

Wihlborgs'
Interim report

2018

January–September

January–September 2018

JANUARY–SEPTEMBER 2018

Rental income increased by 16 percent to SEK 1,997 million (1,719)

Operating surplus increased by 14 percent to SEK 1,462 million (1,277)

Income from property management increased by 19 percent to SEK 1,051 million (884)

Result for the period amounts to SEK 1,469 Mkr (1,495), corresponding to earnings per share of SEK 9,56 (9,73)

EPRA NAV per share amounts to SEK 120.58 (105.72)

Group key figures, SEK m	2018	2017	2018	2017
	Jul–Sep	Jul–Sep	Jan–Sep	Jan–Sep
Rental income	667	613	1,997	1,719
Operating surplus	505	467	1,462	1,277
Income property management	372	333	1,051	884
Changes in value of properties	174	306	458	858
Changes in value of derivatives	110	134	127	176
Result for the period	546	603	1,469	1,495
Earnings per share, SEK	3.55	3.92	9.56	9.73
Surplus ratio, %	76	76	73	74
Equity/assets ratio, %	35.7	33.3	35.7	33.3
Occupancy rate, %*	93	93	93	93
EPRA NAV per share, SEK	120.58	105.72	120.58	105.72

*) Excluding Projects & Land.



Wihlborgs is constructing the Prisma office property, designed by Erik Giudice Architects, at the Oceanhamnen Waterfront Business District in Helsingborg. The building is located a stone's throw from Helsingborg's central station and 11,000 m² of office space will be completed here by the end of 2020.

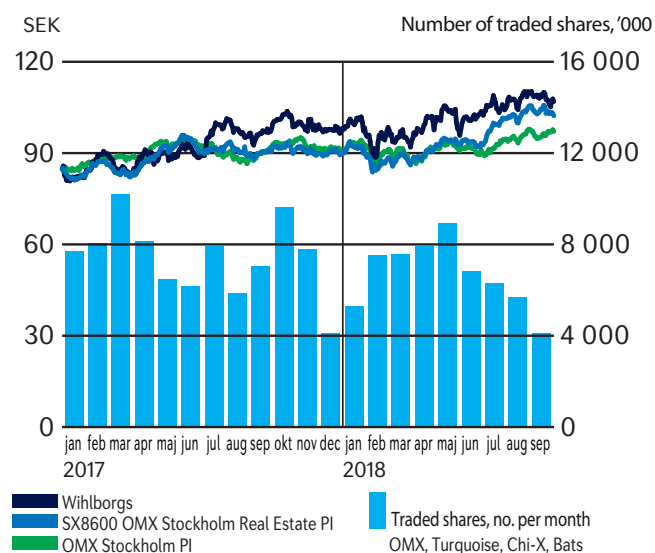
Financial targets

- 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 19 for outcome

Development of share price

01-01-17–09-30-18



Jan–Sep 2018

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Forthcoming reports

Year-end Report Jan–Dec	12 Feb 2019
Annual Report	April 2019
Interim report Jan–Mar	25 April 2019
Interim report Jan-Jun	8 July 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 40.3 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 **23 October 2018 kl. 07:30 CEST**.



CEO's comments

We have noted continued healthy growth among companies and organisations in the Öresund region and this builds the foundation for another strong quarter for Wihlborgs. Our vacancies are at historically low levels and it is natural for us to continue investing in the region.

Growth in income from property management during the third quarter was 12 percent and resulted in another record quarter. During the same period, income increased 9 percent. Growth was driven by a combination of acquisitions, new construction, rent increases and reduced vacancies. This is also fully aligned with how we wish to continue growing. Net lettings were a positive SEK 7 million, following a peak in the second quarter, and should be viewed keeping in mind the usual slight dip in activity in the third quarter compared with the second quarter. Demand for office space remains favourable and is reflected in the office occupancy rates in both Malmö and Helsingborg, which are now above 95 percent.

Against this backdrop, we find it natural to continue investing in our successful project development. The Origo project in Hyllie, Malmö, offers almost 7,000 m² of office space on large and flexible floors just beside the entrance to Hyllie Station. In Helsingborg the first earth was recently turned in the Prisma project, where we are building 11,000 m² of offices in the city's top location. Our investment level is high and will remain so in the forthcoming years. Our opportunities to continue to invest in projects in prime city locations provide us with growth potential moving forward.

During the third quarter, we signed an agreement to acquire the Nya Vattentorget 3 property in Lund that we took possession of on 1 October. We are thereby complementing our portfolio at Ideon with a modern office building located adjacent to the tram stop that is currently under construction. The property comprises a lettable area of approximately 22,000 m² and, in addition, a building right for about 11,000 m² of office space.

Through consolidating our position as the largest commercial property owner in Lund, we gain even greater opportunities to continue to contribute to, and benefit from, the city's unique combination of entrepreneurship and research initiatives. The investments by the City of Lund, Skåne Regional Council and the Swedish Transport Administration to improve infrastructure will also strengthen the long-term attractiveness of the city.

A year has now passed since we completed our latest major acquisition in Denmark, where we acquired 16 properties comprising some 175,000 m². The deal significantly enhanced our market position at the same time as it expanded our contact network and created partnerships with a large number of new tenants. We have strengthened our Danish organisation and I am pleased that the response from our new tenants has been very positive. The acquisition has also met our expectations in financial terms.

Our results are improving and we are continuing to

invest in existing and new properties. This has increased the total value of our investment properties, which now exceeds SEK 40 billion. At the end of September, the long-term net asset value (EPRA NAV) had risen 17 percent year-on-year and now amounts to just over SEK 120 per share.

Increased earnings also strengthened our balance sheet. The declining loan-to-value ratio and climbing equity/assets ratio provide us with a solid foundation for continued development and growth. Moving forward, we will continue to focus on enabling our tenants to grow and to use all available means to contribute to sustainable development in our expanding region.



Ulrika Hallengren, CEO

Market comments

According to the Swedish Economy report published by the Swedish National Institute of Economic Research in October, the economic boom in Sweden will peak in 2018 and then slow in 2019. Investment growth in both housing and industry will fall significantly but support from the macro environment will help to limit the drop in growth. GDP is expected to peak at 2.5 percent this year and reach 1.9 percent next year.

Even if Swedish exports were weak in the first half of the year, the Economic Tendency Survey for September offers an optimistic picture. Available statistics suggest that exports will increase faster during the second half of the year. In the euro area as a whole, confidence indicators are much higher than normal. The strong business investment trend in both the US and the euro area is good news for the Swedish and Danish export industries.

Inflation for September was 2.5 percent (CPIF), which was higher than the expectations of analysts and the Riksbank (the Swedish Central Bank). According to the CPI, inflation in September was 2.3 percent, compared with 2.0 percent in the previous month. The probability of an increase in the repo rate towards the end of the year has therefore increased.

The Economic Sentiment Indicator for September reflects a much stronger sentiment than usual for the

Swedish economy. The confidence indicators for the retail and service sector in particular rose sharply in September: retail rose by a full five points from 102.0 in August to 107.5 in September and for the service sector, the confidence indicator rose from 101.3 to 106 during the corresponding period. The household confidence indicator also rose slightly in September, which is the fourth consecutive month with a positive change.

New-build activity for office premises is currently high, particularly in Malmö. In May 2018, the property consultancy Croisette analysed whether the office property market in Malmö is oversaturated, and concluded that this is not the case. The strong trend for jobs in office-intensive industries, such as business services, banking and finance, and insurance, indicates that between 2008 and 2021 a similar number of office spaces as jobs will be created in the office-intensive industries.

In its Nordic Outlook from September 2018, SEB revised its forecast for GDP in 2018 in Denmark down from 2.2 percent to 1.5 percent on the basis of the summer drought, an export decline in the first half of the year and statistical overhang effects from 2018. For 2019, the forecast was raised from 2.3 percent to 2.5 percent. Underlying drivers such as employment, real income and confidence indicators are continuing to support growth in Denmark.

Income, expenses and profits, Jan–Sep 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

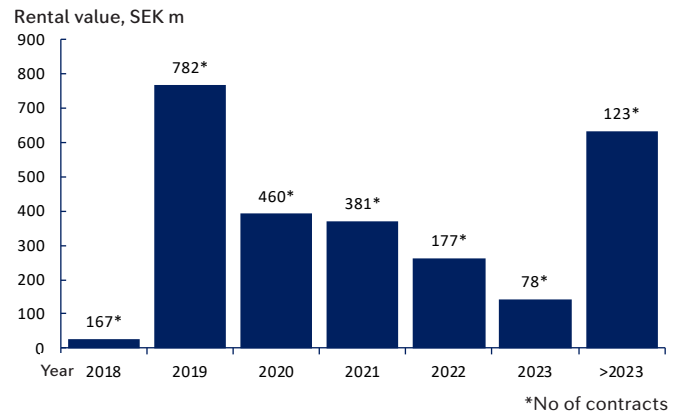
Rental income was SEK 1,997 million (1,719). Service income was SEK 188 million (143) of the rental income. Property acquisitions have contributed with SEK 184 million to rental income growth. Remaining increase is attributable to completed projects, re-negotiations, new lettings and indexation in contracts. Furthermore, a stronger Danish Krona has resulted in an increase in income by SEK 18 million.

The total growth in rental income was 16 percent compared with the corresponding period 2017.

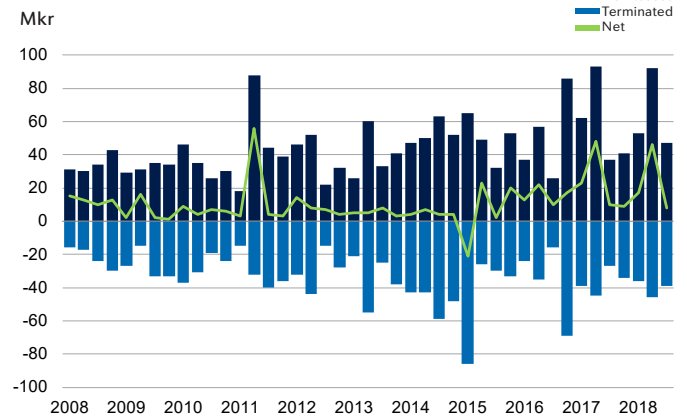
The occupancy rate for investment properties, excluding Projects & Land, is 93 percent which is on the same level as by year-end 2017.

During the period new leases were signed to a value of SEK 192 million (192) on an annualized basis. Lease terminations totalled SEK million (111). This represents a net letting of SEK 71 million (81).

Terms of Wihlborgs' rental contracts per 30 september 2018



Net letting, quarterly



In September, the Wihlborgs' Kontaktyta forum was held in collaboration with the Chamber of Commerce and Industry of Southern Sweden, which launched its 100 List with the aim of increasing diversity on company boards. Sandra Bourbon, founder of Framtidsfeministen; Hampus Jakobsson, business angel and investor; Kristina Jarring Lilja, professional Board member and "goodwill capitalist"; and Per Samuelsson, CEO of Beijer Electronics Group discussed the topic as part of a panel discussion.

Property expenses

Total property expenses amounted to SEK 535 million (442). The increase is mainly due to property acquisitions and completed projects.

The historical summary at the bottom of page 17 illustrates how costs vary over the different quarters of the year.

Operating surplus

The operating surplus amounted to SEK 1,462 million (1,277) vilket representing a surplus ratio of 73 percent (74). Of this increase, SEK 123 million was attributable to property acquisitions.

Central administration

The costs for central administration were SEK 47 million (40).

Financial income and expense

Net interest totalled SEK -364 million (-353), of which interest income accounted for SEK 9 million (9).

The interest expense for the period, incl. effects from interest rate derivatives, was SEK 373 million (362). The increase in interest expense is due to increased borrowings. Interest expense relating to interest derivatives amounted to SEK 217 million during the period. At the end of the period, the average interest rate, including the cost of credit agreements, was 2.38 percent, compared with 2.53 percent at year-end.

Income from property management

Income from property management amounted to SEK 1,051 million (884).

Pre-tax profit

The pre-tax profit, i.e. after value changes on properties and derivatives, was SEK 1,636 million (1,918). During the period value changes on properties amounted to SEK 458 million (858) and value changes on derivatives amounted to SEK 127 million (176).

Profit after taxes

The profit after taxes was SEK 1,469 million (1,495). Total tax amounted to SEK 167 million, of which current tax SEK 30 million and deferred tax SEK 137 million. Deferred tax has been reduced by a tax income of SEK 184 million due to the decision to reduce the corporation tax rate to 20.6 percent in two steps until 2021.



ABB has decided to continue its tenancy with Wihlborgs by signing a ten-year lease for 7,700 m² at the Boplatsen 3 property in Fosie, Malmö. The agreement, which was signed in the third quarter, will create the preconditions for the continued development of the property and the area.

Assets

Property portfolio as of 30 September 2018

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

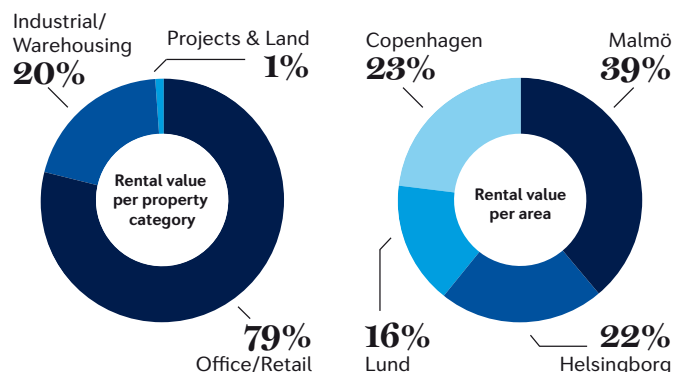
The surplus ratio is based on the properties' earning capacity on an annual basis based on rental income for October 2018, operating and maintenance costs, property administration on a rolling twelve-month basis, property tax and leasehold rent.

Wihlborgs' property portfolio consists of commercial properties in the Öresund region, located in Malmö, Helsingborg, Lund and Copenhagen. The property portfolio 30 September 2018 consisted of 307 properties (308) with a lettable area of 2 083 000 m² (2 067 000).

10 of the properties (10) are leasehold rights. The properties' carrying amount was SEK 40,260 million (38,612), which corresponds to the estimated market value. The total rental value was SEK 2,884 million (2,758) and the contracted rental income on annual basis SEK 2,673 million (2,565). The like-for-like increase in contracted rental income was 4.5 percent compared to 12 months 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 79 percent, Industrial/Warehousing properties 20 percent of the total rental value and the remaining one percent is attributable to Projects/Land.

The operating surplus from investment properties, excluding property administration and Projects/Land, is SEK 2,068 million (1,997) which with a carrying amount of SEK 38,422 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 7.0 percent (7.1) for Industrial/Warehousing.



Most tenants have now moved into the Posthornet 1 office building in Lund. The largest tenant is Folk tandvården Skåne and other tenants include Avensia, Trivector, Trågårdh Advokatbyrå and others.

Changes in values of properties

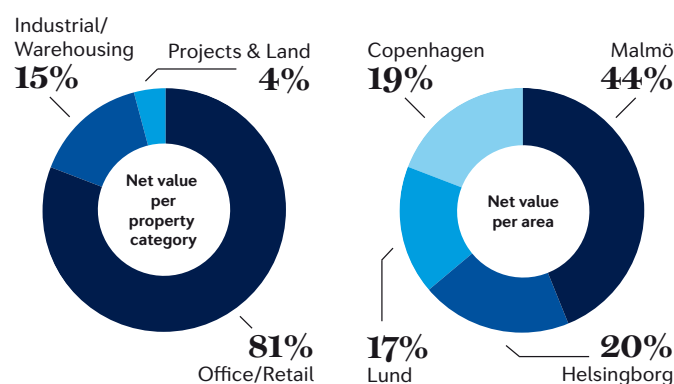
By year-end the valuation of all Wihlborgs' properties is carried out by external valuers. The valuation of the properties as of 30 September 2018 has mainly been made internally and resulted in a value increase at SEK 458 million (858).

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 September 2018 the carrying amount for the properties was SEK 40,260 million (38,612).

CHANGES IN CARRYING AMOUNT OF PROPERTIES

Changes	Group total, SEK m
Carrying amount 1 January 2018	38,612
Acquisitions	305
Investments	777
Properties sold	-195
Change in value	458
Currency translations	303
Carrying amount 30 September 2018	40,260



Investments and current projects

Investments in the property portfolio totalled SEK 777 million (759).

Approved investments in ongoing projects amount to SEK 2,090 million, of which SEK 809 million had been invested at end of period.

Liquid assets

The Groups liquid assets totalled SEK 300 million (301) including unutilised overdraft facilities.

At the end of the period unutilised credit facilities amounted to SEK 2,334 million (1,995).



The consulting firm Trivector is a new tenant of Posthornet at Lund Central Station. The company's office was nominated in the "Sweden's best looking office 2018" competition. Folkandvården Skåne's premises in the same building were also nominated in the competition.

INVESTMENTS IN PROGRESS >SEK 50 MILLION, 30 SEPTEMBER 2018

Property	Category of use	Municipality	Completion date	Lettable area, m ²	Occupancy rate, %	Estimated investment, SEK m	Expended 300918, SEK m
Kranen 9	Office/Retail	Malmö	Q4 2018	2,200	100	114	65
Mileparken 22	Office/Retail	Copenhagen	Q4 2018	11,000	75	69	16
Gimle 1	Office/Retail	Malmö	Q2 2019	9,000	85	392	243
Polisen 5	Office/Retail	Helsingborg	Q3 2019	4,000	100	182	157
Bure 2	Office/Retail	Malmö	Q3 2019	6,800	0	238	92
Kranen 2	Office/Retail	Malmö	Q3 2019	9,000	80	209	21
Raffinaderiet 5	Office/Retail	Lund	Q4 2019	1,900	0	63	22
Forskaren 1	Office/Retail	Malmö	Q3 2020	4,000	0	97	4
Ursula 1	Office/Retail	Helsingborg	Q4 2020	13,000	0	405	15
Total				60,900		1,769	635

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	355,108	47,503	254,517	33,420	15,138 ¹	705,686	34
Helsingborg	160,943	60,565	293,962	22,284	12,064 ²	549,818	26
Lund	138,233	11,292	29,617	31,924	8,645 ³	219,711	11
Copenhagen	401,140	7,402	94,348	19,349	85,940 ⁴	608,179	29
Total	1,055,424	126,762	672,444	106,977	121,787	2,083,394	100
Share, %	51	6	32	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	14,319	895	2,091	95	851	648	76	675	4.7
Industrial/Warehousing	46	242	2,227	213	880	89	190	139	73	148	6.7
Projects & Land	24	36	1,335	20	566	-	3	-2	-	-	-
Total Malmö	119	706	17,881	1,128	1,599	93	1,045	785	75	823	4.6
HELSINGBORG											
Office/Retail	30	177	4,690	328	1,846	95	312	232	75	242	5.2
Industrial/Warehousing	62	372	3,040	314	842	91	286	204	71	220	7.2
Projects & Land	11	-	230	-	-	-	-	-	-	-	-
Total Helsingborg	103	550	7,960	641	1,167	93	598	437	73	462	5.8
LUND											
Office/Retail	23	200	6,582	443	2,217	92	409	304	74	335	5.1
Industrial/Warehousing	4	20	162	15	752	98	15	12	79	12	7.6
Projects & Land	2	-	41	-	-	-	-	-	-	-	-
Total Lund	29	220	6,785	458	2,085	92	423	316	75	347	5.1
COPENHAGEN											
Office/Retail	45	531	6,909	603	1,135	93	562	377	67	400	5.8
Industrial/Warehousing	8	55	492	48	867	95	45	35	77	36	7.3
Projects & Land	3	22	232	5	-	-	1	-	-	-	-
Total Copenhagen	56	608	7,634	656	1,079	93	608	412	68	436	5.7
Total Wihlborgs	307	2,083	40,260	2,884	1,384	93	2,673	1,948	73	2,068	5.1
Total excluding Projects and Land	267	2,026	38,422	2,858	1,411	93	2,669	1,950	73	2,068	5.4



In the third quarter, Wihlborgs signed an agreement for the acquisition of the Nya Vattentornet 3 property in Lund with a lettable area of 21,700 m², comprising primarily office space. The property is located in the Ideon area and, in addition to offices, also encompasses a multistorey car park and development rights for around 11,000 m² GFA of additional office space.

Property transactions

During the third quarter Wihlborgs acquired the property Meterbuen 27 in Ballerup, Copenhagen. The property comprises 17,255 m² lettable area. Moreover, the industrial property Ringspännnet 3 in Malmö, comprising 3,807 m² lettable area, and the project property Gjuteriet 22 in Malmö were divested.

PROPERTY ACQUISITIONS AND SALES JANUARY–SEPTEMBER 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	Helsingborg Berga	Ind./Warehousing	1,620		
3	Meterbuen 27	Ballerup	East Copenhagen	Kontor/Butik	17,255		
Total acquisitions 2018					37,902	305	21
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		
3	Ringspännnet 3	Malmö	Outer Malmö	Ind./Warehousing	3,807		
3	Gjuteriet 22	Malmö	Outer Malmö	Projects & Land	-		
Total sales 2018					23,907	195	6

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

Liabilities and equity

As of 30 September 2018 equity totalled SEK 14,600 million (13,592) after dividend payment of SEK 480 million in the second quarter. The equity/assets ratio amounted to 35.7 percent (34.7).

Interest-bearing liabilities

The group's interest-bearing liabilities as of 30 September amounted to SEK 21,336 million (20,653) with an average interest rate including costs for credit agreements of 2.38 percent (2.53).

With consideration to the company's net debt of SEK 21.3 billion, as a percentage of property values, the loan-to-value ratio is 53.0 percent (53.5).

The loans' average fixed interest period including effects of derivatives on 30 September 2018, amounted to 3.8 years (4.0). The average loan maturity, including committed credit facilities, amounted to 6.2 years (6.2).

STRUCTURE OF INTEREST AND LOAN MATURITIES AS OF 30 SEPTEMBER 2018

Matures, year	Interest maturity		Loan maturity	
	Loan amount, SEK m	Av. interest rate, %	Credit ag., SEK m	Utilised, SEK m
2018	7,359	1.16	-	-
2019	1,484	0.49	6,437	4,837
2020	1,257	0.61	4,933	4,496
2021	4,000	3.72	5,923	5,626
2022	2,000	3.08	-	-
<2022	5,236	3.62	6,377	6,377
Totalt	21,336	2.35*	23,670	21,336

*) Excluding costs for credit agreements.

INTEREST RATE DERIVATIVES PORTFOLIO 30 SEPTEMBER 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.

The deficit in Wihlborgs' interest rate derivative portfolio decreased to SEK 816 million (943), a positive change during the year totalling SEK 127 million (176). The value change has been affected partly by interest rate forwards amounting to SEK 211 million falling due, partly by changes in market interest rates. The change in value pertaining to changed market interest rates had no impact on cash flow for the period.

Interest rate derivatives are recognised at fair value in accordance with IFRS 9. Wihlborgs has cancellable swaps with a nominal value of SEK 3,000 million, with a fair value of SEK -270 (-334) million as of 30 September 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.

For information on the valuation approach for interest-rate derivatives, see page 95 in the 2017 Annual Report.

Miscellaneous

Employees

At the period end Wihlborgs' number of full-time employees was 180 (149), 73 of whom are property caretakers.

There were 73 employees in Malmö, 31 in Helsingborg, 21 in Lund and 55 in Copenhagen. The average age is 44 years and the proportion of women is 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 23 million (92), in shares in subsidiaries, including shareholders' contributions, during the period.

The parent company's income statement and balance sheet are found on page 18.

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.

Nomination Committee

It was decided at the Annual General Meeting of 25 April 2018 that Wihlborgs' Nomination Committee, whose tasks include submitting proposals for board members, shall consist of members appointed by the three largest shareholders, who wish to participate, as well as one representative for the minor shareholders.

Based on the ownership at 31 August 2018, Wihlborgs' Nomination Committee comprises:

- Bo Forsén (Backahill)
- Eva Gottfridsdotter-Nilsson (Länsförsäkringar Funds)
- Hans Ek (SEB Funds)
- Krister Eurén (minor shareholders).

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 account for 44 percent. The number of shareholders is 24 478.

LARGEST SHAREHOLDERS IN WIHLBORGS 30 SEPTEMBER 2018

	Number of shares, thousands	Proportion of equity and votes, %
Erik Paulsson with family, privately and via company	15,766	10.3
SEB funds	8,278	5.4
Länsförsäkringar funds	4,644	3.0
Qviberg family	4,323	2.8
Bank of Norway	4,000	2.6
SHB funds	3,649	2.4
Tibia Konsult AB	1,625	1.1
Öhman funds	1,601	1.0
Nordea funds	1,405	0.9
Skandia funds	1,331	0.9
Other shareholders reg. in Sweden	43,377	28.2
Other shareholders reg. abroad	63,714	41.4
Total outstanding shares	153,713	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 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



Every year, Wihlborgs gathers together its employees for a joint kickoff to inspire, strengthen the sense of community and provide new insights.

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 15–19.

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.

In brief, 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 30 September 2018 results in a fiscal taxable revenue of SEK 184 million. The new rules will be implemented by 1 January 2019.

Malmö, 23 October 2018

Wihlborgs Fastigheter AB (publ)

Ulrika Hallengren, CEO

This interim report has been subject to review by the company's auditors.

Review report

Introduction

We have reviewed the interim report for Wihlborgs Fastigheter AB (publ) for the period 1 January–30 September 2018. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do

not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Malmö, 23 October 2018

Deloitte AB, Richard Peters, Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT summary

SEK m	2018 Jul-Sep 3 months	2017 Jul-Sep 3 months	2018 Jan-Sep 9 months	2017 Jan-Sep 9 months	2017/18 Oct-Sep 12 months	2017 Jan-Dec 12 months
Rental income	667	613	1,997	1,719	2,629	2,351
Operating costs	-74	-69	-274	-223	-372	-321
Repairs and maintenance	-19	-17	-59	-54	-83	-78
Property tax	-39	-33	-116	-96	-152	-132
Leasehold rent	-2	-1	-4	-3	-6	-5
Property administration	-28	-26	-82	-66	-114	-98
Total property costs	-162	-146	-535	-442	-727	-634
Operating surplus	505	467	1,462	1,277	1,902	1,717
Central administration	-15	-14	-47	-40	-62	-55
Interest income	4	3	9	9	12	12
Interest expense	-122	-123	-373	-362	-506	-495
Income from property management	372	333	1,051	884	1,346	1,179
Change in value of properties	174	306	458	858	1,451	1,851
Change in value of derivatives	110	134	127	176	152	201
Pre-tax profit	656	773	1,636	1,918	2,949	3,231
Current tax	-10	-2	-30	-7	-50	-27
Deferred tax	-100	-168	-137	-416	-357	-636
Profit for the period ¹	546	603	1,469	1,495	2,542	2,568
OTHER TOTAL PROFIT/LOSS²						
Translation differences and hedging for international activities, including tax	-4	-6	19	-3	25	3
Total comprehensive income for the period ¹	542	597	1,488	1,492	2,567	2,571
Earnings per share ³	3.55	3.92	9.56	9.73	16.54	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 and accordingly, no dilution effects to take into consideration.

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

CONSOLIDATED BALANCE SHEET summary

SEK m	30-09-2018	30-09-2017	31-12-2017
ASSETS			
Investment properties	40,260	36,928	38,612
Other fixed assets	348	297	312
Current receivables	110	182	114
Liquid assets	165	173	179
Total assets	40,883	37,580	39,217
EQUITY AND LIABILITIES			
Equity	14,600	12,513	13,592
Deferred tax liability	3,119	2,769	2,989
Borrowings	21,336	20,291	20,653
Derivatives	816	968	943
Other long-term liabilities	59	54	55
Current liabilities	953	985	985
Total equity & liabilities	40,883	37,580	39,217

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Jan–Sep 2018	Jan–Sep 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	1,469	1,495	2,568
Other comprehensive income	19	-3	3
Closing amount	14,600	12,513	13,592
<i>Equity attributable to minority shares with non-controlling interests</i>			
	-	-	-
Total equity at end of period	14,600	12,513	13,592

CONSOLIDATED CASH FLOW STATEMENT summary

SEK m	Jul–Sep 2018	Jul–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Dec 2017
Operating activities					
Operating surplus	505	467	1,462	1,277	1,717
Central administration	-15	-14	-47	-40	-55
Depreciation	1	0	2	1	2
Net financial items paid	-119	-123	-367	-354	-477
Income tax paid	-1	0	-2	0	-34
Change in other working capital	-10	99	-57	68	146
Cashflow from operating activities	361	429	991	952	1,299
Investment activities					
Acquisitions of properties	-97	-2,410	-305	-2,588	-2,780
Investments in existing properties	-234	-288	-777	-759	-1,061
Sales of properties	51	0	195	11	11
Change in other non-current assets	-5	-3	-38	-8	-24
Cash flow from investment activities	-285	-2,701	-925	-3,344	-3,854
Financing activities					
Dividend paid	-	-	-480	-442	-442
Increase in borrowing	-131	2,308	397	2,755	2,924
Increase in other long-term liabilities	1	0	3	0	0
Cash flow from financing activities	-130	2,308	-80	2,313	2,482
Cash flow for the period	-54	36	-14	-79	-73
Opening cash flow	219	137	179	252	252
Closing cash flow	165	173	165	173	179

HISTORICAL SUMMARY OF LAST EIGHT QUARTERS

SEK m	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Rental income	667	662	668	633	613	556	549	534
Operating costs	-74	-81	-119	-99	-69	-62	-91	-76
Repairs and maintenance	-19	-20	-20	-24	-17	-19	-18	-26
Property tax	-39	-36	-41	-36	-33	-32	-31	-27
Leasehold rent	-2	-1	-1	-2	-1	-1	-1	-2
Property administration	-28	-27	-27	-32	-26	-20	-20	-24
Operating surplus	505	497	460	440	467	422	388	379
Income from property management	372	354	325	295	333	290	261	263
Profit for the period	546	620	303	1,073	603	603	289	1,306
Surplus ratio, %	75.7	75.1	68.9	69.5	76.2	75.9	70.7	71.0
Investment yield, %	5.0	5.0	4.7	4.7	5.3	5.0	4.7	4.8
Equity/assets ratio, %	35.7	34.7	34.7	34.7	33.3	34.4	34.8	34.3
Return on equity, %	15.2	17.7	8.8	32.9	19.7	20.4	10.0	48.3
Earnings per share, SEK	3.55	4.03	1.97	6.98	3.92	3.92	1.88	8.50
Income property management per share, SEK	2.42	2.30	2.11	1.92	2.17	1.89	1.70	1.71
Cash flow fr operating activities per share, SEK	2.35	2.23	1.87	2.26	2.79	1.84	1.56	2.00
EPRA net asset value per share, SEK	120.58	117.11	116.41	114.00	105.72	101.65	99.43	97.38
Share price as % of Equity II	88.7	88.5	83.1	86.1	94.2	87.6	85.4	87.0
Carrying amount of properties	40,260	39,856	39,396	38,612	36,928	34,019	33,217	32,755
Equity	14,600	14,058	13,913	13,592	12,513	11,916	11,752	11,463
Total assets	40,883	40,549	40,127	39,217	37,580	34,604	33,815	33,414

 Definitions are available at wihlborgs.se

CONSOLIDATED SEGMENT REPORTING JAN–SEP

Property management SEK m	Malmö		Helsingborg		Lund		Copenhagen		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Rental income	792	744	443	415	309	286	453	274	1,997	1,719
Property costs	-202	-182	-115	-110	-78	-72	-140	-78	-535	-442
Operating surplus	590	562	328	305	231	214	313	196	1,462	1,277

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 1,462 million (1,277) and the pre-tax profit of SEK 1,636 million (1,918) consists of central administration SEK -47 million (-40), net interest SEK -364 million (-353) and changes in value of properties and derivatives SEK 585 million (1,034).

A more detailed description of the segments is provided in the Annual Report.

PARENT COMPANY'S INCOME STATEMENT summary

SEK m	Jan–Sep 2018	Jan–Sep 2017	Jan–Dec 2017
Income	116	105	145
Expenses	-125	-111	-153
Operating profits	-9	-6	-8
Financial income	1,714	1,525	1,622
Financial expenses	-483	-380	-587
Pre-tax profit	1,222	1,139	1,027
Appropriations	0	0	0
Tax	9	-11	-3
Profit for the period	1,231	1,128	1,024

PARENT COMPANY'S BALANCE SHEET summary

SEK m	30-09-2018	30-09-2017	31-12-2017
Participations in Group companies	9,077	8,563	9,073
Receivables fr Group companies	12,135	11,552	11,615
Other assets	603	581	591
Cash and bank balances	3	21	19
Total assets	21,818	20,717	21,298
Equity	4,620	3,973	3,869
Liabilities to credit institutions	13,861	12,983	13,624
Derivatives	816	968	943
Liabilities to Group companies	2,300	2,643	2,712
Other liabilities	221	150	150
Total equity and liabilities	21,818	20,717	21,298

KEY FIGURES FOR THE GROUP

SEK m	Jan–Sep 2018	Jan–Sep 2017	Oct/Sep 2017/18	Jan-Dec 2017
FINANCIAL				
Return on equity, %	13.9	16.6	18.8	20.5
Return on total capital, %	7.1	9.1	9.6	11.1
Equity/assets ratio, %	35.7	33.3	35.7	34.7
Interest coverage ratio, multiple	3.8	3.4	3.7	3.4
Leverage properties, %	53.0	54.9	53.0	53.5
Debt/equity ratio, multiple	1.5	1.6	1.5	1.5
SHARE-RELATED				
Earnings per share, SEK	9.56	9.73	16.54	16.71
Earnings per share before tax, SEK	10.64	12.48	19.19	21.02
EPRA EPS, SEK	6.14	5.13	7.85	6.84
Cashflow from operations per share, SEK	6.45	6.19	8.70	8.45
Equity per share I, SEK	94.98	81.40	94.98	88.42
Equity per share II, SEK	115.27	99.42	115.27	107.87
EPRA NAV (net asset value) per share, SEK	120.58	105.72	120.58	114.00
Market value per share, SEK	106.92	99.60	106.92	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	8.4	7.7	6.5	5.9
P/E-ratio II, multiple	13.1	14.6	13.6	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	307	305	307	308
Carrying amount of properties, SEK m	40,260	36,928	40,260	38,612
Estimated investment yield, % – all properties	4.8	4.9	4.8	4.9
Estimated direct return, % – excl project properties	5.1	5.1	5.1	5.1
Lettable area, m ²	2,083,394	2,037,114	2,083,394	2,066,874
Rental income, SEK per m ²	1,384	1,289	1,384	1,334
Operating surplus, SEK per m ²	935	880	935	912
Financial occupancy rate, % - all properties	93	92	93	93
Financial occupancy rate, % - excl project properties	93	93	93	94
Estimated surplus ratio, %	73	74	73	74
EMPLOYEES				
Number of employees at period end	180	144	180	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**



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