

Wihlborgs'
Interim report

2018

January–March

Quarter 1, 2018

JANUARY–MARCH 2018

Rental income increased by 22 percent to SEK 668 million (549)

Operating surplus increased by 19 percent to SEK 460 million (388)

Income from property management increased by 25 percent to SEK 325 million (261)

Result for the period amounts to SEK 303 million (289), corresponding to earnings per share of SEK 3.94 (3.76)

Group key figures, SEK m	2018 Jan–Mar	2017 Jan–Mar
Rental income	668	549
Operating surplus	460	388
Income property management	325	261
Changes in value of properties	46	56
Changes in value of derivatives	17	54
Result for the period	303	289
Earnings per share, SEK	3.94	3.76
Surplus ratio, %	69	71
Equity/assets ratio, %	34.7	34.8
Occupancy rate, %*	94	92

*) Excluding Projects & Land.



In the first quarter, Wihlborgs acquired the Raffinaderiet 3 and 5 properties in Lund. Raffinaderiet 5 is a project property and the site where the Sockerbiten office building is being constructed.

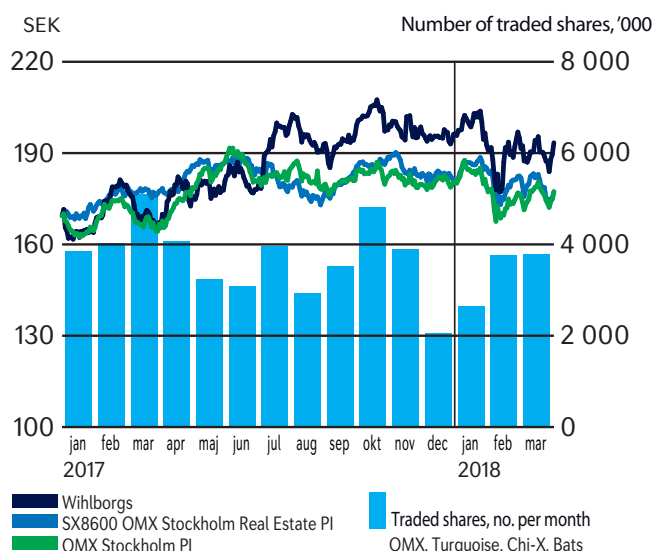
Financial targets

- A return on equity that exceeds the riskfree interest rate by no less than six percentage points, corresponding to 6.2 percent
- 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 page 18 for outcome

Development of share price

01-01-17 – 03-31-18



Quarter 1

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Forthcoming reports

Interim report Jan – Jun	9 July 2018
Interim report Jan – Sep	23 Oct 2018

Wihlborgs' interim reports and the Annual Report are distributed electronically. The Annual Report is printed in Swedish and sent to any shareholders notifying the Company that they wish to receive it in printed form.

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 39.4 billion. The annual rental value of the properties is SEK 2.9 billion. Wihlborgs shares are quoted on the Large Cap List of NASDAQ Stockholm.

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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 **25 April 2018 at 7:30 a.m. CEST**.



CEO's comments

Once again, Wihlborgs has posted a quarter with extremely strong growth.

The company's income from property management for the first quarter increased a full 25 percent year-on-year to SEK 325 million. Naturally, the increase was largely due to last year's major acquisitions. But nearly half the increase stemmed from increased rents, reduced vacancy rates and completed projects. The rental value of the company's entire portfolio increased 22 percent and if one only considers similar portfolios, the rental value increased 3.2 percent and rental income increased 5.3 percent. The occupancy rate increased by two percentage points to 94 percent year-on-year.

Our region has a strong economy and the solid increase in employment is noticeable among Wihlborgs' customers. Demand for premises is high in all four cities, most of all in Malmö. The company's net lettings were plus SEK 18 million.

The value of the company's property portfolio is approaching SEK 40 billion and amounted to SEK 39.4 billion at the end of the quarter. Earnings for the period totalled SEK 303 million, thereby lifting the company's EPRA NAV per share to SEK 233. The balance sheet remains strong with a loan-to-value ratio of 53.7 percent and an equity/assets ratio of 34.7 percent. Wihlborgs made two smaller acquisitions in Denmark during the quarter. The 16 properties acquired there during 2017 have now been properly integrated into the company's portfolio, and there is now an excellent critical mass for becoming a significant player in that market. Denmark's employment figures and economy are improving, and in time there will be possibilities for rent increases.

When we, during the first quarter, sum up the effects of our sustainability efforts I would like to highlight the fact that the CO₂ emissions in 2017 decreased with a third, despite a growing property


portfolio. We have now reached the target of reducing absolute emissions by 50 percent since 2005.

In March came the gratifying news that the company placed twentieth in the Medium-Sized Company category of the Great Place to Work organisation's 2018 list of Sweden's Best Workplaces. I am convinced that the commitment and pride displayed by Wihlborgs' employees contribute strongly to the company's business success.

As previously announced, the Nomination Committee has proposed me as the new Chairman of the Board for Wihlborgs, and Ulrika Hallengren will succeed me as CEO. I look back with pride over the 53 interim reports I published in my role as CEO. But I look forward even more to promoting the development of Wihlborgs and the Öresund region in my new role. There is much more to be done. The company's excellent track record is no reason to rest on our laurels. To quote a prominent businessman, Ingvar Kamprad, who has unfortunately recently left us: "The greater



part remains unfinished. The future is amazing!" With that in mind, we will continue to build a strong and profitable company.



Anders Jarl, vd

Market comments

The Swedish National Institute of Economic Research's Economic Sentiment Indicator for March posted a decline for the fourth consecutive month but remains at 108.4, which indicates a significantly more upbeat sentiment than usual for Sweden. The various business sectors continued to report strong employment growth over the past few months and employment plans indicate relatively robust employment growth over the forthcoming months. With the exception of the durables sector, all areas of the business sector announced plans for greater than usual new recruitment. Strong growth in employment is reflected in demand for premises.

According to the central bank of Denmark, Danmarks Nationalbank (March 2018), the current upswing in the Danish economy is stable. This is clearly reflected in the labour market with employment rising and unemployment falling. GDP rose 2.1 percent in 2017, on par with 2016. In 2018, growth of 1.9 percent

is expected, which will then slow down to 1.7 percent in 2020 as the labour market capacity limit approaches. Employment figures are expected to show an increase of almost 75,000 people employed by the end of 2020, which means that the number of people in employment will have increased by a quarter of a million since the start of 2013.

Sadolin & Albaek have noted an extremely strong transaction market during the first quarter of the year and have not ruled out transaction volumes in Denmark posting new records in 2018. In its Cushwake Investor Confidence Index analysis for Denmark, Cushman & Wakefield concludes that there is strong investor demand for properties in Denmark. The interest is driven partly by increased occupier demand in the various segments. 78 percent of investors expect increased demand for office space in the next six months.

Income, expenses and profits, Jan-Mar 2018

Comparative figures for income statement items relate to values for the corresponding period 2017 and balance sheet items as of 31-12-2017.

Rental income

Rental income was SEK 668 million (549). Service income was SEK 66 million (48) of the rental income. As stated in the Year-end Report, rental supplements are now reported as a gross figure in Denmark. Consequently the income, as well as the corresponding operating costs, has increased SEK 20 million (8).

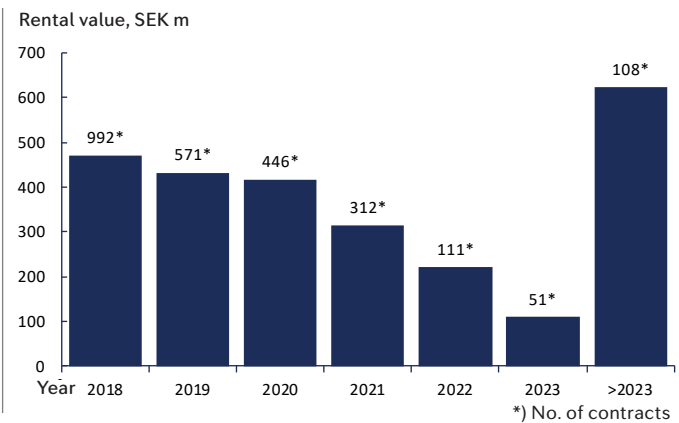
Property acquisitions have contributed with SEK 70 million to rental income growth. Remaining increase is attributable to completed projects, renegotiations, new lettings and indexation in contracts. Furthermore, a stronger Danish Krona has resulted in an increase in income by SEK 7 million.

The total growth in rental income was 22 percent compared with the corresponding period 2017.

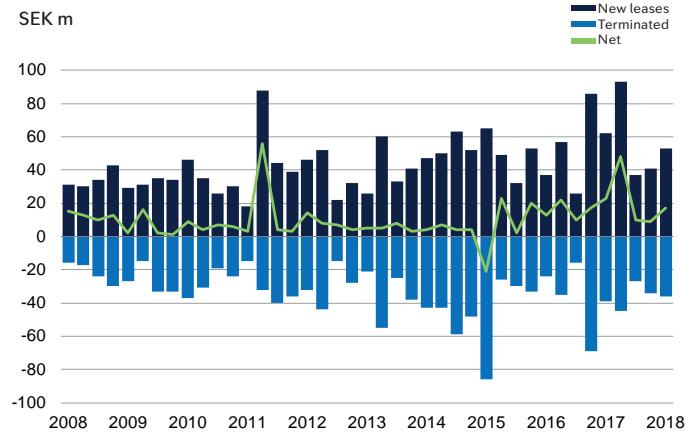
The occupancy rate for investment properties, excluding Projects & Land, is 94 percent, which is one percentage point higher than by the year-end 2017.

During the period new leases were signed to a value of SEK 53 million (62) on an annualized basis. Lease terminations totalled SEK 35 million (39). This represents a net letting of SEK 18 million (23).

Terms of Wihlborgs' rental contracts per 31 March 2018



Net letting, quarterly



Peter Olsson, Property Director in Dockan, Malmö, and Camilla Asplund, Letting Manager, discussing new business opportunities.

Property expenses

Total property expenses amounted to SEK 208 (161) million. The increase is mainly due to property acquisitions and completed projects. Compared to last year, a colder winter has resulted in increased costs amounting to SEK 7 million.

The historical summary at the bottom of page 16 illustrates how costs vary over the different quarters of the year.

Operating surplus

The operating surplus amounted to SEK 460 million (388), representing a surplus ratio of 69 percent (71). Of this increase, SEK 47 million was attributable to property acquisitions.

Central administration

The costs for central administration were SEK 15 million (13).

Financial income and expense

Net interest totalled SEK -120 million (-114), of which interest income accounted for SEK 3 million (3).

The interest expense for the period, incl. effects from interest rate derivatives, was SEK 123 million (117). The increase in interest expense is due to increased borrowings.

Interest expense relating to interest derivatives was SEK 73 million during the quarter.

At the end of the period, the average interest rate, including the cost of credit agreements, was 2.47 percent compared with 2.53 percent at year-end.

Income from property management

Income from property management amounted to SEK 325 million (261).

Pre-tax profit

The pre-tax profit, i.e. after value changes on properties and derivatives, was SEK 388 million (371). During the period value changes on properties amounted to SEK 46 million (56) and value changes on derivatives amounted to SEK 17 million (54).

Profit after taxes

The profit after taxes was SEK 303 million (289).



Wihlborgs' Director of Projects & Developments Ulrika Hallengren is to take over the role as CEO when Anders Jarl is proposed as Chairman. Andreas Ivarsson is the new Director of Projects & Developments.

Assets

Property portfolio as of 31 March 2018

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

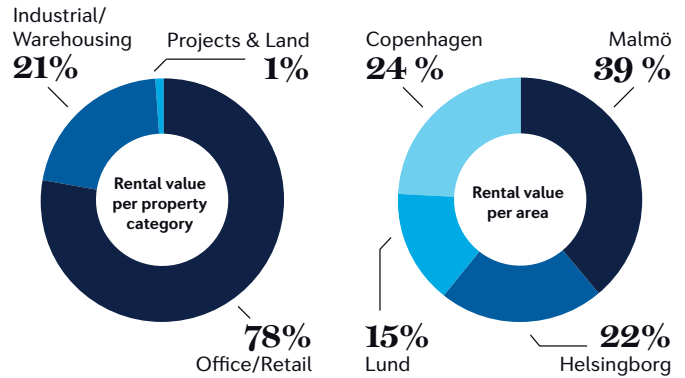
The surplus ratio is based on the properties' earning capacity on an annual basis based on rental income for April 2018, operating and maintenance costs, property administration on a rolling twelve-month basis, property tax and leasehold rent.

Wihlborgs' property portfolio consists of commercial properties in the Öresund region, located in Malmö, Helsingborg, Lund and Copenhagen. The property portfolio 31 March 2018 consisted of 311 properties (308) with a lettable area of 2,084,000 m² (2,067,000).

Ten of the properties (10) are leasehold rights. The properties' carrying amount was SEK 39,396 million (38,612), which corresponds to the estimated market value. The total rental value was SEK 2,868 million (2,758) and the contracted rental income on annual basis SEK 2,668 million (2,565). The like-for-like increase in contracted rental income was 5.3 percent compared to 12 month previously.

The economic occupancy rate for Office/Retail properties was 94 percent (94) and for Industrial/Warehousing properties 91 percent (91). 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 2,054 million (1,997) which with a carrying amount of SEK 37,422 million (36,821) corresponds to a yield of 5.5 percent (5.4). Broken down by property category, this is 5.2 percent (5.1) for Office/Retail and 7.2 percent (7.1) for Industrial/Warehousing.



At the end of March, the Great Place to Work organisation presented its list of Sweden's Best Workplaces 2018. Wihlborgs was ranked twentieth in the category for medium-sized companies in Sweden and is also the best company in Skåne in the class.

Changes in values of properties

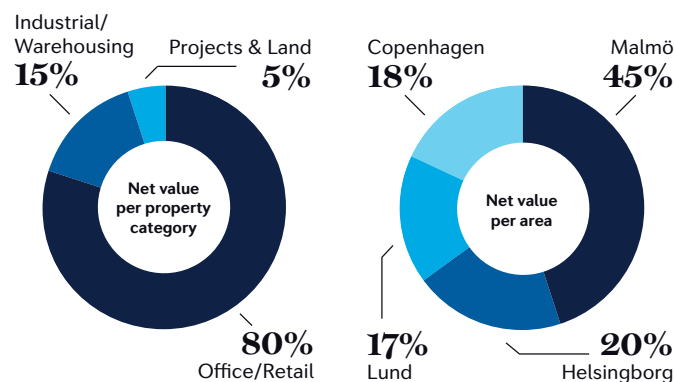
By year-end the valuation of all Wihlborgs' properties is carried out by external valuers. The valuation of the properties as of 31 March 2018 has been made internally and resulted in a value increase at SEK 46 Mkr (56).

Fair value is determined by a yield-based method. The value is considered to correspond to the yield value that is calculated from normally five-year cash flow analyses. The value of newbuild projects in progress is determined as the value as if the project were complete, less deduction of the remaining cost. Undeveloped land is valued according to the comparable sales method.

As of 31 March 2018, the carrying amount for the properties was SEK 39,396 million (38,612).

CHANGES IN CARRYING AMOUNT OF PROPERTIES

Changes	Group total, SEK m
Carrying amount 1 January 2018	38,612
Acquisitions	149
Investments	282
Properties sold	0
Change in value	46
Currency translations	307
Carrying amount 31 March 2018	39,396



Investments and current projects

Investments in the property portfolio totalled SEK 282 million (249).

Approved investments in ongoing projects amount to SEK 1,607 million, of which SEK 908 million had been invested at end of period.

Liquid assets

The Groups liquid assets totalled SEK 329 million (301) including unutilised overdraft facilities.

At the end of the period unutilized credit facilities amounted to SEK 1,941 million (1,995).



Wihlborgs has signed a lease with Media Evolution, which will move into two storeys, a total of 1,600 m², of Gångtappen in Malmö. On the ground floor of Gångtappen, Media Evolution will establish a creative space for meetings and events, and on the second floor, it will operate a co-working space where smaller companies can rent workplaces.

INVESTMENTS IN PROGRESS >SEK 50 MILLION, 31 MARCH 2018

Property	Category of use	Municipality	Completion date	Lettable area, m ²	Occupancy rate, %	Estimated investment, SEK m	Expended 310318, SEK m
Sunnanå 12:53	Industrial/Wareh.	Malmö	Q3 2018	2,300	100	66	36
Kranen 9	Office/Retail	Malmö	Q4 2018	2,200	100	114	40
Gimle 1	Office/Retail	Malmö	Q1 2019	9,000	80	392	154
Polisen 5	Office/Retail	Helsingborg	Q3 2019	4,000	100	182	116
Bure 2	Office/Retail	Malmö	Q3 2019	6,800	0	238	52
Raffinaderiet 5	Office/Retail	Lund	Q4 2019	1,900	0	63	0
TOTAL				26,200		1,055	398

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	356,597	47,590	274,893	33,420	15,138 ¹	727,638	35
Helsingborg	159,709	60,565	291,501	22,284	12,064 ²	546,123	26
Lund	138,332	11,292	29,567	31,924	8,645 ³	219,760	11
Copenhagen	383,885	7,402	94,348	19,349	85,940 ⁴	590,924	28
Total	1,038,523	126,849	690,309	106,977	121,787	2,084,445	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 and 7,464 m² residential.

ANALYSIS PER PROPERTY CATEGORY IN EACH MANAGEMENT AREA

Area/ property category	Number of properties	Area, m ² thousand	Carrying amount, SEK m	Rental value, SEK m	Rental value SEK/m ²	Economic occupancy rate, %	Rental income, SEK m	Operating surplus incl. property admin., SEK m	Surplus ratio, %	Operating surplus excl. property admin., SEK m	Yield excl. property admin., %
MALMÖ											
Office/Retail	49	429	14,170	882	2,058	95	837	637	76	664	4.7
Industrial/Warehousing	50	263	2,285	218	828	94	205	154	75	164	7.2
Projects & Land	26	36	1,169	20	569	-	4	-1	-	1	-
Total Malmö	125	728	17,624	1,121	1,540	93	1,046	791	76	828	4.7
HELSINGBORG											
Office/Retail	30	176	4,639	324	1,842	94	305	228	75	239	5.1
Industrial/Warehousing	61	370	2,950	309	836	90	277	197	71	212	7.2
Projects & Land	11	-	191	0	-	-	0	0	-	0	-
Total Helsingborg	102	546	7,779	634	1,161	92	583	425	73	451	5.8
LUND											
Office/Retail	22	189	6,010	414	2,187	93	384	288	75	317	5.3
Industrial/Warehousing	4	20	149	15	756	84	13	9	74	10	6.7
Projects & Land	3	11	536	13	1,199	-	13	12	-	12	-
Total Lund	29	220	6,695	442	2,010	93	410	309	75	340	5.1
COPENHAGEN											
Office/Retail	45	524	6,781	623	1,188	94	586	392	67	415	6.1
Industrial/Warehousing	8	55	439	49	888	88	43	32	74	33	7.5
Projects & Land	2	12	77	0	-	-	0	0	-	0	-
Total Copenhagen	55	591	7,297	672	1,137	94	629	424	67	448	6.1
Total Wihlborgs	311	2,084	39,396	2,868	1,376	93	2,668	1,948	73	2,067	5.2
Total excluding Projects & Land	269	2,026	37,422	2,834	1,399	94	2,651	1,936	73	2,054	5.5



In January 2018, Wihlborgs made two acquisitions in Copenhagen: Blokken 84 in Birkerød (pictured) of 8,600 m² and Mileparken 9–11 in Skovlunde of 5,000 m².

Property transactions

Four properties were acquired in the first quarter. The Blokken 84 and Mileparken 9–11 properties, comprising 8,606 and 4,976 square metres, are located in the Copenhagen area. Acquisitions in Lund included the Raffinaderiet 3 office property, which comprises 4,889 square metres, and the Raffinaderiet 5 project property, where 1,800 square metres of offices will be constructed.

During the quarter, agreements were signed for the acquisition of two properties in Helsingborg: Musköten 15 and Bunkagärdet 6, with possession to be taken in the second quarter, and for the sale of the Ringspännat 3 property in Malmö, which will be transferred in the third quarter of 2018.

PROPERTY ACQUISITIONS AND SALES JANUARY–MARCH 2018

Quarter	Property	Municipality	Management area	Category	Area, m ²	Price, SEK m	Operating surplus 2018, SEK m ¹
Acquisitions							
1	Raffinaderiet 3	Lund	Central Lund	Office/Retail	4,889		
	Raffinaderiet 5	Lund	Central Lund	Projects & Land	-		
	Blokken 84	Rudersdal	North Copenhagen	Ind/Warehousing	8,606		
	Mileparken 9-11	Ballerup	East Copenhagen	Ind/Warehousing	4,976		
Total acquisitions 2018					18,471	149	3
Sales							
	-	-	-	-	-	-	-
Total sales 2018					-	-	-

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

Liabilities and equity

As of 31 March 2018, equity totalled SEK 13,913 million (13,592) and the equity/assets ratio 34.7 percent (34.7).

Interest-bearing liabilities

The group's interest-bearing liabilities as of 31 March amounted to SEK 21,145 million (20,653) with an average interest rate including costs for credit agreements of 2.47 percent (2.53).

With consideration to the company's net debt of SEK 21.1 billion, as a percentage of property values, the loan-to-value ratio is 53.7 percent (53.5).

The loans' average fixed interest period including effects of derivatives on 31 March 2018, amounted to 4.0 years (4.0). The average loan maturity, including committed credit facilities, amounted to 6.0 years (6.2).

STRUCTURE OF INTEREST AND LOAN MATURITIES AS OF 31 MARCH 2018

Matures, year	Interest maturity		Loan maturity	
	Loan amount, SEK m	Av. interest rate, %	Credit ag, SEK m	Utilised, SEK m
2018	8,425	1.24	1,568	1,568
2019	1,519	0.53	10,346	9,361
2020	0	0.00	4,473	3,518
2021	4,000	3.71	375	375
2022	2,000	3.08	0	0
<2022	5,202	3.72	6,325	6,325
Total	21,145	2.44*	23,087	21,145

*) 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 MARCH 2018

Amount, SEK m	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 926 million (943), a positive change during the period totalling SEK 17 million (54). The value change has been affected partly by interest rate forwards falling due, partly by changes in market interest rates. The change in value for the interest rate derivatives does not affect the cash flow during the period.

Interest-rate derivatives are recognised at fair value in accordance with IAS 39. Cancellable swaps comprise a significant item for Wihlborgs and had a fair value of SEK 297 million (334) at 31 March 2018. As hedge accounting is not applied for these swaps, they are measured at fair value through profit or loss. Previously, the fair value for these instruments was categorised as level 3. In principle, cancellable swaps are comprised of two separate components, a swap and a swaption for closing, which should be valued. The swaps can only be cancelled at the closing market price and only on the counterparty's initiative, a call option. The option has no real value since it is always exercised at the market price and, accordingly, the value of the call option is zero for Wihlborgs on each occasion. The swap component is measured using the same principles as for other swaps. With reference to the valuation categories under IFRS 13, where fair value measurement is categorised in the lowest level input that is significant to the entire measurement, going forward, Wihlborgs has determined that the cancellable swaps will be assigned to level 2, since no reason exists for differentiation vis-à-vis non-cancellable swaps. Accordingly, the fair value of cancellable swaps has been transferred from level 3 to level 2.

Miscellaneous Employees

At the period end Wihlborgs' number of full-time employees was 162 (149), 71 of whom are property caretakers. There were 61 employees in Malmö, 27 in Helsingborg, 19 in Lund and 55 in Copenhagen. The average age is 44 years and the proportion of women is 33 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 11 million (124), in shares in subsidiaries, including shareholders' contributions, during the period. The parent company's income statement and balance sheet are found on page 17.

Participations in other companies

A description of all participations held by Wihlborgs in other companies will be found on pages 102–103 in the Company's 2017 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 23,851.

LARGEST SHAREHOLDERS IN WIHLBORGS 31 MARCH 2018

	Number of shares, thousands	Proportion of equity and votes, %
Erik Paulsson with family, privately and via company	7 883	10,3
SEB funds	4 242	5,5
Länsförsäkringar funds	2 607	3,4
SHB funds	2 508	3,3
Qviberg family	2 162	2,8
Bank of Norway	1 933	2,5
Nordea funds	968	1,3
Tibia Konsult AB	813	1,1
DnB - Carlson funds	741	1,0
Odin Ejendom	690	0,9
Other shareholders reg. in Sweden	22 396	29,1
Other shareholders reg. abroad	29 915	38,9
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 96–97 in the Company's 2017 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.

The overwhelming majority of Wihlborgs' rental income consists of revenue, which is covered by IAS 17 Leasing. In conjunction with IFRS 15 Revenue from Contracts with Customers entering force on 1 January 2018, Wihlborgs has reviewed total rental income and determined that the Group's service income should be reported separately from other rental income. Service income comprises all onward invoicing in the form of heating, electricity, etc., while other rental income pertains to standard invoiced rent including index and property tax. Disclosures pertaining to the above can be found under the Rental income heading on page 6 of this report. Wihlborgs has identified service income in Den-

mark 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 has no impact on operating profit but entails an increase in total rental income together with a corresponding increase in operating costs.

IFRS 9 Financial Instruments replaced 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.

Otherwise, the accounting policies and calculation methods conform with those applied in the latest annual report. In addition, the Group applies the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups and the Parent Company applies RFR 2.

The financial reports are found on pages 14–18.

New corporate sector tax rules

At the end for March, the government presented a draft bill regarding limits to tax relief for interest expenses in accordance with the EU's directive. The proposal entails the following:

- Deductibility of interest is capped at 30 percent of taxable EBITDA.
 - Reduction of corporation tax in two stages to 20.6 percent by 2021.
 - Reintroduction of primary deductions of 2 percent for rental accommodation the first six years following redevelopment or new construction.
 - Scope for deducting interest can be reallocated within a Group.
- For Wihlborgs, the new rules mean an increase in the tax assessment basis in parallel with a lower nominal tax rate. However, the amount of tax paid is not expected to increase over the next few years due to the cap on interest tax relief. Moreover, the lowered nominal tax rate means that the deferred tax liability will be recalculated, which will result in a fiscal taxable revenue of around SEK 200 million when the tax rate has been lowered. The new rules are proposed to be implemented by January 1 2019.

Events after the accounting period

In April an agreement has been signed regarding divestment of the Gjuteriet 22 property with surrender in the third quarter 2018.

Malmö 25 april 2018

Wihlborgs Fastigheter AB (publ)

Anders Jarl, CEO

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

CONSOLIDATED INCOME STATEMENT Summary

SEK m	2018 Jan–Mar 3 months	2017 Jan–Mar 3 months	2017/2018 Apr–Mar 12 months	2017 Jan–Dec 12 months
Rental income	668	549	2,470	2,351
Operating costs	-119	-91	-349	-321
Repairs and maintenance	-20	-18	-80	-78
Property tax	-41	-31	-142	-132
Leasehold rent	-1	-1	-5	-5
Property administration	-27	-20	-105	-98
Total property costs	-208	-161	-681	-634
Operating surplus	460	388	1,789	1,717
Central administration	-15	-13	-57	-55
Interest income	3	3	12	12
Interest expense	-123	-117	-501	-495
Income from property management	325	261	1,243	1,179
Change in value of properties	46	56	1,841	1,851
Change in value of derivatives	17	54	164	201
Pre-tax profit	388	371	3,248	3,231
Current tax	-10	-2	-35	-27
Deferred tax	-75	-80	-631	-636
Profit for the period¹	303	289	2,582	2,568
OTHER TOTAL PROFIT/LOSS ²				
Translation differences and hedging for international activities, including tax	18	0	21	3
Total comprehensive income for the period¹	321	289	2,603	2,571
Earning per share ³	3.94	3.76	33.59	33.41
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.

CONSOLIDATED BALANCE SHEET summary

SEK m	31-03-2018	31-03-2017	31-12-2017
ASSETS			
Investment properties	39,396	33,217	38,612
Other fixed assets	338	294	312
Current receivables	185	173	114
Liquid assets	208	131	179
Total assets	40,127	33,815	39,217
EQUITY AND LIABILITIES			
Equity	13,913	11,752	13,592
Deferred tax liability	3 055	2,442	2,989
Borrowings	21,145	17,603	20,653
Derivatives	926	1,090	943
Other long-term liabilities	55	53	55
Current liabilities	1,033	875	985
Total equity & liabilities	40,127	33,815	39,217

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Jan–Mar 2018	Jan–Mar 2017	Jan–Dec 2017
Total equity at beginning of period	13,592	11,463	11,463
<i>Equity attributable to parent company's shareholders</i>			
Opening amount	13,592	11,463	11,463
Dividend paid	-	-	-442
Profit for the period	303	289	2,568
Other comprehensive income	18	0	3
Closing amount	13,913	11,752	13,592
<i>Equity attributable to minority shares</i>			
	-	-	-
Total equity at end of period	13,913	11,752	13,592

CONSOLIDATED CASH FLOW STATEMENT summary

SEK m	Jan–Mar 2018	Jan–Mar 2017	Jan–Dec 2017
Operating activities			
Operating surplus	460	388	1,717
Central administration	-15	-13	-55
Depreciation	1	1	2
Net financial items paid	-124	-117	-477
Income tax paid	-1	0	-34
Change in other working capital	-34	-19	146
Cashflow from operating activities	287	240	1,299
Investment activities			
Acquisitions of properties	-149	-178	-2,780
Investments in existing properties	-282	-249	-1,061
Sales of properties	-	11	11
Increase in other non-current assets	-26	-5	-24
Cash flow from investment activities	-457	-421	-3,854
Financing activities			
Dividend paid	-	-	-442
Increase in borrowing	199	60	2,924
Decrease in other long-term liabilities	-	-	-
Cash flow from financing activities	199	60	2,482
Cash flow for the period	29	-121	-73
Opening cash flow	179	252	252
Closing cash flow	208	131	179

HISTORICAL SUMMARY OF LAST EIGHT QUARTERS

SEK m	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Rental income	668	632	614	556	549	534	517	507
Operating costs	-119	-98	-69	-62	-91	-76	-49	-61
Repairs and maintenance	-20	-24	-17	-19	-18	-26	-14	-20
Property tax	-41	-36	-34	-32	-31	-27	-28	-27
Leasehold rent	-1	-2	-1	-1	-1	-2	-1	-1
Property administration	-27	-32	-26	-20	-20	-24	-19	-20
Operating surplus	460	440	467	422	388	379	406	378
Income from property management	325	295	333	290	261	263	279	255
Profit for the period	303	1,073	603	603	289	1,306	287	1,181
Surplus ratio, %	68.9	69.6	76.1	75.9	70.7	71.0	78.5	74.6
Investment yield, %	4.7	4.7	5.3	5.0	4.7	4.8	5.4	5.1
Equity/assets ratio, %	34.7	34.7	33.3	34.4	34.8	34.3	32.7	32.1
Return on equity, %	8.8	32.9	19.7	20.4	10.0	48.3	11.5	49.9
Earnings per share, SEK	3.94	13.96	7.85	7.85	3.76	16.99	3.73	15.37
Income property management per share, SEK	4.23	3.84	4.33	3.77	3.40	3.42	3.63	3.32
Cash flow fr operating activities per share, SEK	3.73	4.51	5.58	3.68	3.12	3.99	3.79	3.40
EPRA net asset value per share, SEK	232.82	228.01	211.43	203.30	198.86	194.76	177.41	172.33
Share price as % of Equity II	83.1	86.1	94.2	87.6	85.4	87.0	102.9	99.9
Carrying amount of properties	39,396	38,612	36,928	34,019	33,217	32,755	30,522	30,161
Equity	13,913	13,592	12,513	11,916	11,752	11,463	10,155	9,863
Total assets	40,127	39,217	37,580	34,604	33,815	33,414	31,065	30,713

Definitions are available at wihlborgs.se

CONSOLIDATED SEGMENT REPORTING JAN–MAR

Property management SEK m	Malmö		Helsingborg		Lund		Copenhagen		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Rental income	267	239	145	134	98	97	158	79	668	549
Costs	-80	-69	-48	-44	-28	-26	-52	-22	-208	-161
Operating surplus	187	170	97	90	70	71	106	57	460	388

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 460 million (388) and the pre-tax profit of SEK 388 million (371) consists of central administration SEK -15 million (-13), net interest SEK -120 million (-114) and changes in value of properties and derivatives SEK 63 million (110).

PARENT COMPANY'S INCOME STATEMENT summary

SEK m	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Income	38	35	145
Expenses	-39	-35	-153
Operating profits	-1	0	-8
Financial income	151	134	1,622
Financial expenses	-240	-117	-587
Pre-tax profit	-90	17	1,027
Appropriations	0	0	0
Tax	20	-4	-3
Profit for the period	-70	13	1,024
Other comprehensive income	0	0	0
Comprehensive income for the period	-70	13	1,024

PARENT COMPANY'S BALANCE SHEET summary

SEK m	31-03-2018	31-03-2017	31-12-2017
Participations in Group companies	9,084	8,596	9,073
Receivables from Group companies	11,792	10,358	11,615
Other assets	604	588	591
Cash and bank balances	42	8	19
Total assets	21,522	19,550	21,298
Equity	3,799	3,300	3,869
Liabilities to credit institutions	13,786	12,671	13,624
Derivatives	926	1,090	943
Liabilities to Group companies	2,820	2,297	2,712
Other liabilities	191	192	150
Total equity and liabilities	21,522	19,550	21,298

KEY FIGURES FOR THE GROUP

SEK m	Jan–Mar 2018	Jan–Mar 2017	Apr–Mar 2017/18	Jan–Dec 2017
FINANCIAL				
Return on equity, %	8.8	10.0	20.1	20.5
Return on total capital, %	5.7	5.9	11.1	11.1
Equity/assets ratio, %	34.7	34.8	34.7	34.7
Interest coverage ratio, multiple	3.6	3.2	3.5	3.4
Leverage properties, %	53.7	53.0	53.7	53.5
Debt/equity ratio, multiple	1.5	1.5	1.5	1.5
SHARE-RELATED				
Earnings per share, SEK	3.94	3.76	33.59	33.41
Earnings per share before tax, SEK	5.05	4.83	42.26	42.04
EPRA EPS per share, SEK	3.90	3.07	14.50	13.67
Cashflow from operations per share, SEK	3.73	3.12	17.51	16.90
Equity per share I, SEK	181.03	152.91	181.03	176.85
Equity per share II, SEK	220.77	184.68	220.77	215.74
EPRA NAV (net asset value) per share, SEK	232.82	198.86	232.86	228.01
Market value per share, SEK	193.40	169.90	193.40	196.30
Proposed dividend per share, SEK	-	-	-	6.25
Dividend yield, % ¹	-	-	-	3.2
Total return from share, % ¹	-	-	-	19.3
P/E-ratio I, multiple	12.3	11.3	5.8	5.9
P/E-ratio II, multiple	12.4	13.8	13.3	14.4
Number of shares at the end of period, thousands	76,857	76,857	76,857	76,857
Average number of shares, thousands	76,857	76,857	76,857	76,857
PROPERTY-RELATED				
Number of properties	311	286	311	308
Carrying amount of properties, SEK m	39,396	33,217	39,396	38,612
Estimated investment yield, % – all properties	4.9	4.9	4.9	4.9
Estimated direct return, % – excl project properties	5.2	5.1	5.2	5.1
Lettable area, m ²	2,084,445	1,858,439	2,084,445	2,066,874
Rental income, SEK per m ²	1,376	1,287	1,376	1,334
Operating surplus, SEK per m ²	936	870	936	912
Financial occupancy rate, % - all properties	93	92	93	93
Financial occupancy rate, % - excl project properties	94	92	94	94
Estimated surplus ratio, %	73	74	73	74
EMPLOYEES				
Number of employees at period end	162	138	162	149

Two new key metrics have been added to this interim report: EPRA EPS and return on capital employed (ROCE). These replace the metrics: income from property management per share and return on total assets. The new key metrics are a better match with investors' wishes and provide a fairer image of the return.

1) Only calculated per calendar year

**Definitions and basis for key ratios
are available at wihlborgs.se**

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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