget. Once each quarter, project managers and the property management organisation meet to coordinate redevelopment and new-build issues with day-to-day management.

Group Management and property management meet reqularly during the quarter to report deviations, major new lets and lease terminations.

A central unit prepares consolidated accounts and financial reporting on a quarterly basis. On these occasions, a property table is also drawn up showing details, at that date, of: rental value, current rental income, vacancies, operating surplus, property value and yield.

Information and communication – The Communications Department is responsible for ensuring that external information is provided in accordance with the Nasdag Exchange agreement. The company's communication policy describes, for example, how financial reporting should be performed.

The Board receives information about risks of error in the

company's financial reporting and the internal control by the auditors in connection with the year-end accounts and their auditing of the interim reports.

Wihlborgs' employees receive continuous information on updated guidelines and policies via the company's intranet. The Wihlborgs' website is continuously updated to adapt and improve the external disclosure in line with market requirements.

Monitoring activities - The control system is monitored and evaluated on an ongoing basis to guarantee its quality. Feedback on each sub-market is regularly communicated to management and any failings that have emerged in internal controls are rectified.

Group Management reports to the Board in accordance with the instructions for financial reporting. The company's auditors review the financial reports pertaining to the year-end accounts and carry out a review of the accounts for the third quarter. At least twice each year, the auditors present their assessment of the company's internal control to the Board.

Internal audit - To complement the external audit, internal assessments of internal control for the company's most important procedures are maintained continuously. Moreover, as the organisation is simple and the business is geographically limited in extent, the Board has concluded that the appointment of an internal auditor is not necessary.

Group Management



Anders Jarl Chief Executive Officer Malmö, born 1956 Employed at Wihlborgs since 2001

No. of Wihlborgs shares: 518.924 held privately and through companies.



Ulrika Hallengren

Director of Projects & Developments Lomma, born 1970 Employed at Wihlborgs since 2010

No. of Wihlborgs shares: 7.500 shares through companies.



Karin Wittsell Heydl

Director of Corporate Communications Lomma, born 1972 Employed at Wihlborgs since 2014

No. of Wihlborgs shares: 7.500 shares through companies.



Anna Nambord

Director of HR and CSR Lomma, born 1973 Employed at Wihlborgs since 2013

No. of Wihlborgs shares: 7.500 shares through companies.



Arvid Liepe

Chief Financial Officer Employed at Wihlborgs since 2013

No. of Wihlborgs shares: 15,000 shares through companies.

Signatures to the Corporate Governance Report

Malmö, 12 March 2018

Erik Paulsson Chairman

Anders Jarl CEO

Sara Karlsson

Tina Andersson

Helen Olausson

Per-Ingemar Persson

Johan Qviberg

GRI Index

Since 2011, Wihlborgs has been reporting its sustainability work in accordance with the Global Reporting Initiative (GRI). In previous years, we published a separate Sustainability Report. Since Wihlborgs' sustainability is increasingly being integrated into its operating activities, the Group has chosen to report its sustainability work in the Annual Report since 2016. The Annual Report with its accompanying GRI appendix comprise Wihlborgs Sustainability Report for 2017 in accordance with the GRI Standards: Core option. The Sustainability Report pertains to the 1 January – 31 December 2017 period and contains no significant changes to the scope, boundaries or measurement methods compared with previous reports. The operations in Denmark are not fully encompassed by the report. When this is not the case, a comment to that effect is included in the actual section. Wihlborgs' Sustainability Report covers all the Group's subsidiaries (158 in total), all business operations in Sweden and some operations in Denmark. Joint ventures are not included. Wihlborgs Fastigheter AB does not own any properties; they are all owned by our subsidiaries.

This information has not been subject to an external review.

Page references for disclosures are provided in the following GRI Index. These disclosures include general standard disclosures, specific standard disclosures and industry-specific indicators for the construction and real estate sector (Construction and Real Estate Sector Disclosures). In the page references contained in the index, the designation GRI refers to the separate GRI appendix, which is available at www.wihlborgs.se/gri.

The previous Sustainability Report, which pertained to 2016, was published on 3 April 2017. The next Sustainability Report will be published in April 2019.

Contact person for the Sustainability Report: Anna Nambord, Director of HR and CSR. anna.nambord@wihlborgs.se, +46 40 690 57 54.

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UN Global Compact

In July 2010, Wihlborgs signed up to the UN Global Compact. The Global Compact initiative was launched in association with the World Economic Forum (at Davos in 1999). Then UN Secretary General Kofi Annan challenged the business world to sign up to the initiative. The thinking behind the Global Compact is to make companies aware of and take active responsibility for ten internationally recognised principles in four areas: human rights, labour, environment and anti-corruption.

Companies that sign up to the Global Compact, undertake the following;

■ the CEO of the company is to make an annual statement confirming that the company will continue to support the Global Compact and work in line with its principles.

- to incorporate the Global Compact principles into its corporate strategy and to promote integration of the principles in its corporate culture on an everyday basis.
- to publicly stand up for the Global Compact and its principles.
- to submit an annual report (Communication on Progress) presenting its work related to the principles and the results achieved.

Wihlborgs has been affiliated with the UN Global Compact since 2010. In July 2017, Wihlborgs submitted its latest Communication on Progress in accordance with the Global Compact guidelines. This Annual Report includes Wihlborgs' Communication on Progress for 2017.

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6. eliminate all forms of forced and compulsory labour.	59, 67
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Sustainability reporting in accordance with the Annual Accounts Act

Under the Annual Accounts Act, companies over a certain size are required to prepare a sustainability report. Wihlborgs reports pursuant to the GRI Standards: Core option, and uses its own framework as the basis for reporting. The following index

is intended to show where the disclosures linked to the Annual Accounts Act can be found. The designation GRI means that the information can be located in the separate GRI appendix, which is available at www.wihlborgs.se/gri.

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The auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders in Wihlborgs Fastigheter AB (publ), corporate identity number 556367-0230.

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability report for 2017. The company has defined the scope of the sustainability report on page 130.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with

International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Malmö, 13 March 2018 Deloitte AB

Richard Peters Authorised Public Accountant

Invitation to attend the Annual General Meeting

The Annual General Meeting (AGM) of shareholders in Wihlborgs Fastigheter AB (publ) will be held at **4.00 p.m. on Wednesday, 25 April 2018 at Slagthuset**, Jörgen Kocksgatan 7 A, Malmö, Sweden. Shareholders wishing to attend the AGM must:

- be entered in the register of shareholders maintained by Euroclear Sweden AB on Thursday, 19 April 2018, and
- notify the company of their intention to attend, with any assistant, no later than 4.00 p.m. on Thursday, 19 April 2018.

Notification of intention to attend the AGM may be made in any of the following ways:

- by post to: Wihlborgs Fastigheter AB, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden, and
- by telephone to: +46 (0)8 402 91 54, or
- via the Wihlborgs website www.wihlborgs.se where further information on the AGM is also available.

Those who have notified the company of their intention to attend the AGM will receive an attendance card by post. This card must be presented on registration at the AGM.

When notifying intention to attend, the shareholder must give details of name, civic registration number/corporate registration number, address, telephone number and shareholding. Shareholders who have registered their shares in the name of a trustee must, to be able to attend the AGM, temporarily re-register their shares in their own name with Euroclear Sweden AB. Any request for such reregistration must be made in good time before 19 April 2018.

Financial Information 2018

Wihlborgs' annual reports and interim reports are available from its website www.wihlborgs.se. Moreover, the annual report is published in both Swedish and English, and distributed to shareholders who have requested this service. The actual publication dates for interim reports in 2018 are as follows:

Interim Report, Jan–Mar **25 April**Interim Report, Jan–Jun **9 July**Interim Report, Jan–Sep **23 October**





Where job satisfaction matters

With the commitment of our employees and the quality of our properties, we will create conditions for strong growth for business in the Öresund region.



wihlborgs.se

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