



Wihlborgs
Annual Report
2018

Wihlborgs Fastigheter AB (publ) is a property company that focuses on commercial properties in the Öresund region. Its portfolio is located in Malmö, Helsingborg, Lund and Copenhagen. Wihlborgs is the leading property company in Malmö, Lund and Helsingborg. The book value of the company's properties totals SEK 42.1 billion. The annual rental value of the properties is SEK 3.0 billion. Wihlborgs' shares are listed on the Large Cap List of Nasdaq Stockholm.

Cover image: The office project Posthornet 1 in Lund was ready for occupancy in spring 2018.

Wihlborgs 2018

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Highlights of the Year

Rental income rose 14 percent to SEK 2,684 million (2,351)

The operating surplus was up 13 percent at SEK 1,941 million (1,717)

Income from property management improved 19 percent to SEK 1,406 million (1,179)

Profit for the period totalled SEK 2,403 million (2,568), corresponding to earnings per share of SEK 15.63 (16.71).

The Board of Directors proposes a dividend of SEK 3.75 (3.13) per share.

Key metrics for the Group, SEK m.	2018	2017
	Jan-Dec	Jan-Dec
Rental income	2,684	2,351
Operating surplus	1,941	1,717
Income from property management	1,406	1,179
Changes in property values	1,312	1,851
Changes in derivative values	37	201
Profit for the year	2,403	2,568
Earnings per share, SEK	15.63	16.71
Surplus ratio, %	72	73
Equity/assets ratio, %	36.3	34.7
Occupancy rate, %*	94	94

*Excluding Projects & Land.



42.1

PROPERTY VALUE,
SEK BILLION

3.0

RENTAL VALUE,
SEK BILLION

1.4

INCOME FROM
PROPERTY MANAGEMENT,
SEK BILLION

94

OCCUPANCY RATE, %



Wihlborgs is ranked twentieth on the Great Place to Work list of Sweden's Best Workplaces 2018 in the category for medium-sized companies – and is also the best company in Skåne in the class.



At the Annual General Meeting on 25 April 2018, Erik Paulsson leaves Wihlborgs' Board of Directors and Anders Jarl is elected new Chairman of the Board. Ulrika Hallengren succeeds Anders Jarl in the role of CEO.



In September, Wihlborgs acquires Nya Vattentornet 3 in the Ideon district of Lund, containing 21,700 m² of primarily office space, as well as planning permission for a further 11,000 m². When the tramway is opened in 2020, people who work in the building will be able to take advantage of the adjacent tram stop.



In October, the first earth is turned for Prisma — Wihlborgs' new office building in the Oceanhamnen district of Helsingborg. Its spectacular architecture makes Prisma a future city landmark. In autumn 2020, 11,000 m² of ultra-modern premises will be ready for occupancy.

Major events 2018

Q1

In Lund, the Raffinaderiet 3 investment property and the Raffinaderiet 5 project property are acquired. In Copenhagen, the properties, Mileparken 9–11 in Skovlunde and Blokken 84 in Birkerød, are acquired.

Wihlborgs makes it onto Great Place to Work's list of Sweden's Best Workplaces 2018.

The Posthornet office building next to Lund Central Station becomes ready for occupancy for tenants including Folk tandvården, Veidekke, Avensia and Trivector.

Q2

At the Annual General Meeting on 25 April 2018, Erik Paulsson resigns as Chairman of the Board and is succeeded by Wihlborgs' CEO Anders Jarl. Ulrika Hallengren takes over as new CEO.

Exakta signs a lease for 10,700 m² of production space and 4,000 m² of office space at Stenshuvud 3 in the Norra Hamnen district of Malmö.

Malmö University signs a lease for 9,000 m² on two floors at Kranen 2 in Dockan, Malmö. The premises will be used for training police officers starting in 2019.

Q3

Wihlborgs acquires Nya Vattentornet 3 in the Ideon district of Lund, containing 21,700 m² of primarily office space, as well as a multistorey car park and planning permission for a further 11,000 m².

ABB renews its agreement with Wihlborgs and signs a lease for 7,700 m² at Boplatsen 3 in Fosie, Malmö. The agreement will create the preconditions for the continued development of the property and the area.

The service centre for trucks and buses spanning 2,300 m² and built by Wihlborgs for MAN Truck & Bus at Stora Bernstorp on the outskirts of Malmö is completed.

Q4

The first earth is turned for Prisma — Wihlborgs' new office building in the Oceanhamnen district of Helsingborg. In autumn 2020, 11,000 m² of premises will be ready for occupancy.

Volvo Cars signs a contract for an expansion at Ideon in Lund, where development operations are increasing significantly — from 2,000 m² to 7,000 m².

Wihlborgs acquires two sites at Science Village Scandinavia in Lund, with planning permission for approximately 12,000 m² of commercial space, including buildings such as the iconic *Space*.

Wihlborgs in brief

Our operations

Wihlborgs is the leading property company in the Öresund region. Each day, 50,000 people go to work at one of our premises. People in Malmö, Lund, Helsingborg and Copenhagen are all met by city spaces designed by us, and our presence can also be felt in board rooms, club rooms and social forums as the Öresund region grows amid a wave of urban diversity and sustainability. This is the property company Wihlborgs. The region-builder.

1,980

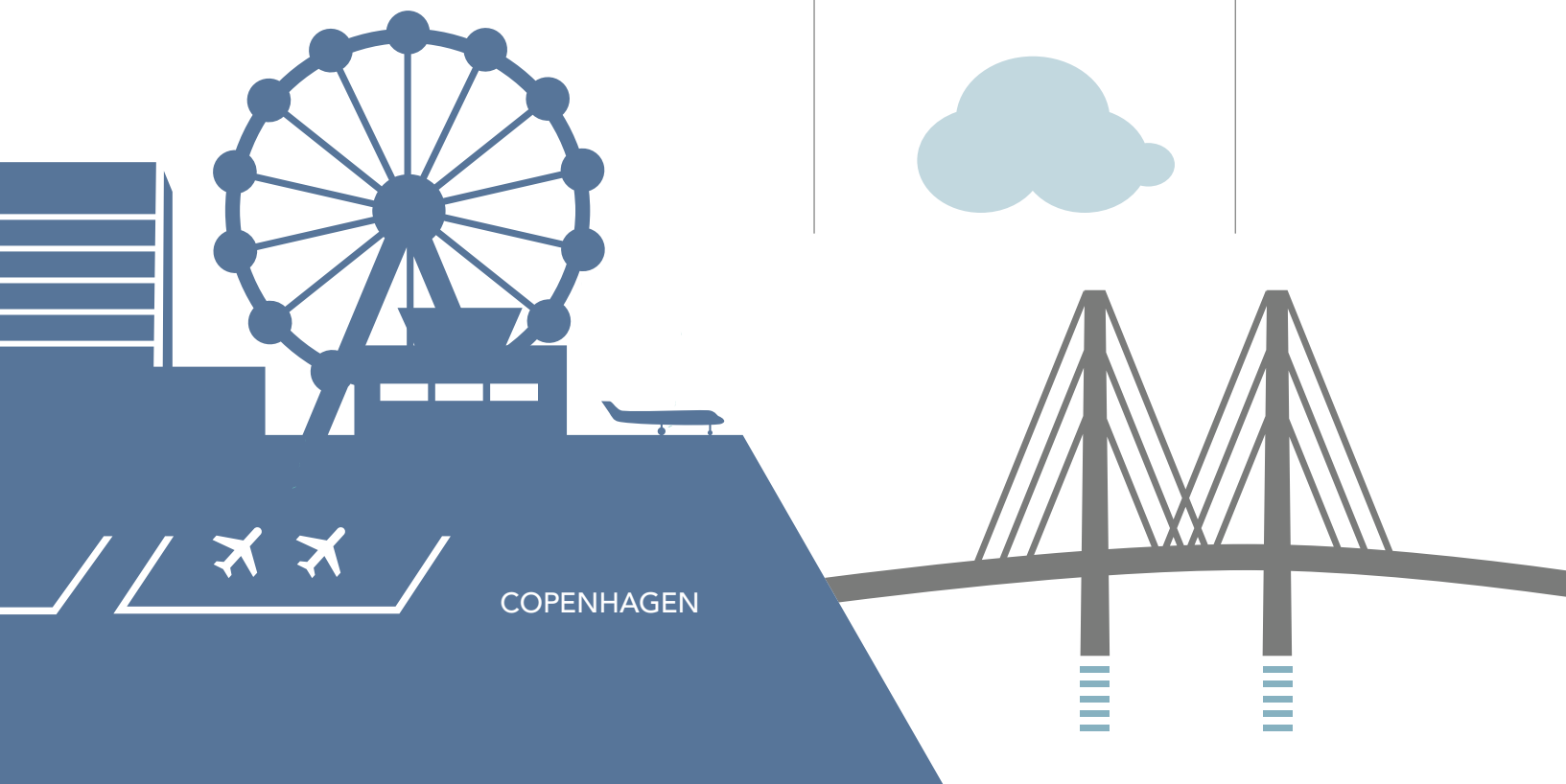
Companies as tenants

42.1

Property value, SEK billion

2.1

Million square metres





Our mission

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



Our sustainability

Wihlborgs is to ensure the company's and region's long-term sustainable development. Our focus is on sustainable properties, responsible business, being an attractive employer and commitment to the region and its community.

187

Full-time employees

310

Properties

16

Market capitalisation,
SEK billion

HELSINGBORG

LUND

MALMÖ





Increased flexibility gives us continued stability

It is important to keep up with changes in the real world.

Since Wihlborgs was listed on the stock exchange in 2005, it has experienced fantastic growth — and this past year was no exception. The numbers say it all, but behind the numbers is an undeterred will to maintain our strategy of continued investments in long-term and sustainable growth.

It is our commitment, our curiosity and our determination to find new solutions for our customers that drives our development. We do not sit and wait for what might happen: we have close dialogues with our customers so we can immediately meet new demands and needs as they arise.

That is the key to our success. Not growing complacent, not doing what has always been done, and recognising new possibilities before anyone else. With this wind at our backs, we are also a driving force in the community — we listen, we take the initiative and we act. This is a strategy we aim to continue — our path to new success.

Profitability provides freedom

2018 was yet another record year.

Rental income rose 14 percent to SEK 2.7 billion. The operating surplus rose 13 percent to SEK 1.9 billion. Income from property management rose 19 percent to SEK 1.4 billion. Profit for the year totalled SEK 2.4 billion, corresponding to earnings per share of SEK 15.63.

Such strong profitability provides the freedom to invest in becoming even better. It also inspires investors to invest in the continued development of Wihlborgs. And it gives us essential space to act quickly and emphatically in a market we know well. When the moment is right, we are ready.

Building a region

We stick with what we know, and what we know is the Öresund region.

We have our roots here and we will continue to play a role here, contributing to a sustainable society that benefits all of us.

We have a simple philosophy — to be the property company in the Öresund region that best understands business needs and

demands. But a region is built on more than conditions for business; a region is built through collaboration based on decisions and strategies from different participants — everything goes hand in hand in this interchange.

That is why we engage ourselves in every corner of society, with multiple points of contact, with investments in jobs, training, inclusion and diversity. We are always evaluating how the region is doing and what its potential is.

We are part of urban development and take responsibility here, in all the areas we can. We also have a responsibility to explain to the rest of the world what we see in the region. Like how you can reach 800,000 workplaces with just a one-hour commute. If an underground were built between Malmö and Copenhagen, that number would increase to 1.3 million workplaces. That says a great deal about the concentrated force in the region.

We see ourselves as a region-builder. Something in the Öresund region's atmosphere, faith in the future and the collaboration between education, business and municipal decision-makers stimulates us to keep contributing to the region's future.

It is good to know a little more

Someone has to be a few steps ahead.

We would like to believe that it makes us a partner to develop with. In 2016, for example, Volvo Cars signed an agreement with us for a 600 m² research and development centre at Ideon in Lund. The operations have grown substantially since then, and in 2020 Volvo will be occupying an entire building of 7,000 m². It was important for Volvo to be near Lund University and the opportunity to recruit experienced employees with specialist expertise.

This is a good example of how customers can take advantage of our offering, our local and regional network and our sensitivity to changing needs. Our ability to quickly create possibilities for companies that need to expand is proof of our ability to take responsibility for our customers' development.

The more we know about our customers' circumstances, the more possibilities we create for ourselves.

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We see ourselves as a region-builder. Something in the Öresund region's atmosphere, faith in the future and the collaboration between education, business and municipal decision-makers stimulates us to keep contributing to the region's future.”

Ulrika Hallengren, CEO

Sustainability leads to a new “big picture”

In 2011, we were one of the first commercial property companies to report on the sustainability of its operations and we have been a signatory of the UN Global Compact since 2010. Naturally we will continue to support these principles in the future. Sustainability issues are an important ingredient in every new investment decision. Today it is self-evident for most companies to think in terms of sustainability — especially among our customers. But it has been a long time since sustainability was only about the environment. Today we talk about ecological sustainability as well as societal and economic sustainability when developing urban environments. It can be seen as self-evident that we continue to invest in solar panels, recharging infrastructure and energy-efficiency. But think — we can also build on what is already here and convert existing buildings, adapting them to the needs of our time. We did just that with Gängtappen, the iconic building in Malmö that we completely renovated and where we have just moved in ourselves. This kind of recycling, into an almost entirely new property, is an example of sustainability focused on reduced environmental impact. Concrete is a carbon-intensive material, and if we do not need new concrete to build, then we do not have as negative an impact on the environment.

Thinking about sustainability breeds creativity — something we welcome.

Thank you to all of you who make it happen

Starting a job as a new CEO is hardly very dramatic when you are already part of a culture primarily built on community.

Translating our collective knowledge into working big-picture solutions is what makes us our own most important

success factor. This continues as long as employees thrive at their jobs, as long as they feel they belong and are ready to go all out.

This is easy to say, but it is not without pride that we can say that Wihlborgs is certified according to the Great Place to Work model, which evaluates different workplace cultures. We are also in second place on the Allbright list, which measures equality in senior roles at listed companies. No wonder that I am thrilled to go to my job every day to work together with our committed employees.

Tomorrow is no longer just another today

Market needs are changing at an ever accelerating rate and to develop our role in society, we can never simply rest on our laurels, content with things as they are. What will the office of the future look like? Yes, it will not be the same for everyone. Work formats are changing, the boundaries between work and free time are blurring, the sharing economy is gaining ground. New trends will continue to arise and we intend to develop alongside them.

Where high standards are set is where we want to be, where we will be, and where we often already are. We set our own limits for how far we can progress. Our strength is in who we are.



Malmö, March 2019
Ulrika Hallengren
Chief Executive Officer





MAX IV in Lund is the world's brightest synchrotron-light facility. Wihlborgs owns half of Fastighets AB ML4, the company that built and owns the facility.

01

Goals and Strategies

More equals more

Less is more, so people say. This is a wise approach when you want to avoid making things unnecessarily complicated; letting moderation and simplicity lead the way, especially when working on sustainable development. That said, in another sense more is always more, and that is when it comes to opportunities. Since both people and companies are unique, a single solution seldom works for everyone. Thanks to our size, we can always offer suitable premises — whatever the tenant's needs. With more opportunities and options, a broad-minded approach and flexibility in every area, we are a reliable companion to our customers as they move onward and upward.



Our mission

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

Business model

Wihlborgs has a growth-based business model that rests on two pillars: property management and project management. This business model means 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 choose to be our tenants. To have an attractive offering, we must actively develop and add value to existing properties in the form of redevelopment and extension, as well as acquire new properties. We are able to create considerable property value by new builds, redevelopment and extension, but also by active participation in city development.

Prior to each project start, a thorough analysis is conducted of the market conditions before we decide on the implementation, the project's scope and the timing of the construction start.

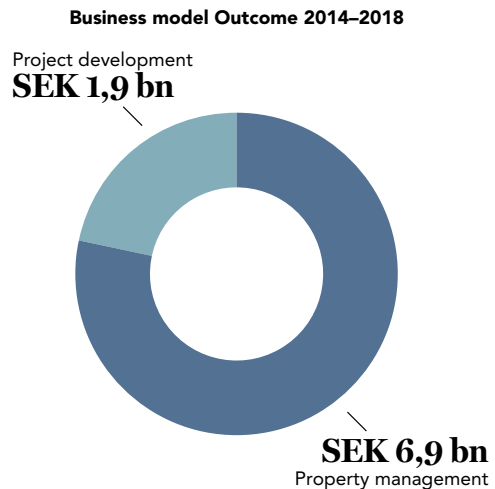
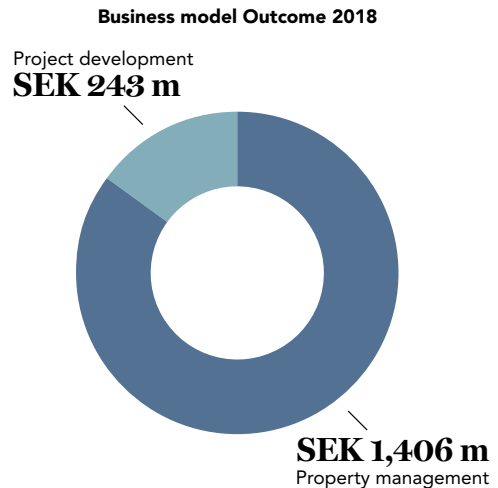
Outcome 2018

For 2018, Wihlborgs recognised income from property management of SEK 1,406 million (1,179). The increase in income from property management is attributable to several factors: the acquisition of 16 properties in Denmark in 2017, strong net lettings and continued effective cost controls.

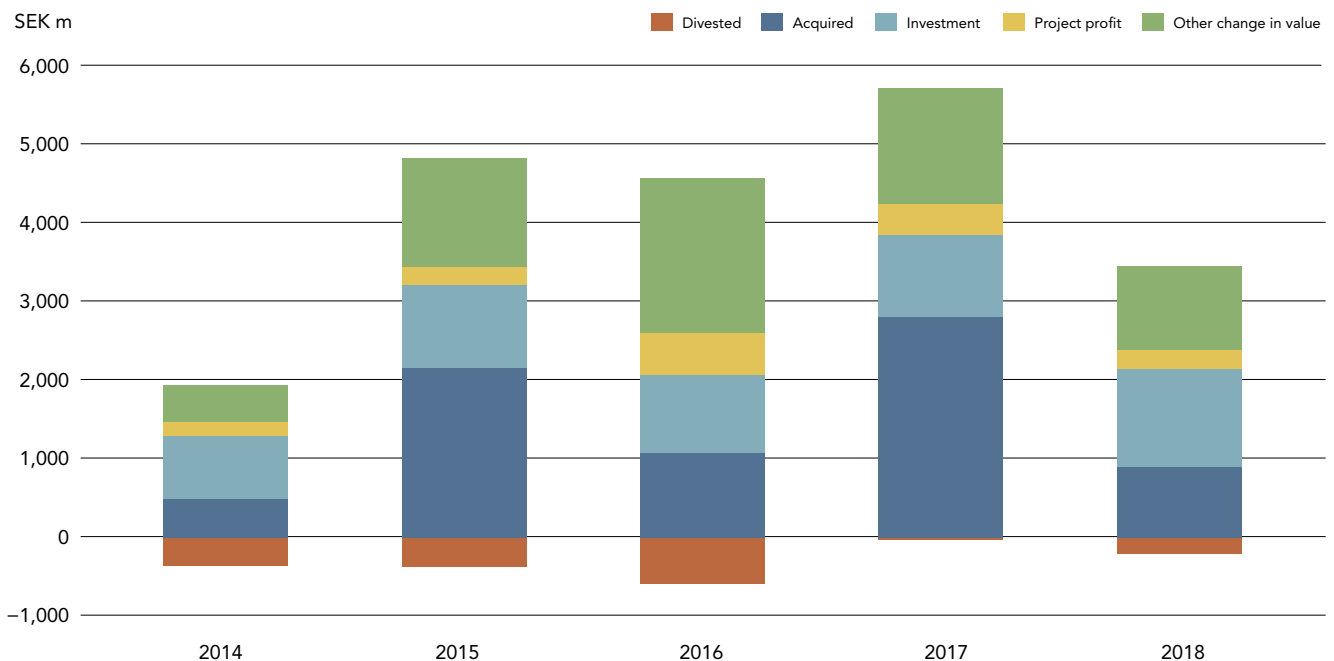
During the year, project development generated a surplus of SEK 243 million (400). Wihlborgs has a strong project portfolio, both historically and moving forward, which will be of great importance to our business model also in the future.

The financial impact of the business model also in 2018 and over the past five-year period is illustrated in the chart on the right.

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



Property value trend 2014–2018



Overall goals

Wihlborgs will operate a business model for growth and will be one of the leading and most profitable property companies on the Nasdaq Stockholm Exchange. To achieve this goal, Wihlborgs will:



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



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



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



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



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.



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, partners and the cities in which we operate. We maintain a close dialogue with all of these stakeholders in order to exchange expertise and jointly contribute to the sustainable development of the cities and region.

We have a straightforward and flat organisation that keeps decision-making paths short. This is a competitive advantage as it means we can take decisions quickly. Our working method is based on our four values — action, honesty, knowledge and community. Our properties are managed by our own staff,

which brings us closer 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. Their conduct influences how our customers perceive Wihlborgs, which is why we require them to comply with our strict demands regarding quality, business ethics, the environment and service. We prioritise business activities with local suppliers, which aligns with our strategy to operate actively within the Öresund region.



Financial targets

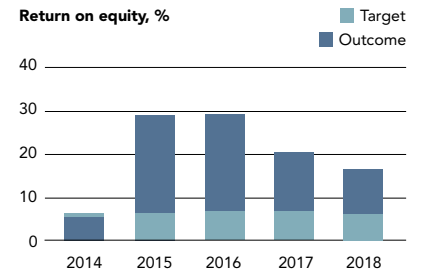
Target

Outcome

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



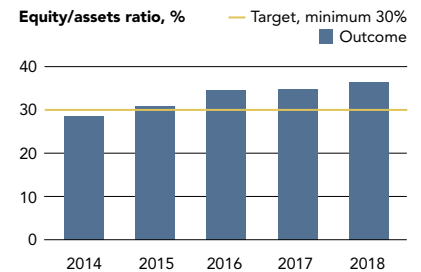
Return on equity amounted to 16.5 percent in 2018, thereby exceeding the target of achieving six percentage points above the risk-free interest rate by a large margin. The average interest rate on a five-year government bond was 0.1 percent, which led to a target of 6.1 percent for 2018. This strong outcome was influenced by substantial positive changes in property values.



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



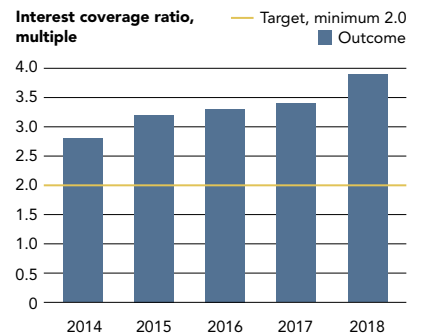
At year end, the equity/assets ratio amounted to 36.3 percent. Despite higher borrowings, the strong results led to an improvement in the equity/assets ratio.



An interest coverage ratio of no less than 2.0.



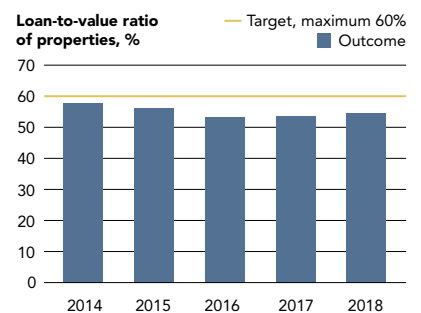
The interest coverage ratio was a multiple of 3.9 in 2018, which is somewhat stronger than in 2017. Income from property management increased at a faster pace than interest expenses, despite growing borrowings. The average interest-rate level declined somewhat during the year, notably following a restructuring of the interest-rate derivative portfolio during the fourth quarter.



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



At the end of 2018, the loan-to-value ratio totalled 54.1 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.

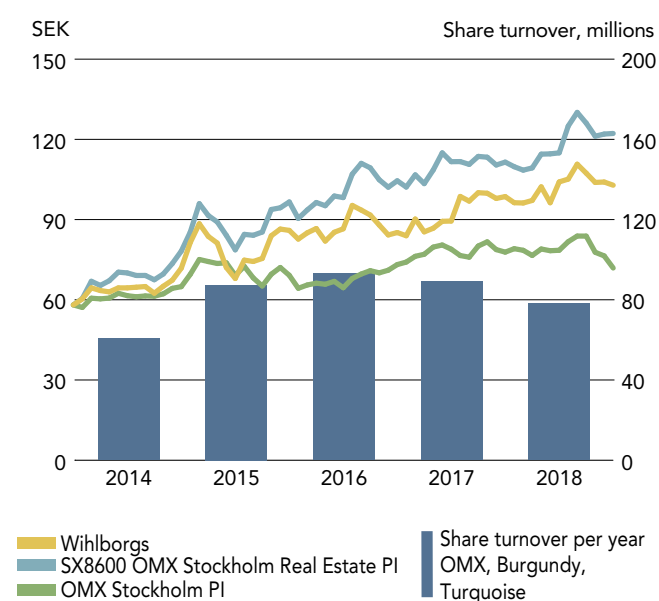


The Wihlborgs share

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 three occasions, the most recent of which was carried out in 2018. Each time, one old share has been replaced with two new shares.

Share price performance

Development of share price, 2014–2018



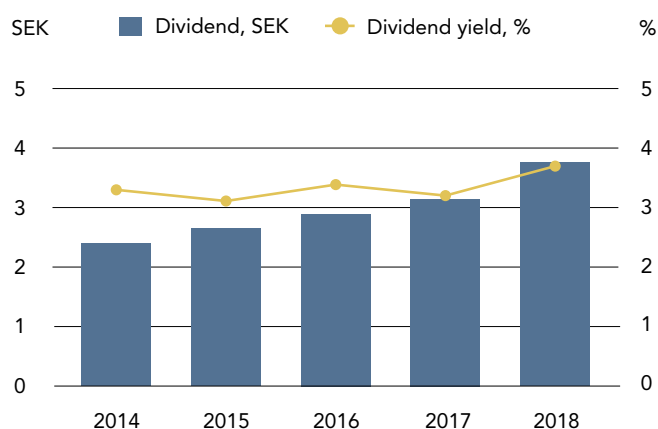
Dividend for 2018

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 21.4 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 3.75 (3.13) for 2018. This corresponds to a dividend yield of 3.7 percent based on the year-end market price. Provided that the AGM adopts the Board's proposed dividend of SEK 3.75 and that the record date is set for 29 April, the dividend will be paid on 3 May 2019. Wihlborgs shares will be traded, including dividend, up to and including the date of the AGM, Thursday, 25 April 2019.

Dividend/share and dividend yield



Share/Key metrics ¹	2018	2017	2016	2015	2014
Share price at year end, SEK	102.40	98.15	84.70	85.50	71.38
Change in share price during the year, %	4.3	26.9	-0.9	19.8	23.9
Earnings per share, SEK	15.63	16.71	19.36	14.82	2.57
EPRA EPS, SEK	8.06	6.84	6.77	6.3	5.43
P/E ratio I, multiple	6.6	5.9	4.4	5.8	27.8
P/E ratio II, multiple	12.7	14.4	12.5	13.6	13.1
EPRA NAV per share, SEK	122.64	114.00	97.38	77.77	63.38
Dividend per share, SEK (2018 = proposed dividend)	3.75	3.13	2.88	2.63	2.38
Dividend yield per share, %	3.7	3.2	3.4	3.1	3.3
Total yield per share, %	7.5	19.3	2.1	23.1	27.5
Number of shares at year end, thousand	153,713	153,713	153,713	153,713	153,713
Average number of shares, thousand	153,713	153,713	153,713	153,713	153,713

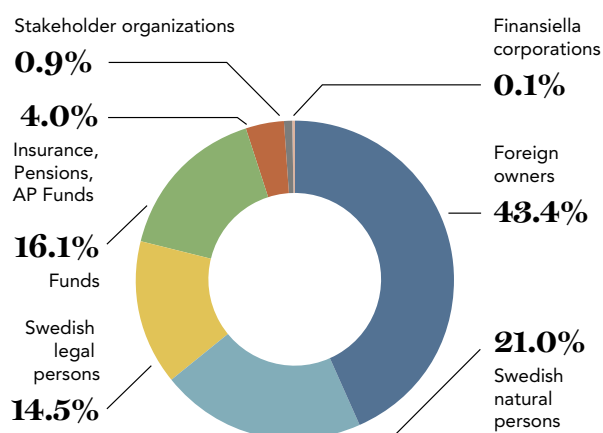
¹ An adjustment has been made to reflect the two-for-one share split carried out in May 2018. For definitions of key metrics, see pages 120–121.

Ownership structure

At the end of December 2018, the ten largest shareholders in Wihlborgs owned 30 percent of the total shares. The number of shareholders was 24,436, up around 700 year-on-year.

The number of foreign shareholders was 43 percent, which is an increase of one percentage point year-on-year. The US accounted for 23 percent of foreign shareholders, the UK for 10 percent, Luxembourg for 4 percent, Belgium for 2 percent and Switzerland for 1 percent.

Ownership structure



Largest shareholders in Wihlborgs at 31 December 2018

Shareholders	Number of shares, thousand	Share of capital and votes, %
Erik Paulsson and family, privately and through companies	15,766	10.3
SEB Funds	8,720	5.7
Länsförsäkringar funds	4,637	3.0
Qviberg family	4,277	2.8
Norges Bank	4,072	2.6
SHB funds	3,589	2.3
Tibia Konsult AB	1,625	1.1
Öhman funds	1,404	0.9
The Fourth Swedish National Pension Fund (AP4)	1,331	0.9
Skandia funds	1,321	0.9
Other shareholders reg. in Sweden	44,397	28.9
Other shareholders reg. abroad	62,574	40.7
Total number of shares outstanding	153,713	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 a 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 a strong and stable rise in its property value. The property portfolio is dominated by modern, flexible properties in A-grade locations and is constantly improved through acquisitions and sales. Wihlborgs also has an attractive portfolio of projects that are in progress or 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, while in Copenhagen we are one of the seven largest commercial property owners. The properties are located in selected, stable sub-markets that provide growth and development potential. We have an attractive mix of tenants and a high occupancy rate over time.

Commitment to the region

Wihlborgs is a local player that knows the market well, as the properties are managed by the company's own staff. A high level of service and strong customer focus create long-term relations with the tenants. Wihlborgs also works actively to ensure the long-term, sustainable development of the Öresund region.



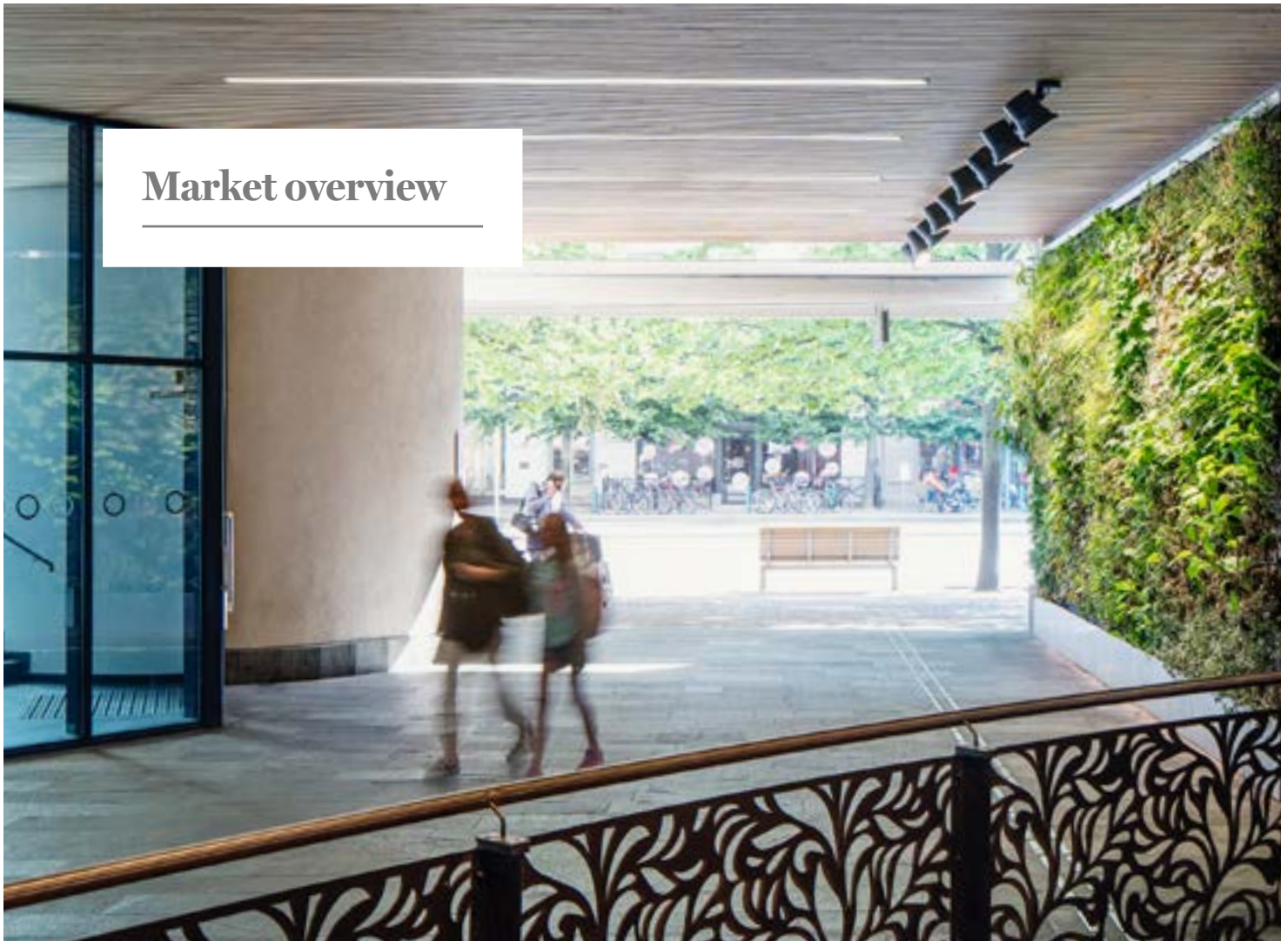
Helsingborg District Court is a tenant of the Polisen 5 property in central Helsingborg.

02

Our operations

A greater future

What is security worth? Standing on solid ground and having a clear view. A sense of belonging. At Wihlborgs, we place great importance on creating security for our tenants, employees, partners and investors. We know that a property is built from the ground up. Each building block affects the quality, and if we want to build sustainably then we need to scrutinise the small details that make up the whole. By acting responsibly and taking a long-term view, we can offer the stability needed — an important factor in ensuring both we as people and the company can function and develop. With this security at our core, it could be said that we are delivering a greater future with more options than ever before.



Market overview

A successful region

The term "Öresund region" was established in connection with the construction of the Öresund Bridge between 1995 and 2000, and refers to Skåne and eastern Denmark. Being located in this Öresund region is a conscious choice for Wihlborgs. The region is the Nordic area's largest labour market and around one quarter of Sweden's and Denmark's combined GDP is generated here.

The Öresund region is also the Nordic area's most densely populated metropolitan area: 4 million people live here, of which two thirds are on the Danish side. The population is highly educated, international and young, with many having been educated in one of the region's many universities and colleges. Malmö University was granted university status in 2018, for example. There is excellent infrastructure and new investments have helped expand the region.

These conditions have led to world-class research investments being made in the region. The construction of ESS is

under way in Brunshög in Lund, a unique materials research facility based on the world's most powerful neutron source, located right next to MAX IV, which is the world's most powerful synchrotron-light facility. MAX IV became operational in 2016 and ESS is expected to be functional by 2023.

A physically cohesive region

Well-developed infrastructure is a prerequisite for the business community functioning effectively. Good opportunities for commuting increase the labour market area and create a broad foundation for employment. Copenhagen Airport is confirming its position as the Nordic region's largest airport; in 2018 the number of passengers increased 3.9 percent to reach more than 30 million per year. Ongoing investments will increase capacity, enabling the airport to handle 40 million passengers per year. At the end of 2018, Copenhagen Airport had 177 direct international routes, of which 41 are to destinations outside

of Europe. An efficiently functioning network connecting the world will make the region attractive to companies looking to establish here.

Back when the decision to construct the Öresund Bridge was being taken, Denmark was already committing to work towards a fixed link to Germany, so the plans to build a link over the Fehmarn Belt have been around for a long time. The Danish parliament gave the green light back in 2015, and following a long process the authorities in Schleswig-Holstein decided in late 2018 to approve the plans that enable the construction of a road and rail tunnel.

In Skåne, an extension is under way of the Southern Main Line, one of the most heavily used double-track railway lines in Sweden and the core of the rail network in Skåne, to turn the entire route between Malmö and Lund into a quadruple-track line. This extension is important for both passenger and goods traffic.

Several new Pågatåg (regional commuter train) lines have also opened in Skåne over the past few years, for example between Trelleborg and Malmö, and in December 2018 the old Continental Line in Malmö opened up to passenger traffic again, thus giving areas such as Rosengård a train link. In late 2020, passenger traffic will commence on the Lomma line, while the tramways linking central Lund with Ideon and Brunnsög will begin operating that same year, and in Helsingborg the tramway-like bus service HelsingborgsExpressen will start operating in 2019. Thanks to a regional “super bus” concept, Region Skåne will also develop public transport in particularly important areas that currently lack a railway, for example Malmö-Näset and Helsingborg-Höganäs.

Central Copenhagen is serviced by an underground, which will be extended by the City Circle Line in 2019, as well as the local S trains and regional buses. There are also plans to develop public transport to the outer areas by way of a high-speed tram line, known as the Ring 3 Light rail, which is expected to be completed around 2025.

Collaboration with the business community

The Greater Copenhagen collaboration is under way in the region, which is a business and political partnership between the regions of Zealand, the Capital Region Hovedstaden, Skåne and Halland together with their 85 accompanying municipalities. This collaboration aims to create a metropolitan region based on increasing growth, an expanding labour market and a high quality of life.

In 2018 and 2019, Greater Copenhagen will work to strengthen three important areas that promote growth and development. One area focuses on developing the region as a centre for life sciences, as it has the Nordic region’s largest concentration of research and life science operations, with 36,000 employees. Greater Copenhagen is also intended to be at the forefront of exploiting developments within digitisa-

tion, and Greater Copenhagen Gigabit is to be characterised by world-class digitisation. The third area is borderless public transport and an integrated labour market, with Greater Copenhagen working to remove the border obstacles that hinder economic growth in the region and creating robust, international infrastructure.

The rental and property market

Employment growth in Wihlborgs’ sub-markets in the Öresund region remained healthy and boosted demand for office and commercial premises. Locations close to transport links are particularly attractive, not least in terms of proximity to rail-based modes of public transport. The 2018 transaction year in Sweden was one of the strongest ever, according to Newsec, with the transaction volume amounting to SEK 155 billion, measured in terms of transactions over SEK 40 million, compared with SEK 151 billion in 2017. The number of transactions was lower but the volume was higher. A number of structured transactions took place, for example Klöverns acquisition of Agora and Vonovia’s acquisition of Victoria Park. The Swedish property market is one of the most liquid in the world, and foreign interest remains high. Foreign investors continue to be net purchasers, primarily in the areas of residential and commercial properties.

Newsec’s assessment is that 2019 will also be a strong transaction year in Sweden and that the volume will amount to around SEK 150 billion. With regard to the discount to NAV that property companies generally have on the stock exchange, the year is expected to be characterised by major structured transactions. Many companies will also refine their portfolios.

Activity in Denmark also remains high, even though the transaction volume is not reaching the record levels seen in 2017. Foreign investors account for around half of all investments, and by far the largest segment is residential properties. The property market in Denmark is heavily concentrated in Copenhagen.

Sources: News Øresund, Greater Copenhagen, Newsec, Sydsvenskan, Region Skåne, Arbetsförmedlingen (Sweden’s public employment agency), Öresundsbron.



At Polisen 6 in Helsingborg tenants include the Swedish Tax Agency, Kronofogdemyndigheten (the Swedish Enforcement Agency) and Försäkringskassan (the Swedish Social Insurance Agency).

Property portfolio and transactions



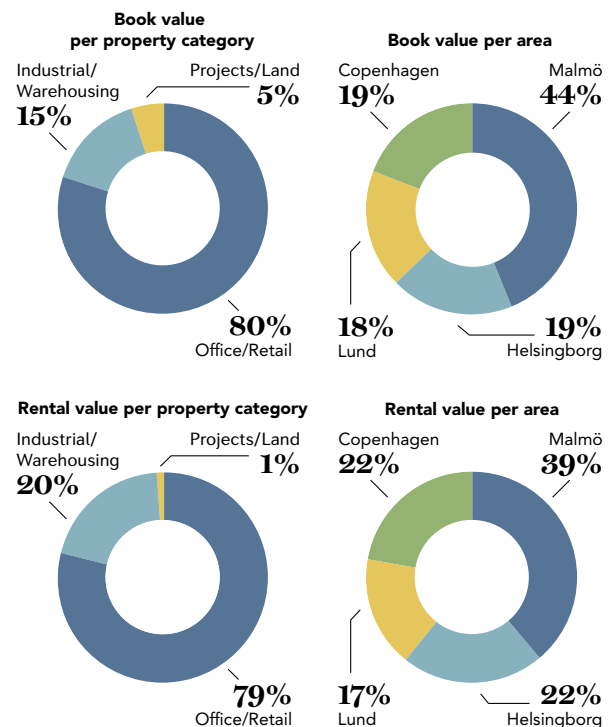
Since 2005, Wihlborgs' property value has increased from SEK 7.2 billion to SEK 42.1 billion. Our strategy is to keep growing and developing by way of acquisitions and by development of our properties, thus increasing our opportunities to identify new solutions that can meet the needs and requirements of both existing and new tenants.

We also want to be an active and significant 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.

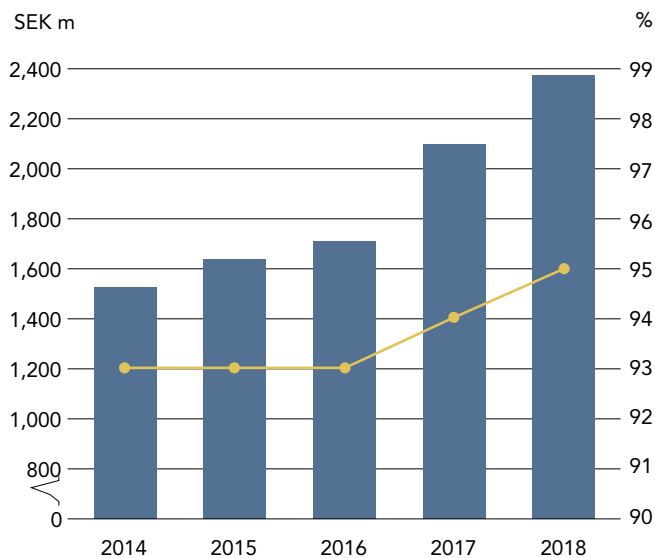
At 31 December 2018, the property portfolio consisted of 310 properties, including ten leasehold properties, with a total lettable area of around 2,106,000 m². The carrying amount totalled SEK 42,146 million. The total rental value was SEK 2,997 million and the annualised contractual rental income was SEK 2,796 million. The economic occupancy rate was 94 percent.



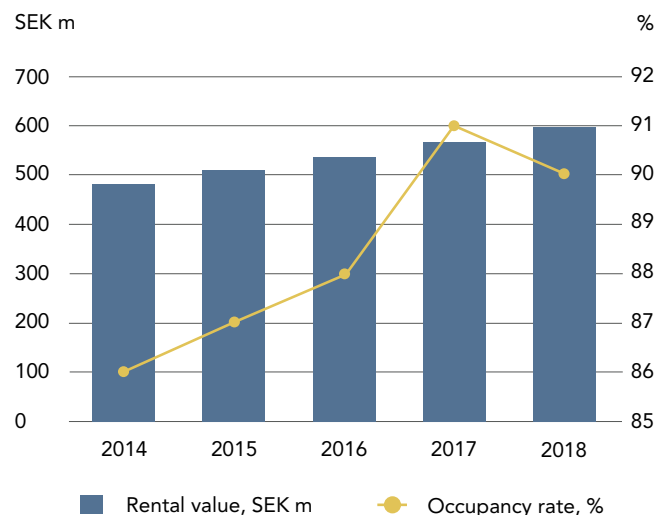
Analysis per property category in each management area

Area/property category	No. of properties	Area, thousand m ²	Carrying amount, SEK m	Rental value, SEK m	Rental value, SEK/m ²	Economic occupancy rate, %	Rental income, SEK m	Operating surplus incl. property mgmt, SEK m	Surplus ratio, %	Operating surplus excl. property mgmt, SEK m	Yield excl. property mgmt, %
MALMÖ											
Office/Retail	49	430	14,590	922	2,142	96	887	678	77	705	4.8
Industrial/Warehousing	47	245	2,352	219	893	89	195	142	73	152	6.5
Projects & Land	23	32	1,470	18	561	–	3	–1	–	–	–
Total, Malmö	119	708	18,412	1,159	1,637	94	1,085	819	75	857	4.7
HELSINGBORG											
Office/Retail	30	177	4,748	340	1,917	96	326	243	75	253	5.3
Industrial/Warehousing	62	372	3,130	320	860	91	291	208	72	224	7.2
Projects & Land	11	–	320	–	797	–	–	–1	–	–	–
Total, Helsingborg	103	550	8,198	660	1,200	93	617	451	73	477	5.8
LUND											
Office/Retail	24	221	7,473	507	2,299	93	471	348	74	381	5.1
Industrial/Warehousing	4	20	179	15	766	98	15	12	80	13	7.0
Projects & Land	4	–	86	–	–	–	–	–	–	–	–
Total, Lund	32	240	7,738	522	2,173	93	485	360	74	394	5.1
COPENHAGEN											
Office/Retail	45	531	7,055	607	1,143	94	571	393	69	413	5.9
Industrial/Warehousing	8	55	512	44	790	87	38	26	69	27	5.3
Projects & Land	3	22	232	5	–	–	1	–2	–	–1	–
Total, Copenhagen	56	608	7,799	656	1,079	93	609	417	68	439	5.6
Total, Wihlborgs	310	2,106	42,146	2,997	1,423	93	2,796	2,047	73	2,166	5.1
Total, excluding Projects & Land	269	2,052	40,039	2,973	1,449	94	2,792	2,050	73	2,168	5.4

Rental value and occupancy rate, Office/Retail



Rental value and occupancy rate, Industrial/Warehousing



Rental value and occupancy rate

Wihlborgs' rental value on 1 January 2019 was SEK 2,997 million. The estimated rental value of vacant premises corresponded to SEK 201 million. The lettable area was 2,106,000 m².

The economic occupancy rate for the entire property portfolio, including the project portfolio, was 93 percent. When divided up geographically, Malmö was at 94 percent, Helsingborg 93 percent, Lund 93 percent and Copenhagen 93 percent. The economic occupancy rate divided up by property category was offices/retail at 95 percent and industrial/warehousing at 90 percent.

Rental income

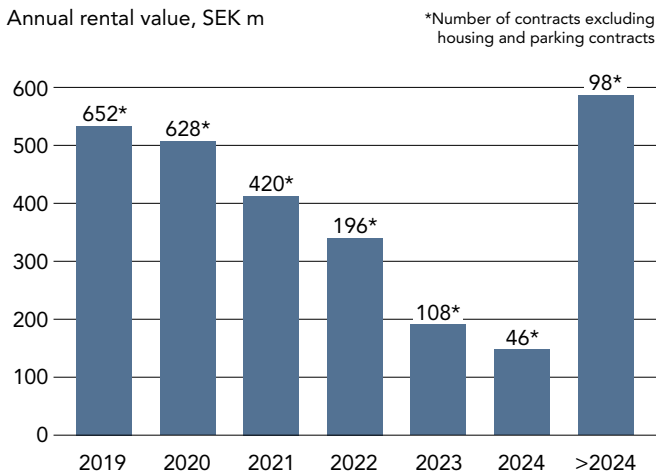
Net lettings amounted to SEK 85 million (90) in 2018. Wihlborgs' annualised contractual rental income on 1 January 2019 was SEK 2,796 million. Rental income from like-for-like portfolios at year end was 4.6 percent higher year-on-year. This includes additional rental charges such as property tax, heating and electricity that are passed on to tenants.

At year end, Wihlborgs had about 2,148 commercial lease agreements with contractual rental income totalling SEK 2,710 million and an average term of 3.8 years. Rental income pertaining to contracts for parking places, land, housing, etc., amounted to SEK 86 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.

Annualised rental income from Wihlborgs' ten largest tenants totalled SEK 583 million, corresponding to 22 percent of contractual rental income.

Terms of Wihlborgs leases on 1 January 2019



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 5 on page 103. Wihlborgs 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 2018 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 2018 totalled SEK 12 168 million, which led to the Group's property tax for 2018 amounting to SEK 155 million. Of this, SEK 105 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.



Gängtappen 1 in Malmö was designed by Paul Hedqvist and was completed in 1958.

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 2018, SEK 1,239 million was invested in redevelopment, extensions and new builds. For a more detailed description of project activities, see pages 54–59.

Acquisitions and sales

For Wihlborgs, 2018 was a considerably less active transaction year than 2017 in terms of volume. Net acquisitions amounted to SEK 705 million (2,769), while acquisitions amounted to SEK 900 million and sales totalled SEK 195 million.

The largest single transaction was the acquisition of Nya Vattentornet 3 at Ideon, also known as Bricks Lund. The seller was Partners Group and Wihlborgs took up occupancy of the property on 1 October 2018. Nya Vattentornet 3 has a lettable area of 21,700 m², comprising primarily office space. In addition to the office block, the property also contains some 600 parking

spaces, including a multistorey car park and planning permission for 11,000 m² of GFA. Major tenants at the property include Ericsson and CellaVision. In Lund, Raffinaderiet 3 and 5 — an older office property and a smaller office project — were also acquired by JM right next to the central station. Raffinaderiet 3 contains some 5,000 m² of lettable area while Raffinaderiet 5 will have around 1,800 m² upon completion in the fourth quarter of 2019. Otherwise, two small industrial properties were acquired in Helsingborg and three properties in Copenhagen, see the compilation below.

All sales were of properties located in Malmö. Wihlborgs left the small sub-market of Elisedal by divesting three industrial properties in the area to Corem during the second quarter. A logical sale took place in Fosie, where a part of an industrial building, Ringspännat 3, was sold to Castellum who owned the other part of the building. Elsewhere the final housing development right in the old Gjuteriet block, in which Dresser Wayne (previously Ljungmans versktad) once operated, was divested. The entire block was converted into housing development rights by Wihlborgs and previously divested to companies including MKB, Ikano and Hökerum, who are now constructing housing units in the old industrial property.

Property acquisitions and sales

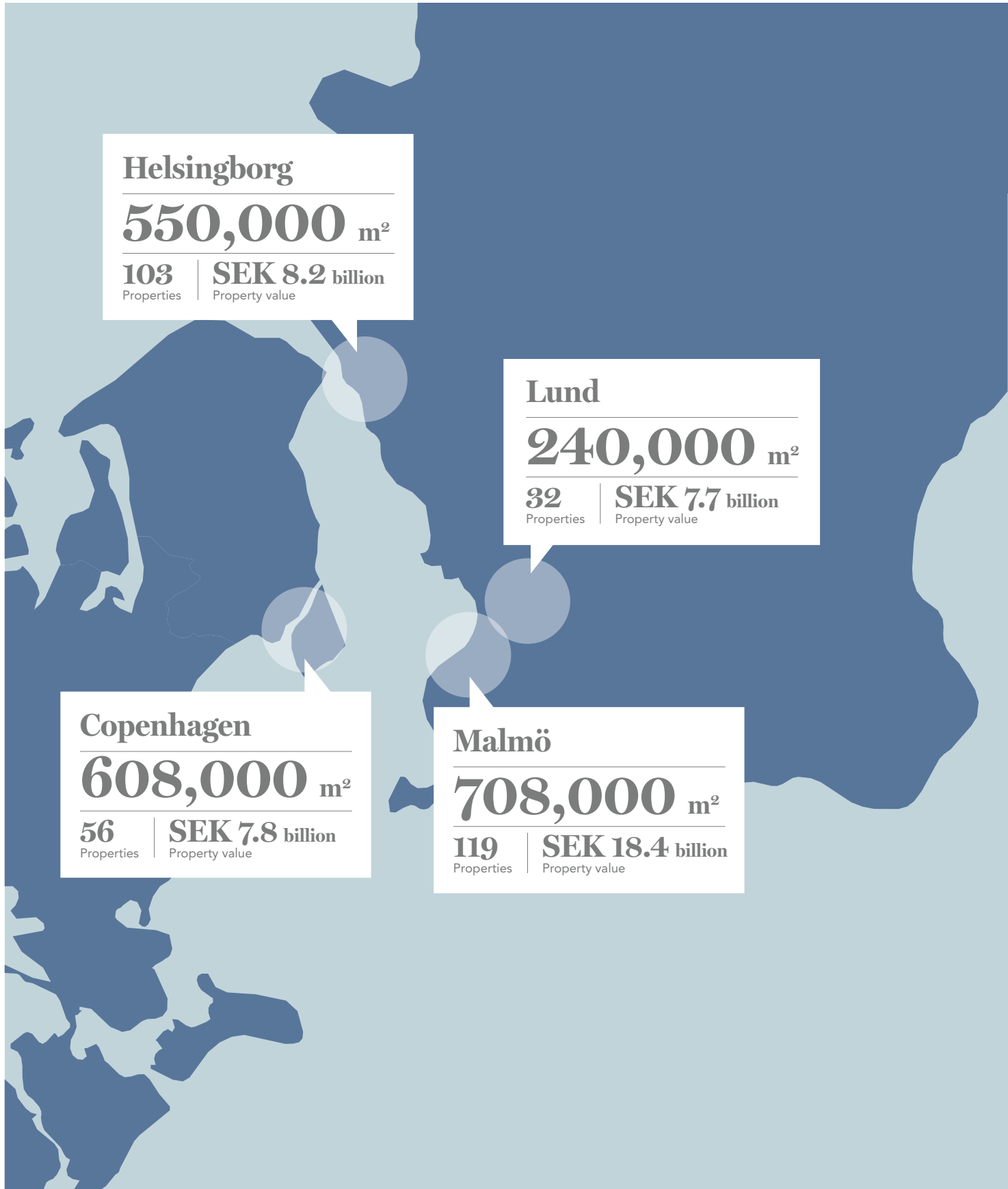
Acquisitions

Quarter	Property	Municipality	Management area	Category	Lettable area, m ²	Price, SEK m	Operating surplus 2018, SEK ^{m 1}
1	Blokken 84	Rudersdal	North Copenhagen	Industrial/Warehousing	8,606		
1	Mileparken 9A	Ballerup	East Copenhagen	Industrial/Warehousing	4,976		
1	Raffinaderiet 3	Lund	Lund C./Gastelyckan	Office/Retail	4,889		
1	Raffinaderiet 5	Lund	Lund C./Gastelyckan	Projects & Land	–		
2	Bunkagärdet 6	Helsingborg	South Helsingborg	Industrial/Warehousing	556		
2	Musköten 15	Helsingborg	North Helsingborg	Industrial/Warehousing	1,620		
3	Meterbuen 27	Ballerup	East Copenhagen	Office/Retail	17,255		
4	Nya Vattentornet 3	Lund	Lund Ideon	Office/Retail	20,811		
4	Kunskapen 1	Lund	Lund Ideon	Projects & Land	–		
4	Vetskapen 1	Lund	Lund Ideon	Projects & Land	–		
Total acquisitions, 2018					58,713	900	27

Sales

2	Förbygelin	Malmö	Outer Malmö	Industrial/Warehousing	5,146		–
2	Löplinan	Malmö	Outer Malmö	Industrial/Warehousing	2,489		
2	Stridsyxan	Malmö	Outer Malmö	Industrial/Warehousing	8,522		
2	Stångbettet	Malmö	Outer Malmö	Industrial/Warehousing	3,943		
3	Ringspännat 3	Malmö	Outer Malmö	Industrial/Warehousing	3,807		
3	Gjuteriet 22	Malmö	Outer Malmö	Projects & Land	–		
Total sales, 2018					23,907	195	6

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



Helsingborg

550,000 m²

103 Properties | **SEK 8.2 billion** Property value

Lund

240,000 m²

32 Properties | **SEK 7.7 billion** Property value

Copenhagen

608,000 m²

56 Properties | **SEK 7.8 billion** Property value

Malmö

708,000 m²

119 Properties | **SEK 18.4 billion** Property value



Malmö

Properties: 119 | Value: SEK 18,400 million
Lettable area: 708,000 m²

Major investments in Malmö

Much has happened over the past few decades, with Malmö undergoing major changes due in large part to an ambitious investment in growth. The old industrial city's blocks have been developed one after the other over many years, making room for the modern, expansive city of Malmö. Next it is Nyhamnen's turn; with its central location it will become a green and attractive area of the city with 6,000 new housing units and 13,000 workplaces. In addition, the bordering industrial area of Norra Hamnen will also continue to be developed into an infrastructure hub with access to the port, railway and motorway.

A large proportion of Malmö's demographic growth is taking place in the younger generation. As Sweden continues to age as a country, 2018 was the year in which one in two of Malmö's inhabitants was under the age of 35. This positive net inflow of younger age groups is expected to have a beneficial effect on the city's economy, as young people often produce more tax revenue than they claim.

Infrastructure and communication are high up on Malmö's agenda. The "major city package" is an investment by the state and City of Malmö that aims to develop public transport and cycle traffic. Around SEK 4 billion is being invested in electrifying bus traffic and building 50 kilometres of new cycle paths in 14 different zones. In addition, the Malmö commuter service is now operating on the Continental Line on a circular route, adding Rosengård and Persborg as new stations. This is further improving the links between the different parts of the city.

We cannot mention Malmö without also mentioning its strategic location at the heart of the Öresund region. The region became efficiently connected when the Öresund Bridge opened in 2000, and over time this has led to positive effects on aspects such as integration, growth, jobs, tourism, research and culture. Around 2028, the Fehmarn Belt link will have been completed, thus making the estimated journey time between Malmö and Hamburg a mere 3 hours or so by train. Taken together, all these investments are just one more step towards reinforcing Malmö as the Öresund region's demographic and economic engine for the Swedish side.

Market conditions

Malmö's journey from industrial city to city of learning has created excellent conditions for the business community. To stimulate growth, entrepreneurship and the labour market further, the City of Malmö has adopted the business programme "A strong and sustainable business community." This programme is intended to make it easier to establish and run companies here, as well as promote sustainable growth. This will also lead to greater tax revenues and more jobs for Malmö residents.

Major cities have a tendency to attract a young, highly educated workforce, and Malmö is no exception. 33 percent of Malmö's population has at least three years of tertiary education, which is well above the national average of 27 percent. This is great news for a growing, knowledge-driven service sector; areas such as life sciences, the gambling industry and IT sector are all growing strongly in Malmö.

The strong market conditions in Malmö are producing consistently strong demand for modern and efficient offices, as well as accessible industrial premises. Wihlborgs is well equipped to be a part of Malmö's ongoing growth in several development areas such as Hyllie, Nyhamnen and Norra Hamnen. With premises in attractive locations, Wihlborgs is able to offer development opportunities and flexibility to both new and existing customers.

Wihlborgs the largest in Malmö

Wihlborgs remains the largest commercial property owner in Malmö, with approximately 708,000 m² in its portfolio. The property value of Wihlborgs' portfolio in Malmö amounts to SEK 18,412 million. Net lettings in Malmö amounted to SEK 75 million in 2018. Demand for office/retail is strong, with an economic occupancy rate of 96 percent. Demand for industrial/warehousing is also relatively high, with an occupancy rate of 89 percent.

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



Malmö Dockan

Properties: 19 | Value: SEK 6,900 million
Lettable area: 164,000 m²

The Dockan management area encompasses the eastern parts of Västra Hamnen. The entire area is an artificial island constructed to the north of the original shoreline. In the early 1900s, Kockums Varv purchased major areas of land at the site and established what was to become one of the world's leading shipyards over the coming decades.

Dockan still bears the features of its maritime history today. The docks frame the area and give it an obvious character, although today they are home to pleasure boats instead of shipbuilding activities. Offices and stores are combined here with housing units and restaurants, thus creating a modern and attractive city district by the sea.

Malmö University signed a ten-year lease during the year with Wihlborgs for 9,000 m² on two floors at Kranen 2 in Dockan. The premises will be used for the practical stages of the police training programme, which will start in Malmö in spring 2019. To meet the needs of the police training, the premises will be redeveloped to offer research facilities, firearms ranges and various practice environments as well as a garage for police vehicles.

Gängtappen 1, which is currently also home to Wihlborgs' head office, will be developed together with Media Evolution. On the ground floor of the building, Media Evolution will establish a creative space for meetings and events where it will offer

conference rooms, food and service to companies from within and outside the building. On the second floor, it will operate a co-working space where small companies can rent workplaces. In total, the lease will cover 1,600 m². As four other leases were signed during the year, Gängtappen 1 is now fully let.

Malmö City Centre North

Properties: 15 | Value: SEK 4,700 million
Lettable area: 129,000 m²

The City Centre North management area includes Nyhamnen and the area surrounding Malmö Central Station, as well as the city centre between Malmö Central Station and Södertull. The area is brimming with life and activity, with city and shopping areas such as Stortorget, Södra Förstadsgatan, Gustaf Adolfs torg and the expansive area surrounding Malmö Live. There is a trend for the area to convert from retail during the day into nightlife later on in the form of restaurants and the like.

Wihlborgs' S:t Jörgen 21 (Baltzar City) property is a commercial block in a top location in Malmö city. During the year retail chain Normal moved into this property, while Stadium opted to extend its lease. In the Erik Menved 37 property in the Caroli block, meanwhile, Region Skåne and Serneke among others signed new leases.

Malmö Central Station is a natural hub for anyone on the move and represents the gateway to Nyhamnen, the next major development area in Malmö. Nyhamnen is the area located to the north of Malmö Central Station and stretches to where Väst-kustvägen begins in the east. Wihlborgs has both existing properties and new development opportunities here for 25,000 m² GFA of office space. Read more about this on page 55.

Malmö City Centre South

Properties: 12 | Value: SEK 3,600 million
Lettable area: 111,000 m²

The City Centre South management area covers the inner city area between Södertull and Triangeln. This forms part of Malmö's old city centre and offers retail, restaurants and housing. Medeon, with its knowledge-intensive life science companies, is also contained within City Centre South, as is the development area of Hyllie that is taking another step towards becoming one of Malmö's most dynamic areas. Wihlborgs' first project here, Dungen (Gimle 1) will be completed in spring 2019, while in the autumn of that year the office building Origo (Bure 2) will also be finished.

The market was very stable in terms of the current investment properties in this area during the year, with no major movements and thus no major lettings. With respect to ongoing projects in Hyllie, leases have previously been signed with Swedish Customs and Ferrero Scandinavia in Dungen. In 2018, Swedish Customs signed a lease for extra floor space, taking their total to 7,500 m², which, when combined with a couple of other signed leases, means the property was fully let by the end of 2018. Occupancy will begin on 1 April 2019.

Outer Malmö

Properties: 73 | Value: SEK 3,200 million
Lettable area: 304,000 m²

The Outer Malmö management area comprises all industrial and warehousing properties with strong links along Malmö's ring roads and immediate suburbs. Limhamn, Fosie, Bulltofta and Burlöv are all contained within this area. During the year Wihlborgs divested three properties in the smaller sub-area of Elisedal in order to focus on the areas in which we are stronger, thus giving us better opportunities to continue developing together with customers. We also sold two properties in Fosie and one project property in Limhamn.

In 2018, Wihlborgs signed a 12-year lease with the Exakta graphic design group for 10,700 m² of production space and 4,000 m² of office space in the Norra Hamnen district of Malmö. Exakta will co-locate five units, thus becoming a part of the expansion of this interesting industrial area.

ABB and Wihlborgs continue their partnership and signed a ten-year lease for the Boplatsen 3 property in Fosie. The agreement will cover 7,700 m² and create the preconditions for the continued development of the property and the area.

Satisfied customers and committed employees

Our day-to-day work lays the foundations for excellent customer relationships. When we and our partners meet customers, commitment and excellent service are the prerequisites for a high level of customer satisfaction and thus long-term rental relationships.

According to the customer satisfaction index (CSI) carried out in 2018, Wihlborgs' customers remain highly satisfied. The average score in Malmö was 4.16 percent on a 5-point scale, with 87 percent of customers saying that they could consider "recommending or highly recommending" Wihlborgs to a colleague or business associate. The survey showed

that a friendly reception, availability and a prompt response when reporting faults were factors that led to highly satisfied Wihlborgs customers. The excellent CSI results are largely due to good leadership and our employees' desire to provide good service and treatment of customers.

According to the answers given in the CSI, the areas Wihlborgs needs to develop in order to produce even more satisfied customers include improving the maintenance of outside spaces and outer parts of properties.

Committed employees is the single most important factor for ensuring satisfied customers, which is why we annually carry out Great Place to Work's employee survey throughout the company. The results for Malmö showed a continued high confidence index of 86 percent. In Malmö we are continuing efforts to further enhance feedback, community and collaboration within the team and other parts of the organisation. Read more about Great Place to Work in "Attractive employer" on pages 70–71.

Focus in 2019

An important focus area in line with our long-term strategy is the development of business and relationships with existing tenants. By maintaining a continuous, strong dialogue we create excellent conditions for helping tenants develop in the best possible way.

We are also developing both new and existing properties in different parts of Malmö in order to make room for new customers. Demand for office space in central locations near to transport links remains strong and we are working continuously to locate new development opportunities. In Nyhamnen, where we have both existing properties and major development opportunities, we will play an active role for many years to come in developing the area. We will also expand our involvement in the development area of Hyllie, which thanks to its accessible location will become an increasingly obvious area of Malmö for offices and retail outlets. Read more about our development areas and projects on pages 54–59.



Interior at game developer Massive, a tenant of Sparven 15 in Malmö.



Wihlborgs' new head office in Gängtappen 1 in Malmö.



Linda Olsson,

Property coordinator
Medical, health and
social care administration
City of Malmö

Malmö | **5,400 m²**
City Centre | **of offices**

The City of Malmö gathers its administrations

The medical, health and social care administration (HVO) of the City of Malmö is responsible for benefits and activities for the elderly and adults with physical impairments or somatic symptom disorder. Most employees work within home-help services or at care centres, but the management and central staff functions are currently located at Kungsgatan 13. We enter and are met by a newly renovated vibe, though one that allows the building's original 1930's character to remain intact.

When the City of Malmö was searching for new premises in 2017, the Karin 14 property on Kungsgatan sprung up as an option as the current tenant, the County Administrative Board, was preparing to move out. Linda Olsson is a property coordinator for the City of Malmö:

"Following a restructuring, we went from five city district areas to three administrations. This meant we had to find premises where we could assemble this new "HVO" administration. Kungsgatan 13 was of interest as the premises had the floor space required. The fact that there was also space for the Labour Market & Social Services Department was a bonus, as those three administrations have ongoing collaborations.

Accessibility requirements

As the administration's operations are open to the public to a limited extent, it was important for the premises to meet accessibility requirements. Furthermore, the administrations also handle confidential materials, which led to the choice of this particular property.

"Privacy considerations mean that open-plan offices are not suitable for our type of operations. As the premises had previously been rented by the County Administrative Board, the

floor space was already appropriately designed with traditional offices. We could see that major efforts would not be required to adapt it."

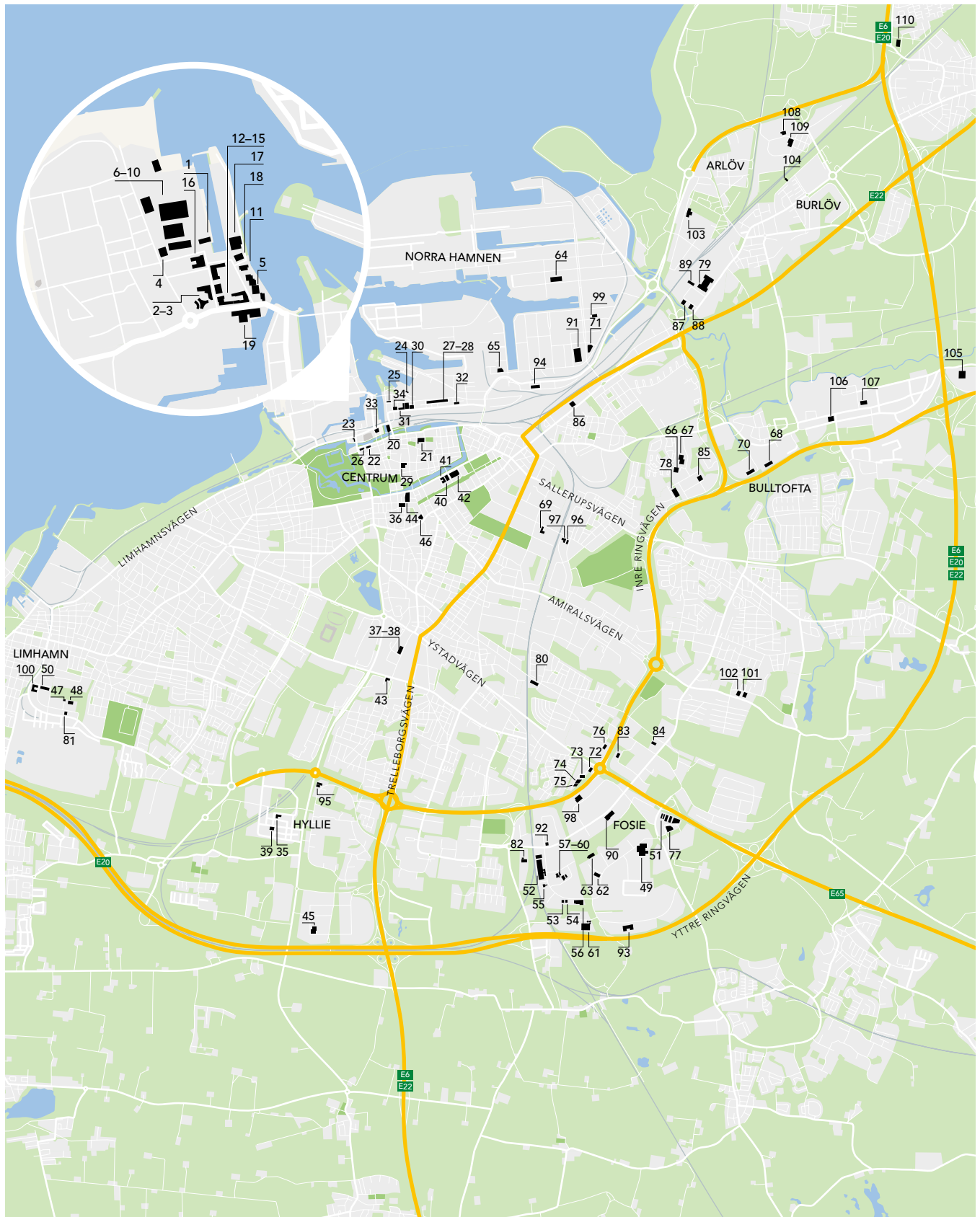
That said, the time aspect was a critical factor. The County Administrative Board moved out in September 2017 and the City of Malmö ideally wanted to move in as soon as December that same year. In just two months, Wihlborgs renovated the premises according to the City of Malmö's wishes, meaning they were able to move in time.

Meeting future needs too

The yellow-brick building at Kungsgatan 13 now contains appropriate office spaces and conference and training facilities that ideally match the City of Malmö's wishes for the two administrations.

"The employees really appreciate these new premises as they are both practical and pleasant. We also have a building that offers flexibility and adaptability, which are important aspects in a politically governed organisation. We feel confident that these premises will work well for us over time," concludes Linda Olsson.

Malmö



Malmö Dockan

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Leasehold	Offices, m ²	Retail, m ²	Industrial/warehouse, m ²	Education/Health-care, m ²	Other, m ²	Total, m ²
1	Dockporten 1	Dockgatan 1	Malmö	Office/Retail	107		4,120	450				4,570
2	Gångtappen 1	Stora Varvsg 11/Lovartsg 14	Malmö	Office/Retail	351		13,137	660	600			14,397
3	Gångtappen 2	Hallenbg g 4–12/Lovartsg 2–8	Malmö	Office/Retail	227		9,165	680	19			9,864
4	Hördaland 1	Östra Varvsg 7 B/Fartygsg 1–3	Malmö	Office/Retail	39			117				117
5	Kranen 1	St Varvsg 1/Isbergs gata 1–13	Malmö	Office/Retail	164		8,219	576		698		9,493
6	Kranen 2	Östra Varvsgatan 11 A–F	Malmö	Projects & Land	0			650	685	15,987		17,322
7	Kranen 4	Östra Varvsgatan 23	Malmö	Office/Retail	45		3,988		25		170	4,182
8	Kranen 6	Östra Varvsgatan 13 A–D	Malmö	Office/Retail	0				5,484	2,830	3,050	11,364
9	Kranen 7	Östra Varvsgatan 15	Malmö	Projects & Land	2		650		3,449			4,099
10	Kranen 8	Ö Varvsg 9 A/Dockg 2	Malmö	Office/Retail	267		15,070	375	10			15,455
11	Kranen 9	Isbergs gata 15	Malmö	Office/Retail	70		5,901	177				6,078
12	Skrovet 3	Dockpl 10–18/Hallenbg 9–19	Malmö	Office/Retail	210		8,694	1,629	21			10,344
13	Skrovet 4	Hallenborgs gata 7 A–B	Malmö	Office/Retail	45							0
14	Skrovet 5	Hallenborgs g 1–5/St Varvsg 9	Malmö	Office/Retail	187		7,422	1,243				8,664
15	Skrovet 6	St Varvsg 3–7/Isbergs gata 2	Malmö	Office/Retail	253		12,147	284				12,431
16	Skäneland 1	L Varvsg 53/Dockpl 22–26	Malmö	Office/Retail	221		11,206	325				11,531
17	Torrdockan 6	Dockplatsen 1	Malmö	Office/Retail	204		10,674	451			1	11,126
18	Torrdockan 7	Isbergs gata	Malmö	Projects & Land	39							0
19	Ubåten 2	St Varvsg 2–6/Gamla Dockan 1	Malmö	Office/Retail	161		12,172	369				12,541
Malmö Dockan total					2,592		122,564	7,986	10,293	19,515	3,221	163,578

Malmö City Centre North

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Leasehold	Offices, m ²	Retail, m ²	Industrial/warehouse, m ²	Education/Health-care, m ²	Other, m ²	Total, m ²
20	Börshuset 1	Skeppsbron 2	Malmö	Office/Retail	117		4,372	934	36			5,342
21	Erik Menved 37	M Nilsg/Kattsundsg/Österg	Malmö	Office/Retail	335		17,238	3,203	2,142		740	23,323
22	Fisken 18	N Vallg/Västerg/L Bruksk	Malmö	Office/Retail	130		5,129		119	1,508		6,756
23	Flundran 1	Gibraltarg 2/Hovrättstorget 5	Malmö	Office/Retail	0					2,451		2,451
24	Hamnen 22:188	Hans Michelsensgatan 8–10	Malmö	Office/Retail	107		6,716	700	1,151			8,567
25	Kolga 4	Jörgen Kocksg 4/Stormg 12	Malmö	Office/Retail	47		2,244		41			2,285
26	Neptun 6	Västerg/Slottsg/N Vallg	Malmö	Office/Retail	76		3,391		293	1,486		5,170
27	Polstjärnan 1	Jupiterg/J Kocksg/Marsg	Malmö	Projects & Land	0				11,055			11,055
28	Polstjärnan 2	Jupiterg/J Kocksg/Marsg	Malmö	Projects & Land	27							0
29	Sankt Jörgen 21	Söderg/Baltzarg/Kalendeg	Malmö	Office/Retail	314		7,746	3,457	61			11,264
30	Sirius 3	Carlsg/Navigationsg/Mercuriparken	Malmö	Office/Retail	0		6,828	325	30			7,183
31	Slagthuset 1	Carlsg/Utställng/J Kocksg	Malmö	Office/Retail	139		6,665	8,225	30	1,267	10,275	26,462
32	Söderhavet 4	Carlsg 54/Elbeg/Donaug	Malmö	Office/Retail	11			2,940				2,940
33	Väktaren 3	Hjälmareg/Nordenskiöldsg	Malmö	Office/Retail	166		8,305		30			8,335
34	Östersjön 1	Carlsgatan 6–8,Stormgatan 5	Malmö	Office/Retail	162		7,956		80			8,036
Malmö City Centre North, total					1,632		76,590	19,784	15,068	6,712	11,015	129,169

Malmö City Centre South

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Leasehold	Offices, m ²	Retail, m ²	Industrial/warehouse, m ²	Education/Health-care, m ²	Other, m ²	Total, m ²
35	Bure 2	Buresg 7–13/Friggs gr 2	Malmö	Projects & Land	31							0
36	Elefanten 40	Storg 20/S Förstadsg 12–14	Malmö	Office/Retail	247		12,111	2,742	8			14,861
37	Forskaren 1	PA Hanssons v/Cronquist g	Malmö	Office/Retail	183		11,892	225	652			12,769
38	Forskaren 4	PA Hanssons väg 35	Malmö	Office/Retail	0		2,730					2,730
39	Gimle 1	Hyllie Allé/Nannas g/Emblas	Malmö	Projects & Land	0							0
40	Karin 13	Fänriksg 2/Drottningg 18	Malmö	Office/Retail	77		6,171		749		181	7,101
41	Karin 14	Kungsg/Brandmästareg	Malmö	Office/Retail	75		7,219		1,781			9,000
42	Nora 11	Kungsg/Drottningg/Hjalmar G	Malmö	Office/Retail	231		27,201		1,471			28,672
43	Ritaren 1	Stadiong/Ingenjörs	Malmö	Office/Retail	16	L	3,088					3,088
44	Sparven 15	V Kanal/Storg/Drottningg	Malmö	Office/Retail	85		8,311		5,958	6,329		20,598
45	Urnes 3	Långhusgatan 4	Malmö	Office/Retail	39		4,600					4,600
46	Uven 9	Diskontogången/Lugna g	Malmö	Office/Retail	78		7,590					7,590
Malmö City Centre South, total					1,063		90,913	2,967	10,619	6,329	181	111,009

Outer Malmö

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Leasehold	Offices, m ²	Retail, m ²	Industrial/warehousing, m ²	Education/Health-care, m ²	Other, m ²	Total, m ²
47	Balken 7	Schaktugngsgatan 5	Malmö	Ind/Warehousing	8		618		1,202			1,820
48	Balken 10	Ringugngsgatan 3	Malmö	Ind/Warehousing	21				3,725			3,725
49	Benkammen 16	Kantyxegatan 14	Malmö	Ind/Warehousing	33				6,260			6,260
50	Blocket 1	Limhamnsg Allé 3–37/ Krossv g 12	Malmö	Ind/Warehousing	38		3,370		2,725		721	6,816
51	Boplatsen 3	Boplatsgatan 4–8	Malmö	Office/Retail	126		21,917	660	2,218			24,795
52	Bronsdolken 3	Stenyxegatan 13–15	Malmö	Ind/Warehousing	53			4,242	7,332			11,574
53	Bronsdolken 10	Stenyxegatan 27	Malmö	Ind/Warehousing	5				1,271			1,271
54	Bronsdolken 11	Stenyxegatan 29	Malmö	Ind/Warehousing	5		432		521			953
55	Bronsdolken 18	Stenyxegatan 17	Malmö	Ind/Warehousing	8				1,311			1,311
56	Bronsdolken 25	Stenyxegatan 33–35	Malmö	Office/Retail	38		480	6,872	2,881			10,233
57	Bronsspannen 5	Trehögsgatan 7	Malmö	Ind/Warehousing	3				735			735
58	Bronsspannen 8	Flintyxegatan 3	Malmö	Ind/Warehousing	6				1,067			1,067
59	Bronsspannen 9	Flintyxegatan 5	Malmö	Ind/Warehousing	9				2,069			2,069
60	Bronsspannen 13	Trehögsgatan 3	Malmö	Ind/Warehousing	7				1,765			1,765
61	Bronsåldern 2	Bronsåldersgatan 2	Malmö	Ind/Warehousing	57				12,485			12,485
62	Dubbelknappen 15	Kantyxegatan 23	Malmö	Office/Retail	12		1,549		78			1,627
63	Dubbelknappen 23	Risyxegatan 3	Malmö	Ind/Warehousing	26				4,027			4,027
64	Finngrundet 4	Blidögatan 24/Bjurögatan 25	Malmö	Ind/Warehousing	17				3,621			3,621
65	Flintan 3	Borrgatan 4/Lodgatan 3	Malmö	Projects & Land	9				1,227		2,050	3,277
66	Flygledaren 9	Höjdrodergatan 16 & 24 A	Malmö	Ind/Warehousing	24				5,573			5,573
67	Flygvärdinnan 5	Höjdrodergatan 28	Malmö	Ind/Warehousing	24		5,230					5,230
68	Fältsippan 11	Källvattengatan 6	Malmö	Projects & Land	6							0
69	Grytan 3	Industrigatan 21	Malmö	Ind/Warehousing	10		1,263		1,100			2,363
70	Gulsippan 4	Källvattengatan 9	Malmö	Ind/Warehousing	16		735		2,662			3,397
71	Hanö 1	Hanögatan 2	Malmö	Ind/Warehousing	20		814	270	3,936			5,020
72	Hindbygården 7	Ö Hindbyvägen 70–72	Malmö	Projects & Land	2							0
73	Hindbygården 8	Ö Hindbyvägen 74	Malmö	Office/Retail	5		1,630					1,630
74	Hindbygården 9	Ö Hindbyvägen	Malmö	Projects & Land	2							0
75	Hindbygården 10	Ö Hindbyvägen	Malmö	Projects & Land	1							0
76	Hundlokan 10	Cypressvägen 21–23	Malmö	Ind/Warehousing	33				5,985			5,985
77	Hällristningen 5	Boplatsgatan 5	Malmö	Projects & Land	3							0
78	Höjdmätaren 1	Flygledaregatan 5	Malmö	Ind/Warehousing	10		840		1,032			1,872
79	Kirseberg 31:53	Strömg 3–5 A/Lundav 146	Malmö	Ind/Warehousing	155		1,594	300	23,042			24,936
80	Mandelblomman 5	Lönggatan 75	Malmö	Ind/Warehousing	7		640		1,995			2,635
81	Muren 5	Ringugngsgatan 8	Malmö	Ind/Warehousing	7				1,593			1,593
82	Olgård 8	Olgårdsgatan 3	Malmö	Ind/Warehousing	26				8,189			8,189
83	Revolversvarven 11	Jägershillgatan 20	Malmö	Office/Retail	8	L		1,650				1,650
84	Rosengård 130:403	Agnesfridsvägen 113 B	Malmö	Office/Retail	55		7,801	415				8,216
85	Skevrodret 2	Kabingatan 7	Malmö	Ind/Warehousing	6				1,830			1,830
86	Skjutsstallslyckan 11	Lundav 60/Rosendalsv 9	Malmö	Ind/Warehousing	9			692	3,073			3,765
87	Spillepengshagen 1	Ågatan 8	Malmö	Ind/Warehousing	7		115		1,915			2,030
88	Spillepengshagen 3	Lundavägen 140/Ågatan 4	Malmö	Office/Retail	15	L	2,607	1,916	28			4,551
89	Spillepengsmarken 8	Strömgatan 11	Malmö	Office/Retail	17		2,414		610			3,024
90	Spännbucklan 9	Agnesfridsv 182/Skivyxeg 7	Malmö	Ind/Warehousing	35				6,800			6,800
91	Stenshuvud 3	Hanög 4–10/Borrg/Brännög	Malmö	Ind/Warehousing	68		3,772		13,630			17,402
92	Stenyxan 20	Stenyxegatan 16	Malmö	Office/Retail	7		1,415		175			1,590
93	Stenåldern 7	Stenåldersgatan	Malmö	Ind/Warehousing	75				9,713			9,713
94	Stocken 2	Västkostvägen 17	Malmö	Ind/Warehousing	32				4,390			4,390
95	Sufflören 3	Axel Danielssons väg 259	Malmö	Ind/Warehousing	3		828		1,470			2,298
96	Syret 12	Scheeleg 19–21/Industrig 33	Malmö	Ind/Warehousing	7	L			1,803			1,803
97	Syret 13	Industrigatan 31–33	Malmö	Ind/Warehousing	8		788		797			1,585
98	Trindyxan 3	Bronsyxegatan 9	Malmö	Ind/Warehousing	34		576		6,928			7,504
99	Utgrunden 8	Sturkögatan 8–10	Malmö	Ind/Warehousing	25	L			10,084			10,084
100	Valvet 1	Krossverksgatan 5 A–M	Malmö	Ind/Warehousing	16		2,818		645			3,463
101	Värbuketten 2	Husievägen 19	Malmö	Ind/Warehousing	15				2,837			2,837
102	Värbuketten 4	Husievägen 17	Malmö	Projects & Land	4							0
103	Arlöv 17:4	Arlövs v 23/Västkvst	Burlöv	Ind/Warehousing	14	L			4,024			4,236
104	Arlöv 19:133	Hantverkaregatan 18	Burlöv	Office/Retail	11		1,662					1,662
105	Sunnanå 12:27	Mor Marnas v 6–10/Starrv 100	Burlöv	Ind/Warehousing	74				14,525			14,525
106	Sunnanå 12:53	Vattenverksv/Toftanäsv	Burlöv	Projects & Land	0				2,332			2,332

continued on next page

Outer Malmö, continued

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Leasehold	Offices, m ²	Retail, m ²	Industrial/warehousing, m ²	Education/Health-care, m ²	Other, m ²	Total, m ²
107	Sunnanå 12:54	Staffanstorpsv/Santessons v	Burlöv	Projects & Land	9							0
108	Tågarp 16:19	Hammarvägen 3	Burlöv	Ind/Warehousing	11				4,316			4,316
109	Tågarp 16:42	Företagsv 30/Hammarv 2	Burlöv	Ind/Warehousing	27		976		8,235			9,211
110	Åkarp 1:69	Tegelv 4	Burlöv	Ind/Warehousing	0				5,277			5,277
118	Borgeby 15:14, etc.	Norra Väst kustv	Lomma	Projects & Land	5							0
Outer Malmö, total					1,429		67,096	17,017	217,064	0	2,771	303,948
Malmö, total					6,716		357,162	47,754	253,043	32,556	17,188	707,703



Dockplatsen and the marina form the heart of the old dockyard of Dockan in Malmö, which since the start of the 21st century has been developed from a shipyard to a city district of offices, homes, restaurants and marinas, with easy access to the sea and city centre.



Lund

Properties: 32 | Value: SEK 7,700 million
Lettable area: 240,000 m²

Research and enterprise

There is something special about university cities. Some 40,000 students come to study each year at Lund University, founded in 1666, and this leaves a clear mark on the town. It entails a vibrant mix of knowledge, innovation and international relations mixed with academic traditions and a rich historical heritage. It is this very melting pot that makes Lund what it is, while also creating beneficial conditions for knowledge-intensive technology companies.

Lund has been the birthplace of many world-leading companies — Tetra Pak, Alfa Laval and Axis are just three examples. Companies come to Lund to be near research and expertise, to be close to other companies in similar industries and to acquire customers here.

While Lund takes many steps to preserve its history, extensive modernisation of the city and its infrastructure is also currently under way. Lund has not seen such extensive change in many years, affecting both its central areas and outer suburbs.

According to a newly adopted central plan, the City of Lund is planning to grow both from within and without. The city will become denser by focusing extensions of the City of Lund's investment on physical and social infrastructure. Kunskapsstråket, or the Route of Knowledge — the area spanning the length of the new tramway — is one example of how Lund is planning for densification. The tramway will start at Lund Central Station, run via the hospital area and Ideon before ending at the development area of Brunnshög with its research facilities MAX IV and ESS.

Market conditions

Over the past few years, Lund has been hit by several major employers opting to leave the city. That said, demand for skills remains high and the business community has so far managed to exploit the skills that are present in the city. One fine example of this is how companies such as Volvo Cars, Bosch and Continental have all established themselves in Lund — all of them tenants of Wihlborgs. The university also plays a major role in the market, with many companies having links to it and thus further reinforcing Lund as an expansive city of enterprise.

Lund has a strategically favourable location with strong train links, proximity to the Öresund Bridge, Malmö Airport and Copenhagen Airport. This makes the city intriguing to organisations that need a highly accessible location.

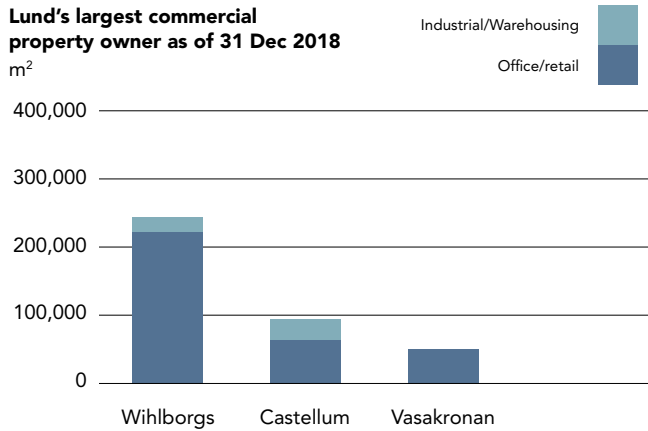
As an old cultural city with limited development opportunities, Lund previously had greater demand for centrally located office premises than it was able to meet, but with the densification that is now under way the city is able to offer modern offices in central locations. Combined with its expanded infrastructure, Lund will become ever more intriguing to companies looking to establish here in the future.

Wihlborgs the largest in Lund

In Lund, Wihlborgs has concentrated its portfolio on two management areas: Ideon and Central Lund/Gastelyckan/Brunnshög. Wihlborgs is the largest commercial property owner in Lund, with approximately 240,000 m² in its portfolio. The property value amounted to SEK 7,738 million. Net lettings in Lund amounted to SEK 0.5 million in 2018. The economic occupancy rate for offices/retail is at 93 percent and 98 percent for industrial/warehousing. Demand is stable in our management areas in Lund, and there is a consistently upward trend.

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

Lund's largest commercial property owner as of 31 Dec 2018
m²



Lund Ideon

Properties: 17 | Value: SEK 4,200 million
Lettable area: 133,000 m²

The management area of Ideon spans the parts of eastern Lund in which Ideon Science Park is located. Strategically located next to Lund University's Faculty of Engineering, Ideon is a dynamic centre where research meets enterprise. Wihlborgs owns the entire original Ideon area covering 112,000 m², but nowadays the bordering areas of Edison Park, Lundaporten and the area surrounding Mobilvägen, east of the E22 motorway, also belong to Ideon.

In late 2018, the UN decided to locate the UN Office for Project Services (UNOPS) incubator at Ideon. UNOPS works with start-ups around the globe, so its establishment here is positive for both Ideon and Lund. Volvo Cars has grown consistently since it began operating in premises spanning 600 m² in 2016, and in late 2018 they signed an expanded lease for an entire property covering 7,000 m² from January 2020. Research institute RISE also expanded its floor space with Wihlborgs during the year. Such examples confirm that access to skills and innovative environments at Ideon are attractive to many different types of company.

Wihlborgs acquired Nya Vattentorget 3 in 2018, a property containing 21,000 m² that houses tenants Ericsson and Cella-Vision. In February 2019, Wihlborgs also purchased the adjacent properties Nya Vattentorget 2 and 4, totalling about 49,000 m². The tenants include Sony Mobile, Schneider Electric, Sigma Connectivity and others.

Central Lund/ Gastelyckan/Brunnshög

Properties: 15 | Value: SEK 3,500 million
Lettable area: 107,000 m²

The Central Lund/Gastelyckan/Brunnshög management area refers in part to the central part of the city, and in part to the outer suburbs of Gastelyckan and Brunnshög.

Central Lund is currently the focal point of a major expansion, including in the area around Lund Central Station. Wihlborgs' office project, Posthornet, welcomed its first tenants in 2018.

In the same area, construction of the Sockerbiten office building is continuing and will be ready for occupancy in late 2019. Gastelyckan is Lund's largest industrial area. Located in south-eastern Lund, it offers industrial and warehouse premises, as well as commercial and office properties. The area is right next to the E22 motorway and is easily accessible.

Brunnshög is currently Lund's most expansive development area, and, together with PEAB, Wihlborgs owns the property here in which the MAX IV laboratory operates. An entirely new city district is forming around MAX IV, which will make way for up to 40,000 residents and employees. During the year Wihlborgs acquired land in Science Village in Brunnshög, and is intending to start planning Space, a building comprising some 6,300 m² that is to serve the research facilities of MAX IV and ESS with a hotel, conference facilities and a restaurant.

Satisfied customers and committed employees

During the year we carried out the customer satisfaction index (CSI) survey throughout Wihlborgs. The results of the survey are broken down by city, and in Lund we are pleased to see that our property caretakers' approach and availability are highly rated, and that many respondents could envisage recommending Wihlborgs to other companies. On average, Wihlborgs received a score of 4.32 on a 5-point scale in Lund. According to the CSI, the areas Wihlborgs needs to develop in order to produce even more satisfied customers include care and maintenance of properties, care of outdoor land and the indoor climate.

Committed employees are at the root of satisfied customers. The employee survey conducted via Great Place to Work produced good results in 2018 once again, but to increase confidence, pride and commitment even further we are continuing efforts to clarify roles and strengthen the organisation. At the end of the year we also moved our Lund office to new, more appropriate premises.

Read more about Great Place to Work in the Attractive employer section on pages 70–71.

Focus in 2019

A decisive area of our business is to have close-knit customer relationships that enable us to tackle new or changing needs. We will continue to place extra focus on this in the Ideon area — an area characterised by innovation, enterprise and growth, all of which often lead to changing needs. In 2019 we will continue to develop the existing properties at Ideon in order to further strengthen our offering there. We will also continue work on construction plans around the new Ideontorget, located next to the tram stop. The plans have not yet been definitively established, but we are planning to create an attractive area with offices, restaurants, shops and services to be unveiled in 2021 at the earliest.

Demand for offices is strong in central Lund and so we are working to pinpoint new development opportunities in central locations. Read more about our development projects on pages 54–59.

A man with short brown hair and a beard, wearing a red sweater over a dark collared shirt, stands in an office environment. He is leaning on a white desk with a large green plant in a white pot to his right. The background shows office cubicles and ceiling lights.

Carl Gustavsson,

Deputy office manager
Robert Bosch AB

**Lund,
Ideon**

**2,000 m²
of offices**

Bosch is growing at Ideon

In early 2016, Bosch established a development unit in Wihlborgs' property Alfa 2 at Ideon. The operations are focused on software for the automotive industry, electric bikes and the internet of things, among other areas. Bosch had an explicit growth strategy from the start, and in just three years the organisation has grown to around 140 people.

Carl Gustavsson is Deputy Office Manager for Bosch in Lund. When questioned as to what led to the operations being established in a Wihlborgs property, he replied:

"We decided early on to establish in Lund and thought that Ideon was appealing due to its many high-tech companies. One important criterion, however, was the opportunity to expand, and this could only be ensured by a couple of property companies."

Quadrupled floor space

The choice eventually went Wihlborgs' way, as it was able to offer Bosch the 500 m² it initially requested, plus the option of extra floor space. Bosch's floor space has since quadrupled, and they currently lease 2,000 m² in the same property.

The premises in Alfa 2 suited Bosch without needing any major modifications — they were suitable both in terms of size and layout. They did, however, choose to supplement them with a hardware lab that has also been expanded a couple of times.

"After three years at this site I can say that the premises suit our varying needs. They are functional, light and stylish, which

the employees appreciate. A major plus is the excellent accessibility, which is something we in Lund take advantage of along with our German colleagues who frequently come to visit."

For practical reasons, Bosch has chosen not to adopt the trend of activity-based working. The work groups need to sit together, and it would also be problematic to have to move the technical equipment around. Carl Gustavsson:

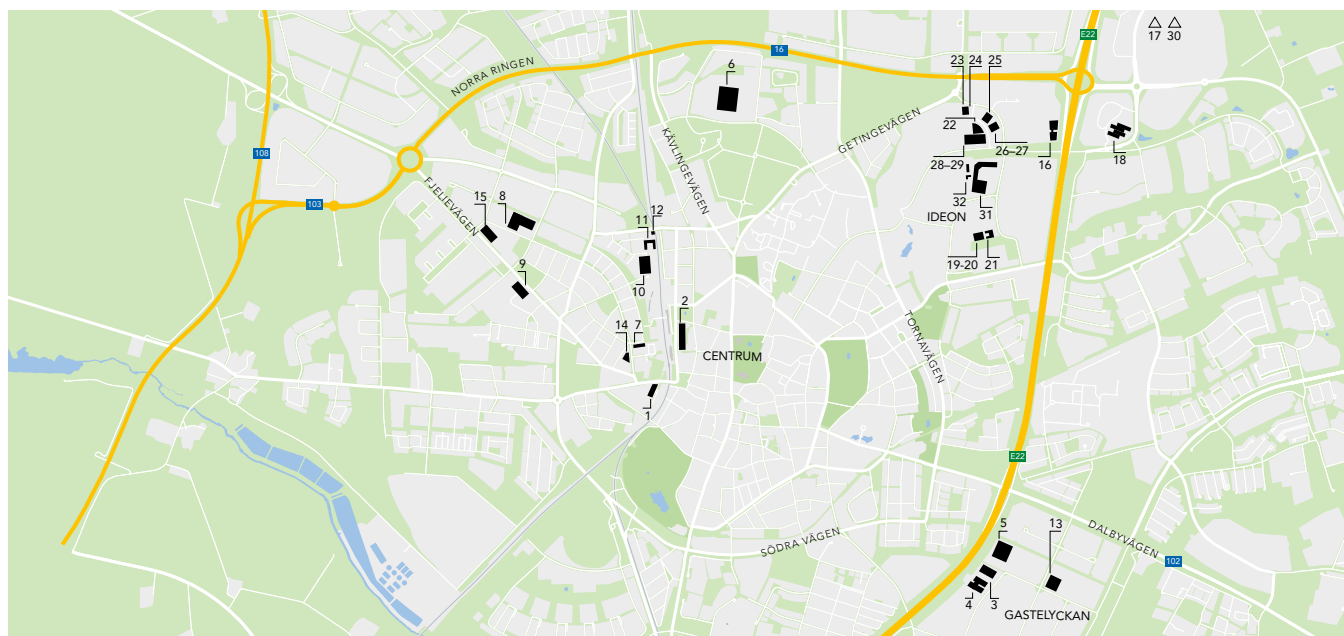
"Our work is based in teams in an open-plan setting. The open layout of the premises makes it easy to create new groups or move existing ones around whenever necessary."

Key word: flexibility

The rate of growth at Bosch remains fast, and discussions have recently begun about expanding the premises further.

"Flexibility is the key word. Our dynamic operations require a responsive property owner who understands our changing needs and has the resources to act on them. We have so far had a great dialogue concerning our property needs and Wihlborgs makes the effort to accommodate our wishes."

Lund



Central Lund/Gastelyckan

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Leasehold	Offices, m ²	Retail, m ²	Industrial/warehousing, m ²	Education/Health-care, m ²	Other, m ²	Total, m ²
1	Armaturen 4	Trollebergsv 1/Gasverksg 1-9	Lund	Office/Retail	77		6,585		50		208	6,843
2	Bytarebacken 39	Bangatan 10-12/Clemenst 5	Lund	Office/Retail	191		4,384	6,920	1,057	3,078	167	15,606
3	Diabasen 1	Skiffervägen 26 A-B	Lund	Ind/Warehousing	14		661		2,245			2,906
4	Diabasen 3	Skiffervägen 30-86	Lund	Office/Retail	39		2,250		5,870			8,120
5	Flintan 3	Skiffervägen 24	Lund	Ind/Warehousing	26				5,979			5,979
6	Landsdomaren 6	Baravägen 1	Lund	Office/Retail	0					27,495		27,495
7	Landstinget 2	Byggmästaregatan 4	Lund	Office/Retail	54		3,215				4	3,219
8	Länsmannen 1	Åldermansg 2/Måsv 23	Lund	Ind/Warehousing	32		220		7,740			7,960
9	Måsen 17	Starv 19/Grisslev 15-19	Lund	Office/Retail	46		3,828		452			4,280
10	Posthornet 1	Brukskg 8/Vävareg 21-23	Lund	Projects & Land	267		10,588	197	103			10,888
11	Raffinaderiet 3	Fabriksgatan 2 A-F	Lund	Office/Retail	65		4,849		18		22	4,889
12	Raffinaderiet 5	Kung Oskars Väg 11 A-D	Lund	Projects & Land	25							0
13	Skiffern 2	Skiffervägen 14/Porfyrvägen 7	Lund	Ind/Warehousing	10				2,910			2,910
14	Spettet 11	Byggmästaregatan 5	Lund	Office/Retail	21		1,486		41			1,527
15	Töebacken 7	Bondev/Fjeliev/Åldermansg	Lund	Office/Retail	42		2,845	1,482	448			4,775

Central Lund/Gastelyckan, total

908 40,911 8,599 26,913 30,573 401 107,397

Lund Ideon

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Leasehold	Offices, m ²	Retail, m ²	Industrial/warehousing, m ²	Education/Health-care, m ²	Other, m ²	Total, m ²
16	Forskaren 3	Scheelevägen 24-26	Lund	Office/Retail	220		11,253					11,253
17	Kunskapen 1	Partikelgatan	Lund	Projects & Land	0							0
18	Nya Vattentornet 3	Mobilv 1, 12/Sölveg 53	Lund	Office/Retail	378		18,462	1,231	1,118			20,811
19	Studentkåren 2 (Alfa)	Scheelev 15/Ole Römers v 16	Lund	Office/Retail	63		9,289	1,183	285		22	10,779
20	Studentkåren 5	Scheelevägen 15 B-D	Lund	Office/Retail	0		8,150					8,150
21	Studentkåren 6	Scheelevägen 15 A	Lund	Office/Retail	33		4,510		21			4,531
22	Syret 1 (Delta P-hus)	Molekylvägen 3	Lund	Office/Retail	14							0
23	Syret 3 (Gateway)	Scheelevägen 27	Lund	Office/Retail	390		9,105		257		8,217	17,579
24	Syret 4 (Delta 2)	Scheelevägen 25	Lund	Projects & Land	2							0
25	Syret 5 (Delta 3)	Scheelevägen 23	Lund	Office/Retail	37		5,459		496			5,955
26	Syret 6 (Delta 4)	Scheelevägen 21	Lund	Office/Retail	45		7,487	563	132			8,182
27	Syret 7 (Delta 5)	Scheelevägen 19	Lund	Office/Retail	40		5,945		205			6,150
28	Syret 8 (Gamma)	Sölvegatan 41	Lund	Office/Retail	43		10,238		87			10,325
29	Syret 9 (Delta 6)	Sölvegatan 43	Lund	Office/Retail	20		3,309		41			3,350
30	Vetskapen 1	Partikelgatan	Lund	Projects & Land	0							0
31	Vätet 1 (Beta 1-6)	Scheelevägen 17	Lund	Office/Retail	151		22,530	710	1,198	1,016	5	25,459
32	Vätet 3 (Minideon)	Ole Römers väg 5	Lund	Office/Retail	0					335		335

Lund Ideon, total

1,437 115,737 3,687 3,840 1,351 8,244 132,859

Lund, total

2,345 156,648 12,286 30,753 31,924 8,645 240,256



Helsingborg

Properties: 103 | Value: SEK 8,200 million
Lettable area: 550,000 m²

Attractive city for business

With its attractive location, right where the Öresund straight is at its narrowest, Helsingborg has been a site of trade and shipping for centuries. The proximity to Helsingør and the ease of getting there means people are continuing to make the trip across the strait, either for business or pleasure. Despite the presence of the Öresund Bridge, the Helsingborg–Helsingør ferry route accounts for around 20 percent of the vehicles crossing the Öresund strait, now in an electrified, environmentally friendly version.

In addition to the ferries, a large number of cargo ships also call at Sweden's second-largest container port. With its port and the proximity to the major motorways, Helsingborg is an efficient logistical hub, and as e-commerce rapidly expands, the city's role has been further reinforced by several newly established logistics centres.

In terms of size, with its 145,000 inhabitants, Helsingborg is Sweden's eighth largest municipality. There is a strong rate of population growth and it is estimated that by 2035 Helsingborg will have grown by a further 40,000 inhabitants.

An extensive urban renewal project is also currently under way in Helsingborg, referred to as H+. This will involve turning the old port area, Oceanhamnen, right next to Helsingborg C, into a vibrant city district with both housing and companies. Wihlborgs' first project in Oceanhamnen is the Prisma office building, with 11,000 m² of lettable area. Its spectacular architecture will be a real eye-catcher. H+ also covers the university, Husar and Gåsebäck areas, which, together with Oceanham-

nen, are planned to provide 5,000 new housing units once the project is completed in 2035.

At the site of the old steam ferry station, right opposite Helsingborg C, a new conference and hotel complex known as SeaU is being constructed. The location in central Helsingborg will further reinforce the city as an attractive place to do business.

Market conditions

Helsingborg has a business programme that aims to stimulate growth, produced in collaboration with business organisations and companies. One of the programme's main objectives is to "equip Helsingborg with the best climate for enterprising people." In all, Helsingborg has around 14,500 registered companies. Furthermore, the city is not reliant on a small number of major employers, with jobs instead being spread over a larger number of medium-sized and small companies.

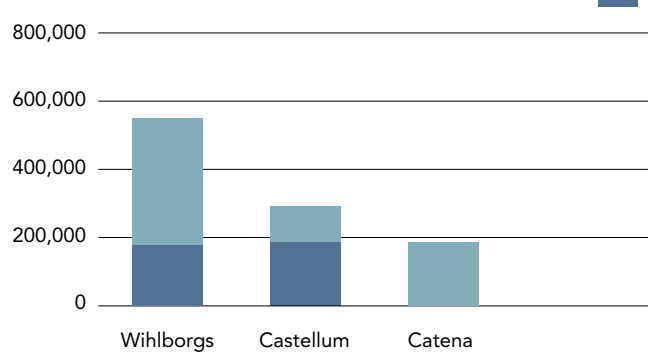
Growth of new companies is strong in Helsingborg. In 2018 nearly 1,000 new companies were registered in the city, which is the same level as the previous year. The trend went the opposite way on a national level (down 6 percent), meaning Helsingborg stands out for positive reasons.

Wihlborgs the largest in Helsingborg

Wihlborgs is the largest commercial property owner in Helsingborg, owning approximately 550,000 m² with a property value totalling SEK 8,198 million. Net lettings in Helsingborg amounted to SEK 16 million in 2018. The economic occupancy rate for offices/retail is at 96 percent and 91 percent for industrial/warehousing. 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, and Alecta.

Helsingborg's largest commercial property owner as of 31 Dec 2018



Central Helsingborg

Properties: 18 | Value: SEK 4,000 million
Lettable area: 114,000 m²

The Central Helsingborg management area includes northwestern Skåne's transport hub, Helsingborg C, with its rail, bus and ferry links, but also extensive commercial and dining activities. Helsingborg has a concentrated, tight-knit city centre that is easy to take in and get around.

With regard to Wihlborgs, the first phase of the District Court project was completed at Polisen 5, meaning major parts of the administration have been able to move in to the newly built section spanning some 4,000 m². The remaining redevelopment of the older part of the District Court will be completed in 2019.

At Terminalen 1, Privatläkarna have expanded their operations, taking their total rented space to 1,100 m². At Planteringen 1:9, Flowertransport has rented 1,600 m².

North Helsingborg

Properties: 44 | Value: SEK 2,500 million
Lettable area: 218 000 m²

The North Helsingborg management area is a homogeneous business district in northern Helsingborg containing areas such as Berga, Låneberga and Väla södra and norra. These areas are easily accessed via excellent links to the E4, E6 and E20 motorways, as well as other transport links to adjacent areas. Services and restaurants are highly developed here and the area is in high demand with few vacancies.

In 2018, Wihlborgs took possession of the Musköten 15 property with Svensk Bilprovning AB as a tenant. The property encompasses 1,600 m² and was merged with Musköten 17, which Wihlborgs has owned for a while.

Råå S, which manufactures white snuff, moved into Lansen 1 and began making adaptations to the premises in the autumn. The company is leasing around 2,500 m² of floor space.

Autogruppen Helsingborg signed a new ten-year lease for some 1,900 m² at the Kroksabeln 20 property, and will begin operations there in spring 2019.

South Helsingborg

Properties: 41 | Value: SEK 1,700 million
Lettable area: 218 000 m²

The South Helsingborg management area contains the sub-areas of Hamncity, Ättekulla, Gåsebäck and Planteringen. The properties in southern Helsingborg are focused on logistics, with more than 70 percent of the total floor space going to warehouse/industry.

South Helsingborg is currently undergoing a transformation as the Planteringsvägen through road is redeveloped to offer new bus lanes, new stops and more greenery. Halfway through the year, the HelsingborgsExpressen's tram-like buses will begin operating in the area. Better transport links and a more appealing immediate environment will give companies in the area a welcome boost.

Wihlborgs acquired the Bunkagärdet 6 property in Ättekulla with a site covering 5,800 m² and a modern workshop building containing 560 m². The premises are fully let to Svensk Bilprovning AB.

During the year, Wihlborgs also signed leases with Dollarstore for 2,800 m² of commercial floor space at Manövern 3 and with Blomsterboda försäljnings AB for 3,400 m², primarily warehouse, at Olympiaden 8.

Satisfied customers and committed employees

During the year Wihlborgs once again carried out the customer satisfaction index (CSI) survey. It is gratifying to see that our property caretakers' service and accessibility are highly rated, and that many customers could envisage recommending Wihlborgs to other companies. On average Wihlborgs achieved a score of 4.08 on a five-point scale in Helsingborg. We will work actively on areas such as customer contact and outside maintenance to ensure even greater customer satisfaction.

An important factor for strong customer satisfaction is a high level of employee commitment. The annual employee survey conducted via Great Place to Work produced consistently high results, but we will continue our efforts in terms of feedback, development of management groups and regions, and maintenance and reinforcement of communities.

Focus in 2019

In addition to the progress being made on the construction of Prisma, the second phase of the redevelopment of Helsingborg C will start in early 2019. The building will get a new facade, new entrances, new spaces and an entirely new food destination. In combination with the refurbishment of the station, this will create an attractive environment for passengers and the 40,000 people who pass through Helsingborg C every day.

In Hamncity in the South Helsingborg management area, construction is planned for 10,000 m² of logistics floor space at Plåtfördlingen 15.



Christian Hallberg,

Deputy CEO
Nowaste Logistics AB

South
Helsingborg

28,000 m²
of warehouse
& offices

Nowaste produces efficient logistics flows

Nowaste Logistics is a rapidly growing player in the field of logistics. The company operates across several industries, including fruit and vegetables, groceries, furniture, clothes and cosmetics. Among its customers it can count construction chain BoList, the furniture companies Trademax and Furniturebox, and fruit and vegetable company Everfresh. Calculated by the number of square metres, Nowaste is Wihlborgs' largest tenant in Helsingborg.

Nowaste was originally a hived-off section of the logistics department of Everfresh, which is now both its Parent Company and customer. We meet Nowaste's Deputy CEO Christian Hallberg, who explains:

"Over many years we built up unique logistics-based skills as well as our own IT system. As we began to see the potential, we thought that many other companies could well be interested in this concept too." This proved to be a correct analysis, as Nowaste Logistics is now a leading player in the Nordic region with some 500 employees.

Optimised logistics

Nowaste's success can be explained to some extent by its ability to rapidly fulfil its customers' needs. E-commerce is undergoing explosive growth, and the same trend is emerging regardless of industry: customers want fast and high-quality deliveries.

One part of optimised logistics is linked to geographical location. It is no coincidence that Nowaste chose to invest in Helsingborg.

"Helsingborg offers some major advantages. Its location near to the E6 and a port with the capacity for container goods

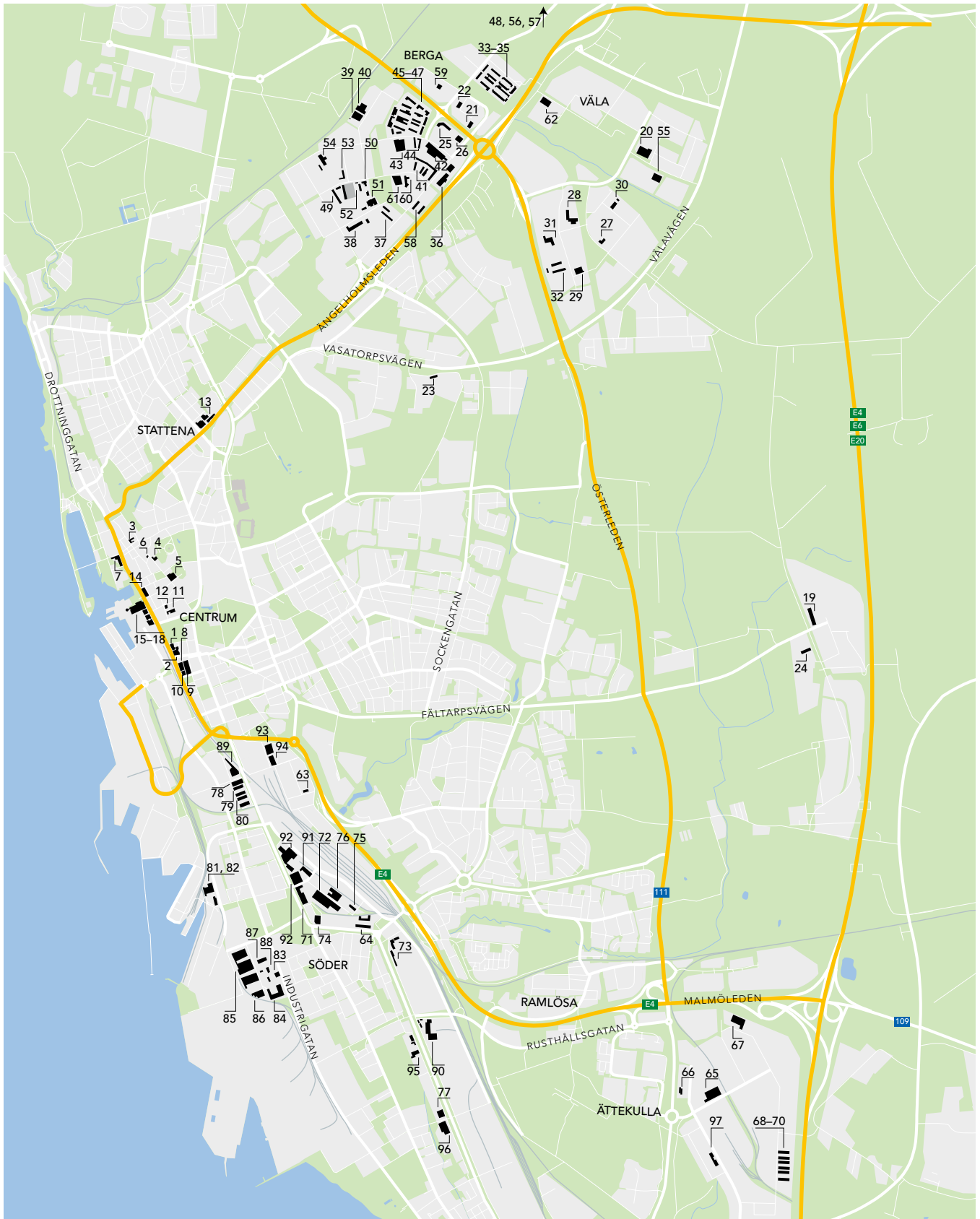
ensure smooth transportation flows. As major parts of our operations are relatively closely located, staff can easily move between the different units.

Speed and flexibility

Nowaste adapts its premises and IT infrastructure to customers' needs. Warehouse management is becoming increasingly automated, and since operations are now paperless, everything needs to be connected. This therefore requires some preparatory work before Nowaste can begin using premises on behalf of their customers; speed and flexibility play a decisive role at this stage.

"In certain cases we have an extremely small amount of time to find a property and make it operational for a customer. It is therefore helpful to us to have a good relationship with a property owner who has many different kinds of warehouse properties on its books. Sometimes we need a dry warehouse, and other times we need a cold storage warehouse or freezer warehouse. Whatever we have needed, Wihlborgs has always been able to meet our needs, even when the deadline has been tight," notes Christian Hallberg.

Helsingborg



Central Helsingborg

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Lease-hold	Offices, m ²	Retail, m ²	Industrial/warehousing, m ²	Education/Health-care, m ²	Other, m ²	Total, m ²
1	Kalifornien 10	Järnvägsgatan 35–37	Helsingborg	Office/Retail	63		5,831				77	5,908
2	Kalifornien 11	Gasverksg/Järnvag/Kalifornieg	Helsingborg	Office/Retail	59		3,069		53	2,182	1,162	6,466
3	Kullen Västra 19	Kullagatan 30	Helsingborg	Office/Retail	22		1,083	402			372	1,857
4	Kärnan Norra 21	Stortorg 17/Norra Storg 6	Helsingborg	Office/Retail	28		2,309	303	159			2,771
5	Kärnan Södra 9	Södra Storg 9, 11–13	Helsingborg	Office/Retail	0		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				604
7	Najaden 14	Drottningg 7,11/Sundstorg 2–6	Helsingborg	Office/Retail	143		8,635	1,552	602	2,775	42	13,606
8	Polisen 5	Konsul Perssons plats 1	Helsingborg	Office/Retail	82		5,021					5,021
9	Polisen 6	Carl Krooksgatan 24	Helsingborg	Office/Retail	116		6,896		132	1,457		8,485
10	Polisen 7	Nedre Holländaregatan 1	Helsingborg	Projects & Land	0							0
11	Ruuth 23	Bruksgatan 29	Helsingborg	Office/Retail	0		1,145	313		2,740		4,198
12	Ruuth 35	Bruksgatan 25/Prästgatan 10	Helsingborg	Office/Retail	0			589	136	1,730		2,455
13	Stattena 7	Stattena Cent/Nelly Krooksg	Helsingborg	Office/Retail	67		1,858	4,837		124	2,766	9,585
14	Svea 7	Järnvägsg 7–11/S Strandg 2–6	Helsingborg	Office/Retail	99		5,016	2,009	62		313	7,400
15	Terminalen 1	Järnvägsg/Kungst/Terminalg	Helsingborg	Office/Retail	501	L	15,460	7,424	226	705	1,215	25,030
16	Terminalen 3	Järnvägsgatan 14	Helsingborg	Office/Retail	50	L	2,938	151		1,651		4,740
17	Terminalen 4	Järnvägsgatan 18	Helsingborg	Office/Retail	45	L	3,348				25	3,373
18	Terminalen 5	Järnvägsgatan 22–24	Helsingborg	Office/Retail	69	L	5,591	142				5,733
Central Helsingborg total					1,351		68,986	18,924	1,386	14,700	9,515	113,511

North Helsingborg

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Lease-hold	Offices, m ²	Retail, m ²	Industrial/warehousing, m ²	Education/Health-care, m ²	Other, m ²	Total, m ²
19	Ackumulatorn 17	Knut Päls väg 1	Helsingborg	Ind/Warehousing	24				4,214			4,214
20	Ametisten 5	Porfyrgatan 1	Helsingborg	Ind/Warehousing	41		619		7,050			7,669
21	Armborstet 4	Lilla Garnisonsgatan 31	Helsingborg	Ind/Warehousing	12		899	1,970				2,869
22	Armborstet 6	Lilla Garnisonsgatan 41	Helsingborg	Ind/Warehousing	14		421	3,798				4,219
23	Barrikaden 3	Fyrverkaregatan	Helsingborg	Projects & Land	0							0
24	Cylindern 2	Fältarpsvägen 396	Helsingborg	Ind/Warehousing	14				2,173			2,173
25	Floretten 3	Garnisonsgatan 25 A–C	Helsingborg	Office/Retail	36		5,746	44	444			6,234
26	Floretten 4	Garnisonsgatan 23	Helsingborg	Office/Retail	61		4,648	138				4,786
27	Grusbacken 1	Mogatan 12	Helsingborg	Ind/Warehousing	11				1,278			1,278
28	Grusgropen 3	Grustagsgatan 22	Helsingborg	Ind/Warehousing	28		531		4,776			5,307
29	Grushögen 2	Makadamgatan 1	Helsingborg	Ind/Warehousing	12				3,150			3,150
30	Grusplanen 2	Blockgatan 8	Helsingborg	Ind/Warehousing	15		405		2,934			3,339
31	Grustaget 1	Grustagsgatan 35–37	Helsingborg	Office/Retail	20		4,008					4,008
32	Grustaget 2	Grustagsgatan 11–15	Helsingborg	Ind/Warehousing	19		1,316		2,388			3,704
33	Hakebössan 1	Karbingatan 28–32	Helsingborg	Ind/Warehousing	22		997		3,886			4,883
34	Hakebössan 2	Karbingatan 10–20	Helsingborg	Ind/Warehousing	43		823	366	8,185			9,374
35	Hakebössan 3	Karbingatan 22, 26	Helsingborg	Ind/Warehousing	24		1,123		4,201			5,324
36	Hillebarden 1	Garnisonsgatan 16, 18 A–B	Helsingborg	Ind/Warehousing	39		2,014	2,732	4,294			9,040
37	Huggjärnet 12	Garnisonsg 7 A/Kastellg 8	Helsingborg	Office/Retail	30		4,622		860			5,482
38	Huggjärnet 13	Kastellgatan 2	Helsingborg	Ind/Warehousing	16			600	3,932			4,532
39	Kniven 2	Mörsaregatan 17	Helsingborg	Ind/Warehousing	4				3,515			3,515
40	Kniven 3	Mörsaregatan 19	Helsingborg	Ind/Warehousing	19		200		4,591			4,791
41	Kroksabeln 11	Muskötg 17–27, Garnisonsg 17	Helsingborg	Ind/Warehousing	29		488	1,511	5,933			7,932
42	Kroksabeln 12	Garnisonsgatan 19	Helsingborg	Ind/Warehousing	74		2,810	3,982	8,267			15,059
43	Kroksabeln 19	Florettgatan 14	Helsingborg	Ind/Warehousing	22		836	562	6,543			7,941
44	Kroksabeln 20	Florettgatan 16	Helsingborg	Office/Retail	27		972	2,463	842			4,277
45	Lansen 1	Florettgatan 15–29 B–C	Helsingborg	Ind/Warehousing	106		9,532		13,639			23,171
46	Lansen 2	Florettgatan 31–39	Helsingborg	Ind/Warehousing	23		1,248		4,425		30	5,703
47	Lansen 3	Florettgatan 29 A	Helsingborg	Office/Retail	6				1,340			1,340
48	Lövsbogen 3	Ekvändan	Helsingborg	Projects & Land	0							0
49	Musköten 9	Muskötgatan 4	Helsingborg	Office/Retail	15		975	2,805	1,368			5,148
50	Musköten 13	Muskötgatan 8 B	Helsingborg	Office/Retail	14		2,210					2,210
51	Musköten 17	Kastellgatan 5	Helsingborg	Ind/Warehousing	17				6,807			6,807
52	Musköten 20	Muskötgatan 6–8	Helsingborg	Ind/Warehousing	16				2,380			2,380
53	Mörsaren Västra 5	Muskötgatan 5	Helsingborg	Ind/Warehousing	7		1,701					1,701
54	Mörsaren Västra 13	Florettgatan 4	Helsingborg	Ind/Warehousing	16		404		3,566			3,970
55	Rubinen 1	Basaltgatan 9	Helsingborg	Ind/Warehousing	51		1,525		9,502			11,027

continued on next page

North Helsingborg

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Lease- hold	Offices, m ²	Retail, m ²	Ind/Warehousing, m ²	Education/healthcare, m ²	Other, m ²	Total, m ²
56	Snårskogen 4	Ekvändan 5	Helsingborg	Ind/Warehousing	14				3,015			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			3,008
59	Visiret 5	Garnisonsgatan 47 A	Helsingborg	Ind/Warehousing	10				1,800			1,800
60	Värjan 12	Muskötgatan 12	Helsingborg	Office/Retail	13		1,871					1,871
61	Värjan 13	Muskötgatan 10	Helsingborg	Ind/Warehousing	22				5,145			5,145
62	Zirkonen 2	Andesitgatan 16	Helsingborg	Ind/Warehousing	23			4,628				4,628
North Helsingborg, total					1,026		53,112	26,927	137,955	0		30218,024

South Helsingborg

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Lease- hold	Offices, m ²	Retail, m ²	Industrial/warehousing, m ²	Education/Health-care, m ²	Other, m ²	Total, m ²
63	Afrika 18	Verkstads g 13/Rågångsg 7	Helsingborg	Ind/Warehousing	9		1,434					1,434
64	Brottaren 15	Kapplöpningsgatan 14, 16	Helsingborg	Ind/Warehousing	19		3,235	100	1,005			4,340
65	Bunkagården Västra 8	Bunkalundsvägen 5	Helsingborg	Ind/Warehousing	38		30		10,674			10,704
66	Bunkagården 6	Torbornavägen 6	Helsingborg	Ind/Warehousing	5				556			556
67	Bunkalund Östra 8	Bunkagårdsgatan 13	Helsingborg	Ind/Warehousing	20				6,300			6,300
68	Flintyxan 1	Stenbrovägen 40–42	Helsingborg	Ind/Warehousing	11				3,115			3,115
69	Flintyxan 3	Stenbrovägen 36–38	Helsingborg	Ind/Warehousing	11				3,119			3,119
70	Flintyxan 5	Stenbrovägen 32–34	Helsingborg	Ind/Warehousing	18		324		4,523			4,847
71	Gymnasten 4	Planteringsvägen 11	Helsingborg	Office/Retail	28		65	3,040	2,865		60	6,030
72	Gymnasten 9	Kapplöpningsgatan 6	Helsingborg	Ind/Warehousing	39		2,248		15,253			17,501
73	Hästhagen 7	La Cours g, Landskronav	Helsingborg	Office/Retail	62		7,366	1,289	1,062	1,297	320	11,334
74	Manövern 3	Hästhagsvägen 1	Helsingborg	Office/Retail	21		616	3,621	762			4,999
75	Olympiaden 7	Kapplöpningsgatan 5	Helsingborg	Ind/Warehousing	8		812		930			1,742
76	Olympiaden 8	Kapplöpningsgatan 3	Helsingborg	Ind/Warehousing	18		1,190		5,910			7,100
77	Orkanen 5	Landskronavägen 18	Helsingborg	Ind/Warehousing	7		498		2,464			2,962
78	Persien 1	V Sandg 10–12/Cindersg 11	Helsingborg	Ind/Warehousing	7		104		3,233		515	3,852
79	Persien 14	Cindersgatan 13–15	Helsingborg	Ind/Warehousing	9		44		2,824	1,022		3,890
80	Persien 15	Cindersgatan 17–19	Helsingborg	Ind/Warehousing	0					4,026		4,026
81	Planteringen 1:8	V Tallgatan 32	Helsingborg	Ind/Warehousing	5		540		1,317			1,857
82	Planteringen 1:9	V Tallgatan 32	Helsingborg	Ind/Warehousing	16		979		5,217			6,196
83	Plåtförädlingen 7	Strandbadsvägen 11	Helsingborg	Ind/Warehousing	4				1,230			1,230
84	Plåtförädlingen 8	Strandbadsvägen 13	Helsingborg	Ind/Warehousing	43		10,792		1,236			12,028
85	Plåtförädlingen 11	Strandbadsvägen 19–21	Helsingborg	Ind/Warehousing	72		2,759	276	18,241			21,276
86	Plåtförädlingen 13	Strandbadsvägen 15–17	Helsingborg	Ind/Warehousing	67		1,674		15,193			16,867
87	Plåtförädlingen 15	Strandbadsvägen 7	Helsingborg	Ind/Warehousing	17				2,496			2,496
88	Plåtförädlingen 18	Strandbadsvägen 9	Helsingborg	Ind/Warehousing	9		70		2,438			2,508
89	Posten 1	Västra Sandgatan 7	Helsingborg	Office/Retail	0		3,051		2,972			6,023
90	Rausgård 21	Landskronavägen 9	Helsingborg	Ind/Warehousing	43		4,312		5,872		190	10,374
91	Sadelplatsen 10	Fäktmästaregatan 5	Helsingborg	Ind/Warehousing	7		350		2,725			3,075
92	Sadelplatsen 13	Planteringsv/Fäktmästareg	Helsingborg	Ind/Warehousing	42		728	5,680	11,344	1,270	520	19,542
93	Spanien 5	Gåsebäcksv 6/Motorg 1	Helsingborg	Projects & Land	0		130					130
94	Spanien 11	Kvarnstensg 6–8/Motorg 5–7/ Ö Sandg 7	Helsingborg	Ind/Warehousing	28		2,253	451	2,841			5,545
95	Stormen 13	Landskronavägen 2–12	Helsingborg	Ind/Warehousing	16		1,480		2,763		20	4,263
96	Tyfonen 1	Landskronavägen 20	Helsingborg	Ind/Warehousing	16		1,095		2,517		700	4,312
97	Ättelhögen Mellersta 6	Torbornavägen 22	Helsingborg	Ind/Warehousing	11		385		2,220			2,605
98	Pedalen 16 etc.	Rattgatan etc.	Landskrona	Projects & Land	3							0
South Helsingborg, total					729		48,564	14,457	145,217	7,615		2,325218,178
Helsingborg, total					3,107		170,662	60,308	284,558	22,315		11,870549,713



Copenhagen

Properties: 56 | Value: SEK 7,800 million
Lettable area: 608,000 m²

A region with a strong business climate

Denmark remains the easiest country in Europe in which to do business, according to the World Bank's Doing Business report for 2019. Reasons for this include the efficient processes in place to deal with issues such as construction permits, contracts and cross-border trade. A relatively low corporate tax rate of 22 percent and a flexible labour market also contribute to its attractiveness.

Approximately 1.3 million people now live in the capital region, which includes some suburbs that have grown and merged into Copenhagen. There is easy access to skills, as Copenhagen attracts a highly educated workforce, as is the case in many other major cities.

Several major infrastructure projects are under way in Copenhagen that are benefitting the business community. Copenhagen Airport is expanding massively and in 2018 construction began on the new Ring 3 Light rail, an electrified local train line that is expected to help create 36,500 new jobs when completed in 2025.

Copenhagen and Malmö currently have an integrated corporate and labour market with major trade between the two cities. The geographical proximity, combined with easy access thanks to the Öresund Bridge, stimulates movement across national borders.

Financial stability

Over the past few years, Denmark's economy has been enjoying a steady upturn. There was a slowdown in 2018, however, and GDP growth is expected to fall. The extreme dry spell during the summer had a negative effect on agriculture, estimated to correspond to 0.2 percent of GDP. Furthermore, the strong Danish krone affected exports to important trading partners such as Sweden and the UK. From an European perspective, Denmark has a low level of national debt and a low interest rate. Overall, Denmark is in a strong position and offers considerable financial stability.

Wihlborgs is growing in Denmark

In Copenhagen, Wihlborgs owns and manages properties comprising 608,000 m² with a property value of SEK 7,799 million. This places Wihlborgs among the seven largest commercial property owners in Copenhagen. Net lettings in Copenhagen amounted to negative SEK 6 million in 2018. The economic occupancy rate for offices/retail is at 94 percent and 87 percent for industrial/warehousing. Wihlborgs' strategic focus in the Danish market is on continued growth, and in 2018 we acquired three properties comprising around 31,000 m² in Skovlunde and Birkerød.

Around 90 percent of Wihlborgs' property portfolio is concentrated on the districts of Herlev, Ballerup, Høje-Taastrup, Glostrup and Brøndby in western Copenhagen. These municipalities are among the most expansive in Denmark with the largest increase in workplaces. The portfolio consists of office and warehousing properties offering multiple project opportunities.

We want to offer our tenants unique added value in order to foster loyalty and long-term relationships. One aspect of this is that Wihlborgs provides services such as a lunch restaurant, conference facilities and a reception, all managed by our own staff. This service is a decisive factor in Denmark in terms of attracting tenants.

North Copenhagen

Properties: 10 | Value: SEK 1,300 million
Lettable area: 95,000 m²

The North Copenhagen management area contains areas such as Hillerød, Allerød, Kr. Værløse, Holte, and Hørsholm. North Zealand is characterised by its extensive green areas and a relatively high share of housing. In 2018/2019 Wihlborgs will transform the Engholm Parkvej property in Allerød, comprising some 11,000 m², into a modern office building. The Blokken 84 property was also acquired during the year. Tenants in the management area include Danske Bank, ATP, NKT, HP and PayChecks.

West Copenhagen

Properties: 9 | Value: SEK 1,900 million
Lettable area: 110,000 m²

Ballerup is located in West Copenhagen and represents one of Wihlborgs' core areas with its nine properties concentrated in the block around Lautrup Park. Ballerup is located 14 kilometres west of Copenhagen and is known for its sports centres. The area has good transport links with several commuter train stations, a number of bus routes and fast connections to major roads. Dansk Supermarked, Pfizer, T-Systems and Sony are among the tenants here.

East Copenhagen

Properties: 24 | Value: SEK 2,000 million
Lettable area: 191,000 m²

East Copenhagen is a wide-ranging management area starting in Herlev to the west and stretching to Amager in the east. Wihlborgs owns 22 properties in Herlev, some 12 kilometres from Copenhagen, and has also based its head office there. The Ring 3 Light rail will soon begin operating in Herlev, thus providing it with excellent transport links to the entire capital region. Mercedes, Bürkert, SOSU secondary school and Tyréns are among the tenants here. In 2018 Wihlborgs acquired Mileparken 9A and Meterbuen 27, with the latter containing ABB's headquarters.

South Copenhagen

Properties: 13 | Value: SEK 2,600 million
Lettable area: 211,000 m²

The South Copenhagen management area is a logistics hub with many transport-related businesses. Major infrastructure projects are under way here, as in other areas of the capital region, as well as densification of residential areas. Wihlborgs owns properties in Brøndby and Høje-Taastrup, which are both connected to the motorway network, have good public transport links

and are near Copenhagen Airport. Properties in Glostrup and Roskilde are also included in this area. Danske Bank, Express Bank, Domea and Remondis all figure among the tenants here. One of the biggest leases is for 6,000 m² of logistics floor space rented to Source Logistics in Brøndby.

Satisfied customers and committed employees

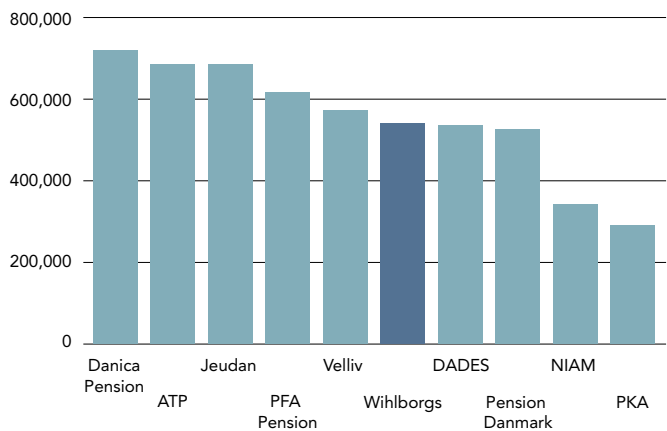
During the year, Wihlborgs conducted the customer satisfaction index (CSI) survey in Denmark for the very first time. The results were very positive, with a major share of the success attributable to how satisfied customers were with the services Wihlborgs offered them within facility service. On average, Wihlborgs scored 4.43 out of 5 in Copenhagen. Among the areas with the highest scores were the availability and approach of property caretakers, the handling of fault reports and facility service as well as maintenance of green spaces, lunch restaurants, receptions and more. Areas potentially needing development to ensure greater customer satisfaction included procedures for managing fault reports and feedback to customers in relation to such reports.

The employee survey conducted via Great Place to Work showed excellent results in Denmark; a full 98 percent of employees think that Wihlborgs is a very good place to work. Among the development areas were communication and clarity in distribution of work tasks.

Focus in 2019

Wihlborgs will work to develop blocks together with the capital region's districts. We want to be an active partner and take a comprehensive approach to the design of new, vibrant blocks for both companies and residents. In 2019, Wihlborgs will work to develop Fabrikantgården, into which we will also be moving our Danish head office.

Property owners office, Copenhagen (Capital Region) 31 Dec 2018



Source: Colliers International Danmark A/S



Lars Fenger

CEO
Pascal

East Copenhagen	1,700 m² of offices
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Pascal is heard across the globe

Pascal is one of the world's leading companies within the development of electronics for loudspeaker amplifiers. The company's solutions are vital components in professional loudspeaker systems in concert halls, shopping centres and restaurants, among others. Since early 2006, Pascal has grown rapidly and become a Gazelle Company for the past six years.

Pascal's headquarters are located in Herlev, northwestern Copenhagen. Around 40 employees currently work on development and sales. The old property originally housed a shoe factory, but in recent years has undergone an extensive renovation. Today, visitors are greeted by an exciting visual impression, as the old factory heritage has been combined with modern materials and open spaces. Lars Fenger is the owner and CEO of Pascal.

"We rented just 200 m² when we started out, but today we have over 2,000. As a rapidly growing company, it is strategically important to have a landlord that offers flexibility as our operations change. Wihlborgs understands our needs and was a great help when we needed to expand our premises. This meant we were able to focus on our business instead of wasting energy on a move."

Premises vital to employees

As a knowledge company, Pascal is dependent upon highly educated staff. Competition is fierce and skills are top-notch, so it is impossible to underestimate the importance of the premises when recruiting.

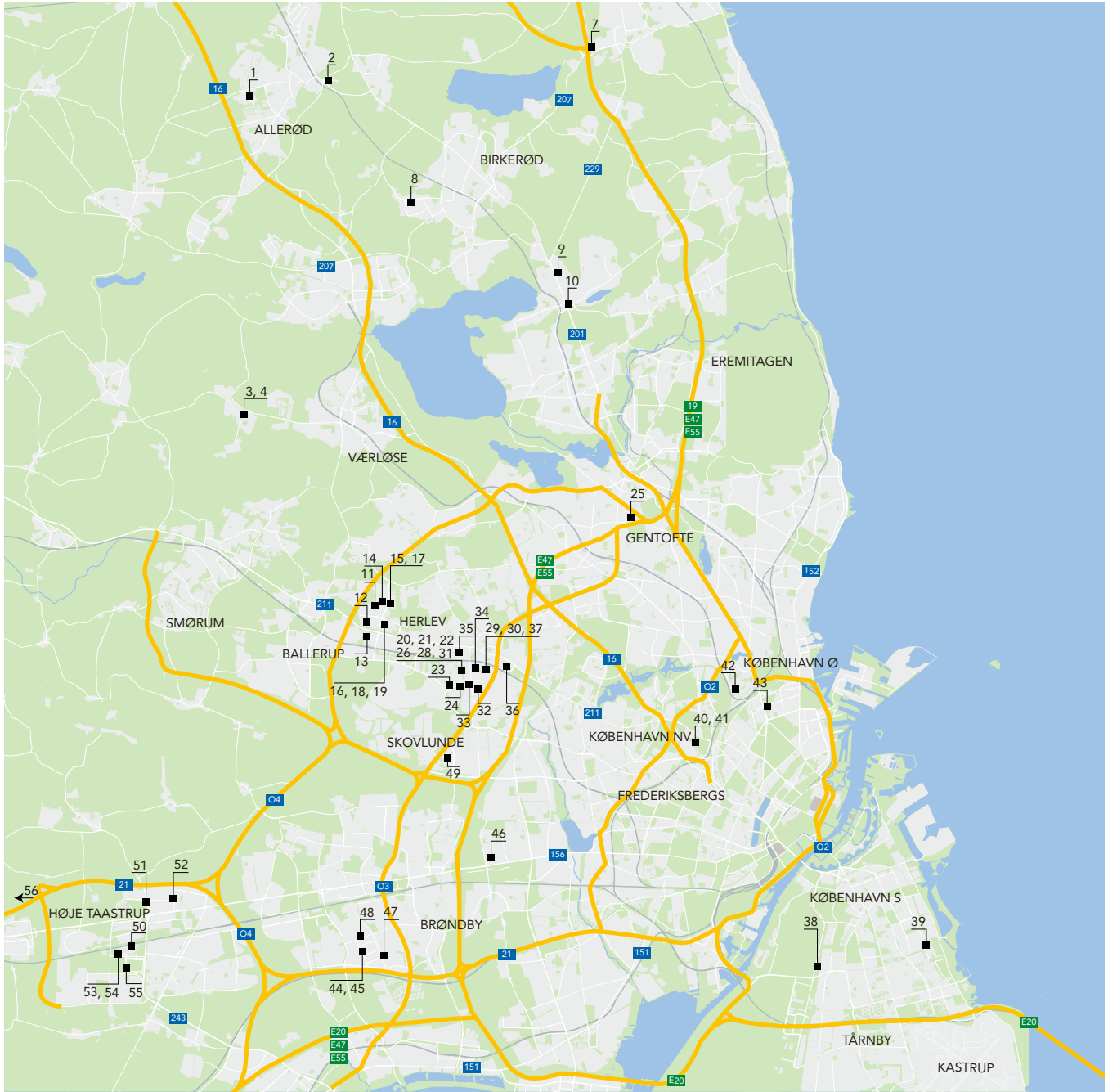
"Our basic view is that it should be fun to come to work. By offering an attractive work environment in a great location, we are laying the foundations for happy employees. This experience is also important in terms of visiting customers. Our premises are part of our brand, and so they should strengthen the image of the professional company we want to be," explains Lars Fenger.

Full service

Wihlborgs offers service at the property in the form of a lunch restaurant, conference facilities and external meeting rooms. Pascal frequently makes use of these services.

"Having access to Wihlborgs' service at the property makes running our business easier. It is a question of both the ease of arranging internal and external meetings, and giving our employees access to lunch and relaxation in a pleasant environment. Wihlborgs has an efficient system that makes it easy to be a tenant," concludes Lars Fenger.

Copenhagen



North Copenhagen

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Leasehold	Offices, m ²	Retail, m ²	Industrial/warehousing, m ²	Education/Health-care, m ²	Other, m ²	Total, m ²
1	Engholm Parkvej 8	Engholm Parkvej 8	Allerød	Office/Retail			9,916				1,111	11,027
2	Sortemosevej 2	Sortemosevej 2	Allerød	Office/Retail			7,252				2,005	9,257
3	Lejrvej 1	Lejrvej 1	Furesø	Ind/Warehousing			183		1,219			1,402
4	Lejrvej 15-19	Lejrvej 15-19	Furesø	Office/Retail			7,324		218		750	8,292
5	Bymosevej 4	Bymosevej 4	Gribskov	Office/Retail			2,943				1,029	3,972
6	Munkeengen 4-32	Munkeengen 4-32	Hillerød	Office/Retail			3,586			4,312	8,092	15,990
7	Slotsmarken 10-18	Slotsmarken 10-18	Hørsholm	Office/Retail			24,424		240		2,685	27,349
8	Blokken 84	Blokken 84	Rudersdal	Ind/Warehousing					8,606			8,606
9	Kongevejen 400	Kongevejen 400	Rudersdal	Office/Retail			4,629					4,629
10	Røjelskær 11-15	Røjelskær 11-15	Rudersdal	Office/Retail			4,358					4,358

North Copenhagen, total

0 64,615 0 10,283 4,312 15,672 94,882

West Copenhagen												
No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Leasehold	Offices, m ²	Retail, m ²	Industrial/warehousing, m ²	Education/Health-care, m ²	Other, m ²	Total, m ²
11	Borupvang 2/Lautrupc.	Borupvang 2/Lautrupcentret	Ballerup	Office/Retail			9,203	5,268		170	6,235	20,876
12	Borupvang 5	Borupvang 5	Ballerup	Office/Retail			9,844				429	10,273
13	Industriparken 29	Industriparken 29	Ballerup	Office/Retail			3,118					3,118
14	Lautruphøj 8-10	Lautruphøj 8-10	Ballerup	Office/Retail			14,617				2,428	17,045
15	Lautrupvang 1 A+B	Lautrupvang 1 A+B	Ballerup	Office/Retail			11,619		2,939			14,558
16	Lautrupvang 2	Lautrupvang 2	Ballerup	Office/Retail			12,164				58	12,222
17	Lautrupvang 3	Lautrupvang 3	Ballerup	Office/Retail			11,514				1,926	13,440
18	Lautrupvang 8	Lautrupvang 8	Ballerup	Office/Retail			7,679				2,094	9,773
19	Lautrupvang 12	Lautrupvang 12	Ballerup	Office/Retail			8,135				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 ass. val. SEK m	Leasehold	Offices, m ²	Retail, m ²	Industrial/warehousing, m ²	Education/Health-care, m ²	Other, m ²	Total, m ²
20	Literbuen 6-10	Literbuen 6-10	Ballerup	Office/Retail			1,602		9,653		450	11,705
21	Literbuen 16-18	Literbuen 16-18	Ballerup	Office/Retail			4,696		3,637			8,333
22	Meterbuen 27	Meterbuen 27	Ballerup	Office/Retail			17,255					17,255
23	Mileparken 9 A	Mileparken 9 A	Ballerup	Ind/Warehousing					4,976			4,976
24	Mileparken 22	Mileparken 22	Ballerup	Projects & Land					11,651		67	11,718
25	Sandtoften 9	Sandtoften 9	Gentofte	Office/Retail			4,970					4,970
26	Ellekær 2-4	Ellekær 2-4	Herlev	Office/Retail					4,828			4,828
27	Ellekær 6	Ellekær 6	Herlev	Office/Retail			4,763		1,071			5,834
28	Ellekær 9	Ellekær 9	Herlev	Office/Retail			5,587		380		309	6,276
29	Hørkær 14 & 26	Hørkær 14 & 26	Herlev	Office/Retail			4,298				1,289	5,587
30	Hørkær 16-28	Hørkær 16-28	Herlev	Office/Retail			23,264		3,199	2,781	5,116	34,360
31	Knapholm 7	Knapholm 7	Herlev	Office/Retail			3,763		528		1,120	5,411
32	Lyskær 9	Lyskær 9	Herlev	Office/Retail			5,091				437	5,528
33	Marielundvej 28-30	Marielundvej 28-30	Herlev	Office/Retail			2,420		6,956		294	9,670
34	Marielundvej 29	Marielundvej 29	Herlev	Ind/Warehousing			1,619		2,221		602	4,442
35	Smedeholm 10	Smedeholm 10	Herlev	Office/Retail			2,990				216	3,206
36	Stationsalleen 40-46	Stationsalleen 40-46	Herlev	Office/Retail			1,781	914		1,549	1,078	5,322
37	Vasekær 9	Vasekær 9	Herlev	Projects & Land								0
38	Digevej 114	Digevej 114	Copenhagen	Office/Retail			7,358				30	7,388
39	Engvej 139	Engvej 139	Copenhagen	Office/Retail						2,660		2,660
40	Glentevej 61-65	Glentevej 61-65	Copenhagen	Office/Retail			2,815		400	6,650	70	9,935
41	Glentevej 67-69	Glentevej 67-69	Copenhagen	Office/Retail			8,490					8,490
42	Lersø Park Alle 103-105	Lersø Park Alle 103-105	Copenhagen	Office/Retail			9,859					9,859
43	Lyngbyvej 20	Lyngbyvej 20	Copenhagen	Office/Retail			2,708				572	3,280
East Copenhagen, total					0		115,329	914	49,500	13,640	11,650	191,033

South Copenhagen												
No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Leasehold	Offices, m ²	Retail, m ²	Industrial/warehousing, m ²	Education/Health-care, m ²	Other, m ²	Total, m ²
44	Abildager 8-14	Abildager 8-14	Brøndby	Ind/Warehousing			322		14,190			14,512
45	Abildager 16	Abildager 16	Brøndby	Ind/Warehousing					9,336			9,336
46	H.J. Holst vej 3-5	H.J. Holst vej 3-5	Brøndby	Office/Retail			7,263				844	8,107
47	Midtager 35	Midtager 35	Brøndby	Ind/Warehousing					7,963			7,963
48	Park Allé 363	Park Allé 363	Brøndby	Ind/Warehousing			4,000					4,000
49	Ejby Industrivej 41	Ejby Industrivej 41	Glostrup	Office/Retail			25,480				23,695	49,175
50	Girostrøget 1	Girostrøget 1	Høje-Taastr	Office/Retail			46,296				15,153	61,449
51	Helgeshøj Alle 9-15 & 49-55	Helgeshøj Alle 9-15 & 49-55	Høje-Taastr	Office/Retail			13,347					13,347
52	Husby Alle 8	Husby Alle 8	Høje-Taastr	Office/Retail			1,434				329	1,763
53	Høje Taastrup Blvd 33	Høje Taastrup Boulevard 33-39	Høje-Taastr	Office/Retail			4,160	294		888	1,239	6,581
54	Høje Taastrup Blvd 52	Høje Taastrup Boulevard 52-58	Høje-Taastr	Office/Retail			2,636	926			720	4,282
55	Oldenburg Alle 1-5	Oldenburg Alle 1-5	Høje-Taastr	Office/Retail			13,686				1,612	15,298
56	Ny Østergade 7-11	Ny Østergade 7-11	Roskilde	Office/Retail			14,679		137	339	595	15,750
South Copenhagen, total					0		133,303	1,220	31,626	1,227	44,187	211,563
Copenhagen, total					0		401,140	7,402	94,348	19,349	85,940	608,179

Projects and development



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 new builds and development of existing properties.

Using customers' needs as a basis, we are able to develop existing properties by way of redevelopments or extensions. We can also produce new builds, both on previously unexploited land and by way of densification at 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.

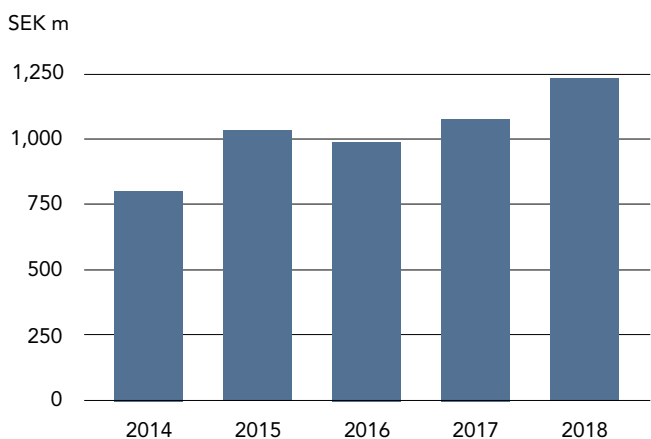
We produce new builds with a view to owning and managing them long-term, and we therefore prioritise high quality in terms of architecture, building materials and technical installations. Wihlborgs places focus on sustainability and the environment. Our permanent goal is to see all new developments certified 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 and good health for those who work in it. In 2018, SEK 1,239 million was invested in redevelopment, extensions and new builds. Approved investments in ongoing projects amount to SEK 2,295 million, of which SEK 1,083 million had been invested at the turn of the year.

Completed and ongoing projects

During the year, eight projects requiring investments of over SEK 10 million were completed. The largest of these were Posthornet 1 in Lund and the extension to Kranen 9 in Malmö. For more information, see pages 56–57.

There were 14 ongoing projects requiring investments of more than SEK 10 million at the end of 2018. Several new-build projects were among these — for more information, see pages 57–59.

Total investments



Future projects

Wihlborgs has a number of project opportunities in Malmö, Lund, Helsingborg and Copenhagen. See below and page 59.

Malmö

Dockan, Kockums' former dockyard area, has been gradually transformed from a dockyard into a modern city district since 2000. Today, Wihlborgs manages 160,000 m² of premises here, but there are further opportunities for development, including 7,000 m² at the "Rondellhuset." In the longer term, we are planning to continue developing Dockan by adding community services, for example in the form of pre-schools and schools. Together with Peab and JM, Wihlborgs owns Dockan Exploaterings AB, which works to acquire new development rights, particularly for new housing.

The central plan for Malmö's next major development area, Nyhamn, is expected to be completed by summer 2019. 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. Wihlborgs is already a major property owner in the area, and in the coming development we have been allocated land for some further 25,000 m² of office space, of which a certain proportion is expected to be included in the first phase with construction potentially starting in autumn 2020. Overall, we see development potential to add around 100,000 m² to the property management volume Wihlborgs already owns today.

We have two office projects under way in Hyllie in south-west Malmö, and in 2018 land was acquired with planning permission for a further 20,000 m² of offices. In addition to this, we have been allocated land for 23,000 m² of offices and an 8,500 m² multistorey car park right next door.

In central Malmö, Wihlborgs has project opportunities in blocks such as Sparven, which contains some 10,000 m² of office space.

We also have several project opportunities in the outer districts of Malmö, including for businesses similar to the service station being built for MAN Truck & Bus at Stora Bernstorp.

Helsingborg

In Helsingborg, Wihlborgs has planning permission for 4,000 m² of business premises in Berga and 10,000 m² of logistics premises in Söder, among other locations. In the long term, we intend to acquire new development rights at Helsingborg C together with the City of Helsingborg, in connection to the extension of the railway. In all, we have a project portfolio containing some 60,000 m² of gross floor area in Helsingborg.

Lund

The tramway between Lund Central Station and Brunnsög will be opened in 2020. At the Ideontorget stop, Wihlborgs is planning new innovative environments with offices and services spanning 30,000 m², divided up into several phases. We also have planning permission in the Syret block for 8,000 m² of office space.

Science Village Scandinavia is being built between MAX IV and ESS, after we won a competition for land allocation in

2015 for the iconic Space building containing 6,300 m² of hotel premises, conference facilities and a restaurant. In autumn 2018 the detailed development plan took legal effect and Wihlborgs acquired the land on which Space is intended to be built at the end of the year, along with an adjacent plot with planning permission for a further 5,900 m².

As a continuation of the successful Posthornet project, in spring 2019 we will start planning the Posthornet and Raffinaderiet blocks together with the City of Lund. This will give us the opportunity to create some further 27,000 m² of office space next to Lund Central Station.

In Västerbro, where we currently own two properties, there is an opportunity to develop 60,000 to 70,000 m² of GFA for commercial premises, housing and schools. Our aim is to see work on the detailed development plan begin in 2019.

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 has begun to pick up speed, Wihlborgs is now planning to develop several properties and areas.

Jointly owned projects

MAX IV

Wihlborgs and Peab jointly own Fastighets AB ML4. The company built and owns the synchrotron-light facility MAX IV in Lund, which was opened in 2016. Lund University is the tenant and has a 25-year lease. The facility consists of around 20 buildings with a GFA of approximately 50,000 m². An electrical substation was completed here in 2018, and discussions are being held continuously with Lund University regarding further new builds and 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, where the premises in the southern area of the hospital will be decommissioned and concentrated in the northern area.

A new healthcare facility was completed in 2018, while a multistorey car park, mortuary, technology building and redevelopment of a treatment centre had all been completed previously. Investment in this northern area amounted to SEK 700 million and the lettable area totals 45,000 m², with Region Skåne the largest tenant. The new healthcare facility also contains an arcade of healthcare outlets with other tenants.

As part of the Parkhuset project, a new healthcare facility is being built that will be leased to the Municipality of Ängelholm, while the detailed development plan for a new health hotel is expected to be completed in the first half of 2019. A letter of intent between Hälsostaden and Region Skåne states that the remaining premises in the southern hospital area should be able to be decommissioned during 2021. Once this is complete, an entirely new city district can be developed there, close to the city centre and public transport.

Completed projects



Posthornet 1, Lund

AREA: 11,000 m²
LOCATION: City centre, Lund
COMPLETION: Q1, 2018
INVESTMENT: SEK 322 million

Right next to Lund Central Station, Wihlborgs has completed the Posthornet 1 office project. The largest tenant is Folk tandvården Skåne, which leases 4,800 m². Other tenants include Avensia, Trivector, Trägårdh, the Transport Research Institute and Veidekke. Thanks to Posthornet, the range of modern office spaces in a central location close to transport links has been significantly increased.

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



Kranen 9, Malmö

AREA: 2,200 m²
LOCATION: Dockan, Malmö
COMPLETION: Q4, 2018
INVESTMENT: SEK 86 million

Wihlborgs extended the Kranen 9 property in Dockan with a further 2,200 m² to meet the growing tenant Tyréns' need for larger premises. Salad bar chain Holy Greens has also opened a restaurant in the property.

The new building has been environmentally certified in line with SGBC Gold.

The renovation of Tyréns' existing premises — spanning 4,000 m² — will be carried out during 2019.



Sunnanå 12:53, Malmö

AREA: 2,300 m²
LOCATION: Stora Bernstorp, Malmö/Burlöv
COMPLETION: Q3, 2018
INVESTMENT: SEK 58 million

At Stora Bernstorp in Burlöv municipality, Wihlborgs has constructed a service centre for trucks and buses for MAN Truck & Bus. A modern service station, spares warehouse, sales office and showroom can all be found here.

The facility is located in a strategic transport location, near the outer ring road that connects to the E6 and E22 motorways.



Bronsåldern 2, Malmö

AREA: 11,500 m²
LOCATION: Fosie, Malmö
COMPLETION: Q3, 2018
INVESTMENT: SEK 26 million

After signing a lease with the medical technology company Mediplast, Wihlborgs has redeveloped on their behalf 11,500 m² of warehouses and office space that Papyrus vacated at the end of 2016.



Erik Menved 37, Malmö

AREA: 1,600 m²
LOCATION: City centre, Malmö
COMPLETION: Q4, 2018
INVESTMENT: SEK 10 million

At Erik Menved 37, Wihlborgs has redeveloped 1,600 m² for Region Skåne which has co-located three youth clinics.

In addition to a new floor plan, the project included adjustments to accessibility and the addition of existing technology.



Gängtappen 1, Malmö

AREA: 1,800 m²
LOCATION: Dockan, Malmö
COMPLETION: Q2, 2018
INVESTMENT: SEK 10 million

Two floors have been adjusted for Wihlborgs' head office at Gängtappen. The project involved creating room layouts, lightning, an internal staircase and reception.



Vätet 1, Lund

AREA: 2,500 m²
LOCATION: Ideon, Lund
COMPLETION: Q4, 2018
INVESTMENT: SEK 10 million

At Vätet 1 (also known as Beta 5), 2,500 m² has been redeveloped for RISE — Research Institutes of Sweden — which is expanding its operations at Ideon.



Terminalen 1, Helsingborg

AREA: 350 m²
LOCATION: City centre, Helsingborg
COMPLETION: Q3, 2018
INVESTMENT: SEK 18 million

Folk tandvården needed to expand its dental clinic at Knutpunkten in Helsingborg, so Wihlborgs redeveloped 350 m² of office premises into dental premises.

Ongoing projects



Ursula 1 (Prisma), Helsingborg

AREA: 13,000 m²
LOCATION: City centre, Helsingborg
COMPLETION: Q4, 2020
INVESTMENT: SEK 405 million

In Helsingborg's new Oceanhamnen Business District and directly opposite Helsingborg's central station, 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.

Plans are in place to certify to Gold standard by SGBC.



Kranen 2, Malmö

AREA: 9,000 m²
LOCATION: Dockan, Malmö
COMPLETION: Q3, 2019
INVESTMENT: SEK 209 million

At Kranen 2, 9,000 m² is being redeveloped for Malmö University, which has been tasked with running police training in Malmö. The premises will be used for the practical stages of the training.



Gängtappen 1, Malmö

AREA: 1,600 m²
LOCATION: Dockan, Malmö
COMPLETION: Q1, 2019
INVESTMENT: SEK 13 million

The bottom two floors of Gängtappen are being renovated for Media Evolution, who will produce a creative space for meetings and events on the ground floor and manage coworking operations on the second floor.



Forskaren 1 (Medeon), Malmö

AREA: 4,000 m²
LOCATION: City centre, Malmö
COMPLETION: Q3, 2020
INVESTMENT: SEK 97 million

The Life Science cluster Medeon is being expanded by way of an entirely new building to meet the expansion needs of existing tenants and to make room for extra companies within the area of Life Sciences. Plans are in place to certify to Gold standard by SGBC.

Ongoing projects



Bure 2 (Origo), Malmö

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

The Origo office building is Wihlborgs' second project in Hyllie. Modern offices are being produced here right by Hyllie station, between Copenhagen Airport and Malmö C.

The property will have six stories, a subterranean garage and premises for stores or services on the ground floor. The facade will consist of dark brick and wood with welcoming entrances. All of the tenants will have their own terrace as well as access to a shared sport depot to help people commute by bicycle. Shared meeting rooms that can be booked by any of the tenants in the building are being planned for the ground floor.

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



Gimle 1 (Dungen), Malmö

AREA: 9,000 m²
LOCATION: Hyllie, Malmö
COMPLETION: Q2, 2019
INVESTMENT: SEK 392 million

The largest tenant in the Dungen office building is Swedish Customs, occupying 7,500 m². The building is just a stone's throw from Hyllie station, and visitors are greeted by living trees in the atrium. Certified to Gold standard by SGBC.



Boplatsen 3, Malmö

AREA: 3,900 m²
LOCATION: Fosie, Malmö
COMPLETION: Q4, 2019
INVESTMENT: SEK 38 million

ABB has been a tenant at this address for more than 20 years, and a new, ten-year agreement will create the opportunity to modernise and develop the property. The office premises are being adapted to ABB's needs and a new conference centre is being created.



Stenshovud 3, Malmö

AREA: 14,700 m²
LOCATION: Norra Hamnen, Malmö
COMPLETION: Q3, 2019
INVESTMENT: SEK 45 million

A substantial redevelopment of this property is under way to adapt it to the new tenant, Exakta Group, which leases 10,700 m² of production floor space and 4,000 m² of offices, as well as for existing tenants Wayne Fueling Systems who are reducing their floor space.



Stenåldern 7, Malmö

AREA: 4,500 m²
LOCATION: Fosie, Malmö
COMPLETION: Q4, 2020
INVESTMENT: SEK 78 million

In Fosie, Wihlborgs is building an entirely new production facility with a small office section for its tenant, Voestalpine.



Raffinad. 5 (Sockerbiten), Lund

AREA: 1,900 m²
LOCATION: City centre, Lund
COMPLETION: Q4, 2019
INVESTMENT: SEK 63 million

At the Raffinaderiet 5 property, the Sockerbiten office building is being built in an easily accessible location for transport links, just a couple of minutes' walk from Lund Central Station. SGBC Gold certification is planned.



Diabasen 1, Lund

AREA: 3,000 m²
LOCATION: Gastelyckan, Lund, Malmö
COMPLETION: Q1, 2019
INVESTMENT: SEK 28 million

At Gastelyckan in east Lund, Wihlborgs is building a new store with offices and warehouses for the hardware store chain Optimera. The building has been environmentally certified in line with SGBC Silver.



Polisen 5, Helsingborg

AREA: 4,000 m² + 5,000 m²
LOCATION: City centre, Helsingborg
COMPLETION: Q3, 2019
INVESTMENT: SEK 182 million

Helsingborg District Court's premises have been extended by 4,000 m², all of which are certified SGBC Gold and came into use in 2018. This project also involves the redevelopment of 5,000 m² of existing floor space.



Terminalen 1, Helsingborg

AREA: 8,800 m²
LOCATION: City centre, Helsingborg
COMPLETION: Q4, 2020
INVESTMENT: SEK 257 million

Helsingborg C is getting a new facade, new entrances, new spaces and an entirely new food destination. The terminal building is also being upgraded to turn it into an attractive, modern and secure environment for passengers and visitors.



Mileparken 22, Copenhagen

AREA: 11,000 m²
LOCATION: Ballerup, Copenhagen
COMPLETION: Q1, 2019
INVESTMENT: SEK 69 million

The property is being totally renovated to offer modern and attractive office premises to several different tenants. A shared restaurant for all of the tenants is being installed on the ground floor.

Future projects (selection)



Ideontorget, Lund

AREA: 30,000 m² GFA
LOCATION: Ideon, Lund
CONSTRUCTION START: Not decided, possible construction start 2020

The development of Ideon Science Park will gain extra momentum in Lund when the tramway is opened in spring 2020. Right next to the new Ideontorget tram stop, Wihlborgs is planning new innovative environments, workplaces, shops, restaurants and other services.

The extension will be implemented in phases. The detailed development plan for Ideontorget is expected to take legal effect at the end of 2019, and potential construction start for Wihlborgs' first project at Ideontorget is scheduled for 2020.



Hyllie 7:3, Malmö

AREA: 20,000 m² GFA
LOCATION: Hyllie, Malmö
CONSTRUCTION START: Not decided, possible construction start 2019

In 2019, Wihlborgs will complete two of its first office projects in Hyllie. In 2018, land was acquired with building potential for a further 20,000 m² of offices. Land has also been allocated for a further 23,000 m² of offices, an 8,500 m² multistorey car park and 10,000 m² of housing right next door.



Nyhamnen, Malmö

AREA: 25,000 m² GFA
LOCATION: City centre, Malmö
CONSTRUCTION START: Not decided, possible construction start 2020

Nyhamnen is one of Malmö's major development areas. Wihlborgs is already a major property owner in the area, and in the coming development we have been allocated land for some further 25,000 m² of office space that will be distributed across several phases. The central plan for the area is expected to be adopted in summer 2019.



Plåtförädlingen 15, Helsingborg

AREA: 10,000 m²
LOCATION: South Helsingborg
CONSTRUCTION START: Not decided, possible construction start 2019

Helsingborg has established itself as a hub for logistics and e-commerce, and to satisfy the demand for new warehouse and logistics premises in this area, Wihlborgs is planning new builds covering 10,000 m² of warehouse space at the Plåtförädlingen 15 property in the southern parts of the city.



Sustainable business

Acting to ensure the company's and the region's long-term sustainable development is one of Wihlborgs' overall goals. We achieve this by working together with other participants and stakeholders as far as we possibly can. Sustainable business involves us taking responsibility throughout the value chain by creating long-term, sustainable relationships with our stakeholders and contributing to the development of each city through our properties. We also help ensure positive, long-term development by getting involved in everything from infrastructure to mentorship, diversity and social innovations.

The area of sustainability is constantly developing; new trends and shifting behaviours lead to both challenges and opportunities. One example is the ongoing changes to workplaces and work lives, with customers wanting a broader offering in the form of different floor plans, shared meeting places in the building, different forms of service and digital solutions. We need to review our offering in order to satisfy new requirements among our customers and ensure we continue to grow. If we

can facilitate the sharing of resources at our properties as part of these efforts, we can contribute to efficient resource utilisation and sustainable development.

To run our business in line with the UN's 17 Sustainable Development Goals (SDGs), we need to establish a more comprehensive view of our business in the long term, thus allowing us to integrate the sustainability targets naturally into our strategy.

Stakeholders

Our key stakeholders include our tenants, employees, shareholders, lenders, suppliers, the Board of Directors and communities. During the year we have renewed our stakeholder dialogues, in particular with representatives of the cities in which we operate. We collaborate closely with these cities and it is therefore important to be aware of how they work in terms of sustainability, how they have implemented the UN's SDGs, which focus areas they will adopt in the future and what they

expect from Wihlborgs in the area of sustainability. It became apparent through these dialogues that customers appreciate the active role Wihlborgs takes in each city's development and that it is expected that we should work and collaborate actively on areas linked to societal issues, security and safety. This confirms to us that commitment to the region and society should remain a prioritised focus area. The stakeholders also highlighted that they would like to see us participate in initiatives linked to the sharing economy and mobility solutions — something we have already started working on in Malmö, among other places.

Focus areas

Wihlborgs' sustainability efforts are divided into four focus areas. These areas have been formulated based on interviews with various stakeholder groups and selected based on the degree of importance to Wihlborgs' long-term development. Our choice of prioritised topics is based on feedback we have received over the years, both from stakeholder dialogues and our own assessments that also include an evaluation of sustainability-related risks and opportunities.

To succeed in our goal of contributing to sustainable development, we have clear, measurable targets within each of the four focus areas. Over the past few years, we have focused on developing and improving how we measure these different topics, with the aim of obtaining greater knowledge and a better basis for future development.

Responsible business

Acting in a responsible and trustworthy manner in all of our relationships is crucial to our long-term success. The focus here is on financial performance, relationships with tenants and suppliers and ethics and anti-corruption. For more information, see pages 62–64.

Sustainable properties

For us as a major property owner, sustainable properties are naturally at the core of what we do. It is self-evident to both us and our stakeholders that we assume responsibility, follow up and report environmental performance, energy use and climate impact. For more information, see pages 65–69.

Attractive employer

Our employees' commitment and skills are crucial to our customer satisfaction and results, which is why we work to create an attractive workplace by fostering trust, pride and community. Prioritised topics include the work environment, skills development, equality and diversity. For more information, see pages 70–71.

Commitment to the region and its community

A strong region is good for our business, which is why we engage in different ways to contribute to the development of the region, for example in terms of infrastructure, the climate of innovation and education. We also prioritise the use of local suppliers. For more information, see pages 72–73.

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: Core option in 2018. This Annual Report with its accompanying GRI appendix comprises Wihlborgs Sustainability Report for 2018. The GRI index and references to where the various topics are reported can be found on pages 132–134. The GRI appendix includes more detailed information about our stakeholder dialogue, prioritisation of topics, risks, governance and follow-up, as well as supplementary reporting in relation to certain indicators. The GRI appendix is available at wihlborgs.se/gri-eng. We also report our results to the UN Global Compact and participate in GRESB (Global Real Estate Sustainability Benchmark).

In 2018, our focus has been on continuing to integrate the Danish operations into our reporting, fine-tuning measurements and follow-up procedures and expanding reviews of our suppliers. We have also begun working to integrate sustainability efforts and sustainability targets into Wihlborgs' overall strategy. These efforts will continue throughout 2019.





Mats Wessman

Procurement Director

The area of Responsible business comprises relationships with customers, suppliers and other stakeholders. Work on our supplier relationships is an area that has received more focus in 2018.

“In 2017 our Code of Conduct was developed further and 2018 saw us work more on supplier assessments. We conducted several assessments as well as random checks among high-risk suppliers.”

“We have also tested introducing sustainability as one of our assessment criteria in connection with a procurement for ventilation. As well as learning more about the suppliers’ sustainability efforts at an early stage, we also established a better negotiation position. This proved to be a positive experience that we will take with us moving forward.”

During the year Wihlborgs also worked to enhance knowledge surrounding supplier relationships, both internally and externally.

“We have put extra effort into emphasising the importance of always engaging suppliers under framework agreements, so as to minimise risks involved with using suppliers who have not been checked. During the introductory training for new employees, we offer information about business ethics, our Code of Conduct and the risks involved in using suppliers with whom we do not have an agreement.”

“Externally, we note that interest in sustainability issues is increasing even among smaller contractors, and so we try to adopt a generous attitude towards them. We gladly share our knowledge to help them develop.”

Efforts to develop supplier relationships and framework agreements will continue over the coming years:

“A new idea is that we will arrange ‘supplier days,’ during which we will talk about our sustainability efforts and attempt to foster understanding for why we place such strict requirements on our suppliers.

Responsible business

Wihlborgs is to ensure the company’s and region’s long-term sustainable development. Our goal is to foster a high level of confidence throughout the value chain and to establish financial stability that gives us the conditions to take responsibility for the part we play in societal development. This connection works both ways, however – for Wihlborgs to remain attractive to both customers and shareholders, we also need to maintain high standards in terms of our sustainability efforts.

Our overall goals and strategies state that Wihlborgs will operate a business model for growth and will be one of the leading and most profitable property companies on the Nasdaq 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, improving its property portfolio by way of purchases, developments and sales of properties and managing properties with a focus on excellent cost-efficiency and a high occupancy rate. Active commitment and a high level of service will help strengthen our customer relationships further and reinforce our objective to build a high level of confidence.

The goals linked to our sustainability efforts must be integrated with the goals established by the Board, as they affect each other. When all these goals come together, we will be able to strengthen our brand and raise our chances of becoming the first choice of customers looking for new premises.

Financial performance

A profitable Wihlborgs is vital if we are to be able to implement our strategies and achieve our targets. A solid financial base is also a prerequisite for operating as a stable business partner to suppliers and customers alike.

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 enables us to attract the right personnel.

The value we create arises primarily from our rental income, and to safeguard this, the quality of our premises and the service offered to customers are two of the most important areas. 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. 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 creating sustainable growth.

Responsible business relationships

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 characterised by our values: knowledge, honesty, action and community. Our aim is that this should have a positive effect on both tenants and suppliers. Our capacity to influence varies

in the different sections 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 via which we are able to maintain a continuous dialogue and stay alert to any occurring or changing needs. We also conduct a customer survey biennially through which tenants have the opportunity to offer their views and thus influence Wihlborgs' actions and offerings in the long term.

The overall score in the customer survey conducted in 2018 was 4.15 (4.13) on a five-point scale, which is the same high level as before. The willingness to recommend Wihlborgs has increased, and 88 percent (82) of tenants indicated that they would 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. This is described in more detail in the relevant city's section on pages 31–53.

Suppliers and contractors

Wihlborgs' purchasing function is responsible for ensuring we select suppliers who are sustainable from every perspective. In many cases, our suppliers have direct contact with our tenants, thus influencing the relationships in Wihlborgs' value chain. Their conduct offers how our customers perceive Wihlborgs, which is why we place strict demands on their business ethics, professional competence and level of service. We also want to ensure that everyone who works on behalf of Wihlborgs has acceptable working conditions and a good work environment, and that suppliers work to reduce their environmental impact.

Framework agreements are signed with the majority of our suppliers, and in connection to this, we check that they have sound finances and have signed Wihlborgs' Code of Conduct.

Wihlborgs' Code of Conduct comprises requirements within areas including the environment, work environment and ethics and anti-corruption, in line with the UN Global Compact. By signing the Code of Conduct, the 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. All suppliers should also complete a self-declaration regarding management of areas such as environment, quality, work environment and ethics. Based on this declaration, Wihlborgs conducts a risk assessment of the supplier.

During the year we continued to expand our purchasing efforts within our Danish operations, with the aim of implementing Wihlborgs' Code of Conduct here too.

We carried out random checks within our Swedish operations of suppliers who could entail various types of risks, and we also carried out random checks linked to the procurement of ventilation. The results were positive and we will continue to carry out reviews 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. For major building projects, we produce project agreements with more far-reaching requirements than in the Code of Conduct, particularly in terms of the 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.

As a local company, we also prioritise business activities with local suppliers — read more about this on page 73.

Ethics and anti-corruption

We at Wihlborgs should naturally work hard to act in an ethically correct manner and actively counter corruption. Wihlborgs has ethical guidelines that serve as a guide for Board members, employees, suppliers and contractors, and as a complement to this, the "Wihlborgs' business ethics" guide also offers concrete examples and advice. All new employees undergo practical training in business ethics, during which they discuss real-life dilemmas.

Wihlborgs' CSR group annually evaluates the risk of corruption and assesses that the project management and administration units, as well as the central purchasing function, are the most vulnerable, since they purchase goods and services for Wihlborgs' operations. Documenting procurement processes and allowing more people to be involved in these procurements increases transparency and reduces the risk of individual influence.

As a listed company, Wihlborgs is obliged to adhere to relevant rules regarding distribution of information and insider information. New employees are informed about these rules in connection with their introductory training.

Suspicious of corruption or other can be reported using Wihlborgs' whistle-blower function. No corruption-related incidents occurred during the year.

Ambitions and targets moving forward

Wihlborgs will continue to achieve the targets set by the Board by consistently adhering to the company's mission and strategy. By pursuing an active dialogue relating to ethics and morals and highlighting 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 satisfaction and employee engagement by continuing to 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 2019 with a focus on suppliers with large volumes and a high level of risk. We will continue to evaluate framework agreement suppliers and deepen our understanding of the window cleaning and glazing categories with a focus on work environment, safety and human rights. We will be sending out invitations to "supplier days" in order to enhance understanding of the requirements we place on our suppliers.

Efforts will also continue to ensure that all contractors for new projects should at the very least meet all the requirements contained in Wihlborgs' Code of Conduct and with self-declarations.



Staffan Fredlund

Environmental Manager

In 2018, Wihlborgs maintained its focus on reducing its climate impact and economising on energy at its properties.

“The conversion to renewable energy sources has kept pace, but we are also increasingly focusing on the choice of materials in terms of new builds and redevelopment projects based on climate aspects and non-toxic environments.” Demand for electric car charging stations is growing and we have created 64 modern charging stations at Ideon in Lund, to name one example. These are partially financed by grants from the organisation Klimatklivet, which provides investment support for solutions that reduce greenhouse gas emissions, and we have recently received funds for a further 150 charging stations to be added in 2019.

The climate issue remains high up on Wihlborgs’ stakeholders’ agenda, but there are also new trends:

“The environment, work environment and health are increasingly being seen as joint issues, and our tenants want comprehensive solutions that take into consideration both the climate impact and employees’ experiences of the work environment at our premises. We can also see that the climate issue has expanded to include climate risks brought about by a warmer climate and more varied weather.”

Even if both Wihlborgs and the industry have come a long way in their environmental efforts, several challenges remain.

“We have a little way still to go before the industry is circular and resource-efficient. The use of building materials affects the climate and environment and it is not always easy to combine speed, flexibility and sustainability. We also need to work proactively on risk management linked to climate change.” However, much hinges on having clear day-to-day procedures that are followed up in the areas of operation and maintenance, such as supervision of drainpipes and storm drains.

“The climate impact, energy performance and circular flows of building components will remain a focus area moving forward, but we will also continue developing areas such as sustainable transport, green spaces, resource optimisation and biodiversity. After all, several hundred thousand of our tenants are bees.”

Sustainable properties

Sustainable properties represent a core area of our sustainability efforts, and Wihlborgs’ environmental vision for the period up to 2020 is to continue to expand while reducing our environmental impact. Prioritised environmental topics include certified buildings, reduced energy use and climate impact. During the year we increased our commitment to certifying older existing buildings. A test project was carried out together with Sweden Green Building Council (SGBC) for a new Swedish certification system, and three buildings were certified based on the international certification system BREEAM In Use.

Stakeholders and investors demand dialogue and information about Wihlborgs’ commitment and initiatives in relation to the climate, and there is increased interest in how we manage sustainability risks linked to our business. Within the industry, several initiatives and development projects have been initiated relating to the circular economy and a lifecycle perspective in terms of the properties’ building components, and Wihlborgs is active in several of these.

To create drive and to render our environmental and climate efforts more systematic, Wihlborgs has a Group-wide environmental programme and a joint environmental management structure. Our 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.

During the year, we continued to systematically pursue environmental efforts to enhance Wihlborgs’ overall environmental performance. These efforts include developing and quality-assuring our environmental management system, continuing efforts to reduce our climate impact and ensuring that the Swedish operations use fossil-free energy while continuing to make our buildings more energy-efficient. We also took steps to promote greater biodiversity and installed more solar panels and new recharging infrastructure for electric cars. In Denmark, we focused on optimisation of resources for energy and water, and also implemented a new system for property management.

Environmental targets and environmental programme

We have concrete environmental targets linked to our prioritised aspects in line with GRI in the areas of climate, energy, green leases, environmental certifications and transportation. These are described in more detail in the GRI appendix and at wihlborgs.se/sustainability. In addition to the targets, there is an environmental programme that describes the activities that are to be implemented.

For the established environmental targets that expire after 2018, we have reached the majority of the targets:

Area	Target fulfilment
Climate	● Partial
Energy	● Partial
Environmental certification	● Yes
Materials & construction waste	● Partial
Green Leases	● No
Transportation	● Yes
Environmental training	● Yes

We face some challenges in terms of the follow-up of some of our environmental targets, for example in the case of energy performance targets. It is difficult to assess against established targets as there are numerous factors at each property that affect the annual outcome, for example a non-heated warehouse that is converted to a heated warehouse. Similarly, it is a challenge pinpointing the right target for optimising climate performance for building components and identifying which part of the value chain bears responsibility for data collection and follow-up. In relation to our green leases, the turnover rate for leases is lower than expected, which affects our target fulfilment. It has also become clear that our green leases are primarily appropriate for office premises and not for smaller warehouses or storage units. We take these lessons on board when deciding on targets and the environmental programme for the next period.

Climate impact

Our greatest environmental challenge is how we contribute to reducing the climate impact of our operations and value chain. Our environmental policy states that we should promote resource-efficient operations based on a climate and eco-cycle perspective. We are reducing our climate impact by enhancing energy efficiency, 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. Purchases of environmentally certified building components and products can also contribute to reduced environmental and climate impact depending on the selection of materials, their application in the building and how they are produced. The climate impact linked to building components and construction waste are not currently included in our environmental reporting, however, and there are also emissions along the value chain that need to be highlighted in the future.

The ambition of our project-adapted environmental programme is to prevent and reduce our climate impact via good design and requirements placed on building materials and services. For this reason, we implemented a pilot project at the end of the year in which we calculated the climate impact of frames and foundations (for ex. reinforcements, concrete and insulation) at an entirely new extension based on SGBC's criteria. The results of this analysis were 227 kg CO₂ per square metre, which demonstrates the climate impact linked to the choice of design and building components at our properties.

Dialogue around sustainability

The Bredablick Group, with its cleaning subsidiary Lamaro, has been Wihlborgs' supplier within facility management for many years. As with all suppliers, they have committed to adhere to Wihlborgs' Code of Conduct and Lamaro is one of the companies to have entered into Wihlborgs' in-depth supplier dialogues in 2018.

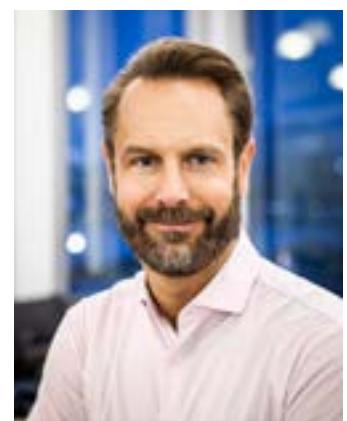
The Bredablick Group has its headquarters in Malmö, which is where we meet CEO Michael Elfven and Lamaro's Regional Director Sandy Ottosson Pirvu.

"Like Wihlborgs, we have very strict requirements in the area of Responsible business. Our discussions focus a lot on further developing collaboration and identifying areas for improvement that could enhance quality.

Wihlborgs places requirements on us, and we do the same in return. This has proved to be a fruitful way of collaborating," Michael Elfven explains.

For the Bredablick Group, sustainability and financial profitability go hand in hand.

"We have developed our own waste bag — Longopac — for example, that can be cut to the desired length. It is a cost-effective and environmentally certified product that has reduced the use of plastic in waste bags by 80 percent. By taking responsibility for our part in the chain and ensuring that our suppliers fulfil our strict requirements, we want to be seen as an innovative company driving developments forward," says Sandy Ottosson Pirvu.



Michael Elfven

CEO

The Bredablick Group

A longer version of the interview can be found at wihlborgs.se/sustainability

In relation to the preceding year, Wihlborgs' climate emissions increased 38 percent. The main part of this increase is due to the fact that we expanded our property portfolio in Denmark considerably, and the conversion of our properties there to renewable energy has not taken place to the same extent as in Sweden. Furthermore, as a rule it is not possible to purchase district heating based on renewable sources in Denmark. Of all collected Danish waste, around 90 percent is burnt for use in district heating, which also entails higher environmental values for waste management compared to Sweden, where a higher proportion is recycled. Our Swedish operations currently use almost 100 percent fossil-free district heating and electricity. We have also converted our consumption of fossil gas into renewable biogas. This year we have also included the climate impact of our water consumption in our reporting. We have received updated, higher environmental values for district cooling from Öresundskraft due to expanded bases for calculation.

For a long time, Wihlborgs has seen a clear reduction of energy-related CO₂ emissions and results for 2018 are below 50 percent by a significant margin in absolute terms, compared to 2005. In 2018, our CO₂ emissions were 2.7 kg per square metre, which is just above our target of 2 kg maximum. One explanation behind this increase is that we are including more sources in the CO₂ emission calculations this year, while we also grew in Denmark where the energy sources have poorer environmental values. We therefore need to increase the share of renewable energy in Denmark wherever possible.

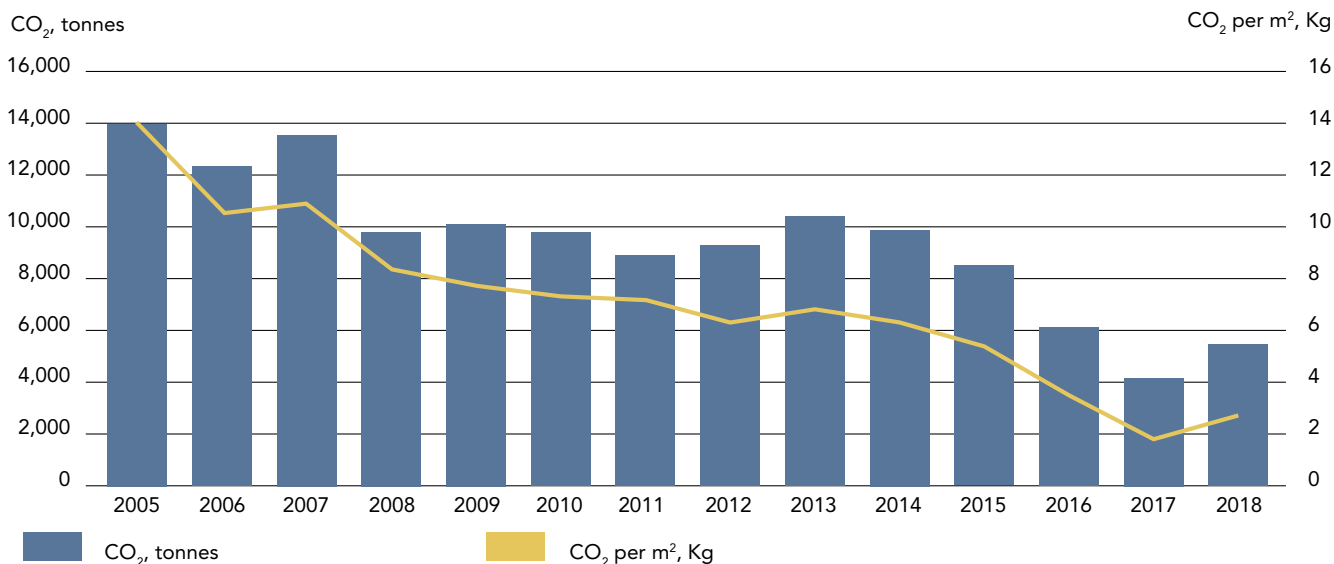
Energy

Wihlborgs' energy consumption and choice of energy sources is an area of considerable environmental impact. Wihlborgs' total energy consumption was 209 GWh in 2018, which is an increase of 34 GWh compared with 2017. This increase is primarily based on growth in Denmark and on now-complete property information. Energy consumption per square metre fell 6 percent at Group level, which is due to energy-saving measures and on the increased share of Danish properties, which have lower consumption figures per square metre. Electricity consumption has continued to fall and demand for heating has generally been lower than previous years. In Sweden, however, we can note that this year's heat wave contributed to greater cooling demands that affected consumption of both district cooling and electricity for running local cooling units in buildings.

In our Swedish operations, our electricity agreements only include environmentally certified electricity from renewable energy sources such as solar, wind and hydropower, in addition to the solar power we produce ourselves. We use 100 percent biogas in Sweden in our service vehicles and facilities that are heated by gas. We have also continued to convert a number of buildings in Malmö from heating using fossil-fuelled gas to environmentally-friendly district heating. Newly purchased service vehicles are all electric or hybrid vehicles, and we introduced the option for employees to opt for electric or hybrid cars when choosing their company car. In Denmark, we implemented a resource-optimisation tool this year for energy and water that makes it possible to measure water, electricity and heat consumption in each individual building.

Trend concerning our climate impact

Greenhouse gas emissions since 2005 have primarily been linked to energy, with a growing property portfolio — from 994,700 to 2,106,000 m²*



* For more detail regarding calculations of carbon dioxide, refer to the GRI appendix at www.wihlborgs.se/gri-eng

Energy savings

Wihlborgs considers energy efficiency to be a question of finding a balance between low levels of energy consumption and tenants' need for comfort and a healthy indoor climate.

We implement energy efficiency-enhancement measures each year in the properties that offer the potential to make savings. It is often a question of fine-tuning each building's energy system and optimising the ventilation system. Each building is unique, which is why it is important to make an overall assessment of where the measures will have the greatest effect in relation to the investment. The increased proportion of environmentally certified properties, the commitment of our operators and the ambition of the environmental policy are all systematically contributing to highly performing buildings over time.

Our own solar power systems

Actively exploiting the solar power from our roofs and facades will help us purchase less energy and ensure lower consumption figures. In 2018, we installed and launched new solar panels in Malmö (2 panels), Helsingborg (1) and Lund (1). At the end of 2018, we had solar panels on ten properties with a total maximum power of around 1,000 kWp. During the year, these produced around 600,000 kWh of renewable energy, with the majority being used directly in the building.

Certified buildings

Wihlborgs actively pursues environmental certification of its buildings — a strategic choice. The reason behind this is that environmental certification can be seen as a mark of quality demonstrating that the building is energy-efficient and has a strong environmental and work environmental performance. Compliance with a leading environmental certification



In conjunction with the redevelopment and extension of Tyréns premises in Malmö, we installed 154 solar panels on the roof.

programme also minimises risks connected with existing and potential new regulatory requirements. In addition, demand is growing for environmentally certified buildings and we are constantly receiving procurement requirements in which tenants are only looking for environmentally certified premises — both in terms of new and existing properties.

Breakdown of climate emissions

Scope 3

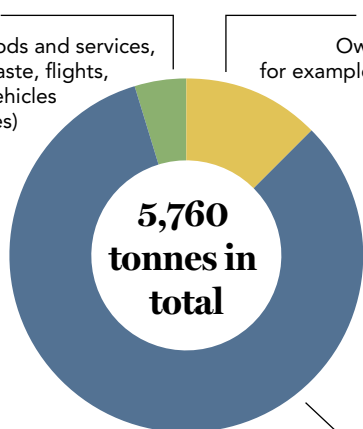
Purchasing goods and services, for example waste, flights, work trips in vehicles (private vehicles)

268 tonnes

Scope 1

Own operations, for example refrigerants, service vans, company cars

728 tonnes



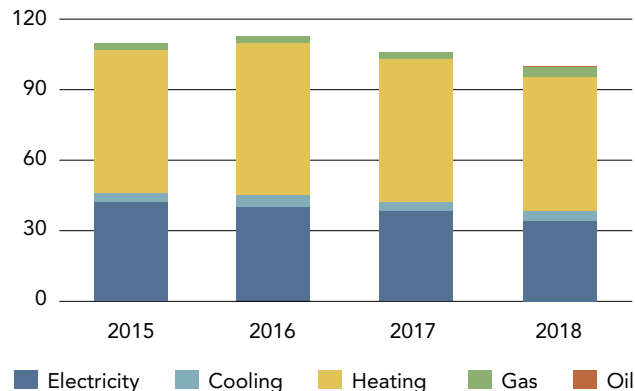
Scope 2

Energy purchased for operations, for example, electricity and district heating

4,764 tonnes

Energy consumption*

kWh/m²



* 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.

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 2018, five buildings were awarded a preliminary SGBC environmental certification. We also carried out an obligatory two-year verification of six buildings with maintained scores. Three further buildings will receive their score in spring 2019. Seven ongoing projects are working towards preliminary environmental certification, of which six are at SGBC Gold level.

We also certified three existing properties during the year based on the English BREEAM In Use certification. We also had one other property certified based on BREEAM In Use by way of an acquisition.

In autumn 2018, Wihlborgs participated in a pilot project together with Sweden Green Building Council in which we tested a Swedish variant of BREEAM In Use at the Delta 4 property in Ideon in Lund, with the working title "Miljöbyggnad – drift & förvaltning" (Environmental Building – operation & management). Our ambition is for this environmental certification to be used for the majority of our office buildings when it is launched in 2019.

In total, our certified properties comprise seven percent of the total number of properties, which corresponds to 24 percent of the market value.

Green Commercial Leases

The aim of green leases is to create a platform for dialogue 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. The dialogue has revealed wishes on the part of tenants for charging stations for electric cars, as well as functional and secure bicycle parking areas.

Wihlborgs' goal is to gradually increase the number of Green Leases. The goal 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 2019.

In total, Wihlborgs had 549 active green leases in Sweden at year end. The number of green leases totals 26 percent of the total volume of lease contracts. Currently, it is standard to sign green leases for new tenants.

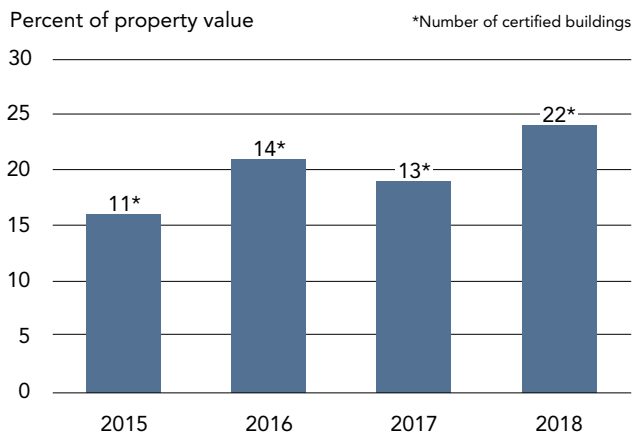
The operating environment and collaboration

Wihlborgs is active in several networks and associations with the aim of learning more about how we can best contribute to both the cities' and Öresund region's development. Wihlborgs is represented in a range of networks, projects and initiatives such as the Swedish Association for Sustainable Business (NMC) and the Region Solar Skåne association.

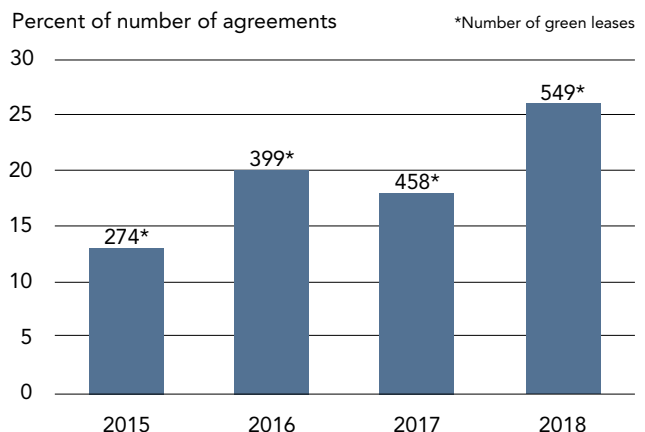
We have also participated in, and thrown our weight behind, a number of initiatives in the cities in Skåne in which we operate. In Helsingborg, we took part in a reform group that produced ideas and proposals at the request of the municipal council regarding the future of the city's climate efforts. In Lund, Wihlborgs signed a mayoral agreement as part of the "Climate Alliance" network. During the year, a new climate strategy was agreed upon for Skåne; a climate-neutral and fossil-free Skåne, with the County Administrative Board setting the target of climate emissions being 80 percent lower in 2030 than 1990 levels. Wihlborgs also signed a letter of intent from the Fossil-Free Sweden initiative concerning a climate-neutral construction sector by 2045, and threw our support behind the main declaration of Fossil-Free Sweden in which we are to publish our current emissions and report clear targets for reducing them.

Together with Sweden Green Building Council (SGBC), we contributed to the development of a new environmental certification, known as zeroCO₂, which aims to adopt a comprehensive approach based on a building's lifecycle perspective, with the climate impact of the building's construction being offset through measures taken during the property's management, for example the installation of solar panels that offer renewable energy.

Share of environmentally certified buildings



Share of green leases



Ambitions and targets moving forward

Our new environmental management system, adapted to ISO 14001:2015, will be further developed throughout 2019. With support from a digital tool, we will be able to ensure that all environmental instructions are managed and that statuses are registered in every property. We will also introduce a tool governing the treatment of chemicals and decide on a common standard list, as well as install more solar panels as installation costs fall and demand increases among our tenants.

The extension of charging options for electric cars will also continue, as will our efforts to enhance biodiversity and comfort in our green spaces.

Our ambition is to environmentally certify existing office properties based on SGBC's new "Miljöbyggnad" — drift & förvaltning" (Environmental building — operation & management) certification and we will likely certify the first new-build project based on the new Miljöbyggnad 3.0 certification.

An updated environmental programme and new targets for the area of sustainable properties will also be completed in line with the Group's overall strategic efforts.

In Denmark, work will continue on resource optimisation of purchased energy and water, as will the procurement of renewable energy and introduction of district heating for the facilities that have previously been heated using oil. Several solar power installations are nearly ready for implementation, as the investment calculation — the repayment period — has developed



The Posthornet 1 property, which was completed in 2018, has a roof-top solar cell facility and environmental certification to SGBC Gold.

positively over the year. In terms of property management, we have seen increased electrification of gardening tools that are used to care for green spaces, as well as investments in flower beds to enhance enjoyment, health and biodiversity.

Environmentally certified knowledge hub

The office property Posthornet in Lund is environmentally certified to the highest level, SGBC Gold. This building houses Leendecentralen — Folktandvården Skåne's new centre for oral health, including general and specialist dentistry, skills development, research and headquarters.

Everything has been well conceived, from automatic lighting and climate regulation to decoration using recycled materials and living walls of moss that purify the air. Gustaf Persson was project manager for the design of the new premises and the headquarters' move:

"We wanted to create a centre of knowledge within dentistry for all of our 68 clinics. There is a high level of accessibility thanks to

our location next to Lund Central Station, but we have also invested in technology to reduce travel. We can now stream videos into the clinics for training purposes."

The comprehensive approach to environmental issues was one reason why Folktandvården chose Posthornet.

"It is great that we could move into a property with the highest possible environmental classification, as this enhances our own environmental efforts as well as our brand. I am also convinced that the central location combined with the fact we offer an environmentally and visually exciting workplace is important from an employee perspective," explains Gustaf Persson.



Gustaf Persson
Building and Security Manager
Folktandvården Skåne

A longer version of the interview can be found at wihlborgs.se/sustainability



Anna Nambord

Director of HR and CSR

As we have a growing organisation and a vision to be the best employer in the industry, our efforts relating to workplace culture intensified in 2018. Our ranking on the list of Sweden's best workplaces shows that these efforts are yielding results.

"We have continued to develop areas such as leadership and feedback. We have also invested in our work environment and digital work tools, as these were shown to be needs in last year's results." Moving the head office and our Lund office helped give us renewed energy. In early 2019, our office in Copenhagen also moved to new premises. Such acts foster pride and offer us more chances to invite our existing and potential customers, partners and suppliers to us.

The fact that we work actively on our workplace culture is also an aspect appreciated by the people who apply to work at the company.

"Many candidates choose employers who work actively on their corporate culture — and avoid those who don't." Pride and commitment among employees is also reflected in our meetings with customers, which can be witnessed in the many appreciative comments in our customer survey.

Our future efforts will continue to be characterised by this same, long-term ambition, though the path ahead entails both challenges and possibilities.

"One challenge is choosing the right priorities for long-term development initiatives while also being proactive in the face of day-to-day challenges. We must never lose that personal contact with our customers." This interaction, our clear establishment in the market and our commitment to our region all remain our greatest factors for success.

"In 2019 we will continue to focus on learning linked to digitisation via our Wihlborgs academy, as well as on launching more health-promoting initiatives — both in-house and among our tenants.

Attractive employer

Wihlborgs is to be an efficient, sustainable and healthy company and we are working systematically towards the vision of becoming the best workplace in the property sector by 2020. A long-term approach and collaboration are recurring themes throughout our operations. Through a stable organisation and committed employees, we can deliver better results, develop long-term relationships with tenants and other stakeholders, and create more ambassadors for Wihlborgs.

We annually evaluate our workplace culture via Great Place to Work, which is one of the world's largest workplace surveys. The results of this help us to develop the organisation further and provide an external benchmark and inspiration from other industries.

A range of key figures from the Great Place to Work survey 2018	Wihlborgs	Industry average
I would recommend my employer to others.	95%	87%
I feel I can recommend our products and services.	98%	91%
All in all, I would say this is a very good place to work	95%	87%
Total Trust Index®	88%	80%

Culture and competence

Wihlborgs' organisation, culture and working method are to be characterised by simplicity and rooted in our four values — action, honesty, knowledge and community. In addition we have a Code of Conduct, ethical guidelines and policies. We have a flat organisation and all roles have broad areas of responsibility. Employees are encouraged to develop by participating in cross-functional groups, networks and development projects.

Our ambition to continue developing our workplace culture also includes our Danish operations, which have grown considerably. In 2018, roles, responsibilities and policies were all put into place in Denmark and we are working on introductions and culture in the same way.

To foster commitment, each employee needs to know how they can contribute to the organisation as a whole, which is why we are focusing on establishing clear expectations. We achieve this by linking the strategic plan to each work group and following up via meetings and coaching.

In 2018, we nurtured several collaborations linked to social responsibility, with the aim of developing and raising our awareness within this area. (For more information, see pages 72–73).

Health, environment and safety

One of the foundations of a sustainable work life is a safe, secure and healthy workplace. Systematic work environment efforts are managed by Wihlborgs' work environment committees in Sweden and Denmark, whose task is to reinforce our safety approach and reduce the risk of accidents and poor health. These groups also work on health-promoting activities, for example we offer

health checks, a wellness allowance and lectures about health. With the Wihlborgs Classic — where we take part in different runs and activities — we want to motivate employees to take regular exercise and promote a sense of community. A large proportion of employees take part in this event.

Our proactive efforts are yielding results. We have a low level of sick leave: in 2018 it amounted to 2.35 percent in Sweden and 2.98 percent in Denmark. In 2018, we had five near-accidents, five work-related accidents, two cases of work-related illnesses and no fatalities. For more detailed information and statistics regarding sick leave, accidents and near-accidents, refer to the GRI appendix.

Equality and diversity

An attractive workplace is characterised by an inclusive and diverse culture in terms of age, gender, ethnicity and sexual orientation. The average age is 44. The proportion of female employees is 35 percent (33) and our goal is for the distribution among

Gender distribution at Wihlborgs

	No. of individuals	No. of women	Percentage women
Board of Directors	7	3	43%
Group Management	5	3	60%
Managers	34	15	44%
White-collar employees	109	55	50%
Blue-collar employees	88	13	15%
Total	197	68	35%

managers to match this. Group Management and the Board of Directors have an equal gender distribution, and Wihlborgs has made it onto AllBright's list of the most gender-equal listed companies — in 2018 we were second-best among Large Cap companies. We will continue to focus extra on those groups where gender distribution remains unequal. We have also taken steps to employ people from different backgrounds. During the year we also became a partner to diversity initiatives such as the Diversity Index and the Chamber of Commerce and Industry of Southern Sweden's Top 100 list, see pages 72–73.

Ambitions and targets moving forward

Issues surrounding the work environment, skills development and inclusion are integrated into our daily operations and we also want to serve generally as a good example and help positively influence society. Issues affecting health, equality and diversity are not merely a question of our organisation, rather they need to be pursued in a long-term, wide-ranging manner to ensure that society develops strongly. We can also influence our suppliers and contractors to follow the right path in relation to the work environment by imposing requirements on them. For more information, see page 63.

Our ambition to be the best workplace requires extra focus on introducing and including new employees in the best possible way, thus helping us retain the talent we recruit. In 2019, we will also produce an external benchmark in Denmark via Great Place to Work, just as we have done in Sweden.

Tip-off led to a job

Susanna Lirbank, property caretaker in Malmö, came to Wihlborgs thanks to a tip-off that led her to take an interest in the industry.

“Seven years doing heavy work in the construction industry took its toll on my body, so I started working in a supermarket in Södra Sandby. When the store was about to be closed down, a customer — who it turned out worked at Wihlborgs — asked whether I had considered the property industry.”

Susanna became curious about the role as a property caretaker and sent in her CV to Wihlborgs. Following interviews, she was offered a trainee role to test out the job.

“I was nervous, but at the same time it was fun to try out something new, and now I have no regrets! I am very happy, largely thanks to a fantastic mentor who has taught me so many things, but also thanks to my other colleagues who are all so helpful.”

After around six months, Susanna was given a permanent role as property caretaker with responsibility for four of her own properties.

“The job is extremely varied. No two days are the same, which is something I like. I also appreciate the fact I am allowed to plan my own working day to quite a large extent.”

“At Wihlborgs, we take care of each other and help each other out. It is OK to ask when you don't know something and the atmosphere is not too conventional. There are opportunities to develop and take more responsibility if you want. Of course it can be tough at times when customers are not satisfied, but then I get energy from my colleagues — we take a coffee break together every morning.”



Susanna Lirbank
Property Caretaker
Wihlborgs



Hans Andersson

Business Developer

Wihlborgs works actively to shape our commitment so as to maximise its benefit — work that continued in 2018.

“For several years we have been working to shift from traditional sponsorship to supporting initiatives linked to different forms of collaboration for the good of society, in which we prioritise collaborations linked to education, mentorship and jobs.”

“We have learnt that our commitment often has greater effect when used in long-term collaborations, which is why we like to commit to something for several years — so we can create continuity and durable change; an ambition that characterises all of our relationships.”

There are still major expectations from the wider community that Wihlborgs will take initiatives for the good of the region in various areas.

“Our commitment has been noted by many, meaning major expectations continue to be placed on us.”

In 2019 Wihlborgs will continue to develop existing collaborations, but the ambition is also to add on a couple of long-term partners with a focus on society.

“We are expanding our collaborations with Drivkraft, Sports Without Borders and Boost by FC Rosengård, for example.” In both these and other collaborations, our ambition is to contribute more than just money — where possible, we like to contribute our expertise and our networks, too.

We will also continue to develop our commitment in Denmark, where we already currently support many societal initiatives but could potentially develop them to ensure we do even more good.

We also work further on our own Wihlborgs’ Kontaktyta forum, which is a vital arena for both networking and exchanging knowledge.

Commitment to the region and its community

Wihlborgs builds properties and city districts that help develop our cities. However, we want to do more than this. We see ourselves as a region-builder that wants to contribute on a greater level. We work to ensure there is efficient infrastructure, a strong culture of innovation and a well-educated population.

Our commitment involves us working with cities, non-profits and other businesses. We prioritise initiatives that target societal commitment, particularly within the areas of work, education, inclusion and equality. Wihlborgs contributes not only financially but also by way of expertise and networks that help the organisations develop their operations. We also contribute to the business community in the region by prioritising local purchases.

Our goal is to continue increasing the amount of sponsorships with a focus on societal issues and retaining the high proportion of local suppliers.

Focus on societal commitment

As part of our work to increase the number of sponsorship initiatives with a focus on social issues, we redirected our support in 2018 to Malmö FF football club so that the money goes to “MFF i samhället” (MFF in society) which runs career academies, summer football camps and a football tour against racism. Similarly, our sponsorship of Malmö Redhawks was redirected and now goes to “Medspelaren” (Fellow Player) — a training course intended to give young people at the Redhawks a strong foundation to rely on throughout their lives.

Many of the initiatives we contribute to have some kind of link to sport, but we also work actively to ensure our commitment is wide-ranging. For example, we support Mötesplats Social Innovation, Stiftelsen Partnerskap at the School of Economics and Management at Lund University, Late Night Lund, Lund Comedy Festival and Skånes Dansteater.

Wihlborgs is also a partner to the ØresundsInstitutet — a Danish-Swedish centre of knowledge that helps spread awareness of developments within the region. This partnership also gives us access to valuable knowledge and statistics.

To benefit the climate of innovation, we support institutions such as Ideon, Medeon and Media Evolution City, as well as the Jobs and Society Foundations and the Citysamverkan partnerships of our cities.

During the year we entered into a partnership with the Diversity Index Award that awards annual prizes to highlight people, companies or organisations that take steps to enhance diversity, tolerance and justice. This commitment will continue into 2019, and Wihlborgs will also contribute skills to the organisation’s advisory board. We are also represented on the board of FC Rosengård and Drivkraft.

We extended and expanded our collaborations with a number of organisations in 2018, for example Drivkraft, Sports Without Borders and Boost by FC Rosengård football club. In connection with the opening of Wihlborgs' new head office, we wanted our guests to make a contribution to one of these organisations instead of bringing us a present. Our wish yielded results and the associations received valuable boosts. The same three associations were also candidates in the annual vote, whereby employees can vote for which organisation will receive Wihlborgs' Christmas gift. The winner this time was the organisation Drivkraft.

In Denmark too, Wihlborgs' commitment is focused on supporting initiatives with a focus on societal issues. We are committed to a number of local meeting places where the business community and municipality collaborate to develop local society. For example, we are represented in the accreditation committee for CPH Business (Copenhagen Business Academy).

In 2018, 63 percent (53) of the initiatives we classify as being sponsorship activities were directly connected to societal commitment and other forms of community commitment.

Wihlborgs' Kontaktyta forum

Wihlborgs' Kontaktyta is our own platform for collaboration and knowledge exchange, to which we invite customers, partners and other participants. Last spring's Kontaktyta focused on the region's infrastructure and its importance for future growth, while the autumn version was carried out in collaboration with the Chamber of Commerce and Industry of Southern Sweden, with Wihlborgs playing host to the launch of their 100 List. The List was produced as part of the debate surrounding diver-

sity in company boards of directors and management teams. Read more below.

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 440 agreements distributed across 306 suppliers, of which 97 percent (95) are local. Read more about our purchasing procedures on page 63.

Ambitions and targets moving forward

Expectations from our stakeholders remain high and our already extensive commitment also leads to expectations that we will commit ourselves further. In 2019, we will continue efforts to increase the number of sponsorships with a focus on societal issues. We will also evaluate and test different ways of measuring the results of our support in collaboration with some of the organisations we support. Our efforts to expand certain collaborations will also continue in order to ensure that our support has the greatest effect possible in both the long and short term.

Our work with local suppliers is a clear example of how business targets and sustainability efforts go hand in hand. This work remains vital to us and our ambition is to retain the high number of local suppliers.

Partnership for greater diversity

In September, Wihlborgs and the Chamber of Commerce and Industry of Southern Sweden arranged a launch event for the Chamber's "100 List" — an initiative to increase the proportion of women on company boards in southern Sweden. The event took place within the framework of the Wihlborgs' Kontaktyta forum concept. The purpose of Wihlborgs' participation was to contribute to the development of business in the region and to place a spotlight on the need for greater diversity.

"Ahead of the launch, we wanted to have a strong partner with a network that complements our own." Wihlborgs is a strong player in the region which, like the Chamber, works to ensure that the region keeps developing and prospering. Wihlborgs' Kontaktyta forum is a neutral arena where people can meet

both within and across industries," explains Ulrika Dieroff, Head of Business Support at the Chamber of Commerce and Industry of Southern Sweden, who has worked on developing the 100 List.

At the time of the launch, the List contained more than 100 candidates who are ready to take seats on company boards, advisory boards or similar assignments — but the list is growing all the time.

"Following the launch of Wihlborgs' Kontaktyta forum, interest in the 100 List has increased even further. Some candidates have already told us that they have received enquiries thanks to being on the List, but this is something we will of course follow up on in the longer term," concludes Ulrika Dieroff.



Ulrika Dieroff

Head of Business Support
Chamber of Commerce and
Industry of Southern Sweden



Sirius 3 is in Nyhamnen, Malmö — one of the city's most important development areas going forward. Thousands of new residences and workplaces will be built here.

03

Financial information

More value

It is important to keep up with the times, and ideally, be half a step ahead of them. To always be curious, aware and ready to act opens doors and creates opportunities. It is also a prerequisite in a rapidly changing world. But to be able to plan ahead, we have to learn from the past. At Wihlborgs, we rely on a well thought-through strategy based in many years of successful business in the real estate sector. By looking to the future as well as the past, we have created a model for constantly creating more value, in our own operations and in our customers'.

Administration Report

The Board of Directors and CEO of Wihlborgs Fastigheter AB (publ), corporate registration number 556367-0230, hereby present their 2018 Annual Report for the Group and Parent Company.

Review of 2018

Operations

Wihlborgs is a property company with operations focused in the Öresund region. The company's property portfolio comprises 310 (308) commercial properties, located primarily in Malmö, Helsingborg, Lund and Copenhagen with a carrying amount on the balance-sheet date of SEK 42,146 million (38,612). At 1 January 2019, the total rental value excluding projects and land was SEK 2,973 million (2,732) and the corresponding contractual rental income on an annualised basis was SEK 2,792 million (2,568). This gave an economic occupancy rate, excluding projects and land, of 94 percent (94).

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. All management is performed by company employees. During the year, the workforce was strengthened, primarily in Lund and Copenhagen, as a result of an expanded property portfolio. 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, communications, 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.

In June, we moved our head office in Malmö to the newly renovated Gängtappen 1 in Dockan, in December the local office in Lund moved to new premises at Ideon and in January 2019 the Copenhagen office also moved to new, larger premises. There is also a local office in Helsingborg. At year end, the number of full-time employees had increased from 149 to 187 over the year, and the average age decreased from 45 to 44. See pages 70–71 for a description of the workplace culture at Wihlborgs.

Results

In 2018, Group rental income rose 14 percent to SEK 2,684 million (2,351). Property acquisitions contributed SEK 191 million to the increase in income, and a stronger Danish krona contributed another SEK 26 million. The remaining increase was attributable to completed projects, positive net lettings and the indexation of contracts. Rental income from like-for-like portfolios at year-end 2018 was 3.4 percent higher year-on-year. The demand for premises was high during the year, which led to strong net lettings for the full-year 2018, amounting to SEK 85 million (90). Property expenses totalled SEK 743 million, compared with SEK 634 million for the preceding year. Of the increase of SEK 109 million, more than half, SEK 58 million, pertained to increased operating costs, largely attributable to property acquisitions and completed projects. The operating surplus, including other income, increased SEK 224 million to SEK 1,941 million (1,717). The surplus ratio was 72 percent (73).

Interest income totalled SEK 12 million (12). Interest expenses, including realised effects of interest-rate derivatives, amounted to SEK 482 million (495). In the fourth quarter, the Group's interest-rate derivative portfolio was restructured, with existing derivatives settled early and new derivatives entered into. This resulted in lower interest expenses toward the end of the year. Interest expense relating to interest-rate derivatives amounted to SEK 272 million (298). The average interest rate was 1.40 percent (2.53) 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 1,312 million (1,851). Most of the value increase derives from a higher occupancy rate and rising rents, while the

yield requirement has largely remained unchanged. However, SEK 243 million of the increase was the result of our project activities. In connection with restructuring of the Group's interest-rate risk, all deficit values in the existing interest-rate derivative portfolio were settled early. Value changes for early settled interest-rate derivatives amounted to negative SEK 927 million, while value changes for derivatives amounted to SEK 964 million (201). 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.

Cash flow and financial position

Cash flow from operating activities generated a surplus of SEK 1,489 million, compared with SEK 1,299 million in the preceding year, mainly through a higher operating surplus. Investments in existing properties were somewhat higher than in 2017, while acquired properties were significantly lower, which resulted in a cash outflow from investment operations in 2018 of SEK 1,986 million, compared with an outflow of SEK 3,854 million in 2017. Investments and acquisitions are largely financed through loans, which means that borrowings increased SEK 1,896 million (2,924) during the year. Shareholders received dividends of SEK 480 million (442) in 2018. Total cash flow for the Group during the year was a net inflow of SEK 4 million (outflow: 73).

The Group's equity increased SEK 1,938 million to SEK 15,530 million, giving an equity/assets ratio of 36.3 percent (34.7) at year end. Interest-bearing liabilities at year end totalled SEK 22,814 million (20,653), resulting in a loan-to-value ratio of 54.1 percent (53.5). All of the Group's financial targets (return on equity, equity/assets ratio, interest coverage ratio and loan-to-value ratio) were met at the end of 2018.

Acquisition and sale of properties and subsidiaries

In 2018, a total of 10 (22) properties were acquired, including three project properties, for a total of SEK 900 million (2,780). Five of the acquisitions were in Lund, three in Copenhagen and two in Helsingborg. Six of these acquisitions were in the form of a corporate wrapper. Six (one) properties were sold for SEK 195 million (11). 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

Investing in the property portfolio is an important part of operations and the project portfolio remains large. During the year, SEK 1,239 million (1,061) was invested in existing properties. At year end, approved investments in ongoing projects amount

to SEK 2,295 million (1,530), of which SEK 1,083 million (715) had been invested at the turn of the year. In 2018, the office building Posthornet 1 in central Lund and a service centre for MAN Truck & Bus at Sunnanå 12:53 were completed, and an extension was added to Tyréns at Kranen 9 in Malmö. At year end, there were nine major ongoing projects, of which five were new builds or extensions; the remainder were redevelopments for new tenants in the existing portfolio. See pages 54–59 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 162 million (145), primarily from the sale of services to other companies within the Group. Profit for the year totalled SEK 1,220 million (1,024). The improved income is a result of Group contributions received. During the year, the Parent Company invested SEK 830 million (774), in shares in subsidiaries, including shareholders' contributions and SEK 10 million (1) in equipment.

The Wihlborgs share

Since 1 January 2016, the Wihlborgs share has been listed in the Real Estate sector of Nasdaq Stockholm Large Cap. The share capital totalled SEK 192 million and was allocated over 153,713,456 shares. A 2:1 share split was carried out in May, following a resolution by the AGM. Each share has a quotient value of SEK 1.25. 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 registered shares.

A total of 61.8 million (69.2) Wihlborgs shares were traded on Nasdaq Stockholm at a value of SEK 6.3 billion (6.4), corresponding to a daily turnover of 247,000 shares (276,000). This represents a turnover rate of 40 percent (45) of the number of shares outstanding. See page 21 for a summary of the largest shareholders at 31 December 2018.

At 31 December 2018, the market capitalisation was SEK 15.7 billion, compared with SEK 15.1 billion last year. The EPRA NAV per share was SEK 122.64 (114) at year end. The share price at the same date was SEK 102.40 (98.15).

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 15,371,345 shares, and secondly to authorise a new share issue corresponding to not more than 10 percent of the registered shares.

Ownership

With 10.3 percent (10.3) of both the shares outstanding and the voting rights at 31 December 2018, the largest shareholder in Wihlborgs is Erik Paulsson and family, privately and through companies. The proportion of shareholders registered abroad was 43 percent (42). At year end, the ten largest Swedish shareholders in Wihlborgs held 30.5 percent (32.5) of the registered shares. The number of shareholders at year end totalled 24,436 (23,781).

Profit-Sharing Fund

At 31 December 2018, employee holdings of shares via Wihlborgs' profit-sharing fund totalled 559,724 shares (551,774).

Sustainability reporting

The Annual Report with its accompanying GRI appendix comprise Wihlborgs Sustainability Report for 2018 in accordance with the GRI Standards: Core option. On page 134, 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 www.wihlborgs.se/gri-eng

Corporate Governance Report

A separate Corporate Governance Report is presented on pages 122–129.

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. At the 2018 AGM, Wihlborgs' previous CEO Anders Jarl was elected as new Chairman of the Board to replace Erik Paulsson. Jan Litborn was newly elected to the Board. The other five Board members are unchanged. No Board members are entitled to compensation at the end of their term of office. Directors' fees for 2018 are detailed in Note 7.

Guidelines and remuneration of senior executives

Senior executives are defined as the Chief Executive Officer and other members of Group Management, see page 128 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 2018 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 capped at half of 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 that encompasses all employees. 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 7 for amounts pertaining to remuneration in 2018.

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 2017.

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 2019 is the same as for 2018.

Outlook for 2019

Wihlborgs' business model is based on growth via project development and property management. The size of the project portfolio remains large with a number of new builds and major redevelopments. Our balance sheet is strong and our goal is to acquire more properties in our existing sub-areas. As in previous years, net lettings will also remain in focus in 2019.

Proposed appropriation of profit etc.

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

Retained earnings	3,196,107,434
Profit for the year	1,220,160,049
Total, SEK	4,416,267,483

The Board proposes that the unappropriated profit be distributed as follows:

Dividend to shareholders, SEK 3.75 per share	576,425,460
To be carried forward	3,839,842,023
Total, SEK	4,416,267,483

Wihlborgs has 153,713,456 registered shares. If the number of shares outstanding changes prior to the record date, the dividend sum of SEK 576,425,460 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 21.4 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 3.7 percent of the Group's and 12.5 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 positive impact of SEK 37 million on equity (negative: 943).

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 2018 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 3.8 years (3.9). The following table shows when the property leases expire.

Terms of lease contracts

	Number of leases	SEK m	Share, %
2019	652	532	20
2020	628	506	19
2021	420	412	15
2022	196	339	12
2023	108	190	7
2024	46	148	5
>2024	98	583	22
Total	2,148	2,710	100

RISK OF VACANCIES

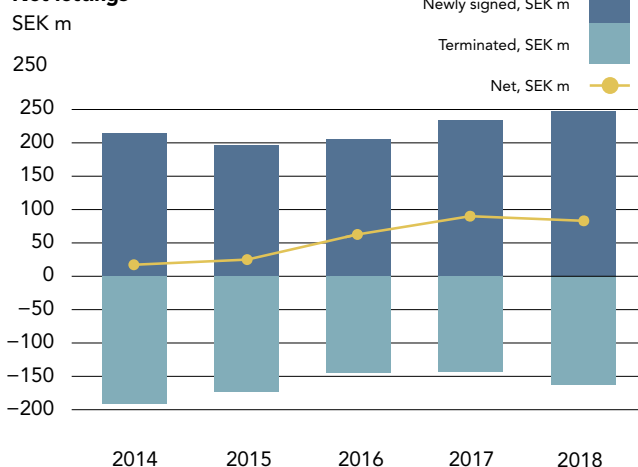
Description of risk

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, 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

Net lettings



opportunities in the form of new lettings and flexibility vis-à-vis existing tenants who need more or less space. In operating activities, substantial focus is placed on keeping existing tenants satisfied, at the same time as involvement in the development of the areas in which Wihlborgs is active is important for growth.

Outcome

Every other year, a customer survey is conducted to gather information on what is being done well and what can be improved from the customer's point of view. The result for 2018 was a score of 4.15 (4.13) on a five-point scale, which is the same high level as before. For the eleventh consecutive year, Wihlborgs recorded positive net lettings, see table. Distributed by region, all regions except Copenhagen displayed positive net lettings for 2018. Activity in the market is deemed to be at a continued high level. Vacancies in SEK in 2018 amounted to SEK 237 million. As per 1 January 2019, annualised vacancies excluding projects and land amounted to SEK 181 million, with an occupancy rate at the same date of 94 percent (94).

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 2,100 commercial leases diversified across the office, retail, industrial/warehousing, education/care and hotel sectors. The ten largest tenants accounted for 21 percent (20) of rental income at 1 January 2019. 21 percent (20) of income at that time originated from municipalities, county councils and government agencies. Bad debt losses in 2018 amounted to SEK 6 million (7), corresponding to 0.2 percent (0.3) 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

In 2018, a new financial policy was adopted by the board. See Note 2 for a further description. 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.

Outcome

In the fourth quarter, the Group's interest-rate risk was restructured, whereupon all deficit values in the existing interest-rate derivative portfolio were settled early for SEK 927 million. As a result, new interest-rate derivatives were entered into that led to lower interest expenses in the last quarter and that are expected to lead to lower operating interest expenses in the coming year compared with previous years. The average interest rate, including the cost of credit agreements and the effect of interest-rate derivatives, amounted to 1.40 percent (2.53) at year end. Due to interest-rate floors in credit agreements, Wihlborgs is not able to fully leverage negative market interest rates. At year end, the average fixed-interest period for the loans was 3.5 years (4.0), including the effects of interest-rate derivatives. The change in value of Wihlborgs' interest-rate derivative portfolio, including early lease termination, had a positive effect of SEK 37 million (201) on profit.

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 109 million compared with the preceding year. Of the increase, SEK 58 million pertains to operating costs and SEK 23 million to property tax; both are a result of an expanded portfolio. The SEK 18 million increase in property management is a result of strengthening the property management organisation and development in IT and digitisation.

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	+/-30
Rental income	+/-1%	+/-27
Property expenses	+/-1%	+/-7
Market interest rate	+/-1 percentage point	-85/+44

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 86–87. 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 2018, changes in value for Wihlborgs totalled SEK 1,312 million (1,851), including SEK 243 million (400) 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	-1,460	648	2,755	4,862	6,970
Equity/assets ratio, %	31.7	34.1	36.3	38.3	40.1
Loan-to-value ratio, properties, %	60.1	57.0	54.1	51.6	49.2

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

As with earlier years, 2018 was intensive in terms of investments in existing and new projects. At year end, approved investments amounted to SEK 2,295 million (1,530), of which SEK 1,083 million (715) had been invested. For more information concerning the projects, see pages 54–59, and concerning Wihlborgs' sustainability efforts and societal commitment, see pages 60–73.

Financing

Description of risk

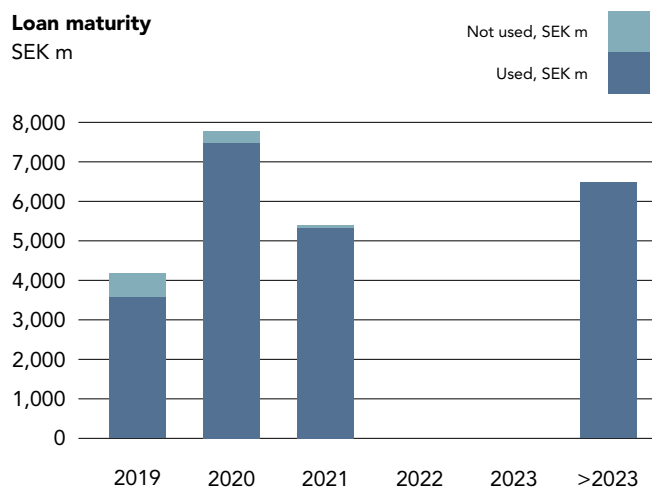
Wihlborgs is dependent on external loans to be able to fulfil its commitments and complete transactions. Turbulence in the credit markets in recent years demonstrates how conditions for and access to credit can rapidly change. If Wihlborgs is unable to extend loans or raise new loans, or if the terms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

Risk management

In 2018 the Board performed a review and revision of the financial policy, which is normally approved annually. The financial policy defines objectives and provides guidelines and risk limits for financial operations, as well as organisation and responsibility, guidelines and risk limits for managing financial risks and follow-up and reporting of financial operations. The policy states, for example, that the spread of loans between various credit institutions must be such that there are at least three main lenders, each of whose share of the total loan portfolio should not exceed 50 percent. Wihlborgs is also to strive for a balanced maturity structure of its borrowings. 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 54.1 percent (53.5) and had seven main lenders, of whom the largest represented 19 percent (15) of the total loan portfolio. To reduce our dependence on the banks, Wihlborgs borrows money in the bond market, firstly through the part-owned company Svensk FastighetsFinansiering and secondly through issuing own covered and uncovered bonds. The share of financing through bonds (including SFF) was unchanged at 23 percent and the share through bank loans was 77 percent. The maturity of the loans and the unutilized portions of the loans are shown in the table below. Refer to Note 26 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 system for managing accounting and budgeting has been upgraded. No cases of corruption or other unethical behaviour were reported.

Environment

Description of risk

Both management of 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 increased pressure on Wihlborgs' professionalism and its employees' environmental expertise if profitability is to be maintained.

There is an environmental and business risk related to the tenants' operations. Anyone who in our premises 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.

There are also environmental risks connected to the supply chain, for example regarding how building components are produced, which raw materials have been used and choice of transportation. Even if the majority of our approved suppliers are regional, material and components are imported from several subcontractors in a global market.

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 (with self-checks) 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 tenant dialogues and at contract signings, a list of responsibilities is used to clarify responsibility within and outside the building or premises in referred to in the contract. A visual inspection and check is also performed before a tenant moves in and when a tenant moves out to ensure standard conditions and prevent environmental risks, such as forgotten chemicals or grease traps in restaurants.

In conjunction with property acquisitions, a systematic and documented assessment is made of environmental risks, and environmental and energy performance in the building. As a rule, the operations perform an environmental inventory upon redevelopment of older properties. We have positive relations with county councils and municipalities, and comply with their decisions and recommendations. Such factors as control of environmental certification, choice of building materials and any local climate adaptation in relation to new builds and redevelopments are managed in Wihlborgs' project-adapted environmental programme. Good structure and systematic and clear roles in the environmental programme reduce the likelihood of any consequences related to environmental risks in Wihlborgs' operations.

Read more in the Sustainable properties section on pages 65–69 and the GRI supplement published on www.wihlborgs.se/gri.

Outcome

The outcome with regard to the environmental goals is described on pages 65–69.

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 2018 nominal rate of corporation tax 22 percent (22) applies in both Sweden and Denmark.

New corporate sector tax rules

In June 2018, the Swedish parliament approved a bill regarding new corporate sector tax rules which, inter alia, includes limits to tax relief for interest expenses in accordance with the EU's directive.

The new rules, in short, entail the following:

- Deductibility of interest is capped at 30 percent of taxable EBITDA.

- Reduction of corporation tax in two stages to 20.6 percent by 2021. From 2019–2020, 21.4 percent and thereafter 20.6 percent.
- Introduction of primary deductions entailing that 12 percent of the building cost of new rental accommodation production can be deducted in the first six years following completion. For investments made in 2017 and 2018, primary deductions may be made for the portion of the six-year period following completion that remained as of 1 January 2019.

For Wihlborgs, the new rules mean an increase in the tax assessment basis in parallel with a lower nominal tax rate. However, the cap on interest tax relief is not expected to increase the amount of tax paid over the next few years. The lowered nominal tax rate means that the deferred tax liability will be recalculated, which will result in a fiscal taxable revenue of around SEK 210 million per 31 December 2018. The new rules were implemented as of 1 January 2019.

Current tax

In 2018, Wihlborgs' current tax totalled SEK 39 million (27). The taxable base does not include changes in the value of properties and unrealised changes in derivative values. 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 fiscal depreciation as well as direct deductions. Loss carryforwards can also be used. Note 12 on page 105 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 3,169 million (2,779).

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 2018 totalled SEK 155 million (132).

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 2018, non-deductible input VAT on operating costs totalled SEK 8 million (6). This amount was recognised as an operating cost in the annual accounts. In 2018, non-deductible input VAT on investments totalled SEK 6 million (6) 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 2018, SEK 1 million (4) 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 18 million (28) in 2018.

Energy taxes

In 2018, Wihlborgs procured energy at a cost of SEK 182 million (157) for use in its properties, primarily for heating, cooling, ventilation and lighting. Of this cost, energy taxes accounted for SEK 23 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 2018, Wihlborgs' operations generated a total of SEK 250 million (222) in different categories of tax, as described above and detailed below:

Breakdown of taxes paid (SEK m)	2018	2017
Income tax	39	27
Property tax	155	132
Value added tax	14	12
Stamp duty	19	32
Energy tax	23	19
Total tax paid	250	222

In addition to taxes paid, Wihlborgs has liabilities in the form of deferred taxes. Deferred income tax was SEK 3,295 million (2,989) and stamp duty SEK 30 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

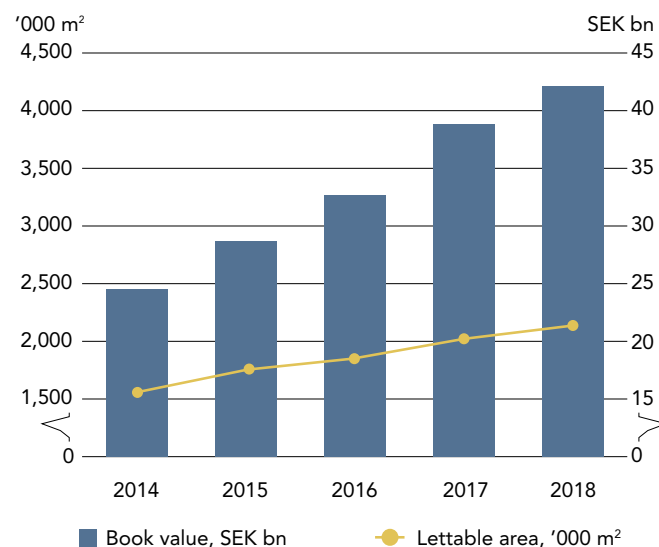
Wihlborgs' consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS) and we have elected to account for our properties at fair value, that is, at their market value. The properties' carrying amount at 31 December 2018 was SEK 42,146 million (38,612), a year-on-year increase of SEK 1,312 million (1,851).

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

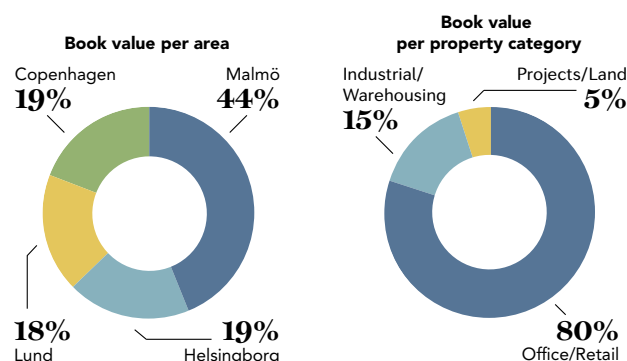
Change in properties' carrying amount in 2018

Value change item	Group total, SEK m
Carrying amount, 1 January 2018	38,612
Acquisitions	900
Investments	1,239
Divestments	-195
Change in value	1,312
Currency translations	278
Carrying amount, 31 December 2018	42,146

Change in properties' carrying amount and lettable area 2014–2018



Carrying amount per property category and per area in 2018



Excluding property management, the yield on the investment properties, excluding projects and land, was 5.4 percent (5.4). The yield per property category was 5.2 percent (5.1) for office properties and 6.7 percent (7.1) for industrial/warehousing properties.

External market valuation

At the valuation date, 31 December 2018, 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 Advisory 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 2016–2018 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 cases 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 4.1 percent in the yield value for the developed properties in Sweden. A corresponding increase results in a reduction of 3.6 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	9.9
Market rent level	-10	-9.8
Operating and maintenance costs	20	-5.7
Operating and maintenance costs	-20	5.8
Investment yield, residual value	0.25	-3.6
Investment yield, residual value	-0.25	4.1

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, long-term 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 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 calculation of net operating income, %	Investment yield requirement for calculation of residual value, %
OFFICE/RETAIL		
Malmö Dockan	4.5–6.7	4.25–5.0
Malmö City, South	4.5–6.8	4.25–5.5
Malmö City, North	5.8–6.9	4.25–5.0
Outer Malmö	6.5–8.4	5.0–7.0
Central Helsingborg		
Central Helsingborg	4.5–7.1	4.5–5.5
Helsingborg Berga	6.9–8.2	5.25–6.5
Helsingborg, South	5.5–7.7	5.5–6.25
Lund Ideon		
Lund Ideon	4.75–6.6	4.75–5.0
Lund Centrum/Gastelyckan		
Lund Centrum/Gastelyckan	6.1–7.8	4.25–6.25
Copenhagen	–	5.75–8.0
WAREHOUSE/INDUSTRY		
Outer Malmö		
Outer Malmö	6.4–8.5	5.5–7.0
Helsingborg, South		
Helsingborg, South	7.3–8.1	6.25–6.75
Helsingborg Berga	6.25–8.0	5.75–6.75
Lund Centrum/Gastelyckan		
Lund Centrum/Gastelyckan	7.5–8.1	6.25–7.0
Copenhagen		
Copenhagen	–	6.0–8.5



Sveriges Television and Media Evolution City, among other companies, have offices at Ubåten 2 in the former dockyard of Dockan in Malmö.

04

**Financial
statements**

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

SEK m	Note	2018	2017
	1-3		
Rental income	4	2,684	2,351
Property expenses	5-7	-743	-634
Operating surplus		1,941	1,717
Other income		0	1
Central administration and marketing	6-9	-65	-56
Interest income		12	12
Interest expense		-482	-495
Impairment of participations in other companies		-1	0
Share in results of joint ventures		1	0
Income from property management		1,406	1,179
Change in value, investment properties	10	1,312	1,851
Change in value, derivatives	11	964	201
Change in value, early settled derivatives	11	-927	0
Profit before tax		2,755	3,231
Current tax	12	-39	-27
Deferred tax	12	-313	-636
Profit for the year		2,403	2,568
Other comprehensive income	13		
Items that will be reclassified to profit or loss for the year			
Year's translation differences on recalculation of foreign operations		105	72
Year's hedging of currency risk in foreign operations		-102	-76
Tax attributable to items that may be reclassified to profit or loss for the year		12	7
Other comprehensive income for the year		15	3
Comprehensive income for the year		2,418	2,571
Profit for the year, attributable to:			
Parent Company shareholders		2,403	2,568
Non-controlling interests		-	-
Comprehensive income for the year, attributable to:			
Parent Company shareholders		2,418	2,571
Non-controlling interests		-	-
PER-SHARE DATA (NO DILUTION AFFECT, AS THERE ARE NO POTENTIAL SHARES)			
Earnings per share, SEK		15.63	16.71
Dividend per share (2018, proposed dividend)		3.75	3.13
No. of shares at end of period, million		153.7	153.7
Average number of shares, million		153.7	153.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK m	Note	2018	2017
ASSETS			
Non-current assets			
Investment properties	14	42,146	38,612
Equipment	15	19	11
Participations in joint ventures	16	20	19
Other long-term securities holdings	18	21	21
Non-current receivables	19	291	261
Total non-current assets		42,497	38,924
Current assets			
Accounts receivable	20	12	38
Current tax assets		0	1
Other receivables		9	29
Prepaid expenses and accrued income	21	41	46
Cash and cash equivalents	22	183	179
Total current assets		245	293
Total assets		42,742	39,217
EQUITY AND LIABILITIES			
Equity			
Share capital		192	192
Other contributed capital		2,178	2,178
Reserves	13	78	63
Retained earnings including profit for the year		13,082	11,159
Equity attributable to Parent Company shareholders		15,530	13,592
Non-controlling interests		–	–
Total equity		15,530	13,592
Non-current liabilities			
Deferred tax liability	24	3,295	2,989
Other provisions	25	46	40
Non-current interest-bearing liabilities	26	19,584	19,934
Derivatives	27	26	943
Deferred income		14	15
Other non-current liabilities		7	0
Total non-current liabilities		22,972	23,921
Current liabilities			
Current interest-bearing liabilities	26	3,230	719
Accounts payable		273	282
Current tax liabilities		24	0
Other liabilities		258	196
Accrued expenses and deferred income	28	455	507
Total current liabilities		4,240	1,704
Total equity and liabilities		42,742	39,217

For information on the Group's pledged assets and contingent liabilities; see Note 29.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Note	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity	Non-controlling interests	Total equity	
	13, 23	┌────────── attributable to Parent Company shareholders ──────────┐							
Equity, 1 January 2017		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	
Comprehensive income for the year									
Profit for the year		-	-	-	2,403	2,403	-	2,403	
Other comprehensive income		-	-	15	-	15	-	15	
Comprehensive income for the year		-	-	15	2,403	2,418	-	2,418	
Transactions with the Group's owners									
Dividends paid		-	-	-	-480	-480	-	-480	
Total transactions with the Group's owners		-	-	-	-480	-480	-	-480	
Equity, 31 December 2018		192	2,178	78	13,082	15,530	-	15,530	

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK m	Note	2018	2017
OPERATING ACTIVITIES			
Operating surplus		1,941	1,717
Other income		0	1
Central administration		-65	-56
Non-cash items		4	2
Interest received		11	12
Interest paid		-500	-489
Income tax paid		-14	-34
Cash flows before change in working capital		1,377	1,153
CHANGE IN WORKING CAPITAL			
Changes in operating receivables		54	4
Changes in operating liabilities		58	142
Total changes in working capital		112	146
Cash flows from operating activities		1,489	1,299
INVESTMENT ACTIVITIES			
Property acquisitions		-900	-2,780
Investments in existing properties		-1,239	-1,061
Disposal of properties		195	11
Investments in equipment		-12	-3
Increase in other non-current receivables		-30	-21
Cash flows from investment activities		-1,986	-3,854
FINANCING ACTIVITIES			
Dividends paid		-480	-442
Borrowings	30	5,601	5,933
Loan repayments	30	-3,705	-3,009
Increase in other non-current liabilities		12	-
Early settlement of derivatives		-927	-
Cash flows from financing activities		501	2,482
Change in cash and cash equivalents		4	-73
Opening cash and cash equivalents		179	252
Closing cash and cash equivalents	22	183	179

PARENT COMPANY INCOME STATEMENT

SEK m	Note	2018	2017
	1-2		
Net sales	31	162	145
Operating costs	7, 9, 31	-176	-153
Operating profit/loss		-14	-8
Result from financial items			
Result from interests in Group companies	32	1,246	1,015
Result from other securities and receivables accounted for as non-current assets	33	399	406
Other interest income and similar profit/loss items		0	0
Interest expense and similar profit/loss items	34	-586	-587
Change in value, derivatives	11	964	201
Early settlement of derivatives	11	-927	-
Profit after financial items		1,082	1,027
Appropriations	35	156	0
Profit before tax		1,238	1,027
Tax on profit for the year	12	-18	-3
Profit for the year		1,220	1,024

PARENT COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

Profit for the year	1,220	1,024
Other comprehensive income for the year	-	-
Comprehensive income for the year	1,220	1,024

PARENT COMPANY BALANCE SHEET

SEK m	Note	2018	2017
ASSETS			
Non-current assets			
<i>Property, plant and equipment</i>			
Equipment	15	13	5
<i>Financial assets</i>			
Participations in Group companies	36	9,860	9,073
Receivables from Group companies		12,008	11,615
Participations in joint ventures	16	22	22
Receivables from joint ventures	17	17	17
Other long-term securities holdings	18	21	21
Other long-term receivables	19	212	209
Deferred tax assets	37	280	299
<i>Total financial assets</i>		22,420	21,256
Total non-current assets		22,433	21,261
Current assets			
Accounts receivable		1	0
Other receivables		0	0
Prepaid expenses and accrued income	21	9	18
Cash at bank and in hand	22	1	19
<i>Total current assets</i>		112	37
Total assets		22,444	21,298
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		192	192
<i>Unrestricted equity</i>			
Retained earnings		3,196	2,653
Comprehensive income for the year		1,220	1,024
<i>Total unrestricted equity</i>		4,416	3,677
Total equity		4,608	3,869
Provisions			
Other provisions for pensions	25	17	13
Non-current liabilities			
Non-current interest-bearing liabilities	26	13,040	13,624
Liabilities to Group companies		2,752	2,712
Derivatives	27	26	943
Total non-current liabilities		15,818	17,279
Current liabilities			
Current interest-bearing liabilities	26	1,933	–
Accounts payable		11	12
Other liabilities		6	5
Accrued expenses and deferred income	28	2,001	120
Total current liabilities		68	137
Total equity and liabilities		22,444	21,298

STATEMENT OF CHANGES IN EQUITY IN PARENT COMPANY

SEK m	Note	Share capital	Restricted reserves	Unrestricted equity	Total equity
	23				
Equity, 1 January 2017		192	0	3,095	3,287
Dividends paid		–	–	–442	–442
Profit for the year/Comprehensive income for the year		–	–	1,024	1,024
Equity, 31 December 2017		192	0	3,677	3,869
Equity, 1 January 2018		192	0	3,677	3,869
Dividends paid		–	–	–480	–480
Profit for the year/Comprehensive income for the year		–	–	1,220	1,220
Equity, 31 December 2018		192	0	4,417	4,609

PARENT COMPANY CASH FLOW STATEMENT

SEK m	Note	2018	2017
OPERATING ACTIVITIES			
Operating profit/loss		–14	–8
Depreciation/amortisation		2	1
Interest and dividends received		1,576	1,549
Interest paid		–505	–507
Cash flows before change in working capital		1,059	1,035
CHANGE IN WORKING CAPITAL			
Changes in operating receivables		8	–6
Changes in operating liabilities		–1	12
Total changes in working capital		7	6
Cash flows from operating activities		1,066	1,041
INVESTMENT ACTIVITIES			
Acquisitions of non-current assets		–10	–1
Shareholders' contributions paid and new share issues		–397	–597
Acquisition of participations in Group companies		–433	–176
Disposal of participations in Group companies		71	0
Increase in receivables from Group companies		–352	–1,139
Decrease in other financial assets		0	0
Cash flows from investment activities		–1,121	–1,913
FINANCING ACTIVITIES			
Dividends paid		–480	–442
Borrowings	30	3,990	2,984
Loan repayments	30	–2,743	–2,529
Increase in other non-current liabilities and provisions		41	726
Early settlement of interest-rate derivatives		–927	0
Group contributions received		156	0
Cash flows from financing activities		37	739
Change in cash and cash equivalents		–18	–133
Opening cash and cash equivalents		19	152
Closing cash and cash equivalents	22	1	19

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 2018 financial year have been approved by the Board of Directors and the Chief Executive Officer for publication on 13 March 2019 and will be presented to the Annual General Meeting (AGM) on 25 April 2019 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 according 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 86–87 of this annual report and also in notes 10 and 14.

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

New standards and interpretations effective 1 January 2018

IFRS 15 Revenue from Contracts with Customers entered force on 1 January 2018. The majority of Wihlborgs' revenue consists of rental income, which refers to standard invoiced rent including index and property tax, which is covered by IAS 17 Leasing. All onward invoicing in the form of heat, electricity, etc. consists of service income encompassed by IFRS 15. This means that the Group's rental income is to be divided into rental income and service income. The transition to IFRS 15 is reported using the retrospective approach, in other words, the comparative figures for 2017 are presented pursuant to IFRS 15. See Note 4. Upon the transition to IFRS 15, the Group has identified service income in Denmark that was previously reported as a net figure. From 2018, this income will be reported gross, with adjustments for comparative figures for 2017. The change will have no impact on operating profit but has entailed an increase in total revenue together with a corresponding increase in operating costs. For 2017, this means an income increase of SEK 55 million and a corresponding increase in operating costs.

In respect of property sales and assuming customary contractual conditions, Wihlborgs has previously recognised these items on the date of occupation and is not affected by the new rules.

IFRS 9 — Financial Instruments replaced 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 are recognised at fair value through profit or loss, and the new policies have not had 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, has not had 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 uses hedge accounting in accordance with the new standard and deems the hedge to be effective. The transition to IFRS 9 has not had any significant impact on the Group's reporting.

New standards and interpretations effective 1 January 2019 and thereafter
IFRS 16 — Leases 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 have not had any material impact on the accounting for rental income. For lessees, the introduction of IFRS 16 largely means that all leases have to be recognised in the statement of financial position. With the exception of contracted site leasehold agreements, Wihlborgs exposure as a lessee is very limited. As of 1 January 2019, the lease liability amounted to SEK 146 million, for which a corresponding right-of-use will be recognised. Costs for ground rents will be recognised as financial expenses, which differs from the current principle whereby these are recognised as operating costs. Income from property management will remain unaffected. The recognised expense for ground rents was SEK 5 million in 2018. Wihlborgs will not apply the standard retroactively.

Wihlborgs assesses that none of the new or amended standards approved by the EU, or interpretations from the IFRS Interpretations Committee, affect its results or financial position in any material sense.

Parent Company's accounting policies

The changes to RFR 2, Accounting for Legal Entities, in 2018 have not had any material effect on the Parent Company's financial reports from 2018, aside from some disclosure requirements.

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 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 no longer 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

Income from property management is invoiced in advance and recognised as income in the period to which it relates. Income is divided into rental income and service income. The former includes standard invoiced rent including index and supplementary billing for investments and property tax. Service income includes all other supplementary billing, for example electricity, heating and water. Income connected to property management is notified in advance. 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 the sale of property is recognised on the contract date, provided there are no specific terms or conditions in the purchasing contract. 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 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 refers to interest rate income and is recognised in the period in which it arises. Dividends on shares are recognised in the period in which the entitlement to receive payment is considered certain.

Financial expenses refer to income and other expenses that arise when money is borrowed. Costs incurred for raising mortgage deeds are not regarded as a financial expense, but are capitalised as value-generating investments in property. Financial expenses are recognised in the period in which they arise. Financial expenses also include interest expenses for interest-rate derivative agreements. Payment flows from interest-rate derivative agreements are recognised in the period in which they arise. Net financial items are not affected by the market value of contracted interest-rate derivatives, which are instead reported as changes in value under a separate heading. The portion of interest expenses that include interest during production time for major new builds, extensions or renovations is capitalised. Interest is calculated based on an average borrowing cost for the Group. 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 86–87 and in Note 14.

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. The tax discount is not considered in 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 that are recognised in the balance sheet include assets such as cash and cash equivalents, rent receivables, other receivables and loan receivables, and liabilities such as interest-rate derivatives, accounts payable, other liabilities and borrowings.

Financial instruments are initially recognised at fair value, which corresponds to cost, plus transaction costs, with the exception of the category financial instruments recognised at fair value through profit or loss where transaction costs are not included. Subsequent reporting occurs thereafter depending on how classifications have been made according to the following. Financial transactions such as incoming and outgoing payments of interest and credit are entered in the accounting bank's books on settlement date, while other incoming and outgoing payments are entered into the accounting bank's books on the accounting date. A financial asset is derecognised from the balance sheet when the contractual rights are realised, expire or the company loses control over the asset. A financial liability is derecognised from the balance sheet when the obligation has been fulfilled or has otherwise extinguished.

Cash and cash equivalents

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

Accounts receivable

Financial assets that are not derivatives, that have fixed or determinable payments and that are not quoted in an active market are reported as accounts receivable.

Financial assets are classified as amortised cost, fair value through profit or loss or fair value via other comprehensive income based on the character of the asset's cash flow and on the business model encompassing the asset.

All financial assets that are not derivatives fulfil the criterion for contractual cash flows and are held in a business model to collect on these contractual cash flows. Borrowings are thereby recognised at amortised cost. There are rent receivables and other receivables in the Group, the latter concerning primarily VAT and tax assets as well as receivables pertaining to sold properties. After individual valuation, receivables are recognised at the amount at which they are expected to be realised, which means that they are recognised at cost, with a provision for bad debt.

The modified retrospective approach for provisions for credit losses is used for the Group's receivables, excluding cash and cash equivalents. Provisions for credit losses are continuously assessed based on historic, current and forward-looking factors. Because of the short tenor of the receivables, the reserve amounts are negligible. The Group defines default as receivables that are more than 90 days past due and in these cases, an individual assessment and loss allowance is made. Assessment of cash and cash equivalents is based on the banks' likelihood of defaulting and forward-looking factors. Because of their short tenor and high credit value, the provision amounts are negligible.

For comparison figures according to IAS 39: Financial assets that are not derivatives, that have fixed or determinable payments and that are not quoted in an active market are reported as accounts receivable. Provisions are made for bad debt when there is an objective risk assessment that the Group will not obtain the receivable.

Liabilities

Liabilities including credit and operating liabilities such as accounts payable. Most of the credit agreements are non-current. Current credits recognised as covered by unutilised long-term credit agreements are also recognised as non-current. The credit is recognised in the balance sheet on the payment date under amortised cost. Accrued unpaid interest is reported under the item accrued expenses. A liability is recognised when the counterparty has executed its part of the agreement and there is a contractual obligation to pay, even if the invoice has not been received. Accounts payable are recognised when the invoice has been received. Accounts payable and other operating liabilities with short terms are recognised at their nominal value.

Foreign currency

Transactions in foreign currency are translated to SEK using the exchange rate at the transaction date. Monetary assets and liabilities are translated at the closing day rate.

Derivatives

An interest-rate derivative consists of a financial asset or liability measured at fair value together with changes in value through profit or loss. To manage exposure to fluctuations in the market interest rate in accordance with the established financial policy, the Group has entered into interest-rate derivatives. When using interest-rate derivatives, changes in value arise depending primarily on changes in the market interest rate. The interest-rate derivative is initially recognised in the balance sheet at cost on the transaction date, and valued thereafter at fair value together with changes in value through profit or loss. Payment flows from interest-rate derivative agreements are recognised in the period in which they arise.

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 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 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

Operations are financed by equity and loans. The major share of these loans are interest-bearing liabilities. The relationship between equity and liabilities is determined by the chosen level of financial risk as well as the amount of equity required to satisfy lenders' requirements for maintaining the loan under reasonable terms and conditions. The objective for the capital structure is to generate a return on equity, to enable the company to obtain the necessary loan financing and to ensure scope for investment. These targets are an equity/assets ratio of no less than 30 percent and no more than 40 percent and an interest coverage ratio of at least 2.0 times. On 31 December 2018, the equity/assets ratio was 36.3 percent (34.7) and the interest coverage ratio 3.9 percent (3.4).

Financial policy

Prior to the Board's annual adoption of the financial policy that governs Wihlborgs' financial operations, a thorough review and update of the policy is carried out. The aim of the financial policy is to define the goals, and to provide guidelines and risk limits for the financial operations within the Wihlborgs Group. The financial policy also provides a general allocation of responsibilities and how reporting and follow up of the financial risks is to be conducted. 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 good access to funds so that Wihlborgs' payment obligations can be met at any given time
- Achieve the best possible accessibility and diversity within Wihlborgs' funding sources
- Achieve the best possible net financial items within the framework for established risk levels and set risk limits
- Identify and ensure good management of the financial risks that arise in Wihlborgs
- Ensure that financial operations are conducted with good internal controls.

Management of financial risks

Financing risk

Financing risk refers to the risk of not having access to assets, or only having access to them at a significantly increased cost, for refinancing, investing and other payment obligations. 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 a liquidity reserve in the form of credit lines or cash and cash equivalents that can be used at short notice. The bank overdraft facility at year end amounted to SEK 289 million (233), of which SEK 101 million (111) was unutilised.

Financing risk is limited by the guidelines given in the financial policy regarding approved counterparties when signing credit facilities, the effort to ensure a balanced maturity structure in borrowings including renegotiating credit margin terms, limiting the average contractual tenor of credits and guidelines about the number of lenders regarding bank loans. No individual lender should represent more than 50 percent of total bank borrowings outstanding, and the number of lenders should be not less than three. The financial policy also stipulates a maximum distribution of different financing formats. At year end, Wihlborgs had 6 (6) main lenders, of whom the largest represented 19 percent (15) of the total loan portfolio. In addition to the

above, Wihlborgs' bond loan share of total loans represented 23 percent (23). Wihlborgs has issued a programme of its own covered bonds totalling SEK 785 million, as well as a non-covered bond of SEK 1,289 million (1,100) in a Medium Term Note programme. Additionally, bonds amounting to SEK 3,030 million (2,907) were issued via the part-owned finance company SFF.

Most of the interest-bearing liabilities, which amounted to SEK 22,814 million (20,653) 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. Wihlborgs' total available credit is SEK 23,754 million (22,648), of which SEK 22,814 million (20,653) had been utilised on 31 December 2018. Wihlborgs has secured access to financing via long-term credit facilities. The average loan maturity, including credit facility, was 6.0 (6.2) years. The table below shows the credit facilities that existed at year end.

In the statement of financial position, the current portion of interest-bearing liabilities have been reduced by the sum of unutilised long-term credit agreements, see Note 28.

Credit facilities, SEK m

	2018		2017	
	Amount	Utilised	Amount	Utilised
Long-term binding loan agreements with banks	17,221	17,053	17,817	15,944
Short-term binding loan agreements with banks	4,170	3,586	2,713	2,713
Overdraft facilities	289	101	233	111
Total loan agreements	21,680	20,740	20,763	18,768
Bond, covered, framework SEK 880 m	785	785	785	785
Bond, uncovered, framework SEK 4,000 m	1,289	1,289	1,100	1,100
	23,754	22,814	22,648	20,653

Maturity structure of credit framework agreements, SEK m

	31 Dec. 2018		31 Dec. 2017	
	Agreement	Utilised	Agreement	Utilised
0–1 year	4,170	3,586	2,713	2,713
1–2 years	7,738	7,471	10,321	9,288
2–3 years	5,395	5,306	3,582	2,620
3–4 years	0	0	0	0
4–5 years	0	0	0	0
> 5 years	6,451	6,451	6,032	6,032
	23,754	22,814	22,648	20,653

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 85.1 million (42.8) and decreasing SEK 43.6 million (33.0) respectively. Interest-rate risk refers to the risk that developments in the interest-rate market negatively impact Wihlborgs' earnings, through running interest expenses for loans and derivatives and through changes in the market values of the derivatives. The aim of interest-rate risk management is to achieve the desired stability in the Group's combined cash flows to support property investments and to fulfil requirements and expectations that lenders and other external parties have of Wihlborgs. Interest-rate risk strategy should take into account the sensitivity of Wihlborgs' combined cash flow to trends in the interest-rate market over a multi-year time horizon. The interest-rate risk strategy is expressed as a normal portfolio described through a maturity structure for fixed interest-rates in loan agreements combined with derivatives. According to the financial policy, the target for the interest coverage ratio is to exceed a multiple of 2.0; at year end, the interest coverage ratio was a multiple of 3.9 (3.4).

The tables below show the interest maturity structure as per 31 December 2017 and 2018, respectively.

Interest maturity structure 2018, SEK m

	Excl. derivatives	Interest-rate derivatives	Net	Average interest, %
2019	19,843	-9,352	10,491	1.11
2020	1,257	1,630	2,887	0.85
2021	0	1,630	1,630	1.19
2022	0	1,130	1,130	1.39
2023	0	1,130	1,130	1.57
>2023	1,714	3,832	5,546	2.21
	22,814	0	22,814	1.39

Interest maturity structure 2017, SEK m

	Excl. derivatives	Interest-rate derivatives	Net	Average interest, %
2018	18,612	-9,352	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

In the fourth quarter, the Group's interest-rate risk was restructured, whereupon all deficit values in the existing interest-rate derivative portfolio were settled early and new interest-rate derivatives entered into, which led to lower interest expenses at the end of the year and also means that operating interest expenses during the coming year can be expected to be lower than before. Value changes for early settled interest-rate derivatives amounted to SEK 927 million, which had a corresponding impact on cash flow. The deficit value in Wihlborgs' interest-rate derivative portfolio at the end of the year was SEK 26 million (943). At year-end, the interest-rate derivative portfolio included a total of SEK 9.4 billion (9.5) comprising 22 (11) different interest-rate swaps. For more detailed information about the interest-rate derivative portfolio see the table below.

Interest-rate derivative portfolio

Interest-rate swaps		
Final maturity	Amount, SEK m	Interest rate, %
2020	1,630	-0.04
2021	1,630	0.13
2022	1,130	0.32
2023	1,130	0.50
2024	788	0.66
2025	788	0.82
2026	752	0.96
2027	752	1.05
2027	752	1.12
	9,352	

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. 2018, SEK m

	Maturity of credits	Interest on credits	Interest on derivatives	Total
2019	3,586	208	79	3,873
2020	7,471	169	77	7,717
2021	5,306	112	70	5,488
2022	0	75	62	137
2023	0	75	55	130
>2023	6,451	923	140	7,514
	22,814	1,562	483	24,859

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

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

Deferred 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, in derivative transactions and credit facilities. To reduce counterparty risk, Wihlborgs' financial policy states that the company is to endeavour to spread counterparty risk. To reduce the risks, only approved counterparties are to be used. 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. 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 20 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. Exchange-rate risk exposure includes unhedged net positions — the difference between assets and liabilities, and the difference between in- and outflows in foreign currencies. With the aim of limiting exchange-rate risk exposure, as far as possible, Wihlborgs' foreign currency investments are to be financed in local currency and thereafter hedged primarily through external Parent Company loans in local currency and secondarily through derivatives. The hedge ratio in relation to the net assets' fair value is to amount to not less than 80 percent and not more than 100 percent. Wihlborgs owns properties in Denmark through Wihlborgs A/S. At the balance-sheet date, Wihlborgs' exposure in DKK comprised the following: net assets in the Danish operations of the Group amounting to DKK 1,558 million; lending to the same operations of DKK 707 million; and Danish kronor bank loans in the Swedish Parent Company of DKK 1,922 million, which have been taken up as a currency hedge for net investments and lending. The net exposure was DKK 343 million. An movement in the exchange rate of one percentage point would have an impact on other comprehensive income of SEK 8 million, including fiscal effects. Note 13 states the amounts for the translation of net investments and hedging of currency risk.

Operative risk

Operative risk in Wihlborgs' financial activities concerns the risk of incurring losses as a result of inadequate routines and/or irregularities, inadequate systems, handling failures and/or irregularities. Ensuring effective internal controls, fit-for-purpose administrative routines and processes, routine descriptions, competence development and the availability of reliable valuation and risk models minimises operative 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	Malmö		Helsingborg		Lund		Copenhagen		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Items classified per segment										
Rental income	1,053	991	595	552	427	381	609	427	2,684	2,351
Property expenses	-273	-250	-160	-154	-118	-100	-192	-130	-743	-634
Operating surplus	780	741	435	398	309	281	417	297	1,941	1,717
Changes in property values	489	857	133	442	356	359	334	193	1,312	1,851
Segment profit	1,269	1,598	568	840	665	640	751	490	3,253	3,568

ITEMS NOT CLASSIFIED BY SEGMENT

Other income	-	-	-	-	-	-	-	-	1	1
Central administration	-	-	-	-	-	-	-	-	-65	-56
Net interest, etc.	-	-	-	-	-	-	-	-	-471	-483
Change in value, derivatives	-	-	-	-	-	-	-	-	37	201
Tax on profit for the year	-	-	-	-	-	-	-	-	-352	-663
Net profit	-	-	-	-	-	-	-	-	2,403	2,568

PROPERTY VALUES AND INVESTMENTS PER SEGMENT

Properties	18,411	17,434	8,198	7,721	7,738	6,537	7,799	6,920	42,146	38,612
Property acquisitions for the year	0	173	59	197	675	0	166	2,410	900	2,780
Other investments in properties	683	576	285	192	170	199	101	94	1,239	1,061

Further information on the respective market areas is available on pages 30–53.

Rental income and property value per country

	Rental income		Property value	
	2018	2017	2018	2017
Denmark	609	427	7,799	6,920
Sweden	2,075	1,924	34,347	31,692
	2,684	2,351	42,146	38,612

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

NOTE 4 | Rental income

	Group	
	2018	2017
Rental income, gross	2,921	2,588
Unlet	-237	-237
	2,684	2,351

Rental income comprises rent excluding heating of SEK 2,434 million (2,139) and service income of SEK 250 million (212). Rent excluding heating also includes property tax and rent discounts, but also service income for items including heating, electricity, and water and sewerage.

SEK 51 million (52) 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 a 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	
	2018	2017
Within 1 year	2,579	2,296
Between 1 and 5 years	5,825	5,149
More than 5 years	2,784	3,158
	11,188	10,603

Of the above-mentioned future rent payments not subject to lease termination, SEK 771 million (1,155) 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 | Property expenses

	Group	
	2018	2017
Heating, electricity and water/sewerage	199	169
Other operating costs	180	152
Repairs and maintenance	88	78
Property tax	155	132
Ground rents	5	5
Property management	116	98
Total	743	634

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*	Group	
	2018	2017
Contracted ground rents within 1 year	5	5
Contracted ground rents between 2 and 5 years	18	17
Contracted ground rents more than 5 years	96	100
Total	119	122

* Applicable ground rents and future contracted ground rents for the remaining contract period.

NOTE 6 | Expenses by nature

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

	Group	
	2018	2017
Employee benefits	152	126
Heating, electricity and water/sewerage	199	169
Repairs and maintenance	88	78
Property tax	155	132
Miscellaneous	214	185
Total	808	690

NOTE 7 | Employees, personnel costs and executive remuneration

Average number of employees	2018	Of whom,	
		men	2017
Parent Company, Sweden	108	72	101
Subsidiaries, Sweden	8	1	6
Subsidiaries, Denmark	57	39	39
Group, total	173	112	146

Gender distribution	Board of Directors		Senior executives	
	2018	2017	2018	2017
Men	4	4	2	2
Women	3	3	3	3
Total	7	7	5	5

Salaries, other remuneration and social security costs	Group		Parent Company	
	2018	2017	2018	2017

SALARIES AND OTHER REMUNERATION

Chief Executive Officer				
Basic salary – Anders Jarl	1.0	4.9	1.0	4.9
Basic salary – Ulrika Hallengren	2.3	–	2.3	–
Benefits – Anders Jarl	0	0.1	0	0.1
Benefits – Ulrika Hallengren	0	–	0	–
Other senior executives				
Basic salary	6.4	4.8	6.4	4.8
Benefits	0.2	0.2	0.2	0.2
Other employees	91.5	74.1	52.6	52.7
Total	101.4	84.1	65.0	62.7

PENSION COSTS

Chief Executive Officer – Anders Jarl	3.2	1.7	3.2	1.7
Chief Executive Officer – Ulrika Hallengren	0.8	–	0.8	–
Other senior executives	1.9	1.5	1.9	1.5
Other employees	12.9	10.3	9.3	8.3

OTHER SOCIAL SECURITY COSTS	2018	2017	2018	2017
Total	44.1	37.7	39.4	35.0

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 receives SEK 250,000 (250,000) and other Board members, excluding the CEO, receive SEK 150,000 (150,000) each. In 2018, Erik Paulsson received SEK 83,000 for his time as Chairman until 25 April. Thereafter, Anders Jarl received Board fees of SEK 167,000 in his role as Chairman. Furthermore, Anders Jarl received a separate fee of SEK 1.5 million to assist the company management. Jan Litborn received SEK 100,000 in Board fees for the period after the AGM when he was elected as a new Board member. The other Board members each received SEK 150,000 (150,000) in fees in 2018. Remuneration of the CEO and other senior executives comprises basic salary, other benefits and pension. In his role as CEO in 2018, an extra pension premium of SEK 2.6 million was paid for Anders Jarl. "Other senior executives" refers to the Group Management, which in addition to the CEO consists of the Chief Financial Officer, the Director of Corporate Communications, the Director of Projects and Developments and the Director of HR and 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 2018 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 4.1 million (3.3). 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 2018, Alecta's surpluses in the form of the collective consolidation level was 142 percent (154).

Severance pay

The notice of termination of employment, on either side, for the CEO is six months. If employment is 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 2018 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. 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 2018 include an allocation of SEK 4.9 million (4.4) to the Profit-Sharing Fund.

NOTE 8 | 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 9 | Fees and cost compensation to auditors, SEK 000

	Group		Parent Company	
	2018	2017	2018	2017
Deloitte				
Audit engagement	2,586	2,582	2,157	2,135
Auditing activities other than the audit engagement	377	325	250	250
Tax advice	98	122	98	122
Other services	-	-	-	-

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 10 | Change in value, investment properties

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

	Group	
	2018	2017
Change in value, properties sold	19	10
Change in value, property portfolio on 31 Dec.	1,293	1,841
	1,312	1,851

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 31 million (10). "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's valuers, authorised by Samhällsbyggarna (Swedish professionals for the built environment), performed a valuation of all Wihlborgs' properties in Sweden as per 31 December 2018. 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 Advisory A/S. For further information, see Note 14.

For more details on valuation methods, valuation bases, market parameters etc. used in determining the value of the property portfolio, refer to pages 86–87.

NOTE 11 | Change in value, derivatives

Derivatives are financial instruments that in accordance with IFRS 9 are measured at fair value in the balance sheet. Any change in value for interest-rate derivatives is recognised on a separate line after income from property management in the income statement.

In December, the Group's interest-rate risk was restructured, whereupon all deficit values in the existing interest-rate derivative portfolio were settled early and new interest-rate derivatives entered into. Value changes for early settled interest-rate derivatives amounted to SEK 927 million, which had a corresponding impact on cash flow. The deficit value in Wihlborgs' interest-rate derivative portfolio at the end of the year was SEK 26 million (943).

For information on the principles for valuation of derivatives, refer to Note 1.

NOTE 12 | Tax on profit for the year

	Group		Parent Company	
	2018	2017	2018	2017
Current tax on profit for the year	-39	-27	-	-
Adjustment of current tax, previous years	-	-	-	-
Total current tax	-39	-27	0	0
Deferred tax	-313	-636	-18	-3
Total tax	-352	-663	-18	-3
Nominal tax (22%) on profit before tax	-606	-711	-272	-226
Tax effect, adjustment items				
- Dividend from Group companies	-	-	268	261
- Impairment/reversal of participations in Group companies	-	-	-6	-37
- Sale of properties via companies	12	-	-	-
- Effect of lowering nominal tax rate	210	-	-19	-
- Gain from sale of subsidiaries	-	-	12	-
- Revaluation of previous provisions	34	49	-	-
- Other adjustment items	-2	-1	-1	-1
Total tax, excl. current tax, previous years	-352	-663	-18	-3
Adjustment of current tax, previous years	-	-	-	-
	-352	-663	-18	-3

In addition to that reported above, the Group has tax revenue attributable to components of other comprehensive income amounting to SEK 13 million (expense: 7).

The nominal tax is 22 percent for 2018 in both Sweden and Denmark. The deferred tax expense has been reduced with the effect of the forthcoming lowering of the nominal tax in Sweden.

The Group reports current tax amounting to an expense of SEK 39 million (expense: 27). 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 is not included in the taxable profit.
- The change in value for derivatives is not included in the taxable profit except for early settled derivatives.
- 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	2018	2017
Profit before tax	2,755	3,231
Changes in value	-1,349	-2,052
Early settlement of derivatives	-927	-
Tax deductible depreciation on buildings	-401	-399
Direct deductions, tenant improvements and replacement of components, etc.	-251	-204
Taxable profit property sales	34	11
Miscellaneous	35	37

Calculation of current tax on profit for the year in the Group	2018	2017
Taxable profit before loss carryforwards	-104	624
Loss carryforwards, opening balance	-2,779	-3,120
Adjustment of opening deficit for revaluation and acquisitions	-109	-162
Loss carryforwards, closing balance	3,169	2,779
Taxable profit	177	121
Current tax on profit for the year	-39	-27

NOTE 13 | 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.

	Opening balance	Change in translation reserve for the year	Transferred to profit for the year	Closing balance
2018				
Translation of net investments in foreign operations	129	105	-	234
Hedging of currency risk in foreign operations	-63	-102	-	-165
Tax attributable to the above items	-3	12	-	9
	63	15	-	78

	Opening balance	Change in translation reserve for the year	Transferred to profit for the year	Closing balance
2017				
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

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 14 | 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 2,295 million (1,530), of which SEK 1,083 million (715) had been invested at year end.

Of the carrying amounts for the properties, it is estimated that SEK 168 million (153) 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 2018, the interest rate was 2.64 percent (2.76).

At year-end, the residual value of the property portfolio for tax purposes was SEK 19,022 million (17,609).

	2018	2017
Tax assessment value, Swedish properties	12,168	11,531
Carrying amount, Swedish properties	34,347	31,692

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 Advisory A/S. For further information on the valuation of the property portfolio, see pages 86–87.

Change in carrying amount for the year

	Group	
	2018	2017
Carrying amount, beginning of year	38,612	32,755
Property acquisitions	900	2,780
Investments	1,239	1,061
Divested properties	–195	–11
Change in value	1,312	1,851
Currency translations	278	176
Carrying amount	42,146	38,612

Aggregated sensitivity analysis, developed properties in Sweden

Parameter	Assumed change, %	Change in yield value, %	
		2018	2017
Market rent level	10	9.9	9.0
Market rent level	–10	–9.8	–10.4
Operating and maintenance costs	20	–5.7	–6.1
Operating and maintenance costs	–20	5.8	5.3
Investment yield, residual value	0.25	–3.6	–4.0
Investment yield, residual value	–0.25	4.1	3.5

Source: Malmöbryggan Fastighetsekonomi AB

Summary of valuation assumptions

Date of valuation	31 Dec. 2018	31 Dec. 2017
Fair value	SEK 42,146 million	SEK 38,612 million
Calculation period	Normally five years for Swedish properties and ten years for Danish properties. However, for certain properties, different calculation periods are justified on the basis of the length of the lease.	
Estimated investment yield requirement, residual value	Between 4.25 percent (4.25) and 8.5 percent (8.5).	
Cost of capital	Between 4.5 percent (4.5) and 8.5 percent (8.5).	
Long-term vacancy rate	Normally between 3 percent (3) and 12 percent (12).	
Operating and maintenance costs	In assessing the value, operating and maintenance costs are calculated on a standardised basis taking type of property, valuation year and location into account.	
Inflation assumption	It is assumed that the CPI will follow Riksbanken's (the Swedish Central Bank) long-term target of 2 percent.	

NOTE 15 | Equipment

	Group		Parent Company	
	2018	2017	2018	2017
Opening balance, cost	47	46	14	13
Investments	12	3	10	1
Sales and disposals	–2	–2	–2	–0
Closing balance, cost	57	47	22	14
Opening balance, depreciation	–36	–36	–9	–8
Sales and disposals	2	2	2	0
Depreciation for the year	–4	–2	–2	–1
Closing balance, depreciation	–38	–36	–9	–9
Carrying amount	19	11	13	5

NOTE 16 | 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		Parent Company	
	2018	2017	2018	2017
Carrying amount at beginning of year	19	19	22	22
Share of profit	1	–	–	–
Repayment of shareholders' contributions	–	–	–	–
Carrying amount at year end	20	19	22	22

Name/Corp. Reg. No.	Registered office	Proportion of equity, %	Group	Parent Company
Dockan Exploatering AB 556594-2645	Malmö	33.3	–	17
Hälsostaden Ängelholm Holding AB/556790-5723	Ängelholm	33.3	19	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	–
			20	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 was concluded in the northern hospital district in 2018. The investment was SEK 700 million and is financed through the Nordic Investment Bank (NIB) and the European Investment Bank. Moreover, this investment has led to further projects, primarily premises for x-ray and a health and wellness hub which were completed for SEK 127 million.
- 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 9,446 million had been issued, of which Wihlborgs' share amounted to SEK 3,030 million.

Summary of joint venture company earnings and financial position (100%)		
Earnings	2018	2017
Operating income	105	74
Operating costs	–57	–49
Net financial items	–15	–9
Depreciation/amortisation	–32	–16
Tax	1	0
Earnings	2	0
Assets		
Non-current assets	1,061	1,009
Current assets	83	110
	1,144	1,119
Liabilities and equity		
Equity	60	58
Non-current liabilities	1,031	1,033
Current liabilities	53	28
	1,144	1,119
Carrying amount	20	19

NOTE 17 | Receivables from joint ventures

	Group		Parent Company	
	2018	2017	2018	2017
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 18 | Other securities held as non-current assets

	Group		Parent Company	
	2018	2017	2018	2017
Opening balance	21	21	21	21
Carrying amount	21	21	21	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. Construction 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 total 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 holds 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 past due) liability amounted to SEK 713 million (726). Each owner company lent

SEK 200 million (200) 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 19 | Non-current receivables

	Group		Parent Company	
	2018	2017	2018	2017
Maturity date between				
1–5 years from balance-sheet date	64	44	–	–
Maturity date more than 5 years from balance-sheet date	227	217	212	209
Carrying amount	291	261	212	209

SEK 210 million (210) of the above receivables are interest-bearing.

NOTE 20 | Analysis of credit exposures in accounts receivable

Maturity structure — accounts receivable due	Group	
	2018	2017
Accounts receivable that are neither due nor impaired	4	12
Accounts receivable that are due		
1–30 days	3	8
31–60 days	2	4
61–90 days	1	5
>90 days	20	29
Of which, provision made (excluding VAT)	–18	–20
Total	12	38

The total cost for the year for confirmed and anticipated bad debts amounted to SEK 6 million (7).

NOTE 21 | Prepaid expenses and accrued income

	Group		Parent Company	
	2018	2017	2018	2017
Rental income	12	9	–	–
Miscellaneous	29	37	9	18
Total	41	46	9	18

NOTE 22 | 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 189 million (122), of which SEK 166 million (120) in the Parent Company.

NOTE 23 | Equity

The number of shares registered and outstanding at the beginning of the year	76,856,728
The 2:1 share split conducted during the year	153,713,456
The number of shares registered and outstanding at the end of the year	

All shares have equal voting rights, one vote per share. Quotient value per share, SEK 1.25 (2.50). In 2018, shareholders received a dividend of SEK 3.13 (2.88) per share, representing a total of SEK 480 million (442).

PROPOSED DISTRIBUTION OF PROFIT

The Board proposes that the funds available for appropriation by the AGM, an amount of SEK 4,416 26,483, be distributed as follows: dividend to shareholders SEK 3.75/share, a total of SEK 576,425,460, and that SEK 3,839,842,023 be carried forward.

The dividend proposal will be subject to approval by the AGM, to be held on 25 April 2019.

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 21.4 percent.
- 50 percent of profit realised from property sales, that is, the sales price, less total capital invested, after deduction of tax at 21.4 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 120–121.

	Target 2018	Outcome 2018	Average 2014–2018
Return on equity is to exceed the risk-free interest rate by no less than six percentage points, %	6.1	16.5	20.2
Equity/assets ratio, %	>30	36.3	32.8
Loan-to-value ratio, %	<60	54.1	55.2
Interest coverage ratio, multiple	>2.0	3.9	3.3

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 2018. For more information on the Group's financial targets, dividend policy etc., see pages 19 and 20.

NOTE 24 | Deferred tax liability

	Group	
	2018	2017
Deferred tax is based on the net of:		
– Loss carryforwards	–653	–611
– Difference between carrying amount and taxable value of properties	3,955	3,789
– Difference between carrying amount and taxable value related to derivatives	–5	–207
– Other temporary differences	–2	18
Total	3,295	2,989

The loss carryforwards that have been utilised to calculate deferred tax amounted to SEK 3,169 million (2,779). Of this amount, SEK 2,013 million (2,005) 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 316 million (417).

NOTE 25 | Other provisions

	Group		Parent Company	
	2018	2017	2018	2017
Stamp duty, property acquisition	29	27	–	–
Other provisions for pensions	17	13	17	13
Carrying amount	46	40	17	13

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 26 | Interest-bearing liabilities

	Group		Parent Company	
	2018	2017	2018	2017
Maturity date up to				
1 year from balance-sheet date	3,586	2,713	2,289	1,485
Maturity date between				
1 and 5 years from balance-sheet date	12,777	11,908	10,479	10,137
Maturity date more than 5 years from balance-sheet date	6,451	6,032	2,205	2,002
	22,814	20,653	14,973	13,624
– of which, non-current portion	19,584	19,934	13,040	13,624
– of which, current portion	3,230	719	1,933	–
	22,814	20,653	14,973	13,624

The amounts above include the utilised bank overdraft facility, which was SEK 101 million (111) for the Group and SEK 34 million (80) for the Parent Company. The credit limit approved as a bank overdraft facility was SEK 289 million (233) 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 3,030 million (2,907) and own bond loans of SEK 2,074 million (1,885).

NOTE 27 | Derivatives

Analysis of value of derivatives based on maturity

	Group		Parent Company	
	2018	2017	2018	2017
Less than 1 year from balance-sheet date	–	–	–	–
Between 1 and 5 years from balance-sheet date	3	459	3	459
More than 5 years from balance-sheet date	23	484	23	484
	26	943	26	943
of which, recognised as				
Non-current receivable				
– Interest-rate derivative, surplus value	–	–	–	–
Non-current liability				
– Interest-rate derivative, deficit value	26	943	26	943

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 interest-rate swaps that are measured at Level 3 (IFRS 7). There were no cancellable interest-rate swaps as of 31 December 2018

In the fourth quarter, the Group's interest management was restructured, whereupon all deficit values in the existing interest-rate derivative portfolio were settled early and new interest-rate derivatives entered into. Value changes for early settled interest-rate derivatives amounted to negative SEK 927 million (0) and were recognised on a separate line in profit or loss. The year's change in value was recognised in profit or loss on a separate line entitled "Change in value, derivatives" and amounted to SEK 964 million (201).

For more detailed information on Wihlborgs' derivatives and the risks they are intended to minimise, refer to Note 2 – Financial risk management.

	Group/Parent Company	
	2018	2017
Swaps value IFRS 7, Level 3	298	345
Opening balance, fair value – liability		
Changes in value	–298	–47
Closing balance, fair value – liability, Level 3	0	298
Closing balance, fair value – liability, Level 2	26	645

NOTE 28 | Accrued expenses and deferred income

	Group		Parent Company	
	2018	2017	2018	2017
Prepaid rent	316	294	–	–
Interest expense	30	95	21	89
Additional expenses, sale of properties	10	11	–	–
Miscellaneous	99	107	30	31
	455	507	51	120

NOTE 29 | Pledged assets and contingent liabilities

	Group		Parent Company	
	2018	2017	2018	2017
Pledged assets				
Property mortgages	21,661	20,094	–	–
Participations in Group companies	2,625	2,386	1,349	1,270
Other participations	21	21	21	21
Endowment insurance	12	9	12	9
Promissory notes	–	–	13,427	12,725
Bank deposits	9	8	–	–
	24,328	22,518	14,809	14,025
Contingent liabilities				
Guarantee commitments on behalf of subsidiaries	–	–	4,325	4,143
Other contingent liabilities	341	341	341	341
	341	341	4,666	4,484

NOTE 30 | Summary of interest-bearing liabilities

	Group		Parent Company	
	2018	2017	2018	2017
Opening balance – loans	20,653	17,553	13,623	13,091
Borrowings	5,601	5,933	3,990	2,984
Loan repayments	-3,705	-3,009	-2,743	-2,529
Total cash flow items	1,896	2,924	1,247	455
Translation of loans in foreign companies	162	99	-	-
Exchange rate changes for loans in foreign currencies	103	77	103	77
Total non-cash items	265	176	103	77
Closing balance – loans	22,814	20,653	14,973	13,623

NOTE 31 | Note 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.

	2018	2017
Operating costs	176	153
Personnel costs	116	107
Administration costs	60	46

NOTE 32 | Result from participations in Group companies

	Parent Company	
	2018	2017
Dividends on participations	1,218	1,188
Impairment of participations	-25	-173
Gain from sale of participations	53	-
	1,246	1,015

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 2018, an impairment loss was recognised on the value of shareholdings in five (eight) Group companies.

NOTE 33 | Result from other securities and receivables accounted for as non-current assets

	Parent Company	
	2018	2017
Interest income, Group companies	388	394
Interest income, other	11	12
	399	406

NOTE 34 | Interest expense and similar profit/loss items

	Parent Company	
	2018	2017
Interest expense, Group companies	63	68
Interest expense, other	523	519
	586	587

NOTE 35 | 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 36 | Participations in Group companies

	Parent Company	
	2018	2017
Opening balance, cost	11,410	10,636
Acquisitions	433	175
Shareholders' contributions paid/new share	397	599
Sales	-20	0
Closing balance, cost	12,220	11,410
Opening balance, impairment	-2,337	-2,164
Sales	2	0
Impairment for the year	-25	-173
Closing balance, impairment	-2,360	-2,337
Carrying amount	9,860	9,073

Subsidiaries Name	Corp. Reg. No.	Carrying 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	30
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 Name	Corp. Reg. No.	Carrying amount	Subsidiaries Name	Corp. Reg. No.	Carrying amount
Fastighets AB Flygvärdinnan 5	556708-8512	20	Wihlborgs Kranen 10 AB	556824-7703	33
Fastighets AB Fortet	556090-5621	2	Wihlborgs Kranen AB	556704-6387	112
Fastighets AB Hundstjärnan	556824-7679	14	Wihlborgs Kroksabeln 12 AB	556654-0331	101
Fastighets AB Kastrullen	556754-8812	2	Wihlborgs KV 9 AB	559063-5495	0
Fastighets AB Kvävet	556222-8071	7	Wihlborgs Kärnan Södra 9 AB	556824-7661	76
Fastighets AB Oxigenium	556754-8820	208	Wihlborgs Lönngatan AB	556704-3657	10
Fastighets AB Plinius	556033-6538	23	Wihlborgs Mauritzborg AB	556753-3483	355
Fastighets AB Stillman	556082-1752	46	Wihlborgs Mobergsgården Västra 8 AB	556831-9130	26
Fastighets AB Yxstenen	556691-4437	7	Wihlborgs Motorseglaren AB	556703-0605	0
Fastighets AB Öresundsbron	556096-7258	1	Wihlborgs MS 9 AB	559025-2598	0
Första Fastighets AB Ideon	556233-7765	842	Wihlborgs Musköten 17 AB	559021-1081	20
Förvaltnings AB Haspen	556466-2533	13	Wihlborgs Måsen 17 AB	556627-7835	2
Hilab Fastigheter AB	556112-0345	19	Wihlborgs Nora 11 AB	556761-9001	204
Hundlokan 10 i Malmö AB	556730-4489	35	Wihlborgs Obligation Holding AB	556240-3633	361
Ishavet Malmö AB	556928-0737	15	Wihlborgs Olsgård 8 AB	556775-6019	10
Kalinehuset AB	556129-5824	130	Wihlborgs Pajao 17 AB	559063-3821	0
Kniven 2 AB	556706-9355	4	Wihlborgs Pajao 22 AB	559155-7391	0
Kolgafour AB	556627-7843	7	Wihlborgs Polisen 6 AB	559063-5529	0
Lund Lagret 1 AB	556730-3820	35	Wihlborgs Polisen 7 AB	559063-5537	0
M2 Fastigheter AB	556101-4332	47	Wihlborgs Poliset AB	556703-0589	118
Malmö Börshus AB	556115-8543	109	Wihlborgs Raffinaderiet 3 AB	559117-8750	10
Medeon Fastigheter AB	556034-1140	31	Wihlborgs Raffinaderiet 5 AB	559117-9923	6
Neptuninnan AB	556743-5465	96	Wihlborgs Rikken AB	556701-5028	202
Ringcentralen i Hälsingborg Fastighets AB	556115-9483	0	Wihlborgs Ritaren 1 AB	556675-2605	1
Spillepengen Fastighets AB	556107-5002	67	Wihlborgs Rosengård AB	556699-7986	49
Studentkåren 6 Fastighets AB	556730-3499	129	Wihlborgs Rubinen AB	556862-2855	4
Tågarp 16:19 Fastighets AB	556692-9336	8	Wihlborgs Skrovett 3 AB	556468-5385	170
Utvecklings AB Kranen	556286-9999	116	Wihlborgs Skrovett 4 AB	556173-9417	5
Weraco AB	556509-6418	58	Wihlborgs Skrovett 5 AB	556237-6268	146
Wihlborg & Son AB	556298-1893	0	Wihlborgs Skrovett 6 AB	556681-1898	283
Wihlborgs A/S	14 12 50 43	820	Wihlborgs Spanien 5 AB	556710-4574	0
Wihlborgs Ackumul 17 AB	556742-5813	13	Wihlborgs Sparven 15 AB	556704-3624	292
Wihlborgs Ametisten 5 AB	556686-0457	7	Wihlborgs Spettet 11 AB	556761-9050	12
Wihlborgs Armborstet 6 AB	556966-7081	15	Wihlborgs Statten 7 AB	559012-4995	0
Wihlborgs Benkammen 16 AB	559096-6213	18	Wihlborgs Stenåldern 7 AB	556120-9759	0
Wihlborgs BG 6 AB	559063-5545	0	Wihlborgs Sufflören 3 AB	556704-3640	6
Wihlborgs Boplatsgatan 5 AB	556675-2449	0	Wihlborgs Sunnanå 12:27 AB	556766-4098	50
Wihlborgs Borgeby AB	556675-2639	0	Wihlborgs Sunnanå 12:53 AB	559063-5479	1
Wihlborgs Bronsdolken AB	556232-5919	4	Wihlborgs Sunnanå 12:54 AB	559063-5487	1
Wihlborgs Bure 2 AB	559053-5372	42	Wihlborgs Sydporten AB	556726-0202	36
Wihlborgs Bytarebacken AB	556822-0171	259	Wihlborgs Tegelvågen 4 AB	556824-7653	0
Wihlborgs Cinder AB	556518-5732	6	Wihlborgs Terminalen 1 AB	556726-1663	78
Wihlborgs Cityfastighet AB	556862-2848	1	Wihlborgs Terminalen 3 AB	556962-9859	64
Wihlborgs Cylindern 2 AB	559015-5023	7	Wihlborgs Tyfonen 1 AB	556692-2570	1
Wihlborgs Erik Menved 37 AB	556704-3699	417	Wihlborgs Ursula 1 AB	559063-5503	190
Wihlborgs Fastigheter i Helsingborg AB	556101-6295	424	Wihlborgs Uvenine AB	556695-2502	34
Wihlborgs Fastigheter i Nordvästra Skåne AB	556271-3924	3	Wihlborgs Tower AB	556962-8695	403
Wihlborgs Fisker 18 AB	556675-2357	148	Wihlborgs Väktaren 3 AB	556743-6109	174
Wihlborgs Flintan 3 AB	556675-2647	5	Wihlborgs Zirkonen 2 AB	556788-4852	17
Wihlborgs Flounderone AB	556727-7909	20	Wihlborgs Östersjön 1 AB	556637-7361	143
Wihlborgs Forskaren 3 AB	556690-0667	129	Wihlborgssporten AB	556630-3797	87
Wihlborgs Fosieberg AB	556188-3223	50	Wihlodia AB	556301-8109	2
Wihlborgs Fosiering AB	556721-4225	1	WJ Bygg AB	556060-0529	0
Wihlborgs Gallerian AB	556704-3632	181	Wihlborgs Kunskapen 1 AB	559054-2741	8
Wihlborgs Gimlett AB	556704-3681	127	Wihlborgs Vetskapen 1 AB	559163-3440	8
Wihlborgs Gjueriet 18 AB	556717-2282	0			
Wihlborgs GSFF 2 AB	556910-1016	2			9,860
Wihlborgs Gäsebäck AB	556303-1326	9			
Wihlborgs Gängtappen 1 AB	556776-3585	324			
Wihlborgs Gängtappen 2 AB	556813-3572	148			
Wihlborgs Havskryssaren AB	556703-0613	43			
Wihlborgs Holding AB	556701-2827	0			
Wihlborgs Hordaland 1 AB	556704-3731	8			
Wihlborgs Ideon Fastigheter AB	556239-8718	194			
Wihlborgs Kalifornien 11 AB	556093-4944	109			
Wihlborgs Karin 13 AB	556761-8987	118			
Wihlborgs Karin 14 AB	559063-5511	0			
Wihlborgs Kirseberg AB	556691-4874	0			

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 161 (158) companies in the Group.

NOTE 37 | Deferred tax assets

	Parent Company	
	2018	2017
Deferred tax is calculated on:		
– Loss carryforwards	223	59
– Difference between carrying amount and taxable value related to derivatives	5	207
– Other temporary differences	52	33
	280	299

At year end, the Parent Company had unutilised loss carryforwards of SEK 1,083 million (267).

NOTE 38 | Categorisation of financial instruments

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.

The carrying amounts for financial assets and liabilities are allocated by valuation category pursuant to IFRS 9.

31 Dec. 2018	Group		Parent Company	
	Amortised cost	Fair value through profit or loss (FVTPL)	Amortised cost	Fair value through profit or loss (FVTPL)
Financial assets				
Receivables from Group companies			12,025	
Other long-term securities holdings	21		21	
Other non-current receivables	291		212	
Accounts receivable	12		1	
Other current receivables	9			
Cash at bank and in hand	183		1	
Total	516	0	12,260	0
Financial liabilities				
Liabilities to credit institutions, non-current	22,814			
Liabilities to Group companies			14,973	
Other non-current liabilities	7		2,752	
Derivatives		26		26
Accounts payable	273		11	
Other current liabilities	276		26	
Total	23,370	26	17,762	26

31 Dec. 2017	Available-for-sale financial assets		Loan receivables and accounts receivable	
	Group	Parent Company	Group	Parent Company
Financial assets				
Receivables from associate/Group companies				11,632
Other long-term securities holdings	21	21		
Other non-current receivables			261	209
Accounts receivable			38	
Other current receivables			29	
Cash at bank and in hand			179	19
Total	21	21	507	228
	Financial liabilities measured at fair value via profit or loss eller Financial liabilities measured at FVTPL		Financial liabilities measured at amortised cost	
	Group	Parent Company	Group	Parent Company
Financial liabilities				
Liabilities to credit institutions, non-current			20,653	13,624
Liabilities to Group companies				2,712
Derivatives	943	943		
Accounts payable			282	12
Other current liabilities			196	5
Total	943	943	17,762	16,353

NOTE 39 | Related parties**Joint arrangements**

The Group and Parent Company have close relationships with joint ventures and joint operations, refer to Note 16.

Group companies

The Parent Company has a close relationship with its subsidiaries; refer to Note 36.

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 7. 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

TRANSACTIONS WITH JOINT ARRANGEMENTS	Group	
	2018	2017
Sales to joint arrangements	2	1
Invoicing from joint arrangements	-3	-5
Acquisition of properties from joint arrangements	15	15
Interest income from joint arrangements	1	1
Interest expense to joint arrangements	-16	-13
Receivables from joint arrangements on 31 December	17	17
Liability to joint arrangements on 31 December	-3,215	-3,082

TRANSACTIONS WITH JOINT ARRANGEMENTS	Parent Company	
	2018	2017
Sales to joint arrangements	1	1
Interest income from joint arrangements	1	1
Receivables from joint arrangements on 31 December	17	17

TRANSACTIONS WITH GROUP COMPANIES		
Sales to Group companies	157	141
Purchases from Group companies	6	5
Interest income from Group companies	388	394
Dividend from Group companies	1,218	1,187
Interest expense to Group companies	-63	-67
Receivables from Group companies on 31 December	12,008	11,615
Liabilities to Group companies on 31 December	-2,752	-2,712

NOTE 40 | Events after the balance-sheet date

After the end of the period, Wihlborgs acquired the Nya Vattentornet 2 and Nya Vattentornet 4 investment properties, comprising 24,000 and 25,000 m² respectively. The properties were acquired in a corporate wrapper with possession transferred as of 8 February 2019 for a consideration of SEK 1,260 million. An agreement was signed in Denmark for the sale of the properties Glentevej 61-65 and 67-69 for a consideration of SEK 310 million. Ownership of both properties will be transferred effective 29 March 2019.

Signing of the Annual Report

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 2019.

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 (EC) No 1606/2002 of the European Parliament and of the Council of 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 together with the sustainability report provide 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, 13 March 2019

Anders Jarl
Chairman

Per-Ingemar Persson
Deputy Chairman

Tina Andersson
Board Member

Sara Karlsson
Board member

Jan Litborn
Board Member

Helen Olausson
Board member

Johan Qviberg
Board member

Our Auditor's Report was submitted on 15 March 2019
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 2018-01-01 – 2018-12-31 except for the corporate governance statement on pages 122 to 129. The annual accounts and consolidated accounts of the company are included on pages 76–114 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 2018 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 2018 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 122–129. 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 42 146 MSEK and this year's change in value amounts to 1 312 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 79, Group accounting policies on page 97, note 10 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 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. In December, Wihlborgs resolved its previous derivative portfolio and signed new interest rate derivatives. The newly signed interest rate derivatives are now reported according to valuation from an external party. On 31 December 2018 the sub value of the interest derivatives portfolio amounted to 26 MSEK.

For further information please refer to the section on risks and uncertainties on page 79, accounting policies on page 97, note 2 and note 11.

Our audit procedures

Our audit covered the following audit actions, but was not limited to these:

- For all derivatives we have reconciled the recorded value against the market valuation 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 79, accounting policies on page 97 and note 12.

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 analyzing 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 1–75 and 130–134. 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 guarantee 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 safeguards.

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 2018-01-01 – 2018-12-31 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.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

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 122–129 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, 15 March 2019
Deloitte AB

Signature on Swedish original

Richard Peters
Authorized Public Accountant

Five-year review

	2018	2017	2016	2015	2014
Comprehensive income, SEK m					
Rental income	2,684	2,351	2,062	1,968	1,915
Operating surplus	1,941	1,717	1,518	1,445	1,406
Income from property management	1,406	1,179	1,035	975	888
Changes in value	1,349	2,052	2,239	1,884	-396
Tax	-352	-663	-298	-581	-97
Profit for the year	2,403	2,568	2,976	2,278	395
Comprehensive income for the year	2,418	2,571	2,990	2,274	400
Financial position, SEK m					
Investment properties	42,146	38,612	32,755	28,623	24,299
Other non-current assets	351	312	290	247	197
Current receivables	62	114	117	88	111
Cash and cash equivalents	183	179	252	75	71
Total assets	42,742	39,217	33,414	29,033	24,678
Equity	15,530	13,592	11,463	8,876	6,967
Deferred tax liability	3,295	2,989	2,362	2,199	1,627
Other non-current liabilities	19,677	20,932	17,877	16,016	15,349
Current liabilities	4,240	1,704	1,712	1,942	735
Total equity and liabilities	42,742	39,217	33,414	29,033	24,678
Key financial metrics					
Return on equity, %	16.5	20.5	29.3	28.8	5.7
Return on capital employed, %	8.8	11.1	14.8	13.1	9.6
Equity/assets ratio, %	36.3	34.7	34.3	30.6	28.2
Interest coverage ratio, multiple	3.9	3.4	3.3	3.2	2.8
Loan-to-value ratio, properties, %	54.1	53.5	53.6	56.8	58.2
Debt/equity ratio, multiple	1.5	1.5	1.5	1.8	2.0
Share-related key metrics					
Earnings per share, SEK	15.63	16.71	19.36	14.82	2.57
Earnings per share before tax, SEK	17.92	21.02	21.30	18.60	3.20
EPRA EPS, SEK	8.06	6.84	6.77	6.30	5.43
Cash flows from operating activities per share, SEK	9.69	8.45	6.92	6.66	6.15
Equity per share I, SEK	101.03	88.43	74.58	57.75	45.33
Equity per share II, SEK	122.47	107.87	89.94	72.05	55.91
EPRA NAV per share, SEK	122.64	114.00	97.38	77.77	63.38
Market price per share, SEK	102.40	98.15	84.70	85.50	71.38
Dividend per share, SEK (2018 = proposed dividend)	3.75	3.13	2.88	2.63	2.38
Dividend yield per share, %	3.7	3.2	3.4	3.1	3.3
Total yield per share, %	7.5	19.3	2.1	23.1	27.5
P/E ratio I, multiple	6.6	5.9	4.4	5.8	27.8
P/E ratio II, multiple	12.7	14.4	12.5	13.6	13.1
Number of shares at year end, thousand	153,713	153,713	153,713	153,713	153,713
Average number of shares, thousand	153,713	153,713	153,713	153,713	153,713
Property-related key figures					
Number of properties	310	308	282	276	269
Carrying amount for properties, SEK m	42,146	38,612	32,755	28,623	24,299
Investment yield, % — all properties	4.9	4.9	4.9	5.1	5.6
Investment yield, % — excl. project properties	5.1	5.1	5.1	5.5	5.9
Lettable area, m ²	2,105,851	2,066,874	1,848,738	1,745,992	1,551,666
Rental value, SEK per m ²	1,423	1,322	1,285	1,302	1,333
Operating surplus, SEK per m ²	972	912	868	832	876
Economic occupancy rate, % — all properties	93	93	91	88	91
Economic occupancy rate, % — excl. project properties	94	94	92	91	91
Surplus ratio, %	73	74	74	73	73
Employees					
No. of employees at end of period	187	149	132	122	113

Turn to pages 120–121 to see calculation bases and definitions of metrics.

Calculation bases and definitions of Group metrics

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. Share-related key metrics have been restated to reflect the two-for-one share split carried out in May 2018.

Calculation bases

Unless otherwise stated, amounts are in SEK million.

	31 Dec 2018	31 Dec 2017
Return on equity		
Profit for the period	2,403	2,568
Equity, opening balance (OB)	13,592	11,463
Equity, closing balance (CB)	15,530	13,592
Average equity	14,561	12,528
Return on equity, %	16.5	20.5
Return on capital employed		
Profit before tax	2,755	3,231
Interest expense (incl change in value, interest-rate derivatives)	445	294
Total	3,200	3,525
Total assets, OB	39,217	33,414
Total assets, CB	42,742	39,217
Non-interest-bearing liabilities and provisions, OB	-4,957	-4,383
Non-interest-bearing liabilities and provisions, CB	-4,383	-4,957
Average capital employed	36,310	31,646
Return on capital employed, %	8.8	11.1
Equity/assets ratio		
Equity	15,530	13,592
Total assets	42,742	39,217
Equity/assets ratio, %	36.3	34.7
Interest coverage ratio		
Income from property management	1,406	1,179
Interest expense	482	495
Total	1,888	1,674
Interest expense	482	495
Interest coverage ratio, multiple	3.9	3.4
Loan-to-value ratio, properties		
Borrowings	22,814	20,653
Carrying amount investment properties	42,146	38,612
Loan-to-value ratio, properties, %	54.1	53.5
Debt/equity ratio		
Interest-bearing liabilities	22,814	20,653
Equity	15,530	13,592
Debt/equity ratio, multiple	1.5	1.5

	31 Dec. 2018	31 Dec. 2017
Earnings per share		
Profit for the period	2,403	2,568
Average number of shares, thousand	153,713	153,713
Earnings per share, SEK	15.63	16.71
Earnings per share before tax		
Profit before tax	2,755	3,231
Average number of shares, thousand	153,713	153,713
Earnings per share before tax, SEK	17.92	21.02
EPRA EPS		
Income from property management	1,406	1,179
Fiscal depreciation/amortisation, direct deductions, etc.	-649	-598
Taxable income from property management	757	581
Current tax on the above	-167	-128
Income from property management after deduction of current tax	1,239	1,051
Average number of shares, thousand	153,713	153,713
EPRA EPS, SEK	8.06	6.84
Cash flows from operating activities per share		
Cash flows from operating activities	1,489	1,299
Average number of shares, thousand	153,713	153,713
Cash flows from operating activities per share, SEK	9.69	8.45
Equity per share I		
Equity	15,530	13,592
Number of shares at end of period, thousand	153,713	153,713
Equity per share I, SEK	101.03	88.42
Equity per share II		
Equity	15,530	13,592
Deferred tax liabilities	3,295	2,989
Total	18,825	16,581
Number of shares at end of period, thousand	153,713	153,713
Equity per share II, SEK	122.47	107.87
EPRA NAV (long-term net asset value)		
Equity	15,530	13,592
Deferred tax liabilities	3,295	2,989
Derivatives	26	943
Total	18,851	17,524
Number of shares at end of period, thousand	153,713	153,713
EPRA NAV per share, SEK	122.64	114.00
Dividend yield per share		
Proposed dividend, SEK	3.75	3.13
Share price at year end, SEK	102.40	98.15
Dividend yield per share, %	3.7	3.2
Total yield per share		
Share price at start of year	98.15	84.70
Share price at year end	102.40	98.15
Change in share price over the year, SEK	4.25	13.45
Dividends paid over the year, SEK	3.13	2.88
Total yield per share, %	7.5	19.3

	31 Dec. 2018	31 Dec. 2017
P/E ratio I		
Share price at period end	102.40	98.15
Earnings per share	15.63	16.71
P/E ratio I, multiple	6.6	5.9
P/E ratio II		
Share price at period end	102.40	98.15
EPRA EPS	8.06	6.84
P/E ratio II, multiple	12.7	14.4

Definitions

Key financial metrics

When profit for the year or equity is included in key metrics, 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 capital employed

Earnings before interest expense, derivatives and taxes (EBIT) as a percentage of average capital employed. Capital employed is defined as total assets less non-interest-bearing liabilities and provisions. Average capital employed refers to the average of the opening and closing balances for each period. The metric shows the return on the capital provided by shareholders and lenders without regard to interest.

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.

Share-related key metrics

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.

EPRA EPS

Income from property management less the estimated tax payable on taxable income from property management divided by the average number of shares outstanding. Taxable income from property management is defined as income from property management less fiscal depreciation/amortisation and direct deductions. The effect of loss carryforwards is not taken into consideration.

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 EPRA EPS.

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 value per m²

Rental value 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 Markets Authority (ESMA).

Corporate Governance Report

Wihlborgs is a Swedish public limited company that is listed on Nasdaq Stockholm. Wihlborgs 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 decision-making 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.

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 153,713,456 with a quotient value of SEK 1.25 per share. Each share entitles the holder to one vote and, at general meetings, each person entitled to vote may vote for the full 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 2018, the ten largest shareholders owned 30 percent of the shares. The number of shareholders was 24,436, up around 700 year-on-year. Of total share ownership, 79 percent was represented by legal entities and 21 percent by natural persons.

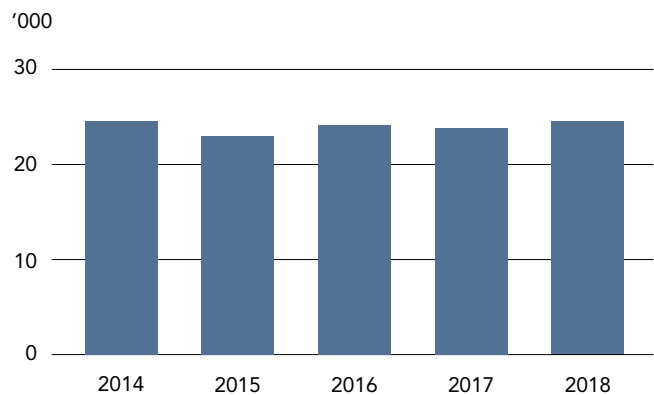
At the end of December, foreign shareholders represented 43 percent of the total, up 1 percentage point year-on-year.

Further information on the share and shareholders is available on pages 20–21.

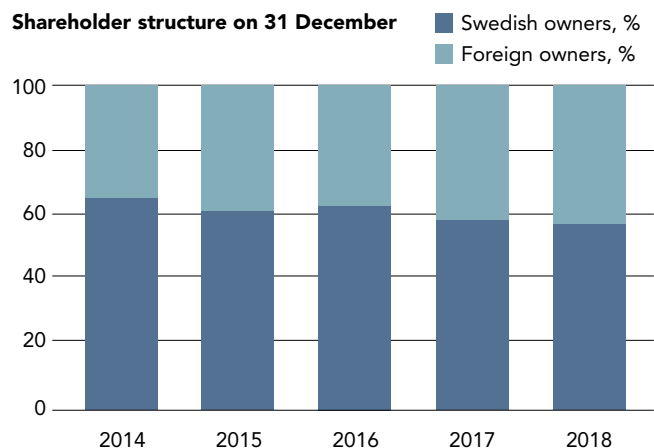
Articles of Association

Wihlborgs' Articles of Association were most recently amended at the 2018 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.

Number of shareholders on 31 December



Shareholder structure on 31 December



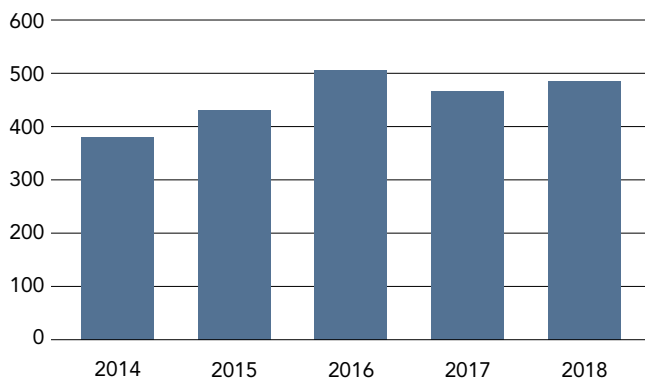
2018 Annual General Meeting

Wihlborgs' AGM was held on 25 April 2018. A total of 480 shareholders participated in the AGM, either personally or by proxy. The shareholders represented 50.1 percent of the votes in the company. The AGM minutes are available at www.wihlborgs.se.

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, Per-Ingemar Persson and Johan Qviberg. Jan Litborn was elected as a new member. Anders Jarl was appointed Chairman of the Board. It was resolved to appoint Deloitte AB as auditors, with Richard Peters as Auditor-in-Charge.

Number of participants in annual meetings, 2014–2018



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.

Amendment of the Articles of Association and allocation of shares — A resolution was passed to amend Article 5 of the Articles of Association such that the number of shares shall be not less than 150,000 and not more than 600,000, and to carry out a two-for-one share split for the company's shares.

The Nomination Committee and proposals for the 2019 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. The Nomination Committee has chosen to use the section under Code rule 4.1 of the Swedish Corporate Governance Code as the Board's diversity policy. This states that the Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. Moreover, the company is to strive for gender balance on the Board.

In accordance with the AGM's resolution, the names of the Nomination Committee members were published in September 2018. 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 19 percent of the votes in Wihlborgs. Bo Forsén was appointed Chairman of the Committee.

The Nomination Committee has met twice. To support its work, the Nomination Committee has held dialogues with the Board members and held meetings with the Chairman and CEO. The Committee was informed 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 2019, the Nomination Committee proposes that the Board consist of seven members. The Nomination Committee proposes re-election of Board members Tina Andersson, Sara Karlsson, Helen Olausson, Anders Jarl, Per-Ingemar Persson, Johan Qviberg and Jan Litborn. Furthermore, the Committee proposes that Anders Jarl be elected as Chairman of the Board.

It is proposed that total fees of SEK 2,395,000 (340,000) be paid to the Board. It is proposed that a fee of SEK 150,000 (250,000) be paid to the Chairman and SEK 165,000 (150,000) be paid to the other Board members. Moreover, the Chairman of the Board will receive SEK 1,055,000 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 2019 AGM

Name	Representing	Percent of votes, 31 Aug 2018	Percent of votes, 31 Dec 2018
Bo Forsén	Erik Paulsson and family, privately and through company	10.3	10.3
Hans Ek	SEB Funds	5.3	5.7
Eva Gottfridsdotter-Nilsson	Länsförsäkringar Funds	2.9	3.0
Krister Eurén	Minor shareholders	–	–

Other resolutions for the 2019 AGM

The Board has submitted the following proposals ahead of the AGM on 25 April:

- A dividend of SEK 3.75 per share, with the record date 29 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.

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 2018 AGM, Anders Jarl 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. The majority of Board members are independent in relation to the company and its executive management. In 2018, the Board held ten meetings, including the statutory and per capsulam meetings. Of these ten meetings, six were scheduled Board meetings.

Members of the Board, independence, number of meetings and attendance

	Indep. of company	Indep. of major owners	No. of meetings/ attendance
Anders Jarl, Chairman	no	yes	10 of 10
Erik Paulsson	no	no	3 of 3
Per-Ingemar Persson, Deputy Chairman	yes	yes	10 of 10
Tina Andersson	yes	yes	10 of 10
Sara Karlsson	yes	no	8 of 10
Helen Olausson	yes	yes	10 of 10
Johan Qviberg			10 of 10
Jan Litborn	yes	yes	6 of 7

The work of the Board of Directors

January	No. 1	Appointment of a Chief Executive Officer
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
April	No. 3	Q1 interim report, financial report and projects
April	No. 4	Statutory meeting
May	No. 5	Resolution on the share split
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
September	No. 8	Property acquisitions
October	No. 9	Q3 interim report, acquisitions, financial report, evaluation of the CEO's performance, audit planning, principles for remuneration of executive management, financial policy
December	No. 10	Budget, strategy, financial and environmental goals, market, financial report, interim audit, acquisitions and sales, 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. With the exception of Anders Jarl, the full Board comprises the audit and remuneration committees.

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-term targets.

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:

Ulrika Hallengren, CEO
 Andreas Ivarsson, 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.

At Wihlborgs, there is a profit-sharing fund that encompasses all employees. 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 pensionable age is 65 for all members of Group Management. The cost of the CEO's pension is fixed at premium of 35 percent of the pension-based salary per year during the period of employment. For other members of Group Management, the ITP plan or its equivalent applies. 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, excluding the Chairman. The principles for the conditions of employment are unchanged.

Remuneration and other benefits 2018, SEK thousand

	Salary	Other benefits	Pension	Total
CEO Anders Jarl	975	20	3,165	4,160
CEO Ulrika Hallengren	2,277	36	755	3,068
Other members of Group Management	6,426	221	1,932	8,579

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 day-to-day accounting records, as well as the administration of the company by the Board of Directors and the CEO. This examination results in an auditor's report that is presented to the AGM after the end of the financial year.

The Nomination Committee proposes auditors to the AGM.

At the 2018 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 2019 AGM. He has no assignments with any companies that are closely related to Wihlborgs' major owners or to the CEO. Alongside the auditing assignment on behalf of Wihlborgs, Richard Peters is also responsible for the following major audit engagements: BRA Sverige AB, Diös Fastigheter AB, Lindéngruppen, Mellby Gård AB and TUI Nordic.

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.

Board of Directors



Anders Jarl
 Chairman of the Board
 Malmö, born 1956
 Elected to the Board in 2004

Main occupation
 Chairman of the Board of Wihlborgs.

Other Board assignments
 Board member of Platzer Fastigheter AB and Brinova Fastigheter AB.

Shareholding in Wihlborgs
 1,033,422 shares held privately and through company.



Helen Olausson
 Board Member
 Stockholm, born 1968
 Elected to the Board in 2007

Main occupation
 CEO of Årehus AB.

Other Board assignments
 Chairman of the Board of AB Jämtsol. Board member of Lantmäteriet, Skärvångens Bymejeri AB and others.

Shareholding in Wihlborgs
 2,000 shares.



Tina Andersson
 Board Member
 Malmö, born 1969
 Elected to the Board in 2014

Main occupation
 SVP Strategy and Growth, Paulig Group.

Other Board assignments
 Board member of Älvsbyhus AB.

Shareholding in Wihlborgs
 4,000 shares through companies.



Per-Ingemar Persson
 Deputy Chairman
 Lund, born 1956
 Elected to the Board in 2010

Main occupation
 Own consultancy business.

Other Board assignments
 Chairman of Northern Environmental and Water Solutions and ELUKonsult AB.

Board member of Hemfosa Fastigheter AB, Fabege AB and Finja Prefab AB. In addition, member of internal boards of the Veidekke Group.

Shareholding in Wihlborgs
 4,000 shares in a personal endowment insurance



Sara Karlsson
 Board Member
 Båstad, born 1969
 Elected to the Board in 2007

Main occupation
 Båstad Företagsby and Backahill AB.

Other Board assignments
 Board member of Skistar AB, Destination Bjäre Holding AB and Backahill AB.

Shareholding in Wihlborgs
 15,767,936 shares with family and through company.



Johan Qviberg
 Board Member
 Stockholm, born 1981
 Elected to the Board in 2004

Main occupation
 CEO of Quinary Investment AB.

Other Board assignments
 Chairman of the Board for Nattaro Labs AB. Board member of Ework Group AB and Svolder AB.

Shareholding in Wihlborgs
 1,560,000 shares.



Jan Litborn
 Board Member
 Stockholm, born 1951
 Elected to the Board in 2018

Main occupation
 Managing Partner and lawyer at Law Firm Glimstedt

Other Board assignments
 Chairman of Fabege AB, Logistea AB, I.A. Hedin Bil AB, Arenabolaget i Solna AB and Erlandsson Holding AB. Board member of A City Media AB, Consensus Asset Management AB, Profi Förvaltning AB and Anders Hedin Invest AB.

Shareholding in Wihlborgs
 3,200 shares.

Fees and reimbursement of expenses to auditors, SEK thousand		
Group	2018	2017
Deloitte		
Audit engagement	2,586	2,582
Auditing activities other than the audit engagement	377	325
Tax advice	98	122
Other services	–	–

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 Anders Jarl.

No separate remuneration committee has been established and, instead, the functions of a remuneration committee were carried out by the entire Board excluding Anders Jarl. 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 assess-

ment. 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 160 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 annually reports 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 2018 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 to tenants
- 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 enable 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 regularly 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 Nasdaq 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



Ulrika Hallengren
Chief Executive Officer
Lomma, born 1970
Employed at Wihlborgs since 2010
Shareholding in Wihlborgs
118,900 shares held privately
and through company.



Andreas Ivarsson
Director of Projects & Developments
Helsingborg, born 1977
Employed at Wihlborgs since 2017
Shareholding in Wihlborgs
10,128 shares through company.



Karin Wittsell Heydl
Director of Corporate Communications
Lomma, born 1972
Employed at Wihlborgs since 2014
Shareholding in Wihlborgs
10,128 shares through company.



Anna Nambord
Director of HR and CSR
Lomma, born 1973
Employed at Wihlborgs since 2013
Shareholding in Wihlborgs
10,128 shares through company.



Arvid Liepe
Chief Financial Officer
Falsterbo, born 1967
Employed at Wihlborgs since 2013
Shareholding in Wihlborgs
118,900 shares held privately
and through company.

Signatures to the Corporate Governance Report

Malmö, 13 March 2019

Anders Jarl
Chairman

Tina Andersson

Sara Karlsson

Jan Litborn

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). The Annual Report with its accompanying GRI appendix comprises Wihlborgs' Sustainability Report for 2018 in accordance with the GRI Standards: Core option. The Sustainability Report pertains to the 1 January–31 December 2018 period and contains no significant changes to the scope, boundaries or measurement methods compared with previous reports. Unless stated otherwise, the report pertains to the entire Group.

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. However, external environmental and sustainability experts with specialist GRI expertise are consulted to verify the GRI reporting.

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-eng.

The previous Sustainability Report, which pertained to 2017, was published on 3 April 2018. 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; and
- to submit an annual report (Communication on Progress) presenting its work related to the principles and the results achieved.

In June 2018, Wihlborgs submitted its latest Communication on Progress in accordance with the Global Compact guidelines. This Annual Report includes Wihlborgs' Communication on Progress for 2018.

PRINCIPLES	PAGE
HUMAN RIGHTS	
1. Businesses should support and respect the protection of internationally proclaimed human rights within the sphere they can influence; and	62–63, 70–71
2. assure that they are not complicit in human rights abuses.	62–64
LABOUR	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	GRI 4
4. the elimination of all forms of forced and compulsory labour;	62–63, 70–71
5. the effective abolition of child labour; and	62–63, 70–71
6. the elimination of discrimination in respect of employment and occupation.	62–63, 70–71
ENVIRONMENT	
7. Businesses should support a precautionary approach to environmental challenges;	GRI 14
8. undertake initiatives to promote greater environmental responsibility; and	65–69
9. encourage the development and diffusion of environmentally friendly technologies.	65–69
ANTI-CORRUPTION	
10. Businesses should work against corruption in all its forms, including extortion and bribery.	64, GRI 10, 12

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-eng.

GENERAL DISCLOSURES	PAGE
Description of the business model	16–18
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Policy	GRI 11–21
Policy results	65–69, GRI 11–21
Review procedure	65–69, GRI 11–21
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PERSONNEL AND SOCIAL CONDITIONS	
Risks	GRI 22–28
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HUMAN RIGHTS	PAGE
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Review procedure	70–71, GRI 12–13
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ANTI-CORRUPTION	
Risks	GRI 10
Risk management	GRI 10
Policy	GRI 10
Policy results	64, GRI 10
Review procedure	64, GRI 10
Indicators	64, GRI 10

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 2018. 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, 15 March 2019

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 Thursday, 25 April 2019 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 Wednesday 17 April 2019,
- notify the company of their intention to attend, with any assistant, no later than 4.00 p.m. on Wednesday, 17 April 2019.

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.

Registered participants will receive an admission card by post.

This card must be presented during 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 17 April 2019.

Financial Information 2019

Wihlborgs' annual reports and interim reports are available from its website www.wihlborgs.se. Moreover, the annual report is printed in Swedish and distributed to shareholders who have requested this service. The actual publication dates for interim reports in 2019 are as follows:

Interim Report, Jan–Mar **25 April 2019**

Interim Report, Jan–Jun **8 July 2019**

Interim Report, Jan–Sep **24 October 2019**

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Room for more

The Öresund region continues to win people over and at Wihlborgs, we demonstrate daily how genuine commitment and engagement creates scope for more possibilities. For our tenants. In cities and neighbourhoods. And for all of our fantastic region. Welcome, and discover more with us.



wihlborgs.se