

Wihlborgs'
Interim report

2018

January–June

January–June 2018

JANUARY–JUNE 2018

Rental income increased by 20 percent to SEK 1,330 million (1,106)

Operating surplus increased by 18 percent to SEK 957 million (810)

Income from property management increased by 23 percent to SEK 679 million (551)

Result for the period amounts to SEK 923 million (892), corresponding to earnings per share of SEK 6.00 kr (5.80)

Group key figures, SEK m	2018	2017	2018	2017
	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun
Rental income	662	557	1,330	1,106
Operating surplus	497	422	957	810
Income property management	354	290	679	551
Changes in value of properties	238	496	284	552
Changes in value of derivatives	0	-12	17	42
Result for the period	620	603	923	892
Earnings per share, SEK	4.03	3.92	6.00	5.80
Surplus ratio, %	75	76	72	73
Equity/assets ratio, %	34.7	34.4	34.7	34.4
Occupancy rate, %*	94	93	94	93

*) Excluding Projects & Land.



In June, Wihlborgs relocated its head office to the Gångtappen property in Dockan, a stone's throw from the previous office at Dockplatsen. More companies that are moving in this autumn include Hypergene, Proact IT Sweden, Noda Intelligent Systems, Hoya Lens Sweden and Media Evolution.

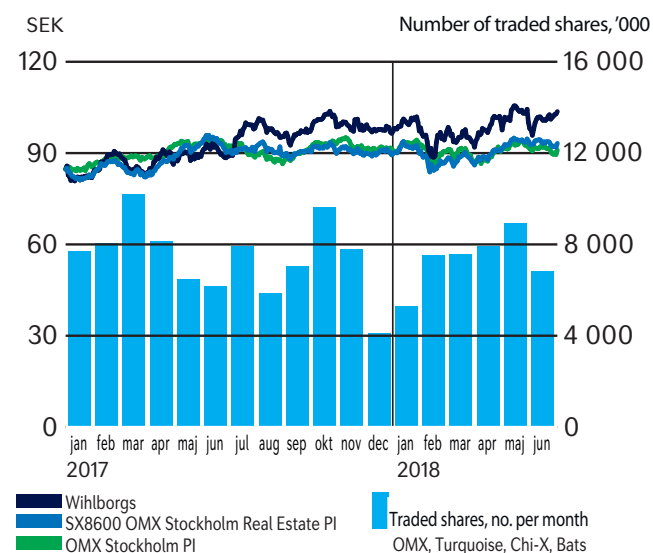
Financial targets

- 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

01-01-17–06-30-18



Jan–Jun 2018

CEO's/market comments	04
Income, expenses and profit	06
Assets	08
Liabilities and Equity	12
Financial reports	14

Forthcoming reports

Interim report Jan – Sep	23 Oct 2018
Year-end Report Jan – Dec	12 Feb 2019
Interim report Jan – Mar	25 April 2019

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 39.9 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.

CONTACT PEOPLE

Ulrika Hallengren, CEO. Phone: +46 (0)40-690 57 95, E-mail: ulrika.hallengren@wihlborgs.se
Arvid Liepe, CFO. Phone: +46 (0)40-690 57 31, E-mail: arvid.liepe@wihlborgs.se

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 **9 July 2018 kl. 07:30 CEST**.



CEO's comments

This has been an eventful second quarter for Wihlborgs. I took over as CEO in conjunction with the AGM in April when Anders Jarl was appointed Chairman of the Board. In May, we conducted a share split, which highlights that the value of the company has doubled since the most recent split in 2011. Our growth has also led to a need for more space for ourselves, and for the meetings we wish to hold with our customers. In June, we therefore moved to new premises at Gängtappen in Dockan in Malmö. We achieved this while keeping a strong focus on maintaining momentum in our operations.

Our continuous growth is again reflected in the figures for the quarter. Rental income during the second quarter amounted to SEK 662 million, up more than SEK 100 million or 19 percent year-on-year. The operating surplus rose to SEK 497 million, corresponding to an increase of 18 percent and a surplus ratio of more than 75 percent. Income from property management rose to SEK 354 million, up 22 percent.

Future growth will be driven by our net lettings and our project investments. Net lettings for the quarter were very positive and amounted to SEK 46 million. Among the larger

agreements, I would like to highlight that Malmö University will lease premises for the police training programme in Kranen 2 in Dockan, which Malmö College previously leased. We have also signed an agreement with Exakta for a total of almost 15,000 m² at Östra Hamnen in Malmö. When it comes to office premises, we continue to experience favourable demand, particularly in Malmö. For example, Gängtappen in Dockan is now fully let since Hypergene, Proact IT Sweden, Noda Intelligent Systems and Hoya Lens Sweden have signed leases for a total of 2,500 m² during the quarter. In Helsingborg, we signed an agreement with Gaia Biomaterials for 4,000 m² and in Lund our relationship is evolving with RISE, Sweden's research institute and innovation partner, which has signed an agreement for 2,500 m² at Ideon.

The Öresund region is packed with innovative ability and has a strong and growing business community. As a major player in this area, we want to play a part in creating opportunities for continued growth. Our continuing high level of investment confirms that we are achieving this. In addition to known projects, we have started a complete renovation of the Mileparken 22 property in Ballerup,

which will provide us with another 11,000 m² of modern office space in the Danish market. The large investments will continue, with a focus primarily on the Prisma project in the Oceanhamnen district of Helsingborg. We have already noted strong interest in office space here — in an ideal location close to both the town centre and the shore of Öresund. Hyllie in Malmö is an important development area for both Wihlborgs and the City of Malmö, and we are currently constructing two office buildings — Dungen and Origo — though we are also looking at more construction opportunities in the longer term. We remain confident of the region's energy and development potential, where the number of employees, particularly in office-intensive industries, is growing in all four cities where we conduct operations, which has resulted in rising demand.

The value of our properties is continuing to increase. During the quarter, the change in value for these amounted to SEK 238 million. The rise in value was mainly driven by increased lettings. The total value now amounts to SEK 39.9 billion, an increase of SEK 1.2 billion since the year end. Based on this, we have a loan-to-value ratio of 54 percent and an equity/assets ratio of 34.7 percent. Consequently, we have a stable financial base — a crucial factor that offers us an opportunity to continue to develop Wihlborgs and the region moving forward.

As I pointed out above, much has happened during the

quarter, but much has also remained the same. We are confident in our strategy and in our focus on the Öresund region. We are continuing to grow and to focus on increasing our income from property management. We have continued to acquire properties, and have also divested some, to steadily improve the quality of our portfolio. And we continue to invest in projects that help our tenants to grow and that help to develop the cities and towns where we operate. In order for Wihlborgs to remain successful, it is also essential that we take good care of our tenants. We focus strongly on the above, which is a continuously ongoing activity. In June, we presented the result of our latest customer survey and I am happy and proud to once again note the outstanding ratings from our customers: 4.15 on a five-point scale. However, we will not rest on our laurels — we will continue to work hard to achieve further improvements.

Anders Jarl passed the baton to me with the words “the greater part remains unfinished.” I am carrying these words with me when I, together with our employees, continue to build a strong and profitable Wihlborgs.



Ulrika Hallengren, CEO

Market comments

The global economy will continue to strengthen and the increase will embrace most countries in the global economy, according to the Swedish Economy report published by the Swedish National Institute of Economic Research from June 2018. First and foremost, investments will increase rapidly in 2018 and 2019, which is a normal scenario in an economic upswing. This is favourable for the growth potential of the global economy. Unemployment is low and is expected to continue to fall in many countries.

In Sweden, the economy remains strong and will peak this year. Housing investment, which previously gave a strong boost to the economy, will slow in 2019. This means growth will slow.

Employment has trended robustly in recent years, and the strong growth will continue this year. The public sector made an unusually high contribution, but this growth began to slow last year, mainly due to fewer asylum seekers and newly arrived refugees. The proportion of young and elderly in the population is continuing to increase, which taken together means continued growth in the public sector, albeit at a slower pace. The service sector is continuing to grow.

Following a slow 2017, wage growth accelerated in the first quarter of 2018 and will continue to increase since the shortage of skilled labour remains larger than normal. Households' real disposable income will rise relatively quickly this year, due to strong growth in employment and fiscal policy measures to this effect.

The Riksbank presented its latest interest rate decision on 3 July. It left the interest rate unchanged at -0.5 percent and left the rate path intact. Higher energy prices together with a weak krona will mean inflation around the target of 2 percent but the measure for underlying inflation, which offers an indication of where inflation is moving in the longer term, continues to suggest that inflationary pressure is moderate. The Riksbank expects that a slow increase in the interest rate will begin at the end of the year.

Compared with the previous quarter, GDP in Denmark rose 0.4 percent in the first quarter of 2018 on a seasonally adjusted basis. Growth figures for 2017 were revised up by 0.1 percentage points to 2.3 percent. Employment remains strong and the number of people in employment rose by 15,500 in the first quarter of 2018, corresponding to an increase of 1.8 percent on an annual basis.

Income, expenses and profits, Jan-Jun 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

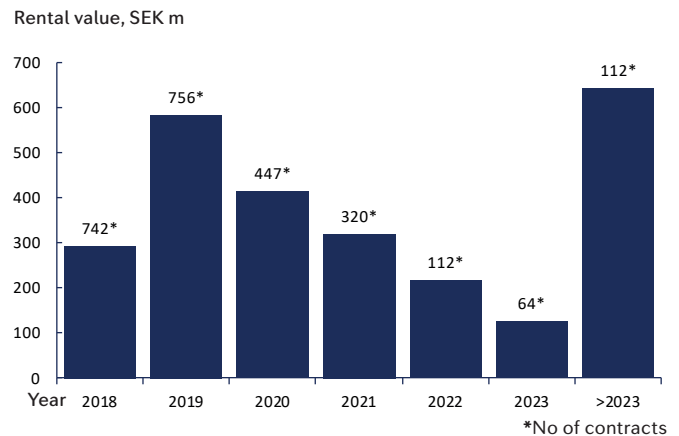
Rental income was SEK 1,330 million (1,106). Service income was SEK 132 million of the rental income (93). Property acquisitions have contributed with SEK 131 million to rental income growth. Remaining increase is attributable to completed projects, renegotiations, new lettings and indexation in contracts. Furthermore, a stronger Danish Krona has resulted in an increase in income by SEK 12 million.

The total growth in rental income was 20 percent compared with the corresponding period 2017.

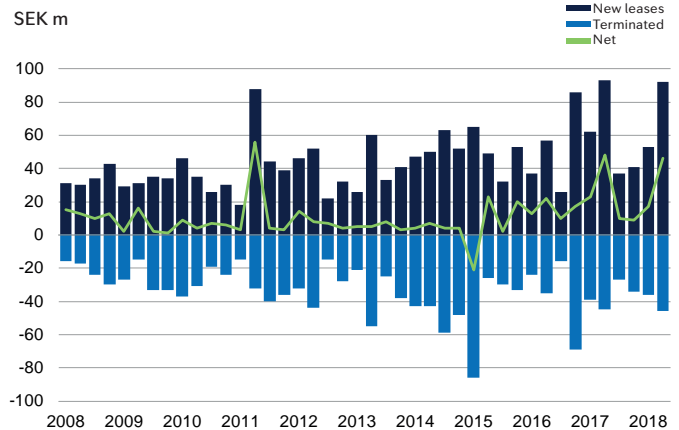
The occupancy rate for investment properties, excluding Projects & Land, is 94 percent, which is one percentage point higher than by the year-end 2017.

During the period new leases were signed to a value of SEK 146 million (155) on an annualized basis. Lease terminations totalled SEK 82 million (84). This represents a net letting of SEK 64 million (71).

Terms of Wihlborgs' rental contracts per 30 June 2018



Net letting, quarterly



At Wihlborgs' AGM on 25 April, the outgoing Chairman Erik Paulsson was thanked for his services and Anders Jarl stepped down as CEO and was elected as the new Chairman.

Property expenses

Total property expenses amounted to SEK 373 million (296). The increase is mainly due to property acquisitions and completed projects. 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 957 million (810) representing a surplus ratio of 72 percent (73). Of this increase, SEK 95 million was attributable to property acquisition.

Central administration

The costs for central administration were SEK 32 million (26).

Financial income and expense

Net interest totalled SEK -246 million (-233), of which interest income accounted for SEK 5 million (6).

The interest expense for the period, incl. effects from interest rate derivatives, was SEK 251 million (239) during the quarter. The increase in interest expense is due to increased borrowings. Interest expense relating to interest derivatives was SEK 145 million. At the end of the period, the average interest rate, including the cost of credit agreements, was 2.40 percent, compared with 2.53 percent at year-end.

Income from property management

Income from property management amounted to SEK 679 million (551).

Pre-tax profit

The pre-tax profit, i.e. after value changes on properties and derivatives, was SEK 980 million (1 145). During the period value changes on properties amounted to SEK 284 million (552) and value changes on derivatives amounted to SEK 17 million (42).

Profit after taxes

The profit after taxes was SEK 923 million (892). Total tax amounted to SEK 57 million, of which current tax SEK 20 million and deferred tax SEK 37 million. Deferred tax has been reduced by a tax income of SEK 159 million due to the decision to reduce the corporation tax rate to 20.6 percent in two steps until 2021.



In June, Wihlborgs signed a ten-year lease with Malmö University, which has been tasked with conducting police training in Malmö. The agreement is for 9,000 m² on two floors at Kranen 2 in Dockan, Malmö. The premises will be used for the practical stages of the training programme and are scheduled to be completed on 1 July 2019.

Assets

Property portfolio as of 30 June 2018

The summaries below are based on Wihlborgs' property portfolio as of 30 June 2018. Rental income relates to contracted rental income on an annual basis as of 1 July 2018.

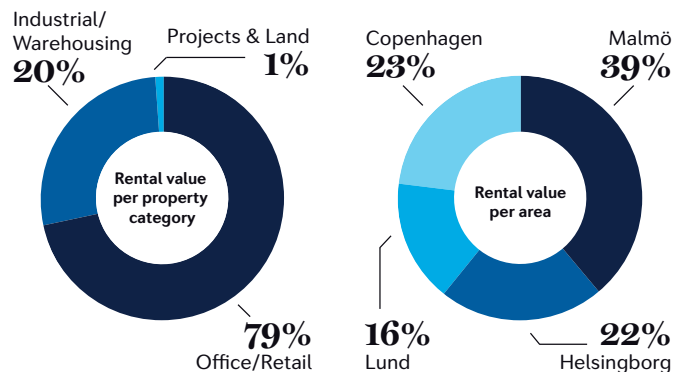
The surplus ratio is based on the properties' earning capacity on an annual basis based on rental income for July 2018, operating and maintenance costs, property administration on a rolling twelve-month basis, property tax and leasehold rent.

Wihlborgs' property portfolio consists of commercial properties in the Öresund region, located in Malmö, Helsingborg, Lund and Copenhagen. The property portfolio 30 June 2018 consisted of 308 properties (308) with a lettable area of 2,068,000 m² (2,067,000).

Ten of the properties (10) are leasehold rights. The properties' carrying amount was SEK 39,856 million (38,612), which corresponds to the estimated market value. The total rental value was SEK 2,867 million (2,758) and the contracted rental income on annual basis SEK 2,669 million (2,565). The like-for-like increase in contracted rental income was 4,3 percent compared to 12 month previously.

The economic occupancy rate for Office/Retail properties was 94 percent (94) and for Industrial/Warehousing properties 92 percent (91). The rental value for Office/Retail properties represented 79 percent, Industrial/Warehousing properties 20 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 2,070 million (1,997) which with a carrying amount of SEK 38,218 million (36,821) corresponds to a yield of 5.4 percent (5.4). Broken down by property category, this is 5.1 percent (5.1) for Office/Retail and 7.2 percent (7.1) for Industrial/Warehousing.



Wihlborgs is constructing the Origo office building in Hyllie with occupancy scheduled for summer 2019. All tenants will have their own balcony and the building includes a shared conference room and bicycle parking facility with showers and changing rooms. The property will be certified to Sweden Green Building Council Gold standard.

Changes in values of properties

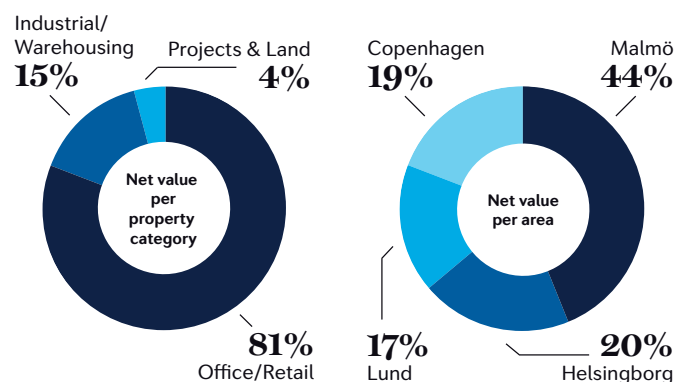
By year-end the valuation of all Wihlborgs' properties is carried out by external valuers. The valuation of the properties as of 30 June 2018 has mainly been made internally and resulted in a value increase at SEK 284 million (552).

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 30 June 2018 the carrying amount for the properties was SEK 39,856 million (38,612).

CHANGES IN CARRYING AMOUNT OF PROPERTIES

Changes	Group total, SEK m
Carrying amount 1 January 2018	38,612
Acquisitions	208
Investments	543
Properties sold	-144
Change in value	284
Currency translations	353
Carrying amount 30 June 2018	39,856



Investments and current projects

Investments in the property portfolio totalled SEK 543 million (471).

Approved investments in ongoing projects amount to SEK 1,661 million, of which SEK 781 million had been invested at end of period.

Liquid assets

The Groups liquid assets totalled SEK 361 million (301) including unutilised overdraft facilities.

At the end of the period unutilized credit facilities amounted to SEK 1,935 Mkr (1,995).



Wihlborgs' AGM was held at Slagthuset in Malmö and, as in previous years, a large number of interested shareholders attended the event.

INVESTMENTS IN PROGRESS >SEK 50 MILLION, 30 JUNE 2018

Property	Category of use	Municipality	Completion date	Lettable area, m ²	Occupancy rate, %	Estimated investment, SEK m	Expended 300618, SEK m
Sunnanå 12:53	Ind./Wareh.	Malmö	Q3 2018	2,300	100	66	50
Kranen 9	Office/Retail	Malmö	Q4 2018	2,200	100	114	51
Mileparken 22	Office/Retail	Copenhagen	Q4 2018	11,000	20	69	7
Gimle 1	Office/Retail	Malmö	Q1 2019	9,000	85	392	201
Polisen 5	Office/Retail	Helsingborg	Q3 2019	4,000	100	182	133
Bure 2	Office/Retail	Malmö	Q3 2019	6,800	0	238	68
Kranen 2	Office/Retail	Malmö	Q3 2019	9,000	80	209	0
Raffinaderiet 5	Office/Retail	Lund	Q4 2019	1,900	0	63	14
Total				46,200		1,333	524

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	355,442	47,503	257,834	33,420	15,138 ¹	709,337	34
Helsingborg	159,482	60,565	293,822	22,284	12,064 ²	548,217	26
Lund	138,332	11,292	29,578	31,924	8,645 ³	219,771	11
Copenhagen	383,885	7,402	94,348	19,349	85,940 ⁴	590,924	29
Total	1,037,141	126,762	675,582	106,977	121,787	2,068,249	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/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	428	14 230	887	2 072	95	842	640	76	667	4,7
Industrial/Warehousing	46	243	2 162	210	865	94	197	146	74	155	7,2
Projects & Land	26	38	1 352	20	531	-	3	-1	-	0	-
Totalt Malmö	121	709	17 744	1 118	1 576	93	1 043	785	75	822	4,6
HELSINGBORG											
Office/Retail	30	176	4 654	325	1 848	94	306	228	75	239	5,1
Industrial/Warehousing	62	372	3 031	313	841	91	284	203	71	218	7,2
Projects & Land	11	-	207	0	-	-	0	0	-	0	-
Totalt Helsingborg	103	548	7 892	638	1 165	92	590	430	73	457	5,8
LUND											
Office/Retail	23	200	6 548	438	2 191	92	403	302	75	332	5,1
Industrial/Warehousing	4	20	153	14	729	98	14	11	79	12	7,8
Projects & Land	2	-	33	-	-	-	-	0	-	0	-
Totalt Lund	29	220	6 734	453	2 059	92	417	313	75	344	5,1
COPENHAGEN											
Office/Retail	45	524	6 940	609	1 163	94	573	388	68	411	5,9
Industrial/Warehousing	8	55	499	48	874	95	46	35	77	36	7,2
Projects & Land	2	12	46	0	-	-	0	0	-	0	-
Total Copenhagen	55	591	7 485	658	1 113	94	619	423	68	447	6,0
Total Wihlborgs	308	2 068	39 856	2 867	1 386	93	2 669	1 951	73	2 070	5,2
Total excluding Projects and Land	267	2 018	38 218	2 846	1 410	94	2 665	1 953	73	2 070	5,4



During the second quarter, Wihlborgs signed a 12-year lease with the Exakta graphic group for 10,700 m² of production space and 4,000 m² of office space in the Östra Hamnen district of Malmö.

Property transactions

Two properties in Helsingborg were acquired during the second quarter: Musköten 15 and Bunkagärdet 6. The properties, comprising about 2,200 m² and are fully let to Svensk Bilprovning. Four properties in Malmö have been divested: Löplinan 2, Stångbettet 15, Förbygeln 1 and Stridsyxan 4. The lettable area totals approximately 20,000 m².

PROPERTY ACQUISITIONS AND SALES JANUARY–JUNE 2018

Quarter	Property	Municipality	Management area	Category	Area, m ²	Price, SEK m	Operating surplus 2018, SEK m ¹
Acquisitions							
1	Blokken 84	Rudersdal	North Copenhagen	Ind./Warehousing	8,606		
1	Mileparken 9A	Ballerup	East Copenhagen	Ind./Warehousing	4,976		
1	Raffinaderiet 3	Lund	Central Lund/Gastelyckan	Office/Retail	4,889		
1	Raffinaderiet 5	Lund	Central Lund/Gastelyckan	Projects & Land	-		
2	Bunkagärdet 6	Helsingborg	South Helsingborg	Ind./Warehousing	556		
2	Musköten 15	Helsingborg	Berga	Ind./Warehousing	1,620		
Total acquisitions 2018					20,647	208	4
Sales							
2	Förbygeln 1	Malmö	Outer Malmö	Ind./Warehousing	5,146		
2	Löplinan 7	Malmö	Outer Malmö	Ind./Warehousing	2,489		
2	Stridsyxan 4	Malmö	Outer Malmö	Ind./Warehousing	8,522		
2	Stångbettet 15	Malmö	Outer Malmö	Ind./Warehousing	3,943		
Total sales 2018					20,100	144	3

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

Liabilities and equity

As of 30 June 2018 equity totalled SEK 14,058 million (13,592) after dividend payment of SEK 480 million in the second quarter. The equity/assets ratio amounted to 34.7 percent (34.7).

Interest-bearing liabilities

The group's interest-bearing liabilities as of 30 June amounted to SEK 21,513 million (20,653) with an average interest rate including costs for credit agreements of 2.40 percent (2.53).

With consideration to the company's net debt of SEK 21,5 billion, as a percentage of property values, the loan-to-value ratio is 54.0 percent (53.5).

The loans' average fixed interest period including effects of derivatives on 30 June 2018, amounted to 3.8 years (4.0). The

STRUCTURE OF INTEREST AND LOAN MATURITIES AS OF 30 JUNE 2018

Matures, year	Interest maturity		Loan maturity	
	Loan amount, SEK m	Av. interest rate, %	Credit ag., SEK m	Utilised, SEK m
2018	8,357	1.13	460	460
2019	1,959	0.64	9,510	8,247
2020	0	0.00	4,473	4,001
2021	4,000	3.71	2,675	2,475
2022	2,000	3.08	0	0
<2022	5,197	3.72	6,330	6,330
Totalt	21,513	2.37*	23,448	21,513

*) Excluding costs for credit agreements.

INTEREST RATE DERIVATIVES PORTFOLIO 30 JUNE 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
Ränteswappar			
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.

average loan maturity, including committed credit facilities, amounted to 6.0 years (6.2).

The deficit in Wihlborgs' interest rate derivative portfolio decreased to SEK 926 million (943), a positive change during the year totalling SEK 17 million (42). The value change has been affected partly by interest rate forwards amounting to SEK 145 million 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. Wihlborgs has cancellable swaps with a nominal value of SEK 3,000 million, with a fair value of SEK -297 (-334) million as of 30 June 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 165 (149), 71 of whom are property caretakers.

There were 61 employees in Malmö, 29 in Helsingborg, 19 in Lund and 56 in Copenhagen. The average age is 44 years and the proportion of women is 35 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 20 million (142), 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

With 10.3 percent of the shares outstanding, the largest shareholder in Wihlborgs is Erik Paulsson with family and company. Information about holdings at 30 June 2018 was not available when this report was being prepared.

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 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 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.

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

In June the Swedish parliament approved a bill regarding new corporate sector tax rules which, among others, includes 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 12 percent for rental accommodation the first six years following redevelopment or new construction.

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 as of June 30 2018 results in a fiscal taxable revenue of SEK 159 million. The new rules will be implemented by January 1 2019.

Malmö 9 July 2018

Wihlborgs Fastigheter AB (publ)

The Board

Anders Jarl
Chairman

Per-Ingemar Persson
Deputy Chairman

Tina Andersson
Board member

Sara Karlsson
Board member

Jan Litborn
Board member

Helen Olausson
Board member

Johan Qviberg
Board member

This interim report has not been examined by the company's auditors. The Board of Directors and the CEO offer assurance that the interim report provides a fair summary of the parent company's and the Group's business activities, status and profits, and describes the significant risks and uncertainty factors faced by the parent company and the companies that are part of the Group.

CONSOLIDATED INCOME STATEMENT summary

SEK m	2018 Apr-Jun 3 months	2017 Apr-Jun 3 months	2018 Jan-Jun 6 months	2017 Jan-Jun 6 months	2017/18 Jul-Jun 12 months	2017 Jan-Dec 12 months
Rental income	662	557	1,330	1,106	2,575	2,351
Operating costs	-81	-63	-200	-154	-367	-321
Repairs and maintenance	-20	-19	-40	-37	-81	-78
Property tax	-36	-32	-77	-63	-146	-132
Leasehold rent	-1	-1	-2	-2	-5	-5
Property administration	-27	-20	-54	-40	-112	-98
Total property costs	-165	-135	-373	-296	-711	-634
Operating surplus	497	422	957	810	1,864	1,717
Central administration	-17	-13	-32	-26	-61	-55
Interest income	2	3	5	6	11	12
Interest expense	-128	-122	-251	-239	-507	-495
Income from property management	354	290	679	551	1,307	1,179
Change in value of properties	238	496	284	552	1,583	1 851
Change in value of derivatives	0	-12	17	42	176	201
Pre-tax profit	592	774	980	1,145	3,066	3,231
Current tax	-10	-3	-20	-5	-42	-27
Deferred tax	38	-168	-37	-248	-425	-636
Profit for the period ¹	620	603	923	892	2,599	2,568
OTHER TOTAL PROFIT/LOSS²						
Translation differences and hedging for international activities, including tax	5	3	23	3	23	3
Total comprehensive income for the period ¹	625	606	946	895	2,622	2,571
Earnings per share ³	4.03	3.92	6.00	5.80	16.91	16.71
No. of shares at end of the period, thousands ⁴	153,713	153,713	153,713	153,713	153,713	153,713
Average no. of shares, thousands ⁴	153,713	153,713	153,713	153,713	153,713	153,713

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.

4) Recalculation for share split 2:1 in May 2018 has been made.

CONSOLIDATED BALANCE SHEET summary

SEK m	30-06-2018	30-06-2017	31-12-2017
ASSETS			
Investment properties	39,856	34,019	38,612
Other fixed assets	345	294	312
Current receivables	129	154	114
Liquid assets	219	137	179
Total assets	40,549	34,604	39,217
EQUITY AND LIABILITIES			
Equity	14,058	11,916	13,592
Deferred tax liability	3,018	2,607	2,989
Borrowings	21,513	18,073	20,653
Derivatives	926	1,102	943
Other long-term liabilities	57	53	55
Current liabilities	977	853	985
Total equity & liabilities	40,549	34,604	39,217

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Jan–Jun 2018	Jan–Jun 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	-480	-442	-442
Profit for the period	923	892	2,568
Other comprehensive income	23	3	3
Closing amount	14,058	11,916	13,592
<i>Equity attributable to minority shares with non-controlling interests</i>			
	-	-	-
Total equity at end of period	14,058	11,916	13,592

CONSOLIDATED CASH FLOW STATEMENT summary

SEK m	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Dec 2017
Operating activities					
Operating surplus	497	422	957	810	1,717
Central administration	-17	-13	-32	-26	-55
Depreciation	0	0	1	1	2
Net financial items paid	-124	-114	-248	-231	-477
Income tax paid	0	0	-1	0	-34
Change in other working capital	-13	-12	-47	-31	146
Cashflow from operating activities	343	283	630	523	1,299
Investment activities					
Acquisitions of properties	-59	0	-208	-178	-2,780
Investments in existing properties	-261	-222	-543	-471	-1,061
Sales of properties	144	0	144	11	11
Change in other non-current assets	-7	0	-33	-5	-24
Cash flow from investment activities	-183	-222	-640	-643	-3,854
Financing activities					
Dividend paid	-480	-442	-480	-442	-442
Increase in borrowing	329	387	528	447	2,924
Increase in other long-term liabilities	2	0	2	0	0
Cash flow from financing activities	-149	-55	50	5	2,482
Cash flow for the period	11	6	40	-115	-73
Opening cash flow	208	131	179	252	252
Closing cash flow	219	137	219	137	179

HISTORICAL SUMMARY OF LAST EIGHT QUARTERS

SEK m	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Rental income	662	668	632	614	556	549	534	517
Operating costs	-81	-119	-98	-69	-62	-91	-76	-49
Repairs and maintenance	-20	-20	-24	-17	-19	-18	-26	-14
Property tax	-36	-41	-36	-34	-32	-31	-27	-28
Leasehold rent	-1	-1	-2	-1	-1	-1	-2	-1
Property administration	-27	-27	-32	-26	-20	-20	-24	-19
Operating surplus	497	460	440	467	422	388	379	406
Income from property management	354	325	295	333	290	261	263	279
Profit for the period	620	303	1,073	603	603	289	1,306	287
Surplus ratio, %	75.1	68.9	69.6	76.1	75.9	70.7	71.0	78.5
Investment yield, %	5.0	4.7	4.7	5.3	5.0	4.7	4.8	5.4
Equity/assets ratio, %	34.7	34.7	34.7	33.3	34.4	34.8	34.3	32.7
Return on equity, %	17.7	8.8	32.9	19.7	20.4	10.0	48.3	11.5
Earnings per share, SEK	4.03	1.97	6.98	3.92	3.92	1.88	8.50	1.87
Income property management per share, SEK	2.30	2.11	1.92	2.17	1.89	1.70	1.71	1.82
Cash flow fr operating activities per share, SEK	2.23	1.87	2.26	2.79	1.84	1.56	2.00	1.89
EPRA net asset value per share, SEK	117.11	116.41	114.00	105.72	101.65	99.43	97.38	88.70
Share price as % of Equity II	88.5	83.1	86.1	94.2	87.6	85.4	87.0	102.9
Carrying amount of properties	39,856	39,396	38,612	36,928	34,019	33,217	32,755	30,522
Equity	14,058	13,913	13,592	12,513	11,916	11,752	11,463	10,155
Total assets	40,549	40,127	39,217	37,580	34,604	33,815	33,414	31,065

Definitions are available at wihlborgs.se

CONSOLIDATED SEGMENT REPORTING JAN–JUN

Property management SEK m	Malmö		Helsingborg		Lund		Copenhagen		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Rental income	530	481	294	273	201	191	305	161	1,330	1,106
Property costs	-142	-126	-81	-77	-53	-49	-97	-44	-373	-296
Operating surplus	388	355	213	196	148	142	208	117	957	810

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 957 million (810) and the pre-tax profit of SEK

980 million (1,145) consists of central administration SEK -32 million (-26), net interest SEK -246 million (-233) and changes in value of properties and derivatives SEK 301 million (594).

PARENT COMPANY'S INCOME STATEMENT summary

SEK m	Jan–Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Income	76	69	145
Expenses	-84	-70	-153
Operating profits	-8	-1	-8
Financial income	1,508	1,310	1,622
Financial expenses	-383	-279	-587
Pre-tax profit	1,117	1,030	1,027
Appropriations	-	-	0
Tax	31	13	-3
Profit for the period	1,148	1,043	1,024

PARENT COMPANY'S BALANCE SHEET summary

SEK m	30-06-2018	30-06-2017	31-12-2017
Participations in Group companies	9,075	8,519	9,073
Receivables fr Group companies	12,295	11,161	11,615
Other assets	626	605	591
Cash and bank balances	57	7	19
Total assets	22,053	20,292	21,298
Equity	4,536	3,888	3,869
Liabilities to credit institutions	14,136	12,953	13,624
Derivatives	926	1,102	943
Liabilities to Group companies	2,215	2,194	2,712
Other liabilities	240	155	150
Total equity and liabilities	22,053	20,292	21,298

KEY FIGURES FOR THE GROUP

SEK m	Jan–Jun 2018	Jan–Jun 2017	Jul/Jun 2017/18	Jan-Dec 2017
FINANCIAL				
Return on equity, %	13.4	15.3	20.0	20.5
Return on total capital, %	7.0	9.1	10.4	11.1
Equity/assets ratio, %	34.7	34.4	34.7	34.7
Interest coverage ratio, multiple	3.7	3.3	3.6	3.4
Leverage properties, %	54.0	53.1	54.0	53.5
Debt/equity ratio, multiple	1.5	1.5	1.5	1.5
SHARE-RELATED				
Earnings per share, SEK	6.00	5.80	16.91	16.71
Earnings per share before tax, SEK	6.38	7.45	19.95	21.02
EPRA EPS per share, SEK	4.05	3.23	7.67	6.84
Cashflow from operations per share, SEK	4.10	3.40	9.15	8.45
Equity per share I, SEK	91.46	77.52	91.46	88.42
Equity per share II, SEK	111.09	94.48	111.09	107.87
EPRA NAV (net asset value) per share, SEK	117.11	101.65	117.11	114.00
Market value per share, SEK	103.64	89.00	103.64	98.15
Proposed dividend per share, SEK	-	-	-	3.13
Dividend yield, % ¹	-	-	-	3.2
Total return from share, % ¹	-	-	-	19.3
P/E-ratio I, multiple	8.6	7.7	6.1	5.9
P/E-ratio II, multiple	12.8	13.8	13.5	14.4
Number of shares at the end of period, thousands ²	153,713	153,713	153,713	153,713
Average number of shares, thousands ²	153,713	153,713	153,713	153,713
PROPERTY-RELATED				
Number of properties	308	289	308	308
Carrying amount of properties, SEK m	39,856	34,019	39,856	38,612
Estimated investment yield, % – all properties	4,9	4,8	4,9	4,9
Estimated direct return, % – excl project properties	5,1	5,1	5,1	5,1
Lettable area, m ²	2,068,249	1,858,455	2,068,249	2,066,874
Rental income, SEK per m ²	1,386	1,297	1,386	1,334
Operating surplus, SEK per m ²	943	888	943	912
Financial occupancy rate, % - all properties	93	92	93	93
Financial occupancy rate, % - excl project properties	94	93	94	94
Estimated surplus ratio, %	73	74	73	74
EMPLOYEES				
Number of employees at period end	165	143	165	149

1) Only calculated per calendar year

2) Recalculation for share split 2:1 in May 2018 has been made.

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



wihlborgs.se

Malmö - Headquarters

Wihlborgs Fastigheter AB
Box 97, SE-201 20 Malmö
Visitors: Stora Varvsg. 11a
Tel: +46 (0)40-690 57 00

Helsingborg

Wihlborgs Fastigheter AB
Terminalgatan 1
SE-252 78 Helsingborg
Tel: +46 (0)42-490 46 00

Lund

Wihlborgs Fastigheter AB
Ideon Science Park
Scheelevägen 17
SE-223 70 Lund
Tel: +46 (0)46-590 62 00

Danmark

Wihlborgs A/S
Hørkær 26. 1.sal
DK-2730 Herlev, Danmark
Tel: +45 396 161 57

www.wihlborgs.se

info@wihlborgs.se

Registered office: Malmö
Corporate registration no.:
556367-0230