



Wihlborgs
Annual Report
2016

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 32.8 billion. The annual rental value of the properties is SEK 2.3 billion. Wihlborgs' shares are listed on the Large Cap List of Nasdaq Stockholm.

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Highlights of the Year

Rental income rose 6 percent to SEK 2,030 million (1,910)
Operating surplus* improved 8 percent to SEK 1,513 million (1,402)
Income from property management increased 11 percent to SEK 1,030 million (932)
Profit for the year totalled SEK 2,976 million (2,278), corresponding to earnings per share of SEK 38.72 (29.64)
The Board of Directors proposes a dividend of SEK 5.75 (5.25) per share

Key Ratios for the Group, SEK m	2016 Jan–Dec	2015 Jan–Dec
Rental income	2,030	1,910
Operating surplus*	1,513	1,402
Income from property management*	1,030	932
Changes in value	2,239	1,884
Profit for the year	2,976	2,278
Earnings per share, SEK	38.72	29.64
Surplus ratio, %*	75	73
Equity/assets ratio, %	34.3	30.6
Occupancy rate, %**	92	91

* Excluding payments for early lease termination.

** Excluding Projects & Land.

32.8 

PROPERTY VALUE, SEK BILLION

2.3 

RENTAL VALUE, SEK BILLION

1.0 

INCOME FROM PROPERTY MANAGEMENT, SEK BILLION

92 

OCCUPANCY RATE, %

Major events



Q1

Wihlborgs begins construction on the Sirius office building in the Nyhamnen development area in Malmö.

The first earth was turned next to Lund Central Station for the Posthornet property, which is aimed at meeting demand for new office premises in the centre of Lund.



Q2

The City of Malmö signs a ten-year lease for 7,500 m² in the Uven block that Länsförsäkringar Skåne is leaving to move to Dockan.

The Knutpunkten extension of some 8,000 m² of office space is fully let and ready for occupancy. Wihlborgs' regional offices move in, along with Sweco, Avensia, Mazars, Tyréns, Rikshem and Tengbom, among others.



Q3

Länsförsäkringar Skåne becomes the first tenant to move in to the totally renovated Gängtappen property.

Volvo Cars and Continental establish operations in Ideon, Lund. Bosch, which develops software for the automotive industry, had already moved in earlier in the year.



Q4

Wihlborgs strengthens its Copenhagen presence through the acquisition of 13 properties, comprising a total of 100,000 m².

Wihlborgs starts the 4,000 m² extension of Helsingborg District Court's premises and the 5,000 m² redevelopment of the existing premises.

Wihlborgs signs a lease with Folk tandvården Skåne for 4,800 m² in the Posthornet property in Lund.



Wihlborgs' CEO, Anders Jarl, sums up another successful year during which income from property management surpassed the billion SEK mark.

A sustainable business concept should keep its promises

I have been summing up each year as the best ever for several years now – and I am pleased to be able to do so once again.

Last year, I wrote that we would surpass the one billion Swedish krona mark in terms of income from property management in 2016. And we did. Income from property management increased 11 percent to SEK 1,030 million. Rental income rose six percent to SEK 2,030 million while the operating surplus improved eight percent to SEK 1,513 million.

The belief that we have the right approach is rooted firmly among all of us at Wihlborgs. We have had a clear business strategy since 2004 and it has proved to be more than sustainable – we continuously develop and refine it in line with new challenges. Despite now being three to four times larger than when we started, our direct environmental impact is in fact smaller – a result of having clear goals and taking responsibility for our shared future. Being part of creating sustainable communities that work for those who work and live in them is a major driver for us. It also provides us with continued stable growth and healthy profitability.

Year after year.

Daily work at our core

The idea that satisfied customers comprise a growing asset is hardly new.

In fact, it is simple mathematics. Our customers represent 100 percent of our income, and that just about says it all. Improving our quality and our customer relationships is a never-ending journey that continues each and every day.

It is through our daily work that we are able to show that we can meet the needs and expectations set by our customers. We do not always follow the beaten track – instead we are driven by our curiosity and responsiveness to what could be round the corner. Our dialogues with customers are a vital ingredient as they provide us each day with new insights and understanding of the business community's conditions. For us, it is a daily injection of new inspiration.

New initiatives lead to new opportunities

Our belief in the Öresund region is unshakable and represents an important part of our strategy – to be the dominant commercial property company in the region. The region accounts for 26 percent of Denmark and Sweden's collective GDP and, pleasingly, Denmark has begun to recover after a number of years of economic stagnation. For this reason, we expanded our presence in Copenhagen during the year by purchasing 15 properties with a total area of 100,000 m², and Wihlborgs now manages 400,000 m² in the Copenhagen area with a value of SEK 4 billion.

Malmö remains a powerful growth driver and is definitively on the way to becoming a major city. Our ambition here is to be a driving force in the new development area of Nyhamnen. Its proximity to the city centre and Malmö Central Station makes the Nyhamnen

”

“Over the years, we have amassed extensive knowledge about business conditions in the region, which has given us the courage and imagination to take initiatives that benefit the region's development.”

area Malmö's hottest and most expansive area. We have already started constructing the Sirius office building here, which will have space for around 350 people – and the hope is that we will be able to expand our presence and contribute to the entire area's development, in the same way as we did in Dockan. On the outskirts of Malmö, Hyllie remains an attractive location for many companies who want to be near Copenhagen airport and the wider world, and here we are building the Dungen office building with occupancy expected in early 2019.

Lund continues to reinforce its position as a centre of knowledge and research, with many world-leading companies looking to relocate there to be near the major research facilities MAX IV and ESS. During the year, Volvo Cars, Continental and Bosch all signed leases with us to establish operations in Ideon. We are also contributing to the development of the central areas of Lund by way of the construction of the Posthornet office building.

In Helsingborg, all tenants have now moved into the Knutpunkten extension and we have begun planning a new property in the new development area of Oceanhamnen.

Over the years, we have amassed extensive knowledge about business conditions in the region, which has given us the courage and imagination to take initiatives that benefit the region's development. Instead of waiting for something to happen, we want to be part of making things happen.

If it can be done better, we will do it better

Our commitment to the region and our shared community help us to think long term. We want to create vibrant urban environments that work for everyone who lives and works there. We also have a responsibility to future generations, which means we actively con-

sider sustainability in everything we do. Every day, we see examples of how the future cannot simply be a continuation of the here and now – that we cannot merely continue doing what we have always done. New initiatives, new positive examples and a desire to find solutions for a more sustainable society are all required. If we can produce solutions that are better adapted to the environment, either alone or together with our suppliers, then we will. Wihlborgs' environmental initiatives are a natural and integral part of all our business activities – and our own daily lives.

One sign of just how integral is that, this year, we are reporting our sustainability initiatives for the first time in the Annual Report, to thereby provide an overview of Wihlborgs as a whole.

As part of our sustainability initiatives, we adopted the principles of the UN Global Compact in 2010 and will continue to support these principles moving forward.

Can job satisfaction be certified?

Wihlborgs is now certified by Great Place to Work, which helps companies evaluate and develop their workplace culture. Truly strong workplaces are characterised by positive relationships, pride and trust.

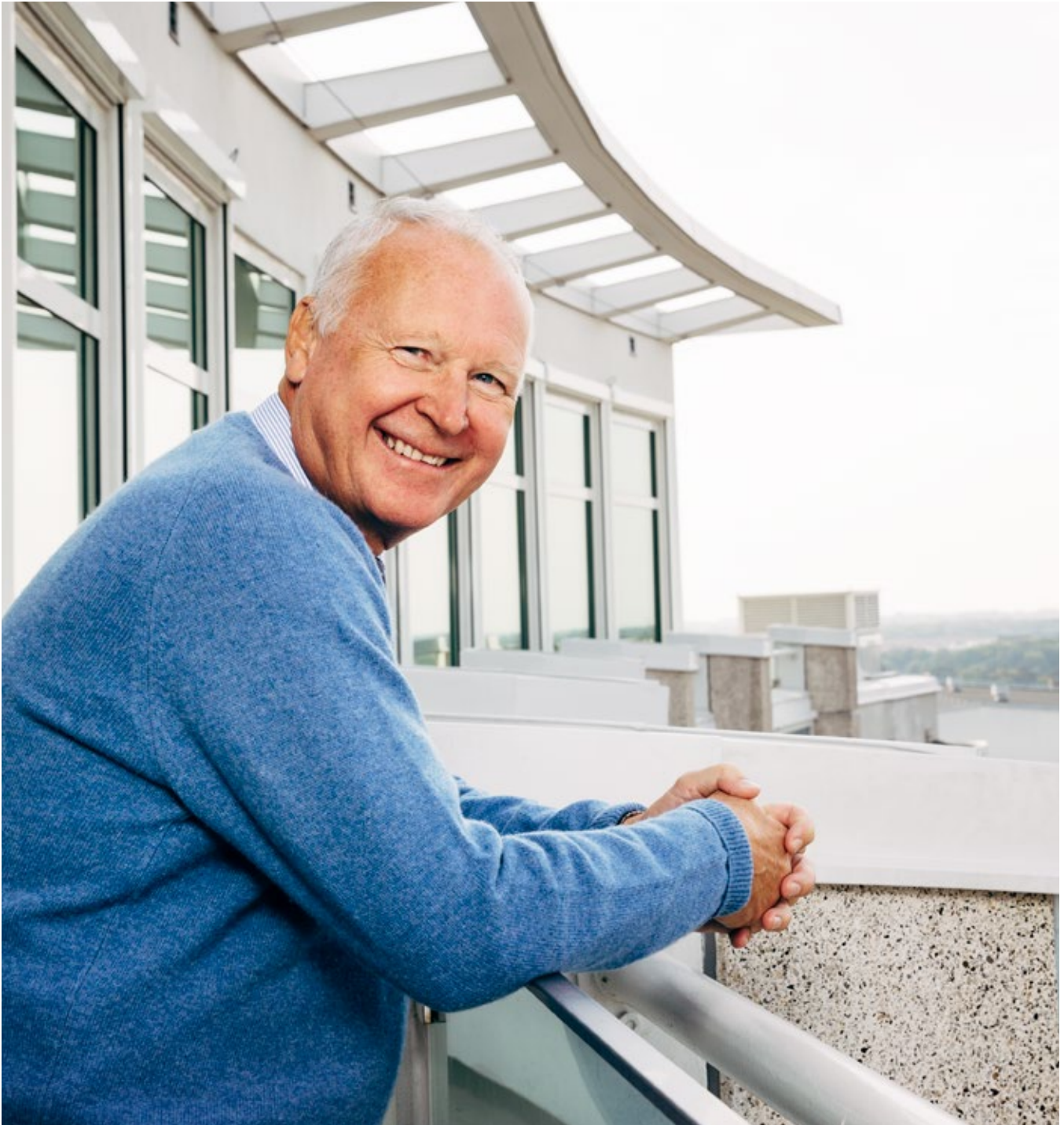
We usually use “Where job satisfaction matters” to express our ambition in relation to our tenants – that we do all we can to ensure they work in premises that promote their job satisfaction. To a high degree, this also applies to us, however. I cannot adequately express my pride and satisfaction when it comes to all of our fantastic employees who trust one another and enjoy working together. They deserve the greatest praise for our excellent results.

We all have the same ambition to continue playing an active role in the market and believing in both our mission and ourselves.

That much I can promise.



Malmö, March 2017
Anders Jarl, Chief Executive Officer



“New initiatives, new positive examples and a desire to find solutions for a more sustainable society are all required. If we can produce solutions that are better adapted to the environment, either alone or together with our suppliers, then we will.”

Wihlborgs in brief



Our operations

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

Our mission

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



Our sustainability

Wihlborgs' environmental vision for the period up to 2020 is to continue to grow, while reducing our environmental impact.



1,800 

COMPANIES AS TENANTS

282 

PROPERTIES

1.8 

MILLION SQUARE METRES

32.8 

PROPERTY VALUE, SEK BILLION

132 

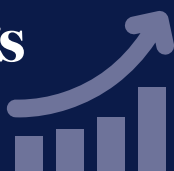
EMPLOYEES

2.1 

RENTAL INCOME, SEK BILLION

The Wihlborgs share

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



13 

MARKET CAPITALISATION, SEK BILLION



Giving the future a helping hand

While no two companies are ever identical – there are often similarities.

Understanding the conditions and needs of the business community is one of our strategic pillars at Wihlborgs. It involves an interplay and approach that are continuously refined by new ideas, new insights and new ambitions.

The needs of people and companies are currently changing at an increasingly rapid pace. Everything is accelerating and requirements for efficient and pleasant workplaces are increasing in line with rationalisations and new technology.

But what will it be like tomorrow, will things move even faster? And if so, is that a good thing? Sustainability issues are an increasingly material and key role in companies' future visions in terms of finding the right balance in their operations. Wihlborgs wants to lead the way with its own ambitious sustainability goals.

Change has become our norm and we want to help shape the Öresund region's future using our position as the business community's property company of choice. This means always being open to new ways of solving our assignments.

This means we can set new goals that work for our customers – and, in the end, for us too.



Goals and strategies

Our mission

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



Business model

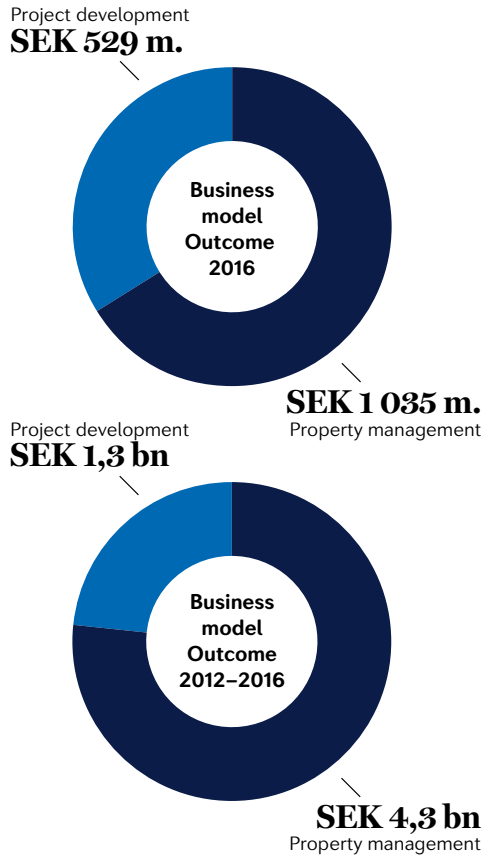
Wihlborgs has a growth-based business model that rests on two pillars: property management and project development. The model consists of actively enhancing the property portfolio by:

- Managing the property portfolio with our 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.

The financial impact of the business model is illustrated in the chart below.

Factors driving the value of this business model include Wihlborgs' property portfolio, which encompasses an attractive range of modern properties for tenants to operate in, and thus creates conditions for their own growth. To achieve this goal, we must actively develop and add value to existing properties in the form of redevelopment and extension, in combination with the acquisition

of new properties and the sale of completed properties. Significant property value can be created through new-build projects. Market conditions determine the size and pace at which projects may be started.



The changes made in the property portfolio are shown in the diagram below.

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:

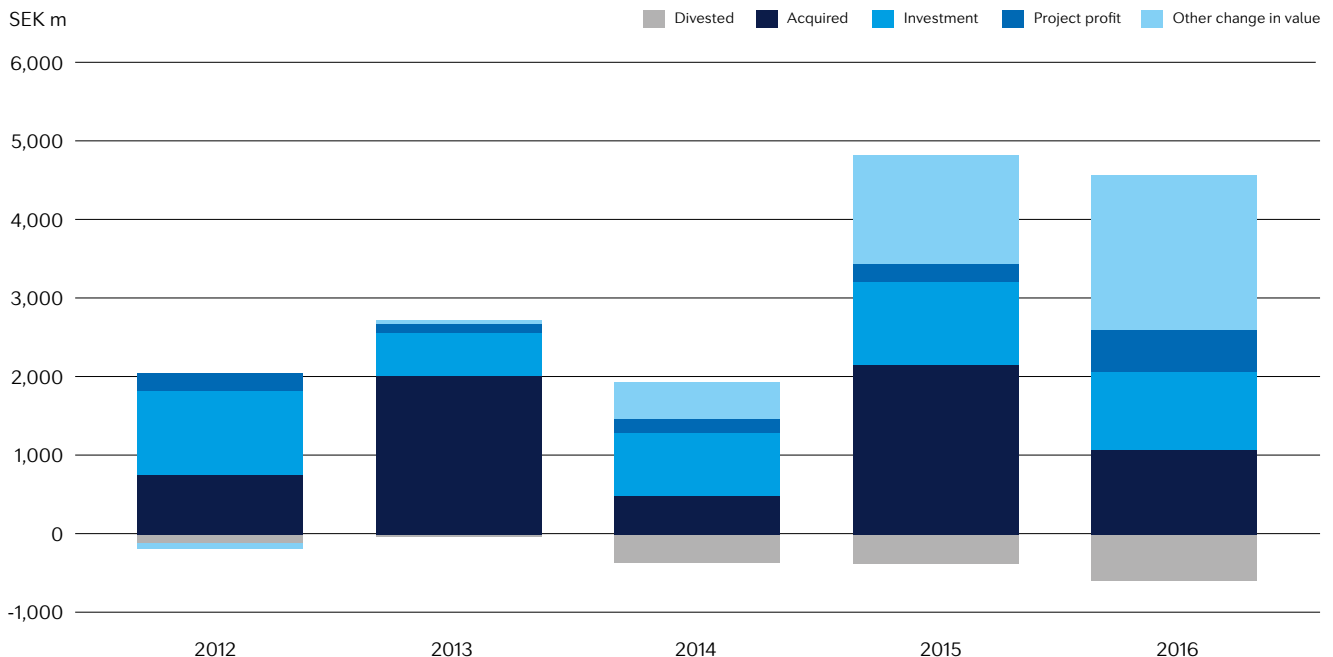
- Consolidate its market position in the Öresund region by concentrating on selected and particularly attractive sub-markets that are ripe for development.
- Actively enhance its property portfolio through the acquisition, development and sale of properties.
- Actively and efficiently manage its property portfolio, focusing on high cost-efficiency and a high occupancy rate, by maintaining a market-leading position in each sub-market.
- Strengthen customer relationships through active commitment and a high degree of service to create the conditions for long-term rental relationships.
- Actively cultivate the rental market to acquire new customers and reinforce our brand, to become the preferred choice for customers.
- Act to ensure the company's and the region's long-term sustainable development.

Dividend policy

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

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

Property value trend, 2012-2016



Financial targets

Target

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



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



An interest coverage ratio of no less than 2.0.



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



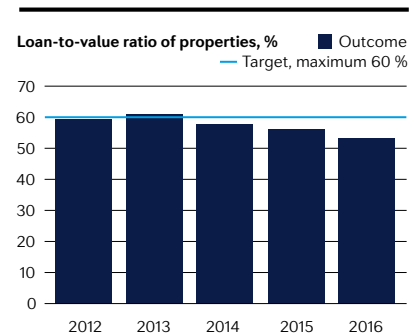
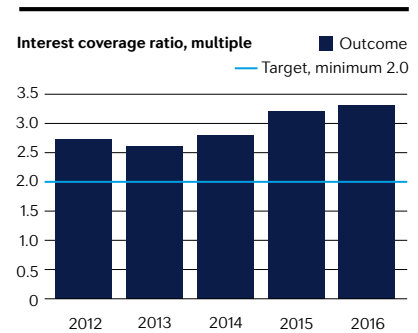
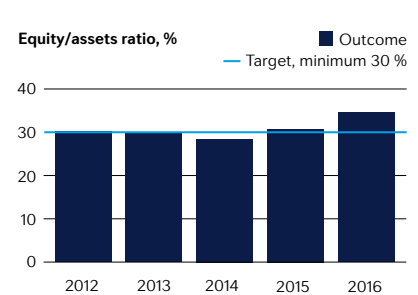
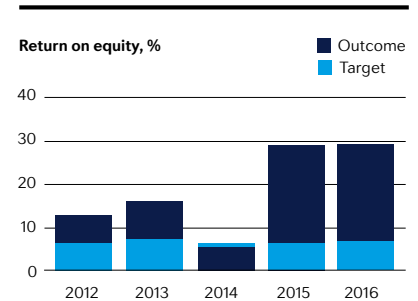
Outcome

Return on equity amounted to 29.3 percent in 2016, 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 -0.22 percent, which led to a target of 5.8 percent for 2016. This strong outcome was influenced by substantial positive changes in property values.

At year end, the equity/assets ratio amounted to 34.3 percent after having strengthened gradually over the year, driven by a strong earnings trend.

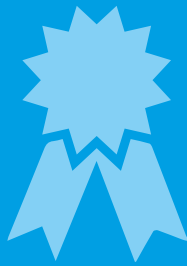
The interest coverage ratio was a multiple of 3.3 in 2016, which is somewhat stronger than in 2015. Income from property management increased at a faster pace than interest expenses, despite growing borrowings. The average interest-rate level remained relatively unchanged during the year.

At the end of 2016, the loan-to-value ratio totalled 53.6 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.



Our vision

We will be the best workplace in our industry by 2020.



Our vision

Wihlborgs will continue to grow while reducing its environmental impact.



Wihlborgs - a Great Place to Work

Wihlborgs conducts regular employee surveys and, in autumn 2016, this was done in conjunction with Great Place to Work for the very first time. The aim is to gain tools that can be used to evaluate and assess the work culture further. The result of the survey was positive, producing a confidence index of 84 percent. The confidence index is a metric measuring employee perceptions of trust, pride and friendship at the workplace. Of those who responded, 97 percent thought that Wihlborgs was a very good workplace overall.

Based on the results of the employee survey, we will continue to work on various areas of development in the future.

In 2017 we will primarily focus on three areas:

- Clarifying goals and expectations on an individual level
- Strengthening feedback culture
- Developing confident leaders

Environmental goals

Our environmental goals are set for three years at a time. The following goals apply for the 2016–2018 period:

- CO₂ emissions are to fall by 50 percent compared with 2005, when Wihlborgs was founded.
- CO₂ emissions are to amount to less than 2 kg per m².
- Energy consumption is to fall by at least 3 percent per m².
- At least three solar energy systems are to be installed or agreed upon.
- Ten initiatives promoting biodiversity around our properties are to be implemented.
- Goals, measures and statistics are to be produced with the aim of:
 - reducing effects on the climate and environment based on the selection of materials, and
 - preventing and optimising the management of household and construction waste.
- Green leases are to be signed with at least 90 percent of new customers.
- New builds are to be environmentally certified, with the Sweden Green Building Council (Gold level) the agreed target level.



Wihlborgs' work environment committee meets two to three times per year to discuss and assess the physical and psychological work environment.

Organisation

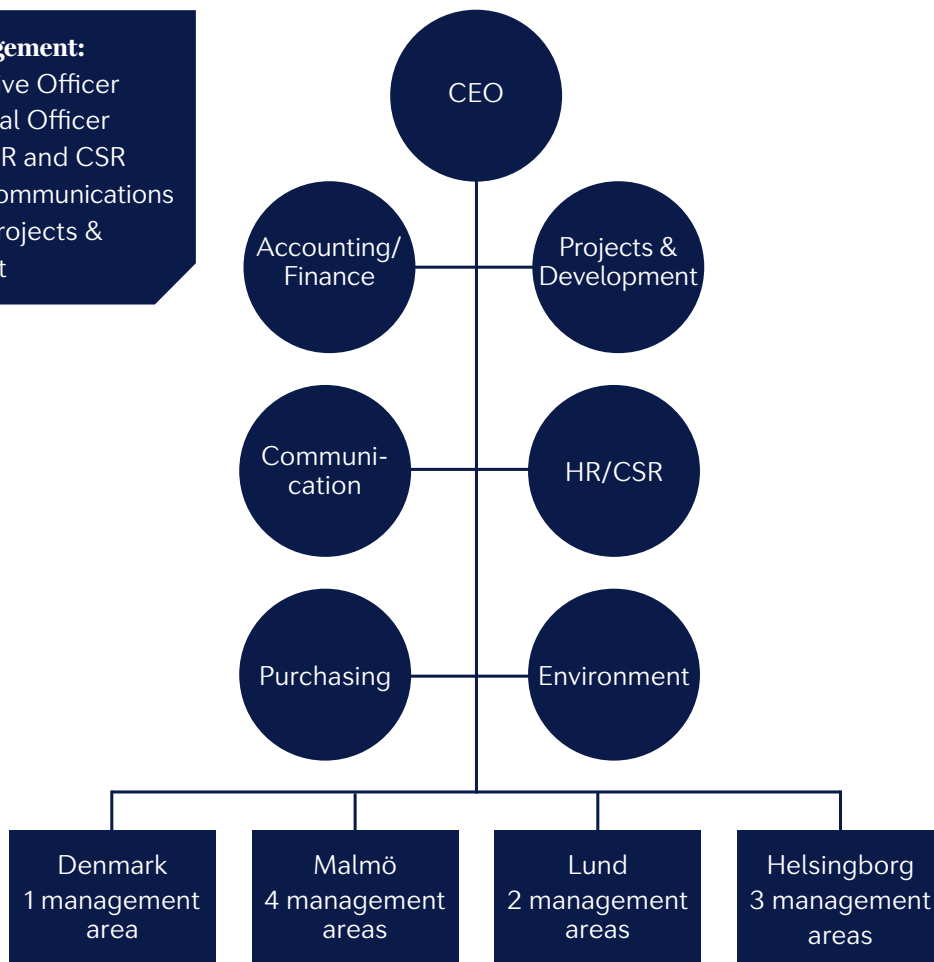
Wihlborgs has a straightforward and flat organisation that keeps decision-making paths short. This is a competitive advantage as it creates drive and means we can take decisions quickly. The property management organisation is the core of our operations. It is divided up into four regions, with each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

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

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

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

Group Management:
 Chief Executive Officer
 Chief Financial Officer
 Director of HR and CSR
 Director of Communications
 Director of Projects & Development



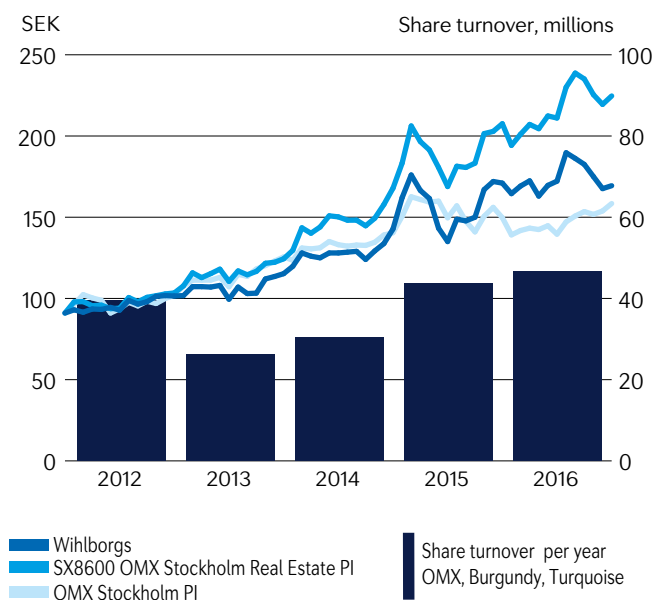


Business Developer Hans Andersson and Letting Manager Camilla Asplund work continuously to strengthen relationships with both existing and potential customers.

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, on two occasions, a two-for-one share split has been conducted, i.e. two new shares were received for each old share.

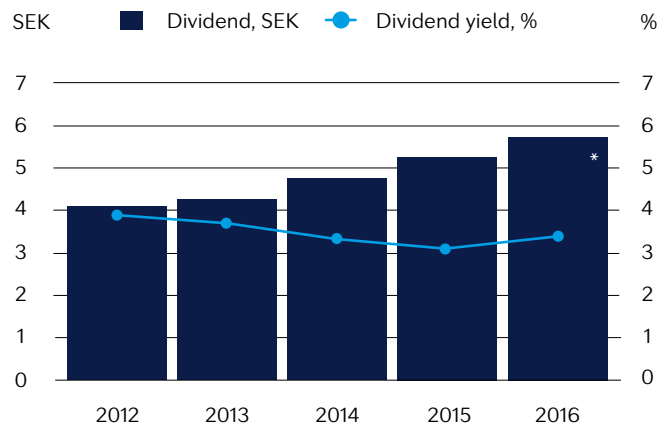
Development of share price, 2012 – 2016



Dividend for 2016

The Board proposes a dividend of SEK 5.75 (5.25) for 2016. This corresponds to a dividend yield of 3.4 percent based on the year-end market price. Provided that the AGM adopts the Board's proposed dividend of SEK 5.75 and that the record date is set for 28 April, the dividend will be paid on 4 May 2017. Wihlborgs shares will be traded, including dividend, up to and including the date of the AGM, Wednesday, 26 April 2017.

Dividend/share and dividend yield



*The dividend for 2016 pertains to the dividend proposed by the Board ahead of the Annual General Meeting.

The share/Key ratios ¹	2016	2015	2014	2013	2012
Share price at year-end, SEK	169.40	171.00	142.75	115.25	101.50
Change in share price during the year, %	-0.9	19.8	23.9	13.5	11.5
Earnings per share, SEK	38.72	29.64	5.14	13.83	10.71
Income from property management per share, SEK	13.47	12.69	11.55	9.75	8.91
P/E ratio I, multiple	4.4	5.8	27.8	8.3	9.5
P/E ratio II, multiple	16.1	17.3	15.8	15.2	15.5
EPRA NAV	194.76	155.54	126.76	111.92	104.23
Dividend per share, SEK (2016 = proposed dividend)	5.75	5.25	4.75	4.25	4.00
Dividend yield per share, %	3.4	3.1	3.3	3.7	3.9
Total yield per share, %	2.1	23.1	27.5	17.5	15.7
Number of shares at year end, thousands	76,857	76,857	76,857	76,857	76,857
Average number of shares, thousands	76,857	76,857	76,857	76,857	76,857

¹ For definitions of key ratios, see page 129-130.



The largest shareholders in Wihlborgs at 31 December 2016

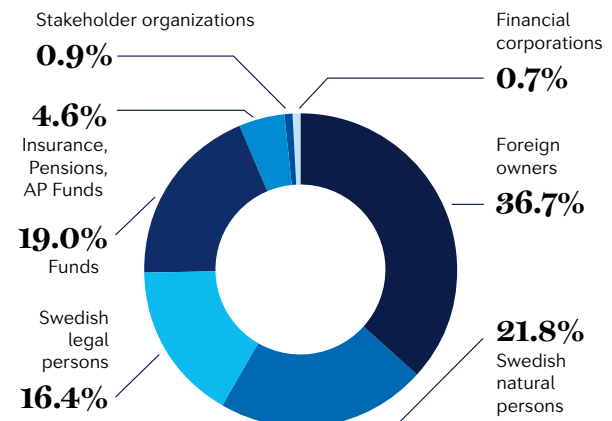
Shareholders	No. of shares, thousands	Share of capital and votes, %
Erik Paulsson and family, privately and through companies	7,884	10.3
Länsförsäkringar Funds	3,752	4.9
SEB Funds	3,466	4.5
Norges Bank	2,177	2.8
The Qviberg family	2,161	2.8
SHB Funds	1,901	2.5
The Fourth Swedish National Pension Fund (AP4)	886	1.1
DnB Carlson Funds	868	1.1
Tibia Konsult AB	813	1.1
Odin Ejendom	756	1.0
Other shareholders registered in Sweden	26,940	35.0
Other shareholders registered abroad	25,252	32.9
Total number of shares outstanding	76,856	100.0

Ownership structure

At the end of December 2016, the ten largest shareholders in Wihlborgs owned 32 percent of the shares. The number of shareholders was 24,112, up around 650 year-on-year.

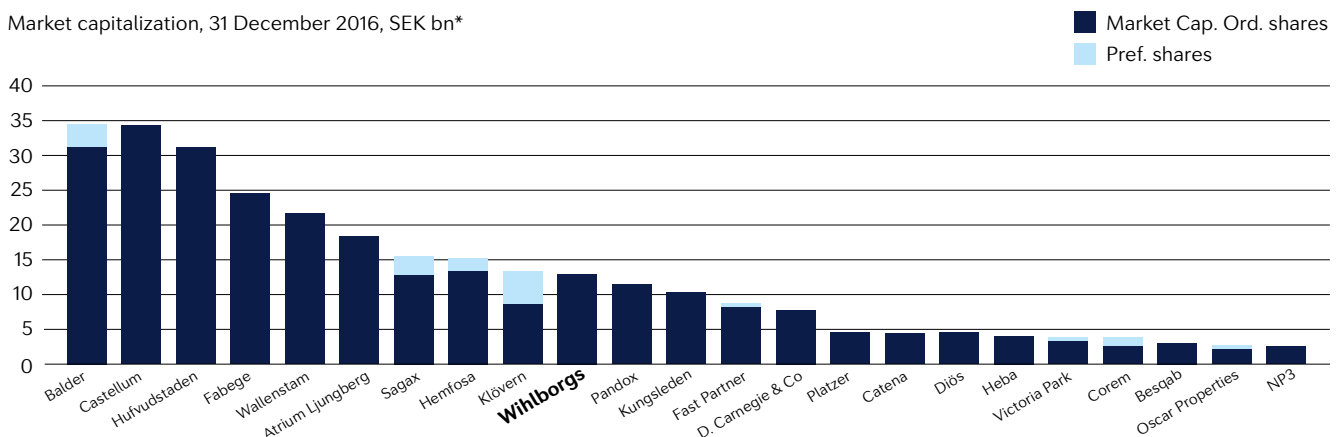
The number of foreign shareholders was 37 percent, which is a decrease of 2 percentage points year-on-year. The US accounted for 58 percent of foreign shareholders, the UK for 21 percent, Luxembourg for 7 percent and France for 5 percent.

Ownership structure



Listed property companies

Market capitalization, 31 December 2016, SEK bn*



*All classes of shares



CANTON

Every piece comes together

Malmö, Lund, Helsingborg and Copenhagen.

These cities are where we belong, and where we can develop our operations and live up to our own ambitious targets.

Property portfolios, transactions, ongoing projects, the development of city districts, sustainability efforts, skills development, customer satisfaction – each day, thousands of details need to come together to form a whole that strengthens our market position. Every piece comes together thanks to our employees, who energetically and enthusiastically continue to develop our position as a dynamic force in the Öresund region.

Our financial strength has put us on a strong footing and given us the freedom we need to continue driving efforts to develop the community we belong to.



Market overview

A record strong property market

Another Swedish property market record was noted in 2016. According to Newsec, the transaction volume amounted to SEK 201 billion, up SEK 54 billion, or 37 percent, year-on-year. Even if the largest transaction in 2016, Castellum's acquisition of Norrporten, were to be excluded, the previous record was exceeded by far. Together with listed property companies, institutions, such as pension funds and insurance companies, have been the heaviest investors. The office and housing segments accounted for just over half of transactions, totalling almost 55 percent. The number of transactions outside the three largest cities increased significantly; from 22 percent to 28 percent in 2016. Market supply was considerably lower than demand, which meant that investors were forced to look beyond their traditional investment horizons.

Attractive interest-rate levels along with the notable difference between yield requirements on properties led to investments in properties remaining highly attractive. Continued low interest rates and stable foundations for the property market also mean positive prospects for high transaction intensity in 2017. Newsec's assess-

ment is that transaction volumes will exceed the historic average, even if volumes will not be anywhere near the top notation of 2016. Employment levels are healthy and vacancy rates in the rental market are low at the same time as there is a limited amount of speculative construction. Although possible legislative changes could have an inhibitory effect, the majority of risks are global.

The Öresund region - the largest Nordic region

Geographically, the Öresund region comprises Skåne on the Swedish side of the Öresund and Zealand, Lolland, Falster, Møn and Bornholm on the Danish side. This region is the most densely populated in the Nordic region, as well as the largest metropolitan area. In 2017, the population of the Öresund region is expected to exceed 4 million inhabitants. 1.3 million people currently live on the Swedish side of the strait, while 2.6 million live on the Danish side. The population is highly educated, with around 145,000 students and 8,000 researchers at the region's 14 colleges and universities.

Just over a quarter of the countries' combined GDP is generated in the Öresund region.

The region is connected by the 15.9 km-long Öresund link between Malmö and Copenhagen, which consists of a 7.8 km-long bridge and a 4 km-long tunnel on the Danish side.

The labour market

The Swedish economy remains one of the fastest growing economies in Europe, even though growth slowed slightly in 2016. All indicators point to Sweden being in a period of economic prosperity.

Arbetsförmedlingen's (Sweden's public employment agency) forecast survey completed in autumn 2016 indicates a continued positive outlook. As previously, Skåne is among those counties recording the highest job growth in Sweden, and demand for labour has been strong in Skåne over the past few years.

Arbetsförmedlingen indicates a continued positive employment trend, even though growth is expected to slow in 2017. As in previous surveys, growth is expected to be greatest in the construction and private service sector groups. The autumn forecast survey showed that the private service sector is one of the fastest growing sectors in 2016 and 2017. The public service sector group also reported notably strong growth. Although there is strong growth in employment, the increasing supply of labour, primarily due to immigration, will result in unemployment levels remaining high in Skåne. Unemployment in Skåne is more structural than conjunctural.

Employment levels on the Danish side of the Öresund straight have risen significantly. Between the second quarters of 2015 and 2016, employment rose a full 2.4 percent in the capital region, which is on a par with the Stockholm region. The growth rate also increased in Zealand, where employment rose 1.5 percent.

The housing market

Movements over the Öresund strait increased once again in 2016. During the first three quarters of the year, around 20 percent more people moved from the Danish side to the Swedish side of the strait, compared with the year-earlier period when very few made the move from Denmark. Housing prices are stated as one of the most important reasons. Apartment prices have increased significantly in both Copenhagen and the rest of Denmark and are now at their highest level ever.

The number of people moving from Sweden to Denmark is still higher despite the fact that the number who moved during the year fell 8 percent. According to statistics from Örestat, this is now down at the same level seen in 2007.

Important airport

Copenhagen airport is one of Europe's fastest-growing airports and is critical to the development of South Sweden.

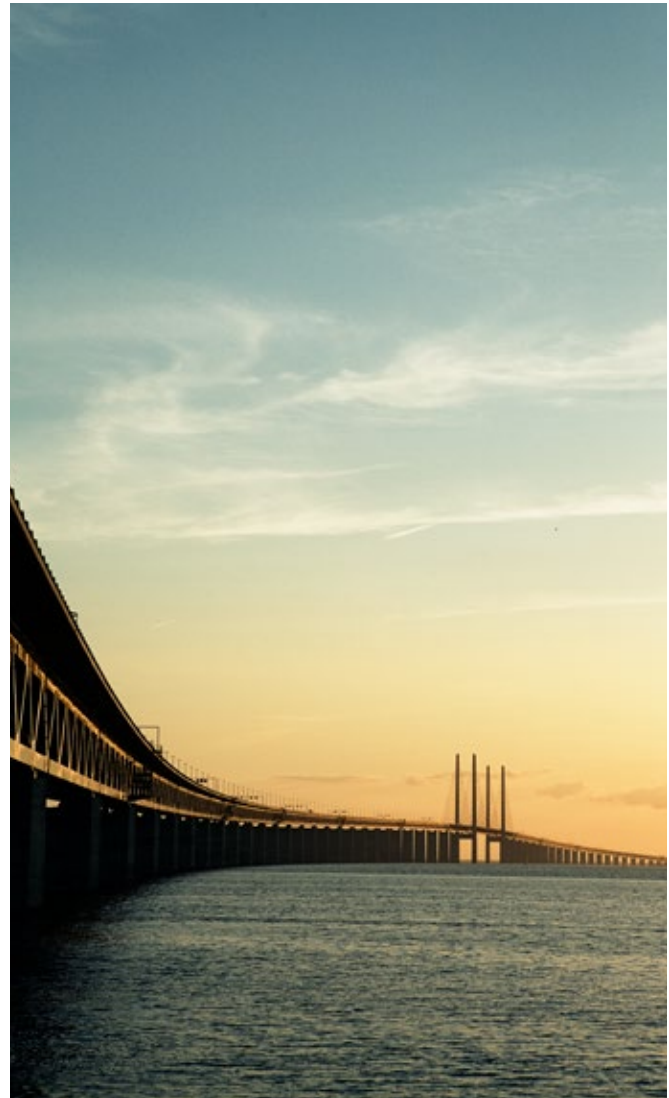
In 2016, 29 million passengers passed through Copenhagen's airport. As a comparison, Arlanda airport had 24.7 million passengers in 2016.

Just before Christmas, a plan was presented for an extension of Copenhagen airport, "Expanding CPH," which will create space for 40 million passengers and add 17 new long-haul routes to the current 36, among other advantages. The investment will amount to

approximately DKK 20 billion and will represent one of the largest privately financed infrastructure investments in the history of Denmark.

More than 16,500 people currently work at the airport, thus making it Denmark's largest workplace. When the extension is complete, the number of permanent positions is expected to have increased by 9,000 people. 12,500 jobs are also expected to be created during the construction.

Sources: Örestat, the City of Malmö, Newsec and Skåne County's Labour market outlook for 2016



The Öresund Bridge is of major importance for the region's development and as a link to Copenhagen Airport.



Property portfolio and transactions

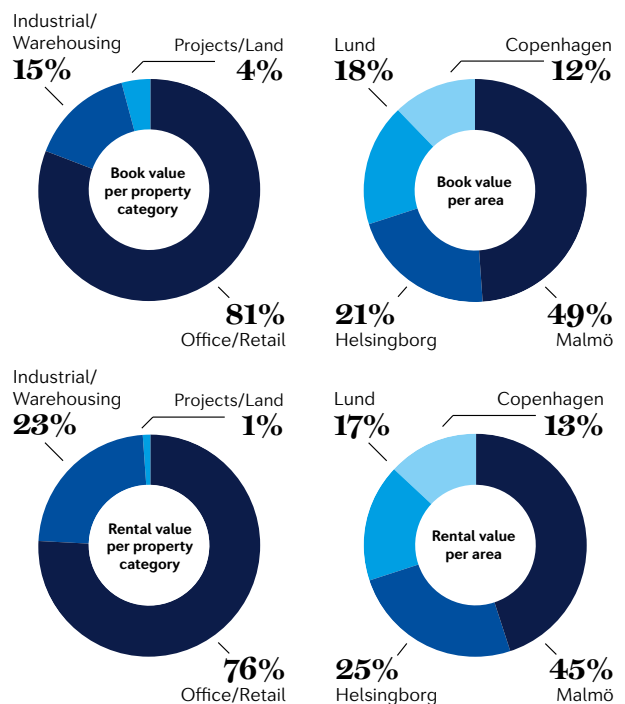
Since 2005, Wihlborgs' property value has increased from SEK 7.2 to 32.8 billion. Our strategy is to keep growing and developing by way of acquisitions and by development of our properties. This will further increase our opportunities to identify new solutions that can meet the needs and requirements of both existing and new tenants.

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

Property portfolio

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

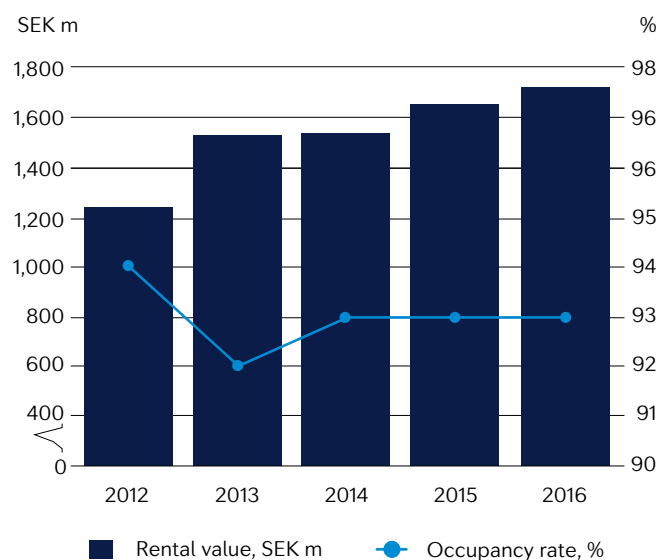
At 31 December 2016, the property portfolio consisted of 282 properties, including ten leasehold properties, with a total lettable area of around 1,849,000 m². The carrying amount totalled SEK 32,755 million. The total rental value was SEK 2,349 million and the annualised contractual rental income was SEK 2,137 million. The economic occupancy rate was 91 percent.



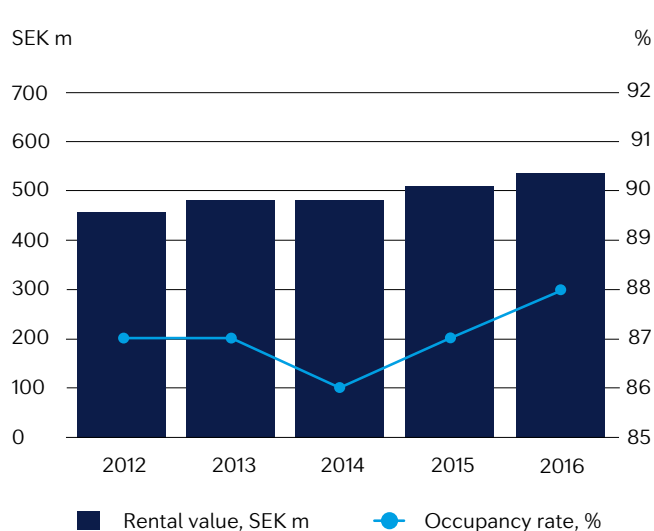
Analysis per property category in each management area

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	46	422	12,950	822	1,947	92	758	575	76	599	4.6
Ind/Warehousing	49	250	1,968	204	815	89	181	132	73	140	7.1
Projects & Land	25	35	921	22	637	–	5	1	–	2	–
Total, Malmö	120	708	15,839	1,048	1,482	90	944	708	75	741	4.7
HELSINGBORG											
Office/Retail	28	169	4,162	298	1,760	92	275	202	74	211	5.1
Ind/Warehousing	60	365	2,668	295	807	87	256	181	71	195	7.3
Projects & Land	10	–	59	0	–	–	0	0	–	0	–
Total, Helsingborg	98	534	6,890	593	1,109	89	530	383	72	406	5.9
LUND											
Office/Retail	21	184	5,580	397	2,152	92	367	273	75	301	5.4
Ind/Warehousing	4	20	132	14	705	96	13	11	80	11	8.5
Projects & Land	2	–	267	0	–	–	0	0	–	0	–
Total, Lund	27	204	5,979	411	2,012	93	380	284	75	313	5.2
COPENHAGEN											
Office/Retail	29	349	3,767	275	788	95	261	211	81	221	5.9
Ind/Warehousing	5	32	222	22	675	96	21	18	85	19	8.6
Projects & Land	3	21	58	–	–	–	–	0	–	0	–
Total, Copenhagen	37	403	4,047	297	738	95	282	229	81	239	5.9
Total, Wihlborgs	282	1,849	32,755	2,349	1,271	91	2,137	1,605	75	1,699	5.2
Total, excluding Projects & Land	242	1,793	31,449	2,327	1,298	92	2,132	1,604	75	1,697	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 2017 was SEK 2,349 million. The estimated rental value of vacant premises corresponded to SEK 212 million. The lettable area was 1,849,000 m².

The economic occupancy rate for the entire property portfolio, including the project portfolio, was 91 percent. When divided up geographically, Malmö was at 90 percent, Helsingborg 89 percent, Lund 93 percent and Copenhagen 95 percent. The economic occupancy rate divided up by property category was offices/retail at 93 percent and Ind/Warehousing at 88 percent.

Rental income

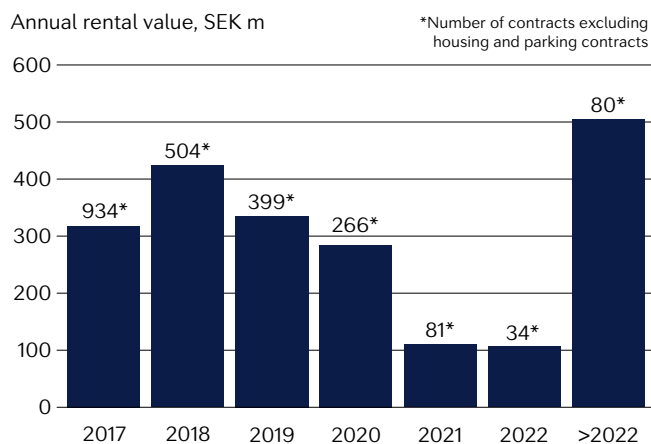
Wihlborgs' annualised contractual rental income on 1 January 2017 was SEK 2,137 million. This includes additional rental charges such as property tax, heating and electricity that are passed on to tenants.

At the same date, Wihlborgs had about 2,298 commercial lease agreements with contractual rental income totalling SEK 2,077 million and an average term of 4.3 years. Rental income pertaining to contracts for parking places, land, housing, etc., amounted to SEK 60 million.

Leases with a term of three years or more are normally subject to an annual rent adjustment based on changes in the consumer price index or a fixed percentage increase. For Wihlborgs, the rent adjustments in existing leases mean that income for 2017 will increase by about 1.4 percent.

Annualised rental income from Wihlborgs' ten largest tenants totalled SEK 450 million, corresponding to 21 percent of contractual rental income.

Terms of Wihlborgs leases on 1 January 2017



Property expenses

Wihlborgs property expenses are divided among operations, repairs and maintenance, property tax, ground rents and property management. The cost distribution is presented in Note 6 on page 100.

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

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

Property tax in 2016 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 2016 totalled SEK 10,897 million, which led to the Group's property tax for 2016 amounting to SEK 96 million. SEK 85 million was passed on to tenants through additional rental charges.

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

Investments

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

In 2016, SEK 989 million was invested in redevelopment, extensions and new builds. For a more detailed description of project activities, see pages 50–55.



Ubåtshallen in the Dockan area has been redeveloped into modern office space for Försäkringskassan (the Swedish Social Insurance Agency).

Acquisitions and sales

Wihlborgs continued its efforts to concentrate and add value to its portfolio in 2016. Nine properties were divested during the year. In Limhamn, a detailed development plan has been prepared for an old industrial area at the Gjuteriet site. Wihlborgs divested housing development rights totalling 35,000 m² GFA (gross floor area) – the Bensinpumpen 1, Linoljan 1 and Fernissan 1 sites. The leasehold property, Vinkeln 8, and a smaller project property, Arlöv 19:58, were divested in an industrial area of Arlöv. In Helsingborg, two mixed properties with major sections dedicated to housing, Belgien Norra 19 and Vikingen 10, were sold to local companies. Wihlborgs' only property in the area of Möllevången in Malmö, Malmen 12, was divested.

A major proportion of operations here are focused on healthcare and nursing.

In addition to a few minor supplementary acquisitions, Wihlborgs completed a strategically important acquisition of 13 properties in the Copenhagen area during the fourth quarter. With this acquisition, Wihlborgs' portfolio in Denmark was expanded by 100,000 m² and the property value increased to around SEK 4 billion. Half of the portfolio is located in Herlev/Ballerup and Høje-Taastrup where Wihlborgs already operates. Other properties are located in both north and south Copenhagen in areas where Wihlborgs sees opportunities to expand its portfolio further.

Property acquisitions and sales

Acquisitions

Quarter	Property	Municipality	Management area	Category	Lettable area, m ²	Price, SEK m	Operating surplus 2016, SEK m ¹
1	Stenåldern 7, part of Hordaland 1	Malmö	Fosie	Ind/Warehousing	9,713		
2	Plåtförädlingen 17	Helsingborg	Västra Hamnen	Projects & Land	-		
	Abildager 16	Brøndby	Söder	Ind/Warehousing	1,476		
4	Cylindern 2	Helsingborg	Copenhagen	Projects & Land	9,336		
	Engholm Parkvej 8	Allerød	Berga	Ind/Warehousing	2,173		
	Engvej 139	Copenhagen	Copenhagen	Office/Retail	11,027		
	Glentevej 61–65	Copenhagen	Copenhagen	Office/Retail	2,660		
	Glentevej 67–69	Copenhagen	Copenhagen	Office/Retail	9,935		
	H J Holst vej 3–5	Brøndby	Copenhagen	Office/Retail	8,490		
	Helgeshøj Alle 9–15, 49–55	Høje Taastrup	Copenhagen	Office/Retail	8,107		
	Høje Taastrup Blvd 33–39	Høje Taastrup	Copenhagen	Office/Retail	13,347		
	Høje-Taastrup Blvd 52–58	Høje Taastrup	Copenhagen	Office/Retail	6,542		
	Lersø Park Alle 103–105	Copenhagen	Copenhagen	Office/Retail	4,282		
	Lynghbyvej 20	Copenhagen	Copenhagen	Office/Retail	9,859		
	Midtager 35	Brøndby	Copenhagen	Office/Retail	3,280		
	Mileparken 22	Ballerup	Copenhagen	Ind/Warehousing	7,963		
	Sandtoften 9	Gentofte	Copenhagen	Projects & Land	11,646		
	Park Allé 363	Brøndby	Copenhagen	Office/Retail	4,970		
				Ind/Warehousing	3,900		
Total acquisitions, 2016					128,706	1,074	16

Sales

1	Arlöv 19:58	Burlöv	Arlöv	Projects & Land	2,372		
	Bensinpumpen 1	Malmö	Limhamn	Projects & Land	-		
2	Vinkeln 8	Malmö	Arlöv	Ind/Warehousing	8,026		
	Påfågeln 9	Helsingborg	Söder	Projects & Land	979		
	Belgien Norra 19	Helsingborg	Central Malmö	Office/Retail	9,063		
	Vikingen 10	Helsingborg	Central Malmö	Office/Retail	1,882		
4	Malmen 12	Malmö	Central Malmö	Office/Retail	7,511		
	Linoljan 1	Malmö	Limhamn	Projects & Land	-		
	Fernissan 1	Malmö	Limhamn	Projects & Land	-		
Total sales, 2016					29,833	581	6

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

Helsingborg

534,000 m²

28

Office/Retail

60

Ind/Warehousing

10

Projects & Land

Lund

204,000 m²

21

Office/Retail

4

Ind/Warehousing

2

Projects & Land

Copenhagen

403,000 m²

29

Office/Retail

5

Ind/Warehousing

3

Projects & Land

Malmö

708,000 m²

46

Office/Retail

49

Ind/Warehousing

25

Projects & Land





Malmö

120 properties

An attractive, growing city

With its strategic position in the Öresund region, Malmö is continuing to grow. The region has the Nordic area's largest labour market, with around 3.9 million inhabitants. This, combined with the proximity to universities and colleges, is attracting companies to establish their operations here. During the past few years, several companies have moved their headquarters to Malmö.

Malmö is Sweden's third-largest city and has undergone an enormous transformation over the past 20 years, not least in terms of the business sector. Major industries have been forced to make way for small and medium-sized companies in every sector imaginable. A college founded in 1998 is now the largest in the country, with 26,000 students. This college will be granted university status in 2018.

Malmö's population has increased since the mid-1980s and is continuing to grow faster than before. Malmö's inhabitants make up 3.3 percent of Sweden's population today. Malmö is a young city with almost half of the population under the age of 35. The city has seen its annual growth rate rise from 0.5 percent to 2.0 percent.

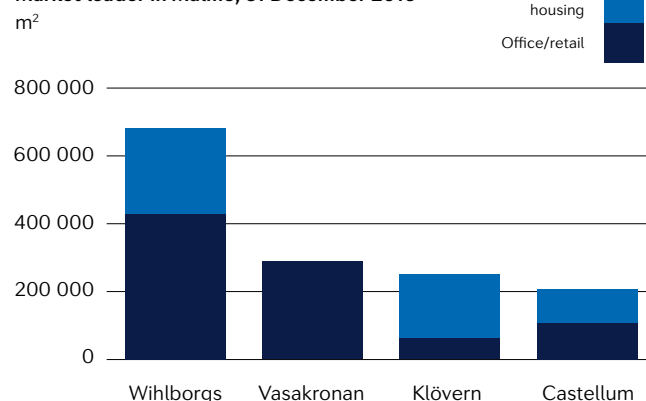
In 2013, the international business magazine Forbes described Malmö as one of the world's 15 most innovative cities, while the OECD – The Organisation for Economic Co-operation and Development – ranks Malmö number four globally in terms of cities with the most patent applications per 10,000 inhabitants.

Wihlborgs – largest in Malmö

Wihlborgs is 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 15,839 million. The economic occupancy rate in Malmö at the turn of the year was 90 percent. The Industrial/Warehousing segment has good occupancy at 89 percent, while Office/Retail is somewhat higher at 92 percent.

There are several major property owners in Malmö, including Castellum, Klöver, Kungsleden, Stena, Vasakronan and Volito to name just a few.

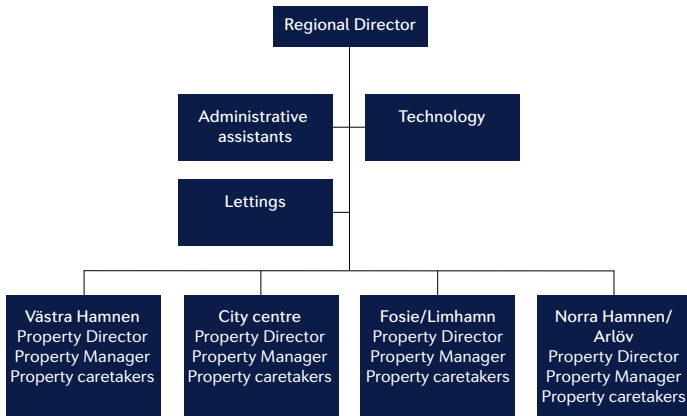
Market leader in Malmö, 31 December 2016



Collaboration

It is important for us to be actively involved in various organisations and networks. Several of our employees sit on external boards and various forums, thereby driving important issues concerning urban development, for example the Swedish Property Federation South, Malmö Citysamverkan AB, Medeon, Solar Region Skåne and Öresundsinstitutet.

Wihlborgs is also a member of local stakeholder associations/business groups involving everything from small to major companies.



Wihlborgs' management areas

Wihlborgs has focused its portfolio on four management areas in Malmö: Västra Hamnen, central Malmö, Fosie/Limhamn and Norra Hamnen/Arlöv.

Each management area is managed by a property director who has his or her own organisation as a means of support. Together, they are responsible for their respective areas and work in line with established goals that are produced in consultation with the regional director in each city. By working locally with our own personnel who know the area, the properties and the tenants, it is easier to understand the expectations and requirements of our customers.

Västra Hamnen

Dockan in Västra Hamnen is Wihlborgs' largest development area and a unique project in collaboration with Wihlborgs, JM and Peab. In 2000, the companies founded a joint development company, Dockan Exploatering AB, which acquired the land in Dockan. The area, where Kockums once enjoyed its period of greatness, has been transformed from an industrial area into a modern urban environment comprising housing, restaurants, retail units and offices. Wihlborgs is responsible for developing the commercial portfolio in Dockan.

As of the turn of the year, Wihlborgs owns and manages 161,000 m² in the area and also has further opportunities for development. The property value amounted to SEK 6,316 million.

The construction at Dockan has received the City of Malmö's Architectural Award several times. The last time Wihlborgs received the award was in 2012, for the Ubåten 2 "Media Evolution City" property that represents the hub of Malmö's media industry.

In 2016, Wihlborgs began construction on another multistorey car park in Dockan, P-huset Ubåten, alongside Ubåtshallen on Östra Varvsgatan. P-huset will encompass 15,000 m² and have room for around 400 parking spaces.

Orkla Foods moved its head office from Eslöv to Malmö and into the Kranen 1 property in February 2016. Around 5,000 m² was redeveloped here for Orkla, who moved into an activity-based office.

In record time – nine months – Ubåtshallen was totally redeveloped and adapted for the Swedish Social Insurance Agency, who moved into an activity-based office during May

2016. 700 people now have five stories and a total of 12,300 m² at their disposal.

The renovation at Gängtappen 1 began in 2015 and was completed in 2016. The property, purchased by Wihlborgs in 2009, was previously the headquarters of Kockums, coming into use in 1958. The property was totally renovated to create modern, flexible premises for new tenants, with Länsförsäkringar Skåne becoming the first tenant to sign an agreement. They moved into the top six floors in July 2016 – a total of 5,200 m².

Central Malmö

Wihlborgs' largest management area in Malmö is Central Malmö, both in terms of surface area and value. Wihlborgs owns and manages 230,000 m² here, and the property value amounts to SEK 6,645 million.

No properties were acquired in this area in 2016. However, Malmen 12 in Möllevången was sold as part of our efforts to refine the portfolio.

The regeneration of the Nyhamnen area into a new and modern city district has started and Wihlborgs has a number of properties here, both developed and undeveloped. A new-build project for an office building totalling 7,000 m² has started on one of the sites, Sirius 3. There will be office space for around 350 people here in modern premises in the prime commuting location next to Malmö Central Station. The property will be certified Gold by Sweden Green Building Council (SGBC).

Aller Media is moving all of its operations in Skåne to Malmö and moving in to some 4,800 m² at Erik Menved 37 on Östergatan. The premises have been renovated and were ready for occupancy as of the turn of the year 2016/2017.

Wihlborgs is redeveloping and modernising 7,500 m² of the Uven 9 property (previously Riksbankshuset) for the City of Malmö. The premises have been adapted for the Förskoleförvaltningen (Preschool Committee) and Malmö Trade and Industry Agency, and were ready for occupancy in January 2017.

Fosie/Limhamn

Wihlborgs owns and manages 172,000 m² in Fosie and Limhamn with a property value of SEK 1,728 million. Both areas are located in south Malmö with good connections to the motorways and ring roads.

Fosie is one of Malmö's largest commercial districts housing companies of varying sizes, and Wihlborgs is well-represented here. The Limhamn properties are located in the Annetorp industrial area, which is characterised by small industrial businesses, plus a number of office units. Hyllie also forms part of the management area and Wihlborgs intends to establish office properties there. The property portfolio offers a number of major project opportunities.

A property was acquired in 2016 in Fosie, Stenåldern 7, comprising 10,000 m². In Limhamn, a detailed development plan has been prepared for an old industrial area that Wihlborgs acquired in 2010, and during the year Wihlborgs sold development rights for a total of 35,000 m² GFA.

Parts of Wihlborgs' property on Agnesfridsvägen, Stridsyxan 4, have been adapted and redeveloped into northern Europe's largest tire hotel – Bilia Däckcenter. An extension has been completed at the same property for Areco's store/warehouse and a new warehouse build is under way.

Norra Hamnen/Arlöv

Norra Hamnen and Arlöv are Wihlborgs' management areas in north Malmö. Both areas have a direct connection to the motorway network and are characterised by industrial and warehousing operations. Bulltofta, located in east Malmö, also forms part of this management area.

Wihlborgs' management area here comprises 145,000 m² with a property value of SEK 1,151 million. There are both major and minor project opportunities spread across the entire area.

As part of the further refinement of our property portfolio, two properties in Arlöv were sold in 2016 and no acquisitions were carried out.

The new tenants added include Svenska HusCompagniet, which will open an office and showroom on Lundavägen at the Skjutsstallslyckan 11 property.

A good example of how we can help our tenants as they grow is the electrical company Emil Lundgren. After four years in Norra Hamnen, they moved to Vårbuketten 2 in the Fosie management area, doubling their area to 1,000 m².

The 4,000 m² industrial and warehousing property, Tågarp 16:19, was let at the beginning of the year to the management company Åtorps Herrgård, who will build modular houses on the premises.

Focus in 2017

We will continue to develop our management organisation in Malmö to meet customers' needs and wishes in a timely and efficient way. Customer relationships are an important cornerstone of our operations and we will work to maintain our high customer satisfaction index.

We look forward to being an active partner to the City of Malmö and other developers involved in the development work around Nyhamnen that will be under way for several years to come.

We are building an office property that totals 9,000 m², known as the Dungen project, for Swedish Customs among others. As this is our first property in Hyllie, this commitment means we will become an active participant in the continued development of this city district.

In terms of letting activities, we are focusing mainly on the properties that are facing major moves in 2017 and 2018. In Central Malmö, the County Administrative Board is moving out of Karin 11, Swedish Customs is moving from Elefanten 40 to our new-build property in Hyllie and Ubisoft/Massive is leaving Sparven 15 to move to its own property.



Kranen 1 in Dockan has undergone a major redevelopment and extension for Orkla Foods Sweden who, in spring 2016, moved their headquarters from Eslöv to Malmö.

Malmö



Västra Hamnen												
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	Dockporten 1	Dockgatan 1	Malmö	Office/Retail	107		4,120	450	0	0	0	4,570
2	Gängtappen 1	St Varvsgatan 11/Lovartsg 14	Malmö	Office/Retail	351		14,042	660	194	0	0	14,896
3	Gängtappen 2	Hallenborgs g/Lovartsg 2-10	Malmö	Office/Retail	227		9,165	680	19	0	0	9,864
4	Hordaland 1	Ö Varvsg 7B/Fartygsg 1-3	Malmö	Projects & Land	0		0	0	0	0	0	0
5	Kranen 1	St Varvsg 1/Isbergs gata 1-13	Malmö	Office/Retail	164		8,269	534	0	698	0	9,501
6	Kranen 2	Östra Varvsgatan 11	Malmö	Projects & Land	0		0	0	685	16,637	0	17,322
7	Kranen 4	Östra Varvsgatan 23	Malmö	Office/Retail	45		3,988	0	0	0	170	4,158
8	Kranen 6	Östra Varvsgatan 13	Malmö	Office/Retail	0		0	0	5,484	2,830	3,050	11,364
9	Kranen 7	Östra Varvsgatan 15	Malmö	Projects & Land	2		650	0	2,737	0	0	3,387
10	Kranen 8 Ubåtshallen	Östra Varvsgatan 9/Dockg 2	Malmö	Office/Retail	267		15,070	375	10	0	0	15,455
11	Kranen 9	Isbergs gata 15-17	Malmö	Office/Retail	70		3,710	0	0	0	0	3,710
12	Skrovet 3	Dockpl 10-18/Hallenb g 9-19	Malmö	Office/Retail	210		8,720	1,605	21	0	0	10,346
13	Skrovet 4	Hallenborgs gata 7	Malmö	Office/Retail	45		0	0	0	0	0	0
14	Skrovet 5	Hallenborgs g 1-5/St Varvsg 9	Malmö	Office/Retail	187		7,422	1,243	0	0	0	8,664
15	Skrovet 6	St Varvsg 3-7/Isbergs gata 2	Malmö	Office/Retail	253		12,147	284	0	0	0	12,431
16	Skåneland 1	L Varvsg/Läg/Dockpl 22-26	Malmö	Office/Retail	221		11,206	325	0	0	0	11,531
17	Torrdockan 6	Dockplatsen 1	Malmö	Office/Retail	204		10,659	451	0	0	1	11,111
18	Torrdockan 7	Isbergs gata 2-6	Malmö	Projects & Land	0		0	0	0	0	0	0
19	Ubåten 2	Stora Varvsg/Gamla Dockan 1	Malmö	Office/Retail	161		12,023	369	0	184	0	12,576
Total, Västra Hamnen					2,514		121,191	6,976	9,150	20,349	3,221	160,885
Central Malmö												
20	Börshuset 1	Skeppsbron 2	Malmö	Office/Retail	117		4,372	934	36	0	0	5,342
21	Elefanten 40	Storg 20/ S Förstadsg	Malmö	Office/Retail	247		12,111	2,742	8	0	0	14,861
22	Erik Menved 37	M Nilsg/Kattsundsg/Österg	Malmö	Office/Retail	335		17,875	3,169	1,959	0	203	23,206
23	Fisken 18	N Vallg/Västerg/L Bruks g	Malmö	Office/Retail	130		5,234	0	86	1,508	0	6,828
24	Flundran 1	Gibraltargatan 2/Suezgatan 9	Malmö	Office/Retail	0		0	0	0	2,451	0	2,451
25	Forskaren 1	PA Hanssons v/Cronquist g	Malmö	Office/Retail	183		13,177	225	632	0	0	14,034
26	Forskaren 4	PA Hanssons väg 35	Malmö	Office/Retail	0		2,730	0	0	0	0	2,730
27	Hamnen 22:188	Hans Michelsensgatan 8-10	Malmö	Office/Retail	107		6,716	700	1,151	0	0	8,567
28	Karin 11	Kungsg/Brandmg/Drottning	Malmö	Office/Retail	152		15,171	0	749	0	181	16,101
29	Kolga 4	Jörgen Kocksgatan/Stormg	Malmö	Office/Retail	47		2,266	0	19	0	0	2,285
30	Neptun 6	Västergatan/Slottsgat/N Vallg	Malmö	Office/Retail	76		3,391	0	239	1,486	0	5,116
31	Nora 11	Kungsg/Drottningg/Hjalmar G	Malmö	Office/Retail	231		26,254	719	1,590	0	0	28,563
32	Polstjärnan 1-2	Jupiterg/Jörgen Kocksg/Marsg	Malmö	Projects & Land	27		0	0	11,055	0	0	11,055
33	Ritaren 1	Stadiong/Ingenjörsg 11	Malmö	Office/Retail	16	T	3,088	0	0	0	0	3,088
34	Sankt Jörgen 21	Söderg /Baltzarg /Kalende	Malmö	Office/Retail	314		7,821	3,449	69	0	0	11,339
35	Sirius 3	Carls g/Navigationsg	Malmö	Projects & Land	65		0	0	0	0	0	0
36	Slagthuset 1	Carls g/Utställng/Jörgen Kockg	Malmö	Office/Retail	309		6,656	8,225	30	1,267	10,275	26,453
37	Sparven 15	V Kanal g/Storg/Drottningg	Malmö	Office/Retail	85		7,634	0	5,937	7,014	0	20,585
38	Söderhavet 4	Carls g/Elbeg/Donaug	Malmö	Office/Retail	11		0	2,940	0	0	0	2,940
39	Uven 9	Diskontogången/Lugna g	Malmö	Projects & Land	78		7,590	0	0	0	0	7,590
40	Våktaren 3	Hjälmareg/Nordenskiöldsg	Malmö	Office/Retail	166		8,305	0	30	0	0	8,335
41	Östersjön 1	Carls gatan/Stormgatan	Malmö	Office/Retail	162		7,956	0	80	0	0	8,036
Total, Central Malmö					2,858		158,347	23,103	23,670	13,726	10,659	229,505
Fosie and Limhamn												
42	Balken 7	Schaktugngsgatan 5	Malmö	Ind/Warehousing	8		618	0	1,202	0	0	1,820
43	Balken 10	Ringugngsgatan 3	Malmö	Ind/Warehousing	21		0	0	3,725	0	0	3,725
44	Blocket 1	Limhamnsg Allé/Krossv.g	Malmö	Ind/Warehousing	38		2,926	0	3,018	179	721	6,844
45	Bopplatsen 3	Boplatsgatan 4-8	Malmö	Office/Retail	126		21,917	660	2,218	0	0	24,795
46	Bronsdolken 3	Stenyxegatan 13-15	Malmö	Ind/Warehousing	53		176	4,242	7,299	0	0	11,717
47	Bronsdolken 10	Stenyxegatan 27	Malmö	Ind/Warehousing	5		0	0	1,271	0	0	1,271
48	Bronsdolken 11	Stenyxegatan 29	Malmö	Ind/Warehousing	5		432	0	521	0	0	953
49	Bronsdolken 18	Stenyxegatan 17	Malmö	Ind/Warehousing	8		0	0	1,311	0	0	1,311
50	Bronsdolken 25	Stenyxegatan 33-35	Malmö	Office/Retail	38		480	6,872	2,881	0	0	10,233
51	Bronsspannen 5	Trehögsgatan 7	Malmö	Ind/Warehousing	3		0	0	735	0	0	735
52	Bronsspannen 8	Flintyxegatan 3	Malmö	Ind/Warehousing	6		0	0	1,067	0	0	1,067
53	Bronsspannen 9	Flintyxegatan 5	Malmö	Ind/Warehousing	9		0	0	2,069	0	0	2,069
54	Bronsspannen 13	Trehögsgatan 3	Malmö	Ind/Warehousing	7		0	0	1,765	0	0	1,765
55	Bronsåldern 2	Bronsåldersgatan 2	Malmö	Ind/Warehousing	57		2,370	0	9,937	0	0	12,307
56	Dubbelknappen 15	Kantyxegatan 23	Malmö	Office/Retail	12		1,549	0	78	0	0	1,627

continued on next page

Fosie and Limhamn continued

No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Leasehold	Offices m ²	Retail m ²	Industrial/Warehouseing, m ²	Education/Health-care, m ²	Other m ²	Total m ²
57	Dubbelknappen 23	Risyxegatan 3	Malmö	Ind/Warehousing	26		0	0	4,027	0	0	4,027
58	Förbygeln 1	Ridspögatan 1 / Skrittgatan 1	Malmö	Ind/Warehousing	21		0	0	5,146	0	0	5,146
59	Gjuteriet 22	Limhamnsvägen 109	Malmö	Projects & Land	13		0	0	0	0	0	0
60	Hindbygården 7	Ö Hindbyvägen 70-72	Malmö	Projects & Land	2		0	0	0	0	0	0
61	Hindbygården 8	Ö Hindbyvägen 74	Malmö	Office/Retail	5		1,630	0	0	0	0	1,630
62	Hindbygården 9	Ö Hindbyvägen	Malmö	Projects & Land	2		0	0	0	0	0	0
63	Hindbygården 10	Ö Hindbyvägen	Malmö	Projects & Land	1		0	0	0	0	0	0
64	Hundlokan 10	Cypressvägen 21 - 23	Malmö	Ind/Warehousing	33		0	0	5,985	0	0	5,985
65	Hällristningen 5	Boplatsgatan 5	Malmö	Projects & Land	3		0	0	0	0	0	0
66	Löplinan 7	Sporregatan 13	Malmö	Ind/Warehousing	8		0	0	2,489	0	0	2,489
67	Mandelblomman 5	Lönnngatan 75	Malmö	Ind/Warehousing	7		640	0	1,995	0	0	2,635
68	Muren 5	Ringugnsgatan 8	Malmö	Ind/Warehousing	7		0	0	1,593	0	0	1,593
69	Olsgård 8	Olsgårdsgatan 3	Malmö	Ind/Warehousing	26		0	0	3,714	0	0	3,714
70	Revolversvarven 11	Jägershillgatan 20	Malmö	Office/Retail	8	T	0	1,650	0	0	0	1,650
71	Ringspännet 3	Kantyxegatan 3	Malmö	Ind/Warehousing	14		207	0	3,420	0	0	3,627
72	Rosengård 130:403	Agnesfridsvägen 113 B	Malmö	Office/Retail	55		7,801	415	0	0	0	8,216
73	Spännbucklan 9	Agnesfridsv 182/ Skivyxeg 7	Malmö	Ind/Warehousing	35		0	0	6,800	0	0	6,800
74	Stenyxan 20	Stenyxegatan 16	Malmö	Office/Retail	7		1,415	0	175	0	0	1,590
75	Stenåldern 7	Stenåldersgatan	Malmö	Ind/Warehousing	4		0	0	9,713	0	0	9,713
76	Stridsyxan 4	Agnesfridsvägen 179	Malmö	Ind/Warehousing	26		555	87	5,896	0	0	6,538
77	Stångbattet 15	Ridbanegatan 6	Malmö	Ind/Warehousing	20		270	0	3,687	0	0	3,957
78	Sufflören 3	Axel Danielssons väg 259	Malmö	Ind/Warehousing	12		828	0	1,470	0	0	2,298
79	Trindyxan 3	Bronsyxegatan 9	Malmö	Ind/Warehousing	34		576	0	6,928	0	0	7,504
80	Urnes 3	Långhusgatan 4	Malmö	Office/Retail	39		4,600	0	0	0	0	4,600
81	Valvet 1	Krossverksgratan 5 A-M	Malmö	Ind/Warehousing	16		2,810	0	629	0	0	3,439
82	Vårbuketten 2	Husievägen 19	Malmö	Ind/Warehousing	15		0	0	2,837	0	0	2,837
83	Vårbuketten 4	Husievägen 17	Malmö	Projects & Land	4		0	0	0	0	0	0
Total, Fosie and Limhamn					839		51,800	13,926	105,601	179	721	172,227

Norra Hamnen and Arlöv

84	Finngrundet 4	Blidögatan 24/Bjurögatan 25	Malmö	Ind/Warehousing	17		1,469	0	2,152	0	0	3,621
85	Flintan 3 (Malmö)	Borrgatan 4/Lodgatan 3	Malmö	Projects & Land	9		0	0	3,277	0	0	3,277
86	Flygledaren 9	Höjdrodergatan 16 & 24A	Malmö	Ind/Warehousing	24		0	0	5,573	0	0	5,573
87	Flygvärdinnan 5	Höjdrodergatan 28	Malmö	Ind/Warehousing	24		5,230	0	0	0	0	5,230
88	Fältsippan 11	Källvattengatan 6	Malmö	Projects & Land	6		0	0	0	0	0	0
89	Grytan 3	Industrigatan 21	Malmö	Ind/Warehousing	10		1,263	0	1,100	0	0	2,363
90	Gulsippan 4	Källvattengatan 9	Malmö	Ind/Warehousing	16		735	0	2,662	0	0	3,397
91	Hanö 1	Hanögatan 2	Malmö	Ind/Warehousing	20		814	270	3,936	0	0	5,020
92	Höjdmätaren 1	Flygledaregatan 5	Malmö	Ind/Warehousing	10		1,010	0	887	0	0	1,897
93	Kirseberg 31:53	Strömög 3-5A/Lundav 146	Malmö	Ind/Warehousing	155		1,556	300	23,042	0	0	24,898
94	Skevroddret 2	Kabingatan 7	Malmö	Ind/Warehousing	6		0	0	1,830	0	0	1,830
95	Skjutsstallslyckan 11	Lundav 60/Rosendalsv 9	Malmö	Ind/Warehousing	9		0	692	3,073	0	0	3,765
96	Spillepengshagen 1	Ågatan 8	Malmö	Ind/Warehousing	7		115	0	1,915	0	0	2,030
97	Spillepengshagen 3	Lundavägen 140/Ågatan 4	Malmö	Office/Retail	15	T	2,607	1,916	28	0	0	4,551
98	Spillepengsmarken 8	Strömögatan 11	Malmö	Office/Retail	17		2,414	0	610	0	0	3,024
99	Stenshuvud 3	Hanög 4-10/Borrg/Brännög	Malmö	Ind/Warehousing	68		1,213	0	16,189	0	0	17,402
100	Stocken 2	Västkustvägen 17	Malmö	Ind/Warehousing	32		0	0	4,390	0	0	4,390
101	Syret 12	Scheeleg 19-21/Industrig 33	Malmö	Ind/Warehousing	7	T	0	0	1,803	0	0	1,803
102	Syret 13	Industrigatan 31-33	Malmö	Ind/Warehousing	8		0	0	1,585	0	0	1,585
103	Utgrunden 8	Sturkögatan 8-10	Malmö	Ind/Warehousing	25	T	0	0	10,084	0	0	10,084
104	Arlöv 17:4	Arlövs 23/Västkvst	Burlöv	Ind/Warehousing	14	T	212	0	4,024	0	0	4,236
105	Arlöv 19:133	Hantverkaregatan 18	Burlöv	Office/Retail	11		1,662	0	0	0	0	1,662
106	Sunnanå 12:2	Staffanstorpsvägen	Burlöv	Projects & Land	12		0	0	0	0	0	0
107	Sunnanå 12:27	Starrvägen 100-102	Burlöv	Ind/Warehousing	74		0	0	14,525	0	0	14,525
108	Tågarp 16:19	Hammarvägen 3	Burlöv	Ind/Warehousing	11		0	0	4,316	0	0	4,316
109	Tågarp 16:42	Företagsv 30/Hammarv 2	Burlöv	Ind/Warehousing	31		558	0	8,653	0	0	9,211
110	Åkarp 1:69	Tegelvägen 4	Burlöv	Ind/Warehousing	0		0	0	5,277	0	0	5,277
111	Borgeby 15:14 mfl	Norra Västkvstvägen	Lomma	Projects & Land	3		0	0	0	0	0	0
Total, Norra Hamnen and Arlöv					641		20,858	3,178	120,931	0	0	144,967
Total, Malmö					6,852		352,196	47,183	259,352	34,254	14,601	707,584



Lund

27 properties

The city of ideas

Lund is a city bursting with contrasts – a place where a thousand years of history meet the latest trends in modern science. Among the cobblestones and half-timbered houses, a medieval city centre coexists with modern buildings and innovative environments. Lund has a strong tradition of research and entrepreneurship and this, together with the university's 40,000 students, makes the city an interesting place for companies to set up. Furthermore, it is possible to attract talented employees by offering a high quality of life. Getting to work is simple in Lund, there are lovely surroundings and the wider world can be accessed quickly via Copenhagen's airport.

Two of the world's leading research facilities for materials science base their operations in the new city district of Brunnsög in north-east Lund. The synchrotron-light facility MAX IV was opened in June 2016, while the European Spallation Source (ESS) is estimated to be complete and operational in 2019. In connection to these, a new city district is forming where research and development are being combined with services and accommodation. In the long term, this area could make way for up to 40,000 residents and employees.

As part of this city development, Lund Municipal Council took the decision to construct a railway line between Lund Central Station and Brunnsög via Ideon. Traffic is planned to commence in autumn 2019.

A new district court is being built in central Lund, which is expected to be complete in late 2017. The court will be located to the west of the central station, thus becoming neighbours with the Kristallen municipal building and Wihlborgs' new property, Posthornet.

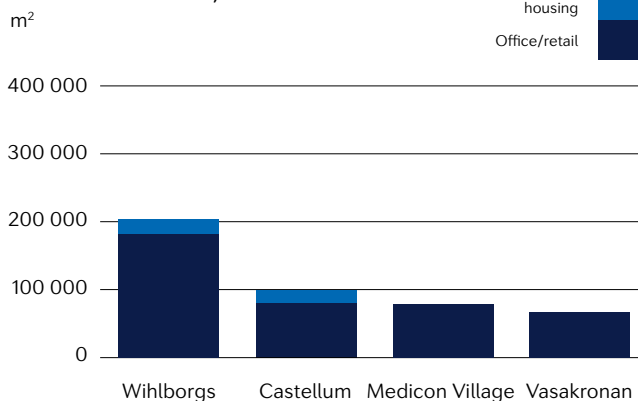
Wihlborgs - largest in Lund

Wihlborgs is the largest commercial property owner in Lund, owning approximately 204,000 m². The value of these properties amounts to SEK 5,979 million.

The economic occupancy rate in Lund was 93 percent at the turn of the year. The Industrial/Warehousing segment has a good occupancy at 96 percent, while Office/Retail is somewhat lower at 92 percent.

Other major commercial property owners in Lund include Castellum, Vasakronan and Akademiska Hus, which mainly offers educational premises.

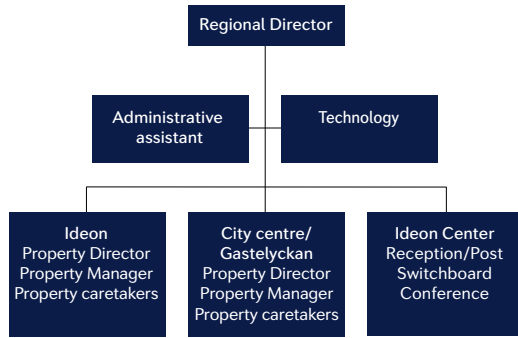
Market leader in Lund, 31 December 2016



Collaboration

As a major property owner, it is important for Wihlborgs to participate in various local organisations and networks in order to influence Lund's urban development, for example.

Wihlborgs is also a member of stakeholder associations/business groups involving everything from small to major companies operating in Lund.



Wihlborgs' management areas

In Lund, Wihlborgs has concentrated its portfolio on two areas: Ideon and Central Lund/Gastelyckan. The new city district of Brunnsbögen in northeast Lund also forms part of the latter area.

Each management area is managed by a property director who has his or her own personnel as a means of support. Together, they are responsible for their respective areas and work in line with established goals that are produced in consultation with the regional director in each city. By working locally with our own personnel who know the area, the properties and the tenants, it is easier to understand the expectations and requirements of our customers.

Ideon

Since 2013, Wihlborgs has been the sole property owner in the original Ideon area and now owns 113,000 m² with a value of SEK 3,325 million.

When Sweden's first science park, Ideon, was launched in 1983, the objective was to utilise knowledge at Lund University and to create growth companies with local roots, thus generating higher employment in the region. In 2016, Wihlborgs, Castellum and Vasakronan began collaborating under the brand Ideon and Ideon Science Park. The aim of this collaboration is to highlight the entire area as an internationally attractive location and to prepare for the research and development-intensive interests that follow when new residents move in.

Several new and exciting companies moved to Ideon in 2016. For example, Bosch launched new operations, whereby they develop software for the automotive industry, among others. Around 50 people moved into 500 m² at Alfa 2 in January, since which time the operations have expanded and Bosch now lets a total of 1,600 m². The company Flatfrog, whose operations include making pressure-sensitive screens, also moved into Alfa 2. Wihlborgs renovated and redeveloped these premises that now stand at around 1,000 m². At Delta 5, Wihlborgs signed a lease for 600 m² with Volvo Cars, who opened a research and development centre at Ideon in 2016. Continental is also establishing operations at Ideon and is moving into 800 m² at the same property.

Central Lund/Gastelyckan

The Central Lund/Gastelyckan management area has over 92,000 m² at its disposal with a property value of SEK 2,654 million in the city districts of Central Lund, Gastelyckan and Brunnsbögen.

Demand for new office premises has long been intense in central Lund. For this reason, Wihlborgs started construction on 11,000 m² of new office premises at Posthornet 1 in the "Sockerbruket" area next to the Kristallen municipal office. Folkandvården Skåne will move into a large, modern clinic of 4,800 m² here when construction has been completed in spring 2018.

In 2016, a major redevelopment project was completed at the Bytarebacken 39 site, whereby all 870 windows in the property were replaced.

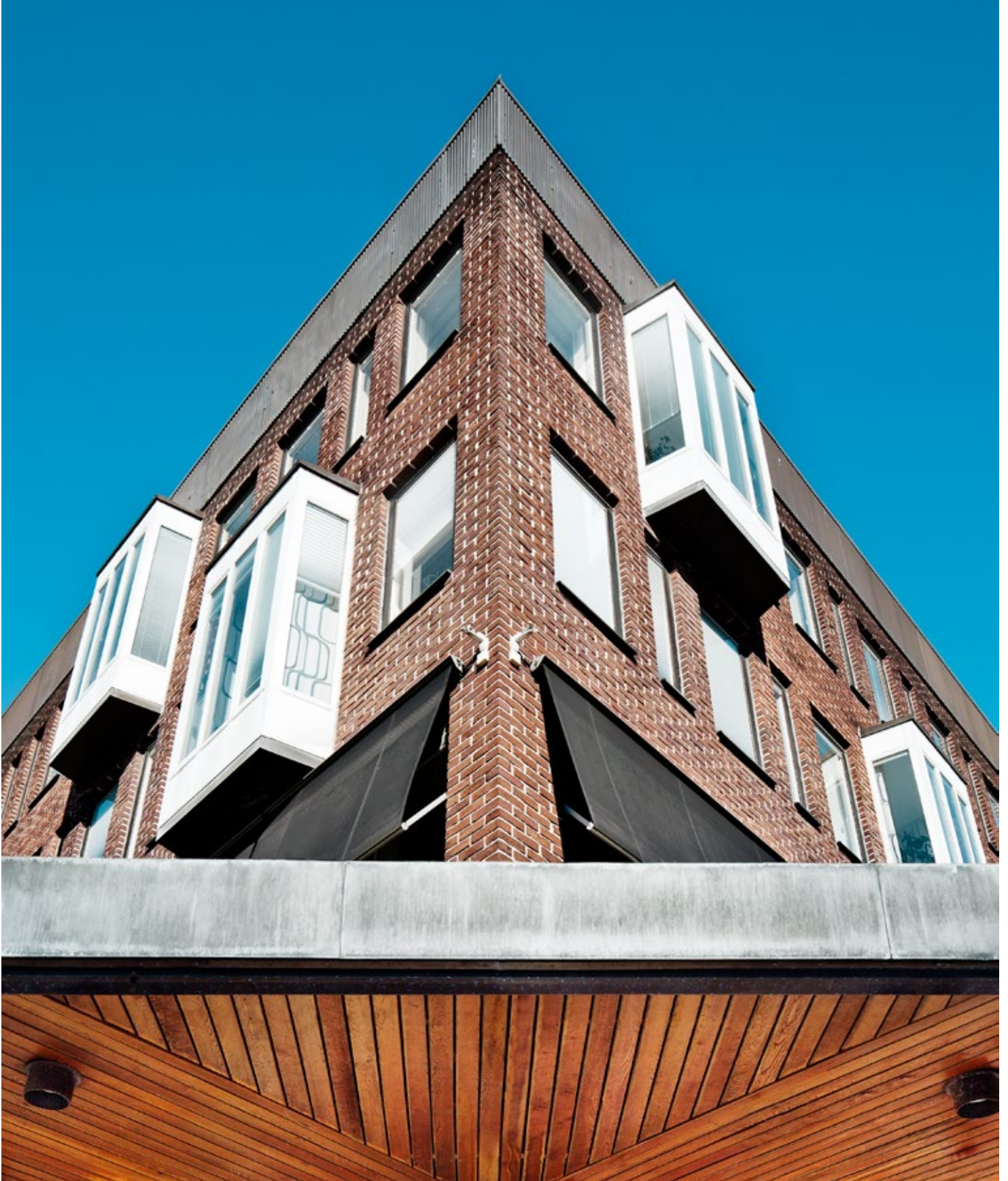
Southeast Lund contains the Gastelyckan business district that consists of both Industrial/Warehousing and offices. Two new tenants moved into the Diabasen 3 property during the year: Anticimex into 700 m² and SweHatch into 1,600 m².

Together with Peab, Wihlborgs constructed the MAX IV facility in Brunnsbögen. The facility was opened in June 2016 and consists of 50,000 m² GFA and some 20 buildings. The office building received the highest level of BREEAM-SE environmental classification: Outstanding. The property is leased to Lund University on a 25-year lease.

Focus in 2017

A customer satisfaction index survey was carried out in 2016 among Wihlborgs' tenants. We intend to incorporate the views expressed in the survey in 2017 and will, for example, focus more on outdoor environments.

Our priority is always on ensuring our tenants are happy and want to stay in our properties, while we look for new customers for our vacant premises.



The Bytarebacken 39 property is located directly opposite Lund Central Station. An external renovation of the roof, facades and foundation was completed here, along with a replacement of the windows.

Lund



No.	Name of property	Address	Municipality	Type of property	Tax ass. SEK m	Leasehold	Offices m ²	Retail m ²	Industrial/Warehousing, m ²	Education/Healthcare, m ²	Other m ²	Total m ²
1	Forskaren 3	Scheelevägen 24-26	Lund	Office/Retail	220		11,253	0	0	0	0	11,253
2	Studentkåren 2 (Alfa)	Scheelevägen 15 F-M	Lund	Office/Retail	63		9,433	1,183	290	0	22	10,928
3	Studentkåren 5	Scheelevägen 15 B-D	Lund	Office/Retail	0		8,150	0	0	0	0	8,150
4	Studentkåren 6	Scheelevägen 15 A	Lund	Office/Retail	33		4,692	0	15	0	0	4,707
5	Syret 1 (Delta - P-hus)	Molekylvägen 3	Lund	Office/Retail	14		0	0	0	0	0	0
6	Syret 3 (Gateway)	Scheelevägen 27	Lund	Office/Retail	390		9,123	0	257	0	8,217	17,582
7	Syret 4 (Delta 2)	Scheelevägen 25	Lund	Projects & Land	2		0	0	0	0	0	0
8	Syret 5 (Delta 3)	Scheelevägen 23	Lund	Office/Retail	37		5,459	0	452	0	0	5,995
9	Syret 6 (Delta 4)	Scheelevägen 21	Lund	Office/Retail	45		7,619	563	0	0	0	8,686
10	Syret 7 (Delta 5)	Scheelevägen 19	Lund	Office/Retail	40		5,875	0	275	0	0	6,150
11	Syret 8 (Gamma)	Sölvegatan 41	Lund	Office/Retail	43		9,568	0	381	0	0	9,879
12	Syret 9 (Delta 6)	Sölvegatan 43	Lund	Office/Retail	20		3,407	0	41	0	0	3,448
13	Vätet 1	Scheelevägen 17	Lund	Office/Retail	151		23,118	710	1,163	1,016	5	26,003
14	Vätet 3 (Minideon)	Ole Römers väg 5	Lund	Office/Retail	0		0	0	0	335	0	335
15	Armaturen 4	Trollebergsv/Gasverksg 1-9	Lund	Office/Retail	77		6,585	0	50	0	208	6,843
16	Bytarebacken 39	Bang/Clemenstorget 5	Lund	Office/Retail	191		4,156	7,154	1,057	3,078	167	15,612
17	Diabasen 1	Skiffervägen 26	Lund	Ind/Warehousing	14		661	0	2,245	0	0	2,906
18	Diabasen 3	Skiffervägen 30-86	Lund	Office/Retail	39		2,250	0	5,870	0	0	8,217
19	Flintan 3 (Lund)	Skiffervägen 24	Lund	Industri/Lager	26		0	0	5,979	0	0	5,979
20	Landsdomaren 6	Baravägen 1	Lund	Office/Retail	0		0	0	0	27,495	0	27,495
21	Landstinget 2	Byggmästaregatan 4	Lund	Office/Retail	62		3,215	0	0	0	4	3,219
22	Länsmannen 1	Åldermansg/Måsvägen 23	Lund	Ind/Warehousing	32		220	0	7,740	0	0	7,960
23	Måsen 17	Starv/ Grisslevägen 1- 19	Lund	Office/Retail	46		3,829	0	452	0	0	4,281
24	Posthornet 1	Fabriksgatan 1	Lund	Projects & Land	0		0	0	0	0	0	0
25	Skiffern 2	Skifferv / Porfyrvägen 7	Lund	Ind/Warehousing	10		0	0	2,910	0	0	2,910
26	Spettet 11	Byggmästaregatan 5	Lund	Office/Retail	21		1,527	0	0	0	0	1,527
27	Töebacken 7	Bondev/Fjeliev/Åldermansg	Lund	Office/Retail	42		2,845	1,482	448	0	0	4,775
Total, Lund					1,618		122,985	11,092	29,625	31,924	8,623	204,249



Helsingborg

98 properties

Helsingborg is growing rapidly

Helsingborg is a city driving developments through digitalisation, new approaches and new innovations. For this reason, Helsingborg was awarded the accolade of "Growth Municipality of 2016."

The business climate always ranks highly in various assessments. The city has a good mix of small and major companies and the city's location has led to several logistics companies and distributions centres choosing to establish themselves here.

Helsingborg is also one of the fastest growing cities in Sweden, with construction of up to 2,000 new housing units starting in 2016 and the number of newly formed companies ranking higher than the national average. Several major new builds have started or are planned to start in the coming few years.

H+ is the largest urban regeneration project in Helsingborg and entails the old port and industrial area making room for and linking up with new and current city districts. This involves a total of around 1 million square metres. The project is expected to be completed in 2035. The first step is the Oceanhamnen city district, which is a part of H+ and will contain 340 housing units and 32,000 m² of office space. Construction work in the area is expected to begin in spring 2018 at the earliest.

Another major project that began in 2016 was the Ångfärjan property next to the port area. A new hotel and conference centre is being built, along with 130 new housing units.

The Scala block next to the district court in Central Helsingborg will be completed in autumn 2017. The project comprises 78 apartments and 4,000 m² of office space.

Gamla Söderpunkten is undergoing a complete transformation and

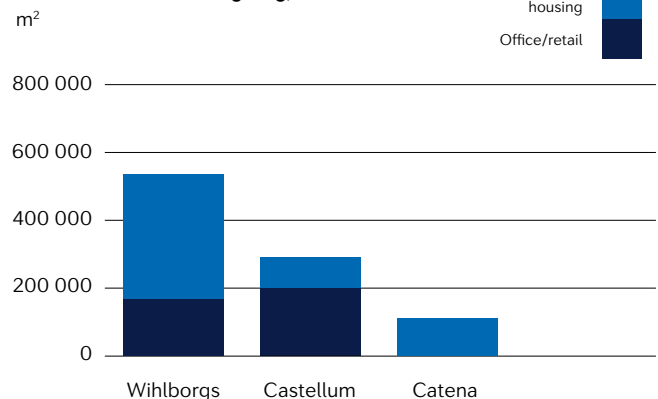
the old shopping centre will be given a new lease of life. A new city centre will be created here with some 80 apartments, cinema complex, shopping and offices. This is expected to open in spring 2018.

Wihlborgs – largest in Helsingborg

Wihlborgs is the largest commercial property owner in Helsingborg, owning approximately 534,000 m². The property value of Wihlborgs' portfolio in Helsingborg amounts to SEK 6,890 million. The economic occupancy rate was 89 percent at the turn of the year. The Office/Retail segment has occupancy of 92 percent, while Industrial/Warehousing is 87 percent.

Other commercial property owners in Helsingborg include Castellum, Catena och Alecta.

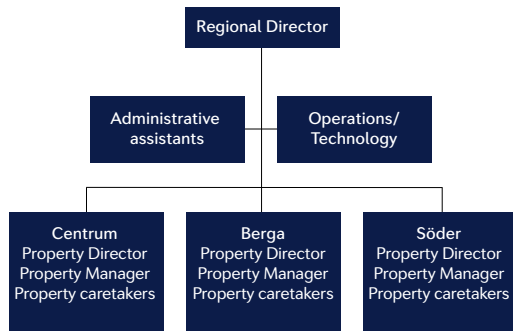
Market leader in Helsingborg, 31 December 2016



Collaboration

As the largest property owner in Helsingborg, it is important for us to be actively involved in various organisations and networks. Several of our employees sit on external boards and various forums, and thereby drive important issues concerning urban development, for example in the Citysamverkan. Citysamverkan is a three-way partnership between the City of Helsingborg, property owners and

Helsingborg Cityföreningen. Wihlborgs is also a member of several local stakeholder associations/business groups involving everything from small to major companies.



Wihlborgs' management areas

In Helsingborg, Wihlborgs has concentrated its portfolio on three areas: Central Helsingborg, Berga and Söder.

Each management area is managed by a property director who has his or her own personnel as a means of support. Together, they are responsible for their respective areas and work in line with established goals that are produced in consultation with the regional director. By working locally with our own personnel who know the area, the buildings and the tenants, it is easier to understand the expectations and requirements of our customers.

Central Helsingborg

In Central Helsingborg, Wihlborgs owns and manages 106,000 m² with a property value of SEK 3,391 million.

No properties were acquired in this area in 2016, but two mixed properties with major sections dedicated to housing, Belgien Norra 19 and Vikingen 10, were sold to local companies.

Wihlborgs completed the redevelopment and extension of Knutpunkten, Terminalen 1, during the year. The full surface area has been let, totalling 9,000 m², of which 7,700 m² represented the extension. New major tenants include Avensia, the City of Helsingborg, Rikshem, Sweco and Tyréns. Wihlborgs also moved its Helsingborg office from Berga to Knutpunkten.

In autumn 2016, the City of Helsingborg's archive moved into 3,000 m² of Posten 1.

Agreements were signed with Region Skåne, who will open a new heart clinic in Helsingborg and move into 800 m² of Najaden 14 in early 2017.

At the end of 2016, Wihlborgs was commissioned by the National Courts Administration to extend Helsingborg district court's premises by 4,000 m² while simultaneously redeveloping 5,000 m² of the existing premises. The District Court's existing premises are in the Polisen 4 property on Carl Krooks Gata in central Helsingborg, and the extension will be directly connected to the current building. The work is estimated to be complete in spring 2019.

Wihlborgs was assigned a land allocation of 14,000 m² GFA as part of the first stage of the Oceanhamnen area's transformation and will build an office property at the site. Planning of this property will begin in 2017.

Berga

In the northern part of Helsingborg – specifically, Berga – Wihlborgs owns and manages 211,000 m² with an overall property value of SEK 2,126 million. The properties mainly consist of business premises for light industry/services and offices, based in a very well-connected location next to the E4/E6 and E20 motorways. There are a number of major project options within the property portfolio.

In 2016, one property was acquired, Cyllindern 2 on Långeberga, which is an Industrial/Warehousing property of 2,200 m². No properties were sold.

The largest letting undertaken in this management area is to Stena Stål. They lease approximately 4,600 m² in the Bunkagården Västra 8 property.

Two major redevelopment and extension projects were carried out during the year. An extension of 500 m² was carried out on the Musköten 20 property for Prenad, while a redevelopment/adaptation project of 6,000 m² was carried out on the Bunkagården Västra 8 property for Postnord.

A solar cell facility was installed on the roof of the Rubinen 1 property, measuring 1,000 m². This will produce up to 149,000 kWh per year, which will primarily be used in the property's existing cooling facility measuring approximately 2,000 m².

Söder

Developments in Söder are mixed, including industrial, warehousing, office and commercial properties. Wihlborgs is represented in three sub-areas in Söder: Hamn-City, Gåsebäck and Planteringen. Wihlborgs owns and manages 217,000 m² in Söder with a property value of SEK 1,372 million. The portfolio consists mainly of logistics and office properties as well as a small proportion of commercial properties.

In 2016, one property was acquired in the area, Plåtförädlingen 17, which is an Industrial/Warehousing property of 1,500 m². One project property, Påfågeln 9, was sold.

2016 entailed both major and interesting lettings. To name just a few, Bolist established a central warehouse for Sweden of just over 13,000 m². Nowaste is reinforcing its presence in Hamn-City by expanding its logistics premises, currently letting around 17,000 m². In Söder, MM, Mycket mer för pengarna, opened a new store in Ö&B's old premises. Helsingborg City Handel will open a major supermarket with an international profile in the spring of 2017.

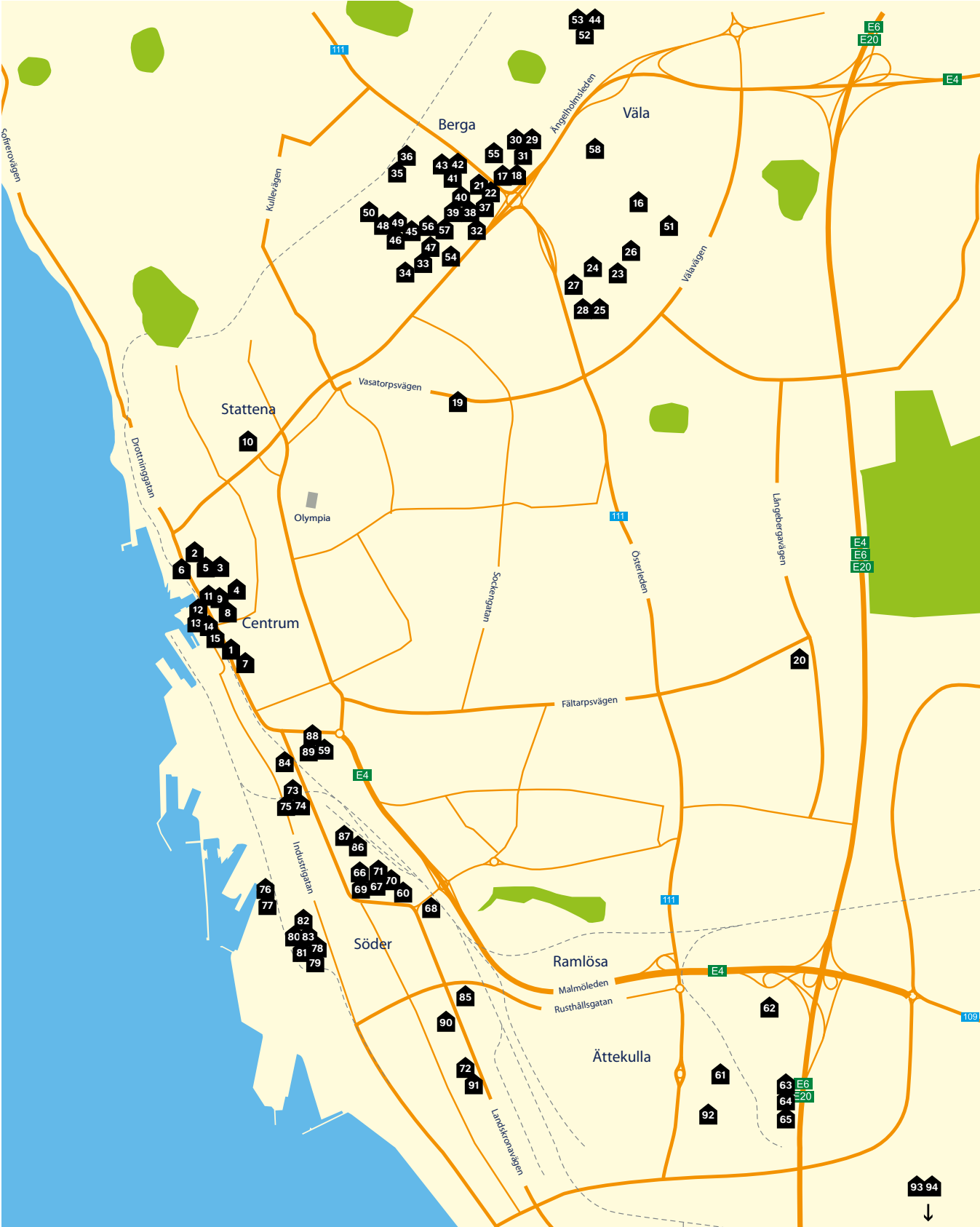
Focus in 2017

There is strong demand for premises in Helsingborg and we are working collaboratively to lower the rate of vacancies in our properties.

The second stage of the Knutpunkten project, involving new office space, a new restaurant plaza and a new facade facing Sundstorget, will begin in late 2017 or early 2018.

Work on the Oceanhamnen project is continuing. Wihlborgs' share in this stage involves developing 14,000 m² of office space.

Helsingborg



Central Helsingborg

No.	Name of property	Address	Municipality	Type of property	Tax ass. 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	Kalifornien 10	Järnvägsgatan 35-37	Helsingborg	Office/Retail	63		5,831	0	0	0	77	5,908
2	Kullen Västra 19	Kullagatan 30	Helsingborg	Office/Retail	22		1,078	401	0	0	372	1,851
3	Kärnan Norra 21	Stortorget 17/N Storgatan 6	Helsingborg	Office/Retail	28		2,309	303	159	0	0	2,771
4	Kärnan Södra 9	S Storg,Himmelriksgränd 1-3	Helsingborg	Office/Retail	0		382	1,002	8	1,336	3,543	6,271
5	Magnus Stenbock 7	Strömgränd 3/N Storgatan 7	Helsingborg	Office/Retail	7		403	200	0	0	0	603
6	Najaden 14	Drottningg 7,11/Sundst 2-6	Helsingborg	Office/Retail	143		8,657	1,552	602	2,775	42	13,628
7	Polisen 4	Carl Krooks gatan 24	Helsingborg	Office/Retail	113		12,033	0	16	1,457	0	13,506
8	Ruuth 23	Bruksgatan 29	Helsingborg	Office/Retail	0		1,145	313	0	2,740	0	4,198
9	Ruuth 35	Bruksgatan 25/Prästgatan 10	Helsingborg	Office/Retail	0		457	589	136	1,273	0	2,455
10	Stattena 7	StattenaC/NellyKrooksg	Helsingborg	Office/Retail	75		903	5,754	0	124	2,766	9,547
11	Svea 7	Järnvägsg 7-11/S Strandg 2-6	Helsingborg	Office/Retail	99		5,014	2,009	62	0	313	7,398
12	Terminalen 1	Järnvägsg/Kungst/Terminalg	Helsingborg	Office/Retail	0	T	15,411	7,436	226	705	1,391	25,169
13	Terminalen 3	Järnvägsgatan 14	Helsingborg	Office/Retail	50	T	3,044	151	0	790	0	3,985
14	Terminalen 4	Järnvägsgatan 18	Helsingborg	Office/Retail	46	T	3,348	0	0	0	25	3,373
15	Terminalen 5	Järnvägsgatan 22-24	Helsingborg	Office/Retail	69	T	5,591	142	0	0	0	5,733
Total, Central Helsingborg					715		65,606	19,852	1,209	11,200	8,529	106,396

Berga

16	Ametisten 5	Porfyrgatan 1	Helsingborg	Ind/Warehousing	41		0	0	7,669	0	0	7,669
17	Armborstet 4	Lilla Garnisonsgatan 31	Helsingborg	Ind/Warehousing	12		899	1,970	0	0	0	2,869
18	Armborstet 6	Lilla Garnisonsgatan 41	Helsingborg	Ind/Warehousing	14		421	3,798	0	0	0	4,219
19	Barrikaden 3	Fyrverkaregatan	Helsingborg	Projects & Land	0		0	0	0	0	0	0
20	Cylindern 2	Fältarpvägen 396	Helsingborg	Ind/Warehousing	14		0	0	2,173	0	0	2,173
21	Floretten 3	Garnisonsgatan 25A-C	Helsingborg	Office/Retail	36		5,218	44	444	0	0	5,706
22	Floretten 4	Garnisonsgatan 23	Helsingborg	Office/Retail	61		4,649	138	0	0	0	4,787
23	Grusbacken 1	Mogatan 12	Helsingborg	Ind/Warehousing	11		0	0	1,278	0	0	1,278
24	Grusgropen 3	Grustagsgatan 22	Helsingborg	Ind/Warehousing	26		531	0	4,200	0	0	4,731
25	Grushögen 2	Makadamgatan 1	Helsingborg	Ind/Warehousing	12		0	0	3,057	0	0	3,057
26	Grusplanen 2	Blockgatan 8	Helsingborg	Ind/Warehousing	15		405	0	2,934	0	0	3,339
27	Grustaget 1	Grustagsgatan 35-37	Helsingborg	Office/Retail	20		4,008	0	0	0	0	4,008
28	Grustaget 2	Grustagsgatan 11-15	Helsingborg	Ind/Warehousing	19		1,316	0	2,308	0	0	3,624
29	Hakebössan 1	Karbingatan 28-32	Helsingborg	Ind/Warehousing	22		997	0	3,886	0	0	4,883
30	Hakebössan 2	Karbingatan 10-20	Helsingborg	Ind/Warehousing	43		823	366	7,609	576	0	9,374
31	Hakebössan 3	Karbingatan 22, 26	Helsingborg	Ind/Warehousing	24		1,123	0	4,202	0	0	5,325
32	Hillebarden 1	Garnisonsgatan 16, 18 A-B	Helsingborg	Ind/Warehousing	39		2,014	2,732	4,294	0	0	9,040
33	Huggjärnet 12	Garnisonsg 7A/Kastellg 8	Helsingborg	Office/Retail	30		4,242	420	820	0	0	5,482
34	Huggjärnet 13	Kastellgatan 2	Helsingborg	Ind/Warehousing	16		0	600	3,842	0	0	4,442
35	Kniven 2	Mörsaregatan 17	Helsingborg	Ind/Warehousing	4		0	0	3,515	0	0	3,515
36	Kniven 3	Mörsaregatan 19	Helsingborg	Ind/Warehousing	19		200	0	4,591	0	0	4,791
37	Kroksabeln 11	Muskötg 17-27/Garnisonsg 17	Helsingborg	Ind/Warehousing	29		729	864	6,339	0	0	7,932
38	Kroksabeln 12	Garnisonsgatan 19	Helsingborg	Ind/Warehousing	74		3,240	2,932	8,886	0	0	15,058
39	Kroksabeln 19	Florettgatan 14	Helsingborg	Ind/Warehousing	22		835	192	6,913	0	0	7,940
40	Kroksabeln 20	Florettgatan 16	Helsingborg	Office/Retail	27		972	2,463	842	0	0	4,277
41	Lansen 1	Florettgatan 15-29B-C	Helsingborg	Ind/Warehousing	106		9,729	0	13,441	0	0	23,170
42	Lansen 2	Florettgatan 31-39	Helsingborg	Ind/Warehousing	23		1,818	0	3,855	0	30	5,703
43	Lansen 3	Florettgatan 29 A	Helsingborg	Office/Retail	6		0	0	1,340	0	0	1,340
44	Lövsbogen 3	Ekvändan	Helsingborg	Projects & Land	0		0	0	0	0	0	0
45	Musköten 9	Muskötgatan 4	Helsingborg	Office/Retail	15		864	3,456	828	0	0	5,148
46	Musköten 13	Muskötgatan 8 B	Helsingborg	Office/Retail	14		2,308	0	0	0	0	2,308
47	Musköten 17	Kastellgatan 5	Helsingborg	Ind/Warehousing	17		0	0	5,187	0	0	5,187
48	Musköten 20	Muskötgatan 6-8	Helsingborg	Ind/Warehousing	13		0	0	2,380	0	0	2,380
49	Mörsaren Västra 5	Muskötgatan 5	Helsingborg	Ind/Warehousing	7		1,701	0	0	0	0	1,701
50	Mörsaren Västra 13	Florettgatan 4	Helsingborg	Ind/Warehousing	16		404	0	3,566	0	0	3,970
51	Rubinen 1	Basaltgatan 9	Helsingborg	Ind/Warehousing	51		112	0	11,063	0	0	11,175
52	Snårskogen 4	Ekvändan 5	Helsingborg	Ind/Warehousing	11		0	0	3,015	0	0	3,015
53	Snårskogen 5	Ekvändan	Helsingborg	Projects & Land	4		0	0	0	0	0	0
54	Spjutet 1	Garnisonsgatan 12	Helsingborg	Ind/Warehousing	13		168	1,328	1,512	0	0	3,008
55	Visiret 5	Garnisonsgatan 47A	Helsingborg	Ind/Warehousing	10		0	0	1,800	0	0	1,800
56	Värjan 2	Muskötgatan 12	Helsingborg	Office/Retail	13		1,871	0	0	0	0	1,871
57	Värjan 13	Muskötgatan 10	Helsingborg	Ind/Warehousing	22		0	0	5,145	0	0	5,145
58	Zirkonen 2	Andesitgatan 16	Helsingborg	Ind/Warehousing	23		0	4,628	0	0	0	4,628
Total, Berga					994		51,597	25,931	132,934	576	30	211,068

Söder

59	Afrika 18	Verkstadsg 13/Rågångsg 7	Helsingborg	Ind/Warehousing	9	1,434	0	0	0	0	1,434
60	Brottaren 15	Kapplöpningsgatan 14, 16	Helsingborg	Ind/Warehousing	19	3,246	100	1,005	0	0	4,351
61	Bunkagården Västra 8	Bunkalundsvägen 5	Helsingborg	Ind/Warehousing	35	30	0	10,341	0	0	10,371
62	Bunkalund Östra 8	Bunkagårdsgatan 13	Helsingborg	Ind/Warehousing	20	0	0	6,300	0	0	6,300
63	Flintyxan 1	Stenbrovägen 40-42	Helsingborg	Ind/Warehousing	11	0	0	3,115	0	0	3,115
64	Flintyxan 3	Stenbrovägen 36-38	Helsingborg	Ind/Warehousing	11	0	0	3,118	0	0	3,118
65	Flintyxan 5	Stenbrovägen 32-34	Helsingborg	Ind/Warehousing	18	436	0	4,086	0	0	4,522
66	Gymnasten 4	Planteringsvägen 11	Helsingborg	Office/Retail	28	65	2,720	3,040	0	60	5,885
67	Gymnasten 9	Kapplöpningsgatan 6	Helsingborg	Ind/Warehousing	39	2,248	0	15,253	0	0	17,501
68	Hästhagen 7	La Cours g/Landskronav	Helsingborg	Office/Retail	62	7,297	1,289	962	1,297	320	11,165
69	Manövern 3	Hästhagsvägen 1	Helsingborg	Office/Retail	21	360	3,857	762	0	0	4,979
70	Olympiaden 7	Kapplöpningsgatan 5	Helsingborg	Ind/Warehousing	8	812	0	930	0	0	1,742
71	Olympiaden 8	Kapplöpningsgatan 3	Helsingborg	Ind/Warehousing	18	1,190	0	5,910	0	0	7,100
72	Orkanen 5	Landskronavägen 18	Helsingborg	Ind/Warehousing	7	498	0	2,464	0	0	2,962
73	Persien 1	V Sandg 10-12/Cindersg 11	Helsingborg	Ind/Warehousing	7	104	0	3,235	0	515	3,854
74	Persien 14	Cindersgatan 13-15	Helsingborg	Ind/Warehousing	9	44	0	2,236	1,622	0	3,902
75	Persien 15	Cindersgatan 17-19	Helsingborg	Ind/Warehousing	0	0	0	0	4,026	0	4,026
76	Planteringen 1:8	V Tallgatan 32	Helsingborg	Ind/Warehousing	5	540	0	1,317	0	0	1,857
77	Planteringen 1:9	V Tallgatan 32	Helsingborg	Ind/Warehousing	16	979	0	5,217	0	0	6,196
78	Plåtförädlingen 7	Strandbadsvägen 11	Helsingborg	Ind/Warehousing	4	55	0	1,155	0	0	1,210
79	Plåtförädlingen 8	Strandbadsvägen 13	Helsingborg	Ind/Warehousing	43	2,457	0	9,365	0	0	11,822
80	Plåtförädlingen 11	Strandbadsvägen 19-21	Helsingborg	Ind/Warehousing	72	3,035	0	18,022	0	0	21,057
81	Plåtförädlingen 13	Strandbadsvägen 15-17	Helsingborg	Ind/Warehousing	67	1,674	0	15,193	0	0	16,867
82	Plåtförädlingen 15	Strandbadsvägen 7	Helsingborg	Ind/Warehousing	17	0	0	2,496	0	0	2,496
83	Plåtförädlingen 18	Strandbadsvägen 9	Helsingborg	Ind/Warehousing	5	170	0	2,338	0	0	2,508
84	Posten 1	Västra Sandgatan 7	Helsingborg	Office/Retail	0	3,051	0	2,972	0	0	6,023
85	Rausgård 21	Landskronavägen 9	Helsingborg	Ind/Warehousing	43	4,312	0	6,062	0	0	10,374
86	Sadelplatsen 10	Fäktmästaregatan 5	Helsingborg	Ind/Warehousing	7	485	0	2,725	0	0	3,210
87	Sadelplatsen 13	Planteringsv/Fäktmästareg	Helsingborg	Ind/Warehousing	42	652	5,680	13,091	0	520	19,943
88	Spanien 5	Gåsebäcksv 6/Motorg 1	Helsingborg	Projects & Land	0	0	0	0	0	0	0
89	Spanien 11	Kvarnstensg/Motorg 5-7	Helsingborg	Ind/Warehousing	28	2,131	508	2,910	0	0	5,549
90	Stormen 13	Landskronavägen 2-12	Helsingborg	Ind/Warehousing	16	0	0	4,303	0	0	4,303
91	Tyfonen 1	Landskronavägen 20	Helsingborg	Ind/Warehousing	16	370	0	3,365	0	700	4,435
92	Ättelhögen Mellersta 6	Torbornavägen 22	Helsingborg	Ind/Warehousing	11	717	0	1,888	0	0	2,605
93	Bilrutan 5	Kamgatan	Landskrona	Projects & Land	3	0	0	0	0	0	0
94	Pedalen 16 mfl	Rattgatan	Landskrona	Projects & Land	1	0	0	0	0	0	0
Total, Söder					718	38,392	14,154	155,176	6,945	2,115	216,782
Total, Helsingborg					2,427	155,595	59,937	289,319	18,721	10,674	534,246



Copenhagen

37 properties

West Greater Copenhagen

The municipalities in which Wihlborgs is represented are considered to be easily accessible and strong areas to collaborate with, and have efficiently functioning traffic logistics.

Construction is under way on a high-speed tram line known as the “letbane”, ranging from Ring 3 at Lyngby in the north to Ishøj in the south. This will be connected to the current metro system, the S-train, and will lead to further expansion of public transport services. As a result of this, growth in the municipalities surrounding Ring 3 is expected to increase.

Improvements in the Danish economy

After many years of relatively weak economic development in Denmark, it now seems that GDP growth is stabilising at an annual level of over 1 percent. Growth is expected to total 1.5 percent in 2017.

Housing construction – another growth indicator – is developing positively, primarily in the major cities.

Interest rates are at a historical low and 2016 saw the largest transaction volume for properties for many years in Denmark.

Wihlborgs is growing in Denmark

Wihlborgs established operations in Copenhagen back in 1996 and has grown slowly but surely for 20 years, concentrating its operations in later years on west Greater Copenhagen.

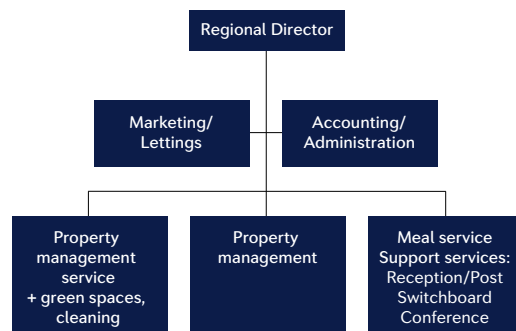
In 2016, Wihlborgs acquired properties totalling 120,000 m² and now owns and manages a total of 403,000 m² with a property value of SEK 4,047 million in Greater Copenhagen. Due to the above, Wihlborgs has strengthened its position and reached a critical mass that means we have a stronger foothold in Denmark.

Wihlborgs’ ambition is to grow further over the coming years and we are well-equipped for greater expansion in the Danish market.

From asset management to service

The Danish property market is characterised by overcapacity, partly as a result of a period of economic stagnation and partly due to tenants changing their day-to-day working methods. Today, companies are working in a more flexible way in smaller spaces. Tenants expect more from their landlord in terms of flexibility and service. Wihlborgs takes an active approach with regard to these conditions and adapts both its premises and organisation to provide solutions for current/future customers’ needs and to offer the best properties in the market.

For Wihlborgs, differences in the Danish and Swedish markets have meant that the Danish organisation is slightly different compared to its Swedish counterpart.



Concentrated operations

Wihlborgs has concentrated its property portfolio in Denmark, specifically 90 percent, on a number of selected sub-areas in west Greater Copenhagen: Herlev, Ballerup, Høje-Taastrup, Glostrup and Brøndby. It is generally easy to access these different areas as they are located close to major traffic thoroughfares and offer good public transport options for buses and trains.

These five municipalities are among the top ten municipalities with the greatest increase in the number of workplaces, according to the Danish ranking. Denmark's national IT, knowledge and innovation companies have also clustered their operations here.

Wihlborgs' portfolio in Denmark consists of office and warehousing properties, which also offer project options.

Our Danish operations involve around 300 customers. Some

of the largest tenants include Danske Bank, Den Danske Stat, PostNord, Sony, Pfizer, Novo Nordisk, HP, T-Systems, Nixdorf and Schneider Electric.

Future focus

A strong market for investments, increased specialisation and economic growth in Denmark over the coming years will all provide Wihlborgs with major opportunities to strengthen its market position and become the obvious choice for customers.

We expect to grow further in 2017 and launch a number of new/redevelopment projects in consultation with existing or future customers.



Schneider Electric is one of Wihlborgs' major tenants in Denmark. The company leases approximately 15,000 m² in the Lautrupvang 1 property in Ballerup, which was totally refurbished before they moved in.

Copenhagen



No.	Name of property	Address	Municipality	Type of property	Tax ass. Lease- val. hold SEK m	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		11,027	0	0	0	0	11,027
2	Borupvang 5	Borupvang 5	Ballerup	Office/Retail		8,877	0	0	0	1,396	10,273
3	Industriparken 29	Industriparken 29	Ballerup	Office/Retail		3,118	0	0	0	0	3,118
4	Lautrupvang 1 A+B	Lautrupvang 1 A-B	Ballerup	Office/Retail		11,619	0	2,939	0	0	14,558
5	Lautrupvang 3	Lautrupvang 3	Ballerup	Office/Retail		10,080	0	0	0	3,360	13,440
6	Lautrupvang 8	Lautrupvang 8	Ballerup	Office/Retail		7,677	0	0	0	2,096	9,773
7	Lautrupvang 12	Lautrupvang 12	Ballerup	Office/Retail		8,135	0	0	0	1,261	9,396
8	Literbuen 6-10	Literbuen 6-10	Ballerup	Office/Retail		860	0	10,394	0	386	11,640
9	Literbuen 16-18	Literbuen 16	Ballerup	Office/Retail		4,696	0	3,637	0	0	8,333
10	Mileparken 22	Mileparken 22	Ballerup	Office/Retail		0	0	11,646	0	0	11,646
11	Abildager 8-14	Abildager 8-14	Brøndby	Industri/Lager		0	0	14,512	0	0	14,512
12	Abildager 16	Abildager 16	Brøndby	Projects & Land		1,653	0	7,476	0	207	9,336
13	H.J. Holst vej 3-5	H.J. Holst vej 3-5	Brøndby	Office/Retail		7,263	0	0	0	844	8,107
14	Midtager 35	Midtager 35	Brøndby	Office/Retail		0	0	7,963	0	0	7,963
15	Park Allé 363	Park Allé 363	Brøndby	Ind/Warehousing		0	0	3,900	0	0	3,900
16	Lejrvej 1	Lejrvej 1	Furesø	Ind/Warehousing		1,402	0	0	0	0	1,402
17	Sandtoften 9	Sandtoften 9	Gentofte	Office/Retail		4,970	0	0	0	0	4,970
18	Ejby Industrivej 41	Ejby Industrivej 41	Glostrup	Office/Retail		25,480	0	0	0	23,695	49,175
19	Ellekær 2-4	Ellekær 2-4	Herlev	Office/Retail		4,828	0	0	0	0	4,828
20	Ellekær 6	Ellekær 6	Herlev	Office/Retail		4,763	0	1,071	0	0	5,834
21	Ellekær 9	Ellekær 9	Herlev	Office/Retail		6,460	0	689	0	0	7,149
22	Hørkær 14 & 26	Hørkær 14 & 26	Herlev	Office/Retail		4,309	0	0	0	1,070	5,379
23	Hørkær 16-28	Hørkær 16-28	Herlev	Office/Retail		24,194	0	2,189	2,781	5,196	34,360
24	Marielundvej 28-30	Marielundvej 28-30	Herlev	Office/Retail		2,372	0	7,298	0	0	9,670
25	Marielundvej 29	Marielundvej 29	Herlev	Ind/Warehousing		1,720	0	2,014	0	708	4,442
26	Smedeholm 10	Smedeholm 10	Herlev	Office/Retail		2,990	0	0	0	216	3,206
27	Stationsalleen 40-46	Stationsalleen 40-46	Herlev	Office/Retail		3,664	914	0	0	801	5,379
28	Vasekær 9	Vasekær 9	Herlev	Projects & Land		0	0	0	0	0	0
29	Girostrøget 1	Girostrøget 1	H Taastrup	Office/Retail		46,296	0	0	0	15,153	61,449
30	Helgeshøj Alle	Helgeshøj Alle 9-15 & 49-55	H Taastrup	Office/Retail		13,347	0	0	0	0	13,347
31	Høje Taastrup Blvd	Høje Taastrup Blvd 33-39	H Taastrup	Office/Retail		3,955	703	0	807	1,077	6,542
32	Høje Taastrup Blvd	Høje Taastrup Blvd 52-58	H Taastrup	Office/Retail		2,636	926	0	0	720	4,282
33	Engvej 139	Engvej 139	Copenhagen	Office/Retail		0	0	0	2,660	0	2,660
34	Glentevej 61-65	Glentevej 61-65	Copenhagen	Office/Retail		2,815	0	470	6,650	0	9,935
35	Glentevej 67-69	Glentevej 67-69	Copenhagen	Office/Retail		8,490	0	0	0	0	8,490
36	Lersø Park Alle	Lersø Park Alle 103-105	Copenhagen	Office/Retail		9,859	0	0	0	0	9,859
37	Lyngbyvej 20	Lyngbyvej 20	Copenhagen	Office/Retail		2,708	0	0	0	572	3,280
Total, Copenhagen					0	252,263	2,543	76,198	12,898	58,758	402,660



Projects and development

Wihlborgs' business model is based on growth and rests on two pillars: property management and project development. It is therefore important to continuously launch new projects, both in the form of new builds and development or upgrades of existing properties.

In 2016, SEK 989 million was invested in redevelopment, extensions and new builds. Approved investments in ongoing projects amount to SEK 1,487 million, of which SEK 386 million had been invested at the turn of the year.

Wihlborgs' property portfolio contains potential for redeveloping or extending existing properties to meet the needs of various types of operations. There is also potential for new builds, both on undeveloped land and on already-developed properties. Wihlborgs also works continuously on new detailed development plans to change land use and to meet the needs of the market.

Environmental aspects are important during all new-build and redevelopment projects, and Wihlborgs is highly ambitious in terms of environmental certification. Our goal is to see all new developments certified Gold by Sweden Green Building Council (SGBC). In the case of redevelopment and extension projects, it is not always

possible to certify the buildings to Gold level due to their construction, so Silver or Bronze is our aim instead. Read more about sustainable properties on pages 61–65.

Completed projects

12 projects requiring investments of more than SEK 10 million were completed in 2016.

Malmö

Several major redevelopments were carried out in the Dockan area of Malmö. At the Kranen 1 property, a redevelopment and extension totalling 5,000 m² was completed for Orkla Foods Sverige AB, who chose Dockan when they decided to move their headquarters from Eslöv to Malmö.

Kockums' old headquarters, Gängtappen 1, was totally refurbished to create modern offices. The facade was also renovated and adorned with blue-tinted enamelled glass that provides a reminder of the original design. The property comprised 14,000 m² and in June

2016 Länsförsäkringar Skåne moved into the top six floors, occupying around 5,200 m². The property has been certified Silver by SGBC.

The Kranen 8 property (Ubåtshallen) has undergone extensive redevelopment, with the five lower floors – a total of 12,300 m² – being redeveloped from academic premises into modern office space for the Swedish Social Insurance Agency. Today, around 700 employees are based here in an activity-based solution, and the office is now used as inspiration for the Agency's requirements for offices in other parts of the country. Although the premises represent the height of modernity, they also have an industrial feel connected to the building's history as an industrial hall for Kockums. The property has also been certified Silver by SGBC.

When it moved to Ubåtshallen, the Swedish Social Insurance Agency vacated its premises in the Erik Menved 37 property on Östergatan in central Malmö. Aller Media will be moving into 4,800 m² of these premises, which were refurbished in autumn 2016 and redeveloped to accommodate their operations.

Since Länsförsäkringar Skåne vacated the Uven 9 property (previously Riksbankshuset) to move into Gängtappen, modernisations and adjustments have been made to the property for the City of Malmö, which is leasing the entire space, a total of 7,500 m².

4,000 m² was renovated and redeveloped for the company VA Syd in the Väktaren 3 property by Malmö Central Station.

The Nora 11 property, in which the Swedish Tax Agency is the largest tenant, has been totally renovated over the past few years. 14,000 m² had been renovated when Wihlborgs purchased the property in summer 2015, and the remaining redevelopment of a total of some 13,000 m² was completed in 2016. The City of Malmö's Social Services Administration is the other major tenant in the property. A Silver SGBC certification is currently being planned.

Helsingborg

In 2016, the largest project seen for several years was completed in Helsingborg – an extension to the Knutpunkten complex (Terminalen 1) comprising 8,000 m² of office space with a view over the city and Öresund strait. The extension has proven to be a complicated project since reinforcements were needed throughout the entire Knutpunkten complex. Major focus was also placed on avoiding a negative impact on the modes of transport based in the terminal building or disrupting the 50,000 people who visit and pass through Knutpunkten on a daily basis. The extension has been certified Gold by SGBC. An extension of Bravida Prenad's premises in Musköten 20 in

Berga was carried out to create an extra 500 m² of office space.

A redevelopment and extension project of 6,000 m² was completed in Ättekulla for PostNord at the Bunkagården Västra 8 property.

In south Helsingborg, the City Archives moved into 3,000 m² in the Posten 1 premises following its redevelopment and adaptation.

Lund

An extensive external renovation of the Bytarebacken 39 property by Clementstorget in Lund was completed. Each of the property's 870 windows was replaced with new, energy-efficient windows. The project also involved PCB sanitisation and renovation of the roof, facades and foundation wall.

Ongoing projects

Eight projects requiring investments of more than SEK 10 million began in 2016, several of which comprise major new builds.

Malmö

Nyhamnen is Malmö's next major area for development. Wihlborgs is a major property owner in the area and has also been allocated land to construct a further 25,000 m² of offices here. Construction of an office property based on an existing detailed development plan began at the Sirius 3 property in January 2016, which neighbours Slagthuset and is a stone's throw from Malmö Central Station. The property will provide around 7,000 m² of lettable area and is expected to be ready for occupancy in the fourth quarter of 2017. The building will have five stories and a subterranean garage, with the potential for shops and services on the ground floor.

Construction of the Ubåten multistorey car park is ongoing at the Hordaland 1 property in Dockan, containing 410 parking spaces over eight floors. The multistorey will also have around 200 bicycle stalls and 12 spaces for charging electric vehicles, and is estimated to be ready for use in the fourth quarter of 2017.

Another development area in Malmö is Hyllie, where a new city district is rising around Hyllie station. New offices and housing units are being built at Malmö Arena, the Malmömässan exhibition complex and Emporia, one of the Nordic region's largest shopping centres. In October 2016, Malmö's Technical Services Committee approved Wihlborgs' purchase of the Gimle 1 property in Hyllie, after which point preparatory groundwork began. In the first quarter of 2017, construction of around 9,000 m² will begin here at the Dungen office property and representing Wihlborgs' first project in Hyllie. An agreement was signed with Swedish Customs in December 2016 regarding the letting of 6,300 m² in Dungen, with occupancy beginning in the first quarter of 2019.

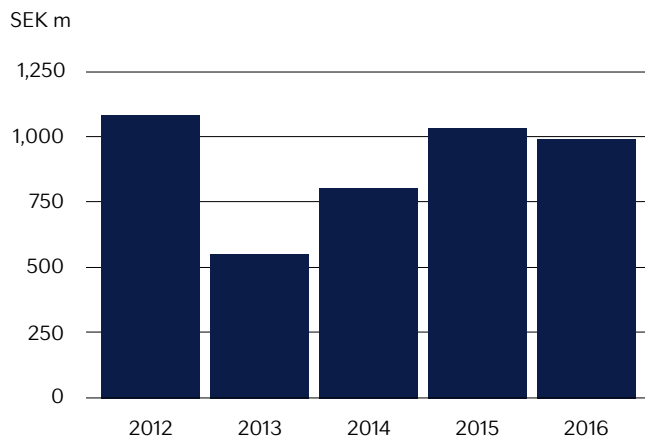
The Stenshuvud 3 property is located in Norra Hamnen in Malmö, covering around 17,000 m², the majority of which is leased by Wayne AB. The property is undergoing improvements, involving the replacement of windows and renovation of the facade.

The renovation of Gängtappen 1 was completed during the year, but tenant improvements will be made as the remaining parts of the premises are let.

Helsingborg

In central Helsingborg, Wihlborgs is extending Helsingborg District Court's premises at the Polisen 4 property by 4,000 m², while simultaneously redeveloping 5,000 m² of the existing premises. The project was able to proceed in December following the government's approval of a 20-year lease on the premises.

Total investments





Wihlborgs will carry out a redevelopment and extension of Helsingborg's district court premises.

Renovation and redevelopment is being carried out at the Persien 15 property in south Helsingborg, where Rönnowska College has been offering automotive-related courses for many years. The project involves a new floor plan, new ventilation and the replacement of suspended ceilings, lighting, doors and flooring.

Lund

Wihlborgs is building the Posthornet office property next to Lund Central Station and as a neighbour to the Kristallen municipal building, offering 11,000 m². The property will help satisfy the considerable demand for new, flexible office space in central Lund. The building will have a clear environmental profile with a roof-top solar cell facility and Gold SGBC environmental certification. In December, a lease was signed for 4,800 m² with Folkvandvården Skåne, who will establish a centre for oral hygiene in the property. This will comprise a clinic with 38 treatment rooms, a knowledge arena focused on research, care development and training and Folkvandvården Skåne's head office. Occupancy is planned to begin in spring 2018.

Jointly owned projects

MAX IV

Wihlborgs and Peab jointly own Fastighets AB ML4, the development company that is building the Max IV facility in Lund. MAX IV is the world's brightest synchrotron-light facility and Sweden's largest and most ambitious investment in research infrastructure to date. Lund University is the tenant with a 25-year lease, and the MAX IV laboratory is the occupant and specifier of requirements. Lund University took over the facility in June 2015 and the official opening took place in June 2016.

The properties of various materials can be studied with the aid of short-wave light produced in the facility's 28 beam tubes. Once fully extended, Max IV will accommodate more than 2,000 researchers each year from such as fields as materials science, structural biology, chemistry and nanotechnology. In connection with MAX IV, an entirely new city district is forming that will house the research facilities ESS and Science Village Scandinavia.

In all, the facility consists of around 20 buildings with a GFA of approximately 50,000 m². The facility was expanded in 2016 by way of an extension of around 3,700 m², containing more office space and an expansion of an experiment hall. As usage of the facility increases, it is likely that further extensions will be made.

Hälsostaden

Hälsostaden Ängelholm AB is a joint venture – a Public Private Partnership (PPP) – involving three partners active in different specialist areas: Region Skåne with care, Peab with construction and Wihlborgs with property management. The company owns, develops and manages the properties at the Ängelholm Hospital site. Through a combination of new building, demolition, redevelopment and discontinuation, the operational facilities at the south of the site are to be concentrated to the north of the area. The company

Ongoing projects with investments exceeding SEK 50 million, 31 Dec. 2016

Municipality	Property	Projects	Category of use	Completion date	Lettable area, m ²	Occupancy rate, % ¹	Estimated investment, SEK m	Earned, SEK m ¹
Malmö	Hordaland 1 (car park)	New-build	Office/Retail	Q3 2017	15,000	-	121	39
Malmö	Sirius 3	New-build	Office/Retail	Q4 2017	7,000	0	250	112
Lund	Posthornet 1	New-build	Office/Retail	Q1 2018	11,000	45	347	76
Malmö	Gimle 1	New-build	Office/Retail	Q1 2019	9,000	70	392	0
Helsingborg	Polisen 4	New-build	Office/Retail	Q2 2019	4,000	100	182	24
Total					46,000		1,292	251

has no profit-making purpose and any surpluses are invested in its operations.

An agreement was reached with Region Skåne in 2013 regarding the redevelopment of 5,500 m² in a treatment building as well as a major new build of a 8,000 m² care building in the northern area of the hospital. The investment is estimated at SEK 700 million. Furthermore, a varied care facility spanning 3,000 m² is being planned for the ground floor. A multistorey car park, mortuary, technology building and two of five stages of the redevelopment have all been completed to date. The project is expected to be completed in the first quarter of 2018.

In 2016, Hälsostaden began planning another new build of a care building in the northern area of the hospital, with the aim of discontinuing the remaining operational facilities in the hospital's southern area. Once the southern area's operations have been moved, plans can take shape for an entirely new Ängelholm city district located near the city centre and public transport links.

Future projects

Malmö

Since 2000, the Dockan area, where Kockums once enjoyed its period of greatness, has been transformed from an industrial area into a modern city district. Dockan's development has been driven by Dockan Exploatering AB which is owned by Wihlborgs, JM and

Peab. An exciting mixture of buildings has been created, several of which have won awards.

Once development of Dockan is complete, it is estimated that Wihlborgs will have developed just over 200,000 m² of commercial space in the area. Several major redevelopment projects were completed in Dockan in 2016 – see the Completed projects section. As mentioned previously, the new build of a multistorey car park has also begun. Redevelopment and extensions of properties in Dockan are also expected to take place in 2017. One example is Kranen 9, where the tenant, Tyréns, needs to expand its premises. An older part of the property will therefore be demolished to make space for a 2,200 m² extension. Another example is Kranen 2, which Malmö University has now vacated. Here are at least two options – to continue using the property for academic purposes or to redevelop it as office space. The premises are being prepared for new businesses by way of internal demolition, which is opening up the old academic premises toward a large atrium, thus creating space and allowing more light to enter.

There are additional development opportunities in Dockan thanks to a number of remaining development rights. A potential future project is the Rondellhuset building, containing 7,000 m² at the junction of Stora Varvsgatan/Östra Varvsgatan.

As stated earlier, Nyhamnen is Malmö's next major area for development. The area begins just north of the Central Station and extends to Frihamnen to the north and Väst kustvägen to the



The Posthornet block is being constructed next to Lund Central Station, with occupancy beginning in spring 2018. Folk tandvården Skåne will be one of the tenants, establishing a centre for oral health in the property.

east. Wihlborgs is a major property owner in the area and has also been allocated land for a further 25,000 m² of offices. Nyhamnen's proximity to the city centre and central station has led to the area sometimes being referred to as southern Sweden's most central location. The City of Malmö's vision is for Nyhamnen to become a high-density, green and mixed city district with 6,000 new housing units and 13,000 new workplaces along with schools, nursery schools and parks.

Together with Wihlborgs, the City of Malmö has initiated the "Uppstart Nyhamnen" project (Nyhamnen start-up) to test the draft municipal central plan and create the preconditions for an implementation in which ambitious targets go hand in hand with strong finances. Three architect teams and two teams of students from the Swedish University of Agricultural Sciences' (SLU) landscape architecture programme in Alnarp and the School of Architecture in Lund have produced five different visions in parallel assignments. After further adjustments and consultation, the central plan for Nyhamnen is expected to be adopted by the Municipal Council in late 2017.

The Skåne County Administrative Board leases 9,000 m² of office space in the Karin 11 property on Drottninggatan in central Malmö. The Board will vacate this property in autumn 2017. Several different future scenarios were assessed, with redevelopment into modern offices one option and transformation into housing units another.

In addition to Dungen, as mentioned earlier, Wihlborgs has also been allocated land in Hyllie with the potential for new builds of at least one office building.

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

Helsingborg

As stated earlier, an extension of Helsingborg's district court is being implemented at the Polisen 4 property. A 15-storey block containing offices and commercial premises is being planned south of the court. A decision has yet to be taken on when construction will start.

The second stage of the Knutpunkten redevelopment (Terminalen 1) in Helsingborg is planned to start in late 2017 or early 2018. This stage involves new office space, a new restaurant plaza and a new facade facing Sundstorget.

Work is also ongoing in Helsingborg on the development of Oceanhamnen, which is located a stone's throw from Knutpunkten. A new city district is planned here, offering housing, offices, restaurants and shops close to the water. A pedestrian and bicycle bridge will be built between Knutpunkten and Oceanhamnen. Wihlborgs has a land allocation of 14,000 m² GFA and will build an office property with a main entrance accessed from the square that will be created at the end of the new bridge linking Knutpunkten to Oceanhamnen.

Berga and Söder offer several opportunities for industrial and warehousing new builds.

Lund

An urban regeneration project is under way in Ideon in connection with the construction of a tram line between Lund Central Station and MAX IV/ESS. The vision is for the homogeneous existing areas to join to produce mixed urban environments that create synergies between the university, hospital and research facilities. New urban



The office property Dungen is Wihlborgs' first project in Hyllie in Malmö. Occupancy is planned for spring 2019 and Swedish Customs will be leasing a large part of the property.



The tram line under construction in Lund will run through Ideon. New building is planned around the Ideontorget tram stop, thus increasing the area's density and creating new urban environments. Image: EGA.

environments will appear around the tram line's stops, including around the square to be called Ideontorget. Wihlborgs has the opportunity here to build more office space in several stages. Wihlborgs already has development rights with a detailed development plan for 8,000 m² of offices in the Syret block.

A new city district, Science Village Scandinavia, is being built between the research facilities MAX IV and ESS in Brunnsög in northeast Lund. In 2015, Wihlborgs participated in a competition for land allocation together with FOJAB Arkitekter, and the joint proposal – "Space" – was declared the winner. The building will house a research hotel and conference space, among other things. The date for the construction start is unclear, however, as the County Administrative Board declared the detailed development plan void. The City of Lund appealed against that decision in January 2017, which means the matter will now be determined by the government. Wihlborgs is also participating in discussions surrounding the transformation of the area around Öresundsvägen in Lund. An urban regeneration project is under way here involving the transformation of old industrial areas into a mixed city district. The first stage is to link the area to Lund's city centre and to connect the western city

districts. The land exploitation rate is low, thus offering potential for densification. There are plans for 3,000–5,000 housing units, schools, nursery schools and new operations in the area. The City of Lund's vision is for the area to be "... a vibrant urban environment rooted in the industrial area's tradition of creativity and energy." Wihlborgs currently owns three properties in the area.

A possibility exists at Gastelyckan, east of the E22 motorway, to develop industrial and warehouse buildings.

Operations in Denmark

No major new build or redevelopment projects were started or completed as part of Wihlborgs property portfolio in Denmark in 2016.



Sustainable business

At Wihlborgs, sustainability is the foundation of profitable business. For this reason, we apply a long-term approach to continuously develop in a sustainable direction. Our operations mean we are part of creating the preconditions for the Öresund region's business community to grow and develop in the long term. This benefits both Wihlborgs and the companies who operate here. Our key role in the region also inspires pride and motivation among employees.

Sustainability Report

Since 2011, we have been reporting our sustainability work in accordance with the Global Reporting Initiative (GRI), and since 2015 we have complied with the new guidelines, G4, which have a clearer focus on materiality, or prioritisation of the most important aspects. Based on the feedback we have received during the year and the stakeholder dialogue held in 2015, we have selected the most material sustainability aspects for Wihlborgs while also reinforcing their links to our operations.

These sustainability issues are increasingly integrated into

Wihlborgs' day-to-day operations and permeate every part of the company to an ever-greater degree. We therefore see reporting our sustainability initiatives in the Annual Report as the natural next step. We have compiled in-depth information on how we govern and follow up the areas, aspects and indicators in a GRI appendix available at www.wihlborgs.se/gri. The GRI index and references to where the various aspects are reported can be found on page 125.

Targets

Wihlborgs' sustainability targets are based on the company's overall goals and strategies. Concrete targets are formulated in the sub-areas described in the Framework section below. Read more about Wihlborgs' goals and strategies on pages 14–21.

Governance

Wihlborgs' CEO has overall responsibility for governing day-to-day operations. The company's CEO, who is also a Board mem-

ber, reports directly to Wihlborgs' Board, which establishes the company's policies in the area of sustainability. Sustainability issues are reported and followed up by the Group Management through presentations by the individuals responsible for environment, HR, communication and finance. The company's CSR Group works laterally on these issues.

Stakeholders

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

In addition to daily contact with tenants among others, structured follow-up activities are also carried out with key stakeholders. In 2016, for example, we conducted a customer survey (customer satisfaction index, CSI) and an employee survey (Great Place to Work). The data from the above provided us with valuable knowledge about which development areas should be prioritised. Examples of tangible initiatives induced by these surveys include green leases, tenant newsletters, the development of our Wihlborgs "Kontaktyta" forum network and new collaborations involving societal sustainability in Malmö and Helsingborg.

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

Framework

Wihlborgs' sustainability framework was produced in 2015 in connection with the transition to GRI G4 reporting. The framework comprises four main areas: responsible business, sustainable properties, attractive employer and commitment to the region and the community. These four areas are our top priority, thus providing a clear focus and ensuring our efforts have a greater impact. We have prioritised a number of aspects within each area that we measure and follow up systematically.

Responsible business

For us, responsible business is a matter of demonstrating and instilling confidence. Financial performance is one aspect that builds long-term on our existing confidence levels. Other important aspects include ethics, anti-corruption and taking responsibility for purchasing and investments. These aspects were prioritised in the materiality analysis and stakeholder dialogues in 2015. Read more about our responsible business practices on pages 58–60.

Sustainable properties

As a major property owner, Wihlborgs naturally considers sustainable properties to be a vital part of its environmental efforts. These days, it is self-evident to our stakeholders that we assume responsibility, and measure and follow up various aspects in this area, and in 2016 Wihlborgs advanced its positions in this area. Prioritised

aspects include certified buildings, energy use and climate impact. Read more about our sustainable property practices on pages 61–65.

Attractive employer

To deliver excellent service to customers and positive earnings to shareholders, Wihlborgs needs competent employees. We therefore need to have the ability to both retain employees and attract new ones. By instilling a sense of trust, pride and community, we want to create an environment in which doing "that bit extra" for a customer or colleague is natural and in which there is a genuine desire to be an ambassador for Wihlborgs in every situation. The stakeholder dialogue areas we prioritise include the work environment, skills development, and equality and diversity. Read more about our efforts in these areas on pages 66–67.

Commitment to the region and its community

Both internal and external discussions in the materiality analysis highlighted the importance of identifying how Wihlborgs can make a difference in the region and the community. The Öresund region is our market and it is here that we can make a positive impact by helping to create the preconditions for a growing business community, sustainable development and increased employment. It is also expected that Wihlborgs will take more initiatives in this area in the future. Read more about our efforts in terms of social commitment on pages 68–69.



Responsible business

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

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

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

The management and responsibilities of the Wihlborgs Group are 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 and instructions to the CEO.

Financial performance

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

Wihlborgs' financial targets are to produce:

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

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

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

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

The economic value we create benefits various groups: employees, lenders, the community and suppliers. Our shareholders share in this value via dividends, which are determined by the Board through a dividend policy. The size of the dividend depends on the income from property management generated by the company and the sales price achieved on property transactions. Once all stakeholders have received their share, the remainder is retained in the company to strengthen operations, create new projects and acquire new properties with the aim of growing the company in a sustainable manner.

Information on Wihlborgs' financial position can be found on pages 85–111.



“Our financial strength gives us the ability to take action based on what is beneficial for both us and the wider community in the long term.”

Arvid Liepe
Chief Financial Officer

Read the whole interview at www.wihlborgs.se/ansvarsfulla-affarer (in Swedish)

Ethics and anti-corruption

Naturally, at Wihlborgs, we work to counter corruption and act in an ethically correct manner. To pursue our operations in a profitable and sustainable manner in the long term, we must act within the framework of the law and in an ethically and morally justifiable manner. As with many other companies, there is a risk of corruption in various forms, which is why Wihlborgs always has these issues on the agenda, with the aim of ensuring a zero incidence for cases of corruption or unethical actions.

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

We have also produced a practical guide in which we clearly define our view on what is to be regarded as bribery and how people are expected to act in their day-to-day work. All our employees underwent business ethics training in 2013. Thereafter, each year, all new employees have undergone equivalent training, as was the case in 2016.

Wihlborgs' CSR group has evaluated the risk of corruption in the business and concluded 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. As a part of the approval process for new suppliers, and prior to all larger procurements, suppliers are informed about Wihlborgs' ethical guidelines. The process concerning the Code of Conduct for our suppliers was updated in 2016. A new procedure will apply from the start of the new year, and updated material will be sent in conjunction with the renegotiation or new signing of agreements.

The policy against abusive special treatment was also updated and communicated internally in 2016.

To improve the options for expressing suspicions about corruption and similar improprieties, Wihlborgs has established a whistle-blower function. No corruption-related incidents occurred during the year.

The value chain

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 work method are to be consistently characterised by our values: knowledge, honesty, action and community. We conduct business on the basis of our core values and operate in an organisation with short decision-making paths. We also work continuously on our work environment, culture and skills to retain and develop our positive business climate. Our hope is that this may have a positive effect on both tenants and suppliers.

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

Our tenants

We manage our own properties, which entails a close relationship to the customers. This helps us be aware of our customers' needs and enables us to inform and inspire the tenants to act in line with Wihlborgs' Code of Conduct.



Copenhagen represents a growing market for Wihlborgs. The Lautrupvang 8 property is located in Ballerup, northwest Greater Copenhagen.

To maintain excellent service and good relationships with our customers, we collect information about them in a customer database. This provides us with an overview of our customers' needs while ensuring that tenant and contractual data is processed confidentially.

In addition to continuous dialogue with our tenants, a customer survey is conducted biennially through which tenants have the opportunity to offer their views and thereby influence Wihlborgs' actions and offerings in the long term.

The overall score in the customer survey conducted in spring 2016 was 4.13 on a five-point scale, which is the best result achieved since we began surveying in 2003. The score in the 2014 survey was 3.89. This year's survey indicated that 82 percent (75) of the tenants could consider recommending or highly recommending Wihlborgs to other companies. Analyses of the results have been carried out in each location, which has resulted in initiatives to increase customer satisfaction further. Examples of such measures include facelifts of green spaces, facades and entrances and improvements to communication with customers, for instance when faults are reported. A decision was taken in one area to change cleaning companies to enhance the quality of the cleaning.

Suppliers and contractors

In many cases, Wihlborgs' suppliers have direct contact with our tenants, thus influencing the business relations in Wihlborgs' value chain. Consequently, it is of paramount importance that we impose requirements on suppliers with regard to business ethics, professional competence and service, since they represent Wihlborgs in their contact with tenants.

Wihlborgs purchasing function is responsible for supplier agreements and for ensuring that the suppliers with whom we enter into agreements comply with Wihlborgs' Code of Conduct, which comprises requirements within focus areas that are in line with principles recognised by the UN Global Compact: environment, work environment and ethics, and anti-corruption. Wihlborgs has two versions of the Code of Conduct: a more comprehensive version for suppliers with larger organisations, and thus greater impact, and a simpler version aimed at suppliers with a smaller organisation. Wihlborgs carries out its own risk assessment of suppliers, through which a number of issues regarding the environment, work environment and ethics are addressed. This assessment has been revised ahead of 2017 based on previous experiences. Should any of Wihlborgs' suppliers be in serious breach of these guidelines or submit erroneous information, the business relationship will be discontinued. In 2016, no collaboration with any suppliers was discontinued due to a breach of the Code of Conduct. However, we did discontinue one collaboration with a contractor who charged incorrect prices and material mark-ups in relation to the agreed amounts.

As a local player, we also prioritise business activities with local suppliers, as this is in line with our strategy and mission and brings a sense of proximity to the value chain. Read more about our efforts in these areas on page 68.

Ambitions and targets moving forward

Wihlborgs will continue to achieve the financial targets set by the Board by consistently adhering to the company's mission and strategy. We will strengthen our brand further by maintaining our focus on doing responsible business.

Our ambition is also to improve our results further in relation to customer and employee satisfaction by continuing to measure, follow up and take action based on the knowledge provided by the employee and customer surveys. We will ensure that corruption and unethical behaviour does not occur at Wihlborgs by maintaining focus and offering training in these issues.

Our work to assess suppliers to ensure they comply with Wihlborgs' Code of Conduct will be developed further in 2017 with a focus on suppliers with large volumes and a high level of risk. The goal is also to retain the high proportion of local suppliers (94 percent as of 31 December 2016).



Sub-supplier



Supplier
Contractor



Wihlborgs



Tenant

Community

Sustainable properties

Wihlborgs made progress in terms of sustainable properties in 2016. As before, our three focus areas are certified buildings, energy use and environmental impact. We are ensuring the reduction of climate emissions within our property portfolio by actively selecting renewable energy sources and continuously enhancing energy efficiency. Thanks to a Group-wide environmental programme and a joint environmental management structure, we can drive forward our environmental and climate efforts and make them more systematic. Wihlborgs' operations are ultimately subject to Swedish and Danish legislation. Our environmental reporting refers to our operations in Malmö, Helsingborg, Lund and Copenhagen unless stated otherwise.

Wihlborgs receives frequent requests for different kinds of environmental data from various stakeholder groups, such as investors, non-profit organisations and tenants. It is therefore important to set ambitious targets and ensure transparency with regard to sustainability. Furthermore, our stakeholders seek a dialogue concerning Wihlborgs' commitment, skills and innovative ability in relation to the climate issue. There is also increased interest in Wihlborgs' role in the value chain and in how we prioritise and ensure our contribution to the UN's global sustainability targets.

Environmental vision, policy and targets

Wihlborgs' environmental vision for the period up to 2020 is to continue to expand, while reducing our environmental impact. The environmental policy was revised during the year and now focuses even more clearly on our aim to be pro-active, use resources efficiently and adopt a lifecycle perspective. The Group's environmental targets and environmental programme, which are designed to ensure we achieve the targets, were also revised in line with the environmental policy. Eight areas have been identified for the period 2016–2018 in which we are now pursuing a number of activities to

create sustainable properties. The two most highly prioritised areas are the reduction of our climate impact and the way in which our operations can contribute to greater biodiversity. The environmental programme also covers other environmental aspects, such as Wihlborgs' own administration and Group purchasing.

Ensuring a high level of environmental competence and insight into environmental challenges is a prerequisite for achieving results. Wihlborgs' environmental handbook contains procedures that describe how our operations should take into consideration and follow up various environmental aspects, as well as guidelines and descriptions of procedures governing day-to-day environmental efforts. Our environmental handbook is based on the environmental management classification in the ISO 14001 standard and the precautionary principle contained in Swedish environmental legislation. Several training initiatives were implemented during the year for employees working on environmental management, including themes such as the business case for solar panels, environmental certification in line with Sweden Green Building Council and the application of Swedish environmental legislation.

The wider community

Wihlborgs participates actively in several external networks and conferences relating to the environment and climate. The aim is to actively monitor the wider community and learn from other players, but also to communicate our own sustainability efforts. We report our environmental results to the UN Global Compact and the international organisation GRESB (Global Real Estate Sustainability Benchmark) on an annual basis. Read more about our participation in various organisations and networks on page 69.

Certified buildings

Wihlborgs actively pursues environmental certification of its buildings. Our environmental policy states that the Swedish environmental standard, Sweden Green Building Council (SGBC) (Gold level), is



“We have a responsibility to both the wider community and the people who work in our properties. We don't simply build properties – we create work environments.”

Rickard Berlin
Project manager

Read the whole interview at www.wihlborgs.se/hallbara-fastigheter (in Swedish)

to be our first choice for new production. In the case of redevelopment, the construction of the building or other special conditions may mean the building is certified to Silver or Bronze level instead. The SGBC is a certification system based on regulations from the Swedish construction industry and public agencies, as well as Swedish construction practices. Wihlborgs also has properties that are certified under BREEAM and LEED (Leadership in Energy and Environmental Design).

Environmental certification can be seen as evidence that the building is energy-efficient and has a strong environmental performance. Compliance with a leading environmental certification programme such as the SGBC also minimises Wihlborgs' risk in connection with existing and potential new regulatory requirements. The precautionary principle is reinforced during construction, through proactive environmental assessments and the traceability of chosen building materials. A large amount of the environmental certification's criteria concern the indoor climate of the building, for example acoustics, lighting and air quality. These factors are important both for the comfort of tenants and productivity in the workplace.

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

In 2016, three buildings were awarded a preliminary SGBC environmental certification. We also carried out a two-year verification of one building, meaning it has been approved based on measurements and a review from a management perspective. Two further buildings are under review by the SGBC, but the results had not been confirmed by the start of the new year. We also applied for certification of five new building projects that are either under way or starting in 2017. Furthermore, we ensured and then reported to the SGBC that the seven buildings certified in accordance with Green Building (energy performance) satisfy the relevant levels. All of the certified buildings were approved once again in 2016.

In total, our certified properties comprise five percent of the total property portfolio (14 properties of a total of 270). The market value of the certified properties is estimated at SEK 7,010 million, corresponding to 21 percent of the total property value (SEK 32,755 million). Demand for environmentally certified buildings is increasing and Wihlborgs has received direct procurement requirements in which tenants were seeking environmentally certified premises. The GRI appendix reports the status of environmental certifications as of 31 December 2016 (www.wihlborgs.se/gri).

Project-adapted environmental programme

In 2016, we revised and relaunched Wihlborgs' environmental programme for new-build and redevelopment projects. In addition to SGBC's criteria, Wihlborgs has introduced expanded and complementary environmental requirements into the project-adapted environmental programme in areas such as climate and energy, biodiversity, materials and waste and other aspects such as Legionnaire's disease and noise.

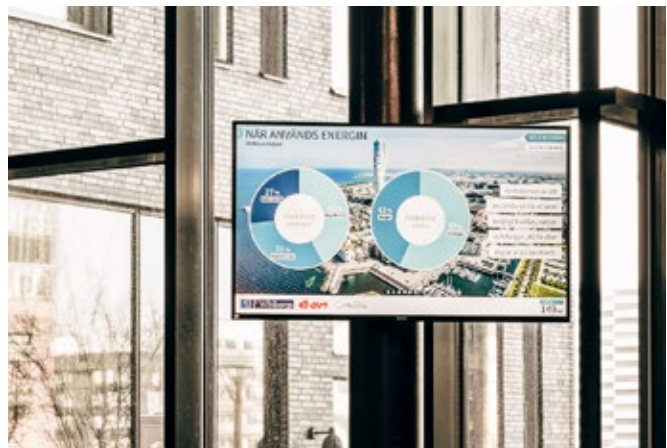
Another important part of the programme are clearer procedural descriptions and requirements concerning the management of documents. The environmental coordinator role in a Wihlborgs project was also clarified.

Green Leases

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

In total, Wihlborgs had 399 active green leases at year-end compared with 274 in 2015 and 99 in 2014. The total number of leases is 2,075, meaning the number of green leases totals approximately 20 percent. From a surface area perspective, the green leases account for 312,120 m² of a total of 1,848,738 m², corresponding to 17 percent.

Green leases fill a key function by creating a platform for collaboration between landlord and tenant to jointly reduce the environmental impact of both the business and the premises in terms of energy consumption, indoor environment, material selection and waste management. In 2017 we will evaluate the value of green leases and explore the possibility of greater collaboration with certain tenants in terms of issues linked to environmental and climate challenges. In addition to producing tangible environmental results, green leases also strengthen our relationship with existing tenants.



Region Skåne is a tenant with a green lease and with whom we collaborate to develop various environmental initiatives. In their headquarters in Dockan, Malmö, we developed a solution that enables the energy consumption of the property to be displayed. The result is a digital screen in the foyer that shows energy consumption per day, the premises' consumption value in real time and the total energy performance of the property. Region Skåne, E.ON and Wihlborgs also provide updates on their environmental efforts and confirm that each building is certified by the SGBC. The goal of the initiative is to deepen employees' and visitors' insight into the climate and environment and to highlight the action that has been taken to optimise the building's energy performance.

Energy

Wihlborgs' energy consumption and choice of energy sources is the area in which our operations have the single greatest environmental impact. Consequently, this aspect of the environment has been prioritised for several years in both operational management and environmental goals. Continuous work on energy

efficiency enhancements is also prioritised in our environmental policy and environmental handbook. Wihlborgs has systematically implemented measures and monitored energy consumption in its properties for several years. Our total energy consumption was 183 GWh in 2016, which is an increase of 5.5 GWh compared with 2015. Energy consumption per square metre has increased 3 per cent, from 109.5 kWh/m² to 113.1 kWh/m². This increase is largely due to increased demand for heating, since January and the autumn months were colder than the previous year. Electricity consumption has fallen overall compared with previous years, while demand for cooling has increased marginally.

Our electricity agreements include environmentally certified electricity from renewable energy sources such as wind and hydropower, in addition to the solar power we produce ourselves. In order of magnitude, Wihlborgs' largest energy suppliers are E.ON, Öresundskraft and Krafringen. The district heating we purchase is mainly renewable (not from fossil fuels) and certified in terms of origin. We also converted to using 100 percent biogas in our service vehicles during the year, and began work on converting the facilities heated by fossil gas to biogas. In 2016, 16 percent of our total deliveries of gas came from renewable biogas and this share will increase further in 2017. The environmental values of our energy suppliers are reported in the GRI appendix (www.wihlborgs.se/gri).

Focus on enhancing energy efficiency

Wihlborgs applies a holistic approach to energy efficiency in order to find a balance between low levels of energy consumption and tenants' desire for comfort. Property management uses a digital tool to monitor the monthly consumption of district heating, gas, electricity, cooling and water. We are also increasingly using smart meters to read consumption. These help us to obtain a clear overview of consumption in all properties and can identify potential energy-saving initiatives. The larger share of environmentally certified properties together with the ambitions contained in our environmental policy also contribute to energy-optimised buildings. Wihlborgs' environmental handbook contains procedures for continuous energy monitoring by property management.

Our target as part of the Group's environmental programme up until 2018 is to reduce energy consumption by at least 3 percent

per square metre (corrected for a normal year) and to install at least three major solar power systems (over 500 m²) within the property portfolio. Actively exploiting the solar power created from our roofs and facades will help us purchase less energy and ensure lower consumption figures.

We implement continuous energy efficiency-enhancement measures in the properties that offer the potential to make savings. This often involves fine-tuning the building's energy system and optimising the ventilation system. We placed extra focus during the year on replacing older light fittings with LEDs. At several buildings and multistorey car parks this resulted in both a reduction in energy consumption and less maintenance work, since the previous strip lights needed to be replaced considerably more frequently.



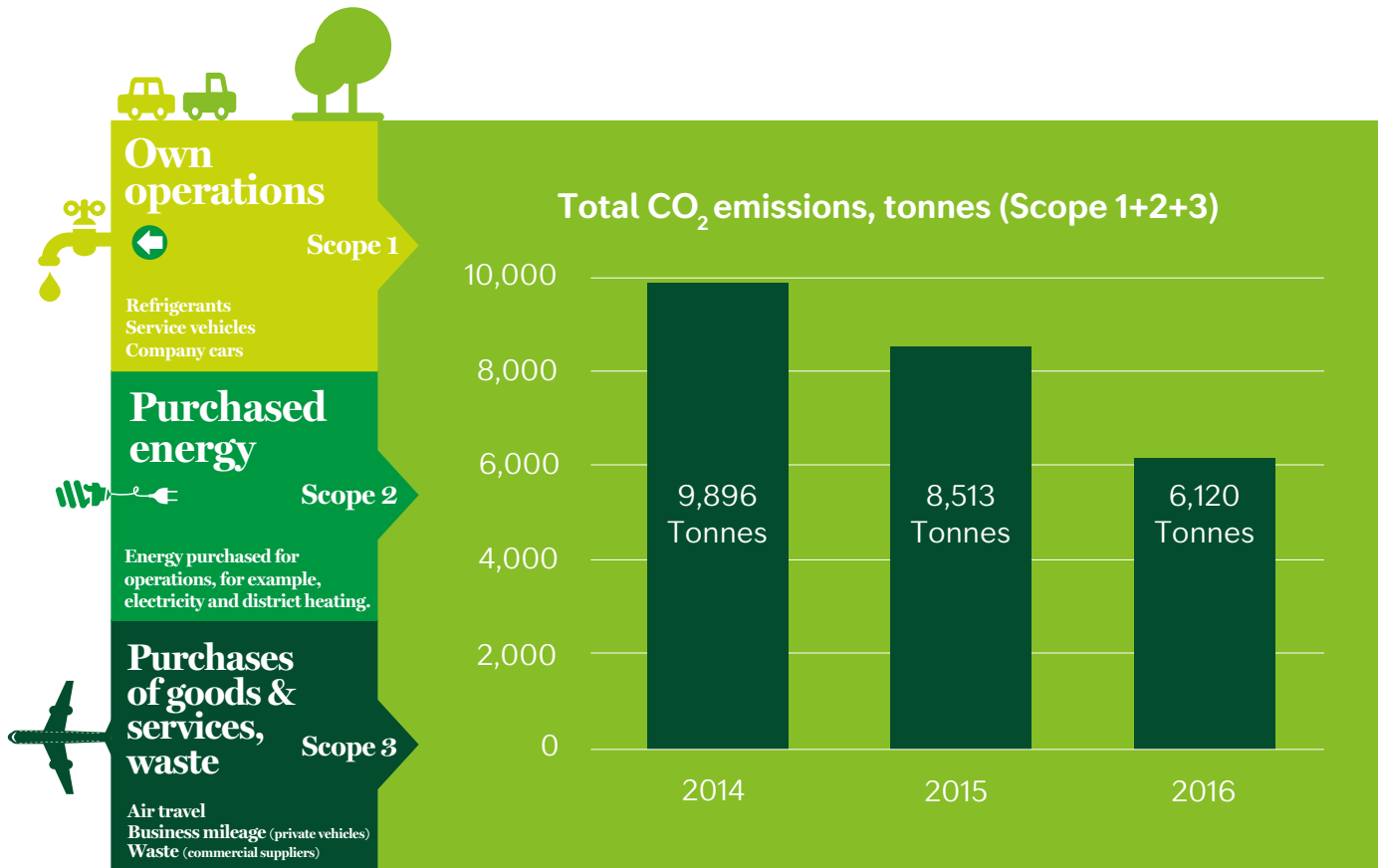
The Elefanten property is located in central Malmö. It was built in the late 1980s and contains 14,900 m² of office and retail space. At the end of 2015, we implemented measures to make the cooling facility more energy-efficient. We installed new control and regulation technology along with new switches on the cooling switchboard to control cooling fans and introduced demand control of the pumps. The redevelopment cost SEK 700,000. In the original calculation,

Wihlborgs' energy consumption - properties in Sweden, total 1,446,078 m²



Wihlborgs' energy consumption - all Group properties, total 1,619,317 m²





Scope 1: Direct emissions from fossil fuels (e.g. petrol, oil and coal) from manufacturing/processes within production, or emissions from owned/leased vehicles or machinery.
Scope 2: Indirect emissions from purchased energy for operations, for example, electricity and district heating.
Scope 3: Indirect emissions from the purchase of goods and services, such as logistics, air travel, taxis, hotel stays and materials.
 For more detail regarding emissions by scope, refer to our GRI appendix at www.wihlborgs.se/gri.

based on an electricity price of SEK 1.00/kWh, the energy savings would amount to around SEK 136,000 per year, thus paying for itself after around 5 years. However, the outcome in 2016 showed a greater saving despite lower electricity prices. Over 12 months we reduced energy costs by SEK 251,788 (85 öre/kWh). This means an energy saving in terms of cooling from around 35 kWh/m² to 18 kWh/m². It therefore appears that the investment will pay for itself within approximately three years.

Our own solar power systems

One of Wihlborgs' environmental goals is to increase the proportion of renewable and locally produced energy used, by installing a minimum of one solar power system per year. At the end of 2016, we had solar panels on four properties with a total area of 2,500 m², which together have produced about 244,000 kWh of renewable energy during the year. Investments in solar panels are positive for the environment, since we both maximise the environmental performance of the property and release renewable energy to other customers through the energy grid. We installed a major solar power system on the roof of the Rubinen property in Helsingborg in 2016, measuring around 1,000 m². The system can produce a maximum of 150 kWp (the maximum power a solar panel can produce) and is

estimated to produce 148,000 kWh per year. The energy produced locally will primarily be used for the cooling machines installed in the warehousing premises.

Climate impact

Wihlborgs' greatest environmental challenge is how it contributes to reducing the climate impact of its operations and value chain. We will attempt to make progress in this area under the guidance of the global climate targets highlighted by the COP21 in Paris and the UN's sustainability targets (2030 Agenda). We have set a climate target in our environmental programme that entails a reduction of absolute CO₂ emissions within operations by at least 50 percent (based on current reporting) and CO₂ emissions falling to a level lower than 2 kg/m² based on purchased and self-produced energy in the property portfolio. We are reducing our climate impact by focusing on enhancing the energy efficiency of our properties, moving towards renewable sources of energy, making active choices regarding transportation and focusing on a high level of environmental performance at our new builds. Selecting environmentally certified building materials and products can also contribute to a reduced climate impact depending on the selection of materials and

how they are produced. Our environmental policy states that we should promote resource-efficient operations based on a climate and eco-cycle perspective through our decisions and actions.

The table on page 64 illustrates the areas that represent Wihlborgs' total CO₂ emissions and thus also the areas we are working on in order to reduce our environmental impact. We report our total volume of CO₂ emissions annually based on the international Greenhouse Gas Protocol.

Wihlborgs has reduced its climate impact in relation to the preceding year. In total, emissions fell by 2,393 tonnes. The greatest reduction of carbon dioxide was in district heating (Scope 2), despite deliveries increasing slightly this year. This reduction is primarily due to Wihlborgs choosing the "renewable district heating" energy product. Around half of annual consumption of district heating in Malmö is based on fuel from renewable sources. This active choice has led to a considerable reduction in CO₂ emissions in the region. We are also seeing a reduction in terms of CO₂ emissions from gas as a result of increased purchases of renewable biogas and reduced losses of refrigerants in our cooling facilities (Scope 1). In Scope 3 we can see a minor increase linked to air travel, while the distance travelled by the vehicle fleet is falling or remaining unchanged despite the growth in operations.

In its current corporate form, Wihlborgs has seen (since 2005) a clear reduction in energy-related CO₂ emissions, despite the lettable area having essentially doubled. Continuous energy-efficiency enhancements combined with a conversion to renewable sources of energy are largely the key to these results. The trend is heading in the right direction and is in line with our vision to continue growing while reducing our environmental impact. Since 2013, Wihlborgs has been a signatory of the "100% fossil fuel-free Skåne 2020" climate initiative, run by the County Administrative Board, Region Skåne and Skåne's Association of Local Authorities.

Operations in Denmark

Although Wihlborgs' operations in Denmark are not fully integrated with the Swedish environmental management at the present

time, there is an ongoing strategic collaboration and a continuous exchange of experiences. The Danish operations will gradually be integrated into the Group-wide environmental management. To calculate the climate impact from our Danish properties, our environmental report compiles the total energy and fuel consumption linked to the operation's transportation.

Ambitions and targets moving forward

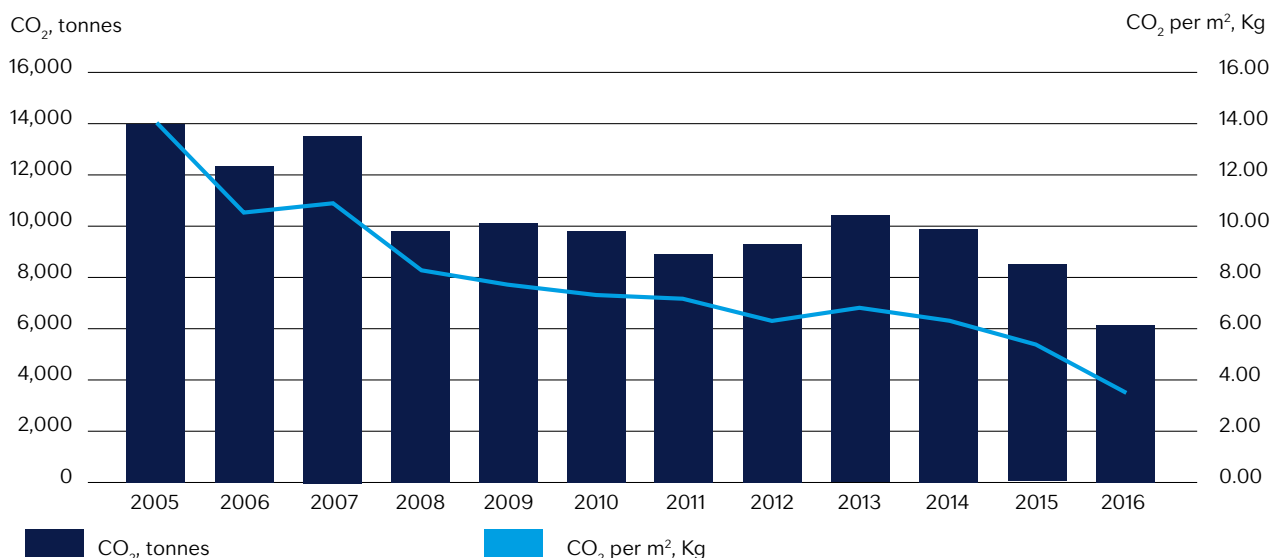
Wihlborgs' vision is to continue expanding while reducing our environmental impact. The environmental programme will continue in 2017, focusing principally on the climate, energy and biodiversity. Operational efforts will be conducted at Group-level in each region.

We will continue to increase the share of renewable district heating in Malmö and identify new opportunities for energy efficiency-enhancements and investment in our own production via solar panels. Our environmental handbook will be reviewed externally to certify legislative compliance and we will carry out a gap analysis of the updated ISO 14001:2015 environmental standards.

The implementation of Wihlborgs' project-adapted environmental programme is ongoing. However, there are challenges linked to environmental assessments and documentation of building materials in the supplier chain. We need to create a stronger basis in respect of our climate impact and chemical content, and the precautionary principle requires us to identify better options in terms of health and the environment. In 2017, Sweden Green Building Council will launch an updated version (3.0) of its certification process, which will require analysis and adaption to Wihlborgs' operations. Our ambition is to maintain our SGBC Gold certification in the future. Wihlborgs will continue to play an active role in the networks and forums of which we are a member, attempting to find common ground and effective ways to solve the sustainability challenges we are facing.

Trend concerning our climate impact

Greenhouse gas emissions since 2005 have primarily been linked to energy, with a growing property portfolio – from 994,693 till 1,619,317 m²



Attractive employer

Wihlborgs is to be an attractive, efficient and sustainable company to work for and lease properties from. Playing a part in stimulating growth in the local business community by offering modern, flexible premises contributes to the pride in Wihlborgs that our employees feel. We take active measures relating to our organisation, work environment, culture, skills and leadership to create better conditions for active ambassadorship. Our fundamental view is that if we create job satisfaction in our own organisation then this feeling can be spread to our tenants, suppliers and other stakeholders. This way we can create more Wihlborgs ambassadors beyond our own organisation who could consider recommending our company.

We have been measuring the willingness of our tenants to recommend us for a while by way of our customer survey (customer satisfaction index, CSI). As of 2016, we also measure the willingness of our own employees to recommend us in an employee survey that we conducted for the first time in conjunction with Great Place to Work in 2016.

Willingness to recommend

	2014	2016
Customers – Question: To what extent can you imagine recommending Wihlborgs to another company? To a large/very large extent (4 or 5)	75%	82%
Employees – Statement: I would recommend my employer to others. Often/almost always (4 or 5)	<i>Not measured</i>	93%
Employees – Statement: I feel I can recommend my products and services. Often/almost always (4 or 5)	<i>Not measured</i>	97%

We have chosen their model as it offers the chance to make external comparisons and ensure we measure the aspects considered significant to the research in terms of developing a committed organisation. It is also one of few employee surveys that does not focus on satisfaction, instead surveying the areas that influence the degree of employee commitment, that is, trust, pride and friendship. This year's employee survey resulted in an average confidence index of 84 percent, with 97 percent considering Wihlborgs to be a very good workplace overall. The confidence index is a metric measuring employee perceptions of trust, pride and friendship at the workplace. Based on results for various sub-areas, the work environment committee, management team and Group Management have produced proposals for three development areas for action moving forward: clarifying targets and expectations, strengthening the feedback culture and developing clear, confident leaders. Our goal is to become one of Sweden's best workplaces in our sector.

Management and governance

Wihlborgs' Board establishes the HR strategy annually, while the company's CEO bears responsibility for governance and follow-up. The company's HR department, which consists of two individuals, drives development initiatives, acts as a sounding board for managers and employees and ensures that Wihlborgs complies with the legislative requirements in that area. The work environment committee manages the systematic work environment efforts – see the Health, environment and safety section.

Wihlborgs' corporate culture is to be characterised by simplicity and rooted in our four values – action, honesty, knowledge and community. Our Wihlborgs philosophy is based on these four values and is decisive for our success and sense of togetherness. Our Code of Conduct, ethical guidelines and various policies in the area of HR also serve as a guide.



“One of the greatest advantages at Wihlborgs is the proximity to management and the short decision-making paths. I also value our wonderful community very highly.”

Louise Ahnelöv
Property Director, Dockan, Malmö

Read the whole interview at www.wihlborgs.se/attraktiv-arbetsgivare (in Swedish)

Culture and competence

Every year, we conduct development dialogues with all permanent employees (100 percent) during which we follow up on employees' motivation, objectives and development. The employees are also offered a follow-up meeting after six months.

Based on these career development reviews, competence development needs are identified that keep us updated and knowledgeable in our field. The investment we have made over the past two years in terms of developing our business culture was implemented based on needs expressed by several employees during their career development reviews.

Wihlborgs has a flat organisation, meaning there is no explicit career ladder. However, employees are able to develop and broaden their expertise in other ways, for instance by taking part in the various cross-functional groups that are available. Examples of this type of group include the work environment committee, art club, intranet group, various environmental groups and the work group that manages the Wihlborgs Classic.

Health, environment and safety

One of the foundations of contentment at work is a safe, secure and healthy workplace.

Work environment efforts are governed by a work environment policy and a work environment committee that conducts continuous health and safety initiatives designed to reduce the risk of accidents and reinforce the safety culture within the company. Focus was also placed on enhancing knowledge surrounding the new regulations on organisational and social work environments in 2016. The work environment committee and all managers underwent training about the effects of the regulations, and a clear policy and action plan were produced to combat abusive special treatment.

The work environment committee consists of employees from the Swedish operations – both white-collar and blue-collar employees, men and women, from different positions in the company and from different regions. The group's participants thus represent all employees within the Swedish operations. The Danish section of the company works with workplace assessment, and performs annual audits for all employees through the work environment manager.

We also work on health-promoting measures at Wihlborgs. With the Wihlborgs Classic – where we sponsor and conduct fitness activities – we want to motivate employees to take regular exercise and to promote a sense of community. Employees are also offered regular health check-ups, lectures and a wellness allowance.

Our goal-oriented work means that Wihlborgs has a low rate of sick leave. In 2016, the rate was 1.03 percent (1.31) in Sweden with the corresponding figure for Denmark totalling 2.52 percent (3.11). Long-term absence (60 days or more) represented 0 percent (9.78) of total sick leave. In 2016, we had 0 near-accidents, 4 minor work-related accidents, 0 work-related illnesses and no fatalities.

Equality and diversity

At Wihlborgs, providing an attractive workplace means being an inclusive workplace, and this applies irrespective of age, gender, ethnicity and sexual orientation. Our average age is 44.5 and we have a varied age structure, which offers both experience and new stimulus from a younger generation.

It goes without saying that women and men should have the

same development opportunities at Wihlborgs. For this reason, we monitor gender distribution at different levels. A total of 37 percent (39) of employees in the Group are women. Our goal is for the distribution among managers to match this. The governing bodies, such as Group Management and the Board of Directors, also have a gender distribution that can be considered to be equal. Gender distribution remains unequal in the property caretaker group, which is why we place extra emphasis on attracting female candidates when recruiting new caretakers. One way we do this is by asking employees to tip off anyone in their contact network who may be interested.

Diversity is an aspect we take into consideration whenever we employ someone. Wihlborgs has also taken specific steps to increase diversity and employ people from different backgrounds. In 2016, Wihlborgs launched an initiative concerning property caretakers at Knutpunkten in Helsingborg. In collaboration with the municipality, a number of long-term unemployed young people from different backgrounds were employed here. Read more under Commitment to the region and its community on pages 68–69.

Gender distribution at Wihlborgs

	No. of individuals	No. of women	Percentage women
Board of Directors	7	3	43%
Group Management	5	3	60%
Managers	20	9	45%
White-collar employees	82	41	50%
Blue-collar employees	57	10	17%
Total	139	51	37%

Ambitions and targets moving forward

The goal is to become one of the best workplaces in our sector within a period of three years. If we achieve that goal, we will instill pride among our employees and create a strong employer brand. As stated, the journey towards this goal involves development efforts in terms of goals and expectations, feedback and leadership.

It is also our intention to strengthen our relationships with universities and colleges. We will achieve this by participating at job fairs, giving lectures and offering trainee placements. More students wrote essays about Wihlborgs' environmental efforts in 2016. We also employed one trainee. These initiatives are in line with our succession plans, in which we want to develop and promote our own talent as far as possible.

It is evident that Wihlborgs is part of a wider context when we assess our stakeholder dialogue. Our methods in relation to the work environment, skills development, equality and diversity impact more people in the value chain than just our employees. By way of ambassadorship and engagement, we are able to drive development throughout the value chain, since our employees come into contact with many different stakeholders. This underlines how important it is to have active ambassadors across the entire organisation.

Commitment to the region and its community

The Öresund region is our market. This is where we work and where our customers are based. It is therefore important to us that both the region and the cities in which we operate develop in a positive direction, and as a major player in the region, we have a responsibility to make a contribution in various ways. Our stakeholder groups have also explained how they expect us to commit to sustainability issues.

Our mission and operations both contribute to the development of this region. We construct properties and city districts that give companies the space they need to grow. But we want to do more than this. We also want to contribute our knowledge and resources to promote sustainable development, both economically and socially.

Local investments and purchasing

Part of Wihlborgs' strategy is to be active locally. Consequently, it is natural that we favour local purchases as far as possible. By favouring local companies, we help 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 378 agreements distributed across 170 suppliers, of which 94 percent are local (December 2016). Purchasing is governed by signing purchase agreements with the suppliers we use. Read more about our purchasing procedures on page 60.

Civic engagement

Socially prosperous cities together with positive and vibrant urban environments are vital in terms of creating healthy and sustainable development for both individuals and companies. For this reason,

we support initiatives that are in line with our ambition to help improve job prospects and educational opportunities, and to promote diversity and equality. We also take our own initiatives in these areas.

It is similarly important for the region to have the right conditions for business start-ups and for entrepreneurs to receive help when setting up dynamic businesses. It was highlighted in the stakeholder dialogue that stakeholders want Wihlborgs to commit to and help promote the development of smaller companies.

Our initiatives

An example of an initiative taken by Wihlborgs are the station hosts at Knutpunkten in Helsingborg – our major travel hub through which upwards of 50,000 people travel every day. We employed four people here who were long-term unemployed but who now help create a positive experience for visitors and passengers in Knutpunkten by answering questions on everything from tourist sites to the correct bus route. At the same time, they gain work experience that will hopefully help them find their next job. The investment was made together with the Swedish Transport Administration, Skånetrafiken and the City of Helsingborg.

Another initiative is Wihlborgs "Kontaktyta" forum that we launched in 2014 – a forum where we invite customers, partners and others to inspirational meetings. Several of the meetings have addressed sustainability aspects. The theme in November 2016 was "Civic engagement in the Öresund region." The entrepreneur and scientific journalist Maria Borelius gave a talk about CSR from a broader perspective, while local entrepreneurs provided examples of how they have used their position to contribute to civic development.

Sponsoring and supporting other initiatives

Wihlborgs has a clear sponsorship policy that governs our behaviour. The policy states that our commitment should be accessible to all social groups and we are therefore focusing on areas where we can reach out to major groups, and where togetherness is the focus, such as organisations with a focus on sports, culture or society.

In 2016, 43 percent of the initiatives we classify as being sponsorship activities were directly connected to social engage-



“It is important for the cities in which we operate to develop in a positive way. That is why we have a responsibility to support initiatives that contribute to developing both areas and people.”

Thomas Bråhagen,
Regional Director, Helsingborg

Read the whole interview at www.wihlborgs.se/engagemang
(in Swedish)

ment and other forms of civic participation (own indicator).

Examples of this type of sponsorship include our support for FC Rosengård, which runs the job market projects Boost by Rosengård and Start by Rosengård, as well as the LB07 football club in Malmö that runs a major social initiative aiming to attract young people at risk of ending up in isolation and offering them active leisure time activities.

Good Malmö is an initiative run by the Malmö business community that opens doors for individuals who are currently outside the labour market. Wihlborgs has employed a property caretaker through Good Malmö for one year.

In Helsingborg, we support Drivkraft Helsingborg, an initiative that provides mentors and homework helpers for school students aged 13–16. In Lund, Wihlborgs sponsors the Lund Comedy Festival that aims to create a happier, more open and more positive society while contributing to the development of the city.

In 2016 in Denmark, Wihlborgs contributed to several projects focusing on support for children and young people.

With the aim of encouraging entrepreneurs and start-ups, we support organisations such as Connect Skåne, Medeon, Ideon Science Park, Media Evolution and the Swedish Jobs and Society Foundation in Lund and Helsingborg as well as Citysamverkan in Malmö, Lund and Helsingborg.

Organisations and networks

Many of Wihlborgs' employees sit on external boards and forums through which they highlight important issues concerning urban development. We are represented on various boards, including those of Fastighetsägarna Syd, Fastighetsföreningen Lund City, Malmö Citysamverkan, Lund Citysamverkan, Helsingborg Citysamverkan, Medeon, Ideon and ØresundsInstitutet.

In terms of environmental issues, we are active in networks such as the Swedish Green Building Council (SGBC), the think-tanks Tankesmedjan Miljö and Klimatsamverkan Skåne, Lund's Climate Alliance, the Swedish Association for Sustainable Business,

Solar Region Skåne and Sustainable Talks in Helsingborg. In 2016, Wihlborgs took part in the Climate challenge whereby the Chamber of Commerce and Industry of Southern Sweden produced a report on the business community's efforts to reduce its climate impact. We will take part in this again in 2017.

Ambitions and targets moving forward

It will become increasingly important in the future for companies to take social responsibility and play an active role in the development of the region and its cities. Our stakeholders expect us both to be engaged and to use our position to make a difference in terms of social aspects. Accordingly, we clarified our priorities during the year, choosing to focus to an even greater extent on initiatives that are rooted in our region and are linked to education, mentorship and jobs. We will maintain our focus on increasing the number of sponsorships linked to social initiatives moving forward.

We also plan to develop the different forms of support for social initiatives over the coming years. Sponsorship is one form, but there are other ways to make a contribution. The station hosts at Knutpunkten are one example and our commitment to Good Malmö is another. We also want to use our position to actively contribute to the establishment of a positive spectator stand culture in sports such as football. This is an urgent issue and it is also important for Wihlborgs to ensure its brand does not become linked to negative incidents or occurrences.

Another way to develop support forms is to encourage employees to take part in social initiatives, for example by becoming mentors.

Our goal is also to retain the high proportion of local suppliers.



The entrepreneur and scientific journalist Maria Borelius was the main speaker at Wihlborgs' Kontakttyta forum whose theme in November 2016 was civic engagement.



Performance during the year

The figures are actually all you need to understand how Wihlborgs is performing. At the same time, the figures are tangible evidence of our tenacious approach of meticulously adhering to our strategy and always assessing risks and opportunities, of being inquisitive and discovering changes well in advance to enable us to take new decisions.

This yields results, which are then shown in the figures.

Administration Report

The Board of Directors and CEO of Wihlborgs Fastigheter AB (publ), corporate registration number 556367-0230, hereby present their 2016 Annual Report for the Group and Parent Company.

Review of 2016

Operations

Wihlborgs is a property company with operations focused in the Öresund region. The company's property portfolio comprises 282 (276) commercial properties, located primarily in Malmö, Helsingborg, Lund and Copenhagen with a carrying amount on the balance-sheet date of SEK 32,755 million (28,623). At 1 January 2017, the total rental value excluding projects and land was SEK 2,327 million (2,150) and the corresponding contractual rental income on an annualised basis was SEK 2,132 million (1,959), giving an economic occupancy rate, excluding projects and land, of 92 percent (91).

Organisation

Wihlborgs' operational organization 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. 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 finance, HR/CSR, purchasing, communication and environment. These functions drive Group-wide development initiatives and supply functional expertise to support the administration. The head office has its own premises in the Dockan area of Malmö. In addition, local offices are located in Helsingborg, Lund and Copenhagen. The Helsingborg office moved from Berga to Knutpunkten in summer 2016. The year-end number of full-time employees increased by ten compared with 2015 to 132, and the average age decreased from 45 to 44.

Results

In 2016, Group rental income rose 6 percent to SEK 2,030 million (1,910). Interest income from early lease termination totalled SEK 5 million (43). The increase in rental income was attributable to property acquisitions, completed projects and positive net lettings. Activity in the region's rental market remained high and led to strong net lettings amounting to SEK 62 million (24) for the full-year 2016. Property expenses totalled SEK 517 million, compared with SEK 508 million in 2015, up nearly 2 percent despite an increased portfolio. The rise was mainly due to operating costs, because of the increased portfolio, as well as repairs and maintenance, of which the cost of storm, water and general damage accounted for about SEK 2 million. The Group's operating surplus, including other income, increased SEK 73 million to SEK 1,518 million (1,445). The surplus ratio, excluding payments for early lease termination, increased from 73 percent at year end to 75 percent.

Interest income totalled SEK 12 million (10). Interest expense rose to SEK 459 million compared with SEK 437 million in the preceding year, due to increased borrowings and partly also because loan agreements with banks limited the impact of lower floating interest rates. The average interest rate was 2.80 percent (2.76) 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 2,504 million (1,615). The increase was mainly attributable to generally reduced investment yield requirements in the portfolio, as well as to completed and newly started projects, and in part to the rental situation. In 2016, long-term market interest rates declined somewhat, resulting in a negative value change of SEK 265 million in the interest-rate derivative portfolio, in contrast to a positive value change of SEK 269 million in the preceding year.

Cash flow and financial position

Cash flow from operating activities generated a surplus of SEK 1,064 million, compared with SEK 1,024 million in the preceding year, mainly through a higher operating surplus. In 2016, cash outflow from investment activities was SEK 1,513 million, SEK 1,330 million lower than in 2015, when a number of major acquisitions were completed, mainly in Copenhagen and Malmö. Both investments in existing properties and divestments of properties were at the 2015

level. Investments and acquisitions are largely financed via loans, whereby loans increased SEK 1,154 million (2,189) during the year. Shareholders received dividends of SEK 403 million (365) in 2016. Total cash flow for the Group during the year was SEK 177 million (4).

The Group's equity increased SEK 2,587 million to SEK 11,463 million, giving an equity/assets ratio of 34.3 percent (30.6) at year end. Interest-bearing liabilities at year end totalled SEK 17,553 million (16,265), resulting in a loan-to-value ratio of 53.6 percent (56.8). 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 2016.

Acquisition and sale of properties and subsidiaries

In 2016, the portfolio was expanded by an additional approximately 110,000 m² following the acquisition of 15 properties in Copenhagen, all but one during the final quarter. An additional four acquisitions were completed during the year, two in Malmö and two in Helsingborg. One of these acquisitions was via a company acquisition. In total, 19 (11) properties were acquired at a cost of SEK 1,074 million (2,155). Nine (8) properties were sold for SEK 581 million (359), seven of which via companies. Six of the divestments were in Malmö and three in Helsingborg. For more information on changes to the property portfolio during the year, refer to Acquisitions and Sales on page 29.

Investments in existing properties and ongoing projects

The project portfolio remains large and SEK 989 million (1,047) was invested in existing properties during 2016. During the year, a number of major projects were completed: The extension of the Terminalen 1 property (Knutpunkten) in Helsingborg, and the redevelopment for new tenants at the Gångtappen 1, Nora 11, Uven 9 and Kranen 8 properties in Malmö. At year end, there were five major ongoing projects, all of which pertained to new builds or conversions: Hordaland 1 (P-hus), Sirius 3 and Gimle 1 in Malmö, Posthornet 1 in Lund and Polisen 4 in Helsingborg. At year end, approved investments in ongoing projects amounted to SEK 1,487 million (1,288), of which SEK 386 million (789) had been invested. See pages 50–55 for further information on project activities and forthcoming projects.

Parent Company

The Parent Company does not have any property holdings itself and, instead, manages issues related to the stock market and Group-wide management, administration and financial services. Sales amounted to SEK 131 million (147), primarily from the sale of services to other companies within the Group. The Parent Company's after-tax profit was SEK 865 million (1,474). SEK 534 million of the year-on-year decline was due to a negative change in the value of derivatives, while positive value changes were noted in 2015. During the year, the Parent Company invested SEK 224 million (959), in shares in subsidiaries, including shareholders' contributions and equipment of SEK 3 million.

The Wihlborgs share

Since 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 76,856,728 shares. Each share has a quotient value of SEK 2.50. All shares carry equal voting rights, one vote per share. During the year, the Board did not exercise its mandate to buy back and transfer a maximum of 10 percent of the registered shares, or its mandate to approve a new issue of shares amounting to not more than 10 percent of the shares outstanding.

A total of 33.9 million (38.5) Wihlborgs shares were traded on the Stockholm Exchange at a value of SEK 5.8 billion (6.0), corresponding to a daily turnover of 134,000 shares (153,000). This represents a turnover rate of 44 percent (50) of the number of shares outstanding.

At 31 December 2016, the company's market capitalisation was SEK 13.0 billion, compared with SEK 13.1 billion in the preceding year. The EPRA NAV per share was SEK 194.76 (155.54) at year end. The share price at the same date was SEK 169.40 (171.00).

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

Ownership

With 10.3 percent (10.1) of both the shares outstanding and the voting rights at 31 December 2016, the largest shareholder in Wihlborgs is Erik Paulsson and family, privately and through companies. The proportion of shareholders registered abroad was 36.7 percent (39.4). At year end, the ten largest Swedish shareholders in Wihlborgs held 32.1 percent (30.7) of the shares outstanding. The number of shareholders at year end totalled 24,112 (23,458).

Profit-Sharing Fund

At 31 December 2016, employee holdings of shares via Wihlborgs' Profit-Sharing Fund totalled 281,392 shares (277,970).

Corporate Governance Report

A separate Corporate Governance Report is presented on pages 117–123.

Board of Directors

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

Remuneration for senior executives

Fees are paid to the Chairman and Board members in accordance with the resolution passed by the AGM. The 2016 AGM adopted the following remuneration guidelines. Remuneration of the CEO and other senior executives comprises basic salary, other benefits and pension. Basic salary is renegotiated annually: for more information on amounts in 2016, see Note 8. "Other benefits" refers to company cars and health insurance. No separate variable or share-price-based remuneration is paid to members of Group Management. The pensionable age is 65. 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. Other senior executives refers to the four individuals who, together with the CEO, comprise Group Management. For information on the composition of Group Management, see page 123.

Outlook for 2017

Wihlborgs' business model is based on growth via project development and property management. We anticipate a higher operating surplus in 2017 and that the project portfolio will remain large with a number of new builds. Our balance sheet is strong and the hope is to acquire more properties in our existing sub-areas. As in previous years, net lettings will also remain in focus in 2017. We have noted healthy demand in central locations and work on the first building in Hyllie will start in early 2017.

Proposed appropriation of profit

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

Retained earnings	2,230,314,537
Profit for the year	864,566,836
Total, SEK	3,094,881,373

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

Dividend to shareholders, SEK 5.75 per share	441,926,186
To be carried forward	2,652,955,187
Total, SEK	3,094,881,373

Wihlborgs has 76,856,728 registered shares. If the number of shares outstanding changes prior to the record date, the dividend sum of SEK 441,926,186 will be adjusted.

Statement of the Board of Directors on the proposed dividend

Reasoned statement

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

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

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

The Board also considers that the proposed dividend to shareholders is justifiable in terms of the parameters stipulated in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act; nature, scope and risks of the business, as well as the 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 3.9 percent of the Group's and 13.4 percent of the Parent Company's equity. The proposed dividend also fulfils the stated target for the Group's capital structure, of an equity/assets ratio of at least 30 percent and an interest coverage ratio of at least 2.0. The company's and the Group's capital structures remain solid, taking into account the conditions prevailing in the property sector. Against this background, the Board is of the opinion that the company and the Group have excellent potential to capitalise on future business opportunities and also to withstand any losses that may arise. Planned investments have been taken into account when determining the proposed dividend. Derivatives and other financial instruments have been measured at fair value pursuant to Chapter 4, Section 14a of the Annual Accounts Act. This valuation has a negative impact of SEK 1,144 million (879) on equity.

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

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

Risks and uncertainties

Wihlborgs' results, cash flow, profit and financial position are affected by a number of factors that to varying degrees can be influenced by the company's own actions. By illuminating and analysing the risks and uncertainties facing the Group, it is possible to limit them in part through Wihlborgs' strategic long-term efforts and also 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 more than three years 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 2016 was 1.0 percent higher year-on-year. The increase was partly attributable to CPI and fixed-percentage index increases per year but also to new lettings with higher rents. Rent levels are relatively stable despite increased competition, primarily in Malmö. At year end, the average term for Wihlborgs' leases was 4.3 years (4.4).

The following table shows when the property leases expire.

Terms of lease contracts			
	Number of leases	SEK m	Share, %
2017	934	318	15
2018	504	421	20
2019	399	335	16
2020	266	283	14
2021	81	112	6
2022	34	106	5
>2022	80	502	24
Total	2,298	2,077	100

RISK OF VACANCIES

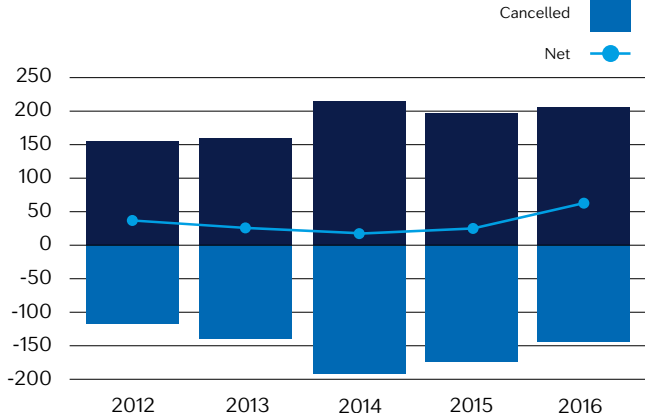
Description of risk

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, the planned construction of new office space in Malmö remains high, making for increased competition for tenants.

Risk management

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

Net leasing



Outcome

Wihlborgs has reported a positive net lettings result for nine consecutive years and market activity is expected to remain high; refer to the following table for net lettings. Vacancies measured in SEK during 2016 totalled SEK 263 million (228), with the increase largely due to a number of major relocations of existing tenants, all of which had been completed at year end. As per 1 January 2017, annualised vacancies amounted to SEK 212 million, with an occupancy rate at the same date of 92 percent (91). During the year, a customer satisfaction survey (CSI) was conducted among our tenants, the results of which included that 82 percent of our tenants considered to a great or a very great extent recommending Wihlborgs to other companies, compared with 74 percent in 2014.

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 2,300 commercial leases diversified across the office, retail, industrial/warehousing, education/care and hotel sectors. The ten largest tenants accounted for 21 percent (22) of rental income at 1 January 2017. 21 percent (19) of income at that time originated from municipalities, county councils and government agencies. Bad debt losses in 2016 amounted to SEK 2 million (6), corresponding to 0.1 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

Wihlborgs uses a combination of floating interest rates and interest-rate derivatives to adjust its fixed-interest periods 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 rate agreed for the derivative deviates from the anticipated future market interest rate during the term, a value change arises that affects the company's balance sheet and income statement, but not its cash flow. In many cases, the lower risk in interest payments through long fixed-interest periods creates a higher risk in the value of the derivative, because of the time factor. When the derivatives expire, the value of interest-rate derivatives is always zero.

Outcome

At year end, the average fixed-interest period for the loans was 4.8 years (4.8), including the effects of interest-rate derivatives. The average interest rate, including the cost of credit agreements and the effect of interest-rate derivatives, increased slightly to 2.80 percent (2.76). Due to interest-rate floors in credit agreements, Wihlborgs is not able to fully leverage negative market interest rates. As a result of falling market interest rates, the deficit value of Wihlborgs' interest-rate derivative portfolio had an adverse effect of SEK 265 million (positive: 269) 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 proprietary developed system linked to both rent and financial management systems.

Outcome

Property expenses increased SEK 9 million compared with the preceding year, mainly due to the larger portfolio and thus higher operating costs. Wihlborgs' project work designed to reduce energy consumption continues to result in lower energy costs. Of the cost increase for repairs, which was SEK 4 million compared with the preceding year, SEK 2 million was due to storm, water and general damage after taking insurance compensation into account.

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	+/- 23
Rental income	+/- 1%	+/- 20
Property expenses	+/- 1%	+/- 5
Market interest rate	+/- 1 percentage point	- 29.7/-30.4

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 page 81-82. 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 Malmö, Helsingborg, Lund and Copenhagen.

Outcome

In 2016, changes in value for Wihlborgs totalled SEK 2,504 million, including SEK 529 million (232) attributable to project development. The remaining increase was attributable to the investment properties and was due to generally reduced investment yield requirements in the portfolio, and in part to the rental situation. 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	-2	1,636	3,274	4,912	6,550
Equity/assets ratio, %	29.6	32.1	34.3	36.3	38.2
Loan-to-value ratio, properties, %	59.5	56.4	53.6	51.0	48.7

Projects and acquisitions

Description of risk

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

Risk management

For all new acquisitions and investment projects, calculations are made of the estimated cost and the yield. These calculations are subject to approval via set internal procedures. Projects valued at more than SEK 10 million are subject to approval by the Board and the risks involved in the acquisition of properties/companies are limited by conducting due diligence processes using appropriately qualified in-house and external personnel. The risks associated with internal projects managed by experienced, in-house project managers are limited partly via agreements with contractors and partly via regular internal follow-ups versus budget to identify and address any deviations in good time. By showing commitment to our own sub-markets and thus participating in the development of new areas, growth opportunities are created.

Outcome

During the year, 15 properties were acquired, primarily in Copenhagen, where demand for premises, and thus the opportunities for growth, has increased. 2016 was another intensive year in terms of investments in existing and new projects. At year end, approved investments amounted to SEK 1,487 million, of which SEK 386 million had been invested. For more information concerning the projects, see pages 50–55, and concerning Wihlborgs' sustainability efforts and community commitment, see pages 56–69.

Financing

Description of risk

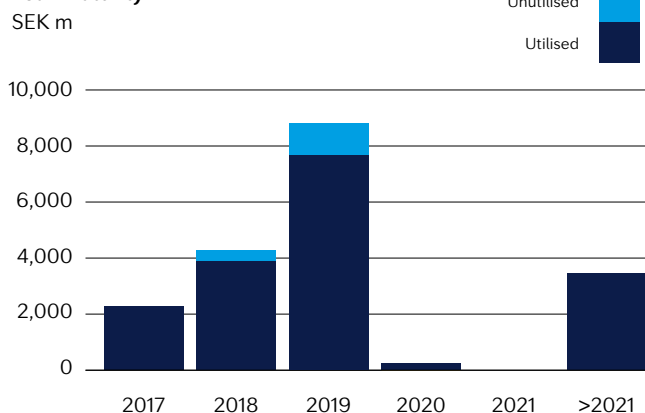
Wihlborgs is dependent on external loans to be able to fulfil its commitments and complete transactions. Turbulence in the credit markets in recent years demonstrates how conditions for and access to credit can rapidly change. If Wihlborgs is unable to extend loans or raise new loans, or if the terms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

Risk management

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

Outcome

At year end, Wihlborgs reported a loan-to-value ratio of 53.6 percent (56.8) and had seven main lenders, of whom the largest represented 18 percent (19) of the total loan portfolio. 82 percent (84) comprises loans from banks and 18 percent (16) bond loans (including Svensk FastighetsFinansiering). The maturity of the loans and the unutilised portions of the loans are shown in the table below.

Loan maturity

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, affects operations.

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.

Outcome

The financial accounting system was upgraded during the year. Investments were also made in budgeting systems and in the further development of project managers' and executive management's follow-up of projects.

Environment

Description of risk

Both existing buildings and the construction of new properties affect the environment in different ways. Due to climate changes, increased requirements from public authorities and increased awareness among tenants, the organisation is subject to major requirements for having a work method that can manage the challenges in this area, for the sake of both the environment and the company's survival. Under the Swedish Environmental Code, whoever has conducted an activity and has caused pollution is responsible for after-treatment. If the party responsible cannot conduct this after-treatment, then the owner of the property is responsible.

Risk management

Wihlborgs works actively to reduce negative environmental impact and has set environmental goals, which are presented in the section entitled Sustainable Business, on pages 61–65. Environmental risks are analysed and assessed in conjunction with any acquisitions.

Outcome

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

Taxes

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

Income tax

The nominal rate of corporation tax in Sweden is 22 percent (22) and in Denmark 22 percent (23.5). In Denmark, corporation tax was lowered to 22 percent as of 2016.

Ongoing investigations and proposals

Under a government directive, the overall tax situation of companies active in the property sector, and the effects of packaging properties, are to be investigated. According to the directive, the investigation is tasked with assessing whether it is reasonable to prevent packaging, both generally or specific types of packaging, and proposing new legislation. The point of departure is that the system of tax exemption from capital gains on business-related shares will remain in place but with a review of the regulatory framework surrounding share transfers at less than market value and the sale of business-related shares with packaged properties. The commission is to report not later than March 2017. The investigation is also tasked with examining acquisitions through real property formation measures. In 2017, the government is also expected to present a new bill limiting tax relief on interest payments, which will probably be based on interest deductions being limited to a specified percentage of taxable EBITDA.

Current tax

In 2016, Wihlborgs' current tax totalled SEK 7 million (4). The taxable base does not include changes in the value of properties and derivatives. Nor is income from the sale of companies included either, as this item is not normally taxable/deductible. In addition, taxation may be deferred via tax depreciation allowances for tax purposes, as well as direct deductions. Loss carryforwards can also be used. Note 14 on page 102 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 used to calculate deferred tax amount to SEK 3,120 million (1,059).

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 2016 totalled SEK 96 million (94).

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 2016, non-deductible input VAT on operating costs totalled SEK 6 million (6). This amount was recognised as an operating cost in the annual accounts. In 2016, non-deductible input VAT on investments totalled SEK 11 million (8) 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 2016, SEK 11 million (15) 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 17 million (1) in 2016.

Energy taxes

In 2016, Wihlborgs procured energy at a cost of SEK 134 million (131) for use in its properties, primarily for heating, cooling, ventilation and lighting. Of this cost, energy taxes accounted for SEK 19 million (20). Wihlborgs works 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 2016, Wihlborgs' operations generated a total of SEK 167 million (148) in different categories of tax, as described above and detailed below:

Breakdown of taxes paid (SEK m)	2016	2015
Income tax	7	4
Property tax	96	94
Value added tax	17	14
Stamp duty	28	16
Energy tax	19	20
Total tax paid	167	148

In addition to taxes paid, Wihlborgs has liabilities in the form of deferred taxes. Deferred income tax was SEK 2,362 million (2,199) and stamp duty SEK 27 million (30). Assuming an unchanged rate of expansion, deferred income tax is not expected to fall due for payment within the foreseeable future.

Valuation principles, properties

Market valuation

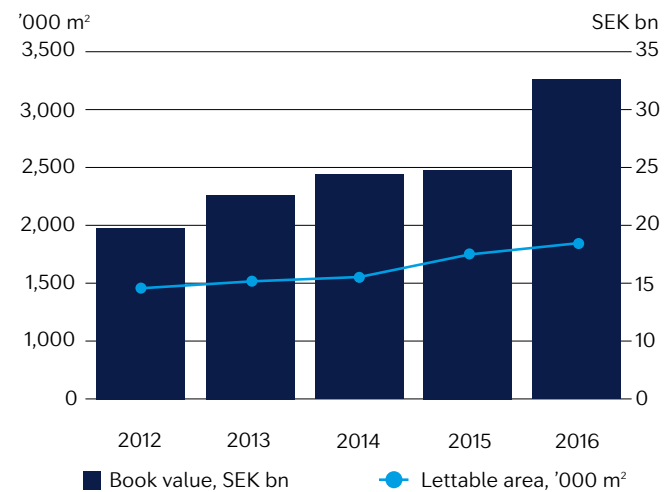
Wihlborgs' consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS) and we have elected to account for our properties at fair value, that is, at their market value. The properties' carrying amount at 31 December 2016 was SEK 32,755 million (28,623), a year-on-year increase of SEK 2,504 million (1,615).

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

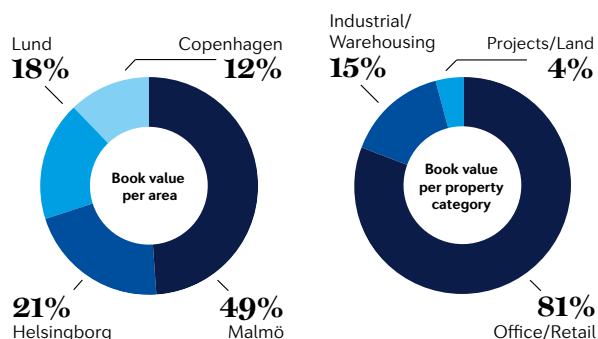
Change in properties' carrying amount in 2016

Value change item	Group total, SEK m
Carrying amount, 1 January 2016	28,623
Acquisitions	1,074
Investments	989
Divestments	-581
Change in value	2,504
Currency translations	146
Carrying amount, 31 December 2016	32,755

Amendment of the properties' book value and lettable area 2012–2016



Carrying amount per property category and per area in 2016



Excluding property management, the yield on the investment properties, excluding projects, was 5.4 percent (5.8). The yield per property category was 5.0 percent (5.5) for office properties and 7.3 percent (7.5) for industrial/warehousing properties.

External market valuation

At the valuation date, 31 December 2016, 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 ASPECT certified valuers at Malmöbryggan Fastighetsekonomi AB, while the Danish portfolio was valued by Newsec. 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 2014–2016 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 3.3 percent in the yield value for the developed properties in Sweden. A corresponding increase results in a reduction of 4.0 percent in the yield value. For a sensitivity analysis; see the table below.

Aggregated sensitivity analysis, developed properties in Sweden

Parameter	Assumed change, %	Change in yield value, %
Market rent level	10	9.1
Market rent level	-10	-10.6
Operating and maintenance costs	20	-6.6
Operating and maintenance costs	-20	5.6
Investment yield, residual value	0.25	-4.0
Investment yield, residual value	-0.25	3.3

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 be 1.4 percent in 2017 and that inflation will follow Riksbanken’s (the Swedish Central Bank) long-term target of 2 percent.

Estimated cost of capital and investment yield requirements

Area	Cost of capital for current value calculation of net operating income, %	Investment yield requirement for calculation of residual value, %
Västra Hamnen	5–7	4–5.25
Central Malmö	4.5–7.2	4.25–5.5
Fosie and Limhamn	6.5–8.7	5–7.25
Norra Hamnen and Arlöv	7.1–8.6	5.75–7.25
Central Helsingborg	5–7.3	4.75–5.75
Berga	6.5–8.3	5.5–7
Söder	5.75–8.4	5.5–7
Ideon	6–7.2	4.75–5.75
Other Lund	5.25–8.1	4.25–7
Copenhagen	–	6–9



Financial statements

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

SEK m	Note	2016	2015
	1-3		
Rental income	4	2,030	1,910
Other income	5	5	43
Property expenses	6-8	-517	-508
Operating surplus		1,518	1,445
Other income	9	4	8
Central administration and marketing	7-8, 10-11	-53	-51
Interest income		12	10
Interest expense		-459	-437
Share in results of joint ventures		13	0
Income from property management		1,035	975
Change in value, investment properties	12	2,504	1,615
Change in value, derivatives	13	-265	269
Profit before tax		3,274	2,859
Current tax	14	-7	-4
Deferred tax	14	-291	-577
Profit for the year		2,976	2,278
Other comprehensive income	15		
Items that will be reclassified to profit or loss for the year			
Year's translation differences on recalculation of foreign operations		47	-23
Year's hedging of currency risk in foreign operations		-38	23
Tax attributable to items that may be reclassified to profit or loss for the year		5	-4
Other comprehensive income for the year		14	-4
Comprehensive income for the year		2,990	2,274
Profit for the year, attributable to:			
Parent Company shareholders		2,976	2,278
Non-controlling interests		-	-
Comprehensive income for the year, attributable to:			
Parent Company shareholders		2,990	2,274
Non-controlling interests		-	-
PER-SHARE DATA (NO DILUTION AFFECT, AS THERE ARE NO POTENTIAL SHARES)			
Earnings per share, SEK		38.72	29.64
Dividend per share (2016, proposed dividend)		5.75	5.25
No. of shares at end of period, million		76.9	76.9
Average number of shares, million		76.9	76.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
SEK m	Note	2016	2015
ASSETS			
Non-current assets			
Investment properties	16	32,755	28,623
Equipment	17	10	8
Participations in joint ventures	18	19	6
Other long-term securities holdings	20	21	21
Long-term receivables	21	240	212
Total non-current assets		33,045	28,870
Current assets			
Accounts receivable	22	27	21
Other receivables		55	31
Prepaid expenses and accrued income	23	35	36
Cash and cash equivalents	24	252	75
Total current assets		369	163
Total assets		33,414	29,033
EQUITY AND LIABILITIES			
Equity	25		
Share capital		192	192
Other contributed capital		2,178	2,178
Reserves	15	60	46
Retained earnings including profit for the year		9,033	6,460
Equity attributable to Parent Company shareholders		11,463	8,876
Non-controlling interests		-	-
Total equity		11,463	8,876
Non-current liabilities			
Deferred tax liability	26	2,362	2,199
Other provisions	27	38	39
Non-current interest-bearing liabilities	28	16,680	15,083
Derivatives	29	1,144	879
Deferred income		15	15
Total non-current liabilities		20,239	18,215
Current liabilities			
Current interest-bearing liabilities	28	873	1,182
Accounts payable		188	148
Current tax liabilities		6	4
Other liabilities		137	142
Accrued expenses and deferred income	30	508	466
Total current liabilities		1,712	1,942
Total equity and liabilities		33,414	29,033

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Note	Share capital	Other contribut- ed capital	Reserves	Retained earnings	Total equity	Non-controlling interests	Total equity
	15, 25	attributable to Parent Company shareholders						
Equity, 1 January 2015		192	2,178	50	4,547	6,967	-	6,967
Comprehensive income for the year								
Profit for the year		-	-	-	2,278	2,278	-	2,278
Other comprehensive income		-	-	-4	-	-4	-	-4
Comprehensive income for the year		-	-	-4	2,278	2,274	-	2,274
Transactions with the Group's owners								
Dividends paid		-	-	-	-365	-365	-	-365
Total transactions with the Group's owners		-	-	-	-365	-365	-	-365
Equity, 31 December 2015		192	2,178	46	6,460	8,876	-	8,876
Comprehensive income for the year								
Profit for the year		-	-	-	2,976	2,976	-	2,976
Other comprehensive income		-	-	14	-	14	-	14
Comprehensive income for the year		-	-	14	2,976	2,990	-	2,990
Transactions with the Group's owners								
Dividends paid		-	-	-	-403	-403	-	-403
Total transactions with the Group's owners		-	-	-	-403	-403	-	-403
Equity, 31 December 2016		192	2,178	60	9,033	11,463	-	11,463

CONSOLIDATED STATEMENT OF CASH FLOWS			
SEK m	Note	2016	2015
OPERATING ACTIVITIES			
Operating surplus		1,518	1,445
Other income		4	8
Central administration		-53	-51
Depreciation/amortisation		2	1
Interest received		12	10
Interest paid		-454	-431
Income tax paid		-5	-5
Cash flows before change in working capital		1,024	977
CHANGE IN WORKING CAPITAL			
Changes in operating receivables		-28	24
Changes in operating liabilities		68	23
Total changes in working capital		40	47
Cash flows from operating activities		1,064	1,024
INVESTMENT ACTIVITIES			
Property acquisitions		-1,074	-2,155
Investments in existing properties		-989	-1,047
Disposal of properties		581	411
Increase in other non-current assets		-31	-52
Cash flows from investment activities		-1,513	-2,843
FINANCING ACTIVITIES			
Dividends paid		-403	-365
Borrowings		5,653	6,567
Loan repayments		-4,499	-4,378
Decrease in other non-current liabilities		-125	-1
Cash flows from financing activities		626	1,823
Change in cash and cash equivalents		177	4
Opening cash and cash equivalents		75	71
Closing cash and cash equivalents	24	252	75

PARENT COMPANY INCOME STATEMENT

SEK m	Note	2016	2015
	1-2		
Net sales	32	131	147
Operating costs	8,11,32	-138	-127
Operating profit		-7	20
Result from financial items			
Result from interests in Group companies	33	1,182	1,283
Result from other securities and receivables accounted for as non-current assets	34	345	342
Other interest income and similar profit/loss items		0	0
Interest expense and similar profit/loss items	35	-535	-504
Change in value, derivatives	13	-265	269
Profit after financial items		720	1,410
Appropriations	36	56	119
Profit before tax		776	1,529
Tax on profit for the year	14	89	-55
Profit for the year		865	1,474

PARENT COMPANY STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

Profit for the year	865	1,474
Other comprehensive income for the year	-	-
Comprehensive income for the year	865	1,474

PARENT COMPANY BALANCE SHEET			
SEK m	Note	2016	2015
ASSETS			
Non-current assets			
<i>Property, plant and equipment</i>			
Equipment	17	5	3
<i>Financial assets</i>			
Participations in Group companies	37	8,472	8,624
Receivables from Group companies		10,432	10,954
Participations in joint ventures	18	22	36
Receivables from joint ventures	19	17	17
Other long-term securities holdings	20	21	21
Other long-term receivables	21	208	207
Deferred tax assets	38	302	213
<i>Total financial assets</i>		19,474	20,072
Total non-current assets		19,479	20,075
Current assets			
Accounts receivable		0	1
Other receivables		1	1
Prepaid expenses and accrued income	23	11	7
Cash at bank and in hand	24	152	0
Total current assets		164	9
Total assets		19,643	20,084
EQUITY AND LIABILITIES			
Equity	25		
<i>Restricted equity</i>			
Share capital		192	192
<i>Unrestricted equity</i>			
Retained earnings		2,230	1,159
Comprehensive income for the year		865	1,474
<i>Total unrestricted equity</i>		3,095	2,633
Total equity		3,287	2,825
Provisions			
Other provisions for pensions	27	11	9
Non-current liabilities			
Non-current interest-bearing liabilities	28	12,638	11,983
Liabilities to Group companies		1,988	3,196
Derivatives	29	1,144	879
Total non-current liabilities		15,770	16,058
Current liabilities			
Current interest-bearing liabilities	28	453	1,076
Accounts payable		5	3
Other liabilities		6	9
Accrued expenses and deferred income	30	111	104
Total current liabilities		575	1,192
Total equity and liabilities		19,643	20,084

STATEMENT OF CHANGES IN EQUITY IN PARENT COMPANY

SEK m	Note	Share capital	Restricted reserves	Unrestricted equity	Total equity
	25				
Equity, 1 January 2015		192	0	1,524	1,716
Dividends paid		–	–	-365	-365
Comprehensive income for the year		–	–	1,474	1,474
Equity, 31 December 2015		192	0	2,633	2,825
Equity, 1 January 2016		192	0	2,633	2,825
Dividends paid		–	–	-403	-403
Comprehensive income for the year		–	–	865	865
Equity, 31 December 2016		192	0	3,095	3,287

PARENT COMPANY CASH FLOW STATEMENT

SEK m	Note	2016	2015
OPERATING ACTIVITIES			
Operating profit/loss		-7	20
Depreciation/amortisation		1	0
Interest and dividends received		1,672	2,460
Interest paid		-493	-516
Cash flows before change in working capital		1,173	1,964
CHANGE IN WORKING CAPITAL			
Changes in operating receivables		-3	2
Changes in operating liabilities		2	-48
Total changes in working capital		-1	-46
Cash flows from operating activities		1,172	1,918
INVESTMENT ACTIVITIES			
Acquisitions of non-current assets		-3	0
Shareholder contributions paid		-215	-485
Acquisition of participations in Group companies		-8	-477
Disposal of participations in Group companies		214	144
Decrease/increase in receivables from Group companies		537	-1,931
Decrease/increase in other financial assets		15	-23
Cash flows from investment activities		540	-2,772
FINANCING ACTIVITIES			
Dividends paid		-403	-365
Borrowings		3,881	4,415
Loan repayments		-3,886	-3,485
Decrease/increase in other non-current liabilities and provisions		-1,208	137
Group contributions received		56	119
Cash flows from financing activities		-1,560	821
Change in cash and cash equivalents		152	-33
Opening cash and cash equivalents		0	33
Closing cash and cash equivalents	24	152	0

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 2016 financial year have been approved by the Board of Directors and the Chief Executive Officer for publication on 10 March 2017 and will be presented to the Annual General Meeting (AGM) on 26 April 2017 for adoption.

The Parent Company is a Swedish public limited company with its registered office in Malmö. The Parent Company's functional currency is Swedish kronor (SEK), which is also the reporting currency of the Parent Company and the Group.

Compliance with standards and statutory requirements

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

Basis of preparation

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

Judgements and estimates used

The preparation of financial statements in accordance with generally accepted accounting principles 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 81–82 of this annual report and also in notes 12 and 16.

Significant accounting policies applied

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

New accounting policies

Changes effective 1 January 2016

No new standards that entered force in 2016 have had any material impact on Wihlborgs' financial reporting.

New standards and interpretations effective 1 January 2017 and thereafter

IFRS 9 – Financial Instruments will replace IAS 39 as of 1 January 2018. The recommendation contains new principles regarding classification and measurement of financial assets. IFRS 9 also includes a new model for credit reserves, which takes into account the company's anticipated credit losses. In practice, this will not have a material impact on Wihlborgs, since most income is paid in advance, although it may entail the need for additional documentation. IFRS 9 will result in greater flexibility in terms of the transactions for which hedge accounting can be applied. Wihlborgs hedges the net investment in Denmark via loans in DKK and already hedge accounts for this. According to the new rules, there is also an opportunity to hedge account non-cancellable interest-rate swaps. Wihlborgs has not yet decided whether it will do so. In addition to a possible change in hedge accounting, IFRS 9 will mainly impact documentation and disclosures.

IFRS 15 – Revenue from Contracts with Customers becomes effective on 1 January 2018 and entails a model for income recognition that is based on when control of a product or service is transferred to the customer. Wihlborgs' revenue comprises rental income and sales income from properties. In respect of property sales and assuming customary contractual conditions, Wihlborgs currently recognises these items on the date of taking possession and is not adjudged to be affected by the new rules. The standard also entails expanded disclosure requirements concerning sales; i.e. if there is some form of variable or conditional purchase consideration and/or element of financing. In respect of rental income, the company draws a line between rental income and income from services, and it may be the case that what is designated re-invoicing will have to be recognised as income from services according to IFRS 15. For various types of re-invoicing, the distinction between principal and agent could impact income recognition, which is in turn determined by whether Wihlborgs is acting as the principal or an agent. During 2017, leases will be reviewed to determine whether re-invoicing should be recognised according to IFRS 15 and, in which case, whether a principal or agent relationship prevails.

IFRS 16 – Leases 16 will replace IAS 17 – Leases as of 1 January 2019 but has not yet been approved by the EU. IFRS 16 introduces a "right of use model" and, for the lessee, entails that essentially all leases have to be recognised in the statement of financial position. Classification of leases as operating or financial is not to be performed. Depreciation of the asset and interest expense for the liability are recognised in profit or loss. The standard entails more exhaustive disclosure requirements compared with the existing standard. For lessors, IFRS 16 implies no major differences compared with IAS 17. The assessment is that IFRS 16 will not have a material impact on Wihlborgs.

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

Definition of segments

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

Consolidated accounts

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

The functional currency for the Group's foreign operations is the currency in which the Group entity concerned conducts its business activities. The income statements and balance sheets for foreign operations are translated to SEK, which means that the balance sheets are translated at the closing day rate, with the exception of equity, which is translated at the historical 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.

All acquisitions made after the formation of the Group have been recognised as asset acquisitions. 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 a fair value after the acquisition date, the property value is adjusted to take into account the discount obtained.

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 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.

Transactions in foreign currencies

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

Income

Rental income from property management is notified in advance and recognised as income in the period to which it relates. Rental income includes invoiced supplementary charges for electricity, heating, property tax, etc. In cases where a tenant is granted a time-limited rent reduction and charged a higher rent in another period, the respective underpayment or overpayment is accrued on a linear basis over the term of the lease, provided that the rent reduction is not associated with phased occupancy or the like. Income relating to early lease termination is recognised immediately unless any outstanding obligations exist vis-à-vis the tenant. Income from property sales is recognised when the significant risks and benefits associated with ownership of the properties have been transferred to the buyer and when it is probable that the economic benefits associated with the sale will accrue to Wihlborgs. Generally, this means that the income is recognised from the date the buyer takes occupancy. The result of a property sale is recognised as a change in value and pertains to the difference between the received sales price after deductions for selling costs and the carrying amount in the most recent quarterly report, adjusted for subsequent investments. Should the sale of a property be effected via a company sale, the portion of profit/loss that is attributable to the previously 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 recognised as a cost for the period concerned. Wihlborgs is also a lessee to a small number of lease agreements of insignificant scale. These leases, which largely pertain to cars, are also recognised as operating leases, with the expense recognised in profit or loss on a straight-line basis over the period of the lease.

Costs

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

Remuneration of employees

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

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

Financial income and expenses

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

Financial expenses include interest and other costs attributable to the financing of operations, as well as impairment losses and realised losses on available-for-sale financial assets.

Wihlborgs capitalises interest expense attributable to the production of major new builds, extensions and redevelopments in the consolidated accounts. The average interest rate for the loan portfolio is used when calculating borrowing costs to be capitalised. Interest expense is charged to income in the period in which they are incurred, except to the extent they are incorporated into the cost of a construction project, and are recognised by application of the effective interest method. In the accounts of individual companies, all borrowing costs are charged to income in the year in which they are incurred.

Charges for mortgages raised are not expensed but capitalised as investment in property.

Income from property management

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

Taxes

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

Deferred tax has been calculated using the balance sheet method. This method is used to account for deferred tax liabilities and claims for all temporary differences between recognised and taxable values for assets and liabilities and for other taxable deductions or deficits. Deferred tax liabilities and tax claims 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. 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. The valuation model used for developed properties is based on a long-term assessment of return, taking into account the present value of future payment flows and differentiated yield requirements per property, as determined by such factors as location, purpose, condition, standard etc. Undeveloped properties, which comprise about 2 percent of the property portfolio, are valued in accordance with the location-price method, Level 2 of the fair-value hierarchy. 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.

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.

Further information on the valuation of the property portfolio and the carrying amounts included therein is provided on pages 81–82 and in Note 16.

Financial instruments

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

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

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

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

Derivatives are measured regularly at fair value in accordance with IAS 39 and pertain entirely to interest-rate swaps. The changes in

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

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

Equipment

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

Share buy-backs

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

Parent Company's accounting policies

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

Group contributions

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

Shareholders' contributions

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

NOTE 2 | Financial risk management

Financial policy

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

ment, liquidity planning and management of other financial risks. The function reports quarterly to the Board in accordance with guidelines established in the financial policy. The overall goals for the Finance function are to:

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

Management of financial risks

Liquidity and financing risk

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

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

Financing risk is the risk that financing will be unavailable or obtainable only at highly unfavourable terms at a certain time. According to the financial policy, the objective for the capital structure is to generate return on equity, enable the company to obtain the necessary loan financing and ensure scope for investment. Most of the interest-bearing liabilities, which amounted to SEK 17,553 million (16,265) at year end, were raised by the Parent Company by pledging collateral in the form of promissory notes from subsidiaries containing pledged property mortgages. Most of the collateral contains conditions regarding loan-to-value ratio and interest coverage ratio in the agreements with lenders, known as financial covenants. These covenants to lenders are issued with satisfactory margins for Wihlborgs' capital structure targets. These targets are an equity/assets ratio of no less than 30 percent and a loan-to-value ratio of no more than 60 percent. On 31 December, the equity/assets ratio was 34.3 percent (30.6) and the loan-to-value ratio 53.6 percent (56.8), which provides a stable platform for future expansion.

Wihlborgs endeavours to ensure that the final maturity dates for loans are spread over as long a period as the market allows so as to limit financing risk. Wihlborgs' total available credit is SEK 18,900 million (17,189), of which SEK 17,553 million (16,265) had been utilised on 31 December 2016. Wihlborgs has secured access to financing via long-term credit facilities. The average loan maturity, including credit facility, was 5.9 (4.1) years. The table in the next column shows the credit facilities that existed at year end.

Credit facilities

	2016		2015	
	Amount, SEK m	Utilised, SEK m	Amount, SEK m	Utilised, SEK m
Long-term binding loan agreements with banks	15,161	14,016	13,762	13,301
Short-term binding loan agreements with banks	2,220	2,220	1,931	1,630
Overdraft facilities	234	32	211	49
Total loan agreements	17,615	16,268	15,904	14,980
Bond, covered, framework SEK 880 m	785	785	785	785
Bond, uncovered, framework SEK 4,000 m	500	500	500	500
	18,900	17,553	17,189	16,265

Maturity structure of credit framework agreements

	31 Dec. 2016		31 Dec. 2015	
	Agreement, SEK m	Utilised	Agreement, SEK m	Utilised
0–1 year	2,220	2,220	2,106	1,680
1–2 years	4,310	3,960	4,875	4,727
2–3 years	8,716	7,719	6,768	6,418
3–4 years	226	226	1,290	1,290
4–5 years	0	0	0	0
> 5 years	3,428	3,428	2,150	2,150
	18,900	17,553	17,189	16,265

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 29.7 million and SEK 30.4 million respectively. The reason for the increase in interest expense from a decrease in the interest rate is that for a number of bank agreements, the floating interest rate (STIBOR) cannot fall below zero, while the floating interest rate for interest-rate derivatives can drop below zero.

Interest-rate risk is the risk that income and cash flow will be affected by a change in market interest rates; the interest-rate risk is calculated as the difference between the current average interest rate in the portfolio and the market interest rate. According to the financial policy, the target for the interest coverage ratio is to exceed 2.0 times; at year end, the interest coverage ratio was 3.3 times (3.2).

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

Interest maturity structure 2016

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

Interest maturity structure 2015

	Excl. derivatives	Interest-rate derivatives	Net, SEK m	Average interest, %
2016	15,342	-9,500	5,842	1.14
2017	300	0	300	0.80
2018	0	0	0	0.00
2019	0	0	0	0.00
2020	0	1,000	1,000	3.00
>2020	623	8,500	9,123	3.79
	16,265	0	16,265	2.73

Wihlborgs has an interest-rate derivative portfolio of SEK 9.5 billion, comprising 11 separate interest-rate swaps. For more detailed information see the table below. Because of lower market rates, the deficit value of Wihlborgs' interest-rate derivative portfolio rose to SEK 1,144 million (879), equal to a negative change in value of SEK 265 million (pos: 269) during the year.

Interest-rate derivative portfolio

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

Future liquidity flows

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

Future liquidity flows for credits, calculated at 31 December 2016

	Maturity of credits	Interest on credits	Interest derivatives	Total
2017	2,220	173	306	2,699
2018	3,960	154	306	4,420
2019	7,719	84	306	8,109
2020	226	50	306	582
2021	0	48	261	309
>2021	3,428	367	499	4,294
	17,553	876	1,984	20,413

Future liquidity flows for credits, calculated at 31 December 2015

	Maturity of credits	Interest on credits	Interest derivatives	Total
2016	1,680	152	290	2,122
2017	4,727	124	290	5,141
2018	6,418	77	290	6,785
2019	1,290	36	290	1,616
2020	0	33	285	318
>2020	2,150	174	530	2,854
	16,265	596	1,975	18,836

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

Counterparty risk

Counterparty risk refers to the risk that the counterparty will not be able to fulfil a delivery or payment. In Wihlborgs' financial activities, counterparty risk primarily arises when the company invests excess liquidity, engages in interest-rate swap contracts and obtains long-term credit facilities. To reduce counterparty risk, Wihlborgs' financial policy states that the company must work only with banks or similar credit institutions with a rating corresponding to no less than A from both Moody's and Standard & Poor's. Svensk Fastighets-Finansiering (SFF) may also be a lender, as long as Wihlborgs has an ownership stake in the company. According to the financial policy, the spread of loans between various credit institutions must be such that there are at least four to six main lenders, none of whom should represent more than 30 percent of the total loan portfolio. At year end, Wihlborgs had seven main lenders, of whom the largest represented 17 percent (19) of the total loan portfolio. Wihlborgs has also previously issued a programme of its own covered bonds totalling SEK 785 million, as well as a non-covered bond of SEK 500 million in a Medium Term Note programme. Bond loans (incl. loans issued through SFF) accounted for 18 percent of total loans at year end.

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

Currency risk/translation exposure

Currency risk refers to the risk of an the impact that changes in exchange rates may have on Wihlborgs' income statement and bal-

ance sheet. Wihlborgs owns properties in Denmark via its subsidiary Wihlborgs A/S. To moderate the impact of changes in exchange rates as far as possible, properties in Denmark are financed in Danish kroner (DKK) via the Danish subsidiary directly and via loans in the Parent Company in DKK. Note 15 states the amounts for the translation of net investments and hedging of currency risk.

Operational risk

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

NOTE 3 | Operating segment

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

Segment reporting

Market areas	Malmö		Helsingborg		Lund		Copenhagen		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Items classified per segment										
Rental income	914	903	522	508	373	370	221	129	2,030	1,910
Other income	1	36	3	6	1	1	0	0	5	43
Property expenses	-226	-226	-145	-145	-92	-100	-54	-37	-517	-508
Operating surplus	689	713	380	369	282	271	167	92	1,518	1,445
Changes in property values	1,358	930	475	315	627	375	44	-5	2,504	1,615
Segment profit	2,047	1,643	855	684	909	646	211	87	4,022	3,060
ITEMS NOT CLASSIFIED BY SEGMENT										
Other income	-	-	-	-	-	-	-	-	4	8
Central administration	-	-	-	-	-	-	-	-	-53	-51
Net interest, etc.	-	-	-	-	-	-	-	-	-434	-427
Change in value, derivatives	-	-	-	-	-	-	-	-	-265	269
Tax on profit for the year	-	-	-	-	-	-	-	-	-298	-581
Net profit	-	-	-	-	-	-	-	-	2,976	2,278
PROPERTY VALUES AND INVESTMENTS PER SEGMENT										
Properties	15,839	14,139	6,890	6,377	5,979	5,242	4,047	2,865	32,755	28,623
Property acquisitions for the year	78	882	32	247	0	0	964	1,026	1,074	2,155
Other investments in properties	617	455	234	443	110	76	28	73	989	1,047

Rental income and property value per country

	Rental income		Property value	
	2016	2015	2016	2015
Denmark	221	129	4,047	2,865
Sweden	1,809	1,781	28,708	25,758
	2,030	1,910	32,755	28,623

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

NOTE 4 | Rental income

	Group	
	2016	2015
Rental income, gross	2,293	2,138
Unlet	-263	-228
	2,030	1,910

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

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

	Group	
	2016	2015
Within 1 year	2,040	1,939
Between 1 and 5 years	4,565	4,343
More than 5 years	3,192	2,814
	9,797	9,096

Of the above-mentioned future rent payments not subject to lease termination, SEK 818 million (564) relates to leases signed before year end but with occupancy taking place on a later date in the following year. For more information on rents and leases, see pages 27–28.

NOTE 5 | Other income

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

NOTE 6 | Property expenses

	Group	
	2016	2015
Heating, electricity and water/sewerage	145	141
Other operating costs	101	100
Repairs and maintenance	76	72
Property tax	96	94
Ground rents	5	5
Property management	94	96
	517	508

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. The ground rent is distributed over time and is normally renegotiated with a 10–20 interval. Wahlborgs' ten site leasehold agreements expire between 2028 and 2048.

	Group	
	2016	2015
Contracted future ground rents*		
Contracted ground rents within 1 year	4	5
Contracted ground rents between 2 and 5 years	17	18
Contracted ground rents more than 5 years	105	106
Total	126	129

* Not in Parent Company

NOTE 7 | Expenses by nature

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

	Group	
	2016	2015
Employee benefits	108	96
Heating, electricity and water/sewerage	145	141
Repairs and maintenance	76	72
Property tax	96	94
Miscellaneous	145	156
	570	559

NOTE 8 | Employees, personnel costs and executive remuneration

	Of whom,		Of whom,	
	2016	men	2015	men
Average number of employees				
Parent Company, Sweden	97	63	92	58
Subsidiaries, Sweden	6	0	5	0
Subsidiaries, Denmark	24	16	22	15
Group, total	127	79	119	73

	Board of Directors		Senior executives	
Gender distribution, Board and senior executives	2016	2015	2016	2015
Men	4	4	2	2
Women	3	3	3	3
Total	7	7	5	5

	Group		Parent Company	
Salaries, other remuneration and social security costs	2016	2015	2016	2015
Board fees	0.9	0.9	0.9	0.9
Chief Executive Officer				
Salaries and other remuneration	4.4	4.2	4.4	4.2
Benefits	0.1	0.1	0.1	0.1
Other senior executives				
Salaries and other remuneration	4.5	4.0	4.5	4.0
Benefits	0.2	0.1	0.2	0.1
Other employees	62.0	53.9	47.8	41.7
Total	72.1	63.2	57.9	51.0

Salaries, other remuneration and social security costs	Group		Parent Company	
	2016	2015	2016	2015
Pension costs (excl. special employer's contribution)				
Chief Executive Officer	1.5	1.5	1.5	1.5
Other senior executives	1.5	1.6	1.5	1.6
Other employees	7.3	6.4	6.1	5.7
Other social security costs	22.8	20.1	22.2	19.6
Total	33.1	29.6	31.3	28.4

Remuneration of senior executives

Principles

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

Remuneration and other benefits during the year

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

A number of administrative personnel in Sweden are covered by the ITP2 Plan's defined-benefit pension commitments for retirement and family pensions via an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board UFR 3 Classification of ITP plans financed by insurance with Alecta, this comprises a multi-employer defined-benefit plan. For the 2016 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 2.5 million (2.3). 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 2016, Alecta's surpluses in the form of the collective consolidation level was 149 percent (153).

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 2016 financial year was approved by the Board. Remuneration of other senior executives was approved by the CEO.

Profit-Sharing Fund

Wihlborgs has a Profit-Sharing Fund for which all employees are eligible, apart from the CEO. Allocations to the Profit-Sharing Fund may not exceed one price base amount per employee per year and is based on a combination of Wihlborgs' profits, excluding changes in the value of properties and derivatives, return on equity requirements and dividend to shareholders. The Profit-Sharing Fund is required to invest its assets in shares in Wihlborgs Fastigheter AB. Payments to employees are made in accordance with the Fund's articles of association. Personnel costs for 2016 include an allocation of SEK 4.3 million (4.0) to the Profit-Sharing Fund.

NOTE 9 | Other income

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

NOTE 10 | Central administration and marketing

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

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

	Group		Parent Company	
	2016	2015	2016	2015
Deloitte AB				
Audit engagement	2,300	2,250	2,300	2,250
Auditing activities other than audit engagement	524	420	524	420
Tax advice	162	157	162	157
Other services	270	106	270	106
Aaen & Co. statsautoriserede revisorer p/s				
Audit engagement	89	67	-	-
Auditing activities other than audit engagement	165	29	-	-
Tax advice	38	32	-	-
Other services	187	133	-	-

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

Auditing services consist of 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.

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

NOTE 12 | Change in value, investment properties

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

	Group	
	2016	2015
Change in value, properties sold	101	55
Change in value, property portfolio on 31 Dec.	2,403	1,560
	2,504	1,615

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 210 million (141). "Total capital invested" refers to the original investment or acquisition, plus the investments made in the property concerned during the remainder of the period of ownership. To determine the change in value for each period, the properties are valued at the end of every quarter. Internal valuations are performed on 31 March, 30 June and 30 September. To confirm internal valuations at these times, a small selection of properties are valued externally. The properties are selected with a focus on properties showing major changes in rental levels, vacancy rates or substantial investments. At every year end, all properties are valued externally. Malmöbryggan Fastighetsekonomi AB performed a valuation of all Wihlborgs' properties in Sweden as per 31 December 2016. The values of the properties are determined individually to correspond to the fair value of each property. In Denmark, the prop-

erties were valued by Newsec Egskov & Lindquist A/S. For further information, see Note 16.

For more details on valuation methods, valuation bases, market parameters etc. used in determining the value of the property portfolio, refer to pages 81–83.

NOTE 13 | Change in value, derivatives

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

NOTE 14 | Tax on profit for the year

	Group		Parent Company	
	2016	2015	2016	2015
Current tax on profit for the year	-7	-4	-	-
Adjustment of current tax, previous years	-	-	-	-
Total current tax	-7	-4	0	0
Deferred tax	-291	-577	89	-55
Total tax	-298	-581	89	-55
Nominal tax on profit before tax	-720	-629	-170	-336
Tax effect, adjustment items				
- Dividend from Group companies	-	-	295	331
- Impairment/reversal of participations in Group companies	-	-	-75	-68
- Sale of properties via companies	78	32	-	-
- Effect of acquisitions of previously jointly owned companies	302	-	-	-
- Gain from sale of subsidiaries	-	-	40	19
- Revaluation of previous provisions	34	-4	-	-
- Other adjustment items	8	20	-1	-1
Total tax, excl. current tax, previous years	-298	-581	89	-55
Adjustment of current tax, previous years	-	-	-	-
	-298	-581	89	-55

In addition to that reported above, the Group has tax revenue attributable to components of other comprehensive income amounting to SEK 5 million (expense: 4).

Effective 1 January 2016, corporation tax in Denmark was lowered to 22 percent, which means that the nominal tax is 22 percent in both Sweden and Denmark.

The Group reports current tax amounting to SEK 7 million (4). Current tax is based on the taxable income of the companies incorporated in the Group. This is lower than the Group's profit before tax.

This is primarily because:

- The change in value for investment properties and derivatives is not included in the taxable profit.
- Tax deductible depreciation on buildings, land improvements and fixtures and fittings in buildings is not charged to consolidated profit.

- Directly tax deductible amounts for certain redevelopment investments in properties are not charged to consolidated profit.
- Loss carryforwards utilised are not charged to consolidated profit.

Calculation of current tax on profit for the year in the Group	2016	2015
Profit before tax	3,274	2,859
Changes in value	-2,239	-1,884
Tax deductible depreciation on buildings	-704	-614
Direct deductions, tenant improvements and replacement of components etc.	-355	-335
Taxable profit property sales	9	75
Miscellaneous	-12	38
Taxable profit before loss carryforwards	-27	139
Loss carryforwards, opening balance	-1,059	-1,178
Adjustment of opening deficit for revaluation and acquisitions	-2,004	–
Loss carryforwards, closing balance	3,120	1,059
Taxable profit	30	20
Current tax on profit for the year	-7	-4

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

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

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

2016	Opening balance	Change in translation reserve for the year	Transferred to profit for the year	Closing balance
Translation of net investments in foreign operations	10	47	–	57
Hedging of currency risk in foreign operations	51	-38	–	13
Tax attributable to the above items	-15	5	–	-10
	46	14	–	60
2015	Opening balance	Change in translation reserve for the year	Transferred to profit for the year	Closing balance
Translation of net investments in foreign operations	33	-23	–	10
Hedging of currency risk in foreign operations	28	23	–	51
Tax attributable to the above items	-11	-4	–	-15
	50	-4	–	46

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

NOTE 16 | Investment properties

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

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

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

Approved investments amount to SEK 1,487 million (1,288), of which SEK 386 million (789) had been invested at year end.

Of the carrying amounts for the properties, it is estimated that SEK 138 million (131) relates to capitalised borrowing costs. The interest rate used to calculate the capitalised borrowing cost is the average interest rate of the loan portfolio. On 31 December 2016, the interest rate was 2.80 percent (2.76).

At year end, the residual value of the property portfolio for tax purposes was SEK 14,387 million (13,274).

	2016	2015
Tax assessment value, Swedish properties	10,896	10,769
Carrying amount, Swedish properties	28,708	25,758

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

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

The fair value of investment properties was assessed by impartial external property appraisers with appropriate professional qualifications and experience not of only the market areas concerned but also the type of properties valued. In Sweden, the valuations were performed by Malmöbryggan Fastighetsekonomi AB. In Denmark, the properties were valued by Newsec Egeskov & Lindquist A/S. For further information on the valuation of the property portfolio, see pages 81–83.

Change in carrying amount for the year

	Group	
	2016	2015
Carrying amount, beginning of year	28,623	24,299
Property acquisitions	1,074	2,155
Investments	989	1,047
Divested properties	-581	-411
Change in value	2,504	1,615
Currency translations	146	-82
Carrying amount	32,755	28,623

Aggregated sensitivity analysis, developed properties in Sweden

Parameter	Assumed change, %	Change in yield value, %	
		2016	2015
Market rent level	10	9.1	8.7
Market rent level	-10	-10.6	-10.4
Operating and maintenance costs	20	-6.6	-6.8
Operating and maintenance costs	-20	5.6	6.3
Investment yield, residual value	0.25	-4.0	-3.6
Investment yield, residual value	-0.25	3.3	3.4

Source: Malmöbryggan Fastighetsekonomi AB

Summary of valuation assumptions

Date of valuation	31 Dec. 2016	31 Dec. 2015
Fair value	SEK 32,755 million	SEK 28,623 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 percent (4.5) and 9 percent (8.25).	
Cost of capital	Between 4.50 percent (4.75) and 8.7 percent (8.6).	
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	CPI is estimated to rise by 2 percent per year except in 2017 when it is estimated to rise by no more than 1.4 percent (1.40).	

NOTE 17 | Equipment

	Group		Parent Company	
	2016	2015	2016	2015
Opening balance, cost	42	40	10	10
Investments	4	2	3	0
Sales and disposals	-0	-0	-0	-0
Closing balance, cost	46	42	13	10
Opening balance, depreciation	-34	-33	-7	-7
Sales and disposals	0	0	0	0
Depreciation for the year	-2	-1	-1	-0
Closing balance, depreciation	-36	-34	-8	-7
Carrying amount	10	8	5	3

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

In accordance with IFRS 11, joint arrangements are to be adjudged as either a joint operation or a joint venture, depending on whether the Group has direct rights to the assets and obligations for the liabilities (joint operation) or not (joint venture). The assessment is based on the structure of the investment, its legal form, contractual agreements and other factors and circumstances. For Wihlborgs, the effect of this is that Dockan Exploatering AB and Svensk Fastighetsfinansiering AB are classified as joint operations, which means that Wihlborgs' share of assets, liabilities, income and expenses in these companies has been consolidated into the consolidated accounts. Nyckeln 0328 AB, which was previously recognised as a joint operation, was acquired in its entirety by Wihlborgs in 2016, following which it is recognised in the Group as a wholly owned Group company. Joint ventures are recognised according to the equity method. Refer to Note 1 on page 94, 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	
	2016	2015	2016	2015
Carrying amount at beginning of year	6	6	36	36
Share of profit	13	-	-	-
Repayment of shareholders' contributions	-	-	-14	-
Carrying amount at year end	19	6	22	36

Name/Cop. 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	18	5
Medeon AB 556564-5198	Malmö	40.0	0	0
Ideon AB 559033-2598	Lund	33.3	0	0
Ideon Open AB 556862-4026	Lund	60.0	1	-
			19	22

Description of participations classified as joint ventures

- Hälsostaden Ängelholm Holding AB was established to develop the site around Ängelholm Hospital into a health care city with a wide range of hospital and health-promoting activities. A major conversion and new build project is under way in the northern hospital district and is expected to be completed in 2018. The investment is estimated at SEK 700 million and is financed through the Nordic Investment Bank (NIB) and the European Investment Bank.
- Medeon AB is marketing Medeon Science Park, a research park in Malmö focusing on life sciences (pharmaceuticals, medical technology, biotechnology and healthcare).
- Ideon AB, which is owned jointly with Vasakronan and Castellum, has the mission of marketing the Ideon area.
- Ideon Open AB, owned jointly with Lund University Innovations-system 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.
- In January 2015, Svensk FastighetsFinansiering AB, a new finance company, launched a covered MTN programme of SEK 8 billion. The company is owned by Catena AB, Diös Fastigheter AB, Fabege AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB, each with a 20 percent share. 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 6,260 million had been issued, of which Wihlborgs' share amounted to SEK 1,874 million. In January 2017, the limit for the MTN programme was raised to SEK 12 billion.

Summary of joint venture company earnings and financial position (100%)

Earnings	2016	2015
Operating income	86	83
Operating costs	-63	-61
Net financial items	-10	-9
Changes in value	39	-13
Tax	-12	0
	40	0
Assets		
Non-current assets	800	564
Current assets	40	27
	840	591
Liabilities and equity		
Equity	61	20
Non-current liabilities	744	540
Current liabilities	35	31
	840	591
Carrying amount	19	6

NOTE 19 | Receivables from joint ventures

	Group		Parent Company	
	2016	2015	2016	2015
Maturity date between 1–5 years from balance-sheet date	-	-	17	17
Maturity date more than 5 years from balance-sheet date	-	-	-	-
Carrying amount	-	-	17	17

NOTE 20 | Other securities held as non-current assets

	Group		Parent Company	
	2016	2015	2016	2015
Opening balance	21	1	21	1
Shareholders' contributions	-	20	-	20
Carrying amount	21	21	21	21
Name/Cop. Reg. No.	Registered office	Proportion of equity, %	Carrying amount	
Fastighets AB ML4				
556786-2155	Malmö	50.0	21	

Fastighets AB ML4's purpose is to develop, build, own and manage the MAX IV research centre in Lund. The company is owned jointly with Peab Sverige AB. Work started on construction in 2011 and was completed in 2015, when the tenant, Lund University, moved in. The lease is for 25 years. The investment amounted to nearly SEK 2 billion, and in 2015 a 24-year loan agreement totalling SEK 1.5 billion was signed with the Nordic Investment Bank (NIB). As collateral for the loan, the bank has mortgages in the lease with Lund University and in rental payments, liens in insurance receivables and mortgages in site leaseholds and buildings. The NIB also hold collateral through the pledging of all shares in Fastighets AB ML4. If Lund University neglects to make rental payments due to mandatory legislation in the Swedish Land Code/Tenancy Act, Wihlborgs has agreed an indemnity bond for 50 percent of unpaid, due payments of interest and repayment instalments that Fastighets AB ML4 has not paid. At year end, 50 percent of the (unpaid but not due) liability amounted to SEK 738 million (748). Both of the owner companies each lent SEK 200 million to Fastighets AB ML4, which falls due at the same time as the loan to NIB is to be repaid. The loan was recognised as a non-current receivable in both the consolidated and Parent Company statement of financial position. During the year, both of the owner companies received SEK 10 million (10) in interest income from Fastighets AB ML4.

In September 2016, Lund University took possession of an extension of the facility. The investment totalled SEK 83 million.

NOTE 21 | Non-current receivables

	Group		Parent Company	
	2016	2015	2016	2015
Maturity date between 1–5 years from balance-sheet date	28	5	–	–
Maturity date more than 5 years from balance-sheet date	212	207	208	207
Carrying amount	240	212	208	207

SEK 218 million (207) of the above receivables are interest-bearing.

NOTE 22 | Accounts receivable

	Group	
	2016	2015
Maturity structure – accounts receivable due		
Accounts receivable that are neither due nor impaired	18	13
Accounts receivable that are due		
0–30 days	1	2
31–60 days	1	2
61–90 days	0	1
>90 days	24	19
Of which, provision made (excluding VAT)	-17	-16
Total	27	21

The total cost for the year for confirmed and anticipated bad debts amounted to SEK 2 million (6).

NOTE 23 | Prepaid expenses and accrued income

	Group		Parent Company	
	2016	2015	2016	2015
Rental income	8	7	–	–
Miscellaneous	27	29	11	7
Total	35	36	11	7

NOTE 24 | Cash and cash equivalents

Cash and cash equivalents comprise bank balances. Unused overdraft facilities that are not included in cash and cash equivalents amounted to SEK 202 million (126), of which SEK 200 million (126) in the Parent Company.

NOTE 25 | Equity

The number of shares registered and outstanding at the beginning and the end of the year was 76,856,728

All shares have equal voting rights, one vote per share. Quotient value per share, SEK 2.50 (2.50). In 2016, shareholders received a dividend of SEK 5.25 (4.75) per share, representing a total of SEK 403 million (365).

PROPOSED DISTRIBUTION OF PROFIT

The Board proposes that the funds available for appropriation by the AGM, an amount of SEK 3,094,881,373, be distributed as follows: dividend to shareholders SEK 5.75/share, a total of SEK 441,926,186, and that SEK 2,652,955,187 be carried forward.

The dividend proposal will be subject to approval by the AGM, to be held on 26 April 2017.

The dividend proposal complies with the company's dividend policy and is based on:

- 50 percent of income from property management, after deduction of tax at 22 percent.
- 50 percent of profit realised from property sales, that is, the sales price, less total capital invested, after deduction of tax at 22 percent.

In order to control and manage the company's capital, a number of financial targets have been established to provide Wihlborgs with a capital structure that delivers the best return to shareholders, with due account taken of risk. Capital refers to equity. For definitions and calculation bases, refer to pages 129–130.

	Target Outcome		Average
	2016	2016	2012–2016
Return on equity is to exceed the risk-free interest rate by at least six percentage points, %	5.8	29.3	18.8
Equity/assets ratio, %	>30.0	34.3	30.6
Loan-to-value ratio, %	<60.0	53.6	57.7
Interest coverage ratio, multiple	>2.0	3.3	2.9

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 2016. For more information on the Group's financial targets, dividend policy etc., see pages 14 and 16.

NOTE 26 | Deferred tax liability

	Group	
	2016	2015
Deferred tax is based on the net of:		
– Loss carryforwards	-686	-233
– Difference between carrying amount and taxable value of properties	3,245	2,576
– Difference between carrying amount and taxable value related to derivatives	-252	-193
– Other temporary differences	55	49
	2,362	2,199

The loss carryforwards that have been used to calculate deferred tax amount to SEK 3,120 million (1,059). Of this amount, SEK 1,990 million (8) 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 552 million (540).

NOTE 27 | Other provisions

	Group		Parent Company	
	2016	2015	2016	2015
Stamp duty, property acquisition	27	30	–	–
Other provisions for pensions	11	9	11	9
Carrying amount	38	39	11	9

The stamp duty liability arose in connection with sales of properties within the Group. The liability only falls due for payment when the properties or the Group companies that own the properties are sold to an external party.

NOTE 28 | Interest-bearing liabilities

	Group		Parent Company	
	2016	2015	2016	2015
Maturity date up to				
1 year from balance-sheet date	2,220	1,680	1,800	1,574
Maturity date between				
1 and 5 years from balance-sheet date	11,905	12,435	10,364	11,092
Maturity date more than 5 years from balance-sheet date	3,428	2,150	927	393
	17,553	16,265	13,091	13,059
– of which, non-current portion	16,680	15,083	12,638	11,983
– of which, current portion	873	1,182	453	1,076
	17,553	16,265	13,091	13,059

The amounts above include the utilised bank overdraft facility, which was SEK 32 million (84) for the Group and SEK 0 million (49) for the Parent Company. The credit limit approved as a bank overdraft facility was SEK 234 million (211) for the Group and SEK 200 million (175) 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 1,874 million (1,343) and own bond loans of SEK 1,285 million (1,285).

NOTE 29 | Derivatives

Analysis of value of derivatives based on maturity

	Group		Parent Company	
	2016	2015	2016	2015
Less than 1 year from balance-sheet date	–	–	–	–
Between 1 and 5 years from balance-sheet date	1,144	879	1,144	879
More than 5 years from balance-sheet date				
	1,144	879	1,144	879
of which, recognised as				
Non-current receivable				
– Interest-rate derivative, surplus value	–	–	–	–
Non-current liability				
– Interest-rate derivative, deficit value	1,144	879	1,144	879

Derivatives are classified as non-current liabilities in the balance sheet and measured regularly in accordance with IAS 39 at fair value at Level 2, except for the cancellable swaps that are measured at Level 3 (IFRS 7). Interest-rate derivatives are not expected to be settled in cash. See also Note 1 – Accounting policies.

Any change in the value of interest-rate derivatives is recognised in profit or loss on a separate line entitled "Change in value, derivatives." The year's changes in value of interest-rate derivatives totalled a negative SEK 265 million (pos: 269), all of which is unrealised.

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

	Group/Parent Company	
	2016	2015
Swaps value IFRS 7, Level 3	2016	2015
Opening balance, fair value – liability	235	327
Changes in value	110	-92
Closing balance, fair value – liability, Level 3	345	235
Closing balance, fair value – liability, Level 2	799	644

NOTE 30 | Accrued expenses and deferred income

	Group		Parent Company	
	2016	2015	2016	2015
Prepaid rent	287	277	–	–
Interest expense	89	85	86	82
Additional expenses, sale of properties	18	14	–	–
Other	114	90	25	22
	508	466	111	104

NOTE 31 | Pledged assets and contingent liabilities

	Group		Parent Company	
	2016	2015	2016	2015
Pledged assets				
Property mortgages	17,670	16,607	–	–
Participations in Group companies	1,727	1,944	1,101	1,102
Other participations	21	21	21	21
Endowment insurance	8	7	8	7
Promissory notes	–	–	12,585	13,551
Bank deposits	85	–	85	–
	19,511	18,579	13,800	14,681
Contingent liabilities				
Guarantee commitments on behalf of subsidiaries	–	–	2,609	1,878
Other contingent liabilities	245	174	245	174
	245	174	2,854	2,052

NOTE 32 | Net sales and operating costs

Net sales largely comprise the Parent Company's onward invoicing of costs to other Group companies, primarily relating to property management, property upkeep and a share of central administration.

Operating costs	2016	2015
Personnel costs	95	86
Administration costs	43	41
	138	127

NOTE 33 | Result from participations in Group companies

	Parent Company 2016	2015
Dividends on participations	1,342	1,506
Impairment of participations	-343	-308
Gain from sale of participations	183	85
	1,182	1,283

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 2016, an impairment loss was recognised on the value of shareholdings in three Group companies.

NOTE 34 | Result from other securities and receivables recognised as non-current assets

	Parent Company 2016	2015
Interest income, Group companies	334	332
Interest income, other	11	10
	345	342

NOTE 35 | Interest expense and similar profit/loss items

	Parent Company 2016	2015
Interest expense, Group companies	72	112
Interest expense, other	463	392
	535	504

NOTE 36 | 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 37 | Participations in Group companies

	Parent Company	
	2016	2015
Opening balance, cost	10,609	9,706
Acquisitions	8	474
Shareholders' contributions paid/new share	215	485
Sales	-33	-56
Liquidation	-163	-
Closing balance, cost	10,636	10,609
Opening balance, impairment	-1,985	-1,677
Sales	2	-
Liquidation	162	-
Impairment for the year	-343	-308
Closing balance, impairment	-2,164	-1,985
Carrying amount	8,472	8,624

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	24
Bunium Fastigheter AB	556700-5474	24
Exab Utvecklings AB	556353-2828	0
Fastighets AB Altimeter	556786-2213	5
Fastighets AB Bergakniven	556742-7454	11
Fastighets AB Flygvärdinnan 5	556708-8512	19
Fastighets AB Fortet	556090-5621	97
Fastighets AB Hundstjärnan	556824-7679	2
Fastighets AB Kastrullen	556754-8812	0
Fastighets AB Kvävet	556222-8071	7
Fastighets AB Oxigenium	556754-8820	207
Fastighets AB Plinius	556033-6538	23
Fastighets AB Stillman	556082-1752	39
Fastighets AB Yxstenen	556691-4437	7
Första Fastighets AB Ideon	556233-7765	842
Förvaltnings AB Haspen	556466-2533	17
Hilab Fastigheter AB	556112-0345	17
Hundlokan 10 i Malmö AB	556730-4489	32
Ishavet Malmö AB	556928-0737	15
Kalinehuset AB	556129-5824	129
Kniven 2 AB	556706-9355	4
Kolgafour AB	556627-7843	7
Lund Lagret 1 AB	556730-3820	35
M2 Fastigheter AB	556101-4332	47
Malmö Börshus AB	556115-8543	109
Medeon Fastigheter AB	556034-1140	31
Neptuninnan AB	556743-5465	96
Ringcentralen i Hälsingborg Fastighets AB	556115-9483	0

Subsidiaries Name	Corp. Reg. No.	Carrying amount	Subsidiaries Name	Corp. Reg. No.	Carrying amount
Spillepengen Fastighets AB	556107-5002	67	Wihlborgs Rikken AB	556701-5028	202
Studentkåren 6 Fastighets AB	556730-3499	129	Wihlborgs Ritaren 1 AB	556675-2605	1
Tågarp 16:19 Fastighets AB	556692-9336	8	Wihlborgs Rosengård AB	556699-7986	48
Utvecklings AB Kranen	556286-9999	117	Wihlborgs Rubinen AB	556862-2855	3
Weraco AB	556509-6418	58	Wihlborgs Skrovat 3 AB	556468-5385	170
Wihlborgs A/S	14 12 50 43	421	Wihlborgs Skrovat 4 AB	556173-9417	5
Wihlborgs Ametisten 5 AB	556686-0457	7	Wihlborgs Skrovat 5 AB	556237-6268	145
Wihlborgs Armorstet 6 AB	556966-7081	15	Wihlborgs Skrovat 6 AB	556681-1898	281
Wihlborgs Boplatsgatan 5 AB	556675-2449	0	Wihlborgs Spanien 5 AB	556710-4574	0
Wihlborgs Borgeby AB	556675-2639	0	Wihlborgs Sparven 15 AB	556704-3624	292
Wihlborgs Bronsdolken AB	556232-5919	4	Wihlborgs Spettet 11 AB	556761-9050	12
Wihlborgs Bytarebacken AB	556822-0171	257	Wihlborgs Stenåldern 7 AB	556120-9759	0
Wihlborgs Cinder AB	556518-5732	6	Wihlborgs Stridsyxan 4 AB	556825-9948	4
Wihlborgs Cityfastighet AB	556862-2848	1	Wihlborgs Stångbettet 15 AB	556683-1615	14
Wihlborgs Cylindern 2 AB	559015-5023	7	Wihlborgs Sufflören 3 AB	556704-3640	6
Wihlborgs Erik Menved 37 AB	556704-3699	417	Wihlborgs Sunnanå 12:27 AB	556766-4098	50
Wihlborgs Fastigheter i Helsingborg AB	556101-6295	424	Wihlborgs Sydporten AB	556726-0202	36
Wihlborgs Fastigheter i Nordvästra Skåne AB	556271-3924	3	Wihlborgs Tegelvägen 4 AB	556824-7653	0
Wihlborgs Fisken 18 AB	556675-2357	145	Wihlborgs Terminalen 1 AB	556726-1663	78
Wihlborgs Flintan 3 AB	556675-2647	5	Wihlborgs Terminalen 3 AB	556962-9859	62
Wihlborgs Flounderone AB	556727-7909	20	Wihlborgs Tyfonen 1 AB	556692-2570	1
Wihlborgs Forskaren 3 AB	556690-0667	128	Wihlborgs Uvenine AB	556695-2502	30
Wihlborgs Fosieberg AB	556188-3223	50	Wihlborgs Våktaren 3 AB	556743-6109	173
Wihlborgs Fosiering AB	556721-4225	21	Wihlborgs Zirkonen 2 AB	556788-4852	17
Wihlborgs Gallerian AB	556704-3632	181	Wihlborgs Östersjön 1 AB	556637-7361	138
Wihlborgs Gjuteriet 18 AB	556717-2282	0	Wihlborgsporten AB	556630-3797	87
Wihlborgs Gåsebäck AB	556303-1326	9	Wihlodia AB	556301-8109	2
Wihlborgs Gäddan 6 AB	556704-3681	0	WJ Bygg AB	556060-0529	0
Wihlborgs Gångtappen 1 AB	556776-3585	324			
Wihlborgs Gångtappen 2 AB	556813-3572	147			8,472
Wihlborgs Havskryssaren AB	556703-0613	54			
Wihlborgs Holding AB	556701-2827	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.		
Wihlborgs Hordaland 1 AB	556704-3731	0	Of the subsidiaries listed above, ten 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 155 (155) companies in the Group.		
Wihlborgs Ideon Fastigheter AB	556239-8718	194			
Wihlborgs Karin 13 AB	556761-8987	148			
Wihlborgs Kirseberg AB	556691-4874	0			
Wihlborgs Kranen 10 AB	556824-7703	33			
Wihlborgs Kranen AB	556704-6387	112			
Wihlborgs Kroksabeln 12 AB	556654-0331	101			
Wihlborgs Kärnan Södra 9 AB	556824-7661	76			
Wihlborgs Lönngatan AB	556704-3657	10			
Wihlborgs Mauritzborg AB	556753-3483	339			
Wihlborgs Mobergsgården Västra 8 AB	556831-9130	23			
Wihlborgs Motorseglaren AB	556703-0605	0			
Wihlborgs Musköten 17 AB	559021-1081	21			
Wihlborgs Måsen 17 AB	556627-7835	2			
Wihlborgs Nora 11 AB	556761-9001	204			
Wihlborgs Obligation Holding AB	556240-3633	246			
Wihlborgs Olsgård 8 AB	556775-6019	10			
Wihlborgs Pajao 1 AB	559012-4995	0			
Wihlborgs Pajao 8 AB	559025-2598	0			
Wihlborgs Pajao 9 AB	559025-2614	0			
Wihlborgs Pajao 10 AB	559063-5479	0			
Wihlborgs Pajao 11 AB	559063-5487	0			
Wihlborgs Pajao 12 AB	559063-5495	0			
Wihlborgs Pajao 13 AB	559063-5511	0			
Wihlborgs Pajao 14 AB	559063-5503	0			
Wihlborgs Pajao 15 AB	559063-5529	0			
Wihlborgs Pajao 16 AB	559063-5537	0			
Wihlborgs Pajao 17 AB	559063-3821	0			
Wihlborgs Pajao 18 AB	559063-5545	0			
Wihlborgs Polisett AB	556703-0589	90			

NOTE 38 | Deferred tax assets

	Parent Company	
	2016	2015
Deferred tax is calculated on:		
– Loss carryforwards	35	13
– Difference between carrying amount and taxable value related to derivatives	252	193
– Other temporary differences	15	7
	302	213

At year end, the Parent Company had unutilised loss carryforwards of SEK 159 million (60).

NOTE 39 | Fair value of financial assets and liabilities

Group	Available-for-sale financial assets		Loan receivables and accounts receivable	
	2016	2015	2016	2015
Non-current receivables			240	212
Financial investments	21	21		
Accounts receivable			27	21
Other receivables			55	31
Cash and cash equivalents			252	75
Parent Company	2016	2015	2016	2015
Non-current receivables			240	212
Financial investments	21	21		
Accounts receivable			27	21
Other receivables			55	31
Cash and cash equivalents			252	75

Group	Financial liabilities measured at fair value via profit or loss		Financial liabilities measured at amortised cost	
	2016	2015	2016	2015
Interest-bearing liabilities			-17,553	-16,265
Derivatives	-1,144	-879		
Accounts payable			-188	-148
Other liabilities			-137	-157
Parent Company	2016	2015	2016	2015
Interest-bearing liabilities			-13,091	-16,255
Derivatives	-1,144	-879		
Accounts payable			-5	-3
Other liabilities			-6	-9

Accounts receivable, other receivables, cash and bank balances and accounts payable accounts payable and other liabilities are recognised at amortised cost less any impairment; as a result, the fair value is considered to be the same as the carrying amount. Interest-bearing liabilities are mainly subject to a short fixed-interest period, meaning that the amortised cost is the same as fair value.

NOTE 40 | Related parties**Joint arrangements**

The Group and Parent Company have close relationships with joint ventures and joint operations, refer to Note 18. For those joint arrangements for which Wihlborgs acquired remaining participations during 2016, transactions up to the date of acquisition are included in the table below for joint arrangements. For subsequent transactions and the position on the balance-sheet date, these companies are included in the table for Group companies.

Group companies

The Parent Company has a close relationship with its subsidiaries; refer to Note 37.

Senior executives

For more information on salaries and other remuneration of the Board, CEO and other senior executives, as well as costs and commitments regarding pensions and similar benefits and agreements on severance pay, refer to Note 8. Two Board members invoice Board fees via the companies InPower AB and PEKE Konsult AB.

All transactions with related parties are priced in line with market conditions.

Summary of related-party transactions

TRANSACTIONS WITH JOINT ARRANGEMENTS	Group	
	2016	2015
Sales to joint arrangements	1	1
Invoicing from joint arrangements	6	6
Acquisition of properties from joint arrangements	7	17
Interest income from joint arrangements	1	1
Interest expense to joint arrangements	8	94
Dividend from joint arrangements	121	107
Receivables from joint arrangements on 31 December	17	2,177
Liability to joint arrangements on 31 December	1,987	4,098

TRANSACTIONS WITH JOINT ARRANGEMENTS	Parent Company	
	2016	2015
Sales to joint arrangements	0	1
Interest income from joint arrangements	1	1
Receivables from joint arrangements on 31 December	17	-

TRANSACTIONS WITH GROUP COMPANIES	Group	
	2016	2015
Sales to Group companies	125	114
Purchases from Group companies	5	5
Interest income from Group companies	334	333
Dividend from Group companies	1,342	1,506
Interest expense to Group companies	72	114
Receivables from Group companies on 31 December	10,432	10,954
Liabilities to Group companies on 31 December	1,988	3,196

NOTE 41 | Events after the balance-sheet date

In January and February, respectively, the Gimle 1 and Benkammen 16 properties in Malmö were acquired. Agreements were also concluded concerning the acquisition of the properties Ackumulatorn 15 and 17 in Helsingborg, with possession to be taken in March 2017. In January, Wihlborgs, via Svensk FastighetsFinansiering, borrowed SEK 500 million through the issue of a two-year bond with a fixed interest rate of 0.5 percent.

Signatures

The consolidated statement of income and consolidated statement of financial position, together with the Parent Company income statement and balance sheet are subject to approval by the Annual General Meeting on 28 April 2016.

The Board of Directors and the Chief Executive Officer hereby certify that the annual accounts have been prepared in accordance with generally accepted accounting practice in Sweden and that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards as referred to in Regulation No. 1606/2002/EC of the European Parliament and of the Council dated 19 July 2002 on the application of international accounting standards.

Malmö, 10 March 2017

Erik Paulsson
Chairman

Per-Ingemar Persson
Deputy Chairman

Anders Jarl
CEO

Tina Andersson
Board member

Helen Olausson
Board Member

Sara Karlsson
Board Member

Johan Qviberg
Board Member

Our Audit Report was submitted on 10 March 2017
Deloitte AB

Torbjörn Svensson
Authorised Public Accountant

Audit Report

To the Annual 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 2016-01-01 - 2016-12-31 except for the corporate governance report on pages 117-124. The annual accounts and consolidated accounts of the company are included on pages 72-111 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 2016 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 2016 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 117-124. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

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.

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

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 32 755 MSEK and this year's change in value amounts to 2 504 MSEK in profit/loss. The valuation is based on estimates and assumptions of factors such as the individual property's type, its location, future earning capacity and the market's required return. For project properties are also

remaining construction costs assessed and for undeveloped real estate projects location price. These estimates and assumptions may cause a significant impact on the Group's results and financial position.

For further particulars please refer to the section on risks and uncertainties on page 75, Group accounting policies on page 93, note 12 and note 16 in the annual accounts.

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 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

To minimize interest rate risk, Wihlborgs uses financial instruments in the form of interest rate derivatives. Interest rate derivatives are recognized at fair value including value changes in the income statement. Reported fair values are based on data from an internal market valuation and validated against data from an external party (bank) and is among others based on the present value of discounted future cash flows. The calculations are complex and an incorrect valuation might give a significant impact on the Group's result and financial position. On 31 December 2016 the sub value of the interest derivatives portfolio amounted to 1 144 MSEK.

For further information please refer to the section on risks and uncertainties on page 75, accounting policies on page 93, note 2, 13 and note 29 of the annual accounts.

Our audit procedures

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

- For all derivatives we have reconciled the carried costs against the internal market valuation based on data from an external party (bank).
- We have made checking calculations on a selection of derivatives of the real value in Wihlborgs' internal market valuation.
- Our specialists have participated in the review and assessed the correctness and completeness of the valuation model.
- We have reviewed that appropriate accounting policies are applied, that financial policies are complied with and that the necessary information is disclosed in the relevant notes to the financial statements.

Accounting for tax

Wihlborgs' activities are taxed in a number of areas including income tax and value added tax (VAT) which require that the company makes assessments of how taxes are calculated, are accounted for and classified in current and deferred tax. Time for tax authorities to make their final verdict on tax matters can be up to five years and tax legislation and its interpretation is complex and changes over time. Incorrect assessments and assumptions may affect the Group's result and financial position.

For further information please refer to the section on risks and uncertainties on page 75, accounting policies on page 93 and note 14 of the annual accounts.

Our audit procedures

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

- We have reviewed and assessed Wihlborgs' routines for the assessment of whether significant uncertainty in tax losses and other risks exist as well as accounting of current and deferred tax.
- We have examined, in detail, the calculations of current and deferred tax in a sample of the legal companies in the Group and evaluated the calculations against the applicable tax legislation.
- We have reviewed that realised and unrealised gains and losses on derivatives and that completed real estate transactions have been treated properly in the tax calculations.
- In our review we include our own tax experts to assist us in analysing the assumptions and assessments that Wihlborgs made based on our knowledge and experience of local legislation and practice.
- We have reviewed that appropriate accounting policies are applied and that adequate information is provided in the relevant notes to the financial statements.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-71 and 125-131. The Board of Directors and the Managing Director are responsible for the 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 the consolidated accounts and that they give a fair presentation in accordance with the

Annual Accounts Act and, as regard 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 intend 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 misstatements of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures among others 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 applied 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 lead to significant doubt on the company's and 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 the company or the 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 the 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.

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 2016-01-01 - 2016-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to 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 117-124 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.

Malmö, 10 March 2017
Deloitte AB

Torbjörn Svensson
Authorized Public Accountant

Five-year review

	2016	2015	2014	2013	2012
Comprehensive income, SEK m					
Rental income	2,030	1,910	1,856	1,704	1,497
Operating surplus	1,518	1,445	1,406	1,238	1,099
Income from property management	1,035	975	888	749	685
Changes in value	2,239	1,884	-396	616	4
Tax	-298	-581	-97	-302	134
Profit for the year	2,976	2,278	395	1,063	823
Comprehensive income for the year	2,990	2,274	400	1,063	826
Financial position, SEK m					
Investment properties	32,755	28,623	24,299	22,584	19,876
Other non-current assets	290	247	197	469	382
Current receivables	117	88	111	126	89
Cash and cash equivalents	252	75	71	11	102
Total assets	33,414	29,033	24,678	23,190	20,449
Equity	11,463	8,876	6,967	6,894	6,138
Deferred tax liability	2,362	2,199	1,627	1,598	1,314
Other non-current liabilities	17,877	16,016	15,349	13,350	12,412
Current liabilities	1,712	1,942	735	1,348	585
Total equity and liabilities	33,414	29,033	24,678	23,190	20,449
Key financial ratios					
Return on equity, %	29.3	28.8	5.7	16.3	14.0
Return on total assets, %	12.8	11.3	8.4	6.4	6.2
Equity/assets ratio, %	34.3	30.6	28.2	29.7	30.0
Interest coverage ratio, multiple	3.3	3.2	2.8	2.6	2.7
Loan-to-value ratio, properties, %	53.6	56.8	58.2	60.8	59.3
Debt/equity ratio, multiple	1.5	1.8	2.0	2.0	1.9
Share-related key ratios					
Earnings per share, SEK	38.72	29.64	5.14	13.83	10.71
Earnings per share before tax, SEK	42.60	37.20	6.40	17.76	8.96
Income from property management per share, SEK	13.47	12.69	11.55	9.75	8.91
Cash flows from operating activities per share, SEK	13.84	13.32	12.30	10.02	9.72
Equity per share I, SEK	149.15	115.49	90.65	89.7	79.86
Equity per share II, SEK	179.88	144.10	111.82	110.49	96.96
EPRA NAV per share, SEK	194.76	155.54	126.76	111.92	104.23
Market price per share, SEK	169.40	171	142.75	115.25	101.50
Dividend per share, SEK (2016 = proposed dividend)	5.75	5.25	4.75	4.25	4.00
Dividend yield per share, %	3.4	3.1	3.3	3.7	3.9
Total yield per share, %	2.1	23.1	27.5	17.5	15.7
P/E ratio I, multiple	4.4	5.8	27.8	8.3	9.5
P/E ratio II, multiple	16.1	17.3	15.8	15.2	15.5
Number of shares at year end, thousands	76,857	76,857	76,857	76,857	76,857
Average number of shares, thousands	76,857	76,857	76,857	76,857	76,857
Property-related key figures					
Number of properties	282	276	269	264	253
Carrying amount for properties, SEK m	32,755	28,623	24,299	22,584	19,876
Investment yield, % – all properties	4.9	5.1	5.6	5.9	5.6
Investment yield, % – excl. project properties	5.1	5.5	5.9	6.0	6.1
Lettable area, m ²	1,848,738	1,745,992	1,551,666	1,523,125	1,425,072
Rental income, SEK per m ²	1,156	1,136	1,201	1,199	1,085
Operating surplus, SEK per m ²	868	832	876	876	786
Economic occupancy rate, % – all properties	91	88	91	91	92
Economic occupancy rate, % – excl. project properties	92	91	91	91	92
Surplus ratio, %	75	73	73	73	72
Employees					
No. of employees at end of period	132	122	113	111	87

Turn to pages 129–130 to see calculation bases and definitions of metrics.

Corporate Governance Report

Wihlborgs is a Swedish public limited company that is listed on Nasdaq Stockholm and applies the Swedish Corporate Governance Code (the Code). This is a separate report and does not form part of the formal Annual Report. Wihlborgs' Corporate Governance Report has been reviewed by the company's auditors.

The shareholders influence the governance of the company through participating in and exercising their voting rights at the Annual General Meeting (AGM), Wihlborgs' highest 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.

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 2016, the ten largest shareholders owned 32.1 percent of the shares. The number of shareholders was 24,112, up around 650 year-on-year. Of total share ownership, 78 percent was represented by legal entities and 22 percent by natural persons.

At the end of December, foreign shareholders represented 36.7 percent of the total, 2.7 percentage points lower than at the previous year end.

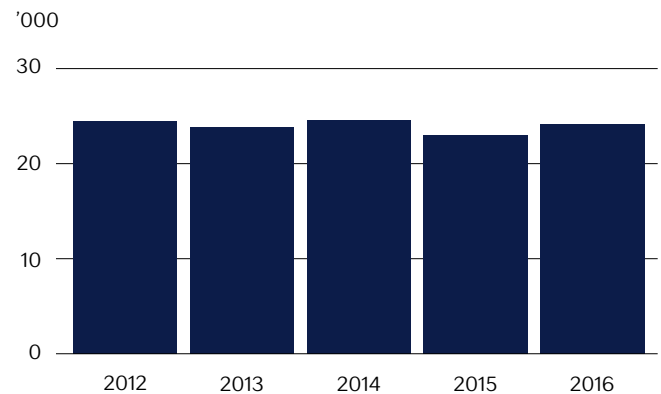
Further information on the share and shareholders is available on pages 20–21.



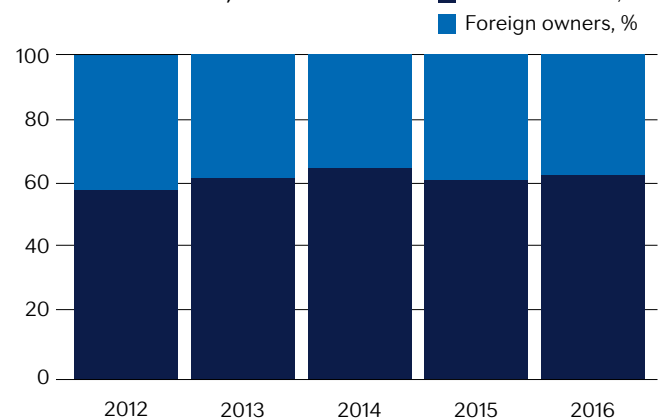
Shareholders

Wihlborgs' shares were listed on the Stockholm Stock Exchange on 23 May 2005. Since January 2016, Wihlborgs has been included in the Large Cap segment on the Nasdaq Nordic market. At year end, the company's share capital totalled SEK 192 million. The number of shares registered and outstanding was 76,856,728 with a quotient value of SEK 2.50 per share. Each share entitles the holder to one vote and, at general meetings, each person entitled to vote may

Number of shareholders, on 31 December



Shareholder structure, on 31 December



Articles of Association

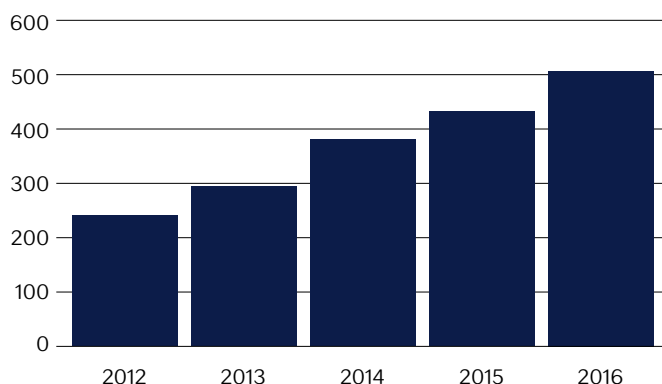
Wihlborgs' Articles of Association were most recently amended at the 2011 AGM. The object of the company's operations is to acquire, manage, develop and sell properties, primarily in the Öresund region, and conduct associated operations. The company's registered address is in Malmö. The full text of the Articles of Association is available on the company's website.

2016 Annual General Meeting

Wihlborgs' AGM was held on 28 April 2016. A total of 505 shareholders participated in the AGM, either personally or by proxy. The shareholders represented 48.2 percent of the votes in the company. The AGM minutes are available at www.wihlborgs.se.

In brief, the most significant resolutions were:

Number of participants at the 2012–2016 AGMs



Election of Board members and auditors – It was resolved that the number of Board members should be seven. The following Board members were re-elected: Tina Andersson, Anders Jarl, Sara Karlsson, Helen Olausson, Erik Paulsson, Per-Ingemar Persson and Johan Qviberg. Erik Paulsson was appointed Chairman. It was resolved to appoint Deloitte AB as auditors, with Torbjörn Svensson as Auditor-in-Charge.

Nomination Committee – A Nomination Committee is to be formed by the three largest shareholders each appointing a representative not less than six months prior to the AGM. Should any of the three largest shareholders abstain from appointing a member, the next largest shareholder will instead be entitled to appoint a member. The Nomination Committee should also include one member to represent the smaller shareholders. The Nomination Committee may also decide to include the Chairman of the Board as a member of the Nomination Committee. The names of the Nomination Committee's members and the owners they represent is to be announced not later than six months before the AGM and are to be based on the known ownership at the end of August of the respective year. The Committee's term of office extends until such time as a new Nomination Committee has been appointed. The Committee's Chairman should be the member appointed by the largest shareholder unless agreed otherwise by the Committee.

Acquisition and transfer of treasury shares – A resolution was passed to authorise the Board, for the period until the next AGM, to buy back and transfer Wihlborgs shares corresponding to a maximum of 10 percent of the shares outstanding.

New share issue – A resolution was passed to authorise the Board, for the period until the next AGM, to approve a new share issue corresponding to no more than 10 percent of the shares outstanding.

The Nomination Committee and proposals for the 2017 AGM

The Code states that AGM resolutions on nominations for the Board and auditors should be prepared through a structured and transparent process, managed by the shareholders, that provides all shareholders with the opportunity to present their views on and proposals for each individual issue and to create the requisite conditions for well-prepared decisions. The Nomination Committee is the AGM's body for preparing decisions relating to appointments. Wihlborgs' Nomination Committee has therefore prepared proposals for the Chairman of the AGM, Chairman of the Board, Board members, Directors' fees, and auditors and their fees.

In accordance with the AGM's resolution, the names of the Nomination Committee members were published in September 2016. The Nomination Committee comprises Bo Forsén representing Erik Paulsson, Hans Ek from SEB Funds, Eva Gottfridsdotter-Nilsson from Länsförsäkringar Funds and Krister Eurén representing minor shareholders. The representatives of the three largest shareholders on the Committee account for 20 percent of the votes in Wihlborgs. Bo Forsén was appointed Chairman of the Committee.

The Nomination Committee has met twice, and to support its work, the Committee has held dialogues with the Board members and held meetings with the Chairman and CEO. The Committee was notified of the company's strategy, risk management and control functions. It has also studied the Board's self-evaluation, which comprised a questionnaire that was answered by all of the Board members.

Ahead of the AGM on 26 April 2017, the Nomination Committee proposes that the Board consist of seven members. The Committee also proposes re-election of the following Board members: Tina Andersson, Anders Jarl, Sara Karlsson, Helen Olausson, Erik Paulsson, Per-Ingemar Persson and Johan Qviberg. Erik Paulsson has been nominated for Chairman of the Board. It is proposed the total fees of SEK 1,000,000 (905,000) be paid to the Board. It is proposed that a fee of SEK 250,000 (230,000) be paid to the Chairman and SEK 150,000 (135,000) be paid to the other Board members with the exception of the CEO Anders Jarl.

The Nomination Committee proposes that Deloitte AB be re-elected as auditor, with Torbjörn Svensson as Auditor-in-Charge.

The Nomination Committee until the 2017 AGM

Name	Representing	Percent of votes, 31 Aug. 2016	Percent of votes, 31 Dec. 2016
Bo Forsén	Erik Paulsson and family, privately and through companies	10.3	10.3
Eva Gottfridsdotter-Nilsson	Länsförsäkringar Funds	4.6	4.9
Hans Ek	SEB Funds	5.0	4.5
Krister Eurén	Minor shareholders	-	-

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

	Indep. of company	Indep. of major owners	No. of meetings/ attendance
Erik Paulsson, Chairman	no	no	9 of 10
Per-Ingemar Persson, Deputy Chairman	yes	yes	10 of 10
Tina Andersson	yes	yes	9 of 10
Anders Jarl	no	yes	10 av 10
Sara Karlsson	yes	yes	10 of 10
Helen Olausson	yes	yes	10 of 10
Johan Qviberg	yes	yes	10 of 10

Other resolutions for the 2017 AGM

The Board has submitted the following proposals ahead of the AGM on 26 April:

- A dividend of SEK 5.75 per share, with the record date 28 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 2016 AGM, Erik Paulsson was re-elected Chairman of the Board and Per-Ingemar Persson was appointed Deputy Chairman at the subsequent Board meeting. The company's Chief Financial Officer, Arvid Liepe, served as Secretary to the Board.

Wihlborgs' Board possesses skills and experience in areas that are of major importance in terms of being able to support, monitor and control the activities of a leading property company in Sweden. The various Board members possess in-depth knowledge of property, the property market, financing and business development.

The Board meets the requirement of the Code and the listing requirement of the Stockholm Stock Exchange that not more than one board member has an operational role in day-to-day business. CEO Anders Jarl is a member of the Board. The majority of Board members are independent in relation to the company and its executive management. In 2016, the Board held ten meetings, including the statutory and per capsulam meetings. Seven of these ten meetings, seven were scheduled Board meetings.

The work of the Board of Directors

February	No. 1	Year-end report, final audit, financial report, projects, resolutions for the AGM, costings of completed projects, and the employment terms for the CEO and executive management
March	No. 2	Property sale
April	No. 3	Property sale
April	No. 4	Q1 interim report, financial report and projects
April	No. 5	Statutory meeting
May	No. 6	Property acquisitions
June	No. 7	Projects, acquisitions and sales, financial report and market analysis
August	No. 8	Q2 interim report, projects, acquisitions and sales, financial report, review of rules of procedure and ethical guidelines
November	No. 9	Q3 interim report, acquisitions, financial report, evaluation of the CEO's performance, audit planning, principles for remuneration of executive management and evaluation of the Board's work
December	No. 10	Budget, strategy, financial and environmental goals, market, financial report, interim audit, acquisitions and sales, and review of financial policy.

Committees

Wihlborgs has no separate audit or remuneration committees as this allows the full competence of the Board to be utilised for these issues and makes the meetings more efficient. To monitor developments in the credit market, Wihlborgs has an Interest Rate Committee. This Committee meets every other month and regularly presents proposals and reports to the Board. The Interest Rate Committee comprises Tina Andersson, Per-Ingemar Persson, Anders Jarl and CFO Arvid Liepe. The Committee is not empowered to make decisions on financial issues.

Rules of procedure and instructions

The Board observes Rules of Procedure comprising instructions for the delegation of work and financial reporting. The Rules of Procedure, which supplement the provisions of the Swedish Companies Act and Wihlborgs' Articles of Association, are reviewed annually.

Under the above rules, the Board is also required to ensure that the CEO discharges his obligations. The performance of the CEO is evaluated each year against set long and short-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:
Anders Jarl, Chief Executive Officer
Ulrika Hallengren, Director of Projects & Developments
Arvid Liepe, Chief Financial Officer
Anna Nambord, Director of HR and CSR
Karin Wittsell Heydl, Director of Corporate Communications

Principles for employment terms and conditions for the CEO and Group Management

Under the Swedish Corporate Governance Code, the Board is tasked with presenting proposals to the AGM on the principles for remuneration and other terms and conditions of employment for the Group Management. Wihlborgs' Board of Directors proposes

that remuneration and other employment terms and conditions should be competitive and on market terms. Remuneration is paid in the form of fixed salary to all members of Group Management. Any remuneration over and above the fixed salary is subject to a cap and related to the fixed salary, and is to be paid in the form of cash. Where appropriate, remuneration in addition to the fixed salary is based on outcomes relative to set targets and must accord with the interests of the shareholders. The conditions for other benefits, if such funds are provided, represent a limited part of total remuneration and mainly consist of company car benefits.

Wihlborgs has a Profit-Sharing Fund for which all employees are eligible, apart from the CEO. Allocations to the fund are based on the return on equity and are limited to a maximum of one basic amount (as defined by Statistics Sweden) per year for each employee.

The retirement age is 65 for all members of Group Management. The cost of the CEO's pension comprises a premium amounting to 35 percent of the pensionable salary per year during the CEO's period of service. Other members of Group Management are covered by an ITP plan or equivalent. The notice of termination of employment, on either side, for the CEO and other members of Group Management is four to six months. Severance pay for the CEO consists of 18 months' salary and for other members of Group Management up to 12 months' salary. Severance pay is to be offset against other sources of income.

The principles governing remuneration and terms and conditions of employment for the Group Management and remuneration and terms and conditions of employment for the CEO are decided by the entire Board except the CEO. The principles for the conditions of employment are unchanged.

Remuneration and other benefits 2016, SEK thousand

	Salary	Other benefits	Pension	Total
Chief Executive Officer	4,406	68	1,538	6,012
Other members of Group Management	4,548	210	1,454	6,212

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 audit report that is presented to the AGM after the end of the financial year.

The Nomination Committee proposes auditors to the AGM.

At the 2016 AGM, Deloitte AB was re-elected as the company's auditor, with Torbjörn Svensson as the Auditor-in-Charge, for a period of one year and, accordingly, the next election of auditors will be at the 2017 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, Torbjörn Svensson is also responsible for the following major auditing assignments: Mellby Gård, Braganza, Fairford and Copenhagen Malmö Port.

Torbjörn Svensson 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

Board of Directors



Erik Paulsson

Chairman of the Board
Båstad, born 1942
Elected to the Board in 2004

Other Board assignments
Chairman of Backahill AB,
Fabege AB and SkiStar AB.
Board member of Catena AB.

No. of Wihlborgs shares:
7,862,088 shares held privately and
through companies.



Helen Olausson

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

Principal employment:
CEO of EkoNord Invest AB and CEO
of Årehus AB.

Other Board assignments:
Chairman of AB Jämtsol.
Board member of Lantmäteriet,
Skärvångens Bymejeri AB, and others.

No. of Wihlborgs shares:
1,000 shares.



Tina Andersson

Board Member
Malmö, born 1969
Elected to the Board in 2014

Principal employment:
SVP Strategy and Growth, Paulig Group.

Other Board assignments
Board member of Älvsbyhus AB.

No. of Wihlborgs shares:
2,000 shares through companies.



Per-Ingemar Persson

Deputy Chairman
Lund, born 1956
Elected to the Board in 2010

Principal employment:
Own consultancy business.

Other Board assignments:
Chairman of Northern Environmental and
Water Solutions and ELUKonsult AB. Board
member of Hemfosa Fastigheter AB.

No. of Wihlborgs shares:
2,000 shares in a personal endowment
insurance



Anders Jarl

Board Member
Malmö, born 1956
Elected to the Board in 2004

Principal employment:
Chief Executive Officer of Wihlborgs AB.

Other Board assignments
Board member of Platzer Fastigheter AB.

No. of Wihlborgs shares:
518,714 shares held privately and
through companies.



Johan Qviberg

Board Member
Stockholm, born 1981
Elected to the Board in 2004

Principal employment:
CEO of Quinary Investment AB.

Other Board assignments:
Chairman of Ingager AB.
Board member of eWork AB,
Nattaro Labs AB and Svolder AB.

No. of Wihlborgs shares:
780,000 shares.



Sara Karlsson

Board Member
Båstad, born 1969
Elected to the Board in 2007

Principal employment:
Entrepreneur in Båstads Företagsby.

Other Board assignments:
Board member of Topeja Holding AB,
Scandinavian Resort AB and Backahill AB.

No. of Wihlborgs shares:
21,880 shares with family.

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.

Ahead of the 2017 AGM, a procurement procedure for auditing services has been carried out, with tenders submitted by three auditing firms. The Nomination Committee has proposed the re-election of Deloitte AB as the company's auditors, with Torbjörn Svensson as the Auditor-in-Charge.

Fees and reimbursement of expenses to auditors, SEK thousand

Group	2016	2015
Deloitte AB		
Audit engagement	2,300	2,250
Auditing activities other than the audit engagement	524	420
Tax advice	162	157
Other services	270	106
Aaen & Co. statsautoriserede revisorer p/s		
Audit engagement	89	67
Auditing activities other than the audit engagement	165	29
Tax advice	38	32
Other services	187	133

Swedish Corporate Governance Code

The overall aim of the Code is to promote positive development of governance in Swedish companies so that they meet their owners' requirements for return on the capital invested. Any deviations from the rules of the Code must be described and justified in accordance with the comply or explain principle. The reasons for each deviation must be clearly presented. Wihlborgs' deviations from the Code are presented below:

No separate audit committee has been established and, instead, the functions of an audit committee were performed by the entire Board excluding the CEO.

No separate remuneration committee has been established and, instead, the functions of a remuneration committee were carried out by the entire Board excluding the CEO. During discussions of these matters, no member of Group Management was present.

The Board's motivation for not establishing any separate audit or remuneration committees is that this allows the full competence of the Board to be utilised and makes the meetings more efficient.

Internal controls related to financial reporting

Under the Swedish Companies Act and the Swedish Corporate Governance Code, the Board is responsible for internal control. Wihlborgs applies the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) framework for internal control, which is an internationally recognised and widely accepted system, to describe the company's control structure. COSO describes

internal control as being divided into five components: Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities.

The control environment is designed by the Board, Group Management and the company's personnel to ensure that the company observes laws and regulations, has an efficient organisation and that the company operates an effective system of financial reporting.

Control environment – has key significance for the organisation and provides the foundation for effective internal control.

Rules of procedure have been established to ensure adequate internal control and to perform accurate risk assessment. These describe the allocation of responsibilities between the Board and the CEO to provide for an effective assessment of risks in the organisation and its financial reporting. The rules of procedures and the ethical guidelines that apply to the Board and the company's employees are updated each year.

In its rules of procedure, the Board has clearly set out its delegation of decision-making to management for financial reporting. The organisational structure at Wihlborgs enables effective internal control. The company's organisation into management areas led by a property director shows defined responsibilities together with authorities. This has been described in an instruction governing the signing of leases, authorisation rules and project applications. Consolidated reporting for Wihlborgs' approximately 150 subsidiaries is standardised. Internal accounting is reconciled with external accounting on each reporting occasion. In accordance with Wihlborgs' personnel policy, employees working with financial issues have individual training plans to ensure competence in the field.

Overall policies are in place for finance, IT, communication, purchasing, equal opportunities and personnel.

Wihlborgs has signed up to the UN Global Compact, which means that the company has committed itself to supporting the ten principles in the areas of human rights, labour law, the environment and anti-corruption. As a result, the company will be reporting annually on the current status in its "Communication On Progress". Wihlborgs has decided to report on sustainability in accordance with the Global Reporting Initiative (GRI). Sustainability reporting for the 2016 financial year follows the GRI guidelines (G4) in accordance with the 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



Anders Jarl

Chief Executive Officer
Malmö, born 1956
Employed at Wihlborgs since 2001

No. of Wihlborgs shares:
518,714 held privately and
through companies.



Ulrika Hallengren

Director of Projects & Developments
Lomma, born 1970
Employed at Wihlborgs since 2010

No. of Wihlborgs shares:
7,395 shares through companies.



Karin Wittsell Heydl

Director of Corporate Communications
Lomma, born 1972
Employed at Wihlborgs since 2014

No. of Wihlborgs shares:
-



Anna Nambord

Director of HR and CSR
Lomma, born 1973
Employed at Wihlborgs since 2013

No. of Wihlborgs shares:
7,395 shares through companies.



Arvid Liepe

Chief Financial Officer
Falsterbo, born 1967
Employed at Wihlborgs since 2013

No. of Wihlborgs shares:
14,790 shares through companies.

Signatures to the Corporate Governance Report

Malmö, 10 March 2017

Erik Paulsson
Chairman

Anders Jarl
CEO

Sara Karlsson

Tina Andersson

Helen Olausson

Per-Ingemar Persson

Johan Qviberg

GRI Index

Since 2011, Wihlborgs has been reporting its sustainability work in accordance with the Global Reporting Initiative (GRI). In previous years, we published a separate Sustainability Report. Since Wihlborgs' sustainability is increasingly being integrated into its operating activities, the Group has chosen to report its sustainability work in the Annual Report. The Annual Report and GRI appendix comprise Wihlborgs' Sustainability Report for 2016 in accordance with GRI G4 Core. The Sustainability Report pertains to the 1 January–31 December 2016 period and contains no significant changes to the scope, boundaries or measurement methods compared with previous reports.

Wihlborgs' Sustainability Report covers all the Group's subsidiaries (155 in total), all business operations in Sweden and some operations in Denmark. Joint ventures are not included. Wihlborgs Fastigheter AB does not own any properties; they are all owned by our subsidiaries.

This information has not been subject to an external review. Page references for disclosures are provided in the following GRI Index. These disclosures include general standard disclosures, specific standard disclosures and industry-specific indicators for the construction and real estate sector (Construction and Real Estate G4 Sector Disclosures). In the page references contained in the index, the designation GRI refers to the separate GRI appendix, which is available at www.wihlborgs.se/gri.

The previous Sustainability Report, which pertained to 2015, was published on 20 April 2016. The next Sustainability Report will be published in April 2018.

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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	SO5 Confirmed incidents of corruption and actions taken		59
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	CRE 3 Greenhouse gas emissions intensity from buildings		GRI 10
Occupational health and safety	Disclosures about governance		66
	LA5 Percentage of workforce represented in health and safety committees		67
	LA6 Injuries, diseases, absences and work-related fatalities, by region and gender	Deviation: We consider it irrelevant to report details regarding frequency or to break information down by gender/region. We do not systematically monitor our contractors.	67, GRI 11
Competence development	Disclosures about governance		66–67
	LA11 Percentage of employees who received regular performance and career development reviews, by gender and by employee category		67
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	LA12 Composition of the Board of Directors, management and other employees according to age and gender		67
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	EC9 Proportion of purchasing from local suppliers		68
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	Share of sponsorship initiatives linked to societal commitment/community commitment	Own indicator	69

UN Global Compact

In July 2010, Wihlborgs signed 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.
- to promote integration of the principles into its corporate culture on an everyday basis.
- to publicly stand up for the Global Compact and its principles.
- to submit an annual report (Communication on Progress) presenting its work related to the principles and the results achieved.

Wihlborgs has been affiliated with the UN Global Compact since 2010. In August 2016, Wihlborgs submitted its latest Communication on Progress in accordance with the Global Compact guidelines. This Annual Report includes Wihlborgs' Communication on Progress for 2016.

PRINCIPLES	PAGE
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2. To assure that they are not complicit in human rights abuses	59–60
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5. The effective abolition of child labour	60, 67
6. The elimination of discrimination in respect of employment and occupation	60, 67
ENVIRONMENT	
7. Businesses should support a precautionary approach to environmental challenges	61–65
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9. Encourage the development and diffusion of environmentally friendly technologies	61–65
ANTI-CORRUPTION	
10. Businesses should work against corruption in all its forms, including extortion and bribery	59–60

Calculation bases and definitions of Group metrics

Metrics and definitions

Some of the financial metrics that Wihlborgs presents are not defined in accordance with IFRS. Wihlborgs is of the opinion that these metrics provide valuable complementary information to investors and the company's management, since they enable evaluation of the company's performance. As all companies do not apply the same approach to calculating these financial metrics, they are not always comparable to metrics used by other companies. Accordingly, these metrics should not be viewed as replacements for metrics defined under IFRS. Presented below are calculation bases and definitions of metrics that, with a few exceptions, are not defined in accordance with IFRS.

Calculation bases

	31 Dec. 2016	31 Dec. 2015
Return on equity		
Profit for the period	2,976	2,278
Equity, opening balance	8,876	6,967
Equity, closing balance	11,463	8,876
Average equity	10,170	7,922
Return on equity, %	29.3	28.8
Return on total assets		
Profit before tax	3,274	2,859
Interest expense	459	437
Change in value, derivatives	265	-269
	3,998	3,027
Total assets, opening balance	29,033	24,678
Total assets, closing balance	33,414	29,033
Average total assets	31,224	26,856
Return on total assets, %	12.8	11.3
Equity/assets ratio		
Equity	11,463	8,876
Total assets	33,414	29,033
Equity/assets ratio, %	34.3	30.6
Interest coverage ratio		
Income from property management	1,035	975
Interest expense	459	437
	1,494	1,412
Interest expense	459	437
Interest coverage ratio, multiple	3.3	3.2
Loan-to-value ratio, properties		
Borrowings	17,553	16,265
Carrying amount, investment properties	32,755	28,623
Loan-to-value ratio, properties %	53.6	56.8

	31 Dec. 2016	31 Dec. 2015
Debt/equity ratio		
Interest-bearing liabilities	17,553	16,265
Equity	11,463	8,876
Debt/equity ratio, multiple	1.5	1.8
Earnings per share (defined in accordance with IFRS)		
Profit for the year	2,976	2,278
Average number of shares outstanding, million	76.9	76.9
Earnings per share, SEK	38.72	29.64
Earnings per share before tax		
Profit before tax	3,274	2,859
Average number of shares outstanding, million	76.9	76.9
Earnings per share before tax, SEK	42.60	37.20
Income from property management per share		
Income from property management	1,035	975
Average number of shares outstanding, million	76.9	76.9
Income from property management per share, SEK	13.47	12.69
Cash flows from operating activities per share		
Cash flows from operating activities	1,064	1,024
Average number of shares, million	76.9	76.9
Cash flow per share, SEK	13.84	13.32
Equity per share I		
Equity	11,463	8,876
Number of shares at year end, million	76.9	76.9
Equity per share I, SEK	149.15	115.49
Equity per share II		
Equity	11,463	8,876
Deferred tax liabilities	2,362	2,199
	13,825	11,075
Number of shares at year end, million	76.9	76.9
Equity per share II, SEK	179.88	144.10
EPRA NAV per share		
Equity	11,463	8,876
Deferred tax liabilities	2,362	2,199
Derivatives	1,144	879
	14,969	11,954
Number of shares at year end, million	76.9	76.9
EPRA NAV per share	194.76	155.54

Definitions

Key financial ratios

When profit for the year or equity is included in key ratios, profit and equity are stated including non-controlling interests unless otherwise indicated.

Return on equity

Profit for the period as a percentage of average equity, excluding non-controlling interests. Average equity refers to the average of the opening and closing values for the respective period. The ratio comprises a measure of the profitability in terms of the shareholders' equity.

Return on total assets

Earnings before interest, value changes in derivatives and taxes (EBIT) as a percentage of average total assets. Average total assets refers to the average of the opening and closing values for the respective period. The ratio comprises a measure of the profitability in terms of the total assets employed.

Equity/assets ratio

Equity as a percentage of total assets at the end of the period. The ratio provides a measure of the financial strength of the company.

Interest coverage ratio

Income from property management, plus interest expense, divided by interest expense. The ratio measures the degree to which earnings can decline without jeopardising interest payments or, alternatively, how much interest expense can increase before income from property management becomes negative.

Loan-to-value ratio, properties

Borrowings as a percentage of the properties' carrying amounts. The ratio shows the degree of borrowing on the property portfolio.

Debt/equity ratio

Interest-bearing liabilities relative to equity. Interest-bearing liabilities correspond to borrowings in the balance sheet. The ratio illustrates the relationship between borrowings and equity and, thereby, the gearing and financial strength.

Surplus ratio

The operating surplus, excluding payments for early lease termination, shown as a percentage of rental income. In the income statement, the item "other income" is used for payments for early lease termination. The ratio illustrates the proportion of rental income that remains after deducting property management costs.

Investment yield

The operating surplus, excluding payments for early lease termination, shown as a percentage of the properties' average carrying amount. The average carrying amount refers to the average of the opening and closing values for the respective year. In the income statement, the item "other income" is used for payments for early lease termination. The ratio illustrates the yield on the property portfolio without taking account of its financing costs.

Share-related key ratios*Earnings per share for the year*

Profit for the year divided by the average number of shares outstanding. Definition in accordance with IFRS.

Earnings per share before tax

Earnings per share before tax divided by the average number of shares outstanding.

Income from property management, per share

Income from property management divided by the average number of shares outstanding.

Cash flows from operating activities per share

Cash flows from operating activities divided by the average number of shares outstanding.

Equity per share I

The relationship between the closing balances for equity and the number of shares at the same date.

Equity per share II

Calculated as Equity per share I, but not charged with deferred tax. Equity is increased by the addition of the carrying amount for deferred tax liabilities.

EPRA NAV per share

Equity per share following the reversal of interest-rate derivatives and deferred tax according to the balance sheet.

Dividend yield per share

Proposed dividend as a percentage of the year-end market price.

Total yield per share

Share price performance plus actual dividend relative to the market price at the start of the year.

P/E ratio I, multiple

Market price per share divided by earnings per share.

P/E ratio II, multiple

Market price per share divided by income from property management, charged with nominal tax at 22%, per share.

Property-related key figures

These key figures are based on the property table on page 27. The table shows the estimated rental value, rental income and property expenses on an annualised basis with an unchanged property portfolio, rental income and lettings portfolio compared with the most recent year end.

Rental value

Rental income plus estimated market-level rents for unlet space.

Estimated investment yield

Operating surplus as a percentage of the carrying amount for the properties at year end.

Rental income per m²

Rental income on an annualised basis divided by lettable area.

Operating surplus per m²

Operating surplus divided by lettable area.

Economic occupancy rate

Rental income as a percentage of rental value.

Estimated surplus ratio

Operating surplus as a percentage of rental income.

*These key ratios are operational and do not constitute alternative performance measures in accordance with the guidelines of the European Securities and Markets Authority (ESMA).

Invitation to attend the Annual General Meeting

The Annual General Meeting (AGM) of shareholders in Wihlborgs Fastigheter AB (publ) will be held at **4.00 p.m. on Wednesday, 26 April 2017 at Slagthuset**, Jörgen Kocksgatan 7 A, Malmö, Sweden.

Shareholders wishing to attend the AGM must:

- be entered in the register of shareholders maintained by Euroclear Sweden AB on Thursday, 20 April 2017, and
- notify the company of their intention to attend, with any assistant, no later than 4.00 p.m. on Thursday, 20 April 2017.

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,
- by telephone to: +46 (0)8 402 91 54, or
- via the Wihlborgs website – www.wihlborgs.se – where further information on the AGM is also available.

Those who have notified the Company of their intention to attend the AGM will receive an attendance card by post. This card must be presented on registration at the AGM.

When notifying intention to attend, shareholders must give details of their name, civic registration number/corporate registration number, address, telephone number and shareholding. To be able to attend the AGM, shareholders who have registered their shares in the name of a trustee must 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 20 April 2017.

Financial Information 2017

Wihlborgs' annual reports and interim reports are available from its website www.wihlborgs.se. Moreover, the annual report is published in both Swedish and English, and distributed to shareholders who have requested this service. The actual publication dates for interim reports in 2017 are as follows:

Interim Report, Jan–Mar **26 April**

Interim Report, Jan–Jun **10 July**

Interim Report, Jan–Sep **23 October**



Where job satisfaction matters

With the commitment of our employees and the quality of our properties, we will create conditions for strong growth for business in the Öresund region.



wihlborgs.se

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