

Wihlborgs'
Year-end report

2017

January – December

JANUARY - DECEMBER 2017

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

Operating surplus increased by 13 percent to SEK 1,717 million (1,518)

Income from property management increased by 14 percent to SEK 1,179 million (1,035)

Result for the period amounts to SEK 2,568 million (2,976), corresponding to earnings per share of SEK 33.41 (38.72)

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

New record year for Wihlborgs

Group key figures, SEK m	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Rental income	610	525	2,275	2,030
Operating surplus	440	379	1,717	1,518
Income property management	295	263	1,179	1,035
Changes in value of properties	993	1,062	1,851	2,504
Changes in value of derivatives	25	286	201	-265
Result for the period	1,073	1,306	2,568	2,976
Earnings per share, SEK	13.96	16.99	33.41	38.72
Surplus ratio, %	72	72	75	75
Equity/assets ratio, %	34.7	34.3	34.7	34.3
Occupancy rate, %*	93	92	93	92

*) Excluding Projects & Land.
See pages 17–18 for definitions of key figures.



Wihlborgs' new office building, Sirius, rises up behind Slagthuset in central Malmö.

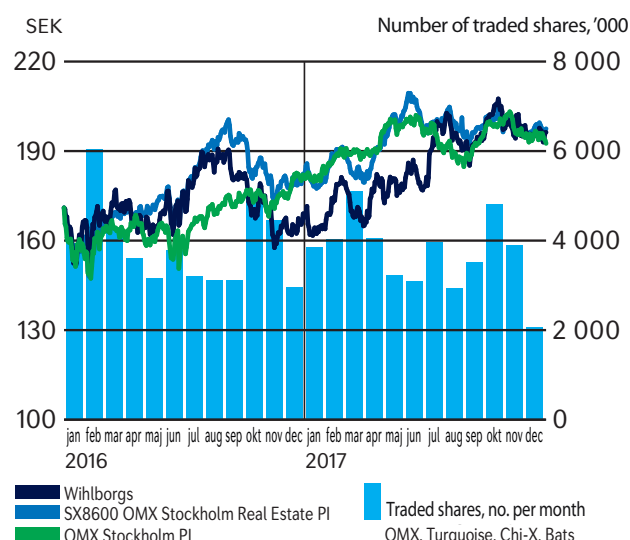
Financial targets

- A return on equity that exceeds the riskfree 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
- The loan-to-value ratio is not to exceed 60 percent

See pages 17–18 for definitions and outcome.

Development of share price

01-01-16 – 31-12-17



Quarter 4

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Forthcoming reports

Interim report Jan – Mar	25 Apr 2018
Interim report Jan – Jun	9 Jul 2018
Interim report Jan – Sep	23 Oct 2018

Wihlborgs' interim reports and Annual Report are distributed electronically. The annual report will be published on the company's web site www.wihlborgs.se/en during the week commencing March 2. In early April, the Swedish version of the Annual Report will also be sent to shareholders who has notified the Company that they wish to receive it in printed form.

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Wihlborgs Fastigheter AB (publ) is a property company that focuses on commercial properties in the Öresund region. Its property portfolio is located in Malmö, Lund, Helsingborg and Copenhagen. In Malmö, Lund and Helsingborg Wihlborgs is the leading property company.

The book value for the Company's properties totals SEK 38.6 billion. The annual rental value of the properties is SEK 2.7 billion. Wihlborgs shares are quoted on the Large Cap List of NASDAQ Stockholm.



CEO's comments

2017 finished on a strong note and, once again, Wihlborgs posted another record year.

Our rental income totalled SEK 610 million for the fourth quarter, up 16 percent year-on-year. Naturally, the increase was driven primarily by our acquisitions in Denmark in the third quarter. But our existing operations also posted robust growth. The like-for-like increase in contracted rental income was 4.6 percent compared to 12 month previously. Net lettings were plus SEK 10 million for the fourth quarter, and plus SEK 90 million for the full year. Demand throughout 2017 has been healthy, and we foresee a continuation of this trend in 2018.

Operating surplus during the quarter was SEK 440 million, up 16 percent. Accordingly, the surplus ratio remained unchanged at 72 percent.

Income from property management totalled SEK 295 million, up 12 percent year-on-year. It should be remembered, however, that in 2016 we had revenue from a joint venture of SEK 13 million during the fourth quarter. Adjusted for this, the increase amounted to 18 percent. Income from property management for the full year amounted to SEK 1,179 million, in line

with our forecast that it would exceed SEK 1,170 million.

Property valuations during the quarter resulted in an increase of SEK 993 million, and were up SEK 1,851 million for the full year. It is important to note that this was essentially driven by increased lettings and higher rents. The yield requirements applied in the valuations during the year have mostly remained unchanged. Investment yields on the entire portfolio, excluding projects, remained unchanged at 5.4 percent.

Given the above, I can state that our vigorous growth has been achieved with a balance sheet that remains strong. At the end of 2017, the loan-to-value ratio amounted to 53.5 percent and the equity/assets ratio to 34.7 percent — both key figures are thus somewhat stronger than they were a year previously.

Our larger projects are trending favourably. We completed Sirius 3 in Malmö during the fourth quarter, and the building is now almost completely fully occupied. Likewise, the Ubåten parking garage on the Hordaland 1 property at Dockan in Malmö has been completed. Posthornet 1 in Lund, which is al-

most fully let, will be ready in the second quarter of 2018. The service centre we are building for MAN on the outskirts of Malmö, as well as the extension for Tyréns at Dockan, will be ready later in 2018. Gimle 1, where Swedish Customs will be moving, and Bure 2 in Malmö as well as Polisen 5 in Helsingborg — which is being rebuilt and extended on behalf of the National Courts Administration — will follow in 2019. These, and several additional planned projects, are a guarantee of continued growth.

Last week, the Nomination Committee published its proposal for the Board of Directors and the Chairman of the Board of Wihlborgs. Given the decision by Erik Paulsson to decline re-election as Chairman of the Board, the proposal of the Nomination Committee is that I be elected as Executive Chairman at the Annual General Meeting. I have gladly accepted this invitation. This is an excellent opportunity to handover to a new CEO who can continue to develop and modernise the company, at the same time as I can actively contribute my experience and know-how.

After the proposal of the Nomination Committee

was made known, the Board of Directors declared its intent to appoint Ulrika Hallengren, Wihlborgs' Director of Projects & Developments, as the new CEO. I look forward to continuing to work with Ulrika. We have worked together closely for a number of years and she is both highly motivated and has a business mindset. This will be an excellent solution for shareholders and for employees.

2017 has been an eventful year and 2018 has begun in much the same way. But our strategy and our focus remain firm. That is our strength. With a clear concept of what we are going to do and how we are going to achieve it, we can continue to adapt to changes in the operating environment and to capture new business opportunities.

Now that 2017 is behind us, I would like to thank all our employees for the commitment that made this year so successful. On the stable foundation we have laid, we can move forward and continue to develop Wihlborgs together.



Anders Jarl, CEO

Market comments

According to the January 2018 Swedbank Economic Outlook, 2017 ended with positive economic signals from outside the country and rising global growth that benefited Sweden. Expansionary fiscal policy, rising employment and a strengthened global economy — especially in Europe — indicate that the growth rate will remain high in 2018.

Housing investment is subdued, but is compensated by healthy investments in the business and public sectors. We will not see the impact of lower construction on GDP until 2019. Growth in 2018 is expected to be 2.6 percent, and to then decline to 2.0 percent in 2019. Exports will speed up on account of improved global demand.

Driven by household consumption, business investments and increased exports, the Danish economy has enjoyed robust growth in recent years. Consumer confidence and business barometers indicate that

the expansion is set to continue. Export outlooks are favourable on account of increased growth in the euro area. Swedbank expects growth to remain at around 2 percent in the years ahead.

According to Newsec, the transaction volume in the Swedish property market was SEK 148 billion in 2017, which despite being down on the record year of 2016 — when the volume totalled SEK 201 billion — exceeded forecasts due to the strong finish to the year. Foreign companies maintained a strong interest in the Nordic region, increasing to account for 23 percent of the transaction volume in 2017 from 19 percent in 2016. Norwegian, British and American buyers are marked in the statistics.

In mid-December 2017, Sadolin Albaek expected the transaction volume in Denmark to reach around DKK 86 billion for the full year, which meant an upswing of 30 percent compared with 2016. The volume exceeded the previous record year of 2006 by a full DKK 18 billion. The share of foreign investors also broke records: more than 55 percent of the total transaction volume was acquired by international investors.

Income, expenses and profits, Jan-Dec 2017

Comparative figures for income statement items relate to values for the corresponding period 2016 and balance sheet items as of 31-12-2016.

Rental income

Rental income was SEK 2,275 million (2,030). Other revenues from property management was SEK 21 million (5) relating to payments for early lease termination.

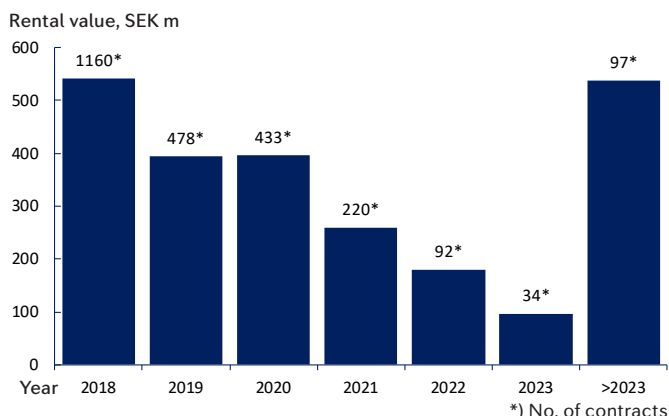
The increase in rental income is attributable to property acquisitions, completed projects, renegotiations, new lettings and indexation in contracts. During the second half of the year, the acquired properties in Denmark contributed rental income of SEK 77 million.

The total growth in rental income was 12 percent compared with the corresponding period 2016, excluding payments for early lease termination.

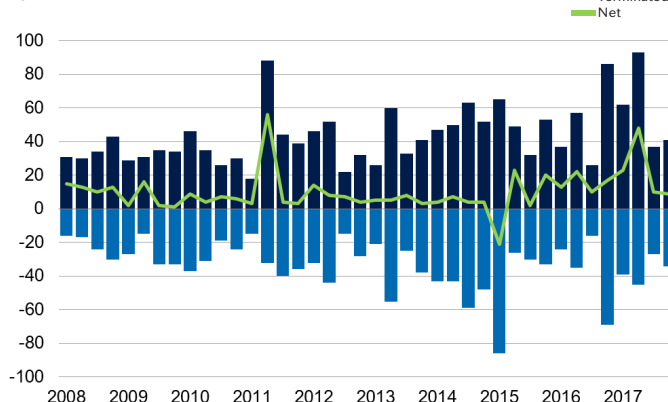
The occupancy rate for investment properties, excluding Projects & Land, is one percentage point higher compared with previous year-end, 93 percent.

During the period new leases were signed to a value of SEK 233 million (206) on an annualized basis. Lease terminations totalled SEK 143 million (144). This represents a net letting of SEK 90 million (62).

Terms of Wihlborgs' rental contracts per 31 December 2017



Net letting, quarterly SEK m



As part of a partnership with Mötesplats Social Innovation, Wihlborgs took part in the Social Innovation Summit in Malmö in November 2017. Wihlborgs was represented by executives including Director of HR and CSR Anna Nambord and Director of Projects & Developments Ulrika Hallengren.

Property expenses

Total property expenses amounted to SEK 579 (517) million. The increase is mainly due to property acquisitions and completed projects.

The historical summary at the bottom of page 14 illustrates how costs vary over the different quarters of the year.

Operating surplus

The operating surplus amounted to SEK 1,717 million (1,518). Excluding payments for early lease termination, the operating surplus totalled SEK 1,696 million (1,513), representing a surplus ratio of 75 percent (75). Of this increase, SEK 59 million was attributable to properties in Denmark which were acquired during the second half of the year.

Central administration

The costs for central administration were SEK 55 million (49).

Financial income and expense

Net interest totalled SEK -483 million (-447), of which interest income accounted for SEK 12 million (12).

The interest expense for the period was SEK 495 million (459). Thereby, interest expenses were slightly higher year-on-year, primarily due to higher borrowings. At the end of the period, the average interest rate, including the cost of credit agreements, was 2.53 percent, compared with 2.80 percent at the previous year-end.

Income from property management

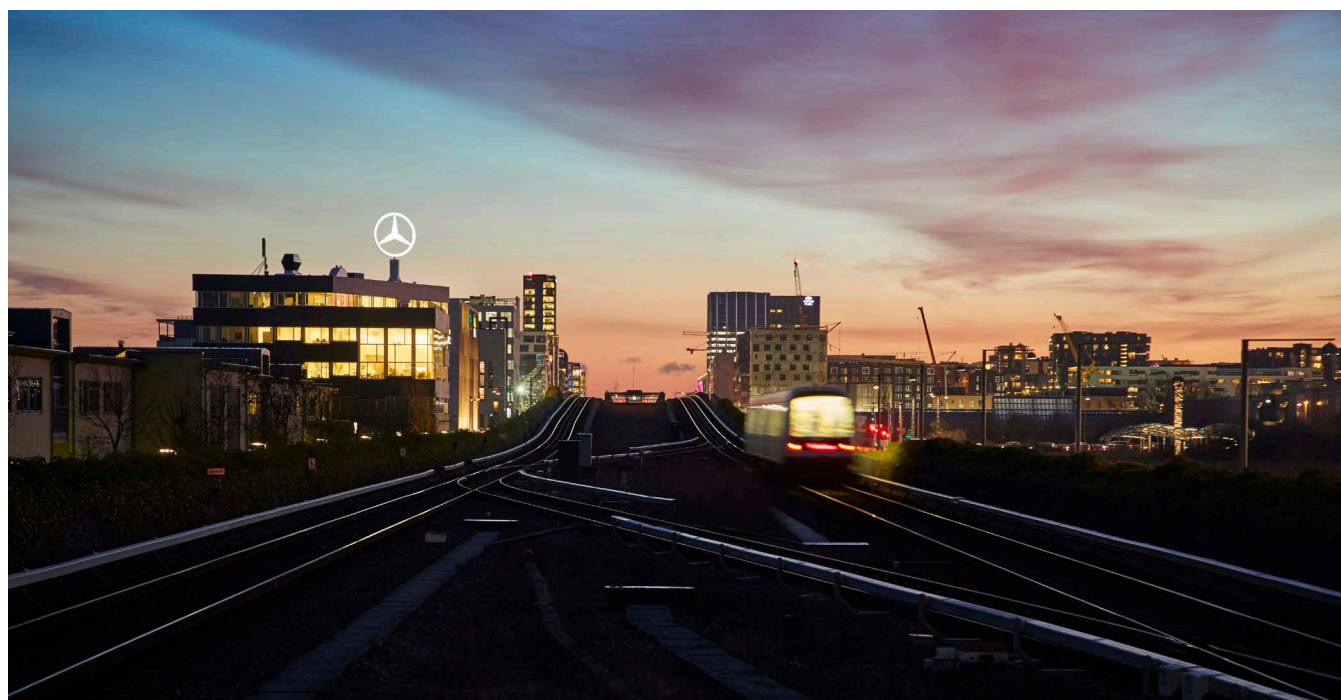
Income from property management amounted to SEK 1,179 million (1,035). Excluding payments for early lease termination, income from property management totalled SEK 1,158 million (1,030).

Pre-tax profit

The pre-tax profit, i.e. after value changes on properties and derivatives, was SEK 3,231 million (3,274). During the period value changes on properties amounted to SEK 1,851 million (2,504) and value changes on derivatives amounted to SEK 201 million (-265).

Profit after taxes

The profit after taxes was SEK 2,568 million (2,976).



Wihlborgs's Digevej 114 property is located in southern Copenhagen, near the Metro and the E20. The property was acquired during the year and one of its tenants is Mercedes Benz.

Assets

Property portfolio as of 31 December 2017

The summaries below are based on Wihlborgs' property portfolio as of 31 December 2017. Rental income relates to contracted rental income on an annual basis as of 1 January 2018.

The surplus ratio is based on the properties' earning capacity on an annual basis based on rental income for January 2018, operating and maintenance costs, property administration on a rolling twelve-month basis, property tax and leasehold rent.

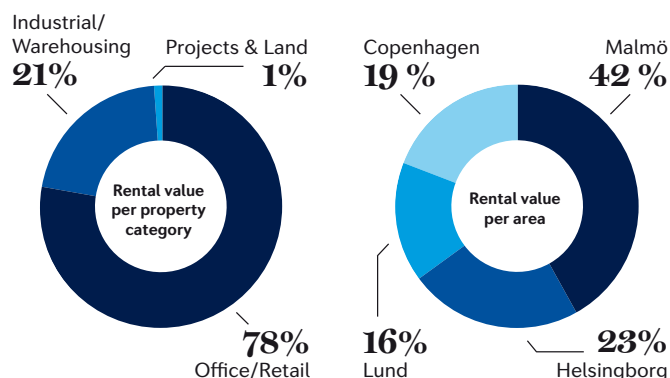
Wihlborgs' property portfolio consists of commercial properties in the Öresund region, located in Malmö, Helsingborg, Lund and Copenhagen. The property portfolio 31 December 2017 consisted of 308 properties (282) with a lettable area of 2,067,000 m² (1,849,000).

Ten of the properties (10) are leasehold rights. The properties' carrying amount was SEK 38,612 million (32,755), which corresponds to the estimated market value. The total rental value was SEK 2,678 million (2,349) and the contracted rental income on annual basis SEK 2,485 million (2,137). The like-for-like increase in contracted rental income was 4.6 percent compared to 12 month previously.

The economic occupancy rate for Office/Retail properties was 94 percent (93) and for Industrial/Warehousing properties

91 percent (88). The rental value for Office/Retail properties represented 78 percent, Industrial/Warehousing properties 21 percent of the total rental value and the remaining 1 percent is attributable to Projects/Land.

The operating surplus from investment properties, excluding property administration and Projects/Land, is SEK 1,997 million (1,697) which with a carrying amount of SEK 36,821 million (31,449) corresponds to a direct return of 5.4 percent (5.4). Broken down by property category, this is 5.1 percent (5.0) for Office/Retail and 7.1 percent (7.3) for Industrial/Warehousing.



In November 2017, Wihlborgs acquired the Kalifornien 11 property in central Helsingborg. The property is located adjacent to the Knutpunkten transport node.

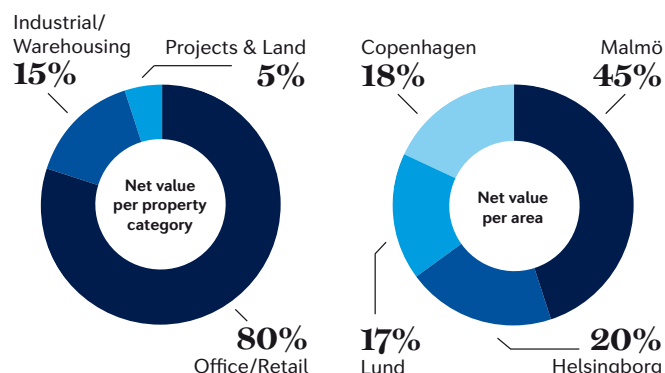
Changes in values of properties

Malmöbryggan Fastighetsekonomi AB performed a valuation of all Wihlborgs' properties in Sweden. The values of the properties are determined individually as the market value of the property concerned. In Denmark, the properties were valued by Newsec Egeskov & Lindquist A/S. The same valuation methodology as in the previous year has been applied, see description in the annual report.

As a result of the valuation, the value of the properties rose SEK 1,851 million (2,504). The majority of the value increase is due to rising occupancy rate and higher rents, while the yield requirement has remained largely unchanged. SEK 400 million is a result of our project activities. As of 31 December 2017, the carrying amount for the properties was SEK 38,612 million (32,755).

CHANGES IN CARRYING AMOUNT OF PROPERTIES

Changes	Group total, SEKm
Carrying amount 1 January 2017	32,755
Acquisitions	2,780
Investments	1,061
Properties sold	-11
Change in value	1,851
Currency translations	176
Carrying amount 31 December 2017	38,612



Investments and current projects

Investments in the property portfolio totalled SEK 1,061 million (989).

Approved investments in ongoing projects amount to SEK 1,530 million, of which SEK 715 million had been invested at end of period.

Liquid assets

The Groups liquid assets totalled SEK 301 million (454) including unutilised overdraft facilities.

At the end of the period unutilized credit facilities amounted to SEK 1,995 million (1,347).



Community is important at Wihlborgs and therefore the staff get together every day over coffee.

INVESTMENTS IN PROGRESS >SEK 50 MILLION, 31 DECEMBER 2017

Property	Category of use	Municipality	Completion date	Lettable area, m ²	Occupancy rate, %	Estimated investment, SEK m	Expended 311217, SEK m
Posthornet 1	Office/Retail	Lund	Q1 2018	11,000	90	347	252
Sunnanå 12:53	Industrial/Wareh.	Malmö	Q3 2018	2,300	100	66	12
Kranen 9	Office/Retail	Malmö	Q4 2018	2,200	90	114	28
Gimle 1	Office/Retail	Malmö	Q1 2019	9,000	80	392	118
Polisen 5	Office/Retail	Helsingborg	Q2 2019	4,000	100	182	93
Bure 2	Office/Retail	Malmö	Q3 2019	6,800	0	238	46
Total				35,300		1,339	549

ANALYSIS OF LETTABLE SPACE PER AREA AND CATEGORY OF USE

Area	Office, m ²	Retail, m ²	Ind./Ware- housing, m ²	Education/ Health care, m ²	Misc., m ²	Total, m ²	Share, %
Malmö	356,732	47,590	274,893	33,420	15,138 ¹	727,773	35
Helsingborg	159,592	61,320	291,589	22,284	12,086 ²	546,871	27
Lund	133,500	11,292	29,549	31,924	8,623 ³	214,888	10
Copenhagen	383,885	7,402	80,766	19,349	85,940 ⁴	577,342	28
Total	1,033,709	127,604	676,797	106,977	121,787	2,066,874	100
Share, %	50	6	33	5	6	100	

1) Includes 10,275 m² hotel.2) Includes 1,819 m² residential.3) Includes 8,215 m² hotel.4) Includes 38,848 m² data center, 5,600 m² hotel och 7,464 m² residential.**ANALYSIS PER PROPERTY CATEGORY IN EACH MANAGEMENT AREA**

Area/ property category	Number of properties	Area, m ² thousand	Carrying amount, SEKm	Rental value, SEKm	Rental value SEK/m ²	Economic occupancy rate, %	Rental income, SEKm	Operating surplus incl. property admin., SEKm	Surplus ratio, %	Operating surplus excl. property admin., SEKm	Direct return, excl. property admin., %
MALMÖ											
Office/Retail	49	429	14,091	877	2,045	95	832	634	76	658	4.7
Industrial/Warehousing	51	263	2,271	214	814	94	202	154	76	163	7.2
Projects & Land	26	36	1,074	21	601	-	5	0	-	2	-
Total Malmö	126	728	17,437	1,113	1,529	93	1,039	788	76	823	4.7
HELSINGBORG											
Office/Retail	30	177	4,614	318	1,801	94	300	224	75	234	5.1
Industrial/Warehousing	61	370	2,935	305	825	88	270	192	71	208	7.1
Projects & Land	11	-	169	0	-	-	0	0	-	0	-
Total Helsingborg	102	547	7,718	624	1,141	91	570	417	73	441	5.7
LUND											
Office/Retail	21	184	5,916	404	2,193	92	373	279	75	309	5.2
Industrial/Warehousing	4	20	145	15	755	84	13	9	74	10	6.9
Projects & Land	2	11	476	-	-	-	-	-1	-	0	-
Total Lund	27	215	6,537	419	1,950	92	386	288	75	318	4.9
COPENHAGEN											
Office/Retail	45	524	6,493	492	939	94	460	367	80	389	6.0
Industrial/Warehousing	6	42	354	30	718	99	30	26	87	27	7.5
Projects & Land	2	12	72	0	-	-	0	0	-	0	-
Total Köpenhamn	53	577	6,920	522	904	94	490	393	80	416	6.0
Total Wihlborgs	308	2,067	38,612	2,678	1,296	93	2,485	1,886	76	1,999	5.2
Total excluding Projects & Land	267	2,009	36,821	2,656	1,322	93	2,480	1,886	76	1,997	5.4



On 20 November, Wihlborgs acquired the Olsgård 7 property in Fösie. In conjunction with the acquisition, a lease was signed with Sydsvenska Dagbladets AB.

Property transactions

Two properties were acquired in the fourth quarter of 2017. In Helsingborg, the Kalifornien 11 office building was acquired comprising about 6,500 m². In Malmö, the Olsgård 7 industrial property comprising a total space of around 4,500 m² was acquired.

PROPERTY ACQUISITIONS AND SALES JANUARY–DECEMBER 2017

Quarter	Property	Municipality	Management area	Category	Area, m ²	Price, SEKm	Operating surplus 2017, SEKm ¹
Acquisitions							
1	Ackumulatör 17	Helsingborg	Berga	Ind/Warehousing	4,214		
	Benkammen 16	Malmö	Fösie	Ind/Warehousing	6,260		
	Bure 2	Malmö	Centrum	Projects & Land	-		
	Gimle 1	Malmö	Centrum	Projects & Land	-		
3	Sortemosevej 2	Allerød	Copenhagen	Office/Retail	9,257		
	Borupvang 2/ Lautrupcentret	Ballerup	Copenhagen	Office/Retail	20,872		
	Lautruphøj 8-10	Ballerup	Copenhagen	Office/Retail	15,542		
	Lautrupvang 2	Ballerup	Copenhagen	Office/Retail	12,705		
	Bymosevej 4	Gribskov	Copenhagen	Office/Retail	3,972		
	Knapholm 7	Herlev	Copenhagen	Office/Retail	5,411		
	Lyskær 9	Herlev	Copenhagen	Office/Retail	5,528		
	Munkeengen 4-32	Hillerød	Copenhagen	Office/Retail	16,193		
	Husby Alle 8	Høje-Taastrup	Copenhagen	Office/Retail	2,443		
	Oldenburg Alle 1-5	Høje-Taastrup	Copenhagen	Office/Retail	14,686		
	Slotsmarken 10-18	Hørsholm	Copenhagen	Office/Retail	26,986		
	Lejrvej 15-19	Furesø	Copenhagen	Office/Retail	8,889		
	Digevej 114	København	Copenhagen	Office/Retail	7,389		
	Ny Østergade 7-11	Roskilde	Copenhagen	Office/Retail	15,750		
	Kongevej 400	Rudersdal	Copenhagen	Office/Retail	4,617		
	Røjelskær 11-15	Rudersdal	Copenhagen	Office/Retail	4,350		
4	Kalifornien 11	Helsingborg	Centrum	Office/Retail	6,416		
	Olsgård 7	Malmö	Fösie	Ind./W.housing	4,475		
Total acquisitions 2017					195,955	2,780	61
Sales							
1	Gängtappen 1, part of	Malmö	Dockan	Projects & Land	-		
Total sales 2017					0	11	0

1) Operating surplus from properties acquired and sold that are included in the results for the period.

Liabilities and equity

As of 31 December 2017, equity totalled SEK 13,592 million (11,463) and the equity/assets ratio 34.7 percent (34.3). Dividend to the shareholders amounting to SEK 442 million was paid out during the second quarter.

Interest-bearing liabilities

The group's interest-bearing liabilities as of 31 December amounted to SEK 20,653 million (17,553) with an average interest rate including costs for credit agreements of 2.53 percent (2.80).

With consideration to the company's net debt of SEK 20.7 billion, as a percentage of property values, the loan-to-value ratio is 53.5 percent (53.6).

The loans' average fixed interest period including effects of derivatives on 31 December 2017, amounted to 4.0 years (4.8). The average loan maturity, including committed credit facilities, amounted to 6.2 years (5.9).

STRUCTURE OF INTEREST AND LOAN MATURITIES AS OF 31 DECEMBER 2017

Matures, year	Interest maturity		Loan maturity	
	Loan amount, SEKm	Av. interest rate, %	Credit ag, SEKm	Utilised, SEKm
2018	9,112	1.23	2,713	2,713
2019	436	0.53	10,321	9,289
2020	0	0.00	3,582	2,620
2021	4,000	3.71	0	0
2022	2,000	3.08	0	0
< 2022	5,105	3.74	6,032	6,032
Total	20,653	2.49*	22,648	20,653

*) Excluding costs for credit agreements.

Wihlborgs use interest rate derivatives in order to reduce the risk level in the loan portfolio. A summary of the terms is shown in the table below.

INTEREST RATE DERIVATIVES PORTFOLIO 31 DECEMBER 2017

Amount, SEKm	Interest, %	Can be closed	End date
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

*) Cancellable at the initiative of the counterpart.

The deficit in Wihlborgs' interest rate derivative portfolio decreased to SEK 943 million (1,144), a positive change during the period totalling SEK 201 million (-265). The value change is primarily caused by the decrease in time to maturity. The change in value for the interest rate derivatives does not affect the cash flow. When the term of the derivative expires, the value is always zero.

Wihlborgs' interest derivatives are recognized at fair value in accordance with IAS 39. The cancellable swaps are classified at level 3 in accordance with IFRS 13. The change during year for these swaps amounts to SEK 47 million (-110). The remaining swaps are classified at level 2 in accordance with IFRS 13.

Miscellaneous

Employees

At the period end Wihlborgs' number of full-time employees was 149 (132), 59 of whom are property caretakers. There were 59 employees in Malmö, 27 in Helsingborg, 17 in Lund and 46 in Copenhagen. The average age was 45 and the proportion of women was 34 percent.

Parent company

The parent company owns no properties, but deals with questions relating to the stock market and joint Group functions for administration, management and borrowing. The parent company's turnover is mostly related to the billing of services to Group companies.

The parent company has invested SEK 774 million (227), in shares in subsidiaries, including shareholders' contributions, during the period. The parent company's income statement and balance sheet are found on page 16.

Participations in other companies

A description of all participations held by Wihlborgs in other companies will be found on pages 104-105 in the Company's 2016 annual report.

Largest shareholders

The largest shareholder in Wihlborgs is Erik Paulsson with family and company, with 10.3 percent of the shares outstanding.

Shares held by owners registered abroad accounted for 42 percent of the total. The number of shareholders was 23,781.

LARGEST SHAREHOLDERS IN WIHLBORGS 31 DECEMBER 2017

	Number of shares, thousands	Proportion of equity and votes, %
Erik Paulsson with family, privately and via company	7,884	10.3
SEB funds	4,229	5.5
Länsförsäkringar funds	2,686	3.5
SHB funds	2,548	3.3
Qviberg family	2,162	2.8
Bank of Norway	2,000	2.6
Nordea funds	1,077	1.4
Tibia Konsult AB	813	1.1
Odin Ejendom	755	1.0
DnB Carlson funds	738	1.0
Other shareholders reg. in Sweden	22,811	29.6
Other shareholders reg. abroad	29,154	37.9
Total outstanding shares	76,857	100.0

Significant risks and uncertainty factors

Wihlborgs operations, financial status and profit are affected by a number of risk factors. Risks that have a decisive influence on the Group's profit trend are variations in rental income, interest rate changes, costs, property valuations and taxes. There are also risks relating to liquidity and funding.

There is a comprehensive description of the risks facing the Group on pages 75–79 and 96–99 in the Company's 2016 annual report.

Accounting policies

Wihlborgs follows 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. The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Information under IAS 34 Interim Financial Reporting is submitted in the notes and elsewhere in the interim report.

Accounting policies and calculation methods conform with those applied in the latest annual report.

New accounting policies as of 1 January 2018: IFRS 9 — Financial Instruments replaces IAS 39 as of 1 January 2018. The standard contains new principles for the classification and measurement of financial assets and liabilities. The single largest item encompassed by the new standard is interest-rate derivatives, which will continue to be measured at fair value through profit or loss. Wihlborgs hedges the net investment in Denmark via loans in DKK and already hedge accounts for this. After analysis of the changes in IFRS 9, it has been determined that the new principles have no material impact on the financial reporting. IFRS 9 also includes a new model for provisions for credit losses, which takes into account the company's expected credit losses. In practice, the new model has no material impact on the reported rent receivables.

The overwhelming majority of Wihlborgs' revenue consists of rental income, which is covered by IAS 17 Leasing. From an analysis in conjunction with IFRS 15 — Revenue from Contracts with Customers entering force on 1 January 2018, Wihlborgs has reviewed total revenue and determined that the Group's revenue should be split between rental income and service income. Rental income comprises invoiced rent including index and property tax, while service income relates to all other onward invoicing in the form of heating, electricity, etc. Wihlborgs has analysed whether the Group is the principal or the agent for these services and determined that the Group, in its role as landlord, acts primarily as the principal. The transition to IFRS 15 will be reported using the retrospective approach, in other words, the comparative figures for 2017 will be presented pursuant to IFRS 15. Wihlborgs has identified service income in Denmark that was previously reported as a net figure. From 2018, this income will be reported gross, since the company acts as the principal and not the agent. The change will have no impact on operating profit but will entail an increase in total revenue together with a corresponding increase in operating costs. If the same principles had been applied for the reporting in 2017, both total revenue and operating costs would have increased by around SEK 60 million.

In addition, the Group applies the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups. The Parent Company applies RFR2.

The financial reports are found on pages 14–18.

Proposal for dividend, new share issue and repurchase

The Board of Directors proposes that the Annual General Meeting approve the following resolutions:

- a dividend of SEK 6.25 (5.75) per share, making a total payment of SEK 480 million. The proposal represents an increase of 9 percent over the figure for the preceding year. The proposal is also in line with Wihlborgs' dividend policy, which states that the dividend paid will represent 50 percent of the income from day-to-day property management and 50 percent of profit realized from property sales, after deduction of tax at a standard rate of 22 percent.
- authorization to the Board, in the period until the next AGM, to acquire and transfer Wihlborgs shares corresponding to no more than 10 percent of the shares outstanding.
- authorization to the Board, in the period until the next AGM, to approve a new share issue corresponding to a maximum of 10 percent of the shares outstanding.
- to implement a 2:1 share split.

Events after the accounting period

After the end of the period, Wihlborgs acquired the Raffinaderiet 3 investment property and the Raffinaderiet 5 project property in Lund, comprising 4,900 and 1,800 m² respectively. In addition, two properties in the Copenhagen area were acquired: Mileparken 9-11 and Blokken 84, comprising 5,000 and 8,600 m² respectively.

Proposal from the Nomination Committee and the Board of Directors

Ahead of the Annual General Meeting in April, the Nomination Committee has proposed that the Board of Directors for Wihlborgs consist of Tina Andersson, Anders Jarl, Sara Karlsson, Jan Litborn, Helen Olausson, Per-Ingemar Persson and Johan Qviberg, with Anders Jarl as Chairman of the Board. Provided that the Annual General Meeting resolves in accordance with the Committee's proposal, the Board intends to appoint Ulrika Hallengren as the new Chief Executive Officer of Wihlborgs.

Malmö 13 February 2018

Wihlborgs Fastigheter AB (publ)

Anders Jarl, CEO

This Year End Report has not been reviewed by the company's auditors.

CONSOLIDATED INCOME STATEMENT Summary

SEKm	2017 Oct–Dec 3 months	2016 Oct–Dec 3 months	2017 Jan–Dec 12 months	2016 Jan–Dec 12 months
Rental income	610	525	2,275	2,030
Other income	0	0	21	5
Total income	610	525	2,296	2,035
Operating costs	-84	-72	-290	-258
Repairs and maintenance	-24	-26	-78	-76
Property tax	-28	-22	-108	-96
Leasehold rent	-2	-2	-5	-5
Property administration	-32	-24	-98	-82
Total property costs	-170	-146	-579	-517
Operating surplus	440	379	1,717	1,518
Central administration	-15	-13	-55	-49
Interest income	3	3	12	12
Interest expense	-133	-119	-495	-459
Share in results of joint ventures	0	13	0	13
Income from property management	295	263	1,179	1,035
Change in value of properties	993	1,062	1,851	2,504
Change in value of derivatives	25	286	201	-265
Pre-tax profit	1,313	1,611	3,231	3,274
Current tax	-20	5	-27	-7
Deferred tax	-220	-310	-636	-291
Profit for the period¹	1,073	1,306	2,568	2,976
OTHER TOTAL PROFIT/LOSS²				
Translation differences and hedging for international activities, including tax	6	2	3	14
Total comprehensive income for the period¹	1,079	1,308	2,571	2,990
Earning per share ³	13.96	16.99	33.41	38.72
No. of shares at end of the period, thousands	76,857	76,857	76,857	76,857
Average no. of shares, thousands	76,857	76,857	76,857	76,857

1) The entire profit/income is attributable to the parent company's shareholders.

2) Refers to records that will be transferred to the result for the period.

3) Key ratios per share have been calculated based on a weighted average number of shares during the period.
There are no outstanding subscription options, convertibles or other potential ordinary shares to take into consideration.

HISTORICAL SUMMARY OF LAST EIGHT QUARTERS

SEKm	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Rental income	610	578	547	540	525	508	500	497
Other income	0	19	1	1	0	3	1	1
Operating costs	-84	-59	-59	-88	-72	-46	-58	-82
Repairs and maintenance	-24	-17	-19	-18	-26	-14	-20	-16
Property tax	-28	-27	-27	-26	-22	-25	-24	-25
Leasehold rent	-2	-1	-1	-1	-2	-1	-1	-1
Property administration	-32	-26	-20	-20	-24	-19	-20	-19
Operating surplus	440	467	422	388	379	406	378	355
Income from property management	295	333	290	261	263	279	255	238
Profit for the period	1,073	603	603	289	1,306	287	1,181	202
Surplus ratio, %	72.1	77.5	77.0	71.7	72.2	79.3	75.4	71.2
Investment yield, %	4.7	5.1	5.0	4.7	4.8	5.3	5.1	4.9
Equity/assets ratio, %	34.7	33.3	34.4	34.8	34.3	32.7	32.1	30.6
Return on equity, %	32.9	19.7	20.4	10.0	48.3	11.5	49.9	9.0
Earnings per share, SEK	13.96	7.85	7.85	3.76	16.99	3.73	15.37	2.63
Income property management per share, SEK	3.84	4.33	3.77	3.40	3.42	3.63	3.32	3.10
Cash flow per share, SEK	4.51	5.58	3.68	3.12	3.99	3.79	3.40	2.67
EPRA net asset value per share, SEK	228.01	211.43	203.30	198.86	194.76	177.41	172.33	162.52
Share price as % of Equity II	86.1	94.2	87.6	85.4	87.0	102.9	99.9	106.1
Carrying amount of properties	38,612	36,928	34,019	33,217	32,755	30,522	30,161	29,196
Equity	13,592	12,513	11,916	11,752	11,463	10,155	9,863	9,081
Total assets	39,217	37,580	34,604	33,815	33,414	31,065	30,713	29,725

See pages 17-18 for Key figures & Definitions.

CONSOLIDATED BALANCE SHEET summary

SEKm	31-12-2017	31-12-2016
ASSETS		
Investment properties	38,612	32,755
Other fixed assets	312	290
Current receivables	114	117
Liquid assets	179	252
Total assets	39,217	33,414
EQUITY AND LIABILITIES		
Equity	13,592	11,463
Deferred tax liability	2,989	2,362
Borrowings	20,653	17,553
Derivatives	943	1,144
Other long-term liabilities	55	53
Current liabilities	985	839
Total equity & liabilities	39,217	33,414

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Jan-Dec 2017	Jan-Dec 2016
Total equity at beginning of period	11,463	8,876
<i>Equity attributable to parent company's shareholders</i>		
Opening amount	11,463	8,876
Dividend paid	-442	-403
Profit for the period	2,568	2,976
Other comprehensive income	3	14
Closing amount	13,592	11,463
<i>Equity attributable to minority shares</i>		
	-	-
Total equity at end of period	13,592	11,463

CONSOLIDATED CASH FLOW STATEMENT summary

SEKm	Oct-Dec 2017	Oct-Dec 2016	Full year 2017	Full year 2016
Operating activities				
Operating surplus	440	379	1,717	1,518
Central administration	-15	-13	-55	-49
Depreciation	1	1	2	2
Net financial items paid	-123	-112	-477	-442
Income tax paid	-34	-3	-34	-5
Change in other working capital	78	55	146	40
Cashflow from operating activities	347	307	1,299	1,064
Investment activities				
Investments in and acquisitions of properties	-192	-965	-2,780	-1,074
Investments in existing properties	-302	-282	-1,061	-989
Sales of properties	0	61	11	581
Change in other non-current assets	-16	-12	-24	-31
Cash flow from investment activities	-510	-1,198	-3,854	-1,513
Financing activities				
Dividend paid	0	0	-442	-403
Increase in borrowing	169	979	2,924	1,154
Decrease in other long-term liabilities	0	1	0	-125
Cash flow from financing activities	169	980	2,482	626
Cash flow for the year	6	89	-73	177
Opening cash flow	173	163	252	75
Closing cash flow	179	252	179	252

CONSOLIDATED SEGMENT REPORTING JAN–DEC

Property management SEKm	Malmö		Helsingborg		Lund		Copenhagen		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Rental income	975	914	547	522	381	373	372	221	2,275	2,030
Other income	16	1	5	3	0	1	0	0	21	5
Costs	-250	-226	-154	-145	-100	-92	-75	-54	-579	-517
Operating surplus	741	689	398	380	281	282	297	167	1,717	1,518

In the Group's internal reporting, activities are divided into the above segments, which are the same as described in the latest annual report. The total operating surplus shown above corresponds with the operating surplus recorded in the income statement. The difference between the operating surplus of SEK 1,717 million (1,518) and the pre-tax profit of SEK 3,231 million

(3,274) consists of central administration SEK -55 million (-49), net interest SEK -483 million (-447) share in results of joint ventures 0 (13) and changes in value of properties and derivatives SEK 2,052 million (2,239). A more detailed segment reporting can be found in the latest annual report.

PARENT COMPANY'S INCOME STATEMENT summary

SEKm	Jan–Dec 2017	Jan–Dec 2016
Income	145	131
Expenses	-153	-138
Operating profits	-8	-7
Financial income	1,623	1,527
Financial expenses	-588	-800
Pre-tax profit	1,027	720
Appropriations	0	56
Tax	-3	89
Profit for the period	1,024	865

PARENT COMPANY'S BALANCE SHEET summary

SEKm	31-12-2017	31-12-2016
Participations in Group companies	9,073	8,472
Receivables from Group companies	11,615	10,432
Other assets	591	587
Cash and bank balances	19	152
Total assets	21,298	19,643
Equity	3,869	3,287
Liabilities to credit institutions	13,544	13,091
Derivatives	943	1,144
Liabilities to Group companies	2,792	1,988
Other liabilities	150	133
Total equity and liabilities	21,298	19,643

KEY FIGURES FOR THE GROUP

SEK m	2017	2016
FINANCIAL		
Return on equity, %	20.5	29.3
Return on total capital, %	9.7	12.8
Equity/assets ratio, %	34.7	34.3
Interest coverage ratio, multiple	3.4	3.3
Leverage properties, %	53.5	53.6
Debt/equity ratio, multiple	1.5	1.5
SHARE-RELATED		
Earnings per share, SEK	33.41	38.72
Earnings per share before tax, SEK	42.04	42.60
Income from property management per share, SEK	15.34	13.47
Cashflow from operations per share, SEK	16.90	13.84
Equity per share I, SEK	176.85	149.15
Equity per share II, SEK	215.74	179.88
EPRA NAV (net asset value) per share, SEK	228.01	194.76
Market value per share, SEK	196.30	169.40
Dividend per share, SEK	6.25	5.75
Dividend yield, %	3.2	3.4
Total return from share, %	19.3	2.1
P/E-ratio I, multiple	5.9	4.4
P/E-ratio II, multiple	16.4	16.1
Number of shares at the end of period, thousands	76,857	76,857
Average number of shares, thousands	76,857	76,857
FASTIGHETSRELATERADE		
Number of properties	308	282
Carrying amount of properties, SEKm	38,612	32,755
Estimated investment yield, % – all properties	4.9	4.9
Estimated direct return, % – excl project properties	5.1	5.1
Lettable area, m ²	2,066,874	1,848,738
Rental income, SEK per m ²	1,202	1,156
Operating surplus, SEK per m ²	912	868
Financial occupancy rate, % – all properties	93	91
Financial occupancy rate, % – excl project properties	93	92
Estimated surplus ratio, %	76	75
EMPLOYEES		
Number of employees at period end	149	132

Basis for key ratios

The basis for the key financial ratios in ongoing use by Wihlborgs and for which established financial targets apply are shown below. The following financial targets have been established by the Board:

- A return on equity that exceeds the risk-free interest rate* by not less than six percentage points, which means 5.9 percent for 2017, and 5.8 percent for the full year 2016.
- The loan-to-value ratio is not to exceed 60 percent.
- An equity/assets ratio of no less than 30 percent.
- An interest coverage ratio of no less than 2.0.

*) Risk-free interest rate is defined as the rate on a 5-year Swedish government bond.

BASIS FOR KEY RATIOS

SEKm	2017	2016
Return on equity		
Profit for the period	2,568	2,976
Equity, opening balance	11,463	8,876
Equity, closing balance	13,592	11,463
Average equity	12,528	10,170
Return on equity, %	20.5	29.3
Leverage properties		
Borrowings	20,653	17,553
Carrying amount investment properties	38,612	32,755
Leverage properties, %	53.5	53.6
Equity/assets ratio		
Equity	13,592	11,463
Total assets	39,217	33,414
Equity/assets ratio, %	34.7	34.3
Interest coverage ratio		
Income from property management	1,179	1,035
Interest expense	495	459
	1,674	1,494
Interest expense	495	459
Interest coverage ratio, multiple	3.4	3.3
EPRA NAV		
Equity	13,592	11,463
Deferred tax liability	2,989	2,362
Derivatives	943	1,144
	17,524	14,969
Number of shares, thousand	76,857	76,857
EPRA NAV per share, SEK	228.01	194.76

KEY FIGURES & DEFINITIONS

Some of the financial metrics that Wihlborgs presents in the interim report 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. On the next page, definitions of metrics are presented that, with a few exceptions, are not defined in accordance with IFRS.

Definitions

Key financial ratios

The key ratios are based on the statements of income, financial position, changes in equity and cash flow. Some of the historic data is compiled from the historical summary on page 14.

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. In interim reports, the return is converted to its annualised value without taking account of seasonal variations. The ratio comprises a measure of the profitability in relation to 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. In interim reports, the return is converted to its annualised value without taking account of seasonal variations. The ratio comprises a measure of the profitability in relation to 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 period. In the income statement, the item "other income" is used for payments for early lease termination. In interim reports, the yield is converted to its annualised value without taking account of seasonal variations. 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 period

Earnings for the period divided by the average number of shares outstanding. Definition according to 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 end of the period.

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 (long-term net asset value) 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 share price.

Total yield per share

Share price performance plus actual dividend relative to the share price at the start of the year.

P/E ratio I, multiple

Market price per share divided by earnings per share. In interim reports, the ratio is converted to its annualised value without taking account of seasonal variations.

P/E ratio II, multiple

Market price per share divided by income from property management, charged with nominal tax at 22 %, per share. In interim reports, the ratio is converted to its annualised value without taking account of seasonal variations.

Property-related key figures*

These key figures are based on the property table on page 10. 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 end of the last quarter.

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 the end of the period.

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 are not regarded as alternative key ratios according to ESMA's guidelines.

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This information is of such a kind that Wihlborgs Fastigheter AB (publ) is legally required to disclose pursuant to the EU's Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication through the agency of the above contact people on **13 February 2018 at 7:30 a.m. CET**.

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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.



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